



# News Release

For Immediate Release

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## Impact of the Fiscal Crisis: \$1.9 Billion in Program Cuts From Fiscal 2001 to 2003

According to the Foundation's detailed new analysis of spending changes from fiscal 2001 to fiscal 2003, the state has reduced expenditures in a host of specific programs by \$1.9 billion over the last two fiscal years. The reductions -- a 24 percent decrease from actual 2001 spending in the affected programs -- do not include the additional spending cuts that will be needed to deal with a \$2.5 to \$3 billion budget gap in fiscal 2004.

While almost all areas of government have seen major reductions since 2001, overall spending is actually up by just over two percent, largely because of the skyrocketing costs of health care. Among the programs with increased spending over the last two years, two-thirds of the \$2.4 billion, or 17 percent, increase has been concentrated in health care. Despite significantly reducing reimbursement rates to providers and dropping tens of thousands from the rolls, the costs of

**Table 1**  
**Major Spending Increases and Decreases**  
**Fiscal 2001 to 2003**  
 (\$, Millions)

Spending Category	Programs with Increased Spending		Programs with Decreased Spending		Net Change	
	Amount of Increase	Pct. Chg. from 2001	Amount of Decrease	Pct. Chg. from 2001	Amount	Pct. Chg. from 2001
Health care	\$1,548	28.7	-\$99	-100.0	\$1,449	26.4
Education & local aid*	384	11.4	-575	-21.8	-191	-3.2
Human services	330	13.1	-291	-18.2	39	1.0
Debt service/pensions	59	4.0	-116	-28.8	-57	-3.0
Public safety	75	6.6	-26	-4.5	50	2.9
Higher education	0	0.0	-139	-12.5	-139	-12.5
Other	11	7.4	-323	-19.7	-312	-17.5
<b>Total</b>	<b>\$2,408</b>	<b>17.1</b>	<b>-\$1,569</b>	<b>-19.5</b>	<b>\$839</b>	<b>3.8</b>
Annualization of 2003 Medicaid cuts			<b>-350</b>		<b>-350</b>	
<b>Grand Total</b>	<b>\$2,408</b>	<b>17.1</b>	<b>-\$1,919</b>	<b>-24.0</b>	<b>\$489</b>	<b>2.2</b>

\* Includes retired teachers' share of annual state pension appropriation.

Medicaid and other health care programs have risen roughly 15 percent a year, on average, since 2001 (see Table 1).

MTF's analysis compares actual program spending in fiscal 2001 to estimated spending in 2003; the program-by-program results of the analysis are detailed in the accompanying attachment. This comparison takes into account the increases and reductions incorporated in the initial 2003 budget as well as the "9C" cuts implemented by Governors Swift and Romney and supplemental spending in 2003.<sup>1</sup> It is important to emphasize that the reductions represent real cuts from the 2001 spending amounts; accounting for inflation and growth in client populations in 2003 would increase the size of the cuts.

These results provide a broader context for evaluating the various 2004 budget proposals, including the House Ways and Means Committee's revisions to Governor Romney's budget plan that are scheduled to be released tomorrow. If anything, the depth of the cuts to date only underscores the message of the Foundation's recent report on state spending, *The Perfect Storm...Unleashed*: The state's leaders face immense difficulties in resolving the current crisis that will require a comprehensive, multiyear solution.

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<sup>1</sup> The major reductions to the Medicaid program in 2003 took effect on or near April 1, including the elimination of coverage for the long-term unemployed and several "9C" cuts. The three-month impact of these cuts on 2003 spending is reflected in the "Total" line of Table 1 and in the attached detailed analysis; the annualized impact of these cuts, which will not be fully felt until fiscal 2004, is shown in the "Grand Total" line of Table 1.

