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Analyzing the House Ways & Means Committee's Budget for FY 2019

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OVERVIEW

The House Ways and Means (HWM) Committee's Fiscal Year (FY) 2019 budget proposal largely aligns with the Governor's proposal, but provides additional funding in a number of areas:

- Early Education and Care. The HWM budget provides $20.0 million for **Center-Based Child Care Rate Increases** to improve early education quality by increasing the rates paid by the state to child care providers. That funding should aid in increasing salary, benefits, and professional development for early educators. The HWM Committee also proposes $8.5 million for a new initiative focused on professional development for early educators facilitated by Massachusetts community colleges.

- K-12 Education. This budget provides $33.5 million more in Chapter 70 Aid (and related reserves) than the Governor proposed. In addition, it funds grant programs at $20.8 million more than the Governor recommended. This includes an added $9.5 million for charter school reimbursements and $8.9 million more for special education costs.

- Housing. This budget proposal would increase funding for the **Massachusetts Rental Voucher Program** (MRVP) to $100.0 million, which is $7.3 million more than FY 2018. MRVP provides housing vouchers to help low-income families, including those living in emergency assistance shelters, secure housing.

- MassHealth. To reduce costs to the state, the Governor proposed moving 140,000 low-income adults off MassHealth coverage and into subsidized commercial coverage funded through the Commonwealth Care Trust Fund and the Health Connector. The Administration had also proposed reforming coverage and pricing for pharmaceutical drugs. The HWM budget does not include these proposals.

Without any significant revenue sources beyond those in the Governor's budget, the HWM budget funds these differences largely by underfunding various accounts – such as for the removal of snow and ice from state roads – that likely need to be funded eventually. This risks leading to challenges maintaining a balanced budget during the upcoming fiscal year.

One new initiative on which the Governor and the HWM Committee agree is the expansion of the state Earned Income Tax Credit (EITC). The EITC raises the incomes of lower wage working families and has been found to improve long term education and health outcomes for children in those households.

The rest of this *Budget Monitor* examines the HWM budget proposals for major state programs in greater detail, comparing them to the Governor's proposals and to the amounts budgeted in FY 2018. The FY 2018 budget, like the HWM proposal, appropriated less than is expected to be spent in several accounts. A supplemental budget was recently approved by the House (and is now pending in the Senate) that provides additional funding for those accounts and others. When particularly relevant, we include those projected spending levels in the analysis as well. Links from the Table of Contents below allow readers to jump to specific sections. Each section provides links to our online budget tools including our *Budget Browser* (which provides funding information for every account in the state budget going back to FY 2001) and, where applicable, to our *Children's Budget.*

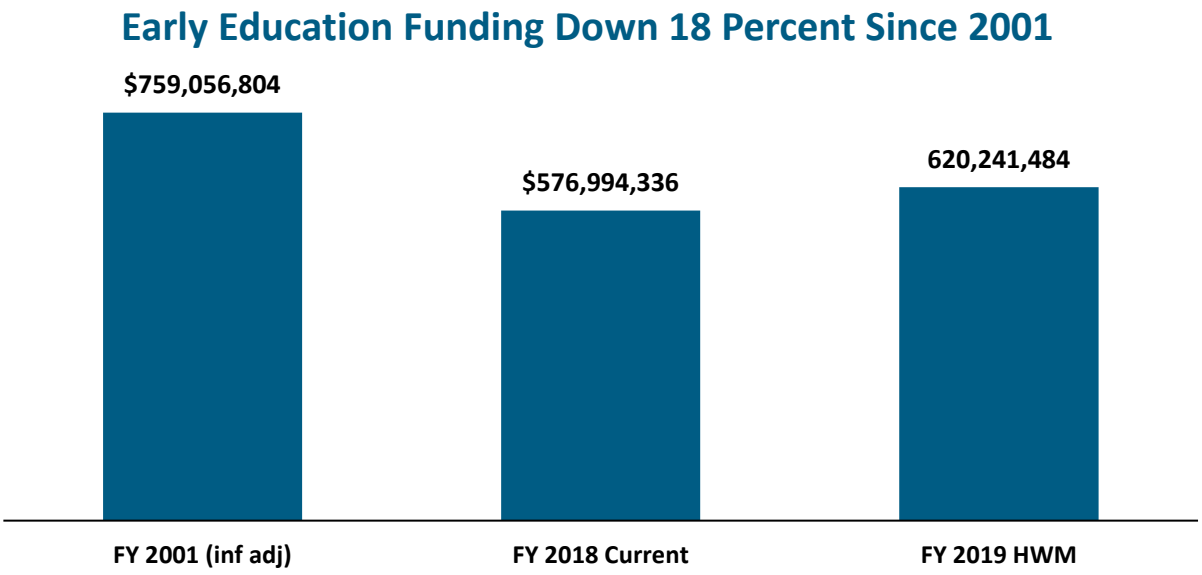
EDUCATION

Early Education & Care

Quality early education and care prepares our young children for success in education and allows them to thrive. Early education and care also provides critical support for working parents with young children, by offering safe and reliable care for kids while parents provide for their families.

The House Ways and Means (HWM) Committee's Fiscal Year (FY) 2019 budget proposal allocates $620.2 million to early education and care. The total amount of early education funding in the HWM Committee's proposal is an increase of $43.2 million (7.5 percent) above current FY 2018 levels. This amount is also $29.4 million (5.0 percent) more than the Governor's FY 2019 proposal.

Over the long term there have been significant cuts to early education and care since state tax cuts in the late 1990s and early 2000s. Despite this proposed increase for FY 2019, funding for early education and care in the HWM Committee's FY 2019 budget would be $138.8 million (18.3 percent) below what was available in FY 2001, adjusting for inflation (see chart below).



The HWM Committee's FY 2019 proposal does not include specific line items dedicated to reducing waitlists and serving more children in early education and care. However, HWM proposes $20.0 million (33.3% more than current levels) for **Center-Based Child Care Rate Increases** to improve early education quality by increasing the rates paid by the state to child care providers. That funding should aid in increasing salary, benefits, and professional development for early educators. Like the Governor's proposal, the HWM Committee's FY 2019 budget builds off the rate increases that took place in FY 2018 and increases funding to provide a full year of these higher reimbursements. For more detail, see **Analyzing the State Budget for FY 2018.** Larger allocations in the main subsidy accounts and the rate reserve proposed by HWM for FY 2019 will likely promote improvements in program quality for young children and their families.

The HWM Committee's FY 2019 budget provides $270.1 million for **Income Eligible Child Care**, $14.7 million (5.8 percent) above current levels, identical to what the Governor proposed. Income Eligible Child Care provides subsidies for low- and moderate-income families not eligible for other child care assistance. With insufficient funding to meet child care needs across the state, the waitlist for subsidies contained more than 20,900 kids in February 2018.

The HWM Committee's FY 2019 budget provides $235.8 million for **Supportive and TANF Child Care**, $13.7 million (6.2 percent) above current FY 2018 levels and in line with what the Governor proposed. Supportive and TANF Child Care provides subsidies to children under the care of the Department of Children and Families and those receiving Transitional Aid to Families with Dependent Children (limited cash assistance along with work training programs for low-income families).

The HWM Committee's FY 2019 budget creates a new line item, **EEC Provider Higher Education Opportunities**, funded at $8.5 million. This initiative is focused on professional development for early educators facilitated by Massachusetts community colleges. The aims include promoting teacher recruitment, training, advancement, and retention, as well as stakeholder collaboration in the early education field.

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

In its FY 2019 proposal, HWM proposes eliminating funding for the **Commonwealth Preschool Partnership Initiative** (which was funded at $200,000 in FY 2018). This program helps existing early education providers — including school districts — expand access to services, particularly for 3-year-olds.

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

K-12 Education

Providing an excellent education to all children in Massachusetts supports future generations in the Commonwealth while contributing to a strong, knowledge-driven economy. Chapter 70 education aid is the main program for delivering state support to local districts across Massachusetts, and ensuring that schools have sufficient resources to serve all students. For further background on the state's education funding system, see Demystifying the Chapter 70 Formula.

The House Ways and Means (HWM) Committee's Fiscal Year (FY) 2019 budget proposal increases **Chapter 70 Aid and Reserves** by $137.1 million (2.9 percent) to $4.90 billion. This increase is similar to what occurred in FY 2018 but is $33.5 million (0.7 percent) above what the Governor proposed.

In determining the Chapter 70 allocations to cities and towns for FY 2019, the HWM Committee's budget, like the Governor's, took into account several updates to last year's calculations.

This FY 2019 Chapter 70 proposal includes an annual inflation factor of 2.6 percent, as determined under Chapter 70 law. This is more than twice the FY 2018 rate. This Chapter 70 proposal also estimates that statewide student enrollment will decline by 0.4 percent in FY 2019.

Additionally, the HWM Committee's Chapter 70 proposal guarantees a minimum increase of $30 per student for districts that would not otherwise receive additional aid, up from $20 proposed by the Governor. This minimum aid increase creates roughly $4.5 million in additional aid. Finally, the HWM Committee's Chapter 70 proposal reduces the required local contributions of districts that are above their contribution targets by 92 percent as opposed to 85 percent proposed by the Governor. This increase accounts for roughly $1.9 million of additional aid in the proposal.

The HWM Committee's FY 2019 budget, in line with the Governor's, continues modest steps to implement some of the recommendations of the 2015 Foundation Budget Review Commission (FBRC). The FBRC found that schools across the state are significantly under-resourced relative to the Commonwealth's estimate of the costs of educating children, called the "foundation budget." This situation limits the capacity of schools across the state to help all children succeed.

The foundation budget is based on estimated costs for each element of a school budget as determined by the Education Reform Act of 1993 and adjusted mostly for inflation since then. The FBRC found that components in the formula fail to reflect actual costs and student needs in several areas, especially employee health care, special education, as well as supports for English Language Learners and kids in poverty.

The HWM Committee's FY 2019 budget partially addresses one of these problem areas by increasing the foundation rates for employee benefits (the category which includes health care for school employees) by between 6 and 15 percent depending on grade level and student category. This is more than the standard 2.6 percent inflation factor used in the rest of the formula, and higher than the Governor's proposed 5 to 11 percent increases. The difference is based on the HWM Committee assuming a seven-year phase in of a new Chapter 70 benefit rate, compared to nine years in the Governor's proposal. The additions proposed by the HWM Committee for FY 2019 would generate roughly $38 million in new aid for school districts, roughly $14 million more than the Governor's approach.

This remains an incremental step relative to fully implementing the FBRC recommendations. For example, according to the Department of Elementary and Secondary Education (DESE), changes in FY 2018 and proposed by the HWM Committee for FY 2019 would collectively implement 29 percent of the commission's health care-related recommendations. FBRC recommendations in the areas of special education, English Language Learners, and kids in poverty have not been implemented.

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

Implementation of this new process initially caused a drop in statewide poverty headcounts compared to prior years. To offset that drop, the FY 2017 and FY 2018 budgets increased the amount of funding

directed to each economically disadvantaged student. DESE and other agencies have made significant progress in identifying more students participating in various state programs as economically disadvantaged. The HWM Committee's FY 2019 budget, in line with the Governor's, reflects that over 339,000 students in poverty have been identified, up 7.8 percent from 315,000 in FY 2018. Identifying additional students in poverty tends to increase aid, particularly for districts serving the lowest-income families. However, this FY 2019 budget, like the Governor's, reverses some of the policy changes from the prior two years by lowering the amount of funding included in the formula for each economically disadvantaged student by around 5 percent (about $200 per student). This counteracts some potential aid increases that could have arisen from improved identification of kids in poverty.

The HWM Committee's FY 2019 proposal includes $27.5 million for the **Chapter 70 Reserve (Foundation Reserve One Time Assistance)**. Over half of this funding ($15.0 million) is intended to support districts who had an influx of 2,400 students from Puerto Rico and the U.S. Virgin Islands after recent natural disasters. This would provide supplemental aid for FY 2019 in the same manner as the current FY 2018 budget. The Chapter 70 Formula should account for these students when calculating future Chapter 70 aid for FY 2020 if they remain enrolled. The remaining $12.5 million in this reserve is included by the HWM Committee above what the Governor proposed. That specific funding would be used to provide assistance to a handful of districts receiving less aid than they otherwise would have as a result of the change to the student poverty measure discussed above.

In line with the Governor's proposal, the HWM Committee's FY 2019 proposal projects $862.6 million in revenue for the **Massachusetts School Building Authority** (MSBA) to support district construction and renovation projects across the state. This amount is $16.0 million (1.9 percent) above current FY 2018 levels, less than the expected inflation rate.

The HWM Committee's FY 2019 budget provides $90.0 million to **Charter School Reimbursements**, $9.5 million (11.8 percent) above current FY 2018 levels and the Governor's proposal for FY 2019. When fully-funded, this program is intended to reimburse 100 percent of outgoing student funding in the first year and 25 percent of this amount for each of the following five years.
However, according to recent FY 2018 projections from DESE, the current $80.5 million funding level only supported about half the amount called for by the formula, leaving a $74.1 million gap. This gap has increased from $56.1 million in FY 2017. This underfunding means that only 70 percent of first-year outgoing student funding has been reimbursed in FY 2018, with no reimbursements available for students who left in prior years.

