

## Analyzing the House Ways & Means Budget for FY 2016

The House Ways and Means budget proposal makes targeted investments in some important areas including early education and care, affordable housing, and opiate abuse prevention and treatment, and it rejects some of the cuts proposed by the Governor, including the elimination of Kindergarten Expansion Grants. In other areas, however, the proposal introduces new cuts to important programs including workforce training for low income parents and youth jobs and violence prevention efforts.

Like the Governor's proposal, the HWM budget relies heavily on temporary strategies. Both versions spend \$300 million in capital gains tax revenue that would have gone into the Rainy Day Fund under current law. They also both count on \$100 million from a tax amnesty and \$116 million from putting off paying some of our FY 2016 MassHealth bills into FY 2017.

Ultimately, the shortcomings of this budget proposal mirror those of the Governor's and reflect ongoing challenges that our Commonwealth has faced for more than a decade: after cutting the income tax by over \$3 billion dollars between 1998 and 2002 we have experienced deep cuts to things that strengthen our communities and our economy. Between 2001 and 2015, for instance, funding for higher education has been cut 21 percent, environmental protection and recreation (parks, swimming pools, rinks) has been cut 33 percent, local aid has been cut 44 percent, early education and care has been cut 24 percent and funding for public health has been cut 24 percent (all numbers adjusted for inflation).

### Early Education & Care

The House Ways and Means Committee proposal of \$556.4 million for programs and services administered by the Department of Early Education and Care (EEC) contains two important differences from the Governor's proposal. Overall the proposal is \$12.8 million over FY 2015 current and \$11.6 million more than the Governor's proposal.

The HWM budget provides \$5.0 million for a **Rate Reserve** for center based providers. The Governor did not fund a rate reserve for these workers. This rate reserve would allow providers to make small quality improvements in their centers, including providing teachers with small salary increases or improved benefits. Early education teachers in Massachusetts earn around \$26,000 per year on average – only \$2,300 more than the federal poverty level for a family of four.

The HWM budget provides \$252.9 million for **Income Eligible Child Care**, level with the Governor, but gives \$5.0 million to the **Income Eligible Wait List**. The Governor's proposal did not provide funds for the wait list. Overall this results in a slight increase over funding in the FY 2015 current budget. Income Eligible Child Care provides a subsidy for eligible low-income families, but underfunding has resulted in a waitlist for a subsidy that numbered around 25,000 children in March 2015. For families of kids on the waitlist who cannot find affordable and stable care for their children, it makes it harder for parents to succeed in the workplace. See [Declines in Work Supports for Low-Income Parents](#) for more information about the long term funding decline in early education and care.

## Income Eligible Services and Support

	FY 2015 Current	FY 2016 Governor	FY 2016 HWM	FY 2016 HWM - FY 2015 Current	Notes
Income Eligible Care	241,894,678	252,944,993	252,944,993	11,050,315	
I.E. Wait List	14,600,000	0	5,000,000	(9,600,000)	
<b>Total</b>	<b>256,494,678</b>	<b>252,944,993</b>	<b>257,944,993</b>	<b>1,450,315</b>	

The proposed appropriation for **TANF Related Child Care** of \$121.4 million is level with the Governor and \$10.0 million less than FY 2015. This program provides child care for children of families served by or transitioning from Transitional Aid to Families with Dependent Children (TAFDC). The decrease is mostly due to a projected decrease in the TAFDC caseload next year. The Department of Early Education and Care (EEC) also projected a decrease in the caseload, but recommended an appropriation of \$127.8 million for this account. This proposal is \$6.4 million less than the EEC recommendation. The number of families and children receiving TAFDC has decreased significantly in the last few years. For more detailed information on caseload levels for transitional assistance accounts, see “Research and Statistics” on the [DTA home page](#).

**Supportive Child Care**, which provides early education and care opportunities to children in the care of the Department of Children and Families, the primary child welfare agency serving kids who have been abused and neglected, received an increase of \$20.5 million (26 percent) to \$100.2 million – identical to the Governor’s proposal. This recommendation falls \$7.8 million below EEC’s recommended appropriation of \$108.0 million to meet the needs of these children. In the past, budget language has stated that all children with open DCF cases receive a subsidy. However, many children have had to wait for a subsidy even though there has not been an official wait list. This increase would help eliminate waiting periods for most of these children. And for those who do have to wait, an official wait list is required in the budget language proposed by both the Governor and the HWM.

The HWM budget provides \$8.1 million for **Head Start** services, the same amount as the Governor and the FY 2015 current budget. Head Start services were cut by \$1.0 million in February – money that has not been restored by either the Governor or the HWM.

## K-12 Education

Education plays a central role in developing our next generation of engaged citizens and strengthening our state economy – see [A Well Educated Workforce is Key to State Prosperity](#).

The House Ways and Means (HWM) budget proposes increasing **Chapter 70 education aid** by \$108.2 million, a 2.5 percent increase over FY 2015. The HWM proposal is \$2.9 million over the Governor’s proposal as it provides a minimum \$25 per-student aid increase over FY 2015, whereas the Governor proposed a \$20 per-student minimum increase. For more details on FY 2016 Chapter 70 funding, see the education section of MassBudget’s [Budget Monitor for the Governor’s proposal](#).

The HWM budget reduces total support for K-12 grant programs, some of which support students and districts facing the greatest challenges, by a combined \$46.4 million compared to what was planned at

the beginning of FY 2015. This proposal is \$82.7 million (12 percent) below 2001 levels, adjusted for inflation. For more detail, please see the table below.

### K-12 Grant Programs

FY 2001 (inf. adjusted)	FY 2015 GAA	FY 2015 Current	FY 2016 Governor	FY 2016 HWM	FY 2016 HWM - FY 2015 GAA
674,359,403	638,063,907	586,866,950	573,701,617	591,681,247	(46,382,660)

The HWM budget does not include a proposal by the Governor to consolidate a subset of 11 of these grants that support students in academically struggling schools into a single **Partnership Schools Network** account overseen by the Department of Elementary and Secondary Education. However, the HWM budget funds these programs at \$16.2 million, \$2.8 million below current levels, and \$1.3 million below the Governor's proposal. For more detail, please see the table below.

Programs Consolidated in the Governor's Budget Into Partnership Schools Network (Targeted Intervention)	FY 2015 Current	FY 2016 Governor	FY 2016 HWM	FY 2016 HWM - FY 2015 Current
ELL in Gateway Cities	2,139,754	0	1,000,000	(1,139,754)
Gateway Cities Career Academies	116,419	0	0	(116,419)
Bay State Reading Institute	394,000	0	400,000	6,000
Literacy Programs	1,895,016	0	1,700,000	(195,016)
Reading Recovery	295,500	0	100,000	(195,500)
Office of Ed. Quality and Accountability	979,650	0	979,650	0
Innovation Schools	731,625	0	0	(731,625)
MCAS Low-Scoring Student Support	4,162,804	0	4,094,804	(68,000)
College and Career Readiness Program	360,339	0	0	(360,339)
Targeted Int. in Underperforming Schools	7,706,297	17,483,679	7,938,413	232,116
Alternative Education Grants	242,448	0	0	(242,448)
<b>Total</b>	<b>19,023,852</b>	<b>17,483,679</b>	<b>16,212,867</b>	<b>(2,810,985)</b>

The HWM budget does not include two new education programs that were included in the Governor's budget. The first, **Educator Evaluation System Implementation**, was proposed by the Governor to support teacher effectiveness initiatives. The second, **School Safety & Supports**, was proposed by the Governor to help districts and schools administer safety initiatives, some of which began under the [School Safety and Security Task Force](#) in FY 2015.

The HWM proposal includes cuts or level-funding for several programs, including:

- A \$1.8 million cut (64 percent) to [School to Career Connecting Activities](#) which could limit the ability of teens to find employment. Since this program includes a required 2:1 match from private sector employers, this cut is likely to reduce business investment in youth jobs as well.
- A \$1.5 million cut (60 percent) to **Programs for English Language Learners in Gateway Cities**. This program supports English-learning teens and young adults, who need extra support to become proficient in English and succeed in school. A mid-year cut in February 2015 had previously eliminated these services for the summer of 2015.

- Level-funding [Kindergarten Expansion Grants](#) at \$18.6 million. These grants were funded at \$23.9 million in the original FY 2015 budget, but were reduced to \$18.6 million through a mid-year cut. The HWM budget contrasts with the Governor's proposal to eliminate these grant opportunities to plan and support full-day Kindergarten.
- A \$13.7 million cut (20 percent) to **Regional School Transportation** from the initial FY 2015 budget. However, the HWM proposal of \$56.5 million is \$5.0 million higher than current levels.
- A \$1.2 million (4 percent) cut to [Adult Basic Education](#) from the initial FY 2015 budget.

The HWM budget does include some increases to K-12 programs, including:

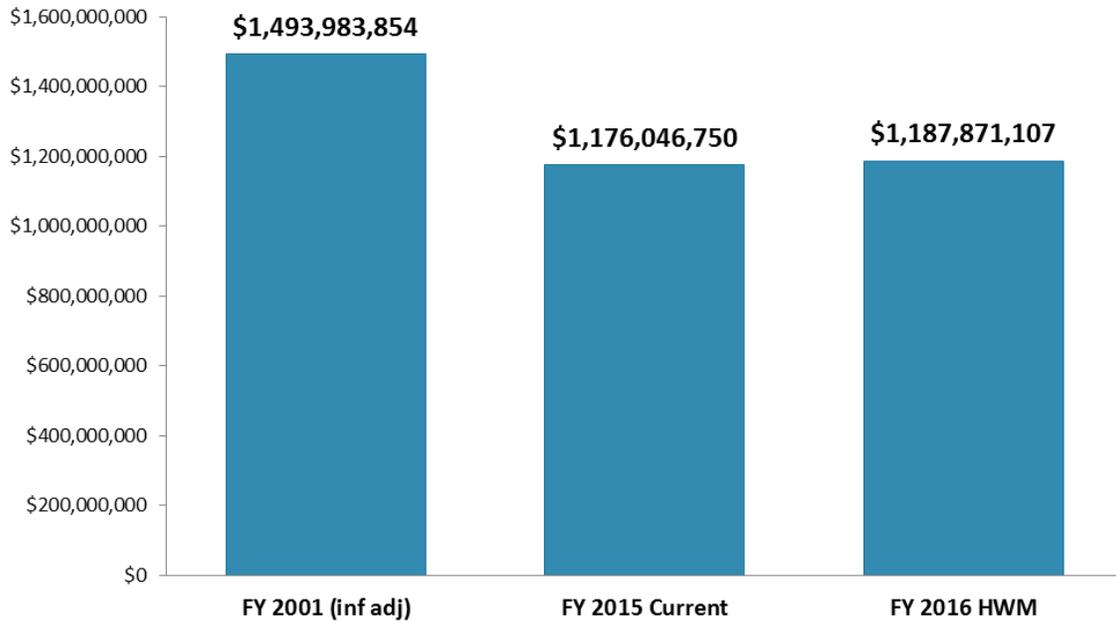
- [Homeless Student Transportation](#), which would be increased by \$1.0 million (14 percent) over the initial FY 2015 budget.
- [Special Education Circuit Breaker Reimbursements](#) which would be increased by \$4.1 million (2 percent) compared to the original FY 2015 budget, \$8.3 million above current levels.
- [YouthBuild Grants](#), which supports at-risk low-income youth in gaining labor skills, completing high school, and engaging in community service, would be increased by \$300,000 (15 percent) over the original FY 2015 budget.

