

Cuts That Hurt

*An Examination of Some of the Painful Cuts in
the FY2004 State Budget*

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I. Introduction

When the fiscal year 2004 state budget process began, Massachusetts faced a budget gap of approximately \$2.7 billion, meaning it would cost that much more than expected revenue to maintain existing services. The underlying cause of this budget gap is tax cuts that took effect between 1990-2003, which are now costing the state approximately \$3 billion a year. Because of rapidly increasing revenues due to a growing economy during the years when many of these tax cuts were enacted, it appeared that the state could afford to cut taxes without making corresponding cuts to government services.

When the economic bubble burst, it became clear that the tax cuts had created a severe structural budget deficit. In the fiscal year 2004 budget three strategies were used to close this gap: spending reserve funds and other one-time revenue sources; generating additional revenue by closing corporate tax loopholes and by increasing fees; and reducing spending on government services. Spending reductions were the primary method used to close the budget gap.

Some of these reductions were achieved by enacting reforms that are likely to reduce the costs of providing certain services. But most of the spending reductions will lead to reductions in the quality or availability of services or shifting costs onto people with limited ability to pay, such as low-income people receiving health services and students in our public colleges and University.

Many of the services affected are among the most essential that our government provides: education; healthcare; environmental protection; and vital social safety net programs. This report examines a cross section of painful cuts, explaining the size of the cuts and the impacts these cuts will have on the people who will be hurt. This report focuses primarily on programs that received significant reductions in the year's budget and does not thoroughly examine changes in caseloads and inflation that create additional pressures on the ability of government to deliver needed services. The report also provides only limited treatment of cuts to human service programs because those cuts are examined in detail in *The People's Budget for Fiscal Year 2004*, produced by The Massachusetts Human Services Coalition.

The cuts described in this report are part of the price that is being paid for the tax cuts of the 1990s. With the benefit of hindsight, it has become clear that the hope that taxes could be cut without corresponding cuts to important government services is not consistent with the reality that economic booms eventually end. When they do, state budgets still need to be balanced – either by cutting spending or repealing tax cuts.

The cuts described in this report are calculated based on the difference between the initial FY03 budget approved by the legislature in the summer of 2002 (i.e. before 9C cuts) and the FY04 budget.¹ FY04 budget figures include supplemental budgets as well as related vetoes and overrides as of mid-January 2004.

- **Child Care Services:** Funding for Early Childhood Education was cut \$20.1 million or 21 percent and Home Visits for At-Risk Newborns was cut \$4.9 million, roughly 30 percent. Lack of investment during this critical developmental stage could have lasting implications.
- **Education and Local Aid:** Education spending experienced reductions in FY04: Chapter 70 Aid was cut by 4.5 percent; grants programs by 20.3 percent; higher education by 13.2 percent. Local aid fell by 15 percent. Massachusetts led the nation in cuts to education spending per pupil from 2002-2004.²
- **Environmental Affairs:** The budget for the Executive Office of Environmental Affairs was cut \$17.8 million dollars or 9 percent. This will reduce resources for monitoring compliance with the Safe Drinking Water Act and the Clean Air Act, lead to fewer front line staff in state parks, and result in cuts in the state recycling program.
- **MassHealth:** As healthcare costs rapidly increase, actual dollars spent on MassHealth provision in the Commonwealth rose last year. However, benefits were scaled back as income limits fell, enrollment caps were enforced, co-pays and premiums were introduced and certain populations were refused continuing coverage.
- **Public Health:** The Department of Public Health's budget fell for the third year in a row, this time by 9.3 percent. Since FY01, its budget has been reduced by 26.1 percent. Ignoring public health may prove to be very costly long term.
- **Housing:** Rental assistance programs, payments for privately developed affordable housing, and housing services were reduced a combined \$26.2 million or 45 percent.
- **Human Services:** Budget cuts to teen pregnancy prevention as well as continuing care services for mentally ill individuals may achieve short-term savings, but at a higher longer-term cost. The \$472,717 or 11 percent cut in local services for the elderly led to the elimination of the Elder Service Corps and the Grandparents as Parents Initiative.
- **Income Support Programs:** The Department of Transitional Assistance's budget was cut to \$820.0 million or 5 percent. Rental assistance for individuals receiving Emergency Aid to Elderly, Disabled, and Children (EAEDC) was eliminated, and it is unclear whether DTA will attempt to further reduce the monthly stipend for this program. The Employment Services Program, which provides job training and helps cash assistance recipients transitioning to work was cut \$11.0 million or 40 percent from the initial FY03 level.

¹ 9C refers to the Governor's power to cut state spending unilaterally within a fiscal year if the budget is in deficit.

² Andrew Reschovsky, "The Impact of State Government Fiscal Crises on Local Governments and Schools," Madison, WI: Robert M. La Follette School of Public Affairs, University of Wisconsin, Madison, December 2003.

II. Child Care Services

The need for child care in Massachusetts far outweighs existing capacity. According to the U.S. Census, there are approximately 387,614 children under the age of five in Massachusetts.³ Licensed providers have the capacity to meet only a fraction of this need. As of May 2003, the total zero- to five-year old capacity of providers licensed by the Office of Child Care Services (OCCS) was 179,803.⁴ While many parents provide full-time care for young children themselves or use relatives or in-home providers who generally are not licensed by OCCS, an unmet need remains for families seeking licensed, quality child care. Families with limited incomes face the additional challenge of obtaining financially subsidized care. As of August 2003, nearly 20,000 children were on a waitlist for subsidized licensed child care.⁵ In addition to child care, OCCS oversees other services for children and families, including newborn home visits, referrals to child care, and training for providers.

Overall, the budget for OCCS was cut \$45.6 million or 4 percent. Early childhood education programs were cut \$25.0 million (19 percent) and the Healthy Families/Newborn Visiting Program was cut \$4.9 million (29 percent). The FY04 budget eliminated the Trial Court Child Care Program.

A. Early Childhood Education⁶

State funding for early childhood education programs has been severely cut over the past few years, despite increasing evidence in support of its importance in children's academic and social development. For instance, according to the state Department of Education, as contrasted with half-day programs, full-day kindergarten: 1) improves children's literacy, math, and general learning skills, leading to higher achievement test scores; 2) provides students with significant gains in social and emotional development; and 3) leads to fewer grade retentions and special education placements.⁷

FY04 Cuts

- Support for early learning and school readiness was cut by 21 percent from FY03 to FY04 –from \$94.7 million to \$74.6 million.

³ U.S. Census Bureau, Population Division, *Table ST-EST2002-ASRO-02-25-State Characteristic Estimates*, September 18, 2003.

⁴ Office of Child Care Services, *OCCS Licensed Child Care Capacity*, May 2003. Note: total excludes School Age Child Care and Residential Placement Programs.

⁵ Office of Child Care Services, *Waitlist for Subsidized Child Care in Massachusetts*, August 2003.

⁶ Funding for Early Childhood Education is provided through appropriations to the Department of Education.

⁷ Massachusetts Department of Education "Full-Day Kindergarten in Massachusetts" fact sheet: http://www.doe.mass.edu/els/kinder_factsheet.pdf

- Grants to aid districts transition from half- to full-day kindergarten programs were cut by close to \$5 million, or 18 percent.

Impact of Cuts

Early childhood education reaches children during their most critical learning stages. Not only does it supplement their at-home early learning experiences, but it provides them with an unparalleled level of preparedness for the rest of their schooling. Cutting these programs could have important ramifications for students' ability to achieve long term academic success.

B. Home Visits for At-Risk Newborns

The Healthy Families/Newborn Visiting Program provides home visits to first time teen parents under the age of 21 and their families. At or before the child's birth, and until the child is 3 years of age, comprehensive, prevention-oriented services are delivered by trained home visitors. About 6,200 families per year meet eligibility criteria for the program.⁸ In FY03, Healthy Families served 4,400 families, and, since its start in 1997, the program has served a total of 13,000 families. Only 6 percent of the families who participate in the program have experienced another birth while enrolled. According to an evaluation conducted by Tufts University, 87 percent of their sample has not had a substantiated case of child abuse or neglect, which is notable since more than one third of these parents were abused or neglected as children.

FY04 Cuts

- This program was cut nearly \$4.9 million, or roughly 30 percent from its initial FY03 level.

