



Massachusetts  
Taxpayers Foundation

# MTF Member Presentation: *Analysis of Senate ARPA Legislation*

11/9/2021

*Presentation by Doug Howgate*



# Outline

- I. Fiscal background
- II. MTF recommendations
- III. Senate ARPA/Surplus legislation
  - Key themes
  - Health care
  - UI & Premium pay
  - Workforce & Education
  - Taxes
  - Amendments/next steps

A night view of a city skyline, likely Boston, featuring several illuminated skyscrapers and a bridge over a body of water. The lights from the buildings and bridge are reflected in the water. A dark blue rectangular box is overlaid on the bottom half of the image, containing the text "Fiscal Background" in yellow.

# Fiscal Background

# Where things stand: FY 2021 Surplus

<i>Calculating the Initial Surplus</i>	
<b><i>Taxes above benchmark</i></b>	<b>\$5,080</b>
<i>Statutory transfers</i>	
Capital gains above benchmark	-\$1,220
Increased transfers to MBTA and SBA	-\$173
<b><i>Tax revenue remaining</i></b>	<b>\$3,687</b>
<i>Other Offsets</i>	
Elimination of planned Stabilization draw	-\$1,100
FY 2022 receipt of federal revenues	-\$409
Other spending/revenue exposures	-\$120
<b><i>Estimated surplus remaining</i></b>	<b>\$2,058</b>
<i>\$ in millions</i>	

# Governor v. Legislature Closeout

<i>Starting Surplus</i>	<b>\$2,058</b>	
	<i>Governor</i>	<i>Legislature</i>
UI trust fund	\$1,000	\$0
General deficiencies	\$7	\$7
Chapter 257 costs	\$39	\$0
One-time payment to frontline workers	\$40	\$0
Residential special education schools	\$20	\$20
Shelter rates	\$17	\$17
Substance use programming	\$7	\$5
CBA and public employee wages	\$405	\$252
Sheriff deficiencies	\$25	\$26
Supportive housing	\$5	\$5
Absorption of Becker College costs	\$3	\$3
Mass. Life Sciences	\$10	\$0
Community Preservation	\$10	\$0
PACs	\$229	\$230
<b><i>Total spend</i></b>	<b>\$1,817</b>	<b>\$564</b>
<b><i>Approximate remaining surplus</i></b>	<b>\$241</b>	<b>\$1,494</b>

*\$ in millions*

# Where things stand: ARPA Spending

<i>Massachusetts Fiscal Recovery Funds</i>	
<b>Total MA Award</b>	<b>\$5,286.1</b>
Supplemental distribution to Chelsea, Everett, Methuen & Randolph	\$109.0
Administration set-aside	\$200.0
COVID paid leave set-aside	\$75.0
VaxMillions	\$10.0
<b>Amount remaining</b>	<b>\$4,892.1</b>

*\$ in million*

# Gov. Baker ARPA Spending (Proposed)

Item	Amount
Housing - production	\$700
Housing - affordability	\$300
Ec. Dev. - downtown revitalization	\$350
Ec. Dev. - culture/tourism	\$100
Workforce	\$240
Health care - mental health	\$175
Health care - providers	\$50
Infrastructure - water/sewer	\$400
Infrastructure - climate/Env./ports	\$500
Infrastructure - broadband	\$100
<b>Total</b>	<b>\$2,915</b>

*\$ in millions*





# MTF Recommendations



# Fiscal Principles

- Sustainability
  - One-time uses
  - Programs that can be wound down
- Prioritization
  - Focus on core needs
- Evidence/evaluation
  - Track the money/figure out what works
- Coordination
  - Amplify FRF with other ARPA resources
- Strategic use
  - Blended approach of now/later



# Policy Recommendations

- Pandemic recovery
  - Local public health
  - UI
- Barriers to prosperity
  - Housing production/affordability
  - Early college
  - Food security
  - Mental health workforce
- Workforce
  - EfA
  - Workforce Competitiveness Trust Fund
- Infrastructure
  - Water/sewer
  - K-12

A night view of a city skyline, likely Boston, featuring several illuminated skyscrapers and a bridge over a body of water. The lights from the buildings and bridge are reflected in the water. A dark blue rectangular box is overlaid on the bottom half of the image, containing the text "Senate Legislation" in yellow.

