

FY 2016 Budget Conference Report – Key Investments and Initiatives

The Conference Committee budget includes a total of \$38.145B in net spending, an increase of \$1.3B (3.5%) over FY 2015 estimated spending. The budget includes notable investments related to income inequality, education, local aid, economic development, affordable housing/homelessness, substance abuse, access to justice, under-served populations and transportation. The budget also includes language to prevent the use of state funds or tax expenditures for the **2024 Olympics**.

INCOME INEQUALITY

The hallmark of this budget is its focus on lifting all families. The final budget reflects the shared priorities and ongoing initiatives of the Senate, including efforts to **address income inequality and advance economic opportunity** for all families. In line with the Senate’s WorkFirst initiative, the budget invests in economic development and workforce training to help low-income families become self-sufficient, get the unemployed and long-term unemployed back to work and support sectors of the economy that drive economic growth.

Most notably, the budget increases the state’s **Earned Income Tax Credit (EITC)** to reward hard work and put more money in the pockets of hard-working Massachusetts families. Increasing this tax credit is an effective way to fight stagnant wages and lift working families out of poverty.

The current Massachusetts EITC is 15% of the federal program. The budget increases the state match to 23% of the federal credit, beginning in tax year 2016. The maximum credit available for working families will increase from \$951 to \$1459. To pay for the increased EITC for working families, the budget repeals the FAS 109 deduction, a tax benefit for large publicly traded companies.

Other investments and initiatives to promote self-sufficiency and create opportunities for working families and the unemployed include:

- \$12.1M for the **Employment Services Program** to help individuals find jobs and resolve barriers to employment, moving from welfare to work.
- \$11.7M for **Youth-At-Risk Summer Jobs** to fund salaries for approximately 4,200 summer jobs for at-risk youth, giving them valuable work experience and structured work-readiness training.
- \$1.2M for a new **Training Resources and Internship Networks (TRAIN)** grant program, a partnership with community colleges to specifically target the long-term unemployed and provide them with training and internship opportunities and the chance to fill resume gaps.

EDUCATION

In order to give children a strong foundation for future success and prepare all students to join the workforce and compete in the global economy, the budget **strengthens pathways to educational opportunity** at all levels: from early education to college to workforce development and lifelong learning.

- \$568.4M for accounts within the **Department of Early Education and Care**, an \$18.1M increase over FY 2015 to give children a strong foundation for future learning and achievement.
- \$252.9M for **Income Eligible Childcare** for low income families, an \$11.1M increase over FY 2015, and an additional \$12M to reduce the waitlist for these services by 2,000 children.

- \$1.7M for the **Massachusetts Computing Attainment Network (MassCAN)** K-12 computer science education initiative and \$4.8M for the **STEM Starter Academy** in local community colleges to help equip our workforce with skills to meet the needs of employers in our innovation economy.
- \$31.2M for the **Adult Basic Education** program to connect adults with skills they need to join the workforce, an \$875K increase over FY 2015.
- \$515.6M for **State Universities and Community Colleges**, a combined increase of \$15.1M over FY 2015, and \$531.8M for the **University of Massachusetts**, a \$12.8M increase over FY 2015.

LOCAL AID

The budget reflects the legislature's continued commitment to **local aid** for cities and towns.

- \$4.51B for **Chapter 70** education aid, a \$111.2M increase over FY 2015, for a minimum increase of \$25 per pupil and 50% effort reduction to bring school districts closer to their target spending.
- \$979.8M for **Unrestricted General Government Aid (UGGA)** for community investments in education, public safety, roads and bridges and health care, a \$34M increase over FY 2015.
- \$271.6M to fully fund the **Special Education Circuit Breaker** (75% reimbursement), allowing school districts to provide high-quality educational opportunities for students of all abilities.
- \$14.2M for the **Massachusetts Cultural Council**, a \$2M increase over FY 2015, to support arts, culture and the creative economy in communities across the state and \$6M for **Local Tourist Councils**.

ECONOMIC DEVELOPMENT

In order to **strengthen our Commonwealth's economic foundation**, the budget supports the innovative industries of the Massachusetts economy that drive economic growth:

- \$10M for the **Massachusetts Life Sciences Center** out of the consolidated net surplus.
- \$3M for the Innovation Institute at the **Massachusetts Technology Collaborative** to continue to foster the thriving technology and innovation cluster in Massachusetts.
- \$2M for the **Massachusetts Manufacturing Extension Partnership** and \$1.5M for a **Precision Manufacturing Program** to train workers for jobs in the growing manufacturing sector.
- \$1.5M for the **Big Data Innovation and Workforce Fund**, to encourage growth in the emerging field of big data.
- \$1M for the **Massachusetts Technology Transfer Center** to help commercialize early-stage research.
- \$600K for **Regional Economic Development Grants**.