Impact of Cuts

Nearly 1,000 young families will not receive these effective preventive services due to FY04 budget cuts. In FY03, Healthy Families served 5,402 families; in FY04, the program expects to serve 4,442 families. Budget cuts effectively rescind the three year commitment to families that are prematurely discharged, and the program faces further limitations in providing services to first-time teen parents eligible for assistance.

⁸ Statistics on program accomplishments and impacts of budget cuts come from John Iacoboni, Director of Public Education, Massachusetts Children Trust Fund.

C. Trial Court Child Care

The Massachusetts Trial Court Child Care Project was established to provide child care and related services to children while their parents appear in court or conduct court business. These centers have not only improved the administration of justice by reducing child care related delays and disruptions but also the safety of children at the courthouse. The centers were also designed to offer parenting information and social service referrals to families. Annually, the centers provided developmentally-appropriate services for approximately 16,000 children.⁹

FY04 Cuts

- The FY04 budget eliminated Trial Court Child Care Services. In FY03, this program received \$266,665 in state funding.

Impact of Cuts

Children whose parents cannot make alternative child care arrangements will potentially be exposed to inappropriate criminal, civil, and probate court proceedings. Graphic descriptions of crimes, testimony on an individual's medical or mental status, or confrontational arguments between counsel can be disturbing for young observers. Eliminating the program ends this commitment for as many as 16,000 children per year.

⁹ The Children and Youth Budget Collaborative, *Through a Child's Eyes: The 2003 Massachusetts Children and Youth Budget*, 2003.

III. Education and Local Aid

Education is among the most important investments government can make. A quality public education system pays dividends many times over – in terms of economic productivity, civic engagement and other benefits of an informed citizenry. The federal government provides limited support to public education, even in the best of times, so it is overwhelmingly the responsibility of states and municipalities. When local aid is cut by cash-strapped states, cities and towns face the difficult choice of having to raise property taxes or cut education services to schoolchildren and their families. In addition to the cuts described in this section, decreases in unrestricted local aid also impact districts' education spending, as close to half of all municipal revenue is used to support education.

A. Chapter 70 Aid

The largest single source of state revenue for education is what is known as Chapter 70 Aid: unrestricted funds which serve as the primary source of local aid to schools.

FY04 Cuts

- In FY04, the Chapter 70 Aid budget was \$3.11 billion, a cut of \$148 million (4.5 percent) from FY03.

Impact of Cuts

With a reduction in the level of Chapter 70 Aid they receive from the state government, local cities and towns have had to reduce staffing levels, increase class sizes and raise property taxes in order to keep their own budgets in balance.¹⁰

B. Grants Programs

In addition to School Building Assistance and Chapter 70 Aid, the state Department of Education provides funding to districts through various grant programs. The final FY04 budget included \$390,809,990 for these programs, a sharp decline of \$99.6 million or 20.3 percent from FY03. Three programs were completely eliminated in FY04: class size reduction, school transportation costs for non-regional districts and “attracting excellence to teaching” grants. Of the three other programs that experienced cuts of more than 50 percent from FY03 levels, two are discussed here in detail: MCAS (Massachusetts Comprehensive Assessment System) remediation and early literacy.

¹⁰ Massachusetts Municipal Association, “Fiscal Stress Hits Local Service Delivery, Staffing Hard,” December 15, 2003, p.1-2. Also discussed in Massachusetts Federation of Teachers, “The MFT Federation Paper,” October 2003.

1. Class Size Reduction

Prior to the program's elimination in FY04, class size reduction funding supported the reduction of K-3 elementary class sizes in districts where at least 22 percent of the student population are from low-income families. This appropriation was also used to support the transition from half- to full-day kindergarten in these districts.

FY04 Cuts

- Funding for this item totaled \$18 million in FY03. It was eliminated in FY04.

Impact of Cuts

Reducing class sizes in lower grades is directly connected with student achievement. The Tennessee Student Teacher Achievement Ratio (STAR) experiment (one of the best designed and most well-respected educational studies of the past 15 years) demonstrated that small class sizes, particularly at the lower grades, have a measurably positive effect on student test scores.¹¹ When Massachusetts reduced its average class sizes during the 1990s, student achievement on the MCAS and national NAEP exam showed noticeable improvement.¹² Decreasing funds for this initiative could endanger some of the progress the state made in increasing student achievement in the 1990s.

2. Reimbursement for Student Transportation

Before its elimination in FY04, this appropriation provided reimbursement to non-regional school districts for student school transportation costs. It comprised all state funding for transportation (i.e. buses) in these districts. In addition to this cut, state support for transportation in regional school districts was reduced by 37 percent.

FY04 Cuts

- Appropriations for non-regional school transportation totaled \$51.9 million in FY03, before the funding was eliminated in FY04. This cut was coupled with a reduction in state support for regional school district transportation, from \$41.7 to \$26.4 million.

¹¹ For more detail, see the Project STAR Executive Summary: <http://www.cde.ca.gov/classsize/eval/projstar.htm>.

¹² Massachusetts Budget and Policy Center, "Public School Funding in Massachusetts: How Does the Commonwealth Compare to the Nation?" p.7-8.

Impact of Cuts

The cost of paying for school transportation in non-regional districts now falls entirely on local communities. As most districts still have to provide transportation, they have been forced to cut other budget items – like class size reduction or supplemental arts and sports programs – or institute fees.

3. Attracting Excellence to Teaching

The “attracting excellence to teaching” grants program, also cut from the FY04 budget, reimbursed public school teachers for a portion of their student loan payments. Qualified teachers would receive up to \$1,800 per year in support. This line item was originally \$1.2 million in FY01; the program’s funding totaled \$817,000 in FY03.

FY04 Cuts

- The state’s elimination of this grant program signaled a cut of \$817,000 in FY04.

Impact of Cuts

This program was designed to attract high-quality teachers by offsetting the costs of their studies in the field of education. With a national teacher shortage looming on the horizon, the elimination of this teacher loan forgiveness program could have unknown social consequences for public school teacher recruitment and retention.

4. MCAS Remediation

The MCAS remediation line item was designed to help local school districts provide academic programs targeted to those students who are in danger of not passing the MCAS test. These programs provide tutoring in English and math, usually one-on-one or in small groups, outside of the regular school curriculum (i.e. after-school, on weekends or during summer breaks).

FY04 Cuts

- The appropriation for local MCAS remediation services was cut by 80 percent this year, from \$50 million in FY03 to \$10 million in FY04.

Impact of Cuts

The result of the \$40 million cut in appropriations was that the \$30 million provided last year for grade school students was completely eliminated, while the funding for high school students was cut in half. Since the MCAS test is a high school graduation

requirement in the Commonwealth, the sharp decrease in funding for this program could make it harder for those youth at risk of failing the exam to be able to pass.

5. Early Literacy

Funds were also greatly reduced for the state's early literacy programs, which focus on improving the reading ability of children in grades K-3. This expenditure supported early literacy programs as well as training initiatives designed to keep teachers up-to-date on all the latest research findings and literacy teaching techniques.

FY04 Cuts

- The early literacy line item was reduced by 79 percent, from \$18.3 million in FY03 to \$3.9 million in FY04.

Impact of Cuts

Early literacy is an issue priority that weighs heavily on our children's ability to excel academically in early grades and beyond. These grants were designed to provide children with the academic support they need to become effective readers by the end of third grade. Now that the funds for this item have been greatly reduced, it will be harder for those children to get the help they need to succeed in school and beyond.

C. Unrestricted Local Aid

The decline in Chapter 70 Aid to local communities has been accompanied by a dramatic cut in unrestricted local aid, the primary source of state funding to cities and towns. Local municipalities use this revenue to fund services like police and fire, garbage collection, transportation and public health agencies. Unrestricted local aid consists chiefly of lottery distributions and additional assistance. Since a sizable proportion of unrestricted aid also goes to support education, reductions in these items lead to an increased burden on cities and towns to fund their schools.

FY04 Cuts

- Between FY03 and FY04, unrestricted local aid spending fell by almost \$185 million, a decrease of 15 percent.

