



## OPERATIONAL SERVICES DIVISION

Gary J. Lambert  
Assistant Secretary for Operational Services

**THE COMMONWEALTH OF MASSACHUSETTS**  
Executive Office for Administration and Finance  
**OPERATIONAL SERVICES DIVISION**  
One Ashburton Place, Suite 1017  
Boston, MA 02108-1552

Charles D. Baker  
Governor

Karyn E. Polito  
Lieutenant Governor

Kristen Lepore  
Secretary

To: Kristen Lepore, Secretary  
Executive Office for Administration and Finance  
  
Commonwealth Superintendents

From: Gary J. Lambert, Assistant Secretary for Operational Services  
Operational Services Division

Date: September 30, 2016

Re: Estimated Rate of Inflation for Fiscal Year 2018

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The Operational Services Division is required by M.G.L. Chapter 7, Section 22N, to submit an "estimated rate of inflation for social service programs" to the Secretary of the Executive Office for Administration and Finance by October 1<sup>st</sup> of each year for consideration in preparation of the Governor's annual budget recommendation.

The Operational Services Division is also required by the above statute to notify Commonwealth Superintendents of this estimated rate of inflation for their use in planning for increases to Approved Private Special Education programs.

Attached is the Operational Services Division's analysis which results in an estimated rate of inflation of 1.51% for Fiscal Year 2018.

Should you or your staff require further information regarding the estimated rate of inflation, please contact Jacqueline Brown at (617) 720-3371.

cc: Martha Walsh, Assistant Secretary for Administration, Executive Office for Administration and Finance  
Catharine Hornby, Assistant Secretary for the Budget and Fiscal Operations, Executive Office for Administration and Finance





| EXECUTIVE OFFICE FOR ADMINISTRATION AND FINANCE |                              |        |        |                     |                     |
|-------------------------------------------------|------------------------------|--------|--------|---------------------|---------------------|
| OPERATIONAL SERVICES DIVISION                   |                              |        |        |                     |                     |
| ESTIMATED RATE OF INFLATION - FISCAL YEAR 2018  |                              |        |        |                     |                     |
| October 1, 2016                                 |                              |        |        |                     |                     |
| COMPONENT                                       | PERCENTAGE OF TOTAL EXPENSES | FACTOR | SOURCE | REFERENCE           | ADJUSTED PERCENTAGE |
| PERSONNEL                                       | 47.81%                       | 1.023  | ECI    | NORTHEAST           | 48.91%              |
| PAYROLL TAX                                     | 4.36%                        | 1.019  | ECI    | SERVICE OCCUPATIONS | 4.44%               |
| FRINGE BENEFITS                                 | 6.23%                        | 1.019  | ECI    | SERVICE OCCUPATIONS | 6.35%               |
| OCCUPANCY                                       | 8.05%                        | 1.020  | CPI    | BOSTON              | 8.21%               |
| DIRECT CARE CONSULTANT                          | 1.37%                        | 1.023  | ECI    | NORTHEAST           | 1.40%               |
| TEMPORARY HELP                                  | 0.36%                        | 1.023  | ECI    | NORTHEAST           | 0.37%               |
| CLIENTS & CAREGIVERS REIM.                      | 3.20%                        | 1.000  | Note 1 |                     | 3.20%               |
| SUBCONTRACTED DIRECT CARE                       | 7.80%                        | 1.023  | ECI    | NORTHEAST           | 7.98%               |
| STAFF TRAINING                                  | 0.26%                        | 1.023  | ECI    | NORTHEAST           | 0.27%               |
| STAFF MILEAGE/TRAVEL                            | 0.62%                        | 0.949  | CPI    | BOSTON              | 0.59%               |
| MEALS                                           | 1.82%                        | 1.015  | CPI    | BOSTON              | 1.85%               |
| CLIENT TRANSPORTATION                           | 1.67%                        | 0.949  | CPI    | BOSTON              | 1.58%               |
| INCID. MEDICAL/MEDICINE/PHAR.                   | 0.08%                        | 1.053  | CPI    | BOSTON              | 0.08%               |
| CLIENT PERSONAL ALLOWANCES                      | 0.16%                        | 1.000  | Note 1 |                     | 0.16%               |
| PROVISION MAT. GOODS/SVS./BEN.                  | 2.91%                        | 1.000  | Note 1 |                     | 2.91%               |
| DIRECT CLIENT WAGES                             | 0.17%                        | 1.000  | Note 1 |                     | 0.17%               |
| OTHER COMM. PROD/SVS.                           | 0.06%                        | 1.000  | Note 1 |                     | 0.06%               |
| PROG. SUPPLIES/MATERIALS                        | 1.30%                        | 0.949  | CPI    | BOSTON              | 1.23%               |
| OTHER EXPENSE                                   | 0.44%                        | 0.997  | CPI    | BOSTON              | 0.44%               |
| TOTAL DIRECT ADMIN EXP. (PROG.)                 | 2.02%                        | 0.997  | CPI    | BOSTON              | 2.01%               |
| ADMINISTRATION                                  | 9.32%                        | 0.997  | CPI    | BOSTON              | 9.29%               |
| TOTAL                                           | 100%                         |        |        |                     | 101.51%             |
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