

EXECUTIVE SUMMARY

Financial Overview

The House Committee on Ways and Means offers a fiscal year 2018 budget proposal that both reinforces the Commonwealth's commitment towards core services and programs and maintains a faithful adherence to fiscal responsibility. In doing so, the Committee submits a balanced budget that replenishes the stabilization fund, reduces our reliance on one-time sources of revenue, and builds on commitments to Massachusetts' renowned achievements in the areas of health care, education, social services, and many others.

The march towards recovery and away from the Great Recession has been a steady one, but one not without its challenges for the Commonwealth. While the Massachusetts economy is growing and unemployment has fallen to record lows, state revenue growth remains slow. The cost of priorities like health care continues to rise disproportionately and consume a growing portion of any new funding.

To meet the pressing needs of today, while also strengthening the Commonwealth's position for the future, the House Committee on Ways and Means makes several important decisions in regard to resources in the fiscal year 2018 budget proposal. One-time revenues have been reduced, down more than \$1B since fiscal year 2015. The House also contributes \$2.395B towards the unfunded pension obligation and makes a \$100M investment into the stabilization fund, ensuring a meaningful contribution and shoring up the Commonwealth's historically positive position with bond markets and credit rating agencies.

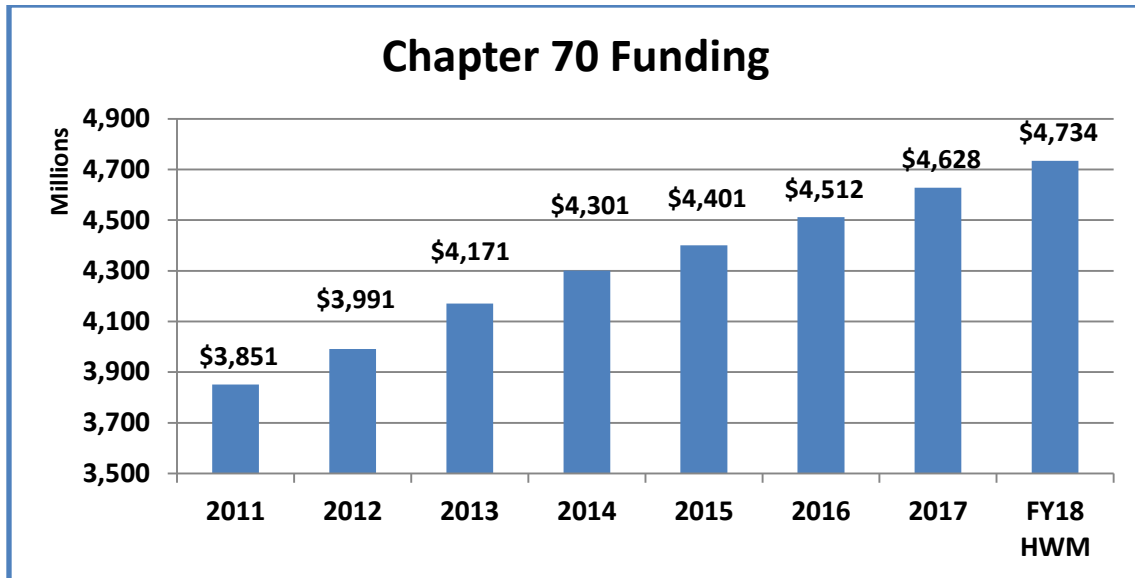
The total balance of the House Committee on Ways and Means fiscal year 2018 budget proposal is \$40.328B, an increase of \$1.472B (3.8%) over fiscal year 2017 spending. The majority of this spending is supported by tax revenue estimates established during the Commonwealth's Consensus Tax Revenue process, which projected a \$1.016B (3.9%) increase in new tax growth. From this base, the House Committee on Ways and Means is able to make important investments in meeting the Commonwealth's historic goals of providing health care to all residents, a quality education to all students, a strong safety net to all families and much more.

The Committee believes that the proposal meets all of our most critical obligations in a responsible manner and looks forward to a continuing dialogue with the full membership of the General Court and ensuring a successful fiscal year 2018.

