

The Governor's Fiscal Year 2013 Budget

On January 25, the Governor released his budget proposal for Fiscal Year 2013. With the Commonwealth facing a preliminary budget gap of approximately \$1.3 billion, the Governor proposes balancing the budget with three strategies:

- Cuts and savings of about \$550 million¹
- Modest tax reforms and other revenue initiatives that generate about \$215 million in ongoing revenue
- The use of about \$545 million in temporary revenues, mostly from the state stabilization fund (the "rainy day fund")

The Governor's decision to rely heavily on cuts and savings is consistent with recent practice. Throughout the last four years, the state's ongoing budget problems have been resolved largely through cuts and savings—including deep cuts in local aid, education, health care, human services and public safety.

In this year's budget, as in past years, some of these cuts show up in the budget as a reduction in the number of available dollars. In FY 2012, for instance, \$6.3 million was allotted to provide subsidized lunches to seniors as part of the **Elder Nutrition Program**; in FY 2013, only \$4.8 million is being made available. That is a clear cut. Another way to cut a program, however, is to provide too little money to keep up with inflation and the size of the relevant population. The **Emergency Food Assistance Program**, which supports food banks in Massachusetts, is being funded at the same level in FY 2013 as it has been since FY 2010 (\$11.5 million). Over time, though, the cost of food has increased, which means that the food banks will actually be able to buy less food this year than last, even with the same number of dollars.

The Governor's budget proposal also introduces some modest initiatives which would increase revenues both for this year and for future years. These include a higher cigarette tax, an expansion of the bottle bill, and the end of the sales tax exemption for soda and candy.

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¹ The gross savings is actually several hundred million dollars higher, but a large proportion of these cuts and savings are in the Medicaid program where the state shares savings with the federal government which pays half the costs of the program.

The sections that follow analyze the details of the Governor's budget in greater detail, but it is important to keep in mind the bigger fiscal story--which is not just about one year's budget deficit but about the regular deficits that the Commonwealth has been facing for many years now.

There are two, basic reasons that Massachusetts continues to find itself in a fiscal crisis.

- The lingering effects of the Great Recession, which has sapped state revenues even as it has increased the number of people relying on core safety net services.
- The structural budget problems that the state has faced since cutting taxes in the late 1990s. Those tax cuts and other declines in tax receipts over the last fifteen years cost the state over \$3 billion in annual revenue.²

These are some of the broader forces that have shaped the Governor's FY 2013 budget as a whole, and with it the many, specific proposals that we analyze in the sections that follow.

² For more detail, see footnote 2 of *Massbudget's FY13 Budget Preview*, available at http://massbudget.org/report_window.php?loc=fy13_budget_preview.html.

BUDGET BY CATEGORY AND SUBCATEGORY (millions)	FY 2009 GAA (inflated)	FY 2012 Current ³	FY 2013 Gov. ¹	FY 2013 Gov. - FY 2012 Current	FY 2013 Gov. - FY 2009 GAA (inflated)
Education	7,425.2	6,640.1	6,880.7	240.6	-7.3%
Early Education & Care	630.3	506.8	499.0	(7.8)	-20.8%
Higher Education	1,168.5	952.9	1,011.6	58.7	-13.4%
K-12: Chapter 70 Aid	4,274.9	3,990.8	4,136.4	145.6	-3.2%
K-12: Non-Chapter 70 Aid	659.1	511.4	534.5	23.1	-18.9%
K-12: School Building	749.8	678.1	699.2	21.1	-6.7%
Environment & Recreation	227.2	160.6	180.7	20.1	-20.5%
Environment	95.8	70.3	84.5	14.2	-11.8%
Fish & Game	22.7	18.8	19.7	1.0	-13.1%
Parks & Recreation	108.7	71.5	76.5	5.0	-29.6%
Health Care⁴	13,801.6	14,424.8	15,206.9	782.1	10.2%
MassHealth (Medicaid) & Health Reform	11,096.7	11,881.0	12,695.0	814.0	14.4%
Mental Health	732.1	651.0	666.0	15.0	-9.0%
Public Health	635.0	523.7	528.3	4.6	-16.8%
State Employee Health Insurance ²	1,337.8	1,369.0	1,317.6	(51.4)	-1.5%
Human Services	3,746.1	3,406.3	3,498.0	91.8	-6.6%
Children, Youth & Families	1,067.6	888.4	929.2	40.8	-13.0%
Disability Services	1,441.7	1,382.5	1,423.5	41.0	-1.3%
Elder Services	254.8	218.8	218.7	(0.1)	-14.2%
Transitional Assistance	829.2	774.4	785.1	10.7	-5.3%
Other Human Services	152.8	142.2	141.6	(0.6)	-7.3%
Infrastructure, Housing & Economic Development	1,561.6	1,661.4	1,645.9	(15.5)	5.4%
Commercial Regulatory Entities	55.0	49.4	49.2	(0.2)	-10.6%
Economic Development	184.7	127.6	94.9	(32.7)	-48.6%
Housing	295.4	349.7	374.9	25.2	26.9%
Transportation	1,026.5	1,134.7	1,127.0	(7.7)	9.8%
Law & Public Safety	2,723.6	2,282.1	2,387.7	105.6	-12.3%
Courts & Legal Assistance	699.7	591.5	627.5	36.0	-10.3%
Law Enforcement	445.3	326.0	345.1	19.1	-22.5%
Prisons, Probation & Parole	1,365.1	1,175.8	1,226.9	51.1	-10.1%
Prosecutors	156.0	138.1	138.5	0.4	-11.2%
Other Law & Public Safety	57.5	50.7	49.7	(1.0)	-13.6%
Local Aid	1,438.3	935.5	867.3	(68.2)	-39.7%
General Local Aid	1,404.3	899.0	834.0	(65.0)	-40.6%
Other Local Aid	34.1	36.5	33.3	(3.2)	-2.3%
Other	4,497.1	4,312.3	4,535.3	223.0	0.8%
Constitutional Officers	95.5	69.6	75.4	5.9	-21.0%
Debt Service	2,216.6	2,255.5	2,428.7	173.3	9.6%
Executive & Legislative	73.9	67.9	66.4	(1.5)	-10.1%
Libraries	36.4	21.5	21.6	0.1	-40.7%
Pensions	1,564.7	1,478.0	1,552.0	74.0	-0.8%
Other	510.1	419.9	391.1	(28.8)	-23.3%
Total Appropriations and Transfers	35,420.8	33,823.0	35,202.5	1,379.5	-0.6%

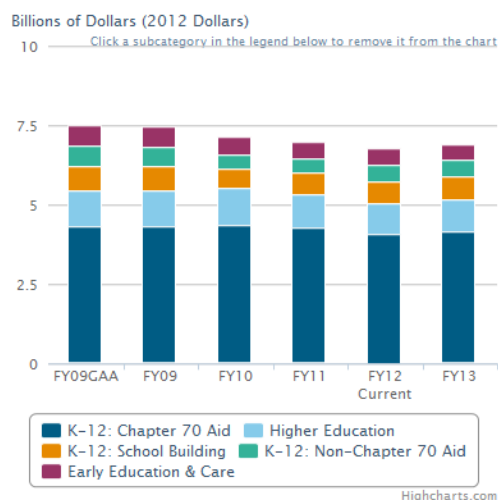
³ The FY 2012 Current total includes funding in the GAA plus any supplemental budgets passed during the year. The FY 2013 budget includes adjustments to allow for year-to-year comparisons. All numbers use the Consumer Price Index (CPI-U) to adjust for inflation, except for K-12: Chapter 70 Aid which uses the State and Local Government Implicit Price Deflator.

⁴ In order to make an accurate comparison across fiscal years, this total includes an adjustment to account for the increased use of the Group Insurance Commission by municipalities for their employees' health benefits.

EDUCATION

	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12	FY13 Gov - FY09 GAA (inf adj)
Education	7,482,628,745	6,640,130,788	6,880,731,310	240,600,522	-8%
Early Education and Care	630,273,131	506,848,267	499,028,560	(7,819,707)	-21%
K-12: Chapter 70 Aid	4,274,920,986	3,990,812,680	4,136,391,547	145,578,867	-3%
K-12: Non-Chapter 70 Aid	659,120,982	511,419,739	534,504,740	23,085,001	-19%
K-12: School Building	749,788,322	678,143,400	699,200,000	21,056,600	-7%
Higher Education	1,168,525,324	952,906,702	1,011,606,463	58,699,761	-13%

Under the Governor's Fiscal Year (FY) 2013 budget proposal, the broad *MassBudget* category of Education is up \$240.6 million over current FY 2012 levels, in large part due to a Chapter 70 education aid increase driven mostly by state law. The budget proposes a set of governance reforms to the community college system coupled with a \$14.3 million funding increase. Child care subsidies would be down somewhat, due mostly to reduced demand for TANF-Related Child Care and Supportive Child Care, but also due to closing access for new income-eligible families. Additionally, the Governor proposes a set of new education grant programs aimed at students and families in Gateway Cities.



Early Education & Care

Subcategory	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12	FY13 Gov - FY09 GAA (inf adj)
Early Education and Care	630,273,131	506,848,267	499,028,560	(7,819,707)	-21%

While the Legislature has rejected this proposal for each of the last three years, the Governor once again calls for consolidating funding for child care subsidies from three line items to one (see table below). Consolidation would empower the Department of Early Education & Care to respond to caseload changes mid-year by transferring funds across these accounts without going to the Legislature for approval. Included in this consolidation is the **TANF-Related Child Care** line item for families that are current TAFDC recipients, the **Supportive Child Care** line item for families with active Department of Children and Families cases, and the **Low-Income Child Care** line item for low-income families that are not current or recent TAFDC recipients.

Most of the funding within Early Education & Care funds these direct child care subsidies, for which the Governor FY 2013 budget proposes \$434.7 million, a decrease of \$8.1 million from FY 2012 levels. The table below shows the Governor's proposed appropriation for the consolidated account (under "FY

2013 Governor”) and also separates this appropriation back out in the current three line item form based on projections by the Executive Office of Administration & Finance (“FY13 Gov Separated Out”).

Child Care Subsidy Line Items

Line Item	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY 13 Gov Separated Out	FY13 Gov Separate - FY12
Supportive Child Care (3000-3050)	84,473,123	77,448,576	0	77,330,875	(117,701)
TANF-Related Child Care (3000-4050)	211,200,952	132,458,313	0	125,495,740	(6,962,573)
Low-Income Child Care (3000-4060)	228,102,391	232,897,940	434,697,067	231,870,452	(1,027,488)
TOTAL SUBSIDIES	523,776,466	442,804,829	434,697,067	434,697,067	(8,107,762)

Both Supportive Child Care and TANF-Related Child Care are entitlement programs, and their proposed FY 2013 reductions reflect reduced caseload projections. Access for new income-eligible families, on the other hand, has been closed for most of FY 2012 and the Governor’s proposal continues to exclude new families for all of FY 2013. Continuing to freeze access for new low-income families is projected to result in waitlist growth for Low-Income Child Care from 20,000 to 30,000.

The Governor’s Gateway Cities Education Agenda includes a new \$575,000 **Gateway Cities Early Literacy Programs** line item funding targeted professional development to family child care providers and other family members. Since this program is overseen by the Department of Elementary and Secondary Education, it does not show up within the *MassBudget* subcategory of Early Education & Care.

Most other accounts within Early Education & Care are very close to level funded from current FY 2012 levels. It is worth noting that level funding a program in nominal terms is usually tantamount to a cut since no inflation adjustment is made to keep up with rising costs.

EARLY EDUCATION & CARE LINE ITEMS

Line Item	Name	FY 2012 Current	FY 2013 Governor	Notes
3000-1000	Dept. of Early Ed & Care Admin.	11,683,491	12,183,705	
3000-2000	Access Management	5,933,862	5,933,862	
3000-2050	Children's Trust Fund	1,026,106	1,082,028	
3000-3050	Supportive Child Care	77,448,576	0	into 3000-4060
3000-4050	TANF Related Child Care	132,458,313	0	into 3000-4060
3000-4060	Low-Income Child Care	232,897,940	434,697,067	consol. w/ above
3000-5000	Head Start	7,500,000	7,500,000	
3000-5075	Universal Pre-Kindergarten	7,500,000	7,500,000	
3000-6075	Early Childhood Mental Health	750,000	750,000	
3000-7000	Healthy Families Home Visiting	10,463,346	10,395,265	
3000-7050	Family Support and Engagement	18,386,633	18,186,633	
3000-7070	Reach Out and Read Program	800,000	800,000	

K-12: Chapter 70 Aid

Subcategory	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12	FY13 Gov - FY09 GAA (inf adj)
K-12: Chapter 70 Aid	4,274,920,986	3,990,812,680	4,136,391,547	145,578,867	-3%

The Governor's FY 2013 proposal funds **Chapter 70 education aid** to cities, towns, and regional school districts at \$4.14 billion, an increase of \$145.6 million, or 3.6 percent, from current FY 2012 funding levels. This proposal roughly funds the formula outlined in state law, using updated enrollment, inflation, and municipal revenue growth factor measures, helping school districts keep up with the rising cost of providing baseline services. Under the Governor's proposal, two-thirds of districts would receive the same nominal level of Chapter 70 aid as they did in FY 2012, with the rest receiving increases.

Through the FY 2007 budget process a set of reforms to the Chapter 70 formula was planned to be phased in over five years, finishing in FY 2011.⁵ Since these reforms require additional state funding, the Legislature chose to slow this phase in during the last three fiscal years as the financial crisis strained state resources. Similarly, the Governor's FY 2013 proposal freezes any further phasing in of reform provisions, except for one: an additional reduction of required local contributions for districts above their target local contributions. Qualifying districts will have their local contribution reduced by 15 percent of the gap between their preliminary contribution and their target contribution, resulting in a little more than \$10 million in additional Chapter 70 aid for these districts. Fully phasing in effort reduction for these communities, bringing their required contributions down to their targets, would cost roughly an additional \$110 million in Chapter 70 aid.

This statewide year-to-year increase looks considerably smaller when Education Jobs Fund revenue is built into FY 2012 and FY 2013 amounts. The Education Jobs Fund is a federal stimulus program that provided money to Massachusetts schools for use in FY 2011, FY 2012, and the first quarter of FY 2013—money that was distributed through the Chapter 70 formula. Of a total \$200.5 million grant amount for these three years, \$66.6 million was used in FY 2011 and \$116.7 million has been claimed for FY 2012, leaving a projected \$17.2 million for use during the first quarter of FY 2013. After combining this federal revenue with the Governor's proposed state contribution, the total amount available to districts for FY 2013 (\$4.15 billion) represents an increase of \$45.7 million over total amounts for FY 2012 (\$4.11 billion).

K-12: Non-Chapter 70 Aid

Subcategory	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12	FY13 Gov - FY09 GAA (inf adj)
K-12: Non-Chapter 70 Aid	659,120,982	511,419,739	534,504,740	23,085,001	-19%

⁵ For more information on the 2007 reform plan, please see the November 2006 MassBudget paper *Public School Funding in Massachusetts: Where We Are, What Has Changed, and Options Ahead*, available at: http://www.massbudget.org/file_storage/documents/Public_School_Funding-Where_We_Are_What_Has_Changed_-_FINAL.pdf

The Governor's budget proposes to fund non-Chapter 70 programs for elementary and secondary education at \$23.1 million above current FY 2012 levels. Most of the programs within the *MassBudget* category of K-12: Non Chapter 70 Aid are grant programs distributed to individual schools and/or school districts to advance specific priority initiatives. Among existing programs, the Governor proposes to increase funding for **Kindergarten Expansion Grants**, **Targeted Intervention in Underperforming Schools**, **Extended Learning Time Grants**, and **Youth Build** (for more detail please see the line item table at the end of this subcategory).

The Governor's budget includes funding for four new education-related initiatives that support the Governor's recently unveiled Gateway Cities Education Agenda (see table below). **English Language Learner Programs** would fund summer English learning camps for students who are not yet fluent in English. The **Student Support** program would create Student Support Councils and hire Student Support Councilors to target predominantly low-income schools. **Career Academies** would fund high school support centers to help students explore career opportunities. **Early Literacy Programs** would fund targeted professional development to family child care providers and other family members.

PROPOSED K-12 EDUCATION PROGRAMS FOR GATEWAY CITIES

Line Item	Name	FY 2013 Governor
7009-6400	Gateway Cities English Language Learner Programs	3,750,000
7009-6401	Gateway Cities Student Support	3,640,000
7009-6402	Gateway Cities Career Academies	1,008,000
7009-6403	Gateway Cities Early Literacy Programs	575,000
	TOTAL	8,973,000

The Governor also proposes to create a new **Innovation Fund** and an **Advanced Placement (AP) STEM** program. The Innovation Fund would establish a \$1.0 million fund with supplemental private support to help foster innovation in education policy design, professional development, and research. The AP STEM Program would fund a \$2.4 million competitive grant program designed to increase participation and success in high school Advanced Placement courses that prepare students for careers and further education in science, technology, engineering, and mathematics.

In total, the Governor proposes level funding—\$3.9 million—of literacy programs from the current FY 2012 budget, although he rolls the **Bay State Reading Institute** into **Literacy Programs**. The **Targeted Tutorial Literacy Program** maintains its own separate line item. Without adjusting for inflation, level funding these programs in nominal terms would be tantamount to a cut.

The Governor proposes funding the **Special Education Circuit Breaker** program at \$213.2 million, level funding from FY 2012. This proposal represents a 13 percent cut from the FY 2009 GAA inflation-adjusted level of \$245.7 million.

The Governor proposes funding **Regional School Transportation** at \$43.5 million, level funding from FY 2012. This proposal represents a 34 percent cut from the FY 2009 GAA inflation-adjusted level of \$65.5 million.

K-12: NON-CHAPTER 70 AID LINE ITEMS

Line Item	Name	FY 2012 Current	FY 2013 Governor	Notes
1233-2401	Smart Growth School Costs (40S)	363,699	0	
7009-1700	Education IT Costs	7,800,454	11,401,909	
7009-6379	Office of the Secretary of Education	726,986	939,759	
7009-6400	Gateway Cities ELL Programs	0	3,750,000	
7009-6401	Gateway Cities Student Counselors	0	3,640,000	
7009-6402	Gateway Cities Career Academies	0	1,008,000	
7009-6403	Gateway Cities Early Lit. Programs	0	575,000	
7009-6404	Innovation Fund	0	1,000,000	
7010-0005	DESE	12,767,009	13,424,188	
7010-0012	METCO	17,642,582	17,642,582	
7010-0020	Bay State Reading Institute	400,000	0	into 7010-0033
7010-0033	Literacy Programs	3,147,940	3,547,940	consol. w/ above
7027-0019	Connecting Activities	2,750,000	2,770,000	
7027-1004	English Language Acquisition	364,937	364,937	
7028-0031	School-Age in Institutions & Correctio	7,345,373	7,432,061	
7030-1002	Kindergarten Expansion Grants	22,948,947	25,948,947	
7030-1005	Targeted Tutorial Literacy Program	400,000	400,000	
7035-0002	Adult Basic Education	30,702,108	30,707,455	
7035-0006	Regional School Transportation	43,521,000	43,521,000	
7035-0007	Non-Resident Pupil Transportation	0	400,000	
7035-0035	Advanced Placement STEM	0	2,400,000	
7051-0015	Temporary Emergency Food Assist.	1,000,000	1,000,000	
7053-1909	School Lunch Program	5,426,986	5,426,986	
7053-1925	School Breakfast Program	4,121,215	4,121,215	
7061-0012	SPED Circuit Breaker	213,119,160	213,150,377	
7061-0029	Office of EQE	939,083	1,710,118	
7061-0033	Public School Military Mitigation	1,300,000	0	
7061-9010	Charter School Reimbursement	71,554,914	71,454,914	
7061-9200	Education Technology Program	861,405	898,474	
7061-9400	Student and School Assessment	24,362,278	24,403,482	
7061-9404	MCAS Low-Scoring Student Support	9,575,175	9,575,175	
7061-9408	Underperforming Schools	6,740,746	9,323,711	
7061-9412	Extended Learning Time Grants	13,918,030	14,918,030	
7061-9600	Concur. Enroll. for Disabled Students	400,000	400,000	
7061-9601	Teacher Certification Retained Rev.	1,367,409	1,405,317	
7061-9611	After-School & Out-of-School Grants	1,410,000	1,410,000	
7061-9614	Alternative Education Grants	146,140	146,140	
7061-9626	Youth-Build Grants	1,300,000	2,000,000	
7061-9634	Mentoring Matching Grants	250,000	250,000	
7061-9804	Teacher Content Training	746,162	737,022	
7061-9810	Regionalization Bonus	300,000	0	
7066-0024	Schools of Excellence	1,300,000	1,300,000	

K-12: School Building

Subcategory	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12	FY13 Gov - FY09 GAA (inf adj)
K-12: School Building	749,788,322	678,143,400	699,200,000	21,056,600	-7%

The Governor's budget projects a contribution to the School Modernization and Reconstruction Trust (SMART) of \$699.2 million, an increase of \$21.1 million from current FY 2012 levels. Each year the Commonwealth is required to contribute to this trust an amount equal to one penny of the state sales tax. This projection reflects anticipated increases in the sales tax due to: 1) continued economic recovery; and 2) the Governor's proposed elimination of the sales tax exemption for candy and soda.

Higher Education

Subcategory	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12	FY13 Gov - FY09 GAA (inf adj)
Higher Education	1,168,525,324	952,906,702	1,011,606,463	58,699,761	-13%

Although the Governor's FY 2013 budget for Higher Education is \$58.7 million above current FY 2012 levels, this increase is well below the total additional resources needed to reverse many years of deep cuts. Even with this proposed increase, Higher Education funding in FY 2013 would represent an inflation-adjusted cut of 13 percent from pre-recession levels (FY 2009 GAA). Cuts are even deeper when looked at over the last decade, with proposed FY 2013 funding representing a 30 percent cut from FY 2001.

Most notable within the Governor's FY 2013 budget for Higher Education is a set of proposed governance reforms to the state's **community college** system coupled with an increase of \$14.3 million dollars. This proposal brings all community college funding under one consolidated line item. Of this increase, \$10.4 million is the result of a higher direct appropriation to community colleges, whereas \$4.0 million results from a greater total for collective bargaining accounts included in FY 2013 compared to FY 2012.

The Governor calls for community colleges to focus more specifically on job training and to coordinate their course offerings with the needs of local employers. The Governor seeks to standardize the system statewide, easing the process of transferring credits across campuses. This proposal also centralizes budget and leadership control over community colleges within the Board of Higher Education.

