

Analyzing the Senate Ways & Means Budget for FY 2017

In materials accompanying its budget proposal, the Senate Ways and Means (SWM) Committee described a goal of making “investments to build resilient children, families, and communities.” That theme clearly informs the choices throughout budget, but without new revenues the SWM budget recommends only very modest new investments.

The SWM proposal increases funding for Chapter 70 state aid for local schools and support for public higher education by significantly more than the Governor and House proposes, but it also introduces a new cut: reducing kindergarten grants by almost 90 percent.

In a number of areas the SWM budget recommends reforms to improve the coordination and delivery of services:

- A shared application “portal” for MassHealth, child care support and SNAP benefits, which could simplify the application process for families and streamline the administrative process for the state.
- A multi-generational anti-poverty pilot program to provide mentoring and support to parents whose children are receiving child care.
- Directing the Interagency Council on Housing and Homelessness to work with the Secretaries of Housing and Economic Development, Health and Human Services and Education to coordinate services for low-income households that are facing economic instability and homelessness.

The Senate Ways and Means proposal largely follows the Governor’s and House’s use of temporary revenue and savings. All use somewhat less temporary revenue than has been used in recent years. It remains troubling, however, that this far into an economic recovery the state continues to rely on temporary revenue to balance its budget and is not able to deposit into the Stabilization Fund the full amount of capital gains tax revenue called for by existing law.

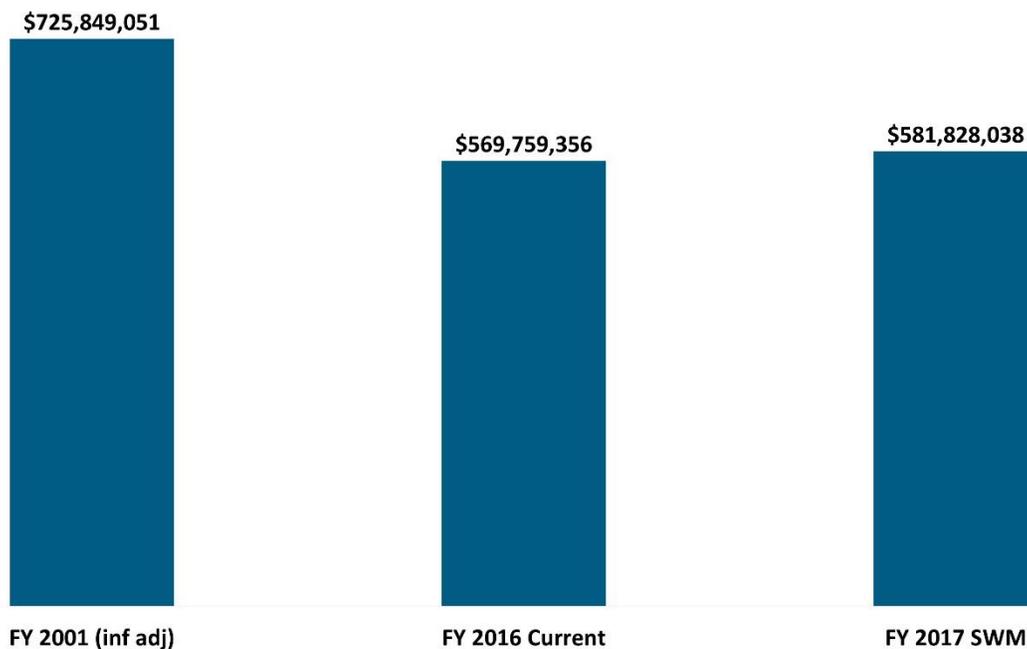
In the pages that follow, this *Budget Monitor* provides highlights of the Senate Ways and Means recommendations in specific areas across the budget. It also offers comparisons to the proposals from the Governor and the House and to historic spending levels.

Early Education & Care

Quality early education and care helps prepare our young children for K-12 education and to thrive more generally. Early education and care is also a critical work support for parents with young children, arranging safe and reliable child care for parents while they provide for their families.

The Senate Ways and Means (SWM) Committee budget for FY 2017 proposes \$581.8 million in funding for early education programs. This is a small increase of \$12.1 million (2.1 percent) over the current year, roughly in line with cost growth. While the last two state budgets also included modest increases in support for early education, the increases are small compared to the much larger long-term cuts in this area after state tax cuts in the late 1990s and early 2000s. Over this longer horizon, the SWM Committee’s proposal for early education is \$144.0 million (19.8 percent) less than FY 2001 levels, adjusting for inflation (see chart below).

Proposed Early Education Funding Still 20 Percent Below 2001



The SWM Committee’s budget proposes \$233.1 million for [Supportive & TANF Child Care](#). This program provides child care subsidies for children in the care of the Department of Children and Families (DCF) and those receiving Transitional Aid to Families with Dependent Children (TAFDC). This level of state support would be \$13.2 million, or 6.0 percent, above current levels and \$4.0 million above what the House approved in April. However, it would be \$4.3 million below what the Governor proposed. The amount proposed by the SWM Committee would allow an additional 750 kids in TAFDC eligible families to receive vouchers and allow a full year of services for 600 children under DCF care who had support through this program for only a part of 2015-2016. TAFDC eligible families receiving these new child care vouchers would have this support instead of TAFDC child benefits.

The [Income Eligible Child Care](#) program provides subsidies for low- and moderate-income working families who do not qualify for other child care assistance. With insufficient funding to meet demand, the waitlist for these subsidies exceeded 24,500 children in April 2016. For the last three years, dedicated funding supported reducing the waitlist. The SWM Committee FY 2017 budget does not propose continuing specific funding to reduce the waitlist. However, the SWM Committee budget includes \$10.0 million in additional support for salary increases for early education providers, \$5.0 million above current levels, but less than the \$15.0 million that the House approved after debate on

their final budget in April. Salary and benefit increases along with professional development to early educators are key mechanisms to improve the quality of services available for young children. Recent evidence suggests that providers across the state face difficulties creating new early education seats and classrooms because they face challenges recruiting and retaining an effective early education workforce.

Collectively, funding for Income Eligible Child Care, efforts to reduce the waitlist, and salary increases for early educators is \$1.5 million below current levels in the SWM proposal for FY 2017 (see chart below).

FUNDING FOR INCOME ELIGIBLE EARLY EDUCATION

Line Item #	Name	FY 2016 Current	FY 2017 Governor	FY 2017 House	FY 2017 SWM	FY17 SWM – FY 2016 Current
1599-0042	EEC Provider Rate Increase	5,000,000	0	15,000,000	10,000,000	5,000,000
3000-4040	Income Eligible Waitlist (Birth through Pre-School)	12,000,000	0	0	0	(12,000,000)
3000-4060	Child Care Access	256,344,993	261,472,848	261,472,848	261,799,738	5,454,745
TOTAL		273,344,933	261,472,848	276,472,848	271,799,738	(-1,545,255)

Note: Budget proposals sometimes consolidate what had been several line items into one account or otherwise change how funding is allocated between line items. The columns for FY 2017 use data provided by budget writers to show the new proposals in the old structure so that readers can better compare FY17 proposals to FY16 funding levels.

Like the House budget proposal, the SWM Committee budget for FY 2017 consolidates and shifts funding from several early education and care accounts into a new [Quality Improvement](#) line item. The purposes of this funding include meeting standards set in the state’s Quality Rating and Improvement System (QRIS), developing the early educator workforce, undertaking the accreditation of programs, and supporting administrative personnel overseeing quality efforts. The Department of Early Education and Care suggests this reorganization will help align the state’s goals for early education quality, concentrate funding towards common purposes, and identify gaps in resources and supports for young children.

All of the SWM Committee’s shifts and consolidations are represented in the table below. In our budget tools, MassBudget moves funding transferred between accounts back to their original place to allow for more accurate comparison. The SWM Committee’s FY 2017 proposal would all together provide \$32.4 million, \$134,000 (0.4 percent) less than what the House proposed for the new Quality Improvement line item.

FUNDING FOR EARLY EDUCATION QUALITY IMPROVEMENTS (QI)

Line Item #	Name	FY 2016 Current	FY 2017 House	FY17 House (in FY16 structure)	FY 2017 SWM	FY17 SWM (in FY16 structure)
3000-1020	Quality Improvement	0	32,530,665	251,403	32,396,637	0
3000-1000	Portion of Dept. of EEC Admin. for QI	6,754,471		6,754,471		6,754,471
3000-3060	Portion of Supportive and TANF Childcare for QI	600,000		600,000		600,000
3000-4060	Portion of Income Eligible Child Care (Child Care Access) for QI	9,019,276		9,019,276		9,019,276
3000-5075	Universal Pre-Kindergarten	7,400,000		7,400,000		7,400,000
3000-6025	Commonwealth Preschool Partnership Initiative	500,000		0		0
3000-6075	Early Childhood Mental Health Consultation Services	750,000		750,000		750,000
3000-7050	Portion of Services for Infants and Parents for QI	7,872,890		7,755,515		7,872,890
TOTAL		32,896,637	32,530,665	32,530,665	32,396,637	32,396,637

Note: Budget proposals sometimes consolidate what had been several line items into one account or otherwise change how funding is allocated between line items. The columns showing the FY17 Gov. or FY17 SWM in FY16 structure use data provided by budget writers to show the new proposals in the old structure so that readers can better compare FY17 proposals to FY16 funding levels.

Three programs would be entirely consolidated into Quality Improvement:

- [Universal Pre-Kindergarten](#), which supports Pre-K quality improvements for kids between 2 years 9 months old and kindergarten age;
- [Commonwealth Preschool Partnership Initiative](#), which supports existing providers expanding seat capacity, particularly for 3 year olds; and
- [Early Childhood Mental Health Consultation](#), which focuses on early education and wraparound social services for kids facing great challenges. These services focus on prevention of school suspensions and other severe behavioral issues.

Four programs would have funding shift into Quality Improvement:

- [Early Education and Care Administration](#), which supports the statewide oversight of all Early Education services and programs, would have \$6.8 million (54.5 percent) of its funding shift into the new Quality Improvement account.

- Supportive and TANF Child Care would have a negligible amount of funding (\$600,000) shift into the new Quality Improvement account.
- The Income Eligible Child Care program would have \$9.0 million (3.4 percent) of its funding shift into the new program.
- [Family Support and Engagement \(Services for Infants and Parents\)](#), which provides outreach to families on caring for their young children, would have \$7.9 million (36.9 percent) of its funding shift.

The SWM Committee budget proposal creates two new line items for early education and care programs.

- **Commonwealth Preschool Expansion Grants**, funded at \$2.0 million. This funding would support planning and implementation of new preschool programs for young children between 2 years and 9 months and 3 years 11 months of age. Preference in these grants would be given to districts that have received prior planning funds, those with detailed plans that would ensure quality, and those cities and towns serving students with high needs.
- **Multi-Generational Anti-Poverty Pilot Program**, funded at \$500,000. This pilot program would work with existing service providers, including early education and care agencies, to provide mentoring and support to parents, children and other adults within specific households. The focus of support would be to increase family stability and student achievement in education.

Two other key Early Education and Care programs are level funded in the SWM Committee's FY 2017 budget proposal:

- [Child Care Resource and Referral Centers \(Access Management\)](#) at \$6.7 million, which helps families obtain care for their children through child care resources and referral agencies; and
- [Grants to Head Start](#), at \$9.1 million, which supplements significant federal funding (\$124.5 million in FY 2014) to support Head Start early education and care programs.

K-12 Education

Providing quality education for all of our children plays a central role in developing future generations in our Commonwealth, strengthening our communities and our economy over the long term.

The Senate Ways and Means (SWM) Committee proposes increasing **Chapter 70 Education Aid** to \$4.63 billion in FY 2017. This amount is \$10.3 million above the House proposal and \$44.0 million above the Governor's. The SWM proposal is \$116.1 million (2.6 percent) above current FY 2016 levels. This increase over last year includes:

- An 85 percent effort reduction to support districts with initial local contributions above the targets identified in reforms initiated in the FY 2007 budget. This is greater than the 70 percent effort reduction used in the House budget.

- A minimum increase of \$55 per-pupil to districts that would not otherwise receive more aid. The House budget also provided a \$55 per-pupil minimum increase.

The SWM Committee Chapter 70 proposal, like the prior FY 2017 budget proposals, uses the new Economically Disadvantaged method for calculating the number of low-income students educated in a given district. The change to the Economically Disadvantaged measure is driven by recent improvements to the federal school meals program that are increasing access to school meals and reducing administrative work for districts. A side effect of the federal changes is that the Commonwealth had to alter how low-income kids are counted. For more detail on the process for counting low-income kids, how it can be improved, and the impact on the FY 2017 budget, see [Direct Certification for School Meals: Feeding Students, Counting Kids, Funding Schools](#), and [Proposed Low-Income Student Changes Would Have Varied Chapter 70 Impact](#).

The number of kids considered Economically Disadvantaged is determined by a process called direct certification. This process directly enrolls kids for free meals if they are already enrolled in other public services, such as MassHealth and SNAP/food stamps, or fit other criteria such as being in foster care. The implementation of the new poverty measure by the Department of Elementary and Secondary Education (DESE) for FY 2017 resulted in a statewide drop in low-income headcounts compared to last year. To account for this, the SWM budget follows the Governor's and House proposals by increasing the amount of additional funding for low-income students for all districts.

