

FY25-FY29 CAPITAL PLAN

Maura T. Healey, Governor | Kimberley Driscoll, Lt. Governor



Economic Development – Maintaining Competitiveness and Equity

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Introduction

For Massachusetts to continue to lead an innovative, mission-oriented, high-growth economy, it is important that the Commonwealth continue to make targeted investments in key sectors and capitalize on emerging clusters. Equally as important, the state remains committed to supporting towns and cities across Massachusetts on local projects that have the potential to unlock new economic opportunity.

Through the FY25-FY29 Capital Investment Plan (CIP), the Healey-Driscoll Administration makes key investments that advance its economic strategy by supporting proven, established capital programs while laying the groundwork necessary to launch new investments that deliver on the 2023 Economic Development Plan: *Team Massachusetts: Leading Future Generations*.

The FY25 CIP focuses on improving infrastructure and advancing our lead in key sectors of the state's economy, including life sciences and climatetech. Between FY25 and FY29, the Executive Office of Economic Development (EOED) will invest over \$1.35 billion in capital funding that continues to foster opportunity across all regions of Massachusetts. The FY25 CIP also includes \$288.5 million of grant funding for municipalities outside of EOED's portfolio that complement efforts to support economic growth through community enrichment programming designed to support thriving communities and economic vitality.

New grant investments incorporate additional climate mitigation measures and environmental impact analyses that are essential to creating lasting infrastructure while programs supporting clean energy and climatetech position the Commonwealth as a leader in emerging technologies. By following the Administration's whole-of-government approach to tackling climate change, Massachusetts can build a resilient and forward-looking economy.

Fundamentals – Investing in Infrastructure to Enable Growth

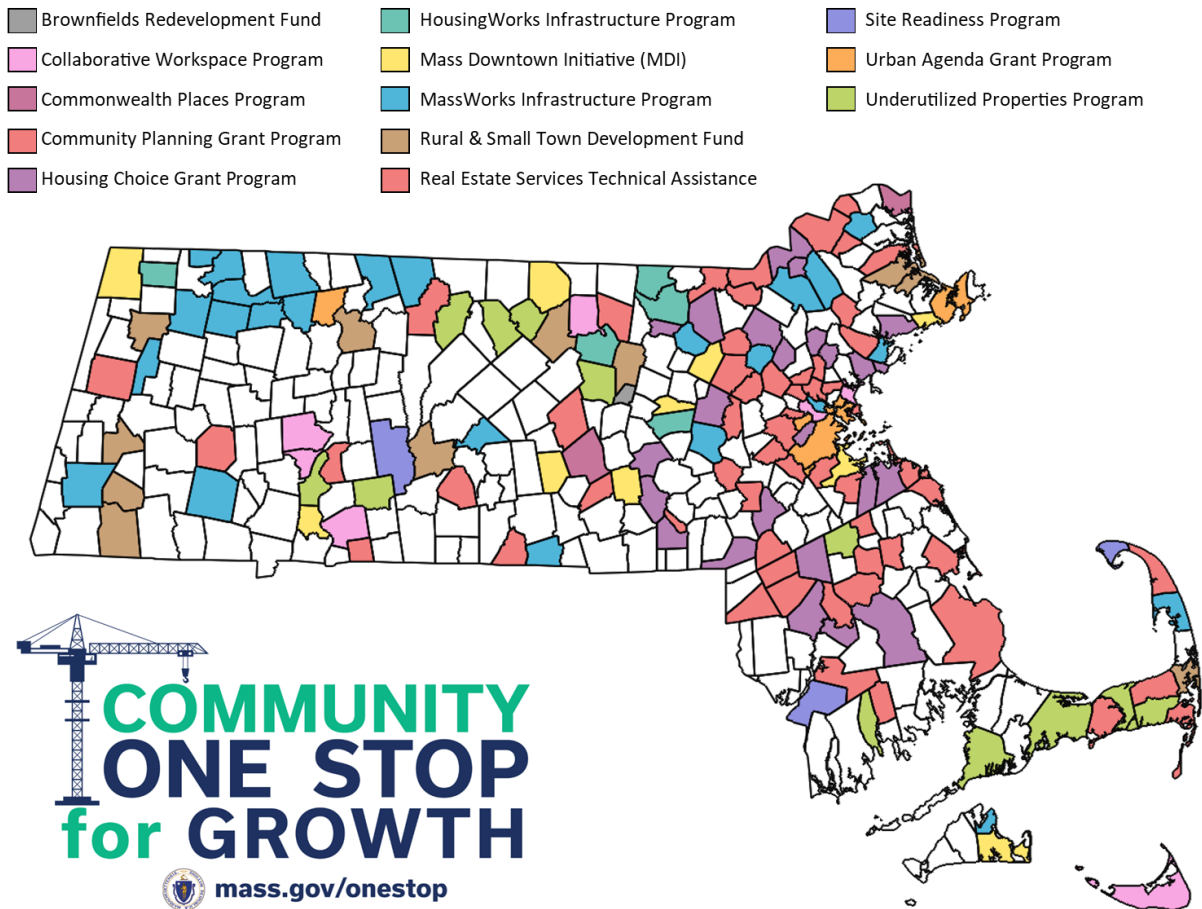
Investments in local infrastructure form the building blocks of a robust and forward-facing economy. In FY25, EOED plans to invest a total of \$147.7 million in foundational projects that build vibrant communities while boosting job growth. Of the available capital funding, \$130.5 million is awarded through the Community One Stop for Growth, a single application portal comprised of EOED, Executive Office of Housing and Livable Communities, and MassDevelopment grant programs. The One Stop serves as a critical tool for communities seeking to better understand the economic development grant opportunities available. These opportunities can be transformative for a community seeking to leverage private investment and create jobs. Geographic and demographic equity are guiding principles during the application evaluation process.

