

January 29, 2009

Preliminary Analysis of Governor's Budget Proposal and Other State House Activity

---

There has been a lot of activity at the State House over the past week. As you probably know, Salvatore DiMasi resigned his post as both State Representative and also Speaker of the House on Tuesday; and, on Wednesday, Representative Robert A. DeLeo was elected Speaker by members of the House, leaving the position of House Chair of Ways and Means vacant. Also on Wednesday, the Governor filed (1) his Fiscal Year 2010 budget proposal, known as House 1; (2) additional Fiscal Year 2009 budget cuts; and, (3) an Article 87 Reorganization Plan.

---

## House 1

The FY 2010 budget calls for significant reductions across state government amid a national recession and a state budget deficit.

The proposal includes local aid cuts, cuts to public higher education, and decreases in various human service and health care accounts. Cuts were offset by the expectation that the federal government will be providing several billion dollars in relief to Massachusetts in the coming months. The Governor proposes using over \$1.24 billion of that money in FY09 and FY10.<sup>1</sup>

- **Elder Items:**

- It does not appear that there were significant cuts from the FY09 9C levels in this area. However, it is important to note that many line items have been consolidated (all home care lines are consolidated and all housing lines are consolidated). As a result, we will need to get further information from the Executive Office of Elder Affairs and the Executive Office of Administration and Finance to determine what is actually funded.
- **Earmarks:** No earmarks are listed individually; however, that does not mean that funding has not been included in Elder Affairs' funding assumptions for the lines.
- **Housing:** The new housing line item combines three previously separate lines, including Supportive Housing, Congregate Housing, and Elder Homelessness. When combined, the overall reduction from 9C levels is a total of \$65k.
  - **It appears from this, that the NORC earmarks are assumed to be funded at the FY09 9C levels for FY10.** This will be confirmed through conversations with the Administration.

---

<sup>1</sup> Massachusetts Budget and Policy Center

- **Home Care:** Home Care, Home Care Purchase of Service, Enhanced Community Options, Nutrition and Case Management were all combined into one account. It does not appear there will be a reduction in services,<sup>2</sup> but we will seek details from the Administration.
  - **Administration:** Elder Affairs administration account appears to take a cut, but the cut dollars are for Information Technology and have actually been moved to a consolidated EOHHS Information Technology line.
  - Protective Services: This line is level-funded from FY09.
  - Councils on Aging are restored to their pre-9C cuts.
  - The MassHealth Line Items are not included under Elder Affairs, which may be an indication that the Administration is still considering pulling the Office of Long Term Care from Elder Affairs.
  - LTC line items have also been consolidated and we are seeking details on what is included in those lines.
- **Disabilities:**<sup>3</sup>
    - There appears to be over \$60M in cuts in the DMR budget when compared to the FY09 budget after the first round of 9C cuts in October 2008. Turning 22 and Rolland settlement funding continues (most of this money may come from existing nursing home spending). Turning 22 for FY09 was annualized in the FY10 budget with an additional \$9,900,000 for a full year of services. This is not reflected in any of the language in the accounts.
    - The largest cut, totaling \$45M, is in a consolidated line-item, now called “Community Programs” which combines Respite/Family Support Services, Day/Employment Services, and Transportation.
      - The appears to be \$52 M; however, according to Administration sources, some of the funding from the “Respite or Family Support line-item” was shifted into the Residential Account because it better represents the actual use of those support dollars. This line-item also received part of the cost of Turning 22 monies for students graduating this year (\$1.2M).
    - A second consolidated line-item, “Residential & State Operated Programs” combines Community Residential, Residential Rate Initiative, State Operated Community, and Boulet.
      - There appears to be new money in this account \$10.9M transferred from the Family Support/Respite account, \$16.4M in Turning 22 full-year spending from FY09 and Rolland Settlement-related spending of \$27.7M.
    - The Massachusetts Rehabilitation Commission’s Extended Employment Program may be at risk of total elimination. Last year’s 9C cuts reduced the account to \$7.6M. Now, the consolidation of four accounts –

---

<sup>2</sup> Mass Home Care

<sup>3</sup> ARC

Employment, Independent Living, Turning 22 and Home Care – under that same number shows a \$7M deficit compared to last year.

- **Workforce Development:**
  - The Workforce Competitive Trust Fund received \$6.8M, which is more than double what it received in Fiscal Year 2009.
  - Adult Basic Education line item was decreased by 15%, leaving \$29.2 million in the account.
  - The Employment Services line item was consolidated with other line items and, as of now, we are unclear how much money is directed to Employment Services. We have calls into the Administration to find out more specifics.

### **Additional Mid-Year/9C Cuts**

- **Elder:** It appears that Elder Affairs lines experience just over \$1M in additional 9C cuts, most of which were absorbed by Prescription Advantage and Councils on Aging.
- **Disabilities:**
  - DMR took \$7 Million in 9C cuts while EOHHS took \$30 Million. The cuts at DMR include \$515,000 in Family Supports (about half of the new monies approved by the Legislature last year), delay in Rolland spending, and savings in heat or transportation budgets at facilities and state-operated programs. Individuals now receiving funding will not be affected by these cuts.<sup>4</sup>
- **Workforce Development:**
  - We are unclear as to further reductions of line items made yesterday by the Governor. We have calls into the Administration to find out more.

