

Governor's Message	3
A Note from the Secretary for Administration and Finance.....	5
Affordability, Equity, Competitiveness - The Healey-Driscoll FY24 Budget.....	7
Fiscal Overview – Building a Sustainable Future	8
Key Initiatives	8
Additional Program and Policy Highlights.....	14



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MAURA T. HEALEY
GOVERNOR

KIMBERLEY DRISCOLL
LIEUTENANT GOVERNOR

March 1, 2023

To the people of Massachusetts,

Today, we submit our administration's first spending blueprint for the Commonwealth of Massachusetts.

We know the kind of potential that exists in the people and communities across Massachusetts — from Boston to Springfield, and Provincetown to North Adams. Their hard work, compassion and togetherness helped Massachusetts emerge from the darkest days of the COVID-19 pandemic strong, and on solid financial footing.

But we also face challenges. Inflation has driven up the cost of everything from construction to eggs. Cities and towns are racing to prepare themselves for the effects of climate change. We need to build more housing close to public transit and jobs. And we must make sure our students are prepared for college or careers in the new economy, and that those who fell behind in their learning during the pandemic are given the help they need to catch up.

Our \$55.5 billion budget for fiscal year 2024 is a downpayment on those goals, a plan that taps into existing, new, and one-time revenue streams to make historic and sustainable investments in our residents, our municipalities, and in our workforce to help build an economy and talent pipeline for employers to grow and succeed.

We are proud that this budget fully funds the third-year phase-in of the Student Opportunity Act, including a historic level of investment in Chapter 70 school aid to our cities and towns. The \$6.58 billion in this budget for Chapter 70 education represents a 9.8 percent increase over FY23 GAA spending and is the largest percentage increase in more than two decades.

This budget also invests an unprecedented level of resources into achieving our administration's bold energy and environmental goals, for the first time ever dedicating 1 percent of the overall state budget to the Executive Office of Energy and Environmental Affairs. This will expand the state's ability to safeguard public health through environmental stewardship, climate adaptation and mitigation, and clean energy expansion, while making sure these efforts are realized equitably across all communities.

These resources include first-time operating funding for the Massachusetts Clean Energy Center. In conjunction with funding planned in an upcoming supplemental budget, this will triple the budget for the MassCEC to keep Massachusetts on the cutting edge of clean technology and decarbonization and forge new partnerships with public higher education institutions and trades to increase the amount of training, re-training, and opportunities to work in the clean energy industry.

As we work to realize these funding goals, we know that there are people behind every line-item in this budget – the families waiting for seats to open at their local pre-school for subsidized daycare, the young couple struggling to save to buy their first house, the small business owner contemplating a move to another state, the senior hoping they won't be forced to sell their home and move to another neighborhood.

We must loosen the grip of rising costs on our residents and businesses, and one way we can do that is through tax reform.

Alongside our fiscal year 2024 budget, we are filing a package of tax cuts and reforms that will put money back into the pockets of families, renters, seniors, farmers, and commuters. It will create a new Child and Family Tax Credit of \$600 per child or dependent, helping those who need it most afford groceries and pay for child care while they're at work. And it will reform parts of our tax code that make Massachusetts an outlier against other states.

We also intend to file with our budget and tax package an executive reorganization plan, or Article 87, to establish a new Executive Office of Housing and Livable Communities. This will help our administration focus on the urgent need to build more places to live that are affordable and give residents access to jobs, medical care, food, and other services.

Transportation is another key to making sure Massachusetts remains a competitive and affordable place for residents to live and businesses to locate. This budget makes investments to improve all modes of transportation, from highways, roads and bridges to our rail and bus systems, airports, and bicycle and pedestrian infrastructure.

That includes ramping up hiring at the MBTA to provide a safe and reliable commuting experience for riders, and making sure that the progress we make supports our diversity, equity, and environmental goals.

We must work together to achieve our objectives and meet these challenges, and that's why we are calling on all of us as a Commonwealth to work together with our administration and partners in the Legislature to enact a budget that puts Massachusetts on a strong path for the future.

Sincerely,



GOVERNOR MAURA T. HEALEY



LT. GOVERNOR KIMBERLEY DRISCOLL

A Note from the Secretary for Administration and Finance

Putting together a state budget is challenging under any circumstances. That is especially true for a new administration working under a compressed timeline to produce a balanced and fiscally responsible spending plan for the state that reflects the priorities of a new administration.

I want to thank all my partners both inside and outside of state government for their thoughtful collaboration.

This is especially true of Gov. Maura Healey and Lt. Gov. Kimberley Driscoll, and their team, who have been tremendous partners in crafting a budget that they can be proud of and that reflects their shared goals for Massachusetts.

My colleagues in the Cabinet and their staff have also been there every step of the way, sharing their ideas and priorities as we've worked together to make sure every dollar spent gets put toward programs and initiatives that will advance the vision of the new administration.

My team and I are also cognizant of the fact that behind every line-item in this budget there is a person, family, business, organization or municipality that will be impacted by the choices we make. During this process, we have heard from many legislators and advocates about valued programs, ideas for new investment, and thoughts on how to spend available resources. Their input and the relationships we have started to build have been an important part of our efforts and we hope will be a strong foundation on which to build moving forward.

I'm especially proud of my team at the Executive Office for Administration and Finance for all their hard work and the contributions they've made to this budget. This would not have been possible without everyone leaning in and working together – Thank you!

Finally, thank you to Ways and Means Chairs Rep. Aaron Michlewitz and Sen. Michael Rodrigues, and their respective staffs, for their valued collaboration. I look forward to a continued partnership with them, as well as their colleagues in the Legislature, as they begin the work of reviewing our budget recommendations and crafting their own plans over the course of the spring.

Sincerely,



Matthew J. Gorzkowicz
Secretary



Affordability, Equity, Competitiveness - The Healey-Driscoll FY24 Budget

Massachusetts has many reasons to be proud. Its education system is among the best in the world. It sits on the cutting edge of health care, life sciences, research, and technology, and it is leading the fight nationally against the climate crisis. It boasts natural beauty from the coast to the Berkshires. And, most importantly, it is home to approximately 7 million hard-working people and families who choose to make their lives here.

And, yet, the costs of housing, quality child care and higher education mean that too many who want to live here are struggling to make ends meet. Our companies can't find workers with the skills they need to grow and expand. And many people with physical and mental health needs can't access the treatment and care they deserve.

Gov. Maura Healey and Lt. Gov. Kim Driscoll's fiscal year 2024 budget recommendation makes bold, historic, and sustainable investments across state government to address these challenges, including the delivery on a promise of tax relief and reform to benefit parents, seniors, and those struggling to pay rent. Our tax plan also ensures that the tax code remains competitive with other states as we look to attract new businesses and entrepreneurs and ensure that those already here stay.

For the first time, this budget proposes \$1 billion in new spending from the Fair Share surtax on annual income above \$1 million to improve our public education and transportation systems, in accordance with the 2022 ballot initiative.

It makes permanent and new investments in state-subsidized early education and care to ensure that more families have access to the type of programming essential to the healthy growth and development of all children and that allows parents, including those on limited incomes and women, to participate in the workforce at a time when sectors throughout the economy are facing labor shortages.

