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MTF Brief

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Senate Final FY 2023 Budget

The Senate completed budget deliberations this week, finalizing a \$49.9 billion budget after three days of deliberations. The Senate adopted 514 of the 1,178 amendments filed by individual Senators. The final Senate budget adds \$93.3 million in spending and 104 new policy sections.

FY 2023 Spending Comparison

	FY 2023 Gov	FY 2023 House	FY 2023 SWM	Senate Floor	FY 2023 Senate
Line-Item Spending	\$48,231.4	\$49,759.1	\$49,829.2	\$93.3	\$49,922.5
Medical Asst. Trust	\$575.9	\$575.9	\$575.9	\$0.0	\$575.9
Pre-budget Transfers & Other	\$6,483.8	\$6,318.7	\$6,193.7	\$0.0	\$6,193.7
Total Spend	\$55,291.1	\$56,653.7	\$56,598.8	\$93.3	\$56,692.1

The final Senate budget includes \$163.4 million more in line-item spending than the House and \$1.7 billion more than the Governor.¹

Senate Spending Overview

The Senate added \$93.3 million in spending on the floor, \$36.3 less than the \$129.6 million added during House debate. More than half of the new spending (58.2 percent) is in the form of 507 earmarks for specific communities or programs, while the remaining \$37.3 increased or created spending in 41 line-items.

This new spending is possible because the initial Senate Ways and Means budget included more than \$100 million in unexpended budgeted resources.

¹ Approximately \$600 million of the spending increase over the Governor's budget is due to updated MassHealth enrollment assumptions.

FY 2023 Senate Floor Spending

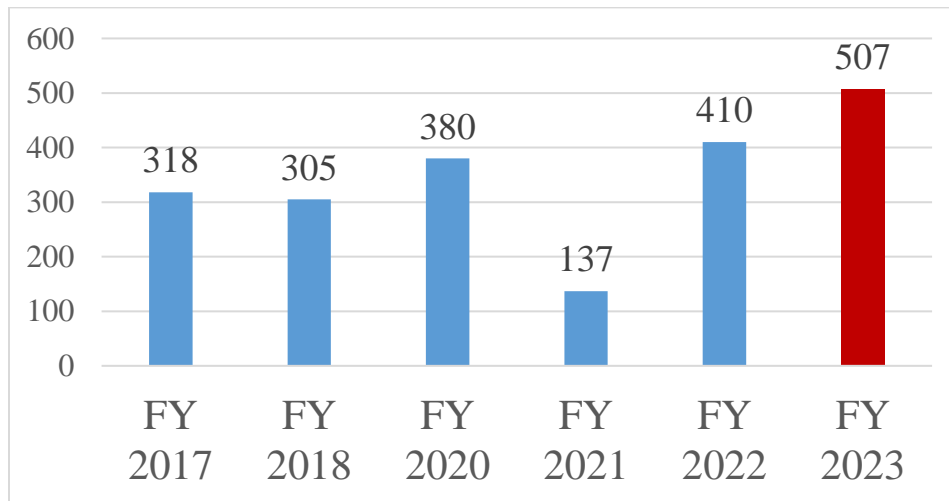
Category	Gross	Earmarks	Non-earmark
Education	\$12.2	\$8.5	\$3.7
Health & human services	\$15.7	\$10.8	\$4.9
Housing, economic development & workforc	\$11.9	\$10.0	\$1.8
Energy, environment & food security	\$8.3	\$7.5	\$0.9
Public safety	\$5.3	\$2.8	\$2.5
Courts & judiciary	\$21.7	\$2.1	\$19.6
Local projects	\$8.3	\$8.3	\$0.0
Transportation	\$1.9	\$1.9	\$0.0
General government	\$5.6	\$1.2	\$4.5
Other	\$2.3	\$1.5	\$0.8
Total	\$93.3	\$54.6	\$37.9

\$ in millions

Earmark spending

The number of earmarks in this Senate budget is at a seven-year highpoint. Those earmarks go to at least 200 communities around the state and range from \$5,000 to \$1.3 million.

