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LIEUTENANT GOVERNOR

January 28, 2026

To the people of Massachusetts,

As we begin the fourth and final year of our first term in office, the Healey-Driscoll Administration remains as focused as ever on making Massachusetts a more affordable place to work, learn and do business, while also protecting our people, our communities and our economy.

These principles have guided our decision making and informed our agenda, leading to the enactment of the first major tax cuts in Massachusetts in decades and the passage of legislation to speed housing production, improve education, strengthen businesses and upgrade our roads, bridges and public transportation.

We have filed new proposals to curb energy costs, rebuild our higher education campuses and bolster our research and innovation economy. And we look forward to partnering with the Legislature to pass these and more as we work every day to improve the lives of constituents from Boston to the Berkshires.

While our goals have not changed, the challenges confronting us have.

For the past year, it has become clear that we no longer have a partner in Washington. In fact, since President Donald J. Trump took office in January 2025, we have had an adversary in the White House working to undo and undermine our efforts to provide accessible and affordable health care, prepare our young students for the future, grow our economy, bring more energy into our state to lower costs, and keep our communities safe.

From tariffs and attacks on offshore wind to a retreat from science that continues to disrupt our higher education, life sciences and research ecosystem, President Trump and Republicans in Congress are doing more than ever before to make life harder and less affordable in Massachusetts.

Our challenges are not unique. Other states, like Massachusetts, are confronting rising health care and energy costs. Reduced federal support is putting pressure on governors and state legislatures to balance budgets while continuing to help schools prepare our young people for college and careers, care for those with mental health challenges and support cities and towns straining to deliver basic services.

But this is no time to back down. Instead, Massachusetts must lead. And that's exactly what we are doing.

Whether that means making sure children have access to life-saving vaccines or making sure families can afford their health insurance, we are fighting every day to move Massachusetts forward despite the roadblocks being put in our way. Our House 2 budget proposal for Fiscal Year 2027, along with companion legislation to spend surplus Fair Share dollars, is just the latest example of that.

Our \$62.8 billion budget is a balanced, fiscally-responsible blueprint that meets this moment we are in, showing how we can simultaneously navigate the federal upheaval, live within our means and invest in our people and our institutions. Importantly, this budget does not propose any new taxes or fees. Instead, we worked hard to limit the growth in spending and keep it more in line with projected tax revenue growth, and to direct the dollars we do have to programs and services we know will make a difference.

Our economy is resilient and continues to grow. However, we face intense pressure in our budget due to the rising cost of paying for health care through MassHealth and for our state workforce, made worse by decisions out of Washington. Our revenue estimate of \$44.9 billion for FY27, agreed to with the Legislature, forecasts modest 2.9 percent growth, including revenue collected from the Fair Share surtax. As a result, we have limited budgeted spending growth to 1.1 percent over estimated spending in FY26, not including surtax, and just 3.5 percent over the signed FY26 budget.

We are also putting forward a number of proposals through both legislation and executive action to help make it more affordable to call Massachusetts home. This includes immediate winter relief on electric and gas bills, new regulations to prohibit the reporting of medical debt to consumer reporting agencies, and new capital support for first-time homebuyers to help with downpayments and lowering mortgage rates.

We propose to extend for another year the ConnectorCare pilot using available federal dollars to protect health insurance subsidies for people earning between 300 percent and 400 percent of the federal poverty level. A new Workforce Productivity Fund will help small businesses fill their workforce needs due to employee medical leave. And we have proposed a new tax credit for farmers that donate food to help reduce hunger and close the gap created by cuts and instability in the federal Supplemental Nutrition Assistance Program (SNAP).

We have also sought ways to make people's lives easier and more affordable without requiring new funding, such as our proposal to require businesses to simplify the process for cancelling subscriptions.

Affordability doesn't stop at the state's doorstep. We value our partnership with our cities and towns and know the importance of giving our communities the tools and resources they need to ensure our schools, parks and downtowns remain vibrant.

This House 2 budget proposal provides for a 2.5 percent increase in Unrestricted General Government Aid and fully funds the sixth and final year of the Student Opportunity Act. This reflects a 10 percent, or \$125 million, increase in UGGA and a 27 percent, or \$1.6 billion, increase in Chapter 70 aid since we took office. Overall, our Administration is proposing to dedicate \$10.4 billion in local aid for cities and towns, representing a \$438.6 million (4.4 percent) increase over the FY26 GAA.

Furthermore, our FY27 budget expands our commitment to school transportation by investing an additional \$154.3 million to reimburse school districts for a significant share of transportation costs across key programs, including regional school transportation and transportation for homeless and out-of-district students.

Our House 2 budget continues to commit the funding necessary to make community college free for anyone who wants to attend and guarantees that school meals will remain free for all Massachusetts K-12 public school students. We also continue our nation-leading support of child care with \$475 million for Commonwealth Cares for Children (C3) grants, which have been instrumental in stabilizing the state's child care system, enabling early education programs to remain open and supporting system-wide growth through investments in workforce, quality, and affordability.

This budget also invests \$36.95 million in universal access to high-quality pre-K through the Commonwealth Preschool Partnership Initiative (CPPI) to meet our administration's goal of delivering universal, high-quality preschool access for four-year-olds in all Gateway Cities by the end of 2026.

In Fiscal Year 2025, the state collected just over \$3 billion in surtax. We expect similar collections in FY26 and FY27, and collectively with the Legislature have agreed to budget for \$2.7 billion in Fair Share spending in FY27. We are also filing a supplemental budget that proposes to augment our programming with \$1.15 billion in one-time surtax surplus from FY25.

Our Fair Share package proposes to use this resource to advance my \$8 billion transportation funding plan we released last year and continue to stabilize the MBTA's finances. We are also investing in fare-free regional transit, early literacy, high-dosage tutoring and financial aid for our higher education students.

While this budget has been challenging given the demand for limited resources, I am confident it's a plan that minimizes negative impacts on our constituents and furthers the progress we have made together over the last three years to protect our most vulnerable citizens, support our employers and our economy, and set Massachusetts up for success in the future. I'm excited for our administration to once again partner with our friends and colleagues in the Legislature to enact a budget that reflects our shared goals and ambitions.

Sincerely,

A handwritten signature in blue ink, appearing to read "M. T. Healey". The signature is fluid and cursive, with a long, sweeping underline.

Maura T. Healey

A handwritten signature in blue ink, appearing to read "Kim Driscoll". The signature is cursive and somewhat stylized, with a large, looped "K" and a long, sweeping underline.

Kimberley Driscoll

A Note from the Administration and Finance Secretary

Today, the Healey-Driscoll Administration is filing a balanced and responsible Fiscal Year 2027 budget, with strategic investments and policy proposals that will make Massachusetts an even better place to live, work, play and stay. House 2 advances our administration's goals of strengthening Massachusetts's leadership in sectors like education and healthcare, continuing to provide critical state programs and services, and driving down costs for residents and businesses.

Over the last 12 months, our administration has protected the integrity of Massachusetts's budget despite significant national economic uncertainty. By controlling spending and carefully managing available resources, including the voter-approved Fair Share surtax, we have kept Massachusetts on strong fiscal footing. House 2 further advances our strategy and prepares the state for continued success in an unpredictable national climate.

I am grateful to Governor Maura Healey, Lt. Governor Kim Driscoll, and their staff for their tremendous leadership in building a budget proposal that improves life in Massachusetts and preserves our long-term financial stability.

I also want to thank my fellow Cabinet Secretaries and their teams for their partnership in translating our administration's bold agenda into tangible budget recommendations.

