

## The Fiscal Year 2011 Post-Veto Budget

### OVERVIEW

When the Governor first filed his Fiscal Year 2011 budget proposal in January, the state faced a budget gap estimated at \$2.7 billion. The Governor recommended closing that gap with about \$700 million in savings from spending reductions, \$200 million in tax and other revenue reforms, and a little more than \$1.8 billion in temporary revenue sources. The major sources of temporary revenue were state fiscal relief the federal government was providing through the American Recovery and Reinvestment Act (“ARRA”), and additional revenue it was expected to provide by extending the provisions of that law that help states by paying a larger than usual share of Medicaid costs.

During the budget process, the Legislature rejected the Governor’s tax reform proposals. Then, at the end of the budget process, the US Senate failed to provide \$700 million in extended state fiscal relief that had been preliminarily approved by both the US House and Senate. Therefore the final budget relies on significantly less revenue than the budget the Governor originally proposed. As a result, the final budget implements over \$700 million in additional cuts, for a total of close to \$1.5 billion. Specifically, the final budget cuts much more deeply than the Governor’s original budget in funding for education, local aid, and health care.

Because it didn’t become apparent until the very end of the state budget process that the US Senate would likely fail to provide the expected extension of state fiscal relief, the legislative Conference Committee faced an unusual challenge. Both the House and Senate had followed the Governor (and most other states) in relying on the anticipated federal revenue. As the Conference Committee was deliberating, it became clear that this federal revenue might not be provided and that the final budget would have to account for the possibility of a bottom line almost \$700 million lower than the two budget bills the Conference Committee was charged with reconciling. To address this uncertainty, the Conference Committee produced two sets of budget recommendations: one that assumed the additional federal revenue would not be provided and one that allocated the federal revenue that might be provided. The lower set of numbers was generally at or below the lower of the House and Senate recommendations.

As it became increasingly likely that the US Senate would not extend state fiscal relief, the Governor vetoed the appropriation levels that assumed that revenue would be available. The spending levels in

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the post-veto budget, therefore, rely on only the revenue that we know will be available. If additional revenue is provided, the state could enact a supplemental budget to use that revenue to restore services. While it appears unlikely that the US Senate will provide additional state fiscal relief, the substantive case for such relief remains strong: economists consider state fiscal relief to be one of the most effective ways the federal government can stimulate the economy and create jobs in the short run<sup>1</sup> and state fiscal relief allows states to protect investments, such as in education, that are crucial to building long-term economic strength.

This *Budget Monitor* examines each category of the budget, describing the FY 2011 post-veto spending levels, and comparing them to the FY 2010 budget and to recommendations from earlier in the budget process.

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<sup>1</sup> See “Economic Stimulus: What Can National and State Governments Do To Save and Create Jobs Quickly?.” June 9, 2010, available at <http://massbudget.org/doc/729/1231>.

## HOW TO READ THE TABLES

The tables included at the beginning of each section provide an overview of the funding for each category and how it compares to funding in FY 2010. Here is an explanation of each item presented in these tables.

**FY 2010 GAA:** The level of funding that was approved in the original budget for FY 2010.

**FY 2010 Current:** This amount includes any subsequent additions or reductions to the approved funding level in the GAA, including supplemental budgets and any cuts that were made by the Governor in October of 2009 through the 9C process. (For more information on 9C cuts, see here: <http://massbudget.org/doc/632>).

**FY 2011 Legislature Budget (Adjusted, Without FMAP):** This is the funding amount proposed by the Conference Committee and passed by the Legislature, which does not include funding provided by the extension of federal fiscal relief (in the form of enhanced Medicaid reimbursements, or "FMAP"). In addition, in order to allow for accurate comparisons of FY 2011 budget proposals to FY 2010 budget totals, *MassBudget* "adjusts" budget totals when the FY 2011 proposal recommends departmental reorganizations. These adjustments allow the user to differentiate between changes in funding due to proposed cuts or expansions in funding, rather than due to organizational shifts.

**FY 2011 Legislature Budget (Adjusted, With FMAP):** This is the funding amount proposed by the Conference Committee and passed by the Legislature, including the additional funding that would be provided by the extension of FMAP. Adjustments are also made to these figures in order to provide an accurate comparison to FY 2010 budget totals.

**FY 2011 Post-Veto Budget (Adjusted):** This is the level of funding provided after the Governor's vetoes.

**Adjustments:** Specifically, in this *Budget Monitor*, the FY 2011 totals reflect the following adjustments (a detailed explanation is provided at the end of this report):

ACCOUNT	ACCOUNT NAME	Senate Adjustment
1108-5200	Group Insurance Premium and Plan Costs	(68,334,380)
8910-0000	County Correctional Programs	36,623,886
	Off-budget adjustment	31,710,494
1599-1970	Mass. Turnpike Authority Contract Assistance	(100,000,000)
1595-6368	Mass. Transportation Trust Fund	100,000,000
2210-0105	Toxics Use Retained Revenue	(1,657,449)
7100-0200	University of Massachusetts	1,657,449
4590-0915	Public Health Hospitals	1,011,168
7004-0102	Homeless Individuals Assistance	(1,011,168)
2001-1001	Environmental Affairs Data Processing Service Fee Retained Revenue	55,000
1790-0151	Data Processing Service Fee Retained Revenue	(55,000)
2000-1700	Energy and Environment Information Technology Costs	70,000
1790-0150	Geographic and Environmental Information	(70,000)

## EDUCATION

FY 2010 GAA	\$ 6,711,429,032
FY 2010 Current	\$ 6,651,188,551
FY 2011 Legislature Budget (Adjusted, Without FMAP)*	\$ 6,453,543,303
FY 2011 Legislature Budget (Adjusted, With FMAP)	\$ 6,519,110,695

### FY 2011 Post-Veto Budget (Adjusted)\*\*

\$ 6,453,379,196

Increase (decrease) from FY 2010 Current	\$ (197,809,355)
Increase (decrease) from FY 2011 Legislature Budget (Adjusted, Without FMAP)	\$ (164,107)

\* An explanation of FMAP is provided in the text below.

\*\*In cases where the Legislature has shifted line items between categories, we have made an adjustment to reflect FY 2010 categories in order to provide an apples-to-apples comparison.

After accounting for the Governor's vetoes, the FY 2011 Post-Veto Budget appropriates \$6.45 billion for line items included in the *MassBudget* category of Education. This is \$197.8 million (3.0 percent) less than the FY 2010 current budget. To see how the Post-Veto Budget for this category compares to the budgets proposed by the Governor, the House, and Senate earlier this year, please go to *MassBudget's Budget Browser* available [here](#).

The budget crafted by the Conference Committee and enacted by the Legislature included two sets of funding recommendations: one if Congress provides previously anticipated fiscal relief in the form of enhanced Medicaid reimbursements (FMAP), and one if that revenue is not available. Because that revenue is not currently available and it appears increasingly likely that Congress will fail to provide it, the Governor vetoed the spending levels that relied on that revenue (if the funding is provided the state could enact a supplemental budget to spend it).

Because the House and Senate had assumed the extended FMAP funding when they crafted their budgets (as did most states), the spending levels recommended by the Conference Committee if there isn't an FMAP extension were generally at or below the lower of the House and Senate recommendations. In Education, the Legislature had recommended \$6.52 billion if the FMAP funding was extended and \$6.45 billion if it was not.

### Chapter 70

The FY 2011 Post-Veto Budget provides \$3.93 billion for Chapter 70 aid to municipal and regional school districts, which is \$115.6 million (3.0 percent) less than current FY 2010 appropriations and is equal to the FY 2011 Conference Committee, House, and Senate proposals. The Legislature did not make any of its Chapter 70 appropriations dependent on additional FMAP funding from Congress.

In FY 2009 and FY 2010, State Fiscal Stabilization Fund (SFSF) money was used in combination with state funds to offset potential cuts to Chapter 70 aid. The SFSF program is a subset of the American Recovery and Reinvestment Act of 2009 (ARRA) targeted primarily at supplementing state K-12 and higher education funding. In FY 2011, however, SFSF funds are significantly reduced, requiring the state to contribute more of its own funds toward Chapter 70 aid. The FY 2011 Post-Veto Budget uses

only \$75.3 million in FY 2011, whereas \$172 million of SFSF funding was used for Chapter 70 in FY 2010.

Although the overall cut to the Chapter 70 appropriation is 3 percent, the budget actually calls for a cut of up to 4.0 percent, with specific cuts impacting individual districts differently. If the full 4 percent cut would bring districts below their foundation level, the cut would be reduced in order to maintain all districts at the foundation budget amounts. Thus, some districts would receive a smaller reduction while others would receive the full 4 percent cut, resulting in a net reduction of 3 percent. For more information, see *MassBudget's "Budget Brief: Chapter 70 Funding Options for K-12 Education,"* available [here](#).

#### EARLY EDUCATION & CARE

After accounting for the Governor's vetoes to the Legislature's budget, the FY 2011 budget recommends \$505.2 million in total funding for the Department of Early Education and Care and the services it administers, \$15.6 million below current FY 2010 budget levels and \$32.1 million, or 6 percent, below the FY 2010 GAA. The Legislature had proposed up to \$8.8 million in additional FMAP allocations in the event that those funds became available; however, since these FMAP extension funds are not likely to be authorized, these allocations were vetoed by the Governor.

More specifically, the FY 2011 Post-Veto Budget recommends \$441.6 million in total funding for child care subsidies, \$14.4 million below current FY 2010 budget levels. The Legislature included a total of \$7.4 million in additional FMAP allocations for child care subsidies, which were vetoed by the Governor. The Post-Veto Budget, like the Legislature's budget, prioritizes funding for the two child care entitlement accounts in order to address caseload increases and anticipated FY 2010 budget shortfalls while decreasing funding for income-eligible child care. More specifically, the Post-Veto Budget provides:

- \$228.5 million in child care funding for income-eligible families, \$33.4 million, or 13 percent, below current FY 2010 budget levels. The Post-Veto Budget for this program matches the Legislature's budget without any enhanced FMAP funding, which itself was below both the House and Senate proposals of \$233.6 million and \$233.5 million respectively. The \$5 million FMAP allocation included in the Legislature's budget was vetoed by the Governor since these funds are not likely to be authorized.
- \$85.7 million in child care funding for children with active cases at the Department of Children and Families (DCF), \$7.9 million above current FY 2010 budget levels. The Post-Veto Budget for this program matches the Legislature's budget without any enhanced FMAP funding, which fell below the House proposal of \$89.8 million, but matched the Senate proposal. The \$2.4 million FMAP allocation included for this program in the Legislature's budget was vetoed by the Governor. New line item language, introduced during Senate budget and maintained in the Post-Veto Budget, allows this appropriation to fund child care services during a six-month period following closure of a child's DCF case to facilitate transition of services.
- \$127.4 million in child care funding for families served by or transitioning from Transitional Aid to Families with Dependent Children (TAFDC), \$11.1 million above current FY 2010 budget levels. The Post-Veto Budget for this program matches the Legislature's budget.

Other notable aspects of the FY 2011 Post-Veto Budget include:

- \$7.5 million in funding for Head Start state grants, \$500,000 below current FY 2010 budget levels. This total matches the Legislature's budget without any enhanced FMAP funds. The \$500,000 FMAP allocation included for this program in the Legislature's budget was vetoed by the Governor.
- \$7.5 million in funding for the Universal Pre-Kindergarten Program, \$500,000 below current FY 2010 budget levels. This total matches the Legislature's budget without any enhanced FMAP funds. The \$500,000 FMAP allocation included for this program in the Legislature's budget was vetoed by the Governor.
- \$750,000 for Early Childhood Mental Health grants, \$250,000, or 25 percent, below current FY 2010 budget levels. This total matches the Legislature's budget without any enhanced FMAP funds, which was below the House proposal of \$1 million but matched the Senate proposal. The \$250,000 FMAP allocation included for this program in the Legislature's budget was vetoed by the Governor.

#### *Elementary & Secondary Education*

In addition to Chapter 70 funding, the FY 2011 Post-Veto Budget funds other elementary and secondary education programs at \$423.3 million, which is \$8.3 million (1.9 percent) less than current FY 2010 appropriations and is very close to the FY 2011 Conference Committee proposal. The Legislature's FY 2011 Post-Veto Budget is \$24.8 million less than the Senate proposal and \$10.6 million less than the House proposal.

The Legislature's budget included language allocating up to an additional \$26.1 million to elementary and secondary education programs should Congress provide some or all of the FMAP funding that states had been anticipating. As he did throughout the budget, the governor vetoed language allocating these additional FMAP dollars because Congress still has not authorized an extension.

Specific programs within Elementary and Secondary Education that are cut by the FY 2011 Post-Veto Budget include:

- Extended Learning Time Grants are funded at \$13.9 million, reflecting a cut of \$1.8 million from current FY 2010 appropriations. The Senate proposed level funding and the House proposed a smaller cut of \$754,000. The Legislature's budget restored these grants close to level funding should Congress provide some or all of the FMAP funding that states had been anticipating.
- Adult Basic Education is funded at \$27.7 million, reflecting a cut of \$382,988 from current FY 2010 appropriations. This cut is slightly more severe than the \$128,000 cut proposed by both the House and Senate. The Legislature's budget included language allocating up to an additional \$250,000 should Congress provide some or all of the FMAP funding that states had been anticipating.
- Kindergarten Expansion Grants are funded at \$22.9 million, reflecting a cut of \$3.0 million from current FY 2010 appropriations. The Senate proposed level funding, whereas the House proposed an increase of \$23,000. The Legislature's budget restored these grants close to level

funding should Congress provide some or all of the FMAP funding that states had been anticipating.