Impact of Cuts

According to data recently reported by the Massachusetts Municipal Association (MMA), in the 135 municipalities surveyed, more than 1,000 personnel were affected by either layoffs or attrition in FY03 and FY04. These communities also reported that in FY04, an

additional 360 unfilled positions were cut rather than filled. Forty-one percent of these reductions were in the area of public safety.¹³ Other cost-controlling measures were reported as well, including instituting higher fees and property taxes, deferring capital spending, cutting services and drawing on reserves.¹⁴

There have been changes in state policy that have reduced the amount of funding localities receive. Although lottery revenues are on the rise, the state is no longer allocating the full amount of these revenues to cities and towns. Instead, the state is taking a portion of that money to supplement the general fund shortfall. If it is assumed that the state Lottery Commission will bring in the same amount in receipts this year as next, after accounting for operating expenses and mandatory transfers, approximately \$803 million could be available to local entities in FY04; however only \$661.4 million is slated to be distributed, so approximately \$140 million will be diverted to the state general fund.

D. Higher Education

State funding for public higher education was greatly decreased in the most recent budget. In fact, Massachusetts' higher education system saw the steepest *decrease* in state tax fund appropriations for operating expenses of any of the 50 states in 2003-2004.¹⁵ Nationally, such funding dropped by 2.1 percent: in Massachusetts it declined by 19.3 percent.¹⁶ Including supplemental budget funding, appropriations for the University of Massachusetts were cut by a total of 12 percent in FY 2004; each of the state and community colleges saw their allocation decrease by somewhere between 17 to 18 percent in that same period. In addition to the reduction in funding for school operations, the state decreased the financial aid line item by 10 percent. Funding was completely eliminated for the purchase of library reference materials and the McNair program, which increased access to higher education for students from low-income households and those with disabilities.

FY04 Cuts

- Including the recent supplemental budget and legislative overrides of Governor Romney's vetoes, higher education spending was reduced by \$130 million between FY03 and FY04.

¹³ Massachusetts Municipal Association, "Fiscal Stress Hits Local Service Delivery, Staffing Hard," December 15, 2003, p.1.

¹⁴ Ibid, p.1.

¹⁵ Center for the Study of Education Policy, Grapevine: A National Database of State Tax Support for Higher Education: *Appropriations of State Tax Funds for Operating Expenses of Higher Education in the 50 States for Fiscal 2003-04*. Downloaded 1/12/04 at: <http://coe.ilstu.edu/grapevine/50state.htm>. These figures may have changed since the survey was completed, due to the recent passage of supplemental budget funding.

¹⁶ Ibid.

Impact of Cuts

In addition to the decrease in available campus resources, students at the University of Massachusetts, state colleges and community colleges have seen their tuition and fees rise over the past couple years. For example, at the four UMass campuses, tuition rose by \$1,000 (from \$5,750-\$6750) from the 2002-2003 to the 2003-2004 academic year.¹⁷ This increase came after a double-digit percentage increase in the preceding year. As Massachusetts' economy relies heavily on a skilled, educated workforce, the decrease in resources devoted to higher education could threaten our long-term economic strength.

¹⁷ Chaker, Anne Marie. "Public Universities Are No Longer Bargains," *Wall Street Journal: College Journal Online*, June 12, 2003. Downloaded 1/12/04 at: <http://www.collegejournal.com/aidadmissions/financialissues/20030612-chaker.html>.

IV. Environmental Affairs

Clean air, safe drinking water, and the preservation of open spaces are important indicators of a safe, healthy environment. Currently, Massachusetts has the highest rate of adult asthma in the nation, and 6 percent of the entire population is afflicted with asthma.¹⁸ Communities populated by low-income families and people of color are disproportionately at risk for pollution.¹⁹ The rate at which asthma sends Boston youth to area hospitals is double the state average, and, in some Boston neighborhoods, the hospitalization rate is five times the state rate.²⁰

Cuts to environmental programs affect everyone. Municipalities, already facing a smaller local aid contribution from the state, lost an additional \$1.4 million from the Executive Office of Environmental Affairs for their recycling efforts. The Department of Environmental Protection (DEP) has had to reduce compliance and monitoring activities, shifting its focus away from lower level polluters and not initiating new inspections of existing hazardous waste sites.²¹ Fewer inspections and less monitoring of the most hazardous waste sites, combined with a halt on initiating new inspections, could lead to future problems as contamination could spread unnoticed.²² While the merger of the Department of Environmental Management (DEM) and the Metropolitan District Commission (MDC) into the Department of Conservation and Recreation (DCR) appears to have achieved some administrative savings, the budget provided for the combined agency also required the elimination of frontline staff and reduced spending on construction and repairs of facilities.

Overall, the budget for the Executive Office of Environmental Affairs was cut \$17.8 million or 9 percent. Many of these cuts decreased spending on Municipal Recycling, implementation of the Clean Air Act and Safe Drinking Water Act, and programs in the Department of Conservation and Recreation.

A. Municipal Recycling

The Executive Office of Environmental Affairs allots a portion of its budget toward solid waste recycling programs for local municipalities; these, in turn, fund a variety of services including purchase of equipment, technical assistance, recycling transfer stations, household hazardous waste collection, and consumer education. The benefits of

¹⁸ From *E-Mission, an Environmental Justice Project of the Executive Office of Environmental Affairs*. Available at: <http://www.state.ma.us/envir/ej/EMission/default.htm>

¹⁹ Environmental League of Massachusetts, *It's Not Just for the Birds: Impacts of Environmental Program Cuts on Our Communities*, January 2003.

²⁰ From *E-Mission, an Environmental Justice Project of the Executive Office of Environmental Affairs*.

²¹ Pamela DiBona, Vice President of Policy, Environmental League of Massachusetts.

²² *Ibid.*

recycling programs are myriad. Recycling provides environmentally preferable sources of raw materials and conserves natural resources. Recycling also keeps materials out of landfills, where they can pollute groundwater systems, and out of incinerators, which can emit pollutants into the air.²³ As reported in DEP's FY02 Program Update, 253 municipalities, representing nearly 85 percent of Massachusetts' population, have established collection programs for recycling or safe disposal of household hazardous products.²⁴

FY04 Cuts

- The budget for municipal recycling has been slashed \$1.4 million or 28 percent.

Impact of Cuts

Localities pay for recycling programs from state funding and local tax bases. Faced with other budget cuts, which include reductions in local aid, municipalities have had to make tough decisions about streamlining their recycling programs, deciding either to increase revenues from other sources or to reduce certain programs. Increased disposal of solid waste in landfills increases the risk of polluted soil and groundwater systems; similarly, increased reliance on incinerators increases the risk of air pollution.²⁵

B. Pollution Prevention Programs

Programs designed to implement two important pieces of legislation—the Clean Air Act and Safe Drinking Water Act—experienced significant reductions in funding in this year's state budget. Pursuant to the Clean Air Act, Massachusetts administers several programs to control the emissions of toxic air pollutants. Under the Safe Drinking Water Act, Massachusetts monitors and reports on public water suppliers' compliance with requirements that they provide water with minimal pollution.

FY04 Cuts

- Appropriations to these two programs fell 22 percent and 16 percent respectively, with the total cut amounting to \$570,000.

²³ Northeast Recycling Council, *Recycling and the Environment: Facts About Recycling in Massachusetts*, October 2003.

²⁴ Commonwealth of Massachusetts, Executive Office of Environmental Affairs, Department of Environmental Protection, *FY2002 Waste Reduction Program Update*, March 2003.

²⁵ Northeast Recycling Council, *Recycling and the Environment: Facts About Recycling in Massachusetts*, October 2003.

- Toxics use reduction will experience an additional cut of \$297,407 (19 percent) from the previous year's budget.²⁶

Impact of Cuts

The DEP, which is responsible for overseeing these programs, has been particularly hit hard with staff shortages. It is projected that DEP alone will lose 200 full-time equivalent employees, on top of the 180 already lost in the last fiscal year; over the past two years, the entire staff has been reduced by 24 percent, or 289 positions.²⁷ The Environmental Police Force is short 28 officers.²⁸ These staff reductions will reduce technical assistance to localities, restrict monitoring activities, and reduce the DEP's capacity to respond to lower priority polluters. This could lead to DEP becoming less effective at reducing toxins in the air and water, including those linked to asthma and cancer.

C. State Parks System

The consolidation of the DEM and the MDC created one agency to manage the entire parks system, yet maintained separate divisions for state and urban jurisdictions. Hosting more than 12 million visitors each year, the state parks system represents the ninth largest in the country based on acreage. Given the state's dense population, parks serve an important role in providing open spaces, places for recreation, habitat wildlife, and protection for drinking water supplies.