While the Governor's budget targets additional resources to community colleges to supplement policy reforms, it provides only modest increases for **UMass** and **State University** campuses. These increases only cover contractual obligations in collective bargaining agreements. Direct appropriations to campus line items are level from FY 2012 for both UMass (\$418.0 million) and State Universities (\$191.6 million).

Additionally, the Governor's budget also includes about \$200,000 for a new **municipal government performance management, accountability, and transparency program** to be run by the Collins Center

for Public Management at UMass Boston, which increases its appropriation from \$497,000 to \$700,000. Since this program is an earmark within the Collins Center's line item, it shows up in our Higher Education and UMass totals, even though the ultimate beneficiaries would be city and towns.

Starting in FY 2012, all campuses of public higher education began retaining tuition payments from out-of-state students, rather than remitting that revenue back to the state. *MassBudget* generally adjusts upwards the campus allocations by these projected amounts so that one can compare reasonably the levels or resources available at an individual campus to previous years when this tuition was remitted to the state. Since projected tuition retention amounts are not yet available for FY 2013, campus appropriations reported in this Budget Monitor assume the same level of tuition retention in FY 2013 as FY 2012. Once new projections are released for each of the campus line items, *MassBudget* will readjust FY 2013 amounts.

Higher Education Funding by Campus Type

Campus Type	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12	FY13 Gov - FY09 GAA (inf adj)
UMass	534,117,612	431,619,082	457,396,792	25,777,710	-14%
State Universities	237,709,898	195,008,769	205,544,970	10,536,201	-14%
Community Colleges	260,982,434	213,788,728	228,155,573	14,366,845	-13%
CAMPUSES TOTAL	1,032,809,944	840,416,579	891,097,335	50,680,756	-14%

NOTE: Campus appropriations reflect MassBudget adjustments, including amounts for tuition retention and collective bargaining.

The Governor's budget funds the **State Scholarship Program** at \$87.5 million, very close to level funding from FY 2012. Without making an inflation adjustment to keep pace with rising costs within higher education, this proposal continues the downward trend of funding for scholarships; the State Scholarship Program is down 15 percent from pre-recession levels.

Among the cuts proposed in the Governor's budget is elimination of the \$635,000 **Nursing and Allied Health Education Workforce Development** program, which helps recruit new nurses.

Please see the table below for more information on Higher Education line items funded either in FY 2012 or FY 2013. This table includes tuition retention adjustments for each of the campus line items, but separates out collective bargaining accounts in the final three rows.

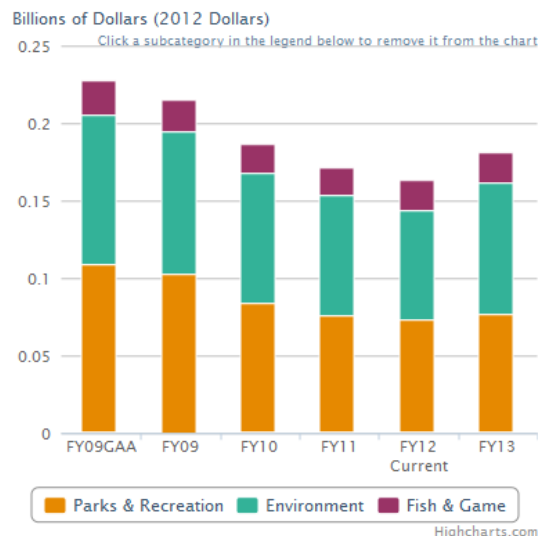
HIGHER EDUCATION LINE ITEMS

Line Item	Name	FY 2012 Current	FY 2013 Governor	Notes
1599-3857	UMass Dartmouth Lease Costs	1,581,922	1,581,922	
1599-4417	Collins Center UMass Boston	496,518	700,000	
1599-4419	AFSCME, Local 1067	0	5,696,424	
1599-7104	Star Store Reserve	2,700,000	2,700,000	
7066-0000	Department of Higher Education	1,624,791	1,868,668	
7066-0005	Compact for Education	82,620	0	
7066-0009	New England Board of Higher Ed.	367,500	183,750	
7066-0015	Workforce Dev. Grants to C.C.'s	1,250,000	1,250,000	
7066-0016	Foster Care Financial Aid	1,075,299	1,356,189	
7066-0019	Dual Enrollment Grants	750,000	751,000	
7066-0020	Nursing & Allied Health Work. Dev.	635,250	0	
7066-0021	Foster Care & Adopted Fee Waiver	1,435,400	1,716,291	
7066-0025	Performance Management Set Aside	2,500,000	2,500,000	
7066-0035	STEM Pipeline Fund	1,000,000	1,500,000	
7070-0065	State Scholarship Program	87,607,756	87,549,363	
7077-0023	Tufts Veterinary Medicine Program	2,000,000	3,000,000	
7100-0200	UMass	429,540,642	429,540,642	<i>inc. tuition</i>
7100-4000	Community Colleges (consolidated)	0	220,774,445	<i>inc. tuition</i>
7109-0100	Bridgewater State University	34,627,788	34,627,788	<i>inc. tuition</i>
7110-0100	Fitchburg State University	24,304,588	24,304,588	<i>inc. tuition</i>
7112-0100	Framingham State University	21,727,143	21,727,143	<i>inc. tuition</i>
7113-0100	MA College of Liberal Arts	12,559,859	12,559,859	<i>inc. tuition</i>
7114-0100	Salem State University	34,900,021	34,900,021	<i>inc. tuition</i>
7115-0100	Westfield State University	20,396,882	20,396,882	<i>inc. tuition</i>
7116-0100	Worcester State University	20,756,595	20,756,595	<i>inc. tuition</i>
7117-0100	Massachusetts College of Art	13,405,202	13,405,202	<i>inc. tuition</i>
7118-0100	Massachusetts Maritime Academy	12,330,691	12,330,691	<i>inc. tuition</i>
7502-0100	Berkshire Community College	8,075,090	0	<i>into 7100-4000 w/ tuition</i>
7503-0100	Bristol Community College	13,943,689	0	<i>into 7100-4000 w/ tuition</i>
7504-0100	Cape Cod Community College	9,961,483	0	<i>into 7100-4000 w/ tuition</i>
7505-0100	Greenfield Community College	7,946,766	0	<i>into 7100-4000 w/ tuition</i>
7506-0100	Holyoke Community College	16,142,400	0	<i>into 7100-4000 w/ tuition</i>
7507-0100	MA Bay Community College	12,078,306	0	<i>into 7100-4000 w/ tuition</i>
7508-0100	Massasoit Community College	17,521,080	0	<i>into 7100-4000 w/ tuition</i>
7509-0100	Mt. Wachusett Community College	11,047,988	0	<i>into 7100-4000 w/ tuition</i>
7510-0100	Northern Essex Community College	16,502,174	0	<i>into 7100-4000 w/ tuition</i>
7511-0100	North Shore Community College	17,737,591	0	<i>into 7100-4000 w/ tuition</i>
7512-0100	Quinsigamond Community College	13,117,113	0	<i>into 7100-4000 w/ tuition</i>
7514-0100	Springfield Tech. Community College	21,256,565	0	<i>into 7100-4000 w/ tuition</i>
7515-0100	Roxbury Community College	9,787,773	0	<i>into 7100-4000 w/ tuition</i>
7515-0121	Reggie Lewis Center Retained Reven	529,843	545,739	
7516-0100	Middlesex Community College	17,284,270	0	<i>into 7100-4000 w/ tuition</i>
7518-0100	Bunker Hill Community College	17,964,440	0	<i>into 7100-4000 w/ tuition</i>
7520-0424	Health & Welfare Res. for Higher Ed.	5,581,664	5,581,664	
8700-1150	Nat'l Guard Tuition & Fee Waivers	3,350,000	4,310,040	
<i>various</i>	UMass Collective Bargaining (CB)	0	25,574,228	<i>MB cluster</i>
<i>various</i>	State University CB	0	10,536,201	<i>MB cluster</i>
<i>various</i>	Community College CB	3,422,000	7,381,128	<i>MB cluster</i>

ENVIRONMENT & RECREATION

	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12	FY13 Gov - FY09 GAA (inf adj)
Environment & Recreation	227,230,578	160,570,777	180,720,546	20,149,769	-20%
Environment	95,830,145	70,282,543	84,519,383	14,236,840	-12%
Fish & Game	22,713,136	18,780,130	19,734,231	954,101	-13%
Parks & Recreation	108,687,297	71,508,104	76,466,932	4,958,828	-30%

In his Fiscal Year 2013 budget proposal for environment and recreation programs, the Governor recommends an increase of \$20.1 million in funding. Some of this increase comes from his proposal to expand the bottle bill and provide over \$5 million in funding for recycling and redemption centers. The Governor also recommends increasing the amount of revenue various departments within this category can keep from fees and fines. Even with these recommended increases in the Governor's FY 2013 proposal, total funding for environment and recreation programs in the state has fallen by 20 percent in inflation-adjusted dollars since the onset of the state fiscal crisis in 2008.



Environment

Subcategory	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12	FY13 Gov - FY09 GAA (inf adj)
Environment	95,830,145	70,282,543	84,519,383	14,236,840	-12%

The environment budget for the state supports programs that keep the state's air, water and land clean. This includes funding to clean hazardous waste sites, to support recycling and to pay for salaries and equipment for the state's environmental police force. The Governor's budget recommends increasing funding for state environment programs by \$14.2 million over current spending for FY 2012. The majority of these increases come from:

- \$5.3 million increase for recycling and redemption centers. This funding will come from the \$22.3 million in revenues raised with the Governor's proposed expansion of the bottle bill to include juice, water and coffee drinks.⁶ The FY 2012 budget provided \$275,000 to help fund redemption centers around the state while recycling centers received no funding.

⁶ Outside Section 11 of the Governor's FY 2013 budget which expands the bottle bill is available here: http://www.mass.gov/bb/h1/fy13h1/os_13/h11.htm

- \$1.2 million in additional funding for the hazardous waste clean-up program. Even with this recommended increase, state support for this program has fallen by more than one quarter since the onset of the state fiscal crisis.

ENVIRONMENT LINE ITEMS

Line Item	Name	FY 2012 Current	FY 2013 Governor	Notes
2000-0100	Executive Office of Energy and Env	5,695,430	6,136,084	
2000-1011	Environmental Law Enforcement I	85,000	85,000	
2000-1700	Energy and Environment Informat	7,482,556	10,145,502	
2030-1000	Environmental Law Enforcement	7,973,112	8,688,781	
2030-1004	Environmental Law Enforcement I	300,000	300,000	
2200-0100	Department of Environmental Pro	24,682,305	25,092,901	
2200-0102	Wetlands Permitting Fee Retaine	260,812	650,151	
2200-0107	Redemption Centers	275,000	5,525,000	
2200-0109	Compliance and Permitting Fee R	0	2,500,000	
2210-0105	Toxics Use Retained Revenue	3,052,627	3,109,324	
2220-2220	Clean Air Act	798,593	820,606	
2220-2221	Clean Air Act Operating Permit an	1,667,239	1,468,565	
2250-2000	Safe Drinking Water Act	1,264,499	1,603,609	
2260-8870	Hazardous Waste Cleanup Progra	11,973,797	13,203,479	
2260-8872	Brownfields Site Audit Program	1,020,002	1,133,594	
2260-8875	Cape Cod Wastewater Study	150,000	0	
2260-8881	Board of Registration of Hazardou	345,475	375,558	
2511-3002	Integrated Pest Management Proq	47,560	50,184	
7006-1001	Residential Conservation Service	203,112	217,453	
7006-1003	Division of Energy Resources Ass	3,005,424	3,413,592	

Fish & Game

Subcategory	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12	FY13 Gov - FY09 GAA (inf adj)
Fish & Game	22,713,136	18,780,130	19,734,231	954,101	-13%

State fish and game programs oversee Massachusetts fisheries, wildlife habitats and other natural sites in the state. Much of the funding that supports fish and game programs comes from the revenues the Department of Fish and Game receives through the sale of licenses for hunting, fishing, boating and other activities.

FISH & GAME LINE ITEMS

Line Item	Name	FY 2012 Current	FY 2013 Governor	Notes
2300-0100	Department of Fish and Game	658,880	665,013	
2300-0101	Riverways Protection, Restoration	416,974	418,302	
2310-0200	Division of Fisheries and Wildlife	9,985,455	10,470,455	
2310-0300	Natural Heritage and Endangerec	150,000	150,000	
2310-0306	Hunter Safety Program	406,510	416,667	
2310-0316	Wildlife Habitat Purchase	1,000,000	1,500,000	
2310-0317	Waterfowl Management Program	65,000	65,000	
2320-0100	Fishing and Boating Access	429,160	468,977	
2330-0100	Division of Marine Fisheries	4,355,647	3,982,035	
2330-0120	Marine Recreational Fisheries De	515,754	578,532	
2330-0121	Marine Recreational Fishing Fee	204,989	217,989	
2330-0150	Newburyport Clam Plant Retainec	100,000	0	
2330-0300	Saltwater Sportfish Licensing	491,761	801,261	

Parks & Recreation

Subcategory	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12	FY13 Gov - FY09 GAA (inf adj)
Parks & Recreation	108,687,297	71,508,104	76,466,932	4,958,828	-30%

The state's parks and recreation budget supports state parks, urban parks, beaches, pools and the employees who work at these facilities. It also funds parkways and dams managed by the Department of Conservation and Recreation (DCR). For the first time since the onset of the state fiscal crisis in 2008, the Governor recommends an increase in the budget for parks and recreation programs by allowing DCR to retain an additional \$5.7 million in revenue that it collects from fees at state parks, campgrounds, golf courses and other activities. Some of the increase in retained revenue, however, is offset by a recommended \$2.5 million reduction in funding for state parks. Since the onset of the fiscal crisis, funding for state parks and recreation has fallen by 30 percent in inflation-adjusted dollars.

The Governor's budget also recommends slight increases in two other parks and recreation programs including an additional \$816,000 for DCR administration and an additional \$770,000 for DCR beaches, pools and seasonal employees who work at DCR facilities.

PARKS & RECREATION LINE ITEMS

Line Item	Name	FY 2012 Current	FY 2013 Governor	Notes
2800-0100	Department of Conservation and	3,308,980	4,125,466	
2800-0101	Watershed Management Program	1,002,565	1,005,972	
2800-0401	Stormwater Management	391,237	399,396	
2800-0501	Beach Preservation	11,611,671	12,381,553	
2800-0700	Office of Dam Safety	290,151	302,432	
2810-0100	State Parks and Recreation	42,173,702	39,687,129	
2810-2041	State Park Fee Retained Revenue	5,229,030	14,127,027	adj--see text
2820-0101	State House Park Rangers	1,327,967	1,377,957	
2820-1000	Citation Fee Park Ranger Retaine	200,000		adj--see text
2820-1001	Usage and Lease Fees for Teleco	50,000		adj--see text
2820-2000	Parkways Snow and Ice	3,000,000	3,060,000	
2820-3001	Skating Rink Fee Retained Reven	1,000,000		adj--see text
2820-4420	Ponkapoag Golf Course Retained	1,098,011		adj--see text
2820-4421	Leo J. Martin Golf Course Retaine	824,790		adj--see text

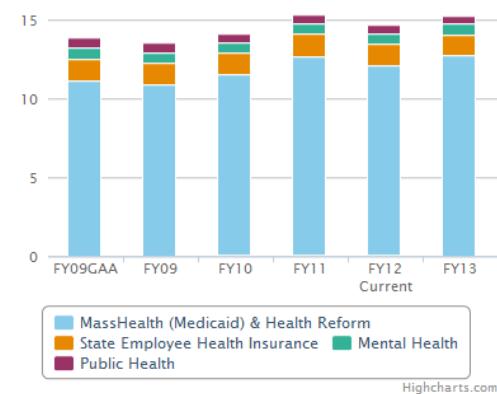
HEALTH CARE

	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12	FY13 Gov - FY09 GAA (inf adj)
Health Care	13,801,558,210	14,424,759,940	15,206,851,374	782,091,434	10%
MassHealth & Health Reform	11,096,692,100	11,881,047,682	12,695,002,699	813,955,017	14%
Mental Health	732,081,653	651,018,701	665,975,915	14,957,215	-9%
Public Health	634,952,841	523,678,808	528,306,002	4,627,194	-17%
State Employee Health Ins	1,337,831,616	1,369,014,749	1,317,566,758	(51,447,991)	-2%

Overall spending on health care programs in the Governor's proposed Fiscal Year (FY) 2013 budget grows by about 5.4 percent, more than a percentage point faster than the growth of the overall budget. Underlying that growth are rather different changes in funding that vary depending on the type of spending involved. Spending on MassHealth and other health reform programs that provide health coverage to low-income people increases, largely as a result of enrollment growth and health inflation. Funding for health coverage for state employees is basically level (after taking into account the use of off-budget funds to pay for some costs in FY 2013). Meanwhile, while spending on Mental Health and Public Health programs rises slightly, it does not come close to restoring the funding that these programs have lost since FY 2009.

Billions of Dollars (2012 Dollars)

20 Click a subcategory in the legend below to remove it from the chart



MassHealth (Medicaid) & Health Reform

Subcategory	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12	FY13 Gov - FY09 GAA (inf adj)
MassHealth/Health Reform*	11,096,692,100	11,881,047,682	12,695,002,699	813,955,017	14%

*Funding totals do not reflect FY 2012 supplemental appropriations that have been proposed and are likely to be approved. These include appropriations of \$186.9 million for Delivery System Transformations, \$35 million for Adult Day Health, and \$6 million for Health Safety Net claims processing, for a total of \$227.9 million. When these are taken into account, the FY12 Gov-FY12 increase is \$586.0 million.

The bulk of spending in this category goes to pay for MassHealth programs that provide health coverage for over 1.3 million people in Massachusetts (including Medicaid, which covers nursing home and other care for the elderly). Another significant portion is transferred to the Commonwealth Care Trust Fund and used to support programs that provide coverage to about 175,000 people with incomes above the cut-off for MassHealth coverage. Enrollment in these programs has risen steadily during the recent economic crisis, and more than one in five people in Massachusetts now depend on them for health coverage. Other spending in this category supports safety net hospitals, helps elderly and disabled people pay for prescription drugs and funds activities of the Division of Health Care Finance

and Policy. Most of the spending in this category is eligible for federal reimbursement, generally at a rate of 50 percent of the state's spending.

The Governor's budget proposes a total of \$12.70 billion on these programs in FY 2013, an increase of 6.9 percent compared to current FY 2012 spending. Taking into account supplemental spending that is likely to be approved in FY 2012, the increases between proposed FY 2013 and estimated FY 2012 spending is actually 4.8 percent. Since FY 2009 spending in this area has grown at an average annual rate of 3.4 percent above inflation. It is worth noting, however, that spending in this area is driven by enrollment increases as well as health cost growth, which has grown nationally at a faster rate than general inflation in recent decades. During the FY 2009–FY 2013 period the state has limited some benefits, cut providers rates and implemented a variety of savings strategies to reduce health care costs; without these the spending increase during this period would have been greater.

MassHealth (Medicaid) and Health Reform

	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12
MassHealth (Medicaid)	9,204,247,689	10,568,250,807	11,135,956,715	567,705,908
Medicaid Programs	9,048,987,224	10,399,004,259	10,946,300,774	547,296,515
Medicaid Administration	155,260,465	169,246,548	189,655,941	20,409,393
Commonwealth Care Fund	1,380,043,906	865,011,822	930,022,286	65,010,464
Transfer from General Fund*	1,193,606,495	745,011,822	737,122,286	(7,889,536)
Estimated Tobacco Tax Revenue**	186,437,411	120,000,000	192,900,000	72,900,000
Other Safety Net & Health Finance	512,400,506	447,785,053	629,023,698	181,238,645
Prescription Advantage	61,448,563	21,602,546	18,996,516	(2,606,030)
Medical Assistance Trust Fund	369,543,746	394,025,000	394,025,000	0
Delivery System Transformation***	0	0	186,907,667	186,907,667
Div of Hlth Care Finance & Policy	26,190,244	30,657,507	29,094,515	(1,562,992)
Other Health Finance	55,217,953	1,500,000	0	(1,500,000)

*The FY 2012 Commonwealth Care Fund Transfer includes \$17 million in surplus FY 2011 funds that were made available in FY 2012. **Estimated Tobacco Tax Revenue for FY 2013 includes \$72.9 million in from a proposed increase in the tax and extension of the new rate to all tobacco products. ***Delivery System Transformation funds will replace, to some extent, payments to hospitals that were previously made through the Commonwealth Care Trust Fund and under the "Other Health Finance" category. Note that a recently filed, but not yet approved, FY 2012 supplemental budget includes \$186.9 million in Delivery System Transformation Initiatives funding (the same amount as proposed in FY 2013).

MassHealth (Medicaid)

The budget includes an increase in spending on MassHealth programs and administration of 5.4 percent in FY 2013 (5.0 percent when spending that is likely to be approved in FY 2012 is taken into account). The increase would have been higher, thanks to caseload increases and inflation, had the Governor not included a total of \$606.3 million (or \$303 million net state savings) in cuts and savings that the state expects to implement. These will come in addition to the \$588 million the state expects to save in FY 2012; the budget also assumes shifts in funding among MassHealth program line items due to changes in enrollment in various types of coverage and a plan to move some costs for the Commonwealth program into the MassHealth managed care line item (see table at the end of this section for line item details). Savings strategies and cuts include more aggressive procurement of behavioral health and managed care contracts, changes to payment practices for long term care, rate reductions for hospitals and long-term care facilities, and plans to maximize federal revenue for some expenditures. The budget also contains funding for two new MassHealth initiatives, \$2.0 million for a new Operations line item meant to improve the timeliness and efficiency of the MassHealth enrollment and redetermination process, in response to recent enrollment growth, and \$3.1 million to help

implement payment reform strategies, such as creating infrastructure to support bundled payment models.

Commonwealth Care Trust Fund

The Commonwealth Care Trust Fund (CCTF) receives transfers from the state's General Fund, as well as revenue from the cigarette tax, from assessments on certain employers who do not provide insurance and from penalties paid by people who can afford insurance but do not purchase it. The bulk of this funding goes to pay for the Commonwealth Care (CommCare) insurance program for low-income people who are not eligible for MassHealth. Since FY 2009, funds have also gone to support the Bridge program, which was created to provide limited health coverage to a group of legal immigrants (those in the country less than five years), after they were excluded from CommCare. A recent state Supreme Judicial Court decision found the exclusion unconstitutional and ordered the reinstatement of this category of immigrants into CommCare; the order will add about 37,400 new members to CommCare, including 13,400 currently enrolled in Bridge and another 24,000 legal immigrants who have not been able to enroll in Bridge because the program did not accept new enrollees beyond the initial group.