Depending on enrollment growth, the additional proposed aid should help prevent these gaps from rising in FY 2019 as additional charter school seats are added and districts claim more reimbursements from the fund. For additional detail on charter school funding, proposals to alter the reimbursement system, and the impact of recent underfunding, see **Charter School Funding Explained**.

Apart from Chapter 70 Aid and Charter Reimbursements, the HWM Committee FY 2019 budget increases funding for several other state reimbursement programs that benefit local school districts:

- $9.1 million in support for **Homeless Student Transportation**, $1.0 million (12.3 percent) above current levels and what the Governor proposed

- $300.0 million in support for the **Special Education Circuit Breaker**, $18.8 million (6.7 percent) above current levels and $8.9 million more than the Governor proposed. The circuit breaker

reimburses school districts for a portion of their costs for educating students with severe disabilities. A supplemental budget under consideration by the Legislature would increase current funding levels for the Circuit Breaker by $12.5 million to $293.7 million, $6.3 million below this HWM proposal.

- $62.5 million in support for **Regional School Transportation**, $1.0 million (1.6 percent) above current levels and what the Governor proposed

In this HWM Committee budget proposal, $250,000 in funding for **English Language Learners (ELL) in Gateway Cities** (7009-6400) is merged into **English Language Acquisition** (7027-1004). Even after accounting for this transfer, which maintains current levels of support for ELL in Gateway Cities, funding for English Language Acquisition in this proposal is greatly increased to $2.3 million (163 percent above current FY 2018 levels). This amount would allow significant expansion of statewide professional development for educators serving ELL students, which could contribute to improving ELL teaching practices and student achievement.

FUNDING FOR ENGLISH LANGUAGE SUPPORT

Line Item #	Line Item Name	FY 2018 Current	FY 2019 Gov. Adjusted	FY 2019 HWM	*FY 2019 HWM Transfers**	FY 2019 HWM Adjusted	Difference FY19 HWM - FY18 Curr.
7009-6398	ELL in Gateway Cities	250,000	0	0	*250,000*	250,000	0
7027-1004	English Language Acquisition	855,494	850,002	2,500,000	*(250,000)*	2,250,000	1,394,506
TOTAL		**1,105,494**	**850,002**	**2,500,000**	**0**	**2,500,000**	**1,394,506**

*Budgets sometimes transfer the allocation of funding among line items from one year to the next. The chart above presents these line items in the HWM FY 2019 proposed structure and the prior FY 2018 funding structure to make comparisons easier.

The HWM Committee FY 2019 proposal moves the administration of **Recovery High Schools** from public health agencies to the Department of Elementary and Secondary Education. For detail on this initiative, see the Public Health Section below.
The HWM Committee's FY 2019 budget proposal does not include funding for a new initiative **Early College Programs** which was funded at $3.0 million in the Governor's proposal.

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

Higher Education

Expanding access to affordable high quality postsecondary education can provide more young people with the opportunity to choose their paths in life without being blocked by insurmountable financial obstacles. In the long run, that strengthens our overall state economy. Our system of public higher education, comprising three "segments"—the University of Massachusetts, the state universities, and the community colleges—has played a large role in this accomplishment. Adequate state funding is necessary to help ensure quality postsecondary education is affordable and accessible for all who want to pursue it.

In large part, the House Ways and Means (HWM) Committee's proposed higher education budget for Fiscal Year (FY) 2019 follows the Governor's proposal. HWM's proposed higher education budget:

- **Increases total higher education funding by just 1.2 percent,** and direct funding for each campus segment by 1.0 percent, over the current FY 2018 budget—not enough to keep up with inflation. These essentially match the Governor's proposed increases. (See below.)
- **Adds $7.2 million in scholarship funding**—the same amount as the Governor's proposal. (See below.)
- **Cuts funding for day-to-day operations** at the Department of Higher Education by more than half—$2.1 million, or 51.8 percent—from the current FY 2018 budget. This proposed cut is slightly deeper than the Governor's proposed 49.7 percent decrease.
- **Eliminates funding for performance management**—a pool of money used to incentivize, among other things, standardization of course offerings across all three segments of the state's public higher education system and shortening the time it takes for students to complete their degrees. The Governor called for $4.0 million in performance management set-asides.
- **More than doubles funding for dual enrollment**—which allows high school students to take college courses and get a head start on degree completion—from the current FY 2018 appropriation of $970,000. The Governor proposed level-funding this program.

Campus Funding

As recently detailed in MassBudget's report "Educated and Encumbered," per-student state funding for public higher education in Massachusetts is down 32 percent since Fiscal Year (FY) 2001. These cuts have played a significant role in tuition and fee increases across all three "segments" of our state's system of public higher education—the University of Massachusetts, the state universities, and the community colleges—which have led to growing debt. Among students graduating from public 4-year postsecondary schools, average debt grew faster in Massachusetts than in all but one other state from 2004 (the earliest year for which data are available for most states) to 2016.

The HWM budget proposal does little to reverse these trends. The HWM FY 2019 proposal calls for a 1.0 percent increase in direct funding for each of the state's college and university campuses. (These percentages and the figures in the following table are adjusted to account for the fact that all community colleges, as well as all state universities except the Massachusetts Maritime Academy and the Massachusetts College of Art and Design, send back—or "remit"—their in-state tuition revenues to the state's General Fund. The Governor's budget proposal included an Outside Section that would create a task force to look at these tuition retention and remission policies, but such language is not included in the HWM budget.)

HIGHER EDUCATION FUNDING BY SEGMENT

Segment	FY 2018 Current	FY 2019 Governor	FY 2019 HWM	Difference FY19 HWM - FY18 Curr.
Community Colleges	275,578,064	278,078,702	278,453,702	2,875,638
State Universities	247,353,738	249,856,427	249,856,426	2,502,688
University of Massachusetts	518,245,371	523,367,080	523,367,080	5,121,709
Total, all segments	**1,041,177,173**	**1,051,302,209**	**1,051,677,208**	**10,500,035**

By comparison, the average tuition increase from the 2016-17 academic year to 2017-18 was 5 percent across the four-year campuses (the University of Massachusetts and the state universities) and 4 percent at the community colleges.

UMass-Boston Research Center Cuts

In late March, the University of Massachusetts at Boston announced that it would be cutting its funding for 17 research institutes whose research focuses on women, African-Americans, Latinxs, Native Americans, people in poverty and receiving public assistance, and veterans, among other population groups. These cuts will total $5.0 million, including $1.5 million in FY 2019. Affected institutes will be expected to achieve self-sufficiency—that is, to operate without public funding—as of FY 2022 by replacing this public funding with philanthropic grants and research contracts.

State Scholarships

The HWM proposal adds $7.2 million in scholarships, following the Governor's lead in his proposed FY 2019 budget. Whereas the Governor specified that this money is for community college students, the HWM proposal does not specify the uses of the new funding.

For information on funding for all higher education line items going back to FY 2001, please see MassBudget's *Budget Browser* here.

ENVIRONMENT & RECREATION

The state budget funds programs that keep our air, water, and land clean; maintain fish and wildlife habitats; and staff and maintain our parks, beaches, pools, and other recreational facilities. The House Ways and Mean (HWM) Committee's Fiscal Year (FY) 2019 budget proposes spending $208.6 million on environment and recreation programs, which is $8.6 million or 4.3 percent more than the current FY 2018 budget and $3.7 million more than the budget proposed by the Governor.

Some highlights from the HWM Committee's budget for environment and recreation programs include:

- $2.2 million for **climate change and adaptation** which is significantly more than the $150,000 in FY 2018 and is identical to the amount proposed by the Governor. The Executive Office of Energy and Environmental Affairs would use these funds to coordinate and implement strategies with state and local agencies to assess susceptibility to rising sea levels and extreme storms, and adopt strategies to minimize damage to state facilities such infrastructure, water supply, natural habitats, housing, and businesses.

- $29.0 million for the **Department of Environmental Protection** (DEP) administrative account, an increase of $4.3 million above both the FY 2018 budget and the Governor's FY 2019 proposal. In FY 2016, DEP lost over 100 employees as part of the state's early retirement incentive program. This funding may allow DEP to hire additional staff to help with environmental planning, permitting, compliance and other activities.

- $60.0 million for **state parks and recreation**, an increase of $2.8 million above the FY 2018 budget and $2.0 million more than the Governor's recommendation for FY 2019. Funding for state parks is included in both the primary account for state parks and the account that allows the Department of Conservation and Recreation (DCR) to retain revenue from parking and entry fees it collects at its parks and recreation facilities. In a letter to the Senate Ways and

Means Committee last year, DCR's Stewardship Council recommended $62 million in FY 2018 so that DCR could adequately staff and maintain state parks – the final FY 2018 budget provided $57.2 million. Even with its proposed increase, the HWM Committee's proposal is $2.0 million below the amount recommended by the Council last year.

For information on funding for environment & recreation programs going back to FY 2001, please see MassBudget's *Budget Browser* here.

HEALTH CARE

MassHealth (Medicaid) and Health Reform

The Commonwealth provides health insurance to about 1.9 million people, including more than 650,000—close to half—of the state's children. In addition, the state budget funds payments to health providers, such as hospitals that serve large numbers of low-income patients and nursing homes, to help pay for care for patients on publicly subsidized health insurance.

MassHealth Program and Administration

The House Ways and Means (HWM) Fiscal Year (FY) 2019 budget for MassHealth is $16.60 billion, with $16.44 billion for the MassHealth program, and $160.1 million for program administration (see table). This $302.9 million increase over the Governor's proposal is partially offset by an $85.0 million reduction in spending at the **Health Connector** as funded by the Commonwealth Care Trust Fund (see discussion below). These MassHealth totals differ from totals presented by the HWM, as MassBudget's totals continue to include the costs of the Community Choices program ($228.2 million) for the purposes of year to year comparisons, which the HWM and the Administration include in their funding totals for the Department of Elder Affairs.

MassHealth (Medicaid) and Health Reform

	FY 2018 Projected Spending	FY 2019 Governor	FY 2019 HWM
MassHealth			
MassHealth Programs	15,919,062,626	16,134,592,329	16,437,442,329
MassHealth Administration	159,027,520	160,129,599	160,127,269
SUBTOTAL	**16,078,090,146**	**16,294,721,928**	**16,597,569,598**
Commonwealth Care Trust Fund			
Tobacco Excise Revenue Transfer	111,727,134	128,534,805	128,534,805
Transfer to Commonwealth Care Trust		130,772,892	45,772,939
SUBTOTAL	**111,727,134**	**259,307,697**	**174,307,744**
TOTAL	**16,189,817,280**	**16,554,029,625**	**16,771,877,342**

The HWM budget does not incorporate either of the two major MassHealth initiatives proposed by the Governor: shifting some low-income adults from MassHealth coverage to ConnectorCare at the Health Connector, and reforming coverage and pricing for pharmaceutical drugs. The Governor had assumed substantial savings from these reforms, which account for most of the funding differences between the two proposals.

To reduce costs to the state, the Governor proposed moving 140,000 low-income adults off MassHealth coverage and into subsidized commercial coverage funded through the Commonwealth Care Trust Fund and the Health Connector ("ConnectorCare"). These would have been non-disabled adults, some of whom had been eligible for MassHealth coverage since Massachusetts' early health reforms in 1997, and some of whom became eligible for MassHealth with the Medicaid expansions under the Affordable Care Act (ACA).

Part of the financial rationale for this plan was due to the differing federal reimbursement rates for different types of health spending. Although the federal government reimburses Massachusetts for 50 percent of most of Medicaid spending, for the low-income adults who became eligible for MassHealth under Medicaid ACA expansion, the federal reimbursement is actually higher—89.6 percent in calendar year 2018. Currently, Massachusetts also receives federal reimbursements to subsidize both co-payments and insurance premiums for low-income people who receive health insurance through the Connector. The Administration had projected that switching these adults to the Connector from MassHealth would save the state $60 million in FY 2019 in "net savings" thanks to $108 million net in reduced spending at MassHealth offset by a $48 million net increase in costs at the Connector.

HWM proposes a direct transfer of $45.8 million into the **Commonwealth Care Trust Fund**. The Governor's proposal had included a transfer of $130.8 million, $85.0 million more, to cover the costs of the adults shifted into the Connector from MassHealth. The MassHealth funding table above includes funding for the Commonwealth Care Trust Fund in order to more

accurately align the budget proposals. These are gross totals, and do not reflect the impact on federal revenues of these spending proposals. ("Net costs" reflect just the state costs after subtracting federal reimbursement.)

The Governor also proposed two major changes to prescription medication purchasing, neither of which was incorporated into the HWM budget proposal. The Governor's proposals were to allow the state to negotiate drug prices directly with manufacturers, and to create what is known as a "closed formulary," limiting the medications MassHealth would cover.

Other differences between the HWM and Governor's budget proposals are that HWM includes:

- $14.8 million in **supplemental payments for pediatric hospitals**
- $13.0 million in **supplemental payments for hospitals** that have a high share of low-income patients
- $750,000 for family medicine residency programs at **community health centers**
- $15.0 million in increased rates for **nursing homes**
- $2.8 million in pay for performance wage incentives at **nursing homes**
- Language maintaining **vision coverage** in the CarePlus program
- Language maintaining **chiropractic coverage** in the Primary Care Clinician program
- Language maintaining full-year coverage for **adult dental fillings and dentures**.