## Higher Education

The House Ways and Means (HWM) budget proposal for FY 2016 does not make significant new investments in public higher education. Higher education helps young people and adults in Massachusetts gain the knowledge and skills to succeed in a competitive global economy. State universities and colleges educate many of our residents who contribute to our state economy over the long term.

The HWM budget proposal for FY 2016 provides roughly the same amount of funding for higher education as last year, \$1.19 billion. This amount is \$2.2 million over the original FY 2015 budget. The HWM proposal is \$306.1 million (20 percent) below 2001 levels (adjusted for inflation). This long-term funding reduction is in part a result of income tax cuts implemented by the early 2000's that continue to cost the state over \$3 billion a year.

### Public Higher Education Has Been Cut 20% Since 2001



The HWM proposal for UMass, state universities, and community colleges, is very close to what was initially budgeted for FY 2015 before each received mid-year cuts. Appropriations to each of the three campus types are detailed in the table below. These totals include three types of adjustments that help facilitate more accurate year-to-year comparisons:

- Tuition Retention:** Starting in FY 2012, all campuses began retaining tuition payments from out-of-state students, rather than remitting that revenue back to the state. MassBudget adds in an estimate of these payments for FY 2012 to the present, allowing for more accurate year-to-year comparisons.
- Collective Bargaining and Other Campus Specific Programs.** MassBudget also adds collective bargaining accounts and other programs located at particular campus to their respective campus totals.
- FY 2015 Mid-Year Cuts.** As part of mid-year budget cuts that were enacted in February 2015, campuses were required to remit additional campus-generated revenue back to the state. This is tantamount to a cut in state funding and MassBudget makes an adjustment to FY 2015 current levels to reflect this.

Campus Type	FY 2015 GAA	FY 2015 Current	FY 2016 HWM	FY 2016 HWM - FY 2015 Current	Notes
Community Colleges	275,183,782	273,268,477	276,665,201	3,396,724	<i>inc. MB adjustments</i>
State Universities	246,977,939	243,531,398	248,825,432	5,294,035	<i>inc. MB adjustments</i>
UMass	538,728,525	536,924,831	538,302,791	1,377,960	<i>inc. MB adjustments</i>
<b>Total, all campuses</b>	<b>1,060,890,246</b>	<b>1,053,724,705</b>	<b>1,063,793,425</b>	<b>10,068,719</b>	<i>inc. MB adjustments</i>

Much like the Governor's proposal, the HWM proposal increases the main line items of the campuses by roughly 4 percent on average. This increase in support is offset by eliminating or significantly reducing several workforce development programs and other grants that support college students across the Commonwealth. These cuts include:

- Elimination of [Community College Workforce Grants](#) (\$1.5 million in the original FY 2015 budget)
- Elimination of the [Nursing and Allied Health Education Workforce Development](#) program (currently funded at \$200,000)
- Elimination of the [Adult College Transition Services](#) program (currently funded at \$400,000) which could limit the ability of [Adult Basic Education](#) students to successfully transition into college.
- A cut of \$2.5 million (31 percent) to **State University Incentive Grants** (currently funded at \$8.0 million). These funds help implement the [Vision Project](#), a Department of Higher Education strategic plan supporting efforts to increase college completion, close achievement gaps, and better align higher education with the workforce.

In the HWM proposal, the **State Scholarship Program**, which helps make higher education more affordable, is increased by \$1.0 million or 1 percent, over last year. However, state support for these scholarships is down \$41.5 million (31 percent) from 2001, adjusted for inflation.

## Environment & Recreation

The state budget funds programs that keep our air and water clean, maintain fish and wildlife habitats and staff parks, beaches, pools and other recreation facilities. The House Ways and Means (HWM) Committee proposes spending \$204.0 million on Environment and Recreation Programs, \$6.6 million over FY 2015 current spending and \$1.2 million more than the Governor's FY 2016 proposal. Even with this increase, funding for these programs has fallen 31 percent in inflation-adjusted dollars since FY 2001 after the state implemented more than \$3 billion in cuts to the income tax.

Some highlights of the HWM's budget proposal for these programs include:

- \$29.5 million for the **Department of Environmental Protection** (DEP) which, among other responsibilities, works to make sure our air, water and land are kept clean. This is an increase of \$460,400 above FY 2015 current spending and \$1.6 million more than the amount recommended by the Governor. Funding for DEP has been cut by more than 30 percent since FY 2001 in inflation adjusted dollars.

- Zeroes out funding for **climate change adaptation** and preparedness which was created and received \$1 million in the FY 2015 General Appropriations Act (GAA). The Governor recommended providing \$300,000 for this program in his budget.
- The HWM Committee budget does not propose funding the **State Climatologist**, a new position included in the FY 2015 GAA with \$200,000 in funding. Earlier in FY 2015, when revenues did not meet projections, both Governors Patrick and Baker made emergency 9C cuts that eliminated the program.
- \$15.8 million for **beaches, pools and state employees who work at these facilities**. The total includes close to \$1 million in new funding for maintenance of beaches in the Boston metro area. This amount is almost \$1 million more than the Governor’s proposal.
- \$57.3 million for **state parks and parkways** overseen by the Department of Conservation and Recreation (DCR). The state budget funds state parks through two accounts. One provides funding for state parks and other recreation facilities. The HWM Committee budget, much like the Governor’s, proposes reducing this account to \$3 million below FY 2015 GAA levels. The parks also receive funding through an account that allows DCR to retain a certain amount of the funding it collects through parking and access fees. The HWM Committee budget, like the Governor’s, proposes a \$1.9 million increase above the FY 2015 budget to \$16.0 million. In early 2015, before the current Governor took office, DCR increased fees at some of its facilities. This will allow the Department to retain additional revenue to pay for more staff and improve maintenance of state parks and other recreational facilities.<sup>1</sup>

Parks and Recreation						
Program	Account Number	FY 2015 GAA	FY 2015 Current	FY 2016 Governor	FY 2016 HWM	FY 2016 HWM - FY 2015 GAA
State Parks & Recreation	2810-0100	44,344,381	40,364,735	41,161,322	41,268,533	(3,075,848)
DCR Retained Revenue	2810-2042	14,141,673	14,141,673	16,000,000	16,000,000	1,858,327
Total Parks & Recreation		58,486,054	54,506,408	57,161,322	57,268,533	(1,217,521)

## MassHealth (Medicaid) & Health Reform

The House Ways and Means (HWM) budget for MassHealth and health reform programs does not differ significantly from the budget proposed by the Governor, in that both of these proposals find savings to help balance the budget without making changes to eligibility or significant changes to benefits. The HWM proposal includes \$800 million in savings once reduced federal reimbursement is taken into account, while the Governor stated that his budget proposal reflected \$761 million in savings.

MassHealth is the single largest program in the state budget; it helps pay for health insurance to close to 1.7 million people in the Commonwealth (approximately 1 in 4); and it also is one of the largest

<sup>1</sup> For a listing of DCR state parks fees please see: <http://www.mass.gov/eea/agencies/dcr/massparks/passes-and-fees/parking-fees.html>

sources of revenue for the budget, bringing in close to \$8 billion each year (see “[Understanding the Actual Cost of MassHealth to the State.](#)”) The program is funded jointly by the state and federal governments, with federal reimbursements covering half of the costs of MassHealth spending for much of spending, and in certain instances significantly more than half of costs.

The biggest cost-reduction in the FY 2016 MassHealth budget first proposed by the Governor and matched by HWM comes from \$456.8 million in what is referred to as “cash management.” This is a strategy that has been used in the MassHealth program over the past decade that involves pushing program payments from one fiscal year into the next.

Both the Governor and HWM propose savings by being as efficient as possible in trimming program membership, and implementing several other operational efficiencies. One of the strategies to reduce program costs is to ensure that the state steps up its efforts to pare down the MassHealth rolls as quickly as possible when people become ineligible for the program (such as when they have access to other insurance or when they no longer meet the financial eligibility for the various MassHealth programs.) This eligibility review, known as “re-determination,” is required by the federal government. Both HWM and the Governor anticipate that the re-determinations, along with better more regular data matching to update member eligibility information and improved use of the Premium Assistance program could save MassHealth close to \$418.9 million, or \$209.5 million in net savings. Both the Governor and HWM include \$6 million for administrative supports to implement these procedures. Re-determinations are supposed to happen annually, but had been put on hold during the roll-out of the Affordable Care Act enrollment website. During this period, people were enrolling in MassHealth, but less likely to be un-enrolling. The expectation built into these savings estimates is that MassHealth is still providing health insurance to some percentage of its membership who are no longer eligible.

Like in the Governor’s proposal, HWM includes \$137 million to cover services for approximately 10,000 children with autism. This benefit would bring MassHealth in line with other health insurance providers required to cover this benefit by a recently-passed state law, and was a priority recommendation from the recent Autism Commission.

Like the Governor, HWM includes \$16 million for a full year’s coverage for adult dentures and fillings for all teeth. HWM does not follow the Governor’s proposal to eliminate chiropractic services as a covered benefit. The Governor estimated that this cut would have saved \$600,000 from the budget.

HWM adopts the Governor’s proposal to continue the proposed consolidation of various functions under the Executive Office of Health and Human Services. The Governor has already brought in the Secretary of Health and Human Services to oversee the Health Insurance Connector, and both HWM and the Governor recommend bringing the Center for Health Information and Analysis under this Secretariat as well (Section 21).

HWM also expands and clarifies MassHealth coverage for substance abuse treatment (Section 40), reaffirming that no pre-authorization is required for substance abuse treatment, and specifies that approved medications for alcohol or opioid dependence would be covered by MassHealth, including 24 hour post-acute detoxification, relapse prevention, and aftercare services.