Even with this mitigation measure, this shift still leads some communities to receive less Chapter 70 aid than they otherwise would have received. To further address this issue, the SWM Committee also includes a hold-harmless provision that guarantees districts at least the amount of aid they would have received if the FY 2017 formula had been run under the prior system for measuring poverty. This hold-harmless provision costs roughly \$10 million and is distributed similarly to how the House likely would have distributed a Chapter 70 reserve account included in its FY 2017 budget proposal. The low-income rates used by this hold-harmless provision are lower than rates used by the Economically Disadvantaged proposal.

The SWM budget includes an Outside Section that would create an interagency task force to study and improve the process of direct certification for free school meals. Improved direct certification would have the dual benefit of automatically providing more eligible students with free meals and improving the accuracy of the new Economically Disadvantaged measure. The task force would be composed of a broad array of state agencies, school administrators, and research and advocacy groups. The House budget included similar task force language, but it was less specific about the group's charge and didn't name as many task force members.

Another outside section of the SWM Committee's budget charges the Executive Office of Administration and Finance, along with the House and Senate Committees on Ways and Means to develop a schedule to implement the recommendations of the 2015 Foundation Budget Review Commission. This Commission recommended steps to address current funding challenges for local school districts. The group found that the foundation budget is under-funded by at least \$568 million, reducing the capacity of schools across the state to implement the types of [effective strategies](#) that could help all children, in all of our communities, to succeed in school and be prepared to thrive. For more detail, see the [final Commission report](#).

Among its proposals for K-12 grant programs, the largest cut in the SWM budget is for [Kindergarten Expansion Grants](#) – down by \$16.6 million in FY 2016 to \$2.0 million.

The SWM budget proposes \$87.5 million for [Charter School Reimbursements](#), \$7.0 million above current levels and \$2.0 million above the House proposal. The current system, when fully funded, reimburses 100 percent of outgoing student funding in the first year and 25 percent of this amount for each of the subsequent five years. However, the formula is currently \$47.1 million (37 percent) below the amount that would fully fund the reimbursement formula in FY 2016.

According to projections from DESE, the SWM proposal would underfund the reimbursement formula by roughly \$47 million in FY 2017, in part because charter enrollment is projected to increase by roughly 3,100 students. The SWM budget does not include significant policy changes proposed by the Governor to Charter School Reimbursements. For additional detail on charter school funding at large, recent proposals from the Governor and the Legislature to alter the reimbursement system, and the impact of recent underfunding, see [Charter School Funding, Explained](#).

The SWM budget for FY 2017 contains a new line item, **Assessment Consortium**, funded at \$350,000. This program would support the development of alternative assessments of student performance that includes measures beyond traditional test score data.

Several grant programs, including some that serve students in great need, are eliminated, or significantly reduced in the SWM Committee's proposal:

- [MCAS Low Scoring Student Support](#) would be eliminated. The program, currently funded at \$4.3 million, provides support to high schoolers at risk of failing to graduate. According to the most recent estimate from DESE, students participating in this program over the course of a year increased their passing rates on state tests by 31 percentage points (see the [Department's 2014 legislative report on MCAS support](#)).
- [English Language Acquisition](#), which provides professional development for educators of English Language Learners, would be funded at \$1.9 million, 33.8 percent below current levels.

Conversely, the SWM budget contains some increases to other education grants and services:

- [The Special Education Circuit Breaker](#), which provides additional state support for students with severe special needs, is funded at \$281.1 million, a \$9.3 million (3.4 percent) increase over current levels. This amount is \$4.4 million more than the House proposal and would fully fund reimbursements according to SWM estimates.
- [Mentoring Matching Grants](#), which connect young people with adult mentors through public and private programs, is funded at \$750,000, a \$250,000 (50 percent) increase over current levels.

Higher Education

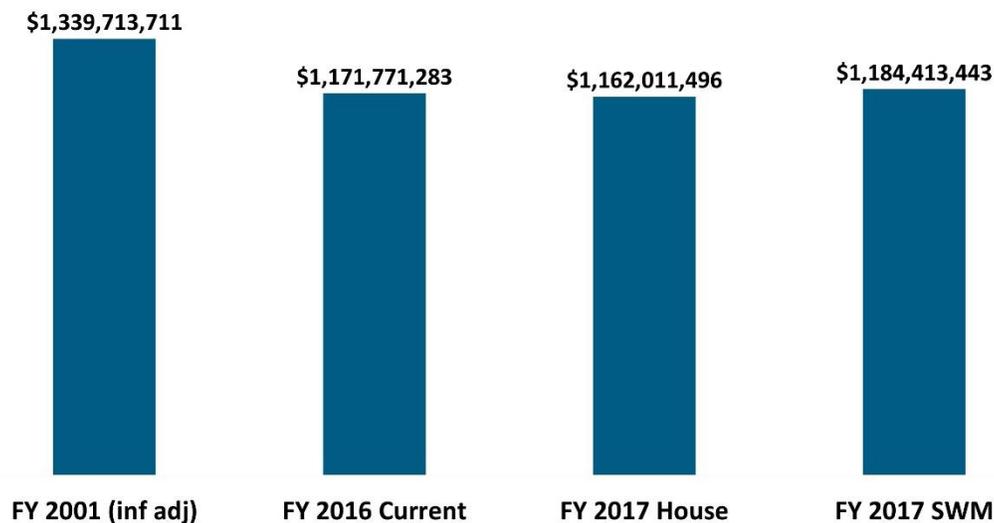
Higher education helps the people of our state contribute to their communities and gain the skills to succeed in a knowledge-driven economy. Public institutions of higher education, including the University of Massachusetts, the state universities, and community colleges educate a majority of the

high school graduates who remain in Massachusetts for college. Public graduates are also more likely to stay in Massachusetts after graduation, contributing to our state economy over the long term.

Despite the critical importance of public higher education, this opportunity has grown increasingly expensive in recent years. Tuition and fees at state colleges and universities roughly doubled between Fiscal Year (FY) 2001 and FY 2016, after adjusting for inflation. This coincided with a period of reduced state support for public higher education (see discussion below).

The Senate Ways and Means (SWM) Committee FY 2017 budget proposal for higher education is \$1.18 billion, which is \$12.6 million (1.1 percent) higher than current FY 2016 levels. The SWM Committee’s proposal would provide \$22.4 million (1.9 percent) more support for public higher education compared to the House proposal for FY 2017. After adjusting for inflation, funding in the SWM proposal is 11.6 percent less than what was available in FY 2001, before large tax cuts reduced the revenues available to support state services (see chart below).

Proposed Higher Education Funding Still 12 Percent Below 2001



The following table details proposed appropriations to each of the three campus types. MassBudget totals make the following adjustments in order to facilitate more accurate year-to-year comparisons:

- **Include Collective Bargaining and Other Campus Specific Programs.** MassBudget adds collective bargaining accounts and initiatives located at particular campuses, funded through separate line items, to their respective campus totals.
- **Subtract Tuition Remission.** Since FY 2001, different policies have dictated when public higher education campuses must send different categories of tuition revenue they receive back to the state. When revenue must be sent to the state, it is not available for campus operations and has the same effect as reduced state funding to the campuses. To provide more accurate comparison of state support to campuses over time, using official documents from the Administration and the Legislature, MassBudget deducts tuition revenue sent back to the state from the direct appropriations to each campus. For details on the varying policies at different campuses, see the

campuses respective pages on [MassBudget’s Budget Browser section for Higher Education](#). Additionally, a provision from last year’s budget takes effect in FY 2017, allowing the University of Massachusetts to stop sending tuition revenue from in-state students that it had been required to send in prior years.

HIGHER EDUCATION FUNDING FOR THE THREE CAMPUS TYPES

Campus Type	FY 2016 Current	FY 2017 Governor	FY 2017 House	FY 2017 SWM	FY 2017 SWM - FY 2016 Current	Notes
Community Colleges	270,647,317	270,400,371	273,113,001	280,049,547	9,402,230	See above
State Universities	241,389,094	243,972,713	244,007,713	252,104,020	10,714,926	See above
UMass	522,269,415	511,242,447	511,742,447	526,142,025	3,872,610	See above
Total, All Campuses	1,034,305,826	1,025,615,531	1,028,863,161	1,058,295,592	23,989,766	See above

The SWM Committee proposes to fund **University of Massachusetts (UMass)** line items at \$526.1 million, \$14.4 million above the House proposal for FY 2017 and \$3.9 million above current levels. This additional state support would make it less likely that tuition and fees would continue to rise at UMass as occurred in FY 2016.

The SWM Committee proposes funding **State University** line items at \$252.1 million, which is \$10.7 million (4.4 percent) above current FY 2016 levels. The SWM proposal funds **Community College** line items at \$280.0 million, \$9.4 million (3.5 percent) above current levels.

The main **State Scholarship Program** would be funded at \$95.5 million in the SWM Committee proposal, in line with current FY 2016 levels, but \$1.2 million below the House’s proposal for FY 2017.

Several higher education grants and programs would be reduced in the SWM Committee FY 2017 budget proposal:

- **National Guard Tuition and Fee Waivers** are proposed to be funded at \$5.3 million, a 64 percent reduction from current levels.
- **State University Incentive Grants** are proposed to be funded at \$2.6 million, a \$3.0 million (54 percent) reduction from current levels, but slightly above the House proposal. In prior years this funding supported implementation of [the Vision Project](#) a Department of Higher Education strategic plan. This plan aims to increase quality, reduce achievement gaps, and improve the connection between higher education and workforce development. It is possible that public campuses could divert funding from other programs to support some of these initiatives.
- The [STEM Starter Academies](#) would be funded at \$3.9 million, 18.2 percent less than the House proposal and current FY 2016 levels.
- The **Department of Higher Education** would be funded at \$3.0 million, a \$1.4 million (32 percent) reduction from current FY 2016 levels. Cuts to the administration of higher education may impact the student experience on campus and the provision of student aid and support.

Environment & Recreation

The state's environment and recreation budget funds programs that keep our air and water clean, preserve fish and wildlife habitats, and maintain and staff parks and recreation facilities in Massachusetts. Like the House and Governor's FY 2017 proposals, the Senate Ways and Means (SWM) Committee budget for Fiscal Year (FY) 2017 further reduces funding for several environment and recreation programs that have had significant cuts over the years.

The SWM Committee budget recommends providing \$196.3 million for environment and recreation programs, which is \$16.5 million below the FY 2016 current budget and \$4.7 million below the amount recommended in the House FY 2017 budget. Like the House and Governor's budgets, many of the reductions in funding for various environment and recreation activities are likely related to staffing reductions as employees took advantage of an early retirement package included in the FY 2016 budget. Because some of these retired staff will not be replaced, agencies may have difficulty carrying out their functions effectively. The SWM budget, like the Governor's proposal, also consolidates human resources management within the Executive Office of Energy and Environmental Affairs (EOEEA). So what may look like a reduction in funding for a few agencies is actually a shift in responsibility from those individual agencies to EOEEA. It appears that the House budget recommends a similar consolidation.

Some programs affected by early retirements and human resources consolidation include:

- The **Department of Environmental Protection (DEP)** receives \$25.9 million in the SWM proposal, a reduction of \$3.6 million from FY 2016. This amount is slightly above the House and Governor's FY 2017 proposals. DEP is responsible for keeping our air, water, and land clean and making sure businesses and other entities are complying with our state's environmental laws. Since FY 2001 funding for DEP has fallen by about 40 percent after accounting for inflation.
- The **Hazardous Waste Clean-up** program receives a proposed \$12.3 million in the SWM Committee's budget, a cut of \$2.1 million, or 14.4 percent below the FY 2016 current budget. This proposal is in line with the House budget.
- **State Parks and Recreation** programs receive \$39.2 million, \$7.5 million below the FY 2016 current budget and \$533,000 less than the House proposal. The SWM Committee budget, like the House and Governor's proposals, also recommends increasing the amount of revenue that the Department of Conservation and Recreation (DCR) can retain from parking, camping, and entry fees it collects, to \$19.2 million. Even with this \$3.2 million increase, combined funding for state parks in the SWM Committee's FY 2017 budget proposal is \$4.3 million below the FY 2016 budget.

Other highlights in the SWM Committee environment and recreation budget include:

- Creating a discounted [MassParks](#) pass and MassParks Senior Pass to cover fees for a year's worth of admission and parking at state recreation facilities where parking fees are charged. Outside Section 77 of the SWM budget directs the Registry of Motor Vehicles (RMV) to work with DCR to offer these passes to anyone applying for or renewing their motor vehicle registration or driver's license. Revenue raised from the sale of these passes will not be subject

to the cap in revenue that DCR can retain from the other fees it collects, described above. DCR will use the proceeds to pay for expenses, upkeep, and maintenance of recreational facilities.

- Eliminating funding for the **preservation and maintenance of beaches around Boston**. The House budget proposes \$1.6 million for this account in FY 2017 while the FY 2016 current budget provides \$1.2 million.
- Proposing slightly more funding for **climate change adaptation** than the House FY 2017 proposal. In its budget the SWM Committee recommends providing \$250,000 for climate change and adaptation and another \$150,000 for a state climatologist. The House recommends \$150,000 for climate change adaptation and no funding for the state climatologist.
- Providing no funding for a new **safe drinking water** account created in the House budget. The House budget recommends providing DEP with \$535,000 to help municipalities assure that their drinking water is safe for their residents.

