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The Governor's FY 2010 Budget Proposal and Related Budget Actions: Preliminary Analysis of Selected Housing, Cash Assistance, Elder, Health, Child Welfare, Child Care and Related Items

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On January 28, 2009, Governor Patrick released his budget proposal for fiscal year 2010 (FY 10), which is referred to as House 1.

On the same day, the Administration filed a petition under Article 87 of the Amendments to the Massachusetts Constitution, which includes a proposal to transfer responsibility between agencies for the state's delivery of homelessness services. The Article 87 petition takes effect in 60 days unless one or both branches of the Legislature votes it down before then; it cannot be amended by the Legislature, except through subsequently enacted legislation. Also on January 28, the Governor announced reductions to various FY 09 appropriations that he is making pursuant to his powers under section 9C of chapter 29 of the General Laws to balance the FY 09 budget. The Administration also released proposals that would have the effect of restricting eligibility for emergency shelter for homeless children and their families.

Given the revenue crisis that the Commonwealth faces, House 1 generally – but with important exceptions discussed below – seeks to protect the services for vulnerable populations that are analyzed here.

Housing and Homelessness Related Items

1. **Homeless services transferred from the Department of Transitional Assistance (DTA) to the Department of Housing and Community Development (DHCD).**

- **Emergency assistance, family shelter account (moved from 4403-2120 to new item 7004-0101) is funded at just over $90.5 million.** This is slightly more than the $86.2 million in current FY 09 appropriations, but far less than the $113 million that is actually being expended in FY 09 to provide shelter and housing search services to the skyrocketing number of homeless families. In January 2009, there are 2663 families in emergency shelter, as compared to 1,928 in January of 2008. So the funding in House 1 is inadequate to meet the current need. Although the Administration is committed to redoubling efforts to place homeless families in housing instead of shelter, it remains to be seen how successful these efforts can be, particularly given the lack of new housing subsidies and the fact that new regional coordinating agencies funded in the

FY 09 budget to pilot ways to provide alternatives to shelter have not yet begun offering services. As a result, the Administration issued on January 28 proposed regulation changes to **restrict access of homeless children and their families to emergency shelter and related services** that are scheduled to take effect on April 1.[1] Under governing line item language, the proposed changes cannot go into effect for 60 days after the Legislature is given written notice, in order to give the Legislature time to provide supplemental funding to eliminate the need for them. House 1 would eliminate from the line item this advance notice requirement, eliminate the Administration's obligation to report on how funds in the item are being spent, and reduce the period that families who go over the income eligibility threshold can stay in shelter from 6 to 3 months, but would otherwise retain important protections such as the requirement that families who appear to be eligible should be placed in shelter while collecting any needed verifications.

- **Assistance for homeless individuals (currently 4406-3000),** which provides shelter and related services, **would be combined with the Home and Healthy for Good program (currently 4406-3010),** which is dedicated to housing chronically homeless individuals, into one new line item **(7004-0102)**. The combined item would be **funded at $37.48 million**, which reflects level funding for the two programs.

- **A new DHCD homelessness, administrative account (7004-0100) is funded at $4.75 million.** The creation of this account is necessitated by the proposed transfer of responsibility to DHCD for administering homelessness services. Funding in this account was transferred from DTA administrative accounts. **In addition, another $945,192 has been transferred from DTA administrative accounts to the Executive Office of Housing and Economic Development and appears in item 7002-0017 to fund shelter-related technology costs.** Data explaining how the Administration arrived at this level of funding has been requested.

2. **Public housing operating subsidies (7004-9005), which help housing authorities meet the expenses of maintaining the state's 50,000 public housing units, would receive just over $71 million,** as compared to $66.5 million in FY 09.

3. **The Massachusetts Rental Voucher Program or MRVP (7004-9024), which provides modest subsidies to low-income tenants in the private housing market, would receive $35.8 million,** as compared to $35.2 million in expected expenditures in FY 09. DHCD reports that this funding will allow current voucher holders to retain them, but will not allow for reissuance of vouchers to new tenants after current holders no longer qualify.

