

FY2027 H.2 BUDGET BRIEF

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

Navigating Federal Funding Cuts Made by President Trump and Congress

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Following the inauguration of President Donald Trump in January 2025, states have been forced to navigate an ever-evolving federal landscape. Numerous federal actions from the Trump Administration and Congress have caused funding cuts and delays, policy shifts, program eligibility changes, and national economic instability. As a result of these unprecedented actions, Massachusetts has faced significant challenges that directly impact not just the state budget, but also municipalities, schools and universities, businesses, hospitals and health care providers, non-profits, and families statewide.

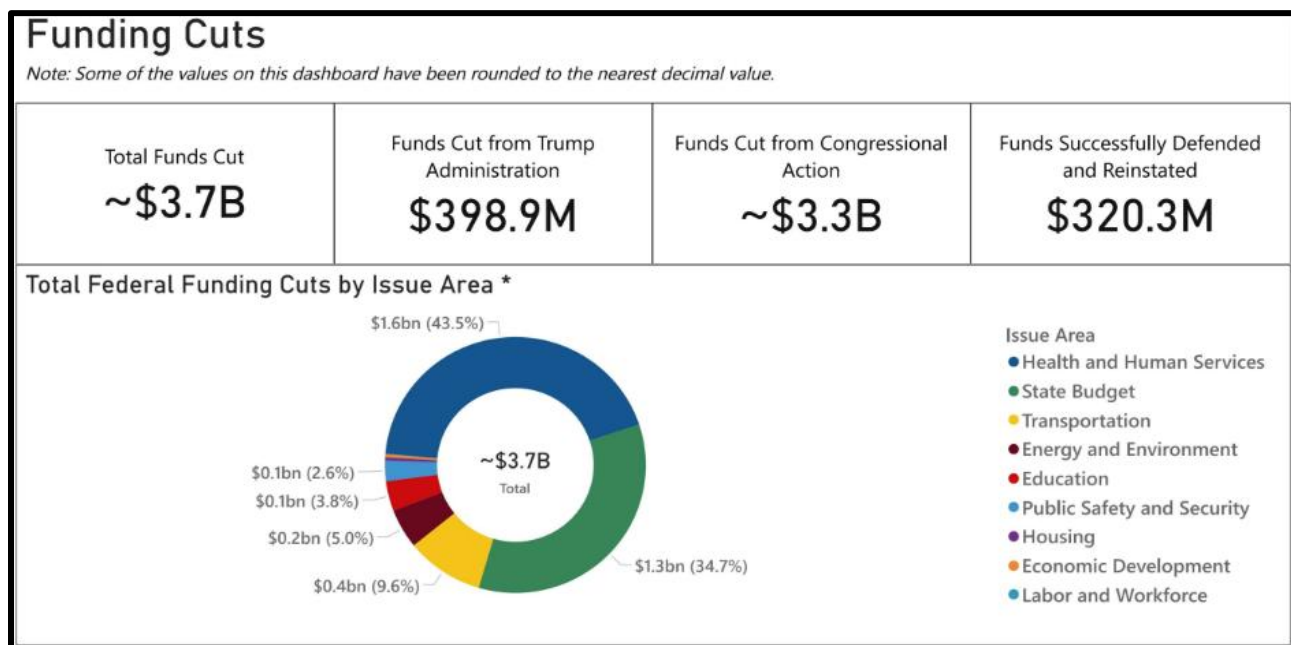
Massachusetts depends on federal funds to administer critical programs in education, public health, housing, energy, and food security. Recent cuts and policy changes have significantly limited the resources available to state government and local partners, putting core programs at risk. However, as detailed below, Governor Maura Healey has partnered with the Legislature and stakeholders to ensure Massachusetts remained resilient over the last year.

Governor Healey's Fiscal Year 2027 (FY27) legislative package further enhances Massachusetts's resilience by investing in key programs and making additional policy proposals to address federal challenges. Policy proposals in this package include assisting veterans removed from service due to Trump's policy changes impacting their access to Massachusetts veterans' benefits, allowing the prospective assignment of a guardian for minor children in the event a caregiver is detained by federal immigration authorities, and prohibiting another state's National Guard from entering Massachusetts unless authorized by the governor or called into active service of the United States under lawful authority of the President. Additionally, House 2 proposes to maintain the \$5 million originally invested in Fiscal Year 2026 (FY26) for the Massachusetts Access to Counsel Initiative (MACI), which provides legal representation to eligible, income-qualifying immigrants impacted by federal changes to immigration policy.