### *ConnectorCare*

ConnectorCare (the “State Wrap”) is the subsidized program for people previously covered by the Commonwealth Care Program who are not eligible for MassHealth coverage and have incomes at or below 300 percent of the federal poverty level. ConnectorCare plans have relatively low monthly premiums and out-of-pocket costs.

This program is administered by the Health Connector, and provides benefits similar to those previously provided by Commonwealth Care. This program is funded through the Commonwealth Care Trust Fund rather than by line item appropriations in the budget. A portion of the state’s tobacco tax revenue is directed into the fund to help pay for this program. There is also funding from tax assessments on individuals who do not choose to purchase health insurance (in contradiction to the “individual mandate”) and similarly from an assessment on employers. Because of the new availability of federal revenue to pay for some of health care costs previously borne by the state, the FY 2016 budget will transfer \$110 million from this trust into the General Fund to help balance the budget.

## Mental Health

The House Ways and Means (HWM) budget for mental health is \$15.6 million or 2 percent higher than the Governor’s recommended budget and just about even with what FY 2015 funding was before mid-year budget cuts. Adult mental health services were cut by \$13.8 million mid-year in FY 2015, and while the Governor’s budget maintained that reduced level, HWM restores that funding.

The Department of Mental Health serves approximately 21,000 adults and children who have severe and persistent mental illness. The vast majority of persons receiving mental health services receive those services in the community, rather than in inpatient facilities, and the HWM budget restores some of the funding for the community-based services cut in the Governor’s proposal.

HWM includes a total of \$436.1 million for a variety of adult mental health services. However, the department estimated that it would need \$443.2 million to maintain current adult mental health services.

Within the total for these services, HWM restores \$1.7 million that the Governor cut from Recovery Learning Centers, which would have resulted in a 50 percent reduction for the state’s six regional centers. Recovery Learning Centers provide a wide variety of peer-to-peer supports including support groups, employment supports, health and wellness programs, and assistance with accessing benefits and services. HWM also brings funding for community placements up to \$14.9 million from the Governor’s recommendation of \$13.2 million, and includes \$4.0 million for expansion of community-based placements for people in continuing care facilities who are ready for discharge.

<b>ADULT MENTAL HEALTH SERVICES</b>		<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2016</b>	<b>Notes</b>
		<b>Current</b>	<b>Governor</b>	<b>HWM</b>	
5046-0000	Adult Mental Health and Support Services	351,956,369	357,578,710	366,541,024	<i>Includes adj.</i>
5046-0005	Adult Community-Based Placements	10,000,000	13,237,540	14,000,000	<i>Includes adj.</i>
5046-2000	Homelessness Services	20,134,629	22,134,979	22,134,979	
5046-4000	CHOICE Housing	125,000	125,000	125,000	
5047-0001	Emergency Services Programs	31,402,705	24,258,428	24,258,428	
5055-0000	Forensic Services	8,878,876	9,183,473	9,076,604	
<b>Total Adult Mental Health Services</b>		<b>422,497,578</b>	<b>426,518,130</b>	<b>436,136,035</b>	

(Note that certain line items have been adjusted in order to provide better year-to-year comparisons. These adjustments are neither cuts nor increases but simply shifts of funding from one line item to another.)

HWM funds children's mental health services at a total of \$86.4 million, compared to the Governor's proposal which funded children's mental health at the FY 2015 current level of \$80.4 million. HWM fully restores \$6.0 million in funding cut by the Governor from the Individual Family Flexible Supports. Neither HWM nor the Governor includes approximately \$1.6 million for a Family Partner Pilot project, but both HWM and the Governor include \$3.1 million for the Massachusetts Child Psychiatry Access Project (MCPAP).

HWM funds state psychiatric hospitals at \$192.0 million. This funding will support 671 inpatient beds throughout the Commonwealth, the same as the Governor's recommendation, and is a 5 percent increase over FY 2015 current levels, but \$2.3 million less than the amount that the department anticipates that it needs to maintain current services.

## Public Health

Funding for public health services in the House Ways and Means (HWM) budget proposal is not dramatically different from the Governor's proposal, although there are a few areas where funding differs. In particular, HWM directs less funding to the various grant programs targeted to reducing youth violence, and recommends more funding for HIV prevention and treatment.

There are several line items within the state budget that support programming for youth engagement, including funding for afterschool programming at community centers such as YMCAs and Boys and Girls Clubs. Together, HWM recommends \$9.1 million, \$3.9 million less than the Governor's recommendation. Current funding for FY 2015 is \$12.2 million, so the HWM proposal represents a 25 percent reduction in funding.

Funding for HIV prevention and treatment receives a total of \$39.4 million in the HWM budget, a \$2.0 million increase over the Governor's proposal, but a slight cut from FY 2015 current totals.

To support the provision of substance abuse treatment and services within the budget, HWM directs a total of \$112.1 million, a \$1.3 million increase in funding compared to the Governor's proposal, and almost identical to FY 2015 current totals. The primary difference between the two FY 2016 proposals is in the allocation of funds. The Governor's budget had appropriated \$10 million to the Substance Abuse Trust Fund (partially-funded by tax amnesty funds), and while HWM does not put funding in the trust, HWM instead allocates \$6.6 million more than the Governor to the Bureau of Substance Abuse Services and \$3.6 million more than the Governor to transitional services for people in recovery.

Within this funding total, HWM recommends supporting 75 new short-term placements ("beds") for people moving from acute substance abuse treatment to longer-term residential rehabilitation supports. These services would cost approximately \$3.6 million. The HWM total also includes \$2.2 million for 75 additional residential recovery beds, and \$2.5 million for an extended release naltrexone ("Vivitrol") pilot program and \$250,000 for a public awareness campaign about Narcan and opioid antagonists.

HWM also creates a new reserve within the Health Policy Commission that would provide \$500,000 to establish a pilot program for substance-exposed newborns, and \$100,000 to develop training statewide to expand the capacity of primary care providers to prescribe Narcan in order to prevent deaths from opioid overdose.

Moreover, the HWM budget includes language (Section 37) requiring that in areas where there are relatively more instances of people overdosing on opiates, pharmacies maintain stocks of naloxone rescue kits or opioid antagonist medications.

HWM also provides \$2.4 million more than the Governor to the public health hospitals, for a total of \$189.7 million. This is \$8.7 million more than FY 2015 current funding, and supports the maintenance of current operations at Lemuel Shattuck Hospital, the Mass. Hospital School, and Tewksbury Hospital.

HWM does not include funding for the Governor's public health initiative for a small (\$300,000) set-aside to cover women's preventive health services for individuals who have employer-sponsored health insurance offered by businesses that have opted out of covering certain women's preventive health (for example contraceptives.) Other important preventive care or population health programs also do not see new investment. Smoking prevention programs receive \$3.9 million, same as in the Governor's proposal and as in FY 2015. The state's award-winning anti-smoking programs have been cut 94 percent since 2001 and 73 percent since before the recession in 2009. Other prevention and wellness programs receive \$38.2 million – essentially the same as in the Governor's budget and also level with FY 2015 funding. It is important to remember that even though inflation is not currently very high, program costs tend to increase each year, and level funding from year to year is – in fact – a cut in available funding.

## State Employee Health Insurance

The House Ways and Means (HWM) budget proposal does not follow the Governor's recommendation to have current state employees pay a larger share of their health insurance coverage. The Commonwealth is one of the largest employers in the Commonwealth and provides health insurance to thousands of current and retired employees. The costs of this coverage are shared, with the state paying for a portion of the coverage and employees (or retirees) paying a portion. Although the state's Group Insurance Commission (that oversees the administration of this health insurance) has historically been an effective and aggressive negotiator with health insurance companies so as to keep health insurance costs for the Commonwealth as low as possible, like all employers, the Commonwealth has been confronting rising health care costs over the years.

The Governor's budget proposed increasing the share of the costs paid by the employee from 20 percent of the premium to 25 percent, an increase for longer-term employees. HWM does not include this policy change, and the HWM budget total for employee premiums (\$1.05 billion with adjustments) is \$28.2 million higher than the Governor's totals, reflecting the savings that the Governor had anticipated from this change.

Compared to the Governor's proposal, HWM cuts administration at the Group Insurance Commission (GIC) to \$4.5 million by \$213,000. This funding was proposed by the Administration to support the costs of switching to a new system for prescription drug benefits that the GIC expects would create cost savings and efficiencies once it is implemented.

Funding for the Group Insurance Commission had been running at a deficit for all of FY 2015, as the funding appropriated during FY 2015 never matched amount the agency needed to meet its anticipated costs for the year. Since the Governor's budget release, the Legislature appropriated an additional \$190.8 million to cover FY 2015 state employee health insurance costs.

(In order to allow for more accurate year-to-year comparisons, MassBudget adjusts the State Employee Health Insurance budget totals by excluding amounts associated with municipal and retired teacher participation in the Group Insurance Commission. This spending is fully-funded by revenues from the municipalities, and therefore are not included in our analysis of the state budget.)

## Pensions & Retirement

The House Ways and Means (HWM) FY 2016 budget proposal allocates \$1.97 billion to the **State Pension Fund**, in line with the revised funding schedule adopted by the Legislature in January 2014. This represents an increase of \$179 million, or 10 percent, over FY 2015.

The HWM budget incorporates projected savings from an early retirement incentive program (ERIP) for state workers, initially proposed by the Governor. Because their proposed enrollment window is pushed back by one month, the House bill has slightly lower savings estimates from what was in the Governor's budget; the HWM proposal estimates a net savings of \$172.9 million (\$310.1 million in savings offset by \$137.2 million in new costs), whereas the Governor estimated a net savings of \$177.8 million.

Savings from early retirement are achieved by limiting the re-hiring of positions to 20 percent of the salaries of former employees. It is important to note that achieving these savings over the long-term depends on the ability of government agencies to perform their essential functions at much lower staffing levels. If they are unable to deliver the same level and quality of services while spending only 20 percent of the salaries of the newly retired employees, then services may get cut or the state may override the 20 percent cap on salary costs.

More recently, on April 15, 2015, the Senate passed an ERIP plan with several differences from the House and Governor's plans, including: authorizing one-time incentive payments to encourage early retirements from employees who have already reached their maximum pension level, capping the total number of early retirees at 4,500, and allowing agencies to rehire retired employees for up to 90 days if their institutional knowledge has not been fully transferred over to existing employees. The House and Senate bills now need to be reconciled by a conference committee.

Under each ERIP proposal, some state workers would be eligible to receive incentives to retire early, including gaining up to five years of additional service to count towards their pensions. Early retirements would be limited to workers in non-public safety roles at executive branch agencies who have over 20 years of service or who have reached 55 years of age.