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The online portal improved accessibility for the FY25 application to help streamline the process. Over its first three rounds of the One Stop, Massachusetts has awarded 869 grants across 243 communities, totaling \$396.3 million in funding. With an emphasis on equitable distribution, these awards continue to spur local economic development across all regions of the state.



The MassWorks Infrastructure Grant program is a keystone competitive grant program within the Community One Stop and is responsible for delivering a wide range of public works projects. It represents the largest and most flexible source of EOED capital funds available to municipalities and other eligible public entities and is a key tool for spurring private development and job growth throughout the Commonwealth. In FY24, EOED awarded local infrastructure in 49 communities through MassWorks. The Healy-Driscoll Administration also remains committed to supporting rural communities through the Rural Development Fund. Like MassWorks projects, this program targets projects that support roadways, water sewer capacity, and other infrastructure improvements in rural towns to facilitate future growth.

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The CIP additionally supports more targeted projects with Community One Stop for Growth grants in FY25:

- Revitalizing Underutilized Properties (\$17 million) and Site Readiness (\$3 million) – Both programs seek to convert abandoned or blighted sites into active properties for new or improved development.
- Brownfields Redevelopment (\$2.5 million) – Assesses, remediates, redevelops previously polluted properties to allow safe construction of residential or commercial properties.
- Collaborative Workspace Program (\$1 million) – Funds the purchase of buildings and equipment that increase availability and quality of co-working spaces like venture centers, maker spaces, and artist spaces. This program helps lower the barrier of entry for small and entrepreneur-focused businesses.

Outside of Community One Stop programs, the capital plan invests in our 78 coastal communities through the \$11 million Seaport Economic Council Grants Program and \$3.1 million for coastal dredging. These programs support the resiliency of marine economies as environmental impacts continue to threaten residences and businesses.

Talent: Retaining and attracting the world's best talent across all backgrounds.

