

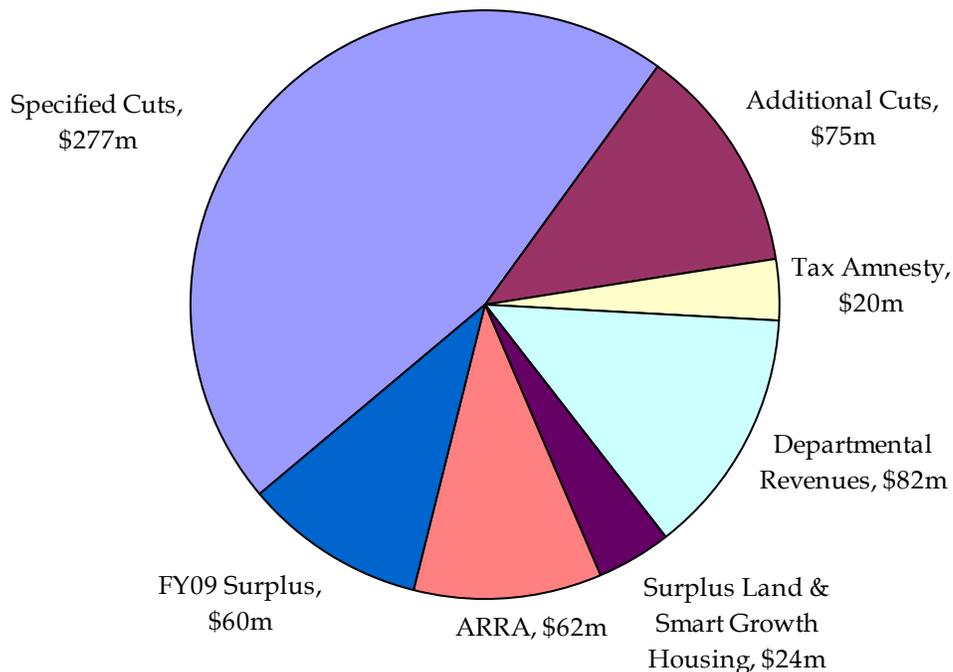
(Updated Nov. 2, 2009)

The Governor's Plan to Close the FY 2010 Budget Gap

Governor Patrick today announced his plan to close the \$600 million gap caused by declining tax revenue and bring the FY 2010 budget back into balance. The plan relies primarily on budget cuts across state government, but also includes some additional revenues, including the use of federal stimulus funds from the American Recovery and Reinvestment Act (ARRA), as well as a small surplus of funds that remained unspent at the end of FY 2009.

Altogether, the Governor calls for \$352 million in cuts. This includes \$277 million in savings from 9C cuts¹ to executive agencies, as well as reductions in debt service, Quinn Bill funding and state employee costs, and a request for permission from the Legislature to make another \$75 million in cuts in areas of government where the Governor does not have unilateral authority to make cuts (such as in the courts or to other constitutional offices). Among the largest cuts are a \$15.8 million cut to Transitional Aid to Families with Dependent Children that will be achieved by changing eligibility rules, \$18 million from the funding for transportation of students in regional school districts, \$11.6 million in funding for child care, and a \$7.1 million cut to the adult mental health services line item. Other major cuts are described below, and a complete list is available at this link: www.mass.gov/bb/gaa/fy2010/.

The Governor Fills a \$600 Million Hole



In addition to spending cuts, the Governor's plan relies on approximately \$166 million in temporary revenues. This includes \$60 million from the FY 2009 surplus, \$62 million from ARRA (the federal stimulus law), \$20 million from a new tax amnesty program, and \$24 million from the development of surplus land and from a surplus in the Smart Growth Housing Trust Fund. Finally, the plan relies on \$82 million in enhanced departmental revenues.

EDUCATION

The Governor's plan does not include any cuts to Chapter 70 funding, which is the state's major source of funding for local school districts. It does, however, make a number of cuts in other areas of education funding, including the following:

- Funding for the transportation of students in regional school districts is reduced by \$18 million.
- Reimbursements for local school districts that have to pay for the costs of special education residential placements are reduced by almost \$7 million.
- Reimbursements for charter school tuitions are reduced by about \$5.1 million.
- Early education and care funding is reduced by \$16.4 million. This includes an \$11.6 million reduction in income-eligible child care financial assistance, which means that the state will be unable to serve any of the more than 20,000 children on the waiting list for child care financial assistance and may also require a reduction in services for families currently receiving assistance.
- Funding for state colleges and the University of Massachusetts is reduced by \$62 million, but that funding will be replaced by the use of federal fiscal stimulus funds from ARRA.

ENVIRONMENT & RECREATION

The Governor's 9C reductions include \$9.4 million in cuts from state energy and environmental programs. Some of the largest cuts include:

- \$1.7 million reduction in funding for parks and parkways managed by the Department of Conservation and Recreation.
- \$1.7 million reduction in funding for the Department of Environmental Protection's administrative expenses.
- \$1.5 million reduction in funding for programs managed by the Executive Office of Energy and Environmental Affairs including cuts in the Environmental Police and the new account created to manage information technology for the state's energy and environmental programs.

