

## The Fiscal Year 2012 General Appropriations Act

### OVERVIEW

At the end of a budget season that began with the state facing gap of close to \$1.9 billion, the Governor and Legislature have now finished work on a budget for Fiscal Year (FY) 2012 that addresses that gap primarily with a combination of cuts and reforms. The outlook for the future remains uncertain. On the bright side, state tax revenue collections have been significantly exceeding projections. (Data released today indicate that the FY 2011 tax revenue total was \$723 million above the revised estimate.) But there are also reasons for concern: the national economic recovery remains fragile; while the FY 2012 budget relies on less temporary revenue than the FY 2011 budget, it still relies on close to half a billion dollars of such revenue; and the budget assumes significant Medicaid savings that will be very challenging to achieve in full.

The FY 2012 budget includes deep cuts in a number of areas, such as a \$24 million decrease in funding for the Judiciary (including probation) and over \$60 million in public higher education cuts. The final version of the budget provides one-time funding for local aid that will likely offset proposed cuts, but even with that funding the state will still be providing \$460 million (or 33 percent) less in local aid in FY 2012 than in the original FY 2009 budget, after accounting for inflation. The budget also reduces funding for programs that help low-income children, including the clothing allowance for children whose families rely on cash assistance and child care for low-income working families. When the Governor signed the budget, he didn't use his line-item veto authority to further reduce any spending levels, so the General Appropriations Act (GAA) for FY 2012 reflects the appropriation levels set by the Legislature.

The budget also includes several significant reform initiatives:

- A major effort to shift homelessness policy away from providing shelter and towards seeking to provide permanent housing.
- An initial step towards seeking to improve efficiency by reducing the number of private attorneys paid to represent indigent clients and handling more of those cases with public defenders.
- The creation of a new office of Commonwealth Performance, Accountability and Transparency that will work with state agencies to develop performance management plans, seek to maximize federal revenue

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the state can receive, improve transparency by developing a searchable website, and forecast economic and revenue growth in the state.

- Revisions to current law governing municipal health insurance that will make it easier for cities and towns to change cost-sharing features of employee health plans or to transfer public employees to the Group Insurance Commission for the purpose of receiving health coverage.

These reforms, the funding proposals in the budget, and the temporary and ongoing revenue initiatives on which the budget depends are discussed in more detail in this *Budget Monitor*. The *Monitor* also compares proposed funding levels for FY 2012 to the FY 2011 levels and, in some cases, to previous years' funding levels.

## HOW TO READ THE TABLES

The tables included at the beginning of each section provide an overview of the funding for each category and how it compares to funding in FY 2011. Here is an explanation of each item presented in these tables.

**FY 2012 GAA**

**FY 2012 Current**

**FY 2011 Current**

*FY 2012 Current - FY 2011 Current*

*Percent Change*

**FY 2012 GAA:** This is the funding amount appropriated at the beginning of the fiscal year in the FY 2012 General Appropriations Act (GAA).

**FY 2011 Current and FY 2012 Current:** These are the funding amounts appropriated at the beginning of the fiscal year, as well as funding changes for that fiscal year as of the date of the publication of this *Budget Monitor*. Supplemental budget bills and legislation that allows for funds budgeted in one year to be spent in the subsequent year ("prior appropriations continued") change the initial budget totals.

To allow for accurate comparisons of FY 2012 budget proposals to FY 2011 budget totals, MassBudget "adjusts" budget totals when the FY 2012 proposal recommends departmental reorganizations or accounting changes. These adjustments allow the user to differentiate between changes in funding due to proposed cuts or expansions, rather than changes due to organizational or accounting shifts.

For the FY 2012 budget, MassBudget adjusts funding levels for the University of Massachusetts, state universities, and community colleges to include projected FY12 retained revenue amounts for each campus. The specific amounts are listed in the table below.

Account	Campus	Projected Retained Revenue
7100-0200	University of Massachusetts	\$11,557,889
7109-0100	Bridgewater State University	\$767,750
7110-0100	Fitchburg State University	\$836,941
7112-0100	Framingham State University	\$460,887
7114-0100	Salem State University	\$286,000
7115-0100	Westfield State University	\$257,240
7116-0100	Worcester State University	\$814,801
7502-0100	Berkshire Community College	\$86,883
7503-0100	Bristol Community College	\$58,298
7504-0100	Cape Cod Community College	\$137,687
7505-0100	Greenfield Community College	\$140,877
7506-0100	Holyoke Community College	\$67,806
7507-0100	Massachusetts Bay Community College	\$219,200
7508-0100	Massasoit Community College	\$144,927
7509-0100	Mount Wachusett Community College	\$40,480
7510-0100	Northern Essex Community College	\$196,539
7511-0100	North Shore Community College	\$107,685
7512-0100	Quinsigamond Community College	\$136,556
7514-0100	Springfield Technical Community College	\$186,167
7515-0100	Roxbury Community College	\$58,417
7516-0100	Middlesex Community College	\$163,087
7518-0100	Bunker Hill Community College	\$467,809

## EDUCATION

The final Fiscal Year (FY) 2012 General Appropriations Act (GAA) provides \$6.63 billion for programs within the MassBudget category of Education, which includes early education and care, elementary and secondary education, and the state's system of public higher education. The FY 2012 GAA for Education represents a decrease of \$44.2 million, or 0.7 percent, from the current FY 2011 budget.

It is important to note that in FY 2011, \$296.5 million in temporary federal recovery money was used to help fund K-12 education and the state's public institutions of higher education (this federal recovery money is included in MassBudget totals). Since there are no new sources of federal recovery dollars available for FY 2012, an increase in the state's own contribution to education spending is made for FY 2012 in order to fend off deeper cuts.

Education has been cut significantly over the course of the ongoing fiscal crisis, with the FY 2012 budget representing a cut of 8.0 percent when compared to FY 2009 GAA inflation-adjusted funding levels.<sup>1</sup> Much of the overall cut to Education has been made within Non-Chapter 70 Aid programs (cut 20.8 percent), Early Education and Care (cut 17.2 percent), and Higher Education (cut 16.3 percent).<sup>2</sup> While certainly severe, cuts to education have not been as extreme as some other areas of the state budget including Local Aid (cut 37.6 percent), Environment & Recreation (cut 27.2 percent), and Law & Public Safety (cut 15.3 percent).

<b>FY 2012 GAA</b>	<b>\$6,630,489,712</b>
<b>FY 2012 Current*</b>	<b>\$6,630,489,712</b>
<b>FY 2011 Current</b>	<b>\$6,674,698,340</b>
<i>FY 2012 Current - FY 2011 Current</i>	<i>\$(44,208,628)</i>
<i>Percent Change</i>	<i>-0.7%</i>

\* FY 2012 Current includes funding from FY 2011 that has been made available for FY 2012. When budget proposals shift line items between categories, we make adjustments in order to provide more accurate across-year comparisons. See "How to Read the Tables."

### Early Education & Care

The FY 2012 budget funds programs within the MassBudget category of Early Education and Care at \$506.6 million, a decrease of \$13.6 million, or 2.6 percent, from the current FY 2011 budget. State

<sup>1</sup> Since Chapter 70 education aid is funded through a formula designed to ensure adequate resources for every district, fully funding the formula often requires greater resources than simply inflating nominal dollar amounts from prior years. For more information on cuts to Chapter 70 since the onset of the Great Recession in the fall of 2008, please see the MassBudget paper *Fiscal Fallout* available online at: <http://www.massbudget.org/781>

<sup>2</sup> It should be noted that calculating cuts off of inflation-adjusted numbers, as we do here, often misstates the true difference between current funding levels and programs' actual funding needs for providing a consistent level of services. During the current fiscal crisis, for example, demand for many state programs has increased and inflation calculations do not account for increased program enrollment. General inflation adjustments are also often imperfect measures because they track the changing costs of a broad market basket of goods that is sometimes quite different from the mix of things government purchases. Health care costs, for example, has grown significantly faster than most other goods tracked by general inflation measures.

support for early education has been cut dramatically over the course of the ongoing fiscal crisis with the FY 2012 budget representing a cut of 17.2 percent when compared to FY 2009 GAA inflation-adjusted funding levels.

While the Governor's FY 2012 budget proposed consolidation of the state's three **child care subsidy** line items, this proposal was not adopted by either the House or Senate, leaving separate subsidies for three categories of children: 1) children of families served by or transitioning from Transitional Aid for Families with Dependent Children (TAFDC); 2) children with active cases with the Department of Children and Families (DCF); and 3) other children of low-income, working families.<sup>3</sup> Specifically, the FY 2012 budget provides:

- \$132.5 million in **TANF Related child care funding**, a \$4.9 million decrease from the current FY 2011 budget.
- \$77.4 million in **child care subsidies for children with active cases at the DCF**, an \$8.3 million decrease from the current FY 2011 budget.
- \$232.9 million in **child care funding for income-eligible working families**, a \$629,000 decrease from the current FY 2011 budget.

Also within Early Education & Care, the FY 2012 budget provides:

- \$18.2 million for a larger **Family Support and Engagement** line item by consolidating funding for **Quality Program Supports** under this one account. While at once bringing Quality Program Supports under Family Support and Engagement, the FY 2012 budget also separates out **Reach Out and Read**, providing a separate \$800,000 for this new line item. Taken together, these family support-related items are funded at \$19.0 million, essentially level funding from the current FY 2011 budget.
- \$10.5 million for the **Healthy Families Home Visiting Program**, a decrease of \$75,000, or 0.7 percent, from the current FY 2011 budget.
- \$7.5 million for **Head Start**, level funding from the current FY 2011 budget.
- \$7.5 million for **Universal Pre-Kindergarten**, level funding from the current FY 2011 budget.

## Total State Funding for K-12 Education

The following three MassBudget subcategories—Chapter 70 Aid, Non-Chapter 70 Aid, and School Building—together represent the state's contribution to K-12 education.

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<sup>3</sup> For more information comparing child care rates paid by the state and rates paid by private payers, please see the Early Education and Care section in MassBudget's recent paper *Quality, Cost, and Purpose: Comparisons of Government and Private Sector Payments for Similar Services* available online at: <http://www.massbudget.org/773>

## Total State Funding for K-12 Education

Subcategory	FY 2011 Current	FY 2012 Governor	FY 2012 House	FY 2012 Senate	FY 2012 Current
Chapter 70 Aid	\$4,072,341,440	\$3,990,519,337	\$3,990,812,681	\$3,990,812,680	\$3,990,812,680
Non-Chapter 70 Aid	\$425,501,546	\$506,949,036	\$505,378,764	\$482,653,435	\$506,419,739
School Building	\$644,348,851	\$678,100,000	\$678,124,324	\$678,124,324	\$678,124,324
<b>TOTAL</b>	<b>\$5,142,191,837</b>	<b>\$5,175,568,373</b>	<b>\$5,174,315,769</b>	<b>\$5,151,590,439</b>	<b>\$5,175,356,743</b>

The Conference Committee funds K-12 education overall at \$5.18 billion, an increase of \$33.2 million, or 0.6 percent, from the current FY 2011 budget.

## K-12: Chapter 70 Aid

The FY 2012 budget funds **Chapter 70 education aid** to local and regional school districts at \$3.99 billion, a decrease of \$81.5 million from current FY 2011 funding levels (which include \$221.1 million in federal recovery money that was available to districts in FY 2011). Over the last several years, Chapter 70 aid has seen less severe cuts than many other state programs, with the FY 2012 budget representing a somewhat modest 2.5 percent decrease from FY 2009 GAA inflation-adjusted levels.

Not counting federal recovery money, state funding for Chapter 70 was \$3.85 billion in FY 2011. Therefore, while the FY 2012 budget is \$81.5 million *below* the total amount available in FY 2011, it is \$139.6 million *above* the state's FY 2011 appropriation, narrowly defined.

The total \$4.07 billion in revenue allocated to Chapter 70 aid in FY 2011 came from:

- \$3.85 billion state contribution
- \$20.7 million federal State Fiscal Stabilization Fund (SFSF) contribution
- \$200.5 million federal Education Jobs Fund contribution

This FY 2011 revenue picture was complicated by the fact that federal dollars distributed locally are not actually required to be spent fully during the fiscal year in which they are allocated. While essentially all of the \$20.7 million in SFSF money allocated to school districts will be spent during FY 2011, districts have until September 30, 2012 (through the first quarter of FY 2013) to spend their Education Jobs Fund allocation. As of July 2011, only \$79.6 million of the \$200.5 million in Education Jobs Fund money intended for use in FY 2011 had actually been claimed by local districts for this fiscal year; some districts have partially claimed their allocation for FY 2011, whereas 77 districts have chosen to defer their entire allocation to FY 2012 and/or the first quarter of FY 2013. Therefore, the \$4.07 billion budgeted amount for Chapter 70 aid in FY 2011 somewhat overstates resources actually being spent on education in that year and, conversely, the \$3.99 billion state contribution for FY 2012 somewhat understates the resources likely to be available in the new fiscal year.

Under the FY 2012 budget, just under three-quarters of districts would receive a cut in their Chapter 70 aid of between 5 and 7.5 percent, with no district being cut so much that its net school spending falls



below its foundation budget. The effect of these cuts would be mitigated for districts that do not spend their entire Education Jobs Fund allocation in FY 2011.

Through the FY 2007 budget process a set of reforms to the Chapter 70 formula was planned to be phased in over five years, finishing in FY 2011.<sup>4</sup> Since these reforms require additional state funding, the Legislature chose to slow this phase-in during FY 2010 and FY 2011 as the financial crisis strained state resources. Similar to the past two fiscal years, the FY 2012 budget continues a freeze on phasing in some reform provisions, and it partially phases in another: an additional reduction of required local contributions for districts above their target local contributions. Qualifying districts will have their local contribution reduced by 20 percent of the gap between their preliminary contribution and their target contribution, resulting in a little more than \$10 million in additional Chapter 70 aid for these districts.

The FY 2012 budget also includes a new **Regionalization and Efficiency Incentive Grant** line item (included within the MassBudget category of Local Aid) that earmarks \$1.0 million to a new grant program related to Chapter 70 aid. This program, to be administered by the Department of Elementary and Secondary Education, will provide money for K-12 school districts whose Chapter 70 aid in FY 2012 as a percentage their foundation budgets is less than their target Chapter 70 aid share. Qualifying districts would apply through a competitive process for shares of this funding.

## K-12: Non-Chapter 70 Aid

The FY 2012 budget provides \$506.4 million for programs within the MassBudget category of K-12: Non-Chapter 70 Aid, which covers elementary and secondary education grant programs, most of which distribute grants to individual schools or school districts to advance specific priority initiatives. This is one of the few areas within the state budget seeing an increase for FY 2012; an increase of \$80.9 million, or 19.0 percent, from the current FY 2011 budget. About all of this increase over FY 2011 comes from increasing the Special Education Circuit Breaker by \$80.0 million, which is discussed in greater detail below. Even with this increase, state support for these K-12 grant programs has been cut dramatically over the course of the ongoing fiscal crisis, with the FY 2012 budget representing a cut of 20.8 percent when compared to FY 2009 GAA inflation-adjusted funding levels.

Programs within K-12: Non-Chapter 70 Aid that are slated to receive increased funding over the current FY 2011 budget include:

- \$213.1 million for the **Special Education Circuit Breaker** account, an increase of \$80.0 million. The Senate proposed a smaller increase to \$194.1 million, but the final budget includes the higher House proposal. This increase to \$213.1 million brings the circuit breaker program closer to the pre-recession FY 2009 GAA funding level of \$230.0 million. While the circuit breaker was reduced during FY 2010 and FY 2011, a comparable amount of additional one-time federal recovery money was available during these years through the Individuals with Disabilities Education Act (IDEA), which also funds special education services.