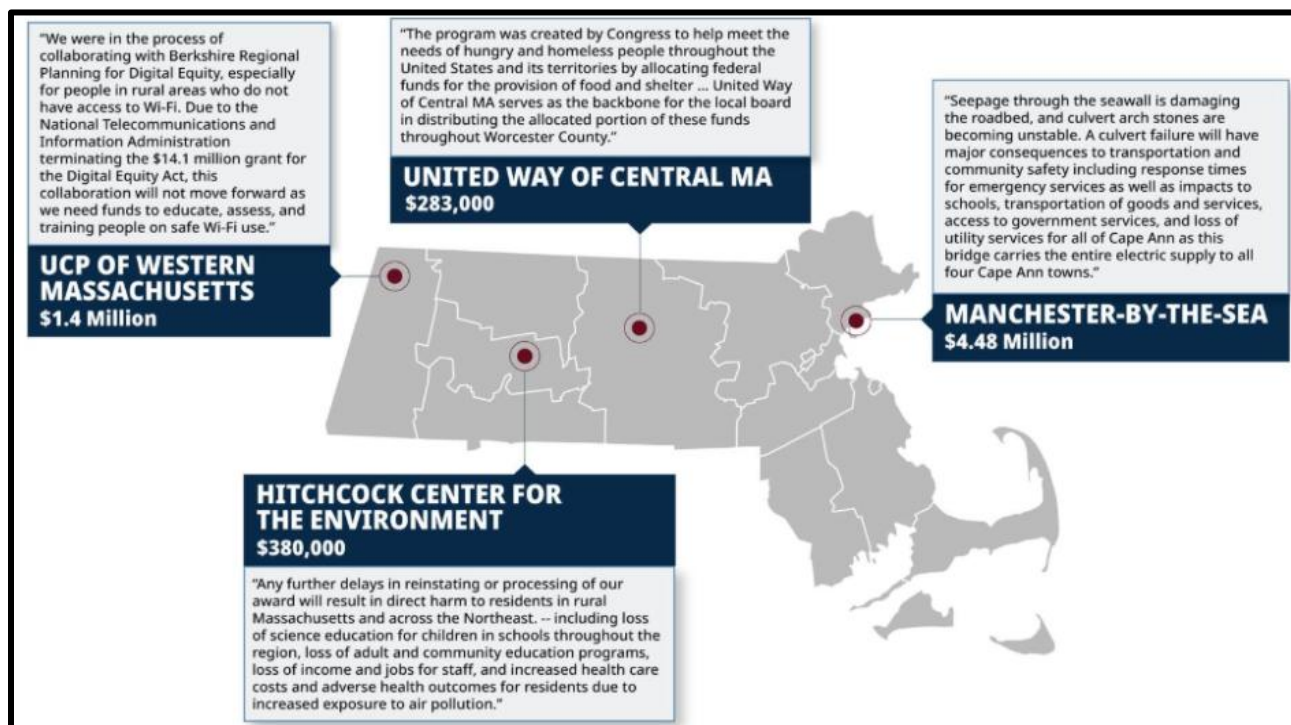
Responding to Federal Challenges

While the state is not in a position to backstop the loss of all federal funds, over the past year, the Healey-Driscoll Administration has adopted a proactive approach to address the challenges imposed by the Trump Administration. Members of Governor Healey's Administration worked to coordinate across state agencies, track the impacts of federal changes, and effectively respond to new developments. Additionally, they worked with

partners across state agencies to develop a website summarizing the impacts of executive and congressional cuts throughout Massachusetts.¹



The website also summarizes impacts to municipalities, non-profits, and community partners. Entities can submit a form to report a federal funding issue, such as funding cuts, grant or program terminations, and freezes of awarded funding.