MassHealth (Medicaid) & Health Reform

The Senate Committee on Ways and Means (SWM) Fiscal Year (FY) 2017 budget proposal for MassHealth and Health Reform programs differs little from the House budget proposal. The SWM budget includes \$15.40 billion for MassHealth programs, a \$717.8 million increase over FY 2016 totals, or 4.9 percent (see table below) Highlights in the SWM MassHealth budget proposal include:

- SWM proposes \$10.0 million less than the House or Governor for **managed care**, for a total of \$5.49 billion because SWM reduces funding for infrastructure and capacity building grants from the \$20.0 million originally proposed by the Governor to \$10.0 million.
- SWM proposes \$2.43 billion for **fee-for-service payments**, \$1.6 million more than the Governor and \$7.8 million less than the House. The differences among the proposals reflect the provider earmarks. The SWM budget includes \$1.0 million designated for the development of coordinated care in western Massachusetts, and \$600,000 to support the continued provision of chiropractic care.
- SWM funds a line item (**State Plan Amendment Support**) in the Executive Office at \$200,000 to support a variety of strategies and waivers to improve program flexibility, expand services, or increase federal reimbursements.
- SWM follows the Governor's budget proposal to increase **nursing facility rates** by \$30.0 million, compared to the House proposal for a \$45.0 million increase. Unlike in the House budget, the SWM budget does not include language specifying that rate increases would be passed on to the nursing home employees in the form of increased wages or benefits.

The SWM MassHealth budget proposal is also notable for the items included in the Governor's budget proposal on which SWM is silent. Like the House budget, the SWM budget proposal does not include language that would explicitly allow the Administration to **restructure MassHealth benefits**. Nevertheless, the Administration has stated that this language is not actually necessary for the Administration to go ahead and implement changes in benefits. The Governor's budget proposal anticipated restructuring benefits in October 2017 by restricting certain optional benefits, and making

them available only to members enrolled in managed care plans. The House and SWM budget proposals, however, both include language specifying that **chiropractic benefits** would be maintained in the Primary Care Clinician plan in FY 2017.

The SWM budget, like the House budget, does not follow the Governor's proposals to expand **estate recovery** efforts. The Governor's budget would have expanded the program's ability to recoup costs from deceased members. The Governor's budget authorized MassHealth to assess costs against the property of any deceased MassHealth member over age 55, and also against the property of any MassHealth member of any age who used long term care services. The Governor's budget had also expanded the interpretation of what would constitute an "estate."

Unlike the Governor, SWM makes an appropriation into the **Health Safety Net** (via funds from the Commonwealth Care Trust Fund) to support the costs associated with providing care to uninsured or underinsured individuals. Like in the House budget, the SWM budget proposes a transfer of \$15.0 million, whereas in previous years that transfer has been \$30.0 million.

Starting June 1, 2016, **coverage by the Health Safety Net** will become more restrictive, limiting state-funded reimbursements for health care providers who provide care to these individuals. Health care providers that do not have a "third party" source of reimbursement for the care that they provide must either absorb those costs or turn to the individual receiving the care for payment. The Health Safety Net reimburses acute care hospitals and community health centers for the costs of care provided to people who are uninsured or underinsured, and currently provides full reimbursement for care provided to people with incomes up to 200 percent of the federal poverty level. People with incomes up to 400 percent of the poverty level are billed for a portion of the costs of their care. Even with Massachusetts' nation-leading health coverage rates, there are still residents of the Commonwealth who do not have adequate health insurance, and for whom even emergency health costs can lead to significant medical debt. The new changes lower the eligibility threshold for partial coverage by the Health Safety Net from 400 percent to 300 percent of the federal poverty level, and impose a deductible starting at 150 percent of the poverty level. In part, the Administration hopes that these changes would encourage more residents to reduce reliance on emergency health care and obtain health insurance. The new rules also reduce retroactive coverage from the current six months to ten days from the date of service.

The Administration is in the process of reforming health care delivery, and shifting MassHealth to a system of **accountable care organizations** (ACOs). This is a strategy to contain health care cost growth and to provide better integrated care. In the course of moving the rest of MassHealth into ACOs, and supporting the integration of community-based providers into the ACOs, the Administration is expecting that FY 2017 will be a transition year. To help providers implement these delivery system changes, the Governor's, House, and SWM budgets provide additional payments to health care providers. The budget proposals all increase an **assessment** on hospitals by \$250.0 million. These assessments would also receive federal matching reimbursements, and the revenues would be deposited in a newly-created MassHealth **Delivery System Reform Trust**. According to the Administration, hospitals "as a class" will not experience an increase in costs associated with this assessment, as they will receive this assessment back in enhanced Medicaid rate payments, but some individual hospitals would receive back more than they contributed, and some would receive back less. Because the revenues to the fund would cover a full 12-month period, but the rate payments from the fund would begin on October 1 and therefore cover only 9 months, the budget proposals anticipate that there would be \$73.5 million from the assessments available to transfer into the General Fund to help

balance the budget. The House and Senate budgets both include language to sunset these provisions in 2022, at the conclusion of the five-year Medicaid waiver.

In addition to funding for MassHealth, the SWM budget proposal includes funding for **supplemental payments** to health safety net providers, funding for **other subsidized health programs**, and other administrative and operational supports (see table.)

FUNDING FOR MASSHEALTH AND HEALTH REFORM

	FY 2016 Current	FY 2017 Governor	FY 2017 House	FY 2017 SWM	FY 2017 SWM - FY 2016 Current
MassHealth (Medicaid)					
MassHealth Programs	14,686,823,778	15,412,989,192	15,437,389,192	15,404,589,192	717,765,414
MassHealth Administration	149,812,760	157,877,901	160,356,979	158,077,901	8,265,142
Subtotal	14,836,636,538	15,570,867,093	15,597,746,171	15,562,667,094	726,030,556
Supplemental Payments to Providers					
Medical Assistance Trust	1,027,500,000	462,000,000	462,000,000	462,000,000	(565,500,000)
Delivery System Transform. Initiative	189,141,606	205,597,334	205,597,334	205,597,334	16,455,728
Subtotal	1,216,641,606	667,597,334	667,597,334	667,597,334	(549,044,272)
Other Health Subsidies					
Commonwealth Care Trust	55,732,786	47,203,947	62,203,947	62,203,947	6,471,161
Prescription Advantage	18,668,169	18,521,922	18,521,922	18,521,922	(146,247)
Subtotal	74,400,955	65,725,869	80,725,869	80,725,869	6,324,914
Other Administration and Operations					
Center for Health Info. & APCD	31,140,523	28,453,693	28,410,511	28,453,696	(2,686,827)
Information Technology	121,340,895	117,665,406	117,664,941	116,965,407	(4,375,488)
Health Information Trust	8,153,272	12,853,272	12,853,272	12,853,272	4,700,000
Other Health Finance	2,200,000	9,542,285	9,542,285	9,542,285	7,342,285
Subtotal	162,834,690	168,514,656	168,471,009	167,814,660	4,979,970
Total	16,290,513,788	16,472,704,952	16,514,540,383	16,478,804,957	188,291,168

The timing of payments to health safety net providers through a variety of trusts can make it appear that there are wide swings in the totals over the course of the budget process. Between FY 2016 and FY 2017, there are no significant changes anticipated in these trusts.

Mental Health

In their Fiscal Year (FY) 2017 budget proposal, the Senate Committee on Ways and Means (SWM) proposes a total of \$759.9 million for mental health services, an increase of \$11.7 million over FY 2016 current budget totals, and \$1.2 million less than proposed by the Governor. In particular, SWM follows

the trend begun with the Governor's budget proposal and continued by the House to recommend increased funding for residential behavioral health treatment. This is part of a comprehensive effort to address and treat drug addiction and substance abuse.

The Department of Mental Health (DMH) serves approximately 21,000 adults and children who have severe and persistent mental illness. The vast majority of persons receiving mental health services receive those services in the community, rather than in inpatient facilities. Funding for DMH operations is \$27.4 million in the SWM proposal, a decrease of \$1.1 million, or 4.0 percent compared to FY 2016 funding, which could have an impact on the ability of the Commonwealth to provide these essential services.

The budget proposes increasing funding for **inpatient care** by \$8.7 million, for a total of \$205.3 million. This is \$1.0 million less than the amount proposed by the Governor and House. SWM includes budget language noting that this will cover the costs of 45 substance abuse treatment beds at Taunton State Hospital. The House and Governor included this provision as well, added in part to eliminate the need to use civil commitment to the MCI-Framingham facility for women who need substance abuse treatment.

SWM proposes \$22.9 million for **statewide homeless support services**, which is \$1.8 million more than FY 2016, and level with the amount proposed by the Governor. Funding for community-based placements for people discharged from inpatient placements receives a total of \$382.7 million in the SWM budget, level with Governor's proposal and \$1.3 million more than FY 2016 current funding.

[Children's mental health](#) is essentially level-funded at \$88.2 million, just \$1.1 million more than in FY 2016. SWM adds \$70,000 to the total proposed by the Governor, designating that amount to support a program to intervene with children who are fire starters. SWM, like the House, includes budget language designating \$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 and their families by providing quick and ready access to psychiatric consultation for primary care providers across Massachusetts. This is the same amount received by this program in FY 2016. SWM further designates \$500,000 of this total to expand the MCPAP for Moms program statewide to address mental health concerns in pregnant and postpartum women.

For discussion on **Chapter 257 rate increases** for human and social services providers, see "Other Human Services" in the *Budget Monitor*.

Public Health

The Senate Committee on Ways and Means (SWM) budget for public health totals \$577.0 million. This includes \$568.1 million in the Department of Public Health (DPH), an additional \$24.2 million for domestic violence services shifted over from the Department of Children and Families (described below), and \$8.9 million in funding in the Executive Office of Health and Human Services for youth violence prevention services (described below.) This total funding is \$3.4 million less than current FY 2016 funding, and \$7.6 million less than in the Governor's proposal.

The SWM budget includes a \$1.0 million increase over FY 2016 total funding for several grant programs designed to address youth violence and to encourage youth community engagement. These programs support grants to municipalities and to local organizations, often targeting high risk

communities. The SWM budget totals \$12.3 million for these programs. The SWM proposal includes a total of \$3.4 million for [Youth Violence Prevention Grants](#) and [Youth at Risk Matching Grants](#) within DPH, and \$8.9 million for the [Safe and Successful Youth Initiative](#) administered out of the Executive Office. The Safe and Successful Youth program targets high risk young men in communities across the Commonwealth and provides a public health approach to reducing gun-related violence.

One small program that receives new funding in the SWM public health budget is the [Pediatric Palliative Care](#) program. This program provides supportive care to children with life-limiting illnesses and to their families. SWM proposes \$2.6 million for these services, an increase of \$800,000 over FY 2016 current totals and over the House and Governor’s proposals. SWM anticipates that this funding increase should be sufficient to eliminate the waiting list for these services for terminally ill children.

SWM follows both the Governor and the House in funding for maternal and child health programs. The [Women Infants and Children’s Program](#) (WIC) receives \$12.5 million, as well as \$25.6 million from [manufacturer’s rebates](#). This program provides nutritional counseling and healthy food to low- and moderate-income pregnant and postpartum women, as well as to infants and young children.

[Early intervention services](#) receive \$28.4 million in the SWM budget, the same as in the Governor’s and House budgets. This is level with FY 2016 current funding. The early intervention program provides services to very young children (birth to three years old) who exhibit delays in cognitive, motor, language, behavioral and other areas of development or who are considered at risk for developmental delays.

SWM also level-funds [smoking and other tobacco use prevention](#). SWM proposes \$3.9 million, the same as in the current FY 2016 budget. Massachusetts used to be a national leader in anti-smoking work, with a widespread and coordinated successful public health campaign to reduce smoking and to prevent teenagers from ever starting in the first place. At that time, the state was making a substantial investment in this area. When adjusted for inflation, funding for anti-smoking efforts in FY 2001 totaled \$87.7 million. But a series of significant tax cuts forced reductions in funding to many public health programs, and the budget cuts hit the state’s anti-smoking efforts particularly hard.

DPH supports a variety of **prevention and treatment programs** for specific conditions, including providing funding for universal immunization, stroke prevention, prostate cancer prevention, and others. Together, the SWM budget for these programs totals \$10.5 million (see table). This total is \$1.6 million less than in FY 2016, but \$220,000 more than recommended by the Governor.

PUBLIC HEALTH PREVENTION AND WELLNESS

Line Item #	Name	FY 2016 Current	FY 2017 Governor	FY 2017 House	FY 2017 SWM	FY 2017 SWM - FY 2016 Current
4510-3008	ALS Registry	250,000	262,873	262,874	262,874	12,874
4513-1026	Suicide Prevention	4,350,000	4,130,748	4,180,748	4,130,748	(219,252)
4513-1111	Health Promotion	3,952,386	3,599,010	3,749,010	3,599,010	(353,376)
4513-1121	Stroke Prevention	500,000	0	0	120,000	(380,000)
4580-1000	Universal Immunization	2,220,284	2,257,799	2,257,799	2,257,799	37,515
4590-0925	Prostate Cancer Research	500,000	0	500,000	100,000	(400,000)
TOTAL		11,772,670	10,250,430	10,950,431	10,470,431	(1,302,239)

The SWM Committee, the House, and the Governor all propose shifting funding for support services for families at risk of **domestic violence** (currently funded at the Department of Children and Families (DCF)) to DPH, in order to consolidate domestic violence prevention and support. The SWM budget proposal brings \$24.2 million over from DCF. Accounting for funding shifts, SWM essentially level-funds these services compared to FY 2016. (See also the Child Welfare section of this *Budget Monitor*.)

