

Commonwealth of Massachusetts

THE GOVERNOR'S BUDGET RECOMMENDATION

Deval L. Patrick, Governor
Timothy P. Murray, Lt. Governor



www.mass.gov/budget/governor

Fiscal Year 2013
House 2

Volume 1
January 25, 2012



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The Governor's Budget Recommendation is available on-line at:

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What is House 2

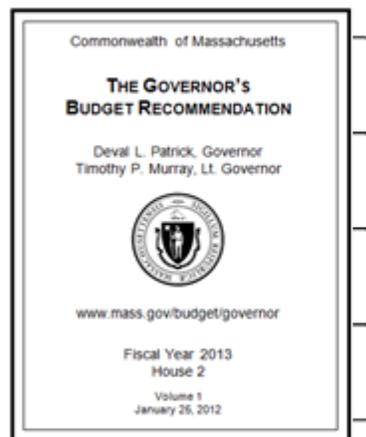
House 2 is a legal document, in the form of a bill, creating the annual Massachusetts state budget that funds all aspects of state government; the courts, legislature, executive branch agencies, dozens of boards and some authorities. House 2 recommends funding levels for a fiscal year beginning on July 1 and ending on June 30. House 2 has been submitted by Governor Patrick by the fourth Wednesday in January, as prescribed by the Massachusetts General Law (MGL) Chapter 29, section 6D, and the State Constitution.

This guide is designed to help users locate information most important to them in a quick and efficient manner.

Volume 1:

Welcome to the Governor's Fiscal Year 2013 Budget Recommendation. The following document (House 2, Volume 1) is a concise summary of the administration's budget proposal, leveraging achievements to date and focusing on the continued challenges that we are addressing in the coming fiscal year. This document provides an approachable, clearly articulated message that we hope will engage citizens and interested parties throughout the Commonwealth. In this volume, you will find the Governor's message, Secretary of Administration and Finance's message, budget summary and Issues In Brief that highlight the Governor's priorities and that speak to initiatives that are changing the way government does business. Additional sections provide the recommended funding level for each appropriation account and summaries of the outside sections of the budget (proposed statutory language changes), local aid to cities and towns and the capital budget.

The Governor's Budget Recommendation is separated into two volumes: **Volume 1** is divided into five sections:



Section Tabs:

- Introduction
- Budget Message
- Issues in Brief
- Budget Recommendations
- Aid to Cities and Towns
- Capital Budget and Debt

Budget Message

The messages from the Governor and the Secretary of Executive Office for Administration and Finance and the budget narrative offer insight into why and how decisions are made and how they impact the residents and businesses of the Commonwealth.

Issues in Brief

Previously a separate volume of the budget recommendation, the Issues in Brief are now front and center in this budget document, as they describe the heart of this administration's policy initiatives. The Issues in Brief section includes a narrative on each of the Governor's priorities and other key initiatives to change the way government does business.

Governor Patrick's Priorities

- Closing the Achievement Gap
- Investing in Job Creation
- Positive Youth Development & Youth Violence Prevention
- Health Care Cost Containment

Changing the Way Government Does Business

- Reforms to Local Housing Authorities
- Initiatives to End Homelessness
- Investing in Community Colleges
- Criminal Justice Reforms
- Support for Our Veterans
- Investing in Our Communities
- Government Accountability & Transparency
- Social Innovation Financing
- Innovation & Technology
- Modernizing the Bottle Bill
- Health Promotion and Wellness Investments
- Quasi-Public Entity Reforms
- Improved Facilities Management
- Fiscal and Management Reforms

Budget Recommendations

The Budget Recommendation Summary section includes a narrative, appropriation recommendation listing by line item, and an outside section summary.

The appropriation summary is a useful overview of all line items. This section is particularly important because a number of accounts are consolidated in the Governor's Budget Recommendation. The Account Listing identifies each account that was consolidated into another line item, its title, the level of funding the account received in the previous budget, the current year spending, the fiscal year 2013 funding and a crosswalk notation. This allows users to determine the location of former accounts.

The outside sections are shorter pieces of legislation that are attached to the budget in order to legally implement recommendations of the budget. Often an existing law must be changed in order make the provisions of the recommended budget possible. An outside section may have a financial impact, or a language change.

Aid to Cities and Towns

Aid to Cities and Towns, otherwise known as local aid or Section 3, contains a descriptive narrative of the funding impact of the budget on the 351 municipalities in the Commonwealth, as well as a detailed alphabetical listing of all cities and towns. The local aid summary looks like this:

MUNICIPALITY	Chapter 70	Unrestricted General Government Aid
ABINGTON	7,808,577	232,986
ACTON	5,228,141	165,673
ACUSHNET	6,510,503	179,576
ADAMS	9,141	239,088
AGAWAM	16,486,547	436,324

Capital Budget and Debt

The capital budget section describes the Commonwealth's five-year capital investment plan, including accomplishments and initiatives to date, sources of capital funds, debt affordability policies and description of capital investments by investment categories.

Volume 2: Available On-Line at: www.mass.gov/budget/governor

Volume 2 elaborates in detail the financial intricacies of Volume 1. The expanded document includes:

Budget Development

The budget development section includes a detailed discussion of the state's fiscal condition, financial policies, governance structure and specific challenges faced in the development of the budget. It also includes narratives on local aid and a discussion of the status of healthcare funding in the budget.

Financial Statements

The financial statements section includes detailed charts with actual and projected revenues and spending for the previous, current and upcoming fiscal years, broken out by funds for all of the budgetary items. The Financial Statements section includes:

- Fiscal Note
- Financial Statement and Overview
- Fund Balance Tables
- Fund Charts and Descriptions

Appropriation Recommendations

The appropriation recommendations section is the core of the budget. It includes much of the language that helps make this document a bill, as well as departmental mission statements.

Massachusetts General Law (MGL Chapter 29, section 6 D) dictates the format that all budget documents must follow. The most noteworthy elements of the budget document include:

- Introductory Narratives
- Section 1 – Preamble
- Section 1A – Revenue by Source Fund
- Section 1B – Non-Tax Revenue Summary
- Section 1C – Consolidated Transfers; Fund Balance Tables; Financial Statements
- Section 2 – Line Item Appropriations
- Section 2B – Chargebacks
- Section 2D – Federal Trust Funds
- Section 2E – Operating Transfers
- Section 3 – Local Aid
- Section 4 – Begins the Outside Sections

What is a Line Item?

Line items, also called accounts, represent the individual funding recommendation by department. It is the unit by which the Legislature appropriates money. In most cases a single department may have multiple line items that make up a department's total budget.

Line items consist of an eight-digit account number (e.g., 7002-0200), language identifying how money may be spent, the amount and the source of the funding.

Finding Line Item Information

In order to locate information on a service or area of government in H2, it must be known where the account resides in the governmental hierarchy. A common structure for locating a line item is:

Secretariat → Department → Line Item (Account)

For example, if information on “asbestos abatement” funding in the Commonwealth is being sought, there must be a general understanding that this funding resides in the Department of Labor within the Labor and Workforce Development Secretariat:

Executive Office of Labor and Workforce Development →
Department of Labor →
Division of Occupational Safety →
Asbestos Abatement and Deleading Services

EXECUTIVE OFFICE OF LABOR AND WORKFORCE DEVELOPMENT
OFFICE OF THE SECRETARY OF LABOR AND WORKFORCE DEVELOPMENT
DEPARTMENT OF WORKFORCE DEVELOPMENT
DEPARTMENT OF LABOR.....
Department of Labor.....
Division of Industrial Accidents.....
Division of Labor Relations.....

How to Read Line Item Information:

The Governor’s Budget Recommendation provides a wealth of information on funding recommendations. The following information is provided regarding our search for asbestos abatement funding:

Department Name: **Department of Labor Standards**

Department Mission: The mission of the Department of Labor Standards (DLS) is to promote and protect workers’ safety, health, wages and working conditions. In collaboration with public and private entities, DLS protects workers by means of education and training, workplace safety and health consultation and assessment, occupational injury and illness data collection and analysis, and consistent and responsible administration and enforcement of its statutes and regulations. DLS carries out its objectives in a manner that supports employers and strengthens the Commonwealth’s communities and economy. In addition, DLS also promotes, develops and services registered apprenticeship programs in the Commonwealth through its Division of Apprenticeship Training (DAT).

Total Spending:	Resource Summary (\$000)	FY2013 Budgetary Recommendations	FY2013 Federal, Trust, and ISF	FY2013 Total Spending	FY2013 Budgetary Non-Tax Revenue
	Department of Labor Standards	2,527	247	2,775	0

Department Website: www.mass.gov/lwd/labor-standards/dls/

Direct Appropriations 2,527,448

DEPARTMENT OF LABOR STANDARDS

Line Item Information:	7003-0200 For the operation of the department of labor standards; provided, that positions for a program to evaluate asbestos levels in public schools and other public buildings shall not be subject to chapter 31 of the General Laws	2,074,598
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Retained Revenues

ASBESTOS DELEADING EA SERVICES

Line Item Information:	7003-0201 For the department of labor standards; provided, that the department may expend an amount not to exceed \$452,850 received from fees authorized under section 3A of chapter 23 of the General Laws and civil fines issued under section 197B of chapter 111 of the General Laws, section 46R of chapter 140 of the General Laws and section 6F1/2 of chapter 149 of the General Laws	452,850
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Operating Transfers

The operating transfers are stated in Section 2E of the bill. The Patrick-Murray Administration introduced this new section to reflect spending that occurs in "off-budget" trust funds, but that is more appropriately reflected alongside all other state spending. While expenditures for these programs will continue to occur from trust funds, Section 2E reflects the spending that occurs through transfers to those funds. This section is particularly important to highlight the Governor’s commitment to transparency and accountability in the budget. Section 2E includes transfers to the following trust funds:

- State Retiree Benefits Trust Fund
- Delivery System Transformation Initiative
- Medical Assistance Trust Fund
- Commonwealth Care Trust Fund (includes funding for the Health Safety Net Trust Fund)
- Massachusetts Transportation Trust Fund
- Science Technology Engineering and Mathematics Pipeline Fund

Local Aid

Local aid represents Section 3 of the bill. Local aid contains a descriptive narrative of the funding impact of the budget on the 351 municipalities in the Commonwealth, as well as a detailed alphabetical listing of all cities and towns.

Outside Sections

The outside sections are shorter pieces of legislation that are attached to the budget in order to legally implement recommendations of the budget. Often times, an existing law must be changed in order make the provisions of the recommended budget possible. An outside section may have a financial impact or just a language change. All outside sections are in narrative format.

How to Read an Outside Section

The following outside section example authorizes limited transferability between line items in the same executive office, after 15 day notice to the Legislature:

Line-item Transferability

SECTION 30. Notwithstanding any general or special law to the contrary, the secretary of administration and finance may authorize the transfer of funds from any item of appropriation for fiscal year 2010 for any executive branch agency to any other item of appropriation for that agency or within its executive office. No transfer authorized by this section shall exceed 5 per cent of the amount appropriated for an item. The secretary of administration and finance shall notify the house and senate committees on ways and means 15 days before a transfer pursuant to this section.

Tax Expenditure Budget

While the state collects more than \$20 billion in taxes each year, there are numerous exemptions to the current tax law which are estimated to cost the state more than \$25 billion in FY 2013. These exemptions are in sales tax exclusions, personal income tax exemptions and corporate excise taxes exemptions.

How to Read a Tax Expenditure

The following personal income tax expenditure contains all the elements of a tax expenditure. It contains the federal classification of the tax, the description, the legal reference (the Internal Revenue Code) and the estimated amount of potential revenue to the Commonwealth that is “lost” due to this exemption.

Class ID Number:	1.010	Exemption of Workers' Compensation Benefits
Description:		Workers' compensation benefits are not taxed. These are benefits paid to disabled employees or their survivors for employment-related injuries or diseases.
Internal Revenue Code:		Origin: IRC § 104 (a)(1)
Revenue "Loss":		Estimate: \$7.5

Resources

Additional resources are included in the final tab, including

- University of Massachusetts' Donahue Institute *Economic Outlook Report*
- Glossary of budget terminology

The *Economic Outlook Report* is prepared by the Massachusetts State Data Center (MassSDC) at the University of Massachusetts Donahue Institute and may be relevant in evaluating the economic and financial condition and prospects of the Commonwealth of Massachusetts.

The *Glossary* is an alphabetical list of terms, acronyms and concepts that are particular in the development of the Governor's Budget Recommendation.



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FY 2013 Budget Recommendation

Budget Message

Deval L. Patrick, Governor

Timothy P. Murray, Lt. Governor

A Message from the Governor

To the People of Massachusetts:

Lieutenant Governor Murray and I are pleased to file our budget recommendations for fiscal year 2013. We have proposed a balanced, responsible budget that makes investments in critical areas that will help us grow jobs and opportunity in the near-term, and strengthen our Commonwealth in the long-term. Massachusetts is recovering faster and stronger than most other states. We believe this budget will sustain and even accelerate our recovery.

While our fiscal position is strong when compared to other states and continues to improve, we again face serious challenges in the coming fiscal year. Because of the economic downturn, the demand for health care and safety net services continues to grow. Our tax revenues are improving but not enough to meet the increased demand. This means that across state government, we will again need to reduce spending. Once again, we must do more with less.

We will continue to invest in the strategies that create jobs, lower the cost of health care, bring us closer to eliminating the achievement gap and build safe and successful communities. We have worked together to support these strategies because we know they will build a stronger Commonwealth.

In fiscal year 2013, we will continue to use the budget as a vehicle to reform state government. Through the newly created Office of Commonwealth Performance, Accountability and Transparency (CPAT), we will launch an initiative on performance management to use objective metrics to help evaluate and manage programs and achieve better outcomes.

We will continue to execute an aggressive health care cost containment strategy to help manage costs throughout all state health care programs. We will leverage the Commonwealth's purchasing power to reward provider models that are the most cost-effective means of delivering high-quality coverage and care and better coordinate health care purchasing decisions.

We have taken bold steps to reform state government through better use of technology. To that end, we have consolidated IT functions, improved service delivery and improved data security, making our IT system more efficient, transparent and responsive to the public. This year will bring even more innovative solutions and efficiencies with the appointment of a new Chief Innovation Officer and the formation of a new Commission on Innovation.

While this budget will make use of a responsible and appropriate amount of one-time resources, we have also proposed limited and targeted revenue proposals consistent with a responsible, balanced solution to our budget challenges.

We made difficult choices to balance this budget. Some worthwhile programs will not be funded. Some have seen major reductions. But in the long run, these choices allow us to be responsible to the next generation.

We look forward to working with you.

Sincerely,

Deval L. Patrick
Governor





A Message from the Secretary of Administration and Finance

One of my primary responsibilities as the Secretary of Administration and Finance is to assist Governor Patrick in developing his annual budget recommendation for the Legislature. It is a significant undertaking that involves months of hard work by hundreds of people across state government.

Although the unprecedented fiscal challenges facing the Commonwealth since the recession have made the budget development process particularly challenging over the last few years, I have always enjoyed the process. Each year presents an opportunity to develop new and creative ways to responsibly maintain critical investments and to change the way government does business.

The most gratifying part of the budget development process for me is the opportunity it provides to meet with a broad range of people about every aspect of state government that is funded by the budget. I meet with many state officials responsible for managing state programs and services, and I meet with many stakeholders who depend on the state budget or who are impacted by it. I learn about the successes of the programs in which they have an interest, and I learn about the challenges they face. I learn about how government is helping people, and I learn about how government could be doing better.

Through this process, I am always struck by the important role government plays in people's lives. I am struck by what government means to people – whether it's helping their kids get a good education, helping their family get affordable health insurance, helping someone out of work get trained for a new job, helping a child who has been abused find a safe home, helping a homeless family find a place to live, helping make our neighborhoods safer, helping to support our businesses to invest, grow and create jobs or helping in the many, many other ways government helps people.

This year, I heard a consistent theme from the many state officials and stakeholders with whom I met. The last few years of austere budgets have taken their toll. State managers have been pressed to do more with less, and the people who benefit from state programs and services have seen the levels of state service consistently reduced. Not only were people pleading for budget funding in FY 2013 sufficient to avoid putting any additional strain on their programs, in most cases they were asking for increased funding levels to be restored. They know that the economy is growing again and that tax revenues are expected to increase next year, and they want the funding for their programs and services to grow too.

Unfortunately, the commonly-held expectation that the FY 2013 budget will provide sufficient funding to reverse the cuts to programs and services over the last few years is inconsistent with our fiscal reality. While tax revenues are expected to grow next year, they are only growing modestly. At the same time, we project continued growth in demand in our health care and other safety net programs. While we are taking a number of steps to contain growth in costs in these programs, the additional amounts needed to fund growth in costs in these programs and in certain legally-obligated fixed costs will exceed the growth in budgetary resources available to support the FY 2013 budget. As a result, total spending across the rest of state government will actually decrease in FY 2013.

So, the FY 2013 budget recommendation we file today reflects the fact that we have yet another very challenging year ahead of us. The many people with whom I've met throughout the budget development process will likely see that their expectations were not met. They will, however, hopefully recognize the following about the Governor's budget recommendation.

First, they will see that the Governor has once again filed a fiscally responsible budget. The fiscal policies and practices we have put in place to manage through the state's unprecedented fiscal challenges have set us apart from many other states. We have been recognized by all three rating agencies for our fiscal management through this fiscal crisis. In September, Standard and Poor's upgraded the Commonwealth's credit rating to AA+, resulting in all three of the state's credit ratings being just one notch below the highest possible rating and giving the Commonwealth the highest credit ratings it has ever had. We have the third highest rainy day fund balance in the country, and we propose using only a modest and responsible level of rainy day fund resources in FY 2013. Once again, the Governor's FY 2013 budget proposal is structurally balanced and sustainable.

Second, the people across the Commonwealth who depend on state government will see that Governor Patrick has once again done everything possible to preserve funding for critical investments. Chapter 70 funding for K-12 education is once again at the highest level in state history, and the budget continues to provide funding for targeted programs to address the achievement gap. Funding for programs to prevent youth violence and to support youth-at-risk is preserved and in some cases increased. Historic levels of investment in infrastructure will support job creation today and lay the foundation for economic growth in the future, and the budget makes critical investments in workforce development to help those in need of jobs develop the skills that our businesses need. The Governor's FY 2013 budget proposal preserves affordable health care for all of those who need it by once again taking steps to contain growth in our health care costs.

People will also see that Governor Patrick's FY 2013 budget proposal continues to drive changes in the way government does business. Building on his record of reforms, this budget proposal includes reforms to our community college system to better focus and coordinate the system to give students the skills our businesses need; reforms to the governance and management of our public housing authorities to ensure scarce resources are invested efficiently and effectively; reforms to our corrections system to reduce recidivism and reduce costs; further reforms to our public defender system to reduce costs while continuing to provide effective counsel to indigent criminal defendants; and many other reforms to make government more efficient, such as the way in which we manage and maintain state facilities.

The Governor is also changing the way in which we manage and allocate resources in state government by focusing on measuring performance and outcomes to inform decision-making. He is also driving innovation in government through the FY 2013 budget with initiatives like social innovation financing, the appointment of a Government Innovation Officer and Innovation Advisory Council, and the many ways in which we are relying on technology investments to improve government services while saving taxpayers money. This relentless drive to change the way government does business and to stretch every taxpayer dollar as far as possible is helping to preserve many critical programs and services.

Governor Patrick approaches the budget process with a keen understanding of not only his fiscal responsibility, but also with an understanding that the budget is a statement of our values. The Governor understands that the budget is not a compilation of numbers on a page – he knows that there are people behind those numbers, people who depend on the budget for their health and well-being and for a brighter future. Although the Governor's FY 2013 budget proposal cannot meet everyone's hopes and expectations, it reflects the thoughtfulness, effort and values that he has brought to each of the budgets he has proposed during his tenure. I thank the Governor for his leadership and engagement in developing this budget proposal.

I also want to thank Lieutenant Governor Murray and my colleagues on the Cabinet for their leadership and collaboration. They have all been personally engaged in the budget development process and have been critical contributors to ensuring we have a thoughtful and responsible budget proposal.

The Patrick-Murray Administration is fortunate to have strong fiscal partners in the Legislature. Unlike many other states, the Administration and the Legislature have worked collaboratively and responsibly to pass budgets that are balanced, on-time and fiscally responsible in the face of extraordinary fiscal challenges. I thank my colleagues, Chairman Stephen Brewer and Chairman Brian Dempsey, as well as their staffs, for their partnership in managing the Commonwealth's budget through these difficult times.

Lastly, I want to express deep appreciation, thanks and gratitude to my incredible team in the Executive Office for Administration and Finance for their work on this budget recommendation. They are the hardest working and the most diligent, dedicated, energetic, thoughtful and creative group of people I know. It is an absolute privilege and pleasure to work with them and to be associated with them.
Sincerely,

A handwritten signature in black ink, appearing to read 'Jay Gonzalez', with a large, stylized initial 'J'.

Jay Gonzalez
Secretary of Administration and Finance





Summary of Fiscal Year 2013 Budget

Changing the Way Government Does Business

Governor Patrick's FY 2013 budget proposes measured, strategic investments to keep Massachusetts moving toward a strong economic recovery and a better tomorrow, while making changes to the way state government does business in the face of unprecedented fiscal challenges. The Patrick-Murray Administration will use this budget to advance its top four priorities: closing the achievement gap in our schools, addressing health care costs, creating jobs and improving positive youth development and youth violence prevention.

Governor Patrick continues to take a balanced, fiscally responsible approach to meeting the demands of state government in an economically challenging time. The FY 2013 budget solutions include spending discipline, bold reforms and a modest use of one-time resources and new revenue. Like all other forty-nine states in the nation, Massachusetts continues to feel the impact of the deepest economic downturn since the Great Depression. The Governor's approach to filing a responsible, balanced budget for next year ensures that the state can continue to make critical investments in education, health care and economic growth, while preserving our safety net for the most vulnerable among us.

Supporting Shared Values

Closing the Achievement Gap – The FY 2013 budget supports many initiatives aimed at improving our schools, closing the achievement gap and preparing every student for success in a global 21st century economy. These investments include record-high state aid for K-12 education (Chapter 70) of \$4.136 B, \$10 M to promote efforts to reduce educational achievement gaps in the Commonwealth's Gateway Cities, and \$219 M to community colleges (an increase of \$10 M from last year) to support the Governor's vision for a unified system. This budget supports ongoing efforts by the Department of Higher Education to promote reforms and improved outcomes at state campuses through performance incentive funding, and maintains funding for our public campuses. Virtually all programs at the Department of Elementary and Secondary Education (DESE) and the Department of Early Education and Care (EEC) have been maintained at last year's spending levels or better.

Controlling Health Care Costs – Similar to last year, this budget maintains the Commonwealth's nation-leading universal health care coverage, while preserving benefits and eligibility. The Administration was extremely successful in containing growth in health care costs in FY 2012 achieving hundreds of millions in savings through MassHealth, Commonwealth Care, the Group Insurance Commission (GIC), the Department of Corrections (DOC) and municipal health care reform. Similar to FY 2012, proposals this year will harness savings through re-procurement or re-contracting and other program efficiency measures. The FY 2013 budget supports efforts in innovative procurement strategies, interagency alignment, achievements in healthcare reform and the implementation of payment and delivery system reform policies that will enable us to achieve state budgetary savings of roughly \$730 M.

Job Creation – This budget invests in the Commonwealth's economy by funding programs that help put people back to work through infrastructure building projects or assisting unemployed people with training to attain high-skilled jobs, supporting industries that help create jobs (such as life sciences and tourism) and improving the business climate in Massachusetts by easing burdensome regulations. Under the leadership of Governor Patrick, Massachusetts gained 51,600 jobs in 2011, which is by far the strongest job growth performance for the state since 2000.

Positive Youth Development and Youth Violence Prevention – The FY 2013 budget supports many initiatives to provide opportunities for positive youth development and youth violence prevention through summer job programs, youth violence prevention funding and targeted services in communities with the greatest demand for intervention. This budget invests \$35.5 M in programs related to these efforts, including an investment of at least \$8.6 M in summer jobs, \$8 M in Senator Charles E. Shannon, Jr. Community Safety Initiative grants and \$10 M for Safe and Successful Youth Initiative grants.

Spending Discipline

FY 2013 marks the fifth straight fiscal year (since FY 2009) state agencies must control costs and reduce expenses below levels projected to be necessary to maintain the levels of service provided in the current year. The Commonwealth's tax revenues are growing, but only modestly, after having experienced an historic drop in tax revenues during the recession. With many of our safety net and health care programs facing all-time highs in demand, the cost to continue our current level of services outpaces our budgetary resources. In addition, the state is legally required to increase funding annually in a limited number of places, such as pensions, collective bargaining, debt service and K-12 school aid to cities and towns. Consequently, we are unable to support all but a few modest investments and service restorations, and further cuts to many programs and services will be necessary in FY 2013.

FY 2012 vs FY 2013 Spending*			
(\$s in millions)			
FY 2012 Estimated Spending	FY 2013 Recommended Spending	Annual Change	% Change
31,374.5	32,310.5	935.9	2.98%
<i>*Exclusive of state pension transfer.</i>			

The Governor's FY 2013 budget recommendation proposes state spending of \$32.3 B, or a 2.98 percent increase from the current year estimated spending levels. This year-on-year spending growth of \$935.9 M is significantly less than it would have otherwise been without significant program reductions, position eliminations and reforms. A number of efforts are being made to control the largest cost drivers in the state budget, particularly health care costs. Even with these cost-saving measures, many areas of state government will see flat or reduced funding levels and, in the aggregate, total funding for state government outside of health care, safety net and certain legally-obligated fixed costs will be reduced from FY 2012 levels.

Projected Cost Growth in Selected Areas, FY's 2012 and 2013			
\$s in millions			
	FY 2012 Estimated Spending	FY2013 Recommended Budget	FY 2013 vs. FY 2012
Health Care:			
MassHealth (Medicaid)*	10,619.5	11,137.8	518.3
Commonwealth Care**	687.4	737.1	49.7
Employee / Retiree Health Care**	1,577.6	1,582.0	4.4
Safety Net (non Health Care)	3,895.6	3,984.3	88.7
Legal Obligations:			
Debt Service	2,257.0	2,435.5	178.5
Pensions	1,478.0	1,552.0	74.0
Collective Bargaining	-	174.6	174.6
Chapter 70	3,990.8	4,136.4	145.6
All Other State Spending	8,346.6	8,122.7	(223.8)
Total	32,852.5	33,862.5	1,009.9
Total Budgetary Changes (Exclusive of Off-Budget Pension Transfer):	31,374.5	32,310.5	935.9
<i>*Includes new investments for delivery systems reforms.</i>			
<i>**Solely reflects budgetary contribution.</i>			

State Workforce

Since October 2008, the state has eliminated close to 6,000 budgetary positions across all branches of state government. The Governor's budget recommendation assumes the elimination of an additional 297 positions from current-year budget levels. With these reductions, the total state budgetary workforce will have declined by over 9 percent over a four-year period, despite increased demand for state services across a number of state programs. State agencies will need to find more innovative and creative ways, including technology-driven solutions, to provide services to Massachusetts residents at permanently reduced staffing levels.

Government Reforms

In order to address a reduced workforce and the need to control costs, the Administration has explored options to help limit cuts to critical state services through reforms and other efficiencies. The Administration continues to demonstrate that the state is stretching each tax payer dollar further and is relentlessly pursuing all avenues for changes that efficiently improve performance. Governor Patrick has signed into law several bold reforms that change the way government does business, including pension reform, municipal health reform and changes to control health care costs resulting in over \$900 M in annual savings. The FY 2013 budget builds on these efforts and proposes many more reforms, including:

- Focusing the community college system to coordinate and more effectively drive the preparation of those needing jobs for the types of jobs that are available in the Massachusetts economy;
- Improving governance over local housing authorities to improve accountability and achieve efficiencies throughout the public housing system statewide;
- Reforms developed across state government by an inter-secretariat budget team to stretch taxpayer dollars further in FY 2013 and improve the way that government does business. Reform examples include virtual hold and call back centers for unemployment insurance; consolidating drug testing at the State Police Crime Lab to improve efficiency; and enhancing fraud, waste and abuse prevention;
- Requiring state agencies to manage and budget for better results by setting goals, evaluating what works and aligning resources to priorities, including additional investments in performance management; and

- Prioritizing innovation with the appointment of a Government Innovation Officer and a Council of Innovation Advisors to identify creative ways to use technology to better serve the public and to save taxpayers money.

Revenue Initiatives and Other Budget Solutions

Tax Receipts: As the state continues its economic recovery, tax collections are projected to grow by \$940 M from FY 2012. Of this amount, \$100 M will be deposited into the state reserves, corresponding to the amount of capital gains receipts in excess of \$1 B. Under a reform adopted in the FY 2011 budget, any collections above \$1 B from this volatile revenue source must be withheld from general budgeting purposes. Annual transfers of state tax receipts and other revenues (e.g., transfers to the School Building Authority and the Massachusetts Bay Transportation Authority) increase in FY 2013 by \$43.2 M.

Non-Tax Revenues: Annual non-tax revenue collections are expected to be \$196 M more in FY 2013 than the preceding year. Significant changes include increased federal revenues for state Medicaid and other spending of \$191 M and increased departmental revenues of \$57 M. These increases are offset in part by \$52 M of reduced revenue from non-budgeted sources including the state's unclaimed property receipts and fringe revenue collected from non-budgetary sources in FY 2013.

One-Time Resources: The FY 2013 budget relies on a responsible amount of one-time budget solutions, including: \$400 M in Stabilization Fund reserves, \$46 M from the delay of a tax deduction for a few large, out-of-state corporations, \$84 M in one-time health care resources and \$11 M in contributions from some quasi-public agencies. In total, these measures equal \$541 M, or \$79 M less than the one-time resources utilized in FY 2012. The total amount of one-time resources proposed for FY 2013 is well below the cyclical tax shortfall projected next year; therefore it is a sustainable level of one-time resources and the FY 2013 budget proposal is structurally balanced. The proposal will also leave a balance of over \$1 B in the Stabilization Fund at the end of FY 2013, providing resources for future years until we reach a full economic recovery and serving as a reserve for any unanticipated needs that cannot be otherwise addressed.

New Revenue: The budget also includes two new revenue proposals to fund targeted investments in both public health preventative care services through the Commonwealth Health and Prevention Fund and health insurance programs through the Commonwealth Care Trust Fund. One proposal would eliminate the sales tax exemption on candy and soda, while the other would increase the tax on cigarettes and other tobacco products. In addition, the Governor's budget proposes to modernize the current state bottle redemption practices by expanding the required 5-cent bottle deposit to bottled water, sports drinks and other non-carbonated beverages. These beverage types make up a larger portion of the bottled beverages sold in the Commonwealth every year. The Governor's budget includes certain other revenue proposals including modest and targeted fees increases, enhanced tax collection initiatives and certain other tax-fairness related proposals.

Annual Change in Budgetary Resources, FY 2012 vs. FY 2013 (\$s in millions)			
	FY 2012	FY 2013	Change
Projected Tax Collections (excluding one-time FAS 109 Delay):	20,964.0	21,950.0	986.0
Required Transfers to/from Reserves*:	(268.1)	(238.0)	30.1
Prior Year Funds Used to Support Current Year Non-Recurring Budgetary Spending:	173.9	-	(173.9)
Transfer for Annual Pension Contribution:	(1,478.0)	(1,552.0)	(74.0)
Transfers of Tax Revenue to MBTA, SBA and Workforce Training Fund:	(1,463.0)	(1,506.2)	(43.2)
Federal Reimbursements:	7,823.6	8,014.7	191.1
Departmental Revenues:	3,108.3	3,165.2	56.8
Transfers from Non-Budgeted Sources:	1,833.4	1,781.8	(51.6)
One-Time Sources for Recurring Budgetary Costs (including certain Prior Year Funds and FAS 109 Delay):	573.0	446.0	(127.0)
Proposed New Budgetary Revenues:			
Modernize Bottle Redemption:	-	22.3	22.3
Agency Revenue Initiatives:	-	10.8	10.8
Enhanced Tax Enforcement:	-	22.3	22.3
New Tax Initiatives (not-including one-timers):	-	86.2	86.2
CHANGE IN BUDGETARY RESOURCES (INCLUSIVE OF PENSION CHANGE):			935.9
Additional Off-Budget Revenues Dedicated to Health Care Through the Commonwealth Care Trust Fund:	-	72.9	72.9
Additional Off-Budget One-Time Resources:	47.0	95.0	48.0
TOTAL CHANGE, FY 2012 vs FY2013			1,056.8
*Includes one-time tax settlements transferred in FY 2012 to Rainy Day Fund, transfer to General Fund of Rainy Day funds for Gaming Oversight Costs, annual Statutory Carry Forward, Capital Gains receipts above \$1 B transferred to Rainy Day Fund and FY 2013 transfer of 10% of Master Tobacco Revenue for retiree health care contribution.			

Transparency

As part of the FY 2011 budget, the Legislature passed and the governor signed into law new transparency requirements, which include the development of an online searchable database for state spending. The Open Checkbook is based on the approach and technology piloted in the Massachusetts Recovery and Reinvestment Office website.

The Open Checkbook website provides payment details for over 50,800 vendors – identifying who was paid, how much was paid, which state entity made the payment and the purpose of the payment. In addition to showcasing a breakdown of state vendor payments (which can be searched by vendor name, department or spending category), the website also provides state government payroll and pension information. While the vendor details are updated every night, the payroll and pension figures are updated every two weeks and every month, respectively.

As part of the Patrick-Murray Administration's ongoing efforts to make government accessible to all, the Executive Office for Administration and Finance has made changes to the budget document, so that it is more dynamic and user-friendly. The FY 2013 budget will be divided into two volumes. Volume 1 will give readers insight into how the Commonwealth's budget is developed and highlight the Administration's priorities and reform agenda. Consistent with prior years, a limited number of copies of Volume 1 will be printed. Volume 2 will be entirely online for the public to search, and it will be easy to download and print. Volume 2 will contain lengthier narratives and financial reports. Putting parts of the budget online will improve accessibility and transparency, and will allow for more regular updates to the budget recommendations and other important information for our residents to access and research. We are happy to note that by printing less than in previous years, we will save the Commonwealth more than \$6,500 in printing costs.

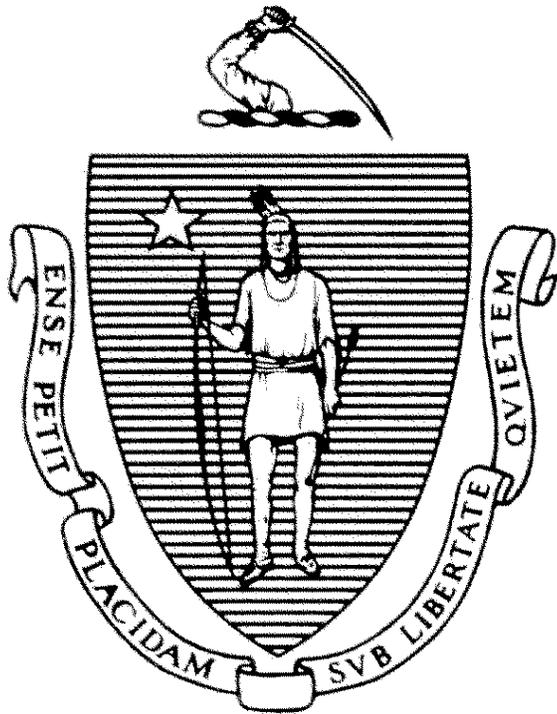


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Governor Patrick's Priorities





Closing the Achievement Gap

A well-educated citizenry is the key to Massachusetts' continued social, economic and civic growth and its prosperity. The Patrick-Murray Administration has consistently demonstrated its commitment to building a world-class public education system. Massachusetts is lauded as a national leader with regard to overall student achievement and the implementation of innovative education policies such as the groundbreaking legislation, *An Act Relative to the Achievement Gap*, which the Governor signed into law in January 2010.

Closing the persistent achievement gap is the central principle to all of the Commonwealth's education initiatives. In *Quality Counts 2012*, a comprehensive ranking of state education performance and policy by *Education Week*, Massachusetts ranked third overall and first in the K-12 Achievement and Chance for Success categories. While the Administration is proud of its accomplishments, doing well is simply not good enough. Government has an educational, economic, and moral obligation to ensure that all students, regardless of their background or zip code, have the opportunity to reach their potential and achieve academic, career and personal success.

The Achievement Gap Act, the Commonwealth's Race to the Top awards, and the Massachusetts Vision Project (among other education initiatives) all focus on increasing student performance and closing the achievement gap. The *Gateway Cities Education Agenda* and other proposals in the Governor's FY 2013 budget represent the next chapter in education improvement and reform in Massachusetts.

Closing the Achievement Gap

The Commonwealth cannot close the achievement gap without addressing the impact of poverty and other factors on student engagement, achievement and success. Investments in the Governor's FY 2013 budget proposal will target schools in the Gateway Cities, maintain or increase funding for schools in every community and support early education and higher education initiatives.

Gateway Cities Education Agenda

At the Education Summit on November 9, 2011, Governor Patrick described his vision for education in Massachusetts. The *Gateway Cities Education Agenda* is based on five core principles: 1) renewing our commitment to high standards and rigorous accountability; 2) providing comprehensive support so that all students come to school healthy and ready to learn; 3) offering differentiated services and support to all students; 4) promoting new expectations for college and career readiness; and 5) promoting innovative educational practices and building stronger partnerships across the state.

The Executive Office of Education will dedicate nearly \$10 M to support the implementation of important new initiatives in the Gateway Cities, including:

- Early Literacy and Kindergarten Readiness Programs – \$575 K
 - Funding will establish pilot programs for Kindergarten Literacy Readiness
- Establishment of Student Support Counselors and Student Support Councils – \$3.6 M
 - Funding will create Student Support Councils and deploy Student Support Counselors to predominantly low-income schools
- Operation of Enrichment & Acceleration Academies for English Language Learners – \$3.8 M
 - Funding will establish Summer English Learning Camps specifically designed to give English Language Learners more time, in an active, engaged “camp” atmosphere, to become fluent in English.
- Creation of Education & Industry Councils and Planning for High School Career Academies – \$1 M
 - Funding to establish pilot career academies to offer high school students the opportunity for early career exploration, more applied and experiential learning, and similar educational experiences that motivate students who do not see themselves as college bound.

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- Creation of a Statewide Innovation Fund – \$1 M
 - To support establishment of a fund that will combine annual appropriations from the Commonwealth and supplemental funds from businesses, nonprofits and philanthropists to expend monies on funding priorities to foster innovation in policy, practice, research, professional development and other capacity-building measures.

The *Gateway Cities Education Agenda* will build upon the positive social, cultural, economic and civic contributions of the 24 Gateway Cities, while providing targeted support to close the achievement gap. These investments will build upon the progress made in FY 2011 and FY 2012 to help close the achievement gap in addition to programs supported by federal grants awards such as the \$50 M Race to the Top Early Learning Challenge grant and the \$250 M K-12 Race to the Top grant.

Continued Commitment to Public Education

The Patrick-Murray Administration maintains its commitment to strong investment in public education. Highlights from the FY 2013 budget include:

- Funding Chapter 70 state education aid at \$4.136 B, the highest level of state funding in history to ensure that all districts are fully funded at foundation levels and that all districts will receive equal or greater funding than FY 2012;
- Funding of \$3.9 M to support STEM initiatives, including \$2.4 M to support AP Math and Science achievement;
- Increased funding of \$10 M to help community colleges better prepare students of all ages for the local job market by providing relevant, affordable educational and career-focused training programs;
- Funding the Special Education Circuit Breaker at \$213 M, maintaining the \$80 M increase from FY 2011 to FY 2012; and
- A \$12.3 M increase in funding for current programs focused on reducing the achievement gap, including Targeted Intervention in Underperforming Schools, After-School Programs, Kindergarten Expansion Grants, and Adult Basic Education.

The budget proposal also includes essential funding to support ongoing initiatives across early education, K-12 and higher education, including:

Department of Early Education and Care

- Preservation of funding for childcare services utilized by low-income families;
- Continued investment in the Universal Pre-Kindergarten and Head Start grant programs;
- Continued support to high-quality after-school and day care programs for children from eligible low-income families by the Department of Children and Families and the Department of Transitional Assistance,

Department of Elementary and Secondary Education

- Fund \$26 M for Kindergarten Expansion grants;
- Preserve funding of \$30 M for Adult Basic Education programs;
- Increase of \$2.5 M for Targeted Intervention in Underperforming Schools;
- Increase of \$700,000 for School to Career Connecting Activities;
- Fund \$15 M for Extended Learning Time Grants;
- Establishment of \$2.4 M for STEM focused AP programs; and,
- Increase of \$700,000 for Youth Build programs.

Department of Higher Education

- \$828 M for community colleges, state universities, and the University of Massachusetts;
- Maintain funding of \$87 M for college scholarships for Massachusetts residents;
- Increase of funding by \$1.06 M for waivers and financial aid for students originating in foster care;
- Maintain funding for the Performance Incentive Fund to provide grant funding through a competitive application process to encourage innovation and financial/operational efficiency at our public higher

education institutions. This fund will provide incentives to campuses to encourage these independent agencies to advance the Administration's policy values and to adopt fiscal improvement and accountability measures that will lower costs, encourage collaboration and increase efficiency; and

- This budget will provide an additional \$10 M for the Massachusetts community college system and seeks to address the challenges facing system while supporting them as they continue to fulfill their dual purpose of career readiness/workforce training as well as a pathway of instruction to a 4 year institution. Please refer to the brief titled "Investing in Community Colleges."

Governor Patrick's FY 2013 budget proposal will give the Commonwealth the resources to support ongoing, successful initiatives as well as implement new and exciting strategies to boost overall student achievement and close the achievement gap.





Investing in Job Creation

The FY 2013 budget continues to support the Patrick-Murray Administration's commitment to creating jobs and putting Massachusetts residents back to work. Using a blend of state capital investments, reorganizing economic development agencies and taking steps to improve the Commonwealth's business climate, Massachusetts saw significant job growth in 2011. This year, Massachusetts gained 51,600 jobs, which is by far the strongest job growth performance for the state since 2000 – sectors experiencing the highest growth have been those key areas of focus by the Patrick-Murray Administration.

