

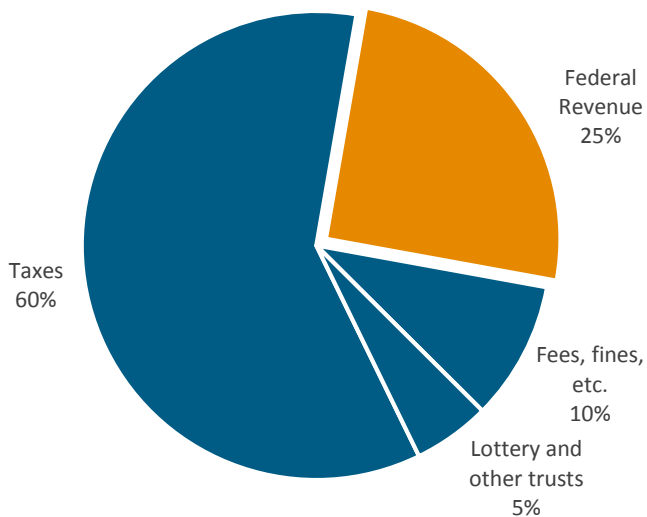
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Partnership in Peril: Federal Funding at Risk for State Programs Relied on by Massachusetts Residents

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The state and federal governments operate together to support the important work of expanding opportunity and ensuring the well-being of the residents of the Commonwealth. A number of proposals expected to be debated by Congress in the coming months threaten to destabilize this

One Quarter of the State's Budget Comes From Federal Funds



partnership. This paper examines the major federal funding sources that the state uses to provide access to affordable health care, help children thrive, assist low-income families, and care for veterans.¹ In addition to describing the sources of federal funding, we examine the policy changes Congress is likely to consider that could threaten this funding and the services the funding supports.

This fiscal year, one of every four dollars that supports the state's budget comes from the federal government²—close to \$11 billion in federal funds.³

While this brief focuses on federal funding that flows through the state

budget, that revenue is only a part of the federal funding that comes into the state. There are also programs like Social Security that directly provide support to individuals, and grants that go to cities, towns, non-profits and other entities that support the education of our children, the maintenance of our transportation systems, and other essential services. For a discussion of the federal funds that are not part of the state budgeting process, see Appendix B.

For each type of federal funding discussed, this document provides a description, the state Fiscal Year 2017 estimated revenue total, and what the funds support.⁴ The first section highlights the state's largest health care programs, **Medicaid and the Children's Health Insurance Program**, and identifies the particular current federal threats to those programs. The second section lists other federal "mandatory" programs, and the threats to those programs. The third section identifies programs that receive "discretionary" funding in the federal budget process, and explains the particular current threats to those.

HEALTH FUNDS: Medicaid and the Children's Health Insurance Program

State Medical Assistance Program (Medicaid)

State Fiscal Year 2017 budgeted federal revenue total: \$9.44 billion

The single largest source of federal revenue in the state budget is reimbursement for the state's Medicaid spending. These federal dollars support publicly subsidized MassHealth health insurance, as well as related payments to providers to cover the costs of health care for low- and moderate-income people.

The Commonwealth's Medicaid program (MassHealth) provides affordable health insurance to almost 1.9 million residents of the Commonwealth, including 645,000 children.⁵ This funding also supports key elements of the state's services for adults with disabilities. Medicaid funding plays an important role supporting the operations and services in a dozen state agencies, including the Departments of Mental Health, Public Health, Developmental Services, Elder Affairs, and more.

Medicaid is what is known as a “**mandatory**” program. The federal government distributes funding to the states as a reimbursement for spending, based on percentages established in law. Medicaid funding is not part of the annual federal appropriations process that sets funding levels for discretionary spending. When Medicaid enrollment goes up or when member costs go up, federal revenue to the state reflects those changes.

The Massachusetts regular federal Medicaid reimbursement rate is currently 50 percent, with reimbursement rates at 75 percent for operations costs for enrollment and eligibility systems, and 86 percent for Medicaid coverage for members newly-covered under expansions connected to the Affordable Care Act.⁶

The Medicaid program as currently set up provides flexibility and freedom to innovate to support health care most effectively within each state's unique health care environment. Massachusetts, for example, has been able to create a strong network of managed care organizations to deliver health care to MassHealth members, and is currently working to leverage Medicaid funding to establish innovative accountable care organizations to better deliver care and control health care costs.

