

The Legislature’s Fiscal Year 2010 Budget with the Governor’s Vetoes and Amendments

OVERVIEW

This *Budget Monitor* provides an analysis of the budget enacted by the Legislature, the Governor’s vetoes, and the additional changes he has recommended. Overall, this budget spends more than a billion dollars less than the budget enacted last July. It also represents a reduction of approximately \$2.4 billion below the level that would be required to provide the same level of services as the Fiscal Year 2009 budget funded. (This number is larger than the simple difference between the two bottom lines because inflation has increased costs, and job losses associated with the recession have made more people eligible for safety net programs such as Medicaid and homeless services.)

The primary challenge at each step of the FY 2010 budget process has been the growing budget deficit facing the state. By early May, declining revenue estimates had increased the FY 2010 budget gap to approximately \$5 billion. The Legislature’s final budget uses a combination of strategies, including steep cuts, new taxes and temporary revenues to close the gap. The revenue section of this *Monitor* details each of the revenue components the Legislature uses to fill the budget gap, but the general strategies are:

- Cuts and savings: \$2.2 billion
- American Recovery and Reinvestment Act (ARRA): \$1.657 billion
- Additional tax revenue: \$608.7 million
- Additional revenue from fees: \$206.5 million
- Use of reserve funds: \$339.5 million

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The most prominent strategy used by the Legislature to confront the budget deficit was to cut services and implement cost-saving initiatives. Virtually every aspect of state services will be affected by the \$2.408 billion in spending reductions (of which \$2.2 billion goes to closing the

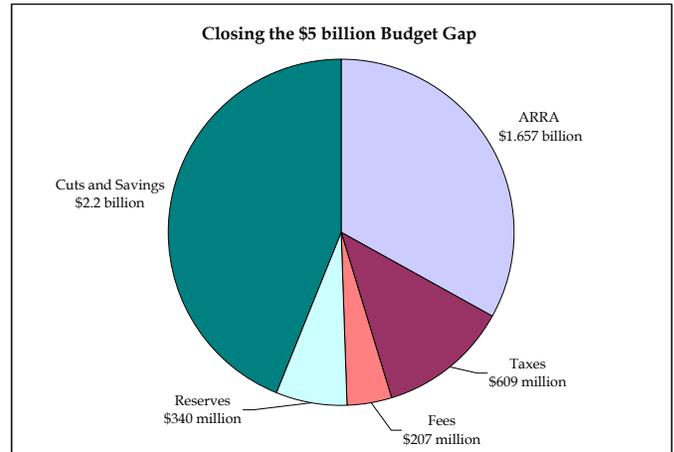
budget gap).¹ Among the areas particularly hard hit by cuts are public health programs, education grants, MassHealth coverage, and unrestricted local aid to cities and towns.

The largest source of new revenue used to close the budget gap is federal stimulus money. The \$1.657 billion is a combination of ARRA funds for education, Medicaid reimbursements, and funds to help pay for increased TANF caseloads. While some federal stimulus funds will continue to be available in FY 2011, the amount will be significantly less than is being used in FY 2010. The difference will have to be addressed by new revenue sources, use of available state reserves, or additional cuts in FY 2011 and beyond, unless the federal government provides additional state fiscal relief beyond that authorized in ARRA.²

New taxes and fees account for \$815.2 million of the Legislature’s approach to closing the FY 2010 gap. The bulk of this new revenue (\$562.7 million) is from a 1.25 percentage point sales tax increase and the elimination of the sales tax exemption on alcohol. These tax changes will actually generate \$837.8 million in FY 2009; however, \$275 million of the new tax revenue is dedicated to addressing fiscal problems at the Massachusetts Turnpike and MBTA, and does not directly address the budget gap. The remainder of the new revenue comes

from changes to assessments for nursing homes, new taxes on satellite broadcast services, and other smaller tax and fee changes (see the Revenue section of this *Budget Monitor* for a complete discussion of tax and fee changes in the FY 2010 budget).

The use of state reserves fills \$339.5 million of the budget gap in the Legislature’s budget. The largest source of this one-time revenue (\$308.5 million) is due to withdrawals from and foregone deposits to the state Stabilization Fund. Additional revenues are drawn from funds dedicated to clean energy investment, smart housing growth and other policy areas. The Governor’s veto message and companion legislation reduces these transfers from smaller funds to only \$9 million, as opposed to the \$31 million included in the Legislature’s budget.



¹ The total amount of cuts and savings do not go to closing the budget gap because cuts to the state Medicaid program reduce the amount of federal reimbursements received. Therefore, for the \$305 million in Medicaid cuts made by the state, \$187 million is lost in federal reimbursements, making the net savings \$119 million.

² In the case of ARRA funds used in FY 2010 to provide additional aid to public K-12 and higher education campuses, it is very possible that all funds will be expended prior to FY 2011. Already, in both FY 2009 and FY 2010, \$735 million of the state’s estimated \$994 million allotment has been designated for use. In addition, the Governor has already proposed using an additional \$230 million in these funds in FY 2010 to replace state aid to school districts. While the final budget does not include that proposal, it would likely be implemented if FY 2010 revenues fall below current projections.

This *Budget Monitor*, organized by policy sections, details the major highlights of the budget passed by the Legislature, as well as the Governor’s subsequent vetoes and companion legislation. While the FY 2010 General Appropriations Act (GAA) is still subject to change due to veto overrides and related legislation, this document provides a comprehensive overview of how state programs and services will be affected by the current economic crisis.

In the FY 2010 GAA, the structure of some line items has been changed, making direct comparisons with FY 2009 spending difficult. For

example, the FY 2010 GAA consolidates information technology appropriations into one IT line item for each Executive Office. In previous years, IT spending was spread across all line items that included an IT component. Therefore, in order to compare FY 2010 appropriation levels, this document accounts for the transfer of IT funds, making comparisons to FY 2009 more apt.

In addition, this document also reflects the transfer of homelessness programs from the Department of Transitional Assistance, within the Executive Office of Health and Human Services, to the Executive Office of Housing and Community Development. Because of this change, this *Budget Monitor* now includes discussion of homelessness in the budget within the Infrastructure, Housing and Economic Development section; all spending totals (for both FY 2009 and FY 2010) also reflect this change.

EDUCATION

FY 2009 GAA	\$6,951,626,766
FY 2009 Current	\$6,842,702,738
FY 2010 Legislature’s Budget	\$6,552,686,059
FY 2010 GAA (post-vetoes)	\$6,544,866,304
FY 2010 GAA (with vetoes and Governor’s amendments)	\$6,561,866,304

The Legislature’s budget includes \$6.553 billion in spending on public education and child care, a cut of \$398.7 million (5.7 percent) from the FY 2009 GAA.³ After accounting for supplemental appropriations and two rounds of 9C cuts, the FY 2010 Legislature’s budget marks a cut of \$289.8 million (4.2 percent) from the current FY 2009 spending level.

³ The \$6.553 billion total includes \$323.5 million in federal American Recovery and Reinvestment Act funds.

EARLY EDUCATION AND CARE

The FY 2010 Legislature’s budget allocates \$537.3 million to the Department of Early Education and Care (EEC). This appropriation is \$52.8 million or 9 percent below the amount included in the FY 2009 GAA. After two rounds of 9C cuts in FY 2009 are considered, the Legislature’s budget represents a 5.7 percent decrease from actual FY 2009 spending.

Highlights of the Legislature’s FY 2010 budget for EEC include:

- \$467.6 million in funding for the state’s three subsidized child care line items. These three items were funded at \$490.4 million in the FY 2009 GAA and at \$481.5 million following 9C reductions. Comparing funding changes between the three items is difficult due to language that moved the cost of care for populations of children from one line item to another. New budget language limits access of income-eligible families transitioning from Transitional Aid to Families with Dependent Children (TAFDC) to only one year of subsidized child care. Line-item language in the FY 2009 GAA did not limit access to subsidies for post-transitional TAFDC families, thus providing guaranteed child care as long as the family maintained eligibility requirements. This change could potentially impact the child care access of an estimated 11,000 low income children in FY 2010, who must now be funded through EEC’s non-entitlement Income Eligible account.
- Line item language changes to the Income Eligible subsidy child care line item. New budget language now indicates that subsidized child care services for teen parents at-risk of becoming eligible for TAFDC be funded from the non-entitlement Income Eligible account. Line-item language in the FY 2009 GAA included this population in the TAFDC entitlement account.

- \$5 million in funding for family support programs, a cut of \$4.6 million from the FY 2009 GAA and a cut of \$3.5 million from the post-9C FY 2009 funding level. The Family Support line item provides funding to offer outreach, parenting skill support and training for families participating in EEC programs.
- \$8 million in funding for the Universal Preschool program (UPK), a cut of \$2 million from the FY 2009 GAA and a cut of \$1 million from the post-9C FY 2009 funding level. The UPK program provides grants with the ultimate goal of providing all children access to high quality, affordable preschool.
- \$1 million for early childhood mental health consultation services, a cut of \$1.9 million from the FY 2009 level, and \$1.4 million from the post-9C funding level. These funds support programs designed to identify early childhood mental health issues and reduce expulsions in early education and care settings.

The Governor did not veto any funding within the FY 2010 budget for EEC.

It is important to note that EEC will receive approximately \$23.9 million in federal stimulus funds through the Child Care Development Block Grant (CCDBG). These funds, to be spent over the next two years, include approximately \$20.9 million for child care assistance for low income families and \$3 million to support quality expansion activities.

ELEMENTARY AND SECONDARY EDUCATION

The FY 2010 Legislature's budget includes \$4.491 billion in K-12 public education spending, a cut of \$75 million from the FY 2009 GAA. After accounting for supplemental appropriations and two rounds of 9C cuts, the FY 2010 Legislature's budget marks a cut of \$42.5 million from the expected FY 2009 spending level.

The most notable aspect of the Legislature's budget in the area of elementary and secondary education is the use of \$167.6 million in federal Fiscal Stabilization Funds to ensure that each district receives sufficient aid to meet their Chapter 70 Foundation Budget, as defined in the budget. In FY 2010, combined state and federal Chapter 70 spending totals \$4.037 billion, an increase of 2.2 percent over the FY 2009 level.