My staff at the Executive Office for Administration and Finance (A&F) and I have received thoughtful ideas and input about our FY27 budget from advocates, legislators, and stakeholders across Massachusetts. We are grateful for that feedback, and we have sought to incorporate it into House 2.

My A&F team has worked tirelessly to craft this budget, and I could not be more grateful for their creativity, hard work, and dedication to Massachusetts. Thank you!

Finally, I am grateful to Chairman Aaron Michlewitz, Chairman Michael Rodrigues, and their teams for their partnership and shared commitment to Massachusetts's success. I look forward to ongoing collaboration with the Chairs and their colleagues through the next steps in the FY27 budget process.

Sincerely,



Matthew J. Gorzkowicz
Secretary



Massachusetts has a long history of innovation and national leadership, from sparking the American Revolution 250 years ago to developing life-saving COVID-19 vaccines in 2020. The through line connecting this legacy of excellence is the talent, drive, and determination of the people who make Massachusetts home. Over the course of Massachusetts's history, residents have come together to build and sustain world-class education and health care systems, cutting-edge businesses, and vibrant communities.

When Governor Maura Healey and Lt. Governor Kim Driscoll took office, they set a bold agenda: to serve the people of Massachusetts by building on the state's rich history, bolstering its strengths, and confronting its biggest challenges. Three years later, the Healey-Driscoll administration has delivered results, making Massachusetts more affordable for families, more attractive for businesses, and more equitable for every resident.

With the House 2 budget recommendation, Governor Healey proposes Fiscal Year 2027 (FY27) investments that continue advancing her agenda to keep Massachusetts the best place in the country to live, work, play, and stay. House 2 is a responsible spending plan that maximizes available resources, including the voter-approved Fair Share surtax, to continue lowering costs and improving the quality of state services. Among the key initiatives included in this budget:

- Policy provisions that enhance consumer protections, make it easier to do business in Massachusetts, and drive down health care, transportation, and housing costs in our state
- Investments that maintain affordable access to our state's world-class education system, including free community college
- Historic investments in programs that have successfully helped residents find and afford housing, including the Massachusetts Rental Voucher Program
- Funding to support the sectors that create jobs and draw talent to Massachusetts, such as the Life Sciences Tax Incentive Program
- Investments to enable ongoing implementation of the administration's \$8 billion plan to make transformative improvements to the safety and efficiency of transportation networks across the state

At \$62.8 billion, including \$2.7 billion in Fair Share spending, House 2 reflects this administration's commitment to maintaining Massachusetts's fiscal responsibility. Like other states around the country, Massachusetts is experiencing unprecedented pressure on the cost of providing state services due to inflation and other factors, particularly in the health care sector. In response, the administration has worked to control state spending, build reserves, and maximize available resources such as the Fair Share surtax. This budget recommendation advances those goals and keeps Massachusetts on stable fiscal footing.

Additionally, this budget proposal was prepared against the backdrop of an unpredictable national landscape. In the past year, the federal administration has cut or delayed funding and shifted policies, creating uncertainty for Massachusetts municipalities, schools and universities, businesses, hospitals and health care providers, nonprofits, and families. To mitigate these challenges, the administration has partnered with the Legislature and leaders across the state to ensure that Massachusetts remains resilient. The administration's FY27 legislative package further enhances Massachusetts's resilience by investing in key programs and making policy proposals to address federal challenges, including assisting veterans who were removed from service due to Trump 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.

With House 2, the administration continues to prioritize making housing more affordable and accessible for everyone in Massachusetts. This budget recommends an increase in funding for the Executive Office of Housing and Livable Communities (HLC) to a record \$1.2 billion in FY27. House 2 also proposes a historic investment in the Massachusetts Rental Voucher Program (MRVP) to support more than 11,500 vouchers.

House 2 invests in keeping education in Massachusetts affordable by recommending continued investment in MassEducate and MassReconnect, which fund free community college for all. It also invests in Massachusetts's children with \$475 million for the Commonwealth Cares for Children (C3) Grant Program, which has stabilized the state's child care system and enabled over 8,000 child care programs to remain open and add over 22,000 seats. House 2 also recommends the funding necessary to meet Governor Healey's goal of delivering universal, high-quality preschool access for four-year-olds in all Gateway Cities by the end of 2026, with \$36.95 million for the Commonwealth Preschool Partnership Initiative (CPPI).

This budget proposal also reflects the Healey-Driscoll administration's commitment to health equity and access to care, maternal and reproductive health care, and unwavering support for Massachusetts's children, families, and people with disabilities. Building on the administration's historic progress, House 2 for the first time fully funds the implementation of the Maternal Health Law, including the new Universal Home Visiting System and Fetal and Infant Mortality Review Program. These initiatives ensure that Massachusetts remains a leader in advancing maternal health equity and care.

One of the challenges that Governor Healey has confronted head-on is historic underinvestment in the state's transportation networks. In 2025, Governor Healey announced her multi-year plan to rectify years of neglect in Massachusetts's transportation systems with \$8 billion in investments across the state. House 2 enables further implementation of the Governor's plan by recommending \$2.8 billion in total transportation funding, a \$115 million (4

percent) increase above the FY26 GAA. This budget proposal includes \$1.4 billion in dedicated sales tax revenue for the Massachusetts Bay Transportation Authority (MBTA) and \$875 million of Fair Share revenues to support key investments across state and local transportation agencies. The Fair Share supplemental budget bill the Administration is filing alongside House 2 proposes an additional \$784.7 million investment in Massachusetts transportation networks, including \$644.7 million for the MBTA. Taken together, the proposed investments in House 2 and the supplemental budget will fully address the MBTA's projected operating deficit in FY27.

House 2 also maintains the administration's firm commitment to a collaborative partnership between the state and local communities. This budget proposal would provide over \$10.4 billion for local aid, a \$439 million increase over the FY26 GAA. This fully funds the final year of the Student Opportunity Act commitments, including recommending \$7.6 billion for Chapter 70 with a \$75 per-pupil minimum aid investment.

Alongside House 2, Governor Healey filed a legislative package to set the course for responsible state spending. The package includes:

- A supplemental budget bill to invest \$1.15 billion in surplus FY25 Fair Share revenues into the education and transportation sectors.
- A multi-year Chapter 90 bill that both sustains the administration's historic investments in municipal transportation infrastructure and draws on Fair Share to unlock housing production
- A supplemental FY26 budget bill that focuses on retaining Massachusetts's stability and resilience in the midst of ongoing federal actions

Fiscal Overview

The House 2 proposal represents a balanced and thoughtful blueprint that prioritizes the administration's top goals of affordability, competitiveness, and equity. This proposal protects our most vulnerable, ensures sustainable growth, and makes key investments to retain our standing as a national leader on many fronts.

This budget recommendation totals \$60.114 billion, excluding \$2.7 billion in spending tied to the 4 percent income surtax, as well as the Medical Assistance Trust Fund. This represents an increase of \$2.015 billion, or 3.5 percent, over the FY26 General Appropriation Act (GAA), and \$676 million, or 1.1 percent, over current FY26 estimated spending. Despite extraordinary spending pressures across sectors, the Governor's budget maintains sustainable spending growth – limiting growth over FY26 estimated spending to less than half the rate of inflation (2.7 percent as of December 2025).

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. Taken together, this is a modest 2.9 percent growth rate over FY26 GAA.

In addition, 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 roughly \$100 million in additional revenue in FY27 compared to the status quo.

Additionally, the Governor's budget recommendation reflects the proposed expansion of the elective 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.

