

EXECUTIVE SUMMARY

Financial Overview

The Fiscal Year 2010 House Committee on Ways and Means recommendations for the Commonwealth's operating budget include appropriations totaling \$27.44B and are supported primarily by \$19.53B in projected tax collections. Tax revenues available to support programs and services represent a \$1.46B decline in available resources compared to the General Appropriations Act of Fiscal Year 2009, and a mere \$80M increase from the revised Fiscal Year 2009 estimate. In crafting this proposal, the Committee has strived to strike a balance between maintaining fiscal responsibility with limited resources, while still providing basic government functions.

	FY08 Collected	FY09 Estimated	FY10 Consensus Revenue	Variance
Total Tax Estimate	20,888	19,450	19,530	80
Dedicated Tax Revenue*	2,789	2,817	2,789	(28)
Total Taxes Available	18,099	16,633	16,741	52

*Transfers to the MBTA, SMART, and PRIT Funds

Faced with a rapid and substantial decrease in tax collections, the Committee chose to balance the budget through a careful analysis of the Commonwealth's core programs and services. This document outlines a balanced budget reliant on existing tax revenue streams and will not further encumber the citizens of the Commonwealth with increased spending levels.

Although the loss of revenue has led to many difficult choices, the Committee felt it fiscally prudent to refrain from utilizing reserve funds. Although the state projects to close out Fiscal Year 2009 with a relatively strong Stabilization Fund balance of \$1.3B, there is still reason for concern. To finish Fiscal Year 2009 in balance, the Commonwealth is likely to draw on close to \$1 billion from the state's "rainy day fund." This fact, coupled with the state's projected reliance on funding made available through the *American Recovery and Reinvestment Act*, will lead to a structurally imbalanced state budget. To account for this, the Committee has resisted the "quick fix" solution of tapping reserves, and has realigned spending to more sustainable levels, consistent with the amount of revenue the state expects to collect. The balance of the state's "rainy day" fund will be useful to minimize further budget cuts in Fiscal Years 2011 and 2012.

In addition to tax revenue, nearly \$10.7B in revenue will be available from fees, federal reimbursements, and operating transfers. Revenues from the federal government, as part of the *American Recovery and Reinvestment Act*, have helped mitigated the need for more significant reductions in the short term. The spending recommendations put forth in this document represent many tough choices, and reflect the struggles all residents of the Commonwealth are enduring, but also aim to guide the Commonwealth on a path to solid financial footing by concurrently funding core government services and pressing for fiscal responsibility.

Local Aid

The House Ways and Committee values the critical role that local government plays in improving the lives of the citizens of the Commonwealth. We recognize that it is only through a strong partnership with municipal government that we are able to effectively provide necessary services for our communities. Just as we have partnered together in good fiscal times, we must now come together in shared sacrifice.

This budget recommends the level funding of the state's contribution to public education through the Chapter 70 formula. It also assumes the utilization of federal stimulus dollars, which will be available only in Fiscal Years 2010 and 2011, to bring all communities up to foundation levels.

Providing \$3.95B demonstrates the Committee's commitment to education and its unwavering support for cities and towns.

In order to ensure equity in local aid, the Committee has opted to combine Lottery Aid and Additional Assistance to form a new category of "Unrestricted General Government Aid." This is intended to minimize the impact of the current budget predicament on any individual city or town. It is important to recognize that because Chapter 70 has been held harmless, local aid reductions on average have been limited to 6.6%.

In these challenging times, we have taken a balanced approach, honoring our commitment to education and municipalities while maintaining a balanced budget.

- Level funded Chapter 70 at \$3.95B;
- Recommended using federal stimulus dollars to bring all communities up to foundation for \$184M; and
- Level funded PILOT at \$30.3M.

State Administration

State administrative offices are charged with maintaining the Commonwealth's cash-flow, overseeing revenue collections, providing health insurance for municipal and state employees, and representing the Commonwealth's legal interests. The Committee recognized the Commonwealth's need for adequate funding to perform basic operations in these areas. With this mindset, the Committee carefully reviewed each line item to encourage efficiencies while providing adequate resources to support day to day functions.