## Housing

Our state budget provides affordable housing assistance including vouchers to help low-income renters pay for housing and shelter for low-income families and individuals who are homeless. The House Ways and Means (HWM) Committee budget for Fiscal Year (FY) 2016 proposes \$428.1 million for housing programs which is \$2.2 million above the Governor's proposal and is \$6.4 million below the amount the state expects to spend in the current fiscal year.

Since the onset of the Great Recession when many low-income parents lost their jobs and housing, the number of homeless families living in state-supported shelters has increased. By March 2015, over 4,500 low-income homeless families are living in shelters.<sup>2</sup> Many of these families are living in hotels and motels because the family shelters are full. Often hotels and motels do not have adequate facilities, like kitchens, and are far from public transportation and other services.

The HWM Committee recommends providing the [Emergency Assistance \(EA\)](#) program, which provides shelter to homeless families who meet certain eligibility requirements, with \$154.9 million. This amount, which is identical to the Governor's FY 2016 proposal, is almost \$37 million less than FY 2015 current spending. The HWM Committee budget for EA does not include the Governor's proposal to prevent families who are couch surfing or living in unhealthy housing from moving into shelters.

Both the HWM and Governor's proposals increase funding for supports to help low-income families to stay out of shelter and remain in more permanent housing. Both assume that these supports will allow the state to reduce funding for EA. Previous budgets have tried similar approaches and have reduced funding for EA in anticipation of reduced need for shelter. But over the course of each year, the need for shelter has exceeded the amount provided in the budget and the Legislature has had to provide supplemental funding.

In his budget, the Governor recommended providing \$20 million to create a new account within the Executive Office of Health and Human Services (EOHHS) to provide short-term, tailored assistance to help individual families stay in housing and avoid having to move into EA shelters. While the HWM budget does direct EOHHS to work with the Department of Housing and Community Development (DHCD) in helping homeless families it does not create a separate account proposed in the Governor's budget. Instead it increases funding for several existing programs most notably the [Massachusetts Rental Voucher Program \(MRVP\)](#).

The HWM Committee recommends increasing funding for MRVP by \$18.7 million over the FY 2015 current budget and \$7.5 million above the Governor's FY 2016 proposal to \$82.9 million. (Please note that this total does not include the transfer of up to \$8 million of FY 2015 funding for MRVP into FY 2016 as discussed below.) In the last several years, recognizing the importance of helping low-income homeless families to secure housing, Massachusetts has increased funding for MRVP to create more vouchers and until FY 2015 targeted some of the vouchers to families living in shelters, particularly hotels and motels. The FY 2015 budget prohibited the state from targeting new vouchers to help homeless families move out of shelters. The new vouchers, instead, would go to households on the MRVP waiting list. The HWM Committee budget for FY 2016 recommends eliminating this restriction.

In the language that directs how DHCD should spend MRVP fund, the HWM Committee budget transfers up to \$8 million of unspent MRVP funds from FY 2015 into FY 2016. In supporting

---

<sup>2</sup> It is also worth noting that since the late 1980s as the number of housing vouchers has fallen from a high of 20,000 to less than half that today, state funding for family shelters has steadily increased. Please see MassBudget's *Shelter and Housing for Homeless Families*: [http://www.massbudget.org/report\\_window.php?loc=Shelter%20and%20Housing%20for%20Homeless%20Families.html](http://www.massbudget.org/report_window.php?loc=Shelter%20and%20Housing%20for%20Homeless%20Families.html)

documents, the HWM Committee notes that this funding will allow DHCD to issue more than 700 new mobile vouchers in FY 2016. It appears that this \$8 million transfer is included in the \$90.1 million for MRVP rather than in addition to that appropriation. Because this is a transfer from one fiscal year to the next, rather than new funding, MassBudget does not include this \$8 million in its total for the HWM Committee's FY 2016 housing budget.

The HWM Committee increases funding for several other programs that support families who are homeless or at risk of becoming homeless including:

- \$31.1 million for the [HomeBASE](#) program an increase of \$2.3 million above the current FY 2015 budget and \$5 million above the amount requested in the Governor's Budget. Like the Governor's budget, the HWM Committee increases the amount a family can receive from the current limit of \$6,000 for one year to \$8,000.
- \$12.0 million for [Residential Assistance for Families in Transition](#) (RAFT) an increase of \$1 million above both the FY 2015 current budget and the Governor's FY 2016 budget proposal.
- Outside Section 57 of the HWM Committee budget recommends transferring \$11.5 million into the **Housing Preservation and Stability Trust Fund (HPSTF)**. This trust provides DHCD with flexible funding to help support low-income families and individuals who are homeless or at risk of becoming homeless. Of this \$11.5 million, the HWM Committee budget directs the Comptroller's Office to deposit \$5 million and the Massachusetts Housing Finance Agency (MassHousing) will contribute the remaining \$6.5 million. Because the \$6.5 million comes from MassHousing rather than from the General Fund, MassBudget does not include this in its total for the HWM Committee's FY 2016 housing budget.

In addition the HWM Committee budget provides:

- \$45.0 million for the two accounts that provide **shelter and services to homeless individuals** which is in line with the FY 2015 current budget and \$2.4 million above the Governor's request.
- \$2.6 million for **Housing Services and Counseling** which helps homeowners remain housed. This is a \$500,000 increase above the current budget and almost \$1 million more than the Governor's proposal.
- \$64.0 million in [subsidies for public housing authorities](#) which is a slight cut from FY 2015. Like the Governor, the HWM Committee proposes the addition of two new public housing accounts. One provides \$800,000 to continue the implementation of the **public housing reform law** passed in 2014. And another \$1.0 million in **planning grants** that urban housing authorities can use develop plans for building new rental or owner housing.

## Child Welfare

The Department of Children and Families (DCF) is the state's child welfare agency. DCF's primary mission is protecting children from abuse and neglect. Family preservation, though, is also an important goal. Kids do better in life when their families receive the services they need to be able to

safely care for them. And although many people think of foster care or group homes when they think of children involved with DCF, around 80 percent of kids receiving services from DCF live at home.

The number of children involved with DCF steadily increased between 1999 and 2009. Over the next 4 years, the number of children declined significantly, but in 2013 the number of children began to increase again. With the number of kids with open cases increasing, DCF needed increased funding to support these kids. Over the course of FY 2015, increased funding allowed DCF to hire more case workers and to support more kids whether at home, in a relative's home (also called kinship care), in a foster home or a group facility. A recent supplemental budget further increases funding for FY 2015 to \$864.6 million allowing DCF to support kids through the remainder of the current fiscal year. The supplement to the FY 2015 budget directed \$35.0 million to DCF - \$27.4 million to supplement services for kids in group homes (**Group Care Services**) and \$7.6 million for services primarily for kids outside of group homes (**Services for Children and Families**).

The House Ways and Means Committee proposes \$898.5 million for child welfare services, slightly below the governor, but \$33.9 million (4 percent) more than FY 2015 current spending.

Programs that receive an increase over last year include:

- **Group Care Services** receiving a \$9.5 million (4 percent) increase to \$253.3 million - \$3.8 million more than the Governor. As the number of open cases has increased so has the number of children in group care. Even though the majority of children receive services at home, funding for group care continues to dwarf funding for family stabilization services. The HWM budget provides the same level of funding (\$44.6 million) for **Family Support and Stabilization** as the Governor and FY 2015 current spending.
- **Services for Children and Families** receiving an \$8.3 million (3 percent) increase to \$277.5 million.
- **Social Workers for Case Management** receiving a \$16.0 million (9 percent) increase to \$201.5 million - \$300,000 less than the Governor. This increase should allow DCF to maintain current staffing levels after adding a significant number of new caseworkers during FY 2015. Projected spending for case workers is actually \$7.4 million more than the FY 2015 current appropriation levels. That difference may need to be accounted for before the end of the current fiscal year.
- **DCF Administration** receiving a \$3.8 million (5 percent) increase to \$80.7 million - level with the Governor. The HWM proposal also includes language to track the fair hearing process although it does not require DCF to hold fair hearings in a timely. Fair hearings allow children and families to appeal a DCF decision regarding child placement or a finding of neglect or abuse. HWM also proposes tracking caseload levels and would require DCF to provide the legislature with documentation on the number of children in each kind of placement, including how many are in a group home and how many are with kin.

For more information about these child welfare programs, see the MassBudget Children's Budget at <http://children.massbudget.org/child-welfare>.

**The Child Welfare Training Institute**, which provides training to new case workers, also receives an increase of \$480,000 (23 percent) to \$2.6 million. Even with the significant increase in case workers last year, the institute was level funded in FY 2015.

**Family Resource Centers**, a combination of two accounts, receives \$7.4 million in the HWM budget. This is slightly below FY 2015 current spending and \$2.5 million less than the Governor's proposal. These centers connect families to needed public services. This funding level will not allow new centers to be opened in communities around the state.

The HWM proposal, as it has in past years, eliminates funding for **Regional Administration**. Regional Administration funds contracts with nonprofit "lead agencies" that help coordinate services. Proponents of lead agencies note the important coordination function they fill between DCF social workers, families and other professionals involved in a child's case. Critics claim that lead agencies duplicate work done in the past by social workers and that funding should be spent on services.

Chapter 257, which standardizes rates according to the services delivered by providers to make the system more efficient and fair will continue to have an impact on this and future budget proposals for FY 2016. A recent court [ruling](#) requires the state to fully implement Chapter 257 rates by the beginning of FY 2016. The HWM budget provides \$30.0 million for Chapter 257 required rate increases. This increase is spread across many programs, but we do not have an accounting of the impact on individual programs. For more information on Chapter 257's rate standardization paid to contracted human and social service providers, see this [Chapter 257 update](#).

## Elder Services

The House Ways and Means Committee (HWM) proposes a very small increase to Elder Services programs at \$2.4 million over current FY 2015 projected spending levels. This one percent increase is likely insufficient for programs to keep up with the rising cost of providing baseline services. The HWM proposal is similar to the Governor's, but with some notable differences, including funding:

- **Elder Home Care Purchased Services** at \$103.6 million, or \$3.1 million below projected FY 2015 spending and the Governor's proposal. This program also provides services that allow high-risk elders with multiple chronic illnesses to remain at home.
- **Elder Congregate Housing Program** and the **Elder Nutrition Program** at \$7.9 million, which represents a combined decrease of \$1.5 million as compared to the Governor's proposal and current levels. This funding cut could lead to a reduction of up to 140,000 home delivered meals.
- **Elder Enhanced Home Care Services** at \$70.3 million, or \$5.6 million over projected FY 2015 spending levels. This program allows elders who need a high level of services to remain at home, instead of moving into a nursing home. This increase would eliminate waiting lists prompted by mid-year cuts in FY 2015 and allow seniors to age in place.
- The **Grants to Council on Aging** at \$11.2 million, an increase of \$1.7 million over both the Governor's budget and FY 2015 levels. Council on Aging facilities would use this increase to meet greater demand for services, particularly for their healthy aging and wellness programs, transportation, supportive day programs, and other efforts to link older adults to federal and state benefits.

