



FY2027 H.2 BUDGET BRIEF

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

Making Massachusetts More Affordable for All

Stephanie Knapp, Deputy Chief of External Affairs

Since taking office, the Healey-Driscoll Administration has prioritized making life in Massachusetts more affordable. From cutting taxes for the first time in 20 years to providing free school meals to every child in the state, Governor Maura Healey has enacted policies that make it more affordable to live, work, get an education, raise a family, and run a business in Massachusetts.

Throughout 2025, affordability continued to be at the top of the administration's agenda, with new initiatives and policy changes to drive down the costs of housing, energy, health care, transportation, education, and more. The House 2 budget recommendation builds on the administration's efforts to make it more affordable to live and do business in Massachusetts.

Notably, the administration's plans for Fiscal Year 2027 (FY27) make investments that will reduce costs across housing, transportation, health care, and more without increasing taxes or introducing any new fees. The administration is also proposing several policy sections that will put money back in the pockets of Massachusetts residents and businesses, including provisions that:

- Require businesses to simplify the process for cancelling subscriptions
- Extend the ConnectorCare Pilot, which extends eligibility for subsidized health insurance to individuals earning up to 400 percent of the federal poverty limit, providing over 47,000 residents access to more affordable health insurance
- Create a new Workforce Productivity Grant Program, an initiative within the Department of Family and Medical Leave for small employers to help with workforce needs while employees are on continuous family or medical leave

Outside of the House 2 budget, the administration will take administrative steps to prohibit the reporting of medical debt to consumer reporting agencies, enhancing consumer protection by ensuring that credit scores are not impacted by the inability to pay medical bills.

Housing

Governor Healey has focused on housing affordability since day one, creating a standalone Housing secretariat tasked with building more homes and lowering costs, and signing the *Affordable Homes Act (AHA)*, the most ambitious housing legislation in state history. Through the AHA, nearly 100,000 new homes have been put in the pipeline under this administration.

Just in the past year, the governor continued increasing the Massachusetts housing supply and easing housing costs for renters and homeowners through several actions, including:

- Implementing a ban on renter-paid broker fees, saving renters thousands of dollars
- Unveiling a nation-leading plan to fast-track housing production by cutting environmental review times from 1 year to just 30 days
- Launching the State Land for Homes Initiative, offering up more than 450 acres of surplus land to be turned into 3,500 new homes

The House 2 budget recommendation continues the administration's track record of strategic investments to support and expand the housing market in Massachusetts by proposing:

- A record \$1.2 billion in targeted investments at the Executive Office of Housing and Livable Communities to make housing more affordable and accessible in Massachusetts
- \$314.1 million for three housing voucher programs, a nine percent increase above FY26 funding levels:
 - \$278.3 million for Massachusetts Rental Voucher Program, a historic investment and a ten percent increase over FY26. This funding is expected to support the leasing of over 11,500 vouchers, including 340+ new project-based vouchers.
 - o \$19.3 million for the Alternative Housing Voucher Program to provide rental assistance through 890+ vouchers for persons with disabilities.
 - o \$16.5 million for the Rental Program for Department of Mental Health (DMH) Clients which, coupled with an expected additional \$26 million investment from DMH, will support housing vouchers for DMH clients.
- \$126 million for public housing programs, a 2 percent increase over the FY26 GAA. The state-aided public housing portfolio houses approximately 70,000 Massachusetts residents

Education and Child Care

Massachusetts has cultivated a world-class education system from early childhood through college, and the quality of our schools attracts both students and businesses to our state. Since taking office, the governor has extended Massachusetts' competitive edge in education and worked to ensure that everyone who wants to learn in Massachusetts can afford to do so. Because the governor made community colleges free and public universities more affordable, enrollment as of fall 2025 is back to pre-pandemic levels – and new data shows that graduates make \$20,000 to \$30,000 more five years after graduation.

The administration has also bolstered Massachusetts's early education and care system because we know that affordable and accessible childcare is the key to both healthy development for children and economic opportunity for parents. In 2025, the administration added nearly 8,000 child care seats and reached more children than ever with child care financial assistance to help parents pay for care.