This flexibility and innovation comes under what is known as an “1115 Waiver” in the Medicaid program. This waiver allows Massachusetts to waive certain Medicaid rules so as to expand coverage and benefits, to support innovative program delivery strategies, and to direct federal revenue to those hospitals and health centers that provide health care to the state's most vulnerable residents. The most recently approved waiver also authorizes additional funding for the state's delivery system changes, including an estimated \$1.243 billion to support the state's health safety net of health care providers in (state) FY 2017.⁷

Within the MassHealth Program, Massachusetts also uses what is known as “Home- and Community-Based Services” waivers that allow the state flexibility to waive Medicaid rules to support long-term services and supports for low-income people with disabilities. These special arrangements allow the state to receive federal Medicaid dollars to support either in-home or

community services for Medicaid-eligible people with disabilities who would otherwise require institutional care. Approximately 250,000 people across the Commonwealth rely on MassHealth for long-term services and supports.⁸ Massachusetts currently has ten Home- and Community-Based waivers in place, and approximately 17,000 frail elders and more than 9,000 adults with intellectual disabilities are able to live in the community thanks to the flexibility offered by these programs.⁹ The waivers govern a significant share of the core long-term care functions at the Department of Developmental Disabilities, and they support important home-based care at the Executive Office of Elder Affairs and the Mass. Commission for the Blind.

Children’s Health Insurance Program (CHIP)

State Fiscal Year 2017 budgeted federal revenue total: \$534.0 million

The Children’s Health Insurance Program (or CHIP) is a federal **mandatory** program that allows the state to expand health insurance coverage to uninsured low- and moderate-income children. In Massachusetts, CHIP funds coverage for prenatal care for pregnant mothers, presumptive eligibility for children pending MassHealth approval, and some other children not otherwise covered by MassHealth.¹⁰

In Massachusetts, the CHIP and MassHealth insurance programs do not operate separately from each other, but the federal government reimburses CHIP expenses at a different rate than Medicaid expenses. Initially, the CHIP reimbursement rate was 65 percent (15 percentage points above the standard Massachusetts Medicaid reimbursement rate.) However, the Affordable Care Act (ACA), among its many provisions, included an enhanced reimbursement rate for CHIP enrollees (known as the “CHIP bump”). The ACA included a 23 percentage point increase in federal reimbursement, bringing the reimbursement rate to 88 percent.¹¹

Even though CHIP is a mandatory program, funding from the federal government has been capped. This means that not all services eligible in Massachusetts for reimbursement under the CHIP guidelines would necessarily receive that level of reimbursement. When the CHIP allocation has been exhausted, the state receives the lower MassHealth reimbursement rate for its health care spending.

Threats to Medicaid and CHIP Funding

Current threats to the state’s Medicaid and CHIP funding come in three separate forms: from threats to state funding if the Affordable Care Act is repealed or modified; from threats to the fundamental structure of the programs if they are turned into block grants or subject to per capita caps; and from threats to CHIP funding.

- One of the provisions of the Affordable Care Act was to allow for enhanced federal reimbursement for people covered under the Medicaid expansion provisions of the Act. In FY 2017, the state currently anticipates spending \$2.096 billion on coverage for what is known as “expansion populations.” This expanded Medicaid coverage brings \$1.824 billion into the state treasury, approximately \$776 million from what is known as an enhanced reimbursement rate. If Congress repeals or modifies the ACA, the state could lose some or all of the \$776 million in enhanced reimbursement or, possibly, up to the full \$1.824 billion. In addition, if the ACA were to be repealed, Massachusetts could also lose the enhanced CHIP reimbursement, equivalent to \$139.6 million in the FY 2017 budget.

- There is a real risk that Congress could change the basic funding structure of the Medicaid program. For instance, Congress could turn Medicaid into a block grant, which would be a fundamental threat to the program. Instead of receiving federal reimbursement based on a share of state spending, under a block grant Massachusetts would receive a fixed amount of funding each year. This funding could stay fixed, or grow only to cover the costs of general inflation, even if enrollment in the program grew. Congress also could shift Medicaid to per capita cap funding. Per capita caps would provide a set amount of funding for each type of MassHealth enrollee. Like with block grants, the amount of funding under the caps likely would not increase each year to accommodate changes in the needs of the people covered, and the caps themselves likely would not accommodate the wide range of health care needs of different enrollees.