¹ [Impact of Trump Administration and Congressional cuts on Massachusetts | Mass.gov](https://www.mass.gov/info-details/impact-of-trump-administration-and-congressional-cuts-on-massachusetts)

DRIVE Initiative

In July 2025, Governor Healey filed the *Discovery, Research and Innovation for a Vibrant Economy (DRIVE) Initiative* to grow Massachusetts's world-renowned research and innovation economy and create thousands of new jobs. According to the UMass Donahue Institute's Economic & Public Policy Research Group, Massachusetts historically receives \$8.57 billion in annual federal research and development funding that supports 81,300 jobs and \$7.8 billion of income and generates more than \$16 billion in economic activity. Unfortunately, many critical projects supported by this funding have been put at risk due to funding cuts and policy changes from federal agencies, including the National Institutes of Health and National Science Foundation. Ongoing uncertainty surrounding the future of science-based federal funding has impacted our research and innovation ecosystem, disrupting life-saving discoveries and threatening a cornerstone of our regional economy.

The *DRIVE* legislation proposes to repurpose \$200 million of the Commonwealth Federal Matching and Debt Reduction Fund (the "Fed Match Fund"), a fund originally proposed by the administration that leverages interest earned on the state's stabilization fund and can be used for debt defeasance, long-term liabilities reductions, and state matching funds for federal programs. To date, the administration has approved more than \$387 million in state matching fund commitments for projects that have either been approved, or are still under review, at the federal level. *DRIVE* seeks to utilize \$200 million from the Fed Match Fund to create a multi-year funding pool ("Research Resilience Fund") housed at MassDevelopment. The Research Resilience Fund will support research projects at hospitals, universities, and independent research institutions, advance promising research towards commercialization, and help retain the talent driving this work.

The *DRIVE* legislation additionally proposes utilizing \$200 million of voter-approved Fair Share surtax revenue for a public higher education bridge funding reserve that will provide public higher education campuses support for direct and indirect costs of research, cross-regional partnerships and joint ventures. This reserve sets aside funding to support research and teaching positions, such as graduate, post doctorate, and other early career professionals. The transformative investments from the *DRIVE Initiative* will advance lifesaving research, support the state's economy, and preserve thousands of jobs in this critical sector.

Vaccine Access

Governor Healey has taken significant steps to protect public health in Massachusetts by ensuring that vaccines remain available and affordable. President Trump and Secretary Kennedy have rolled back childhood vaccine recommendations, narrowed guidance for COVID-19 and hepatitis B vaccines, and spread misinformation about the safety and efficacy of vaccines more generally. Despite these actions, Massachusetts continues to trust the evidence and the experts and prioritize vaccine access.

In the Fiscal Year 2025 (FY25) closeout supplemental budget signed into law in November 2025, Governor Healey established authority for the state Department of Public Health (DPH) to set immunization schedules and requirements. This authority ensures that access

