

House Budget Column

House Passes Balanced FY '12 Budget

Thursday night the Massachusetts House of Representatives passed a balanced FY '12 budget aimed at increasing government efficiency, cutting costs and preserving essential services across the Commonwealth. The budget, which passed with bipartisan support, closes a projected \$1.9 billion budget gap through cuts to state spending totaling \$1.2 billion. *All of the controversy, advocacy, line items, language changes, and consolidated amendments that constitute this "House Budget" is only the second stop on the road to a final Budget for the Commonwealth. There will be many changes made by the Senate as they draw up their own budget and there will also be a conference committee (constituted of members of both parties and chambers) to "hash out" the differences. The conferenced budget is voted on by legislature and sent to the Governor for his approval.*

The House budget includes a cost-saving municipal employee health care reform measure which would save at least \$100 million annually for cities and towns, according to a number of recent studies. Under the proposal, municipal workers would pay no more in co-payments and deductibles than those paid by subscribers to the largest plan offered by the Group Insurance Commission (GIC) which provides health insurance to state workers and legislators. This will be watched more closely than any other item of the

The municipal employee health care reform proposal would authorize cities and towns to implement health insurance plan design changes to bring savings to municipalities across the Commonwealth.

The bill would allow cities and towns to alter municipal employee co-payments and deductibles as long as such features are no greater in dollar amount than those in the largest subscriber plan offered by the GIC. The House budget would also allow municipalities to transfer the health coverage of municipal employees into the GIC which currently provides health benefits to state workers.

After a municipality has made plan design changes, the municipality would be required to submit the plan to the city or town's public employee committee. The municipality and public employee committee would then have 30 days to agree on the details of the proposal as well as to negotiate the specific use of 10% of the first year's cost savings for health related programs for municipal employees.

Should no agreement on plan changes be reached within the 30-day period, 20% of cost savings from the first year of implementation would be shared with employees. However, if no agreement on plan changes is reached within 30 days, the original plan design proposal will be implemented by the municipality.

As a local-option proposal, cities and towns would not be required to implement plan design changes for employees. Rather, municipalities would be allowed to implement or

abstain from plan design changes.

Under this legislation, labor unions would still bargain over the split of premiums. Furthermore, state and municipal workers will still collectively bargain over wages, retirement benefits and most other rights.

Without federal resources available to assist in closing the budget gap, the \$30.52 billion budget contains major reductions in many areas of state spending, including the total elimination of funding for several line items.

For the second consecutive year, the House budget does not contain any new taxation proposals.

However, the budget increases Chapter 70 aid to municipalities to \$3.99 billion, an increase of \$120 million over the state's FY '11 contribution. Schools would also receive an additional \$80 million for the Special Education Circuit Breaker for an FY '12 total of \$213 million. To further assist municipalities, the budget includes \$9.7 million for regionalization incentive grants to help municipalities save money through the regionalization of services.

Through debate on the House floor, the budget restored funding for the Commonwealth Care Bridge program and adult day health. Debate on the budget also resulted in the addition of \$5 million for local tourist councils, \$1 million for higher education scholarships, \$1.5 million for the METCO program and \$3 million for Shannon grants.

Also included in the budget is a plan to generate \$53 million in savings within the Counsel for Public Services (CPCS). These savings would be realized through a series of initiatives such as capping private bar hours, increasing the number of full-time public defenders and strengthening indigency verification procedures.

The budget puts forth an annual cap of 1,500 hours for private bar advocates. This means that private bar advocates would not be paid for any hours in excess of 1,500. The bill would also tighten guidelines for proof of indigency, instructing CPCS to incorporate verification standards used by the Department of Revenue and Department of Transitional Assistance to confirm that those claiming indigency are, in fact, unable to pay legal fees.

The budget would also prohibit the use of electronic benefit transfer cards for the purchase of alcoholic beverages, lottery tickets, or tobacco products. Individuals or store owners who knowingly accept payment for these items through electronic benefit cards will be subject to a fine.

To help grow and keep jobs in Massachusetts, the budget establishes the Workforce Training Fund as a trust fund, meaning it will remain fully funded and used exclusively for workforce training programs as initially intended. To promote business expansion, the

budget does not include the market sourcing and hotel tax provisions from the Governor's budget which, all told, would have cost businesses some \$28 million. In an effort to bring more convention activity to the state while stimulating the restaurant and hospitality industries in Massachusetts, the bill would repeal the medical and pharmaceutical gift ban which was originally enacted in 2008.