4. **Alternative Housing Voucher Program (7004-9030) and the Department of Mental Health Rental Subsidy Program (7004-9033) would each be level funded at $4 million.**

[1] One of the proposed changes would render ineligible children and their families who have been evicted from or voluntarily departed public or subsidized housing in the past 3 years. Since these families are barred from public housing for 3 years, their children may have no where to go and may need to be placed in the custody of the Department of Children and Families at greater state expense and trauma to the children. In total, the proposed restrictions would "save" less than $520,000 in FY 09 and not eliminate the projected $3.36 million deficit that will remain after transfers from other accounts within the Executive Office of Health and Human Services.

5. **Residential Assistance for Families in Transition or RAFT (7004-9316),** one of the few existing, state-funded homelessness prevention programs, **would be level funded at $5.5 million.**

6. **Funding for the Tenancy Preservation Project (7004-3045)**, which helps preserve tenancies of persons with disabilities, **would remain at $500,000**, while the **Individual Development Account (7004-9317)**, which helps low-income tenants develop assets, **would be cut from $700,000 to $339,800**. Funding for **Housing Services and Counseling (7004-3036)** would be decreased from the current FY 09 level of $1.91 million to **$1.63 million.**

7. **An item related to foreclosure prevention and counseling (7006-0011)**, which was also in the FY 09 budget, would be level-funded at $5 million with revenues retained by the Division of Banks (DOB) from licensing fees and civil penalties collected from mortgage loan originators. Up to $2 million must be expended for counseling for non-traditional loans and 10 or more foreclosure education centers.

Cash Assistance and Related Items Administered by DTA

1. **Cash assistance (including TAFDC, EAEDC, SSI state supplement)**

- **The Governor's proposal would consolidate *all* of the cash assistance accounts administered by DTA, including TAFDC (Transitional Aid to Families with Dependent Children, currently 4403-2000), EAEDC (Emergency Aid for Elders, Disabled and Children, currently 4408-1000), and the state supplement for elders and persons with disabilities receiving federal Supplemental Security Income (SSI) benefits (currently 4405-2000) into one new account (4403-5000).** Also included in the consolidation is $1.2 million for Supplemental Nutrition Assistance (currently 4003-2007), which pays for a small add-on to food stamps/SNAP for low-income families who are not on TAFDC but are working enough to improve the work participation rate the Commonwealth must meet to receive its full federal TANF (Transitional Assistance for Needy Families) block grant. The total consolidated amount is $625.4 million. This is an increase of $35.6 million over the amounts appropriated for FY 09. According to DTA, the consolidated amount is enough to meet projected caseloads for FY 10 at current benefits levels.

- **Outside section 41 contains most of the language that was previously in the consolidated line items. For example, it provides for the annual $150 TAFDC clothing allowance for children paid in September and would expressly include the allowance in the standard of need.** Including the clothing allowance in the standard of need has consistently been required to provide a modest clothing benefit to children of low-income families who otherwise do not receive TAFDC. **Section 41 also specifies the same categories of eligibility for EAEDC benefits as recent previous years' budgets.**

- **But unlike the line items in previous years, section 41 would give the Governor express authority to cut benefits or make other changes in the event of a shortfall without prior notice to the Legislature.** The Governor would be able to do this by filing emergency regulations effective immediately without any advance notice to the Legislature or the public. The FY 09 and previous years' budgets required DTA to give 60 days advance notice to the Legislature before making cuts in eligibility or benefits. The advance notice gives the Legislature time to review the proposed cuts and appropriate additional funds to prevent them.

2. **Employment Services Program (currently 4401-1000) and Teen Living Programs (currently 4403-2119) would be consolidated into a new item (4403-0100).** The consolidated amount is $31.2 million. This is a reduction of $300,000 from the combined Employment Services and Teen Living Program accounts for FY 09 after the Governor reduced the ESP account by $3.1 million in October. In addition, House 1 reduces the cap on food stamp/SNAP retained revenue for the Employment Services Program from $7 million (4401-1100 in FY 09) to $2.45 million (renumbered in House 1 as 4401-1101). This account captures federal food stamp reimbursements and bonuses to help fund the Employment Services Program. The reimbursements are generated in part by training programs operated by the Department of Mental Health, Department of Mental Retardation, and the Mass. Rehab. Commission; because those programs have been cut, fewer reimbursement dollars are being generated and DTA does not expect to get more than $2 million in retained revenue in FY 09. The House 1 line item might allow DTA to retain additional funding for food stamp/SNAP administration that may be provided through the pending federal recovery package, but it is possible that a lowered cap could prevent the account from receiving the full benefit of this additional funding (estimated at $3 million).