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<sup>4</sup> For more information on the 2007 reform plan, please see the November 2006 MassBudget paper *Public School Funding in Massachusetts: Where We Are, What Has Changed, and Options Ahead*, available here: [http://www.massbudget.org/file\\_storage/documents/Public\\_School\\_Funding-Where\\_We\\_Are\\_What\\_Has\\_Changed\\_-\\_FINAL.pdf](http://www.massbudget.org/file_storage/documents/Public_School_Funding-Where_We_Are_What_Has_Changed_-_FINAL.pdf)

- \$43.5 million for the **Transportation of Pupils in Regional School Districts**, an increase of \$3.0 million, or 7.4 percent. Even with this increase, this FY 2012 funding level represents a cut of 31.0 percent when compared to FY 2009 GAA inflation-adjusted funding levels.
- \$9.6 million for **MCAS Low-Scoring Student Support**, an increase of \$480,000, or 5.3 percent.
- \$746,000 for **Teacher Content Training**, an increase of \$392,000. While increasing funding, the FY 2012 budget includes a new earmark directing at least \$400,000 of this appropriation to go towards Advanced Placement teacher training.

The FY 2012 budget also creates two new line items within K-12: Non-Chapter 70 Aid, providing:

- \$364,000 for a **Smart Growth School Cost Reimbursement (40S) fund**, designed to offset the increasing school costs associated with smart growth zoning.
- \$300,000 for **One-Time Regionalization Bonus Aid** to encourage the further regionalization of school districts.

Compared to many other areas of the state budget that are being cut from the current FY 2011 budget, a significant number of elementary and secondary education grant programs are level funded in the FY 2012 budget, including:

- \$71.6 million for **Charter School Reimbursements**. This FY 2012 funding level represents a cut of 13.4 percent when compared to FY 2009 GAA inflation-adjusted funding levels.
- \$27.7 million for **Adult Basic Education**, a cut of 14.3 percent when compared to FY 2009 GAA inflation-adjusted funding levels.
- \$22.9 million for **Kindergarten Expansion Grants**, a cut of 34.5 percent when compared to FY 2009 GAA inflation-adjusted funding levels.
- \$17.6 million for the **METCO** program to reduce racial imbalance across school districts, a cut of 21.2 percent when compared to FY 2009 GAA inflation-adjusted funding levels.
- \$13.9 million for **Extended Learning Time Grants**, a cut of 23.3 percent when compared to FY 2009 GAA inflation-adjusted funding levels.
- \$6.7 million for **Targeted Intervention in Underperforming Schools**, a cut of 29.1 percent when compared to FY 2009 GAA inflation-adjusted funding levels.
- \$5.4 million for the **School Lunch Program** and \$4.1 million for the **School Breakfast Program**.
- \$3.9 million combined for three separate literacy-related line items – **Bay State Reading Institute**, **Targeted Tutorial Literacy Programs**, and **Literacy Programs**. The Governor proposed consolidation of these line items, but the Legislature kept them separate.
- \$1.3 million for **Youth-Build Grants**, a cut of 54.7 percent when compared to FY 2009 GAA inflation-adjusted funding levels.



A small number of elementary and secondary education grant programs have been cut for FY 2012, including:

- \$1.4 million for **After-School** programs, a cut of \$90,000, or 6.0 percent, from current FY 2011 funding levels.
- \$750,000 for **Connecting Activities**, which provides summer work opportunities for high school students, a decrease of \$3.3 million from the current FY 2011 budget. A straight comparison to FY 2011 is somewhat complicated, however, since an additional \$2.0 million was added to Connecting Activities in an April 2011 supplemental budget, increasing the FY 2011 current appropriation to \$4.0 million. This supplemental budget includes language allowing the additional \$2.0 million to be spent on summer jobs, which will technically occur during the beginning of FY 2012.

Additionally, the Legislature did not follow the Governor in proposing the creation of a new \$3.0 million fund within the Executive Office of Education to support the state's **achievement gap-related programs**.

## K-12: School Building

The FY 2012 budget projects a contribution to the **School Modernization and Reconstruction Trust (SMART)** of \$678.1 million, an increase of \$33.8 million, or 5.2 percent, from the current FY 2011 budget.

Each year the Commonwealth is required to contribute to this trust an amount equal to one cent of the 6.25 cent per dollar state sales tax. The FY 2012 budget reflects anticipated increases in the sales tax due to continued economic recovery, not due to policy changes involving the sales tax.

## Higher Education

The FY 2012 budget funds Higher Education at \$948.5 million, a decrease of \$63.8 million, or 6.3 percent, from current FY 2011 levels, which include \$75.3 million in federal State Fiscal Stabilization Fund (SFSF) money that will no longer be available in FY 2012.

In addition to cuts for FY 2012, higher education has been cut severely over the last several years of the ongoing fiscal crisis, with the FY 2012 budget representing a cut of 16.3 percent from FY 2009 GAA inflation-adjusted funding levels.

The FY 2012 budget reflects two changes recently adopted by the Legislature: schools formerly known as "State Colleges" became known as "State Universities" as of October 2010 and all campuses of public higher education will retain tuition payments from out-of-state students starting in FY 2012, rather than remitting that revenue back to the state. MassBudget adjusts upwards the campus allocations by these projected amounts so that one can compare reasonably the levels or resources available at an individual campus to previous years when this tuition was remitted to the state.

The vast majority of funding for Higher Education, almost 90.0 percent, goes directly to the state's campuses of public higher education, with most of the balance going to the state scholarship program (see below). Specifically, the FY 2012 budget provides:

- \$434.3 million for **UMass campuses**, a decrease of \$30.3 million, or 6.5 percent, from current FY 2011 levels.
- \$195.0 million for **State Universities**, a decrease of \$12.1 million, or 5.8 percent, from current FY 2011 levels.
- \$210.4 million for **Community Colleges**, a decrease of \$17.1 million, or 7.5 percent, from current FY 2011 levels.

In addition to the above campus appropriations, the FY 2012 budget provides:

- \$87.6 million to the **State Scholarship Program**, a decrease of \$1.9 million, or 2.1 percent, from the current FY 2011 budget. The FY 2011 budget did include, however, \$3.0 million in federal recovery money that is not available for FY 2012, so the FY 2012 budget represents a small increase in the state's own appropriation, narrowly defined. The FY 2012 budget includes for the first time a protection of funding for the Early Childhood Educators Scholarship, which comes from the State Scholarship Program allocation, at a level proportional to what it is for FY 2011.
- \$2.5 million for the creation of a new **Performance Incentive Fund**, to be distributed through a competitive process to the state's higher education campuses for advancing goals articulated by the Commonwealth's Vision Process. The Governor proposed \$7.5 million for this new grant fund.
- \$1.3 million for **Workforce Development Grants to Community Colleges**, level funding from the current FY 2011 budget.
- \$1.1 million for **Foster Care Financial Aid** and \$935,000 for **Foster Care and Adopted Fee Waivers**, both level funding from the current FY 2011 budget.
- \$750,000 for **Dual Enrollment Grants**, which support Massachusetts high school students taking courses at the state's higher education campuses. This allocation represents level funding from the current FY 2011 budget.
- \$500,000 to the **Science, Technology, Engineering, and Mathematics (STEM) Pipeline Fund**. STEM activities have not been funded since FY 2008, when they were funded at \$4.0 million through a dedicated trust fund.

## ENVIRONMENT & RECREATION

The Fiscal Year (FY) 2012 General Appropriations Act (GAA) provides \$160.5 million for Environment and Recreation Programs. This is \$4.5 million or 2.7 percent less than the current budget for FY 2011. Funding for environment and recreation programs in the FY 2012 GAA is \$2.6 million more than the budget passed by the House and is \$975,000 less than the final Senate budget.

The Environment and Recreation budget provides funding for environmental protection programs, state fish and game operations and state parks, parkways and recreation programs.

<b>FY 2012 GAA</b>	<b>\$160,570,777</b>
<b>FY 2012 Current*</b>	<b>\$160,570,777</b>
<b>FY 2011 Current</b>	<b>\$165,057,138</b>
<i>FY 2012 Current - FY 2011 Current</i>	<i>\$(4,486,361)</i>
<i>Percent Change</i>	<i>-2.7%</i>

\* FY 2012 Current includes funding from FY 2011 that has been made available for FY 2012. When budget proposals shift line items between categories, we make adjustments in order to provide more accurate across-year comparisons. See "How to Read the Tables."

### Environment

The final Senate budget provided \$70.3 million for environment programs in FY 2012. This level is \$4.4 million, or 5.9 percent, less than current spending. The FY 2012 budget is \$1.9 million more than the budget passed by the House and is \$1.1 million lower than the Senate's final budget. Some highlights of the Environment budget include:

- \$5.7 million for the **Executive Office of Energy and Environmental Affairs**. This amount is slightly less than the current budget. It is \$150,000 higher than the final budget passed by the House and is the same level as the final Senate budget.
- \$8.0 million for the **environmental police** which is \$728,000 less than the FY 2011 current budget. This level is the same amount approved by the House and is \$677,000 less than the amount in the final Senate budget.
- \$24.7 million for the **Department of Environmental Protection (DEP)**, which is \$1.0 million less than the FY 2011 current budget. The final GAA is \$1.8 million more than the final House budget appropriated, and \$208,000 less than the budget passed by the Senate.
- \$275,000 for **redemption centers**, which is the same as the FY 2011 current budget and the amount approved in both the House and Senate budgets. This amount is \$6.2 million less than the Governor's recommendation. In his FY 2012 budget the Governor recommended expanding the bottle bill to include juice, water and coffee drinks and using over \$6 million of the revenue raised through this expansion to improve state recycling and redemption efforts.

- \$12.0 million for **hazardous waste cleanup**, which is a reduction of \$1.9 million below the FY 2011 current budget. This is the same as the budgets passed by the House and Senate.
- \$150,000 for a new Cape Cod wastewater study. This study was included in the Senate budget but not the budget passed by the House. In an outside section the GAA authorizes the Cape Cod Commission to use this funding to undertake a study of land and water use in the Cape.

## Fish and Game

The FY 2012 GAA recommends spending \$18.8 million on fish and game programs. This is \$1.4 million, or 7.8 percent, more than FY 2011 current spending. The GAA is \$130,000 more than the House budget and in line with the final budget passed by the Senate. Many of the state's fish and game programs are funded through revenues that it receives from the sale of licenses for hunting, fishing, boating and other activities.

Some highlights of the Fish and Game budget include:

- \$150,000 for the **natural heritage and endangered species** program. This program was not funded in FY 2011. Both the House and Senate budgets restored funding for this program at the same level as the final GAA.
- \$10.0 million for the **division of fisheries and wildlife**, which is a \$750,000 increase over the FY 2011 current budget. This level is \$85,000 more than the House budget and the same as the budget passed by the Senate.
- \$492,000 in retained revenue from the **saltwater sport fishing license**, an increase of \$390,000 above the FY 2011 current budget. This is the same level as the House budget and \$25,000 less than the amount included in the Senate's final budget.
- \$100,000 in a new retained revenue account from the **Newburyport clam plant**. Both the House and Senate included this level in their final budgets.

## Parks and Recreation

The FY 2012 budget appropriates \$71.5 million for state parks and recreation. This is \$1.4 million, or 2.0 percent, below the current FY 2011 budget. This level is \$164,000 above the amount proposed by the Governor and the final House budget, and is \$143,000 more than the final Senate budget.

In a letter to the Legislature, the Massachusetts Stewardship Council, which was appointed by the Legislature to oversee the Department of Conservation and Recreation (DCR), expressed its concern that the Governor's FY 2012 budget proposal to provide \$71.3 million for DCR was too low. The letter stated that this funding level on top of the succession of budget cuts made in recent years could jeopardize the agency's ability to manage and maintain its facilities. In its letter the Council recommended that DCR receive at least \$75 million in FY 2012; otherwise the agency may be forced to close facilities, shorten the season for other facilities, and reduce the number of lifeguards working at

state beaches. The final GAA, as stated above, provided \$71.5 million, which \$164,000 more than the Governor's proposal.

Some highlights of the Parks and Recreation budget include:

- \$3.3 million for the **Department of Conservation and Recreation (DCR)** which is \$209,000 below the FY 2011 current budget and the budget passed by the Senate. The final GAA amount is the same as the final House budget. Outside Section 29 of the GAA consolidates DCR into two divisions: one responsible for state and urban parks, parkways, rinks, pools and beaches and the other responsible for the state's watershed and water supply system.
- \$11.6 million in funding for **beaches, pools and seasonal employees** which is \$748,000 million less than the FY 2011 current budget. This amount is \$436,000 more than the level included in the Senate's final budget and is the same amount as the budget passed by the House.
- \$42.2 million for **state parks**, which is \$224,000 less than the FY 2011 current budget. The final funding level for state parks is identical to the Senate budget and is \$634,000 more than the budget passed by the House.
- \$3.0 million for **snow and ice removal and lighting repair for state parkways** which is \$115,000 less than both the House and the FY 2011 current budgets and the same as the budget passed by the Senate.
- \$1.0 million for the **watershed management program**, which is the same as the FY 2011 current budget and the House and Senate final FY 2012 budgets.
- \$290,000 for the office of **dam safety** which is level funding. This is also the same level as the House and Senate final budgets.
- \$8.4 million for **retained revenue** accounts within DCR, which is \$85,000 less than the FY 2011 current budget and the amount included in the Senate final budget. This level is the same amount as the House budget. The reduction comes from the retained revenue account for fees collected by state parks.

## HEALTH CARE

The Fiscal Year (FY) 2012 General Appropriations Act (GAA) includes \$14.40 billion for the state's health care programs, including \$14.33 billion appropriated in the FY 2012 General Appropriations Act and \$78.5 million from available FY 2011 funds (see discussion below). This amount is \$134.5 million more than recommended by the House, and \$36.1 million more than recommended by the Senate. Excluding funding for the Medical Assistance Trust Fund, the FY 2012 current health care budget is \$173.8 million more than the FY 2011 current health care budget. (The Medical Assistance Trust Fund is fully funded by assessments on providers and matching federal revenue, so changes in funding for this trust are not indicators of changes in the state's own spending.) Total health care funding includes funding for MassHealth (Medicaid) and other programs that support health care for the state's low- and moderate-income residents, mental health services, public health, and funding for state employee health insurance.

The FY 2012 budget imposes substantial funding constraints in the MassHealth program. In particular, given expected caseload growth and expected increases in health care costs, the MassHealth program will need to undergo significant cuts and aggressive savings measures over the course of the year to keep within the proposed budget levels. However, the FY 2012 budget as signed by the Governor includes total funding for public health and mental health services higher than either of the proposals from the House or Senate, bringing both the total public health and total mental health funding levels to approximately 3 percent above the amounts in the FY 2011 current budget.

Prior to signing the budget from the Conference Committee, the Governor vetoed language in several areas affecting the health care budget. These are described below.

<b>FY 2012 GAA</b>	<b>\$14,325,290,092</b>
<b>FY 2012 Current*</b>	<b>\$14,403,796,380</b>
<b>FY 2011 Current</b>	<b>\$14,722,068,374</b>
<i>FY 2012 Current - FY 2011 Current</i>	<i>\$(318,271,994)</i>
<i>Percent Change</i>	<i>-2.2%</i>

\* FY 2012 Current includes funding from FY 2011 that has been made available for FY 2012. When budget proposals shift line items between categories, we make adjustments in order to provide more accurate across-year comparisons. See "How to Read the Tables."

### MassHealth (Medicaid) & Health Reform

Total funding for MassHealth (Medicaid) and health reform programs in the FY 2012 budget is \$11.88 billion. In order to constrain MassHealth and health reform program costs (given expected caseload growth, utilization increases and anticipated health care cost inflation), the final budget follows most of the Governor's initial recommendations for a range of cuts and savings to be implemented over the course of FY 2012. It is important to remember, however, that the federal government typically reimburses Massachusetts for approximately half of the costs of the MassHealth program. This means that reductions in MassHealth spending will result in reductions in federal revenues coming into the state.