Seeking a more predictable tax climate, the budget also requires the Department of Revenue to publish any new directives and policies in development on its website for at least two months. Furthermore, the budget provides greater incentive for the state to settle taxpayer audits in a timely fashion by waiving the penalty assessed on the amount in controversy if the audit takes longer than 18 months.

Health Care REFORM: Amid the uncertainty, two points of agreement between proponents and opponents of the House proposal appear to have taken shape: Labor unions should continue to have "a voice" in determining their health care costs, and the Legislature should help cities and towns find a way to save tens of millions of dollars on their health care bills. It's the critical details that are still fuzzy.

DEMPSEY SEES \$70 MIL ADDED TO HOUSE BUDGET BOTTOM LINE

As the House closed in on passage of a final budget proposal for fiscal 2012, House Ways and Means Chairman Brian Dempsey said the final bottom line for the House budget will be \$30.52 billion, roughly \$70 million higher than when lawmakers began debate on Monday. Dempsey said the final House budget totaled about \$25 million to \$30 million less than Gov. Deval Patrick's budget proposed in January that rang in at \$30.55 billion. "I think we have been very cautious in terms of adding to the bottom line, and we're certainly pleased we are still below the House 1 proposal," Dempsey told the News Service. Dempsey said lawmakers were able to add roughly \$70 million in spending despite warnings of strict financial constraints for several reasons. He cited revised estimated savings around procurement of state contracts, increased revenue assumptions and adopted reforms that will save money. Dempsey said there was also "some small amount set aside for the debate so that we could have some flexibility" to fund priorities that House members made clear during the budget deliberations.

In his closing speech before the passage of the budget, Dempsey heaped praise on Republican lawmakers for working closely with Democrats – and in the end, he won the vote of nearly all of the House's 31 minority party members.

"I'm a believer that the pursuit of perfection should not be the enemy of the good," House Minority Leader Brad Jones said, declaring his support, and the support of the Republican caucus, for the budget.

Jones cheered the inclusion of a proposal to permit Massachusetts patients to obtain coupons for their prescription drugs, a plan that nearly passed last session but failed to get through in the final days. He also praised the plan to curtail bargaining by municipal workers but warned that if the budget changes significantly from the way the House approved it, he and his Republican colleagues would reconsider their votes.

The House also adopted a Republican-backed plan to require half of all reversions – leftover

funds at the end of a fiscal year – to be sent to cities and towns as local aid, a move they said could backfill the local aid account to prevent municipalities from feeling the \$65 million cut that lawmakers and the governor have contended will be necessary to balance this year's budget.

Members also adopted a plan to punish retailers that knowingly permit patrons to purchase alcohol, tobacco or lottery tickets with welfare cash.

On the final day of deliberation, the House also adopted an amendment to codify plans to have the House and Senate Post Audit Committees examine efforts by state agencies to verify the legal residency of residents seeking state services. The amendment also requires the committees to consider whether the state should join Secure Communities, a federal program aimed at sharing fingerprint information of arrestees with immigration authorities.

To help close a budget gap that the House Ways and Means Committee pegged at \$1.9 billion, the budget draws down \$200 million in state reserves and cancels a scheduled \$103 million deposit into that account - leaving the rainy day fund at \$569 million - cuts services and squeezes savings out of programs to save \$1.25 billion, and relies on \$78 million in new federal Medicaid funds, \$46 million by delaying a business tax deduction, and \$35 million more in federal reimbursements.

The budget also proposes \$3.99 billion in education aid to cities and towns, an uptick in the state's commitment but an overall reduction when the loss of federal aid is taken into account. Unrestricted local aid would come in at \$834 million, a \$65 million decrease also proposed by the governor.

The budget also seconds Gov. Patrick's proposal to squeeze \$800 million out of health care cost growth by cutting and capping certain provider rates, slashing some Medicaid benefits and raising co-pays, streamlining Medicare and Medicaid programs, and seeking \$351 million in savings through in contracts for Medicaid, Commonwealth Care and Group Insurance Commission health plans.

Lyme DISEASE

The recommendations include establishing a commission to bring together experts to compile further information on the disease and to propose possible solutions for the Commonwealth, legislation mandating insurance coverage for long-term antibiotic treatment for chronic Lyme, state appropriated funding for the Massachusetts Department of Public Health (MDPH) in order to ensure that more educational outreach is done, and that the MDPH look into the possibility of combining tick control efforts with state mosquito control efforts.