In order to fund the CommCare program in FY 2013, the Governor proposes to raise the cigarette tax by 50 cents, and apply the new rate to all tobacco products; the \$72.9 million in new revenue expected from the proposal will be dedicated to the CCTF. The budget also assumes the use of \$44.0 million in one-time revenue in the form of a carry-over of estimated FY 2012 fund balances, as well as savings due to aggressive procurement of managed care contracts. The result is that the proposed budget includes a transfer of \$737.1 million from the General Fund to the CCTF, a slight decrease compared to the amount transferred in FY 2012 (a total of \$745.0 million, including both the initial transfer of \$728.0 million and \$17.0 million in year-end surplus FY 2011 budget revenue transferred into the CCTF, for use in FY 2012.)

Other Health Reform and Safety Net Spending

Also included in the proposed budget are:

- A transfer of \$186.9 million from the General Fund to a new **Delivery System Transformation Initiatives** (DSTI) Trust Fund that will provide incentive payments, in accordance with the state's MassHealth waiver agreement with the federal government, to providers for activities that support the development of new payment and health delivery systems, such as better management of chronic conditions and medical home infrastructures. (A similar transfer is included in an FY 2012 supplemental budget currently before the legislature.)
- An authorization for the Division of Health Care Finance and Policy to spend \$2.0 million from federal reimbursement funds in order to move management of Health Safety Net claims for uncompensated care to MassHealth. (Authorization for use of \$6.0 million for this purpose is included in an FY 2012 supplemental budget currently before the legislature.)
- A slight decrease in funding for the Prescription Advantage program, which reflects reduced utilization of the program.

MASSHEALTH & HEALTH REFORM LINE ITEMS

Line Item	Name	FY 2012 Current	FY 2013 Governor	Notes
1599-2004	Health Care Cost Containment Reserve	1,900,000	0	<i>FY 2012 one-time funding</i>
1599-2009	Hale Hospital Reserve	2,400,000	0	<i>FY 2012 one-time funding</i>
4000-0265	Primary Care Workforce	1,000,000	0	<i>FY 2012 one-time funding</i>
4000-0300	Exec Off of Health and Human Services	86,484,473	86,291,466	
4000-0301	MassHealth Auditing and Utilization Reviews	1,736,425	1,739,619	
4000-0309	MassHealth Field Auditing Taskforce	1,000,000	1,000,000	
4000-0320	MassHealth Recoveries--Retained Revenue	225,000,000	225,000,000	
4000-0430	MassHealth CommonHealth Plan	130,439,637	73,165,558	<i>See discussion above</i>
4000-0500	MassHealth Managed Care	3,879,010,669	4,164,475,376	
4000-0600	MassHealth Senior Care	2,515,602,264	2,763,630,662	
4000-0640	MassHealth Nursing Home Supplemental Rates	318,300,000	288,500,000	
4000-0700	MassHealth Fee-for-Service Payments	2,029,206,633	1,935,380,126	<i>Excludes Early Intervention \$</i>
4000-0870	MassHealth Basic Coverage	157,016,626	179,909,689	
4000-0875	MassHealth Breast and Cervical Cancer Treatment	4,770,999	5,248,099	
4000-0880	MassHealth Family Assistance Plan	218,925,814	213,894,591	
4000-0890	MassHealth Premium Assistance& Insurance Partne	58,181,956	30,481,392	
4000-0895	Healthy Start Program	13,800,000	15,850,244	
4000-0950	Children's Behavioral Health Initiative	214,743,708	221,705,516	
4000-0990	Children's Medical Security Plan	12,600,000	13,298,695	
4000-1400	MassHealth HIV Plan	18,541,135	19,744,723	
4000-1405	MassHealth Essential	389,757,408	505,998,457	
4000-1420	Medicare Part D Phased Down Contribution	211,370,985	285,153,027	
4000-1602	MassHealth Operations	0	2,000,000	
4000-1604	Health Care System Reform	0	3,125,000	
4000-1700	Health and Human Services Information Technology	81,762,075	100,364,475	
4100-0060	Division of Health Care Finance and Policy	21,157,507	21,894,515	
4100-0061	All Payer Claims Database	4,000,000	4,000,000	
4100-0360	Health Care Quality and Cost Council--Retained Rev	100,000	100,000	
4100-0082	Health Safety Net Claims Migration--Retained Revenue	0	2,000,000	
7006-0029	Health Care Access Bureau Assessment	1,100,000	1,100,000	
9110-1455	Prescription Advantage	21,602,546	18,996,516	
1595-5819	Commonwealth Care Trust Fund--Transfer from Gen	745,011,822	737,122,286	<i>See discussion above</i>
1595-5820	Commonwealth Care Trust Fund--Tobacco Tax Trans	120,000,000	192,900,000	
1595-1067	Delivery System Transformation Initiatives		186,907,667	<i>See discussion above</i>
1595-1069	Health Insurance Technology Trust Fund	500,000	0	<i>Funded off-budget in FY 2013</i>
1595-1068	Medical Assistance Trust Fund (operating transfer)	394,025,000	394,025,000	

Mental Health

Subcategory	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12	FY13 Gov - FY09 GAA (inf adj)
Mental Health	732,081,653	651,018,701	665,975,915	14,957,215	-9%

The Governor's budget proposes a modest increase of 2.3 percent for mental health programs operated by the state's Department of Mental Health (DMH). Despite this increase, funding for mental health programs remains \$66.1 million, or about 9 percent, below what was allocated in FY 2009 (after adjusting for inflation). Cuts since 2009 have affected programs that support education and employment, clubhouses, as well as reducing beds at DMH facilities. (The administration has also announced plans to close the DMH hospital in Taunton, but indicates that patients will be transferred to the new Worcester Recovery Center and to Tewksbury State Hospital.)

With the exception of an emergency services program, funding for core DMH programs — those providing treatment and support to children and adults in the community, as well as funding for in-patient facilities — rises compared to FY 2012. However, the FY 2012 budget relied on the one-time use of contributions from mental health trust funds to support many of these programs. Language in the FY 2012 budget specifically allowed use of these funds for in-patient or community services and authorized transfers of funds to the main adult services line item (5046-0000) and DMH facilities line item (5095-0015). When the use of these one-time funds is taken into account, the increase to these programs is more modest. Finally, the budget includes a substantial increase for a Forensic Services Program that assists mentally ill people who have recently been released from prison and other correctional facilities.

MENTAL HEALTH LINE ITEMS

Line Item	Name	FY 2012 Current	FY 2013 Governor	Notes
5011-0100	Department of Mental Health Administration	26,747,749	27,565,416	
5042-5000	Child and Adolescent Mental Health Services	71,773,509	77,878,882	
5046-0000	Adult Mental Health and Support Services	332,285,802	342,427,150	
5046-2000	Statewide Homelessness Support Services	20,134,424	20,134,424	
5046-4000	CHOICE Program Retained Revenue	125,000	125,000	
5047-0001	Emergency Services and Acute Mental Health Care	35,122,197	35,202,850	
5055-0000	Forensic Services Program for Mentally Ill Persons	8,097,163	9,153,872	
5095-0015	Inpatient Facilities & Community-Based Services	146,732,857	153,488,321	
5095-0017	Trust Fund Contributions	10,000,000	0	See discussion above

Public Health

Subcategory	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12	FY13 Gov - FY09 GAA (inf adj)
Public Health	634,952,841	523,678,808	528,306,002	4,627,194	-17%

The state budget funds a wide variety of public health programs. Some programs protect the health of the general public in Massachusetts, for instance by responding to public health emergencies and ensuring that health professionals and facilities are properly licensed; DPH also operates several public hospitals. Beyond these basic functions, more than half of DPH funding goes to programs that promote health and wellness and prevent disease in specific populations. The fiscal crisis has hit all these programs hard. Since FY 2009 (FY 2009) overall funding for public health has declined by \$106.6 million (after adjusting for inflation), or nearly 17 percent (see table at the end of this section for details by program).

For FY 2013 the Governor's budget proposes more or less level funding for public health programs overall – the proposed increase of almost one percent is slightly below what is needed to keep pace with projected inflation. A significant portion of funding (\$51.3 million, or nearly 10 percent of the total appropriation for public health) consists of new revenue that would come from the Governor's plan to impose the sales tax on soda and candy. The revenue would be dedicated to specific programs and although some of these programs see increases, most of the new revenue essentially supplants existing resources – in other words, while it likely helps avoid further cuts, it does not fund new initiatives.

Health & Prevention Programs	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12	FY13 Gov - FY09 GAA (inf adj)
Children's Programs*	178,437,145	146,287,496	147,217,086	929,590	-17%
Family Planning & Teen Pregnancy*	12,470,057	7,035,207	6,749,398	(285,809)	-46%
HIV/AIDS	41,831,720	39,597,810	39,601,023	3,213	-5%
Smoking Prevention and Cessation*	13,617,580	4,150,703	5,850,703	1,700,000	-57%
Substance Abuse & Addiction Svcs*	97,787,530	94,110,802	85,839,595	(8,271,207)	-12%
SANE/Domestic Violence	10,696,203	8,668,710	8,672,175	3,465	-19%
Other Health & Prevention Programs*	33,059,237	9,422,154	9,265,531	(156,623)	-72%
TOTAL	387,899,472	309,272,882	303,195,511	(6,077,371)	-22%

*Funded in part from revenue from a proposed tax on soda and candy. A portion of FY 2012 funding for Substance Abuse services will continue to be available in FY 2013.

Administration, Regulatory and Public Health Hospitals

Funding for DPH administration is basically level, while funding for regulatory activities grows slightly, mainly due to increases in the amount of revenue derived from these activities that the department is allowed to retain and spend. Spending levels on the table at the end of this section reflect adjustments to account for a transfer of some activity from the state laboratory to the state police laboratory (once this is taken into account, funding for the state lab remains level in FY 2013); there has also been a transfer of \$750,000 from the main line administrative line item to a retained revenue account for the Division of Health Care Quality Health Facility licensing fees (4510-0712).

Children's Health and Prevention Programs

More than a quarter of public health funding goes to programs that support children's health, broadly defined. Programs range from the **Women, Infants, and Children (WIC)** program, which provides healthy food and nutritional education for children (and their parents), to youth violence prevention grants. Highlights of the Governor's proposed budget include:

- A slight increase in **Youth Violence Prevention Grants**, and a new round of funding for the **Safe and Successful Youth Initiative**, a more narrowly defined violence prevention program that focuses on gun violence in certain cities (the latter program was first funded in a supplemental budget last year; MassBudget includes it in the public health total although it technically falls under the Executive Office of Health and Human Services).
- A drop of nearly 4 percent in funding for **Early Intervention Services** (Note that MassBudget numbers are adjusted to reflect a proposed transfer of \$4.3 million in payments for early intervention services into a MassHealth line item; we add that amount back into the DPH line item).
- A slight drop in funding for **School-Based Health Programs**, which have been cut by about 40 percent since 2009 (after adjusting for inflation). The Governor's budget proposes to fund this program with revenue from the new tax on soda and candy.
- An increase in the amount that the **WIC Program** is authorized to retain and spend from revenue it receives from infant formula rebates and other federal measures. The increase will help the program serve more people.

Family Planning & Teen Pregnancy

Both the Family Health Services line item, which funds comprehensive family planning services, and the Teen Pregnancy Prevention Services line item receive cuts of around 4 percent in the Governor's budget, and the budget proposes to fund Family Health Services with revenue from the new tax on soda and candy.

HIV/AIDS

Proposed funding for HIV/AIDS prevention and treatment programs is essentially level with FY 2012, after taking into account supplemental FY 2012 funding that was approved after passage of the initial budget.

Smoking Prevention and Cessation

The Governor's budget proposes a substantial increase — about 41 percent — in funding for smoking prevention and cessation programs, although funding would remain well below FY 2009 levels. Under the proposed budget, the program would be solely funded using revenue from the new tax on soda and candy.

Substance Abuse and Addiction Services

Funding for the **Division of Substance Abuse Services** increases by 2.3 percent, and the budget proposes to fund 34 percent of the appropriation using new revenue from the tax on soda and candy. Other programs that treat addiction receive level funding. There is no additional funding for the Substance Abuse Services Fund, which was created in a supplemental budget last year and received a \$10.0 million transfer from the General Fund. However, funds from the original transfer may continue

to be spent through the end of FY 2013; such spending would reduce the apparent drop in overall spending for this category compared to FY 2012.

Other Programs

Funding for the Health Promotion and Disease Prevention line item receives essentially level funding, and remains far below its inflation-adjusted 2009 level. The budget proposes to fund the entire cost of this program using revenue from the new tax on soda and candy.

PUBLIC HEALTH LINE ITEMS

Line Item	Name	FY 2012	FY 2013	Notes
		Current	Governor	
4000-0005	Safe & Successssful Youth Grant Program	10,000,000	10,000,000	
4510-0020	Food Protection Program--Retained Revenue	375,000	375,000	
4510-0025	SEAL Dental Progra--Retained Revenue	889,889	889,889	
4510-0040	Pharmaceutical Regulatio--Retained Revenue	421,539	426,460	
4510-0100	Department of Public Health	17,708,308	17,682,335	Adjusted--see discussion above
4510-0110	Community Health Center Services	963,949	914,476	
4510-0600	Environmental Health Services	3,205,454	3,207,518	
4510-0615	Nuclear Reactor Monitoring--Retained Revenue	1,764,716	1,764,716	
4510-0616	Prescription Drug Monitoring--Retained Revenue	1,241,668	1,243,886	
4510-0710	Division of Health Care Quality and Improvement	6,242,959	6,318,316	
4510-0712	Division of Health Care Quality--Retained Revenue	2,439,711	3,458,889	Adjusted--see discussion above
4510-0715	Primary Care Center & Loan Forgiveness Program	157,000	0	
4510-0716	Academic Detailing Program	93,000	0	
4510-0721	Board of Registration in Nursing	795,800	821,646	
4510-0722	Board of Registration in Pharmacy	194,806	221,757	
4510-0723	Board of Registration in Medicine & Acupuncture	997,001	1,022,252	
4510-0725	Health Boards of Registration	273,383	304,653	
4510-0726	Board of Reg in Medicine--Retained Revenue	300,000	300,000	
4510-0790	Regional Emergency Medical Services	931,959	931,959	
4510-0810	Sexual Assault Nurse Examiner	3,160,740	3,160,740	
4512-0103	HIV/AIDS Prevention, Treatment and Services	32,097,810	32,101,023	
4512-0106	HIV/AIDS--Drug Rebates Retained Revenue	7,500,000	7,500,000	
4512-0200	Division of Substance Abuse Services	74,810,802	76,539,595	
4512-0201	Substance Abuse Step-Down Recovery Services	4,800,000	4,800,000	
4512-0202	Secure Treatment Facilities for Opiate Addiction	2,000,000	2,000,000	
4512-0203	Young Adult Treatment Program	1,500,000	1,500,000	
4512-0225	Compulsive Behavior Treatment--Retained Revenue	1,000,000	1,000,000	
4512-0500	Dental Health Services	1,395,761	1,352,558	
4513-1000	Family Health Services	4,656,797	4,465,275	
4513-1002	Women, Infants, and Children's (WIC)	12,366,617	12,366,617	
4513-1012	WIC Manufacturer Rebates--Retained Revenue	24,510,000	26,355,000	
4513-1020	Early Intervention Services	31,144,420	30,023,610	Adjusted--see discussion above
4513-1023	Newborn Hearing Screening Program	65,494	68,938	
4513-1026	Suicide Prevention and Intervention Program	3,569,444	3,585,421	
4513-1111	Health Promotion and Disease Prevention	3,400,000	3,413,076	
4513-1130	Domestic Violence & Sexual Assault Prevention	5,507,970	5,511,435	
4516-0263	Blood Lead Testing Fee Retained Revenue	1,112,974	1,112,974	
4516-1000	State Laboratory & Communicable Disease Control	13,013,002	13,335,801	Adjusted--see discussion above

4516-1010	Emergency Preparedness Match	2,272,509	2,202,878	
4516-1022	State Lab Tuberculosis Test--Retained Revenue	250,619	250,619	
4518-0200	Registry of Vital Records--Retained Revenue	415,275	675,000	
4530-9000	Teenage Pregnancy Prevention Services	2,378,410	2,284,123	
4570-1502	Infection Prevention Program	251,281	263,646	
4580-1000	Universal Immunization Program	52,222,377	52,879,812	
4590-0250	School-Based Health Programs	11,597,967	11,132,301	
4590-0300	Smoking Prevention & Cessation Programs	4,150,703	5,850,703	
4590-0912	Western Mass Hospital--Retained Revenue	16,457,488	16,953,548	
4590-0913	Shattuck Medical Vendor--Retained Revenue	499,827	499,827	
4590-0915	Public Health Hospitals	139,037,382	144,090,926	
4590-0917	Shattuck Hospital DOC Inmat Retained Revenue	4,046,265	4,208,543	
4590-1503	Pediatric Palliative Care	790,732	794,666	
4590-1506	Violence Prevention Grants	1,000,000	1,006,253	
4590-1507	Youth-At-Risk Matching Grants	1,700,000	1,700,000	
4590-2001	Tewksbury Hospital DDS Retained Revenue	0	3,437,342	
OS-SAS	Substance Abuse Services Fund	10,000,000	0	

State Employee Health Insurance

Subcategory	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12	FY13 Gov - FY09 GAA (inf adj)
State Employee Health Insurance	1,337,831,616	1,369,014,749	1,317,566,758	(51,447,991)	-2%

The Governor's budget proposes total funding \$1.3 billion for the state share of health and other benefits provided to active and retired state employees, as well as some other groups, through Group Insurance Commission (this figure excludes the cost of health coverage for municipalities who have joined the state's Group Insurance Commission, since they repay those costs; see table at the end of this section for details). As with the other state health insurance programs such as MassHealth and Commonwealth Care, the state has employed a number of strategies to hold down cost increases in recent years, and believes it can continue these strategies, including aggressive procurement and the implementation of new payment models, in FY 2013.

State Employee Health Costs	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12
Employee Premiums and Plan Costs	807,064,976	830,154,520	770,679,063	(59,475,457)
Tran to State Retiree Benefits Fund	397,312,930	414,325,940	435,042,237	20,716,297
One-time Use of Federal Trust Funds	0	0	40,000,000	40,000,000
TOTAL	1,204,377,906	1,244,480,460	1,245,721,300	1,240,840

**Adjusted to remove costs related to municipal coverage for which the state receives a reimbursement.*

Most funding for state employee health costs comes in the form of an appropriation for the premium and health costs of current employees plus a transfer from the General Fund to the State Retiree Benefits Trust Fund that supports the cost of health coverage for retired employees. As the table above shows, funding for active and retired health costs appears to decline compared to FY 2013. However,

the Governor's budget also indicates a plan to use \$40.0 million in existing balances in a Group Insurance trust fund to pay for state employee health costs in FY 2013; when this one-time resource is taken into account, funding is basically level. Budget documents also indicate that \$4.0 million from trust fund balances will be used to pay for wellness and smoking cessation programs that are expected to reduce health costs for state employees in the long term. These one-time resources come from a fund that holds federal revenue resulting from the state's participation in an early retiree reinsurance program created by the national health care reform law.

In addition to the transfer from the General Fund shown in the table above, the State Retiree Benefits Trust Fund will also begin to receive a portion of revenue from the annual tobacco settlement payment made to the state (in recent years this revenue has been deposited in the General Fund for use in the budget). In FY 2013 10 percent tobacco settlement payment, or \$27.6 million, will be deposited in the Fund. The share will increase by increments of ten percentage points each year, until 2022, when 100 percent of the payment will go into the fund. In addition, 5 percent of any capital gains revenue beyond \$1 billion will also be deposited in the fund (other capital gains revenue beyond this limit will go into the Stabilization, or Rainy Day, Fund). In both cases these new revenues will help reduce the unfunded liability related to future health benefits promised to state employees.

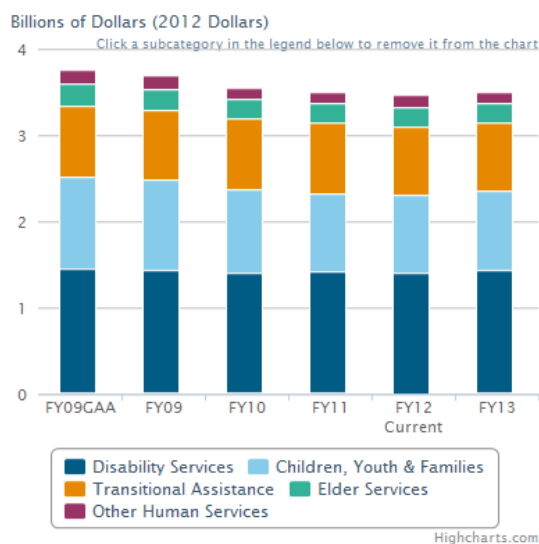
STATE EMPLOYEE HEALTH INSURANCE LINE ITEMS

Line Item	Name	FY 2012	FY 2013	Notes
		Current	Governor	
0640-0096	State Lottery Comm--Health Benefits	355,945	355,945	
1108-5100	Group Insurance Commission	2,561,709	2,537,146	
1108-5200	Group Insurance Premium and Plan Costs	1,131,305,510	1,147,002,702	
1108-5201	Municipal Partnership Act--Retained Revenue	1,028,612	2,017,862	
1108-5350	Retired Governmental Employees Premiums	340,000	448,800	
1108-5400	Retired Municipal Teachers Premiums	64,386,762	68,893,835	
1108-5500	Group Insurance Dental and Vision Benefits	9,104,973	9,833,370	
1599-1027	Reserve for Benefit Change Reimbursement	19,806,288	0	<i>FY 2012 one-time funding</i>
1750-0300	Contribution to Union Dental and Vision Insurance	26,950,000	27,758,500	
1599-6152	State Retiree Benefits Trust Fund Transfer	414,325,940	435,042,237	
A_GICM	Adjustment for Municipal Premium Costs	-301,150,990	-376,323,639	<i>See discussion above</i>

HUMAN SERVICES

	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12	FY13 Gov - FY09 GAA (inf adj)
Human Services	3,746,077,416	3,406,252,193	3,498,030,870	91,778,677	-7%
Children, Youth & Families	1,067,561,267	888,395,388	929,160,489	40,765,101	-13%
Disability Services	1,441,662,242	1,382,478,501	1,423,465,178	40,986,677	-1%
Elder Services	254,843,626	218,751,617	218,674,371	(77,246)	-14%
Transitional Assistance	829,217,816	774,396,366	785,123,718	10,727,352	-5%
Other Human Services	152,792,464	142,230,322	141,607,114	(623,208)	-7%

Human services programs in the Governor's budget make up a crucial part of the "safety net," yet because the Governor has had to create a budget under significant financial constraints, these essential services do not receive substantial new funding in Fiscal Year (FY) 2013. Although the Governor highlights "improving children, youth & families services" in his budget proposal, the funding allocated to support services for the Commonwealth's youngest and most vulnerable residents allows for only a few significant innovations or expansions in service. In most instances, FY 2013 funding is essentially level with FY 2012, with several important programs experiencing significant cuts, and others barely staying level with FY 2012 when considering the impacts of inflation. Moreover, looking over the longer term and comparing funding in the Governor's proposal with pre-recession levels, funding for services for vulnerable children and their families has been cut substantially over time.