It is impossible to know exactly what the rules of a new block grant or the provisions of a per capita cap would be. Either type of change, however, would likely result in deep cuts to funding for states, and could profoundly change the nature of this health insurance program. Estimates based on past Medicaid block grant proposals suggest that cuts could be as much as 25 percent or more over time.¹² Block grants are not designed to increase to meet program enrollment growth. Generally neither block grants nor per capita caps meet growth in underlying costs (such as increased costs for health services above and beyond general inflation, or coverage for new or expanded treatments.) This means that costs beyond the grant driven by increasing health care costs of an aging population, or a flu epidemic, or available new treatments would either be borne by the state, or benefits and services would have to be cut to make the existing dollars stretch.

- Authorization for CHIP is set to expire in September 2017, and reauthorization of this program will require Congressional action.¹³ If Congress does not reauthorize the CHIP funding, the state would have to pick up the full costs of this program, or reduce the number of people covered, or reduce benefits.

OTHER FEDERAL FUNDS: Mandatory Funds

In addition to Medicaid and CHIP, there are other federal “mandatory” programs that provide Massachusetts with funding that supports the state budget. Congress does not set funding for these programs through the annual appropriations process; the dollar amounts that come to Massachusetts for these programs are based on payment formulas as established in law.

Temporary Assistance for Needy Families (TANF)

State Fiscal Year 2017 budgeted federal revenue total: \$505.6 million

The federal government provides these funds with the stated purpose of supporting low-income families with children. The federal rules specify that these funds must go to supporting families so that children can be cared for in their own homes, as well as supporting job preparation, work, marriage, encouraging two-parent families, and reducing out-of-wedlock pregnancies.

An additional component of funding, known as “Contingency Funds” (\$45.1 million for federal FY 2016) come to states such as Massachusetts that can demonstrate need based on the unemployment rate or on the average number of participants in the Supplemental Nutrition Assistance Program (SNAP).¹⁴

States may transfer a portion of their TANF funding to support the Child Care and Development Block Grant (CCDBG) and Social Services Block Grant (SSBG), and Massachusetts does that—each year transferring approximately \$92 million to the CCDBG to support child care at the Department of Early Education and Care and \$46 million to the SSBG to support foster care and residential care at the Department of Children and Families.

The TANF federal funds require a state match. The TANF funds come to the state in the form of a block grant, and states are given a fair amount of flexibility in how to use these funds. In practice, the categories of support are interpreted liberally. With the allowable diversion of these block grant funds to other uses, in 2015, Massachusetts used just \$10.5 million of its federal TANF block grant on basic assistance to low-income families, \$286.9 million on child care supports, and \$213.1 million on a wide variety of other services.¹⁵

Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF)¹⁶
State Fiscal Year 2017 budgeted federal revenue total: \$76.5 million

The federal government provides funding to the state to expand and improve access to high-quality child care for low-income families. These funds provide child care subsidy vouchers for low-income families, directly support child care providers, and help improve the quality of child care. This federal block grant requires both a state match and state maintenance of effort, meaning that the state must spend a portion of its own funds in order to continue to receive the federal funds. In spite of the requirement for a state match and maintenance of effort, federal dollars pay for close to 70 percent of the state’s child care (early education) spending. These mandatory funds work together with the discretionary funding provided through the Child Care and Development Block Grant.

State Administrative Matching Grants for the Supplement Nutrition Assistance Program (SNAP)
State Fiscal Year 2017 budgeted federal revenue total: \$59.2 million

The federal government provides funds to the Mass. Department of Transitional Assistance to support the administration and operations of the federal Supplemental Nutrition Assistance Program (SNAP, formerly known as Food Stamps). Although the funding for to pay for food purchased by SNAP participants does not flow through the state budget, the budgeted federal SNAP funds support the administration of the program, including eligibility determinations and enrollment costs. They are provided as a reimbursement match for state spending.

Payments for Foster Care and Permanency (Title IV-E)
State Fiscal Year 2017 budgeted federal revenue total: \$92.6 million

The federal government provides Massachusetts with reimbursement matching funds to support the state’s foster care program. These funds can be used to support the direct care of children in foster care (such as food, clothing, costs of shelter, etc.), or for administration and training of staff and providers who work with the children and families. The reimbursement

rate is established in the law, and ranges from a 50 percent reimbursement on spending for foster care payments that support the “maintenance” of children in placement, to a 75 percent match for the costs of staff or provider training.

