

BUDGET MONITOR

The FY 2009 Budget: Senate Floor Action and Conference Differences

OVERVIEW

While debating the budget, the Senate added amendments that increased the bottom line by \$54.0 million to \$32.991 billion, after accounting for line item and outside section appropriations as well as automatic appropriations such as the transfer of sales tax revenue to fund the school building program and the MBTA.¹ This is \$108.0 million less than the amount the House proposed spending and \$27.4 million more than the Governor’s proposal.

While many of the Senate amendments were for small amounts or simply earmarked for specific purposes funds that were already being appropriated, several of the amendments were more significant:

- A \$5.4 million amendment was adopted to restore funding for the Massachusetts Family Networks program, which provides educational services and family supports for families with infants and toddlers.
- A \$5.5 million amendment restores funding for the foundation budget reserve account which provides local

aid for education to towns with particular fiscal challenges.

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¹ These totals include certain accounting adjustments explained in the notes to the “Budget by Program Area” chart at the end of this document.

- Amendments added \$13.0 million to the Senate Ways and Means recommendations for payments to specific hospitals that provide care for low-income patients.

This *Budget Monitor* describes the amendments adopted by the Senate in each area of the budget and highlights the major differences between the House and Senate proposals. Among the major differences that the conference committee will need to resolve are the following:

- The Senate budget transfers \$25.0 million into a new e-Health Institute Trust Fund, established to facilitate the development of state-wide electronic health records. The House does not include this funding.
- The Senate does not fund mini-grants to community agencies that provide outreach and enrollment support for the Commonwealth’s health insurance programs. The House level-funds these grants at \$3.5 million.
- The House increased funding for Principal and Superintendent Leadership Academies by \$1.5 million to \$2.5 million. The Senate provided no increase in funding for this initiative.
- The Senate proposes spending \$20.0 million for the Communities First program to provide services to seniors in their communities so that they do not have to enter nursing homes. The House had proposed \$15.0 million for this program.

WHAT IS A “MAINTENANCE” BUDGET?

Throughout this document, we refer to a FY 2009 maintenance budget. Sometimes a maintenance budget is also referred to as a “current services” budget or a “level services” budget.

In brief, a maintenance budget estimates the cost of continuing the current year’s service level into the next year. A maintenance budget assumes no programmatic expansions or contractions other than those previously committed to, and no policy changes that would affect funding levels.

There are a number of elements that are used to determine the FY 2009 maintenance budget. These include: any supplemental appropriations since the GAA that add new funding; any reserves that are transferred into a program account to pay additional personnel costs associated with collective bargaining agreements, any projected inflation costs, and any assumptions about projected caseloads for the following year.

Maintenance budgets also account for transfers from Purchase of Service (POS) reserves. For instance, the FY 2008 budget included a reserve account of \$23 million to pay for rate increases in human service programs. This money was allocated throughout the budget in a variety of human service programs.

Allocation of the FY 2008 Human Services Rate Reserve (1599-6901)

	<i>Amount from 1599-6901</i>
Early Education and Care	262,823
Income Supports	71,796
Health Care	542,060
Elder Affairs	2,542,341
Public Health	883,878
Mental Health	3,976,838
Mental Retardation	10,826,454
Social Services	2,159,146
Other Human Services	2,386,048
Total	23,651,385

LOCAL AID

The Senate budget proposes \$1.344 billion for unrestricted local aid to cities and towns in FY 2009. This total does not include aid for specific purposes, such as education.

FY 2008 GAA	\$ 1,345,296,219
FY 2009 House	\$ 1,347,296,219
FY 2009 Senate	\$ 1,344,688,719

***Difference between Senate and House
Senate less House*** **(\$ 2,607,500)**

The Senate budget does not contain any amendments from the SWM version. However, it differs from the House version by \$2.6 million, most of which is accounted for by not including the House's \$2.0 million increase to Payments in Lieu of Taxes (PILOTs). In addition the Senate budget uses a lower figure for the Local Share of Racing Revenue than the House.

In both FY 2007 and FY 2008, Lottery revenues failed to meet the projections on which the budget was based, forcing the state to transfer money from the General Fund to cover the shortfalls. In FY 2009, the Senate proposal anticipates this event and provides for a transfer from the General Fund in order to level fund Lottery Aid to cities and towns. Lottery revenues are assumed to be \$810.9 million and an additional \$124.2 million will be transferred from the General Fund to provide what the Senate proposal is calling Hold Harmless Lottery Aid. Together, these will level-fund Lottery Aid at \$935.03 million.

Additional Assistance is level funded at \$378.5 million in the Senate proposal, as it was in both the House and Governor's budgets.

K-12 EDUCATION

The Senate budget proposes spending \$5.261 billion for K-12 education, a \$322.3 million increase over the FY 2008 GAA. This total includes Chapter 70 aid, other K-12 education aid and \$702.0 million for School Building Assistance (SBA). Unlike most appropriations, which are determined via the budget process using money from the General Fund, SBA has a dedicated revenue stream, 1 percent of the sales tax, determined by statute.

FY 2008 GAA	\$ 4,939,039,932
FY 2009 House	\$ 5,260,779,110
FY 2009 Senate	\$ 5,261,319,561

***Difference between Senate and House
Senate less House*** **\$ 540,452**

Chapter 70

Chapter 70 Aid is provided to cities and towns for public education purposes. The Senate proposal would provide \$3.949 billion. This is an increase of \$223.2 million, or 5.9 percent, over FY 2008 GAA.

FY 2008 GAA	\$ 3,725,671,328
FY 2009 House	\$ 3,948,824,061
FY 2009 Senate	\$ 3,948,824,061

***Difference between Senate and House
Senate less House*** **\$ 0**

The Senate proposal mirrors both the Governor's and the House proposals. It represents an increase of 5.9 percent over FY 2008 GAA and continues the third year of reforms in the formula. (For further discussion, see *Budget Monitor* for H2 at: <http://www.massbudget.org/FY09GovProposal.pdf>.)

Other K-12 Education Funding

The Senate budget provides \$610.5 million in funding for K-12 initiatives, including grant programs and administration. This is an increase of \$31.8 million over the FY 2008 GAA.

FY 2008 GAA	\$ 578,688,604
FY 2009 House	\$ 609,955,049
FY 2009 Senate	\$ 610,495,500

<i>Difference between Senate and House</i>	
Senate less House	\$ 540,452

During floor debate, the Senate added \$9.9 million worth of amendments. In some cases the Senate amendments brought funding up to the House levels while in others the Senate level exceeded the House appropriation. Senate floor amendments included:

- \$1.0 million increase, from \$20.6 million to \$21.6 million, for METCO. This brings the Senate version up to the same level as the House;
- \$5.5 million for the Foundation Reserve. This was not included in the SWM proposal. The Governor requested level funding this program at \$5.5 million while the House appropriated \$3.5 million;
- \$2.0 million in additional funds for the special education circuit breaker program. Of this increase \$500,000 would be for a study of best practices. With this amendment the Senate funding for this program is \$241,167 higher than the House proposal;
- \$200,000 increase in funds to target intervention for underperforming schools. Within this program the Senate added some earmarks and included \$100,000 in planning money for regional school districts.

The Senate funds this program at \$326,677 higher than the House, but \$4.0 million below what the Governor had proposed.

- \$225,000 earmark for Camp Coca Cola within the Mentoring Matching Grant program. This brings the total for this program to \$712,000, the same level as the House. The House budget does not include the earmark for Camp Coca Cola;
- an additional \$100,000 to increase funding for Gay and Lesbian Violence Prevention education bringing the earmark to \$300,000, the same level as House funding;
- \$250,000 for a Bullying Prevention Program to be administered by the Department of Elementary and Secondary Education. This funding is not included in the House budget;
- \$137,500 increase in earmarks within MCAS Low Scoring Student Support. This program will have to be reconciled because the House provides \$2.2 million more to fund earmarks than the Senate version; and,
- a \$250,000 increase in funding for the Bay State Reading Institute making the Senate total of \$1.5 million for the program \$250,000 higher than the House appropriation.

The House and Senate will have to resolve differences in a number of grant programs within the Department of Elementary and Secondary Education. Some of these include:

- The Senate has appropriated \$250,000 more than the House for School-to-Work connecting activities;
- the Senate provides \$100,000 more than the House in funding grants for early literacy programs;

- the House provided \$400,000 for a program to fund lower class sizes in low-income school districts while the Senate provided no funding for this program;
- the Senate provides \$1.7 million more in charter school reimbursements than the House;
- the Senate provides \$1.5 million less than the House in funding leadership academies for principals and superintendents; and,
- the Senate provides \$250,000 more than the House in Youth Build Grants.

- increases the Senate funding over the House appropriation by \$100,000; and,
- \$100,000 for the development of a South Quinsigamond Community College satellite campus. This raises the Senate appropriation for this Community College to \$100,000 above the House level.

In addition to the amendments mentioned above, the House and Senate will have to reconcile different funding levels in several other state higher education programs including:

- The Senate provides \$250,000 less for the Toxic Reduction Institute at U Mass Lowell than the House;
- the Senate provides \$100,000 more in funding for the New England Board of Higher Education than the House does; and,
- the Senate funds the Board of Higher Education at \$2.2 million more than the House because the Senate earmarks \$2.0 million in funding both for dual enrollment grants and for the Massachusetts Nursing and Allied Health Workforce Development Initiative while the House provides \$1.0 million for each program.

HIGHER EDUCATION

The Senate proposal would provide \$1.1 billion for public higher education which is \$5.4 million more than the House. The Senate’s funding for higher education is \$4.9 billion higher than the FY 2008 GAA.

FY 2008 GAA	\$ 1,054,737,621
FY 2009 House	\$ 1,098,302,355
FY 2009 Senate	\$ 1,103,672,163

Difference between Senate and House
Senate less House **\$ 5,369,807**

During floor debate, the Senate added \$1.1 million worth of amendments. Among the increases are the following:

- \$350,000 for the William Trotter Institute at U Mass. Overall the Senate appropriates \$2.5 million more for U Mass than the House;
- \$554,000 in additional earmarks for the Mass Maritime Academy account. With this amendment, the Senate provides \$554,000 more than the House for the Academy;
- \$100,000 in funding for an intermodal center at Berkshire Community College. This earmark

EARLY EDUCATION AND CARE

Funding for Early Education and Care in the Senate proposal totals \$588.8 million, a \$52.3 million or 9.8 percent increase over the FY 2008 GAA.

