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MTF Bulletin

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FY 2023 Budget Veto Summary

On July 28th, Governor Baker signed the FY 2023 budget. In doing so, the Governor essentially agreed with the legislative spending plan, vetoing just \$475,000, however, he also proposed a number of changes to the policy provisions in the budget, returning 41 sections with amendment. This bulletin summarizes the Governor’s veto actions and the current status of the FY 2022 General Appropriations Act (GAA).

FY 2023 Budget Spending

| | FY 2023 House | FY 2023 Senate | FY 2023 Conference | Gov. Vetoes | FY 2023 GAA |
|-----------------------------|-------------------|-------------------|--------------------|----------------|-------------------|
| Line-Item Spending | \$49,759.1 | \$49,922.5 | \$51,868.7 | \$0.475 | \$51,869.2 |
| Medical Asst. Trust | \$575.9 | \$575.9 | \$575.9 | \$0.0 | \$575.9 |
| Pre-budget Transfers | \$6,258.7 | \$6,258.7 | \$6,258.7 | \$0.0 | \$6,258.7 |
| <i>Tax relief fund</i> | \$0.0 | \$0.0 | \$315.0 | \$0.0 | \$315.0 |
| <i>Early education fund</i> | \$0.0 | \$0.0 | \$175.0 | \$0.0 | \$175.0 |
| <i>SOA fund</i> | \$0.0 | \$0.0 | \$150.0 | \$0.0 | \$150.0 |
| <i>Pension & OPEB</i> | \$0.0 | \$0.0 | \$200.0 | \$0.0 | \$200.0 |
| Other Spending | \$60.0 | -\$65.0 | \$60.0 | \$0.0 | \$60.0 |
| Total Spend | \$56,653.7 | \$56,692.1 | \$59,679.1 | \$0.475 | \$59,603.8 |
| <i>\$ in millions</i> | | | | | |

Budget Resources

The conference committee budget presented to the Governor upgraded FY 2023 tax revenue estimates by \$2.7 billion, from \$36.915 billion to \$39.575 billion. The Governor’s signing letter does not endorse the upgrade, but the small amount of spending vetoes indicates that the Administration is comfortable with the spending and tax revenue estimates in the conference budget.

Spending Vetoes

The Governor vetoed just \$475,000 from five line-items in the FY 2022 budget. This is the second time in the Governor’s tenure that he has vetoed less than \$1 million.

Governor Baker's Spending Vetoes by Year

| | |
|-----------------------|---------|
| FY 2016 | \$162.8 |
| FY 2017 | \$264.1 |
| FY 2018 | \$320.2 |
| FY 2019 | \$48.9 |
| FY 2020 | \$0.0 |
| FY 2021 | \$159.3 |
| FY 2022 | \$7.9 |
| FY 2023 | \$0.475 |
| <i>\$ in millions</i> | |

Governor Baker's FY 2023 spending vetoes are as follows:

- \$200K earmark for the Department of Environmental Protection to implement a pilot program for recycling car-seats;
- \$125K earmark for the Disability Law Center to monitor ongoing reforms at Bridgewater state hospital and the Department of Corrections;
- \$100K earmark for the New England Wildlife Center for a wildlife program in Weymouth;
- \$50K for earmarks in Westford and Plymouth County to support public access television;

The Governor vetoed other budget provisions in five line-items. Among the vetoed language provisions are housing and environmental data and reporting requirements, as well as a DOC requirement to release or furlough inmates who do not pose a safety threat and are at increased risk of medical complications due to COVID-19.

Policy Vetoes

Governor Baker does not veto any policy sections in their entirety; rather, he returns 41 sections with amendment. The Legislature can reject, adopt or amend the amendments, but he retains the power to veto any amendments that come back to his desk. Notable policy actions include:

- ***Paid Family & Medical Leave benefits*** – the Governor amended a budget section that would have allowed PFML leave to be used concurrently with sick or vacation time to allow an employee full pay while on paid family leave. Citing concerns about the impact the legislature's proposed change would have on the cost and usage of the state's leave program, the Governor's amendment requires the Department of Family & Medical Leave to study the impact of this proposed change.
- ***ConnectorCare expansion pilot*** – the Governor also converts a proposed expansion of ConnectorCare subsidies into a study. The conference budget created a two-year pilot program to increase ConnectorCare premiums to 500 percent of the federal poverty level. The cost of this expansion depends on whether or not the pilot would be eligible for federal Medicaid reimbursement. The study will enable lawmakers to assess the cost implications of the pilot and steps necessary to implement it.
- ***Incarcerated phone calls*** – the conference budget included a provision requiring free phone calls be provided to incarcerated individuals. Governor Baker's amendment makes

technical corrections to the provision and dedicates revenue from phone service contracts to the Department of Corrections. The Governor’s amendment also includes elements of his ‘dangerousness’ legislation that would criminalize the removal or destruction of court ordered tracking devices, expand the list of crimes that require a dangerousness hearing (if requested by the prosecutor) and improve victim notification when abusers are released from detention.

- **Demographic data reporting** – the Conference budget included several sections requiring state agencies that collect demographic data to use categories employed by the US Census and to release information on demographics for a number of specific groups. The Governor’s amendment delays the implementation of this provision from 2024 to 2025 and allows agencies more discretion in terms of the categories of data collected.
- **Concrete aggregators** – the Conference budget created a new licensure requirement for quarry operators to ensure their quarries are not producing faulty concrete. The amendment eliminates the licensure requirement and instead, gives a 20 year private right of action to homeowners and others whose properties were built with faulty concrete. In addition, quarry operators that do not release accurate geological data could be guilty of unfair and deceptive business practices.
- **MBTA board** – the Governor amends budget language which added new MBTA board seats for an appointee of the Mayor of Boston as well as a municipal appointee. Under the Governor’s language, the Boston seat would come from a list of nominees and must have transportation experience and a City employee. The Governor replaces the other municipal appointment with a person experienced in human resources and talent acquisition.
- **Designated stroke hospitals** – the conference budget required the Department of Public Health to create regulations standardizing hospital care practices for stroke victims. The Governor’s amendment makes several technical changes to the proposal and eliminates a provision which would have given each hospital a stroke care quality tier.

Next steps

It is likely that the line-item vetoes returned by Governor Baker will be overridden by the House and Senate before the end of the month, though time constraints could prevent the legislature from doing so. Veto overrides have to be taken by roll-call votes in formal sessions and, by rule, formal sessions conclude at the end of July. As noted above, the Governor vetoed just \$475,000 in spending and language in a few budget items.

The future of the 41 policy sections returned with amendment is less clear. The House and Senate can act quickly to reject, adopt or amend the Governor’s new language, but the Governor will still have 10 days to either sign or veto the language returned to him. This means that the Governor now has the ability to veto any of the amended budget sections without giving the Legislature an opportunity to override this session.¹

¹ Last session the Legislature suspended their rules to extend formal session past July 31st and could theoretically do so again.