AFFORDABLE HOUSING/HOMELESSNESS

In addition, the budget invests in the full spectrum of homelessness prevention and housing support services to **increase access to affordable housing** and strengthen links to permanent housing solutions for youth, individuals and families, including:

- \$155.1M for **shelter programs for families** and \$44.8M for **assistance for homeless individuals**.

- \$90.9M for the **Massachusetts Rental Voucher Program** to fund between 900 and 1050 new rental assistance vouchers, an increase of almost \$20M over FY 2015, and \$4.6M for the **Alternative Housing Voucher Program**, the rental assistance program for people with disabilities.
- \$2M for housing and supportive services for **unaccompanied homeless youth**.
- \$1M for the Governor's **End Family Homelessness Reserve Fund** within the Executive Office of Health and Human Services (EOHHS).

SUBSTANCE ABUSE

Opioid overdoses claimed the lives of over 1,000 individuals in Massachusetts communities in 2014. This public health crisis impacts families and their loved ones across the state. The budget continues the Senate's mission to **confront the opioid addiction crisis and break the cycle of addiction** through investments in substance abuse prevention, intervention, treatment and long-term recovery, including:

- \$5M for the **Substance Abuse Trust Fund** to fund a range of treatment services, including detoxification, clinical stabilization, transitional support, residential services and outpatient treatment.
- \$3M for over 250 new **clinical stabilization beds**, providing additional treatment options after detoxification.
- \$1M to open two additional **Recovery High Schools** for youth with substance use disorders.
- A new **Municipal Naloxone Bulk Purchase Program** to allow municipalities to purchase the lifesaving overdose reversal drug commonly referred to as Narcan at discounted rates.
- A new **Vivitrol Pilot Program** to treat individuals with opioid or alcohol addiction.
- A task force to study the feasibility of a **prescription drug disposal program**.

ACCESS TO JUSTICE

The budget also includes efforts to **reform the Massachusetts criminal justice system**, reduce unnecessary incarcerations, save resources and improve public safety.

- \$631.5M for the **Trial Court** to support operations and staffing at the state's trial courts and key programs, including a pre-trial probation program, enhanced drug testing, security system enhancements and increased access to justice for self-represented litigants.
- \$17M in **civil legal aid**, a \$2M increase over FY 2015, for poor and disadvantaged Massachusetts residents and \$1.4M in **Prisoners' Legal Services**, a \$165K increase over FY 2015.
- \$7M for the **Shannon Grant Program** to combat gangs and youth violence.
- \$3.2M for **Specialty Courts**, which link individuals to behavioral health services and reduce recidivism.
- \$2.5M for the **Massachusetts Offender Recidivism Reduction Program**, allowing this innovative reentry program to expand to 10 new sites.

UNDER-SERVED POPULATIONS

The budget invests in health and human services to improve **child welfare** and provide resources and networks of support for **people with disabilities, seniors and other populations that are often under-served**.

- \$907.6M to continue to improve operations at the **Department of Children and Families** and bring caseloads down to more manageable levels, an \$80.6M increase over the FY 2015 budget.
- \$12.7M in a new line item for **Adult Autism Services** and \$4.5M for the **children's Autism Waiver**, to help reduce the waitlist for these intensive services by 28 children.
- \$1.3M for **assistive technologies** for individuals with physical disabilities and \$6.1M for **Independent Living Centers**, a \$500K increase over FY 2015, to help individuals with disabilities live independently in their communities.
- \$250K for a new program for **aging individuals with developmental disabilities**
- \$11.7M for local **Councils on Aging**, increasing the formula grant for local senior centers across the Commonwealth to \$9 per senior per year.

TRANSPORTATION

As the legislature continues to pursue reforms to improve service and operations at the MBTA, the budget makes several changes to improve MBTA governance and give the Governor the tools he needs to effectively manage the MBTA and ensure a reliable, world-class transportation system.

- Maintains MBTA fare protections for riders.
- Designates the Secretary of Transportation as Chair of the MassDOT Board of Directors and adds four members to the Board.
- Gives the Secretary of Transportation hiring authority over the MBTA General Manager.
- Creates a temporary Fiscal Management and Control Board to oversee reforms at the MBTA.
- Suspends the Taxpayer Protection Act for the MBTA for 3 years, requiring detailed reporting to the Inspector General on the procurement process, expected and actual costs and benefits.