



# Governor's Budget Recommendation

*January 28, 2026*

## Budget Briefs

**Maura T. Healey**  
Governor

**Kimberley Driscoll**  
Lieutenant Governor

**House 2**

**Fiscal Year 2027**

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# FY2027 H.2 BUDGET BRIEF

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

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# FY2027 H.2 BUDGET BRIEF

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

## Fiscal Overview

**Christopher Marino, Assistant Secretary for Budget, and Laura Taronas, Finance Director**

Facing unprecedented pressures from federal uncertainty, moderating tax revenue growth and extraordinary cost growth, the Healey-Driscoll Administration's Fiscal Year 2027 (FY27) House 2 proposal represents a balanced and thoughtful blueprint. Despite the numerous challenges creating fiscal uncertainty, House 2 prioritizes the administration's top goals of affordability, competitiveness, and equity.

At a time when the federal government has made devastating budget cuts in areas like health care and food security, the governor's budget proposal protects our most vulnerable, ensures sustainable growth, and makes key investments to retain our standing as a national leader in so many important sectors.

### Bottom Line

The Governor's House 2 proposal total \$60.114 billion, excluding spending tied to the voter-approved 4 percent Fair Share income surtax and the Medical Assistance Trust Fund. This represents an increase of \$2.015 billion, or 3.5 percent, over the FY26 General Appropriation Act, and \$676 million, or 1.1 percent, over current FY26 estimated spending. Despite extraordinary spending pressures across most sectors, the governor's budget maintains sustainable spending growth – limiting growth over FY26 estimated spending to less than half of the rate of inflation (2.7 percent as of December 2025).

Additionally, House 2 includes \$2.7 billion in education and transportation investments made possible by the income surtax. This resource continues to allow the Commonwealth to make historic investments in transportation and education. Whether stabilizing the Massachusetts Bay Transportation Authority, providing universal access to pre-kindergarten in our Gateway Cities, or fulfilling our commitment to the *Student Opportunity Act*, the surtax has moved Massachusetts forward in a transformative way.

	FY26 GAA	FY26 Est.	FY27 H.2	\$ vs. FY26 Est.	% vs. FY26 Est.	\$ vs. FY 26 GAA	% vs. FY26 GAA
Line Item Spending	<b>\$58,098</b>	<b>\$59,438</b>	<b>\$60,114</b>	<b>\$676</b>	<b>1.1%</b>	<b>\$2,015</b>	<b>3.5%</b>
Medical Assistance Trust Fund	\$548	\$856	\$548	-\$308	-36.0%	\$0	0.1%
Surtax	\$2,400	\$2,400	\$2,700	\$300	12.5%	\$300	12.5%
<b>Total</b>	<b>\$61,046</b>	<b>\$62,694</b>	<b>\$63,362</b>	<b>\$668</b>	<b>1.1%</b>	<b>\$2,316</b>	<b>3.8%</b>

Over the last few fiscal years, states across the nation have grappled with unprecedented cost growth across all aspects of the health care system. Massachusetts has seen double digit growth in MassHealth, state employee health insurance, and most human service programs. House 2 manages to align spending with available revenues and proposes creative solutions to help support core services for Massachusetts residents.

## Tax Revenue

House 2 is supported by the FY27 consensus tax revenue agreement of \$44.9 billion, including \$2.7 billion from the 4 percent income surtax. Total non-surtax tax revenue growth represents 2.4 percent, or \$986 million, over the current FY26 benchmark. Surtax revenue growth represents 12.5 percent, \$300 million, over current FY26 estimates.

	FY26 Benchmark	FY27 Consensus Revenue	% Change
Baseline Tax Revenue	\$41,214	\$42,200	2.4%
4% Income Surtax Revenue	\$2,400	\$2,700	12.5%
<b>Total Tax Revenue</b>	<b>\$43,614</b>	<b>\$44,900</b>	<b>2.9%</b>

The House 2 budget reflects the phased-in implementation of certain tax provisions adjusted by the federal *One Big Beautiful Bill Act* passed in July. The state automatically conforms with certain corporate and business provisions changed by the federal legislation. In separate legislation filed earlier in January, the governor recommended phasing in several provisions to ensure that the state can afford them sustainably without risking cuts to key spending programs. The impact of phasing in these provisions totals \$108 million in additional revenue in FY27.

Additionally, the governor's budget recommendation reflects the proposed expansion of the pass-through entity excise tax, which is expected to generate \$296 million in FY27 tax revenue, while helping certain taxpayers maximize their federal tax benefits.

## Pre-Budget Commitments

The governor's budget recommendation includes \$8.142 billion in statutory pre-budget tax transfers. Notably, this includes \$5.131 billion for the annual pension transfer, representing 4 percent growth for the first year of the latest triennial schedule. The attainment of a pension funding schedule that increases 4 percent per year is considered sustainable by actuarial professionals and represents a breakthrough achievement in the Commonwealth's pension funding policies. This new schedule keeps the state on track to pay down its liability ahead of the FY40 statutory deadline and marks an extension of a disciplined and consistent fiscal policy that has bridged several successive triennial schedules, demonstrating strong commitment and collaboration between the administration and legislature.

House 2 also transfers a combined \$2.73 billion in sales tax revenue to the Massachusetts Bay Transportation Authority and the Massachusetts School Building Authority, as well as \$27 million for the Workforce Training Fund.

\$ in millions	FY27 House 2
<b>Total Taxes (excluding Surtax)</b>	<b>\$42,200</b>
Pension Liability Fund Transfer	\$5,131
MBTA - Sales Tax Transfer	\$1,444
MA School Building Authority - Sales Tax Transfer	\$1,284
Excess Capital Gains for Stabilization Fund, State Retiree Benefits Trust Fund and Disaster Relief & Resiliency Fund	\$256
Workforce Training Trust Fund	\$27
<b>Total Pre-Budget Transfers</b>	<b>\$8,142</b>
<b>Taxes Available for Budget (excluding Surtax)</b>	<b>\$34,058</b>

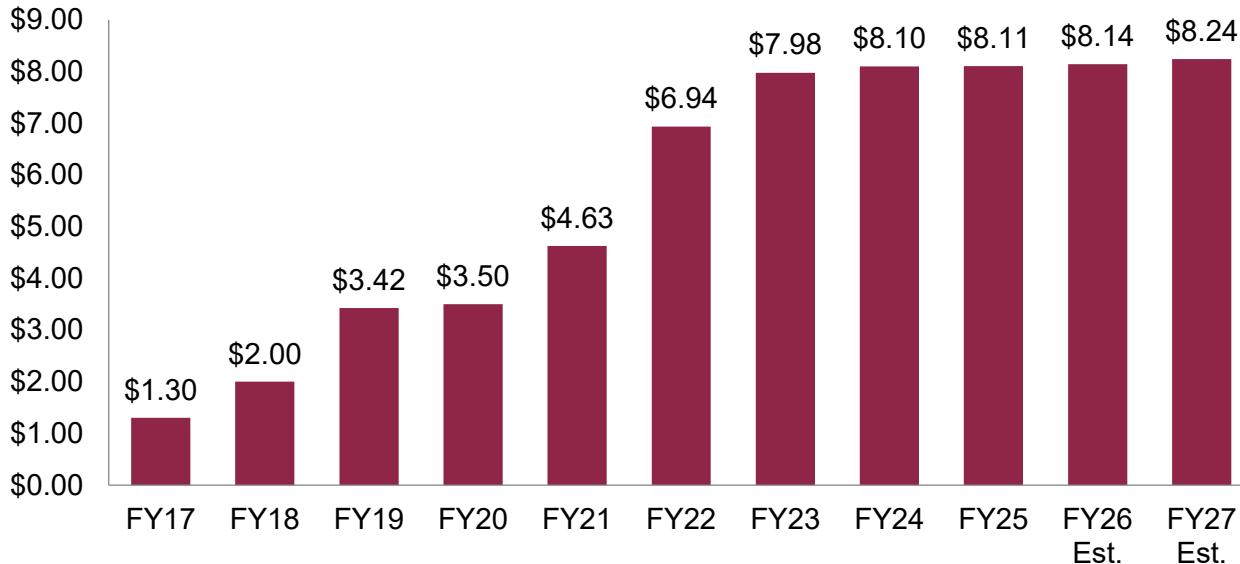
House 2 includes recent recommendations from the Stabilization Fund and Long-Term Liability Financing Task Force. This group, consisting of state fiscal policy experts, reviewed the Commonwealth's policies around building reserves and financing long-term non-discretionary commitments.

A recommendation from the group was to consider a one-time prospective adjustment to the threshold establishing the amount in capital gains tax collections available for spending. Capital gains collections over the threshold, first established in 2011, is then dispensed to the Stabilization Fund, pension liability, and state retiree benefits. Based on this review, the Task Force estimated that the threshold has fallen behind actual revenue and economic growth, suggesting that it could be increased by \$300 to \$600 million on a one-time basis. Therefore, House 2 recommends an adjustment in the threshold to \$2.25 billion, representing approximately \$470 million over the original FY27 estimate.

After this adjustment, the House 2 proposal still provides \$100 million for the Stabilization Fund, \$136 million for post-retiree benefits, and \$20 million for the Disaster Relief and Resiliency Fund to help the state prepare for unforeseen natural disasters.

\$ in millions	FY27 H.2
<b>Long-Term Liability</b>	
Stabilization Fund	\$100
State Retiree Benefits Trust Fund	\$136
Disaster Relief & Resiliency Fund	\$20
<b>Total Pre-Budget Transfers</b>	<b>\$256</b>

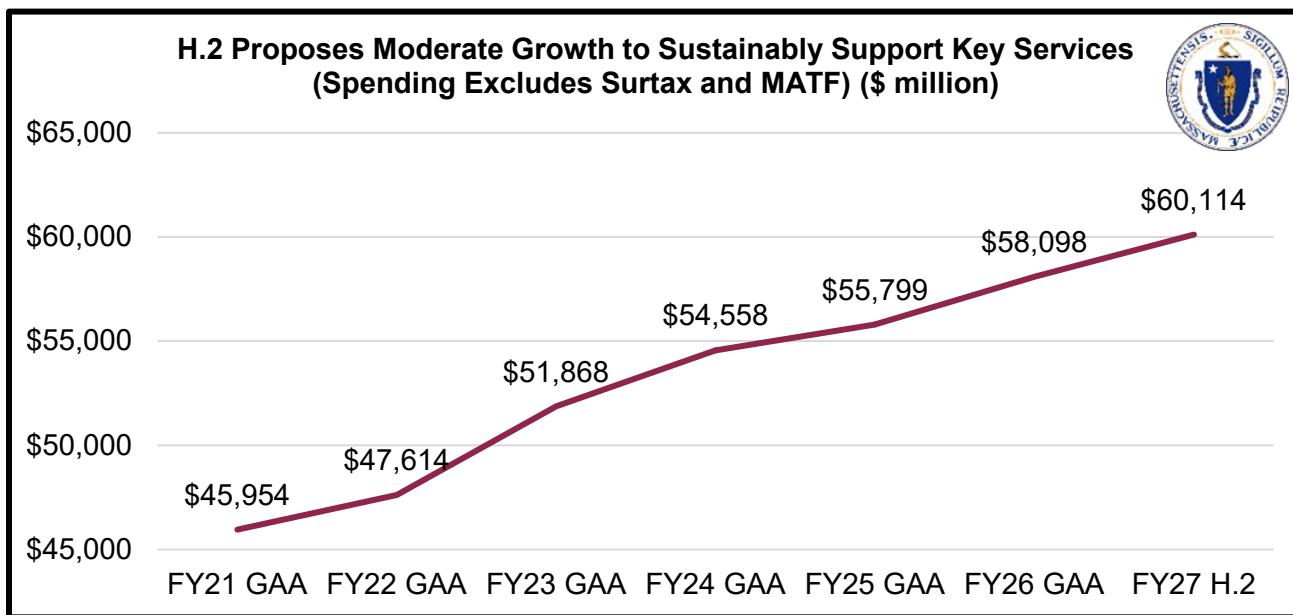
With this additional \$100 million investment, the Stabilization Fund is estimated to grow to a historic \$8.24 billion by the close of FY27.

**Stabilization Fund Balance History (FY 2017-2027 Est.) (\$ billion)**

## Fiscal Pressures

The state has continued to face significant spending pressures in the aftermath of the pandemic with the impacts of inflation rippling through all state programs. Most notably, health care costs across all facets of the system have seen double digit growth – as made evident by FY25 supplemental funding levels of \$2 billion gross for MassHealth and \$240 million for the Group Insurance Commission for premium and plan costs. In addition, the state continues to experience considerable growth across other key sectors, including subsidized early education and care, K-12 education, and housing stabilization.

The administration, in partnership with legislative leaders, has managed to keep spending growth sustainable.



The FY27 House 2 recommendation reflects the administration's efforts to ensure the budget grows sustainably and responsibly, while also protecting those programs that serve our most vulnerable populations and help Massachusetts continue to lead the way.

## Balancing the Budget

To balance the budget, the administration is putting forward a thoughtful package of solves. House 2 prioritizes lowering the state's reliance on one-timers to ensure that the budget remains sustainable in the long term. Some of the more notable solve proposals include:

Resource	Amount (\$ in millions)	Description
Federal Tax Conformity Phase-in	\$108	Consistent with recently filed legislation, House 2 assumes a phase- approach for some of the costliest provisions from the federal One Big Beautiful Bill Act. House 2 assumes the implementation of the Research & Experimental expenditure provision and otherwise assumes the four other most expensive provisions are made effective in Tax Year 2027. This phased-in approach provides temporary relief for the FY27 budget.
Pass-Through Entity Excise Expansion	\$296	The pass-through entity excise tax was implemented in response to the State and Local Tax Deduction becoming capped at \$10 K in the 2017 Tax Cuts and Jobs Act. The state excise provision allows certain taxpayers to mitigate their federal tax liability by paying state taxes through their businesses. House 2 reflects recently filed legislation expanding the allowable amount of income for this provision to

		encompass the surtax (without impacting actual surtax collections). The excise was first implemented before the surtax was enacted, so this measure aligns the excise with our current revenue system while providing a benefit to taxpayers and the state budget.
Debt Service Prepayment	\$185	In 2024, the Commonwealth Federal Match and Debt Reduction Fund was created to support debt defeasance and provide state matching funds for federal programs. The administration has successfully used the fund to pre-pay debt service obligations and recommends continued pre-payments to mitigate costs. These efforts save dollars for taxpayers and simultaneously provide relief for the operating budget.
Student Opportunity Act Investment Fund	\$568	House 2 fully funds the final year of the Student Opportunity Act. This includes \$7.6 billion for <u>Chapter 70</u> and \$803 million for special education costs. House 2 proposes drawing down from the Student Opportunity Act Investment Fund, created and funded to help implement this landmark education financing legislation.
High-Quality Early Education & Care Fund Early Education & Care Operational Grant Fund	\$259	House 2 provides historic levels of funding for the state's early education and care system, including \$1.22 billion for subsidized care and \$475 million for provider operational grants. In the Governor's budget recommendation, these programs are supported in part by dedicated reserves capitalized by surplus surtax collections and the revenues generated from online lottery.
Efficiencies & Effectiveness Initiative	\$100	House 2 proposes a statewide efficiencies and effectiveness initiative through the Executive Office for Administration and Finance. This initiative would analyze operations and programming across state agencies to identify areas where the state can reduce inefficiencies and save taxpayer dollars. The Executive Office would have the ability to recoup identified savings to reduce spending and support balancing the budget.

## Fiscal Responsibility

In addition to recommendations related to the capital gains threshold, the Stabilization Fund and Long-Term Liability Financing Task Force recommended that the state implements more long-term fiscal planning exercises. To this end, the House 2 recommendation includes several meaningful measures to support good fiscal responsibility and strengthen our long-term fiscal stability. Key recommendations reflected in House 2 include:

- Mandating that the Stabilization Fund and Long-Term Liability Financing Task Force meet in perpetuity on a 5-year cycle to ensure recurring review of our fiscal policies
- Requiring an annual multi-year budget forecast and stress test to identify areas of risk, make sustainable budget decisions, and ensure the adequacy of the Commonwealth Stabilization Fund

These policy provisions represent the administration's commitment to our long-term fiscal health. By making these policies permanent, we are demonstrating our attention to good fiscal policies to credit rating agencies and our dedication to being good fiscal stewards for the taxpayers.

These measures, paired with the sustainable growth and thoughtful resources proposed in House 2, will help put Massachusetts on a sustainable fiscal glide path for the years ahead, regardless of growing cost pressures and challenges arising at the federal level.



# 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***

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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.



# FY2027 H.2 BUDGET BRIEF

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## ***Navigating Federal Funding Cuts Made by President Trump and Congress***

***Andra Deaconn, Assistant Budget Director, and Nicole Venguer, Assistant Director of Performance Management***

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

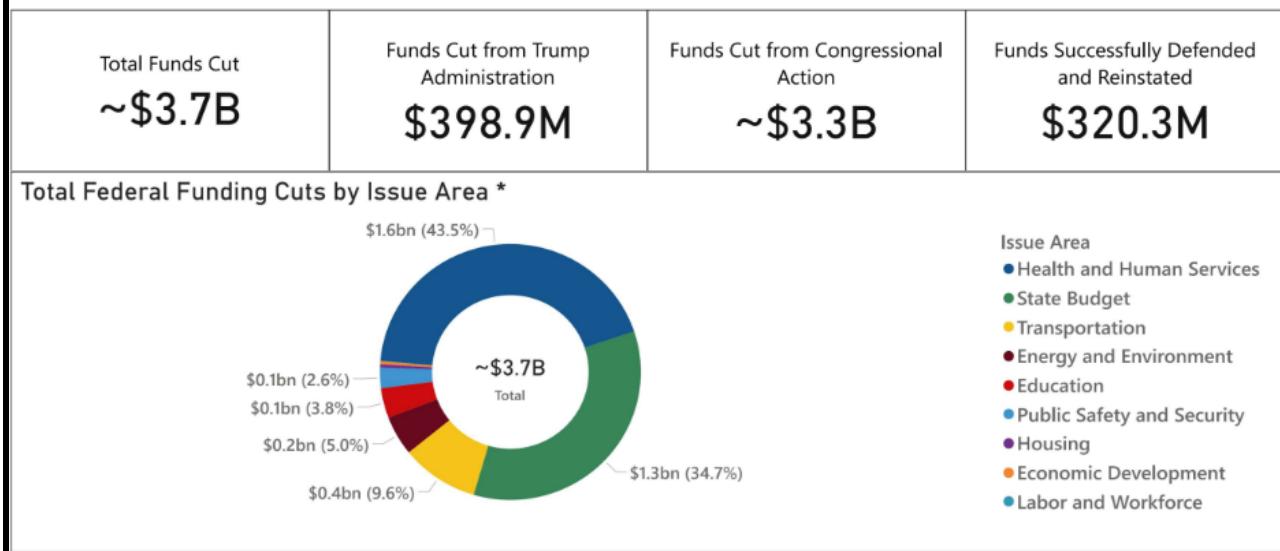
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### Navigating Federal Funding Cuts Made by President Trump and Congress

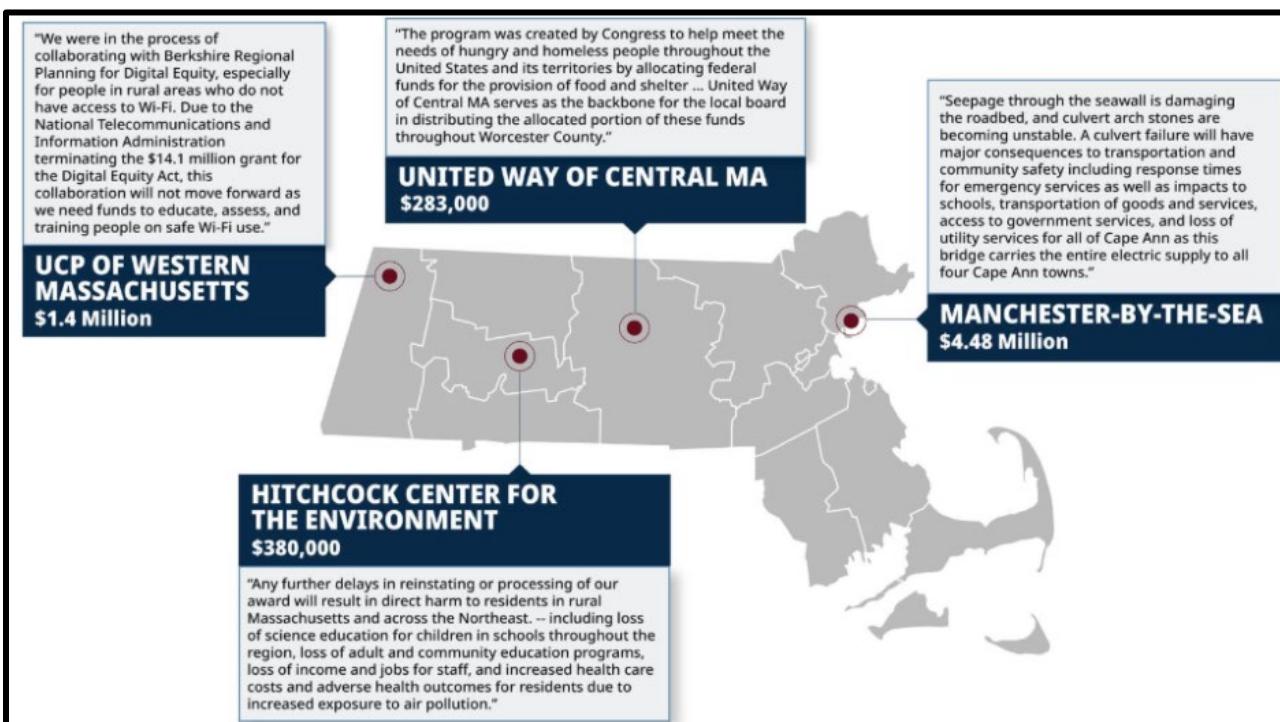
partners across state agencies to develop a website summarizing the impacts of executive and congressional cuts throughout Massachusetts.<sup>1</sup>

#### Funding Cuts

*Note: Some of the values on this dashboard have been rounded to the nearest decimal value.*



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.



<sup>1</sup> [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.

## SNAP

**108,500** people at risk of losing SNAP benefits



### IMPACT ON STATE'S FOOD ECONOMY



SNAP sales account for **20%** of grocery store, supercenter, and retail store sales



SNAP benefits generate **\$3 Billion** for over **5,500** retailers statewide



SNAP brings in **\$2.7 Billion** in federal dollars to Massachusetts each 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 guidance<sup>2</sup> 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

<sup>2</sup> <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.



# FY2027 H.2 BUDGET BRIEF

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

## Local Aid: Partnering with Cities and Towns

**Yusuf Bibars, Fiscal Policy Analyst**

Municipalities are on the front lines of delivering essential public services and planning for long-term community needs. The economic vitality of the Commonwealth is inseparable from the capacity of all 351 cities and towns to maintain infrastructure, support schools and public safety, and respond to local challenges. From coastal communities confronting rising sea levels to post-industrial cities rebuilding their economic base, local governments are where public investment shapes real-world outcomes. The Fiscal Year 2027 (FY27) House 2 budget recommendation reflects the Healey-Driscoll Administration's commitment to strengthening municipal capacity statewide through robust local aid investments. These investments build on the administration's prior efforts, including sustained financial support and administrative reforms advanced through the *Municipal Empowerment Act*, refiled last January.

### A Commitment to Serving Cities and Towns

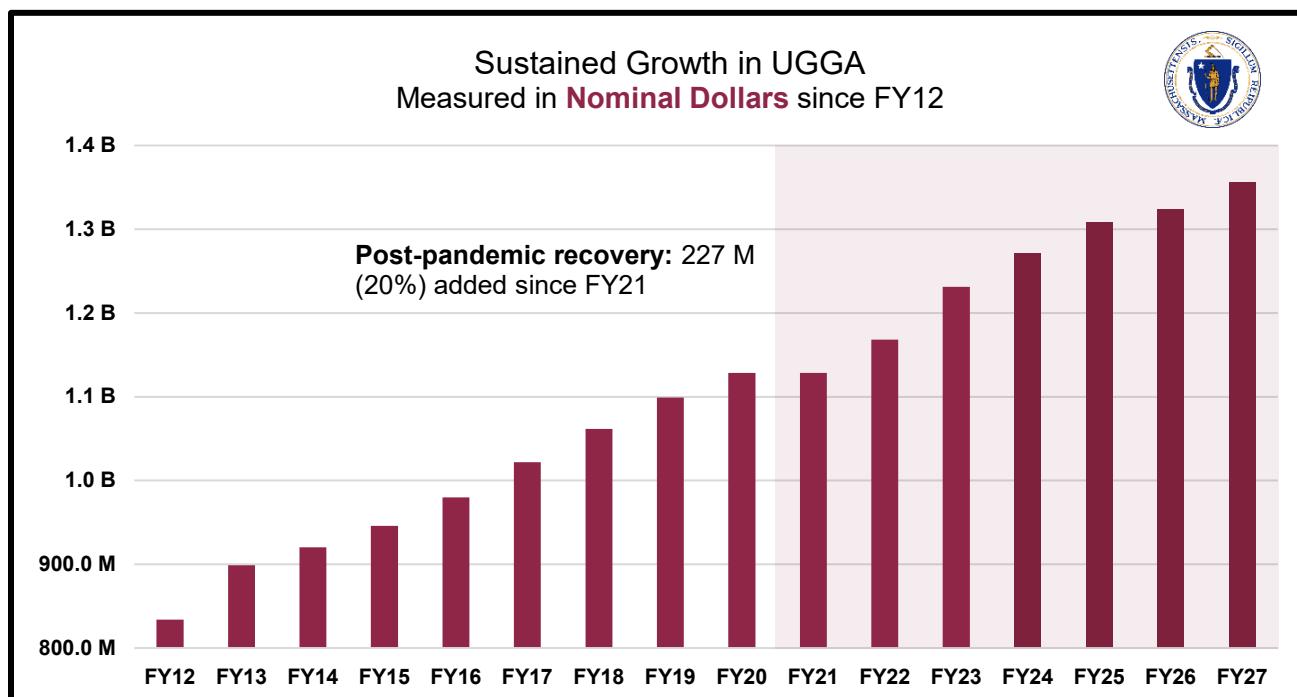
The administration recognizes that the strength of every municipality across the Commonwealth is integral to the state's overall stability and economic prosperity. To that end, the House 2 recommendation would provide more than \$10.4 billion in local aid, representing a \$439 million (4.4 percent) increase over the FY26 GAA.

<b>Local Aid (\$ in millions)</b>	<b>FY25</b>	<b>FY26</b>	<b>FY27 H.2</b>
Chapter 70 Payments to Cities and Towns	6,901.9	7,361.9	7,603.6
Special Education Circuit Breaker*	551.2	675.2	802.7
Charter School Reimbursements	199.0	199.0	200.4
Transportation of Pupils	128.1	132.4	154.3
Smart Growth	0.8	1.2	2.3
Rural School Aid	16.0	12.0	20.0
<b>Subtotal: Education</b>	<b>7,797.0</b>	<b>8,381.7</b>	<b>8,783.4</b>
Unrestricted General Government Aid	1,308.7	1,323.1	1,356.1
Veterans' Benefits	68.2	81.8	85.0
Payments in Lieu of Taxes on State Owned Land	53.0	54.5	55.4
Tax Abatements: Veterans, Widows, Blind Persons, Elderly	24.0	39.0	43.1
Public Libraries Local Aid	20.0	20.0	20.4
Regional Libraries Local Aid	19.0	19.0	19.4
Municipal Regionalization Reserve	18.5	12.6	7.5
<b>Subtotal: General Government</b>	<b>1,511.5</b>	<b>1,550.1</b>	<b>1,586.9</b>
<b>Total</b>	<b>9,308.4</b>	<b>9,931.7</b>	<b>10,370.3</b>

\*Special Education Circuit Breaker is funded \$652.7 M in FY27 H.2 and \$150 M in the FY26 Fair Share Supplemental Budget.