# Senate Legislation

# SWM Bill In Brief

- What's new:
  - Approach on assigning resources
  - Level of LI/program detail
  - Sector approach on workforce
  - Focus on mental health
- What's the same:
  - Scope of spending
  - General priority areas
  - Focus on disproportionate impact
  - Lack of attention to evaluation

# SWM v. House Program Language

**1599-2038 For a reserve for investments in local and regional public health systems; provided, further that not less than \$100,000 shall be made available to the health policy 21 of 86 commission to conduct the study authorized by section 75B; provided, that funds shall be transferred to the executive office of health and human services and the department of public health; provided further, that funding shall prioritize projects to address health disparities, workforce development and training and the enhancement of public health data systems; and provided further, that funds shall be made available for this purpose until June 30, 2024.....\$150,100,000**

**1599-2025 For a reserve to support and enhance the commonwealth’s local and regional public health system; provided, that funds in this item shall be administered by the department of public health; provided further, that the funds shall be expended in a manner that prioritizes the expansion and enhancement of shared public health services among 1 or more municipalities; provided further, that not less than \$118,400,000 shall be expended to establish standardized and unified data systems to increase capacity to collect, analyze and share data to protect the public’s health and evaluate system performance; provided further, that such expenditures may include hardware, software and training to support a local public health performance and credential data tracking system and development of an online inspection and permitting system; provided further, that not less than \$37,500,000 shall be expended on training and educational opportunities for local boards of health members and health department staff and the provision of financial assistance to those members and staff to meet workforce education and credentialing standards recommended by the special commission on local and regional public health; provided further, that such expenditures may include funding for the department of public health and the department of environmental protection to procure workforce development and learning management systems; provided further, that not less than \$95,000,000 shall be expended on a 5-year program of direct funding and technical assistance to local boards of health to increase their ability to adequately perform essential functions, including meeting regulatory and statutory obligations, improving population health and addressing health disparities in communities with large populations of socially and economically disadvantaged and historically underrepresented groups; provided further, that not later than March 1, 2022, the department of public health shall submit a report to the house and senate committees on ways and means and the joint committee on public health with a proposed schedule for distributing funds from this item; provided further, that not less than quarterly, the department shall report to the house and senate committees on ways and means and the joint committee on public health on the distribution of funds from this item including, but not limited to: (i) the recipients of such funds; (ii) the amount distributed, by recipient; and (iii) the purpose of the distribution, by recipient; provided further, that funds shall be prioritized for communities with large populations of socially and economically disadvantaged and historically underrepresented groups and for communities disproportionately impacted by the 2019 novel coronavirus pandemic; and provided further, that the department shall ensure geographic equity when distributing funds.....\$250,900,000**



# SWM Approach to Resources

- SWM takes a different approach to assigning spending to FRF/surplus resources
  - Administration and House assign each spending item to either FRF or surplus resources
  - SWM creates a cap for spending from each resource and leaves it to ANF to make decisions

<b>FRF Resources</b>	\$4,892		
<b>Surplus resources</b>	\$1,494		
<b><i>Total resources</i></b>	<b><i>\$6,386</i></b>		
	<b>Governor</b>	<b>House</b>	<b>Senate</b>
FRF assigned spending	\$2,915	\$2,510	Up to \$2.5B
Surplus assigned spending	\$1,253	\$1,313	Up to \$1.45B
<b><i>Total spending</i></b>	<b><i>\$4,168</i></b>	<b><i>\$3,824</i></b>	<b><i>\$3,668</i></b>
<b>Resources remaining</b>	<b>\$2,218</b>	<b>\$2,562</b>	<b>\$2,718</b>

