

EXPENDITURE CLASSIFICATION HANDBOOK

**OFFICE OF THE COMPTROLLER
COMMONWEALTH OF MASSACHUSETTS**

EXPENDITURE CLASSIFICATION HANDBOOK
OFFICE OF THE COMPTROLLER | COMMONWEALTH OF MASSACHUSETTS

Note: Please become familiar with the [Instructions Section](#) of the Expenditure Classification Handbook “ECH” before moving on to this section.

OBJECT CLASS MM - PURCHASED CLIENT HUMAN AND SOCIAL SERVICES AND NON-HUMAN SERVICES PROGRAMS

Covered Expenditures: This object class includes expenditures for client services including, but not limited to, social, special educational, health, medical, mental health, rehabilitative, and elder programs and services to clients, residents, and students. This object class is divided into object codes based upon who provides the client services (individuals or corporations) and whether or not the services are part of a Purchased Program of Client Services (POS) under [M.G.L. c. 29, § 29B](#).

POS – Purchase of Service Programs (Purchased Program of Client Services under [M.G.L. c. 29, § 29B](#).)

- ❖ Purchased Service Programs provided by organizations or Commonwealth departments (see object codes M03 and MM3);
- ❖ Purchased Service Programs providing direct services to clients, such as client transportation, designed to support and enhance the delivery of other direct client services, and indirect or ancillary services which enhance, or supplement purchased client human and social services such as contractor staff training (see object code M04).
- ❖ Human and Social Services Program Equipment (see object code M11).

Non-POS Program Services (Services not part of a Purchased Program of Client Services and not covered under [M.G.L. c. 29, § 29B](#).)

- ❖ Ongoing care to residents, patients and clients rendered by individuals other than state employees of the procuring department (see object codes M01 and MM1).
- ❖ Client services rendered by individuals employed by incorporated entities such as agencies providing respite workers and medical group practices (see object codes MIM and M2M).
- ❖ Reimbursements to clients or to individuals for expenses incurred on behalf of clients (see object codes M02 and MM2); tuition and educational fees (see object code M07).
- ❖ Non-Human Service – Cooperative Funding Contracts (see object code M10).
- ❖ Reimbursement for Travel and Other Expenses for Individuals (see object code M98).

Requirements: All Commonwealth departments are responsible for making contract obligations and expenditures in compliance with applicable laws and CTR Fiscal Policies. All departments that take advantage of incidental purchases must comply with incidental purchase requirements identified by CTR and OSD. In addition:

- Executive departments “Level III” must comply with [M.G.L. c. 7, § 22](#), [801 CMR 21.00](#) and the “[Conducting Best Value Procurements Handbook](#)” for [801 CMR 21.00](#) covered goods and services, and must purchase from available Statewide Contracts, and use specified Commonwealth contract forms. Exceptions from using Statewide Contracts will only be permitted with prior written approval from the State Purchasing Agent explained in [Procurement Overview - OSD Legal Authority, Strategic Oversight and the Required Use of Statewide Contracts \(Revised 10/1/2013\)](#). Departments are required to review [Conducting Best Value Procurements Handbook](#);
- Non-Executive departments “Level II” must comply with [M.G.L. c. 7, § 22](#), internal procurement policies and procedures and use specified Commonwealth contract forms.
- Exempt departments “Level I” must comply with internal procurement policies and procedures and if the department takes advantage of MMARS document processing delegation, the department must use specified Commonwealth contract forms.

Expenditures Not Covered: State employees may not be reimbursed through this object class. This object class does not include “Grants” or “Subsidies”, see Object Class [PP](#), or Entitlement Programs, see Object Class [RR](#).

EXPENDITURE CLASSIFICATION HANDBOOK
OFFICE OF THE COMPTROLLER | COMMONWEALTH OF MASSACHUSETTS

M01 NON-MEDICAL OR NON-HEALTH CARE RELATED CLIENT SERVICES PROVIDED BY INDIVIDUALS – Non-medical or non-health care related services rendered by individuals who provide client services either directly or on behalf of a client. Individual contractors are not employed by an organization but have direct contracts and receive direct payments from the department. Includes non-credentialed care providers such as: peer counselors and respite workers, as well as individuals belonging to a recognized human service profession such as: social workers, teachers, interpreters or translators including American Sign Language Interpreters (ASL) and Communication Access Real-Time Translation (CART) services. For non-medical or non-health related services by an individual employed by an organization, with the contract and payments made with/to the organization, see M1M.