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. 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. This approach demonstrates a strong commitment to fully funding our pension system, as reflected in the consensus revenue agreement 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.

Another notable feature of the House 2 recommendation is based on the 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. 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. With this additional \$100 million investment, the Stabilization Fund is estimated to grow to a historic \$8.24 billion by the close of FY27.

In addition to recommendations related to the capital gains threshold, the Stabilization Fund and Long-Term Liability Financing Task Force recommended that the state implement more long-term fiscal planning exercises. To this end, the House 2 recommendation establishes the task force on a permanent basis to review the state's long-term liabilities and reserve policies every five years.

House 2 also recommends that the Executive Office for Administration and Finance and the Department of Revenue undergo an annual multi-year budget forecast and stress test to better prepare the state for potential economic downturns. The recommendation will put these exercises in statute, representing the Healey-Driscoll administration's commitment to strong fiscal stewardship.

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

Key Initiatives

Affordability continues to be at the top of the Healey-Driscoll administration's agenda.

Notably, House 2 makes investments that will reduce costs across housing, transportation, health care, and more without increasing taxes or introducing any new fees. Specific investments and policy proposals in House 2 that will reduce costs for families and individuals include:

- A historic \$1.22 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).
- \$177 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.
- A one year extension of the ConnectorCare pilot, which expands eligibility for subsidized health insurance to individuals earning between 300 and 400 percent of the federal poverty limit, providing over 47,000 residents access to more affordable health insurance.
- \$35 million for statewide free fares at Regional Transit Authorities (RTAs).

- Funding to continue the MBTA's Low-Income Fare Relief program.
- A policy provision requiring businesses to simplify the process for cancelling subscriptions so that subscriptions are as easy to end as they are to start.

Fair Share

Over four years ago, Massachusetts voters approved a new 4 percent surtax on income above \$1 million. The Fair Share surtax is dedicated to transportation and education, generating resources to promote high-quality education, repair and maintain roads and bridges, and improve our public transit system. In FY24, the budget established a new Education and Transportation Fund to receive all Fair Share revenues and ensure transparency into how the money collected is spent.

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.

The Consensus Revenue process between the Executive Office for Administration and Finance and the legislative Committees on Ways & Means includes estimating the projected Fair Share revenues for the fiscal year ahead. Consensus projections have historically been conservative given that the surtax was a new resource. Per the agreement, spending was capped at \$1 billion in FY24, \$1.3 billion in FY25, and \$1.95 billion in FY26. For both FY24 and FY25, collections have outperformed projections. In FY24, the state collected \$2.5 billion in surtax; in FY25, collections totaled \$3 billion.

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.

Highlights of the Administration's Fair Share surtax investments across the FY27 legislative package include:

- **\$993 million** for MBTA operations, which, in combination with the House 2 budget, will fully address the MBTA's projected FY27 budget deficiency
- **\$229.8 million** for Regional Transit Authorities (RTAs), which, when combined with funding in House 2, accounts for an increase of \$8.5 million to support enhanced and regionally-equitable transit service
- **\$198 million** to continue universal school meals providing roughly 300 million meals statewide annually and ensuring that every child has reliable access to healthy, nutritious food
- **\$137 million** to sustain free community college and cover continued enrollment growth

- **\$100 million** for Health and Human Services Transportation to provide vulnerable families, seniors, people with disabilities, and veterans, with access to medical appointments, programs and services, and other essential trips
- **\$25 million** for Literacy Launch to improve educational outcomes for the Commonwealth's youngest learners
- **\$32 million** for the Commonwealth Preschool Partnership Initiative to meet the administration's goal of expanding the program into every Gateway City by the end of 2026

Fair Share Investments in House 2 and the Supplemental Budget Bill:

Education (\$ in millions)	FY27 H.2	Fair Share Supplemental
Early Education & Care	636.2	150.0
Commonwealth Cares for Children (C3) Program	360.0	-
EEC Subsidized Caseload	244.2	-
Commonwealth Preschool Partnership Initiative (CPPI)	32.0	-
EEC Fund	-	150.0
K-12 Education	790.8	190.0
Student Opportunity Act (Ch. 70)	550.6	-
Universal School Meals	198.0	-
Literacy Launch	25.0	-
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
Higher Education	236.0	18.3
Free Community College	137.0	-
MASSGrant Plus	85.0	-
State U SUCCESS	14.0	-
Financial Aid Supplement	-	18.3
Education Total	1,663.0	358.3

Transportation (\$ in millions)	FY27 H.2	Fair Share Supplemental
MBTA Supports	470.0	644.7
MBTA Operating Subsidy	470.0	523.0
FTA Reserve	-	121.7
MassDOT	220.2	80.0
MassDOT Service Investments	220.2	43.0
Sustainable Aviation Fuel (SAF) Credit	-	30.0
Unpaved Roads	-	7.0
RTAs	184.8	60.0
RTA Supports	184.8	45.0
Micro Transit and Last Mile Innovation Grants	-	15.0
Other Transportation	162.0	-
HHS Transportation	100.0	-
Education Transportation	62.0	-
Transportation Total	1,037.0	784.7
Other Fair Share	FY27 H.2	Fair Share Supplemental
Academic Spinout	-	5.0
Transportation Spinout	-	5.0
Other Fair Share Total	-	10.0
Fair Share Total	2,700.0	1,153.0

*Fair Share investments above do not account for \$200 million in surplus surtax included in Governor Healey's DRIVE legislation, to support research in public higher education.

Local Aid

Municipalities are on the front lines of delivering essential public services and planning for long-term community needs, and the Healey-Driscoll administration is committed to strengthening municipal capacity statewide through robust local aid investments. In House 2, the administration recommends more than \$10.4 billion in local aid, representing a \$439 million (4 percent) increase over the FY26 GAA.

Unrestricted General Government Aid (UGGA) supports local government functions including public safety, public works, and economic development, and remains the only fully flexible, unrestricted source of state local aid available to cities and towns. Continuing the established approach of growing UGGA in line with consensus tax revenue growth, the House 2 budget recommends \$1.356 billion in funding, an increase of \$33 million (2.5 percent) over the FY26 GAA.

House 2 fully funds the final implementation phase of the Student Opportunity Act, advancing the Commonwealth's long-term commitment to ensuring that every student across the state has access to a high-quality education. House 2 dedicates \$7.6 billion for Chapter 70 school aid, a \$242 million increase over the FY26 GAA that 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. In addition, House 2 proposes full funding for Charter School Reimbursements at \$200.4 million, and the administration's legislative package fully funds the Special Education Circuit Breaker at \$802.7 million.

The House 2 proposal would expand the administration's commitment to school transportation by investing an additional \$154.3 million to reimburse school districts for a significant share of transportation costs across key accounts:

- \$112.3 million for Regional School Transportation, an increase of \$6 million over the FY26 GAA that is estimated to reimburse 87 percent of costs.
- \$35.2 million for Homeless Student Transportation, supporting districts in meeting federal requirements.
- \$6.8 million for Non-Resident Pupil Transportation, which is estimated to reimburse 100 percent of the costs associated with student placements outside their district of residence.