Currently the state's MassHealth program provides health care coverage for nearly 1.3 million residents of the Commonwealth, including more than 535,000 children. Commonwealth Care covers just under 160,000. In addition to these programs, Massachusetts also currently provides coverage for close to 17,400 legal immigrants in a separate program referred to as the Commonwealth Care Bridge program. These programs continue to play an essential role in providing health care coverage for the Commonwealth's residents. Nevertheless, close to 21,000 low-income legal immigrants may still currently be ineligible for MassHealth, Commonwealth Care or the Commonwealth Care Bridge program.

During the course of debate on the budget, the state Supreme Judicial Court ruled on May 6, 2011 that discrimination against legal immigrants must be judged under the same strict standard required for discrimination based on race or sex. The policies for health care coverage for these legal immigrants will likely be determined by the courts over the course of this fiscal year and may have an impact on appropriations for health care coverage for these individuals.

Furthermore, the total budget reflects a reduction in an operating transfer to the Medical Assistance Trust Fund. Excluding the reduction in that fund (because its funding does not come from the state's own resources – see explanation below), total MassHealth and health reform funding in the FY 2012 budget is approximately 2 percent more than FY 2011 current funding. But in order to reach that budget target, the Commonwealth will need to find substantial "savings" in the MassHealth program and in other health care programs.

MassHealth (Medicaid) and Health Reform						
	FY11 Current	FY12 House	FY12 Senate	FY12 General Appropriation Act	FY11 Funds Available in FY12*	FY12 Current
<b>MassHealth (Medicaid)</b>						
MassHealth	10,241,817,456	10,335,432,008	10,391,029,259	10,369,204,259	29,800,000	10,399,004,259
MassHealth administration	170,082,346	166,306,359	166,762,375	166,246,548	0	166,246,548
<b>Sub-Total</b>	<b>10,411,899,802</b>	<b>10,501,738,367</b>	<b>10,557,791,634</b>	<b>10,535,450,807</b>	<b>29,800,000</b>	<b>10,565,250,807</b>
<b>Health Reform and Health Safety Net</b>						
Prescription Advantage Pharmacy	31,542,765	21,602,546	21,602,546	21,602,546	0	21,602,546
Health Care Finance & Other	22,157,507	26,357,507	27,357,507	28,757,507	1,900,000	30,657,507
Commonwealth Care Trust**	842,011,822	847,011,822	871,511,822	848,011,822	17,000,000	865,011,822
Health Insurance Technology Trust	0	500,000	500,000	500,000	0	500,000
Medical Assistance Trust	886,101,088	394,025,000	394,025,000	394,025,000	0	394,025,000
<b>Sub-Total</b>	<b>1,781,813,182</b>	<b>1,289,496,875</b>	<b>1,314,996,875</b>	<b>1,292,896,875</b>	<b>18,900,000</b>	<b>1,311,796,875</b>
<b>Total</b>	<b>12,193,712,984</b>	<b>11,791,235,242</b>	<b>11,872,788,509</b>	<b>11,828,347,682</b>	<b>48,700,000</b>	<b>11,877,047,682</b>
Total (excluding Medical Assistance Trust)***	11,307,611,896	11,397,210,242	11,478,763,509	11,434,322,682	48,700,000	11,483,022,682

\* This total includes funding from Chapters 27 and 52 of the Acts of 2011, as well as funds added to the FY 2011 budget in the FY 2012 GAA. These funds are available for spending in FY 2012, and are included in the FY 2012 current budget totals.

\*\* This total includes a transfer of funding from the General Fund, as well as an estimated \$120 million from a dedicated cigarette tax in FY 2011 and FY 2012.

\*\*\* This total excludes the Medical Assistance Trust, as this trust is largely with non-state sources, and the timing of payments to the trust can make totals appear misleading.

## MassHealth

Total MassHealth funding in the FY 2012 budget is \$10.57 billion. This total includes \$10.40 billion for MassHealth programs and \$166.2 million for MassHealth administration, and is \$153.4 million more than the current FY 2011 budget. Funding in FY 2012 for MassHealth includes \$29.8 million in funds budgeted for FY 2011 that the Legislature has explicitly made available for use in FY 2012.

This total represents approximately \$770 million less than what it would cost to maintain the MassHealth program in its current form, given expected caseload, utilization and enrollment growth. The FY 2012 budget proposals are built upon the assumption that the MassHealth caseload will grow by approximately 4.6 percent over the course of the year, adding 19,000 children and 41,000 adults. The Administration estimates that MassHealth caseload will total 1.36 million people in FY 2012.

In order to meet its projected budget target, the FY 2012 MassHealth budget relies on cuts and savings using new procurement strategies aimed largely at the current managed care providers, and other strategies designed to control provider rates and manage cost growth in the program. If the program cannot meet its savings targets over the course of the year, however, it is likely that there would be significant additional program cuts or that additional funding would be necessary later in the year.

The FY 2012 MassHealth budget includes:

- An increase in drug co-payment from \$3 to \$3.65 for some; \$1.00 co-payments would stay the same.
- A \$35 million cut from funding for the **adult day health** program, which provides community-based care for frail elders and adults with disabilities as a means to prevent hospitalization and, in some cases, nursing home placement. (See discussion below of adult day health language vetoed by the Governor.)
- Cuts of \$319 million in **rates or payments to health care providers**, for a net savings to the Commonwealth of approximately \$160 million. These cuts include reducing payments to hospitals with higher than average “preventable” readmissions that occur within 30 days of discharge; reducing the payment rates for acute care for certain hospitals; reducing payments for certain specific services; and eliminating rate increases for managed care.
- \$3.2 million to support **current provider rates for 90 days for the adult day health, adult day habilitation, adult foster care, and adult group foster care programs**. There is also language in the budget that would require the Legislature to receive 90 day advance notice of changes in any of these rates.
- Authorization of further cuts in **optional adult MassHealth benefits** if MassHealth does not achieve planned budget savings, but the Legislature must receive 90 day advance notice before MassHealth “restructures” these benefits.

- Language requiring a report to the Legislature by September 1 on **MassHealth savings** anticipated for FY 2012, and a report by February 1 on actual mid-year savings realized.
- Language requiring a report to the Legislature on the impact of reductions to **adult dental services**.
- \$27.0 million in increased funding in FY 2011 for **nursing home rates**, and \$2.8 million for a **nursing home pay for performance initiative**, but with language indicating that these funds are “prior appropriation continued” and may be expended in FY 2012.
- \$3.0 million for “**capacity-building**” within the MassHealth program, in order to provide grants or other supports for health care providers. In past years, similar funding has been made available through what is known as the Essential Community Providers Trust.

Much of the savings anticipated for the MassHealth program are assumed to come from re-negotiated contracts with the health plans and other managed care providers participating in the MassHealth program. For example:

- Aggressive contract negotiations emphasizing new models **for care management, service delivery and payment** are hoped to save up to an additional \$351 million in payment for care within the state-administered health care programs (MassHealth, Commonwealth Care, the Group Insurance Commission which purchases coverage for state employees, dependents and retirees, and the Medical Security Program for the unemployed). MassHealth is currently re-procuring its Primary Care Clinician Plan behavioral health vendor for the contract period that begins March 2012. Re-contracting in the Commonwealth Care program and the state’s Group Insurance program (see below) has already netted the state substantial savings, but it is not clear that the state will be able to generate the budgeted level of savings in the MassHealth program within the anticipated time frame.
- \$25 million in savings from better integrating health care for **young disabled adults who are dually-eligible** for both Medicare and Medicaid, although it is now unlikely that this program will be implemented in FY 2012.

In addition to these changes, the budget includes new administrative initiatives to improve MassHealth program operations and efficiency:

- Requires MassHealth to use a federal database, the **Systematic Alien Verification for Entitlements (SAVE)** system, to verify the status of certain eligible immigrants. The budget allows the Administration to incorporate SAVE into common eligibility standards within other health or human services programs. The Governor has said that would be seeking \$2.8 million for the costs of operating the SAVE program.
- \$1.0 million for a new MassHealth **auditing initiative** in order to reduce program fraud. This “field auditing” office is expected to increase the ability of the program to identify and eliminate fraudulent claims submissions and provider payments. The Administration expects that these audits will bring in an additional \$3.0 million in additional revenue.

- Funding within the Executive Office of Administration and Finance for a new office of Commonwealth Performance, Accountability and Transparency, including an independent **caseload forecasting** office. The intent of this office is to improve the accuracy of estimating caseload and costs for the MassHealth program, as well as for state-subsidized childcare, transitional assistance benefits, emergency assistance and housing, and state employee health insurance. (This funding is included in the “other administrative” budget totals in this *Budget Monitor*.)

When the Governor signed the budget, he returned for amendment a section with language that would have prevented MassHealth from changing clinical eligibility criteria for the basic and complex levels of care in the adult day health program, which would have eliminated the least intense level of care (“health promotion and prevention”). The Conference budget language also included a provision that would have placed a moratorium on the approval of new adult day health providers, pending a study on licensure standards. The Governor has offered substitute language for approval by the Legislature which would require by December 31 a feasibility study of implementing a moratorium on clinical eligibility, provider reimbursements for basic and complex care, approval of new providers and expansions by existing providers. This substitute language also requires the assessment of categorizing clients’ level of care, and the determining the current and future needs of the program.

## Health Reform and the Health Safety Net

The FY 2012 GAA includes \$1.29 billion in funding for the programs created by health reform and for the financing of the state’s health safety net. The budget transfers \$848.0 million into the **Commonwealth Care Trust Fund**, including \$728.0 million directly transferred from the General Fund, and \$120.0 million transferred into the Trust Fund from the cigarette excise tax. These funds go to support the Commonwealth Care health insurance program, a publicly-subsidized health insurance program for low-income people not eligible for Medicaid. The Trust Fund also supports the Health Safety Net, a program that partially reimburses hospitals and community health centers for health care provided to people without insurance.

In order to provide sufficient funding for the Commonwealth Care Bridge program, however, the budget also adds \$17.0 million in funding to the Commonwealth Care Trust’s funding for FY 2011, and includes language (“prior appropriation continued”) that allows this funding to be spent in FY 2012. This brings the total FY 2012 current funding for the Commonwealth Care Trust to \$865.0 million, and total FY 2012 current funding for Health Reform and the Health Safety Net to \$1.31 billion.

**Commonwealth Care Bridge** is a program providing limited health care coverage to approximately 17,400 immigrants known as “aliens with special status,” or AWSS. These are primarily legal immigrants with green cards who have been in the country for fewer than five years and were first excluded from eligibility for Commonwealth Care in August 2009. Enrollment in Bridge has been closed to new members since August 2009.<sup>5</sup> The FY 2012 GAA appropriates \$25.0 million to fund the program, but also assumes \$17.0 million brought forward from FY 2011 funding for a total of \$42.0

<sup>5</sup> There are approximately 21,000 low-income legal immigrants who would otherwise have been eligible for the Bridge program who are currently receiving care through the Health Safety Net (emergency rooms and certain community health centers). The state Supreme Judicial Court ruled on May 6, 2011 that discrimination against legal immigrants must be judged under the same strict standard required for discrimination based on race or sex. It is likely that during FY 2012, policies related to coverage for legal immigrants will be determined by the courts. The FY 2012 GAA does not reflect any budgetary adjustments associated with this ruling.

million. Current assumptions are that this amount should be sufficient for the current program for a full year.

The Commonwealth Care Trust funding also includes \$1.0 million for small businesses that offer **wellness incentive** programs for their employees. The Administration also assumes that the Commonwealth Health Insurance Connector will provide \$2.5 million of its own funds for these incentives, for a total of \$3.5 million.

In addition to these appropriated funds, the FY 2012 budget estimates that the Commonwealth Care Trust Fund will receive \$14.9 million in “fair share” assessments on certain employers who do not provide health care coverage for their employees, and \$15.0 million in tax penalties from persons not adhering to the individual mandate for health care coverage.

The Administration assumes that the **Commonwealth Care** caseload will grow by approximately 8 percent over the course of the year, from about 160,000 members to an estimated 174,000. This increase is in part due to unemployment insurance running out, and people losing coverage under the Medical Security Plan coverage that comes with unemployment insurance. The Commonwealth Care program provides subsidized health care coverage for low- and moderate-income people not eligible for MassHealth. Like in the MassHealth program, the Administration expects that with aggressive cost controls and provider re-contracting the program will be able to maintain current spending levels in spite of caseload growth and health care cost inflation. Already, re-contracting by the Commonwealth Health Insurance Connector for the Commonwealth Care program suggests that the state is on target for these cost controls for FY 2012.

Other highlights in the FY 2012 budget include:

- \$30.0 million for the **Health Safety Net** for health care for low-income uninsured and underinsured payments. These funds are in addition to assessments on hospitals and other surcharge payers. The budget requires the Division of Health Care Finance and Policy to develop a claims adjudication system for the Health Safety Net with Medicare-like claims editing, and conditions appropriations for the second half of FY 2012 on the establishment of a successful inpatient and outpatient claims adjudication system.
- \$21.6 million for the **Prescription Advantage pharmacy program**, which provides elders with “wrap-around” pharmacy coverage for prescriptions not covered by Part D of the federal Medicare program. Although this is \$9.9 million less than current funding in FY 2011, it is likely that this FY 2012 funding level will be sufficient to cover the needs of the program. With the implementation of federal health reform (the Affordable Care Act), more of the gap in prescription drug coverage in the Medicare program known as the “doughnut hole” is now covered by Medicare, reducing the demand on the Prescription Advantage program.
- Creation of the **Health Insurance Technology Trust**, to allow the state to apply for federal reimbursement for the development of electronic health records within the MassHealth program. Using \$500,000 of state “seed” money, Massachusetts could get full reimbursement for the costs of developing such a system. Up to \$50 million could be available for providers to implement electronic health record systems in FY 2012.



- A transfer of \$394.0 million into the **Medical Assistance Trust Fund**. Through this Trust the state receives federal revenues in order to make payments to providers that care for a large share of low-income patients. In FY 2011, \$886.1 million has been transferred into this trust to support these hospitals. It is important to realize, however, that the Medical Assistance Trust Fund is fully funded by non-state revenues. The transfers require federal approval and, as of now, the federal government has approved transfer of only \$394.0 million for FY 2012. If the federal government gives approval, there will be additional funds transferred to this trust in FY 2012, bringing the trust's FY 2012 total closer to the FY 2011 current total. The reduction in funding between FY 2011 and FY 2012 does not show up in the state's estimate of health care cuts for FY 2012 (because it reflects a change in assessments from providers and federal dollars, rather than a change in the use of the state's own resources), but it does reflect a decrease in funding for the affected health care providers.
- Appropriates \$4.0 million within the Division of Health Care Finance and Policy for the state's **All Payer Claims Database**, designed to provide detailed information to the public on health care spending. This appropriation will be funded by fees collected for health data information and by federal reimbursements.

## Mental Health

The FY 2012 budget includes \$648.0 million for mental health services. This amount, which is just slightly above the total recommended by the Senate, is \$34.3 million more than the amount proposed by the House during the budget debate, and is \$19.7 million more than FY 2011 current budget levels. This budget funds mental health services at close to the level that the Administration anticipated would be sufficient to fund programs at their current levels. To partially pay for this, the budget transfers \$10.0 million from various special mental health trusts to the General Fund to support inpatient or community services. Because this \$10.0 million can be allocated among the various line items for adult mental health services in the Department of Mental Health, it is difficult to know exactly how the FY 2012 budget compares to the FY 2011 budget.