FY04 Cuts

- As separate agencies in FY03, the combined budgets of MDC and DEM amounted to \$79.7 million. Once these two agencies were combined to form DCR, the FY04 budget was cut to \$71.2 million, an 11 percent decrease.
- Personnel line items were cut \$1.5 million (15 percent) eliminating many frontline jobs: park rangers, firefighters, and seasonal hires such as lifeguards.
- DCR has experienced a \$2.9 million or 72 percent reduction in construction, repairs, and telecommunications budgets.

²⁶ Toxics use reduction refers to the range of environmental protection strategies aimed at minimizing the input of toxic materials in a given process as well as the generation of harmful or hazardous byproducts.

²⁷ From *Fiscal Year 2004 Budget Testimony to Chairman Rogers and Members of the Committees on Ways and Means*, Pamela DiBona, Environmental League of Massachusetts, March 28, 2003.

²⁸ Ibid.

Impact of Cuts

Budget cuts have resulted in hiring freezes, limited park hours, and closings of several ice-skating rinks and beaches.²⁹ While some savings appear to have been achieved by reducing duplication between the two agencies, personnel cuts have also reduced the number of employees that contribute to public safety at campgrounds, beaches and forests (park rangers, lifeguards, firefighters). Given the cuts in construction and repairs, parks which already fail to comply with public health and safety regulations, as well as the Americans with Disabilities Act, will have to forego additional improvements that would bring them up to code.

²⁹ Pamela DiBona, Vice President of Policy, Environmental League of Massachusetts.

V. Health Care - MassHealth

With insurance costs rising much more quickly than inflation, a growing number of employers are dropping coverage or introducing steep premiums that put insurance out of reach for many low- and moderate-income workers. Only 45 percent of employees participated in workplace medical plans in 2003, compared with 63 percent in 1992-1993.³⁰ Premiums are also rising: between spring of 2002 and spring of 2003, monthly premiums for employer-sponsored care rose by 13.9 percent.³¹

Massachusetts provides health insurance and benefits to low-income children, adults and families through MassHealth. There are a variety of MassHealth programs, each targeted at a different segment of the population: elderly, children, the disabled, low-income adults, etc. Although Massachusetts was a national leader in expanding coverage to needy populations during the 1990s, over the past year, many benefits were reduced or eliminated, steep increases in premiums and co-pays were introduced, and thousands were denied enrollment due to program caps and changes in regulations.

A. Legal Immigrants

Although federal Medicaid entitlement protections do not extend to non-citizens, Massachusetts has provided health care to legal immigrants through the MassHealth program since 1996. As of July, when the program was terminated, close to 10,000 legal immigrants were covered by MassHealth Standard. Recent legislative action directed DMA to restore benefits to 2,750 elderly and disabled immigrants who had lost coverage last summer, as long as there is a surplus in the MassHealth Essential account.

FY04 Cuts

- The initial elimination of MassHealth Standard benefits to these legal immigrants was projected to save \$15 million. It is unclear what the underlying cost will be if the 2,750 disabled and elderly immigrants have their coverage reinstated.

Impact of Cuts

³⁰ Data taken from Bureau of Labor Statistics, National Compensation Survey, *Employee Benefits in Private Industry*. Downloaded 12/24/03 from: <http://www.bls.gov/news.release/ebs2.nr0.htm>. This information measures the number of employees who receive coverage directly from their own employer and does not account for those who may be covered under the insurance of a spouse or other family member.

³¹ Kaiser Family Foundation and Health Research and Educational Trust, *Employer Health Benefits, 2003 Summary of Findings*. Downloaded at: <http://www.kkf.org>.

The initial cuts eliminated benefits to 9,800 “special status” immigrants. These immigrants were then able to receive health care under MassHealth Limited, which as its name connotes, provides a *very* limited array of emergency services. There is evidence that the costs associated with canceling coverage to this population – specifically, increased use of the uncompensated care pool – will surpass the projected savings. In a supplemental budget passed in November, the Legislature permitted DMA to restore benefits to 2,750 legal immigrants who are elderly or disabled. Governor Romney’s veto of this measure was recently overridden by the Legislature. However, these immigrants are not yet receiving insurance coverage – they are waiting for DMA approval.

B. Premiums and Co-Pays

The FY04 budget institutes new premiums for some categories of recipients under 150 percent of poverty including: children ages 6-18, disabled adults, HIV+ individuals, and special status immigrant children.³² Co-pays for prescription drugs are increasing by 33 percent this year for MassHealth members, excepting pregnant women, children whose families live below 133 percent of the poverty line, nursing home patients and hospice patients.³³ Psychotropic drugs are exempt. Several services, like some emergency room visits and hospital stays, will now have co-payments though patients cannot be denied care if they do not pay.

FY04 Cuts

- The MassHealth premiums instituted in the new fiscal year are projected to offset approximately \$6 million in program costs. Co-pays are estimated to bring in \$5 million of additional revenue.

Impact of Cuts

Perhaps the most important impact of the introduction of co-pays and premiums is that it introduces another barrier to families seeking healthcare. At the most fundamental level, families may not be able to afford such charges. In addition, since this is a change for many families, they may not realize they have to pay a premium to maintain their health benefits and if they forget, coverage for them and their children could be lost. Another important aspect of this change is that beneficiaries have been told that they cannot pay premiums in cash, meaning that if they do not have a checking account they must pay by money order (for which they pay a service charge).³⁴

³² Mass Legal Services, MassHealth update, September 2003. Downloaded at: <http://www.masslegalservices.org>.

³³ Massachusetts Human Services Coalition, *The People’s Budget for Fiscal Year 2004*, January 13, 2004, p.27.

³⁴ *Ibid*, p.27.

It is projected that 17,000 households will be affected by the new MassHealth premiums, including a significant number of individuals and families who earn between \$9,000-25,000 a year. Increased co-pays, particularly those for prescription drugs, will have a disproportionately negative impact on seniors and the disabled, who rely more heavily on medications than other adults and children.

C. Enrollment Caps on Children's Health Insurance

The Children's Medical Security Plan (CMSP) was developed in the mid 1990s primarily to cover children of low-income working parents who cannot afford market rate insurance but earn too much to qualify for MassHealth. While there are sliding scale fees that increase with income, this program had ensured that all children in Massachusetts had access to affordable health insurance. Enrollment caps, however, have been effective for the program since FY03, and the cap will be lowered significantly in FY04 due to lack of funds.

FY04 Cuts

- The FY04 appropriation for CMSP is \$11.9 million, 14 percent less than the \$13.8 million appropriated in FY03.

Impact of Cuts

The Department of Public Health capped enrollment for CMSP in FY03 due to underfunding of the program in that year. The department capped enrollment in November 2002 at 26,114 children; as of December 2003 the program had a waitlist of 6,545 children.³⁵ The Children's Health Access Coalition estimates that to stay within its reduced appropriation in FY04, CMSP will have to cap enrollment at 21,450 children, meaning that more than 10,600 children will be left without coverage by June 2004.³⁶ As employers continue the trend of reducing medical coverage to their employees, this group of children is at significant risk of losing insurance – private coverage is too expensive for these parents and their incomes are too high to qualify for means-tested health care programs. In addition the legal immigrant children covered by this line item have no other option, since the state recently cancelled coverage for more than 7,000 legal immigrants who had been receiving MassHealth benefits.

³⁵ Massachusetts Human Services Coalition, *The People's Budget for Fiscal Year 2004*, January 13, 2004, p.3.

³⁶ *Ibid*, p.3.

D. Asset Tests

Asset tests are slated for introduction this spring, with limits as low as \$6,000 per family. Property (except one's personal vehicle), bank accounts, stocks and other securities generally count as assets. The state has requested permission from the federal government to impose new limits on pregnant women, parents, disabled adults, HIV+ adults and those who receive services but are unemployed.

FY04 Cuts

- The implementation of asset tests is projected to lead to a savings of \$10 million in FY04.

Impact of Cuts

It is estimated that 1,500 adults will lose health insurance coverage if these new asset tests are put into effect.³⁷ The limits would be \$6,000 for all adults under 65 on MassHealth except the disabled (they would be allowed up to \$12,000 in assets). This policy change could lead to a reduction in participation among pregnant women, the disabled and others who rely on the state health insurance system for preventative care. In addition, the institution of asset tests could lead to perverse economic incentives: individuals may be discouraged from accumulating savings and investment because the resulting loss in health care benefits is too high a price to pay.