Local Aid

The House Committee on Ways and Means recognizes the vital partnership between the state and cities and towns in delivering essential services to all residents of the Commonwealth. The House Committee on Ways and Means budget proposal recognizes this important relationship by making substantial investments in both Unrestricted General Government Aid (UGGA) and Chapter 70 aid to school districts. For FY 2018, the Committee's budget proposal boosts Chapter 70 aid by \$106.4M to a total of \$4.734B and increases UGGA by \$40M to a total of \$1.062B. In particular, the historic Chapter 70 investment includes a guaranteed minimum aid increase to each community of \$30 per pupil, and makes a significant downpayment on a foundation rate adjustment to address rising health care costs for school districts.

- Provides \$4.734B for Chapter 70 aid
- Provides \$1.062B for UGGA
- Provides \$281.3M for Circuit Breaker Special Education reimbursement
- Provides \$62M for Regional School Transportation reimbursement



Early Education and Care

The Department of Early Education and Care is responsible for providing accessible, high-quality care throughout the Commonwealth for the youngest and most vulnerable children. The Department provides funding for the care of thousands of children and works to ensure that those from the most challenging circumstances are provided nurturing, high-quality learning environments. The House Committee on Ways and Means budget proposal upholds this commitment through investment in a number of programs and services and includes a salary reserve to increase rates for early education providers.

- Provides \$223.2M to fund childcare for children by the Department of Children and Families and the Department of Transitional Assistance
- Provides \$255.4M for childcare for over 35,000 children from income-eligible families in the Commonwealth
- Provides \$15M for a salary reserve to increase rates for center-based early education providers
- Provides \$4M for the development and implementation of the Quality Rating and Improvement System
- Provides \$2.5M for the Early Childhood Mental Health Consultation Grant

Elementary and Secondary Education

The House Committee on Ways and Means budget supports the crucial mission of K-12 education by providing the Department of Elementary and Secondary Education with investments in key accounts, most notably in the historic aid and rate increases in Chapter 70. Additionally, the Committee proposes increases in local aid reimbursement accounts in special education, student transportation and others to support district mandates, as well as investments in proven, long-standing programming such as METCO, adult basic education and various grant programs that target the most at-risk students.

- Provides \$4.734B in Chapter 70 aid, including 85% effort reduction and a \$30 per pupil minimum aid increase
- Provides \$21.1M for METCO programs
- Provides \$14.2M for Extended Learning Time grants

Higher Education

Providing students with access to quality and affordable higher education is a proven investment in the future success of the Commonwealth as a whole. The House Committee on Ways and Means budget

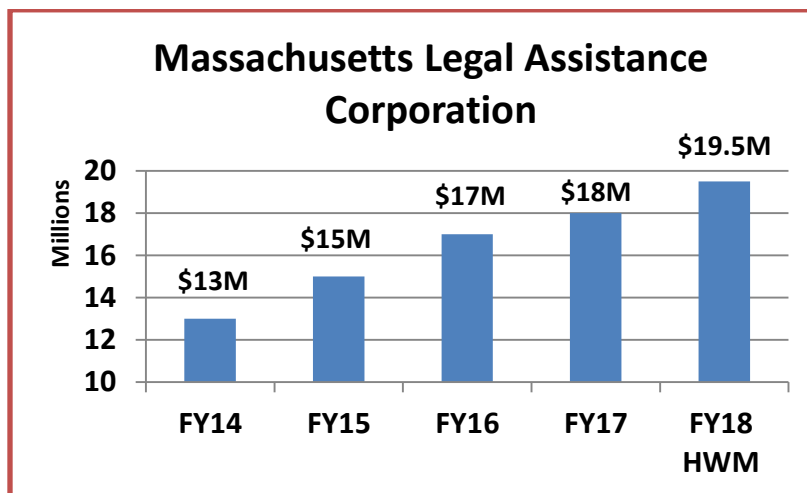
proposal reflects this important need through targeted increases in the University of Massachusetts system, the state community colleges and the state universities. The Committee also proposes significant funding for the state scholarship program to provide grants to the most in-need students, and makes an investment in the high demand scholarship program to match students with employers. Reaching out to prospective students is critically important; as such, the budget proposal also provides an on-ramp to incoming students with investments in the dual enrollment program and the STEM Starter Academies.