Legal Authority: Authorizing Legislation; [M.G.L. c. 7, § 22](#); [801 CMR 21.00](#)
Oversight Department: ANF, OSD, CTR
Agreement Type: Standard Contract Form
Pre/Encumb/Payment Request: RQS (optional pre-encumbrance)/CT/PRC
Incidental Purchase: GAE/INP use restricted to Incidental Purchases (Incidental Purchases >\$5,000 to \$10,000 require a Standard Contract Form and use a GAE/GAX)
Tax Forms: 1099-NEC

MM1 MEDICAL OR HEALTH CARE RELATED INDIVIDUAL SERVICES RENDERED EITHER DIRECTLY TO OR ON BEHALF OF A CLIENT BY INDIVIDUALS – Services rendered by individuals, who provide medical or health care related services to clients. Includes physicians, nurses, psychiatrists and other health care professionals. Individual Contractors are not employed by an organization but have direct contracts and receive direct payments from the department. For medical or health related services rendered by an individual employed by an organization, with the contract and payments made with/to the organization, see M2M.

Legal Authority: Authorizing Legislation; [M.G.L. c. 7, § 22](#); [801 CMR 21.00](#)
Oversight Department: ANF, OSD, CTR
Agreement Type: Standard Contract Form
Pre/Encumb/Payment Request: RQS (optional pre-encumbrance)/CT/PRC
Incidental Purchase: GAE/INP use restricted to Incidental Purchases (Incidental Purchases >\$5,000 to \$10,000 require a Standard Contract Form and use a GAE/GAX)
Tax Forms: 1099(MISC), Medical and Health Care Payments

M1M NON-MEDICAL OR NON-HEALTH CARE RELATED CLIENT SERVICES PROVIDED BY INDIVIDUALS WITHIN ORGANIZATIONS – Non-medical or non-health care related individual services rendered either directly to or on behalf of a client, or either directly to or on behalf of a person(s) (adult, child and or family) before or involved in the justice system, or to the court by individuals who are employed by an organization. A department contracts with and makes payments to the organization that assigns or refers individual service providers to provide requested services (e.g., services to the adult and juvenile trial courts, the personal care attendants, social workers, teachers, interpreters, translators or direct care relief services furnished by a temporary employment or referral agency to a state hospital). For non-medical services rendered by an individual contractor, not employed by or through an organization, see M01. For POS non-medical and non-health program services, see M03.

Legal Authority: Authorizing Legislation; [M.G.L. c. 7, § 22](#); [801 CMR 21.00](#)
Oversight Department: ANF, OSD, CTR
Agreement Type: Standard Contract Form
Pre/Encumb/Payment Request: RQS (optional pre-encumbrance)/CT/PRC
Incidental Purchase: GAE/INP use restricted to Incidental Purchases (Incidental Purchases >\$5,000 to \$10,000 require a Standard Contract Form and use a GAE/GAX)
Tax Forms: 1099-NEC

EXPENDITURE CLASSIFICATION HANDBOOK
OFFICE OF THE COMPTROLLER | COMMONWEALTH OF MASSACHUSETTS

M02 REIMBURSEMENTS – Reimbursement to clients or to individuals for expenses incurred on behalf of clients. Includes foster family stipends, adoption subsidies, guardian’s ad litem, volunteers and reimbursement for expenses incurred while receiving services.

Legal Authority: Authorizing Legislation
Oversight Department: ANF, CTR
Agreement Type: Memorandum of Understanding, Receipt
Pre/Encumb/Payment Request: RQS (optional pre-encumbrance)/CT/PRC
Incidental Purchase: N/A
Tax Forms: None

MM2 TAX REPORTABLE REIMBURSEMENTS – Reimbursements to volunteers based on stipend levels.

Legal Authority: Authorizing Legislation
Oversight Department: ANF, CTR
Agreement Type: Memorandum of Understanding
Encumb/Payment Request: RQS (optional pre-encumbrance)/CT/PRC
Incidental Purchase: GAE/INP use restricted to Incidental Purchases (Incidental Purchases >\$5,000 to \$10,000 require a Standard Contract Form and use a GAE/GAX)
Tax Forms: 1099-NEC

M2M MEDICAL OR HEALTH CARE RELATED CLIENT SERVICES PROVIDED BY INDIVIDUALS WITHIN ORGANIZATIONS – Medical or health care related individual services rendered either directly to or on behalf of a client by individuals who are employed by an organization. A department contracts with and makes payments to the organization that assigns or refers medical professionals to provide requested services (e.g., physicians, nurses, psychiatrists, physical therapists and other health care professionals furnished by a medical referral agency or medical group practice to a state hospital). For services rendered by an individual contractor, not employed by or through an organization, see MM1. For POS program services, see MM3.