Aside from reliance on federal funds, the approach to Chapter 70 includes other important policy decisions. For one, the Legislature's budget uses a new method for calculating the inflation adjustment for the Foundation Budget than used previously. Specifically, it excludes price data from the first quarter of the last fiscal year when making the inflation calculation, because the Legislature felt that the high cost growth of that quarter was anomalous. However, this method results in an inflation calculation that is substantially lower than the traditional measure (3.04 vs. 6.75 percent) and ignores cost growth experienced by school districts during the omitted quarter. To avoid Foundation Budgets permanently failing to reflect the effects of cost increases during the quarter that was not included, the FY 2011 budget will have to use a calculation of inflation that, in some manner, corrects for the quarter omitted in FY 2010.

The Legislature's budget continues to phase in elements of the FY 2007 reforms that reduce required spending levels, and increase state aid, for municipalities who contribute above the level dictated by the formula. The budget, however, does not include other the new forms of Chapter 70 aid to cities and towns that were created in FY 2007. In fact, under the Legislature's budget, the state Chapter 70 aid to each city and town is reduced by 2 percent. Federal aid is then provided to fill in any gap between the sum of state aid and

local required spending and a community's foundation budget.⁴

The Legislature's budget includes \$453.6 million for other K-12 education programs, \$163.5 million less than the FY 2009 GAA. Specifically, the Legislature's budget includes:

- \$141.1 million for the state's Special Education Circuit Breaker program, which reimburses school districts for extraordinary special education costs. This funding level is a cut of \$88.9 million (38.7 percent) from the FY 2009 GAA level. This substantial funding cut will result in reduced reimbursements to school districts. The recent federal stimulus package does include \$298.2 million in additional federal reimbursements for special education costs in Massachusetts schools, which could offset some of the state level cuts.
- \$40.5 million for regional school transportation reimbursements, a cut of \$20.8 million (33.9 percent) from the FY 2009 GAA level.
- \$4.2 million for a new consolidated line item to support literacy programs. In previous years the Bay State Reading Institute, early literacy grants, and targeted tutorial literacy programs received separate line items, totaling \$8.1 million in the FY 2009 GAA. In the Legislature's budget, these programs are combined into one line item with language specifying that the Bay State Reading Institute, the John Silber Early Literacy Program and Reading Recovery will all continue to receive funds.
- \$18.5 million for the METCO program, a \$3.1 million reduction from the FY 2009 level.

⁴ For more information on the use of federal stimulus funds in Chapter 70 and which elements of the FY 2007 changes were included in the current budget, please see *MassBudget Brief: The Governor's Distribution of ARRA Education Aid Funding*, available online at <http://www.massbudget.org/doc/664>.

Through the METCO program, inner city youth attend suburban public schools.

- \$15.7 million for the state's Expanded Learning Time program, a \$1.8 million reduction from the FY 2009 GAA level. These grants, which provide funding to extend the school day or year to improve instruction, go to 26 schools with more than 13,000 students. The Legislature's budget includes \$2 million for other after-school and out-of-school grants, a cut of \$3.6 million from the FY 2009 GAA. The after-school and out-of-school grant funded services for 6,500 children in FY 2008.
- \$26.7 million for kindergarten expansion grants, a cut of \$6 million from the FY 2009 GAA level.
- \$28.1 million for Adult Basic Education services, a cut of \$3.1 million from the FY 2009 GAA. Adult Basic Education supports reading, writing and math programs for adults without a postsecondary or secondary education degree.

The Governor vetoed \$5.8 million in K-12 spending. The single largest K-12 veto was the elimination of the Chapter 70 reserve account, funded at \$3.5 million in the Legislature's budget. The Chapter 70 reserve provides supplemental state aid to school districts who meet various hardship criteria.

The Governor's vetoes also:

- Reduced Special Education Circuit Breaker spending by \$1 million, to \$140.1 million.
- Reduced Kindergarten Expansion Grant funding by \$1 million, to \$25.7 million.
- Reduced funding for teacher certification by \$53,081, to \$1.5 million.
- Eliminated funding for youth mentoring, funded at \$250,000 in the Legislature's budget.

HIGHER EDUCATION

The FY 2010 Legislature's budget includes \$1.067 billion in funding for public higher education, a reduction of \$26.4 million from the FY 2009 GAA (however, some of this cut is the result of higher education information technology (IT) funds being transferred to the new Executive Office of Education IT line item). This total amount includes federal stimulus funds provided to each campus. After accounting for supplemental appropriations and two rounds of 9C cuts, the Legislature's FY 2010 budget marks an increase of \$29.5 million above the expected final FY 2009 funding level.

Similar to Chapter 70, the Legislature's budget uses \$155.9 million in federal State Fiscal Stabilization (SFS) funds to ensure that each public higher education campus in Massachusetts receives the same amount of aid as in the FY 2009 GAA. Under the Legislature's budget, each campus receives a cut of 19 percent in their state aid, with stimulus funds used to replace the cut. However, it is important to note that unlike with state aid, personnel costs paid for with SFS funds require the school to pay additional fringe benefits, equal to approximately 25 percent of personnel costs. This means that to the extent that SFS funds are used for salaries, campuses will see an effective cut in their aid.

Other elements of the Legislature's budget for higher education include:

- The elimination of a separate line item for the Commonwealth College Honors program at UMass. In the FY 2009 GAA, the Commonwealth College received \$3.6 million in funding through a separate line item. In the FY 2010 Conference Committee, that line item is eliminated, although the UMass line item does require that funds continue to be spent on the operation of the Commonwealth College.
- \$2.5 million in funding for the Tufts Veterinary School, a cut of \$3 million from the FY 2009

GAA, and \$245,925 less than the FY 2009 post-9C level.

- The elimination of a separate line item for the Toxic Use Reduction Institute (TURI) at UMass, which was funded at \$1.7 million in FY 2009. The UMass line item does include language requiring the school's continued support of TURI, which encourages reduced use of toxic chemicals, energy and water for local business purposes.
- \$87.9 million in funding for scholarship programs, a cut of \$9 million from the FY 2009 GAA level. The Legislature's budget also provides no funding for the McNair Scholarship program, but directs the state's Education Finance Authority to continue funding the program. The McNair program provides college scholarships to students with severe physical impairments.

The Governor vetoed \$2 million in public higher education spending. These vetoes included \$1.5 million to the UMass line item, for a new funding level of \$411.9 million.

In addition, the governor vetoed \$450,000 in spending on tuition and fee reimbursements for National Guard members, for a new funding level of \$3.6 million.

In an FY 2010 supplemental budget filed with his veto message, the Governor includes \$1 million in funding for the McNair Scholarship program. As part of his vetoes, the Governor eliminated language requiring quasi-governmental entities to support public programs. Because the McNair Scholarship program would have received funding through the quasi-governmental Education Finance Authority, the Governor included \$1 million in state funding in his supplemental budget. In the FY 2009 GAA, the McNair Scholarship program was funded at \$2 million.

ENVIRONMENT & RECREATION

FY 2009 GAA	\$231,760,575
FY 2009 Current	\$218,995,821
FY 2010 Legislature's Budget	\$201,601,444
FY 2010 GAA (post-vetoes)	\$199,734,240
FY 2010 GAA (with vetoes and Governor's amendments)	\$204,945,240

The FY 2010 General Appropriations Act (GAA) provides \$201.6 million for environment and recreation programs, a reduction of \$30.2 million or 13 percent from the FY 2009 GAA. During his two rounds of 9C cuts in October 2008 and January 2009, the Governor made \$18.3 million in funding reductions for programs within the Executive Office of Energy and Environmental Affairs (EOEEA). The amount the state spent on environment and recreation in FY 2009, which includes both 9C cuts as well as additions to funding through supplemental budgets for the fiscal year, is \$17.4 million more than the FY 2010 GAA.

When he signed the FY 2010 budget, the Governor vetoed \$1.9 million in spending from EOEEA's budget, a reduction of less than 1 percent of the department's entire budget. Some of the vetoes include:

- Reducing funding for food banks by \$1 million to \$11 million. This total is \$1 million below the FY 2009 GAA.
- Reducing funding for the parks account by \$125,000. In that account the Governor also vetoed language approved by the Legislature that would have required all of DCR's roadways and bridges to remain under the management of that agency rather than moved to another state transportation entity.

In Section 24 of the FY 2010 supplemental budget that he filed to accompany his veto

message, the Governor recommends expanding the bottle bill, a proposal he included in his House 1 budget. The Governor recommends using some of the revenue from that expansion to provide:

- \$3 million in additional funding for solid waste recycling programs bringing the total amount of funding to \$3.5 million.
- \$2 million in additional funds for redemption centers which brings the total to \$2.5 million.

The EOEEA budget includes a new provision proposed by the Governor in House 1 and approved by the Legislature that consolidates information technology (IT) into a single account. This account is funded by transferring technology funds from particular line items in the environment and recreation budget. The FY 2010 budget provides approximately \$9.2 million for this new account.⁵

PARKS & RECREATION

The FY 2010 budget provides the Department of Conservation and Recreation (DCR) with \$82.3 million, a reduction of \$19.1 million from FY 2009. An estimated \$2.5 million of the funding from DCR has been transferred to the new IT account, bringing total cuts in parks and recreation programs to approximately \$16.6 million. The Legislature's FY 2010 budget merges several programs in order to improve efficiencies in DCR and makes funding cuts including:

- Reducing funding for DCR's administrative account by almost \$2 million. About \$1 million of this reduction is achieved by eliminating earmarks that were included in this account in the FY 2009 GAA.

⁵ Within each subcategory we estimate how much money is transferred from each department within EOEEA to the new IT accounts created in the FY 2010 budget based on information provided by the Governor when he filed his House 1 budget.

- Merging DCR funding for beaches, pools and seasonal employees into a single account. The FY 2010 budget provides \$13.1 million to this consolidated account, which is \$2.7 million less than the FY 2009 GAA.
- Merging funding for urban, state and central artery parks into a single account. The FY 2010 GAA provides \$46.6 million for these parks, including a veto of \$125,000 from this account, which is \$9.1 million lower than the FY 2009 GAA.
- Merging the snow and ice removal and lighting maintenance accounts for DCR's parkways and providing \$5.8 million for these activities. While the funding level is \$1.8 million more than the FY 2009 GAA it is \$1.4 million less than total funding for these activities after the legislature approved almost \$3 million more in funding for snow and ice removal on the parkways in FY 2009.
- Reducing funding for the State House Park Rangers to \$1.3 million a reduction of \$700,000. This reduction includes a \$250,000 veto made by the Governor to this account.
- Reducing the watershed management program for DCR parkways by \$800,000 to \$1.3 million.
- Reducing funding for the Office of Dam Safety by \$800,000 to \$400,000.