Child Support Enforcement (CSE)

State Fiscal Year 2017 budgeted federal revenue total: \$41.4 million

The federal government provides funds to Massachusetts to reimburse the state for a portion of the costs of enforcing the financial obligations (support orders) of parents towards their children. This program is particularly targeted to families with children in foster care, and families where the children are receiving cash benefits (TANF/TAFDC) or Medicaid (MassHealth). The Mass. Department of Revenue collects payments due from an absent parent, and then sends them to the appropriate recipient such as a parent, foster parent, or guardian, on behalf of the child. The federal government reimburses the state for 66 percent of the costs of the enforcement services.

Social Services Block Grant (SSBG)

State Fiscal Year 2017 budgeted federal revenue total: \$33.2 million

The federal government provides states with a block grant of flexible funds to “furnish social services best suited to the needs of the individuals residing in the State.”¹⁷ These funds are available to support any of a variety of services, including helping families maintain economic independence, preventing abuse or neglect of children or adults, and reducing the use of unnecessary institutional care. The allocation of the grant among the states is based on the state’s population, but the total amount of funding available has been capped since 2001.¹⁸ Although there is some flexibility in how the state may use these funds, in Massachusetts they are directed almost entirely to support the child protection and child welfare services at the Department of Children and Families. The bulk of these federal funds support residential care for children in the custody of the state.¹⁹ In FY 2017, Massachusetts transfers approximately \$45.9 million from the TANF block grant to supplement this funding.

Threats to Mandatory Funds

Funding for programs that are considered “mandatory” can be cut by Congress, but those reductions do not occur through the annual appropriations process. Instead, Congress can amend the legislation that establishes the particular mandatory program in order to change the rules about how much funding it provides to states (or individuals). All of the mandatory programs listed above could have their funding reduced by Congress – and those changes could take effect as soon as (state) Fiscal Year 2018. The amount and impact of these potential threats would depend on the policies enacted.

OTHER FEDERAL FUNDS: Non-Defense Discretionary Funds

Programs that do not receive “mandatory” funding are called “discretionary.” Congress determines “discretionary” funding each year in the annual appropriations process. Although defense spending in the federal budget is discretionary, the discretionary funding available to states for programs such as education funding, some of the low-income assistance and support programs, public health programs, supports for people with disabilities, job training programs, and others is what is known as “non-

defense discretionary” funding. The following are the federal non-defense discretionary funds supporting the state budget with amounts over \$10 million a year.

Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
State Fiscal Year 2017 budgeted federal revenue total: \$26.8 million

The federal government provides funds to the Mass. Department of Public Health to pay the costs of specific foods (including infant formula) for eligible low-income pregnant women and children who participate in the WIC Program. The Massachusetts WIC program provides free nutritious food and nutrition counseling to more than 25,000 pregnant and postpartum women, 25,000 infants, and close to 65,000 small children each month. These funds also can pay for costs such as nutrition assessments, blood tests for anemia, breastfeeding promotion, and health care referrals. The state budget only accounts for the share of this funding that comes to the state in the form of rebates for the purchase of infant formula for babies on the program who are not breastfed (see Appendix B for additional funds for the WIC Program). The state must use the revenue from these rebates to support the WIC Program.

Child Care and Development Block Grant (CCDBG)²⁰
State Fiscal Year 2017 budgeted federal revenue total: \$33.2 million

The federal government provides funding to the state to expand and improve access for low-income families to high-quality child care. These discretionary funds provide child care subsidy vouchers for low-income families, directly support child care providers, and help improve the quality of child care. These discretionary funds work together with the mandatory funding provided through the Child Care Development Fund. In FY 2017, Massachusetts transfers approximately \$91.9 million from the TANF block grant to supplement this funding.

Veterans State Nursing Home Care
State Fiscal Year 2017 budgeted federal revenue total: \$16.7 million

The federal Veterans Administration provides support to the state for the costs of skilled nursing care for veterans who are disabled by age or illness. Massachusetts operates two facilities for these veterans: the Chelsea Soldiers Home and the Holyoke Soldiers Home. The Chelsea Soldiers Home provides long-term skilled nursing care for approximately 170 veterans²¹ and the Holyoke Soldiers Home has 278 skilled nursing beds.²² Residents include veterans from World War II, the Korean War, Vietnam, as well as other engagements.