Children, Youth & Families

Subcategory	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12	FY13 Gov - FY09 GAA (inf adj)
Children, Youth & Families	1,067,561,267	888,395,388	929,160,489	40,765,101	-13%

The Governor's budget includes a few new funding initiatives for children, youth, and families, although total funding growth barely exceeds inflation and does not maintain pace with pre-recession funding levels.

A major new initiative in the Governor's budget is \$2.1 million in the Department of Youth Services for an **alternative lock up** program. This program – which up until now had been funded only with limited federal dollars – is designed to provide a safe (non-police) environment for alleged juvenile offenders awaiting court appearance. Current federal law restricts police departments from holding

juveniles for more than six hours, and in any case many police department facilities do not have appropriate holding areas for children. This funding will allow for the Department to manage funding for the four existing community-based secure and appropriate placements for children awaiting arraignment. Previously, these federal grants had been managed by the Executive Office of Public Safety.

The **Department of Youth Services (DYS)** receives a total of \$155.3 million, a 7.8 percent increase over FY 2012 current funding levels. This total include an increase in funding for **residential services for the detained population**, from \$18.3 million to \$21.4 million, and an increase in **residential services for the committed population**, from \$97.6 million to \$102.8 million. The Administration does not anticipate a significant change in departmental caseload, but these increases will support an across-agency initiative to standardize provider rates for the various human service agencies.

Also included in the Governor's budget is an issue brief outlining the Administration's concerns about a fragmented service delivery system for vulnerable children and their families. It is true, in fact, that families seeking services for their children are often confronted with a confusing array of seemingly-overlapping agencies and programs. The Governor last year convened a **Children, Youth, and Families Advisory Council** which developed a series of recommendations to begin the process of improving program coordination. The Governor's budget includes a new line item with \$3.0 million within the Executive Office of Health and Human Services to fund the recommendations of this group, and language in an outside section of the budget specifies that the coordination of services would focus on information and data sharing, while attempting to maintain appropriate privacy protections. Of particular note in this initiative is that the intent is to incorporate data-sharing not just among the health and human services agencies and programs, but also schools.

The **Department of Children and Families (DCF, formerly DSS)** receives \$770.9 million in the Governor's budget, compared to \$774.3 million in the FY 2012 current budget, a 3.6 percent increase. This increase will allow the department to begin implementing a statewide initiative to standardize and increase human service provider rates across various departments, including a rate increase for foster care providers.

Family support and stabilization services receive \$44.6 million in the Governor's budget proposal, a 12.1 percent increase over FY 2012 current funding levels, and the relatively largest increase throughout the department. Even though there are more children receiving kinship-based care and support than those in out-of-home placements, family support funding has historically lagged well behind funding for out-of-home care.

CHILDREN, YOUTH & FAMILIES LINE ITEMS

Line Item	Name	FY 2012 Current	FY 2013 Governor	Notes
4000-0051	Children, Youth & Families Initiative		2,995,000	<i>new line item</i>
4200-0010	DYS Admin.	4,141,463	4,064,005	
4200-0100	Non-Residential Services for Com	21,619,063	22,109,816	
4200-0200	Residential Svcs for Detained Po	18,256,369	21,367,315	
4200-0300	Residential Services for Committe	97,570,712	102,839,841	
4200-0500	DYS Teacher Salaries	2,500,000	2,809,809	
4200-0600	DYS Alternative Lock Up Program		2,100,000	<i>new line item</i>
4800-0015	DCF Admin.	65,257,819	69,322,448	
4800-0016	DCF Transitional Employment Pro	2,000,000	2,000,000	
4800-0025	Foster Care Review	2,824,059	3,005,350	
4800-0030	DCF Regional Administration	9,300,000	10,215,181	
4800-0036	Sexual Abuse Intervention Netwo	697,508	697,508	
4800-0038	Services for Children and Familie	243,257,069	248,173,891	
4800-0040	Family Support and Stabilization	39,750,000	44,573,551	
4800-0041	Group Care Services	196,064,169	200,209,888	
4800-0091	Child Welfare Training Institute F	2,058,735	2,077,119	
4800-0151	Placement Services for Juvenile O	270,919	230,780	
4800-1100	Social Workers for Case Managen	162,102,441	168,917,450	
4800-1400	Support Services for People at Ris	20,725,062	21,451,537	

Disability Services

Subcategory	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12	FY13 Gov - FY09 GAA (inf adj)
Disability Services	1,441,662,242	1,382,478,501	1,423,465,178	40,986,677	-1%

Funding for individuals with disabilities barely keeps pace with inflation in the Governor's budget proposal, and does not keep pace with the anticipated need for services felt by the growing numbers of young adults leaving special education and needing extensive support services in the community. The Administration has repeatedly stated a commitment to community-based services, but some of the line items funding community-based supports for persons with disabilities have been cut substantially over the past few years, although there continues to be a shift in funding away from the state-run institutions. Adults with disabilities seeking employment are particularly hard hit by ongoing funding reductions in the Departments of Developmental Services and the Mass. Rehabilitation Commission.

Disability Service	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12	FY13 Gov - FY09 GAA (inf adj)
Blind and Visually Impaired	23,194,426	18,919,561	18,551,823	(367,738)	-20%
Mass. Rehabilitation Commission and Head Injury	53,845,847	41,456,770	40,714,766	(742,004)	-24%
Dept. of Developmental Services	1,358,432,215	1,317,001,777	1,358,808,302	41,806,525	0%
Deaf and Hard of Hearing	6,189,754	5,100,393	5,390,287	289,894	-13%

Within the Department of Developmental Services, funding for **transportation** — one of the key determinants of whether a disabled adult is able to maintain employment or take part in community activities — is shifted from its own line item into community services line item, but is cut by close to 10 percent. The Administration estimates that approximately 1,040 disabled adults will lose transportation services with this funding cut.

The biggest direct cut, however, goes to the **respite** (family supports) program. Funding in the Governor's budget is \$41.0 million, a \$5.5 million cut or 11.8 percent. This cut will affect approximately 1750 families who rely on the community-based supports provided by the respite program. For many families with disabled children, the respite program is the only source of support for afterschool recreational programming or for specialized caregiving.

Services for young developmentally disabled adults **Turning 22** in FY 2013 are funded at \$5.0 million, level funding with FY 2013, but a substantial reduction (33.9 percent) compared to pre-recession funding levels. The Turning 22 line item supports the entry of young developmentally disabled adults into the adult service system from the special education system, and constraints on this funding limit the number of adults who will receive services as well as the services that they will receive in the future.

The Governor states that funding for **community residential supports** for developmentally disabled adults includes full residential funding for the young adults entering into the developmental services system, meaning that this \$31.3 million increase should be sufficient to maintain current services for the anticipated caseload. The Administration also states similarly that the \$10.8 million increase in funding for **community day and work** services should be sufficient to maintain current services. (Just as the Governor's budget includes transportation funding within the community day and work line item, this line item also includes the final year of funding for the Rolland Court Monitor. The line item breakdown below adjusts for these transfers in order to allow for more accurate year-to-year comparisons.)

For adults with other types of disabilities, the Governor's budget essentially maintains current funding levels, but these levels do not necessarily keep pace with inflation or anticipated need. The Administration acknowledges that the funding in this budget proposal will eliminate community services for approximately 75 deaf and blind adults, and that seven disabled young adults turning 22 in the coming year will now be denied access to services within the Mass. Rehabilitation Commission. (We adjust funding for the central office for the Mass. Commission for the Blind to reflect a shift of funding for the administration of SSI benefits for the blind from that office to the Department of Children and Families — see discussion above.)

DISABILITY SERVICES LINE ITEMS

Line Item	Name	FY 2012 Current	FY 2013 Governor	Notes
4110-0001	Mass. Comm. for the Blind Admin	965,851	998,310	<i>adj.--see text</i>
4110-1000	Community Services for the Blind	3,911,398	3,433,227	
4110-2000	MCB Turning 22	11,034,194	11,112,168	
4110-3010	Vocational Rehab. for the Blind	3,008,118	3,008,118	
4120-1000	Massachusetts Rehabilitation Co	408,720	417,444	
4120-2000	Vocational Rehabilitation for the	10,013,228	10,013,705	
4120-3000	Employment Assistance for Adult:	2,428,315	2,058,907	
4120-4000	Independent Living Assistance fo	12,226,933	12,229,279	
4120-4001	Accessible Housing Registry for D	80,000	80,000	
4120-4010	MRC Turning 22	791,208	419,288	
4120-5000	Home Care Services for the Multi-	4,337,006	4,280,624	
4120-6000	Head Injury Treatment Services	11,171,360	11,215,519	
4125-0100	Massachusetts Commission for tl	5,100,393	5,390,287	
5911-1003	Department of Developmental Di	60,672,283	63,187,472	
5911-2000	Community Transportation Servi	11,641,431	10,486,581	<i>adj.--see text</i>
5920-2000	Community Residential Supports	756,797,120	788,139,636	<i>adj.--see text</i>
5920-2002	DDS Rolland Court Monitor	400,000	400,000	<i>adj.--see text</i>
5920-2010	State-Operated Residential Supp	164,790,661	178,324,106	
5920-2025	Community Day and Work Progran	124,267,971	135,022,784	<i>adj.--see text</i>
5920-3000	Respite Family Supports for the D	46,504,298	41,004,298	
5920-3010	Autism Division	4,621,177	4,635,921	
5920-5000	DDS Turning 22	5,000,000	5,000,000	
5930-1000	State Facilities for the Developm	142,156,836	132,457,504	
5982-1000	Templeton Developmental Cente	150,000	150,000	

Elder Services

Subcategory	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12	FY13 Gov - FY09 GAA (inf adj)
Elder Services	254,843,626	218,751,617	218,674,371	(77,246)	-14%

The Governor's budget level funds funded community-based long term care services for elders. These home care services, which include a wide variety of supports such as homemakers and transportation assistance help keep the Commonwealth's frail elders in their homes as long as possible. Without additional funding, hundreds of elders are at risk of languishing on a wait list for services. (For information on nursing home funding or the Prescription Advantage program, see the MassHealth & Health Reform section of this *Budget Monitor*.)

Community-based long term care services include:

- \$133.5 million for **home care** case management and services
- \$46.5 million for **enhanced home care** for the frailest and most vulnerable elders
- \$16.6 million for **elder protective services**, which investigate elder abuse and neglect, and provide money management supports to prevent financial exploitation

The Governor's budget proposal also includes a cut in funding for the elder nutrition programs, from \$6.3 million to \$4.8 million in FY 2013. This \$1.5 million cut could result in the loss of 240,000 free or reduced-price meals for elders. For some elders, the elder lunch programs – which are often run by local councils on aging – are the only guaranteed healthy meal or opportunity for socialization.

ELDER SERVICES LINE ITEMS

Line Item	Name	FY 2012 Current	FY 2013 Governor	Notes
9110-0100	Department of Elder Affairs Admi	1,994,374	2,164,588	
9110-1500	Elder Enhanced Home Care (EHCO	45,789,340	46,461,487	
9110-1604	Supportive Senior Housing Progra	4,014,802	4,106,339	
9110-1630	Elder Home Care Purchased Servi	97,780,898	97,783,061	
9110-1633	Elder Home Care Case Managemen	35,738,377	35,738,377	
9110-1636	Elder Protective Services	16,250,554	16,628,729	
9110-1660	Congregate Housing Program	1,717,617	1,658,117	
9110-1700	Residential Placement for Homel	136,000	139,101	
9110-1900	Elder Nutrition Program	6,325,328	4,810,824	
9110-2500	Veterans Independence Plus Init	750,000	750,000	
9110-9002	Grants to Councils on Aging	8,254,327	8,433,748	

Transitional Assistance

Subcategory	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12	FY13 Gov - FY09 GAA (inf adj)
Transitional Assistance	829,217,816	774,396,366	785,123,718	10,727,352	-5%

Funding for transitional assistance programs is significantly affected by anticipated caseload levels. The Governor's budget for **Transitional Assistance for Families with Dependent Children (TAFDC) grants**, and for the other cash assistance programs assumes a slight drop in caseload in FY 2013. The TAFDC grant funding includes language allowing for a **clothing allowance** (\$150 in FY 2012), but without a specified amount. Unless there are significant unanticipated changes in caseload, it is likely that the amount of the clothing allowance will not be affected.

Also included in the TAFDC grant total is a \$40 per month **transportation** allotment for "non-exempt households" meeting "specified work program requirements." Although this essential benefit makes it easier for certain TAFDC participants to get to and from work, this benefit is not available for participants not meeting all of the necessary work program requirements, thereby potentially limiting

their ability to become fully employed. There is also funding for transportation for persons in education, training and job search within the Employment Services Program.

The Administration anticipates a drop in funding for **Emergency Aid to Elders, Disabled and Children (EAEDC)**, based on an assumed drop in caseload. Funding in the Governor's budget drops from \$89.0 million in the FY 2012 budget to \$88.3 million in FY 2013.

Funding for the **state supplement to Social Security Income (SSI)** goes from \$222.2 million in FY 2012 to an equivalent of \$229.8 million in FY 2013. The Governor's budget actually includes \$237.9 million for the SSI supplement, but this total includes a \$8.1 million transfer of funding from the Mass. Commission for the Blind, which in past year's separately accounted for the state SSI supplement for the blind. In FY 2013, the Governor recommends consolidating the funding for these two groups of people, and also recommends shifting the administration of the program from the Social Security Administration to University of Massachusetts Medical Center. The University already contracts with the state to handle substantial administrative responsibilities for various health and human service programs.

Unlike the TAFDC or EAEDC caseloads, the Administration anticipates that the **SNAP (Food Stamp)** caseload will continue to rise as it has over the past years. The Administration projects being able to fund additional caseworkers, and the Governor also proposes \$3.2 million for efforts to increase food stamp participation, an increase of 8.1 percent over FY 2012 current funding levels, as well as \$1.2 million for a state supplement to SNAP benefits for certain working families.

TRANSITIONAL ASSISTANCE LINE ITEMS

Line Item	Name	FY 2012 Current	FY 2013 Governor	Notes
4110-1010	SSI Supplement for the Blind	8,351,643	8,501,216	<i>adj.--see text</i>
4400-1000	Department of Transitional Assis	53,084,416	55,611,427	
4400-1001	Food Stamp Participation Rate Pri	2,933,683	3,171,411	
4400-1025	Domestic Violence Specialists	748,734	782,222	
4400-1100	Caseworker Salaries and Benefit	59,535,677	64,126,261	
4401-1000	Employment Services Program	7,109,035	7,109,035	
4403-2000	TAFDC Grant Payments	324,180,979	318,871,955	
4403-2007	Supplemental Nutritional Progra	900,000	1,200,000	
4403-2119	Teen Structured Settings Program	6,436,708	7,728,595	
4405-2000	SSI State Supplement	222,156,525	229,757,719	<i>adj.--see text</i>
4408-1000	Emergency Aid to the Elderly, Dis	88,958,966	88,263,877	

Other Human Services

Subcategory	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12	FY13 Gov - FY09 GAA (inf adj)
Other Human Services	152,792,464	142,230,322	141,607,114	(623,208)	-7%

The Governor's budget has made expanded funding for services for **veterans** a priority in his FY 2013 budget. His budget includes an increase in the benefits provided to veterans, as well as an increase in the reimbursement to cities and towns that house homeless veterans' shelters. The Governor also proposes consolidating funding for the veterans' cemeteries.

Funding for the **Emergency Food Assistance Program** in the Governor's budget is \$11.5 million. This is level with FY 2012 current budget totals, in spite of the continuing demand at food pantries throughout the state for emergency food assistance. Level funding for this line item is—for all intents and purposes—a cut, since food prices have risen (based on regional consumer price index analyses) by more than 4 percent over the past year.

OTHER HUMAN SERVICES LINE ITEMS

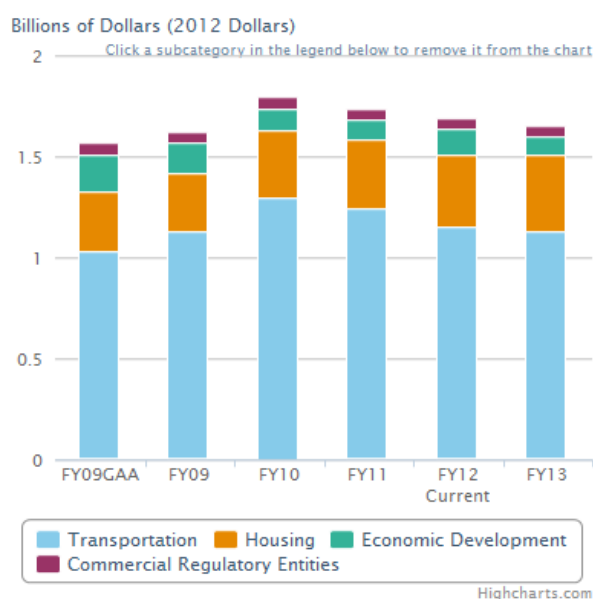
Line Item	Name	FY 2012 Current	FY 2013 Governor	Notes
0610-2000	Welcome Home Bill Bonus Payme	2,855,604	2,855,604	
0611-1000	Bonus Payments to War Veterans	44,500	44,500	
1410-0010	Department of Veterans' Services	2,481,506	2,526,370	
1410-0012	Veterans' Outreach Centers	1,912,555	1,912,555	<i>adj.--see text</i>
1410-0015	Women Veterans' Outreach	50,000	50,000	
1410-0018	Agawam and Winchendon Vetera	300,000	565,000	
1410-0075	Train Vets to Treat Vets	125,000	125,000	
1410-0100	Veterans' Services Pension Recov	0	96,500	
1410-0250	Assistance to Homeless Veterans	2,291,380	2,291,380	<i>adj.--see text</i>
1410-0251	New England Shelter for Homeles	2,278,543	2,278,543	<i>adj.--see text</i>
1410-0300	Annuities to Qualified Disabled '	20,135,820	21,797,082	
1410-0400	Veterans' Benefits	38,980,045	45,889,480	
1410-0630	Agawam and Winchendon Vetera	948,313	1,014,825	
2511-0105	Emergency Food Assistance Progr	11,500,000	11,500,000	
4000-0050	Personal Care Attendant Council	167,708	172,505	<i>adj.--see text</i>
4000-0114	Workforce Turnover Reduction Pil	1,000,000	0	
4003-0122	Low-Income Citizenship Program	237,500	237,500	
4180-0100	Soldiers' Home in Massachusetts	25,940,788	26,931,978	
4180-1100	License Plate Sales Retained Rev	370,000	435,480	
4190-0100	Soldiers' Home in Holyoke	19,539,530	19,770,962	
4190-0101	Holyoke Antenna Retained Reven	5,000	5,000	
4190-0102	Pharmacy Co-Payment Fee Retain	110,000	110,000	
4190-0200	Holyoke Telephone and Televisic	35,000	35,000	
4190-0300	Holyoke 12 Bed RR	671,530	671,530	
4190-1100	License Plate Sales Retained Rev	250,000	290,320	
	Human Service Salary Reserve Fui	10,000,000	0	

INFRASTRUCTURE, HOUSING & ECONOMIC DEVELOPMENT

	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12	FY13 Gov - FY09 GAA (inf adj)
Infrastructure, Housing & Econ. Dev.	1,561,594,448	1,661,429,640	1,645,938,123	(15,491,517)	5%
Commercial Regulatory Entities	55,019,010	49,382,370	49,173,271	(209,099)	-11%
Economic Development	184,674,618	127,648,192	94,903,993	(32,744,199)	-49%
Housing	295,446,879	349,665,767	374,869,723	25,203,956	27%
Transportation	1,026,453,941	1,134,733,311	1,126,991,136	(7,742,175)	10%

Overall, the Governor's Fiscal Year (FY) 2013 budget proposes a very small increase to programs within the *MassBudget* category of Infrastructure, Housing & Economic Development. In fact, if it were not for a one-time deposit of \$38.0 million to the Infrastructure Development Fund in FY 2012, the Governor's FY 2013 proposal would instead reflect an increase of \$22.5 million. A modest increase of this size, however, is likely insufficient to keep up with the rising costs. The cost of providing baseline homeless supports, for instance, has risen dramatically during the ongoing economic crisis, as the number of homeless families has grown.

The Governor's budget maintains a broad reorganization of the state's economic development agencies initiated in FY 2012, and it plans a deposit of \$10.0 million into the Workforce Competitiveness Trust Fund pending sufficient surplus funds leaving the current fiscal year. In his housing budget, the Governor recommends reducing spending on shelters by denying many low-income homeless families access to shelters, while simultaneously increasing funding for housing programs to help support these families with permanent housing solutions. Additionally, the Governor proposes near level funding overall for transportation related line-items, with the vast majority funding operations and debt service costs at the MBTA.



Economic Development

Subcategory	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12	FY13 Gov - FY09 GAA (inf adj)
Economic Development	184,674,618	127,648,192	94,903,993	(32,744,199)	-49%

The Governor's FY 2013 budget for Economic Development reflects a reduction of \$32.7 million from current FY 2012 levels, although this reduction is driven almost entirely by a one-time deposit of \$38.0 million into the **Infrastructure Development Fund** in FY 2012. If it weren't for this one-time increase to

the FY 2012 budget, the Governor's proposal for Economic Development would actually show an increase of \$5.2 million over current FY 2012 levels.