- Restructured state employees' health insurance contributions through the Group Insurance Commission, saving an estimated \$135M when compared to the current contribution ratios;
- Created a new line item, funded at \$31.3M, within the Executive Office of Administration and Finance, to streamline Information Technology management and funding;
- Transferred the managerial responsibilities of certain line items from the Treasurer's Office to public safety agencies to reduce administrative burdens;
- Included a \$1M retained revenue line item to cover continued implementation costs associated with bringing municipalities onto the GIC; and
- Fully funded all FY10 debt service obligations.

Libraries

The Committee recognizes the importance of libraries to cities and regions of the state, and understands that tough fiscal times result in greater use of libraries. With that in mind, the Committee's recommendations offer a level of funding that preserves services to the greatest extent possible at both regional and municipal libraries. In addition, House Ways and Means maintains funding for the state's talking book libraries, whose programs offer extensive library services to the blind, deaf, disabled, and elderly communities of the Commonwealth. All of the recommended funding combined provides \$26.6M in state support to libraries and the Board of Library Commissioners.

- Preserved funding for talking book libraries;
- Provided \$20.5M for state aid to regional and municipal libraries; and
- Provided \$2.4M for technology and automated resource sharing networks.

Early Education and Care

The Committee acknowledges the important role that the Department of Early Education and Care holds in ensuring access to affordable child care while also strengthening quality in child care programs. These recommendations strike a balance between the twin goals of access and quality.

House Ways and Means provides substantial funding for child care to fully fund care for children with open abuse and neglect cases in the Department of Children and Families, as well as for families who receive or recently received transitional assistance. Additional federal funding for the Child Care Development Block Grant from the *American Recovery and Reinvestment Act* will further supplement the state's funding of child care for low-income families.

In addition to supporting access, the Committee combines funding from several line items to provide quality supports that will better enable the Department to make strategic quality investments throughout the Commonwealth. These investments provide accreditation, professional development, and coordination services to child care programs. Along with this funding, the Committee continues to support universal pre-kindergarten, Head Start, and parenting support programs.

- Provided \$474M for child care of children involved with the Department of Children and Families, families involved with or transitioning from transitional aid to families with dependent children, and income-eligible families;
- Provided \$9.8M for universal pre-kindergarten grants;
- Combined \$14.8M in existing funding for new quality supports line item to support accreditation, professional development, and coordination; and
- Provided \$7.5M for parenting support programs.

Education

After a year full of accolades for the Massachusetts education system, it is clear that the Commonwealth has made worthwhile investments in providing a quality education for our children. While the current fiscal situation required some difficult decisions, the Committee's recommendations underscore continued, broad-based support for many of the programs administered by the Department of Elementary and Secondary Education.

The core of student success can be attributed to the partnership between the Commonwealth and school districts that provides an education to all students. With this in mind, House Ways and Means holds Chapter 70 harmless, providing the same level of aid to districts next year as was provided during the current fiscal year - despite the historic decline in tax collections. We anticipate that the Governor will use this common ground as an opportunity to use federal funds from the *American Recovery and Reinvestment Act* to bring all school districts to at least their foundation budget levels.

The Committee also funds many of the successful grant programs that support our schools, teachers, and students. House Ways and Means level funds extended learning time grants to acknowledge the promise of this program. Schools and teachers have restructured their schedules, and parents and students have reorganized their time to make school an even more enriching experience. Other programs such as English language acquisition and teacher content training will continue to provide professional development opportunities that enhance the quality of our teachers. Lastly, understanding the pivotal role that MCAS has played in education reform, the Committee continues to fund MCAS remediation grants and school-to-work connecting activities that provide valuable opportunities to engage struggling students.

- Preserved \$3.95B to level fund Chapter 70 local aid payments;
- Level funded extended learning time grants that will support redesigns at 26 schools in 12 districts, serving over 13,000 students;
- Maintenance funded targeted intervention to assist schools in need of rehabilitation;
- Provided \$20M for METCO; and
- Provided \$27.8M for kindergarten expansion grants to enhance the quality of full-day programs throughout the Commonwealth.