FUNDING FOR DOMESTIC VIOLENCE PREVENTION

Line Item #	Name	FY 2016 Current	FY 2017 Governor	FY17 Gov (in FY16 structure)	FY 2017 SWM	FY17 SWM (in FY16 structure)
4513-1130	Domestic Violence & Sexual Assault Prevent. & Treatment	6,482,068	30,647,153	6,482,068	30,647,153	6,482,068
4800-1400	Support Services for People at Risk of Domestic Violence	26,148,905	0	26,403,264	0	26,148,905
Amount included in caseworker line item			2,238,179		1,983,820	
TOTAL		32,630,973	32,885,332	32,885,332	32,630,973	32,630,973

Note: Budget proposals sometimes consolidate what had been several line items into one account or otherwise change how funding is allocated between line items. The columns showing the FY17 Gov. or FY17 SWM in FY16 structure use data provided by budget writers to show the new proposals in the old structure so that readers can better compare FY17 proposals to FY16 funding levels.

For discussion on **Chapter 257 rate increases** for human and social services providers, see “Other Human Services” in the *Budget Monitor*.

State Employee Health Insurance

The Senate Committee on Ways and Means (SWM) proposal for state employee health insurance for Fiscal Year (FY) 2017 maintains the current structure of employee contributions to health insurance. Like the House, SWM does not follow the Governor’s recommendation to shift \$30 million in costs onto longtime employees, and \$3 million onto retirees. However, since the time of the Governor’s budget proposal, the Group Insurance Commission has provided new and lower health care cost estimates. With these reduced cost estimates, both the House and SWM budget totals for state employee health insurance are similar to the Governor’s totals, but do not include the cost shifting.

MassBudget’s totals for state employee health insurance include adjustments that allow for more accurate 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 caseload.

STATE EMPLOYEE HEALTH INSURANCE FUNDING WITH MUNICIPAL PASS-THROUGH ADJUSTMENT

Line Item #	Name	FY 2016 Current with MassBudget Adjustment	FY 2017 Governor with MassBudget Adjustment	FY 2017 SWM	MassBudget Adjustment	FY 2017 SWM with MassBudget Adjustment
1108-5200	Group Insur. Premiums	1,051,480,303	1,078,340,881	1,643,114,709	(562,990,948)	1,080,123,761
1108-5400	Retired Muni. Teachers	0	0	51,376,567	(51,376,567)	0

State Retiree Benefits

The state has adopted a schedule to move towards full funding of health and non-pension post-employment benefits (“OPEB”) for retirees. The Commonwealth funds the current and future OPEB through a variety of transfers to the State Retiree Benefits Trust. SWM recommends \$445 million in an operating transfer directed to the State Retiree Benefits Trust, \$5.0 million less than recommended by the House and Governor. Like the Governor and House, SWM transfers an additional \$72.5 million to fund OPEB from either unexpended debt payments or the General Fund. (See further discussion below).

In order to fully fund the liability supporting 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. By FY 2016, the intent was to use 40 percent of the Settlement award and 50 percent of the award in FY 2017. The FY 2017 total would be approximately \$120.8 million from the Tobacco Settlement directed to support OPEB.

The FY 2016 budget held the transfer amount to the equivalent of only 30 percent of the Settlement award, approximately \$24.4 million less than \$97.6 million indicated by the statute. Moreover, instead of using funds from the Tobacco Settlement, in FY 2016 the state plans to use unexpended debt service appropriations at the end of the year, with the balance made up for by tax amnesty revenues in excess of \$100 million.

Like the House, the SWM FY 2017 budget proposes again to suspend the required transfer from the Tobacco Settlement and to use unexpended debt service appropriations at the end of the year to fund state retirees’ benefits. If these so-called debt reversions are insufficient, the balance of the proposed transfer would come from the Tobacco Settlement revenue in the state’s General Fund.

The Governor, House, and SWM all proposed transferring \$72.5 million into the State Retiree Benefits Trust, and all of the proposals rely on unspent appropriations for debt service. This total is \$48.3 million less than the amount indicated for FY 2017 in the statute, and functions as a one-time saving used to balance the budget. (See Non-Tax Revenue and Other Savings section of this *Budget Monitor*.)

Housing

The state budget funds programs that create and maintain affordable housing and provide shelter and services to homeless families and individuals. The Senate Ways and Means (SWM) Committee recommends spending \$446.5 million on housing programs in Fiscal Year (FY) 2017. This is \$42.3 million less than the FY 2016 budget and \$681,000 less than the budget approved by the full House. Like the House final budget, the SWM proposal provides few new investments in FY 2017 for programs that increase access to permanent, affordable housing for lower-income families. The SWM

Committee proposes providing \$41.0 million less than the FY 2016 budget for the Emergency Assistance account that provides shelter to low-income homeless families. If this lower funding level is included in the final FY 2017 budget, it is likely that the Legislature will be required to provide supplemental funding for the program because the cost of providing shelter for those who are homeless and eligible for shelter will probably exceed the amount appropriated.

A large portion of the state's housing budget funds programs that provide shelter and short-term housing assistance to low-income families who have children and are homeless or at risk of becoming homeless. The SWM Committee proposes \$155.1 million for the **Emergency Assistance (EA)** program which provides shelter to low-income families with children who are homeless and meet certain eligibility requirements. This level is in line with the House final budget but is \$41.0 million below the FY 2016 current budget. (Please see MassBudget's Children's Budget for a full description of the [EA](#) program.)

In recent years the state has tightened the **eligibility criteria for the EA program** which has forced some homeless families with children to live in places not meant for human habitation like a car, a public park, or a hospital emergency room before they can access shelter. The SWM budget includes language requiring that the Department of Housing and Community Development (DHCD) provide shelter to these families so they do not have to sleep in such places before they are eligible for shelter. The SWM Committee included a similar recommendation in its FY 2016 proposal but this language was not included in the final budget approved by the Legislature and signed by the Governor.

Through its [HomeBASE](#) program, the state provides up to \$8,000 each year for temporary housing assistance to help low-income, homeless families. HomeBASE assistance both helps families move out of EA shelters, particularly those who are living in hotels and motels because the family shelters are full, and helps families avoid moving into shelter altogether. The SWM budget recommends providing HomeBASE with \$31.9 million in FY 2017, which is identical to the amounts proposed by the Governor and the House but is \$1.8 million less than the amount provided in FY 2016. DHCD has been successful in moving families out of hotels and motels and into housing with this assistance. There is concern, however, that because HomeBASE only provides temporary assistance, it may not be adequate to help these low-income families afford to pay for and remain in housing over the long term.

Like the House budget, the SWM proposal allows DHCD to spend up to \$300,000 in HomeBASE funding to help low-income, homeless families move from other state-supported shelters into housing. These include families living in domestic violence shelters, shelters supported by the Department of Children and Families or residential substance abuse treatment programs. Families who live in these shelters must meet EA eligibility requirements in order to receive this HomeBASE housing assistance.

In an effort to provide low-income families, particularly those who are homeless, with long-term housing support, the state has increased funding in recent years for the [Massachusetts Rental Voucher Program \(MRVP\)](#) which provides vouchers to low-income renters in Massachusetts. With this additional funding DHCD has been able to create new vouchers to help families move out of EA shelters and hotels and motels, and into permanent apartments. This increased funding has also allowed the state to provide vouchers to renters who have applied for the program but have been on waiting lists because the program did not have enough funds to meet demand.

The SWM budget provides \$100.1 million for MRVP, which is slightly above the amount recommended in the House budget and is \$9.2 million more than FY 2016. Of this total the SWM Committee budget

provides \$85.4 million in new funds and, like the House, transfers \$14.7 million in unspent funds from FY 2016 into FY 2017. The SWM Committee estimates that DHCD will be able to create 350-400 additional vouchers in FY 2017, which is in line with the House's estimate of 375 new vouchers. There is some question, however, whether renters will be able to use these vouchers unless the vouchers' value is increased to meet high rents in high-cost areas. The value of most MRVP vouchers is set at the 2005 HUD Fair Market Rent which means that some voucher-holders are unable to find units they can afford to rent particularly in high cost areas like Greater Boston.¹ The Governor did include in his FY 2017 proposal language that gives DHCD discretion in increasing the value of vouchers based on criteria including the size of the family, their income, and the area where they are renting. Neither the SWM Committee budget nor the House budget includes this language.

The SWM includes two new proposals in its Outside Sections:

- The first proposal would expand the number of **Housing Courts** in the state from five regional courts to six. Please see the Law & Public Safety portion of this Budget Monitor for a full explanation.
- Outside Section 54 of the SWM Budget directs the **Interagency Council on Housing and Homelessness** to create a memorandum of understanding (MOU) with the Secretaries of Housing and Economic Development, Health and Human Services, and Education. This MOU will direct the three secretariats to work together in coordinating services for low-income households that are facing economic instability and homelessness.

Other highlights of the SWM budget include:

- \$1.0 million for the [End Family Homelessness Reserve Fund](#) housed at the Executive Office of Health and Human Services. The House does not provide funding for this account. The Governor recommended the program be funded at \$1.5 million in FY 2017.
- \$2.0 million for the program that provides shelter and services to [unaccompanied homeless youth](#) which is \$1.0 million more than the House budget. Of this amount the SWM Committee recommends \$1.0 million in new funding and transferring up to \$1.0 million of unspent funds for this program from FY 2016 into FY 2017.
- \$64.5 million for [public housing authorities](#), which is in line with the current budget but is \$1.0 million below the amount recommended by the House.
- \$5.2 million for the account that funds [caseworkers](#) who provide assistance to homeless families and individuals. The SWM budget moves \$360,000 from the EA shelter account into this account to fund caseworkers who help families living in hotels and motels because the family shelters are full.
- \$45.8 million for **homeless individuals' assistance**, including \$1.8 million for the **Home and Healthy for Good** program that provides services to chronically homeless individuals. This amount is \$1.4 million less than the House total for these programs and is \$790,000 below the FY 2016 current budget.

- \$6.2 million for the **Alternative Housing Voucher Program** which provides vouchers to persons with disabilities. This amount is \$1.6 million more than the House proposal and the FY 2016 current budget.

Child Welfare

The state's child welfare and protection agency is the Department of Children and Families (DCF), which has a dual mission: to protect children and to strengthen families. Total funding for child welfare in the Fiscal Year (FY) 2017 Senate Ways and Means (SWM) budget is \$963.7 million (this total includes \$24.2 million for services to address domestic violence that has been shifted from DCF to the Department of Public Health (see discussion below)).

The SWM proposal is \$3.8 million more than recommended by the Governor, \$8.0 million more than recommended by the House, and \$35.7 million more than current FY 2016 funding, a 3.8 percent increase. With the exception of funding for family resource centers (discussed below), the SWM budget essentially follows the Governor's child welfare funding proposal. Like the Governor but unlike the House, SWM includes \$6.0 million for DCF "lead agencies" to provide **regional coordination of services** for families.

Like in the Governor's and House budget proposals, the SWM proposal includes a 7.8 percent increase in support for **child welfare case workers** compared to FY 2016 current appropriations, for a total of \$226.4 million. This total includes \$223.5 million to fund the case workers who work directly with vulnerable families, a 9.6 percent (\$19.6 million) increase over FY 2016 funding. In part due to highly-publicized cases involving children and families involved with DCF, there has been broad attention to the challenges faced by DCF staff who work directly with at-risk families. Although the union contracts aim to limit case worker caseloads to 15 cases each, none of the FY 2017 budget proposals would be sufficient to reach that goal, as they are likely to only reach overall caseload ratios of 18:1. According to the documents accompanying the SWM budget, this proposed funding would be sufficient to bring on an additional 225 new staff. Like in the Governor's and House budgets, **funding to train these new workers** is cut slightly by \$44,000 from FY 2016, for a total of \$2.5 million.

The vast majority of children connected to DCF are not in foster care, but rather live with their families with supports and services provided by, or coordinated with, DCF. Estimates from March 2015 suggest that close to 9 of every 10 children involved with DCF either live at home with their families or are in foster care but awaiting return to their homes. The SWM budget includes \$47.0 million for **family support services**, a \$1.5 million increase over FY 2016 levels, level with the Governor and just above the amount proposed by the House. This increase will help provide the services families might need to help them stay together safely and prevent child neglect.

Reflecting dramatic recent increases in the removal of children to out-of-home placements, but also reflecting the relative scarcity of foster families, the SWM budget targets additional funding to **congregate residential care**. SWM proposes \$265.1 million for group residential foster care, a \$5.9 million increase over FY 2016 totals. This amount incorporates a previously-planned rate increase, as well as additional funds to cover anticipated growth in the number of children sent to live in group foster care. Although fewer children live in group foster homes, that service model is significantly more expensive than family foster care. Funding for **Services for Children and Families** is \$2.7 million less than in the FY 2016 current budget, for a total of \$280.9 million (after adjusting for a shift in funding for domestic violence services – see below.)

The SWM Committee, House and Governor all propose shifting funding for **support services for families at risk of domestic violence** (formerly funded at DCF in [4800-1400](#)) to DPH, in order to consolidate domestic violence prevention and support. MassBudget adjusts the FY 2017 proposed funding and shifts this amount back to DCF for the purposes of making across-year comparisons (see table.) Accounting for these shifts, SWM essentially level-funds these services.