The FY25 CIP allocates resources to the state's workforce, such as the Division of Occupational Licensure \$7.5 million IT modernization project that will result in a single platform to streamline professional license applications and renewals. While direct investment into talent is limited through the capital plan, the FY25 – FY29 plan utilizes capital-eligible investments to create opportunities for talent across all backgrounds and all regions. The CIP funds one such opportunity in FY25 at \$17 M for the Massachusetts Education Finance Agency (MEFA), which is a priority outlined in the Mass Leads Act that improves student access to affordable higher education opportunities. The Administration has also proposed significant investments in its FY25 operating budget proposal that strengthen the state's talent pipeline, including a dedicated reciprocity ombudsman to guide those seeking licensure from other jurisdictions through the process here in Massachusetts.

Key Growth Sectors – Supporting businesses that power the state's economy and Advancing Our Competitive Lead

EOED recognizes that continued investment in key sectors is essential to the greater economic development strategy for Massachusetts. As a home to world-class talent, Massachusetts is well positioned to expand into sectors that have potential to unlock greater opportunities for economic growth. As outlined in the 2023 Economic Development Plan, Massachusetts can advance its lead in established areas such as the life sciences sector while supporting growth in sectors with huge growth potential like AI, robotics, and climatetech. The Administration's pending *Mass Leads Act* provides a roadmap for strategically investing in sectors we have a right to win in over the next 10 years, including \$1 billion for climatetech initiatives and \$1 billion for life sciences.

The Administration continues to work closely with its partners in the Legislature on this important legislation. To ensure that the state can get to work as soon as the bill passes, the FY25-FY29CIP invests an initial \$30.3 million in FY25 to begin several new proposals in the *Mass Leads Act*:

- Climatetech at MassCEC (\$10 million) – Provides funding to the Massachusetts Clean Energy Center for capital grants and initiatives that support research & development, manufacturing, commercialization, and deployment of climate-related technologies. This investment

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complements the \$30 million currently allocated in the FY24 budget and the \$30 million proposed by the House 2 budget that is aligned with the Climate Plan for 2050.

- Mass Impact (\$7 million) – Flexible capital funding that supports large, transformational projects that have the potential to yield significant economic impact.
- MassTech Hub (\$4 million) – Modeled after the U.S. Economic Development Administration's Regional Technology and Innovation Program, this new capital grant program will catalyze consortia of tech-focused development.
- Applied AI Hub (\$4 million) – Targeted funding that supports the development and application of artificial intelligence in key sectors like life sciences, healthcare, and climatetech.
- Robotics (\$2.3 million) – Support the robotics sector with capital grants that support research, commercialization, and training. These grant opportunities build upon programs funded by the *ARPA Coronavirus State Fiscal Recovery Fund* that have begun connecting and developing a statewide network of robotics talent streams.
- Business Builds (\$3 million) – The first capital program intended to assist private businesses with improving energy efficiency and reducing environmental impacts in new commercial or industrial facility expansion.

Alongside these new proposed initiatives, the FY25 CIP includes \$82.4 million for established, ongoing competitive capital grant programs aimed at driving innovation and business growth in key industries. FY25 CIP highlights include:

- Life Sciences Capital Program (\$40 million) – The Massachusetts Life Sciences Center (MLSC) administers competitive funding for businesses and universities in the life science industry. The state's revitalized life sciences strategy will support a broader approach to life sciences, encouraging multi-institution and cross-sector collaboration, and prioritizing priority initiatives such as health equity.
- Tech R&D and Innovation Fund (\$16.7 M) – A flexible competitive grant program that promotes cluster development of high-tech industries including robotics and AI. These grants focus on regional growth in specific sectors.

The capital budget includes dedicated supports for small businesses in the state through several programs:

- MassVentures START Program (\$3.3 million) - Provides funds to MA-based companies that have benefitted from Small Business Innovation Research (SBIR) or Small Business Technology Transfer (STTR) grants to commercialize their technologies and bring them to market.
- CDFI Grants (\$3 million) – Competitive grants to Community Development Financial Institutions (CDFI), such as banks, credit unions, or loan funds within historically underserved communities that match federal or private investments.
- Micro-Business Crowd Funding Grants (\$1 million) – Awards matching funds to entrepreneurs who utilize funds from crowdsourced capital while providing technical assistance and business coaching to startup businesses.