In addition to a summary of the report and its findings, Rep. David Linsky (D-Natick) presented a budget amendment that he filed to establish a Lyme disease commission. The proposed commission will be made up of twenty-one members including experienced public health officials, doctors, patients and advocates.

The report is available on the Massachusetts Legislature's website at <http://www.malegislature.gov/Committees/187/Document/House/H46/LymeDiseaseReport> as well as directly through Rep. Hogan's office which can be reached at (617) 722-2637 or by emailing Kate.Hogan@MAHouse.gov

LIBRARIES LEVEL FUNDIED

SENIORS

Massachusetts House Restores Funding for Elder Services: *Elder protective services, adult day health and COA allowances increased*

Boston, MA – State Representative *Kate Hogan (D-Stow)* and *Jen Benson (D-Lunenburg)*, joined colleagues in passing a consolidated amendment to the House Ways and Means budget that increased funding for elder service programs. The House Elder Caucus worked with caucus members and advocates to negotiate changes in language and funding for programs benefiting the Commonwealth's elders.

The consolidated amendment includes funding increases to adult day health programs, councils on aging, elder protective services, the personal needs allowance, senior care options, and homeless elders. The amendment :

- **Places a moratorium on cuts to adult day health services** - adding \$10 million to the program and requires that the Governor review ADH rates and structure.

- **Increases funding for elder protective services** by \$1 million, councils on aging by \$350,000, and services for homeless elders by \$136,000 over the House Ways and Means proposal.

- **Holds the line on the personal needs allowance** for nursing home residents at \$72.80 and requires MassHealth to provide information for elders on SCOs.

“Despite our tough fiscal situation, the House was able restore funding for important elder service programs,” said Representative Benson, co-chair of the Elder Caucus. *“Our aging population relies on these services and I am pleased we were able to provide continued support.”*

“Our seniors have no greater champion than their state representative,” said Kate Hogan, co-chair of the Elder Caucus. *“I have seen, first hand, the passionate advocacy for programs and services during budget negotiations. The results are increased funding and improvements to senior programs- even in a barebones budget.”*

The budget now moves to the State Senate, which will debate their proposal at the end of May.

EDUCATION

The Consolidated Amendment for Education and Local Aid, contained the following for higher education:

- **Added an additional \$1 million to the state's scholarship/financial aid line item (7070-0065):** The state's scholarship/financial aid program helps to ensure that well over 70,000 students from low and moderate income families in this state are able to afford higher education. The program will be funded at **\$87,507,756 in FY 2012.**

(It was funded at \$89,507,756 in FY 2011 through a combination of \$86,507,756 in state funds and \$3,000,000 in federal funds; House Ways and Means had proposed \$86,507,756 for FY 2012.)

■ **Inserted a new line item (7066-0024) for a performance**

management set-aside fund and funded it at \$2,500,000: This fund will be administered by the department of higher education and will provide grants, on a competitive basis, to public higher education institutions based on priorities established by the department to implement goals articulated in the Commonwealth's Vision Project. These goals include: increase the number of high school students that are prepared to enter postsecondary education; increase the number of students who successfully complete college; better align courses and programs at public higher education institutions with workforce needs; measure and report academic achievement; and raise the achievement levels of all students.

■ **Added a new line item (7066-0035) to fund the STEM Pipeline Fund and funded it at \$500,000:** The STEM (Science, Technology, Engineering, and Mathematics) Pipeline Fund provides funding for initiatives that help to increase the number of students who participate in programs that support careers in the STEM fields, and to increase the number of teachers qualified to teach these subjects. It was created by the state Economic Stimulus legislation enacted in 2003;

■ **Added an additional \$1 million to the Tufts University Veterinary School of Medicine line item (7077-0023):** This line item provides funds to help meet the contract the state entered into as part of a partnership with Tufts University to build and operate a school of veterinary medicine on the site of the former state hospital in Grafton. The school is the only veterinary school of medicine in the 6 New England states and one of a limited number in the nation, most of which are state supported. The line item will be funded at \$2 million in FY 2012 (FY 2011 = \$2,250,000)

■ **Reauthorized the endowment incentive and capital outlay program for public higher education:** Added an outside section which amends section 15E of Chapter 15A (endowment incentive and capital outlay contribution program) striking out the sunset date for this program (July 1, 2010), and also striking out the current cap on state matching funds (\$50 million for UMASS, \$5 million for each state university, \$2 million for each community college; all state funds are subject to appropriation). This program was established in 1996 to help the state universities, community colleges, and UMASS

raise private funds; providing \$1 in state funds for every \$2 or more in private donations. Donations must be for academic purposes including, but not limited to, scholarships and endowed chairs or contributions to a capital outlay program in support of academic facility construction and maintenance approved by the respective board of trustees. The program has helped UMASS alone to raise over \$90 million in private donations which they used to help create more than 50 endowed professorships and chairs, as well as scholarships for students. The amendment did not include a state appropriation to provide funding for the program.