ENVIRONMENTAL PROTECTION

The Department of Environmental Protection (DEP) receives \$56.5 million in the FY 2010 budget, an \$8.3 million decrease from the FY 2009 GAA. Approximately \$3.8 million of funding for DEP was transferred to EOEEA's new IT account leaving the overall cut in funding for environmental protection programs at approximately \$4.5 million. The largest reduction in funding is \$3 million reduction

in DEP's administrative account including the elimination of \$800,000 in earmarks.

One program within DEP did receive an increase in funds. The FY 2010 GAA provides \$3 million, a \$1 million increase over the FY 2009 GAA, to fund energy conservation programs. Revenue for this effort is provided by a new assessment on utilities that the state can use to help increase energy conservation and reduce consumption.

FISH & GAME

The FY 2010 budget provides \$17.8 million in funding for the Department of Fish and Game which is a \$3.5 million reduction. Approximately \$250,000 of DEP's funds was transferred to EOEEA's IT line item, resulting in overall cuts of over \$3.2 million including:

- Eliminating funding for the Endangered Species Program which received \$250,000 in the FY 2009 GAA;
- Reducing funding for Wildlife Habitat purchases by \$500,000 to \$1 million.

AGRICULTURE

The FY 2010 budget provides \$16 million for the Department of Agriculture which is \$2.2 million less than the FY 2009 GAA. While as much as \$500,000 of this reduction comes from transferring funding to the new IT account, there were \$1.7 million in cuts to the Department including elimination of the Agricultural Innovation Center which received \$1.5 million in the FY 2009 GAA but was cut in half when the Governor made his 9C cuts in October of 2008.

In the budget for the Department of Agriculture, the Governor vetoed \$1 million from the account that funds the state's regional food banks. This brings total funding for this item to \$11 million, which is less than the \$12 million appropriated in

FY 2009 and funded by the Legislature in its FY 2010 budget.

HEALTH CARE

FY 2009 GAA	\$13,122,543,817
FY 2009 Current	\$12,927,136,651
FY 2010 Legislature's Budget	\$12,925,813,801
FY 2010 GAA (post-vetoes)	\$12,862,465,306
FY 2010 GAA (with vetoes and Governor's amendments)	\$12,954,785,306

The FY 2010 budget enacted by the Legislature includes a total of \$12.926 billion for health care. This total includes \$10.318 billion for MassHealth (Medicaid) and health reform,⁶ \$645.2 million for mental health services, \$513.2 million for public health, and \$1.45 billion for state employee health insurance. This total budget is \$196.7 million less than funding in the FY 2009 General Appropriation Act (GAA) – adjusting for the costs of increased municipal participation in the Group Insurance Commission, and hundreds of millions of dollars

⁶ In this *Budget Monitor*, "MassHealth (Medicaid) and Health Reform" is itself divided into several components (see accompanying table). "MassHealth" includes the line item appropriations within the Office of Medicaid, as well as administrative costs associated with the Executive Office of Health and Human Services. MassHealth totals also include MassHealth elder long-term care dollars that in some years have been within the oversight of the Executive Office of Elder Affairs. Funding for health reform includes funding transferred from the General Fund into a variety of "off-budget" special trust funds that are used to finance a large portion of the Commonwealth's health care programming – particularly the costs associated with the Commonwealth Care insurance program created by health reform and costs of the health safety net (formerly referred to as uncompensated care). "Pharmacy Program" is the Prescription Advantage program administered by the Executive Office of Elder Affairs. The totals for "Health Care Finance & Other Initiatives" include the administrative costs associated with the implementation of health care reform, the costs of the Division of Health Care Finance and Policy, and the costs of certain health care cost containment initiatives.

short of what would be necessary to maintain the level of services provided in FY 2009.

These funding levels, on the surface, may not immediately tell the story of the impact of the FY 2010 budget on health care, particularly to MassHealth. During a recession, the state's health care programs are a crucial component of the safety net, and one would expect enrollments to rise. When people lose their jobs, they turn to the government for MassHealth or Commonwealth Care health insurance. The FY 2010 budget holds health care spending down, even while these costs continue to rise and enrollments continue to grow. Among the most dramatic measures taken to hold down costs are the elimination of health care coverage for close to 28,000 low-income legal immigrants, currently receiving publicly subsidized health care through the Commonwealth Care program (see discussion below), and cuts to provider reimbursements. [Text corrected on July 13, 2009.]

Because health care constitutes a large share of the state's total budget, and because health care costs grow more quickly than other costs, health care is often among the first places looked to for budget cuts. The Governor's 9C cuts struck \$363.3 million from the state's health care budget over the course of the year, with particularly deep cuts to mental health and public health care. Even with some supplemental funding to support particular programs, by the end of the fiscal year, the FY 2009 budget totaled \$12.817 billion, \$180.4 million less than at the start of the fiscal year.

In signing the FY 2010 budget into law, the Governor cut even more from health care spending – vetoing significant amounts of funding in the Commonwealth's health care programs. The Governor vetoed \$55.1 million from MassHealth and health reform programs, \$1.1 million from mental health, and \$7.2 million from public health. In addition, the Governor has filed supplemental legislation to restore health care coverage for

certain legal immigrants, and to pay for additional costs associated with the state’s employee health care (see details below).

It is also important to keep in mind that cuts to the MassHealth program in particular – or to other health care programs that are eligible for Medicaid reimbursement – have significant impacts on revenues supporting the Commonwealth’s budget. Because of the American Recovery and Reinvestment Act (ARRA, the federal stimulus bill), for Fiscal Year 2010, Massachusetts receives an enhanced federal Medicaid reimbursement rate. Accordingly, for every dollar saved or cut from the MassHealth program in FY 2010, the Commonwealth loses on average 62 cents in federal revenues that the Commonwealth would have received in reimbursement for those services.

MASSHEALTH (MEDICAID) & HEALTH REFORM

The Legislature’s FY 2010 enacted budget proposal includes \$10.318 billion for MassHealth and health reform programs. This is \$72 million less than allocated in the FY 2009 GAA. Because of more than \$139 million in cuts to the MassHealth program over the course of the past year, this amount is \$67.5 million more than the current FY 2009 budget total.

MassHealth (Medicaid) and Health Reform (in Millions of Dollars)					
	FY 2009 GAA	FY 2009 Current	FY 2010 Legis.	FY 2010 GAA (post- vetoes)	FY 2010 GAA amended
MassHealth (Medicaid)					
MassHealth line item appropriations	8,617.8	8,475.1	9,161.6	9,107.1	9,107.1
Essential Community Provider Trust	25.0	25.0	0.0	0.0	0.0
Sub-Total	8,642.8	8,500.1	9,161.6	9,107.1	9,107.1
Health Reform and Health Safety Net					
Pharmacy Program	57.5	50.3	40.0	40.0	40.0
Health Care Finance & Other Initiatives	26.2	21.7	20.4	19.9	19.9
Commonwealth Care Trust (outside section)	1,117.6	1,102.6	591.7	591.7	661.7
Commonwealth Care Trust (pre-budget)	174.6	159.6	105.0	105.0	105.0
e-Health Institute Trust	25.0	15.0	0.0	0.0	0.0
Medical Assistance Trust	346.0	386.0	399.0	399.0	399.0
Sub-Total	1,746.9	1,735.1	1,156.1	1,155.6	1,225.6
Total	10,389.7	10,235.2	10,317.7	10,262.7	10,332.7

The Legislature includes \$9.162 billion for MassHealth, which provides health care for more

than one million low-income, elderly or disabled residents of Massachusetts. (This total includes approximately \$88 million in information technology costs for the Executive Office of Health and Human Services, which have been consolidated in the FY 2010 budget.)

Also included in the MassHealth budget is funding for the Children’s Behavioral Health Initiative, a program created as an outgrowth of a lawsuit against the Commonwealth (*Rosie D. v Romney*). This program provides universal pediatric mental health screenings, and assessments and treatment for children on MassHealth with severe emotional disturbance. The next stage of the program – what are referred to as “remedial services” such as care coordination, family supports and crisis intervention – begins with the start of FY 2010.

It is notable that budget enacted by the Legislature maintains funding for adult dental health benefits within the MassHealth program. Estimates are that adult dental benefits cost approximately \$105 million, but more than 700,000 adults rely on the state’s MassHealth program for oral health care. Adult dental benefits had been cut from the MassHealth program during the last fiscal crisis, but had been restored with the passage of the Massachusetts health reform legislation.

The Governor, in signing the FY 2010 GAA, vetoed \$54.6 million from the MassHealth program. The Governor reduces the MassHealth Senior Care Plan line item by \$25 million, striking line item language specifying funding levels for personal needs allowances for elders in nursing homes, and eliminating language for the Commonwealth’s long-term care Medicaid waiver (“Community First”). The Governor also vetoed \$23.4 million from the MassHealth Fee-for-Service account, and eliminated language that would have specified certain reimbursement rates for particular providers. The Governor vetoed \$2.3 million from the Legislature’s \$68 million budget for the Children’s Behavioral Health Initiative, leaving

some concern that the funding will be inadequate for the anticipated need.

Altogether, the Governor states that the budget he signed saves \$202 million by reducing provider rates, \$62 million by implementing pay-for-performance standards, \$38 million from various care management initiatives, and assorted other pricing and payment management strategies. Within funding for health reform and funding of the health care safety net, the Legislature's enacted budget includes a total of \$1.156 billion for health reform and the safety net, compared to \$1.747 billion in the FY 2009 GAA. Much of this difference is attributable to the elimination from these totals of special rate supplements for hospitals and physicians. (Some of these rate increases are now incorporated into the MassHealth totals.)