The House 2 proposal works in tandem with other Administration-led legislation to prioritize investment in municipal transportation and infrastructure. For the second year in a row, the Administration is filing a Chapter 90 bond bill that would invest \$300 million, a historic level, to help municipalities improve road quality, build sidewalks, restore bridges, and more. This year, the administration is filing a four-year, \$1.2 billion Chapter 90 bond bill, that would provide elevated funding of \$300 million per year. The four-year authorization will provide certainty to cities and towns, reduce delays related to funding, and support long-term capital planning and strategic investment in municipal transportation infrastructure over a four-year period. In 2025, the Administration filed another bond bill, the \$2.9 billion *Mass Ready Act*, and the *Municipal Empowerment Act*. If passed, the bills would strengthen climate resilience, support municipal infrastructure statewide, and give municipalities new tools to manage their finances and improve efficiency and quality of life.

Beyond direct aid and investment in infrastructure, House 2 recommends investing in tools that would strengthen municipal capacity and help them 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 like the District Local Technical Assistance Fund, the Community Compact Program, public safety and emergency staffing programs, and the Local Finance Commonwealth Fellowship Program.

Housing and Livable Communities

The House 2 budget recommends \$1.2 billion across the Executive Office of Housing and Livable Communities (HLC), a \$48.5 million (4.2 percent) increase above FY26 funding.

The Healey-Driscoll Administration has prioritized housing through all avenues, including the operating and capital budgets, legislation, and administrative action. HLC continues to prioritize creating new and affordable homes, preserving and modernizing the state's public housing, promoting housing stability, preventing evictions, and supporting the shelter system for families and individuals experiencing homelessness.

Housing Stabilization

The FY27 House 2 budget recommendation commits \$12 million to Winter Shelter Beds – historically funded through supplemental or off-budget sources – to facilitate more predictable planning for winter shelter needs and to provide stability to communities facing threats to their historically federally-funded shelter programs. In a reflection of the administration's prioritization of upstream interventions that help families avoid shelter, House 2 also includes \$7.5 million for a new Family Shelter Diversion line item.

The administration remains committed to ensuring that shelter is a rare, brief, and non-recurring stop for families as they transition to permanent housing while maintaining a fiscally and operationally sustainable program. House 2 includes \$258.6 million for Emergency Assistance (EA) for Family Shelters, a \$17.8 million decrease from FY26 funding, reflecting the lowest family shelter caseload in decades. EOHLHC is in the process of reprocurring family shelter providers to advance a more strategic and stable family shelter system that draws upon lessons learned through the last three transformative years. This level of proposed FY27 funding includes \$5 million in safety grants: \$2.5 million for shelter security upgrades and \$2.5 million for accessibility conversions.

The FY27 House 2 budget recommends robust investments in critical housing stabilization programs that help prevent or end homelessness. This includes \$201.2 million for the Residential Assistance for Families in Transition (RAFT) program and \$82.3 million for HomeBASE.

Other highlights in the FY27 House 2 budget recommendation for housing stabilization include:

- \$114 million for Homeless Individual Shelters to preserve about 2,800 shelter beds for individuals experiencing homelessness, including triage, diversion and rapid rehousing programs.
- \$10.1 million for Sponsor-Based Permanent Supportive Housing to support vulnerable individuals in need of permanent housing and critical care management services.

- \$3 million for Community Action Agencies, which help develop economic and housing independence by offering an array of critical programs, including eviction avoidance, housing search support, foreclosure counseling, financial literacy, and job training.
- \$3 million for Housing Assistance for Re-Entry Transition to provide service-intensive programming and vouchers for folks exiting incarceration, in partnership with Executive Office of Public Safety and Security – with the goal of reducing rates of recidivism.

Rental Assistance

The FY27 House 2 budget recommendation includes \$314.1 million across three state-funded voucher programs, a 9 percent increase over the FY26 funding level:

- \$278.3 million for the Massachusetts Rental Voucher Program (MRVP) to support more than 11,500 mobile and project-based rental vouchers.
- \$19.3 million for the Alternative Housing Voucher Program (AHVP) to support more than 890 vouchers for people with disabilities.
- \$16.5 million for the Rental Subsidy Program for Department of Mental Health Clients, which coupled with an expected additional \$26 million investment from DMH, will continue to support housing vouchers for DMH clients.

Public Housing

Building on the commitment to public housing in the *Affordable Homes Act*, House 2 recommends \$117.8 million for subsidies for Local Housing Authorities, an increase of \$2.2 million (2 percent) over FY26. The increased operating and capital budget investments for our local housing authorities continue this administration's commitment to properly maintaining the approximately 41,000 units of state public housing that provide affordable homes for over 70,000 residents.

The House 2 recommendation funds the Resident Service Coordinators at local housing authorities at the FY26 level. Last year, the program successfully preserved over 3,390 tenancies, safeguarding vulnerable populations from entering homelessness, shelter, or unstable living conditions.

Education

Early Education and Child Care

Early education and care remains a critical focus of the Healey-Driscoll administration's strategy to making Massachusetts a more affordable place to live, where children can thrive regardless of their socioeconomic background, and employers have access to the workers they need to grow and strengthen the economy.

House 2 and the Fair Share Surplus supplemental budget proposal, filed alongside House 2, recommends funding the Department of Early Education and Care at \$1.88 billion, including \$636.2 million from Fair Share investments.

Together, this funding maintains and expands key areas across the pillars of Governor Healey's Gateway to pre-K agenda:

- \$475 million to maintain the Commonwealth Cares for Children (C3) program to maintain stability of the state's child care system
- \$1.22 billion to support Child Care Financial Assistance programs to funds help families afford care and ensure providers are paid a fair rate regardless of where they live.
- \$36.95 million for universal access to high-quality pre-K through the Commonwealth Preschool Partnership Initiative (CPPI) to meet Governor Healey's goal of delivering universal, high-quality preschool access for four-year-olds in all Gateway Cities by the end of 2026.
- \$20 million to maintain the state's supplemental Head Start grants, supporting the recruitment and retention of staff while ensuring the delivery of high-quality, comprehensive services.

K-12 Education

The Healey-Driscoll administration has maintained a consistent focus on transforming learning quality with historic investments in K-12 education, including investments from Fair Share revenues. House 2 and the Fair Share supplemental budget filed alongside House 2 propose maintaining and expanding key initiatives, including:

- Fully funding Chapter 70 local education aid, increasing aid by \$241.8 million for the sixth and final year phase-in of the Student Opportunity Act.
- Allocating \$802.7 million (\$127.7 million more than the FY26 GAA) for Special Education Circuit Breaker to address the growth of both instructional and transportation costs for special education students.
- Funding education transportation reimbursement at \$154.3 million, including an increase of \$6 million for Regional School Transportation (supporting 87 percent of estimated reimbursements) and an increase of \$1.2 million for Non-Resident Vocational School Transportation (representing 100 percent of estimated reimbursements) to address the rising costs of school transportation in all districts, but particularly in rural areas.
- Including \$198 million for universal free school meals, an \$18 million increase over FY26 GAA.
- Increasing Literacy Launch funding by \$10 million to \$25 million. This supports the third year of the Healey-Driscoll Administration's multi-year strategy to promote high-quality, evidence-based reading instruction.

- Providing \$25 million for the second year of no-cost high dosage early literacy tutoring to an estimated 10,000 students in grades K-3, with priority given to students in grade 1.
- Dedicating \$5 million to support Adult Basic Education/ English for Speakers of Other Languages (ESOL) literacy services workforce readiness, workplace training, and industry credential training
- Maintaining \$20 million for rural school aid to provide educational equity across the state.

Reimagining High School

House 2 proposes investing \$53.4 million in the administration's multifaceted initiative to reimagine high school, ensuring Massachusetts students are prepared for college or careers when they graduate high school.

