Governor Patrick Signs Fiscal Year 2014 Budget

$33.6 Billion budget supports core programs and policies that will help build a better, stronger Commonwealth

BOSTON – Friday, July 12, 2013 – Governor Deval Patrick today signed a $33.6 billion Fiscal Year 2014 (FY14) balanced budget that makes significant investments in education, health care cost containment and youth violence prevention.

The FY14 budget increases Chapter 70 education funding by $130 million over FY13 to $4.3 billion, bringing funding for Chapter 70 aid to the highest level in state history. The budget also includes a significant investment in the Commonwealth’s public universities and colleges, moving the state towards funding 50 percent of public higher education costs within the UMass system, and thus avoiding tuition and fee increases for students at our public campuses across the state in the coming year. Additionally, $15 million in new investments for early education will help reduce the waitlist for high-quality early education programs, providing access for over 1,000 new eligible children in FY14.

“This budget invests in many of our most important needs as a Commonwealth, especially education, reforms government in ways that make it perform better, and is
balanced,” said Governor Patrick. “I look forward to continuing to work with the Legislature to get a good transportation bill, and through it accelerating our job growth.”

The FY14 budget also reflects the Patrick Administration’s efforts to reduce the state’s reliance on one-time budget solutions. It includes a withdrawal from the Stabilization Fund of $350 million, leaving the fund with a balance of at least $1.25 billion, and positioning the Commonwealth to have one of the nation’s largest reserve fund balances.

The Governor also took action today to ensure that the budget is in balance, in light of the currently unresolved status of the transportation finance bill, which raises revenue to support not only transportation, but also other needs in the FY14 budget. In order to balance the budget, the Governor vetoed $240 million in transportation funding and $177 million in Unrestricted General Government Aid. The Governor strongly supports local aid to our cities and towns, but must also fulfill his responsibility to produce a balanced budget.

The Governor filed a FY14 supplemental budget as well today, which includes a provision to automatically restore full funding for transportation and unrestricted local aid, should the Legislature accept his amendment to the transportation finance bill.

“This budget is both balanced and fiscally responsible and positions us well for the future,” said Secretary of Administration and Finance Glen Shor. “This budget protects services for the most vulnerable and makes critical investments for the long-term in education, job creation and health care.”

**Advancing the Patrick Administration’s Key Priorities**

The FY14 budget furthers the Patrick Administration’s commitment to creating jobs, closing the achievement gap in our schools, controlling health care costs and addressing youth violence.

**Investing in Education to Close the Achievement Gap:** The FY14 budget provides new funding for education – from early education through college - to help close achievement gaps and better prepare our young people for academic and career success. These investments include:

- A $97 million investment in the Commonwealth’s public universities and colleges, moving the state towards funding 50 percent of public higher education costs, thus avoiding tuition and fee increases for thousands of students across the state in the coming year;
- $3 million in increased funding for financial aid programs, including the MassGrant scholarship program;
- $15 million in new investments in early education to reduce the waitlist for high-quality early education programs, providing access for over 1,000 new eligible children in FY14;
- $130 million in increased Chapter 70 funding, bringing total Chapter 70 aid to the highest level in state history;
- $1 million in increased funding for Innovation Schools; and
- $22 million in increased funding for Special Education.
Governor Patrick Signs Fiscal Year 2014 Budget

- **Investing in Innovation to Create Jobs and Expand Opportunity:** The FY14 budget funds a number of programs to support job creation in key growth sectors of the state’s economy including of life sciences, manufacturing, local infrastructure and innovation. These investments include:

  - $19.5 million for the Massachusetts Life Sciences Center (MLSC) to provide research grants and accelerator loans to researchers and early-state companies and support workforce development efforts in the life sciences, funded through any FY13 consolidated net surplus;
  
  - $18.75 million for MassDevelopment’s Advanced Manufacturing Futures Program, created in the 2012 Jobs Bill, to engage in small-to-medium-enterprise lending, drive workforce development, and provide competitive grants and contracts to facilitate growth and competitiveness in the field of manufacturing;
  
  - $2 million for Workforce Development Grants to help job seekers gain the skills needed for today’s manufacturing jobs; and
  
  - $2 million for the Mass Manufacturing Extension Partnership, which promotes manufacturing as an integral part of the economy of the Commonwealth, and supports programs designed to assist small and mid-sized manufacturing companies.