Higher Education

As a result of mid-year budget reductions, the University of Massachusetts and our state and community colleges sustained cumulative losses of \$53.4M over the course of the current fiscal year. The Committee recognizes the burden that these reductions have placed on the Commonwealth's public institutions of higher learning. We anticipate and fully support the Governor's allocation of federal funds from the *American Recovery and Reinvestment Act* to restore higher education to the original appropriations of the current fiscal year. The Committee expects that these funds will prevent layoffs, reinstate services, and, most importantly, keep higher education affordable.

In addition, House Ways and Means continues to invest in programs that help students afford college. The Massachusetts Educational Financing Authority transferred \$1.6M to cover mid-year reductions to the McNair financial assistance program, and the Committee fully restores this transfer for the upcoming fiscal year. Moreover, House Ways and Means level funds the foster child grant program, which will provide awards to over 200 foster children in Fiscal Year 2009, and assists these students in their efforts to achieve a higher education.

- Provided \$907.7M for public higher education institutions and programs, not including an anticipated \$159M in federal funds to be allocated by the Governor to public colleges;
- Provided \$1.6M increase to McNair financial assistance program to restore transfer in current fiscal year; and
- Preserved funding for foster child financial aid to help pay for an education at any institution of higher learning throughout the continental United States.

Health and Human Services

The Executive Office of Health and Human Services is the largest Executive Office in the state. As such, it provides a wide range of services to a variety of people. Agencies under the executive office provide health care to low-income to families, offer safety net benefits to needy families, and ensure the disabled and mentally ill receive support services. The Fiscal Year 2010 House Ways and Means budget balances providing these important services with recognizing the limited fiscal resources confronting the Commonwealth.

- Provided \$90M for Information Technology costs for the various agencies of the Executive Office of Health and Human Services to enhance the information technology capabilities of the agencies within the Executive Office of Health and Human Services and reduce overall costs for IT related equipment and personal.

Office of Medicaid

MassHealth is the primary source for health care services for many of the Commonwealth's citizens. In FY10, the Committee budgets nearly \$9 billion, generally 50 percent reimbursed by the federal government, for health care services to serve over 1.2 billion members.

- Provided \$742M from the General Fund to the Commonwealth Care Trust Fund;
- Provided \$880M for Commonwealth Care to cover 180K members through FY10, a 7.3% increase from the final FY09 projection for Commonwealth Care;
- Assumed the implementation of \$399.2M in gross savings initiatives, including increased pay for performance for providers and increased utilization management to keep hinder growth in health care costs;
- Provided \$54.1M in increased hospital and physician rates;
- Provided \$16M for Community First for implementation of the section 1115 demonstration waiver;
- Provided \$34M for community health centers, hospitals, and physicians to better serve underserved populations in a more efficient and effective manner;

- Provided additional funding for nursing homes through an increase in nursing home assessments;
- Provided \$12M for a specialty hospital rate adjustment to help with providers that have a large number of specialty cases;
- Prohibited MassHealth from paying for hospital-acquired events and other preventable admissions to align more closely with the practices of Medicare and many private insurers; and
- Provided an additional \$10M for Medical Homes, as a model to provide continuous and uninterrupted care that is managed and coordinated by a primary care physician.

Elder Affairs

The House Ways and Means Committee maintains its commitment to meeting the needs of the Commonwealth's elders by supporting many valuable programs run by the Executive Office of Elder Affairs. As part of the effort to keep elders in their communities, the budget funds both congregate and supportive housing units. In addition, the Home Care Program provides supports required for independent living. The Committee also recognizes the important role local councils on aging play in informing seniors of the resources available to them.

- Provided \$48.2M for the Enhanced Home Care Program to assist elders with supportive services for daily living, which allow them to remain in the community;
- Provided \$16.3M to investigate alleged elder abuse cases;
- Provided \$6.4M for 9 million meals provided to seniors;
- Provided \$8.6M for grants to councils on aging; and
- Provided \$4.2M for Supportive Housing units which currently serve 4,700 elders.