The Governor's budget maintains a reorganization of economic development programs that was initiated through the FY 2012 budget.⁷ A new agency, the **Massachusetts Marketing Partnership (MMP)**, now coordinates efforts to promote the state domestically and internationally as an attractive, competitive, and innovative state in which to do businesses. Total funding for the MMP is proposed by the Governor to increase by \$845,000 to \$9.0 million for FY 2013. For detail on related line items, please see the note "MMP" in the table at the end of this subcategory.

This year's economic development reorganization also identified the **Massachusetts Office of Business Development (MOBD)** as the lead business development agency, and the Governor proposes to continue this arraignment, increasing funding by \$131,000.

The FY 2012 budget also reassigned line item numbers for programs administered by the Executive Office of **Labor and Workforce Development**. The Governor's budget continues the new line item structure and proposes to fund these programs in total at \$25.0 million, an increase of \$674,000 from current FY 2012 levels. For detail on related line items, please see the note "LWD" in the table at the end of this subcategory.

Finally, the Governor's FY 2013 budget directs up to \$10.0 million of FY 2012 surplus funds to help recapitalize the **Workforce Competitiveness Trust Fund (WCTF)**. Since this appropriation is contingent upon the existence of sufficient surplus money at the end of FY 2012, it does not show up in this *Budget Monitor's* FY 2013 totals. The WCTF was created by the Workforce Solutions Act/Economic Stimulus Bill of 2006 and funds workforce training programs in a range of employer, nonprofit, and vocational settings.

⁷ For more detail on the FY 2012 reorganizations please see *MassBudget's Budget Monitor: The Fiscal Year 2012 General Appropriations Act* available online at: http://www.massbudget.org/report_window.php?loc=FY12_GAA.html

ECONOMIC DEVELOPMENT LINE ITEMS

Line Item	Name	FY 2012 Current	FY 2013 Governor	Notes
0640-0300	MA Cultural Council Grants	6,199,866	6,199,866	
1100-1560	MA Development Finance Agency	440,693	0	
1599-1977	I-Cubed Assist. Assembly Square Re:	2,165,500	3,462,325	
2511-0100	Dept. of Agricultural Resources	4,300,108	4,280,581	
7002-0010	Executive Office of Housing & Ec. Dev	410,140	621,520	
7002-0012	Summer Jobs for At-Risk Youth	7,000,000	8,609,158	
7002-0017	Housing & Ec. Dev. IT Costs	2,067,930	2,952,761	
7003-0100	Exec. Office of Labor & Work. Dev.	726,875	924,770	LWD
7003-0170	Labor and Workforce Development I	240,284	227,297	LWD
7003-0200	Department of Labor Standards	1,920,041	2,074,598	LWD
7003-0201	Dept. Labor Standards Licensing Fee	452,850	452,850	LWD
7003-0500	Economic Stabilization Trust	19,106,544	19,253,073	LWD
7003-0605	MA Manufacturing Extension Partner	1,125,000	825,000	
7003-0702	Individual Training Grants	1,600,000	0	shift to 7003-0735
7003-0735	Massachusetts Service Alliance	0	500,000	consol. w/ 7003-0702
7003-0803	One-Stop Career Centers	4,494,467	4,752,323	
7003-0900	Department of Labor Relations	1,805,890	1,993,958	LWD
7003-0901	Summer Jobs Matching Funds	100,000	100,000	LWD
7003-0935	CB Process Reform	0	150,000	
7006-0000	Office of Consumer Affairs & Busine:	768,208	828,806	
7007-0150	Regional Ec. Dev. Grants	450,000	850,000	
7007-0300	MA Office of Business Development	1,624,028	1,755,330	
7007-0500	Biotech Research Institute	200,000	200,000	
7007-0800	Small Business Dev. UMass Amherst	704,286	1,204,286	
7007-0801	Microlending	200,000	0	
7007-0802	Year Up	100,000	0	
7007-0951	Commonwealth Zoological Corporati	3,500,000	0	shift to 7007-0952
7007-0952	Commonwealth Zoological Corporati	0	3,500,000	shift from 7007-0951
7008-0900	MA Office of Travel and Tourism	2,040,167	6,875,001	MMP
7008-1000	Local Tourist Councils Financial Assi	6,000,000	2,000,000	MMP
7008-1300	Massachusetts International Trade	100,000	110,490	MMP
PB6	Workforce Training Fund	19,855,315	20,200,000	
1595-6583	Infra. Dev. Fund (operating transfer)	37,950,000	0	

Note: LWD = Labor and Workforce Development; MMP = Massachusetts Marketing Partnership

Housing

Subcategory	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12	FY13 Gov - FY09 GAA (inf adj)
Housing	295,446,879	349,665,767	374,869,723	25,203,956	27%

The Governor's Fiscal Year (FY) 2013 budget recommends spending almost \$375 million on housing programs, an increase of more than \$25 million over current spending in FY 2012. The Governor's budget is also 27 percent higher than the FY 2009 General Appropriations Act (GAA) after adjusting for inflation. With the onset of the Great Recession, as many low-income families lost their jobs and homes and sought help from the state-supported family shelter system, state spending on housing has increased dramatically.

The Governor's FY 2013 budget recommends that the state continue to implement the Housing First model recommended by the Interagency Council on Housing and Homelessness in its 2009 report. The Governor's FY 2013 budget proposes to continue shifting funding away from more costly family shelters and into housing supports for low-income homeless families.

Family Homelessness and Housing Supports Line Items

Line Item	FY 2012 GAA	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12 Current
Emergency Assistance (7004-0101)	97,797,200	118,797,200	100,368,742	-18,428,458
Home Base (7004-0108)	38,561,732	57,961,732	83,374,371	25,412,639
MRVP (7004-9024)	36,000,000	36,000,000	46,040,000	10,040,000
RAFT (7004-9316)	260,000	260,000	8,760,000	8,500,000
Public Housing Subsidies (7004-9005)	62,500,000	62,500,000	66,531,325	4,031,325

About the same time that the state began implementing the Housing First model the economic crisis of 2008 hit and demand for Emergency Assistance (EA) shelter and services skyrocketed.⁸ Despite efforts by the state to reduce spending on EA, as more low-income families became homeless the state has increased funding for the program in each fiscal year beginning in FY 2009.

In FY 2009, the EA program served low-income homeless families living at or below 130 percent of poverty. The FY 2010 General Appropriations Act (GAA) lowered the eligibility of families served by EA to those living at or below 115 percent of poverty. Yet, as the effects of the recession grew, demand for the program increased as many low-income families lost their housing because they had been evicted, were asked to leave or were living in overcrowded accommodations or for other reasons.⁹ In another effort to lower the cost of EA and further implement the Housing First model, the FY 2012 GAA no longer provided shelter to every low-income, homeless family who in previous years was eligible to receive help through the EA program. Instead, the FY 2012 GAA limited EA to a certain

⁸ Between January 2009 and January 2010 the caseload for the Emergency Assistance program increased from 1,928 to 2,580 families. This and other EA caseload information is available at: <http://www.mass.gov/hed/housing/stabilization/>

⁹ The most recent Legislative report available on the Department of Housing and Community Development's (DHCD) website is from December 2010. While the majority of families lose their housing due to the reasons stated above, others become homeless because of domestic violence, a fire or because their current housing is deemed unhealthy or unsafe. The December 2010 report is available at: <http://www.mass.gov/hed/docs/dhcd/hs/2010dec.pdf>

population of low-income, homeless families¹⁰ and created a new short-term housing assistance program, Home Base that would help most other homeless families living at 115 percent of poverty to find permanent housing. The FY 2012 GAA did, however, include a provision, allowing families served by Home Base to temporarily stay in shelters if they were unable to secure permanent housing immediately. Despite these efforts, as the chart above indicates, during the course of FY 2012 the Legislature had to increase funding for EA by \$21.0 million and Home Base by \$19.4 million since the passage of the 2012 GAA.

In his FY 2013 budget the Governor makes a number of recommendations to lower state spending on shelters, by prohibiting many low-income homeless families who are currently eligible for EA, from receiving shelter and services. Instead the Governor's budget proposes increasing funding for state-supported housing programs designed to help low-income families find permanent housing or prevent them from becoming homeless. The restrictions included in the Governor's proposal could deny shelter to low-income homeless families who are unable to find adequate housing. Some of his FY 2013 budget proposals include:

- Reducing funding for **Emergency Assistance** (EA) by \$18.4 million below the amount the state has budgeted for FY 2012 and providing shelter only to a particular population of low-income homeless families. As stated above, under current law EA is generally limited to families living at or below 115 percent of poverty who have lost housing due to domestic violence, fire or other natural disaster or whose head of household is under 21. If, however, low-income, homeless families who are only eligible for Home Base are unable to find housing they are currently allowed to live in EA shelters temporarily. In his FY 2013 budget, the Governor proposes limiting EA services. First he recommends that the state only provide shelter for a maximum of 8 months except in cases where a family with a disability qualifies for an extension. The Governor also proposes that EA serve only a particular population of homeless families similar to those in current law,¹¹ and no longer allows other low-income homeless families who cannot find permanent housing through Home Base to stay in EA shelters.
- Increasing funding for the short-term housing assistance program, **Home Base**, by \$25.4 million above the current FY 2012 budget. This increase will pay for housing supports to families who are currently receiving assistance through Home Base and to families who in the Governor's budget proposal are eligible for EA. Under the Governor's FY 2013 proposal, low-income homeless families who are not eligible for EA and apply for Home Base after in July 1, 2012 (the start of the FY 2013 fiscal year) will not qualify for rental assistance through Home Base. As a result, these low-income, homeless families will no longer receive help from the state unless they can find housing through other resources noted below including MRVP, RAFT or securing a rental apartment in a public housing facility. The Governor's budget also recommends that rental assistance provided through Home Base be reduced from the current 36 months down to 24 and that rental assistance be capped at \$4,000 per year except under limited circumstances. Under current law rental assistance can exceed the \$4,000 annual limit for families living in parts of the state, like the Greater Boston region, with high rental costs.

¹⁰ The FY 2012 GAA stated that EA shelter and services would be limited to families who lost housing due to domestic violence, fire or other natural disaster or if the head of household is under 21.

¹¹ In the Governor's FY 2013 budget, EA would serve families who lose housing through no fault of their own including domestic violence, fire or other natural disaster or, eviction due to loss of income.

- Boosting funding for the **Massachusetts Rental Voucher Program** (MRVP) which provides housing vouchers to low-income renters. The Governor's budget also recommends setting the income-eligibility limit at 50 percent of the area median income which would make MRVP available to renters with slightly higher incomes who live in communities where rents are also higher than in other parts of the state. Currently, MRVP vouchers are provided to renters living at or below 200 percent of poverty. The state no longer issues new vouchers because of inadequate funding. Documents accompanying the Governor's budget release, states that the \$10.0 million increase in MRVP will allow the state to support an additional 800 vouchers in FY 2013.¹²
- Increasing state funding for local **public housing authorities** by \$4.0 million. According to documents accompanying the Governor's budget, this increase will allow 48,000 families to remain in state public housing. In supporting documents accompanying his budget, the Governor also outlines steps he has taken to improve how housing authorities are managed and overseen.¹³ The Governor also filed legislation, accompanying his budget, to prohibit local housing authorities from paying members of their boards.
- Providing \$8.8 million for **Residential Assistance for Families in Transition** (RAFT). The majority of the RAFT funding will help prevent low-income families, those living below 15 percent of the area median income, from becoming homeless. RAFT will provide these families with one-time payments either to stay in current housing or to secure new housing if they can show they have the income to remain in that housing over the long term. For the past several fiscal years, because the federal stimulus bill provided temporary funding for a rapid rehousing program that was similar to RAFT, the state shifted its funds elsewhere. Now that the federal funds have run out, the Governor recommends restoring funding for RAFT.

¹² The Governor's Issue Brief accompanying his FY 2012 budget *Initiatives to End Homelessness* is available here: http://www.mass.gov/bb/h1/fy13h1/exec_13/hbudbrief6.htm

¹³ The Governor's Issue Brief accompanying his FY 2012 budget *Reforms to Local Housing Authorities* is available here: http://www.mass.gov/bb/h1/fy13h1/exec_13/hbudbrief5.htm

HOUSING LINE ITEMS

Line Item	Name	FY 2012 Current	FY 2013 Governor	Notes
0940-0101	Fair Housing Assistance Type I Re	2,030,380	2,078,580	
7004-0002	Springfield Friends of the Homele	100,000	0	
7004-0099	Department of Housing and Comr	6,742,317	7,064,734	
7004-0100	Operation of Homeless Programs	4,970,557	6,018,310	
7004-0101	Emergency Assistance - Family Sh	118,797,200	100,368,742	
7004-0102	Homeless Individuals Assistance	37,733,331	38,902,231	
7004-0104	Home and Healthy for Good	1,200,000	2,200,000	
7004-0108	Home Base	57,961,732	83,374,371	
7004-0109	Interagency Council on Housing a	0	1,000,000	
7004-3036	Housing Services and Counseling	1,495,996	1,495,996	
7004-3045	Tenancy Preservation Program	250,000	700,000	
7004-4314	Service Coordinators Program	350,401	350,401	
7004-9005	Subsidies to Public Housing Auth	62,500,000	66,531,325	
7004-9024	Massachusetts Rental Voucher Pr	36,000,000	46,040,000	
7004-9030	Alternative Housing Voucher Prog	3,450,000	3,450,000	
7004-9033	Rental Subsidy Program for Depai	4,000,000	4,000,000	
7004-9315	Low-Income Housing Tax Credit Fi	2,323,853	2,535,033	
7004-9316	Residential Assistance for Famili	260,000	8,760,000	
1595-6585	Low Income Housing Tax Credit Fi	9,500,000	0	

Transportation

Subcategory	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12	FY13 Gov - FY09 GAA (inf adj)
Transportation	1,026,453,941	1,134,733,311	1,126,991,136	(7,742,175)	10%

The Governor's FY 2013 budget provides \$1.13 billion for transportation lines items and operating transfers. This represents a small decrease (0.7 percent) from current FY 2012 funding levels, though when cost inflation is taken into consideration, we can assume the result is a somewhat larger decline in actual purchasing power. The large majority (\$947.0 million) of the Governor's proposed total would go to fund the Massachusetts Bay Transit Authority (MBTA), both for debt service costs and to help support annual operating costs (see line item details, below). A much smaller amount (\$15.0 million) would be provided to the state's 15 Regional Transit Authorities.

The Governor provides \$165.2 million to the Massachusetts Transportation Trust Fund (MTTF), a decrease of \$14.9 million from current FY 2012 funding levels. The MTTF helps to fund Massachusetts Department of Transportation (MassDOT) functions. These functions include maintaining and improving state roads, highways and bridges; maintaining and improving airports, rail and transit lines; administering the Registry of Motor Vehicles (RMV); and covering specific transportation-related debt service costs. This annual transfer of funds to MassDOT through the MTTF represents only a portion of the total MassDOT budget, which receives additional funds from highway and bridge tolls, gas and sales tax revenues, RMV fees, and other sources.

TRANSPORTATION

Line Item	Name	FY 2012 Current	FY 2013 Governor	Notes
PB1	MBTA State and Local Contribut	779,606,555	786,800,000	
1595-6368	Mass. Transportation Trust Fun	180,126,756	165,191,136	
1595-6369	MBTA (operating transfer)	160,000,000	160,000,000	
1595-6370	Regional Transit Authorities (o	15,000,000	15,000,000	

Commercial Regulatory Entities

Subcategory	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12	FY13 Gov - FY09 GAA (inf adj)
Commercial Regulatory Entities	55,019,010	49,382,370	49,173,271	(209,099)	-11%

COMMERCIAL REGULATORY ENTITIES LINE ITEMS

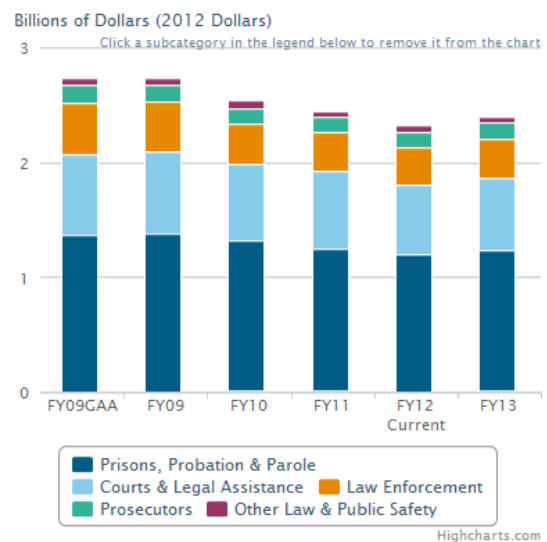
Line Item	Name	FY 2012 Current	FY 2013 Governor	Notes
0610-0050	Alcoholic Beverages Control Commis	1,993,336	1,993,336	
0610-0051	Alcoholic Beverages Control Commis	171,664	208,863	
0610-0060	Alcoholic Beverages Control Commis	100,000	100,000	
1599-4278	CB Reserve ABCC	0	29,456	
2100-0012	Department of Public Utilities	7,611,781	7,589,417	
2100-0013	Transportation Oversight Division	375,051	377,774	
2100-0014	Energy Facilities Siting Board Retain	50,000	50,000	
2100-0015	Unified Carrier Registration Retaine	2,300,000	2,300,000	
2100-0016	Steam Distribution Oversight	300,000	99,999	
7006-0010	Division of Banks	13,203,351	13,816,269	
7006-0011	Loan Originator Administration and	2,650,000	2,650,000	
7006-0020	Division of Insurance	11,731,274	12,233,309	
7006-0040	Division of Professional Licensure	2,272,285	2,476,631	
7006-0043	Home Improvement Contractors Reta	500,000	500,000	
7006-0060	Division of Standards	700,397	760,886	
7006-0066	Item Pricing Inspections	160,372	160,372	
7006-0067	Weights and Measures Law Enforcer	58,751	58,751	
7006-0068	Motor Vehicle Repair Shop Licensin	360,000	360,000	
7006-0071	Department of Telecommunications	2,703,732	2,868,085	
7006-0110	State Racing Commission	1,600,253	0	
7006-0151	Proprietary Schools Oversight	540,123	540,123	

LAW & PUBLIC SAFETY

	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12	FY13 Gov - FY09 GAA (inf adj)
Law & Public Safety	2,723,618,115	2,282,064,962	2,387,654,460	105,589,498	-12%
Courts & Legal Assistance	699,703,441	591,540,896	627,517,063	35,976,167	-10%
Law Enforcement	445,339,169	325,956,601	345,093,022	19,136,421	-23%
Prisons, Probation & Parole	1,365,092,139	1,175,800,911	1,226,884,710	51,083,799	-10%
Prosecutors	155,990,457	138,107,868	138,497,964	390,096	-11%
Other Law & Public Safety	57,492,909	50,658,686	49,661,701	(996,985)	-14%

After adjusting FY 2013 funding amounts to align with FY 2012 line item structures (in order to make a proper apples-to-apples comparison between the two years), the Governor's Fiscal Year 2013 budget provides \$2.39 billion in funding for Law & Public Safety programs. This amount is an increase of \$105.6 million (or somewhat less than 5 percent) over current FY 2012 levels. As in past years, the Governor again proposes making a number of significant changes to the state's legal and corrections systems. The most notable of these proposals include the following:

- Consolidation of parole and probation functions with a new Department of Re-entry and Community Supervision.
- Consolidation of funding for the trial courts into the Office of the Chief Justice for Administration and Management (CJAM).
- An increase in the share of indigent defense cases handled by public defenders and improved indigency verification systems.
- Closure of one medium security prison in combination with sentencing reforms and improved re-entry programming aimed at safely reducing the prison population.



Courts & Legal Assistance

Subcategory	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12	FY13 Gov - FY09 GAA (inf adj)
Courts & Legal Assistance	699,703,441	591,540,896	627,517,063	35,976,167	-10%

Adjusting to allow for an apples-to-apples comparison with current FY 2012 spending, the Governor's FY 2013 budget proposes \$627.5 million for Courts & Legal Assistance. This is an increase of \$36.0 million or 6.1 percent over the current FY 2012 funding level. As the Governor has done in past budgets, in his FY 2013 budget he again proposes consolidating most funding for the various trial courts into the **Office of the Chief Justice for Administration and Management (CJAM)** (see table, below). Making the necessary adjustments to account for this proposed consolidation, the Governor's FY 2013 budget provides an increase of 1.9 percent for the CJAM itself, and increases funding for the combined CJAM and various trial courts (with adjustments for related collective bargaining agreements) by 9.2 percent over current FY 2012 levels. Relative to the amounts provided in the FY 2009 GAA, however (the last budget to be drawn up before the Great Recession really took hold in Massachusetts), the Governor's FY 2013 proposals represent very significant declines in funding for these accounts.

Courts & Legal Assistance, CJAM Related Accounts

Line Item	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12	FY13 Gov - FY09 GAA (inf adj)
CJAM (0330-0300, 0330-0317, 0330-0410, 0330-0441, 0330-3200)	217,374,560	197,437,997	201,239,224	3,801,227	-7%
CJAM + Trial Courts (Governor's Consolidation) (0330-0300, 0331-0100, 0332-0100, 0333-0002, 0334-0001, 0335-0001, 0336-0002, 0337-0002, 1599-1982, 1599-4430)	410,823,095	347,068,375	378,992,371	31,923,996	-8%

Another notable proposal affecting Law & Public Safety programs is the Governor's call to increase the share of indigent defense cases handled by public defenders (rather than by private bar attorneys (PBAs)) to 50 percent. This proposal extends a series of reforms adopted in the FY 2012 budget, in which the Committee for Public Counsel Services (CPCS) was directed to hire additional public defenders and to assign 25 percent of the indigent defendant caseload to public defenders (prior to this reform, approximately 10 percent of cases were handled by public defenders, with the other 90 percent going to PBAs). Documents accompanying the Governor's FY 2013 budget indicate that the administration projects this shift will produce \$19.6 million in savings in FY 2013 relative to anticipated spending on the CPCS in FY 2012.

Reflecting this proposed shift toward increased use of public defenders, the Governor's FY 2013 budget reduces private counsel compensation by \$25.1 million, while CPCS funding is increased by \$25.4 million (see table, below). The result is that total spending on indigent defense related accounts remains essentially flat (it increases by \$310,000) under the Governor's FY 2013 proposal relative to current FY 2012 levels. The projected \$19.6 million in savings is based on the administration's estimate of total funding (\$120.5 million) that will be required for Private Counsel Compensation in FY 2012 (actual current FY 2012 spending stands at \$101.1 million).