Fair Share-enabled investments will also help improve all modes of transportation, making a difference in the lives of commuters and residents regardless of whether they drive, take the bus, ride a bicycle, or walk.

And this budget makes historic investments in climate mitigation, adaptation, and the promotion of a new green economy, elevating investment through the Executive Office of Energy and Environmental Affairs for the first time to 1 percent of the overall state budget.

With a balanced and fiscally responsible approach, this budget collectively takes advantage of a mix of growing state revenue, one-time resources, and federal funding opportunities to invest in climate, health care, economic development, workforce training, roads, bridges, public transit, housing, and food security, all while doing so in a way that will ensure Massachusetts can sustain these investments into the future.

Fiscal Overview – Building a Sustainable Future

The Healey-Driscoll fiscal year 2024 budget, filed as House 1, takes a sustainable approach toward promoting growth and opportunity in key areas of state government, while ensuring fiscal responsibility.

House 1 proposes \$55.5 billion in gross spending, which represents 4.1 percent spending growth over fiscal year 2023 made possible by the \$40.41 billion consensus tax revenue growth estimate of 1.6 percent, as well as \$1 billion from Fair Share and other sources of revenue.

After years of enjoying tax surpluses and other infusions of one-time funds, the administration with this fiscal year 2024 budget proposal makes prudent recommendations on how to recalibrate state government programs and services in a way that can be sustained moving forward.

This budget does not utilize any funding from the Stabilization Fund, which has grown to a record high \$6.938 billion and is projected to finish fiscal year 2024 at \$8.962 billion. The recommendation assumes \$1.946 billion in capital gains tax revenue, of which \$466 million will be transferred to the Stabilization Fund and other long term liability funds for pension and retiree health insurance costs.

The budget recommendation maintains the state's commitment to fully fund its pension liability by 2036 with \$4.105 billion in fiscal year 2024, a \$361 million increase over the fiscal year 2023 contributions. Projected sales tax revenues will enable a \$1.463 billion transfer to support the operations of the Massachusetts Bay Transportation Authority (MBTA), an increase of \$138 million over the fiscal year 2023 budgeted contribution, and \$1.3 billion will be transferred to the Massachusetts School Building Authority to support school construction across the Commonwealth.

And the administration, together with House and Senate leaders, has committed to using \$100 million in fiscal year 2023 to fully pay down pension liabilities attributable to the 2015 Early Retirement Incentive Program, which otherwise would have fully amortized in fiscal year 2027.

The budget also commits \$27 million for the Workforce Training Fund to support the Commonwealth's workforce and business productivity and competitiveness.

Key Initiatives

Tax Relief – Making Massachusetts Affordable

Providing targeted tax relief and reforms to the state's tax structure is one way this budget seeks to advance its goals of making Massachusetts more affordable, equitable and competitive. At a time when the state has experienced unprecedented revenue growth, investing in these changes and initiatives is both affordable and one way we can relieve the financial pressure of inflation and make the state one that is more affordable to work, live and do business.

This package of tax reforms, at a net cost of \$742 million on the fiscal year 2024 budget, will be filed separately as companion legislation to House 1 and is built around a new Child and Family Tax Credit.

This credit would mean relief for those who undeniably need our help, providing a \$600 credit for every child under 13 and dependent without a cap or income qualifications, at a cost of \$458 million.

Consistent with what was pledged to the voters who elected Gov. Healey and Lt. Gov. Driscoll, this tax credit would amount to a tax cut for 700,000 taxpayers in connection with over 1 million dependents, helping to address the high cost of child care. It will also work to draw more people into the workforce

and is one tool we can use build on the pipeline of talent Massachusetts has to offer to our employers who help drive our economy and our success.

This package also proposes to increase the current rental deduction, currently capped at 50 percent of rent up to \$3,000, to \$4,000 at a cost of \$40 million helping to offset the high cost of housing for 880,000 renters.

The senior circuit breaker credit for low-income seniors with high property taxes or rent would double from \$1,200 to \$2,400 in 2022, impacting 100,000 households; and the short-term capital gains tax would be reduced from 12 percent to 5 percent, bringing Massachusetts more in line with other states. Wisconsin and South Carolina are currently the only two other states that tax short-term capital gain at a higher rate than long-term capital gains.

This legislation also proposes to eliminate the estate tax for all estates valued at up to \$3 million with a credit of up to \$182,000, addressing another area where Massachusetts is an outlier compared to other states and making it a more attractive place for families to stay.

Other components of this tax package include:

- **Apprenticeships** – Expand the list of occupations, as determined by the Secretary of Labor and Workforce Development, that qualify for apprenticeship tax credits and double the statewide cap on credits to \$5 million.
- **Dairy Tax Credit** – Increase the statewide cap from \$6 million to \$8 million to insulate dairy farmers from wholesale milk price fluctuations when milk prices drop below a trigger price.
- **Live Theater** – Establish a new credit for a share of payroll, production, and transportation costs of qualifying live theater productions at a cost of \$5 million annually
- **Title V** – Double the maximum credit to \$12,000 (40 percent of \$30,000) for expenses incurred in repair or replacement of a failed cesspool or septic system.
- **Lead Paint Abatement** – Double the allowable deductions to \$3,000 for full lead paint abatement and \$1,000 for partial abatement.
- **Cider** – Raise the allowable alcohol-by-volume percentage from 3-6 percent to 8.5 percent for hard ciders to qualify for lower tax rates.
- **Housing Development Incentive Program (HDIP)** – An increase in the \$10 million annual cap on HDIP credits to \$50 million in the first year, and \$30 million per year moving forward to unlock more market-rate housing in the state's Gateway Cities.
- **Student Loan Repayment** – Create a new exemption as taxable compensation for employer assistance with student loan repayment.
- **Commuter Transit Benefits** – Add regional transit passes and bike expenses to those that qualify for tax deductions, alongside existing expenses like tolls and MBTA passes.
- **Brownfields** - Extend the brownfields tax credit program, currently set to expire in 2023, through 2028.

Fair Share Investment Plan – Improving Quality of Life for Students, Families & Businesses

The voters of Massachusetts in November 2022 approved a new 4 percent surtax on income above \$1 million, a change in our tax code that the Healey-Driscoll administration supported. They did so with the understanding that the new revenue generated from the tax on higher-income earners would be used to promote high-quality education, repair and maintain roads and bridges and improve our public transit system.

This budget proposes to keep that commitment by establishing a new Education and Transportation Fund that would receive all surtax revenues and ensure that the money collected is restricted for the use of education and transportation in the most transparent way possible.

House 1 also recommends a mechanism to ensure that while all funds remain dedicated to those purposes, they are used in a manner that is sustainable and protected against future downturns and fluctuations in the revenue stream.

The proposal recommends the establishment of a required minimum fund balance that would be used only in the event of significant revenue decline to preserve base programs funded from Fair Share tax revenue. This balance would grow annually to account for inflation.

To ensure predictability, a cap would be established on recurring spending with revenue collected above the cap used to support one-time investments in pilot programs, start-up grants, studies, one-time capital investments such as bridges, railroad right-of-way improvements and other non-recurring projects.

In fiscal year 2024, House 1 proposes to spend \$1 billion in Fair Share tax revenue, consistent with the consensus revenue agreement reached with House and Senate leaders in January. A total of \$510 million is budgeted for use on early education and care, K-12 education, and higher education, and \$490 million is invested in transportation.