- **Expanding Access to Affordable, Quality Health Care:** The FY14 budget makes investments to maintain the Commonwealth’s national leadership in health care access and quality, and supports successful implementation of the Commonwealth’s health care cost containment law:

  - The FY14 budget fully supports implementation of the Affordable Care Act (ACA). It enables more low-income adults to access subsidized coverage through an expanded Medicaid program, and invests $118 million to keep Health Connector coverage for other low-and-moderate income families as affordable as it is today.
  
  - Due to Medicaid expansion and the restructuring of state health insurance programs, the FY14 budget benefits from $205 million in enhanced federal matching funds and savings.

  - The FY14 budget also includes:
    - The most significant increases in recent years in MassHealth hospital rates;
    - $17 million to restore full coverage for dental fillings for MassHealth adult members;
    - $4 million to streamline MassHealth operations and improve program integrity in order to prevent fraud and abuse of the system; and
    - More than $2.1 million to facilitate implementation of Chapter 224 cost containment legislation

- **Building Stronger, Safer Communities through Positive Youth Development & Youth Violence Prevention:** The FY14 budget contains $31.5 million, an increase of $7.7 million over FY13, for positive youth development and violence prevention programs, including:

  - $9 million for summer jobs for At-Risk Youth;
Governor Patrick Signs Fiscal Year 2014 Budget

$4 million for the Patrick Administration’s Safe and Successful Youth Initiative;

$7 million for Shannon Grants;

$2 million for YouthBuild Grants;

$1.6 million for After-School/Out-of-School Grants;

$1.5 million for Youth-Violence Prevention Grants; and

$3.6 million for Youth-at-Risk Matching Grants.

Furthering the Patrick Administration’s Reform Agenda

The FY14 budget includes several key reforms proposed by the Patrick Administration, including:

**Employer Medical Assistance Contribution** – The FY14 budget replaces two outdated programs – the Fair Share Contribution Program and the Medical Security Program – with a single Employer Medical Assistance Contribution to provide $95 million in FY14, and over $130 million in subsequent years, to maintain affordable coverage for low-income residents through the Health Connector. The budget streamlines health insurance programs and the state’s mechanisms to promote employer responsibility, benefiting employers, consumers and providers.

**DOR Enhanced Revenue Initiatives** – The FY14 budget includes $1.4 million at the Department of Revenue for revenue initiatives including criminal investigations and enhanced collections. DOR was able to capture $20 million in tax revenue that would otherwise have been fraudulently refunded through increased efforts over the course of FY13.

**Family Access Centers** – The FY14 budget expands the network of Family Access Centers to provide one-stop access to social and health services targeted to the needs of children, youth and families across the state.

**Pharmacy Reform** – Investments in the FY14 budget will enable the Pharmacy Board to increase inspections of all sterile compounding pharmacies in the Commonwealth to improve monitoring and accountability.

In addition to other actions taken today on the budget, the Governor returned for amendment a study of taxation of carbon fuels, adding legislation expanding the Bottle Bill to cover water and non-carbonated soft drinks. Under the proposed changes, consumers will be required to pay an additional $0.05 cents on water, flavored waters, iced teas, coffee based drinks and sports drinks, and the amounts paid for deposits for expanded beverages will be returned to consumers if they return the empty bottles for recycling. By adopting these changes, the state will collect at least $22 million in additional revenues in FY14.

He is also sending back for amendment an increase in compensation of judges and clerk-magistrates throughout the Judicial Branch, which last was increased 7 ½ years ago. Under the proposed changes, the Commonwealth’s judicial officers will see their full increase in pay on January 1, 2014, rather by July 1, 2015, as proposed by the Legislature. The Governor is proposing necessary funding for this initiative in the FY14 supplemental appropriation bill filed today.

The Governor also proposed using $18.3 million in savings from vetoing non-essential
Legislative projects from the budget, along with revenue generated from the Bottle Bill, to address unfunded needs in FY14, including:

- $2.5 million in funding to pay for the implementation of placing photo identification on EBT cards proposed by the Legislature and signed by the Governor in the FY13 supplemental budget;
- $5.7 million to accelerate Judicial Pay Increases;
- $7 million for financial aid programs, including the MassGrant scholarship program; and
- $21.8 million for the Commonwealth’s information technology needs.

###

Follow us on Twitter - View our Photos - Watch our Videos