- School-To-Work Program Matching Grants are eliminated. This program received \$1.6 million from current FY 2010 appropriations. The Conference Committee adopted the Senate's proposal to eliminate the program, whereas the House proposed funding of \$450,000. The Legislature's budget restored funding \$450,000 of this grant funding should Congress provide some or all of the FMAP funding that states had been anticipating.
- METCO is funded at \$17.6 million, reflecting a cut of \$849,000 (4.6 percent) from current FY 2010 appropriations, which is the proposal made by the House. The Senate proposed level funding. The Legislature did not make any of its METCO funding dependent on additional FMAP funding from Congress.

Other notable appropriations to Elementary and Secondary Education programs in the FY 2011 Post-Veto Budget include:

- Charter school tuition reimbursements are funded at \$71.6 million, which is \$1.5 million more than current FY 2010 appropriations, but is \$8.2 million less than the amount originally appropriated in the FY 2010 GAA. The FY 2010 Post-Veto Budget funding of \$71.6 million is identical to FY 2011 budget, reflecting both the Senate and House proposals. The Department of Elementary and Secondary Education (ESE) estimates that because of budget cuts, school districts have lowered their per pupil spending and therefore send less tuition to charter schools than they have in past years. As a result the state is spending less to reimburse those districts for charter school tuitions.
- Regional School District Transportation is funded at \$40.5 million, reflecting level funding from current FY 2011 appropriations. This funding level is below levels in both the Senate and House budgets, which proposed increases of \$4.1 million and the \$2.0 million respectively.
- The Special Education Circuit Breaker program is funded at \$133.1 million, reflecting level funding from current FY 2010 appropriations. This funding level is below levels in both the Senate and House budgets, which proposed increases of \$13.3 million and the \$1.9 million respectively.
- After-School and Out-of-School grants are funded at \$1.5 million, reflecting a \$500,000 cut from current FY 2010 appropriations. The Legislature adopted the Senate's proposed cut, whereas the House proposed level funding.
- A new line item for districts that educate students living on military bases is funded at \$1.3 million. This funding used to be provided by the Education Reform Reserve account, which is no longer funded in the budget. This funding level is \$400,000 less than both the Senate and House proposals. The Legislature's budget restored \$400,000 should Congress provide some or all of the FMAP funding that states had been anticipating.
- MCAS support programs are funded at \$9.1 million, reflecting a \$200,000 cut from current FY 2010 appropriations. This funding level is \$200,000 less than the Senate and House proposals,

which both sought level funding. The Legislature's budget restored level funding should Congress provide all of the FMAP funding that states had been anticipating.

- Targeted interventions in underperforming schools are funded at \$6.7 million, representing a \$134,000 cut from current FY 2010 appropriations, which is the cut proposed by the House. This funding amount is \$134,000 less than the Senate's proposal for level funding. The Legislature's budget restored level funding should Congress provide all of the FMAP funding that states had been anticipating.

### *Higher Education*

The Fiscal Year (FY) 2011 Post-Veto Budget provides \$954.1 million for Higher Education, representing a \$122.5 million (11.4 percent) cut from current FY 2010 appropriations. Of the total Higher Education appropriation, \$439.6 million is allocated to the University of Massachusetts (UMASS), \$215.1 million to community colleges, and \$195.9 million to state colleges. Total funding for UMASS, community colleges, and state colleges has been cut \$119.7 million (12.3 percent) from current FY 2010 appropriations.

The FY 2011 post-veto funding level of \$954.1 million depends on \$20.8 million in federal stimulus money and includes a provision allowing UMASS, community colleges, and state colleges to retain tuition from out-of-state students starting in FY 2012. *MassBudget* calculations include estimates of total tuition retention for budget proposals that include this provision.

The FY 2011 Post-Veto Budget is identical to the Conference Committee budget for Higher Education, \$74.4 million lower than the Senate budget, and \$8.9 million greater than the House budget. The budget includes language allocating up to an additional \$30.6 million should Congress provide some or all of the FMAP funding that states had been anticipating. As he did throughout the budget, the governor vetoed language allocating these additional FMAP dollars because Congress still has not authorized an extension.

Additionally:

- The Massachusetts State Scholarship program is funded at \$86.5 million, reflecting a cut of \$2.3 million from current FY 2010 appropriations. This funding level is below levels in both the Senate and House budgets. The Senate proposed a \$979,000 increase and the House proposed a \$1.0 million decrease. The Legislature's budget included language allocating up to an additional \$3.0 million should Congress provide some or all of the FMAP funding that states had been anticipating.
- \$1.3 million in funding for the Worcester Polytechnic Institute School of Excellence Program was shifted to a new Schools of Excellence line item. This shift is based upon a Senate proposal and is not subject to adjustment based upon the pending FMAP extension.

For FY 2010, total funding for the state's institutions of higher education had been kept at FY 2009 levels (totaling \$969.7 million) through the use of federal State Fiscal Stabilization Fund (SFSF) money. In FY 2009, state appropriations to UMASS, community colleges, and state colleges were supported by \$53.8 million in SFSF funds. As shown in the chart below, the current FY 2010 depends upon a greater

amount of \$230.3 million in SFSF funds. The FY 2011 Post-Veto Budget, on the other hand, allocates \$20.8 million — 9 percent of FY 2010's allocation — in SFSF funds to higher education. The FY 2011 Conference Committee and the House proposed \$20.8 million in SFSF funding. The Senate proposed a greater amount of \$48 million. Taken together, SFSF spending on K-12 education and higher education for FY 2011 exhaust all of the state's allocated federal stimulus funding.

The adjustments shown in the chart include the adjustments made by *MassBudget* to provide an accurate comparison of funding between years (see Appendix A). It also includes funding that the governor included in his FY 2011 total for UMass that would not be paid for through state funds; rather, the Governor sought a commitment from UMass to cover this expense (\$541,000 for the Collins Center for Public Management at the McCormack Graduate School of Policy Studies at UMass Boston). The adjustments also include an amendment made by the House (an increase of \$500,000 for UMass). The result of using greater SFSF funds and allowing for campuses to keep retained revenue is \$78 million, or 9 percent more funding for UMass and state and community colleges in the Senate FY 2011 budget compared to the House proposal.

#### Funding for UMass, State Colleges, & Community Colleges

	FY 2010 Current	FY 2011 Governor	FY 2011 House	FY 2011 Senate	FY 2011 Legislature w/ FMAP	FY 2011 Legislature w/out FMAP	FY 2011 Post-Veto
Appropriation	\$739,438,592	\$870,899,073	\$817,617,747	\$851,250,368	\$853,282,047	\$827,567,959	\$827,567,957
SFSF	\$230,270,712	\$96,070,778	\$20,806,479	\$48,035,396	\$20,806,479	\$20,806,479	\$20,806,479
Adjustments		\$2,198,449	\$2,157,449	\$0	\$1,657,449	\$1,657,449	\$1,657,449
Retained Revenue	\$0	\$0	\$0	\$19,453,108	\$0	\$0	\$0
<b>TOTAL</b>	<b>\$969,709,304</b>	<b>\$969,168,300</b>	<b>\$840,581,675</b>	<b>\$918,738,872</b>	<b>\$875,745,975</b>	<b>\$850,031,887</b>	<b>\$850,031,885</b>

The Governor's FY 2011 budget proposal had included a consolidation of funding for state and community colleges into two line items. No other proposals in the state budget process made these consolidations, however, so funding for each state and community college remains within distinct line items for the FY 2011 Post-Veto Budget.

#### School Building

The Post-Veto Budget projects that \$644.3 million in pre-budget transfers will be received in FY 2011 for the School Modernization and Reconstruction Trust (SMART), reflecting an increase of \$64.2 million (11.1 percent) from current FY 2010 amounts. Because the Commonwealth is required to contribute to this trust an amount equal to one penny of the state sales tax, SMART funding is not subject to change based upon the pending FMAP extension. The FY 2011 Conference Committee, House, and Senate budgets projected similar increases to this fund.

## ENVIRONMENT & RECREATION

FY 2010 GAA	\$ 199,734,240
FY 2010 Current	\$ 206,525,976
FY 2011 Legislature Budget (Adjusted, Without FMAP)*	\$ 177,235,641
FY 2011 Legislature Budget (Adjusted, With FMAP)	\$ 187,438,112

### **FY 2011 Post-Veto Budget (Adjusted)\*\*** **\$ 176,756,190**

<b>COMPARE</b>	<b>Increase (decrease) from FY 2010 Current</b>	<b>\$ (29,769,786)</b>
	<b>Increase (decrease) from FY 2011 Legislature Budget (Adjusted, Without FMAP)</b>	<b>\$ (479,451)</b>

\* An explanation of FMAP is provided in the text below.

\*\*In cases where the Legislature has shifted line items between categories, we have made an adjustment to reflect FY 2010 categories in order to provide an apples-to-apples comparison.

After accounting for the Governor’s vetoes, the Legislature’s FY 2011 budget (also called the Conference Committee budget) appropriates \$176.8 million for state environmental and recreation programs. This is \$29.8 million less than the current budget for FY 2010. During the course of FY 2010 the Legislature approved \$14.5 million in disaster relief funding to help communities to recover from storms in December 2008 and March 2010 (see *Parks and Recreation* below for a fuller discussion of this issue.) After eliminating this one-time spending, ongoing funding for state environmental and recreation programs in the FY 2011 Post-Veto Budget is \$15.3 million less than the current budget for FY 2010. To see how the FY 2011 Post-Veto Budget levels for this category compare with the budgets proposed by the Governor and passed by the House and Senate earlier this year, please go to *MassBudget’s Budget Browser* available [here](#).

The budget crafted by the Conference Committee and enacted by the Legislature included two sets of funding recommendations: one if Congress provides previously anticipated fiscal relief in the form of enhanced Medicaid reimbursements (FMAP), and one if that revenue is not available. Because that revenue is not currently available and it appears increasingly likely that Congress will fail to provide it, the Governor vetoed the spending levels that relied on that revenue (if the funding is provided the state could enact a supplemental budget to spend it).

Because the House and Senate had assumed the extended FMAP funding when they crafted their budgets (as did most states), the spending levels recommended by the Conference Committee if there isn’t an FMAP extension were generally at or below the lower of the House and Senate recommendations. In Environment and Recreation, the Legislature had recommended \$187.4 million if the FMAP funding was extended and \$177.2 million if it was not.

### AGRICULTURE

The FY 2011 Post-Veto Budget provides \$16.0 million for state agriculture programs. This level is \$92,000 less than the amount funded in the current budget for FY 2010 and identical to the amount the Legislature approved without FMAP funding. Both the Legislature and the Governor approved \$11.5

million to fund the state's four regional food banks, which is \$500,000 more than the FY 2010 General Appropriations Act (GAA) and is the same level as current funding for this program in FY 2010.

#### ENVIRONMENTAL ADMINISTRATION

The FY 2011 Post-Veto Budget provides \$14.7 million for Environmental Administration. This is \$1.8 million less than total appropriations for FY 2010. The Conference Committee budget approved by the Legislature provided \$14.8 million in funding with an additional \$485,000 if FMAP were approved by Congress.

The cuts to Environmental Administration from the amount budgeted in FY 2010 include:

- \$294,000 from the Executive Office of Energy and Environmental Affairs.
- \$446,000 from recycling programs that were merged together in this budget (see *Environmental Protection* for a further discussion of this issue).
- \$1.0 million from environmental police including \$465,000 from the account that provides the police with some of the revenue it raises from private details.

#### ENVIRONMENTAL PROTECTION

The FY 2011 Post-Veto Budget provides \$58.0 million for Environmental Protection programs. This level is \$5.0 million less than the amount appropriated in FY 2010. The Conference Committee budget approved by the Legislature provided \$58.4 million in funding with an additional \$602,000 if FMAP were approved by Congress. In addition to vetoing any money appropriated by the Legislature should the FMAP money be approved, the Governor vetoed \$406,000 including an additional \$331,000 cut from the Department of Environmental Protection (DEP) and \$75,000 from the merged recycling and redemption center account.

The FY 2011 budget reorganized two programs in the DEP, including:

- Merging the solid waste management program housed within Environmental Administration with the recycling program housed in DEP. In FY 2010 total funding for these programs was \$721,000. The Legislature's budget appropriated \$350,000, with an additional \$200,000 if FMAP were approved. The Governor vetoed the \$200,000 in FMAP funding as well as an additional \$75,000 resulting in a total appropriation of \$275,000. This is a cut of \$446,000 from current FY 2010 budget for this program.
- Merging funding for the Toxic Use Reduction Act into a single account and providing \$1.4 million, which is the same appropriation these programs received in FY 2010. This new Toxic Use Reduction Act account also receives \$1.7 million in funding for the Toxic Use Reduction Institute at UMass Lowell. The FY 2011 budget transferred funding for this Institute from the UMass account within the Higher Education subcategory of the Education category into Environmental Protection. The FY 2011 Post-Veto Budget includes an earmark of \$1.7 million for the Institute at UMass Lowell. To allow for an apples-to-apples comparison in funding between FY 2010 and FY 2011, *MassBudget* does not include this \$1.7 million transfer in its total

for this program but keeps it within the Higher Education subcategory where that spending has been shown in prior years.

The FY 2011 Post-Veto Budget also makes a number of cuts to environmental protection programs, including:

- \$2.6 million from the DEP administrative account, including the additional \$331,000 veto made by the Governor.
- \$1.5 million from the hazardous waste cleanup program.

#### *FISH & GAME*

The FY 2011 Post-Veto Budget provides \$17.4 million for Fish and Game, which is in line with the amount appropriated in FY 2010. The Conference Committee budget approved by the Legislature provided \$17.4 million in funding with an additional \$333,000 if FMAP were approved by Congress. While the Legislature's final budget made cuts to several programs, including \$135,000 from the Division of Marine Fisheries, the budget also included increases including \$102,000 for a new saltwater sportfish licensing program.

#### *PARKS & RECREATION*

The FY 2011 Post-Veto Budget provides \$70.6 million for Parks and Recreation programs. This level is \$23.0 million less than the amount appropriated in FY 2010. During the course of FY 2010 the Legislature adopted \$14.5 million in disaster relief funding to help communities to recover from storms in December 2008 and March 2010. After eliminating this one-time spending, ongoing funding for parks and recreation programs in the FY 2011 Post-Veto Budget is \$8.5 million less than the current budget for FY 2010.