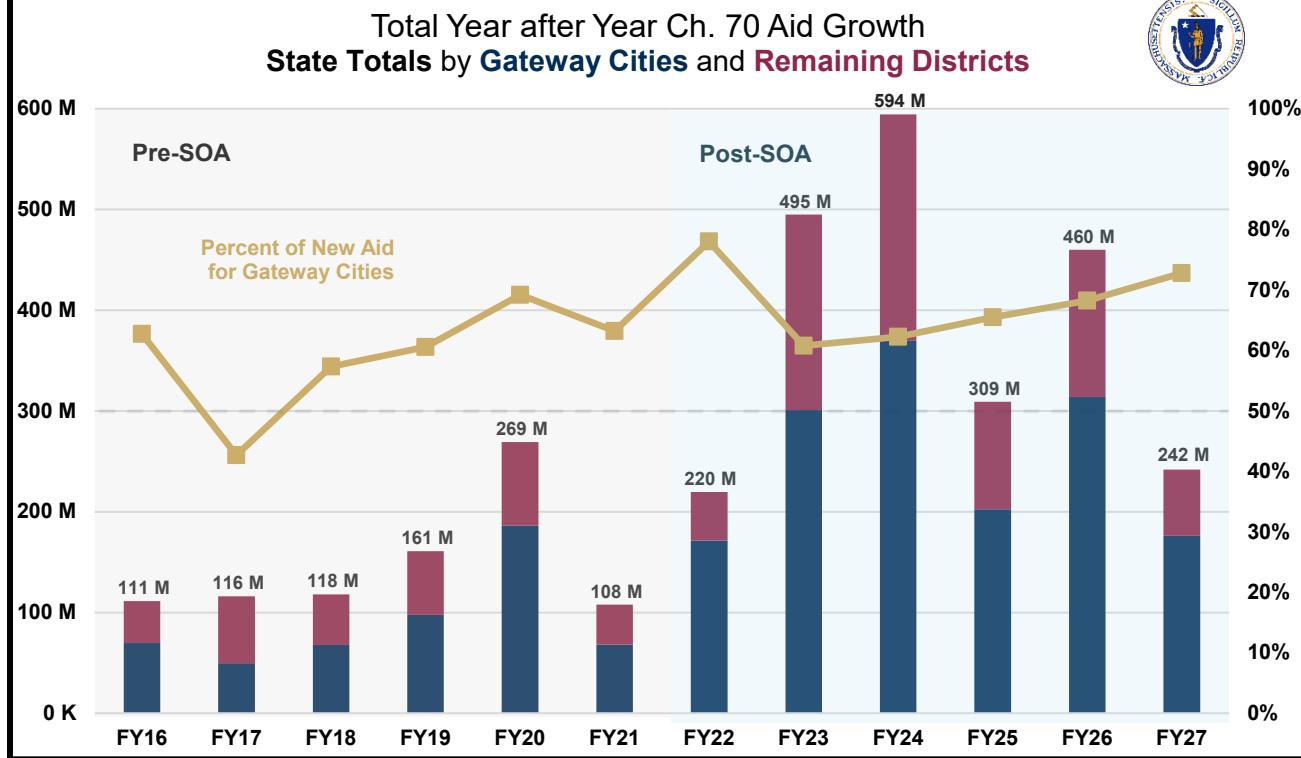
## Unrestricted General Government Aid (UGGA): Where Local Aid Meets Local Need

A central element to the administration's commitment to strong municipal services is the steady and predictable growth of Unrestricted General Government Aid (UGGA). UGGA supports local government functions such as public safety, public works, and economic development, and remains the only fully flexible, unrestricted source of state local aid available to cities and towns. In recent years, UGGA growth has consistently aligned with consensus non-surtax revenue growth, providing municipalities with stability and predictability in local budgeting. The FY27 House 2 recommendation expands this established approach, proposing a \$33 million increase over FY26 GAA, representing a 2.5 percent increase, for a total of \$1.36 billion.



## The Student Opportunity Act: Reaching Full Implementation

The Healey-Driscoll Administration is committed to ensuring that every student across the state has access to a high-quality education. House 2 fully funds the final implementation phase of the *Student Opportunity Act (SOA)*, advancing the Commonwealth's long-term promise for adequate and more equitable education resources regardless of zip code or income level. The proposal funds Chapter 70 school aid at \$7.6 billion, representing a \$242 million increase over FY26 GAA, and guarantees a minimum per-pupil aid of \$75 for all districts. Since taking office, the Healey-Driscoll Administration has supported \$1.6 billion in increased Chapter 70 investment, reflecting the continued prioritization of school funding even in resource-constrained budget years. As reflected in House 2, full implementation results in \$2.4 billion in funding growth since the passage of the SOA, an overall increase of 47 percent.



As illustrated in the graph, Chapter 70 aid growth has accelerated since the passage of the SOA, with substantial year-over-year increases driven largely by greater investments within Gateway Cities. Since implementation began, Gateway Cities have consistently received a majority share of total aid growth, reflecting the SOA's focus on directing new resources to districts with the greatest student need. This sustained growth underscores both the scale of the state's commitment and the importance of maintaining predictable, stable, and equitable funding as the SOA approaches full implementation.

House 2 also recognized pressures being experienced by our rural communities and recommends \$20 million for Rural School Aid, an \$8 million increase (67 percent) over the FY26 GAA. This program provides rural districts with targeted support to address the fixed costs of operating a school district and to advance strategies that improve long-term operational efficiency.

It also proposes fully funding the Special Education Circuit Breaker at \$802.7 million – \$652.7 million in House 2 and \$150 million in the Fair Share supplemental budget. This funding level reflects the full phase-in of out-of-district transportation cost reimbursement for special education students provided for in the SOA.

Additionally, House 2 proposes full funding for Charter School Reimbursements at \$200.4 million. This includes \$1,288 for the Charter School per-pupil capital facilities component, an increase of \$100 over the FY26 GAA. These additional funds will support student access to safe facilities that support robust educational opportunities.

## Sharing the Responsibility of School Transportation

The House 2 proposal expands the administration's commitment to supporting school transportation by investing an additional \$154.3 million across key reimbursement accounts. These investments help ensure districts are reimbursed for a significant share of transportation costs while maintaining access to educational opportunities for students:

- \$112.3 million for Regional School Transportation reimbursement: an increase of \$6 million over FY26, providing reimbursements for approximately 87 percent of eligible local transportation costs.
- \$35.2 million for Homeless Student Transportation reimbursement: supporting districts in meeting federally-mandated transportation requirements.
- \$6.8 million for Non-Resident Pupil Transportation (vocational) reimbursement: providing reimbursements to cover an expected 100 percent of eligible local costs associated with student placements outside their district of residence.

For more information on how the Healey-Driscoll Administration is supporting education, please see our **Expanding Access to Quality Education** budget brief.

## Partnering with Our Municipalities

Additionally, House 2 continues to support public and regional libraries as essential community resources that serve residents of all ages, abilities, and backgrounds. Libraries provide access to information, technology, and educational and cultural resources, supporting early literacy, lifelong learning, workforce development, and community connection, while advancing digital equity through free Wi-Fi, devices, resource sharing, and accessible programming. House 2 recommends the following investments:

- \$20.4 million for local aid to public libraries
- \$19.4 million for regional libraries
- \$6.3 million for Library Technology and Automated Resource Sharing

House 2 includes \$55.4 million for the Payment in Lieu of Taxes (PILOT) program in FY27, a \$851 thousand (1.6 percent) increase over the FY26 GAA, ensuring all municipalities receive payments equal to or greater than FY26 levels. The administration recognizes long-standing concerns regarding the adequacy and equity of the current PILOT program. In August, Governor Healey signed an executive order establishing a Commission on Payments in Lieu of Taxes for State-Owned Land to review the program and develop recommendations for potential reforms. The Commission is expected to begin meeting in the near term.

## Supporting Municipal Transportation and Infrastructure

The FY27 House 2 budget recommendation prioritizes sustained investment in municipal transportation and infrastructure, recognizing that safe, reliable local systems are essential to economic activity, public safety, and climate resilience.

House 2 recommends maintaining a commitment to helping municipalities improve road quality, build sidewalks, restore bridges, and more, using Fair Share surtax resources to

expand capital capacity in the Chapter 90 local roadways program. Once again, the administration is filing multi-year authorization in a Chapter 90 bond bill that would allow municipalities to have more flexibility and discretion in how they use their funding. The bill would authorize four additional years of funding at \$300 million annually – sustaining the historic 50 percent increase successfully spearheaded by the administration last year.

The budget also recommends \$85 million for Municipal Snow and Ice Removal, aligning with the five-year average expenditure of \$84.6 million. This funding provides dependable support to help cities and towns maintain safe and passable local roadways amid increasingly severe and unpredictable winter weather.

In addition to direct transportation investments, the administration has filed the \$3 billion, five-year *Mass Ready Act* to strengthen climate resilience and support municipal infrastructure statewide. The legislation would advance targeted investments in local resilience planning, water and flood infrastructure, dam safety, PFAS remediation, waste management, and urban forestry, helping communities address climate impacts while protecting critical assets. The administration continues to advocate for the passage of this bill.

## Strengthening Municipal Capacity and Local Governance

Beyond direct aid and infrastructure investment, the FY27 House 2 budget and recent legislation filed by the administration focus on strengthening municipal capacity and providing cities and towns with the tools needed to operate efficiently, collaborate regionally, and respond to local priorities.

House 2 recommends \$7.5 million for the Municipal Regionalization and Efficiencies Reserve, to support initiatives that improve municipal operations and foster collaboration across communities:

- \$3 million for the District Local Technical Assistance Fund: To support the state's 13 regional planning agencies (RPAs), enabling them to provide technical assistance to cities and towns across Massachusetts.
- \$2 million for the Community Compact Program: To help municipalities implement best practices in key areas, including cybersecurity, housing production, and solid waste management.
- \$2 million for public safety and emergency staffing: To enhance staffing and emergency response capacity in communities with populations of at least 60,000 whose police departments had an operating budget per capita below \$200 in FY25.
- \$500,000 for the Local Finance Commonwealth Fellowship Program: To provide approximately 30 participants from community colleges with a combination of municipal finance training, managed by the Division of Local Services, and hands-on, work-based learning through placements in host cities.

House 2 also supports municipal and community-based public safety efforts through targeted investments in violence prevention and security. The budget proposes \$10.1 million for the Shannon Community Safety Initiative, supporting evidence-based, locally driven strategies to prevent gang and youth violence, and \$4.6 million for the Nonprofit

Security Program to help nonprofit organizations at elevated risk of violence strengthen security infrastructure and operations.

In parallel, the Healey-Driscoll Administration has improved and refiled the *Municipal Empowerment Act*, a comprehensive effort to modernize local authority, expand municipal flexibility, and reduce administrative burdens. The legislation provides targeted local revenue options – including modest optional increases to the maximum local option lodging and meals taxes and a capped motor vehicle excise surcharge – allowing communities to generate additional revenue aligned with local needs. The bill would also advance governance and administrative reforms to address long-standing fiscal and operational challenges, including expanded senior property tax relief options, the creation of a Commission to examine strategies for managing non-pension benefit liabilities, and procurement reforms to streamline purchasing and expand cooperative agreements.

The administration is also once again committing to doubling the Municipal Fiber Grant Program to ensure sufficient funding to meet the high-demand for this impactful, popular program.

Together, these investments and reforms strengthen municipal capacity, improve operational efficiency, and provide cities and towns with greater flexibility to meet residents' needs.



# FY2027 H.2 BUDGET BRIEF

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

## ***Delivering on Fair Share: Impact Report***

**Hannah Frisch, Senior Fiscal Policy Analyst, Amelia Marceau, Assistant Budget Director, Imogen Hobby, Senior Assistant Director of Performance Management, Caroline Elmendorf, Deputy Chief of Staff, and Stephanie Knapp, Deputy Chief of External Affairs**

In November 2022, Massachusetts voters approved a 4 percent surtax on annual income above \$1 million, known as the Fair Share surtax. This new revenue source is constitutionally dedicated to quality public education and affordable public colleges and universities, and to the repair and maintenance of roads, bridges, and public transportation. The amendment reflects a mandate from voters to address long-standing underinvestment in the Commonwealth's public education and transportation systems.

Since its adoption, the Healey-Driscoll Administration has approached Fair Share revenues with a focus on fiscal discipline, long-term impact, and alignment with voter intent. Fair Share funds are being used to strengthen core education and transportation systems, expand access and affordability, and accelerate critical capital and operating investments.

Because Fair Share is both a volatile and relatively new revenue source, the administration has deliberately taken a conservative approach when incorporating it into ongoing budgets. From Fiscal Year 2024 (FY24) through FY26, approximately \$6.0 billion in Fair Share revenues has been appropriated for education and transportation, with recurring investments anchored to cautious consensus revenue assumptions rather than peak performance.

To ensure every dollar is put to use, the administration has paired these conservative baselines with supplemental budgets that direct excess Fair Share revenues to targeted, one-time investments. Given strong collections to date, the FY27 consensus revenue estimate has been set at \$2.7 billion and is complemented by a supplemental budget that allocates a portion of FY25 Fair Share revenues toward time-bound priorities—allowing the Commonwealth to advance urgent needs while protecting long-term fiscal stability.

Together, these investments are delivering tangible results. This brief highlights the outcomes achieved through Fair Share investments since the amendment's inception, organized around eight core themes that reflect both the amendment's constitutional purpose and the administration's strategic priorities:

- Widening access to affordable child care and early education
- Giving students the support they need to succeed
- Driving academic success from early to higher education
- Developing the workforce our economy needs
- Making higher education more affordable
- Upgrading roads and bridges across the state

## FY27 H.2 Budget Briefs

### Delivering on Fair Share: Tracking Investments and Outcomes

- Making public transit safer, more affordable, and more reliable
- Supporting local education and transportation priorities

To support transparency and ongoing accountability, the administration is also publishing a public **Delivering on Fair Share: Impact Report**, which will be updated over time and provides additional interactive detail on program investments and results. This brief focuses on Fair Share appropriations to-date, with a summary of the administration's House 2 and FY26 Fair Share supplemental budget recommendations at the conclusion.

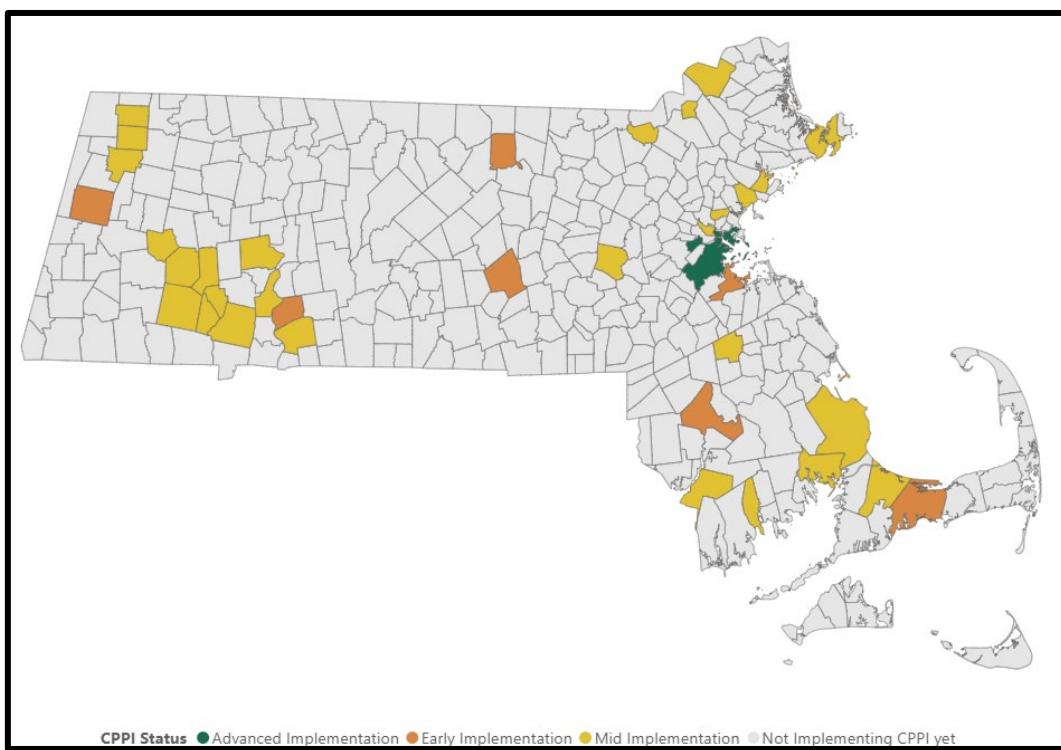
## Expanding Access to Affordable Child Care and Early Education

### ***Widening Access to Affordable Child Care for Working Families***

Fair Share revenues have expanded access to affordable child care through the Child Care Financial Assistance (CCFA) program, which provides subsidies to help eligible families afford care while working, pursuing education, or participating in job training. In FY26, with \$331.3 million in Fair Share support, this investment is increasing affordability of child care by increasing rates, wraparound services, and supporting continuity of care for approximately 18,500 children served through CCFA. It also supports parents' ability to remain in the workforce while ensuring more children experience stable, high-quality early learning environments and continued access to wraparound supports.

### ***Growing High-Quality Preschool Opportunities Across the State***

Fair Share investments are expanding access to high-quality, affordable preschool through the Commonwealth Preschool Partnership Initiative (CPPI), which supports kindergarten readiness by helping communities build and operate high-quality preschool programs.



*Map showing the CPPI implementation status of communities across the Commonwealth. Explore the interactive version of this map at [mass.gov/FairShareImpact](http://mass.gov/FairShareImpact).*

## FY27 H.2 Budget Briefs

### Delivering on Fair Share: Tracking Investments and Outcomes

With \$26 million in Fair Share funding since FY24, CPPI has expanded to 23 of the Commonwealth's 30 Gateway Cities. CPPI also supports seven non-Gateway grantees. Twenty-two communities (16 Gateway and seven non-Gateway) are mid-implementation, at which point grantees have begun operating classrooms. This phase will span multiple years and grantees are expected to progress at different rates. Another seven communities are in the early stage, meaning they are in transition from planning to on-the-ground implementation. Funding supports staff hiring, materials procurement, and family outreach, enabling communities to move from planning to on-the-ground delivery while advancing access, quality, and equity in early education statewide.

#### ***Supporting Child Care Providers Statewide***

Fair Share revenues have strengthened the Commonwealth's child care system through the Commonwealth Cares for Children (C3) program, which provides stable operational funding to more than 8,300 child care programs and supports over 42,000 early educators in 308 communities across Massachusetts. With \$535 million in Fair Share support since FY25, C3 has helped the state's child care system rebound to and then exceed pre-pandemic licensed capacity by covering essential operating costs such as educator compensation, professional development, classroom materials, and facility expenses. On average, center-based programs received \$11,271 per month while family child care providers received an average of \$1,628 per month. By sustaining C3 through the state budget after the expiration of federal COVID-era relief, Massachusetts has become the only state in the nation to maintain child care funding at pandemic-era levels, helping providers remain open, recruit and retain staff, bring more classrooms online, and limit cost increases for families.

#### ***Giving Students the Wraparound Support They Need to Succeed***

##### ***Powering Learning with Free, Healthy School Meals***

Fair Share investments have enabled Massachusetts to permanently provide free, healthy school breakfast and lunch to all K-12 students, ensuring that no child goes hungry during the school day and removing stigma associated with meal assistance. With approximately \$180 million in Fair Share support through the FY26 GAA, universal free school meals save families time and money – up to \$1,200 per year per child – while supporting student learning and well-being. Research consistently shows that well-nourished students perform better academically. Codified in the FY23 budget, Massachusetts became one of the first eight states to permanently adopt universal free school meals, providing schools with stable funding to plan and invest in nutritious meals. In the program's third year, schools served 103.56 million lunches, serving 589,000 students every school day, and 51.4 million breakfasts, serving 292,000 students breakfast daily.



***Developing a Comprehensive Birth to Higher Education Mental Health Framework***

Fair Share revenues have kickstarted the development of a comprehensive birth-to-higher education mental health and student support framework, establishing a statewide strategy that integrates academic, social, and behavioral health supports across early education, K-12 schools, and public higher education. With \$5 million in Fair Share funding, the Commonwealth is aligning policies and investments to ensure continuity across key transitions – from early literacy and student engagement to college access and completion – while strengthening coordination among schools, families, and community-based providers. This framework supports initiatives such as Literacy Launch, which promotes evidence-based reading instruction from age three through grade three; Reimagining High School, which prepares students for college and careers in a changing economy; and expanded access to free and affordable public higher education, helping ensure students are supported at every stage of learning.

***Supporting Students at Our Public Colleges and Universities***

Fair Share investments are supporting student persistence and completion in public higher education by funding wraparound services, basic-needs supports, and campus improvements that help students stay enrolled and succeed. With \$30.5 million distributed to public colleges, institutions have expanded services such as tutoring, success coaching, career counseling, child care and nutrition assistance, mental health support, and emergency financial aid to address costs outside of tuition and fees that can derail enrollment.

**Driving Academic Success from Early to Higher Education*****Equipping Teachers with Proven Literacy Strategies***

Fair Share investments are supporting Literacy Launch, the Healey-Driscoll Administration's multi-year initiative to transform early literacy instruction across Massachusetts. With \$4.2 million invested in teacher training and \$21.7 million in grants to school districts, Literacy Launch is helping educators implement evidence-based reading curricula and instructional practices that ensure more students learn to read – and read well – by the end of third grade. These investments are equipping teachers with the tools and training needed to deliver high-quality literacy instruction and strengthen early learning outcomes statewide.

**500**

teachers attended Literacy Launch Institutes in August 2025 to receive training on early literacy instruction

**700**

training seats are available for the remainder of the 2025/26 school year

To complement Literacy Launch, the administration launched a \$25 million high-dosage tutoring program in August 2025. Through this initiative, currently available at 272 schools, children in Grades 1 to 3 receive one-on-one or small-group tutoring to develop the foundational literacy skills that are essential for long-term success.

### ***Tackling Achievement Gaps to Help Every Child Reach Their Potential***

Fair Share revenues have supported \$687.2 million to phase in the fifth year of commitments made in the *Student Opportunity Act (SOA)*, landmark education legislation enacted in 2019 to modernize the Chapter 70 school funding formula and address long-standing inequities in K-12 education. The SOA established a multi-year schedule of funding increases to better reflect the true cost of educating students, with targeted investments for districts serving low-income students, English learners, and students with disabilities.

Fair Share dollars are being used to support the growth in Chapter 70 as promised by the SOA, enabling support for our local school districts to climb to historic levels. This approach ensures that Fair Share revenues are accelerating progress on long-term equity goals without displacing prior commitments, helping districts expand supports, reduce achievement gaps, and delivery high-quality education regardless of zip code.

### ***Reimagining High School to Prepare Students for College or Careers***

Fair Share investments have funded \$15.5 million in innovative high school programs designed to prepare students for success after graduation, whether in college or the workforce. These investments support initiatives such as Early College programs, which enable high school students to earn college credits, reduce the cost of postsecondary education, and gain real-world skills while still in high school – giving students a head start on their future and expanding access to college and career pathways. See testimonials of the impact of one of these programs, the New Bedford Early College Program, at the **Delivering on Fair Share: Impact Report**.

### ***Providing the High-Quality Facilities Our College Students Need***

Fair Share supported \$165 million in campus improvements in FY24 across all 29 institutions, funding more than 170 projects that improved over 200 buildings, including investments in decarbonization and energy efficiency, deferred maintenance, security upgrades, accessibility, and green infrastructure. Another \$115 million was set aside in the FY25 Supplemental Budget for further campus improvements, including modernizing laboratory spaces and simulation learning spaces.

### ***Making Higher Education More Affordable***

#### ***Unlocking Access to Free Community College***

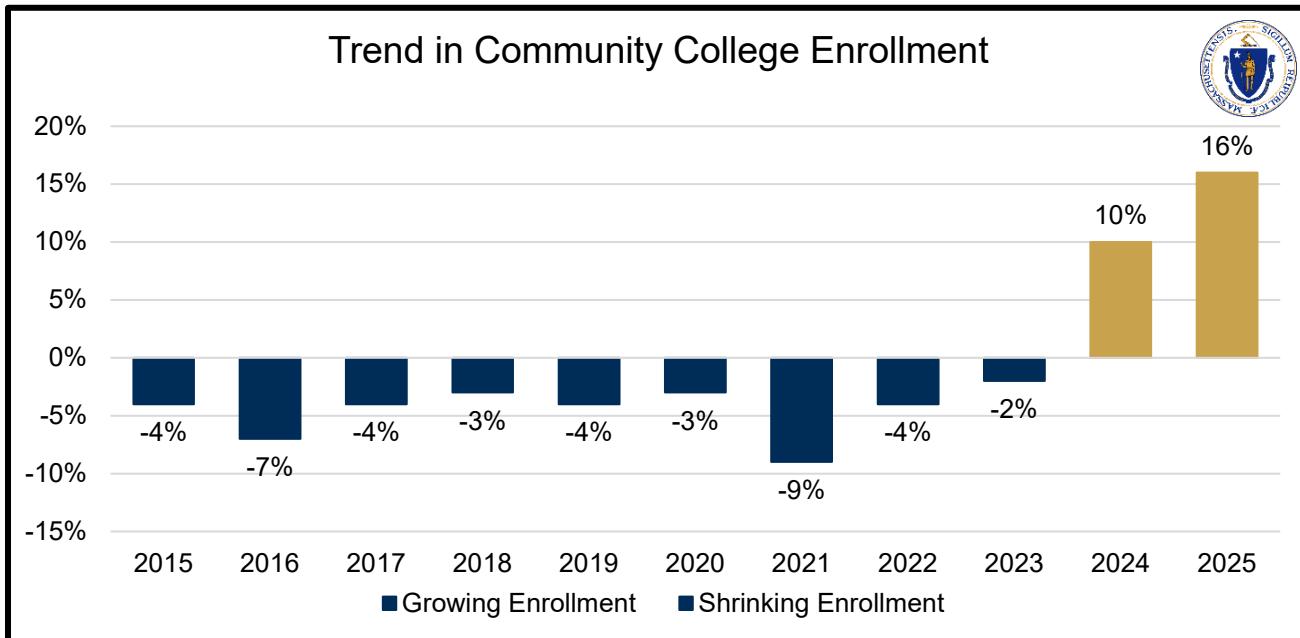
Fair Share revenues have supported \$257.5 million to make community college tuition- and fee-free though the MassReconnect and MassEducate programs, removing cost as a barrier to postsecondary education for students of all ages. MassReconnect (launched in 2023) covers tuition and fees for eligible residents aged 25 and older, while MassEducate (launched in 2024) extends the same benefit to students regardless of age. With the launch of these programs, community college enrollment has grown for the first time since 2014, reflecting renewed access and demand. Since fall 2022, community college enrollment has grown 38 percent. In fall 2025, there were over 86,000 students enrolled across Massachusetts's 15 public community colleges, demonstrating the impact of free community college in helping residents advance their careers and meet the needs of the

## FY27 H.2 Budget Briefs

### Delivering on Fair Share: Tracking Investments and Outcomes

Commonwealth's economy. Additional student testimonials highlighting the impact of free community college will be available on the [Delivering on Fair Share: Impact Report](#).

