

FOR IMMEDIATE RELEASE  
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## **ANDREWS ANNOUNCES FUNDING FOR BUTTERFIELD SCHOOL**

### **House Passes Balanced FY '12 Budget** *Saves \$100 million through municipal employee health care reform*

(BOSTON) – State Representative Denise Andrews (D-Orange) joined her colleagues in the Massachusetts House of Representatives in passing a balanced FY '12 budget aimed at increasing government efficiency, cutting costs and preserving essential services across the Commonwealth. The budget, which passed with bipartisan support, closes a projected \$1.9 billion budget gap through cuts to state spending totaling \$1.2 billion.

The House budget includes a cost-saving municipal employee health care reform measure which would save at least \$100 million annually for cities and towns, according to a number of recent studies. Under the proposal, municipal workers would pay no more in co-payments and deductibles than those paid by subscribers to the largest plan offered by the Group Insurance Commission (GIC) which provides health insurance to state workers and legislators.

“With this budget, we are getting the most value we can from limited state dollars and striving to implement sensible reforms that protect taxpayers,” House Speaker Robert A. DeLeo said. “In difficult times like these, we’ve produced a budget that protects essential services and shields our neediest residents while bringing new efficiencies and cost savings to state government.”

“We are all aware of the toll the latest recession has taken on our economy,” said Representative Brian S. Dempsey, Chairman of the House Committee on Ways & Means. “Without additional federal resources available to assist in closing the budget gap, the House budget provides tools to aid cash-strapped municipalities and implements reforms that generate real savings and protect necessary services across the Commonwealth.”

[Rep. Quote]

The municipal employee health care reform proposal would authorize cities and towns to implement health insurance plan design changes to bring savings to municipalities across the Commonwealth.

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The bill would allow cities and towns to alter municipal employee co-payments and deductibles as long as such features are no greater in dollar amount than those in the largest subscriber plan

offered by the GIC. The House budget would also allow municipalities to transfer the health coverage of municipal employees into the GIC which currently provides health benefits to state workers.

After a municipality has made plan design changes, the municipality would be required to submit the plan to the city or town's public employee committee. The municipality and public employee committee would then have 30 days to agree on the details of the proposal as well as to negotiate the specific use of 10% of the first year's cost savings for health related programs for municipal employees.

Should no agreement on plan changes be reached within the 30-day period, 20% of cost savings from the first year of implementation would be shared with employees. However, if no agreement on plan changes is reached within 30 days, the original plan design proposal will be implemented by the municipality.

As a local-option proposal, cities and towns would not be required to implement plan design changes for employees. Rather, municipalities would be allowed to implement or abstain from plan design changes.

Under this legislation, labor unions would still bargain over the split of premiums. Furthermore, state and municipal workers will still collectively bargain over wages, retirement benefits and most other rights.

Without federal resources available to assist in closing the budget gap, the \$30.52 billion budget contains major reductions in many areas of state spending, including the total elimination of funding for several line items.

For the second consecutive year, the House budget does not contain any new taxation proposals.

However, the budget increases Chapter 70 aid to municipalities to \$3.99 billion, an increase of \$120 million over the state's FY '11 contribution. Schools would also receive an additional \$80 million for the Special Education Circuit Breaker for an FY '12 total of \$213 million. To further assist municipalities, the budget includes \$9.7 million for regionalization incentive grants to help municipalities save money through the regionalization of services.

Through debate on the House floor, the budget restored funding for the Commonwealth Care Bridge program and adult day health. Debate on the budget also resulted in the addition of \$5 million for local tourist councils, \$1 million for higher education scholarships, \$1.5 million for the METCO program and \$3 million for Shannon grants.

Also included in the budget is a plan to generate \$53 million in savings within the Counsel for Public Services (CPCS). These savings would be realized through a series of initiatives such as capping private bar hours, increasing the number of full-time public defenders and strengthening indigency verification procedures.

The budget puts forth an annual cap of 1,500 hours for private bar advocates. This means that private bar advocates would not be paid for any hours in excess of 1,500. The bill would also tighten guidelines for proof of indigency, instructing CPCS to incorporate verification standards

used by the Department of Revenue and Department of Transitional Assistance to confirm that those claiming indigency are, in fact, unable to pay legal fees.

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The budget would also prohibit the use of electronic benefit transfer cards for the purchase of alcoholic beverages, lottery tickets, or tobacco products. Individuals or store owners who knowingly accept payment for these items through electronic benefit cards will be subject to a fine.

To help grow and keep jobs in Massachusetts, the budget establishes the Workforce Training Fund as a trust fund, meaning it will remain fully funded and used exclusively for workforce training programs as initially intended. To promote business expansion, the budget does not include the market sourcing and hotel tax provisions from the Governor's budget which, all told, would have cost businesses some \$28 million.

In an effort to bring more convention activity to the state while stimulating the restaurant and hospitality industries in Massachusetts, the bill would repeal the medical and pharmaceutical gift ban which was originally enacted in 2008.

Seeking a more predictable tax climate, the budget also requires the Department of Revenue to publish any new directives and policies in development on its website for at least two months. Furthermore, the budget provides greater incentive for the state to settle taxpayer audits in a timely fashion by waiving the penalty assessed on the amount in controversy if the audit takes longer than 18 months.

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