## Disability Services

Together through our state government, we support programs and services for individuals with disabilities that promote well-being, inclusion and meaningful participation in our local communities. These include targeted training programs that help people participate more easily in the workforce and community-based supports that assist people and their families. In total, the House Way and Means (HWM) budget proposes funding disability services at \$1.84 billion, a \$78.3 million increase (4 percent) from current FY 2015 levels.

The bulk of this total increase - \$35.8 million - is for Community Residential Supports for the Developmentally Disabled, a 3 percent increase from current FY 2015 levels. This program supports adults in various residential settings to live as comfortably and independently as possible.

HWM proposes increases to workforce development programs for individuals with disabilities, including:

- **Community Based Employment** receives \$3.0 million, a \$2.0 million increase from current FY 2015 levels. But this is \$2.0 million lower than the Governor's FY 2016 proposal. This program provides funding to move individuals with disabilities from sheltered work to integrated work settings.
- **Community Day and Work Programs for the Developmentally Disabled** receives \$183.2 million, a \$12.5 million increase (7 percent) from current FY 2015 levels. These programs offer a wide variety of group and individual supports, helping people with developmental disabilities build skills and find work.
- **Community Transportation Services** receives \$22.0 million, a \$6.1 million increase (38 percent) from current FY 2015 levels. This is 16 percent higher than the Governor's FY 2016 proposal. These services offer transportation assistance to individuals with disabilities from home to day employments services.

Other disability programs that receive increases or are new under the HWM proposal include:

- **Autism Services**, a new line item, receives \$12.4 million for services to individuals with autistic spectrum disorders. Some of this funding supports programs which in the past have been funded in **Respite Family Supports** and **Department of Developmental Disabilities Administration**.
- **Respite Family Supports for the Developmentally Disabled** receives \$55.9 million. However, some additional funding for these supports is now in the **Autism Services** account above. Overall, this receives slightly more funding than in current FY 2015 levels. Respite Family Supports provides families with children who are disabled the support of specialized caregiving or other flexible community-based resources.
- **Turning 22 Services for the Developmentally Disabled** is leveled funded and has been cut by 31 percent in inflation-adjusted dollars since FY 2001. This provides services to young adults with disabilities who have graduated from special education programs during the transition year in which the young adult turns 22.

The HWM budget provides \$30.0 million for Chapter 257 required rate increases. Chapter 257 standardizes rates according to the services delivered by providers to make the system more efficient and fair. As such, this will continue to have an impact on this and future budget proposals for FY 2016. A recent court ruling requires the state to fully implement Chapter 257 rates by the beginning of FY 2016. The \$30.0 million increase is spread across many programs, but we do not have an accounting of the impact on individual programs. For more information on the rate standardization paid to contracted human and social service providers, see this [Chapter 257 update](#).

## Juvenile Justice

The Department of Youth Services (DYS) receives \$179.8 million, \$6.7 million (4 percent) more than FY 2015 current spending and \$3.9 million (2 percent) more than the Governor. The increase is relatively evenly split with most programs receiving between a 3 and 6 percent increase over FY 2015.

**DYS Administration** receives \$4.4 million, essentially level with the Governor and \$259,000 (6 percent) more than FY 2015 current spending. However, funding for administration is still 29 percent below the FY 2009 GAA budget.

The only program receiving funding that was noticeably different from the Governor was **Residential Services for Committed Population** which receives \$120.2 million from HWM, \$3.9 million (3 percent) more than the Governor.

## Transitional Assistance

For entitlement programs like transitional assistance, funding levels are significantly affected by anticipated caseload levels. The “entitlement” part means that any qualified person who applies must receive the service. Funding for these then is directly tied to how many people qualify and apply. Caseload levels have dropped significantly in the past few years, although they may be dropping partially because of new administrative changes that are making it harder for clients to maintain their benefits. For more detailed information on caseload levels for transitional assistance accounts, see “Research and Statistics” on the [DTA home page](#). The caseload for **Transitional Assistance for Families with Dependent Children (TAFDC)** dropped from 52,659 in December 2012 to 46,546 in December 2013. That trend has continued with the caseload dropping further to 38,114 in March 2015.

The FY 2015 GAA budget funded TAFDC grants at \$255.7 million. FY 2015 projected spending is \$251.3 million. The Governor’s FY 2016 proposal provided \$229.1 million, and the House Ways and Means Committee proposal assumes a continuation of that trend providing \$222.2 million, 3 percent below the Governor and 11 percent less than FY 2015 current spending. It is important to note that under this program, grants given to qualified families have lost significant value over time due to inflation. For a more in depth analysis of the grants value, see [TAFDC: Declines in Support for Low-Income Children and Families](#). Instead of decreasing the appropriation, HWM could have proposed increasing the value of the grant to help these children and families pay for basic necessities. The HWM proposal also could have directed these funds to the Income Eligible Child Care subsidy so more low-income working parents could find stable and affordable care for their children allowing them to

succeed in the workplace. The HWM budget provides a very modest increase for Income Eligible care, only slightly more than the Governor's proposal. Even with the small increase, around 25,000 kids will continue to wait for a subsidy – a subsidy that would help these kids better prepare for kindergarten, and help their parents stay in the workforce. For more information on this subsidy, see the [MassBudget Children's Budget](#).

For those families still receiving assistance, a clothing allowance of \$150 and a rent allowance of \$40 were not included in budget language. Both were included in the Governor's proposal. The clothing allowance is a one-time payment made in September to TAFDC recipients to help pay for back-to-school clothing.

Cuts to employment and training programs over the last 15 years have made it harder for parents receiving assistance to improve their skills, and get and keep jobs that allow them to support their families. The **Employment Services Program**, the primary education and job training program for TAFDC clients received a boost in the FY 2015 budget to \$11.8 million. The Governor's proposal provided virtually the same amount. However, the HWM Committee proposes slashing funding for employment and training programs to \$5 million, 58 percent less than FY 2015 and 85 percent below the FY 2001 funding level. For a more in depth analysis on funding for education and job training programs, see [Declines in Work Supports for Low-Income Parents](#). HWM also proposes no funding for **Pathways to Self Sufficiency**, another program offering job training to help TAFDC recipients get and keep jobs. The Governor proposed \$3.3 million for this program. This program was funded at \$11.0 million in FY 2015 GAA budget, but it received two different 9C cuts during the year eliminating the program in FY 2015.

**Emergency Aid to the Elderly, Disabled and Children (EAEDC)** receives \$81.0 million, \$4.5 million below FY 2015 spending, but \$2.1 million more than the Governor. EAEDC is a cash assistance program for individuals who are disabled, caring for someone who is disabled, 65 or older, in a Mass. Rehab program, and children who are not able to get TAFDC benefits.

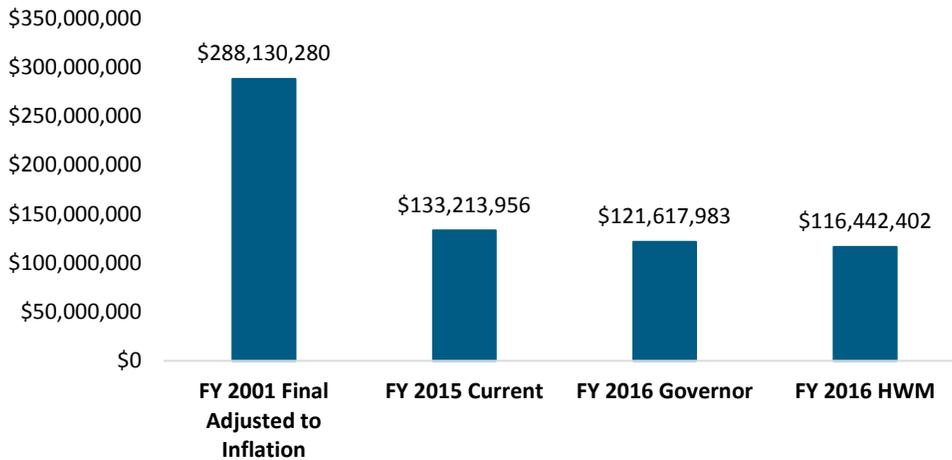
**Caseworker Salaries and Benefits** receives \$70.8 million, \$5.6 million (9 percent) more than FY 2015 current spending, but only \$3.0 million (4 percent) more than FY 2015 projected spending. Even with this increase, the proposal does not project increasing the number of case workers at DTA.

**Department of Transitional Assistance Administration** receives \$65.1 million, level with the Governor and \$4.1 million more than FY 2015 current spending.

## Economic Development

Together though state government, we support workforce and business development programs designed to boost the skills of working people and stimulate economic activity. In total, the House Ways and Means (HWM) budget proposes reductions to these programs by \$16.8 million from current FY 2015 levels. This proposal represents an even deeper 60 percent decrease in inflation adjusted dollars since FY 2001, after the state implemented more than \$3 billion in cuts to the income tax.

### Economic Development Reduced by 60% Since 2001



The HWM budget proposes decreases in funding to several key programs in workforce development as well as in tourism. These cuts are felt deeper because of FY 2015 mid-year cuts.

- **One-Stop Career Centers** receives \$4.0 million, a 10 percent decrease from current FY 2015 levels. One-Stop Career Centers were initially funded at \$5.1 million in FY 2015 GAA, but were cut by \$618,409 mid-year. These centers help job seekers improve their skills and navigate the job search process, and they help employers find new workers.
- **YouthWorks** (formerly Summer Jobs Program for At-Risk Youth) receives \$9.0 million, an 8 percent decrease from current FY 2015 levels. This is also 14 percent lower than the Governor’s proposal. YouthWorks was initially funded at \$10.2 million in FY 2015 GAA, but was cut by \$370,000 mid-year. This program provides summer, and some year-round, jobs to about 5,000 low-income and at-risk youth living in targeted communities.
- **Gang Prevention Grant Program (Shannon Grants)** receives \$5.0 million, a 29 percent decrease from current FY 2015 levels. This is also 29 percent lower than the Governor’s proposal. Shannon Grants were initially funded at \$8.3 million in FY 2015 GAA, but were cut by \$1.3 million mid-year. As part of a comprehensive youth violence prevention strategy led by law enforcement, this program provides funding for employment and training opportunities to youth across the Commonwealth.
- **Mass. Office of Travel and Tourism** receives \$6.2 million in funding, a 57 percent decrease from current FY 2015 levels. This office was initially funded at \$18.2 million in FY 2015 GAA, received additional appropriations of \$785,000, but was subsequently cut by \$4.8 million mid-year. Additionally, **Local Tourist Councils Financial Assistance** receives \$4.5 million in funding, a 10 percent decrease from current FY 2015 levels. This program was initially funded at \$7.5 million in FY 2015 GAA, but was cut by \$2.5 million mid-year. But this is also \$4.0 million higher than the Governor’s proposal. In total, the HWM proposal provides a \$15.0 million decrease to these Commonwealth’s tourism programs from FY 2015 GAA levels.