Adoption Assistance
State Fiscal Year 2017 budgeted federal revenue total: \$27.6 million

The federal government provides assistance to states for the costs of the adoption of children with special needs. The intent of this support is to prevent children from extended stays in foster care, and to promote permanency with a family. Parents adopting children with special needs are eligible for a one-time payment of up to \$2,000. This funding requires a state match.

Threats to Non-Defense Discretionary Funds

The federal non-defense discretionary funds are highly vulnerable in the federal budget process, since the funding for these programs is not set in law. It is not possible to know exactly how much in non-defense discretionary federal funding Massachusetts could lose during the federal budget process. Among the proposals that reportedly are being considered are plans that could cut non-defense discretionary programs by one-third next year and in half by 2026. Such cuts would be particularly likely if Congress seeks to enact major tax cuts. As a result of the 2011 Budget Control Act, many of these programs are already funded at their lowest level since the 1960s.²³

Cuts to non-defense discretionary funding would not only affect the programs described above that are part of the state budget, but would also affect programs like Title I Education Aid that goes to local school districts and home heating oil for low-income residents distributed by non-profit community agencies. A number of those programs are described in Appendix B.

APPENDIX A: Budgeted Federal Funds Throughout State Government

The federal funds described in this brief are critical throughout the state budget, and help support the operations of more than thirty of the state's agencies and departments. Medicaid dollars are particularly important throughout the health and human service agencies. A portion of the totals below include Medicaid reimbursements for activities and programs operated by these departments.

FY 2017 BUDGETED FEDERAL FUNDS BY STATE AGENCY	AGENCY FEDERAL REVENUE	ESTIMATED AGENCY SPENDING	% FEDERAL
Office of the Secretary of Health and Human Services	7,006,418,697	12,754,645,027	55%
Executive Office of Elder Affairs	1,939,737,913	4,180,370,926	46%
Department of Developmental Services	761,596,659	1,838,036,385	41%
Department of Early Education and Care	383,690,239	551,060,550	70%
Department of Transitional Assistance	264,749,176	654,313,340	40%
Department of Children and Families	227,033,559	958,651,235	24%
Department of Public Health	146,261,385	599,065,571	24%
Department of Mental Health	113,224,576	767,769,008	15%
Department of Revenue	41,387,817	1,222,810,932	3%
Soldiers' Home in Holyoke	11,315,543	24,064,336	47%
Department of Youth Services	9,279,923	176,002,052	5%
Soldiers' Home in Chelsea	8,971,507	27,737,970	32%
Plymouth Sheriff's Department	7,500,000	59,022,679	13%
Department of Fish and Game	6,200,000	27,467,289	23%
Suffolk Sheriff's Department	5,336,821	104,219,975	5%
Bristol Sheriff's Department	4,800,000	48,950,052	10%
Massachusetts Rehabilitation Commission	4,762,803	49,282,416	10%
Office of the Attorney General	4,426,908	45,545,061	10%
Massachusetts Commission for the Blind	3,744,166	21,887,748	17%
Franklin Sheriff's Department	3,050,400	15,685,703	19%
Department of Correction	2,696,975	623,529,122	0%
Massachusetts Commission Against Discrimination	2,406,000	5,807,567	41%
Department of State Police	1,684,000	326,350,368	1%
Hampden Sheriff's Department	800,000	78,931,741	1%
Essex Sheriff's Department	231,114	64,101,663	0%
Massachusetts Commission for the Deaf and Hard of Hearing	212,779	5,354,992	4%
Norfolk Sheriff's Department	120,000	33,639,546	0%
Worcester Sheriff's Department	86,000	45,522,644	0%
Middlesex Sheriff's Department	80,000	67,951,669	0%
Office of the Chief Medical Examiner	79,000	12,618,769	1%
Hampshire Sheriff's Department	51,480	14,061,626	0%
Berkshire Sheriff's Department	30,000	18,286,543	0%
Office of the Comptroller	17,848	108,597,437	0%
Other Agencies	5,500,000	18,411,802,820	
TOTAL FUNDS ALL AGENCIES	10,967,483,288	43,944,636,699	25%

APPENDIX B: “Off-Budget” Federal Funds to Massachusetts

In addition to the federal funding that directly supports the state budget, there is also federal funding that is “off-budget.” The state receives more than \$3 billion of these “off-budget” federal funds (listed below). These federal revenues are not deposited into the state’s General Fund; instead they are deposited in a special Federal Grants Fund, or in other special dedicated trust funds, or in specific capital projects funds. (Not included in either of these listings are other types of federal funding paid directly by the federal government to individual such as Social Security benefits, and federal funding that flows directly from federal agencies such as the National Institutes of Health to research institutions.)