# Fiscal 2001-2003 Spending Comparison

\$, Millions

Program	FY01	FY03	Difference	
			Amount	Pct.
<b>Health Care</b>	<b>5,491.8</b>	<b>6,940.7</b>	<b>1,448.9</b>	<b>26.4</b>
<i>Increases</i>				
MassHealth*	4,052.7	5,317.8	1,265.1	31.2
MassHealth Expansion	519.5	635.1	115.6	22.3
MassHealth Administration	105.3	117.1	11.7	11.1
Group Insurance	659.6	785.2	125.6	19.0
Senior Pharmacy	55.2	85.6	30.4	55.0
<i>Total Increases</i>	<i>5,392.4</i>	<i>6,940.7</i>	<i>1,548.3</i>	<i>28.7</i>
<i>Decreases</i>				
MassHealth FY03 Program Reductions	99.5	0.0	-99.5	-100.0
<i>Total Decreases</i>	<i>99.5</i>	<i>0.0</i>	<i>-99.5</i>	<i>-100.0</i>
<b>Local Aid</b>	<b>6,013.9</b>	<b>5,823.0</b>	<b>-191.0</b>	<b>-3.2</b>
<i>Increases</i>				
<i>Education</i>				
Chapter 70 Education Aid	2,989.5	3,259.0	269.5	9.0
School Building Assistance	316.5	381.9	65.4	20.7
Low -Scoring MCAS Support	14.4	50.0	35.6	246.8
Other Education Aid	26.0	26.4	0.4	1.7
<i>Total</i>	<i>3,346.4</i>	<i>3,717.3</i>	<i>370.9</i>	<i>11.1</i>
<i>Other Local Aid</i>				
Quinn Bill	28.1	41.5	13.3	47.4
Racing Tax Revenues	1.6	1.7	0.1	9.4
<i>Total</i>	<i>29.7</i>	<i>43.2</i>	<i>13.5</i>	<i>45.4</i>
<i>Total Increases</i>	<i>3,376.1</i>	<i>3,760.5</i>	<i>384.4</i>	<i>11.4</i>
<i>Decreases</i>				
<i>Education</i>				
Teachers Pension Liability**	744.6	562.6	-182.0	-24.4
Early Childhood Education	162.7	124.0	-38.7	-23.8
Charter School Aid	40.6	2.3	-38.3	-94.3
School-Based Health Education	24.2	0.0	-24.2	-100.0
State Ward Tuition	17.0	0.0	-17.0	-100.0
Equal Education Aid	28.4	15.1	-13.2	-46.7
Pupil Transportation	104.5	93.5	-11.0	-10.5
Aid to Public Libraries	33.4	25.0	-8.4	-25.2
School Meals Programs	12.6	10.0	-2.6	-20.8
Other Education Aid	93.6	59.3	-34.4	-36.7
<i>Total</i>	<i>1,261.7</i>	<i>891.7</i>	<i>-369.9</i>	<i>-29.3</i>
<i>Other Local Aid</i>				
Lottery Distribution	782.5	705.3	-77.2	-9.9
Additional Assistance	477.6	404.9	-72.6	-15.2
Chapter 81 Gas Tax	43.5	0.0	-43.5	-100.0

Program	FY01	FY03	Difference	
			Amount	Pct.
State-Owned Land	18.0	10.0	-8.0	-44.4
Tax Abatement Reimbursements	19.4	18.3	-1.1	-5.5
Community Policing Grants	20.9	20.1	-0.7	-3.6
Other Local Aid	14.4	12.1	-2.3	-16.1
<i>Total</i>	<i>1,376.2</i>	<i>1,170.8</i>	<i>-205.4</i>	<i>-14.9</i>
<i>Total Decreases</i>	<i>2,637.8</i>	<i>2,062.5</i>	<i>-575.3</i>	<i>-21.8</i>
<b>Human Services</b>	<b>4,113.7</b>	<b>4,153.0</b>	<b>39.3</b>	<b>1.0</b>
<i>Increases</i>				
<i>Mental Retardation</i>				
Community Services	456.7	526.8	70.2	15.4
Mental Retardation Respite Services	50.1	61.7	11.6	23.1
Reserve - Ricci Settlement	0.0	7.0	7.0	--
State Operated Community Services	101.6	107.8	6.2	6.1
Residential/Interim Services Wait-list	35.8	36.5	0.7	1.9
<i>Total</i>	<i>644.3</i>	<i>739.9</i>	<i>95.6</i>	<i>14.8</i>
<i>Social Services</i>				
DSS Group Care Services	161.8	210.0	48.1	29.7
Social Workers Case Management	97.8	124.6	26.9	27.5
Children and Families Services	222.2	235.9	13.7	6.2
Teen Structured Settings	5.7	6.2	0.5	9.3
Sexual Abuse Intervention Network	0.3	0.7	0.4	123.5
Foster Care Review	2.3	2.5	0.2	9.8
<i>Total</i>	<i>490.1</i>	<i>579.9</i>	<i>89.8</i>	<i>18.3</i>
<i>Transitional Assistance</i>				
TAFDC Grant Payments	280.6	317.0	36.4	13.0
Emergency Asst. - Family Shelters	41.2	72.2	31.0	75.4
Emergency Assistance	58.0	72.0	14.0	24.2
Supplemental Security Income	197.1	203.0	5.9	3.0
Annuities to Disabled Veterans	9.5	10.4	0.9	9.8
<i>Total</i>	<i>586.4</i>	<i>674.7</i>	<i>88.3</i>	<i>15.1</i>
<i>Housing Assistance</i>				
Chapter 707 Rental Assistance	0.0	2.0	2.0	--
Supportive Senior Housing	1.4	1.9	0.5	34.3
Domestic Violence Housing	0.8	1.0	0.2	23.2
TELLER Program Retained Revenue	1.0	1.0	0.0	2.3
<i>Total</i>	<i>3.2</i>	<i>5.9</i>	<i>2.7</i>	<i>83.6</i>
<i>Mental Health</i>				
Adult Community Mental Health	249.8	263.0	13.2	5.3
Psych. Hospitals/Community MH	162.6	167.6	4.9	3.0
Medfield State Hospital Consol.	0.0	3.0	3.0	--
Child and Adolescent Services	63.8	65.7	1.9	2.9