The HWM budget does propose a few increases and funds a couple of new programs within economic development.

- **Small Business Association Layoff Aversion Program** receives \$250,000, an \$187,500 increase from current FY 2015 levels. This program helps prevent business closures and employee

layoffs in manufacturing companies through management and technical assistance from the Smaller Business Association of New England.

- **Small Business Technical Assistance Grants** receives level funding of \$2.0 million. The Governor's FY 2016 proposal, by contrast, eliminated the grant program, which provides technical assistance and training to businesses with 20 employees or less.
- **Massachusetts Technology Collaborative for Technology and Innovation Entrepreneurs** and **Massachusetts Technology Collaborative Computer Science Education** each receive \$1.5 million. Both programs received mid-year appropriations during FY 2015, but were cut subsequently by the Baker Administration. These programs enable the Massachusetts Technology Collaborative to promote and establish a talent pipeline to technology start-ups and innovation companies, as well as computer science education in public schools.
- **Urban Agenda Economic Development Grants** receives \$2.0 million as a new grant program to assist entrepreneurs in urban communities to support jobs and workforce development and promote small businesses.
- **Community Compact Grants** receives \$650,000 for a new incentive program for communities and municipalities that engage in the use of best practices as determined by the [Community Compact Cabinet](#), created by the Baker Administration.

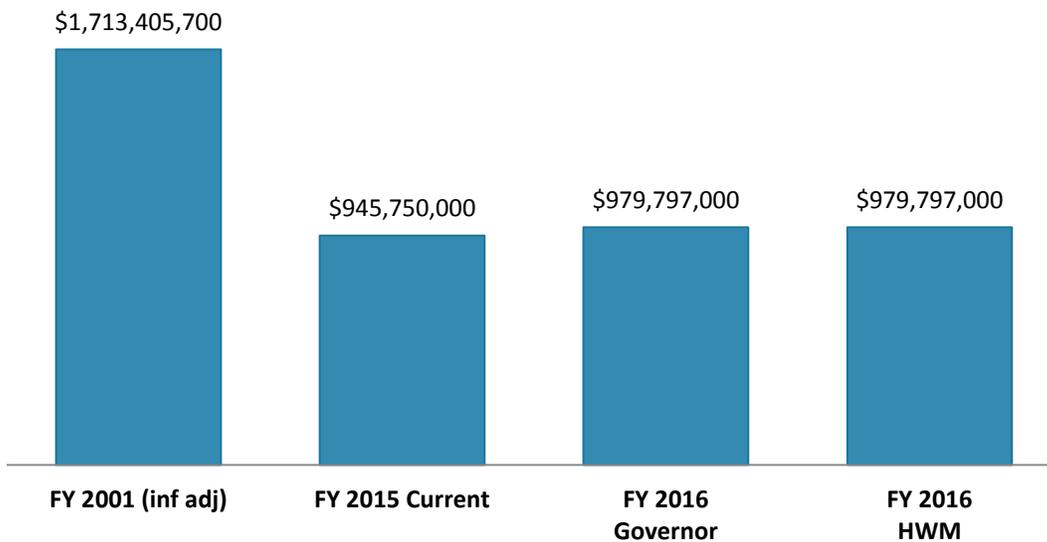
## Local Aid

The House Ways and Means Committee (HWM) proposes a modest increase of \$34.0 million (3.6 percent) over FY 2015 for Unrestricted General Government Aid (UGGA). This is equal to what the Governor proposed. Local aid helps cities and towns fund vital local services such as police and fire protection, parks, and public works. For more information on general local aid, please see [Demystifying General Local Aid in Massachusetts](#).

The Commonwealth's capacity to fund a range of vital programs, such as general local aid, has been hindered by a series of significant state-level tax cuts during the 1990's and 2000's combined with the Great Recession. While over the past several years, funding for general local aid has increased with or slightly above inflation, it still remains 43 percent below FY 2001 levels, adjusted for inflation.

## General Local Aid has been cut by over 40 % since 2001

Inf. adj. 2015\$



Some cities and towns receive other forms of local aid – for example, payments in lieu of taxes to communities with state-owned land that is not subject to local property taxes – but these categories represent much smaller total amounts and only go to a subset of qualifying cities and towns. Of note, the Municipal Regionalization and Efficiencies Incentive Reserve that rewards cities and towns for meeting selected benchmarks was decreased by \$4.3 million in the HWM proposal, a 47 percent decrease from FY 2015. The Governor’s proposal similarly decreased this line item by 45 percent below FY 2015 levels.

## Transportation

The most notable aspects of the House Ways and Means (HWM) budget as regards Transportation are a set of provisions that would increase scrutiny of the MBTA’s finances and that would remove regulations requiring the MBTA to prove cost-savings before outsourcing work to private contractors. According to documents accompanying release of the HWM budget, an independent assessment (funded at \$250,000) of maintenance protocols at the MBTA would be conducted in order to determine whether the T has the capacity to bring its infrastructure into a state-of-good-repair. Another independent audit (also funded at \$250,000) would be conducted to clarify the details of the T’s financial liabilities (including debt and pension liabilities) and to make recommendations regarding same. Finally, the HWM budget proposes a five-year moratorium for the MBTA on the state’s Pacheco Law, a set of rules that requires public agencies to establish that quality and cost benefits would be achieved before outsourcing publically funded projects to private contractors.

The HWM budget also increases direct funding for the MBTA. While the FY 2015 GAA appropriated \$136.6 million to the MBTA, Governor Baker later reduced this amount to \$122.6 million through mid-year 9C cuts. The HWM FY 2016 budget, like the Governor’s, proposes increasing the MBTA’s direct funding to \$187 million. Whether in fact the additional funds represent a true increase in funding for the MBTA is a question among some transportation experts and advocates.

In either case, the recommended appropriation to this MBTA account (\$187 million in FY 2016 under both the HWM and Governor's proposals) is only a relatively small part of the total funding provided to the MBTA. In addition to the funding provided through this specific line-item account, the MBTA also receives a portion of state sales tax revenues, which in FY 2016 will total \$985.2 million (a \$14.6 million increase over FY 2015). Beyond state-provided funding, support for the MBTA also comes from the communities the MBTA serves, as well as from other sources.

Looking at transportation funding more generally, the HWM budget is identical to that of the Governor. Both recommend an increase in overall funding for transportation in FY 2016, relative to FY 2015 levels. In the FY 2015 GAA, all transportation accounts together received \$1.55 billion, an amount later reduced through 9C cuts to \$1.51 billion. For FY 2016, HWM and the Governor recommend total funding of \$1.63 billion, a 5 percent increase over the FY 2015 GAA and an 8 percent increase over current FY 2015 (post-9C cuts) funding levels.

While the Governor proposed establishing a "Weather Resiliency Fund" in response to the significant operating difficulties experienced by the MBTA and commuter rail system during this winter's heavy snowfalls, the HWM budget does not include such a proposal.

## Law & Public Safety

Overall, the House Ways and Means (HWM) FY 2016 budget funds Law & Public Safety accounts at \$2.60 billion, \$58.1 million (2 percent) less than current FY 2015 levels and \$28.2 million (1 percent) less than the Governor has recommended. This modestly lower level of HWM overall funding for Law & Public Safety accounts is driven largely by lower funding for Private Counsel Compensation (legal support for indigent defendants), an account that most often receives additional funding during the course of the fiscal year. As such, it is likely that the difference between HWM funding levels and that of the Governor and FY 2015 funding will decline significantly or altogether disappear during FY 2016. Similarly, several sheriffs' departments receive significantly lower funding in HWM, though if past patterns hold, some sheriffs' departments may receive supplemental funding during FY 2016.

At the subcategory level, the most notable element of the HWM budget is the funding provided to the courts. In combination, for the major accounts that in whole or in part are used to fund judges and clerks salaries, HWM proposes a modest increase of \$4.1 million over FY 2015 GAA amounts. This increase represents a \$12.2 million increase over current FY 2015 funding and is \$12.1 million more than proposed by the Governor. Documents accompanying the release of the HWM budget assert that this level of funding for the courts will prevent the elimination of over 500 jobs throughout the trial court system, a round of layoffs that the Chief Justice for the trial courts [had stated](#) would be necessary under the Governor's proposal. The reasons why the Governor's seemingly modest funding decrease (an overall cut of 1-2 percent from current FY 2015 levels for the relevant accounts) should produce such drastic results are more complex.

In 2013, the Legislature approved a series of phased increases to the salaries of judges throughout the court system. Because court clerks' salaries are pegged, in General Law, at between 60 percent and 80 percent (depending on the type of clerk) of the salaries of judges, the salaries of court clerks also increased as a result of the Legislature's action. Phased in over three years, the final total annual cost of these combined salary increases was estimated at \$22.6 million.

In the FY 2014 budget, the first set of phased increases was fully paid for through increased funding to the necessary court accounts. In FY 2015, the second phase of salary increases was paid for only in part, with increased funding provided to the primary account supporting such salary increases, but not to all affected court accounts. The third and final increase will take place at the beginning of FY 16 and, as noted above, the Governor's budget cuts rather than increases the most heavily impacted court accounts. Given that the salary increases are mandated by law and thus must be implemented, in order to balance the court budgets, other court functions (including non-judge and non-clerk positions) would have to be cut more deeply than the Governor's 1-2 percent reductions would suggest.

Notably, the HWM proposal nevertheless appears to leave trial court funding well short of the \$22.6 million required to fully fund the mandated salary increases.

