

## Analyzing the Senate Ways and Means Committee Budget for FY 2019

The Senate Ways and Means (SWM) Budget differs from the House budget only modestly: it makes somewhat larger investments in K-12 education, and provides less new funding for early education; it proposes to hold down pharmaceutical costs by allowing the Administration to negotiate rebates directly with the manufacturers, and sets a spending target; and it makes a few targeted new investments such as an initiative to improve or create accessible affordable housing units for renters with disabilities and an increase in funding for Regional Transit Authorities.

In important ways the SWM and House Budgets are very similar. Both include several significant policy changes:

- An increase in the state Earned Income Tax Credit (EITC) from 23 percent of the federal credit to 30 percent. The EITC is a tax credit that primarily benefits low- and moderate-income working parents and their families. Research studies have found that in addition to encouraging people to work and helping families to make ends meet, the EITC improves health outcomes for mothers and children, and boosts children's academic performance.
- An initiative proposed by the Governor to increase funding for adult mental health services and to restructure and expand the primary adult services program. The goal of these reforms is to provide more coordinated, standardized, and consistent treatment that will better align with health care systems, and will be more comprehensive, particularly for people who also have substance use disorders.
- A change to the rules for Transitional Assistance removing a restriction that bars families from receiving benefits for a child conceived while the family was receiving Transitional Assistance (the SWM budget makes this change effective January 1, 2019 while the House made the change effective in FY 2020).

There was also much that the House and SWM budgets were both not able to do, given revenue constraints. For example, both fund higher education at levels that will likely lead to continued cost increases for students. State funding for public higher education in Massachusetts is down 32 percent since FY 2001, and those funding reductions have led to increases in tuition, fees, and student debt. Both budget proposals also continue to rely on temporary solutions to balance the budget in FY 2019, suggesting that fiscal challenges will continue into FY 2020.

The rest of this *Budget Monitor* examines the SWM Committee proposals for major state programs in greater detail. Links from the Table of Contents below allow readers to jump to specific sections. Each section also provides links to our online budget tools including our [Budget Browser](#) (which provides funding information for every line item in the state budget going back to FY 2001) and, where applicable, to our [Children's Budget](#). For a detailed examination of earlier FY 2019 budget proposals,

please see MassBudget’s *Budget Monitors* on the [Governor’s](#) budget proposal, the [House Ways and Means Budget](#), and the final [House](#) budget.

**Table of Contents**

EDUCATION .....3

**Early Education & Care** .....3

**K-12 Education** .....4

**Higher Education**.....7

ENVIRONMENT & RECREATION .....9

HEALTH CARE .....10

**MassHealth (Medicaid) and Health Reform** .....10

**Mental Health** .....14

**Public Health**.....15

**State Employee Health Insurance** .....17

HUMAN SERVICES .....18

**Child Welfare** .....18

**Disability Services** .....19

**Elder Services** .....20

**Juvenile Justice** .....21

**Transitional Assistance** .....21

**Other Human Services** .....23

INFRASTRUCTURE, HOUSING & ECONOMIC DEVELOPMENT .....24

**Transportation**.....24

**Housing**.....25

**Economic Development** .....28

LAW & PUBLIC SAFETY .....31

LOCAL AID .....35

**Unrestricted Local Aid**.....35

**Other Local Aid**.....35

OTHER .....36

**Libraries** .....36

REVENUE .....37

**Tax Revenue** .....37

**Non-Tax Revenue**.....39

TOTAL BUDGET BY CATEGORY AND SUBCATEGORY .....41

## EDUCATION

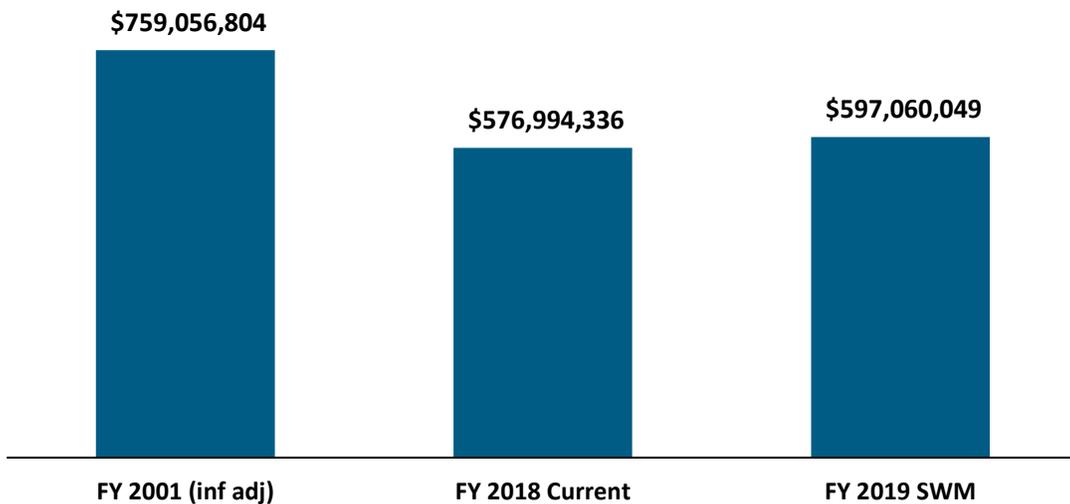
### Early Education & Care

Quality early education helps prepare young children in the Commonwealth for success throughout their education and allows them to thrive. Early education and care also provides critical support for working parents with young children, by offering safe and reliable care for kids while parents provide for their families.

The Senate Ways and Means (SWM) Committee’s Fiscal Year (FY) 2019 budget proposal allocates \$597.1 million to early education and care. Total early education funding in the SWM Committee’s proposal is an increase of \$20.1 million (3.5 percent) above current FY 2018 levels. This amount, however, is \$23.6 million (3.8 percent) less than the FY 2019 proposal from the House.

Over the long term, there have been significant cuts to early education and care since state tax cuts in the late 1990s and early 2000s. Despite the SWM Committee’s proposed increase for FY 2019, funding for early education and care would still be \$162.0 million (21.3 percent) below what was available in FY 2001, adjusting for inflation (see chart below).

**Early Education Funding Down 21 Percent Since 2001**



The SWM Committee’s FY 2019 proposal does not provide funding for [Center-Based Child Care Rate Increases](#) which were funded at \$15.0 million in the current FY 2018 budget and \$20.0 million in the House budget for FY 2019. This program helps improve early education quality by increasing the rates paid by the state to child care providers. The SWM Committee’s FY 2019 budget does build off the rate increases that took place in FY 2018 and increases funding somewhat to provide a full year of these higher reimbursements.

Though the SWM Committee does not provide specific funding to increase the rates paid to early education providers, it does fund a modest effort to expand early education programs to more kids. The SWM Committee FY 2019 budget provides \$5.0 million for the [Commonwealth Preschool Partnership Initiative](#), which did not receive funding in the House FY 2019 budget. This amount

would also be \$4.8 million above current levels. This funding proposed by the SWM Committee would help existing preschool providers, including school districts, expand access, particularly for 3-year-olds and those with greater needs.

The SWM Committee's FY 2019 budget provides \$270.1 million for [Income Eligible Child Care](#), \$14.7 million (5.8 percent) above current levels, identical to what the House proposed. This new funding largely continues increases to early education rates approved in FY 2018, funding them for a full year. Income Eligible Child Care provides subsidies for low- and moderate-income families not eligible for other child care assistance. With insufficient funding to meet child care needs across the state, the waitlist for subsidies contained more than 18,000 kids in March 2018.

The SWM Committee's FY 2019 budget, like the House, provides \$235.8 million for [Supportive and TANF Child Care](#), \$13.7 million (6.2 percent) above current FY 2018 levels and in line with what the House proposed. This new funding will also support a full year of the rate increases that were initiated in FY 2018. Supportive and TANF Child Care provides subsidies to children under the care of the Department of Children and Families and those receiving Transitional Aid to Families with Dependent Children (limited cash assistance along with work training programs for low-income families).

The SWM Committee's FY 2019 budget does not provide funding for a new initiative in the House budget, **EEC Provider Higher Education Opportunities**, which the House funded at \$8.5 million. The initiative is focused on professional development for early educators facilitated by community colleges. The SWM Committee also did not include a related Outside Section that the House proposed on improving early education professional development and other aspects of supporting the early education workforce.

In its FY 2019 proposal, SWM proposes eliminating funding for the [Reach Out and Read](#) (funded at \$1.0 million currently in FY 2018). This program supports early literacy by partnering with pediatricians and nurses to provide books to families and other steps to encourage reading.

For information on funding for early education programs going back to FY 2001, please see MassBudget's *Budget Browser* [here](#).

## [K-12 Education](#)

Providing an excellent education to all children in Massachusetts supports future generations in the Commonwealth while contributing to a strong, knowledge-driven economy. Chapter 70 education aid is the main program for delivering state support to local districts across Massachusetts, and ensuring that schools have sufficient resources to serve all students. For further background on the state's education funding system, see [Demystifying the Chapter 70 Formula](#).

The Senate Ways and Means (SWM) Committee's Fiscal Year (FY) 2019 budget proposal increases **Chapter 70 Aid and Reserves** by \$160.2 million (3.4 percent) to \$4.92 billion. This increase is \$23.2 million (0.5 percent) above what the House proposed.

In determining the Chapter 70 allocations to cities and towns for FY 2019, the SWM Committee's budget, like the House budget, took into account several updates to last year's calculations.

This FY 2019 Chapter 70 proposal includes an annual inflation factor of 2.6 percent, as determined under Chapter 70 law. This is more than twice the FY 2018 rate. This Chapter 70 proposal also estimates that statewide student enrollment will decline by 0.4 percent in FY 2019. The SWM Committee includes a technical correction that the House made to statewide enrollment that adds roughly 3,000 students who were omitted from Chapter 70 calculations in the Governor's proposal.

Additionally, the SWM Committee's Chapter 70 proposal guarantees a minimum increase of \$30 per student for districts that would not otherwise receive additional aid, in line with the House. Finally, the SWM Committee's Chapter 70 proposal reduces the required local contributions of districts that are above their contribution targets by 100 percent as opposed to 92 percent proposed by the House.

The SWM Committee's FY 2019 budget continues modest steps to implement some of the recommendations of the 2015 Foundation Budget Review Commission (FBRC). The FBRC found that schools across the state are significantly under-resourced relative to the Commonwealth's estimate of the costs of educating children, called the "foundation budget." This situation limits the capacity of schools to help all children succeed.

The foundation budget is based on estimated costs for each element of a school budget as determined by the Education Reform Act of 1993 and adjusted mostly for inflation since then. The FBRC found that components in the formula fail to reflect actual costs and student needs in several areas, especially employee health care, special education, as well as supports for English Language Learners and kids living in poverty.

The SWM Committee's FY 2019 budget partially addresses two of these areas. On health care, the SWM Committee budget increases the foundation rates for employee benefits (the category which includes health care for school employees) by between 6 and 15 percent depending on grade level and student category. This is more than the standard 2.6 percent inflation factor used in the rest of the formula. The difference, the same as the House proposal, is based on the SWM Committee assuming a seven-year phase in of a new Chapter 70 benefit rate. According to the Department of Elementary and Secondary Education (DESE), changes in FY 2018 and proposed by the SWM Committee for FY 2019 would collectively implement 29 percent of the commission's health care-related recommendations.

The SWM Committee, unlike the House and the Governor, addresses a second area of the FBRC recommendations in its FY 2019 proposal, related to English Language Learners (ELL). This SWM Committee budget proposes converting the additional funding in the Chapter 70 formula for ELL students from an entirely separate rate (which takes the place of other categories such as elementary, middle school etc.) to an increment on top of these other rates. This is similar to how the Chapter 70 formula calculates addition funding for low-income students. Contrary to current practice, the SWM Committee FY 2019 budget also applies this increment to vocational students. In addition to these changes the FBRC proposed making the ELL increment more consistent across grade levels. The Senate Ways and Means Committee does make the various increments for ELL students more uniform, ranging from roughly \$1,530 for vocational students to \$2,354 for middle school. This compares to a current range between no additional funding for vocational through \$2,331 for middle school. Overall the SWM Committee implements 65 percent of the ELL changes proposed by the FBRC.

Collectively, by reducing local contributions by 100 percent for districts that are above their target contribution (up from 92 percent in the House budget), and adding ELL policy changes result in the \$23.2 million greater Chapter 70 allocations overall in the SWM FY 2019 budget compared to the

House. This figure accounts for slight differences in how the House and SWM Committee dealt with Chapter 70 reserves (see discussion below). ELL policy changes likely account for the majority of the difference between the SWM Committee and House budgets.

In separate legislation, the Senate recently approved the entire set of reforms proposed by the FBRC, charging the Legislature and the Governor to agree to an implementation schedule for the changes – limited by the amount of revenue available each year.

FY 2019 will be the third year that Massachusetts has used the **Economically Disadvantaged** metric for calculating the number of students in poverty served by districts across the state. In this process, the number of kids considered economically disadvantaged is determined by certifying kids through their enrollment in other public services including MassHealth, Temporary Aid to Needy Families (limited cash assistance and work training for low-income families), SNAP (food stamps), and if they meet other criteria such as being in foster care.

Implementation of this new process initially caused a drop in statewide poverty headcounts compared to prior years. To offset that drop, the FY 2017 and FY 2018 budgets increased the amount of funding directed to each economically-disadvantaged student. DESE and other agencies have made significant progress in identifying more students participating in various state programs as economically disadvantaged. The SWM Committee's FY 2019 budget, appears to be in line with the House's, reflecting that over 339,000 students in poverty have been identified, up 7.8 percent from 315,000 in FY 2018. Identifying additional students in poverty tends to increase aid, particularly for districts serving the lowest-income students. However, this FY 2019 budget, like the House's, reverses some of the policy changes from the prior two years by lowering the amount of funding included in the formula for each economically-disadvantaged student by around 5 percent (about \$200 per student). This counteracts some potential aid increases that could have arisen from improved identification of kids who are low-income.

An Outside Section of the SWM Committee's FY 2019 budget would address the challenges of counting low-income kids for Chapter 70 calculations by allowing districts to certify student income levels through standard forms where families report their income. This change would take place in FY 2020, giving DESE time to institute this practice, which is similar to one used several years ago. This change would have the potential to simplify the process of counting low-income kids for some schools and would also address the undercounting of kids who are ineligible or unenrolled in public benefit programs, despite being low-income based on family income. However, districts would still have the option of determining their count of low-income kids within Chapter 70 by certifying student participation in other public services. That process would also still be used for the purposes of establishing enrollment in school meal programs.

