

## ***Key Initiatives***

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## ***Fiscal Responsibility and Reform***

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Governor Patrick has managed state finance responsibly and effectively during some of the most challenging fiscal times in generations, while still working to create growth and opportunity throughout the Commonwealth. He has maintained balanced budgets by thoughtfully prioritizing among public investments and making government work more efficiently. Under his fiscal leadership, the Commonwealth has secured the highest bond ratings in its history.

### **Patrick Administration Record of Fiscal Responsibility and Reforms**

Throughout his Administration, Governor Patrick has been focused on changing the way government does business and has implemented numerous reforms and savings initiatives across state government.

Developing and Managing Budgets that are Structurally Balanced – The Patrick Administration was the first to develop and publish a Long-Term Fiscal Policy Framework to ensure that budgetary decisions are informed by long-term financial forecasts and policies that support fiscal sustainability. Governor Patrick has further secured the enactment of laws that transfer volatile capital gains tax revenues in excess of statutorily designated thresholds into the Stabilization Fund instead of relying on them for ongoing budget needs. The Governor's FY 2015 budget cuts the state's use of Stabilization Funds (and reduces the net use of other one-time resources) to support annual spending in half from FY 2014, and the Stabilization Fund is forecasted to end FY 2015 at \$1.2 B, basically level to the prior year's balance.

Containing Health Care Cost Growth – The rising costs of health care are one of the most challenging fiscal problems today. The Patrick Administration's groundbreaking efforts to contain health care costs have bent the health care cost curve; health care cost control legislation is expected to reduce costs in the Massachusetts private health care sector by \$200 B over the next 15 years and has saved over \$1.7 B since FY 2009 on state health care costs at MassHealth, Commonwealth Care and state employee health insurance programs. Through Municipal Health Reform, the Group Insurance Commission (GIC) has opened its doors to cities and towns to participate in the state health insurance program. Since the Administration proposed Municipal Health Reform in January 2011, more than 240 municipalities and regional school districts came to agreements with employees, achieving premium savings (by changes in local plans or through joining the GIC) totaling more than \$230 M.

Addressing our Long-Term Liabilities – Governor Patrick secured enactment of pension reform legislation to help curb the most egregious abuses, change the system to make it more fair and equitable for taxpayers and all state workers, make the pension system more sustainable and credible over time and help restore the public's trust in state and municipal retirement systems. Pension reform will save the state and its cities and towns \$5 B over the next 30 years, and retiree health benefit reform legislation proposed by the Governor would save an additional \$20 B. The Governor's FY 2015 budget significantly increases the state's annual contribution toward its pension liabilities, as part of a framework jointly endorsed by the Administration and the Legislature to *accelerate* the full funding of these costs. Working with government and labor leaders, the Administration developed a proposal pending before the Legislature to address the state's huge, underfunded retiree health care liability, while maintaining this benefit for career public employees. This Administration has also created and is on track to deposit \$180 M (since FY 2013) into a State Retiree Health Benefit Trust Fund to begin to address our unfunded retiree health benefit liability. Finally, the Patrick Administration is the first to develop and publish a Debt Affordability Policy to responsibly constrain borrowing to affordable levels and is the first to publish a Five-Year Capital Investment Plan based on this policy.

### Executing Policy-Driven Reforms Yielding Savings – Reform initiatives to date include:

- *Sentencing Reform* will improve public safety by focusing limited public dollars and prison cells on habitual violent offenders. In the long-run, this reform contains the growth in the number of inmates housed in Massachusetts prisons and reduces the need for future construction of 10,000 new prison bed-spaces over 30 years, which would have cost between \$1.3 and \$2.3 B to build and an additional \$3 B in operating costs over 30 years.
- *The Accelerated Energy Program* is renovating state buildings to reduce energy and water consumption. These construction projects will save over \$1.2 B in utility costs over 30 years.
- *Procurement Reform* has allowed the Commonwealth to strategically leverage its purchasing power to save \$65 M since FY 2009.
- *Transportation Finance Reform* modernized employee benefits and took other steps toward further efficiencies that have saved the Commonwealth over \$525 M to date.

Making State Government More Results-Oriented, Data-Driven and Accountable – The Patrick Administration has made great progress in making more information on government spending, revenue and performance publicly available. Publishing online the statewide use of the \$7 B in federal American Recovery and Reinvestment Act (stimulus) funds that Massachusetts received was an important step towards improving public accountability. The subsequent launch of Open Checkbook in 2011, a website that provides the public with easy and searchable access to more than 85% of state government spending and tax credit information, built on that foundation of transparency. These actions have earned Massachusetts an A- on Transparency from the U.S. Public Interest Research Group (U.S. PIRG), a 2<sup>nd</sup> in the nation rating. The Patrick Administration has also worked to improve tracking of federal grants that state government receives to ensure effective use of these funds.

Governor Patrick will release for the first time with his FY 2015 budget:

- *Secretariat Performance Reports* – For the first time in Massachusetts state government history, each of the eight Executive Branch Secretariats has published a performance report alongside the Governor's FY 2015 budget to update the public with data that evidences progress toward achieving the goals each Secretariat identified in their strategic plans, published with the FY 2014 Budget Recommendation.
- *Performance-Based Program Budgeting* – The Governor's FY 2015 budget is presented again in a more accessible and easy-to-understand program-based format, and this year includes specific performance measures and evidence of progress toward those measures, where available, for a majority of budgetary programs. This is part of changing the budget conversation from our traditional focus on how much state government spends to one that is equally concerned with the results produced by that investment. During the year, further and more current data will be added to the dashboard and further measures will be developed.



Governor Patrick displays the Commonwealth's Transparency Scorecard.  
Source: Executive Office for Administration and Finance

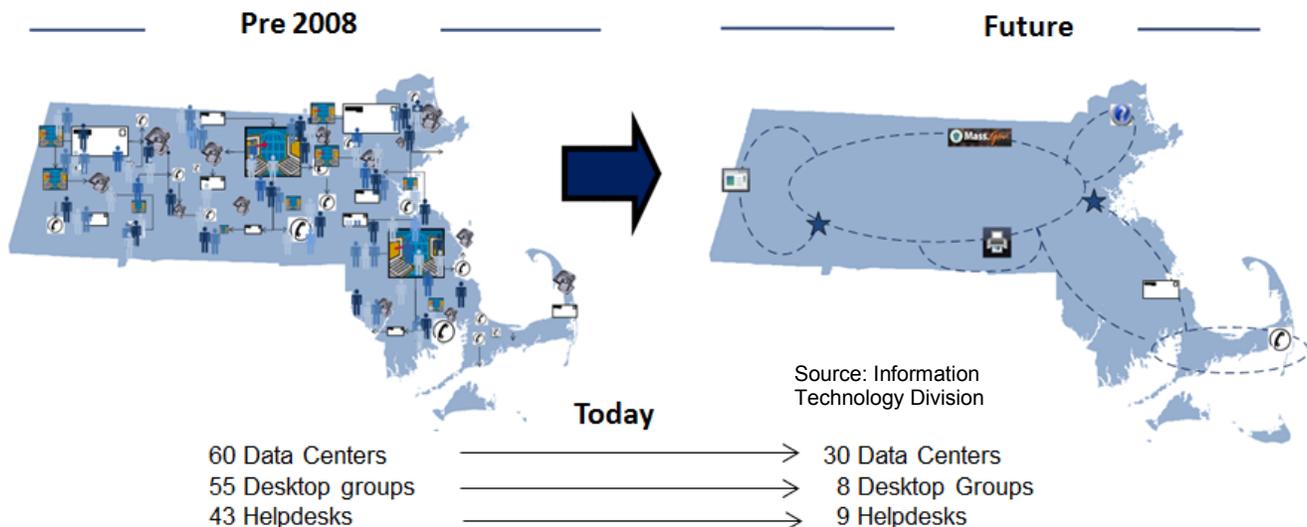
In the Governor's FY 2015 Budget, the Patrick Administration is announcing further initiatives to improve government efficiency and effectiveness while producing cost savings.

### **Information Technology Reform**

Information Technology (IT) enables the delivery of critical services to constituents in a better, faster and more efficient manner than would otherwise be possible. Governor Patrick issued Executive Order 510 in 2009, and Executive Order 532 in 2011, to improve IT service levels and increase efficiency

while reducing IT cost escalation. To date, the Commonwealth has achieved \$14.4 M in savings from IT consolidation.<sup>1</sup>

### Information Technology Consolidation



While the Administration has made progress toward efficiently operating Commonwealth IT, government and the private sector are learning lessons about how to be more strategic and successful in selecting, procuring and overseeing the implementation of IT projects. An emerging set of “best practices” – focused on even more centralized oversight and accountability and more rigorous up front evaluation of underlying business needs and project strategies – informs a next set of IT reforms being implemented by the Patrick Administration:

- Commonwealth Chief Information Officer (CCIO) – Elevating the role of the CCIO to provide strategic oversight of IT projects and underlying state business decisions.
- Strategic IT Procurement – Launching a new *Strategic IT Procurement Team* to improve internal IT project planning capability, bring more diverse vendors into the mix and identify high-value bidders. The goal of this team is to reduce onerous requirements

#### DRIVERS OF GOVERNMENT IT NEEDS

- Modern technology improves our ability to provide better, more efficient services at lower cost to taxpayers; we are now using significantly more data, devices, bandwidth and IT systems on a day to day basis.
- With increasing cyber security threats, we need to better protect taxpayer data and to provide resilience through the Springfield Data Center.
- We continue to replace and repair hardware and software that is obsolete and no longer fits our needs. Traditional government funding and procurement practices are at odds with the high speed at which IT solutions evolve.
- We have launched many truly transformational projects such as **I-CORI**, **Commonwealth Connect** and Commuter Rail **mTicketing**. These projects have significantly improved government efficiency and citizens’ ability to hold their government accountable, but require IT support staff to maintain.

which lead to extended timelines for project completion and implementation of dated technology, as well as to improve competition for the Commonwealth’s IT business.

<sup>1</sup> [http://www.mass.gov/bb/cap/fy2013/exec/hreport\\_10i.htm](http://www.mass.gov/bb/cap/fy2013/exec/hreport_10i.htm)

- Reforming Bulk IT Procurement – Implementing a new IT procurement framework to enhance competition and disqualify underperforming vendors.
- Strategically Selecting IT Projects – Improving the IT capital project selection process to weed out projects that are high risk and have a low return on investment. Using a new tool to measure return on investment and likelihood of success, an *IT Portfolio Oversight Committee* will oversee IT project selection in a strategic way to develop a portfolio strategy, review ongoing projects, provide transparency into the portfolio planning process, flag “at risk” projects and oversee corrective action.
- Modernizing Commonwealth IT Workforce Practices – Using partnerships with higher education institutions to create a pipeline of talented IT professionals in Massachusetts and implementation of HR Modernization (below) reforms to meet evolving IT business needs.

### **Interagency Data Services**

The Patrick Administration is similarly committed to utilizing technology to create efficiencies and to save taxpayer money. Safety net agencies spend time and resources to verify that those who apply for their services are eligible, using authorized data that is maintained by other agencies. Under the current or old model, the Department of Revenue exchanges large batches of data with agencies, including wage information, bank match information and 14-day new hire information, which is used to verify an applicant’s eligibility for various Commonwealth programs.

The Patrick Administration has introduced a new Interagency Data Services (IDS) model, which is a secure web-based service that provides targeted data verification for authorized agencies, reducing the need for large batch file exchanges of important data files. This enhanced business model will provide authorized agencies with access to targeted information necessary to validate required program business rules, thereby allowing more effective detection and prevention of fraud, waste and abuse across government programs. The state could save \$20 M annually by reducing instances of fraudulently acquired services.

### **Integrated Facilities Management**

Upon taking office in 2007, the Patrick Administration inherited public infrastructure that had suffered a generation of underinvestment. Agencies lacked incentives to adequately fund building care and maintenance as they made difficult choices to support public services with limited resources, often at the expense of public assets. Through the Capital Investment Plan, the Patrick Administration has taken steps to reverse this pattern of underinvestment and reduce the deferred maintenance backlog. *Integrated Facilities Management (IFM)* puts in place a structure to protect that investment by transferring responsibility for building maintenance to the Division of Capital Asset Management and Maintenance (DCAMM) to ensure that facilities are overseen and maintained properly into the future.



Source: Division of Capital Asset Management and Maintenance

Under the direction of DCAMM, IFM has been successfully instituted in several state office buildings, and in one of DCAMM’s key buildings has generated \$736,000 in net savings, after investing in immediate deferred maintenance needs. Savings have been achieved through enhanced maintenance standards, improved space utilization, consolidation of utilities and service contracts, a modernized facility workforce and energy savings as a result of the *Accelerated Energy Program* (described above).

As IFM expands to include more state buildings, further taxpayer savings will be achieved, with a long term goal of saving 10% of building operating costs.

In the FY 2015 budget, the Patrick Administration has created a sustainable budgetary framework to embed IFM in state government and devised a “rent” methodology for state buildings to set appropriate space utilization incentives and in the future reduce external lease costs by moving more agencies into state-owned space. Governor Patrick’s continued support of this program in FY 2015 will allow agencies to return their focus to their core mission of serving their populations and ensure that the Commonwealth’s assets are maintained properly into the future.

### **Human Resources Modernization**

The Commonwealth is the largest employer in the state, managing about 40,000 Executive Branch employees alone. Managing such a large number of employees in a way that maximizes taxpayer benefit is critical to government success. In 2010, Governor Patrick issued Executive Order 517, directing the Human Resources Division to improve administrative efficiency and effectiveness by modernizing and standardizing human resources business processes and by leveraging technology to reduce costs. In 2012 and 2013, the Patrick Administration successfully implemented automated timesheets which has reduced by 61% the number of manual transactions completed on this human resources function. Through the Governor’s FY 2015 budget, the Administration will develop a Commonwealth Workforce Plan, highlighting the common needs and remedies needed to effectively address our aging workforce.