The Conference Committee budget approved by the Legislature provided \$70.6 million in funding for parks and recreation programs with an additional \$8.7 million if FMAP is approved by Congress.

The Governor vetoed all of the funding associated with the FMAP extension including \$6.3 million of emergency relief provided to cities and towns affected by the December 2008 storms. When these cities and towns received federal disaster relief, they were required to provide a 25 percent match. In FY 2010 the Legislature provided \$6.3 million, which amounted to one half of the share that the federal government required these cities and towns to spend. The \$6.3 million included in the Legislature's budget, but vetoed by the Governor because it was tied to FMAP funds, meant that the Commonwealth would have fully reimbursed cities and towns for their share of the disaster relief.

The cuts to state parks and recreation programs from the amount budgeted in FY 2010 include:

- \$629,000 from the account that funds beaches, pools and seasonal employees working at state recreation facilities to \$12.4 million.
- \$4.6 million from state parks and recreation to \$40.3 million.

- \$2.9 million from the account that provides funding for parkways maintenance including snow and ice removal and the replacement of street lighting to \$3.1 million.
- \$251,000 from the watershed management program to \$1.0 million.
- \$612,000 from the administrative account for the Department of Conservation and Recreation to \$3.5 million.

## HEALTH CARE

FY 2010 GAA	\$ 12,658,724,991
FY 2010 Current	\$ 13,149,276,039
FY 2011 Legislature Budget (Adjusted, Without FMAP)*	\$ 13,578,216,165
FY 2011 Legislature Budget (Adjusted, With FMAP)	\$ 13,747,127,350

**FY 2011 Post-Veto Budget (Adjusted)\*\* \$ 13,534,101,162**

<b>COMPARE</b>	<b>Increase (decrease) from FY 2010 Current</b>	<b>\$ 384,825,123</b>
	<b>Increase (decrease) from FY 2011 Legislature Budget (Adjusted, Without FMAP)</b>	<b>\$ (44,115,003)</b>

\* An explanation of FMAP is provided in the text below.

\*\*In cases where the Legislature has shifted line items between categories, we have made an adjustment to reflect FY 2010 categories in order to provide an apples-to-apples comparison.

After accounting for the Governor’s vetoes, the FY 2011 Post-Veto Budget appropriates \$13.53 billion for health care. This is \$384.8 million more than the FY 2010 current budget. Even though this is a 3 percent increase, certain health care costs (such as the costs of MassHealth or other health insurance programs) may be growing by as much as 8 percent annually, so this budget level will require significant cuts across health care. To see how the Post-Veto Budget for this category compares to the budgets proposed by the Governor, the House, and Senate earlier this year, please go to *MassBudget’s Budget Browser* available [here](#). The health care total includes funding for MassHealth (Medicaid) and health reform, mental health, public health and state employee health insurance.

The budget crafted by the Conference Committee and enacted by the Legislature included two sets of funding recommendations: one if Congress provides previously anticipated fiscal relief in the form of enhanced Medicaid reimbursements (FMAP), and one if that revenue is not available. Because that revenue is not currently available and it appears increasingly likely that Congress will fail to provide it, the Governor vetoed the spending levels that relied on that revenue. (If the funding is provided the state could enact a supplemental budget to spend it.)

Because the House and Senate had assumed the extended FMAP funding when they crafted their budgets (as did most states), the spending levels recommended by the Conference Committee if there isn’t an FMAP extension were generally at or below the lower of the House and Senate recommendations. In health care, the Legislature had recommended \$13.75 billion if the FMAP funding was extended and \$13.58 billion if it was not. In health care, in addition to vetoing the FMAP allocations, the Governor vetoed \$44.1 million more from the Legislature’s FY 2011 budget proposal.

### *MassHealth (Medicaid) and Health Reform*

After the Governor’s vetoes, the FY 2011 budget includes \$11.07 billion for MassHealth and health reform programs. This total is 3 percent above the current FY 2010 budget totals. Included in this funding is \$9.65 billion for MassHealth, \$168.7 million for MassHealth administration, \$807 million for the Commonwealth Care program, and \$31.5 million for the elder pharmacy program (see accompanying table.) These funding levels will lead to cuts in all areas of the state’s publicly-funded health insurance, including benefit reductions and other restrictions in service (see below).

Because of concerns about available federal FMAP funding, the Governor vetoed the \$81.3 million from the MassHealth programs that the Legislature had recommended be funded by FMAP, \$4.7 million in FMAP funding from MassHealth administration, \$56 million in FMAP funding from the Commonwealth Care program, and \$2.4 million from health care finance and other health care programs. In addition to the vetoes of the FMAP funding for these health care programs, the Governor vetoed an additional \$11.1 million from MassHealth, and \$30.3 million from the Commonwealth Care program.

The significant reduction to the Commonwealth Care subsidized health insurance program (\$56 million of the total vetoed) is due to the elimination of funding for the Commonwealth Care Bridge program. In FY 2010, the Commonwealth created this program to provide health insurance to legal immigrants who have resided in the United States for less than five years and who – due to program changes – are no longer eligible for MassHealth. The Legislature’s budget ended the program the program in August. The Legislature would allow the program to extend beyond the August 2010 expiration, but only if \$56 million in enhanced FMAP dollars were available to pay for it. There are currently approximately 24,000 people in this program, but new enrollment has been restricted, and there may be as many as 13,000 individuals who could be eligible but have been restricted from enrolling due to limited funding. Because this program would have been funded exclusively with enhanced FMAP funding, with the Governor’s vetoes funding for this program was eliminated. Accompanying the Governor’s veto message, however, is legislation that would restore funding to the Commonwealth Care Bridge program, at least through December 2010. This program is currently funded by transfers from the General Fund and by revenues from the tobacco tax, and the Governor proposes using revenues from higher than originally-anticipated tobacco tax revenues and by identifying potential savings in this and other state health insurance programs.

<b>MassHealth (Medicaid) and Health Reform</b>					
<i>(in Millions of Dollars)</i>					
	<b>FY 2010 GAA</b>	<b>FY 2010 Current</b>	<b>FY 2011 Legis. w/ FMAP</b>	<b>FY 2011 Legis. w/o FMAP</b>	<b>FY 2011 Post- Vetoes</b>
<b>MassHealth (Medicaid)</b>					
MassHealth	8,923	9,352	9,744	9,662	9,652
MassHealth administration	184	178	175	170	169
<b>Sub-Total</b>	<b>9,107</b>	<b>9,530</b>	<b>9,918</b>	<b>9,832</b>	<b>9,821</b>
<b>Health Reform and Health Safety Net</b>					
Pharmacy Program	40	34	32	32	32
Health Care Finance & Other Initiatives	20	20	25	22	22
<i>Commonwealth Care Trust</i>	592	632	788	732	702
<i>Commonwealth Care Trust (pre-budget)</i>	105	105	105	105	105
<i>Medical Assistance Trust</i>	399	399	393	393	393
<i>Medical Security Trust</i>	0	30	0	0	0
<b>Sub-Total</b>	<b>1,156</b>	<b>1,220</b>	<b>1,342</b>	<b>1,284</b>	<b>1,253</b>
<b>Total</b>	<b>10,263</b>	<b>10,750</b>	<b>11,260</b>	<b>11,116</b>	<b>11,074</b>

In addition to the veto of the Commonwealth Care Bridge FMAP funding, the Governor vetoed an additional \$30.3 million of the proposed transfer to the Commonwealth Care Trust Fund. The administration states that the fund currently has a \$30 million surplus which will carry forward for use in FY 2011, and that this particular veto will not affect eligibility for the program.

Compared to the FY 2010 budget, the FY 2011 budget for the MassHealth program will also lead to some significant programmatic changes and cuts. These changes include:

- A cut in adult dental benefits for MassHealth members. This cut will affect close to 700,000 adults, including approximately 130,000 elders, and is expected to reduce MassHealth program costs by more than \$56 million, and reduce costs to the Commonwealth by less than half that (due to reduced federal reimbursement).
- A reduction in the number of hours for day services provided to disabled adults (“day habilitation”). The FY 2011 budget cuts the number of hours available to these adults – many of whom are severely cognitively disabled – from six to five a day. The gross spending reduction associated with this cut would be approximately \$15.3 million, and the net savings to the Commonwealth would be closer to \$6.8 million.
- A limit on who would be eligible for personal care attendant (PCA) services. Currently, MassHealth will pay for help for disabled adults who need assistance with activities of daily living (getting in and out of bed, dressing, bathing, etc.), even if those adults need only a few hours of help each day (for example, getting dressed for work in the morning). The FY 2011 Post-Veto Budget establishes a “floor” for these services, so that only persons requiring 14 hours of service a week would be eligible for MassHealth coverage for PCA services. This cut is expected to reduce MassHealth costs by \$5.5 million, for a net savings of \$2.4 million.
- A cut of \$1 million in the Children’s Behavioral Health Initiative (also known as “Rosie D.”), which provides universal pediatric mental health screenings, and services for children found to have serious “emotional disturbance.” This cut nets the state less than half of that in savings, and leaves the program with \$85.7 million for FY 2011.
- Assumed savings of a total of \$17 million from disease management strategies (\$10 million assumed savings in the original Conference Committee budget proposal, along with an additional \$7 million savings assumed in the Post-Veto Budget using more aggressive savings assumptions.) A disease management program could save money by better coordinating care for MassHealth members with certain chronic conditions such as asthma or diabetes. Because of reduced federal reimbursements associated with lowered MassHealth spending, however, the net savings to the Commonwealth of these programs would be less than half of the gross program cost reductions.
- Reduced grants to certain health care safety net providers, with a cut of \$10 million to what is known as the Distressed Community Provider or Essential Community Provider Fund.
- Elimination of \$500,000 proposed for primary care workforce grants, a program to increase the number of primary care physicians. This program had been funded at the start of FY 2010, but was then eliminated mid-year by so-called 9C cuts. Both the House and Senate had proposed

restoring this program in FY 2011, but only if the enhanced FMAP funding became available. Without a guarantee of that funding, the Governor vetoed the program.

The FY 2011 Post-Veto Budget also includes several programmatic initiatives. There is language in the budget recommending the study of a variety of care delivery models for Medicaid, including an all-managed care system, a disease management program (see above), patient-centered “medical homes” for coordinated care, and more. There is also language that would create a pilot program for high-risk children with asthma, in conjunction with the community Asthma Initiative at Children’s Hospital in Boston. This program would develop an alternate payment system that would allow for the MassHealth program to cover certain previously-unreimbursed costs that could improve the quality of care for patients with asthma. For example, the program could pay for patient education, assessing environmental triggers, cleaning up environmental triggers, etc.

Although the Governor did not veto any funding for the Prescription Advantage program, the FY 2011 Post-Veto Budget for this program, \$31.5 million, is 8 percent below total funding in FY 2010.

### *Mental Health*

The Post-Veto Budget includes a total of \$621.9 million for mental health services. This total is \$12.1 million less than in the FY 2010 current total budget, and includes \$9.6 million in vetoed enhanced FMAP funds, and \$339,000 in other vetoes.

The Post-Veto mental health budget includes:

- \$71.8 million for children’s mental health services. This total, after \$400,000 vetoed due to the unavailability of enhanced FMAP funds, is \$411,000 less than current funding in FY 2010. As in FY 2010, budget language includes reference to the Child Psychiatry Access Project, a program that provides psychiatric consultation to primary care providers, but does not specify the amount of funding that would go to that project. Also as in FY 2010, there is language indicating that funding may go to juvenile court clinics, but the amount of money is not indicated.
- \$386.2 million for adult mental health services, a \$20.2 million increase over FY 2010 current budget totals. This total is a 6 percent increase over FY 2010 totals. The Governor vetoed \$2 million from adult mental health services, due to the current unavailability of enhanced FMAP funds.
- \$137.5 million for mental health facilities. This includes vetoes of \$6.4 million, and is \$29.7 million less than current FY 2010 budget totals, an 18 percent decrease. The FY 2011 Post-Veto Budget maintains the language in the FY 2010 budget, including a provision stating that individuals may be moved out of psychiatric facilities and into the community, but only if the residents can be guaranteed an equal or better level of care. There is, however, a general shift in funding from institution-based care to community-based care.

It is also important to note that a significant portion of the Commonwealth’s mental health services for children are funded through the MassHealth program in what is known as the Children’s Behavioral Health Initiative (often referred to as the *Rosie D.* program.) This relatively new program mandates universal pediatric screening for mental health disorders and treatment for children with “serious

emotional disturbance,” and will continue to expand towards full implementation in FY 2011. Funding for this program is included in the “MassHealth (Medicaid) and Health Reform” section of this *Budget Monitor*.

### *Public Health*

The FY 2011 Post-Veto public health budget totals \$490.2 million, \$16.4 million or 3 percent less than FY 2010 current budget totals. There were \$15.3 million in vetoes associated with the current unavailability of enhanced FMAP funds, and \$223,000 in additional vetoes. The FY 2011 Post-Veto Budget includes \$328.7 million for community-based services, and \$161.5 million for hospital-based services. Because the FY 2011 budget shifts a homelessness assistance program from the Lemuel Shattuck public health hospital into a homelessness services program within the Department of Housing and Community Development, to allow for better year-to-year comparisons, this *Budget Monitor* adjusts the public health totals by adding the funding (\$1 million) for this program back into the public health hospital account.

