

# FY 2025 BUDGET RECOMMENDATION BUDGET BRIEF

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

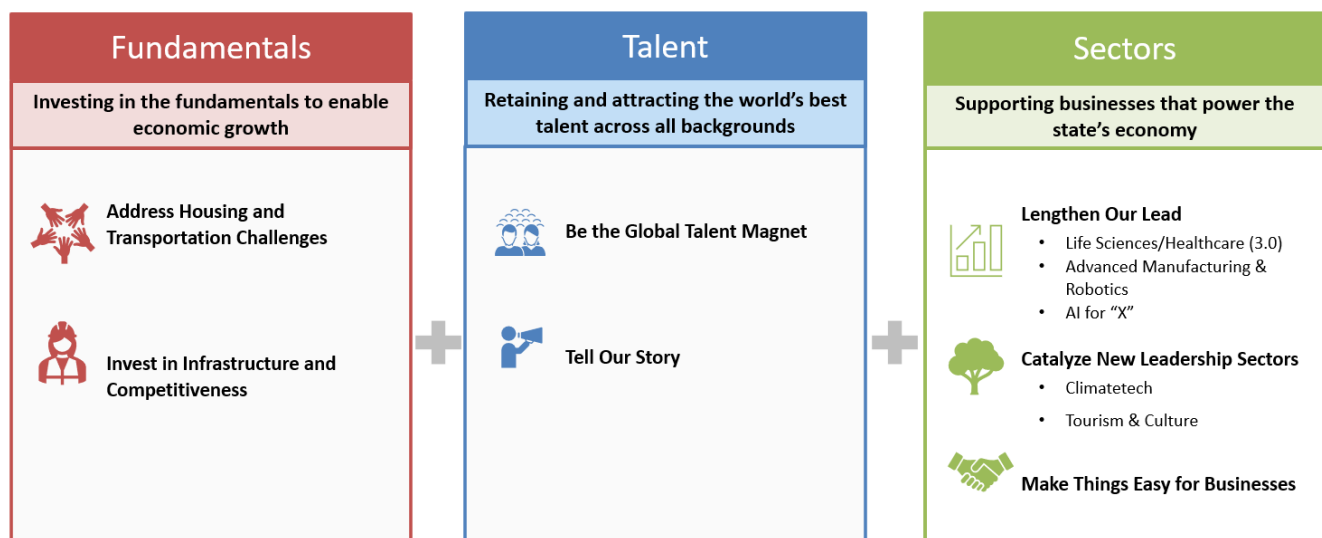


## Team Massachusetts

*Megan Delaney, Fiscal Policy Manager*

### Introduction

The Healey-Driscoll Administration is committed to making Massachusetts the best place in the nation for individuals to pursue rewarding careers and for companies to start, scale, and succeed. This past December, the Healey-Driscoll Administration released its Economic Development Plan, entitled, "Team Massachusetts: Leading Future Generations." This plan outlines a strategy for achieving this goal, organized around three main areas of focus:



This framework will inform the administration's economic development priorities, funding, and legislative initiatives moving forward. Simultaneously, the Healey-Driscoll Administration's core principles of equity, affordability, and competitiveness remain at the center of this work.

The Governor's FY25 House 2 budget recommendation includes the tools and resources necessary to support these objectives.





### Federal Wins to Boost the State's Economic Competitiveness

Governor Healey and Lieutenant Governor Driscoll have underscored the importance of competing for significant federal funding opportunities since taking office. Over the past year, the Executive Office of Economic Development has played a critical role in securing several