## ***Investing in Education to Close the Achievement Gap***

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Governor Patrick understands that investing in education is essential to creating opportunities and ensuring Massachusetts has a top-tier, competitive workforce. Since taking office in 2007, the Patrick Administration has worked diligently with the Legislature, educators, students, families and community partners to build a 21st century public education system in the Commonwealth and provide the targeted support that each student needs to be successful.

### **Patrick Administration Accomplishments**

The Patrick Administration has made tremendous progress in supporting student achievement as evidenced by the performance of Massachusetts students who continue to lead their peers on national and international measures of student achievement. On the National Assessment of Educational Progress (NAEP) the Commonwealth's students have led the nation on the Reading and Mathematics exams in the fourth and eighth grades since 2005. In *Quality Counts 2014*, a comprehensive ranking of state education performance and policy by *Education Week*, Massachusetts maintained its ranking as first in the nation in K-12 achievement and in offering students a chance for success across their entire education lifetime. In addition, Massachusetts students exceeded the national average and scored among the top-performing education systems worldwide in reading, mathematics and science literacy according to triennial results from the 2012 Program for International Student Assessment. Finally, Massachusetts public high school students are among the top performing students in the nation on the 2013 SAT. Massachusetts attracts top employers in innovative economic sectors based, in part, on our highly educated workforce.

Governor Patrick has continually prioritized closing the achievement gap across the education spectrum, from early education through K-12 and higher education. Investing in education and ensuring that all children have access to high-quality educational opportunities, regardless of where they live, is essential to creating opportunity across the Commonwealth and growing the Massachusetts economy. Some of the Administration's accomplishments include:

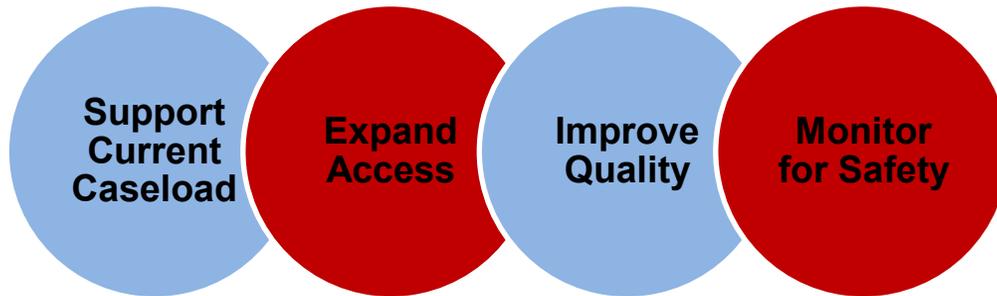
- The Achievement Gap Act – Governor Patrick signed into law this groundbreaking and historic education reform bill to transform public schools in Massachusetts.
- Innovation Schools – As part of the Achievement Gap Act, Governor Patrick created Innovation Schools which provide educators with new tools and autonomies to better prepare their students for success. There are now 44 Innovation Schools in operation across the Commonwealth.
- Partnership for Assessment of Readiness for College and Careers – This partnership among states has provided Massachusetts with \$186 M in federal funding to create new student assessment systems.
- Data Sharing – The Patrick Administration has organized IT systems for Pre-K through grade 20 to identify and predict students at risk for low achievement and for dropout.
- RoxMAPP – Governor Patrick launched the Roxbury Massachusetts Academic Polytech Pathway (RoxMAPP) last year, as a first-of-its-kind partnership between the state and the City of Boston that will allow students attending Madison Park Technical Vocational High School to enroll in a dual enrollment pathway at Roxbury Community College.
- Gateway Cities Education Agenda grants – The Patrick Administration awarded 22 grants to increase college readiness and provide targeted support to English language learners in our Gateway Cities.
- American Recovery and Reinvestment Act – The Administration dedicated \$1.9 B in federal stimulus funding to support and improve Massachusetts schools.
- Race to the Top – Massachusetts received the highest score in the federal Race to the Top competition and received \$250 M to implement innovative K-12 strategies. Massachusetts was awarded an

additional \$50 M through the Race to the Top – *Early Learning Challenge* competition, becoming one of only six states in the nation to receive both early education and K-12 Race to the Top awards.

Governor Patrick’s investment of \$6.67 B in education in FY 2015, a \$205 M increase over FY 2014, will continue the Administration’s work to close achievement gaps and ensure that students of all ages are prepared to succeed in the classroom and beyond.

**Expansion of Early Education for Infants, Toddlers and Preschool Children**

Providing access to high-quality early education programs is a central part of addressing the achievement gap. The Governor’s FY 2015 budget reflects a commitment to early education and care by making significant investments in supporting and increasing access to high-quality child care programs for some of our most underprivileged children. The significant new investments will provide:



- \$40.2 M to support children already served by the Department of Early Education and Care, including maintaining FY 2014 investments that saw 2,400 new students removed from the waitlist;
- \$15 M in additional funding to increase access to high-quality early education programs for 1,700 qualified children from birth to age five;
- \$2.5 M to ensure that increased access is paired with providing high-quality early education environments for children and youth; and
- \$800 K to ensure children are enrolled in safe and supportive early education programs through additional oversight of child care centers.

**Pre-Kindergarten and Kindergarten Programs**

Increasing educational opportunities for children ages four and five will support Governor Patrick’s long-standing goal of universal third grade literacy. It is widely accepted that literacy by the third grade is one of the most significant milestones in a child’s academic career and an important predictor of future academic success. Targeted investments to expand and support the number of pre-kindergarten and kindergarten classrooms available statewide will both reward districts that have established pre-kindergarten and kindergarten classrooms and incentivize districts to create or expand existing ones. In FY 2015, Governor Patrick proposes to invest:

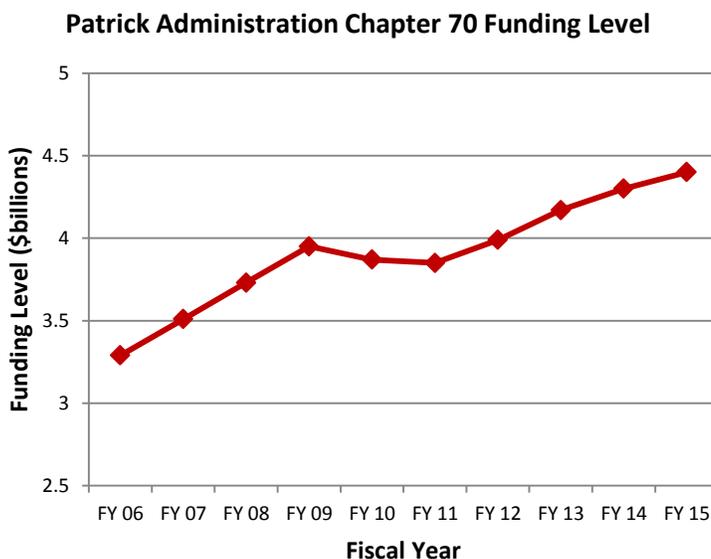
- \$3.1 M to increase and refocus kindergarten expansion grants to provide communities without full-day kindergarten classrooms the ability to offer such classrooms;
- \$2 M to provide competitive start-up grants for school districts interested in establishing pre-kindergarten classrooms; and
- \$2 M to increase Chapter 70 to fully finance pre-kindergarten costs for school districts who offer pre-kindergarten classrooms.

### Expanding Learning Time

One effective strategy for closing the achievement gap is to provide students with access to additional enrichment opportunities beyond the traditional school day. This is especially true in high-need, low-income schools that face particular challenges in closing the achievement gap. A targeted investment of \$4.5 M in FY 2015 will support the Patrick Administration’s goal of providing additional educational enrichment to enhance students’ ability to succeed both in and out of the classroom. This investment will expand learning time for high-need populations by providing targeted grants for middle schools in low-income school districts, create a dedicated funding stream to provide competitive grants to Level 3 schools that are seeking an expanded school day or school year and offer competitive grants to school districts whose approved Innovation School plans include expanded learning time.

### K-12 Investments

Governor Patrick has consistently prioritized Chapter 70 funding as the primary method by which the state supports local K-12 public education. Despite facing one of the most severe recessions in U.S. history, the Patrick Administration has continued to fund Chapter 70 at historic levels. The FY 2015 budget will continue to increase this historic funding level by an additional \$100 M to bring this support for communities to an unprecedented \$4.4 B. This funding level represents more than a \$1 B, or 34 % increase in Chapter 70 funding since the beginning of the Patrick Administration.



Source: Executive Office for Administration and Finance

This proposal will fully fund all schools at foundation levels, will include all students that currently receive pre-kindergarten services and will provide a minimum \$25 per pupil increase. This funding is intended to increase equity and access among all school districts and allow local educational authorities the flexibility to fund initiatives most needed in their communities, whether that is special education, Massachusetts Comprehensive Assessment System (MCAS) support, literacy programming or other programs.

### Advancing Student Performance



Source: Commonwealth of Massachusetts

In 2013, the Patrick Administration announced that 40% of schools that were declared as underperforming in 2010 had met their three-year turnaround goals. Despite many successful turnaround efforts across the Commonwealth, Governor Patrick is committed to offering all schools the resources and opportunities to improve student performance and to enhance educational equity. To that end, Governor Patrick proposes to invest \$3.1 M in the Innovation Schools initiative for schools interested in pursuing innovative approaches to improving student performance.

The FY 2015 investment will allow more schools looking to improve student performance the opportunity to apply for Innovation School planning grants. Innovation Schools are similar to charter schools in that they operate with greater flexibility in order to implement innovative strategies to improve

student achievement while keeping school funding within districts. There are currently 44 operational Innovation Schools across the Commonwealth and expanding that number will give students and families greater access to high-quality schools.

Investments in Gateway Cities

In FY 2015, the Administration will sustain and expand upon its efforts to support some of our neediest students and families, many of which are located in the Commonwealth’s 26 Gateway Cities. The *Gateway Cities Education Agenda*, which Governor Patrick launched in November 2011, is based on five core principles:

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**Gateway  
Cities  
Education  
Agenda**

1. Providing comprehensive support so that all students come to school healthy and ready to learn;

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  2. Renewing our commitment to high standards and rigorous accountability;

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  3. Offering differentiated services and support to all students;

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  4. Promoting new expectations for college and career readiness; and

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  5. Promoting innovative educational practices and building stronger partnerships across the state.
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In FY 2015, Governor Patrick proposes to dedicate \$1.25 M to support locally-designed and implemented initiatives in the Gateway Cities. \$750 K of this investment will support students to work simultaneously on the completion of a high school diploma from a partnering school district while earning free college credits toward an Associate Degree or certificate at a partner community college. \$500 K will launch Re-Engagement Centers in selected Gateway Cities to provide flexible academic programs and multiple pathways to graduation for students at risk of dropping out.

In addition to this new investment, the Patrick Administration will maintain its commitment to fund successful Gateway City initiatives. The Gateway City Career Academies and the English Language Learners initiatives are proven and effective strategies that provide targeted assistance to populations that disproportionately face an achievement gap. Investing in the English Language Learners initiative at the level proposed in the Governor’s budget will expand this program beyond the 14 Gateway Cities currently being served. Governor Patrick will also leverage federal grant awards such as the combined \$350 M Race to the Top funding for early learning and K-12 the state has won to implement a wide array of strategies in the Gateway Cities.

**Closing the Achievement Gap at the College Level**

Postsecondary education is increasingly necessary to enter our modern workforce, but rising college costs leave many students struggling to afford higher education. The FY 2015 achievement gap initiatives will expand opportunities for affordable higher education for Massachusetts residents. An additional \$68.4 M will be directed to the University of Massachusetts, the State Universities and Community Colleges to enable the campuses to invest in the development of our future leaders.

Additionally, for the first time ever, the Governor’s FY 2014 budget funded the Massachusetts Community Colleges using a new funding formula developed in consultation with the presidents of the Community Colleges, the leadership of the Massachusetts Community College Council, the Massachusetts Teachers Association and the Administration’s Executive Office of Education (EOE), Executive Office of Labor and Workforce Development (EOLWD) and Executive Office of Housing and Economic Development (EOHED). The formula addressed the following factors:

- Large inequities in per-student funding that have arisen as the result of substantial increases in enrollment and changing student populations;
- The importance of linking state appropriations to institutional performance toward statewide goals and priorities identified in the Vision Project that was approved by the Board of Higher Education, including increasing graduation and success rates, closing achievement and attainment gaps and advancing the Commonwealth's workforce development goals; and
- The need to strengthen the role of the community colleges in preparing students for jobs in the state's rapidly evolving innovation economy.

Continuing on this success, an additional \$13.2 M will be distributed in the Governor's FY 2015 budget to the Community Colleges through the new funding formula. In FY 2015, a similar formula will be developed for Massachusetts State Universities in order to continue progress linking higher education funding to the statewide priorities of educational and workforce development and align funding with individual campus demographic factors such as population and campus-level financial aid needs.

### **Governor's Priorities in the Program Budget**

For more information on the Governor's priority of Closing the Achievement Gap in program format, please visit [www.mass.gov/budget/governor](http://www.mass.gov/budget/governor), the online version of the FY 2015 Governor's Budget. Click on the Administration Priorities tab in the FY 2015 Program Budget Recommendations Quick Link. The tab will open to show a list of the Governor's priorities and the core set of programs that are critical in supporting the goals of each initiative.





