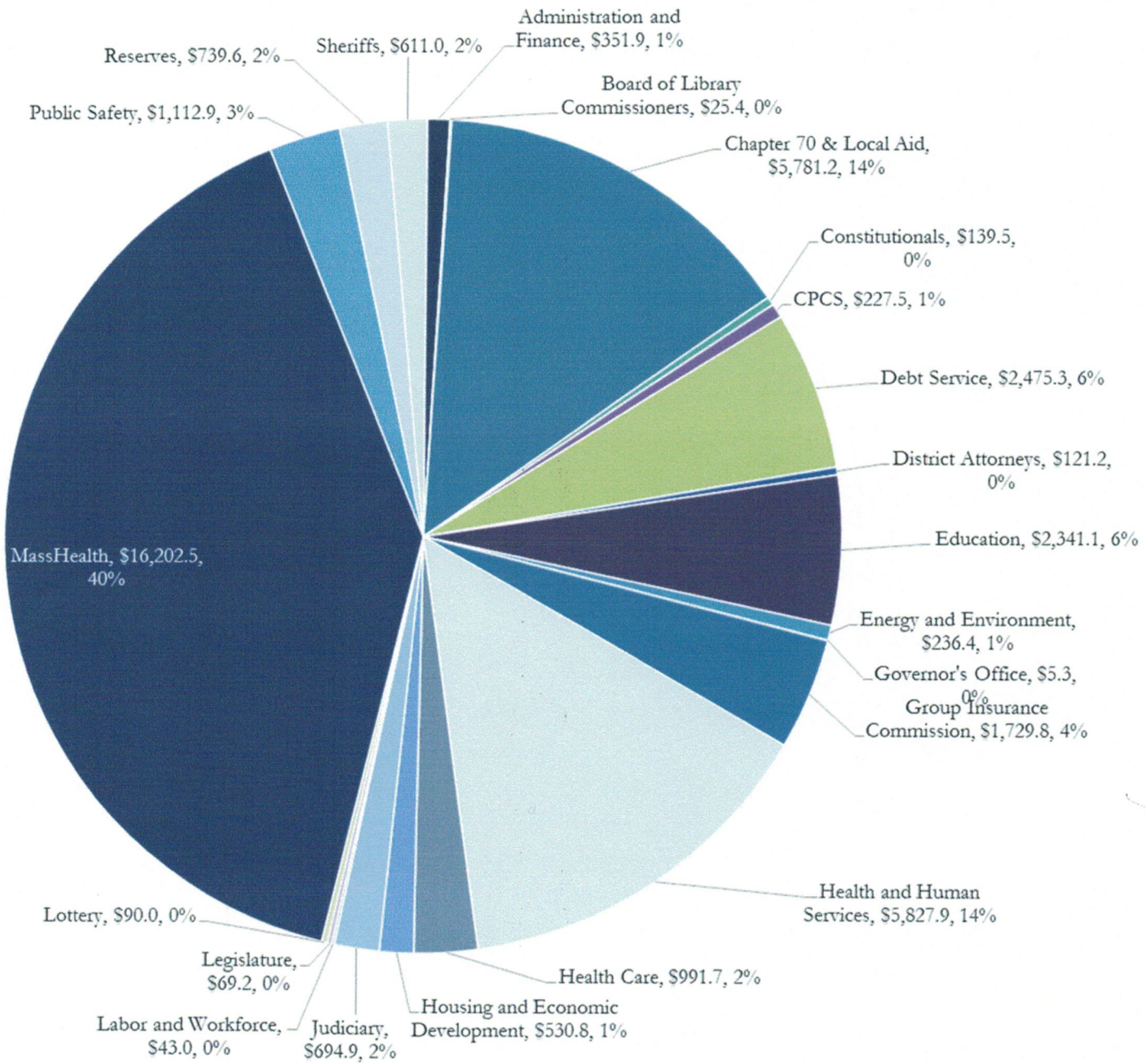


## FY 2018 House 1 Summary

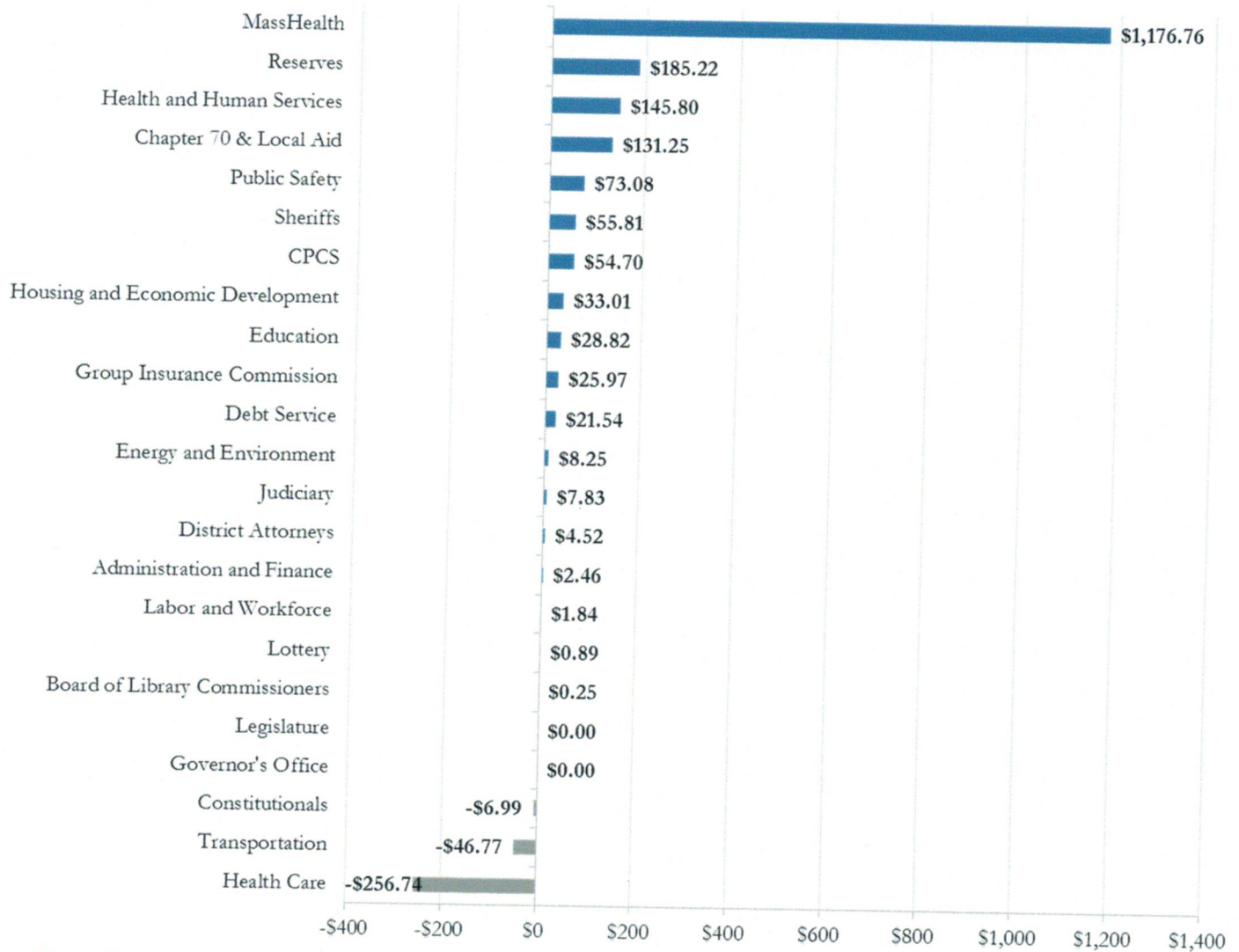
### HOUSE 1: SPENDING

The Governor recommends a total of \$40.909B in spending for fiscal year 2018. This is:

- \$1.81B (4.6%) higher than the FY 2017 GAA
- \$1.65B (4.2%) higher than FY 2017 estimated spending (which includes supps and 9C cuts)



## HOUSE 1 VS. FY 2017 ESTIMATED



### Spending Increases

Notable spending increases over FY 2017 estimated spending include:

- \$1.177B for MassHealth
- \$91M for Chapter 70 – \$20 per pupil, 85% effort reduction, and certain changes to the foundation budget calculation.
- \$39M for Unrestricted local aid
- \$87.1M for the Department of Developmental Services, including full funding for Turning 22
- \$61.7M for the Department of Corrections
- \$55.8M for the Sheriffs
- \$54.7M for CPCS
- \$44.7M for the Department of Children and Families



- \$26M for the Group Insurance Commission
- \$18.3M for the Department of Public Health

### Spending Decreases

Notable spending decreases compared to FY 2017 estimated include:

- \$60M decrease to the MBTA
- \$40.7M decrease to the Department of Transitional Assistance
- \$8.6M decrease to the Secretary of State (reflects the 2016 election cycle)
- \$3.8M decrease to the HIV/AIDS Prevention program
- \$2M decrease to the RTAs
- \$1.3M decrease to the Department of Higher Education

### HOUSE 1: REVENUE

House 1 uses the FY 2018 consensus revenue tax figure of **\$27.072B** as a base for its spending assumptions. After accounting for \$4.301B in transfers to the pension fund, the MBTA, the School Building Authority (SBA) and the Workforce Training (WFT) Fund, the Governor's budget has \$22.704B in available base tax revenue.

The FY 2018 consensus revenue agreement also assumed a \$103M deposit into the Stabilization Fund from capital gains taxes over the threshold of \$1.168B. The House 1 budget transfers half of this amount into the Stabilization Fund and uses the rest for the General Fund. House 1 also includes **\$187M from new tax initiatives**.

TAX REVENUE	FY 2018 CR	FY 2018 H1
Consensus Revenue	\$27,072.2	\$27,072.2
<i>TRANSFERS:</i>		
Tax Dedicated to Pension	\$2,394.5	\$2,394.5
Tax Dedicated to MBTA	\$1,006.6	\$1,021.6
Tax Dedicated to SBA	\$841.0	\$861.6
Transfer to Workforce Training	\$22.9	\$22.9
Capital Gains to Stab Fund	\$103.0	\$51.5
Total Transfers	\$4,368.0	\$4,352.1
<i>TAX CHANGES:</i>		
New Tax Proposals	\$0.0	\$187.0
<i>Total Offsets:</i>	\$4,368.0	\$4,539.1
<b>Total Tax Revenue, Net</b>	<b>\$22,704.2</b>	<b>\$22,533.1</b>

In addition to consensus tax revenue, House 1 relies on:

- \$11.437B in federal reimbursements (primarily Medicaid)
- \$4.458B in departmental revenue
- \$2.087B in consolidated transfers

### Ongoing Revenue Sources

House 1 includes **\$215.4M** in ongoing revenue sources. This includes \$64.4M in revenue generated from the casino slots in Plainville and \$51M in excess cap gains directed to the General Fund as a result of proposed statutory changes to the treatment of these taxes.

ONGOING REVENUE	FY 2017 GAA	FY 2018 H1
Tax & Non-Tax Settlements	\$125.0	\$100.0
Excess Cap Gains Statutory Change	\$0.0	\$51.0
Casino Slots	\$64.0	\$64.4
<b>Total</b>	<b>\$189.0</b>	<b>\$215.4</b>

### One-Time Revenue Sources

House 1 relies on a total of **\$122.6M** in one-time revenue sources as defined by SWM. The Administration will likely refer to less than \$100M in one-timers. SWM typically treats the transfer from the Connector's Trust Fund as a non-recurring revenue source. The largest new source of revenue is accelerating the collection of certain sales taxes and changing the timeline for the collection of these taxes from July to June, allowing the state to benefit from \$95M in taxes in FY 2018 that otherwise would have been collected in FY 2019.

ONE-TIME SOURCES	FY 2017 GAA	FY 2018 H1
Sales Tax Timing	\$0.0	\$95.0
Transfer from Comm. Care Trust Fund	\$71.0	\$27.6
Sullivan Court House	\$31.7	\$0.0
DSRIP	\$73.5	\$0.0
<b>Total</b>	<b>\$176.2</b>	<b>\$122.6</b>