E. MassHealth Basic

Until this past spring, the MassHealth Basic program provided health benefits to low-income (non-disabled) chronically unemployed individuals with incomes below 133 percent of poverty. This part of MassHealth Basic was eliminated in April. The program was reinstated under the name MassHealth Essential in October: however more stringent income restrictions now apply and fewer health services are covered. During the time that the program was discontinued, more than 40,000 individuals were forced to go without medical coverage. The new MassHealth Essential program is paid for through the Uncompensated Care Pool.

Impact of Cuts

More than 40,000 people were left without health coverage when the Basic line item was cut. Many of these people are transient so finding them to re-enroll after a six month lapse has been problematic. The new MassHealth Essential program is capped at 36,000

³⁷ Massachusetts Human Services Coalition, *The People's Budget for Fiscal Year 2004*, January 13, 2004, p.19.

enrollees. So far, only 15,000 of those eligible for the program have re-enrolled.³⁸ In addition, income limits and service provision have changed. Qualified individuals now must be living at less than 100 percent of the federal poverty standard (instead of 133 percent); in 2002, this ceiling was \$9,359 for an individual. Services that are no longer covered include vision, home health care, hearing aids, audiologist visits and orthotic supports.³⁹

³⁸ Massachusetts Law Reform Institute, Fact Sheet (December 16, 2003).

³⁹ Massachusetts Human Services Coalition, *The People's Budget for Fiscal Year 2004*, January 13, 2004, p.13.

VI. Health Care - Public Health

The state's Department of Public Health was severely impacted by the latest round of budget cuts. Unfortunately, because public health services are often involved in preventive care rather than treatment for acute conditions, reducing them may lead to long term costs that more than outweigh short term savings. Ignoring public health needs can be a very costly long term strategy since these services are the frontline of defense in treating some of our most intractable medical problems. The Department of Public Health was cut by \$27.6 million in FY04, a 9.3 percent reduction. Since FY01, the department's budget has been slashed by a total of 26.1 percent.

A. Smoking Cessation and Prevention

Funding for smoking cessation and prevention was cut by 77 percent between FY03-FY04. The budget for anti-smoking and tobacco control programs was over \$50 million in FY01; today it totals a paltry \$2.5 million. When it was funded at the full level, the program had provided smoking cessation counseling, school-based education, paid media, and tobacco product regulations. Over the life of the smoking cessation and prevention program, Massachusetts saw a 41 percent decrease in cigarette consumption, and a 58 percent reduction in the number of women smoking during pregnancy.⁴⁰

FY04 Cuts

- Funding for the Department of Public Health's smoking cessation and prevention programs was reduced by \$8.7 million.

Impact of Cuts

Tobacco is our state's leading cause of preventable deaths, with more than 9,000 smoking-related deaths reported per year. The Massachusetts Tobacco Control Program estimates that caring for Commonwealth residents who have smoking-related illnesses costs more than \$2.7 billion per year.⁴¹ Consequently, reducing the money available for smoking prevention may be expensive over the long term. Young adults are particularly at risk of being affected by these reductions, since they tend to be the group most responsive to smoking prevention programs.

⁴⁰ Massachusetts Tobacco Control Program: <http://www.state.ma.us/dph/mtcp/>.

⁴¹ Ibid.

B. Hepatitis C Treatment and Prevention

In FY04, the Hepatitis C program was eliminated as a stand-alone – its duties were transferred to the AIDS Bureau with a 72 percent budget cut. The Massachusetts Hepatitis C Coalition (an organization convened by the Massachusetts Public Health Association) argues that, although HIV/AIDS patients are often also infected with Hepatitis C, the two diseases manifest themselves in different populations and call for different treatments. There are approximately 110,000 people in Massachusetts infected with Hepatitis C, 70 percent of whom do not know they are infected and 80 percent of whom do not experience any symptoms. The majority of those with Hepatitis C are mono-infected, meaning they are not infected with any other disease.

FY04 Cuts

- State funding for Hepatitis C was cut by \$1.4 million.

Impact of Cuts

Reducing services to this at-risk population will most likely lead to increased rates of infection, while potential clients will have fewer options in seeking out treatment for their diseases. Hepatitis C prevention has been hampered both by cuts to program funding and reductions in the adult immunizations line item, which adversely impacts the distribution of Hepatitis B and Hepatitis C vaccines.

C. HIV/AIDS

The Department of Public Health estimates that 20,000-22,000 individuals in Massachusetts are living with HIV/AIDS, one-third of whom do not know they are infected. The rate of infection among women and young adults is growing, as is the percent of infections caused by a drug-resistant virus. The Department's HIV/AIDS programs provide a variety of services, including: HIV prevention and education; HIV counseling and testing; non-medical support services (including housing and community-based living programs); special care services in health centers and jail facilities; drug treatment for those who are not eligible for federal reimbursement; substance abuse treatment for HIV/AIDS infected individuals; and training/technical assistance to community-based programs.⁴² Funding for every program area decreased between FY03 and FY04, except drug treatment support, which remained constant in nominal dollars. As AIDS patients live longer, the number of people in the state who require treatment on an ongoing basis has greatly increased while the funding available to help them has fallen off dramatically.

⁴² Massachusetts Department of Public Health, *HIV/AIDS Bureau State Funding Allocation Summary*.

FY04 Cuts

- The AIDS Bureau lost approximately \$7.3 million in funding in FY04.

Impact of Cuts

All youth and most immigrant/refugee prevention and education services have been eliminated, as have most center-based programs. In addition, the department was unable to continue its program for women in recovery and cancelled a number of contracts for substance-using high-risk clients. This year, 6,000 fewer HIV tests will be provided through clinic-based programs – this comes after a reduction of 10,000 tests last year. Over 3,000 people will be impacted by reductions to non-medical support services, while 150 individuals will lose home- and health center-based services. Because of the reduction in HIV/AIDS related substance abuse services, 2,000 clients will lose access to methadone treatment and be at increased risk of injection drug use and further spread of HIV and Hepatitis B and C.⁴³ These cuts come on top of reductions in MassHealth benefits which have caused those with AIDS to lose dental benefits (very important in monitoring the disease's progress), become subject to lower income limits, asset tests and enrollment caps, and to pay new premiums for the services they receive.

D. Substance Abuse

It is well-known that treating patients' addiction is much less costly than the price of criminal activity and incarceration. In Massachusetts, however, efforts to combat substance-abuse related problems have focused on treating the symptoms, not the cause: a Columbia University study demonstrated that in FY98 the state spent more than 17 percent of its budget on substance abuse-related costs, but only \$.04 of each dollar was actually spent on treatment.⁴⁴ The Bureau of Substance Abuse Services is charged with providing substance abuse prevention and treatment, including: funding, monitoring and licensing residential and outpatient treatment centers; supporting drug and alcohol education programs, both to increase public awareness and prevent further addiction; and transitional support and homeless services.

FY04 Cuts

- Substance abuse funding was cut by close to \$3.4 million, a 9 percent reduction in FY04.

⁴³ Massachusetts Department of Public Health, *HIV/AIDS Bureau State Funding Allocation Summary*.

⁴⁴ Mental Health and Substance Abuse Corporations of Massachusetts, Inc., "FY2005 Budget Testimony," November 7, 2003, p.3.

Impact of Cuts

This year, six out of the 22 public detoxification centers in the state closed, despite an increase in drug use (heroin, in particular) throughout the state.⁴⁵ The Department of Public Health estimates that 4,000 individuals have lost services due to a 54 percent reduction in ambulatory services. The number of beds available for acute, emergency services has plummeted this year from 997 to 420.⁴⁶ In particular, adolescents have few alternatives for treatment as all outpatient treatment for youth has been eliminated and there only six residential treatment homes supported by DPH that serve youth. Budget cuts also led to the closure of DPH's youth intervention program, which helped families and youth for whom no other services are available.⁴⁷ More than 250 individuals lost coverage this past year when five residential recovery programs were taken offline.⁴⁸ All eight of the department's child care programs for parents in ambulatory care were cut, a reduction of 2,180 slots. Other programs that were completely eliminated include: screening assessment and services for DYS clients with substance abuse problems; and outreach and referral staff in shelters. Meanwhile, the Department of Public Health estimates that heroin use has more than doubled in Massachusetts over the past ten years, while a survey of households across the nation reports that Massachusetts has the highest rate of youth substance abuse in the country.⁴⁹

E. Domestic Violence

Until FY04, the Department of Public Health maintained three domestic violence prevention programs – the Refugee and Immigrant Safety and Empowerment (RISE) program, gay men's education and outreach, and outreach to faith communities through the Safe Haven program. This year, funding for RISE was eliminated, while the other two programs were transferred to the Department of Social Services. Before it was cut, RISE provided outreach and crisis intervention services to women through 15 centers – 14 local and one statewide. Programs operated in a variety of languages, targeting specific cultural communities. The DPH batterer intervention program was transferred to DSS as well, with essentially level funding.