- Provides \$513.4M for the University of Massachusetts system
- Provides \$275.5M for community colleges and \$252.8M for state universities
- Provides \$96.6M for the State Scholarship program
- Provides \$4.75M for the STEM Starter Academies

Judiciary

As a critical component of the balance of power in the Commonwealth, the Judiciary is responsible for upholding the Massachusetts General Laws as well as laws put in place by the Constitution of the United States. The House Committee on Ways and Means continues to support the judicial branch by ensuring every citizen of the Commonwealth has access to justice through the court system. The Committee's proposal continues to support this mission by making a \$1.5M increase over FY17 GAA funding to civil legal aid for those in need. The Committee's budget recommendation continues to recognize the importance of maintaining justice for all citizens of the Commonwealth, while fulfilling the judicial and constitutional obligations of the state of Massachusetts.

- Provides \$656.7M for the Trial Court
- Provides \$173.8M for the Committee for Public Counsel Services
- Provides \$116.8M for the District Attorney's Offices of the Commonwealth
- Provides \$19.5M for Massachusetts Legal Assistance Corporation



Transportation

A safe, reliable transportation system is a critical component of daily life for the vast majority of residents of the Commonwealth. The Massachusetts Department of Transportation is tasked with ensuring this mission both on an immediate day-to-day basis as well as the planning and execution of long-term maintenance and construction projects. The House Committee on Ways and Means budget supports the complex demands of this ever-evolving transportation network, providing funding for the Department, the MBTA and RTAs that will provide efficient management and innovation today and in the future.

- Provides \$324M for MassDOT

- Provides \$127M for the MBTA
- Provides \$80M for the Regional Transit Authorities

Energy and Environment

Preserving and protecting the Commonwealth's land, water and air while providing opportunities for outdoor recreation and access to parks and beaches is an important mission of the Executive Office of Energy and Environmental Affairs. The House Committee on Ways and Means continues to support these invaluable services while protecting the health and safety of the Commonwealth's residents.

- Provides \$235M for Energy and the Environment
- Provides \$82.1M for the Department of Conservation and Recreation
- Provides \$52.3 M for the Department of Environmental Protection

Health and Human Services

The Executive Office of Health and Human Services plays a crucial role in providing residents of the Commonwealth in need with access to critical services and supports. These services, including access to healthcare, social work, and temporary assistance, are vital sources of relief for Massachusetts families, veterans, seniors, and those with disabilities. The House Committee on Ways and Means budget proposal ensures this mission by supporting investments that protect the needs of our state's most vulnerable populations.