Other Health Subsidies and Related Spending

The budget also includes funding for other supplemental payments to health safety net providers, funding for other subsidized health programs, and other administrative and operational supports. In the table below, the totals for the Medical Assistance Trust show budgeted appropriations current as of this moment. The timing of operating transfers into this trust which are made up of provider assessments and federal revenues, do not align with the state fiscal year. The funding differences from year to year for other trusts also in part reflect timing discrepancies or changing requirements based on federal Medicaid waivers. The apparent large difference between FY 2018 and FY 2019 is simply due to the timing of the transfers. There will likely not be a significant difference in spending from this trust for FY 2019 compared to FY 2018.

Other Health Subsidies and Related Spending

	FY 2018 Projected Spending	FY 2019 Governor	FY 2019 HWM
Other Health Subsidies			
Prescription Advantage	16,929,054	16,939,784	16,939,784
SUBTOTAL	**16,929,054**	**16,939,784**	**16,939,784**
Transfers into Trusts			
Medical Assistance Trust	747,100,000	452,450,000	452,450,000
Delivery System Transformation Initiative	186,649,333		
Safety Net Provider Trust		167,640,000	167,640,000
Substance Abuse Trust	47,000,000		
SUBTOTAL	**980,749,333**	**620,090,000**	**620,090,000**
Other Administration and Operations			
Center for Health Info. & APCD	30,079,031	28,181,406	28,181,406
Information Technology	125,164,835	102,764,307	102,736,495
Health Connector Operations	17,925,694	16,775,216	16,775,216
Health Information Trust	1,000,000	19,153,272	10,000,000
Other Health Finance	9,624,819	9,602,936	9,830,724
SUBTOTAL	**183,794,379**	**176,477,137**	**167,523,841**

The HWM and Governor's budget proposals include payments to health safety net providers through a variety of trusts, funded by a combination of operating transfer appropriations, re-distributed assessments on providers, and federal reimbursements. For example, with the roll out of Accountable Care Organizations this year, funding for the **Delivery Systems Transformation Trust** is no longer needed. The HWM and Governor's budget create a new trust, the **Safety Net Provider Trust**, funded with $167.6 million to provide supplemental payments to health care providers based on a new initiative in the most recent Medicaid waiver.

Moreover, as with other parts of the budget, the HWM and Governor's budgets incorporate proposals to implement expanded and improved behavioral health and expanded **substance use disorder** prevention and treatment. In FY 2018, the state dedicated $47.0 million to a new trust fund to support substance use treatment, supported by federal reimbursement for the MassHealth program. The Governor's proposal noted that the Administration plans to spend $30.0 million from this FY 2018 allocation in FY 2019. The Administration also expects that with this year's implementation of the restructuring of MassHealth into Accountable Care

Organizations, care coordinators will be responsible for fully integrating and aligning behavioral health services with medical care.

To support the operations of Massachusetts' health system, HWM and the Governor's budgets both include $16.8 million to support the operations of the state's **health insurance eligibility** system. This total includes $1.8 million to assist in the collection of the state's employer contribution towards health care, a portion of which is deposited in the Commonwealth Care Trust, and a portion of which helps pay for the MassHealth program overall, as discussed in the revenue section of this *Budget Monitor*. The totals also include $15.0 million to support the costs of the transition of funding for the state's health insurance eligibility data system (HIX) from the capital budget to the operating budget. This spending is paid for by a transfer from the Health Connector. There's an additional $10.0 million for the **Health Information Technology Trust** in the HWM budget, $9.2 million less than proposed by the Governor. (Although not yet included in the FY 2018 current budget totals, the Legislature is debating legislation that would add an additional $15.0 million in FY 2018 for this Trust.)

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

Mental Health

The House Ways and Means (HWM) Committee's Fiscal Year (FY) 2019 budget includes $869.9 million for the services of the Department of Mental Health (DMH), to help ensure that people in the Commonwealth struggling with and recovering from mental illness are able to become healthy, and live and work successfully in the community. This amount is essentially level with the Governor's proposal, and is a significant increase over FY 2018 projected spending—$97.4 million more, or an increase of 12.6 percent. DMH provides supports to approximately 26,000 people—children as well as adults—through a network of inpatient facilities, residential treatment programs, and community support services.

Strengthening the state's supports for behavioral health services has been a priority for both the Governor and the Legislature, and there are behavioral health initiatives incorporated into funding recommendations for DMH, as well as funding for MassHealth, the Department of Public Health, and funding at the Department of Correction (included in the "Law Enforcement" section of this *Budget Monitor*) and in funding within education programs as well.

The HWM budget, like the Governor's budget, increases funding for **adult mental health** services by $95.7 million (21.4 percent) over the FY 2018 total, to $543.0 million over the FY 2018 current budget (see table). Most of this increase over FY 2018 goes to restructuring and expanding the primary adult services program (formerly known as Community Based Flexible Services) into a different model called **Adult Community Clinical Services** (ACCS). The Administration has stated that this new model will provide more coordinated, standardized, and consistent treatment that will better align with health care systems, and will be more comprehensive, particularly for people who also have substance use disorders.

FUNDING FOR ADULT MENTAL HEALTH SERVICES

Line Item #	Line Item Name	FY 2018 Current	FY 2019 Governor Adjusted	FY 2019 HWM	*Transfers**	FY 2019 HWM Adjusted	Difference FY19 HWM - FY18 Current
5046-0000	Adult Mental Health and Supports	387,080,579	482,670,614	486,718,033	*(4,000,000)*	482,718,033	95,637,454
5046-0006	Adult Community-Based Placements	4,000,000	4,000,000	0	*4,000,000*	4,000,000	0
5046-2000	Statewide Homelessness Support	22,727,689	22,727,689	22,727,689		22,727,689	0
5046-4000	CHOICE Program Retained Revenue	125,000	125,000	125,000		125,000	0
5047-0001	Emergency Services and Mental Heal	24,101,834	24,103,661	24,103,309		24,103,309	1,475
5055-0000	Forensic Services Program	9,232,517	9,297,407	9,296,840		9,296,840	64,323
TOTAL		**447,267,619**	**542,924,371**	**542,970,871**	**0**	**542,970,871**	**95,703,252**

*Budgets sometimes transfer the allocation of funding among line items from one year to the next. The chart above presents these line items in both the HWM FY 2019 proposed structure and the prior FY 2018 funding structure to make comparisons easier.

HWM recommends $90.3 million for **Child and Adolescent Mental Health**. This is slightly above the Governor's recommendation and $1.4 million below the FY 2018 current budget. This total includes $3.6 million for the **Massachusetts Child Psychiatry Access Project** (MCPAP), an innovative program that improves access to treatment for children with behavioral health needs by making psychiatrists available to provide consultation for primary care providers across Massachusetts.

For information on funding for all mental health programs going back to FY 2001, please see MassBudget's *Budget Browser* here.

Public Health

The House Ways and Means (HWM) Committee's budget proposal for Fiscal Year (FY) 2019 includes $635.1 million for the state's public health infrastructure. The Department of Public Health (DPH) oversees a variety of prevention and treatment services, improves access to health care, and ensures the safety of our food, water, and land. This total is $9.3 million more than proposed by the Governor (a 1.5 percent increase), and $19.0 million more than current FY 2018 budgeted totals. As detailed below, the total includes some new public health initiatives not administered by DPH, but that are closely aligned with existing public health programs. It also includes an additional $3.0 million from casino revenue that will be dedicated to a new Public Health Trust Fund. These funds will be used to support the prevention and treatment of problems associated with compulsive gambling including substance misuse and addiction.

The HWM budget proposal reflects the Commonwealth's continued commitment to prevent and treat substance misuse. Initiatives at DPH are central to that effort, and combined funding for substance abuse and misuse services in DPH is $155.0 million, slightly above the Governor's total and $8.6 million above current FY 2018 budgeted totals (see table).

FUNDING FOR SUBSTANCE MISUSE PREVENTION AND TREATMENT

Line Item #	Line Item Name	FY 2018 Current	FY 2019 Governor with Transfer	FY 2019 HWM	*Transfers**	FY 2019 HWM with Transfer	Difference FY19 HWM - FY18 Current
4512-0200	Bur. of Substance Addiction	132,575,888	136,123,457	137,173,457		137,173,457	4,597,569
4512-0201	Substance Abuse Step-Down	4,908,180	4,908,180	4,908,180		4,908,180	0
4512-0202	Secure Treatment Facilities	1,940,000	1,940,000	5,000,000		5,000,000	3,060,000
4512-0203	Family Intervention and Care	1,440,450	1,440,450	1,440,450		1,440,450	0
4512-0204	Nasal Narcan Pilot Expansion	970,000	970,000	1,000,000		1,000,000	30,000
4512-0205	Substance Abuse Grants	980,000	0	0		0	(980,000)
4512-0211	Recovery High Schools	3,600,000	2,475,000	0	*2,475,000*	2,475,000	(1,125,000)
7061-9607	Recovery High Schools			2,475,000	*(2,475,000)*	0	0
	Public Health Trust Fund		2,998,712	2,998,712		2,998,712	2,998,712
TOTAL		**146,414,518**	**150,855,799**	**154,995,799**	***0***	**154,995,799**	**8,581,281**

*Budgets sometimes transfer the allocation of funding among line items from one year to the next. The chart above presents these line items in both the HWM FY 2019 proposed structure and the prior FY 2018 funding structure to make comparisons easier.

Funding for substance misuse treatment and prevention is also scattered throughout other parts of the state budget. The HWM FY 2019 proposal follows the Governor's recommendation to allocate some new funding for substance misuse services for school-aged children to the Department of Elementary and Secondary Education (DESE). Funding of $2.5 million for Recovery High Schools, for example, has historically been within DPH. The Governor proposes moving that funding over to DESE so as to better coordinate with other academic initiatives. To allow for more accurate year-to-year comparisons this *Budget Monitor* shows the funding at DPH where it has been in past years. The HWM budget does not include the Governor's proposal for $5.0 million in a new fund to support substance use prevention, education and screening within the schools.

The HWM budget includes language creating a new Office of Health Equity, and provides $100,000 to fund it within the Executive Office of Health and Human Services. This office is charged with identifying and reporting on social factors that lead to racial and ethnic disparities in health outcomes. Budget language also charges the office with developing interagency initiatives to address these disparities, considering the health outcomes that result from differences in access to affordable and safe housing, access to transportation, access to safe and clean spaces, access to employment, and access to education.

Like the Governor's budget, the HWM budget proposes little new investment in other areas crucial to protecting the public health. Although HWM proposes $2.8 million more for HIV prevention and treatment than the Governor, this is level with current FY 2018 budgeted totals. HWM follows the Governor's recommendation to increase funding to address compulsive gambling by $250,000 to a total of $1.5 million. Funding from a new Public Health Trust Fund (discussed above) will also support the prevention and treatment of problems associated with compulsive gambling.

There are several programs in the budget that are designed to provide community-based activities and supports for young people, in order to keep them engaged and ultimately reduce violence. Together, these programs receive $12.5 million in the HWM budget, a $3.3 million increase above the Governor's budget proposal, and just above FY 2018 funding (see table). For example, the Safe and Successful Youth Initiative provides young people with a public health approach to reducing gun-related

violence. This program receives $8.0 million in the HWM budget, $680,000 above the Governor's proposal and FY 2018 current totals.

FUNDING FOR YOUTH ENGAGEMENT

Line Item #	Line Item Name	FY 2018 Current	FY 2019 Governor	FY 2019 HWM	Difference FY19 HWM - FY18 Current
4000-0005	Safe and Successful Youth Initiat	7,320,000	7,320,000	8,000,000	680,000
4590-1506	Violence Prevention Grants	1,337,124	1,338,850	1,500,000	162,876
4590-1507	Youth At-Risk Matching Grants	3,765,000	500,000	3,000,000	(765,000)
TOTAL		**12,422,124**	**9,158,850**	**12,500,000**	**77,876**

For information on funding for all public health programs going back to FY 2001, please see MassBudget's *Budget Browser* here.

State Employee Health Insurance

The House Ways and Means (HWM) Committee's Fiscal Year (FY) 2019 budget proposal includes $1.59 billion to cover the costs of health insurance for state employees, essentially the same as in the Governor's proposal. This total includes coverage for current employees as well as retirees (discussed more below).

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

Recent legislation signed by the Governor consolidated funding for elderly retired employees and retired teachers (known as "Pool 2") into the funding for current employees ("Pool 1"). Combining these risk pools would make coverage more affordable and provide additional choice for these approximately 10,000 retirees.