## *Investing in Innovations & Infrastructure to Create Jobs, Expand Opportunities*

In the wake of the global economic recession, the nation experienced a dramatic increase in unemployment. Job creation has been a central facet of Governor Patrick’s strategy to create broad-based opportunity and shared prosperity within the Commonwealth. This commitment to fostering economic growth has created 180,800 jobs since August 2009, the height of the Great Recession. The Patrick Administration has further made a commitment to building a world-class education system in the Commonwealth that will provide students with the skills that continue to attract businesses and grow jobs in Massachusetts.

The Governor’s FY 2015 budget includes investments that will increase employment opportunities, link job seekers with expanding industries and continue our record of success in leveraging education, innovation and infrastructure to grow jobs. In addition, the Governor is proposing targeted investments to improve the Commonwealth’s competitive business climate, especially in innovative fields, including life sciences, advanced manufacturing and green jobs.

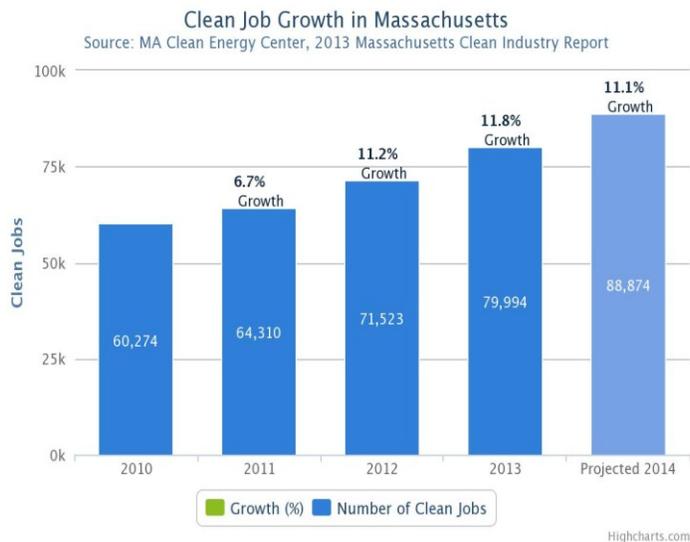
### **Job Creation Strategy and Administration Achievements**

The Patrick Administration continues to advance its three-pronged strategy for economic growth, centering on education, innovation and infrastructure. The Economic Development Planning Council, created in 2010, is tasked with creating an economic development plan for the Commonwealth and has defined five strategies that led Massachusetts out of the global economic recession faster than the rest of the nation:

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

These strategies describe ways in which government, business and academia can work collaboratively to make Massachusetts more competitive and successful. The Patrick Administration job creation accomplishments include:

- Small Business Innovation Research – Launching the START program, specifically focused on accelerating the commercialization of certain Small Business Innovation Research (SBIR)-funded technologies. START is focused on activities essential to successful commercialization, such as protecting intellectual property, performing market and competitive research, investigating regulatory requirements, building commercial prototypes and writing business plans to attract additional capital. Through the START Matching Grant Program, MassVentures has provided grants totaling \$3 M to 20 companies.



- Expanding Internet Access – The Massachusetts Broadband Institute (MBI) at the Massachusetts Technology Collaborative was created in August 2008 by the Patrick Administration and the Legislature with a mission to expand affordable broadband access to the underserved and unserved communities of the Commonwealth. The MBI was initially funded with \$40 M in state bond funds and has used these funds to leverage over \$110 M in additional public and private investment, including more than \$83 M in federal funds. These funds were used to successfully deploy the \$90 M, 1,200-mile fiber-optic MassBroadband 123 network, bringing high-speed Internet access directly to over 1,200 facilities in more than 120 western and central Massachusetts communities. Many communities are already harnessing the potential of this new network, which will be fully operational in 2014.
- Mass Life Sciences Center – Massachusetts has demonstrated its commitment to the life sciences community through investments in infrastructure to accelerate promising science, as well as the creation of a business-friendly environment. The Patrick Administration created the Massachusetts Life Sciences Center (MLSC) in recognition of the state’s leading position in the biotechnology industry. The MLSC is committed to ensuring that there is a strong supporting platform for innovation in Massachusetts. This includes funding the creation of novel resources that companies and researchers will be able to find only in Massachusetts. The Governor has committed to investing \$1 B in life sciences funding over ten years. To date, MLSC has invested and committed nearly \$500 M throughout the Commonwealth, leveraged approximately \$1.2 B through matching outside investments and created over 5,700 jobs.
- Investing in Infrastructure – The Patrick Administration created the MassWorks Infrastructure Program to consolidate state infrastructure grant programs that support economic development and to provide one-stop shopping for municipalities seeking to participate in these programs. This program coordinates state review of applications and decision-making. The MassWorks Infrastructure Program and the associated prior grant programs have supported over 150 infrastructure projects to advance housing, economic development and small town transportation safety improvements across the Commonwealth since 2007. MassWorks Infrastructure Projects represent not only thousands of construction jobs but also the creation of thousands of new full and part-time jobs, hundreds of new housing units and millions of private investment dollars, which are leveraged through the strategic investment of MassWorks funding.

Targeted investments made in the Governor’s FY 2015 budget that continue this strategy of economic growth include:

**Fostering the Innovation Economy through Life Sciences and Advanced Manufacturing**



Source: Commonwealth of Massachusetts

global leader in all stages of business development in life sciences industries, from discovery to commercialization.

The FY 2015 budget provides \$25 M in funding to the MLSC through consolidated net surplus (CNS) funds and assumes distributing \$25 M in tax incentives to companies expanding their life sciences activities and creating jobs within the Commonwealth. The FY 2015 budget continues to make essential investments targeted towards job growth, business expansion and new revenues for the Commonwealth by making additional funding available to the MLSC. These FY 2015 investments will provide research grants and accelerator loans to researchers and early-stage companies, while continuing efforts to promote Massachusetts as a

The Governor’s FY 2015 budget invests in growing our advanced manufacturing industry:

- Workforce Development Grants – \$1.8 M in Workforce Development Grants will help job seekers gain the skills needed for today’s manufacturing jobs;
- Massachusetts Manufacturing Extension Partnership – A \$2 M investment will promote manufacturing as an integral part of the economy of the Commonwealth and for programs designed to assist small and mid-sized manufacturing companies; and
- Regional Economic Development Councils – A \$637 K investment in Regional Economic Development Councils will provide a consistent and efficient response to businesses seeking assistance from the Commonwealth.

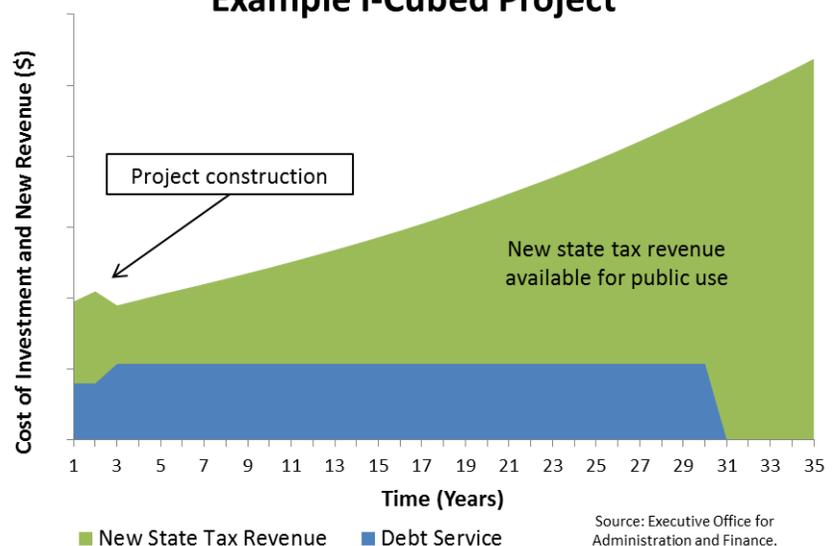
### State Capital Investments in Economic Growth

The state’s annual Capital Investment Plan invests in job creation across the state, including construction projects in the life sciences industry, higher education and transportation. Governor Patrick’s FY 2014-2018 Capital Investment Plan will invest more than \$3.3 B in bond-funded infrastructure projects, which is more than double the level of state capital investments in 2007. While many of these planned investments create construction jobs and otherwise support economic growth, \$126 M of these capital investments are specifically targeted to economic development programs, which will prioritize projects that invest in state infrastructure that supports private development and job growth.

The *MassWorks Infrastructure Program* is a one-stop shop for municipalities seeking public infrastructure funding that supports housing, economic development and job creation. The Governor’s FY 2014-2018 Capital Investment Plan allows the Executive Office of Housing and Economic Development to provide up to \$56.2 M in public infrastructure grants to local cities and towns during the 2014 construction season through MassWorks. This program will spur the creation of an estimated 2,927 new jobs from the calendar year 2013 investments and approximately 5,000 new jobs and 2,500 new housing units from investments made in calendar year 2014 by supporting infrastructure projects that leverage private investment in economic development and housing projects.

Additionally, the *Infrastructure Investment Incentive (I-Cubed)* program is ramping up to invest more in private, transit-oriented development projects. The I-Cubed program represents yet another innovative financing model that allows government to invest in economic growth while limiting taxpayer costs. This program allows for the issuance of bonds to finance public infrastructure improvements like train stations and road improvements only when developers can prove that the private development they propose will generate jobs and new state tax revenue that will more than repay the debt service on the bonds in each year. Several pending economic development proposals at various stages of review could increase the number of I-Cubed projects in Massachusetts to as many as nine in the next few years. Ongoing I-Cubed projects in Somerville (at Assembly Row) and Boston (at Fan Pier) are expected to

Example I-Cubed Project



Source: Executive Office for Administration and Finance.

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## **FY 2015 Budget Recommendation**

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leverage \$1 B in private investment, generate over \$475 M in new state tax revenue over 30 years to repay the investment and create 2,700 construction and 2,000 permanent jobs.

Finally, the *Infrastructure Development Fund* (IDF) was established in the FY 2011 year-end supplemental budget to create jobs and stimulate long-term economic development through infrastructure-related investments.

### **Health Care Workforce Transformation Trust Fund**

The *Health Care Workforce Transformation Fund* was established by the landmark Health Care Cost Containment legislation and capitalized in FY 2013 at \$20 M. The fund allows the Executive Office of Labor and Workforce Development (EOLWD), in consultation with a wide range of key stakeholders including the Health Policy Commission, the Department of Public Health, health care providers, health care insurers, health care employers, labor organizations, consumer representatives and educational institutions to issue grants to:

- Support the development and implementation of programs to enhance health care worker retention rates;
- Address critical health care workforce shortages;
- Improve employment in the health care industry for low-income individuals and low-wage workers;
- Provide training, educational or career ladder services for currently employed or unemployed health care workers;
- Provide training or educational services for health care workers in emerging fields of care delivery models; and
- Fund rural health rotation programs, clerkships and health preceptorships at medical and nursing schools.

EOLWD engaged in a planning grant procurement during summer of 2013. These implementation grants will be accepted on a rolling basis, the first having arrived in October 2013, and are currently under review.

### **Massachusetts Growth Capital Corporation**

In its first three years, the *Massachusetts Growth Capital Corporation* (MGCC) has committed \$45 M in loans to 129 companies and four micro-lender intermediaries, leveraging over \$156 M in private financing. MGCC loans foster the creation and preservation of jobs in small businesses and in women and minority-owned firms, and promote economic development in underserved, gateway municipalities and other low and moderate-income communities. MGCC's current portfolio of active projects, which includes projects financed through the *Economic Stabilization Trust* and *Community Development Finance Corporation*, consists of more than \$39 M in loans and has leveraged \$182 M in private financing. Recently, the federal government awarded Massachusetts \$20.4 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 loan funds to recipients.

### **Making Massachusetts a Global Tourism Destination**

Visitors to Massachusetts spend nearly \$17.7 B annually, generating \$1.1 B in state and local taxes each year, while the Massachusetts tourism sector employs 126,500 people. Last year, the Administration increased investments in the tourism and marketing industries to capitalize on Massachusetts's historic culture and diverse population. These investments also expanded domestic



Source: Commonwealth of Massachusetts

and international marketing campaigns in neighboring states and emerging markets that have shown an increase in the number of visitors to Massachusetts over the last few years, such as China, India and Brazil. The Patrick Administration will continue to support the tourism industry in FY 2015 with \$13.3 M in funding dedicated to expanding domestic and international marketing initiatives.

### **Expanding Job Opportunities for Veterans**

Veterans make significant contributions to the nation and to Massachusetts in times of both peace and war. Massachusetts is proud to support its veterans and the Patrick Administration will continue to work to keep its status as a national leader in veteran services and support. One significant achievement of the Patrick Administration in pursuit of getting our veterans hired was the creation of the *Interagency Taskforce on Hiring Veterans*. In 2013, the Taskforce released a Strategic Plan to Increase Employment Opportunities for Veterans and has made hiring veterans for state service a priority. Through the work of the Taskforce, each Secretariat has identified and removed barriers to employment for veterans in an effort to increase employment within state agencies by increasing awareness for hiring managers about the value and benefits of hiring veterans. Now, approximately 5.5% of the Executive Branch workforce in the Commonwealth comprises self-identified veterans.

Governor Patrick has made veteran employment initiatives a priority in his FY 2015 budget. *Boots to Business* introduces employers to service veterans aligned with individual company goals or, if employers are not ready to hire, employers who may have a lasting, rewarding impact on veterans' future through mentoring assistance and ongoing professional development. The goal of this volunteer program is to increase veteran employment in the Commonwealth by creating meaningful mentoring and networking relationships. In FY 2015, the Department of Veterans' Services will continue to make the Boots to Business program a priority.