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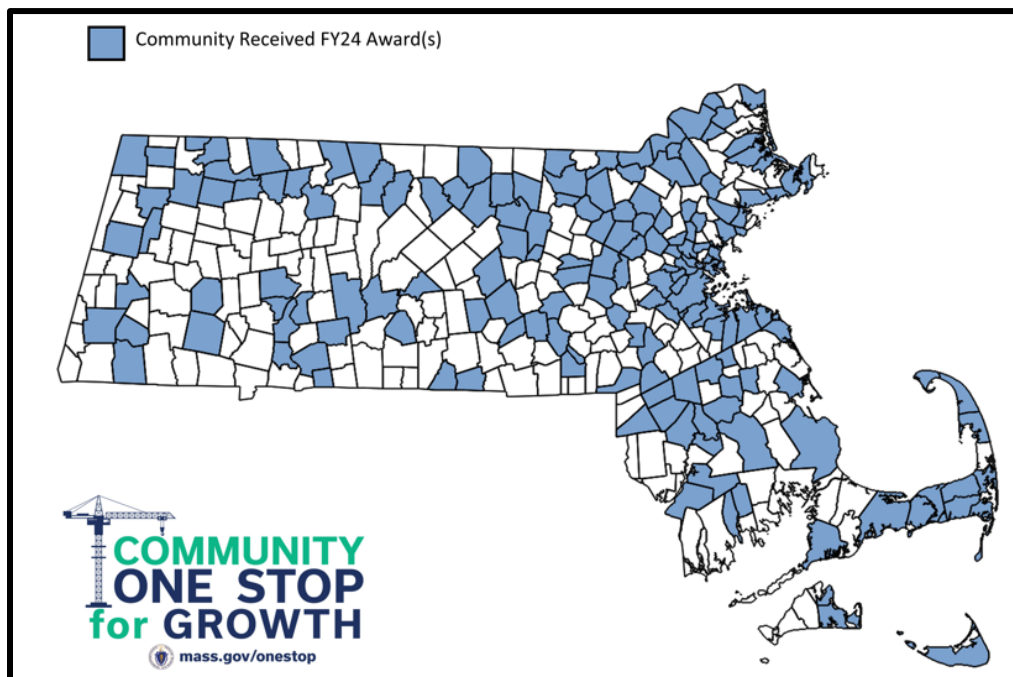
federal wins in partnership with its economic development quasi-public agencies and industry stakeholders.

These awards bring crucial resources into Massachusetts, which not only support key sectors of the state's economy but also align with the administration's vision for an innovative, mission-driven, high-growth economy that solves big problems. Notable wins in 2023 include:

	<b>Northeast Microelectronics Hub (via the federal CHIPS and Science Act)</b> Advances microelectronics industry as well as workforce opportunities in advanced manufacturing sectors
	<b>ARPA-H Investor Catalyst Hub</b> Leverages world class life science ecosystem in MA to accelerate healthcare innovation to achieve better health outcomes for all
	<b>Nearly \$400 million in federal broadband funding</b> Combats inequities in access and adoption of to affordable, high speed internet
	<b>Named part of the Ocean Tech Hub as one of 31 EDA tech hubs across the country</b> In partnership with the state of Rhode Island, supports the creation of jobs in the growing ocean economy

## Fundamentals: Investing in Our Economy's Building Blocks

The Healey-Driscoll Administration recognizes that state investment in local economic development priorities can convert blueprints into new jobs, new businesses, and new opportunities. To that end, this budget includes several investments in competitive grant programs to benefit communities across Massachusetts.



In FY24, the Healey-Driscoll Administration awarded \$164 million in grants through Community One Stop for Growth to support local projects in 161 communities across the state. Building off that success, House 2 maintains \$2.5 million for the Urban Agenda Grant Program to support local partnerships in urban neighborhoods across Massachusetts. This past year, the Executive Office of Economic Development announced 28 Urban Agenda Grant Program awards to 18 cities for projects that focus on building community development and growing access to opportunity. This budget recommendation also appropriates \$600,000 for the Massachusetts Downtown Initiative (MDI) to assist communities seeking to revitalize their downtowns. The MDI Program was first proposed on the operating budget in last year's Governor's budget, which produced nearly two dozen awards this fiscal year.

The Healey-Driscoll Administration strongly believes that equity should be a center of every program and priority. House 2 continues to invest in programs that focus on awarding funds to community-based coalitions for initiatives aimed at unlocking economic opportunity across the state. House 2 includes \$7.5 million for the Community Empowerment and Reinvestment Program, a program committed to developing, strengthening, and investing in community-led efforts to bring positive economic outcomes to communities facing disproportionate challenges to economic opportunity. The Executive Office of Economic Development is preparing to begin deploying the recently created Workforce Investment Trust Fund for targeted initiatives. In FY25, the office plans to leverage the fund to ensure the Community Empowerment and Reinvestment Grant Program is adequately supported.

To meet the objectives outlined in the Economic Development Plan relative to improving predictability in the state permitting process, House 2 will fund the creation of a Siting and Permitting Ombudsperson within the Executive Office of Economic Development. This role will be fully dedicated towards improving the siting and permitting process for development prospects across the state.

