

## **FY25 Budget Agreement Background**

This budget agreement – rooting in responsible fiscal planning – is the result of weeks of positive and productive discussions that moves Massachusetts forward on a sustainable path.

### **Topline**

- \$58 billion spending plan, a \$2 billion increase (3.5% increase) over the Fiscal Year 2024 (FY24) General Appropriations Act (GAA)
  - FY25 Conference Report (\$58.034B) vs. GOV (\$58.071B)
  - Roughly \$40 million less than GOV budget.
    - This spending recommendation is based on a tax revenue estimate of \$41.5 billion for FY25, which is \$208 million less than revenues assumed in the FY24 GAA.
    - It does NOT raise taxes.
    - It does NOT draw down available reserves - i.e Stabilization Fund or Transitional Escrow Fund.
  - The FY25 budget continues our commitment to plan for the future and grows the Rainy-Day Fund balance to an anticipated balance of roughly \$9 billion at the close of FY25.
- **Delivers Free Community College - Permanently enshrining free community college into law** in an affordable, sustainable, and prudent manner, ensuring no federal dollars will be left on the table.
  - **\$117.5 million investment** to support free community college across the Commonwealth, covering tuition and fees for students; and provide necessary supports for students.
- **Delivers on the Senate’s EARLY ED Act and significant early ed investments**
  - **Over \$1.5 billion investment in early education and care --**
    - **\$475 million for the Commonwealth Cares for Children (C3) grants;** FY25 is the second fiscal year in a row which the annual state budget includes a full year of funding for C3 grants, signaling a historic commitment to maintain this crucial lifeline for our early education and care sector.
      - \$175 million from Fair Share
      - \$200M from the High-Quality Early Education & Care Affordability Fund
      - \$100M from the newly established Early Education and Care Operational Grant Fund, which is funded with revenues generated thru Online Lottery.
  - **Codifies most of the provisions from the Senate’s EARLY ED Act, including making the C3 program permanent,** ensuring we direct more funds from the C3 program to early education and programs that serve children receiving childcare subsidies from the state and youth with high needs.

### **Fair Share Investments**

- \$1.3 billion as agreed upon during Consensus Revenue
  - 59% Education (\$762M)/41% Transportation (\$538M)
  - Compared to GOV 58% Education/42% Transportation
- **Education**
  - **\$175 million for the Commonwealth Cares for Children (C3) program,** which is matched with \$300 million in funds from the High-Quality Early Education & Care Affordability Fund and the newly established Early Education and Care Operational Grant Fund for a total investment of \$475 million.
  - **\$117.5 million for free community college across the Commonwealth.**
  - **\$80 million to expand financial aid programs** for in-state students attending state universities through MASSGrant Plus, which is in addition to the \$175.2M for scholarships funded through the General Fund.

- **\$65 million for early education and care provider rate increases**
- **\$20 million** for early literacy initiatives.
- **\$5 million** for the CPPI Pre-K Initiative, matching \$17.5 million in funds from the General Fund, for a total of \$22.5M to support the expansion of universal pre-kindergarten, including in Gateway Cities.
- **Transportation**
  - **\$250 million for the Commonwealth Transportation Fund (CTF)**, which will leverage additional borrowing capacity of the CTF and increase investments in transportation infrastructure by \$1.1 billion over the next 5 years.
    - This \$250 million includes:
      - \$127 million to double operating support for the MBTA.
      - \$63 million in debt service to leverage additional borrowing capacity.
      - \$60 million in operating support for MassDOT.
  - **\$110 million for Regional Transit Funding and Grants** to support the work of Regional Transit Authorities (RTAs) that serve the Commonwealth, which **together with General Fund spending funds RTAs at \$204 million**. Fair Share funding includes:
    - \$30 million for systemwide implementation of fare-free transit service.
    - \$10 million for interconnections
  - **\$45 million** for Chapter 90 Roads and Bridges Supplemental Aid for cities and towns
  - **\$20 million** to support implementation of a low-income fare relief program at the MBTA.
  - **\$7.5 million** for water transportation, funding operational assistance for ferry services