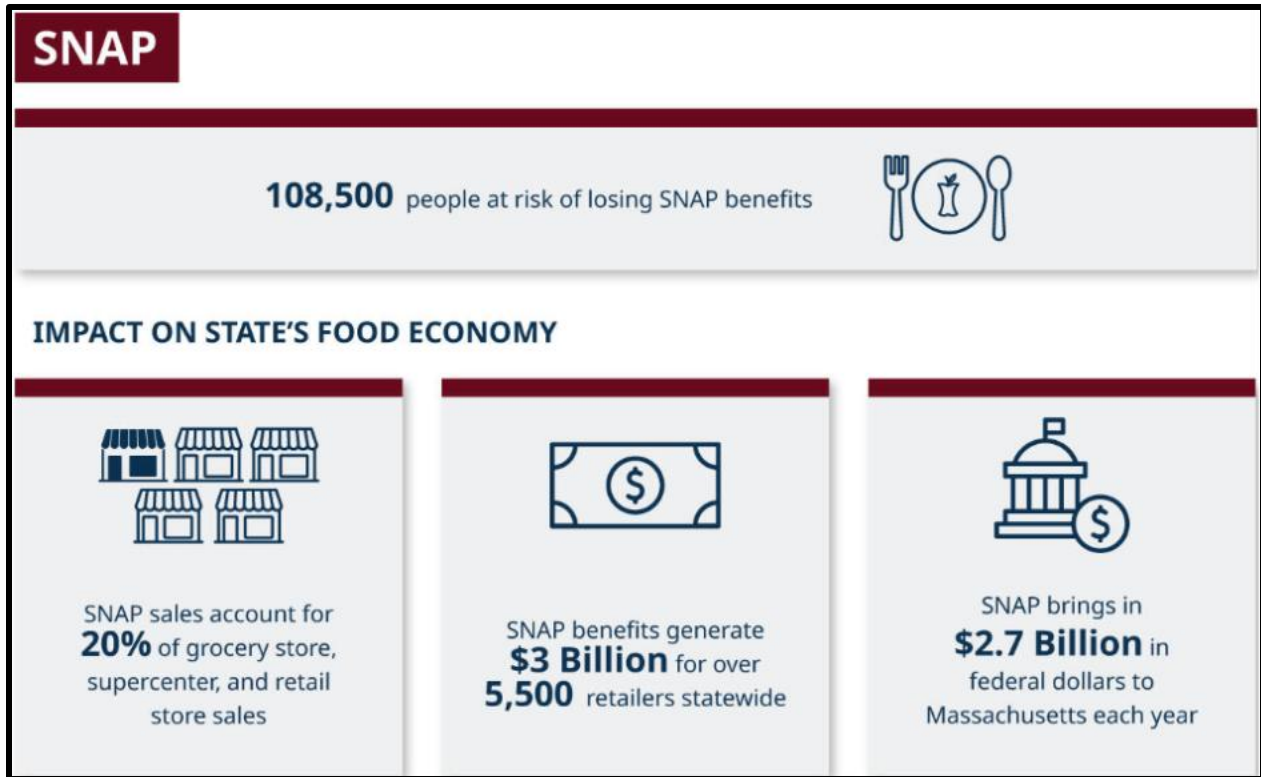
to vaccines is not disrupted while the federal government upends long-standing and scientifically-supported vaccine recommendations. Further, Governor Healey directed the Division of Insurance (DOI) to require insurance carriers to continue to cover vaccines recommended by DPH and to not rely on CDC recommendations. With this action, Massachusetts became the first state in the nation to guarantee insurance coverage of vaccines recommended by the state.

Additionally, in response to the federal government no longer recommending the COVID-19 vaccine for adults, DPH issued a standing order to allow pharmacists to continue to administer the vaccine to all eligible persons. DPH issued another standing order authorizing qualified health personnel in local boards of health to administer the COVID-19 and influenza vaccines to eligible individuals during the respiratory virus season.

On September 18, 2025, the Northeast Public Health Collaborative, a multistate coalition that includes Massachusetts, was formally announced to share expertise, improve coordination, enhance capacity, and protect public health as the federal government continues to fall short. The collaborative is focused on optimizing the use of shared resources to promote trust in public health, strengthen confidence in vaccines and science-based medicine, prepare for and respond to public health threats, and support state public health laboratories.

Food Security

In response to federal attempts to undermine food assistance programs, Governor Healey has taken meaningful steps to protect food security in Massachusetts. On July 4th, President Trump signed the federal Reconciliation Bill, also known as the *One Big Beautiful Bill Act*, which made the largest cuts to SNAP in history by expanding burdensome requirements and fundamentally altering cost-sharing partnerships with states. These changes put over 100,000 people in Massachusetts at risk of losing SNAP benefits over the next year.



In July 2025, Governor Healey created an Anti-Hunger Task Force to affirm the administration's commitment to ending hunger and promoting food security. As President Trump cuts food assistance for children, seniors, veterans, and people with disabilities, the task force is collaborating across public, private, and nonprofit sectors to alleviate food insecurity and provide recommendations to the governor for mitigating the impacts of federal SNAP cuts. Massachusetts continues to seek innovative and sustainable solutions to food access in order to continue to combat food insecurity.

Additionally, Governor Healey signed into law \$10 million to support operations at the Department of Transitional Assistance (DTA) — which administers federal SNAP benefits and other food assistance programs in Massachusetts — to ensure access to anti-hunger programs is maintained. The FY27 House 2 recommendation proposes a \$46.4 million increase to the DTA Caseworkers Reserve to further support staffing needs and ensure compliance with new federal SNAP requirements. The FY27 House 2 budget proposal also fully funds the Healthy Incentives Program at \$29.7 million, unlocking supplemental funding for SNAP recipients to purchase fresh produce from farmers' markets. In October 2025, Governor Healey also advanced \$4 million to food banks through the Massachusetts Emergency Food Assistance program to further support residents impacted by the SNAP delay during the federal government shutdown. These funds were advanced on top of the \$4 million the program already distributes monthly to help nonprofits meet increased demand for food assistance.