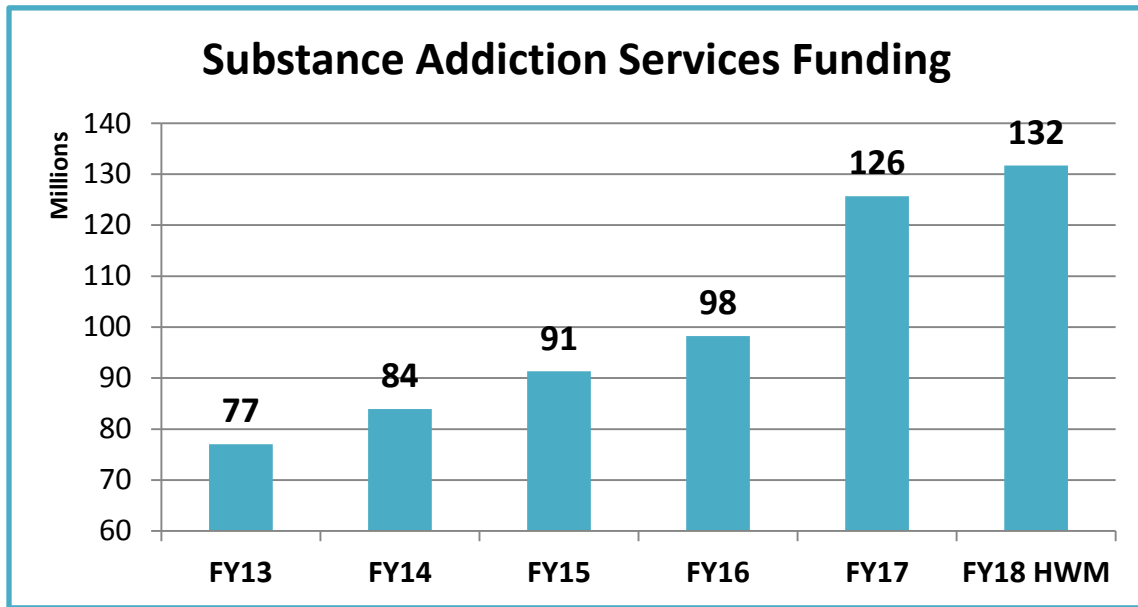
MassHealth

MassHealth provides healthcare and long term care services to 1.9 million residents with the goals of improving physical health, promoting independence, and boosting the quality of life for its members. The House Committee on Ways and Means budget proposal includes \$16.764B for MassHealth. This budget proposal supports the needs of a growing caseload population, program integrity efforts, initiatives related to enrollment and eligibility, administrative efficiencies, and insurance market reforms. Furthermore, this budget proposal protects vision benefits for MassHealth enrollees made eligible through the Affordable Care Act. These measures will protect the viability of MassHealth as the guarantor of quality health care coverage to all residents of the Commonwealth.

Department of Public Health

The Department of Public Health works to provide high quality healthcare services to residents across the Commonwealth. In doing so, the Department aims to achieve health equity and wellness by providing a network of public health hospitals, substance addiction services, nutritional assistance programs, and family health services. The House Committee on Ways and Means proposal includes increased funding to combat opioid abuse as well as measures to reduce long term healthcare costs throughout the Commonwealth. This proposal takes a multi-pronged approach to combating the opioid epidemic by investing in acute emergency treatment, additional recovery centers to aid families of victims of substance abuse, and post-detox skill development programs.

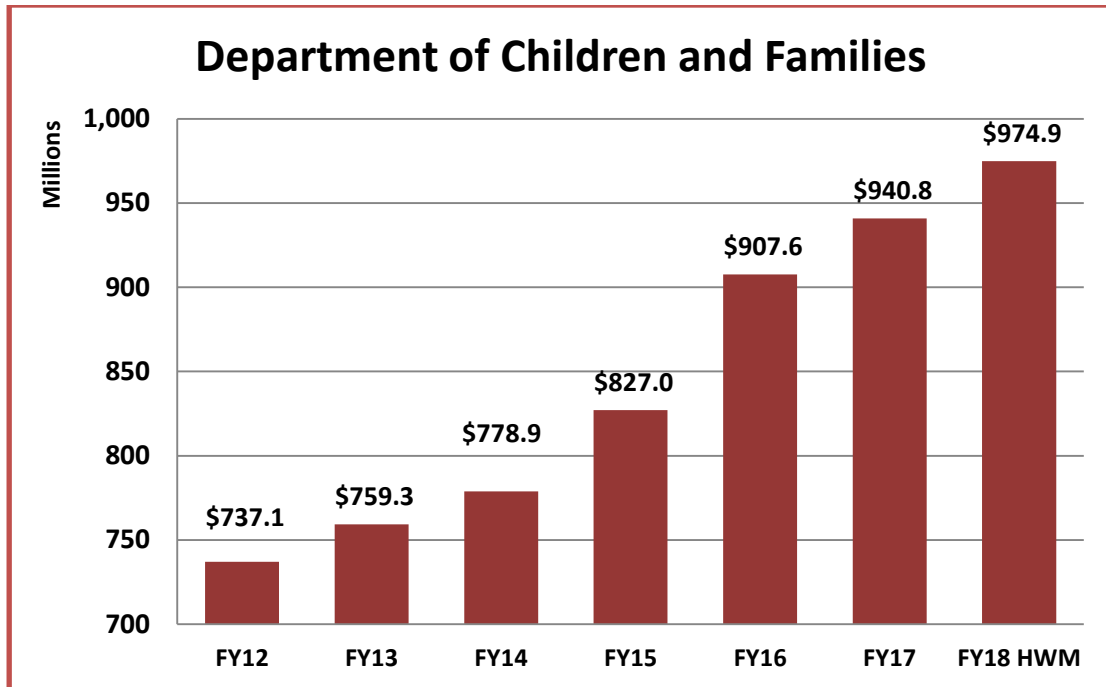
- Provides \$156.9M to Public Health Hospitals serving more than 7,800 patients per year
- Provides \$131.7M to the Bureau of Substance Addiction Services
- Provides \$31.1M to Early Intervention Services which serve roughly 51,800 children per year
- Provides \$31.3M for Domestic Violence and Sexual Assault prevention