The House 2 budget recommendation continues to support landmark programs that the administration has implemented to make education in Massachusetts more affordable and

accessible. Specifically, the governor's budget provides for ongoing free community college and expanded financial aid for higher education as well as free school meals for students across Massachusetts. Among the additional investments in the administration's FY27 legislative package that will continue driving down educational costs:

- Ongoing support for free community college through the MassEducate and MassReconnect programs
- Funding to sustain universal free school meals across Massachusetts
- A historic \$1.2 billion investment in the Department of Early Education and Care's Child Care Financial Assistance programs, which provides critical support for income-eligible families and those served by the Department of Children and Families (DCF) and the Department of Transitional Assistance (DTA).
- \$176.7 million for the Massachusetts State Scholarship Program, which provides financial assistance to students pursuing higher education in any approved public or independent college, university, school of nursing, or any other approved institution.
- \$85 million in Financial Aid Expansion to help ensure that cost is not a barrier to attend college or university in Massachusetts.
- \$14 million each for State University SUCCESS and Community College SUCCESS programs to ensure students have access to provide wraparound services to support outcomes for vulnerable student populations with intellectual or career development during the school or summer months.

Health Care

The administration has taken bold action to keep healthcare costs as low as possible for Massachusetts families. Throughout 2025, the governor made health care and medication less expensive — signing a bill capping the cost of prescription drugs like insulin and inhalers at \$25, directing insurance companies to rein in increases of deductibles and co-pays, and making over the counter birth control and prenatal vitamins free for half a million patients. The administration also put \$75.6 million in health insurance rebates back into the bank accounts of families and small business owners and issued a bulletin requiring insurance carriers to continue coverage for critical vaccines.

In January 2026, Governor Healey announced the strongest plan in the country to protect against health insurance cost hikes. Under the governor's plan, the Health Connector, a health insurance marketplace that offers state-subsidized coverage plans for eligible individuals and families, will use \$250 million from the Commonwealth Care Trust Fund to mitigate increased healthcare premiums for residents making less than 400% of the federal poverty level. An estimated 270,000 residents, some of whom would have seen their premiums more than double, will benefit significantly from Governor Healey's plan.

The administration also created a Health Care Affordability Working Group, co-chaired by former Health and Human Services Secretary Kate Walsh and Citizens Massachusetts President Lisa Murray. The group is charged with developing concrete proposals to reduce health system costs and ultimately make health care more affordable for patients, families and employers. The working group will focus on the underlying drivers of high health care costs — including administrative waste, pricing practices and system inefficiencies — and

will develop actionable recommendations for lowering costs while protecting access and quality.

Additionally, House 2 makes several recommendations that will continue to address high costs of healthcare and make it more affordable for Massachusetts residents to remain in their communities, including:

- Extending the ConnectorCare Pilot, providing subsidized coverage for people making 300-400% of the federal poverty level through 12/31/2027.
- \$13.4 million for the Nutrition Services Program, a 5.1 percent increase above the FY26 budget, to address food insecurity among elderly populations. This will provide 102,000 additional nutritionally balanced meals to older adults.
- \$1.178 billion for the Department of Transitional Assistance (DTA), a \$21.3 million (2 percent) increase above the FY26 budget. DTA provides critical support to the most vulnerable Massachusetts residents through direct financial assistance, food support, and employment and training programs. This proposal maintains critical support for Transitional Aid to Families with Dependent Children (TAFDC) and Emergency Aid to the Elderly Disabled and Children (EAEDC), as well as \$500 clothing and \$40 monthly rental allowance.

For more information on the work the administration is doing to address healthcare affordability please refer to the **Making Health Care and Insurance Affordable** brief.

Energy

In 2025, the Healey-Driscoll Administration focused on delivering immediate and long-term relief for Massachusetts residents and businesses from high energy costs. In March, Governor Healey launched an Energy Affordability Agenda that delivered \$220 million in immediate savings and laid the groundwork to save residents billions. The governor's agenda included securing bill credits for every residential Eversource, National Grid and Utili customer, launching the Energy Savings Finder, new digital tool to help lower energy bills, boost energy efficiency, and upgrade to new home appliances, and calling on the DPU to launch a comprehensive review of gas and electric rates to identify cost-savings for customers.