Funding for **children's mental health** in the FY 2012 budget totals \$71.8 million, level with FY 2011 funding. This total includes funding for the Mass. Child Psychiatry Access Project, which supports consultations by psychiatrists to pediatric primary care physicians who have patients with mental health diagnoses. In past years, this program has been funded as an earmark within the children's mental health line item; in some years it has had identified funding amounts, in other years not. The FY 2012 budget does not specify a particular amount of funding for this program.

The FY 2012 budget provides \$392.8 million for **adult mental health** services, compared to \$386.2 million in FY 2011. A portion of the additional \$10.0 million in funding available from mental health trusts in the budget would likely be available for these adult services, including support for the state's community-based clubhouse program.

The FY 2012 provides \$146.7 million for **mental health facilities**, compared to \$143.9 in FY2011. A portion of the additional \$10.0 million in funding available from mental health trusts in the budget will likely be available to support services in mental health facilities.



## Public Health

The FY 2012 budget includes \$509.7 million for public health programs. This is \$10.8 million more than recommended by the Senate, \$33.9 million more than recommended by the House, and \$37.3 million more than the Governor recommended for FY 2012. It is worth noting that the FY 2012 current budget totals includes \$10.0 million allocated to the Executive Office of Health and Human Services in Chapter 52 of the Acts of 2011, which will be available for use in FY 2012. This funding is for youth violence prevention grants, which for this analysis we include with other youth violence prevention funding in the Department of Public Health (see below).

Some public health programs receive notable cuts in the FY 2012 budget:

- **Health promotion and disease prevention programs** receive only \$3.4 million in the FY 2012 budget, level with the amount recommended by the House, but a cut of 43 percent from FY 2011. These programs, which provide screening, prevention and treatment services for a wide variety of diseases and conditions, received \$5.9 million in the FY 2011 budget.
- **Smoking prevention** receives \$4.2 million in the FY 2012 budget. Funding in FY 2011 was \$4.5 million.
- **Teen pregnancy prevention** receives \$2.4 million in the FY 2012 budget, close to the total funding in FY 2011, but the FY 2011 funding may not be sufficient to maintain current service levels into FY 2012.

There are a few public health programs for which the FY 2012 funding represents an increase in funding compared to the FY 2011 current budget. These include:

- Total funding for **AIDS/HIV treatment and screening** programs is \$39.1 million, with \$31.6 million for prevention, treatment and screening, and \$7.5 million for the drug rebate program. It is worth noting the treatment and screening programs are cut by \$1.5 million compared to FY 2011; the \$6.0 million drug program increase is funded by increased federal reimbursement, not state general funds.
- **Early intervention** receives \$31.1 million, \$1.7 million more than FY 2011 current totals. This funding level should be sufficient to avoid cuts to program eligibility and services for the developmentally delayed infants and toddlers who rely on the program, language recommending that transportation costs for Medicaid-eligible participants be borne by the MassHealth program.
- **Youth violence prevention** programs receive \$12.7 million, \$9.9 million more than current FY 2011 funding. This total includes \$2.7 million within the Department of Public Health, as well as a new appropriation in FY 2011 of \$10.0 million to the Executive Office of Health and Human Services for youth violence prevention grants. Language in that appropriation allows for this funding to be available for use in FY 2012, so added to the funding in the Department of Public Health, there is this substantial increase over FY 2011.

There are other programs that were in dispute during Conference Committee deliberations that the final FY 2012 GAA preserved:

- **Substance abuse services** receive \$83.1 million, including \$4.8 million for a step-down recovery program, \$2.0 million for secure treatment for opiate addicts, and \$1.5 million for a young adult treatment program. Total funding for these programs in FY 2011 was \$83.5 million, but some of the individual line items were in dispute during Conference deliberations.
- **Family health services** receive \$4.7 million, level with the Senate recommendation, and essentially level with FY 2011 funding. Family health services include comprehensive family planning, HIV counseling and testing, and community-based health education and outreach services.
- The **Women's, Infants and Children (WIC) nutrition** program receives \$12.4 million, an amount that is basically the same as that proposed by the Senate and \$2.1 million more than the House appropriation. This amount is just slightly below FY 2011 funding levels.
- School health services receive \$11.6 million. Funding in FY 2011 was \$11.9 million. This program provides funding for school-based health clinics and school nursing programs, which are often essential gateways to primary care for at-risk young people.
- **Community health centers** receive \$964,000, including \$250,000 for a technical assistance program, which during debate moved from the Department of Public Health to the Executive Office. Final budget language keeps this funding within the Department of Public Health.
- **Academic detailing** and **primary care loan forgiveness** each receive funding that is level with FY 2011 (\$93,000 and \$157,000 respectively). These two programs were a product of the state's health reform initiative, in recognition of the fact that by supporting the provision of information to physicians about cost-effective prescription use (academic detailing) and by encouraging health professionals to choose primary care careers (the loan forgiveness program), the Commonwealth would be better able to begin to control health care costs.

Finally, upon signing the FY 2012 budget, the Governor vetoed language in several places relevant to public health programming. The Governor vetoed language that would have prevented local public health officials from prohibiting smoking bars or so-called "cigar bars." In his veto language, the Governor stated that such a regulation would prevent "local officials from protecting the public health of their citizens."

The Governor also vetoed several sections of the budget that would have further regulated the return or re-dispensing of prescription medications from persons leaving facilities operated by the Departments of Public Health, Mental Health and Corrections. The Governor states that sufficient regulations are already in place to cover these concerns.

## State Employee Health Insurance

The FY 2012 budget recommends \$1.37 billion for state employee health insurance. This is \$34.0 million less than current FY 2011 funding.

In order to hold down state employee health care costs, the state's Group Insurance Commission (GIC) – the administrator of state employee health benefits – has re-negotiated contracts with the current health insurance providers. Health plans with limited networks cost significantly less for the participant, and each participant in a GIC plan is required to select a health plan during a mandatory open enrollment period. Participants who choose lower cost plans receive the financial benefit of lower premiums, as well as a financial incentive equivalent to three months' worth of health insurance premiums. The Administration estimates that employees who move to lower-cost health plans might save as much as \$800 for individual coverage and \$1,700 for family coverage and might, in the aggregate, save the Commonwealth tens of millions of dollars. In fact, re-contracting for FY 2012 that has already occurred has met anticipated budget targets, and the budget reflects the savings from these changes.

It is important to note that budget totals for state employee health insurance include the costs associated with increased municipal participation in the Group Insurance Commission. In order to economize on their own employee health insurance costs, under certain circumstances cities and towns have the option of "joining" the GIC, and having the GIC administer municipal employee health insurance and reimbursing the GIC for those costs. Although the GIC appropriated budget totals reflect the increased costs of these municipal employees, the municipalities fully reimburse the state for these costs. In order to eliminate a potential distortion in the state budget total associated with these costs, we reduce the budget for state employee health insurance by the amount that the municipalities contribute to the GIC. In the FY 2012 budget proposals, state employee health insurance costs are thus reduced by \$301.2 million.

## HUMAN SERVICES

The Fiscal Year (FY) 2012 budget recommends \$3.36 billion for human services. This total includes funding for children, youth, and families; disability services; elder services; transitional assistance; and other human services. (Funding for mental health and public health in the “Health Care” section of this *Budget Monitor*.) The FY 2012 budget for human services is \$12.0 million, or 0.4 percent, below the FY 2011 current budget. The most significant changes include a reduction of the children’s clothing allowance for recipients of cash assistance, as well as funding levels that do not keep pace with the anticipated need for services for people with disabilities.

It is difficult to quantify the real impact of budget cuts on human services because many of these services are based on case loads. While the funding amounts for certain services may have increased in dollar amounts, a rise in demand for those services means that the appropriation may not be enough to meet the need. This often requires other means of reducing costs, such as changes in eligibility requirements or reducing benefits. The effect of inflation, or the rising cost of providing services, must also be taken into account. Because some human services are closely related to health care, the cost of providing the same level of services from year to year can actually grow faster than ordinary inflation. Therefore, while human services appear to have decreased in funding less than other categories in the state budget since FY 2009, simply examining the dollar amount without taking into account rising demands and inflation can be misleading.

<b>FY 2012 GAA</b>	<b>\$3,364,517,193</b>
<b>FY 2012 Current*</b>	<b>\$3,364,517,193</b>
<b>FY 2011 Current</b>	<b>\$3,376,557,213</b>
<i>FY 2012 Current - FY 2011 Current</i>	<i>\$(12,040,020)</i>
<i>Percent Change</i>	<i>-0.4%</i>

\* FY 2012 Current includes funding from FY 2011 that has been made available for FY 2012. When budget proposals shift line items between categories, we make adjustments in order to provide more accurate across-year comparisons. See “How to Read the Tables.”

## Children, Youth, & Families

The FY 2012 budget funds programs within the MassBudget category of Children, Youth, and Families (including the Department of Children and Families (DCF) and the Department of Youth Services (DYS)) at \$880.0 million, a decrease of \$8.1 million from the current FY 2011 budget. While experiencing a somewhat modest reduction for FY 2012, these programs have been cut significantly during the ongoing fiscal crisis, with the FY 2012 budget representing a cut of 15.1 percent compared to FY 2009 GAA inflation-adjusted funding levels.

Programs within the **Department of Children and Families** are funded at \$737.1 million, a decrease of \$6.6 million, or 0.9 percent, from the current FY 2011 budget. DCF funding is down 15.0 percent compared to FY 2009 GAA inflation-adjusted funding levels. Specifically, the FY 2012 budget provides:

- \$242.8 million for **Services for Children and Families** – which primarily funds the state’s foster care-related activities – a \$4.7 million, or 1.9 percent, decrease from the current FY 2011 budget.

This FY 2012 appropriation represents a cut of 25.3 percent when compared to FY 2009 GAA inflation-adjusted funding levels.

- \$193.6 million for **Group Care Services** for children in DCF custody, an \$8.0 million, or 4.0 percent, decrease from the current FY 2011 budget.
- \$159.5 million for **DCF Social Workers**, a \$4.3 million, or 2.8 percent, increase from the current FY 2011 budget.
- \$39.8 million for **Family Support and Stabilization**, which funds efforts to keep children with active DCF cases in the custody of their birth families, a \$1.2 million, or 2.9 percent, decrease from the FY 2011 budget.
- \$20.8 million for **Support Services for People at Risk of Domestic Violence**, a \$631,000, or 3.1 percent, increase over the current FY 2011 budget.
- \$9.3 million for **DCF Regional Administration**, which funds regional nonprofits that contract for services, an increase of \$3.3 million, or 55.0 percent, from the FY 2011 current budget. As it did in FY 2010 and FY 2011, the House proposed full elimination of funding for these regional nonprofits, but neither the Senate nor the Conference Committee followed this proposal for elimination.

Programs within the **Department of Youth Services** are funded at \$142.5 million, a decrease of \$1.6 million from the current FY 2011 budget. DYS funding is down 15.7 percent compared to FY 2009 GAA inflation-adjusted funding levels. Specifically, the FY 2012 budget provides:

- \$96.0 million for **Residential Services for youth committed to DYS**, a decrease of \$451,000 from the current FY 2011 budget and a cut of 25.3 percent when compared to FY 2009 GAA inflation-adjusted funding levels.
- \$21.6 million for **Non-Residential Services for youth committed to DYS**, level funding from the current FY 2011 budget and a cut of 8.6 percent when compared to FY 2009 GAA inflation-adjusted funding levels.
- \$18.3 million for **Residential Services for youth detained by DYS**, a decrease of \$1.0 million from the current FY 2011 budget and a cut of 31.5 percent when compared to FY 2009 GAA inflation-adjusted funding levels.

## Disability Services

Funding in the FY 2012 GAA includes \$1.37 billion for disability services, including \$1.31 billion for persons with developmental disabilities, \$41.5 million for rehabilitative services, \$18.9 million for the visually impaired, and \$5.0 million for persons who are deaf or hard of hearing.

It worth noting that the budget redistributes some funding from residential facilities for the developmentally disabled to funding for community residential supports. Even accounting for these

shifts, funding for developmentally disabled adults is likely insufficient to maintain current levels of services for the eligible population.

Key issues in the funding for developmental services include:

- \$124.3 million for **community day and work programs**, \$1.0 million more than recommended by the Senate, and level with the House recommendation. These funding levels may be sufficient to allow the department to continue to provide community services for most young adults newly eligible for adult services, having reached age 22 in FY 2011.
- \$41.0 million **family supports and respite services**, \$8.4 million more than recommended by the Senate, but level with the House recommendation. This total is \$5.5 million less than in the FY 2011 current budget, and it is likely that thousands of families of children and adults with disabilities will lose these supports. These services—for which there is already a high wait list—offer families with disabled children flexible community-based supports that are particularly important for helping keep children with disabilities out of residential schools.
- \$5.0 million for the **Turning 22** account, level with the current FY 2011 budget. It is not clear if this funding will be sufficient to provide transition services for the estimated 700 disabled young adults who will be leaving secondary schools in 2012 and will be eligible for supports from the Department.

The FY 2012 budget reflects a continuing commitment to close the larger state-run institutions (state schools) for the developmentally disabled. The budget includes a transfer of approximately \$7 million from institutional care to the account funding the state-operated group homes. With this transfer, **state facilities** in the FY 2012 budget receive \$142.2 million, slightly more than what might be needed to fund the current services at these facilities. The **state-operated group homes** receive \$164.8 million in the FY 2012 budget, approximately \$6 million more than what might be needed to fund current services.

Funding for services for the **blind and visually impaired** receive \$18.9 million in the FY 2012 budget, \$405,600 more than FY 2011 current levels. Funding for **rehabilitation services** is \$41.5 million, \$700,000 less than current budget totals. Services for the **deaf and hard of hearing** receive \$5.0 million in the budget, \$288,000 less than the House, and \$180,000 more than current budget totals.

## Elder Services

Services for elders in the FY 2012 budget receive \$218.6 million, a . This total represents a \$2.0 million cut from the current FY 2011 budget totals. (For information on the Prescription Advantage elder pharmacy program or funding for elders under the MassHealth program, see the "Health Care" section of this *Budget Monitor*.)

The budget includes:

- \$133.5 million for **elder home care services**, including \$97.8 million for home care purchased services and \$35.7 million for case management and support for the local non-profit organizations that provide elder services. Funding in FY 2011 was \$137.4 million. These



community-based long-term care services are crucial for helping frail elders remain in their homes in the community and avoid nursing home placement.

- \$45.8 million for the **enhanced home care program**, level with FY 2011 funding.
- \$16.3 million for **protective services**, bringing the total to \$16.3 million, \$1.0 million more than FY 2011 funding levels. This is less than what is likely necessary to maintain current service levels. As it is, the program is challenged in keeping up with the demand for full investigation of accusations of abuse or neglect of elders in the community.
- \$1.6 million **elder housing** programs, compared to \$1.5 million in FY 2011.
- \$8.3 million for grants to **councils on aging**, \$350,000 more than FY 2011 funding.
- \$6.3 million **for meals on wheels and congregate lunch** programs, a \$50,000 increase over FY 2011 funding.
- \$750,000 for a program funded by the federal government for **elderly veterans** called the Veterans Independence Plus Initiative.

## Transitional Assistance

The FY 2012 budget proposal provides \$764.2 million for the Department of Transitional Assistance and the services that it administers. This is a reduction of \$20.5 million, or 2.6 percent, from the FY 2011 current budget. The major cuts include a reduction in funding for the Employment Services Program and a cut in the children's clothing allowance for recipients of Transitional Aid for Families with Dependent Children. The FY 2012 budget also reflects savings that result from transferring administration of the State Supplement to Supplemental Security income from the federal to state government.