### **Governor's Priorities in the Program Budget**

For more information on the Governor's job creation priority in program format, please visit [www.mass.gov/budget/governor](http://www.mass.gov/budget/governor), the online version of the FY 2015 Governor's Budget. Click on the Administration Priorities tab in the FY 2015 Program Budget Recommendations Quick Link. The tab will open to show a list of the Governor's four priorities and the core set of programs that are critical in supporting the goals of each priority.





## ***Expanding Access to Affordable, Quality Health Care***

Expanding access to health care and making health care more affordable for individuals, families and businesses is one of Governor Patrick’s top priorities. The Patrick Administration’s successful implementation of the 2006 health care reform law (Chapter 58) served as the model for the Affordable Care Act (ACA), which is expanding health insurance access for the benefit of citizens across the country. And with the passage of health care cost containment legislation in 2010 and 2012, the Commonwealth is leading the way in making health care coverage more affordable.

### **Administration Achievements**

As a result of the Administration’s successful implementation of health care reform, 97% of Massachusetts residents have health insurance – the highest coverage rate in the country. Health care reform and its focus on care coordination, prevention and wellness has enhanced the quality of care for Massachusetts residents. The Administration’s implementation of the ACA maintains and builds on these successes. More residents now have access to MassHealth and state and federal subsidies through the Health Connector, the Commonwealth’s health insurance Marketplace. The Administration has successfully leveraged enhanced federal revenue to facilitate the ACA expansion and to make additional investments in health care.

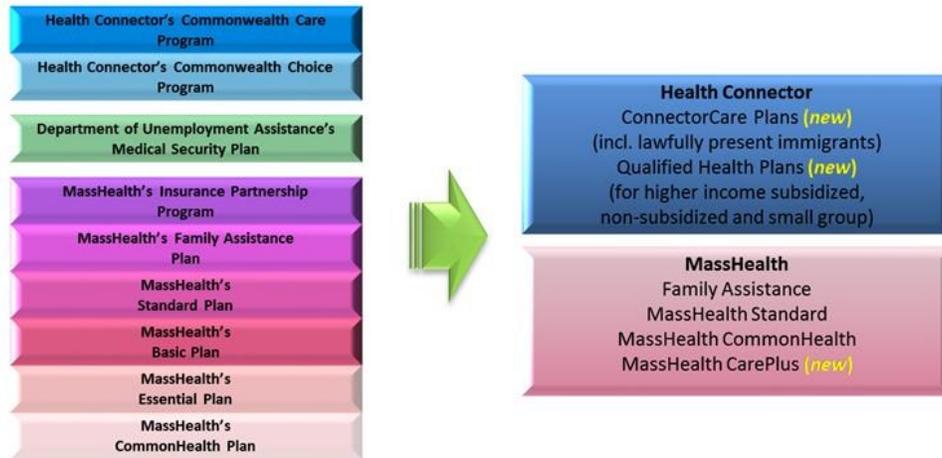
The Patrick Administration’s groundbreaking efforts to improve health care quality and contain health care costs have bent the health care cost curve, slowing down health care spending growth. In 2008, Chapter 305: *An Act to Promote Cost Containment, Transparency and Efficiency in the Delivery of Quality Care* addressed transparency in health care costs and premium rates, statewide electronic health records, payment and delivery reform, workforce development for primary care practitioners and pharmaceutical industry reform. In 2010, Chapter 288: *An Act to Promote Cost Containment, Transparency and Efficiency in the Provision of Quality Health Insurance for Individuals and Small Businesses* addressed the problem of rising health insurance premiums by requiring insurers to meet certain administrative, surplus and medical loss ratio criteria. The Administration’s efforts to control large annual premium increases through insurer rate review slowed the average annual increase in health insurance premiums from over 16% in 2010 to 1.9% in January 2014 and saved businesses and families hundreds of millions of dollars. Competitive procurements and targeted incentives at the Health Connector and the Group Insurance Commission (GIC) have also saved millions in valuable taxpayer dollars.

In 2012, Governor Patrick signed another landmark cost containment and quality improvement law, Chapter 224: *An Act Improving the Quality of Health Care and Reducing Costs through Increased Transparency, Efficiency and Innovation*. Chapter 224 includes a variety of tools to help further contain costs while maintaining high quality, best-in-class care, including the monitoring and enforcement of health care cost growth, adoption of alternative payment methodologies, payment transparency, investments in wellness and prevention, an expanded primary care workforce, health resource planning and support for health information and technology. Cumulatively over the next 15 years, Chapter 224 is estimated to result in \$200 B in savings across the Commonwealth.



**Expanding Access to Health Coverage through the Affordable Care Act**

The Patrick Administration has been coordinating a statewide effort to implement the ACA since its enactment, which includes streamlining the Commonwealth’s subsidized health insurance programs. Legislative changes refined MassHealth and Health Connector eligibility statutes, realigned state-subsidized health insurance programs, aligned small and non-group insurance laws with ACA rules and allowed for data sharing to facilitate implementation of the new integrated eligibility system. Legislation also designated the Health Connector as the state’s certified Marketplace and authorized the Health Connector’s ConnectorCare program, which supplements federal premium and cost-sharing subsidies to keep coverage affordable for low-income individuals.



The timing of ACA implementation requires the Governor’s FY 2015 budget to be based on assumptions around enrollment of newly eligible members. Over the coming months, the Patrick Administration will collect enrollment data for all insurance plans (public and private) in order to monitor the impacts of ACA implementation.

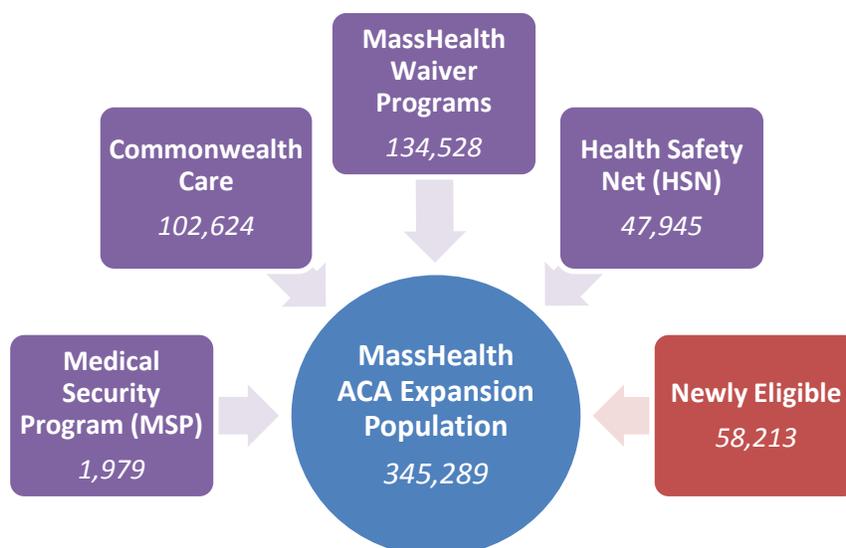
Medicaid Expansion

MassHealth, the Commonwealth’s Medicaid program, provides health care to 1.6 million low-income children and families, low-income adults, disabled individuals and low-income elders across the Commonwealth. The FY 2014 budget supported the first six months of ACA implementation at MassHealth. The Governor’s FY 2015 budget supports the annualized costs of the ACA expansion population and ongoing enrollment.

As of January 1, 2014, all adults aged 19-64 who are citizens or qualified noncitizens with incomes at or below 133% of the federal poverty level (FPL) are eligible for MassHealth. Approximately 135,000 eligible individuals were previously enrolled in MassHealth Basic, MassHealth Essential or MassHealth Insurance Partnership. These programs were authorized for federal support through the Commonwealth’s Section 1115 Demonstration Waiver, which gives states additional flexibility to design their Medicaid programs. A projected 190,000 members are already, or will become, eligible for MassHealth in FY 2014, with the majority transitioning from other subsidized programs including Commonwealth Care, the Medical Security Program (MSP) and the Health Safety Net (HSN). Another 20,000 individuals not currently in subsidized programs are projected to become eligible in FY 2015.

The Governor’s FY 2015 budget includes \$1.7 B for the projected 345,000 members in the ACA expansion population. The majority of this spending (~80%) is offset by federal revenue at the Federal Medical Assistance Percentage (FMAP). Under the ACA, the FMAP for much of the expansion

population begins at 75% in 2014 and ramps up to 90% by 2020. Members who were not previously eligible for subsidized coverage yield an FMAP of 100% in 2014, falling to 90% by 2020. This is higher than the Commonwealth's traditional 50% FMAP for most spending on subsidized coverage.



For the members that are new to state-subsidized insurance (including members transitioning from the HSN), the FY 2015 budget assumes a net cost of \$58 M. The net gain to the Commonwealth for members previously in subsidized coverage is \$350 M in additional federal revenue. The Governor's FY 2015 budget creates the Health Insurance Expansion Fund to ensure this additional federal revenue supports the expansion of health insurance to low-income residents of the Commonwealth.

The budget also supports the annualized costs of several policy changes that became effective on January 1, 2014 that ensure streamlined and comprehensive health coverage. These policy changes include providing standard benefits for all pregnant women earning at or below 200% FPL and young adults aged 19-20 earning at or below 150% FPL; extending coverage to certain lawfully present immigrants not eligible for Marketplace coverage due to new federal rules; maintaining coverage until the end of the month for members transitioning to subsidized Qualified Health Plans (QHPs) in the Marketplace; providing subsidies to low-income employees of small businesses who are not eligible for federal subsidies through the Marketplace; using Modified Adjusted Gross Income (MAGI) as the income determination methodology and applying a similar income counting methodology to disabled members; and instituting a 90-day provisional eligibility period for individuals to verify their eligibility if MassHealth is unable to do so through electronic data matches.

#### Subsidies for Individuals and Families Shopping in the State Health Insurance Marketplace

The Health Connector, the Commonwealth's health insurance Marketplace, offers affordable, high quality health insurance to the individual and small group market. Prior to the ACA, the Health Connector administered the Commonwealth Care health plan for low-income individuals who were ineligible for MassHealth. The Patrick Administration is phasing out Commonwealth Care in FY 2014 in a manner which ensures continuous coverage for those transitioning into the ConnectorCare program.

Under the ACA, many individuals and families who shop for a health plan through the Marketplace are eligible for federal tax credits and state subsidies. Those with household incomes below 400% FPL may be eligible for federal Advanced Premium Tax Credits, while those below 300% FPL may additionally be eligible for state ConnectorCare subsidies to reduce consumer premiums and out-of-pocket expenses to levels consistent with the Commonwealth Care program. A monthly average of approximately 145,000 individuals with incomes up to 300% FPL are expected to be enrolled in the ConnectorCare program. Because FY 2015 is the first full fiscal year of subsidy implementation, the Patrick Administration has increased funding for the ConnectorCare program to \$235 M. Further, the

employer assessment that was previously used to help finance health insurance for the unemployed through MSP will now help to defray the cost of the ConnectorCare program.

**Improving Health Care Quality and Containing Costs**

The Commonwealth is leading the way once again in advancing collaborative solutions to reduce health care cost growth, improve the quality of care and enhance the transparency of our health care system for the benefit of individuals and businesses.



Executive Office of Health & Human Services  
The agencies within the Executive Office of Health and Human Services (EOHHS) participate in a variety of initiatives to improve quality and contain costs. The Department of Public Health (DPH) is partnering with communities to make a historic investment in prevention, public health and wellness efforts. DPH is also partnering with small businesses to encourage the adoption of workplace wellness programs through a new wellness tax credit program. Agencies are partnering with hospitals and community health centers to support infrastructure investments, working with organizations to invest in health care

workforce training and convening a public process to develop recommendations on the integration of behavioral health care. In order to enhance transparency, Chapter 224 requires health care providers to provide consumers with the contracted costs of proposed medical treatments.

The adoption of new health care payment methods at MassHealth aims to reward quality care, improve health outcomes and more effectively spend health care dollars. MassHealth’s OneCare program integrates and coordinates Medicare and Medicaid for individuals who are eligible for both programs. EOHHS secured a \$44 M State Innovation Model grant from the federal Centers for Medicare & Medicaid Services (CMS) to help transform our health care system by restructuring how care is delivered and how providers are reimbursed. The FY 2015 budget supports continued implementation of MassHealth’s Primary Care Payment Reform (PCPR) Initiative, which promotes primary care and behavioral health integration and provider accountability.

In January 2014, Governor Patrick launched the next phase of the Mass HIway Health Information Exchange (HIE), an innovative new tool to allow providers to locate, request and securely retrieve electronic medical records from other participating providers. As a result of the Governor’s leadership, Massachusetts was the first state in the nation to receive federal funding through CMS to develop the HIway. MassHealth has also launched a real-time, innovative predictive modeling system to detect and prevent Medicaid fraud, waste and abuse by identifying high risk claims and suspicious providers prior to releasing payment.



Source: Commonwealth of Massachusetts

Health Policy Commission

Chapter 224 established the Health Policy Commission (HPC), whose responsibilities include monitoring health system costs against the Commonwealth’s new sustainable cost growth benchmark, developing policies to reduce overall cost growth while improving the quality of care and reviewing market changes with the potential to increase health care spending. The HPC launched its first

competitive grant program, known as Community Hospital Acceleration, Revitalization, Transformation (CHART), which will make nearly \$120 M available over four years so that eligible community hospitals can promote delivery system transformation, innovative payment models, care coordination and information technology improvements.

The HPC is working to bring more oversight, transparency and accountability to the health care market. Provider organizations are now required to file notices of material change in their operations or governance structure, such as mergers, acquisitions or affiliations, allowing the HPC to track the frequency, type and nature of market changes and publish comprehensive reviews of changes that are anticipated to have a significant impact on health care cost growth or market competition. The HPC has initiated three reviews and has the authority to refer its findings to law enforcement agencies for potential action. The HPC also conducts annual cost trends hearings and publishes annual reports focusing on the health care industry's cost containment and quality improvement efforts. The report discusses cost trends and growth drivers, including factors that contribute to the Commonwealth's growth being above or below the benchmark set by Chapter 224 (3.6% for 2013 and 2014), and a profile of the health care delivery system. In 2014, the HPC will build on transparency enhancement efforts by creating a provider registration program and focusing on quality and efficiency improvement through the creation of accountable care organizations and patient-centered medical home certification programs.