With these changes the FY 2012 House Budget provides a total of over \$928.6 million for higher education line items:

- **Public higher education institutions: \$191.5 million** will go to the **state universities** (FY 2011 = \$191 million); **\$208.6 million** for the **community colleges** (FY 2011 = \$210.3 million); and **\$422.7 million** for the **University of Massachusetts** (FY 2011 = \$426.7 million). In addition, the state universities, community colleges and UMASS will keep an estimated total of \$17.2 million in tuition from out-of-state students. However, they will not have the \$71.5 million that was available to them in FY 2011 in federal stimulus funds. Unfortunately, due to the state's fiscal situation, funds to cover the cost of collective bargaining increases for FY 2012 were not included in the House Budget.
- **Level funds (\$1,250,000) the Community Colleges Workforce Training Incentive Grant Program (7066-0015):** This program provides state matching funds (\$200 state/\$1,000 non-state) to leverage revenues from employers who make payments on behalf of their employees who are taking not-for-credit vocationally-oriented courses at our community colleges. The program has helped ensure that our workers have opportunities to gain needed education and skills and that the companies in Massachusetts have the type of workforce they require to remain competitive.
- **Level funds (\$750,000) the Dual Enrollment Program (7066-0019):** This program makes it possible for high school students to take college courses while still enrolled in high school. This program provides students with the experience of college-level expectations and a head start on a college degree. As such it is designed to increase the likelihood that students, particularly those of low income, will be ready for and will succeed in college.
- **Level funds (\$635,250) the Nursing and Allied Health Program (7066-0020):** This program seeks to increase the number of faculty to teach in the areas of nursing and allied health, and the number of students entering these professions.

Environment

HOUSE + FUNDING FOR ENVIRONMENTAL PROTECTION, ENDANGERED SPECIES

By a 150-5 vote, the House backed an amendment to the state budget to add \$1.4 million for the state Department of Environmental Protection, whose commissioner warned 10 days ago that cuts proposed by the House budget committee would force the agency to lay off 120 staff members and could impede permitting for businesses. Advocates for DEP funding said the agency would still take a cut of more than \$6 million in the House budget and are looking to the Senate for additional support. The amendment backed by the House consolidated 40 individual amendments proposed by lawmakers in the areas of energy and environmental affairs. It also included upticks in funding for the Department of Fish and Game, the Department of Conservation and Recreation and state riverway restoration. Jack Clarke, executive director of MassAudubon, said the amendment also reinstated a separate \$150,000 program for endangered species protection, which had been excluded from the budget for the past four years. Clarke said the amendment represented “significant progress” but noted that even with the increases, the total environmental budget represents 0.58 percent of the total state budget, down from his organization’s goal of 1 percent. The amendment, which added \$3.9 million overall to the House budget.

Disability Funding

Level funded DDS Service Coordination and Administration- \$60,672,283

- × Level funded transportation services- \$11,641,431
 - × Level Funded State Operated Community Supports- \$164,790,661
 - × Increased funding by \$1 million to Day Employment Programs- \$124,267,971
 - × Increased funding to Community Residential Supports by over \$23 million
- \$751,797,120
- × Level funded the Turning 22 program- \$5,000,000
 - × Level funded DESE/DDS and changed language so program receives no less than \$6.5 million
 - × Provided \$2,026,206,633 for MassHealth Day Habilitation/Adult Family Care/Day Health
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- × Decreased funding to Respite and Family support by over \$5 million
 - × Decreased funding to the Autism Division
 - × Decreased funding to State Schools

Public Health:

- **\$375,000 is provided to the Food Protection Program (4510-0020)** to carry out mandated food inspections and related activities that identify and prevent food-borne illness that could potentially harm public health.