The SWM Committee's FY 2019 proposal includes \$15.0 million for the **Chapter 70 Reserve (Foundation Reserve One Time Assistance)**. This funding is intended to support districts who had an influx of students from Puerto Rico and the U.S. Virgin Islands after recent natural disasters. This reserve would provide supplemental aid for FY 2019 in the same manner as the current FY 2018 budget. The Chapter 70 Formula should account for these students when calculating future Chapter 70 aid for FY 2020 if they remain enrolled. The SWM Committee includes \$12.5 million less funding for the Chapter 70 Reserve compared to the House. However, the main Chapter 70 account has an additional \$12.5 million for the same purpose, assisting a handful of districts receiving less aid than they otherwise would have as a result of the change to the student poverty measure discussed above.

In line with the House's proposal, the SWM Committee's FY 2019 proposal projects \$862.6 million in revenue for the **Massachusetts School Building Authority** (MSBA) to support district construction and renovation projects across the state. This amount is \$16.0 million (1.9 percent) above current FY 2018 levels, less than the expected inflation rate.

The SWM Committee's FY 2019 budget provides \$100.0 million for [Charter School Reimbursements](#), \$19.5 million (24.2 percent) above current FY 2018 levels and \$10.0 million above the House's proposal for FY 2019. When fully-funded, this program is intended to reimburse 100 percent of increased outgoing student funding in the first year and 25 percent of this amount for each of the following five years.

However, according to recent FY 2018 projections from DESE, the current \$80.5 million funding level only supported 52 percent of the amount called for by the formula, leaving a \$74.1 million gap. The situation would improve with the funding proposed by the SWM Committee for FY 2019. According to DESE projections, \$100.0 million in reimbursements would fund 58 percent of the formula, leaving a slightly reduced \$71.6 million gap while the program would serve roughly 3,300 more kids. For additional detail on charter school funding and the impact of recent underfunding, see [Charter School Funding Explained](#).

Apart from Chapter 70 Aid and charter reimbursements, the SWM Committee FY 2019 budget increases funding for other state reimbursement programs that benefit local school districts:

- \$318.9 million in support for the [Special Education Circuit Breaker](#), \$37.7 million above current levels and \$18.6 million more than the House proposed. The circuit breaker reimburses school districts for a portion of their costs for educating students with severe disabilities.
- \$62.5 million in support for [Regional School Transportation](#), which is \$1.0 million (1.6 percent) above current levels, but also \$1.0 million (1.6 percent) below the House FY 2019 budget.

The SWM Committee budget would create a new line item, **Civics Education Trust Fund**, funded at \$1.5 million for FY 2019. This funding would support expanded civics education efforts across the state.

In this SWM Committee budget proposal, \$340,000 in funding for **Bay State Reading Institute** and \$300,000 for **Reading Recovery** is included in the **Literacy Programs** line item (7010-0033).

The SWM Committee FY 2019 proposal moves the administration of **Recovery High Schools** from public health agencies to DESE. For detail on this initiative, see the Public Health Section below.

For information on funding for all K-12 education programs going back to FY 2001, please see MassBudget's Budget Browser [here](#).

## [Higher Education](#)

Affordable high quality postsecondary education can provide more young people with the opportunity to choose their paths in life without being blocked by insurmountable financial obstacles. In the long run, that strengthens our overall state economy. Our system of public higher education, comprising three "segments" – the University of Massachusetts, the state universities, and the community

colleges – has played a large role in this accomplishment. Adequate state funding is necessary to help ensure quality postsecondary education is affordable and accessible for all who want to pursue it.

Overall, the Senate Ways and Means (SWM) Committee’s proposed Fiscal Year (FY) 2019 budget funds higher education at \$1.19 billion – roughly the same levels as the House’s budget proposal, and 1.5 percent over the current FY 2018 budget. There are, however, some notable differences between the SWM and House budget proposals:

- SWM’s proposal **increases direct funding to the state university campuses** by 3.8 percent over the current FY 2018 budget, while the House budget adds just 1.0 percent. (See below for more detail on direct campus funding.)
- SWM’s proposal **increases funding for community college workforce development and training by \$2.2 million**, including \$1.5 million in stipends for participants in workforce training and internships under the **Training Resources and Internship Networks (TRAIN)** grant program. The House budget adds no new funding in this area.
- SWM’s proposal **adds no new funding for scholarships** – unlike the House’s and Governor’s FY 2019 budget proposals, both of which added over \$7 million.

Additionally, SWM’s proposed higher education budget:

- **Funds day-to-day operations at the Department of Higher Education** at \$3.6 million. This is 9.5 percent below the current FY 2018 budget, but 23.5 percent above the House’s FY 2019 proposal.
- **Eliminates funding for the STEM Starter Academy**, which aims to graduate community college students into university programs and careers in science, technology, engineering, and math (STEM).
- **Eliminates funding for the Innovation Voucher Program Fund**, which connects local start-ups with UMass laboratories and equipment. The fund, currently in its first year, just began accepting applications in March 2018.

## Campus Funding

As recently detailed in MassBudget’s report *Educated and Encumbered*, per-student state funding for public higher education in Massachusetts is down 32 percent since Fiscal Year (FY) 2001. These cuts have played a significant role in tuition and fee increases across all three “segments” of our state’s system of public higher education – the University of Massachusetts, the state universities, and the community colleges – which have led to growing debt. Among students graduating from public 4-year postsecondary schools, average debt grew faster in Massachusetts than in all but one other state from 2004 (the earliest year for which data are available for most states) to 2016.

The SWM budget proposal does little to reverse these trends. The SWM FY 2019 proposal calls for a 1.6 percent increase in direct funding across all the state’s college and university campuses. By segment, the SWM budget proposal:

- Increases community college funding by 1.4 percent;
- Increases state university funding by 3.8 percent; and
- Increases UMass funding by 0.6 percent.

(These percentages and the figures in the following table are adjusted to account for the fact that all community colleges, as well as all state universities except the Massachusetts Maritime Academy and the Massachusetts College of Art and Design, send back – or “remit” – their in-state tuition revenues to the state’s General Fund. The Governor’s budget proposal included an Outside Section that would create a task force to look at these tuition retention and remission policies, but such language is not included in either the House or SWM budget.)

**HIGHER EDUCATION FUNDING BY SEGMENT**

Segment	FY 2018 Current	FY 2019 Governor	FY 2019 House	FY 2019 SWM	Difference FY19 SWM - FY18 Curr.
Community Colleges	275,578,064	278,078,702	278,853,702	279,523,320	3,945,256
State Universities	247,353,738	249,856,427	249,881,426	256,835,921	9,482,183
University of Massachusetts	518,245,371	523,367,080	523,617,080	521,367,080	3,121,709
<b>Total, all segments</b>	<b>1,041,177,173</b>	<b>1,051,302,209</b>	<b>1,052,352,208</b>	<b>1,057,726,321</b>	<b>16,549,148</b>

As shown in *Educated and Encumbered*, campus funding cuts have played a large role in tuition and fee increases. The average tuition increase from the 2016-17 academic year to 2017-18 was 5 percent across the four-year campuses (the University of Massachusetts and the state universities) and 4 percent at the community colleges.

**State Scholarships**

The SWM proposal funds state scholarships at essentially the same levels as the current FY 2018 budget. The Governor’s and House’s FY 2019 budget proposals called for over \$7 million in new scholarship spending. (The Governor specified that this money is for community college students, the House proposal did not specify the uses of the new funding.)

For information on funding for all higher education line items going back to FY 2001, please see MassBudget’s *Budget Browser* [here](#).

**ENVIRONMENT & RECREATION**

The state budget funds programs that keep our air, water, and land clean; maintain fish and wildlife habitats; and staff and maintain our parks, beaches, pools, and other recreational facilities. The Senate Ways and Means (SWM) Committee’s Fiscal Year (FY) 2019 budget proposes spending \$208.0 million on environment and recreation programs, which is \$7.9 million or 4.0 percent more than the current FY 2018 budget. The SWM Committee budget is \$4.9 million less than the budget proposed by the House.

Some highlights from the SWM Committee’s budget for environment and recreation programs include:

- \$2.2 million for **climate change resiliency** which is \$2.0 million more than the FY 2018 current budget and identical to the amount proposed by both the Governor and the House. The Executive Office of Energy and Environmental Affairs will use this funding to develop strategies, in coordination with other state agencies and municipalities, to help plan for and adapt to climate change.

- \$24.6 million for **Department of Environmental Protection (DEP)** administration which is level with the FY 2018 current budget and \$4.5 million less than the amount proposed by the House. The House provided \$29.1 million which could allow DEP to hire additional staff to help with environmental planning, permitting, compliance, and other activities. In 2016 over 100 employees left DEP as part of the state’s early retirement incentive program which has strained the department’s ability to fulfill its mission.
- \$63.4 million in total funding for **state parks** (see table below) which is \$3.8 million more than the FY 2018 current budget and \$2.1 million less than the House. Like the House, the Senate includes a new account for state parks projects which provides funding to specific state parks facilities in the state. The SWM Committee also proposes moving funding for street lighting and snow and ice removal from its own account into the primary state parks account.

**FUNDING FOR STATE PARKS**

Line Item #	Line Item Name	FY 2018 Current	FY 2019 Governor	FY 2019 House	FY 2019 SWM	Transfer*	FY 2019 SWM in FY18 structure	Difference FY19 SWM - FY18 Curr.	Notes
2810-0100	State Parks & Rec.	37,163,712	37,970,092	40,000,000	43,220,092	-3,000,000	40,220,092	3,056,380	*incl. adj.
2810-0122	State Parks Spec. Proj.	0	0	2,520,000	175,000		175,000	175,000	
2810-2042	DCR Ret. Rev.	20,022,185	20,000,000	20,000,000	20,000,000		20,000,000	(22,185)	
2820-2000	Streetlighting	2,414,838	3,000,000	3,000,000	0	3,000,000	3,000,000	585,162	*inc adj.
	<b>Total</b>	<b>59,600,735</b>	<b>60,970,092</b>	<b>65,520,000</b>	<b>63,395,092</b>	<b>0</b>	<b>63,395,092</b>	<b>3,794,357</b>	

\*Budgets sometimes transfer the allocation of funding among line items from one year to the next. The chart above presents these line items in both the SWM Committee’s FY 2019 proposed structure and the prior FY 2018 funding structure to make comparisons easier.

For information on funding for Environment & Recreation programs going back to FY 2001, please see MassBudget’s *Budget Browser* [here](#).

**HEALTH CARE**

**MassHealth (Medicaid) and Health Reform**

The Commonwealth provides health insurance to about 1.9 million people, including more than 650,000 – close to half – of the state’s children. In addition, the state budget funds payments to health providers, such as hospitals that serve large numbers of low-income patients and nursing homes, to help pay for care for patients on publicly subsidized health insurance.

**MassHealth Program and Administration**

The Senate Ways and Means (SWM) Committee’s Fiscal Year (FY) 2019 budget for MassHealth is \$16.50 billion, with \$16.34 billion for the MassHealth program, and \$160.3 million for program administration (see table). This total is \$102.5 million less than in the House proposal, and \$208.4 million more than proposed by the Governor. However, the Governor had proposed transferring the costs of some MassHealth members from the MassHealth budget to the **Health Connector** as funded by the

Commonwealth Care Trust Fund (see discussion below), so a portion of the Governor's MassHealth cost reductions had been partially offset by a proposed increase in spending at the Health Connector.

The SWM MassHealth budget differs from the House proposal largely in two ways. The SWM budget differs in proposals for supplemental payments and rate increases for providers, and the SWM budget anticipates lower spending on pharmaceuticals as a result of a new strategy to control pharmaceutical costs (discussed more below.)

### MassHealth (Medicaid) and Health Reform

	FY 2018 Projected Spending	FY 2019 Governor	FY 2019 House	FY 2019 SWM
<b>MassHealth</b>				
MassHealth Programs	15,919,062,626	16,134,592,329	16,444,942,329	16,342,816,489
MassHealth Administration	159,027,520	160,129,599	160,627,269	160,279,599
<b>SUBTOTAL</b>	<b>16,078,090,146</b>	<b>16,294,721,928</b>	<b>16,605,569,598</b>	<b>16,503,096,088</b>
<b>Commonwealth Care Trust Fund</b>				
Tobacco Excise Revenue Transfer	111,727,134	128,534,805	128,534,805	128,534,805
Transfer to Commonwealth Care Trust		130,772,892	45,772,939	45,772,939
<b>SUBTOTAL</b>	<b>111,727,134</b>	<b>259,307,697</b>	<b>174,307,744</b>	<b>174,307,744</b>
<b>TOTAL</b>	<b>16,189,817,280</b>	<b>16,554,029,625</b>	<b>16,779,877,342</b>	<b>16,677,403,832</b>

These MassHealth totals differ from totals presented by the SWM, as MassBudget's totals continue to include the costs of the Community Choices program (\$228.2 million) for the purposes of year-to-year comparisons, which the Legislature and the Administration include in their funding totals for the Department of Elder Affairs.

Unlike the House, the SWM Committee includes a proposal – similar to one introduced by the Governor – that would work towards reducing the increasing costs of pharmaceuticals. The SWM proposal, like the Governor's, would allow the state to negotiate drug prices directly with manufacturers to obtain rebates for prescription drugs. The Administration would also be able to impose a penalty against the manufacturer if the manufacturer does not agree to a rebate, and the Administration determines that the manufacturer's prices are excessive. The SWM proposal sets an annual prescription drug spending target, aiming to reduce the state's share of pharmaceutical spending by at least 20 percent from the previous year. SWM has stated that their spending reduction target would be \$74 million (\$32.6 million net of reduced federal reimbursement) for FY 2019, which is a very aggressive target, according to state officials. The SWM proposal does not include the Governor's recommendation to create what is known as a "closed formulary," limiting the medications MassHealth would cover.

The SWM budget, like the House budget, does not incorporate the Governor's proposal to shift some low-income adults from MassHealth coverage to ConnectorCare at the Health Connector. To reduce costs to the state, the Governor had proposed moving 140,000 low-income adults off MassHealth coverage and into subsidized commercial coverage funded through the Commonwealth Care Trust Fund and the Health Connector ("ConnectorCare").

SWM and the House both propose a direct transfer of \$45.8 million into the **Commonwealth Care Trust Fund**. The Governor's proposal had included a transfer of \$130.8 million, \$85.0 million more, to cover the costs of the adults that the Governor's proposal shifted into the Connector from MassHealth. The MassHealth funding table above includes funding for the Commonwealth Care Trust Fund in

order to more accurately align the budget proposals. These are gross totals, and do not reflect the impact on federal revenues of these spending proposals. (“Net costs” reflect just the state costs after subtracting federal reimbursement.)