There are two public health programs eliminated by the Governor’s vetoes, since the Legislature had proposed funding these particular programs solely with enhanced FMAP funds that are currently unavailable. The Primary Care Center and Loan Forgiveness Program, funded at \$250,000 in the FY 2010 current budget, and receiving \$157,000 in the Legislature’s FY 2011 proposal was eliminated by the vetoes. Like a similar program in the Executive Office of Health and Human Services (see MassHealth (Medicaid) and Health Reform above), this program was designed to improve health care access by providing financial incentives for health care professionals to enter primary care professions. Also eliminated by the vetoes is health care cost containment program designed to encourage appropriate use of generic prescription drugs (“academic detailing”). The Legislature had proposed \$93,000 from FMAP funds for this programs which last received funding (\$250,000) in FY 2009.

Other highlights of the FY 2011 Post-Veto public health budget include:

- \$34.6 million for AIDS/HIV prevention, screening and treatment programs. This is \$2.2 million less than in the FY 2010 current budget, a 6 percent reduction. The Legislature had proposed funding this program with up to an additional \$1.7 million in enhanced FMAP funds; the Post-Veto amount removes this funding.
- \$24.9 million for early intervention services. This total incorporates \$1.7 million in vetoes associated with the unavailability of enhanced FMAP funding, and is 16 percent below FY 2010 current budget totals.
- \$4.7 million for family health services, level-funding with FY 2010 current budget totals. There were no vetoes to family health services.
- \$5.9 million for health promotion and disease prevention programs, including breast cancer, diabetes, ovarian cancer, stroke, multiple sclerosis prevention and screening, and more. This is a 5 percent cut from funding in FY 2010 for these programs.
- \$50.1 million for immunizations, 4 percent less than current FY 2010 budgeted amounts. The Legislature had proposed close to \$2 million more in funding for immunizations that would

have come from enhanced FMAP funds. As in FY 2010, there is language indicating that an assessment on health insurers would cover these costs.

- \$11.6 million for school health services, a 3 percent cut from FY 2010 current totals. Language in the budget indicates that funding for school nurses would be at the same level as in FY 2010, and that funding could be made available for the Mass. Model of Community Coalitions. This total incorporates a veto of \$127,000 associated with FMAP funding.
- \$8.1 million for sexual assault and domestic violence prevention services, \$344,000 less than in the current FY 2010 budget. Vetoes to domestic violence and sexual assault prevention total \$801,000. Although not included in these totals, there is also \$20.1 million in the Post-Veto Budget for the Department of Children and Families for support services for people at risk of domestic violence.
- \$82.8 million for substance abuse services, after vetoes totaling \$3.4 million due to the unavailability of enhanced FMAP funding. This total is \$1.4 million or 2 percent less than FY 2010 totals.
- \$4.5 million for smoking prevention, just under FY 2010 current budget totals. Note that funding for smoking prevention programs in FY 2009 was \$12.2 million (not adjusted for inflation.) Smoking prevention is one of the few public health programs funded by the Legislature without anticipated enhanced FMAP funds, so it was unaffected by the Governor's vetoes.
- \$2.4 million for teen pregnancy prevention programs, after a \$50,000 veto related to the unavailability of enhanced FMAP. This is 9 percent below current FY 2010 budgeted amounts.
- \$2.8 million for a variety of youth violence prevention programs, a 20 percent cut over FY 2010 budgeted totals. In FY 2010 the budget funds "Youth-at-Risk" grants within the Executive Office of Health and Human Services, but the FY 2011 budget moves these particular grants to the Department of Public Health, and also funds additional youth violence prevention grants within the Department of Public Health.

The FY 2011 budget creates a new fund – the Substance Abuse Prevention and Treatment Fund – by dedicating existing sales tax revenues from the sale of alcoholic beverages. This fund would then be the source of funding for substance abuse programming.

The FY 2011 Post-Veto budget also includes the creation of a pilot public health program for children with asthma, in conjunction with the community Asthma Initiative at Children's Hospital in Boston (see discussion in MassHealth (Medicaid) and Health Reform above).

#### *State Employee Health Insurance*

The Post-Veto Budget includes \$1.35 billion for state employee health insurance, with \$2.1 million vetoed by the Governor in the transfer to the State Retiree Benefits Trust Fund. The total state employee health insurance costs are a function of the number of anticipated employees, and expected health care cost growth. The FY 2011 Post-Veto Budget maintains the current retirement health insurance contribution schedule.

It is important to note that the Post-Veto Budget reorganizes the budget for certain employee health insurance costs, so it is not possible to make accurate year-to-year comparisons of state employee health insurance costs without making several adjustments (see discussion below). The total includes funding for the Group Insurance Commission (GIC), as well as additional state funding for employee health benefits. The total also includes funding transferred from the General Fund to a special State Retiree Benefits Trust designated to fund health care costs for retirees. The FY 2011 budget incorporates costs that had in prior years been paid for elsewhere. For example, the budget transfers to the GIC \$36.6 million from the county sheriffs' offices to pay for the health insurance costs of their staff. In FY 2010, these costs had been incorporated into the county sheriff appropriations. Similarly, the FY 2011 budget transfers \$24.1 million from the MBTA to cover the costs of health insurance for MBTA employees, and \$7.6 million from the Massachusetts Turnpike Authority to cover the costs of health insurance for their employees – costs which in prior years had not been included in budgeted appropriations at all, as they were directly covered by these transportation authorities. In order to allow for accurate year-to-year comparisons, the totals in this *Budget Monitor* subtract these FY 2011 health care costs from the state employee health insurance totals (see Appendix A, "What are the 'adjustments' made to the budget proposals?" at the end of this *Monitor*.)

It is also important to understand that this state employee health insurance total adjusts for the fact that more municipalities are opting to participate in the state's Group Insurance Commission health care plans. These increased costs in the Group Insurance Commission do not actually increase the state's health insurance costs, because they are reimbursed by the participating municipalities. The FY 2010 budget includes approximately \$203.7 million in fully-reimbursed municipal health care costs, and the FY 2011 budget includes approximately \$276.8 million in reimbursed municipal health care costs. In order to avoid an artificial distortion in the budget for state employee health insurance due to the increasing number of municipalities participating in the state's Group Insurance program, the totals in this *Budget Monitor* remove the full amount of these municipal health care costs. After all of these adjustments, the FY 2011 Post-Veto Budget for state employee health insurance totals is 7 percent above the current FY 2010 total.

## HUMAN SERVICES

FY 2010 GAA	\$ 3,361,492,631
FY 2010 Current	\$ 3,336,038,556
FY 2011 Legislature Budget (Adjusted, Without FMAP)*	\$ 3,291,790,586
FY 2011 Legislature Budget (Adjusted, With FMAP)	\$ 3,356,612,281

<b>FY 2011 Post-Veto Budget (Adjusted)**</b>	<b>\$ 3,291,072,787</b>
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<b>COMPARE</b>	<b>Increase (decrease) from FY 2010 Current</b>	<b>\$ (44,965,769)</b>
	<b>Increase (decrease) from FY 2011 Legislature Budget (Adjusted, Without FMAP)</b>	<b>\$ (717,799)</b>

\* An explanation of FMAP is provided in the text below.

\*\*In cases where the Legislature has shifted line items between categories, we have made an adjustment to reflect FY 2010 categories in order to provide an apples-to-apples comparison.

After accounting for the Governor's vetoes, the FY 2011 Post-Veto Budget appropriates \$3.29 billion for Human Services. This is \$45 million below current FY 2010 budget levels. To see how the Post-Veto Budget for this category compares to the budgets proposed by the Governor, the House, and Senate earlier this year, please go to *MassBudget's Budget Browser*, available [here](#).

The budget crafted by the Conference Committee and enacted by the Legislature included two sets of funding recommendations: one if Congress provides previously anticipated fiscal relief in the form of enhanced Medicaid reimbursements (FMAP), and one if that revenue is not available. Because that revenue is not currently available and it appears increasingly likely that Congress will fail to provide it, the Governor vetoed the spending levels that relied on that revenue (if the funding is provided the state could enact a supplemental budget to spend it).

Because the House and Senate had assumed the extended FMAP funding when they crafted their budgets (as did most states), the overall funding recommended by the Conference Committee for Human Services if there is not an FMAP extension was below the lower of the House and Senate recommendations, which were \$3.32 billion and \$3.35 billion respectively. For Human Services, the Legislature had recommended \$3.35 billion if the FMAP funding was extended and \$3.29 billion if it was not, a difference of \$64.8 million.

In this analysis "Human Services" include services for children and families, transitional assistance for low-income families, services to the adults with developmental disabilities, and Other Human Services detailed below. For information about Mental Health services, please see the Health Care portion of this *Budget Monitor*.

#### *Children and Families*

After accounting for the Governor's vetoes, the FY 2011 budget includes \$742.9 million in funding for the Department of Children and Families (DCF) and the child and family services it administers, \$29.7 million below current FY 2010 budget levels and \$40.8 million, or 5 percent, below the FY 2010 GAA. The Post-Veto Budget for DCF matches the Legislature's budget without any enhanced FMAP, which fell below both the House proposal of \$744.7 million and the Senate proposal of \$764.8 million.

The Legislature also included up to \$17.9 million in additional FMAP allocations for DCF, which were vetoed by the Governor since the approval of the FMAP extension is unlikely.

More specifically, the FY 2011 Post Veto budget provides the following:

- \$201.6 million for Group Care Services, \$18.2 million, or 8.3 percent, below current FY 2010 budget levels. The Post-Veto Budget for this program matches the Legislature's budget without any enhanced FMAP funding which fell below the House proposal of \$202.6 million and the Senate proposal of \$205.4 million. The \$3.8 million FMAP allocation included for this program in the Legislature's budget was vetoed by the Governor.
- \$288.4 million in total for Services to Children and Families, including Family Support and Stabilization. This total falls \$5.1 million below current FY 2010 budget levels. The FY 2011 budget includes the Legislature's recommendation, which originated in the House proposal, to separate Family Support and Stabilization services from the larger Service for Children and Families account and create a distinct account. The Post-Veto Budget for this program matches the Legislature's budget without any enhanced FMAP funding which fell below both the House proposal of \$293.1 million and the Senate proposal of \$295.2 million. The \$7.4 million FMAP allocation included for this program in the Legislature's budget was vetoed by the Governor.
- \$64.1 million for the administration of the Department of Children and Families (DCF), \$4 million below current FY 2010 budget levels. The Post-Veto Budget for this program matches the Legislature's budget without any enhanced FMAP funding which fell below both the House proposal of \$65.1 million and the Senate proposal of \$68.7 million. The \$4 million FMAP allocation included for this program in the Legislature's budget was vetoed by the Governor.

#### *Developmental Services*

After accounting for the Governor's vetoes, the FY 2011 budget includes \$1.248 billion in funding for the Department of Developmental Services (DDS) and the services it administers, \$4.1 million below current FY 2010 budget levels and \$11.9 million below the FY 2010 GAA. The Post-Veto Budget for DDS matches the Legislature's budget, which fell below both the House proposal of \$1.257 billion and the Senate proposal of \$1.261 billion. The Legislature also included up to \$19.1 million in additional FMAP allocations for DDS which were vetoed by the Governor because of the FMAP extension's unlikely passage.

More specifically, the FY 2011 Post Veto budget provides the following:

- A total of \$859.7 million for community-based and state-operated residential supports, \$22.4 million above current FY 2010 budget levels of \$837.4 million. This increase appears to reflect the transitioning of clients from state facilities to other residential programs. The Post-Veto Budget for these programs matches the Legislature's budget without any enhanced FMAP funding, which fell below both the House proposal of \$861.8 million and the Senate proposal of \$866.3 million. The Legislature included up to \$6.5 million in additional funds for this program had FMAP funds become available; this FMAP allocation was vetoed by the Governor.

- \$115.3 million in funding for community day and work programs, \$4.7 million below current FY 2010 budget levels. The Post-Veto Budget for community day and work matches the Legislature's budget without any enhanced FMAP funding, which was below both the House proposal of \$120 million and the Senate proposal of \$116.3 million. The \$4.7 million FMAP allocation included for this program in the Legislature's budget, which would have provided for level funding, was vetoed by the Governor.
- \$57.2 million in funding for the administration of the Department of Developmental Services (DDS), \$8.7 million, or 13 percent, below current FY 2010 budget levels. The Post-Veto Budget matches the Legislature's budget without enhanced FMAP, which matched the House proposal but fell below the Senate proposal of \$62.9 million. The \$5.7 million FMAP allocation included for this program in the Legislature's budget was vetoed by the Governor.
- Level-funding for transitional services for adults (turning 22) when compared to current FY 2010 budget levels.

The FY 2011 budget also maintains the Legislature's proposed line item language which restricts the ability of the department to close state-operated facilities.

#### *Elder Services*

The Post-Veto Budget includes \$212.4 million for elder services programs, after a \$13 million veto due to the unavailability of enhanced FMAP funds. This total is 3 percent below FY 2010 current budget totals. (For funding for the Prescription Advantage program, funding for nursing homes, and funding for MassHealth Senior Care, see the "MassHealth (Medicaid) and Health Reform" section of this *Budget Monitor*.)

After a veto of \$10.8 million due to the presumed unavailability of FMAP funding, the elder home care program, which provides community-based long-term care services allowing elders to remain in the community and helps keep them from moving into nursing homes, receives a total of \$129.6 million in the Post-Veto Budget. This is 5 percent less than in the FY 2010 current budget. The enhanced home care program for more frail elders receives \$45.8 million, level FY 2010 current budget totals. Not only would elders on the waiting list be forced to continue waiting, it is possible that more than 1,000 frail elders currently receiving community-based long-term care are likely to lose their supports.

After an FMAP-related veto of \$1.5 million, the protective services program, which provides services for elders at risk of neglect or abuse, receives \$15.3 million in the Post-Veto Budget. This is level with FY 2010 current budget totals, largely because in FY 2010 there were 9C cuts of \$1 million during the fall.

Elder housing programs, including funding for homeless elders, receive \$1.5 million in the Post-Veto Budget. This total is level with FY 2010 current budget levels. The FY 2011 budget includes language that these dollars could also be used to support what are known as "naturally-occurring retirement communities," which are coordinated community-based support service networks that allow elders to age in place.

