

FY 2024 BUDGET RECOMMENDATION BUDGET BRIEF

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

Local Aid

Jake Rooney, Fiscal Policy Analyst

Introduction

The Healey-Driscoll administration recognizes that the health of the Commonwealth's 351 cities and towns underpins the overall success of Massachusetts and its people. That's why this administration is committed to ensuring that every municipality, from Provincetown to Pittsfield, has the resources it needs to succeed. This commitment is reflected in our FY24 H.1 budget recommendation, which provides nearly \$8.4 billion for local aid distributed through cherry sheets, a \$635 million (8.2%) increase over FY23.

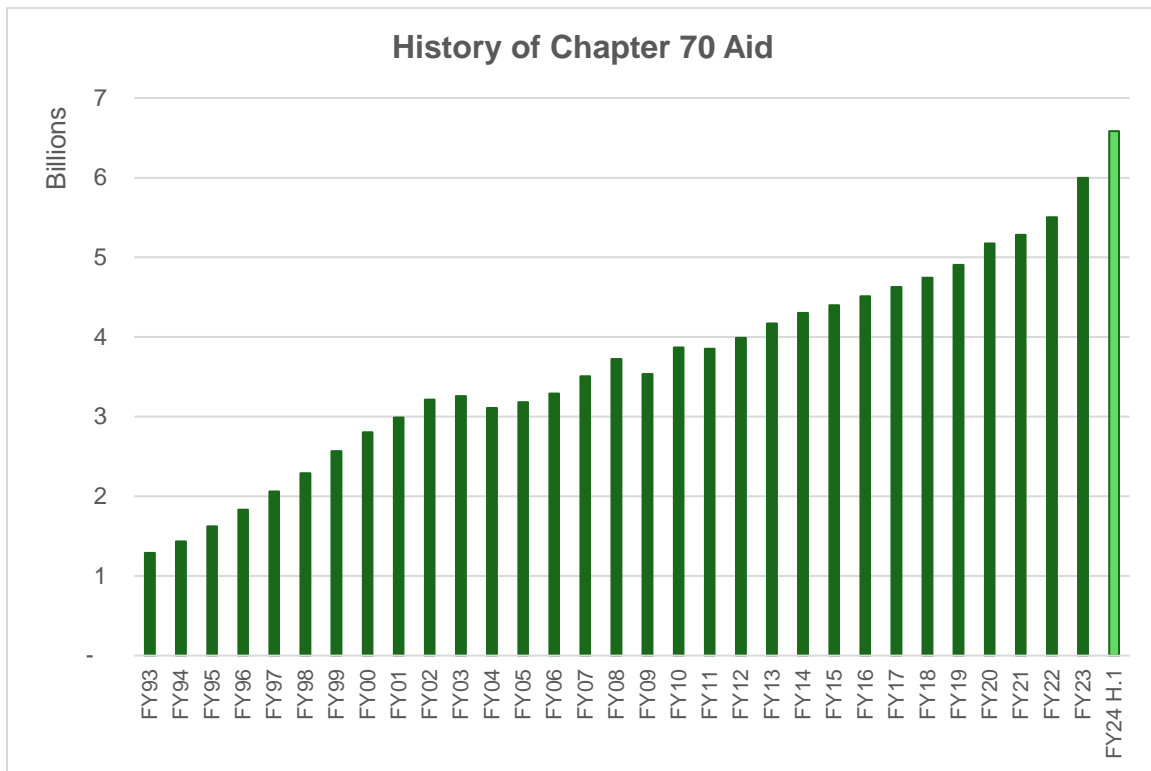
Name	FY22	FY23	FY24 H.1	vs. FY23	%
Chapter 70 Payments to Cities and Towns	5,503,255,849	5,998,209,887	6,584,595,911	586,386,024	9.8%
Transportation of Pupils - Regional School Districts	82,178,615	82,178,615	97,077,605	14,898,990	18.1%
Charter School Reimbursement	154,499,812	243,804,746	243,804,746	-	0.0%
Smart Growth	500,000	750,000	750,000	-	0.0%
Subtotal: Cherry Sheet (Education)	5,740,434,276	6,324,943,248	6,926,228,262	601,285,014	9.5%
Unrestricted General Government Local Aid	1,168,111,227	1,231,197,474	1,255,821,423	24,623,949	2.0%
Payments for Local Share Racing Tax Revenue	1,029,687	1,112,591	1,112,591	-	0.0%
Regional Libraries Local Aid	13,516,000	14,516,000	15,967,600	1,451,600	10.0%
Veterans' Benefits	70,380,004	68,209,878	68,209,878	-	0.0%
Tax Abatements for Veterans, Widows, Blind Persons, and Elderly	18,022,389	24,038,075	24,038,075	-	0.0%
Payments in Lieu of Taxes on State Owned Land	34,959,995	45,000,000	51,465,476	6,465,476	14.4%
Public Libraries Local Aid	13,000,000	16,000,000	17,600,000	1,600,000	10.0%
Subtotal: Cherry Sheet (General Government)	1,319,019,301	1,400,074,018	1,434,215,043	34,141,025	2.4%
Total: Cherry Sheet	7,059,453,577	7,725,017,266	8,360,443,305	635,426,039	8.2%

A Statewide Partnership: Unrestricted General Government Aid (UGGA)

A cornerstone of this commitment is the reliable expansion of Unrestricted General Government Aid, which supports essential local government services, including public safety, public works, and economic development. H.1 recommends a \$24.6 million or 2% increase over FY23, which goes beyond consensus revenue growth when compared to current estimates. In addition, the administration will recommend streamlining specific aspects of municipal accounting and local governance in the upcoming supplemental budget.