State employment continues to improve, dropping to 1.7% below the national unemployment rate of 8.5% for December 2011. Massachusetts ranks third in economic performance since January 2011, and ranks second in economic performance since January 2007. The Commonwealth was declared one of CNBC's top five states for business in 2010, and was ranked sixth in 2011.

Patrick-Murray Job Creation Strategy

The Economic Development Planning Council, chaired by Secretary of Housing and Economic Development Greg Bialecki, has outlined five steps that build on the Patrick-Murray Administration's job creation and economic development strategy that has led Massachusetts out of the global economic recession faster than the rest of the nation. Five initiatives are outlined in the Council's report mandated by the Economic Development Act of 2010:

1. Advancing education and workforce development for middle-skill jobs through coordination of education
2. Economic development and workforce development programs
3. Supporting innovation and entrepreneurship
4. Supporting regional development through infrastructure investments and local empowerment
5. Increasing the ease of doing business and addressing the Commonwealth's cost competitiveness

The council consisted of 34 public and private sector representatives who have worked for eight months to develop the plan. The plan developed the Patrick-Murray Administration will help Massachusetts continue to compete in the global economy by making strategic investments in education, innovation and infrastructure.

The plan builds off the five broad categories that the council identified as most important to help retain or improve Massachusetts' competitive position the global economy. The steps the council points to in each category describe ways in which government, business and academia can work collaboratively to make Massachusetts more competitive and successful. The council's strategy and plan also supports effective economic development and job creation initiatives for Massachusetts that will continue to give first priority to helping our businesses and entrepreneurs continue to create and retain jobs here.

State Capital Investments

A large portion of the state's efforts to promote job creation and expand employment opportunities are funded through the capital budget, primarily from state bond issuance. The debt service on the bonds is funded in the operating budget, and the FY 2013 budget fully funds debt service obligations at a level sufficient to support the capital investment plan. The state's annual capital budget provides funding for substantial job-creating projects across the state, including construction in the life sciences industry, higher education and transportation.

The capital budget will invest more than \$3.4 B in capital investment projects, more than double the level of state capital investments when Governor Patrick took office five years ago. While many of these investments create construction jobs and otherwise support economic growth, \$120 M is specifically targeted to economic development programs, which will prioritize projects that invest in state infrastructure that supports private development and job growth.

FY13 Governor's Issues in Brief

In addition, in the FY 2011 year end supplemental budget, the Infrastructure Development Fund was developed to create jobs and stimulate long-term economic development through public infrastructure-related investments made by the Executive Office of Housing and Economic Development (HED) in consultation with the Department of Transportation (DOT). Roughly 28 projects will be under contract in January 2012 and commence construction in the spring of 2012.

Governor Patrick continues to support the MassWorks Infrastructure Program, the one-stop shop for municipalities seeking public infrastructure funding that supports economic development and job creation. Local cities and towns will see up to \$94.1 M in infrastructure-related public construction activity during the 2013 construction season through the MassWorks Infrastructure Program and the new Infrastructure Development Fund combined. Projects recently completed through MassWorks grants include:

- \$922 K to Plympton for Sysco to relocate to a new and expanded facility. The Patrick-Murray Administration leveraged a \$100 M commitment in private funds from Sysco as a basis for funding road improvements, facilitating the company's relocation. The private-public partnership will create 75 new jobs and retain 852 existing jobs;
- \$3 M to Lexington for public infrastructure upgrades along the Route 2 exchange with a \$350 M commitment from Shire Human Genetic Therapies. This upgrade helped facilitate the relocation and expansion of Shire's administrative, research development and manufacturing operations to the Lexington Technology Park. Shire has committed to creating a total of 585 jobs. To date, 414 jobs have been created; and
- \$1.3 M to Natick to help fund the design of improvements needed to Route 9. The commitment of funds was critical to ensuring MathWorks' obligation of \$100 M to develop its Natick campus and create an expected 560 permanent jobs. Natick also assisted in the development with \$750 K in Tax Increment Financing. To date, 210 jobs have been created and a number of projects at the MathWorks campus have been completed or are underway.

Regulatory Review

In support of Massachusetts small businesses, the Administration is leading a comprehensive review of the Commonwealth's regulatory processes. State agencies are currently reviewing a representative sample of their regulations, specifically those over 12 years of age, to seek opportunities to streamline or rescind state regulations and reduce burdensome regulatory impacts on small businesses. Recommendations should be announced in early 2012.

Economic Development Re-Organization

The FY 2013 budget builds on achievements from the recently-created Mass Marketing Partnership established in the Economic Development Reorganization Bill. The long-term goal of the new agency is to execute a more consolidated and coordinated marketing effort within the Commonwealth for both attracting and retaining tourists and businesses to the state.

The re-organization legislation also created Massachusetts Growth Capital Corporation (MGCC). In its first year, MGCC has provided \$13.8 M in loans to 38 companies and two micro-lender intermediaries, leveraging over \$36 M in private financing. Its entire portfolio, which includes projects financed through the Economic Stabilization Trust and Community Development Finance Corporation, consists of more than \$25 M in loans, and has leveraged \$162.6 M in private financing. Recently, the federal government awarded Massachusetts \$22 M in State Small Business Credit Initiative funds to support state-level, small-business lending programs. MGCC and the Massachusetts Business Development Corporation (MBDC) will distribute that grant to recipients.

Lastly, the re-organization allowed for the merger of MassDevelopment Financing Agency (MDFA) and Health and Educational Facilities Authority (HEFA), two quasi-public agencies performing nearly-identical functions, eliminating duplicative functions in order to generate savings. MDFA reports that the merger has saved \$2.7 M or 77% of operating expenses in the first year. That savings will allow the MDFA to provide more low-cost loans to a larger number of smaller, community-based non-profits in need.

Life Sciences Initiative

The Governor's FY 2013 budget provides up to \$15 M in funding to the Massachusetts Life Sciences Center (MLSC) and assumes that \$25 M in tax incentives will be funded to companies expanding their life sciences activities and creating jobs within the Commonwealth. The FY 2013 budget continues to make essential investments targeted towards job growth, business expansion, and new revenues for the Commonwealth by making additional funding available to MLSC in FY 2013 to provide research grants and accelerator loans to researchers and early-stage companies, continuing efforts to promote Massachusetts as a global leader in all stages of business development in life sciences industries, from discovery to commercialization.

Similar to previous years, the first \$15 M of any FY 2012 surplus will be made available to the Massachusetts Life Sciences Investment Fund held by MLSC. This funding mechanism has provided continuing state support to the Center for grants and loans, as well as supporting the operations of the agency.

To date, MLSC has invested and committed a combined \$219 M across all programs throughout the Commonwealth, leveraged approximately \$754 M through matching investments and created 1,965 jobs to date with an additional 5,437 jobs projected through current investments and commitments. Across all programs, the Patrick-Murray Administration's investments through the Life Sciences Initiative will provide a total of 7,402 jobs created by the end of 2013.

Workforce Competiveness Fund

The FY 2013 budget provides up to \$10 M in FY 2012 surplus funds to recapitalize the Workforce Competitiveness Trust Fund (WCTF), which will help support both grants for innovative approaches for training and re-employing the unemployed and efforts to create regional "Centers of Excellence" at community colleges or vocational schools.

Tourism

Calendar Year 2010 saw a return to pre-recession levels of the economic impact of tourism in the Commonwealth:

- Increases in tourist expenditures: \$15.5 B, up 8.2% from Calendar Year 2009;
- Total state and local tax revenues: \$1.006 B, up 10% from Calendar Year 2009;
- Increases in domestic and international tourists;
- 17.2 M domestic visits, up 5% from Calendar Year 2009;
- 2 M international visits, up 3% from Calendar Year 2009; and
- A 6% increase of international travel to the United States through November 2011.

To build on that momentum, the Patrick-Murray Administration plans to focus on increasing our competitiveness in the international marketplace by increasing our investment to the Massachusetts Office of Travel and Tourism by \$5 M. By doing so, we will continue to build on our natural strengths and our location as a gateway to New England.

Corporate Rate Reduction

In July 2008, Governor Patrick signed into law corporate tax reform, which provided a reduction in the corporate tax rate over four calendar years. On January 1, 2012, the final phase of the reduction lowered the rate of 8.25% down to 8.0%, resulting in an additional benefit of \$15 M for businesses this year. This reduction reflects the continued efforts of the Patrick-Murray Administration to improve the business climate by making Massachusetts' tax structure more competitive with other states and create a benefit for every corporate entity in the state, in spite of unprecedented budget challenges over the past several years.

Small Business Health Care Cost Containment

Under Governor Patrick's leadership, the Massachusetts Health Connector Authority has proposed to expand eligibility for the Small Business Wellness Subsidy offered through the Health Connector's Business Express program in FY 2013. Business Express helps small businesses (50 employees or less) struggling to survive the economy by simplifying the shopping experience to find affordable ways to offer health insurance to their

employees. The law today allows small businesses that buy health insurance through Business Express to get a 15% tax credit rebate that reduces the company's share of its employee coverage cost of health insurance premiums for their employees. In order for a small business in Massachusetts to be eligible, it needs to meet the criteria identified in the National Health Reform legislation. The Governor's FY 2013 budget would allow these small businesses to expand their tax credit rebate to cover family members who are also employees.

Quasi-Public Agencies

In addition to the capital program, other non-operating budget funding for job creation comes from the state's quasi-public partners, such as the Life Sciences Center, the Massachusetts Port Authority, the Clean Energy Center, the Massachusetts Convention Center Authority, MassDevelopment and the Mass Tech Collaborative. These entities are continuing to advance the Patrick-Murray Administration's objectives to create high-technology jobs that will be needed in the future, particularly in the life sciences and clean energy sectors.

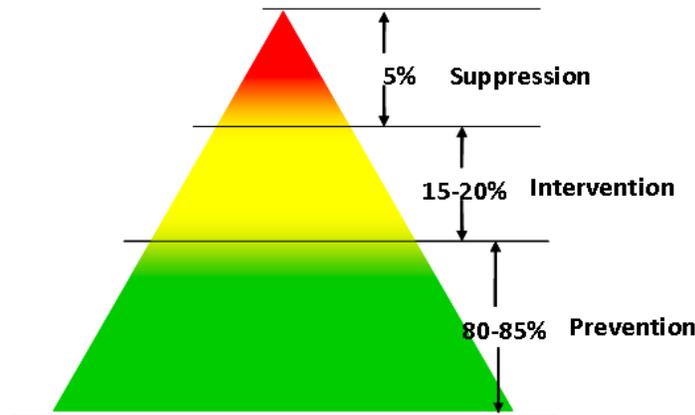


Positive Youth Development & Youth Violence Prevention

Under Governor Patrick's leadership, the Patrick-Murray Administration is working to end youth violence and promote positive youth development by prioritizing funding for programs and initiatives. In addition to targeted law enforcement efforts, the Patrick-Murray Administration has taken a two-pronged approach to creating a culture of opportunity for our youth: preventing and addressing violence, and providing services that enable our youth to make positive choices and lead productive lives.

Positive youth development and youth violence prevention crosses many programs within state government and coordinating these programs and outcomes will continue to be a primary focus in the FY 2013 budget. The Youth Violence Prevention Working Group, composed of representatives of relevant state agencies and the Governor's Office, have been meeting with municipal authorities, community based youth service providers, young people and youth advocacy groups over the past two years to invite their ideas and suggestions for best approaches and practices for promoting positive youth development and for preventing youth violence. Working with this community coalition, the Patrick-Murray Administration encourages a comprehensive public health approach to promoting positive youth development and preventing youth violence with a focus on a number of key programs in areas with the highest need.

Reducing youth violence in the Commonwealth requires three core strategies focusing on prevention, intervention and suppression. Prevention services are geared toward 80-85% of youth at risk for violence and include "alternative to violence" education programs to reduce the risk of youth becoming engaged in violence. Intervention services are focused on 15-20% of youth having a history of violent behavior and include protecting and supporting individuals impacted by violence and enabling positive change through skill building and development. Suppression focuses on 5% of youth engaging in violent behavior and includes arrest and detention.



Prioritizing Outcomes

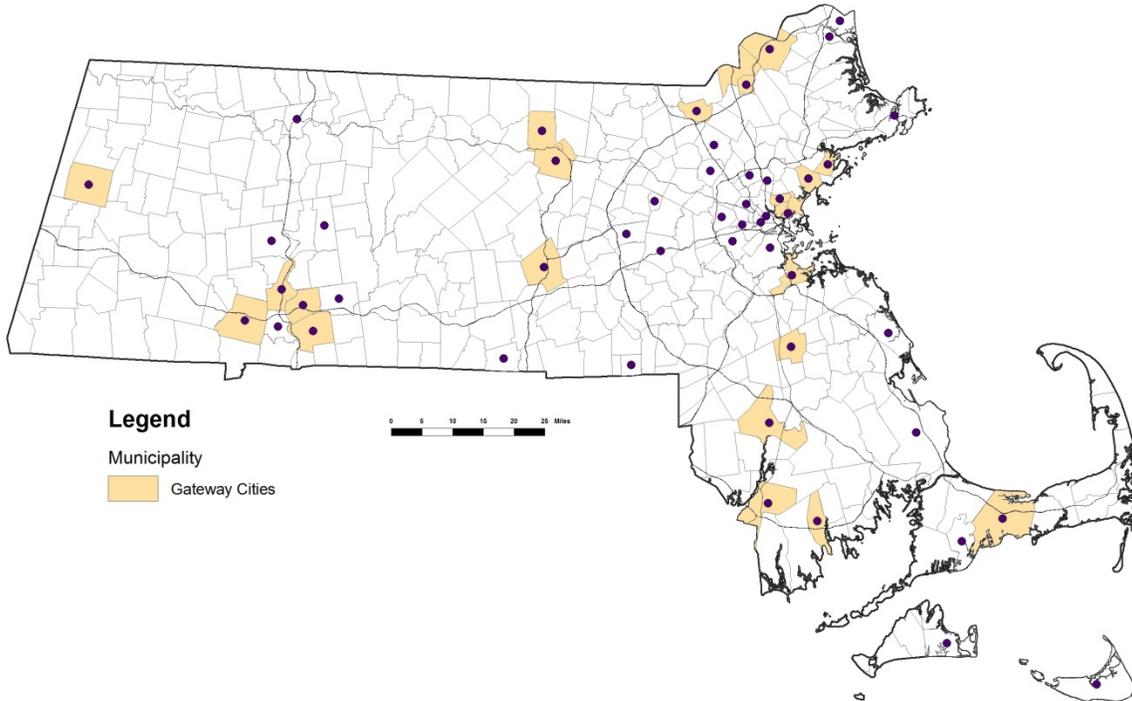
In FY 2013, Governor Patrick continues to prioritize funding for positive youth development and youth violence prevention programs for a total investment of \$35.5 M. Agencies awarding grants will work together and in partnership with communities to determine measures and outcomes for positive youth development. Ultimately, the reported data will be used to assess the success of our investments, ensure that funds are strategically aligned, and will allow us to target state resources to those grantees and programs that most clearly influence the lives of at-risk youth.

Deterring Youth Impacted by Violence

The state will continue to invest in the Safe and Successful Youth Initiative grant program to fill in gaps in services available for the highest risk populations. In FY 2012, grants were awarded to 11 cities for targeted intervention programs with high impact youth and their families. This grant program is a coordinated intervention strategy focused on young men (age 14-24) identified as a high risk for becoming perpetrators or victims of gun violence. Grants were allocated to Boston, Lynn, Lowell, Worcester, Springfield, Lawrence, Brockton, Chelsea, Fall River, New Bedford and Holyoke. The program focuses on communities with the highest number of youth homicides and serious assaults and allow for the flexibility necessary to meet different challenges in different communities. The goal is to ensure that a full continuum of services - trauma informed case management, intensive supervision, employment, education and health care - are available and coordinated in each city and are reaching the target population.

Additionally, the Governor will maintain funding for the youth violence prevention grants administered by the Department of Public Health. These grants target a wide range of at risk youth and seek innovative and constructive ways to address youth violence at the community and grassroots level.

Positive Youth Development and Youth Violence Prevention Grants by Location



Map includes grants awarded for Positive Youth Development and Youth Violence Prevention activities in the most recent grant cycle, but it does not include grants awarded by the Executive Office of Education which are disseminated statewide.

Creating More Peaceful Communities

While intervention activities will address violence in the short-term, long-term sustainability of a peaceful environment requires a community-wide embrace of prevention strategies known to restore peace. The Governor's strategy taps into methods demonstrated to be effective in promoting peaceful environments, including: building strong and engaged communities; providing structured positive out-of-school time activities for younger siblings and children of highest risk youth; acknowledging and addressing the impact of trauma on a neighborhood or community; and providing opportunities for youth leadership development and opportunities to learn alternative conflict resolution. In addition to the work already taking place in communities, the state will use its public health and public safety resources to ensure a coordinated approach to reaching young people before they become involved in violence.

The Department of Public Health will level fund Youth-at-Risk matching grants including funding for the Massachusetts Coalition of Boys and Girls Clubs, YMCAs, YWCAs and other out of school time programs. The Executive Office of Education will level fund After School and Out of School Grants.

Creating Better Opportunities

Providing youth with more opportunities to learn and work helps create peaceful communities. Youth who are engaged in educational activities or leadership development programs will likely have increased opportunities to build a healthy future.

The Executive Office of Labor and Workforce Development will increase support for summer jobs for at-risk youth in local communities and businesses as a way to offer subsidized work for at-risk youths. Distribution of these grants is the responsibility of the Commonwealth's 16 regional Workforce Investment Boards (WIB). These jobs bring with them educational and skill-building opportunities with the expectation of reducing juvenile delinquency in high-risk areas of the Commonwealth. Most of this funding is used during the summer months when there is greater demand for youth employment.

The Executive Office of Education will increase funding to YouthBuild and maintain funding to School to Career Connecting Activities. YouthBuild specifically targets low-income students (over 90% of YouthBuild participants are high school dropouts ages 16-24) to improve education, job training, leadership development and community services, while also building affordable housing for low-income residents. School-to-career connecting activities are designed to drive and sustain the statewide school-to-career system by establishing public-private partnerships through the 16 local WIBs to connect schools and businesses to provide structured work-based learning experiences for students that support both academic and employment skills attainment.

Getting Guns Off the Street

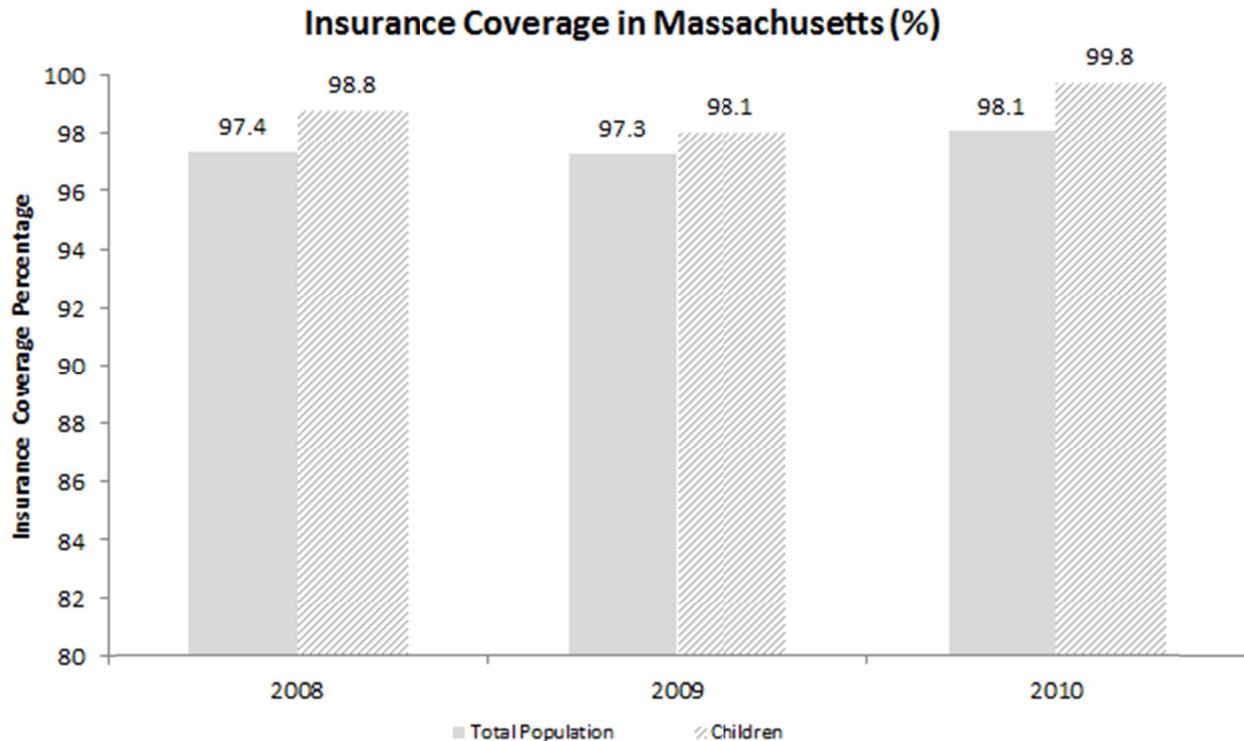
A comprehensive youth violence prevention strategy must include effective law enforcement intervention to protect the community from the most violent offenders, particularly those who use guns in gang-related violence and drug distribution. The Charles E. Shannon Jr. Community Safety Initiative Grants work to prevent gang violence and are targeted at communities with higher crime rates and at youth demographics considered more at-risk for crime. The Governor will again invest \$8 M in these grants, which may be utilized by local police departments to bolster their ability to respond to youth crime as well as local community groups that provided supportive services for at-risk youth.





Addressing Health Care Costs

The Commonwealth is a national leader in ensuring access to health insurance. More than 98% of residents have coverage, the highest rate in the nation with nearly all children (99.8%) and seniors (99.6%) insured. This state has been a model for the nation in expanding access to health care services, and now it is taking the lead in controlling costs and improving quality through payment and delivery system reform initiatives.

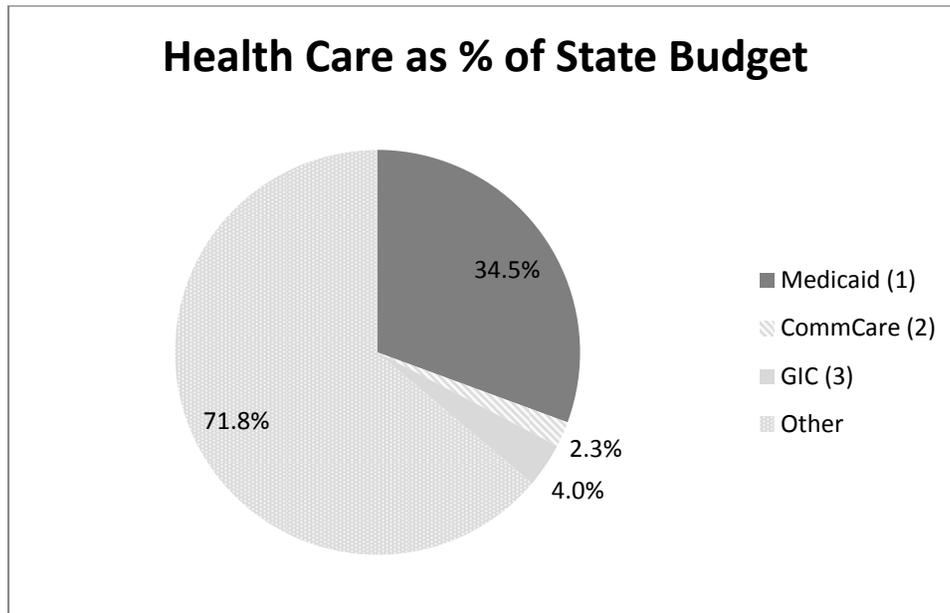


Source: Division of Health Care Finance and Policy

The Patrick-Murray Administration has carefully managed the financing of health care reform. Independent, non-partisan analysis underscores that the incremental state costs of health care reform have been moderate and in line with original expectations. Despite this achievement, the total costs of state-subsidized and employee coverage create a difficult challenge for the Commonwealth. These costs are occupying an ever-increasing share of the state budget as state revenues have declined and the recession has increased demand for subsidized insurance.

From FY 2011 to FY 2012 average enrollment growth in state subsidized health care programs is estimated to increase over 4%, most notably due to the planned integration of the Aliens With Special Status (AWSS) population into the Commonwealth Care program (see section on Commonwealth Care). Health spending growth for the same period is estimated to be approximately 3.5%. Holding the average annual growth in state subsidized health care costs to 3.5% is a significant achievement. The historic rate of growth in state subsidized health care costs from FY 2008 to FY 2011 grew over 8%. As a result of this growth and declining state revenue, health care spending for subsidized and employee coverage programs now account for close to 41% of the state budget. Based on long term forecasts conducted by the Executive Office for Administration and Finance, were health care costs to continue to grow at these historic rates, they would consume approximately 50% of state spending by 2020. Health care spending has crowded out key public investments that, among other things, likewise significantly impact the health and welfare of the people in the Commonwealth. The historic trends are also

unsustainable for local governments, businesses and families, forcing all of these groups to make difficult choices between paying for health care and other areas of potential investment.



Notes:

- (1) Spending for Medicaid and Commonwealth Care is not offset by Federal Matching Funds. In addition, Medicaid spending includes payments to Delivery System Transformation Initiative Payments to safety net hospitals.
- (2) Commonwealth Care spending includes the reintegration of the Aliens with Special Status into the Commonwealth Care program
- (3) GIC excludes municipalities which are included in the state's appropriation but are reimbursed by cities and towns for their costs

Health Care Cost Containment Efforts and Progress to Date

The Patrick-Murray Administration has taken a number of steps to successfully control health care costs to date and it is working. The Administration is moving aggressively to reform the entire health care payment and delivery system to ensure that health care costs are sustainable for government, businesses and families over time. The successful cost containment initiatives implemented to date and planned for FY 2013 with respect to the Commonwealth's subsidized and employee health insurance programs are described below.

In FY 2012, the Administration mitigated dramatic increases in health care costs, but also launched major reform initiatives. Government health care programs faced unprecedented challenges brought on by the impact from the economic recession that drove caseload to historic peaks and increases in health care program costs. Despite these cost pressures, Massachusetts achieved ground-breaking progress in health care cost containment. For many of the state's health care programs – Massachusetts Medicaid program (MassHealth), Commonwealth Care, the Group Insurance Commission (GIC), Municipal Health, and the Medical Security Program (MSP) – the current FY 2012 budget reflects bold changes to achieve significant cost savings while providing continued access to coverage and high-quality care. These programs are on track to reach nearly over \$900 M in savings in FY2012 and going forward. Below are just a few examples of our major achievements in FY 2012:

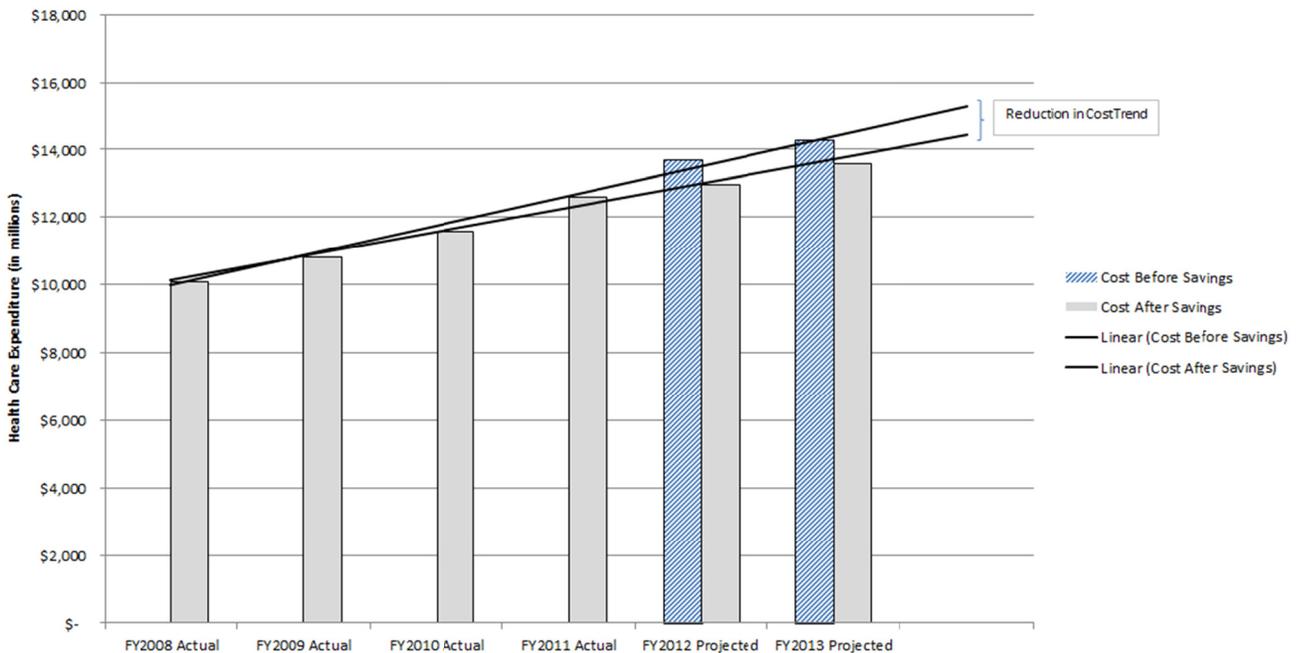
- *MassHealth* – MassHealth is on track to achieve almost \$588 M in savings through a variety of initiatives, including but not limited to rate restructuring, program integrity efforts, capitation cost control and payment strategies;
- *Municipal Health* – Municipal health care reform, signed into law by Governor Patrick in July 2011, is already helping municipalities achieve significant savings. The nine communities that have completed the new reform process as of January 15, 2012, have collectively saved more than \$30 M – putting this reform on track to far exceed the initial estimate of \$100 M for FY 2012 and going forward in savings for local governments statewide;

- *Medical Security Plan* – The competitive procurement for a new managed care insurance plan for unemployed individuals resulted in a 30% reduction in costs leading to a savings of \$16 M in FY 2012 and an annual savings of \$32 M;
- *Commonwealth Care* – A competitive procurement that provided incentives for *all* MCOs to improve their cost structures by rewarding aggressive, lower bids with membership allowed the Connector to accommodate projected enrollment increase with a flat budget (saving the program from growing by \$80-\$100 M); and
- *Group Insurance Commission (GIC)* – A new policy requiring employees to actively re-enroll in health insurance and incenting employees to switch to more cost effective limited network plans with three months premium holidays, led to \$20-30 M in savings. In addition, GIC has seen utilization decline and has realized some savings related to that phenomenon in FY 2012.

Bending the Health Care Cost Curve

The Commonwealth will continue to face health care cost pressures in FY 2013. In the FY 2013 budget the Patrick-Murray Administration proposes a range of reforms that continue to reduce costs but maintain coverage and access to quality health care. From FY 2012 to FY 2013, the administration is limiting increases in health care spending growth for MassHealth, Commonwealth Care and GIC to an aggregate of 5.1%, even after taking into account significant enrollment growth. The budget summaries for major government health care entities are described below.

Bending the Health Care Cost Curve¹



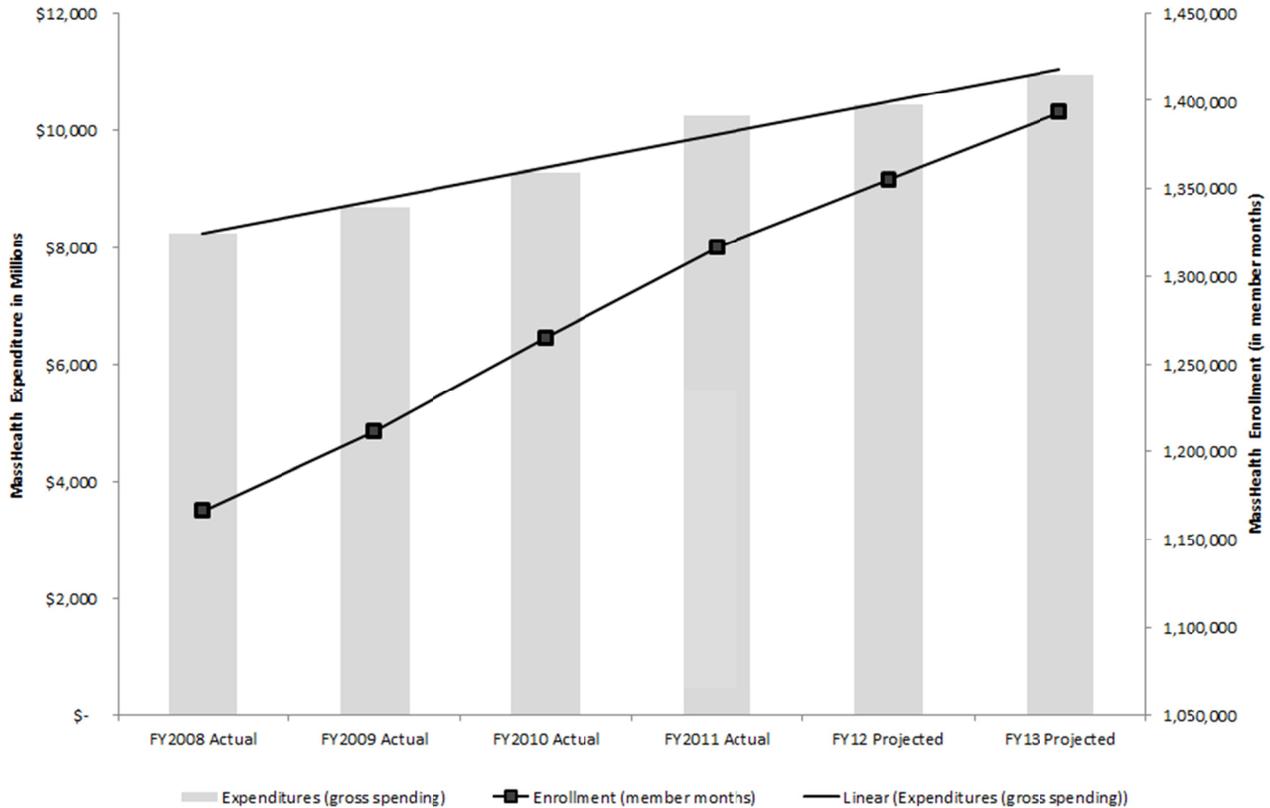
1) Costs and savings pertain to MassHealth, Commonwealth Care and Bridge, and the Group Insurance Commission

MassHealth

MassHealth provides comprehensive health insurance to approximately 1.3 million low-income Massachusetts children, adults, seniors and people with disabilities. The Administration’s FY 2013 budget includes \$10.951 B for MassHealth, allowing for approximately 5% spending growth from FY 2012 estimated spending to FY 2013. The Administration also plans to fund \$186 M in incentive payments to hospitals under the Delivery System Transformation Initiative, with the federal government providing half of the revenue to support the initiative. (See section on “Build the Foundation for Payment and Delivery System Reform” for more information.)

Enrollment and utilization account for most of the projected spending in MassHealth and are sensitive to changes in the economic climate. The FY 2013 budget is primarily driven by program wide projected enrollment increase of 2.8% or 38,000 member months.

MassHealth Expenditure and Enrollment Growth FY 2008 - FY 2013



In FY 2013, MassHealth plans to once again contain the growth in costs by using a variety of reforms and innovative management and contracting strategies and will also move aggressively on several initiatives aimed at transforming the delivery system and payment methods. MassHealth is also implementing a number of organizational and policy changes required for timely and effective implementation of the federal Affordable Care Act and to implement the delivery and payment system changes in the 1115 Medicaid Waiver.

Commonwealth Care

The Commonwealth Health Insurance Connector Authority (Health Connector) administers the Commonwealth Care program. In addition, for FY 2012 the Health Connector, along with the Executive Office of Administration and Finance and the Executive Office of Health and Human Services, oversees the Commonwealth Care Bridge program. Commonwealth Care provides subsidized health insurance coverage for nearly 160,000 adults under 300% FPL that are not eligible for MassHealth and do not have access to adequately subsidized employer sponsored insurance. The Commonwealth Care Bridge program, which will end in FY 2012, covers approximately 13,400 legal immigrants that have not met their five year immigration status. Funding for these programs is made available through the Commonwealth Care Trust Fund (CCTF), which is supported by the general fund and other dedicated revenue sources such as the cigarette tax and fair share and individual mandate penalties.

On January 5, 2012, the Supreme Judicial Court held that the Massachusetts statute limiting the eligibility of many legal immigrants for Commonwealth Care violates the equal protection provisions of the Massachusetts Constitution. The Health Connector is now faced with the challenge of re-integrating the Aliens With Special Status (AWSS) population into the Commonwealth Care program. The Health Connector estimates that over 24,000 new members, in addition to the 13,400 currently enrolled in Commonwealth Care Bridge, will become eligible for the Commonwealth Care program as a result. This may add as much as an additional \$150 M to the

annual cost of covering the AWSS population above the current spending on Bridge. Cost increase will likely begin to take effect in FY 2012 as AWSS members are reintegrated into the program.

Despite the cost pressure, the Patrick-Murray Administration is committed to fully funding the re-integration of AWSS. In an effort to close the budget gap for both FY 2012 and FY 2013, the Health Connector is developing an aggressive cost containment plan for Commonwealth Care focused on procurement savings and other reforms. The Health Connector's goal is to achieve this once again without relying on benefit cuts, member co-pay increases, or any other strategies that would severely damage the value of Commonwealth Care.

Group Insurance Commission (GIC)

The Group Insurance Commission (GIC) provides high value health insurance and other benefits to employees, retirees, and their survivors/ dependents of the Commonwealth and of certain of its public authorities. The GIC also provides health-only benefits to participating municipalities' employees, retirees, and their survivors/ dependents.

Looking ahead, the GIC will continue its focus on providing high quality health insurance coverage to its members while containing costs for the Commonwealth. Next year the GIC will embark on a major procurement of its health plans. It will solicit innovative strategies through this procurement to maintain coverage and quality of care while containing costs. This includes implementing the principles of payment reform and incorporating any changes required by national health care reform.

Total GIC spending in FY 2013 is \$1.665 B, inclusive of the \$435 M transfer from the State Retiree Benefit Trust Fund (SRBTF) which covers the cost of retiree health insurance. Spending specific to health insurance premiums and plan costs for active state employees, retirees, and employees of participating municipalities and authorities is \$1.582 B, a decrease of .3% from FY 2012 estimated spending. This includes an anticipated rate increase, and the addition of approximately 7,700 enrollees via municipal health reform. GIC has reduced spending for state only active employees premiums by 9% or \$66 M from FY 2012. The GIC was able to successfully reduce spending in FY 2013 compared to its original projection using several strategies, including leveraging the use of federal Early Retiree Reinsurance Program (ERRP) funds, and working closely with its health plans to negotiate a lower premium increase.

Department of Corrections Health Care (DOC)

The Department of Correction provides medical and mental health care to inmates and civil commitment populations in its care and custody. The Commonwealth has successfully contained the growth in inmate health care costs since FY 2008. Without cost containment measures, the cost of inmate healthcare would have increased by 31% since FY 2008, but DOC held that growth to 1% total over those six years. In FY 2013, inmate healthcare is proposed at \$98 M, essentially level funded from FY 2012 estimated spending, despite a projected growth of \$7.6 M over FY 2012. DOC plans to achieve savings through re-negotiation efforts with the inmate health care contractors and maximizing federal reimbursement opportunities for allowable costs.

FY 2013 Health Care Policy Initiatives

In FY 2013, Massachusetts is poised to once again provide a model for the nation by leveraging opportunities to control health care costs that: 1) promote care delivery in lower-cost, high-quality settings; 2) improve the coordination and management of care; 3) expand support for primary care; 4) place a greater emphasis on prevention and 5) promote innovative payment models that reward high-value care instead of high-volume care. With the scale of the health insurance coverage it purchases, the state is well-positioned to capitalize on this opportunity to foster innovation in the health care insurance and delivery systems and contain costs while maintaining coverage and improving quality of care. The state also has opportunities to achieve greater efficiencies and continuity of coverage within state-subsidized programs by aligning coverage standards and coordinating procurements. The Administration's major FY 2013 policy initiatives are described below.

Leverage Purchasing Power and Maximize Competition In State Health Care Contracts

- *Fully implement an integrated care model for both medical and behavioral health services for MassHealth members:* The FY 2012 behavioral health procurement was a competitive process that challenged bidders to manage costs but also provide innovative care management programs for MassHealth primary

care clinician (PCC) members. The procurement provided a framework for medical and behavioral health integration and a targeted care management program for patients with highly complex medical and/or behavioral health conditions. It utilizes core performance management principles to create balanced incentives for the vendor based on improved health outcome for MassHealth members. In FY 2013 MassHealth will oversee the ongoing implementation to assure that the vendor demonstrates not only improved member outcomes, but also greater compliance with evidence-based guidelines for a number of chronic conditions.