#### Center for Health Information and Analysis

The Center for Health Information and Analysis (CHIA) assembles and provides information and analysis in the health care system to support the implementation of health reform in the Commonwealth. In August 2013, it published the Annual Report on the Massachusetts Health Care Market, which for the first time consolidated analysis and monitoring of premiums, medical expenditures and provider consolidation. In December 2013, CHIA published its annual baseline report on alternative payment methodologies. CHIA also invested in the All Payer Claims Database (APCD). Its collaboration with the Health Connector has allowed Massachusetts to become the only state in the nation to build and deploy a state-specific risk adjustment program to implement the ACA. In addition, CHIA is working with seven state agencies on administrative simplification projects to enhance their ability to use CHIA data in achieving their goals.

Continued investments in 2014 will make CHIA data more useful to multiple audiences: other state agencies, health care market participants and researchers. By the end of 2014, CHIA will have a new health information website, will have published quality information on providers statewide and will be serving the health data needs of multiple state agency partners on an operational basis. In August 2014, CHIA will publish its second Annual Report, including the first measurement of Total Health Care Expenditures (2012-2013), which will be evaluated against the Chapter 224 cost growth benchmark.

#### Division of Insurance

Working closely with the federal government, other state agencies and insurance carriers, the Division of Insurance (DOI) ensured that all ACA-compliant plans and premiums were approved by August 2013. Through its rate review process, DOI has significantly reduced the average annual increase in health insurance premiums from over 16% in 2010 to 1.9% in January 2014, saving small businesses and families hundreds of millions in premium costs and rebates. In order to empower consumers with provider price information, DOI provided guidance to carriers in their efforts to make providers' contracted costs and consumers' projected out-of-pocket costs available on carrier websites or through toll-free telephone systems. In 2013, DOI also developed regulations and processes to enforce mental health parity laws.

#### Group Insurance Commission

The GIC provides health insurance benefits to more than 400,000 people, including active and retired state employees and dependents, participating municipalities and certain retired municipal teachers. The GIC continues to work closely with its health plans to control costs and initiated a health plan

procurement that is estimated to save the Commonwealth \$1.29 B through FY 2018. Savings will be achieved by reducing the average annual growth in spending from 6% to 2% in FY 2015, saving over \$75 M and holding growth at or below 2% thereafter. Through the procurement, the GIC required plans to establish and share risk with a network of risk-bearing provider organizations (IRBOs) sufficient to cover 75% of GIC covered lives by FY 2016. The use of IRBOs promotes more efficient, high value health care delivery as envisioned by Chapter 224.

Through the success of municipal health care reform, the GIC has opened its doors to the cities and towns of the Commonwealth to participate in the Commission's health insurance program. Since the Administration proposed municipal health reform in January 2011, more than 260 municipalities and regional school districts came to agreements with employees, achieving premium savings totaling more than \$237 M. Since then, 23 more cities, towns and school districts joined the GIC: 12 used the new reform's expedited decision-making process, and 11 joined as a result of negotiations inspired by the reform process. The GIC now has 49 cities, towns and school district members, with more than 45,000 municipal subscribers.

### **Health Care in the Governor's FY 2015 Budget**

The Governor's FY 2015 budget for programmatic spending (excluding administration) at MassHealth is \$13.5 B (\$6.3 B net of federal reimbursement), which is an 11.2% increase over FY 2014 estimated spending. MassHealth's FY 2015 spending is only 4.0% higher than FY 2014 spending when excluding investments for provider and hospital rate increases and partial-year restoration of coverage for dentures in FY 2015, enrollment increases for the non-expansion population, the full-year costs of FY 2014 investments in hospital rates and annualized ACA costs. A significant portion of the increase represents the annualized cost of new members under the ACA that were budgeted for only six months in FY 2014 and the continued influx of newly eligible members of the expansion population during FY 2015. The budget supports new investments in provider rates, such as 2% capitation rate increases for Managed Care Organizations (MCO), including those in the MassHealth CarePlus program, and 2% capitation rate increases for the Massachusetts Behavioral Health Partnership (MBHP). The budget also includes funding for 2% increases in base hospital rates and increases to fee-for-service provider rates, and restoration of coverage for dentures in the second half of the fiscal year.

Most of the investments from the FY 2014 budget are maintained in the Governor's FY 2015 budget, including \$67 M for increases to base hospital rates and alternative payment methodology (APM) participation; \$33.6 M to restore coverage for fillings for adult members; \$11.8 M for Children's Hospital for high-complexity pediatric care; \$3 M for Tufts Medical Center for high-complexity pediatric care; \$3.3 M for pediatric rehabilitation hospital rates (Franciscan Hospital for Children); \$4.3 M to pay Critical Access Hospitals 101% of Medicare costs; and \$5.5 M for a 1% inpatient and outpatient rate add-on for disproportionate share hospitals (the FY 2014 budget included a 5% rate add-on). The fall 2014 Infrastructure and Capacity Building grant awards are funded in the FY 2014 budget; and therefore no additional funding is included in FY 2015. In addition to MassHealth's programmatic appropriations, the budget includes \$34.3 M to provide necessary resources for community support services and coordination to persons with Acquired Brain Injuries (ABI) who may have previously been residing in long-term care facilities.

The Governor's FY 2015 budget includes a General Fund transfer to the Medical Assistance Trust Fund (MATF) at \$412 M, which will support supplemental payments to safety net hospitals and providers with high Medicaid volume. The Governor's FY 2015 budget includes a General Fund transfer to MassHealth's Delivery Systems Transformation Initiative (DSTI) trust fund at \$210 M and supports \$235.5 M in payments to participating hospitals. FY 2015 DSTI payments are increased 25% to support additional hospital initiatives, consistent with MassHealth's 1115 Demonstration Waiver renewal application.

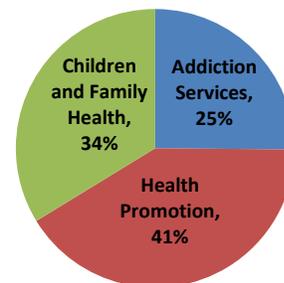
The Governor's FY 2015 budget maintains \$30 M in support for health coverage through HSN for the Commonwealth's most vulnerable populations, provided through a transfer from the Commonwealth

Care Trust Fund. The transition of members from the HSN to MassHealth and the Health Connector will significantly reduce the amount of uncompensated care incurred by hospitals and community health centers through a reduction in the HSN shortfall. Current estimates suggest ACA implementation will reduce HSN demand by approximately \$196 M in FY 2015, resulting in only \$34 M in uncompensated care.

The Governor's FY 2015 budget proposes to eliminate the sales tax exemption for candy and soda, which will generate \$57 M in FY 2015 that will be deposited into the Commonwealth Health and Prevention Fund to support key programs within DPH, including:

- Addiction Services: programs for communities and at-risk youth to provide positive alternatives to drug use, critical treatment and guidance and support to families;
- Children and Family Health: nutrition services for pregnant women and infant children as well as dental and family health services; and
- Health Promotion: prevention and treatment related to smoking, domestic violence, suicide, teenage pregnancy and youth violence.

Distribution of Candy and Soda Tax Revenue



Source: Executive Office for Administration and Finance

### Governor's Priorities in the Program Budget

For more information on the Governor's priority of Expanding Access to Affordable, Quality Health Care in program format, please visit [www.mass.gov/budget/governor](http://www.mass.gov/budget/governor), the online version of the FY 2015 Governor's Budget. Click on the Administration Priorities tab in the FY 2015 Program Budget Recommendations Quick Link. The tab will open to show a list of the Governor's priorities and the core set of programs that are critical in supporting the goals of each initiative.





## ***Building a Strong, Safe Community for Youth and Families***

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Stronger and safer communities begin with efforts to prevent youth violence and supporting services and opportunities for the most vulnerable. Since taking office in 2007, Governor Patrick has worked to provide the preventative tools needed to build a positive future for the Commonwealth's youth that will save in the long-run on unnecessary costs and negative outcomes. In the Governor's FY 2015 budget proposal, the Administration seeks to create a culture of opportunity for our youth by addressing violence's root causes, and by enhancing access to community services which enable individuals and families to make positive choices.

In FY 2015, Governor Patrick will prioritize funding for community-based access to services through Family Resource Centers, innovative youth rehabilitation models that save taxpayer money, and continue targeted positive youth development and youth violence prevention efforts through proven programs like the Safe and Successful Youth Initiative (SSYI).

### **Building Safe and Successful Communities**

The Patrick Administration recognizes that positive youth development and youth violence prevention is essential to ensuring safe and strong communities. The FY 2015 budget includes a comprehensive approach that enhances community supports, continues targeted law enforcement efforts and maintains youth violence prevention initiatives. While promoting accountability, this framework focuses on providing supports and services that help young people to become assets and resources in their communities. Since the beginning of his Administration, Governor Patrick has been committed to funding programs and services that promote positive youth development and prevent youth violence. The FY 2015 budget will maintain this proven strategy of preventing youth violence in communities through the Safe and Successful Youth Initiative and other targeted positive youth development efforts.

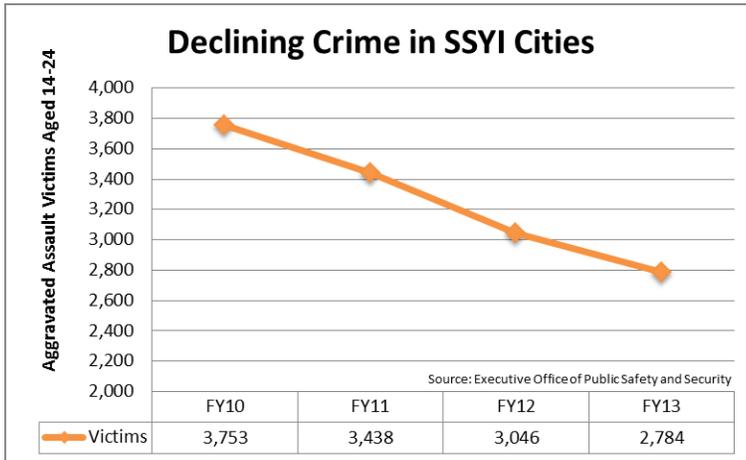


Source: Governor's Office

### **The Safe and Successful Youth Initiative**

The Safe and Successful Youth Initiative (SSYI) targets "proven risk youth," young men (ages 14-to-24) identified by individual communities as high risk due to their criminal record, having been victim of shooting or stabbing violence, or being a family member of someone who has. Since its implementation, the Patrick Administration has consistently measured the SSYI impact through the Youth Violence Prevention Dashboard. Nearly 1,400 young people are currently identified in the program, and the Dashboard shows that SSYI may be responsible for significant reductions in crime in participating cities. From FY 2011 to FY 2013, cities with programs supported with SSYI funding experienced a 25% drop in homicide victims aged 14-24, and a 19% drop in aggravated assault with victims aged 14-24. Given what we understand about the targeted population, this is a significant achievement in preventing youth violence in our communities and suggests that SSYI and other positive youth development efforts of this Administration are working. Governor Patrick proposes

continuing this success with an FY 2015 investment of \$9.5 M, a \$5.5 M increase above the FY 2014 funding and the full and most effective funding level for the program.



SSYI has also become a hallmark program demonstrating a results-driven and nimble cross-agency partnership. In the first six months of 2013, SSYI-participating cities witnessed a spike in firearm homicides and non-fatal shootings. In response, the SSYI and youth violence teams prepared a coordinated response to SSYI project sites to address the spike in violence. The data following their strategic and organized response suggests the approach had a direct impact on curbing the spike in youth violence, which is now trending downward. Since FY 2011, the Patrick Administration has invested in the SSYI program by

targeting state spending to help fill gaps in services for high-risk populations. In 2013, grants were awarded to 11 cities (Boston, Brockton, Chelsea, Fall River, Holyoke, Lawrence, Lowell, Lynn, New Bedford, Springfield and Worcester) for targeted intervention programs for high-risk youth and their families. Today, the Patrick Administration continues to collaborate with local stakeholders including mayors, district attorneys, police, school officials and citizens from cities that experience persistently high rates of violent crime. The initiative coordinates human services, education and public safety agencies to build a sustainable and proactive solution to this systemic gap in services while saving taxpayer dollars.

Continuing a Comprehensive Approach

In addition to the Safe and Successful Initiative, the FY 2015 budget funds programs that promote positive youth development and prevent youth violence, building strong and safe communities throughout the Commonwealth:

1. *Preventing School Violence* – The Governor’s FY 2015 budget will establish the Cross-Secretariat Task Force on School Safety and Security, chaired by the Secretaries of Education, Public Safety and Security, and Health and Human Services. The Task Force will provide an opportunity for agency representatives and external stakeholders to discuss and assist local school districts with creating school safety and security response plans. By coordinating efforts to address issues relating to school and student safety and security in the Commonwealth, including efforts to create detailed, school safety and security response plans with local school districts, the Governor’s \$200 K budget investment will allow the Task Force to seek the assistance of expert researchers and consultants to help ensure the protection and safety of youth in school settings.
2. *Responding to Community Violence* – A comprehensive youth violence prevention strategy must include effective law enforcement 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 prevent gang violence and are targeted at high-risk youth in communities with high crime rates. The Governor will increase Shannon Grants by \$1 M from FY 2014, funding them at \$8 M. These grants may be utilized by local police departments to bolster their ability to respond to youth crime, as well as by community groups that provide supportive services for at-risk youth.