3. **DTA Administration is consolidated into one account (4400-1000).** This includes DTA central administration (currently 4400-1000), workers' salaries and benefits (currently 4400-1100), and domestic violence specialists (currently 4400-1025). The FY 09 total for these accounts (including $2.9 million to increase food stamp participation, with $1.75 million in earmarks for Project Bread) was $130.6 million. The Governor cut the appropriation for DTA central administration by $1.9 million on January 28, for a reduced total of $128.7 for FY 09. **The Governor proposes $114.6 million for FY 10, a further reduction of $14.1 million.** The proposed reduction, in part, reflects the shift of $5.7 million to DHCD to administer homelessness programs. But, even if the funding shift accurately reflects the cost of functions that are being transferred, there is a real cut to DTA administration of $8.4 million (assuming the Project Bread grants continue to be funded from this account). In addition, the line item authorizes the Administration to transfer even more DTA administration funding to DHCD after only 15 days advance notice to the Legislature. DTA workers already have caseloads that are too large to manage. With caseloads increasing because of the economy, many very needy families and individuals cannot access benefits and services, and workers are unable to comply with federal statutory and constitutional requirements for processing cases.

Adult Education

1. **The Governor is proposing an additional cut for FY 09 to Adult Basic Education (7035-0002), reducing the FY 09 appropriation from $31.2 million to $30 million. For FY 10, the Governor proposes a further cut to $29.2 million.** This is a program that is chronically under-funded, resulting in long waiting lists for adult education and English programs for speakers of other languages.

2. **The Citizenship for New Americans Program (4003-0122), which was reduced in the earlier round of 9C cuts, would be cut in FY 10 to $580,787.** This program helps low income residents become citizens, particularly those who, with citizenship, could receive federally-funded benefits rather than state-funded benefits.

Elders

1. **Executive Office of Elder Affairs**

The Governor proposes to consolidate line items in the Executive Office of Elder Affairs from 13 to 6 accounts. This makes it difficult to compare expenditures levels with the budget for the current fiscal year. The proposed, consolidated accounts are:

1. 9110-0100 EOEA administration;
2. 9110-1455 Prescription Advantage drug insurance;
3. 9110-1555 Elder POS Home Care Services (Home Care Program, ECOP, Case Management, Mental Health and Nutrition Program);
4. 9110-1636 Protective Services;
5. 9110-1800 Elder Housing Programs (Supportive, Congregate and Homeless); and
6. 9110-9002 Councils on Aging

- The initial round of 9C cuts in October 2008 reduced EOEA expenditures by approximately $73.3 million. This included reductions in the **Home Care Program accounts (9110-1630, 9110-1644)** of approximately $7 million as well as reductions in spending for protective services, mental health services, congregate housing, family caregivers and nutrition. Subsequent 9C cuts in January are spread across acconts and total approximately $1.7 million. It is unclear what impact these latest 9C cuts will have on program services and eligibility.

- The consolidated line item for **Home Care Services (9110-1555)** would be funded in FY 10 at $199.17 million, approximately 2% below FY 09 pre-9C funding levels. Likewise, there is a small reduction in the **Housing Programs line item (9110-1800)** below FY 09 post-9C levels. In the second round of 9C cuts **the Councils on Aging account (9110-9002)** was reduced by approximately $855,000. However, the Governor’s proposed FY 10 budget would restore COA funding to its pre-cut FY 09 spending of $8.6 million. An earmark of $80,000 for the **LGBT Aging Project** was included in the COA account in FY 09 and is not included in the Governor’s proposal for FY 10.

- **The Prescription Advantage line item (9110-1455)** is funded at $45 million, reflecting an annualization of 9C cuts of $7.2 million. Those cuts resulted in a restriction of copayment assistance for some Prescription Advantage members. The second round of 9C cuts further reduced funding by approximately 4303,000. Again, it is unclear what effect these cuts will have on program services and eligibility.

2. Elder Mass Health Accounts

The Governor's FY 10 budget proposes to shift agency oversight of MassHealth long term care services from the Executive Office of Elder Affairs to the Office of MassHealth. This is consistent with the Administration's proposal to move control of the MassHealth long term care account into the Office of MassHealth. Due to opposition to this proposal, the Governor did not file legislation under **Article 87** to transfer control of MassHealth long term care contemporaneously with his FY 10 budget proposal and it is not clear at this point whether the Governor will resume efforts to move control of long term care out of EOEA.