The FY 2012 budget provides \$316.0 million for **Transitional Aid for Families with Dependent Children (TAFDC) grant payments**, a cut of \$8.1 million, or 2.5 percent, from the FY 2011 current budget. The most notable change within funding for TAFDC grant payments is a reduction of the **children's clothing allowance** for TAFDC recipients, which was \$150 in the FY 2011 current budget. The FY 2012 budget language includes a \$150 clothing allowance if funds allow, but only guarantees a minimum of \$40. The House and Governor's budgets both eliminated the \$150 clothing allowance, while the Senate proposal provided a \$75 clothing allowance. In supporting documents to the Governor's budget, eliminating the clothing allowance was described as an actual cut of \$11.5 million, which would affect an estimated 70,000 children. It is important to note that the \$150 allowance amount has not been increased since 1986 when it was set, and thus does not reflect increases in the cost of living. The even lower \$40 allowance will significantly affect those children and families receiving TAFDC assistance.

Other notable items in the FY 2012 budget for transitional assistance include:

- \$7.1 million for the **Employment Service Program (ESP)**, which provides job training and placement services to recipients of TAFDC assistance. This is above both the House and Senate

proposals of \$6.7 million and \$4.5 million, respectively, but is still a cut of \$7.9 million, or 52.5 percent, from the FY 2011 current budget.

- \$749,000 for **Domestic Violence Specialists**, an increase of \$22,000 from the FY 2011 current budget. While the House proposed the same amount, the Senate eliminated this funding.
- \$57.5 million for **caseworker salaries and benefits**, and increase of \$1.1 million, or 2.0 percent, from the FY 2011 current budget.
- Level funding, compared to the FY 2011 current budget, for **Emergency Assistance to the Elderly, Disabled, and Children**, at \$89.0 million.
- \$900,000 in funding for the **Supplemental Nutritional Program (SNAP)**, which supplements the federal food stamp program. Due to certain provisions in the federal recovery act, this program did not receive funding through the state budget in FY 2011. These federal provisions will expire at the end of FY 2011.
- \$3.0 million for the **Food Stamp Participation Rate Program**, which aims to increase the state's participation in the supplemental nutrition assistance program, an increase of \$53,000 from the FY 2011 current budget.

## Other Human Services

The FY 2012 budget provides \$130.2 million for other human services, which includes veterans' services, emergency food assistance (food banks), citizenship and various other programs. This is an increase of \$2.6 million, or 2.0 percent, from the FY 2011 current budget.

The FY 2012 budget provides the following for other human services:

- \$125,000 for a new **Train Vets to Treat Vets** program, which would establish a behavioral health career development program for returning veterans.
- \$672,000 for **12 new long-term care beds** at the Soldiers' Home in Holyoke.
- \$59.1 million in funding for **veterans' benefits and qualified parents and spouses of veterans**. This combines two line items: Annuities to Qualified Disabled Veterans (included in the table above) and Veterans' benefits. This is a \$2.3 million, or 4.0 percent, increase from the FY 2011 current budget.
- Elimination of the **Veterans' Services Pension Recovery Revenue Maximization** project of the Executive Office of Elder Affairs, which identifies individuals who are eligible for veterans' benefits and who receive home health care services. This program was funded at \$97,000 in the FY 2011 current budget.
- Level funding for the **Soldiers' Home in Massachusetts**, at \$25.9 million, and a small increase of \$101,000 for the **Soldiers' Home in Holyoke** for a total funding amount of \$19.5 million.



## INFRASTRUCTURE, HOUSING, & ECONOMIC DEVELOPMENT

The Fiscal Year (FY) 2012 General Appropriations Act (GAA) recommends \$1.57 billion for infrastructure, housing, and economic development programs. MassBudget includes programs for housing, economic and workforce development, and transportation within this category. Included in this amount is \$1.2 million in FY 2011 housing funds that were shifted into the FY 2012 budget. The FY 2012 budget is \$102.1 million, or 6.1 percent, below the FY 2011 current budget. It is important to note, however, that the supplemental budget passed in April of this year included \$50.0 million for snow and ice removal, which significantly increased the FY 2011 current budget for transportation.

The FY 2012 budget incorporates reorganizations that occurred in each of the three areas. The economic development and transportation reorganizations were part of an effort to streamline programs and services. For housing, in particular homelessness, the reorganization reflects an effort to transition homeless families into housing instead of shelters.

<b>FY 2012 GAA</b>	<b>\$1,567,186,947</b>
<b>FY 2012 Current*</b>	<b>\$1,568,386,947</b>
<b>FY 2011 Current</b>	<b>\$1,670,447,958</b>
<i>FY 2012 Current - FY 2011 Current</i>	<i>\$(102,061,011)</i>
<i>Percent Change</i>	<i>-6.1%</i>

*\* FY 2012 Current includes funding from FY 2011 that has been made available for FY 2012. When budget proposals shift line items between categories, we make adjustments in order to provide more accurate across-year comparisons. See "How to Read the Tables."*

### Housing

The FY 2012 current budget provides \$300.9 million for housing programs. This level is \$18.4 million<sup>6</sup>, or 5.7 percent, less than the current budget for FY 2011. The reduction in funding from the FY 2011 current budget is in part the result of the Department of Housing and Community Development (DHCD) spending the final \$2.6 million of an FY 2009 \$8.3 million one-time appropriation to the state's Commission to End Homelessness. The Commission report, published in December 2007, recommended the implementation of a Housing First model in an effort to end homelessness in Massachusetts. Over the course of the past several years, this money has been used establish and fund pilot programs throughout the state to help homeless families and individuals move from shelters into permanent housing.

The FY 2012 GAA takes another step in the state's implementation of the Housing First model by creating a new HomeBase program that will help homeless families living at or below 115 percent of

<sup>6</sup> This amount is \$5.7 million less than the total cut noted in the chart at the beginning of this section because of the way that MassBudget treats transfers of funds. Legislation that moves funds from one year to the next sets a limit of how much can be transferred; in this case the transfer of Homelessness Commission funds from FY2010 to FY 2011 was limited to \$8.3 million. In its budget database, MassBudget always notes the limit stated in the legislation, even if the actual amount ultimately transferred may be less than that limit (because at the time of the legislation it is sometimes unclear how much will be available to transfer into the next year). As a result, the chart reflects the fact the final FY 2011 budget for housing programs included \$8.3 million for the Homelessness Commission when in fact the transfer into FY 2011 was actually \$2.6 million, a difference of \$5.7 million. Therefore, the actual cut to housing programs was \$18.4 million rather than the \$24.1 million included in the chart.

poverty find permanent housing. A supplemental budget passed in June provided an additional \$1.2 million in funding for the new HomeBase program for eligible homeless families which will be spent in FY 2012. When taking into account this additional \$1.2 million for HomeBase, funding for services and shelter provided to homeless families in FY 2012 is \$137.6 million a \$23.8 million reduction from the amount the state budgeted in FY 2011.

The reorganization of services for eligible homeless families is designed to help these families avoid costly shelter stays in favor of permanent housing. It is unclear whether the funding levels in FY 2012 will be sufficient to help all eligible homeless families. It is important to note that as demand for services increased during the recession, the Legislature passed mid-year appropriations in the last two fiscal years to fully-fund the Emergency Assistance program (EA), which up until this new fiscal year has provided shelter and services to these families. The FY 2010 General Appropriations Act (GAA) appropriated \$91.6 million for EA and added another \$60.1 million over the course of the fiscal year. The FY 2011 GAA appropriated \$115.4 million for the program and another \$46.0 million was been added during the fiscal year.

#### State Funding for Homeless Families

Program	FY 2010 Final	FY 2011 Current	FY 2012 GAA	FY 2012 Current
EA	\$151,693,012	\$161,360,773	\$97,797,200	\$97,797,200
Home Base	-----	-----	\$38,561,732	\$39,761,732
<b>Total</b>	<b>\$151,693,012</b>	<b>\$161,360,773</b>	<b>\$136,358,932</b>	<b>\$137,558,932</b>

As part of the reorganization of state services for homeless families the GAA provides \$97.8 million in funding for the **Emergency Assistance** (EA) program. In his FY 2012 budget proposal the Governor limited EA to homeless families whose head of household is 21 years or younger, who left their homes because of domestic violence, or who lost their homes due to fire or other natural disaster. Under the Governor's proposal all other eligible families would only be served under the new HomeBase program that, as described below, would help these families find permanent housing. They would no longer be eligible for shelter. The final FY 2012 GAA allows families who are unable to secure permanent housing right away to receive temporary shelter through EA.

The FY 2012 current budget funds the new **HomeBase** program \$39.7 million. This program is designed to help eligible homeless families, who are currently served through EA, to either stay in their existing housing or move to new permanent housing without having to stay in family shelters. In his proposal, the Governor recommended providing these families with up to three years of assistance amounting to \$8,000 in the first year and 5 percent less in the subsequent two years. The GAA however, replaces the Governor's recommended \$8,000 threshold with a stipulation that families served under the program would pay no more than 35 percent of their income in rent and utilities and that rental assistance through this program be no higher than 80 percent of the fair market rent as determined by the federal Department of Housing and Urban Development. The GAA allows the Department of Housing and Community Development (DHCD) to exceed the 80 percent threshold if a family is unable to find adequate housing at that level. The GAA also requires that HomeBase funds be used to help families gain the skills necessary to remain in permanent housing once the three-year assistance from the state ends.

The GAA adopted a stipulation, included in the Senate's final budget, that any temporary shelter that a family may receive while they look for permanent housing will not count towards the three years of assistance they receive through HomeBase. In addition the GAA includes language, adopted in the final budget passed by the House, requiring that \$3.5 million be spent specifically to reduce reliance on shelters including hotels and motels. While the objective of the entire HomeBase program is to reduce use of shelter, there is concern that the state has had to rely too much on hotels and motels for temporary shelter because family shelters are overbooked. Finally, the GAA requires that DHCD provide quarterly reports to the Legislature detailing the types of assistance the department provides to families and when families have exhausted their three years of assistance under the program.

For other housing programs the GAA provides:

- \$6.7 million for **DHCD administrative costs**. This amount is the same level as the final budget. It is \$134,000 more than the FY 2011 current budget and \$100,000 more than the amount adopted in the Senate's final budget.
- \$5.0 million in funding for **caseworkers** who provide assistance to homeless families and individuals served by DHCD. This amount is in line with the FY 2011 current budget.
- \$37.7 million for **services to homeless individuals**. This level is \$440,000 higher than the FY 2011 current budget due to a provision included in the final Senate budget requiring that organizations providing assistance to homeless individuals should receive no less than \$20 per bed, per night.
- \$1.2 million for the **Home and Healthy for Good** program that helps chronically homeless individuals. This is the same level as the FY 2011 current budget.
- \$36.0 million for the **Massachusetts Rental Voucher Program (MRVP)** which is \$1.7 million more than the FY 2011 current budget. However, in the past several years MassHousing has contributed \$2.7 million to MRVP. While the final Senate budget required that MassHousing increase its contribution to \$8.4 million, this provision was not included in the FY 2012 GAA. While this language was not included in the final GAA, the Governor has requested that MassHousing continue its contributions in FY 2012. (Please note that MassBudget does not include any contributions by quasi-state agencies in its funding totals since it is not a direct state appropriation.)
- \$260,000 for **Rental Assistance Program for Families in Transition (RAFT)**, which has provided one-time assistance to prevent families from becoming homeless. This is the same amount as the current FY 2011 budget. In FY 2010 the Legislature appropriated \$3.1 million for RAFT. Because at the time Massachusetts was receiving \$44.6 million in temporary federal funds through the Recovery Act that provided the same services as RAFT, the Governor transferred all but \$160,000 of RAFT funding to MRVP. Even though the federal Recovery Act funds have run out the FY 2012 GAA does not restore funding for this program.
- \$3.5 million for the rental subsidy program for **clients of the Department of Mental Health** and \$4.0 million for the program that funds **rental subsidies for disabled individuals**. These are the same levels as the FY 2011 current budget.



- \$62.5 million in subsidies for **public housing authorities**, which is the same level as the FY 2011 current budget. The GAA also includes language adopted in the final House budget requesting that DHDC use some of the funds to make repairs to family units, if those repairs cost \$10,000 or less. The intent of this language is to make more units available for families served through EA and HomeBase. Given that the subsidies for these housing authorities has stayed level since FY 2010, while costs have increased due to inflation, it is unlikely that there will be the extra funding available to renovate family units that are in need of repair.
- \$1.5 million for **housing services and counseling**, which is the same as the FY 2011 current budget and \$118,000 more than the Senate recommended in its final budget.
- No funding for the **Soft Second Mortgage** Loan program which provides loans to first-time, low-income home buyers. While the state has not provided a direct appropriation to this account since the onset of the fiscal crisis in late 2008, the program has received \$2.0 million over the last several fiscal years from the Mass Housing Partnership. In its budget, the Senate required that MHP contribute the same amount in FY 2012. While this language was not included in the GAA, the Governor has requested that MassHousing continue its contributions in FY 2012. (Please note that MassBudget does not include contributions by quasi state agencies in its funding totals since it is not a direct state appropriation.)

## Economic Development

The FY 2012 budget includes \$83.4 million for economic development programs. This is \$16.7 million, or 16.7 percent, less than the FY 2011 current budget for economic development. Funding for this subcategory – which includes economic and community development, cultural and arts, and workforce development programs – has seen significant declines since the onset of the Great Recession; since FY 2009 economic development programs have been cut by 53.5 percent, after adjusting for inflation.

The FY 2012 budget reflects a reorganization of economic development programs that was passed by the Legislature in August 2010. A new agency, the **Massachusetts Marketing Partnership (MMP)**, was created to coordinate efforts to promote the state domestically and internationally as an attractive, competitive, and innovative state in which to do businesses. Agency activities also include marketing, tourism, entertainment, sports, and international trade. The FY 2012 budget includes three new line items for the MMP, which consolidate several existing line items dedicated to these functions. In sum, the line items that make up the MMP are funded at \$8.1 million. This is \$3.4 million, or 70.8 percent, more than the FY 2011 current budget.

- The first MMP line item is for the **Massachusetts Office of Travel and Tourism**, which consolidates the former Massachusetts Office of Travel and Tourism and the Massachusetts Sports and Entertainment Commission. The FY 2012 budget funds this office at \$2.0 million, a decrease of \$146,000, or 6.9 percent, from the FY 2011 current budget. The state also anticipated a \$5.0 million contribution from the Massachusetts Convention Center Authority for tourism promotion and marketing, which would be additional funding for the Massachusetts Office of Travel and Tourism. However, because this is an outside commitment for funding, MassBudget does not include this amount in the state's funding totals.

- The next new line item under the MMP is for **Local Tourist Councils**. Though they are not officially a part of the MMP, funding grants for these councils are administered by the MMP. The FY 2012 budget includes \$6.0 million for Local Tourist Councils, which is \$3.5 million more than the FY 2011 current budget of \$2.5 million.
- The last MMP line item is for the **Massachusetts International Trade Office**, which consolidates the existing Massachusetts Office of International Trade and Investment. The FY 2012 budget includes \$100,000 in funding for this new line item, which is level funded from FY 2011 current amounts. Once again, however, the state anticipates an outside commitment of \$600,000 from the Massachusetts Technology Collaborative and the Massachusetts Port Authority for the International Trade Office.

The economic development reorganization also identifies the **Massachusetts Office of Business Development (MOBD)** as the lead business development agency. This office absorbs the Office of Small Business and Entrepreneurship. The Department of Business Development no longer exists and the funding associated with this department is moved to the Massachusetts Office of Business Development. The FY 2012 budget funds MOBD at \$1.6 million, which is \$95,000, or 5.5 percent, less than the FY 11 current budget. The state anticipates \$700,000 for the Office of Small Business, \$500,000 for the small business development center, and \$335,000 for the state permitting office through an outside commitment from the Growth Capital Corporation.

The FY 2012 budget also assigns new line item numbers to the programs administered by the **Executive Office of Labor and Workforce Development (EOLWD)**. The FY 2012 budget consolidates the Apprentice Training Program and the Division of Occupational Safety into a new Division of Labor Standards. The total amount of funding for EOLWD and its programs is \$24.4 million, a decrease of \$922,000, or 3.6 percent, from the FY 2011 current budget.