STATE EMPLOYEE HEALTH INSURANCE TRANSFERS AND ADJUSTMENTS

Line Item #	Line Item Name	FY 2018 Current with MassBudget Adjustments	FY 2019 Governor with MassBudget Adjustments	FY 2019 HWM	*Transfers**	*Adjustments***	FY 2019 HWM with MassBudget Adjustments	Difference FY19 HWM adjusted - FY18 Current
1108-5200	Group Insurance Plans	1,074,915,272	1,077,008,201	1,701,053,589	*(55,072,576)*	*(568,972,812)*	1,077,008,201	2,092,929
1108-5350	Retired Employees	127,271	133,635	0	*133,635*		133,635	6,364
1108-5400	Retired Teachers	0	0	0	*54,938,941*	*(54,938,941)*	0	0

*As described above, GIC consolidated "Pool 1" and "Pool 2" employees. The chart above presents these line items in both this new funding structure and the prior FY 2018 funding structure to make comparisons easier.

**See text for discussion of municipal pass-through adjustments.

State Retiree Benefits

The state has adopted a schedule to move towards full funding of health and other non-pension post-employment benefits ("OPEB") for retirees. The Commonwealth funds the current and future costs of OPEB through a variety of transfers to the State Retiree Benefits Trust. The HWM budget proposal, like the Governor's proposal, includes $441.2 million in an operating transfer directed to the State Retiree Benefits Trust. In order to fully fund the cost of future retirees' benefits, in FY 2012 the state decided to dedicate an increasing share of its annual Master Tobacco Settlement award to the State Retiree Benefits Trust. The intent was to use 70.0 percent of the award in FY 2019, which would be $175.9 million.

However, instead of transferring $175.9 million, the HWM budget (like the Governor's budget) proposes transferring an amount equivalent to just 10.0 percent of the Tobacco Settlement award—$25.1 million—into the State Retiree Benefits Trust to fund OPEB. Language in the budget states that this transfer would come from unexpended debt payments reverted to the General Fund or, if those reversions are insufficient, the Governor proposes making the transfer from the Master Tobacco Settlement money deposited into the General Fund. This total is $150.7 million less than the amount indicated for FY 2019 in the statute.

The HWM also proposes moving 5.0 percent of the excess capital gains taxes that are deposited into the Stabilization Fund into the State Retiree Benefits Trust (see discussion in the Revenue section of this *Budget Monitor)*. HWM estimates this amount at $4.4 million. The Governor had also proposed a transfer of this amount from the Stabilization Fund into the Trust.

For information on funding for state employee health insurance going back to FY 2001, please see MassBudget's *Budget Browser* here.

HUMAN SERVICES

Child Welfare

The House Ways and Means (HWM) Committee's Fiscal Year (FY) 2019 budget proposes $989.6 million to support the state's child welfare system, which is designed to protect children at risk of neglect or abuse. This total is $8.7 million (0.9 percent) less than what the Governor proposed for FY 2019. It is $12.7 million (1.3 percent) more than the current FY 2018 budget. The HWM Committee notes it is proposing more funding to meet rising caseloads at the Department of Children and Families (DCF) and that the department's staffing levels have increased since FY 2014, helping to lower caseload ratios.

The HWM Committee proposes significantly less funding for **DCF administrative costs** — which is for child protection and custody — at 6 percent less than what the Governor proposed. Most notably, the HWM Committee budget proposes no funding for **DCF Local and Regional Management of Services**. In the past, however, funds have been added to this line item later in the budget process.

The HWM Committee budget also proposes 3 percent less than the Governor's proposal for **family support services**, which puts this category slightly behind FY 2018 budget levels. Family support services help families stay together. Within this category of family support services, the HWM budget proposes 22.6 percent, or $2.3 million, less for **DCF Family Resource Centers**. Also within this category, the HWM Committee budget proposes funding **Family Support and Stabilization** at $49.4 million, at $500,000 (1 percent) more than the Governor's proposal.

PROPOSED FUNDING FOR FAMILY SUPPORT SERVICES

Line Item #	Line Item Name	FY 2018 Current	FY 2019 Governor	FY 2019 HWM	Difference FY19 HWM - FY18 Curr.	Notes
0950-0030	Commission on Grandparents Raising Grandchildren	111,714	111,714	111,714	0	
4800-0040	Family Support and Stabilization	47,642,955	48,911,855	49,411,855	1,768,900	
4800-0200	DCF Family Resource Centers	9,731,116	10,058,440	7,781,116	(1,950,000)	See text above
	FAMILY SUPPORT SERVICES TOTAL	57,485,785	59,082,009	57,304,685	(181,100)	

The HWM Committee budget proposes about the same level of funding as the Governor for **foster care services** and for **case management**. This proposal puts foster care services slightly ahead of inflation, at $583.0 million, a 2.5 percent increase from the current FY 2018 budget.

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

Disability Services

Disability services include job training programs and community-based supports to help people with physical and developmental disabilities as well as their families. The House Ways and Means (HWM) Committee proposes essentially the same level of funding for disability services as the Governor's proposal for Fiscal Year (FY) 2019. The HWM Committee's proposed $2.00 billion for disability services is 2.6 percent more than what is currently budgeted for FY 2018.

The Governor's FY 2019 budget proposal, released in January, had significantly increased funding for **Autism Omnibus Services**, which includes support for individuals with autism spectrum disorder, Smith-Magenis syndrome, or Prader-Willi syndrome. The HWM budget proposes essentially the same level of funding as the Governor, at $18.1 million. This is 35.5 percent more than currently budgeted for FY 2018. This amount is 42.7 percent more than when the line item was first created in FY 2016.

For the **Autism Division** — which runs a waiver program providing one-on-one services for children with autism in their home environments and community integration activities — the HWM budget proposes a 7.7 percent, or about $499,000, increase from current FY 2018 levels bringing funding to almost $7.0 million. The Governor had proposed level funding for this line item.

The HWM budget proposes essentially the same amount for the **Turning 22 Program** as the Governor recommended. This proposed $39.1 million for Turning 22 is 4.9 percent more than what is currently budgeted for FY 2018 and 79 percent more than FY 2001, after adjusting for inflation. The program funds services for eligible young adults with disabilities who have graduated from special education. It pays only for a share of services provided during the transition year in which the young adult turns 22.

PROPOSED FUNDING FOR THE TURNING 22 PROGRAM

Line Item #	Line Item Name	FY 2018 Current	FY 2019 Governor	FY 2019 HWM	Difference FY19 HWM - FY18 Curr.
4110-2000	Turning 22 Program and Services - MCB	13,575,558	13,714,942	13,714,924	139,366
4120-4010	Turning 22 Program and Services - MRC	572,538	322,187	322,187	(250,351)
5920-5000	Turning 22 Program and Services - DDS	23,102,218	25,044,805	25,044,805	1,942,587
	TURNING 22 PROGRAM TOTAL	37,250,314	39,081,934	39,081,916	1,831,602

The HWM budget proposes essentially the same level of funding as the Governor for **Community Day and Work Programs**, at a 4.2 percent increase over the current FY 2018 budget, and for **transportation services** from home to community-based day programs, at 7.3 percent more than the FY 2018 budget.

The HWM budget also proposes $1.0 million (1.6 percent) more than what the Governor proposed for **Respite Family Supports for the Developmentally Disabled** — which includes individual or family education, support groups, and short-term care to allow caregivers of those with disabilities to attend to personal matters. This proposed increase will put the program at $65.0 million for FY 2019.

For more information on funding for all disability services going back to FY 2001, please see MassBudget's *Budget Browser* here.

Elder Services

The House Ways and Means (HWM) Committee's Fiscal Year (FY) 2019 budget proposes $298.2 million in funding to elder services, about $12.2 million (4.3 percent) more than current FY 2018 budget levels, but slightly less than what the Governor proposed for FY 2019.

The HWM Committee budget affirms the Governor's proposed 16 percent increase from FY 2018 funding levels to the **Councils on Aging**, which help elders access services such as transportation, food programs, health screenings, and education. Both budgets propose funding the Councils on Aging at $16.5 million. This bump will increase the elder formula grant from $9.70 per elder to $12.

The HWM Committee budget also affirms the Governor's 10.3 percent proposed increase to **Elder Protective Services** — which investigates abuse of seniors. Both budgets also propose a 3.5 percent increase to **elder home care services** — which enable seniors to age in place rather than living in nursing homes.

Where the HWM Committee FY 2019 budget and the Governor's proposal differ are on the **Elder Congregate Housing** and the **Elder Nutrition** programs. For the Elder Congregate Housing Program, which includes shared housing services and retirement communities for seniors, the HWM Committee budget proposes a 27.4 percent decrease to fund it at $1.4 million. For the Elder Nutrition Program, which includes meal deliveries and counseling to seniors at nutritional risk, the HWM Committee budget proposes a 10.3 percent decrease to fund it at $6.5 million. The Governor proposed essentially level funding for both of these programs.

PROPOSED FUNDING FOR ELDER SERVICES

Line Item #	Line Item Name	FY 2018 Current	FY 2019 Governor	FY 2019 HWM	Difference FY19 HWM - FY18 Curr.
9110-0100	Department of Elder Affairs Administration	2,076,565	2,099,609	2,099,609	23,044
9110-1604	Supportive Senior Housing Program	5,651,421	5,910,893	5,910,893	259,472
9110-1630	Elder Home Care Purchased Services	173,749,706	175,019,124	175,019,124	1,269,418
9110-1633	Elder Home Care Case Management and Administratio	52,271,372	58,948,934	58,948,934	6,677,562
9110-1636	Elder Protective Services	28,661,688	31,611,680	31,611,680	2,949,992
9110-1660	Elder Congregate Housing Program	1,959,284	1,986,482	1,421,482	(537,802)
9110-1700	Elder Homeless Placement	186,000	186,000	186,000	0
9110-1900	Elder Nutrition Program	7,268,675	7,268,675	6,518,675	(750,000)
9110-9002	Grants to Councils on Aging	14,242,900	16,515,125	16,515,125	2,272,225
	ELDER SERVICES TOTAL	286,067,611	299,546,522	298,231,522	12,163,911

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

Juvenile Justice

The House Ways and Means (HWM) Committee's Fiscal Year (FY) 2019 budget proposal reflects a gradual trend away from incarceration of youth, which improves their opportunities to contribute to society. After the Governor proposed less funding for juvenile justice in FY 2019, the HWM budget proposes even less: $177 million (0.4 percent less than the Governor), which is 1.9 percent less than current funding levels.

The HWM FY 2019 budget proposes less funding than FY 2018 in all but two line items. It proposes essentially level funding for **Department of Youth Services Teacher Salaries**, at $3 million. The HWM budget also proposes a 2.4 percent increase for **Non-Residential Services for Committed Population**, at $23.9 million. This is still 18.6 percent less than FY 2001 funding levels (after adjusting for inflation), following state tax cuts in the late 1990s and early 2000s. Non-Residential Services for Committed Population funds programs and services for youth in Department of Youth Services (DYS) custody who reside in the community. At any given time, approximately half the youth committed to DYS are supervised in the community.

These funding trends reflect the drop in DYS caseloads, which fell by 43.9 percent between January 2012 and January 2016. Among other reforms, the state in 2013 raised the age of juvenile court jurisdiction to include 17-year-olds. Despite inclusion of this new population, there continues to be a downward trend. The decline in caseloads could give the system more capacity to offer services to youth transitioning into adulthood, which is a proposal being considered.

The state is gradually moving towards services outside of incarceration, such as Non-Residential Services for Committed Population and the **Alternative Lock Up Program** — which places youth in a safe, non-police environment while they wait to appear in court. The HWM Committee and the Governor both proposed to level-fund, at $250,000, a **Juvenile Justice Pilot** —which diverts children and young adults prior to arrest or arraignment (line item 0339-1005, housed under the Trial Court). The program, now in its second year, is a pilot for multidisciplinary approaches including youth mentoring, restorative justice programs, and assistance for families to navigate the legal system. A newly-signed bill for criminal justice reform gives judges and probation officials a bigger role in diverting young people from court before arraignment. (More information on courts and probation-related line items can be found in the "Law Enforcement" section of this *Budget Monitor*.)

PROPOSED FUNDING FOR JUVENILE JUSTICE

Line Item #	Line Item Name	FY 2018 Current	FY 2019 Governor	FY 2019 HWM	Difference FY19 HWM - FY18 Curr.
4200-0010	DYS Administration and Operations	4,244,705	4,287,115	4,181,609	(63,096)
4200-0100	Non-Residential Services for Committed Population	23,355,341	23,920,854	23,918,855	563,514
4200-0200	Residential Services for Detained Population	28,581,402	28,942,669	28,442,670	(138,732)
4200-0300	Residential Services for Committed Population	118,863,123	115,182,010	115,053,972	(3,809,151)
4200-0500	DYS Teacher Salaries	3,059,187	3,059,187	3,028,595	(30,592)
4200-0600	DYS Services Alternative Lock Up Program	2,352,953	2,397,359	2,364,217	11,264
	JUVENILE JUSTICE TOTAL	180,456,711	177,789,194	176,989,918	(3,466,793)

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

Transitional Assistance

Transitional assistance programs help low-income individuals and families meet their basic needs. In total, the House Ways and Means (HWM) Committee's Fiscal Year (FY) 2019 budget proposes funding transitional assistance programs at $657.9 million, a $32.0 million increase (5.1 percent) from current FY 2018 levels and $1.6 million above the Governor's FY 2019 budget proposal.