This funding will expand Early College designated programs to reach over 100 high schools, allowing high school students to take college classes and earn college credit at no cost to them or their families and advancing the Healey-Driscoll administration's goal of enrolling 100,000 students in early-college programs by 2036. The administration has awarded 36 new early college designations over the last two years. Across Massachusetts, 78 high schools and 32 higher education institutions support more than 10,000 students in the 2025-26 school year.

Additionally, this initiative will expand Innovation Career Pathways. These programs provide hands-on coursework and work opportunities in high-demand industries, such as clean energy, manufacturing, health care, and information technology. Currently, 117 high schools offer programs, giving over 8,500 students the chance to explore and prepare for careers in those fields.

Student Mental Health

House 2 invests \$16.6 million to support student mental and social-emotional health, addressing the youth mental health crisis and ensuring students have the behavioral health care they need to balance their mental health and education. Key investments include \$6 million to continue the development and implementation of a statewide birth-through-higher-education mental and behavioral health framework, \$5 million to maintain Early Childhood Mental Health Consultation services, and \$648,949 to maintain Safe and Supportive Schools.

Higher Education

The Healey-Driscoll administration has significantly expanded state financial aid, making higher education more affordable and diverse, with a focus on ensuring all students can access and complete their education. The House 2 budget and the administration's Fair Share supplemental budget recommend allocating \$2.19 billion to the Department of Higher Education, the University of Massachusetts (UMass) system, the state universities, and the community colleges, including Fair Share funding.

- \$137.05 million to maintain free community college. Massachusetts offers one of the most accessible, equitable and comprehensive free community college programs in the country for both full-time and part-time students, regardless of income. Programs like MassReconnect and MassEducate have contributed to a 39 percent increase in community college enrollment over the past two years
- A \$61.9 million increase for community colleges and state universities to annualize and support collective bargaining agreements
- \$103.3 million to sustain the MASSGrant Plus expansion and other financial aid to make four-year colleges and universities tuition- and fee-free for Pell-eligible students, while halving out-of-pocket costs for middle-income students
- \$38 million for SUCCESS funding, including \$14 million for community colleges, \$14 million for state universities, and \$10 million for the UMass system. SUCCESS uses include peer mentoring, academic skills workshops, addressing food insecurity, and academic, career and scholarship advising to improve graduation rates, particularly for historically underserved students.

Transportation

The Healey-Driscoll administration is focused on delivering a transportation system that people can rely on every day—one that keeps communities connected, supports economic activity, and improves quality of life across the Commonwealth. The House 2 budget reflects this commitment by recommending \$2.8 billion in total transportation funding to advance a safe, reliable, and efficient system. This proposal includes \$1.4 billion in sales tax revenue for the Massachusetts Bay Transportation Authority (MBTA) and \$875 million in Fair Share revenues to support critical operating needs at the MBTA, MassDOT, and Regional Transit Authorities (RTAs). These investments are intended to stabilize MBTA operations, improve service for riders, and advance key initiatives across MassDOT's four divisions: Aeronautics, Highway, Rail and Transit, and the Registry of Motor Vehicles. This year's proposal also establishes a progressive design-build project delivery method pilot program for 14 infrastructure projects as identified by MassDOT and the MBTA.

Regional Transit Authorities

The House 2 budget recommendation includes investments to strengthen the work of the Commonwealth's 15 Regional Transit Authorities (RTAs), which provide residents with affordable and equitable access to jobs, education, and community resources. RTAs disproportionately serve lower-income and minority populations, while also offering targeted support for older adults and people with disabilities.

The Healey-Driscoll administration proposes \$217.5 million in House 2 for RTAs to ensure fare equity and sustain services. This is in addition to RTA funding in the Fair Share supplemental budget bill that the Administration is filing alongside House 2. These investments promote regional equity, rider affordability, and climate-friendly transportation options throughout the

Commonwealth. Notably, RTAs are now offering night and weekend service for the first time in history, with FY25 ridership up 20 percent compared to the previous year.

Key funding components include:

- \$94 million to maintain the historical annual operating transfer to RTAs.
- \$66 million in supplemental State Contract Assistance to expand service hours, operate weekend service, and enhance routes and other operational improvements.
- \$35 million for a grant program supporting RTAs in providing systemwide, year-round fare-free transit.
- \$10 million for a grant program to support RTAs in creating or modifying routes that improve connectivity between existing public transportation networks, including RTA and MBTA services.
- \$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 seniors, people with disabilities, and low-income individuals while supporting mobility management expenses, operations, and capital investments.

MBTA

In House 2, the Healey-Driscoll Administration proposes a \$1.9 billion investment in the MBTA. This is made up of a \$1.4 billion sales tax transfer and \$470 million in annual operating support from Fair Share revenues. The proposed Fair Share investments in House 2 will maintain investments made in previous years, including for the Income-Eligible Fare Relief program, MBTA Academy, and water transportation. The Fair Share supplemental budget bill the Administration is filing alongside House 2 proposes an additional \$644.7 million for the MBTA, including \$523 million to replenish the MBTA's operating reserve. Taken together, the proposed investments in House 2 and the supplemental budget will fully address the MBTA's projected operating deficit in FY27.

In recent years, the MBTA has successfully implemented new hiring and retention initiatives and adopted advanced technology to help deliver results on the Healey-Driscoll administration's ambitious public transportation agenda. The MBTA has also experienced several challenges that have caused operating costs to increase faster than available sources of revenue, including growing costs of constructing and maintaining infrastructure, and ridership that continues to lag behind pre-pandemic levels. The administration's proposed investments in the MBTA will help stabilize these trends, while parallel management initiatives aim to bring riders back, improve the rider experience, and increase safety and reliability.

Investments supported in FY27 will facilitate continued improvements in rail, bus, and ferry service. Since FY23, average weekday trips have increased by 91 percent and 67 percent, respectively, on the orange and red lines, dropped trips on buses have decreased by 88 percent, and the number of ferry routes operated by the MBTA has increased by 50 percent.

Ridership on the commuter rail has nearly recovered to pre-pandemic levels, reaching 99 percent in November.

Massachusetts Department of Transportation (MassDOT)

The House 2 budget also supports core MassDOT operations at \$645 million, including \$85 million in funding for snow and ice removal based on the five-year average of actual costs. This approach ensures we are prepared to maintain safe roadway conditions during winter storms, which are becoming more frequent and severe due to the impacts of climate change. Along with resources in the FY26 Fair Share supplemental budget filed alongside House 2 , the administration's legislative package will also help develop a pipeline for skilled workers, in particular civil engineers, to ensure the state has the people it needs to deliver safe, reliable, timely capital improvements.

The Healey-Driscoll Administration continues to strengthen and expand its commitment to a transportation system that is safe, dependable, and resilient—one that serves residents, visitors, and businesses, and enhances the quality of life for everyone who travels through Massachusetts.

Economic Development

Entering its fourth year, the Healey-Driscoll Administration is building on the momentum of its economic development agenda, *Team MA: Leading Future Generations*, by implementing the 2024 *Mass Leads Act* and delivering early returns on the historic nearly \$4 billion investment. As a result, Massachusetts is positioned for continued success in emerging fields such as applied artificial intelligence (AI) and climatetech, while reinforcing the Commonwealth's global leadership in life sciences.

As part of the next phase of implementation, The Executive Office of Economic Development (EOED) is continuing to deploy capital investments and tax incentives authorized under *Mass Leads*, while also laying the groundwork in FY27 for new priority initiatives that will further strengthen Massachusetts's economy. Together, these investments and initiatives are driving job creation, supporting business growth, expanding workforce development opportunities, and deepening support for rural and regional economic development across the state.