Other noteworthy elements of the HWM's budget as it pertains to Law and Public Safety include the following:

- A significant, combined increase of \$4.6 million over FY 2015 GAA for various legal assistance accounts, including the Massachusetts Legal Assistance Corporation (MLAC). Funding for MLAC is increased by \$2.0 million over FY 2015 levels, to \$17.0 million. MLAC provides legal assistance (including information, advice and representation) to low-income people with serious, non-criminal legal problems.
- Most sheriffs' departments receive an increase of 2-3 percent over FY 2015 GAA funding levels
- Most District Attorneys' offices receive an increase of 1-2 percent over FY 2015 GAA funding levels.
- Increases of roughly 20-30 percent for several special enforcement units, including the Gaming Enforcement Division, Litigation and Enhanced Recoveries, and Workers Compensation Fraud Investigation
- Creation of salary reserve accounts to provide increases for assistant DAs and public defenders (to improve staff retention)
- An increase of \$675,000 over FY 2015 GAA for the Office of the Chief Medical Examiner
- Funding (\$5.9 million) for training a new class of State Police

## Revenue

The House Ways and Means (HWM) Fiscal Year (FY) 2016 budget, like that of the Governor, relies on a significant amount of temporary revenue, beyond the revenue available as part of the Consensus Revenue Estimate. Together, the additional one-time revenues included in the HWM budget total \$726.3 million and they come from both tax and non-tax sources. (Note: We include the MassHealth cash management savings in this section because they free up revenue in FY 2016 and have a similar effect on the budget's structural balance as does reliance on temporary revenue.)

The HWM budget draws on a set of additional revenues identical to that of the Governor's budget proposal. Few of these revenues can be described as ongoing (in other words, they are not derived

from sources that will be replenished with new revenues beyond FY 2016). Instead, they primarily come from one-time or temporary sources. Temporary revenue sources are useful for balancing the budget only in the current fiscal year and their use most often adds to the challenge of balancing the budget in future years (to read more about the state's projected FY 2016 budget gap, see [MassBudget's FY 2016 Budget Preview](#)).

FY 2016 REVENUE PROPOSALS	FY 2016 Governor		FY 2016 House Ways & Means	
	Ongoing Source	One-Time Source	Ongoing Source	One-Time Source
<b>TAX REVENUES</b>				
Non-filer tax amnesty		100,000,000		100,000,000
Delay FAS 109 deduction for one year		46,000,000		46,000,000
Divert excess capital gains revenue from Stabilization Fund to General Fund		300,000,000		300,000,000
Large Tax Settlements	100,000,000		100,000,000	
<b>SUBTOTAL</b>	<b>100,000,000</b>	<b>446,000,000</b>	<b>100,000,000</b>	<b>446,000,000</b>
<b>NON-TAX REVENUES</b>				
Court house sale		30,000,000		30,000,000
Maximization of federal revenue	10,000,000		10,000,000	
Reduce OPEB payment		24,300,000		24,300,000
Delay provider payments in MassHealth		116,000,000		116,000,000
<b>SUBTOTAL</b>	<b>10,000,000</b>	<b>170,300,000</b>	<b>10,000,000</b>	<b>170,300,000</b>
<b>TOTAL</b>	<b>110,000,000</b>	<b>616,300,000</b>	<b>110,000,000</b>	<b>616,300,000</b>

The HWM revenue proposals, like that of the Governor, includes both tax (\$546 million) and non-tax (\$180.3 million) revenues, with the large majority (over 75 percent) of these revenues being one-time. One of these sources of additional, one-time revenue included in the HWM budget – a tax amnesty program for previously non-filing individuals and businesses – was proposed originally by the Governor as part of a separate tax reform bill. This tax reform bill accompanied and is integral to the Governor’s FY 2016 budget bill. Also included in the Governor’s tax reform bill – which now sits before the Legislature – is a proposal that would raise the value of the state earned income tax credit (EITC) and pay for this increase by phasing out the state’s Film Tax Credit. In their FY 2016 budget, HWM does not address either the EITC or the Film Tax Credit proposals. Notably, the \$100 million from “Large Tax Settlements”, while not part of the CRE (and thus considered “additional revenue”) is not actually new revenue, but rather revenue that Commonwealth generates annually, but which will be used in a different way than usual under the HWM and Governor’s proposals (see further discussion, below).

### *Tax Revenue*

The starting point for every state budget is the Consensus Revenue Estimate (CRE). The Fiscal Year 2016 CRE figure agreed to by the Administration, the House and the Senate is \$25.479 billion, an amount 4.8 percent above DOR’s FY 2015 forecast of \$24.312 billion. The FY 2016 CRE assumes another automatic reduction in the tax rate on personal income will occur half way through the fiscal year, dropping the rate from 5.15 percent to 5.10 percent. (For more detail on the effects of these automatic rate reductions, see MassBudget’s [Automatic Income Tax Rate Cuts: FAQ](#).) The CRE likewise assumes

collection of \$1.387 billion in capital gains income taxes and, as prescribed by law, that \$300 million of this will be deposited automatically into the Stabilization Fund. Like the Governor, HWM instead directs this \$300 million to the General Fund to help balance their FY 2016 budget (see more discussion, below).

### **Non-filer Tax Amnesty**

In the tax reform bill accompanying his FY 2016 budget, the Governor proposed instituting a tax amnesty program for people and business that have failed to file returns for tax years 2013 and prior. HWM adopts this proposal and, like the Governor, relies on \$100 million in additional revenue from this source to balance its FY 2016 budget. While some of the particulars of the program would be defined later by DOR (including which tax types would be included and when the program period would start), documents accompanying the Governor's budget suggest that this amnesty would be similar to one provided in 2002. The 2002 amnesty applied to a broad range of tax types and raised \$176 million.

Typically, tax amnesty programs are structured such that, during a limited period, taxpayers who have failed to file or have not paid the full amount of taxes due in years past are allowed to file and to pay their outstanding taxes without incurring penalties. Taxpayers are required to pay interest on the previously unpaid tax. Those taxpayers who already are the subject of a criminal investigation or prosecution related to their tax filings and/or payments are not allowed to participate in the program. The proposal additionally bars anyone who participates in this amnesty program from participating in any future amnesty during the next ten years.

If enacted, this would be the third tax amnesty program offered in the Commonwealth in less than two years - most recently, a limited corporate tax amnesty went into effect in March of 2015 and will continue for 60 days, through mid-May. While tax amnesty programs can result in the collection of taxes that otherwise may have gone uncollected, if such programs are offered too regularly, they can become part of some filers' approach to tax planning. This has the potential to negatively impact collections on an ongoing basis, as filers delay or avoid paying their taxes, anticipating they will have the opportunity to settle up at a later date with no added penalty. Documents accompanying the Governor's budget, however, suggest the possibility that, by bringing non-filers into the system, future tax collections may increase as these newly compliant filers continue to file and pay taxes in future years.

### **Diverting Capital Gains Taxes from the Stabilization Fund to the General Fund**

Under current law, for revenue derived from capital gains income taxes, any amount that exceeds approximately \$1 billion annually must be deposited into the Stabilization Fund rather than being made available for budgetary appropriation. (The specific threshold amount for this deposit is adjusted annually to account for economic growth.) In its FY2016 budget, HMW (like the Governor) proposes removing this requirement for FY 2016. The FY 2016 Consensus Revenue Estimate assumes capital gains collections of \$1.387 billion, while DOR has certified the Stabilization Fund threshold for capital gains deposits at \$1.087 billion. Accordingly, HWM relies on directing \$300 million to the General Fund and away from the Stabilization Fund. While the use of these one-time revenues will help balance the FY 2016 budget, it will reduce the state's reserves for future emergencies and will add to the structural gap heading into FY 2017.

## Large Settlements & Judgments Exceeding \$10 Million Each

The FY 2015 budget amended the General Laws to allow much of the revenue derived annually from large tax-related and non-tax-related settlements and judgments to be used for budget appropriations rather than depositing these revenues into the state's Stabilization Fund, as had been done in years prior. Under the new law, each year, the annual average of these type of collections over the prior five years is calculated and set as a threshold. Collections below the threshold are available for budgetary appropriations, but once total collections exceed the threshold, all additional such revenues are deposited into the Stabilization Fund.

In the five years from FY 2010 through FY14, annual collections from these excesses ranged from about \$140 million to more than \$400 million, thus directing significant resources to the Stabilization Fund during these years. For FY 2015, the threshold was calculated at \$263 million and for FY2016 it likely will be a similar amount. Such collections in FY 2015 total \$148 million to date (as of February 2015). The HWM budget (like the Governor's) relies, conservatively, on \$100 million from this source.

## FAS 109

The FAS 109 corporate tax break is a tax break that primarily affects about a dozen multi-state businesses. Delaying implementation of this tax break for another year (the tax break has been delayed on a one-year basis in prior budgets) would postpone the loss of an estimated \$46 million in corporate income tax collections in FY 2016. While the details of this tax law change involve technical and complex interactions among a corporation's records for tax purposes and its public financial accounting records, 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.

As part of that package, rule changes were enacted that increased the cost of some tax liabilities of some companies operating in the Commonwealth. In certain cases, these rule changes would have required changes to a company's existing financial statements. The FAS 109 tax break would allow publically-traded companies to claim a new tax break that would offset the impact to their financial statements resulting from the effects of combined reporting on deferred tax liabilities.

The Department of Revenue (DOR) estimated that this provision would cost the Commonwealth \$535 million during the period in which it was originally scheduled to be in effect - tax benefits were to be distributed equally across seven years, 2012-2018 (see [DOR report to Legislature](#)). DOR has estimated further that 88 percent (or \$472 million) of the total tax reductions associated with the FAS 109 tax break will accrue to just fourteen corporations. When this provision was enacted, the cost was unknown and a process was established that would allow an evaluation of the likely cost before the tax break would be implemented.

## Dept. of Revenue Tax Administration

Among its other activities, the Department of Revenue, through its Office of Tax Administration, makes sure that taxpayers are paying taxes they legally owe to the state. DOR hires auditors and collectors who identify taxes legally owed to the state that have not yet been paid and works with taxpayers to collect unpaid taxes.

The HWM Committee's FY 2016 budget proposes funding DOR's tax activities at \$120.8 million. While this amount is \$5.1 million above current funding for these activities, and is \$4 million above the

Governor’s FY 2016 request, it is still \$1.3 million below the FY 2015 GAA. In FY 2015, as revenues fell short of the amount projected, Governors Patrick and Baker made a combined \$6.4 million in emergency cuts to DOR’s Office of Tax Administration.

DOR’s tax collection efforts are funded through two primary accounts including the Administrative Account (1201-0100) that pays the salaries of auditors and collectors, as well as support staff and lawyers, who work to make sure that DOR collects the taxes that are legally owed to the state but have not been paid. The Additional Auditors Retained Revenue account (1201-0130), which was created in FY 2004, allows the DOR to retain a certain portion of the unpaid revenue it collects to help pay auditors’ salaries.