Unlike the House, the SWM budget proposal DOES include:

- \$2.0 million in additional funding for increased rates for **outpatient adult behavioral health**.
- \$2.0 million in additional funding for increased rates for **children’s behavioral health**.
- \$1.0 million to cover the costs of the first month of expanding **adult dental coverage** to include periodontics (starting June 2019).
- \$150,000 for the **Academic Detailing Program**, which provides information to prescribers from unbiased academic or non-commercial educators. This program is designed to provide an alternative to the information provided by pharmaceutical salespeople about the efficacy of prescription medications. Although not a new program, there is no funding for this in the current FY 2018 budget either.

Unlike the House, the SWM budget DOES NOT include:

- \$14.8 million in **supplemental payments for pediatric hospitals**.
- \$4.0 million total in rate increases for **adult foster care** and **adult day health**.
- \$2.8 million in additional wage incentives at **nursing homes**.

### Other Health Subsidies and Related Spending

The SWM budget also includes funding for other supplemental payments to health safety net providers, funding for other subsidized health programs, and other administrative and operational supports. In the table below, the totals for the Medical Assistance Trust show current budgeted appropriations. The timing of operating transfers into this trust which are made up of provider assessments and federal revenues, do not align with the state fiscal year. The funding differences from year to year for other trusts also in part reflect timing discrepancies or changing requirements based on federal Medicaid waivers. The apparent large difference between FY 2018 and FY 2019 is simply due to the timing of the transfers. There will likely not be a significant difference in spending from this trust for FY 2019 compared to FY 2018.

## Other Health Subsidies and Related Spending

	FY 2018 Projected Spending	FY 2019 Governor	FY 2019 House	FY 2019 SWM
<b>Other Health Subsidies</b>				
Prescription Advantage	16,929,054	16,939,784	16,939,784	16,939,784
<b><i>SUBTOTAL</i></b>	<b>16,929,054</b>	<b>16,939,784</b>	<b>16,939,784</b>	<b>16,939,784</b>
<b>Transfers into Trusts</b>				
Medical Assistance Trust	747,100,000	452,450,000	452,450,000	452,450,000
Safety Net Provider Trust		167,640,000	167,640,000	167,640,000
Delivery System Transformation Initiative	186,649,333			
Substance Abuse Trust	47,000,000			
<b><i>SUBTOTAL</i></b>	<b>980,749,333</b>	<b>620,090,000</b>	<b>620,090,000</b>	<b>620,090,000</b>
<b>Other Administration and Operations</b>				
Center for Health Info. & APCD	30,079,031	28,181,406	28,181,406	28,181,406
Information Technology	125,164,835	102,764,307	102,736,495	102,264,307
Health Connector Operations	17,925,694	16,775,216	16,775,216	16,775,216
Health Information Trust	1,000,000	19,153,272	10,000,000	10,000,000
Other Health Finance	9,624,819	9,602,936	9,830,724	9,982,416
<b><i>SUBTOTAL</i></b>	<b>183,794,379</b>	<b>176,477,137</b>	<b>167,523,841</b>	<b>167,203,345</b>

The SWM and House budget proposals include payments to health safety net providers through a variety of trusts, funded by a combination of operating transfer appropriations, re-distributed assessments on providers, and federal reimbursements. For example, with the roll out of Accountable Care Organizations this year, funding for the **Delivery Systems Transformation Trust** is no longer needed, and the SWM budget includes language to dissolve this trust. The SWM and House budgets create a new trust, the **Safety Net Provider Trust**, funded with \$167.6 million to provide supplemental payments to health care providers based on a new initiative in the most recent Medicaid waiver.

Moreover, as with other parts of the budget, the SWM and House budgets incorporate proposals to implement expanded and improved behavioral health and expanded **substance use disorder** prevention and treatment. In FY 2018, the state dedicated \$47.0 million to a new trust fund to support substance use treatment, supported by federal reimbursement for the MassHealth program. The Governor's proposal noted that the Administration plans to spend \$30.0 million from this FY 2018 allocation in FY 2019. The Administration also expects that with this year's implementation of the restructuring of MassHealth into Accountable Care Organizations, care coordinators will be responsible for fully integrating and aligning behavioral health services with medical care.

To support the operations of Massachusetts' health system, SWM and House budgets both include \$16.8 million to support the operations of the state's **health insurance eligibility** system at the Health Connector. There's also \$10.0 million for the **Health Information Technology Trust** in the SWM budget, \$9.2 million less than proposed by the Governor.

For information on funding for all MassHealth and Health Reform programs going back to FY 2001, please see MassBudget's *Budget Browser* [here](#).

## Mental Health

The Senate Ways and Means (HWM) Committee’s Fiscal Year (FY) 2019 budget includes \$873.2 million for the services of the Department of Mental Health (DMH), to help ensure that people in the Commonwealth struggling with and recovering from mental illness are able to become healthy, and live and work successfully in the community. This amount is slightly more than the House proposal, and is \$100.7 million more than the FY 2018 current budget – an increase of 13.0 percent. DMH provides supports to approximately 26,000 people – children as well as adults – through a network of inpatient facilities, residential treatment programs, and community support services.

Strengthening the state’s supports for behavioral health services has been a priority for both the Governor and the Legislature, and there are behavioral health initiatives incorporated into funding recommendations for DMH, as well as funding for MassHealth, the Department of Public Health, and funding at the Department of Correction (included in the “Law Enforcement” section of this *Budget Monitor*) and in funding within education programs as well.

The SWM budget, like the House budget, follows the Governor’s proposal to increase funding for **adult mental health** services overall (see table) and to restructure and expanding the primary adult services program (formerly known as Community Based Flexible Services) into a different model called **Adult Community Clinical Services (ACCS)**. The Administration has stated that when implemented, this new model will provide more coordinated, standardized, and consistent treatment that will better align with health care systems, and will be more comprehensive, particularly for people who also have substance use disorders. Compared to FY 2018 current budget totals, the SWM proposal is 21.8 percent higher.

### FUNDING FOR ADULT MENTAL HEALTH SERVICES

Line Item #	Line Item Name	FY 2018 Current	FY 2019 Governor with MassBudget Adjustments	FY 2019 House with MassBudget Adjustments	FY 2019 SWM	Transfers*	FY 2019 SWM with MassBudget Adjustments	Difference FY19 SWM - FY18 Current
5046-0000	Adult Mental Health and Supports	387,080,579	482,670,614	483,118,033	486,920,614	(4,000,000)	482,920,614	95,840,035
5046-0006	Adult Community-Based Placements	4,000,000	4,000,000	4,000,000		4,000,000	4,000,000	0
5046-2000	Statewide Homelessness Support	22,727,689	22,727,689	22,727,689	22,727,689		22,727,689	0
5046-4000	CHOICE Program Retained Revenue	125,000	125,000	125,000	125,000		125,000	0
5047-0001	Emergency Services and Mental Heal	24,101,834	24,103,661	24,103,309	24,103,661		24,103,661	1,827
5055-0000	Forensic Services Program	9,232,517	9,297,407	9,296,840	10,797,407		10,797,407	1,564,890
<b>TOTAL</b>		<b>447,267,619</b>	<b>542,924,371</b>	<b>543,370,871</b>	<b>544,674,371</b>	<b>0</b>	<b>544,674,371</b>	<b>97,406,752</b>

\*Budgets sometimes transfer the allocation of funding among line items from one year to the next. The chart above presents these line items in both the SWM FY 2019 proposed structure and the prior FY 2018 funding structure to make comparisons easier.

SWM recommends \$92.2 million for **Child and Adolescent Mental Health**. This is \$1.6 million above the House proposal and essentially level with the FY 2018 current budget. This total includes \$3.7 million for the **Massachusetts Child Psychiatry Access Project (MCPAP)** – \$100,000 more than recommended by the House, but the amount that is in the FY 2018 budget. MCPAP is an innovative program that improves access to treatment for children with behavioral health needs by making psychiatrists available to provide consultation for primary care providers across Massachusetts. The SWM proposal also includes language not in the House budget but included in the FY 2018 budget,

that would dedicate \$2.0 million of this total for case management services, for enhanced services for older adolescents and young adults, for consultation with early education and care providers, and for recommendations to expand early mental health identification and prevention programming.

For information on funding for all Mental Health programs going back to FY 2001, please see MassBudget's *Budget Browser* [here](#).

## Public Health

The Fiscal Year (FY) 2019 budget proposal from the Senate Committee on Ways and Means (SWM) includes \$638.6 million for the state's public health infrastructure. The Department of Public Health (DPH) oversees a variety of prevention and treatment services, improves access to health care, and ensures the safety of our food and water. The SWM proposal is \$3.7 million less than the House final proposal, but \$22.5 million (3.6 percent) more than FY 2018 current budgeted totals.

Throughout the FY 2019 budget process, the Governor and both branches of the Legislature have proposed expanded funding for substance addiction treatment and prevention, in large part to address concerns about the opioid epidemic. In the SWM budget, the most significant overall increase in public health funding is an \$11.2 million increase in funding for the treatment and prevention of substance misuse, bringing the total for these services to \$157.6 million (see table below for line items.)

Like in the House budget, the SWM proposal includes language in the **Bureau of Substance Addiction Services** designating \$3.5 million to support the opening of five new recovery centers, as well as language maintaining a centralized system to coordinate information statewide about available treatment beds for detoxification and stabilization in order to improve access to services. SWM funds a line item for **targeted grants** to address substance misuse treatment and prevention at \$425,000, \$2.0 million less than proposed by the House. Like in the House budget, SWM proposes funding for **Recovery High Schools**, therapeutic high schools that offer specialized programming for students struggling with or recovering from substance misuse disorders. The FY 2019 budget proposals transfer oversight for these schools to the Department of Elementary and Secondary Education. MassBudget transfers this funding back to DPH for more accurate across-year comparisons of funding (see adjustment in table below.)

**FUNDING FOR SUBSTANCE MISUSE TREATMENT AND PREVENTION**

Line Item #	Line Item Name	FY 2018 Current	FY 2019 Governor with MassBudget Adjustments	FY 2019 House with MassBudget Adjustments	FY 2019 SWM	MassBudget Adjustment*	FY 2019 SWM with MassBudget Adjustments	Difference FY19 SWM - FY18 Curr.
4512-0200	Bur. of Subs. Addiction Svcs.	132,575,888	136,123,457	137,173,457	141,783,457	0	141,783,457	9,207,569
4512-0201	Step-Down Recovery	4,908,180	4,908,180	4,908,180	4,908,180	0	4,908,180	0
4512-0202	Secure Treatment	1,940,000	1,940,000	5,000,000	1,940,000	0	1,940,000	0
4512-0203	Family Intervention	1,440,450	1,440,450	1,440,450	1,440,450	0	1,440,450	0
4512-0204	Nasal Narcan	970,000	970,000	1,000,000	970,000	0	970,000	0
4512-0205	Substance Abuse Grants	980,000	0	2,395,000	425,000	0	425,000	(555,000)
4512-0211	Recovery High Schools	3,600,000	2,475,000	2,475,000	0	3,100,000	3,100,000	(500,000)
7061-9607	Recovery High Schools	0	0	0	3,100,000	(3,100,000)	0	0
T10-1101	Public Health Trust Fund	0	2,998,712	2,998,712	2,998,712	0	2,998,712	2,998,712
1595-0025	Substance Use Prev. Trust	0	5,000,000	0	0	0	0	0
<b>TOTAL</b>		<b>146,414,518</b>	<b>155,855,799</b>	<b>157,390,799</b>	<b>157,565,799</b>	<b>0</b>	<b>157,565,799</b>	<b>11,151,281</b>

\*Budgets sometimes transfer the allocation of funding among line items from one year to the next. The chart above presents these line items in both the FY 2019 proposed structure and the prior FY 2018 funding structure to make comparisons easier.

In order to support increased staffing at rape crisis centers, the SWM budget proposal also includes \$37.1 million for **domestic violence and sexual assault prevention** services. This is an increase of 18.4 percent over FY 2018 budgeted totals, and \$2.5 million more than proposed by the House.

The SWM budget proposal includes a total of \$9.5 million for **youth engagement and youth violence prevention** programming (see table.) This total is \$2.9 million less than total funding in FY 2018, and also \$4.2 million less than proposed by the House. Most notably, the SWM proposes reduced funding for the Youth-At-Risk matching grant program which typically funds specific teen empowerment and youth development programs across the Commonwealth from \$3.8 million in the FY 2018 budget to \$500,000 for FY 2019.

**FUNDING FOR YOUTH ENGAGEMENT AND YOUTH VIOLENCE PREVENTION**

Line Item #	Line Item Name	FY 2018 Current	FY 2019 Governor	FY 2019 House	FY 2019 SWM	Difference FY19 SWM - FY18 Curr.
4000-0005	Safe and Successful Youth Ini	7,320,000	7,320,000	8,125,000	7,000,000	(320,000)
4590-1506	Violence Prevention Grants	1,337,124	1,338,850	1,500,000	2,000,000	662,876
4590-1507	Youth At-Risk Matching Grant	3,765,000	500,000	4,120,000	500,000	(3,265,000)
<b>TOTAL</b>		<b>12,422,124</b>	<b>9,158,850</b>	<b>13,745,000</b>	<b>9,500,000</b>	<b>(2,922,124)</b>

The Legislature continues to reduce support for **tobacco prevention and cessation**, down from \$3.7 million in the FY 2018 budget to \$3.4 million in the SWM proposal. Reduced funding for these prevention and educational programs comes in spite of recent reports about the increased use of electronic cigarettes (“vaping”) among underage teenagers. At one time, Massachusetts led the nation with its successful public health campaign to reduce smoking. In FY 2001, for example, the state budgeted more than the equivalent of \$90 million (as adjusted for inflation) to support anti-smoking

efforts. This funding was cut dramatically in the next year, and has dwindled over the subsequent decade and a half.

For information on funding for all Public Health programs going back to FY 2001, please see MassBudget's *Budget Browser* [here](#).

## State Employee Health Insurance

The Senate Ways and Means (SWM) Committee's Fiscal Year (FY) 2019 budget proposal includes a total of \$1.59 billion to cover the costs of health insurance for state employees, just slightly below the House proposal. This total includes coverage for current employees as well as retirees (discussed more below).

In order to more accurately reflect health insurance costs, MassBudget's totals for state employee health insurance include adjustments that allow for better across-year comparisons (see table). MassBudget removes from budget totals the amounts each year that are simply pass-throughs of funding for municipal health insurance. Municipalities have the option of taking advantage of the state's purchasing power by using the Group Insurance Commission (GIC) to purchase their employees' health insurance. Municipalities reimburse the state for the costs of this insurance, so there is no cost to the state for adding these municipal employees to the GIC membership rolls.

Recent legislation signed by the Governor consolidated funding for elderly retired employees and retired teachers (known as "Pool 2") into the funding for current employees ("Pool 1"). Combining these risk pools would make coverage more affordable and provide additional choice for these approximately 10,000 retirees.