Investments are spread across multiple segments of education and transportation, with a focus on achieving meaningful, equitable impacts for each. Fair Share investments are planned in the context of other, significant investments across the budget.

Some of the guiding principles that informed the spending decisions around Fair Share investments included:

Education

- Stabilization of the EEC system
- Increased child care slots for income-eligible families
- Investments that will put the state on a path toward universal Pre-K, starting in Gateway Cities
- Expanded access for high school students to high-quality college and career pathways
- More accessible and affordable public higher education through MassReconnect, financial aid expansions, and tuition and fee stabilizers

Transportation

- Strengthened state-municipal partnerships to develop and implement critical local transportation projects
- Preservation of critical highway bridge infrastructure
- Improved and more accessible MBTA stations
- Initiation of means-tested MBTA fares
- Innovative service pilots and increased rural connectivity for RTAs

The below table provides additional detail on projects and programs funded through Fair Share. These investments will be described in more detail in the coming education and transportation sections.

Education	
\$ in millions	Fair Share
Early Education & Care	140
Child care Grants to Providers	100
Income Eligible Waitlist	25
CPPI Pre-K Initiative	15
K-12 Education	10
Early College and Innovation Pathways	10
Higher Education	360
Financial Aid Expansion: MASSGrant Plus	93
Tuition & Fee Stabilization	59
Student Support Services	30
Higher Education Capital Funding	140
MassReconnect	20
UMass & State University Equity & Inclusion Initiatives	18
Total	510

Transportation	
\$ in millions	Fair Share
Municipal Assistance	100
Municipal Partnership Programs	100
MassDOT Highway	164
Federal Matching Funds	50
Highway Bridge Preservation	100
Roadside Maintenance and Beautification	14
MBTA	186
Capital Investments	181
Means-Tested Fares	5
MassDOT Rail and Transit	40
Regional Transit Funding & Grants	25
Palmer and Pittsfield Rail Projects	12.5
Water Transportation	2.5
Total	490

Local Aid – A Statewide Partnership

Gov. Healey and Lt. Gov. Driscoll recognize and value the importance that the health of the Commonwealth's 351 cities and towns play in the overall success of Massachusetts and its people.

That is why the administration is proud to say this budget fully funds the third-year implementation of the Student Opportunity Act, dedicating \$6.58 billion to Chapter 70 education. This 9.8 percent increase

over fiscal year 2023 represents the largest nominal investment in Chapter 70 in the state's history and the largest percentage increase since 1999.

House 1 also proposes to fund Unrestricted General Government Aid at \$1.26 billion, a \$24.6 million, or 2 percent, increase over fiscal year 2023, which goes beyond the consensus revenue growth estimate when compared to the current estimate.

The state's partnership with cities and towns, however, doesn't stop there.

This budget proposes to fund the Special Education Circuit Breaker at \$503 million, a \$63 million or 14 percent increase over fiscal year 2023, to support the fourth-year phase-in of out-of-district transportation cost reimbursement provided for in the Student Opportunity Act. That investment includes a \$15 million increase for relief to help districts adjust to a 14 percent tuition increase at Chapter 766 special education schools, with a commitment to pursue an additional year of relief funding opportunities in a forthcoming supplemental budget.

Charter school reimbursement are fully funded at \$243 million and school transportation accounts are increased by \$25.5 million to capture inflation pressures and higher expected need. This includes \$5.2 million for vocational school transportation and \$97.1 million for regional school transportation to increase the reimbursement rate to 90 percent and \$28.67 million to fully fund homeless student transportation under the McKinney-Vento Act.

House 1 increases funding for libraries by 12 percent in fiscal year 2024. Key investments include:

- Local aid increase for public libraries of \$1.6 million to \$17.6 million
- Regional libraries increase of \$1.5 million to \$15.9 million
- Library technology increase of \$1.4 million to \$6.2 million
- A 3 percent increase for the Talking Book programs in Worcester and Watertown

In total, this budget provides for nearly \$8.4 billion in local aid that goes out through cherry sheets in fiscal year 2024, a \$635 million increase, or 8.2 percent.

Climate/Environment - Meeting the Moment

The effects of climate change are one of this administration's greatest challenges and opportunities. Meeting the moment is vital not just for protecting critical infrastructure across the Commonwealth but ensuring that Massachusetts remains an attractive place for people and businesses to locate.

There is also an opportunity to further position Massachusetts as a national leader by harnessing our capacity for research, innovation, and manufacturing to create thousands of new sustainable jobs in clean and blue technology, coastal resiliency, and electrification.

To meet this climate crisis and capture the benefits for Massachusetts, Gov. Healey and Lt. Gov. Driscoll hired the first-ever Cabinet level climate chief to coordinate across state government on shared goals and ensure that Massachusetts remains on track to meeting its ambitious carbon emissions reduction requirements.

This budget proposes an historic level of investment in the Executive Office of Energy and Environmental Affairs, elevating spending for the first time to 1 percent of the overall state operating budget. This represents \$121 million in new spending, yielding a 24 percent increase over fiscal year 2023 GAA.

This recommendation supports a \$35 million transfer to the Massachusetts Clean Energy Center for clean homes and transportation technology, and workforce training programs. The transfer will facilitate partnerships with public higher education institutions and trades to increase the amount of training, re-training, and opportunities to work in the clean energy industry. Additional funding to be proposed in a supplemental budget being filed by the administration will triple the state's investment in the Clean Energy Center.

There is \$25 million to permanently support Food Security Infrastructure Grants on the operating budget, and \$5 million to begin addressing a backlog of deferred maintenance projects at the Department of Conservation and Recreation

Other new Initiatives include:

- \$1.5 million to expand air quality monitoring throughout the state via DEP
- \$1.5 million for climate and drought resilience via DEP
- \$100,000 for electric vehicle charging pilot program at MDAR.
- \$570,000 for DCR partnership with US Geological Survey to address impacts of climate change
- \$1.6 million to increase sampling at landfills and water facilities with the goal of meeting recently promulgated federal PFAS standards

It is also vital that we make sure no community is left behind in these efforts to reduce our reliance on fossil fuels and promote cleaner, healthier environments for residents.

The Healey-Driscoll administration proposes a new strategy for the Commonwealth's environmental justice efforts – instead of only setting aside certain initiatives for environmental justice communities, House 1 funds structural changes to ensure environmental justice principles are considered at all stages of decision-making. In addition to the hiring of a new undersecretary for environmental justice and equity, this includes:

- \$2.5 million for 28 full-time environmental justice employees across all EEA agencies, including 14 Environmental Justice Liaisons to drive both internal and external engagement.
- \$2 million to expand the provision of language outreach and translation services at each EEA agency.
- \$2 million for a secretariat-wide environmental justice training program for internal and external entities.
- \$500,000 for facilitation support for the Environmental Justice Council and the new inter-secretariat working group.
- \$75,000 for First People, First Stewards Partnership between DCR and indigenous communities to establish positive, ongoing working relationship on education and interpretive programs, natural resource management, cultural programs

The budget further invests a \$900,000 increase to establish a Federal and Regional Strategic Planning Office to coordinate with regional partners on topics such as market reform, transmission and hydropower, and \$650,000 to establish a coastal resilience strategy.