Department of Children and Families

The protection and guardianship of children identified as abused or neglected is one of the Commonwealth's most sacred commitments. In fulfilling this critical responsibility, the Department of Children and Families deploys the resources and coordination of vital programming such as support and stabilization services, and foster care and guardianship services. The House Committee on Ways and Means understands the urgency of this mission and has fostered an important relationship with the Department in recent years in providing resources to meet its most critical needs. The fiscal year 2018 recommendation builds on this partnership, as the Committee recommends a \$34.2M increase in departmental funding over the previous fiscal year. This provides necessary funding to annualize and increase staffing levels and programs designed to produce strong families and keep children safe.

- Provides \$236.8M for Social Workers
- Provides \$100.1M for Clinical Support Services and Operations
- Provides \$292.1M for Services for Children and Families
- Provides \$280.4M for Congregate Care Services



Department of Youth Services

The Department of Youth Services is tasked with promoting positive change in the lives of committed young people. By providing programs that enhance knowledge, develop skills and change the behavior of its population, the Department supports the critical components necessary in accomplishing its mission. The House Committee on Ways and Means acknowledges the importance of instilling positivity and growth in youths in the Department's care and recommends increasing funding for the Department by \$5M.

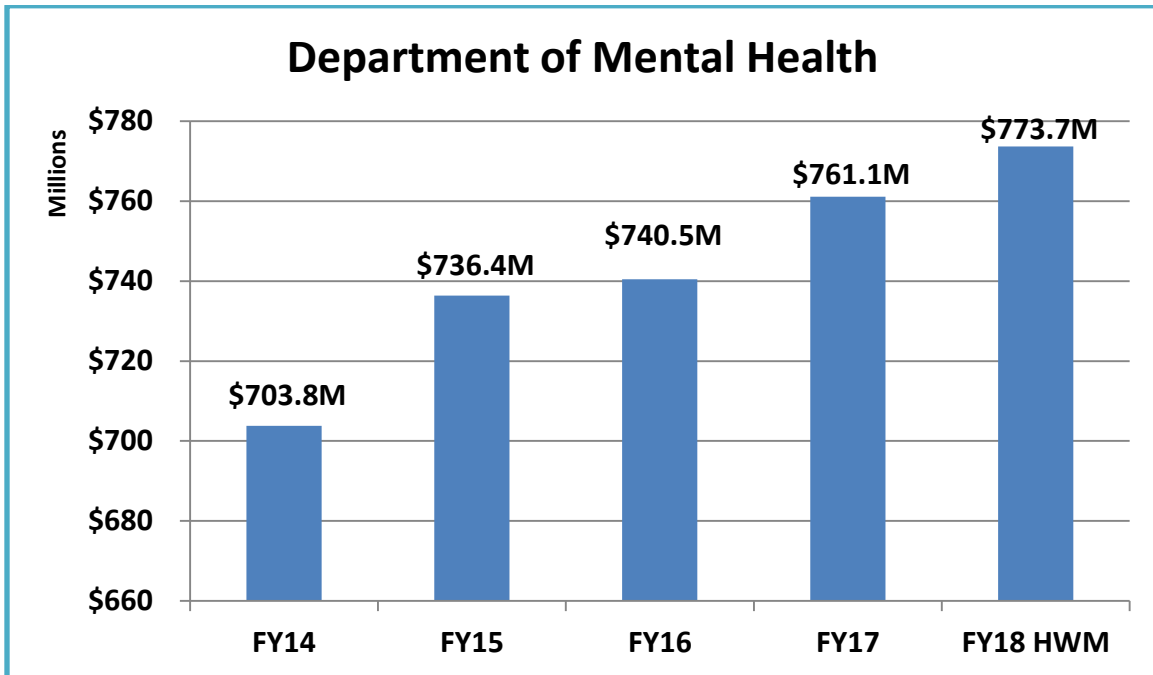
- Provides \$120M for the Committed Residential Youth
- Provides \$28.5M for the Detained Population
- Provides \$23.5M for the Non-Residential Services for Committed Population