Legal Authority: Authorizing Legislation; [M.G.L. c. 7, § 22](#); [801 CMR 21.00](#)
Oversight Department: ANF, OSD, CTR
Agreement Type: Standard Contract Form
Pre/Encumb/Payment Request: RQS (optional pre-encumbrance)/RPO/PRM/CT/PRC
Incidental Purchase: GAE/INP use restricted to Incidental Purchases (Incidental Purchases >\$5,000 to \$10,000 require a Standard Contract Form and use a GAE/GAX)
Tax Forms: 1099(MISC), Medical and Health Care Payments

M03 PURCHASED HUMAN AND SOCIAL SERVICES FOR CLIENTS-NON-MEDICAL: SUB-RECIPIENT – Payments pursuant to contracts with organizations to purchase specified social services or programs (excluding medical and health care, see MM3) on behalf of specifically identified clients or a specific target group. Includes services rendered by an individual with payment to a corporate entity. Limited to services with no health care components. Includes payments to “Chapter 71B” approved private schools rendering special educational services. Federal funds are reported as sub-recipient payments. Vendor services must use other appropriate object codes. (Use required object codes for vendor services).

Legal Authority: Authorizing Legislation; [M.G.L. c. 29, § 29B](#); st. 1993 c. 110, S. 274 as amended; [M.G.L. c. 7, § 22](#); [801CMR 21.00](#); [808 CMR 1.00](#); [815 CMR 3.00](#); [Federal Single Audit Act, OMB A-133](#); [the American Reinvestment and Recovery Act of 2009 \(ARRA\)](#)
Oversight Department: ANF, OSD, CTR
Sub-Recipient: Federal funds are reported as sub-recipient payments
Agreement Type: Commonwealth Terms and Conditions for Human and Social Services/Standard Contract Form
Pre/Encumb/Payment Request: RQS (optional pre-encumbrance)/RPO/PRM/CT/PRC
Sub-Recipient: Utilized for Federal reporting
Incidental Purchase: GAE/INP use restricted to Incidental Purchases (Incidental Purchases >\$5,000 to \$10,000 require a Standard Contract Form and use a GAE/GAX)
Tax Forms: None

EXPENDITURE CLASSIFICATION HANDBOOK
OFFICE OF THE COMPTROLLER | COMMONWEALTH OF MASSACHUSETTS

MM3 PURCHASED HUMAN AND SOCIAL SERVICES FOR CLIENTS MEDICAL OR HEALTH CARE RELATED: SUB-RECIPIENT – Payments pursuant to contracts with organizations to purchase social services or programs with medical or health care related components on behalf of specially identified clients or a specific target group. Includes services rendered by an individual with payment to a corporate entity. Federal funds are reported as sub-recipient payments. Vendor services must use other appropriate object codes. (Use required object codes for vendor services).

Legal Authority: Authorizing Legislation; [M.G.L. c. 29, § 29B](#); st. 1993 c. 110, S. 274 as amended; [M.G.L. c. 7, § 22](#); [801 CMR 21.00](#); [808 CMR 1.00](#); [815 CMR 3.00](#); [Federal Single Audit Act, OMB A-133](#); [the American Reinvestment and Recovery Act of 2009 \(ARRA\)](#)

Oversight Department: ANF, OSD, CTR

Sub-Recipient: Federal funds are reported as sub-recipient payments

Agreement Type: Commonwealth Terms and Conditions for Human and Social Services/Standard Contract Form

Pre/Encumb/Payment Request: RQS (optional pre-encumbrance)/RPO/PRM/CT/PRC

Incidental Purchase: GAE/INP use restricted to Incidental Purchases (Incidental Purchases >\$5,000 to \$10,000 require a Standard Contract Form and use a GAE/GAX)

Tax Forms: 1099(MISC), Medical and Health Care Payments

M3M PURCHASED HUMAN AND SOCIAL SERVICES FOR CLIENTS-NON-MEDICAL – Payments *issued using federal funds determined to be for vendor services* pursuant to contracts with organizations to purchase specified social services or programs (excluding medical and health care, see MM3) on behalf of specifically identified clients or a specific target group. Includes services rendered by an individual with payment to a corporate entity. Limited to services with no health care components. Federal funds are reported as vendor services, not sub-recipient. All other funds and sub-recipient payments –Use M03

Legal Authority: Authorizing Legislation; [M.G.L. c. 29, § 29B](#); st. 1993 c. 110, S. 274 as amended; [M.G.L. c. 7, § 22](#); [801 CMR 21.00](#); [808 CMR 1.00](#); [815 CMR 3.00](#)