*Transitional Assistance*

After accounting for the Governor's vetoes, the FY 2011 budget includes \$763.5 million in funding for the Department of Transitional Assistance (DTA) and the services it administers, \$2.7 million below current FY 2010 budget levels. The Legislature also included up to \$13.4 million in additional FMAP allocations for DTA which were vetoed by the Governor because of the FMAP extension's unlikely approval. In addition to vetoing the FMAP allocations, the Governor vetoed an additional \$663,000 from the Legislature's appropriation for DTA administration. The Legislature's budget without any enhanced FMAP funds was below both the House proposal of \$776.7 million and the Senate proposal of \$771.1 million.

More specifically, the FY 2011 Post Veto budget provides the following:

- \$15 million in funding for the Employment Services Program (ESP), \$6 million, or 29 percent, below current FY 2010 budget levels. The Post-Veto Budget matches the Legislature's budget without enhanced FMAP funds, which was below both the House proposal of \$23 million and the Senate proposal of \$16 million. The \$8.1 million FMAP allocation included for this program in the Legislature's budget was vetoed by the Governor.
- \$315.2 million in funding for Transitional Aid to Families with Dependent Children (TAFDC) grant payments, \$2.9 million above current FY 2010 budget levels. The Post-Veto Budget matches the Legislature's budget without enhanced FMAP funds, which was below both the House proposal of \$319.2 million and the Senate proposal of \$316.2 million. The \$1 million FMAP allocation included for this program in the Legislature's budget was vetoed by the Governor.

*Other Human Services*

After accounting for the Governor's vetoes, the FY 2011 budget includes \$323.7 million in funding for the Other Human Services, \$1.2 million below current FY 2010 budget levels. The Legislature also included up to \$1.4 million in additional FMAP allocations for Other Human Services which were vetoed by the Governor because of the FMAP extension's unlikely approval.

"Other Human Services" includes numerous departments and services, such as the Department of Youth Services, services for Veterans, the Massachusetts Commission for the Blind, the Massachusetts Rehabilitation Commission, and the Massachusetts Commission for the Deaf and Hard of Hearing.

The FY 2011 Post Veto budget provides the following for Other Human Services:

- \$4.36 million in funding for home care services for the disabled under the Massachusetts Rehabilitation Commission, about \$740,000, or 15 percent, below current FY 2010 budget levels. The \$406,000 FMAP allocation included for this program in the Legislature's budget was vetoed by the Governor.
- \$143.1 million in total funding for the Department of Youth Services (DYS) and the programs it administers, \$5.1 million below current FY 2010 budget levels. The Legislature's budget, without enhanced FMAP, falls below the House proposal of \$143.3 million and the Senate proposal of \$144.7 million. The \$633,000 FMAP allocation included for this program in the

Legislature's budget was vetoed by the Governor, as well as \$55,000 in additional vetoes. As such, the FY 2011 budget for DYS fell \$55,000 below the Legislature's recommendation.

- \$45.4 million in funding for the Soldier's Homes in the state, \$1 million below current FY 2010 budget levels.

## INFRASTRUCTURE, HOUSING & ECONOMIC DEVELOPMENT

FY 2010 GAA	\$ 1,625,366,862
FY 2010 Current	\$ 1,679,308,313
FY 2011 Legislature Budget (Adjusted, Without FMAP)*	\$ 1,637,887,540
FY 2011 Legislature Budget (Adjusted, With FMAP)	\$ 1,652,039,018

**FY 2011 Post-Veto Budget (Adjusted)\*\*** **\$ 1,620,302,604**

<b>COMPARE</b>	<b>Increase (decrease) from FY 2010 Current</b>	<b>\$ (59,005,709)</b>
	<b>Increase (decrease) from FY 2011 Legislature Budget (Adjusted, Without FMAP)</b>	<b>\$ (17,584,936)</b>

\* An explanation of FMAP is provided in the text below.

\*\*In cases where the Legislature has shifted line items between categories, we have made an adjustment to reflect FY 2010 categories in order to provide an apples-to-apples comparison.

After accounting for the Governor's vetoes, the FY 2011 budget appropriates \$1.62 billion for Infrastructure, Housing, and Economic Development programs. This is \$59 million less than the FY 2010 current budget. To see how the Post-Veto Budget for this category compares to the budgets proposed by the Governor, the House, and Senate earlier this year, please go to *MassBudget's Budget Browser*, available [here](#).

The budget crafted by the Conference Committee and enacted by the Legislature included two sets of funding recommendations: one if Congress provides previously anticipated fiscal relief in the form of enhanced Medicaid reimbursements (FMAP), and one if that revenue is not available. Because that revenue is not currently available and it appears increasingly likely that Congress will fail to provide it, the Governor vetoed the spending levels that relied on that revenue (if the funding is provided the state could enact a supplemental budget to spend it).

Because the House and Senate had assumed the extended FMAP funding when they crafted their budgets (as did most states), the spending levels recommended by the Conference Committee if there isn't an FMAP extension were generally at or below the lower of the House and Senate recommendations. In Infrastructure, Housing, and Economic Development, the Legislature recommended \$1.65 billion if the FMAP funding is extended and \$1.64 billion if it is not.

### *Economic Development*

The FY 2011 Post-Veto Budget provides \$21.5 million for economic development programs. This is a \$17.3 million reduction from the FY 2010 current budget and is the same as the Legislature's FY 2011 budget proposal. For this category, the Legislature had proposed a level of funding that was lower than both the House and the Senate (11.4 percent and 2.3 percent lower, respectively).

The Massachusetts Life Sciences Investment Fund, which is funded through budget surpluses, could receive \$10 million in the course of FY 2011; however, because it is not an appropriation and is contingent on surpluses, there is no funding currently allocated for this fund for FY 2011.

The FY 2011 Post-Veto Budget does not include the creation of the Massachusetts Marketing Partnership, which, as outlined in the Senate Final FY 2011 budget, would coordinate trade, travel, tourism and entertainment services within the Executive Office of Housing & Economic Development. Funding for all of the economic development programs that would have been included within the Marketing Partnership is reduced in the Post-Veto Budget. The largest cut occurred with the Massachusetts Office of Travel and Tourism – a reduction of \$4.2 million from FY 2010 current amounts. The Governor has sought outside funding from the Massachusetts Convention Center Authority to make up for some of this reduced funding, however because these are not state funds, MassBudget has not included this amount in the total state funding for this line item. In addition, funding for the Massachusetts Sports & Entertainment Commission is reduced by 50 percent, over FY 2010 current amounts, to \$300,000, and the Massachusetts International Trade Council is reduced by \$25,000 (20 percent) to total funding of \$100,000.

Other significant elements of the FY 2011 Post-Veto Budget include:

- The Summer Jobs program for at-risk youth is reduced to \$3.7 million, which is \$300,000 less than FY 2010 current amounts and in line with the FY 2011 House proposal. The Senate had proposed level funding to FY 2010 current amounts, totaling \$4 million.
- The District Local Technical Assistance Fund is level funded at \$2 million, compared to FY 2010 current budgeted amounts, as it was in the House final FY 2011 budget proposal. This funding had been eliminated in the Senate FY 2011 final proposal. In FY 2010 and FY 2009, the District Local Technical Assistance Fund was initially funded through an outside section, which was vetoed by the Governor, and then later funded through separate legislation.
- Individual Training Grants are funded at \$750,000, which was the Senate final proposal for this line item and is level funding compared to FY 2010 current amounts. The House had proposed an increase for FY 2011 of \$845,000.
- Regional Economic Development Grants are eliminated the FY 2011 Post-Veto Budget. Funding for this line item had been reduced in the House final budget to \$400,000 and funded as an earmark in a different line item. The Senate final FY 2011 budget proposed level funding compared to FY 2010 current amounts, at \$800,000.

### *Housing*

The FY 2011 Post-Veto Budget appropriates \$272.4 million for state housing programs which is \$35.9 million less than the current amount budgeted for FY 2010. The Legislature's FY 2011 budget (also called the Conference Committee budget) provided \$272.5 million in funding for housing programs and provided up to \$6.9 million more if additional FMAP money were approved by Congress. The Governor vetoed this provisional funding since the FMAP money was not extended by Congress before the start of the state's fiscal year on July 1.

The single largest account within the state's housing budget is the Emergency Assistance program (EA) that provides shelter and services to homeless families living at or below 115 percent of poverty. The

recent economic crisis has greatly increased demand for EA.<sup>2</sup> While the FY 2010 General Appropriations Act (GAA) provided \$91.6 million to provide services to homeless families, the Legislature appropriated an additional \$60.1 million bringing the current budget in FY 2010 to \$151.7 million. The FY 2011 Post-Veto Budget of \$115.4 million for EA is a cut of \$36.3 million from the current FY 2010 budget. The additional \$1.6 million that the Legislature approved for the program, pending the extension of FMAP funding, was vetoed by the Governor.

In its FY 2011 budget, the Legislature approved a number of changes to EA including:

- A \$3.5 million earmark directing the Department of Housing and Community Development (DHCD) to provide housing to homeless families who are living in shelters, particularly those who have been residing in hotels and motels because shelters have run out of space. In its budget the Legislature provided an additional \$500,000 for this program should Congress pass FMAP. The Governor vetoed this additional earmark.
- Requiring that DHCD work with hotels and motels to provide homeless families with cribs for children 3 years old or under and to make its best efforts to assure that all homeless families have access to refrigeration and basic cooking facilities.
- Requiring that DHCD notify a school district within five days of DHCD placing a homeless family within that district.

While EA received a reduction in funding from FY 2010 current budget levels, most other affordable housing programs received either level funding or a slight increase over the current amount budgeted for FY 2010. In an effort to reduce demand by homeless individuals and families for shelters, the state has committed to preserving funding for affordable housing programs. Included in the FY 2011 Post-Veto Budget is:

- \$5 million in funding for caseworkers and other supports for the state homeless assistance programs, an increase of \$269,000 over FY 2010 current.
- \$37.5 million for shelter and assistance provided to homeless individuals including \$1.2 million for the Home and Healthy for Good program. This is level-funding compared with the FY 2010 current budget for these programs.
- \$62.5 million for subsidies to public housing authorities, also level funding compared with the current FY 2010 budget. In its budget the Legislature appropriated an additional \$2 million earmark, if FMAP funding were approved, to renovate vacant family units which are currently unoccupied and could be used to house families in the EA program. Because this funding relied on the extension of FMAP funding, the Governor vetoed this earmark.
- \$33.2 million for the Massachusetts Rental Voucher Program (MRPV). This is \$303,000 more than the FY 2010 current budgeted amount. In its budget the Legislature provided an additional \$2.2 million for MRVP should FMAP be approved by Congress, but the Governor vetoed this provisional funding. The Legislature's budget also requires in Outside Section 131 that MassHousing contribute \$2.7 million to MRVP budget which the Governor vetoed. Despite this slight increase in funding over the FY 2010 current budget, there is concern that MRVP needs \$33.5 million, or \$2.2 million over the amount approved in the Post-Veto Budget, in order for DHCD to fund all of these vouchers through FY 2011.

<sup>2</sup> DHCD information on homeless individual and homeless family caseloads is available [here](#).

- \$3.5 million and \$4 million for the housing voucher programs for the disabled and for clients of the Department of Mental Health respectively. This is level funding for both programs compared to the FY 2010 current budget.
- \$260,000 for the Residential Assistance for Families in Transition (RAFT) which provides one-time assistance to families at risk of becoming homeless. The Legislature included an additional \$740,000 for RAFT pending FMAP being approved by Congress but the Governor vetoed this provisional funding. While the RAFT funding in the FY 2011 Post-Veto Budget is a \$100,000 increase over the FY 2010 current budget, it is a decrease of \$2.8 million from the FY 2010 GAA. When the Governor made a series of 9C cuts in October, 2009 he transferred \$2.8 million in funding from RAFT to MRVP. Since the federal government provided the state with funding for these services through its Homelessness Prevention and Rapid Rehousing funding, included in the federal Recovery Act, the state shifted RAFT funding to MRVP. Once the federal assistance is spent by February 2011, the state will have to reassess its funding level for RAFT.

### *Transportation*

The FY 2011 Post-Veto Budget proposes \$1.24 billion for transportation funding, representing a 1.1 percent increase from FY 2010 current amounts. This includes \$195 million for the newly formed Massachusetts Transportation Trust Fund (MTTF), \$160 million for the Massachusetts Bay Transportation Authority (MBTA), \$15 million for Regional Transit Authorities (RTA), and \$767.1 million in tax revenues set aside for the MBTA.

The Legislature's FY 2011 budget proposal had included \$200 million for the MTTF, as did the House and Senate FY 2011 proposals. The Governor vetoed \$5 million from this fund, leaving an appropriation of \$195 million.

While this appears to be a 1.1 percent increase in funding for transportation programs and services, which were funded by individual line items in FY 2010 but are consolidated under the new Massachusetts Department of Transportation (MassDOT) in FY 2011, the apparent increase is the result of an accounting change. The funding available for the services funded by these items has actually declined. In the FY 2010 GAA, state transportation funding consisted of \$275 million from the Commonwealth Transportation Fund, in addition to \$194.7 million in individual line items for various transportation agencies and programs. These line items were cut by \$12.6 million, or 6 percent, through the Governor's 9C reductions. The current funding amount for these line item appropriations is now at \$182 million. In the Post-Veto Budget proposal for FY 2011, funding for these transportation line items increased to \$195 million (the amount allocated for the MTTF). The MTTF funds would be administered through MassDOT, which would then distribute funding to the various programs and agencies.

It is important to note, however, that \$17.2 million of this increase will be for fringe and other indirect costs that the transportation department had previously not been responsible for, but will be assessed on MassDOT. To allow for accurate year to year comparisons, this amount should be subtracted from the MassDOT accounts and appropriate adjustments should be made in the accounts where those fringe costs had been paid previously. We are not able to make those adjustments in this *Budget Monitor* because the complete data is not currently available. Thus, the remaining amount for former

transportation line items (\$178 million) would actually be a \$4 million reduction in funding from FY 2010 current amounts. This adjustment will be made by *MassBudget* as information becomes available.