In May, Governor Healey filed the *Energy Affordability, Independence and Innovation Act*, legislation that will save customers money, bring more energy into Massachusetts, increase accountability, and drive innovation. Key reforms include eliminating and reducing certain charges on the bill, creating accountability and ensuring that unnecessary costs aren't passed on to ratepayers, and reducing barriers to new cutting-edge nuclear technologies. The administration estimates that the bill will save Massachusetts customers more than \$13 billion over 10 years.

The House 2 budget recommendation provides the funding necessary to continue implementing the governor's Energy Affordability Agenda via direct aid to municipalities as well as state-wide policies that reduce consumers and businesses costs in the long-term. Among the investments made by the administration recently or proposed in House 2:

- \$55 million in Emergency Food Assistance distributed to the Commonwealth's four main Food Bank hubs for the purpose of direct purchases of food aid.
- \$15 million in grants and electrification investments to support decarbonization and cost relief to municipalities as well as streamlined grid construction to deliver clean, affordable, and sustainable energy.
- \$10 million to the Massachusetts Clean Energy Center to support the state's homegrown environmental industries to design technologies that improve energy efficiency and lower consumers' utility costs.

Doing Business

The Healey-Driscoll Administration has made it cheaper and more efficient for companies of all sizes to do business in Massachusetts. In late 2025, Governor Healey launched a Competitiveness Council to improve the business climate in our state. The Council brings stakeholders together – business, labor, municipal and state leaders – to recommend strategies for growing Massachusetts' economic leadership and making our state even more attractive for businesses. Governor Healey launched Mass Means Business in May 2025, cutting needless regulations to save businesses time and money, and in July 2025 launched the Business Front Door, a modern, digital-focused platform designed to connect businesses with personalized guidance to navigate state funding opportunities and incentives.



With the governor's House 2 budget recommendation, the Healey-Driscoll Administration is continuing to invest in making Massachusetts the best state to do business. For example, House 2 proposes the creation of a \$1 million Workforce Productivity Fund to provide grants to small employers (50 employees or less) for hiring temporary employees to fill workforce gaps due to family or medical leave.

Transportation

The Healey-Driscoll Administration started a new era for transportation in Massachusetts, making long-overdue investments in the infrastructure that connects our state and ensuring that accessible, reliable transportation is affordable for all. In 2025, the administration launched and implemented a historic \$8 billion plan to improve roads and bridges, support Regional Transit Authorities (RTAs), and stabilize the finances of the MBTA without increasing fares for riders.

Many of these capital dollars are already being put to use on projects as varied as, municipal support to address repairs to culverts across the Commonwealth, to investments in new train vehicles for the MBTA on the Red Line, Orange Line, and Commuter Rail, and to power and system resiliency across the MBTA's legacy network. Included in the plan was funding for year-round Fare Free Service across the RTA system, putting money back in the pockets for riders who depend on RTAs. The administration also implemented a first-of-its-kind Income-Eligible Reduced Fare Program at the MBTA, which offers riders aged 18-64 enrolled in approved assistance programs discounts on one-way fares and monthly passes across subway, bus, Commuter Rail, and ferry services. Since it launched in September 2024, the program has enrolled more than 35,000 riders, with participants saving an average of \$228 annually – or roughly \$19 per month – on transit costs. The House 2 budget continues to carry out the governor's transformative vision for an affordable, equitable, high-quality transportation system, with continued support for both the Low-Income Fare Relief program and for statewide free fares at RTAs (House 2 recommends \$35 million for fare-free RTA service, a \$5 million increase above the governor's FY26 budget proposal), to advance affordability and equitable access.

This administration also believes an equitable, affordable transportation system requires removing economic barriers that prevent residents from getting to work, caring for their families, and meeting daily needs. House 2, therefore, seeks to end the practice of suspending driver's license and vehicle registration renewals for certain unpaid debts – such as parking tickets, court fees, and tolls – because evidence shows these penalties fail to improve collections, harm public safety, and trap low-income residents in cycles of debt and job loss.