

January 22, 2015

Opening the Process: Releasing Maintenance Budgets to the Public

By Colin A. Jones, Policy Analyst

Our state budget is how we pay for services that are important to our families and our communities, such as transportation, health care, and education. For there to be an informed public debate about the state budget, it is important for the public to have information at every step of the process. Generally, the first step in the budget process is determining what it would cost to maintain the current level of services into the following year. This is often referred to as a maintenance budget. A current problem with our budget process is that maintenance budgets are not shared with the public.

Maintenance Budgets Explained

Maintenance budgets are estimates of what it would take for the state to maintain services at the same level as prior years. These budgets are also often called current services baselines, as they allow comparison of budget proposals to the baseline of what is currently provided. Maintenance budgets are the first step in the budget process, but in Massachusetts they are rarely made public in a standard way. Other states do publicly release maintenance budgets.¹

Specifically, maintenance budgets estimate the cost of continuing to provide current services, given changes in several key factors:

- **Current spending levels.** Throughout the course of a budget year, the actual costs of services often vary from what was initially budgeted at the beginning of the year. A maintenance budget begins by examining actual current year spending.
- **Caseloads or enrollment in programs.** In tough economic times, like the recent recession, demand for many programs rises, requiring additional funding to meet changing needs. Conversely, during an economic recovery, demand often decreases, meaning many programs need less funding to deliver the same level of services.
- **Phase-in of previously adopted policy changes.** Maintenance budgets reflect what it costs to fund programs under current law and do not reflect proposed policy changes. However, some programs have funding plans that are agreed to years in advance, such as payments into the state pension system, and these are factored into maintenance budgets.
- **Inflation.** The price of purchasing goods and services changes year-to-year, and therefore maintenance budgets must account for inflation when estimating future costs.

¹ Please see the Center of Budget and Policy Priorities's [Budgeting for the Future](#) section on "Current Services Baselines," February 2014.

Let's look at how this works for one example program, Emergency Assistance (EA), which provides shelter to low-income homeless families. During a recession, the number of homeless families in need of EA goes up. Conversely, during a recovery, the number of families in need can decline. Maintenance budgets would factor in these changes and reflect them in the amount of funding for projected for EA. In the recent recession, demand for Emergency Assistance did in fact rise. While actual funding did increase, it didn't rise enough to meet the greater needs of homeless families. Even though funding went up, the income eligibility level for the program was lowered at the same time, meaning fewer families in need were provided shelter than would have been under the previous rules. Public maintenance budgets would show this cut in services, which could inform the budget debate.

The Benefits of Releasing Maintenance Budgets

Currently, the Executive Office of Administration and Finance, and the legislative Ways and Means Committees use maintenance budgets in the creation of state budget proposals. State agencies are required by law to provide these estimates to the office of Administration and Finance, including key assumptions about current spending levels, enrollment projections, and cost changes.² Unfortunately, these are not made available to the general public in any regular way.

Publicly releasing these maintenance budgets at a standard time each year, similar to the consensus estimate of state revenues, would lead to a better informed public and legislative debate. First, it would promote a shared understanding of the state's fiscal condition. Then, equipped with this shared understanding, it would allow everyone to better examine the merits of future budget proposals by making clear which proposals expand or reduce existing services.

Without access to maintenance budgets, it is impossible for everyone following and participating in budget debates to have a clear picture of the policy choices in each budget proposal. If proposed funding levels for various programs go up or down, it can be unclear whether those changes are due to caseload changes related to the strength or weakness of the economy, inflation related changes in the cost of providing the same services, or policy choices to reduce or expand a given program or service. When a maintenance budget is publically released, everyone can see which factors are leading to increases or decreases in different parts of the budget.

Projecting future budgets always entails a degree of uncertainty. Existing maintenance budgets developed by the Office of Administration and Finance are projections at a particular moment in time informed by the best available evidence. To be useful, maintenance budgets should be released in a comprehensive way that includes critical information describing how they were developed. This key information includes projected caseloads, information on inflation and related cost trends, and the number of full time employees that are expected to be necessary to carry out the work of agencies and programs. If new information changes the maintenance estimates of the Administration or the Legislature, it should also be available to the wider public.

Moving Forward to Greater Budget Transparency

Increasing the openness of our state budget process can help bring together all of our citizens, advocates, and policy makers, as it helps all of us participate and shape the setting of priorities for our

² Massachusetts General Laws: Title III, Chapter 29, Section 3.
<https://malegislature.gov/Laws/GeneralLaws/PartI/TitleIII/Chapter29/Section3>



Commonwealth. Making maintenance budgets publicly accessible is one powerful way to open up this process, bringing more public knowledge and meaningful participation.