### **Big On Education: Early Education and Care, K-12 and Higher Education**

- The FY25 budget goes big on the Commonwealth's education system; shaping policies to make education more accessible and by making significant investments in the education system from early education through higher education.
- **Delivers on Free Community College - Permanently enshrining free community college into law** in an affordable, sustainable, and prudent manner, ensuring no federal dollars will be left on the table.
  - **\$117.5 million investment** to support free community college across the Commonwealth, covering tuition and fees for students; and provide necessary supports for students.
- **Delivers on the Senate's EARLY ED Act and makes historic early ed investments**
  - **Over \$1.5 billion investment in early education and care --**
    - **\$475 million for the Commonwealth Cares for Children (C3) grants**; FY25 is the second fiscal year in a row which the annual state budget includes a full year of funding for C3 grants, signaling a historic commitment to maintain this crucial lifeline for our early education and care sector.
  - **Codifies a majority of the provisions from the Senate's EARLY ED Act, including making the C3 program permanent**, and ensure we direct more funds from the C3 program to early education and programs that serve children receiving childcare subsidies from the state and youth with high needs.
- **Keep our commitment to fully fund the Student Opportunity Act**

- **\$6.9 billion in Chapter 70 funding, an increase of \$319 million over FY24**, as well as **increasing minimum Chapter 70 aid from \$30 to \$104 per pupil**, delivering an additional \$37 million in resources to school districts across the state.

*Additional Education Items:-*

- **\$493.1 million** for the special education (SPED) circuit breaker.
- **\$99.4 million** to reimburse school districts for regional school transportation costs, representing a 85 per cent reimbursement rate.
- **\$18.5 million** for Head Start grants.
- **\$16 million** for rural school aid assistance.
- **\$6 million** for Social Emotional Learning Grants to help K-12 schools continue to bolster social emotional learning supports for students, including **\$1 million** to provide mental health screenings for K-12 student

*Regional Equity Focus - Supports ALL Regions and ALL 351 Cities and Towns*

The FY25 budget further demonstrates the Legislature’s ongoing commitment to partnerships between the state and municipalities, dedicating meaningful resources that touch all regions and meet the needs of 351 communities across the Commonwealth.

- **\$1.3 billion in funding for Unrestricted General Government Aid (UGGA), an increase of \$38 million over FY24**, to support additional resources for cities and towns.
- **\$204 million** for Regional Transit Authorities (RTAs) to support regional public transportation systems, including **\$110 million from Fair Share funds to support our RTAs that help to connect all regions of our Commonwealth.**
  - INCLUDING \$30 million for systemwide implementation of fare-free transit service and \$10 million for interconnection service.
- **\$113 million** for local housing authorities, which is a record level investment
- **\$53 million** for payments in lieu of taxes (PILOT) for state-owned land, an increase of \$1.5 million over FY24. PILOT funding is an additional source of supplemental local aid for cities and towns working to protect and improve access to essential services and programs during recovery from the pandemic.
- **\$52.4 million** for libraries.
- **\$45 million** for supplemental chapter 90 transportation aid
- **\$16 million** for rural school assistance.

*Health, Mental Health, Family Care – Protecting Access to Affordable and Comprehensive Health Care*

Investments in the FY25 budget allow more than 2 million people to receive continued access to affordable and comprehensive health care services. Health care investments include:

- **\$20.36 billion** for MassHealth, representing the largest investment made in the state budget, including funds to protect the Personal Care Attendant (PCA) program to prevent service reductions and maintain accessible eligibility thresholds.