#### *Lowering the Cost of a Four-Year Degree*



Fair Share investments have also reduced the cost of attending public four-year colleges and universities through expanded financial aid, including \$249 million to grow the [MASSGrant Plus](#) program. [MASSGrant Plus](#) covers the full cost of tuition and fees for low-income students eligible for Pell Grants, with an additional allowance of up to \$1,200 for books and supplies. Under [MASSGrant Plus Expansion](#), middle-income students can receive up to a 50 percent reduction in out-of-pocket tuition and fee costs, saving each student \$3,856 a year on average. These historic financial aid investments helped more than 34,000 students save \$110 million on college costs in the 2023-2024 academic year. In addition to making community college free, these investments are making four-year degrees more affordable at Massachusetts's nine state university and four undergraduate UMass campuses, supporting degree completion, and helping students graduate with less debt.

#### **Making Public Transit Safer, More Affordable, and More Reliable**

##### *Building a Safer and More Reliable MBTA*

Since the inception of Fair Share, approximately \$1.5 billion has been invested to support a safer, more reliable MBTA through critical infrastructure and safety improvements, financial stabilization, and workforce growth. These investments are improving day-to-day service, addressing long-deferred maintenance, and expanding capacity across all major transit modes:

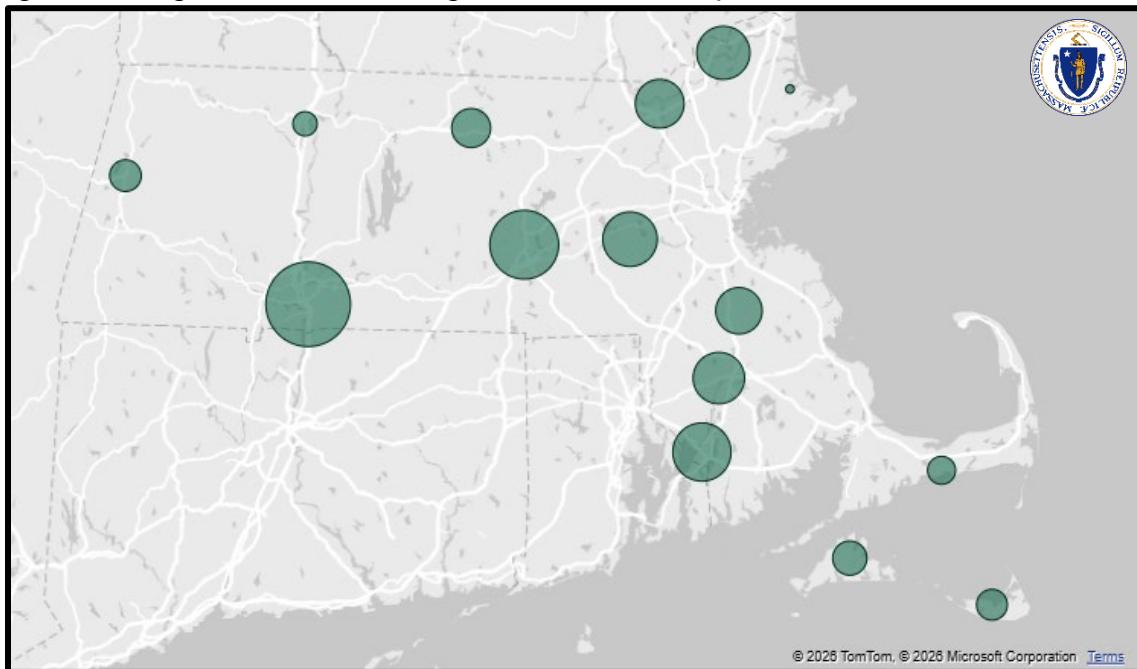
- Subway: Since FY23, Green Line ridership has increased by 23 percent, alongside an 11 percent increase in cars in service, while the Orange, Red, and Blue Lines have seen a combined 12 percent increase in passenger trips.

- Bus: Bus service, a key connector between Boston and surrounding communities, experienced a 9 percent increase in total passengers from FY23 to FY25.
- Commuter Rail: Passenger service hours increased by 16 percent, and the number of locomotives in service grew by 8 percent, expanding capacity across the Greater Boston region.
- Ferry: Ferry routes expanded by 50 percent, with annual ridership rising 23 percent since FY23, supported by fleet investments such as the acquisition of the *Millenium*, the MBTA's largest ferry, which provides South Shore riders an additional commuting option.

### ***Making Public Transit More Affordable in Greater Boston and Beyond***

Fair Share investments are making transit more affordable by expanding reduced-fare and fare-free programs both at the MBTA and the Regional Transit Authorities (RTAs). At the MBTA, \$45 million in Fair Share funding supported the launch of the Income-Eligible Reduced Fares Program, 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 its launch 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.

Across the Commonwealth, \$80 million of Fair Share revenues has also supported fare-free transit at the RTAs, expanding access in urban, suburban, and rural communities. In FY24, a \$15 million investment launched the program, followed by \$30 million in grants in FY25 that 13 RTAs received to operate year-round fare-free routes, with individual grants as large as \$9.5 million. In FY26, the program expanded to all 15 RTAs, with total grant funding increasing to \$35 M, ensuring fare-free transit options are available statewide.



Map showing Fair Share funding distributed to Regional Transit Authorities.  
Explore the interactive version of this map at [mass.gov/FairShareImpact](http://mass.gov/FairShareImpact).

***Improving Public Transit Service for Riders Across Massachusetts***

Fair Share investments are also improving transit service quality and accessibility across Massachusetts, including for riders with disabilities and those in underserved communities. The RIDE, which provides door-to-door paratransit service across 58 cities and towns, has seen growing demand, with a 65 percent increase in on-demand trips and a 31 percent increase in total service hours from FY23 to FY25. In addition, \$375 million in Fair Share funding was distributed as of January 2026 to RTAs to support service improvements across five priority areas: fare-free service, improved connectivity between transit modes, operational improvements such as expanded hours and routes, innovation and infrastructure upgrades, and community-focused transit serving older adults, people with disabilities, and low-income riders. Together, these investments are strengthening regional transit networks and improving mobility for residents across the Commonwealth.

See the **Delivering on Fair Share: Impact Report** for the impact of these investments at the Merrimack Valley Regional Transit Authority.

***Upgrading Roads and Bridges Across the State******Supporting Cities and Towns to Upgrade Locally Owned Infrastructure***

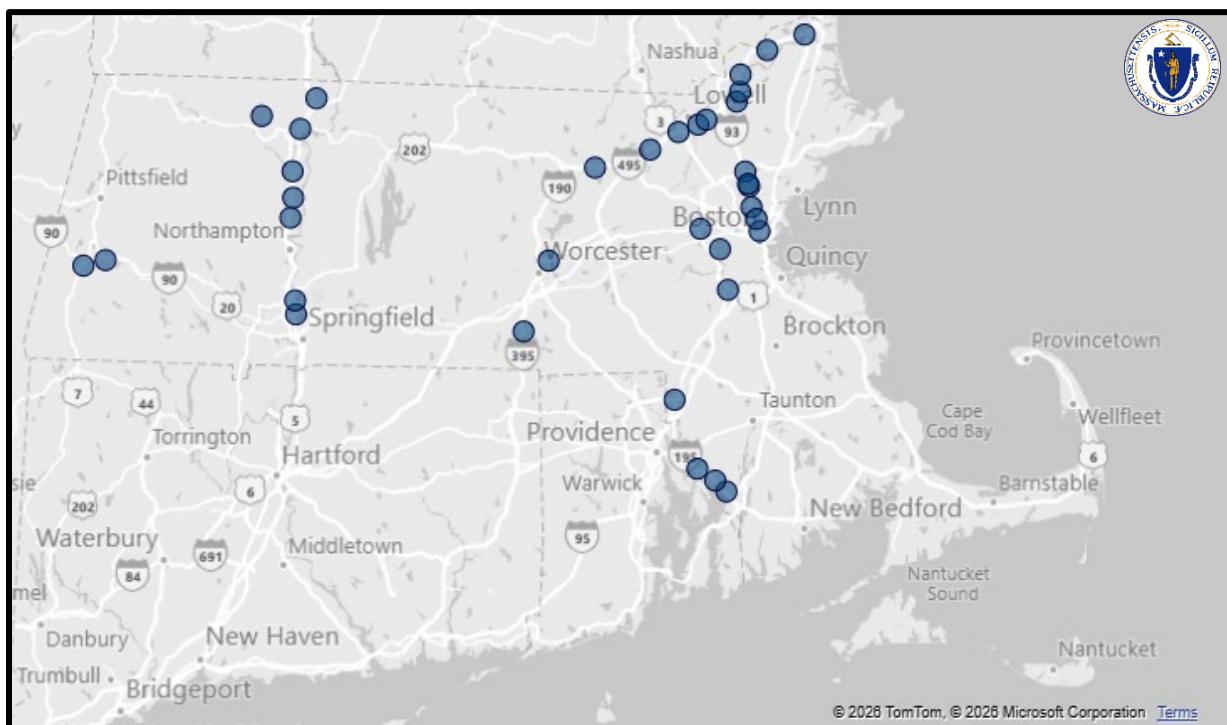
Fair Share revenues provided \$225 million in Roads and Bridges Supplemental Aid to support improvements to locally owned roads and bridges in all 351 cities and towns across the Commonwealth. This flexible funding allowed communities to address local priorities and accelerate pavement and bridge repairs. Specific projects include:

- Beverly used \$235,000 to expand its annual paving program and improve more than ten streets
- Pittsfield applied \$297,000 toward a citywide paving and striping initiative
- Franklin resurfaced five major roadways, including Pond, Washington, and Grove Streets, using \$200,000 from the program

These investments supplemented existing Chapter 90 funding and helped communities advance projects critical to safety and local mobility.

***Modernizing State-Owned Bridges to Meet New Safety Standards***

Fair Share investments have also supported \$50 million for the Highway Bridge Preservation program, funding projects to bring state-owned bridges up to modern safety and reliability standards. A key investment includes the replacement of six bridges on I-495 at the Andover-Lawrence border, which carry interstate traffic over Route 28 and the MBTA Haverhill Commuter Rail line. I-495 is a vital corridor linking eastern Massachusetts with southern New Hampshire and Cape Cod, while Route 28, which runs under I-495, serves an important regional roadway connecting homes, businesses, medical care, and educational opportunities. Replacing these bridges will improve long-term durability, reduce maintenance-related disruptions, and enhance safety through modern design features that minimize future impacts to roadway users.



Map showing the locations of highway bridges repaired or upgraded with Fair Share funds Authorities. Explore the interactive version of this map at [mass.gov/FairShareImpact](http://mass.gov/FairShareImpact).

### ***Unlocking Capital to Invest in Our Transportation Network***

Beyond pay-as-you-go investments, the Healey-Driscoll Administration is leveraging Fair Share revenues to unlock historic levels of capital investment in transportation infrastructure. Fair Share dollars are supporting \$305.8 million in capital investments across transportation programs, including \$30 million for track and signal repairs on the Green and Blue Lines to remove speed restrictions and deliver faster, more reliable trips. In addition, legislation enacted in 2025 dedicates up to \$550 million per year in Fair Share revenues to the Commonwealth Transportation Fund (CTF), expanding its credit capacity by more than \$5 billion over the next decade. Complementary actions – including securing a 50 percent increase in Chapter 90 funding, with increased support for rural communities – build on these investments to scale up bridge preservation and roadway improvements statewide.

### **Developing the Workforce Our Economy Needs**

#### ***Strengthening the Career Pipeline for In-Demand Professions***

Fair Share investments have supported \$58 million in scholarships to help residents train for good jobs in high-demand fields, strengthening the pipeline for key industries across the state. A total of 6,025 students received scholarships to pursue training for in-demand professions, including:

- 2,320 in nursing and allied health care
- 1,623 in business and management
- 642 in computer and information sciences
- 1,440 across other priority sectors

These investments are helping Massachusetts meet employer needs while opening pathways to stable, well-paying careers for residents.

### ***Training Skilled Workers for Our Transit System***

Fair Share investments have supported \$20 million in hiring, retention, and training initiatives at the MBTA, including expanded programming at the MBTA Academy and curriculum improvements across bus, light rail, and heavy rail operations. Following a 2022 Federal Transit Administration audit that identified staffing and training gaps, Fair Share dollars provided \$10 million in FY25 and FY26 to expand training staff from 76 to 112 instructors, thereby increasing training capacity and supporting the skilled workforce needed to improve safety, reliability, and service delivery across the network.

### ***Preparing English Language Learners for the Workplace***

Fair Share revenues have strengthened adult education and workforce training by investing \$10 million to expand English for Speakers of Other Languages (ESOL) and workforce preparation programs. This investment will support training for approximately 3,000-3,500 residents, reduce waitlists for ESOL services, and help learners build the language skills needed to access career pathways and in-demand jobs. In FY26 alone, 669 trainees enrolled in these programs, with an expected expansion of capacity by approximately 1,434 additional trainees over the next two years – helping more residents fully participate in the Commonwealth’s economy.

### ***Healey-Driscoll Administration Proposed Fair Share Investments:***

Across House 2 and the Supplemental Budget, the administration is proposing to use a total of \$3.85 billion in Fair Share revenues to continue making transformative improvements to Massachusetts’s education and transportation systems.

In addition to House 2 and the FY26 Supplemental Budget bill, the administration filed the *DRIVE* legislation in 2025, which includes \$200 million in Fair Share funding collected in FY25 for research at public higher education institutions.

<b>Education (\$ in millions)</b>	<b>FY27 H.2</b>	<b>Fair Share Supplemental</b>
<b>Early Education &amp; Care</b>	<b>636.2</b>	<b>150.0</b>
Commonwealth Cares for Children (C3) Program	360.0	-
EEC Subsidized Caseload	244.2	-
Commonwealth Preschool Partnership Initiative (CPPI)	32.0	-
EEC Fund	-	150.0
<b>K-12 Education</b>	<b>790.8</b>	<b>190.0</b>
Student Opportunity Act (Ch. 70)	550.6	-
Universal School Meals	198.0	-
Literacy Launch	25.0	-

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Reimagining High School	11.2	-
Mental Health Systems and Wraparounds	6.0	-
Special Education Circuit Breaker Reserve	-	150.0
High Dosage Tutoring	-	25.0
Accelerating Achievement	-	10.0
Adult Basic Ed/ESOL	-	5.0
<b>Higher Education</b>	<b>236.0</b>	<b>18.3</b>
Free Community College	137.0	-
MASSGrant Plus	85.0	-
State U SUCCESS	14.0	-
Financial Aid Supplement	-	18.3
<b>Education Total</b>	<b>1,663.0</b>	<b>358.3</b>
<b>Transportation (\$ in millions)</b>	<b>FY27 H.2</b>	<b>Fair Share Supplemental</b>
<b>MBTA Supports</b>	<b>470.0</b>	<b>644.7</b>
MBTA Operating Subsidy	470.0	523.0
FTA Reserve	-	121.7
<b>MassDOT</b>	<b>220.2</b>	<b>80.0</b>
MassDOT Service Investments	220.2	43.0
Sustainable Aviation Fuel (SAF) Credit	-	30.0
Unpaved Roads	-	7.0
<b>RTAs</b>	<b>184.8</b>	<b>60.0</b>
RTA Supports	184.8	45.0
Micro Transit and Last Mile Innovation Grants	-	15.0
<b>Other Transportation</b>	<b>162.0</b>	<b>-</b>
HHS Transportation	100.0	-
Education Transportation	62.0	-
<b>Transportation Total</b>	<b>1,037.0</b>	<b>784.7</b>
<b>Other Fair Share</b>	<b>FY27 H.2</b>	<b>Fair Share Supplemental</b>
Academic Spinout	-	5.0
Transportation Spinout	-	5.0
<b>Other Fair Share Total</b>	<b>-</b>	<b>10.0</b>
<b>Fair Share Total</b>	<b>2,700.0</b>	<b>1,153.0</b>



# FY2027 H.2 BUDGET BRIEF

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

## *Keeping Massachusetts Moving – Safely, Reliably, and Affordably*

**Hannah Frisch, Senior Fiscal Policy Analyst**

Transportation in Massachusetts plays a critical role in the movement of people and goods, supporting businesses, enabling economic activity, and connecting residents and visitors across the Commonwealth. The Healey-Driscoll Administration remains focused on building and maintaining a safe and reliable transit system for residents and visitors alike. The administration also works closely with municipalities, transit agencies, and other service providers to ensure that people can get where they need to go efficiently and safely.

Since taking office, Governor Maura Healey has prioritized reversing decades of underinvestment and neglect of the state's transportation networks. In 2025, the Governor launched and advanced an \$8 billion transportation plan to stabilize the Massachusetts Bay Transportation Authority's (MBTA's) finances, invest in local roads and bridges, support regional transit authorities (RTAs) and microtransit options, and improve transportation infrastructure in every Massachusetts city and town. Bolstered by the Fair Share surtax, the 4 percent surtax on personal incomes over \$1 million that Massachusetts voters approved in 2022, the administration has been able to make strategic investments in the transportation sector and increase support for transit systems throughout the state.

The House 2 budget recommendation furthers the administration's transportation goals by recommending \$2.8 billion in total transportation funding. This is a \$115 million (4 percent) increase above the FY26 GAA. The proposal includes \$1.4 billion in dedicated sales tax revenue for the MBTA and \$875 million of Fair Share revenues to support key investments across state and local transportation agencies. The administration's FY26 Fair Share supplemental budget bill proposes an additional \$784.7 million investment in Massachusetts transportation networks, including \$644.7 million in MBTA supports. Taken together, the proposed investments in House 2 and the supplemental budget will fully address the MBTA's projected operating deficit in Fiscal Year 2027 (FY27).

### **Progress of 10-Year Transportation Investment Plan**

Last January, the administration proposed a historic \$8 billion investment in transportation for the next 10 years. The administration's plan enabled investments in the state's roads, bridges and regional transportation system and immediately stabilized the finances of the MBTA, putting it on a path of long-term stability. It also infused new capital dollars for infrastructure across the state, including municipal transportation through the Chapter 90 program. These investments were focused on stabilizing the state's transportation infrastructure and operations, particularly the financial solvency of the MBTA; addressing climate, congestion, and safety and deferred maintenance on pavement and bridges statewide; and supporting municipalities with their unique transportation needs.

Now in the second year of this plan, the administration is making additional progress:

- Proposing the highest ever operating support for transportation from Fair Share revenue, at \$1.659 billion
- Two new capital investments for a total of over \$7 billion in capital for Chapter 90, roads and bridges, and the MBTA

This is on top of already accomplished results:

- Two years of financial stability for the MBTA, building budgetary reserves, eliminating slow zones, and increasing ridership and reliability
- Enhanced Chapter 90 including a 50 percent increase in local road funding for cities and towns
- New investments for rural communities, including additional Chapter 90 funding allocated by road miles, programs addressing culvert and bridge repairs, and a new program specifically targeting unpaved roads
- Underway capital investment programs in various stages of planning, design, and delivery:
  - Bridge and Pavement Lifecycle Asset Management Programs (LAMP) (\$1.5 billion): Supports MassDOT's efforts to improve bridge and pavement conditions across the state, including a \$75 million Funding for Accelerated Infrastructure Repair Replacement Program for municipally-owned bridges. MassDOT also identified immediate opportunities to deploy approximately \$94 million in funding from Commonwealth Transportation Fund (CTF) Expansion on pavement and bridges the first year.
  - Rail Reliability Program (\$1.85 billion): Supports MBTA's capital investment needs including track, vehicles, maintenance facilities and other core capital projects that reduce deferred maintenance, improve reliability and safety, modernize and transform facilities and infrastructure needed to deploy battery electric buses and trains.
  - Community Culvert Grant Program (\$200 million): Supports grants to municipalities and tribal governments for the modernization, repair, replacement, removal, and improved resiliency of culverts on local public ways with an existing span of 10 feet or less. This grant program was launched in 2025.
  - Safety and Congestion Hotspot Investment Program (\$185 million): Supports safety, reliability, and travel experience; congestion mitigation and shorter, more reliable travel times are known to improve competitiveness, quality of life, productivity, and yield valuable co-benefits including less air pollution.
  - Allston Multimodal Transportation Project (\$615 million): As a result of the federal government rescinding the Neighborhood Access and Equity Grant program funds, MassDOT is in the process of engaging outside experts to examine how to deliver the most transportation benefits with available resources. MassDOT remains committed to achieving the goals of the Allston Multimodal Transportation Project and capital funding remains available to support these efforts.

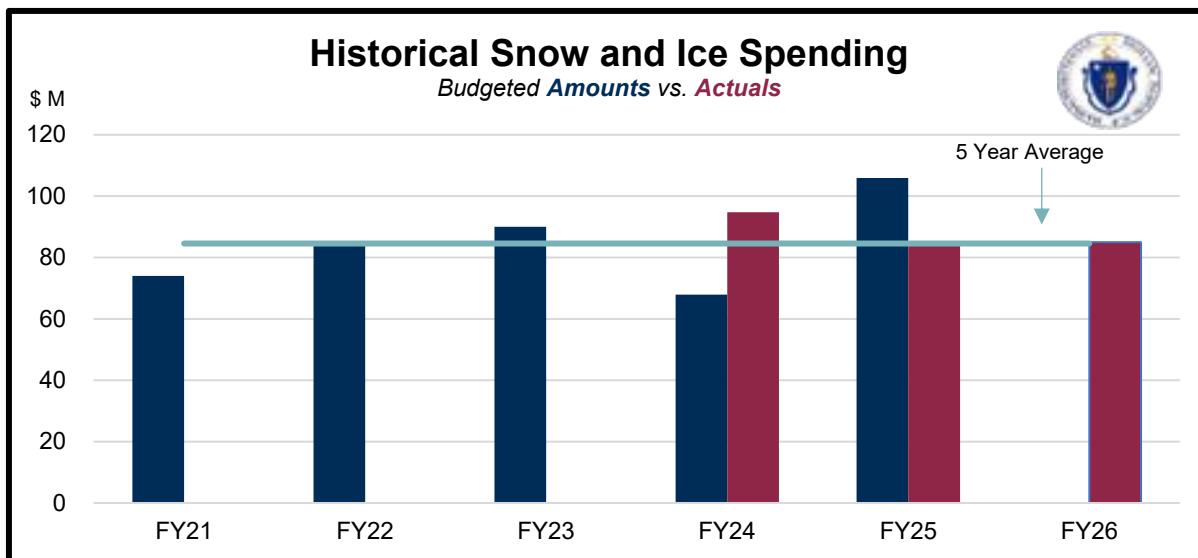
- Two new capital investment programs linked to this \$8 billion overall investment are included in the administration's Chapter 90 legislative proposal filed in January 2026:
  - Unlocking Housing with Transportation Investments (\$200 million): This proposal will fund transportation infrastructure that directly supports new housing development, including but not limited to road upgrades, sidewalks, intersection improvements, signals and safety features, bicycle racks, landscape design and traffic management improvements. It is a flexible tool to unlock housing around the state to make Massachusetts more affordable and competitive. These investments are consistent with the recommendations of the Transportation Funding Task Force (TFTF) to enhance transportation infrastructure that supports connections to housing, economic opportunities, and workforce mobility, to ensure that Massachusetts communities and our state economy continue to grow and thrive.
  - Parkway Resilience Improvement and Safety Modernization (PRISM) investment program (\$200 million): This proposal will accelerate repairs, improve safety, and enhance resilience of transportation assets under the care and control of the Department of Conservation and Recreation (DCR), including roads, bridges, culverts, and multi-use paths. These investments are consistent with the recommendations of the TFTF to evaluate critical aspects of the state's core transportation infrastructure that are in poor condition, vulnerable to climate change, and in need of repair and modernization.
  - The latest Chapter 90 legislative proposal also includes increased authorization for the Rail Reliability Program for vehicle renewal, including new, cleaner, quieter locomotives for commuter rail, and various reauthorizations for MassDOT highway programs and grants.

## **MassDOT: Providing safe, reliable, and resilient roads and bridges across the Commonwealth**

House 2 recommends \$645 million in funding for MassDOT operations. This proposal includes \$85 million for snow and ice removal and continues efforts to strengthen the MassDOT workforce pipeline.

### ***Snow and Ice Removal***

As winter storms grow increasingly more severe and unpredictable, the administration's \$85 million investment aligns with the five-year average annual spending level of \$84.6 million. Proactively funding snow and ice removal is critical to ensuring public safety and maintaining mobility throughout the winter months.



### **MassDOT Workforce Pipeline and Project Delivery**

House 2 also supports MassDOT's capital delivery capacity by funding 166 new capital delivery personnel to inspect, engineer, and maintain the condition of highway and bridge infrastructure across the Commonwealth. These projects range from megaprojects, such as the replacement of Cape Cod bridges, to smaller scale improvements to ease congestion, improve safe routes to school, and support local priorities. Meaningful investments in our workforce will ensure that these projects are completed successfully. Examples of planned investments that rely on capable workforce include:

- Programs to preserve and improve highway bridge infrastructure and pavement
- Upgrades to municipal culverts and bridges to address deferred maintenance, prevent closures, and proactively adapt to climate challenges
- Projects that improve safety and ease congestion in hotspots around the state
- Projects that unlock housing development, enhance multimodal infrastructure, and make mobility more accessible and enjoyable to people in our state

In addition to the support in House 2, the FY26 Fair Share supplemental budget invests in developing a pipeline for skilled workers. The Healey-Driscoll Administration is committed to attracting and retaining talent, with a focus on civil engineers. By creating a targeted pipeline in partnership with in-state universities and colleges, MassDOT is developing a robust and resilient workforce for the future. MassDOT has been successfully transitioning civil engineer interns into full-time roles. Last summer, MassDOT employed 76 rising seniors as civil engineering interns, 60 of whom received return offers for full-time positions.