It is important to note that the transfer amount into the Commonwealth Care Trust Fund, the largest component of this total, is not the same as the amount anticipated to be spent on the Commonwealth Care insurance program. The Administration estimates that the Commonwealth Care insurance program will receive \$723 million from the FY 2010 enacted budget (compared to FY 2009 spending estimates of approximately \$795 million). Any surplus remaining from FY 2009 will be available to support program costs in FY 2010. [Text corrected on July 13, 2009.]

The Legislature's enacted budget removes 28,000 "aliens with special status" from the Commonwealth Care program. These legal immigrants include persons who have applied for permanent residency but have not yet lived here for five years, and some persons living here under immigration protections as political refugees. Without Commonwealth Care, these immigrants will be limited to health care from the health safety net (emergency rooms).

The Governor, to ensure that these legal immigrants continue to receive health care, has

proposed a "temporary intervention" to continue state-supported health insurance for this population into FY 2010. The Governor's amendments to the FY 2010 GAA include \$70 million more transferred into the Commonwealth Care Trust Fund, approximately half of the anticipated costs for health care for these people. In addition, the Governor proposes that this population retain Commonwealth Care coverage through July, and that the Administration develop a new and possibly more limited health care program for these immigrants that would begin in September. There would also be interim emergency coverage available in August. The Governor's proposal explicitly states that the total state cost for providing health insurance for this group of people (net of any assessments or federal reimbursement) be no more than \$70 million for FY 2010. This total does not include the costs of free care.

The Governor's amendments to the budget also include a provision allowing the Commonwealth to investigate whether a person claiming the religious exemption (for example, Christian Scientists) from the state health insurance mandate has actually received health services in the relevant tax year.

Another important component of health safety net funding total in the FY 2010 budget is referred to as the Health Safety Net Trust (formerly the uncompensated care pool), which is a component of the Commonwealth Care Trust Fund. This funding supports essential health care from emergency rooms or community health centers for low- and moderate-income uninsured or underinsured persons. The FY 2010 budget does not include a special transfer of funding from the Commonwealth Care Trust Fund into the Health Safety Net Trust (\$48 million transferred in FY 2009).

The Prescription Advantage program receives \$40 million in the FY 2010 budget. Funding in the FY 2009 GAA was \$57.5 million. This program

provides assistance with prescriptions for low-income elders on Medicare Part D and younger people with disabilities. Already in FY 2009, budget cuts have forced the program to eliminate initial co-payment assistance for some enrollees. The funding cuts for FY 2010 are likely to cause significant increases in out-of-pocket costs for the program's low-income enrollees.

MENTAL HEALTH

The Legislature's enacted budget includes \$645.2 million in funding for mental health services, an amount that is tens of millions of dollars below what would be necessary to maintain level services. This total is \$40.3 million less than the total in the FY 2009 GAA, and is a 6 percent cut in funding. This funding reduction, however, actually largely reflects cuts that happened over the course of the 2009 fiscal year, as the Governor cut more than \$33 million from mental health services in October, and then close to \$3 million more in January. The reduction also includes approximately \$9 million in information technology costs that for FY 2010 have been transferred to the Executive Office of Health and Human Services.

The Governor's vetoed also did not spare mental health services, although the vetoes were not extensive. He vetoed \$500,000 from adult residential and day services, and \$600,000 from funding for hospitals and community mental health centers.

After vetoes, the FY 2010 GAA includes \$72.2 million for children's mental health services, \$4 million less than in the FY 2009 GAA. Line item language allows funding to be spent on the Child Psychiatry Access Project, which provides psychiatric consultation to pediatric primary care physicians. This project received \$2.8 million in earmarked funds in FY 2009.

The FY 2010 GAA funds adult mental health services at \$372.9 million, \$15.6 million less than in

the FY 2009 GAA. This total includes \$20.1 million for programs for the homeless mentally ill, and \$34.7 million for emergency services.

(Funding for universal mental health screenings and treatment for severely mentally ill children as established by the *Rosie D.* settlement is included in the "MassHealth (Medicaid) and Health Reform" section of this *Budget Monitor*.)

PUBLIC HEALTH

The Legislature's enacted budget includes \$513.2 million for public health programming, \$81.3 million less than in the FY 2009 GAA – a 14 percent cut in funding. A portion of these cuts were already taken in FY 2009: over the course of the fiscal year, the Governor's 9C cuts took \$33.4 million from public health. There has also been approximately \$8 million for information technology costs that have been removed from the Department of Public Health and placed within the Executive Office of Health and Human Services. The FY 2010 budget will require additional broad cuts in public health programs.

There will be significant cuts in:

- Youth violence prevention, which receives \$3.5 million (63 percent below the FY 2009 GAA).
- Smoking prevention, which receives \$5 million (61 percent below the FY 2009 GAA).
- Family health services will also be cut by more than one-third from its FY 2009 total (see below).
- Early intervention services are also cut deeply, although there is an important change in the funding for these services for developmentally delayed infants and toddlers. There is language that will require insurers (including MassHealth) to cover a larger portion of early intervention costs. Nevertheless, the \$25.6

million included in the FY 2010 budget will likely result in greater restrictions on eligibility for these services.

The Governor's vetoes cut public health even deeper, including:

- \$250,000 cut from a program to encourage medical professionals to choose primary care professions (leaving \$250,000 in funding).
- \$250,000 cut from a program to encourage the cost-effective use of prescription medications (eliminating funding entirely).
- \$500,000 cut from the sexual assault nurse examiner program (leaving \$3 million).
- \$3 million in total cut from substance abuse programs (leaving \$83.7 million), including \$1 million cut from a proposed new \$2 million program to provide case management and treatment for young adults with substance abuse problems.
- \$100,000 cut from family health services (leaving \$4.7 million).
- \$1.1 million cut from the Women, Infants and Children (WIC) nutrition program (leaving \$12.5 million).
- \$1.2 million cut from health promotion and disease prevention programs (leaving \$7.3 million).
- \$797,000 cut from the public health hospitals (leaving \$137.7 million).

STATE EMPLOYEE HEALTH INSURANCE

The budget enacted by the Legislature and signed by the Governor totals \$1.45 billion for state employee health insurance, but it increases the share of health insurance premiums to be paid by state employees. The budget states that employees

hired before July 1, 2003 pay 20 percent of their health care costs, and employees hired on or after July 1, 2003 pay 25 percent. This is a five percentage point increase for all current employees.

The Governor's amendments to the FY 2010 budget include a provision that would increase the share of health insurance premiums paid by new retirees from 15 percent to 20 percent. In order to encourage the retirement of eligible employees, the Governor proposes that employees retiring before October 1, 2009 not be subject to this cost share increase. The Governor's supplemental budget also proposes transferring an additional \$22.3 million from the General Fund to the State Retiree Benefits Trust, bringing his proposed total to \$394.3 million.

It is important to note that close to \$125 million in the costs of state employee health benefits in FY 2010 is due to expanded participation in the Group Insurance Commission (GIC) by additional cities and towns. In July 2007, a new law allowed municipalities and other public employers to join the state's health insurance plan. Some cities and towns are now purchasing health insurance for their employees through the GIC. Fifteen municipalities are expected to join the GIC in FY 2010. The GIC anticipates spending approximately \$120 million in FY 2010 for health insurance premiums for these new participants. The state, however, will be reimbursed for these premiums over the course of the year by the new participants' municipal employers. In addition, several new municipalities and public employers joined the GIC in FY 2009. There are estimates that the costs of health insurance premiums for these employees will increase by \$5 million in FY 2010. In order to make accurate comparisons from year to year, the numbers in this *Budget Monitor* have been adjusted to reflect this change.

HUMAN SERVICES

FY 2009 GAA	\$3,488,504,586
FY 2009 Current	\$3,432,429,537
FY 2010 Legislature's Budget	\$3,363,292,527
FY 2010 GAA (post-vetoes)	\$3,358,292,527
FY 2010 GAA (with vetoes and Governor's amendments)	\$3,359,792,527

The FY 2010 budget enacted by the Legislature includes \$3.363 billion for human services, which includes funding for the Department of Children and Families, the Department of Development Services, and the Department of Transitional Services, as well as several other human service organizations detailed below. In addition to the \$3.363 billion appropriated here, approximately \$30 million in information technology costs contained in these accounts last year have been transferred to the Executive Office of Health and Human Services in FY 2010. After adjusting for this transfer, the Legislature's budget for human services is \$95.2 million below the FY 2009 General Appropriation Act (GAA). However, after two rounds of 9C cuts over the course of FY 2009 (referred to above as FY 2009 Current), the Legislature's budget represents a \$39.1 million decrease in funding over actual FY 2009 spending.

CHILDREN & FAMILIES

The Legislature's FY 2010 budget allocates \$786.3 million to social services for children and families. This appropriation is \$50.2 million or 6 percent below the amount included in the FY 2009 GAA. After two rounds of 9C cuts in FY 2009 are considered, the Legislature's budget represents a 3.7 percent decrease from FY 2009 spending.

Highlights of the FY 2010 Legislature's budget for social services include:

- \$301.7 million for the primary account that funds services for children and families (funding stabilization, unification, adoption,

guardianship, and foster care services), 3.8 percent below the FY 2009 GAA and 1.5 percent below actual FY 2009 spending.

- \$21.9 million for support services and shelters for people at-risk of experiencing domestic violence, 6.6 percent below the FY 2009 GAA.
- \$155.3 million to fund social workers and mitigate caseload ratios, representing a reduction of \$1.9 million compared to the FY 2009 GAA.

The Governor vetoed \$2.5 million in spending for children and families. This veto impacts the primary account that funds services for children and families, making the final FY 2010 GAA appropriation for this account \$299.2 million, down from the Legislature's \$301.7 million appropriation.

Additionally, in the Governor's companion FY 2010 supplemental budget, the Governor recommends restoring \$1.5 million in cuts made by the FY 2010 Legislature's budget to the account which funds the transitional employment program for several at-risk populations. This supplement would restore this account to the FY 2009 GAA funding level.

TRANSITIONAL ASSISTANCE

The FY 2010 Legislature's budget includes \$767.1 million for the Department of Transitional Assistance (DTA). This appropriation is \$9.3 million below the amount included in the FY 2009 GAA, or less than 1 percent. The FY 2010 Legislature's budget is actually \$1.7 million above FY 2009 spending, likely a result of rising caseloads.