# SWM v. Previous Proposals

Category	Governor	House	SWM	SWM v. Gov	SWM v. House
Health Care	\$225	\$769	\$901	\$676	\$131
Housing	\$1,000	\$612	\$610	-\$388	-\$2
Premium Pay	\$40	\$500	\$500	\$460	\$0
UI	\$1,000	\$500	\$500	-\$500	\$0
Infrastructure	\$1,000	\$427	\$515	-\$573	\$88
Education	\$0	\$375	\$181	\$375	-\$195
Economic Development	\$450	\$251	\$133	-\$199	-\$118
Low-income/Disp. Impact	\$0	\$165	\$97	\$165	-\$68
Workforce	\$240	\$160	\$170	-\$80	\$10
Deficiencies & CNS	\$213	\$60	\$60	-\$153	\$0
Oversight & Innovation	\$0	\$5	\$2	\$5	-\$3
<b>Total</b>	<b>\$4,168</b>	<b>\$3,824</b>	<b>\$3,668</b>	<b>-\$213</b>	<b>-\$155</b>

*\$ in millions*

# SWM Spending Priorities: Key Themes

## Areas of focus:

- Mental health
- Sector specific workforce development
- Hospital payments
- New housing/environment pilot programs

## Areas of decreased focus:

- UI (v. Gov)
- Infrastructure (v. Gov)
- Housing (v. Gov)
- Economic development (v. Gov)
- K-12 earmarks (v. House)
- Food security (v. House)
- Nursing facilities (v. House)





# Housing & Infrastructure

	Gov.	House	SWM	SWM v. Gov	SWM v. House
Water and Sewer Infrastructure	\$400	\$100	\$175	-\$225	\$75
Supportive Housing	\$300	\$150	\$150	-\$150	\$0
Homeownership production	\$200	\$100	\$125	-\$75	\$25
Rental production	\$200	\$100	\$125	-\$75	\$25
Environmental infrastructure	\$300	\$100	\$125	-\$175	\$25
Marine Port & Wind	\$100	\$100	\$100	\$0	\$0
Broadband/Internet	\$100	\$50	\$75	-\$25	\$25
Homeownership support	\$300	\$100	\$50	-\$250	-\$50
State parks/recreational facilities	\$100	\$25	\$15	-\$85	-\$10
Public Housing Maintenance	\$0	\$150	\$150	\$150	\$0
Greening Communities	\$0	\$25	\$20	\$20	-\$5
<b>Total</b>	<b>\$2,000</b>	<b>\$1,000</b>	<b>\$1,110</b>	<b>-\$890</b>	<b>\$110</b>

*\$ in millions*



# Health Care

# Health Care

	Gov.	House	SWM
Nursing facilities	\$0.0	\$70.0	\$50.0
Mental health	\$175.0	\$250.0	\$400.0
Public Health	\$0.0	\$150.1	\$250.9
Provider payments	\$50.0	\$270.0	\$200.0
<b>Total</b>	<b>\$225.0</b>	<b>\$740.1</b>	<b>\$900.9</b>

*\$ in million*

# Nursing & Public Health

- Nursing facilities:
  - House - \$70M total:
    - \$30M for capital improvements
    - \$40M for workforce
  - SWM - \$50M total:
    - \$25M for workforce forgivable loan program
    - \$25M for workforce recruitment and retention
- Public health:
  - House - \$150M total
    - Local/regional public health investments
    - \$100K for HPC
  - Senate - \$250.9M
    - \$118.4M for standardized/unified data systems
    - \$95M for 5-year technical assistance program
    - \$37.5M for public health staff education

