

*The Commonwealth of Massachusetts*

# **THE GOVERNOR'S BUDGET RECOMMENDATION**

## **Budget Briefs**

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

**FISCAL YEAR 2024  
HOUSE 1**

**MARCH 1, 2023  
[MASS.GOV/BUDGET/GOVERNOR](https://www.mass.gov/budget/governor)**

# FY 2024 BUDGET RECOMMENDATION BUDGET BRIEF

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

## Overview

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*The Healey-Driscoll administration is proud to present these budget briefs detailing some of the essential investments proposed in the FY24 H.1 budget recommendation.*

### **FY24 H.1 Budget Briefs:**

- I. Local Aid
- II. Providing Meaningful Tax Relief
- III. Fair Share Investments in Education & Transportation
- IV. Child Care
- V. Historic Higher Education Investments
- VI. MassReconnect
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***Meeting the Moment: Strong Economy. Livable Communities. Sustainable Future.***

# 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.

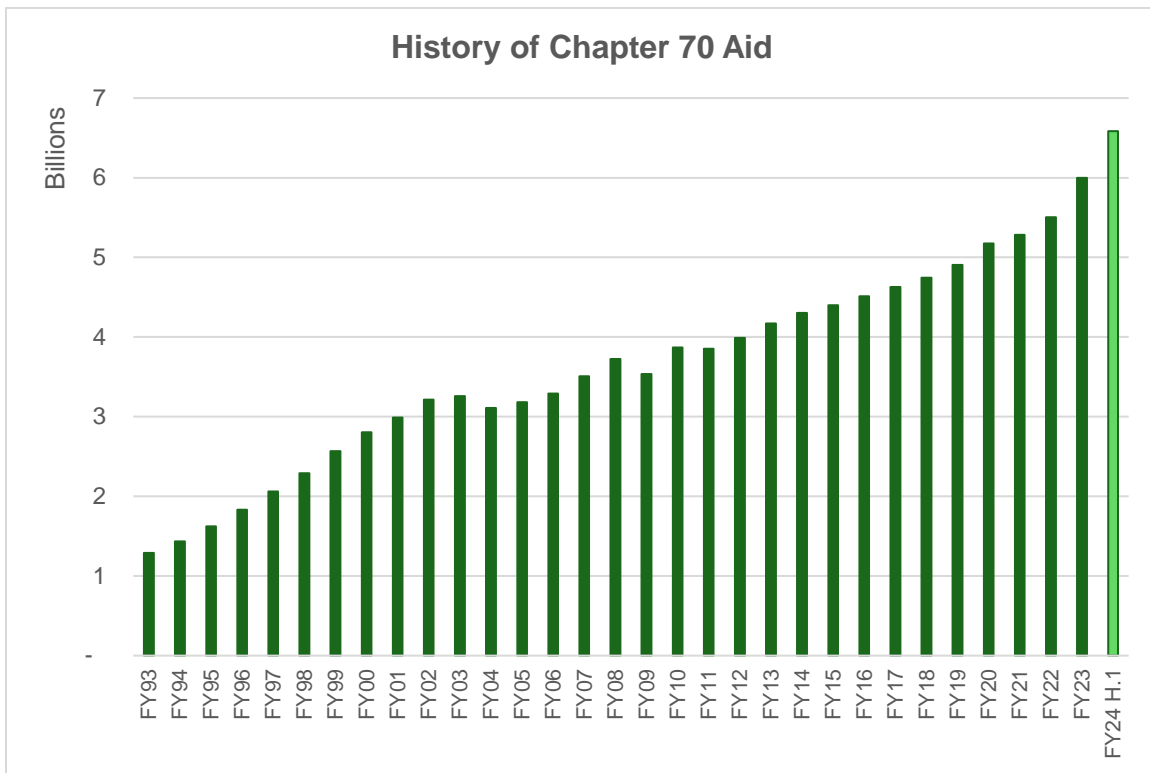
Name	FY22	FY23	FY24 H.1	vs. FY23	%
Chapter 70 Payments to Cities and Towns	5,503,255,849	5,998,209,887	6,584,595,911	586,386,024	9.8%
Transportation of Pupils - Regional School Districts	82,178,615	82,178,615	97,077,605	14,898,990	18.1%
Charter School Reimbursement	154,499,812	243,804,746	243,804,746	-	0.0%
Smart Growth	500,000	750,000	750,000	-	0.0%
<b>Subtotal: Cherry Sheet (Education)</b>	<b>5,740,434,276</b>	<b>6,324,943,248</b>	<b>6,926,228,262</b>	<b>601,285,014</b>	<b>9.5%</b>
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%
<b>Subtotal: Cherry Sheet (General Government)</b>	<b>1,319,019,301</b>	<b>1,400,074,018</b>	<b>1,434,215,043</b>	<b>34,141,025</b>	<b>2.4%</b>
<b>Total: Cherry Sheet</b>	<b>7,059,453,577</b>	<b>7,725,017,266</b>	<b>8,360,443,305</b>	<b>635,426,039</b>	<b>8.2%</b>

### 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***

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- \$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.

# FY 2024 BUDGET RECOMMENDATION BUDGET BRIEF

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

## *Providing Meaningful Tax Relief*

*John Caljouw, Finance Director*

### Introduction

The Healey-Driscoll Administration is committed to fulfilling the promise of delivering an affordable, equitable, and competitive tax structure for Massachusetts. This package will use the state's fiscal strength to deliver real benefits for families balancing caregiving responsibilities. It will provide relief to our most vulnerable populations and make our tax structure more competitive – all in combination with key investments in these areas delivered through the budget. Delivering this package alongside the administration's FY24 H.1 budget recommendation means that we can budget for it sustainably and affordably.

FY24 H.1 funds a tax relief package of \$742 million net to budget, or \$859 million gross in the first year. Extraordinary tax growth over the past several years, in concert with prudent fiscal management, enables this proposal to be both responsible and provide meaningful relief.

Proposals	Effective	FY24 Cost
<b>Child &amp; Family Credit:</b> Establishes a \$600 credit per qualifying dependent, including children, disabled adults, and seniors, uncapped regardless of number of dependents, fully refundable, and available at all income levels.	Jan-23	\$458 M
<b>Estate Tax:</b> Reduces estate taxes for all and eliminates tax on estates under \$3 M.	Jan-23	\$167 M
<b>Housing – Renter Deduction:</b> Increases the cap on the rent deduction to \$4,000; current deduction is currently 50% of rent, capped at \$3,000.	Jan-23	\$40 M
<b>Housing – Senior Circuit Breaker Credit:</b> Doubles the maximum allowed credit.	Jan-23	\$60 M
<b>Short term capital gains:</b> Reduces tax rate on short term capital gains to 5% from 12%.	Jan-23	\$117 M (\$0 net)
Other changes	-	\$17 M
<b>Total Tax Relief Package (and net cost to budget)</b>		<b>\$859 M; \$742 M net</b>

### Tax Relief Package at a Glance

The tax relief proposal is focused on delivering meaningful investments in four key areas, within a framework of affordability, equity, and competitiveness:

***Child & Family Tax Credit***

An expanded and simplified Child & Family credit would establish a \$600 refundable credit for each qualifying dependent, including children under 13, disabled adults, and seniors. The centerpiece of the administration's tax proposal, this credit would provide relief for over 700,000 taxpayers who are supporting over 1,000,000 dependents across the Commonwealth.

An expanded and simplified structure would provide relief for all income levels while getting the neediest families the cash benefit of a fully refundable credit. It would provide support for families without requiring potentially burdensome demonstrations of expenses and assist the most burdened families by uncapping the count of qualifying dependents. The credit would replace two interrelated credits that are more complex and smaller than the proposed credit and are capped at two dependents.

Affordable childcare is a key building block to an affordable Massachusetts. This credit, in taking some pressure off families' child care budgets, will help attract working professionals and aid businesses as they recruit a skilled workforce. This challenge demands a significant investment, which is why the administration is simultaneously supporting important early childhood care and education initiatives through FY24 H.1.

***Estate Tax Relief***

A reduction in the estate tax would eliminate the tax for estates under \$3 million and reduce taxes for larger estates. Massachusetts is an outlier as one of only 12 states that impose an estate tax at all. The state runs the risk that older residents leave the state, and professionals may not wish to move here if they see the tax climate as unfavorable for themselves and their families.

Under current law, estates with a gross value over \$1 million are subject to taxation, starting at a rate of 0.8% and growing to a marginal rate of 16%. (Gross value means the value with certain gifts made by decedents added back to the estate.) Nearby states impose their estate taxes at a much higher threshold – including Vermont at \$5 million, Maine at \$5.8 million, New York at \$6.1 M, and Connecticut at the federal threshold (\$12.3 M) beginning next year. The administration's proposal would establish a non-refundable \$182,000 credit for each estate, without a tax increase on estates of any size. This credit would have the effect of eliminating all taxes on estates of up to \$3 M in net taxable value and would represent \$182,000 of tax relief on larger estates. Since 70% of estates now paying tax are under \$3 M, this change would eliminate taxes for most estates – and would help keep Massachusetts competitive.

***Housing Tax Relief for Seniors and Renters***

The housing crisis in Massachusetts demands a multifaceted approach. The administration is committed to expanding the production of housing and assuring emergency relief supports, alongside other strategies to address this issue. As part of this approach, this tax proposal would provide targeted relief to renters and seniors.

First, increasing the rental deduction would assist many of our 880,000 residents who rent. Current law allows filers to deduct up to 50% of the cost of the rent for their primary residence, up to \$3,000; with this change, the maximum deduction would be \$4,000.

Further, the package would double the maximum Senior Circuit Breaker credit from approximately \$1,200 up to approximately \$2,400. This credit, indexed to inflation, provides critical relief to low-income homeowners and renters aged 65 or older. Equal to the amount by which a homeowner's property tax payments in the current tax year exceeds 10% of the taxpayer's total income, up to a maximum credit amount, the expansion of this credit's cap would recognize the rising cost of housing for many of our most vulnerable residents.

### ***Short Term Capital Gains Rate Relief***

A simplified capital gains rate structure, aligning the short-term capital gains tax rate with the long-term capital gains rate at 5%, would eliminate a key area where Massachusetts' tax structure is an outlier compared with nearly all other states. Under current law, capital gains on assets held for less than one year are taxed at 12%, versus 5% for virtually all other forms of individual income. Only two other states tax short-term capital gains at a higher effective rate than long-term capital gains. By eliminating this inconsistency, we will provide relief for 150,000+ taxpayers while simplifying our tax code.

This change has no net cost to the budget, as capital gains taxes above a threshold of approximately \$1.4 billion are not available to the budget under current law. Therefore, this change can bring the tax on capital gains more in line with other states, without requiring any tradeoff in terms of other potential budget uses for the funds.

### ***Affordability, Equity, and Competitiveness – A framework for success***

The administration has also identified targeted opportunities to improve our tax structure to deliver on making our state more affordable, equitable, and competitive. These investments include:

- ***HDIP Cap Increase:*** The Housing Development Incentive Program (HDIP) currently awards up to \$10 million per year in state tax credits to developers of market-rate housing in Gateway Cities for qualified project expenditures, expanding the supply of housing. The administration would increase the statewide cap from \$10 million to \$50 million on a one-time basis, and thereafter to \$30 million annually. This would provide critical relief to an oversubscribed program, allowing an initial infusion of development support, while sustainably funding an expansion in the future.
- ***Apprenticeship Tax Credit:*** The package also proposes doubling the statewide cap on the Apprenticeship Tax Credit to \$5 million and expanding eligible occupations to ensure employers in critical industries can utilize this credit to grow and modernize our economy and prepare our workforce for success.

## ***Budget Brief: Providing Meaningful Tax Relief***

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- *Student Loan Repayment Exemption:* This package would create a new exemption from taxable income for employer assistance with student loan repayment, ensuring that these benefits will no longer be treated as taxable compensation.
- *Commuter Transit Benefit Expansion:* The expansion of commuter transit benefits to include regional transit passes and bike commuter expenses will both incentivize climate-friendly commuting alternatives and make our tax code more equitable.
- *Lead Paint Abatement Credits:* Doubling the credit for lead paint abatement to \$3,000 for full and \$1,500 for partial abatement would assist residents with the expense of removing lead paint, and make available housing safer for families.
- *Septic Tank Repair Credits:* The tax relief proposal will also double the maximum credit for septic tank repair or replacement in a primary residence to \$12,000, and will allow taxpayers to access these credits on a more accelerated schedule.
- *Brownfields Program:* This proposal also extends the expiring Brownfields tax credit program through 2028, so that eligible taxpayers may claim a credit for certain costs related to cleanup of contaminated properties, making them ready for redevelopment opportunities and creating a cleaner future for Massachusetts communities.
- *Live Theater Tax Credit:* Creating a live theater tax credit would enable tax credits to be claimed for a share of payroll, production, and transportation costs of qualifying live theater productions, fostering an important aspect of our cultural landscape.
- *Dairy Tax Credit:* Expanding the dairy tax credit cap from \$6 million to \$8 million would support local farms across the state.
- *Cider Tax Treatment:* Allowing locally produced hard cider and still wines to be taxed at a more competitive rate, comparable to similar alcoholic beverages, would make our tax structure more equitable and support local producers.

Together with the FY24 H.1 budget filing, the tax relief package outlined here is both sustainable and meaningful for our residents, and addresses the important issues of affordability, equity, and competitiveness across our Commonwealth. It draws on the consensus that started to emerge in 2022 around opportunities for tax relief and delivers on our promise to support Massachusetts families.



# FY 2024 BUDGET RECOMMENDATION BUDGET BRIEF

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

## ***Fair Share Investments in Education & Transportation***

*Christopher Czepiel, Director of Policy*

### **Introduction**

In November 2022, the voters of Massachusetts approved a new 4 percent surtax on income above \$1 million annually, known as the Fair Share amendment. This new revenue source is constitutionally dedicated to “quality public education and affordable public colleges and universities, and for the repair and maintenance of roads, bridges, and public transportation.”

The Healey-Driscoll administration is committed to maximizing this historic funding opportunity and utilizing Fair Share revenues to make impactful investments in education and transportation. In FY24, \$1 billion in new investments are recommended for programs ranging from financial aid for public higher education to implementing means-tested fares at the MBTA – all focused on improving affordability, equity, and competitiveness across the Commonwealth.

This brief will discuss both the impactful investments made using Fair Share resources and the safeguards the administration is recommending to ensure the long-term sustainability of critical programs and services funded by Fair Share.

### **Historic Investments in Education and Transportation**

In FY24, the Healey-Driscoll administration proposes \$1 billion in historic new investments in our education and transportation systems. 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 early education and care system
- Increased child care slots for income-eligible families
- Investments that put the Commonwealth 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

**Budget Brief: Fair Share Investments in Education and Transportation**

Education	
<i>\$ in millions</i>	Fair Share Investment
<b>Early Education &amp; Care</b>	<b>140</b>
Childcare Grants to Providers	100
Income Eligible Waitlist	25
CPPI Pre-K Initiative	15
<b>K-12 Education</b>	<b>10</b>
Early College and Innovation Pathways	10
<b>Higher Education</b>	<b>360</b>
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
<b>Total</b>	<b>510</b>

**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

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

## ***Budget Brief: Fair Share Investments in Education and Transportation***

Each investment is described in detail in Budget Briefs on individual topics. Please refer to the budget briefs listed below for details on individual investments.

- **Child Care**
- **Historic Higher Education Investments**
- **MassReconnect**
- **Mass Mobility: Transportation in the Commonwealth**

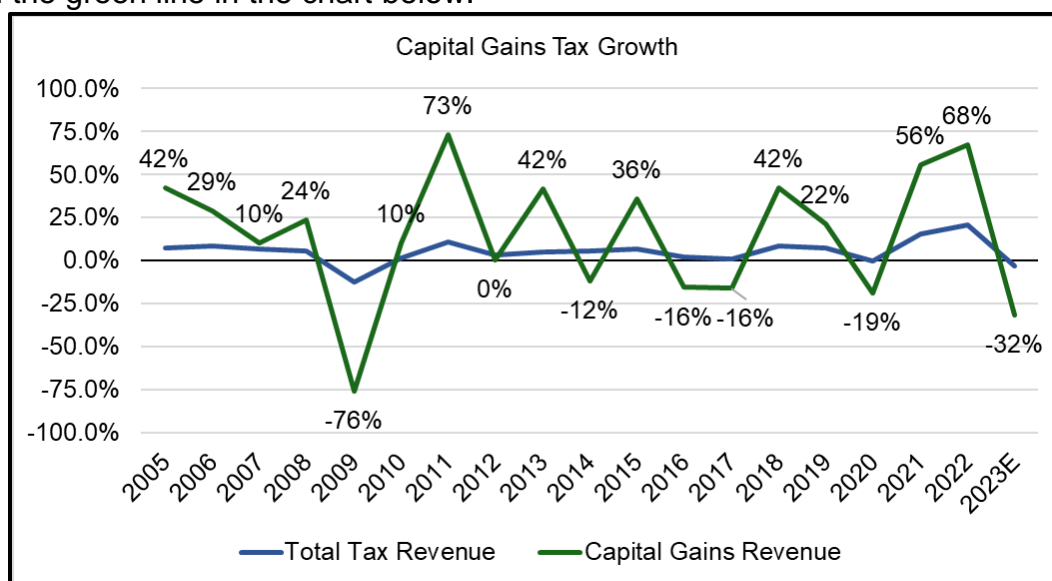
### **A Focus on Long-Term Impact**

Investments funded from Fair Share are made sustainably, ensuring the future of programs for years to come. This new revenue source is an exciting opportunity to make critical, lasting investments in education and transportation. However, in the near term, estimates of collections from the new surtax will be uncertain as more data is collected on exactly how much revenue will be generated annually.

\$1 billion will be available for spending from Fair Share in FY24, consistent with the consensus revenue agreement reached with House and Senate leaders in January. This spending limit ensures that meaningful investments will be made in the first year of Fair Share, while also allowing time to gather data and develop models forecasting future collections.

Fair Share is fundamentally based on collections from highly volatile revenue sources including capital gains, which data from the Department of Revenue demonstrates are inherently more volatile than taxable income as a whole. As a result, fluctuations in economic conditions have the potential to significantly impact collections from Fair Share, and thus, the programs funded by it.

This is demonstrated by the chart below, which depicts capital gains tax collections relative to overall tax revenues. Much of the Fair Share revenue will come from capital gains because of the income mix of those subject to the surtax. Even in strong economic periods, capital gains are volatile as they reflect stock market and other investment activity, as well as individual taxpayer decisions on when to recognize gains and losses for tax purposes. This volatility is evident in the green line in the chart below.



**The Education and Transportation Fund: Accountable and Transparent**

The Healey-Driscoll administration is focused on ensuring that programs funded by Fair Share are insulated from volatility and periods of economic downturn. To do so, the administration is proposing a number of safeguards focused on accountability, preservation, predictability, stability, and transparency.

Accountability: The Education and Transportation Fund will be established and restricted only for spending on education and transportation. The fund will receive all Fair Share revenues and will not revert to the General Fund at the end of the year. This ensures that Fair Share funds are only invested in education and transportation, as intended by the voters.

Preservation of Programs: A required minimum fund balance will be established that can only be used in the event of significant revenue declines and to preserve base programs. In the event of economic downturn, this balance would be used to preserve programs from reductions that may otherwise be necessary. The required balance will be set at one-third of the annual recurring spending limit, which is described below. After initial funding of the balance, annual contributions to maintain the required fund balance will be minimal and tied to the annual increase to the spending limit.

Predictability: Annual, recurring spending will be limited to protect programs from volatile revenues during periods of economic downturn. Recurring spending will be identified in each line item appropriated from the Education and Transportation Fund. These appropriations are meant to include expenditures that are reasonably expected to be base-building, annual programmatic expenses. These types of expenditures are limited in order to ensure sustainability as revenues fluctuate. This annual limit on recurring expenses will be set permanently in FY26, and thereafter will grow annually based on the ten-year rolling average of surtax growth.

Stability: Revenues collected in excess of the annual limit will be used for one-time investments in education and transportation. One-time investments may include pay-as-you-go capital, pilot programs, start-up grants, studies, enabling projects, and other critical investments that do not reoccur each year.

Transparency: The Department of Revenue and Comptroller will certify revenues and transfer collections to the Education and Transportation Fund quarterly, ensuring both public awareness of how much revenue has been collected and that funds are only available for their intended purposes. The Comptroller will also report annually on expenditures from the Education and Transportation Fund, providing further transparency.

**Near-Term Implementation**

In the first years of the Fair Share surtax's implementation, a phased approach will be taken as better understanding of the revenue source is developed. In FY27, full implementation of the mechanisms described above will be achieved. Until then, each year will have unique aspects, described below.

- FY23: Revenues will not be certified until December 2023. Because of the particular uncertainty surrounding FY23 collections, which began mid-year, all collections from

### Budget Brief: Fair Share Investments in Education and Transportation

FY23 will be used to establish the required minimum fund balance and are not proposed for appropriation. As a result, all FY24 revenues can be invested immediately in education and transportation programs.

- **FY24:** \$1 billion in investments will be made. Additional FY24 revenue beyond the \$1 billion limit will be available for one-time uses following certification in December 2024.
- **FY25:** The recurring spending limit will be set at \$1.03 billion, 3% growth over FY24. This ensures expansions in Fair Share investments are possible while revenue forecasts are refined with new data.
- **FY26:** The recurring spending limit will be set legislatively during the budget process based on experience with Fair Share collections in the early years. The limit will be set at a level reliably expected to recur in future years.
- **FY27:** The permanent Education and Transportation Fund state begins, with the recurring spending limit growing based on ten-year rolling average of surtax growth (including years prior to its implementation).

The below table depicts the revenues available in coming years.