Like the Governor's budget proposal, **Transitional Aid for Families with Dependent Children** (TAFDC) receives a significant increase in funding in the HWM Committee's FY 2019 proposal, $29.2 million (18.0 percent) more than current FY 2018 funding. A portion of the proposed increase is to support a rise in caseloads, many of whom are families from Puerto Rico escaping the devastation from the 2017 hurricane. Although not included in this budget total, the Legislature is currently considering supplemental legislation that would add $25.6 million more to the FY 2018 budget total for Transitional Aid for Families with Dependent Children (TAFDC).The purpose of TAFDC is to afford a baseline safety net of financial support for low-income families with children. Program participants receive a cash grant, and may also receive job training and assistance, education support, and child care to help parents find and keep jobs. Yet in recent years, the value of the cash grant has not kept up with inflation.

The HWM Committee did not include several substantive recommendations that the Governor proposed for TAFDC, such as including language:

- To increase support for families who are subject to work requirements. Since 1995, work-required families receive approximately 2.75 percent less in grants than non-work required recipients. The Governor's proposal would raise TAFDC benefits for work-required families to the level that non-work-required families receive.

- To improve the treatment of earnings for TAFDC recipients who are required to work. Currently, the first $200 of monthly earned income and 50 percent of the remaining earned income count against TAFDC eligibility. The Governor's proposal would not count all of a working recipient's earned income for the first 6 months of employment (as long as total income does not exceed 200 percent of the federal poverty level) and then count 50 percent of earnings afterwards.

However, the HWM Committee did include language from the Governor's proposal that would seek to double the TAFDC assets cap from $2,500 to $5,000. This would allow families to save money as they return to work. Many states, however, have moved to eliminate their asset-limits altogether.

Like the Governor, the HWM Committee proposes to keep the annual back-to-school clothing allowance for TAFDC recipients at $300 and the monthly rent allowance at $40.

The HWM Committee proposal recommends a new account, **Healthy Incentives Program** (HIP), to match Supplemental Nutrition Assistance Program (SNAP) funds for purchases of local fruits and vegetables at farmers' markets and community-supported agriculture (CSA) farm share programs. The FY 2018 budget dedicated $1.4 million to this program in the **SNAP Participation Rate** account. HWM recommends funding HIP at $3.5 million, and removes the dedicated funding from the SNAP Participation Rate account. The SNAP Participation Rate account would receive $3.3 million. In addition, although not included in this budget total, the Legislature is currently considering supplemental legislation that would add $2.2 million more to the FY 2018 budget total to the SNAP Participation Rate account.

Emergency Aid to the Elderly, Disabled and Children, a cash assistance program, receives $76.3 million, $1.6 million less than current funding and $1.4 million more than the Governor's proposal. The HWM Committee also added language that extends benefits to those experiencing homelessness who would otherwise be ineligible for the benefit.

The Department of Transitional Assistance (DTA) also funds important workforce development programs. For instance, HWM proposes funding the **Employment Services Program**, the primary education and job-training program for TAFDC clients, at $14.2 million, a $22,000 decrease from current FY 2018 levels. **Pathways to Self-Sufficiency** would receive $1.0 million, the same as current FY 2018 levels. This funding supports employment services for TAFDC clients who will no longer be exempt from the work requirement resulting from the 2014 welfare reform law's mandated alignment of state disability standards with federal Supplemental Security Income (SSI) disability standards. Additionally, HWM proposes $1.0 million for **transportation benefits for SNAP** recipients who are participating in the SNAP work program.

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

Other Human Services

The House Ways and Means (HWM) Committee's Fiscal Year (FY) 2019 budget proposal includes $204.0 million for other human services, including allocations for veterans' services, food banks, and some cross-agency initiatives such as the rate increases held in a reserve account for a variety of health and human services providers that we include in this subcategory of this *Budget Monitor* (see discussion below). This total is $2.2 million less than in the Governor's proposal, and $3.0 million less than the FY 2018 current budget total. Although not included in this budget total, the Legislature is currently considering a supplemental appropriation that would add $5.3 million more to the FY 2018 budget total for veterans' benefits.

The FY 2019 HWM funding decrease is largely associated with a reduction in funding for veterans services. HWM proposes a total of $145.4 million, $2.4 million below the Governor and $1.7 million below current FY 2018 budget totals. This total includes $3.1 million for **Outreach Centers**, which is $1.5 million below the amount provided in FY 2018. The HWM budget does not include $1.3 million earmarked for veteran's behavioral health, as in the Governor's budget.

HWM proposes $17.9 million for the **Emergency Food Assistance Program**, just above the Governor's proposal. This funding supplements federal funding to support the statewide network of food banks that provide food to families struggling to make ends meet.

The HWM budget includes $400,000 for the **Low-Income Citizenship Program** in the Office for Refugees and Immigrants, level-funded with current FY 2018 budget totals. This program helps legal permanent residents become citizens.

The HWM budget includes $38.5 million for legally required Chapter 257 rate increases. This is the same amount provided in the Governor's budget. Chapter 257 standardizes rates paid to various types of human service providers in order to make the system more efficient and fair. The amount included in the Chapter 257 reserve account funds the planned rate increases for providers across many human and social service programs. For more information on the rate standardization and the timing of the implementation across state agencies, see the state's Chapter 257 update. This reserve contains the amounts for the initial increases and, over the course of the year, those funds are distributed to the individual agencies to fund their providers' rate adjustments. In subsequent years, the rate increases would be included in the totals of the agencies that received the funds, and included in the budget totals in those sections of the *Budget Monitor*.

For information on funding for all other human services programs going back to FY 2001, please see MassBudget's *Budget Browser* here.

INFRASTRUCTURE, HOUSING & ECONOMIC DEVELOPMENT

Transportation

The state supports an array of transportation systems, including roads, bridges, rail, buses, airports, and ferries that enable people and goods to travel where they need to go. Much state funding for transportation takes place through dedicated revenue sources and a separate capital budget process funded through state bonds and federal funds. The annual budget process nonetheless plays a major role.

The House Ways and Means (HWM) Committee proposes to reduce support for the Commonwealth's 15 **Regional Transit Authorities** (RTAs) by $400,000 below current levels to $80.0 million in Fiscal Year (FY) 2019. The RTAs have seen a gradual decrease in funding since a high point of $82.0 million in FY 2016. Several RTAs are proposing to cut bus routes and raise fares in response to the Governor's proposal to continue funding at the FY 2018 amount.

The HWM Committee budget also proposes $322.7 million for the **Massachusetts Transportation Trust Fund** (MTTF) in FY 2019. This fund contributes to highways, transit, intercity rail, small airports, the Massachusetts Turnpike, and Motor Vehicle Registry, while also receiving funds from tolls, federal transportation sources, and the state's Commonwealth Transportation Trust Fund. In past years, lawmakers have often underfunded snow and ice control, and then provided supplemental funding to the MTTF later in the year for clean-up from winter storms. The Governor's budget proposed $284.7 million for the MTTF and an additional $83.0 million for a new, separate snow and ice control fund –

for a combined total of $367.7 million. The HWM Committee's proposed funding for the MTTF is $45.0 million less than the Governor's combined amount, but $19.3 million more than the Fiscal Year 2018 current budget.

The budget proposes a transfer of $154.0 million in FY 2019 to support operation of the **Massachusetts Bay Transit Authority** (MBTA), an increase of $27.0 million over FY 2018. Last year's budget reduced this budget item by $60.0 million compared to the FY 2017 amount, and was accompanied by creation of a $60.0 million supplemental capital funding account for MBTA repair and modernization projects. The administration expects to make another $60.0 million available for this use in FY 2019. In recent years, the agency has bridged shortfalls in its operating budget by introducing various efficiencies, increasing its advertising, selling off land and other assets, privatizing some functions, increasing fares, and cancelling late-night bus service, among other actions.

In approving its own preliminary budget earlier this month, the MBTA's Fiscal Management and Control Board highlighted the possibility that the agency would receive $27.0 million in operating budget relief related to the transfer of annual salaries for employees who work on design and construction from the capital budget. The Governor and HWM Committee propose to provide this relief in different ways. The MBTA has already shifted hundreds of employees off the capital budget, and had originally intended to fully comply by FY 2019 as mandated under the 2013 Transportation Reform law in order to free up additional capital budget funds for improving the state of good repair at the authority. The HWM budget proposes an additional $27.0 million in MBTA operating assistance from the General Fund "to continue the fiscally responsible transfer of full-time employees off of the capital budget and on to the operating budget." The Governor's budget instead would allow the MBTA to continue paying these employees through the capital budget.

A majority of the MBTA's revenue comes from a dedicated portion of the Massachusetts sales and use tax. The HWM Committee's and Governor's budgets both anticipate $1.03 billion in sales tax transfers to the MBTA in FY 2019, a $25.0 million increase (2.5 percent) over the FY 2018 amount. Despite the relatively robust economy, this growth would remain below the "worst-case" three-percent revenue growth projection when this revenue source was dedicated to the MBTA. (To read more about sales tax funding for the MBTA, read, "How Slow Sales Tax Growth Causes Funding Problems for the MBTA.")

FUNDING FOR TRANSPORTATION

Line Item #	Line Item Name	FY 2018 Current	FY 2019 Governor	FY 2019 HWM	Difference FY19 HWM - FY18 Curr.
1595-6368	MA Transportation Trust Fund	303,341,772	367,679,448	322,679,448	19,337,676
1595-6369	Mass Bay Transportation Authority	127,000,000	127,000,000	154,000,000	27,000,000
1595-6370	Regional Transit Authorities	80,400,000	80,400,000	80,000,000	(400,000)
1595-6379	Merit Rating Board	9,404,567	9,768,209	9,404,567	0
T103400	MBTA Sales Tax Transfer	1,006,809,769	1,031,800,000	1,031,800,000	24,990,231
TOTAL		**1,526,956,108**	**1,616,647,657**	**1,597,884,015**	**70,927,907**

Note: Governor's budget total for 1595-6368 includes new separate Snow and Ice Control line item (1595-6378)

Like the Governor, the HWM Committee proposes outside sections that would enable refunds of motorists' $25 court filing fee if they are eventually found not responsible for an infraction after a clerk

magistrate's hearing. Both budget proposals allow the Registry of Motor Vehicles to retain $200,000 to fund personnel costs to fulfill this activity.

For a chart and description of the structure of funding flows for transportation operations and debt service, see MassBudget's fact sheet, "What Does Massachusetts Transportation Funding Support and What Are the Revenue Sources?"

For information on funding for all transportation funding going back to FY 2001, please see MassBudget's *Budget Browser* here.

Housing

Making sure that Massachusetts has an adequate supply of affordable housing for low- and moderate-income adults and children is an important component to improving the health and quality of life of the Commonwealth's residents while also investing in our state's long-term economic success. The state budget funds programs that provide shelter and affordable housing assistance to families and individuals. The House Ways and Means (HWM) Committee's Fiscal Year (FY) 2019 budget proposes $451.2 million for these programs. This amount is $9.9 million more than the current FY 2018 budget and is about $1 million less than the Governor's FY 2019 budget proposal.

Homelessness Assistance

Currently, almost 60 percent of the state's housing budget funds shelter, assistance, and short-term housing supports for families and individuals who are homeless. The HWM Committee recommends spending $256.7 million on homelessness assistance programs in FY 2019. Of that the bulk ($148.6 million) goes to the **Emergency Assistance (EA)** program, which provides shelter to very low-income families who are homeless and have children. This is $7.3 million less than the FY 2018 current budget and $22.0 million less than the amount the Administration estimates the state will spend on this program in FY 2018. Because EA provides a right to shelter for low-income homeless families who are eligible, it needs sufficient funding to meet demand. The HWM Committee expects the number of families needing shelter to fall in FY 2019 as the state's Department of Housing and Community Development tries to help more homeless families become housed. In years past, however, the initial fiscal year budgets have not provided sufficient funding for EA, with the hope that caseloads will decrease. When these decreases have not materialized, the Legislature has had to provide supplemental funding over the course of the fiscal year. As noted in the Affordable Housing section below, the HWM Committee proposes increases to some rental voucher programs, which may help families to move out of shelter or avoid shelter altogether. But if the funding for EA is not sufficient to meet demand in FY 2019, the Legislature will have to provide supplemental funding.

The state budget currently provides about $47.4 million for individuals who are homeless. Most of this funding goes for shelter, with a smaller amount for a program that provides supportive housing for chronically homeless individuals (see line items 7004-0102 and 7004-0104 respectively in the chart below). In its budget, the HWM Committee recommends creating a new program with $5.0 million to provide permanent housing to homeless individuals currently living in shelters. Recognizing that housing "provides the solid foundation from which families and individuals can lead stable, successful lives," the new program will provide flexible funding that homeless shelters can use to provide

housing and other supports, such as vocational training, to help homeless individuals find and secure housing.

Other highlights in the HWM Committee budget include:

- $1.0 million for the account that provides services for **youth up to age 24 who are homeless** and are not accompanied by a parent or guardian. This is half the amount proposed in the Governor's FY 2019 budget and is $325,000 more than the FY 2018 current budget.