Department of Mental Health

The Department of Mental Health aims to assure each citizen of the Commonwealth affected by mental illness is provided with adequate supports and services to enable individuals to live, work, and remain active participants in their communities. The House Committee on Ways and Means budget recommendation continues to focus on maintaining community supports and placements for the individuals the Department serves. The Committee maintains its critical support of the Commonwealth's commitment to combating substance abuse by maintaining the 45 beds at Taunton State Hospital for women battling addiction in the Commonwealth.

- Provides \$388.1M for Adult Mental Health Services, including \$2M for a Crisis Intervention Team, providing training grants to 68 municipalities for CIT training for police departments and first-responders on how to recognize and respond to an individual with mental illness having a crisis
- Provides \$208.2M for State Psychiatric Hospitals to maintain the funding for 45 beds for the Women's Substance Use program at Taunton State Hospital
- Provides \$88.9M for Child and Adolescent Mental Health Services, including \$3.6M for the Massachusetts Child Psychiatry Access Project
- Provides \$1M more for DMH clients transitioning from inpatient care in hospitals to subsidized housing options

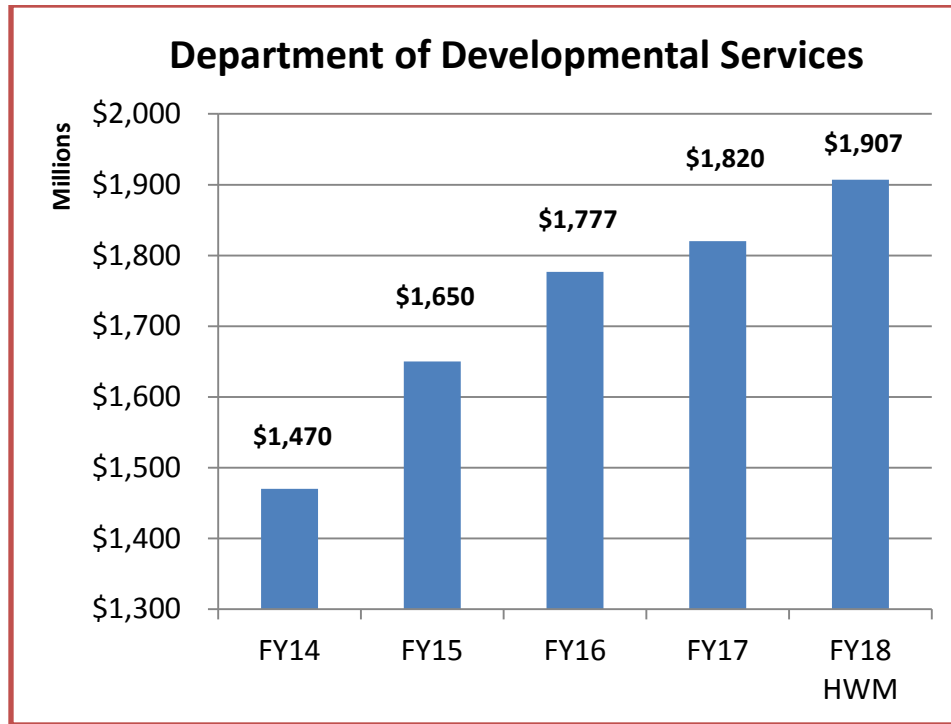
- Provides \$500K for multi-agency elderly adult home and community behavioral health services



Department of Developmental Services

The Department of Developmental Services provides the opportunity to children and adults with developmental disabilities to meaningfully participate in their communities. The House Committee on Ways and Means reinforces its historic support for programs that provide resources for the integration of individuals with developmental disabilities into their communities and services to their families to support the complex needs of these populations. The Committee's recommendations annualize the cost of the growing Turning 22 population, and supports Turning 22 growth in annualizing the growing transportation costs attributed to such growth.

