

## [COMMENTARY on Wednesday 23 June 2010's Budget Compromise]

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STATE HOUSE, BOSTON, JUNE 23, 2010....Senate and House negotiators reached a budget compromise Wednesday that patches a \$687 million gap created by absent federal aid with deeper cuts than their original drafts and a raid on savings, curtails the Senate's crackdown on illegal immigration, and shelves a union-opposed proposal to grant local officials authority over public employees' health care plans.

Relying on \$100 million in state reserves to help offset the federal Medicaid funds that have hit roadblocks in Washington, a House-Senate conference committee slashed spending for legal immigrants' health care.

The budget factors the loss in federal aid into its spending plan by making "targeted cuts," House budget chair Charles Murphy said, allowing for a long-promised 4 percent cut to local aid and level-funding other accounts providing dollars to cities and towns, including a special education circuit-breaker account and regional school transportation program.

The budget deal scaled back the Senate immigration plan by removing a 24-hour hotline for residents to report illegal immigrant hiring, a provision authorizing the attorney general to enter into a memorandum of understanding with the Department of Justice to enforce federal immigration laws, and an explicit prohibition against in-state public higher education tuition rates for illegal immigrants. The compromise puts in statute existing practice barring state services and benefits for illegal immigrants.

"Basically, we codified existing regulations and practices and policies of the Commonwealth," said Senate budget chief Steven Panagiotakos. "Anything that was extraneous to that, we did not codify."

Following last year's small-bore pension system reform, the budget includes more sweeping provisions, including anti-spiking language and a cap on individual pensions at \$156,000 annually, a figure that will rise in accordance with a federal formula.

The compromise creates a "budget relief fund" in case the \$687 million does arrive. Negotiators pulled \$160 million from the bottom line by picking the lower line item allocations between the two budgets. They relied on updated additional revenue collections that have arrived since the chambers passed their own proposals, sliced another estimated \$200 million from spending, and canceled a \$95 million deposit to the so-called Rainy Day Fund.

Panagiotakos said higher education was slated to receive between \$30 million and \$40 million less next fiscal year than the current one. He said "thousands" of jobs could be lost if the added federal aid does not arrive.

"Plan design," a proposal backed by local officials but opposed by unions because it would pare collective bargaining rights in health care negotiations, was held in conference. Murphy said the issue was not dead, but delayed.

The lawmakers said they were pessimistic the federal medical assistance percentage (FMAP) funds would arrive. If it arrives in full, the bottom line would swell to \$27.935 billion.

"We are under, I would suggest, no illusion that this FMAP money is coming," Murphy said.

"I think we're going to get some. I just think it's not going to be the full amount," Panagiotakos said.

Hewing toward the Senate's elimination of Bunker Hill Day and Evacuation Day as Suffolk County holidays, the compromise preserves their holiday status in statute, but instructs government agencies to remain open and fully staffed, ending the Revolutionary War commemorations' priorities as public employee vacation days.

"They remain holidays but the offices remain open," said Murphy.

Many offices currently remain open on the holiday, with skeleton crews on hand and workers who do work on the holiday eligible to take another day off.

Cuts include \$56 million from a health care program for "aliens with special status." That program is eliminated in the budget. MassHealth, an account that often need large midyear infusions, took another \$43.5 million in reductions, which leads to a \$68 million gross reduction due to a takedown in federal matching funds.

Murphy said lawmakers were optimistic the federal government would deliver roughly \$160 million in Social Security reimbursements. He said the funding does not require congressional authorization.

"We don't have a date certain, but we are optimistic we are going to get it this fiscal year," he said.

The deal eliminates the lifetime appointment for the state's probation commissioner, allows 5 percent line item transferability for the state's chief justice of administration and management, and calls for a study of probation practices.

Boston Public Library branches would have to remain open under the compromise.

The budget will likely receive votes in both branches Thursday, reaching Gov. Deval Patrick's desk a week before the start of the new fiscal year. Patrick has 10 days to sign, veto or amend the budget.

Panagiotakos and Murphy, budget chairs for their respective chambers, filed the compromise in shirtsleeves at 7:56 p.m. Wednesday night, four minutes before a deadline that could have choked off chances of a debate tomorrow. Panagiotakos, in his last budget cycle before retiring from the Legislature at the end of this year, sported a cigar in his breast pocket.

The relatively swift conference was jarred weeks ago by Washington's refusal to authorize a \$24 billion national fund from which both Gov. Deval Patrick and the House expect to derive \$608 million, while the Senate is banking on \$687 billion. Mixed signals from Congress have led to doubts over when or if the money will arrive.

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