# Mental Health

	House	SWM
WF development	<b>\$100</b>	\$0
BH Bed expansion	<b>\$24</b>	\$0
Primary care WF	<b>\$15</b>	\$0
BH CHC earmark	<b>\$7</b>	\$0
Child/school based BH	<b>\$3</b>	\$0
Statewide MH hotline	<b>\$1</b>	\$0
William James WF	<b>\$1</b>	\$0
Behavioral Health TF	\$0	<b>\$240</b>
Loan repayment	\$0	<b>\$111</b>
Pre-arrest response	\$0	<b>\$15</b>
MH NP program	\$0	<b>\$12</b>
PACE program	\$0	<b>\$10</b>
Culturally competent BH awareness campaign	\$0	<b>\$5</b>
Online portal to coordinate services	\$0	<b>\$5</b>
BH data warehouse	\$0	<b>\$3</b>
<b>Total spend</b>	<b>\$250</b>	<b>\$400</b>



# Provider Payments in Each Bill

	Gov.	House	Senate
Reserved for community health centers	\$0	\$20	\$0
Reserved for fiscally strained providers in disproportionate impact communities	\$50	\$0	\$0
Reserved for high public-pay	\$0	\$50	\$0
Reserved for acute care hospitals	\$0	\$0	\$200
Amount for other hospitals	\$0	\$200	\$0
<b>Total funding</b>	<b>\$50</b>	<b>\$270</b>	<b>\$200</b>

*\$ in millions*

# SWM Provider

- Grants available to:
  - Acute hospitals impacted by COVID-19
- EOHHS (with CHIA) charged with developing methodology for distribution
  - Applications prioritization factors listed on next slide
- EOHHS must consider:
  - Increased expenses/lost revenue due to pandemic
  - State/federal pandemic relief funding already received
  - Financial health of the hospital
- EOHHS must make public methodology/proposed distribution 45 days prior to release of funds

# SWM Provider Approach

- EOHHS is directed to prioritize applications from NP hospitals with 2 or more of these criteria:
  - Serve communities disproportionately impacted by pandemic
  - Have a total margin loss (based on CHIA submitted financial data) in 2020, 2021, or 2022
  - Designated by CHIA as an independent community or independent teaching hospital
  - Public payer mix of 65% or higher



# Provider Payments House v. SWM

- Structure
  - House: item & trust fund
  - SWM: item
- Eligibility
  - House much broader
- High public pay
  - House earmarks \$50M
  - SWM makes a priority criteria
- Prioritization factors for distribution
  - House: No
  - Senate: 4 factors (along with NP status)
- Info on method prior to release
  - House: No
  - Senate: 45 days prior

A nighttime photograph of a city skyline, likely Boston, with numerous skyscrapers and buildings illuminated. The lights reflect on the water in the foreground. A dark blue rectangular box is overlaid on the bottom half of the image, containing the text "UI & Premium Pay" in yellow.

# UI & Premium Pay

# Unemployment Insurance

- SWM and House direct \$500M to the state's UI trust fund
  - Governor Baker proposes \$1B
  - Two Senate amendments to increase SWM figure to \$1B
- House adopted amendment requiring state to publicize process for UI claimants to have overpayments waived
  - Lovely 159 filed in Senate

# Premium Pay

- House and SWM include \$460M for a Premium Pay program to be administered by ANF
- Notable differences between the 2 proposals:
  - Senate defines essential worker as someone at 300% or less of FPL
  - Senate allows premium pay to be provided as a tax credit
  - House includes \$500 minimum bonus
  - Senate creates a Premium Pay Advisory Council to make program design recommendations
  - House requires bonuses to be paid by end of January

# Premium Pay Amendments

- Adding Home Care Aide Council to advisory panel
  - Jehlen 20
- Required inclusion of MBTA workers
  - Collins 26
- Adding Mass. Senior Care Association to advisory panel
  - DiDomenico 98
- Increasing income eligibility to 500% of FPL
  - Feeney 137
- Payment calculation of human service workers
  - Gomez 275

A night view of a city skyline, likely Boston, featuring several illuminated skyscrapers and a bridge over a body of water. The lights from the buildings and bridge are reflected in the water. A dark blue rectangular box is overlaid on the bottom half of the image, containing the text "Workforce & Education" in yellow.