Department of Public Health

The Committee remains dedicated to protecting, preserving and improving the health of all the Commonwealth's residents. The department offers a variety of programs which provide care, education, and prevention services. The budget continues to promote health in a broad array of ways, from environmental safety to direct services at our four public health hospitals.

- Provided \$35.3M for the Acquired Immune Deficiency Program, which supports services for individuals with HIV and AIDS;
- Provided \$13.6M for the Women, Infants, and Children (WIC) program;
- Provided \$140.8M for the operations of the Massachusetts Hospital School, Tewksbury Hospital, and Lemuel Shattuck Hospital;
- Provided \$4.8M for the Step Down Recovery Program;
- Provided \$3.8M for the Environmental Health program to protect the public from environmental exposures; and
- Provided \$1.1M for a new matching grant for Emergency Preparedness.

Department of Youth Services

The House Ways and Means Committee continues to recognize the importance of the department of youth services, which strives to improve the behavior of youth in their care. By funding the residential and day programs provided by the department, we are protecting the public and preventing youth crime. As the juvenile justice agency of Massachusetts, it is imperative that the department continues to encourage progress in youth by building knowledge and developing skills.

- Provided \$24.4M for pre-trial residential centers for youth awaiting trial;
- Provided \$21.8M for foster care and day reporting centers to aid youth not committed to the Department; and
- Provided \$2.5M for the annualization of teacher salary enhancements to bring DYS teacher's salaries more in line with their public school counterparts.

Department of Children and Families

The Department of Children and Families provides 85,000 consumers by protecting children from abuse and neglect while promoting strength through positive family connections. The House Ways and Means budget strives to uphold the agency's efforts by providing \$772.8M in funding in support of the safety and well-being of children in the Commonwealth.

- Increased funding to continue the provision of services and administrative costs;
- Fully funded foster care review services;
- Preserved funding for social worker training to continue investing in the integrity of service delivery within the agency; and
- Preserved funding for intensive support and residential services.

Department of Mental Health

The House Ways and Means budget recommendation provides \$383M in funding for community-based residential and support services for the Department of Mental Health's 24,000 adult, adolescent, and child clients, who suffer from chronic mental illness. This will enable these individuals to continue to contribute to their communities. Funding for the recovery of those individuals receiving residential treatment is also a Committee priority, with \$170M appropriated for the upcoming fiscal year.

- Restored \$22.3M in funding for the provision of community-based residential and support services for adults, totaling \$313.6M for FY10;
- Provided \$69.7M in funding for child and adolescent mental health services; and
- Preserved funding for acute inpatient and emergency care, court-ordered forensic services, and clinical and residential services for the homeless mentally ill.

Department of Developmental Services

The newly renamed Department of Developmental Services provides supports to give individuals with mental retardation and developmental disabilities the opportunities to live the way they choose. The House Ways and Means Committee includes an additional \$50M in its budget recommendation for community-based residential homes for these individuals. Additional community-based support is also strengthened with an increase in funding for day and work programs, as well as the preservation of services within the community, including transportation, independent living, and family respite for the agency's 32,000 consumers.

- Fully funded respite services for families providing care and support to individuals who remain in their homes;
- Preserved funding for Autism support services, which includes those provided by the Autism waiver program; and
- Preserved funding for transitional support and independent living services provided by the Turning 22 Program.

Massachusetts Commission for the Blind

The House Ways and Means Committee is dedicated to ensuring that the Commonwealth's 35,000 legally blind citizens are afforded the opportunities to achieve and retain independence through accessibility and habilitative services. To uphold this commitment, the House Ways and Means budget restores funding to all of the Commission's existing programs.

- Increased funding for transitional support services for the blind provided by the Turning 22 program;
- Restored funding to the Vocational Rehabilitation program;
- Restored funding to the Medical Assistance Eligibility Determination program; and
- Preserved funding for assisted living for blind adults.

Massachusetts Rehabilitation Commission

The Massachusetts Rehabilitation Commission's primary purpose is to promote equalities for individuals living with disabilities so that they may experience autonomy and fulfillment in their lives through services such as community-based residential supports, vocational training and rehabilitation, education, and advocacy. The Committee budget provides \$46M for the preservation of these services in support of the Commonwealth's disabled population.