- *Promote market competition among Commonwealth Care Managed Care Organizations:* The Health Connector is preparing to launch another aggressive procurement for FY 2013 that builds upon the successes achieved in FY 2012. By harnessing the power of competition, its procurement strategy will again provide strong incentives for health plans to develop innovative coverage models that hold down costs while maintaining comprehensive, affordable benefits for Commonwealth Care members.
- *Re-negotiating State Office of Pharmacy Services Service Contract:* The State Office for Pharmacy Services (SOPS) provides comprehensive pharmacy services to public sector healthcare organizations in a cost-effective, clinically responsible manner. SOPS currently provides clinical and pharmacy services to the following agencies: Department of Public Health, Department of Mental Health, Department of Developmental Services, Department of Correction, Department of Youth Services, the sheriff's departments of Bristol, Essex, Franklin, Hampden, Hampshire, Norfolk, Barnstable, Dukes, Middlesex, Berkshire and Plymouth, and the Soldiers Homes in Holyoke and Chelsea. This encompasses 24,000 patients at 46 sites. The Administration plans to re-align the cost structure and service level of the current pharmacy services contract to achieve the goals of cost savings, maintenance of current clinical initiatives and retaining revenue streams through realigning the cost structure and service level. The current vendor has developed a savings estimate achieved through internal changes at the vendor and increased standardization and reduced service levels for each participating agency.
- *Re-negotiate current medical and behavioral health contracts under the Department of Corrections:* After commissioning a study that analyzed the current delivery of Department of Correction (DOC) inmate healthcare services and cost contributors to identify options for cost containment in FY 2012, DOC will use recommendations from the study to cut costs for inmate healthcare in FY 2013. The Administration proposes to renegotiate current contracts and seek greater transparency in the pricing and cost of inmate health care services and staffing.

Build the Foundation for Payment and Delivery System Reform

The Patrick-Murray Administration made significant strides in FY 2012 that strengthen the foundation for payment delivery system reform for the next fiscal year. On February 11, 2011 Governor Patrick filed "An Act Improving the Quality of Health Care and Controlling Costs by Reforming Health Systems and Payments". This bold, comprehensive payment and delivery system reform legislation will promote the transformation of the Massachusetts delivery system into an innovative care delivery and health care financing model. In December 2011, the Commonwealth successfully renewed the 1115 Medicaid waiver. Over three years, the waiver authorizes more than \$26.7 B in federally supported expenditures, allowing the Commonwealth to fully fund its landmark health care reform law and to implement integrated delivery system and payment reform initiatives.

In FY 2013, to fully support the goals of payment reform and to promote the transition to integrated care systems, the Administration proposes a number of reform initiatives that support a transition towards value based purchasing, including global capitation and bundled payments, and that promote evidence-based, high quality medical and support services. These initiatives are significant steps forward that replace traditional fee for service arrangements and build the foundation for the next stage of payment and delivery system reform.

- *Supporting Integrated Systems of Care for Hospitals:* The Delivery System Transformation Initiative (DSTI) will offer incentive payments to Medicaid safety net hospitals throughout the Commonwealth to fundamentally change the delivery of care to Medicaid members. Payments will be tied to measurable outcomes of transformation and quality. The ultimate goal is to develop alternatives to fee-for-service payment arrangements to reward care that is delivered in integrated systems of care unique to safety net populations and that achieve high quality care for these populations. Hospitals will be required to promote patient-centered medical homes among their affiliated primary care practices. The Administration plans to fund \$186 M in incentive payments to hospitals, with the federal government providing half of the revenue to support the initiative. Additionally, the Administration proposes \$20 M in Infrastructure Capacity Building grants to support delivery system transformation for non-safety net hospitals.

- *Invest in the infrastructure to transition government health care programs to alternative payment methods:* The Administration proposes to invest \$2 M in the MassHealth infrastructure to support implementation of payments to Accountable Care Organizations that demonstrate increased care coordination and integration across care settings and to support the development of innovative payment strategies that reward providers for high value, patient-centered care.
- *Integrate care and long term care and support services for dual eligible MassHealth members:* In 2012 the Administration will submit an innovative proposal to the federal government to provide integrated, coordinated medical care and to expand independent living and long-term services and supports for Medicaid members ages 21-64 that are also eligible for Medicare. The Duals Demonstration will provide a strong foundation for payment and delivery system reform in the Commonwealth by providing dually eligible MassHealth members with access to an integrated, accountable model of care and support services financed jointly with Medicare through global payments.
- *Launch a payment reform pilot program for managed care organizations (MCO):* A key initiative that MassHealth and the Health Connector are working together to explore for FY 2013 is the opportunity for a payment reform pilot. Specifically, the focus of MassHealth and the Health Connector's planning is on a "shared savings" model that will provide incentives for MCOs and providers to migrate towards alternative payment models that encourage better care coordination and accountability.
- *Build on the Success of the Primary Care Medical Homes Initiative (PCMHI):* Launched in FY 2010, the Administration has committed to assist 46 primary care practices, including community health centers, hospital-affiliated primary care offices, and group and solo practices, to transition into certified medical homes focused on integrated and patient-centered care. The Administration proposes to fully fund the initiative at \$10 M. There will also be \$3 M dollars in additional funding made available from the 1115 Medicaid waiver Infrastructure and Capacity Building funds to support the establishment of new Patient-Centered Medical Homes at community health centers. \$9 M will also be invested in higher rates for primary care providers and \$4 M will be invested in higher rates for outpatient behavioral health providers, recognizing the critical role of these providers as the foundation of a transformed delivery system. Finally, qualified "Health Home" expenditures are allowed under the Affordable Care Act for a 90% federal matching rate. Health Homes are designed to be person-centered systems of care that promote access and coordination of health services, behavioral health services, and long-term community services and supports. The Health Home model will expand on MassHealth's patient-centered medical home model by building additional linkages and enhancing coordination and integration of medical and behavioral health care. This initiative will generate \$10 M in new revenue for MassHealth due to the enhanced matching rate.
- *All Payers Claims Database:* Since 2010, the Division of Health Care Finance and Policy has been undertaking the development of an All-Payer Claims Database (APCD) to facilitate cost containment and quality improvements in the Massachusetts health care system. The Division anticipates significant use of the APCD in FY 2013 to achieve administrative simplification at other state agencies, as well as to help inform policy development and implementation for both public and private health care payers and providers. Over the long term, such policies are anticipated to reduce costs while improving quality. In addition to the health system benefits of the APCD, the Division anticipates additional FY 2013 revenue from APCD activities. This revenue will come from two sources: fees for sharing APCD data for public purposes, and federal financial participation (FFP) for APCD activities that directly benefit the Medicaid program. With respect to FFP, the Division anticipates seeking an agreement (Advance Planning Document or APD) with the federal Centers for Medicare & Medicaid Services to receive up to 90% match for specific eligible activities.

Leverage National Health Care Reform

The Patrick-Murray Administration is moving aggressively to prepare the Commonwealth to take full advantage of the federal health reform legislation, the Patient Protection and Affordable Care Act (ACA), and the major components of ACA as of January 1, 2014. To date, Massachusetts has received over \$186 M in funding as a result of the Affordable Care Act including \$36 M for an "Early Innovators" grant to develop the health information technology necessary to develop a real time, integrated eligibility system, and enhance existing Massachusetts systems in order to meet federal guidelines for an ACA-compliant Exchange. Massachusetts hopes to develop reusable technology components that may subsequently be leveraged by one or more of the six New England states participating in this collaboration. Some of the major national health care initiatives underway include:

- Developing strategies to leverage federal support to maintain expanded health care coverage and further decrease the rate of uninsurance through subsidized health insurance;

- Establishment grant applications to support the transition of the Health Connector to an ACA-compliant health benefits Exchange;
- Early Innovators work to develop technological solutions supporting real-time eligibility and determinations for Exchange and Medicaid expansion populations;
- In depth analytical work assessing opportunities for Massachusetts to leverage optional programs under the ACA to provide subsidized health insurance to residents;
- Investigating the implications of reinsurance, risk adjustment and risk corridors programs to the Massachusetts small and non-group insurance markets;
- Building a common eligibility system for Medicaid and other federal entitlement programs to simplify and streamline the Medicaid and all government subsidized health care program eligibility and enrollment; and
- Analyzing the impact of federal reform policies on the Massachusetts reform policies related to the individual mandate, the employer fair share contribution and other state policies.

Strengthen Community Long Term Care Services for Elders and Disabled

Long term care is the fastest growing spending category in Medicaid and provides critical services for elderly and disabled populations. Building on its commitment to the principles of Community First, the Patrick-Murray Administration is transforming the long term care services and supports (LTSS) system through the following core initiatives:

- *Duals Initiative*: The Duals Demonstration described above will enhance members' access to community providers of independent living and long term supports and services and provide a seamless, person-centered care experience that reflects the members' goals and supports independent living.
- *Money Follows the Person*: This \$110 M demonstration grant, made possible by the Affordable Care Act, will support Massachusetts's efforts to transition over 2,000 individuals from long-term care facilities to community settings by 2016 through the provision of resources for home and community based services, housing supports, and infrastructure development.
- Additionally, MassHealth will implement internal policies to ensure that members are being served in cost-efficient community settings that promote independence, consistent with the administration's commitment to Community First, and to increase utilization management and auditing activities in fee for service long term care programs. Innovative, performance-based payment methodologies will also be implemented in some community based long-term care programs.

Continue Program Integrity Efforts and Expand Audit Activities To Tackle Fraud, Waste And Abuse

MassHealth is undertaking a number of initiatives focused on ensuring that only eligible members receive services and that providers are only paid for appropriate services provided to eligible members. These efforts leverage enhanced data and field-based audit activities with a focus on program areas that have experienced rapid growth.

Reduce the Health Care Cost Burden for Small Businesses

- *Expand eligibility for the Small Business Wellness Subsidy offered through the Health Connector's Business Express program*: Currently, certain small businesses that purchase health insurance through Business Express and enroll their employees in a wellness program created by the Health Connector may be able to obtain a 15% rebate for the cost of their share of health insurance premiums for their employees. Eligibility for the wellness rebate is tied to eligibility for federal tax credits offered to small businesses under national health care reform. The Administration is proposing to maintain the rebate at 15% (a temporary increase in FY 2012 over the originally authorized level of 5%) and expand eligibility for the wellness rebate to include sole proprietors and small business employees that are family members of the business owners, so that more small businesses are able to take advantage of the wellness program while saving money on their health insurance.
- *Control health insurance costs through Division of Insurance's rate review process*: The Division of Insurance (DOI) will continue its efforts to examine the underlying factors driving health care costs when examining small group rate filings. To date, DOI has actively set appropriate limits to premium rate increases and prevented rates from increasing at an unaffordable pace for small group insurance purchasers. In the rate filing for the 2nd quarter of 2010, carriers filed for average weighted rate

increases of 16.3%, but DOI disapproved the rates as unreasonable, settled with carriers for much lower rates and saved small group purchasers approximately \$106 M in insurance premium costs. In DOI's second year of rate review, the average weighted rate increases fell to 9%. DOI has also taken steps over the past year to foster the development of more affordable health insurance products that will be more widely available in FY 2013. The majority of small group carriers will be required to offer select or tiered provider network products that have rates at least 12% less than the carriers' full network products. Certain carriers will also be offering health insurance through certified group purchasing cooperatives, which will offer wellness programs and negotiated small group rates that previously have not been available to small employers.

- *Medical Security Plan Procurement*: The success of the competitive medical security plan procurement completed in FY 2012, will annualize into FY 2013 at \$32 M in savings for the Medical Security Trust Fund (MSTF), and in turn, savings for small business employer who are the main contributors to the trust fund and program.

Improve the Health Technology Infrastructure

The Executive Office of Health and Human Services (EOHHS), Information Technology Division (ITD), the Health Connector and the Massachusetts e-Health Institute are developing a strategic implementation plan to align IT resources for national health care reform readiness and transition to payment reform. IT systems are evolving from segmented to integrated based payment methodologies. The Administration proposes three major components in the health care IT strategic plan:

- *Coordinate and facilitate the dissemination of Electronic Health Record (EHR) systems throughout the Commonwealth*: The Administration plans to continue the distribution of provider incentive payments through the Health Information Technology Trust Fund, which is funded at 100% federal reimbursement to encourage Medicaid health care providers to adopt, implement, upgrade or meaningfully use certified EHR technology. EOHHS plans to distribute \$125 M in funding in FY 2013;
- *Develop a secure and interoperable health information infrastructure that will allow providers, consumers and others involved in supporting health and healthcare to share clinical information securely and reliably (network of networks approach)*: Leveraging both state and federal funds the Administration is building technology infrastructure and services with the active participation of a multi-stakeholder Advisory Committee to enable secure end-to-end transmission of clinical and public health data. The goal is to better support patient care coordination as well as public health and quality reporting in order to improve outcomes and contain costs; and
- *Develop a Health Insurance Exchange (HIX) and Integrated Common Eligibility System (IES)*: The creation of an integrated Health Insurance Exchange is a major undertaking in the Administration's national health care reform efforts. The Health Insurance Exchange will help individuals and small businesses identify and purchase affordable coverage and provide the IT infrastructure to insure individuals with means based needs by providing Medicaid coverage or tax credits. The Exchange will also integrate eligibility and enrollment with Medicaid and other state health subsidy programs.

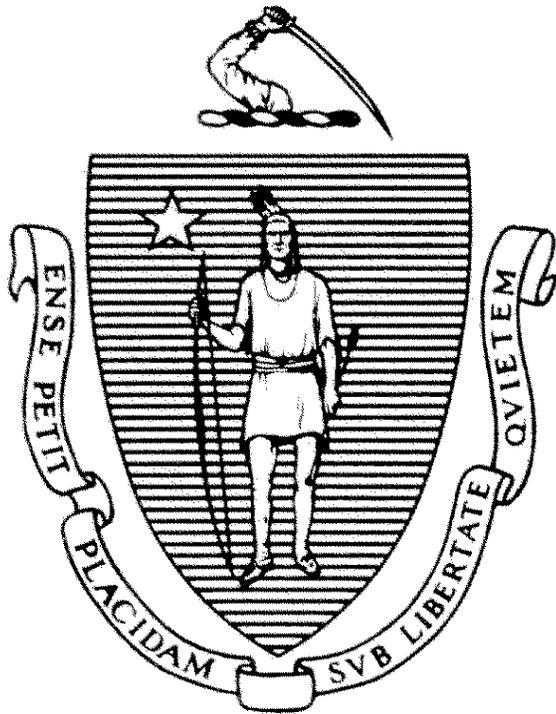
Promote Wellness

- *Investment in wellness programs for Commonwealth employees*: Promoting wellness is a further opportunity for the Commonwealth to manage health care spending by encouraging healthy choices among its employees and retirees. In the FY 2012 budget, the Group Insurance Commission (GIC) was tasked with developing a wellness program for its members. After a competitive procurement, the GIC has selected a wellness vendor and has developed a plan to implement this initiative in FY 2012 and FY 2013. The GIC will leverage federal Early Retirement Reinsurance Program (ERRP) funds to expand the reach of this initiative beyond the initial FY2012 investment.
- *Expand Smoking Cessation programs*: The Administration proposes to invest a total of \$5 M toward smoking cessation programs in government health care programs. The GIC plans to invest \$2 M of its federal Early Retiree Reinsurance Program (ERRP) funds toward smoking cessation programs. Commonwealth Care will receive an additional \$2 M and the Department of Public Health will receive \$1 M. A recent study published by the George Washington University School of Public Health shows that for every \$1 invested in the Massachusetts Medicaid (MassHealth) smoking cessation benefit led to an average savings of \$3.12 in cardiovascular-related hospitalization expenditures, so there was a net return of \$2.12 for every dollar invested.

- 1 The Governor's FY 2013 budget also proposes to increase the cigarette tax by 50 cents and to tax other tobacco products at the same rate as cigarettes.
- *Commonwealth Health and Prevention Fund*: The Governor's FY 2013 budget proposes eliminating the sales tax exemption for soda and candy. In addition to generating \$51.25 M for public health programs, the repeal of the sales tax exemption is an important step in discouraging overconsumption of these unhealthy products. The revenue will be directed to the new Commonwealth Health and Prevention Fund. Please see the Issue in Brief, "Health Promotion and Wellness Investments" for further information on the details on this proposal.

¹ Richard P, West K, Ku L (2012) The Return on Investment of a Medicaid Tobacco Cessation Program in Massachusetts. PLoS ONE 7(1): e29665. doi:10.1371/journal.pone.002966

Fiscal Year 2013 Issues in Brief



Changing the Way Government Does Business





Reforms to Local Housing Authorities

In the FY 2013 budget, the Patrick-Murray Administration proposes a series of reforms to address the governance structure, financial transparency and management of the state's public housing portfolio.

There are roughly 80,000 public housing units in Massachusetts, of which 50,000 are state funded. This public housing is the largest source of affordable housing for extremely low-income residents across the state. Many of the units are more than 60 years old. The combination of age and a lack of investment by prior Administrations has left much of the portfolio at risk of being uninhabitable.

Since 2007, the Patrick-Murray Administration has invested nearly \$400 M in capital improvements to the public housing portfolio in an effort to preserve public housing for those who need it most. The Administration has also increased operating subsidies to help maintain housing and will propose another modest increase in this budget.

As the Administration increases funding for public housing, it is also proposing a number of reforms to improve the management and increase efficiency and transparency of local housing authorities to ensure that we are meeting the goal of housing for low-income families.

Financial and Reporting Reforms

There are 242 Local Housing Authorities (LHAs) in Massachusetts. Each LHA is an independent authority, overseen by a Board of Directors. The Board is responsible for oversight of the finances and operations of the LHA. Most LHAs are funded by a combination of state, federal and local funding.

The proposed reforms recognize that while the state provides funding to LHAs, it does not directly manage or oversee the authorities' finances. These reforms focus on increasing transparency, setting standards in line with those of other independent authorities and reviewing the rules and penalties for non-compliance.

Enhanced Reporting and Financial Reforms

Governor Patrick will file legislation to eliminate compensation, where it exists, for LHA board members. Effective immediately via administrative action, the Department of Housing and Community Development (DHCD) will:

- Require LHAs with state public housing to provide DHCD with the top five salaries of the highest-paid management staff;
- Set a maximum salary for LHA Executive Directors;
- Require LHA board members to certify Executive Director salaries and detailed benefits every year when budgets are submitted. Boards also would be required to match payroll documents to actual expenditures;
- Cap annual salary increases at a level consistent with comparable municipal employees.
- Prohibit state subsidies from being utilized for Executive Directors' buyouts that are above and beyond what a state employee would be eligible for;
- Require reports to confirm monthly meetings occur and to confirm the attendance of board members;
- Make ethics and other training in best practices from the National Association of Housing and Redevelopment Officials (NAHRO), in collaboration with DHCD, mandatory for public housing employees and board members and required to receive state funding;
- Require more detailed auditing procedures including verifying director compensation and salary schedule, and work with the State Auditor to review and potentially revise their auditing process;
- Require year-end Financial Certification that would require Executive Directors to present year-end financials to their respective Boards. Boards and Executive Directors would then jointly certify and submit

statements to DHCD. Currently LHA Executive Directors and Fee Accountants complete and submit a form to DHCD certifying year-end financials;

- Re-examine delegated Authority for Procurement to allow authority for purchases, where they already exist, to continue to be delegated from the Board to the Executive Director, but that purchases above certain thresholds be required to be approved by the Board; and
- Deem any LHA which does not comply with all of DHCD's existing and enhanced reporting requirements a LHA "Not in Good Standing" with the Department. Make any LHA "Not in Good Standing" ineligible to receive state funding until current on all reporting.

Review the Rules

A comprehensive review of existing regulations, contracts and agreements that help DHCD manage the LHAs should be the final phase and should reflect all decisions and changes made regarding the actions presented above.

Changes in Governance and Management

Governor Patrick recognizes the importance of public housing in Massachusetts and has increased funding for public housing throughout his term. However, in light of recent events, he believes that reforms should be considered that will improve the accountability of housing authorities to the local, state and federal funders as well as to the residents, including whether to regionalize or otherwise consolidate oversight into fewer separate authorities. To this end, Governor Patrick will sign an Executive Order establishing a Commission on Housing Authority Governance Reform. The Commission will confer with public housing stakeholders in Massachusetts and in other states, and develop, within 60 days, recommendations to the Governor for ways to strengthen housing authority oversight.



Initiatives to End Homelessness

The Patrick-Murray Administration is committed to reforming the ways in which the state responds to homelessness and housing scarcity in Massachusetts. Facing an unprecedented level of demand for shelter and other emergency housing services, the Patrick-Murray Administration has sought to reform the state's housing and homeless programs to best target limited resources to families and individuals in the most appropriate, cost-efficient and effective fashion. The Governor's budget recommendation for FY 2013 proposes further changes to these programs and services while making critical investments in state affordable housing programs.

FY 2013 Budget Recommendations

The Governor's FY 2013 budget recommendation builds upon past successes and starts the next chapter of reform to the Commonwealth's response to family homelessness and housing instability. These efforts will help reduce the reliance on the shelter system as the primary response to housing instability and focus on reallocating resources to a housing support system that offers the types of assistance that families have demonstrated they need.

By targeting Emergency Assistance (EA) Shelter and HomeBASE to those who are truly in emergency situations and reinvesting in community based homelessness prevention and extremely low income housing programs, including Residential Assistance for Families in Transition (RAFT), Massachusetts Rental Voucher Program (MRVP) and Public Housing, the Administration continues to advance its *Housing First* approach to serve extremely low income families.

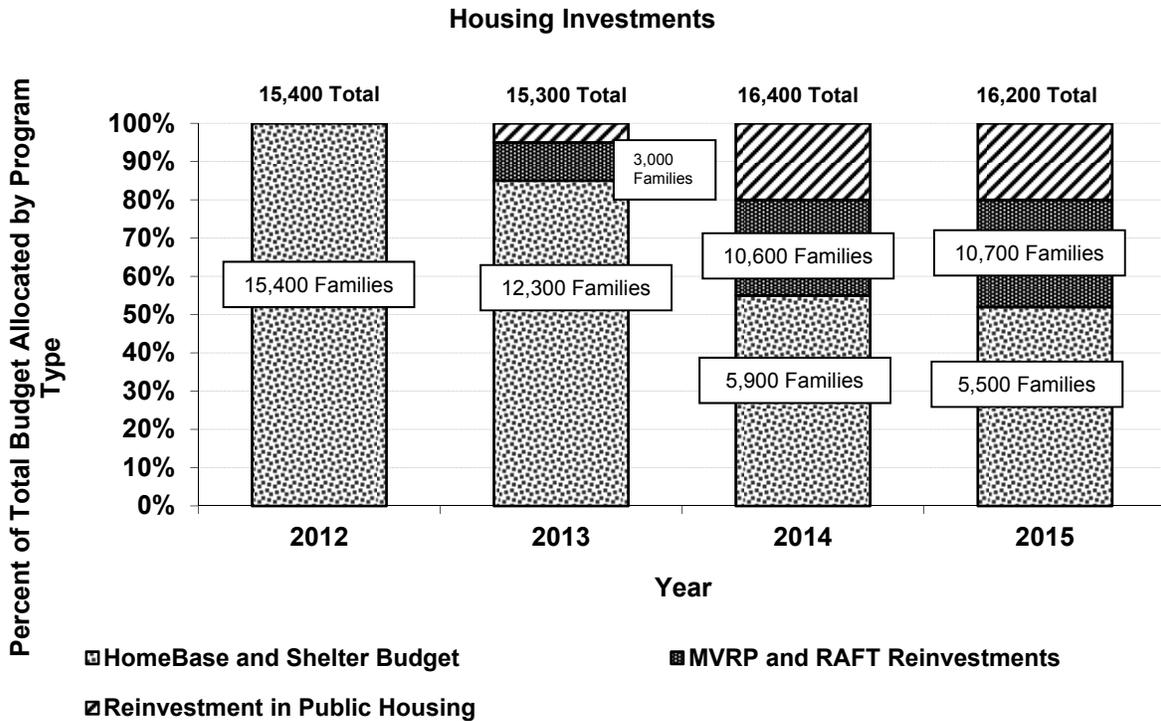
The Patrick-Murray Administration has demonstrated an unwavering commitment to combatting homelessness through ongoing reform initiatives and maintaining focus in the face of a historic structural gap between the income of extremely low income families and housing costs exacerbated by the global recession.

Lessons learned from the Interagency Council on Housing and Homelessness (ICHH), Regional Networks to End Homelessness and reforms to date, include the transfer of funding for homelessness services and shelter from the Department of Transitional Assistance (DTA) to the Department of Housing and Community Development (DHCD) in 2010, have provided critical data to help improve the Massachusetts Short Term Housing Transition Program (HomeBASE), which was launched in FY 2012.

The underlying design of the reform is based on the following principles:

- Continue to pursue the Administration's goals to advance *Housing First*;
- Provide cost predictability and cost containment;
- Provide a responsible emergency shelter safety net;
- Expand prevention programs and extremely low income housing resources across DHCD by building out its existing infrastructure;
- Align with new federal housing strategies that focus on rapid rehousing and prevention to be implemented through the HEARTH Act;
- Eliminate use of motels;
- Coordinate resources across DHCD Divisions; and,
- Strengthen ICHH Regional Networks.

The Governor's FY 2013 budget proposes an even more targeted emergency shelter system and cost efficient investments in community based prevention and housing programs. These programs will be available to extremely low income families experiencing housing instability which will include income-eligible families who do not qualify for Emergency Shelter. These resources will support prevention and rapid rehousing efforts to provide a more appropriate and cost effective housing response.



Reforms to Housing and Homelessness Programs

The Governor's FY 2013 budget recommendation proposes the following changes to housing and homelessness programs and reinvestments in community based prevention and extremely low income housing programs.

- *EA Eligibility:* Maintain a responsible safety net by targeting the EA Shelter system to families who are truly in emergency situations (lack of housing due to fire, natural disaster, fleeing domestic violence or evicted through no fault of their own).
- *HomeBASE:* Continue to utilize the household assistance benefit of up to \$4,000 to rapidly rehouse and stabilize EA eligible families and to serve families that exited shelter prior to FY 2013 that are receiving HomeBASE rental assistance and stabilization services.
- *RAFT:* Redesign this prevention and diversion program, which is capped and waitlisted, to target financial assistance to extremely low income families who are at risk of becoming homeless and help them remain housed. This would include families previously EA eligible that need assistance due to being asked to leave by a host family, overcrowded and evicted for cause. Administered through the existing infrastructure at the Housing Consumer Education Centers operated by the Regional Housing Nonprofits, RAFT will use triage and assessment methods to target families most at risk. The Governor proposes increasing funding for RAFT by \$8.5 M, for a total funding level of \$8.76 M in order to serve an additional 2,000 families.
- *MRVP:* Increase funding for MRVP, a capped and waitlisted program, which provides rental vouchers for extremely low income families, by \$10 M to support an additional 800 vouchers. \$1.6 M is dedicated to launch a supportive housing pipeline for families that need additional case management to ensure housing stability.
- *Public Housing:* Increase funding by \$4 M to support operating expenses of local housing authorities, ensuring units are kept online and stabilizing 48,000 households that currently live in state aided public housing.
- *Home and Healthy for Good:* Increase funding by \$1 M to support the continued success of providing permanent supportive housing for chronically homeless individuals.
- *Individuals Homeless Assistance:* Increase funding by \$939,000 to support shelters in the conversion to housing first and rapid rehousing models.



Investing in Community Colleges

The 15 community colleges that make up the Massachusetts community college system are essential contributors to the workforce development and the economic prosperity of Massachusetts. The community colleges provide relevant, affordable educational and career-focused training programs to prepare students of all ages for both the local job market and further academic study.

The community colleges currently serve as the linchpin of three central goals of the Patrick-Murray Administration:

1. Creating a 21st century workforce that will respond to local and statewide economic needs;
2. Reducing unemployment across the state; and
3. Closing the achievement gap.

Strengthening Massachusetts Community Colleges

Going forward, the mission of the Massachusetts community colleges will be to prepare students of all ages for the local job market by providing relevant, affordable education and training. The primary goal of the community college system will be to offer courses that are better aligned with employer needs and are also more standardized and transferable, across campuses. These courses combined with locally developed, industry-specific curricula will provide students with the education and skills they need to excel in their professional and academic careers.

The Governor's FY 2013 budget includes a \$10 M increase in total funding for community colleges. This additional funding aims to support local campuses in achieving these goals, conditioned on passage of reforms.

Reforms Proposed in the FY 2013 Budget

The Patrick-Murray Administration is proposing two strategies to build a more unified and coherent community college system:

1. Strategic Budgeting – The Board of Higher Education (BHE) will have the authority to allocate all state funding to the community colleges in alignment with systemic priorities.
2. Strong Leadership – The BHE will have the authority to appoint community college presidents and review their performance in accordance with systemic goals.

By implementing these strategies and also continuing the important work that we have already begun, our community colleges will be better positioned to achieve their primary mission – create jobs by offering high-quality training and certification programs so that students can immediately enter the workforce – as well as create robust pathways to additional educational opportunities.





Criminal Justice Reforms

Comprehensive Criminal Justice Reform

In the FY 2013 budget, the Governor proposes a comprehensive package of reforms that will dramatically improve the Commonwealth's criminal justice continuum: from sentencing to incarceration to re-entry. This multifaceted approach will protect the public from violent offenders and advance positive outcomes for individuals who have re-entered society from incarceration.

In addition to the public safety benefits, there are financial benefits for these reforms for state government and its taxpayers. The Commonwealth cannot afford the status quo of mandating lengthy incarcerations for individuals charged with minor drug offenses or duplicative post-incarceration supervision. The status quo will force the Commonwealth to build 10,000 new prison bed-spaces by 2020 which would cost between \$1.3 B and \$2.3 B to build and an additional \$120 M a year to operate. These reforms will reduce the costs of the criminal justice system and reduce crime at the same time.

The comprehensive package includes:

- *Sentencing Reform* which will improve public safety by reducing mandatory minimum sentences for non-violent drug crimes, imposing stricter penalties on violent and habitual offenders and increasing opportunities for parole and community supervision for appropriate offenders;
- *Corrections Master Plan* which establishes a cost-effective, strategic approach to investing in the correctional system over the next ten years by addressing the needs of special incarcerated populations and developing beds in less costly, lower security settings that can provide better venues for re-entry;
- *Re-entry and Community Supervision Consolidation* which provides more efficient and effective transition to the community for appropriate offenders with strong monitoring, accountability and support; and
- *Medium Security Prison Closure* which allows the Commonwealth to capture the operating cost benefits of sentencing reform by closing a facility and stepping down appropriate offenders into less secure facilities.

These reforms will improve public safety, reduce existing costs and avoid anticipated expenses associated with the growing prison population.

Without sentencing reform, the Commonwealth is limited in its ability to prepare inmates for re-entry into the community and to transition appropriate inmates to supervision, which is proven to provide better outcomes and reduce recidivism. Without the Re-entry and Community Supervision consolidation, the Commonwealth will not have a seamless continuum of services that will decrease criminal activity and victimization and reverse the extraordinary escalation of costs associated with duplication and inefficient administration of existing services. Without a plan for preparing inmates for re-entry, enhancing the use of post-release supervision and reducing our incarceration rate, the Commonwealth will have to abandon the targeted investment approach proposed by the Corrections Master Plan and begin to set aside \$1.3 B to \$2.3 B to build 10,000 new beds.

The Cost of Incarceration

Incarceration-related costs are placing strain on state budgets across the country. Massachusetts is no exception. The Commonwealth spends approximately \$47,000 per offender each year at the Department of Correction (DOC) and \$38,000 per offender at county jails and houses of correction. State funding for DOC expenditures has increased by \$125 M in the past decade, from \$431 M in FY 2003 to \$556 M in FY 2013 – a 29% increase.

Across the country, states are taking steps similar to those that Governor Patrick is proposing to improve outcomes for incarcerated offenders and lower corrections budgets. For example, to save an estimated \$46 M by 2014, Governor John Kasich (R-Ohio) signed legislation last year to give more discretion to judges in minor felony

cases and allow inmates to more quickly decrease the length of their sentence through earned credit programming.²

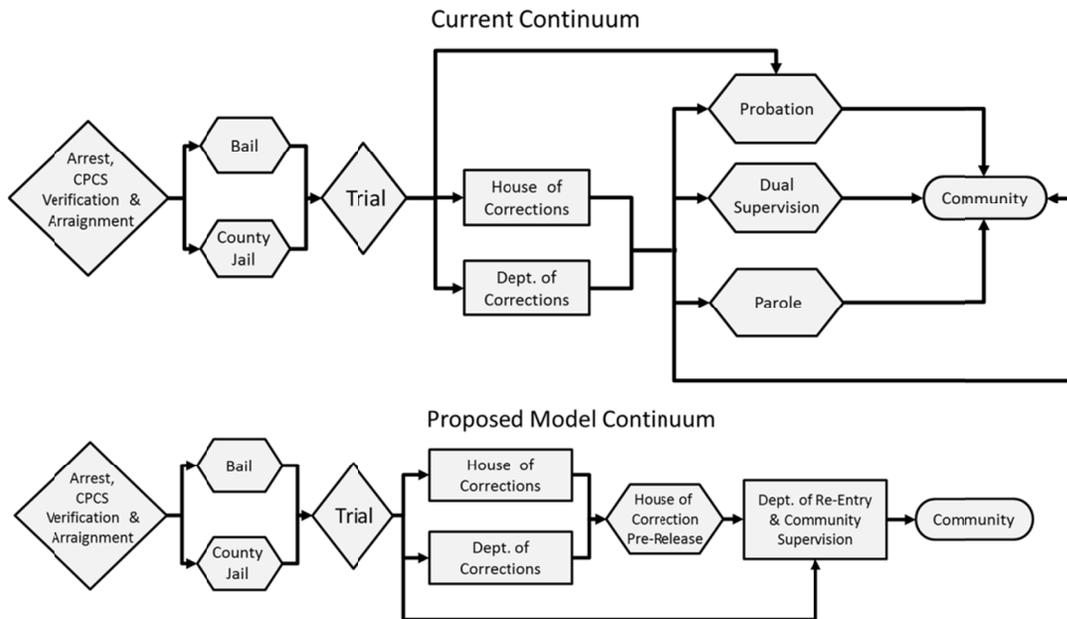
The Criminal Justice Continuum

The Patrick-Murray Administration proposes to make targeted operating and capital budget investments to improve re-entry and reduce recidivism by stepping incarcerated individuals back into society. In the current continuum, inmates on mandatory minimum sentences are often released from medium security DOC facilities into society without supervision or re-entry services, increasing the risk that they will commit new crimes. Other individuals are released under dual supervision of parole and probation, a duplicative, inefficient and ineffective approach to supervising offenders.

Between the Corrections Master Plan and the FY 2013 budget, the Governor proposes investing in re-entry:

- Planning the construction of 600 pre-release beds where individuals nearing the end of their sentence will have access to re-entry programming as well as jobs, housing and public transportation after incarceration;
- Investing an additional \$1.9 M in re-entry and implementing stronger collaboration between DOC and houses of corrections to transition inmates back into communities upon release; and
- Post-release supervision for all incarcerated individuals provided by the new Department of Re-entry and Community Supervision. First-time and low-risk offenders will continue to be supervised, as they are now, in the community as an alternative to incarceration (traditional probation). Others will be sentenced to serve terms in county or state correctional facilities and released via discretionary parole or receive mandatory supervision at the end of their sentence under the auspices of one oversight administration.

The diagram below shows the current path that individuals may take through the criminal justice system. The Governor’s FY 2013 investments move the Commonwealth toward the proposed model continuum where inmates successfully participating in re-entry programs are transitioned through security levels to county pre-release settings and then into the Department of Re-entry and Community Supervision to best prepare them for re-entry and reduce rates of recidivism.



² Fields, Reginald. "Ohio Gov. John Kasich signs sentencing reform bill that favors rehab over prison for non-violent felons." *Cleveland Plain Dealer* 29 June 2011: Web.

Sentencing Reform

In 2011, Governor Patrick proposed legislation to toughen criminal sentences for repeat violent offenders while repealing mandatory minimum sentences for non-violent drug crimes. Mandatory minimum sentences deprive judges of the ability to determine the appropriate sentence based on the facts of the case and the offender's criminal history. These policies often result in harsher and lengthier sentences, contribute to skyrocketing incarceration costs and contribute to racial disparities in the criminal justice system.

The House and Senate have both passed versions of habitual offender reform, and the Senate legislation includes mandatory minimum reform. The Patrick-Murray Administration continues to advocate for a balanced and comprehensive sentencing reform that:

- Reduces mandatory minimum sentences for non-violent drug offenders;
- Allows parole eligibility for already incarcerated non-violent drug offenders;
- Reduces school zones from 1,000 to 100 feet; and
- Provides work release eligibility for those sentenced under mandatory minimums.

Medium Security Prison Closure

Sentencing reform allows appropriate inmates to be stepped down into lower levels of security and community supervision. In FY 2013, the reform would allow an estimated 340 non-violent offenders under mandatory minimum sentences to be paroled and placed under community supervision.

The Commonwealth must close a prison to achieve savings associated with this reduction of incarcerated inmates. Without a prison closure, the Commonwealth will only save on items such as food or inmate health care, but it would still need to retain the same staffing levels for prison operation.

DOC will maintain its minimum security capacity to help transition and prepare the non-violent drug offenders who may receive parole supervision under sentencing reform for re-entry into the community.

Corrections Master Plan

The Corrections Master Plan is a blue print for the Patrick-Murray Administration's strategy to address prison overcrowding and escalating costs to house and care for inmates, while building on the Governor's comprehensive sentencing and supervision reform proposals. The plan includes recommendations for investing up to \$550 M to upgrade existing facilities and add new beds over ten years, a portion of which is currently included in the Five-Year Capital Plan.

Rather than building new facilities to accommodate the 10,000 new beds that would be needed without sentencing reform, the Master Plan calls for capacity improvements in existing facilities to gain as many as 4,200 beds. To minimize the construction of new beds over the next ten years the Master Plan proposes the following strategic investments:

- Regional women's centers and specialized regional sub-acute care facilities, which will eliminate redundancies in multiple existing facilities struggling to meet the specialized needs of small groupings of inmates;
- Community-based pre-release facilities to better prepare inmates for re-entry into their communities, providing a better chance for individual success and a lower rate of recidivism; and
- New general custody beds in regional and/or multi-jurisdictional facilities to provide more flexibility and enable the construction of fewer buildings to address the needs of multiple jurisdictions more cost-effectively.

Re-entry and Community Supervision Consolidation

The Patrick-Murray Administration's proposal to unify Probation and Parole under the Executive Branch in a new Department of Re-entry and Community Supervision (DRCS) will create a seamless continuum of services, decrease criminal activity and victimization, and reverse the extraordinary escalation of costs associated with duplication and inefficient administration of existing services within Probation.

By combining supervision of offenders in the community into one coherent organization, services and information sharing will be more efficient, accountable, effective and less expensive to administer. Furthermore, having all correctional responsibilities fall under the Executive Office of Public Safety and Security in the Executive branch (as it is in the vast majority of states) creates a seamless public safety system.

In July 2011, the Legislature passed legislation to standardize hiring rules for Probation Department officers and court officers to include testing, background checks, behavioral screening and proof that candidates have the minimum professional skills for the position. This legislation did not go far enough to address the waste and duplication currently at Probation. In contrast, Governor Patrick's proposed legislation, "An Act Reforming Re-entry and Community Supervision of Criminal Defendants and Offenders to Strengthen Public Safety," currently pending in the legislature, will unify Parole and Probation into one coherent organization, establish a clear offender accountability mechanism and reduce rates of recidivism, thereby saving millions of dollars in incarceration costs.

Indigent Defense Reform

The Governor's budget proposes to build on FY 2012 reforms to reduce the cost of indigent defense by \$19.6 M from FY 2012 projected spending in the Commonwealth's Committee for Public Counsel Services (CPCS), a judicial branch agency in the Commonwealth that is responsible for providing indigent defense. To more efficiently fund indigent defense, the Commonwealth reduced its high reliance on private bar advocates in favor of more cost-effective public defenders in FY 2012. This budget proposes to continue the promise of these reforms by again increasing public defender's caseloads so that 50% of cases are performed by public defenders and 50% are performed by private bar advocates. These reforms, along with earlier efforts, will have achieved over \$36.5 M in savings from FY 2011 spending.

The Governor's FY 2013 budget also directs the new Department of Re-Entry and Community Supervision to enhance efforts to verify indigency of clients to prevent fraud in the system. As highlighted by the recent Auditor's report on the Probation Department's current indigency verification process, the Probation Department has performed verification at a rate of "near total non-compliance." In a review of 119 cases, only 1.7% contained adequate documentation that court officials performed a required 60-day reassessment, and less than 1% had any evidence that a required six-month reassessment had been conducted. Furthermore, the report found they did not utilize the data and technologies the FY 2012 reform has afforded them to ensure indigency was being properly verified.

Given the Probation Department's low compliance rate and the lack of written standards for verification, it is imperative to implement changes to the system to protect both the integrity of the indigent defense system and the spending of taxpayer dollars.

Criminal Justice Commission Continuation

Established in the FY 2012 budget, the Criminal Justice Commission brings expertise from every stage of the criminal justice continuum to study a broad array of issues, including, but not limited to, parole and probation reform, sentencing guidelines, recidivism rates, prisoner classification systems and cost-effective corrections healthcare. While the Commission has made progress, the FY 2013 budget proposes to extend the life of the Commission so that it may effectively complete a report on legislative recommendations.