	FY24	FY25	FY26	FY27
Minimum Fund Balance	\$333 M*	\$340 M	\$340 M+	\$340 M+
Recurring Spending Limit	\$1.0 B	\$1.03 B	TBD**	TBD***
One-Time Resources	TBD	TBD	TBD	TBD

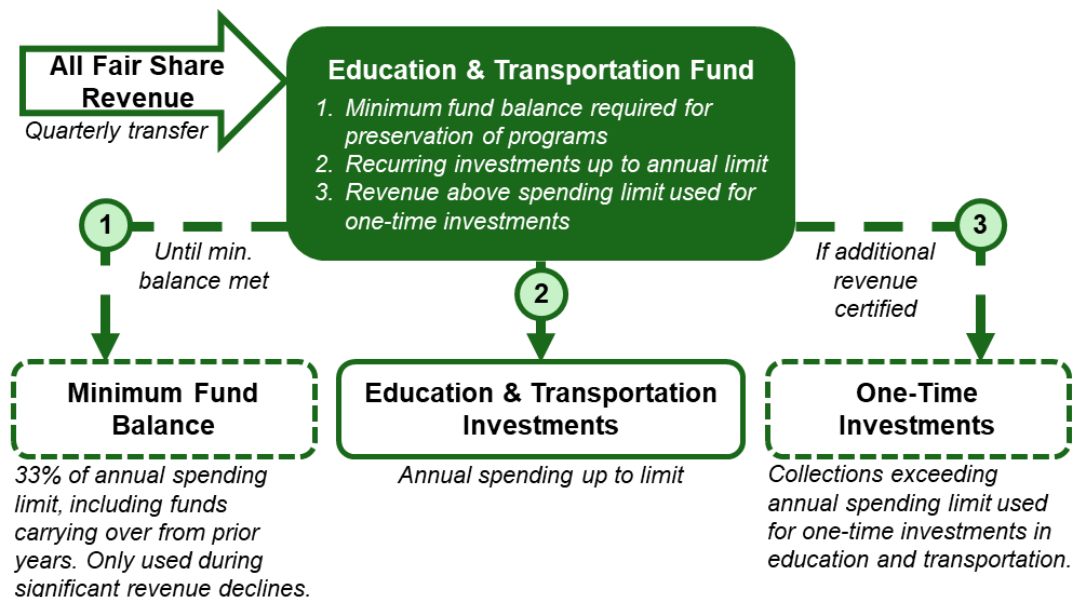
\*FY24 minimum balance funded by FY23 revenues

\*\*Set legislatively in FY26 at a level reliably expected to recur in future years

\*\*\*Grows from FY26 based on ten-year rolling average of surtax growth

### Permanent Fund Mechanics

In its permanent state, the Education and Transportation Fund will ensure sustainable annual investments in our public schools and transportation system, while also making impactful one-time investments. The graphic below demonstrates how funds will flow from revenue collections to ultimate investment.



## ***Budget Brief: Fair Share Investments in Education and Transportation***

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### **Additional Fund Features**

In addition to the Education and Transportation Fund's key features described above, a number of additional mechanisms are included to ensure sustainability and accordance with the will of the voters.

Fair Share revenues will not be subject to capital gains excess calculations (M.G.L. c.29 §5G) or excess revenue calculations under M.G.L. c.62F. Exempting surtax revenues from these provisions ensures the funds are only used for their constitutionally-dedicated purposes of education and transportation.

To ensure maximum transparency, appropriations made from the Education and Transportation Fund will be made in a new section of the annual budget, Section 2F. All appropriations will be easily identifiable as coming from Fair Share in one place. Additionally, all appropriations will be designated as either recurring or one-time. This aligns with the annual spending limit described above. One-time appropriations will be available for five years from the date of authorization, ensuring that large capital projects have multiple years to spend the funds but cannot last indefinitely.

Additionally, appropriations from the Education and Transportation Fund will be subject to the allotments and emergency reductions process defined in M.G.L. c.29 §9B & §9C. Appropriations would only be reduced when emergency reductions are required within the Education and Transportation Fund. General Fund shortfalls alone will not impact investments funded by Fair Share. The minimum fund balance described above provides additional relief from reductions in the event of unforeseen revenue shortfalls.

### **Certification Process**

Quarterly, the Department of Revenue and Comptroller will certify Fair Share collections made in the previous quarter and transfer funds to the Education and Transportation Fund. Additionally, an annual certification will be made in December of collections made in the previous fiscal year. The below tables depict the certification process and key dates.

<b>Certification Dates</b>	<b>Action</b>
<b>Quarterly</b>	
February 20 May 20 July 20 October 20	DOR and Comptroller certify estimated quarterly collections and any adjustments to prior quarters; Collections transferred to Education & Transportation Fund
<b>Annually</b>	
December 15	DOR and Comptroller certify preliminary annual collections in the prior fiscal year and any adjustments to prior years
<b>Other Comptroller</b>	
October 31	Comptroller completes Statutory Basis Financial Report (SBFR), including education and transportation expenditures on one-time and recurring uses



# FY 2024 BUDGET RECOMMENDATION BUDGET BRIEF

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

## Child Care

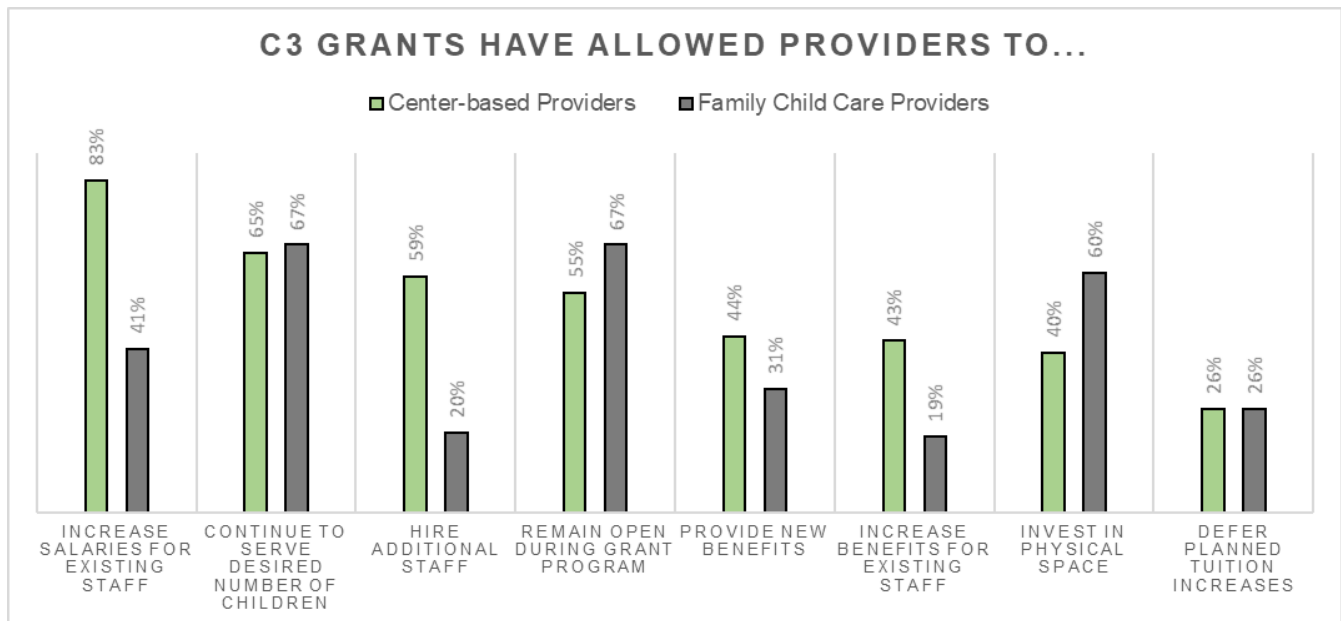
Conor Simao, Assistant Budget Director and Jake Rooney, Fiscal Policy Analyst

### Introduction

H.1 advances the Commonwealth's investment in high quality early education and care, progressing the critical work of closing early learning gaps and providing much needed support to working families. Consistent with recommendations of the *Special Legislative Early Education and Care Economic Review Commission*, H.1 focuses on the important areas of program stabilization, family affordability, system infrastructure, and workforce compensation. Taken together, this FY24 budget of \$1.5 billion represents a down payment on our future child care system—one that works better for educators and families alike.

### Developing Capacity of High-Quality Child Care

Every family's child care needs are different. That's why a diverse and healthy field of providers is key to connecting families with the care that's right for them. During the COVID-19 pandemic, a combination of fluctuating enrollment and workforce challenges exacerbated financial instability at providers across the state, leading to program closures and limiting options for families. To build back and recover, Massachusetts leveraged federal funding to launch the Commonwealth Cares for Children ("C3") stabilization program. C3 stabilization grants are based on a formula that factors in whether a provider cares for subsidized children along with need in the communities served by the provider. The grants support providers with basic operating costs, incentivize capacity-building, increase staff compensation, and encourage quality investments. According to a survey of grant recipients:



## Budget Brief: Child Care

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The C3 program also represents a paradigmatic shift in the way child care providers are supported. C3 payments are predictable, based on fixed costs, and available to all licensed providers in the state. For these reasons, they have helped to mitigate challenges providers have always faced—even before the pandemic—in balancing steep operating costs with the often-competing goals of fair workforce compensation and family affordability.

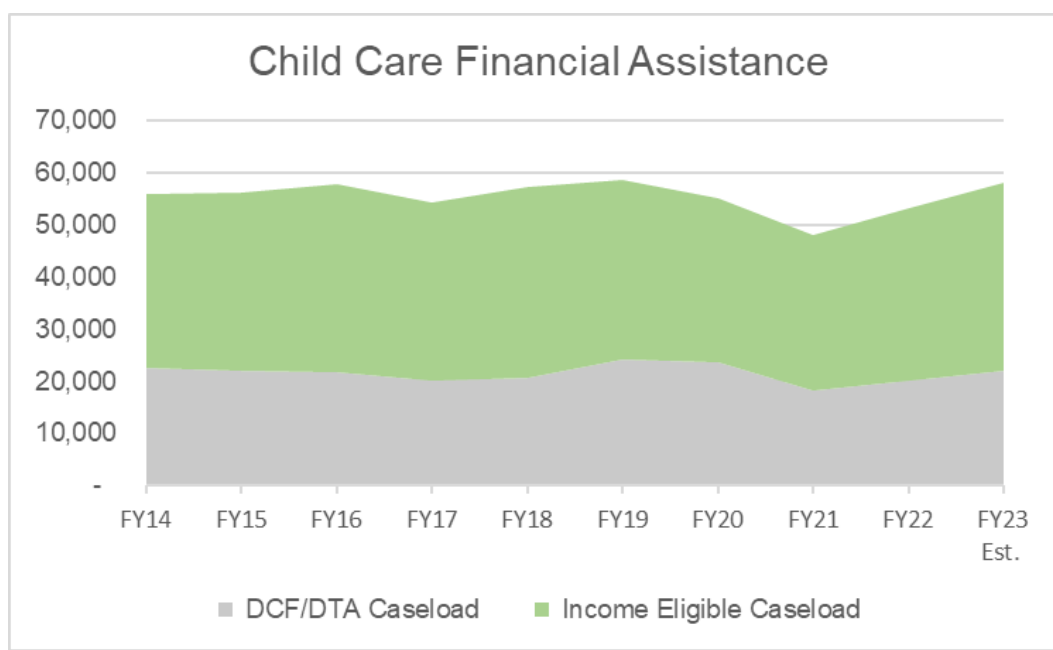
H.1 recognizes this success and recommends continuing C3 grants at their current levels for another year, allowing for further data collection and evaluation of stabilization policies, and for the first time entirely from state resources: \$225 million from the General Fund, \$100 million from Fair Share revenues, and \$150 million from the one-time High-Quality Early Education & Care Affordability Fund.

### Ensuring Family Affordability and Access

Beyond stabilizing providers, H.1 furthers the Commonwealth’s investment in family affordability through direct tax relief and increased support for the child care financial assistance system.

To alleviate the burden of child care costs on household budgets, H.1 proposes an expanded Child and Family Tax Credit that provides families with a \$600 refundable credit for each qualifying dependent, including children, people with disabilities, and senior dependents. The centerpiece of the administration’s tax proposal, this credit would provide relief for over 700,000 taxpayers supporting over 1,000,000 dependents across the Commonwealth.

This credit would replace two interrelated, existing credits with a simplified and expanded benefit imposing no cap on income or qualifying dependents. These changes put family affordability at the heart of our tax policy and complement additional investments in the child care financial assistance system.



Child care financial assistance enables approximately 53,000 children in eligible families to access affordable care at over 4,000 providers across Massachusetts. Under EEC's equitable parent fee schedule, virtually all families with child care subsidies pay a fee that is 7% or less of income. H.1 expands the reach of this financial assistance, adding \$25 million to provide subsidies for an estimated 2,200 additional children from EEC's income-eligible waitlist.

To maximize this investment, we must ensure provider reimbursement rates enable families to access—and providers to offer—high-quality child care. H.1 maintains \$80 million of provider rate increases in FY23, including targeted increases to support family access, and adds \$20 million for additional rate increases for both center-based and family child care providers in FY24.

H.1 also recognizes the pivotal role of local partnerships in expanding affordability beyond the subsidy system. To this end, H.1 supports public-private partnerships that expand preschool and pre-K offerings across Massachusetts, adding \$15 million to double funding to \$30 million for the proven Commonwealth Preschool Partnership Initiative (CPPI). This investment aims to increase enrollment in pre-K programs, reach additional Gateway Cities, and establish long-term plans to provide high quality learning opportunities for all 4-year-olds.

### **Improving Our Child Care System**

Improving child care in Massachusetts will require system-level reforms to break down operational bottlenecks and better connect families to care. H.1 builds on existing infrastructure investments in FY23, maintaining \$10 million to bolster navigation support at child care resource and referral agencies, develop a new family access and engagement team within the Department of Early Education and Care, and streamline the family experience of accessing and maintaining financial assistance.

H.1 proposes adding to this footprint by creating a \$5 million strategic planning and investments reserve. Among other uses, this reserve can be used to:

- Comprehensively analyze supply and demand for early education and care in Massachusetts, identifying what resources and capacities can be expanded to meet family needs
- Better connect families with providers through strategic re-procurement of contracts within the child care financial assistance system
- Develop a new provider rate-setting methodology based on the cost of high-quality care
- Design and implement workforce retention strategies, including career pathways for early educators

### **Supporting the Child Care Workforce**

As the child care sector continues its recovery from the pandemic, an emphasis on workforce recruitment and retention is paramount. Many of the above investments will further support this essential mission. Maintaining a full year of C3 stabilization grants in FY24, while increasing financial assistance reimbursement rates, will allow providers to raise salaries, hire additional staff, and offer professional development opportunities. Additionally, planning funded from the strategic investment reserve can complement this by enabling development of a

## ***Budget Brief: Child Care***

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comprehensive career pathway for early educators. To support this important work, H.1 also continues \$10 million for a career pathways program at the state's community colleges, informed by industry needs and supplementing significant investments in public higher education more generally.

We know that children across the Commonwealth are exposed to challenging life circumstances, and their child care providers and early educators may feel ill-equipped to help manage the emotions and behaviors that emerge as a result. Recognizing that providing support early is one of the most important things we can do, H.1 includes \$1.5 million for trauma-informed behavioral health professional development for early educators across the Commonwealth.

### ***H.1 responds to many of the recommendations laid out in the Special Legislative Early Education and Care Economic Review Commission:***

<b>Commission Recommendation</b>	<b>H.1</b>
Continue stabilization funding for child care providers through FY22	Funds \$475 million of C3 stabilization grants to extend program through FY24
Increase reimbursement rates for child care financial assistance to improve family access and workforce compensation	Adds \$20 million for provider rate increases in FY24 and fully maintains \$80 million in FY23 rate increases
Reimburse providers accepting child care financial assistance on enrollment basis	Continues to fund this policy change
Serve additional eligible families from child care financial assistance waitlist	Adds \$25 million for waitlist remediation, expanding access to approximately 2,200 new families
Support local partnerships across the mixed delivery system to expand preschool learning opportunities	Adds \$15 million to double funding for the Commonwealth Partnership for Preschool Initiative (CPPI) to increase enrollment and expand programs to additional districts
Increase workforce recruitment and retention and build meaningful career pathways	Maintains \$10 million for a career pathways program at community colleges for early childhood educators
Support management of new programs, policies, and strategies to improve family access and navigation, simplify processes, build capacity, and strengthen workforce retention	Adds \$5 million for new EEC strategic investment reserve to build on \$5 million maintained for increased administrative capacity for research, policy, and program development

# FY 2024 BUDGET RECOMMENDATION BUDGET BRIEF

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

## **Historic Higher Education Investments**

*Amelia Marceau, Fiscal Policy Analyst*

### **Introduction**

The Healey-Driscoll administration is dedicated to supporting equitable access to quality higher education. That commitment is reflected in our FY24 budget recommendation, which proposes an historic funding increase of \$370.9 million (23%) over FY23 to expand college affordability, support campuses, and provide extensive wraparound services to students.

### **Affordable Higher Education and Student Success**

H.1 proposes \$152 million in new investments for financial aid and student success. This includes a \$93 million increase to the MASSGrant Plus scholarship program, which enables low-income, in-state undergraduate students to attend public higher education without worrying about mandatory tuition and fees. This increase, the largest ever in the program's history, will expand the scholarship to part-time students and cover additional direct costs of attendance, providing at least 33,000 students with assistance for tuition, fees, books, and supplies.

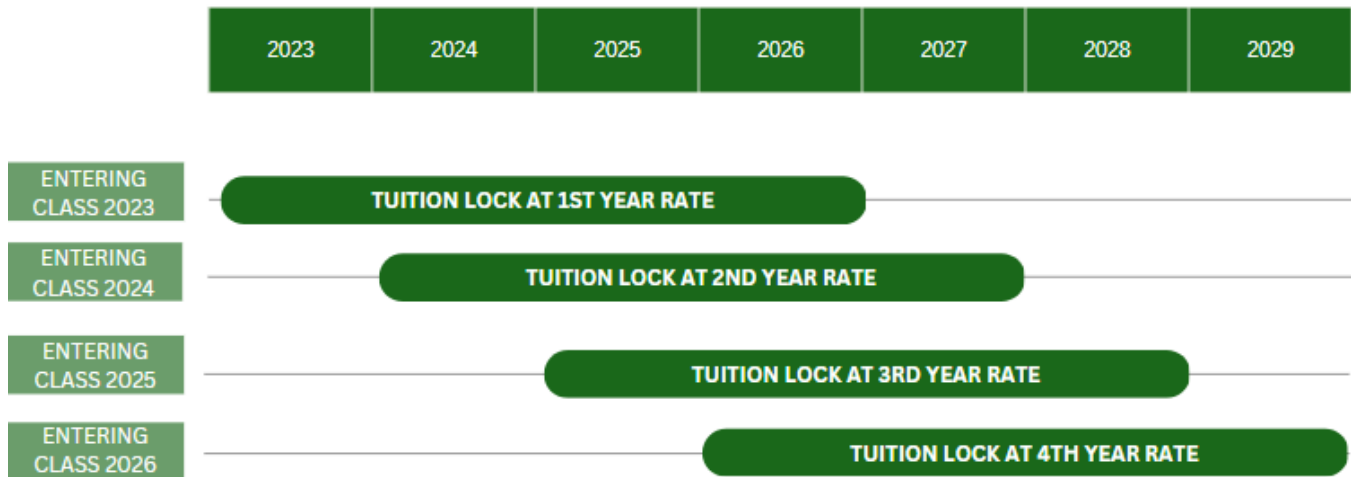
This investment is in addition to \$20 million for the MassReconnect scholarship program. MassReconnect will provide students 25 years of age and older the opportunity to obtain a free higher education degree at any public community college in the Commonwealth. This program empowers students to complete their education and pursue training for in-demand jobs across industries, including health care, education, clean energy, advanced manufacturing, and behavioral health. For more information, please see the **MassReconnect budget brief**.

The H.1 budget recommendation also includes \$59 million for innovative cost predictability and transparency strategies across public community colleges, state universities, and the University of Massachusetts (UMass).

- For example, a tuition or fee lock for in-state, undergraduate students attending UMass or state universities would lock in four years at the same rate for each class of incoming students.
- For the institutions, this would serve as a recruitment tool in a competitive admissions environment and provide modest revenue growth from class to class.
- For students and families, this would incentivize on-time degree completion and provide cost stability, protect from inflationary increases, and help keep public higher education accessible and affordable.
- Similarly, community college students would be assured that tuition and fees will remain unchanged from the current academic year into FY24.

## Budget Brief: Historic Higher Education Investments

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To complement these investments, H.1 recommends \$2 million for financial aid streamlining and modernization. This funding supports a strategic review, consolidation, and streamlining of existing higher education financial aid programs and would establish a more user-friendly, accessible, and transparent system to apply for financial aid.

### Strategic Higher Education Investments

H.1 proposes landmark higher education investments to improve campus climate, provide greater student support, and make capital investments. Across the 15 community colleges, nine state universities, and the University of Massachusetts, H.1 recommends:

- \$140 million for additional one-time investment in capital improvements, nearly double the historical levels of annual capital investment, for study, design, and construction of campus instructional lab facilities, infrastructure modernization, decarbonization, and critical repair. This funding would help address the growing backlog of deferred maintenance across higher education institutions.
- \$30 million for a new student support services initiative including high-quality academic and wraparound services, such as internship incentives, workforce development, and health services. The funding is targeted at improving retention, ensuring students have the resources they need to finish their degree, and the skills necessary to excel in their career path. These funds will be distributed based on each institution's share of Pell-eligible students.
- \$18 million for the Supporting Urgent Community College Equity through Student Services (SUCCESS) Fund, an increase of \$4 million (29%) over FY23 – for grants to community colleges to provide holistic supports and services to improve outcomes for their most vulnerable populations, including low-income, first-generation, minority, and disabled students and LGBTQ+ students.
- \$18 million for additional diversity, equity, and inclusion initiatives at UMass and state universities – including student advising, student support series, as well as faculty and staff recruitment and retention.



- \$4.4 million for community college and state university mental health initiatives – including crisis services, therapy, the assessment of learning disorders, responses to sexual assault, substance use disorder services, and assistance to students struggling with stress, anxiety, or other mental health needs.

These investments build on a 3% increase to base funding for each segment of public higher education: \$10.1 million for community colleges and \$9.8 million for state universities to be allocated based on a performance funding formula, as well as a \$19.3 million increase for UMass.

Through strategic and historic higher education investments, the Healey-Driscoll administration will continue to create ways to make higher education more accessible and attainable throughout the Commonwealth.