### **Support for Cities and Towns**

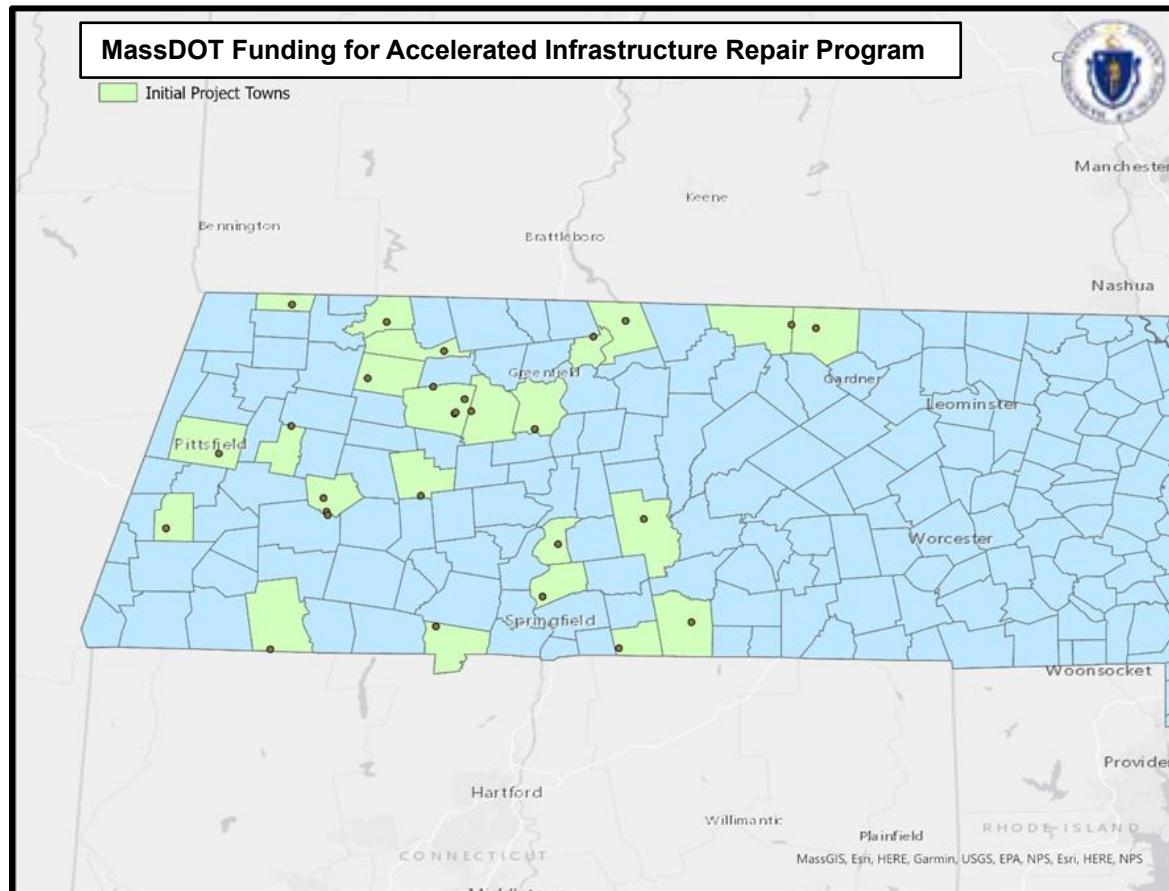
The administration continues to prioritize support for municipalities as they work to enhance local transportation infrastructure. Alongside the House 2 budget recommendation, in the *Chapter 90 Bond Bill*, Fair Share revenues are being used to strengthen the *Chapter 90* program by once again increasing the annual allocation to cities and towns to \$300 million. This represents a \$100 million increase over the historical funding level of \$200 million. Of

this total, \$200 million will continue to be distributed through the traditional formula based on road mileage, population, and employment, with the additional \$100 million distributed through a road mileage-based formula that prioritizes rural communities. In addition to House 2 funding, a supplemental budget signed in June 2025 appropriated additional Fair Share revenues to support local transportation priorities. For municipalities, the supplemental budget included \$103 million for regionally equitable, shovel-ready transportation improvements.

Together, these investments help cities and towns address critical maintenance needs and advance local projects that improve safety, connectivity, and mobility.

#### ***MassDOT Funding for Accelerated Infrastructure Repair Program***

MassDOT is quickly capitalizing on expansion of the CTF to assist municipalities with a backlog of repair for locally owned bridges. MassDOT has historically assisted municipalities by inspecting locally-owned bridges and prioritizing replacement projects. Regular maintenance and preservation are the responsibility of the local owner, and municipal bridge replacement projects must complete for funding. As a result, there is a growing backlog of municipal bridges in need of repair, most notably in Western Massachusetts. Recognizing this need, through expansion of the CTF, MassDOT has announced a \$75 million MassDOT Funding for Accelerated Infrastructure Repair Program, with the first projects already underway.



The investment will be used to reopen closed bridges, remove postings on restricted bridges, and preserve additional bridges from falling into either category. MassDOT is currently advancing and evaluating projects in Franklin, Hampden, Berkshire, and Hampshire counties in Western Massachusetts, with additional locations across the state to follow.

### ***Cape Cod Bridges***

The Sagamore and Bourne Bridges on Cape Cod are approaching 90 years old. Their replacement remains a priority to the Healey-Driscoll Administration due to their importance as regional and statewide transportation links for residents, visitors, and commerce. MassDOT capital delivery staff will advance design, permitting, right-of-way acquisition, utility relocation activities, and construction over the next several years.

## **Massachusetts Bay Transportation Authority: Advancing an Efficient and Dependable Transit Network**

Recent investments in the MBTA have begun to deliver measurable improvements in safety, reliability, and service quality for riders. In FY25, service reliability increased across the system – driven by fewer cancelled trips, increased staffing levels, and the removal of speed restrictions. Safety improvements have also contributed to lower rates of safety events across the MBTA's bus and subway systems.

Building on these improvements, the administration continues to prioritize stabilizing MBTA operations and addressing deferred maintenance needs. Like transit systems nationwide, the MBTA is working to restore pre-pandemic ridership while managing rising personnel costs, higher material prices, and investments in new technology. The House 2 budget recommendation would fund the MBTA at \$1.9 billion in total funding, including a \$1.4 billion sales tax transfer and \$470 million in annual operating support from Fair Share revenues. This operating support would allow the MBTA to continue strengthening the system, improving reliability, and funding priority initiatives. In addition, the 2026 Fair Share supplemental budget filed by the administration alongside House 2 proposes an additional \$644.7 million in Fair Share revenues be spent on the MBTA.

### ***Stabilizing Operations and Financial Planning***

House 2 includes \$470 million in contract assistance to help stabilize MBTA operations through FY27. Together with Fair Share investments included in the FY26 Fair Share supplemental budget, this funding will fully address the projected operating deficit in FY27 based on the MBTA pro forma. This funding continues to support safety and reliability improvements consistent with recommendations from the TFTF.

Operating support in House 2 and the FY26 Fair Share supplemental budget would fully fund the MBTA's low-income fare relief program through FY27, maintain investments in water transportation, and sustain the MBTA Academy, which supports workforce development and retention. These investments also help replenish reserves that allow the MBTA to manage costs, mitigate risk, and plan multi-year capital and operating needs. The FY26 Fair Share supplemental budget recommends an additional \$523 million for the MBTA's Operating Reserve and \$121.7 million for the FTA reserve. The Commonwealth's

sustained efforts to boost reserves at the MBTA, including proposed investments in House 2 and the FY26 Fair Share supplemental budget, will fully address the MBTA's projected operating deficits in FY26 and FY27, helping support the MBTA's fiscal stability.

## **Regional Transit Authorities and Community Transit: Providing Robust Mobility Options Outside of Boston**

The Healey-Driscoll Administration remains committed to strengthening the Commonwealth's Regional Transportation Authorities (RTAs), which provide essential connections to jobs, health care, education, and other important destinations, and supporting affordable mobility options for communities across Massachusetts. Recent investments have translated into tangible service improvements: for the first time, all 15 RTAs now offer night and weekend service, and every RTA has increased weekday service frequency. In FY25, RTA ridership increased by 20 percent over the prior year and exceeded pre-pandemic levels by 13 percent, reflecting both improved service and growing rider demand.

Building on this progress, the House 2 budget recommendation would provide \$217.5 million in total funding for RTAs. This includes \$94 million to maintain historical levels of state assistance and \$123.5 million in Fair Share revenues to maintain and expand service improvements. This is an increase of \$8.5 million to support enhanced and regionally-equitable transit service. This investment continues the administration's focus on affordability, workforce stability, and expanded service across the RTA network.

### ***Operating Support and Service Enhancements***

The \$123.5 million in Fair Share funding included in House 2 maintains and builds upon prior-year investments that have supported service expansion and operational improvements at RTAs, including:

- \$66 million in additional State Contract Assistance for RTAs to support expanded service hours, weekend services, and route expansions
- \$35 million to continue fare-free fixed routes and ADA compliant service across all 15 RTAs, ensuring year-round fare-free regional transit statewide
- \$10 million for projects that improve connections among transit delivering enhanced service and workforce initiatives networks, including between RTAs and the MBTA
- \$8.5 million to support RTAs in delivering enhanced service and workforce initiatives
- \$4 million for the Community Transit Grant Program, which expands mobility options for older adults, people with disabilities, and low-income residents through funding for mobility management and operating support

The \$35 million investment to support fare-free fixed routes and ADA compliant service across all RTAs advances the administration's focus on affordability and access to transportation. Many residents rely on regional transit for daily travel, and eliminating fares reduces cost barriers to mobility across the Commonwealth. FY26 marked the first year in which all 15 RTAs provided year-round, fare-free service, reflecting the cumulative impact of recent operating investments. In addition to the House 2 investments above, the FY26 Fair Share supplemental budget would increase total RTA investments with \$45 million and

would provide an additional \$15 million for Microtransit and Last Mile Grants, supporting residents' mobility needs with added resources.

### ***Supporting Transportation for Vulnerable and Underserved Populations***

Investments in transportation are particularly significant for vulnerable families, seniors, people with disabilities, and veterans, offering access to medical appointments, programs and services like early intervention and day habilitation. Microtransit and other small transportation providers, RTAs and the Executive Office of Health and Human Services (HHS) work together to provide critical transportation links for Massachusetts residents across the complex Massachusetts transportation network. These offerings — generally included in the definition of public transit but with reach beyond traditional public transit service providers and areas — address unique transportation needs, especially in rural and underserved areas of the state, and for populations with specialized needs.

Across House 2 and the FY26 Supplemental Budget, the administration is proposing targeted funding for RTAs, microtransit, and HHS transportation to meet the moment and support mobility needs and access. Serving primarily low-income, elders and disabled populations, including clients of MassHealth, Department of Developmental Services, Department of Public Health (Early Intervention), MassAbility, Massachusetts Commission for the Blind, and Department of Mental Health, HHS agencies coordinate through the Human Services Transportation Office (HST) in partnerships with two RTAs – Montachusett Regional Transit Authority (MART) and Greater Attleboro Taunton Regional Transit Authority (GATRA) – who contract with over 300 transportation vendors to provide transportation for people accessing healthcare, social services, and other essential human services. These transportation services can be life changing and for their users, amounting to over 4.4 million trips per year for over 88,000 MassHealth members receiving MassHealth services and over 3.6 million program-based trips to over 12,000 clients of HHS agencies each year.

HHS continues to invest in the HST system, including recent route redesigns to better connect clients with services and expand access to services. As of FY26, these enhancements have allowed 400 new consumers access to transportation to day programs. There are many other providers of transportation services throughout the Commonwealth including aging/senior vans and school transportation that rely on the broader transportation network and are impacted by the level and types of investment that are made in the network.

With meaningful funding support for Regional Transit Authorities and MBTA, microtransit, education transportation, HHS transportation, and grant programs, this administration is committing significant resources to the transportation needs of Massachusetts residents across the Commonwealth, including those with limited alternative travel options.

### ***Infrastructure and Transportation Innovation Fund***

House 2 establishes a new fund to support startup companies that can directly address our transportation needs while leveraging the robust technology, innovation, and research capacity within our public education landscape. With a seed investment of \$5 million, the Infrastructure & Transportation Innovation Fund would equip MassVentures to identify and

support startup companies focused on developing new technologies in the transportation sphere. Emphasis on diverse companies and geographic equity will be central tenets to administering this fund, with MassVentures using its expertise to bolster success and attract private capital.

## **Conclusion**

Taken together, the transportation investments in the administration's FY27 legislative package reflect a continued focus on stabilizing core systems, addressing deferred maintenance backlogs and infrastructure modernization, improving reliability and safety for transit riders, and supporting cities and towns across the Commonwealth, including vulnerable populations, underserved and rural communities. By pairing operating support with sustained capital delivery capacity, these investments advance progress on long-standing infrastructure needs while responding to current service and affordability challenges. The House 2 proposal would position the Commonwealth's transportation network to better meet the needs of residents, businesses, and visitors, making Massachusetts more competitive while maintaining fiscal discipline and planning for long-term system sustainability.



# FY2027 H.2 BUDGET BRIEF

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

## Expanding Access to Quality Education

***Yusuf Bibars and Jacob Hunnicutt, Fiscal Policy Analysts***

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Massachusetts is widely recognized as a national leader in education, and for good reason. The Commonwealth provides more than one million students across early education, K-12, and higher education with high-quality, equitable learning opportunities that prepare them for continued success in school, career, and life. This leadership is the result of sustained, strategic investment in students, educators, and schools, as well as a data-driven focus on closing achievement gaps and responding to the evolving needs of learners and the workforce. Through targeted state programming and strong local partnerships, the Healey-Driscoll Administration is committed to ensuring that all Massachusetts residents have access to world-class education, regardless of age, zip code, or socioeconomic status.

The Executive Office of Education has worked to maintain this commitment over several years and remains committed in House 2 through the following actions:

- Fully funding the sixth and final implementation phase of the *Student Opportunity Act*, delivering historic levels of local school aid to towns and cities.
- Sustaining free community college by maintaining the MassReconnect program for students ages 25 and older without a prior higher education credential, and this year, expanding the MassEducate program to ensure tuition-and-fee-free access for eligible students – an increase of \$17 million over FY26 that accommodates continued enrollment growth.
- Guaranteeing universal, free School Meals for all public K-12 students, providing roughly 300 million meals statewide annually and ensuring that every child has reliable access to healthy, nutritious food.
- Continuing expanded early literacy investments, including an additional \$10 million to bring total House 2 funding to \$25 million to support and strengthen the Literacy Launch program, and \$25 million in the Fair Share supplemental budget for the High-Dosage Tutoring program, ensuring students statewide build strong foundational reading skills.
- Expanding the Commonwealth Preschool Partnership Initiative (CPPI) with a \$16.5 million increase from FY26 GAA (a total of \$37 million in House 2) to grow access to high-quality preschool and expand the program into every Gateway City by the end of 2026.
- Continuing the historic expansion of financial aid, maintaining \$85 million to keep public higher education affordable for 25,000 students, while sustaining tuition- and fee-free access for all Pell Grant recipients.
- Maintaining \$475 million for the Commonwealth Cares for Children (C3) program.
- Preserving higher child care provider rates by increasing Child Care Financial Assistance funding by more than \$221 million from FY26 GAA, sustaining nearly

\$248 million in cumulative rate increases since FY19 and continuing progress toward covering the true cost of providing care.

In total, the administration's FY27 House 2 recommendation deepens the Commonwealth's commitment to student achievement by proposing \$13.23 billion in funding across early education and child care, K-12, and higher education, representing a \$713 million (6 percent) increase over the FY26 GAA.

### **Gateway to PreK: Expanding Early Access Where It Matters Most**

A strong early education and child care system is essential to the healthy development of Massachusetts's youngest learners and to the vitality of the state's economy. When families can access affordable, high-quality early learning and pre-K programs, children gain the cognitive, social, and emotional foundations they need to support long-term success, in school and beyond. At the same time, stable and accessible child care enables parents to work, pursue training, or advance their careers, strengthening the Commonwealth's workforce and economic productivity.

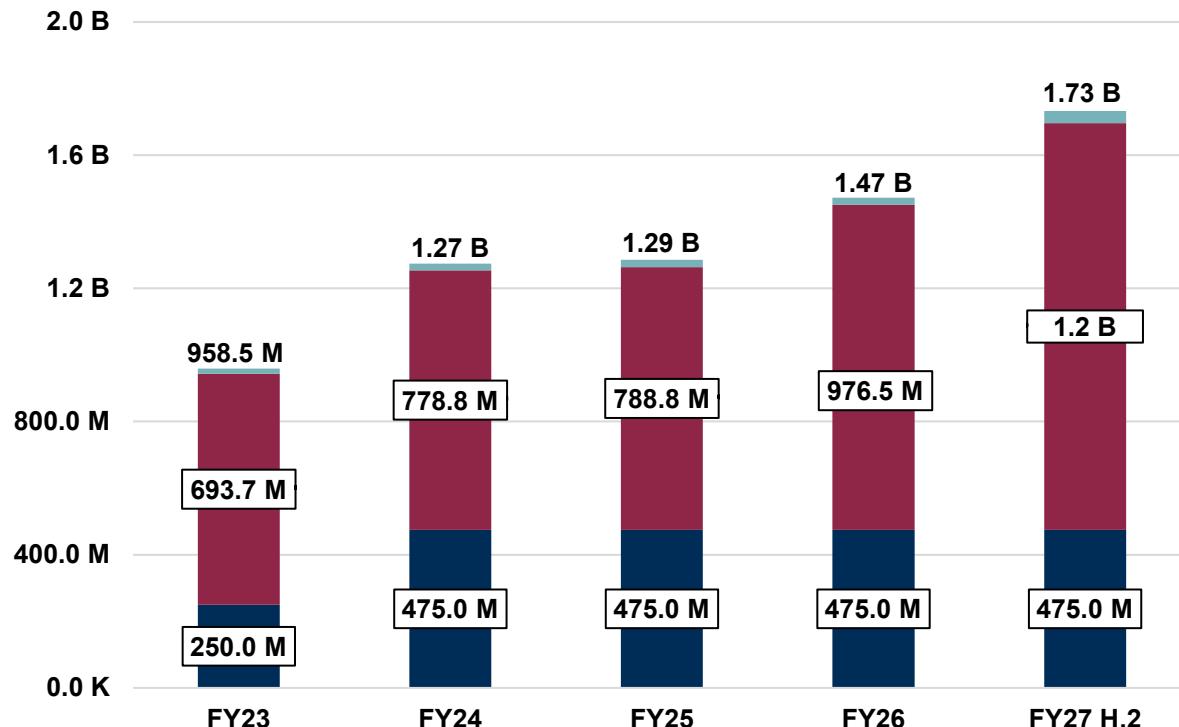
To continue the administration's efforts to expand access and ease the financial pressure of high child care costs, House 2 recommends \$1.9 billion for the Department of Early Education and Care. This includes a historic \$1.2 billion investment in the Department's Child Care Financial Assistance program, 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).

These programs assist families in affording premier early education programs by covering a portion of tuition costs and promoting stable placements for children facing the greatest barriers to care. The recommendation signifies a \$255 million (26 percent) increase over the FY26 GAA, partially funded by Fair Share revenues, and reflects the administration's commitment to directing a portion of Fair Share resources toward expanding educational opportunity and equity across the Commonwealth.

House 2 recommends sustaining \$475 million in state funding for the Commonwealth Cares for Children (C3) program, bringing total state investment to nearly \$2.2 billion since its inception in FY21. The C3 program provides a stable and predictable financing model for early education by aligning monthly payments with the actual costs of operating high-quality programs, including workforce expenses, classroom capacity, and facility operations. This dependable funding structure allows providers to plan for the long term, improve workforce retention through more competitive wages, and maintain strong learning environments for young learners. As a result, early education programs have been better equipped to expand capacity, add classrooms, and serve more working families.



**State Support for Child Care Continues to Grow**  
Across *Family Financial Assistance* *CPPI* and *C3 Program*



**Commonwealth Preschool Partnership Initiative (CPPI)**

The Commonwealth Preschool Partnership Initiative (CPPI) is a focused effort to expand access to high-quality preschool programs for four-year-olds across Massachusetts, with a particular emphasis on Gateway Cities. The administration is on track to meet its target of universal pre-K in every Gateway City by the end of 2026. House 2 proposes \$37 million in funding for CPPI, which includes a \$16.5 million Fair Share expansion. This investment will support expansion into the seven Gateway Cities not yet participating, while enhancing services and resources in current CPPI districts. Since its inception, CPPI has enabled thousands of four-year-olds in high-need communities to participate in early learning experiences that build the foundation for long-term academic success.

**Inter-Agency Early Education and Child Care Task Force**

Established through Executive Order 625, the Inter-Agency Early Education and Child Care (IAEECC) Task Force is a pillar of the administration's broader *Gateway to Pre-K* agenda. This agenda, characterized by its historic contributions to Child Care Financial Assistance (CCFA) and CPPI, reflects a commitment to expanding access to high-quality early education, lowering costs for families, and stabilizing the early education workforce, particularly in communities with the greatest need.

Over the last year, the Task Force made meaningful progress by raising visibility of early education and child care as essential infrastructure for child development, workforce stability, and economic vitality; and developing initiatives to strengthen the state's early education system. Looking ahead to year three, the Task Force will continue to implement its recommendations and explore opportunities to maintain the impact of these efforts, transitioning workstreams to permanent agency ownership and developing lasting inter-agency partnerships, structures, and systems.



### **Literacy Launch: Building Strong Readers from Age 3 to Grade 3**

Literacy Launch is a statewide early literacy initiative designed and implemented by the administration to improve educational outcomes for the Commonwealth's youngest learners. House 2 proposes funding the program at \$25 million – a \$10 million increase from the FY26 GAA – to support the third year of its multi-year implementation.

Literacy Launch integrates proven strategies to provide districts with professional development, technical assistance, assessment and screening tools, and ongoing support in adopting evidence-based, high-quality instructional materials. This comprehensive approach ensures that school districts and community-based preschools have the knowledge, capacity, and resources needed to deliver the strong, effective early instruction envisioned by the state.

### **Fair Share Supplemental Budget: Key Investments in Education**

Alongside the House 2 budget recommendation, Governor Healey filed the second ever Fair Share supplemental budget, directing \$358.3 million of surplus FY25 Fair Share revenue to support early education, K-12, and higher education across the state. The FY26 Fair Share supplemental budget proposal includes the following highlights:

- \$25 million for the High Dosage Tutoring initiative. This funding will continue to provide high-dosage tutoring opportunities for over 10,000 students in grades K–3, with priority given to first graders, helping reduce the number of students considered “significantly below benchmark” on the early literacy screener from the start to the end of the school year.
- \$10 million for Accelerating Achievement, a new multi-year K-12 school improvement initiative focused on rapidly improving student outcomes in the Massachusetts’ lowest-performing schools. This program provides eligible schools with targeted funding and technical assistance to support data-driven instruction, school leadership, teacher retention, high-quality instructional materials, professional development, and a multi-tiered systems of support to drive improvements in student achievement statewide.
- \$5 million to reduce the English for Speakers of Other Languages (ESOL) program waitlist and expand adult education services. ESOL programs provide language instruction to help non-native English speakers improve their reading, writing, speaking, and listening skills, while also offering workforce readiness and career-focused training.

For more information on how Fair Share has been used to expand educational opportunity, please see the **Delivering on Fair Share: Impact Report** brief.

### **The Student Opportunity Act: Delivering on Its Promise**

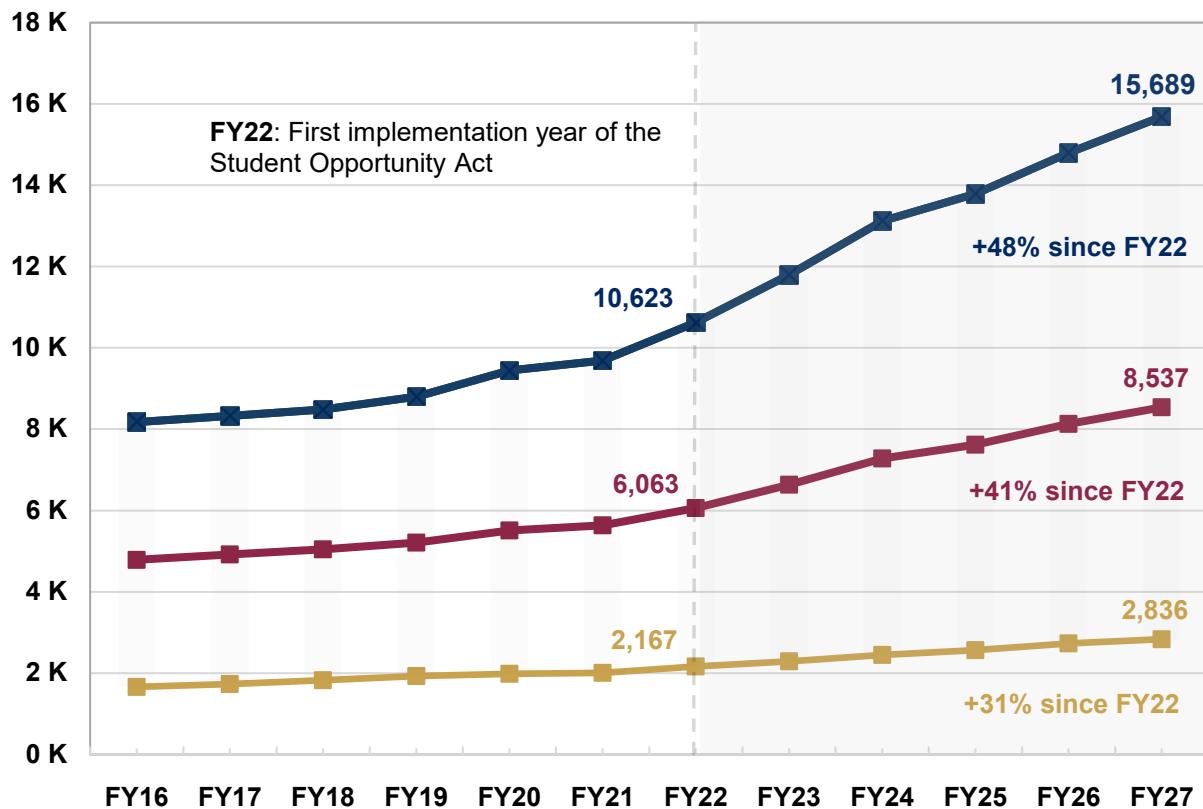
House 2 continues the administration’s commitment to equitable K-12 funding through the full implementation of the *Student Opportunity Act* (SOA). House 2 recommends \$7.6 billion in Chapter 70 aid, a \$242 million (3.3 percent) increase over FY26, ensuring districts statewide can meet their foundation budgets. As FY27 marks the final year of SOA implementation, the Commonwealth has delivered on the law’s promise to close opportunity gaps and target resources to students with the greatest needs. Since taking office, the Healey-Driscoll Administration has supported \$1.6 billion in increased Chapter 70 investment, with the majority directed to historically underfunded districts. Gateway Cities have seen particularly strong gains. Since FY22, average per-pupil Chapter 70 aid in Gateway Cities has increased 39 percent, from \$10,623 to \$14,797. In FY27, average per-pupil funding in Gateway Cities exceeds the statewide average by 83 percent and is more than four times the average in the state’s wealthiest districts, underscoring the administration’s sustained commitment to equity.

House 2 also recommends a historic investment of \$802.7 million in the Special Education Circuit Breaker program – a \$127.5 million (19 percent) increase over FY26, including \$150 million funded through the Fair Share supplemental budget – supporting districts in meeting the rising costs of specialized instructional and transportation services.

Across the FY27 House 2 budget proposal and the FY26 Fair Share supplemental budget, the administration recommends \$57.1 million for Regional School Transportation, \$35.2 million for Homeless Student Transportation, and \$62 for other Education Transportation, including for students studying outside of the districts they live in. School transportation is especially costly for regional and rural districts that must transport students further.