¹ For an explanation of 9C cuts, see "MassBudget Brief: What Are 9C Cuts?," available at <http://massbudget.org/doc/632>.

HEALTH CARE

The Governor cut more than \$30 million from health care programs. Although the Governor did protect certain safety net programs, other programs were eliminated or hit particularly hard. In particular, the Governor slates certain public health programs for steep funding reductions. For example, the Governor cuts:

- \$450,000 from a primary care workforce development program, eliminating funding for this program entirely.
- \$3.5 million from the MassHealth administrative line item.
- \$5.6 million from the Prescription Advantage pharmacy program for elders and disabled adults, reducing funding for this program by 14 percent, from \$40 million to \$34.4 million.
- \$1.5 million in school health funding, reducing these services by 11 percent.
- \$500,000 from smoking prevention, and another \$500,000 from teen pregnancy prevention programs – a 10 percent and 16 percent funding reduction respectively.
- \$7.1 million from adult mental health services, and while the Governor explicitly states that he has preserved the mental health club house programs (day programs for the mentally ill), this still represents a 2 percent cut in funding.
- \$2.2 million from inpatient and community mental health services.

HUMAN SERVICES

The largest cut within Human Services is in the Transitional Assistance to Families with Dependent Children program, which will occur through changes in eligibility requirements for individuals seeking financial assistance through this program. Significant cuts in this category include:

- \$15.8 million reduction in the appropriation for the Transitional Assistance to Families with Dependent Children (TAFDC) program, which provides cash assistance to low-income families with children. In order to meet the decreased appropriation, eligibility requirements may be changed to include parent SSI benefits in TAFDC income eligibility determination and increase the number of hours certain TAFDC clients are required to participate in work, education or training activities. These changes will mean that thousands of families will likely lose their TAFDC benefits or have their benefits significantly reduced.
- \$5.8 million cut in Services for Families and Children, which provides assistance for adoption, guardianship, and foster care.
- \$4.9 million cut in Community and State Operated Residential Services for individuals with developmental disabilities.
- \$1.5 million reduction in elder services, largely due to a \$1 million cut from the protective services program and \$500,000 cut from grants to local councils on aging.

INFRASTRUCTURE, HOUSING & ECONOMIC DEVELOPMENT

The largest cuts to funding within the Infrastructure, Housing and Economic Development category are in transportation funding. Some of the more notable cuts include:

- The highway department's payroll and overtime account is reduced by \$6.4 million dollars.
- Funding for the Registry of Motor Vehicles is cut by almost \$4 million.
- Most housing programs remain intact or receive minor reductions with the exception of two changes. The program that provides assistance to homeless individuals receives a \$2.7 million cut. In the legislation he filed with his 9C cuts, the Governor recommends eliminating the Residential Assistance to Families in Transition (RAFT) program by merging it with the Massachusetts Rental Voucher (MRVP) program and moving almost \$3 million from RAFT to MRVP.
- The Massachusetts Office of Travel and Tourism is reduced by \$2.6 million.
- Funding for Local Tourist Councils is reduced by \$2.3 million.
- Funding for Regional Economic Development Grants is eliminated altogether with an \$800,000 cut.
- Aid to One-Stop Career Centers is reduced by \$2 million.
- The TAFDC Employment Services Program, providing employment and training services to TAFDC recipients, is reduced by \$2 million.

LAW & PUBLIC SAFETY

Cuts of \$21.4 million are made to administration and programs within the Executive Office of Public Safety and Security. The Governor is expected to seek additional cuts from the Judiciary, a budget area that sits outside of his 9C authority. Current 9C cuts include:

- \$6.5 million from Department of Corrections operations.
- \$4.2 million from the State Police operations and \$2.0 million from the Municipal Police Training Committee.
- \$3.6 from administration and programs within the Office of the Secretary of Public Safety and Security, including \$2 million from the Gang Prevention Grant Program.

LOCAL AID

The Governor's plan does not cut the state's major unrestricted local aid accounts. It does, however, reduce some funding for cities and towns.

- The plan proposes reducing Payments in Lieu of Taxes to communities with state property by \$10.8 million.
- The plan also proposes reducing Quinn bill funding by \$5 million. This account reimburses cities and towns for payments they make pursuant to the Quinn bill, which provides additional pay for police officers who have received degrees in criminal justice. (Quinn bill spending is included in the Law and Public Safety category in *MassBudget* budget and spending figures.)

OTHER

The bulk of the roughly \$37 million in spending reductions in this category are made through decreased debt service costs along with cuts to the Department of Revenue and to the Executive Office of Administration and Finance. The Governor is expected to seek additional cuts from Independent Agencies, Constitutional Officers and the Legislature, all of which exist outside his 9C authority. Current cuts include:

- \$24 million reduction in Debt Service costs.
- \$10 million from the Department of Revenue, including \$6.0 million from general operations and another \$3 million from the Underground Storage Tank Reimbursements program.
- \$2.8 million from the Executive Office of Administration and Finance, principally through reduced spending on information technology services.