Program	FY01	FY03	Difference	
			Amount	Pct.
Services for the Homeless	21.6	22.2	0.6	2.8
<i>Total</i>	497.8	521.4	23.6	4.7
<i>Youth Services</i>				
Youth Services Detained Residential	14.4	17.0	2.6	18.3
Committed Non-Residential	19.9	20.2	0.3	1.3
Placement Juvenile Offenders	0.7	0.8	0.0	3.2
Other Youth Services	0.0	5.4	5.4	--
<i>Total</i>	35.0	43.4	8.4	23.8
<i>Public Health</i>				
Children`s Medical Security Plan	13.6	15.3	1.7	12.8
Health Facilities Licensure	8.4	9.0	0.6	7.0
Public Health Administration	18.2	18.7	0.5	2.8
Center for Laboratory/CDC	9.9	10.2	0.4	3.8
Domestic Violence Prevention	1.7	2.0	0.3	17.4
Blood Lead Testing Ret. Revenue	1.3	1.5	0.2	12.0
Suicide Prevention Programs	0.0	0.1	0.1	--
Sexual Assault Nurse Examiners	0.7	0.8	0.1	14.1
Dental Health Services	1.3	1.4	0.1	7.2
WIC Nutritional Services	36.4	36.5	0.1	0.2
<i>Total</i>	91.6	95.7	4.1	4.4
<i>Child Care</i>				
Child Care Licensing	6.9	7.0	0.2	2.6
Child Care Regional Administration	13.0	13.2	0.2	1.3
<i>Total</i>	19.9	20.2	0.3	1.7
<i>Elder Affairs</i>				
Managed Care in Housing Program	20.5	37.5	16.9	82.5
Home Care Services	129.8	130.2	0.4	0.3
<i>Total</i>	150.4	167.7	17.3	11.5
<i>Total Increases</i>	2,518.7	2,848.8	330.1	13.1
<i>Decreases</i>				
<i>Mental Retardation</i>				
Transportation Services	25.0	14.7	-10.3	-41.3
Mental Retardation State Facilities	165.2	162.0	-3.2	-2.0
Mental Retardation Administration	66.9	64.6	-2.3	-3.4
Turning 22 Program	6.9	6.5	-0.5	-6.9
Other Mental Retardation	7.8	0.1	-7.7	-98.7
<i>Total</i>	271.9	247.8	-24.0	-8.8
<i>Social Services</i>				
Social Services Administration	68.3	64.8	-3.5	-5.1
Domestic Violence Services	17.9	17.4	-0.5	-2.9
Other Social Services	2.3	0.0	-2.3	-100.0
<i>Total</i>	88.5	82.2	-6.3	-7.1