### STATE EMPLOYEE HEALTH INSURANCE

Line Item #	Line Item Name	FY 2018 Current with MassBudget Adjustments	FY 2019 Governor with MassBudget Adjustments	FY 2019 House with MassBudget Adjustments	FY 2019 SWM	Transfers*	Adjustments**	FY 2019 SWM with MassBudget Adjustments
0640-0096	Lottery Comm. Health	437,287	437,287	437,287	437,287			437,287
1108-5100	Group Insur. Comm.	4,154,372	4,181,049	4,175,898	4,181,049			4,181,049
1108-5200	Premiums/Plan Costs	1,074,915,272	1,077,008,201	1,077,008,201	1,701,053,589	(55,072,576)	(568,972,812)	1,077,008,201
1108-5201	Muni. Implem.	2,196,745	2,196,745	2,196,745	2,196,745			2,196,745
1108-5350	Retired Govtl. Emps.	127,271	133,635	133,635		133,635		133,635
1108-5500	Gr. Insur. Dental/Visic	8,631,072	8,334,349	8,334,349	8,334,349			8,334,349
1599-6152	State Ret. Benefits Tru	432,404,000	441,179,578	441,179,578	441,179,578		(54,938,941)	441,179,578
1750-0300	Contrib.Dental/Vision	30,911,194	31,093,194	31,093,194	30,893,194			30,893,194
T10-540	State Ret. Benefits Tru	25,750,000	29,524,148	29,548,556	25,124,148		4,424,409	29,548,556
	<b>TOTAL</b>	<b>1,579,527,213</b>	<b>1,594,088,186</b>	<b>1,594,107,443</b>	<b>2,213,399,939</b>	<b>(54,938,941)</b>	<b>(619,487,345)</b>	<b>1,593,912,594</b>

### *State Retiree Benefits*

The state has adopted a schedule to move towards full funding of health and other non-pension post-employment benefits ("OPEB") for retirees. The Commonwealth funds the current and future costs of

OPEB through a variety of transfers to the State Retiree Benefits Trust. The SWM budget proposal, like the House and Governor's proposals, includes \$441.2 million in an operating transfer directed to the State Retiree Benefits Trust. In order to fully fund the cost of future retirees' benefits, in FY 2012 the state decided to dedicate an increasing share of its annual Master Tobacco Settlement award to the State Retiree Benefits Trust. The intent was to use 70 percent of the award in FY 2019, which would be \$175.9 million.

However, instead of transferring \$175.9 million, the SWM budget, like the House budget, proposes transferring an amount equivalent to just 10 percent of the Tobacco Settlement award – \$25.1 million – into the State Retiree Benefits Trust to fund OPEB. Language in the budget states that this transfer would come from unexpended debt payments reverted to the General Fund or, if those reversions are insufficient, the SWM proposal makes the transfer from the Master Tobacco Settlement money deposited into the General Fund. This total is \$150.7 million less than the amount indicated for FY 2019 in the statute. Like in the House budget, SWM transfers an additional \$4.4 million from other sources into the State Retiree Benefits Trust, bringing the transfer total to \$29.5 million. For information on funding for State Employee Health Insurance going back to FY 2001, please see MassBudget's *Budget Browser* [here](#).

For information on funding for State Employee Health Insurance going back to FY 2001, please see MassBudget's *Budget Browser* [here](#).

## HUMAN SERVICES

### Child Welfare

The Senate Ways and Means (SWM) Committee's Fiscal Year (FY) 2019 budget proposes \$1.01 billion in funding for child welfare services, which are designed to protect children at risk of neglect or abuse. This amount is 2.9 percent more than FY 2018 funding levels and 1.5 percent more than the House budget proposal for FY 2019.

The SWM Committee proposes a significant increase for the **Department of Children and Families (DCF) Family Resource Centers**, which provide families with information and referrals to state and local services. The SWM Committee proposes funding these at \$15.1 million, which is 54.7 percent more than current FY 2018 funding levels and 93.4 percent more than the House proposal for FY 2019. The SWM Committee proposes this increase so Family Resource Centers can expand to new communities and meet increased need of families who were displaced by hurricanes in the fall of 2017, many of whom are from Puerto Rico.

The SWM Committee proposes \$750,000 for **Foster Care Parent Outreach**, a campaign to recruit and support foster families. This amount is \$500,000 (or 200 percent) more than current funding levels. Both the Governor and the House had proposed level funding for this campaign.

## FUNDING FOR FAMILY SUPPORT SERVICES

Line Item #	Line Item Name	FY 2018 Current	FY 2019 Governor	FY 2019 House	FY 2019 SWM	Difference FY19 SWM - FY18 Curr.
0950-0030	Grandparents Raising Grandchildren	111,714	111,714	111,714	111,714	0
4800-0040	Family Support and Stabilization	47,642,955	48,911,855	49,411,855	50,500,000	2,857,045
4800-0200	DCF Family Resource Centers	9,731,116	10,058,440	7,781,116	15,050,000	5,318,884
	<b>FAMILY SUPPORT SERVICES TOTAL</b>	<b>57,485,785</b>	<b>59,082,009</b>	<b>57,304,685</b>	<b>65,661,714</b>	<b>8,175,929</b>

For information on funding for all Child Welfare programs going back to FY 2001, please see MassBudget's *Budget Browser* [here](#).

## Disability Services

Disability services include job training programs and community-based supports for people with disabilities and their families. The Senate Ways and Means (SWM) Committee proposes \$2.00 billion in funding for disability services for Fiscal Year (FY) 2019. This amount is 2.6 percent more than FY 2018 funding levels and essentially the same as what the House proposed for FY 2019.

The SWM Committee proposes \$6.1 million for **Community Services for the Blind**, which provides rehabilitation and social services to Massachusetts residents who are blind. Of this \$6.1 million, the SWM Committee proposes setting aside \$300,000 for assistive technologies.

The SWM Committee also proposes \$7.1 million for **Independent Living Centers**, which offer peer counseling, skills training, housing referrals, transportation, and other services for people with disabilities. This amount is \$1.1 million more than FY 2018 funding levels and \$850,000 more than the House proposal for FY 2019.

The SWM Committee also proposes funding levels for **autism services** and for the **Turning 22 Program** that are modestly different from the House proposal. These are shown in the tables below. The Turning 22 Program, which includes funding across three different departments – Massachusetts Commission for the Blind (MCB), Massachusetts Rehabilitation Commission (MRC), and Massachusetts Department of Developmental Services (DDS) – pays for a portion of services offered during the transition year when eligible young adults turn 22.

## FUNDING FOR AUTISM SERVICES

Line Item #	Line Item Name	FY 2018 Current	FY 2019 Governor	FY 2019 House	FY 2019 SWM	Difference FY19 SWM - FY18 Curr.
5920-3010	Autism Division	6,474,349	6,474,349	6,973,203	6,474,349	0
5920-3020	Autism Omnibus Services	13,338,362	18,083,764	18,073,445	18,083,764	4,745,402
	<b>AUTISM SERVICES TOTAL</b>	<b>19,812,711</b>	<b>24,558,113</b>	<b>25,046,648</b>	<b>24,558,113</b>	<b>4,745,402</b>

## FUNDING FOR THE TURNING 22 PROGRAMS

Line Item #	Line Item Name	FY 2018 Current	FY 2019 Governor	FY 2019 House	FY 2019 SWM	Difference FY19 SWM - FY18 Curr.
4110-2000	Turning 22 Program - MCB	13,575,558	13,714,942	13,714,924	13,714,942	139,384
4120-4010	Turning 22 Program - MRC	572,538	322,187	322,187	322,187	(250,351)
5920-5000	Turning 22 Program - DDS	23,102,218	25,044,805	25,154,805	25,044,805	1,942,587
	<b>TOTAL</b>	37,250,314	39,081,934	39,191,916	39,081,934	1,831,620

For more information on funding for all disability services going back to FY 2001, please see MassBudget's *Budget Browser* [here](#).

## Elder Services

The Senate Ways and Means (SWM) Committee proposes \$298.7 million for elder services in its Fiscal Year (FY) 2019 budget proposal. Elder services support the state's older adults through a range of services that promote independence, safety, and wellbeing. The SWM proposed amount for elder services is 4.4 percent more than FY 2018 funding levels and 0.6 percent less than what the House proposed for FY 2019.

The SWM Committee proposes \$15.7 million for **Councils on Aging**, which help elders access services like transportation, food programs, health screenings, and education. This amount is \$1.6 million less than the House proposal and \$1.5 million more than FY 2018 budget totals.

The Committee proposes \$186,000 for the **Elder Homeless Placement** account, which is \$100,000 less than what the House proposed and the same as FY 2018 funding levels.

## FUNDING FOR ELDER SERVICES

Line Item #	Line Item Name	FY 2018 Current	FY 2019 Governor	FY 2019 House	FY 2019 SWM	Difference FY19 SWM - FY18 Curr.
9110-0100	Dept. of Elder Affairs Admin.	2,076,565	2,099,609	2,099,609	2,099,609	23,044
9110-1604	Supportive Senior Housing Prog.	5,651,421	5,910,893	5,910,893	5,910,893	259,472
9110-1630	Elder Home Care Purchased Svcs.	173,749,706	175,019,124	175,054,124	175,019,124	1,269,418
9110-1633	Elder Home Care Case Mgmt & Admin.	52,271,372	58,948,934	58,948,934	58,948,934	6,677,562
9110-1636	Elder Protective Services	28,661,688	31,611,680	31,611,680	31,611,680	2,949,992
9110-1660	Elder Congregate Housing Prog.	1,959,284	1,986,482	2,063,482	1,986,482	27,198
9110-1700	Elder Homeless Placement	186,000	186,000	286,000	186,000	0
9110-1900	Elder Nutrition Program	7,268,675	7,268,675	7,268,675	7,268,675	0
9110-9002	Grants to Councils on Aging	14,242,900	16,515,125	17,306,125	15,700,000	1,457,100
	<b>TOTAL</b>	286,067,611	299,546,522	300,549,522	298,731,398	12,663,787

For information on funding for all elder services going back to FY 2001, please see MassBudget's *Budget Browser* [here](#).

## Juvenile Justice

The Senate Ways and Means (SWM) Committee Fiscal Year (FY) 2019 budget proposes \$178.3 million in funding for juvenile justice services, which are run by the Department of Youth Services (DYS). This amount is 1.2 percent less than FY 2018 levels and is 0.8 percent more than was proposed by the House.

In most areas, the SWM Committee proposes slightly more funding than the House for juvenile justice services. The Committee proposes 3.7 percent more for **DYS Administration and Operations**, for a total of \$4.3 million. It also proposes 3.5 percent more for **Residential Services for Detained Population**, for a total of \$29.4 million. The Residential Services for Detained Population account funds detention services for youth awaiting trial – DHS aims to divert low-risk youth from secure detention to more appropriate and less costly placements.

The SWM Committee also proposes a little more for the **DYS Alternative Lock Up Program** and for **DYS Teacher Salaries**. The Alternative Lock Up Program provides safe, non-police environments for youth awaiting court appearances. The Teacher Salaries account funds enhancements to educator salaries at DHS state- and provider-operated residential programs.

The Committee proposes \$350,000 for the **Juvenile Justice Pilot** – a pilot for multidisciplinary approaches including youth mentoring, restorative justice programs, and assistance for families to navigate the legal system (line item 0339-1005, housed under the Trial Court). This amount is \$100,000 more than both the Governor and the House proposed.

The SWM Committee proposes \$20.2 million for the **Juvenile Court** line item (0337-0002, also housed under the Trial Court). This amount is \$1.5 million more than FY 2018 funding levels and is for raising juvenile court investigator salaries.

### FUNDING FOR JUVENILE JUSTICE

Line Item #	Line Item Name	FY 2018 Current	FY 2019 Governor	FY 2019 House	FY 2019 SWM	Difference FY19 SWM - FY18 Curr.
4200-0010	DYS Admin and Operations	4,244,705	4,287,115	4,181,609	4,337,114	92,409
4200-0100	Non-Residential Svcs - Committed Pop	23,355,341	23,920,854	23,918,855	23,920,854	565,513
4200-0200	Residential Svcs - Detained Pop	28,581,402	28,942,669	28,442,670	29,442,669	861,267
4200-0300	Residential Svcs - Committed Pop	118,863,123	115,182,010	115,053,972	115,182,010	(3,681,113)
4200-0500	DYS Teacher Salaries	3,059,187	3,059,187	3,028,595	3,059,187	0
4200-0600	DYS Alternative Lock Up Program	2,352,953	2,397,359	2,364,217	2,397,359	44,406
	<b>TOTAL</b>	180,456,711	177,789,194	176,989,918	178,339,194	(2,117,517)

For information on funding for all juvenile justice programs going back to FY 2001, please see MassBudget's *Budget Browser* [here](#).

## Transitional Assistance

Transitional assistance programs help low-income individuals and families meet their basic needs. The Senate Ways and Means (SWM) Committee's budget proposal for Fiscal Year (FY) 2019 funds

transitional assistance at \$665.3 million, which is 6.3 percent more than current FY 2018 funding levels and 1 percent more than what the House proposed for FY 2019.

The SWM Committee, like the House, proposes **removing a restriction that bars families from receiving Department of Transitional Assistance (DTA) benefits** for a child conceived while the family was receiving public assistance. This restriction affects nearly 9,000 children. Unlike the House, which proposed an FY 2020 effective date for the change, the SWM proposes that it take effect January 1, 2019 and the budget provides \$5.5 million in funding for the change. This is under the Transitional Aid for Families with Dependent Children (TAFDC) line item, which is in the table below.

The SWM budget proposal increases the annual **back-to-school clothing allowance** for recipients of TAFDC from \$300 to \$350 – while the Governor and House Committee had proposed no change to the allowance.

The SWM Committee also proposes a **change in the treatment of earnings for TAFDC recipients** who are required to work, which was proposed by the Governor but not by the House. Currently, the first \$200 of monthly earned income and 50 percent of the remaining earned income are disregarded in calculating TAFDC benefits. The SWM proposal would not count any of a working recipient's earned income for either the first six months of employment or when the recipient begins receiving benefits (as long as total income does not exceed 200 percent of the federal poverty level). After the first six months, 50 percent of earnings would be disregarded in determining benefits.

The SWM Committee proposes setting aside \$3 million for the **Healthy Incentives Program (HIP)** within the SNAP Participation Rate line item. This amount is \$500,000 more than current funding levels and \$1 million less than what the House proposed for FY 2019. HIP enables people to purchase local fruits and vegetables at farmers' markets and community-supported agriculture (CSA) farm share programs.

The SWM Committee also proposes \$1.5 million in funding to a new account – the **SNAP Employment and Training Transportation** program – which provides \$80 per month to cover transportation costs of SNAP clients participating in job training programs.