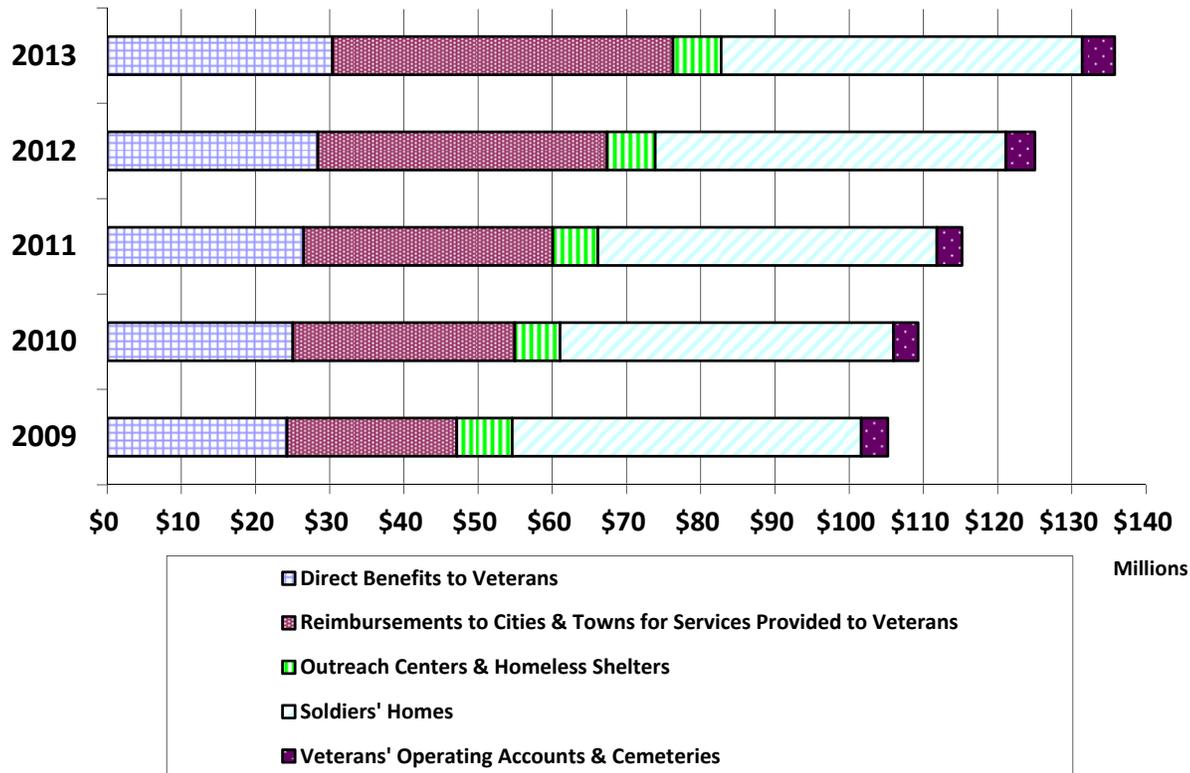


Support for Our Veterans

Massachusetts is proud to support its veterans, and the Patrick-Murray Administration has worked to protect funding for veteran services and benefits during difficult budget times. The Administration values veterans from all eras and has made supporting veterans a top priority. Because of the level of benefits the Commonwealth provides (such as tuition waivers at state colleges and universities, support for indigent veterans and expansion of the state's women veterans' network), Massachusetts is first in the nation in veterans' services. These services reflect the respect the Patrick-Murray Administration has for all that veterans and their families have done for our country.

The economic downturn has hit veterans hard. In 2010 the nationwide unemployment rate was 11.5% for post 9/11 veterans, with the rate as high as 26.9% for those between the ages of 18-24. These numbers reflect the harsh reality that veterans face here in Massachusetts. This is tragic, not only because of the special contributions of servicemen and women in the military, but also because of the special opportunity presented by the training, discipline and skill sets veterans have to be unique and productive contributors to our workforce.

Under Governor Patrick's leadership, the Administration launched an aggressive veterans' employment initiative in November 2011, which is reflected in the FY 2013 budget proposal. Services provided through the Department of Veterans' Services (DVS) and the Soldiers' Homes in Chelsea and Holyoke have been largely preserved, and in many cases, such as veterans' annuities and benefits, the FY 2013 budget helps state government meet the growing caseload demands.



Investments to Support Veterans

The Patrick-Murray Administration will continue to invest in programs that serve veterans and military family members in the FY 2013 budget. These programs will seek to employ veterans, improve the health of veterans and ensure veterans receive the benefits they deserve. Some of these initiatives include:

- Reimbursing cities and towns for 100% of homeless veterans' costs. DVS will now reimburse cities and towns with homeless shelters 100% for the services provided to veterans rather than the 75% previously reimbursed to cities and towns.
- Funding 100% of the benefit costs for newly qualified disabled veterans, Gold Star Parents and spouses. Starting in FY 2013, DVS will no longer pro-rate the first payment made to annuitants. Every veteran or family member will receive a \$1 K benefit when they first qualify for the annuities program. The Commonwealth will serve a projected 11,054 veterans in FY 2013 through the annuity program.
- Initiating an innovative partnership for veteran's jobs training with the Massachusetts Manufacturing Extension Partnership (MassMEP). The FY 2013 budget will include \$500 K to train and employ veterans in manufacturing who qualify for Chapter 115, a state statute that provides benefits for veterans.
- Formalizing the Veterans Quit Smoking Patch Giveaway initiative at the Department of Public Health (DPH). The FY 2013 budget will include \$700 K for the Veterans Quit Smoking Patch Giveaway initiative. This funding will make permanent the past successful pilot programs to offer free patches to veterans and military family members to help them quit smoking. This includes counseling through the quit-line and nicotine patches as well as an informational and promotional campaign. DPH anticipates serving 5,000 people through this initiative.
- Permanently exempting Gold Star spouses from property taxes. Spouses of those who have died in active duty will receive an extension to the property tax abatement. Currently, Gold Star Spouses are tax exempt for five years with a cap of \$2,500 per year in years six and on. This proposal will make the tax exemption permanent until the Gold Star Spouse dies or remarries.
- Increasing efficiency and delivering better services to veterans by combining three homeless shelter and outreach center appropriations, which cover over 30 outreach centers and homeless shelters, to achieve efficiencies. DVS will implement population-based, regionalized homelessness services. Outreach centers provide services to approximately 2,000 vets each year, while homeless shelters serve 2,936 homeless veterans.
- Preserving unique services offered by the Commonwealth's two Soldiers' Homes. The Soldiers' Homes in Chelsea and Holyoke will receive funding increases over FY 2012 to ensure continued levels of care. Overall, the Soldiers' Home of Massachusetts receives a 4% increase over FY 2012, and the Soldiers' Home in Holyoke receives a 1% increase over FY 2012. The administrative accounts at Chelsea and Holyoke will increase to support staffing and maintenance needs. The Soldiers' Homes will continue to serve approximately 430 veterans in long-term care and 330 veterans in dormitories, who require housing and medical assistance.



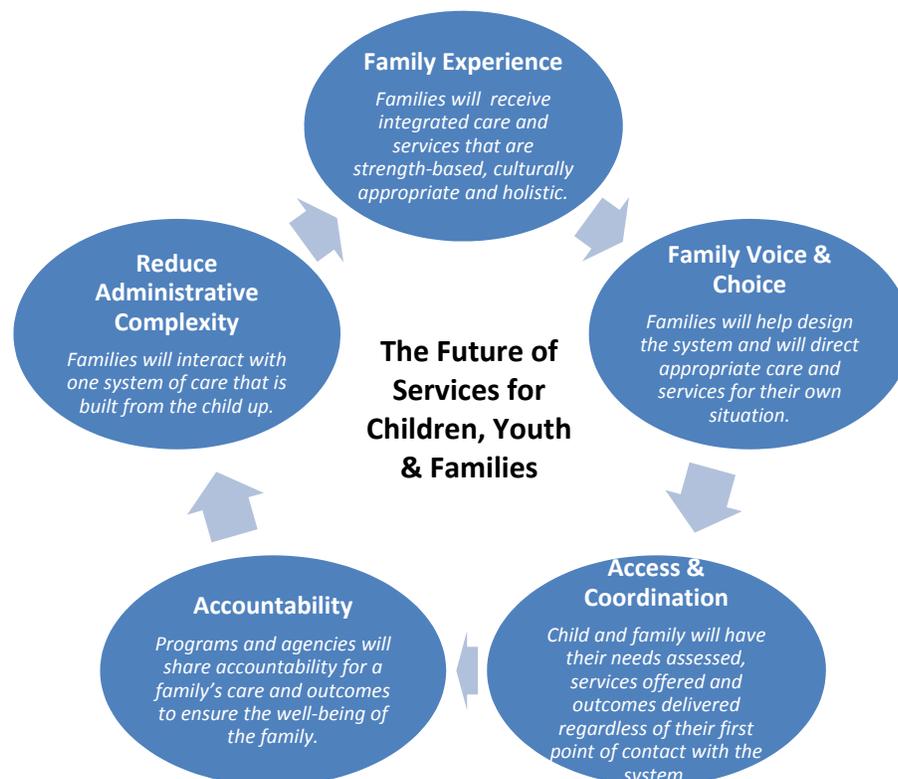
Improving Children, Youth & Families Services

Massachusetts serves thousands of children and their families every year through Children, Youth and Family (CYF) Services. These services focus on some of the most vulnerable populations in the state – those who come to state agencies in need of support and services as a result of abandonment, child abuse or neglect, delinquency, mental illness, poverty, substance abuse, disability and other special needs.

The Commonwealth's current approach to serving children and youth reflects individual agency missions to optimize services, programs and funding streams. This has created silos that make it difficult to comprehensively address children's needs because services are tied to specific eligibility criteria for a particular program or entitlement. Silos create gaps in services – agencies are compelled to fit a child to a program rather than create a plan that focuses on the whole child and family and their needs. Families have trouble identifying these programs and understanding how to enter them when they can't "diagnose" their children's problems and identify specific needs.

The Commonwealth needs to improve families' access to services, their overall experience and how agencies work together to understand and address each family's needs in a holistic fashion. Today, a child or family served by two or more agencies has multiple service plans that may be duplicative or even conflict, making it difficult for families to navigate the system.

To achieve better access to the services that children need, to better serve families and to improve outcomes for children and families, a system of care must be developed that is comprehensive, better integrated and coordinated across government and with programs delivered in communities.



Key Opportunities for Improving for CYF Services

Over the last year, the Patrick-Murray Administration invited feedback and participation from a wide range of interested stakeholders including parents, youth, legislators, providers, advocates, union representatives and others. The Executive Office of Health and Human Services (EOHHS) convened a CYF Advisory Committee, composed of a diverse group of stakeholders, to develop and prioritize recommendations on how to improve services and service delivery for children and their families. The recommendations include:

- Develop system-wide vision, language, planning, processes and governance;
- Improve access to information and resources and simplify families' interactions with the system;
- Enhance the eligibility process;
- Coordinate services and plans across CYF programs;
- Strengthen coordination across the education system and CYF services;
- Optimize joint local, state and federal funding;
- Ensure workforce competency; and
- Define CYF performance outcomes and reporting.

The Advisory Committee will remain active in developing a detailed, multi-year roadmap to improve the CYF service system. The Advisory Committee, representing a diverse body of stakeholders, will play a major role in finalizing implementation strategies and monitoring implementation.

Immediate Action Steps for Moving Forward

These reforms will require years of continued effort, investment and commitment across state government and among stakeholders. To ensure successful implementation of the recommendations, the FY 2013 budget invests \$2.9 M in new funding and leverages \$4.5 M in existing funds to begin implementation of the CYF Advisory Committee recommendations. This will strengthen interagency coordination and collaboration within EOHHS and between EOHHS and the Executive Office of Education (EOE). Immediate efforts include:

- Enhancing Information and Resource (I&R) telephone and web based systems for families accessing support or services offered by the Commonwealth to create one phone number and web address for families seeking services;
- Enhancing existing resource centers and developing Family Access Centers to ensure families have one front door to state services;
- Implementing interagency data-sharing procedures;
- Coordinating services among CYF-serving agencies within EOHHS; and
- Establishing regulations to expand coordination and communication between EOHHS and EOE, including information-sharing procedures.

The FY 2013 budget highlights the Patrick-Murray Administration's commitment to implementing the CYF Advisory Committee recommendations and strengthening interagency coordination and collaboration. The FY 2013 budget requires EOHHS to review existing authority and to develop systems to share data among its agencies to the extent permissible under federal law, and mandates that within 90 days of passage of the budget EOHHS and EOE convene an advisory council to develop recommendations for regulations to allow appropriate data sharing between state and local education authorities about students served by EOHHS agencies.



Investing in Our Communities

The FY 2013 budget continues the Patrick-Murray Administration's unprecedented support for cities and towns. Major reforms achieved in FY 2012, particularly municipal health reform, will continue to advance and have even greater impact for municipalities in FY 2013. **The Administration's approach to FY 2013** also includes additional tools to support municipalities in managing through this fiscal crisis and beyond.

Municipal Health Care Reform

Municipal health care reform, signed into law by Governor Patrick in July 2011, is already helping municipalities achieve significant savings. More than 50 communities have taken steps to address their health care costs in one of several ways: reaching agreement through traditional bargaining, using the new reform's decision-making process to make changes, adopting the new local option reform or scheduling local votes for the coming months.

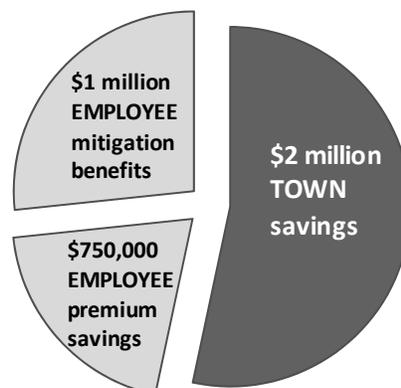
The nine communities that have completed the new reform process as of January 15, 2012, have collectively saved more than \$30 M – putting this reform on track to far exceed the initial estimate of \$100 M in savings for local governments statewide. In the first year, more than \$16 M of these savings are being realized by local governments, and more than \$13 M by local employees through premium reductions and mitigation benefits.

A dozen other communities have come to agreement through traditional bargaining since Governor Patrick changed the municipal healthcare conversation by proposing the new reform in January 2011, collectively saving another \$30 M in the first year of those agreements based on current information.

Success story: Town of Arlington

In August 2011, just weeks after the Governor signed municipal health reform into law, the Town of Arlington and its Public Employee Committee used the new state negotiation process to agree to join the Group Insurance Commission (GIC). Both the Town and its employees will see significant savings in 2012.

Arlington: \$3.75M Savings for Town and Employees



Local Aid

Aid to cities and towns, or local aid, represents approximately 16% of the Commonwealth's annual budget. In FY 2013, local aid programs account for \$5.2 B, which reflects the Patrick-Murray Administration's unprecedented commitment to a strong partnership between the state and its cities and towns:

FY13 Governor's Issues in Brief

- The FY 2013 K-12 Chapter 70 funding is \$4.136 B, the highest level of state K-12 education funding in history and a \$145 M increase over FY 2012 to ensure that all districts are fully funded at foundation levels and that all districts will receive equal or greater funding than FY 2012;
- The Chapter 90 Local Road Program will be funded at \$200 M for the second year in a row, \$45 M more than FY 2011 and \$80 M more than the last year of the prior administration;
- Unrestricted General Government Aid (UGGA) will be level-funded at \$833.9 M. For the second year in a row, an additional payment of \$65 M will be made should sufficient surplus funds be available from FY 2012;
- **The budget invests \$7 M** for a second round of the Community Innovation Challenge Grant Program to provide financial support for one-time or transition costs related to innovative regionalization and other efficiency initiatives in local governments;
- **The budget invests \$200,000** for the development of a program to enhance performance management, accountability and transparency for local governments. This initiative will be overseen by municipal officials and administration officials with the support of the Collins Center for Public Management at UMass Boston;
- Funding for the special education circuit breaker, which goes directly to municipalities, is maintained at \$213 M, which was increased last year by \$80 M;
- Level funding of State Owned Land (PILOT), Regional School Transportation, Charter School Reimbursements and Library Aid;
- Caseload-driven increases to Veterans' Benefits and Tax Reimbursements to Veterans, the Blind and Widows; and
- Veterans' homeless shelter reimbursement increase of \$872,000 over FY 2012 spending, as the Department of Veteran Service's will now reimburse cities and towns for 100% of the costs they incur for the homeless shelter benefits they provide to veterans, instead of only reimbursing 75% of such costs.

Additional Initiatives for Fiscal Year 2013

- The GIC will offer two entry opportunities for municipalities to enter into the state health care system, making it easier for some municipalities to achieve health insurance savings sooner than they otherwise would.
- The Administration will continue to support initiatives to enhance sharing and flow of business information between state government and municipalities, identify opportunities for state government to provide IT services directly to local government (such as providing services at the new Springfield Data Center), and create optimized procurement for IT contracts that best serve municipalities.
- The new Municipal Procurement Program within the state Operational Services Division (OSD) will help municipalities save money by purchasing items through statewide contracts that leverage purchasing power and save money. OSD is now working with local government stakeholders to develop procurement opportunities for school buses and heavy equipment vehicles.

Expanded Gaming Law Benefits for Local Governments

The new expanded gaming law includes benefits for local governments. All tax revenue received from licensing fees for slots will be dedicated to local aid. As soon as a casino is operational, 25% of its total tax revenue will go directly to local aid. Successful applicants for a gaming license must demonstrate how they will protect the lottery from any adverse impacts. The law also creates a Community Mitigation Fund to help cities and towns impacted by a new gaming development, an Education Fund to help pay for K-12 and higher education programs, and a Local Capital Projects Fund. We cannot count on any revenue in FY 2013. While possible licensing fee for slots would be received in FY 2013, the first \$20 M of any licensing fee revenue received must be used to reimburse the state for start-up costs incurred to implement the gaming legislation.



FY 2013 Budget Recommendation

Issues in Brief

Deval L. Patrick, Governor

Timothy P. Murray, Lt. Governor

Government Accountability & Transparency

During the past five years, the Patrick-Murray Administration has made the difficult choices needed to maintain the state's financial health and ability to invest in its future. As part of this effort, the Administration has looked closely at what it was doing and how it was doing it – and pursued reforms to improve the way it operates and delivers services.

Improving performance, however, is not just a response to ongoing fiscal challenges. It is about much more than simply dollars and cents. Trust in government has declined. Too many people feel that our democratic institutions are not working. For that reason, the reforms and investments being made in improving state government are therefore aimed not only at enabling resources to be used more wisely and efficiently, but also to help rebuild trust in government by making it more accountable and transparent to the people it serves. This Administration considers it a core responsibility to leave a more effective and open state government to future generations. This commitment is a fundamental element of the social compact between one generation and the next.

Initial Efforts to Improve Performance, Accountability and Transparency

The Patrick-Murray Administration initiated a statewide performance management program to implement its agenda. The MassGOALS (Massachusetts Government Outcomes to Achieve Long-Term Success) initiative proved an important tool in allowing Governor Patrick to align operations and resources around key priorities and to track the progress of executive departments in achieving these outcomes. As part of this effort and to comply with legislative mandates, Secretariats, such as the Executive Office of Health and Human Services (EOHHS) and Massachusetts Department of Transportation, also developed their own strategic plans and performance management frameworks.

Improved performance and coordination of state government activities has also been facilitated by the Administration's effective management of the funds of the American Reinvestment and Recovery Act (ARRA). The Act provided over \$7 B in grant funding to state agencies. Effective management of all Massachusetts ARRA funds required the Executive Office of Administration and Finance (ANF) to mobilize and coordinate responsibilities across government through a dedicated program management office.

Building on these successes, Governor Patrick proposed and the legislature supported the establishment of the Office of Commonwealth, Performance, Accountability and Transparency (CPAT) in the Executive Office of Administration and Finance in the FY 2012 budget.

The Office of Commonwealth Performance, Accountability and Transparency

CPAT was formed to execute nation-leading strategies for improving performance and transparency, maximizing federal grants, reducing fraud, waste and abuse and informing financial planning by using the latest economic and caseload forecasting tools. Beyond the progress being made to use performance management noted below, CPAT has had some notable successes during the first six months of the fiscal year. These include:

- Enhanced coordination of federal grants – leveraging experience in coordinating ARRA funds to secure and maximize federal dollars and ensure compliance with federal requirements;
- Public engagement and transparency enhancements – launching the State's Open Checkbook website in December 2011, which details spending information, including payrolls and pensions;
- Program Integrity – making permanent the Lt. Governor's Task Force on fraud, waste and abuse; creating a new unit within CPAT to support the Task Force and coordinate efforts throughout government, including with other offices such as the Auditor and Attorney General; and

- Caseload and Economic Forecasting – establishing the legislatively-required Advisory Board; developing a standard process and reporting templates for the caseload forecast updates mandated by legislation; beginning to work with high impact service areas, such as MassHealth, to review and develop caseload forecasting methodology; implementing formal tax revenue forecasts; and applying results into a five-year financial planning model.

The Governor's Priorities – using performance management to drive success

Alongside proposing the creation of CPAT in his FY 2012 budget recommendation, Governor Patrick set out four priorities for his Administration:

- Job creation;
- Closing the educational achievement gap in schools;
- Containing health care costs; and
- Reducing youth and urban violence.

During the past sixth months, CPAT has established a collaborative relationship with the Collins Center at UMASS Boston and worked closely with executive departments to develop strategies to achieve these priorities. CPAT and Secretariats have taken a cross-agency collaborative approach to developing strategic plans – bringing together stakeholders across state government to develop focused and integrated strategies to address these pressing challenges.

For example, to support job creation, a comprehensive strategy was developed working across state agencies and with external stakeholders, such as the Economic Development Planning Council, to develop a job creation framework. The strategy calls for a range of actions including:

- Improving workforce skills;
- Aiding innovative sectors of the economy;
- Nurturing a better business climate by reducing unnecessary regulation; and
- Building supportive infrastructure to spur regional economic development.

To support this strategy, targeted investments were identified that could make a difference. To support job-creating infrastructure, the state's FY 2013 capital budget will invest more than \$3.4 B in capital projects and \$94.1 M will be invested in local infrastructure via the MassWorks Infrastructure Program.

The FY 2013 budget will also support skills and innovation, including:

- \$15 M in funding for the Massachusetts Life Sciences Center; and
- \$10 M in funding to recapitalize the Workforce Competitiveness Trust Fund (WCTF) to support grants for innovation in training and re-employment programs.

Our new strategies to close the educational achievement gap across the public education system from birth through higher education will build on the progress made by the Administration in implementing the landmark *Act Relative to the Achievement Gap* legislation (signed by Governor Patrick in January 2010). In addition, these strategies will complement ongoing initiatives such as the implementation of our Quality Rating and Improvement System in early education, our K-12 Race to the Top plan, and our higher education Vision Project.

Several FY 2013 education proposals are based on one important premise: the Commonwealth cannot close the persistent achievement gap without addressing the impact of poverty and other factors on student engagement, achievement, and success. The FY 2013 Budget recommendation dedicates an additional \$9.9 M of funding for achievement gap priorities in the Commonwealth's 24 Gateway Cities. In addition, the Administration will continue to maintain high levels of funding for early education, Chapter 70 aid to our communities and our public institutions of higher education.

Reducing the cost of health care and health care spending requires a similarly strategic approach so that access is maintained and quality is improved, while we reduce costs. The Administration's strategy calls for greater integration and patient-centered care, reform of payment methods to reward outcomes and enhancing consumer engagement. Highlights of the Administration's actions to implement this strategy include:

- Building the foundation for a new payment and delivery system through, for example, payment reform demonstrations with providers like the state's safety net hospitals and managed care organizations in the MassHealth and Connector Authority's Commonwealth Care program;
- Leveraging the state's purchasing power and maximizing competition in state health care contracts;
- Strengthening community based long-term care services for the elderly and disabled persons; and
- Expanding efforts to address fraud, waste and abuse in state health care programs.

To reduce youth violence, the strategy brought together education, public safety, public health and municipal officials to develop a suite of interventions to prevent violence and to address its aftermath. The strategy calls for offering positive opportunities for youth development, reducing access to firearms for young people and supporting the victims of violence. The Administration also recognizes that investment is needed and for that reason, Governor Patrick prioritizes \$35.5 M in funding for youth development and youth violence prevention programs in his FY 2013 budget recommendation. This includes funding for the Safe and Successful Youth Initiative (SSY) grant program which supports coordinated intervention strategies for young men at risk of violence in 11 cities across the Commonwealth.

Going forward, Governor Patrick will track progress in achieving successful outcomes in each of these priorities. He is committed to measuring the progress toward achieving these goals and using performance management to inform further efforts.

The Next Phase of CPAT Reforms

The early activities of CPAT have put in place the foundation necessary for success in each area of its responsibility. The Administration proposes to invest \$500,000 in the FY 2013 budget to enable CPAT to continue to drive progress in these areas. Outcomes will include delivering greater efficiencies, enhancing public engagement, securing additional federal resources and using better evaluation of programs and spending to improve results for the people of the Commonwealth.

Performance Management

Reforming the way state government operates by instituting performance management requires a long-term approach and leadership across state government. Governor Patrick is therefore proposing in the FY 2013 budget recommendation the establishment of an office in each Secretariat dedicated to embedding the principles and practices of performance management. Within each Secretariat, these Offices of Performance Management will be required to produce strategic plans for their Secretariats, set goals and measure progress against those goals – working closely with CPAT to develop and execute these plans. Taken together, the strategic program goals identified by Secretariats will constitute the collective goals of the Administration.

A similar initiative has been proposed by Senate President Therese Murray in financial reform legislation she authored (S1900) and which the Senate passed last year. Additionally, two Secretariats, Housing and Economic Development and Transportation, have already been required to create such offices in recent legislation. The Administration supports these legislative initiatives and believes these innovations should be pursued in all areas of state government.

Under these plans, CPAT's performance management unit will have responsibility for the successful implementation of performance management initiatives throughout state government, ensuring that plans are:

- Aligned with the Governor's priorities;
- Focused on results and better outcomes;
- Based on evidence and regularly measured and evaluated;
- Linked to resource and budget recommendations; and
- Informed by engagement with the public.

CPAT will work with Secretariats to ensure that actions are being undertaken to develop and deliver each plan, reporting to the Secretary of Administration and Finance and the Governor.

Governor Patrick will sign an Executive Order further detailing the Administration's plans on performance management later this year.

FY13 Governor's Issues in Brief

Federal Grants Management

In the next fiscal year, the Federal Grants Unit will:

- Formally engage Cabinet Secretaries to develop better cross-government coordination of grant applications and rewards;
- Utilize the outcome measurement regime required to comply with the Federal Financial Accountability and Transparency Act (FFATA) for all grants secured in state government; and
- Establish a unified grants management technology solution that will enable cross-government coordination of grants.

These efforts will help agencies better identify grant opportunities, ensure effective up front analysis by state agencies, enhance tracking and reporting of the outcomes achieved via grant funding and increase the integration of federal grant activities into the overall administration budget and policy effort.

Transparency

In the next fiscal year, the CPAT Office will:

- Continue to make enhancements to the state's Open Checkbook and expand the content included;
- Complete a comprehensive state-wide plan for the full implementation of the transparency legislation; and
- Develop plans to incorporate the work of the CPAT Office into a single web portal.

Forecasting and Analysis:

In the next fiscal year, the CPAT Office will:

- Enhance our analysis and understanding of caseloads in MassHealth and other demand-driven programs;
- Improve our ability to do policy related cost benefit analysis, allowing us to perform more in-depth policy impact analysis for initiatives in priority areas, such as health care and homelessness; and
- Respond to the legislature's demand for improved forecasting and impact analysis.

To support these initiatives, the FY 2013 Budget recommendation proposes a \$100,000 increase, from \$150,000 to \$250,000, for forecasting and analysis.



Social Innovation Financing

Social innovation financing is a creative idea based on a simple premise - have government pay for demonstrated success rather than the promise of success. This approach will result in new and better ways of providing critical state services, achieving better outcomes and stretching every taxpayer dollar as far as possible.

In keeping with the Patrick-Murray Administration's commitment to changing the way government does business, the pay-for-success contracts at the heart of these arrangements should act as a catalyst to accelerate system-wide performance management improvements. This approach will help us learn which programs work and which don't, and it will hasten the adoption of new, more effective solutions to improve the way we deliver core programs and services.

Performance-based investments will help encourage innovation and tackle challenging social issues. New and innovative programs have potential for success, but often have trouble securing government funding because it takes time for them to prove their effectiveness. With limited state resources, governments are hesitant to spend money on new programs that may not succeed. These challenges are particularly relevant for programs that require an up-front investment in prevention in order to improve outcomes and save money over time. Examples include preventative interventions to lower incarceration rates among at risk youth, to improve housing stability for the chronically homeless and to increase kindergarten readiness and literacy among low-income children. Social innovation financing allows the government to partner with innovative service providers to expand promising programs and pay only after we see demonstrated success.

The Patrick-Murray Administration plans to use social innovation financing to tackle two challenging problems:

- **Chronic Homelessness** – The administration will seek to partner with social entrepreneurs to provide stable housing for several hundred chronically homeless individuals. The goal of the initiative will be to improve the well-being of the individuals while simultaneously reducing housing and Medicaid costs.
- **Juvenile Justice** – The administration will seek to partner with social entrepreneurs to support youth aging out of the juvenile corrections and probation systems so as to assist them in making successful transitions to adulthood. The juvenile justice contract will be designed with the specific goal of reducing recidivism and improving education and employment outcomes over a 6-year period for a significant segment of the more than 750 youth who exit the juvenile corrections and probation systems annually.

The Administration plans to expand this initiative to additional policy domains in the future. The Administration will explore a number of options for social innovation financing to ensure the best use of taxpayer dollars, including:

- **Pay-for-success contracts** will allow the state to pay service providers after they have demonstrated success, rather than the current process of paying for the promise of success. These contracts will target innovative social service programs in domains where sophisticated, multi-year performance measurement is possible.
- **Pay-for-success contracts** may be supported through the use of **social impact bonds** – financing arrangements where third party investors give service providers, typically non-profits, upfront funding and other expertise to allow them to enter into pay-for-success contracts with the government. For example, the United Kingdom is piloting a social impact bond program to reduce criminal recidivism.

The Patrick-Murray Administration is filing legislation with the FY 2013 budget to establish funding for social innovation financing and a payment mechanism to support pay for success contracts. While several other states and cities are actively considering the pay-for-success model, Massachusetts is the first government entity in the United States to issue a competitive procurement to obtain services using this approach.





Innovation & Technology

Spurring Innovation with Technology

Technology presents new and exciting opportunities to drive innovative changes in government that could vastly improve services to residents and businesses and save taxpayers money. While the Commonwealth has already pursued a number of technology-enabled innovations, the Patrick-Murray Administration is relentlessly fixed on driving innovation in government and identifying new opportunities to change the way government does business. Toward this end, the Administration plans to formally seek more input from technology experts and entrepreneurs and to make targeted investments in technology to support innovation.

Focusing on technology will also help streamline the delivery of services through a single face of government and ultimately allow the state to interact with people online however they choose (i.e. Facebook, blogs, Twitter, etc.). Enhanced innovation will allow the Commonwealth to address common consumer inquiries and complaints, by adding more transactions online and allowing for better data sharing so that people don't have to contact multiple agencies to get an issue addressed.

Engaging with Experts

The Commonwealth will collaborate with innovation experts from the private sector and members of our vast higher education community in the following ways:

- *#MassInnovation* – Establish a statewide “State Government Innovation” competition to solicit proposals for using technology to support innovative ideas for state government to better serve its residents and save money. Entrepreneurial proposals for reshaping government would be solicited through various platforms, including social media (e.g., Twitter), with data made available online in the spirit of open source initiatives. Proposals would be evaluated for feasibility, cost savings and service improvement. The Administration would identify the three most promising ideas and challenge teams of students to redesign the most efficient and effective way of providing service to the Commonwealth. Finalists would be selected by a panel of private and public sector entrepreneurs and implemented across state government.
- *Government Innovation Officer (GIO)* – Appoint an innovation expert to advise the Governor on identifying, funding and managing execution of high impact business change projects. The GIO would be accountable for improving internal government efficiencies and for the improved experience of outside stakeholders and would work closely with the Commonwealth Chief Information Officer to project and monitor the cost and savings impacts of these change initiatives.
- *Governor’s Council for Innovation* – Establish a public council comprised of the Commonwealth’s top innovators to advise the Governor and GIO on the best opportunities for using technology to streamline delivery of state government services to people and businesses and to improve government efficiency.

Making Government Work Better

The majority of citizen complaints or inconveniences can be addressed, but will require investments in technology. The Administration continues to find ways to serve the public better and more efficiently. Some recent examples include:

- *Shorter Wait Times for Unemployment Benefits* – The Administration has implemented a new call system to reduce the time people are waiting on the phone to reach a live state employee. This new system (called Virtual Hold), launched in last month, allows callers to receive a call back when an agent is available as opposed to waiting on hold;

- *Online Licensing for Businesses and Professionals* – The Department of Public Safety is introducing eLicensing as a modern convenience for companies and individuals to apply and pay for their licensing and renewals on-line;
- *Improving Access for Taxpayer Assistance* – The Department of Revenue (DOR) will be expanding its phone service from 9 a.m. to 5 p.m. on all business days starting in January and through May 1st to better assist citizens through tax season;
- *Making Criminal Background Checks Faster and Easier for Employers* – The Department of Criminal Justice and Information Services will make information for criminal background checks faster and easier to obtain online;
- *Data Sharing to improve Indigency Verification* – The new Department of Re-Entry and Community Supervision will house an indigency verification unit that will utilize existing data from the Department of Transitional Assistance, Department of Unemployment Assistance, DOR and others to create a robust database for verifying eligibility for public counsel;
- *Advanced Analytic Modeling at DOR* – Using historical data, data mining and statistical probability modeling to gain insight into taxpayer behavior patterns, DOR will make business decisions based on observed results. This will allow DOR to make better decisions regarding how discretionary tax compliance management resources should be used to address gaps in taxpayer education, tax debt collection, discovery and fraud and how to improve audit selection to maximize returns;
- *Statewide Vitals System* – Creation of a common Vital and Screening Web Enabled System for use by all towns and cities for birth registration, certificate issuance, newborn hearing screening and birth defects recording via one online system. A single online system for tracking this information would reduce costs to local government and residents and allow better data mining and enhanced collaboration across cities and towns;
- *Collaboration with Municipalities* – There are many opportunities to innovate using technology to improve interaction between state and local governments. This could include improving flow of business data between state government and municipalities, identifying IT services the state could provide municipalities, providing enhanced procurement contracts (e.g. statewide aggregate purchasing) and providing better tools and forums for municipalities to collaborate with each other and with state government;
- *Improved User Accessibility* – The MBTA has made bus and subway data available to developers who have developed free Real Time apps for the MBTA. Riders can now locate their buses and subways in real time. The MBTA has also launched "Talk to The T" which allows customers to send a photo or comments directly to the MBTA Customer Support to get help, express concerns or compliment the MBTA;
- *MBTA-Google partnership* – The MBTA has partnered closely with Google to make MBTA real-time and schedule information on Google Maps. In 2011, the MBTA was one of 6 transit agencies worldwide to partner with Google in launching Google Maps Live Transit. Google Maps Live Transit makes MBTA real-time bus location and countdown information available through Google Maps; and
- *On-Line Services at the Registry* – The RMV has made its most common transactions accessible online. Now, most customers can do a license or registration renewal online, reducing wait times in branches and on the phone.

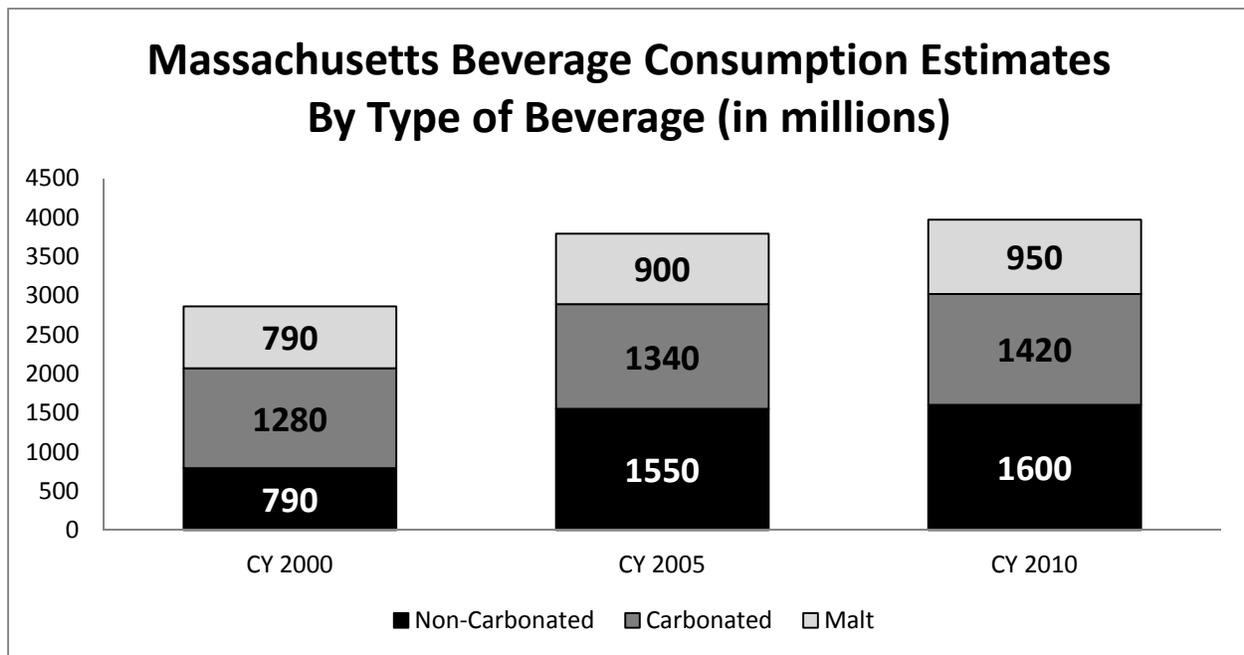


Modernizing the Bottle Bill

The Massachusetts Bottle Bill, enacted in 1982, encourages consumers to return their empty soda and beer containers through a redeemable 5-cent deposit. The law reduces litter and encourages recycling of aluminum cans, plastic and glass bottles. Governor Patrick's FY 2013 budget proposes to expand the types of containers subject to the 5-cent deposit to include those containing water, flavored waters, coffee based drinks, juices and sports drinks less than one gallon in size. This initiative will help remove empty beverage containers from parks, streets and waterways; generate additional plastic for the recycling market; support small recycling businesses in the Commonwealth; reduce municipal collection costs; and provide additional revenues for recycling programs.

Why Modernize the Bottle Bill?

Discarded bottles and cans that are not currently covered by the Bottle Bill are a major source of litter for communities. The beverages covered by the original 1982 Bottle Bill included carbonated soft drinks, mineral water, beer and other malt beverages. Since that time, the beverage market has changed significantly. Bottled water, juices, iced tea and sports drinks are consumed at levels comparable to soda. Since 2000, non-carbonated beverages have experienced triple-digit growth (see chart below). This trend is expected to continue. However, these non-carbonated beverages are not covered by the Bottle Bill, and often end up in landfills or in our public spaces. A study of the Department of Environmental Protection (DEP) showed that non-carbonated beverages are four times more likely than carbonated beverages to be discarded in our parks.



Source: MassDEP (data sources – Container Recycling Institute, Beverage Marketing Corp., Department of Revenue)

More than one billion non-carbonated beverage containers end up as litter, buried in landfills or burned in incinerators each year. Updating the Bottle Bill could prevent 750 million of those containers from entering the solid waste stream as a result of increasing incentives to recycle.

Revising the Bottle Bill will also help keep parks, beaches and highways clean. Litter collection studies have consistently shown that water and non-carbonated beverage containers are up to four times as likely to become litter as beverage containers currently covered by the Bottle Bill.

FY13 Governor's Issues in Brief

The Bottle Bill can be brought up to date through a simple revision of the definition of “beverages”. This revision will reduce confusion among consumers about which beverages are eligible for redemption. Consumers will be required to pay an additional 5-cents on water, flavored waters, iced teas, coffee based drinks, juices and sports drinks.

The expansion of the Bottle Bill will generate roughly \$22.5 M in new revenue, \$5.25 M of which will be dedicated to the recycling and solid waste management programs of the DEP. The Executive Office for Energy and Environmental Affairs and DEP will use this funding for the following efforts:

- Recycling and related purposes consistent with the recycling plan of the solid waste master plan (this includes the purchase of municipal recycling equipment, like curbside containers);
- A municipal recycling incentive program;
- Recycled product procurement;
- Guaranteed annual tonnage assistance;
- Recycling transfer stations;
- Source reduction;
- Technical assistance;
- Municipal household hazardous waste program;
- A recycling loan program;
- Research and development; and
- Recycling market and business development.



Health Promotion & Wellness Investments

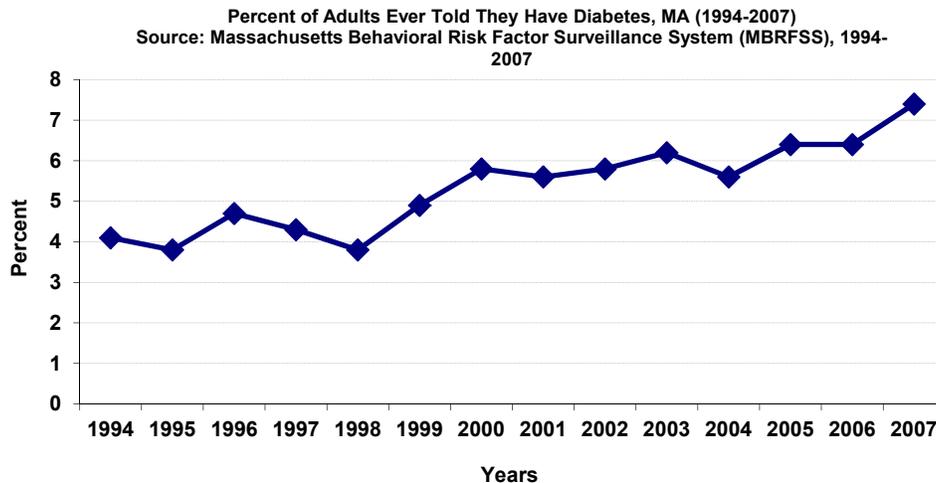
The Patrick-Murray Administration is committed to encourage health and wellness for all Massachusetts residents. In keeping with the Governor's commitment to control rising health care costs, the FY 2013 budget includes two revenue proposals to fund targeted investments in both public health preventative care services through the Commonwealth Health and Prevention Fund and subsidized health insurance coverage and smoking cessation programs through the Commonwealth Care Trust Fund. These investments will help save money in the statewide health system and help all residents attain healthier lifestyles.

Commonwealth Health and Prevention Fund

By eliminating the sales tax exemption for soda and candy, the Commonwealth preserves more than \$51 M in funding for public health programs while at the same time discouraging overconsumption of sugary foods and drinks.

More than half of Massachusetts adults and almost one third of high school and middle school students are overweight or obese. In the past 10 years, the percentage of Massachusetts adults with diabetes has almost doubled, and obesity will soon pass smoking as the leading cause of preventable death.