The FY27 House 2 recommendation also proposes a 9 percent increase for the Massachusetts Emergency Food Assistance program relative to the FY26 GAA to continue

to support Massachusetts residents experiencing food insecurity. Moreover, the FY27 House 2 recommendation sustains full funding for universal free school meals for all K-12 students, a program the Healey-Driscoll Administration made permanent in 2023, thereby continuing the administration's commitment to addressing child nutrition and child hunger. The governor is proposing a new tax credit of up to \$5,000 for farms that donate food to help our state address hunger and food insecurity.

Reproductive Health

Governor Healey is committed to protecting reproductive and maternal health for Massachusetts residents and has taken a proactive approach to protecting access to this life saving care.

In January 2025, the Department of Public Health (DPH) announced \$1.8 million in grants to 13 community-based organizations and clinical providers under the Reproductive Health Access, Infrastructure, and Security Grants program. This funding will support financial assistance to individuals seeking reproductive care and will support critical infrastructure and security updates for abortion care providers.

In March 2025, the Healey-Driscoll Administration issued two standing orders to make prenatal vitamins and over-the-counter oral contraceptives free for eligible MassHealth and Health Safety Net members — improving reproductive and maternal health for residents and reducing health disparities. This administration further demonstrated its support for reproductive health care by providing supplemental funding to the Planned Parenthood League of Massachusetts. In response to new federal legislation prohibiting Medicaid funds from being used for services provided by Planned Parenthood clinics, the administration has stepped in to use state funding to continue to provide these vital services. The FY26 budget included \$2 million to continue to support sexual and reproductive health care services at Planned Parenthood clinics, and the FY25 supplemental closeout budget included \$5 million for additional entities prohibited from claiming federal Medicaid dollars.

In August 2025, Governor Healey signed an updated *Shield Law* – the strongest in the country – to protect patients and providers by expanding access to reproductive and gender-affirming care. This law prevents the disclosure of sensitive data, formally establishes that abortions are to be provided in emergencies due to medical necessity, and prohibits Massachusetts state or local authorities from cooperating with any federal or out-of-state investigation into health care services that are legally protected in Massachusetts. The Healey-Driscoll Administration also adopted emergency regulation amendments to protect nurses from disqualification from licensure or Board discipline for providing, or assisting in providing, reproductive health care services in Massachusetts.

House 2 seeks to further strengthen maternal health by proposing \$4.3 million to fully implement the *Maternal Health Law* (Chapter 186 of the Acts of 2024). DPH will use this funding to establish the Universal Home Visiting System, which will offer a postpartum home visit to all 68,000 new mothers and their children in the Commonwealth. In addition, this investment will fund the Fetal & Infant Mortality Review Program to conduct in-depth reviews of over 500 fetal and infant deaths each year, a digital resource center to help

providers screen postnatal individuals for perinatal mood and anxiety disorders (PMAD), and a public information campaign to provide guidance to perinatal health care workers about current information regarding pregnancy loss.

MassHealth and the Health Connector

Federal health care policy changes have significantly impacted Massachusetts's Medicaid program, MassHealth, and the Health Connector, a health insurance marketplace that offers state-subsidized coverage plans for eligible individuals and families. New federal policy changes put up to 300,000 current MassHealth members at risk of losing coverage due to new eligibility and work requirements.

Because of the new laws signed by President Trump, beginning in January 2027, certain non-disabled MassHealth members between the ages of 19 and 64 will be required to meet new work and community engagement requirements to keep their health insurance. These members will also be required to renew their coverage every six months instead of once per year as is currently the law. These new requirements create more administrative complexity and paperwork for low-income Massachusetts's residents. The Massachusetts legislature has already dedicated \$10 million in funding to community-based organizations and House 2 proposes additional funding for MassHealth to support applicants and members through these new, more frequent insurance renewal processes to minimize coverage loss.