## FUNDING FOR TRANSITIONAL ASSISTANCE

Line Item #	Line Item Name	FY 2018 Current	FY 2019 Governor	FY 2019 House	FY 2019 SWM	Difference FY19 SWM - FY18 Curr.
4400-1000	DTA Assistce Admin & Operation	62,335,765	62,690,196	62,645,963	62,690,146	354,381
4400-1001	SNAP Participation Rate	4,376,983	4,514,121	5,761,664	6,162,023	1,785,040
4400-1025	Domestic Violence Specialists	1,556,590	1,610,558	1,610,558	1,610,041	53,451
4400-1100	Caseworkers Salaries & Benefits	70,791,291	72,813,971	72,786,291	72,813,971	2,022,680
4400-1979	Pathways to Self-Sufficiency	1,000,000	1,000,000	1,000,000	1,000,000	0
4401-1000	Employment Services Program	14,185,888	14,164,226	14,239,226	14,264,226	78,338
4403-2000	TAFDC Grant Payment	162,851,212	194,112,725	192,100,867	200,780,967	37,929,755
4403-2007	SNAP State Supplement	600,000	300,000	300,000	300,000	(300,000)
4403-2008	SNAP Work Prog. Transportation	0	960,000	1,000,000	1,500,000	1,500,000
4403-2119	Teen Structured Settings Prog.	10,029,832	8,808,455	8,808,389	8,808,455	(1,221,377)
4405-2000	State Supplement to SSI	220,233,607	220,466,788	220,466,788	220,466,788	233,181
4408-1000	Emgcy Aid to Elderly, Disabled, & Children	77,905,505	74,872,788	76,264,729	74,872,788	(3,032,716)
	<b>TOTAL</b>	625,866,673	656,313,828	656,984,475	665,269,405	39,402,732

For information on funding for all transitional assistance programs going back to FY 2001, please see MassBudget's *Budget Browser* [here](#).

## Other Human Services

The Senate Ways and Means (SWM) Committee's Fiscal Year (FY) 2019 budget proposal includes \$204.7 million for other human services, including allocations for veterans' services, food banks, and some cross-agency initiatives such as the rate increases held in a reserve account for a variety of health and human services providers that we include in this subcategory of this *Budget Monitor* (see discussion below). This total is \$1.2 million less than in the House final proposal, and \$2.3 million less than the FY 2018 current budget total.

Compared to the House proposal, the most notable difference is in funding for the **Emergency Food Assistance Program**, which supplements federal funding to support the statewide network of food banks that provide food to families struggling to make ends meet. The SWM Committee proposes \$16.5 million, while the House had proposed \$18.1 million. The SWM proposal is a 6.6 percent reduction from the current FY 2018 budgeted total of \$17.7 million.

Like the House, the SWM budget includes \$38.5 million for legally required **Chapter 257** rate increases. This is the same amount provided in the Governor's budget. Chapter 257 standardizes rates paid to various types of human service providers to make the system more efficient and fair. The amount included in the Chapter 257 reserve account funds the planned rate increases for providers across many human and social service programs. This reserve contains the amounts for the initial increases and, over the course of the year, those funds are distributed to the individual agencies to fund their providers' rate adjustments. In subsequent years, the rate increases would be included in the totals of the agencies that received the funds, and included in the budget totals in those sections of the *Budget Monitor*.

For information on funding for all line items for other human services going back to FY 2001, please see MassBudget's *Budget Browser* [here](#).

## INFRASTRUCTURE, HOUSING & ECONOMIC DEVELOPMENT

### Transportation

The state supports an array of transportation systems, including roads, bridges, rail, buses, airports, and ferries that enable people and goods to travel where they need to go. Much state funding for transportation takes place through dedicated revenue sources and a separate capital budget process funded through state bonds and federal dollars. The annual budget process nonetheless plays a major role.

The Senate Ways and Means (SWM) Committee proposes \$88.0 million for the Commonwealth's 15 **Regional Transit Authorities** (RTAs) in Fiscal Year (FY) 2019. This amount would be \$7.6 million above the FY 2018 level, and \$6.0 million more than proposed by the House. Several RTAs are proposing to cut bus routes and raise fares in response to the funding amounts previously proposed by the House and Governor. The SWM proposal would provide about the same amount as the RTAs received in the FY 2016 budget, adjusted for inflation. Three outside sections of the SWM budget would also impact policy for the RTAs:

- Future distributions to the RTAs would be tied to the inflation index, with increases capped at a 3 percent annually.
- Similar to the House proposal, the SWM budget would set aside \$4.0 million of the line item amount which will be distributed to RTAs conditioned upon their agreement to a memorandum of understanding with the Department of Transportation about adhering to best practices and filing information reports about ridership, finances, and other performance criteria.
- A task force would be established to recommend guidelines for service standards, predictable revenue streams, appropriate ridership, customer service, asset management, financial performance indicators, and best practices for Regional Transit Authorities. The House proposed a similar task force.

The **Massachusetts Transportation Trust Fund** (MTTF) would receive a \$322.7 million transfer from the General Fund in the SWM Committee FY 2019 budget proposal, an increase of \$19.3 million over the current level. This fund contributes to highways, transit, intercity rail, small airports, the Massachusetts Turnpike, and Motor Vehicle Registry. The MTTF receives funds from tolls, federal transportation sources, and the state's Commonwealth Transportation Trust Fund. The SWM Committee continues lawmakers' longstanding practice of funding snow and ice control below anticipated amounts, and then providing supplemental funding to the MTTF later in the year for clean-up from winter storms. By contrast, the Governor's budget had recommended \$45.0 million more for snow and ice control, and would do so through creation of a new, separate snow and ice control fund with \$83.0 million for FY 2019.

The budget proposes a transfer of \$127.0 million in FY 2019 to support operation of the **Massachusetts Bay Transit Authority** (MBTA), the same amount as in FY 2018 and \$27.0 million less than proposed by

the House. In recent years, the agency has bridged shortfalls in its operating budget by introducing various efficiencies, increasing its advertising, selling off land and other assets, privatizing some functions, increasing fares, and cancelling late-night bus service, among other actions.

The 2013 Transportation Reform law mandated that by FY 2019 the MBTA must shift full-time employees who had been paid through the capital budget onto the operating budget as a way to free up additional capital budget funds for improving the state of good repair at the authority. The MBTA has already shifted hundreds of employees off the capital budget and existing law requires shifting the rest in FY 2019 which would add \$27 million to the MBTA operating budget (and free up that amount in the capital budget). The Governor’s budget proposed changing this requirement to allow the MBTA to continue to pay an employee from the capital budget if the employee is properly supporting a capital transportation project. The House budget kept the requirement to shift the employees to the operating budget, but provided \$27 million in new funding to offset the additional operating cost.

The SWM budget proposes an approach similar to the Governor’s budget by permitting the use of capital funds for these employees, and would further mandate that no employee’s salary could be paid for through bond funds, that the authority must define criteria for categorizing employees under the capital budget, that the MBTA would be required to post detailed information on their website about the payment of employee salaries through capital funds, and that information would need to be verified through a third-party auditor.

An outside section of the budget would also require the Secretary of Transportation and the MBTA Control Board to develop a detailed plan for the full electrification of the Providence and Fairmount Lines on the commuter rail.

**FUNDING FOR TRANSPORTATION**

Line Item #	Line Item Name	FY 2018 Current	FY 2019 Governor	FY 2019 House	FY 2019 SWM	Difference FY19 SWM - FY18 Curr.
1595-6368	MA Transportation Trust Fund	303,341,772	284,679,448	323,109,448	322,679,448	19,337,676
1595-6369	MBTA Operating Transfer	127,000,000	127,000,000	154,000,000	127,000,000	0
1595-6370	Regional Transit Authorities	80,400,000	80,400,000	82,000,000	88,000,000	7,600,000
1595-6378	Snow and Ice Control	0	83,000,000	0	0	0
1595-6379	Merit Rating Board	9,404,567	9,768,209	9,404,567	9,768,209	363,642
T103400	Sales Tax Transfer to MBTA	1,006,809,769	1,031,800,000	1,031,800,000	1,031,800,000	24,990,231

For information on funding for all transportation funding going back to FY 2001, please see MassBudget’s *Budget Browser* [here](#).

**Housing**

Making sure that Massachusetts has an adequate supply of affordable housing for low- and moderate-income adults and children is an important component of improving the health and quality of life of the Commonwealth’s residents while also investing in our state’s long-term economic success. The state budget funds programs that provide shelter and affordable housing assistance to families and individuals. The Senate Ways and Means (SWM) Committee’s Fiscal Year (FY) 2019 budget proposes \$456.2 million for the state’s housing programs, which is \$2.4 million more than the House final FY 2019 budget and \$4.4 million more than the amount the state expects to spend in FY 2018.

### *Homelessness Assistance*

Currently, almost 60 percent of the state's housing budget funds shelter, assistance, and short-term housing supports for families and individuals who are homeless. The SWM Committee recommends spending \$262.3 million on homelessness assistance programs in FY 2019. Of that the bulk (\$155.9 million) goes to the [Emergency Assistance \(EA\)](#) program which provides shelter to very low-income families who are homeless and have children. While this amount is \$6.8 million more than the House budget, it is \$4.7 million less than the amount recommended in the Governor's budget proposal. The SWM Committee estimates that its funding level is sufficient for FY 2019. Because EA provides a right to shelter for low-income homeless families who are eligible, however, the state needs to provide enough funding to meet demand. If the final budget proposed by the Legislature and signed by the Governor provides funding that does not meet need, the Legislature may have to provide supplemental funding over the course of the fiscal year. The Department of Housing and Community Development (DHCD) expects the number of families needing shelter to fall in FY 2019 as the department tries to help more homeless families become housed. The SWM budget also includes language that requires EA to provide assistance to families who, without shelter, would have to live in a place not fit for human habitation, like an emergency room, car, or public park. Under current law, and in the House budget, many families are not eligible for EA shelter *until* they have lived in such places.

Below are some highlights in the SWM budget for homelessness assistance. To see funding for all homelessness assistance programs see the chart below. The SWM budget provides:

- \$3.3 million for [shelter and assistance for homeless youth](#) who are up to age 24 and are not accompanied by a parent or guardian. This amount is significantly higher than the House Budget (\$2.3 million more) and the Governor's proposal (\$1.3 million more).
- \$18.5 million for [Residential Assistance for Families in Transition](#) (RAFT) which provides one-time assistance to help low-income families who are at risk of becoming homeless to remain housed. The Committee's budget is \$1.5 million more than the House and \$3.5 million more than the FY 2018 current budget. Often RAFT runs out of funds before the end of the fiscal year on June 30<sup>th</sup>. The Committee's proposal may be sufficient to fully fund the program in FY 2019. The SWM Committee budget, as in current law, also provides up to \$3.0 million in RAFT funds to help elders, persons with disabilities, and unaccompanied youth. The House budget does not include this provision.

The SWM Committee does not fund a new **Rapid Rehousing program for homeless individuals** proposed in the House Budget. The House provided \$5.0 million.

## FUNDING FOR HOMELESSNESS ASSISTANCE

Line Item #	Line Item Name	FY 2018 Current	FY 2019 Governor	FY 2019 House	FY 2019 SWM	Difference FY19 SWM - FY18 Curr.
4000-0007	Unaccompanied Homeless Youth	675,000	2,000,000	1,000,000	3,300,000	2,625,000
4400-1020	Secure Jobs Connect	650,000	650,000	500,000	650,000	0
7004-0100	Operation of Homeless Programs	5,090,311	5,367,719	5,188,354	5,367,719	277,408
7004-0101	EA Shelter and Services	155,878,948	160,615,706	149,107,614	155,878,948	0
7004-0102	Homeless Individuals Assistance	45,770,000	45,180,000	45,530,000	46,180,000	410,000
7004-0104	Home and Healthy for Good Program	2,040,000	2,040,000	2,340,000	2,300,000	260,000
7004-0108	HomeBASE	30,147,305	30,147,305	32,000,000	30,147,305	0
7004-0202	Homeless Individuals Rapid Re-Housing	0	0	5,000,000	0	0
7004-9316	RAFT	15,000,000	15,000,000	17,000,000	18,500,000	3,500,000
	<b>TOTAL</b>	<b>255,251,564</b>	<b>261,000,730</b>	<b>257,665,968</b>	<b>262,323,972</b>	<b>7,072,408</b>

*Affordable Housing*

The SWM Committee's FY 2019 budget proposes \$193.9 million for affordable housing programs which is \$7.8 million more than current FY 2018 budget and \$2.0 million less than the House. To see funding levels for affordable housing programs, please see the table below.

The SWM Committee provides \$97.5 million to the [Massachusetts Rental Voucher Program](#) (MRVP) which is the same amount as the Governor's FY 2019 proposal but \$2.5 million less than the \$100.0 million provided in the House final budget. MRVP provides housing vouchers to help low-income families secure housing, including those who are living in EA shelters. The SWM Committee estimates that its budget will allow DHCD to create over 200 new supportive housing vouchers.

The SWM Committee budget proposes a new account with \$2.7 million to **improve or create accessible affordable housing units for renters with disabilities**. The Committee's language directs DHCD to prioritize improvements for units that can accommodate renters who qualify for the Alternative Housing Voucher Program (AHVP), which provides rental subsidies to low-income renters with disabilities. The SWM Committee proposed providing AHVP with \$5.0 million which is \$1.2 million less than the House final budget.

The SWM Committee budget provides \$2.6 million to cover the expansion of **housing courts** to every part of the Commonwealth. This amount is \$1.6 million more than the current budget, \$1.1 million more than the House and identical to the Governor's FY 2019 proposal. This amount will pay for increased personnel working at these courts. (Note: This amount is not included in the total for housing funding, since MassBudget includes it in the Courts subcategory of the Law & Public Safety Category.)

The SWM Committee, like the House, does not provide funding for the **Housing Choice Initiative**. The Governor proposed \$2.7 million in his FY 2019 budget.