- The Governor proposes to move the **MassHealth Senior Plan account (4000-0600 in the FY 09 budget)** from the Executive Office of Elder Affairs and to consolidate it with two other MassHealth accounts in the **Fee for Service item (4000-0700). According to the Administration, the 4000-0700 account includes $21 million** for the **Community First Initiative** along with unspecified levels of funding for Choices, Long Term Care Options and the 1115 waiver, Much of the language in the FY 09 Senior Plan line item, including language preserving the **Personal Needs Allowance** for nursing home residents at $72.80 a month, language protecting Score 3 nursing home admissions criteria and language protecting a **10 day bed hold** for hospitalized nursing home residents, is omitted from the proposed FY 10 consolidated line item.

- The Governor also proposes to move funding for the **Senior Care Options Plan** and the **PACE Programs** out of the Senior Plan account and into the **MassHealth Managed Care item (4000-0500).**

Selected health issues in MassHealth, Commonwealth Care and the Health Safety Net

1. Estimated revenue from enhanced federal Medicaid match

- MassHealth accounts were largely spared a second round of 9C cuts and further proposed cuts for FY 10 in part thanks to House 1's reliance on additional anticipated revenue from pending federal economic recovery legislation that is tied to Medicaid expenditures. Currently MassHealth receives 50 percent federal reimbursement for most expenditures: in other words, the state gets back 50 cents in federal revenue for every one dollar spent. Proposed legislation in the federal economic recovery package will temporarily increase the federal Medicaid matching rate. The bill that just passed in the federal House of Representatives on January 28, 2009 will increase each state's matching rate by 4.9 percentage points and provide additional assistance with the state share of Medicaid costs if unemployment in the state increases significantly.

- The Patrick Administration conservatively estimates Massachusetts could receive $1.5 to $1.7 billion in additional federal Medicaid revenue for the period from October 2008 through December 2009. (The Center on Budget and Policy Priorities estimates Massachusetts may receive an additional $2.6 billion over the same period under the House bill). The Administration is counting $533 million in enhanced Medicaid match for FY 09 and is proposing to use an additional $711 million in FY 10. The balance of anticipated federal matching funds, approximately $335 million, would be received during state fiscal year 2011.

- Also of note, the federal House bill prohibits states from claiming the enhanced match if their Medicaid eligibility levels are more restrictive than those in effect on July 1, 2008. Of course, the final version of the federal economic recovery legislation is not yet known.

2. Overall MassHealth spending

- House 1 would provide for a 3.14% increase in overall funding for MassHealth (excluding certain FY 10 accounts that were off-budget in FY 09). However, caseload growth is estimated at 3.4% leaving next to nothing for cost of living increases in provider rates. House 1 would continue to fully fund expansions in coverage that were part of the 2006 health reform law. The Administration's proposal assumes no changes to eligibility criteria or covered services for MassHealth members, but members may be adversely affected by the squeeze on providers. Yesterday, Cambridge Health Alliance, hard hit by the first round of 9C cuts, announced the closing of some of its clinics and services. The Governor's MassHealth budget proposal reflects a consolidation of accounts that makes direct comparison to FY 09 spending difficult.

3. Enrollment outreach grants zeroed out (4000-0352)

- The $3.5 million grant program to enable community groups to assist residents to obtain health insurance would receive no appropriation for FY10 in House 1. The first round of 9C cuts reduced the state appropriation for this program from $3.5 to $1 million, but two other state programs contributed $2.5 million to make up the difference in FY 09. The grant program was part of the 2006 health reform law, and has provided outreach grants to many community-based organization in each year since then.