Federal Grants Fund

In (state) Fiscal Year 2017, there is \$2.49 billion in federal revenue in the state’s non-budgeted Federal Grants Fund (see table below). For many of these grants, the state agencies operate as intermediaries for the funding, directing these dollars to municipalities or to local school districts, or as benefits to eligible individual recipients. Much of this federal revenue is in the category of non-defense “discretionary” federal funds, and like other non-defense discretionary funds these dollars are at risk during the federal appropriations process.

The largest of these grants go to local school districts to support education for low-income students, and to assist with the costs of special education. In FY 2017, the state Department of Elementary and Secondary Education alone received a total of \$945.6 million in federal grant funds, including:

- **\$288.0 million for Special Education Grants** from the federal Individuals with Disabilities in Education Act to support the educational costs of children with disabilities
- **\$224.3 million for Special Assistance Grants** to pay for school meals for the state’s low-income school children
- **\$213.7 million for Title I Grants** targeted to schools with a large share of low-income students.

Much of the funding to support the state’s housing programs comes from the federal government in the form of grants. The state often then re-distributes these funds to local housing authorities or to community agencies. For example, in FY 2017 the Department of Housing and Community Development received \$561.0 million in federal grant funds, including:

- **\$250.2 million for Housing Choice Vouchers (also known as Section 8) and the Veterans’ Affairs Supportive Housing Program** which provide access to affordable housing. In December 2015, more than 81,000 low-income families in Massachusetts were able to afford decent privately-owned housing through the Section 8 housing voucher program.²⁴
- **\$140.4 million for the Low Income Home Energy Assistance Program (LIHEAP)** which provides supports to low-income families so they can afford to heat their homes in the winter months.

The table below lists federal revenues by state agency in the off-budget “Federal Grants Fund.”

FY 2017 NON-BUDGETED FEDERAL FUNDS TO FEDERAL GRANTS FUND	AGENCY FEDERAL REVENUE
Department of Elementary and Secondary Education	945,579,785
Department of Housing and Community Development	560,988,457
Department of Public Health	282,803,245
Massachusetts Rehabilitation Commission	104,487,426
Department of Career Services	90,816,830
Department of Unemployment Assistance	62,394,840
Office of the Secretary of Public Safety and Security	52,553,205
Department of Transportation	50,367,057
Military Division	39,001,369
Executive Office of Elder Affairs	36,591,065
Office of the Secretary of Health and Human Services	27,927,998
Massachusetts Emergency Management Agency	23,306,788
Department of Early Education and Care	23,035,604
Department of Environmental Protection	20,591,351
Office for Refugees and Immigrants	19,772,970
Department of Fish and Game	19,119,304
Department of Children and Families	15,058,435
Department of Conservation and Recreation	13,637,917
Executive Office of Labor and Workforce Development	13,343,743
Massachusetts Commission for the Blind	10,141,000
Victim and Witness Assistance Board	9,227,282
Department of Transitional Assistance	9,110,330
Department of Higher Education	8,097,235
Department of Agricultural Resources	7,085,490
Department of State Police	7,018,307
Office of the Secretary of Energy and Environmental Affairs	6,692,708
Department of Mental Health	5,139,499
Office of the Secretary of Education	4,116,303
Board of Library Commissioners	3,278,179
Community Colleges	2,526,203
Secretary of the Commonwealth	2,169,474
Department of Labor Standards	1,930,476
Department of Public Utilities	1,660,666
Massachusetts Developmental Disabilities Council	1,351,143
Department of Energy Resources	965,635
Massachusetts Cultural Council	864,100
Supreme Judicial Court	504,144

Committee for Public Counsel Services	465,363
Massachusetts Office on Disability	279,831
Trial Court	238,265
Department of Correction	226,151
Department of Revenue	179,442
Disabled Persons Protection Commission	150,000
Plymouth District Attorney's Office	149,528
Worcester Sheriff's Department	140,116
Department of Youth Services	81,959
Department of Developmental Services	75,000
Essex Sheriff's Department	75,000
Suffolk Sheriff's Department	30,549
Department of Fire Services	20,000
Norfolk Sheriff's Department	15,847
TOTAL TO FEDERAL GRANTS FUND	2,485,382,614