FUNDING FOR DOMESTIC VIOLENCE PREVENTION

Line Item #	Name	FY 2016 Current	FY 2017 Governor	FY17 Gov (in FY16 structure)	FY 2017 SWM	FY17 SWM (in FY16 structure)
4513-1130	Domestic Violence & Sexual Assault Prevent. & Treatment	6,482,068	30,647,153	6,482,068	30,647,153	6,482,068
4800-1400	Support Services for People at Risk of Domestic Violence	26,148,905	0	26,403,264	0	26,148,905
Amount included in caseworker line item			2,238,179		1,983,820	
TOTAL		32,630,973	32,885,332	32,885,332	32,630,973	32,630,973

Note: Budget proposals sometimes consolidate what had been several line items into one account or otherwise change how funding is allocated between line items. The columns showing the FY17 Gov. or FY17 SWM in FY16 structure use data provided by budget writers to show the new proposals in the old structure so that readers can better compare FY17 proposals to FY16 funding levels.

Unlike the Governor, SWM does not propose consolidating funding for the **family resource centers** currently funded in the [Executive Office](#) and funded at [DCF](#), and increases total funding to \$12.5 million (see table.) These centers, located throughout the Commonwealth, help connect families to a variety of community and state services, and are particularly targeted to gaining community services for a “Child Requiring Assistance” working with the juvenile courts. SWM maintains these centers at the Executive Office and increases funding for the centers administered by DCF by \$2.6 million.

FUNDING FOR FAMILY RESOURCE CENTERS

Line Item #	Name	FY 2016 Current	FY17 Gov. (in FY16 structure)	FY 2017 House	FY 2017 SWM	FY 2017 SWM - FY 2016 Current
4000-0051	Family Resource Centers	2,500,000	2,500,000	0	2,500,000	0
4800-0200	Family Resource Centers	7,398,054	7,478,898	7,398,054	9,978,898	2,580,844
TOTAL		9,898,054	9,978,898	7,398,054	12,478,898	2,580,844

Note: Budget proposals sometimes consolidate what had been several line items into one account or otherwise change how funding is allocated between line items. The columns showing the FY17 Gov. or FY17 SWM in FY16 structure use data provided by budget writers to show the new proposals in the old structure so that readers can better compare FY17 proposals to FY16 funding levels.

The budget also includes language in several outside sections that modifies the role of the [Office of the Child Advocate](#). (MassBudget includes funding for the Child Advocate in the “Other Administrative” totals.) The Child Advocate is responsible for investigating instances when a child in state custody or who is receiving state services is at risk of or suffered serious harm, and investigate circumstances when the state may have failed to protect a child from harm. The SWM proposal would, among other changes, essentially make this office more independent of the Governor, and give it responsibility for having a broad overview of services for children across state agencies. Funding for the Child Advocate

(not included here in the “Child Welfare” totals) is \$1.0 million in the SWM budget, \$400,000 more than in both the Governor’s and House budget proposals, and \$400,000 above current FY 2016 funding.

For discussion on **Chapter 257 rate increases** for human and social services providers, see “Other Human Services” in the *Budget Monitor*.

Elder Services

The Senate Ways and Means (SWM) Committee Fiscal Year (FY) 2017 budget proposes funding Elder Services at \$269.2 million. This is essentially the same as both the Governor’s and House’s FY 2017 budget proposals and is \$4.5 million or 1.7 percent above FY 2016 current spending.

Like the Governor’s proposal, the SWM Committee proposes combining some of the major accounts that provide funding for elder home care services by consolidating **Elder Enhanced Home Care Services** into the **Elder Home Care Purchased Services** and **Elder Home Care Case Management and Administration** line-items. This shift should not affect service delivery, as the purpose of these programs is one in the same, namely to provide home care services for elder adults. The services provided through this funding include case management, homemaker and chore services, transportation, protective services, and others that help elders remain at home instead of moving to a nursing home. When accounting for this funding shift, elder home care services see a slight decrease of approximately \$770,000 when compared to current spending. Both the Governor and the House’s budget proposals would also spend these same amounts for these home care programs.

Grants to Council on Aging which provide funding to Council on Aging centers that offer services to and advocate for elders around the Commonwealth, would see a slight increase of \$450,000 or 3.3 percent compared to current FY 2016 spending.

The only program for which SWM proposes a significant increase over current spending is **Elder Protective Services** which investigates elder abuse and neglect. The SWM Committee proposes a \$5.0 million or 21.5 percent increase over current spending. The Governor and the House proposed similar increases to this program.

Lastly, the SWM also proposes establishing a special commission to make recommendations on the **oversight and licensure of private home health agencies**.

For discussion on **Chapter 257 rate increases** for human and social services providers, see “Other Human Services” in the *Budget Monitor*.

Disability Services

The state budget supports a range of programs for individuals with disabilities. These include targeted job training programs that help people participate in the workforce, as well as community-based supports that more broadly assist people with disabilities and their families. In total, the Senate Ways and Means (SWM) Committee budget proposes funding disability services at \$1.89 billion, a \$44.7 million increase (2.4 percent) over current FY 2016 levels, and almost exactly the same level as the House’s and Governor’s budget proposals.

The bulk of this total increase — \$25.8 million — is for **Community Residential Supports for the Developmentally Disabled**, a 2.4 percent increase from current FY 2016 levels. This program supports adults in various residential settings to live more comfortably and independently.

The SWM budget proposes funding several programs at the same or close to the same amounts as current FY 2016 levels. For these programs, level funding may be tantamount to a cut because available resources do not keep pace with inflation.

- **Aging with Developmental Disabilities** would remain at the current \$250,000 funding level. This program provides direct support for older adults with developmental disabilities, staff training for identifying age-related conditions, and data collection on the effectiveness of support and training.
- **Autism Omnibus Services**, which provides services to individuals with autism spectrum disorders, would receive \$12.4 million, a reduction of \$233,000 from current FY 2016 levels.
- **Community Based Employment** would remain at the current \$3.0 million funding level. This program moves individuals with disabilities from sheltered work to integrated work settings.
- **Community Transportation Services for the Developmentally Disabled**, which provides transportation assistance from home to community-based day programs or employment services, would receive \$21.7 million, a \$344,000 reduction from current FY 2016 levels.

Conversely, the SWM budget proposes increases to several programs, including:

- **Community Day and Work Programs for the Developmentally Disabled** would receive \$191.5 million, an \$8.3 million increase (4.5 percent) from current FY 2016 levels. This program supports a wide variety of group and individual supports to allow adults to find work and build skills for future work.
- **Respite Family Supports for the Developmentally Disabled** would receive \$62.7 million, a \$6.8 million increase (12.2 percent) from current FY 2016 levels. Respite Family Supports provides families with disabled children support with specialized caregiving or other flexible community-based resources.
- **Turning 22 Services for the Developmentally Disabled** would receive \$8.0 million, a \$1.0 million increase (14.3 percent) from current FY 2016 levels. This program provides services to young adults with disabilities during the transition year in which the young adult turns 22 and ages out of special education programs into adult services.

For discussion on **Chapter 257 rate increases** for human and social services providers, see “Other Human Services” in the *Budget Monitor*.

Juvenile Justice

The Department of Youth Services (DYS) receives \$176.6 million for juvenile justice programs in the Senate Ways and Means (SWM) FY 2017 budget proposal. This is virtually identical to the Governor’s

and the House's FY 2017 proposals. When compared to current spending, most accounts at DYS would be either level-funded or slightly decreased from last year.

Similar to the Governor's and House's FY 2017 proposals, the SWM proposal would increase funding for the **Alternative Lock Up Program** to \$2.3 million from \$2.1 million in the current FY 2016 budget. This program provides secure placements for youth arrested when courts are not in session and is designed to provide a safe environment while awaiting a court appearance. Learn more about the state's [Alternative Lock Up Program](#) and its funding history in our Children's Budget.

For discussion on **Chapter 257 rate increases** for human and social services providers, see "Other Human Services" in the *Budget Monitor*.

Transitional Assistance

Transitional assistance programs help low-income individuals and families meet their basic needs and improve their quality of life when faced with an emergency. In total, the Senate Ways and Means (SWM) Fiscal Year (FY) 2017 budget proposes a decrease to transitional assistance programs of \$21.2 million (3.1 percent) from current spending levels. The reductions are deeper when looked at over a longer time horizon, as funding for these programs has been reduced 35.3 percent in inflation-adjusted dollars since FY 2001.

The largest decrease in the proposed SWM budget for transitional assistance--\$22.5 million--comes from assumptions of reduced caseloads for [Transitional Assistance for Families with Dependent Children](#) (TAFDC). With an improving economy, we would expect more people to be able to secure employment and improve their circumstances rather than seek this assistance. However, current caseload reduction may partially result from new administrative changes that make it harder for clients to maintain their benefits. (For more detailed information on caseload levels for transitional assistance accounts, see "Research and Statistics" on the [Department of Transitional Assistance](#) home page.) Unlike the Governor's budget proposal, the SWM and House budgets would not require the Department of Transitional Assistance to begin counting Supplemental Security Income (SSI) benefits in determining TAFDC eligibility, a measure that would reduce or eliminate TAFDC benefits to some families receiving SSI.

The SWM budget proposes increasing the back-to-school clothing allowance to TAFDC recipients to \$250, a \$50 increase from the House budget proposal. A rent allowance remains at \$40 per month.

The SWM budget meanwhile proposes decreases to several programs for workforce development that help TAFDC clients, including:

- [Employment Services Program](#) (ESP), which would receive \$12.5 million, a 3.7 percent decrease from current FY 2016 spending levels, and a 5.0 percent increase above the House's FY 2017 budget proposal. Employment Services is the primary education and job-training program for TAFDC clients. This proposal for ESP funding also includes an assumed \$258,000 for a new Promoting Responsible Parenting initiative, as indicated in the executive summary of the SWM budget proposal.
- [Pathways to Self-Sufficiency, which](#) would receive \$1.5 million, a 50 percent decrease from current spending levels, and a 90 percent decrease from the Governor's budget proposal. This

amount is 50 percent above the House budget proposal. This funding supports employment services for TAFDC clients who will no longer be exempt from the work requirement resulting from the 2014 welfare reform's mandated alignment of state disability standards with federal SSI disability standards.

Like the Governor's budget proposal, SWM includes language changing the treatment of earnings of TAFDC recipients by increasing the TAFDC work expense deduction for families from \$150 to \$200 as well as increasing a separate deduction from earnings for families who are exempt from the work requirement. These changes would allow beneficiaries to keep more of their earned income before having their benefits reduced.

The SWM proposal would fund [Caseworker Salaries and Benefits](#) at \$70.8 million, a 4.8 percent decrease from current spending levels, and a 2.0 percent decrease below the Governor's budget.

Conversely, [Emergency Aid to the Elderly, Disabled, and Children \(EAEDC\)](#) would receive \$80.0 million, a 1.0 percent increase from the House and Governor's budgets, and a 4.9 percent increase over current FY 2016 levels.

Finally, the SWM budget includes \$2.6 million in funding for a new program proposed in the Governor's budget, **Transportation for Supplemental Nutrition Assistance Program (SNAP) Participants**. Currently, SNAP has a work requirement for "able-bodied" persons without dependents. These are adults who are between the ages of 18 and 49, not receiving SSI benefits or otherwise disabled, not living with minor children, and not pregnant. The new program would likely support these SNAP recipients who are participating in the work program.

For discussion on **Chapter 257 rate increases** for human and social services providers, see "Other Human Services" in the *Budget Monitor*.

Other Human Services

There are a variety of other human service programs funded in the state budget, including supports for veterans, funding for the Soldiers' Homes, and a few cross-agency initiatives. The Senate Ways and Means (SWM) Fiscal Year (FY) 2017 budget includes a new line item with an appropriation of \$1.0 million to support an ambitious effort to develop a **shared application "portal"** for a wide range of public benefits, including MassHealth, child care subsidies within the Department of Early Education and Care, and SNAP (formerly known as "food stamps") benefits. The budget language proposes that individuals would be able to apply simultaneously for these particular programs by the start of FY 2018, with additional benefits – including housing subsidies – added to the common application portal by the start of FY 2019.

The state's [Emergency Food Assistance Program \(MEFAP\)](#), which supplements federal funding for a network of food banks, is funded in the state budget within the Department of Agricultural Resources. The SWM budget proposes funding these community organizations at \$16.0 million, \$1.0 million less than the Governor, and \$1.2 million less than FY 2016 current budget totals. The demand at food banks has been increasing, and there is concern that demand will grow for emergency food with recent reductions in federal SNAP (food stamp) benefits for thousands of low-income people.

The SWM budget proposal includes \$2.5 million in funding within Executive Office of Health and Human Services for the network of [family resource centers](#). The Governor had proposed moving funding for these centers into the Department of Children and Families, and the House had proposed eliminating funding. (See table below and also the Child Welfare section of this *Budget Monitor*.) Unlike the Governor, SWM does not propose consolidating funding for the family resource centers.

FUNDING FOR FAMILY RESOURCE CENTERS

Line Item #	Name	FY 2016 Current	FY17 Gov. (in FY16 structure)	FY 2017 House	FY 2017 SWM	FY 2017 SWM - FY 2016 Current
4000-0051	Family Resource Centers	2,500,000	2,500,000	0	2,500,000	0
4800-0200	Family Resource Centers	7,398,054	7,478,898	7,398,054	9,978,898	2,580,844
TOTAL		9,898,054	9,978,898	7,398,054	12,478,898	2,580,844

Note: Budget proposals sometimes consolidate what had been several line items into one account or otherwise change how funding is allocated between line items. The columns showing the FY17 Gov. or FY17 SWM in FY16 structure use data provided by budget writers to show the new proposals in the old structure so that readers can better compare FY17 proposals to FY16 funding levels.

Total funding for **veterans’ services** (including the Soldiers’ Homes) is \$146.8 million in the SWM budget for FY 2017, a \$3.8 million reduction from FY 2016 totals, just under the House budget proposal, and \$1.2 million less than proposed by the Governor.