4. Consolidation of line items removes some long-term budgetary language protections

- The structure of the new MassHealth accounts would change significantly under House 1, through the consolidation of many individual program accounts into larger program spending categorical accounts. Current line items for CommonHealth (4000-0430), Senior Care (4000-0600), Community First Initiative (4000-0650), MassHealth Standard (4000-0860), MassHealth Basic (4000-0870) Breast and Cervical Cancer Program (4000-0875), CMSP (4000-0990) the HIV waiver program (4000-14000), and MassHealth Essential (4000-1405) would cease to exist as independent line items. Gone with them are some important budgetary provisos which have been longstanding, advocate driven, policy protections, including protections for nursing home residents, discussed above, and language which protects childhood disability criteria and time limits for processing applications in the current and previous years' CommonHealth account is omitted from the the larger managed care and fee-for-service accounts into which CommonHealth would be consolidated. The former Essential line-item would also be merged into these larger program accounts, but without language specifically describing the scope of the program, prohibiting the exclusion of those who are employed intermittently or on a non-regular basis and protecting elder and disabled legal immigrants who do not qualify for MassHealth Standard. (However, G.L. c. 118E, § 16D(7) has codified the protection for immigrants).

- Nothing in the Governor's proposal says that the Office of Medicaid intends to change its policies in an adverse direction for the covered populations, but without the language there would be no requirement that the Administration continue the current protections.

5. Enrollment caps possible (4000-0500, 4000-0740)

- The proposed consolidated Managed Care account at 4000-0500 and Primary Care Plan account at 4000-0740 both contain new language providing that the Secretary may limit or close enrollment. The authority to close enrollment is limited to individuals who are only eligible due to the 1115 demonstration waiver, and requires the Secretary to give 90 days notice to the Ways and Means and Health Care Finance committees.

- Because the waiver would need to be amended and the Secretary would have to give 90 days notice to the Legislature, the proposed language on caps is somewhat better than past practice. From 2003-2008, the 1115 waiver included specific enrollment caps for MassHealth Essential, the Family Assistance HIV program, and the Family Assistance Insurance Partnership program. In 2005, MassHealth Essential hit its cap and had a waiting list until the cap was raised as part of the 2006 health reform law. The 2008 renewal of the 1115 demonstration eliminated the specific numeric caps on enrollment so the state would have to amend the demonstration to cap enrollment for those who are solely eligible for MassHealth by reason of the demonstration.

- The prospect of capped enrollment is particularly worrisome because House 1 assumes only 3.4% caseload growth, compared to 4.6% in FY 2009. On the other hand, further federal relief may reduce the pressures on the MassHealth caseload.

6. Elimination of specific requirements for Children's Medical Security Plan (CMSP) Services (Section 17)

- The very limited benefit package of the CMSP plan, contained in section 10F of chapter 118E, would be modified by House 1's outside section 17 in such a way as to give the Administration broad discretion to change the program's services. The Children's Health Care Access Coalition (CHAC) has been promoting an expansion of CMSP benefits more closely aligned to other children's benefits under MassHealth.

This new language would allow the administration to accommodate the Coalition's initiative. On the other hand, such broad language could actually be used to authorize the further reduction of some of the benefits expressly detailed in the current general laws. The Administration says it needs more flexibility to allow for CMSP to eventually be managed in-house by the Office of Medicaid instead of by the program's current outside contractor, but it has not budgeted for any change in benefits.

7. MassHealth savings

- The budget proposal assumes $357 million in total MassHealth savings from various payment and utilization management initiatives including a proposal to no longer pay for serious reportable events (so-called never events) in outside section 16, more use of pay for performance, more pharmacy controls, and greater use of coordinated care and care management to avoid acute hospitalization and emergency room use.

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8. Commonwealth Care

- The new subsidized insurance program for uninsured adults with incomes up to 300% of the federal poverty level now insures about 163,000 people. House 1 includes $880 million for Commonwealth Care, a 7.3 percent increase over projected 2009 spending, to provide coverage to 180,000 residents. While enrollment in Commonwealth Care grew rapidly in 2007, it levelled off in 2008 with monthly case closings off-setting monthly enrollment. The Administration expects a slight decrease in people leaving the programs (perhaps based on a slight improvement in current redetermination and "crowd out" controls).There is no line item for Commonwealth Care; its funding is through fund transfers described in House 1's outside section 40.

9. Health Safety Net (4100-0090; 4100-0091; 4100-0092)

- House 1 would provide $390 million for the Health Safety Net (HSN) in FY 2010: $29 million for community health centers, $346 million for acute hospitals and $6 million for demonstration programs. For the first time HSN would be funded entirely from insurer and provider assessments with no additional appropriation from the General Fund. For FY 09 HSN was funded at $453 million but projected FY 09 spending is $406 million. However, the Administration acknowledges uncertainty about HSN FY 09 and FY 10 program costs. The decrease in spending reflects both uninsured residents enrolling in Commonwealth Care and new HSN eligibility restrictions adopted in October 2007.