Other Non-Budgeted Trusts and Capital Projects Funds

In addition to these off-budget federal dollars in the Federal Grants Fund, there are additional non-budgeted federal revenues that support state government that are held in other non-budgeted special trust funds and in the state's capital projects funds. The largest share of these is revenue deposited into the Grant Anticipation Note Trust. The state borrows money for transportation projects by pledging federal gas tax revenue. That revenue is deposited into this trust to pay back those notes.²⁵

The table below lists other federal revenues that are deposited directly into special non-budgeted trust funds or that are deposited into the capital projects funds. These totals are for (state) FY 2016, as those are the most current data available.²⁶

FY 2016 NON-BUDGETED FEDERAL FUNDS TO NON-BUDGETED SPECIAL TRUSTS	
Grant Anticipation Note Trust	545,369,000
Massachusetts Transportation Trust	91,123,000
Health Information Technology Trust	64,082,000
Build America Bonds Subsidy Trust	46,871,000
Child Support Enforcement	33,039,000
Health Insurance Portability and Accountability Act	18,020,000
Natural Heritage and Endangered Species	1,437,000
TOTAL TO OTHER NON-BUDGETED TRUSTS	799,941,000

FY 2016 NON-BUDGETED FEDERAL FUNDS TO CAPITAL PROJECTS FUNDS	
General Capital Projects	76,898,000
Federal Highway Construction Program	8,862,000
TOTAL TO CAPITAL PROJECTS FUNDS	85,760,000

¹ For the share of federal funds that support each agency in the state budget, see Appendix A.

² Massachusetts is in the bottom third of states for federal revenue as a share of total revenue based on an analysis comparing Federal Intergovernmental revenues to total General Revenue from the U.S. Bureau of the Census, Table SG1400A1, State Government Finances: 2014, available at https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=SGF_2014_00A1&prodTy=table.

³ The total \$44 billion state budget includes the totals appropriated by the Legislature, as well as General Revenue funds directed by statute to support the MBTA, school building assistance, and more. For details, see the MassBudget Budget Browser at www.browser.massbudget.org.

⁴ Unless otherwise noted, federal funding data and descriptions downloaded from USAspending.gov and from the Catalog of Federal Domestic Assistance, <https://www.cfda.gov/?s=main&mode=list&tab=list>; unless otherwise noted, Massachusetts budgeted revenue and spending totals from data provided by the Commonwealth of Massachusetts, Executive Office of Administration and Finance.

⁵ Data from Mass. Office of Medicaid, MassHealth Caseload Snapshot Report, November 2016.

⁶ For a detailed discussion of how the Medicaid reimbursement rate, or Federal Medical Assistance Percentage (FMAP) is set, see Alison Mitchell, "Medicaid's Federal Medical Assistance Percentage (FMAP)," Congressional Research Service, February 19, 2016, available at <https://fas.org/sgp/crs/misc/R43847.pdf>, pp. 1-4. For a discussion of the FMAP rates associated with the Affordable Care Act, see Ibid. pp. 10-12.

⁷ See "MassHealth Medicaid Section 1115 Demonstration," Amended November 4, 2016, Attachment E, Chart A, available at <http://www.mass.gov/eohhs/docs/eohhs/healthcare-reform/masshealth-innovations/ma-1115-waiver-amendment-approved.pdf>.

⁸ See Stephanie Anthony, Keith Nevitt, and Carol Raphael, "Massachusetts Long-Term Services and Supports: Achieving a New Vision for MassHealth," Blue Cross Blue Shield Foundation of Massachusetts, May 2016, p. 6, available at http://bluecrossfoundation.org/sites/default/files/download/publication/MassHealth_LTSS_report_FINAL%205.11.16.pdf.

⁹ See "State Waivers List" at Medicaid.gov, available at https://www.medicaid.gov/medicaid/section-1115-demo/demonstration-and-waiver-list/waivers_faceted.html.

¹⁰ See "MassHealth Medicaid Section 1115 Demonstration," Amended November 4, 2016, Table A, available at <http://www.mass.gov/eohhs/docs/eohhs/healthcare-reform/masshealth-innovations/ma-1115-waiver-amendment-approved.pdf>

¹¹ See *Federal Register*, "Federal Financial Participation in State Assistance Expenditures; Federal Matching Shares for Medicaid, the Children's Health Insurance Program, and Aid to Needy Aged, Blind, or Disabled Persons for October 1, 2016 Through September 30, 2017," November 25, 2015, available at <https://www.federalregister.gov/documents/2015/11/25/2015-30050/federal-financial-participation-in-state-assistance-expenditures-federal-matching-shares-for>.

