

# FY2026 H.1 BUDGET BRIEF

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

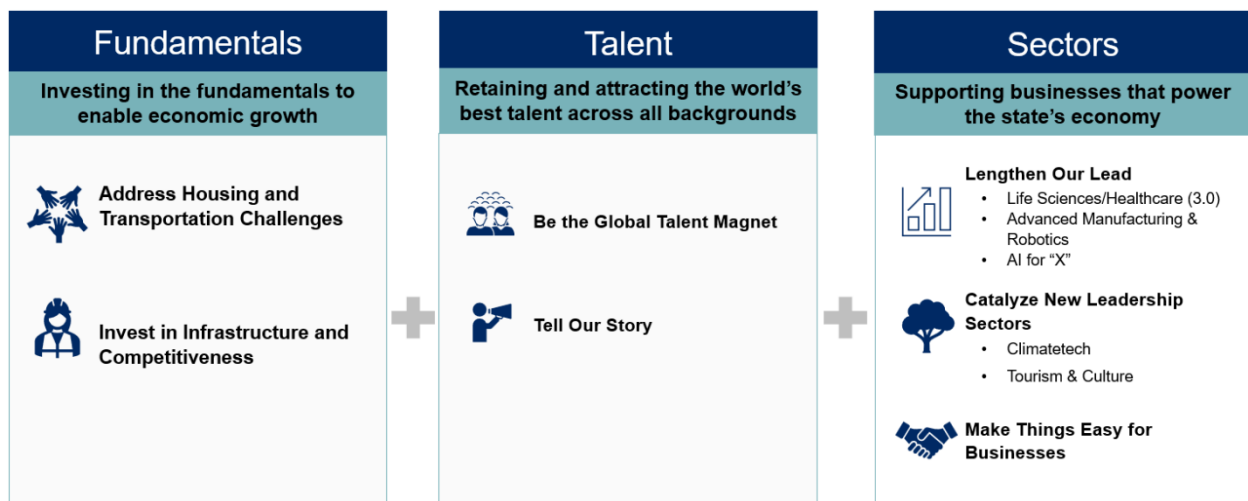
## Massachusetts's Economic Leadership

Jake Little, Compliance Director

### Delivering on the Economic Development Plan

Since its revolutionary start nearly 250 years ago, Massachusetts has embodied a spirit of innovation and leadership in America. The Healey-Driscoll Administration continues to make key investments that secure Massachusetts's place as a national and global leader which fosters opportunity for all individuals and businesses pursuing success. With the recently passed Economic Development Bond Bill, *An Act relative to strengthening Massachusetts's economic leadership*<sup>1</sup>, or "Mass Leads," the Commonwealth is well positioned to make strides towards the administration's core goals of advancing equity, affordability, and competitiveness.

The Governor's FY26 House 1 budget recommendation builds upon successful initiatives and new legislative tools to continue supporting the administration's Economic Development Plan, "Team Massachusetts: Leading Future Generations." The Governor's budget recommends measured steps towards targeted investments while still supporting key areas of focus within the Economic Development Plan.



### Fundamentals

#### Securing Our Economic Foundations through Community One Stop

Investments on the ground and in our local economies remains a priority for the Healey-Driscoll Administration as a powerful driver for creating new jobs, supporting businesses, and opening new opportunities for all communities. The Governor's budget recommendation maintains our commitment to building and revitalizing local

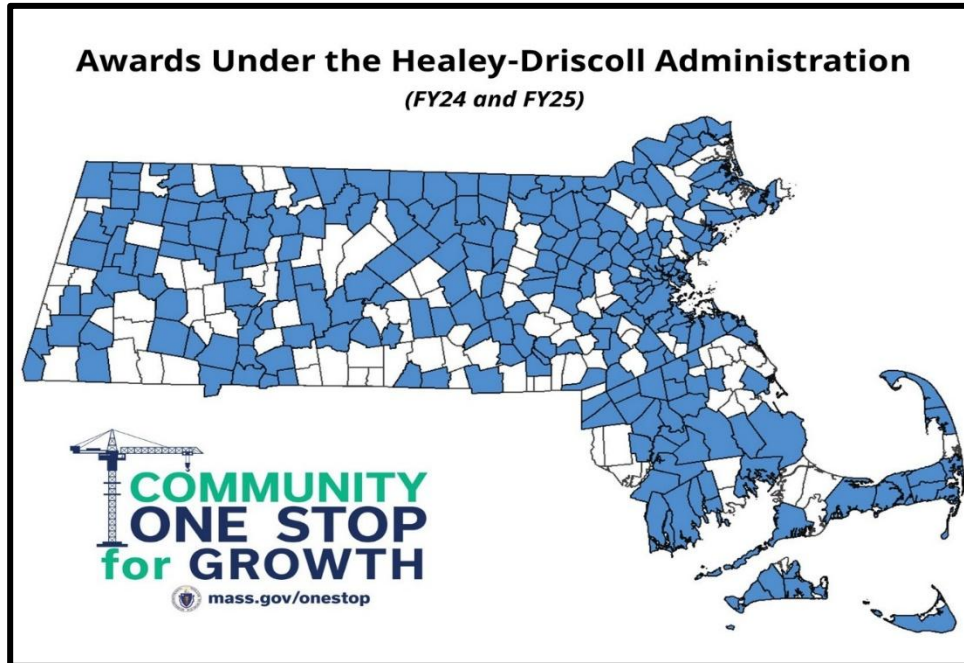
<sup>1</sup> Mass Leads Act - <https://www.mass.gov/economic-development-bill>

## ***FY26 H.1 Budget Briefs***

### ***Massachusetts's Economic Leadership***

---

infrastructure and our belief in competitive grant programs through on- and off-budget resources. These grant programs flow through Community One Stop for Growth, an online portal that centralizes resources and applications for all communities of the Commonwealth.