FY 2008 GAA	\$ 536,452,420
FY 2009 House	\$ 589,745,818
FY 2009 Senate	\$ 588,766,554

***Difference between Senate and House
Senate less House*** **(\$ 979,264)**

During the Senate floor debate, two amendments were adopted that restored funding that was eliminated in the Senate Ways and Means Committee budget.

- \$5.0 million for the Child Care Rate Reserve. The House allocated the same amount for this reserve, which is \$2.0 million less than the FY 2008 appropriation. The reserve is used to fund increases for early education and care workers' salaries, benefits and professional development stipends.
- \$5.4 million for Mass. Family Networks, which received the same amount in the earlier proposals for FY 2009 and in the FY 2008 budget. Mass. Family Networks provides educational services (including family literacy activities) and family supports (including home visits, developmental screenings and parent support groups) to families with infants and toddlers.

The Conference Committee will need to reconcile several differences between the House and Senate budgets. Specifically, the Committee will need to decide whether to adopt the Senate's plan to shift funds between child care accounts, described

below. Also, differences in funding for other programs for children and families will need to be resolved: the Senate appropriated \$400,000 less than the House for service coordination provided by child care resource and referral agencies and community partnerships for children agencies; \$850,000 less than the House for early education and care providers' professional development and \$100,000 more for the Parent Child Home program. These programs are described in more detail below.

The state has three major child care programs: income-eligible child care, TAFDC child care and supportive child care.

Under existing law, children whose families are receiving TAFDC benefits, or had received them within the last year, are entitled to child care. Child care for these children is funded under the TAFDC child care line item. In addition, the state has historically funded child care for two other groups of children from this line item: children whose families stopped receiving TAFDC benefits 1-2 years ago and children whose families stopped receiving TAFDC benefits more than 2 years ago. The Senate proposal shifts the funding for the last group, children whose families stopped receiving TAFDC benefits more than 2 years ago, to the income-eligible child care account. Currently, there are 3,000 children in this group. Therefore, the Senate recommendation for the income eligible child care account is \$21.4 million higher than the House proposal and the Senate recommendation for the TAFDC child care account is \$21.4 million lower than the House proposal.

- Income-eligible child care serves lower-income families with children up to 13 years of age. This program received \$209.8 million in the FY

2008 GAA. The Senate proposal allocates \$234.9 million to income-eligible child care. During the course of the year, \$3.1 million was transferred from the Child Care Rate Reserve to fund salary adjustments for early education and care workers. Therefore, the proposal is \$22.0 million, or 10.3 percent, higher than FY 2008 current spending. It is \$21.4 million more than the House proposal, an increase that appears to be linked to the reduction, of the same amount, in the TAFDC child care account.

- TAFDC (Transitional Aid to Families with Dependent Children) child care serves families who are currently receiving or recently received TAFDC benefits. This program was funded at \$166.9 million in the FY 2008 GAA. During the course of the year, \$3.1 million was transferred from the Child Care Rate Reserve to fund salary increases for early education and care workers under this program. In addition, \$13.0 million will be added to this account to pay for a rising FY 2008 caseload, once the Governor signs a supplemental bill passed by the Legislature. Under the final Senate proposal, this program would receive \$176.4 million, a drop of \$6.7 million, or 3.6 percent, over FY 2008 current spending, after accounting for these two increases in FY 2008. The Senate proposal is \$21.4 million below the House proposal, due to a transfer discussed above.
- Supportive Child Care serves families receiving services from the Department of Social Services (DSS). This program received \$67.3 million in the FY 2008 GAA.

During the course of the year, \$731,000 was transferred from the Child Care Rate Reserve to fund salary increases for early education and care workers under this program. Like the House, the Senate allocates \$79.0 million for this program, an increase of \$11.0 million, or 16 percent, over FY 2008 current spending. Since FY 2007, the state has had a policy of providing child care for all families involved with DSS who need such care.

The Conference Committee will need to reconcile differences in other areas as well.

- The Senate proposal for local administration and coordination of services provided by child care resource and referral agencies and community partnerships for children agencies is \$401,000 less than the House proposal, for a total of \$25.1 million.
- The Senate proposal for early education and care providers' professional development is \$900,000 less than the House proposal, for a total of \$3.7 million. Total FY 2008 funding is also \$3.7 million, after accounting for \$600,000 included in FY 2007 that was shifted in FY 2008. This funding helps early childhood education and care providers to pursue professional development courses and to obtain associates and bachelors degrees.
- During the Senate floor debate, \$100,000 was added for the Parent Child Home Program, for a total of \$3.1 million. The final House budget funded the Parent Child Home Program at \$3.0 million. The funds

are used for home-based parenting, family literacy, and school readiness.

The House and Senate proposals matched in several areas including the following.

- During the Senate floor debate, \$1.0 million was added for Head Start, for a total of \$10.0 million. The final House budget funded Head Start the same level, an increase of \$1.0 million over the FY 2008 level of \$9.0 million.
- Like the House proposal, the Senate recommendation for the Healthy Family Program (a home visiting program for teen mothers and their children) is \$13.2 million, an increase of \$428,000 over current spending.
- Both proposals level-fund the Reach Out and Read program at \$1.0 million. Reach Out and Read trains pediatricians and nurses to advise parents about the importance of reading aloud to their children and provides books for medical professionals to distribute to children at pediatric checkups.

INCOME SUPPORTS

Funding for income supports in the final Senate proposal totals \$637.5 million, a \$38.6 million or 6.4 percent increase over the FY 2008 GAA

FY 2008 GAA	\$ 598,932,022
FY 2009 House	\$ 641,843,262
FY 2009 Senate	\$ 637,545,610

Difference between Senate and House
Senate less House **(\$ 4,297,652)**

The Senate did not adopt any of the proposed amendments in this area.

In the major items in this section, the House and Senate proposals match. The Senate proposal for the EAEDC, however, is \$2.9 million below the House proposal. These items are discussed in more detail below.

Like the House, the Senate proposal increases funding for the TAFDC (Transitional Aid to Families with Dependent Children) program from \$274.5 million in FY 2008 to \$302.7 million in FY 2009 because of a growing caseload. A growing caseload will impact the FY 2008 budget as well; once the Governor signs a supplemental bill passed by the Legislature, \$12.4 million will be added to this account to pay for the growing need, bringing total FY 2008 funding to \$286.9 million. The Governor recommended a budget of \$291.4 million for this program.

The Senate budget increases funding for the Emergency Aid to Elders, the Disabled and Children (EAEDC) program, which provides cash and limited medical benefits to about 17,000 individuals per year, from \$69.9 million in FY 2008 to \$72.0 million in FY 2009. The House allocated \$74.8 million.

Funding for the Employment Services Program, which is available to individuals receiving cash assistance grants under TAFDC, would be essentially level-funded at \$27.2 million, as it was in the proposals submitted by the Governor and the House. In addition, the Senate budget indicates that \$7.0 million will be available in FY 2009 from federal reimbursements for specific education and job training/readiness services for food stamp recipients.

HEALTH CARE

The Senate FY 2009 budget proposal includes \$10.400 billion for health care programs, an 11.0 percent increase over funding in the FY 2008 GAA.

FY 2008 GAA	\$ 9,371,356,330
FY 2009 House	\$ 10,386,150,582
FY 2009 Senate	\$ 10,400,023,631

***Difference between Senate and House
Senate less House*** **\$ 13,873,049**

During floor debate, the Senate added \$13.7 million to the SWM health care budget proposal: \$13.0 million to MassHealth managed care for disproportionate share payments (DSH) to specific hospitals that provide care for low-income patients, \$250,000 to MassHealth administration to fund the health disparities council, and \$461,000 to the health care quality and cost council.

Although the Senate's budget total is virtually identical to the House budget's final health care total, there are differences in how the dollars are allocated. The Senate budget recommends more for community-based long-term care within the Medicaid/MassHealth program, but eliminates funding for enrollment and outreach grants. The Senate budget also includes various cost containment initiatives – including \$25.0 million for a new e-Health Institute – which are not included in the House budget. The Senate and the House also differ in mechanism by which they proposed using a tobacco tax increase to fund the increased costs of health reform.

Spending on health care over the past year has increased by more than ten percent, largely because of health care cost inflation and the significant expansion in health coverage funded by the Commonwealth

under the state's health reform law. Nevertheless, much of the Commonwealth's spending on health care is partially reimbursable by the federal government through the Medicaid program, so the Commonwealth does not bear the full effect of this annual increase in spending.

Another change in FY 2009 affecting the state's health care spending is the implementation of programming associated with the state's settlement of the *Rosie D. v. Romney* case that will require the Commonwealth to expand mental health services for children funded through the Medicaid/MassHealth program.

In this *Budget Monitor*, we divide our analysis of Health Care into several sections. "Medicaid/MassHealth" includes Medicaid/MassHealth line items, the funding for the Medicare "Clawback" as well as administrative costs associated with the Executive Office and the Office of Medicaid. It also includes the reserve designated for funding costs associated with the *Rosie D.* settlement. The totals for "Other Health Care Programs" include the Children's Medical Security Plan program, and grants to encourage primary care practice. "Health Care Finance" includes line item appropriations for administrative costs associated with the implementation of health care reform, the costs of the Division of Health Care Finance and Policy, the Health Care Quality and Cost Council, and a new health care cost containment initiative proposed by Senate. The FY 2008 budget also funds some of health reform administration through a transfer from the off-budget Medical Security Trust Fund.

In addition to the health care costs funded through line item appropriations, the Commonwealth pays for a significant portion of health care costs – particularly the share of health care associated with the

implementation of health reform – through a variety of “off-budget” trust funds. The Senate budget outlines these transfers in the “outside sections” of the budget proposal. These funds receive specially-designated transfers of funds from the General Fund or other sources. These transfers are explained in the section below referred to as “Health Care Transfer Spending (Health Reform).”

implementing all of the benefit restorations, program expansions and rate increases associated with health reform, and also includes language that continues smoking cessation as a covered MassHealth benefit.

There are a few important areas of difference among the budget proposals. The most significant difference between the Senate and House budgets is in the funding

for the “Community First” initiative. The Senate recommends \$20.0 million, compared to the House recommendation of \$15.0 million. The Community First program was one of the Governor’s primary initiatives in the Medicaid/MassHealth program, in an effort to re-direct long term care funding away from institution-based care for elders and disabled adults, and towards more flexible community-based long term care. The Governor had recommended \$45.8 million for the first year of this program, but because it could take the program close to eight months to get started, the House had proposed that the lower amount would be sufficient funding in this first year of implementation.