Ch. 70 Aid per Pupil among **Gateway Cities**  
Compared to **State** and **Top 10 Wealthiest Districts** averages

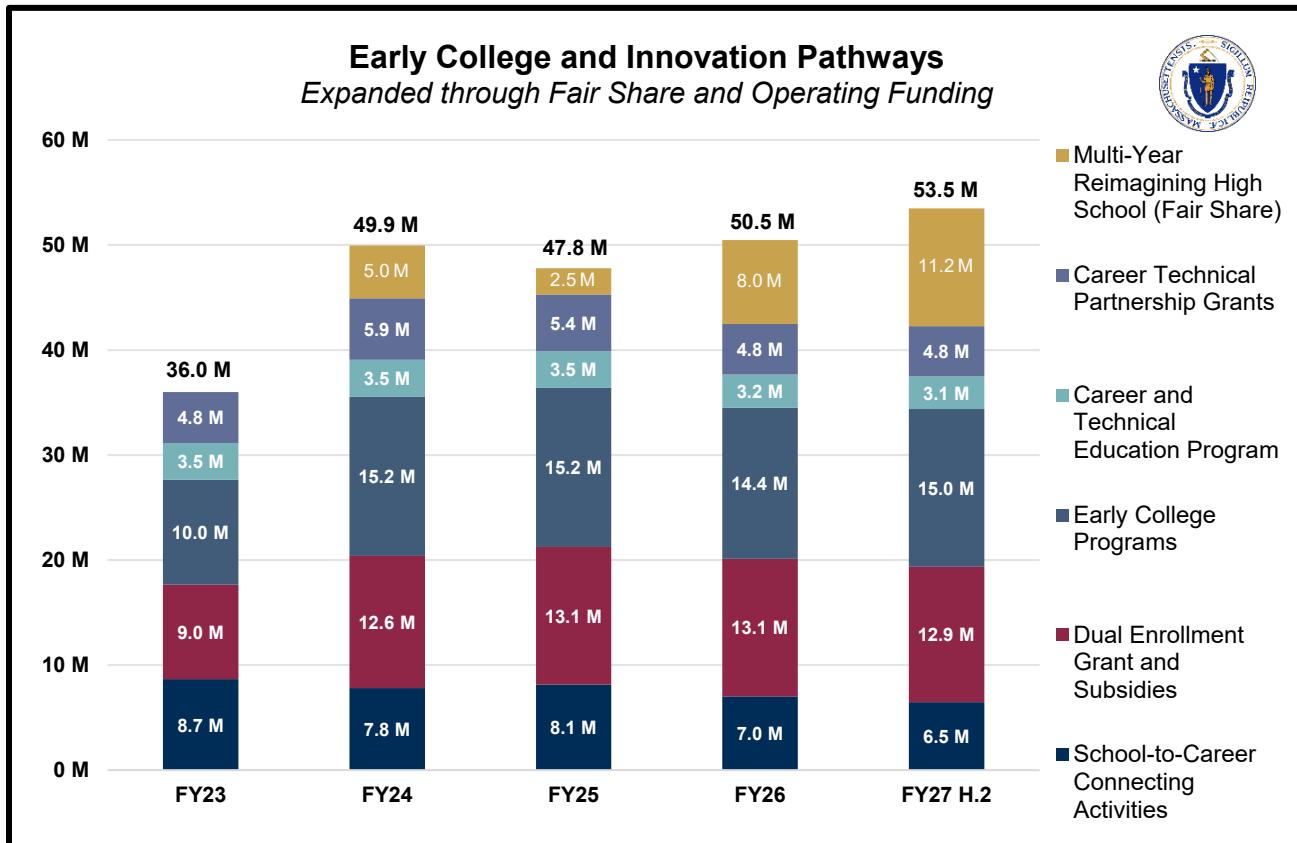


For more information on how House 2 recommends supporting school districts and municipalities, please see the [Local Aid: Partnering with Cities and Towns](#) brief.

### Reimagining High Schools: Expanding Pathways to College and Career

The administration is transforming the high school experience by expanding access to college-level and career-oriented learning opportunities that prepare students for the demands of the 21st century. House 2 recommends \$53.5 million in collective funding for high school pathway programs, including [Early College](#) and [Career Technical Education](#).

[Early College](#) programs merge high school and college coursework through dual enrollment collaborations with local universities, providing students the chance to earn up to 12 college credits at no cost while discovering potential career paths. These programs drastically increase the likelihood that students will pursue and succeed in higher education. As of FY26, 78 Massachusetts high schools participate in more than 70 partnerships with colleges and universities statewide.



House 2 also recommends expanding Fair Share funding for Reimagining High School initiatives from \$8 million to \$11.2 million, a \$3.2 million increase (40 percent) over the FY26 GAA. This investment will strengthen programs that prepare students for college and career success and cover AP STEM test fees for underrepresented communities. It includes funds to support the Innovation Career Pathways program, which provides high school students with applied, hands-on coursework and work-based learning opportunities in high-demand fields such as clean energy, manufacturing, healthcare, and information technology. As of FY26, 117 Massachusetts high schools offer Innovation Career Pathways, serving more than 8,500 students statewide.

### Children's Trust: Strengthening Families Through Prevention

The Children's Trust (CT) is the Commonwealth's lead agency for preventing child abuse and neglect by addressing its root causes and strengthening the systems that support Massachusetts families. Built on decades of research on the importance of providing families support before they reach the point of crisis, CT focuses on redefining how best to support families, the importance of family-centered collaboration, and advancing systems change to better protect children and support families.

House 2 recommends a \$22.3 million investment in Children's Trust to improve outcomes for children and families while reducing long-term costs across the education, child welfare, and healthcare systems. As the agency enters the second year of its new strategic plan, this funding supports a continued focus on the education, family support services, and

home-visiting that promote healthy development and family stability during a child's earliest years. Recent administration appointments of three new early education leaders to the CT Board of Directors further strengthen this work, bringing decades of combined experience and deep commitment to the early education field.

## **Mental and Behavioral Health Supports for Students**

Schools are not only centers of academic learning but also critical pillars of support for children from birth through adolescence. As student mental and behavioral health needs have grown to be increasingly complex, the importance of strong, school-based support systems has become even more apparent. In response, House 2 proposes \$17 million for mental and social-emotional health initiatives, including continued investment in the development and implementation of a statewide, birth-through-higher-education framework for mental and behavioral health.

<b>Account</b>	<b>FY26 H.1</b>	<b>FY26 GAA</b>	<b>FY27 H.2</b>
Social Emotional Learning Grants	5,962,647	3,000,000	2,986,027
Early Childhood Mental Health Consultation Services	5,000,000	5,000,000	4,950,000
Mental Health Framework (Fair Share)	5,000,000	-	6,000,000
UMass Student Behavioral Health Services	4,000,000	2,000,000	2,000,000
Safe and Supportive Schools	670,086	795,086	648,948
Student Wellness School Supports	-	500,000	495,000
<b>Total:</b>	<b>20,632,733</b>	<b>11,295,086</b>	<b>17,079,975</b>

Of particular note is a \$6 million Fair Share investment in the Mental Health Framework, including \$1 million for the Department of Elementary and Secondary Education (DESE) to administer a grant program that helps school districts and community-based organizations build comprehensive, integrated, multi-tiered school mental health and social-emotional learning (SEL) systems. The Framework aims to use data to identify student needs, guide program design and equity approaches, and demonstrate impact on student mental health, wellness, and SEL outcomes.

## **A Commitment to Affordable and Quality Higher Education**

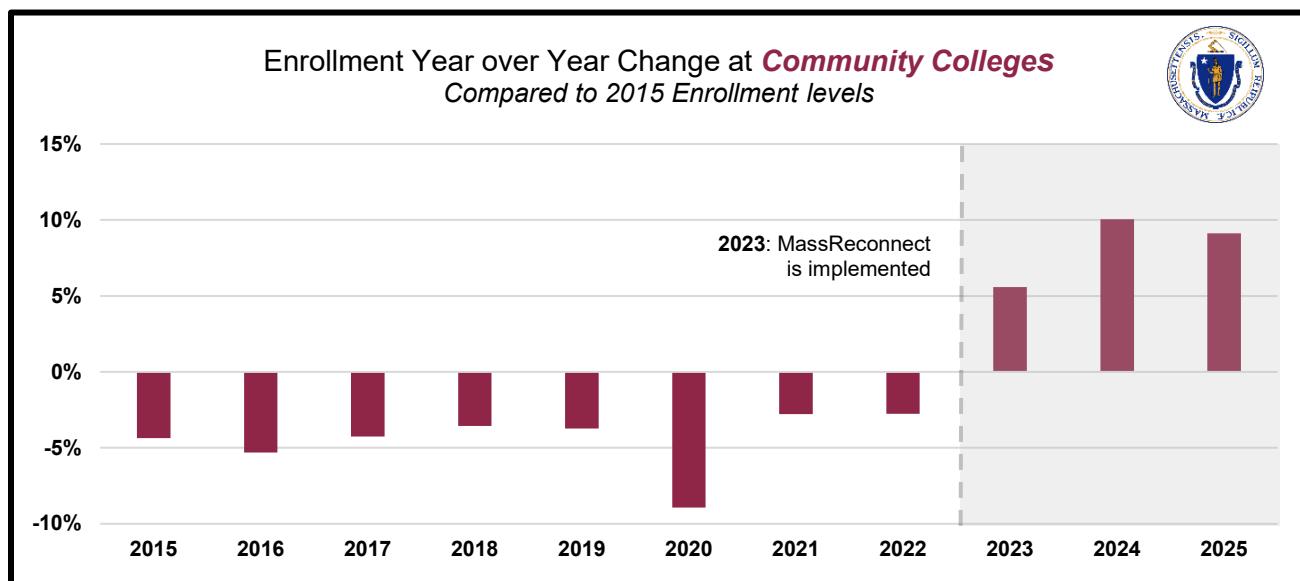
The commitment to an affordable and quality post-secondary education has positioned Massachusetts as a leader in social mobility and economic dynamism. The administration's proposed budget recommends significant investments to Community College, State Universities, and the UMass system for student aid to support college affordability, and provides funding that will transform academic, research, and mental health facilities across the Commonwealth's public universities.

### ***Affordable Higher Education and Strategic Investments***

In her inaugural address, Governor Healey committed to "free community college to students over 25 who don't have a college degree" and to "increase funding to our state

university system so everyone can afford a higher degree." The House 2 proposed budget maintains this commitment by:

- Expanding college and career pathway opportunities for students (\$1.3 million) and funding for technical grants (\$4.8 million).
- Sustaining historic financial aid expansion to increase affordability through MassEducate and MassReconnect, the free community college programs (\$137 million).
- Providing funding for wraparound supports at State Universities and Community Colleges (\$28 million).
- \$103.3 million in Fair Share funding to sustain the MASSGrant Plus and additional financial aid expansions, offering tuition and fee-free college to Pell Grant-eligible students at all two- and four-year public colleges and universities in Massachusetts.
- \$176.7 million for the Massachusetts State Scholarship Program, which provides financial assistance to students pursuing higher education in any approved institution furnishing a program of higher education.



The administration's investments in MassReconnect and MassEducate have been central to reversing long-term enrollment declines and pandemic-era losses at Massachusetts community colleges. Together, these programs make public community college tuition-free for students without a bachelor's degree and support workforce-critical training such as EMT programs to increase the pipeline of medical professionals and EMTs in Massachusetts. House 2 proposes \$137 million to sustain free community college – \$17 million (13 percent) above the FY26 GAA – supporting nearly 115,000 students statewide. Since FY24, more than 8,400 students have received MassReconnect grants, including over 2,000 new students age 25 and older who enrolled in fall 2023, a 45 percent increase. These investments have helped restore total enrollment to pre-COVID levels and return Black and Latino student enrollment to – and in the case of Latino students, well above – pre-pandemic levels.

***BRIGHT Act***

The Commonwealth's state-of-the-art educational facilities are critical for maintaining our world-class research centers, high-skills workforce, and innovative biotech and climate sectors. The administration aims to support higher education infrastructure through the *BRIGHT Act*, filed with the Legislature in 2025, to leverage Fair Share to unlock \$2.5 billion to support major capital projects that modernize, decarbonize, complete critical repairs, and address the growing backlog of deferred maintenance across higher education institutions. The *BRIGHT Act* will make transformational improvements to our public education system while creating 20,000 jobs.



# FY2027 H.2 BUDGET BRIEF

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

## Strengthening Massachusetts's Housing Foundation

Natalie E. Albanese, Fiscal Policy Manager

### Meeting the Housing Moment

The Healey-Driscoll Administration is using every tool in the toolbox to build more homes, lower costs for renters and homeowners, and safeguard residents from housing insecurity. A central pillar of this effort is the ongoing implementation of the *Affordable Homes Act*, Governor Maura Healey's historic housing legislation passed in 2024. Since the administration took office, nearly 100,000 new homes are in the production pipeline. The administration is tackling Massachusetts's housing shortage in creative ways with the State Land for Homes initiative, offering up more than 450 acres of surplus land to be turned into 3,500 new homes, as promised in Governor Healey's inaugural address. Moreover, Governor Healey established a dedicated funding source to turn vacant, underutilized commercial space into apartments and partnered with 165 MBTA communities to pass new zoning laws.



Additional housing wins include Governor Healey's ban on renter-paid broker fees, saving renters from paying thousands of dollars up front for a broker they didn't hire. Governor

### 100,000 Homes are in the Pipeline



MBTA  
Communities:  
7,000



40B Zoning:  
8,400



HLC Capital  
Investments:  
10,600



Momentum  
Fund: 500



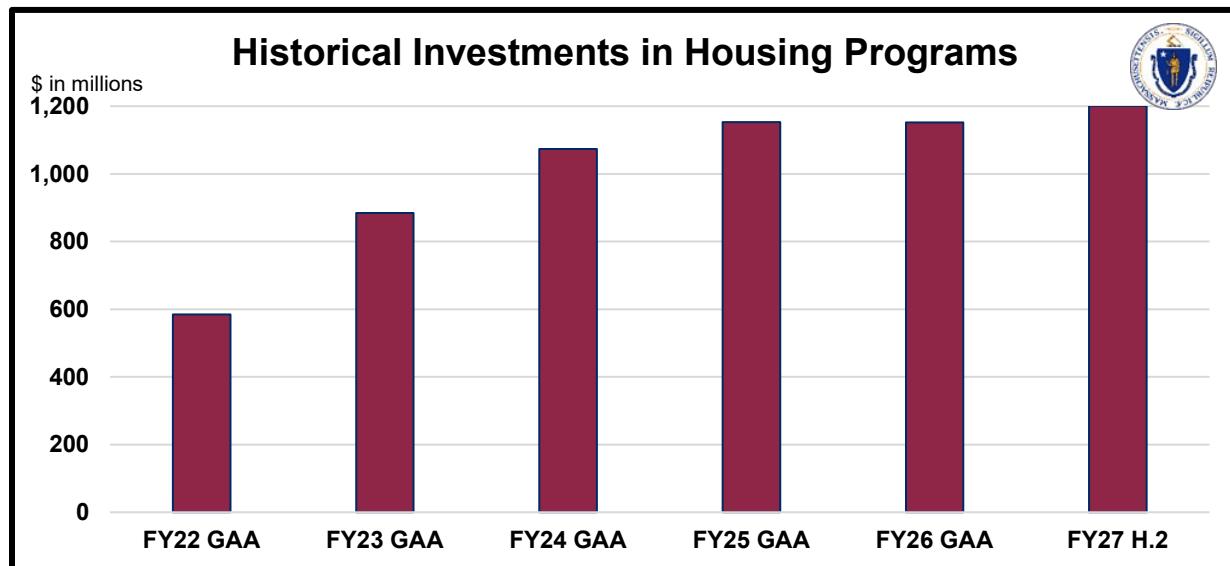
Accessory  
Dwelling Units:  
730



Private Market  
Developments:  
64,000

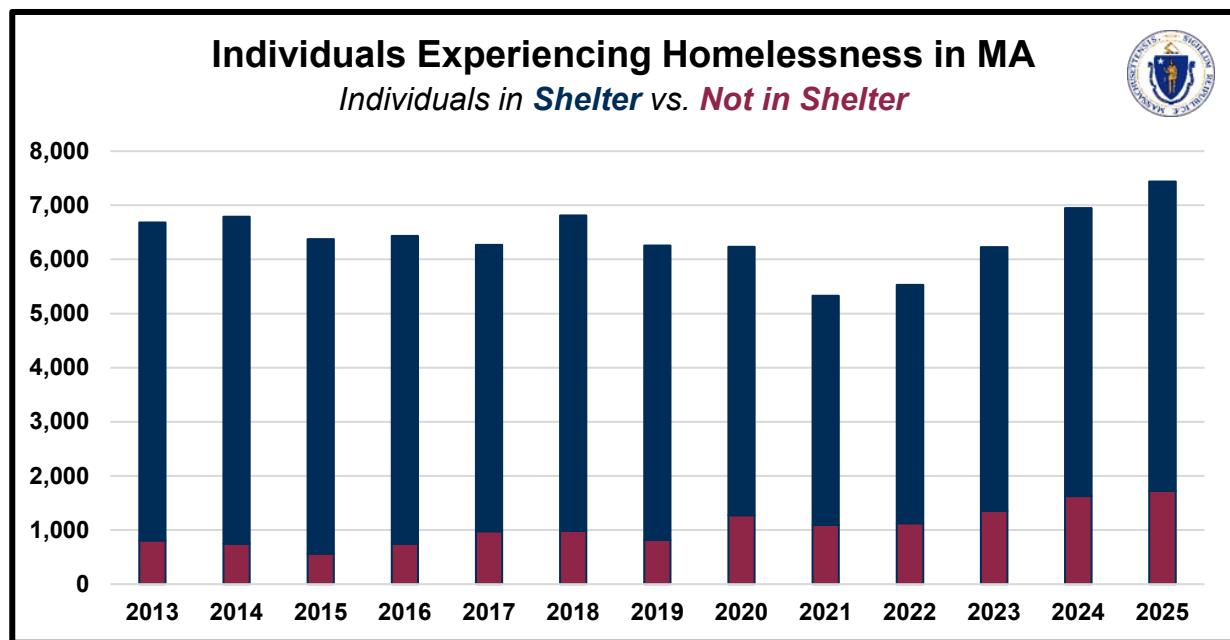
**FY27 H.2 Budget Briefs**  
Strengthening Massachusetts's Housing Foundation

Healey's simplified permitting processes are spurring the development of accessory dwelling units (ADUs), a cost effective, smaller home, such as an in-law suite. Further, the administration is maximizing housing production through tax credits, generating an estimated 3,000 new units in 26 Gateway Cities from the Housing Development Incentive Program (HDIP) alone.



The Fiscal Year 2027 (FY27) House 2 budget recommendation furthers the administration's commitment to housing with a record \$1.2 billion in targeted and strategic investments at the Executive Office of Housing and Livable Communities.

### Investing in Homelessness Prevention



**FY27 H.2 Budget Briefs**  
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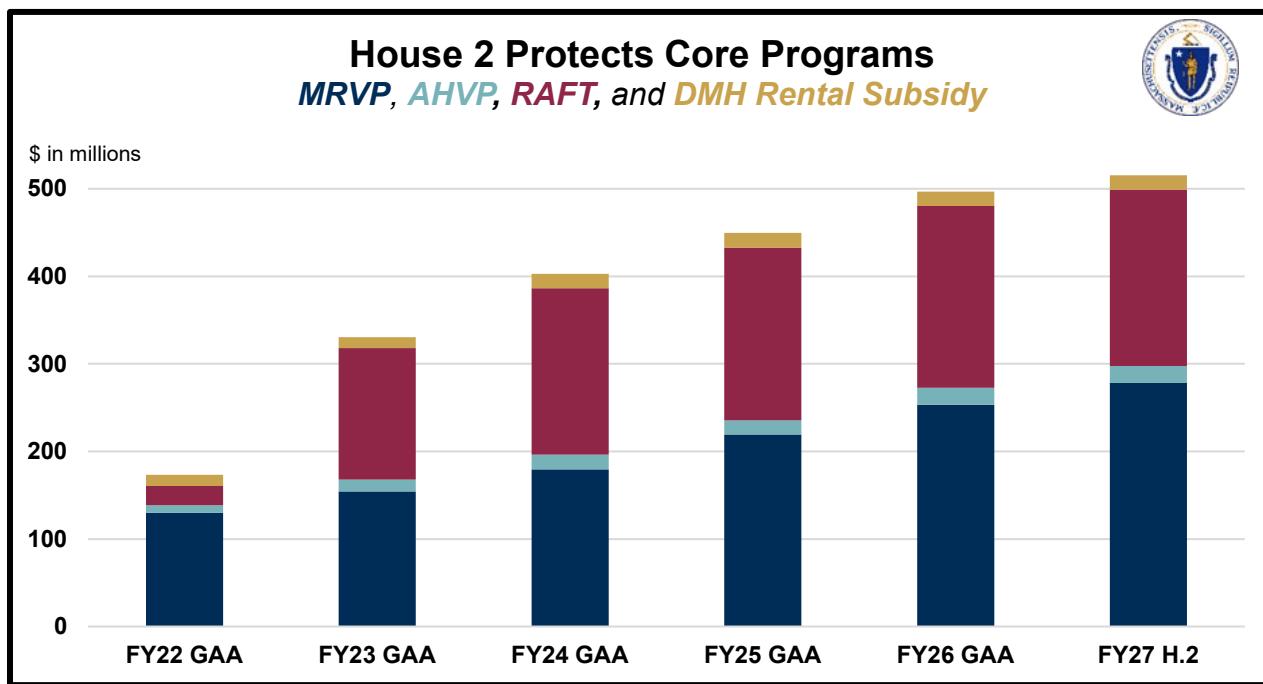
As of the U.S. Department of Housing and Urban Development's (HUD's) most recent assessment of the number of people experiencing homelessness, homelessness is at an all-time high in America. Approximately 7,400 individuals are experiencing homelessness in Massachusetts, a 7 percent increase above HUD's previous count. To help address this challenge, the House 2 budget proposal recommends \$150 million for programs supporting individuals experiencing homelessness, a 9 percent increase above the FY26 GAA.

House 2 notably proposes \$12 million for Winter Beds, a winter shelter initiative to support 800 additional shelter beds to protect individuals experiencing homelessness from life threatening injuries during the cold winter months. Creating a new, dedicated funding stream for winter shelter capacity supports cities and towns with improved planning and allows shelter providers to deliver more effective, life-saving services.

Building on the commitment to helping vulnerable residents, House 2 also recommends \$114 million for Homeless Individual Shelters to enable 2,800 shelter beds, day programming capacity for approximately 600 people, street outreach, meal programs and transitional and permanent housing initiatives.

### **Protecting Core Housing Services**

The House 2 budget proposal recommends a historic investment of \$278 million for the Massachusetts Rental Voucher Program (MRVP), a 10 percent increase above the FY26 GAA. This proposed level of funding is expected to support the leasing of over 11,500 vouchers, including at least 340 new project-based vouchers. Ensuring a strong investment in MRVP is an integral step in the administration's effort to keep people securely housed.



The House 2 budget recommendation further reflects the administration's commitment to actively uplifting populations who are most likely to experience challenges in accessing affordable housing through investments such as:

## FY27 H.2 Budget Briefs

### Strengthening Massachusetts's Housing Foundation

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- \$19.3 million for the Alternative Housing Voucher Program (AHVP) to provide rental assistance through 890+ vouchers for persons with disabilities.
- \$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.

House 2 also proposes \$201 million for Residential Assistance for Families in Transition (RAFT), a short-term eviction and homelessness prevention program. RAFT is a successful and flexible tool, averaging \$4,400, but up to \$7,000 per year, to keep a family safely in their home and out of the unstable nature of the shelter system. RAFT serves approximately 47,000 households each year, making it the Commonwealth's most efficient resource to protect housing security.

### **Advancing Housing Stabilization**

Over the past three years, the Healey-Driscoll Administration has remained committed to its goal of making shelter brief, rare, and non-recurring with fiscally and operationally sustainable programs. House 2 recommends \$259 million for the Emergency Assistance Family Shelter and Services (EA) program, a 6 percent decrease below the FY26 GAA. Through a collaborative effort across state agencies, cities and towns, and shelter providers, the number of families in shelter today is approximately 70 percent lower than the shelter crisis's peak of 7,500 families. Decreased shelter spending coincides with the administration's efforts to divert families from emergency shelter through increased access to diversion and stabilization programming, a more stable and cost-effective way to address family homelessness. To enhance shelter safety, House 2 includes \$5 million for security and accessibility grants, estimated to support necessary safety upgrades in family shelter units. Security upgrades will include increased camera coverage, door alarm installation, lighting improvements, and more.

A majority of families have exited the state's shelter system through HomeBASE, a housing stabilization program included in the House 2 budget proposal at \$82 million. HomeBASE provides up to \$30,000 over a 2-year period to help cover housing-related costs and a case manager to connect families to community resources. HomeBASE is critical in increasing housing security after experiencing homelessness and reducing returns to shelter.

The FY27 House 2 budget recommendation features \$7.5 million for Family Shelter Diversion, a new, distinct program to divert families experiencing homelessness from shelter with flexible financial assistance to rapidly rehouse and find suitable alternative housing. Diversion programming serves as an upstream prevention, emphasizing the administration's goal of reducing family homelessness through targeted investments that promote long-term housing stability.

### **Supporting Communities**

The FY27 House 2 budget proposal recommends \$126 million for public housing programs, a 2 percent increase above the FY26 GAA. Public housing provides affordable and safe housing for vulnerable populations at higher risk of housing insecurity, including low-income

families and individuals, the elderly, and persons with disabilities. The state-aided public housing portfolio houses approximately 70,000 of our state's residents in 41,000+ housing units, operated by 228 Local Housing Authorities (LHAs) located across the state.

The Administration's FY27 budget proposal includes a record investment of \$118 million for Subsidies to Local Housing Authorities, a \$2.2 million or 2 percent increase above the FY26 GAA to help Local Housing Authorities keep pace with inflation. Additionally, the House 2 proposal maintains a \$6.5 million investment in the Service Coordinators Program, supporting resident service coordinators at LHAs across Massachusetts. Coordinators are integral staffers at LHAs, helping preserve tenancies in senior housing, connecting elders with healthcare services and transportation, and mediating disputes.

Furthermore, the FY27 House 2 proposal includes a \$3 million investment for Community Action Agencies (CAAs). Supported by funding administered by the Executive Office of Housing and Livable Communities, CAAs serve approximately 600,000 individuals annually in Massachusetts through a variety of programs focused on housing assistance, food insecurity, mental health resources, job readiness training, and other community needs.

### **Unlocking Housing with Transportation Infrastructure Investment**

This year, as part of the proposed *Chapter 90 Bond Bill*, the administration is seeking authorization to borrow \$200 million for transportation infrastructure that directly supports new housing development. These investments could include a variety of transportation improvements, such as road upgrades, sidewalks, intersection and safety features, bicycle infrastructure, and more, as part of the administration's 'whole-of-government approach' to boost housing production and support the state's economic competitiveness. All too often, one barrier to housing is a lack of adequate infrastructure. This capital funding will offer a flexible tool to unlock housing production, which will make Massachusetts more affordable and competitive.

This funding is part of the historic \$8 billion comprehensive transportation investment plan over the next 10 years made possible by leveraging Fair Share surtax revenues that are dedicated to the Commonwealth Transportation Fund. These investments are consistent with the recommendations of the Transportation Funding Task Force, which called on the Commonwealth to enhance transportation infrastructure that supports connections to housing, economic opportunities, and workforce mobility, to ensure that Massachusetts communities and our state economy continue to grow and thrive.