<b>DOR Office of Tax Administration</b>						
	<b>FY 2015 GAA</b>	<b>FY 2015 Current</b>	<b>FY 2016 Governor</b>	<b>FY 2016 HWM</b>	<b>FY 2016 HWM - FY 2015 Current</b>	<b>FY 2016 HWM - FY 2015 GAA</b>
Department of Revenue (DOI)	94,179,565	87,767,114	88,872,929	92,872,929	5,105,815	(1,306,636)
Additional Auditors Retained Revenue	27,938,953	27,938,953	27,938,953	27,938,953	0	0
<b>Total</b>	<b>122,118,518</b>	<b>115,706,067</b>	<b>116,811,882</b>	<b>120,811,882</b>	<b>5,105,815</b>	<b>(1,306,636)</b>

During debate on the FY 2014 budget, a legislative proposal recommended a \$3.6 million cut in DOR’s budget which the Department estimated would cause the layoff of 60 full time positions resulting in the loss of almost \$50 million in revenue.<sup>3</sup> This means, on average, the DOR collects \$800,000 in unpaid taxes per staff person who works on auditing and collection efforts. While most of the revenue is collected by the auditors and collectors, who bring in over \$1 million in unpaid revenue each, they work with lawyers and support staff in their collection efforts.

Because the HWM Committee’s FY 2016 reduction of \$1.3 million for DOR is significantly less than the Governor’s recommended reduction, this cut may not harm DOR’s ability to collect taxes legally owed to the state. The Office could absorb this cut by reducing services such as answering taxpayers’ questions or by not providing refunds in a timely manner.

It is worth noting that the Legislature’s early retirement proposal could cause the loss of additional collectors and auditors resulting in the loss of millions of dollars in additional revenue owed to the state. Over 50 percent of DOR staff are eligible to take early retirement under the proposal pending in the Legislature. (Please see the section “Pensions and Retirement” for a full discussion of the early retirement proposals.) In addition to immediately reducing the amount of revenue recovered through audits, cuts in auditing and collection activities are also likely to lead to long term reductions in revenue if public awareness of the lack of enforcement encourages greater use of complex tax evasion schemes.

**Non-Tax Revenue**

There are three main types of non-tax revenue: federal revenues, which are mostly reimbursements from the federal government for state spending on the Medicaid (MassHealth) program; departmental

<sup>3</sup> Letter from DOR Commissioner Amy Pitter to the State Senate from April 2013: [http://massbudget.org/reports/pdf/SWM\\_FY2014\\_Impact\\_letter-04-24-2013.pdf](http://massbudget.org/reports/pdf/SWM_FY2014_Impact_letter-04-24-2013.pdf)

revenues, which are fees, assessments, fines, tuition, and similar receipts; and other revenues, which are mostly funds that the state draws from an assortment of non-budgeted trusts.

HWM notes that they do not raise fees to balance the budget, but there are several non-tax revenue initiatives in place. For example, like the Governor, HWM proposes selling the Sullivan Court House in East Cambridge, and anticipates this will bring in approximately \$30 million. HWM also notably relies on \$105 million in ongoing revenue from slot parlors, about \$20 million more than included in the Governor's budget.

Budgets often rely on funds from off-budget trusts. Both HWM and the Governor take \$110 million from the Commonwealth Care Trust Fund to help balance the budget, and transfer \$6.9 million from the Community First Trust to help support expanded autism services. This second transfer is in fact a shift of existing funding, rather than a one-time use of off-budget trust funding.

The state has adopted a schedule to move towards full funding of health and other post-employment benefits ("OPEB") for retirees. In Fiscal Year 2012, the state decided to gradually dedicate an increasing share of the Master Tobacco Settlement agreement funds awarded to the state to the State Retiree Benefits Trust to fund this liability. In FY 2015, this transfer was not made, and these settlement funds were directed back into the General Fund in order to help balance the budget. In FY 2016, the amount transferred would be approximately \$109 million. Both HWM and the Governor in FY 2016 suspend this required transfer. Whereas the Governor proposed an appropriation of \$84.6 million to make up a portion of this funding, HWM instead follows the plan for FY 2015: a portion would come from unexpended debt service payment appropriations, and if that is insufficient there would be a transfer of revenue from the General Fund. In both instances this transfer is approximately \$24.3 million less than the statutorily required amount, and is a one-time savings.

HWM and the Governor also "save" money in FY 2016 by delaying until FY 2017 \$116 million in FY 2016 MassHealth payments. This cash management strategy is in addition to approximately \$340 million in cash management (payment delays) carried forward from previous budget years.

BUDGET BY CATEGORY AND SUBCATEGORY (millions)	FY 2001 Final Adjusted for Inflation to FY15	FY 2009 GAA Adjusted for Inflation to FY15	FY 2015 GAA	FY 2015 Current	FY 2016 Governor	FY 2016 HWM
<b>Education</b>	<b>7,395.0</b>	<b>7,712.1</b>	<b>7,546.1</b>	<b>7,478.7</b>	<b>7,615.7</b>	<b>7,648.7</b>
Early Education & Care	713.0	654.9	550.2	543.6	544.8	556.4
Higher Education	1,494.0	1,212.1	1,185.6	1,176.0	1,187.4	1,187.9
K-12: Chapter 70 Aid	4,070.8	4,382.5	4,400.7	4,400.7	4,506.0	4,508.9
K-12: Non-Chapter 70 Aid	674.4	683.5	638.1	586.9	573.7	591.7
K-12: School Building	442.9	779.1	771.5	771.5	803.9	803.9
<b>Environment &amp; Recreation</b>	<b>295.5</b>	<b>238.2</b>	<b>203.4</b>	<b>197.4</b>	<b>202.8</b>	<b>204.0</b>
Environment	131.6	101.7	90.3	90.3	92.3	93.1
Fish & Game	23.9	23.6	27.5	26.7	27.9	26.7
Parks & Recreation	140.0	112.9	85.5	80.4	82.7	84.2
<b>Health Care</b>	<b>9,834.3</b>	<b>14,247.4</b>	<b>17,327.8</b>	<b>17,616.2</b>	<b>18,566.1</b>	<b>18,609.8</b>
MassHealth (Medicaid) & Health Reform	7,436.7	11,530.7	14,680.7	14,803.2	15,708.8	15,706.9
Mental Health	811.7	760.7	736.4	713.6	727.6	743.2
Public Health	712.7	659.8	542.3	540.1	541.2	543.5
State Employee Health Insurance	873.2	1,296.2	1,368.4	1,559.2	1,588.4	1,616.3
<b>Human Services</b>	<b>3,671.3</b>	<b>3,894.0</b>	<b>3,894.6</b>	<b>3,956.0</b>	<b>4,067.2</b>	<b>4,067.1</b>
Child Welfare	785.2	928.3	827.2	864.6	900.5	898.5
Disability Services	1,321.5	1,498.0	1,721.7	1,765.2	1,825.2	1,843.4
Elder Services	256.0	264.8	255.4	252.7	263.4	260.5
Juvenile Justice	162.3	181.0	176.0	173.1	175.9	179.8
Transitional Assistance	1,020.8	861.6	728.2	715.8	703.0	688.1
Other Human Services	125.4	160.2	186.1	184.6	199.1	196.7
<b>Infrastructure, Housing &amp; Economic Development</b>	<b>1,989.5</b>	<b>1,568.3</b>	<b>2,129.6</b>	<b>2,180.2</b>	<b>2,239.5</b>	<b>2,233.8</b>
Commercial Regulatory Entities	58.9	57.2	56.7	55.7	60.9	58.3
Economic Development	288.1	191.9	143.9	133.2	121.6	116.4
Housing	340.0	307.0	381.5	434.5	425.9	428.1
Transportation	1,302.4	1,012.2	1,547.5	1,556.8	1,631.0	1,631.0
<b>Law &amp; Public Safety</b>	<b>2,544.4</b>	<b>2,820.3</b>	<b>2,612.0</b>	<b>2,658.2</b>	<b>2,628.3</b>	<b>2,600.1</b>
Courts & Legal Assistance	770.8	727.1	671.8	699.0	697.0	680.1
Law Enforcement	372.0	462.8	377.8	384.7	381.3	380.7
Prisons, Probation & Parole	1,199.5	1,418.5	1,352.5	1,369.6	1,343.6	1,330.5
Prosecutors	157.3	162.1	152.9	149.9	152.6	158.3
Other Law & Public Safety	44.8	49.9	57.0	54.9	53.7	50.5
<b>Local Aid</b>	<b>1,740.1</b>	<b>1,494.6</b>	<b>986.9</b>	<b>982.7</b>	<b>1,012.7</b>	<b>1,012.5</b>
General Local Aid	1,713.4	1,459.2	945.8	945.8	979.8	979.8
Other Local Aid	26.7	35.4	41.2	37.0	32.9	32.7
<b>Other</b>	<b>4,590.6</b>	<b>4,737.3</b>	<b>4,871.8</b>	<b>4,861.0</b>	<b>4,915.1</b>	<b>4,879.6</b>
Constitutional Officers	107.2	99.2	81.7	81.3	73.0	76.1
Debt Service	2,168.6	2,367.5	2,497.6	2,497.6	2,517.5	2,517.5
Executive & Legislative	82.6	76.8	73.1	73.1	71.2	71.4
Libraries	47.1	37.8	25.8	25.3	25.3	24.7
Pensions	1,417.2	1,625.9	1,793.0	1,793.0	1,972.0	1,972.0
Other	767.9	530.0	400.6	390.7	256.0	217.9
<b>Total Budget</b>	<b>32,060.7</b>	<b>36,712.1</b>	<b>39,572.3</b>	<b>39,930.4</b>	<b>41,247.4</b>	<b>41,255.7</b>

Note: MassBudget subtracts \$310.1 million from the HWM budget proposal (\$325.1 million from the Governor's) in the "Other" subcategory to reflect anticipated savings from a proposed early retirement initiative. Together with proposed additional funding to cover anticipated additional pension and other costs, these are the expected net savings from early retirement. MassBudget also includes a transfer of \$84.6 million to the State Retiree Benefits Trust in the HWM total for State Employee Health Insurance which is different from how HWM presents this. For details, see the "Non-Tax Revenue" section of this Budget Monitor. In general, MassBudget's budget total differs from other commonly-presented budget totals. We include "pre-budget" transfers in our budget totals, which in FY 2016, adds approximately \$3.9 billion: tax revenues dedicated to the MBTA and to school building assistance, the cigarette excise tax dedicated to the Commonwealth Care Trust Fund, the state contribution to the pension system, and the transfers to the Workforce Training Trust. We also make a number of adjustments in order to allow for more accurate across-year comparisons of budget totals. For example, we reduce State Employee Health Insurance costs to account for fully-funded use of the Group Insurance Commission by retired teachers and by municipalities for their employees' health benefits, and we also add estimated amounts for retained tuition to our Higher Education totals.