Health Care Programs

(in Millions of Dollars)

	FY 2008	FY 2009	FY 2009
	GAA	House	Senate
Medicaid/MassHealth	8,207.9	8,622.3	8,612.7
Pharmacy Programs	60.5	57.6	57.5
Other Health Care Programs	16.9	18.2	18.2
Health Care Finance	15.6	21.9	23.0
Sub-Total Line Item Appropriations	8,300.9	8,720.0	8,711.5
Medical Assistance Trust*	251.0	346.0	346.0
Essential Community Provider Trust	28.0	28.0	25.0
Commonwealth Care Trust**	789.7	1,292.1	1,292.6
Medical Security Trust	1.8	0.0	0.0
e-Health Institute Trust	0.0	0.0	25.0
Sub-Total Transfer Appropriations	1,070.4	1,666.1	1,688.6
Total	9,371.4	10,386.2	10,400.0

*In FY 2008, estimated spending out of the Medical Assistance Trust Fund includes significant one-time spending, including retroactive payments to providers of approximately \$375 million. The totals in this chart do not include this spending.

**Estimated spending for FY 2008 from the Commonwealth Care Trust is \$1,073.2 million, but only \$789.7 million has been transferred so far from the General Fund. In FY 2009 the House proposes transferring \$174.6 million in tobacco tax revenue directly into the Commonwealth Care Trust Fund.

Medicaid/MassHealth

The Senate budget proposal includes \$8.613 billion for the Medicaid/MassHealth program, \$9.6 million less than the House proposal and \$404.8 million more than the FY 2008 GAA.

Like the other FY 2009 MassHealth budget proposals this year, the Senate includes language in their budget proposal

Similarly, the Senate and the House differ in their proposed earmarking of MassHealth funding for nursing homes. The House budget proposal specifies that \$45.0 million of the \$2.167 billion designated for the MassHealth Senior Care plans would go to nursing home rate enhancements. The Senate budget language states that of the \$2.158 billion for MassHealth Senior Care plans, \$45.0 million would go to nursing

home rates if there were funds remaining due to decreased utilization.

During floor debate, the Senate added \$250,000 to the MassHealth administrative line item to staff a health disparities council. This funding earmark was not included in the House budget proposal. At the same time, the House budget included language creating an Office of Health Equity within the Executive Office of Health and Human Services. The Senate budget proposal does not include such language.

Another area of difference between the House and Senate budgets is in funding for enrollment and outreach grants. These grants support outreach efforts by community agencies across the state to encourage and support enrollment in the state's health insurance programs. The Senate budget eliminated funding for these grants, while the House level-funded this line item at \$3.5 million.

During floor debate, the Senate added \$13.0 million to the MassHealth Managed Care line item, earmarking this funding for specific pediatric specialty hospitals that provide health care to a "disproportionate share" of low-income patients. This amendment brings the total for this line item to \$3.130 billion. Funding in the House budget is \$3.131 billion, with \$10.0 million earmarked for disproportionate share hospital payments to pediatric specialty hospitals, and \$2.0 million earmarked for Holyoke Hospital.

The Senate budget includes \$1.542 billion for the Indemnity/Third Party Liability account, which is \$2.0 million less than the House proposal. Like in the House budget proposal and in the FY 2008 GAA, this funding includes an earmark of \$10.0 million targeted to provide for increased Medicaid rates for community health

centers. The Senate also includes \$5.0 million in a new earmark supporting the development of "medical homes" in an effort to provide family-centered care for persons with chronic medical needs.

The Senate budget and the House budget both target the MassHealth program for certain savings. Built into the recommendations are a total of approximately \$300.0 million in what are referred to savings, including purchasing and rate reforms, care management initiatives, and administrative savings.

As in the House budget, the Senate includes \$25.0 million set aside in a reserve to begin paying for the implementation of the *Rosie D. v. Romney* settlement which provides MassHealth reimbursement for mental health screenings and treatment for children. This is an increase from the \$7.8 million added to the budget during FY 2008, but only represents an estimate of what the first year costs of these new services might be.

The Senate budget also includes an outside section allowing dentists to limit the number of patients with MassHealth insurance coverage in their caseloads. This provision – which was included in the FY 2008 GAA – is a strategy to increase the number of dental providers participating in the program. This language was not included in the House budget proposal.

Pharmacy Programs

The Senate recommends \$57.5 million for the Prescription Advantage pharmacy assistance program for elders. The House recommended \$57.6 million. With the continued implementation of the Medicare Part D prescription drug coverage for elders, enrollment in the Prescription Advantage program has stabilized. Nevertheless, it still remains an important part of the medical

safety net for the 68,000 people who look to the program to help pay for prescriptions. The House budget language included a specification that cost-sharing increases in the program could not happen without legislative approval; the Senate budget language does not include this provision. Unlike the House, the Senate budget does include language ensuring that the program offer ongoing open enrollment.

Although not included in these totals here, the Senate budget also includes \$500,000 within the Department of Public Health for a new program to encourage medical professionals to improve the cost-effectiveness of their prescription drug use.

Other Health Care Programs

The Senate and the House both recommend \$16.5 million for the Children's Medical Security Plan. This is equivalent to the FY 2009 maintenance total, meaning that the amount should be sufficient to maintain the expected caseload.

As discussed above, the Senate budget did not include \$1.0 million for an Office of Health Equity within the Executive Office of Health and Human Services. This new initiative proposed by the Governor would have been charged with developing protocols to eliminate disparities in health outcomes that could be the result of environmental, economic, social or other factors. The House budget did not include funding in a separate line item for this, but did include language creating this office within the Executive Office of Health and Human Services, without earmarked funding.

The Senate and House budgets both include \$1.7 million in grants to encourage health care professionals to choose primary care practice, the same amount that this was

funded in FY 2008. One of the challenges in ensuring universal access to health care has been a chronic shortage of primary care providers. These grants will provide loan forgiveness and other incentives to encourage physicians and other clinicians to practice in community health care settings. The Senate budget proposal also includes an additional \$850,000 in funding for a primary care loan forgiveness program within the Department of Public Health. That funding is included in the public health totals in this *Budget Monitor*.

The Senate budget includes \$1.0 million in a reserve for Hale Hospital. The House proposal increased this to \$2.4 million.

Health Care Finance

During floor debate, the Senate added \$461,000 to the funding for the Health Care Quality and Cost Council, bringing the total for this line item to \$1.9 million. This is the same as recommended by the House.

The Division of Health Care Finance and Policy, which is responsible for administering the state's Health Safety Net (formerly the uncompensated care pool), and for rate-setting and other health care regulatory functions, receives \$17.5 million in the Senate budget proposal. This is a substantial increase – 25.3 percent – over FY 2008 GAA levels, and is \$500,000 over the estimated FY 2009 maintenance level. Language in the Senate budget earmarks \$500,000 for a report on factors contributing to health care cost growth.

The Senate budget also includes \$1.5 million in a new reserve account to fund the implementation of various health care cost containment initiatives, particularly focusing on inter-agency cooperation for the establishment of technologies or systems to improve efficiency in the delivery of health

care. The House budget did not include this proposal.

Health Care Transfer Spending (Health Reform)

Much of the Commonwealth's health reform initiative is not paid for out of the line item appropriations listed in the budget. Most of health reform is financed through what is commonly referred to as "off-budget" spending, which are actually transfers from the General Fund into a variety of special trust funds.

One of the new initiatives proposed by the Senate budget is the transfer of \$25.0 million in revenue as generated by an increase in the tobacco tax into a special trust to fund a new e-Health Institute. The purpose of this Institute would be to improve health care delivery with a statewide electronic health records system.

Fiscal Year 2008 saw a dramatic change in health care programming, with the implementation of the first full year of the Commonwealth's health reform legislation.

Like the Medicaid/MassHealth program, however, there are significant federal funds that contribute to the costs of the Commonwealth's health reform. Although the exact level of available federal funding is not yet known, the federal government typically reimburses Massachusetts for half of the costs of its health care programs for low-income people.

The Commonwealth Care Trust Fund pays for the Commonwealth Care health insurance program, certain provider rates, and the costs of the Health Safety Net. The Senate recommends transferring a total of \$1.292 billion into this fund from the General Fund. This total deposit of \$1.292 billion into the Commonwealth Care Trust

Fund is the same as the total transfer recommended in the Governor's budget and in the House budget. The House proposal, however, had specified that \$174.6 million of this total would be deposited into this fund directly as a result of a proposed increase in the tobacco tax, and therefore recommended a lower amount as a direct transfer from the General Fund.

The FY 2009 proposed transfer is an increase of \$502.9 million from the transfer of \$789.7 million in the FY 2008 GAA. (FY 2008 spending will likely be greater than this total as the costs of health reform have been greater than initially projected. Earlier this fiscal year, the Governor proposed an additional transfer into the Commonwealth Care Trust Fund for FY 2008 of \$153.0 million.)

In addition to funding for the Commonwealth Care insurance program and provider reimbursements, the Commonwealth Care Trust Fund transfer includes funding for the Health Safety Net (formerly the uncompensated care pool.) The Health Safety Net is funded with state funds, federal funds, and \$160.0 million assessments from both hospitals and insurance providers. The FY 2008 GAA included \$33.9 million transferred from the Commonwealth Care Trust Fund to the Health Safety Net Trust, for total projected spending of \$353.9 million. Actual FY 2008 costs are expected to be closer to \$517.0 million. The Senate budget (like the House and the Governor's budget) includes \$63.0 million from state funds for the Health Safety Net, projecting total spending of \$453.0 million.

It is also noteworthy that the FY 2008 GAA had anticipated \$23.6 million in revenue to the fund from employers' contributions through the "fair share assessment." Actual revenues from this assessment will be closer

to only \$6.0 million. Moreover, the administrative costs associated with implementing the fair share assessment would be subtracted from this revenue. The FY 2009 budget proposals anticipate only \$5.0 million in available revenue from this assessment.

The Senate FY 2009 budget proposal also includes a transfer of \$346.0 million from the General Fund into the Medical Assistance Trust Fund, in order to make supplemental payments to certain publicly-funded health care providers. This is the same amount proposed by the House, but the Governor had proposed only \$251.0 million. Both the House and Senate specify that the amount over \$251.0 million to be transferred into this trust fund would be contingent upon the state's General Fund being reimbursed by federal and other sources for the full cost of any increased transfer.

The Senate budget proposal also includes \$25.0 million transferred into the Essential Community Provider Trust. This is \$3.0 million less than in the FY 2008 GAA, also \$3.0 million less than the amount recommended by the House. This fund provides grants to hospitals or community health centers that provide health care to low-income persons across the Commonwealth.

