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Governor Baker Releases Fiscal Year 2018 Budget Proposal
$40.5 billion budget invests in local aid, education, workforce development, and key support services without raising taxes; proposes new method for making deposits to the Stabilization fund, including a $98 million deposit in FY18

BOSTON – Today, the Baker-Polito Administration filed its Fiscal Year 2018 (FY18) budget proposal, a $40.508 billion spending plan which funds key priorities including local aid, education, workforce development, housing and homelessness services, and substance misuse prevention programs, while keeping spending in line with recurring revenues and does not raise taxes.

“This budget reaffirms our commitment to the hardworking people of the Commonwealth to propose a balanced budget that significantly invests in education, workforce development and funds to fight the opioid epidemic—without raising taxes,” said Governor Baker. “While practicing fiscal discipline and reining in spending, we are also pleased to introduce new initiatives like the ‘Learn to Earn’ program to shrink the unemployment and underemployment gap in our state and a $4,000 tax-credit for employers hiring an unemployed veteran. I look forward to working with our colleagues in the legislature so that we can all make Massachusetts a better place to live, work, and raise a family.”

The FY18 proposal increases spending by 4.3%, or 2.7% net of MassHealth revenue, over Fiscal Year 2017 (FY17) estimated spending, and relies on a consensus tax revenue estimate of $27.072 billion, which is 3.9% growth over the revised FY17 tax
revenue projection.

“Our administration has been pleased to deliver on our promise to give communities a voice and place at the table on Beacon Hill – and we remain committed to doing so going forward,” said Lt. Governor Polito. “Our budget proposal once again provides a promised increase in unrestricted local aid equal to consensus revenue growth, historic levels of Chapter 70 education aid, funding for the Community Compact program, and other grant programs to provide local government with the resources they need to be successful.”

“Our Fiscal Year 2018 budget proposal makes significant progress for the Commonwealth’s fiscal outlook,” said Administration and Finance Secretary Kristen Lepore. “We nearly eliminate the structural deficit from a few years ago, significantly reduce the use of non-recurring revenue, hold the line on taxes, responsibly deposit money into our reserves, and pay down important long-term obligations like our unfunded pension liability.”

House 1 funds the administration’s past commitments of staff increases at the Department of Children and Families (DCF) and substance misuse prevention efforts, and also increases funding for Chapter 70 education aid, unrestricted general government aid (UGGA) at 100% of consensus revenue growth, homelessness prevention services, the Department of Developmental Services (DDS), and recommends a new program to connect more job seekers with employment.

**Stabilization Fund Reform and Deposit**

House 1 also recommends a new method to increase the Stabilization Fund during periods of economic growth, providing for a $98 million deposit into the fund in FY18, with potential for an additional deposit based on year-end surplus. If enacted, the new law would provide for two phases of rainy day fund deposits: first, a budgeted transfer of 50% of the consensus revenue estimate’s projected excess capital gains, and second, a requirement that 50% of above-budget tax revenue at the end of a fiscal year be directed to the Stabilization Fund, prior to year-end closeout and the finalization of consolidated net surplus.

**Chapter 70 Funding at an All-Time High**

In the first two years of the Baker-Polito Administration, Chapter 70 aid to school districts has increased by $227 million to $4.628 billion, an all-time high, and Special Education Circuit Breaker funding has increased by nearly $20 million.

House 1 proposes a $91.4 million increase in Chapter 70 aid, providing at least a $20 per pupil increase to all 322 operating districts across the Commonwealth,
supporting an 85% effort reduction to bring under-aided districts closer to their spending targets, and begins to address the rising cost of healthcare and retiree benefits in foundation budgets.

**New “Learn to Earn” Program**

House 1 recommends $4 million for a new Learn to Earn initiative, led by a broad cross-secretariat working group. This program will provide credentials and employment for unemployed and underemployed individuals in occupations in high demand fields through partnerships between public agencies, businesses, community-based organizations, and career centers. As part of the $4 million request, the administration proposes $1 million to be allocated to address barriers to employment commonly encountered by the underemployed and unemployed, including transportation and child care expenses.

**Launch of Career Pathways Program to Train Future Workforce**

The FY18 budget proposal includes nearly $200 million in funding across secretariats for workforce development programs, a $10.5 million increase from FY17. Part of that increase will go towards a coordinated strategy to expand and improve high quality career pathways, based on aligning and maximizing existing workforce training and career education capacity, and building stronger connections with employers. Five line items will be consolidated into the new “STEM Starter Academy and College and Career Pathways” account to allow for greater flexibility and coordination between college and career pathway investments and business sectors in need of trained employees.

**Increased Eligibility for Homelessness Voucher Program**

House 1 continues the Baker-Polito Administration’s effort to fight homelessness by investing over $500 million for housing and homelessness prevention services. An $11 million increase in funding will be included for the Massachusetts Rental Voucher Program (MRVP), $3 million of which will increase supportive housing units by nearly 50% to a total of 620 units.

The proposal also includes language to allow families to keep their MRVP voucher eligibility as they work to grow their income, increasing qualifying standards from 50% of Area Median Income to 80%. This will ensure individuals do not lose housing supports before they are able to become self-sufficient.

**Increased Support for Older Adults**

The administration’s FY18 proposal includes a $10.7 million increase in funding for
the state Home Care Program to provide seniors in need of a wide array of services. This increase will support coverage for over 1,200 new low-income seniors, ensuring that they are not placed on a waitlist to receive services.