3. *Building a More Peaceful Community* – The Patrick Administration’s strategy taps into demonstrably effective methods of promoting peaceful environments, including building strong and engaged communities; providing structured, positive out-of-school time activities; and creating opportunities for youth leadership development. Governor Patrick’s FY 2015 budget maintains funding for Youth-at-Risk matching grants and After School and Out of School Grants at \$2.7 M and \$1.6 M, respectively, to use public health and education resources to ensure a coordinated approach that reaches young people before they turn to violence or other destructive activities.
  
4. *Engaging and Supporting Youth* – Providing youth with increased opportunities to learn and grow will also build stronger, safer communities. Youth who are engaged in educational activities or leadership development programs will have increased opportunities to build a healthy and safe future. Therefore, Governor Patrick will increase his support to \$12 M in FY 2015 for Summer Jobs for At-Risk Youth and offer local communities and businesses a way to offer subsidized work for community youth. Further, the FY 2015 budget will preserve funding for YouthBuild at \$2 M and maintain its support for School to Career Connecting Activities at \$2.7 M. YouthBuild specifically targets low-income students to improve education, job training, leadership development and community services. School to Career Connecting Activities establishes public-private partnerships to connect schools and businesses and provide structured work-based learning experiences for students.

### Supporting Families for Stronger Communities

#### Family Resource Centers

Governor Patrick’s initiative builds stronger and safer communities through targeted positive youth development and youth violence prevention efforts, as well as services that improve or expand supports to youth and families in need. To this end, the FY 2015 budget will maintain its FY 2014 efforts and continue to build a network of Family Resource Centers (FRCs) in Massachusetts communities. FRCs are community-based centers that address child abuse and neglect, juvenile delinquency, mental illness, poverty, substance abuse and other special needs. Family Resource Centers are focused on serving the most vulnerable populations in the state, and provide a one-stop, “no wrong door” approach to accessing services or programs in the community. This initiative represents the first major reform to the Children in Need of Services (CHINS) program since its creation in the 1970s, which also modifies criminal justice processes and encourages children and families to seek preventive assistance *before* going to court.



The goal of Family Resource Centers is to help children, where appropriate, remain at home and at school to avoid involvement in the criminal justice system. The 11 existing Family Resource Centers in seven counties have served almost 7,000 families since its inception. In FY 2013, almost 11,550 parents enrolled in group-based parenting education and support programs, and over 8,000 children were enrolled in playgroups and special events. This growth in service demonstrates that Family Resource Centers are an effective and compelling local service model that allows the most vulnerable to engage and seek assistance in their own community, and builds on the promise of a safe and productive future for the Commonwealth’s children and families. With a total FY 2015 investment of over \$7.2 M, Family Resource Centers will serve children up to the age of 18 (up from 12 currently) and have a presence in every county by FY 2016.

**Rehabilitating Youth and Paying for Success Through Social Innovation Financing**

While every effort is made in the FY 2015 budget to build safe, strong communities and ensure youth are provided opportunities for a successful and positive future, youth currently involved in the criminal justice system deserve similar opportunities or the chance to turn their lives in a more positive and productive direction. In addition to resources to assist in Raise the Age implementation, the FY 2015 budget continues efforts to strengthen youth criminal justice reform while saving taxpayer dollars by innovative “pay for success” contracts. As proposed in the FY 2015 budget, the Juvenile Justice Pay for Success Initiative uses pay for success contracting, also called Social Impact Bonds, to pay for services for young men who are exiting the juvenile justice system or in the probation system.

Raise the Age

In the fall of 2013, Governor Patrick signed “An Act Expanding Juvenile Jurisdiction,” expanding the delinquency and youthful offender jurisdiction of the juvenile courts to include youth who commit crimes when they were younger than 18, up from the previous age of 17. This legislation is a major step forward in ensuring our young people receive every opportunity for rehabilitation and reform. Seventeen year olds will now fall under the custody of the Department of Youth Services (DYS), rather than into an adult prison or jail, although the District and Superior Courts will retain their discretion to impose an adult sentence for violent criminal activity. As a result of the new law, juvenile offenders will be afforded an additional year to benefit from juvenile court judges, probation officers and youth corrections agency personnel who have particular and age-appropriate expertise in child and adolescent development. The Commonwealth joins 38 other states and the District of Columbia in expanding the jurisdiction of the juvenile courts to age 18. The Governor’s FY 2015 budget includes \$15 M to support implementation of Raise the Age.

Paying for Outcomes with Social Innovation Financing

Critical to improving our justice system is experimenting with innovative approaches to positive youth development and documenting interventions that work. Building on the Patrick Administration’s commitment to performance, accountability and transparency, the Juvenile Justice Pay for Success Initiative uses pay for success contracting, also called Social Impact Bonds, to pay for services for young men who are exiting the juvenile justice system or in the probation system. Under its pay for success contract, the state will only pay for services if they are proven to succeed in reducing the rate at which young men are incarcerated and increasing their job readiness and employment. Pay for success contracts overcome the government’s chronic inability to find the resources necessary to invest meaningfully in innovative approaches to solving social problems by allocating taxpayer resources only to proven solutions. This innovative approach aligns the incentives of all partners to achieve better outcomes for at-risk young men and enables the government to leverage private-sector financing for preventive services.

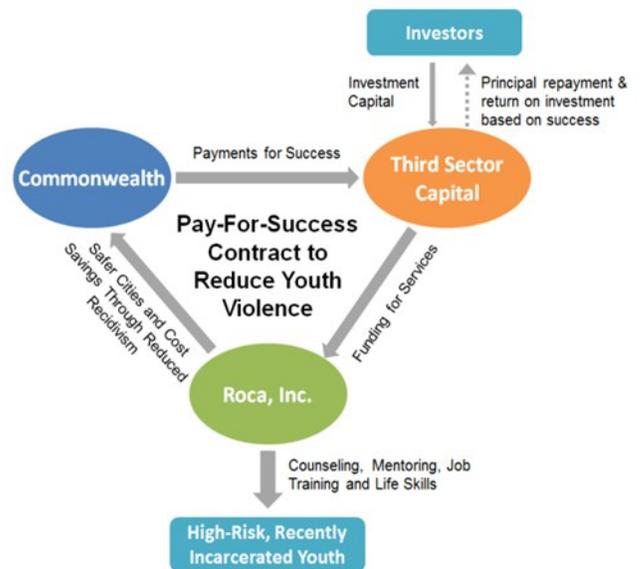
The Juvenile Justice Pay for Success Initiative is motivated by the reality that within five years of release from the juvenile justice or probation systems, over 65% of high-risk young men return to prison. This outcome creates unsafe communities and a cycle of violence, poverty and repeated incarceration for young men, and it is expensive to taxpayers. The Juvenile Justice Pay for Success Initiative aims to interrupt that cycle by filling a gap in services for young men who need support to change the trajectory of their lives.

In 2012, Governor Patrick announced that his Administration had selected Roca, Inc., a Chelsea-based service provider, and Third Sector Capital Partners, a nonprofit fundraising intermediary, as its partners in this initiative. Roca will provide services to over 900 of the highest-risk young men living in the Boston, Chelsea and Springfield areas. Roca’s intervention model includes four basic elements: relentless outreach to young men by Roca staff; intensive case management; life skills, education, prevocational and employment programming; and work opportunities with community partners. Roca’s model has proven effective at reducing violence and creating positive behavioral changes for the young men it serves. Third Sector Capital Partners is responsible for raising the up-front funding to pay for

services provided through this initiative. A combination of commercial and philanthropic funders will assume the risk of nonpayment in exchange for an opportunity to achieve positive social outcomes and modest financial returns.

The state will only repay funders if Roca proves successful in reducing incarceration and increasing job readiness and employment among the young men it serves. The Commonwealth has committed up to \$27 M in success payments to this Initiative, and these payments are backed by the full faith and credit of the Commonwealth. In FY 2014, Governor Patrick set aside \$7.5 M into a Social Innovation Financing Trust Fund for this and other pay for success contracts. In his FY 2015 budget, the Governor has requested that an additional \$7 M be set aside.

In September 2013, the Commonwealth was also awarded a first-of-its-kind \$11.7 M pay for success grant from the United States Department of Labor. If the initial phase of the project proves successful, this grant will enable the Commonwealth to expand the number of young men that Roca can serve from over 900 to more than 1,300.



**Governor’s Priorities in the Program Budget**

For more information on the Governor’s priority of Building a Strong, Safe Community for Youth and Families in program format, please visit [www.mass.gov/budget/governor](http://www.mass.gov/budget/governor), the online version of the FY 2015 Governor’s Budget. Click on the Administration Priorities tab in the FY 2015 Program Budget Recommendations Quick Link. The tab will open to show a list of the Governor’s priorities and the core set of programs that are critical in supporting the goals of each initiative.

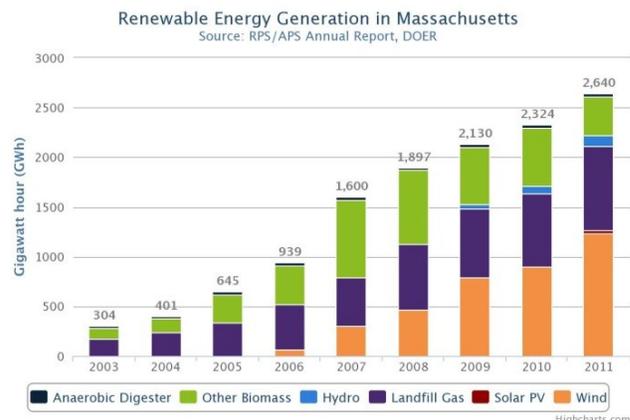
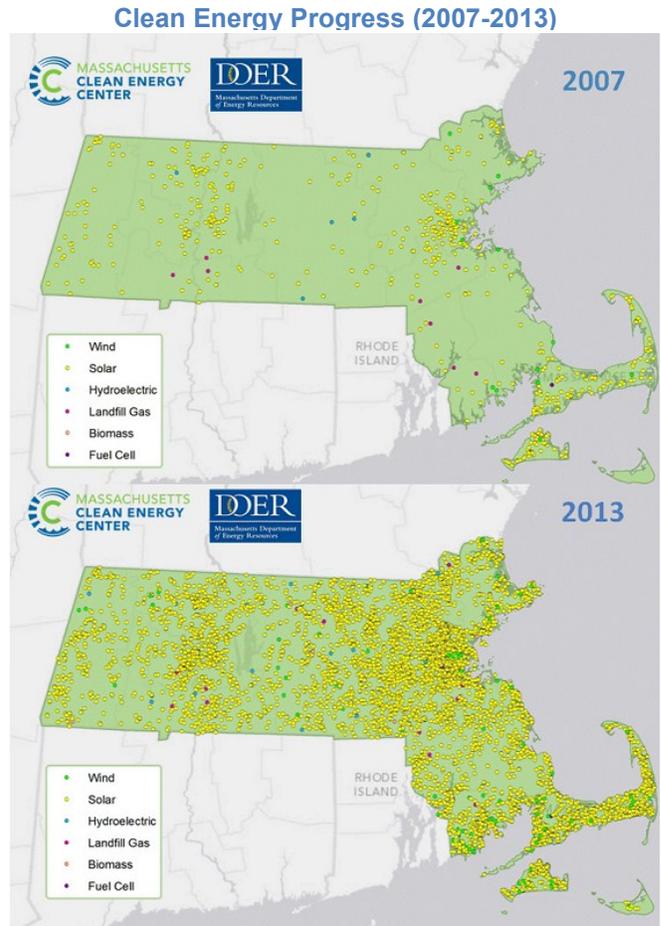




## Climate Change Mitigation and Preparedness

Of the challenges the Commonwealth will face in the near and long term, few have the potential to have a greater impact on our way of life than climate change. Though Massachusetts accounts for only a small amount of national and global greenhouse gas emissions (GHG), the Patrick Administration has lead by example by both increasing Massachusetts renewable energy generation and simultaneously reducing the amount of fossil fuel energy used.

- Executive Office of Energy and Environmental Affairs (EOEEA) In 2007, Massachusetts became the first state in the nation to combine the environmental and energy agencies under one Cabinet Secretary, demonstrating a holistic commitment to reducing our dependence on fossil fuels and diversifying our energy sources.
- Global Warming Solutions Act In 2008, through collaboration with the Legislature, Governor Patrick signed the Global Warming Solutions Act into law, creating a framework for reducing heat-trapping emissions to levels that scientists believe avoid the worst effects of global warming by ambitiously requiring all sectors of the economy to reach a target of a 25% reduction of GHG emissions by 2020 and an 80% reduction by 2050. As of 2010, the Commonwealth has successfully reduced its GHG emissions by 11%.
- Green Jobs Act Also in 2008, Governor Patrick and the Legislature enacted the Green Jobs Act, which created the Massachusetts Clean Energy Center, tasked with accelerating the success of clean energy technologies, companies and projects in the Commonwealth while creating high-quality jobs and long-term economic growth for the people of Massachusetts. These efforts have proved to be successful, as clean energy jobs are projected to grow 48% from 2010 through 2014.
- Renewable Energy Infrastructure Investment The Patrick Administration has fostered a thriving, innovative clean energy economy in the Commonwealth. The state now has 425 megawatts of solar energy generation capacity installed, four years ahead of the Governor's goal of 2017. The Commonwealth is also poised to be home



to the nation's first offshore wind farm, Cape Wind. The Administration's investment in wind energy infrastructure, like the New Bedford Marine Terminal, has made Massachusetts a hub for this emerging industry.