As outlined in the 2023 economic development plan, the Executive Office of Economic Development's strategic vision is organized around three priority areas of focus:

- Fundamentals – investing in the fundamentals to enable economic growth
- Talent – retaining and attracting the world's best talent across all backgrounds
- Sectors – supporting businesses that power the state's economy

This framework guided the development of the *Mass Leads Act* and informs the development of both the operating and capital budgets for EOED.

House 2 recommends allocating \$131.8 million to the Executive Office of Economic Development. This includes:

- \$10 million for an operating transfer to the Massachusetts Life Sciences Center (MLSC) to execute the state's life sciences strategy and deploy the capital investments from *Mass Leads*
- \$5 million for Small Business Technical Assistance (SBTA), enabling small businesses to grow and scale across the state. This effective program leverages a robust statewide network of nonprofit organizations to offer technical assistance, education, and access to capital for small businesses, particularly minority-owned businesses.
- \$3.5 million for programming at MassTech Collaborative to support the innovation economy and key areas like advanced manufacturing.
- \$1 million for the Innovation Voucher Program, to provide small and medium-sized businesses access to leading-edge research facilities at reduced rates
- \$1 million for a Social Enterprise grant program to complement funding from the capital budget and contribute to economic growth in low-income communities

Workforce and Tourism Investments

House 2 includes \$10 million for the Community Workforce Partnerships Program to support locally-driven workforce initiatives that align training, education, and employer needs, connect residents to jobs, and expand community-defined opportunities in municipalities facing disproportionate economic challenges, including high rates of poverty and criminal justice system involvement. This new program reflects the evolution of Urban Agenda and the Community Empowerment and Reinvestment Grant program by incorporating and building on their most successful elements.

In FY27, the Tourism Trust Fund will also be utilized to support a range of initiatives that promote Massachusetts as a premier destination for visitors and a competitive hub for global business. EOED projects the following investments:

- \$7.5 million for the Regional Tourism Councils around the state
- \$5 million for the Massachusetts Office of Travel and Tourism to support statewide tourism promotion, domestic and international marketing efforts, MA250, and the Governor's Conference on Tourism.
- \$400,000 for the Massachusetts Office of International Trade Investment to advance global trade opportunities and attract international businesses to expand and invest in the Commonwealth.

FY27 presents a challenging fiscal climate, which demands more creativity and flexibility to sustain these efforts. House 2 recognizes that need with strategic policy provisions including statutory modifications to the Workforce Investment Trust Fund (WITF) to allow for more flexible use of the WITF to support a wider range of workforce programs and ensure the state

can continue to support critical workforce programming despite pressures on the General Fund.

Local and Regional Economic Development

House 2 reinforces the administration's priority of supporting local and regional economic development. The budget proposes allocating \$1 million in operating support for Regional Economic Development Organizations (REDOs) to strengthen regional efforts to grow and retain businesses.

The Healey-Driscoll Administration's House 2 budget recommendation also continues to support the Business Front Door, an online, one-stop platform which has made it easier than ever for businesses to access more than \$250 million in statewide resources across 50 programs.

Supported by House 2, the Director of Rural Affairs continues to serve as the administration's dedicated advocate and resource for rural communities. Building on the *Mass Leads Act*, the Healey-Driscoll Administration is continuing to support rural communities through the Rural Development Fund and the targeted deployment of resources to rural communities.

The budget also recommends increased resources for the Office of Consumer Affairs and Business Regulation to support fair, consistent oversight and promote confidence for consumers and businesses across the Commonwealth.

In FY27, the Healey-Driscoll Administration will continue to invest in business growth through expanded and modernized tax incentive programs authorized by the *Mass Leads Act*. These incentives are designed to attract private investment, support innovation, and drive job creation across key sectors, including:

- \$40 million for the Life Sciences Tax Incentive Program, maintaining the \$10 million increase advanced last year via *Mass Leads Act*.
- \$30 million for the new refundable climatetech tax credit to support research and development, manufacturing, and deployment.
- \$30 million for the recently reformed Economic Development Incentive Program (EDIP) Tax Credit to allow larger refundable awards, broader eligibility, and stacking with certain incentives.
- \$7 million for the Live Theater Tax Credit, enabling it to continue in its second year to support qualifying live theater productions.

Labor and Workforce Development

Building a strong workforce across Massachusetts is essential to driving economic competitiveness, supporting affordability, and advancing equity. The Healey-Driscoll Administration is committed to reducing barriers to employment, developing a strong talent

pipeline, and increasing productivity and talent retention. House 2 investments focus on advancing effective workforce strategies to attract, retain, and develop talent for in-demand sectors and industries statewide.

Key proposed investments include:

- \$15.4 million to support summer and year-round youth employment through the YouthWorks program, which offers employment opportunities for youth and young adults and provides essential skills and experience combined with exposure to new and exciting career pathways.
- \$8 million to train unemployed and underemployed jobseekers for in-demand occupations through the Workforce Competitiveness Trust Fund.
- \$3.3 million to leverage registered apprenticeship as a career pathway for untapped talent in growing industries like the life sciences, early childhood education, health care, and the building trades.

House 2 also recommends:

- Reform the youth employment permitting process to increase and utilize modern technology that will eliminate barriers to safe job opportunities.
- Establish 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.
- Maintain funding for the Healthcare Worker Training, AFL-CIO Workforce Development programs, and Young Adults with Disabilities.

Health and Human Services

The Executive Office of Health and Human Services (EOHHS) works to promote health, equity, economic mobility, and independence for all individuals, families, and communities throughout the Commonwealth. EOHHS directly serves nearly one in three Massachusetts residents with programs and services delivered across 11 agencies and the MassHealth program.

The FY27 House 2 budget recommends \$10.53 billion in funding for EOHHS, excluding MassHealth – a \$315.9 million (3 percent) increase over the FY26 GAA. House 2 prioritizes preserving and maintaining existing support for core programs due to the state's challenging fiscal realities and unprecedented spending pressures associated with demand for services, an aging population, and cost growth.

This budget proposal reflects the Healey-Driscoll Administration's commitment to health equity and access to care; maternal and reproductive health care; and unwavering support for Massachusetts's children, families, and people with disabilities.

MassHealth

MassHealth, the Commonwealth's Medicaid and Children's Health Insurance Program (CHIP), provides coverage of health care and related critical services to over 2 million members, including over 45 percent of Massachusetts children and over 70 percent of Massachusetts residents receiving nursing facility services.

MassHealth faces significant budget challenges in FY27. Per member per month spending is increasing at double-digit percentages in long-term services and supports, prescription drugs, and outpatient behavioral health. At the same time, the impact of federal government cuts to Medicaid will further destabilize an already strained health care system. Given these tensions, FY27 House 2 proposes measured steps to mitigate spending growth while bridging to FY28. MassHealth will:

- Continue to proactively expand program integrity initiatives
- Institute a moratorium on all provider rate increases or program expansions not required by law
- Make targeted benefit reductions that bring MassHealth in line with peer states and commercial payors
- Implement one-time measures that bridge to FY28, enabling policy development and stakeholder engagement.

Over the next 18 months, MassHealth will engage partners to achieve the dual mandates of sustaining coverage and benefits, while ensuring we can continue to afford the MassHealth program in the long term.