House 1 will also continue to fund the Supportive Senior Housing program, which allows 6,000 elderly residents of state-aided housing to remain in their homes and receive assisted living level of care. We also provide $7.2 million in level funding for the Elder Nutrition Program, enabling the delivery of over 1.1 million meals.

The administration recommends $29.2 million, a $1.1 million increase over FY17, to investigate cases of elder abuse, including physical, emotional, and sexual abuse, as well as neglect or exploitation, in addition to $14 million in funding for local Councils on Aging (COA).

Governor Baker also plans to sign an Executive Order in the coming weeks that will establish a Council on Older Adults, that will focus on policies and programs that make it possible for even more older adults and seniors to live vibrant, purposeful lives.

New Proposal for Civilly Committed Males

The Baker-Polito Administration proposes an increase of $1.75 million, for a total of $10 million, to refocus Section 35 treatment for males in the Commonwealth by repurposing the MCI-Plymouth facility into the Massachusetts Alcohol and Substance Abuse Center (MASAC) at Plymouth. This funding would increase available beds by 45, for a total of 255 beds. Men who have been civilly committed to the soon to be decommissioned MASAC center at Bridgewater will be transferred to the new facility in Plymouth.

Good Government Solutions

House 1 proposes capping sick time at 1,000 hours, or six months at work, for state employees in the Executive Branch, bringing Massachusetts in line with other states and to avoid excessive payouts for sick time to retiring employees

House 1 also includes an outside section authorizing the Pension Reserves Investment Management board to manage the assets for the MBTA retirees, which will benefit these retirees by increasing returns and lowering administrative costs.

THE BAKER-POLITO ADMINISTRATION’S FY18 BUDGET HIGHLIGHTS BY THE NUMBERS

Fiscal Overview
Nearly eliminates the inherited structural deficit by reducing the budgeted use of one-time revenues to under $100 million, down from $1.2 billion in FY15

Deposits $98 million into the Stabilization Fund

Fully annualizes previous tax cuts, including the increase in the Earned Income Tax Credit from 15% to 23% of the federal credit in FY16, and the reduction of the income tax rate from 5.15% to 5.10%

Holds the line on no new tax rate increases

**Strengthening Our Communities**

- Once again increases UGGA by 100% of revenue growth (3.9%), or $40 million, to $1.062 billion total
- Funds $6.8 million for Community Compact related programs
- Increases funding for State Police anti-drug trafficking program by $1.2 million to expand the program from 9 to 20 communities
- Supports $6 million for Shannon Grants for gang prevention initiatives
- Funds a new State Police class for 130 recruits

**Investing in Our Schools**

- Increases Chapter 70 education aid by $91.4 million, for a total of $4.719 billion in funding
- Includes $7 million for rate increases for Early Education and Care for center-based child care providers
- Supports teacher and leader development with a $2 million increase
- Provides $31.1 million for the continued implementation of the next generation of the MCAS exam
- Supports a $10.3 million increase for higher education campus budgets

**Enhancing Workforce Skills, Job Training, and Economic Development**

- Funds a new “Learn to Earn” initiative for grants to partnerships to help unemployed and underemployed individuals gain credentials for occupations and employment in high demand fields
- Increases funding for Connecting Activities by $500,000 that will double the number of STEM-related work-based learning experiences for high school participants
- Provides $1.3 million in new funding for an Adult Basic Education Pay for Success program contract for vocational English for Speakers of Other Languages classes and skills training services
- Increases funding by $1 million for Dual Enrollment, to allow under-served
high school students to receive college credit while in high school

- Provides $1.5 million for a new round of Urban Agenda Economic Development Grant Program

**Mental Health Support at Bridgewater State Hospital**

- $37 million increase for a new clinical contract to care for patients at Bridgewater State Hospital, and implementation of a new model to move Corrections Officers to the outside of the facility to provide security and expand the size and scale of the clinical program offered inside the hospital.

**Fighting the Substance Misuse Epidemic**

- Repurposes MCI-Plymouth into the Massachusetts Alcohol and Substance Abuse Center (MASAC) at Plymouth allowing men who have been civilly committed to the soon to be decommissioned MASAC center at Bridgewater to be transferred to the new facility, and provides an increase of $1.75 million in funding for an additional 45 treatment beds
- Sustains $145 million in funding for DPH programming for substance misuse prevention and treatment services
- Provides $13 million for DMH to continue its funding commitment of 45 beds for women’s addiction treatment services at Taunton State Hospital
- $37 million increase for a new clinical contract to care for patients at Bridgewater State Hospital

**Addressing Homelessness and Housing Insecurity**

- Provides over $500 million in funding for housing and homelessness prevention services
- Includes $11 million increase for the Massachusetts Rental Voucher Program, $3 million of which will support 200 additional supportive housing units
- Increases funding for DMH’s Safe Haven Program for the chronically homeless with mental illness by over $900,000 to annualize FY17 addition of 33 beds

**Supporting the Department of Children and Families**

- Provides a $26.9 million increase to DCF
- Includes $9.8 million to fully annualize additional social worker and support staff positions created in FY17
- Recommends $6.4 million for projected caseload increases and the annualization of FY17 investment in 193 additional beds for clients
To access the Governor’s filing letter, budget message, and specific account information click here.

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