# FY 2024 BUDGET RECOMMENDATION BUDGET BRIEF

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

## **MassReconnect**

*Amelia Marceau, Fiscal Policy Analyst*

### **Introduction**

The Healey-Driscoll administration recognizes the important role that access to higher education plays in the lives of our residents and the strength of our workforce. For this reason, our FY24 budget recommendation includes \$20 million to launch the MassReconnect scholarship program, supporting residents 25 years and older with free associate degrees and high-quality certificates. This program empowers students to complete their education and pursue training for in-demand jobs across industries, including health care, education, clean energy, advanced manufacturing, and behavioral health.

### **Connect to Workforce Development**

MassReconnect enables individuals who are 25 years of age and older to obtain a degree or certificate through any public community college, creating opportunity for the more than 1.8 million Massachusetts residents in this age group who have a high school diploma or equivalent but no higher education credential.

Statistics from the U.S. Department of Education show that students of color enroll in public higher education at significantly lower rates than their white peers, are burdened with greater unmet financial need, and generally graduate at lower rates. Similarly, low-income students both enroll and graduate at rates below their peers.

MassReconnect reflects an intentional strategy to support those who have been historically underrepresented in higher education, connecting students to the knowledge and skills needed to participate and advance in key industries of the Commonwealth's economy.

### **Eligibility**

MassReconnect will support students for up to four years from initial acceptance or until completion of an associate degree, whichever comes first.

MassReconnect is available to students who:

- Are age 25 or older as of the first day of classes
- Have been a resident of Massachusetts for at least one year
- Have earned a high school diploma or equivalent but have not previously completed a postsecondary degree
- Have submitted a Free Application for Federal Student Aid (FAFSA)
- Are enrolled in 6 or more credits for an associate degree or certificate program at a community college

**What does it cover?**

MassReconnect funds free community college certificates and degrees including all costs related to tuition, fees, books and supplies.

Notably, MassReconnect will cover the Expected Family Contribution calculated in the FAFSA, ensuring free access to public community colleges.

**Dedication to Affordable Higher Education and Student Success**

MassReconnect is part of a broader strategy to make higher education more affordable and attainable throughout the Commonwealth. For example, H.1 proposes to expand MASSGrant Plus financial aid at public institutions of higher education by \$93 million to \$128 million, a 165% increase. MASSGrant Plus provides financial support through grants and scholarships to Pell-eligible undergraduate students who reside in Massachusetts. In addition, students attending Massachusetts public community colleges and state universities may be eligible for additional funding to help with the cost of tuition, fees, and books.

H.1 also includes \$18 million, an increase of \$4 million (29%), for the Community College SUCCESS fund, which awards grants to community colleges to provide wraparound supports and services to improve outcomes for their most vulnerable populations, such as low-income, first-generation, minority, and disabled students and LGBTQ+ students.

For more information, please see the [\*\*Historic Higher Education Investments budget brief\*\*](#).

# FY 2024 BUDGET RECOMMENDATION BUDGET BRIEF

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

## **Mass Mobility: Transportation in the Commonwealth**

*Anders Shropshire, Fiscal Policy Manager*

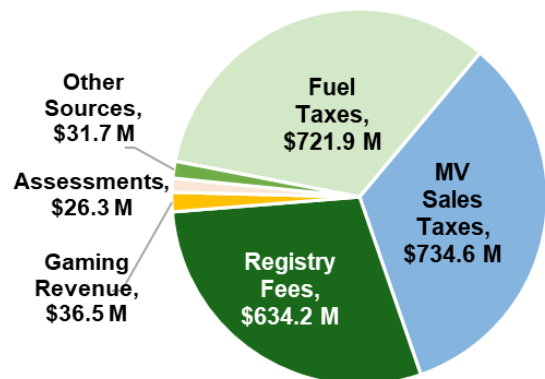
### **Introduction**

A well-functioning transportation system and access to mobility is key to a thriving Commonwealth. Ensuring residents and visitors can get to the places they need to for commerce or recreation safely, reliably, and efficiently – whether in Boston, the Berkshires, or the Cape – by train, bus, bike, car, or ferry – is a priority of the Healey-Driscoll administration. The FY24 H.1 budget recommendation puts investments towards improving our transportation system across modes and regions. Investments in MassDOT, the Registry of Motor Vehicles (RMV), the MBTA, and Regional Transit Authorities (RTAs) will improve the traveler and customer experience and help Massachusetts deliver on long term investments.

### **Operating Funding for Transportation at a Glance**

The state budget primarily supports transportation spending from the Commonwealth Transportation Fund (CTF), which collects over \$2 billion annually in revenue from taxes and fees on fuel and motor vehicle sales, as well as transactions at the Registry of Motor Vehicles (RMV). Funds are appropriated from the CTF to support the operations of MassDOT, the Merit Rating Board, the MBTA, and RTAs, as well as debt service costs related to transportation. In addition, nearly \$1.5 billion of sales tax revenue is dedicated to the MBTA.

**FY22 CTF Revenue Sources**  
**Total Revenue: \$2.185 B**



H.1 supplements this funding with \$490 million in Fair Share revenues. These new investments bolster capital spending at MassDOT and the MBTA, provide additional technical assistance to municipalities, expand water transportation including ferries, and bolster support for RTAs and other transit providers. H.1 also recommends funding to match federal discretionary grants for projects across the Commonwealth in order to strengthen applications and maximize federal funding.

### **MassDOT**

The Massachusetts Department of Transportation (MassDOT) is the Commonwealth's central hub for managing transportation programs and coordinating with municipalities, RTAs, and other transportation service providers. MassDOT includes four divisions: Highway, RMV, Rail and Transit, and Aeronautics. H.1 recommends \$529 million for MassDOT operations, including \$95 million for snow removal and de-icing, which supplements roughly \$80 million in MassDOT's own-source revenue from motor vehicle inspections, real estate, and investments.

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**Budget Brief: Mass Mobility: Transportation in the Commonwealth**

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Division	Programmatic Focuses
Highway	Capital planning and delivery, municipal grants and technical assistance, snow and ice operations – toll roads, non-toll roads, interstates, bicycle and pedestrian paths, and sidewalks
Registry of Motor Vehicles	Vehicle and driver credentials/services, customer service and transactions
Rail and Transit	Passenger and Freight Rail investments; partnerships with Regional Transit Authorities, MBTA, and Amtrak; administration of grant programs (e.g., Community Transit Grant Program to meet the mobility needs of seniors and people with disabilities)
Aeronautics	Public use airports (other than Logan, Hanscom, and Worcester), advanced technologies (e.g., drones and electronic helicopters to support disaster response along with medicine and organ delivery)

In addition, H.1 recommends \$100 million for a new MassDOT Municipal Partnership grant program to address key issues in developing and funding municipal projects, including:

- Developing a pipeline of shovel-ready local projects
- Providing design assistance to include projects in the Statewide Transportation Improvement Program (STIP)
- Increasing funding for existing municipal technical assistance programs, similar to Complete Streets technical assistance grants
- Providing funding to municipalities for expanding bike share

H.1 also includes \$100 million to expand investments in highway bridge preservation to reduce the need for more disruptive and expensive replacements due to deferred maintenance, as well as \$14 million for roadside maintenance and beautification, including graffiti removal, litter picking, increased mowing, street sweeping, and other efforts to improve roadside maintenance.

Finally, H.1 recommends allocating \$50 million for federal matching funds. The Bipartisan Infrastructure Law provides an unprecedented amount of new capital investment, and this investment will better position Massachusetts to compete for federal funding for both state and municipal projects.

### **Registry of Motor Vehicles (RMV)**

The RMV ensures safe roadways for travelers by verifying the credentials and knowledge of drivers and vehicles in the Commonwealth. The RMV operates 29 service centers across Massachusetts, processing over 9 million online and in-person transactions each year.

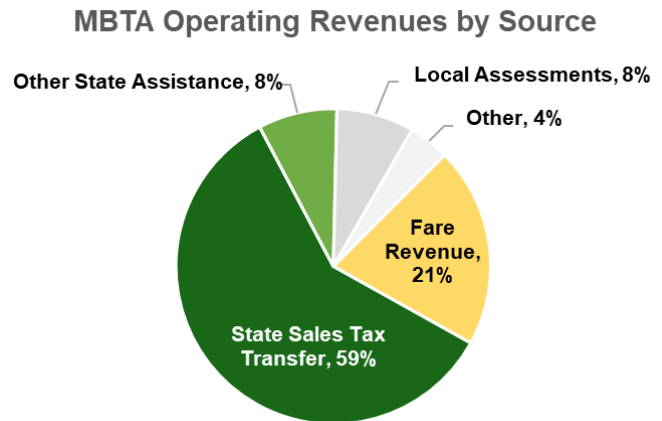
In FY24, the RMV will be implementing the Work and Family Mobility Act (WFMA), a new law allowing Commonwealth residents to obtain a standard Massachusetts driver's license, regardless of immigration status. This law represents a monumental step forward for safety

and equity in the Commonwealth, ensuring that drivers on Massachusetts roadways have demonstrated their knowledge of driving laws and are able to access insurance coverage.

In support of this new law, H.1 adds \$28 million in funding to expand service hours at select RMV locations, add new customer service representatives and road test examiners to support additional applicants, and bolster support staff to ensure records and credentials are properly vetted and processed. New applicants will pay the standard transaction fees at the Registry, bringing in additional revenue that will largely offset these implementation costs.

## **The MBTA**

The MBTA's budget is supported by several revenue sources, including a portion of the Commonwealth's sales tax revenue dedicated to the MBTA, which supports over half of the MBTA's operating budget, and fares, which supports around another fifth. Ridership changes brought on by the pandemic have led to significant decreases in fare revenue for the MBTA, but this has been offset by rapid sales tax growth as well as one-time federal and state supplemental funding in the near term.



At the beginning of FY23, the MBTA had over \$1 billion in one-time resources and reserves budgeted through at least FY25, but this funding must be put to work now to develop the MBTA's workforce and improve its safety culture and procedures. Therefore, the administration will recommend funding for new hiring and training supports for the MBTA in an upcoming supplemental budget to help meet our goal of hiring 1,000 additional workers this year.

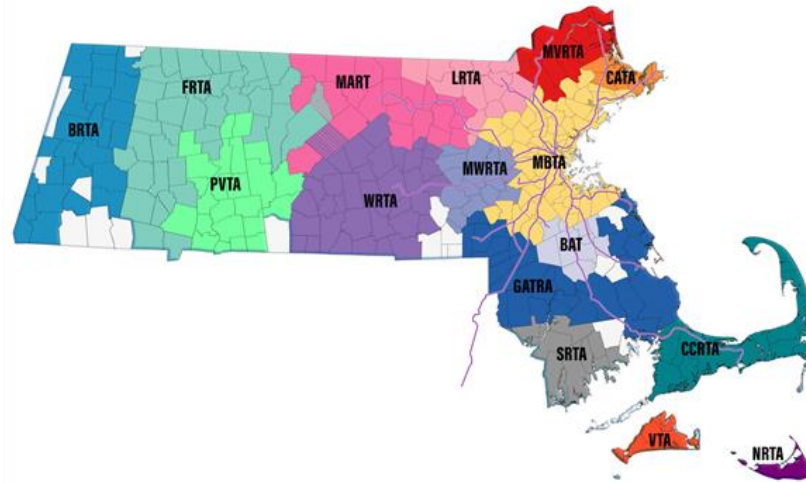
In addition, H.1 includes key investments including start-up costs for a means-tested fare program and design costs for the Red-Blue Connector. H.1 also recommends \$70 million for station improvement and making accessibility improvements across the network, as well as \$100 million for significant bridge repair, rehabilitation, and replacement needs systemwide.

## **Regional Transit**

The Commonwealth's 15 Regional Transit Authorities (RTAs) are independently run entities that provide integral transit services for communities across the Commonwealth, particularly for elderly and disabled residents that rely on paratransit. Each RTA serves a distinct population and geography and making service decisions that match the needs of their local communities, whether urban, rural, or somewhere in between. MassDOT works closely with each of the RTAs to deliver financial support and manage performance evaluation and improvement.



**Map of Massachusetts Transit Authorities**



H.1 recommends expanding base funding for RTAs by nearly \$9 million. H.1 also adds \$19 million for new grant opportunities for transit providers, including RTAs, to enable providers to explore new service models that better meet the needs of their communities, expand service to additional hours and days, and improve paratransit infrastructure. At least 25% would go towards providers serving rural communities.

In addition, this budget recommendation lays the groundwork for the West-East Rail, a project with the potential to truly transform. H.1 includes funding for a West-East Rail Director in MassDOT, and it recommends \$12.5 million for components of a future West-East Rail, including track improvements at the Pittsfield Station and the study and design of Palmer Station.

# FY 2024 BUDGET RECOMMENDATION BUDGET BRIEF

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

## **Housing & Homelessness**

*Megan Delaney, Fiscal Policy Analyst*

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### **Introduction**

Ensuring access to safe, affordable housing is crucial to maintaining the state's thriving economy and protecting the quality of life of Massachusetts residents. The new Executive Office of Housing and Livable Communities (EOHLC) will work collaboratively with stakeholders – local governments, non-profits, public housing authorities, developers, landlords, and renters – to develop a comprehensive housing development and stabilization strategy. The Healey-Driscoll administration's FY24 H.1 budget recommendation provides the new Executive Office with key resources to address housing and homelessness prevention and proposes new initiatives to support affordability for residents of the Commonwealth.

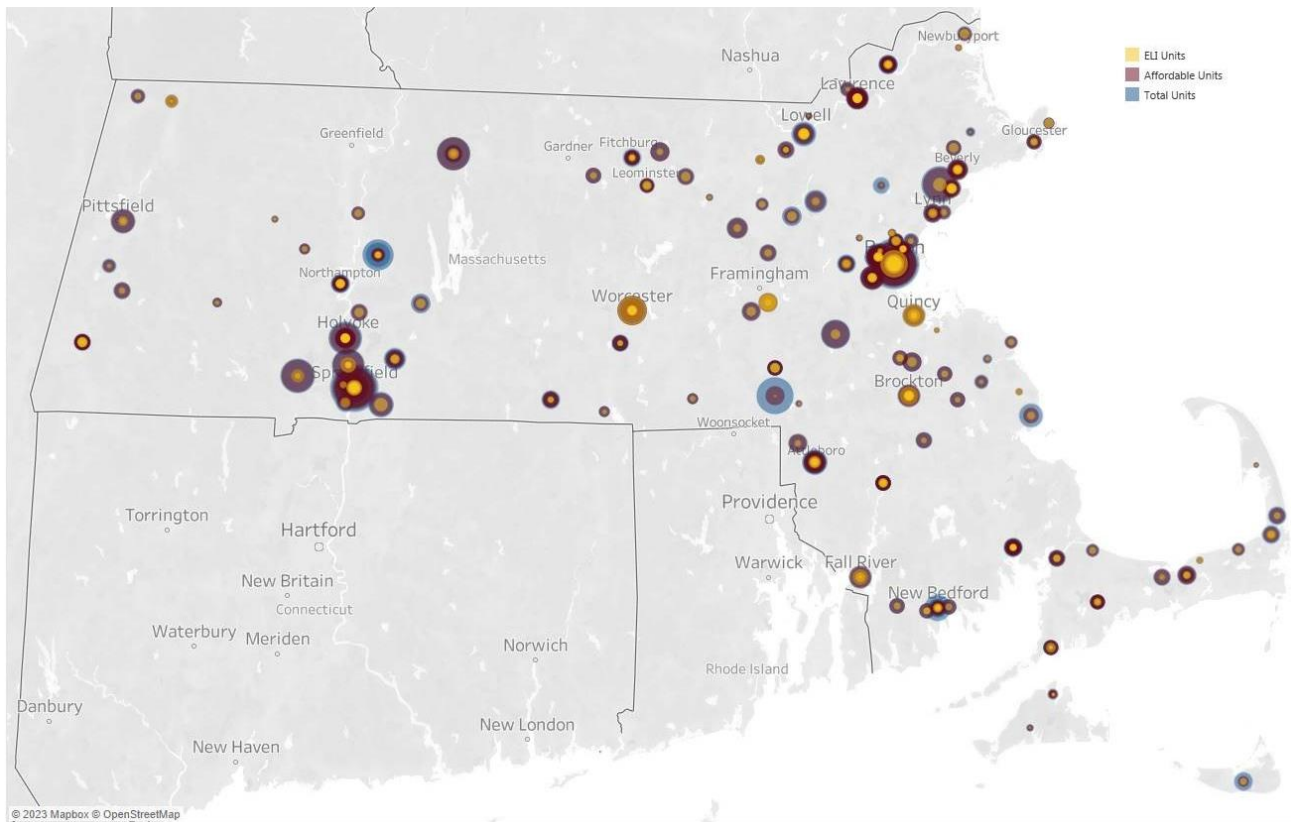
### **Housing Production and Affordability**

The Healey-Driscoll administration remains steadfast in its commitment to making Massachusetts a more affordable place for all its residents to live, and the \$742 million tax package filed alongside this budget recommendation both provides immediate relief to seniors and renters and invests in longer-term strategies to bolster housing development and create the homes the state needs.

The bill proposes relief to over 100,000 low-income seniors by expanding the Senior Circuit Breaker tax credit by doubling the maximum allowable credit, as the growing cost of living disproportionately impacts those living on fixed incomes, particularly seniors. It also assists approximately 880,000 renters by increasing the maximum rental deduction to \$4,000, an especially important tax break at a time when nearly 45% of renters in the Greater Boston area are considered rent burdened.

In addition, the administration recommends increasing the annual cap on Housing Development Incentive Program (HDIP) credits to generate more market-rate housing in the state's Gateway Cities by spurring private investment in housing development. The tax package also reauthorizes the Brownfields Tax Credit program, currently set to expire this year, which encourages the remediation of contaminated land and can unlock more available property for new housing.

These proposals complement over \$1 billion in ARPA and Transitional Escrow funds already appropriated for housing and \$110 million in authorization for housing development programs included in *An Act financing the immediate economic revitalization, community development, and housing needs of the Commonwealth*, filed by the Governor in January. For more information on how the tax relief package supports housing production and affordability, please see the **Providing Meaningful Tax Relief budget brief**.



*Total Housing Units Awarded EOHLC Funding, FY15-FY22*

The H.1 budget recommendation also funds the creation of 750 new Massachusetts Rental Voucher Program (MRVP) mobile and project-based vouchers and implements new program changes that will provide more flexibility to voucher holders:

- Continues the implementation of a payment standard model, which reduces tenant share of rent from 40% to 30% and transitions away from a maximum rent model
- Funds the continued implementation of a utility allowance for program participants
- Establishes payment standard rates based on the Small Area Fair Market Rents, which will provide more choice to voucher holders by allowing them to relocate to more high-opportunity neighborhoods
- Includes funding to assist voucher holders with paying initial security deposits, which often act as a barrier to households leasing with MRVP vouchers and contribute to voucher underutilization
- Advances the integration of MRVP into the Common Housing Application for Massachusetts Programs (CHAMP), which will help make the program more accessible and facilitate voucher utilization

Similarly, H.1 recommends impactful programmatic changes to the Alternative Housing Voucher Program (AHVP), which provides rental assistance to non-elderly individuals with disabilities. Historically, this program has not been able to issue all funded vouchers due to the challenges people with disabilities often experience in their housing search. Therefore, the budget authorizes – for the first time – the creation of AHVP project-based vouchers, which will

mitigate the insufficient supply of accessible housing for this population by incentivizing the inclusion of targeted units in new developments. Additionally, H.1 supports the development of comprehensive housing search support for AHVP participants and sets up an accessibility fund within the program to help make existing housing units more accessible for voucher holders.

The FY24 H.1 budget recommendation also includes the following investments targeted at populations more likely to experience challenges in accessing affordable housing:

- Expanding tangible housing supports and access for young people, including those involved with the Department of Children and Families, by supplementing existing federal dollars with first-time operating funding to help young adults secure housing, such as payments for first and last month's rent and security deposits
- Providing rental assistance through the DMH Rental Subsidy Program, a collaborative program between DMH and EOHLC
- Adding 300 MRVP project-based awards to existing units set aside at MassHousing properties for clients of DMH, DDS, MRC, and Elder Affairs
- Accelerating placement of DDS consumers currently on waitlists into safe, stable housing through the annualization of the new outcome-based incentive program
- Maintaining a \$2 million pilot program to provide rental assistance to those who were previously incarcerated in coordination with the Executive Office of Public Safety and Security

For more information on health and human service-related programming included in FY24 H.1, please see the [Caring for Our Commonwealth budget brief](#).

## **Addressing and Preventing Homelessness**

### *Residential Assistance for Families in Transition (RAFT)*

Emergency rental assistance plays a significant role in diverting individuals and families from experiencing homelessness through eviction avoidance. During FY21 and FY22, the state deployed \$800 million in federal Emergency Rental Assistance Program (ERAP) funds which helped keep low-income individuals and families in their homes and reduced the number of eviction filings to below pre-pandemic levels. The FY24 H.1 budget recommendation provides an offramp from these extraordinary spending levels to a sustainable, reliable safety net program that applies lessons learned to better support and prevent extremely low-income individuals and families from facing eviction, displacement, and possible homelessness.

In FY24, RAFT will provide a benefit of up to \$7,000 per household (vs. \$4,000 pre-pandemic) over a 24-month period for rental and utility arrears for low-income households who have received a Notice to Quit from a landlord. This recommendation continues the program's focus on aiding households in crisis *before* they face an eviction filing, helping them avoid an eviction record that can harm future housing prospects. RAFT will also continue to support startup costs when moving into new housing. H.1 funds emergency assistance to avoid a housing crisis for nearly 25,000 households in FY24, a more-than-fivefold increase over RAFT's pre-pandemic reach when program eligibility required a formal eviction filing.

## ***Budget Brief: Housing & Homelessness***

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Within RAFT, H.1 also includes \$4 million to reintroduce assistance for homeowners who have received a foreclosure notice, consistent with pre-pandemic policies. With federal funding for the Housing Assistance Fund (HAF) set to expire in June, extending assistance to those experiencing mortgage arrears provides essential financial relief to low-income homeowners as well.