ELDER AFFAIRS

The Senate FY 2009 budget proposal includes \$237.7 million to pay for certain services to elders. This budget proposal represents a 1.9 percent increase over funding levels in the initial FY 2008 GAA. (For a discussion of the funding associated with the Prescription Advantage pharmacy program and MassHealth programs for elders such as the Senior Care Plans and

nursing homes, see the "Health Care Programs" section of this *Budget Monitor*.)

FY 2008 GAA	\$ 232,277,232
FY 2009 House	\$ 237,572,979
FY 2009 Senate	\$ 237,706,460

<i>Difference between Senate and House</i>	
Senate less House	\$ 133,481

During floor debate, the Senate added \$963,000 to the funding for elder service programs of the department of elder affairs: \$175,000 for the Enhanced Community Options Program, a \$90,000 earmark within the line item for congregate housing, and \$698,000 in additional funding for councils on aging.

With an amendment adding close to \$700,000 to the proposed funding for local councils on aging, the Senate budget recommends funding this line item at \$9.2 million, more than \$600,000 more than the funding recommended by the House budget. Funding for councils on aging in the FY 2008 GAA was \$7.9 million.

Even with an amendment adding a \$90,000 earmark for congregate housing, the Senate budget recommendation for this particular program is a decrease compared to the FY 2008 GAA. The Senate recommends \$2.3 million, compared to \$2.6 million in the House. Funding for congregate housing in FY 2008 was \$2.6 million.

The Senate recommends an increase in funding for the elder enhanced community options program, adding \$175,000 during floor debate and proposing a total of \$48.2 million. The House had proposed \$47.8 million. Funding in FY 2008 was \$47.4 million.

The biggest differences between the Senate and House budget proposals, however, are in

their funding for the geriatric mental health services program and the family caregivers program. The Senate budget does not fund either of these two line items. The House budget proposal had recommended funding levels of \$250,000 and \$253,000 respectively. Funding in the FY 2008 GAA was \$225,000 for geriatric mental health services and \$250,000 for family caregivers.

The Senate budget proposal for elder services includes \$40.4 million for elder home care administration and case management, and \$106.7 million for elder home care purchased services, essentially the same as the proposed funding level in the House budget. It is important to realize, however, that in FY 2008, elder affairs received a transfer of more than \$2.5 million from the human services rate reserve in order to cover certain increases in costs. Once taking into account these and other costs associated with maintaining existing services provided in FY 2008, these funding levels proposed by Senate do not represent an increase in services. In fact, the funding for elder home care in the Senate budget represents a \$611,000 decrease over maintenance funding levels. It is likely, however, that there will be funds available in the FY 2009 Human Service Rate Reserve for certain low-wage elder service workers.

Like the House, the Senate decreases funding for the elder nutrition services programs (recommending \$6.4 million compared to the House recommendation of \$6.5 million). In FY 2008, funding for nutrition services was \$6.3 million, but estimated FY 2009 maintenance is \$7.0 million.

PUBLIC HEALTH

The Senate FY 2009 budget proposal includes \$583.3 million for public health programming. This proposal represents a 5.2 percent increase over funding levels in the initial FY 2008 GAA.

FY 2008 GAA	\$ 554,388,520
FY 2009 House	\$ 581,906,168
FY 2009 Senate	\$ 583,327,550

<i>Difference between Senate and House</i> Senate less House	\$ 1,421,382
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During floor debate, the Senate added \$2.8 million in funding for nine public health programs. Included in these amendments were \$1.9 million in additional funds for non-hospital based public health programming, and \$900,000 for hospital-based public health programming.

There are certain areas where the House and Senate will have to reconcile their different proposals: in particular the recommendations for substance abuse programming and funding for new cost containment initiatives.

The Senate budget proposal does not include funding for a step-down recovery program for substance abusers. This program, previously funded at \$5.0 million, and funded at that level by the Governor's and House budget proposals, provides clinical stabilization services to persons coming out of detoxification facilities, and provides an alternative to hospital emergency room services. The Senate did, however, fund a new program for \$5.0 million that would support secure treatment for opiate addicts. Although the same amount of money is involved, these two programs serve different populations of substance abusers with very different treatment interventions. The Senate also funded other substance abuse

programs at a level less than in the House budget proposal. The Senate recommended \$79.3 million for other substance abuse services, compared to \$80.6 million in the House. Funding in the FY 2008 GAA was \$77.8 million.

The Senate budget adds a new program to encourage health care professionals to choose primary care specialties, in order to alleviate a critical primary care provider shortage. This \$850,000 program is in addition to the \$1.7 million primary care workforce development grant program administered by the Executive Office of Health and Human Services.

Another new program added by the Senate budget is a \$500,000 initiative to provide health care professionals with information to help them with the cost-effective use of prescription drugs.

Placing these two health care cost containment initiatives within the Department of Public Health continues a commitment to recognizing the connection between public health programs and other efforts to control health care cost growth.

In the Senate budget, only a few programs received significantly more funding than in the House budget, but some of this increase was due to a re-allocation of funding out of the department of public health administrative line item. Areas with increases include:

- \$3.1 million for dental health services, as enhanced by \$28,000 added during floor debate. This is a \$1.1 million increase over the House budget proposal, and is \$529,000 more than this line item received in the FY 2008 GAA.
- \$1.0 million for the pediatric palliative care program. This is \$100,000 more than recommended by the House. Funding in FY 2008 was \$800,000.

- \$4.1 million for teen pregnancy prevention programs, \$200,000 more than recommended by the House. Funding for these programs in FY 2008 was \$4.0 million.
- \$14.4 million for health promotion and disease prevention programs. During floor debate, the Senate added \$200,000 to this line item, which consolidates a number of smaller accounts, in order to better coordinate a variety of screening and treatment programs for breast cancer, ovarian cancer, prostate cancer, colorectal cancer, stroke, diabetes, Hepatitis C, renal disease and more. The House recommended \$13.6 million for these programs, and specified the amount to go to each specific screening or treatment program. Funding in the FY 2008 GAA was almost \$14.2 million.
- \$49.4 million for early intervention services, \$956,000 more than recommended by the House. With this increase, funding for these services for very young children should be sufficient to cover the costs associated with an anticipated growing caseload of children with more complex needs, in particular children with diagnoses of autism spectrum disorders.
- \$9.0 million for health care quality and improvement, after \$288,000 was added on the floor during Senate debate. The House recommended \$8.8 million.

The Senate budget also recommends \$51.6 million for the universal immunization program, the same as recommended by the House. This 5.8 percent increase over the FY 2008 GAA should simply cover the increased cost of purchasing vaccines.

Like the House, the Senate does not follow the Governor's recommendation to coordinate youth violence prevention programming within the Department of

Public Health. As part of his public safety initiative, the Governor had recommended combining two separate youth grant programs into one initiative coordinated by the Department of Public Health, and funded at \$9.0 million. Neither the House nor the Senate consolidates the programs. The House funds these line items separately for a total of \$8.0 million. After adding \$105,000 to one line item and \$500,000 to the other, the Senate budget funds youth violence prevention grants at \$8.9 million. Funding for these programs was \$7.7 million in the FY 2008 GAA.

The Senate budget funds both community-based suicide prevention and smoking prevention programs at levels lower than in the House budget proposal. The Senate proposes \$3.8 million for community suicide prevention (compared to \$4.8 million proposed by the House and \$3.8 million in FY 2008) and \$12.8 million for smoking prevention programs. The Senate budget proposal for smoking prevention is the same as in the FY 2008 GAA, but it is \$1.0 million less than proposed by the House. It is important to keep in mind, however, just how dramatically the Commonwealth has decreased funding for smoking prevention programs since the beginning of this decade. Funding for smoking prevention in FY 2001 was \$62.2 million, adjusted for inflation.

Other public health programs funded by the Senate at lower levels than recommended by the House include:

- *HIV/AIDS services.* The Senate proposes \$38.7 million, while the House proposes \$39.2 million. Funding in the FY 2008 GAA was \$38.8 million.
- *School health services.* Even after \$275,000 added during floor debate, the Senate budget of \$17.1 million is \$275,000 less than the budget proposed by the House.

- *Community health centers.* The Senate added \$230,000 to the line item supporting community health centers, but the total funding recommendation of \$7.1 million is still \$141,000 less than the House proposal. Funding in the FY 2008 GAA for community health centers was \$7.3 million.

The Senate budget proposal also includes an outside section directing that a commission study the heroin and OxyContin epidemic. This proposal is not included in the House budget.

MENTAL HEALTH

The Senate FY 2009 budget proposal includes \$685.2 million for mental health programming. This proposal represents a 2.7 percent increase over funding levels in the initial FY 2008 GAA.

FY 2008 GAA	\$ 667,406,853
FY 2009 House	\$ 683,676,827
FY 2009 Senate	\$ 685,190,504

<i>Difference between Senate and House</i>	
Senate less House	\$ 1,513,677

During floor debate, the Senate only added \$120,000 to mental health services to partially cover the costs of program earmarks, increasing the total for adult mental health services to \$321.9 million. Funding in the House budget proposal was \$321.1 million.

The Senate and House budget proposals are very similar, with the primary funding difference showing up in the mental health administrative line item.

The funding level for mental health is below projected FY 2009 maintenance levels, once accounting for the almost \$4.0 million

transferred into mental health programs from the Human Service Rate Reserve.

One of the challenges for the mental health system has been that the intensive residential treatment programs have been having trouble retaining psychologists and other mental health clinicians due to the reimbursement rates paid by the state. The Senate recommends \$181.9 million for the psychiatric hospitals and inpatient services, a 6.1 percent increase over the FY 2008 GAA. This amount – the same as recommended by the Governor and \$3.0 million more than recommended by the House – would allow these facilities to keep up with increased costs.

The Senate budget proposal also includes:

- \$76.2 million for child and adolescent services, including \$2.5 million for the Child Psychiatry Access Project (compared to \$75.6 million in the House budget);
- \$321.9 million for adult mental health and supportive services. This total includes \$120,000 added during floor debate, which partially covers the cost of earmarks added by the Senate. The House budget recommended \$321.7 million;
- \$22.4 million for services for homeless persons, slightly less than the House proposal;
- \$36.2 million for emergency services, (slightly more than the amount recommended by the House).