# FY2027 H.2 BUDGET BRIEF

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

## Promoting Health, Resilience, and Independence

**Alexa Gruener and Jackson Humphreys, Senior Fiscal Policy Analysts**

**Alexander Lebovitz and Ian McGregor, Fiscal Policy Analysts**

The Executive Office of Health and Human Services (EOHHS) is the state's largest Secretariat. EOHHS directly manages the MassHealth program and includes 11 agencies and over 23,000 employees. EOHHS focuses on improving health outcomes, building economic resilience, maximizing independence, fighting food insecurity, addressing social determinants of health, supporting individuals with disabilities, and increasing the accessibility and affordability of care. EOHHS directly delivers services and programming to nearly one in every three residents of the Commonwealth.

Since the COVID-19 pandemic, HHS agencies have faced historic caseload growth, increased costs, and unprecedented federal pressures. The Fiscal Year 2027 (FY27) budget recommendation balances these demands against available resources and continues to protect services for the state's most vulnerable populations.

The Healey-Driscoll Administration's FY27 House 2 budget proposal recommends funding EOHHS at \$10.525 billion, a \$315.9 M (3 percent) increase over the FY26 GAA, excluding MassHealth. This funding level maintains Chapter 257 rates, which match the 53<sup>rd</sup> Bureau of Labor Statistics benchmark, annualizes \$131.6 million in FY26 provider rate increases, and supports continued caseload growth.

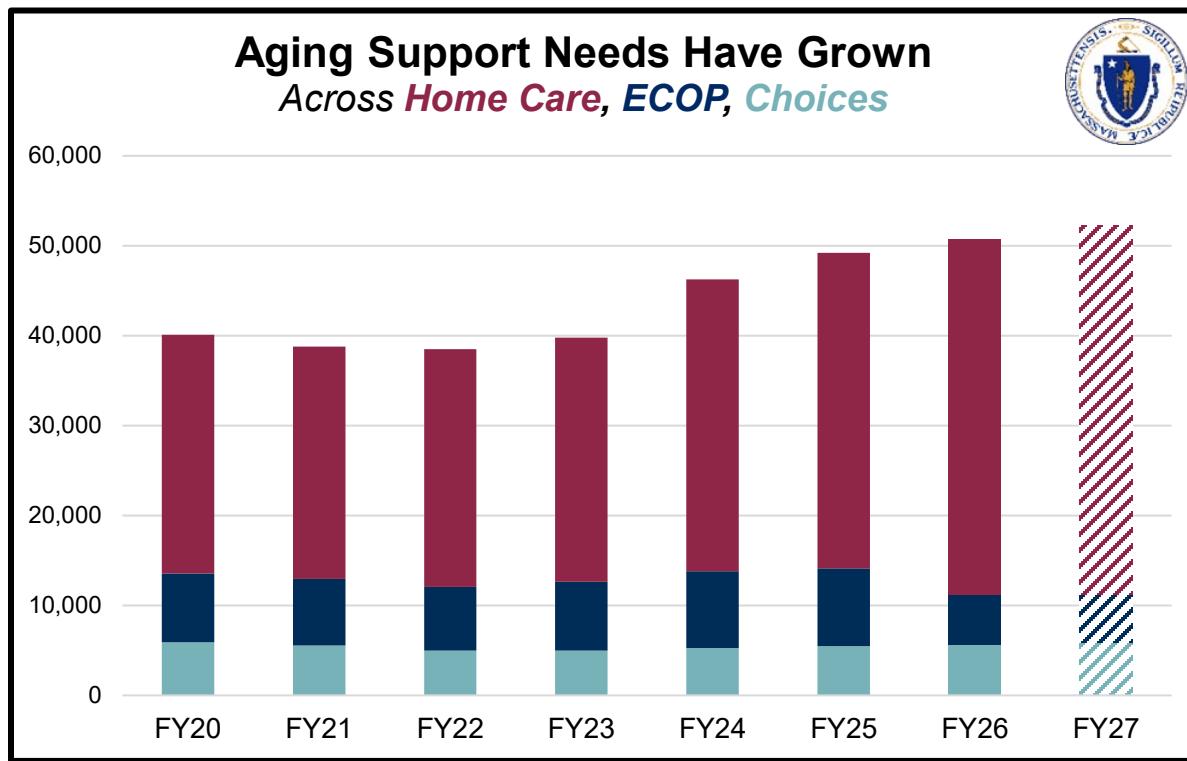


## Managing Unprecedented Caseload Demand

Demand for health and human services in Massachusetts continues to increase following the COVID-19 pandemic. In response, the state continues to invest in programs and services to preserve access for a growing number of people.

### Executive Office of Aging & Independence (AGE)

Massachusetts's aging population is growing rapidly, with approximately 1.7 million residents over age 60, surpassing the number of residents under age 20. This is reflected in the rising demand for long-term care services at the Executive Office of Aging & Independence (AGE), where caseload has grown by 30 percent since FY20. To meet this demand, Governor Maura Healey signed [Executive Order No. 642: Instituting Age-Friendly Practices](#),<sup>1</sup> to make Massachusetts a place where aging adults can have economic opportunity and security, community, and health and wellness. The FY27 House 2 budget recommendation includes \$917.7 million for [Home Care Basic](#), [Enhanced Community Options \(ECOP\)](#), and [Community Choices](#). See below for a chart on historic caseload increases for these programs.

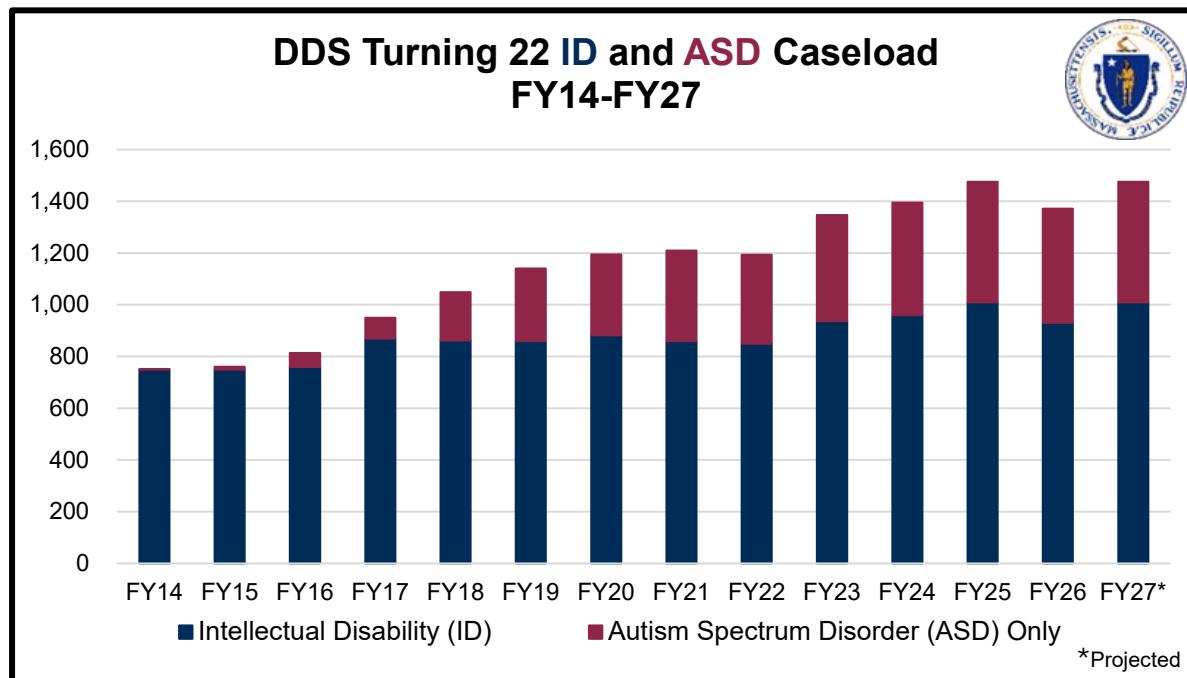


FY27 House 2 continues to support unprecedented caseload growth and includes \$91.8 million over the FY26 GAA to support this population. To help manage these pressures, AGE will work with the aging services network to assess options to improve sustainability for the [Home Care Program](#) in FY27 and beyond.

<sup>1</sup> <https://www.mass.gov/executive-orders/no-642-instituting-age-friendly-practices>

### **Department of Developmental Services (DDS)**

Massachusetts also continues to see rapid growth in the needs of individuals with intellectual and developmental disabilities, including individuals with Autism Spectrum Disorder (ASD), as well as their families and caretakers. Since 2020, the Department of Developmental Services (DDS) has taken on nearly 8,000 newly service-eligible individuals, largely driven by steady increases in the number of Massachusetts residents diagnosed with ASD. Additionally, DDS provides comprehensive care to a large population of individuals requiring 24/7 residential services who are experiencing increasing acuity and support needs as they age. In light of these trends, the FY27 House 2 budget proposal increases funding for DDS by \$91.4 million over FY26 funding levels, including \$6.5 million in new investments in the changing needs of the ASD population.



Many individuals with disabilities access special education services until they turn 22, at which time they transition into the adult-care system. Over the last three years, DDS has enrolled three historically large Turning 22 Program classes. In FY27, DDS anticipates a class of nearly 1,500 newly-eligible residents with intellectual and developmental disabilities in need of DDS services and supports. The Healey-Driscoll Administration's House 2 budget proposal preserves services for this growing population by fully annualizing Turning 22 costs for the FY25 and FY26 classes and investing an additional \$33.1 million to fully fund the needs of new enrollees during FY27.

### **Maintaining Historic Investments**

Even amid tightening resources and federal uncertainty, the Healey-Driscoll Administration is preserving historic investments made in recent years to ensure continuity, stability, and a lasting impact for residents.

### ***Investing in Local Boards of Health***

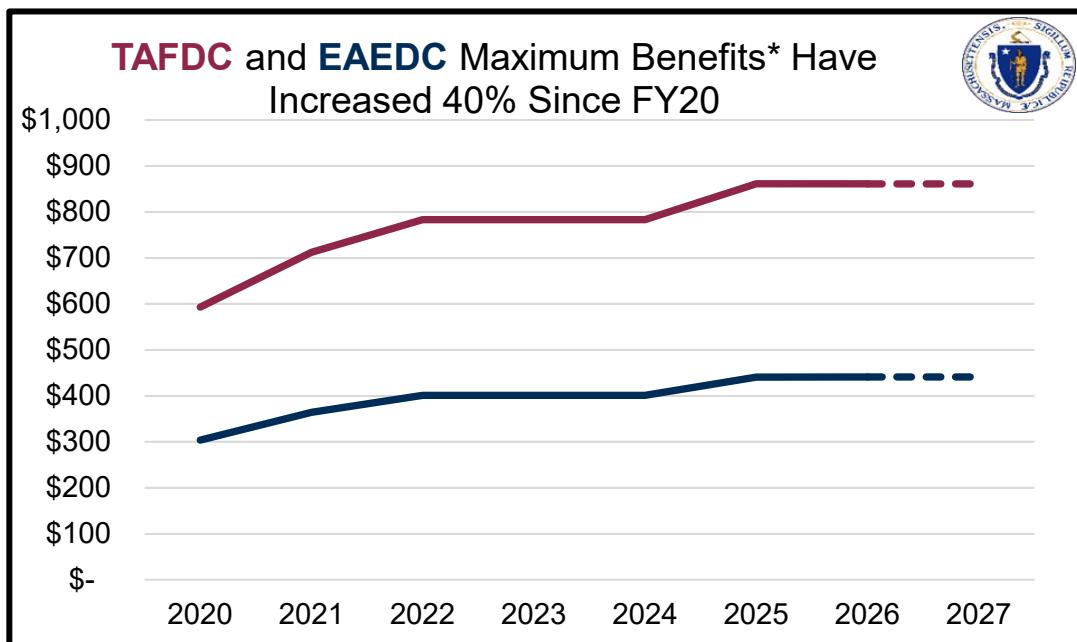
The administration is committed to supporting local public health. Following the signing of the historic *State Action for Public Health Excellence (SAPHE 2.0)* legislation that equitably expands support for local public health across the state, House 2 recommends a \$5.7 million increase in the Commonwealth's Grants to Local Boards of Health. These funds will preserve the historic investments Massachusetts has made in workforce development, technical public health infrastructure, and Public Health Excellence grants to municipalities in recent years. This investment will continue funding career services and training programs for public health professionals at community colleges, UMass Amherst, and Boston University, as well as local public health training hubs.

### ***Protecting Immigrants' Legal Rights***

House 2 recommends maintaining \$5 million invested in FY26 for the Massachusetts Access to Counsel Initiative (MACI). MACI provides critical legal representation to low-income immigrants impacted by the federal changes to immigration policy. The program supports immigrants seeking work authorization or navigating the immigration process.

### ***Maintaining Historic Benefit Increases***

The Department of Transitional Assistance (DTA) is integral to Massachusetts' efforts to support its most vulnerable residents through direct financial assistance, food support, and employment and training programs. Since FY20, maximum benefit levels for Transitional Aid to Families with Dependent Children (TAFDC) and Emergency Aid to the Elderly, Disabled, and Children (EAEDC) have risen by 45 percent. The FY27 House 2 budget proposal sustains these historic benefit increases, allocating a combined \$641.3 million to fully fund both programs.



\*TAFDC maximum benefit levels assume a family household of three living in public housing. EAEDC maximum benefit levels assume a household of one living in Living Arrangement A<sup>2</sup>.

<sup>2</sup> <https://www.mass.gov/lists/emergency-aid-to-the-elderly-disabled-and-children-eaedc-living-arrangement>

The FY27 House 2 budget proposal also fully funds the Healthy Incentives Program at \$29.7 million to maintain current benefit levels and meet growing demand. This will ensure continued equitable access to fresh produce for SNAP recipients while supporting local farmers and food retailers in Massachusetts.

## Serving Youth

The Healey-Driscoll Administration's FY27 House 2 budget proposal supports a five-bed expansion of the Department of Youth Services (DYS) Girls continuum. This investment will ensure that DYS continues to meet the complex needs of youth in its care and custody at the appropriate level of care.

The House 2 budget proposal also preserves key investments in youth services capacity to respond to critical service needs. This includes \$2 million to provide capacity within DCF-contracted residential treatment programs to respond to emergency needs of children and youth, including those with complex behavioral health needs. This sustained investment will add eight new permanent beds, expanding DCF's emergency residential capacity by 5 percent, and ensure that the Commonwealth can continue to provide residential care and stabilization services to the most at-risk and medically complex children and youths. House 2 also proposes a 2.92 percent increase for supports to DCF foster parents, raising the average daily reimbursement rate to \$38.83. This growth recognizes the costs incurred by foster families who care for and provide a home, food, clothing, and transportation to children who are unable to live safely with their parents.

## Prioritizing Maternal Health

The Healey-Driscoll Administration is committed to keeping Massachusetts at the forefront of maternal health care nationally.

House 2 builds on this promise by recommending \$4.3 million to implement the *Maternal Health Law* enacted as Chapter 186 of the Acts of 2024. With these funds, the Department of Public Health (DPH) will establish a Universal Home Visiting System, which will provide access to postpartum home visiting services to all 68,000 annual births in the Commonwealth. Every family welcoming a new baby in Massachusetts will be able to receive the guidance, screening, and connection to services they need during the critical postpartum period.

In addition, this investment will fund:

- A Fetal & Infant Mortality Review Program to conduct in-depth reviews of fetal and infant deaths each year
- A digital resource center to help providers screen postnatal individuals for perinatal mood and anxiety disorders (PMAD)
- A public information campaign to provide guidance to perinatal healthcare workers about current information regarding pregnancy loss

## Supporting the Human Services Workforce

### Chapter 257 and Human Services Workforce

House 2 recommends maintaining Chapter 257 rates benchmarked to the 53rd percentile of Bureau of Labor Statistics (BLS) salaries at an estimated cost of \$260 million in FY27. Of this, \$175 million is funded in House 2 through the Chapter 257 reserve. House 2 also recommends the annualization of \$131.6 million of FY26 rate increases. These investments help address workforce shortages and increase access to services across the human service provider network.

### MassHealth Staffing Related to Federal Changes

The FY27 House 2 budget proposal invests \$6.2 million in MassHealth eligibility staffing to comply with new federal work and redetermination requirements included in the *One Big Beautiful Bill Act*. These policies, effective January 1, 2027, are expected to drive a significant administrative burden at MassHealth. This staffing investment will ensure a smoother consumer experience and help maintain coverage for as many people as possible while also reducing operational strain, preserving healthcare access and maintaining compliance with federal law. For more information on how the Healey-Driscoll Administration is working to control costs at MassHealth while keeping health care accessible, please see the **Health Care and Insurance Affordability** budget brief.

### DTA Caseworkers

Caseworkers are central to the DTA's operations and benefit administration. To ensure their ongoing work is fully supported, the FY27 House 2 budget proposal increases the Caseworkers Reserve by \$46.4 million, a 46 percent increase over the FY26 GAA, which had reduced funding for the reserve relative to the Governor's FY26 budget recommendation. As numerous new federal provisions force DTA to expand its administrative responsibilities and compliance requirements, funding for the caseworker workforce is increasingly necessary. See the **Federal Response** budget brief to learn more about the actions the Healey-Driscoll Administration has taken to support DTA's caseworkers and prevent the Commonwealth's families from going hungry in the face of the Trump Administration's food assistance cuts.

### Direct Care Staffing

As healthcare continues to face significant workforce challenges that strain patient care, state agencies increasingly have depended on temporary direct care staff to ensure continuity of care for the populations at DDS, DPH, and Department of Mental Health (DMH) facilities. However, sustained investment in this workforce during the first three years of the Healey-Driscoll Administration has strengthened the direct care, nursing, and clinical workforce. House 2 includes continued support to reduce reliance on temporary staff across EOHHS, enabling multiple agencies to deliver care at a lower cost to residents throughout the Commonwealth. In particular, House 2 will eliminate DDS's reliance on temporary workers through robust investment in DDS's direct care workforce, which will improve services and supports for residents with disabilities and result in \$5 million in savings.

## Investing in Home- and Community-Based Services

The FY27 House 2 budget proposal includes targeted investments in home- and community-based services to help individuals remain safely in their homes and communities, preventing them from requiring high-cost institutional care. These investments also maintain the direct care workforce needed to provide consistent and reliable services. Together, these efforts promote independence and improve quality of life for seniors, people with disabilities, and other vulnerable populations.

### ***AGE Nutrition Services Investment***

The FY27 House 2 budget proposal invests \$750,000 in the Nutrition Services Program, expanding access to approximately 102,000 additional nutritionally-balanced meals for older adults through home-delivered services and community settings. By expanding access to nutritious meals, this funding supports elders' ability to safely age in place and remain in their homes and communities.

### ***Building Mental Health Capacity***

In recent years, the Department of Mental Health completed an expansion of its residential capacity, adding 216 beds and 135 new rental subsidies. All locations reached full capacity within one to two months of the opening of each location, demonstrating the demand and effective utilization of these services. House 2 continues to support increasing demand for DMH services, with programs such as Intensive Residential Treatment Programs (IRTP) and Adolescent Continuing Care Units (ACCU) seeing a 20 percent increase in utilization.

House 2 fully funds DMH case managers, who provide assessment of needs, service planning development and monitoring, service referral and care coordination, and family/caregiver support to DMH clients. This funding will uphold manageable caseloads and continuity of care, allowing case managers to be responsive to clients' complex mental health needs, improve follow-through on care plans, and ensure individuals are engaged in ongoing treatment within their community.

## Conclusion

House 2 protects access, strengthens capacity, and delivers measurable improvements in the quality and affordability of healthcare for residents across Massachusetts. The Healey-Driscoll Administration is addressing heightened caseload growth and federal pressures by preserving core services, fully funding historic benefit and rate increases, and investing in our frontline health workforce. This budget recommends maintaining historic food and cash assistance increases, strengthening maternal health supports, full funding of Turning 22 classes, and targeted investments in youth services. House 2 maintains stability today while positioning Massachusetts to deliver higher-quality, more equitable health and human services in the years ahead.



# FY2027 H.2 BUDGET BRIEF

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

## Making Health Care and Insurance Affordable

**Alexa Gruener and Jackson Humphreys, Senior Fiscal Policy Analysts, Angela Liang, Fiscal Policy Manager, and Victoria Gudaitis and Amelia Marceau, Assistant Budget Directors**

Health care is one of the largest and fastest-growing expenses for households, employers, and governments alike. In Massachusetts, commercial insurance premiums are increasing by an average of approximately 11.5 percent in 2026, with even steeper increases approaching 20 percent in other parts of the country.<sup>1</sup> Rising health care costs continue to place pressures on state health care programs and employee benefits.

Affordability and predictability have been further threatened by recent federal actions, including the failure to extend healthcare subsidies that impact the Massachusetts Health Connector insurance marketplace and cuts totaling approximately \$3.5 billion annually to federal funding that supports Medicaid- and Connector-eligible residents.<sup>2</sup> These changes increasingly shift the burden of health care costs onto moderate income households.

Similar pressures are arising in the state budget: in FY25, the Group Insurance Commission required \$240 million in supplemental funding to address unexpected health care cost growth for state employees, and cost trends across Fiscal Year 2026 (FY26) and into FY27 remain challenging.<sup>3</sup>

Without intervention, health care costs will continue to grow unsustainably for individuals, families, businesses, and state budgets. The Healey-Driscoll Administration is taking urgent steps to address this affordability crisis while also establishing a Health Care Affordability Working Group to advance longer-term system-wide strategies to reduce health care costs for patients, families, and employers. For more information on how the administration is responding to changes at the federal level, see the **Navigating Federal Funding Cuts** brief.

### MassHealth

MassHealth spending is driven by many of the same sector-wide trends as commercial health insurance and is, therefore, growing at a similarly unsustainable rate. From FY22 to FY25, MassHealth total spending is on track to have grown by \$2.3 billion. This costs state taxpayers \$1.6 billion net of federal revenues because the federal government partially reimburses states for Medicaid services at a rate known as the Federal Medical Assistance Percentage. In other words, the General Fund contributed \$1.6 billion more to fund MassHealth in FY25 than it did three years before. This 7.1% compound annual growth rate in net spending would have been even higher had MassHealth not successfully negotiated over \$500 million in supplemental rebates from drug companies, pulled down

<sup>1</sup> Massachusetts Division of Insurance. *2026 Health Insurance Rates*; Peterson-KFF Health System Tracker. *How much and why premiums are going up for small businesses in 2026*.

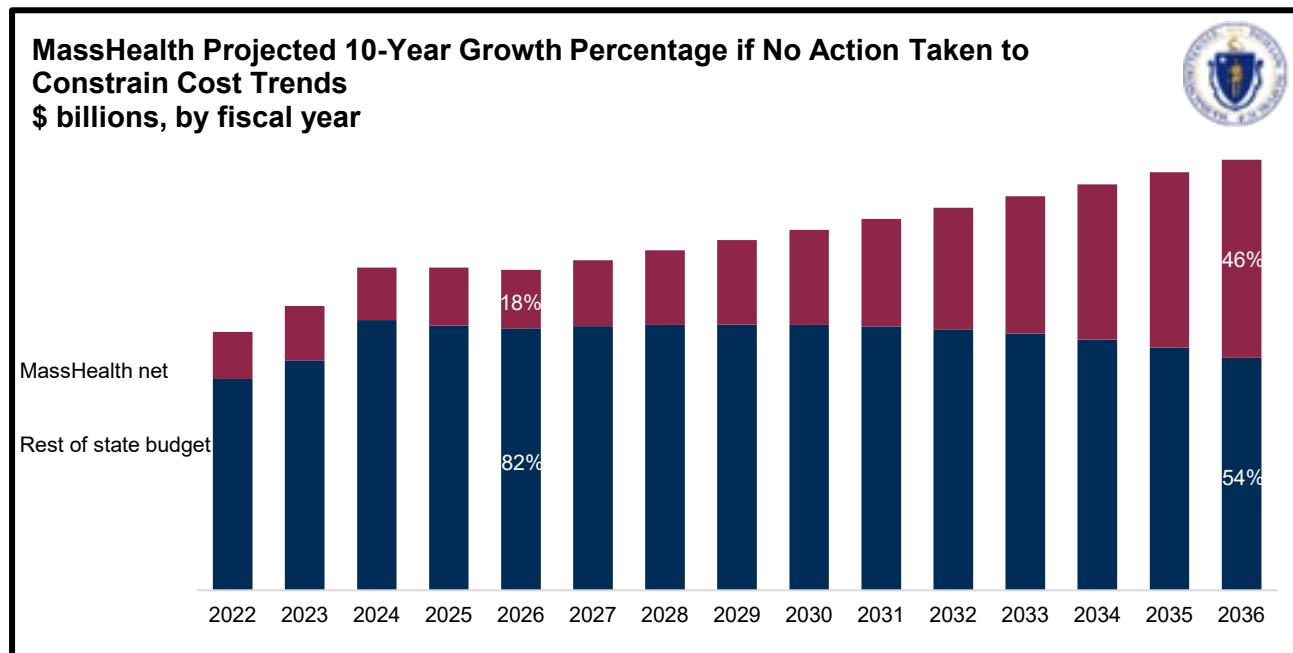
<sup>2</sup> GBH. *Expiring subsidies could increase health premiums for 400,000 Massachusetts residents*.

<sup>3</sup> Massachusetts Legislature. *Massachusetts Senate Passes Health Insurance Funding For State Employees*.

hundreds of millions of dollars in additional federal revenue through its renegotiated Section 1115 Waiver, and executed on several new program integrity initiatives.

In recent years, spending growth has been driven by a sharp increase in the cost per individual MassHealth member. Most recently, the three largest contributors to spending growth are prescription drugs, behavioral health services, and long-term services and supports for the state's aging population. Comparing 2025 to 2024:<sup>4</sup>

- **Prescription drug** spending increased by 18 percent, representing 26 percent of the total growth in per-member spending at MassHealth. GLP-1 drugs like Mounjaro and Zepbound accounted for under half of the growth in drug spending.
- **Outpatient behavioral health** spending increased by 18 percent, representing 17 percent of the total growth in per-member spending at MassHealth. One notable driver was Applied Behavior Analysis, which has grown 29 percent year-over-year, after already growing by 25 percent the previous year as well.
- **Long-term services and supports** spending increased by 13 percent, representing 35 percent of the total growth in per-member spending at MassHealth. Home and community-based services (HCBS) accounted for 81 percent of the LTSS spending increase with institutional services accounting for the remaining 19 percent.



These trends pose a long-term threat to the Commonwealth's budget. As an illustration, if state revenues grow at 3 percent annually and MassHealth spending grows at 13 percent annually, MassHealth would consume nearly half of all state spending in ten years, and spending on housing, transportation, education, and more, would need to decrease to accommodate that growth. This 10-year projection, demonstrating MassHealth spending relative to the total state budget if no action is taken to constrain cost growth, is illustrated

<sup>4</sup> Actual spending January - June 2025 vs. January - June 2024.

by the figure below. MassHealth would need to identify cuts of ~\$2.2 billion gross per year in order to bring spending growth back in line with revenue growth, cuts that would affect provider rates, benefits, and member eligibility.

The administration is committed to making MassHealth more affordable, especially given the severe cuts by President Trump and Republicans in Congress that take funding away from Massachusetts. The current rate of spending growth is not sustainable in the long term but now is also not the time to further destabilize the health care system by implementing blunt cuts that do not get to the root causes of this cost growth.