## FUNDING FOR AFFORDABLE HOUSING

Line Item #	Line Item Name	FY 2018 Current	FY 2019 Governor	FY 2019 House	FY 2019 SWM	Difference FY19 SWM - FY18 Curr.
0940-0101	Fees & Federal Reimbursement Ret. Rev.	3,500,000	3,300,000	3,500,000	3,500,000	0
7004-0099	DHCD Administration	8,358,469	6,739,414	6,738,500	6,739,414	(1,619,055)
7004-0107	Local Housing Programs	0	0	930,000	0	0
7004-2017	Housing Choice	0	2,698,841	0	0	0
7004-3036	Housing Services and Counseling	2,221,992	2,041,992	2,866,992	3,000,000	778,008
7004-3045	Tenancy Preservation Program	500,000	500,000	750,000	750,000	250,000
7004-4314	Service Coordinators Program	350,401	350,401	350,401	350,401	0
7004-9005	Subsidies to Public Housing Authorities	64,500,000	64,500,000	65,650,000	64,500,000	0
7004-9007	Public Housing Reform	950,000	950,000	1,000,000	950,000	0
7004-9024	Massachusetts Rental Voucher Program	92,734,677	97,469,569	100,000,000	97,469,569	4,734,892
7004-9030	Alternative Housing Voucher Program	5,000,000	4,600,000	6,150,000	5,000,000	0
7004-9031	Accessible Affordable Housing Grants	0	0	0	2,698,841	2,698,841
7004-9033	Rental Subsidy Program for DMH Clients	5,548,125	5,548,125	5,548,125	6,548,125	1,000,000
7004-9315	LIHTC Fee Retained Revenue	2,369,399	2,369,399	2,369,399	2,369,399	0
	<b>TOTAL</b>	<b>186,033,063</b>	<b>191,067,741</b>	<b>195,853,417</b>	<b>193,875,749</b>	<b>7,842,686</b>

For information on funding for housing programs going back to FY 2001, please see MassBudget's *Budget Browser* [here](#).

## Economic Development

Economic development programs aim to strengthen our state's workforce, support community investments, and stimulate economic activity. In total, the Senate Ways and Means (SWM) Fiscal Year (FY) 2019 budget proposes to fund economic development programs at \$139.9 million. This is \$2.9 million (2.0 percent) below current FY 2018 levels, and \$14.1 million (9.1 percent) below the House's FY 2019 budget proposal.

## Workforce Development

The SWM proposal **triples funding to train and place unemployed and underemployed workers** in jobs in high-demand fields, to \$6.0 million in FY 2019 from \$2.0 million in the current FY 2018 budget. Specifically, the SWM budget proposal for FY 2019:

- Increases funding for the **Workforce Competitiveness Trust Fund (WCTF)** to \$5.8 million, up \$4.0 million from the current FY 2018 budget. This increase includes a \$750,000 transfer from the \$1.0 million **Learn to Earn** line item.
- Directs the remaining \$250,000 in **Learn to Earn** funding to new programs that **address barriers to sustained employment, such as child care and transportation costs.**

## WORKFORCE COMPETITIVENESS TRUST FUND AND LEARN TO EARN FUNDING

Line Item #	Line Item Name	FY 2018 Current	FY 2019 Governor	FY 2019 House	FY 2019 SWM	Transfers*	FY 2019 SWM Adjusted
1595-1075	Workforce Competitiveness Trust Fund	1,000,000	4,000,000	0	5,000,000	(5,000,000)	0
7002-1075	Workforce Competitiveness Trust Fund	750,000	1,000,000	1,750,000	0	5,750,000	5,750,000
7002-1080	Learn to Earn	250,000	1,000,000	250,000	1,000,000	(750,000)	250,000
<b>TOTAL</b>		<b>2,000,000</b>	<b>6,000,000</b>	<b>2,000,000</b>		<b>0</b>	<b>6,000,000</b>

\*Budgets sometimes transfer the allocation of funding among line items from one year to the next. The chart above presents these line items in both the Governor's FY 2019 proposed structure and the prior FY 2018 funding structure to make comparisons easier. Also see text above for an explanation of the \$750,000 from Learn to Earn (7002-1080) to Workforce Competitiveness Trust Fund (7002-1075).

The SWM proposal's increased funding matches the Governor's recommended increase. The House proposed level-funding these programs at \$2.0 million.

In other workforce development programs, the SWM budget proposes:

- \$24.0 million for the **Workforce Training Fund**, which is the same level proposed by the House, and 2.0 percent below current FY 2018 funding.
- \$10.3 million for **YouthWorks**, a summer jobs program for at-risk youth, which is 19.5 percent below the House's proposal, and 6.2 percent below current funding.
- \$3.7 million for **One-Stop Career Centers**, which help job seekers, particularly those receiving unemployment insurance, improve their skills and navigate the job search process. This is 8.3 percent below the House budget, and 6.0 percent below current funding.
- \$150,000 for the **Re-Entry Demonstration Workforce Development Program**, which provides workforce development and supportive services to individuals transitioning from a correctional facility. This is equal to current FY 2018 funding but \$350,000 below the House's proposal.

### Business and Industry

- The SWM proposal recommends \$1.3 million for **Small Business Technical Assistance Grants**, which are competitive grants awarded to economic development organizations to provide technical assistance or training programs to businesses with 20 or fewer employees. This is \$500,000 over current funding but \$750,000 below the House's proposal.
- SWM's budget proposal eliminates funding for the **Massachusetts Manufacturing Extension Partnership** (MassMEP), a collaboration of government, business, and academic partners, to help manufacturers plan and implement strategies for increased competitiveness. MassMEP is unfunded in the current FY 2018 budget; the House proposed \$2.0 million in FY 2019.
- The SWM budget proposes \$2.5 million in funding to the **Innovation Institute** of the Massachusetts Technology Collaborative (MassTech), up from \$1.0 million in the current FY 2018 budget, and \$2.0 million more than the House proposed. The Innovation Institute "partners and invests with academic, research, business, government, and civic organizations" to develop the state's innovation economy.

- SWM’s proposal follows the Governor in eliminating funds for MassTech’s **Technology and Innovation Entrepreneurship** program. The House proposal would maintain funding at \$1.6 million in FY 2019.

### Travel and Tourism

The SWM budget proposes a total of \$11.4 million in funding to market travel and tourism in Massachusetts -- \$8.0 million (41.0 percent) less than in the current FY 2018 budget.

In most years, the majority of funding for tourism promotion comes via transfers from the **Massachusetts Tourism Trust Fund** to the **Massachusetts Office of Travel and Tourism (MOTT)** and **Regional Tourism Councils**. The Tourism Trust Fund is itself funded from \$10.0 million in hotel excise taxes plus one percent of gambling taxes. Per statute, 40.0 percent of Tourism Trust Fund money goes to MOTT and 60.0 percent to the Regional Tourism Councils. Budget appropriations provide additional funding to MOTT in some years.

- In FY 2018, this additional funding came to \$9.4 million. The SWM proposal **reduces additional MOTT funding** to just \$848,000 in FY 2019. The House and Governor proposed even less additional funding: \$163,000.
- The SWM FY 2019 budget proposes a \$4.2 million **transfer from the Tourism Trust Fund to MOTT**, bringing total MOTT funding to \$5.1 million. This is \$8.3 million (62.0 percent) below the current FY 2018 budget.
- The SWM budget allocates the statutorily required **60 percent transfer from the Tourism Trust Fund to the Regional Tourism Councils**, which comes to \$6.4 million in FY 2019.

#### FUNDING FOR TRAVEL AND TOURISM PROMOTION

Line Item #	Line Item Name	FY 2018 Current	FY 2019 Governor	FY 2019 House	FY 2019 SWM	Transfers*	FY 2019 SWM Adjusted
7008-0900	MA Office of Travel and Tourism	13,403,337	163,176	163,176	848,176	4,239,897	5,088,073
7008-1000	Regional Tourist Councils Grants	6,000,000	0	0	0	6,359,845	6,359,845
T10-1305	MA Tourism Trust Fund	0	10,599,742	10,599,742	10,599,742	(10,599,742)	0
<b>TOTAL</b>		<b>19,403,337</b>	<b>10,762,918</b>	<b>10,762,918</b>	<b>11,447,918</b>	<b>0</b>	<b>11,447,918</b>

\*These are statutorily required transfers from the Massachusetts Tourism Trust Fund. The amounts shown in the FY 2019 budget proposal columns reflect additional appropriations above and beyond the transfers. The FY 2018 Current budget includes the transfers plus additional appropriations.

In addition, the SWM budget:

- Proposes \$15.2 million for the **Massachusetts Cultural Council**, which funds and supports artists, local cultural programming, and education in the arts and humanities. This is \$1.3 million (9.2 percent) above current FY 2018 funding but 3.0 percent below the House’s proposal. The Massachusetts Cultural Council is allotted 2 percent of gambling tax revenue, which is expected to come to \$1.2 million in FY 2019.
- Proposes \$1.4 million for the **Massachusetts Service Alliance**, which serves as the state commission on service and volunteerism. This is \$1.7 million below both current FY 2018 funding and the House’s proposal.

For information on funding for all economic development programs going back to FY 2001, please see MassBudget’s *Budget Browser* [here](#).

**LAW & PUBLIC SAFETY**

The Law & Public Safety budget includes prosecutors; law enforcement; the Departments of Correction and Probation; sheriffs; the courts; and legal defense for those unable to afford it. Overall the Senate Ways and Means (SWM) Committee’s proposed Law & Public Safety budget for Fiscal Year (FY) 2019 is \$2.80 billion, which is 0.8 percent below expected FY 2018 spending and about equal to the House’s proposed FY 2019 budget.

The Law & Public Safety budget includes a number of underfunded accounts that have generally received significant supplemental funding in the middle of the fiscal year. Best budgeting practices would encourage including the full, anticipated cost for all programs as part of the annual budget, rather than assuming mid-year supplemental appropriations.

*The SWM budget funds projected costs of collective bargaining agreements that cover some of the state’s unionized public safety employees. The budget documents do not describe the exact allocation of these funds across the various public safety subcategories, so readers should be aware that some of the subcategories in the following table and in the text that follows will end up with larger increases, once amounts and allocations of the collective bargaining costs are final.*

**FUNDING FOR LAW & PUBLIC SAFETY**

Subcategory	FY 2018 Expected Spending	FY 2019 Governor	FY 2019 House	FY 2019 SWM	Difference FY19 SWM - FY18 Spending	Notes
Prosecutors	167,473,080	175,045,270	179,147,264	179,134,417	11,661,337	
Law Enforcement	386,430,968	403,495,704	397,366,646	390,095,343	3,664,375	
Prisons, Probation & Parole	1,443,135,922	1,485,622,784	1,423,345,074	1,423,060,158	(20,075,764)	Includes Sheriffs
Courts	518,300,245	529,685,456	535,294,621	539,175,799	20,875,554	
Legal Assistance	254,716,122	258,111,645	213,811,966	215,670,087	(39,046,035)	Reflects private bar advocate underfunding; see below for more detail
Other Law & Public Safety	55,585,337	53,495,620	54,613,330	55,925,618	340,281	
<b>TOTAL LAW &amp; PUBLIC SAFETY</b>	<b>2,825,641,674</b>	<b>2,905,456,479</b>	<b>2,803,578,901</b>	<b>2,803,061,422</b>	<b>(22,580,252)</b>	

The SWM Committee’s proposed Law & Public Safety budget for FY 2019:

- Provides a \$4.0 million reserve fund for **increasing assistant district attorneys’ salaries**, \$1.0 million above the House’s proposal.
- Establishes a \$3.0 million reserve fund for **increasing public defenders’ salaries**.
- Increases the **hourly rates paid to some of the private attorneys who handle indigent defense cases**, matching the House’s proposed increases.

- **Decreases funding for prisons, probation, and parole** by \$20.1 million from expected FY 2018 spending, about the same levels as the House proposal. This is an area of the budget that is historically underfunded in budget proposals and then supplemented later in the fiscal year.
- **Does not follow the House in funding new community-based re-entry programs** in order to reduce recidivism. The House had introduced a \$3.0 million line item for these programs.
- **Increases funding to three groups and agencies that offer civil legal defense to low-income Massachusetts residents**; people incarcerated in Massachusetts prisons and jails; and low-income people with mental health concerns. The House also increased funding for these accounts, though by different amounts than the SWM Committee.

## Prosecutors

The SWM FY 2019 budget proposes an increase of \$11.7 million, or 7.0 percent, over expected FY 2018 spending on **prosecutors** – the Attorney General and District Attorneys. This is about equal to what the House proposed in its FY 2019 budget.

SWM proposes a \$4.0 million reserve fund to bring minimum **salaries for assistant district attorneys** above \$46,000 in FY 2019. This is \$1.0 million more than the House’s proposal. A [2014 Massachusetts Bar Association report](#) found that Massachusetts assistant district attorneys were “grossly underpaid, earning far less than their counterparts in comparative jurisdictions across the country,” leading to a “revolving door of prosecutors.” This reserve account was first funded in FY 2016 at \$3.0 million.

SWM also proposes increasing the budget for the **Attorney General** by \$1.5 million (6.3 percent) over expected spending in FY 2018. The House proposed an increase of 6.4 percent.

## Law Enforcement

The SWM FY 2019 budget calls for \$390.1 million in total spending on law enforcement – a \$3.7 million (0.9 percent) increase over estimated FY 2018 spending.

While this includes a \$4.8 million funding increase for the **state police department** (about the same as the House), the SWM proposed budget also eliminates funding to hire and train new state police recruits (as did the House’s proposal).

The SWM budget includes \$451,000 in additional funding for the **Office of the Chief Medical Examiner (CME)** – 3.5 percent over expected FY 2018 spending but 19.8 percent below the House’s proposal. The CME is facing an increasing caseload due to the statewide opioid epidemic. [Massachusetts had the 8<sup>th</sup>-highest death rate from drug overdoses in the United States in 2016.](#)

## Prisons, Probation, and Parole

SWM proposes a decrease of \$20.1 million (1.4 percent) from expected FY 2018 spending on prisons, probation, and parole – about identical to the House’s proposal. Sheriffs and the Department of Correction are typically underfunded in budget proposals and then supplemented before the state closes the books on a given fiscal year. For example, in FY 2017, net supplemental funding for prisons, probation, and parole totaled \$77.2 million.

SWM proposes an increase of \$1.0 million (10.3 percent) for the **Massachusetts Alcohol and Substance Abuse Center** – a slightly higher increase than the House’s proposal. The Massachusetts Alcohol and Substance Abuse Center, housed within the Plymouth County Correctional Facility, has been the [subject of recent criticism](#) for its treatment of people struggling with drug addiction.

Outside Section 47 in the SWM budget calls for “a special commission to conduct a comprehensive study to evaluate and make recommendations regarding the appropriate level of funding for the department of correction and each sheriff’s department.”

## Courts

The SWM proposal includes a \$20.9 million increase (4.0 percent) over expected FY 2018 spending on courts – slightly more than the House proposed. Whereas the House introduced \$3 million in new funding for **community-based re-entry programs**, in order “to reduce recidivism by providing transitional housing, workforce development, and case management” to people returning to the community from prison and jail, the SWM budget does not include funding for these programs.

The SWM budget does propose \$5.7 million for **specialty drug courts**, which provide supervised probation and treatment as an alternative to incarceration for people with mental health and substance misuse issues. This is \$1.0 million (21.1 percent) more than the House proposed, and \$2.5 million (77.7 percent) about expected FY 2018 spending.

The SWM budget also significantly increases funding for the state’s **housing courts** (which you can read about in the **Housing** section of this *Budget Monitor* and **juvenile courts** (which you can read about in the **Juvenile Justice** section).