The SWM budget also proposes \$36.2 million for legally required **Chapter 257 rate increases**. Chapter 257 standardizes rates paid to various types of providers in order to make the system more efficient and fair. The amount set by SWM for the Chapter 257 reserve account will be spread across many human and social service programs, but the Administration does not provide an accounting of the allocation of this funding among individual programs. For more information on the rate standardization and the timing of the implementation across state agencies, see the state’s [Chapter 257 update](#).

Economic Development

The state budget supports workforce and business development programs designed to boost the skills of working people and stimulate economic activity. In total, the Senate Ways and Means (SWM) Committee Fiscal Year (FY) 2017 budget proposes reducing these programs by \$22.9 million (14.9 percent) from current FY 2016 levels.

Specifically, the SWM budget proposes to decrease or level fund several programs in workforce development from current FY 2016 levels. For these programs, level funding may be tantamount to a cut because available resources do not keep pace with inflation.

- [Advanced Manufacturing Workforce Development Grants](#) would remain at the current \$1.5 million funding level.
- [One-Stop Career Centers](#) would remain at the current \$4.5 million funding level, \$525,491 less than the Governor’s proposal. The centers help job seekers improve their skills and navigate the job search process, as well as to help employers find new workers.

- [Workforce Training Fund](#) would receive \$21.4 million, a 4.4 percent decrease from current FY 2016 levels, \$44,208 less than both the House and the Governor's FY 2017 proposals.
- [YouthWorks](#) (formerly Summer Jobs Program for At-Risk Youth) would receive \$11.5 million, \$200,000 less than current FY 2016 levels, and \$1.8 million less than the Governor's proposal. Funding for this program is often budgeted in one fiscal year to be spent in the next. This program pays for the salaries of low-income and at-risk youth living in targeted communities for summer and some year-round jobs. The proposed funding decrease may cause fewer youth to be hired than previous years.

On the other hand, unlike the House budget proposal, the SWM budget, like the Governor's, would provide \$4.0 million to the [Workforce Competitiveness Trust Fund](#) (WCTF), which invests in training for unemployed workers. This fund receives periodic deposits at the discretion of the Legislature. The most recent deposits were in 2016 for \$2.2 million and in 2013 for \$5.2 million, in inflation-adjusted dollars. Specific objectives for the WCTF include supporting the unemployed to find suitable employment and improving employment opportunities for low-income individuals and low-wage workers.

Also, the SWM budget proposes to invest \$2.0 million in the **Digital Health Internship Incentive Fund**, a new trust fund that provides stipends for Digital Health Internships through MassTech.

The SWM budget proposal seeks to transfer \$10.0 million in room occupancy tax revenue (from hotel room taxes) to the [Massachusetts Tourism Trust Fund, an entity the Legislature previously created and that will go into effect later this year](#). The SWM budget proposes to amend the current statute by directing the \$10.0 million to the fund and adjusting the distribution of funding to 40 percent (\$4.0 million) to the Mass. Office of Travel and Tourism (MOTT) and 60 percent (\$6.0 million) to the Regional Tourism Councils. As shown below, the SWM total proposed funding for MOTT would match the Governor's budget. The SWM proposal would be roughly \$5.0 million below the House, not reflecting the \$5.0 million earmarks proposed by the House. As shown below, the SWM total proposed funding for MOTT would match the Governor's budget. The SWM proposal would be roughly \$5.0 million below the House. Unlike the SWM proposal, the House's includes roughly \$5.0 million in proposed earmarks.

BUDGET MONITOR

FUNDING FOR TOURISM

Line Item #	Name	FY 2016 Current	FY 2017 Governor	FY 2017 House	FY 2017 SWM On Budget	FY 2017 SWM Off Budget
7008-1000	Local Tourist Councils Financial Assist.	6,000,000	6,000,000	6,000,000	0	6,000,000
7008-0900	Mass. Office of Travel and Tourism	13,752,924	4,343,665	11,492,833	343,666	4,000,000
7008-1300	Mass. International Trade Council	123,375	224,900	224,900	114,900	0
Total		19,876,299	10,568,565	17,717,733	458,566	10,000,000
SWM Total for On and Off Budget					10,458,566	

Additionally, as shown below, the SWM budget proposal would cease funding for a number of other economic development programs that together currently receive \$11.8 million. The House and the Governor’s FY 2017 budget proposals also would cease funding some of these programs.

FUNDING FOR ECONOMIC DEVELOPMENT

Line Item #	Name	FY 2016 Current	FY 2017 Governor	FY 2017 House	FY 2017 SWM	FY 2017 SWM – FY 2016 Current
7002-0036	Urban Agenda Econ. Dev. Grants	2,000,000	2,000,000	2,330,000	0	(2,000,000)
7002-0039	Community Compact Grants	650,000	0	0	0	(650,000)
7002-0040	Small Business Tech. Assist. Grant Prgm	2,000,000	2,000,000	2,000,000	0	(2,000,000)
7002-1502	Transformative Dev. Fund	1,000,000	1,000,000	1,000,000	0	(1,000,000)
7002-1507	Parking Management Plan Grants	200,000	0	0	0	(200,000)
7002-1508	Mass. Tech. Collab. Tech	1,500,000	0	1,500,000	0	(1,500,000)
7002-1509	Entrepreneur in Residence Pilot Prgm	100,000	100,000	100,000	0	(100,000)
7002-1514	North Shore InnoVentures	100,000	0	0	0	(100,000)
7003-0606	Mass. Manufacturing Exten. Partnership	2,000,000	0	2,000,000	0	(2,000,000)
7007-0500	Biotech. Research Institute	250,000	250,000	250,000	0	(250,000)
7007-0801	Microlending	300,000	300,000	200,000	0	(300,000)
7007-1202	Mass. Tech. Collab. Computer Science Ed	1,700,000	0	1,700,000	0	(1,700,000)
TOTAL		11,800,000	5,650,000	11,080,000	0	(11,800,000)

General Local Aid

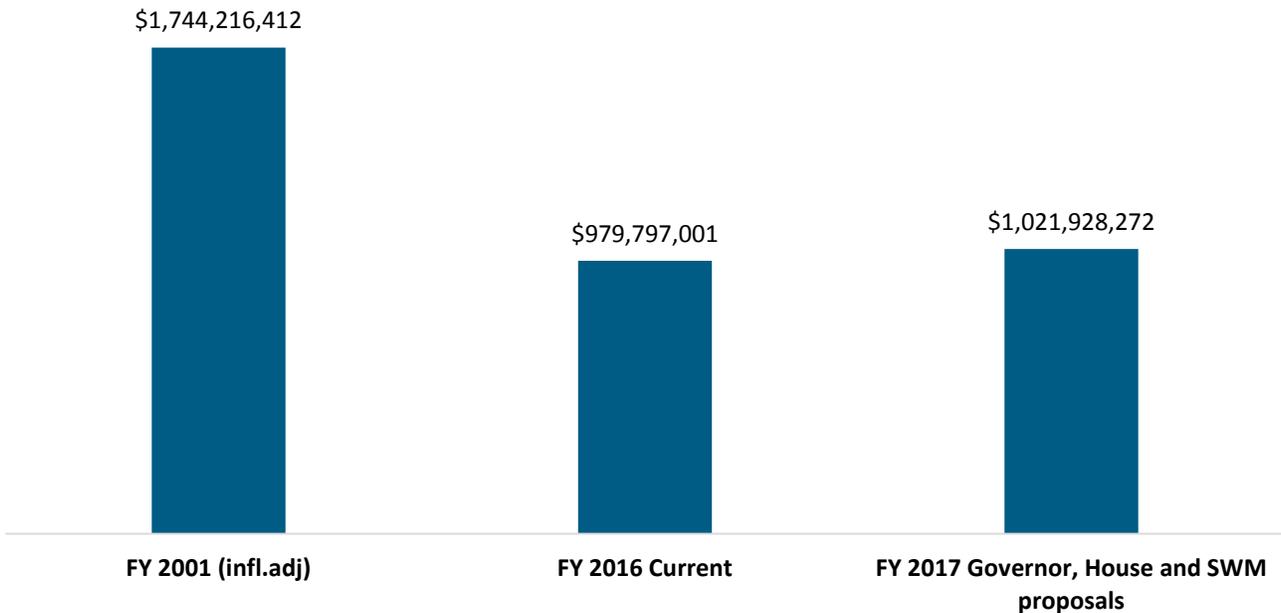
The Senate Ways and Means (SWM) Committee budget proposes the same increase to Unrestricted General Government Aid (UGGA) as the Governor’s proposal and the House proposal, an increase of \$42.1 million (4.3 percent) over current FY 2016 levels to \$1.02 billion.

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 1990s and 2000s. While over the past several years, general local aid funding has increased in step with or slightly above inflation, it still remains 41.4 percent below FY 2001 figures, adjusted for inflation.

Unrestricted General Local Aid cut by over 41% since 2001

Inflation adjusted 2016\$



The SWM Committee’s proposed budget would reduce funding for the **Municipal Regionalization and Efficiencies Incentive Reserve** to \$5.0 million, a 54.1 percent reduction from the current amount that had already been reduced by \$3.0 million as a result of the Governor’s 9C budget cuts in January. (To learn more about 9C cuts, read MassBudget’s brief, [What Are 9C Cuts?](#)). The House proposed \$7.0 million for this program and the Governor proposed \$5.7 million. The SWM proposal includes two items: a continuation of last year’s \$2.0 million grant program to support best practices for localities regionalizing government activities and \$3.0 million to continue a competitive public safety grants program for populous communities with low per-capita police funding. The public safety program received \$4.3 million in last year’s budget, and would receive \$1.0 million under the Governor’s FY 2017 proposal, but was not included in the House budget proposal. The SWM proposal does not include the House and Governor’s proposals to provide \$2.7 million for the Community Compact program’s incentive program to support best local practices. SWM also does not propose continuing support for a District Local Technical Assistance Fund administered by the Division of Local Services

within the Department of Revenue that the Governor proposed supporting with \$2.0 million and the House with \$2.8 million. Likewise, the SWM proposal also does not include funding for various local projects in the House proposal, including for local public safety improvements, roads, or bike paths.

Some cities and towns receive other forms of non-education local aid, but these categories represent much smaller total amounts and only go to a subset of qualifying cities and towns. For example, **local aid programs for libraries** would be level funded at \$9.0 million by the SWM Committee proposal. This is the same as the Governor’s proposal and \$500,000 below the proposed House amount. The largest form of local aid is for K-12 education, which is discussed separately in the K-12 Education section of this *Budget Monitor*.

LOCAL AID

Line Item	FY 2016 Current	FY 2017 Governor	FY 2017 House	FY 2017 SWM	FY 2017 SWM - FY 2016 Current
Unrestricted General Government Local Aid	979,797,001	1,021,928,272	1,021,928,272	1,021,928,272	42,131,271
Municipal Regionalization and Efficiencies	10,893,296	5,650,000	6,980,000	5,000,000	(5,893,296)
Regional Libraries Local Aid	9,938,482	9,883,482	10,133,482	9,883,482	(55,000)
Public Libraries Local Aid	9,029,000	9,000,000	9,500,000	9,000,000	(29,000)

Transportation

The Senate Ways and Means (SWM) proposal for transportation is mostly similar to the House budget proposal, with the biggest difference an additional \$3.1 million proposed for the state’s 15 Regional Transit Authorities.

The SWM budget proposes to spend \$84.1 million for **Regional Transit Authorities** in FY 2017, which is \$4.1 above the Governor’s proposal, \$3.1 million above the proposed House budget, and \$2.1 million above current FY 2016 spending.

The SWM budget proposes \$328.4 million for the **Massachusetts Transportation Trust Fund (MTTF)**, \$2.6 million below current levels. Like the House and Governor’s budget proposals for the MTTF, spending reductions continue reduced FY 2016 spending achieved by 412 employees at the Department of Transportation accepting early retirement incentives (the potential effects of this reduced staffing is discussed in MassBudget’s House Ways and Means *Budget Monitor* [HERE](#)). The SWM budget proposal for the MTTF does not include any of the \$425,000 in earmarks proposed by the House. It instead proposes \$735,000 in targeted spending for three regional transit authorities: \$300,000 for operation of the MetroWest regional transit authority; \$35,000 for operation of the Franklin Regional Transit Authority; and \$400,000 for the Montachusett regional transit authority to operate the Athol-Orange shuttle, with the stipulation that they must identify a funding plan to continue shuttle service without future state appropriation starting in 2019.

Compared to the House and Governor’s proposals, the SWM budget includes a \$100,000 higher estimate of sales tax revenue that the **MBTA State and Local Contribution Trust Fund** will transfer to the MBTA, for a total of \$1.03 billion, as determined by formula under law.

Other transportation spending proposals match those in the Governor's and House budgets. Aid to the Massachusetts Bay Transit Authority (MBTA) would remain at \$187.0 million, the same amount as in FY 2016. Funding for the Merit Rating Board, which maintains driving records and reports them to insurance companies, would remain more or less unchanged at \$9.7 million. The state assesses the cost of operation and administration to companies doing motor vehicle insurance business within the Commonwealth.

The SWM proposal did not include outside section changes in the House budget that would require the Massachusetts Department of Transportation to convene a working group to study expedited improvement of "high speed passenger rail service" between Springfield, Worcester, and Boston or to require the state's learner's permit exam to include at least one question on how to interact safely with cyclists and pedestrians.

