



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

Michael J. Heffernan
Secretary

OPERATIONAL SERVICES DIVISION

Gary J. Lambert
Assistant Secretary for Operational Services

To: Michael J Heffernan, Secretary
Executive Office for Administration and Finance

Commonwealth Superintendents

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

Date: October 1, 2018

Re: Estimated Rate of Inflation for Fiscal Year 2020

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 2.63% for Fiscal Year 2020.

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

Tel: (617) 720-3300

www.mass.gov/osd

TDD: (617) 727-2716



Fax: (617) 727-4527
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EXECUTIVE OFFICE FOR ADMINISTRATION AND FINANCE					
OPERATIONAL SERVICES DIVISION					
ESTIMATED RATE OF INFLATION - FISCAL YEAR 2020					
October 1, 2018					
COMPONENT	PERCENTAGE OF TOTAL EXPENSES	FACTOR	SOURCE	REFERENCE	ADJUSTED PERCENTAGE
PERSONNEL	48.42%	1.028	ECI	NORTHEAST	49.78%
PAYROLL TAX	4.36%	1.022	ECI	SERVICE OCCUPATIONS	4.46%
FRINGE BENEFITS	6.09%	1.022	ECI	SERVICE OCCUPATIONS	6.22%
OCCUPANCY	6.89%	1.042	CPI	BOSTON	7.18%
DIRECT CARE CONSULTANT	1.31%	1.028	ECI	NORTHEAST	1.35%
TEMPORARY HELP	0.52%	1.028	ECI	NORTHEAST	0.53%
CLIENTS & CAREGIVERS REIM.	3.58%	1.000	Note 1		3.58%
SUBCONTRACTED DIRECT CARE	7.99%	1.028	ECI	NORTHEAST	8.21%
STAFF TRAINING	0.26%	1.028	ECI	NORTHEAST	0.27%
STAFF MILEAGE/TRAVEL	0.62%	1.046	CPI	BOSTON	0.65%
MEALS	1.71%	1.015	CPI	BOSTON	1.74%
CLIENT TRANSPORTATION	1.50%	1.046	CPI	BOSTON	1.57%
INCID. MEDICAL/MEDICINE/PHAR.	0.09%	1.020	CPI	BOSTON	0.09%
CLIENT PERSONAL ALLOWANCES	0.18%	1.000	Note 1		0.18%
PROVISION MAT. GOODS/SVS./BEN.	2.98%	1.000	Note 1		2.98%
DIRECT CLIENT WAGES	0.20%	1.000	Note 1		0.20%
OTHER COMM. PROD/SVS.	0.07%	1.000	Note 1		0.07%
PROG. SUPPLIES/MATERIALS	1.18%	1.021	CPI	BOSTON	1.20%
OTHER EXPENSE	0.51%	1.027	CPI	BOSTON	0.52%
TOTAL DIRECT ADMIN EXP. (PROG.)	2.31%	1.027	CPI	BOSTON	2.37%
ADMINISTRATION	9.23%	1.027	CPI	BOSTON	9.48%
TOTAL	100.00%				102.63%
Added .0029 to OTHER COMM. PROD/SVS to equal 100%					
Note 1:					
Inflation is not applicable for "pass through" items.					
Percentage of Total Expenses:					
The Percentage of Total Expenses is based on FY 2017 <i>Uniform Financial Report</i> data.					
Sources:					
ECI: The Employment Cost Index represents a 12 month average change to 6/30/18.					
CPI: The Consumer Price Index represents a 12 month average change to 7/31/18.					