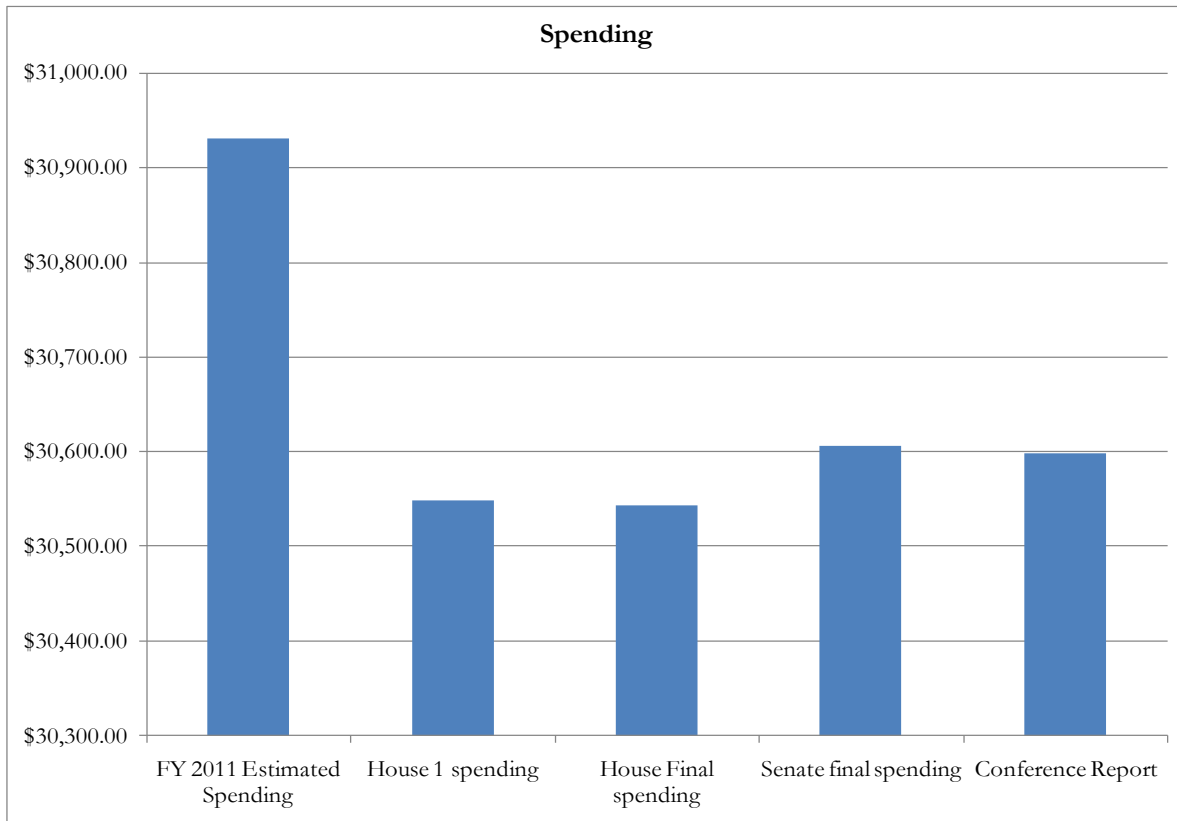


FY 2012 Conference Committee Report

Budget Spending and Revenue

The FY 2012 conference report includes \$30.598B in spending:



The Conference report includes a level of spending in between that of the House and Senate budgets. The Conference report is built on similar revenue assumptions to both the House and Senate budget:

- Due to the combination of House and Senate revenue initiatives, the Conference budget is able to REDUCE the state's FY 2012 Stabilization Fund draw from \$200M to \$185.
- The Conference report includes no new taxes or fees;
- The Conference report ends the year with a stabilization fund balance that exceeds \$800M – an amount greater than the stabilization fund balance entering FY 2011.