Housing & Homelessness – Making Massachusetts a Home for All

Massachusetts has long been a high cost-of-living state, but this challenge was only exacerbated by the COVID-19 pandemic as housing prices skyrocketed and the availability of housing in proximity to jobs and other needs became scarcer.

Alongside this House 1 budget proposal the Healey-Driscoll administration is filing an Article 87 to establish a new housing secretariat within the Executive Branch to elevate and focus the state's energy

and resources toward the creation of new and affordable housing, and to promote housing stability, prevent evictions and adequately support our shelter system in communities across Massachusetts.

House 1 includes \$992.1 million for the new Executive Office of Housing and Livable Communities, a \$107.4 million, or 12 percent, increase above the fiscal year 2023 GAA that will help facilitate the creation of the new secretariat, annualize expanded shelter capacity, increase intake staffing to enable rapid housing placement for new arrivals and those experiencing homelessness, and expand access to affordable housing through the creation of 750 new Massachusetts Rental Voucher Program (MRVP) vouchers and 150 new Alternative Housing Voucher Program (AHVP) vouchers.

The \$168.2 million investment in MRVP, a 9 percent increase above fiscal year 2023, will provide more households with funding for security deposits, which often serve as a barrier to renting families. The budget also proposes to change the AHVP program to allow for the creation of project-based vouchers, which will allow the executive office to ameliorate the deficit of housing for disabled households by incentivizing the creation of accessible units in new construction.

The budget includes \$324.1 million for Emergency Assistance (EA) for Family Shelters, a 48 percent increase above fiscal year 2023 GAA to annualize a shelter expansion of 1,100 units (4,700 units total) and provide for a 7 percent rate increase to shelter providers to improve hiring and staff retention.

Other investments include:

- \$110.8 million for Homelessness Individual Shelters to preserve a more than 2,600 shelter bed expansion for individuals experiencing homelessness and provide support for those in shelter struggling with substance abuse disorder.
- \$42.1 million for HomeBASE to connect EA-eligible families with more permanent housing alternatives before they enter shelters and for assisting them in exiting shelter to permanent housing.
- \$1.5 million for Economic Mobility, a new line item modeled on the successful federal Family Self-Sufficiency program to serve state public housing residents and state voucher participants.
- \$2 million for Housing Assistance for Re-entry Transition, first funded in fiscal year 2023 to provide rental vouchers and housing support to adults exiting incarceration, particularly 18-to 25-year-olds.

House 1 proposes to fund Residential Assistance for Families in Transition (RAFT) at \$162.6 million, a \$12.6 million increase over fiscal year 2023 GAA. This funding assumes the implementation of a maximum benefit of \$7,000 over 24 months that enables the Commonwealth to serve approximately 25,000 eligible households with costs such as rent and utility arrears to keep them housed. The recommendation helps ensure that we can have a reliable and sustainable safety net program, while ensuring that we can make the investments we need in intervention and the root causes of housing instability.

Additional Program and Policy Highlights

K-12 Education

The Healey-Driscoll administration is committed to the stabilization and transformation of the Commonwealth's education system, and that starts with the full-funding of the Student Opportunity Act.

It is critical to continue to close achievement and opportunity gaps that exist in the K-12 education system to ensure that every student, regardless of their background, can access the same high-quality learning experience.

An upcoming supplemental budget will also commit to funding another year of the universal school meals program with Transitional Escrow funds. The administration has also requested an additional \$65 million in a supplemental budget filed in January to fully fund the program for the remainder of the 2022-2023 school year, as part of the one-year extension of the federally-funded program that ended in July 2022.

House supports critical educator retention efforts and wrap-around services for students and families, along with new investments in innovative programming. It is also imperative to improve the pipeline of early education and K-12 educators with an emphasis on diversity.

The budget includes \$1 million to support teachers working under emergency licensure in getting their provisional license, and \$1 million for universal mental health screenings in schools. The budget also funds a \$200,000 expansion of the STEM Pipeline to increase professional development for educators.

Early College and Innovation Pathways

To provide more access for students to career and college readiness programming, House 1 includes \$46.9 million for Early College and Innovation Pathways, a \$14.4 million expansion over fiscal year 2023. This investment will expand opportunities for high school students across the Commonwealth to explore college and career pathways before graduating high school.

The Early College program under this budget would provide approximately 18,122 students in the 2023-2024 school year the opportunity to earn up to 12 college credits before graduating, and the Innovation Pathways will enroll approximately 10,194 students in coursework across priority industries including IT, engineering, healthcare, life sciences, and advanced manufacturing.

Early Education and Child Care

Early education and care remains a critical piece of the Healey-Driscoll administration's strategy to making Massachusetts a more affordable place to live where children can thrive regardless of their socioeconomic background and employers have access to the workers they need to grow and strengthen the economy.

House 1 recommends funding the Department of Early Education and Care at \$1.455 billion.

The budget supports subsidized child care for roughly 55,000 eligible children taking advantage of available slots in EEC licensed programs. House 1 recommends annualizing \$80 million in provider rate increases implemented during the current fiscal year and provides an additional \$20 million for rate increases in fiscal year 2024.

House 1 funds \$25 million to provide greater access to families on the state's waiting list for child care, and \$30 million to the Commonwealth Pre-School Partnership Initiative. This is another step on the path toward achieving more affordable and accessible early childhood education for every family in the Commonwealth.

The budget includes \$475 million fully supporting the continuation of Commonwealth Cares for Children (C3) stabilization grants to child care providers. These grants started as a pilot program funded with federal dollars during the COVID-19 pandemic and were critical in helping to stabilize the child care industry. The grants allowed providers to continue to operate and provide critical education and care for young children across the state, despite increasing operational costs and challenges in workforce recruitment and retention. Parents, many of whom are women, have been able to return to work as a result.

The continuation of these grants is supported with a combination of funding sources: \$225 million from the General Fund, \$150 million from the High Quality Early Education and Care Affordability Fund and \$100 million from Fair Share revenues. With the total resources available in this budget, the state will be able to continue supporting C3 grants at their current levels for another year.

In addition, House 1 includes \$5 million to build on the work of the special legislative Early Education and Care Economic Review Commission and develop a coordinated strategy for supporting early education and care. This work will also inform the reprocurement of the subsidy system, last done over a decade ago, to better match supply with demand.

Additional investments include:

- \$5 million for Subsidy Navigation for Families
- \$2 million for Summer Step-up Program to support children entering kindergarten and early elementary school with high-quality summer learning experiences
- \$10 million for EEC Provider Higher Education Opportunities to support and expand the early education and care workforce
- \$1.5 million for trauma-informed profession development of early educators to better support the children in care

Higher Education and College Readiness

The budget funds the Department of Higher Education, the University of Massachusetts system, the State Universities and Community Colleges at \$1.98 billion, including investments from Fair Share.

The Massachusetts State Scholarship program is funded at \$268 million for fiscal year 2024. House 1 proposes to increase funding for the MASSGrant Plus program by \$93 million to \$128.1 million, a 165 percent increase to the program.

House 1 includes \$20 million for the creation of MassReconnect, a new program, which aims to support the Commonwealth's residents who are 25 years old and older and who have not yet earned a college degree or industry credential. This new initiative would offer students the financial support they need to cover the cost of tuition and fees as well as the cost of textbooks and course materials and provide funding for career and wraparound support services to encourage retention and degree completion.