Highlights of the FY 2010 Legislature's budget for DTA include:

- \$308.1 million for grant payments to families that qualify for Transitional Aid to Families with Dependent Children (TAFDC). This

appropriation is \$5.3 million above the \$302.7 million appropriated for this account in the FY 2009 GAA. The increase is due to rising caseloads.

- \$23 million for the Employment Services Program, 16.8 percent below the FY 2009 GAA appropriation of \$27.7 million and 6.3 percent below actual FY 2009 spending.

The Governor did not veto any funding within the FY 2010 budget for transitional assistance services. (With the signing of the FY 2010 GAA, the state moved programs that provide shelter and assistance to homeless families and individuals from DTA to the Department of Housing and Community Development. Please see the Housing subcategory under the “Infrastructure, Housing and Economic Development” category for discussion of these programs.)

DEVELOPMENTAL SERVICES

The FY 2010 Legislature’s budget includes \$1.262 billion to the Department of Developmental Services (DDS). This appropriation is \$11.5 million below the amount included in the FY 2009 GAA and \$1.9 million below actual FY 2009 spending. The Governor did not veto any funding within the budget for DDS.

Together, community-based residential supports for adults with developmental disabilities receive \$842.2 million in the Legislature’s budget. The FY 2009 GAA provided \$794 million for these services.⁷ Although this appears to show an increase in funding between the FY 2009 GAA and FY 2010 Legislative budget, this increase appears to reflect increases in maintenance costs and the

transitioning of clients from state facilities to community-based residential programs.

The FY 2010 Legislature’s budget provides \$161.7 million for state facilities for adults with developmental disabilities, representing a reduction of \$26 million, or 13.8 percent, below the FY 2009 GAA appropriation of \$187.7 million. This drop likely reflects the plan to close state residential facilities and move residents to community-based residential settings.

The Legislature’s budget also provides \$180 million in funding for community-based day and work services, which includes community transportation services, day and work programs, and respite care. This represents a decrease of \$19.3 million from the FY 2009 GAA. Specific cuts include:

- \$46.5 million for respite services and intensive family supports, 17.1 percent, or \$9.6 million, below the FY 2009 GAA and 16.2 percent below FY 2009 spending.
- \$120 million for community-based day and work programs, 7.1 percent below the FY 2009 GAA.

ELDER SERVICES

The budget enacted by the Legislature funds elder services at \$222.6 million, \$16 million or 7 percent below funding levels in the FY 2009 GAA. It is important to keep in mind, however, that during FY 2009, elder services programs were cut by \$10.1 million, forcing service reductions over the course of the year.

Together, elder home care programs (including purchased services, case management and the Community Options program) receive \$189.9 million in the Legislature’s budget. Funding in the FY 2009 GAA totaled \$202.3 million, but 9C cuts left only \$194.9 million by the end of FY 2009. On top of these cuts, the Governor vetoed an

⁷ The FY 2010 Legislative budget includes funding for compliance with the *Boulet v Cellucci* settlement (previously appropriated separately in FY 2009) with community-based residential supports.

additional \$1.5 million from the elder case management account, which brings the FY 2010 elder home care program after the Governor's vetoes to \$188.4 million, a 7 percent cut from the FY 2009 GAA. The FY 2010 budget will require service cuts, and there are predictions that hundreds of frail elders will lose the community-based services that allow them to stay out of nursing homes by receiving long-term care in the community. Although there was no debate during Conference Committee about funding for the elder protective services program, the final amount included in the budget (\$16.3 million) may not actually be sufficient to maintain the program at its FY 2009 service level. Funded at \$16.3 million in the FY 2009 GAA, elder protective services programs provide specialized intervention to protect frail elders from physical or emotional abuse or neglect. The program also intervenes to protect elders from financial exploitation.

Although there was disagreement about this during the budget debate, the final budget as enacted keeps the responsibility for elder long-term care funding within the Department of Elder Affairs, rather than moving it under the Office of Medicaid.

(For funding for elder services provided through the MassHealth program, or issues affecting funding for nursing homes or the Prescription Advantage program, see the "Health Care" section of this *Budget Monitor*.)

OTHER HUMAN SERVICES

The FY 2010 Legislature's budget includes \$326.9 million for "Other Human Services." This appropriation is \$38.2 million below the amount included in the FY 2009 GAA, representing an overall reduction of 10.5 percent. Compared to actual FY 2009 spending, inclusive of two rounds of 9C cuts, this represents a reduction of 9.1 percent.

"Other Human Services" includes numerous departments, including Veterans Affairs, the Soldiers' Homes, Massachusetts Commission for the Blind, Massachusetts Rehabilitation Commission, Massachusetts Commission for the Deaf and Hard of Hearing, the Department of Youth Services, administrative costs for the Department of Transitional Assistance, and certain programs within the Executive Office of Health and Human Services.

Some of the reduction in "Other Human Services" spending relative to the FY 2009 GAA reflects the decision to not allocate funds for the Human Services Salary Reserve. The FY 2009 GAA included \$23 million for this reserve which has been used to fund salary increases for low-wage workers employed by human service providers under contract with the Commonwealth. The pay raises funded through the reserve in FY 2009 are being treated as one-time bonuses. Therefore, low-income human service providers will likely receive less compensation in FY 2010 than they did in FY 2009.

Other notable differences between the budget for other human services this year and last include:

- \$2.1 million for services to homeless veterans, an amount that is 26.3 percent below the \$2.8 million appropriated in the FY 2009 GAA.
- \$1.7 million for the 20 Veterans' Outreach Centers across the state, 27.2 percent below both the FY 2009 GAA and actual FY 2009 spending.
- The Governor vetoed \$1 million from the budget for the Department of Youth Services. This veto removes \$500,000 from two accounts: residential services for detained youth and residential services for committed youth. As such, the final FY 2010 GAA appropriation for residential services for detained youth is now \$23.9 million, representing a reduction of 5.3

percent relative to the FY 2009 GAA and 4.6 percent relative to actual FY 2009 spending. The final FY 2010 GAA appropriation for residential services for committed youth is now \$99.3 million, representing a reduction of 5.4 percent relative to the FY 2009 GAA and 3.7 percent relative to actual FY 2009 spending. The FY 2009 GAA provided \$25.7 million and \$105.6 million in funding to these accounts respectively.

INFRASTRUCTURE, HOUSING & ECONOMIC DEVELOPMENT

FY 2009 GAA	\$1,444,115,869
FY 2009 Current	\$1,506,146,510
FY 2010 Legislature's Budget	\$1,647,346,829
FY 2010 GAA (post-vetoes)	\$1,625,366,862
FY 2010 GAA (with vetoes and Governor's amendments)	\$1,654,516,862

The FY 2010 Legislature's budget includes \$1.647 billion in spending for infrastructure, housing and workforce development, an increase of \$203 million over the FY 2009 GAA. After accounting for supplemental appropriations and two rounds of 9C cuts, the FY 2010 Legislature's budget marks an increase of \$141 million from the expected FY 2009 spending level.

This increase over FY 2009 spending, however, is the result of a new \$275 million Commonwealth Transportation Trust Fund (CTTF), which will provide additional funding to the state's transportation infrastructure. These funds are intended to address growing deficits at both the MBTA and Massachusetts Turnpike Authority, and lessen the need for toll or fare increases. Without including this new spending, the Conference Committee includes \$76 million less in infrastructure, housing and economic development spending than in the FY 2009 GAA.

INFRASTRUCTURE

The Legislature's budget includes \$1.254 billion in transportation funding, an increase of \$301 million from the FY 2009 GAA. As mentioned earlier, the largest element of this change is the creation of the CTTF, funded at \$275 million. The MTTF will provide funding to the MBTA, Regional Transportation Authorities and the state's Turnpike Authority (or successor agency). The CTTF is funded through 0.385 percent of sales tax revenue⁸ as well as any revenue collected from tolls, fares or fees collected from the MBTA, Regional Transportation Authorities and the Turnpike Authority.

Of the \$275 million transferred to the CTTF:

- \$100 million is transferred to the Turnpike Authority.
- \$160 million is transferred to the MBTA.
- \$15 million is transferred to Regional Transportation Authorities.

The Legislature's budget cuts funding for the Registry of Motor Vehicles (RMV) by \$8.7 million, for a new funding level of \$48.8 million. This 15 percent cut from the FY 2009 GAA level will result in 11 RMV branch closures or office hour reductions.

The Legislature's budget also cuts funding for Regional Transportation Authorities (RTA's) by \$13.2 million, for a new funding level of \$44.7 million. As noted above, however, RTA's are slated to receive \$15 million in additional funding through the new state transportation fund.

⁸ Budget language requires that in years where 0.385 percent of sales tax revenue is less than \$275 million, money will be transferred from the General Fund to the CTTF to ensure that it receives an additional \$275 million annually.

The Governor vetoed \$8 million in transportation funding from the Legislature's budget. The items vetoed were:

- \$7 million in funding for the snow and ice control, for a new funding level of \$58 million.
- \$435,854 in funding for Regional Transportation Authorities, for a new funding level of \$44.2 million.
- \$564,146 in funding for transportation information technology costs, for a new funding level of \$5.6 million.
- In addition, the Governor also returned with an amendment the budget section which created and defined the Massachusetts Transportation Trust Fund. In his amended section, the Governor changed language to be consistent with recently signed transportation reform legislation.

HOUSING & COMMUNITY DEVELOPMENT

The FY 2010 budget enacted by the Legislature provides \$253.1 million in funding for state housing programs, which is \$21.8 million less than the amount appropriated in the FY 2009 GAA. After two rounds of 9C cuts that the Governor made in October 2008 and again in January 2009, spending for housing programs was cut by \$13.7 million from the original FY 2009 GAA.

The Legislature's FY 2010 budget for housing programs reflects the reorganization recommended by the Interagency Council on Housing and Homelessness to improve state efforts to help homeless individuals and families move into permanent housing.⁹ Earlier in 2009 the state

⁹ This edition of the *Budget Monitor* is different from earlier *Monitors* because it reflects the move of homelessness assistance programs from the Department of Transitional Assistance to the Department of Housing and Community Development. Reflecting the change in the structure of the state budget, this *Monitor* shifts \$129.1 million in FY 2010

moved three homelessness assistance accounts from the Department of Transitional Assistance (DTA) to the Department of Housing and Community Development (DHCD) so that homeless families and individuals would have better access to affordable housing.