Policy Initiatives

The Conference report also includes a number of important policy initiatives that will increase governmental efficiency, protect taxpayers and provide important tools to our municipalities. Specifically:

- Municipal Health Care – the Conference report builds upon the municipal health care proposal adopted by the House, while adding protections to ensure the integrity of the negotiation process and to protect retired municipal workers;
- CPCS – the Conference report will require 25% of indigent defense to be provided by public defenders by the end of FY 2011. This substantial increase in the number of public defenders will help control costs, while maintaining the high quality of the existing indigent defense system;
- Performance Management – the Conference report creates a new Office of Commonwealth Performance, Accountability and Transparency (CPAT). CPAT will evaluate programs, coordinate grant activity and will allow

greater transparency. This new office will also have a specific focus on projecting caseload for a number of state programs;

- Program Integrity – the Conference report includes 3 new initiatives that will provide state agencies with resources necessary to aggressively pursue and recoup unnecessary expenditure of funds and instances of fraud or overpayment. These investments will generate revenue and will protect scant government resources.
- Reduction in Reliance on Volatile Revenues- the Conference committee report includes two new policies depositing all one time settlements over \$10M and increases in abandoned property over 125% in the stabilization Fund.
- Procurement- the Conference Committee Report includes reprocurement savings for MassHealth, the Connector and DOC and a comprehensive state wide procurement reform program generating an estimated \$25M in savings.
- Unfunded OPEB Liability- the Conference report creates a mechanism for tackle the unfunded pension liability by redirecting tobacco settlement funds.
- Workforce Training- the Conference report helps protect the interests of businesses by transferring the Workforce Training Fund into a trust to protect important training grants for businesses.
- Housing Reforms- the Conference report reforms Emergency Assistance to reduce the reliance on shelter and hotels/motels and to help families find permanent affordable housing.

Spending Highlights compared to FY11 GAA

Health and Human Services

- \$20M for Adult Day Health (above House 1)-Maintaining current levels of service for 6 months
- Rate freeze for Long Term Care Support Services: Day Hab, Adult Foster Care and Group Adult Foster Care
- Increased Autism Waiver to \$3M
- Maintains Current DMH Inpatient Hospital Beds, compared to a closure of 161 beds in House 1
- \$6.2M in Additional Funding for Early Intervention
- Increased Suicide Prevention Funding by 11%
- Level funded School Nurses, Substance Abuse, SANE and PediSANE Programs
- Provided Funding for DDS clubhouses.
- \$3.2M for the Young Parents Program in the DTA Employment Services Program
- Level Funded Elder Home Care Services and Supportive Senior Housing Program
- Increased Veterans Outreach Centers and Veterans Homeless Services items by 10%.
- \$213M for special education circuit breaker – an increase of \$80M over FY 2011

Public Safety

- 5% increase for all District Attorneys
- \$2M for a New State Police Class
- Increased DOC Funding by \$18.7M
- Increased Funding for the Shannon Grants by \$1M

Education/Local Aid

- \$80 in Additional Funding for SPED Circuit Breaker
- \$140M in Additional Chapter 70 Funding
- \$3M for Regional School Transportation
- Provided \$65M in FY11 Funding for Municipalities

F FY12 Conference Report on Municipal Health Reform

Overview

- Requires all eligible retirees to enroll in a Medicare health plan.
- Creates 9 new sections in chapter 32B that permit plan design and enrollment in the GIC through an expedited bargaining process.
- These sections will not alter the collective bargaining rights associated with premium splits.
- It is at the option of the city or town, district or joint purchasing group to vote to accept the provisions of the new sections in order to implement plan design changes or transfer employees to the GIC.

Negotiations

- The governmental unit shall present its proposal to implement plan design changes or transfer to the GIC to the public employee committee (PEC) which is composed of one member from each collective bargaining unit and a retiree representative.
- The governmental unit must also submit a proposal to mitigate, moderate or cap the impact of changes on vulnerable subscribers, including retirees, low-income subscribers, and high health care utilizers.
- After the proposal has been received by the PEC, the governmental unit and the PEC shall negotiate over the entire proposal for a period of 30 days. The PEC shall accept any agreement by majority vote; provided, however, that the retiree representative shall have 10% of the vote.
- If an accord cannot be reached between the governmental unit and the PEC, the proposal will be submitted to a 3-person panel [1 from the governmental unit, 1 from the PEC and 1 picked from a list supplied by A&F] that shall immediately implement the plan design changes or approve the transfer to the GIC, but shall have 10 days to revise the proposed plan to mitigate, moderate or cap the impact of the changes on subscribers and may provide up to 25% of the savings to employees and retirees.