House Earmarks Added by Year, FY 2016 – FY 2023



Earmarks dedicate funds within a larger line-item for a specific use, such as a particular community or organization. In FY 2023, the median Senate earmark is \$50,000 and the most common use is for municipal projects (173 earmarks). The prevalence of earmarks has grown by more than 59 percent since FY 2017. Earmarks provide one-time benefits to a variety of small programs around the state, but they also limit the statewide impact of new investments in priority areas.

Earmark Spending by Category

Category	Total Earmarks	Earmark Spending
Education	47	\$8.5
Health & human services	71	\$10.8
Housing, economic development & workforce	93	\$10.0
Energy, environment & food security	46	\$7.5
Public safety	31	\$2.8
Courts & judiciary	11	\$2.1
Local projects	173	\$8.3
Transportation	6	\$1.9
General government	6	\$1.2
Other	23	\$1.5
Total	507	\$54.6

Other spending

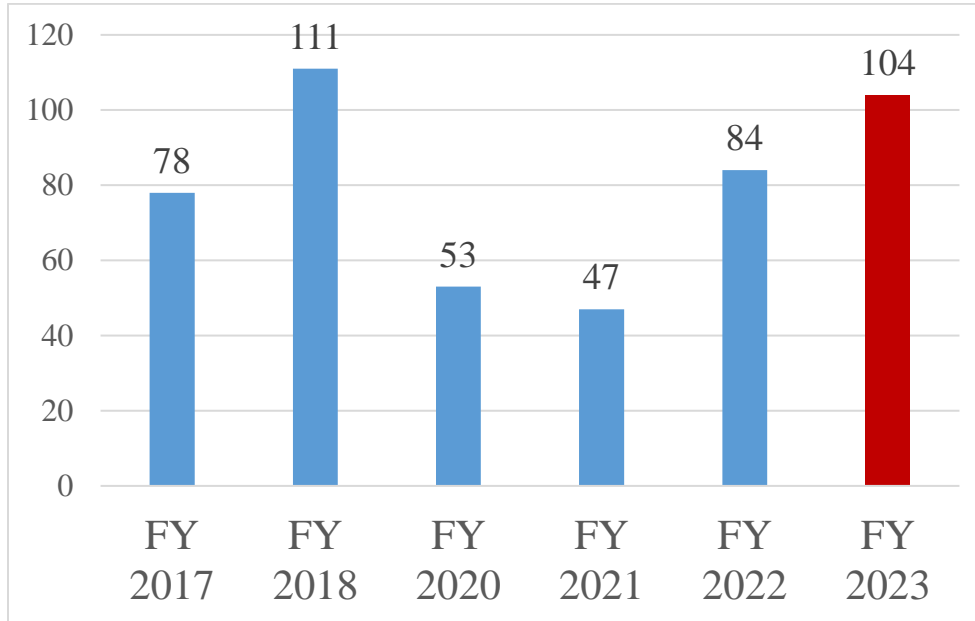
The Senate added \$37.9 million in non-earmark spending. Notable funding increases include:

- ***Court pay raises*** (\$18.4 million/amendment 909) – like the House, the Senate adopted an amendment that increases judiciary spending to account for raises for judges.
- ***Medication assisted treatment pilot*** (\$3.5 million/amendment 142) – the Senate added \$3.5 million in additional funding to expand the state’s medication assisted treatment substance use recovery pilot program at Houses of Correction. The Senate also adopted an amendment to expand the current pilot to make all county Houses of Correction eligible to participate.
- ***Rural school aid*** (\$1.5 million/amendment 743) – the Senate increased spending for rural school aid from \$4 million to \$5.5 million. Rural school aid goes to districts with low student population density to offset budget pressures for fixed costs and transportation;
- ***Non-profit security grants*** (\$1.5 million/amendment 938) – the Senate increased spending for this program to \$3 million. The program, created several years ago, provides security grants to non-profit organizations at an elevated risk of terrorist attack.
- ***Center for Advanced Manufacturing*** (\$1.2 million/amendment 284) – the Senate added a new \$1.2 million line item to fund the Center for Advanced Manufacturing at the Massachusetts Technology Collaborative.
- ***Massachusetts Legal Assistance Corporation*** (\$1 million/amendment 900) – the Senate increased spending for MLAC, which funds legal representation for low-income residents, by \$1 million to \$41 million.
- ***New voters grant program*** (\$1 million/amendment 143) – the Senate added a new \$1 million line-item to help communities comply with federal voting rights requirements and improve translation and language assistance services related to elections.