Investing in Our Future: Children, Youth, and Families

EOHHS agencies deliver care to the most vulnerable children and adolescents in the Commonwealth, particularly through the Department of Children and Families (DCF) and the Department of Youth Services (DYS). House 2 recommends aligning DCF's programmatic line-items with the agency's caseload trends from 2016-2025 while maintaining recent investments including an eight-bed expansion of Emergency Residence/Intensive Emergency Residence (ER/IER) services. The budget proposes a 3 percent increase for supports to DCF foster parents, raising the average daily reimbursement rate to \$38.83. This increase 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

Massachusetts is a national leader in maternal health and reproductive health care, with innovative investments in health equity, health-related social needs, and perinatal mental health. Building on the historic progress already made under the Healey-Driscoll administration, House 2 for the first time fully funds the implementation of the Maternal Health Law, including the new Universal Home Visiting System and Fetal & Infant Mortality Review

Program. These initiatives ensure that Massachusetts remains a leader in advancing maternal health equity and care.

Caring for an Aging Massachusetts Population

Older adults, particularly those 85 and up, represent the fastest growing age demographic in the state. This has contributed to heightened demand for services through the Executive Office of Aging & Independence (AGE), which supports more than 76,000 older adults through its programs, including 21,000 who are either nursing home eligible or at immediate risk of becoming so. The major AGE programs –Home Care Basic, Enhanced Community Options (ECOP), and Community Choices – make it possible for more older adults to remain in their communities rather than in nursing homes, enabling more independence and lower cost of care.

The FY27 budget recommendation supports unprecedented caseload growth for the older adult population in Massachusetts 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.

Maintaining Economic Empowerment and Resilience

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. House 2 maintains the critical administrative and IT infrastructure necessary to deliver TAFDC, EAEDC, and SNAP benefits to one in six Massachusetts residents at greater state cost in FY27 following changes in the *One Big Beautiful Bill Act*. Other notable proposals for DTA include:

- Sustaining the 10 percent benefit increase to TAFDC and EAEDC implemented in April 2025
- Restructuring the TAFDC Earned Income Disregard policy to better preserve clients' eligibility for SNAP benefits during periods of rising income

Empowering Individuals with Disabilities

This budget proposal supports the largest ever Turning 22 class, which serves transition-age young adults with disabilities as they leave special education services and transition to adult services offered through the Department of Developmental Services (DDS), MassAbility, and the Massachusetts Commission for the Blind (MCB). An estimated 1,475 individuals will become age-eligible for DDS services in FY27, an increase of 103 individuals (8 percent) over the FY26 class. This growth reflects the rising clinical need for services available to neurodiverse individuals, including those with Autism Spectrum Disorder (ASD) and Intellectual Disabilities (ID).

MassAbility also continues to empower a growing number of young people to explore career and training possibilities, new options for home and community life, and legal rights and benefits.

Supporting the Human Services Workforce

The direct care workforce in Massachusetts has undergone significant strain in recent years. EOHHS is working with its agencies, the Workforce Skills Cabinet, and other partners throughout the state to mitigate workforce challenges within the health care and human services sectors. House 2 recommends maintaining Chapter 257 rates benchmarked to the 53rd percentile of Bureau of Labor Statistics (BLS) salaries, consistent with FY24-26. House 2 includes \$175 million for these costs in FY27, funded through the Chapter 257 reserve.

Veterans

The Healey-Driscoll Administration remains firmly committed to ensuring that Massachusetts veterans and their families receive reliable, high-quality services and care. The FY27 House 2 budget proposal builds on this commitment by preserving core veteran benefits, strengthening long-term care operations and readiness, and fully implementing the *HERO Act*, while advancing targeted investments that support workforce development and economic stability for veterans statewide.

House 2 proposes \$210.9 million for the Executive Office of Veterans Services (EOVS), representing a \$9.3 million or 4.6 percent increase over the FY26 GAA. This investment prioritizes the delivery of essential benefits, programs, and services, while supporting responsible growth in long-term care operations. It also advances systems and staffing improvements that ensure veterans receive timely, equitable, and accountable services across the Commonwealth, with a particular focus on readiness and service delivery at the Massachusetts Veterans Homes at Chelsea and Holyoke.

The FY27 budget proposal supports veteran programs that provide direct financial assistance through Chapter 115, strengthens housing stability and outreach efforts, including continued coordination to prevent and end veteran homelessness, maintains the Massachusetts Veterans Cemeteries at Agawam and Winchendon, and supports modern clinical and administrative systems at the Massachusetts Veterans Homes at Chelsea and Holyoke. The proposal also advances access to education, employment, and training opportunities that help veterans and their families build long-term economic stability.

Highlights of FY27 investments include:

- Expansion of Veteran Education and Workforce Pathways, which establishes funds for a new Veteran Education, Employment, and Training account to strengthen pathways to education, credentials, and meaningful employment that supports veterans' competitiveness in today's workforce.

- Preservation of the Veteran Safety Net to maintain funding for Chapter 115 benefits and other essential assistance programs, ensuring veterans and their families continue to receive timely, needs-based financial support during periods of economic uncertainty.
- Full Implementation of the *HERO Act* with a \$3.2 million increase to support the delivery of annuity payments driven by expanded eligibility and continued growth, delivering on commitments to disabled veterans, Gold Star families, and surviving spouses.

The Healey-Driscoll Administration continues its focused investment on both the Massachusetts Veterans Homes at Chelsea and Holyoke, expanding readiness, quality of care, and fiscal stewardship. House 2 proposes \$45.96 million for the Massachusetts Veterans Home at Chelsea, supporting collective bargaining agreements, standard payroll adjustments, and rising operational costs, while reflecting efficiencies associated with the phased opening of remaining units and increased revenue as additional beds become available.

House 2 invests \$39.84 million in the Massachusetts Veterans Home at Holyoke to support operational and administrative readiness for the opening of the new Community Living Center (CLC). These funds support staffing, infrastructure, service agreements, and inflationary operational costs tied to a coordinated, phased opening expected to begin in the fall of 2026. The new state-of-the-art CLC will significantly expand long-term care capacity for veterans in Massachusetts and reflects a deliberate approach that prioritizes quality care, safety, and long-term sustainability.

Energy and Environment

Lowering Energy Costs and Supporting Overburdened Communities

The FY27 budget advances the Healey-Driscoll Administration's energy affordability agenda by ensuring Massachusetts can implement recently enacted reforms while protecting ratepayers and expanding access to clean, reliable energy.

Administered by the Executive Office of Energy and Environmental Affairs (EEA), the Administration's affordability agenda is bringing more energy into Massachusetts, getting costs off bills, increasing oversight of spending, and streamlining siting, permitting, and interconnection. Following the enactment of *An Act Promoting a Clean Energy Grid, Advancing Equity, and Protecting Ratepayers* in 2024, the budget continues to support implementation of major reforms to Massachusetts's energy siting and permitting framework. The law establishes a more transparent and timely review process for large-scale clean energy infrastructure, while expanding public participation and explicit consideration of environmental justice and equity impacts. These reforms strengthen interagency coordination to reduce delays while maintaining rigorous environmental and safety standards. The Governor's operating budget ensures staff are in place to implement these new programs.

Finally, the budget continues funding for the Massachusetts Clean Energy Center (MassCEC) to advance climate technology deployment and workforce development. These funds support

innovation and job training in high-growth clean energy sectors, helping Massachusetts remain competitive while building a skilled workforce to support the clean energy transition.

Protecting Our Land, Water, Air and Food Systems

The FY27 budget sustains core environmental and natural resource protections that safeguard public health, preserve ecosystems, and ensure all residents can safely enjoy Massachusetts's outdoor spaces.