Consumption of candy and soda is on the rise. Per capita candy consumption has increased steadily since the mid-1980s. Candy and soda add significant non-nutritional calories to the diets of Americans and are directly linked to obesity, especially among children.³ One bottle of soda contains more than double the recommended daily sugar consumption and accelerates associated public health concerns and costs. The daily number of teaspoons of 'added sugar' recommended for a healthy diet and weight is between five and nine; a 20 ounce bottle of soda alone contains 17 teaspoons of added sugar. Such added sugar intake increases a child's propensity towards obesity by 60%.⁴



The \$51 M in new revenue will allow the state to make further progress in innovative wellness programs, and help avoid budget cuts to programs that support health and prevention activities, including health promotion and disease prevention, tobacco cessation, school health, family health and substance abuse services.

³ Associated Press. Scientists Target Soda as Main Cause of Obesity. 6 March 2006.

⁴ UCLA Center for Health Policy Research, <http://www.vcstar.com/news/2009/sep/17/ucla-study-directly-links-soda-with-obesity/>

Health and Prevention Fund: Fiscal Year 2013			
\$51.25 M			
Account Description	Acct #	% Funded from Health and Prevention Fund	Total Health and Prevention Fund Spending
Health Promotion and Disease Prevention	4513-1111	100%	\$3,413,076
Tobacco Cessation	4590-0300	100%	\$5,850,703
School Health	4590-0250	100%	\$11,132,301
Family Health	4513-1000	100%	\$4,465,275
Substance Abuse Services	4512-0200	34%	\$26,388,645
Total Spending – Health and Prevention Fund			\$51,250,000

In addition to implementing school nutrition regulations and providing parents with the Body Mass Index number of their children, Massachusetts will support various other nutrition and wellness programs such as expanding the successful, evidence-based Mass in Motion municipal health initiative to more communities in the Commonwealth. This additional revenue will also allow for the expansion of the Working on Wellness Program, which engages public and private employers to support wellness programs that will improve the overall health and productivity of employees.

Massachusetts joins 33 other states, including Connecticut, New Jersey, Maine, New York, and Rhode Island that apply sales taxes to soda. An additional 17 states apply sales tax to candy, including Connecticut, New Jersey, Maine, New York and Rhode Island. This sales tax will raise revenue, promote healthier lifestyles and mitigate the escalating costs associated with obesity.

The Governor's FY 2013 budget proposal maintains funding to help serve 15,000 women and 1,500 men through the Department of Public Health's Care Coordination Program, which screens for breast, cervical and colorectal cancers. An estimated 1,500 men of color receive outreach to increase screenings for chronic diseases as part of the effort to reduce health disparities. The budget also supports the Mass in Motion initiative, through which the Commonwealth is able to reach the approximately one million of residents with health and wellness information and resources in 14 municipalities. Launched in 2009, the Mass in Motion Initiative promotes wellness through obesity prevention. By stressing the importance of creating conditions that encourage, nurture and promote wellness.

The Governor's FY 2013 budget preserves funding to the MassHealth Wellness Program. This program encourages MassHealth members to take actions to prevent disease and illness in their lives.

Commonwealth Care Trust Fund

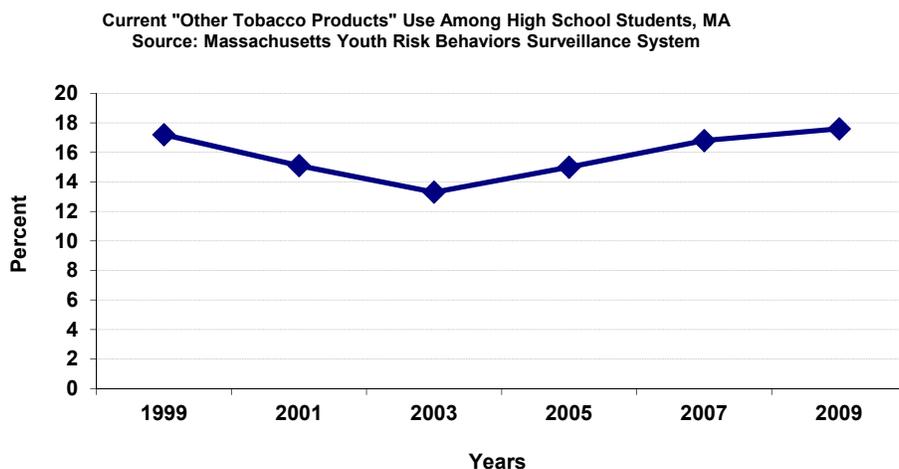
Tobacco use is the number one cause of preventable death and disability in the Commonwealth. More than 9,000 Massachusetts residents die every year from the effects of tobacco – one person every hour of every day. Thousands more are disabled by tobacco use, suffering with chronic illness and pain. Health care expenses caused by smoking costs Massachusetts residents \$3.9 B each year. The Massachusetts economy loses another \$1.5 B in lost productivity. Under the leadership of Governor Patrick, investments in smoking cessation programs have lowered the Massachusetts smoking rate in 2010 to 15%, one of the lowest smoking rates in the country.⁵ As state taxes have pushed the price of cigarettes up, the youth cigarette smoking rate in Massachusetts has decreased. But even as the youth cigarette smoking rate has declined, young people's use of other tobacco products has increased. In 2009, for the first time, high school students used tobacco products other than cigarettes at a higher rate than cigarettes (17.6% as opposed to 16%).⁶

The Governor's FY 2013 budget proposes to increase the cigarette tax by 50 cents and to tax other tobacco products at the same rate as cigarettes. Both efforts combined would generate roughly \$72.9 M, while also lowering the use of these products among youth and adults. Like current cigarette tax revenue, this money will be deposited into Commonwealth Care Trust Fund to support health care coverage and expand MassHealth's successful smoking cessation program to Commonwealth Care members.

⁵ Massachusetts Tobacco Control Program, <http://www.mass.gov/eohhs/docs/dph/tobacco-control/program-overview.pdf>

⁶ Trends in Youth Tobacco Use in Massachusetts, 1993-2009, <http://www.mass.gov/eohhs/docs/dph/tobacco-control/adolescent-tobacco-use-youth-trends-1993-2009.pdf>

The tobacco industry is selling products in colorful and fun packaging that attracts young people, pricing these products cheaply to encourage impulse buys. Unlike cigarettes, these other tobacco products are priced within reach of adolescents. Increasing tobacco taxes is one of the strongest strategies to prevent youth smoking according to “Ending the Tobacco Problem: A Blueprint for the Nation” by the Institute of Medicine. Massachusetts’ current tax contains a loophole so that tobacco products other than cigarettes, such as cigarillos and cigars, are taxed at lower rates than cigarettes. Closing this loophole will mean that all tobacco products will be taxed at an equivalent rate and eliminate these cheap alternatives that appeal to children and youth.



Because their brains are still developing, adolescents are especially harmed by tobacco. The nicotine in tobacco products can produce structural and chemical changes in the developing brain that make young people vulnerable to future alcohol and other drug addiction and mental illness. Because of the way nicotine changes the adolescent brain, people who start smoking as adolescents smoke more and have a harder time quitting than people who start as adults.⁷

For every dollar Massachusetts spends on tobacco cessation programs for low income residents, it saves \$3 in medical costs, largely from avoided heart attacks and other cardiac-related hospitalizations, which translates into \$14.7 M in savings every year for MassHealth, according to the research by George Washington University.⁸

Given the strong success of the program, the Governor’s FY 2013 budget preserves funding for MassHealth tobacco cessation services. This program, started in 2006, allows Medicaid patients to receive nicotine patches, gum, lozenges or medications for co-payments ranging from \$1 to \$3, and also offers free telephone counseling. Almost 38,000 people a year participated. The anti-smoking initiative managed to reach about 40% of the smokers in the Medicaid program, and was successful in driving down the numbers from about 38% to 28%. This program will be replicated in Commonwealth Care with an investment of \$2 M to the Massachusetts Health Connector Authority.

The budget proposes to invest an additional \$1.7 M in the Department of Public Health’s tobacco cessation and prevention program. Approximately \$700 K of this investment will support the Commonwealth’s successful Veterans Quit Smoking Patch Giveaway to provide free nicotine patches to veterans and their families.

Additionally, the Group Insurance Commission (GIC) will leverage federal Early Retiree Reinsurance Program (ERRP) funds to invest \$2 M in a wellness initiative for its members (retirees and active employees) and \$2 M to develop and implement a smoking cessation educational campaign to replicate the success of the MassHealth program.

⁷ Many published studies have shown this, including: Abreu-villaca, Y. et al (2003). Short-term adolescent nicotine exposure has immediate and persistent effects on cholinergic systems: Critical periods, patterns of exposure, dose thresholds. *Neuropsychopharmacology*, 28, pp. 1935-1949.

⁸ Richard P, West K, Ku L (2012) The Return on Investment of a Medicaid Tobacco Cessation Program in Massachusetts. *PLoS ONE* 7(1): e29665. doi:10.1371/journal.pone.0029665





Quasi-Public Entity Reforms

Under Governor Patrick's leadership, the oversight authority of the Finance Advisory Board has expanded since 2007, and it is now charged to "promote transparency, public accountability and adherence to best practices by all state entities with respect to investments, borrowing or other financial transactions made or entered into by state entities and involving public funds."

Last year, following the release of the Report of the Quasi-Public Authority Compensation Review Commission (also known as the Crosby Report), the Legislature adopted several recommendations to promote transparency and best practices at quasi-public authorities.

In accordance with its mission, the Finance Advisory Board's activities have included gathering information about the existing debt management practices of the Commonwealth and state entities, acquiring general market and state entity-specific information, establishing emergency regulations to ensure there were no unintentional delays to certain pending transactions, and drafting and adopting comprehensive permanent regulations.

The Governor's FY 2013 budget proposal would further expand the Finance Advisory Board's authority to include governance oversight and the ability to coordinate the implementation of best practices by all quasi-public authorities and their boards. The Board would be renamed as the State Finance and Governance Oversight Board to reflect these changes. The budget would allow the Secretary of Administration and Finance to hire a limited, dedicated staff to serve the Board, funded by an assessment on all state authorities that manage public funds.

Crosby Report Results

The Crosby Report made a number of recommendations on compensation terms and conditions, and best practices for setting executive compensation, board training, transparency and oversight at quasi-public authorities. The Administration has worked with the quasi-public authorities to implement these recommendations. In addition, eight of the top 10 executive compensation packages have been substantially reduced through renegotiation or personnel changes.

Statutory Reform

The FY 2012 budget included reforms (listed below) for quasi-public authorities to increase accountability and transparency related to the management of public funds. In addition, the Executive Office for Administration and Finance has promulgated regulations and additional guidance for implementation. These new requirements include:

- Annual audit by an independent auditor, reporting to an audit committee of its governing board and filing the audit with the State Auditor;
- A separate audit on state funds if received over \$500 K, providing transparency of taxpayer support for authorities;
- Set compensation for management by compensation committee of its board, based on comparable compensation for similar officers in state government as well as the private sector;
- Prohibit executive pay-outs for sick, vacation and other leave greater than would be allowed for state employees;
- Prohibit severance pay for executives removed for cause and limiting severance pay to not more than three months salary for early termination without cause; and
- Prohibit the Commonwealth from subsidizing the pensions and health insurance of state authorities' retirees, requiring authorities to fund their liabilities.

Proposed Reforms

The Governor's FY 2013 budget proposal would further expand the Finance Advisory Board's authority to continue the reform agenda by adding governance in addition to the oversight of financial affairs. The Board would be renamed as the State Finance and Governance Oversight Board to reflect these changes. The budget proposal includes the following recommendations:

- Amendment to various parts of MGL c.6, s.98 to include "governance" as part of the scope of oversight by the Board;
- Amendment to MGL c.6, s.98 (c) to add to the Board's activities a convening, training, and dissemination of best practices function, including conducting meetings, conferences, or training sessions, maintaining a website, publishing materials, or any other activities deemed by the board to be necessary to disseminate best practices to state officials, board members and managers of state entities, and the public;
- Authority to charge an assessment to the Commonwealth and state entities overseen by the Board. Rates would be set annually by the Secretary, would be held in trust and would be assessed based on debt issued and assets under management; and
- Authority to hire an Executive Director and limited dedicated staff.



FY 2013 Budget Recommendation

Issues in Brief

Deval L. Patrick, Governor

Timothy P. Murray, Lt. Governor

Improved Facilities Management

Building on the Patrick-Murray Administration's commitment to change the way government does business, agencies across the Commonwealth have taken steps to improve the management of state-owned facilities. The Division of Capital Asset Management and Maintenance (DCAM) is leading this effort as the state agency responsible for public-building design, construction, maintenance and real estate. DCAM continues to transform its role to better serve the facilities, employees and citizens of the Commonwealth.

Facilities Management Consolidation

Currently, each individual state agency is responsible for maintenance and upkeep for much of the Commonwealth's roughly 5,000 active buildings. Through the Governor's FY 2013 budget proposal, DCAM will begin consolidating the management of state buildings under the Office of Facilities Management (OFM) to create a central source of facilities management expertise. These changes will strengthen DCAM's ability to preserve existing assets and serve as a pilot program for their expanding role. OFM will target facilities that have consistently faced funding gaps, facilities that do not have professional maintenance staff and new state-of-the-art facilities as they come online. Gradually, OFM will take on the responsibility of managing and maintaining additional state-owned property.

Shifting facilities management under DCAM will help save money and improve property maintenance services. This shared services approach will result in a number of benefits to Commonwealth employees and the public, including:

- Implementation of modern maintenance standards and practices;
- Improved reliability at specialized facilities such as hospitals and data centers;
- Cost savings through leveraged procurement of goods and services (i.e. bulk purchasing);
- Greater intra-agency coordination with shared equipment resources, optimal facility utilization, property surplus and leasing functions;
- Increased responsiveness through use of in-house maintenance personnel across agencies; and
- Strategic use of technology and data to prioritize facility maintenance needs and to better target limited resources to curb the growth of deferred maintenance costs through auditing and universal use of the Commonwealth's Capital Asset Management Information System (CAMIS).

Bureau of the State House

Since 1798, the Massachusetts State House has been the seat of the Commonwealth's government. Recognizing the unique role the State House plays as both the host of many public events and as traditional office space, a new agency entitled the Bureau of the State House will be created in the FY 2013 budget. Emerging from the former Bureau of State Office Buildings (BSB), the Bureau of the State House will be dedicated to the occupants and visitors of the Massachusetts State House. With this renewed attention, the State House will be in a position to have a committed workforce with a strong focus on the distinct needs of this historic building.

Commonwealth Facilities Advisory Council

The Commonwealth Facilities Advisory Council (CFAC) is a team of experts on facility management issues charged with guiding DCAM through its ongoing restructuring. Made up of approximately 50 individuals from the private and public sectors, CFAC convenes monthly to discuss and plan for the major issues of facilities management reform. The Office of Employee Relations, public and private higher education, labor unions and private business all have representation on CFAC. The members of CFAC have been instrumental in identifying current inefficiencies and defining client needs. Moving forward, sub-committees will be organized to further enhance member focus on targeted subjects.

Energy Investments

Signed by Governor Patrick in 2007, Executive Order 484 *Leading by Example – Clean Energy and Efficient Buildings* sets a target across state-owned buildings for clean energy practices that reduce environmental impacts and create cost savings. This Executive Order requires state facilities to reduce their overall energy usage by 20% by 2012 and by 35% by 2020, as well as to accomplish major reductions in greenhouse gas emissions and potable water usage.

Since 2007, DCAM has invested in energy improvement projects at nearly 30% of all Commonwealth facilities and has completed energy and water projects for over 21 million square feet of space. These efforts have not gone unnoticed, as the American Council for an Energy Efficient Economy ranked Massachusetts first in the nation for energy efficiency in 2011. Additional energy projects are underway at approximately 19 million square feet of space, while plans for an additional 35 million square feet of space remain under development.

Going forward, the Administration has developed a plan for implementing the Commonwealth Accelerated Energy Program. DCAM will implement quick fix energy conservation measures and ensure that larger, more complex projects are completed within three years. This plan includes initiatives that will focus on the people involved with the program, the process to implement the projects and the development of a robust and transparent tracking and reporting system.

Elements of the Commonwealth Accelerated Energy Program include:

- Establishing management committees to develop and promote a clear vision for this important initiative as well as to generate communication plans for outreach, training and employee motivation;
- Working with internal and external partners, DCAM is establishing a centralized location for all data collection, installing additional meters at all locations, streamlining the procurement process, maximizing available external funding opportunities and creating jobs; and
- Utilizing funds from the Clean Energy Investment Program (CEIP) to expand energy efficiency and renewable energy projects at dozens of state buildings, saving the Commonwealth millions of dollars in energy costs annually while creating jobs and supporting the Patrick-Murray Administration's clean energy goals. These investments pay for themselves as they cut energy waste, reduce operating costs, cut greenhouse gas emissions and strengthen Massachusetts' economy.



Fiscal & Management Reforms

Improving Fiscal Management and Transparency

The FY 2013 budget includes many reforms that improve how the Commonwealth manages its bottom line by squeezing out savings wherever possible, implementing fiscal reforms and making state spending more transparent to the public.

Savings and Efficiencies

Similar to FY 2012, the Executive Office for Administration and Finance this year led an Inter-Secretariat Budget Team to find areas throughout state government where we could save money or change old ways of doing business for the better. This process has strengthened communication among state agencies and focused the FY 2013 budget to better serve the citizens of the Commonwealth. Some of these reforms include:

- *Virtual hold and call-backs for calling centers:* To address long wait times to register for unemployment benefits, Executive Office of Labor and Workforce Development has implemented a new call system to reduce the time people are waiting on the phone to reach a live state employee to talk to. This new system (called Virtual Hold), launched in the last month, allows callers to receive a call back when an agent is available as opposed to waiting on hold.
- *Facilities management reform:* Building on the efforts launched in FY 2012, the Division of Capital Asset Management (DCAM) is leading an effort to improve the delivery of facility management services throughout the Commonwealth. DCAM will serve the Commonwealth as its principal source of facility management expertise, strengthening the Commonwealth's ability to effectively manage and maintain state facilities. At the same time, a new Bureau of the State House (BSH) will possess all the resources needed to care intensively for the State House, a major historic, architectural and governmental asset of the Commonwealth.
- *Energy purchasing re-procurement and fuel savings:* Efforts to re-procure the Commonwealth's statewide energy commodity contracts are underway with the goal of saving money, increasing contract participation from agencies and other entities and streamlining services wherever possible. The State Police will start investing in more fuel efficient vehicles through the capital plan and reduce their gasoline consumption by \$1,000 a year per new vehicle.
- *Consolidate drug testing:* To improve efficiency and meet testing demand, Executive Office of Health and Human Services (EOHHS) and Executive Office of Public Safety and Security (EOPSS) are developing a long-term comprehensive plan to transition all drug testing currently funded and performed by the Department of Public Health (DPH) to the State Police Crime Laboratory. DPH operates two facilities that test quantities of drugs confiscated as part of criminal cases: one lab located in Amherst and one lab in Jamaica Plain. Recent cuts to the Department of Public Health (DPH) nearly led to the closing of the facility in Amherst. EOHHS and EOPSS will transfer both the Amherst and Jamaica Plain caseloads to the State Police Crime Lab.
- *Enhance fraud, waste and abuse prevention efforts in the Commonwealth:* This proposal seeks to focus and combine the efforts of the Commonwealth's varied agencies that target fraud, waste and abuse of public dollars and develop a coordinated plan to share resources and recoup public dollars. It helps to further strengthen collaboration among members of the Fraud, Waste and Abuse Task Force and explores areas where state agencies can improve identification and enforcement of fraudulent activity. Finally, the initiative continues support for the Commonwealth Performance, Accountability and Transparency Office. The FY 2013 budget will make it easier for state agencies to share information electronically and utilize the IT investments we have made in stopping fraud before it starts. In addition the Governor proposes modest increases in the Attorney General's office and for the State Auditor for expanded efforts to detect and pursue false claims or

fraudulent activity by entities receiving state funds while enhancing state efforts to recover any misused funding or assigned penalties.

- *Explore advertisements on state vehicles and other property:* To help generate new revenue, we will explore options for advertising on state property, such as vehicles, certain buildings and web space on www.mass.gov.
- *Re-negotiating State Office of Pharmacy Services Service Contract:* This effort will re-align the cost structure and service level of the state's current pharmacy services contract for various state agencies to achieve the goals of cost savings and maintenance of current clinical initiatives. The current vendor has developed a savings estimate achieved through increased standardization and reduced service levels for each participating agency.
- *Department of Corrections (DOC) food services re-procurement:* This initiative will start under DOC to streamline its re-procurement of food services and save money, following its successful study and implementation of health care service cost reductions. To improve nutrition and support local agriculture, in their re-procurement DOC will preference vendors who provide farm to table food services.
- *The Alcoholic Beverages Control Commission (ABCC) online integration with the Division of Professional Licensure (DPL):* ABCC does not have online capability for registrations, renewals and other services for its customers. DPL is currently developing a Request for Response for a comprehensive online licensing program that is consistent with the needs of the ABCC. Instead of creating a separate Information Technology Division capital project, the ABCC is collaborating with the Division of Professional Licensure to develop online services.

Fiscal Reforms

Over the past several years, the Commonwealth has been recognized by national rating agencies and other organizations for its responsible, balanced fiscal management and budgeting. Much of this is due to reforms adopted in the past two fiscal years to help put the state on stronger fiscal footing and allow Massachusetts to be well-prepared for the next economic downturn.

Like most states over the past several years, the Commonwealth relied on one-time or short-term budget solutions as well federal stimulus assistance that expired in FY 2011. Prior to the recession starting in 2008, the state's rainy day reserves, formally known as the Stabilization Fund, had a total balance of \$2.3 B. Through FY 2010, the balance was reduced to as low as \$664 M as state government had to rely on these resources to help offset substantial drops in annual tax collections. Last year, the Commonwealth was able to make a large deposit in to the fund (\$712 M), more than doubling the year-end balance, and making Massachusetts one of only four states in the country with reserves in excess of \$1 B.

In recognizing the need to continue replenishing these reserves, the following measures have been adopted:

- *One-Time Settlements* – Beginning in FY 2012, all one-time tax or other settlements, which are typically unreliable, in excess of \$10 M are deposited directly into the state's rainy day fund and not made available for general budgeting purposes. Under this reform, \$163 M in one-time settlement revenue has already been deposited into the Commonwealth's reserve fund in FY 2012.
- *Capital Gains Receipts* – In recognizing the volatile nature of capital gains and its coinciding tax revenue, Governor Patrick proposed a new policy to reduce the state's reliance on this revenue to a level that is sustainable and predictable from one fiscal year to the next. Specifically, any capital gains receipts in excess of \$1 B are not available for annual budgeting purposes, but instead must be used to help replenish state reserves. As a result of this policy, the Administration's FY 2013 budget proposal assumes that the \$100 M of capital gains tax revenue expected to be received in excess of \$1 B will be deposited into the rainy day fund.

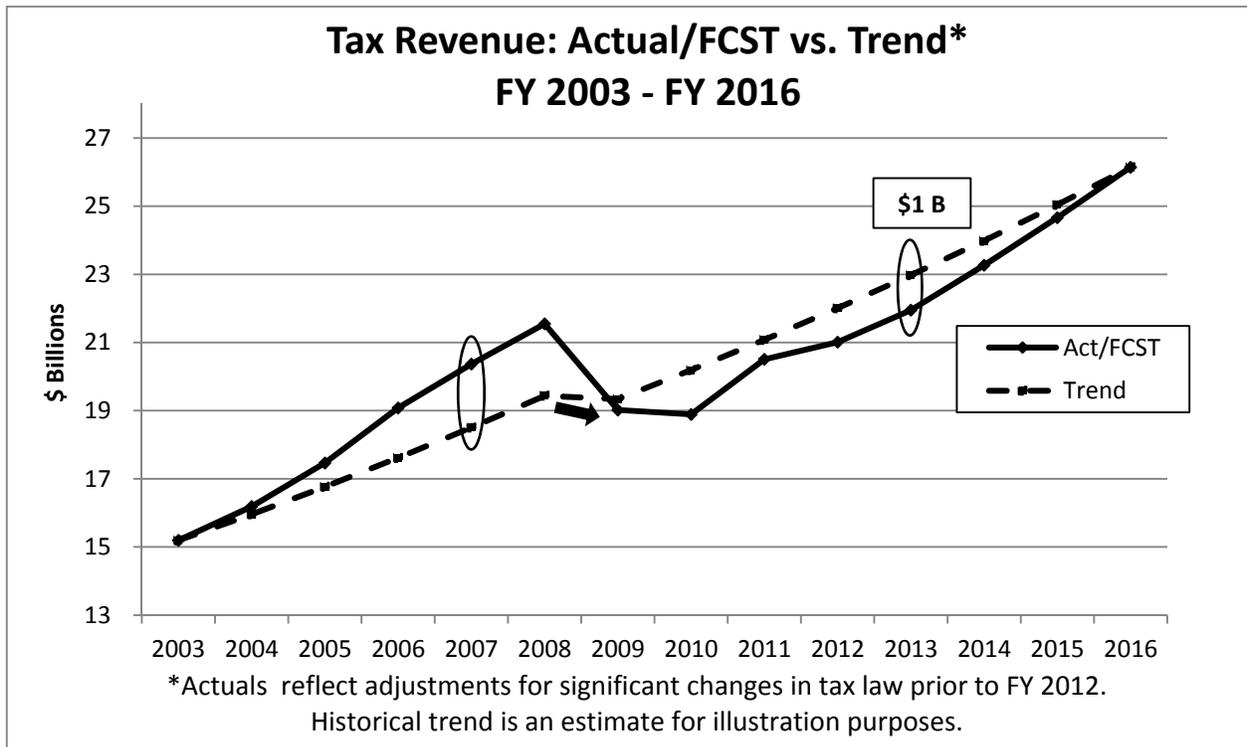
Building on Governor Patrick's track record of reform and responsible budgeting, the FY 2013 budget makes a down payment toward the state's unfunded retiree health care obligations. This unfunded liability, commonly known as Other Post-Employment Benefits (OPEB) is estimated to be \$16.6 B for the Commonwealth, and over \$40 B including cities and towns. In FY 2013, 10% of the state's annual tobacco settlement receipts, or \$27 M, will be set aside to help prepare for this liability. This percentage will grow each year by 10 percentage points

(e.g., in FY 2014, 20% of tobacco settlement costs), until 100%, or an estimated \$276 M, is dedicated annually to help offset these costs. In addition, 5% of the excess capital gains tax revenues to be deposited in the rainy day fund described above will be transferred to the state's retiree health liability trust fund.

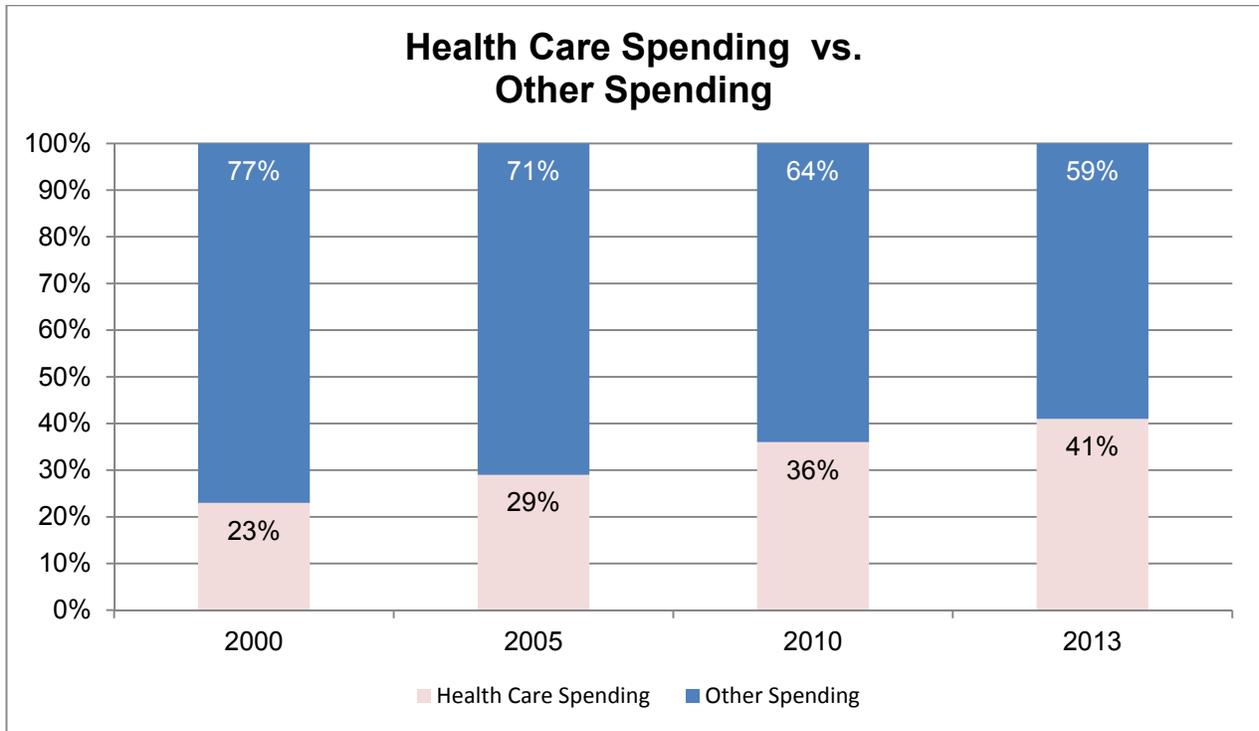
Long-Term Financial Forecasting

The Patrick-Murray Administration is the first administration in Massachusetts to establish a Long-Term Planning Policy to ensure that the state budget is consistent with the principle of fiscal sustainability. This policy was developed based on best practices recommended by the Government Finance Officers Association (GFOA) and accounting standards being proposed by the Governmental Accounting Standards Board (GASB). This policy includes benchmarks to prevent structural deficits, an estimate for the sustainable rate of growth in health care spending, and identifies the need to address long-term liabilities for pensions and retiree health care.

The Administration's policy to prevent structural deficits relies on a long-term tax revenue forecast based on the outlook for the Commonwealth's economy. The FY 2013 budget achieves structural balance by limiting the use of one time resources to \$541 M which is well below the estimated \$1.025 B cyclical shortfall in tax revenue (see Figure 1) which reflects the fact that the state economy is still recovering from the recession and is below its fully capacity.



Targeting the sustainable rate of growth in health care spending is essential to ensure that state government can continue to fund other policy priorities for the citizens of the Commonwealth. Spending related to health care - which includes MassHealth, Commonwealth Care, and the Group Insurance Commission (including retirees) - has increased from 23% of spending in FY 2000 to projected 41% in FY 2013.



The Long-Term Planning Policy identifies a sustainable rate of growth in health care spending at a level that is approximately equal to the projected long-term rate of economic growth for the Commonwealth. This rate of growth would allow the Commonwealth to maintain programs and services in other areas, but does not allow for meaningful investments in priorities such as education, job creation and preventing youth violence. Health care costs would need to be contained to even lower growth rates in order to redirect future budgetary resources towards restoring cuts to other areas of government.

The Governor’s recommendations to address health care costs in FY 2012 will allow the Commonwealth to stay below 5% growth – achieving more than \$800 M in savings. These reforms and cost-savings initiatives put the Commonwealth on track to reduce statewide expenditures on health care substantially over time. These efforts will continue in FY 2013 to again limit cost growth to less than 6%.

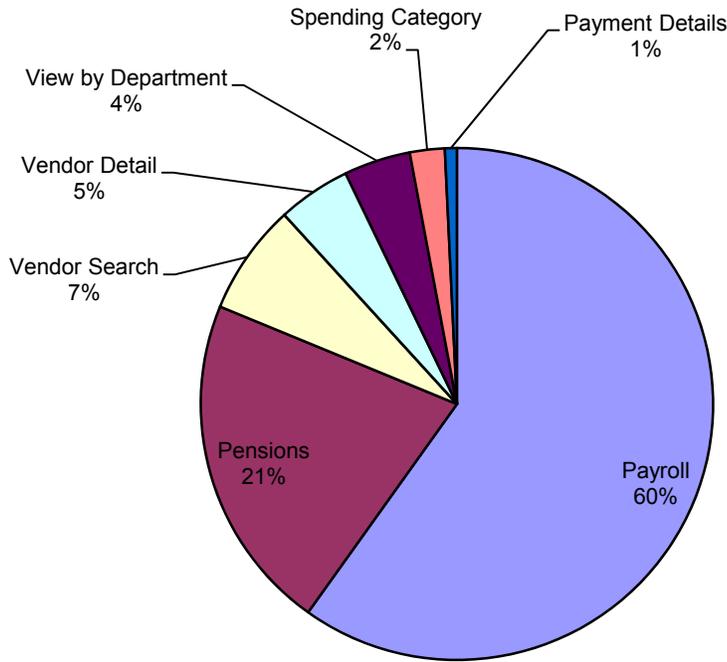
The Long-Term Planning Policy also identifies the need for solutions to address the unfunded liabilities associated with OPEB. The statewide OPEB liability exceeds \$40 B and represents an estimated \$100 B in future payments that have not been funded. The Administration has taken a number of steps to address this challenge including: increasing the share of health insurance cost paid by employees and retirees; re-constituting the board to oversee investment funds designated to offset the liability; the commitment beginning in FY 2013 to phase-in proceeds from tobacco settlements to provide resources for the investment fund; allocating 5% of capital gains revenue over \$1B to the fund; and recent pension reform legislation which will raise retirement ages and is expected to lower retiree health care costs over time.

Additional solutions, however, are still needed to address this threat to the state’s fiscal sustainability. Adequately funding current liabilities would require property tax increases to be over 20% on average at the local level, and budget reductions for state government approximately equal to the total amount of local aid in the FY13 budget. These solutions will be reviewed as part of an OPEB Commission that was mandated as part of the pension reforms signed into law by Governor Patrick in November 2011. More details on the Long-Term Planning Policy can be found at: www.mass.gov/anf.

Improving Transparency

As part of the state’s FY 2011 Budget, the legislature passed and the governor signed into law new transparency guidelines, which include the development of an online searchable database for state spending. The Open Checkbook is based on the approach and technology piloted in the Massachusetts Recovery and Reinvestment Office website.

The Open Checkbook provides payment details for over 50,800 vendors – identifying who was paid, how much was paid, which state entity made the payment and the purpose of the payment. In addition to showcasing a breakdown of state vendor payments (which can be searched by vendor name, department, or spending category), the website also provides state government payroll and pension information. While the vendor details are updated every night, the payroll and pension figures are updated every two weeks and every month, respectively. The most frequent areas for searches on Open Checkbook are depicted in the figure below.





Budget Recommendations

Appropriation Summary 3-97

Outside Section Summary 3-129



Appropriation Summary

FY 2013 Budget Recommendations

The tables in this section provide brief information on the Governor's line-item and budget language recommendations for FY 2013. Complete recommendations, including all budget legislation, agency mission statements, state workforce levels and other similar types of information, are provided in Volume 2 of the Governor's budget, which can be access online at www.mass.gov/budget.

Account	Description	FY2012 GAA	FY2012 Spending	FY2013 House 2	Comment
0320-0003	Supreme Judicial Court	7,437,172	7,937,172	7,937,172	
0320-0010	Suffolk County Supreme Judicial Court Clerk's Office	1,131,858	1,215,715	1,215,714	
0321-0001	Commission on Judicial Conduct	575,359	592,597	592,597	
0321-0100	Board of Bar Examiners	1,057,789	1,062,289	1,062,289	
0321-1500	Committee for Public Counsel Services	45,304,806	45,845,181	70,683,963	Increased funding to meet obligation support projected costs
0321-1510	Private Counsel Compensation	93,255,462	120,467,477	75,993,955	Decreased funding to support projected costs
0321-1518	Indigent Counsel Fees Retained Revenue	8,900,000	8,900,000	8,900,000	
0321-1520	Indigent Persons Fees and Court Costs	9,010,351	9,010,351	9,010,351	
0321-1600	Massachusetts Legal Assistance Corporation	9,500,000	10,500,000	12,000,000	Increased funding to support program operations.
0321-2000	Mental Health Legal Advisors Committee	781,177	815,109	815,109	
0321-2100	Prisoners' Legal Services	902,016	902,016	902,016	
0321-2205	Suffolk County Social Law Library	1,000,000	1,000,000	1,000,000	
0322-0100	Appeals Court	10,501,429	11,103,879	11,103,879	
0330-0101	Trial Court Justices' Salaries	47,307,647	47,307,647	47,307,647	
0330-0300	Administrative Staff	185,437,997	201,239,224	379,996,119	Consolidated with 0331-0100, 0332- 0100, 0333-0002, 0334-0001, 0335- 0001, 0336-0002, and 0337-0002.
0331-0100	Superior Court	22,194,577	26,679,363	-	Transferred to 0330- 0300.
0331-0104	Superior Court Administration Retained Revenue	6,000,000	-	-	Consolidated with relevant budgetary accounts.
0332-0100	District Court	31,443,836	66,206,586	-	Transferred to 0330- 0300.
0332-0104	District Court Administration Retained Revenue	33,750,000	-	-	Consolidated with relevant budgetary accounts.
0333-0002	Probate and Family Court	16,480,541	23,830,110	-	Transferred to 0330- 0300.

FY 2013 Governor's Budget Recommendation

Account	Description	FY2012 GAA	FY2012 Spending	FY2013 House 2	Comment
0333-0004	Probate and Family Court Retained Revenue	7,000,000	-	-	Consolidated with relevant budgetary accounts.
0334-0001	Land Court	1,986,356	3,328,782	-	Transferred to 0330-0300.
0334-0004	Land Court Department Retained Revenue	1,100,000	-	-	Consolidated with relevant budgetary accounts.
0335-0001	Boston Municipal Court	5,782,099	8,774,890	-	Transferred to 0330-0300.
0335-0004	Boston Municipal Court Retained Revenue	3,000,000	-	-	Consolidated with relevant budgetary accounts.
0336-0002	Housing Court	3,435,377	5,873,191	-	Transferred to 0330-0300.
0336-0004	Housing Court Department Retained Revenue	2,000,000	-	-	Consolidated with relevant budgetary accounts.
0337-0002	Juvenile Court	11,671,774	12,675,814	-	Transferred to 0330-0300.
0337-0004	Juvenile Court Department Retained Revenue	150,000	-	-	Consolidated with relevant budgetary accounts.
0339-1001	Commissioner of Probation	116,765,364	120,555,888	-	Transferred to 8940-0100.
0339-1003	Office of Community Corrections	22,024,310	22,451,251	-	Transferred to 8940-0100.
0339-2100	Jury Commissioner	2,335,818	2,442,950	2,442,950	
0340-0100	Suffolk District Attorney	16,052,775	16,142,775	16,052,775	
0340-0198	Suffolk DA State Police OT	354,303	354,303	354,303	
0340-0200	Northern (Middlesex) District Attorney	13,690,462	13,770,462	13,690,462	
0340-0298	Middlesex DA State Police OT	516,485	516,485	516,485	
0340-0300	Eastern (Essex) District Attorney	8,411,609	8,451,609	8,411,609	
0340-0398	Eastern DA State Police OT	504,351	504,351	504,351	
0340-0400	Middle (Worcester) District Attorney	8,889,774	9,027,840	8,889,774	
0340-0410	University of Massachusetts Medical School Drug Laboratory	420,000	420,000	420,000	
0340-0498	Worcester DA State Police OT	413,499	413,499	413,499	
0340-0500	Hampden District Attorney	8,004,233	8,297,076	8,004,233	
0340-0598	Hampden DA State Police OT	339,899	384,899	339,899	
0340-0600	Northwestern District Attorney	4,983,716	5,116,625	4,983,716	
0340-0698	Northwestern DA State Pol OT	294,248	294,248	294,248	
0340-0700	Norfolk District Attorney	8,200,596	8,355,799	8,200,596	
0340-0798	Norfolk DA State Police OT	427,306	438,759	427,306	
0340-0800	Plymouth District Attorney	7,113,287	7,153,287	7,113,287	
0340-0898	Plymouth DA State Police OT	429,842	429,842	429,842	

Account	Description	FY2012 GAA	FY2012 Spending	FY2013 House 2	Comment
0340-0900	Bristol District Attorney	7,401,003	7,441,003	7,401,003	
0340-0998	Bristol DA State Police OT	326,318	326,318	326,318	
0340-1000	Cape and Islands District Attorney	3,617,658	3,647,658	3,617,658	
0340-1098	Cape and Islands DA State Police	278,735	278,735	278,735	
0340-1100	Berkshire District Attorney	3,522,666	3,552,666	3,522,666	
0340-1102	Berkshire DA Moving Costs	-	194,134	-	Eliminated FY12 one-time costs.
0340-1198	Berkshire DA State Police OT	215,126	215,126	215,126	
0340-2100	District Attorneys' Association	1,660,006	1,660,006	1,660,006	
0340-2117	District Attorney Retention	500,000	-	500,000	Eliminated FY12 one-time costs.
0340-8908	District Attorneys' Wide Area Network	1,317,090	1,317,090	1,317,090	
0411-1000	Office of the Governor	4,293,342	4,993,342	4,993,342	
0411-1004	Gaming Implementation Reserve	-	5,000,000	-	Eliminated FY12 one-time costs.
0411-1005	Office of the Child Advocate	243,564	243,564	243,564	
0511-0000	Secretary of the Commonwealth Administration	5,912,424	5,912,424	5,912,424	
0511-0001	State House Gift Shop Retained Revenue	30,000	30,000	30,000	
0511-0002	Corporate Dissolution Program	254,213	254,213	254,213	
0511-0003	Chargeback for Publications and Computer Library Services	16,000	16,000	16,000	
0511-0200	State Archives	378,121	378,121	378,121	
0511-0230	State Records Center	36,217	36,217	36,217	
0511-0235	Chargeback for State Records Center Services	100,000	100,000	100,000	
0511-0250	State Archives Facility	296,521	296,521	296,521	
0511-0260	Commonwealth Museum	243,684	243,684	243,684	
0511-0270	Census Data Technical Assistance	500,000	500,000	500,000	
0511-0420	Address Confidentiality Program	130,858	130,858	130,858	
0517-0000	Public Document Printing	600,000	600,000	600,000	
0521-0000	Elections Division Administration	4,900,000	5,728,936	8,646,892	Increased funding to meet projected need.
0521-0001	Central Voter Registration Computer System	4,937,121	4,937,121	5,991,979	Increased funding to meet projected need.
0521-0012	Special Elections Reserve Sixth Worcester	-	38,741	-	Eliminated FY12 one-time costs.
0524-0000	Information to Voters	300,000	300,000	1,873,087	Increased funding to support new initiative.
0526-0100	Massachusetts Historical Commission	750,000	750,000	750,000	
0527-0100	Ballot Law Commission	10,545	10,545	10,545	
0528-0100	Records Conservation Board	34,056	34,056	34,056	
0540-0900	Essex Registry of Deeds - Northern District	1,017,334	1,017,334	1,017,335	

FY 2013 Governor's Budget Recommendation

Account	Description	FY2012 GAA	FY2012 Spending	FY2013 House 2	Comment
0540-1000	Essex Registry of Deeds - Southern District	2,703,583	2,703,583	2,703,583	
0540-1100	Franklin Registry of Deeds	449,288	449,288	449,288	
0540-1200	Hampden Registry of Deeds	1,643,100	1,643,100	1,643,100	
0540-1300	Hampshire Registry of Deeds	471,423	471,423	471,423	
0540-1400	Middlesex Registry of Deeds - Northern District	1,113,611	1,113,611	1,113,611	
0540-1500	Middlesex Registry of Deeds - Southern District	2,875,012	2,875,012	2,875,012	
0540-1600	Berkshire Registry of Deeds - Northern District	250,700	250,700	250,700	
0540-1700	Berkshire Registry of Deeds - Central District	419,400	419,400	419,400	
0540-1800	Berkshire Registry of Deeds - Southern District	209,483	209,483	209,483	
0540-1900	Suffolk Registry of Deeds	1,734,615	1,734,615	1,734,615	
0540-2000	Worcester Registry of Deeds - Northern District	655,072	655,072	655,072	
0540-2100	Worcester Registry of Deeds - Worcester District	2,161,481	2,161,481	2,161,481	
0610-0000	Office of the Treasurer and Receiver - General	9,181,660	9,181,147	9,181,147	
0610-0010	Financial Literacy Programs	85,000	85,000	85,000	
0610-0050	Alcoholic Beverages Control Commission	1,993,336	1,993,336	1,993,336	
0610-0051	ABCC Grant	171,664	171,664	208,863	Increased appropriation to equal projected retained revenue.
0610-0060	Alcoholic Beverages Control Commission Investigation and Enfor	100,000	100,000	100,000	
0610-0140	Financial Institution Fees	21,582	21,582	21,582	
0610-2000	Welcome Home Bill Bonus Payments	2,155,604	2,855,604	2,855,604	Increased funding to meet obligation.
0611-1000	Bonus Payments to War Veterans	44,500	44,500	44,500	
0612-0105	Public Safety Employees Line of Duty Death Benefits	100,000	500,000	200,000	
0640-0000	State Lottery Commission	77,721,702	78,536,702	78,536,702	
0640-0005	State Lottery Commission - Monitor Games	2,715,484	2,715,484	2,715,484	
0640-0010	State Lottery Commission - Advertising	2,000,000	2,000,000	5,000,000	Increased funding to support new initiative.
0640-0096	State Lottery Commission - Health and Welfare Benefits	355,945	355,945	355,945	
0640-0300	Massachusetts Cultural Council	5,449,866	6,199,866	6,199,866	
0699-0005	RANs Premiums Debt Service	20,000,000	20,000,000	20,000,000	
0699-0015	Consolidated Long-Term Debt Service	1,883,842,211	1,883,842,211	2,023,271,598	Increased funding to meet obligation.
0699-0016	Accelerated Bridge Program Debt Service	25,217,567	25,217,567	49,392,567	Increased funding to meet obligation.