Oversight Department: ANF, OSD, CTR

Agreement Type: Commonwealth Terms and Conditions for Human and Social Services/Standard Contract Form

Pre/Encumb/Payment Request: RQS (optional pre-encumbrance)/RPO/PRM/CT/PRC

Incidental Purchase: GAE/INP use restricted to Incidental Purchases (Incidental Purchases >\$5,000 to \$10,000 require a Standard Contract Form and use a GAE/GAX)

Tax Forms: None

M04 SERVICES PURCHASED IN SUPPORT OF HUMAN AND SOCIAL SERVICES FOR CLIENTS – Payments pursuant to contracts with organizations for direct services to clients designed to support and enhance the delivery of other direct client services (e.g., client transportation) or indirect/ancillary services which enhance, complement or supplement purchased client services (e.g., purchased contractor staff training or public information and referral programs). No individuals may be classified under this object code.

Legal Authority: Authorizing Legislation; [M.G.L. c. 29, § 29B](#); st. 1993 c. 110, S. 274, as amended; [M.G.L. c. 7, § 22](#); [801 CMR 21.00](#); [815 CMR 3.00](#).

Oversight Department: ANF, OSD, EHS, CTR

Agreement Type: Standard Contract Form

Pre/Encumb/Payment Request: RQS (optional pre-encumbrance)/RPO/PRM/CT/PRC

Incidental Purchase: GAE/INP use restricted to Incidental Purchases (Incidental Purchases >\$5,000 to \$10,000 require a Standard Contract Form and use a GAE/GAX)

Tax Forms: None

M07 TUITION AND EDUCATIONAL FEES – Tuition, dormitory, board, incidental fees, and educational supplies paid to enroll clients in an established curriculum of elementary, secondary, post-secondary, graduate, or vocational instruction at an accredited educational institution. Excludes payments to “Chapter 71B” approved private schools rendering special educational services, see M03, MM3. **Comments:** Compensation is determined by the tuition and fee schedule of each educational institution.

Legal Authority: Authorizing Legislation

Oversight Department: CTR

Agreement Type: Invoice Statement, Relevant Supporting Documentation

EXPENDITURE CLASSIFICATION HANDBOOK
OFFICE OF THE COMPTROLLER | COMMONWEALTH OF MASSACHUSETTS

Pre/Encumb/Payment Request: GAP (optional pre-encumbrance)/GAE/GAX
Incidental Purchase: N/A
Tax Forms: None

M10 NON-HUMAN SERVICE – COOPERATIVE FUNDING CONTRACTS – Payments for collective purchasing contracts and other cooperative funding contracts for Non-Human and Social Services and programs. For procurement and contracts for research, including research performed by private Higher Educational institutions, see Object Class [HH](#). For grants or subsidies, see Object Class [PP](#).

Legal Authority: Authorizing Legislation; [M.G.L. c. 7, § 22](#); [801 CMR 21.00](#)
Oversight Department: ANF, OSD, CTR
Agreement Type: Standard Contract Form
Pre/Encumb/Payment Request: RQS (optional pre-encumbrance)/CT/PRC
Incidental Purchase: GAE/INP use restricted to Incidental Purchases (Incidental Purchases >\$5,000 to \$10,000 require a Standard Contract Form and use a GAE/GAX)
Tax Forms: None

M11 HUMAN AND SOCIAL SERVICES PROGRAM EQUIPMENT – Expenditures for the purchase of Commonwealth owned equipment and furnishings necessary for the operation of Human and Social Service Programs; equipment and/or furnishings for use in programs operated by Commonwealth vendors and procured under M03, MM3 and M04. Equipment and/or furnishings eligible for purchase under this object code must be movable and have an acquisition cost exceeding \$500 and a useful life of more than one year. For example, equipment and/or furnishings purchased under this object code may include appliances, workshop production machinery, office files, desks, copiers and residential furnishings. Title to the equipment and/or furnishings vests with the Commonwealth. The department and the contractor are responsible for the inventory of the equipment and/or furnishings. The contractor is responsible for the return of the equipment to the department or transfer to another contractor upon termination of the contractor's contract pursuant to 808 CMR 1.04(5).

Legal Authority: [M.G.L. c. 7 § 22](#); [M.G.L. c. 29 § 29B](#); st.1993 c. 110, s.274 as amended; [M.G.L. c. 30, §§ 51-52](#); [801 CMR 21.00](#)
Oversight Department: ANF, OSD, CTR
Agreement Type: Standard Contract Form
Pre/Encumb/Payment Request: RQS (optional pre-encumbrance)/PC/PRC
Incidental Purchase: GAE/INP use restricted to Incidental Purchases (Incidental Purchases >\$5,000 to \$10,000 require a Standard Contract Form and use a GAE/GAX)
Tax Forms: None

M75 ADVANCES PURCHASED CLIENT HUMAN AND SOCIAL SERVICES AND NON-HUMAN SERVICES PROGRAMS – Used to encumber advances in the MM Object Class.