Therefore, the Governor's FY27 budget proposes necessary, but measured, initial steps to put MassHealth on more sustainable footing. MassHealth's budget is filed at \$22.701 billion in total spending, or a cost of \$9.299 billion to state taxpayers. This is a 7 percent net increase above the FY26 GAA, compared to the double-digit growth MassHealth would experience without the proposed actions. Notable drivers of FY27 spending include:

- An increase in estimated per-member-per-month spending: \$1.46 billion in total spending, or \$670 million in net General Fund spending. This captures all categories of service; such as prescription drugs, behavioral health, and long-term services and supports
- Non-discretionary spending: \$400 million in total spending, or \$190 million in net cost to state taxpayers. This includes items such as MassHealth paying higher Medicare premiums for qualified seniors compared to previous years, and spending on Behavioral Health service expansions that were previously funded via an off-budget trust, etc.

Notably, the number of members enrolled in MassHealth is *not* expected to be a driver of FY27 spending. MassHealth member enrollment is projected to stay flat or slightly decrease throughout FY27. Some members are expected to be disenrolled as MassHealth comes into compliance with new federal law on work requirements and more frequent eligibility checks for certain members. Due to implementation timing, these rules will only have partial impact in FY27. However, MassHealth will need to spend considerable administrative efforts and dollars (estimated at \$30 million in total spending) to implement these federal changes; those costs are reflected in the FY27 proposal.

To bring FY27 spending down to proposed levels, the administration will:

1. Continue to aggressively expand program integrity initiatives
2. Institute a moratorium on all provider rate increases or program expansions not required by federal law
3. Make targeted benefit reductions that bring MassHealth in line with peer states and commercial payors
4. Implement one-time measures that bridge to FY28, allowing time for policy development and stakeholder engagement over the next 18 months

House 2 proposes making targeted reductions modeled after peer programs, including:

- Removing coverage for weight-loss GLP1s. This mirrors actions taken by California, Connecticut, New Hampshire, and several other states.
- Capping adult dental spending at \$1,000 per member per year. Several states, such as Connecticut and Vermont, both cap adult dental. There will continue to be no cap on pediatric dental benefits nor on members who are also on the Department of Developmental Services caseload.
- Reducing funding for care management and eliminating the requirement that ACOs contract with Community Partner organizations. By aligning care management enrollment levels with peer states (approximately 8 percent of members per year, versus nearly 16 percent today), ACOs will tailor these high-value programs to the greatest clinical need.

Additionally, MassHealth anticipates deploying several one-time administrative measures to balance the budget in FY27. These measures are temporary and do not address the underlying spending levels. However, they do provide time for the administration to partner with stakeholders in developing new approaches to providing coverage to MassHealth members at a sustainable rate of spending growth. Ahead of the FY28 budget development process, the administration will work collaboratively with stakeholders in the following venues to set the program on a more sustainable path:

- Build on and continue the personal care attendant (PCA) workgroup to identify additional savings. The FY27 budget assumes that MassHealth fully implements consensus recommendations made by the working group to date and that the group identifies an additional \$68 million in total savings, or \$34 million in net.
- Convene a new Adult Day Health (ADH) workgroup and Adult Foster Care (AFC) workgroup. These programs have, and will continue to, experience significant spending increases given the state's aging population. These groups will be asked to identify solutions to reduce annual ADH spending by \$30 million in total savings (\$15 million net to General Fund) and annual AFC spending by \$70 million in total savings (\$35 million net).
- Convene a workgroup to discuss carving out pharmacy benefits from health plan management, which would simplify operations and generate savings

These FY27 budget decisions are difficult but necessary initial steps to slow down spending growth and preserve funding for other critical state services. FY28 will be even more challenging as health care cost trends are expected to continue to compound and the state absorbs the impact of President Trump's cuts. Over the coming year, MassHealth will engage with partners on a dual mandate: maintain coverage and benefits for those who need it most, while ensuring that Massachusetts can continue to afford the MassHealth program in the long term.

## **Health Connector**

The Health Connector, established in 2006 as a nation leading program, provides access to high-quality health care for roughly 365,000 Massachusetts residents. ConnectorCare, Massachusetts's flagship health insurance subsidy program for low-to-moderate income

residents, offers comprehensive plan options in the Connector's marketplace at an affordable cost through federal and state subsidies.

Recent federal inaction on the extension of Enhanced Premium Tax Credits under the Affordable Care Act threatened to significantly raise premiums for Massachusetts ConnectorCare enrollees. Due to the design of ConnectorCare, the lapse in enhanced federal subsidies led to an additional draw of \$250 million from the ConnectorCare Trust Fund to maintain affordability levels for enrollees. Because of the Healey-Driscoll Administration's support for this additional investment in 2026, approximately 270,000 customers enrolled in ConnectorCare and making below 400 percent of the federal poverty level (\$62,600 for an individual or \$128,600 for a family of four) will see little to no premium increases because of the expiring federal credits, while also lowering other out-of-pocket costs like co-pays and deductibles.

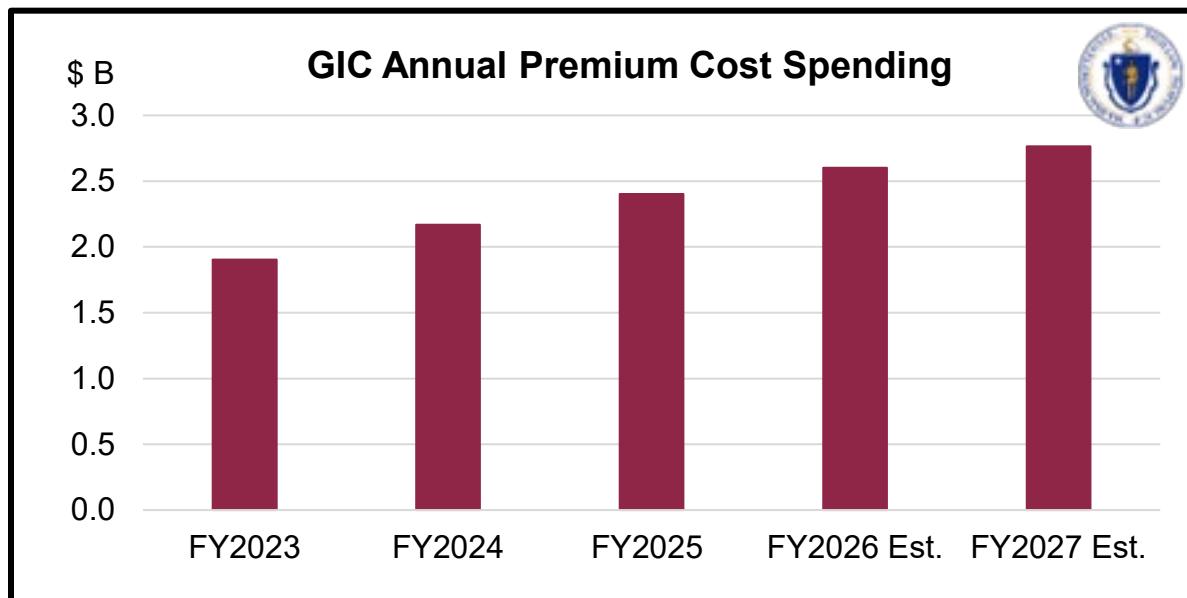
House 2 proposes extending a pilot program that expands ConnectorCare eligibility to people earning between 300 and 400 percent of the Federal Poverty Level (FPL) – \$46,951 to \$62,600 for individuals. This pilot, first authorized in the FY24 budget, is currently scheduled to run through December 2026; House 2 extends it for one additional year, through December 2027. As a result of additional available federal reimbursement for these services, extending expanded eligibility for ConnectorCare has no impact to the General Fund. This will allow approximately 49,000 residents to continue accessing more affordable health insurance through the Health Connector.

Participants in this pilot save significantly on premiums, helping working individuals and families maintain stable, affordable coverage. The pilot is intended to extend subsidies to individuals up to 500 percent FPL, however, due to recent federal changes, individuals between 400 and 500 percent of the FPL are no longer eligible. The proposed extension preserves the cap at 500 percent so that in the event the federal government reverses course, it will be easy to adapt and expand enrollment again.

## **Group Insurance Commission**

The Group Insurance Commission (GIC) provides health insurance coverage to approximately 467,000 state employees, retirees, and their dependents, as well as municipal employees across the Commonwealth. As one of the largest purchasers of health care in Massachusetts, GIC's spending has a significant impact on the state's overall fiscal picture, municipal budgets, and the affordability of coverage for members.

Over the past two fiscal years, GIC premium costs have grown by approximately 10 percent annually. If current trends persist, benefit costs are projected to increase by 10.9 percent in FY27 – representing a net increase of \$300.9 million to the state budget, raising concerns about long-term affordability for the Commonwealth, GIC members, and participating municipalities.



The primary drivers of recent cost growth include:

- Pharmacy cost: Pharmacy spending accounts for a significant amount of total cost growth, driven largely by increased utilization of GLP-1 medications and other specialty drugs
- Provider unit prices: As is also the case in the commercial insurance market, rising unit prices charged by hospital and physician systems well above the state's health care cost growth benchmark continue to be a steady inflationary pressure

Based on projected spending, the administration is asking the Commission to reduce GIC's FY27 budget growth by approximately \$100.5 million net, limiting growth to \$200.4 million. This measure can help avoid another year of, on average, double-digit premium increases, achieve budget balance, and stabilize costs now while the state pursues more meaningful, long-term solutions through a broader health care affordability effort.

#### ***Controlling long-term costs through a Health Care Affordability Working Group***

In January 2026, Governor Maura Healey announced a Health Care Affordability Working Group to advance longer-term system-wide strategies to reduce health care costs for patients, families, and employers. The Working Group will bring together leaders from government, health care, business, and labor to address key cost drivers – including administrative waste, pricing practices, and system inefficiencies – building on immediate actions such as eliminating prior authorization requirements for many routine and essential services. The goal of this group is to reduce reliance on cost-shifting, tackle the underlying costs drivers in our system and position the Commonwealth for more sustainable health care cost growth in FY28 and beyond.



# FY2027 H.2 BUDGET BRIEF

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

## Team Massachusetts: Competing Globally, Delivering Locally

Bran Shim, Senior Advisor

Massachusetts enters Fiscal Year 2027 (FY27) at a moment of both opportunity and risk. Federal research funding is tightening. Competition for talent and capital is intensifying. Other states and countries are moving aggressively to attract the industries that will define our future. Within this context, Massachusetts must move decisively from planning to execution.

The FY27 House 2 budget recommendation, together with companion legislation, makes significant investments to position Massachusetts as a global leader and protects core staffing, systems, and operational capacity to make sure that state government continues to deliver for residents, businesses, and communities across the Commonwealth.



### Building on Massachusetts's Strong Talent Base

House 2 advances a workforce strategy for the skills demanded by high-growth sectors such as life sciences, applied AI, advanced manufacturing, climatetech, and defense. Central to this strategy is House 2's proposal to expand flexibility in the Workforce Investment Trust Fund (WITF) and the Economic Development Trust Fund. Examples of anticipated uses include:

- Pathmaker, administered by the Massachusetts Life Sciences Center (MLSC), which brings together life sciences companies and training providers to address the most pressing workforce needs in the industry. To date, Pathmaker has supported the creation of over 1,000 training opportunities, and graduates have reported earning twice as much after completing the program.
- Community Workforce Partnership, which supports community-based projects that prepare and connect residents to in-demand jobs and careers while removing barriers to participation. This program funds community partnerships that provide education and training services to residents to increase their job employability, literacy, and language skills, including sector-specific training, paid work experience, and attainment of industry credentials. Projects also offer wraparound services to ensure people complete the training and stay in the workforce, especially vulnerable residents, including immigrants, youth, people with disabilities, and individuals with history of criminal justice involvement. These investments strengthen local economies while expanding pathways to stable jobs and long-term economic mobility.
- Advanced Manufacturing Training, which funds regional systems to provide recruitment, job training, placement, and supportive services in advanced manufacturing. The program focuses on training unemployed and underemployed individuals, particularly underrepresented populations including veterans, minorities, and women.



This approach is reinforced by coordinated investments elsewhere in House 2 and recent Fair Share surtax budgets (which appropriate the revenue generated by the voter-approved Fair Share surtax), including Career Technical Education expansion, Adult Basic Education and ESOL, Reimagining High Schools, free community college through MassReconnect and MassEducate, and new capital investments for our public higher education institutions through the BRIGHT Act. For more information, please see the **Expanding Access to Quality Education** budget brief.

A competitive economy also requires systems that allow workers to participate fully in the labor market and employers to plan and grow with confidence. House 2 advances workforce supports through several targeted tools:

- Early Education and Child Care investments, including sustained support for the Commonwealth Cares for Children (C3) program and continued implementation of the Inter-Agency Early Education and Child Care Task Force recommendations, supporting labor force participation by improving child care access and strengthening the early education work force. For more information, please see the **Expanding Access to Quality Education** budget brief.
- A new \$1 million Workforce Productivity Fund, which will provide grants to small employers to offset the cost of hiring substitute workers when employees are on continuous family or medical leave. This fund will help ensure workers can take needed leave while small businesses can maintain productivity and continuity.



These investments are complemented by a policy proposal in the recently filed *Act to Manage Federal Tax Changes in Massachusetts* that would make targeted adjustments to Paid Family and Medical Leave (PFML) employer contributions in response to new IRS guidance. These changes are designed to protect this important benefit for workers while avoiding unintended negative impacts on employers and preserving the long-term solvency of the PFML Trust Fund.

### **Strengthening Communities through Tourism and Regional Strategies**

House 2 also recognizes that tourism, culture, and community assets are essential to attracting talent, supporting small businesses, and spreading economic opportunity across the Commonwealth.

House 2 recommends increasing the share of gaming revenues dedicated to the Massachusetts Tourism Fund, which is projected to provide an additional \$2.5 million or a

## FY27 H.2 Budget Briefs

### Team Massachusetts: Competing Globally, Delivering Locally

20 percent increase for the Massachusetts Marketing Partnership and regional tourism councils. House 2 also supports \$7 million for the second year of the Live Theater Tax Credit, which complements these investments by positioning Massachusetts as a national destination for live performance and strengthening year-round tourism and downtown activity.



Different regions across the state face distinct challenges and opportunities, warranting tailored approaches to economic development. House 2 includes \$1 million in operational support for Regional Economic Development Organizations (REDOs) for capacity building and facilitating regional projects that grow businesses and contribute to the Massachusetts economy. It also maintains critical funding for Small Business Technical Assistance at \$5 million, enabling access to a network of providers offering services, resources, and access to capital for Massachusetts's small businesses.

### Driving the Massachusetts Innovation Economy

Sustaining and building on Massachusetts's global leadership requires continued investment in the innovation engines that power our economy. House 2 advances a coordinated strategy to strengthen research, commercialization, and sector-specific competitiveness. Key investments include:

- \$40 million for the Life Sciences Tax Incentive Program, with premium awards for manufacturing jobs, smaller companies, companies in outlying counties, and companies new to the state. Last year, this level of investment supported the creation and maintenance of 1,972 jobs across 48 companies, and since inception, the program has supported over 20,700 jobs across 273 companies.
- \$30 million for climatetech tax incentives to support companies as they scale and retain operations in Massachusetts. These incentives complement a \$10 million operating transfer in House 2 to the Massachusetts Clean Energy Center (MassCEC), alongside capital investments from the Healey-Driscoll Administration's Capital Investment Plan to help make Massachusetts the climate innovation lab for the world.
- \$30 million for the recently reformed Economic Development Incentive Program (EDIP) to support early stage, high growth companies scale across Massachusetts.

## FY27 H.2 Budget Briefs

### Team Massachusetts: Competing Globally, Delivering Locally

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In addition, a companion Fair Share supplemental budget creates two new funds at MassVentures to translate innovation coming out of Massachusetts higher education institutions into companies, jobs, and regional growth. These investments build on a long history of success: for every \$1 million invested by the Commonwealth, MassVentures has supported 41,000 job years, leveraged \$351 million in private capital, and generated \$429 million in state and local tax revenue. Recommended investments include:

- \$5 million for a new Spinout Success Fund that will improve the efficiency of academic spinouts at public universities by streamlining licensing, expanding entrepreneur-in-residence programs on UMass campuses, and providing tiered early capital tied to milestones. This approach will help ensure that research conducted in Massachusetts translates into companies that grow and stay here, while simultaneously strengthening the state's public higher education research and commercialization capabilities.
- \$5 million for a new Infrastructure & Transportation Innovation Fund that will support startups developing technologies that modernize transportation systems, expand access, reduce emissions, and address first- and last-mile gaps. By aligning innovation investment with manufacturing, deployment, and workforce needs, this fund will help Massachusetts become not only a user of next-generation transportation solutions but also a developer and exporter of them.



The administration continues to advance new innovation-focused initiatives to strengthen the Commonwealth's long-term competitiveness by deploying multiple tools and funding sources. For example, the Massachusetts AI Hub awarded \$31 million to the Massachusetts Green High Performance Computing Center (MGHPCC) in Holyoke to create a shared AI Computing Resource for advanced AI research and commercialization.

## FY27 H.2 Budget Briefs

### Team Massachusetts: Competing Globally, Delivering Locally

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Additionally, Governor Maura Healey's Discovery, Research and Innovation for a Vibrant Economy (DRIVE) Initiative will grow Massachusetts's world-renowned research and innovation economy. The administration has also launched the Massachusetts Strategic Hub for Innovation, Exchange and Leadership in Defense (SHIELD), a defense sector initiative to leverage federal match funds, federal grants, and bond funds to support military innovation, expand microelectronics and chips manufacturing in Massachusetts, create high-quality jobs and bolster U.S. supply chain resilience.



Earlier this year, Governor Healey filed legislation to propose a phased timeline for Massachusetts's implementation of several new federal tax provisions made in the federal *One Big Beautiful Bill Act* that would automatically impact Massachusetts tax collections due to state conformity with the federal tax code. The Governor's bill will deliver predictable, near-term tax savings for businesses to promote our state's economic competitiveness while safeguarding the sustainability of the current Fiscal Year 2026 (FY26) budget. The Governor's bill also expands a popular Massachusetts policy—the Pass-Through Entity (PTE) excise—to income that is subject to the Fair Share surtax, a change that will enable federal tax savings for eligible Massachusetts residents without impacting surtax collections that fund critical education and transportation investments.

### Team Massachusetts in Action

Overall, the FY27 House 2 budget recommendation showcases Massachusetts's economic strategy in action. It sustains the workforce systems, community-based investments, and innovative tools that allow the Commonwealth to compete and win in a changing global economy. This budget positions Massachusetts not only to keep pace, but to lead – creating opportunity, strengthening communities, and securing long-term prosperity for the people of the Commonwealth.



# FY2027 H.2 BUDGET BRIEF

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

## ***Committing to an Affordable, Resilient Future and Healthy Environment***

***Jacob Hunnicutt, Fiscal Policy Analyst***

The Executive Office of Energy and Environmental Affairs (EEA) is dedicated to meeting the Commonwealth's goals of clean and affordable energy, resilient communities, and preservation of a healthy and safe environment. The Healey-Driscoll Administration's House 2 proposal reaffirms this commitment by recommending investments that increase access to food while maintaining funding to protect habitats, reduce pollution, and support resilient infrastructure and communities. House 2 proposes continued support for environmental justice (EJ) to ensure equitable implementation of environmental and energy programs, as well as supporting resilient infrastructure at critical waterways and vulnerable coastlines. In total, House 2 proposes funding EEA at \$527.8 million in Fiscal Year 2027 (FY27) to meet the Commonwealth's major energy and environmental priorities.

In service of "protecting our shared future – and meeting the climate crisis," as promised in the governor's inaugural address, House 2 maintains the administration's commitment to bold environmental and energy policy across several areas:

- Energy Cost Relief: Streamline siting and permitting practices to deliver clean, affordable energy to residents and businesses
- ClimateTech Economy: Invest in the Commonwealth's homegrown climate technology and environmental research centers, industry, and workforce to maintain our advantage as a global climatetech hub
- Building Community Resilience: Ensure there is operational capacity to implement the *Mass Ready Act* upon enactment
- Emergency Food Assistance: Expand funding for food banks and meal providers across communities to ensure no person in the Commonwealth goes hungry
- Recreation: Ready the Commonwealth parks and beaches for the summer season and prioritize preparing for several high-profile recreational events
- Enforcement and Permitting: Preserve funding for protection and remediation of our shared water, air, and land resources to secure a healthy ecosystem for all

### **Relief to Consumers and Communities**

#### ***Delivering Energy Affordability***

The FY27 House 2 budget invests in teams that are dedicated to improving permitting efficiency, advancing affordable and reliable energy, and strengthening regulatory oversight.

The Department of Public Utilities (DPU), funded at \$28.9 million in House 2, works to ensure safe, reliable, and affordable energy service by overseeing investor-owned energy and water utilities and advancing the Commonwealth's clean energy transition. As Massachusetts confronts rising energy prices and regional competition, DPU is

strengthening the tools and capacity needed to deliver new energy options to consumers and reduce long-term costs.

Expanding grid capacity and accelerating clean energy infrastructure are central to improving affordability. Through the Energy Facilities Siting Division, DPU is working with municipalities to streamline siting and permitting, reduce delays that increase project costs, and improve coordination across state and local governments. DPU also plays a critical role in ensuring the safety of key infrastructure and services. DPU's Pipeline Safety Division, responsible for ensuring that energy providers adhere to safety standards for the transfer of energy resources across the Commonwealth, has achieved a perfect score for three consecutive years from its federal regulator. The Railroad Transit Safety Division has utilized its budget allocation to hire new staff that have significantly improved the safety record of our public rail transit and the Transportation Network Carriers Division conducts over 150,000 background checks of drivers annually.

At the Department of Energy Resources (DOER), which House 2 recommends funding at \$7.5 million in FY27, teams deliver energy affordability through grant administration, direct investment in local clean energy projects, energy-related grants and assistance to municipalities and state agencies, and the design and administration of solar and energy efficiency programs that lower customer costs. DOER also advocates for administration priorities including innovations in state policy, rate design, utility planning that promotes customer affordability, and clean energy infrastructure.

### ***Enhancing Financing for Commercial Buildings to Save Energy***

House 2 recommends enhancing the Commercial Property Assessed Clean Energy (C-PACE) program administered by MassDevelopment in partnership with DOER. PACE enables large commercial building owners, including owners of multifamily housing, to take out loans for energy efficiency upgrades and pay them back through special assessments on their property tax bills. This policy proposal will streamline the approval process by removing certain requirements and increase access to capital for commercial real estate and multi-family housing.

### ***Climate Technology: Staying Ahead of the Curve***

As the world races for a competitive edge in climatetech, the administration's FY27 House 2 budget recommendation seeks to continue Massachusetts's leadership in this global industry.

House 2 proposes \$10 million for the Massachusetts Clean Energy Center (MassCEC) to support emissions reductions and expand access to clean jobs. Additionally, EEA has partnered with the Executive Office of Economic Development (EOED) to secure \$400 million in capital authorization to advance the offshore wind industry and stimulate innovation, manufacturing, and deployment of climatetech through the *MassLeads Act*. *MassLeads* will launch game-changing investments in climatetech in addition to \$30 million in tax incentives annually. For additional details, please see the **Team Massachusetts: Competing Globally, Delivering Locally** brief.

## Preparing for the Future

### Resilient Infrastructure and Communities

A changing climate presents growing risks to the Commonwealth's infrastructure, from increased flooding and extreme heat to stress on natural and built systems. FY27 House 2 supports staff, analysis, and cross-secretariat coordination to implement the Resilient Mass Plan, the Municipal Vulnerability Preparedness (MVP) Program, the newly-launched Resilient Coasts Plan, and the Office of Climate Science, which together provide more than \$50 million in programming through the FY26-30 Capital Investment Plan to identify vulnerabilities and advance projects that reduce climate risk. These efforts support stronger infrastructure, ecological restoration, climate-smart agriculture, and urban cooling strategies such as expanded tree cover and access to beaches and pools that reduce flooding and extreme heat impacts.

The House 2 budget also maintains targeted investments that help communities plan, design, and deliver resilient infrastructure, including:

- Nearly \$2 million for the Culvert and Small Bridges Technical Assistance Program, in response to increasing demand for investment in these critical assets.
- Nearly \$1 million for the Dam Safety Technical Assistance Program to help municipalities initiate dam safety projects, meet regulatory safety requirements, and advance dam repairs and removals.
- \$20 million for the Disaster Relief and Resiliency Fund, which Governor Healey established in FY25 to ensure a permanent state resource can be deployed in response to increasingly severe natural disasters.

### Mass Ready Act

Consistent with continued investments in climate-resilient infrastructure, the administration filed a \$3 billion bond bill, the *Mass Ready Act*, in 2025. The bill proposes five years of bond authorization to strengthen infrastructure, protect water and natural resources, support local economies, and reduce long-term climate risk through capital investments and targeted permitting reforms.

For more information on how the administration is investing in climate-resilient infrastructure, see the **Mass Ready Act – Overview** brief.<sup>1</sup>

## Protecting our Food, Land, Water, Air, and Environmental Justice Communities

### Protecting Environmental Justice and Burdened Communities

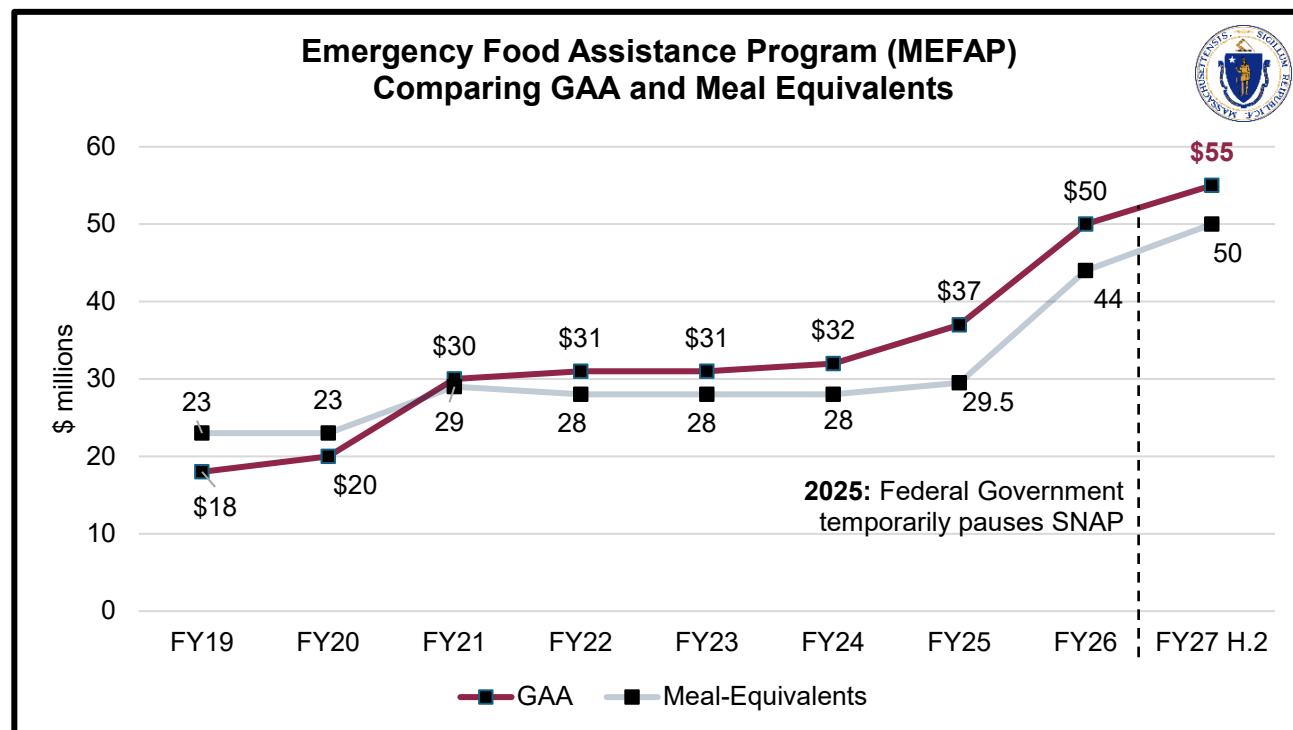
Environmental justice communities have been historically burdened by high costs, pollution, and climate change impacts. To address this and build on previous commitments, House 2 recommends \$4.7 million in funding for environmental justice. This investment supports the Environmental Justice Council and environmental justice strategy, created by *An Act Creating a Next-Generation Roadmap for Massachusetts Climate Policy* (Chapter 8 of the Acts of 2021). Funding also supports expanded access to public processes through language translation and interpretation services, training and technical assistance,

<sup>1</sup> <https://www.mass.gov/doc/mass-ready-act-overview/download>

implementation of cumulative impact analysis, a GIS interactive mapping tool, community benefit plans/agreements, engagement with Tribes and Indigenous communities, and a capacity-building grant program.