### ***Shelters and Diversion***

As a “right to shelter” state, it is imperative that the Commonwealth’s emergency shelter system maintains sufficient capacity to house families experiencing homelessness, and this budget recommendation supports expanded shelter capacity to meet the needs of homeless families and additional intake staff to enable rapid housing placements for those experiencing homelessness, including arriving migrant and refugee families. With a \$324 million budget proposed in H.1 (48% increase above the FY23 budget), the Executive Office of Housing and Livable Communities will be able to maintain 4,755 units of Emergency Assistance Family Shelter (31% increase over FY23 baseline capacity). Like in many other major U.S. cities, demand for emergency shelter has rebounded since the COVID-19 pandemic, with the shelter system projected to serve 338 new families per month in FY24.

H.1 also funds Homeless Individual Shelters at \$110.8 million, which preserves over 2,600 shelter beds for individuals experiencing homelessness. This item supports permanent supportive housing, transitional housing, rapid rehousing, day programming, diversion and triage, street outreach and access to meals and healthcare for vulnerable homeless persons.

While these investments address the immediate housing needs of individuals and families in crisis, the administration continues to prioritize increasing shelter exits and shelter diversion, including avoiding evictions through programs like RAFT. EOHLC continues to expand permanent supportive housing for chronically homeless individuals and families, including low threshold housing for those struggling with mental health and substance use disorders. H.1 maintains \$5 million for the Homeless Individuals Rapid Rehousing Program and provides \$7.6 million for Sponsor-Based Permanent Supportive Housing, which will maintain supportive housing for 330 individuals.

In order to divert families from entering shelter, the HomeBASE program provides up to \$20,000 over 24 months for shelter-eligible families to be rapidly rehoused. The current affordability crisis has made it challenging for families to fully leverage this program. In response, H.1 pilots a new initiative that would allow shelter providers to award above \$20,000 to families if it is essential to resolving a housing crisis. An increase in HomeBASE uptake not only would relieve pressure on emergency shelter capacity but also rapidly rehouse families into a more permanent, stable housing situation.

# FY 2024 BUDGET RECOMMENDATION BUDGET BRIEF

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

## Climate Action

*Jackson G. Dyal, Fiscal Policy Analyst*

### Introduction

In taking on the climate crisis, the Commonwealth has an unprecedented opportunity to position itself as a global leader in clean technology, create thousands of well-paying jobs, lower the cost of energy for our residents, and build healthy, sustainable communities for all. The Healey-Driscoll administration's FY24 H.1 budget recommendation reflects Massachusetts' most significant investment in environmental justice, clean energy, clean energy workforce training, and environmental safety ever. H.1 makes the Executive Office of Energy and Environmental Affairs (EEA) 1% of the overall state budget for the first time, increasing EEA's funding by more than \$105.2 million, or 24%, and supporting 240 new staff, or 8% over current levels. Key investments include:

#### EEA to 1% of FY24 Budget

**\$543.6 million**

*FY24 H.1 Rec. for EEA*

**\$54.3 billion**

*FY24 H.1 Total Appropriations,  
excluding \$1 billion in Fair Share  
investments earmarked for  
education and transportation*

- Massachusetts Clean Energy Center (MassCEC), a quasi-governmental organization dedicated to spurring clean energy adoption across the Commonwealth; H.1 proposes first-time operating funding for MassCEC and, together with funding proposed in the upcoming supplemental budget, triples MassCEC's budget
- Climate adaptation and preparedness, including funding to investigate and develop a building decarbonization clearinghouse, a one-stop shop for energy efficiency, electrification, energy storage, and renewable programs in the state
- Strategic planning and research, including funding to develop a coastal resilience strategy, conduct climate and drought resilience planning, and increase air monitoring data analysis throughout the Commonwealth

EEA seeks to protect, preserve, and enhance the Commonwealth's environmental resources and deliver a clean energy future for the state. In 2007, Massachusetts became the first state in the nation to combine all environmental and energy agencies under one Cabinet Secretary – setting an example to recognize the interrelated missions of these agencies. Fifteen years later, the Commonwealth enacted groundbreaking climate change legislation, and H.1 reflects another major commitment to a green future.

H.1 focuses on those most impacted by climate change through a renewed commitment to environmental justice. Throughout all agencies and programs, environmental justice principles are embedded in EEA's actions and backed by an increase in funding for the expert staff, training, and services needed to facilitate an equitable approach to the climate crisis. These investments are accompanied by expansions in the enforcement of environmental standards, including funding for dozens of additional monitoring and compliance staff as well as \$1.5



## ***Budget Brief: Environmental Investment***

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million for the Department of Energy Resources to better represent the interests of citizens in adjudicatory hearings.

More than ever before, stakeholder, community, and resident engagement programs are central to the execution of the state's climate initiatives. New or expanded grant programs will provide \$25 million for the Food Security Infrastructure Grant program, making permanent first-time operating funding for investments in the infrastructure necessary for a thriving local agricultural economy and \$2.5 million for a new Ipswich River Watershed Grant program to help local and regional partners address water supply and quality issues. Investments unlocking federal matching funds will yield dividends for the Commonwealth's endangered species and aquatic life. The H.1 budget recommendation also maintains a \$63.4 million transfer to the Clean Water Trust to provide low-interest loans and grants to municipalities for water infrastructure maintenance and development.

First-ever operating support for MassCEC from the state budget will support a variety of clean energy initiatives, including promotion of clean transportation alternatives, clean energy job training, and energy infrastructure retrofits.

### **Environmental Justice**

Environmental Justice (EJ) is the principle that all people have a right to be protected from environmental hazards and to live in and enjoy a clean and healthful environment. EJ programming works to ensure that resource distribution is equitable and that the relative vulnerability of communities is prioritized throughout the policy-planning process. It is critical for Massachusetts to make systemic, transformative investments in the communities that would otherwise bear the brunt of climate change's most hazardous impacts.

### ***Environmental Justice Communities***

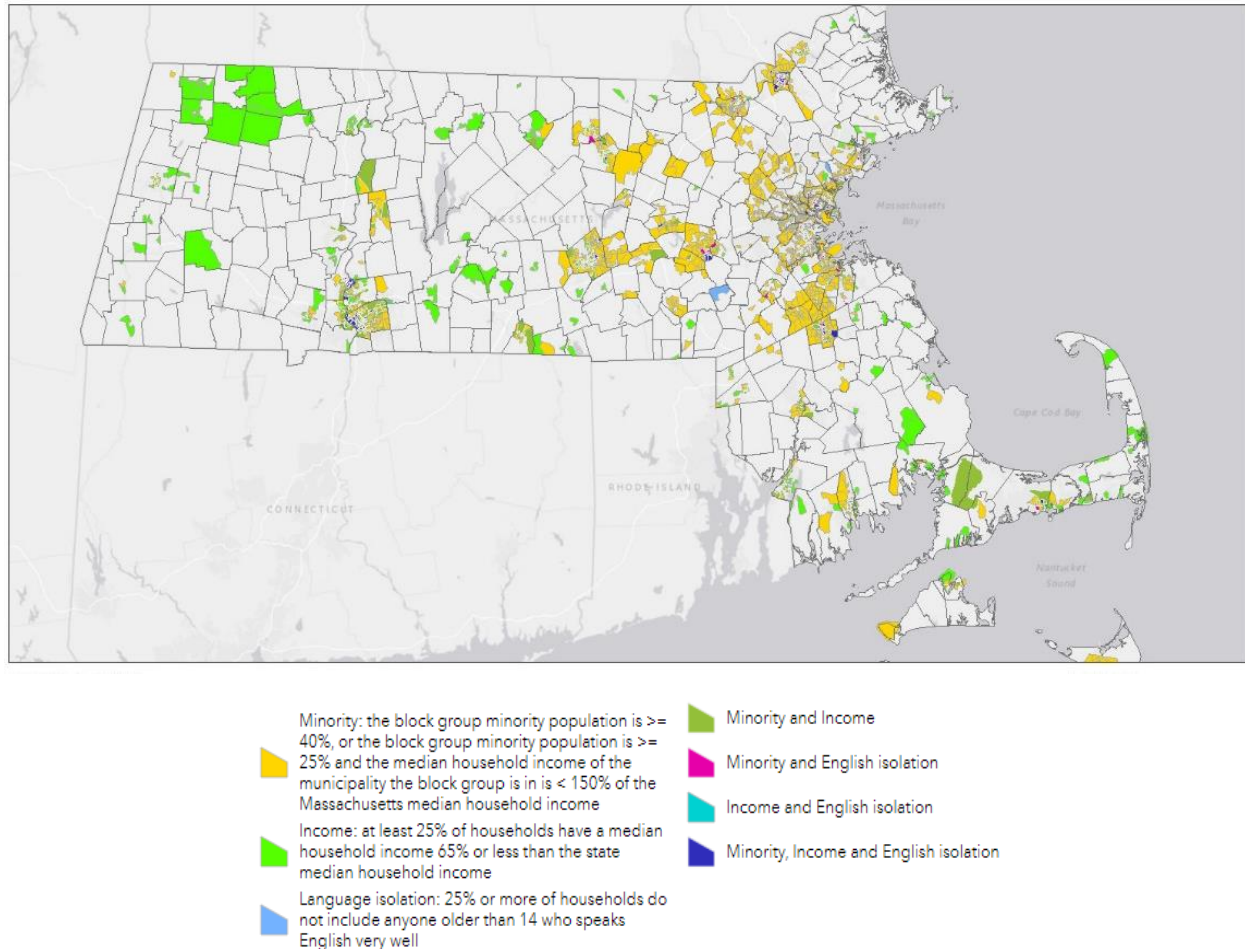
In Massachusetts, environmental justice communities are designated based on the proportion of residents who are low-income, identify with a minority group, or report speaking English less than "very well" on the latest U.S. Census. Each of these factors increases the likelihood that a community will be overlooked or excluded from the policymaking process, and thus bear a disproportionate burden of climate impacts. H.1 implements an environmental justice strategy informed by the Environmental Justice Council, created by *An Act Creating a Next-Generation Roadmap for Massachusetts Climate Policy* (Chapter 8 of the Acts of 2021) that will bolster community engagement, drive EEA-wide coordination, and assist our most vulnerable residents. Key investments include:

- Establishment of an Office of Environmental Justice led by the new Undersecretary of Environmental Justice and Equity
- 14 new Environmental Justice Liaisons (two per department) to support community outreach, public hearings, and stakeholder involvement, and better align hiring practices and inter-agency coordination with environmental justice principles – in addition to \$2 million for a secretariat-wide training program to ensure the principles of EJ are embedded in all EEA activities at all levels
- \$2 million to expand language outreach and translation services

- Additional resources for the Environmental Justice Council, the new inter-secretariat EJ working group, and partnering with indigenous communities

In total, H.1 adds more than \$70 million in new funding for environmental justice initiatives, a tenfold increase above the \$6.8 million already funded in the FY23 EEA budget.

2020 Environmental Justice Neighborhoods



## Clean Energy and Climate Plan

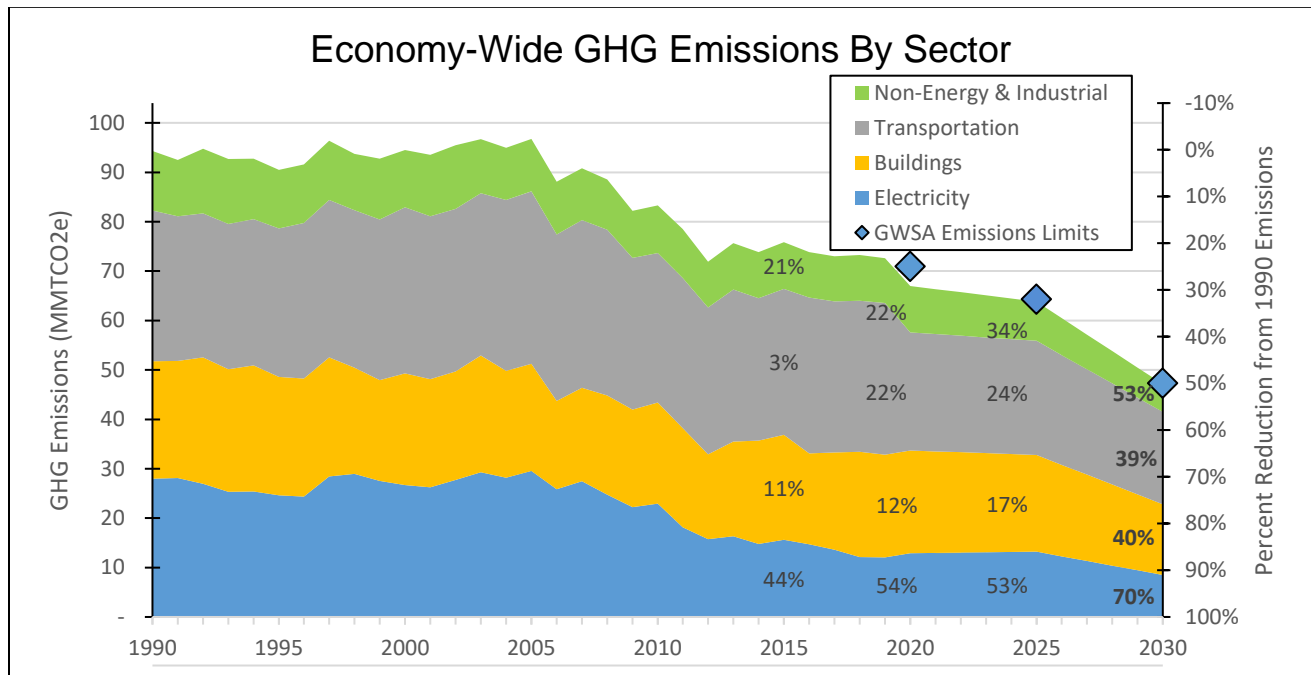
Developing clean energy resources and a skilled green workforce play critical roles in the Commonwealth's climate strategy. Massachusetts remains a national leader in the advancement of clean energy. The Massachusetts Clean Energy and Climate Plan for 2050 is a comprehensive plan designed to achieve net-zero greenhouse gas emissions by halfway through the 21<sup>st</sup> century. Some key components of the plan include:

1. A target of reducing emissions by at least 85% below 1990 levels by 2050, with the remaining emissions offset or sequestered to achieve net-zero emissions
2. Reducing emissions from the transportation sector through measures such as expanding and electrifying public transportation, incentivizing electric vehicle adoption, and implementing a regional carbon pricing system



## Budget Brief: Environmental Investment

3. Decarbonizing the electricity sector by increasing the use of renewable energy sources, such as wind and solar power, and transitioning away from fossil fuels
4. Improving the energy efficiency of buildings through the implementation of new building codes and energy-saving measures
5. Promoting sustainable land use practices, including the preservation of forests and wetlands, and the promotion of urban green spaces
6. Investing in research and development of new clean technologies, as well as promoting innovation in clean energy and climate solutions



EEA has already identified approximately \$280 million in funding towards achieving the 2030 targets, including the American Rescue Plan Act, Infrastructure Investment and Jobs Act, the Regional Greenhouse Gas Initiative, and the DEP Climate Trust. In addition, FY24 H.1 includes \$40.4 million in operating funding for CECP priorities:

- \$21 million for job training across the transportation, building, and clean energy sectors, to focus on historically underserved populations and feature partnerships with state universities and community colleges
- \$7 million for building decarbonization and retrofit programs specifically focused on low-income households
- \$7 million for new and continued programming to commercial clean transportation and support adoption
- \$4.8 million for the development of a decarbonization clearinghouse, which functions as a one-stop shop for energy efficiency, electrification, energy storage, and renewable programs in the state
- \$600,000 to develop a holistic, long-term land use strategy and support Massachusetts Environmental Policy Act initiatives

Working in tandem with federal partners and leveraging a broad suite of resources, state agencies – coordinated by the first-ever Cabinet-Level Climate Chief and supported by the new EEA Federal and Regional Leadership Office – are prepared to meet climate challenges head on.

### **Environmental Safety**

Massachusetts has a responsibility to protect our families, communities, and the environment that sustains us. Residents have a right to enjoy the Commonwealth's natural resources and everyday services without fear of toxins, health hazards, or climate degradation. The changing climate presents new challenges which the Commonwealth needs to address. As our planet warms and heat islands become more dangerous, the preservation and expansion of greenspaces, tree cover, and recreational swimming will be even more important. H.1 includes several new or expanded initiatives focused on environmental safety:

- \$5 million to expand the engineering team at the Department of Conservation and Recreation and accelerate completion of deferred maintenance of physical assets
- \$2.5 million for a grant program to address water supply and quality issues in the Ipswich River Watershed
- \$1.6 million to increase landfill and water facility sampling for PFAS and to develop PFAS air standards
- \$1.5 million to expand air quality monitoring throughout the Commonwealth
- \$1.5 million for climate and drought resilience planning
- \$1.5 million for the Department of Energy Resources to utilize expert witnesses during state adjudication
- \$500,000 to develop a holistic land-use strategy and coordinate housing, transportation, natural resource conservation, energy infrastructure and other development areas to ensure consumer resilience and safety

Under the leadership of the Healey-Driscoll administration, environmental and energy permitting agencies will ensure Massachusetts residents can have confidence in the safety and quality of their water, air, and natural resources.

### **Capacity Improvements**

Key to executing our strategy is ensuring that the state's commitment to ambitious policy objectives is matched by the administrative and fiscal resources necessary to achieving them. The FY24 H.1 budget recommendation dedicates 1% of all operating funding to EEA, a 24% increase from the FY23 final budget. This investment includes funding for 240 new EEA staff, an 8% increase over current staffing levels. These resources will significantly expand EEA's ability to safeguard public health in the Commonwealth through environmental stewardship, climate adaptation and mitigation, and clean energy expansion. Highlights include:

- Establishment of a Federal and Regional Leadership Office to coordinate with regional partners and states on topics such as transmission and hydropower lines
- 18 new employees to help meet recently promulgated federal PFAS standards through increased testing at landfills and water facilities and develop PFAS air standards

## ***Budget Brief: Environmental Investment***

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- 18 field staff to improve the Department of Environmental Protection's (DEP) inspection and compliance evaluation capacity and thoroughly enforce agency rules and regulations
- 16 policy development staff to ensure the permitting and licensing of DEP's water programs adequately addresses climate change, especially for larger and more complex projects
- 16 application development staff to take enhance EEA's IT services and public-facing online resources
- 2 new employees and data management support to develop a coastal resilience strategy
- Fiscal, administrative, legal, HR, and other support staff to ensure EEA has the capacity to meet policy commitments

### **Next Steps**

The climate crisis is one of the most pressing issues facing our planet and our communities. There is much work to be done to mitigate and respond to the inevitable impacts and harness the power of existing industry, academia, and workforce to grow our economy and lead this technological revolution. Through the strategic investments in the H.1 budget recommendation, the Commonwealth is well-poised to unleash economic prosperity, our robust natural resources, and the health and safety of our population.

# FY 2024 BUDGET RECOMMENDATION BUDGET BRIEF

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

## Food Security

*Madeline Killeen, Fiscal Policy Analyst*

### Introduction

Reliable access to fresh, affordable, and nutritious food is the foundation for a healthy life. From farm to table, the Healey-Driscoll administration is recommending investments to ensure Massachusetts residents continue to have access to healthy meals. 21 percent of families with children in the state currently face food insecurity. As the cost of living continues to rise, residents need increased support to keep food on the table. Across state government, the administration is making investments in food distribution, food affordability, and nutrition programs, as well as improving the infrastructure needed to ensure vulnerable residents have timely access to fresh and nutritious food to feed their families.



**\$25 Million towards Food Security Infrastructure**



**Supports over 36 Million Meals**



**Over 1.5 Million SNAP recipients**

### Supporting our Farmers

Our investment in food security starts with supporting our farmers to ensure the agricultural infrastructure of the state will thrive. The FY24 H.1 budget recommendation includes \$25 million for Food Security Infrastructure Grants (FSIG) to build the infrastructure necessary for local food economies to flourish – connecting farmers, fisherman, and other local food producers to a strong, resilient food system. These grants are awarded at all levels, from farmers and distributors to food banks and municipalities. Previously funded through one-time federal and capital sources, these grants have already begun making food more accessible by lowering the cost of production and helping distributors partner with the Department of Transitional Assistance to accept SNAP benefits. H.1 recommends a sustainable funding source for this critical program going forward.

### Direct Access to Meals

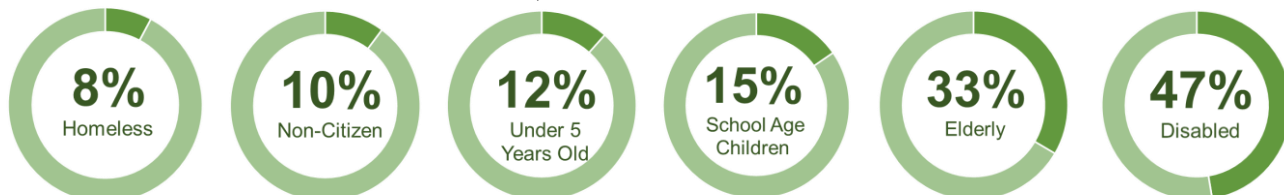
For over twenty-five years, Massachusetts Emergency Food Assistance Program (MEFAP) has been ensuring residents across the Commonwealth have access to quality food. MEFAP distributes meals via four regional food bank distribution centers: the Greater Boston Food Bank, the Merrimack Valley Food Bank, the Food Bank of Western Massachusetts, and the Worcester County Food Bank. H.1 includes \$31.7 million for MEFAP, a 4% increase over FY23 GAA to provide over 27 million meals to residents. This represents a 20% increase in the number of meals over pre-pandemic levels.

In its first FY23 supplemental budget recommendation, the Healey-Driscoll administration filed for \$65 million to ensure universal access to school meals for the remainder of the school year, as part of a one-year extension of the federally-funded program that ended in 2022. In the upcoming supplemental budget, the administration will recommend extending the program for another year with Transitional Escrow funds. These investments will ensure that the Commonwealth's children can focus on their education, rather than on when their next meal will be. The budget recommendation also invests almost \$8 million in the Safe Haven Program to provide meals to those experiencing homelessness in the state.