# Workforce & Education

# Workforce Comparison

	Item	Gov	House	SWM
General workforce supports	Workforce	\$240.0	\$129.5	\$0.0
Workforce Comp. Trust Fund	Workforce	\$0.0	\$0.0	\$75.0
Career Technical Institutes	Workforce	\$0.0	\$0.0	\$25.0
Cyber security workforce	Workforce	\$0.0	\$0.0	\$15.0
Human service workforce	Workforce	\$0.0	\$0.0	\$55.0
JVS workforce	Workforce	\$0.0	\$20.0	\$0.0
Down syndrome WF supports	Workforce	\$0.0	\$0.5	\$0.0
Local workforce earmarks	Workforce	\$0.0	\$10.0	\$0.0
<i>Workforce category</i>		\$240.0	\$160.0	\$170.0
CC workforce programs	Education	\$0.0	\$15.0	\$30.0
Diverse teacher recruitment	Education	\$0.0	\$10.0	\$0.0
Nursing facility workforce	Health care	\$0.0	\$40.0	\$50.0
Primary care workforce	Health care	\$0.0	\$15.0	\$0.0
MH workforce	Health care	\$0.0	\$100.5	\$122.1
<i>Other workforce programs</i>		<i>\$0.0</i>	<i>\$180.5</i>	<i>\$202.1</i>

# Education Spending

Education Program	House	SWM
YMCA grants	\$10	\$10
Boys and Girls Clubs	\$10	\$10
SPED services to 22	\$10	\$0
Vocational capital needs	\$100	\$100
K-12 Workforce diversity	\$10	\$0
766 School workforce	\$10	\$0
Public higher ed endowment match	\$25	\$30
State University mitigation	\$30	\$0
Umass Mitigation	\$30	\$0
Community college mitigaition	\$15	\$0
Community college WF programs	\$15	\$30
K-12 HVAC	\$100	\$0
<b>Total</b>	<b>\$365</b>	<b>\$180</b>

*\$ in millions*





# Taxes

# SWM & House Tax Provisions

- Two notable tax provisions:
  - Child tax credit cleanup (sections 32 – 35)
    - Limits the amount of the credit for those living out of state for part of the year;
    - Clarifies interest treatment of refundable credits.
  - TY 2021 treatment of federal/state COVID grants
    - Added to programs made non-taxable for 2020:
      - Restaurant Revitalization grants
      - Economic aid to venue/non-profit operators
      - State MGCC small business grants
    - Fiscal impact:
      - \$143M in FY 2022
      - \$36M in FY 2023

# Senate Tax Amendments

- Historic tax credit cap increase
  - Lesser 12
- Live theater tax incentive
  - Collins 27
- Charitable tax deduction
  - Tarr 39
- Two-week sales tax holiday
  - Tarr 42
  - Estimated cost of \$210M
- Child tax credit enhancement
  - Feeney 267

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# Senate Amendments

# Senate Amendment Summary

Senate Amendments	
Total amendments	722
Estimated fiscal impact	\$5,559
Earmarked amendments	522
Estimated cost of earmarked amendments	\$1,113
Amendments proposing new policy section:	45
New sections proposed	80

*\$ in millions*

# Senate Amendment Themes

- Hyper local focus
  - Infrastructure
  - Tourism
  - Economic development
- Much greater variability in level of asks
  - 77 amendments of \$10M or more
- Difficult to detect policy area that's uniting members for change:
  - Childcare
  - Workforce
  - Essential worker



• Some new programs/pilots possible

# A Sense of Senate Spending Amendments

Category	SWM Proposal	Amendment #	Amendments \$
Deficiencies & CNS	\$60	0	\$0
Housing	\$610	59	\$1,024
Economic Development	\$133	35	\$261
Workforce	\$170	26	\$237
Health care	\$901	50	\$249
Infrastructure	\$515	71	\$558
Premium pay	\$500	0	\$0
UI	\$500	0	\$0
Education	\$181	20	\$132
Low-income/Disp. Impact	\$97	25	\$101
Oversight & innovation	\$2	265	\$120
Other	\$0	171	\$2,878
<b>Total</b>	<b>\$3,668</b>	<b>722</b>	<b>\$5,559</b>