- ¹² See Edwin Park, “Medicaid Block Grant Would Slash Federal Funding, Shift Costs to States, and Leave Millions More Uninsured”, Center on Budget and Policy Priorities, Nov. 30, 2016 at <http://www.cbpp.org/research/health/medicaid-block-grant-would-slash-federal-funding-shift-costs-to-states-and-leave>.
- ¹³ See “About CHIP,” February 6, 2017, at Georgetown University Health Policy Institute Center for Children and Families, available at <http://ccf.georgetown.edu/2017/02/06/about-chip/>.
- ¹⁴ See “TANF Contingency Fund Awards, 2016,” Office of Family Assistance, Administration for Children and Families, U.S. Dept. of Health and Human Services, available at <https://www.acf.hhs.gov/node/55325>.
- ¹⁵ See TANF Spending Data under “Related Resources” (2015) at Liz Schott and Ife Floyd, “How States Use Funds Under the TANF Block Grant,” January 5, 2017, Center on Budget and Policy Priorities, available at <http://www.cbpp.org/research/family-income-support/how-states-use-funds-under-the-tanf-block-grant>.
- ¹⁶ See FY 2016 CCDF Allocations (Including redistributed funds): Mandatory and Federal Share of Matching Funds at Office of Child Care, Administration for Children and Families, U.S. Dept. of Health and Human Services, available at <https://www.acf.hhs.gov/occ/resource/fy-2016-ccdf-allocations-including-redistributed-funds>.
- ¹⁷ See <https://www.cfda.gov/index?s=program&mode=form&tab=core&id=f3a3bc5d951e3106c383ffd48ff02054>.
- ¹⁸ See 42 U.S. Code § 1397b – Allotments, at https://www.ssa.gov/OP_Home/ssact/title20/2003.htm.
- ¹⁹ See Office of Community Services, Administration for Children and Families, U.S. Dept. of Health and Human Services, “Social Services Block Grant Program SSBG 2014 Annual Report,” p. 78, available at https://www.acf.hhs.gov/sites/default/files/ocs/ssbg_2014_annual_report_final_508_compliant.pdf.
- ²⁰ See FY 2016 CCDF Allocations (Including redistributed funds): Mandatory and Federal Share of Matching Funds at Office of Child Care, Administration for Children and Families, U.S. Dept. of Health and Human Services, available at <https://www.acf.hhs.gov/occ/resource/fy-2016-ccdf-allocations-including-redistributed-funds>.
- ²¹ Commonwealth of Massachusetts, “Official Audit Report – Issued October 28, 2016, Soldiers’ Home in Massachusetts – Chelsea For the period July 1, 2013 through June 30, 2015,” p.3, available at <http://www.mass.gov/auditor/docs/audits/2016/201500653s.pdf>.
- ²² See <http://www.mass.gov/eohhs/gov/departments/hly/domiciliary-care.html>.
- ²³ See, for example, analysis of current budget proposals in Robert Greenstein, “Commentary: Signs Suggest Trump Budget Will Feature Unprecedented Cuts Plus Large Tax Cuts Favoring Wealthy,” Center on Budget and Policy Priorities, January 31, 2017, available at <http://www.cbpp.org/federal-budget/commentary-signs-suggest-trump-budget-will-feature-unprecedented-cuts-plus-large-tax>.
- ²⁴ See data at “Massachusetts Fact Sheet: The Housing Choice Voucher Program,” Center on Budget and Policy Priorities, August 19, 2016, available at http://www.cbpp.org/sites/default/files/atoms/files/3-10-14hous-factsheets_ma.pdf.
- ²⁵ From the Office of the Comptroller, Statutory Basis Financial Report, Fiscal Year ended June 30, 2016, p. 97, available at <http://www.mass.gov/comptroller/docs/reports-audits/sbfr/2016-sbfr.pdf>.
- ²⁶ From the Office of the Comptroller, Statutory Basis Financial Report, Fiscal Year ended June 30, 2016, available at <http://www.mass.gov/comptroller/docs/reports-audits/sbfr/2016-sbfr.pdf>.