H.1 recommends fully funding the Nutrition Services Program at the Department of Elder Affairs at \$11 million, which provides over nine million meals to seniors each year through 27 programs, including the Senior Farm Share Program and Meals on Wheels. The Senior Farm Share Program allows low-income seniors to purchase a share of a farm in return for ten weeks of fresh, local produce that is delivered to participating Senior Centers and Councils on Aging. Seniors can also use their SNAP benefits to enroll. Massachusetts Meals on Wheels serves meals directly to seniors. These services not only provide healthy meals but also food tailored to the individual, considering dietary restrictions and cultural backgrounds.

### Supplemental Nutrition Assistance Program

Funded through the federal government, the Supplemental Nutritional Assistance Program (SNAP) helps families buy food. Massachusetts normally shares the cost of administering SNAP with the federal government. However, because the extra COVID SNAP benefits are being discontinued in March 2023 due to federal action, the administration proposed in its FY23 supplemental budget to additionally provide \$130 million for an off-ramp to the abrupt end of these extra benefits for over 630,000 families:



In that same FY23 supplemental budget, the administration filed for \$2 million to reimburse clients who have been victims of SNAP theft. H.1 builds upon these investments by recommending funding for technology to improve the security of these SNAP benefits.

H.1 also recommends funding the Healthy Incentive Program (HIP) at \$5 million, which would be supplemented by an estimated \$8 million in unspent FY23 funds. HIP improves access to fresh, locally grown produce for SNAP recipients by providing extra funding on SNAP recipients' EBT cards to purchase fruits and vegetables and supports clients who wish to grow their own.

In addition, H.1 supports the costs of implementing the new Summer Electronic Benefit Transfer (Summer EBT) program, which replaces the Pandemic-EBT program. Starting in the summer of 2024, families with young children who receive SNAP benefits or who are eligible for free and reduced-price school meals will have access to supplemental EBT benefits of \$40 per child per month to purchase food for their families during the summer.

# FY 2024 BUDGET RECOMMENDATION BUDGET BRIEF

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

## *Investing in the Commonwealth's Workforce*

*Sarah Barrese, Assistant Budget Director*

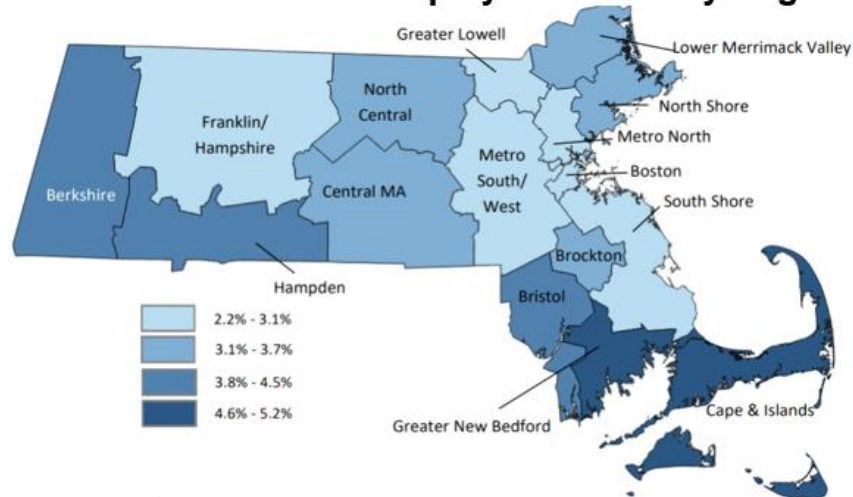
### Introduction

The Healey-Driscoll administration is committed to developing a pipeline of skilled workers who will bolster the Commonwealth's economy and to increasing individuals' access to fulfilling and productive employment. The administration's FY24 H.1 budget recommendation builds upon existing programs to expand the Commonwealth's support for successful workforce development initiatives and introduces new programs focused on connecting Commonwealth residents with well-paying jobs.

### Employment in Massachusetts

In December 2022, the Commonwealth's unemployment rate was 3.2%, approximately 1% lower than a year prior, which suggests "full employment," or the maximum employment level that can be reached without undue inflation. Even so, the unemployment rate may still be high for certain demographics, or the labor force participation rate may be low.

#### Massachusetts Unemployment Rate by Region



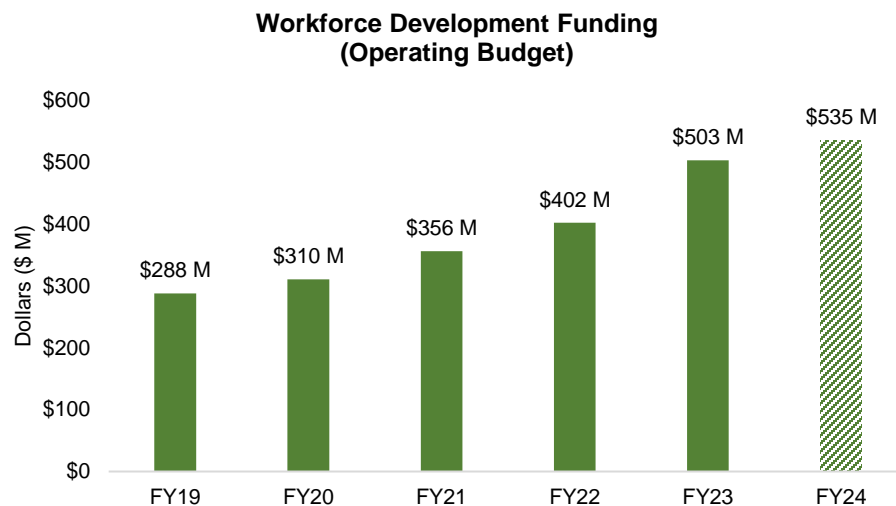
Therefore, in FY24, the Healey-Driscoll administration will focus on:

1. Closing workforce skills gaps to ensure that all Commonwealth residents are equipped to meet the needs of potential employers and that the Commonwealth's businesses have the capacity to thrive
2. Investing in workforce development resources for industries currently facing workforce shortages, such as healthcare, transportation, and technology
3. Reengaging underemployed and/or discouraged individuals who have exited the labor market

## **Workforce Development Spending at a Glance**

The FY24 H.1 budget recommendation includes \$535.4 million in proposed workforce development spending across state government. This funding level represents a \$32.4 million (6%) increase over the FY23 budget and a \$247.9 million (86%) increase over pre-pandemic baseline spending (FY19). Notable new investments include:

- \$21 million to expand job training in the clean energy industry
- \$20 million to establish MassReconnect, making community college free for Massachusetts residents over the age of 25 without a college degree
- \$14.4 million (\$46.9 million total) to expand access to Early College and Innovation Pathways programs
- \$4 million (\$5 million total) to increase apprenticeship opportunities by approximately one-third

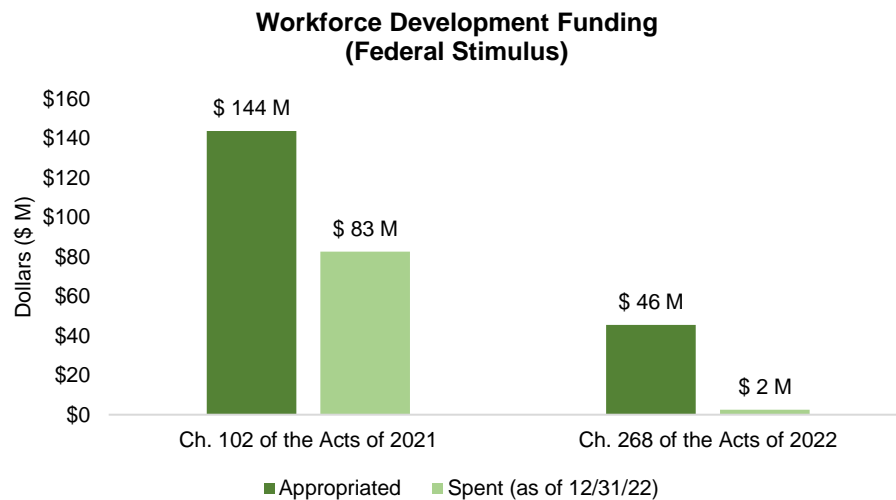


H.1 also continues to support core workforce development programs, such as:

- Adult Basic Education programs to teach adults English, prepare them for the High School Equivalency Test, and facilitate transitions into post-secondary education
- Community Day and Work Programs for individuals with developmental disabilities
- Career Technical Institutes, which increase opportunities to retrain for high-demand occupations at vocational high schools running three shifts a day, including a night program for adults with credentialing, wrap-around, and placement services
- YouthWorks (Summer Jobs for At-Risk Youth), which provides job subsidies and soft skills curriculum for young adults between the ages of 14 and 25
- Workforce Competitiveness Trust Fund, which provides grant funding to pay for recruitment, education, training, and wraparound supports to build an occupational pipeline for participating employers
- MassHire Career Centers, which are primarily federally funded program but also receive operating funding to offer employment and job training services to job seekers



In addition, significant pandemic-related federal stimulus funding supplements these operating budget investments. Of the \$189.2 million appropriated for workforce development-related spending through [Chapter 102 of the Acts of 2021](#) (“ARPA”) and [Chapter 268 of the Acts of 2022](#) (“Economic Development Bill”), approximately \$104.2 million remains available to be spent through 2026. Distributing this funding quickly and equitably is a priority of the [Workforce Skills Cabinet](#), which the Healey-Driscoll administration plans to expand in FY24.



## Careers in Clean Energy

FY24 H.1 includes a \$35 million transfer to the Massachusetts Clean Energy Center (MassCEC), which funds initiatives focused on reducing greenhouse gas emissions while investing in the clean energy economy, consistent with the [Massachusetts Clean Energy and Climate Plan for 2025 and 2030](#). Of this amount, \$21 million will facilitate partnerships with public higher education institutions and trades to increase training and re-training opportunities with the goal of expanding access to work in the clean energy industry. Specifically, MassCEC will focus its workforce development partnerships on clean transportation, building decarbonization, and renewable energy training opportunities. According to [MassCEC's 2022 Clean Energy Industry Report](#), Massachusetts employed more than 104,000 workers in the clean energy industry at the end of 2022. With this \$21 million investment, the Healey-Driscoll administration launches its efforts to expand the clean energy workforce; the administration aims to add at least 29,500 jobs in this industry by 2030.

## MassReconnect

The Healey-Driscoll administration recognizes the important role that access to higher education plays in the lives of our residents and the strength of our workforce. For this reason, H.1 dedicates \$20 million to launch the [MassReconnect](#) scholarship and [Student Success](#) program, supporting residents 25 years and older with free associates degrees and high-quality certificates and public community colleges. MassReconnect is a program to help support students 25 years old and older complete their education and train them for good jobs in critical industries, including health care, education, clean energy, advanced manufacturing, and behavioral health. This financial support is not contingent on high school GPA and allows

for part-time enrollment with the goal of minimizing barriers to higher education that impede students who need to work or support families. Census data from 2020 indicates that more than 1.8 million Massachusetts residents may be eligible to participate in the program. See the [FY24 MassReconnect budget brief](#) for more information on this program.

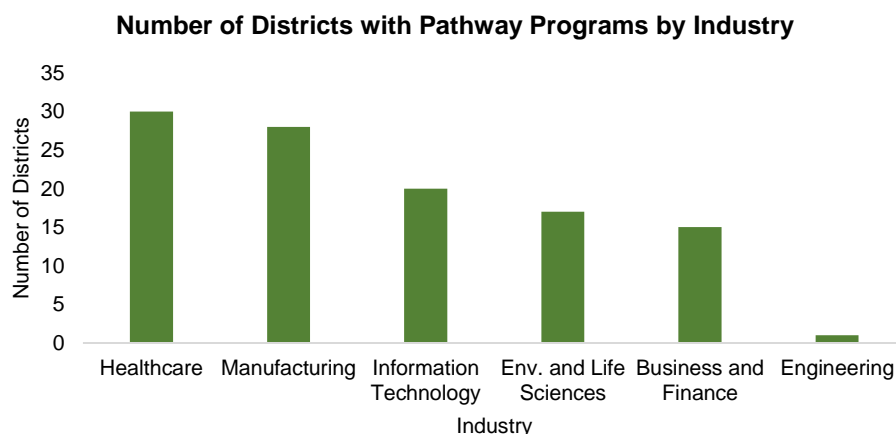
### **Early College and Innovation Pathways**

Early college programs blend elements of high school and college to provide students with opportunities to complete college-level coursework while exploring potential career paths. By reducing the time and expense of earning college credentials, early college programs increase the likelihood that individuals will complete their college degree or certificate programs. Fifty-one Massachusetts high schools participate in early college partnerships at 24 institutions of higher education.

The Innovation Pathways program connects high school students with coursework and work opportunities in high-demand industries, such as manufacturing, healthcare, and information technology. At the beginning of the 2022-2023 school year, approximately 5,700 students were enrolled in Innovation Pathways programs.

To provide more access for students to career and college readiness programming, H.1 includes \$46.9 million for pathways programs including Early College and Innovation Pathways, a \$14.4 million expansion over FY23. This investment includes a \$3 million (+30%) increase in Early College Program grants and technical assistance to high schools implementing pathways programs and a \$1 million (+22%) increase in Innovation Pathways for implementation and planning grants. This also includes a \$10 million investment in broader pathway program support, allowing flexibility in expanding pathways for students. This investment will expand opportunities for high school students across the Commonwealth to explore college and career pathways before graduating from high school.

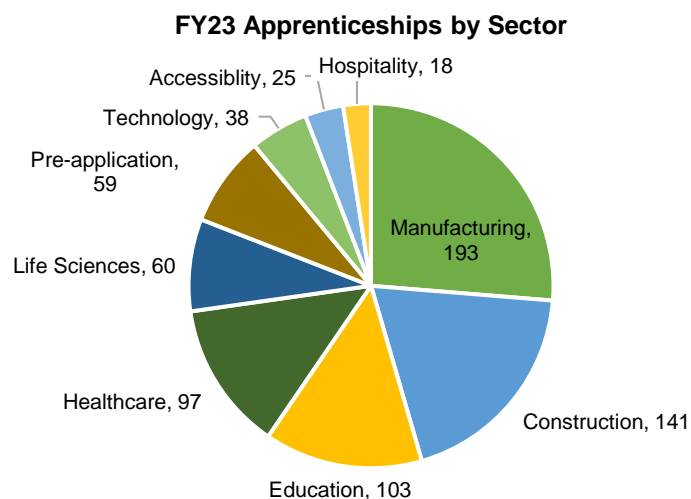
The Early College program under this budget would provide approximately 18,122 students in the 2023-2024 school year with the opportunity to earn up to 12 college credits before graduating, and the Innovation Pathways will enroll approximately 10,194 students in coursework across priority industries,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



## Registered Apprenticeships

The FY24 H.1 budget recommendation includes \$5 million for the Registered Apprenticeship program, which will fund 684 apprenticeships in FY24. Federal funding will support an additional 319 apprenticeships (1,003 total). This represents a one-third increase over FY23 apprenticeship opportunities in Massachusetts. The Division of Apprenticeship Standards will prioritize the expansion of apprenticeships in healthcare and nursing, teaching, biotechnology, and financial services, in addition to pursuing opportunities to increase diversity in construction and trade apprenticeships.

The proposed tax relief package, filed as companion legislation to H.1, also broadens the set of industries that may claim an existing tax credit available to corporations and pass-through entities who provide apprenticeship opportunities.



## Self-Sufficiency Program

H.1 includes a dedicated \$1.5 million line item for a Self-Sufficiency Program. Modeled on the Federal Self-Sufficiency Program, this program will provide funding to Housing Authorities and Regional Administering Agencies for one staff member each to help state-aided public housing residents and MRVP voucher holders achieve better economic outcomes through education, job training, and employment. The staff member will offer coaching, guidance, and connection to programs. A key component of this initiative is the creation of escrow accounts that hold the increases in rents program participants pay as their incomes rise, which become participants' savings accounts when they complete the program, resulting in reduced reliance on public assistance and, in some cases, homeownership.

## Looking Ahead

In FY24, the administration will continue to explore and expand investments in the workforce that prioritize equity and sustainability and increase the Commonwealth's competitiveness.

# FY 2024 BUDGET RECOMMENDATION BUDGET BRIEF

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

## Caring for Our Commonwealth

John Coogan, Madeline Killeen, Eleanor Sullivan, Torei Gudaitis; Fiscal Policy Analysts

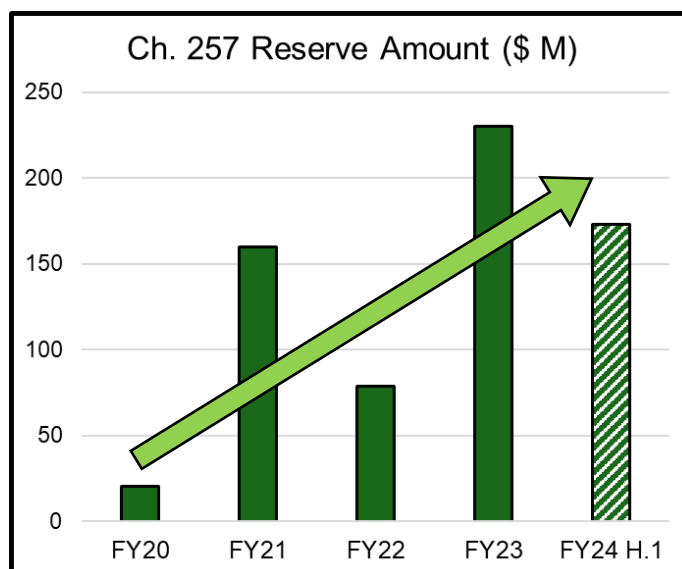
### Introduction

The Executive Office of Health and Human Services (EOHHS) is the largest secretariat in state government, with 11 agencies, over 21,000 employees, and nearly \$30 billion in spending, including MassHealth. Its efforts are focused on the health, resilience, and independence of the residents of Massachusetts, and its public health programs touch every community in the Commonwealth. The Healey-Driscoll administration's FY24 H.1 budget proposal recommends funding EOHHS at \$28.6 billion, a \$905.2 million (3%) increase over FY23, excluding supplemental payments to hospitals. This represents a \$568.1 million (7%) increase over FY23 aside from MassHealth. For more information on MassHealth, please see the [MassHealth budget brief](#).

	FY22 Actuals	FY23 GAA	FY24 H.1 Rec.	H.1 vs. GAA	
Executive Office of Health and Human Services	423,248,377	436,546,319	<b>428,040,103</b>	(8,506,216)	-2%
Chapter 257 and Human Service Reserve	-	230,000,000	<b>173,000,000</b>	(57,000,000)	-25%
Department of Elder Affairs	662,542,684	720,432,554	<b>711,389,886</b>	(9,042,668)	-1%
Department of Public Health	867,958,463	938,273,734	<b>860,448,594</b>	(77,825,140)	-8%
Department of Children and Families	1,150,007,816	1,195,705,610	<b>1,357,574,572</b>	161,868,962	14%
Department of Transitional Assistance	823,417,538	955,185,376	<b>1,049,980,264</b>	94,794,888	10%
Department of Developmental Services	2,454,171,947	2,440,474,902	<b>2,791,833,658</b>	351,358,756	14%
Department of Mental Health	1,040,892,311	1,018,768,861	<b>1,115,045,360</b>	96,276,499	9%
Department of Youth Services	179,460,048	176,407,198	<b>182,589,541</b>	6,182,343	4%
Massachusetts Rehabilitation Commission	70,046,962	78,565,787	<b>88,915,562</b>	10,349,775	13%
Massachusetts Commission for the Blind	26,359,647	29,105,904	<b>27,075,530</b>	(2,030,374)	-7%
Commission for the Deaf and Hard of Hearing	7,791,423	8,579,332	<b>9,941,371</b>	1,362,039	16%
Office for Refugees and Immigrants	15,405,624	1,758,019	<b>2,036,958</b>	278,939	16%
<b>HHS Total (non-MassHealth)</b>	<b>8,354,047,222</b>	<b>8,229,803,596</b>	<b>8,797,871,397</b>	<b>568,067,801</b>	<b>7%</b>
MassHealth Programmatic	19,921,657,910	19,479,753,150	<b>19,816,887,922</b>	337,134,772	2%
<b>Subtotal (w/ MassHealth)</b>	<b>28,275,705,132</b>	<b>27,709,556,746</b>	<b>28,614,759,318</b>	<b>905,202,572</b>	<b>3%</b>
MassHealth Supplemental Payments	922,629,156	667,309,276	<b>570,968,000</b>	(96,341,276)	-14%
<b>Total</b>	<b>29,198,334,288</b>	<b>28,376,866,022</b>	<b>29,185,727,318</b>	<b>808,861,296</b>	<b>3%</b>

### Building Capacity and Supporting the Workforce

Chapter 257 of the Acts of 2008 laid the groundwork for a new biennial rate review process for human service providers, with each rate going through a period of development, analysis, public hearing, finalization, and promulgation. For any given rate, projected costs are either funded in a central Chapter 257 reserve (line item 1599-6903) ahead of that process—to provide flexibility for potential changes throughout the rate review process—or built into agency line items once that process is complete. Two of the largest rates (Adult Long-Term Residential Services, or ALTR, and Adult Community Clinical Services, or ACCS) are both reviewed ahead of “odd” years, and all else being equal, the size of the reserve is typically smaller in “even” years like FY24.



The FY24 H.1 budget proposal reflects historic increases to ensure wages for human service providers do not fall below at least the 50<sup>th</sup> percentile according to the Bureau of Labor Statistics. This funding level is more than double the amount funded in the last “even” year of Chapter 257 rate reviews, directly investing in the Commonwealth’s human services workforce and allowing those who provide critical care for some of the most vulnerable individuals to continue to do so. An additional \$125 million appropriated in the FY22 Economic Development Bill will further increase rates to the Bureau of Labor Statistics’ 53<sup>rd</sup> percentile in both FY24 and FY25.

