

FROM THE OFFICE OF GOVERNOR DUKAKIS STATE HOUSE BOSTON 02133

FOR RELEASE 1:00 PM MONDAY  
JANUARY 12, 1976

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Governor Michael Dukakis announced Monday that he would recommend a balanced and "tight" fiscal 1977 budget to the Legislature this month that has a \$20 million surplus and will not require new taxes.

The Governor described the new budget--which he and Secretary of Administration and Finance John R. Buckley outlined to reporters at an afternoon press briefing--as "frugal and "responsible in both fiscal and human terms."

The budget holds "most agencies to the same level as in this fiscal year, which in most cases is a reduction from (fiscal) 1975 spending," Dukakis said. Some 2600 authorized but currently unfilled state jobs will be eliminated in a continuation of "our policy of controlled employee attrition." Certain "essential human services programs" would be increased, but "regrettably" other important social programs will not be restored.

"These decisions," Dukakis said, "have not been easy. We have had to balance our concerns for fiscal integrity with the great human needs of children, elderly, mentally ill, mentally retarded and other citizens of the Commonwealth.

"I believe," the Governor continued, "that we have struck a responsible and humane balance which the Legislature and the public can support."

Expenditures for state agencies are up \$163.4 million over the current fiscal year appropriations, an increase of 4.9 per cent. This represents a \$92.2 million decrease, however, from fiscal 1975 spending levels.

The bulk of the increase is devoted to what the Governor termed two "essential human services programs"--the continuation of medical assistance for the working poor and a five per cent hike in the basic subsistence grant for persons receiving public assistance. "The effective date of that increase," Dukakis said, "will depend on our ability to keep Medicaid expenditures within the limits specified in this budget."

The Governor also recommended modest increases for certain mental health and retardation, day care, Department of Youth Services and elder affairs programs. The last, he said, would enable the state to "expand the network of home care corporations for elderly persons to all areas of the Commonwealth."

At the same time, the Governor said, he is unable to recommend restoration of acute medical care for General Relief

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recipients, which was eliminated by the Legislature in the fiscal 1976 budget.

And he said he "regrettably" must make "further cuts in optional Medicaid services" which the states are not required by the federal government to provide. Adult and some children's dentistry, private duty nursing, hearing aids, non-essential drugs, most eyeglasses and routine podiatry will be eliminated.

"However, these reductions--combined with management steps we will take in the Medicaid division--will allow us to preserve the medically needy program which provides essential medical services for the working poor." This program provides medical care to persons whose incomes would be reduced to welfare eligibility levels if they had to foot health costs themselves.

In an effort to present a complete picture of total state costs, the Dukakis Administration broke the budget down into three categories: agency expenditures, representing the operating costs of state programs; non-agency costs, consisting principally of three largely uncontrollable items--debt service, pensions and group insurance; and all categories of local aid, whether direct or indirect.

Uncontrollable costs, primarily debt service, pensions and assistance to local housing authorities, represent about half the increase in total state costs from fiscal 1976 to fiscal 1977, with agency costs comprising the remainder.

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ATTACHED: Text of Governor's prepared statement.

STATEMENT BY GOVERNOR DUKAKIS

MONDAY, JANUARY 12, 1976

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The fiscal 1977 budget which I shall submit to the Legislature at the end of this month will be responsible -- in both fiscal and human terms. It has been prepared carefully and thoughtfully. It is frugal and it is balanced -- with an anticipated surplus of more than \$20 million. It will not require new taxes.

We are holding most agencies to the same level of funding as in this fiscal year, which in most cases is a reduction from 1975 spending. We will continue our policy of controlled employee attrition by permanently eliminating more than 2,600 currently authorized but unfilled positions.

But the budget, though tight, does provide for the maintenance or restoration of essential human services programs.

We are recommending the continuation of medical assistance for the working poor.

We are proposing a five per cent increase in the basic subsistence grant for welfare recipients. The effective date of that increase will depend on our ability to keep Medicaid expenditures within the limits specified in this budget.

We are also recommending increases for other human services programs:

--\$20 million for the mentally retarded, divided equally between community programs and the state schools;

--\$8 million for the mentally ill, primarily for community programs;

--\$3 million for day care services, which will help make it possible for AFDC parents to return to gainful employment;

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--\$350,000 in purchase-of-service funds for the Department of Youth Services;

--funds to open several new community facilities by the Department of Correction, increasing the number of pre-release beds to 680 by the end of fiscal 1977;

--and funds to expand the network of home care corporations for elderly persons to cover all areas of the Commonwealth.

At the same time, because of insufficient money we have not been able to recommend restoration of some crucial programs, the most important being acute medical care for General Relief recipients. However, we will monitor revenue figures closely during the coming months, and if funds are available I will strongly urge that we again provide these medical services as part of the General Relief program.

Regrettably, we will have to make further cuts in optional Medicaid services in order to balance the budget for this fiscal year. These cuts include adult and some children's dentistry, private duty nursing, non-essential drugs, and routine podiatry services.

However, these reductions -- combined with management steps we will take in the Medicaid division -- will allow us to preserve the medically needy program which provides essential medical services for the working poor.

These decisions have not been easy. We have had to balance our concerns for fiscal integrity with the great human needs of children, elderly, mentally ill, mentally retarded and other citizens of the Commonwealth. I believe we have struck a responsible and humane balance which the Legislature and the public can support.