Courts & Legal Assistance, A Shift Toward Public Defenders

Line Item	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12
CPCS (0321-1500)	45,304,806	70,683,963	25,379,157
Private Counsel Compensation (0321-1510)	101,062,917	75,993,955	(25,068,962)
Indigent Counsel Fees Ret.Rev. (0321-1518)	8,900,000	8,900,000	0
Indigent Persons Fees and Court Costs (0321-1520)	9,010,351	9,010,351	0
INDIGENT DEFENSE TOTAL	164,278,074	164,588,269	310,195

In conjunction with the shift from PBAs to public defenders, the Governor's budget also includes measures to improve compliance with the state's new indigency verification process (see further discussion under "Prisons, Probation & Parole"). By providing a publically-funded defense only to those defendants who verifiably meet the income (and other) eligibility criteria, the administration hopes to reduce costs further.

Finally, the Governor provides \$12 million for the [Massachusetts Legal Assistance Corporation \(MLAC\)](#) in his FY 2013 budget, an increase of \$2.5 million over current FY 2012 levels. MLAC provides low-income people with legal information, advice and representation on critical, non-criminal legal problems.

COURTS & LEGAL ASSISTANCE

Line Item	Name	FY 2012 Current	FY 2013 Governor	Notes
0320-0003	Supreme Judicial Court	7,437,172	7,937,172	
0320-0010	Clerk's Office of the Supreme Ju	1,131,858	1,215,714	
0321-0001	Commission on Judicial Conduc	575,359	592,597	
0321-0100	Board of Bar Examiners	1,057,789	1,062,289	
0321-1500	Committee for Public Counsel S	45,304,806	70,683,963	
0321-1510	Private Counsel Compensation	101,062,917	75,993,955	
0321-1518	Indigent Counsel Fees Retainer	8,900,000	8,900,000	
0321-1520	Indigent Persons Fees and Coui	9,010,351	9,010,351	
0321-1600	Massachusetts Legal Assistanc	9,500,000	12,000,000	
0321-2000	Mental Health Legal Advisors C	781,177	815,109	
0321-2100	Massachusetts Correctional Leg	902,016	902,016	
0321-2205	Suffolk County Social Law Librar	1,000,000	1,000,000	
0322-0100	Appeals Court	10,501,429	11,103,879	
0330-0101	Trial Court Justices' Salaries	47,307,647	47,307,647	
0330-0300	Office of the Chief Justice for Ac	197,437,997	201,239,224	<i>adj.-- see text</i>
0331-0100	Superior Court	28,194,577	26,679,363	<i>adj.-- see text</i>
0332-0100	District Court	65,193,836	66,206,587	<i>adj.-- see text</i>
0333-0002	Probate and Family Court	23,480,541	23,830,111	<i>adj.-- see text</i>
0334-0001	Land Court	3,086,356	3,328,782	<i>adj.-- see text</i>
0335-0001	Boston Municipal Court	8,782,099	8,774,890	<i>adj.-- see text</i>
0336-0002	Housing Court	5,435,377	5,873,192	<i>adj.-- see text</i>
0337-0002	Juvenile Court	11,821,774	12,675,814	<i>adj.-- see text</i>
0339-2100	Jury Commissioner	2,335,818	2,442,950	
1599-1982	Collective Bargaining Trial Cour	0	17,318,327	
1599-4430	Trial Court NAGE/SEIU 5000	1,300,000	10,623,132	

Law Enforcement

Subcategory	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12	FY13 Gov - FY09 GAA (inf adj)
Law Enforcement	445,339,169	325,956,601	345,093,022	19,136,421	-23%

After adjusting FY 2013 funding amounts to align with FY 2012 line item structures and making adjustments for related collective bargaining agreements (which together allow us to make a proper apples-to-apples comparison between the two years), the Governor's FY 2013 budget provides \$345.1 million, an increase of \$19.1 million or 5.9 percent over current FY 2012 funding levels. This \$19.1 million is a net total figure composed of the numerous, smaller increases provided to most law enforcement accounts, as well as decreases proposed for several accounts (see the line-item summary table at the end of this section for the complete listing). The bulk of the additional funding, \$12.7 million, went to the **Department of State Police Operations**, resulting in an increase of 4.8 percent over

current FY 2012 funding levels (see table, below). At \$8.0 million, **Shannon Grant** funding is held constant in the Governor's budget relative to the funding available in FY 2012.

Law Enforcement, Notable Line Items

Line Item	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12	FY13 Gov - FY09 GAA (inf adj)
Department of State Police Ops. (8100-0000, 8100-0006, 8100-0011, 8100-0012, 8100-0101, 8100-1001)	299,678,916	262,542,477	275,270,610	12,728,133	-8%
Shannon Grants (8100-0111)	13,884,592	8,000,000	8,000,000	0	-42%

LAW ENFORCEMENT

Line Item	Name	FY 2012 Current	FY 2013 Governor	Notes
1599-4204	SPAM Collective Bargaining Res	4,509,518	1,190,563	<i>adj.-- see text</i>
8000-0105	Office of the Chief Medical Exan	7,210,507	7,681,063	
8000-0106	State Police Crime Laboratory	12,993,541	13,392,111	<i>adj.-- see text</i>
8000-0110	Criminal History Systems Board	2,365,650	2,560,456	
8000-0111	CORI Retained Revenue		3,000,000	
8000-0122	Chief Medical Examiner Fee Ret	1,860,000	2,100,000	
8000-0125	Sex Offender Registry Board	3,510,417	3,991,123	
8000-0202	Sexual Assault Evidence Kits	86,882	86,882	
8000-1700	Public Safety Information Techn	17,803,749	20,396,655	
8100-0006	Private Detail Retained Revenue	27,500,000	27,500,000	
8100-0011	Federal Reimbursement Retain	(1,000,000)	0	
8100-0012	Special Event Detail Retained R	1,050,000	1,050,000	
8100-0018	Federal Reimbursement Retain	4,100,000	4,501,500	
8100-0020	Telecommunications Access Fee	35,000	35,000	
8100-0101	Auto Etching Fee Retained Reve	57,500	108,000	
8100-0111	Gang Prevention Grant Program	8,000,000	8,000,000	
8100-0515	New State Police Classes	2,000,000	597,787	
8100-1001	Department of State Police Ope	230,425,459	245,422,047	
8200-0200	Municipal Police Training Comn	2,500,378	2,579,835	
8200-0222	Municipal Recruit Training Prog	948,000	900,000	

Prisons, Probation & Parole

Subcategory	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12	FY13 Gov - FY09 GAA (inf adj)
Prisons, Probation & Parole	1,365,092,139	1,175,800,911	1,226,884,710	51,083,799	-10%

After adjusting FY 2013 funding amounts to align with FY 2012 line item structures (in order to make a proper apples-to-apples comparison between the two years), the Governor's FY 2013 Budget proposes

\$1.22 billion for prison, probation and parole functions, an increase of 4.3 percent over current FY 2012 funding levels. In his budget, the Governor proposes a number of significant changes and reorganizations to related departments and programs. Among the most notable of these proposals is a renewed call to consolidate probation and parole functions within a new **Department of Re-entry and Community Supervision** (the Governor made a similar proposal in his FY 2012 budget, which the Legislature chose not to adopt).

Under the Governor's proposal, the new department would receive \$115.0 million (through line items 8940-0100 and 8940-0200) and would be housed within the Executive Branch, thus removing responsibility from the Judiciary for the oversight of probation and parole functions. The Governor further proposes additional specific funding of \$4.0 million for a new **Indigency Verification Program** (8940-0101) to be administered by the Department of Re-entry and Community Supervision. The program's purpose would be to ensure that all defendants applying to receive a publically-funded defense actually meet the criteria for income and asset limits, based on tax, unemployment and motor vehicle registration records.¹⁴ (Because MassBudget reassigns the funding proposed for these items to existing line-items, funding for these items is listed as zero in the table at the end of this subcategory discussion.)

When the numbers are adjusted (to align FY 2013 funding amounts with FY 2012 line item structures and to reflect associated collective bargaining agreements – both of which allow for a proper apples-to-apples comparison between the two years), the Governor's FY 2013 budget proposes a reduction in overall funding for **probation and parole services** of \$5.4 million or 3.4 percent from current FY 2012 levels and 25 percent from the FY 2009 GAA (see table below).

Prisons, Probation & Parole, Notable Line Items

Line Item	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12	FY13 Gov - FY09 GAA (inf adj)
Probation & Parole Services (0339-1001, -1003, -1004; 8940-0100, -0101, -0200; 8950-0001, -0008)	201,890,022	156,876,211	151,497,921	(5,378,290)	-25%
Re-Entry Programs (8900-1100)	1,281,655	550,139	2,000,000	1,449,861	56%
Dept. of Corrections (8900-0001, -0002, -0045, -0050, -1100)	571,122,603	531,899,385	548,990,712	17,091,327	-4%

Another notable proposal the Governor makes is for the closure of one medium security prison, in combination with various sentencing reforms and the creation of special "pre-release" units, where soon-to-be-released offenders would have access to re-entry programming (including help with job, housing and transportation issues). The sentencing reforms – currently before the legislature – would step down the security classifications of some nonviolent offenders, allowing them to be housed in lower security settings, and would reduce mandatory sentence lengths for some offenders. The Governor's budget documents indicate that if enacted, these reforms would save the state \$10 million annually in prison costs.

¹⁴ Governor's FY 2013 Budget website: http://www.mass.gov/bb/h1/fy13h1/brec_13/act_13/h89400101.htm?q=8940-0101

In conjunction with the creation of “pre-release” units, the Governor also proposes increasing supervision of and services for offenders upon their re-entry into the community. In order to do so, the Governor more than triples specific funding for **Re-Entry Programs** within the Department of Corrections (see table, above). The goal of these reforms, according to the Governor’s budget documents, would be to improve public safety and decrease recidivism (again helping to reduce the state’s prison population).

The Governor’s budget documents indicate that, taken together, these various reform measures will reduce the prison population sufficiently to allow for the closure of one state prison. This step would permit the elimination of 118 correctional officer positions and thereby save the state \$8.9 million in annual costs, the administration estimates.

In the Governor’s FY 2013 budget, he provides \$549.0 million for the **Department of Corrections** line items, an increase of 3.2 percent (see table, above). For the **County Sheriffs’ Departments**, the Governor provides an adjusted \$509.4 million. Current FY 2012 spending for the sheriffs stands at \$477.0 million, but this figure does not include funds from a supplemental spending bill awaiting the Governor’s signature that would provide roughly another \$26.9 million in combined funding to the fourteen county sheriffs’ offices in FY 2012. Including these funds in the FY 2012 total would bring final FY 2012 spending on sheriffs to approximately \$504 million, or about \$5 million less than the Governor is proposing for FY 2013. Given cost inflation, the Governor’s proposal represents an actual decline in funding for the sheriffs in FY 2013.

PRISONS, PROBATION & PAROLE

Line Item	Name	FY 2012 Current	FY 2013 Governor	Notes
0339-1001	Commissioner of Probation	116,765,364	110,555,889	<i>adj.-- see text</i>
0339-1003	Office of Community Correction	22,024,310	22,451,251	<i>adj.-- see text</i>
8000-0004	Sheriff Medicare Lawsuit Reiml	3,000,000	0	
8900-0001	Department of Correction Facili	513,360,246	540,990,712	<i>adj.-- see text</i>
8900-0002	Correction Administration/ MA's	5,000,000	5,000,000	<i>adj.-- see text</i>
8900-0010	Prison Industries and Farm Ser	1,875,409	4,062,450	
8900-0011	Prison Industries Retained Rev	2,600,000	3,600,000	
8900-0045	Reimbursement from Housing I	1,000,000	1,000,000	
8900-0050	DOC Fees RR	11,989,000	0	
8900-1100	Re-Entry Programs	550,139	2,000,000	
8910-0102	Hampden Sheriff's Department	64,209,988	66,021,140	
8910-0105	Worcester Sheriff's Departmen	39,729,986	40,323,906	
8910-0107	Middlesex Sheriff's Departmen	58,708,427	63,408,017	
8910-0108	Franklin Sheriff's Department	8,671,430	9,671,430	
8910-0110	Hampshire Sheriff's Departmer	11,559,175	12,519,619	
8910-0145	Berkshire Sheriff's Department	14,108,413	15,519,254	
8910-0160	Reimbursement from Housing I	850,000	850,000	
8910-0188	Reimbursement from Housing I	2,100,000	2,100,000	
8910-0445	Dispatch Center Retained Reve	250,000	250,000	
8910-0446	Pittsfield Schools Retained Rev	500,000	500,000	
8910-0619	Essex Sheriff's Department	2,251,900	2,388,300	
8910-1000	Prison Industries Retained Rev	905,441	905,441	
8910-1010	Hampden Sheriff Regional Mer	75,000	75,000	
8910-1100	Prison Industries Retained Rev	905,441	905,441	
8910-1101	Middlesex Sheriff Mental Heal	400,000	400,000	
8910-1112	Hampshire Regional Lockup Re	158,068	158,248	
8910-2222	Reimbursement from Housing I	1,500,000	500,000	
8910-6619	Reimbursement from Housing I	2,000,000	2,000,000	
8910-7100	Massachusetts Sheriffs Associ	344,790	344,790	
8910-8200	Barnstable Sheriff's Departmer	21,617,391	23,317,391	
8910-8210	Barnstable Sheriff's Federal Re	250,000	250,000	
8910-8300	Bristol Sheriff's Department	27,202,704	29,006,893	
8910-8310	Bristol Sheriff's Department Fe	8,460,000	8,460,000	
8910-8400	Dukes Sheriff's Department	2,453,748	2,636,952	
8910-8500	Nantucket Sheriff's Departmen	747,844	747,844	
8910-8600	Norfolk Sheriff's Department	23,980,272	27,780,272	
8910-8610	Norfolk Sheriff's Department Fe	2,500,000	1,116,000	
8910-8700	Plymouth Sheriff's Department	24,910,825	26,554,582	
8910-8710	Plymouth Sheriff's Department	16,000,000	16,000,000	
8910-8800	Suffolk Sheriff's Department	88,042,732	94,436,682	
8910-8810	Suffolk Sheriff's Dept. Federal I	8,000,000	8,000,000	
8940-0100	Department of Community Supr	0	0	<i>adj.-- see text</i>
8940-0101	Indigency Verification Program	0	0	<i>adj.-- see text</i>
8940-0200	Community Supervision Fee Re	0	0	<i>adj.-- see text</i>
8950-0001	Parole Board	17,486,537	17,890,782	<i>adj.-- see text</i>
8950-0008	Parolee Supervision Fee Retair	600,000	600,000	<i>adj.-- see text</i>
1599-xxxx	Collective Bargaining Total	14,649,678	17,148,246	<i>adj.-- see text</i>

NOTE: Collective bargaining total includes amounts from the following reserve account line-items (all beginning with 1599): -4234, -4253, -4288, -4289, -4291, -4302, -4303, -4304, -4305, -4307, -4308, -4309, -4310, -4313 through -4329, -4333 through -4337, -4339 through -4343, -4348, -4349, -4354, -4355, -4361, -4362

Prosecutors

Subcategory	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12	FY13 Gov - FY09 GAA (inf adj)
Prosecutors	155,990,457	138,107,868	138,497,964	390,096	-11%

After adjusting FY 2013 funding amounts to align with FY 2012 line item structures (in order to make a proper apples-to-apples comparison between the two years), the Governor's FY 2013 budget proposes \$138.5 million for prosecutors, nearly level-funding (a 0.3 percent increase) from current FY 2012 levels. When inflation is taken into account, this translates into a modest decrease for these programs overall.

Most of the individual **District Attorneys'** offices are level-funded, though several receive small decreases (see the line item list at the end of this subcategory for details). The **Office of the Attorney General** (AG) itself would receive a modest decrease in funding (2.9 percent) under the Governor's FY 2013 proposal, while the **Wage Enforcement Program** within the AG's office would see a an increase of 2.4 percent. Looking at total combined funding for all the line items related to the AG's office (see table, below), one can see that the Governor is proposing a modest increase over current FY 2012 levels, but that relative to the FY 2009 GAA, funding for the AG's activities have dropped substantially.

The Governor also proposes a new initiative within the AG's office for **Litigation and Enhanced Recoveries**. According to the Governor's budget documents, the \$1.8 million proposed for this initiative would fund "existing and future litigation devoted to obtaining significant recoveries for the Commonwealth."¹⁵

Prosecutors, Notable Line Items

Line Item	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12	FY13 Gov - FY09 GAA (inf adj)
AG's Office (0810-0000)	29,275,423	22,922,820	22,251,155	(671,665)	-24%
All AG related line items (0810-0000, -0004, -0007, -0013, - 0014, -0021, -0045, -0061, -0098, - 0201, -0338, -0399, -1204)	45,046,765	37,862,236	39,071,804	1,209,568	-13%
Litigation and Enhanced Recoveries (0810-0061)	-	-	1,811,579	N/A	N/A

¹⁵ Governor's FY 2013 Budget website: http://www.mass.gov/bb/h1/fy13h1/brec_13/act_13/h08100061.htm?q=0810-0061

PROSECUTORS

Line Item	Name	FY 2012 Current	FY 2013 Governor	Notes
0340-0100	Suffolk District Attorney	16,052,775	16,052,775	
0340-0198	Suffolk District Attorney State F	354,303	354,303	
0340-0200	Northern District Attorney	13,690,462	13,690,462	
0340-0298	Northern District Attorney State	516,485	516,485	
0340-0300	Eastern District Attorney	8,411,609	8,411,609	
0340-0398	Eastern District Attorney State I	504,351	504,351	
0340-0400	Middle District Attorney	8,987,840	8,889,774	
0340-0410	University of Massachusetts M	420,000	420,000	
0340-0498	Middle District Attorney State F	413,499	413,499	
0340-0500	Hampden District Attorney	8,257,076	8,004,233	
0340-0598	Hampden District Attorney Stat	384,899	339,899	
0340-0600	Northwestern District Attorney	5,086,625	4,983,716	
0340-0698	Northwestern District Attorney	294,248	294,248	
0340-0700	Norfolk District Attorney	8,315,799	8,200,596	
0340-0798	Norfolk District Attorney State I	438,759	427,306	
0340-0800	Plymouth District Attorney	7,113,287	7,113,287	
0340-0898	Plymouth District Attorney Stat	429,842	429,842	
0340-0900	Bristol District Attorney	7,401,003	7,401,003	
0340-0998	Bristol District Attorney State P	326,318	326,318	
0340-1000	Cape and Islands District Attor	3,617,658	3,617,658	
0340-1098	Cape and Islands District Attor	278,735	278,735	
0340-1100	Berkshire District Attorney	3,522,666	3,522,666	
0340-1101	Berkshire District Attorney Stat	215,126	0	
0340-1102	Berkshire District Attorney Cost	194,134	0	
0340-1198	Berkshire District Attorney Stat	0	215,126	
0340-2100	District Attorneys' Association	1,660,006	1,660,006	
0340-2117	District Attorney Retention	500,000	500,000	
0340-8908	District Attorneys' Wide Area N	1,317,090	1,317,090	
0810-0000	Office of the Attorney General	22,922,820	22,251,155	
0810-0004	Compensation to Victims of Vi	2,188,340	2,188,340	
0810-0013	False Claims Recovery Retaine	775,000	775,000	
0810-0014	Public Utilities Proceedings Un	2,355,145	2,355,145	
0810-0021	Medicaid Fraud Control Unit	4,064,923	4,064,923	
0810-0045	Wage Enforcement Program	2,952,428	3,022,081	
0810-0061	Litigation and Enhanced Recoveries		1,811,579	
0810-0098	Attorney General State Police C	340,676	340,676	
0810-0201	Insurance Proceedings Unit	1,539,942	1,539,943	
0810-0338	Automobile Insurance Fraud Ir	438,506	438,506	
0810-0399	Workers' Compensation Fraud	284,456	284,456	
0840-0100	Victim and Witness Assistance	494,923	494,923	
0840-0101	Domestic Violence Court Advoc	741,199	741,199	
8000-0038	Witness Protection Board	94,245	94,245	
8950-0002	Victim and Witness Assistance	210,670	210,806	adj.-- see text

Other Law & Public Safety

Subcategory	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12	FY13 Gov - FY09 GAA (inf adj)
Other Law & Public Safety	57,492,909	50,658,686	49,661,701	(996,985)	-14%

This subcategory covers an array of departments and programs including the Executive Office of Public Safety; the Department of Fire Services; the Massachusetts Emergency Management Agency, elevator and boiler inspections; nuclear safety; and the state's Military Division. Overall, the Governor proposes spending \$49.7 million for these functions in FY 2013, a 2.0 percent decline in funding from current FY2012 levels. For several program areas, however, the proposed percent change in funding is of considerably greater magnitude.

The Governor proposes reducing funding for **Fire Fighting Services** by over 12 percent, a decrease of \$2.1 million (see table below for details). At the same time, the Governor proposes increasing funding for the state's **Military Division** by almost 8 percent, and for the **Massachusetts Emergency Management Agency** by over 13 percent from current FY 2012 levels. Relative to FY 2009 GAA funding levels, however, all three of these areas specifically – and Other Law & Public Safety in general – would receive decreased funding under the Governor's FY 2013 budget proposal.