- Increased funding for support services for individuals suffering from traumatic brain injury;
- Restored funding to the Commission's chapter of the Turning 22 program; and
- Preserved funding for independent living and homecare services.

Department of Transitional Assistance

During periods of economic downturn, low income individuals and families often face severe economic hardship. The Committee remains committed to protecting and serving the Commonwealth's most vulnerable families and individuals by maintaining eligibility and benefits for cash assistance, food assistance, and employment services and training.

- Provided \$310.5M, an increase of \$12M, for TAFDC Grant Payments to provide cash assistance to income eligible families;
- Provided \$224.6M for State Supplemental to Supplemental Security Income to provide cash assistance to individuals receiving supplemental security income;
- Provided \$2.6M for Food Stamp Participation Rate Programs to reduce and eventually eliminate hunger in the Commonwealth;
- Provided \$84.6M for Emergency Aid to the Elderly, Disabled, and Children; and
- Provided \$24.5M for Employment Services to provide job counseling and training.

Housing

The Committee's recommendation demonstrates efforts to prevent homelessness, as well as provide safe and affordable housing. In order to streamline services and create efficiencies within the shelter system, the Committee recommends transferring funding for both individual and family shelters from the Department of Transitional Assistance to the Department of Housing and Community Development. The Committee maintains funding for all programs that are preventative in nature, including the Tenancy Preservation Program, Residential Assistance for Families in Transition (RAFT), and the Housing Service Program.

- Provided \$5.5M in funding for Residential Assistance for Families in Transition to assist families at-risk of becoming homeless;
- Provided \$4M in funding for Alternative Voucher Housing to provide housing resources to persons with disabilities;
- Provided \$91.6M in funding for Emergency Assistance Family Shelters and Services;
- Provided \$36.2M in funding for Homeless Individual Assistance; and
- Provided \$1.2M for Home and Healthy for Good to provide chronically homeless persons with permanent housing.

Labor

The Committee is dedicated to rebuilding the Commonwealth's workforce and restoring employment to former levels. It supports programs and resources for both job seekers and employers. The Committee supports programs that connect workers and employers to bring about economic opportunity.

- Maintained \$5.4M in funding for One-Stop Career Centers to provide employment services for the unemployed;

- Provided \$2M for the Division of Occupational Safety to administer workplace health and safety programs;
- Provided \$20.7M for the Division of Industrial Accidents to operate the Commonwealth's workers compensation system; and
- Provided \$15M for Workforce Training Grants to provide training grants to employers, employer groups, and labor organizations.

Economic Development

The Committee seeks to improve the economic well-being and quality of life for the citizens of the Commonwealth by funding programs that promote the recruitment, expansion, and retention of business operations. In addition, the Committee continues to invest in the development of small businesses, which represent the majority of all Massachusetts companies and employ over a quarter of our workforce.

- Provided \$1.2M for the Small Business Development Center at the University of Massachusetts Amherst;
- Maintained funding for the Massachusetts Office of Business Development, which works to facilitate the relocation of businesses to Massachusetts, and helps new and existing Massachusetts firms navigate regulatory requirements; and
- Provided \$2.8M in for Permitting Technical Grants to streamlining state and local permitting procedures, helping to advance job creation in the Commonwealth.

Judiciary

The Committee recognizes the crucial role the delivery of justice plays in government. Due to the fiscal uncertainty facing the commonwealth, the Committee has pared down judicial spending. The Committee recommends appropriating \$781.5M for the Supreme Judicial Court, Appeals Court, Trial Court, Committee for Public Counsel Services, and other judicial agencies. The state has a constitutional obligation to provide counsel to indigent clients. Therefore, the Committee provided full funding to the Committee for Public Counsel Services to reduce the need for supplemental funding later in the fiscal year. The Committee also understands the potential for increased need for civil legal aid during a recession and has level funded the state's support for the Massachusetts Legal Assistance Corporation.