During FY 2008, the Commonwealth began implementation of expanded mental health screening under the MassHealth program, associated with what is known as the “Rosie D.” settlement. This program will ultimately result in a significant expansion of mental health services for children, beginning with universal mental health

screenings. Description of the funding for this program is included in the “Health Care Programs” section of this *Budget Monitor*.

MENTAL RETARDATION

The final Senate budget for the Department of Mental Retardation (DMR) would increase \$41.2 million or 3.4 percent over the FY 2008 budget.

FY 2008 GAA	\$ 1,226,416,406
FY 2009 House	\$ 1,272,787,491
FY 2009 Senate	\$ 1,267,637,624

*Difference between Senate and House
Senate less House* **(\$ 5,149,867)**

During the Senate floor debate, one amendment was adopted to fund a contract with Work, Inc., a non-profit organization that expands services and employment opportunities for citizens with disabilities. The amendment added \$400,000 to the account, for a total of \$129.3 million.

The Conference Committee will need to reconcile several differences between the House and Senate budgets. The Committee will need to decide whether to adopt the Senate’s plan to change the name of the Department of Mental Retardation to the Department of Developmental Services. They will also need to settle on funding levels in several areas. The three major differences are in the DMR administration account, family supports and residential supports.

- The Senate budget for DMR administration is \$4.4 million below the House proposal, for a total of \$73.2 million.
- Relative to the House budget, the Senate provides more funding for

both respite supports and services for families with autistic children. The Senate budget provides \$700,000 more than the House budget for respite supports and \$643,000 more for services for families with autistic children.

- Funding for state-operated residential supports is \$943,000 higher in the Senate budget, for a total of \$137.2 million. However, funding for community-based residential supports is \$373,000 lower in the Senate budget, for a total of \$569.0 million.

Both budgets allocate \$7.7 million for Turning 22 services and \$14.1 million for the Community Transportation program.

SOCIAL SERVICES

The final Senate budget for the Department of Social Services (DSS) totals \$830.6 million, a \$30.5 million or 3.8 percent increase over the FY 2008 GAA

FY 2008 GAA	\$ 800,095,093
FY 2009 House	\$ 836,191,340
FY 2009 Senate	\$ 830,563,885

Difference between Senate and House
Senate less House **(\$ 5,627,455)**

During the Senate floor debate, two amendments in this area were adopted.

- \$770,000 more to fund earmarks for family supports, including stabilization, adoption and foster care services. The House and Senate provide \$314.0 million and \$313.0 million to these programs respectively.

- \$125,000 more for shelters and support services for people at risk of domestic violence. The House and Senate provide \$23.0 million and \$23.4 million for these programs respectively.

The Conference Committee will need to reconcile two additional differences between the House and Senate budgets.

- The Senate did not include a new line item for \$5.0 million to improve service delivery to children under the care of the DSS.
- The Senate budget for Group Care Services is \$10,000 less than the House proposal. Both allocate \$229.6 million for this program, which provides community-based services to children who would otherwise be placed in residential settings.

Both the House and Senate budgets allocate \$157.3 million for DSS social workers.

OTHER HUMAN SERVICES

The final Senate budget for all “Other Human Services” programs is \$622.9 million, a \$20.2 million or 3.4 percent increase over the FY 2008 budget.

The category in this *Budget Monitor* called “Other Human Services” includes numerous departments, including Veterans Affairs, the Soldiers' Homes, Mass. Commission for the Blind, Mass. Rehabilitation Commission, Mass. Commission for the Deaf and Hard of Hearing, the Dept. of Youth Services, administrative costs for the Department of Transitional Assistance, and certain programs within the Executive Office of Health and Human Services.

FY 2008 GAA	\$ 602,668,347
FY 2009 House	\$ 625,798,291
FY 2009 Senate	\$ 622,910,597

Difference between Senate and House
Senate less House (\$ 2,887,694)

During the Senate floor debate, several amendments in this area were adopted. Highlights include the following.

- \$150,000 was added for the Citizenship for New Americans Program, for a total of \$650,000. The House recommended \$600,000. This program assists legal permanent residents of Massachusetts to become citizens of the United States.
- \$50,000 was added for the Soldiers' Home in Holyoke, for a total of \$20.3 million. The funding level essentially matches the recommendation made by the House.
- \$100,000 was added for an earmark to fund food stamps for legal immigrants. Overall, anti-hunger

funding totals \$3.0 million. The Senate's proposal is \$145,000 higher than the House proposal.

The Conference Committee will need to reconcile other differences between the House and Senate budgets as well. The three major differences between the House and the Senate are in funding for family shelters, veterans' services and regional food banks.

- The Senate proposes \$85.6 million for the family shelters account, \$1.4 million less than the House proposal. This difference is due largely to the level of earmarks that each chamber funds within the account. The House budget includes about \$2.7 million in earmarks including \$100,000 for the Horizons for Homeless Children Playspace Program while the Senate earmarks \$1.0 million in funding, \$500,000 of which is set aside for Horizon's Playspace Program and the remainder for a Massachusetts Coalition for the Homeless Program. Both the House and Senate budgets include \$2.9 million in “tool box” funds that were first approved by the legislature in a Supplemental Budget in late 2007. These “tool box” funds, which pay for expenses such as first and last months' rent, are designed to help families move out of shelters and into permanent housing.
- The Senate provides \$97.7 million for veterans' services, \$639,000 less than the House budget provided. The Senate funding is less than the House in several areas including \$244,000 less for veteran's homeless shelters, \$174,000 less for the Soldiers' Home in Chelsea and

\$252,000 less for the Department of Veterans' Services and the maintenance of war memorials across the state.

- The Senate provided \$900,000 more than the House for the four regional food banks in Massachusetts, bringing the total to \$12.0 million. The House allocated \$11.1 million for the food banks.

There are also smaller differences between the House and Senate. The Senate budget provides \$372,000 less for the Massachusetts Commission for the Blind and \$182,000 less for the Massachusetts Rehabilitation Commission (MRC). However, the Senate provides slightly more funding than the House for the Department of Youth Services (DYS).

The House and Senate proposals match in some cases.

- Both proposals allocate \$23.0 million to the Purchase of Service (POS) reserve. Funds from this reserve pay for rate increases in human service programs throughout the budget.
- Both proposals provide \$700,000 for the Individual Development Account program, which helps low-income families to save for the purchase of an asset, such as a first home or small business, by matching their contributions to savings. The funds are also used to pay for financial education workshops for these families.

ENVIRONMENTAL AFFAIRS

The full Senate proposes spending \$218.5 million on environmental programs in FY 2008. During its debate the Senate added \$1.9 million in amendments to the budget proposed by the SWM.

FY 2008 GAA	\$ 216,723,269
FY 2009 House	\$ 227,468,245
FY 2009 Senate	\$ 218,535,223

Difference between Senate and House
Senate less House **(\$ 8,933,023)**

During its floor debate on the budget, the Senate added funding including:

- \$550,000 increase in earmarks within the Department of Conservation and Recreation (DCR) administrative account. This increase includes various earmarks as well as \$100,000 for DCR to develop Resource Management Plans. The House, while not earmarking funds within the line item for this program, stated in its summary that its increase in the DCR administrative budget includes \$440,000 for the development of these plans. The resource management plans are designed to improve oversight and maintenance of state recreation facilities.
- \$250,000 for the Endangered Species program. The Governor requested this amount in his budget; the program was not funded in the House budget.
- \$238,308 in earmarks were added to the Executive Office of Energy and Environmental Affairs administrative account.

The Senate budget for environmental programs is \$8.9 million less than the proposal passed by the House. The major difference between the two environmental budgets is in the funding for and management of state and urban parks.

- The Senate proposes spending nearly \$611,000 less than the House for the Department of Environmental Protection (DEP) administrative account. The Senate does provide \$200,000 for DEP to comply with the Mercury Management Act while the House earmarks half that amount. However, the House includes almost \$800,000 in various earmarks that are not in the Senate version. Both the House and Senate increase funding for the DEP to comply with the Regional Greenhouse Gas Initiative, though neither chamber specifically earmarks funding within the account for this purpose.
- The Senate’s final budget does not contain funding for an initiative, included in the House budget, which would appropriate \$250,000 for a new program, administered by the Department of Agriculture, to provide \$50,000 grants for the testing of plant-base pharmaceuticals.
- The Senate added \$550,000 in funding to DCR’s administrative account (see above). The final Senate version, however, is still almost \$500,000 less than the House proposal largely because the House sets aside \$340,000 more in funding for Resource Management Plans than the Senate. The House also includes about \$300,000 more in earmarks in its budget than the Senate includes in its version.
- The Senate appropriated about \$6.8 million less for state and urban parks than did the House. Most of this difference is accounted for by a higher number of earmarks included in the House budget than in the Senate proposal. The House also includes \$1.0 million more in earmarks for state parks and \$1.3 million more in earmarks for

urban parks than the Senate does in its budget. The House also appropriated an additional \$1.0 million each in overall funding for the state parks and urban parks accounts. This is \$2.0 million more than the House, overall, but \$2.0 million less than the amount proposed by the Governor.

- The Senate increased the amount that DCR can spend from the fees it charges at state parks by \$1.5 million over the House proposal. The Senate bill would allow DCR to spend as much as \$6.0 million of the revenue it collects while the House proposal keeps the ceiling at the \$4.5 million level approved in the FY 2008 GAA.

ECONOMIC DEVELOPMENT

The final Senate budget provides \$180.5 million for Economic Development. This is 5.0 percent less than the FY 2008 GAA.

FY 2008 GAA	\$ 190,088,069
FY 2009 House	\$ 227,164,482
FY 2009 Senate	\$ 180,546,922

*Difference between Senate and House
Senate less House* **\$ (46,617,560)**

During floor debate, the Senate added nearly \$5.6 million to several economic development programs, including \$3.5 million for the Massachusetts Office of Travel and Tourism and \$1.2 million for Workforce Development Grants. The Senate eliminated all funding (\$500,000) for the railroad bridge safety program.

The Senate also made several changes to the proposed Bay State Competitiveness Investment Fund during floor debate. This special fund, which is not included in the House budget proposal, would receive

funding depending upon the surplus remaining at the end of Fiscal Year 2008. Whereas the House budget provided funding for certain special economic development trust funds using FY 2009 revenues, the Senate budget funds some economic development from surplus FY 2008 dollars.