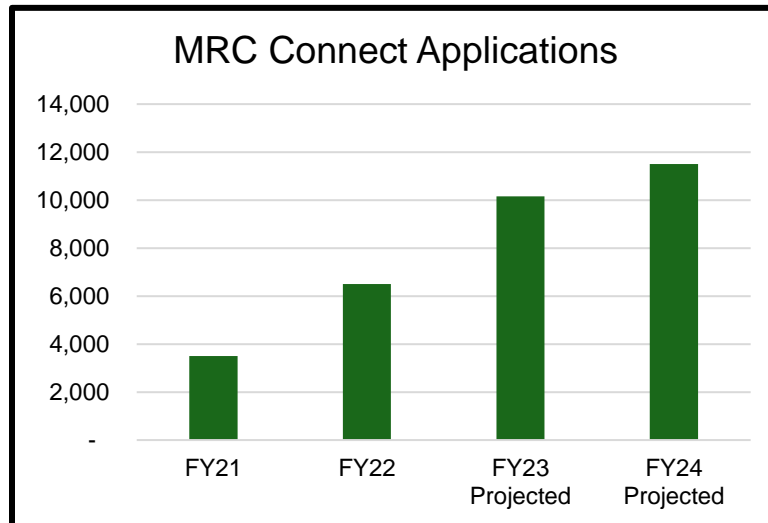
In addition, H.1 recommends significant investments in its Congregate Care Network (CCNET) and in emergency beds to address capacity issues: H.1 includes \$56.5 million for supporting and expanding the CCNET capacity through process improvements and increasing rates. Every child should have a bed to sleep in. This funding will help expand access to an estimated 220 beds. H.1 also recommends a \$16 million increase for family support and stabilization services to promote family stability and preservation, reunification, and service coordination. Finally, H.1 invests \$6.9 million to raise foster care rates by 7% to further support families caring for some of the Commonwealth’s most vulnerable children at a time when the cost of living is higher than ever.

H.1 also makes critical investments in expanding capacity throughout the behavioral health continuum of care. For more details, please see the **Behavioral Health budget brief**.

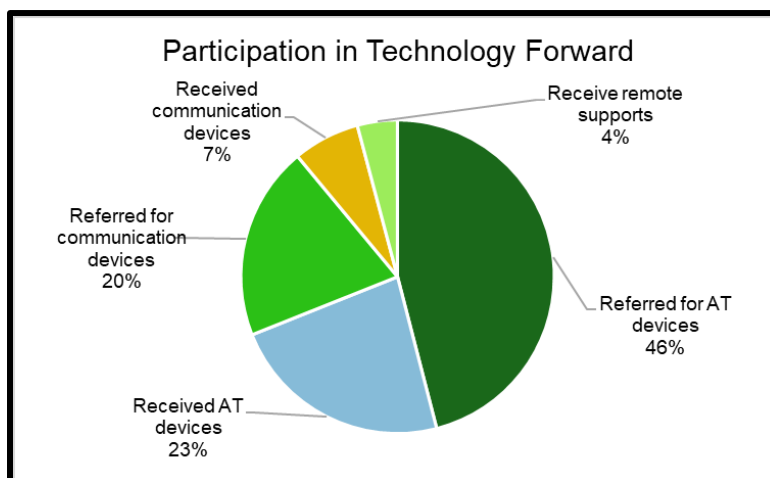
### **Innovative Program Investments**

The FY24 H.1 budget recommendation includes an additional \$347,000 for the After-Hours Emergency Services Program within the Massachusetts Commission for the Deaf and Hard of Hearing (MCDHH) that keeps interpreters on standby in the case of an emergency outside of regular operating hours, such as emergency domestic violence issues and emergency hospital stays, which require access at any hour of any day. This program coordinates the deployment of interpreters into the field to meet this critical need.

H.1 also recommends increasing funding and staffing for MRC Connect, an application portal for the public to apply for programs within the Massachusetts Rehabilitation Commission (MRC). The portal was launched in late 2020 to address two issues with MRC's process: first, that caseworkers were spending hours on administrative work, which took away time from their duties to provide effective care for the consumer and second, that consumers were sometimes unknowingly eligible for multiple programs. Because applying to MRC programs has been streamlined, applications grew from 6,500 in FY22 to a projected 10,152 in FY23. H.1 recommends an additional \$810,000 to meet the increasing need associated with MRC Connect.



H.1 also supports innovative programs at the Department of Developmental Services (DDS). In 2019, DDS launched a task force on Assistive Technology (AT), which produced Technology Forward, a program that provides AT services, remote supports and monitoring, and innovative funding. Over 300 people have been referred to AT professionals to help assist and identify solutions to achieve their own personal goals or gain greater independence. 117 people have received assistance with finding the means for them to communicate effectively, and 30 of these people have been supported with devices and solutions thus far while the others are in different stages of searching for what will best work for them.



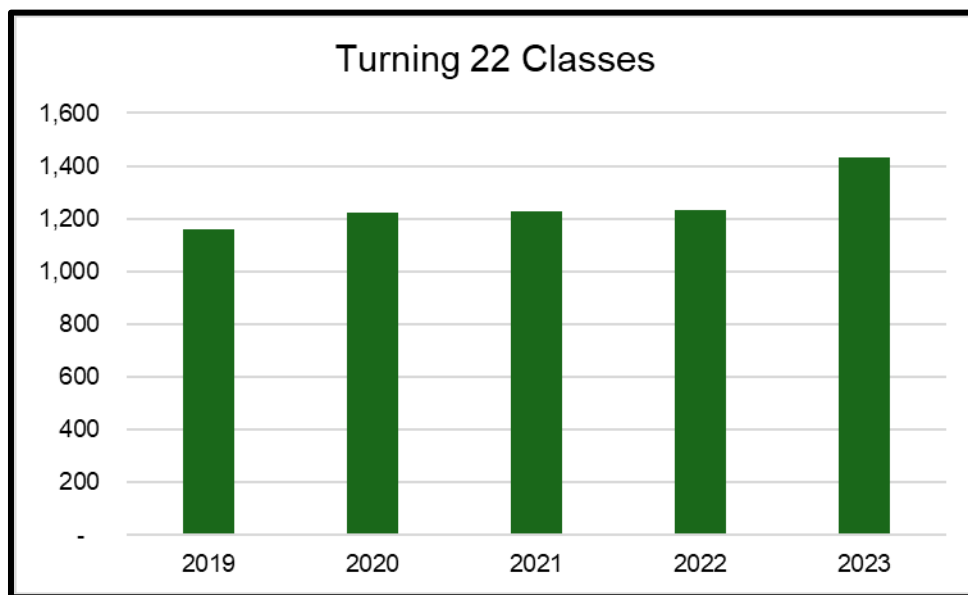


## Budget Brief: Caring for Our Commonwealth

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H.1 recommends funding Technology Forward at \$2.75 million in FY24 to expand the program to help more independent individuals get supports they need. Some of the assistive strategies will be integrated with the new 24/7 alternative care model being piloted in FY24 to promote independence in their long-term consumers. This pilot proposes to use coordinated care teams to support independent living coupled with assistive technology to avoid long-term residential placements and maintain the independent agency of the consumer.

This is in addition to fully funding this year's Turning 22 class across all of the EOHHS disability agencies. Turning 22, whose DDS class this year is historically large, helps transition a person from the supports provided by the education system into the supports provided by EOHHS agencies including DDS, MCB, and MRC. H.1 supports the addition of 1,431 new clients, over 200 higher than the usual average class size of 1,200.

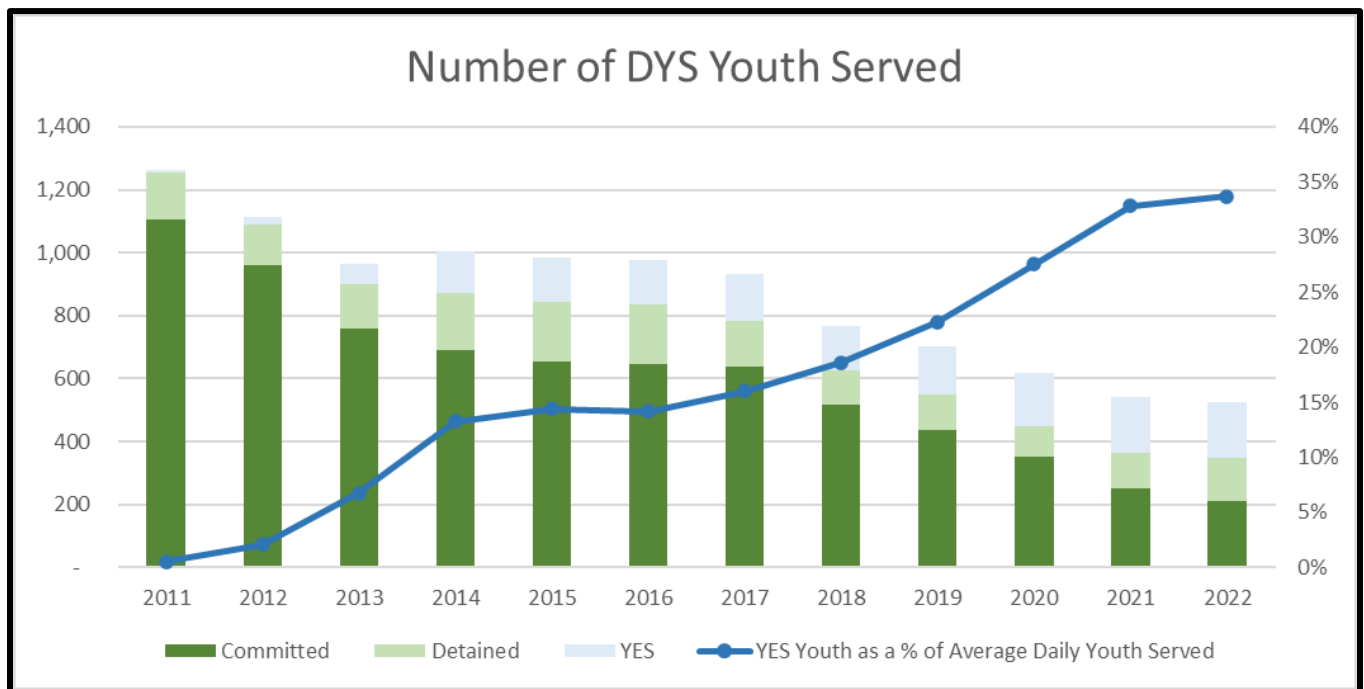


DCF is also committed to supporting youth as they age out of their system. The FY24 H.1 budget recommendation includes \$1.5 million for a Tangible Housing Supports Unit to supplement federal resources and help those who are ineligible for federal supports. This investment would help provide financial assistance to youth for payments such as first and last month's rent and security deposits to help secure housing and reduce the risk of young adult homelessness. This investment is supported by an additional \$1 million for Unaccompanied Homeless Youth Services at EOHHS to assist DCF's initiatives with case management and warm hand-offs. For more on the Healey-Driscoll Administration's approach to housing, please see the [Housing & Homelessness budget brief](#).

Finally, H.1 also proposes investing in children through the Department of Youth Services (DYS), which is dedicated to creating positive change in youth involved in its Juvenile Justice system. Over the past several years, DYS researched innovative ways to be more equitable, culturally competent, and gender-sensitive towards the youth in their custody while teaching skills that set them up for success when leaving DYS. The fruition of this work resulted in \$4.5 million dedicated to targeted investments that will improve the quality of life for the youth served, and the staff that works with them every day. This includes:

- \$2.6 million for quality-of-life investments in youth served and staff to restructure the girls programming to create an environment unique to their experience and needs, invest in food, clothing, hygiene products, exercise equipment, and staff respite spaces
- \$934,000 for Workforce Development, Retention, and Safety
- \$655,000 for Vocational Education to expand opportunities for youth
- \$228,000 for Racial Equity and Inclusion trainings

DYS's support of youth extends beyond their discharge from commitment through the Youth Engaged in Services program (YES). Each youth who attains their statutory age of discharge from DYS is offered voluntary services including case management and transitional supports to reduce recidivism. These supports are available to youth until their 22<sup>nd</sup> birthday. Although the committed population at DYS has gone down, the YES program continues to be successful with a stable census; on a year-over-year basis, a larger proportion of youth are opting into these supports. FY24 H.1 includes an outside section to allow the youth enrolled in the YES program to engage with the department beyond 90 days after discharge, as well as expand the services offered to include transitional supports.



## Engaging Our Most Vulnerable

### *Supporting Transitional Assistance*

Through direct economic assistance and SNAP benefits, as well as workforce training opportunities, DTA is pivotal in supporting some of Massachusetts's most vulnerable residents. The past few years have also seen an increase in the need for cash assistance programs, and H.1 reflects the rising caseload by recommending an increase of \$46.8 million for Transitional Aid to Families with Dependent Children (TAFDC) and \$46.7 million for Emergency Aid to the Elderly Disabled and Children (EAEDC). H.1 also supports automating Crib and Layette payments to TAFDC recipients with an infant under six months of age, relieving responsibility



off new parents and ensuring every eligible family is receiving the financial support without adding extra administrative burden. These payments can go towards cribs, mattresses, or infant clothing.

In addition, H.1 creates Family Advisory Boards comprised of TAFDC recipients who would be provided with training and compensation for their time and expertise. These boards will provide feedback on the agency's operational and policy development and serve as partners in decision making.

*Supporting Refugees and Immigrants*

The Office for Refugees and Immigrants (ORI) provides services to immigrants and refugees settling in Massachusetts in a manner that is sensitive to their cultural and linguistic needs. Demand for these services has increased, and the funding level proposed in the FY24 H.1 budget recommendation will ensure ORI is prepared for the continuing need. This includes a \$500,000 increased state investment to expand in-house policy expertise, program development, and monitoring to support an expanded focus on immigration, in addition to services for refugees typically funded by the federal government. The recommendation also funds the Citizenship for New Americans Program (CNAP) for over 1,700 refugees and immigrants, including services such as:

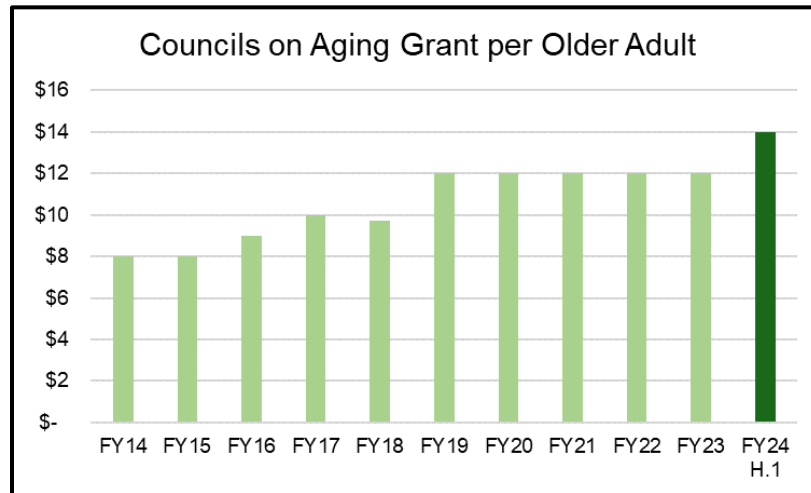
- English for Speakers of Other Languages/civics classes
- Citizenship application assistance
- Interview preparation
- Interpretation and referral services

ORI works in partnership with DTA for the portion of the Employment Services Program (ESP) that is dedicated to serving refugees and immigrants. Since 2020, this program has tripled in size, and FY24 H.1 includes a \$1.5 million investment over FY23 to help keep up with demand. The ORI ESP program assists with employment readiness and training, workshops, job fairs and placements, all in the primary language of the client as they develop their English skills.

Additionally, the FY24 budget recommendation includes \$1.8 million to expand mental health services for international evacuees resettled in the Commonwealth. The Department of Public Health (DPH) Refugee Health Assessment Program (RHAP) funds providers and collaborates with resettlement agencies, community health centers, refugee-serving community organizations, and refugee community representatives to offer an early point of entry into US health care via RHAP. These funds will allow RHAP sites to provide virtual refugee Wellness and Integration assessment and support.

*Councils on Aging*

H.1 recommends an increase to the grant formula for the 350 local Councils on Aging from \$12 to \$14 per older adult, the first increase of its kind since FY19. This funding level will help the Councils on Aging deliver services including information and referral, outreach and counseling, nutritional assistance, and wellness programs.



To learn more about additional investments the Healey-Driscoll administration is recommending in public and mental health, please see the [Reproductive Health budget brief](#) and the [Behavioral Health budget brief](#).

# FY 2024 BUDGET RECOMMENDATION BUDGET BRIEF

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

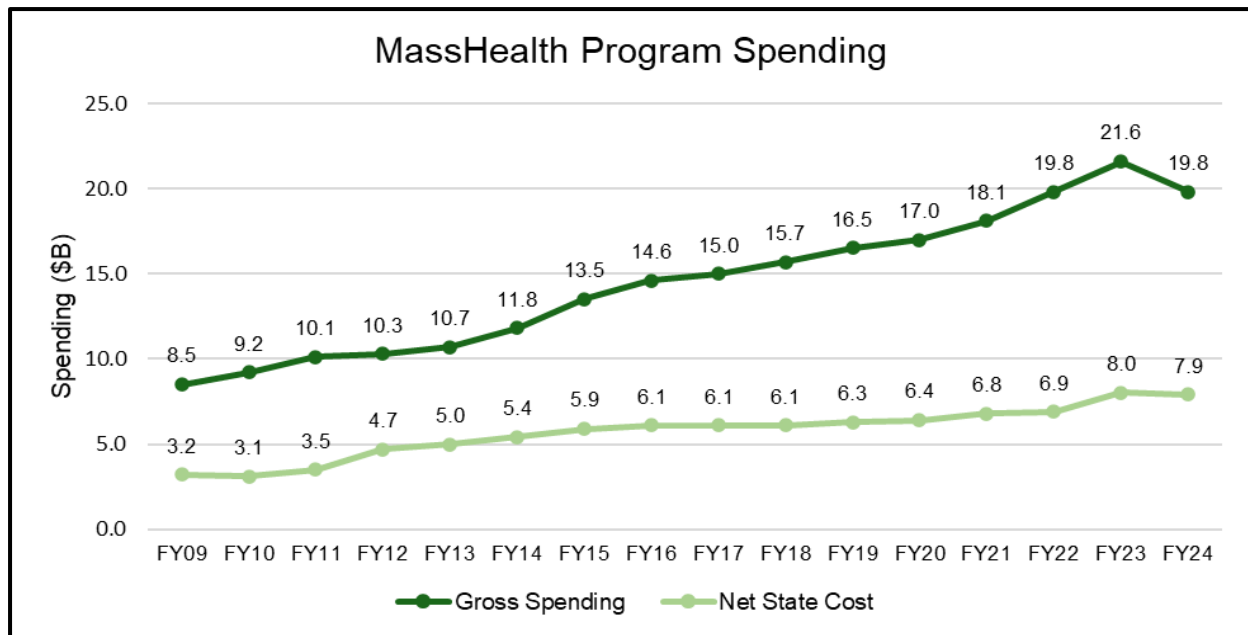
## MassHealth

*John Coogan and Torei Gudaitis, Fiscal Policy Analysts*

### Introduction

MassHealth provides coverage of health care and related critical services to over 2 million members, including 1.6 million low- and moderate-income families and roughly 500,000 people with disabilities and older adults. MassHealth is the single largest program operated by the Commonwealth, at just over 30% of gross spending. The federal government partially reimburses states for Medicaid services at a rate known as the Federal Medical Assistance Percentage (FMAP). For Massachusetts, the base level of FMAP is 50%.

FY24 H.1 funds MassHealth at \$19.8 billion gross/\$7.9 billion net, a decrease of \$1.9 billion gross/\$254 million net below estimated FY23 spending. This change is driven largely by caseload decline and intentional distribution of funds across fiscal years to mitigate a revenue cliff due to the end of the federal COVID Public Health Emergency (PHE), offset by new investments in key services. The proposed FY24 budget for MassHealth maintains affordable, equitable, and comprehensive health care coverage for members without reducing benefits.



### Federal Public Health Emergency

At the beginning of the COVID-19 pandemic, as a condition of the Families First Coronavirus Response Act, state Medicaid agencies were given an additional 6.2% increase to their FMAP, expected to last for as long as the federal Public Health Emergency (PHE) was in effect. Tied to this enhanced FMAP (eFMAP), individuals receiving Medicaid would generally not lose coverage unless they voluntarily withdrew, moved out of state, or passed away. This pause is

## Budget Brief: MassHealth

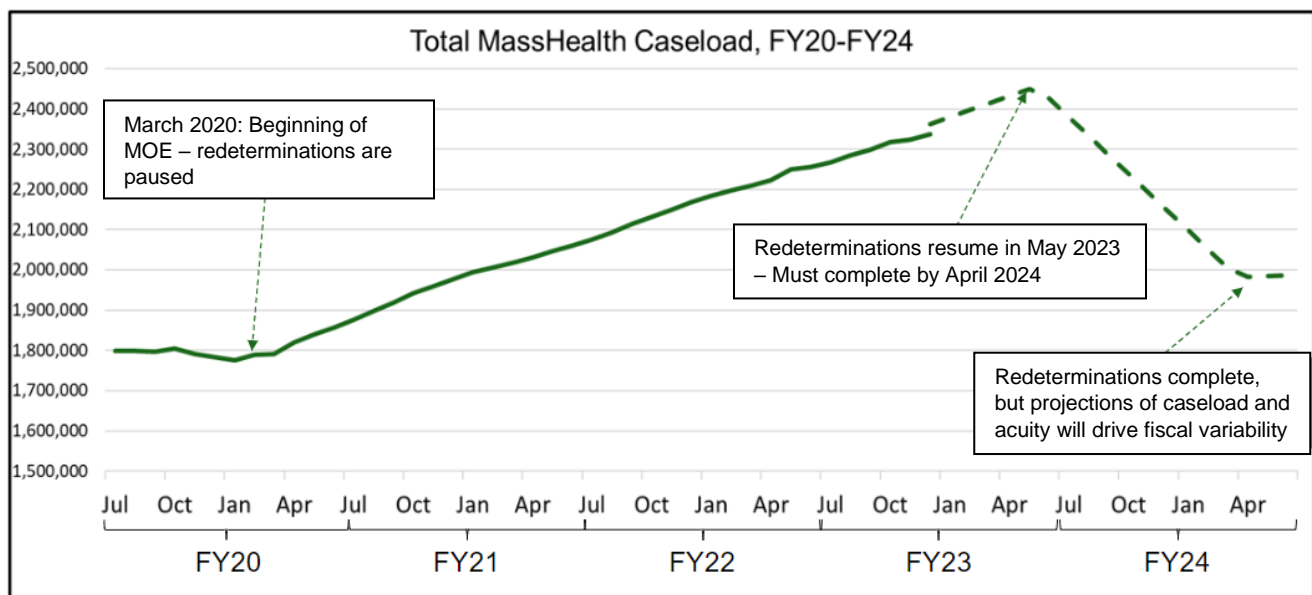
referred to as the Maintenance of Effort (MOE) requirement and caused Medicaid caseloads to increase rapidly across the United States during the PHE. This effect, coupled with the eFMAP, led to significant increases in both gross costs and revenues, producing overall savings versus a base case scenario since FY20<sup>1</sup>.