- $17.0 million for **Residential Assistance for Families in Transition** (RAFT). This program helps low-income families who are at risk of becoming homeless to remain housed. In years past RAFT has often run out of funding before the end of the fiscal year. The HWM Committee funding level, which is $2 million above the amount provided in FY 2018 and recommended in the Governor's budget, might be sufficient to fully-fund the program in FY 2019. The current budget allows $2.0 million of RAFT funding to be used to provide assistance to elders, persons with disabilities and youth who are homeless and unaccompanied by a parent or guardian. The HWM Committee does not include this provision in its FY 2019 proposal.

FUNDING FOR HOMELESSNESS ASSISTANCE

Line Item #	Line Item Name	FY 2018 Current	FY 2019 Governor	FY 2019 HWM	Difference FY19 HWM - FY18 Curr.
4000-0007	Unaccompanied Homeless Youth	675,000	2,000,000	1,000,000	325,000
4400-1020	Secure Jobs Connect	650,000	650,000	500,000	(150,000)
7004-0100	Operation of Homeless Programs	5,090,311	5,367,719	5,188,354	98,043
7004-0101	EA Shelter and Services	155,878,948	160,615,706	148,607,614	(7,271,334)
7004-0102	Homeless Individuals Assistance	45,770,000	45,180,000	45,180,000	(590,000)
7004-0104	Home and Healthy for Good Program	2,040,000	2,040,000	2,240,000	200,000
7004-0108	HomeBASE	30,147,305	30,147,305	32,000,000	1,852,695
7004-0202	Homeless Individuals Rapid Re-Housing	0	0	5,000,000	5,000,000
7004-9316	RAFT	15,000,000	15,000,000	17,000,000	2,000,000
	TOTAL	***255,251,564***	***261,000,730***	***256,715,968***	***1,464,404***

Affordable Housing

The HWM Committee budget proposes spending $194.5 million for affordable housing programs which is $8.4 million more than the current FY 2018 budget and $3.4 million more than the amount proposed by the Governor.

The HWM Committee proposes providing the **Massachusetts Rental Voucher Program** (MRVP) with $100.0 million which is $7.3 million more than FY 2018. MRVP provides housing vouchers to help low-income families, including those who are living in Emergency Assistance shelters, secure housing. In his budget, the Governor recommended providing MRVP with $97.5 million and estimated that this would allow the state to create 200 new supportive housing vouchers for low-income renters.

The HWM Committee's budget does not include $2.7 million that the Governor proposed for his new **Housing Choice** program. This program, which was part of a $10 million package, is intended to give

municipalities incentives to increase their housing stock. The program, while encouraging more housing production, does not appear to specifically expand affordable housing in the state.

The HWM Committee provides $1.5 million for the expansion of **Housing Courts** to serve the entire state. This is an increase of $500,000 above the current budget and $1.1 million less than the amount the Governor recommended. This increase, which will help pay for increased personnel to work at these courts, may not be sufficient to fully staff the expansion. (Note: This amount is not included in the total for housing funding, since MassBudget includes it in the Courts subcategory of the Law & Public Safety Category.)

FUNDING FOR AFFORDABLE HOUSING

Line Item #	Line Item Name	FY 2018 Current	FY 2019 Governor	FY 2019 HWM	Difference FY19 HWM - FY18 Curr.
0940-0101	Fees and Federal Reimbursement Retained Revenue	3,500,000	3,300,000	3,500,000	0
7004-0099	DHCD Administration	8,358,469	6,739,414	6,738,500	(1,619,969)
7004-2017	Housing Choice		2,698,841	0	0
7004-3036	Housing Services and Counseling	2,221,992	2,041,992	2,841,992	620,000
7004-3045	Tenancy Preservation Program	500,000	500,000	500,000	0
7004-4314	Service Coordinators Program	350,401	350,401	350,401	0
7004-9005	Subsidies to Public Housing Authorities	64,500,000	64,500,000	65,500,000	1,000,000
7004-9007	Public Housing Reform	950,000	950,000	950,000	0
7004-9024	Massachusetts Rental Voucher Program	92,734,677	97,469,569	100,000,000	7,265,323
7004-9030	Alternative Housing Voucher Program	5,000,000	4,600,000	6,150,000	1,150,000
7004-9033	Rental Subsidy Program for DMH Clients	5,548,125	5,548,125	5,548,125	0
7004-9315	LIHTC Fee Retained Revenue	2,369,399	2,369,399	2,369,399	0
	TOTAL	***186,033,063***	***191,067,741***	***194,448,417***	***8,415,354***

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

Economic Development

Economic development programs aim to strengthen our state's workforce, support community investments, and stimulate economic activity. In total, the House Ways and Means (HWM) Committee's Fiscal Year (FY) 2019 budget proposes to fund economic development programs at $139.1 million. This is $3.7 million (2.6 percent) below current FY 2018 levels, and $4.3 million (3.0 percent) below the Governor's FY 2019 budget proposal.

For workforce development programs, the HWM budget proposes:

- $24.0 million for the **Workforce Training Fund**, which is the same level proposed by the Governor, and 2.0 percent below the current funding.

- $11.5 million for **YouthWorks**, a summer jobs program for at-risk youth, which is $1.2 million (12 percent) above the Governor's proposal, and $550,000 (5.0 percent) above current funding.

- $4.0 million for **One-Stop Career Centers**, which helps job seekers, particularly those receiving unemployment insurance, improve their skills and navigate the job search process. This is 6.4 percent above the Governor's proposal and at the same level as current funding.

- $500,000 for the **Re-Entry Demonstration Workforce Development Program**, which provides workforce development and supportive services to individuals transitioning from a correctional facility. This is $350,000 above both the Governor's proposal and current funding.

The HWM budget also recommends funding **Learn to Earn** at $1.0 million. This program trains and places unemployed and underemployed individuals in jobs in high-demand fields through partnerships between public agencies, businesses, community-based organizations, and career centers. From this account, $250,000 would be used to fund new programs that address barriers to sustained employment, such as child care and transportation costs. The remaining $750,000 would be transferred from this account into the **Workforce Competitiveness Trust Fund** (WCTF), which has similar workforce development goals as Learn to Earn. In addition, there is a $1.0 million in a funding shift from one WFCT line item to another (see table below). Overall, the HWM Committee's budget recommends level funding these accounts and is $4.0 million below the Governor's recommendations.

FUNDING FOR WFCT & LEARN TO EARN

Line Item #	Line Item Name	FY 2018 Current	FY 2019 Governor	FY 2019 HWM	*Transfers**	FY 2019 HWM Adjusted
1595-1075	WFCT	1,000,000	4,000,000	1,000,000	*(1,000,000)*	0
7002-1075	WFCT	750,000	1,000,000	0	*1,750,000*	1,750,000
7002-1080	Learn to Earn	250,000	1,000,000	1,000,000	*(750,000)*	250,000
TOTAL		**2,000,000**	**6,000,000**	**2,000,000**	**0**	**2,000,000**

*Budgets sometimes transfer the allocation of funding among line items from one year to the next. The chart above presents these line items in both the Governor's FY 2019 proposed structure and the prior FY 2018 funding structure to make comparisons easier.

The **Massachusetts Service Alliance**, which serves as the state commission on service and volunteerism, would see a proposed $1.4 million. That amount is $1.7 million (54.5 percent) below current funding levels and $125,000 (9.8 percent) above the Governor's proposal.

The HWM proposal recommends $2.0 million—$1.3 million over current funding—for **Small Business Technical Assistance Grants**, which are competitive grants awarded to economic development organizations to provide technical assistance or training programs to businesses with 20 or fewer employees. This is same funding as the Governor's proposal. Also, the **Massachusetts Manufacturing Extension Partnership** (MassMEP) would receive $2.0 million, which was not funded in the current budget. MassMEP, also a collaboration between government, business, and academic partners, helps manufacturers in the state plan and implement strategies for increased competitiveness.

The HWM budget proposes funding the **Massachusetts Office of Travel and Tourism** (MOTT) at $4.2 million. This total reflects a $4.0 million transfer from the **Tourism Trust Fund**. For the **Regional Tourism Council Grants**, HWM recommends $6.0 million, which comes entirely from the Tourism Trust fund. The current law transfers a total of $10.0 million in room occupancy tax revenue (from hotel room taxes) to the **Massachusetts Tourism Trust Fund** and distributes 40 percent of this funding ($4.0

million) to MOTT and 60 percent ($6.0 million) to the Regional Tourism Councils. There is a remaining $600,000 in the Massachusetts Tourism Trust Fund, which comes from casino tax revenue. Overall, the HWM proposal funds travel and tourism $8.6 million less than current FY 2018 funding.

FUNDING FOR TOURISM

Line Item #	Line Item Name	FY 2018 Current	FY 2019 Governor	FY 2019 HWM	*Transfers**	FY 2019 HWM Adjusted
7008-0900	MOTT	13,403,337	4,163,176	163,176	*4,000,000*	4,163,176
7008-1000	Regional Tourist Councils Grants	6,000,000	6,000,000	0	*6,000,000*	6,000,000
T10-1305	Mass. Tourism Trust Fund	0	599,742	10,599,742	*(10,000,000)*	599,742
TOTAL		**19,403,337**	**10,762,918**	**10,762,918**	**0**	**10,762,918**

*Budgets sometimes transfer the allocation of funding among line items from one year to the next. The chart above presents these line items in both the Governor's FY 2019 proposed structure and the prior FY 2018 funding structure to make comparisons easier.

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

LAW & PUBLIC SAFETY

The Law & Public Safety budget includes prosecutors; law enforcement; the Departments of Correction and Probation; sheriffs; the courts; and legal defense for those unable to afford it. Overall the House Ways and Means (HWM) Committee's proposed Law & Public Safety budget for Fiscal Year (FY) 2019 is $2.79 billion, which is 1.3 percent below expected FY 2018 spending and 4.0 percent below the Governor's proposed FY 2019 budget.

The Law & Public Safety budget includes a number of underfunded accounts that have generally received significant supplemental funding in the middle of the fiscal year. Best budgeting practices would encourage including the full, anticipated cost for all programs as part of the annual budget, rather than assuming mid-year supplemental appropriations.

The HWM budget includes an increase of $8.5 million over expected FY 2018 spending to fund projected costs of collective bargaining agreements that cover some of the state's unionized public safety employees. As of now we do not know the exact allocation of these funds across the various public safety subcategories, so readers should be aware that some of the subcategories in the following table and in the text that follows will end up with larger increases, once amounts and allocations of the collective bargaining costs are final.

FUNDING FOR LAW & PUBLIC SAFETY

Subcategory	FY 2018 Expected Spending	FY 2019 Governor	FY 2019 HWM	Difference FY19 HWM - FY18 Spending	Notes
Prosecutors	167,473,080	175,045,270	176,810,019	9,336,939	
Law Enforcement	386,430,968	403,495,704	393,331,646	6,900,678	
Prisons, Probation & Parole	1,443,135,922	1,485,622,784	1,420,424,060	(22,711,862)	Includes Sheriffs
Courts	518,300,245	529,685,456	534,177,637	15,877,392	
Legal Assistance	254,716,122	258,111,645	213,021,966	(41,694,156)	
Other Law & Public Safety	55,585,337	53,495,620	51,667,330	(3,918,007)	
TOTAL LAW & PUBLIC SAFETY	**2,825,641,674**	**2,905,456,479**	**2,789,432,658**	**(36,209,016)**	

The HWM Committee's proposed Law & Public Safety budget for FY 2019:

- Establishes a $3.0 million reserve fund for **increasing assistant district attorneys' salaries**, matching the Governor's proposal.
- **Decreases funding for prisons, probation, and parole** by $22.7 million from expected FY 2018 spending. The Governor proposed a $42.5 million increase. This is an area of the budget that is historically underfunded in budget proposals and then supplemented later in the fiscal year.
- Introduces $3.0 million in new funding—not in the Governor's budget—for **community-based re-entry programs** in order to reduce recidivism.
- Sets aside $1.9 million for **public defender salary increases** and increases the hourly rates paid to some of the private attorneys who handle indigent defense cases. The Governor's proposal does not specify salary increases for public defenders.
- **Significantly increases funding—by anywhere from 9.5 percent to 12.3 percent—to groups that offer civil legal defense to low-income Massachusetts residents**; people incarcerated in Massachusetts prisons and jails; and low-income people with mental health concerns. The Governor's proposal increases funding to these groups by just 1.0 percent.

Prosecutors

The HWM FY 2019 budget proposes an increase of $9.3 million, or 5.6 percent, over expected FY 2018 spending on prosecutors—the Attorney General and District Attorneys. This is a slightly higher increase than the Governor proposed in his FY 2019 budget.

HWM proposes a $3.0 million reserve fund to bring minimum **salaries for assistant district attorneys** up to $46,000 in FY 2019, matching the Governor's proposal. A 2014 Massachusetts Bar Association report found that Massachusetts assistant district attorneys were "grossly underpaid, earning far less than their counterparts in comparative jurisdictions across the country," leading to a "revolving door of prosecutors." This reserve account was first funded in FY 2016—also at $3.0 million.

HWM also proposes increasing the Attorney General's budget 6.7 percent over expected spending in FY 2019. The Governor proposed an increase of 3.5 percent.