The FY 2012 budget allocates \$3.0 million in funding for the **YouthWorks** program, which provides summer jobs for at-risk youth. Because the fiscal year ends in the middle of the summer, funding for YouthWorks is often provided twice during the fiscal year. Usually, an amount is appropriated with the enacted budget (the GAA) at the beginning of the fiscal year in July and then another amount is generally appropriated mid-year in a supplemental budget. In FY 2010 YouthWorks was appropriated \$4 million in the GAA, but then did not receive any supplemental mid-year funding. For the summer of calendar year 2010, the Governor used both the \$4.0 million amount appropriated in the FY 2010 GAA and then also used the \$3.7 million appropriated in the FY 2011 GAA, for a total of \$7.7 million for YouthWorks in the calendar-year summer of 2010. The supplemental budget passed on April 11th of this year provided \$4.0 million for YouthWorks for the summer in calendar year 2011. The \$3.0 million appropriated in the FY 2012 budget in addition to the earlier \$4.0 million amounts to a total of \$7.0 million for the summer of calendar year 2011. This is a \$700,000, or 9.0 percent, cut from the funds that were available for the summer of calendar year 2010.

Programs that receive cuts in funding compared to the FY 2011 current budget include:

- No funding for **District Local Technical Grants**, which are formula-based grants to Regional Planning Agencies (RPAs) that provide technical assistance to municipalities for various land use, zoning, planning and regionalization initiatives. This program was funded at \$2.0 million in FY 2011. The FY 2012 budget includes a new fund, the Municipal Regionalization and Efficiencies Incentive Reserve, which would provide funding for some of the same initiatives;

however, it would be a competitive grant program that both municipalities and RPAs would be able to apply for, rather than a formula-based grant allocated to RPAs, and it would be allocated for implementation of projects instead of providing municipalities with technical assistance. Further explanation of this new fund is included in the MassBudget category for Local Aid.

- No funding for the program for **workforce training for former dog track workers**. This is funded at \$2.0 million in the FY 2011 current budget.
- \$4.5 million for **One-Stop Career Centers**, a reduction of \$500,000, or 10 percent, from the FY 2011 current budget.
- \$5.5 million for **Massachusetts Cultural Council Grants**, a cut of for \$649,000 from the FY 2011 current budget.
- \$450,000 in for **Regional Economic Development Grants**, which is \$350,000, or 43.8 percent, below the FY 2011 current budget.

Programs that receive increases in funding compared to the FY 2011 current budget include:

- \$200,000 in funding for the **Biotech Research Institute**, which has not been funded since FY 2010. The Governor and House also proposed \$200,000.
- \$1.4 million for **Individual Training Grants**, a increase of \$600,000, or 80.0 percent, from the FY 2011 current budget.

The FY 2012 budget moves the \$19.9 million Workforce Training Fund to an off-budget trust fund, and it also creates two new programs:

- \$100,000, for the **Year Up program**, which would provide one year of employment, training, and job placement for urban adults aged 18-24. This program would also provide internships with college credits and a stipend, and would receive private matching funds.
- \$100,000 for a **Microlending** grants to microenterprise and small businesses, which would be administered by Community Development Financial Institutions.

## Transportation

The FY 2012 budget provides \$1.13 billion for transportation services. This is a decrease of \$56.8 million, or 4.8 percent, from the FY 2011 current budget. It is important to note that the supplemental budget for FY 2011 passed in April of this year included a \$50.0 million appropriation for snow and ice removal, which significantly increased the FY 2011 current budget. Funding for snow and ice removal is often provided as needed, and therefore similar supplemental funding could be provided in FY 2012 if the need arises.

FY 2012 is the second year of implementation of the transportation reorganization that created the **Massachusetts Department of Transportation (MassDOT)**. MassDOT allocates funding for transportation services and programs through four divisions that were created during FY 2011:

Highway; Mass Transit, which oversees the Massachusetts Bay Transportation Authority (MBTA) and Regional Transit Authorities (RTAs), as well as other freight and passenger rail; Aeronautics; and the Registry of Motor Vehicles (RMV).

The **Massachusetts Transportation Trust Fund (MTTF)** is funded at \$180.1 million in the FY 2012 budget, a decrease of \$15.0 million, or 7.7 percent, from the FY 2011 current budget. Some of this cut may be offset by savings and efficiencies for transportation programs, such as refinancing MassDOT debt, transferring MassDOT and MBTA employees to the Group Insurance Commission, and other cost avoidance measures.

The **Regional Transit Authorities (RTAs)** are funded at \$15.0 million, which is level funding compared to the FY 2011 current budget.

The **MBTA** is funded through two sources. One is an operating transfer. The other is a set-aside of sales tax revenue, often referred to as “one penny on the sales tax.” At a rate of 6.25 percent, the sales tax is 6.25 cents for every dollar spent on purchases. One penny of the 6.25 cents is dedicated to the MBTA. The 2012 budget includes \$160.0 million for the MBTA operating transfer, which is level funding compared to the FY 2011 current. The FY 2012 budget also includes \$779.6 million in sales tax revenues set aside for the MBTA, an increase of \$12.5 million, or 1.6 percent, from the FY 2011 current budget.

## LAW & PUBLIC SAFETY

The Fiscal Year (FY) 2012 General Appropriations Act (GAA) provides a total of \$2.24 billion for law and public safety programs. This amount is \$135.8 million, or 5.7 percent, less than current FY 2011 funding levels. The FY 2012 GAA does not adopt the Governor's budget recommendations for major consolidations or reorganizations of departments and/or services related to law and public safety. Building on the initial push toward reform recommended by the Governor, the FY 2012 budget does include, however, reforms to indigent defense along the lines of subsequent proposals made by the House and Senate. The enacted reforms shift resources away from payment of private bar attorneys and toward the hiring of significantly more public defenders, along with a more stringent process for income verification for those applying for a publicly funded defense.

Another notable element of the FY 2012 budget as regards law and public safety is the creation of a special commission to study the state's overall criminal justice system. The Commission will examine – among other things – the state's prison system, including issues of prisoner classification and overcrowding; the state's county jails and sheriff's departments; operations of the probation and parole systems; and the role that mental health and substance abuse issues play in recidivism rates. The goal will be to provide recommendations for cost reductions coupled with improvements to overall public safety and better outcomes for inmates upon their release.

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

<b>FY 2012 GAA</b>	<b>\$2,238,402,807</b>
<b>FY 2012 Current*</b>	<b>\$2,241,286,688</b>
<b>FY 2011 Current</b>	<b>\$2,377,132,515</b>
<i>FY 2012 Current - FY 2011 Current</i>	<i>\$(135,845,827)</i>
<i>Percent Change</i>	<i>-5.7%</i>

\* FY 2012 Current includes funding from FY 2011 that has been made available for FY 2012. When budget proposals shift line items between categories, we make adjustments in order to provide more accurate across-year comparisons. See "How to Read the Tables."

## Courts & Legal Assistance

The FY 2012 budget provides \$570.4 million for courts and legal assistance. Adjusting for \$30 million in funding provided in FY 2011 to cover collective bargaining costs for both FY 2011 and FY 2012 by assuming an allocation of \$15.0 million to each year, this \$570.4 million appropriation is \$70.5 million, or 10.5 percent, less than current FY 2011 funding levels. This substantial decrease in funding is primarily the result of changes made to the way in which the Commonwealth provides for the legal defense of indigent defendants (discussed in greater detail below), and secondarily due to reductions in funding for the trial courts and the Chief Justice for Administration and Management.

Some of the more notable elements of the FY 2012 budget in the area of courts and legal assistance include the following:

- Overall funding for **indigent defense** totals \$156.5 million, a decline of \$48.7 million, or 23.7 percent, from current FY 2011 funding levels. This overall decline is the result of a \$65.5 million drop in funding for private counsel compensation (to \$93.3 million), partially offset by a \$16.7 million increase in funding for public defenders through the Committee for Public Counsel Services (to \$63.2 million). The Senate and House budgets differed in their approach to reforming the system for indigent defense in the Commonwealth, as well as in their proposed funding levels for related line item accounts. The FY 2012 budget settles these difference in the following manner:
  - Scaling back a more ambitious proposal made originally by the Governor, the FY 2012 budget requires that, by the end of FY 2012, not less than 25 percent of indigent defense cases will be represented by **public defenders (PDs)** rather than **private bar advocates (PBAs)**. Currently about 10 percent of indigent cases are covered by PDs. Hiring preference for the new PD positions will be given to current PBAs.
  - By September 1, 2011 the **Committee on Public Counsel Services (CPCS)** will provide the Legislature with a plan outlining how it will meet the goal of 25 percent representation by PDs. Further quarterly reports describing progress in satisfying this requirement will be provided to the Legislature by CPCS. These reports will offer detailed information on the number of PDs and support staff hired, hires that come from existing PBAs, estimated cost savings from the shift to public defenders, and data on caseloads by type and geographic location.
  - The FY 2012 budget also creates a specific and detailed process for **determination of indigency** for the purposes of qualifying for a publically funded legal defense. Defendants who apply for public counsel must agree to release wage, tax and asset information to the court's chief probation officer, and this information will be cross-checked and verified with Department of Revenue, Department of Transitional Assistance, and Registry of Motor Vehicle data. This information will be re-checked every six months and applicants will be held legally liable for providing complete and accurate information to the court officer. If the court finds that an applicant has materially misrepresented or omitted information, the court will terminate appointment of public counsel and assess a fine of not less than \$1,000 against the defendant.
- Funding for the **Chief Justice for Administration and Management (CJAM)** and related accounts is reduced by \$11.8 million to \$185.4 million, or 6.0 percent, compared to current FY 2011 funding levels. The FY 2012 budget does not adopt the Governor's proposal to consolidate most trial court funding into the account of the CJAM. Instead, independent funding is provided directly to each of the courts (Supreme Judicial Court, Appeals Court, Superior Court, District Court, Probate and Family Court, Land Court, Boston Municipal Court, Housing Court, and Juvenile Court). Currently, the CJAM account covers costs for things such as the operation of courthouse facilities; rental of county, municipal and private court facilities; equipment maintenance and repairs; various employee healthcare costs; court security and judicial training; jury expenses; witness fees; and other costs related to court operations.
- Combined support for **the courts** (Supreme Judicial Court, Appeals Court, Superior Court, District Court, Probate and Family Court, Land Court, Boston Municipal Court, Housing Court, and Juvenile Court) is reduced by \$9.3 million, or 4.1 percent, to \$214.7 million compared to current FY 2011 funding levels.



## Law Enforcement

The final FY 2012 budget provides \$316.2 million in funding for law enforcement, a decrease of \$11.1 million, or 3.4 percent, from current FY 2011 spending levels. Notable elements of the FY 2012 budget for law enforcement include the following:

- The FY 2012 budget provides \$5.5 million for anti-gang violence **Shannon Grants** compared to current FY 2011 funding of \$7.0 million. However one of several FY 2011 supplemental funding bills contained \$2.5 million in additional Shannon Grant funding that is intended to be carried over from FY 2011 and used in FY 2012. Carrying this \$2.5 million forward into FY 2012 means that the net total Shannon Grant funding available for use in FY 2011 is \$5.5 million and will be \$8.0 million FY 2012.
- The Governor proposes to amend a provision of the Legislature's FY 2012 budget that establishes a commission charged with examining the **Quinn Bill** program. Under this program participating municipal police departments provide specific pay increases to full-time officers who obtain approved, college-level or advanced degree training in law, criminal justice, law enforcement, or related areas of study. The Commonwealth reimburses police departments for a portion of the cost of the pay increases (state police officers also are eligible through the Department of State Police).

The Legislature's budget establishes a seven-member commission, with a seat reserved for police management but none for a labor representative. In his amendments, the Governor proposes adding an eighth member to the commission with this additional seat reserved for a representative from the Massachusetts Coalition of Police.

From FY 2002 through FY 2009, Quinn Bill funding ranged from near \$40 million to over \$50 million annually. In FY 2010, funding dropped to \$10.0 million and then dropped to \$5.0 million in FY 2011. During the FY 2012 budget process the Governor recommended \$5.0 million for the program, the Senate proposed \$2.5 million, and the House provided no funding at all for this program. The final FY 2012 budget provides no Quinn Bill funding.

- The FY 2012 budget provides \$2.4 million for the **Criminal History Systems Board**, an increase of \$374,000, or 18.8 percent, over current FY 2011 budget levels.
- The FY 2012 budget provides level funding at \$3.5 million for the **Sex Offender Registry Board**, \$131,000, or 3.6 percent, less than current FY 2011 funding levels.
- The FY 2012 budget does not adopt the Governor's proposal to fund **police training** through an automobile insurance surcharge. It does provide level funding of \$3.4 million (including retained revenue authority) for municipal police training compared to current FY 2011 funding levels. It also provides \$2.0 million for training a new State Police class. No money was provided in FY 2011 for training a new class of state police officers.
- The FY 2012 budget creates a new \$9.0 million **Regionalization and Efficiency Incentive Program** designed to help support municipalities seeking efficiencies in the delivery of local services. Line item language allocates \$2.0 million of the total to an Executive Office of Public Safety grant program that seeks to address police staffing issues and other public safety needs

in larger municipalities. MassBudget counts this funding in its Local Aid category rather than in the Law and Public Safety category.

- The FY 2012 budget provides \$227.7 million for the **Department of State Police Operations** and related accounts, a decrease of \$6.0 million, or 2.5 percent, from current FY 2011 budget levels.

## Prisons, Probation, & Parole

The FY 2012 budget provides \$1.17 billion for prisons, probation and parole functions. This amount is \$30.7 million, or 2.6 percent, less than current FY 2011 funding levels. The majority of the reduction occurs in accounts associated with the county sheriff's departments and, to a lesser extent, the Department of Probation and Department of Correction accounts.

Some of the more notable elements of the FY 2012 budget in the area of prisons, probation and parole include the following:

- The FY 2012 budget does not adopt the Governor's proposal to transfer most of the responsibility and funding for probations and parole oversight to a new **Department of Community Supervision** housed within the Executive Branch.
- The FY 2012 budget provides \$138.8 million for the **Department of Probation** and related accounts, a reduction of \$3.1 million, or 2.2 percent, from current FY 2011 funding levels.
- The FY 2012 budget provides \$17.6 million for the **Parole Board** and related accounts, a reduction of \$711,000, or 3.9 percent, from current FY 2011 funding levels.
- The FY 2012 budget largely adopts the Senate proposal to make funding for **Community Corrections Centers** (CCC) partially dependent on these centers' ability to meet certain performance criteria. The Executive Director for Community Corrections is required to provide a spending and management plan to the Legislature for each center and to establish benchmarks by which the Centers' performance will be judged. Funding for the later part of FY 2012 will be disbursed only to those centers that meet minimum performance requirements during the first part of FY 2012. The FY 2012 budget provides \$22.0 million for the CCCs, an amount \$514,000, or 2.4 percent, higher than current FY 2011 funding levels. The FY 2012 budget, however, does not match the \$1.0 million in funding for Substance Abuse Services provided in FY 2011.
- The FY 2012 budget provides \$527.9 million for the **Department of Correction (DOC)** and related accounts, \$2.7 million, or 0.5 percent, less than current FY 2011 budget levels, including a specific \$500,000 earmark for mitigation funds for communities hosting DOC facilities. Also included in this total is level-funding of \$5.0 million for the **Massachusetts Alcohol and Substance Abuse Centers** (run through the DOC), despite the loss of sales tax collections on alcohol sales (repealed through a ballot initiative). These centers had been funded from revenues earmarked from the sales tax on alcohol sales. The FY 2012 budget, however, does not provide an independent line-item appropriation for the DOC's **Substance Abuse Services** program that was funded at \$2.0 million in FY 2011.