⁴⁵ Massachusetts Organization for Addiction Recovery, Inc., "Quarterly Newsletter," September 2003, p.1.

⁴⁶ Mental Health and Substance Abuse Corporations of Massachusetts, Inc., "FY2005 Budget Testimony," November 7, 2003, p.3,8.

⁴⁷ Massachusetts Department of Public Health, Bureau of Substance Abuse Services, "Funding Reduction Impact."

⁴⁸ Mental Health and Substance Abuse Corporations of Massachusetts, Inc., Fact Sheet on DPH Bureau of Substance Abuse Services.

⁴⁹ Massachusetts Organization for Addiction Recovery, Inc., *Substance Abuse in Massachusetts – The Problem and the Solution*.

FY04 Cuts

- Eliminating the RISE program constitutes a cut of approximately \$710,000. An additional \$100,000 was cut in the transfer of the rest of domestic violence prevention to the Department of Social Services.

Impact of Cuts

The RISE program formerly served 1,000 women and their children.⁵⁰ Choices for support for battered immigrant and refugee women – slim to begin with – are now even more limited. These women are often very isolated from mainstream society and are much less likely to come forward and access traditional services because of language and cultural barriers. In addition to the cut of RISE, funding was eliminated for battered women’s legal services. The reduction in funding for these domestic violence programs could lead to higher rates of violent injury for battered women and their families.

F. Rape Crisis Centers

The sexual assault prevention and survivor support program is charged with providing short term counseling, crisis intervention services (like the Llamanos Spanish language hotline), survivor support groups, medical, police and legal services, and community outreach. In the FY04 budget approved by the Governor and the Legislature last summer, funding for rape crisis centers was cut 67 percent from its FY03 level of \$2.4 million to approximately \$800,000. While a portion of the funding was restored in December (for seven months of operation at FY03 levels), centers did not recover support for the five months where their budgets were cut by 67 percent. Significant damage was done to centers’ ability to provide adequate programs and services during the period of time that state support was eliminated.

FY04 Cuts

- In the FY04 budget, rape crisis funding was cut by approximately \$1.6 million. In this winter’s supplemental budget, approximately \$940,000 of this cut was restored, leaving a total cut of more than \$660,000.

Impact of Cuts

Before funding was greatly reduced this year, twenty-one sexual assault crisis centers were in operation – now three have gone out of business, including the only site in the city of Boston. Programs are slowly coming back online, after having instituted – for the

⁵⁰ Massachusetts Human Services Coalition, *The People’s Budget for Fiscal Year 2004*, January 13, 2004, p.100.

first time – waitlists for services, as well as eliminating group services, medical, legal and police advocacy, counseling to family and friends of victims and other core services.

VII. Housing

Massachusetts continues to be one of the most expensive places to live in the nation, with affordable housing in short supply. A recent report by the National Low-income Housing Coalition indicates that a full-time worker needs to earn \$22.40 per hour (332% of the state's minimum wage) to afford a two-bedroom unit at the state's Fair Market rent of \$1,165.⁵¹

In the last year, state shelters have, on average, exceeded capacity by 26 percent. Just as troubling, families are the fastest growing segment of the homeless population.⁵² Governor Mitt Romney has noted that "... We spend more than a quarter billion dollars each year to care for our homeless in the Commonwealth, but we need to focus more on long-term solutions by producing permanent housing opportunities for our citizens."⁵³ Yet, the FY04 budget cut affordable housing assistance programs.

The FY04 budget reduced funding for three types of programs that contribute to providing families access to affordable housing in the Commonwealth: rental assistance, private development, and housing services. Collectively, these programs were reduced \$26.2 million or 45 percent, although increased spending on affordable housing tax credits offsets a portion of this cut. Overall these programs represent \$57.8 million of the \$66.7 million budget for the Department of Housing and Community Development (DHCD).

A. Rental Assistance

The Department of Housing and Community Development oversees voucher and subsidy programs available to low-income individuals and families. The Massachusetts Rental Voucher Program (MRVP) provides project- and tenant-based subsidies to help families afford rental housing. To be eligible for the MRVP, households can earn no more than 200 percent of the federal poverty level.⁵⁴ The Alternative Housing Voucher Program (AHVP) is available to younger adults with disabilities. The state budget also provides rental assistance in the form of subsidies to Housing Authorities. Approximately two-

⁵¹ Pitcoff, Winton et al., *Out of Reach 2003: America's Housing Wage Climbs*, National Low-income Housing Coalition, 2003. Available at: <http://www.nlihc.org/oor2003/data.php?getstate=on&state%5B%5D=MA>. *Fair Market Rent is a gross rent estimate that includes both shelter rent paid by the tenant to the landlord and the cost of utilities, except telephone.*

⁵² The Executive Commission for Homeless Services Coordination, *Update on Homelessness*, 2003. Available at: http://www.state.ma.us/homelesscommission/docs/homeless_update.asp

⁵³ Commonwealth of Massachusetts Executive Department, *Romney Creates Permanent Homelessness & Housing Council: Pledges not to reduce spending for homeless services in Fiscal Year 2005 budget*, November 20, 2003. Available at: http://www.mass.gov/portal/govPR.jsp?gov_pr=gov_pr_031120_homeless_council.xml

⁵⁴ The Federal poverty level for a family of three in 2003 is \$15,260.

thirds of state public housing is reserved for elders (60+) and people with disabilities; the remaining one-third are family developments.

FY04 Cuts

In FY04, vouchers and subsidies were cut \$8.8 million from the previous year representing a 15 percent decrease in funding.

- AHVP was cut \$700,000, representing 23 percent of its budget from the previous year.
- MVRP and subsidies to Housing Authorities each lost approximately \$4 million in state funding, representing 15 and 14 percent respectively.

Impact of Cuts

In Fiscal Year 1990 - its peak year - 20,000 households received MRVP vouchers to help them pay the rent.⁵⁵ By contrast, as of December 2003, the program served just over 5,200 families.⁵⁶ MRVP vouchers are no longer being issued to new applicants, and this year approximately 600 fewer families will receive assistance from this program.

At its inception in 1995, AHVP served 800 households and had a budget of \$4 million. In the past few years, AHVP has been faced with consistent cuts. In June 2002, DHCD stopped issuing new AHVP vouchers as participants left the program. Additionally, an initiative to transfer longer term AHVP recipients to Federal Section 8, a tenant- and project-based rental assistance program, has helped shrink the total number of AHVP households to 291 as of December 2003. Between December 2002 and December 2003, 269 fewer vouchers were issued. Most recent cuts in funding could shift tenants to other housing programs also receiving cuts and with long waiting lists, as in the scheme to shift tenants to Section 8. Overall, funding for AHVP averages \$450 per month or \$5,400 per year per person which is much more cost-effective than housing in a shelter, hospital, or nursing home.⁵⁷

In addition to serving fewer individuals and households, cuts in subsidy programs can lead to steep rent increases for low-income families. This year, Local Housing

⁵⁵ Bratt, Rachel and Langley Keyes for Citizens' Housing and Planning Association, Inc. (CHAPA), *The Massachusetts Special Commission on Low-Income Housing: Looking Back, Looking Forward*, April, 2003.

⁵⁶ Estimates on voucher issuances obtained from the Massachusetts Department of Housing and Community Development, January 2004.

⁵⁷ Building Blocks Coalition, *Memorandum to the FY04 Budget Conference Committee Members*. Available at: <http://www.chapa.org/confcmteltrs.pdf>.