At the same time, the Executive Office of Economic Development will remain focused on supporting rural communities through the work of the Director of Rural Affairs with the support of the Healey-Driscoll Administration. For more information on how the Governor's budget supports rural communities, please see the **Uplifting Our Rural Communities** brief.

### **Talent: Attracting & Retaining the World's Best Workforce**

The state's talented workforce is integral to the overall success of the Massachusetts economy. With the highest percentage of population aged 25 years and over with a bachelor's degree or higher, Massachusetts is home to the most educated workforce in the country. Through the leadership of the Workforce Skills Cabinet, the FY25 House 2 budget recommendation makes strategic investments into the state's workforce pipeline for people across all backgrounds.

The FY25 House 2 proposal for the Executive Office of Economic Development invests in areas designed to complement larger workforce development efforts underway at the Executive Office of Labor and Workforce Development, the Executive Office of Education, and the Executive Office of Health and Human Services. Notably, this includes:

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- \$2.5 million for the Advanced Manufacturing Training Program to provide training to unemployed and underemployed individuals for in-demand roles at manufacturers across the state.
- \$275,000 to create a brand-new Reciprocity Unit at the Division of Occupational Licensure which will be led by an ombudsperson charged with guiding those with qualified credentials from other jurisdictions seeking licensure in Massachusetts through the regulatory process.
- \$220,000 for an Entrepreneur-in-Residence Program aimed at keeping highly skilled international graduates in Massachusetts by partnering with higher education institutions, like the University of Massachusetts, to leverage existing federal framework around H1-B visas to create opportunity for individuals and economic gain for Massachusetts.

The Economic Development Plan seeks to make Massachusetts the global talent hub. These investments will go a long way towards the implementation of that vision. For more information on workforce development in House 2, please see the **Investing in the Our Workforce** budget brief.

### **Sectors: Supporting Industries that Drive Our Economy**

The Governor's House 2 budget recommendation offers several initiatives to lengthen the state's lead in key sectors of the innovation economy. Massachusetts is home to the global hub for the life sciences industry, which is underscored by the Biden Administration's decision to locate the ARPA-H Investor Catalyst Hub in this state. However, the state cannot rest on its laurels. Consistent with the Life Science 3.0 vision, House 2 adds \$10 million for the Massachusetts Life Sciences Center Investment Fund. These funds support key programs, including the newly established Pathmaker program, an effort to fund new training partnerships between life science companies and training providers.



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The Executive Office of Economic Development is also actively partnering with the Executive Office of Energy and Environmental Affairs and the Massachusetts Clean Energy Center in the state's pursuit of establishing a leading global climatetech ecosystem. House 2 includes key funding to support expanded coordination to bolster the state's position as a climatetech leader.

House 2 maintains \$8.5 million for proven and established initiatives at the MassTech Collaborative, including the Innovation Institute, Center for Advanced Manufacturing, and the MassCyberCenter. House 2 also includes valuable resources for other innovative programming administered by MassVentures and MassDevelopment.

The Healey-Driscoll Administration is also committed to supporting arts, culture, and tourism across Massachusetts. The Tourism Trust Fund will continue to be hugely important to this mission. As the birthplace of the American Revolution, Massachusetts is uniquely positioned to lead on celebrations surrounding the upcoming 250th anniversary of the founding of our country. The Executive Office of Economic Development will continue to collaborate with the Massachusetts Cultural Council in support of the arts, culture, and the creative economy, too.

Importantly, House 2 positions the Healey-Driscoll Administration to execute on its vision to establish a Business Front Door, a new centralized portal for businesses to access state resources. As described in the Economic Development Plan, this new system aspires to operate as a concierge for new and existing businesses seeking to expand in Massachusetts, transforming the way businesses engage with state government. House 2 adds technical assistance resources to assist with the development of this new system.

Lastly, the Governor's budget recommendation doubles down on the administration's commitment to grow the Small Business Technical Assistance (SBTA) Program. Small businesses employ nearly half of our state's workforce and comprise most of our state's businesses. Robust investment in SBTA signals the administration's determination to make Massachusetts a place where small businesses have the resources to thrive. House 2 includes \$7.5 million for this program, representing a \$2.5 million (+50%) increase over the FY24 GAA.