### **Article 87 Reorganization Plan**

- **What is Article 87?** Article 87 of Massachusetts Constitution authorizes the Governor to file one or more reorganizational plans for the purpose of “transferring, abolishing, consolidating or coordinating the whole or any part of any agency, or the functions, within the executive department.”
- **How does an Article 87 make its way through the legislature?** After the Governor files a reorganization plan:
  - The plan is referred to the appropriate committee by the Clerks office of the House and Senate with the approval of the President and Speaker. Today, Governor Patrick’s reorganization plan was referred to the Committee on State Administration and Regulatory Oversight.
  - The Committee must hold a public hearing on the reorganization plan no later than 30 days after the filing.

---

<sup>4</sup> ARC

- The Committee must report that it approves or disapproves of the plan within 10 days of the hearing.
- The plan has the force of law upon expiration of 60 calendar days following the date it was filed by the Governor, unless it is disapproved by a majority of the members (present and voting) of either of the two branches of the legislature.
- **What does this Article 87 seek to accomplish?** Governor Patrick shared the following message in his filing of the Article 87: This legislation restructures certain state agencies to make them more cost effective and responsive by consolidating programs and program staff within agencies whose mission and expertise will ensure the most coordinated, efficient operation of the programs. Towards that end, the bill:
  - Combines emergency shelter programs and related services currently run by the Department of Transitional Assistance (DTA) with housing programs run by the Department of Housing and Community Development (DHCD). This will help consolidate within DHCD a coordinated "Housing First" strategy aimed at quickly securing stable, permanent housing for homeless individuals and families in conjunction with other services that help them move out of poverty.
  - Transfers: (a) the underground storage tank program from the Department of Fire Services to the Department of Environmental Protection; (b) the home improvement contractor program from the Department of Public Safety to the Office of Consumer Affairs and Business Regulation; (c) the wage reporting program from the Department of Revenue to the Division of Unemployment Assistance; (d) the well driller registration program from the Department of Conservation and Recreation to the Department of Environmental Protection; and (e) the State Racing Commission to the Division of Professional Licensure. The Governor notes that all of these programs are being retained and that the purpose of the bill is to them into agencies whose existing missions and staff most closely align with the programs to maximum efficiencies and cost.
- **What is *not* included in this Article 87?** A previous draft version of the Article 87 included language that would have moved the MassHealth Office of Long Term Care from the Executive Office of Elder Affairs back into the Office of Medicaid under the Executive Office of Health and Human Services. In response to feedback from members of the legislature and elder advocates, this item was removed from the Article 87 prior to filing. The Executive Office of Health and Human Services has indicated that they are still interested in pursuing this reorganization proposal, but at this time will seek further input and have more discussions.

Line Items	FY09 Final	FY10 Request	Governor's Budget
Healthy Families Newborn Home Visiting <b>Line Item 3000-7000</b>	13,192,235		14,132,264, but other line items are consolidated into this line item
Essential School Health Services <b>Line Item 4590-0250</b>	17,457,134	17,457,134	consolidated with line items 4000-1700 (\$94,393,156) and 4510-2500 (\$52,544,238)
Home Care Purchased Services <b>Line item 9110-1630</b>	106,715,568	\$112,814,000	\$199,176,025 consolidated with other line items. Total funding last year for all line items - \$202,552,656
Home Care Administration and Case Management <b>Line item 9110-1633</b>	\$40,368,041	\$50,025,000	\$199,176,025 consolidated with other line items
Protective Services (Including Guardianship) <b>Line Item 9110-1636</b>	16,246,087	\$18,344,000	16,252,499
Congregate and Shared Housing for the Elderly <b>Line Item 9100-1660</b>	\$525,000	\$750,000	\$6,361,027 consolidated with congregate, supportive and homelessness
Mass Rental Voucher Program <b>Line Item 7004-9024/7004-0100</b>	33,047,202	\$50,000,000	35,797,061
Public Housing Operating Subsidy <b>Line Item 7004-9005</b>	66,500,000	\$87,000,000	71,150,000
Alternative Rental Housing Voucher Program <b>Line Item 7004-9030</b>	\$4,000,000	4,500,000	\$4,000,000
Employment services Program <b>Line item 4401-1000</b>	27,220,672	27,220,672	\$31,202,410 consolidated with other line items
Citizenship for New Americans <b>Line Item 4003-0122</b>	650,000	\$2,000,000	580,787
Adult Basic Education <b>Line item 7035-0002</b>	31,176,348	\$40,000,000	29,223,195
Workforce Competitive Trust Fund 7002-1074	3,000,000	\$15,000,000	\$6,800,000

DMH Adult Mental Health Services <b>Line item 5046-0000</b>	322,068,305	322,068,305	363,052,065
DMH Services for children and adolescents <b>Line Item 5042-5000</b>	76,201,535	76,201,535	73,138,409
Community Residential <b>Line Item 5920-2000</b>	569,521,352		\$852,653,065 consolidated with four other line items - \$45 million has been cut from these items
Residential Rate <b>Line Item 5920-2006</b>	2,250,000		\$0
DMR Family Support <b>Line Item 5920-3000/5920-2007</b>	55,994,228		partially transferred to 5920-2000 (\$852,653,065) and partially transferred to 5911-2000 (\$146,869,768)
DMR Transition Services <b>Line Item 5920-5000</b>	7,700,000	7,700,000	7,700,000
Early Childhood Mental Health Consulation Services <b>Line Item 3000-6075</b>	2,900,000	\$3,500,000	2,900,000
JVS/Women's Union Career Mentoring Program Earmark <b>Line Item 7003-0702</b>	\$200,000	\$200,000	\$0
Mentoring Programs <b>Line item 7061-9634</b>	\$487,000	\$1,000,000	\$0