The MOE requirement will end in April 2023, allowing MassHealth to redetermine members for eligibility and disenrolling any ineligible members for the first time since March 2020. The eFMAP will also ramp down throughout calendar year 2023:

	FY20	FY21	FY22	FY23				FY24											
	Mar-Dec			Jul-Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
MOE																			
eFMAP					5%	5%	5%	2.5%	2.5%	2.5%	1.5%	1.5%	1.5%						
Redets																			

MOE in effect
  6.2% eFMAP
  Reduced eFMAP
  Redeterminations in progress

Elevated caseload will continue to impact MassHealth spending for several months after the loss of eFMAP because it will take MassHealth an estimated 12 months to complete the process of redetermining and disenrolling members who otherwise would have been disenrolled during the PHE. To prepare these individuals for a transition onto employer-sponsored insurance or to the Health Connector, H.1 proposes \$5.1 million of additional funding at the Executive Office of Health and Human Services for proactive communication with MassHealth members.



<sup>1</sup> eFMAP resulted in \$1.9 billion in additional revenue across FY20-FY24.

## **New Investments**

FY24 H.1 recommends \$311 million gross/\$152 million net of investments to enhance core services and supports:

- \$200 million gross/\$100 million net for enhanced rates for Adult Day Health and Day Habitation to ensure that provider reimbursement is competitive with other comparable services and to adjust rate structure to accommodate more complex acuity differences.
- \$80 million gross/\$37 million net for bolstering behavioral health access, including \$70 million of targeted investments to community providers to ensure programs maintain access in light of persistent workforce pressures with a special focus on pediatric diversionary settings. An additional \$10 million is proposed for increasing service capabilities for emergency departments and inpatient psychiatric units to better serve complex patients with behavioral health needs, with a focus on diversion. To see more about the Healey-Driscoll Administrations proposals around behavioral health, please refer to the **Behavioral Health budget brief**.
- \$26 million gross/\$13 million net for targeted investments to raise non-emergency ambulance rates to match Medicare, increase nursing rates for home health services, expand rate add-on for substance use disorder services to all nursing facilities, and provide a stipend for shipping costs for durable medical equipment.
- \$5 million gross/\$2 million net to increase affordability of services for MassHealth members by eliminating the asset limit for the Medicare Savings Program and funding the elimination of pharmacy copays for all members.

# FY 2024 BUDGET RECOMMENDATION BUDGET BRIEF

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

## **Behavioral Health**

*Rick Mikulis, Assistant Budget Director and Victoria Gudaitis, Fiscal Policy Analyst*

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### **Introduction**

As is true across the United States, workforce challenges have exposed critical gaps in access to high quality behavioral health care services for Massachusetts residents. The H.1 proposal would further expand the ecosystem of outpatient services available across the Commonwealth, ensure access to crisis stabilization services in the community and in emergency departments, and strengthen the continuum of inpatient settings for those individuals that require them.

### **Promoting Access**

H.1 funds investments in the Commonwealth's behavioral health infrastructure that will ensure that anyone experiencing a behavioral health crisis will have access to the appropriate type and level of care for their needs. H.1 proposes funding:

- 24/7 Behavioral Health Help Line available to all residents of the Commonwealth, to provide live support, clinical assessment, and connection to the right mental health and addiction treatment
- Establishment of Community Behavioral Health Centers and expansion of urgent care for behavioral health as alternatives to the emergency department
- Permanent Medicaid rate increases for outpatient behavioral health clinic services
- Expansion of hospital emergency department diversion programs, including an intensive program for children and youth
- Expansion of Program Assertive Community Treatment (PACT) programs for adults, which brings clinicians into communities to help meet the needs of clients with mental health needs who live independently

### **Expanding Community Care**

#### *DMH Community Clinical Services*

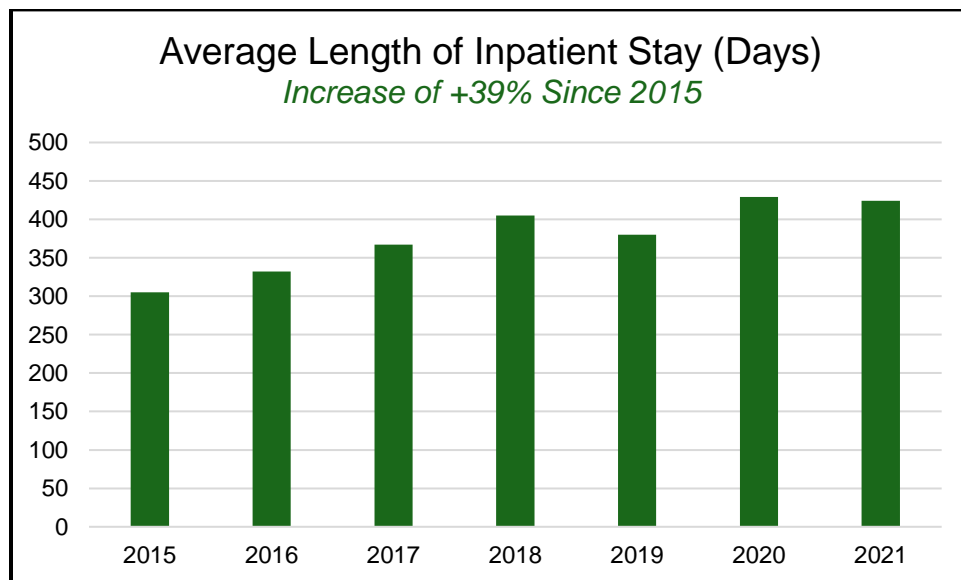
An essential component of alleviating capacity constraints and moving individuals to the correct type of care as quickly as possible is making available more community mental health services. DMH's group living environment is experiencing a 99% occupancy rate, creating a bottleneck for moving individuals from emergency departments, through inpatient facilities, to community living. H.1 proposes \$12.4 million to expand community placements by over 1,100, a 9% increase that will contribute to the large reduction of wait time for inpatient care.

*Preadmission Screening and Resident Review*

Individuals with serious mental illness are screened by DMH before admission to a nursing facility and after admission with the goal of avoiding admission where possible or discharging them to the community as soon as possible. To strengthen this preadmission screening and resident review program, H.1 proposes \$17 million to expand transition case management, develop a new medically enhanced intensive group living environment, and expand supervised residential settings. This will allow DMH to redirect individuals towards community living with the additional supports they will need to thrive.

**Building Inpatient Capacity**

Adults with serious mental illness who need inpatient care are directed from acute hospitals or by courts towards the Department of Mental Health (DMH), which currently has a capacity of 663 beds for its inpatient program. Because clinical complexity and acuity of the average individual in one of those beds has dramatically increased, their average length of stay has also increased by 124 days per person since 2016.



With more individuals every year being directed towards these beds, and the average length of stay dramatically increasing, there is not enough capacity at DMH to support the need.

FY24 H.1 proposes \$23 million in additional funding to increase DMH state-operated inpatient bed counts by 10%, which will produce enough capacity to alleviate some of the pressure on the inpatient system. This capacity increase will dramatically improve the lives of those individuals needing critical inpatient care and give DMH the resources it needs to continue to develop its supports in the years to come.

## **Additional Behavioral Health Supports**

### *Other DMH Supports*

To expand access to mental health services for children and youth in the Commonwealth, H.1 proposes \$8.3 million in additional funding for youth intensive residential treatment programs. This will allow DMH to evolve its staffing model to better address the changing complexity and severity of the clinical need for these patients. H.1 additionally proposes a \$4.5 million increase for the Program for Assertive Community Treatment for Youth (PACT-Y). PACT-Y provides comprehensive behavioral health services to individuals under 22 years of age with emotional disturbances who have not responded well to community-based services to ensure that all individuals have access to essential care.

FY24 H.1 also fully funds the 75 bed Men's Recovery from Addiction Program, as well as the 45 bed Women's Recovery from Addiction Program. These are inpatient programs that treat patients recovering from substance misuse or addiction, and often with additional compounding mental illness. The program is designed to holistically address patients and work to reintegrate them back into the community.

### *Social Services and Older Adult Supports*

This budget proposal includes an investment of \$500,000 to expand the mental health services the Department of Children and Families (DCF) will offer through its case review teams. As with all Human and Social Services agencies and providers, DCF has witnessed firsthand the increasing clinical intensity of mental health needs of its clients and families. These staff will use their mental health expertise to offer case consultation and support to DCF caseworkers for cases where mental health impacts the children and families in their cases.

H.1 also funds an investment in the Elder Mental Health Outreach Teams (EMHOTs), which are interdisciplinary teams based in community settings. EMHOTs help older adults gain skills to reduce the impact of stressors and help connect older adults to formal behavioral health services. Maintaining this investment will allow the EMHOT program to reach 40 previously unserved municipalities.

### *Education and Workforce*

As part of its commitment to mental health supports across state government, the administration's H.1 budget proposal also recommends a \$1.5 million expansion for mental health professional development for childcare providers and \$1 million to implement universal mental health screening at 30 schools. H.1 also funds student behavioral health grants at \$4.4 million for crisis services, therapy, assessment of learning disorders, responses to sexual assault, and other services.

Additionally, to provide behavioral and mental health supports in the workforce, H.1 proposes adding \$700,000 to expand services by the On-Site Academy, an organization that provides comprehensive mental health services to first responders.



# FY 2024 BUDGET RECOMMENDATION BUDGET BRIEF

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

## **Reproductive Health**

*Victoria Gudaitis, Fiscal Policy Analyst*

### **Introduction**

Massachusetts remains a leader amongst states in reproductive rights and public health, and the Healey-Driscoll administration's FY24 H.1 budget recommendation includes funding to continue to protect and expand those essential services throughout the Commonwealth. With the recent Supreme Court ruling in *Dobbs v. Jackson* overturning *Roe v. Wade* and removing the federal protection to the right to access an abortion, Massachusetts has, and will continue to, put reproductive health at the forefront of its public policy priorities.

### **Access**

The FY24 H.1 budget recommendation proposes \$20.1 million for Family and Adolescence Reproductive Health to serve over 100,000 Commonwealth residents, including youth in and out of school, people of all genders seeking sexual and reproductive health services, and parenting adolescents and their children. This funding will ensure that individuals have access to the sexual and reproductive care they need, whether it be birth control, abortions, family planning, cervical cancer screening, or sexually transmitted infection tests.

### *Infrastructure and Security*

H.1 proposes \$2 million in funding for Reproductive Health Access Infrastructure and Security. These funds will directly support clinical providers of abortions as well as established nonprofit organizations' abortion access funds, which provide direct funding to those who are seeking an abortion but may not be able to afford it. Because of this grant program, access to crucial reproductive health services will be more accessible and more affordable.

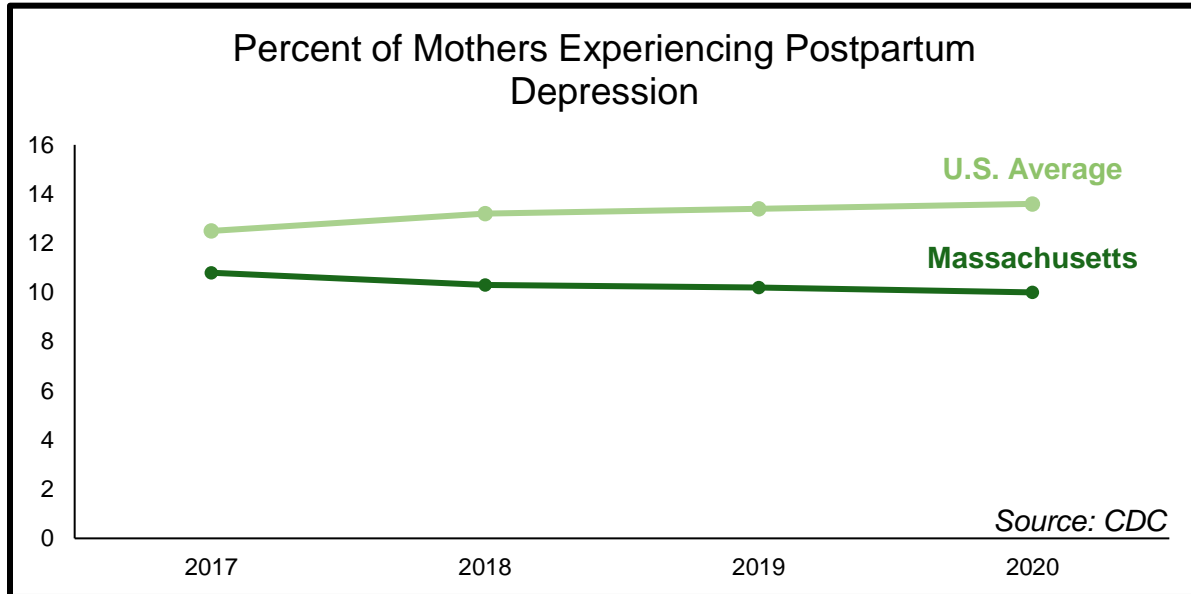
It's also essential to direct Bay Staters towards the right resources, which is why the Healey-Driscoll administration will include \$1 million in an upcoming supplemental budget proposal to restore funding for an awareness campaign about the dangers of so-called "crisis pregnancy centers" and "pregnancy resource centers," which seek to divert pregnant women away from the right types of care.

### *Contraceptive ACCESS Education*

Access to contraceptives is an essential part of reproductive health care, which is why H.1 proposes funding the Advancing Contraceptive Coverage and Economic Security in our State (ACCESS) program at \$500,000. This program improves access to high quality education, outreach, and clinical services through a statewide provider network and funds a public information campaign to educate and promote awareness regarding individuals' eligibility to receive a 12-month prescription for contraceptives in the Commonwealth.

## Postpartum Care

Essential maternal care does not end when a pregnancy ends. Roughly one in seven mothers in the United States experiences postpartum depression. In Massachusetts, that rate is one in ten, with the rate of postpartum depression having dropped from 11% to 10% since 2016.



However, there is much more that needs to be done to support mothers and continue to bring this number down. H.1 proposes an additional \$500,000 above the FY23 GAA to expand the Commonwealth's Postpartum Depression Pilot Program and recommends investing \$500,000 at the Maternal and Child Health Program. This total additional \$1 million will enable the Department of Public Health to reach more community health centers in Massachusetts than ever before to conduct programs targeted at reducing and treating postpartum depression.

# FY 2024 BUDGET RECOMMENDATION BUDGET BRIEF

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

## Serving Our Veterans

Laura Taronas, Fiscal Policy Analyst

### Veterans' Services in the Commonwealth

Massachusetts is proud to provide our veterans and their families with quality support through the promotion of the Commonwealth's Department of Veterans' Services (DVS) to a cabinet-level executive office. In August 2022, Chapter 144 of the Acts of 2022, entitled *An Act Relative to the Governance, Structure, and Care of Veterans at the Commonwealth's Veterans' Homes*, was enacted, elevated DVS to a full secretariat effective March 1, 2023.

DVS's mission is to serve the Commonwealth's approximately 380,000 veterans and their families. DVS operates the Soldiers' Homes in Chelsea and Holyoke, administers a needs-based benefits program through the municipal veterans' agents, funds annuity benefits to Gold Star parents, widows and spouses, provides state funding to organizations offering homelessness services, transitional housing and outreach to veterans, acts as a liaison for those veterans seeking federal assistance through the Veterans' Administration, and operate two veterans' cemeteries.

As DVS continues to grow, it will work to fully staff its newly created fiscal, facilities, legislative, communications, and legal operations and develop new information technology, labor relations, and human resources structures to meet the needs of a secretariat.

### Building for Change

To ensure that DVS can properly serve the Commonwealth's veterans, the Healey-Driscoll administration in its FY24 H.1 budget recommendation is recommending \$185.6 million for the new secretariat. This includes funding an operational, policy, and leadership infrastructure dedicated to veterans' services.

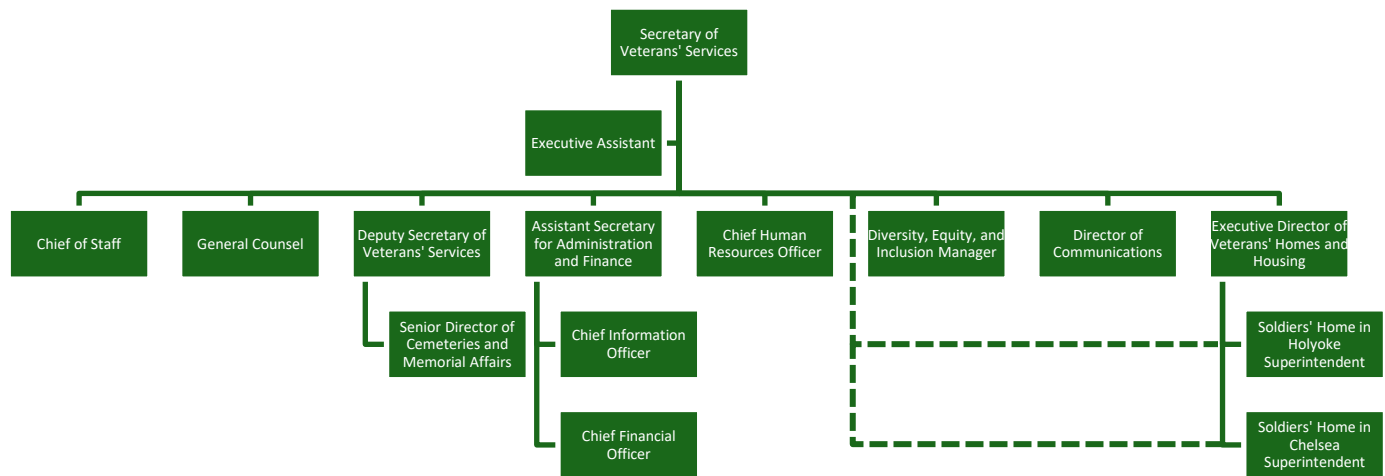


Figure 1: DVS's new leadership structure

Chapter 144 of the Acts of 2022 also established the Office of the Veteran Advocate (OVA), a new independent agency tasked with ensuring that Massachusetts's veterans receive the highest quality of services and care. H.1 recommends \$750,000 for OVA to ensure it has the resources necessary to safeguard our veterans.

### **Soldiers' Homes in Chelsea and Holyoke**

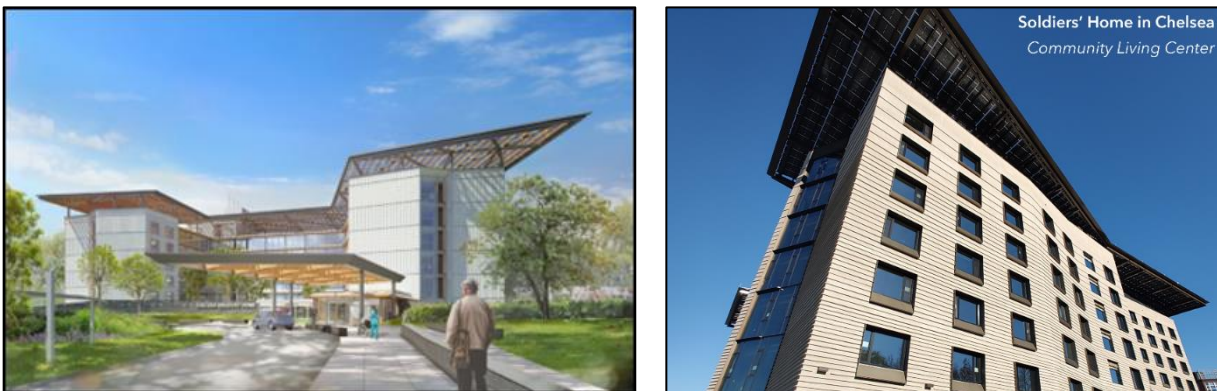
H.1 recommends \$49 million for the Soldiers' Home in Chelsea (CHE), which covers increases due to inflation and staffing costs, offset by \$1.7 million in one-time costs budgeted in FY23 for a temporary dual-operation of its previous facility and its new long-term care facility. H.1 also recommends \$30 million for the Soldiers' Home in Holyoke (HLY), which covers inflation, payroll increases, and nursing staff overtime costs.

The Soldiers' Homes in Chelsea and Holyoke are also investing in serving the Commonwealth's veterans by replacing the current, outdated long-term care centers with modern, community-oriented facilities. These projects are financed through the Capital Investment Plan and with contributions from the federal government.

#### ***Soldiers' Home in Chelsea (CHE)***

In May 2023, Chelsea's 136-bed long-term care Quigley Building will be phased out and replaced by the new Community Living Center (CLC). The \$200 million CLC project, up to 65% of which is reimbursed by the U.S. Department of Veterans Affairs, has been a part of the state's Capital Investment Plan for the past few years. The CLC will allow CHE to increase its long-term care capacity, which includes skilled nursing beds, long-term care beds, and dementia units. The CLC is roughly 80,000 square feet larger than the ward-style Quigley Building, and CHE expects to house an additional 41 long-term patients per day in FY23, a 17.3% increase in capacity.

The new CLC at Chelsea will provide 154 long-term care beds for veterans, all with private bed and bathrooms as part of 14-bed "homes" that have a community living room, dining room, and kitchen. As a certified dementia care facility, the CLC will allow CHE to move away from serving only traditional long-term care residents and will also include a new sub-acute neighborhood that includes additional services (physical therapy, occupational therapy, speech therapy, respiratory therapy, certified dementia nurse).



*Figure 2: The new Community Living Center at the Soldiers' Home in Chelsea*



*Soldiers' Home in Holyoke (HLY)*

HLY's new long-term care facility is currently in the design phase, with an expected opening date in 2027. This project will construct a new 350,000 sq. ft. long-term healthcare facility for 234 veterans that will replace the existing Holyoke Soldiers' Home. The new facility will include gardens, physical therapy facilities, a dental suite, hair salon, dining and social spaces, and the replacement of the existing site infrastructure.