The Legislature's FY 2010 budget for homelessness programs includes:

- A new DHCD caseworkers account funded at \$4.8 million. Money for this new account is transferred from the account that funds caseworkers at the DTA.
- \$91.6 million for the Emergency Assistance program, which provides shelter and services to homeless families. This level is \$4.4 million more than the FY 2009 GAA. It is, however, still well below the \$113 million the state expects to spend on this program in FY 2009 because of an increased caseload during the recession. In an effort to reduce spending for this program, the FY 2010 budget lowers eligibility for the program from families living at or below 130 percent of poverty to those living at or below 115 percent of poverty. The budget does allow families exceeding the 115 percent limit who are already receiving services prior to June 30, 2009 to continue receiving services for up to 6 months. In this account the Governor vetoed language that requires his agencies to give the Legislature 60-day notice of any regulatory changes they may make to the program. In his budget proposals, the Governor has eliminated this 60-day

funding for homelessness assistance from the Transitional Assistance subcategory in the Human Services category to the Housing & Community Development subcategory under the Infrastructure, Housing and Economic Development category. In order to make meaningful comparisons with homelessness services funding from the previous fiscal year, this *Monitor* also shifts FY 2009 funding for these programs into the Housing & Community Development subcategory. This change is reflected both in the *Budget Monitor* narrative as well as in the chart in the back of the document.

requirement which the Legislature puts into its final budgets.

- \$36.6 million for the program that provides shelter and assistance to homeless individuals. This is the same amount this program received in FY 2009.
- \$1.2 million for the Home and Healthy for Good program, which provides permanent housing for chronically homeless individuals. This is the same amount of funding this program received in FY 2009.

The Legislature's FY 2010 budget reduces funding a number of affordable housing programs including:

- \$3.5 million for the Alternative Housing Voucher program, which is a \$500,000 reduction from the FY 2009 GAA.
- \$250,000 for the Tenancy Preservation Program, which received \$500,000 in FY 2009.
- \$1.6 million for housing services and counseling, a \$600,000 decrease from the FY 2009 GAA.
- \$6.9 million for DHCD's administrative account, \$5.3 million reduction from the FY 2009 GAA and a \$1.9 million reduction from FY 2009 spending after the Governor made his 9C cuts. Many of the cuts from DHCD's budget come from eliminating \$3.8 million in earmarks for specific programs that were included in the FY 2009 GAA.

Among other notable provisions for housing programs, the Legislature's FY 2010 budget:

- Provides level funding of \$4 million for rental subsidies to clients of the Department of Mental Health.

- Eliminates the Individual Development Account program, which received \$700,000 in FY 2009.

When he signed the FY 2010 GAA, the Governor included in his veto message \$4.7 million in reductions from the housing budget, a 4 percent reduction in spending from the Legislature's FY 2010 budget. The Governor's vetoes include:

- \$2.8 million cut from the \$65.3 million that the Legislature appropriated for subsidies to public housing authorities. This veto brings the subsidies down to \$62.5 million, which is \$4 million less than the FY 2009 GAA.
- \$1.9 million cut in the Residential Assistance for Families in Transition (RAFT) program. This lowers funding for RAFT to \$3.1 million which is \$2.5 million less than the \$5.5 million in the FY 2009 GAA.

The Governor also vetoed outside section 129 of the Legislature's budget. In this section the Legislature directs quasi-public agencies to continue making contribution to some of DHCD's affordable housing programs in FY 2010 that they had agreed to make in FY 2009 when the Governor announced his 9C cuts. In his veto message the Governor stated that he struck this section because of his concerns that the requirements to contribute to some of the state's housing programs could adversely affect these agencies' core purposes. Section 129 of the Legislature's enacted budget directed:

- The Massachusetts Housing Partnership (MHP) to contribute to the Soft Second Mortgage program which helps low-income, first-time homebuyers to purchase a house. This program was eliminated in the Legislature's FY 2010 budget.
- The Massachusetts Housing Finance Authority (MassHousing) to provide funding to support

the Massachusetts Rental Voucher Program (MRVP) which received a \$3 million cut in the enacted FY 2010 budget from the FY 2009 GAA.

- MassHousing to contribute to the interest subsidies for private developers of affordable housing. This program, which received \$4.5 million in the FY 2009 GAA was eliminated during the Governor's 9C cuts and was not funded in the FY 2010 legislative budget.

In companion legislation that he filed to accompany his veto message, the Governor recommended restoring funding for some of the programs that the Legislature directed the quasi-independent agencies to support, including:

- An increase of \$2.3 million for MRVP. This would provide \$32.3 million for this program which is \$800,000 below the amount appropriated in the FY 2009 GAA but is \$2.2 million above the amount that DHCD spent on this program after the Governor made his 9C cuts.
- \$500,000 for the Soft Second Mortgage program. The FY 2009 GAA appropriated \$5.8 million for this program and the Governor made \$2 million in 9C cuts.

ECONOMIC DEVELOPMENT

The Legislature's budget includes \$81.2 million in funding for workforce and economic development programs, a cut of \$75.4 million from the FY 2009 GAA.

The single largest cut to workforce and economic development spending is in the Massachusetts Office of Travel and Tourism line item. The Legislature funds this item at \$7.5 million, a cut of \$29.6 million from the FY 2009 GAA. This cut was accomplished by eliminating more than 190 local tourism earmarks.

The Legislature's budget cuts workforce training grants by \$11 million from the FY 2009 GAA level, for a new funding level of \$10 million. These workforce training grants provide funds to businesses to train, retrain and expand their workforce.

The Legislature also cut funding for a jobs program for youth by \$4 million, for a new funding level of \$4 million. This program, which was funded at \$8 million in the FY 2009 GAA, funds summer jobs for inner city youth. It is important to note that some of the \$64 million in workforce development funds Massachusetts is slated to receive through ARRA can be used to support jobs for at-risk youth programs.

The Legislature's budget also includes:

- \$6 million in funding for local tourism councils, a cut of \$3 million from the FY 2009 GAA level.
- \$754,815 for the state's Office of Minority and Women Business Assistance, a cut of \$347,730 from the FY 2009 GAA level.
- \$750,000 for individual training grants, a cut of \$10.3 million from the FY 2009 GAA. In FY 2009, this item funded earmarks for specific workforce training programs around the state. In the Legislature's FY 2010 budget, provides funding for State Service Corps grants.

The Governor vetoed \$8.9 million in funding for economic and workforce development programs. These vetoes include:

- \$441,231 to the One Stop Career Center line item, for a new funding level of \$5 million.
- \$4 million for the Commonwealth Zoological Corporation, for a new funding level of \$2.5 million. The Commonwealth Zoological Corporation helps fund the Franklin Park and Stone zoos.

- \$1.5 million in funding to local tourism councils, for a new funding level of \$4.5 million.

In the supplemental budget the Governor submitted with his veto message, the Governor included an additional \$11 million in funding for Workforce Training Grants. If passed, the \$21 million in funding for Workforce Training Grants would match the FY 2009 GAA level.

LAW & PUBLIC SAFETY

FY 2009 GAA	\$2,559,131,330
FY 2009 Current	\$2,562,267,100
FY 2010 Legislature’s Budget	\$2,381,367,311
FY 2010 GAA (post-vetoes)	\$2,141,956,951
FY 2010 GAA (with vetoes and Governor’s amendments)	\$2,373,548,416

The FY 2010 Legislature’s budget includes \$2.381 billion for law and public safety, a cut of \$178 million from the FY 2009 GAA level. After accounting for supplemental appropriations and two rounds of 9C cuts, the FY 2010 Legislature’s budget marks a cut of \$181 million from the expected FY 2009 spending level.

PROSECUTORS

The FY 2010 Legislature’s budget includes \$132.9 million in spending on prosecutors, a cut of \$13.2 million from the FY 2009 GAA level. These cuts were accomplished by reducing state funding for each district attorney’s office by 8.4 percent and by reducing funding for state police overtime at each DA’s office by 12.25 percent.

The Governor did not veto, amend or reduce any prosecutor line items.

LAW ENFORCEMENT

The FY 2010 Legislature’s budget includes \$330.2 million in spending for law enforcement, a cut of \$86.8 million from the FY 2009 GAA level.

Of this cut, \$40.2 million was absorbed by the Quinn Bill program. Funded at \$10 million in the Legislature’s budget, this program provides pay raises to police officers who receive degrees in criminal justice. Aside from cutting the program by 80 percent, the Legislature’s budget also limited access to the program in the future.

The Legislature’s budget also:

- Eliminates the Community Policing Grants program. Funded at \$21.4 million in the FY 2009 GAA, these grants went to communities to support crime reduction techniques through improved community policing.
- Eliminates Municipal Police grants intended to fund the hiring of additional police officers. Funded at \$4 million in the FY 2009 GAA, these grants were eliminated through the 9C process.
- Includes \$6.5 million in funding for Shannon Grants, which fund gang prevention programs. These grants were funded at \$13 million in the FY 2009 GAA.
- Provides \$13.8 million for the State Police crime laboratory, a cut of \$2.9 million from the FY 2009 GAA level.
- Provides \$236.2 million in funding for State Police operations and overtime, a cut of \$25.6 million from the FY 2009 GAA level. The Legislature’s budget also combines State Police operations and overtime into one line item. In past years, two separate line items funded operations and overtime.

Of all law enforcement budget items, the Governor vetoed \$165,848 in the Executive Office of Public

Safety information technology line item, for a new funding level of \$21.1 million.

In an FY 2010 supplemental budget filed with his veto message, the Governor includes \$6.3 million in additional law enforcement spending. The Governor recommends \$3.2 million to fund a new State Police class, as well as \$3.1 million to funding training for new municipal police officers. Both of these recommendations were included in the Governor's original budget recommendations. These items would be funded through a new auto-insurance surcharge proposed by the Governor.

PRISONS, PROBATION & PAROLE

The Legislature's FY 2010 budget includes \$1.254 billion in spending for prisons, probation and parole, a decrease of \$33.4 million over the FY 2009 GAA level.