As previously mentioned, the Commonwealth Transportation Fund totaled \$275 million in FY 2010. In the FY 2011 Post-Veto Budget proposal, \$160 million and \$15 million of this amount would be allocated to the MBTA and RTAs respectively. The remaining \$100 million of the Commonwealth Transportation Fund was contract assistance payments to the Massachusetts Turnpike Authority in FY 2010. The Post-Veto proposal shifts this \$100 million to a different line item administered by the Department of Administration and Finance. However, this *Budget Monitor* counts the \$100 million for the Turnpike Authority within the overall funding for transportation. This is reflected as an adjustment to the MTTF and is incorporated in the Post-Veto Budget Adjusted number for this section.

### *Workforce & Labor*

The FY 2011 Post-Veto Budget provides \$41 million for Workforce and Labor programs, a \$16.7 million, or 29 percent, reduction from FY 2010 current amounts. This is \$12.5 million less than the Legislature's proposal for workforce and labor.

This reduction in funding for workforce and labor programs from the Legislature's FY 2011 proposal is due to the Governor's veto of \$12.5 million from the Workforce Training Fund. This had been funded at \$21 million by the House, \$15 million by the Senate, and \$24 million by the Conference Committee. The Post-Veto funding amount, \$11.5 million, is \$19 million less than the FY 2010 current amount for the Workforce Training Fund. However, in the Governor's veto message, he indicated that unexpended funds from FY 2010 could be carried forward into FY 2011, for a total funding amount of \$21 million. This is typically how this line item is funded – each year, funds remaining at the end of the year are made available for use in the following year to fund ongoing obligations, such as multi-year contracts that are approved in one year but are paid out over two or three years.

The Governor did not make any additional vetoes to the Legislature's budget (beyond vetoing FMAP funding) for all other workforce and labor programs. One-Stop Career Centers had been funded at nearly \$5 million in the FY 2010 GAA, but had been reduced to \$3 million after the Governor's 9C cuts. The Post-Veto Budget provides \$5 million for One-Stop Career Centers, which is \$2 million more than FY 2010 current amounts.

## LAW &amp; PUBLIC SAFETY

FY 2010 GAA	\$ 2,141,956,951
FY 2010 Current	\$ 2,421,393,067
FY 2011 Legislature Budget (Adjusted, Without FMAP)*	\$ 2,268,605,120
FY 2011 Legislature Budget (Adjusted, With FMAP)	\$ 2,304,346,593

<b>FY 2011 Post-Veto Budget (Adjusted)**</b>	<b>\$ 2,265,398,795</b>
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<b>COMPARE</b>	<b>Increase (decrease) from FY 2010 Current</b>	<b>\$ (155,994,272)</b>
	<b>Increase (decrease) from FY 2011 Legislature Budget (Adjusted, Without FMAP)</b>	<b>\$ (3,206,325)</b>

\* An explanation of FMAP is provided in the text below.

\*\*In cases where the Legislature has shifted line items between categories, we have made an adjustment to reflect FY 2010 categories in order to provide an apples-to-apples comparison.

After accounting for the Governor's vetoes, the FY 2011 Post-Veto Budget appropriates \$2.27 billion for Law and Public Safety. This is \$156.0 million (or 6.4 percent) less than the FY 2010 current budget for Law and Public Safety. To see how the Post-Veto Budget for this category compares with the budgets proposed by the Governor, the House, and Senate earlier this year, please go to *MassBudget's Budget Browser* available [here](#).

The budget crafted by the Conference Committee and enacted by the Legislature included two sets of funding recommendations: one if Congress provides previously anticipated fiscal relief in the form of enhanced Medicaid reimbursements (FMAP), and one if that revenue is not available. Because that revenue is not currently available and it appears increasingly likely that Congress will fail to provide it, the Governor vetoed the spending levels that relied on that revenue (if the funding is provided the state could enact a supplemental budget to spend it).

Because the House and Senate had assumed the extended FMAP funding when they crafted their budgets (as did most states), the spending levels recommended by the Conference Committee if there isn't an FMAP extension were generally at or below the lower of the House and Senate recommendations. In Law and Public Safety, the Legislature had recommended \$2.30 billion if the FMAP funding was extended and \$2.27 billion if it was not.

The *MassBudget* Law and Public Safety category includes funding for an array of departments and programs, including courts, public defenders and other legal assistance for indigent persons, district attorneys, the Attorney General, the Department of Public Safety, law enforcement, prisons, probation, parole and the state's military division.

## COURTS &amp; LEGAL ASSISTANCE

After accounting for the Governor's vetoes, the FY 2011 budget appropriates \$588.7 million for courts and legal assistance. This is \$54.6 million (or 8.5 percent) less than current FY 2010 appropriations. For a number of accounts in this *MassBudget* subcategory -- particularly those funding state courts -- the FY 2011 budget appropriated amounts somewhat below either the House or Senate proposals. In all cases,

the Governor vetoed language allocating any additional FMAP funding that might be provided by Congress. Some of the significant elements of the FY 2011 Post-Veto Budget include the following:

- The FY 2011 Post-Veto Budget makes cuts to most of the state courts, with amounts falling below those proposed either by the House or Senate. These cuts generally range from about 7.5 percent to 13.5 percent from current FY 2010 funding levels and include cuts to the District Courts, Land Court, Housing Court, Boston Municipal Courts, and Probate and Family Court.
- Adopting the House proposal, the FY 2011 Post-Veto Budget reduces funding for public defenders by \$4.3 million to \$32.3 million, relative to current FY 2010 appropriations. Adopting the Senate proposal, it also reduces funding to pay private counsel by \$32.9 million to \$117.5 million, relative to current FY 2010 appropriations.
- The FY 2011 Post-Veto Budget, adopting the Senate's proposal, cuts funding for the Office of the Chief Justice for Administration and Management by \$5.5 million (or 2.9 percent) relative to current FY 2010 appropriations.
- The FY 2011 Post-Veto Budget does not follow the Governor's recommendation to consolidate funding for district courts into a single line item. Instead, it continues to provide funds directly to the district courts through individual line item appropriations.

Unlike either the House budget or the Governor's recommendations, the FY 2011 Post-Veto Budget adopts the Senate proposal and continues to provide authority to the Chief Justice for the Trial Courts to expend \$53 million in retained revenues in FY 2011. Both the House and Governor eliminated this authority in their budgets, but each provided additional funding to the Trial Courts through other accounts. While each of the budgets allocates resources differently, total proposed FY 2011 funding for departments and programs related to the courts and legal assistance varies by less than 3.5 percent among the House, Governor, Senate, and the FY 2011 Post-Veto Budgets.

#### *LAW ENFORCEMENT*

The Legislature's FY 2011 budget appropriated \$318.9 million to law enforcement and included language allocating up to another \$7.6 million should additional FMAP funding become available from Congress. The Governor vetoed only the FMAP language from these accounts (because these revenues are not available currently), leaving the FY 2011 Post-Veto Budget total unchanged at \$318.9 million. This total is \$15.2 million (or 4.6 percent) less than current FY 2010 appropriations. The Governor, however, has requested another \$3.5 million in FY 2011 supplemental spending for State Police Operations which would reduce the gap between FY 2010 and FY 2011 spending to \$11.7 million (or 3.5 percent). Some of the significant elements of the FY 2011 Post-Veto Budget include the following:

- The FY 2011 Post-Veto Budget appropriates \$228.4 million to the Department of State Police Operations, \$6.6 million (or 2.8 percent) less than current FY 2010 appropriations. As noted above, however, the Governor has requested additional, FY 2011 supplemental spending of \$3.5 million on this account, which would reduce the gap between FY 2010 and FY 2011 funding levels. The FY 2011 Post-Veto Budget total is below the \$234.8 million proposed by the Senate, and slightly above the \$227.2 million proposed by the House.

- Like the House, Governor, Senate, and Conference Committee's FY 2011 budgets, the FY 2011 Post-Veto Budget provides only \$5 million for the Quinn Bill, a program that offers salary enhancements to police officers who acquire advanced degrees. This is a \$5 million reduction from the \$10 million appropriated in the current FY 2010 budget.
- The FY 2011 Post-Veto Budget provides \$4.5 million for gang violence prevention grants (Shannon Grants), an amount equal to current FY 2010 appropriations. The Legislature's FY 2011 budget had allocated up to an additional \$2.5 million for the Shannon Grant program (bringing the total appropriation to \$6.5 million, as proposed by both the House and Senate), but the Governor vetoed this FMAP-dependent funding.
- The FY 2011 Post-Veto Budget, following the House's proposal, provides \$7.0 million for the Chief Medical Examiner, an amount \$835,000 below current FY 2010 appropriations. The Governor vetoed \$604,000 in FMAP-dependent funding, but even without this reduction, the FY 2011 budget would have been below current FY 2010 levels. Offsetting some of these losses, the FY 2011 Post-Veto Budget allows \$360,000 more than the current FY 2010 budget appropriation (of \$1.7 million) to be retained in and expended from the Chief Medical Examiner's retained revenue account.

#### *PRISONS, PROBATION & PAROLE*

The Post-Veto FY 2011 budget appropriates \$1.18 billion to prisons, probation and parole accounts. This amount is \$61.4 million (or 4.9 percent) less than current FY 2010 appropriations. The Governor, however, also has requested another \$10.0 million in supplemental funds be made available to the Department of Correction Facility Operations in FY 2011. This additional FY 2011 funding would reduce the gap to \$51.4 million (or 4.1 percent) below current FY 2010 appropriations. Some of the significant elements of the FY 2011 Post-Veto Budget include the following:

- The FY 2011 Post-Veto Budget provides \$495.0 million to the Department of Corrections Facility Operations, an amount \$19.7 million (or 3.8 percent) less than current FY 2010 appropriations. This appropriation amount is below that proposed by the Governor, the House or the Senate budgets. As noted above, currently anticipated supplemental FY 2011 funding may increase this FY 2011 total to \$505.0 million.
- Following Senate proposals, the FY 2011 Post-Veto Budget makes changes to statutory language pertaining to the Office of the Commissioner of Probation, including limiting the term of the Commissioner of Probation to five years.<sup>3</sup> While the Legislature's budget approved a five year limit, it had exempted the current Commissioner from that limit. The Governor's vetoes removed this exemption, making the current commissioner subject to the limit.

The FY 2011 Post-Veto Budget also creates a task force to consider the feasibility and advisability of transferring authority over the Office of Probation, the Office of Community Corrections, and the Parole Board either to the chief justice for administration and management or to the Executive Office of

<sup>3</sup> FY 2011 Budget, Outside Section 103: [http://www.mass.gov/bb/gaa/fy2011/os\\_11/houtexp.htm](http://www.mass.gov/bb/gaa/fy2011/os_11/houtexp.htm)

Public Safety and Security.<sup>4</sup> The account for the Commissioner of Probation receives \$119.4 million or \$2.7 million less in the FY 2011 Post-Veto Budget than current FY 2010 appropriations. This amount is less than the Governor, House, or Senate budgets had proposed.

- As with the House, Governor, and Senate budgets, the FY 2011 Post-Veto Budget continues changes begun in FY 2010 to bring “on budget” the state funding for seven county sheriff’s departments which previously had taken place “off budget” (the other seven county sheriff departments have been funded “on-budget” for many years). In the FY 2011 Post-Veto Budget, funding for all fourteen sheriffs’ departments has been cut by 2.5 percent relative to current FY 2010 funding levels, with FY 2011 appropriation amounts falling below amounts proposed by the Governor, House or Senate. In addition to these account-specific appropriations, however, the FY 2011 Post-Veto Budget provides another \$6.0 million to a reserve account which the Executive Office of Administration and Finance will distribute to any of the 14 county sheriff departments as additional operating expenses arise. The Governor vetoed \$4.5 million in FMAP-dependent funding from the \$10.5 million FY 2011 total originally approved by the Legislature for this reserve account.
- The FY 2011 Post-Veto Budget adopts a proposal from the Senate FY 2011 Budget, establishing a committee to study the feasibility of assessing fees to inmates in the correctional system, including a daily room-and-board fee and medical co-pays.<sup>5</sup>

#### PROSECUTORS

The Post-Veto FY 2011 budget appropriates \$130.1 million to prosecutors, an amount below that proposed by the Governor, House or Senate. This amount is \$2.5 million (or 1.9 percent) less than current FY 2010 appropriations. Some of the significant elements of the FY 2011 Post-Veto Budget include the following:

- Relative to current FY 2010 appropriations, the Post-Veto FY 2011 budget makes across-the-board cuts of 1.0 percent to all county District Attorneys’ offices (with cuts ranging from \$34,000 to \$130,000). The Governor, House and Senate budgets all had proposed flat-funding for the county District Attorney’s offices for FY 2011.
- The Post-Veto FY 2011 budget provides \$1.1 million to the District Attorneys’ Association, a cut of \$490,000 from current FY 2010 appropriations. The Governor, House and Senate budgets all had proposed flat-funding for the District Attorneys’ Association for FY 2011.
- Adopting the Senate proposal, the Post-Veto FY 2011 budget provides \$22.7 million to the Office of the Attorney General, a cut of \$747,000 from current FY 2010 appropriations.
- Adopting the House proposal, the Post-Veto FY 2011 budget provides \$2.9 million to the Wage Enforcement Program, a cut of \$402,000 from current FY 2010 appropriations.

<sup>4</sup> FY 2011 Budget, Outside Section 179: [http://www.mass.gov/bb/gaa/fy2011/os\\_11/houtexp.htm](http://www.mass.gov/bb/gaa/fy2011/os_11/houtexp.htm)

<sup>5</sup> FY 2011 Budget, Outside Section 177: [http://www.mass.gov/bb/gaa/fy2011/os\\_11/houtexp.htm](http://www.mass.gov/bb/gaa/fy2011/os_11/houtexp.htm)

- Adopting the amount proposed in the Governor, House and Senate budgets, the Post-Veto FY 2011 budget provides \$3.8 million to the Medicaid Fraud Control Unit, an increase of \$348,000 over current FY 2010 appropriations.