Department of Children and Families (formerly Department of Social Services) and Office of the Child Advocate

The Governor's FY 10 proposal consolidates 12 accounts into 5. DCF would receive $791.5 million for the 5 consolidated accounts (4800-0015 through 4800-1400), far less than the $816.3 million of expected expenditures in FY 09. At the same time, caseloads continue to increase: by 15% to 18% over the past three years, and by 4% to 5% this past year.

Particularly for the DCF accounts which already have large unallocated line items, this consolidation would make DCF spending, particularly spending on services and social workers, harder to track. For example, the current 4800-0038 services account of $313.8 million, which covers all family preservation, reunification, foster care, adoption, permanency and guardianship services, would be further consolidated with all group care services and two other service accounts, to form a $520 million account with no internal allocations specified in the budget other than a few individual program earmarks.

New 9C cuts total $4.9 million and bring DCF's total FY 09 9C cuts to $20.2 million. Of the new cuts, approximately 30% affect DCF administration and personnel and 70% affect services. The Department will undertake a 6 to 8 week analysis to determine how it will implement the 9C cuts within existing accounts. This analysis will also guide the Department's allocation of FY 10 budget reductions. Cuts in services will begin March 1 or April 1 of this year. It is possible that the Department overcorrected for the first round of 9C cuts and will not have to make further actual cuts in FY 09 because of the second round of 9C cuts.

1. **The Governor's proposal would consolidate in one account titled "Services for Families and Children" the following accounts: services for children and families (4800-0038), group care services (4800-0041), sexual abuse intervention network (4800-0036), and placement services for juvenile offenders (4800-0151).**

   This consolidated line item (4800-0038) is $519.9 million, a $24.5 million (or 4%) reduction from the total FY 09 appropriation for the individual line items that comprise it, and far less than expected FY 09 expenditures of $531.5 million.

   The combined October 2008 and January 2009 9C cuts to these line items total $12.9 million, a 2.4% decrease from the FY '09 appropriation, with the January 2009 9C cuts accounting for $3.2 to $3.4 million. Total 9C cuts reduce group care services (4800-0041) by $5.5 million (a 2.4 % decrease), and reduce by $7.4 million (or 2.4%) the current services to children and families account (4800-0038) which funds foster care, adoption, and support and stabilization services to preserve and reunify families.

   Payments for foster care and adoption account for approximately 81% of the total FY 09 account (post October 9C cuts) for services to children and families (4800-0038), whereas support and stabilization services to keep children in, or reunify them with, their families account for only 12% of that line item (and 7% for other types of services). The analysis that DCF will undertake in the next few weeks will determine whether the difference between funding for services to keep children with their families and services for foster care and adoption will remain the same, diverge further or decrease.

   The Department's general approach to reducing spending for services will be to both renegotiate rates paid to vendor agencies and to reduce the population served by DCF services. The Department will consider during its upcoming review whether to make smaller cuts over a larger number of services or make large cuts in a particular area. If DCF targets a particular area, it would be voluntary services, that is, services provided at the request of individuals who have not become involuntarily involved with the Department through the filing of complaints of abuse or neglect. Currently 7% of all

DCF intakes are for voluntary services. Erosion of voluntary services, which are often vital to keeping a family together, may well cause an increase in the number of children taken into DCF custody.

2. **The Governor's proposal would consolidate in one account titled "Social Worker Services and Related Operational Support" the following accounts: administration (4800-0015), social workers (4800-1100), foster care review (4800-0025), lead agencies (4800-0030) and the newly established enhanced comprehensive social services account (4800-0021).**

Under the Governor's FY 10 proposal, this consolidated line item (which would be 4800-0015) would be funded at $244.8 million, an $18.8 million (or 7%) decrease from the total FY 09 appropriation for the line items which comprise it.