The Legislature's budget funds specific line items for seven county sheriffs' offices that had previously been funded out of one county corrections line item. Aside from changing the funding for these sheriffs' offices, the Legislature's budget also includes:

- \$24.2 million for community corrections programs, a cut of \$2.9 million from the FY 2009 GAA.
- \$131.1 million for the Commissioner of Probation, a cut of \$11.3 million from the FY 2009 GAA, and a cut of \$3.7 million from its FY 2009 post 9C level.
- Cuts each sheriff's office funding by approximately 10 percent from its FY 2009 GAA level.

The Governor vetoed \$228.1 million in funding for prisons, probation and parole programs. Of these vetoes, however, \$217.3 million is the result of the

Governor vetoing (for technical reasons described below) all spending on the seven sheriffs' offices that the FY 2010 Legislature's budget brought on budget. The remaining \$10 million in vetoes were cut from the Commissioner of Probation (\$9 million) and Office of County Corrections budget (\$788,786).

In an FY 2010 supplemental budget filed with his veto message, the Governor restores the \$217.3 million he cut to the seven sheriffs' offices while changing the funding structure and adding budget language to bring these offices directly under control of the Commonwealth. Specifically, the Governor reduces the line item to each of the seven sheriff offices and increases the appropriation for the omnibus County Corrections line item. In addition, the Governor's supplemental budget recommends increasing funding for Department of Corrections operations by \$8 million, for a new funding level of \$529.1 million.

COURTS & LEGAL ASSISTANCE

The FY 2010 Legislature's budget includes \$616.3 million in spending for courts and legal assistance, a cut of \$38 million from the FY 2009 GAA level.

The Legislature's budget changes how the states court system is funded. Instead of funding each court with a separate line item, the Legislature's budget provides one line item for each court system, which can then be distributed among the various courts in that system. Each court system received a cut of approximately 10 percent from its FY 2009 level.

Aside from changing the organization structure, and funding level, of the court system, the Legislature's budget cuts funding for programs that provide legal counsel for low-income people. The Legislature's budget funds private counsel compensation, which funds lawyers assigned to low income criminal defendants, at \$125.4 million, a cut of \$15 million from the FY 2009 GAA. In addition, the Legislature's budget funds the Mass.

Legal Assistance Corporation (MLAC) at \$9.5 million, a cut of \$1.6 million from the FY 2009 GAA. MLAC provides legal representation to low income residents for non-criminal matters.

LOCAL AID

FY 2009 GAA	\$1,346,688,719
FY 2009 Current	\$1,218,688,719
FY 2010 Legislature’s Budget	\$964,825,140
FY 2010 GAA (post-vetoes)	\$964,825,140
FY 2010 GAA (with vetoes and Governor’s amendments)	\$964,825,140

The Legislature’s FY 2010 budget includes \$964.8 million in local aid to cities and towns (not including Chapter 70 education aid), a cut of \$381.9 million (28.3 percent) from the FY 2009 GAA level. When accounting for local aid cuts made during the 9C process, the FY 2010 Legislature’s budget marks a cut of \$253.9 million (20.8 percent) below the FY 2009 level after 9C cuts.

The Legislature’s budget cuts unrestricted local aid to cities and towns by more than 28 percent. The Legislature also combined the traditional aid categories of Lottery Aid and Additional Assistance into a new aid category of General Government Aid. The change in aid organization, however, does not affect aid distribution, as each community simply received an across the board cut from its FY 2009 aid levels.

Aside from a steep cut to unrestricted local aid, the Legislature’s budget also includes new sources of potential local revenue:

- A 0.75 percent local option meals tax. If adopted by every city and town, this provision is estimated to raise \$85 million in revenue.
- A local option lodging tax increase to 6 percent, from the current 4 percent. In Boston, the limit is increased from 4.5 percent to 6.5 percent. If

adopted by every city and town, this provision is expected to generate \$40 million in revenue.

- Elimination of a property tax exemption for telecommunications poles and wires, codifying a recent Appellate Tax Board decision. This elimination is expected to generate approximately \$26 million.

The Legislature’s budget provides \$27.3 million for Payment in Lieu of Taxes (PILOT), a cut of \$3 million from the FY 2009 GAA level. PILOT provides reimbursements to cities and towns that contain state owned land. Finally, the Legislature’s budget creates a new \$1 million item to support regionalization and provides \$2 million for the state’s District Local Technical Assistance fund. The regionalization funds will assist with planning and other costs associated with cities and towns offering joint services and combining staffing. The state’s District Local Technical Assistance Fund awards grants to help with regional planning in areas such as economic development, zoning and public safety.

The Governor vetoed the \$3 million the Legislature provided for regionalization and the District Local Technical Assistance Fund. In an amendment filed with his veto message, the Governor recommends funding the District Local Technical Assistance Fund at \$1 million in FY 2010.

OTHER

FY 2009 GAA	\$4,232,657,711
FY 2009 Current	\$4,069,649,916
FY 2010 Legislature’s Budget	\$4,060,364,834
FY 2010 GAA (post-vetoes)	\$4,032,873,883
FY 2010 GAA (with vetoes and Governor’s amendments)	\$4,044,148,883

DEBT SERVICE

FY 2009 GAA	\$2,075,388,026
FY 2009 Current	\$2,073,588,026
FY 2010 Legislature's Budget	\$2,110,417,529
FY 2010 GAA (post-vetoes)	\$2,088,434,833
FY 2010 GAA (with vetoes and Governor's amendments)	\$2,088,434,833

The Legislature's budget provides \$2.11 billion for debt service obligations, an increase of \$35 million over the FY 2009 GAA and an increase of \$36.8 million over the post 9C FY 2009 expected spending level.

The most notable change in debt service policy is the creation a new accelerated bridge repair debt service line item. This \$12 million item follows a recommendation by the Governor to create a separate capital fund for the repair of bridges.

The Governor vetoed \$22 million in debt service spending. These vetoes include:

- \$21 million from the consolidated long-term debt service line item, for a new funding level of \$1.804 billion. This veto reflects the Governor's revised budget recommendation for funding this item.
- \$996,269 from the accelerated bridge repair debt service line item, for a new funding level of \$11 million. This veto reflects the Governor's revised budget recommendation for funding this item.

PENSIONS

FY 2009 GAA	\$1,465,000,000
FY 2009 Current	\$1,313,000,000
FY 2010 Legislature's Budget	\$1,376,619,000
FY 2010 GAA (post-vetoes)	\$1,376,619,000
FY 2010 GAA (with vetoes and Governor's amendments)	\$1,376,619,000

The FY 2010 Legislature's budget includes \$1.377 billion for state employee pensions. The funding level would be \$88.4 million below the FY 2009 GAA, but \$63.6 million above the FY 2009 post 9C level. This reduction in funding is a result of legislation passed in November 2008 (Chapter 377 of the Acts of 2008), which extended the state's pension funding schedule by two years, from 2023 to 2025. The Governor made no vetoes to the pension appropriation.

LIBRARIES

FY 2009 GAA	\$34,086,834
FY 2009 Current	\$33,659,447
FY 2010 Legislature's Budget	\$27,228,256
FY 2010 GAA (post-vetoes)	\$24,978,256
FY 2010 GAA (with vetoes and Governor's amendments)	\$24,978,256

The Legislature's budget includes \$27.2 million for the support of public libraries. This appropriation is a cut of \$6.9 million (20 percent) from the FY 2009 GAA and a cut of \$6.4 million (19 percent) from the post 9C estimated FY 2009 spending.

The Legislature's budget cuts funding for regional public library system by \$2.6 million from the FY 2009 GAA level, for a new funding level of \$14.6 million. In addition, direct local aid to public libraries is cut by \$2.8 million (28 percent) from the FY 2009 GAA level, for a new funding level of \$7.1 million.

The Governor vetoed a further \$2.3 million from aid to the 6 regional public libraries, for a funding level of \$12.3 million. Regional public libraries support resource sharing and provide additional services to more than 1,800 public, academic and special libraries in the state.

REVENUE

The Legislature's FY 2010 budget includes \$883.7 million in estimated new tax revenues. Of this amount, \$759 million is generated in FY 2010 through a 1.25 percentage point sales tax increase, for a new 6.25 percent sales tax rate. The sales tax increase is expected to generate approximately \$900 million dollars in future years.¹⁰ As noted earlier in the *Monitor*, \$275 million of the new sales tax revenues will go to the Commonwealth Transportation Trust Fund and therefore only \$484 million in revenue from the sales tax increase will address the state's FY 2010 budget gap.

The Legislature's budget also eliminates the sales tax exemption for alcohol purchases. Currently, alcohol is subject to its own taxes, but not the sales tax. Subjecting alcohol to the sales tax will generate an estimated \$78.8 million in FY 2010, and approximately \$95 million in FY 2011.

Aside from the sales tax, the Legislature's budget:

- Levies a 5 percent tax on satellite broadcast services. This new tax will generate an estimated \$25.9 million in revenue.
- Funds additional auditing staff at the Department of Revenue. First proposed in the Governor's budget, this staff increase is expected to generate \$26 million in additional revenue.
- Modifies the states film tax credit so that salaries exceeding \$2 million would not be eligible expenses under the credit.¹¹ This

¹⁰ For both the sales tax increase and the elimination of the alcohol sales tax exemption, the increase in revenues between FY 2010 and FY 2011 is due to implementation delays in FY 2010.

¹¹ Under current law, through the tax code, the state essentially reimburses movie producers for 25 percent of production costs. Thus, if an actor is paid \$12 million for shooting a movie in Massachusetts, taxpayers here are

change, which is estimated to generate approximately \$20 million in revenue, was first proposed in the Governor's revised budget recommendations. However, while this change was included in the Legislature's budget, this provision was subsequently repealed through a FY 2009 supplemental budget, meaning the limits on the film tax credit included in the FY 2010 GAA never actually went into effect.

- Creates new reporting requirements for refundable and transferable tax credits awarded by the state. Under the new regulations, aggregate information on the jobs created and the number of firms receiving credits would be collected. However, the Legislature's budget would not collect information regarding the specific firms receiving tax credits, as was recommended by the Governor and House. The Governor returned this budget section with an amendment that would require the disclosure of firms receiving the tax credits.