As a result of the expiration of Enhanced Premium Tax Credits at the federal level, health insurance premiums are expected to skyrocket for hundreds of thousands of Massachusetts residents. The Healey-Driscoll Administration remains strongly committed to reducing health care costs for Massachusetts residents, including through the Health Connector's flagship affordability program, ConnectorCare, which provides premium and cost sharing support to enrollees who qualify for federal subsidies. In January 2026, Governor Healey announced that the Health Connector will use an additional \$250 million — the most of every state in the nation — from the Commonwealth Care Trust Fund to mitigate increased health care premiums for residents making less than 400 percent 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.

House 2 proposes extending a pilot program that expands ConnectorCare eligibility to people earning between 300 and 400 percent of the federal poverty level — roughly \$47,000 to \$63,000 for an individual. This pilot, first authorized in the FY24 budget, is currently scheduled to run through December 2026; House 2 extends it for one additional year, through December 2027. This will allow approximately 49,000 residents to continue accessing more affordable health insurance through the Health Connector. As a result of additional available federal reimbursement for these services, extending expanded eligibility for ConnectorCare has no impact on the general fund.

Additionally, the administration has 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.

For more information on the critical work the administration is doing to improve health care affordability in Massachusetts, see the [**Making Health Care and Insurance Affordable**](#) budget brief.

Education

In direct response to President Trump’s Executive Orders, the Healey-Driscoll Administration issued joint guidance with Attorney General Campbell affirming Massachusetts’s commitment to equal access to education for all students. The guidance instructs Massachusetts educational institutions to continue their work to foster diversity, equity, inclusion, and accessibility amongst their student bodies. Previously, Governor Healey and Attorney General Campbell released joint guidance² on schools’ legal obligations to prevent and address hate and bias incidents in response to concerns regarding the rise in hate incidents in elementary and secondary schools. This guidance contains clear, actionable steps that schools can take to create safe and inclusive educational environments for their students. Furthering our goal to protect students, the Fiscal Year 2027 budget legislative package includes enhanced privacy protections for higher education students.

Resilience & Climate Action

The Healey-Driscoll Administration has remained committed to protecting people, the environment, and infrastructure from the mounting impacts of climate change, and advancing clean energy in the face of federal attacks. In November 2025, Governor Healey announced the [**ResilientCoasts Plan**](#), which sets strategies to address the Commonwealth’s vulnerability to coastal hazards over the next 50 years. Implementation will focus on fostering collaboration between the state, local governments, and the private sector to advance coastal resilience projects that mitigate issues including increased storm surges, sea level rise, and erosion.

As the Trump Administration works to cancel funding from FEMA for urgently needed resilience projects — including critical flood prevention infrastructure at Island End River in Chelsea, in addition to Moakley Park and Tenean Beach in Boston— the Healey-Driscoll Administration is focusing efforts on increased funding and technical assistance to coastal communities. The *Mass Ready Act* proposed by the administration in June 2025 included authorizations of over \$600 million to protect communities from increasing flood risks and coastal erosion and establishes a Resilience Revolving Fund that will provide low-interest loans to communities so they can invest in projects that reduce risk and protect people and property. Additionally, the Healey-Driscoll Administration has hosted multiple summits to

² <https://www.mass.gov/doc/guidance-on-schools-legal-obligations-to-prevent-and-address-hate-and-bias-incidents-sept-2024/download>

convene leaders from across the Commonwealth to advance clean energy and resilience initiatives, including ResilientMass and the Solar Summit.

Through House 2, the administration proposes additional investment in the Disaster Relief and Resiliency Fund, which was established in FY25 to ensure a permanent state resource can be deployed in response to increasingly severe natural disasters. House 2 sets aside \$20 million for the Disaster Relief and Resiliency Fund.

Looking Ahead

As Massachusetts continues to navigate an unstable federal environment, the Healey-Driscoll Administration is continuously adapting and maintaining a proactive approach. Beyond actions that the federal government has already taken, significant risks remain for programs that Massachusetts families and businesses depend on — from education and public health to housing, climate, food security, and economic policy and the Healey-Driscoll Administration will continue to act in the coming months to respond to, and wherever possible, counteract actions at the federal level.