The MassReconnect program would give more than 1.8 million residents over 25, many of whom are students of color, who have a high school diploma or equivalency, an opportunity for the financial flexibility to consider advancing their education without having to worry about incurring unaffordable debt.

Other higher education investments made possible, mostly, through additional Fair Share dollars:

- \$18 million for the Community College SUCCESS fund, an increase of \$4 million
- \$8 million for state universities and \$10 million for University of Massachusetts to fund innovative programs focused on diversity, equity, and inclusion for students, staff, and faculty.
- \$8.8 million for foster care financial aid and fee waiver programs to support over 1,400 Department of Children and Families eligible students attending private and public campuses.
- \$30 million to enable the DHE to provide more support services for low-income students at public institutions of higher education.
- \$59 million to provide funds to community colleges, State Universities and the University of Massachusetts for innovative strategies that support cost predictability and transparency for students and families, encourage timely degree completion, protect students from economic uncertainties and promote financial planning for college.

- \$140 million for higher education capital projects to help address the growing backlog of deferred maintenance at our higher education institutions.

In addition to these investments, the UMass system, 9 State Universities and 15 Community Colleges would all receive increases at an average of 3 percent over the prior year.

Economic Development

As one its first legislative actions in January, the Healey-Driscoll administration filed a \$987 million immediate needs bond bill (H.51) to preserve the pipeline of on-going housing and community development grant programs and position the Commonwealth to take advantage of opportunities to compete for federal dollars, such as the CHIPS and Science Act.

That bill, which is awaiting action in the Legislature, will provide necessary authorizations for key capital programs - such as \$400 million for MassWorks, \$34 million for the Underutilized Properties program, \$9.3 million in broadband infrastructure, \$104 million for the Clean Water Trust to finance communities' efforts to improve water infrastructure and improve local water quality and \$5 million for the Rural and Small Town Development Fund, which supports capital and community planning in low-population areas. This budget complements the pending capital bond bill.

House 1 builds on those proposed investments with \$141.6 million for economic development programming and initiatives.

The Healey-Driscoll administration is committed to supporting the small business community. To that end, House 1 proposes \$7.5 million for Small Business Technical Assistance (SBTA) Program, which represents a record level of technical assistance in the operating budget. This effective program allows the state to leverage a robust network of nonprofit organizations to offer technical assistance, education, and access to capital for small businesses, particularly minority-owned businesses.

The budget provides first-time operating funding for two popular technical assistance programs in the Community One Stop for Growth. Specifically, this includes \$1 million for real estate services to help communities unlock economic opportunity on underutilized sites and \$600,000 for the Massachusetts Downtown Initiative to support downtown revitalization efforts at the local level. It also dedicates funding for the hiring of additional staff to maximize federal funding opportunities that support economic development.

The recommendation includes bringing \$10 million for the Massachusetts Life Science Center (MLSC) onto the annual operating budget. The MLSC has historically been funded through consolidated net surplus at the end of the fiscal year.

The budget also proposes to fund core economic development grant programs at or above pre-pandemic levels, including:

- \$7.5 million for the Community Empowerment and Reinvestment Grant Program
- \$6 million cumulatively for targeted initiatives at the Massachusetts Technology Collaborative to support workforce, manufacturing, cybersecurity, and the innovation economy
- \$3 million for the Urban Agenda Grant Program
- \$3 million supplemental appropriation to the Tourism Trust Fund, in addition to the annual transfer to the Fund codified in statute
- \$2.5 million for Workforce Development Grants relative to advanced manufacturing training
- \$1.8 million for microlending
- \$1 million for Regional Economic Development Grants

Labor and Workforce Development

One of the great challenges that has emerged as we recover from the height of the COVID-19 pandemic has been the workforce shortages that have touched nearly all sectors of the economy, from health care to manufacturing.

The House 1 budget recommendation of \$112 million for the Executive Office of Labor and Workforce Development will position the state government to respond to the needs of workers and employers, fueling a multi-year strategy to strengthen service delivery and program integrity and sustain and scale workforce development programs with proven results. This complements nearly \$200 million in appropriated American Rescue Plan Act funds.

House 1 increases the Registered Apprenticeship Program to \$5 million, a \$4 million or 400 percent increase, to continue thousands of placements for registered apprentices in fiscal year 2024, building on the proposed expansion of the apprenticeship tax credit filed as part of the governor's tax package.

This recommendation maintains funding for the Healthcare Worker Training and AFL-CIO Workforce Development programs and puts \$17.9 million from EOLWD and the Department of Elementary and Secondary Education into Career Technical Institutes to help close the skills training gaps that exist by expanding access to vocational education.

The budget also provides \$16.2 million for Youthworks, subsidizing wages for summer jobs for at-risk youth and facilitating career development for 14- to 25-year-olds to reduce juvenile delinquency and young adult homelessness. Youthworks anticipates connecting approximately 3,600 youth with employment during the summer and school year.

Health and Human Services

As Massachusetts moves forward from the COVID-19 pandemic, this budget continues to provide residents with the tools needed to manage COVID-19 and focuses on ensuring the health and human services system is prepared for the future so that it can best serve the people and families of the Commonwealth. In particular, this budget increases access to behavioral health services, invests in stabilizing our day programs for vulnerable residents, addresses continued substance addiction challenges, and supports the Commonwealth's children, families, and older adults through a variety of services.

House 1 provides \$28.61 billion for the Executive Office of Health and Human Services (EOHHS), excluding supplemental payments to hospitals, a \$905.2 million (3 percent) increase above the fiscal year 2023 GAA.

The fiscal year 2024 budget invests in the continued implementation of new behavioral health services in the Commonwealth initiated in fiscal year 2023, including the 24/7 clinically-staffed Behavioral Health Help Line that launched in January 2023.

House 1 supports significant investments in our workforce, including: annualizing crucial fiscal year 2023 Chapter 257 rate investments; increasing the salary benchmarking for rates that will be set in fiscal year 2024 to the 53rd percentile of the Bureau of Labor Statistics; funding an outcome-based incentive program at DDS to expand provider and residential capacity; and investing to stabilize the congregate care network at DCF. This budget fully funds the largest Turning 22 class.

MassHealth

MassHealth currently offers health care coverage to over 2.3 million members across Massachusetts, including more than 1.6 million low- and moderate-income children, families, and adults, and roughly 500,000 people with disabilities and older adults. The fiscal year 2024 budget for MassHealth maintains affordable, equitable, comprehensive health care coverage for members without reducing benefits.

MassHealth has seen caseload grow by 31 percent since February 2020 due to federal continuous eligibility requirements that applied during the federal public health emergency

With the federal COVID-19 public health emergency declaration set to expire on May 11, 2023, MassHealth is beginning the process of redetermining eligibility for all enrollees with the goal of ensuring that those no longer eligible for Medicaid find insurance through their employer or the Massachusetts Health Connector.