Additionally, the SWM budget follows the Governor’s and House’s budget proposals in including an Outside Section authorizing the trial court to transfer funds within its divisions, as long as no more than 5 percent of transferred funds come from the probation and community corrections appropriations.

## Legal Assistance

Massachusetts, through its **Committee for Public Counsel Services (CPCS)**, provides legal defense for those who cannot afford it in “[criminal, delinquency, youthful offender, child welfare, mental health, sexually dangerous person, and sex offender registry cases](#).” CPCS provides representation via a combination of 500 attorneys employed directly by CPCS (known as “public defenders”) and about 3,000 private attorneys (known as “bar advocates”). Bar advocates are paid by the hour.

As noted above, the SWM budget adds \$3.0 million in funding to increase public defenders’ salaries, compared with \$1.9 million in the House budget. Outside Section 28 in the SWM budget would increase the hourly rate paid to bar advocates who handle non-homicide cases in Superior Court from \$60 to \$68 – an increase of 13.3 percent. Outside Section 29 would increase the hourly rate for bar advocates who handle sex offender registry and mental health cases from \$50 to \$53 – an increase of 6.0 percent.

Compensation for bar advocates has historically been underfunded in budget proposals and then supplemented before the state closes the books on a given fiscal year. The SWM budget follows that pattern.

The remaining legal assistance funding is distributed across three line items:

- Massachusetts Legal Assistance Corporation (MLAC)** is a nonprofit that funds civil legal defense to low-income Massachusetts residents in cases involving, among other things, child welfare, domestic violence, housing, employment, immigration, health care, and government benefits. The SWM budget increases MLAC’s funding by \$1.0 million (5.6 percent) over FY 2018 budget levels. The House budget proposed a \$2.8 million (15.5 percent) increase. The legal aid programs MLAC funds have to turn away about two-thirds of eligible residents who seek legal assistance – [45,000 low-income people each year](#).
- Prisoners Legal Services (PLS)** is a nonprofit that provides civil legal defense to, and advocates on behalf of, people incarcerated in Massachusetts prisons and jails, with particular focus on health care, assaults by correctional staff, conditions of confinement, and segregation (which includes solitary confinement). The SWM budget increases PLS’s funding by \$291,000 (18.1 percent). The House proposed a 9.5 percent increase. Currently there are [over 3,000 prisoners for every PLS attorney](#).
- Mental Health Legal Advisors Committee (MHLAC)** is a branch of the Massachusetts Supreme Judicial Court that provides advocacy and legal representation to low-income people with mental health concerns. The SWM budget proposal increases MHLAC’s funding by \$166,000 (12.3 percent), identical to the House’s proposal.

**FUNDING FOR LEGAL ASSISTANCE**

Line Item #	Line Item Name	FY 2018 Expected Spending	FY 2019 Governor	FY 2019 House	FY 2019 SWM
0321-1506	CPCS Salary Reserve	0	0	0	3,000,000
0321-1510	Private Counsel Compensation	152,819,973	154,268,437	105,394,090	105,394,090
0321-1500	Committee for Public Counsel Services	58,896,643	59,485,609	64,393,432	61,671,425
0321-1520	Indigent Persons Fees and Court Costs	22,036,141	23,184,600	19,951,982	23,184,600
<b>COMMITTEE FOR PUBLIC COUNSEL SERVICES TOTAL</b>		<b>233,752,757</b>	<b>236,938,646</b>	<b>189,739,504</b>	<b>193,250,115</b>
0321-1600	Massachusetts Legal Assistance Corporation	18,000,000	18,180,000	20,000,000	19,000,000
0321-2100	Prisoners' Legal Services	1,609,465	1,625,560	1,762,490	1,900,000
0321-2000	Mental Health Legal Advisors Committee	1,353,900	1,367,439	1,519,972	1,519,972

For information on funding for all Law and Public Safety programs going back to FY 2001, please see MassBudget’s *Budget Browser* [here](#).

## LOCAL AID

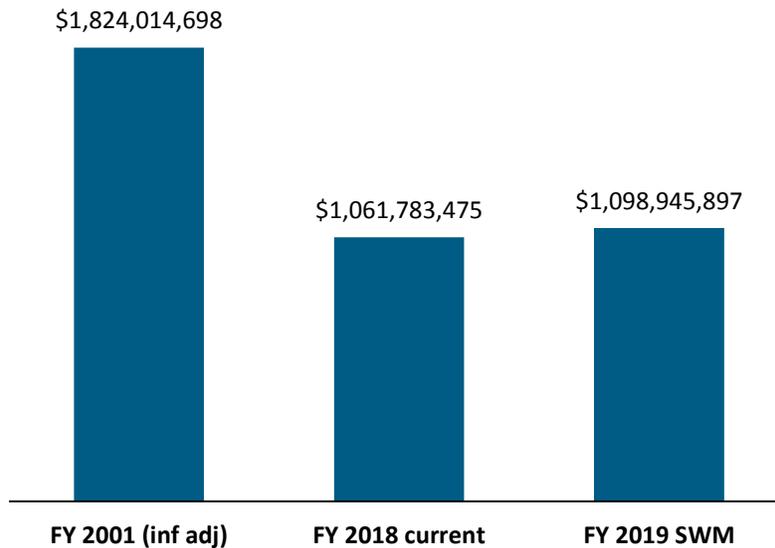
### Unrestricted Local Aid

The Senate Ways and Means (SWM) Committee’s Fiscal Year (FY) 2019 budget proposes to increase Unrestricted General Government Aid (UGGA) by \$37.2 million (3.5 percent increase) over current FY 2018 levels to \$1.10 billion. The amount is the same as in the budgets proposed by the Governor and House. The increase is less than last year’s increase of \$39.9 million.

General local aid helps cities and towns fund vital local services such as police and fire protection, parks, and public works. For more information on general local aid, please see MassBudget’s report, [Demystifying General Local Aid.](#)

The Commonwealth’s capacity to fund general local aid has been hindered by a series of significant state-level tax cuts during the 1990s and 2000s combined with the Great Recession. While general local aid funding has increased in step with or slightly above inflation over the past several years, it remains 39.8 percent below FY 2001 levels, when adjusted for inflation.

#### General Local Aid Has Declined 40% Since 2001



### Other Local Aid

The Commonwealth provides other sources of local aid to cities and towns for more specific purposes. The largest form of local aid is for K-12 education, which is discussed separately in the K-12 Education section. Aid for libraries is also discussed in its own section in this *Budget Monitor*.

The SWM Committee’s budget proposal would provide \$4.4 million for the **Municipal Regionalization and Efficiencies Incentive Reserve** – \$7.1 million below the current amount, and \$495,000 below the House proposal. As part of this proposal, the SWM budget would provide \$200,000 for Worcester

economic development and \$250,000 for Framingham’s transition to a city form of government. The remainder would be provided for a competitive **public safety grants** program for populous communities with low per-capita police funding.

Some cities and towns receive other forms of non-education local aid from smaller programs that provide aid only to a subset of qualifying cities and towns. For example, the SWM Committee’s budget would provide \$28.5 million for local payments in lieu of taxes to communities with state-owned land that is not subject to local property taxes. This amount is \$1.7 million more than the Governor and House proposals, which would be the same amount that has been distributed each year since FY 2014.

For information on funding for Local Aid programs going back to FY 2001, please see MassBudget’s Budget Browser [here](#).

**OTHER**

**Libraries**

The state budget supports local libraries, the Boston Public Library, which serves as the primary research and reference service for the Commonwealth, and other library programs in Massachusetts. The Senate Ways and Means (SWM) Committee Fiscal Year (FY) 2019 budget provides \$26.6 million for public libraries, which is \$1.1 million more than the current FY 2018 budget and slightly above the House budget.

The SWM Committee budget, as noted in the table below, provides funding increases for several library programs above the FY 2018 current budget. The largest increase (over \$500,000) will allow the board of Library Commissioners to improve how **library resources and technology** are made available to people throughout the Commonwealth.

The SWM Committee budget does not provide funding for the **Center for the Book** which helps to promote literacy in the state.

**FUNDING FOR LIBRARIES**

Line Item #	Line Item Name	FY 2018 Current	FY 2019 Governor	FY 2019 House	FY 2019 SWM	Difference FY19 SWM - FY18 Curr.
7000-9101	Board of Library Commissioners	1,077,431	1,088,204	1,275,000	1,275,000	197,569
7000-9401	Regional Libraries Local Aid	9,982,317	10,082,140	10,282,140	10,281,786	299,469
7000-9402	Talking Book Program Worcester	491,715	441,715	454,966	454,966	(36,749)
7000-9406	Talking Book Program Watertown	2,512,772	2,512,772	2,588,155	2,588,155	75,383
7000-9501	Public Libraries Local Aid	9,090,000	9,180,900	9,490,000	9,362,700	272,700
7000-9506	Library Tech. & Sharing Networks	2,097,330	2,115,928	2,215,928	2,615,928	518,598
7000-9508	Center for the Book	200,000	200,000	200,000	0	(200,000)
	<b>TOTAL</b>	<b>25,451,565</b>	<b>25,621,659</b>	<b>26,506,189</b>	<b>26,578,535</b>	<b>1,126,970</b>

For information on funding for all Libraries line items going back to FY 2001, please see MassBudget’s Budget Browser [here](#).

## REVENUE

Overall, the Senate Ways and Means (SWM) Committee Fiscal Year (FY) 2018 budget is similar to that of the Governor and House in terms of underlying revenue assumptions and specific tax policy proposals. As is typically the case, the SWM budget is based on the same Consensus Revenue Estimate (CRE) used by the Governor and House.

Like the Governor's and House's FY 2019 budgets, the SWM budget proposal contains new sources of revenue from casinos and marijuana, as well as a new temporary source of federally-induced corporate income tax.

The two major tax-related policy proposals included in the SWM Committee budget are: an increase in the state match to the federal Earned Income Tax Credit (EITC) that would provide additional funds to low-income working families when they file their 2019 taxes in 2020; and establishment of a standing commission to review tax expenditures.

### Tax Revenue

The starting point for every state budget is the CRE. The FY 2019 CRE figure agreed to by the Administration, the House, and the Senate is \$27.59 billion, an amount \$933 million or 3.5 percent above the current FY 2018 benchmark estimate of \$26.66 billion, which is a \$157 million increase over the prior benchmark estimate. In light of about \$220 million in other tax law changes (such as a triggered reduction in the personal income tax rate), however, this means that to achieve the level of actual tax revenue growth (\$933 million), the baseline revenue growth in FY 2019 would have to increase by \$1.15 billion, or 4.3 percent, over the FY 2018 benchmark estimate.

With the FY 2018 fiscal year three-quarters complete as of the end of April, total tax collections were 3.7 percent above their benchmark levels. It is not clear, however, how much of revenue collections in FY 2018 are influenced by taxpayers shifting income from one year to another in anticipation of federal tax law - which would suggest some of the increases are more temporary. Much of the increase is driven by estimated income taxes, which are more likely influenced by income shifting and are up by 34.3 percent over benchmark. Meanwhile, income withholdings, which are probably not influenced much by income shifting, are up only 0.6 percent over benchmark. Sales and use taxes, which are not affected by income shifting, are up 1.4 percent over benchmark. In sum, the higher-than-anticipated revenues at this point in FY 2018 appears to be mostly a temporary spike and not a new trend that would substantially affect FY 2019 tax revenue levels.

The SWM Committee follows the Governor and the House in making other assumptions that would also affect the amount of available tax revenue for the budget:

- **Personal income tax rate trigger** - Included in the CRE is the assumption that revenue growth in FY 2019 will be strong enough to trigger another automatic reduction in the personal income tax rate, dropping the rate as directed by law from the current 5.10 percent to 5.05 percent on January 1, 2019, halfway through FY 2019. The Department of Revenue estimates that this rate drop will cost the Commonwealth about \$84 million in forgone revenue in FY 2019 (over the course of half a calendar year). (Read more about the automatic rate reduction mechanism in this MassBudget [FAQ](#).)

- **Marijuana sales** – With the legalization of recreational marijuana, the budget anticipates \$63 million in marijuana sales taxes and excise taxes, \$40 million of which is directed to the Marijuana Regulation Fund, \$3.7 million of which is directed to the Massachusetts School Building Authority, and \$19.3 million is transferred to the state’s General Fund.
- **Casino opening** – The budget proposal appears to anticipate the same revenue associated with casinos as does the Governor and the House. They anticipate \$60.0 million in revenue associated with the opening of a new resort casino. Of this total, \$43.8 million will support budgeted spending and \$16.2 million are “pre-budget” transfers allocated outside the budget process and directed to non-budgeted funds. In addition, they anticipate \$54.4 million in revenues from slots at the Plainridge casino, which is approximately \$10 million less than in FY 2018, due to the projected impact of the opening of a new resort casino in Springfield.
- **Corporate dividend repatriation** – As a result of the new federal tax law, the Governor’s budget anticipates \$65.0 million in new, one-time revenue from the accumulated profits of the foreign subsidiaries of U.S.-based corporations. While these subsidiaries’ foreign profits were subject to U.S. taxation when they were “repatriated” in the form of dividend payments back to the U.S. parent, over \$2 trillion is currently held (for tax purposes) abroad. The new federal law deems these profits to have been repatriated and applies a discounted federal tax rate – thus creating a one-time increase in revenue. Under existing state law, a small share of these repatriated profits attributed to Massachusetts will be subject to taxation.
- **Tax settlements** – As a result of legal settlements and judgements, the Commonwealth anticipates \$125.0 million in revenue in FY 2019.

While it will not impact this year’s budget, the SWM Committee follows the Governor and the House in proposing to expand the state’s Earned Income Tax Credit (EITC) by increasing the state match of the federal EITC from 23 percent to 30 percent. This is a refundable tax credit for low-income workers to increase the after-tax rewards from work. It is available only to tax filers with earned income and provides benefits primarily to workers with children. The new federal tax law erodes the value of the EITC over time by using a slower adjustment for inflation. A body of research has shown that – in addition to encouraging people to work and helping families to make ends meet – the EITC improves health outcomes for mothers and children, and boosts children’s academic performance and lifelong earnings (see MassBudget’s “[A Credit to Health: The Health Effects of the Earned Income Tax Credit](#)” for more information). By increasing Massachusetts’ state match rate to 30 percent, the Commonwealth would be on par with New York’s match, below some states such as Vermont and New Jersey, and more generous than several other states, such as Maine or Rhode Island. The proposed increase would begin January 1, 2019, meaning the higher credits would be paid when workers file their taxes in 2020. The annual cost for the increase will be about \$65 million per year when fully implemented. The last time the Governor’s budget proposed increasing the EITC, it proposed cuts to the state’s Film Tax Credit to pay for the change. This year, the Governor, House and SWM Committee’s FY 2019 budgets do not propose a funding source for the cost of this initiative when the state begins paying for it in FY 2020.