The Senate budget proposal specifies that up to \$50.0 million of the FY 2008 surplus would go to the Bay State Competitiveness Investment Fund (BSCIF), with \$25.0 million of that total going to the Life Sciences Investment Fund, and \$7.0 million of that designated for the Cultural Facilities Trust. Amendments to the Senate budget proposal specified that the remainder of the BSCIF would be distributed among the Workforce Competitiveness Trust (\$5.0 million), the Science, Technology, Engineering and Mathematics (STEM) Grant Fund (\$3.0 million) and the Affordable Housing Trust (\$3.0 million). The remaining \$5.0 million would go to a higher education Endowment Incentive Holding Fund, with \$3.0 million of that going to the University of Massachusetts, and \$1.0 million each to state and community colleges (see accompanying chart at the end of this *Budget Monitor*).

The final Senate budget allocates \$46.6 million less for economic development than the House budget. (This total includes only line item appropriations for FY 2009, and does not include the allocation from the FY 2008 surplus described above.) During conference on the FY 2009 budget, the Senate and House will have to reconcile significant differences, including:

- The Senate allocates \$22.7 million to the Massachusetts Office of Travel and Tourism, \$11.5 million less than the \$34.2 million allocated by the House. In general, the Senate budget includes fewer earmarks for this line item. The two budgets differ in

which tourism programs receive earmarked funding and in how much funding is provided for some programs.

- The Senate funds Workforce Development Grants at \$7.6 million, \$3.7 million less than the House budget of \$11.3 million. The Senate budget includes fewer earmarked workforce development grants. Despite some similarities, the two budgets also include different grants and provide different funding for some grants.

The final Senate budget does not provide any funding for several new grant programs that were introduced by the House:

- Intersection Biotech Workforce Grants; the House allocated \$3.0 million.
- Life Sciences Biotech Workforce Training Grants; in comparison, the House budget recommended \$2.5 million.
- Pediatric Stem Cell Research Grants; the House allocated \$2.5 million.
- Massachusetts-Israel Research and Business Exchange; the final House budget recommended \$1.0 million.

HOUSING

The Senate proposes that \$147.2 million be spent on housing programs in FY 2009. During its floor debate, the Senate added \$525,000 in amendments to the SWM proposal. The Senate also passed an amendment to set aside \$5.0 million within the Bay State Competitiveness Investment Fund (BSCIF) for the Affordable Housing Trust Fund.

FY 2008 GAA	\$ 128,066,159
FY 2009 House	\$ 148,671,345
FY 2009 Senate	\$ 147,215,242

Difference between Senate and House
Senate less House **(\$ 1,456,103)**

During its floor debate the Senate adopted several amendments that added funding for programs within the Department of Housing and Community Development (DHCD): \$100,000 in for the Bureau of Indian Affairs to create a Native American Institute and \$425,000 in earmarks within the DHCD administrative line item.

The Senate also adopted an amendment that would set aside \$5.0 million for the Affordable Housing Trust Fund within the BSCIF. The BSCIF is an “off-budget” account which, under the Senate proposal, would receive up to \$50.0 million if the state ended the fiscal year with surplus revenue. (For more on the BSCIF please go to the section on Economic Development.) The House has no similar proposal in its final budget.

The Senate proposes spending about \$1.5 million less for housing programs in FY 2009 than the House. While the Senate does fund several rental subsidy programs at higher levels than the House, the House funds \$1.1 million more in earmarks and provides \$1.0 million more in public

housing subsidies than the Senate. The House and Senate will have to resolve a number of differences in their housing proposals for FY 2009.

- The Senate appropriates \$1.1 million less in the DHCD administrative line item than the House. Much of this difference is accounted for by the level of funding for earmarks in each budget proposal. The House appropriates \$3.1 million in earmarks while the Senate budget has \$1.9 million. About half of the Senate’s earmarks are included in the House budget; the remainder will have to be reconciled in conference.
- In his budget proposal, the Governor requested that subsidies for public housing authorities be increased by \$13.0 million over the FY 2008 GAA to \$73.0 million. This amount would cover \$6.0 million in increased costs in the new fiscal year and an additional \$7.0 million to address a backlog of maintenance projects at the state’s public housing sites. The Senate increased the subsidies for public authorities by \$6.0 million, to cover annualized cost increases, to \$66.0 million while the House increased funding by \$7.0 million to a total of \$67.0 million.
- The Senate provides \$100,000 more in funding, for a total of \$33.0 million for the Massachusetts Rental Voucher Program (MRVP), than the House. During FY 2008 DHCD expanded its obligations in MRVP. It is likely that neither the House nor the Senate’s proposed funding levels will be sufficient to maintain these increased obligations in FY 2009.
- The Senate funds the Rental Assistance for Families in Transition (RAFT) at

\$5.5 million which is \$250,000 more than the House proposal.

- The Senate provides \$4.0 million for rental subsidies for clients within the Department of Mental Health, an increase of \$300,000 over the House proposal.

Both the House and the Senate include \$8.25 million in new funding recommended by the Interagency Commission to End Homelessness. This money, which receives a \$1.75 million match from MassHousing, will be placed in reserve until a plan is developed on how to spend the money to end homelessness. Neither the House nor the Senate includes money for the Low Income Energy Assistance Program (LIHEAP). Generally the legislature, which appropriated \$15.0 million for this program in FY 2008, includes money for LIHEAP in a supplemental budget each fall.

PUBLIC SAFETY & CORRECTIONS

Funding for public safety and corrections in the Senate budget totals \$1.569 billion, a \$106.0 million or 7.2 percent increase over the FY 2008 GAA.

FY 2008 GAA	\$ 1,463,358,402
FY 2009 House	\$ 1,581,112,627
FY 2009 Senate	\$ 1,569,361,816

Difference between Senate and House
Senate less House **\$ (11,750,812)**

During floor debate, the Senate added approximately \$2.3 million for public safety and corrections, including \$1.25 million for the Department of Fire Services Administration and \$100,000 for the Executive Office of Public Safety. The Senate also increased the amount of retained

revenue the following departments may spend in FY 2009:

- \$800,000 for the Franklin County Sheriff Department, for a total of \$2.1 million;
- \$100,000 for the Hampshire County regional lockup, for a total appropriation of \$250,000; and
- \$50,000 for the Berkshire County Sheriff Department, for a total of \$250,000.

The final Senate budget appropriation of \$1.569 billion is \$11.75 million less than the \$1.581 billion appropriated by the House budget. The Senate generally recommends less for individual programs than was recommended by the House, for example:

- The Senate appropriates \$16.8 million for the Department of Fire Services, \$1.6 million less than the House appropriation of \$18.4 million.
- The Senate budget appropriation of \$56.6 million for the Registry of Motor Vehicles is \$1.6 less than the House budget appropriation of \$58.1 million.
- The Senate recommends \$530.4 million for the Department of Correction Facility Operations, \$1.4 million less than the \$531.8 million recommended by the House.
- The Senate budget proposes \$5.0 million for state police overtime; in contrast, the House proposed \$10.0 million.

However, the final Senate budget appropriates approximately \$900,000 more for the Sex Offender Registry Board than the House budget. The Senate proposes a \$1.0 million increase from FY 2008 GAA funding, for a total of \$4.9 million. In contrast, the House recommended a small increase of approximately \$130,000, for a total of \$4.1 million.

The Senate and House recommend the same amount of funding for two of the Governor's public safety initiatives. The final Senate and House budgets allocate \$4.0 million for the municipal police grant program, compared to the Governor's proposal of \$8.0 million. Both the Senate and House recommend \$13.0 for the Shannon Grants Program, \$2.0 less than the \$15.0 million recommended by the Governor.

Like the House, the Senate did not adopt the Governor's recommendation to transfer all County Sheriffs to the state accounting system. The proposal would create new line items to fund the seven County Sheriffs and would also bring funding from the counties and other sources into the state budget to help fund the county corrections account.

TRANSPORTATION

The final Senate budget for transportation is \$917.3 million, a \$10.2 million or 1.1 percent increase over the FY 2008 budget. This FY 2009 transportation budget total includes \$768.0 million for the MBTA. Funding for MBTA is considered off-budget because 20 percent of all sales tax revenue is allocated to MBTA pre-budget.

FY 2008 GAA	\$ 907,055,572
FY 2009 House	\$ 919,484,586
FY 2009 Senate	\$ 917,285,501

Difference between Senate and House
Senate less House **(\$ 2,199,085)**

During floor debate, the Senate added an earmark in the amount of \$740,000 to the Interdistrict Transportation Program.

The largest difference between the two proposals is in funding for contract assistance to the Commonwealth's 16 regional transit authorities (RTA). The Senate allocated

\$56.6 million for the RTAs, \$3.5 million less than the House proposal.

Both proposals provide \$20.0 million for the snow and ice removal line item. The Senate also allocates \$2.0 million for the snow and ice removal reserve fund. The House does not allocate funds for this reserve.

JUDICIARY

The Senate budget provides \$819.3 million for the Judiciary, a \$49.0 million or 6.4 percent increase over FY 2008 GAA funding.

FY 2008 GAA	\$ 770,296,012
FY 2009 House	\$ 821,675,587
FY 2009 Senate	\$ 819,287,368

Difference between Senate and House
Senate less House **\$ (2,388,219)**

During floor debate, the Senate adopted the following amendments, increasing funding for the Judiciary by \$1.8 million:

- \$1.0 million for the Commissioner of Probation;
- \$500,000 for the Administrative Office for Community Corrections;
- \$145,824 for Correctional Legal Services;
- \$100,000 for the Suffolk County Social Law Library;
- \$24,247 for the Mental Health Legal Advisors;
- \$7,645 for the Commission on Judicial Conduct; and
- \$7,165 for the Administrative Office of the Juvenile Court Department.

The Senate also adopted an amendment requiring the juvenile courts and the department of probation to collect statistical data on the juveniles served by those departments.

The final Senate budget allocates \$2.4 million less for the Judiciary than the House budget. During the conference on the FY 2009 budget, the Senate and House will have to reconcile a number of differences, including:

- The Senate proposes \$135.7 million for the Office of the Chief Justice for Administration and Management, \$8.3 million less than the House.
- The Senate recommendation of \$138.0 million for the Commissioner of Probation is \$2.7 million less than the \$140.7 recommended by the House.
- The Senate budget allocates \$7.2 million for the Administrative Office for Community Corrections, nearly \$500,000 less than the House budget.

There are also a few line items that the Senate budget has allocated more funding to than the House budget.

- The Senate allocation of \$140.3 million for the private counsel compensation fund is \$1.1 million more than the House allocation of \$139.2 million.
- The Senate budget proposes \$66.1 million for the court security program, \$1.6 million more than the House budget.
- The Senate recommends \$11.1 million for the Massachusetts Legal Assistance Corporation, approximately \$70,000 more than the House recommendation.