Program	FY01	FY03	Difference	
			Amount	Pct.
<i>Transitional Assistance</i>				
Emergency Asst. - Rent Arrearages	9.9	0.0	-9.9	-100.0
TAFDC Legal Immigrants	7.6	0.0	-7.6	-100.0
Suppl. Food Stamps/Non-Citizens	6.8	1.0	-5.8	-85.3
Employment Services Program	20.0	18.0	-2.0	-9.8
Citizenship Assistance Program	1.0	0.0	-1.0	-100.0
Emergency Assistance Food	6.4	6.4	-0.1	-1.2
Other Cash Assistance	2.3	0.5	-1.7	-76.1
<i>Total</i>	54.0	25.9	-28.1	-52.0
<i>Housing Assistance</i>				
Rental Production Contracts	24.2	8.7	-15.4	-63.8
Public Housing Subsidies	34.5	23.2	-11.4	-32.9
Homeless Assistance	42.8	34.1	-8.6	-20.2
Rental Voucher Program	34.7	26.7	-8.0	-23.1
Home Ownership Opportunity	4.0	0.0	-4.0	-100.0
Interest Subsidies/Private Dev.	8.1	7.1	-1.0	-12.3
Rental Housing Dev. Action Loan	1.9	1.2	-0.7	-36.5
Transitional Rental Assistance	3.7	3.0	-0.7	-18.4
Congregate and Shared Housing	1.5	1.3	-0.2	-12.9
Services to Low -Income Tenants	1.8	1.7	-0.1	-4.5
Other Housing Assistance	1.0	0.0	-1.0	-97.3
<i>Total</i>	158.1	107.0	-51.1	-32.3
<i>Mental Health</i>				
Mental Health Administration	48.1	38.0	-10.1	-21.1
Forensic Mental Health Services	6.9	6.1	-0.9	-12.6
Other Mental Health	11.8	0.1	-11.7	-98.9
<i>Total</i>	66.9	44.2	-22.7	-34.0
<i>Youth Services</i>				
Youth Services Administration	6.5	4.9	-1.6	-25.2
Committed Residential	77.5	77.3	-0.2	-0.3
<i>Total</i>	84.0	82.2	-1.8	-2.2
<i>Public Health</i>				
Smoking Prevention and Cessation	46.6	19.9	-26.7	-57.3
Public Health Hospitals	146.8	121.4	-25.4	-17.3
School Health Services	19.4	0.0	-19.4	-100.0
HIV/AIDS Prevention and Treatment	50.8	37.0	-13.7	-27.0
Substance Abuse Services	47.1	37.0	-10.0	-21.3
Early Breast Cancer Detection	9.6	3.0	-6.6	-68.6
Community Health Centers	12.8	7.1	-5.7	-44.2
Education and Prevention Programs	6.7	1.3	-5.4	-80.4
Newborn Home Visiting Program	16.1	11.1	-5.0	-30.9
Universal Immunization Program	25.5	20.7	-4.8	-18.8

Program	FY01	FY03	Difference	
			Amount	Pct.
Teen Pregnancy Prevention	5.4	2.3	-3.1	-56.8
Family Planning and Health Services	13.8	11.2	-2.6	-18.8
Healthy Start/Early Intervention	41.1	38.7	-2.4	-5.8
Health Statistics	1.7	0.3	-1.5	-84.8
Environmental Health Services	5.8	4.7	-1.1	-19.0
Nurses Aide Programs	1.4	0.6	-0.8	-56.0
Regional Emrgncy Medical Services	1.4	0.6	-0.7	-52.1
Acute/Emergency Services	37.5	36.9	-0.6	-1.6
Gamblers' Treatment Services	1.0	0.7	-0.3	-33.8
Other Public Health	7.0	-0.3	-7.3	-103.8
<i>Total</i>	497.4	354.4	-143.0	-28.7
<i>Child Care</i>				
Targeted Cities Child Care	4.1	0.0	-4.1	-100.0
Child Care for Low -Income Families	285.5	282.8	-2.7	-1.0
Trial Court Child Care	1.7	0.3	-1.5	-84.5
Supportive Child Care	50.8	50.3	-0.4	-0.8
Other Child Care	5.2	4.2	-1.0	-19.0
<i>Total</i>	347.3	337.6	-9.7	-2.8
<i>Elder Affairs</i>				
Elder Local Service Programs	11.4	10.4	-1.1	-9.3
Elder Protective Services	10.4	10.0	-0.4	-3.7
Elder Affairs Administration	2.0	2.0	-0.1	-3.4
Other Elder Affairs	3.1	0.6	-2.6	-81.8
<i>Total</i>	27.0	22.9	-4.1	-15.1
<i>Total Decreases</i>	1,595.0	1,304.2	-290.8	-18.2
<b>Debt Service and Other Long-Term Obligations</b>	<b>1,885.5</b>	<b>1,828.2</b>	<b>-57.3</b>	<b>-3.0</b>
<i>Increases</i>				
Long-Term Debt Service	1,431.8	1,476.4	44.7	3.1
Water Pollution Debt Service	47.9	58.5	10.7	22.3
Turnpike Authority Debt Service	2.5	5.9	3.4	135.0
<i>Total Increases</i>	1,482.1	1,540.8	58.7	4.0
<i>Decreases</i>				
Water/Sewer Rate Relief Payments	53.9	0.0	-53.9	-100.0
Pension Ben. for State Employees**	291.1	251.5	-39.6	-13.6
Convention Ctr. Debt Service	24.6	16.4	-8.3	-33.5
Other Contract Assistance	33.7	19.5	-14.3	-42.3
<i>Total Decreases</i>	403.4	287.3	-116.0	-28.8