Law Enforcement

The HWM FY 2019 budget calls for a $6.9 million (1.8 percent) increase in spending on law enforcement overall, including $4.8 million (1.7 percent) more for the **state police**, over FY 2018.

This includes $3.7 million in additional funding for the **Office of the Chief Medical Examiner** (CME). While 29.0 percent over expected FY 2018 spending, HWM's proposed funding for the CME is $1.4 million (8.0 percent) below the Governor's proposal. The CME is facing an increasing caseload due to the statewide opioid epidemic. Massachusetts had the 8th-highest death rate from drug overdoses in the United States in 2016.

The HWM Committee released its budget after two scandals emerged in the Department of State Police: one concerning alleged overtime fraud in Troop E, which patrols the Massachusetts Turnpike; and another involving years of payroll data from Troop F, which patrols Massachusetts Port Authority properties including Logan Airport, being kept hidden from public view. The HWM budget includes Outside Section 13, which creates a new "special audit unit" under the auspices of the state's inspector general. The new unit would "monitor the quality, efficiency and integrity of the department's operations, organizational structure and management functions, and seek to prevent, detect and correct fraud, waste and abuse in the expenditure of public funds."

Outside Section 31 of the HWM budget would set up a special commission to review hiring and promotion policies and practices of the state police, in order to "recommend steps to increase transparency and accountability with respect to recruitment, hiring, retention and promotion decisions." The commission would include legislators; officials from the state police, Department of Veterans Affairs, and the Massachusetts Commission Against Discrimination; the state police union; and statewide associations representing people of color and women in law enforcement.

For the full text of all HWM Outside Sections, click here.

Prisons, Probation, and Parole

HWM proposes a decrease of $22.7 million (1.6 percent) from expected FY 2018 spending on prisons, probation, and parole. The Governor proposed a $42.5 million (2.9 percent) increase. Sheriffs and the Department of Correction are typically underfunded in budget proposals and then supplemented before the state closes the books on a given fiscal year. For example, in FY 2017, net supplemental funding for prisons, probation, and parole totaled $77.2 million.

HWM proposes an increase of $965,000 (9.9 percent) for the **Massachusetts Alcohol and Substance Abuse Center**—a far smaller increase than the $3.0 million (30.8 percent) in the Governor's proposal. The Massachusetts Alcohol and Substance Abuse Center, housed within the Plymouth County Correctional Facility, has been the subject of recent criticism for its treatment of people struggling with drug addiction.

Courts

The HWM proposal includes a $15.9 million increase (3.1 percent) over expected FY 2018 spending on courts. HWM introduces $3 million in new funding for **community-based re-entry programs**, in order

"to reduce recidivism by providing transitional housing, workforce development and case management" to people returning to the community from prison and jail.

The HWM budget also proposes $4.7 million for **specialty drug courts**, which provide supervised probation and treatment as an alternative to incarceration for people with mental health and substance misuse issues. This is a $1.5 million (46.8 percent) increase over expected FY 2018 spending. The Governor proposed a total of $3.3 million—a 1.0 percent increase over expected FY 2018 spending.

Additionally, the HWM budget follows the Governor's in including an Outside Section authorizing the trial court to transfer funds within its divisions, as long as no more than 5 percent of transferred funds come from the probation and community corrections appropriations.

Legal Assistance

Massachusetts funds legal assistance for those who cannot afford it. The HWM budget proposes an $18.6 million increase (9.6 percent) in such funding. The Governor proposed an increase of just $3.4 million, or 1.3 percent—less than inflation.

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

The HWM budget proposes $1.9 million in salary increases for public defenders, which is not included in the Governor's proposal. Outside Section 21 in the HWM budget would increase the hourly rate paid to bar advocates who handle non-homicide cases in Superior Court from $60 to $68—an increase of 13.3 percent. Outside Section 22 would increase the hourly rate for bar advocates who handle sex offender registry and mental health cases from $50 to $53—an increase of 6.0 percent.

Private counsel compensation has historically been underfunded in budget proposals and then supplemented before the state closes the books on a given fiscal year.

The remaining legal assistance funding is distributed across three line items:

- **Massachusetts Legal Assistance Corporation (MLAC)** is a nonprofit that funds civil legal defense to low-income Massachusetts residents in cases involving, among other things, child welfare, domestic violence, housing, employment, immigration, health care, and government benefits. The HWM budget increases MLAC's funding by $2 million (11.1 percent) over FY 2018. The Governor proposed just a 1.0 percent increase. The legal aid programs MLAC funds have to turn away about two-thirds of eligible residents who seek legal assistance – 45,000 low-income people each year.

- **Prisoners Legal Services (PLS)** is a nonprofit that provides civil legal defense to, and advocates on behalf of, people incarcerated in Massachusetts prisons and jails, with particular focus on health care, assaults by correctional staff, conditions of confinement, and segregation (which includes solitary confinement). The HWM budget increases PLS's funding by $153,000 (9.5

percent). Here again, the Governor proposed just a 1.0 percent increase. Currently there are over 3,000 prisoners for every PLS attorney.

- **Mental Health Legal Advisors Committee (MHLAC)** is a branch of the Massachusetts Supreme Judicial Court that provides advocacy and legal representation to low-income people with mental health concerns. The HWM budget proposal increases MHLAC's funding by $166,000 (12.3 percent). As with MLAC and PLS, MHLAC would see just a 1.0 percent under the Governor's proposal.

FUNDING FOR LEGAL ASSISTANCE

Line Item #	Line Item Name	FY 2018 Expected Spending	FY 2019 Governor	FY 2019 HWM	Difference FY19 HWM - FY18 Spending
0321-1510	Private Counsel Compensation	152,819,973	154,268,437	105,394,090	(47,425,883)
0321-1500	Committee for Public Counsel Services	58,896,643	59,485,609	64,393,432	5,496,789
0321-1520	Indigent Persons Fees and Court Costs	22,036,141	23,184,600	19,951,982	(2,084,159)
	COMMITTEE FOR PUBLIC COUNSEL SERVICES TOTAL	**233,752,757**	**236,938,646**	**189,739,504**	**(44,013,253)**
0321-1600	Massachusetts Legal Assistance Corporation	18,000,000	18,180,000	20,000,000	2,000,000
0321-2100	Prisoners' Legal Services	1,609,465	1,625,560	1,762,490	153,025
0321-2000	Mental Health Legal Advisors Committee	1,353,900	1,367,439	1,519,972	166,072

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

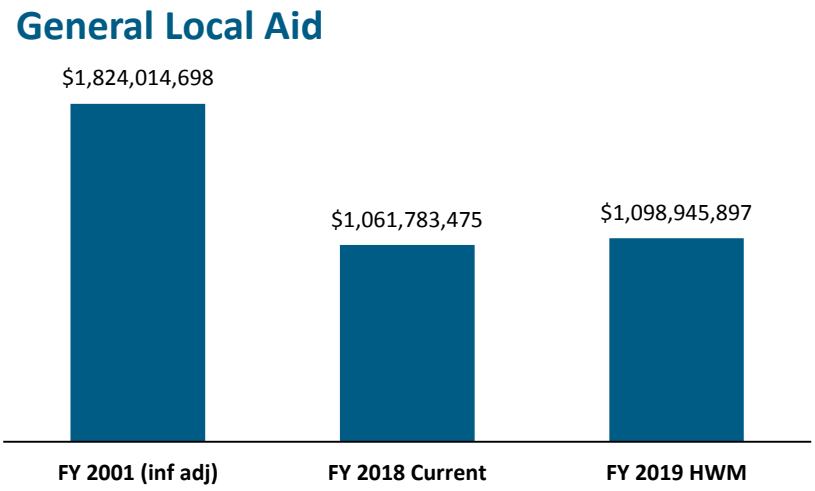
LOCAL AID

Unrestricted Local Aid

The House Ways and Means (HWM) Committee's Fiscal Year (FY) 2019 budget proposes to increase Unrestricted General Government Aid (UGGA) by $37.2 million (3.5 percent increase) over current FY 2018 levels to $1.10 billion. This is the same level as the Governor's budget proposal.

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

The Commonwealth's capacity to fund general local aid has been hindered by a series of significant state-level tax cuts during the 1990's and 2000's combined with the Great Recession. While general local aid funding has increased in step with or slightly above inflation over the past several years, it remains 39.8 percent below FY 2001 levels, when adjusted for inflation.



Other Local Aid

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

The only difference between the HWM Committee's and the Governor's budget proposals lies in the **Municipal Regionalization and Efficiencies Incentive Reserve**. The HWM Committee proposes $3.4 million, which is $6.8 million below the Governor's proposal and $8.1 million below current funding levels. To see more on Other Local Aid, go to MassBudget's analysis of the Governor's FY 2019 budget proposal here.

For information on funding for local aid programs going back to FY 2001, please see MassBudget's Budget Browser here.

OTHER

Libraries

The state budget supports local libraries, the Boston Public Library, which serves as the primary research and reference service for the Commonwealth, and other library programs in Massachusetts. The House Ways and Means (HWM) Committee Fiscal Year (FY) 2019 budget proposes spending $25.6 million on public libraries, which is $155,000 above the current FY 2018 budget. This increase of less than 1.0 percent will not allow funding to keep pace with inflation. The table below summarizes the HWM Committee's funding proposals for libraries in FY 2019 compared with the FY 2018 current budget.

FUNDING FOR LIBRARIES

Line Item #	Line Item Name	FY 2018 Current	FY 2019 Governor	FY 2019 HWM	Difference FY19 HWM - FY18 Curr.
7000-9101	Board of Library Commissioners	1,077,431	1,088,204	1,275,000	197,569
7000-9401	Regional Libraries Local Aid	9,982,317	10,082,140	10,082,140	99,823
7000-9402	Talking Book Program Worcester	491,715	441,715	454,966	(36,749)
7000-9406	Talking Book Program Watertown	2,512,772	2,512,772	2,588,155	75,383
7000-9501	Public Libraries Local Aid	9,090,000	9,180,900	9,090,000	0
7000-9506	Library Technology and Automated Reso	2,097,330	2,115,928	2,115,928	18,598
7000-9508	Center for the Book	200,000	200,000	0	(200,000)
	TOTAL	***25,451,565***	***25,621,659***	***25,606,189***	***154,624***

For information on funding for all libraries line items going back to FY 2001, please see MassBudget's *Budget Browser* here.

REVENUE

Tax Revenue

The starting point for every state budget is the Consensus Revenue Estimate (CRE) agreed to by the Administration, the House, and the Senate. The Fiscal Year (FY) 2019 CRE figure announced in January is $27.594 billion, an amount $933 million or 3.5 percent above the current FY 2018 benchmark estimate of $26.661 billion, and which incorporates a $157 million upgrade of projected state revenue made at that time. In light of other tax law changes (such as a triggered reduction in the personal income tax rate) that together reduce anticipated revenues by about $220 million, however, this means that in order to achieve the level of actual tax revenue growth over the FY 2018 benchmark estimate ($933 million), the baseline revenue growth in FY 2019 would have to increase by $1.153 billion, or 4.3 percent. Without the upgrade of FY 2018 projections, baseline growth would have had to increase by 4.9 percent to reach the CRE.

Several new policies, and assumptions affect the amount of available tax revenue for FY 2019 and future budgets:

- **Personal income tax rate trigger**. Included in the CRE is the assumption that revenue growth in FY 2019 will be strong enough to trigger another automatic reduction in the personal income tax rate, dropping the rate as directed by law from the current 5.10 percent to 5.05 percent on January 1, 2019, halfway through FY 2019. The Department of Revenue estimates that this rate drop will cost the Commonwealth about $84 million in forgone revenue in FY 2019 (over the course of half a calendar year). (Read more about the automatic rate reduction mechanism in this MassBudget FAQ.)

- **Marijuana sales.** With the legalization of recreational marijuana, the House Ways and Means (HWM) Committee budget, like the Governor's, anticipates $63.0 million in marijuana sales and excise taxes, $40.0 million of which is directed to the Marijuana Regulation Fund, $3.7 million of which is directed to the Massachusetts School Building Authority, and $19.3 million of which is transferred to the state's General Fund.

- **Casino revenues.** Both the HWM and Governor's budget proposals anticipate $60.0 million in revenue associated with the opening of a new resort casino. Of this total, $43.8 million will support budgeted spending and $16.2 million are "pre-budget" transfers allocated outside the budget process and directed to non-budgeted funds. In addition, the state is expecting $54.4 million in anticipated revenues from slots at the Plainridge casino. This is approximately $10 million less than in FY 2018, due to the projected impact of the opening of a new resort casino in Springfield on the Plainridge revenues.

- **Corporate dividend repatriation.** As a result of the new federal tax law, the HWM Committee and the Governor's budgets anticipate $65.0 million in new, one-time revenue from the accumulated profits of the foreign subsidiaries of U.S.-based corporations. While these subsidiaries' foreign profits were subject to U.S. taxation when they were "repatriated" in the form of dividend payments back to the U.S. parent, over $2 trillion is currently held (for tax purposes) abroad. The new federal law deems these profits to have been repatriated and applies a discounted federal tax rate — thus creating a one-time increase in revenue. Under existing state law, a small share of these repatriated profits attributed to Massachusetts will be subject to taxation.