Account	Description	FY2012 GAA	FY2012 Spending	FY2013 House 2	Comment
0699-0018	Agency Debt Service Programs	6,217,722	6,217,722	6,217,722	
0699-2004	Central Artery/Tunnel Debt Service	86,189,403	86,189,403	101,500,000	
0699-9100	Short-Term Debt Service and Costs of Issuance	27,951,544	17,951,544	29,131,247	Increased funding to meet obligation.
0699-9101	Grant Anticipation Notes Debt Service	22,607,000	22,607,000	13,182,425	Decreased funding to meet obligation.
0710-0000	Office of the State Auditor Administration	13,659,122	14,533,952	13,659,122	
0710-0100	Division of Local Mandates	379,643	379,643	379,643	
0710-0200	Bureau of Special Investigations	1,812,420	1,812,420	1,812,420	
0710-0225	Medicaid Audit Unit	897,829	897,829	897,829	
0710-0300	Enhanced Bureau of Special Investigation	-	-	468,950	Increased funding to support new initiative.
0810-0000	Office of the Attorney General Administration	22,251,155	22,922,820	22,251,155	
0810-0004	Compensation to Victims of Violent Crimes	2,188,340	2,188,340	2,188,340	
0810-0013	False Claims Recovery Retained Revenue	775,000	775,000	775,000	
0810-0014	Public Utilities Proceedings Unit	2,355,145	2,355,145	2,355,145	
0810-0021	Medicaid Fraud Control Unit	4,064,923	4,064,923	4,064,923	
0810-0045	Wage Enforcement Program	2,952,428	2,952,428	3,022,081	
0810-0061	Litigation and Enhanced Recoveries	-	-	1,811,579	Increased funding to support new initiative.
0810-0098	State Police Overtime for AG	340,676	340,676	340,676	
0810-0201	Insurance Proceedings Unit	1,539,942	1,539,943	1,539,943	
0810-0338	Automobile Insurance Fraud Investigation and Prosecution	438,506	438,506	438,506	
0810-0399	Workers' Compensation Fraud Investigation and Prosecution	284,456	284,456	284,456	
0810-1204	Gaming Enforcement Division	-	500,000	-	Eliminated FY12 one-time costs.
0840-0100	Victim and Witness Assistance Board	494,923	494,923	494,923	
0840-0101	Domestic Violence Court Advocacy Program	741,199	741,199	741,199	
0900-0100	State Ethics Commission	1,796,500	1,796,500	1,796,500	
0910-0200	Office of the Inspector General	2,231,913	2,941,307	2,231,913	Decreased funding to meet obligation.
0910-0210	Public Purchasing and Manager Program Fees Retained Revenue	600,000	350,000	600,000	
0920-0300	Office of Campaign and Political Finance	1,270,342	1,270,342	1,270,342	
0940-0100	Massachusetts Commission Against Discrimination	2,543,312	2,543,312	2,543,312	

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Account	Description	FY2012 GAA	FY2012 Spending	FY2013 House 2	Comment
0940-0101	Fees and Federal Reimbursement Retained Revenue	2,030,380	2,030,380	2,078,580	
0940-0102	Discrimination Prevention Program Retained Revenue	70,000	70,000	70,000	
0950-0000	Commission on the Status of Women	70,000	70,000	70,000	
0950-0050	GLBT Commission	100,000	100,000	100,000	
1000-0001	Office of the State Comptroller	7,800,434	7,800,434	7,800,434	
1000-0005	Chargeback for Single State Audit	1,000,000	875,000	900,000	Increased funding to meet projected need.
1000-0008	Chargeback for MMARS	2,799,812	2,799,812	2,985,334	
1100-1100	Office of the Secretary of Administration and Finance	2,776,193	2,776,192	2,850,000	Increased funding to meet projected need.
1100-1201	Commonwealth Performance Accountability and Transparency	350,000	350,000	500,000	Increased funding to support new initiative.
1100-1560	Massachusetts Development Finance Agency	-	440,692	-	Eliminated funding to meet projected need.
1100-1700	Administration and Finance Information Technology Costs	24,651,208	26,531,208	28,602,693	Increased funding to meet projected need.
1100-1701	Chargeback for Administration and Finance IT Costs	40,503,170	40,503,170	45,004,635	Increased funding to meet projected need.
1100-1708	MDDC Trust Account Match	-	-	86,000	Established appropriation to fund anticipated obligations.
1102-3199	Office of Facilities Management	-	-	11,084,237	Consolidated with 1102-3301 and 1102-3302.
1102-3205	State Office Building Rents Retained Revenue	16,250,000	16,250,000	16,250,000	
1102-3224	Chargeback for Saltonstall Lease and Occupancy Payments	11,217,734	11,217,734	11,217,734	
1102-3226	Chargeback for State Buildings Operation and Maintenance	-	-	2,860,962	Consolidated with 1102-3333 and 1102-3336.
1102-3232	Contractor Certification Program Retained Revenue	300,000	300,000	400,000	Increased appropriation to equal projected retained revenue.
1102-3301	Bureau of State Office Buildings	5,051,138	5,051,138	-	Transferred to 1102-3199.
1102-3302	Utility Costs for State Managed Buildings	6,205,820	6,205,820	-	Transferred to 1102-3199.
1102-3306	State House Operations	700,034	700,034	-	Transferred to 1102-3309.
1102-3307	State House Accessibility	138,476	938,476	-	Transferred to 1102-3309.
1102-3309	Bureau of the State House	-	-	2,140,055	Consolidated with 1102-3306 and 1102-3307.

Account	Description	FY2012 GAA	FY2012 Spending	FY2013 House 2	Comment
1102-3333	Chargeback for State Buildings Operation and Maintenance	165,000	165,000	-	Transferred to 1102-3226.
1102-3336	Chargeback for Hurley State Office Building	3,133,900	2,694,938	-	Transferred to 1102-3226.
1106-0064	Caseload and Economic Forecasting Office	150,000	150,000	159,415	
1107-2400	Massachusetts Office on Disability	562,272	562,272	586,112	
1107-2501	Disabled Persons Protection Commission	2,210,698	2,210,698	2,210,698	
1108-1011	Civil Service Commission	410,000	410,000	439,116	
1108-5100	Group Insurance Commission	2,561,709	2,561,708	2,537,146	
1108-5200	Group Insurance Premium and Plan Costs	1,131,305,510	1,163,305,510	1,147,002,702	
1108-5201	Municipal Partnership Act Implementation Retained Revenue	1,028,612	2,017,862	2,017,862	Increased appropriation to equal projected retained revenue.
1108-5350	Retired Governmental Employees Group Insurance Premiums	340,000	340,000	448,800	Increased funding to support projected costs.
1108-5400	Retired Municipal Teachers Group Insurance Premiums	64,386,762	64,386,761	68,893,835	
1108-5500	Group Insurance Dental and Vision Benefits	9,104,973	9,104,973	9,833,370	
1110-1000	Division of Administrative Law Appeals	1,077,076	1,077,076	1,128,302	
1120-4005	George Fingold Library	796,229	798,046	823,547	
1201-0100	Department of Revenue	80,469,544	80,469,544	83,164,283	
1201-0130	Additional Auditors Retained Revenue	23,940,257	24,027,807	27,940,257	Increased appropriation to equal projected retained revenue.
1201-0160	Child Support Enforcement Division	33,676,820	33,863,200	35,536,672	
1201-0164	Child Support Enforcement Federally Reimbursed Retained Revenue	6,547,280	6,547,280	6,547,280	
1231-1000	For the Rate Relief Component of the	500,000	500,000	-	Eliminated funding to meet projected need.
1232-0100	Underground Storage Tank Reimbursements	13,000,000	38,000,000	20,000,000	Decreased funding to meet projected need.
1232-0200	Underground Storage Tank Administrative Review Board	2,033,299	2,033,299	2,088,156	
1233-2000	Tax Abatements for Veterans Widows Blind Persons and the Elder	25,301,475	25,301,475	25,436,475	
1233-2350	Unrestricted General Government Local Aid	833,980,293	898,980,293	833,980,293	Decreased funding to meet projected need.
1233-2400	Reimbursement to Cities in Lieu of Taxes on State Owned Land	26,270,000	26,270,000	26,270,000	
1233-2401	40 S Payments	363,699	363,699	-	Eliminated funding to meet projected need.

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Account	Description	FY2012 GAA	FY2012 Spending	FY2013 House 2	Comment
1310-1000	Appellate Tax Board	1,459,270	1,734,270	1,734,270	Increased funding to meet projected need.
1310-1001	Tax Assessment Appeals Fee Retained Revenue	400,000	400,000	400,000	
1410-0010	Veterans' Services Administration and Operations	2,173,506	2,481,508	2,526,370	Increased funding to support program operations.
1410-0012	Veterans' Outreach Centers Including Homeless Shelters	1,912,555	1,912,555	6,482,478	Consolidated with 1410-0250 and 1410-0251.
1410-0015	Women Veterans' Outreach	50,000	50,000	50,000	
1410-0018	Agawam and Winchendon Cemeteries Retained Revenue	300,000	313,717	565,000	Increased appropriation to equal projected retained revenue.
1410-0075	Train Vets to Treat Vets	125,000	125,000	125,000	
1410-0100	Veterans' Pension Determination and Revenue Recovery	-	-	96,500	Increased funding to meet projected need.
1410-0250	Assistance to Homeless Veterans	2,291,380	2,291,380	-	Transferred to 1410-0012.
1410-0251	New England Shelter for Homeless Veterans	2,278,543	2,278,543	-	Transferred to 1410-0012.
1410-0300	Annuities to Disabled Veterans Gold Star Parents and Spouses	20,135,820	20,135,820	21,797,082	
1410-0400	Veterans' Benefits	38,980,045	38,980,045	45,889,480	Increased funding to meet projected need.
1410-0630	Agawam and Winchendon Veterans' Cemeteries	948,313	948,313	1,014,825	
1595-1067	Delivery System Transformation Initiative	-	186,907,667	186,907,667	Increased funding to support new initiative.
1595-1068	Medical Assistance Trust Fund	394,025,000	394,025,000	394,025,000	
1595-1069	Health Insurance Technology Trust Fund	500,000	500,000	-	Eliminated FY12 one-time costs.
1595-5819	Commonwealth Care Trust Fund	728,011,822	687,392,074	737,122,286	Increased funding to meet projected need.
1595-6123	Transfer from General Fund to Mass Life Sciences Investment	-	10,000,000	-	Eliminated funding to meet projected need.
1595-6124	Transfer to Substance Abuse Services Fund	-	10,000,000	-	Eliminated FY12 one-time costs.
1595-6125	Transfer to Human Service Salary Reserve Fund	-	10,000,000	-	Eliminated FY12 one-time costs.
1595-6368	Massachusetts Transportation Trust Fund	180,126,756	180,126,756	165,191,136	Decreased funding due to budget restrictions while still supporting operations
1595-6369	Commonwealth Transportation Fund transfer to the MBTA	160,000,000	160,000,000	160,000,000	
1595-6370	Commonwealth Transportation Fund transfer to Regional Transit	15,000,000	15,000,000	15,000,000	
1595-6379	Merit Rating Board	7,806,972	8,808,113	8,023,086	

Account	Description	FY2012 GAA	FY2012 Spending	FY2013 House 2	Comment
1595-6583	Infrastructure Development Fund Operating Transfer	-	37,950,000	-	Eliminated funding to meet projected need.
1595-6585	Low Income Housing Tax Credit Fund Operating Transfer	-	9,500,000	-	Eliminated funding to meet projected need.
1595-7066	STEM Pipeline Fund	500,000	1,000,000	-	Transferred to 7066-0035.
1599-0016	Fraud and Abuse Prevention Task Force	-	110,000	-	Eliminated funding to support new initiative.
1599-0018	Revenue Maximization Reserve	750,000	750,000	-	Eliminated program.
1599-0024	Agency Auditor Grant Program	1,250,000	1,250,000	-	Eliminated funding to meet projected need.
1599-0026	Municipal Regionalization and Efficiencies Incentive Reserve	9,000,000	9,050,000	7,000,000	Decreased funding to meet projected need.
1599-0029	Personal Care Attendants Training Fund	-	1,000,000	-	Eliminated funding to meet projected need.
1599-0050	Route 3 North Contract Assistance	5,409,158	5,409,158	1,128,818	Decreased funding to meet projected need.
1599-0093	Water Pollution Abatement Trust Contract Assistance	64,654,037	66,488,219	67,262,389	
1599-1027	Reserve for Benefit Change Reimbursement	-	8,856,814	-	Eliminated funding to meet projected need.
1599-1705	June 1 2011 Storm Reserve	-	11,464,102	-	Eliminated 1-time funding
1599-1706	Local Costs of June 1 Storms	-	10,000,000	-	Eliminated FY12 one-time costs.
1599-1707	Remaining Local Costs 2008 Ice Storm	-	6,200,000	-	Eliminated FY12 one-time costs.
1599-1708	March 2010 Floods Municipal Reserve	-	2,783,277	-	Eliminated FY12 one-time costs.
1599-1709	Irene Storm Reserve	-	10,000,000	-	Eliminated FY12 one-time costs.
1599-1970	Massachusetts Department of Transportation Contract Assistance	125,000,000	125,000,000	125,000,000	
1599-1977	Commonwealth Infrastructure Investment Assistance Reserve	2,165,500	2,165,500	3,462,325	Increased funding to meet projected need.
1599-1982	CB Reserve - Trial Court OPEIU Local 6	-	-	17,318,327	Increased funding to meet projected need.
1599-2004	Health Care Cost Containment Reserve	-	1,885,142	-	Increased funding to meet projected need.
1599-2009	Hale Hospital Reserve	2,400,000	2,400,000	-	Eliminated program.
1599-2013	Connor B Litigation Reserve	-	2,500,000	-	Eliminated funding to meet projected need.
1599-2040	Chargeback for Prior-Year Deficiencies	10,000,000	10,000,000	10,000,000	
1599-3100	Chargeback for Unemployment Compensation	34,000,000	34,000,000	34,000,000	
1599-3234	South Essex Sewerage District Debt Service Assessment	90,100	90,100	90,100	
1599-3381	Hutchinson Reserve	-	745,000	-	Eliminated funding to meet projected need.

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Account	Description	FY2012 GAA	FY2012 Spending	FY2013 House 2	Comment
1599-3384	Judgments Settlements and Legal Fees	4,900,000	6,900,000	5,000,000	Decreased funding to meet projected need.
1599-3856	MITC Operational Expenses	600,000	500,000	500,000	
1599-3857	Advanced Technology and Manufacturing Center	1,581,922	1,581,922	1,581,922	
1599-4227	CB Reserve - MA Nurses Association BU Code: 7	-	4,132,356	-	Consolidated with 1599-4800.
1599-4252	Coalition for Public Safety (Unit 5)	-	140,000	-	Consolidated with 1599-4800.
1599-4253	CB Reserve - NEPBA, Unit 4A	-	-	177,448	Increased funding to meet projected need.
1599-4278	CB Reserve – ABCC	-	-	29,456	Increased funding to meet projected need.
1599-4281	CB Reserve - NAGE Units 1, 3, 6	-	10,000	9,571,084	Increased funding to meet projected need.
1599-4282	CB Reserve - SEIU, Local 509	-	-	9,277,199	Increased funding to meet projected need.
1599-4283	CB Reserve - AFSCME Council 93	-	10,000	6,939,638	Increased funding to meet projected need.
1599-4284	Mass Org State Engineers Scientists Unit 2 CB Reserve	-	10,000	-	Consolidated with 1599-4800.
1599-4291	CB Reserve - Essex IBCO Local RI-27	-	-	121,918	Increased funding to meet projected need.
1599-4302	CB Reserve - Barnstable Sheriff NAGE Local 220	-	-	31,209	Increased funding to meet projected need.
1599-4303	CB Reserve - Barnstable AFL-CIO Council 93, Local 1462C	-	-	33,427	Increased funding to meet projected need.
1599-4304	CB Reserve - Barnstable Correctional Officers Union	-	-	557,566	Increased funding to meet projected need.
1599-4305	CB Reserve - Barnstable Sheriff IBCO Local 217	-	-	102,748	Increased funding to meet projected need.
1599-4307	CB Reserve - Barnstable Sheriff NAGE Local 58	-	-	24,908	Increased funding to meet projected need.
1599-4328	CB Reserve - Dukes Sheriff MCOFU	-	-	41,218	Increased funding to meet projected need.
1599-4334	CB Reserve - Suffolk AFSCME Council 93 Local 419	-	-	69,103	Increased funding to meet projected need.
1599-4339	CB Reserve - Essex IBCO Local RI-71	-	-	140,846	Increased funding to meet projected need.
1599-4342	CB Reserve - Essex Correction Officers	-	-	1,151,883	Increased funding to meet projected need.
1599-4355	CB Reserve - Plymouth Investigators MCOFU (BCI)	-	-	46,294	Increased funding to meet projected need.
1599-4417	E. J. Collins Jr. Center for Public Management	496,518	496,518	700,000	Increased funding to support new initiative.
1599-4419	CB Reserve - AFSCME Council 93 Local 1067	-	-	5,696,424	Increased funding to meet projected need.
1599-4421	Massachusetts Community Colleges Council CB Reserve	-	3,422,000	-	Consolidated with 1599-4803.
1599-4430	CB Reserve - Trial Court NAGE Local 5000	-	-	10,623,132	Increased funding to meet projected need.
1599-4800	Interim CB Reserve Executive Branch	-	-	5,435,570	Increased funding to meet projected need.

Account	Description	FY2012 GAA	FY2012 Spending	FY2013 House 2	Comment
1599-4801	Interim CB Reserve Sheriffs	-	-	12,746,920	Increased funding to meet projected need.
1599-4802	Interim CB Reserve Univ Mass	-	-	25,574,228	Increased funding to meet projected need.
1599-4803	Interim CB Reserve Board Higher Education	-	-	17,917,329	Increased funding to meet projected need.
1599-4804	Interim CB Reserve Independents	-	-	1,682,031	Necessary to meet projected need
1599-6152	State Retiree Benefits Trust Fund	414,325,940	414,325,940	435,042,237	
1599-7050	Other Post Employment Benefits Reserve	-	85,000	-	Eliminated FY12 one-time costs.
1599-7104	Dartmouth/Bristol Community College Reserve	2,700,000	2,700,000	2,700,000	
1750-0100	Human Resources Division	2,618,785	2,618,785	2,578,530	
1750-0101	Chargeback for Training	282,628	184,305	189,174	Increased funding to meet projected need.
1750-0102	Civil Service and Physical Abilities Exam Fee Retained Revenue	2,056,966	2,827,000	2,700,000	Reduced appropriation to equal projected retained revenue.
1750-0105	Chargeback for Workers' Compensation	57,040,378	58,398,965	57,543,575	
1750-0106	Chargeback for Workers' Compensation Litigation Unit Services	684,091	684,091	718,535	
1750-0119	Former County Employees Workers' Compensation	52,057	52,057	52,057	
1750-0300	State Contribution to Union Dental and Vision Insurance	26,950,000	26,950,000	27,758,500	
1750-0600	Chargeback for Human Resources Modernization	2,500,000	2,500,000	3,500,000	Increased funding to meet projected need.
1750-0601	Chargeback for HRCMS Functionality	6,773,950	6,773,950	6,800,268	
1775-0100	Operational Services Division	200,000	200,000	-	Eliminated funding due to reform.
1775-0106	Enhanced Vendor Auditing	475,000	475,000	484,278	
1775-0115	Statewide Contract Fee	2,989,876	2,989,876	3,500,000	Increased appropriation to equal projected retained revenue.
1775-0124	Human Services Provider Overbilling Recovery Retained Revenue	500,000	500,000	500,000	
1775-0200	Supplier Diversity Office	546,768	546,768	558,332	
1775-0600	Surplus Sales Retained Revenue	750,000	750,000	750,000	
1775-0700	Reprographic Services Retained Revenue	53,000	53,000	53,000	
1775-0800	Chargeback for Purchase Operation and Repair of State Vehicles	7,600,000	7,600,000	7,600,000	
1775-0900	Federal Surplus Property Retained Revenue	55,000	55,000	55,000	

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Account	Description	FY2012 GAA	FY2012 Spending	FY2013 House 2	Comment
1775-1000	Chargeback for Reprographic Services	1,000,000	1,000,000	1,000,000	
1790-0100	Information Technology Division	3,259,613	3,259,612	3,259,612	
1790-0151	Data Processing Service Fee Retained Revenue	55,000	9,514	55,000	Decreased funding to equal projected retained revenue.
1790-0200	Chargeback for Computer Resources and Services	66,377,703	69,527,703	71,551,608	
1790-0300	Vendor Computer Service Fee Retained Revenue	554,730	459,880	554,730	Decreased funding to equal projected retained revenue.
1790-0350	Springfield Data Center	-	-	2,612,820	Established appropriation to fund new initiative.
1790-0400	Chargeback for Postage Supplies and Equipment	2,363,022	2,028,999	2,073,534	Increased funding to meet projected need.
2000-0100	Executive Office of Energy and Environmental Affairs Admin	5,695,430	5,695,430	6,136,084	
2000-1011	Handling Charge Retained Revenue	85,000	85,000	85,000	
2000-1700	Energy and Environment Information Technology Costs	7,482,556	9,912,556	10,145,502	Increased funding to meet projected need.
2000-1701	Chargeback for Energy and Environment IT Costs	4,789,108	4,789,109	1,290,571	Decreased funding to meet projected need.
2030-1000	Environmental Law Enforcement	7,973,112	8,024,752	8,688,781	
2030-1004	Environmental Law Enforcement Private Details Retained Revenue	300,000	300,000	300,000	
2100-0012	Department of Public Utilities Administration	7,611,781	7,570,086	7,589,417	
2100-0013	Transportation Oversight Division	375,051	375,051	377,774	
2100-0014	Energy Facilities Siting Board Retained Revenue	50,000	50,000	50,000	
2100-0015	Unified Carrier Registration Retained Revenue	2,300,000	2,300,000	2,300,000	
2100-0016	Steam Distribution Oversight	300,000	300,000	99,999	Decreased funding to meet projected need.
2200-0100	Department of Environmental Protection Administration	24,682,305	24,682,305	25,092,901	
2200-0102	Wetlands Permitting Fee Retained Revenue	260,812	260,812	650,151	Increased funding to support program operations.
2200-0107	Recycling and Solid Waste Master Plan Operations	275,000	275,000	5,525,000	Increased funding to support new initiative.
2200-0109	Compliance and Permitting Fee Retained Revenue	-	-	2,500,000	Increased funding to support program operations.
2210-0105	Toxics Use Retained Revenue	3,052,627	3,052,627	3,109,324	
2220-2220	Clean Air Act	798,593	798,593	820,606	

Account	Description	FY2012 GAA	FY2012 Spending	FY2013 House 2	Comment
2220-2221	Clean Air Act Operating Permit and Compliance Program	1,667,239	1,667,239	1,468,565	Reduced funding to meet projected need due to reform.
2250-2000	Safe Drinking Water Act	1,264,499	1,264,499	1,603,609	Increased funding to support program operations.
2260-8870	Hazardous Waste Cleanup Program	11,973,797	11,973,797	13,203,479	Increased funding to support program operations.
2260-8872	Brownfields Site Audit Program	1,020,002	1,020,002	1,133,594	Increased funding to support program operations.
2260-8875	Cape Cod Wastewater Study	150,000	150,000	-	Eliminated FY12 one-time costs.
2260-8881	Board of Registration of Hazardous Waste Site Cleanup	345,475	345,475	375,558	
2300-0100	Department of Fish and Game Administration	658,880	658,880	665,013	
2300-0101	Riverways Protection Restoration and Public Access Promotion	416,974	416,974	418,302	
2310-0200	Division of Fisheries and Wildlife Administration	9,985,455	9,985,455	10,470,455	
2310-0300	Natural Heritage and Endangered Species Program	150,000	150,000	150,000	
2310-0306	Hunter Safety Program	406,510	406,510	416,667	
2310-0316	Wildlife Habitat Purchase	1,000,000	1,000,000	1,500,000	Increased funding to meet projected need.
2310-0317	Waterfowl Management Program	65,000	65,000	65,000	
2320-0100	Fishing and Boating Access	429,160	544,286	468,977	Decreased funding to support program operations.
2330-0100	Division of Marine Fisheries Administration	4,355,647	4,355,647	3,982,035	Reduced funding to meet projected need due to reform.
2330-0120	Marine Recreational Fisheries Development and Enhancement Prog	515,754	515,754	578,532	Increased funding to support program operations.
2330-0121	Marine Recreational Fishing Fee Retained Revenue	204,989	204,989	217,989	
2330-0150	Shellfish Purification Plant RR	100,000	100,000	-	Eliminated program.
2330-0300	Saltwater Sportfish Licensing	491,761	491,761	801,261	Increased funding to support program operations.
2511-0100	Department of Agricultural Resources Administration	4,300,108	4,300,108	4,280,581	
2511-0105	Emergency Food Assistance Program	11,500,000	11,500,000	11,500,000	
2511-3002	Integrated Pest Management Program	47,560	47,560	50,184	
2800-0100	Department of Conservation and Recreation Administration	3,308,980	3,308,980	4,125,466	Increased funding to meet projected need.
2800-0101	Watershed Management Program	1,002,565	1,002,565	1,005,972	

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Account	Description	FY2012 GAA	FY2012 Spending	FY2013 House 2	Comment
2800-0401	Stormwater Management	391,237	391,237	399,396	
2800-0501	DCR Seasonals	11,611,671	11,611,671	12,381,553	
2800-0700	Office of Dam Safety	290,151	290,151	302,432	
2810-0100	State Parks and Recreation	42,173,702	42,173,702	39,687,129	
2810-2041	Department of Conservation and Recreation Retained Revenue	5,229,030	9,729,030	14,127,027	Consolidated with 2820-1000, 2820-1001, 2820-3001, 2820-4420, and 2820-4421.
2820-0101	State House Park Rangers	1,327,967	1,327,967	1,377,957	
2820-1000	Citation Fee Park Ranger Retained Revenue	200,000	200,000	-	Transferred to 2810-2041.
2820-1001	Telecommunications Leases Retained Revenue	50,000	50,000	-	Transferred to 2810-2041.
2820-2000	Streetlighting	3,000,000	3,000,000	3,060,000	
2820-3001	Skating Rink Fee Retained Revenue	1,000,000	1,000,000	-	Transferred to 2810-2041.
2820-4420	Ponkapoag Golf Course Retained Revenue	1,098,011	1,098,011	-	Transferred to 2810-2041.
2820-4421	Leo J Martin Golf Course Retained Revenue	824,790	824,791	-	Transferred to 2810-2041.
3000-1000	Department of Early Education and Care Administration	11,683,491	11,726,273	12,183,705	
3000-2000	Access Management	5,933,862	5,933,862	5,933,862	
3000-2050	Children's Trust Fund Operations	1,026,106	1,026,107	1,082,028	
3000-3050	Supportive Child Care	77,448,576	77,448,576	-	Transferred to 3000-4060.
3000-4050	TANF Related Child Care	132,458,313	132,458,313	-	Transferred to 3000-4060.
3000-4060	Child Care Access	232,897,940	232,897,940	434,697,067	Consolidated with 3000-3050 and 3000-4050.
3000-5000	Grants to Head Start Programs	7,500,000	7,500,000	7,500,000	
3000-5075	Universal Pre-Kindergarten	7,500,000	7,500,000	7,500,000	
3000-6075	Early Childhood Mental Health Consultation Services	750,000	750,000	750,000	
3000-7000	Children's Trust Fund	10,463,346	10,463,859	10,395,265	
3000-7050	Services for Infants and Parents	18,186,633	18,386,633	18,186,633	
3000-7070	Reach Out and Read	800,000	800,000	800,000	
4000-0005	Safe and Successful Youth Initiative	-	10,000,000	10,000,000	Established appropriation to fund youth violence prevention.
4000-0050	Personal Care Attendant Council	167,708	167,708	235,485	Increased funding to support program operations.
4000-0051	Children Youth and Families Initiative	-	-	2,995,000	Established appropriation to fund new initiative for children, youth and family services.

Account	Description	FY2012 GAA	FY2012 Spending	FY2013 House 2	Comment
4000-0102	Chargeback for Human Services Transportation	8,086,443	7,205,560	7,396,623	
4000-0103	Chargeback for Human Services Administration	20,003,583	18,189,137	20,680,740	Increased ceiling to meet projected need.
4000-0114	Quality Care Fund Reserve	-	1,000,000	-	Eliminated FY12 one-time costs.
4000-0265	Community Health Center Grants	-	1,000,000	-	Eliminated program.
4000-0300	EOHHS and MassHealth Administration	83,484,473	86,557,878	86,291,466	
4000-0301	MassHealth Auditing and Utilization Reviews	1,736,425	1,736,425	1,739,619	
4000-0309	MassHealth Field Auditing Taskforce	1,000,000	1,000,000	1,000,000	
4000-0320	MassHealth Recoveries from Current and Prior Fiscal Years RR	225,000,000	225,000,000	225,000,000	
4000-0430	MassHealth CommonHealth Plan	130,439,637	76,332,519	73,165,558	Increased funding to meet projected need.
4000-0500	MassHealth Managed Care	3,879,010,669	3,980,487,347	4,164,475,376	Increased funding to meet projected need.
4000-0600	MassHealth Senior Care	2,515,602,264	2,566,654,470	2,763,630,662	Increased funding to meet projected need.
4000-0640	MassHealth Nursing Home Supplemental Rates	288,500,000	318,692,354	288,500,000	Decreased funding to meet projected need.
4000-0700	MassHealth Fee-for-Service Payments	2,029,206,633	1,809,829,381	1,939,680,126	Increased funding to meet projected need.
4000-0870	MassHealth Basic Coverage	157,016,626	170,608,370	179,909,689	Increased funding to meet projected need.
4000-0875	MassHealth Breast and Cervical Cancer Treatment	4,770,999	4,734,599	5,248,099	Increased funding to meet projected need.
4000-0880	MassHealth Family Assistance Plan	218,925,814	209,233,330	213,894,591	
4000-0890	MassHealth Premium Assistance and Insurance Partnership	58,181,956	30,987,873	30,481,392	Decreased funding to meet projected need.
4000-0895	Healthy Start Program	13,800,000	13,818,028	15,850,244	Increased funding to meet projected need.
4000-0950	Children's Behavioral Health Initiative	214,743,708	214,743,708	221,705,516	
4000-0990	Children's Medical Security Plan	12,600,000	14,150,718	13,298,695	
4000-1400	MassHealth HIV Plan	18,541,135	17,940,665	19,744,723	Increased funding to meet projected need.
4000-1405	MassHealth Essential	389,757,408	493,458,055	505,998,457	Increased funding to meet projected need.
4000-1420	Medicare Part D Phased Down Contribution	211,370,985	285,913,498	285,153,027	Increased funding to meet projected need.
4000-1602	MassHealth Operations	-	-	2,000,000	Increased funding to support new initiative.
4000-1604	Health Care System Reform	-	-	3,125,000	Increased funding to support new initiative.
4000-1700	Health and Human Services Information Technology Costs	81,762,075	95,412,075	100,301,495	Increased funding to support program operations.
4000-1701	Chargeback for Health and Human Services Information Technology	31,441,744	13,377,047	31,441,744	Increased ceiling to meet projected need.

FY 2013 Governor's Budget Recommendation

Account	Description	FY2012 GAA	FY2012 Spending	FY2013 House 2	Comment
4003-0122	Low-Income Citizenship Program	237,500	237,500	237,500	
4100-0059	Health Care Finance and Policy CommCare Language	10,578,753	-	-	Consolidated with 4100-0060.
4100-0060	Division of Health Care Finance and Policy	10,578,754	21,157,507	21,894,515	Consolidated with 4100-0059 and increased funding to support program operations.
4100-0061	All Payer Claims Database RR	4,000,000	4,000,000	4,000,000	
4100-0082	Health Safety Net Claims Migration Retained Revenue	-	-	2,000,000	Established appropriation to fund new initiative.
4100-0360	Health Care Quality and Cost Council Retained Revenue	100,000	100,000	100,000	
4110-0001	MCB Administration and Program Operations	965,851	965,851	1,363,156	Consolidated with 4110-1010 and increased funding to support projected costs.
4110-1000	Community Services for the Blind	3,911,398	3,923,864	3,433,227	Decreased funding to meet obligation.
4110-1010	State Supplement to Federal Supplemental Security Income (SSI)	8,351,643	8,351,643	-	Consolidated with 4110-0001 and 4405-2000.
4110-2000	Turning 22 Program and Services	11,034,194	11,036,129	11,112,168	Increased funding to support projected costs.
4110-3010	Vocational Rehabilitation for the Blind	3,008,118	3,008,118	3,008,118	
4120-1000	Massachusetts Rehabilitation Commission	408,720	408,720	417,444	
4120-2000	Vocational Rehabilitation for the Disabled	10,013,228	10,013,228	10,013,705	
4120-3000	Employment Assistance	2,428,315	2,428,315	2,058,907	Decreased funding to meet obligation.
4120-4000	Independent Living Assistance for the Multi Disabled	12,226,933	12,226,933	12,229,279	
4120-4001	Accessible Housing Placement and Registry for Disabled Persons	80,000	80,000	80,000	
4120-4010	Turning 22 Program and Services	791,208	791,208	419,288	Decreased funding to meet obligation.
4120-5000	Home Care Services for the Multi Disabled	4,337,006	4,340,427	4,280,624	
4120-6000	Head Injury Treatment Services	11,171,360	11,171,360	11,215,519	
4125-0100	Massachusetts Commission for the Deaf and Hard of Hearing	5,010,393	5,112,983	5,390,287	
4125-0122	Chargeback for Interpreter Services	250,000	250,000	250,000	

Account	Description	FY2012 GAA	FY2012 Spending	FY2013 House 2	Comment
4180-0100	Soldiers' Home in Massachusetts Administration and Operations	25,940,788	25,942,700	26,931,978	
4180-1100	License Plate Sales Retained Revenue	370,000	414,836	435,480	Increased appropriation to equal projected retained revenue.
4190-0100	Soldiers' Home in Holyoke Administration and Operations	19,539,530	19,542,183	19,770,962	
4190-0101	Holyoke Antenna Retained Revenue	5,000	5,000	5,000	
4190-0102	Pharmacy Co-Payment Fee Retained Revenue	110,000	110,000	110,000	
4190-0200	Holyoke Telephone and Television Retained Revenue	35,000	35,000	35,000	
4190-0300	Holyoke 12 Bed Retained Revenue	671,530	671,530	671,530	
4190-1100	License Plate Sales Retained Revenue	250,000	542,765	290,320	Increased appropriation to equal projected retained revenue.
4200-0010	Department of Youth Services Administration and Operations	4,141,463	4,141,463	4,064,005	
4200-0100	Non-Residential Services for Committed Population	21,619,063	21,764,328	22,109,816	
4200-0200	Residential Services for Detained Population	18,256,369	19,751,042	21,367,315	Increased funding to meet projected need.
4200-0300	Residential Services for Committed Population	95,970,712	97,645,544	102,839,841	
4200-0500	Department of Youth Services Teacher Salaries	2,500,000	2,500,000	2,809,809	Increased funding to meet projected need.
4200-0600	Department of Youth Services Alternative Lock Up Program	-	-	2,100,000	Established appropriation to move off budget spending onto the operating budget.
4400-1000	Department of Transitional Assistance Administration and Opera	53,084,416	53,206,692	55,611,427	
4400-1001	Food Stamp Participation Rate Programs	2,933,683	2,951,502	3,171,411	
4400-1025	Domestic Violence Specialists	748,734	748,734	782,222	
4400-1100	Caseworkers Reserve	57,535,677	59,047,448	64,126,261	H.2 reflects an investment in caseworkers in order to meet projected need.
4401-1000	Employment Services Program	7,109,035	7,109,035	7,109,035	
4403-2000	TAFDC Grant Payments	315,980,979	321,767,989	318,871,955	
4403-2007	Supplemental Nutritional Program	900,000	900,000	1,200,000	Increased funding to meet projected need.
4403-2119	Teen Structured Settings Program	6,436,708	6,436,708	7,728,595	Increased funding to support program operations.

