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**CHARLES D. BAKER**  
GOVERNOR

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LIEUTENANT GOVERNOR

July 8, 2016

To the Honorable Senate and House of Representatives:

Pursuant to Section 5 of Article 63 of the Amendments to the Constitution, we are today signing House Bill 4450, "An Act Making Appropriations for the Fiscal Year 2017 for the Maintenance of the Departments, Boards, Commissions, Institutions and Certain Activities of the Commonwealth, for Interest, Sinking Fund and Serial Bond Requirements and for Certain Permanent Improvements," and returning certain portions to you for reconsideration.

The Fiscal Year 2017 (FY17) budget, the second one signed by our administration, once again keeps spending in line with projected tax revenue growth while investing in key priorities, including local aid, K-12 education, the Department of Children and Families, substance misuse, and protecting other core services. The \$38.92 billion spending plan represents a 1.3% growth rate over estimated spending in Fiscal Year 2016 (FY16).

This budget addresses a projected FY17 budget shortfall which recently developed as a spillover effect from FY16. Economic trends resulted in a projected \$425 million to \$475 million below benchmark performance in FY16 state tax revenue collections, leading to a projected FY17 shortfall of \$650 million to \$950 million.

Despite the new projected FY17 gap, the budget does not include new taxes or fees, or a draw from the Stabilization Fund, while once again reducing our use of one-time solutions.

The FY17 budget supports our cities and towns with an increase in unrestricted local aid of 4.3% to \$1.022 billion, higher than the projected state tax revenue growth. Chapter 70 funding for local schools will grow by 2.6%, or \$116 million, to \$4.6 billion total. Building on the successful FY16 launch of the Community Compact program led by Lt. Governor Polito, the budget provides additional funding for grants to communities who develop best practices and other efficiency projects.

The FY17 budget continues to rein in the growth of MassHealth (1.4% net growth), the largest program within Health and Human Services. The Department of Children and Families receives a 1.8% increase, or \$16.4 million, over FY16 which funds additional social workers, supervisors, substance abuse coordinators, and other staff necessary to provide critical services.

To address substance misuse treatment, this budget allocates \$171 million, an increase of \$13 million over estimated FY16 spending, including increased support for 2,150 adult residential recovery opioid treatment beds, 150 more beds than previously funded in FY16 including support for new beds for women at Taunton State Hospital, and \$1 million for combating opioid addiction through investigations and enforcement of opioid dispensing practices and fraudulent prescribing practices.

We are pleased to also support other programs including the expansion of the successful Hampden County program model that re-integrates former inmates into the workforce, increased funding for the State Police by 3.7% from FY16 spending to support its most recent class, \$18 million for the Massachusetts Legal Assistance Corporation for legal representation for indigent or otherwise disadvantaged residents of the Commonwealth, and the Department of Agriculture's Emergency Food Assistance program, which once again receives \$17 million for a program delivering over 20 million meals for those in need across the Commonwealth.

We are proud of the highlights above, and also thank the members of the Legislature with whom we worked collaboratively to achieve these important accomplishments.

However, there are additional revenue and spending items within the conference committee report which we believe require additional corrective actions.

We have identified several underfunded accounts, such as the Committee for Public Counsel Services and the Emergency Assistance program, which we know we will need to fund at higher levels during FY17. In addition, we remain committed to our obligation to fund Other Post-Employment Benefits (OPEB) at \$77 million versus the reduced amount of \$26 million in the conference committee report.

In conjunction with today's budget signing, we are filing an FY17 supplemental budget for the underfunded accounts plus \$5 million for substance abuse services to further support our ongoing efforts to combat this epidemic, as we filed in House 2 and believe is necessary.

To accommodate the spending and revenue differences with the conference committee report, we are making corresponding corrective measures in order to balance the budget and maintain fiscal stability. We are vetoing \$256 million in line-item and outside section spending, including \$60.6 million across 497 earmarks. Of the 200 outside sections presented in the conference report, we are signing 141, vetoing 36 and amending 23.

Therefore:

- I am reducing appropriation amounts in items of section 2 of House 4450 that are enumerated in Attachment A of this message, by the amount and for the reasons set forth in that Attachment;
- I am disapproving, or striking wording in, items of section 2 of House 4450 also set forth in Attachment A, for the reasons set forth in that Attachment;

- I am disapproving those sections of House 4450 itemized in Attachment B of this message for the reasons set forth in that Attachment; and
- Pursuant to Article LVI, as amended by Article XC, Section 3 of the Amendments to the Constitution of the Commonwealth, I am returning sections 12, 24, 36, 54, 63, 73, 108, 111, 113, 115, 133, 145, 148, 157, 168, 179-181, 186, 191, 194, 196, and 201 with recommendations for amendment. My reasons for doing so and the recommended amendments are set forth in separate letters dated today which are included with this message as Attachments D to W, inclusive.

Respectfully Submitted,

Charles D. Baker  
Governor

Karyn E. Polito  
Lieutenant Governor