

Gary J. Lambert
Assistant Secretary for Operational Services

To:

THE COMMONWEALTH OF MASSACHUSETTS

Executive Office for Administration and Finance

OPERATIONAL SERVICES DIVISION

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Michael J Heffernan, Secretary

Executive Office for Administration and Finance

Commonwealth Superintendents

From: Gary J. Lambert Assistant Secretary for Operational Services

Operational Sérvices Division

Date: September 25, 2017

Re: Estimated Rate of Inflation for Fiscal Year 2019

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 1st 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 2.33% for Fiscal Year 2019.

Please note increases in Bureau Labor Statistics reports that contributed to the increase of CIF this year.

- Consumer Price Index reported a 2.2 % increase over the last 12 months period ending in June 2017. The
 increase was largely due to higher prices with all items.
- Employment Cost Index reported compensation costs for state and local government works increased 2.4% in the past 12 month period ending in June 2017.
- The cost of benefits increased 2.2% for the 12 month period ending in June 2017

Should you or your staff require further information regarding the estimated rate of inflation, please contact Jacquiline 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

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and the state of t	ESTIMATED RATE O	ATED RATE OF INFLATION - FISCAL YEAR 2019	ISCAL YEAR 20	019	NO.
	0	October 1, 2017			-
	PERCENTAGE OF		, and a second second		ADJUSTED
COMPONENT		FACTOR	SOURCE	REFERENCE	PERCENTAGE
PERSONNEL	47.66%	1.027	ECI	NORTHEAST	48.95%
PAYROLL TAX	4.29%	1.023	ECI	SERVICE OCCUPATIONS	4.39%
FRINGE BENEFITS	6.17%	1.023	ECI	SERVICE OCCUPATIONS	6.31%
OCCUPANCY	7.62%	1.032	CPI	BOSTON	7.86%
DIRECT CARE CONSULTANT	1.38%	1.027	I O	NORTHEAST	1.42%
TEMPORARY HELP	0.39%	1.027	□ □	NORTHEAST	0.40%
CLIENTS & CAREGIVERS REIM.	3.60%	4.000	Note 1	-	3.60%
SUBCONTRACTED DIRECT CARE	7.99%	1.027	ECI	NORTHEAST	8.21%
STAFF TRAINING	0.27%	1,027	ECI	NORTHEAST	0.28%
STAFF MILEAGE/TRAVEL	0.63%	1.008	CPI	BOSTON	0.64%
MEALS	1.84%	1,005	CPI	BOSTON	1.85%
CLIENT TRANSPORTATION	1.48%	1,008	CPI	BOSTON	1.49%
INCID. MEDICAL/MEDICINE/PHAR.	0.09%	1,041	CPI	BOSTON	%60.0
CLIENT PERSONAL ALLOWANCES	0.16%	1.000	Note 1	1	0.16%
PROVISION MAT. GOODS/SVS./BEN.	3.11%	1 000	Note 1		3.11%
DIRECT CLIENT WAGES	0.17%	1.000	Note 1	The state of the s	0.17%
OTHER COMM. PROD/SVS.	0.04%	1.000	Note 1	-	0.04%
PROG. SUPPLIES/MATERIALS	1.17%	1,006	CPI	BOSTON	1.18%
OTHER EXPENSE	0.51%	1,020	CPI	BOSTON	0.52%
TOTAL DIRECT ADMIN EXP. (PROG.)	2.05%	1.020	CPI	BOSTON	2.09%
ADMINISTRATION	9.39%	1.020	CPI	BOSTON	9.58%
TOTAL	400%			- The state of the	102.33%
				THE PROPERTY OF THE PROPERTY O	
Note 1:					
Inflation is not applicable for "pass through" items	ems.				TTTTTTTTTTTTTTTTTTTTTTTTTTTTTTTTTTTTTTT
Percentage of Total Expenses: The Percentage of Total Expenses is based on FY 2016 <i>Un</i>	on FY 2016 <i>Uniform Financial Report</i> data	Report data.	***		
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Sources: ECI: The Employment Cost Index represents a 12 month average change to 6/30/47	a 12 month average change t	0.6/30/17			
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