The Legislature's budget increases and implements fees to generate a further \$206.7 million in revenue. Fees include:

- \$82 million generated through increased Registry of Motor Vehicles fees for licensure and registration.
- \$75 million generated through increased assessments on nursing homes.
- \$47 million generated through an assessment on health insurance companies to cover costs of the Universal Immunization program.

responsible for paying \$3 million of that salary. This tax subsidy is paid even if the movie star spends none of that income in the Massachusetts economy. The Governor's proposal would effectively cap at \$500,000 the tax subsidy associated with the salary of any individual movie actor.

- \$7 million generated through increased court fees related to things such as divorce, adoption and name changing.

Aside from new tax revenue and fees, the Legislature's budget also relies on \$308.5 million from the state's Stabilization Fund¹² and \$31 million in transfers from trust funds to the General Fund. These transfers include:

- \$10 million transferred from the Massachusetts and Clean Energy Investment Trust Fund
- \$5 million transferred from the Workforce Competitiveness Trust Fund
- \$7 million transferred from the Smart Growth Housing Trust Fund
- \$3 million transferred from the County Registers Technological Fund
- \$3 million transferred from the Massachusetts Science, Technology Engineering, and Mathematics Grant Fund
- \$3 million transferred from the Commonwealth Covenant Fund

The Governor vetoed the \$31 million in transfers from funds, aside from the Stabilization Fund, to the General Fund, citing insufficient balances in some of these funds to make the transfers. Instead the Governor filed an amendment proposing the following \$9 million in transfers:

¹² This total of \$308.5 million is made up of three parts: \$199 million is a direct transfer of funds from the Stabilization Fund to the General Fund; \$94.5 million is due to suspending the required statutory deposit to the Stabilization Fund; the remaining \$15 million is realized by transferring the interest earned on the Stabilization Fund to the General Fund.

- \$3 million transferred from the Commonwealth Covenant Fund.
- \$3 million transferred from the County Registers Technological Fund.
- \$1.1 million transferred from the Massachusetts Science, Technology Engineering, and Mathematics Grant Fund.
- \$1.9 million transferred from the Massachusetts Board of Education Scholar-Internship Match Fund.

In the supplemental budget the Governor filed with his veto message, the Governor also includes additional revenue raising measures, including:

- A new car insurance surcharge that would be used to fund public safety officer training programs;
- An expansion of the state's bottle bill program to non-carbonated beverages. This change would generate an estimated \$20 million in new revenue.

BUDGET BY PROGRAM AREA

The "Budget by Category" chart at the end of this *Budget Monitor* (see below) summarizes the budget enacted by the Legislature, the budget as it currently stands with the Governor's vetoes, and the budget as it would be if all the Governor's further recommendations were enacted. For comparison purposes, the chart also presents the FY 2009 budget as enacted at the beginning of the 2009 fiscal year (the General Appropriation Act or "GAA"), and the FY 2009 current budget, including all enacted supplemental budget legislation and any gubernatorial 9C budget reductions.

The chart below lists budget totals broken down into the program areas (categories and sub-

categories) discussed in this *Budget Monitor*. For each program area, we have accounted for changes associated when programs move from one department of state government to another. These adjustments allow for more accurate comparisons from one budget proposal to another. Furthermore, these totals include all three forms of proposed spending: spending listed in the line item appropriations Section 2 of each budget proposal; transfers of money out of the General Fund into special trust funds proposed in “outside sections” of the budget (Sections 3 and higher); and “pre-budget transfers” of spending that divert certain revenues for specific statutory purposes.¹³

The totals listed are:

FY 2009 GAA. This includes all funding in the General Appropriation Act (the initial budget) for Fiscal Year 2009. For the totals for “State Employee Health Benefits” and for “Prisons, Probation and Parole,” there is an adjustment to the FY 2009 total in order to allow for comparisons with FY 2010 totals. (In FY 2010, the budget brings “on-budget” certain spending that was not included in the FY 2009 budget.)

FY 2009 Current. This includes funding in the GAA plus any supplemental funding added over the course of the fiscal year, less funding cuts made in October 2008 and January 2009. These totals are current as of June 2009. They include spending associated with funding from the American Recovery and Reinvestment Act (ARRA).

FY 2010 Legis. This lists the final budget as enacted by the Legislature and presented to the Governor for signature. The totals include the amounts the Legislature assumes will be available for use by the Governor to fund education due to

the American Recovery and Reinvestment Act (ARRA).

FY 2010 GAA Post-Vetoes. This lists the FY 2010 General Appropriation Act (Chapter 27 of the Acts of 2009) as signed by the Governor on June 29, 2009. With his signature, the Governor vetoed certain funding, and those reductions are reflected in these totals. The totals also include the amounts the Legislature assumes will be available for use by the Governor to fund education due to the American Recovery and Reinvestment Act (ARRA).

FY 2010 GAA Amended. Upon signing the FY 2010 GAA, the Governor also proposed certain amendments to the bill. These totals reflect the Governor’s proposed amendments to the GAA. The totals also include the amounts the Legislature assumes will be available for use by the Governor to fund education due to the American Recovery and Reinvestment Act (ARRA).

¹³ For a full explanation, see Massachusetts Budget and Policy Center *Budget Brief*, “Budget Transparency and Balance: The FY 2010 Budget Proposals,” June 29, 2009, available at <http://www.massbudget.org/doc/679>.

BUDGET BY CATEGORY - DETAIL (Numbers in Millions)	FY 2009		FY 2010		
	GAA	Current ¹	Legis.*	GAA post-vetoes*	GAA amended*
Education	6,951.6	6,842.7	6,552.7	6,544.9	6,561.9
Chapter 70	3,948.8	3,948.8	4,037.5	4,037.5	4,037.5
Early Education and Care	590.1	569.5	537.3	537.3	537.3
Elementary and Secondary Education	617.1	584.7	453.6	447.8	447.8
Higher Education	1,093.5	1,037.7	1,067.1	1,065.1	1,066.1
School Building (pre-budget transfer)	702.0	702.0	457.1	457.1	473.1
Environment and Recreation	231.8	219.0	201.6	199.7	204.9
Agriculture	19.3	17.9	17.1	16.0	16.0
Environmental Administration	24.6	21.7	26.8	26.8	29.8
Environmental Protection	64.8	64.3	56.8	56.5	58.7
Fish and Game	21.3	19.2	17.8	17.8	17.8
Parks and Recreation	101.8	95.9	83.1	82.7	82.7
Health Care**	13,122.5	12,927.1	12,925.8	12,862.5	12,954.8
MassHealth (Medicaid) and Health Reform ²	10,389.7	10,235.2	10,317.7	10,262.7	10,332.7
Mental Health	685.4	649.0	645.2	644.1	644.1
Public Health	594.5	565.8	513.2	506.1	506.1
State Employee Health Insurance**	1,452.9	1,477.1	1,449.7	1,449.7	1,472.0
Human Services	3,488.5	3,432.4	3,363.3	3,358.3	3,359.8
Children and Families	836.5	816.3	786.3	783.8	785.3
Developmental Services	1,271.9	1,262.3	1,262.6	1,262.6	1,262.6
Elder Services	238.6	228.6	222.6	221.1	221.1
Transitional Assistance	776.4	765.3	767.1	767.1	767.1
Other Human Services ³	365.1	359.9	324.7	323.7	323.7
Infrastructure, Housing & Economic Development	1,444.1	1,506.1	1,647.3	1,625.4	1,654.5
Economic Development	89.4	54.7	38.9	31.1	46.5
Housing and Community Development	274.9	268.7	253.1	248.4	251.2
Regulatory Entities	51.5	50.1	50.9	50.6	50.6
Transportation	961.1	1,063.9	1,262.0	1,254.0	1,254.0
Workforce and Labor	67.2	68.7	42.3	41.2	52.2
Law and Public Safety**	2,559.1	2,562.3	2,381.4	2,142.0	2,373.5
Courts and Legal Assistance	655.1	667.0	616.3	607.0	607.0
Law Enforcement	417.0	404.8	330.2	330.1	336.4
Prisons, Probation and Parole**	1,287.4	1,297.7	1,253.9	1,026.8	1,252.1
Prosecutors	146.1	143.2	132.9	132.5	132.5
Other Law and Public Safety	53.6	49.6	48.1	45.6	45.6
Local Aid	1,346.7	1,218.7	964.8	964.8	964.8
Additional Assistance	379.8	342.9	0.0	0.0	0.0
Lottery Aid	935.0	843.9	0.0	0.0	0.0
Other Local Aid	31.9	31.9	964.8	964.8	964.8
Other	4,232.7	4,069.6	4,060.4	4,032.9	4,044.1
Constitutional Officers	96.5	92.9	74.6	74.6	74.6
Debt Service	2,075.4	2,073.6	2,110.4	2,088.4	2,088.4
Executive and Legislative	69.2	57.8	60.6	58.9	59.5
Libraries	34.1	33.7	27.2	25.0	25.0
Pensions (pre-budget transfer)	1,465.0	1,313.0	1,376.6	1,376.6	1,376.6
Other Administrative	492.5	498.8	410.9	409.4	420.1
Total Appropriations and Transfers**	33,377.0	32,778.0	32,097.3	31,746.4	32,118.4
BUDGET BY CATEGORY - SUMMARY (Numbers in Millions)					
Budgeted Appropriations	30,062.2	29,630.2	29,099.2	28,732.3	29,104.3
Line-Item Appropriations**	27,231.7	26,901.1	27,734.5	27,369.6	27,638.3
Outside Section Appropriations	2,830.5	2,729.1	1,364.7	1,362.7	1,466.0
Pre-Budget Transfers	3,118.9	2,951.9	2,998.1	3,014.1	3,014.1
Total Appropriations and Transfers**	33,377.0	32,778.0	32,097.3	31,746.4	32,118.4
*These totals make adjustments to include funding associated with the American Recovery and Reinvestment Act (ARRA).					
** In order to make an accurate comparison across fiscal years, this total adjusts for on-budget items that had been funded off-budget in FY 2009. FY 2009 totals for State Employee Health Benefits include \$125 million for the costs of additional municipal participation in the Group Insurance Commission. FY 2009 totals for Prison, Probation and Parole include \$71 million to account for sheriffs brought onto the budget in FY 2010.					
NOTES:					
1. The FY 2009 Current total includes funding in the GAA plus any supplementals passed during the year, less October and January cuts.					
2. 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.					
3. 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.					