Program	FY01	FY03	Difference	
			Amount	Pct.
<b>Criminal Justice</b>	<b>1,708.6</b>	<b>1,758.2</b>	<b>49.7</b>	<b>2.9</b>
<i>Increases</i>				
<i>Public Safety</i>				
State Police	205.3	239.4	34.0	16.6
Corrections Facilities	412.3	436.4	24.1	5.9
Probation Services	33.7	41.2	7.4	22.1
Sheriffs	372.8	373.7	0.9	0.2
<i>Total</i>	1,024.2	1,090.7	66.5	6.5
<i>Courts</i>				
Public Counsel Services	100.9	106.9	6.0	5.9
Trial Court Staffing Reserve	0.0	1.6	1.6	--
Appeals Court	8.0	8.8	0.8	10.3
Supreme Judicial Court	6.9	7.3	0.4	6.0
Board of Bar Examiners	1.0	1.1	0.1	6.6
Judicial Conduct	0.5	0.5	0.1	13.5
<i>Total</i>	117.3	126.2	8.9	7.6
<i>Total Increases</i>	1,141.5	1,216.9	75.4	6.6
<i>Decreases</i>				
<i>Courts</i>				
Trial Courts	433.9	413.1	-20.9	-4.8
District Attorneys	81.4	78.5	-2.9	-3.6
Attorney General	33.8	32.7	-1.0	-3.1
Parole Board	14.2	14.0	-0.2	-1.5
Other Judiciary	3.8	3.1	-0.7	-18.0
<i>Total Decreases</i>	567.1	541.4	-25.7	-4.5
<b>Higher Education</b>	<b>1,109.1</b>	<b>970.3</b>	<b>-138.9</b>	<b>-12.5</b>
<i>Decreases</i>				
University of Massachusetts	515.7	445.5	-70.2	-13.6
Community Colleges	250.4	222.2	-28.2	-11.3
Board of Higher Education	27.2	8.1	-19.2	-70.3
Higher Ed Scholarships	113.6	98.5	-15.1	-13.3
State Colleges	202.2	196.0	-6.2	-3.1
<i>Total Decreases</i>	1,109.1	970.3	-138.9	-12.5
<b>Other</b>	<b>1,783.4</b>	<b>1,471.5</b>	<b>-311.9</b>	<b>-17.5</b>
<i>Increases</i>				
Regional Transit Authorities	41.2	47.8	6.6	16.0
Registry of Motor Vehicles	63.8	65.4	1.6	2.4

Program	FY01	FY03	Difference	
			Amount	Pct.
Joint Legislative Operations	5.3	6.8	1.5	28.6
Environ. Affairs Executive Office	10.5	11.6	1.1	10.2
Labor and Workforce	24.1	24.1	0.0	0.0
<i>Total Increases</i>	144.9	155.6	10.7	7.4
<i>Decreases</i>				
Administration - State Operations	414.1	359.1	-55.0	-13.3
Highways	80.4	40.5	-39.9	-49.7
Economic Development	53.3	16.9	-36.4	-68.3
MDC	67.7	40.7	-27.0	-39.9
Convention Ctr. Operating Subsidy	17.0	0.0	-17.0	-100.0
DOR Tax Administration	124.5	111.4	-13.1	-10.6
Snow and Ice	72.5	60.3	-12.2	-16.8
Environmental Management	42.7	30.9	-11.8	-27.6
Other Environmental Protection	67.3	55.8	-11.5	-17.1
Mass. Cultural Council	18.5	7.3	-11.2	-60.6
Underground Storage Tank	29.7	20.6	-9.1	-30.5
Other Business Programs	18.6	12.2	-6.3	-34.2
Registry of Deeds	20.6	15.9	-4.7	-22.7
Consumer Affairs and Bus. Reg.	32.6	29.1	-3.5	-10.7
Fisheries and Wildlife	26.8	23.4	-3.3	-12.5
Senate	19.1	16.6	-2.5	-13.0
Workforce Training	29.7	27.6	-2.1	-7.1
State Lottery Commission	70.4	69.7	-0.7	-1.0
Child Care Administration	2.4	1.9	-0.5	-19.8
House of Representatives	31.3	30.9	-0.4	-1.3
Other Environmental Protection	0.4	0.2	-0.3	-59.0
All Other	398.9	344.8	-54.2	-13.6
<i>Total Decreases</i>	1,638.5	1,315.9	-322.7	-19.7

\* MassHealth spending for 2003 includes assumed deficiency of \$179.5.

\*\* Estimated retired teachers' share of state pension appropriation is included in "Local Aid"; state employees' share is included in "Debt Service and Other Long-Term Obligations."