- Accelerated Energy Program This aims to reduce energy consumption by 20-25% at state facilities, creating about 4,000 clean energy jobs while saving the Commonwealth about \$43 M annually. The program will save the environment an estimated 135,000 metric tons of greenhouse gases annually, the equivalent of removing 26,000 vehicles from the road per year.
- Energy-Efficiency The Commonwealth has been ranked the most energy-efficient state in the nation for three years in a row by the American Council for an Energy-Efficient Economy.

Despite these successes, scientific evidence overwhelmingly points to the inability to prevent climate impacts in our communities through mitigation alone. It has become increasingly apparent that the impacts of climate change will affect the Commonwealth's infrastructure, environment, economy and livelihood over the next century. The Commonwealth needs to begin preparing now to face a new reality. Key climate change predictions in Massachusetts include:

- More intense, longer lasting and more damaging storms, causing debilitating impacts on our infrastructure and environment, including widespread flooding from increased precipitation;
- Greater environmental stress on our power grids, subjecting our utilities to interrupted service, degraded energy reliability and increased costs;
- Rising sea levels potentially causing major distributions in our coastal communities, strain on our emergency services and billions of dollars' worth of damage to residential and commercial property; and
- Public health concerns expanding due to exposure to high temperatures, poor air and water quality, extreme weather events and an increased risk of food-borne and vector-borne illnesses.

The Commonwealth has already weathered a number of recent storms that point to a changing climate. While it is difficult to link any individual event directly to climate change, we should take lessons learned from recent severe storms across the state and apply best practices as we begin to prepare for the increasing intensity of storms predicted by scientists. In addition, the summer of 2012 saw a significant increase in Eastern Equine Encephalitis (EEE) that necessitated aerial spraying, and in the summer of 2013, oyster beds had to be closed for the first time in the history of Massachusetts, at significant cost to



(Photo credit: Eugena Ossi/Governor's Office)

shellfishermen, because of vibrio parahaemolyticus. Recovery from these disasters comes not only at significant cost to the Commonwealth, but also slows our economic growth, displaces families and businesses and changes the fabric of our communities. In order to continue leading by example on climate change issues, functioning as a hub of innovation, talent and resolve, we must adapt to our changing climate in addition to continuing to reduce our dependency on fossil fuels.

Climate preparedness will require initiatives across government agencies. In FY 2015, the Patrick Administration will expand its climate change efforts through a \$52 M cross-secretariat investment in a comprehensive climate change preparedness plan using operating, capital and trust resources.

### Transportation Preparedness

Our transportation assets have been built to withstand prior weather patterns, leaving them vulnerable to extreme changes in climate. Additionally, transportation infrastructure is vital to creating economic

growth, job creation and support for communities. Impacts that threaten these assets also threaten the Commonwealth’s ability to grow. To address this issue, the Administration will conduct a statewide vulnerability assessment for all state-owned transportation assets and adopt climate adaptation plans to provide a blueprint for protecting our infrastructure from harm.

**Energy Resiliency**

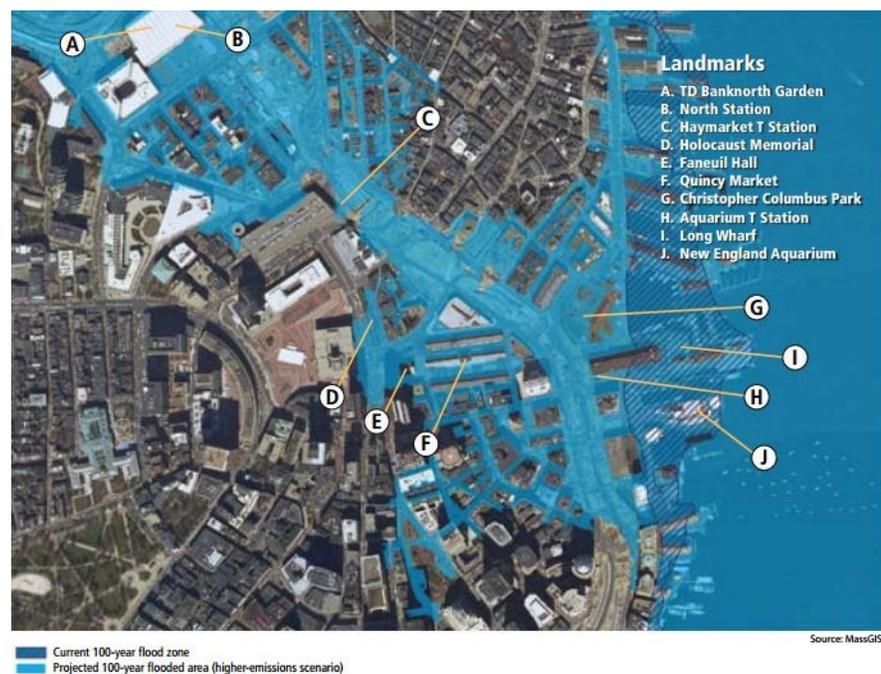
The ability to generate power during natural disasters and under new environmental stress is essential to the public safety, public health and economic vitality of the Commonwealth. The New England Power Generators Association (NEPGA) represents 92% of all generating capacity in the Commonwealth, with facilities located in 25 cities and towns. The Administration’s EOEEA, in partnership with NEPGA, will distribute a survey identifying resiliency efforts taken or planned to date at our generation facilities and soliciting feedback on recommended steps to improve the preparedness of generation facilities.

Additionally, the Department of Energy Resources (DOER) will use its trust resources to launch a \$40 M energy resiliency initiative to protect citizens of the Commonwealth from interruptions in energy services due to severe climate events exacerbated by the effects of climate change. Funds will be largely distributed to cities and towns to harden critical energy services for public works, community services, fuel supplies, public health, food, communications and recovery resources as well as support clean energy technology.

Lastly, the Department of Public Utilities (DPU) has begun developing alternatives to traditional regulation by creating the right regulatory environment to encourage investments in system hardening, new communication systems and “self-healing” grid technologies, as well as improved monitoring of service quality.

**Protecting Our Communities**

Due to the Commonwealth’s particular vulnerability to rising sea levels, the Office of Coastal Zone Management (CZM) will assess the vulnerability of our coastal communities. In order to address these



vulnerabilities, the Patrick Administration will invest \$10 M in capital funds toward our critical coastal infrastructure. Within this investment, EOEEA will offer municipal grants to reduce or eliminate community risk associated with coastal storms and sea level rise. Further, as natural systems such as sand dunes and salt marshes often prove to be the best defense against natural disasters, EOEEA will also implement a series of Green Infrastructure for Coastal Resilience pilot projects, to reduce storm surges and control flooding. In addition, the Patrick Administration is making efforts to consider future climate patterns across various state planning

processes, including plans for future state building and infrastructure construction, and in emergency management planning and procedures.

**Improving Data**

In order to most effectively plan for climate change, we need to ensure that we are using the best available data. The Commonwealth will officially appoint a state climatologist due to the need to analyze complex climate data and science in order to assist state agencies and municipalities in understanding climate change impacts. Recognizing that the Office of Geographic Information (MassGIS) plays an important role in understanding the impacts of climate change at the local level, EOEEA will provide MassGIS with resources to expand its current data capabilities to assist municipalities in adapting to climate change. Additionally, the Patrick Administration will complete light and radar (LiDAR) mappings of the Commonwealth in order to model riverine flooding and storm surge, as well as assess the vulnerability of our built infrastructure and critical habitats.

**Addressing Public Health Exposures**

Unlike many states, Massachusetts has local boards of health (LBOH) for each of its 351 cities and towns. In order to provide LBOHs with a centralized source of information, the Department of Public Health (DPH) will develop state-level resources to identify areas of special concern, draft model strategies and enhance education and training related to climate change public health issues.

With the small but continued rise in water temperatures, the presence of vibrio bacteria in Massachusetts oysters will likely increase. Without the proper resources to detect and monitor these bacteria, the Commonwealth will face increased risk of food-borne illnesses and more frequent and prolonged closures of oyster beds, which will impact the Commonwealth's commercial fishing industry. To address this issue, DPH and the Department of Fish and Game will conduct a needs assessment of current capacity of vibrio response and DPH will begin planning to anticipate other potential threats to food safety and likely increases in food-borne illness due to climate change. Additionally, DPH will collaborate with the Department of Agricultural Resources to conduct a needs assessment to identify gaps in monitoring exposures to vector-borne diseases. Finally, as maintaining infrastructure associated with potable water is critical to the public health and safety of Massachusetts residents, the Department of Environmental Protection will help communities identify and address vulnerable elements of their critical water infrastructure.



## *Transportation Reform*

Transportation infrastructure is vital to creating sustainable economic growth, supporting job creation and reducing the environmental and social impacts of congestion. Through reforms that make more efficient use of existing resources, the Massachusetts Department of Transportation (MassDOT) continues to do more with less. However, the Commonwealth's transportation network has been underfunded for decades, creating a backlog of upgrades to transportation assets. Funds made available by the 2013 Transportation Finance Law will allow MassDOT to modernize this aging infrastructure, address the MBTA deficit and stop the historical practice of funding transportation operating costs with borrowed funds. Through a transformative initiative of reforms and new investments, the Patrick Administration will continue to improve the Commonwealth's transportation network and expand access to transportation infrastructure for all residents and businesses of the Commonwealth.

### **Transportation Revitalization Accomplishments**

#### Creating MassDOT and Increasing Efficiencies

The Patrick Administration, in partnership with the Legislature, has made great progress in addressing the deficiencies in our transportation system. With the enactment of the 2009 Transportation Reform Legislation, Governor Patrick consolidated all transportation agencies into MassDOT, marking the first time in Massachusetts history that a single transportation agency was responsible for planning, investing in, maintaining and operating the statewide transportation system. Through this reform, which reduced bureaucracy, improved safety, enhanced the customer experience and modernized employee benefits, the Patrick Administration has saved over \$525 M taxpayer dollars to date.



Source: Commonwealth of Massachusetts

#### Investing in Commonwealth Infrastructure

Over the course of his Administration, Governor Patrick has made an effort to reverse decades of neglect of the Commonwealth's infrastructure. Over the past five years, the Administration has doubled the capital investment in our road and bridge program and created the \$3 B Accelerated Bridge Program (ABP), the largest statewide infrastructure investment program ever. ABP repairs bridges that are or will become structurally deficient and is an example of this Administration's innovative approach to fixing infrastructure deficiencies in an efficient and cost effective manner. Through the program, Massachusetts has become a national leader in accelerated bridge construction, hosting other states interested in learning how the Administration has successfully implemented innovative technologies for bridge projects. The program has reduced the number of structurally deficient bridges from 543 to 437, a decline of nearly 20%. The program has also created 11,745 direct construction jobs and sustained 11,281 direct construction jobs. ABP builds conditions for long-term economic growth and saves the Commonwealth hundreds of millions of dollars in avoided construction cost inflation and deferred

maintenance costs by speeding up the bridge reconstruction process. Accelerated construction times also reduce the amount of time drivers are inconvenienced by delays.

**MassDOT Initiatives**

MassDOT is embarking on a number of initiatives to gather public input in order to develop a comprehensive transportation plan, improve environmental responsibility, promote public health and evaluate the results of transportation spending. These initiatives include:

- **GreenDOT** – This comprehensive environmental responsibility and sustainability initiative is focused on three goals: (1) reducing greenhouse gas emissions; (2) promoting healthy transportation options of walking, bicycling and public transit; and (3) supporting smart growth and development. MassDOT has set a goal of reducing greenhouse gas emissions by over two million tons by 2020, a reduction of about 7.3% below 1990 Massachusetts transportation sector emission levels.
- **We Move Massachusetts** – This performance evaluation process measures the impact of capital spending against MassDOT goals and policy objectives. We Move Massachusetts was informed by strategic public outreach to better understand the needs of MassDOT customers.
- **Beyond Boston** – This regional transit study was designed to more effectively strategize, prioritize and deliver transit service throughout the Commonwealth. Beyond Boston identified opportunities for greater collaboration between the Massachusetts Bay Transportation Authority (MBTA) and neighboring Regional Transit Authorities (RTAs) and mechanisms for streamlining the management of public transportation assets.
- **Healthy Transportation Compact** – A requirement of the 2009 transportation reform legislation, this inter-agency initiative is designed to facilitate transportation decisions that balance the needs of all transportation users, expand mobility, improve public health, support a cleaner environment and create stronger communities. In September of 2013, MassDOT issued the “Healthy Transportation Policy Directive” requiring all state transportation projects to increase bicycling, transit and walking options.



**Responsibly and Sustainably Financing Transportation**



The 2013 Transportation Finance Law raised additional annual resources for transportation. These resources include increasing the (1) motor fuels tax by three cents and indexing it to the rate of inflation, (2) mandating a series of reforms, efficiencies and fare increases to increase revenue at MassDOT and the MBTA, (3) dedicating motor sales tax collection to transportation, (4) dedicating revenue from the underground storage tank fee to transportation and (5) mandating a general fund transfer for transportation.

As part of this additional revenue, the

Patrick Administration will increase operating funding for MassDOT and MBTA by \$141 M in the Governor's FY 2015 budget. In FY 2015, this investment will assist in:

- Continuing to eliminate the MBTA's structural operating deficit, which prior to FY 2014 had been solved through the use of one-time, unsustainable funding sources;
- Continuing modest MBTA service enhancements including bus and subway service improvements; and
- Ending the decades-old practice of using borrowed funds (bonds) to pay for personnel and other operating costs by FY 2016, which will allow millions in additional capital investment.