*\$ in millions*

# Things to Watch on the Floor

- Total spending
  - Estimated bottom line increase: \$150 - \$200M
  - Existing spending likely earmarked too
- A couple of large spending/policy changes:
  - DI community
  - Env. Infrastructure
  - SBA/HVAC issues
  - Climate



# Questions Going Forward

1. How long will debate take?
2. What's the total all-in spend level?
  - How does it compare to Admin.
3. How will they resolve policy differences?
  - Provider payments
  - Premium pay
  - LI language
4. When will this bill get to Conference/the Governor's desk



# Appendix

# HWM Hospital Payments

- Applicants must “...certify that it shall not use any grant payments received to reimburse expenses or losses that have been reimbursed from another source or that another source is obligated to reimburse”
- In making awards, EHS to consider:
  - Lost revenues/expenses not reimbursed by PRF
  - Financial health of provider/system
  - Public payer mix
  - Geographic need
  - Population need
- No timeline for disbursement

# House Hospital Payments

- COVID-19 Public Health Emergency Hospital Relief Trust Fund
  - Administered by EOHHS
- Eligibility is VERY broad
  - \$50M earmarked for high public payer hospitals
- Fund awards to:
  - “...prevent, prepare for and respond to” COVID-19
- Application will capture:
  - Expenses/lost revenue attributable to COVID
    - Revenue loss calculation same as used for PRF
  - Funding used to support providers that serve DI communities