The Healey-Driscoll Administration's greater economic development strategy leverages available capital funds to aggressively compete for more federal funding opportunities like those offered by the CHIPS and Science Act. Having already received a major award for the Northeast Microelectronics Coalition Hub, a regional hub to develop capacity for microelectronics manufacturing, Massachusetts is prepared to fight for more federal opportunities. The Administration has proposed legislation to create a [Pay-As-You-Go Funding \(PAYGO\)](#) source that dedicates capital dollars for potential federal matching

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requirements. This fund would allow the State to readily compete for limited CHIPS and Science Act funding and any future grant opportunities while mitigating additional debt.

Investing in an Interconnected Commonwealth

In an increasingly digital dependent age, ensuring all municipalities have the information technology infrastructure necessary to deliver reliable internet service is critical to sustaining growth throughout Massachusetts. No city, town, or population should be left behind as our economy continues to become progressively more interconnected. With an intentional focus on digital equity, the Healey-Driscoll Administration strives to ensure that all families, regardless of income or geography, can easily access work, education and healthcare. In FY25, the CIP provides over \$13 million for local investments in technology that are focused on increasing equitable access to high quality, affordable internet for all residents living in the state, including:

- Broadband Middle Mile (\$2.1 million) – Supporting ongoing maintenance of networks that stretch across 120+ cities and towns in central and western MA.
- Municipal Fiber Grant Program (\$6 million) - Providing grants to municipalities to connect remote municipal assets for the purpose of improving municipal operations and/or improving disaster recovery and resiliency within municipal government.
- Community Compact Information Technology Grants (\$5 million) - Driving transformation and innovation at the local level through investments in technology.

These capital investments complement an additional \$250 million of ongoing federally funded American Rescue Plan Act programs. Through the federal Capital Projects Fund (\$175 million) and the Coronavirus State Fiscal Recovery Fund (\$75 million), the Administration is working to close the gap in broadband access amongst small and rural communities.

Spotlight on Commonwealth Culture

Massachusetts is home to a wide array of historical and cultural sites. The richness of the Commonwealth's history and culture not only strengthens our economy, playing a crucial role in the growth of local tourism and creating thousands of jobs, but is also a large part of our identity. Through the FY25-FY29 CIP, the Healey-Driscoll Administration is committing \$50 million to Cultural Facilities Fund Grants. In collaboration with the Massachusetts Cultural Council and MassDevelopment, these capital improvement grants are awarded to nonprofit, municipal, and higher education institutions to fund planning, acquisition, rehabilitation, and construction for cultural facilities.

Additionally, the FY25 CIP includes \$7.75 million for Historical Preservation Grants to preserve historical properties, landscapes, and cultural resources listed in the State Register of Historic Places. More than 260 municipalities have received Historical Preservation Grants, including 19 municipalities in FY23 alone. With the approaching 250th anniversary of the American Revolution, Massachusetts is uniquely positioned to drive greater interest in tourism as we embrace our place in American history. To support communities across the State, including cities and towns participating in 250th anniversary events and activities, the Administration will invest \$21 million over the next three years in competitive Tourism Assets Grants, also known as Destination Development Capital (DDC) Grants.

Leveraging our Libraries

Libraries continue to evolve, providing people in cities and towns throughout the Commonwealth with key resources to meet their academic, career, and personal goals. While they have always been a critical repository of knowledge and information in the form of books, libraries have embraced the growth in technology in modern times and are as important as ever. Beyond the ability to access thousands of books, the libraries of today provide computers, internet access, meeting spaces, and many other services that citizens rely on. The Healy-Driscoll Administration is committed to supporting local libraries, providing \$137 million in Library Construction Grants in the FY25 CIP to support the renovation and expansion of libraries in municipalities across the Commonwealth. These grants have supported and continue to support construction projects in 33 municipalities over the past 7 years, and through the FY25 CIP, this Administration will continue funding these projects.