Policy Sections

The Senate added 104 new policy sections and amended four sections included in the SWM budget.

Senate Policy Sections Added by Year



Notable policy sections include:

- ***Behavior health crisis system assessment*** (amendment 574) – this amendment revises a proposal included in Governor Baker’s budget which will assess health insurance payers \$33.7 million annually to support behavioral health crisis services, including a 24/7 behavioral health hotline. The actual cost of these services is unknown as is the breakdown in usage among public, private and uninsured individuals is unknown and there the amount of initial assessment is based on early estimates that may not correspond to actual costs. The amendment sunsets the \$33.7 million assessment after three years and in the meantime directs the Health Policy Commission to work with other groups, including MTF, to develop an equitable method of funding these crisis services.
- ***Community Preservation Act*** (amendment 834) – this amendment earmarks \$20 million in the state’s FY 2022 budget surplus to increase matching funds for CPA communities.
- ***Reproductive health service protections*** (amendment 388) – this amendment makes a number of statutory changes to protect Massachusetts health providers (and other residents) and non-Massachusetts residents from adverse consequences related to the provision of reproductive and gender-affirming health services in Massachusetts that may not be authorized in other jurisdictions.
- ***Judicial pay raises*** (amendment 909) – this amendment, which was also adopted by the House, raises the pay of judges in Massachusetts.

- ***Remote meeting and notary extension*** (amendment 1114) – this amendment further extends legal authorization to allow for remote municipal and board meetings as well as notary public services.
- ***Common application portal*** (amendment 625) – this amendment, which is similar to an amendment adopted by the House, requires the Executive Office of Health and Human Services to create a common application portal for a variety of state services and benefits.
- ***Indigence assessment*** (amendment 921) – this amendment updates the statutory requirements for assessing whether or not a defendant is indigent and eligible for CPCS legal representation. Changes include the elimination of a \$150 fee for CPCS representation.

The Senate also adopted a number of commissions, studies and task forces, including:

- Requiring the Department of Housing and Community Development to assess the effect of no-fault evictions on Massachusetts families and rent costs;
- Requiring the Department of Public Health to study airplane noise in communities around Logan Airport;
- Requiring the Department of Developmental Services to study the occurrence and effect of neonatal abstinence syndrome in the Commonwealth;
- Requiring the Executive Office of Health and Human Services to study opportunities to improve health care worker retention;
- Requiring the Executive Office of Health and Human Services to study the adequacy of MassHealth care for members with sickle cell disease;
- Creating a task force to look into the prevalence of chronic kidney conditions in the commonwealth;
- Creating a commission to study health and safety standards at assisted living facilities;
- Creating a commission to examine the treatment of minors involved in care and protection cases;
- Creating a commission to study School Building Authority grants and make recommendations to improve the equity of the SBA grant formula;
- Creating a commission to study the history and impact of state institutions for the disabled, developmentally delayed, and those with mental health conditions; and
- Creating a commission to study police officer recruitment and retention in the Commonwealth.

Bottom Line

The FY 2023 budget now heads to Conference Committee to reconcile House and Senate plans which, while similar in broad priorities, differ in hundreds of millions of dollars in spending. Before resolving spending differences, budget makers will need to overhaul the FY 2023 tax revenue estimate to reflect billions in state tax collections in excess of the original consensus revenue agreement. Last year, faced with a similar situation, conference revenues were upgraded by more than \$4 billion and this year’s tax collections have grown by 30 percent over FY 2021.

The final FY 2023 budget can accommodate record investments in early education, K-12, housing and other areas, but must also make room for tax relief and augmentation of state reserves. The surge in revenues over the last two years has put the Commonwealth in a position to fully fulfill major spending obligations like the Student Opportunity Act, prepare for future economic challenges and improve our tax code for various taxpayers. The task before budget Conferees is to produce a budget that accomplishes these shared priorities.