The Commonwealth received \$160 million in conditional funding from the U.S. Department of Veterans Affairs for FY22 and will likely receive federal funding at a reimbursement rate of up to 65% for the remainder of the project in subsequent fiscal years. In the coming months, the Commonwealth will fulfill the program requirements to meet the conditions of federal funding. The Commonwealth will request additional federal funding in future years for this project.



*Figure 3: The new Soldiers' Home in Holyoke's long-term care facility*

# FY 2024 BUDGET RECOMMENDATION BUDGET BRIEF

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

## **Public Safety**

*Carter DeHaven, Fiscal Policy Manager*

### **Introduction**

The Executive Office of Public Safety and Security (EOPSS) is responsible for the policy development and budgetary oversight initiatives that aid in crime prevention, homeland security preparedness, and ensuring the safety of the Commonwealth's residents and visitors. In line with recent landmark legislation, including acts related to criminal justice and police reform, the FY24 H.1 budget recommendation supports the Department of Correction (DOC)'s continued commitment to creating rehabilitative environments meant to improve outcomes for incarcerated individuals, including funding to strengthen educational and mental health services while ensuring access to resources that promote the successful re-entry of formerly incarcerated individuals. Further, the Healey-Driscoll administration's first budget supports enhanced law enforcement training, accountability, and transparency both at the local level and at the Department of State Police (MSP).

### **Programming at the Department of Correction**

To foster rehabilitation and support inmate well-being, DOC offers an assortment of academic opportunities, mental health treatment services, and reentry supports.

#### *Rehabilitative Support*

H.1 builds on DOC's strong commitment to offering academic, vocational, and technical inmate programs to ensure that time spent within facilities is as productive and rehabilitative as possible. Investing in education is a proven success: a 2013 Department of Justice study found that participation in an educational program while incarcerated reduced the likelihood of an individual returning to prison by 43%. H.1 prioritizes educational programming for inmates through the following investments:

- \$5.1 million to maintain hybrid learning opportunities through personal tablets, which allow individuals in various housing settings to set, work towards, and achieve personalized learning objectives outside of standard classroom hours – this budget allows for each individual housed within a DOC facility to utilize their own personal tablet
- \$3.4 million to expand High School Equivalency Test (Hi-SET) programming and hybrid learning opportunities
- Reinforcing DOC's Education Division to expand partnerships with the Department of Education, while investing in key areas to maximize learning opportunities

## Budget Brief: Public Safety

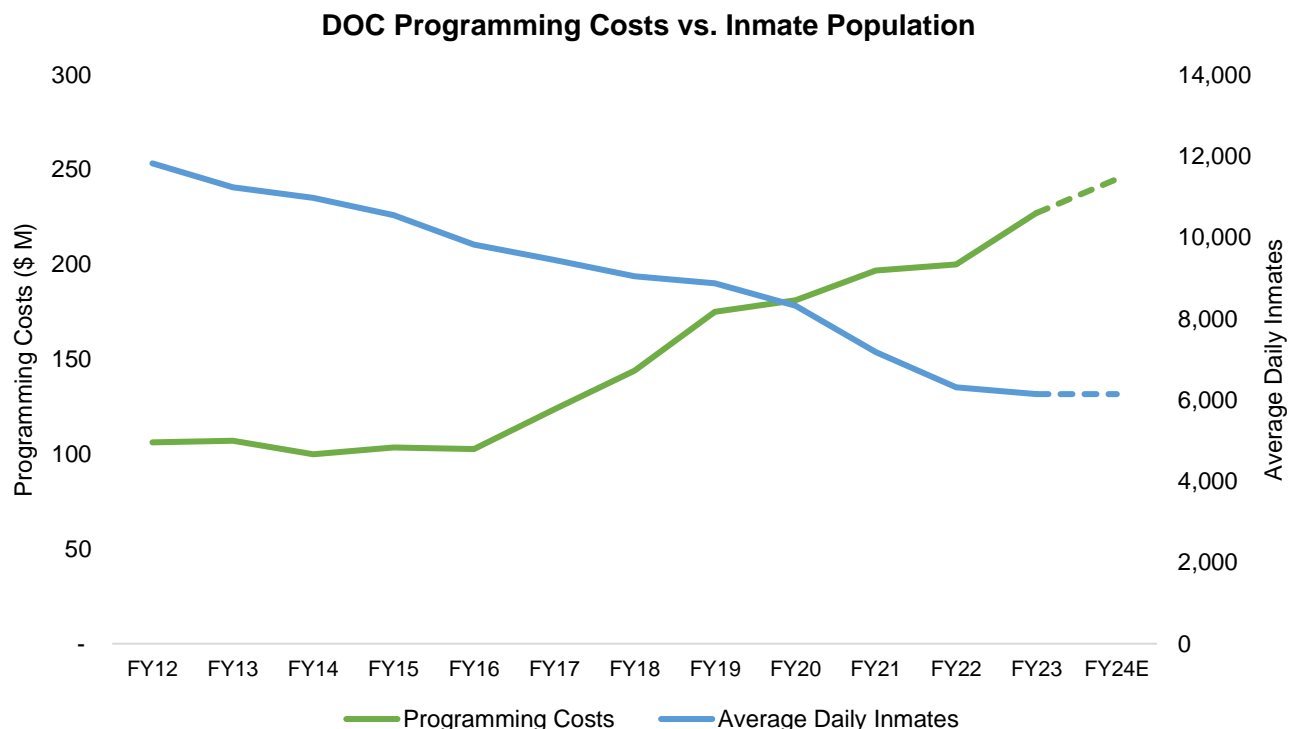
H.1 also maintains investments in supporting reentry by creating pathways to sustained employment, including:

- \$1 million for green career training, which is being designed to provide classes on increasingly prevalent green energy sources
- \$600,000 to partner with a job placement organization that specializes in helping justice-involved individuals connect with employers

Additionally, the DOC's Automotive Program continues to provide vocational training certifications, including the Automotive Service Excellence entry-level certification, which is a major step towards a successful career in the vehicle service industry. Ultimately, H.1 supports DOC's ongoing efforts to help inmates establish an educational foundation, a critical step in securing employment post-incarceration.

To further stress the importance of rehabilitation, H.1 adds \$9.2 million to increase access to mental health services and promote inmate safety and welfare. DOC plans to hire additional medical personnel, including therapists, mental health professionals, and support staff to meet the broad mental health needs of its population. This budget supports safe, healthy facilities by funding additional security staff to ensure vital monitoring of individuals who may pose safety risks to themselves or others.

Through an outside section, H.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 calls.





*Reentry Services*

To reduce recidivism and promote successful reentry for returning citizens, the DOC, in collaboration with EOPSS, will continue its emphasis on reentry programming. The Reentry Services Division has worked with the Registry of Motor Vehicles (RMV) to equip each releasing individual with a state identification card to facilitate successful reintegration into communities and remove barriers to reentry. Providing individuals with valid identification in preparation for release is fundamental to one's ability to secure housing, find a job, and access vital benefits — all requisites for sustained, positive outcomes. H.1 includes funding to continue this service, while adding a dedicated RMV employee to facilitate license access across DOC facilities.

Concurrently, H.1 funds efforts to better support inmates upon their release from DOC custody. H.1 includes \$1.5 million to operate the School of Reentry at Boston's Pre-Release Center. A residential learning center, the School of Reentry allows inmates to maximize the end of their incarceration periods in an environment that fosters academic, personal, and professional growth. H.1 supports EOPSS projects and partnerships for establishing professional connections, building marketable skills, and creating pathways for sustained employment. H.1 also adds funding at EOPSS for three months of cell phone coverage for a subset of individuals who are leaving DOC custody. With a phone provided by EOPSS at the time of release, individuals will have the ability to stay in contact with key connections, including family members, medical providers, parole officers, and potential employers. H.1 maintains \$4 million to award grants to nonprofit organizations that focus on disrupting cycles of violence, incarceration, and unemployment among youth and young adults.

**Implementation of Police Reform**

A centerpiece of 2020 police reform legislation is the creation of a Peace Officer Standards and Training (POST) Commission tasked with setting police standards, certifying law enforcement officers, and investigating potential incidents of wrongdoing. The law also establishes enhanced training requirements for law enforcement officers, including new use-of-force training, expanded school resource training, and de-escalation training. The FY24 H.1 budget recommendation fully funds the POST Commission at \$5.4 million and the Municipal Police Training Committee, which is tasked with implementing the training requirements, at \$20.2 million.

As part of the administration's commitment to integrity and accountability – though not a requirement of 2020 police reform legislation – the H.1 budget recommendation includes funding that annualizes the MSP body-worn camera program rolled out in FY22. Through this initiative, each sworn Trooper is assigned a body-worn camera, a tool intended to promote transparency in interactions between Troopers and the public.

H.1 also maintains funding for MSP's Cadet program, which offers aspiring public safety professionals an equitable pathway to a career in law enforcement. As part of MSP's robust recruitment efforts to identify the next generation of diverse public safety leaders, the Cadet program emphasizes this administration's commitment to a Department of State Police where training, accountability, and representation are paramount. To that end, the Healey-Driscoll

## ***Budget Brief: Public Safety***

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administration intends to build on the last three years of progress, in which 23% – compared to 10% during the previous 11 years – of Recruit Training Troop members came from historically underrepresented backgrounds.

### **Public Safety Initiatives**

The FY24 H.1 budget recommendation makes additional investments in key public safety supports and initiatives, including:

- \$2 million to create a Safe Neighborhood Initiative modeled after the highly successful Department of Justice’s Project Safe Neighborhoods. This program is a collaborative public safety model that 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 reduced violent crime.
- \$1.5 million to annualize the FY23 expansion of the Office of the Chief Medical Examiner (OCME), which has experienced caseload increases over the last several years. The H.1 budget recommendation allows OCME to bolster its medicolegal investigations unit, as well as continue 24/7 operations across its three offices.
- \$700,000 to expand services provided by the On-Site Academy, an organization that provides comprehensive mental health services to first responders.
- \$500,000 to increase funds made available for District Attorneys’ Offices to engage in human trafficking prevention efforts.

The Healey-Driscoll administration’s FY24 H.1 budget recommendation demonstrates its commitment to the programs and infrastructure that support the safety and wellbeing of all Commonwealth residents.

# FY 2024 BUDGET RECOMMENDATION BUDGET BRIEF

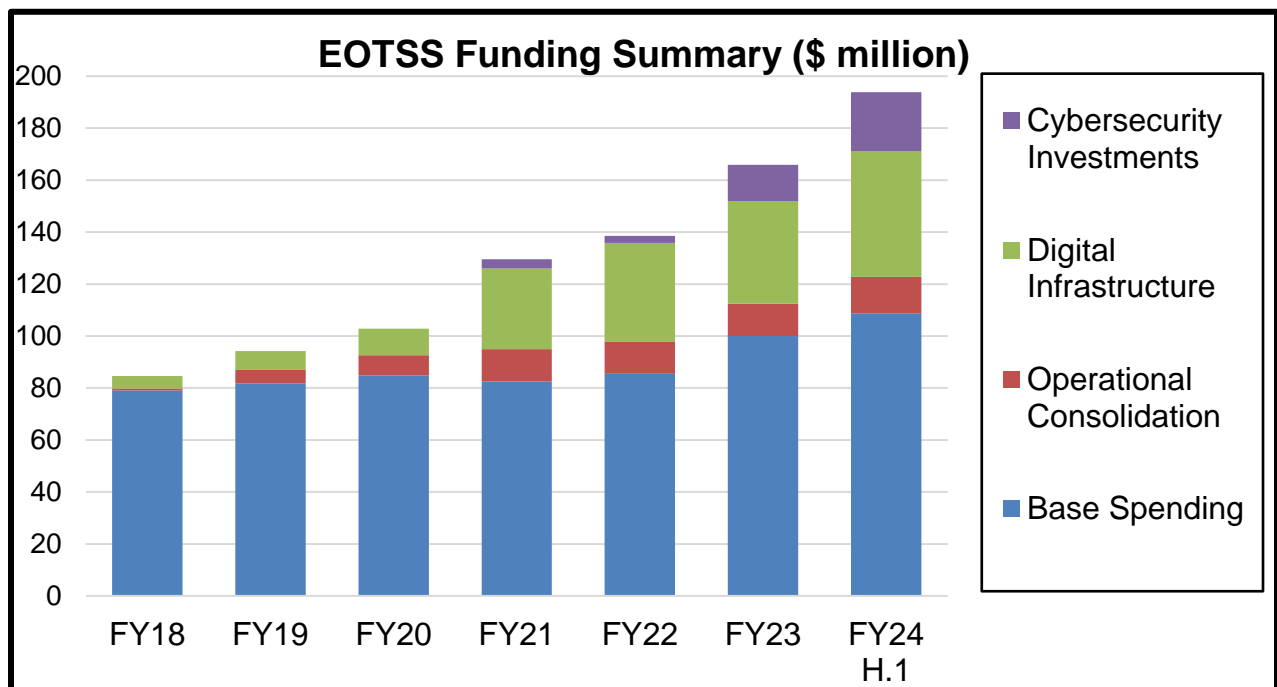
*Maura T. Healey, Governor | Kimberley Driscoll, Lt. Governor*

## Protecting Our Data

*John Coogan, Fiscal Policy Analyst*

### Introduction

The Executive Office of Technology Services and Security (EOTSS) strives to strengthen the cybersecurity posture of the Commonwealth through robust infrastructure and operational excellence as the leader of IT and cybersecurity organization for the Executive Branch. FY24 H.1 commits to protecting our data through investments in technological infrastructure and continuing to centralize IT services with EOTSS.



### Infrastructure Investments

EOTSS has invested heavily in building a robust technological infrastructure through the capital portfolio, which is subsequently supported by the operating budget. FY24 H.1 makes \$9.2 million of additional cybersecurity investments, as shown in the purple bar in the above chart, which includes:

- \$4.6 million for expanded vendor contracts for Security Information and Event Management (SIEM) hosting services
- \$2.6 million in software licenses for Web security, network endpoint protection, and threat detection
- \$850,000 for router and firewall maintenance in high-availability co-location data center facilities
- \$543,000 for identity access management services for Cloud applications

## ***Budget Brief: Protecting Our Data***

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Much of the investment to date has been centralized at the Security Operations Center (SOC), which manages cyber incident monitoring, reporting, remediation for the Commonwealth. Investment in top tier technologies and expanded services to Commonwealth entities through the SOC remains a top priority for EOTSS.

Lastly, EOTSS has managed the transition out of state-owned data centers to more secure and resilient privately-hosted facilities, which house data for a variety of state agencies. This effort supports the ongoing Future of Work initiative that began in 2021, as cloud-based data storage has the advantages of improved accessibility and disaster recovery, allowing for more seamless remote work. Cloud migrations have the additional benefits of improved cybersecurity through more routine backups, fewer individual points of failure, and specialized security expertise that is gained through a consolidated data center staff. Lastly, cloud storage offers improved environmental resiliency, as the consolidated storage allows for lower electricity usage and carbon emissions than maintaining several traditional on-premise data centers.

### **Operational Excellence**

Attaining operational efficiencies was one of the key goals of the elevation of EOTSS to the secretariat level. The centralization of IT and cybersecurity services under EOTSS has enabled more efficient management of technological infrastructure and service delivery through economies of scale, technical expertise, and enterprise leadership under a Commonwealth Chief Information Officer. FY24 H.1 continues the process of consolidating Executive Branch IT departments with the consolidation of Housing and Economic Development. The below table summarizes the secretariat personnel consolidations to date:

<b>Personnel Consolidations</b>	<b>FTEs</b>
Labor and Workforce Development	32
Administration and Finance	41
Education	13
Public Safety	55
Housing and Economic Development	17

As the lead enterprise IT and cybersecurity organization for the Executive Branch, EOTSS is also committed to ensuring operational excellence in cybersecurity at all state agencies, with programs including phishing awareness campaigns and penetration testing.

### **Cooperation with Municipalities**

Municipal governments are a key component of the overall cybersecurity posture of the Commonwealth. FY24 H.1 funds a program of cybersecurity training for municipalities through the Office of Municipal and School Technology (OMST) to ensure best practices at all levels of government. The OMST delivers training to 40,000-60,000 municipal employees each year. In addition, H.1 recommends matching funds for federal cybersecurity grants that will help state and municipal agencies improve their cyber defenses.

# FY 2024 BUDGET RECOMMENDATION BUDGET BRIEF

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

## ***Federal Funds and Infrastructure Development***

*Heath Fahle, Assistant Secretary for Federal Funds*

### **Introduction**

The federal government has made significant new resources available to state and local governments in the last several years to respond to and recover from COVID-19 and to build back better from the devastating economic impacts of the pandemic. The Commonwealth must adopt a new, more proactive approach to federal funds to put those resources to work in Massachusetts. The Healey-Driscoll Administration's FY24 H.1 budget recommendation includes approximately \$2 million to implement this new strategy.

### **Context**

The federal government redefined its financial relationship with state and local governments during the COVID-19 pandemic. The federal response to the pandemic directed approximately \$14 billion to be spent by state or local governments, including \$5.3 billion for the Commonwealth through the American Rescue Plan Act Coronavirus State Fiscal Recovery Fund (CSFRF), \$3.4 billion for local governments through the Coronavirus Local Fiscal Recovery Fund (CLFRF), \$2.7 billion from the CARES Act Coronavirus Relief Fund (CRF), and a total of \$2.6 billion in aid to school districts from three rounds of the Elementary and Secondary School Emergency Relief grant (ESSER).

COVID-related Federal Spending in Massachusetts				
Recipient Entity	Award Type	Award Description	Examples	Amount (\$ billion)
State	Targeted	Passthroughs	UI	\$29.2
		Grants	Testing, Vaccines, Childcare	\$5.9
		Reimbursements	FEMA, eFMAP	\$3.7
State	Flexible	Discretionary	CRF, CSFRF	\$7.7
Local	Targeted	Grants	ESSER	\$2.6
Local	Flexible	Discretionary	CRF, CLFRF	\$3.6

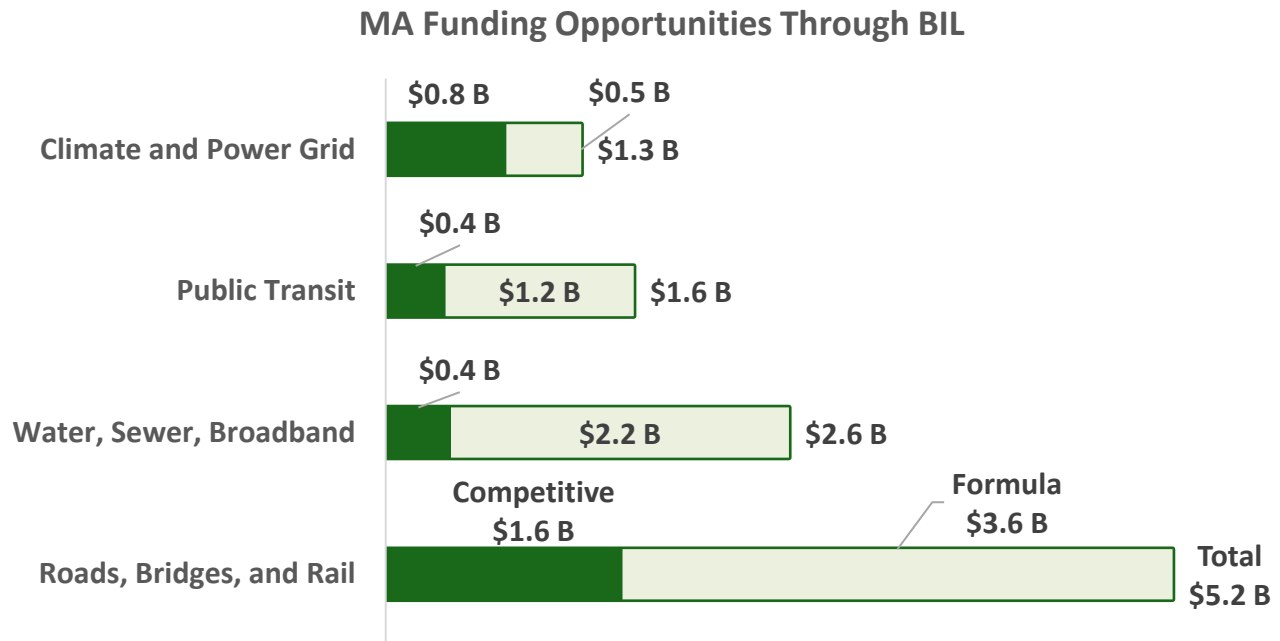
*Figure 1: COVID-related federal resources provided to state and local governments to respond to and recover from COVID-19.*

The federal Bipartisan Infrastructure Law, Pub. L. 117-58 (November 15, 2021) (BIL also known as the Infrastructure Investment and Jobs Act or "IIJA"), is projected to steer \$10.7 billion in federal assistance for infrastructure projects across Massachusetts. Approximately

## Budget Brief: Federal Funds and Infrastructure Development

\$3.2 billion of these funds (30 percent) are available through competitive grant programs requiring the Commonwealth to pursue opportunities proactively. Similarly, the passage of the CHIPS Act, Pub. L. 117-167 (August 9, 2022) and the Inflation Reduction Act, Pub. L. 117-169 (August 16, 2022) offer further opportunities for the Commonwealth.

### New Approach



*Figure 2: Preliminary Estimates of Funding Opportunities Available Through BIL/IIJA by Policy Area and Type*

The Commonwealth of Massachusetts is well-positioned to compete and win federal resources for key priorities due to its highly educated workforce and robust innovation economy. These strengths must be complemented with a relentless, priority-driven pursuit of federal resources, proactive coordination and support, a streamlined and simplified approach to resources, and transparent data-driven management to bring more federal money to the Commonwealth.

The Governor's Budget Recommendation for Fiscal 2024 includes \$2 million to create the Federal Funds and Infrastructure Development Office, a multi-disciplinary team of professionals to monitor and track federal opportunities, coordinate with federal, state, and local government stakeholders, and implement aggressive strategies for winning competitive federal grants. This team will build on the federal grants management architecture developed during the COVID-19 pandemic and enhance it to meet the pressing needs of the Commonwealth.