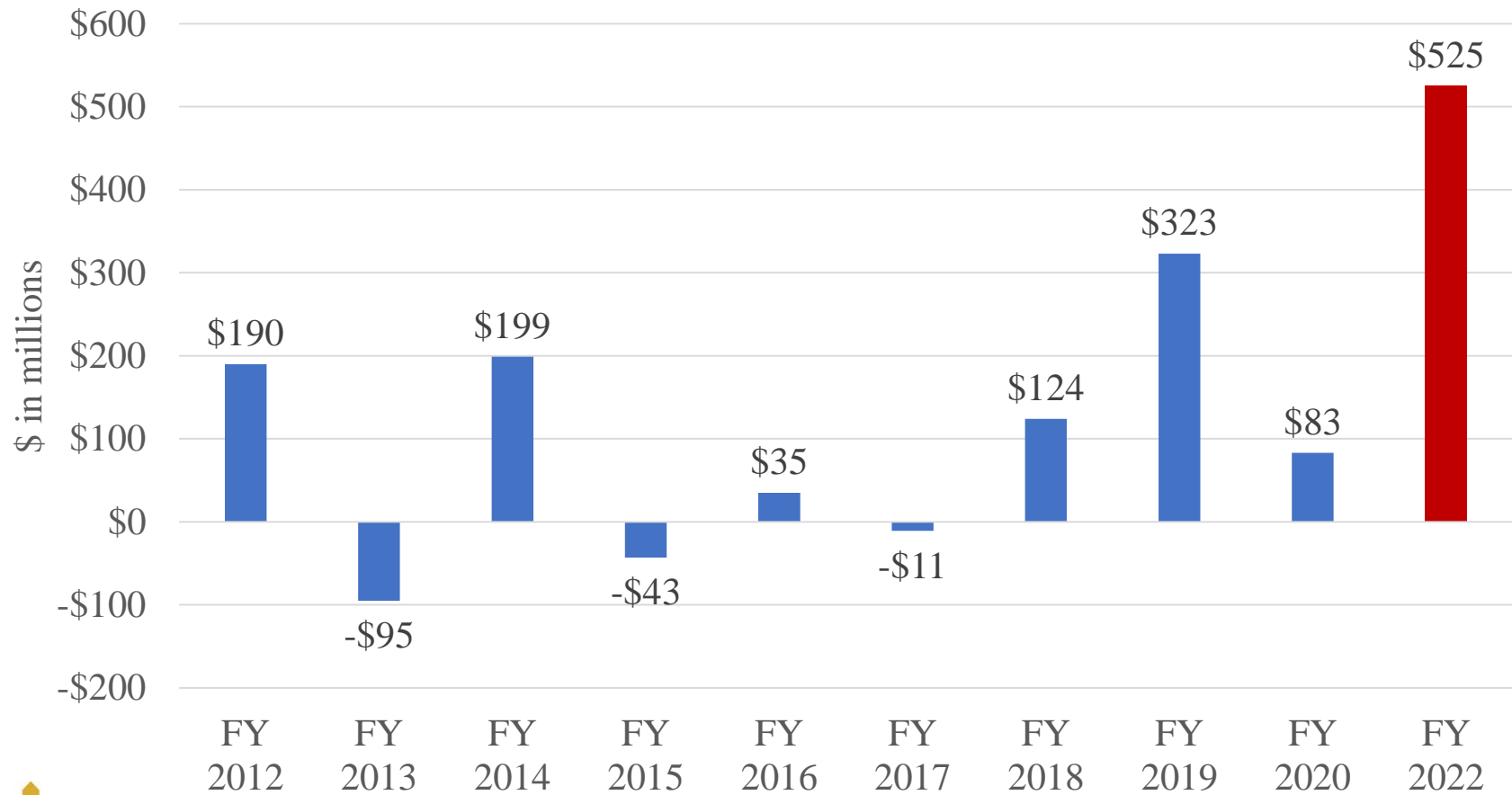
# FY 2022 Revenue Upgrade

	Consensus Revenue	Conference Adjustment	Difference
Tax revenue assumption	\$30,120	\$34,350	\$4,230
Pre-budget transfers	-\$5,629	-\$5,751	-\$122
Excess cap gains	-\$165	-\$1,263	-\$1,098
Set aside for SOA	\$0	-\$350	-\$350
Set aside for pension	\$0	-\$250	-\$250
<b>Remaining tax revenue</b>	<b>\$24,326</b>	<b>\$26,736</b>	<b>\$2,410</b>

*\$ in millions*

# Where things stand: FY 2022 Tax Revenues

\$ Over Benchmark Through Q1



# Gov. Baker ARPA Spending (actual)

Administration set-aside	<b>\$200.0</b>
Health worker rate enhancement	\$55
Financial support for distressed hospitals	\$50
In-patient psychiatric supplemental payments	\$31
Workforce training programming	\$50
<b>Total</b>	<b>\$186.0</b>
Amount remaining	\$14

*\$ in millions*

# Fiscal Recovery Funds Breakdown

	US Total	MA Final
State award	\$195,300.00	\$5,286.07
Metropolitan cities	\$45,570.00	\$1,664.51
Other municipality award	\$19,530.00	\$385.06
County Award	\$65,100.00	\$1,338.79
<b>Total</b>	<b>\$325,500.00</b>	<b>\$8,674.42</b>
<i>\$ in millions</i>		



# Four Types of Municipal LFRF Awards

	Residents	Award	LFRF Per Resident
Metro city (non-op county)	2,489,825	\$1,832,811,834	\$736
Metro city (op county)	723,858	\$315,318,141	\$436
Non-metro (non-op county)	2,379,162	\$711,147,775	\$299
Non-metro (op county)	1,299,658	\$136,033,324	\$105
<b>Municipal Total</b>	<b>6,892,503</b>	<b>\$2,995,311,074</b>	<b>\$435</b>
<b><i>Operational Counties</i></b>			
Barnstable	212,990	\$41,370,811	\$194
Bristol	565,217	\$109,786,776	\$194
Dukes	17,332	\$3,366,538	\$194
Nantucket	11,399	\$2,214,122	\$194
Norfolk	706,775	\$137,282,758	\$194
Plymouth	521,202	\$101,237,378	\$194