In FY25, the Healey-Driscoll Administration awarded \$161 million in grants through Community One Stop for Growth to support local projects in 171 communities. This marks the fourth year of grant awards which have now supported projects in 283 communities, or over 80% of the Commonwealth. To keep up momentum, House 1 maintains funding levels for ongoing, successful programs, including \$600,000 for Massachusetts Downtown Initiative (MDI) to assist communities seeking to revitalize their downtown. The Executive Office of Economic Development awarded all MDI funding across two dozen communities.

### ***Utilizing All Tools Available***

In addition to the operating and capital budget, the Executive Office of Economic Development has identified creative solutions to maintain equity-focused initiatives as part of the administration's commitment to our economic fundamentals by utilizing the Workforce Investment Trust Fund. This off-budget funding source, which utilizes a portion of revenues generated by sports wagering, focuses on targeted initiatives that support historically underrepresented communities and has supported equitable opportunities for skills development. Adjustments to the Trust Fund included in *Mass Leads* have widened its scope to include career training initiatives, supporting at-risk youth, and adult literacy. Together with this critical resource, House 1 funds the following programs in FY26:

- \$15 million for the Community Empowerment and Reinvestment Program to drive positive economic outcomes in communities that face disproportionate challenges to economic growth.
- \$2.5 million for Urban Agenda Economic Development Grants that build economic vitality and stronger urban neighborhoods through community-driven action.

## **Talent**

The Healey-Driscoll Administration recognizes the need to make continued investments in Massachusetts's workforce and to embrace a whole-of-government approach to equipping families and individuals with the tools to chart their own careers. Programs like MassReconnect and MassEducate help our workforce attain a higher education through free community college. As tech-focused sectors grow and our economy diversifies, education and training programs are vital for the state's workforce pipeline that places talented workers in jobs in life sciences, climatetech, and advanced manufacturing. House 1 funds proven initiatives to help individuals of all backgrounds develop new skills through off-budget resources including the Workforce Investment Trust Fund:

- \$10 million for the Pathmaker program, launched in FY24 to fund new training partnerships between life science companies and training providers.
- \$2.5 million for the Advanced Manufacturing Training Program

Partnerships between the Executive Offices of Economic Development (EOED), Education (EOE), and Labor and Workforce Development (EOLWD) continue to inform the administration's overarching workforce development efforts. These combined efforts have coalesced in programs like the Talent H-1B Retention Visas for Entrepreneurs (THRiVE) which is recommended by House 1 at \$750,000. This more than doubles funding for the previously named Entrepreneurs in Residence program aiming to attract and retain talent in key sectors. Boosting this program will help more high-skilled international students navigate the federal H1-B visa framework and continuing to grow in the state they have lived and learned in. The Division of Occupational Licensure will also continue its work in FY26 through the reciprocity ombudsperson unit, which helps professionals navigate the occupational licensing process in Massachusetts.

## **Sectors**

### ***Extending our Lead in Life Sciences***

Through long-term, strategic investments, Massachusetts has become a global hub for sectors like life sciences, which remains a driving force behind the State's economy. 18 of the largest 20 life science companies have a presence in Massachusetts, fostering an ecosystem of innovation and economic growth. The Healey-Driscoll Administration recognizes that new and continued investments are necessary to maintain our lead in

## **FY26 H.1 Budget Briefs**

### ***Massachusetts's Economic Leadership***

---

the sector. By taking an active role in establishing industry hubs, the state can leverage both private and federal funding sources resulting in new jobs and growth.

The Governor's House 1 budget recommendation continues to support a flourishing ecosystem by proposing a \$12 million transfer to the Massachusetts Life Science Center (MLSC) for new and ongoing programming. Funding for MLSC programming adds to important investments that builds towards greater competitiveness, equity, and innovation for Massachusetts-based life science companies. Funding in House 1 ensures continued success at MLSC, which has played a critical role in leveraging federal and private investment while driving new opportunities for sustainable growth. This programmatic and operational support is necessary to successfully execute initiatives funded in *Mass Leads*, which authorized \$500 million of capital resources and a further \$250 million of tax incentives over the next ten years.