An outside section of the budget would establish a standing tax expenditure review commission to evaluate the administration, effectiveness, and fiscal impact of the Commonwealth’s tax expenditures and to make recommendations as to whether each tax expenditure should be repealed, allowed to sunset, or amended to better achieve its policy goals. “Tax expenditures” are special tax exemptions,

deductions, or credits that result in forgone revenue with the intention of advancing other policy goals. For instance, the Commonwealth foregoes over \$1 billion annually in special business tax breaks meant to spur economic development (See MassBudget's report, "[The Growing Cost of Special Business Tax Spending](#)"). The proposed commission would regularly review all tax expenditures on a rotating schedule.

## Department of Revenue Administration

Among its other activities, the Department of Revenue (DOR), through its Office of Tax Administration, makes sure that taxpayers are paying taxes they legally owe to the state. These activities are funded through two primary accounts including the DOR administrative account (1201-0100) and the Additional Auditors Retained Revenue account (1201-0130). DOR hires auditors and collectors who identify taxes legally owed to the state that have not yet been paid, and works with taxpayers to collect these unpaid taxes.

For these DOR tax activities, the Governor, House, and SWM Committee each propose a combined \$106.7 million, which is 0.2 percent more than current FY 2018 funding levels, but remains 41.0 percent below the 2001 level, when adjusting for inflation. The DOR's lower funding levels in recent years partly reflect large numbers of employees who have taken part in the Commonwealth's early retirement program. Large staff reductions can have implications for DOR's ability to identify and collect all the taxes owed to the Commonwealth, such as those that lead to large tax settlements. If vacated positions are not filled in future years (which will require reversing some or all of the recent cuts), there is a danger that the cuts not only could permanently reduce the Commonwealth's ability to collect unpaid taxes that are legally owed to the state, but also that such cuts could engender greater levels of tax evasion. If sophisticated, well-financed taxpayers come to view DOR's audit and collection capacities as permanently degraded, some of these taxpayers could see this as an opportunity to reduce their tax payments through increased levels of tax evasion or other forms of non-compliance.

You can see historical funding levels for administration of the DOR at MassBudget's *Budget Browser* [here](#).

## Non-Tax Revenue

As in every state budget, the SWM Committee's FY 2019 budget proposal relies on a variety of non-tax revenues: federal revenues, which are mostly reimbursements from the federal government for state spending on Medicaid (MassHealth and related costs); departmental revenues, which are fees, assessments, fines, tuition, and similar receipts; and what are known as "transfer" revenues, which include lottery receipts, revenues from the newly-licensed gambling facilities, and funds that the state draws from an assortment of non-budgeted trusts.

There are several non-tax revenue issues of note in the SWM Committee budget proposal. Like the House, the SWM Committee counts on \$259.9 million in revenue from an assessment on employers to offset increased MassHealth costs. This assessment was put into place in response to a growing number of private sector employees not getting employer-sponsored insurance and instead enrolling in MassHealth. This revenue source is scheduled to end after FY 2019.

The SWM Committee budget relies on less federal revenue than the House budget, but this is largely due to differences in the amounts proposed for spending within the MassHealth (Medicaid) program. The revenue differences are due to lower federal Medicaid reimbursements associated with lower MassHealth spending levels (see the MassHealth and Health Reform section of this *Budget Monitor*.)

The expansion of gambling in Massachusetts has generated some new revenues for the Commonwealth. The SWM Committee budget includes \$14.7 million in gambling revenue as “pre-budget” transfers to support a variety of specific programs described in relevant sections of this *Budget Monitor*, and uses \$1.5 million that the House dedicated to the Race Horse Development Fund instead to pay for general appropriations throughout the budget. Moreover, the SWM Committee counts on an additional \$15.0 million transferred from the Race Horse Development Fund to support agricultural and environmental expenses. The House did not include this transfer. Like the House, the SWM Committee relies on an additional \$92.2 million from casino revenue which would be transferred into the budget to support specific initiatives, and an additional \$6.0 million which would be transferred into the Stabilization (“Rainy Day”) Fund (see discussion below.)

Like in the House budget, there is \$2.9 million in new fees from licensing marijuana establishments. Neither the SWM Committee nor the House include the Governor’s proposal that would have reduced anticipated revenues from limited liability charters by \$3.9 million.

## Temporary Budget-Balancing Strategies

The SWM Committee FY 2019 budget relies on \$667.4 million in temporary budget-balancing strategies. A budget-balancing strategy is “temporary” when it is a change that does not permanently affect the balance between revenues funding the budget and spending from the budget. These can be revenue initiatives that have a short-term impact, or one-time spending changes that don’t permanently change spending totals. The SWM Committee balances its budget with initiatives on both the revenue side as well as initiatives on the spending side. Using temporary strategies to balance the budget can lead to long-term fiscal problems, because such temporary revenue sources are useful for balancing the budget only in the current fiscal year, and their use most often adds to the challenge of balancing the budget in future years. (See table and details below.)

FY 2019 TEMPORARY BUDGET-BALANCING MEASURES (\$ millions)	Governor	House	Senate Ways & Means
<b>TAX REVENUES</b>			
Corporate Dividend Repatriation	65.0	65.0	65.0
<b>SUBTOTAL</b>	<b>65.0</b>	<b>65.0</b>	<b>65.0</b>
<b>NON-TAX REVENUES</b>			
Employer health assessment	259.9	259.9	259.9
Sale of state-owned property	29.5	29.5	29.5
Transfer from Race Horse Development Fund to General Fund			16.5
<b>SUBTOTAL</b>	<b>289.4</b>	<b>289.4</b>	<b>305.9</b>
<b>OTHER SAVINGS OR BUDGET STRATEGIES</b>			
Underfunded: State Retiree Benefits Trust	150.7	150.7	150.7
Underfunded: Emergency assistance (shelter)		12.0	4.7
Underfunded: Public counsel		48.9	48.9
Underfunded: Snow and ice appropriations		45.0	45.0
Underfunded: Sheriffs		54.9	47.2
<b>SUBTOTAL</b>	<b>150.7</b>	<b>311.5</b>	<b>296.5</b>
<b>TOTAL</b>	<b>505.1</b>	<b>665.9</b>	<b>667.4</b>

## The Stabilization (“Rainy Day”) Fund

The SWM Committee’s and House budgets both propose making the full statutorily-required \$88.5 million deposit of capital gains taxes to the state’s Stabilization Fund (“Rainy Day”) Fund. The SWM budget also includes the House proposal to direct \$4.4 million of that total into the state pension fund, and \$4.4 million into the State Retiree Benefits Trust (see discussion in “State Employee Health Insurance” section of this *Budget Monitor*).

In addition, both SWM and the House deposit \$6.0 million from gaming revenues and \$3.7 million from the liquidation of state property into the Stabilization Fund. Dollars set aside in the Stabilization Fund are particularly important to the state when the current long economic recovery period comes to an end and the state needs to support increased costs associated with unemployment benefits and to fill other shortfalls when revenues are reduced.

## TOTAL BUDGET BY CATEGORY AND SUBCATEGORY

**FY 2019 SWM (Senate Ways and Means), FY 2019 House,** and **FY 2019 Governor** columns show funding in the structure of the FY 2018 budget in order to allow for more accurate across-year comparisons. For example, if the FY 2019 budget proposal consolidates several line items, MassBudget “un-consolidates” the total and re-distributes the amounts back into their prior year’s line items, based on information provided by the Administration or the Legislature.

**FY 2018 Current** column shows the budgeted General Appropriation Act as enacted in July 2017, and as amended by supplemental budget legislation.

**BUDGET MONITOR**

<b>BUDGET BY CATEGORY AND SUBCATEGORY (\$ millions)</b>	<b>FY 2018 Current</b>	<b>FY 2019 Governor</b>	<b>FY 2019 House</b>	<b>FY 2019 SWM</b>
<b>Education</b>	<b>7,963.8</b>	<b>8,126.0</b>	<b>8,222.1</b>	<b>8,238.5</b>
Early Education & Care	577.0	590.9	620.7	597.1
Higher Education	1,173.7	1,190.7	1,192.8	1,191.9
K-12: Chapter 70 Aid	4,762.0	4,865.6	4,899.0	4,922.2
K-12: Non-Chapter 70 Aid	604.6	616.2	647.1	664.7
K-12: School Building	846.6	862.6	862.6	862.6
<b>Environment &amp; Recreation</b>	<b>200.0</b>	<b>205.0</b>	<b>212.8</b>	<b>208.0</b>
Environment	84.6	90.6	91.2	90.4
Fish & Game	30.5	28.4	29.7	29.1
Parks & Recreation	84.9	86.0	91.9	88.4
<b>Health Care</b>	<b>20,252.7</b>	<b>20,457.5</b>	<b>20,691.5</b>	<b>20,587.4</b>
MassHealth (Medicaid) & Health Reform	17,284.5	17,367.5	17,584.4	17,481.6
Mental Health	772.5	870.0	870.6	873.2
Public Health	616.2	625.9	642.3	638.6
State Employee Health Insurance	1,579.5	1,594.1	1,594.1	1,593.9
<b>Human Services</b>	<b>4,229.3</b>	<b>4,338.7</b>	<b>4,336.2</b>	<b>4,356.4</b>
Child Welfare	976.9	998.3	990.3	1,005.5
Disability Services	1,953.1	2,000.5	2,004.0	2,003.9
Elder Services	286.1	299.5	300.5	298.7
Juvenile Justice	180.5	177.8	177.0	178.3
Transitional Assistance	625.9	656.3	658.5	665.3
Other Human Services	207.0	206.2	205.8	204.7
<b>Infrastructure, Housing &amp; Economic Development</b>	<b>2,175.2</b>	<b>2,278.3</b>	<b>2,276.4</b>	<b>2,242.3</b>
Commercial Regulatory Entities	64.2	66.2	68.3	67.0
Economic Development	142.7	143.4	153.9	139.9
Housing	441.3	452.1	453.8	456.2
Transportation	1,527.0	1,616.6	1,600.3	1,579.2
<b>Law &amp; Public Safety</b>	<b>2,721.8</b>	<b>2,905.5</b>	<b>2,803.6</b>	<b>2,803.1</b>
Courts & Legal Assistance	711.1	787.8	749.1	754.8
Law Enforcement	391.9	403.5	397.4	390.1
Prisons, Probation & Parole	1,395.4	1,485.6	1,423.3	1,423.1
Prosecutors	167.1	175.0	179.1	179.1
Other Law & Public Safety	56.4	53.5	54.6	55.9
<b>Local Aid</b>	<b>1,100.7</b>	<b>1,140.5</b>	<b>1,135.2</b>	<b>1,136.4</b>
General Local Aid	1,061.8	1,098.9	1,098.9	1,098.9
Other Local Aid	38.9	41.6	36.3	37.5
<b>Other</b>	<b>5,689.6</b>	<b>5,989.6</b>	<b>5,921.7</b>	<b>5,934.6</b>
Constitutional Officers	76.7	82.1	85.8	86.9
Debt Service	2,628.3	2,668.8	2,668.8	2,674.8
Executive & Legislative	74.4	74.4	74.4	76.8
Libraries	25.5	25.6	26.5	26.6
Pensions	2,394.5	2,612.9	2,612.9	2,612.9
Other Administrative	490.3	525.8	453.3	456.5
<b>Total Budget</b>	<b>44,333.2</b>	<b>45,441.1</b>	<b>45,599.6</b>	<b>45,506.7</b>

For other explanatory information, see details below the chart.

- MassBudget’s totals include the “**pre-budget transfers**” of funds. Statutes require certain automatic appropriations of revenue to support certain functions independent of the annual budget. Although these transfers function no differently from other appropriations, the Governor and Legislature do not reflect these expenditures in their budget totals; instead, they are shown as amounts deducted or transferred from revenue prior to the budgeting process. To better reflect total state funding, MassBudget includes these pre-budget transfers in appropriation totals. In FY 2019, these transfers add \$4.70 billion to the total. These transfers are: tax revenues dedicated to the Massachusetts Bay Transit Authority (MBTA) and school building assistance, cigarette excises dedicated to the Commonwealth Care Trust Fund, state contributions to the pension system, transfers to the State Retiree Benefits Trust, transfers to the Workforce Training Trust, and statutory allocations of gambling revenues.
- MassBudget’s totals include annual appropriations into **non-budgeted (“off-budget”) trusts**. The transfer of funds from the General Fund or another budgeted fund into a non-budgeted trust is a form of appropriation, and should be treated as any other appropriation. Prior to FY 2011, the budget authorized these transfers in Outside Section budget language. Starting in FY 2011, a new section of the budget, **Section 2E**, systematically accounted for the transfer of funds into off-budgeted trusts. MassBudget’s totals include these operating transfers in all budget years.
- When spending that is now included in the budget was previously “off-budget,” MassBudget’s totals include the prior years’ “off-budget” spending totals in order to reflect more accurate **year-to-year comparisons**. For example, funding directed to health care providers as partial reimbursement for uncompensated care was previously funded by a transfer of federal revenue directly into the off-budget Uncompensated Care Trust Fund. This spending was brought on-budget in FY 2009, and incorporated into the state’s budgeted health care appropriations. MassBudget’s health care budget totals include the off-budget spending for these services in order to reflect a more accurate across-year comparison.
- MassBudget reduces **State Employee Health Insurance** totals to exclude spending on health insurance for municipal employees and retired teachers for which the state is fully-reimbursed by participating municipal governments.
- MassBudget reduces funding for the community colleges, state universities, and University of Massachusetts campuses by the amount of tuition that these campuses remit to the state treasury each year. These adjusted totals more accurately reflect the “net” appropriations available to the campuses to support operations, and allow for more consistent comparisons across the years, since the policies about **tuition remission** have varied from year to year and from campus to campus. For example, until FY 2003, all of the University of Massachusetts (UMass) campuses were required to remit to the state treasury all tuition from all students. From FY 2004 – FY 2011, UMass Amherst (only) remitted only in-state tuition, and retained tuition from out-of-state students. Starting in FY 2012, the remaining UMass campuses were also allowed to retain tuition from out-of-state students. Starting in FY 2017, all of the UMass campuses retained all tuition revenue, remitting none. The MassBudget adjustments make it possible to make meaningful comparisons of appropriations to these campuses even with these policy changes.

- MassBudget’s totals reflect legislatively-approved “**prior appropriation continued**” (PAC) amounts. In most instances, MassBudget shifts the PAC amount from the year in which the funding was first appropriated into the year in which the Administration expects to spend the totals.
- Because MassBudget totals reflect budgeted appropriations and not actual spending, there can be apparent fluctuations in the MassHealth and Health Reform totals that are simply due to the timing of payments to certain off-budget trusts. These budget variations may not reflect real differences in spending.