- **Earned income tax credit (EITC).** While it will not impact this year's budget, the HWM Committee mirrors the Governor's proposal to expand the state's Earned Income Tax Credit (EITC) by increasing the state match of the federal EITC from 23 percent to 30 percent. The EITC is a refundable tax credit for low-income workers to increase the after-tax rewards from work. It is available only to tax filers with earned income and provides benefits primarily to workers with children. The new federal tax law erodes the value of the EITC over time by using a slower adjustment for inflation. A body of research has shown that in addition to encouraging people to work and helping families to make ends meet, the EITC improves health outcomes for mothers and children, and boosts children's academic performance and lifelong income earnings (See Robert Wood Johnson Foundation, "Earned Income Tax Credit"). By increasing Massachusetts' state match rate to 30 percent, the Commonwealth would be on par with New York's match, though below other states such as Vermont, New Jersey, and California. The proposed increase would begin January 1, 2019, meaning the higher credits would be paid after low-income workers file their taxes in 2020. The annual cost for the increase will be about $65 million per year when fully implemented. The prior time the Governor's budget proposed increasing the EITC, it proposed cuts to the state's Film Tax Credit to pay for the change. Neither the Governor nor the HWM Committee's FY 2019 budgets appear to propose a funding source for the cost of this initiative when the state would begin paying for it in FY 2020. (See MassBudget's "The Massachusetts State Earned Income Tax Credit" for more information on the EITC.)

- **Short-term rentals.** Unlike the Governor's budget proposal, the HWM Committee budget does not anticipate revenues from short-term rentals. The Governor's budget had anticipated $13.0 million from proposing to extend the state's five percent room occupancy tax—which is paid currently by hotels and motels—to include short-term housing rentals, including those rented on online platforms such as Airbnb. The House has passed its own bill on short-term rentals outside the budget. For more information on Airbnb and Massachusetts state taxes, see MassBudget's July 2016 fact sheet, "Airbnb and Taxes: What Other States are Doing and How Much Revenue Might Be Raised in Massachusetts."

FY 2019 NEW REVENUE CHANGES ($ millions)	Governor	HWM
TAX REVENUES		
Reduce personal income tax from 5.1% to 5.05%	(84.0)	(84.0)
Marijuana Sales and Excise Taxes	63.0	63.0
Casino tax revenue (due to casino opening)	43.8	43.8
Reduction in slots tax revenue anticipated due to casino opening	(10.0)	(10.0)
Corporate Dividend Repatriation (one-time)	65.0	65.0
Extend occupancy tax to short-term rentals	13.0	0.0
Increase EITC match to 30% starting 2020	0.0	0.0
TOTAL	**90.8**	**77.8**

Department of Revenue Administration

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

For these DOR tax activities, the Governor and HWM each propose a combined $106.7 million, which is essentially level with current FY 2018 funding, but remains 41.0 percent below the 2001 level, when adjusting for inflation. The DOR's lower funding levels in recent years partly reflect large numbers of employees who have taken part in the Commonwealth's early retirement program. Large staff reductions can have implications for DOR's ability to identify and collect all the taxes owed to the Commonwealth, such as those that lead to large tax settlements. If vacated positions are not filled in future years (which will require reversing some or all of the recent cuts), there is a danger that the cuts not only could reduce permanently the Commonwealth's ability to collect unpaid taxes that are legally owed to the state, but also that such cuts could engender greater levels of tax evasion. If sophisticated, well-financed taxpayers come to view DOR's audit and collection capacities as permanently degraded, some of these taxpayers could see this as an opportunity to reduce their tax payments through increased levels of tax evasion or other forms of non-compliance.

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

Non-Tax Revenue

As in every state budget, the HWM Committee's FY 2019 budget proposal relies on a variety of non-tax revenues: federal revenues, which are mostly reimbursements from the federal government for state spending on Medicaid (MassHealth and related costs); departmental revenues, which are fees, assessments, fines, tuition, and similar receipts; and what are known as "transfer" revenues, which include lottery receipts, revenues from the newly-licensed gambling facilities, and funds that the state draws from an assortment of non-budgeted trusts.

There are several non-tax revenue issues of note in the HWM budget proposal. HWM, like the Governor, counts on $259.9 million in revenue from an assessment on employers to offset increased MassHealth costs. This assessment was put into place in response to a growing number of private sector employees not getting employer-sponsored insurance and instead enrolling in MassHealth. This revenue source is scheduled to end after FY 2019.

The HWM budget also relies on more federal revenue than the Governor's budget, but this is largely due to the MassHealth program and different assumptions about federal reimbursements associated with differences in spending (see the MassHealth and Health Reform section of this *Budget Monitor*.)

The expansion of gambling in Massachusetts has generated some new revenues for the Commonwealth. The budget includes $16.2 million in gambling revenue as "pre-budget" transfers to support a variety of programs, and is included in the totals in the relevant sections of this *Budget Monitor.* As discussed in the tax revenue section above, HWM and the Governor both rely on an additional $92.2 million from casino revenue which would be transferred into the budget to support specific initiatives, and an additional $6.0 million which would be transferred into the Stabilization ("Rainy Day") Fund (see discussion below.)

Like in the Governor's budget, there is $2.9 million in new fees from licensing marijuana establishments. HWM does not follow the Governor's proposal that would have reduced anticipated revenues from limited liability charters by $3.9 million.

Temporary Budget-Balancing Strategies

The HWM relies on $665.9 million in temporary budget-balancing strategies. A budget-balancing strategy is "temporary" when it is a change that does not permanently affect the balance between revenues funding the budget and spending from the budget. These can be revenue initiatives that have a short-term impact, or one-time spending changes that don't permanently change spending totals. HWM balances its budget with initiatives on both the revenue side as well as initiatives on the spending side. Using temporary strategies to balance the budget can lead to long-term fiscal problems, because such 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. (See table and details below.)

FY 2019 TEMPORARY BUDGET-BALANCING MEASURES ($ millions)	Governor	HWM
TAX REVENUES		
Corporate dividend repatriation	65.0	65.0
SUBTOTAL	**65.0**	**65.0**
NON-TAX REVENUES		
Employer health assessment	259.9	259.9
Sale of state-owned property	29.5	29.5
SUBTOTAL	**289.4**	**289.4**
OTHER BUDGET BALANCING STRATEGIES		
Underfunded: State retiree health benefits	150.7	150.7
Underfunded: Emergency assistance (shelter)		12.0
Underfunded: Public counsel		48.9
Underfunded: Snow and ice appropriations		45.0
Underfunded: Sheriffs		54.9
SUBTOTAL	**150.7**	**311.5**
TOTAL	**505.1**	**665.9**

Some of the temporary budget strategies are:

- $65.0 million in tax revenues due to the deemed repatriation of a portion of the accumulated profits of foreign subsidiaries of U.S.-based corporations (see Tax Revenue section above.)

- $259.9 million assessment on employers which will expire after this year to help defray state MassHealth costs associated with employees switching from private coverage to MassHealth (see Non-Tax Revenue section above.)

- $29.5 million in transfers to the General Fund from the sale of state-owned property, the Sullivan Courthouse in East Cambridge. There had been delays with this sale, but the Administration expects the sale will close in FY 2019. This is a non-recurring revenue source because the property will not be available to sell again in future years.

- $150.7 million from the underfunding of state retiree health benefits (see State Retiree Health Insurance section of this *Budget Monitor*.) HWM and the Governor budget $25.1 million for "other post-employment benefits" ("OPEB") for state retirees paid from debt reversions, or if those reversions are not available, using Tobacco Settlement funds. Statute, however, requires that by FY 2019 the state should be transferring 70 percent of the Tobacco Settlement to the State Retiree Benefits Trust, or $175.9 million.

- $160.8 estimated total from the underfunding of specific known FY 2019 costs (see sections in this *Budget Monitor* for details.) Unlike the Governor, HWM underfunds several specific statutory, constitutional, or practical budgetary obligations relative to their anticipated costs, assuming that later in the year the Legislature will provide substantial supplemental funding to

make up the difference. This strategy does not constitute real savings, as these costs will need to be funded at a later point in the fiscal year. Best budgeting practices would fully fund these accounts as part of the initial budget, rather than assuming that the Legislature would be able to provide additional funding mid-year.

The Stabilization ("Rainy Day") Fund

The HWM Committee's and Governor's budgets both propose making the full statutorily-required $88.5 million deposit of capital gains taxes to the state's Stabilization Fund ("Rainy Day") Fund. The HWM and Governor direct $4.4 million of that total into the state pension fund, and $4.4 million into the State Retiree Benefits Trust (see discussion in "State Employee Health Insurance" section of this *Budget Monitor.*

In addition, both HWM and Governor deposit $6.0 million from gaming revenues and $3.7 million from the liquidation of state property into the Stabilization Fund. Dollars set aside in the Stabilization Fund are particularly important to the state when the current long economic recovery period comes to an end and the state needs to support increased costs associated with unemployment benefits and to fill other shortfalls when revenues are reduced.

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

TOTAL BUDGET BY CATEGORY AND SUBCATEGORY

Fiscal Year (FY) 2019 House Ways and Means (HWM) and **FY 2019 Governor** columns show funding in the structure of the FY 2018 budget in order to allow for more accurate across-year comparisons. For example, if the FY 2019 budget proposal consolidates several line items, using information provided by the Administration or HWM, MassBudget "un-consolidates" the total and re-distributes the amounts back into their prior year's line items.

FY 2018 Current column shows the budgeted General Appropriation Act as enacted in July 2017, and as amended by supplemental budget legislation.

For other explanatory information, see details below the chart.

BUDGET BY CATEGORY AND SUBCATEGORY ($ millions)	FY 2018 Current	FY 2019 Governor	FY 2019 HWM
Education	**7,963.8**	**8,126.0**	**8,206.4**
Early Education & Care	577.0	590.9	620.2
Higher Education	1,173.7	1,190.7	1,187.5
K-12: Chapter 70 Aid	4,762.0	4,865.6	4,899.0
K-12: Non-Chapter 70 Aid	604.6	616.2	637.1
K-12: School Building	846.6	862.6	862.6
Environment & Recreation	**200.0**	**205.0**	**208.6**
Environment	84.6	90.6	91.0
Fish & Game	30.5	28.4	29.1
Parks & Recreation	84.9	86.0	88.5
Health Care	**20,252.7**	**20,457.5**	**20,675.6**
MassHealth (Medicaid) & Health Reform	17,284.5	17,367.5	17,576.4
Mental Health	772.5	870.0	869.9
Public Health	616.2	625.9	635.2
State Employee Health Insurance	1,579.5	1,594.1	1,594.1
Human Services	**4,229.3**	**4,338.7**	**4,329.8**
Child Welfare	976.9	998.3	989.6
Disability Services	1,953.1	2,000.5	2,003.1
Elder Services	286.1	299.5	298.2
Juvenile Justice	180.5	177.8	177.0
Transitional Assistance	625.9	656.3	657.9
Other Human Services	207.0	206.2	204.0
Infrastructure, Housing & Economic Development	**2,175.2**	**2,278.3**	**2,256.4**
Commercial Regulatory Entities	64.2	66.2	68.3
Economic Development	142.7	143.4	139.1
Housing	441.3	452.1	451.2
Transportation	1,527.0	1,616.6	1,597.9
Law & Public Safety	**2,721.8**	**2,905.5**	**2,789.4**
Courts & Legal Assistance	711.1	787.8	747.2
Law Enforcement	391.9	403.5	393.3
Prisons, Probation & Parole	1,395.4	1,485.6	1,420.4
Prosecutors	167.1	175.0	176.8
Other Law & Public Safety	56.4	53.5	51.7
Local Aid	**1,100.7**	**1,140.5**	**1,133.7**
General Local Aid	1,061.8	1,098.9	1,098.9
Other Local Aid	38.9	41.6	34.8
Other	**5,689.6**	**5,989.6**	**5,919.9**
Constitutional Officers	76.7	82.1	85.1
Debt Service	2,628.3	2,668.8	2,668.8
Executive & Legislative	74.4	74.4	74.4
Libraries	25.5	25.6	25.6
Pensions	2,394.5	2,612.9	2,612.9
Other Administrative	490.3	525.8	453.0
Total Budget	**44,333.2**	**45,441.1**	**45,520.0**

- MassBudget's totals include the "**pre-budget transfers**" of funds. Statutes require certain automatic appropriations of revenue to support certain functions independent of the annual budget. Although these transfers function no differently from other appropriations, the Governor and Legislature do not reflect these expenditures in their budget totals; instead, they are shown as amounts deducted or transferred from revenue prior to the budgeting process. To better reflect total state funding, MassBudget includes these pre-budget transfers in appropriation totals. In FY 2019, these transfers add $4.70 billion to the total. These transfers are: tax revenues dedicated to the Massachusetts Bay Transit Authority (MBTA) and school building assistance, cigarette excises dedicated to the Commonwealth Care Trust Fund, state contributions to the pension system, transfers to the State Retiree Benefits Trust, transfers to the Workforce Training Trust, and statutory allocations of gambling revenues.

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

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

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

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

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

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