Law & Public Safety

Overall, the Senate Ways and Means (SWM) fiscal year (FY) 2017 budget provides \$2.67 billion in funding for Law & Public Safety (L&PS) accounts. This total is \$31.9 million (or 1.2 percent) less than current FY 2016 levels. It is \$2.1 million less than the House, and \$28.3 million less than the Governor proposed. Elements of the SWM budget, however, present challenges in making apples-to-apples comparisons with either FY 2016 funding levels or the Governor's proposal. In particular, the SWM budget, like the House's budget, includes a \$26.4 million reduction relative to current FY 2016 funding levels (\$25.0 million less than the Governor) for **Private Counsel Compensation (PCC)**, an account that typically is replenished mid-year through supplemental appropriations. While it is unlikely SWM (or the House) expects there to be a 21 percent reduction in costs for PCC, in any case, provision of legal defense for indigent defendants is constitutionally required and therefore this account *must* be funded fully every year. Best budgeting practices would encourage including the full, anticipated cost for all programs as part of the annual budget, rather than assuming supplemental appropriations will be provided mid-year.

The overall decline in FY 2017 L&PS funding also includes a substantial reduction in total funding for sheriffs' accounts compared to current FY 2016 levels. Like the PCC account, the sheriffs often receive mid-year supplemental funding and it is likely they too will need and receive this supplemental funding in FY 2017. Should this prove true, the current appearance of a significant "funding drop" from FY 2016 to FY 2017 would not be an accurate picture of ultimate funding levels. Relative to current FY 2016 funding levels, SWM underfunds total sheriffs' accounts by some \$24 million, while the House and Governor do so by about \$26 million and \$12 million, respectively.

Assuming these "holes" eventually will be filled, overall L&PS funding in the SWM budget will be slightly above current FY 16 levels. When rising costs (due to inflation) are taken into account, however, the SWM budget provides lower levels of funding than in FY 2016.

Apart from the accounts discussed above, some of the notable items in L&PS accounts include the following:

- Most **trial courts** are provided with a 2-3 percent increase over FY 2016 levels.
- [Shannon Grant](#) gang-prevention funding is reduced by \$1.0 million, bringing proposed FY 2017 funding down to \$6.0 million. Shannon Grants help fund anti-gang and youth violence

prevention efforts undertaken by law enforcement, community-based organizations, and government agencies in communities throughout the Commonwealth.

- The **Office of Probation** is funded at \$160.2 million, approximately 2-3 percent above FY 2016 levels and the House's and Governor's proposals. This increase will support efforts to develop and implement an assessment tool to determine the pre-trial status of criminal defendants.
- The **sheriff's departments'** accounts together are funded at \$576.1 million, a decrease of 4.0 percent or \$23.9 million when compared to current FY 2016 spending, including mid-year funding provided in FY 2016 to two sheriff's reserve accounts. (The House and Governor also provide less overall funding to sheriffs, about \$24 million and \$12 million less, respectively.) These reserve accounts are used to fund a variety of mid-year budget deficiencies, such as overtime pay, inmate medical expenses, salary increases and other expenses. The decrease in the SWM FY 2017 budget compared to current spending levels suggests that additional mid-year funding may be required in FY 2017.
- A sheriff's working group is proposed to examine and make recommendations to achieve cost saving within each individual sheriff's office and collectively across the Commonwealth.
- The **Department of State Police** receives a \$21.4 million or 8.1 percent increase. A significant portion of this increase is intended to support the cost of adding some 150 newly graduated troopers to the department. (In the FY 2016 budget, \$5.9 million was provided to train a new class of state police officers.) This amount is identical to the Governor and only slightly below that of the House.
- The House provided a \$1.0 million appropriation for a new grant program they proposed for district attorneys to design and implement **youth and young-adult non-violent drug offender programs**. SWM does not follow the House with a matching proposal or funding.
- The [Massachusetts Legal Assistance Corporation](#) - which provides support to low income people facing civil legal problems - is funded at \$17.0 million. This is the same amount as was provided in FY 2016, but \$1.0 million less than the House proposes and slightly less than the Governor.

Pensions

The Senate Ways and Means (SWM) FY 2017 budget, like the House's and Governor's, makes the Commonwealth's scheduled \$2.169 billion payment to the Pensions Reserves Investment Trust (PRIT) Fund, along with an additional contribution to cover the added costs associated with the Commonwealth's recent early retirement program.

The early retirement program - in which almost 2,500 employees chose to participate - brings more retirees into the system sooner than previously anticipated. To offset the additional pension costs associated with the early retirement program, the annual contributions to the PRIT will need to increase by \$29 million going forward. Taking this added cost into account, the total FY 2017 contribution to the PRIT - under all three budget proposals (SWM, House and Governor) - is \$2.198 billion.

SWM, like the House and Governor, establishes a process for providing retired state employees and teachers with a 3 percent cost of living adjustment on the first \$13,000 of their pension benefits. Unlike the House or Governor, SWM also proposes a Pension Forfeiture Commission that would review a recent Supreme Court decision on the rules governing the loss of pension benefits. The commission also would make recommendations to the Legislature regarding these rules. Additionally, while the House adopted two changes to the rules governing when the Commonwealth will step in and take over underperforming public employee pension systems, SWM did not follow suit. To read more about the changes proposed by the House, see the “Pensions” section of MassBudget’s [House FY 2017 Budget Monitor](#).

The specific amounts to be contributed annually by the Commonwealth to the PRIT are stipulated in Massachusetts General Law, with a five year schedule included therein, currently running from FY 2012 through FY 2017. The schedule of annual pension contributions is updated every three years by the Secretary of Administration and Finance, drawing on the most recent actuarial valuation report. The Secretary of Administration and Finance will update the schedule again in early 2017.

Assets held and managed within the PRIT are used to fund the anticipated retirement costs of current state employees, as well as the current and future retirement costs of now-retired former employees. The funds in the PRIT come from three sources: required pension contributions made by employees, the Commonwealth’s contributions toward employee pensions, and the investment returns generated from the PRIT (to learn more about the Massachusetts state pension system, see MassBudget’s report “[Demystifying the State Pension System](#)”).

Revenue

The Senate Ways and Means (SWM) Fiscal Year (FY) 2017 budget proposal – like those of the House and the Governor - relies on additional revenues beyond those available as part of the Consensus Revenue Estimate. Together, these additional FY 2017 revenues total \$502 million and they come from both tax (\$314.0 million) and non-tax sources (\$188.0 million) (see table, below). Some 60 percent of these revenues (\$305.2 million) come from one-time sources -- in other words, sources that will not be replenished with new revenues beyond FY 2017. One-time revenue sources are useful for balancing the budget only in the current fiscal year and their use most often adds to the challenge of balancing the budget in future years (to read more about the state's projected FY 2017 budget gap, see [MassBudget's FY 2017 Budget Preview](#)).

FY 2017 REVENUE PROPOSALS (\$ millions)	FY 2017 Governor		FY 2017 House		FY 2017 SWM	
	Ongoing Source	One-Time Source	Ongoing Source	One-Time Source	Ongoing Source	One-Time Source
TAX REVENUES						
Portion of capital gains revenue diverted from Stabilization Fund		150.0		150.0		150.0
Large tax settlements	115.0		125.0		125.0	
Cap on the Life Sciences tax credit		5.0		5.0		5.0
Retention of Tourism Fund Revenue		44.0		44.0		34.0
SUBTOTAL	115.0	199.0	125.0	199.0	125.0	189.0
NON-TAX REVENUES						
Court house sale		30.0		30.0		30.0
Transfer from the Delivery System Reform Trust		73.5		73.5		73.5
Transfers from human services trust funds		12.7		12.7		12.7
Transfer from Commonwealth Care Trust	86.8		71.8		71.8	
SUBTOTAL	86.8	116.2	71.8	116.2	71.8	116.2
OTHER MAJOR BUDGET-BALANCING STRATEGIES						
Underfunding of Emergency Assistance		4.2		41.0		41.0
Underfunding of Private Counsel Compensation		1.4		26.4		26.4
Underfunding of Sheriffs' accounts		12.0		26.0		24.0
Not funding the full required deposit to the State Retiree Benefits Trust		48.3		48.3		48.3
Using debt reversions to fund the State Retiree Benefits Trust		72.5		72.5		72.5
Using reversions to fund the Mass. Rental Voucher Program				14.7		14.7
SUBTOTAL	0.0	138.4	0.0	228.9	0.0	226.9
TOTAL	201.8	453.6	196.8	544.1	196.8	532.1

SWM -- again like the House and the Governor -- also relies on other strategies to bring its FY 2017 budget proposal into balance, including underfunding a number of large accounts. These accounts, if funded at the proposed amounts, very likely would require additional mid-year funding, which eventually would bring their final FY 2017 funding levels close to or higher than current FY 2016 levels. Temporary "savings" from these other major budget-balancing strategies total \$91.4 million in the SWM budget.

Tax Revenue

The starting point for every state budget is the Consensus Revenue Estimate (CRE). The Fiscal Year 2017 CRE figure agreed to by the Administration, the House and the Senate is \$26.860 billion, an amount 4.3 percent above DOR's updated FY 2016 forecast of \$25.751 billion. *Baseline* revenue in FY 2017 would total \$27.181 billion or 5.6 percent above the updated FY 2016 estimate (for more detail on the FY 2017 revenue adjustments see MassBudget's [FY 2017 Budget Preview](#)). The CRE's lower 4.3 percent growth rate estimate for *actual* tax collections represents the baseline tax revenue growth figure reduced by the cost of several tax cuts.

These tax cuts include the automatic reduction in the tax rate on personal income that occurred January 1st, 2016 (from 5.15 percent to 5.10 percent) and another automatic rate reduction that likely will occur half way through the 2017 fiscal year, dropping the rate from 5.10 percent to 5.05 percent. The CRE also accounts for the recent increase in the value of the state's Earned Income Tax Credit, as well as other

smaller tax changes. Notably, the CRE assumes collection of \$1.484 billion in capital gains income taxes and assumes further that, as prescribed by law, \$356 million of this total will be deposited automatically into the Stabilization Fund (see more discussion of capital gains taxes, below, and in MassBudget's [FY2017 Budget Preview](#)). More detailed discussion of particular elements of the SWM FY 2017 budget that relate to tax revenues follows, below. The various proposals are grouped into three categories: one-time revenue, ongoing revenue, and other related proposals.

Proposals Affecting One-Time Revenues

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

Capital gains income tax collections that exceed an annually adjusted threshold (\$1.128 billion for FY 2017) are designated by law for deposit into the **Stabilization Fund** rather than being made available for budgetary appropriation. As with the House's and Governor's budgets, the SWM FY 2017 budget proposes transferring capital gains income taxes above \$1.278 billion to the Stabilization Fund (rather than revenues above the \$1.128 billion threshold). With this change, SWM makes available an additional \$150 million to support the FY 2017 operating budget. In effect, this is similar to making a draw of \$150 million on the Stabilization Fund to help balance the FY 2017 budget. While the use of these one-time revenues will help balance the FY 2017 budget, it will reduce the state's reserves for future emergencies and will add to the structural gap heading into FY 2018. Because capital gains income tax revenue is expected to total \$1.484 billion in FY 2017, however, all three plans (SWM, House, and Governor) also are expected to result in the deposit of about \$206 million into the Stabilization Fund from this source.

Large Settlements & Judgments Exceeding \$10 Million Each

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

In the five years from FY 2011 through FY 2015, annual collections from these excesses ranged considerably, from a low of \$133 million in FY 2013 to more than \$436 million in FY 2014. The 5-year average has hovered around \$250 million, thus directing significant resources to the Stabilization Fund during years when collections exceeded this threshold. For FY 2015, the threshold was calculated at \$263 million and for FY 2017 it likely will be a similar amount. Such collections in FY 2015 totaled \$226 million. In no recent year have collections from this source been below \$130 million. The SWM FY 2017 budget relies, conservatively, on \$125 million from this source. This amount is \$10 million higher than the amount relied on by the Governor, but matches the current projection from the Executive Office of Administration and Finance for FY 2017 revenues available from this source.

Notably, these revenues are the direct result of the efforts of Department of Revenue staff who identify non-compliance and other issues that, in some cases, ultimately lead to large settlements. Funding cuts that affect the Department of Revenue's ability to hire and retain staff could reduce the amount of revenue available from this -- and other -- sources in future years (see discussion, below).

Life Sciences Cap

Like the House's and Governor's budgets, the SWM budget limits the amount of funding to be transferred from the state's General Fund to the Massachusetts Life Sciences Fund. This limit on the funding available for distribution through the **Massachusetts Life Sciences Credit** program is expected to save \$5 million in FY 2017. This fund supports the cost of a corporate tax credit program that is intended to incentivize companies involved in "life sciences research and development, commercialization and manufacturing" to create and retain full-time permanent jobs within the Commonwealth. Companies must apply for and be awarded these credits, but credits are available only to the extent that funds are available.

Proposals Affecting Ongoing Revenues

Film Tax Credit

In their FY 2017 budget, the House opted not to join the Governor in proposing changes to the state's Film Tax Credit – or any other element of the tax code affecting tax revenue totals. Because the House included no tax changes in its budget proposal, the state constitution prohibits the Senate from doing so (all bills that include such changes must originate with the House – though once they are adopted by the House, such bills can be amended by the Senate). As such, the SWM budget necessarily includes no tax revenue altering proposals and thus it includes nothing related to the Film Tax Credit. For more discussion of the Governor's proposed changes, see MassBudget's Budget Monitor on the [Governor's FY 2017 budget](#).