House 1 funds MassHealth at \$19.8 billion, a net cost to the state of \$7.9 billion after federal reimbursement for a 8.7 percent gross and 3.1 percent net decrease relative to fiscal year 2023. With the end of the federal continuous eligibility requirement, which required MassHealth to maintain eligibility for individuals throughout the pandemic in exchange for enhanced federal funding, the Commonwealth now faces a one-time revenue cliff of \$709 million due to the elimination of the enhanced federal reimbursements. Through intentional distribution of funds across fiscal years, MassHealth can sustainably make targeted investments to improve access to care, such as:

- Eliminating the asset test for the Medicare Saving Program (MSP), which will increase access to this program for low- and middle-income older adults
- \$200 million in base rate investments for Adult Day Habilitation and Adult Day Health to address workforce challenges and to ensure access to day programs for eligible MassHealth members
- \$80 million for behavioral health providers to address ongoing workforce shortages, including an increase in rates for children/youth diversionary services, preserving capacity and paying for value in other community-based settings, improving care and access for medically complex members seeking inpatient psychiatric care, and other targeted investments

Behavioral Health Services

As we continue to respond to the impacts of the COVID-19 pandemic, the need for behavioral health care and substance use treatment has never been greater.

As Attorney General, Gov. Healey fought against corporations contributing to the opioid epidemic and now the Healey-Driscoll administration is focused on making sure residents have access to the care and treatment they need and deserve.

The Department of Public Health in House 1 is funded at \$860.4 billion, including \$10 million for the Bureau of Substance Addiction Services to annualize funding for the Family Supportive Housing Program. This maintains a fiscal year 2023 investment that added programs statewide to support parents in early recovery from substance use disorders as they search for permanent housing, achieve self-sufficiency, family stability, and independent living.

The House 1 budget proposal funds the Department of Mental Health at \$1.12 billion, a \$96.3 million (9 percent) increase over fiscal year 2023. This proposal directs \$44.6 million to support the costs not otherwise authorized with the approved ARPA community-based mental health services expansion, \$8.3 million to add clinicians, caregivers and behavioral health experts for Intensive Residential Treatment Program services and achieve the full operation of 65 contracted adult continuing care

inpatient beds. This proposal makes unprecedented investments to expand adult community service capacity by 30 percent and adult continuing care inpatient capacity by 10 percent.

Supporting Women, Children, and Families

The Healey-Driscoll administration is committed to supporting the women, children, and families at the center of our communities. This budget prioritizes programs that provide health and nutrition support for families, keep children safe from abuse and neglect, and steer at-risk youth toward a more successful path.

This budget would fund the Department of Children and Families at \$1.36 billion, a \$161.9 million (14 percent) increase to support the mission and work of the department in partnership with families and communities for the well-being of all children. The Healey-Driscoll administration's fiscal year 2024 budget maintains the significant investments made by the Legislature in the department and includes additional investments for providers and staff to ensure we can keep the children of the Commonwealth safe from abuse and neglect. Highlights include:

- An investment of \$52.5 million to support our Congregate Care provider partners who are struggling to find qualified candidates to fill vacancies. Currently, the capacity of these providers to serve DCF children is severely limited. The investment would support providers in recruiting and retaining staff enabling them to increase capacity to the levels needed to serve children.
- An investment of \$34.7 million to address projected growth in placements in substitute care (foster care, intensive foster care, and congregate care) and permanency placements (adoption and guardianship).
- An investment of \$16 million for family Support and Stabilization services. These services preserve families and reduce risk of placement and help children in placements find safe and stable families. The investment supports an expansion of these services and an increase in rates through the new procurement.
- An investment of \$6.9 million to raise foster care rates by 7 percent. Foster parents are one of the most valuable resources in serving DCF's mission. The higher foster care rate will better compensate for the costs incurred by foster families in support of children. It will also help recruit and retain foster parents and kin particularly in areas of the state with high costs of living.
- An investment of \$2 million for housing supports for families and youth transitioning out of DCF care.
- An investment of \$534,000 to expand the capacity of the Department to provide Mental Health case consultation to its social workers.

This budget also maintains funding for Children's Advocacy Centers; grants to support youth at risk of being involved in violence; Women, Infants, and Children Nutrition Services (WIC); programs that support birthing people and families during pregnancy and postpartum periods; School Based Health Programs; and Sexual Assault and Domestic Violence Services.

Gov. Healey and Lt. Gov. Driscoll have also been unwavering supporters of women's access to reproductive health care, including abortion care across Massachusetts. This budget continues to demonstrate that commitment with an investment of \$20 million for Family and Adolescent Reproductive Health, \$500,000 for Contraceptive ACCESS Education, and \$2 million for Reproductive Health Access Infrastructure and Security to support community-based organizations that help with costs and logistics of abortion care and licensed abortion and sexual health providers.

Additionally, we will recommend in an upcoming supplemental budget \$1 million for a public awareness campaign around crisis pregnancy centers/pregnancy resource centers that was previously approved by the Legislature.

House 1 also provides \$500,000 in increased funding to expand screenings beyond the five community health centers currently funded by DPH for post-partum depression to improve access, especially for communities of color and in rural communities. An additional \$500,000 is directed to support maternal and child health programs at the Department of Public Health.

Additionally, we will recommend in an upcoming supplemental budget \$1 million for a public awareness campaign around crisis pregnancy centers/pregnancy resource centers that was previously approved by the Legislature.

This budget also funds the Department of Transitional Assistance at \$1.05 billion, a \$95 million or 10 percent increase. Funding at DTA will be used to address caseload increases for Transitional Aid to Families with Dependent Children (TAFDC) and for Emergency Aid to the Elderly Disabled and Children (EAEDC), reflecting a 12 percent and 19 percent caseload increase in those two programs, respectively. In the coming weeks the administration will be requesting supplemental funding for DTA to augment staffing in light of these caseload trends and the sunsetting of federal program administrative waivers. This investment will help continue DTA's commitment to a positive customer experience and timely access to benefits.

House 1 budget provides the Department of Youth Services (DYS) \$182.6 million in fiscal year 2024. The proposal includes \$4.5 million in investments to implement DYS' 3-year strategic plan to improve and expand services to meet the needs of young people.

With these investments, DYS will modify its continuum of services to address the specific needs of its girls population; expand the vocational education and career development opportunities for young people; improve family engagement through WiFi connectivity in residential facilities; provide staff wellness opportunities and offer more training and professional development for its direct-care workforce; and promote equity and fairness in decision making throughout the agency and with external partners to ensure a juvenile justice system that is fair and equitable for all.

House 1 funds the Office of Refugees and Immigrants (ORI) at \$2 million, a \$279,000 (16 percent) increase above the fiscal year 2023 GAA, which includes investment in critical staffing. ORI has taken on a very important role over the last few years meeting critical needs serving refugees and immigrants as they enter the Commonwealth. This investment will allow ORI to build out immigrant-focused programming as we continue to see an increasing demand for their services.

Supporting Older Adults

In addition to the tax breaks for senior homeowners and renters proposed as part of the larger tax package, the House 1 budget increases formula grants to Councils on Aging from \$12 to \$14 per older adult, resulting in \$3.4 million in additional funding and the first increase for this grant program in 5 years.

House 1 funds the Office of Elder Affairs at \$711.4 million in fiscal year 2024 under this proposal, a \$9 million decrease after accounting for earmarks and other one-time costs that will allow the department to maintain current investments in the Geriatric Mental Health Services program, increase rates by \$19.6 million for Home Care Services to help 65,000 home-bound older adults stay in their communities.