- Provided level funding for the Supreme Judicial Court;
- Provided level funding for the Massachusetts Legal Assistance Corporation to continue civil legal aid in the Commonwealth;
- Provided \$192.7M to CPCS to fully fund the Commonwealth's obligation to provide indigent counsel;
- Consolidated the trial court into 15 line items to provided expanded managerial discretion for the Chief Justice of Administration and Management; and
- Provided transferability among most line items of the trial court.

Transportation

Finding efficiencies within the transportation departments was of paramount concern when determining the Committee's recommendations. The Committee recommends appropriating \$223.3M for the Executive Office of Transportation, Massachusetts Aeronautics Commission, Department of Highways, and Registry of Motor Vehicles. These appropriations reflect a number of proposed savings the departments can make with little or no decline in services. The Committee also seeks to limit the state's snow and ice exposures during Fiscal Year 2010 by providing \$75M for snow and ice removal.

- Fully funded the department of highways; and
- Provided \$75M for the snow and ice removal account to ensure timely payment of vendors.

Business Regulation

The Committee recognizes the importance of proper business regulation in the Commonwealth. Many of these accounts are industry assessed. The Committee has urged efficiency while providing sufficient funding to maintain regulation activities in state funded line items.

- Provided a \$736K increase to the Division of Banks' assessed account;
- Provided a \$1.2M increase to the Division of Insurance's assessed account; and
- Provided \$239K increase to the Department of Telecommunications and Cable's assessed account.

Department of Veterans Affairs

The Committee has taken measures to ensure that those willing to serve in order to preserve the freedom of their country are not neglected. Several vital forms of assistance and benefits are preserved in the Committee recommendation. This commitment is exemplified in the fully funded Veterans Benefits program, from which emergency funds are paid to eligible Veterans in need of temporary financial assistance. The state's outreach programs, soldier's homes, veteran homeless shelters and veteran pension payment are also funded in the Committee's recommendation.

- Maintained outreach services to female veterans to increase the awareness of their benefit eligibility;
- Provided over \$46.1M in collective funding for the Chelsea and Holyoke soldiers homes, helping displaced and ailing soldiers;
- Provided over \$27.9M for veterans benefits payments;
- Provided \$18.9M in annuity payment funding for disabled veterans Services;
- Provided level funding for the New England Shelter for Homeless Veterans; and
- Continued to provide funding mechanisms for the maintenance and operation of the Agawam and Winchendon Veterans' Cemeteries.

Public Safety & Homeland Security

Despite the recession that has struck Massachusetts, the Committee has continued to provide funding for core services within the Executive Office of Public Safety and Homeland Security. The Committee's recommendations in the area of public safety reflect the difficult decisions that were necessary to produce a balanced budget. Core agencies such as the Criminal History Systems Board, the Department of State Police, the Parole Board, and the Department of Correction will continue to receive significant funding, while unaffordable programs and benefits will be eliminated.

- Provided \$7.9M for the State Police Crime lab;
- Provided \$13.8M for the Chief Medical Examiner;
- Created individual line items for Norfolk, Bristol, Plymouth, Barnstable, Dukes, Nantucket, and Suffolk County Sheriff Departments, which allows greater state oversight and more reliable funding of the departments;
- Provided over \$19.5M in appropriations to the Parole Board;
- Provided \$536.9M to the Department of Correction; and
- Provided \$93.5M in funding for the district attorneys.

Executive Office of Energy and Environmental Affairs

As the Commonwealth weathers the ongoing economic decline, the Committee remains dedicated to supporting the programs and agencies of the Executive Office of Energy and Environmental Affairs. Although the recommended funding levels are not as respectable as previous years, the Committee continues to provide adequate funding for the core functions and operations of the environment and energy agencies of the Commonwealth.

- Increased funding by \$362K for the Department of Public Utilities;

- Consolidated the Division of State Parks and Recreation, the Division of Urban Parks and Recreation, Spectacle Island, and the Central Artery Parks to create a unified parks system for the Department of Conservation and Recreation. This consolidation will allow the former divisions of the Department of Conservation and Recreation to work together to improve the maintenance and upkeep of the park system as a whole;
- Provided an increase of more than \$1.4M for Parkways Snow and Ice; and
- Increased funding by \$400K for Parkways Street Lighting.