- Provides \$1.170B for Vendor-Operated Residential Services
- Provides \$205.1M for Community-Based Adult Day and Work Programs
- Provides \$24.2M for Turning 22 Program and Services



Department of Transitional Assistance

The Department of Transitional Assistance aids in assisting economically disadvantaged individuals and families of the Commonwealth by helping to create a path for a better quality of life. Through programs that provide access to food and nutritional assistance, employment services and cash and other benefits, the Department provides an on-ramp to a better life for the Commonwealth's most needy families. The House Committee on Ways and Means' funding proposal preserves all existing benefit eligibilities for those that are in most need.

- Provides \$222.4M for State Supplemental Security Income
- Provides \$161M for the Transitional Aid to Families with Dependent Children
- Provides \$13.6M for the Employment Services Program

Department of Elder Affairs

The Department of Elder Affairs provides services that promote and sustain a high quality of life for the elder community. These services range from home care and caregiver support, nutrition programs, protective services, and housing, which are provided through a network of Aging Service Access Points and Councils on Aging across the state. The House Committee on Ways and Means funding of \$528.4M reflects a level of funding that maintains these important services while recognizing the unprecedented and continued growth in the elder population.

- Provides \$174.2M for Elder Home Care Purchased Services
- Provides \$52.3M for Elder Home Care Case Management and Administration
- Provides \$29.2M for Elder Protective Services

Veterans Affairs

The Department of Veterans Affairs offers a variety of programs to aid both disabled and able-bodied veterans throughout the Commonwealth. The Department is tasked with increasing the quality of life for

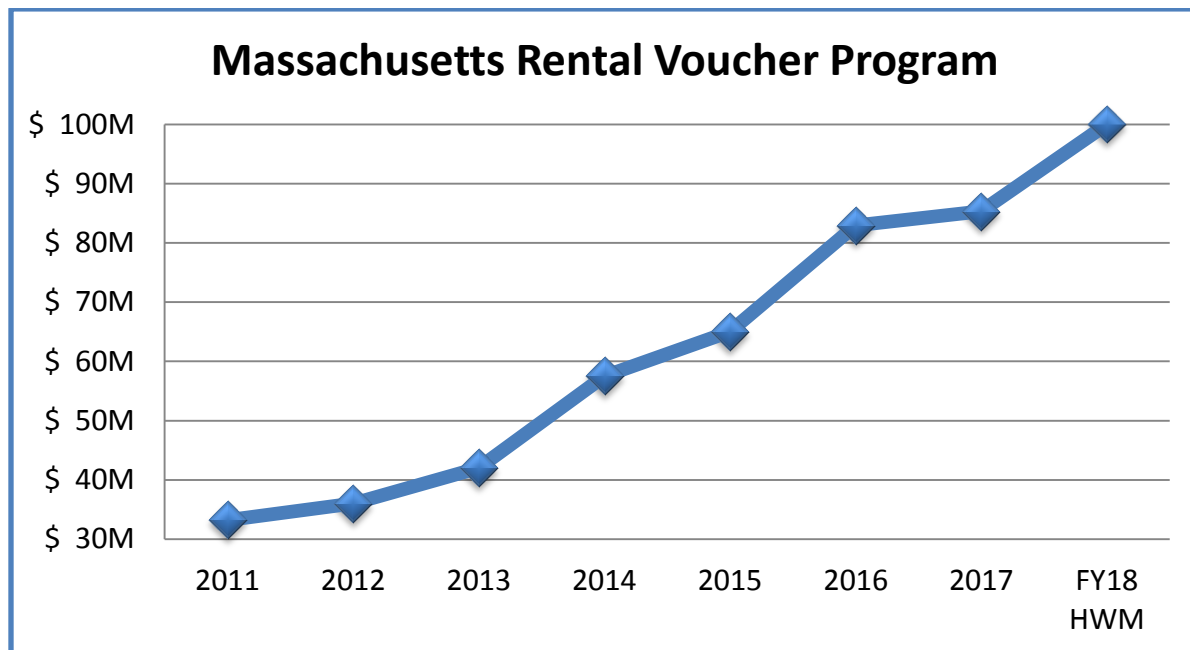
veterans by offering education and healthcare resources, and providing personal healthcare services through the Soldiers Homes located in Chelsea and Holyoke.