The budget also funds \$23.7 million for Community Choices to support rate increases for case management and maintains \$1.3 million expansion for Elder Mental Health Outreach Teams to reach 40 previously unserved municipalities.

Empowering Citizens with Disabilities

Our House 1 budget fully funds the Department of Developmental Services Turning 22 program supporting a new class of 1,431 new members as they prepare to age out of the education system. It recommends \$2.79 billion (14 percent increase) for the department to support those with intellectual and developmental disabilities, including \$205 million to annualize fiscal year 2023 rate increases for Adult Long Term Residential (ALTR) services.

House 1 also sets aside \$400,000 to pilot a multi-service residential placement diversion program to help adults maintain their independence. This pilot would take advantage of coordinated care teams to manage clinical services, assistive technology and financial management to support independent living and avoid long-term 24/7 residential group home placements.

This budget proposal recommends \$88.9 million for the Massachusetts Rehabilitation Commission, including a \$2.8 million staffing investment that will allow caseworkers to better focus on the unique needs of each consumer, better connecting them with federally funded services and leading to improved likelihood of successful entry into the workforce.

This budget proposal also recommends \$27.1 million for the Massachusetts Commission for the Blind and \$9.9 million for the Massachusetts Commission for the Deaf and Hard of Hearing. This includes \$250,000 for an assessment on access to affordable hearing aids and evaluation of how best to connect consumers in need with resources to obtain and utilize hearing aids.

Veterans

On March 1, the Department of Veterans' Services will officially stand as its own Cabinet-level secretariat, ensuring that the care of veterans and their families receives the focus and attention it deserves.

The \$185.6 million investment will allow the department to deliver a range of critical benefits, programs and services to Massachusetts active service-members, veterans and their families, including:

- An annuity of \$2,000 to service-connected disabled veterans, peer outreach in our communities to help with suicide prevention and connections to veteran benefits and services
- Funding to help veterans access affordable housing and reduce homelessness as well as programs and resources for women veterans
- Funding for the department to continue to operate the Commonwealth's two veteran cemeteries in Agawam and Winchendon

The House 1 budget recommendation invests \$8 million in new spending to stand up the new secretariat and supports continued investment in staffing and infrastructure at the Veterans' Homes in Chelsea and Holyoke.

The budget will also help the office prepare for Chelsea's transition from providing long-term care in the circa-1949 Quigley Building to the state-of-the-art Community Living Center beginning Spring 2023. Holyoke is set to replace its long-term care facility by 2027 and is in the design phase of the project with DCAMM. These investments, in addition to the Chelsea Domiciliary campus redevelopment, will ensure the Commonwealth is able to meet the residential and services needs of today's veterans and their families now and in the future.

House 1 includes \$750,000 for the newly established Office of the Veteran Advocate. This office will provide an independent voice to complement the department's efforts to ensure veterans in the care of the Commonwealth are receiving timely, safe, humane, and effective services.

Environmental Protection and Conservation

Massachusetts' agricultural communities, greenspaces, coastlines, and public lands need preservation and support, especially as the climate crisis worsens. To ensure smart land policies the budget supports the development of a holistic, long-term land use strategy.

The fiscal year 2024 budget begins the implementation of the Department of Conservation and Recreation's strategic plan with a \$150.5 million budget, a 12 percent increase, that includes \$5 million to begin addressing deferred maintenance.

House 1 strengthens DCR's mission by including \$600,000 for targeted investments in youth and young adult-targeted programs, including the Climate Conservation Corps, Historic Conservation Corps, and Stewardship Corps, and maintains \$4 million for the Summer Nights programs, which partners with local youth organizations to offer free recreational, educational, and skill-building activities to at-risk teens and young adults in urban areas.

DCR's Greening the Gateway Cities program marked 35,372 trees planted last year for beautification, cooling, and carbon reduction efforts. With the continued use of \$4.4 million in ARPA dollars, DCR expects that an average of 5,000 new trees will be planted in the coming fiscal years, a critical investment as heat islands become more dangerous.

Funding for the Department of Environmental Protection would increase 9 percent to \$83.6 million under this budget proposal, and the Department of Agriculture Resources would be level funded at \$43.8 million, with \$31.7 million (a \$1.2 million increase) going toward the Massachusetts Emergency Food Assistance Program (MEFAP) to provide 27.7 million meals in fiscal year 2024 to be distributed via four regional food banks.

A \$600,000 increase for new staff is also proposed to facilitate farmland acquisition and protection. MassGrown and Fresher advertising, Agricultural Fairs, Farmers Markets, and agricultural education would receive a \$570,000 increase.

Transportation

The state's future success depends upon having a system of roads, bridges, highways, and public transit that can move and connect people with jobs, family and quality of life in a safe, reliable and efficient manner.

There is no question that workers and employers look at concerns like traffic and access to a reliable bus and train network, as well as affordable housing, when making decisions about where to locate or stay as they look to grow their small and large businesses, expand their families, or enjoy all the attractions that Massachusetts has to offer.

Since the COVID-19 pandemic changed travel schedules and took a significant bite out of transit usage, MBTA ridership has returned to 61 percent of its pre-pandemic levels.

This House 1 budget recommendation aims to make strides to address these challenges by dedicating resources to fill key leadership positions at the MBTA and elsewhere. A search for the next general manager of the T is ongoing, and we intend to hire a new safety chief to ensure that the public can have confidence in the safety of our public transit.

MassDOT's transportation system spans 9,545 lane miles across six highway districts, 3,496 MassDOT-owned bridges, 1,296 miles of sidewalks, 75 miles of bicycle facilities and 14 rail lines totaling 299 miles of track.

This budget funds transportation, not counting the sales tax transfer to the MBTA, at \$949.4 million, reflecting an adjustment from fiscal year 2023 that accounts for the removal of one-time MBTA support. The MBTA will receive a \$1.463 billion transfer from the sales tax, an increase of \$100 million over the fiscal year 2023 budgeted contribution.

We are also looking to advance diversity, equity, and inclusion through the system as we move to rapidly hire for an additional 1,000 positions at the MBTA to address workforce shortages cited by the Federal Transit Administration as part of last year's safety inspection. And we must make sure that as we improve the transportation system, we do so in a way that supports the state's and this administration's goals with respect to climate change.

Massachusetts Department of Transportation (MassDOT)

This House 1 budget proposal funds MassDOT at \$528.9 million, a \$71.8 million (16 percent) increase above fiscal year 2023, including \$28 million for the implementation of the Work and Family Mobility Act beginning July 1.

The Registry of Motor Vehicles (RMV) anticipates that approximately 200,000 residents unable to demonstrate lawful status could seek driver's licenses, with demand particularly high in the first six months.

The funding in this budget would allow the RMV to hire more customer service representatives and road test examiners at Service Centers, manage additional road tests annually, minimizing wait times for both new and existing customers. The RMV will also invest in technology support, leasing and other administrative costs to expand customer service operations, develop controls and procedures to ensure data integrity, and train staff to begin verifying new identity documents accepted beginning on July 1.

A new \$500,000 investment will allow for the translation of the commercial driver's license permit test to be translated in eight languages.

The MassDOT budget also funds \$13.4 million for salary increases for civil engineers to ensure MassDOT is a competitive employer for a high demand industry and to be able to implement projects funded through the new federal Bipartisan Infrastructure Law.