Authorities had to raise household rents across the board to compensate for \$4.1 million cut from initial FY03 appropriations.⁵⁸

B. Private Housing Development

Privately-owned subsidized housing still remains the largest source of affordable housing, exceeding both public housing and tenant-based subsidies in Massachusetts and across the nation.⁵⁹ Over the last decade, the state started to scale back its effort to finance privately-owned development through budget appropriations and, instead, increasingly relied on issuing tax credits to private developers. In FY04, \$12 million were allocated to tax credits for private development. The state also provides significant funding for affordable housing through the capital budget, including \$20 million a year to finance the Affordable Housing Trust Fund.

FY04 Cuts

- Two of the three budget accounts (the Rental Development Action Loan and State Housing Assistance Rental Program) devoted to private housing development were eliminated in the FY04 budget. In FY03, these accounts totaled \$16.2 million.
- The remaining line item for interest subsidies (“Section 13A”) to developers was cut \$621,886 or 9 percent.

Impact of Cuts

Even with increasing reliance on tax credits, there has been a net reduction in spending on private development. While reductions in these line items reflect the paying off of obligations for housing developments built years ago, it is important to note that Massachusetts has seen a substantial decrease this decade in the state’s financial commitment to build new affordable housing. Whereas the state operating budget was spending \$41.2 million in Fiscal Year 1994 (\$51.8 million after adjusting for inflation), today it is spending just \$6.5 million. Although SHARP and RDAL were scheduled to end, the state has not renewed its commitment by establishing programs of comparable scale, nor has it directed more money to other programs within DHCD. The result of this policy change is that significantly fewer resources are available to build affordable housing in Massachusetts.

⁵⁸ Tom Connolly, Executive Director, Massachusetts Chapter of the National Association of Housing and Redevelopment Officials (Mass NAHRO).

⁵⁹ CHAPA, *Housing Guidebook for Massachusetts: A Comprehensive Guide to State and Federal Housing Programs and Resource*, June 1999.

C. Housing Services

The state budget also allocates money for housing services, which includes counseling for prospective homeowners, referral to housing programs, and support services for elders. The goal of many of these programs is to help people to avoid becoming homeless. Preventing homelessness is both more humane and often less expensive than paying for shelters. In FY03, Housing Consumer Education Centers constituted nearly half (47 percent) of appropriated money for community-based housing services. These regional offices provide education, outreach, and counseling to help families preserve homeownership, tenancies, financial stability, and self-reliance. Last year the Centers served nearly 30,000 people in all 351 communities in the Commonwealth. More than half of these clients were renters whose primary service needs included apartment searches and assistance with obtaining Section 8 vouchers or housing subsidies; many also requested assistance because they faced problems with paying their rent or were at risk of homelessness.

FY04 Cuts

- The line item for Housing Consumer Education Centers was cut \$578,075, a 58 percent decrease from last year.

Impact of Cuts

In response to cuts in funding, the Centers have scaled back their outreach, education, and training and, at a time when demand is on the rise, they have had to lay off staff. For example, with increased demand and limited resources, the South Shore office had to reduce its staff and serve fewer people overall. In the first quarter of last year, the office served over 300 people; in the last quarter, approximately 200 people were assisted. Staff shortages have required the office to offer less intensive services, which includes fewer follow-ups and less in depth research.⁶⁰

D. Transitional Housing and Homelessness Services

The Department of Transitional Assistance oversees the administration of two shelter programs. Despite level funding for the Housing Assistance Program (\$30 million) and the relatively small increase in spending on Emergency Assistance (\$75.7 million, a 5 percent increase from last year), there have been considerable cuts in housing assistance in other Departments. Two programs funded from the Executive Office of Elder Affairs were cut in the FY04 budget.

⁶⁰ Maureen Fitzgerald, Executive Director, Massachusetts Nonprofit Housing Association.

FY04 Budget Cuts

- A total of \$385,304 was cut from homeless and housing programs for elders. Congregate and shared housing services were cut \$135,304 or 9 percent. The Homeless Elders Residential Assessment and Placement Program was eliminated from the FY04 budget.

Impact of Cuts

Cuts in these homeless assistance programs for elders have reduced or eliminated housing placement options despite the growing need. Despite being eliminated in the FY04 budget, the Homeless Elders Residential Assessment and Placement Program (ERAPP) continues to operate due to a one-time grant from the Boston Medical Center, but funding will last only until March or April of 2004.⁶¹ ERAPP maintains a capacity of 25 beds and assists elders whose average income is just under \$500 per month, many of whom are also coping with a disability or chronic illness.⁶²

⁶¹ Massachusetts Human Services Coalition, *The People's Budget for Fiscal 2004*, January 2004.

⁶² Ibid.

VIII. Human Services⁶³

The reorganization of the Executive Office of Health and Human Services restructured the Office to include the following four clusters based on their common functions: (1) Health Care, (2) Disability Services and Long Term Care, (3) Children and Family Services, and (4) Veteran and Elder Affairs. The head of each cluster, with the exception of Elder Affairs, which remains a Cabinet-level Secretary, will serve as an Assistant Secretary under the Executive Office. Two agencies, the Division of Health Care Finance and Policy and the Division of Medical Assistance, were eliminated and their functions were transferred to other departments. While it is hoped that administrative streamlining will contribute to better coordination of services, program cuts could have negative consequences for people accessing various services.⁶⁴

A. Teen Pregnancy Prevention

The Teen Pregnancy Prevention Challenge Fund Coalition, which, until this year was funded as a coalition, was the only *statewide* pregnancy prevention program in Massachusetts. Throughout 17 coalition communities, the Challenge Fund provided direct services to at-risk teens, particularly targeting teens from low-income families and students with the lowest MCAS scores. In addition to preventing teen pregnancy, the program also aimed to keep youth in school, improve parent-child relations, and reduce both teen suicide rates and school violence.⁶⁵ In FY03, the Teen Pregnancy Prevention Challenge Fund served 43,000 youth and families.

FY04 Budget Cuts

- The budget cut \$2.5 million or 72 percent from the initial FY03 appropriation.

Impact of Cuts

Due to recent cuts, 15 of the 17 Challenge Fund coalitions were eliminated. A total of six direct services programs, no longer operating as a coalition, will serve only 250 teens this fiscal year. Lack of investment in this program could lead to higher costs to state-funded programs: 40 percent of TAFDC caseloads are families begun by a teen; 74 percent of teens who gave birth in 2001 used a public source of health coverage for prenatal and

⁶³ For a comprehensive description of budget cuts to Human Services see the People's Budget for Fiscal Year 2004 produced by the Massachusetts Human Services Coalition. Because that report provides a thorough analysis of budget cuts to human services, this report presents limited coverage of cuts to human services programs.

⁶⁴ This report reviews the impact of budget cuts to child care, income support programs, and health care in separate sections.

⁶⁵ Massachusetts Alliance on Young Families, *Restore the Teen Pregnancy Prevention Challenge Fund*, Available at: <http://www.youngfamilies.org/ChallengeFund.html>.

birth care; children of teen mothers are more than twice as likely to be abused and neglected.⁶⁶

B. Mental Health – Continuing Care Services

The Department of Mental Health estimates that approximately 45,000 adults with serious and persistent mental illnesses and dysfunctions qualify for publicly funded mental health services; 115,000 children and youth with serious mental illness or emotional disturbance are likely in need of similar services. The Department of Mental Health also serves approximately 27,000 adults, children, and youth through a variety of inpatient and community-based services.⁶⁷ The Olmstead Decision encourages movement from institutional to community-based residential settings, and promotes the design of services so that patients ultimately live in community settings.⁶⁸ Still, a substantial population of individuals receiving services through DMH (733 in FY02) appears to require hospital care.⁶⁹ There are three remaining state psychiatric hospitals which serve chronically ill patients. Although the Worcester State Hospital was spared elimination (as proposed in the Governor’s budget) funding to adult in-patient facilities experienced an \$11.3 million or 7 percent reduction from initial FY03 appropriations.

In FY04, overall funding for the Department of Mental Health was reduced \$12.7 million or 2 percent. Funding for continuing care services was hit particularly hard with a 25 percent cut from last year’s level.

Continuing care services provide assistance to adults with organic brain disorder and other major mental illnesses. Services also assist youths transitioning out of the Departments of Youth Services, Social Services, and Mental Health. Community-based settings avoid higher costs related to residential or institutional locations, and are useful in transitioning individuals back into their home environments. In FY02 (the most recent totals available from the DMH), 232 adults and children were treated in Intensive Residential Treatment Programs and 12,731 received case management services.