- Provides \$75.7M for Veterans Benefit Payments
- Provides \$50.4M for the Soldiers Homes in Chelsea and Holyoke
- Provides \$2.9M for Veterans Outreach Centers

Housing and Community Development

A safe and adequate housing environment provides the solid foundation from which families and individuals can lead stable, successful lives. As such, the House Committee on Ways and Means Housing and Community Development budget recommendation preserves eligibility criteria for the emergency homeless assistance programs, while also recognizing the importance of independent living by making substantial investments in homelessness prevention and rapid rehousing. In addition, the Committee recommends an increase to the already historic funding levels for the Massachusetts Rental Voucher Program. The additional investment of \$14.7M would bring the total funding of the program to \$100M and allow for 200-300 more vouchers to be issued to homeless families, individuals, and veterans.

- Provides \$155.5M for the Emergency Assistance Family Shelter Program
- Provides \$100M for the Massachusetts Rental Voucher Program
- Provides \$46.2M for Homeless Individuals Assistance
- Provides \$31.1M for the HomeBASE Program
- Provides \$15M for the Residential Assistance for Families in Transition Program
- Provides \$2.8M for Housing Consumer Education Centers



Economic Development

The Executive Office of Housing and Economic Development strives to stimulate sustainable economic growth throughout Massachusetts via the Departments that fall under its umbrella. The House Committee on Ways and Means' budget recommendation seeks to assist the Secretariat in achieving this goal by making investments in small businesses and technological innovations, ensuring a fair and competitive business environment, and by nurturing the economic development of urban areas. In addition, the

Committee supports the Massachusetts Office of Travel and Tourism in its goal of attracting domestic and international tourists to the Commonwealth's cities, towns, and historic sites.

- Provides \$6M for Regional Tourist Councils Assistance
- Provides \$2M for the Big Data Innovation and Workforce Fund
- Provides \$1.7M for MassCAN
- Provides \$1.5M for the MassTech Collaborative
- Provides \$1.5M for Urban Agenda Economic Development Grants

Labor and Workforce Development

The Executive Office of Labor and Workforce Development is tasked with the goal of assisting citizens of the Commonwealth navigate the labor market by offering workforce training, education, and unemployment benefits. The House Committee on Ways and Means budget recommendation continues to support these efforts by helping maintain one of the strongest state economies in the country.

- Provides \$10M for Summer Jobs for At-Risk-Youth
- Provides \$3.8M for One Stop Career Centers
- Provides \$3.4M for the Department of Labor Standards
- Provides \$2.4M for the Department of Labor Relations
- Provides \$2M for the Massachusetts Manufacturing Extension Partnership
- Provides \$1.4M for the Massachusetts Service Alliance

Public Safety & Security

The House Committee on Ways and Means budget recommendation supports funding to the Executive Office of Public Safety and Security agencies, as well as to the 14 Sheriffs' Departments across the Commonwealth. The FY 2018 budget recommendation will allow the departments that fall under public safety to continue to expand and provide a variety of services to help maintain the security of the Commonwealth. Services provided by the agencies include, but are not limited to: enforcing statewide laws, ensuring that the Commonwealth is prepared during emergency situations, preparing offenders for a successful transition out of corrections and into society, and providing necessary help and assistance to offenders as well as the rest of the public. Through targeted investments in an economically sensible manner, the Committee's budget recommendation recognizes the importance of providing adequate funding to maintain a safe and secure Commonwealth.

- Provides \$659M for the Department of Corrections, including \$22M to implement reforms at Bridgewater State Hospital
- Provides \$384M for the Department of State Police, including funding for a new class of 130 troopers
- Provides \$566.1M for the Commonwealth's 14 sheriffs' offices
- Provides \$3.5M to implement reforms based on the Council on State Government Massachusetts Criminal Justice Review