Other Law & Public Safety, Notable Line Items

Line Item	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12	FY13 Gov - FY09 GAA (inf adj)
Fire Fighting Services (8324-0000, 8324-0304)	21,160,819	17,392,874	15,259,224	(2,133,650)	-28%
Military Division (8700-0001, 8700-1140)	10,261,417	9,401,491	10,144,300	742,809	-1%
MA Emrg. Mgt. Agency (8800-0000, 8800-0001, 8800-0100, 8800-0200, 8800-0300)	2,507,091	2,071,416	2,353,016	281,600	-6%

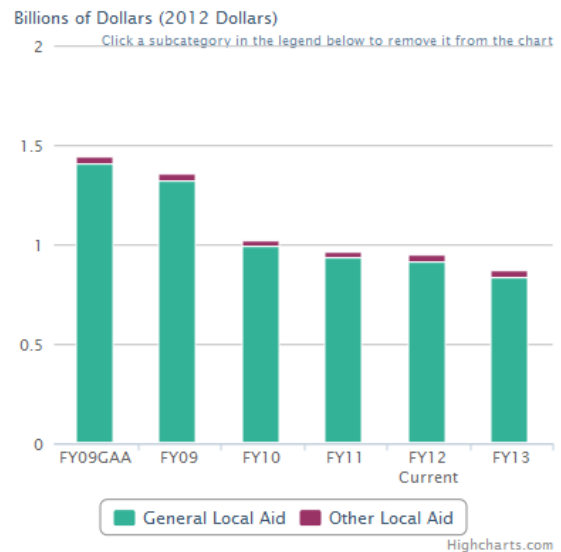
OTHER LAW & PUBLIC SAFETY

Line Item	Name	FY 2012 Current	FY 2013 Governor	Notes
0612-0105	Public Safety Employees Line-of	500,000	200,000	
8000-0600	Executive Office of Public Safety	2,211,927	2,447,969	
8311-1000	Department of Public Safety	4,574,006	4,534,106	
8315-1020	Elevator Inspection Fee Retaine	5,500,000	5,500,000	
8315-1022	Boiler Inspection RR	1,200,000	1,200,000	
8324-0000	Department of Fire Services Adr	17,384,374	15,250,724	
8324-0304	Department of Fire Services Ret	8,500	8,500	
8700-0001	Military Division	8,001,491	8,744,300	
8700-1140	Armory Rental Fee Retained Re	1,400,000	1,400,000	
8800-0001	Massachusetts Emergency Man	1,361,395	1,620,262	
8800-0100	Nuclear Safety Preparedness Pr	429,268	440,918	
8800-0200	Radiological Emergency Respor	280,753	291,836	
1595-6379	Merit Rating Board (operating t	7,806,972	8,023,086	

LOCAL AID

	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12	FY13 Gov - FY09 GAA (inf adj)
Local Aid	1,438,324,839	935,450,293	867,250,293	(68,200,000)	-40%
General Local Aid	1,404,262,198	898,980,293	833,980,293	(65,000,000)	-41%
Other Local Aid	34,062,641	36,470,000	33,270,000	(3,200,000)	-2%

The Governor's budget proposes to fund the full *MassBudget* category of Local Aid at \$867.3 million, a cut of \$68.2 million from current Fiscal Year (FY) 2012 levels. Much of this cut could be reversed if sufficient FY 2012 surpluses allow for funding a supplemental \$65.0 spending plan for Unrestricted General Government Aid also included in the Governor's budget (see General Local Aid section below). The vast majority of *MassBudget*'s Local Aid category funds general local aid provided to cities and towns, helping them fund vital local services such as police and fire protection, parks, and public works. *MassBudget* treats education aid separately in our Education section, although cities and towns often use a portion of their general local aid to help fund education as well.



General Local Aid

Subcategory	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12	FY13 Gov - FY09 GAA (inf adj)
General Local Aid	1,404,262,198	898,980,293	833,980,293	(65,000,000)	-41%

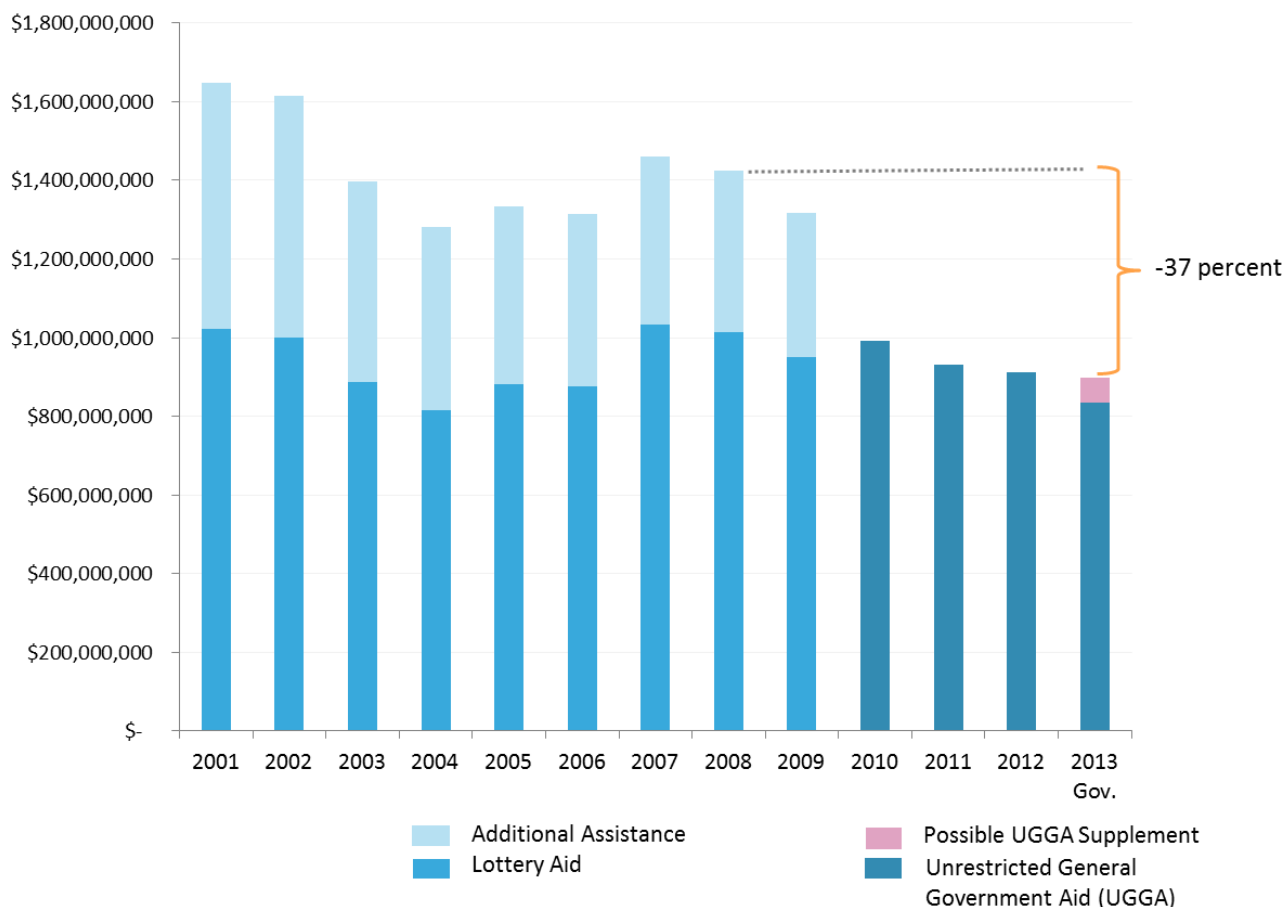
The Governor's FY 2013 proposal for **Unrestricted General Government Aid (UGGA)** mirrors the plan adopted in FY 2012. UGGA will be funded at the same baseline level of \$834.0 million. And, in a maneuver that is similar to last year, any surplus in the general fund at the end of the current year will serve as a supplement (up to \$65.0 million). In FY 2012, that supplement was sufficient to fund the full \$65.0 million amount, and it is quite possible that the same would be true in FY 2013, bringing total UGGA funding back up to \$899.0 million (equal to the final amount spent in both FY 2012 and FY 2011).

It should be noted that even if UGGA is funded at the full \$899.0 million level in FY 2013, this is still well below the historical level. In fact, implementation of the Governor's proposal would represent an inflation-adjusted cut to general local aid of 37 percent between FY 2008 and FY 2013 (see graph below).

Even if the full \$65.0 million supplement were to come through for FY 2013, the Governor's proposal deepens the ongoing trend of general local aid cuts by not making an adjustment for inflation.¹⁶

General Local Aid is Down 37 Percent from Pre-Recession Levels

Inflation adjusted, 2013 dollars



While it is unlikely that any new revenue will be available for FY 2013, the November 2011 casino law is expected to generate new general local aid revenue once casino licenses have been sold and facilities are up and running. While legalized casino gambling facilities will provide some new tax revenue, the state also expects lottery revenues to decrease somewhat as some gambling activity shifts from lottery sales to casinos. For both of these reasons, the new gambling law distributes a portion of future gambling tax revenue to cities and towns in the form of new general local aid. All tax revenue from the slots-only facility and 20 percent of tax revenue from the three full-scale casinos will go into a new Gaming Local Aid Fund and into a related Local Aid Stabilization Fund. Revenue distributed from these funds will be distributed to cities and towns as Unrestricted General Government Aid, but since UGGA funds have never been distributed using a formula, a policy decision will need to be made for distributing any of this new aid.

¹⁶ For more information on the history of general local aid, see MassBudget's recent: Demystifying General Local Aid in Massachusetts, available at: http://massbudget.org/report_window.php?loc=demystifying_general_local_aid.html.

Other Local Aid

Subcategory	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12	FY13 Gov - FY09 GAA (inf adj)
Other Local Aid	34,062,641	36,470,000	33,270,000	(3,200,000)	-2%

The Governor's FY 2013 proposal continues funding of \$7.0 million for a second year of Community Innovation Challenge Grants to support one-time or transition costs related to regionalization and other efficiency initiatives within local governments. While this proposal is \$2.1 million below current FY 2012 levels, the FY 2012 appropriation included several earmarks, dedicating \$4.0 million of the total \$9.1 million for this program in particular. For the program's first year, the state has received 100 applications from cities and towns across Massachusetts and will award winners in February 2012.

The Governor's budget also includes about \$200,000 for a new **municipal government performance management, accountability, and transparency program** to be run by the Collins Center for Public Management at UMass Boston. Since this funding is included as an earmark in the Collins Center's line item, this funding shows up in the *MassBudget* category of Higher Education.

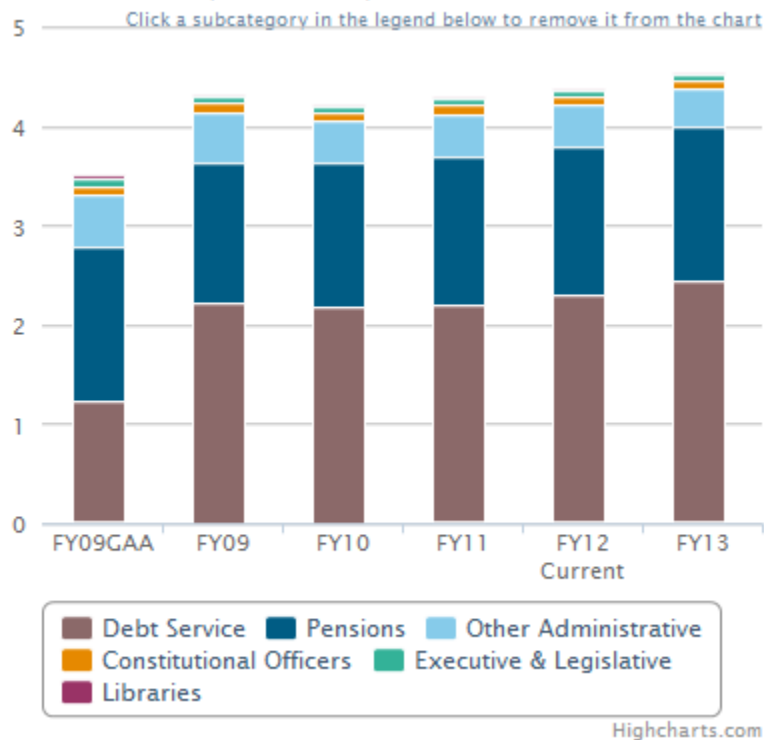
LOCAL AID LINE ITEMS

Line Item	Name	FY 2012 Current	FY 2013 Governor	Notes
1233-2350	Unrestricted General Govt Aid (UGGA)	898,980,293	833,980,293	<i>see text above</i>
1233-2400	State Owned Land (in Lieu of Taxes)	26,270,000	26,270,000	
1599-0026	Community Innovation Challenge Grants	9,050,000	7,000,000	<i>see text above</i>
7006-0140	Local Share of Racing Tax Revenues	1,150,000	0	

OTHER

	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12	FY13 Gov - FY09 GAA (inf adj)
Other	4,497,139,812	4,312,317,945	4,535,302,038	222,984,093	1%
Constitutional Offices	95,476,637	69,576,411	75,444,614	5,868,203	-21%
Debt Service	2,216,608,862	2,255,461,762	2,428,740,226	173,278,464	10%
Executive & Legislative	73,875,040	67,939,480	66,439,480	(1,500,000)	-10%
Libraries	36,406,290	21,460,977	21,574,841	113,864	-41%
Pensions	1,564,686,672	1,478,000,000	1,552,000,000	74,000,000	-1%
Other Administrative	510,086,312	419,879,315	391,102,877	(28,776,438)	-23%

Billions of Dollars (2012 Dollars)



Constitutional Offices

Subcategory	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12	FY13 Gov - FY09 GAA (inf adj)
Constitutional Offices	95,476,637	69,576,411	75,444,614	5,868,203	-21%

This subcategory includes funding for the Secretary of State, the State Auditor, the Registrars of Deeds as well as various other offices and commissions. In his budget for FY 2013, the Governor proposes creating a new account within the **Special Investigations Unit** at the Auditors Office, with almost

\$500,000 in funding, to ensure that the public benefits programs supported by the state are distributed properly.

CONSTITUTIONAL OFFICES LINE ITEMS

Line Item	Name	FY 2012 Current	FY 2013 Governor	Notes
0511-0000	Secretary of the Commonwealth A	5,912,424	5,912,424	
0511-0001	State House Gift Shop Retained R	30,000	30,000	
0511-0200	State Archives	378,121	378,121	
0511-0230	State Records Center	36,217	36,217	
0511-0250	Archives Facility	296,521	296,521	
0511-0260	Commonwealth Museum	243,684	243,684	
0511-0270	Census Data Technical Assistance	500,000	500,000	
0511-0420	Address Confidentiality Program	130,858	130,858	
0517-0000	Public Document Printing	600,000	600,000	
0521-0000	Elections Division Administration	4,961,501	8,646,892	
0521-0001	Central Voter Registration Compu	4,937,121	5,991,979	
0521-0012	Worcester Special Election	38,741	0	
0524-0000	Information to Voters	300,000	1,873,087	
0526-0100	Massachusetts Historical Commis	750,000	750,000	
0527-0100	Ballot Law Commission	10,545	10,545	
0528-0100	Records Conservation Board	34,056	34,056	
0540-0900	Essex Registry of Deeds - Norther	1,017,334	1,017,335	
0540-1000	Essex Registry of Deeds - Souther	2,703,583	2,703,583	
0540-1100	Franklin Registry of Deeds	449,288	449,288	
0540-1200	Hampden Registry of Deeds	1,643,100	1,643,100	
0540-1300	Hampshire Registry of Deeds	471,423	471,423	
0540-1400	Middlesex Registry of Deeds - No	1,113,611	1,113,611	
0540-1500	Middlesex Registry of Deeds - Sou	2,875,012	2,875,012	
0540-1600	Berkshire Registry of Deeds - Nor	250,700	250,700	
0540-1700	Berkshire Registry of Deeds - Cen	419,400	419,400	
0540-1800	Berkshire Registry of Deeds - Sou	209,483	209,483	
0540-1900	Suffolk Registry of Deeds	1,734,615	1,734,615	
0540-2000	Worcester Registry of Deeds - Noi	655,072	655,072	
0540-2100	Worcester Registry of Deeds - Wo	2,161,481	2,161,481	
0610-0000	Office of the Treasurer and Recei	9,181,660	9,181,147	
0610-0010	Financial Literacy Programs	85,000	85,000	
0610-0140	Financial Institution Fees	21,582	21,582	
0710-0000	Office of the State Auditor Admin	14,533,952	13,659,122	
0710-0100	Division of Local Mandates	379,643	379,643	
0710-0200	Bureau of Special Investigations	1,812,420	1,812,420	
0710-0225	Medicaid Audit Unit	897,829	897,829	
0710-0300	Enhanced Bureau of Special Inve	0	468,950	
1000-0001	Office of the State Comptroller	7,800,434	7,800,434	

Debt Service

Subcategory	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12	FY13 Gov - FY09 GAA (inf adj)
Debt Service	2,216,608,862	2,255,461,762	2,428,740,226	173,278,464	10%

The Governor's FY 2013 budget provides \$2.43 billion for debt service lines items, an increase of \$173.3 million or 7.7 percent over current FY 2012 levels.

Debt Service

Line Item	Name	FY 2012 Current	FY 2013 Governor	Notes
0699-0005	Consolidated Long-Term Debt S	20,000,000	20,000,000	
0699-0014	Accelerated Bridge Program Del	25,217,567	0	
0699-0015	Consolidated Long-Term Debt S	1,883,842,211	2,023,271,598	
0699-0016	Accelerated Bridge Program Del	0	49,392,567	
0699-2004	Central Artery/Tunnel Debt Serv	0	101,500,000	
0699-2005	Central Artery/Tunnel Debt Serv	86,189,403	0	
0699-9100	Short-Term Debt Service and Co	27,951,544	29,131,247	
0699-9101	Grant Anticipation Notes Debt !	22,607,000	13,182,425	
1599-0093	Water Pollution Abatement Tru	64,654,037	67,262,389	
1599-1970	Massachusetts Turnpike Autho	125,000,000	125,000,000	

Executive & Legislative

Subcategory	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12	FY13 Gov - FY09 GAA (inf adj)
Executive & Legislative	73,875,040	67,939,480	66,439,480	(1,500,000)	-10%

The Governor's FY 2013 budget recommends level funding most accounts for the executive and legislative branch. Now that redistricting is complete for the State Legislature, the Governor's budget does not include funds for those accounts.

LEGISLATIVE LINE ITEMS

Line Item	Name	FY 2012 Current	FY 2013 Governor	Notes
0411-1000	Executive Office of the Governor	4,993,342	4,993,342	
0411-1005	Office of the Child Advocate	243,564	243,564	
9500-0000	Senate Operations	17,841,227	17,841,227	
9510-0000	Senate Redistricting Costs	750,000	0	
9600-0000	House of Representatives Operat	35,393,116	35,393,116	
9610-0000	House Redistricting Costs	750,000	0	
9700-0000	Joint Legislative Operations	7,968,231	7,968,231	

Libraries

Subcategory	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12	FY13 Gov - FY09 GAA (inf adj)
Libraries	36,406,290	21,460,977	21,574,841	113,864	-41%

The state supports public libraries in Massachusetts through a number of programs. The two largest are the Public Libraries Local Aid account which provides direct state aid to local libraries and the Regional Libraries account which supports regional library networks including the inter-library loan and electronic references resources. The state also provides funding for the Talking Book program which is housed in the Perkins School for the Blind serving the eastern part of the Massachusetts and the Worcester Public Library in the western part of the state.

Except for a \$114,000 increase in funding for the Board of Library Commissioners indicated in the table below, the Governor's budget recommends that state aid for public libraries receive level funding in Fiscal Year (FY) 2013. Given that inflation increases the costs of providing the same level of services from one year to the next, the Governor's recommendation for level funding library programs in FY 2013 actually represents a cut. Since the onset of the fiscal crisis, total funding for libraries, when accounting for inflation, has been cut by more than 41 percent.

LIBRARIES LINE ITEMS

Line Item	Name	FY 2012 Current	FY 2013 Governor	Notes
7000-9101	Board of Library Commissioners	914,448	1,028,312	
7000-9401	Regional Public Libraries Local Ai	9,131,475	9,131,475	
7000-9402	Talking Book Program - Worcester	421,143	421,143	
7000-9406	Talking Book Program - Watertow	2,241,016	2,241,016	
7000-9501	Public Libraries Local Aid	6,823,657	6,823,657	
7000-9506	Technology and Automated Resoi	1,929,238	1,929,238	

Pensions

Subcategory	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12	FY13 Gov - FY09 GAA (inf adj)
Pensions	1,564,686,672	1,478,000,000	1,552,000,000	74,000,000	-1%

Annual pension funding is governed by state law (Chapter 32§22C of the Massachusetts General Laws), which requires an annual transfer to the state Pension Liability Fund and sets out a funding schedule, which is periodically updated. The most recent update was contained in a section of the FY 2012 budget that extended the timeframe for paying down the state's pension liability to 2040 and set out a schedule of specific payments through FY 2017. In accordance with that schedule, the proposed FY 2013 budget assumes a transfer of \$1.55 billion dollars to the Pension Liability Fund.

The budget also contains outside section language specifying that the FY 2013 pension transfer is intended to cover the cost of providing retirees with a 3 percent cost-of-living increase in FY 2013. This

provision, which is regularly included in the state budget, is calculated on a base that is defined in state statute. In FY 2012 that base was \$12,000 per year, meaning that retirees could receive an increase of up to \$360 per year. Recent pension reform legislation increased that base to \$13,000 (an increase of \$30 to \$390 per year).

Other Administrative

Subcategory	FY 2009 GAA (inf adj)	FY 2012 Current	FY 2013 Governor	FY13 Gov - FY12	FY13 Gov - FY09 GAA (inf adj)
Other Administrative	510,086,312	419,879,315	391,102,877	(28,776,438)	-23%

The Other Administrative subcategory includes accounts that cover a wide range of government activities. This subcategory includes one-time funding to help communities recover from major storms or floods, various state commissions as well as funding for the Executive Office of Administration and Finance (A&F).

The FY 2012 General Appropriations Act (GAA) created a new office of Commonwealth Performance, Accountability and Transparency (CPAT) within A&F. The Governor recommends providing this office with an additional \$150,000 to continue its efforts to enhance the functioning of state government. Last year CPAT was charged with improving the way that state agencies coordinate similar activities such as information technology, maximizing the grants from the federal government and assuring that the state delivers services in the most effective and efficient matter possible. CPAT was also charged with improving transparency. In 2011 it launched its new Open Checkbook program to give the public a better understanding of how the state spends its resources. In FY 2013 CPAT will continue to coordinate and improve government services by working with state agencies to develop strategic plans and goals that align with the Governor's priorities including lowering the achievement gap, creating jobs, and reducing state spending on health care.

In his budget proposal the Governor also estimates \$30.0 million in savings from reducing 400 positions within the Executive Branch.

