

Massachusetts FY 2013 Budget: Education Priorities for a Healthier Future

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On Jan. 23, Massachusetts Governor Deval Patrick delivered his State of the Commonwealth address to a full house chamber. Governor Patrick spoke of the great accomplishments from the previous year while pressing that Massachusetts could do even better. With the right formula of spending and cuts, and the full support of the state senate and house, Massachusetts could improve in several fundamental areas over the next year. Fiscal year 2011 and 2012 budgets showed overall commonwealth spending was steady at \$53 billion. Both years included budget cuts in order to remain afloat during the recession. Since FY 2011, fiscal conditions in Massachusetts have improved some, though not to pre-recession levels.

The budget from FY 2011 was significantly lower than recent state budgets; the current budget for FY 2013 represents a 0.39 percent increase from one year ago, but a 6.17 percent increase from two years ago. As the commonwealth moved to fifth place in the nation for job creation in the past two years, the added tax revenue and improving economic prospects more than likely enabled the governor to increase the overall budget.

The verticals that increased the most from FY 2012 were health care, public finance, higher education and transportation. Of these verticals, only higher education was among the largest gainers over the past three years. Another vertical that saw one of the more significant increases was health care, something that Governor Patrick mentioned repeatedly during his address. With increased health care costs throughout the country, it was almost inevitable that costs would rise in Massachusetts. In particular, Medicaid costs have soared, and with many of the new health care laws moving forward, there will be increased costs for records and technology.

IT spending has been rising over the past three fiscal years at a pretty consistent rate. From FY 2011 to 2012, IT spending increased 23.53 percent, and increased a similar 24.62 percent from FY 2012 to 2013. It is evident that the commonwealth is looking to increase its IT spending back to pre-recession levels. In FY 2010, for example, IT spending was \$468 million, a total greater than both FY 2011 and FY 2012, but significantly less than FY 2013. The commonwealth has a lot more IT-based initiatives than in the past few years, including increases to individual department's IT budgets and new line items that will enhance a variety of vertical areas. A deeper dive into the various vertical areas will paint a broader picture of the commonwealth's IT spending for the upcoming fiscal year

Analyst's Take:

While on the surface it seems as though Governor Patrick may not be providing the budget necessary to uphold all of his stated priorities for the year to come, a more detailed analysis of vertical and IT spending revealed that many of those questions were covered in budget measures. For starters, the governor wants to invest heavily in health care, which only experienced an overall increase of 9.5 percent, but showed a nearly 50 percent increase in the IT budget. Health IT projects are booming across the country, and this is no different in Massachusetts, which has allocated \$264 million to be spent on health IT.

Over the next fiscal year, health care, justice public safety, transportation and higher education should all be bright spots for funding and procurement. General government IT spending increased by \$8 million, or nearly 8 percent, which could lead to a variety of re-competed for software and hardware systems. Massachusetts is often considered an innovator when it comes to being on the forefront of new technology; therefore, with the nearly 25 percent increase in IT spending budget, the commonwealth is poised to use that money on pioneering projects and new systems.

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