#### *OTHER LAW & PUBLIC SAFETY*

The Post-Veto FY 2011 budget appropriates \$45.6 million to accounts that fall into the *MassBudget* subcategory of Other Law and Public Safety. This amount is \$22.3 million (or 32.8 percent) less than current FY 2010 appropriations. The appropriation for one account in this subcategory, however (the Executive Office of Public Safety and Security), was boosted in FY 2010 by the addition of \$21 million in one-time federal ARRA State Stabilization funds. Removing this one-time federal money from our comparison, we see that ongoing state-level support for Other Law and Public Safety accounts will fall instead by only \$1.3 million (or 2.9 percent) in FY 2011. The Post-Veto FY 2011 budget provides slightly more than the Governor's proposal (\$45.0 million), or the House proposal (\$44.9 million), but less than the Senate proposal (\$48.4 million). Some of the significant elements of the FY 2011 Post-Veto Budget include the following:

- Adopting the Senate proposal, the Post-Veto FY 2011 budget appropriates \$1.4 million to the Department of Public Safety, \$517,000 less than current FY 2010 appropriations.
- Adopting the Senate proposal, the Post-Veto FY 2011 budget appropriates \$3.5 million to the Division of Inspectors, \$869,000 less than current FY 2010 appropriations.
- Adopting the House (and almost identical Senate) proposal, the Post-Veto FY 2011 budget appropriates \$7.8 million to the Military Division, \$1.6 million less than current FY 2010 appropriations.
- Adopting the House (and almost identical Senate) proposal, the Post-Veto FY 2011 budget appropriates \$1.2 million to the Massachusetts Emergency Management Agency, \$811,000 less than current FY 2010 appropriations.
- Adopting the Senate proposal, the Post-Veto FY 2011 budget appropriates \$5.5 million to a retained revenue account for Elevator Inspections, \$3.0 million more than current FY 2010 appropriations.

## LOCAL AID

FY 2010 GAA	\$ 964,825,140
FY 2010 Current	\$ 964,886,803
FY 2011 Legislature Budget (Adjusted, Without FMAP)*	\$ 925,212,293
FY 2011 Legislature Budget (Adjusted, With FMAP)	\$ 927,401,293

<b>FY 2011 Post-Veto Budget (Adjusted)**</b>	<b>\$ 925,212,293</b>
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<b>COMPARE</b>	<b>Increase (decrease) from FY 2010 Current</b>	<b>\$ (39,674,510)</b>
	<b>Increase (decrease) from FY 2011 Legislature Budget (Adjusted, Without FMAP)</b>	<b>\$ 0</b>

*\* An explanation of FMAP is provided in the text below.*

*\*\*In cases where the Legislature has shifted line items between categories, we have made an adjustment to reflect FY 2010 categories in order to provide an apples-to-apples comparison.*

The FY 2011 Post-Veto Budget provides \$925.2 million for line items included in the *MassBudget* category of Local Aid (which does not include Chapter 70 education aid). This funding level is \$39.7 million (4.1 percent) less than current FY 2010 appropriations.

The Legislature's budget included language allocating up to an additional \$2.2 million should Congress provide some or all of the FMAP funding that states had been anticipating. As he did throughout the budget, however, the governor vetoed language allocating these additional FMAP dollars because Congress still has not authorized an extension.

Within Local Aid, the FY 2011 Post-Veto Budget provides:

- \$899 million in unrestricted general government aid. This funding level is \$37.5 million (4 percent) less than current FY 2010 appropriations. The Legislature did not recommend increasing funding for unrestricted aid if additional FMAP money were passed by Congress.
- \$25.3 million for Reimbursements to Cities in Lieu of Taxes on State Owned Land. This funding level is \$2 million less than current FY 2010 appropriations. The Legislature's budget included language to restore this cut should Congress provide all of the FMAP funding that states had been anticipating.
- \$962,000 for Payments to Cities and Towns for Local Share of Racing Tax Revenues. This funding level is \$217,000 million (18.4 percent) less than current FY 2010 appropriations. The legislature's budget included language to restore most of this cut should Congress provide all of the FMAP funding that states had been anticipating.

**OTHER**

FY 2010 GAA	\$ 4,029,673,779
FY 2010 Current	\$ 3,988,101,932
FY 2011 Legislature Budget (Adjusted, Without FMAP)*	\$ 3,941,436,487
FY 2011 Legislature Budget (Adjusted, With FMAP)	\$ 3,951,924,274

**FY 2011 Post-Veto Budget (Adjusted)\*\* \$ 3,912,189,526**

<b>COMPARE</b>	<b>Increase (decrease) from FY 2010 Current</b>	<b>\$ (75,912,406)</b>
	<b>Increase (decrease) from FY 2011 Legislature Budget (Adjusted, Without FMAP)</b>	<b>\$ (29,246,960)</b>

*\* An explanation of FMAP is provided in the text below.*

*\*\*In cases where the Legislature has shifted line items between categories, we have made an adjustment to reflect FY 2010 categories in order to provide an apples-to-apples comparison.*

*DEBT SERVICE*

The FY 2011 Post-Veto Budget follows the proposal shared by the Governor, House and Senate to reduce FY 2011 debt service costs by \$300 million. This debt restructuring plan relies on refinancing a portion of the state’s debt, reducing what otherwise would be FY 2011 debt service costs of \$2.16 billion. While this approach achieves a reduction in FY 2011 debt service obligations, this plan would shift these repayment costs into future years.

As the Governor’s budget documents explain, the refinancing plan is comprised of two separate transactions. The first transaction would refinance \$200 million of FY 2011 debt, helping to smooth a one-time spike in debt service costs occurring in FY 2011, spreading that \$200 million cost across the next seven years when the state’s anticipated debt service obligations will be significantly lower. This transaction would bring FY 2011 debt service costs down to the level required in FY 2010. The second transaction would refinance an additional \$100 million of FY 2011 debt should the state’s October revenue estimates suggest that further budgetary relief will be required. This second transaction would drop FY 2011 debt service costs well below FY 2010 levels. Again, these costs would be shifted into future years. As with the Governor, House, and Senate budgets, the FY 2011 Post-Veto Budget assumes that both transactions will occur.

In addition to this combined \$300 million reduction, a delay in issuing certain state debt until later in the year has reduced anticipated FY 2011 debt service costs by another \$25 million than was previously estimated. Finally, in his vetoes, the Governor removed \$700,000 in FMAP-dependent funding for FY 2011 debt service. Altogether, the FY 2011 Post-Veto Budget provides a total of \$1.84 billion to cover anticipated debt service costs.

*PENSIONS*

The FY 2011 Post-Veto Budget appropriates \$1.44 billion to the Pension Reserves Investment Trust Fund. This is almost the same amount as the Governor, House and Senate each proposed, and is \$65.2 million (or 4.7 percent) more than the current FY 2010 appropriation. This annual appropriation is in accordance with the 1988 state law that requires the Commonwealth to set aside money in the present in order to fund the future pension costs of public employees.

For many years prior to 1988, the Commonwealth failed to fund adequately future public employee pension costs, ultimately accruing a significant unfunded liability estimated by the Public Employee Retirement Administration Commission at \$22.08 billion as of January 2009 (the most recent valuation).<sup>6</sup>

Current law requires the Commonwealth to reduce this liability to zero by no later than June 30, 2028 (though the state has been budgeting such that this obligation will be zeroed out by June 30, 2025).<sup>7</sup> In order to achieve this goal, every three years the Secretary of Administration and Finance produces a schedule of contributions the state will need to make annually in order to fund these future liabilities. The figure of \$1.44 billion is the amount stipulated for FY 2011 under the most recent set of estimates (February 2009) produced by the Secretary of Administration and Finance.

These estimates, however, were produced using the state's unfunded liability valuation as of January 2008 (\$12.11 billion),<sup>8</sup> not the more recent January 2009 estimate (\$22.08 billion). The deep recession of the last several years has resulted in a steep decline in the value of the state's pension investments, thus markedly increasing the state's unfunded liability. The annual contributions that now would be required to close a gap much larger than \$12.11 billion (while still meeting the June 30, 2025 goal) would be substantially higher than those produced by the Secretary of Administration and Finance in February 2009.

*LIBRARIES*

The FY 2011 Post-Veto Budget recommends spending \$21.1 million on Libraries, which is \$3.8 million less than the FY 2010 GAA and \$3.6 million less than the current FY 2010 budget.

The FY 2011 Post-Veto Budget is identical to the Conference Committee budget passed by the Legislature. It requires that local aid to regional libraries be cut by \$3.5 million from the current budget to \$8.8 million. This funding will require the consolidation of the regional library system which currently has six offices. The budget requires that appropriation for regional libraries fund at least two offices, one serving eastern Massachusetts and the other serving the western part of the state. In addition to aid for the regional library systems, the state budget also provides aid to other local public libraries, for which the FY 2011 Post-Veto Budget recommends level-funding at \$6.8 million.

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<sup>6</sup> See [Massachusetts Official Statement, Bond Prospectus, March 2010](#).

<sup>7</sup> See [Massachusetts Public Employee Retirement Administration Committee, 2009 Report](#).

<sup>8</sup> See [Massachusetts Official Statement, Bond Prospectus, November 2008](#). While the valuation looks at liabilities as of January 2008, the official Public Employee Retirement Administration Commission (PERAC) report itself is not issued until the following September. Thus, when the FY 2011 contribution amount was determined by ANF in February of 2009, the newer valuation for liabilities (as of January 2009) was not yet available from PERAC.

## REVENUE

### *NON-TAX REVENUE*

Compared to the Legislature's budget, the Post-Veto Budget assumes significant reductions in federal revenues (see discussion below), as well as several sources of non-tax revenue. Like the Legislature's budget, the Post-Veto Budget withdraws \$100 million from the Commonwealth's Stabilization Fund (the "Rainy Day" fund). In addition, the budget counts on a withdrawal of \$5.9 million in interest earned by the Stabilization Fund, and also forgoes a statutory deposit into the fund of about \$95 million. In addition the FY 2011 forgoes a statutory "carry-forward" of approximately \$95 million that is typically required as a set-aside for the next year's budget. The FY 2011 budget also withdraws close to \$64 million in otherwise unused funds from a variety of other trust funds. The largest fee increases in FY 2011 compared to FY 2010 are the increased assessments on nursing homes (approximately \$20 million more) and on managed care organizations (a new \$18.3 million assessment). The FY 2011 budget also anticipates that increased fraud and abuse tracking efforts will bring in \$15 million.

The biggest difference between the budget signed by the Governor and the budget proposed by the Legislature, however, is in the treatment of certain federal revenues. The budget proposed by the Legislature on June 23, 2010 included two sets of spending levels: one if the state were to receive funding from a six-month extension of the enhanced Federal Medicaid Assistance Percentage (FMAP) federal reimbursement – a significant component of stimulus included in the federal Recovery Act – and one if the state does not receive this receive additional fiscal relief. To show how this money would be allocated, the Legislature's budget proposal included spending levels in a number of line items that had both a base level and a higher amount that could be spent if additional FMAP funding were received. If the FMAP extension were to pass, the Legislature had estimated that total available federal revenues would be increased by approximately \$687 million.

As of the time of the Governor's action on the budget, however, this FMAP extension has not yet passed Congress. Accordingly, the Governor assumed that available federal revenues would be at least \$687 million less than as presented in the Legislature's budget. The Governor vetoes from each line item the amount associated with this enhanced FMAP extension. If Congress eventually passes legislation that includes additional FMAP funding, the Governor could then file supplementary budget legislation that would propose how to spend those dollars. Most of the Governor's vetoes are, thus, largely due to these different assumptions about federal revenues.

The Governor's budget also is based on a few differences from the Legislature in assumptions about other sources of revenue. The Conference Committee adopted higher revenue estimates than had either the Senate or the House for the lottery and several other non-tax revenue sources). The Governor's additional vetoes beyond the enhanced FMAP totals were to accommodate these differences in revenue estimates.

### *TAX REVENUE*

The budget enacted by the Legislature does not include the tax reform proposals recommended by the governor. In his budget proposal, the Governor had recommended a variety of tax reforms and administrative changes that were estimated would deliver some \$230 million in added revenues in FY 2011 (see "Budget Monitor: The Governor's Fiscal Year 2011 Budget," March 26, 2010, available at: <http://massbudget.org/doc/720/1108>). The Legislature opted not to adopt many of these

recommendations, thereby forgoing a significant amount of potential FY 2011 revenues. Among the changes NOT adopted in the FY 2011 Post-Veto budget were:

- \$75 million in savings from capping total cost of the film tax credit at \$50 million a year. This cap would just be in place for FY 2011 and FY 2012.
- \$61.6 million in new revenue from repealing the sales tax exemption for candy and soda. Most of this revenue would be used to help pay for the state's public health programs, and about \$10 million would support the state's school building program.
- \$20 million from extending the bottle bill to juices, water and sports drinks.
- \$15 million from increasing the tax on smokeless tobacco and cigars which were not subject to the 2008 cigarette tax increase. The revenue from this would be dedicated to the Commonwealth Care Trust Fund to help pay for the state's health reform initiatives.
- \$5 million in savings from repealing the aircraft sales tax exemption.

As did both the House and Senate budgets, the FY 2011 Post-Veto Budget relies on \$5 million in savings from the Governor's earlier action that reduced FY 2011 life science credit awards.

## APPENDIX A: What are the “adjustments” made to the budget proposals?

In order to allow for accurate comparisons of FY 2011 budget proposals to FY 2010 budget totals, *MassBudget* “adjusts” budget totals when the FY 2011 proposal recommends departmental reorganizations. These adjustments allow the user to differentiate between changes in funding due to proposed cuts or expansions in funding, rather than due to organizational shifts.