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Account	Description	FY2012 GAA	FY2012 Spending	FY2013 House 2	Comment
4405-2000	State Supplement to Supplemental Security Income	222,156,525	233,877,257	237,894,089	
4408-1000	Emergency Aid to the Elderly Disabled and Children	88,958,966	89,092,154	88,263,877	
4510-0020	Food Protection Program Retained Revenue	375,000	375,000	375,000	
4510-0025	SEAL Dental Program Retained Revenue	889,889	889,889	889,889	
4510-0040	Pharmaceutical and Medical Device Marketing Regulation RR	421,539	421,539	426,460	
4510-0100	Public Health Critical Operations and Essential Services	15,394,748	17,708,768	16,932,335	Transferred to 4510-0712.
4510-0108	Chargeback for State Office Pharmacy Services	47,865,393	47,865,393	47,865,393	
4510-0110	Community Health Center Services	963,949	963,949	914,476	
4510-0600	Environmental Health Assessment and Compliance	3,205,454	3,205,454	3,207,518	
4510-0615	Nuclear Power Reactor Monitoring Fee Retained Revenue	1,764,716	1,764,716	1,764,716	
4510-0616	Prescription Drug Registration and Monitoring Fee RR	1,241,668	1,241,668	1,243,886	
4510-0710	Division of Health Care Quality and Improvement	6,242,959	6,402,629	6,318,316	
4510-0712	Division of Health Care Quality Health Facility Licensing Fee	2,439,711	2,439,711	4,208,889	Increased funding to support new initiative.
4510-0715	Primary Care Center and Loan Forgiveness Program	157,000	157,000	-	Eliminated program.
4510-0716	Academic Detailing Program	93,000	93,000	-	Eliminated program.
4510-0721	Board of Registration in Nursing	795,800	795,800	821,646	
4510-0722	Board of Registration in Pharmacy	194,806	194,806	221,757	Increased funding to support projected costs.
4510-0723	Board of Registration in Medicine and Acupuncture	997,001	997,001	1,022,252	
4510-0725	Health Boards of Registration	273,383	273,383	304,653	Increased funding to support projected costs.
4510-0726	Board of Registration in Medicine Fee Retained Revenue	300,000	300,000	300,000	
4510-0790	Regional Emergency Medical Services	931,959	931,959	931,959	
4510-0810	Sexual Assault Nurse Examiner (SANE) and Pediatric SANE Program	3,160,740	3,160,740	3,160,740	
4512-0103	HIV/AIDS Prevention Treatment and Services	31,597,810	32,097,810	32,101,023	

Account	Description	FY2012 GAA	FY2012 Spending	FY2013 House 2	Comment
4512-0106	HIV/AIDS Drug Program Manufacturer Rebates Retained Revenue	7,500,000	7,500,000	7,500,000	
4512-0200	Bureau of Substance Abuse Services	74,810,802	74,810,802	76,539,595	
4512-0201	Substance Abuse Step- Down Recovery Services	4,800,000	4,800,000	4,800,000	
4512-0202	Secure Treatment Facilities for Opiate Addiction	2,000,000	2,000,000	2,000,000	
4512-0203	Substance Abuse Family Intervention and Care Pilot	1,500,000	1,500,000	1,500,000	
4512-0225	Compulsive Behavior Treatment Program Retained Revenue	1,000,000	1,000,000	1,000,000	
4512-0500	Dental Health Services	1,395,761	1,395,761	1,352,558	
4513-1000	Family Health Services	4,656,797	4,656,797	4,465,275	
4513-1002	Women Infants and Children's Nutritional Services	12,366,617	12,366,617	12,366,617	
4513-1012	WIC Program Manufacturer Rebates Retained Revenue	24,510,000	24,510,000	26,355,000	
4513-1020	Early Intervention Services	31,144,420	31,144,702	25,723,610	Transferred to 4000- 0700.
4513-1023	Newborn Hearing Screening Program	65,494	65,494	68,938	
4513-1026	Suicide Prevention and Intervention Program	3,569,444	3,569,444	3,585,421	
4513-1111	Health Promotion and Disease Prevention	3,400,000	3,400,000	3,413,076	
4513-1130	Domestic Violence and Sexual Assault Prevention and Treatment	5,507,970	5,507,970	5,511,435	
4516-0263	Blood Lead Testing Fee Retained Revenue	1,112,974	1,112,974	1,112,974	
4516-1000	State Laboratory and Communicable Disease Control Services	12,713,002	13,013,432	11,816,662	Transferred to 8000- 0106.
4516-1010	Matching funds for a Federal Emergency Preparedness Grant	2,272,509	2,272,509	2,202,878	
4516-1022	State Laboratory Tuberculosis Testing Fee Retained Revenue	250,619	250,619	250,619	
4518-0200	Vital Records Research Cancer and Community Data	415,275	415,275	675,000	Increased funding to support new initiative.
4530-9000	Teenage Pregnancy Prevention Services	2,378,410	2,378,410	2,284,123	
4570-1502	Infection Prevention Program	251,281	251,281	263,646	
4580-1000	Universal Immunization Program	51,372,377	52,222,377	52,879,812	
4590-0250	School-Based Health Programs	11,597,967	11,597,967	11,132,301	
4590-0300	Smoking Prevention and Cessation Programs	4,150,703	4,150,703	5,850,703	Increased funding to support new initiative.

FY 2013 Governor's Budget Recommendation

Account	Description	FY2012 GAA	FY2012 Spending	FY2013 House 2	Comment
4590-0901	Chargeback for Consolidated Public Health Hospitals	150,000	150,000	150,000	
4590-0903	Chargeback for Medical Services for County Corrections Inmates	3,800,000	3,800,000	3,800,000	
4590-0912	Western Massachusetts Hospital Federal Reimbursement Retained	16,457,488	16,458,941	16,953,548	
4590-0913	Shattuck Hospital Private Medical Vendor Retained Revenue	499,827	499,827	499,827	
4590-0915	Public Health Hospitals	139,037,382	140,114,762	144,090,926	
4590-0917	Shattuck Hospital Department of Correction Inmate RR	4,046,265	4,046,265	4,208,543	
4590-1503	Pediatric Palliative Care	790,732	790,732	794,666	
4590-1506	Violence Prevention Grants	1,000,000	1,000,000	1,006,253	
4590-1507	Youth At-Risk Matching Grants	1,700,000	1,700,000	1,700,000	
4590-2001	Tewksbury Hospital DDS Client Retained Revenue	-	-	3,437,342	Established appropriation to fund new initiative.
4800-0015	Clinical Support Services and Operations	63,677,819	65,257,818	69,322,448	
4800-0016	Roca Retained Revenue for Cities and Towns	2,000,000	2,000,000	2,000,000	
4800-0025	Foster Care Review	2,824,059	2,839,006	3,005,350	
4800-0030	DCF Local and Regional Administration of Services	9,300,000	10,215,181	10,215,181	
4800-0036	Sexual Abuse Intervention Network	697,508	697,508	697,508	
4800-0038	Services for Children and Families	242,757,069	238,142,461	248,173,891	
4800-0040	Family Support and Stabilization	39,750,000	43,317,551	44,573,551	Increased funding to support program operations.
4800-0041	Group Care Services	193,564,169	196,697,573	200,209,888	
4800-0091	Child Welfare Training Institute Retained Revenue	2,058,735	2,058,735	2,077,119	
4800-0151	Placement Services for Juvenile Offenders	270,919	270,919	230,780	Decreased funding to support projected costs.
4800-1100	Social Workers for Case Management	159,452,441	162,697,463	168,917,450	
4800-1400	Support Services for People at Risk of Domestic Violence	20,725,062	20,727,114	21,451,537	
5011-0100	Department of Mental Health Administration and Operations	26,747,749	26,748,859	27,565,416	
5042-5000	Child and Adolescent Mental Health Services	71,773,509	71,805,352	77,878,882	
5046-0000	Mental Health Services Including Adult Homeless and Emergency	329,285,802	332,466,264	342,427,150	
5046-2000	Statewide Homelessness Support Services	20,134,424	20,134,424	20,134,424	

Account	Description	FY2012 GAA	FY2012 Spending	FY2013 House 2	Comment
5046-4000	CHOICE Program Retained Revenue	125,000	125,000	125,000	
5047-0001	Emergency Services and Mental Health Care	35,122,197	35,134,207	35,202,850	
5055-0000	Forensic Services Program for Mentally Ill Persons	8,097,163	8,104,964	9,153,872	Increased funding to support projected costs.
5095-0015	Inpatient Facilities and Community-Based Mental Health Service	146,732,857	146,803,087	153,488,321	
5095-0017	Trust Fund Contributions	10,000,000	10,000,000	-	Eliminated FY12 one-time costs.
5911-1003	DDS Service Coordination and Administration	60,672,283	61,120,494	63,187,472	
5911-2000	Transportation Services	11,641,431	11,641,431	-	Transferred to 5920-2025 and reduced state subsidy.
5920-2000	Community Residential Services for the Developmentally Disabled	751,797,120	756,582,420	788,539,636	Consolidated with 5920-2002.
5920-2002	DDS Rolland Court Monitor	400,000	400,000	-	Transferred to 5920-2000.
5920-2010	State Operated Residential Services	164,790,661	165,433,238	178,324,106	
5920-2025	Community Day and Work Programs	124,267,971	124,267,971	145,509,365	Consolidated with 5911-2000
5920-3000	Respite Family Supports for the Developmentally Disabled	41,004,298	46,504,298	41,004,298	Reduced state subsidy.
5920-3010	Autism Division	4,621,177	4,622,567	4,635,921	
5920-5000	Turning 22 Program and Services	5,000,000	5,000,000	5,000,000	
5930-1000	State Facilities for the Developmentally Disabled	142,156,836	152,462,554	132,457,504	Transferred portion of funding to 5920-2010.
5948-0012	Chargeback for Special Education Alternatives	6,500,000	6,550,000	6,500,000	
5982-1000	Templeton Farm Product Sales Retained Revenue	150,000	150,000	150,000	
7000-9101	Board of Library Commissioners	914,448	917,041	1,028,312	Increased funding to support projected costs.
7000-9401	Regional Libraries Local Aid	9,131,475	9,131,475	9,131,475	
7000-9402	Talking Book Program Worcester	421,143	421,143	421,143	
7000-9406	Talking Book Program Watertown	2,241,016	2,241,016	2,241,016	
7000-9501	Public Libraries Local Aid	6,823,657	6,823,657	6,823,657	
7000-9506	Library Technology and Automated Resource - Sharing Networks	1,929,238	1,929,238	1,929,238	
7002-0010	Executive Office of Housing and Economic Development	410,140	410,140	621,520	Increased funding for one year due to new program initiative
7002-0012	Summer Jobs Program for At Risk Youth	3,000,000	15,915,087	8,609,158	Funding increase combined with prior appropriation to meet projected need.

FY 2013 Governor's Budget Recommendation

Account	Description	FY2012 GAA	FY2012 Spending	FY2013 House 2	Comment
7002-0017	Housing and Economic Development Information Technology Costs	2,067,930	2,207,930	2,952,761	Increased funding to meet projected need
7002-0018	Chargeback for Housing and Economic Development IT Costs	3,649,696	2,461,948	2,461,948	Increased funding to meet projected need
7003-0100	Executive Office of Labor and Workforce Development	726,875	726,874	924,770	Increased funding to support new initiative.
7003-0170	Labor and Workforce Development Information Technology Costs	240,284	240,284	227,297	
7003-0171	Chargeback for Labor and Workforce Development IT Costs	19,041,430	19,041,430	19,041,430	
7003-0200	Department of Labor Standards	1,920,041	1,920,041	2,074,598	
7003-0201	Asbestos Deleading EA Services	452,850	452,850	452,850	
7003-0500	Department of Industrial Accidents	19,106,544	19,109,924	19,253,073	
7003-0605	Massachusetts Manufacturing Extension Partnership	325,000	1,125,000	825,000	Decreased funding to meet projected need.
7003-0701	Workforce Training Programs	-	9,720,068	-	Eliminated funding to meet projected need.
7003-0702	Massachusetts Service Alliance	1,350,000	1,600,000	-	Transferred to 7003-0735.
7003-0735	Massachusetts Service Alliance	-	-	500,000	Consolidated with 7003-0702.
7003-0803	One Stop Career Centers	4,494,467	4,494,467	4,752,323	
7003-0900	Department of Labor Relations	1,805,890	1,805,890	1,993,958	Increased funding to meet projected need.
7003-0901	Arbitration and Mediation Retained Revenue	100,000	100,000	100,000	
7003-0935	Collective Bargaining Process Reform	-	-	150,000	
7004-0001	Indian Affairs Commission	99,010	99,010	106,715	
7004-0002	Friends of the Homeless Springfield	-	100,000	-	Elimination of one-time funding
7004-0099	Department of Housing and Community Development Administration	6,742,317	6,742,317	7,064,734	
7004-0100	Operation of Homeless Programs	4,970,557	4,985,616	6,018,310	Increased funding as part of larger housing reform
7004-0101	Emergency Assistance - Family Shelters and Services	97,797,200	118,810,120	100,368,742	Decreased funding as part of larger housing reform
7004-0102	Homeless Individuals Assistance	37,733,331	37,963,331	38,902,231	
7004-0104	Home and Healthy for Good Program	1,200,000	1,200,000	2,200,000	Increased funding as part of larger housing reform
7004-0108	Massachusetts Short Term Housing Transition Program	38,561,732	56,762,005	83,374,371	Increased funding as part of larger housing reform

Account	Description	FY2012 GAA	FY2012 Spending	FY2013 House 2	Comment
7004-0109	Interagency Council on Housing and Homelessness	-	-	1,000,000	Increased funding to support new initiative
7004-3036	Housing Services and Counseling	1,495,996	1,495,996	1,495,996	
7004-3045	Tenancy Preservation Program	250,000	250,000	700,000	Increased funding as part of larger housing reform
7004-4314	Service Coordinators Program	350,401	350,401	350,401	
7004-9005	Subsidies to Public Housing Authorities	62,500,000	62,500,000	66,531,325	
7004-9024	Massachusetts Rental Voucher Program	36,000,000	36,000,000	46,040,000	Increased funding as part of larger housing reform
7004-9030	Alternative Housing Voucher Program	3,450,000	3,450,000	3,450,000	
7004-9033	Rental Subsidy Program for Department of Mental Health Clients	4,000,000	4,000,000	4,000,000	
7004-9315	Low-Income Housing Tax Credit Fee Retained Revenue	2,323,853	1,900,188	2,535,033	Increased funding as part of commitment to making targeted investments in both housing and economic development
7004-9316	Residential Assistance for Families in Transition	260,000	260,000	8,760,000	Increased funding as part of larger housing reform
7006-0000	Office of Consumer Affairs and Business Regulation	768,208	768,208	828,806	
7006-0010	Division of Banks	13,203,351	13,203,351	13,816,269	
7006-0011	Loan Originator Administration and Consumer Counseling Program	2,650,000	2,650,000	2,650,000	
7006-0020	Division of Insurance	11,731,274	11,731,274	12,233,309	
7006-0029	Health Care Access Bureau Assessment	1,100,000	1,100,000	1,100,000	
7006-0040	Division of Professional Licensure	2,272,285	2,272,285	2,476,631	
7006-0043	Home Improvement Contractors Retained Revenue	500,000	500,000	500,000	
7006-0060	Division of Standards	700,397	700,397	760,886	
7006-0066	Item Pricing Inspections	160,372	160,372	160,372	
7006-0067	Weights and Measures Law Enforcement Fee Retained Revenue	58,751	58,751	58,751	
7006-0068	Motor Vehicle Repair Shop Licensing Fee Retained Revenue	360,000	360,000	360,000	
7006-0071	Department of Telecommunications and Cable	2,703,732	2,703,732	2,868,085	
7006-0110	State Racing Commission	1,600,253	1,600,254	-	Eliminated funding due to reform

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Account	Description	FY2012 GAA	FY2012 Spending	FY2013 House 2	Comment
7006-0140	Payments to Cities and Towns for Local Share of Racing Tax Rev	1,150,000	1,150,000	-	
7006-0151	Proprietary Schools Oversight	540,123	540,123	540,123	
7006-1001	Residential Conservation Service Program	203,112	203,112	217,453	
7006-1003	Department of Energy Resources Assessment	3,005,424	3,005,424	3,413,592	Increased funding to meet projected need.
7007-0150	Regional Economic Development Grants	450,000	850,000	850,000	Increased funding to meet projected need
7007-0300	Massachusetts Office of Business Development	1,624,028	1,624,028	1,755,330	
7007-0500	For Massachusetts Biotechnology Research	200,000	200,000	200,000	
7007-0800	Small Business Development Center at UMass	704,286	704,286	1,204,286	Increased funding to meet projected need
7007-0801	Microlending	200,000	200,000	-	Elimination of one-time funding
7007-0802	Year Up	100,000	100,000	-	Elimination of one-time funding
7007-0952	Commonwealth Zoological Corporation	3,500,000	3,500,000	3,500,000	
7008-0900	Massachusetts Office of Travel and Tourism	1,988,167	2,040,167	6,875,001	Increased funding to support new initiative.
7008-1000	Local Tourist Councils Financial Assistance	6,000,000	6,000,000	2,000,000	Decreased funding due to budget restrictions while still supporting essential services
7008-1300	Massachusetts International Trade Council	100,000	100,000	110,490	Increased funding to meet projected need
7009-1700	Education Information Technology Costs	7,800,454	8,840,454	11,401,909	Increased funding to support program operations.
7009-1701	Chargeback for Education Information Technology Costs	1,837,477	1,837,477	1,873,124	
7009-6379	Executive Office of Education	726,986	726,986	939,759	Increased funding to meet projected need.
7009-6400	Programs for English Language Learners in Gateway Cities	-	-	3,750,000	Increased funding to support new initiative.
7009-6401	Gateway Cities Student Support Counselors	-	-	3,640,000	Increased funding to support new initiative.
7009-6402	Gateway Cities Career Academies	-	-	1,008,000	Increased funding to support new initiative.
7009-6403	Gateway Cities Early Literacy Programs	-	-	575,000	Increased funding to support new initiative.
7009-6404	Innovation Fund	-	-	1,000,000	Increased funding to support new initiative.
7010-0005	Department of Elementary and Secondary Education	12,767,009	12,778,685	13,424,188	
7010-0012	Programs to Eliminate Racial Imbalance - METCO	17,642,582	17,642,582	17,642,582	
7010-0020	Bay State Reading Institute	400,000	400,000	-	Consolidated with 7010-0033

Account	Description	FY2012 GAA	FY2012 Spending	FY2013 House 2	Comment
7010-0033	Literacy Programs	3,147,940	3,147,940	3,547,940	Consolidated with 7010-0020
7027-0019	School to Career Connecting Activities	750,000	2,753,020	2,770,000	Increased funding to meet projected need.
7027-1004	English Language Acquisition	364,937	506,420	364,937	Variance reflects ability for account to PAC
7028-0031	School-Age Children in Institutional Schools and Houses of Cor	7,345,373	7,360,049	7,432,061	
7030-1002	Kindergarten Expansion Grants	22,948,947	22,948,947	25,948,947	Increased funding to meet projected need.
7030-1005	Early Intervention Tutorial Literacy	400,000	400,000	400,000	
7035-0002	Adult Basic Education	27,702,108	30,702,601	30,707,455	Increased funding to meet projected need.
7035-0006	Transportation of Pupils - Regional School Districts	43,521,000	43,521,000	43,521,000	
7035-0007	Non-Resident Pupil Transport	400,000	400,000	400,000	
7035-0035	Advanced Placement Math and Science Programs	-	-	2,400,000	Established appropriation to fund new initiative.
7051-0015	Temporary Emergency Food Assistance Program	1,000,000	1,000,000	1,000,000	
7052-0006	REIMBURSEMENT OF EDUCATIONALENGINEERING	-	19,076	-	Eliminated state subsidy.
7053-1909	School Lunch Program	5,426,986	5,426,986	5,426,986	
7053-1925	School Breakfast Program	4,121,215	4,801,396	4,121,215	Variance reflects ability for account to PAC
7061-0008	Chapter 70 Payments to Cities and Towns	3,990,812,680	3,990,812,680	4,136,391,547	Increased funding to meet projected need.
7061-0012	Circuit Breaker - Reimbursement for Special Education Resident	213,119,160	213,121,723	213,150,377	
7061-0029	Educational Quality and Accountability	939,083	940,764	1,710,118	Increased funding to support new initiative.
7061-0033	Public School Military Mitigation	1,300,000	1,300,000	-	Eliminated state subsidy.
7061-9010	Charter School Reimbursement	71,554,914	71,554,914	71,454,914	
7061-9200	Education Technology Program	861,405	862,026	898,474	
7061-9400	Student and School Assessment	24,362,278	24,366,689	24,403,482	
7061-9404	MCAS Low-Scoring Student Support	9,575,175	12,865,764	9,575,175	Variance reflects ability for account to PAC
7061-9408	Targeted Intervention in Underperforming Schools	6,740,746	7,652,637	9,323,711	Increased funding to meet projected need.
7061-9412	Extended Learning Time Grants	13,918,030	14,042,764	14,918,030	
7061-9600	Concurrent Enrollment for Disabled Students	400,000	465,688	400,000	Variance reflects ability for account to PAC
7061-9601	Teacher Certification Retained Revenue	1,367,409	1,367,410	1,405,317	

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Account	Description	FY2012 GAA	FY2012 Spending	FY2013 House 2	Comment
7061-9604	Teacher Preparation and Certification	-	7,300	-	Transferred to 7061-9601
7061-9611	After-School and Out-of-School Grants	1,410,000	1,695,781	1,410,000	Variance reflects ability for account to PAC
7061-9614	Alternative Education Grants	146,140	146,140	146,140	
7061-9619	Franklin Institute of Boston	1	1	1	Franklin requires \$1 from state to receive other non-state grants
7061-9626	Youth-Build Grants	1,300,000	1,300,000	2,000,000	Increased funding to meet projected need.
7061-9634	Mentoring Matching Grants	250,000	250,000	250,000	
7061-9804	Teacher Content Training	746,162	943,584	737,022	Variance reflects ability for account to PAC
7061-9810	Regionalization Bonus	300,000	300,000	-	Eliminated FY12 one-time costs.
7066-0000	Department of Higher Education	1,624,791	1,624,791	1,868,668	Increased funding to support program operations.
7066-0005	Compact for Education	82,620	82,620	-	Eliminated state subsidy.
7066-0009	New England Board of Higher Education	367,500	367,500	183,750	Reduced state subsidy.
7066-0015	Workforce Development Grants to Community Colleges	1,250,000	1,250,000	1,250,000	
7066-0016	Foster Care Financial Aid	1,075,299	1,075,299	1,356,189	Increased funding to meet projected need.
7066-0019	Dual Enrollment Grant and Subsidies	750,000	750,000	751,000	
7066-0020	Nursing and Allied Health Education Workforce Development	635,250	635,250	-	Eliminated program.
7066-0021	Foster Care and Adopted Fee Waiver	935,400	1,435,400	1,716,291	Increased funding to meet projected need.
7066-0024	Schools of Excellence	1,300,000	1,300,000	1,300,000	
7066-0025	Performance Management Set Aside	2,500,000	2,500,000	2,500,000	
7066-0035	Science Technology Engineering and Mathematics Pipeline Fund	-	-	1,500,000	Increased funding to support new initiative.
7070-0065	Massachusetts State Scholarship Program	87,607,756	87,607,756	87,549,363	
7077-0023	Tufts School of Veterinary Medicine Program	2,000,000	2,000,000	3,000,000	Increased state subsidy.
7100-0200	University of Massachusetts	417,982,753	417,982,753	417,982,753	

Account	Description	FY2012 GAA	FY2012 Spending	FY2013 House 2	Comment
7100-4000	Massachusetts Community Colleges	-	-	218,562,027	Consolidated with 7502-0100, 7503- 0100, 7504-0100, 7505-0100, 7506- 0100, 7507-0100, 7508-0100, 7509- 0100, 7510-0100, 7511-0100, 7512- 0100, 7514-0100, 7515-0100, 7516- 0100, and 7518-0100.
7109-0100	Bridgewater State University	33,860,038	33,860,038	33,860,038	
7110-0100	Fitchburg State University	23,467,647	23,467,647	23,467,647	
7112-0100	Framingham State University	21,266,256	21,266,256	21,266,256	
7113-0100	Massachusetts College of Liberal Arts	12,559,859	12,559,859	12,559,859	
7114-0100	Salem State University	34,614,021	34,614,021	34,614,021	
7115-0100	Westfield State University	20,139,642	20,139,642	20,139,642	
7116-0100	Worcester State University	19,941,794	19,941,794	19,941,794	
7117-0100	Massachusetts College of Art	13,405,202	13,405,202	13,405,202	
7118-0100	Massachusetts Maritime Academy	12,330,691	12,330,691	12,330,691	
7502-0100	Berkshire Community College	7,988,207	7,988,207	-	Transferred to 7100- 4000.
7503-0100	Bristol Community College	13,885,391	13,885,391	-	Transferred to 7100- 4000.
7504-0100	Cape Cod Community College	9,823,796	9,823,796	-	Transferred to 7100- 4000.
7505-0100	Greenfield Community College	7,805,889	7,805,889	-	Transferred to 7100- 4000.
7506-0100	Holyoke Community College	16,074,594	16,074,594	-	Transferred to 7100- 4000.
7507-0100	Massachusetts Bay Community College	11,859,106	11,859,106	-	Transferred to 7100- 4000.
7508-0100	Massasoit Community College	17,376,154	17,376,154	-	Transferred to 7100- 4000.
7509-0100	Mount Wachusett Community College	11,007,508	11,007,508	-	Transferred to 7100- 4000.
7510-0100	Northern Essex Community College	16,305,635	16,305,635	-	Transferred to 7100- 4000.
7511-0100	North Shore Community College	17,629,906	17,629,906	-	Transferred to 7100- 4000.
7512-0100	Quinsigamond Community College	12,980,557	12,980,557	-	Transferred to 7100- 4000.
7514-0100	Springfield Technical Community College	21,070,398	21,070,398	-	Transferred to 7100- 4000.
7515-0100	Roxbury Community College	9,729,356	9,729,356	-	Transferred to 7100- 4000.
7515-0121	Reggie Lewis Track and Athletic Center Retained Revenue	529,843	529,843	545,739	
7516-0100	Middlesex Community College	17,121,183	17,121,183	-	Transferred to 7100- 4000.
7518-0100	Bunker Hill Community College	17,496,631	17,496,631	-	Transferred to 7100- 4000.

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Account	Description	FY2012 GAA	FY2012 Spending	FY2013 House 2	Comment
7520-0424	Health and Welfare Reserve for Higher Education Personnel	5,581,664	5,581,664	5,581,664	
8000-0004	Sheriff Medicare Lawsuit Reimbursements	-	3,000,000	-	Eliminated FY12 one-time costs.
8000-0038	Witness Protection Board	94,245	94,245	94,245	
8000-0105	Office of the Chief Medical Examiner	7,210,507	7,210,507	7,681,063	
8000-0106	State Police Crime Laboratory	12,993,541	12,993,541	14,911,250	Consolidated with 4516-1000 and increased funding support projected costs.
8000-0110	Criminal Justice Information Services	2,365,650	2,515,650	2,560,456	
8000-0111	CORI Retained Revenue	-	3,000,000	3,000,000	Established appropriation to fund new initiative.
8000-0122	Chief Medical Examiner Fee Retained Revenue	1,860,000	2,000,000	2,100,000	Increased funding to meet projected need.
8000-0125	Sex Offender Registry Board	3,510,417	3,510,417	3,991,123	Increased funding to move off budget spending onto the operating budget.
8000-0202	Sexual Assault Evidence Kits	86,882	86,882	86,882	
8000-0600	Executive Office of Public Safety	2,205,427	2,211,927	2,447,969	Increased funding to meet projected need.
8000-1700	Public Safety Information Technology Costs	17,803,749	19,083,749	20,396,655	Increased funding to meet projected need.
8000-1701	Chargeback for Public Safety Information Technology Costs	11,462,348	11,462,348	11,462,348	
8100-0002	Chargeback for State Police Details	33,000,000	31,092,299	33,601,884	
8100-0003	Chargeback for State Police Telecommunications	156,375	156,375	156,375	
8100-0006	Private Detail Retained Revenue	27,500,000	27,500,000	27,500,000	
8100-0012	Special Event Detail Retained Revenue	1,050,000	1,050,000	1,050,000	
8100-0018	Federal Reimbursement Retained Revenue	3,100,000	4,100,000	4,501,500	Increased appropriation to equal projected retained revenue.
8100-0020	Telecommunications Access Fee Retained Revenue	35,000	35,000	35,000	
8100-0101	Auto Etching Fee Retained Revenue	57,500	57,500	108,000	Increased appropriation to equal projected retained revenue.
8100-0111	Gang Prevention Grant Program	5,500,000	5,533,806	8,000,000	Increased funding to support program operations.
8100-0515	New State Police Class	2,000,000	2,000,000	597,787	Decreased funding to support projected costs.

Account	Description	FY2012 GAA	FY2012 Spending	FY2013 House 2	Comment
8100-1001	Department of State Police	227,725,459	236,634,977	245,422,047	
8200-0200	Municipal Police Training Committee	2,500,378	2,500,378	2,579,835	
8200-0222	Municipal Recruit Training Program Fee Retained Revenue	900,000	948,000	900,000	
8311-1000	Department of Public Safety and Inspections	4,574,006	4,574,006	4,534,106	
8315-1020	Department of Public Safety Inspection and Training	5,500,000	5,500,000	5,500,000	
8315-1022	Boiler Inspection	1,200,000	1,200,000	1,200,000	
8315-1025	Building Code Training	90,182	90,182	93,988	
8324-0000	Department of Fire Services Administration	17,384,374	17,384,375	15,250,724	Decreased funding to meet projected need.
8324-0304	Department of Fire Services Retained Revenue	8,500	8,500	8,500	
8700-0001	Military Division	7,801,491	10,254,491	8,744,300	Eliminated FY12 one-time costs.
8700-1140	Armory Rental Fee Retained Revenue	1,400,000	1,400,000	1,400,000	
8700-1145	Chargeback for Armory Rentals	300,000	300,000	300,000	
8700-1150	National Guard Tuition and Fee Waivers	3,350,000	4,310,040	4,310,040	Increased funding to meet projected need.
8700-1160	Welcome Home Bonus Life Insurance Premium Reimbursement	1,040,000	1,040,000	1,361,662	Increased funding to meet projected need.
8800-0001	Massachusetts Emergency Management Agency	1,361,395	2,320,530	1,620,262	Eliminated FY12 one-time costs.
8800-0100	Nuclear Safety Preparedness Program	429,268	429,268	440,918	
8800-0200	Radiological Emergency Response Plan Evaluations	280,753	280,833	291,836	
8900-0001	Department of Correction Facility Operations	509,360,246	526,909,476	545,990,712	Consolidated with 8900-0002 and 8900050.
8900-0002	MASAC	5,000,000	5,000,000	-	Transferred to 8900-0001.
8900-0010	Prison Industries and Farm Services Program	1,875,409	2,897,672	4,062,450	Increased funding to meet projected need.
8900-0011	Prison Industries Retained Revenue	2,600,000	2,600,000	3,600,000	Increased appropriation to equal projected retained revenue.
8900-0021	Chargeback for Prison Industries and Farm Program	6,050,000	6,050,000	8,050,000	Increased appropriation to equal projected retained revenue.
8900-0045	Reimbursement from Housing Federal Inmates Retained Revenue	1,000,000	1,000,000	1,000,000	
8900-0050	DOC Fees RR	11,989,000	11,989,000	-	Consolidated with 8900-0001.
8900-1100	Re-Entry Programs	550,139	550,139	2,000,000	Increased funding to support new initiative.

FY 2013 Governor's Budget Recommendation

Account	Description	FY2012 GAA	FY2012 Spending	FY2013 House 2	Comment
8910-0102	Hampden Sheriff's Department	64,209,988	66,021,140	66,021,140	
8910-0105	Worcester Sheriff's Department	39,729,986	40,323,906	40,323,906	
8910-0107	Middlesex Sheriff's Department	58,708,427	63,408,017	63,408,017	
8910-0108	Franklin Sheriff's Department	8,671,430	9,671,430	9,671,430	
8910-0110	Hampshire Sheriff's Department	11,559,175	12,519,619	12,519,619	
8910-0145	Berkshire Sheriff's Department	14,108,413	15,519,254	15,519,254	
8910-0160	Reimbursement from Housing Federal Inmates Retained Revenue	850,000	850,000	850,000	
8910-0188	Reimbursement from Housing Federal Inmates Retained Revenue	2,100,000	2,100,000	2,100,000	
8910-0445	Dispatch Center Retained Revenue	250,000	250,000	250,000	
8910-0446	Pittsfield Schools Retained Revenue	500,000	500,000	500,000	
8910-0619	Essex Sheriff's Department	43,356,922	44,838,179	44,838,179	
8910-1000	Prison Industries Retained Revenue	2,251,900	2,251,900	2,388,300	
8910-1010	Hampden Sheriff Regional Mental Health Stab Unit	905,441	905,441	905,441	
8910-1100	Prison Industries Retained Revenue	75,000	75,000	75,000	
8910-1101	Middlesex Sheriff Mental Health Stab Unit	905,441	905,441	905,441	
8910-1112	Hampshire Regional Lockup Retained Revenue	158,068	158,068	158,248	
8910-2222	Reimbursement from Housing Federal Inmates Retained Revenue	1,500,000	423,468	500,000	Reduced appropriation to equal projected retained revenue.
8910-6619	Reimbursement from Housing Federal Inmates Retained Revenue	2,000,000	2,000,000	2,000,000	
8910-7100	Massachusetts Sheriffs' Association	344,790	344,790	344,790	
8910-8200	Barnstable Sheriff's Department	21,617,391	23,317,391	23,317,391	
8910-8210	Barnstable Sheriff Federal Reimbursement Retained Revenue	250,000	250,000	250,000	
8910-8300	Bristol Sheriff's Department	27,202,704	29,006,893	29,006,893	
8910-8310	Bristol Sheriff's Department Federal Inmate	8,460,000	8,460,000	8,460,000	
8910-8400	Dukes Sheriff's Department	2,453,748	2,636,952	2,636,952	Increased funding to meet projected need.
8910-8500	Nantucket Sheriff's Department	747,844	747,844	747,844	
8910-8600	Norfolk Sheriff's Department	23,980,272	27,780,272	27,780,272	

Account	Description	FY2012 GAA	FY2012 Spending	FY2013 House 2	Comment
8910-8610	Norfolk Sheriff's Department Federal Inmate	2,500,000	1,385,400	1,116,000	Decreased funding to meet projected need.
8910-8700	Plymouth Sheriff's Department	24,910,825	26,554,582	26,554,582	
8910-8710	Plymouth Sheriff's Department Federal Inmate	16,000,000	16,000,000	16,000,000	
8910-8800	Suffolk Sheriff's Department	88,042,732	94,436,682	94,436,682	
8910-8810	Suffolk Sheriff's Department Federal Inmate	8,000,000	8,000,000	8,000,000	
8940-0100	Department of Reentry and Community Supervision	-	-	114,397,696	Consolidated with 0339-1001, 0339- 1003, 8950-0001, and 8950-0002.
8940-0101	Indigency Verification Program	-	-	3,958,386	Established appropriation to fund new initiative.
8940-0200	Community Supervision Fee Retained Revenue	-	-	600,000	Consolidated with 8950-0008.
8950-0001	Parole Board	16,986,537	17,497,570	1,364,488	Transferred to 8940- 0100.
8950-0002	Victim and Witness Assistance Program	210,670	210,670	-	Transferred to 8940- 0100.
8950-0008	Parolee Supervision Fee Retained Revenue	600,000	600,000	-	Transferred to 8940- 0200.
9110-0100	Department of Elder Affairs Administration	1,994,374	1,994,373	2,164,588	
9110-1455	Prescription Advantage	21,602,546	21,602,546	18,996,516	Decreased funding to meet projected need.
9110-1500	Elder Enhanced Home Care Services Program	45,789,340	45,789,340	46,461,487	
9110-1604	Supportive Senior Housing Program	4,014,802	4,014,802	4,106,339	
9110-1630	Elder Home Care Purchased Services	97,780,898	97,780,898	97,783,061	
9110-1633	Elder Home Care Case Management and Administration	35,738,377	35,738,377	35,738,377	
9110-1636	Elder Protective Services	16,250,554	16,250,554	16,628,729	
9110-1660	Elder Congregate Housing Program	1,610,617	1,717,617	1,658,117	
9110-1700	Elder Homeless Placement	136,000	136,000	139,101	
9110-1900	Elder Nutrition Program	6,325,328	6,325,328	4,810,824	Reduced state subsidy.
9110-2500	Veterans Independence Plus Initiative	750,000	750,000	750,000	
9110-9002	Grants to Councils on Aging	8,254,327	8,254,327	8,433,748	
9500-0000	Senate Operations	17,350,256	17,841,227	17,841,227	
9510-0000	Operations of Senate	750,000	1,371,809	-	Eliminated FY12 one- time costs.
9600-0000	House of Representatives Operations	34,324,791	35,393,116	35,393,116	
9610-0000	Operations of House	750,000	1,326,593	-	Eliminated FY12 one- time costs.

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Account	Description	FY2012 GAA	FY2012 Spending	FY2013 House 2	Comment
9700-0000	Joint Legislative Operations	7,733,424	7,968,231	7,968,231	



Outside Section Summary

SECTION 4 - State Finance and Governance Oversight Board

Summary:

This section renames the Finance Advisory Board as the State Finance and Governance Oversight Board and broadens its mission to enhance oversight of and ensure best practices for finances and governance at state entities that manage public funds.

SECTION 5 - Secretary Performance Management Programs

Summary:

This section requires each Secretary to develop a strategic plan and establish an office of performance management to execute the plan as part of a performance management program for the agencies within the Secretary's executive office.

SECTION 6 - Improve Services to Children, Youth and Families

Summary:

This section authorizes the Executive Office of Health and Human Services (EOHHS) to better coordinate its agencies' activities to benefit children, youth and families, and authorizes appropriate data sharing among those agencies. Additionally, in order to improve educational opportunities for children and students receiving services from EOHHS agencies by making more effective use of data, the section authorizes health and human services agencies, state education agencies and school districts to share certain data, subject to federal law. Regulations governing this data and the manner in which it can be shared are to be proposed for public comment within 90 days after enactment.

SECTION 7 - Superintendent Responsible for State House Only

Summary:

The section changes the name of the Bureau of State Office Buildings to the Bureau of the State House. This section transfers the responsibility of all of the buildings currently under the responsibility of the Bureau of State Office buildings, except the State House, to the Division of Capital Asset Management (DCAM). The Bureau of the Statehouse will maintain responsibility for oversight of the State House.

SECTION 8 - Transfer State Lab from DPH to State Police

Summary:

This section transfers the state laboratory that tests illegal drugs from the Department of Public Health to the State Police.

SECTION 9 - Changes to Present Tax Laws

Summary:

This section changes present tax laws by:

- * modernizing the sales factor for apportioning the corporate excise among states, by sourcing to where services are received;
- * clarifying that the present room occupancy excise applies to Internet room resellers;
- * delaying for one additional year the "FAS 109" deduction from the corporate excise;
- * closing a loophole, by taxing non-insurance subsidiaries of insurance companies as if they were business corporations;

- * repealing the exemption of candy and soda from the sales tax;
- * clarifying that losing lottery tickets cannot be claimed as trade or business expenses;
- * increasing the cigarette excise by 50 cents to \$3.01 per pack; and increasing other tobacco taxes (cigars, smokeless, roll-your-own, etc.) to reflect the previous and new cigarette excise increases.

SECTION 10 - Extend Property Tax Exemption for Gold Star Surviving Spouses

Summary:

Currently Gold Star spouses receive a property tax exemption for five years, with a cap of \$2500/year in years six and after. This section makes this exemption permanent until the Gold Star spouse dies or remarries. The estimated \$135,000 annual cost is included in the property tax abatement appropriation.

SECTION 11 - Expand Bottle Bill

Summary:

This section expands the state's bottle deposit law to include containers for non-carbonated drinks like water, juices, coffee-based drinks and sport drinks.

SECTION 12 - Restrict Funeral Expense Payments

Summary:

This section prevents funeral homes from charging more than \$3,500 if they want to receive state payment for funeral, burial, and cremation expenses of public assistance recipients.

SECTION 13 - Criminal Defendant Indigency Verification-- Require Data Match

Summary:

When a court's chief probation officer verifies a criminal defendant's indigency before free counsel is appointed, this section requires (rather than allows) the officer to access relevant data held by the state Departments of Revenue and Transitional Assistance and the Registry of Motor Vehicles.

SECTION 14 - Extend Authority to Terminate and Renegotiate Leases

Summary:

This section extends through fiscal year 2013 the present legislative authorization for DCAM to terminate state agency and court facility leases for insufficient funding, and to realize operating budget cost savings by renegotiating lease terms in return for extending lease terms to as much as a total of 15 years.

SECTION 15 - Postpone Regional Transit Authority Forward Funding

Summary:

This section postpones until July 1, 2014 the requirement for forward-funding the regional transit authorities.

SECTION 16 - Allow Medical Security Trust Fund Deficit for Fiscal Year 2013

Summary:

This section extends the law allowing the Medical Security Trust Fund to be in deficit at the close of fiscal years 2010 to 2012, to apply also to fiscal year 2013.

SECTION 17 - Expenditures from Fiscal Year 2012 Surplus*Summary:*

This section distributes any surplus at the end of fiscal year 2012 in the following order, to the extent that funds are available:

- * \$15,000,000 to the Massachusetts Life Sciences Investment Fund
- * \$10,000,000 to the Workforce Competitiveness Trust Fund, including funding to establish regional centers of excellence at community colleges, vocational or technical high schools,
- * \$65,000,000 in additional local aid;
- * the remaining balance to the Commonwealth Stabilization Fund.

SECTION 18 - Extend Authorization to Transfer Trust Balances*Summary:*

This section extends to fiscal year 2013 authorizations in the fiscal year 2011 and 2012 budgets to transfer to the General Fund certain trust and account balances.

SECTION 19 - Inspector General's Health Safety Net Audit Unit*Summary:*

This section allows the Inspector General's Office to continue to audit the Health Safety Net Trust Fund.

SECTION 20 - Nursing Home Assessment*Summary:*

This section establishes the amount of revenue to be obtained from the nursing home assessment in fiscal year 2013.

SECTION 21 - Pension Cost of Living Adjustment*Summary:*

This section provides for a 3% increase on the first \$13,000 in pension benefits for retired state employees. The section is included each year in the budget.

SECTION 22 - Personnel Cost Savings*Summary:*

This section sets up a mechanism to accomplish up to \$30 million in savings from reducing the number of state employee positions in fiscal year 2013.

SECTION 23 - Stabilization Fund Transfers*Summary:*

This section:

- * transfers \$400 million to the General Fund from the Commonwealth Stabilization Fund, but allows the Secretary of Administration and Finance to reduce the amount transferred;
- * cancels for fiscal year 2013 the automatic deposit into the Stabilization Fund of 0.5 percent of total tax revenue, but allows some or all of the transfer to be made if the Secretary certifies that funds are available; and
- * transfers interest on the Stabilization Fund during fiscal year 2013 to the General Fund.

SECTION 24 - Suspension of Tourism Formula

Summary:

This section suspends the statutory tourism fund formula for fiscal year 2013. This section has been routine in recent budgets.

SECTION 25 - UMass/Health and Human Services Interagency Service Agreements

Summary:

This section enables the Executive Office of Health and Human Services to contract services to the University of Massachusetts to perform them in the most cost-efficient manner.

SECTION 26 - Authority to Restructure MassHealth Benefits

Summary:

This section authorizes the Secretary of Health and Human Services to restructure MassHealth benefits within state appropriation limits and as allowed by federal law, and requires 90 days advance report to the Legislature on the fiscal impact of any proposed restructuring.