Plan Design

- After satisfying the negotiation requirement:
 - A governmental unit may alter co-payments, deductibles and other plan design features in its non-Medicare health plans provided that such features are no greater in dollar amount than those in the GIC non-Medicare plan with the largest subscriber enrollment.
 - A governmental unit may also alter co-payments, deductibles and other plan design features in its Medicare health plans provided that such features are no greater in dollar amount than those in the GIC Medicare plan with the largest subscriber enrollment.
 - A governmental unit may increase copayments, deductibles and other plan design features provided that the dollar amounts do not exceed those in the GIC Medicare and non-Medicare plans with the largest subscriber enrollments.
- A governmental unit may also implement copayments, deductibles and other plan design features above the GIC benchmarks through the existing collective bargaining process.
- The decision to implement plan design changes is not subject to coalition or collective bargaining.
- A governmental unit that makes changes under this section shall be prohibited from increasing retiree contribution ratios for a period of 2 years, but only after the initial implementation of such changes.

GIC

- After satisfying the negotiation requirement, a governmental unit may also elect to provide health care coverage to its subscribers by transferring them into the GIC.

Additional Provisions

- Contracts that were approved by the legislature by Home Rule shall not be affected by these provisions.
- For the next fiscal year, governmental units shall have three opportunities to transfer employees to the GIC upon giving four months notice to the commission.
- Employees that are transferred to the GIC shall maintain their current contribution ratios for the transfer; provided, however, that contribution ratios after the transfer shall be bargained for in accordance with chapter 150E or section 19 of the General Laws.

FY12 Conference Report on CPCS

Board

- Changes committee composition to include 2 picks each from the Governor, Speaker and Senate President as well as 9 picks by the SJC. The committee is currently composed of 15 members appointed by the SJC.
- While serving on the committee, private bar advocates may not be assigned or appointed to persons with a case before CPCS.
- Terms of the current members will end 90 days after enactment; however, nothing prohibits the reappointment of old members by any of the appointing authorities.

Indigency Verification

- When formulating the definition of indigency, CPCS is instructed to utilize the verification standards used by DOR, DTA and the RMV.
- Appointment of counsel by a court is subject to verification of indigency by the chief probation officer or the chief probation officer's designee.
- The chief probation officer must complete a final report of the financial circumstances of the person for whom counsel was appointed within 7 business days of appointment of counsel. In preparing the final report, the chief probation officer may access, through electronic sharing of information, wage, tax and asset information in the possession of DOR, DTA and RMV. Reverification will occur every 6 months after the final report.
- The commissioner of probation shall submit quarterly reports to Ways and Means detailing the effectiveness of the indigency verification procedures.
- The commissioner of probation, DOR, and DTA must enter into a memorandum of understanding establishing an electronic verification system capable of verifying, within 7 business days of appointment of counsel, a person's claim of indigency based on wage, tax and asset information. A copy of the memorandum must be submitted to the House and Senate clerks by October 31, 2011.
- The commissioner is also instructed to examine the costs and feasibility of establishing a 1 day verification system.

Payment of fees

- An indigent person is required to pay a fee of \$150 unless waived by the judge. A judge still has the authority to substitute community service in lieu of payment.
- If a judge is informed that a person is no longer determined to be indigent, the judge shall revoke the appointment of CPCS counsel. If a person is determined to no longer be indigent, a court appearance would be scheduled as soon as possible prior to the person's next court appearance if such appearance is more than 2 weeks from the date of the final report.
- Outstanding legal fees can be accounted for in tax refunds from DOR and the RMV can refuse to issue or renew a person's driver's license or registration.

Private Bar Restrictions

- There is an annual cap of 1650 hours set for private bar advocates. Private bar advocates shall not be paid for any hours in excess of 1650 hours.
- In addition, private bar advocates shall be prohibited from accepting new cases after billing 1350 hours.

Other Cost-Containment and Efficiency Initiatives

- Vendor bills must be submitted by a date certain or CPCS shall be discharged from paying.
- CPCS, and district attorneys, may request electronic copies of transcripts and shall be charged a flat fee of \$5.
- CPCS may negotiate their own leases, subject to review and comment by DCAM, for a period of 1 year in order to secure cost-effective office space for new public counsel.
- CPCS is required to submit a report to Ways and Means by September detailing how it will adjust its case ratio so that 25% of cases assigned to CPCS are handled by the public defender division.