Specifically, in this *Budget Monitor*, the FY 2011 totals reflect the following adjustments:

### HIGHER EDUCATION

7100-0200: University of Massachusetts. The FY 2011 budget funds the Toxics Use Reduction Institute in an account at the Department of Environmental Protection (2210-0105). In FY 2010, the Toxics Use Reduction Institute had been funded within the University of Massachusetts (7100-0200). In order to allow for accurate year-to-year comparisons, the FY 2011 adjusted total adds \$1.7 million in funding for the institute back into the University of Massachusetts within “Higher Education”, and removes it from the “Environmental Protection” total.

### ENVIRONMENTAL ADMINISTRATION

2001-1001: Environmental Affairs Data Processing Service Fee Retained Revenue. The FY 2011 budget funds environmental data processing within centralized data processing in the Information Technology Division (1750-0151). In FY 2010, this had been funded within an account at the Office of Energy and Environmental Affairs (2001-1001). In order to allow for accurate year-to-year comparisons, the FY 2011 adjusted total adds \$55,000 in funding back into “Environmental Administration”, and removes it from the “Other Administration” total.

### ENVIRONMENTAL PROTECTION

2000-1700: Energy and Environment Information Technology Costs. The FY 2011 budget funds environmental information technology within the Geographic and Environmental Services account in the Information Technology Division (1790-0150). In FY 2010, this had been funded within an account at the Office of Energy and Environmental Affairs (2000-1700). In order to allow for accurate year-to-year comparisons, the FY 2011 adjusted total adds \$70,000 in funding back into “Environmental Protection”, and removes it from the “Other Administration” total.

2210-0105: Toxics Use Retained Revenue. The FY 2011 budget funds the Toxics Use Reduction Institute in an account at the Department of Environmental Protection (2210-0105). In FY 2010, the Toxics Use Reduction Institute had been funded within the University of Massachusetts (7100-0200). In order to allow for accurate year-to-year comparisons, the FY 2011 adjusted total adds \$1.7 million in funding for the institute back into the University of Massachusetts within “Higher Education,” and removes it from the “Environmental Protection” total.

### PUBLIC HEALTH

4590-0915: Public Health Hospitals. The FY 2011 budget funds a program for homeless individuals at the Lemuel Shattuck Hospital in the Homeless Individuals Assistance account (7004-0102) within the Department of Housing and Community Development. In FY 2010, this program had been funded with the Public Health Hospitals account (4590-0915) within the Department of Public Health. In order to allow for accurate year-to-year comparisons, the FY 2011 adjusted total adds \$1 million for this program back into the public health hospital account with “Public Health”, and removes it from the homeless individuals assistance account within “Housing and Community Development.”

## STATE EMPLOYEE HEALTH INSURANCE

1108-5200: Group Insurance Premiums and Plan Costs. The FY 2011 budget includes funding in the Group Insurance Premiums account for county sheriff, MBTA and Massachusetts Turnpike Authority employees. In FY 2010 budget, these health insurance costs were included elsewhere in the budget or were paid for by authorities that are off-budget. In order to allow for accurate year-to-year comparisons, the FY 2011 adjusted total subtracts from the Group Insurance total within "State Employee Health Insurance" the costs of the county sheriff employees (\$36.6 million), and adds this amount to County Correctional Programs (8900-0000) within "Prisons, Probation and Parole." The FY 2011 adjusted totals also subtracts the costs of health insurance for MBTA and Turnpike Authority employees from the Group Insurance total (\$31.7 million). (This amount is not added back elsewhere into the budget, since in FY 2010, these costs were carried "off-budget" by the authorities. This particular adjustment reduces the appropriations total by \$31.7 million.)

## HOUSING AND COMMUNITY DEVELOPMENT

7004-0102: Homeless Individuals Assistance. The FY 2011 budget funds a program for homeless individuals at the Lemuel Shattuck Hospital in the Homeless Individuals Assistance account (7004-0102) within the Department of Housing and Community Development. In FY 2010, this program had been funded with the Public Health Hospitals account (4590-0915) within the Department of Public Health. In order to allow for accurate year-to-year comparisons, the FY 2011 adjusted total adds \$1 million for this program back into the public health hospital account with "Public Health", and removes it from the homeless individuals assistance account within "Housing and Community Development."

## TRANSPORTATION

1595-6368: Massachusetts Transportation Trust. The FY 2011 budget funds a portion of the costs of Massachusetts Turnpike Authority debt in the Massachusetts Turnpike Authority Contract Assistance debt service account (1599-1970). In FY 2010, these costs had been funded within the Massachusetts Transportation Trust. In order to allow for accurate year-to-year comparisons, the FY 2011 adjusted total adds \$100 million back into the Transportation Trust within "Transportation," and removes it from the debt service account within "Debt Service."

## PRISONS, PROBATION AND PAROLE

8910-0000: County Correctional Programs. The FY 2011 budget includes funding in the Group Insurance Premiums account for county sheriff employees. In FY 2010 budget, these health insurance costs were included elsewhere in the budget. In order to allow for accurate year-to-year comparisons, the FY 2011 adjusted total subtracts from the Group Insurance total within "State Employee Health Insurance" the costs of the county sheriff employees (\$36.6 million), and adds this amount to County Correctional Programs (8900-0000) within "Prisons, Probation and Parole."

## DEBT SERVICE

1599-1970: Massachusetts Turnpike Authority Contract Assistance. The FY 2011 budget funds a portion of the costs of Massachusetts Turnpike Authority debt in the Massachusetts Turnpike Authority Contract Assistance debt service account (1599-1970). In FY 2010, these costs had been funded within the Massachusetts Transportation Trust. In order to allow for accurate year-to-year comparisons, the FY 2011 adjusted total adds \$100 million back into the Transportation Trust within "Transportation", and removes it from the debt service account within "Debt Service."

## OTHER

1790-0150: Geographic and Environmental Information. The FY 2011 budget funds environmental information technology within the Geographic and Environmental Services account in the Information Technology Division (1790-0150). In FY 2010, this had been funded within an account at the Office of Energy and Environmental Affairs (2000-1700). In order to allow for accurate year-to-year comparisons, the FY 2011 adjusted total adds \$70,000 in funding back into "Environmental Protection," and removes it from the "Other Administration" total.

1790-0251: Data Processing Service Fee Retained Revenue. The FY 2011 budget funds environmental data processing within centralized data processing in the Information Technology Division (1750-0151). In FY 2010, this had been funded within an account at the Office of Energy and Environmental Affairs (2001-1001). In order to allow for accurate year-to-year comparisons, the FY 2011 adjusted total adds \$55,000 in funding back into "Environmental Administration", and removes it from the "Other Administration" total.

APPENDIX B: BUDGET BY CATEGORY AND SUBCATEGORY

BUDGET BY CATEGORY DETAIL (Numbers in Millions)	FY 2010		FY 2011 <sup>2</sup>				FY 2011 Post-Veto Compared to FY 2010 Current
	GAA	Current <sup>1</sup>	Legislature with FMAP	Legislature without FMAP	Veto	Post-Veto	
<b>Education</b>	<b>6,711.4</b>	<b>6,651.2</b>	<b>6,519.1</b>	<b>6,453.5</b>	<b>(65.7)</b>	<b>6,453.4</b>	<b>(197.8)</b>
Chapter 70	4,042.0	4,042.0	3,926.5	3,926.5	0.0	3,926.5	(115.6)
Early Education and Care	537.3	520.8	514.1	505.2	(8.9)	505.2	(15.6)
Elementary and Secondary Education	447.8	431.6	449.5	423.4	(26.2)	423.3	(8.3)
Higher Education	1,077.2	1,076.6	984.7	954.1	(30.6)	954.1	(122.5)
School Building	607.1	580.1	644.3	644.3	0.0	644.3	64.2
<b>Environment and Recreation</b>	<b>199.7</b>	<b>206.5</b>	<b>187.4</b>	<b>177.2</b>	<b>(10.7)</b>	<b>176.8</b>	<b>(29.8)</b>
Agriculture	16.0	16.1	16.1	16.0	(0.1)	16.0	(0.1)
Environmental Administration	17.5	16.5	15.3	14.8	(0.6)	14.7	(1.8)
Environmental Protection	65.8	62.9	59.0	58.4	(1.0)	58.0	(5.0)
Fish and Game	17.8	17.4	17.8	17.4	(0.3)	17.4	0.0
Parks and Recreation	82.7	93.6	79.3	70.6	(8.7)	70.6	(23.0)
<b>Health Care*</b>	<b>12,658.7</b>	<b>13,149.3</b>	<b>13,747.1</b>	<b>13,578.2</b>	<b>(213.0)</b>	<b>13,534.1</b>	<b>384.8</b>
MassHealth (Medicaid) and Health Reform <sup>3</sup>	10,262.7	10,750.2	11,260.2	11,115.8	(185.8)	11,074.4	324.2
Mental Health	644.1	634.0	631.4	622.2	(9.6)	621.9	(12.1)
Public Health	506.1	506.6	505.7	490.4	(15.5)	490.2	(16.4)
State Employee Health Insurance*	1,245.9	1,258.5	1,349.8	1,349.8	(2.1)	1,347.7	89.1
<b>Human Services</b>	<b>3,361.5</b>	<b>3,336.0</b>	<b>3,356.6</b>	<b>3,291.8</b>	<b>(65.5)</b>	<b>3,291.1</b>	<b>(45.0)</b>
Children and Families	783.8	772.7	760.9	743.0	(17.9)	743.0	(29.7)
Developmental Services	1,260.4	1,252.6	1,267.6	1,248.5	(19.1)	1,248.5	(4.1)
Elder Services	221.1	219.6	225.4	212.4	(13.0)	212.4	(7.2)
Transitional Assistance	767.1	766.2	777.6	764.2	(14.1)	763.5	(2.7)
Other Human Services <sup>4</sup>	329.2	325.0	325.2	323.8	(1.5)	323.7	(1.2)
<b>Infrastructure, Housing &amp; Economic Development</b>	<b>1,625.4</b>	<b>1,679.3</b>	<b>1,652.0</b>	<b>1,637.9</b>	<b>(31.7)</b>	<b>1,620.3</b>	<b>(59.0)</b>
Economic Development	32.3	38.8	27.7	21.5	(6.2)	21.5	(17.3)
Housing and Community Development	248.4	308.3	279.4	272.5	(7.0)	272.4	(35.9)
Regulatory Entities	50.6	50.4	48.8	48.3	(0.5)	48.3	(2.2)
Transportation	1,254.0	1,224.1	1,242.2	1,242.2	(5.0)	1,237.2	13.1
Workforce and Labor	40.0	57.7	54.0	53.5	(13.0)	41.0	(16.7)
<b>Law and Public Safety</b>	<b>2,142.0</b>	<b>2,421.4</b>	<b>2,304.3</b>	<b>2,268.6</b>	<b>(38.9)</b>	<b>2,265.4</b>	<b>(156.0)</b>
Courts and Legal Assistance	607.0	643.4	598.4	589.0	(9.6)	588.7	(54.6)
Law Enforcement	330.1	334.1	326.5	318.9	(7.6)	318.9	(15.2)
Prisons, Probation and Parole	1,026.8	1,243.5	1,199.2	1,182.6	(17.2)	1,182.0	(61.4)
Prosecutors	132.5	132.6	132.0	130.1	(1.9)	130.1	(2.5)
Other Law and Public Safety	45.6	67.9	48.3	48.0	(2.6)	45.6	(22.3)
<b>Local Aid</b>	<b>964.8</b>	<b>964.9</b>	<b>927.4</b>	<b>925.2</b>	<b>(2.2)</b>	<b>925.2</b>	<b>(39.7)</b>
General Local Aid	936.4	936.4	899.0	899.0	0.0	899.0	(37.5)
Other Local Aid	28.4	28.4	28.4	26.2	(2.2)	26.2	(2.2)
<b>Other</b>	<b>4,029.7</b>	<b>3,988.1</b>	<b>3,951.9</b>	<b>3,941.4</b>	<b>(39.7)</b>	<b>3,912.2</b>	<b>(75.9)</b>
Constitutional Officers	71.4	83.6	73.9	73.7	(0.2)	73.7	(10.0)
Debt Service	2,088.4	2,040.6	1,955.4	1,954.7	(25.7)	1,929.7	(110.9)
Executive and Legislative	58.9	59.2	59.9	57.8	(4.4)	55.5	(3.7)
Libraries	25.0	24.7	21.1	21.1	0.0	21.1	(3.6)
Pensions	1,376.6	1,376.6	1,441.8	1,441.8	0.0	1,441.8	65.2
Other Administrative	409.4	403.3	399.8	392.3	(9.5)	390.4	(13.0)
<b>Total Appropriations and Transfers*</b>	<b>31,693.2</b>	<b>32,396.7</b>	<b>32,646.0</b>	<b>32,273.9</b>	<b>(467.6)</b>	<b>32,178.4</b>	<b>(218.3)</b>

\* To better compare across fiscal years, this total does not include health benefit costs for municipalities joining the Group Insurance Commission.

NOTES:

1. The FY 2010 Current total includes funding in the GAA plus any supplementals passed during the year, funding from the American Recovery and Reinvestment Act (ARRA), and less October cuts.

2. FY 2011 totals include American Recovery and Reinvestment Act (ARRA) funding and adjust Environment, Health Care, Infrastructure, Law and Public Safety and Other to allow for year-to-year comparisons given proposed reorganizations.

3. Includes a variety of state health programs including the elder pharmacy program, costs associated with health care finance, the Health Safety Net, and other costs associated with health reform.

4. Includes Veterans Affairs, Commission for the Blind, Mass. Rehabilitation Commission, Commission for the Deaf and Hard of Hearing, Soldiers' Homes, Dept. of Youth Services, and certain programs within the office of the Executive Office of Health and Human Services.