- The FY 2012 budget provides \$6.8 million for the **Prison Industries & Farm Services Programs**, a reduction of \$523,000, or 7.1 percent, from current FY 2011 funding levels. These programs provide opportunities for inmates to obtain marketable skills during their period of incarceration.
- The FY 2012 budget largely follows the Senate's proposals with regard to funding for the county **Sheriffs' Departments**. The FY 2012 budget provides a total of \$474.0 million for the Sheriffs' Departments and related accounts, a reduction of \$26.5 million, or 5.3 percent, from current FY 2011 funding levels. Hampden, Worcester, Norfolk, Middlesex, Franklin, Hampshire and Berkshire counties all received either near-level funding or reductions of not more than 1.5 percent from current FY 2011 funding levels. Included in these tallies are new, direct appropriations to Hampden and Middlesex counties of \$905,000 each for Mental Health Stabilization Units (the Hampden unit is a regional facility). Previously, funding for these mental health programs was provided through a separate, aggregate account.
- Barnstable, Duke's, and Nantucket counties receive cuts ranging from 2.5 percent to 4.3 percent. The Bristol County Sheriff's Department received a 2.9 percent cut to its general operating budget, but also receive a 15.0 percent (\$1.5 million) cut to its retained revenue account for reimbursements from holding federal inmates. The Plymouth County Sheriff's Department receives a 9.0 percent cut.
- The Suffolk County Sheriff's Department receives a 3.6 percent (\$3.1 million) increase to its general operating budget, but a 20.0 percent (\$2.0 million) reduction to its retained revenue account for reimbursements from holding federal inmates.

## Prosecutors

The FY 2012 budget provides \$136.6 million in funding for prosecutors, including funding for functions such as the administration of the Office of the Attorney General, District Attorneys, fraud investigation and prosecution, and victim and witness protection. This represents an increase of \$4.9 million, or 3.7 percent, over current FY 2011 budget levels.

Notable elements of the FY 2012 budget regarding prosecutors include the following:

- \$93.4 million is provided for **District Attorneys** and related accounts, a \$4.9 million, or 5.6 percent, increase over current FY 2011 funding levels. The FY 2012 budget includes across-the-board 5.0 percent increases in funding for each of the **District Attorneys'** offices. State Police assigned to work with DAs offices received an increase of 5.0 percent as well, for a total of \$4.1 million.
- Included in the District Attorneys' \$93.4 million total is \$1.3 million for the **District Attorneys Wide Area Network**. The network provides an integrated IT system to manage major business technology initiatives for the District Attorneys. Also included is \$1.7 million for the **District Attorneys Association** account (a 5.0 percent increase), and \$500,000 for a **DA Retention** account, an account that provides resources to increase the salaries of highly effective prosecutors that the DAs particularly hope to retain as employees.

- \$3.0 million is provided for the **Wage Enforcement Program**, \$170,000, or 5.4 percent, less than current FY 2011 funding levels.
- \$22.6 million is provided for the **Office of the Attorney General** and its related state police account, a cut of \$504,000, or 2.2 percent, from current FY 2011 funding levels.
- Funding for the **False Claims Recovery** retained revenue account is increased by \$200,000 over current FY 2011 budget levels to \$775,000.
- \$4.1 million is provided for the **Medicaid Fraud Control Unit**, an increase of \$250,000, or 6.6 percent, over current FY 2011 funding levels.

## Other Law & Public Safety

The FY 2012 budget provides \$50.1 million for other law and public safety accounts. This total is \$1.5 million, or 3.1 percent, more than current FY 2011 spending levels. Other law and public safety programs include the state's military division, the Department of Public Safety, the Department of Fire Services Administration, the Massachusetts Emergency Management Agency and other emergency relief funding.

Notable elements of the FY 2012 budget regarding other law and public safety programs include the following:

- \$2.2 million is provided for the **Executive Office of Public Safety and Security (EOPSS)**, an amount \$325,000, or 17.3 percent, higher than current FY 2011 funding levels.
- The FY 2012 budget adopts the House (and Governor's) proposal to collapse funding for the **Division of Inspections** into the **Department of Public Safety**. These two functions, along with a retained revenue account for elevator inspections, are funded cumulatively at \$11.3 million, an increase of \$852,000, or 8.2 percent, over current FY 2011 funding levels.
- The FY 2012 budget creates a new retained revenue account for the **Department of Public Safety**, in order to provide additional, specific funding to help reduce the inspection and certification backlog of boilers and pressurized tanks. This account is funded at \$1.2 million.
- \$17.4 million is provided for **firefighting services**, an increase of \$507,000 (3.0 percent) compared to current FY 2011 funding levels.
- \$2.1 million is provided for the **Massachusetts Emergency Management Agency** and related accounts, an amount \$47,000 higher than current FY 2011 funding levels.
- The FY 2012 budget funds the **Military Division** (and associated retained revenue account) at \$9.2 million, an amount \$312,000, or 3.3 percent, less than current FY 2011 budget levels.

The FY 2012 budget adopts the House proposal to create a new account within the Department of Transportation through which funding for the **Merit Rating Board (MRB)** is provided as opposed to providing an earmark within the Transportation Trust Fund account, an approach proposed by both

the Governor and Senate. A total of \$7.8 million is provided, an amount \$200,000, or 2.6 percent, more than current FY 2011 funding levels. The MRB maintains operator driving records and reports this information to auto insurers and to government agencies involved in transportation and public safety.

## LOCAL AID

The final Fiscal Year (FY) 2012 General Appropriations Act (GAA) provides \$870.4 million for programs within the MassBudget category of Local Aid – which includes state aid to cities and towns for the delivery of municipal services, but doesn’t include education aid – a decrease of \$54.8 million, or 5.9 percent, from current FY 2011 levels (additional funds that may become available in FY 2012 would mitigate this cut; see discussion below). Local aid to cities and towns has been cut deeply during the last few years of the ongoing fiscal crisis, with the FY 2012 budget representing a cut of 37.6 percent when compared to FY 2009 GAA inflation-adjusted funding levels.

<b>FY 2012 GAA</b>	<b>\$870,400,293</b>
<b>FY 2012 Current*</b>	<b>\$935,400,293</b>
<b>FY 2011 Current</b>	<b>\$925,212,293</b>
<i>FY 2012 Current - FY 2011 Current</i>	<i>\$10,188,000</i>
<i>Percent Change</i>	<i>1.1%</i>

*\* FY 2012 Current includes funding from FY 2011 that has been made available for FY 2012. When budget proposals shift line items between categories, we make adjustments in order to provide more accurate across-year comparisons. See “How to Read the Tables.”*

The FY 2012 budget funds **Unrestricted General Government Local Aid** at \$834.0 million, a decrease of \$65.0 million, or 7.2 percent, from the current FY 2011 budget. Importantly, however, the budget includes language, also included in the House budget, directing 50 percent of all unexpended FY 2011 balances from general fund spending (up to \$65.0 million) as of June 30, 2011 to be distributed to cities and towns, offsetting proposed cuts in local aid for FY 2012. Depending on the size of unexpended FY 2011 fund balances, it is quite possible that all of the \$65.0 million cut will be offset. It is important to note, however, that local aid distributions made from unexpended FY 2011 balances will be considered one-time grants, and will not count towards baseline aid used for determining future local aid allocations.

Additionally, the FY 2012 budget provides:

- \$26.3 million for **Reimbursements to Cities in Lieu of Taxes on State Owned Land**, an increase of \$1.0 million from the current FY 2011 budget.
- \$1.2 million for **Payments to Cities and Towns for Local Share of Racing Tax Revenue**, an increase of \$188,000, or 19.5 percent, from the current FY 2011 budget.
- \$9.0 million for a new **Regionalization and Efficiency Incentive Grant Program**, designed to help support municipalities seeking efficiencies in the delivery of local services. Line item language earmarks this money for a few specific purposes, stating that of this \$9.0 million program:
  - \$4.0 million will fund a Division of Local Services competitive grant program providing funding for transition or other one-time costs associated with municipal regionalization and efficiency efforts.



- \$2.0 million will fund the District Local Technical Assistance Fund, which will provide technical support for regionalization and efficiency efforts.
- \$2.0 million will fund an Executive Office of Public Safety grant program to address police staffing and other public safety needs in municipalities with populations of at least 65,000 and whose police departments have per capita operating budgets of less than \$200 in 2010.
- \$1.0 million will fund a Department of Elementary and Secondary Education grant program for K-12 school districts whose Chapter 70 aid in FY 2012 as a percentage of their foundation budgets is less than their target Chapter 70 aid share.

## Municipal Health Care

The FY 2012 budget includes language making it easier for cities and towns to shift health costs to employees and adopt other changes to control health care utilization and costs. The plan would also make it easier for cities and towns to transfer employees into the Group Insurance Commission (GIC), the state's insurance purchasing pool. When the Governor signed the budget, he proposed amendments to the Conference language that were quickly enacted by the Legislature; these are incorporated in the outline of main features below.

- **Discussion and Approval Process.** Under the plan municipalities would be able to impose certain changes to health plans without going through the current bargaining process with public employee groups. Instead, a municipality would submit its proposed changes, along with a plan to mitigate the effects of the changes for retirees and members with low incomes or high out-of-pocket health costs, to a public employee committee for negotiation. If the municipality and public employee committee could not agree on the plan after 30 days, a three-member review panel would have ten more days to confirm the savings estimate and assess the adequacy of the mitigation proposal. The panel could revise the mitigation plan but would otherwise need to approve plan changes that did not exceed the GIC benchmark plan.
- **Plan Design Changes.** Using the process described above, a municipality could change copayments, deductibles, and other plan design features as long as the dollar amount of the change is not greater than the GIC plan with the highest enrollment; however there would be a moratorium on increases in the retiree share of health premiums. The Governor's amendments specified that the new provisions only apply to changes in plan features that are related to cost-sharing, and extended the length of the moratorium on retiree premium contribution increases through July 1, 2014. The final language also includes a provision, added in conference, requiring municipalities that offer plans with limited provider networks to also offer a plan that does not include a limited network.
- **Shared Savings.** Municipalities using the new process would have to share up to 25 percent of the first year of savings from health plan redesign with employees, somewhat above the House proposal of 10 to 20 percent and below the Senate's 33 percent cap. Savings could be shared through a variety of mechanisms to mitigate health costs, such as trust funds for emergency care and caps on out-of-pocket expenditures. The Governor's amendments changed the

definition of savings that must be shared to include the total reduction in premium costs, rather than just the municipality's savings.

- **GIC Transfer.** The new plan also allows municipalities to use the new process to transfer employees to the GIC for the purpose of health coverage. The Governor's amendments added language – similar to a Senate provision that was dropped in conference – requiring municipalities that propose a transfer to show that savings under this option will be five percent greater than savings from redesign of the municipal plan.

## OTHER

MassBudget's Other category includes funding for constitutional offices, debt service, executive and legislative operations, libraries, pensions and other administrative offices within state government.

<b>FY 2012 GAA</b>	<b>\$4,232,695,255</b>
<b>FY 2012 Current*</b>	<b>\$4,261,395,337</b>
<b>FY 2011 Current</b>	<b>\$4,134,565,808</b>
<i>FY 2012 Current - FY 2011 Current</i>	<i>\$126,829,529</i>
<i>Percent Change</i>	<i>3.1%</i>

*\* FY 2012 Current includes funding from FY 2011 that has been made available for FY 2012. When budget proposals shift line items between categories, we make adjustments in order to provide more accurate across-year comparisons. See "How to Read the Tables."*

## Debt Service

The final Fiscal Year (FY) 2012 General Appropriations Act (GAA) provides \$2.07 billion for debt service costs, an amount identical to the Senate and House figures and virtually identical to that recommended by the Governor. This amount represents an increase of \$154.0 million, or 8.1 percent, from the \$1.91 billion provided in current FY 2011 spending. Actions were taken last year, however, to shift a portion of FY 2011 debt service costs into future years in order to reduce FY 2011 budgetary demands (see discussion below). Comparison with last year's debt service costs therefore gives a somewhat distorted view of the year-over-year cost growth. A year ago, in the Governor's FY 2011 budget recommendations, \$1.86 billion in debt service costs were included. At that time estimated debt service costs for FY 2011 were \$2.16 billion (or \$300 million more than the Governor was recommending), in part due to a one-time spike in debt service costs.

As part of his FY 2011 budget proposal, the Governor recommended (and the Legislature adopted) a plan to refinance \$200 million of this debt in order to adjust for the one-time spike, bringing FY 2011 costs down to a level more in keeping with other years, some \$1.96 billion. The Governor further recommended (and the Legislature adopted) a plan to refinance another \$100 million of FY 2011 debt service costs, thereby lowering total debt service costs below trend (to \$1.86 billion) in order to save money during a challenging budget year. (This cumulative reduction of \$300 million in FY 2011 debt service costs simply shifted these costs into the future, spreading them out over the course of several future years.) When signing the FY 2011 budget, the Governor vetoed an additional \$25.7 million in debt service spending, bringing the final FY 2011 appropriation for debt service to \$1.84 billion. During the course of FY 2011, however, \$75 million in debt service appropriations previously approved for use in FY 2010, but which went unused, was made available for increased debt service payments in FY 2011, thus bringing total FY 2011 debt service spending to \$1.91 billion.

Given all these adjustments, the better measure of debt service cost growth from FY 2011 to FY 2012 is the extent to which the proposed FY 2012 appropriation strays from "trend," in this case from the \$1.96 billion proposed by the Governor in FY 2011 after accounting for that fiscal year's one-time spike in cost. The FY 2012 budget appropriation of \$2.07 billion is some \$110 million (or about 5.5 percent) above FY 2011 "trend," roughly in keeping with typical year-over-year growth in the state's debt service costs.

## Libraries

The FY 2012 budget provides \$21.5 million in library aid. This is the same level as the FY 2011 current budget and as the final House budget. It is \$97,000 more than the Senate final budget.

Highlights of the library budget include:

- \$914,000 for the **Board of Library Commissioners**, which is the same as the FY 2011 current budget and the final House budget. This amount is \$97,000 more than the Senate budget.
- \$9.1 million for the state's **regional library system**, which funds services that public libraries share, such as the interlibrary loan and electronic reference resources. This is the same amount as the FY 2011 current budget and as the amounts approved in the final House and Senate FY 2012 budgets.
- \$6.8 million for **state aid to public libraries**. Unlike regional library aid, described above, state aid goes directly to public libraries throughout the state to support the funding they receive from their municipal budgets. This is the same level as FY 2011 and is also the amount approved in the House and Senate final FY 2012 budgets.
- Level funding the **Talking Book programs** in Watertown at \$2.2 million and Worcester at \$421,000. The Talking Book programs, housed at the Perkins School for the Blind in Watertown and the Worcester Public Library, provide library materials for visually impaired residents in the eastern and western parts of the state respectively. In his budget the Governor recommended consolidating the Talking Book programs into a single account. Neither the Senate nor the House budget included this consolidation. This amount is the same level of funding as the FY 2011 current budget and the amounts approved by the House and Senate.

## Pensions

The FY 2012 budget provides \$1.48 billion for state pensions. This is an increase of \$36.2 million, or 2.5 percent, from the FY 2011 current budget. The proposed funding level incorporates changes to the pension funding schedule that are intended to mitigate the impact of the economic recession.

According to the supporting documents to the Governor's budget proposal, without these changes the FY 2012 appropriation for pensions would otherwise have increased significantly from FY 2011, by between \$800 million and \$900 million.