Funding Cuts to the Department of Revenue

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. 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. These activities are funded through two primary accounts including the DOR administrative account (1201-0100) and the Additional Auditors Retained Revenue account (1201-0130).

Like the House and the Governor, the SWM FY 2017 budget proposes funding DOR's tax activities at \$105.5 million, which is \$15.8 million (or 13.0 percent) less than the FY 2016 current budget amount of \$121.3 million. Notably, current FY 2016 funding levels already have been reduced by \$1.5 million from the levels approved in the FY 2016 GAA due to mid-year emergency 9C cuts implemented by the Governor. Relative to FY 2016 GAA funding levels, the SWM's proposed cuts -- like those of the House and Governor -- are still more severe (a 14.1 percent reduction).

FUNDING FOR DEPARTMENT OF REVENUE

Line Item #	Name	FY 2016 Current	FY 2017 Governor	FY 2017 House	FY 2017 SWM	FY 2017 SWM – FY 2016 Current
1201-0100	Dept. of Revenue	93,323,535	77,536,443	77,536,443	77,536,443	(15,787,092)
1201-0130	Add'l Auditors Retained Revenue	27,938,953	27,938,953	27,938,953	27,938,953	(0)
TOTAL		121,262,488	105,475,396	105,475,396	105,475,396	(15,787,092)

Note: Budget proposals sometimes consolidate what had been several line items into one account or otherwise change how funding is allocated between line items. The columns showing the FY17 Gov or FY17 SWM in FY16 structure use data provided by budget writers to show the new proposals in the old structure so that readers can better compare FY17 proposals to FY16 funding levels.

A substantial portion of the proposed cut reflects anticipated personnel reductions, as more than 220 DOR employees took part in the Commonwealth's early retirement program. The combined salaries of these retiring DOR employees totals \$19.0 million. While DOR will fill a portion of the vacated positions, a significant share of the positions will remain unfilled. 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. As described in the Large Settlements & Judgments section (above), the Commonwealth relies on such large settlements both to fund annual operating expenses and to build reserves in our Stabilization Fund.

Auditors and collectors recover far more in unpaid taxes than they earn in salaries and benefits. During debate on the FY 2014 budget, a legislative proposal recommended a \$3.6 million cut in DOR's budget, which the Department estimated would cause the layoff of 60 full time positions, resulting in the loss of almost \$50 million in revenue. If the proposed FY 2017 funding level for DOR is included in the final budget, this reduction could result in the loss of tens of millions of dollars in revenue -- or more -- in FY 2017 and beyond. Moreover, if these funding cuts are not restored in future years, 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 individual and corporate 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.

Other Proposals Related to Tax Revenues

In addition to proposals that would affect specific one-time or ongoing tax revenues, the SWM budget includes additional, more general proposals related to tax revenues. These include the following:

- The SWM budget establishes a special unit within the Office of the Inspector General that would be responsible for reviewing state "tax expenditures," also commonly referred to as tax breaks. This unit would be charged with evaluating the public policy purpose of each tax expenditure and "whether existing tax expenditures are an effective means of accomplishing those public policy purposes." The unit also would measure and evaluate economic impacts and effectiveness; determine beneficiaries of the expenditures; and recommend changes, including expansion or elimination of certain expenditures. The unit will supply to the Legislature each year a report that describes each tax expenditure, its purpose, the unit's

evaluations, and any recommendations they may have. The unit would have until the end of December 2016 to develop a schedule for review of all tax expenditures, and their first report would be due not later than January 1st, 2018. (For a longer discussion of tax breaks, and particularly special business tax breaks, provided by the Commonwealth, see [MassBudget's report on this issue.](#))

- The SWM budget allows the Commissioner of Revenue to offer grant funding to qualified low-income taxpayer clinics to expand their work with low-income taxpayers, helping these taxpayers to file tax returns and help them with any disputes they may have with the Department of Revenue. Increased and improved tax filings among low-income households likely will increase access to a number of federal and state tax credits, such as the Earned Income Tax Credit, Child Tax Credit and others. SWM provides \$250,000 to support this initiative.

Non-Tax Revenue and Other Savings

The Senate Ways and Means (SWM) budget proposal for Fiscal Year (FY) 2017 relies on many of the same non-tax revenues as the House and Governor's budget proposals.

There are three main types of non-tax revenue that support the state budget: federal revenues, which are mostly reimbursements from the federal government for state spending on the Medicaid (MassHealth) program; 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 have been continual downgrades in the expectations for revenues associated with the expansion of **slot parlors** in Massachusetts. Although initially the projections for FY 2016 were \$105.0 million, the SWM budget (like the House and Governor's budgets) now assume that revenues from slots will be \$64.0 million in FY 2016 and \$64.0 million in FY 2017.

A portion of the state's tobacco tax revenue is deposited directly into the **Commonwealth Care Trust Fund (CCTF)** to help pay for health care. As in FY 2016 and the Governor's and House proposals, there is language in the SWM budget that allows up to \$110.0 million of this revenue in FY 2017 to be transferred out of the CCTF and into the General Fund to help balance the budget. However, the amount actually transferred in FY 2016 is likely to be closer to \$71.8 million. With the expansion of the MassHealth program, there is likely to be a surplus in the CCTF in the coming years.

One-Time Non-Tax Revenues

There are several non-tax revenue proposals that come from one-time initiatives and help to balance the budget. These proposals are also included in the House and Governor's budgets:

- The Administration had planned that the Commonwealth would sell the **Sullivan Court House** in East Cambridge this year; however, this sale is now budgeted for FY 2017, which would bring in approximately \$30 million in one-time revenue.

- The SWM budget counts on \$73.5 million coming to the General Fund from the health care provider assessments generated in the **Delivery System Reform Initiative** (see MassHealth and Health Reform section of this *Budget Monitor*.)
- The SWM budget transfers \$12.7 million remaining in several **human services trust funds** to the General Fund to help balance the budget. These “trust sweeps” are uses of surplus funds that are available only on a one-time basis.

Other Budget-Balancing Strategies

In addition to the new tax and non-tax revenues used to support the SWM budget, the SWM Committee also employs a number of other strategies to bring their budget into balance. These include underfunding a number of accounts that typically are provided with supplemental funding during the course of the fiscal year, and using funds appropriated for FY 2016 purposes to fund FY 2017 expenses.

- SWM provides \$26.4 million less for the **Private Counsel Compensation** line-item than currently is provided to this account in FY 2016. The Commonwealth hires private lawyers to represent some indigent defendants, though in recent years lawmakers have attempted to provide a larger share of indigent defense through the use of public defenders (employees of the state). Because the Constitution requires the Commonwealth to provide an adequate legal defense for qualifying indigent defendants – and therefore lawmakers are not at liberty simply to cap private counsel indigent defense funding -- it is very likely that this account will receive significant supplemental funding in FY 2017.
- Relative to current FY 2016 funding levels, SWM provides \$41.0 million less for the **Emergency Assistance** program, which provides shelter and assistance to low-income families that are homeless or at risk of becoming homeless. As with the services provided through Private Counsel Compensation account, Massachusetts law requires that any family that meets certain eligibility criteria be provided with emergency assistance support. As such, lawmakers must provide supplemental funding to this account as needed. It is very likely that such supplemental funding will be required in FY 2017.
- The SWM budget provides significantly less funding to sheriffs’ accounts in FY 2017 (as do the House and Governor). Often, sheriffs are provided with significant mid-year supplemental funding to cover expenses such as over-time pay, inmate medical expenses, salary increases and more. Assuming sheriffs will require total funding similar to current FY 2016 levels, SWM underfunds **Sheriffs’ Departments** by about \$24 million, while the House and Governor underfund these accounts by about \$26 million and \$12 million, respectively.
- The SWM budget underfunds the required contribution for “**other post-employment benefits**” (“OPEB”) for state retirees by \$48.3 million, and counts on using \$72.5 million from expected surplus debt appropriations to cover the costs of this contribution (see State Employee Health Insurance section of this *Budget Monitor*).
- The SWM budget, like the House, transfers unspent FY 2016 funds in the **Massachusetts Rental Voucher Program** to pay for FY 2017 expenses (see Housing section of this *Budget Monitor*).

TOTAL BUDGET BY CATEGORY AND SUBCATEGORY

In order to allow for more accurate comparisons from year to year and to better include all appropriated spending, MassBudget makes certain adjustments to the way budget data are presented by the Administration and Legislature. Details are below the chart.

BUDGET BY CATEGORY AND SUBCATEGORY (\$ millions)	FY 2001 Final Adjusted for Inflation to FY17	FY 2016 Current	FY 2017 Governor	FY 2017 House	FY 2017 Senate Ways & Means
Education	7,346.8	7,689.0	7,818.0	7,850.1	7,876.2
Early Education & Care	725.8	569.8	574.3	580.9	581.8
Higher Education	1,339.7	1,171.8	1,153.9	1,162.0	1,184.4
K-12: Chapter 70 Aid	4,144.0	4,511.9	4,584.0	4,607.7	4,628.0
K-12: Non-Chapter 70 Aid	686.5	631.7	638.7	632.5	614.9
K-12: School Building	450.8	803.9	867.1	867.1	867.1
Environment & Recreation	300.8	212.8	197.1	201.0	196.3
Environment	134.0	94.0	85.8	86.3	83.8
Fish & Game	24.3	28.4	27.6	28.0	28.1
Parks & Recreation	142.5	90.4	83.7	86.7	84.4
Health Care	10,011.2	19,224.2	19,466.7	19,510.1	19,460.6
MassHealth (Medicaid) & Health Reform	7,570.5	16,290.5	16,472.7	16,514.5	16,478.8
Mental Health	826.3	748.2	761.0	760.1	759.9
Public Health	725.5	580.4	584.6	585.4	577.0
State Employee Health Insurance	888.9	1,605.0	1,648.4	1,650.1	1,644.9
Human Services	3,737.3	4,125.8	4,179.3	4,176.7	4,178.5
Child Welfare	799.3	928.0	959.9	955.7	963.7
Disability Services	1,345.3	1,847.0	1,896.8	1,892.1	1,891.7
Elder Services	260.6	264.8	267.9	269.6	269.2
Juvenile Justice	165.2	177.1	176.6	176.5	176.6
Transitional Assistance	1,039.1	693.8	672.2	679.5	672.6
Other Human Services	127.7	215.1	205.9	203.3	204.7
Infrastructure, Housing & Economic Development	2,025.2	2,295.1	2,267.8	2,280.1	2,273.3
Commercial Regulatory Entities	59.9	58.4	60.1	57.8	60.2
Economic Development	293.3	153.2	136.9	142.3	130.3
Housing	346.2	488.8	465.4	447.2	446.5
Transportation	1,325.8	1,594.7	1,605.5	1,632.8	1,636.3
Law & Public Safety	2,590.2	2,703.2	2,699.6	2,673.3	2,671.3
Courts & Legal Assistance	784.7	723.9	725.2	705.0	710.3
Law Enforcement	378.7	382.6	395.5	397.3	394.5
Prisons, Probation & Parole	1,221.1	1,374.8	1,356.1	1,343.7	1,346.2
Prosecutors	160.2	161.2	168.6	167.9	165.9
Other Law & Public Safety	45.6	60.6	54.2	59.4	54.5
Local Aid	1,771.4	1,018.6	1,055.5	1,056.8	1,054.8
General Local Aid	1,744.2	979.8	1,021.9	1,021.9	1,021.9
Other Local Aid	27.2	38.8	33.6	34.9	32.9
Other	4,673.2	5,017.2	5,446.8	5,429.4	5,432.5
Constitutional Officers	109.1	76.8	83.0	83.8	85.1
Debt Service	2,207.6	2,630.7	2,644.5	2,642.5	2,642.5
Executive & Legislative	84.1	74.2	74.0	75.0	76.0
Libraries	48.0	25.3	25.2	26.0	25.4
Pensions	1,442.7	1,972.0	2,198.1	2,198.1	2,198.1
Other Administrative	781.7	238.2	422.0	404.1	405.5
Total Budget	32,456.0	42,285.8	43,130.8	43,177.6	43,143.6

NOTE: The FY 2016 and FY 2017 MassHealth and Health Reform totals are not comparable because of the timing of payments for certain trusts. MassBudget subtracts \$262.8 million from the FY 2016 budget in "Other Administrative" to reflect the total net savings from early retirement in FY 2016. MassBudget makes other adjustments to the totals to allow for better across-year comparisons.

- MassBudget’s totals include the “**pre-budget transfers**” of funds. Statutes require that the Legislature transfer portions of revenue prior to the appropriation process to support certain functions. Although these transfers function no differently from 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 2017, these add \$4.22 billion to the total: tax revenues dedicated to the MBTA and school building assistance, cigarette excises dedicated to the Commonwealth Care Trust Fund, the state contribution to the pension system, a transfer to the State Retiree Benefits Trust, and transfers to the Workforce Training Trust.
- 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 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 municipal government.
- 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 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, UMass will retain 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 include funding paid for out of **anticipated reversions**. For example, a portion of funding for health care for retired state employees has in some years come from anticipated reversions of funds.

- 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.
- Budget proposals often **include proposals to shift funding** from one line item to another. To the extent the data allow, MassBudget adjusts appropriation totals to allow for better across-year comparisons by shifting the proposed transferred amounts back into the prior year’s funding structure.

¹ The HUD FMR for 2005 for a two bedroom apartment in Greater Boston is \$1,266. In 2016 the HUD Fair Market Rent for a two bedroom is \$1,567.

<https://www.huduser.gov/portal/datasets/fmr/fmrs/docsys.html?data=fmr16>