SECTION 27 - Initial Gross Payments to Qualifying Acute Care Hospitals

Summary:

This section provides for the annual transfer from the General Fund of "seed money" to make initial gross payments to acute hospitals. This seed money is later repaid to the General Fund.

SECTION 28 - MassHealth and CommCare Dental Coverage

Summary:

This section gives EOHHS and the Commonwealth Health Connector Authority board the necessary discretion to make MassHealth and Commonwealth Care dental coverage or service limitation decisions.

SECTION 29 - Nursing and Resident Care Facility Base Year

Summary:

This section changes to 2005 the base year for setting fiscal year 2013 nursing and resident care facility rates.

SECTION 30 - Community College Reform

Summary:

In order to ensure that the community colleges are aligned to execute a coherent mission that best serves students and responds to the needs of the workforce and regional employers, this section authorizes the Board of Higher Education to allocate funds among the community colleges and to appoint and remove their presidents. It also provides that the Governor will appoint the chair of each community college board of trustees. This section also establishes a study commission on higher education financing, chaired by the Secretary of Education.

SECTION 31 - Effective Date

Summary:

This section provides that this budget takes effect on July 1, 2012 unless otherwise specified.



FY 2013 Budget Recommendation
Aid to Cities and Towns
Deval L. Patrick, Governor
Timothy P. Murray, Lt. Governor

Aid to Cities and Towns

Local Aid.....4-135

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Local Aid

Aid to cities and towns, or local aid, represents approximately 16% of the Commonwealth’s annual budget. In FY 2013, local aid programs account for \$5.2 B, which reflects the Patrick-Murray Administration’s unprecedented commitment to a strong partnership between the state and its cities and towns.

Budgeted Local Aid

The Governor’s FY 2013 budget recommendation supports a total of \$5.2 B in local school aid, general government aid and program-specific aid. This represents an increase in total funding support to the commonwealth’s cities and towns from the original FY 2012 budget of \$152 M (3%). Local aid is categorized as the programs that impact a municipality’s “Cherry Sheet,” the vehicle used by the Commissioner of Revenue to notify municipalities and regional school districts of estimated state aid to be paid and charges to be assessed over the next fiscal year. Below is a summary of funding for local aid cherry sheet accounts:

	Account Name	FY12 Budgeted Amount	FY13 Budget Recommendation
Section 3 Aid	Chapter 70 Education Aid	3,990,812,680	4,136,391,547
	Unrestricted General Government Aid	833,980,293*	833,980,293
Cherry Sheet Aid	Tax Reimbursement for Vets, Blind, Widows	25,301,475	25,436,475
	State Owned Land	26,270,000	26,270,000
	Veterans' Benefits	38,980,045	45,889,480
	Regional Library Local Aid	9,131,475	9,131,475
	Municipal Libraries Local Aid	6,823,657	6,823,657
	Local Share Racing Tax	1,150,000	1,150,000
	Regional School Transportation	43,521,000	43,521,000
	School Food Services Program	5,426,986	5,426,986
	Charter School Reimbursement	71,554,914	71,454,914
	TOTAL	5,052,952,525	5,205,475,827
	% Change from Prior year		3.0%

*A separate provision of the FY 2012 budget provided for \$65 M of FY 2011 surplus funds to be allocated as unrestricted general government aid in addition to this amount. A similar provision providing for up to \$65 M of FY 2012 surplus to be allocated as unrestricted local aid to cities and towns if a sufficient surplus exists after making certain other transfers is also included in the FY 2013 budget.

Section 3 of the Commonwealth’s budget, provides each of the 351 cities and towns with the amount of local aid they are expected to receive from the state General Fund and other dedicated revenue sources.

Protecting Education Reform

One of Governor Patrick’s four priorities is closing the achievement gap in our schools, and the FY 2013 budget reflects strong support for education programs. The FY 2013 Chapter 70 funding is \$4.136 B, a \$145 M increase, to support our school districts. This level of Chapter 70 funding will fully fund all foundation budgets and ensure that each school district receives at least the same amount of funding that it received in FY 2012. The Chapter 70 formula is based on many variables including,

enrollment, grade levels, municipal revenue growth factors (MRGFs), a federal inflation index, and more. All of these variables, among other factors, impact the Chapter 70 aid calculation for each individual school district.

In addition to this \$4.136 B, funding for the special education circuit breaker, which goes directly to municipalities, is maintained at \$213 M, which was increased last year by \$80 M.

Unrestricted General Government Aid

Unrestricted General Government Aid (UGGA) will be funded at \$833.9 M, the same funding level provided for in the FY 2012 budget. Similar to a separate provision in the FY 2012 budget, the FY 2013 budget proposal includes a provision that provides for an additional \$65 M in local aid payments to be made should sufficient surplus funds be available from FY 2012.

Initiatives for Fiscal Year 2013

The FY 2013 budget continues the Patrick-Murray Administration's unprecedented support for cities and towns. Major reforms achieved in FY 2012 (particularly municipal health reform) will continue to advance and have even greater impact for municipalities. **The Administration's approach to FY 2013** also includes additional tools to support municipalities in managing through this fiscal crisis and beyond.

- The Chapter 90 Local Road Program will be funded at \$200 M for the second year in a row, \$45 M more than FY 2011 and \$80 M more than the last year of the prior administration.
- Veterans' homeless shelter reimbursement increase of \$872,000 over FY 2012 spending, as the Department of Veteran Services will now reimburse cities and towns for 100% of the costs they incur for the homeless shelter benefits they provide to veterans, instead of only reimbursing 75% of such costs.
- Caseload-driven increases to Veterans' Benefits and Tax Reimbursements to Veterans, the Blind and Widows.
- Level funding of State Owned Land (PILOT), Regional School Transportation and Library Aid.
- **The budget invests \$7 M** for a second round of the Community Innovation Challenge Grant Program to provide financial support for one-time or transition costs related to innovative regionalization and other efficiency initiatives in local governments.
- **The budget invests \$200,000** for the development of a program to enhance performance management, accountability, and transparency for local governments. This initiative will be overseen by municipal officials and administration officials with the support of the Collins Center for Public Management at University of Massachusetts Boston.
- The Group Insurance Commission (GIC) will offer two opportunities for municipalities to enter into the state health care system, making it easier for some municipalities to achieve health insurance savings sooner than they otherwise would.
- The Administration will continue to support initiatives to enhance the sharing of business information between state government and municipalities, identify opportunities for state government to provide IT services directly to local government (such as providing services at the new Springfield Data Center), and create optimized procurement for IT contracts that best serve municipalities.
- The new Municipal Procurement Program within the state Operational Services Division (OSD) will help municipalities save money by purchasing items through statewide contracts that leverage purchasing power and save money. OSD is now working with local government stakeholders to develop procurement opportunities for school buses and heavy equipment vehicles.

The schedule on the following pages provides the community-by-community allocation of local aid for unrestricted general government aid as well as Chapter 70 school aid to support K-12 funding for the state's local school districts.



**FY 2013 Budget Recommendation
Aid to Cities and Towns**
Deval L. Patrick, Governor
Timothy P. Murray, Lt. Governor

Section 3 Aid to Cities and Towns

Additional local aid information based on the Governor's FY2013 Budget for individual cities and towns is available at www.mass.gov/dls/CHERRY/

SECTION 3.

Notwithstanding any general or special law to the contrary, for the fiscal year ending June 30, 2013 the distribution to cities and towns of the balance of the State Lottery Fund, as paid from the General Fund in accordance with clause (c) of the second paragraph of section 35 of chapter 10 of the General Laws, and additional funds from the General Fund shall be \$833,980,293 and shall be apportioned to the cities and towns in accordance with this section.

Notwithstanding section 2 of chapter 70 of the General Laws or any other general or special law to the contrary, except for section 12B of chapter 76 and section 89 of chapter 71 of the General Laws, for fiscal year 2013 the total amounts to be distributed and paid to each city and town from item 7061-0008 of section 2 shall be as set forth in the following lists. The specified amounts to be distributed from said item 7061-0008 of said section 2 shall be in full satisfaction of the amounts due under chapter 70 of the General Laws.

For fiscal year 2013, the foundation budget categories for each district shall be calculated in the same manner as in fiscal year 2012. The target local share shall be calculated using the same methodology used in fiscal year 2012. Preliminary local contribution shall be the municipality's fiscal year 2012 minimum required local contribution, increased or decreased by the municipal revenue growth factor; provided, that if a municipality's preliminary contribution as a percentage of its foundation budget is more than 5 percentage points lower than the target local share, the preliminary contribution shall be recalculated using the municipality's revenue growth factor plus 1 percentage point; and if a municipality's preliminary contribution as a percentage of its foundation budget is more than 10 percentage points lower than the target local share, the preliminary contribution shall be recalculated using the municipality's revenue growth factor plus 2 percentage points. Minimum required local contribution for fiscal year 2013 shall be, for any municipality with a fiscal year 2013 preliminary contribution greater than its fiscal year 2013 target contribution, the preliminary local contribution reduced by 15 per cent of the gap between the preliminary local contribution and the target local contribution; provided, that no minimum required local contribution shall be greater than the district's foundation budget amount. Required local contribution shall be allocated among the districts to which a municipality belongs in direct proportion to the foundation budgets for the municipality's pupils at each of those districts. For fiscal year 2013, the "foundation aid increment" shall be the difference between: (a) the positive difference between a district's foundation budget and its required district contribution; and (b) prior year aid. Chapter 70 aid for fiscal year 2013 shall be the sum of prior year aid plus the foundation aid increment, if any. No non-operating district shall receive chapter 70 aid in an amount greater than the district's foundation budget.

If there is a conflict between the language of this section and the distribution listed below, the distribution below shall control.

The department of elementary and secondary education shall not consider health care costs for retired teachers to be part of net school spending for any district in which such costs were not considered part of net school spending in fiscal year 1994.

No payments to cities, towns or counties maintaining an agricultural school pursuant to this section shall be made after November 30 of the fiscal year until the commissioner of revenue certifies acceptance of the prior fiscal year's annual financial reports submitted pursuant to section 43 of chapter 44 of the General Laws. Advance payments shall be made for some or all of periodic local reimbursement or assistance programs to any city, town, regional school district or independent agricultural and technical school that demonstrates an emergency cash shortfall, as certified by the commissioner of revenue and approved by the secretary of the executive office for administration and finance, pursuant to guidelines established by the secretary.

MUNICIPALITY	Chapter 70	Unrestricted General Government Aid
ABINGTON	7,244,034	1,543,567
ACTON	5,390,352	1,097,608
ACUSHNET	6,039,807	1,189,719
ADAMS	9,088	1,837,004
AGAWAM	18,266,028	2,890,703
ALFORD	0	11,011
AMESBURY	8,422,786	1,526,501
AMHERST	5,813,638	6,605,976
ANDOVER	7,341,539	1,402,081
AQUINNAH	0	1,833
ARLINGTON	8,102,943	5,952,940
ASHBURNHAM	0	623,876
ASHBY	0	343,578
ASHFIELD	93,413	145,672
ASHLAND	5,277,602	1,061,106
ATHOL	0	2,077,367
ATTLEBORO	32,496,935	4,476,414
AUBURN	7,560,690	1,343,805
AVON	816,707	543,847
AYER	333,567	594,009
BARNSTABLE	7,184,728	1,650,493
BARRE	14,988	705,700
BECKET	76,563	71,258
BEDFORD	3,347,656	900,733
BELCHERTOWN	13,251,261	1,335,093
BELLINGHAM	8,028,300	1,331,436
BELMONT	5,571,323	1,771,704
BERKLEY	3,805,913	477,426
BERLIN	500,103	158,198
BERNARDSTON	11,308	228,218
BEVERLY	6,730,266	4,582,242
BILLERICA	17,754,459	4,569,149
BLACKSTONE	84,251	1,074,007
BLANDFORD	42,726	99,633
BOLTON	0	154,921
BOSTON	205,414,453	148,660,757
BOURNE	4,684,058	1,150,250
BOXBOROUGH	1,294,018	197,930
BOXFORD	1,534,312	381,442
BOYLSTON	430,543	268,772
BRAINTREE	13,309,509	4,490,072
BREWSTER	887,884	309,819
BRIDGEWATER	36,107	2,857,894
BRIMFIELD	1,175,223	305,924
BROCKTON	148,088,586	16,429,406
BROOKFIELD	1,340,063	387,422
BROOKLINE	8,949,381	4,981,754
BUCKLAND	0	240,260
BURLINGTON	5,124,986	2,054,906
CAMBRIDGE	8,643,123	16,856,874
CANTON	4,405,715	1,682,666
CARLISLE	790,228	172,130
CARVER	9,573,059	1,146,273
CHARLEMONT	61,250	137,157

MUNICIPALITY	Chapter 70	Unrestricted General Government Aid
CHARLTON	21,633	1,136,799
CHATHAM	0	118,090
CHELMSFORD	9,880,853	3,982,596
CHELSEA	56,040,644	6,444,403
CHESHIRE	318,591	482,025
CHESTER	125,551	141,268
CHESTERFIELD	133,114	108,334
CHICOPEE	56,021,156	9,035,592
CHILMARK	0	2,943
CLARKSBURG	1,749,835	285,445
CLINTON	10,819,596	1,847,116
COHASSET	1,720,297	403,698
COLRAIN	0	226,462
CONCORD	1,998,997	910,291
CONWAY	592,554	140,234
CUMMINGTON	73,684	65,458
DALTON	272,926	892,749
DANVERS	5,330,701	2,234,836
DARTMOUTH	8,983,576	1,978,014
DEDHAM	3,651,265	2,565,951
DEERFIELD	1,026,593	376,874
DENNIS	0	427,332
DEVENS	308,588	0
DIGHTON	0	606,730
DOUGLAS	8,454,415	572,620
DOVER	601,536	150,941
DRACUT	18,101,419	2,749,229
DUDLEY	0	1,401,958
DUNSTABLE	4,426	192,992
DUXBURY	4,387,890	695,530
EAST BRIDGEWATER	10,108,452	1,174,518
EAST BROOKFIELD	140,428	227,567
EAST LONGMEADOW	9,492,090	1,135,782
EASTHAM	315,916	116,902
EASTHAMPTON	7,568,672	2,205,513
EASTON	9,192,536	1,718,309
EDGARTOWN	423,980	52,267
EGREMONT	0	49,508
ERVING	408,645	52,739
ESSEX	0	192,114
EVERETT	49,289,407	5,420,954
FAIRHAVEN	7,217,965	1,769,396
FALL RIVER	96,330,544	18,698,842
FALMOUTH	4,846,696	1,087,838
FITCHBURG	43,692,664	6,696,216
FLORIDA	529,427	39,056
FOXBOROUGH	8,348,710	1,168,759
FRAMINGHAM	26,514,415	7,806,597
FRANKLIN	26,857,636	1,938,859
FREETOWN	378,087	745,088
GARDNER	18,422,676	3,325,039
GEORGETOWN	5,174,399	562,104
GILL	0	190,859
GLOUCESTER	5,755,585	3,133,846
GOSHEN	96,111	62,773

MUNICIPALITY	Chapter 70	Unrestricted General Government Aid
GOSNOLD	16,414	1,646
GRAFTON	8,995,766	1,226,876
GRANBY	4,455,570	692,822
GRANVILLE	0	125,803
GREAT BARRINGTON	0	595,495
GREENFIELD	10,358,631	2,491,144
GROTON	3,201	607,821
GROVELAND	0	571,169
HADLEY	733,207	356,121
HALIFAX	2,645,042	712,283
HAMILTON	0	527,184
HAMPDEN	0	539,848
HANCOCK	190,460	44,301
HANOVER	6,415,035	1,662,196
HANSON	40,015	1,004,818
HARDWICK	0	365,295
HARVARD	1,718,626	1,162,031
HARWICH	0	337,990
HATFIELD	753,311	244,835
HAVERHILL	40,432,684	7,711,930
HAWLEY	35,202	33,958
HEATH	0	65,651
HINGHAM	6,234,052	1,238,357
HINSDALE	104,683	174,710
HOLBROOK	4,597,787	1,157,772
HOLDEN	0	1,500,208
HOLLAND	890,143	158,375
HOLLISTON	6,780,157	1,215,118
HOLYOKE	69,455,778	7,969,057
HOPEDALE	5,815,295	511,659
HOPKINTON	5,472,035	616,393
HUBBARDSTON	0	353,458
HUDSON	9,998,378	1,564,697
HULL	3,610,471	1,662,898
HUNTINGTON	257,686	270,427
IPSWICH	2,591,679	1,259,557
KINGSTON	4,093,424	753,151
LAKEVILLE	71,452	642,026
LANCASTER	0	750,048
LANESBOROUGH	799,588	270,670
LAWRENCE	152,157,597	15,406,602
LEE	1,918,169	488,670
LEICESTER	9,381,227	1,362,409
LENOX	1,131,215	418,241
LEOMINSTER	42,835,377	4,490,816
LEVERETT	267,006	140,059
LEXINGTON	7,051,517	1,202,550
LEYDEN	0	64,606
LINCOLN	718,511	534,185
LITTLETON	3,503,626	557,764
LONGMEADOW	4,109,266	1,096,268
LOWELL	126,478,353	19,764,069
LUDLOW	13,097,378	2,397,042
LUNENBURG	5,109,259	829,777

MUNICIPALITY	Chapter 70	Unrestricted General Government Aid
LYNN	126,107,787	17,568,191
LYNNFIELD	3,799,686	816,068
MALDEN	46,627,685	9,844,375
MANCHESTER	0	174,499
MANSFIELD	17,873,614	1,750,267
MARBLEHEAD	4,548,961	893,530
MARION	431,669	177,050
MARLBOROUGH	16,908,336	4,271,401
MARSHFIELD	13,567,053	1,699,837
MASHPEE	4,200,511	288,692
MATTAPOISETT	526,956	318,023
MAYNARD	3,890,960	1,232,737
MEDFIELD	5,620,214	1,137,437
MEDFORD	10,836,793	9,517,872
MEDWAY	9,898,504	957,302
MELROSE	7,672,924	4,024,121
MENDON	0	320,659
MERRIMAC	0	660,204
METHUEN	38,823,822	4,266,346
MIDDLEBOROUGH	17,259,295	1,934,578
MIDDLEFIELD	18,050	41,714
MIDDLETON	1,483,356	429,332
MILFORD	18,310,932	2,396,675
MILLBURY	6,566,950	1,389,477
MILLIS	4,450,915	821,522
MILLVILLE	50,789	319,617
MILTON	5,670,935	2,521,257
MONROE	75,976	14,428
MONSON	7,259,850	1,024,283
MONTAGUE	0	1,124,542
MONTEREY	0	36,279
MONTGOMERY	21,042	68,097
MOUNT WASHINGTON	32,776	23,522
NAHANT	440,741	296,479
NANTUCKET	1,334,173	62,171
NATICK	7,509,142	2,990,066
NEEDHAM	7,633,990	1,369,789
NEW ASHFORD	179,597	15,938
NEW BEDFORD	113,644,428	18,050,411
NEW BRAINTREE	0	103,584
NEW MARLBOROUGH	0	45,953
NEW SALEM	0	81,413
NEWBURY	0	406,371
NEWBURYPORT	3,143,161	2,001,229
NEWTON	16,169,966	4,611,231
NORFOLK	3,234,875	752,484
NORTH ADAMS	13,418,958	3,481,174
NORTH ANDOVER	6,702,729	1,608,071
NORTH ATTLEBOROUGH	19,528,781	2,257,483
NORTH BROOKFIELD	4,129,763	625,244
NORTH READING	6,459,260	1,393,231
NORTHAMPTON	6,843,064	3,448,824
NORTHBOROUGH	3,454,821	875,253
NORTHBRIDGE	15,086,281	1,656,314
NORTHFIELD	0	283,498

MUNICIPALITY	Chapter 70	Unrestricted General Government Aid
NORTON	12,147,905	1,630,853
NORWELL	3,023,857	841,158
NORWOOD	4,808,800	3,649,810
OAK BLUFFS	613,641	57,066
OAKHAM	0	150,544
ORANGE	5,117,899	1,268,097
ORLEANS	237,642	134,783
OTIS	0	28,541
OXFORD	10,160,549	1,613,477
PALMER	10,519,240	1,573,636
PAXTON	0	424,607
PEABODY	18,663,598	5,664,152
PELHAM	216,311	124,902
PEMBROKE	12,794,990	1,319,012
PEPPERELL	0	1,171,128
PERU	73,500	89,614
PETERSHAM	418,743	89,957
PHILLIPSTON	0	144,740
PITTSFIELD	37,931,623	6,774,785
PLAINFIELD	51,024	39,366
PLAINVILLE	2,767,509	595,290
PLYMOUTH	21,778,007	3,074,658
PLYMPTON	566,871	186,155
PRINCETON	0	232,324
PROVINCETOWN	258,041	108,536
QUINCY	22,975,272	14,983,027
RANDOLPH	13,644,640	4,078,589
RAYNHAM	4,742	892,264
READING	9,903,702	2,543,818
REHOBOTH	0	817,945
REVERE	45,984,863	8,071,697
RICHMOND	330,519	84,892
ROCHESTER	1,705,807	333,266
ROCKLAND	10,238,253	2,074,337
ROCKPORT	1,271,798	343,349
ROWE	99,147	3,091
ROWLEY	0	423,746
ROYALSTON	0	141,068
RUSSELL	168,465	193,796
RUTLAND	0	725,867
SALEM	20,292,760	5,412,881
SALISBURY	0	495,790
SANDSFIELD	0	27,191
SANDWICH	6,376,393	884,410
SAUGUS	3,888,392	2,878,748
SAVOY	499,039	90,917
SCITUATE	4,832,136	1,578,512
SEEKONK	4,272,118	965,577
SHARON	6,562,832	1,098,429
SHEFFIELD	13,886	191,163
SHELBURNE	4,663	205,203
SHERBORN	499,848	169,965
SHIRLEY	0	1,029,497
SHREWSBURY	18,511,623	2,185,815

MUNICIPALITY	Chapter 70	Unrestricted General Government Aid
SHUTESBURY	571,885	133,065
SOMERSET	4,786,471	1,203,502
SOMERVILLE	19,108,128	19,770,620
SOUTH HADLEY	7,546,619	2,049,338
SOUTHAMPTON	2,425,096	499,982
SOUTHBOROUGH	2,654,636	343,199
SOUTHBRIDGE	17,650,872	2,760,518
SOUTHWICK	0	989,791
SPENCER	8,390	1,774,784
SPRINGFIELD	285,844,612	29,705,191
STERLING	0	543,998
STOCKBRIDGE	0	78,217
STONEHAM	3,327,888	2,916,235
STOUGHTON	13,691,717	2,512,733
STOW	0	330,325
STURBRIDGE	2,680,616	607,924
SUDBURY	4,206,945	1,098,406
SUNDERLAND	826,903	396,605
SUTTON	5,102,475	612,529
SWAMPSCOTT	2,573,123	1,015,680
SWANSEA	5,451,967	1,473,767
TAUNTON	47,581,624	6,599,741
TEMPLETON	0	1,094,201
TEWKSBURY	12,317,499	2,183,935
TISBURY	380,594	76,942
TOLLAND	0	14,503
TOPSFIELD	1,025,939	481,291
TOWNSEND	0	1,031,249
TRURO	245,466	23,606
TYNGSBOROUGH	6,960,249	758,313
TYRINGHAM	35,721	9,963
UPTON	12,956	417,765
UXBRIDGE	8,948,989	1,079,683
WAKEFIELD	4,794,886	2,643,470
WALES	725,004	185,338
WALPOLE	7,106,855	1,999,825
WALTHAM	7,068,165	7,535,082
WARE	8,212,190	1,354,696
WAREHAM	12,225,154	1,552,495
WARREN	0	709,926
WARWICK	0	99,794
WASHINGTON	11,237	74,114
WATERTOWN	3,234,244	5,233,952
WAYLAND	3,144,868	709,290
WEBSTER	9,905,062	1,942,812
WELLESLEY	7,202,028	1,016,492
WELLFLEET	146,323	45,864
WENDELL	0	136,751
WENHAM	0	336,112
WEST BOYLSTON	2,804,550	625,194
WEST BRIDGEWATER	2,441,892	513,118
WEST BROOKFIELD	201,348	382,187
WEST NEWBURY	0	232,501
WEST SPRINGFIELD	19,294,327	2,812,239
WEST STOCKBRIDGE	0	76,294

MUNICIPALITY	Chapter 70	Unrestricted General Government Aid
WEST TISBURY	0	145,748
WESTBOROUGH	4,206,047	909,295
WESTFIELD	32,903,265	4,939,735
WESTFORD	15,861,400	1,667,573
WESTHAMPTON	442,420	113,705
WESTMINSTER	0	513,668
WESTON	2,419,859	293,515
WESTPORT	4,154,597	954,650
WESTWOOD	4,190,166	572,463
WEYMOUTH	27,034,585	6,842,039
WHATELY	236,718	105,305
WHITMAN	118,716	1,900,068
WILBRAHAM	0	1,148,402
WILLIAMSBURG	420,048	237,562
WILLIAMSTOWN	895,366	749,163
WILMINGTON	10,186,107	1,951,163
WINCHENDON	11,115,275	1,320,096
WINCHESTER	7,166,699	1,160,984
WINDSOR	47,361	81,486
WINTHROP	5,274,707	3,307,962
WOBURN	6,256,312	4,697,651
WORCESTER	210,364,137	32,608,533
WORTHINGTON	49,000	98,563
WRENTHAM	3,538,923	731,568
YARMOUTH	4,574	990,716
Total Municipal Aid	3,489,457,140	833,980,293

	Chapter 70
Regional School District	
ACTON BOXBOROUGH	6,969,133
ADAMS CHESHIRE	10,049,743
AMHERST PELHAM	9,169,067
ASHBURNHAM WESTMINSTER	9,935,704
ASSABET VALLEY	3,558,592
ATHOL ROYALSTON	16,971,310
AYER SHIRLEY	7,844,036
BERKSHIRE HILLS	2,657,478
BERLIN BOYLSTON	871,873
BLACKSTONE MILLVILLE	10,511,449
BLACKSTONE VALLEY	7,913,153
BLUE HILLS	3,819,759
BRIDGEWATER RAYNHAM	20,050,371
BRISTOL COUNTY	2,949,242
BRISTOL PLYMOUTH	10,258,676
CAPE COD	2,020,767
CENTRAL BERKSHIRE	8,335,894
CHESTERFIELD GOSHEN	716,930
CONCORD CARLISLE	1,786,194
DENNIS YARMOUTH	6,403,644
DIGHTON REHOBOTH	12,192,746
DOVER SHERBORN	1,359,555
DUDLEY CHARLTON	23,487,058
ESSEX COUNTY	4,002,896

	Chapter 70
Regional School District	
FARMINGTON RIVER	384,305
FRANKLIN COUNTY	3,318,247
FREETOWN LAKEVILLE	10,359,748
FRONTIER	2,704,790
GATEWAY	5,553,533
GILL MONTAGUE	5,967,929
GREATER FALL RIVER	14,241,401
GREATER LAWRENCE	19,868,513
GREATER LOWELL	23,418,445
GREATER NEW BEDFORD	23,558,508
GROTON DUNSTABLE	10,278,973
HAMILTON WENHAM	3,252,691
HAMPDEN WILBRAHAM	11,105,799
HAMPSHIRE	3,082,948
HAWLEMONT	603,737
KING PHILIP	7,025,455
LINCOLN SUDBURY	2,513,855
MANCHESTER ESSEX	2,642,035
MARTHAS VINEYARD	2,691,760
MASCONOMET	4,686,999
MENDON UPTON	11,857,016
MINUTEMAN	2,129,172
MOHAWK TRAIL	5,809,394
MONOMOY	2,384,540
MONTACHUSETT	13,727,468
MOUNT GREYLOCK	1,648,423
NARRAGANSETT	9,607,394
NASHOBA	6,128,165
NASHOBA VALLEY	3,249,731
NAUSET	3,204,119
NEW SALEM WENDELL	621,347
NORFOLK COUNTY	1,080,756
NORTH MIDDLESEX	19,505,168
NORTH SHORE	1,530,490
NORTHAMPTON SMITH	885,640
NORTHBORO SOUTHBORO	2,721,210
NORTHEAST METROPOLITAN	8,271,943
NORTHERN BERKSHIRE	4,195,758
OLD COLONY	3,159,799
OLD ROCHESTER	2,009,052
PATHFINDER	5,305,602
PENTUCKET	12,521,127
PIONEER	3,971,891
QUABBIN	16,073,093
QUABOAG	8,393,766
RALPH C MAHAR	5,254,840
SHAWSHEEN VALLEY	5,946,169
SILVER LAKE	7,132,935
SOMERSET BERKLEY	3,692,430
SOUTH MIDDLESEX	3,106,506
SOUTH SHORE	3,814,659
SOUTHEASTERN	12,882,834
SOUTHERN BERKSHIRE	1,798,896
SOUTHERN WORCESTER	9,454,522
SOUTHWICK TOLLAND	9,431,433
SPENCER EAST BROOKFIELD	13,236,949

	Chapter 70	Unrestricted General Government Aid
Regional School District		
TANTASQUA	7,482,919	
TRI COUNTY	5,505,418	
TRITON	8,111,651	
UPISLAND	781,612	
UPPER CAPE COD	2,848,175	
WACHUSETT	23,845,475	
WHITMAN HANSON	23,680,501	
WHITTIER	7,539,478	
TOTALS	Chapter 70	
Total Regional Aid	646,634,407	
Total Municipal and Regional Aid	4,136,091,547	833,980,293



FY 2013 Budget Recommendation
Capital Budget and Debt
Deval L. Patrick, Governor
Timothy P. Murray, Lt. Governor

Capital Budget and Debt

Capital Investment Plan.....5-149





Capital Investment Plan

The Commonwealth's five-year capital investment plan is updated annually after the operating budget has been released. Under Governor Patrick's leadership, the Executive Office for Administration and Finance now develops a five-year Capital Investment Plan in conjunction with an annual debt affordability analysis to help ensure Massachusetts continues to borrow responsibly.

The FY 2012-2016 Capital Investment Plan builds on the Patrick-Murray Administration's unprecedented efforts to stimulate job creation and support long-term economic growth by calling for record level investments in the Commonwealth's higher education, transportation, economic development, housing and other infrastructure and assets to help put thousands of citizens back to work.

The current FY 2012-2016 plan implements the vision and priorities established in each of the Patrick-Murray Administration's first four plans. In large part, the investments included in FY 2012-2016 plan continue projects launched in prior years or commence projects anticipated by the prior years' five-year plans.

As with the prior capital plans, the Administration engaged in a diligent, fiscally responsible, and comprehensive process for developing this five-year capital investment proposal. One common challenge each year is that demand for capital improvements far exceeds affordable funding capacity. The inevitable consequence is that many worthy projects will not receive funding.

By all accounts, the Massachusetts economy is recovering faster and stronger than most other states, as reflected in the recent bond rating upgrade to AA+ by Standard & Poor's. In September, Standard and Poor's (S&P) upgraded the credit rating for Massachusetts to AA+ from AA, signaling a strong vote of confidence in the management of the state's fiscal affairs. The state presently has ratings of Aa1 from Moody's and AA+ from Fitch. Taken together, this set of ratings gives Massachusetts its highest credit standing in history. Nevertheless, this year's capital plan is constrained by the fact that the vast majority of the capital budget is committed to ongoing projects, which reduces our ability to introduce new or discretionary spending.

In order to establish the total amount of the bond-funded capital program within an affordable level, the Administration conducted a rigorous review of the Commonwealth's debt capacity within its debt affordability policy. The debt affordability analysis underlying the FY 2012-2016 capital investment plan can be found at www.mass.gov/capital.

Highlights of the FY 2012 Capital Investment Plan

The plan continues the Administration's efforts to create an affordable, accessible public higher education system, committing more than \$1.2 B to higher education infrastructure projects. The commitment includes: increasing state spending for higher education in FY 2012 to a level over 500% from FY 2007 when Governor Patrick took office; funding construction projects at every University of Massachusetts campus to improve higher education and create hundreds of construction jobs; and providing more than \$100 M in funding during each of the five years for state university and community colleges.

The FY 2012-2016 plan also makes strategic investments in the Commonwealth's transportation network to create thousands of new jobs while improving the environment for economic growth in the future. Transportation investments include: \$20 M for the Green Line extension project; \$86 M for federally-assisted statewide road and bridge repair projects, providing a state match of \$308 M in federal funds; \$8.3 M to continue the planning and permitting phase of the South Coast Rail project which will extend the MBTA's commuter rail service to Fall River and New Bedford; and \$18 M for improvements to parkways managed by the Department of Conservation and Recreation. Other highlights include:

- \$30 M in state-supported bonds to fund infrastructure improvements for the redevelopment project at the former naval air force base in South Weymouth;
- \$21.8 M for the Massachusetts Broadband Institute to invest capital funds in long-lived, carrier-neutral infrastructure assets to more adequately equip residents and businesses to compete in the 21st century global economy; and

- \$44.7 M for the MassWorks Infrastructure Program, as well as \$38 M of pay-as-you-go funding appropriated by the Legislature, which provides a one-stop shop for municipalities seeking public infrastructure funding to support economic development and job creation.
- Major investments in the state's affordable housing portfolio, which supports some of the Commonwealth's most vulnerable citizens, including:
 - \$90 M in FY 2012 for improvements to public housing;
 - \$78.5 M in FY 2012 in total spending for various affordable housing development programs; and
 - \$8 M for the Housing Innovations Fund to support the production of "innovation and alternative" forms of rental housing, including single person occupancy units, transitional and permanent housing for homeless people, battered women's shelters, supportive housing for seniors and veterans, and housing for substance abuse recovery.
- Energy and Environment investments target supporting urban parks, preserving working farms and forests and protecting large natural landscapes for habitat. Funding includes:
 - \$13.7 M for parks in urban areas and Gateway Cities, which represents a 12% increase; and
 - \$25 M for open space protection to support the working farms and forests at the heart of Massachusetts' rural economy, protect clean water and clean air, provide habitat for plants and wildlife, and ensure outdoor recreation opportunities for all

The full five-year Capital Investment Plan can be found at www.mass.gov/capital. The charts below show the plan's investments by major investment categories for each of the five fiscal years covered by the plan, including FY 2013, funded only from state bond proceeds or "bond cap" and funded from all anticipated sources of capital funding.

FY 2012-2016 Capital Investment Plan Total Bond Cap (in \$thousands)							
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	5-Year Total	% of 5-Year Total
Community Investments	275,339	256,706	273,576	266,038	264,926	1,336,585	13%
Corrections	28,456	48,323	74,450	80,900	88,000	320,129	3%
Courts	31,513	44,774	66,500	114,300	90,550	347,637	3%
Economic Development	120,630	128,810	134,340	138,500	138,500	660,780	7%
Energy and Environment	138,005	125,851	102,924	92,819	92,600	552,198	5%
Health and Human Services	99,926	60,284	63,473	65,278	68,345	357,305	4%
Higher Education	205,911	208,400	255,300	275,500	286,100	1,231,211	12%
Housing	168,500	169,500	172,500	177,500	177,500	865,500	9%
Information Technology	125,034	88,507	77,963	80,123	83,748	455,375	4%
Public Safety	21,078	24,431	40,500	42,200	49,100	177,310	2%
State Office Buildings	112,599	70,950	65,950	47,150	52,000	348,649	3%
Transportation	571,174	648,464	672,524	744,693	858,631	3,495,486	34%
Total Bond Cap	1,898,165	1,875,000	2,000,000	2,125,000	2,250,000	10,148,165	

FY 2012-2016 Capital Investment Plan All Sources of Funding (in \$thousands)							
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	5-Year Total	% of 5-Year Total
Community Investments	313,339	292,706	309,576	302,038	300,926	1,518,585	9%
Corrections	28,456	48,323	74,450	80,900	88,000	320,129	2%
Courts	31,513	44,774	78,574	122,974	99,224	377,058	2%
Economic Development	248,218	189,103	184,340	188,500	188,500	998,662	6%
Energy and Environment	203,774	190,936	180,674	195,569	195,350	966,302	6%
Health and Human Services	144,999	132,385	136,162	130,559	106,315	650,421	4%
Higher Education	280,127	240,150	294,782	290,500	296,100	1,401,659	8%
Housing	240,716	169,500	172,500	177,500	177,500	937,716	5%
Information Technology	125,034	100,000	100,000	100,000	100,000	525,034	3%
Public Safety	39,275	38,730	52,359	46,163	49,100	225,627	1%
State Office Buildings	112,599	70,950	65,950	47,150	52,000	348,649	2%
Transportation	1,610,243	1,824,328	1,913,809	1,842,873	1,890,406	9,081,658	52%
Total All Sources	3,378,293	3,341,885	3,563,176	3,524,725	3,543,420	17,351,499	

Many of the projects funded in FY 2012 are multi-year projects with costs that will be incurred in subsequent fiscal years; these projected future costs have been taken into account in making investment category reservations for future years. Projects will evolve and change, and the Executive Office for Administration and Finance (ANF) intends to adjust the capital plan during the fiscal year as circumstances dictate, and also undertake a formal reassessment of capital investment needs to develop an annual update to the five-year capital plan. The Administration plans to update and publish a new five-year capital investment plan with specific projects identified in FY 2013 around the beginning of the fiscal year.

Affordability and Fiscal Responsibility

The Commonwealth’s capital budget is separate and distinct from the annual operating budget. The capital budget is funded mainly by borrowing through the issuance of bonds. Other sources of funding for the capital budget include federal funds, primarily to reimburse transportation infrastructure improvements; from FY 2009 through FY 2012 the American Recovery and Reinvestment Act of 2009 (ARRA) provided federal funds which were targeted to specific capital purposes; and other sources of funding available to finance certain capital investment projects.

Because the capital program is funded primarily through bond proceeds, the total size of the capital program is determined primarily by the amount of debt the Commonwealth can afford to issue. Annually, ANF has established what is known as the “bond cap” as an administrative guideline for annual bond issuance in support of the capital program. For the fifth consecutive year, the Patrick-Murray Administration engaged in a rigorous analysis of the state’s outstanding debt to determine the affordable level of bond issuance. A complete description of the Administration’s debt affordability analysis and policy can be found at www.mass.gov/capital.

For purposes of its analysis of existing payment obligations, ANF takes into account both debt service on general obligation bonds and debt service on certain special obligations, contract assistance obligations and certain capital lease payments. Although the accelerated bridge program is being carried out in addition to the regular capital program in order to achieve savings from avoided cost inflation and deferred maintenance and to achieve the other objectives of the program, the debt service resulting from the bridge program is also taken into account within the 8% limit under the debt affordability analysis.

The Administration takes a conservative approach to projecting future budgeted revenues, basing its growth estimate on the lesser of 3% or the actual compound annual growth rate of the Commonwealth’s revenues over the last 10 years, which included both economic booms and downturns. ANF models future debt issuance using fiscally conservative assumptions about interest rates, maturities, dates of issuance and market conditions.

Based on this analytic approach, the Commonwealth will have the capacity to accommodate steady increases in the bond cap over the next four years-albeit at lower base levels than planned prior to the recession-while maintaining the percentage of the Commonwealth's budgeted revenues needed to pay debt service during that period comfortably below 8%.

The Patrick-Murray Administration intends to limit the total amount of virtually all future bond-funded capital projects to the bond cap. However, there are certain, limited circumstances in which the Administration plans to undertake borrowing outside the bond cap when there is a sound policy justification for doing so. For example, there are certain projects for which a dedicated stream of new, project-related revenues can be identified to support debt service costs related to those projects.

The debt affordability analysis methodology is based on the Commonwealth's current available financing resources and mechanisms. Changes in financing structures and resources in the future may impact how the Administration examines the administrative bond cap and the state's capacity for additional borrowing. The Administration plans to revisit the debt capacity and affordability analysis every year, revising its estimates for future years by taking into account fluctuations in interest rates, budgeted revenues, and other changes impacting the Commonwealth's debt capacity. In addition, the Administration will annually assess the appropriateness of the methodology and constraints for establishing the bond cap described above. The complete Debt Affordability Analysis can be found online at http://www.mass.gov/bb/cap/fy2009/dnld/fy12capplan_a.pdf.

Impact of Capital Budget on the Operating Budget

Each year, as part of the annual development of the capital investment plan, ANF evaluates the operating budget impacts for all requested projects. It is necessary for agencies to prepare long term spending plans that consider the potential increased costs or savings of new facilities, property, and information technology programs.

Every state government capital spending request must show the incremental on-going annual operating costs/savings that are expected to be incurred upon completion of the project. Much of the information for facility projects is based on data and operation cost profiles provided by Whitestone Research in "The Whitestone Facility Operations Cost Reference 2009-2010." ANF will not consider any request for the five-year spending plan without this information.

Examples of questions in this process include:

- What are the changes in staffing needs at a new facility or project?
- What is the change in the agency operating cost needed to run new facility (energy, rent, etc)?
- What is the new capital equipment cost needed for new facility? (examples include new desks, computers, lab equipment, etc)
- What is the annual maintenance impact as a result of this project?
- Which fiscal year will this project begin operation?
- What is the change in costs as a result of new IT equipment or programs?
- Will this facility generate additional state revenue? If so, how much each year? (examples include federal reimbursements, user fees, parking fees, etc)
- Does the creation of this new facility mean an increase in services provided?

The following capital budget projects are expected to result in an FY 2013 operating budget impact that exceeds \$500,000 per year:

- New Worcester Psychiatric Facility;
- UMass-Amherst New Laboratory Science Building;
- Bridgewater State University –Science Building Modernization and Expansion;
- Second State Data Center, Springfield;
- Hampden County-Western Massachusetts Regional Women's Corrections Center;
- UMass-Lowell South Campus Academic Facility Expansion; and
- New Taunton Trial Court Facility.

When agencies are preparing their annual budget requests during ANF's spending plan process they are asked to ensure that the additional operational costs associated with capital projects are reflected in their projected funding requirements.