The Bipartisan Infrastructure Law expanded federal capital funding by 52 percent, requiring MassDOT to hire staff to administer increased funding. A total of \$1.8 billion in additional formula funding will come through MassDOT through fiscal year 2026, including \$127.8 million above historical levels in fiscal year 2023 for existing programs such as surface and air transportation, highway performance, bridges, and airports.

MassDOT is also competing for \$110 billion in total discretionary grants funding, and \$1.75 billion in bond authorizations have been made available for matching funds to ensure competitive bids.

The budget recommendation also includes \$96.8 million for the 15 Regional Transit Authorities across the Commonwealth that provided 17.4 million fixed route unlinked passenger trips and 1.37 million demand response trips in fiscal year 2022.

Fair Share revenues would allow for the following investments for fiscal year 2024:

- \$100 million in municipal partnership programs.
- \$100 million for highway bridge preservation.
- \$25 million to enhance regional transit through a combination of formula funding and discretionary grants.

- \$14 million for beautification of highways (mowing, graffiti removal, litter picking).
- \$50 million for federal matching funds to support state and municipal projects
- \$2.5 million for water transportation
- \$12.5 million for West-East Rail enabling projects.

MBTA

In addition to sale tax revenue, House 1 level funds the MBTA at \$187 million, with additional funds remaining from a one-time safety/workforce reserve that was part of its fiscal year 2023 appropriation.

Safety and reliability remain two of the most important issues facing the MBTA, and since the FTA issued its safety report investigation \$378 million has been appropriated to begin to address concerns, including staffing.

As of the end of 2022, the T had spent \$81.7 million on FTA-related response projects and the MBTA projects these appropriations will allow it to continue to fund Corrective Action Plans for the FTA through fiscal year 2024.

The MBTA is currently operating at approximately 1,200 FTEs below budgeted headcount, and its future structural balance beyond 2025 after the use of one-time reserves and FTA appropriations are spent down will depend on the T's ability to hire, inflation and the ridership response post-pandemic to a safer and more reliable T.

Fair Share revenues would allow for the following investments in the MBTA for fiscal year 2024:

- \$70 million in MBTA station improvements and improve accessibility.
- \$100 million for the MBTA Bridge Program pipeline
- \$11 million for the design of a Red-Blue Line connector

Criminal Justice and Public Safety

The Healey-Driscoll administration's fiscal year 2024 budget demonstrates a commitment to strengthening public safety across the Commonwealth by ensuring safer communities, fostering public trust and police accountability, and supporting the successful re-entry of returning citizens.

The \$1.495 billion budget for the Executive Office of Public Safety and Security represents a \$77 million, or 5 percent, increase above fiscal year 2023. The House 1 recommendation prioritizes increased access to programming and supportive services at the Department of Correction, expanded police training opportunities provided by the Municipal Police Training Committee, and improved access to mental health support for first responders through the On-Site Academy.

Strong, collaborative partnerships are vital to building safer communities. House 1 adds \$2 million to create a state program modeled after the highly successful Department of Justice's Project Safe Neighborhoods. This collaborative public safety model brings together federal, state, local, law enforcement, prosecutors, and community leaders to identify the emerging trends in a community and to develop comprehensive solutions to reduce crime and protect communities. For the past two summers, similar efforts in Springfield, Holyoke and Chicopee have resulted in enhanced youth engagement and violence reduction and reduced violent crime.

This funding will primarily be directed toward District Attorney's offices and the Massachusetts State Police gang unit.

The \$483.3 million recommended budget for the State Police will bolster recruitment efforts to identify the next generation of diverse public safety leaders. The budget maintains \$10.3 million for the State Police to bring on 175 recruits in the 89th Recruit Training Troop and \$2 million for the State Police Cadet program, which offers aspiring public safety professionals an equitable pathway to a career in law enforcement.

House 1 also adds \$1 million to the operating budget to continue funding body-worn cameras (BWCs) for all sworn State Police members and includes \$3.8 million for the State Police Crime Lab to expand Sexual Assault Evidence Kit testing capacity.

The Department of Correction would be funded at \$809.5 million, a \$29.9 million (4 percent) increase versus fiscal year 2023 GAA, driven primarily by health care contract renewal costs, the creation of an Intensive Stabilization Unit, annualizing and increasing investments in education, and standard payroll adjustments.

Through an outside section, House 1 also recommends unlocking \$20 million previously appropriated to provide incarcerated individuals in state prisons with up to 1,000 minutes per month of no-cost phone calls.

This budget adds \$3.4 million to expand High School Equivalency Test (Hi-SET) programming and hybrid learning opportunities and \$600,000 to implement a Peer-to-Peer mentorship program to promote positive internal culture within correctional facilities. House 1 funding also invests in supporting re-entry by creating pathways to sustained employment, including \$1 million for green career training jobs and \$600,000 to partner with a job placement organization that specializes in helping justice-involved individuals connect with employers. DOC re-entry funding is part of a significant statewide, cross-secretariat investment totaling \$93.3 million for re-entry and diversion programming across the Commonwealth.

Other public safety investments include:

- \$20.2 million at the Municipal Police Training Committee to maintain training requirements enacted by police reform as well as in-service training requirements, including new use of force requirements, expanded school resource training and de-escalation training
- \$1.5 million to expand mental health and trauma-related services provided by On-Site Academy
- \$1.5 million (at Trial Courts) to expand sober and transitional housing for a projected 450 individuals

Technology and Cybersecurity

The Executive Office of Technology Services and Security (EOTSS) in fiscal 2024 remains committed to protecting the Commonwealth's technology systems and data, enhancing resident's digital experience interfacing with government, and driving continuous improvement in the delivery of state information technology services.

EOTSS plans significant investments in cybersecurity infrastructure with the goal of improving identity access management, scanning and early remediation, and education and training for employees and municipalities.

EOTSS will also continue with its consolidation of executive office information and technology services, having completed its work in four of the nine executive offices, bringing the benefit of standardization and economy of scale to IT purchasing and service delivery.

House 1 directly appropriates \$91.9 million to EOTSS, a \$23.1 million increase over fiscal year 2023, investing \$9.2 million in cybersecurity and to moving the municipal cybersecurity training grant program onto the operating budget. It also adds \$5.1 million for various increases, including spending to benefit the citizen experience on Mass.gov, state matching funds needed to secure a \$3.2 million federal cybersecurity grant, and funding for our IT workforce.

The office further intends to develop an inventory of state software applications to determine compliance with accessibility standards and will partner with state agencies and technology vendors to improve.

Conclusion

The Healey-Driscoll administration, in the spirit of partnership with its colleagues at the state, local and federal levels, has laid out in House 1 a balanced, fiscally responsible and forward-looking budget for the Commonwealth that continues the transition away from one-time revenue sources to put Massachusetts on a sustainable path for success.

Through progressive tax reform, the use of new revenue from the Fair Share surtax and the continued investment essential government services, this proposal begins to address the challenges of affordability, equity and competitiveness that confront our residents and businesses, while also taking on some of our biggest threats, including access to housing and climate change.

We look forward to working with our partners in Legislature to develop a final spending plan for fiscal year 2024 that delivers on the promise for all our residents.