As explained in the policy documents accompanying the Governor's budget proposal, the primary change has been to extend the pension funding schedule from 2025 to 2040. By extending the schedule 15 years, the annual appropriation for each year is reduced. However, because the appropriation for pensions was cut by \$152.0 million in FY 2009, provisions are also in place to provide increases to the appropriation in the short term to make up for this cut, and to ensure an adequate level of funding in the long term. Between FY 2013 and FY 2017 the annual appropriation will increase by 5.0 to 7.0 percent. Thereafter, the state appropriation could not be reduced even if there are investment gains that would otherwise lower the annual appropriation. Instead, any gains in the pension fund would be used to shorten the funding schedule.

## Other Administrative

The FY 2012 budget includes a number of provisions to coordinate administrative tasks and conduct auditing in an effort to make the delivery of state services more efficient and effective. These include:

- Up to \$25.0 million in **procurement savings**. This provision – first proposed in the Governor’s FY 2012 budget and included in the Senate budget – recommends that state agencies improve their efficiency by sharing administrative tasks such as procurement. By consolidating their orders, agencies and their executive offices could save money on the purchases of goods and services. In the original budget proposed by the Governor, as well as in the Senate budget, savings from procurement reform would have been as much as \$30.0 million, which is \$5.0 million more than the amount adopted in the final FY 2012 GAA.
- Creation of two new programs to improve **auditing of state agencies and vendors** who do business with the state. The GAA provides \$1.3 million for a competitive grant program for state agencies to hire auditors. To receive the funding, agencies must demonstrate they can realize significant savings by auditing their programs. The budget creates a smaller account with \$475,000 in funds to audit vendors that the operational services division determines are at a high risk of committing fraud. These programs were included in the Senate budget but not the House final FY 2012 budget.
- Creation of the **Office of Commonwealth Performance, Accountability and Transparency** within the Executive Office of Administration and Finance (ANF). The purpose of this office is to centralize efforts to improve the delivery of state services. The office will, among other things, work with state agencies to develop performance management plans including the development of goals and measures to achieve those goals. It will also work with agencies to maximize the amount of federal revenue the state can receive, improve transparency by developing a searchable website, forecast economic and revenue growth in the state, and streamline paperwork requirements for state agencies. This office will also house an independent **caseload forecasting office** to improve the accuracy of estimating costs for MassHealth, as well as state-subsidized childcare, transitional assistance benefits, emergency assistance and housing, and state employee health insurance. This program was included in the Governor’s FY 2012 proposal and in the Senate’s FY 2012 budget, but not in the House budget.

## REVENUE

The FY 2012 General Appropriations Act (GAA) does not propose broad-based tax increases or other larger-scale revenue solutions to make up for the close to \$1.5 billion in federal revenues that were available from federal recovery dollars during FY 2011. There are some small initiatives that will provide new on-going sources of revenues, but the final budget does not include the Governor's ongoing revenue initiatives such as the expansion of the so-called "bottle bill" (\$20 million) or changing the share of profits of certain multi-state corporations that will be apportioned to Massachusetts for tax purposes (\$20 million). In fact, the new revenues are primarily strategies to bring in additional federal dollars. The budget allows for withdrawing \$9 million in interest earned by the state's Stabilization ("Rainy Day") fund, as well as a direct withdrawal of \$200.0 million, but expects that a withdrawal of only \$185.0 million will be necessary in addition to the interest. The budget also relies on one-time withdrawals from other trust funds.

The budget relies on \$579.6 million in one-time or temporary revenues in FY 2012, \$50.9 million of which comes from one-time tax initiatives and \$528.7 million from federal, departmental and other non-tax revenues. Another \$173.6 million of revenue from on-going sources is proposed – generating revenues in FY 2012 and into subsequent years (see table).

FY 2012 REVENUE INITIATIVES	Temporary or One-Time	On-Going
<b>Tax Revenue</b>		
Delay of FAS 109 Provision	45,860,105	
Limit Life Sciences Tax Credit	5,000,000	
Expanded Tax Enforcement		61,500,000
Stamper Allowance		(700,000)
<b>Sub-Total</b>	<b>50,860,105</b>	<b>60,300,000</b>
<b>Federal and Departmental Revenue</b>		
Expanded Federal Medicaid Reimbursement		77,750,000
Disposal of Abandoned Property	99,000,000	
Sale of Underutilized State Land	12,000,000	
Revenue Maximization Efforts		35,000,000
<b>Sub-Total</b>	<b>111,000,000</b>	<b>112,750,000</b>
<b>Other Sources of Funds</b>		
Stabilization ("Rainy Day") Fund Withdrawal	185,000,000	
Stabilization ("Rainy Day") Fund Interest Transfer	9,000,000	
Proceeds from Various Trusts	47,400,000	
FY 2011 Revenue to fund prior appropriations continued	176,300,000	
<b>Sub-Total</b>	<b>417,700,000</b>	<b>0</b>
<b>TOTAL REVENUE INITIATIVES</b>	<b>579,560,105</b>	<b>173,550,000</b>



## Tax Revenue

The FY 2012 budget is based on the Fiscal Year 2012 consensus tax revenue figure agreed to by the Administration, the House, and the Senate. The consensus tax revenue total is \$20.53 billion, an amount 3.7 percent above the revised FY 2011 revenue estimate of \$19.78 billion. Preliminary data from the Department of Revenue, however, indicate that actual collections for FY 2011 exceeded the revised estimate by \$723 million, suggesting the possibility that FY 2012 collections also may exceed the current FY 2012 consensus estimate. Important elements of the FY 2012 budget with regards to tax revenue include the following:

- A delay in implementation of a provision included in the Commonwealth's 2008 package of reforms to corporate taxation. This provision relates to the interaction of **Federal Accounting Standard 109 (or "FAS 109")** and the 2008 reform package. Delaying implementation of this provision is projected to save the Commonwealth \$45.9 million in FY 2012. This is one-time revenue. Enhancing revenue collections by expanding the number of employees directly performing tax examination, audit and appeals functions (at an additional cost of \$1.2 million in FY 2012). The new employees will allow the state's Department of Revenue (DOR) to crack down on tax evasion, both individual and corporate, and collect the taxes that are legally due to the Commonwealth. This initiative is projected to generate \$61.5 million in additional collections for the Commonwealth annually, primarily through increased assessments and collections from taxpayers.
- Capping the value of the **Life Sciences Credit** at \$20.0 million in total forgone revenues rather than the usual \$25.0 million. This limit on the Life Sciences Credit would generate \$5.0 million in FY 2012.
- Adoption of a **Gift of Life** tax deduction that allows organ donors to claim up to \$10,000 of the costs (such as travel, lodging and lost wages) incurred during the course of organ donation. The projected annual revenue loss from this tax law change is \$500,000, though the implementation date of this provision means that this revenue loss will not affect FY 2012 collections.
- Adoption of a **"Stamper Allowance"** that will allow companies that apply excise stamps to cigarette packages to retain an increased portion of the cigarette excise tax as compensation for their work. The higher compensation rate offsets some of the cost for new equipment that the stamping companies have had to purchase (or lease) in order to apply new, digitally encrypted excise stamps. These new stamps have replaced the traditional, heat-applied stamps and are intended to help the Commonwealth limit counterfeiting and better track cigarettes sold in Massachusetts. DOR estimates that the new system will allow the Commonwealth to collect approximately \$15 million annually in revenue that otherwise would be lost due to fraud under the old stamp system. The FY 2012 budget assumes a revenue loss of \$700,000 annually due to the higher "stamper allowance" rate.

As proposed in both the Senate and House budgets, the FY 2012 budget does not follow the Governor's recommendation to change the share of profits of certain **multi-state corporations** that would be apportioned to Massachusetts for tax purposes. The Governor had estimated \$20.0 million from this change. Again like the House and Senate budgets, the FY 2012 budget does not follow the Governor's proposal to enforce collection by and remittance of the full **Room Occupancy Tax** on the part of

Internet room resellers based on the price they actually charge their online customers. The Governor had estimated \$8.0 million from this change.

The FY 2012 budget includes the Senate proposal to create a commission that would review the state's **tax expenditures**. Tax expenditures are special provisions in the tax code that reduce the tax liabilities of individuals and corporations. The Commission is charged with considering the public policy objectives behind these special provisions, the need for metrics by which to measure success in meeting those objectives, the need for additional reporting by corporations benefiting from these tax breaks, the need for "sunset provisions" that would remove these tax breaks automatically from the tax code after a certain period of time if they are not renewed by the Legislature, and the need for "claw back provisions" that would require corporate recipients to repay some or all of the tax reduction they received if they fail to meet certain job creation requirements that accompany some types of tax breaks. The Commission must provide the Legislature with a report by April 30<sup>th</sup>, 2012 that will include recommendations for changing the administration or evaluation of the current tax expenditures, and criteria for evaluating proposals for new tax expenditures.

The FY 2012 budget also requires the Department of Revenue to publish on its website, on a quarterly basis, a **list of all tax policy issues** under development by the department for which the Commissioner reasonably anticipates publishing guidance during the subsequent 12 months.

Finally, the FY 2012 budget creates additional incentives for the Department of Revenue to complete **audits** within 18 months by reducing the interest rate applicable to any taxes owed if the audit extends beyond this time frame. The reduction in interest rate will apply only if the department confirms that the tax filer has responded in a complete and timely manner to all of the department's requests for information, and has not caused any avoidable delay in completing the audit.

## Federal, Departmental and Other Non-Tax Revenue

The FY 2012 budget relies on a total of approximately \$12.9 billion in non-tax revenues, including federal, departmental, and other sources of funds, such as transfers from dedicated trusts. The FY 2012 budget relies on a direct withdrawal of \$185.0 million from the state's **Stabilization ("Rainy Day") Fund**, as well as the withdrawal of an anticipated \$9.0 million in interest earned by that fund. (Language in the GAA allows a direct withdrawal of up to \$200.0 million, but the Administration does not expect to go that high.)

The budget also includes other one-time or temporary non-tax revenues:

- \$99.0 million from increased sales or other disposal of **abandoned property**.
- \$47.4 million "swept" from unused dollars in various **trust funds**.
- \$12.0 million from the sale of **state assets**.

Additional non-tax revenue initiatives include:

- \$77.8 million from an expansion of **Medicaid reimbursement** for state operations.

- \$35.0 million that would be brought in from other **revenue maximization** efforts as part of a larger initiative state-wide to improve program integrity across a wide variety of state agencies, and identify new or expanded federal revenues to support state operations.
- \$176.3 million in one-time funds appropriated in FY 2011 but available for use in FY 2012. These funds include \$65.0 million from unused funds budgeted for FY 2011 that will be available to supplement FY 2012 local aid totals. This is likely a one-time expenditure. There are, however, FY 2011 funds used to support ongoing program expenses, including \$48.7 million to support MassHealth and other health programs, \$10.0 million for public health and \$19.8 million towards state employee health benefits.

## BUDGET TOTALS: Budget by Category and Subcategory

(All Fiscal Year 2012 amounts are adjusted totals. For further explanation, see “How to Read the Tables” in the Overview.)

CATEGORY (in millions)	FY11 Current	FY12 House	FY12 Senate	FY12 GAA	FY12 Current	FY12 Current- FY11 Current
<b>Education</b>	<b>6,674.7</b>	<b>6,635.6</b>	<b>6,600.1</b>	<b>6,630.5</b>	<b>6,630.5</b>	<b>(44.2)</b>
Early Education and Care	520.2	512.6	499.6	506.6	506.6	(13.6)
Higher Education	1,012.3	948.8	948.3	948.5	948.5	(63.8)
K-12: Chapter 70 Aid	4,072.3	3,990.8	3,990.8	3,990.8	3,990.8	(81.5)
K-12: Non-Chapter 70 Aid	425.5	505.4	483.3	506.4	506.4	80.9
K-12: School Building	644.3	678.1	678.1	678.1	678.1	33.8
<b>Environment &amp; Recreation</b>	<b>165.1</b>	<b>158.0</b>	<b>161.5</b>	<b>160.6</b>	<b>160.6</b>	<b>(4.5)</b>
Environment	74.7	68.3	71.4	70.3	70.3	(4.4)
Fish and Game	17.4	18.7	18.8	18.8	18.8	1.4
Parks and Recreation	73.0	71.0	71.4	71.5	71.5	(1.4)
<b>Health Care*</b>	<b>14,722.1</b>	<b>14,269.3</b>	<b>14,367.7</b>	<b>14,325.3</b>	<b>14,403.8</b>	<b>(318.3)</b>
MassHealth (Medicaid) and Health Reform	12,193.7	11,791.2	11,872.8	11,828.3	11,877.0	(316.7)
Mental Health	628.3	613.7	646.8	648.0	648.0	19.7
Public Health	497.0	475.8	498.9	499.7	509.7	12.7
State Employee Health Insurance*	1,403.0	1,388.5	1,349.2	1,349.2	1,369.0	(34.0)
<b>Human Services</b>	<b>3,376.6</b>	<b>3,350.2</b>	<b>3,334.6</b>	<b>3,364.5</b>	<b>3,364.5</b>	<b>(12.0)</b>
Children, Youth, and Families	887.7	868.6	864.8	879.6	879.6	(8.1)
Disability Services	1,356.0	1,370.3	1,358.6	1,371.9	1,371.9	15.9
Elder Services	220.6	218.5	216.9	218.6	218.6	(2.0)
Transitional Assistance	784.7	763.3	763.6	764.2	764.2	(20.5)
Other Human Services	127.6	129.6	130.6	130.2	130.2	2.6
<b>Infrastructure, Housing &amp; Economic Development</b>	<b>1,670.4</b>	<b>1,566.0</b>	<b>1,580.7</b>	<b>1,567.2</b>	<b>1,568.4</b>	<b>(102.1)</b>
Commercial Regulatory Entities	48.3	49.4	49.4	49.4	49.4	1.1
Economic Development	100.1	82.7	82.3	83.4	83.4	(16.7)
Housing	330.6	299.2	299.3	299.7	300.9	(29.7)
Transportation	1,191.5	1,134.7	1,149.7	1,134.7	1,134.7	(56.8)
<b>Law &amp; Public Safety</b>	<b>2,377.1</b>	<b>2,222.8</b>	<b>2,255.9</b>	<b>2,238.4</b>	<b>2,241.3</b>	<b>(135.8)</b>
Courts and Legal Assistance	670.9	565.7	596.7	570.4	570.4	(100.5)
Law Enforcement	327.3	314.2	318.5	316.2	316.2	(11.1)
Prisons, Probation and Parole	1,198.7	1,158.1	1,154.0	1,165.1	1,168.0	(30.7)
Prosecutors	131.7	136.6	136.2	136.6	136.6	4.9
Other Law and Public Safety	48.5	48.1	50.5	50.1	50.1	1.5
<b>Local Aid</b>	<b>925.2</b>	<b>870.1</b>	<b>871.4</b>	<b>870.4</b>	<b>935.4</b>	<b>10.2</b>
General Local Aid	899.0	834.0	834.0	834.0	899.0	0.0
Other Local Aid	26.2	36.1	37.4	36.4	36.4	10.2
<b>Other</b>	<b>4,134.6</b>	<b>4,263.3</b>	<b>4,226.3</b>	<b>4,232.7</b>	<b>4,261.4</b>	<b>126.8</b>
Constitutional Officers	82.1	69.4	68.3	68.6	68.6	(13.4)
Debt Service	2,104.7	2,260.8	2,255.5	2,255.5	2,255.5	150.7
Executive and Legislative	65.5	65.4	65.4	65.4	65.4	(0.1)
Libraries	21.5	21.5	21.4	21.5	21.5	0.0
Pensions	1,441.8	1,478.0	1,478.0	1,478.0	1,478.0	36.2
Other Administrative	419.0	368.2	337.6	343.7	372.4	(46.6)
<b>Total Appropriations &amp; Transfers*</b>	<b>34,045.7</b>	<b>33,335.3</b>	<b>33,398.2</b>	<b>33,389.6</b>	<b>33,565.8</b>	<b>(479.9)</b>

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