Legal Authority: [M.G.L. c. 29, §§ 23, 24, 25](#)
Agreement Type: Relevant Supporting Documentation
Oversight Department: TRE, HRD, CTR
Payment Request: EAV/RA/AR
Incidental Purchase: N/A
Tax Forms: None

EXPENDITURE CLASSIFICATION HANDBOOK
OFFICE OF THE COMPTROLLER | COMMONWEALTH OF MASSACHUSETTS

M78 PURCHASED CLIENT HUMAN AND SOCIAL SERVICES AND NON-HUMAN SERVICES PROGRAMS: SUB-RECIPIENT – Encumbrance and payment activity involving sub-recipients of federal funds. Federal funds are reported as sub-recipient payments. Vendor services must use other appropriate object codes. (Use required object codes for vendor services).

Legal Authority: [M.G.L. c. 29, § 29A](#); [M.G.L. c. 7, § 22](#); [M.G.L. c. 30, §§ 51-52](#); [801 CMR 21.00](#); [Federal Single Audit Act](#), [OMB A-133](#); [the American Reinvestment and Recovery Act of 2009 \(ARRA\)](#)
Oversight Department: ANF, HRD, OSD, CTR
Sub-Recipient: Federal funds are reported as sub-recipient payments
Agreement Type: Standard Contract Form
Pre/Encumb/Payment Request: RQS (optional pre-encumbrance)/RPO/PRM/CT/PRC
Incidental Purchase: GAE/INP use restricted to Incidental Purchases (Incidental Purchases >\$5,000 to \$10,000 require a Standard Contract Form and use a GAE/GAX)
Tax Forms: 1099-NEC, Medical and Health Care Payments

M87 CASH WITH CAMPUS – Pursuant to Massachusetts General Law requiring Commonwealth Colleges and Universities to report the activity of campus-based funds by subsidiary to the Comptroller of the Commonwealth on the Commonwealth's Statewide Accounting System, MMARS (Fund 0901).

Legal Authority: [M.G.L. c. 15A, § 15C](#) Authorizing Legislation
Oversight Department: CTR
Agreement Type: Relevant Supporting Detail on college and university accounting systems.
Payment/Receipt Request: TV/RT (Use restricted to colleges and universities)
Incidental Purchase: N/A
Tax Forms: Forms 1099 and 1042 – Colleges and Universities Responsible for Compliance using local Tax Identification Number

M90 OPERATING TRANSFER – Purchased Client Human Services and Social Services, and Non-Human Service Programs.

Legal Authority: Authorizing Legislation; [815 CMR 6.00](#)
Oversight Department: CTR
Agreement Type: Copy of Authorizing Legislation; Relevant Supporting Documentation
Pre/Encumb/Payment Request: OT (Use restricted to CTR)
Incidental Purchase: N/A
Tax Forms: None

M98 REIMBURSEMENT FOR TRAVEL AND OTHER EXPENSES FOR INDIVIDUALS PAID FROM M01 OR MM1 – Authorizations for reimbursements are included in the service contract. Reimbursements are not tax reportable because the recipient is required to account for expenditures.

Legal Authority: [M.G.L. c. 7, § 22](#); [801 CMR 21.00](#)
Oversight Department: ANF, OSD, CTR
Agreement Type: Relevant Supporting Documentation, Standard Contract Form
Pre/Encumb/Payment Request: RQS (optional pre-encumbrance)/CT/PRC
Incidental Purchase: GAE/INP use restricted to Incidental Purchases (Incidental Purchases >\$5,000 to \$10,000 require a Standard Contract Form and use a GAE/GAX)
Tax Forms: None

M99 LATE PENALTY INTEREST – Penalty interest for late payments.

Legal Authority: [815 CMR 4.00](#); [M.G.L. c. 29, §§ 20C, 29C](#); [M.G.L. c. 7A, § 5A](#)

EXPENDITURE CLASSIFICATION HANDBOOK
OFFICE OF THE COMPTROLLER | COMMONWEALTH OF MASSACHUSETTS

Oversight Department:	CTR
Agreement Type:	Valid Claim Under Contract
Pre/Encumb/Payment Request:	GAE/GAX
Incidental Purchase:	N/A
Tax Forms:	1099(INT)