

10 Key Questions for the House Ways & Means Budget

- 1. How does spending in the HWM budget compare to the FY 2026 budget signed into law last year, the Healey administration's anticipated spending level for FY 2026, and the Governor's proposal for FY 2027?** *The HWM budget includes \$63.33 billion in total spending, a \$2.3 billion (3.7 percent) increase over the FY 2026 GAA, \$638.7 million (1 percent) more than the administration's anticipated spending level for FY 2026, and \$29 million (0.05 percent) less than the Governor's budget. This is the third year in a row that the HWM budget spends less than the Governor, though the gap is much narrower than before.*
- 2. Does the HWM budget reflect the same framework of revenue and spending solutions as the Healey administration to close a projected budget gap in FY 2027?** *Essentially yes. While the HWM budget reflects several unique proposals related to capital gains revenue and online lottery, like the Governor, they rely on approximately \$2.6 billion in revenue solutions to close a budget gap projected to exceed \$3.5 billion in FY 2027. The House also permits the administration to pursue spending-side solutions that reduce MassHealth cost growth, ultimately putting forward a balanced budget.*
- 3. What level of revenue-generating initiatives and one-time solutions is relied upon to support spending in the HWM budget?** *The HWM budget reflects \$2.6 billion in revenue proposals, of which \$1.4 billion MTF estimates to be one-time solutions. This level of one-timers is essentially equal to the Governor's budget; however, that figure increases to \$1.8 billion when the revenue impact of adjusting the capital gains threshold is included. The administration proposed rebasing the capital gains threshold at \$2.25 billion in FY 2027 and in future fiscal years, the House increases the threshold to \$2.25 only in FY 2027. On a go-forward basis, the House adjusts the capital gains threshold to be equal to 95 percent of average capital gains collections over the last 10 completed fiscal years, adjusted for inflation. This proposal was originally put forward by the Governor.*
- 4. Does the HWM budget adopt the Governor's proposal to increase the capital gains threshold in FY 2027, allowing a greater share of those revenues to be used in support of operating spending?** *Yes, in part. The HWM budget increases the capital gains threshold for FY 2027 from \$1.78 billion to \$2.25 billion, matching the Governor. However, as described above, they do not explicitly rebase the threshold at \$2.25 billion for future fiscal years as well. Instead, they adopt the administration's recommendation to adjust the capital gains threshold in future fiscal years to be equal to 95 percent of average capital gains collections over the last 10 completed fiscal years, adjusted for inflation.*

- 5. Does the House divide income surtax-supported spending for education and transportation evenly between their FY 2027 operating budget proposal and the Innovation and Capital Fund supplemental budget?** *Not quite, but they move closer to an even divide. In their FY 2027 operating budget proposal, HWM directs \$1.725 billion (64 percent) of surtax spending towards education and \$975 million (36 percent) towards transportation. In the Innovation and Capital Fund supplemental budget, surtax-supported spending is more heavily weighted towards transportation (\$834 million, 64 percent) than education (\$456 million, 36 percent). Considered together, the House spends nearly \$4 billion of surtax revenue across the two spending bills, 55 percent of which goes towards education (\$2.2 billion) and 45 percent for transportation (\$1.8 billion).*
- 6. How does spending for MassHealth under the HWM budget compare to the administration's proposals to constrain spending growth in FY 2027?** *The HWM budget largely adopts the Healey administration's approach to funding MassHealth in FY 2027, with several notable differences. Total gross state spending on the state's Medicaid program is \$68 million higher in the HWM budget, which appears to be driven by the House's proposal to cap adult dental benefits at \$1,725 annually; the Governor originally proposed capping benefits at \$1,000 annually. The House also includes a unique \$30 million earmark for additional nursing facility rates; however, total funding for nursing facility rates is level with the Governor's budget. With the exception of the cap on adult dental benefits, the HWM budget does not appear to prohibit the administration from moving forward with a range of cost-saving initiatives, including eliminating weight-loss coverage for GLP-1s, implementing the consensus recommendations from the Personal Care Attendant Working Group, and pursuing program integrity initiatives.*
- 7. Does the HWM budget fully fund the final year of Student Opportunity Act (SOA) implementation?** *Yes. The HWM budget fully funds the sixth and final year of SOA implementation. They also increase the minimum aid per pupil amount to \$160, up from \$75 per pupil in the Governor's budget. In total, Chapter 70 state aid reaches \$7.66 billion, which represents an increase of \$296.5 million (4 percent) over the FY 2026 GAA and a \$54.8 million increase over the Governor's proposal.*
- 8. Does the HWM budget reflect the administration's strategy to provide multiple years of budget sustainability for the MBTA through a combination of operating budget and supplemental surtax investments?** *Yes. Between the operating budget and the Innovation and Capital Fund supplemental budget, the House provides \$1.2 billion in funding for the MBTA, estimated to provide two years of budget sustainability for the authority. The HWM budget reflects an operating transfer to the MBTA of \$470 million, and their supplemental budget included an additional \$740 million in spending, including \$90 million in unique investments for the MBTA's physical infrastructure, low-income fare relief, and water transportation.*
- 9. What are the most notable, unique policy proposals included in the HWM budget?** *The HWM budget includes new outside section policy proposals related to special education transportation, HIV prevention medication, and state pension benefits. These include adopting recommendations from a recent special commission to set aside a portion of pension fund investment returns to provide cost-of-living increases for retirees, as well as implementing several recommendations from the Inspector General to control special education transportation costs.*

10. Will spending in the final House Budget exceed the Governor’s original spending plan recommendation? *Likely yes. The House will enter debate with a committee budget that spends \$29 million less than the Governor. It is likely that, when debate concludes, their spending total will exceed the administration’s original bottom line for the first time in three years. Since FY 2022, the House has added between \$66 million and \$130 million in spending during debate, and it appears that resources are available to support that level of new spending in FY 2027 as well.*