The budget 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. DCR staffing investments ensure that the Commonwealth's parks, forests, beaches, trails, rinks, pools, and campgrounds remain open, safe, and accessible. The budget also funds the Massachusetts Environmental Police (MEP) force, responsible for enforcing fish and wildlife laws, boating and recreational safety, and environmental statutes across state lands and waterways. In 2025, the Healey-Driscoll 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 will 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 as filed in Governor Healey's *Mass Ready Act*.

Finally, the budget provides \$55 million for the Massachusetts Emergency Food Assistance Program (MEFAP), which supports food banks and community organizations in providing tens of millions of meals annually to residents facing food insecurity, strengthening the Commonwealth's food system while addressing urgent household needs.

Resilience and Environmental Justice

The FY27 budget continues the Healey-Driscoll Administration's commitment to protecting and preparing Massachusetts residents for extreme weather events. Flooding, coastal erosion, heat waves, drought, wildfires, and other climate impacts increasingly threaten our residents' health, infrastructure, and natural resources. House 2 scales investments to strengthen community resilience as these impacts intensify.

To ensure equitable access to environmental benefits and public services, the budget includes \$4.7 million to advance environmental justice (EJ) in Massachusetts. This funding supports implementation of the EJ Strategy, expanded access to public processes through language translation and interpretation services, training and technical assistance, implementation of cumulative impact analysis, a mapping tool, community benefit plans/agreements, and engagement with tribes and indigenous communities. The funding also supports environmental

justice capacity-building grants that help communities meaningfully engage in permitting, planning, and climate, resilience, mitigation, energy and environmental initiatives.

The budget ensures that EEA and its agencies have the staffing and technical capacity necessary to coordinate, administer, and deliver climate resilience projects statewide. House 2 allocates \$4.4 million in climate funding to support the implementation of projects across multiple state funding sources, including:

- \$24 million through the Municipal Vulnerability Preparedness (MVP) Program to support municipalities in assessing climate risks and advancing shovel-ready resilience projects.
- \$24 million under the ResilientMass Plan to advance a whole-of-government approach to reduce climate risk across transportation, housing, energy, natural resources, and public health.
- The newly released ResilientCoasts Plan, to address sea-level rise, storm surge, and coastal erosion through regional planning, nature-based solutions, and infrastructure adaptation.

House 2 also maintains targeted technical assistance investments that help municipalities address critical public safety and infrastructure risks, including \$2 million for culvert and small bridge technical assistance to reduce flood risk and \$1 million for dam safety technical assistance to support inspections, emergency action planning, and compliance with dam safety regulations.

Criminal Justice and Public Safety

The Healey Driscoll administration's FY27 budget proposal prioritizes essential public safety services to ensure the Commonwealth continues to deliver in keeping residents and visitors safe. The \$1.7 billion budget proposed for the Executive Office of Public Safety and Security (EOPSS) represents a \$69.7 million (4 percent) increase above the FY26 GAA, driven by the cost of ratified collective bargaining agreements.

The House 2 budget recommends funding the Massachusetts State Police at \$570.8 million, a \$17.7 million (3 percent) increase over FY26. The budget proposes \$10.4 million to fund 175 new recruits in the 94th Recruit Training Troop (RTT) and continued support for the cadet program to maintain a pipeline of highly trained troopers to serve the Commonwealth in keeping our communities safe. The Massachusetts State Police has recently implemented a comprehensive effort to enhance recruit training to ensure the highest standards of safety and effectiveness. This effort includes appointing new academy leadership, completing an hour-by-hour review of the training curriculum, and commissioning the International Association of Chiefs of Police to conduct an independent assessment of the academy.

The House 2 budget recommends maintaining \$22.7 million in grant funding. These grants, managed by the EOPSS Office of Grants and Research, solidify the state's commitment to

working with our municipal and nonprofits partners on violence prevention, reentry services, protecting nonprofits from security risks, and more. The FY27 budget proposal includes:

- \$10 million for the Charles E. Shannon Jr. Community Safety Initiative.
- \$6.9 million for the Emerging Adult Reentry Services grant program.
- \$4.6 million for the Nonprofit Security grant program.
- \$1 million for the Project Safe Neighborhood initiative.
- \$100,000 for human trafficking prevention.

Additional public safety initiatives and policy proposals include:

- Funding to support gun reform implementation at the Department of Criminal Justice Information Services.
- Continued support for the EOPSS paid summer internship program which provides accessible, equitable pathways to careers in public safety.
- Sustained funding for the Commonwealth's nation-leading Active Shooter Hostile Event Response (ASHER) training program.

Technology and Cybersecurity

Over the last three years, the Healey-Driscoll administration has made significant investments in the state's technology enterprise, administered by the Executive Office of Technology Services and Security (TSS). The administration's House 2 budget proposal recommends further supporting the state's technology infrastructure by directly appropriating \$60.3 million to TSS, distributed to align with a vision of providing accessible, simple, and secure digital experiences and reflecting the critical role that technology plays in the delivery of government services.

Funding in House 2 will further enable TSS to mature its Data Innovation and Analytics Office. This office leads the Commonwealth's enterprise data and analytics strategy, to make government more effective, transparent, and equitable. It facilitates interagency data sharing and supports an enterprise approach to data through shared data pipelines and replicable processes.

Supported by the passage of Governor Healey's *FutureTech Act*, TSS continues to enhance the digital experience for residents, anchored by the MyMassGov login that over 2 million residents now use to seamlessly access state services with a single, secure sign-on. The site has averaged 4.4 million sign-ons each month. This year, TSS worked with the Registry of Motor Vehicles (RMV) to create a Virtual Assistant chatbot, leveraging Generative Artificial Intelligence (AI) to help people get answers easily and quickly. First launched on RMV webpages in April 2025, the Virtual Assistant helped people learn about upgrading to a REAL ID before the May 7, 2025, deadline. Today, it can also answer questions about licenses, vehicle registrations, and more, handling about 1,500 conversations a day.

The FY27 budget proposal supports information technology modernization and hardware maintenance to enable continuous renewal and improvement in the delivery of services and solutions. The budget recommendation prioritizes protecting the Commonwealth's information technology systems and data. With cybersecurity investments contained in House 2, TSS will continue to implement single sign-on and multi-factor authentication across Commonwealth systems to reduce risk of incidents stemming from password compromise. House 2 also advances the state's cybersecurity priorities by including \$1.4 million for state matching funds for the State and Local Cybersecurity Grant Program (SLCGP).

TSS is committed to operational excellence and efficiency through the centralized management of information technology standards, infrastructure, and service delivery. TSS has provided centralized leadership in safely adopting responsible AI to improve government functions and service delivery. By requiring AI use and development in a secure sandbox environment, the state ensures that no sensitive data can be used to train public AI models. Protocol dictates that after a resident-centric use case has been developed, the AI Center of Enablement at TSS reviews the proposal. This provides another layer of accountability to ensure that any AI risks are mitigated and aligned with TSS standards.

The FY27 budget facilitates the investments that allow TSS to continue to advance state government AI adoption through centralized guidance, secure solutions, and partnerships with higher education.

Conclusion

Massachusetts has it all—a rich history and legacy of leadership, vibrant communities, natural beauty and outdoor spaces from the coast to the mountains, world-class education and health care, and a robust business sector. With House 2, the Healey-Driscoll Administration has proposed a balanced, responsible spending plan that builds on these strengths and continues addressing the state's biggest challenges. By advancing the administration's affordability agenda, protecting critical state programs, and supporting investments in the services that residents rely on, House 2 provides a blueprint for Massachusetts to continue to thrive in the year ahead.