OTHER ADMINISTRATIVE

Line Item	Name	FY 2012 Current	FY 2013 Governor	Notes
0511-0002	Corporate Dissolution	254,213	254,213	
0640-0000	State Lottery Commission	78,536,702	78,536,702	
0640-0005	State Lottery Commission - Monit	2,715,484	2,715,484	
0640-0010	Revenue Maximization	2,000,000	5,000,000	
0900-0100	State Ethics Commission	1,796,500	1,796,500	
0910-0200	Office of the Inspector General	2,941,307	2,231,913	
0910-0210	Public Purchasing and Manager P	600,000	600,000	
0920-0300	Office of Campaign and Political I	1,270,342	1,270,342	
0940-0100	Massachusetts Commission Agai	2,543,312	2,543,312	
0940-0102	Discrimination Prevention Certifi	70,000	70,000	
0950-0000	Commission on the Status of Wor	70,000	70,000	
0950-0050	GLBT Commission	100,000	100,000	
1100-1100	Office of the Secretary of Adminis	2,776,193	2,850,000	
1100-1201	Office of Commonwealth Perform	350,000	500,000	
1100-1700	Administration and Finance Infor	24,651,208	28,602,693	
1100-1708	MDDC Trust Account Match	0	86,000	
1102-3205	Massachusetts Information Tech	16,250,000	16,250,000	
1102-3232	Contractor Certification Program R	300,000	400,000	
1102-3301	Bureau of State Office Buildings	5,051,138	4,918,417	adjustment
1102-3302	Utility Costs for State Managed B	6,205,820	6,165,820	into (1102-3302)
1102-3306	State House Operations	700,034	700,034	into (1102-3302)
1102-3307	State House Accessibility	938,476	940,021	into (1102-3302)
1102-3309	Bureau of the State House	0	500,000	into (1102-3302)
1106-0064	A&F Caseload Forecasting	150,000	159,415	
1107-2400	Massachusetts Office on Disabili	562,272	586,112	
1107-2501	Disabled Persons Protection Com	2,210,698	2,210,698	
1108-1011	Civil Service Commission	410,000	439,116	
1110-1000	Division of Administrative Law Ap	1,077,076	1,128,302	
1120-4005	George Fingold Library	796,229	823,547	
1201-0100	Department of Revenue	80,469,544	83,164,283	
1201-0130	Additional Auditors Retained Rev	23,940,257	27,940,257	
1201-0160	Child Support Enforcement Divisi	33,676,820	35,536,672	
1201-0164	Child Support Enforcement Feder	6,547,280	6,547,280	
1231-1000	Water and Sewer Rate Relief Pay	500,000	0	
1232-0100	Underground Storage Tank Reimb	26,099,454	20,000,000	
1232-0200	Underground Storage Tank Admin	2,033,299	2,088,156	
1233-2000	Tax Abatements for Disabled Vet	25,301,475	25,436,475	
1310-1000	Appellate Tax Board	1,459,270	1,734,270	
1310-1001	Tax Assessment Appeals Fee Ret	400,000	400,000	
1599-0015	Intergovernmental Secretariat Bu	(25,000,000)	0	
1599-0016	Fraud and Abuse Prevention Task	110,000	0	
1599-0018	Revenue Maximization Reserve	750,000	0	
1599-0024	Agency Auditor Grant Program	1,250,000	0	
1599-0029	Collective Bargaining SEIU 1199	1,000,000	0	
1599-0050	Route 3 North Contract Assistance	5,409,158	1,128,818	

1599-1705	June 2011 Tornadoes	15,000,000	0	
1599-1706	June 2011 Tornadoes	10,000,000	0	
1599-1707	December 2008 Severe Winter Sto	6,200,000	0	
1599-1708	March 2010 Floods	2,783,277	0	
1599-1709	Tropical Storm Irene	10,000,000	0	
1599-2013	Connor B. Reserve	2,500,000	0	
1599-3234	South Essex Sewerage District De	90,100	90,100	
1599-3381	Hutchinson v. Patrick	745,000	0	
1599-3384	Judgments, Settlements and Lega	6,900,000	5,000,000	
1599-3393	Hayes Settlement	5,000,000	0	
1599-3535	Position Reduction Reserve	0	(30,000,000)	
1599-3856	Massachusetts Information Techni	600,000	500,000	
1599-4227	Dukes County Sheriff MCOFU Colle	4,132,356	1,125,113	adjustment
1599-4250	CB Reserve Registries of Deeds	0	343,614	adjustment
1599-4252	COPS Contract	140,000	52,801	adjustment
1599-4281	NAGE Collective FY11 Bargaining f	10,000	9,571,084	
1599-4282	Service Employees International	10,000	9,277,199	
1599-4283	AFSCME Council 93 Unit 2 2011 Re	10,000	6,939,638	
1599-4284	Moses Unit 2 FY11 Collective Barg	10,000	1,714,335	adjustment
1599-4370	International Association of Fire	436,000	0	
1599-4800	Interim CB Reserve Executive Brar	0	(550,000)	adjustment
1599-4804	Interim CB Reserve Independents	0	1,338,417	adjustment
1750-0100	Human Resources Division	2,618,785	2,578,530	
1750-0102	Civil Service Exam Fee Retained R	2,700,000	2,700,000	
1750-0119	Former County Employees Worker	52,057	52,057	
1775-0100	Operational Services Division	200,000	0	
1775-0106	Enhanced Vendor Auditing	475,000	484,278	
1775-0115	Statewide Contract Fee	2,989,876	3,500,000	
1775-0124	Human Services Provider Overbill	500,000	500,000	
1775-0200	Supplier Diversity Office	546,768	558,332	
1775-0600	State Surplus Property Sales Reta	750,000	750,000	
1775-0700	Reprographic Services Retained R	53,000	53,000	
1775-0900	Federal Surplus Property Sales Re	55,000	55,000	
1790-0100	Information Technology Division	3,259,613	3,259,612	
1790-0151	Data Processing Service Fee Reta	55,000	55,000	
1790-0300	Vendor Computer Service Fee Ret	554,730	554,730	
1790-0350	Springfield Data Center	0	2,612,820	
7004-0001	Indian Affairs Commission	99,010	106,715	
8315-1025	Building Code Training Fee Retai	90,182	93,988	
8700-1160	Welcome Home Bonus Life Insura	1,040,000	1,361,662	

REVENUE

The Governor's FY 2013 budget is built upon the assumption that the Commonwealth will be able to rely on close to \$760 million in new revenue in Fiscal Year (FY) 2013. Of this total, \$214.5 million can be described as ongoing revenue (in other words, providing an ongoing revenue stream beyond FY 2013), while \$545.0 million is "one time" (i.e., available only in FY 2013). Like permanent changes in spending levels, ongoing revenue changes affect the state's structural budget deficit, whereas temporary revenue changes are useful for balancing the budget only in the current fiscal year.

FY 2013 REVENUE INITIATIVES	Temporary or "One-Time" Revenue	Ongoing Revenue	TOTAL
Tax Revenue			
Delay FAS 109 deductions	45,860,105		
Increase cigarette tax by \$0.50		62,500,000	
Eliminate sales tax exemption for candy and soda		61,500,000	
Enhanced tax enforcement		22,300,000	
Update tobacco taxes to include other tobacco products		10,400,000	
Market sourcing for corporate excise sales factor		10,000,000	
Enforce room occupancy tax on hotel room resellers		7,213,281	
Taxation of non-insurance subsidiaries of insurance companies		7,000,000	
Disallow tax deductions for losing lottery tickets		500,000	
Sub-Total	45,860,105	181,413,281	227,273,386
Federal and Departmental Revenues			
Bottle redemption		22,300,000	
Departmental revenue initiatives		10,800,000	
Sub-Total	0	33,100,000	33,100,000
Other Sources of Funds			
Stabilization ("Rainy Day") Fund Withdrawal	400,000,000		
Stabilization ("Rainy Day") Fund Interest Transfer	9,100,000		
Proceeds from Various Trusts	6,000,000		
Use of trust surplus for Group Insurance Commission costs	40,000,000		
Use of trust surplus for Commonwealth Care costs	44,000,000		
Sub-Total	499,100,000	0	499,100,000
Total	544,960,105	214,513,281	759,473,386

Tax Revenues

The Governor's budget proposes \$227.3 million in tax initiatives, composed of \$181.4 million in ongoing revenues, and \$45.9 million in one-time tax revenues.

Chief among the Governor's revenue proposals are three tax initiatives that bring in revenue and improve public health. The first eliminates the current sales tax exemption for candy and soda. The two

other proposals raise taxes on cigarettes and update the Commonwealth's tobacco tax laws as applied to other tobacco products (including cigars and "smokeless" tobacco products). In addition, the Governor proposes several other measures that would increase tax collections for the Commonwealth.

The Sales Tax Exemption for Candy and Soda

In Massachusetts, most food items are exempt from the sales tax. At present, soda and candy purchases are included in this exemption. The Governor has proposed eliminating this exemption for soda and candy, a change that would bring in \$61.5 million in FY 2013. Approximately \$10 million of this new sales tax revenue would be transferred, according to pre-existing statute, to the MBTA and School Building Authority. The Governor has proposed dedicating the remaining \$51.5 million to a Health and Prevention Trust Fund which would fund public health and wellness programs targeting health risks such as smoking and obesity.

In general, soda and candy do not fit most people's definition of food, suggesting that a tax break for these non-essential items may not be appropriate. In addition, studies have linked consumption of these items to obesity,¹ and obesity is a substantial problem for adults and children, both nationally and here in Massachusetts. About one in three children and six out of ten adults in Massachusetts are overweight or obese.² Studies show that obese children are more likely to suffer from other illnesses and to miss more school; they also are at increased risk of being obese as adults.³ Obese adults are more likely to suffer from a variety of illnesses including diabetes, heart disease and some types of cancer.⁴

Eliminating the sales tax exemption on soda and candy means that the Commonwealth no longer would be providing an implicit subsidy for these items,⁵ which, like all subsidies, reduces costs for the consumer and thereby increases consumption. In addition, greater funding for public health and wellness programs (resulting from the increase in sales tax revenue) can help to reduce statewide levels of obesity. Reductions in obesity could have an important positive effect on the lives of many individuals and potentially on overall health care costs here in Massachusetts.⁶ It is worth noting,

¹ Babey, Susan H. et al., "Bubbling Over: Soda Consumption and Its Link to Obesity in California," UCLA Health Policy Research Brief

² Sacke, Jennifer and Clark, Valerie, "Childhood Obesity in Massachusetts: Costs, Consequences and Opportunities for Change," Massachusetts Health Policy Forum, 2008. See also "Health of Massachusetts: Impact of Overweight and Obesity (1998-2007)," Massachusetts Department of Public Health, 2009.
Kaiser Family Foundation, *State Health Facts*: <http://www.statehealthfacts.org/comparemaptable.jsp?ind=51&cat=2&sub=14&rgnhl=23>

³ Babey, Susan H. et al., "Bubbling Over: Soda Consumption and Its Link to Obesity in California," UCLA Health Policy Sacke, Jennifer and Clark, Valerie, "Childhood Obesity in Massachusetts: Costs, Consequences and Opportunities for Change," Massachusetts Health Policy Forum, 2008. See also "Health of Massachusetts: Impact of Overweight and Obesity (1998-2007)," Massachusetts Department of Public Health, 2009

⁴ Ibid

⁵ Walter Willett, "Health People/Healthy Economy: Soda, Snacks and the Obesity Epidemic" (presentation to Boston Foundation, May 11, 2011)

⁶ Current research suggests that reductions in obesity can have a substantial impact on population health that would help lower projected economic costs related to growth in obesity rates; taxing unhealthy food and beverages is identified as a cost-effective policy intervention. See Gortmaker, Steven L., et al., "Changing the future of obesity: science, policy and action", *The Lancet* 2011, 378:838-47.

however, that the sales tax is a “regressive” tax, collecting a greater share of the household income of low and moderate income families than of high income families.⁷

Cigarette Taxes and Taxes on Other Tobacco Products

The Governor has proposed a \$0.50 per pack increase in the cigarette tax (increasing the tax from \$2.51 to \$3.01) which the administration estimates would bring in \$62.5 million in FY 2013. In addition, the Governor proposes a measure that would equalize tax rates on cigars and “smokeless” tobacco products with the rate applied to tobacco sold in the form of cigarettes. (Smokeless tobacco products include items such as chewing tobacco, snuff, and nicotine-containing breath mints and lozenges.) This update to the tax laws governing other tobacco products would generate another \$10.4 million, the Governor estimates. The Governor proposes directing these revenues to the Commonwealth Care Trust Fund, which pays for the state’s Commonwealth Care insurance program and the Health Safety Net.

In addition to new revenues, increases in cigarette and tobacco taxes may have a small impact on levels of tobacco consumption in Massachusetts for both adults and youth (research suggests that increases at the level proposed by the Governor are likely to produce only limited declines in consumption, particularly among adults).⁸ Over 16 percent of Massachusetts adults are current smokers and over 9 percent of youths ages 12-17 are current smokers.⁹ In Massachusetts in 2010, smokers purchased more than 220 million packs of cigarettes.¹⁰ The economic costs associated with smoking (including direct medical costs and lost productivity) are estimated at over \$10 per pack, suggesting that a substantial impact to the state economy results from cigarette and other tobacco use in Massachusetts.¹¹ Any reduction in usage due to higher user costs (resulting from the proposed tax increases) is likely to improve individual health and reduce negative impacts on the state economy related to tobacco use.

FAS 109

As a one-time revenue proposal, the Governor postpones (for another year) a provision contained in the Commonwealth's 2008 package of reforms to the corporate tax code. Referred to as “FAS 109”, the Governor estimates that the deferral of this tax break would save \$45.9 million in what otherwise would be forgone revenue in FY 2013.

While the details involve technical and complex interactions among a corporation’s records for tax purposes, its public financial accounting records, and possibly its stock prices, the FAS 109 provision in essence is an attempt to offset certain costs to publically-traded companies resulting from the 2008 combined reporting tax reform package.¹² As part of that package, rule changes were enacted that

⁷ For a more detailed discussion of “Regressivity”, please see the MassBudget factsheet, *Examining Tax Fairness*:

http://www.massbudget.org/report_window.php?loc=FactsTaxFairness.html

For a more detailed discussion of the impacts of the sales tax on low vs. high income households, please see the following MassBudget factsheet: http://www.massbudget.org/report_window.php?loc=FactsSales.html

⁸ Surgeon General’s 2012 Report: <http://www.surgeongeneral.gov/library/preventing-youth-tobacco-use/factsheet.html>

⁹ U.S. Centers for Disease Control and Prevention:

http://www.cdc.gov/tobacco/data_statistics/state_data/state_highlights/2010/states/massachusetts/index.htm

¹⁰ Massachusetts Dept. of Public Health: <http://www.mass.gov/eohhs/docs/dph/tobacco-control/sales-tobacco-fy07-fy11.pdf>

¹¹ U.S. Centers for Disease Control and Prevention: http://www.cdc.gov/tobacco/data_statistics/fact_sheets/economics/econ_facts/#costs

¹² As part of the combined reporting package, the tax rates applied to business profits were reduced significantly. This reduction in tax rates offset much of the gain in tax revenue the Commonwealth otherwise would have received through combined reporting (which closes a variety of corporate tax loopholes). For a more thorough discussion of Combined Reporting, please see MassBudget’s Tax Primer (Chapter 7: Business Taxes): http://www.massbudget.org/report_window.php?loc=Tax_Primer_83110.html

increased the cost of some tax liabilities of some companies operating in the Commonwealth. In some cases, these changes affected the accuracy of a company's existing financial statements, statements used to determine a company's publically stated earnings. The FAS 109 provision allowed publically-traded companies to claim a new tax break that would offset the impact to their financial statements resulting from combined reporting, eliminating the need for these companies to adjust their earnings calculations.

DOR has estimated that this provision will cost the Commonwealth \$535 million during the period in which it was originally schedule to be in effect (tax benefits would be distributed equally across seven years, 2012-2018).¹³ DOR has estimated further that 88 percent (or \$472 million) of the total tax reductions associated with the FAS 109 will accrue to just fourteen corporations.¹⁴

Corporate Taxes

The Governor proposes changing the share of profits of certain multi-state corporations that will be apportioned to Massachusetts for tax purposes. One of the factors that determines the share of a corporation's profits that is taxed in Massachusetts is the percentage of the corporation's national sales that occur in Massachusetts. Under current law, sales of services are sometimes treated as occurring outside Massachusetts even though the purchaser is in Massachusetts and the service is used in Massachusetts. Under the Governor's proposal, these sales of services to Massachusetts consumers would count as Massachusetts sales and thus would increase the share of the company's income that would be taxed in Massachusetts. The Governor estimates the change would raise \$20 million in FY 2012.

Enhanced Tax Enforcement

The Governor proposes purchasing new analytic software for the Department of Revenue that would allow DOR to identify "collection and audit opportunities." Making use of historical data, data mining techniques and statistical probability assessments, the new software would allow DOR to better enforce existing tax laws and collect taxes that are owed but that have not been paid. The administration estimates that the new software would generate \$22.3 million in additional revenue in FY13 (though the purchase cost for the software would bring the net gain down to \$18.3 million).

Room Occupancy Tax

The Governor proposes clarifying the tax rules governing the collection by and remittance of the Room Occupancy Tax on the part of Internet room resellers to ensure that the tax is based on the reseller's full markup price. At present, some internet room sellers collect and remit the tax only on the portion of the total bill paid by the consumer that arises directly from the cost of the room itself, neglecting to collect tax on the portion of the total bill that reflects the internet seller's service fee. Massachusetts hotels and motels, however, collect and remit tax on the full amount they receive from the customer. Clarification of the rules and accompanying enforcement efforts by DOR would help to equalize the tax costs

¹³Department of Revenue report to Legislature: http://www.massbudget.org/reports/pdf/DOR_FAS109Report_Sept2009.pdf

¹⁴ Ibid

associated with renting a room online vs. renting directly from a bricks and mortar operation here in Massachusetts.¹⁵

The administration estimates that the revenue impact from this proposal in fiscal year 2013 would be \$7.2 million (with an August 1st effective date). The Governor further estimates that cities and towns that have adopted the local hotel/motel tax stand to gain up to an additional \$7 million from the state's increased enforcement efforts.

Taxation of Non-Insurance Subsidiaries of Insurance Companies

In Massachusetts, insurance companies (unlike other businesses) are not taxed based on their income. Instead, they pay a 2 percent tax on the premiums they charge customers. Because of this unique tax arrangement, insurance companies currently are able to avoid paying taxes on the *income* of non-insurance subsidiary companies they may own.

In recent years, Massachusetts has seen a marked increase in businesses operating as Limited Liability Companies (LLCs) and other "pass through" entities, a legal structure that allows the profits from these businesses to remain untaxed until those profits have been passed through to the ultimate owners of the LLC. Once the profits are claimed by the ultimate owner those profits are subject to whatever taxes apply to that owner's income. In the case of insurance companies, however, their corporate *income* is not subject to state taxes; as noted above, only their *premiums* from insurance policy sales are taxed. Insurance companies have taken advantage of this loophole to increase their after-tax profits by creating subsidiary businesses – for example a brokerage firm or a hotel – structured as LLCs from which the insurance company derives corporate income, but for which it pays no state income tax.¹⁶

The Governor proposes subjecting "operating income from these non-insurance subsidiaries of insurance companies to the corporate tax as if these entities were business corporations."¹⁷ The administration estimates that this change would result in an additional \$7 million in tax revenue in FY13.

Tax Deductions for Losing Lottery Tickets

At present, certain tax filers are qualified to claim the cost of losing lottery tickets as a deductible business expense against their lottery earnings, reducing the amount of tax they otherwise would owe. As a result, winning tickets have a higher after-tax value to those who can claim the cost of losing tickets than for those who pay taxes on the winnings. A small trade has grown in the purchase (at a small discount) of winning tickets from taxable winners by people who collect large numbers of losing tickets in order to erase the taxes they will owe on the winning tickets they purchase. This constitutes a form of tax fraud, fraud that is made possible by the presence of this deduction in the tax code.

By eliminating the deduction for losing tickets, the Governor would remove the incentives that lead to this problem. The Governor estimates this change would generate \$500,000 in tax revenue in FY13.

¹⁵ Governor's Budget FY2013 documents: http://www.mass.gov/bb/h1/fy13h1/exec_13/hbuddevnontax.htm

¹⁶ Governor's Budget FY2013 documents: http://www.mass.gov/bb/h1/fy13h1/exec_13/hbuddevnontax.htm

¹⁷ Ibid

Non-Tax Revenues

The Governor's budget includes a total of \$532.2 million in non-tax revenues — \$33.1 million in ongoing revenue and \$499.1 million in one-time revenues. The major non-tax components of the Governor's revenue proposals include the following items:

Modernize Bottle Redemption

Ongoing departmental and federal revenue initiatives include the extension of the state's bottle redemption deposit of \$0.05 to bottled water, flavored waters, iced teas, coffee based drinks and sports drinks. As with beverages currently covered by the "Bottle Bill," consumers are refunded this deposit if they return the empty bottles for recycling. The Governor estimates that extending the Bottle Bill to these additional beverages would bring in \$22.3 million annually from bottles that consumers do not redeem. The Governor proposes using \$5 million of this revenue to support expanded state recycling coordination and redemption efforts.

Agency Revenue Initiatives

The Governor proposes a number of increases to the permitting and licensing fees charged by a various departments, changes that together would raise an estimated \$10.8 million in ongoing revenue annually. Approximately half (\$5 million) of the total would derive from selling advertising space on a limited number of state owned assets, such as vehicles.

Among the other proposed increases are for fees charged by the Department of Environmental Protection for construction permitting and compliance activities; licensing fees charged by the Department of Public Health to operators of Adult Day Health Centers; licensing fees charged by the Department of Public Health to hospitals, nursing homes, clinics and satellite offices; license fees charged by the Division of Standards to gas station operators, private auctioneers, and "peddlers and hawkers."

Stabilization Fund

The Governor's budget relies on \$400 million in one-time funding from the state's Stabilization Fund (the "Rainy Day Fund"), and proposes transferring into the General Fund an estimated \$9.1 million in anticipated interest earned by the Stabilization Fund. The Governor's budget also makes a required \$100 million deposit into the Stabilization Fund which is the estimated amount of FY 2013 capital gains revenues in excess of \$1 billion. In FY 2013, these transactions would result in a net reduction of approximately \$300 million in the Stabilization Fund's balance.

Unused Balances

Finally, the Governor's budget relies on the use of unused balances in existing trust funds to pay for FY 2013 costs, including \$6.0 million from various trusts, \$44.0 million to support the costs of the state employee health insurance, and \$40.0 million towards the costs of the Commonwealth Care program

and the Health Safety Net. These fund transfers are all one-time resources that, if used in FY 2013, will help fill the budget gap in the current year, but once used will no longer be available to balance the budget in future years.