ML STRATEGIES

Baker Signs FY17 Budget, Issues Vetoes

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Governor Charlie Baker signed a budget for FY17 on Friday, July 8, after vetoing $256 million in spending included in the **plan** approved by the legislature. The budget, which represents the second annual spending plan signed by the Governor, totals $38.92 billion and increases spending by just $489 million, or 1.3%, over FY16 levels.

According to Secretary of Administration and Finance Kristen Lepore, Baker issued hundreds of vetoes in order to balance the budget, slashing $72 million from Health and Human Services, $59 million from the Administration and Finance, $32.6 million from Education, and $21 million from Housing and Economic Development. Highlights of these vetoes include:

- Baker rejected roughly 500 of the 600 earmarks for local projects inserted into the budget by lawmakers. The value of the vetoed earmarks is approximately $60 million, which includes $9 million from the Office of Travel and Tourism, $5.3 million for state parks and recreation, and $7.7 million in cultural-related earmarks. Nonetheless, Baker said that these vetoes were not intended to send a message to lawmakers discouraging the use of earmarks;
- Baker vetoed 36 of the 200 outside sections, or policy riders, passed by lawmakers, while also amending 23 of them. Among these vetoes were provisions studying the regulation of fantasy sports and preventing cities and towns from raising local retiree health insurance contributions for two years. He also amended a section mandating insurance coverage for long-term antibiotic treatment of Lyme disease and increasing the transfer from the state's tobacco settlement fund for retiree health care and other benefits from 10 to 30%;
- The vetoes reduced the budget for the Secretary of State's office by 1.4%, cutting $117,000 from the elections division and $4,000 that would have paid for early voting. Secretary of State William Galvin strongly denounced these cuts, arguing that they will make it more difficult to administer the state's first attempt at early voting this fall;
- The Governor cut 1% from the budgets for the courts, the Attorney General's office, and District Attorneys' offices; and
- Other cuts include $3 million from the state Lottery Commission's advertising budget, $2 million from a state fund to support big data projects, and $2 million from a program to help manufacturing companies.

The budget increases spending on local aid, education, and substance abuse, while most other accounts will remain flat compared to the previous fiscal year. Much of the new spending called for in the **House** and **Senate** budgets was curtailed in conference committee after a $750 million revenue shortfall was identified. The Baker administration now assumes revenues will grow by $753 million, or 3%, in FY17.

Baker also announced that he is filing a supplemental budget to address accounts his administration deemed underfunded by the legislature's spending plan. This supplemental budget totals $279 million and will add funding for MassHealth and the Department of Transitional Assistance. It also includes $5 million in spending to sustain substance abuse prevention programs, such as funding for emergency room recovery coaches, urgent care sites, and Vivitrol.

The House and the Senate will now have an opportunity to override Baker's vetoes, which they can do with a two-thirds vote in each chamber. Override votes must originate in the House before being considered by the Senate. House Speaker Robert DeLeo said he is awaiting a recommendation from the Ways and Means Committee on potential veto overrides and amendment actions.

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