Good Schools, Strong Communities: Fully Funding the Student Opportunity Act (SOA)

The administration is focused on ensuring that all students have access to a high-quality education. H.1 funds Chapter 70 school aid at \$6.585 billion, a \$586 million (9.8%) increase over FY23, representing the largest nominal increase in the history of the program and the largest percentage increase in more than two decades. The administration will also recommend a temporary change to allow school districts greater flexibility to spend nearly \$1.5 billion in expiring federal funds and better coordinate funding streams without facing state financial penalties.



H.1 proposes full funding for charter school reimbursements at \$243 million. It also fully funds Special Education Circuit Breaker at \$503 million, a \$63 million (14%) increase over FY23. This funding level reflects full phase-in of out-of-district transportation cost reimbursement provided for in the SOA. This proposal quadruples the amount of funding available for extraordinary relief, or payments that defray certain district costs in the year they are incurred (unlike most of this program, which reimburses districts a year in arrears).

Finally, H.1 includes \$10 million for a reserve to provide relief to districts whose municipalities have been disproportionately impacted by increases in target local contribution in recent years.

A Partner To Our Municipalities

H.1 recommends significant added investments in school transportation reimbursement programs, increasing funding by \$25.5 million (24%) over FY23. These investments reflect inflationary pressures and increased reimbursement rates for district costs:

- Regional School Transportation reimbursement is funded at \$97.0 million, an increase of \$14.9 million, to increase reimbursement from approx. 80% to 90% of local costs.
- Non-Resident Pupil Transportation (vocational) reimbursement is funded at \$5.2 million, an increase of \$4.9 million, to increase reimbursement from less than 5% to 90% of local costs.
- Homeless Student Transportation reimbursement is funded at \$28.7 million, an increase of \$5.7 million, to reimburse 100% of local costs.

In addition, H.1 provides \$7.5 million for rural school aid, a \$2 million (36%) increase over FY23. This program provides rural districts with additional funding for the fixed costs of running a school district and exploring strategies to improve longer-term operational efficiencies.

H.1 also increases payments in lieu of taxes (PILOT) for state-owned land to ensure full and equitable reimbursement. PILOT reflects property tax revenue forgone by cities and towns due to state ownership of certain land. H.1 funds PILOT at \$51.5 million, a \$6.5 million (14%) increase over FY23. This funding level reflects the most up-to-date property valuations while ensuring all municipalities will receive the same or higher payments in FY24.

Vibrant and Safe Communities

Public libraries play a pivotal role within our communities, from serving our youngest residents to our most vulnerable populations. H.1 increases funding to strengthen libraries' ability to continue innovating, such as offering eBooks, supporting digital equity through Wi-Fi access and library devices, and providing accessible programming regardless of physical or intellectual ability.

- Local aid for public libraries is funded at \$17.6 million, an increase of \$1.6 million.
- Regional Libraries is funded at \$15.9 million, an increase of \$1.5 million.
- Library Technology and Automated Resource-Sharing is funded at \$6.2 million, an increase of \$1.4 million.

H.1 also promotes safety and security by maintaining \$12.3 million for the Shannon Community Safety Initiative. This initiative provides a multi-faceted approach to addressing gang and youth violence in communities by supporting youth development, recreation, case management, street outreach, education, employment, targeted suppression, and community mobilization programs. These funds are also directed towards research intended to develop strategy and implementation of funding at Shannon sites. This funding complements the DCR Summer Nights program, neighborhood-based gun and violent crime prevention, and a new state program proposed in H.1 modeled after the Department of Justice's Project Safe Neighborhoods.

Empowering our Cities and Towns

H.1 recommends \$20.5 million for the Municipal Regionalization and Efficiencies Incentive Reserve. This includes:

- \$8 million to double the Community Compact program. This funding will help municipalities implement best practices in areas including cybersecurity, housing production, and solid waste disposal.
- \$5 million for public safety and emergency staffing. These grants, used to enhance staffing levels, are awarded to communities that have populations of at least 60,000 and demonstrate that their police departments had an operating budget per capita of less than \$200 in FY23.

Budget Brief: Local Aid

- \$3 million for the District Local Technical Assistance Fund, which supports the Commonwealth's 13 regional planning agencies (RPAs) and enables them to provide technical assistance for cities and towns.
- \$2 million for the Efficiency and Regionalization competitive grant program, which provides financial support for governmental entities interested in implementing regionalization and other efficiency initiatives that allow for long-term sustainability.
- \$500,000 to continue the Local Finance Commonwealth Fellowship Program. This fellowship supports up to 30 participants from community colleges in gaining an understanding of municipal finance through a training program managed by the Division of Local Services and work-based learning through local government partnerships with host cities and towns across Massachusetts.

This reserve also includes an additional \$2 million for regional planning agencies. This funding will allow regional planning agencies to help municipalities identify, acquire, and manage federal grant funding – to help make all of Massachusetts more competitive for an unprecedented amount of federal funding opportunities. H.1 proposes to establish these grants as an annual program to provide stability for RPAs seeking to build out this capacity and allow them to maintain support as needed over the course of multi-year grant cycles.

Finally, H.1 recommends \$100 million for a new MassDOT Municipal Partnership grant program. These grants respond to calls from municipalities for state support with design and development of transportation-related projects, which would help prepare them to apply for state or federal funding, begin construction, and access outside funding sources. This funding would also support bike share infrastructure. These grants are an efficient and green way of supporting municipalities in transportation development.