Total FY 09 9C cuts to these line items are $6.9 million, which is a 2.6% cut from the FY 09 appropriation. The social worker account (4800-1100) has been cut by $943,000 for FY 09. The Department estimates that to meet this gap, it will not fill or will delay filling the positions of 2700 to 2800 social worker positions. The lead agency account (4800-0030) is significantly affected by FY 09 9C cuts. The first round of 9C cuts substantially reduced its funding, and the second round makes even further cuts resulting in total 9C cuts to the lead agency account of $2.7 million or 13% of the FY appropriation. The lead agency system which originated in FY 08 funded a statewide network of local agencies to partner with their local DCF area offices to manage utilization and purchase of services.

3. **The Governor's proposal would not reduce the account for services to victims of domestic violence (4800-1400) and FY 09 9C cuts were less than 1%.**

This account provides beds for shelter, visitation services and supports to victims of domestic violence, as well as the payroll of DCF domestic violence staff. These services are not restricted to DCF involved families, but are available to all individuals who are served by these provider programs. This account in House 1 is level-funded as compared to the FY 09 appropriation.

4. **The Governor's proposal would fund the transitional employment retained revenue account (4800-0016) at 76% less than the FY 09 appropriation (from $2 million in FY 09 to $484,000 in FY 10) and the Child Welfare Training Institute retained revenue account (4800-0091 at 9% less than the FY 09 appropriation. Neither is further cut for FY 09.**

The transitional employment account funds a model program to provide employment to older youth either involved or not involved with DCF. The program is self funded, and, according to DCF, has not spent more than the $484,000 proposed in House 1. The child Welfare Institute is funded from federal reimbursements received under Title IV-E of the Social Security Act.

5. **The Office of the Child Advocate (0411-1005) would receive $267,000, a reduction of 11% from the original FY 09 appropriation.**

The office of the child advocate was created by Executive Order in March of 2008. The Child Advocate, a former juvenile court judge, has been charged by G.L. c. 18C with wide-ranging duties which encompass monitoring, examining and making recommendations to state government regarding the provision of services to and the treatment of children in the care or custody of state agencies. The Governor reduced funding for this office by $24,000 in January. Given the very small original allocation, this cut will challenge the ability of the Child Advocate to carry out the ambitious mission that the governor established and legislature expanded.

Child Care

1. **House 1 proposes to consolidate the child care accounts for TAFDC-related child care (3000-4050 in FY 09), income eligible child care (3000-4060 in FY 09), and supportive child care for families referred by the Department of Children and Families (3000-3050 in FY 09).** The proposed consolidated line item (3000-4060) would be $9.4 million less than these items were funded at in FY 09, after taking into account the 9C cuts. The consolidated line item would eliminate current protections in the line items, including language assuring child care for recipients of TAFDC in approved education, training or work activities, former recipients who are employed during the first year after TAFDC ends, and teen parents in approved activities. The line item would also eliminate the bar on charging fees to TAFDC recipients. The TAFDC child care item has historically been a legislative priority as reflected in the FY 09 item's requirement of a report to the legislature if there is a shortfall; that language would also be eliminated.

2. **House 1 also proposes to consolidate child care administration funding for child care resource and referral agencies (3000-2000 in FY 09) into the account for Department of Early Education and Care Central Administration (3000-1000).** Some of the funding for child care and referral agencies is also moved into the item to support quality improvements (3000-6000), which would also include funding for professional development (3000-6050 in FY 09). The total of all of these accounts would be $36 million, a cut of $5.5 million from FY 09 (after the two rounds of 9C cuts). An unspecified amount of information technology costs would be transferred to item 7009-1700, but this cut will inevitably have an adverse impact on services.

3. **Head Start (3000-5000 in FY 09) would be combined with Universal Pre-Kindergarten (3000-5075) and the total would be $20.6 million, a $1.2 million cut from the funding in FY 09 after the 9C cuts.**

4. **Consulting services for children in child care with mental health issues (3000-6075) would be level-funded at $2.9 million. Family support services (including home visits and Reach and Read (3000-7000) would be level-funded with this item (after the October 9C cut) at $8.5 million.**

Other

1. **Outside section 30 of the Governor's proposed budget would give the Administration power to transfer up to 5 percent of the funds appropriated in any item** to another item within that agency or executive office after 15 days notice to the Legislature. Similar authority for FY 09 was provided to the Governor in November 2008 and is apparently being used to close a portion of the deficit in the Emergency Assistance account. As written, the transfer authority could be exercised even if it would put an account into deficit and trigger a cut in services.

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