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# ML Strategies FY2015 Massachusetts Budget Update:

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On Friday, Governor Deval Patrick signed into law a $36.5 billion state budget for FY2015, which is nearly $10 billion larger than the **budget he proposed** back in January 2014. Before signing off on his eighth and final annual spending plan, the Governor issued $16.1 million in vetoes, amounting to less than one percent of the total budget and illustrating a high level of agreement between the Governor and the Legislature on priority items.

Governor Patrick vetoed five outside sections in their entirety and submitted six alternative pieces of legislation in place of sections that the Legislature had included in the final budget. Notwithstanding the overall support the Governor expressed for the budget the **House and Senate conference committee** delivered to his desk the final day of June, Governor Patrick did make some notable cuts and requests.

**The Governor's FY2015 Vetoes & Amendments**

The Governor mainly issued vetoes in the areas of education, public safety, and energy and environmental affairs accounts. Specifically, Governor Patrick:

- Reduced earmarks for the Department of Correction, the Executive Office of Administration and Finance, and the Department of Conservation and Recreation, among others
- Vetoed the Legislature's bid to weaken a new state law that requires the MBTA retirement fund to comply with the state's public records laws, disagreeing with legislators who believe the new disclosure and ethics rule to be unenforceable
- Nixed increased penalties for heroin trafficking and language extending higher Medicaid reimbursement rates for Franciscan Children's Hospital in Brighton
- Amended a section granting a 15 percent raise to district attorneys and the chief counsel of the Committee for Public Counsel Services, voicing his support for the initiative, but asking that the Legislature also sign off on a commission to study the salaries of assistant district attorneys and public defenders, whose starting salaries are $37,500 and $40,000 respectively
- Filed a budget proposal to wrap up fiscal year 2014, in which he asked for the ability to reduce local aid and spending for FY2015 across all state agencies and constitutional offices, except the Legislature and the Judiciary, if budgeted revenues are falling short or unexpected expenses require making room in the budget for additional spending requests
  - The expanded gubernatorial power would end once Governor Patrick leaves office in January
  - As this type of power is typically only granted to the Governor after fiscal issues arise, the request caused some legislators concern

**Budget Outlook**

The current budget has many things in common with the draft that came before it. Namely, the current draft:

- Funds universal pre-kindergarten grants, full-day kindergarten, and the Early Childhood Educator Scholarship program, and includes $15 million in new spending to serve about 1,700 income-eligible children on waiting lists for early education; a $6.57 million rate reserve for early educator salaries and benefits; a new $1 million pre-kindergarten classroom grant program; and a $1 million increase for Head Start programs
- Increases funding for disproportionate share hospitals by $34 million more than proposed in the Governor's initial FY2015 budget proposal — including $12.3 million in behavioral health funding
- Grants $10 million toward adult community health placements
- Provides $8 million for new rate increases for behavioral health providers in the MassHealth PCC mental health and substance abuse plan
- Contains no new taxes; includes an amnesty program aimed at collecting overdue taxes without applying penalties; uses $73 million in anticipated revenues from casinos; and draws $140 million from the state's rainy day fund

On Monday, the House referred the Governor's vetoes and recommended amendments to the Committee on Ways and Means, and now House and Senate leadership will decide which of Governor Patrick's budget vetoes to override and which of his budget amendments to bring to the floor for consideration.

There are just over two weeks left on the formal legislating calendar, and some of the budget material to be discussed — such as the expanded budgetary discretion for the Governor — does not lend itself to the informal sessions that will follow. Overrides require a two-thirds majority in each chamber, and must be completed by the conclusion of the formal sessions on July 31.

ML Strategies has tracked the annual budget debate, providing analysis on the **Governor's initial budget proposal**, the **House of Representatives' FY2015 budget**, and the **House and Senate conference committee budget**. If you have any questions about the FY2015 Massachusetts budget, please contact an ML Strategies government relations professional.

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