

OFFICE OF THE GOVERNOR  
**COMMONWEALTH OF MASSACHUSETTS**  
STATE HOUSE • BOSTON, MA 02133  
(617) 725-4000

**CHARLES D. BAKER**  
GOVERNOR

**KARYN E. POLITO**  
LIEUTENANT GOVERNOR

July 17, 2015

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 3650, "An Act Making Appropriations for the Fiscal Year 2016 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 2016 budget we are signing into law reflects responsible budget practices that allow the Commonwealth to make critical investments that create better communities, better schools, and better jobs for all of Massachusetts. This budget is largely similar to what we filed in House 1 on March 4th, 2015. Both House 1 and the budget we are signing today reflect our collaborative efforts working with the Legislature to solve a \$1.8 billion spending gap without new taxes while investing in local aid, education, and transportation.

In light of more than \$2.5 billion worth of adjustments we have worked with you to solve in both Fiscal Years 2015 and 2016, this \$38.1 billion budget responsibly keeps spending growth to 3%. This amount is reasonably within our tax revenue projections and ensures our state government begins to live within our means. The budget reduces our reliance on one-time solutions by half, to \$600 million, and marks the first time in four budget cycles where the state will not draw down from the Stabilization Fund.

Consistent with our overall commitment to protect the hard-working taxpayers of Massachusetts, this budget includes no new taxes and protects the anticipated reduction in the state income tax to 5.1% on January 1, 2016. In addition, we are also increasing the Earned Income Tax Credit to 23%, a 50% increase that will help over 400,000 low income working individuals and families.

The budget fortifies state government's commitment to cities and towns as a reliable partner. Unrestricted local aid will increase by 3.6% this year to \$980 million, 75% of the growth in state tax revenue, reflecting a pledge we made prior to taking office. Chapter 70 funding for local schools will grow by \$111 million (3%), to \$4.5 billion total — the highest ever Chapter 70 funding level to cities and towns. The budget provides funding for increased investments in summer jobs, and supports \$2.6 million worth of grants and technical assistance from our newly created Community Compact Cabinet to promote and reward best practices at the local level. In addition, the public-private partnership program known as I-Cubed will receive \$10 million this fiscal year to support job-creating economic development projects. The initial elements of our administration's urban agenda are funded in this budget through \$2 million in economic development grants in urban communities and \$1 million for the Transformative Development Initiative focused on Gateway Cities.

This year, it became apparent that our state transportation system is in need of a top to bottom review to ensure that we provide taxpayers with the world class service they deserve. We are pleased that this budget provides \$105 million in additional transportation funding to be spent across the state, including a 53% increase in direct aid to the MBTA. The budget also allows us the oversight to make sure that funding is wisely invested and properly managed. The creation of the MBTA Fiscal and Management Control Board and the three-year suspension of the Commonwealth's anti-privatization law will allow a focused, dedicated group of individuals to diagnose and fix the problems of the MBTA with the necessary flexibility to increase both the system's efficiency and the speed at which reforms will be enacted.

The budget importantly reins in the growth of MassHealth spending while still investing more than \$21 billion in Health and Human Services. The Department of Children and Families will be funded 4.3% over last year and this budget will support \$111 million for substance abuse treatment. The Department of Agriculture's Emergency Food Assistance program will receive \$17.1 million, up from \$15 million last year, providing over 19 million meals for those in need across the Commonwealth. Additionally, the budget appropriates \$30 million to adjust rates for human service providers governed by Chapter 257, provides a \$50 increase for a \$200 clothing allowance as part of a Transitional Aid to Families with Dependent Children program, and supports the Women's Preventive Health Reserve that we originally filed in House 1.

In conjunction with today's budget signing, we are also filing an end of the year supplemental budget for Fiscal Year 2015 that includes \$5 million for homelessness prevention services and \$28 million for our Opioid Working Group's efforts to provide substance abuse treatment through MassHealth, the Department of Public Health, the Department of Mental Health, and school-based substance abuse prevention grants.

While we are proud to achieve so many accomplishments in our first budget, we also must recognize and acknowledge that there are several revenue and spending items within the conference committee report which require corrective action.

We have identified \$83 million in additional spending over our House 1 proposal. We recognize 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 later this year. Finally, we anticipate that non-tax, departmental revenue will come in lower than initially projected for Fiscal Year 2016.

We must make corresponding corrective measures in order to balance the budget and maintain fiscal stability. We are vetoing \$162 million in line-item vetoes and outside sections, including \$38 million in earmarks. We are also proposing to use surplus money from Fiscal Year 2015 to make advance payments and retire debt early to achieve upfront savings.

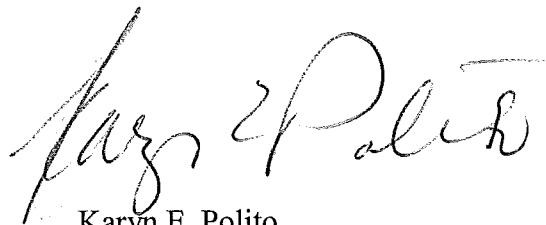
Therefore:

- I am reducing appropriation amounts in items of section 2 of House 3650 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 3650 also set forth in Attachment A, for the reasons set forth in that Attachment;
- I am disapproving those sections of House 3650 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 13, 28, 39, 51, 53, 67, 108, 144, and 191 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 C to K, inclusive.

Respectfully Submitted,



Charles D. Baker  
Governor



Karyn E. Polito  
Lieutenant Governor