- **\$889,889 is provided for SEAL Dental Program (4510-0025)** to improve the oral health of MassHealth eligible and underserved school-aged children in elementary and middle school. This program will increase access to oral health preventive services and referrals for restorative treatment and follow-up as part of the school-based sealant program.
- **\$2.5 million is provided to HIV/AIDS Prevention, Treatment and Services (4512-0103)** for direct care services for persons living with and at risk for HIV/AIDS in the Commonwealth. Funded at **\$33,597,810 for FY12**, these prevention education, counseling, testing and clinical services help reduce the number of new HIV infections, identify new cases, as well as maintain and improve the health status of those living with HIV/AIDS will continue.
- **\$125,000 is provided to Bureau of Substance Abuse Services (4512-0200) for a total of \$75,310,802 for FY12** support the division within the Department of Public Health (DPH) that oversees substance abuse and gambling prevention and treatment services throughout the Commonwealth.
- **\$2.4 million is provided to Substance Abuse Step-Down Recovery Services (4512-0201)** to support a comprehensive array of step-down services within the continuum of substance abuse services. These services, funded at **\$4,800,000 for FY12**, will help ensure long-term recovery for individuals recovering from substance abuse.
- **\$300,000 is provided to Family Health Services (4513-1000) for a total of \$3,959,311 for FY12** to promote comprehensive family planning services for low-income women, men, and adolescents. Programs include HIV counseling and testing and community-based health education and outreach services.
- **\$500,000 is provided to Women, Infants, and Children's Nutritional Services (4513-1002)** to provide nutrition education, counseling, and access to nutritious foods for undernourished infants and children with growth deficiencies. As a result of this program, funded at **\$10,266,617 for FY12**, infant mortality rates are lower, pregnancy outcomes are improved, rates of growth for infants are greater, and immunization rates for children are higher.
- **\$2.5 million is provided to Early Intervention Services (4513-1020)** to help children with diagnosed disabilities and those at risk for developmental delays acquire skills critical to their future success.

Funded at **\$23,991,404 for FY12**, approximately an additional 1,500 children will receive services to foster and increase positive developmental outcomes for children and to assist their families in these efforts.

- **\$1.9 million is provided to Health Promotion and Disease Prevention (4513-1111)** to maintain eligibility for the four federal matching funds obtained in FY11. This account, which is funded at **\$3,400,000 for FY12**, supports a range of fundamental public health programs that prevent and control the most common preventable health conditions that are the largest drivers of health care costs. Funding provides preventive screenings for the early detection and treatment of many chronic diseases, such as diabetes, heart disease, stroke, and cancer. It supports *Mass in Motion*, heart disease and stroke public education, and The Betsy Lehman Center for Patient Safety and Medical Error Reduction. This account is essential to manage chronic disease and to reduce health disparities across the Commonwealth.
- **Supports Matching Funds for Federal Emergency Preparedness Grant (4516-1010) for FY12 at \$2,277,134** as required by the Pandemic and All-Hazards Preparedness Act to improve the ability to detect and respond to an array of public health emergencies, including bioterrorism, emerging infectious diseases, and natural disasters.
- **\$335,280 is provided to Smoking Prevention and Cessation Programs (4590-0300)** to support tobacco cessation efforts. Funded at **\$4,485,983 for FY12**, the program will continue to prevent youth from starting use of tobacco products, protect the public from exposure to second-hand smoke, persuade and help tobacco users to quit, and to identify and eliminate health disparities related to tobacco use.
- **\$2,008 is provided to Pediatric Palliative Care (4590-1503)** for a total of **\$788,452 for FY12** to support services that assist eligible children under the age of 19 years with a life-limiting illness and their families or guardians to achieve improved quality of life during the course of illness.
- Funded at **\$1,500,000 for FY12**, **Violence Prevention Grants (4590-1506)** will support local programs proven successful in empowering communities to reach out to young people and help them make the decision to turn away from crime and violence and become thriving individuals.

- **\$200,000 is provided to Youth At-Risk Matching Grants (4590-1507)** for a number of organizations, non-profit community centers, and youth development programs that offer services that give youth the opportunity to succeed. Funded at **\$1,700,000 for FY12**, prevention and counseling services for teen violence, delinquency, dropout, and drug abuse will continue.

- **Requires DPH to implement methods to reduce medication waste and to allow patients to take home bulk medications as prescribed upon discharge from a health care facility.**

- **Requires DPH and the Department of Environmental Protection to conduct a study of the environmental effects of medication waste.**

- **Creates a Lyme Disease Commission to investigate and study the incidence and impacts of Lyme disease and other tick-borne related diseases in the Commonwealth.**