### ***Boosting Newer High-Growth Industries***

The Healey-Driscoll Administration recognizes that the State must take an active role in developing the climatetech and clean energy sector which is an absolute necessity to face the threat of climate change. The need for greater innovation through our best and brightest institutions has prompted the launch of the administration's \$1 billion, ten-year investment strategy, and a whole-of-government approach to tackling the challenges presented by climate change. The Executive Office of Economic Development is actively partnering with the Executive Office of Energy and Environmental Affairs (EOEA) and Massachusetts Clean Energy Center (MassCEC) in the State's pursuit of establishing a leading global climatetech ecosystem. House 1 builds upon growing momentum by recommending a \$30 million transfer to MassCEC to support climatetech and clean energy initiatives. This funding proposal is necessary to fully implement climatetech resources included in the *Mass Leads Act* which provides \$400 million of capital resources and \$30 million of tax incentives annually for the development of climatetech technologies. For more additional details on the administration's progress towards leadership in this key sector, please see the **Energy and Environmental Affairs** budget brief.

Through partnerships with academic institutions and industry leaders, Massachusetts is uniquely positioned to create greater equitable growth opportunities across the state in emerging industries. House 1 recommends a total transfer of \$6 million to the Massachusetts Technology Collaborative that will support initiatives for high-growth industries like AI and robotics. The proposed transfers are also critical for leveraging private investment along with implementing resources included in *Mass Leads* like \$100 million of authorized capital spending for applied AI research and adoption.

### ***Providing Tools for Successful Small Business***

The Healey-Driscoll Administration remains committed to fostering a thriving economy enabling small business success, which is why House 1 recommends maintaining resources beyond sector-focused supports including the following programs:



- \$7.5 million for the Small Business Technical Assistance program to provide technical assistance for Massachusetts-based small businesses in towns and cities across the state.
- \$1.4 million for a transfer to the University of Massachusetts Amherst Small Business Development Center to provide free training and business strategizing and leverage federal resources
- \$1 million for the Innovation Voucher Program to help provide access to facilities such as lab spaces for early-stage small businesses in partnership with the University of Massachusetts system.

### ***Leveraging New Resources for Federal Match Commitments***

Securing federal grants is a critical component to the Healey-Driscoll Administration's approach to unlocking greater investments. To this end, Governor Healey signed into law *An Act to Provide for Competitiveness and Infrastructure Investment in Massachusetts*<sup>2</sup> which establishes a new off-budget fund for meeting grant matching commitments, also known as the "PAYGO" fund. This fund utilizes a portion of unused earned interest from the Massachusetts Stabilization Fund and dedicates this to forward-facing projects while responsibly leveraging resources for equitable and sustainable growth. This new source of funding demonstrates the state's readiness to compete for federal awards like nearly \$350 million in potential awards under the CHIPS and Science Act.



Massachusetts has already secured hundreds of millions of dollars in federal grants from the CHIPS and Science Act which named the state as the region-wide leader of the Northeast Microelectronics Commons. PAYGO is integral to the State's funding strategy and will empower Massachusetts as a regional hub and a national leader in advanced manufacturing and innovative technologies.

<sup>2</sup> PAYGO Federal Matching Funds - <https://malegislature.gov/Laws/SessionLaws/Acts/2024/Chapter214>

## **Improving Our Services**

### *Building Efficient Systems for Consumers and Professionals*

The Healey-Driscoll Administration's House 1 budget recommendation includes support for new tools for efficient, streamlined services for consumers and small businesses that are set to launch across FY25 and FY26. The Executive Office of Economic Development has begun testing for the Business Front Door (BFD), an online, one-stop platform for businesses to more easily access approximately \$250 million in statewide resources across over 50 programs. The Executive Offices of Economic Development and Technology Services and Security (EOED and EOTSS) jointly developed this tool with small business utility in mind. The BFD will streamline and simplify access to information and funding opportunities available to businesses from state and quasi-public agencies.

Within EOED, the Office of Consumer Affairs and Business Regulation is actively developing additional resources aimed at improving consumer services and streamlining business interactions, in collaboration with EOTSS. House 1 supports the development and operation of a new Home Improvement Contractor (HIC) registration, renewal, and claims portal which will streamline access for registrants as well as homeowners seeking financial compensation because of judgements resulting from incomplete or substandard home improvements. Separately, the Division of Occupational Licensure is collaborating with EOTSS to modernize its systems across the Division and the Office of Public Safety and Inspections, the main enforcement body for maintaining building safety code among many areas of public safety. House 1 also includes additional resources to support this multi-year effort that will result in more efficient inspections and operations across all consumer-facing professional licensure functions.

***Celebrating Our History and Culture***



As the 250<sup>th</sup> anniversary of the American Revolution approaches, the Healey-Driscoll Administration is gearing up to commemorate this historic occasion and to celebrate our Commonwealth's rich cultural heritage. The Massachusetts Office of Travel and Tourism will continue its work to support municipalities and arts and tourism centers that spotlight our revolutionary past. This includes promotion through the MA 250 website<sup>3</sup>, marketing, grants for tourism, and programming for ceremonies, all which stand to draw visitors from around the globe. As the birthplace of America and home to incredible moments in history, Massachusetts will showcase its revolutionary spirit in 2025 and 2026. House 1 continues to enable this work.

---

<sup>3</sup> MA250 - <https://massachusetts250.org>