FY04 Cuts

- Continuing care services were cut \$1.5 million or 25 percent.

⁶⁶ Patricia Quinn, Director of Public Policy, Massachusetts Alliance on Teen Pregnancy.

⁶⁷ Commonwealth of Massachusetts, Executive Office of Health and Human Services, Department of Mental Health, *About the Department of Mental Health*, 2001. Available at: http://www.state.ma.us/dmh/_Mainline/AboutDMH.htm.

⁶⁸ In 1999, the United States Supreme Court held in *Olmstead v. L.C.* that the unnecessary segregation of individuals with disabilities in institutions may constitute discrimination based on disability, and ruled that the Americans with Disabilities Act may require states to provide community-based services rather than institutional placements for individuals with disabilities.

⁶⁹ Commonwealth of Massachusetts Department of Mental Health, *Massachusetts Department of Mental Health Annual Report Fiscal Year 2002*, 2002.

Impact of Cuts

Community-based programs have done all that they can to avoid cuts in direct clinical services. A few programs have had to lay off staff, thereby increasing caseloads for caseworkers. In some cases, services have been scaled back, which may delay treatment for clients. Delayed treatment often results in hospitalization, and, in the long run, incurs greater expense. Caseload numbers are currently not available from DMH.

C. Elder Affairs – Local Elder Services

According to Census estimates, nearly 864,000 individuals in Massachusetts are 65 years of age or older.⁷⁰ Approximately 10 percent of elders in the Commonwealth live below the poverty line, and many require medical assistance.⁷¹ The Executive Office of Elder Affairs provides services to a substantial portion of elders throughout the state. As a result of reorganization, the “Executive Office of Elder Affairs” became the “Department of Elder Affairs,” and absorbed the Office of Long Term Care (and its corresponding Senior Care Plans line item), which was once part of the Division of Medical Assistance. Administrators for Prescription Advantage, certification of assisted living residences, home care services, homelessness/housing services, and a variety of locally-based services are also housed in the Department of Elder Affairs. Overall, the Department of Elder Affairs was reduced \$3.0 million or 1.5 percent.⁷² Funding for local elder services was cut \$472,717 or 11 percent.

Previously, funding for local elder services included an Elder Service Corps Program, assistance for grandparents raising their grandchildren, and an elder lunch program. The Elder Service Corps provided a \$130 per month stipend for low-income seniors in exchange for community service activities such as helping in food pantries, assisting in programs for elders, and tutoring and mentoring children. The Grandparents as Parents Initiative provided support to grandparents raising their grandchildren. Nearly 28,000 grandparents in Massachusetts are responsible for meeting the basic needs of their grandchildren.⁷³ Services provided to grandparents include referrals to other agencies, legal assistance, and information on support groups. The elder lunch program provided

⁷⁰ U.S. Census Bureau, Population Division, *Table ST-EST2002-ASRO-02-25-State Characteristic Estimates*, September 18, 2003.

⁷¹ CPS 2003 Annual Social and Economic Supplement, *Table POV09: Families with Householders Under Age 65 by Number of Working Family Members and Family Structure: 2002 Below 100% of Poverty -- All Races*, 2003. Available at: http://ferret.bls.census.gov/macro/032003/pov/new09_100_01.htm.

⁷² For the purposes of this report, Senior Care Plans is included in the Medical Assistance Program Area, and, therefore, is not included in this total.

⁷³ Casey Family Programs National Center for Resource Family Support, *Grandparents and Other Relatives Raising Children: A State Fact Sheet*, Available at: http://www.casey.org/cnc/documents/kinfacts_ma.pdf.

meals to homebound elders and individuals living in congregate housing facilities. In FY03, over 8.2 million meals were delivered to 75,000 elders.⁷⁴

FY04 Cuts

- The FY04 budget eliminated \$472,717 or 11 percent in funding.

Impact of Cuts

The budget maintained funding for the elder lunch program, but eliminated appropriations for the Elder Service Corps and Grandparents as Parents Initiative. Budget cuts to the Elder Service Corps will likely eliminate or reduce supplemental resources for elders on fixed incomes; cutting resources to grandparents who serve as parents will likely eliminate or reduce support services for up to 28,000 grandparent-guardians.

⁷⁴ Massachusetts Human Services Coalition, *The People's Budget for Fiscal Year 2004*, January 2004.

IX. Income Support Programs

The Department of Transitional Assistance (DTA) is responsible for administering public assistance programs to families and individuals in need. DTA provides services to nearly 411,000 families and individuals across the state. During the recent economic downturn, caseloads have increased in many areas, and demand for services is very high. In the past 11 months the caseloads for TAFDC and EAEDC have respectively increased by more than 1,200 and 800 (3 and 5 percent respectively).^{75,76} Changes in work requirements for eligible parents have increased demand for the Employment Services Program, yet this program was cut \$11.0 million or 40 percent from initial FY03 appropriations.⁷⁷ Emergency Aid to the Elderly, Disabled and Children was cut \$8.1 million or 11 percent.

A. Employment Services Program

Prior to this year, parents of pre-school age children were exempt from the work requirement for TAFDC. Outside Section 528 of the budget extended work requirements to parents whose children are between 2 and 6 years of age, affecting approximately 9,000 individuals. In general TAFDC recipients are required to work 20 hours per week, but parents newly subject to the work requirement are permitted to meet this requirement through education or training programs. The Employment Services Program (ESP) was established to assist with basic and structured job searches, supported work, community service, education, and other training programs.

FY04 Cuts

- Funding to ESP was cut \$11.0 million dollars (40 percent) from the initial FY03 appropriation.
- 9C Cuts by the Governor in January 2003 reduced the budget from \$28 million to \$18 million, essentially eliminating the program for the second half of FY03. After 9C cuts, the total reduction amounts to \$1.0 million or 6 percent.

⁷⁵ *Transitional Assistance to Families with Dependent Children (TAFDC)* provides cash benefits (time-limited in many cases) to eligible families with dependent children and pregnant women in the last 120 days of pregnancy. *Emergency Aid to the Elderly, Disabled, and Children (EAEDC)* provides cash benefits to low-income disabled individuals or individuals who care for a disabled member of their household.

⁷⁶ Caseloads come from Research and Statistics available on the DTA website:
<http://www.state.ma.us/dta/dtatoday/facts/Index.htm>.

⁷⁷ Net reduction includes the federally funded Reed Act which provided nearly 6.0 million in grants to career centers.

Impact of Cuts

The Employment Services Program is experiencing greater demand for services with fewer resources to allocate for them. In past years, funds allocated to ESP were used, in part, for the Young Parents Program (YPP). Most recently, in FY03, \$3.8 million was devoted to YPP; in FY04, YPP will receive only \$2.8 million. As a result, approximately 400 teen parents will not have access to GED classes.⁷⁸ Moreover, despite the reprieve for parents newly subject to the work requirement that allows them to participate in education or training programs, many clients cannot access services through ESP due to the smaller budget appropriation.⁷⁹

B. Emergency Aid to the Elderly, Disabled, and Children

Emergency Aid to the Elderly, Disabled, and Children (EAEDC) provides cash benefits to low-income disabled individuals, individuals who care for a disabled member of their household, elderly persons, and children who meet eligibility requirements. As of November 2003, 16,873 individuals received benefits from EAEDC.⁸⁰

FY04 Cuts

- The FY04 budget for EAEDC was reduced to \$63.9 million, representing an \$8.1 million decrease (13 percent) from the previous year.
- Although the \$2.4 million in supplemental funding for this line item will alleviate some of the burden felt by the budget cut, it will not restore this item to its previous level.

Impact of Cuts

In response to cuts, DTA proposed cutting the monthly grant amount by 11 percent, thus reducing the average monthly stipend of \$303 by approximately \$30. A court order has prevented it from doing so but the result of further attempts to reduce the amount of the stipend remains to be seen. The FY04 budget also eliminated the provision that provided a \$35 per month rental allowance for private unsubsidized housing as well as benefits for high school students younger than 21 years of age.

⁷⁸ Patricia Quinn, Director of Public Policy, Massachusetts Alliance on Teen Pregnancy.

⁷⁹ Margaret Monsell, Massachusetts Law Reform Institute.

⁸⁰ Caseloads come from Research and Statistics available on the DTA website:
<http://www.state.ma.us/dta/dtatoday/facts/Index.htm>.