The final Senate budget, unlike the House budget, adopted the Governor's proposal to reform the judiciary funding system by consolidating several line items and providing the Office of the Chief Justice for

Administration and Management with the ability to distribute funds among the courts.

DISTRICT ATTORNEYS

Funding for District Attorneys in the Senate budget totals \$101.8 million, a \$5.7 million or 5.9 percent increase from the FY 2008 GAA.

FY 2008 GAA	\$ 96,146,577
FY 2009 House	\$ 101,300,492
FY 2009 Senate	\$ 101,805,022

<i>Difference between Senate and House Senate less House</i>	\$ 504,530
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The Senate adopted the following amendments, which provided \$213,356 in additional funding for District Attorneys:

- \$150,000 for the Suffolk District Attorney, for a total of \$16.6 million;
- \$45,000 for the Worcester District Attorney, a total of \$9.25 million;
- \$18,356 for the District Attorneys' Wide Area Network, for a total appropriation of \$1.4 million.

The Senate also adopted an amendment requiring district attorney offices to collect statistical data on the juvenile cases it has prosecuted.

The final Senate budget allocates approximately \$500,000 more for District Attorneys than the \$101.3 million proposed by the House budget. The most significant difference between two budgets is the Senate's allocation of \$500,000 for a new program to help retain experienced assistant district attorneys. The funds in this new line item will be distributed among the 11 district attorneys offices and are to be used for salary increases for assistant district attorneys with more than 3 years of experience.

ATTORNEY GENERAL

The Senate budget appropriates \$43.7 million to the Attorney General, a \$2.5 million or 5.9 percent increase over FY 2008 GAA funding.

FY 2008 GAA	\$ 41,228,214
FY 2009 House	\$ 43,184,738
FY 2009 Senate	\$ 43,679,951

Difference between Senate and House
Senate less House **\$ 495,213**

No amendments to the Attorney General budget were introduced during floor debate.

The final Senate budget allocates approximately \$500,000 more towards the Attorney General than was recommended by the House, but actually restores more than that amount in earmarks within the Office of the Attorney General account.

The Senate restores the following earmarks, which were eliminated by the House: \$320,000 for predatory lending and consumer credit units, \$355,000 for a health care division, \$300,000 for a victim witness rights services unit, \$240,000 for a child protection unit, and \$50,000 for the Trauma Intervention Program of Merrimack Valley. The Senate budget also includes a new earmark of \$300,000 for the United Teen Equality Center.

GROUP INSURANCE

Funding for the Group Insurance Commission (GIC) in the final Senate budget totals \$1.308 billion.

FY 2008 GAA	\$ 1,174,689,284
FY 2009 House	\$ 1,305,080,204
FY 2009 Senate	\$ 1,307,795,388

Difference between Senate and House
Senate less House **\$ 2,715,184**

No amendments were proposed to the GIC budget during floor debate.

The Senate budget allocates \$2.7 million more to the GIC than the House budget. The difference between the two budgets is due to the Senate accounting for more recent information regarding rising health care costs and the growing GIC caseload. This is discussed in further detail below.

The final Senate budget appropriates \$133.1 million, or 11.3 percent, more to the GIC than the FY 2008 GAA appropriation of \$1.175 billion. In part, this increase reflects rising health care costs and the anticipated cost of additional people expected to join the GIC in FY 2009. However, for technical reasons, this increase is also an overstatement of the actual increase in spending from FY 2008. For example, in FY 2009, the GIC will pay for the health insurance premiums of the several municipalities that have joined the GIC since last July, but will be reimbursed for those premiums over the course of the year.

The Governor's budget proposed to pay for the GIC cost increase by shifting approximately \$51.0 million of state employees' health insurance costs onto state employees. Neither the House nor the Senate adopted the Governor's proposal. For a more detailed discussion of the

Governor’s proposal and the technical factors affecting the Senate budget, see our *Budget Monitor* on the Senate Ways and Means budget, available at: <http://www.massbudget.org/FY09SWMBudgetMonitor.pdf>.

The majority of GIC appropriations are spent on three accounts. The first covers the costs of providing benefits to current employees and some retirees. The Senate appropriates \$839.0 million to this account, \$11.1 million more than the House proposal of \$827.9 million. The second largest account within the GIC is for the State Retiree Trust Fund, which was created to set aside funds for retirees’ future health care costs. Funding for this account in the Senate budget totals \$372.0 million, \$2.5 million less than the \$374.5 million appropriated by the House budget. The third covers the costs of providing benefits to retired municipal teachers. The Senate appropriated \$84.6 million for this account, \$6.0 million less than the \$90.6 million recommended by the House. As stated above, the final Senate budget reflects the use of more recent information regarding rising health care costs and the GIC caseload.

DEBT SERVICE

The Senate proposal reflects increased costs for debt service, which would grow from \$1.952 billion to \$1.983 billion.

FY 2008 GAA	\$ 1,952,104,701
FY 2009 House	\$ 2,001,635,000
FY 2009 Senate	\$ 1,982,899,000

Difference between Senate and House
Senate less House **(\$ 18,736,000)**

The Senate budget represents a normal increase in long term debt service costs.

However, there are differences between the Senate, House and Governor’s proposals. The Senate utilizes the Governor’s figure for Consolidated Long Term Debt Service (\$1.806 billion), while the House used a higher and more recent figure (\$1.815 billion). The Senate used the same figure for Central Artery Debt Service as the House (\$102.2 million), which is less than the Governor’s proposal (\$103.5 million). All three parties include a different figure for Short Term Debt Service and Costs of Issuance, with the Governor at \$27.8 million; the House at \$38.2 million; and, the Senate at \$28.8 million. Finally, all three include the same figure for Grant Anticipation Notes.

REVENUE

The Senate did not pass any amendments during floor debate that significantly changed revenue projections. There were certain changes to line item appropriations that affect total anticipated departmental revenues (such as those collected from fees) and total anticipated federal reimbursements. (Changes in MassHealth and other health care spending in many instances typically affect revenue projections, as much of the Commonwealth’s health care spending receives partial reimbursement from the federal government.)

Both the Senate and House budget proposals are predicated upon several tax changes: some of which were made prior to the budget debate, and others that are contained in outside sections of the budget proposals. Among the former are closing of corporate tax loopholes and an increase in the cigarette tax. (These reforms are described in a *MassBudget Brief* available at: <http://www.massbudget.org/CorpTaxConference.pdf>.) Other changes include revenue

assumptions associated with enhanced tax collections such as lien filings, additional auditors, wage enforcement efforts, and various tobacco tax reforms. (These changes are described in the Revenue section of the *Budget Monitor* on the House proposal, available at: <http://www.massbudget.org/FY09HouseBudgetMonitor.pdf>.)

Unlike the House budget, the Senate proposal does not include the elimination of the exemption for aircrafts and aircraft parts. Elimination of the exemption would have brought in an additional \$8.8 million.

Stabilization Fund

The Senate budget proposal includes several actions relating to the Stabilization Fund, totaling approximately \$410.0 million. The House budget relies more heavily on the Stabilization Fund to achieve balance, including approximately \$611.0 million in proposals affecting the Stabilization Fund.

An amendment to the Senate budget increases the transfer from the Stabilization Fund to the General Fund from \$201.0 million to \$210.0 million. The House budget proposes a direct transfer of \$412.0 million.

Like the House budget proposal, the Senate budget recommends forgoing the statutory end-of-year contribution to the Stabilization Fund (approximately \$109.0 million in the Senate budget). The Senate and House budgets also both recommend transferring interest earned by the Stabilization Fund in FY 2009 – approximately \$91.0 million – into the General Fund.

PENSIONS

The House and Senate adopted amendments that would increase pension payments for current and future retirees. Retirees in the state's pension system would get an increase of \$120 per year. This increase comes from a change in the pension income level, or "base," used to determine cost-of-living adjustments (COLAs) for retirees

Cost of living adjustments protect some or, in some cases, all of the "purchasing power" of pensions over time that would otherwise be reduced by inflation. For example, Social Security benefits are indexed to changes in the Consumer Price Index (CPI) to protect against loss of value over time.

Currently, Massachusetts grants a three percent increase every year to account for increasing costs of living, calculated from a base of \$12,000. Massachusetts does not, however, provide any COLA on the amount of a pension that is over \$12,000. This means that when inflation is at or above three percent, the overall value of any pension greater than \$12,000 declines each year after accounting for inflation. Under the proposals adopted by the House and Senate in the FY 2009 budget, the base would increase to \$16,000. So, the COLA would increase to \$480 per year.

The two proposals differ slightly: while the House proposal would raise the base for state retirees, the Senate proposal would raise the base for state retirees and allow municipal retirees to opt in.