### ***Expanding Access to Food***

The administration is at the forefront of securing food access for all residents of the Commonwealth. In the face of uncertain federal food assistance, House 2 proposes \$55 million for the Emergency Food Assistance Program, a \$4.4 million (9 percent) increase above the FY26 GAA. These funds are dedicated to purchasing food to aid emergency food assistance programs across the State's four regional food banks, which are projected to provide 50 million meals to Massachusetts residents.



### ***Providing Core Services: Permitting Review, Enforcement, and Recreational Services***

The Governor's budget proposal ensures that the Department of Environmental Protection (DEP) and the Department of Conservation and Recreation (DCR) are staffed to continue providing core services to the Commonwealth. At DEP, this includes timely permit review, compliance assistance, and enforcement actions that protect clean air, water, and land. These staff are essential to ensuring environmental laws are enforced consistently, permits are processed efficiently, and regulated entities meet state standards while supporting economic activity. DCR staffing investments ensure that the Commonwealth's facilities remain open, safe, and accessible. These teams support daily operations, visitor services, facility maintenance, public safety, and year-round recreational programming that serves residents and visitors across the state.

This funding is provided through budget line-items that include:

- \$59.6 million for administration, expedient permitting, and compliance across DEP

- \$2.7 million for toxics use reduction at DEP
- \$15 million for Hazardous Waste Cleanup
- \$141 million for State Parks and Recreation, DCR Seasonals, and Administration at DCR, which keeps our parks, forests, beaches, trails, rinks, pools, and campgrounds open, safe and accessible to the public
- \$4.6 million for streetlighting at DCR parkways
- \$781,000 for Dam Safety oversight

***Biodiversity***

In 2025, the administration launched a nation-leading Biodiversity Plan that guides rebuilding of nature, sustaining the health and well-being of residents, improving access to fresh food and enhancing the overall quality of life and economy for the next 25 years. The FY27 budget as proposed would allow the Department of Fish and Game (DFG) to focus on plan implementation to meet its 2030, 2040, and 2050 goals, including administering capital programs to protect and restore habitat as filed in the *Mass Ready Act*.



# FY2027 H.2 BUDGET BRIEF

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

## Keeping Western Mass a Place You Can Live and Thrive

**Caroline Elmendorf, Deputy Chief of Staff**

The Healey-Driscoll Administration has made sustained investments in Western Massachusetts, reflecting the region's importance to the Commonwealth's economic vitality, environmental resilience, and community well-being. These efforts include making investments in the Governor's operating and capital budget proposals, ensuring grant funding is geographically competitive, making capital investments, providing technical assistance to municipalities and regional partners, and filing legislation to address longstanding regional priorities. These efforts are informed by the administration's consistent on-the-ground presence in Western Massachusetts, with administration leaders regularly visiting communities and convening regional discussions to better understand local needs and priorities.

According to UMass Donahue Institute's analysis of U.S. Census Bureau estimates, the four Western Massachusetts counties – Berkshire, Franklin, Hampshire, and Hampden – are home to 829,147 residents, representing approximately 11.6 percent of the Commonwealth's population. This demographic context provides a useful reference point for understanding the scale and reach of investments described in the sections that follow.

### Local Aid

#### **Highlights in FY27 House 2**

- Unrestricted General Government Aid (UGGA) – The primary source of flexible state funding that cities and towns use to support critical municipal services such as public safety, public works, and general operations. Fiscal Year 2027 (FY27) House 2 proposes \$1.356 billion, \$33 million (2.5 percent) above the FY26 GAA.
- Payment in Lieu of Taxes (PILOT) – Provides payments to municipalities to offset the fiscal impact of tax-exempt state-owned land. FY27 House 2 proposes \$55.4 million. This is consistent with the FY26 GAA, and a \$9.5 million (21 percent) increase since FY23. 17 percent of the increase thus far has benefited Western Massachusetts communities.

Local aid is a core way the administration supports cities and towns across Western Massachusetts, helping municipalities deliver core services, manage local finances, and plan for long-term stability.

Beyond direct funding proposals, the administration has pursued policy and administrative actions to strengthen municipal capacity, particularly in smaller and rural communities. Launched in 2023, the Municipal Finance Fellowship addresses workforce and succession challenges in local finance offices by combining a structured training program managed by the Division of Local Services with paid, hands-on placements in host cities and towns. This

program helps communities build internal expertise in budgeting, accounting, and financial management. The program includes up to 30 Fellows each year; across the first three years of the program, 22 out of the 77 fellows were placed in Western Massachusetts communities.

In addition, the administration continues to advance the *Municipal Empowerment Act (MEA)*, a legislative package designed to support the modernization of local governance and improving municipal fiscal stability. Provisions expected to be especially helpful for rural and western communities include allowing the creation of Regional Boards of Assessors, centralizing valuation of telecom and utility property, making pandemic-era public meeting flexibility permanent, and codifying the ability to amortize emergency deficit spending. The administration refiled the *MEA* in early 2025 and continues to advocate for passage of the various proposals.

## **Economic Development**

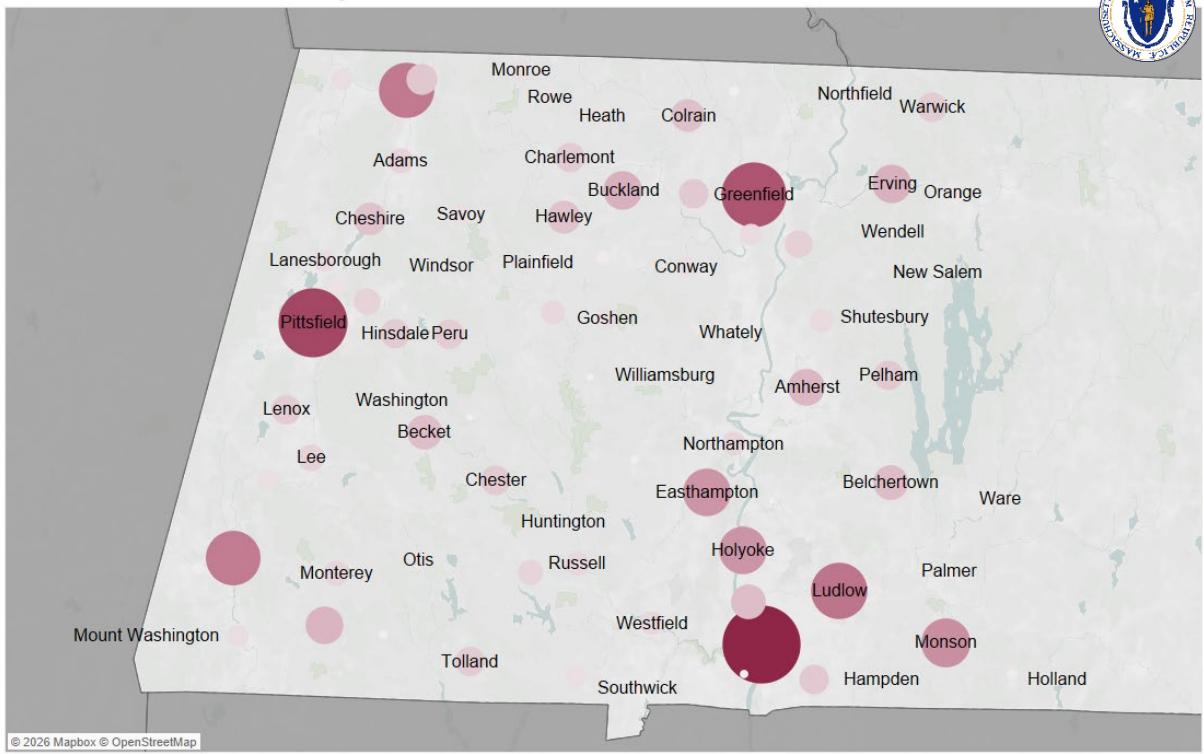
The administration's primary vehicle for public economic development investment is the Community One Stop for Growth, a unified application and review process that brings together 13 of the Commonwealth's most widely used economic development and housing grant programs. By consolidating multiple programs into a single application and coordinating review across agencies, the One Stop lowers administrative barriers and makes it easier, particularly for smaller municipalities with limited staff capacity, to access state resources. At the same time, it helps ensure that state investments align with local and regional economic development strategies.

Western Massachusetts communities have been significant beneficiaries of this approach. In FY24, Western Massachusetts received \$24.4 million in competitive One Stop awards, increasing to \$42.9 million in FY25. Across the two funding rounds, 168 projects in Western Massachusetts received support advancing a wide range of locally-driven priorities, including:

- \$5.4 million across two awards to support redevelopment of a building in Greenfield in a partnership between the City and local developers;
- \$4.4 million for the City of Easthampton to advance housing development and pedestrian infrastructure along Ferry Street;
- \$2.8 million for the City of Springfield to improve safety along the West Street Corridor; and
- \$2.0 million for East Longmeadow to upgrade the Chestnut Street water pumping station, supporting long-term infrastructure and development capacity.

Within the One Stop framework, the Rural Development Fund provides a dedicated source of support for rural communities, recognizing the distinct economic development challenges they face and helping ensure rural municipalities in Western Massachusetts can compete successfully for state investment.

## One Stop for Growth Awards in Western MA



Massachusetts Executive Office of Economic Development. [Community One Stop for Growth Awards](#). Accessed Jan. 15, 2026.

## Education

### ***Highlights in FY27 House 2***

- **Chapter 70 Aid** – The state's primary formula program for funding K-12 schools. FY27 House 2 proposes \$7.603 billion in total funding, a \$241.8 million increase over FY26, including a \$75 per-student minimum aid level, equal to the highest amount ever proposed by a Governor. Western Massachusetts districts educate 12 percent of the state's K-12 students and receive 17 percent of **Chapter 70** aid, to address the needs of smaller and rural districts.
- **School Transportation Reimbursements** – Support for districts with the cost of transporting students. Across the FY27 House 2 budget proposal and the FY26 Fair Share supplemental budget, the administration recommends \$57.1 million for **Regional School Transportation**, \$35.2 million for **Homeless Student Transportation**, and \$62 for other **Education Transportation**, including for students studying outside of the districts they live in. School transportation is especially costly for regional and rural districts that must transport students further.
- **Rural School Aid** – Provides flexible operating support for rural districts. FY27 House 2 proposes \$20 million, an increase of \$8 million over the FY26 GAA, to help rural districts manage costs and pursue regional collaboration, consolidation, and other long-term efficiency strategies.

### ***Early Education and Care***

Massachusetts is the only state to make pandemic-era childcare stabilization grants permanent through Commonwealth Care for Children (C3). Since January 2023, \$143 million has been delivered to Western Massachusetts providers, stabilizing operations, strengthening the workforce, and contributing to nearly 14 percent growth in average wages. Through the Child Care Financial Assistance (CCFA) program, providers in Western Massachusetts have also received more than \$165 million in rate increases since FY22 – ranging from 18 to 60 percent – to improve regional parity and support higher-cost care, particularly center-based infant care.

The administration has expanded access to high-quality early learning through the Commonwealth Preschool Partnership Initiative (CPPI). Funding is sustaining or growing investments of up to \$1 million annually in communities including Holyoke, Hoosac Valley, North Adams, Northampton, Westfield, and Springfield, and adding Pittsfield, Gateway Regional, Fitchburg, and Chicopee as new grantees in FY24 and FY25. Additional support for families is delivered through Coordinated Family and Community Engagement (CFCE) programs. Twenty CFCE programs now serve 103 cities and towns in Western Massachusetts, with annual funding growing from \$3.1 million in FY23 to \$3.35 million in FY24 through FY26. Since FY23, more than \$8.6 million in early education capital grants have supported facility improvements, contributing to 188 newly licensed programs and 3,294 new childcare seats across Western Massachusetts.

### ***K-12 Education***

In addition to formula aid, the administration has invested in targeted initiatives to strengthen instruction and expand opportunities for students in Western Massachusetts. In FY26, the Department of Elementary and Secondary Education (DESE) granted several awards to promote early literacy success. To Western Massachusetts districts, DESE distributed \$589,000 in Early Literacy Grants for College and K-12 School Partnerships, \$587,000 for PRISM I grants, and \$1.5 million for PRISM II grants.

The administration is also helping students across Western Massachusetts connect learning with postsecondary and workforce opportunities by expanding access to Innovation Career Pathways, Early College, and Career Technical Education.

### ***Higher Education***

The administration has prioritized affordability, student success, and campus modernization across Western Massachusetts public higher education. In FY25-26, the Department of Higher Education (DHE) provided \$71.7 million in state student financial aid to students enrolled at Western Massachusetts community colleges, state universities, and UMass Amherst through programs such as MassEducate, MassReconnect, MassGrant and MassGrant Plus. Additional investments include \$1.4 million to provide wraparound student support at Massachusetts College of Liberal Arts and Westfield State University.

Capital investments further support long-term institutional strength. Using voter-approved Fair Share surtax resources, the Division of Capital Asset Management and Maintenance (DCAMM) has provided \$13.9 million to Western Massachusetts public campuses for

decarbonization, energy efficiency, and deferred maintenance projects, along with \$3.5 million in planning funds to advance approximately \$35 to 40 million in future lab modernization projects.

## Housing

### ***Highlights in FY27 House 2***

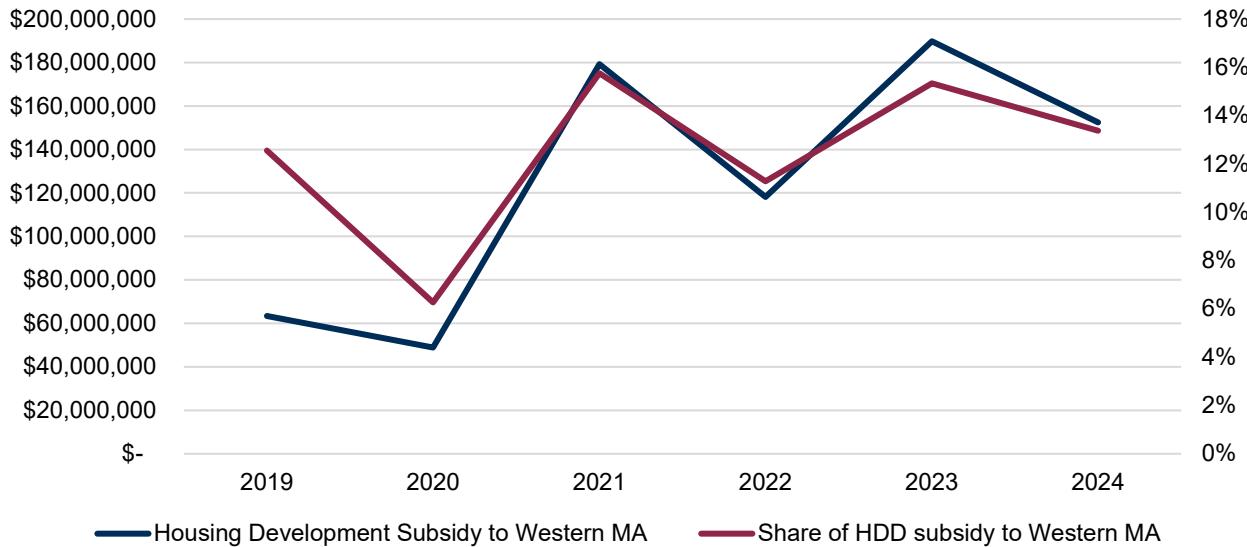
- Subsidies to Public Housing Authorities – Supports local housing authorities in operating and maintaining state-aided public housing. FY27 House 2 proposes \$117.8 million in funding, a \$2.2 million increase over FY26.
- Massachusetts Rental Voucher Program (MRVP) – Provides rental assistance to help low-income households afford housing in the private market. FY27 House 2 proposes \$278.3 million in funding, a \$25 million increase largely driven by rising rental voucher costs.
- Alternative Housing Voucher Program (AHVP) – Provides rental assistance to people with disabilities who are transitioning from institutional settings or at risk of institutionalization. FY27 House 2 proposes \$19.3 million in funding.
- HomeBASE – Assists families experiencing homelessness with short- and medium-term housing stabilization. FY27 House 2 proposes \$82.3 million in funding, a \$25 million increase driven by projected caseload costs. This investment will allow more families to stay out of shelter and in their own homes, while ensuring that our housing programs are humane, efficient, and effective.
- Residential Assistance for Families in Transition (RAFT) – Provides short-term financial assistance to households at risk of eviction or housing instability. FY27 House 2 proposes \$201.2 million in funding.

### ***Expanding Housing Production and Preservation***

The administration has significantly increased housing production and preservation investments in Western Massachusetts. In 2023 and 2024, the state awarded \$342 million for housing development and preservation projects in the region – 14.4 percent of all awards, up from 11.5 percent between 2019 and 2022. These investments have supported the production, acquisition, or preservation of more than 800 homes.



### Housing Development Funds to Western MA Municipalities



Targeted housing development tools also play a role. Since the start of the administration, five Housing Development Incentive Program (HDIP) projects in Western Massachusetts have been supported, totaling 152 housing units and \$9.6 million in investment – approximately 21 percent of all program funding statewide.

#### ***Supporting Municipalities and Local Capacity***

State housing investments play a critical role in reducing fiscal and operational pressures on municipalities. When households can access stable housing and rental assistance, communities face lower demands on emergency services, shelters, and local aid systems.

Through the federally-funded but state-distributed Community Development Block Grant (CDBG) program, Western Massachusetts communities have received a higher share of competitive resources relative to population. Western Massachusetts communities received 49 percent of the competitive portion of CDBG, the Community Development Fund, in Federal Fiscal Year 2024 and 50 percent in Federal Fiscal Year 2022-23, despite representing just 10 percent of residents in eligible communities. On a per-capita basis, Western Massachusetts communities received nearly five times more funding than other eligible communities statewide.

Additional municipal-focused housing investments include:

- Community Planning Grant Program: \$568,000 to Western Massachusetts in FY25 (21 percent of total awards)
- Housing Choice Grant Program: \$500,000 in FY25 (9 percent of total awards)
- HousingWorks Investment Program: \$5.9 million in FY25 (31 percent of total awards)

This administration has also created a new Rural and Small Town designation (RST-HCC) within the Housing Choice Initiative to give small and rural communities a better shot at housing resources. The Housing Choice Initiative recognizes and rewards municipalities that are producing housing and adopting local policies that support housing growth. The new RST-HCC designation and criteria is expected to increase the number of communities able to participate in Housing Choice from 77 in 2025 to an estimated 90 to 96 communities after the 2026 designation round.

### ***Strengthening Public Housing Authorities***

The administration has increased capital and operating support for public housing authorities in Western Massachusetts, both in total funding and as a share of statewide investment. Since the beginning of 2023, the administration has awarded \$8.5 million in capital funding to Western Massachusetts housing authorities. In 2024, 6.8 percent of statewide housing authority capital awards went to Western Massachusetts counties, compared to 3.8 percent during the final five years of the prior administration. Western Massachusetts housing authorities have seen a high approval rate for capital requests, with 93 percent of requests awarded since 2023 and 87 percent of 2025 requests funded to date.

Operating support further addresses the region's needs. Western Massachusetts is home to 14 percent of the state's public housing units, and housing authorities in the region received 16.1 percent of statewide operating subsidies between FY23 and FY25. The administration has also invested in resident services, awarding \$830,000 to 21 Western Massachusetts local housing authorities for Resident Service Coordinators in FY26.

## **Environment, Food Security, and Rural Health**

### ***Highlights in FY27 House 2***

- Healthy Incentives Program (HIP) – Provides nutrition incentives to SNAP households for the purchase of healthy foods, supporting food security and local agriculture. FY27 House 2 proposes \$29.7 million in funding, a \$9.6 million (47.8 percent) increase over FY26.
- Emergency Food Assistance – Provides nutritious food to food-insecure residents via the state's four regional food banks, including the Food Bank of Western Massachusetts. FY27 House 2 proposes \$55 million in funding, a \$4.4 million increase over FY26.

Since the start of the administration, the Executive Office of Energy and Environmental Affairs has made substantial investments in Western Massachusetts communities. To date, 1,376 grants and loans totaling \$468.5 million have been awarded in the region. Nearly three-quarters of this funding has been delivered through the Department of Environmental Protection, supporting projects related to recycling and waste reduction, air quality, clean water and PFAS mitigation, energy efficiency, and other core environmental priorities.

Building on this work, the administration responded directly to priorities raised by Western Massachusetts legislators and communities, recommending additional investments through the *Mass Ready Act*. Subject to passage and capital planning, the bill would allow

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investments in areas including food security, farmland preservation, water and sewer infrastructure, and Connecticut River resiliency.

The administration has significantly increased funding for human services providers that deliver essential care across Western Massachusetts. Since FY23, grant funding and purchased human service provider services in the region have grown from \$768 million to \$935 million in FY25, representing 13.5 percent of statewide spending in these categories. These investments support providers delivering critical daily services for individuals with developmental disabilities, brain injuries, substance use disorders, and other complex needs.

Launched in 2024, the Advancing Health Equity in Massachusetts (AHEM) Initiative focuses on reducing health disparities through coordinated state action and community-driven, place-based solutions. The initiative prioritizes locally led efforts to address premature mortality, with a particular focus on maternal and cardiometabolic health. Seven AHEM communities – North Adams, Pittsfield, Orange, Ware, Springfield, Chicopee, and Holyoke – are located in Western Massachusetts reflecting both need and opportunity for targeted investment in the region.

The Department of Public Health's (DPH's) State Office of Rural Health strengthens health care delivery in rural and underserved areas, including Western Massachusetts, by connecting communities with state and federal resources, coordinating rural health networks, and providing technical assistance. The Office also administers the Massachusetts Rural Hospital Programs, which support financial stability, operational improvements, and clinical quality in rural hospitals. A recent \$162 million award for 2026 will expand access to essential health care services statewide, with approximately half of the funding supporting rural communities in Western Massachusetts.

## Transportation

### ***Highlights in FY27 House 2***

- Regional Transit Authorities (RTA) – Supports the state's 15 RTAs in giving residents affordable and equitable access to jobs, education, and community. Across FY27 House 2 and the FY26 Fair Share Supplemental Budget, the administration recommends \$277.5 million in funding, an \$8.5 million increase over FY26.
- Micro Transit and Last Mile Innovation Grants – Expands mobility options for rural communities, older adults, people with disabilities, and low-income individuals, and to extend equitable and affordable transportation mobility improvements across the state. In the FY26 Fair Share Supplemental Budget, the administration recommends \$15 million in funding.

### ***Strengthening Local Transportation Infrastructure***

The administration's transportation investments in Western Massachusetts also focus on infrastructure resilience and maintenance. The Culvert Grant Program, now funded at \$200 million over ten years, supports the repair, replacement, removal, and modernization of culverts to improve safety, reduce flood risk, and enhance climate resilience. The program helps communities advance projects from planning through implementation.

MassDOT also administers the Unpaved Roads Grant Program, a \$7 million pilot that supports the maintenance and improvement of locally owned dirt and gravel roads. Through this competitive, reimbursement-based program, municipalities can seek funding for eligible costs after projects are completed – an important support for rural communities with extensive unpaved road networks.

The administration remains committed to helping municipalities improve road quality, build sidewalks, restore bridges, and more through the Chapter 90 local roadways program. In 2025, Governor Healey filed and signed into law a historic increase in Chapter 90 funding, bringing this investment to an all-time high of \$300 million. The bill allocated the new \$100 million according to a formula based exclusively on road miles, giving heavy advantage to rural communities.

### ***Expanding Access to Transit and Mobility***

State funding has tripled for the Community Transit Program, expanding transportation options for older adults, people with disabilities, low-income residents, and those without access to a private vehicle. Grants to Regional Transit Authorities (RTAs) support initiatives such as partnering with Councils on Aging to expand senior transportation offerings, offering service in rural areas not served by fixed routes, and travel training to help riders use transit independently and safely.

The administration also supports community-based transportation, operated by municipalities and non-profits to address highly localized needs, including recent investments in driver pools, microtransit services, and connector routes.

In 2026, a \$35 million investment supported fare-free service across all RTAs, marking the first year that all 15 RTAs offered year-round fare-free transit. Eliminating fares reduces cost barriers for residents who rely on regional transit for daily travel and reflects the cumulative impact of recent operating investments. In the FY26 GAA, an additional \$10 million was designated for RTA connectivity projects, supporting route modifications and improved connections to other transportation networks, and in the FY25 Fair Share Supplemental Budget, another \$10 million was designated for microtransit and last mile initiatives.

## **Workforce**

### ***Highlights in FY27 House 2***

- Establishing the 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

The administration has made workforce development in Western Massachusetts a priority, advancing investments that support regional employers, workers, and training partners. In 2025, the Executive Office of Labor and Workforce Development launched the MassHire 250 Workforce Innovation Tour in Pittsfield, with additional stops across Franklin, Hampshire, and Hampden counties, highlighting local workforce innovation in collaboration

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with the State's 16 MassHire regional workforce boards. Since January 2023, the administration has invested more than \$30 million in workforce development grants across Western Massachusetts, supporting job training, career pathways, and apprenticeship opportunities through program such as the Workforce Competitiveness Trust Fund, Workforce Training Program, Career Technical Initiative, and GROW Apprenticeships.

### **Conclusion**

Taken together, the investments outlined in this brief reflect a sustained and multi-faceted approach to supporting Western Massachusetts. Through the Governor's FY27 House 2 budget proposal, capital investments, administrative actions, and targeted legislation, the administration is working to ensure that communities across the region have the resources, capacity, and flexibility they need to meet local priorities.

As the FY27 budget process moves forward, the administration remains committed to continued engagement with Western Massachusetts communities and legislators to ensure that state investments are responsive, effective, and aligned with regional needs.