The additional revenue also will help support capital investments through reduced operating costs on the capital budget and increased bonding capacity, pending legislative approval of a transportation bond bill. \$12.4 B in capital investments will be made in public transit, highway, bridge and aeronautics programs over the next five years, assuming federal funding remains stable. With this investment, the Patrick Administration will:

- Complete the Green Line Extension, South Coast Rail project and expansion of South Station;
- Replace MBTA Red and Orange Line cars, reducing delays and improving the functionality of two of the MBTA's highest-volume lines;
- Replace Regional Transit Authority (RTA) buses to improve quality and accessibility;
- Invest in local and regional bridges, resurfacing, signal improvements and other necessary projects to improve our roadways;
- Begin reconstruction of the I-91 Viaduct in Springfield and the I-93 and 95 interchanges in Canton;
- Invest in airport infrastructure throughout the Commonwealth;
- Invest in rail programs, including the completion of the Knowledge Corridor in Western Massachusetts, the Industrial Rail Access Program, the future acquisition of rail lines to support passenger service from Pittsfield to New York City and Springfield to Boston and the extension of CapeFLYER service; and
- Convert to cashless All Electronic Tolling on the Massachusetts Turnpike to reduce congestion and advance plans to modernize existing interchanges.

### New Transportation Reform Initiatives

In addition to this critical investment, MassDOT will continue to improve its business practices to save taxpayer dollars. The Administration looks forward to working with the Legislature to discuss the following statutory changes:

- Advertising –  
The Administration proposes to generate an additional \$100,000 to \$200,000 in annual revenue by allowing MassDOT, similar to the MBTA, to enter into agreements for advertising within MassDOT and its facilities.
- Metropolitan Planning Organizations (MPOs) –  
Federally-designated partners in the transportation planning process, MPOs help their member communities identify and prioritize transportation needs for project funding and study.



Source: Massachusetts Department of Transportation

Governor Patrick proposes a joint Administration and Legislative commission to recommend a MPO structure which is effective,

equitable, transparent and expands public involvement in the annual process of programming federal transportation dollars for expenditure.

- Utility Reimbursements – The need to relocate utilities is one of the top reasons for infrastructure project delay, accounting for over 20% of all delays. In 2009, only 33% of the projects that were completed that year did so on-time and within the original contract schedule. Federally-aided construction programs already provide MassDOT with the ability to reimburse utilities for the relocation of conduits, poles, lines and associated equipment, reducing necessary construction times. Implementation of utility reimbursements in the Accelerated Bridge and Federal Aid Programs has improved on-time performance significantly, up to 72% in 2011. In addition to these programs, Governor Patrick intends to extend utility relocation reimbursements to projects funded by the state in an effort to increase project turnaround and efficiency.
- MBTA Tort Reform – Aligning the MBTA tort liability cap with that of other state agencies (a cap of \$100,000) could save MBTA around \$6 M annually.
- Off Road Regional Spending of Turnpike Toll Funds – The Patrick Administration proposes to utilize toll revenue collected on the Turnpike for regional road, rail and transit projects throughout the state using a distribution model proportionally tied to the amount of toll revenue that is collected within each of the various highway districts along the Turnpike. For example, toll revenue could be used for additional bus service in Springfield or additional commuter rail trains from Worcester to Boston, or road repairs and improvements in Western Mass.
- MBTA Credit Enhancement – In FY 2015, Governor Patrick proposes pledging \$160 M each year to the MBTA in order to assure purchasers of MBTA debt and reduce debt service costs.
- Regional Transit Authorities (RTAs) – In cooperation with the 15 independent RTAs, MassDOT is working to reform the statutory funding formula to allow for a more equitable funding formula based on ridership, service plans and territory.



## ***Criminal Justice and Reentry***

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In his FY 2015 budget, Governor Patrick is unveiling a package of sustainable, cost-effective criminal justice reforms that will dramatically improve inmates' reentry into their communities, increase opportunities for formerly incarcerated individuals and enhance public safety. This multifaceted initiative will employ a system of evidence-based reentry programming for the Department of Correction (DOC) that includes a state-to-county facility step-down program. The initiative will also include appropriate addiction treatment in the least restrictive environment to all individuals who are involuntarily committed to state custody due to their substance use disorder. The Governor's criminal justice reforms will also address the lack of post-release supervision for a targeted group of high-impact inmates (parole-eligible inmates serving time for homicide) and reduce the intergenerational violence that frequently follows their discharge from custody.

### **Promoting Successful Reentry**

Governor Patrick's reentry plan improves public safety by preparing an inmate for release to the community and decreasing the likelihood of repeat criminal activity. Currently, the DOC classification system does not facilitate the movement of inmates from higher-security to lower-security custody categories and thereby constricts the number of inmates eligible to participate in programs that may reduce their likelihood of re-offending upon release. A significant number of inmates are over-classified in medium security, where there is limited access to inmate programs that prepare them to receive a positive parole decision when appropriate. Approximately 200 inmates will be eligible for movement from medium security to minimum security by adjusting the classification tool.

In 2014, Governor Patrick is further launching a step-down program in partnership with five Sheriffs (in Berkshire, Essex, Hampden, Hampshire and Suffolk counties), which allows select inmates to complete their sentences at county-based Houses of Corrections (HOCs) and prepares offenders for life in the community after completing their sentence. Stepping down an inmate to a county correctional facility allows the inmate to prepare for reentry closer to his/her home, allows the inmate to more easily connect to services in the community they will be living in upon release and helps reduce recidivism through more focused reentry planning. DOC has identified 300 eligible step-down candidates, who will be assessed for suitability to step-down to the HOC beds now available due to the 13% HOC population reduction.

To prepare state prison inmates to step down into county-based programs as part of an effective reentry system, state inmates need access to educational, vocational or life skill programs to successfully adjust to the behavioral and performance requirements of county-based reentry programs. As part of this reentry proposal, DOC will substantially increase its capacity to provide evidence-based inmate programs. The Patrick Administration is creating new programming space within DOC prisons by moving administrative staff to a redeveloped public safety administration building in Milford, formerly the Massachusetts National Guard Headquarters. Through the Governor's FY 2014-2018 Capital Investment Plan, the Patrick Administration is investing \$7 M to convert administrative space to programmatic space for pre-release inmates in the hopes of better preparing inmates nearing the end of their sentence to reenter the community productively and safely. DOC will increase the number and availability of evidence-based programs, addressing the long waiting lists, improving parole rates and reducing recidivism.

In 2014, the Patrick Administration, in partnership with the Sheriffs, is also implementing a substance abuse recovery program using injectable naloxone<sup>2</sup>, a medication designed to help individuals recover from opioid or alcohol dependence. The program requires that post-release after-care connects the inmate to a community-based clinic to receive follow-up injections and behavioral health treatment once released in order to promote long-term recovery.

### **Appropriate Treatment for Civilly Committed Individuals**

Current law allows for those who present a likelihood of serious harm to themselves or others due to substance abuse and addiction to be involuntarily committed by a judge to addiction treatment for a period of up to 90 days. Since 2006 there has been a 67% increase in the number of civilly committed individuals. The resulting volume has exceeded the inpatient bed capacity of the Department of Public Health's (DPH) two dedicated civil commitment treatment facilities located in Brockton and New Bedford. By statute, committed individuals who are unable to secure a DPH bed are directed to the Bridgewater (men) or Framingham (women) prisons. Massachusetts is the only state in the country that holds civilly committed people in prison. The majority of individuals who are diverted to DOC facilities would be eligible for admission to a DPH dedicated facility if beds were available.

DPH is better suited to provide treatment and services for this population. In addition, when these civilly committed individuals are diverted to DOC, they occupy bed-space that could be used to move suitable medium security inmates to minimum security custody (which would make them eligible to participate in more programs and step down to county custody for reentry).

Governor Patrick therefore proposes to remove civilly committed individuals<sup>3</sup> from prisons, in all but the rarest of cases, by:

- Broadening the type of facilities where civilly committed individuals can receive treatment;
- Creating a central intake to match individuals to treatment facilities and placing addiction specialists in selected courts to provide consultation to court clinicians to assist in finding appropriate treatment placements for individuals at a cost of \$375,000 in FY 2015;
- Expanding detoxification services and clinical stabilization services in the public system at a cost of \$930,000 in FY 2015; and
- Continuing the \$10 M legislative expansion of civil commitment services, including the addition of 80 new Transitional Support Services beds, 200 new residential beds and community-based case management services.

The Governor's proposal includes the addition of 64 new inpatient beds in the Bureau of Substance Abuse Services Metrowest region, which currently is the only region without a detoxification program. It is expected that the addition of community services will decrease the number of persons seeking commitment through the Quincy, Brockton and Plymouth courts. Through this proposal, all civilly committed individuals will have access to the full continuum of services, which include placement in inpatient and residential services following detoxification and the provision of community-based case management services.

### **Improving Post-Release Supervision**

Because many inmates in DOC custody struggle to identify a stable place to live, potential employment, substance abuse treatment or other treatment and family or other community support following their incarceration, many do not seek parole, despite being eligible, or are denied when they do apply. Those who do not seek parole and subsequently wrap up their sentences and are released are at greater risk to re-offend because they are not subject to post-release parole or probation supervision.

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<sup>2</sup> The only injectable naloxone currently on the market is Vivitrol.

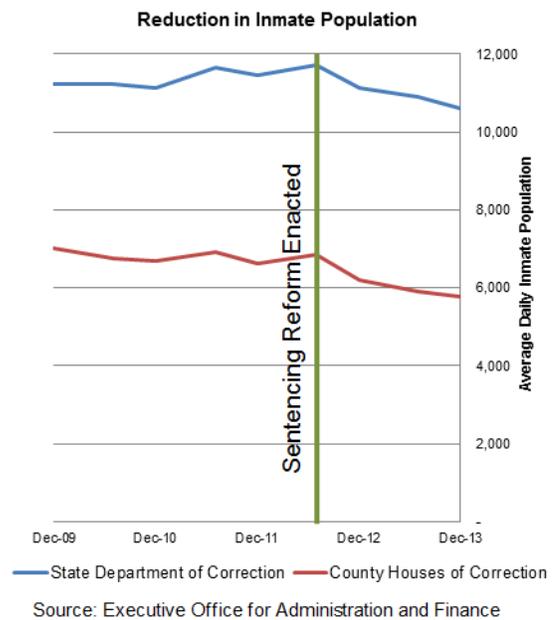
<sup>3</sup> This proposal does not address individuals who are dually committed, meaning that they are also held pursuant to an order of a criminal court, because they cannot be transferred to DPH custody.

The Patrick Administration is creating a community-based, trauma-informed parole preparation program which targets parole-eligible inmates serving time for homicide using a restorative justice model to reduce intergenerational violence, or violence that is passed from parent to child or sibling to sibling. A parole-focused program that adds restorative justice to the creation of a Home/Work Plan (a plan for where a parolee will live and work following incarceration) will strengthen that plan significantly and greatly increase the chances that a parolee will successfully complete parole.

**Patrick Administration Criminal Justice Accomplishments**

Since taking office in 2007, Governor Patrick has proposed and implemented a comprehensive package of reforms aimed at dramatically improving the Commonwealth’s criminal justice continuum, from sentencing to incarceration to reentry.

Sentencing Reform – Governor Patrick signed legislation to toughen criminal sentences for repeat violent offenders while reducing mandatory minimum sentences for non-violent drug crimes and increasing the ability of inmates to earn “good time” for inmate program participation. This smarter approach improves public safety by focusing limited public dollars and prison cells on habitual violent offenders. Over the past two years, DOC’s inmate population has decreased by 7%, and the Sheriff’s House of Correction (HOC) population has decreased by 13%<sup>4</sup>. The decrease in the number of inmates in state care and custody will save almost \$8 M in FY 2015 through reduced food, healthcare and bed-space costs. In the long run, sentencing reform will help contain inmate population growth and reduce need for future construction of 10,000 new prison bed-spaces, which would have cost between \$1.3 B and \$2.3 B to build and \$3 B in operating costs over 30 years.



Criminal Offender Record Information (CORI) Reform – Recognizing the importance of implementing tough but smart anti-crime measures, the Patrick Administration implemented comprehensive CORI reform legislation (enacted in 2010) to enhance employment and economic opportunities for citizens with criminal records and expand access to criminal record information for prospective employers and housing providers on an internet-based system. Increasing employment opportunities for formerly incarcerated individuals can reduce their rate of recidivism.

Parole Board Reform – To increase accountability, Governor Patrick signed legislation to ensure that the Parole Board was properly equipped with relevant expertise, training and a risk needs assessment tool to determine eligibility for parole. Beginning in 2011, the Parole Board created a number of evidence-based policies and practices designed to increase transparency about the Board’s decisions and provide parole officers and Parole Board members with training and other tools to better facilitate appropriate inmate parole.

Criminal Justice Commission – Established in the FY 2012 budget, the commission is currently reviewing over 29 recommendations to improve reentry, reduce overcrowding and strengthen post-release supervision. The Criminal Justice Commission has also engaged the Pew Center for the States and the MacArthur Foundation to implement its cutting-edge cost-benefit analysis model called “Results First” to better inform Massachusetts criminal justice policies. The goals of the analysis are to:

<sup>4</sup> Department of Correction (2013 and 2011). Weekly Count Sheet 12/30/13 and Weekly Count Sheet 12/26/2011.

## **FY 2015 Budget Recommendation**

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- Aggregate the best national research to identify evidence-based programs that are effective;
- Estimate these programs' impact if implemented in Massachusetts, based on the state's population characteristics and recidivism outcomes; and
- Use Massachusetts fiscal data to estimate total costs and benefits for each program, producing a state-specific estimate of the return on investment for each program.

To complete this analysis, researchers across state government have worked together to complete the most comprehensive recidivism analysis to date, and analysts are working to identify the marginal costs of every activity of the criminal justice system. These data sets will assist policy makers in crafting effective solutions to further reduce crime and recidivism going forward based on science and data.



**FY 2015 Budget Recommendation**  
**Key Initiatives**  
Deval L. Patrick, Governor