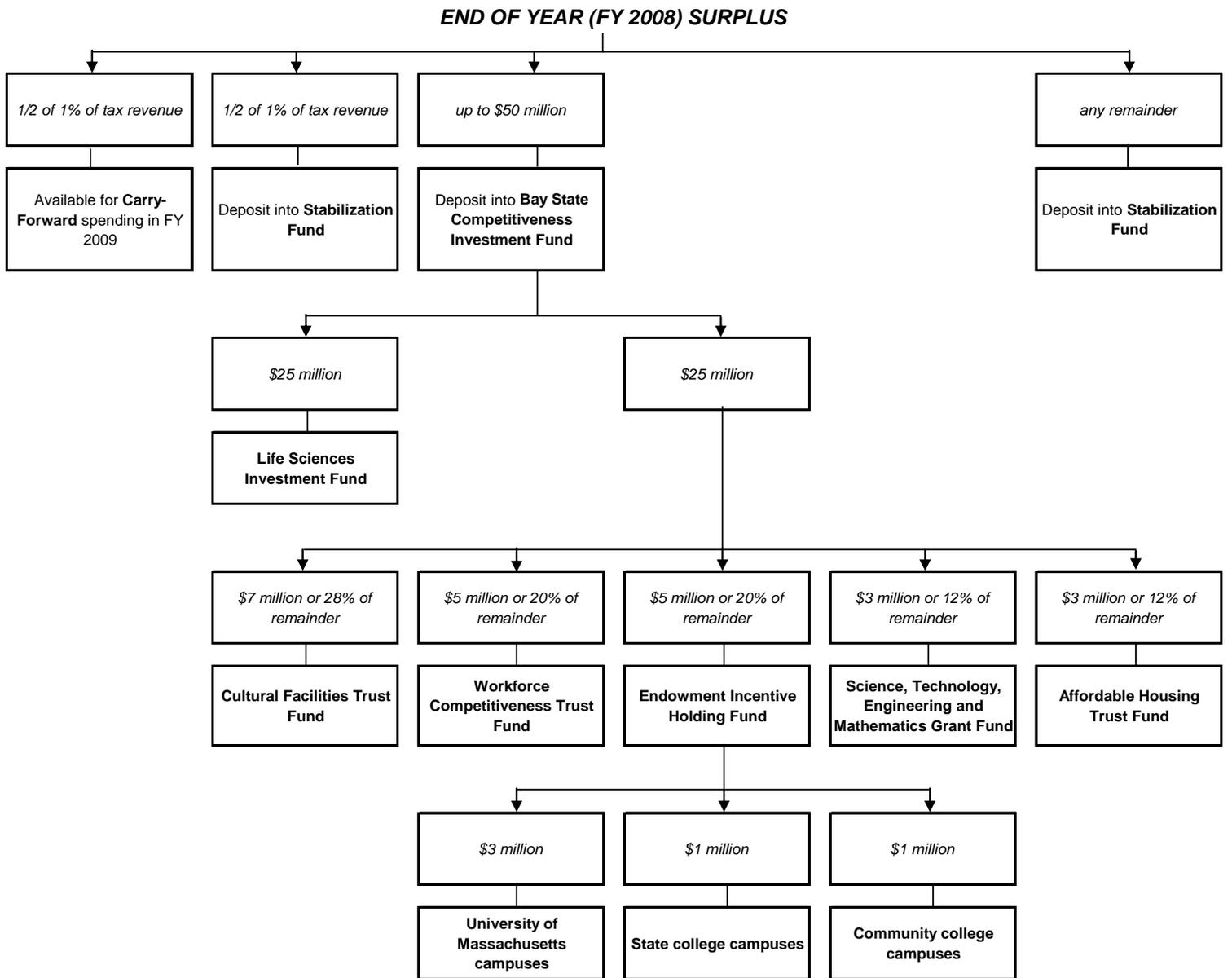
The Treasurer and the Legislature have conflicting views on how to fund the increased cost at the state level.

- The Treasurer recommends that the Legislature appropriate the funds to pay for the "pension bumps"

annually and estimates the first-year cost at \$110.0 million.

- Language in the House and Senate budgets push the costs into the future. This would be accomplished by extending the current payment schedule the state is following in order to fully fund its pension system. Currently, the state is required by law to make increasing payments each year to pay down its unfunded liabilities for current and future state retirees' pensions by 2023. The Legislature would extend this schedule out to 2026 to cover the increased liability resulting from their proposal.

**WHAT HAPPENS TO THE END OF THE YEAR SURPLUS:
Carry-Forward; Stabilization Fund; Bay State Competitiveness Investment Fund**



Budget by Program Area

(in Millions of Dollars)

Program Area ¹	FY 2008		FY 2009				Senate vs. House	
	GAA	Current	H.2 (Gov.)	House	SWM	Senate		
Budgeted Appropriations	28,234.6	28,721.2	30,119.2	30,084.6	30,097.2	30,151.2	66.5	0.2%
Line-Item Appropriations	25,873.1	26,329.7	27,229.7	27,261.9	27,101.6	27,155.6	(106.3)	-0.4%
Outside Section Appropriations	2,361.5	2,391.5	2,889.5	2,822.7	2,995.6	2,995.6	172.9	6.1%
Pre-Budget Transfers from General Fund²	2,789.3	2,789.3	2,935.0	3,109.6	2,935.0	2,935.0	(174.6)	-5.6%
Local Aid - Lottery	935.0	935.0	935.0	935.0	935.0	935.0	0.0	0.0%
Line-Item Appropriations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Outside Section Appropriations	935.0	935.0	935.0	935.0	935.0	935.0	0.0	0.0%
Local Aid - Additional Assistance & PILOT	410.3	410.3	411.7	412.3	409.7	409.7	(2.6)	-0.6%
K-12 Education (Chapter 70)	3,725.7	3,725.7	3,948.8	3,948.8	3,948.8	3,948.8	0.0	0.0%
K-12 Education (non-Chapter 70)	1,213.4	1,215.7	1,339.2	1,312.0	1,302.6	1,312.5	0.5	0.0%
Line-Item Appropriations	578.7	581.0	637.2	610.0	600.6	610.5	0.5	0.1%
Pre-Budget Transfer to School Building Assistance	634.7	634.7	702.0	702.0	702.0	702.0	0.0	0.0%
Higher Education	1,054.7	1,091.1	1,087.7	1,098.3	1,102.6	1,103.7	5.4	0.5%
Early Education and Care	536.5	537.3	584.0	589.7	577.2	588.8	(1.0)	-0.2%
Income Supports	598.9	603.7	624.2	641.8	637.5	637.5	(4.3)	-0.7%
Health Care ³	9,371.4	9,431.3	10,282.0	10,386.2	10,386.4	10,400.0	13.9	0.1%
Line-Item Appropriations	8,300.9	8,330.8	8,710.4	8,720.0	8,697.8	8,711.5	(8.6)	-0.1%
Outside Section Appropriations	1,070.4	1,100.4	1,571.6	1,491.6	1,688.6	1,688.6	197.0	13.2%
Pre-Budget Transfer to Commonwealth Care TF			0.0	174.6	0.0	0.0	(174.6)	-100.0%
Elder Affairs	232.3	235.5	236.0	237.6	236.7	237.7	0.1	0.1%
Public Health	554.4	557.1	580.2	581.9	580.5	583.3	1.4	0.2%
Mental Health	667.4	671.4	686.3	683.7	685.1	685.2	1.5	0.2%
Mental Retardation	1,226.4	1,240.3	1,267.4	1,272.8	1,267.2	1,267.6	(5.1)	-0.4%
Social Services	800.1	802.9	838.0	836.2	829.7	830.6	(5.6)	-0.7%
Other Human Services ⁴	602.7	589.7	624.7	625.8	622.6	622.9	(2.9)	-0.5%
Environmental Affairs	216.7	224.8	224.3	227.5	217.4	218.5	(8.9)	-3.9%
Economic Development	190.1	223.5	174.7	227.2	175.0	180.5	(46.6)	-20.5%
Line-Item Appropriations	177.3	210.7	174.7	205.6	175.0	180.5	(25.0)	-12.2%
Outside Section Appropriations	12.8	12.8	0.0	21.6	0.0	0.0	(21.6)	-100.0%
Housing	128.1	149.6	149.8	148.7	146.7	147.2	(1.5)	-1.0%
Transportation	907.1	989.9	921.2	919.5	917.3	917.3	(2.2)	-0.2%
Line-Item Appropriations	151.1	233.9	153.2	151.5	149.3	149.3	(2.2)	-1.5%
Pre-Budget Transfer to MBTA	756.0	756.0	768.0	768.0	768.0	768.0	0.0	0.0%
Public Safety & Corrections ⁵	1,463.4	1,572.7	1,700.9	1,581.1	1,567.1	1,569.4	(11.8)	-0.7%
Judiciary	770.3	791.8	815.7	821.7	817.5	819.3	(2.4)	-0.3%
District Attorneys	96.1	101.7	101.3	101.3	101.6	101.8	0.5	0.5%
Attorney General	41.2	41.2	43.3	43.2	43.7	43.7	0.5	1.1%
Libraries	32.5	32.9	33.4	34.3	33.7	33.8	(0.4)	-1.3%
Group Insurance	1,174.7	1,176.1	1,242.4	1,305.1	1,307.8	1,307.8	2.7	0.2%
Line-Item Appropriations	831.4	832.9	859.5	930.6	935.8	935.8	5.2	0.6%
Outside Section Appropriations	343.2	343.2	382.9	374.5	372.0	372.0	(2.5)	-0.7%
Other Administrative	724.0	808.8	753.9	756.1	735.0	735.6	(20.5)	-2.7%
Debt Service	1,952.1	1,952.1	1,983.2	2,001.6	1,982.9	1,982.9	(18.7)	-0.9%
Pensions	1,398.6	1,398.6	1,465.0	1,465.0	1,465.0	1,465.0	0.0	0.0%
Line-Item Appropriations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Pre-Budget Transfer for Pensions	1,398.6	1,398.6	1,465.0	1,465.0	1,465.0	1,465.0	0.0	0.0%
Total Appropriations and Other Uses	31,023.9	31,510.5	33,054.2	33,194.2	33,032.2	33,086.2	(108.0)	-0.3%
Total with accounting adjustments ⁶			32,963.7	33,099.2	32,937.2	32,991.2	(108.0)	-0.3%

1. The comparisons account for changes associated with consolidations or moving programs from one department to another.

2. By law, prior to the appropriations process, the state allocates certain shares of revenue to the state pension fund, the school building assistance fund, and the Massachusetts Bay Transit Authority. The House budget also presumes that revenues raised from increases in the cigarette tax would go directly to the Commonwealth Care Trust Fund to pay for health reform. In the Senate budget, this same amount of money is treated as an outside section appropriation, rather than a pre-budget transfer.

3. Health Care includes Medicaid/MassHealth, other state health programs, the elder pharmacy program, health care finance, the Health Safety Net and other costs associated with health reform. In the House budget, tobacco tax revenues are treated as a pre-budgeted transfer into the Commonwealth Care Trust Fund, while the Senate treats this same amount of money as an outside section appropriation. The House and Senate budgets also add \$95 million that is included in these totals, but there is no net state cost associated with this increase.

4. Other Human Services includes numerous departments, including Veterans Affairs, Mass. Commission for the Blind, Mass. Rehabilitation Commission, Mass. Commission for the Deaf and Hard of Hearing, the Soldiers' Homes, the Dept. of Youth Services, administrative costs for the Department of Transitional Assistance, and certain programs directly within the Executive Office of Health and Human Services. The FY 2008 GAA includes the total for the human service rate reserve, but the FY 2008 Current figure distributes that amount among the various human service agencies.

5. The Governor's FY 2009 budget proposal brought "on-budget" the costs of seven county sheriffs, so the H.2 total reflects this reorganization and includes approximately \$90.5 million for the costs of those sheriffs' offices. In prior years and in the House budgets these "off-budget" costs are not included in the totals in this chart.

6. As explained in notes 3 and 5, this adjustment corrects for two accounting issues that are necessary for accurate comparisons. We subtract the costs associated with bringing the sheriffs "on-budget" from the Governor's budget total, and we subtract the increased health transfer that has no net state cost from the House or Senate budget totals.