- **\$2.9 billion** for a range of services and focused supports for people with intellectual and developmental disabilities.
- **\$622.4 million** for Department of Mental Health (DMH) adult support services.
- **\$390 million** for Chapter 257 rates to support direct-care providers across the continuum of care..
- **\$131.4 million** for children’s mental health services.
- **\$33.8 million** for Family Resource Centers to grow and improve the mental health resources and programming available to families.
- **\$30.9 million** for Early Intervention services, ensuring supports remain accessible and available to infants and young toddlers with developmental delays and disabilities.
- **\$29.6 million for grants to local Councils on Aging** to increase assistance per elder to \$15 from \$14 in FY 2024.
- **\$14.7 million** for maternal and child health, including **\$10.4 million for pediatric palliative care services for terminally ill children** and a policy adjustment to ensure that children up to age 22 can continue to be served through the program.
- **\$5.5 million** for Children Advocacy Centers to provide critical supports available to children that have been neglected or sexually abused.
- **\$2 million** for grants for improvements in reproductive health access, infrastructure, and safety

**Housing – Supporting a Humane, Responsible and Sustainable Approach to Housing Stability**

The FY25 budget **invests over \$1.1 billion** in housing, dedicating resources for housing stability, residential assistance, emergency shelter services, and homelessness assistance programs, ensuring the state deploys a humane, responsible, and sustainable approach to providing families and individuals in need with an access point to secure housing. Housing investments include:

- **\$325.2 million** for Emergency Assistance Family Shelters, in addition to the \$175 million in resources passed in the recent supplemental budget, to place the Commonwealth’s shelter system on a fiscal glidepath into FY25.
- **\$231.5 million** for the Massachusetts Rental Voucher Program (MRVP), including \$12.5 million in funds carried forward from FY24.
- **\$197.4 million** for Residential Assistance for Families in Transition (RAFT).
- **\$113 million** for assistance to local housing authorities.
- **\$27 million** for the Alternative Housing Voucher Program (AHVP), including \$10.7 million in funds carried forward from FY24, to provide rental assistance to people with disabilities.
- **\$10.5 million** for assistance for unaccompanied homeless youth.
- **\$8.9 million** for sponsored-based supportive permanent housing.
- **\$8.9 million** for the Home and Healthy for Good re-housing and supportive services program, including funding to support homeless LGBTQ youth

**The FY25 budget also includes important consumer protections provisions that would end the practice of home equity theft across the Commonwealth.** With this crucial step, we strike a balance to ensure equity is returned to homeowners and taxpayers, while municipalities will be made a whole and protected moving forward

### **Expanding and Protecting Economic Opportunities**

The budget includes a record investment in the annual **child's clothing allowance**, providing **\$500 per child for eligible families** to buy clothes for the upcoming school year. The budget also includes a **10 per cent increase** to Transitional Aid to Families with Dependent Children (TAFDC) and Emergency Aid to the Elderly, Disabled and Children (EAEDC) benefit levels compared to June 2024. Economic opportunity investments include:

- **\$496.2 million** for Transitional Assistance to Families with Dependent Children (TAFDC) and **\$183.2 million** for Emergency Aid to Elderly, Disabled and Children (EAEDC) to provide the necessary support as caseloads increase, and continue the Deep Poverty increases.
- **\$59.8 million** for **adult basic education services** to improve access to skills necessary to join the workforce.
- **\$42.4 million** for the Massachusetts Emergency Food Assistance Program.
- **\$15 million** in Healthy Incentives Programs to maintain access to healthy food options for households in need.
- **\$10.4 million** for Career Technical Institutes to increase our skilled worker population and provide residents access to career technical training opportunities.
- **\$10 million** for the Workforce Competitiveness Trust Fund to connect unemployed and underemployed workers with higher paying jobs.
- **\$10 million** for a Community Empowerment and Reinvestment Grant Program to provide economic support to communities disproportionately impacted by the criminal justice system.
- **\$5.4 million** for the Innovation Pathways program to continue to connect students to training and post-secondary opportunities in STEM fields.

### **Policy Provisions**

- Finally, the FY25 budget agreement includes provisions that:-
  - Address antisemitism by
    - Creating a special commission on combatting antisemitism in the commonwealth
    - Requiring DESE to provide school districts with curriculum on how to confront antisemitism and professional development and trainings on antisemitism, ethnic, racial and religious hate, and discrimination
  - Tackle the longstanding issue of home equity theft.
  - Mandate insurance coverage for fertility preservation services.
  - Allow gender x options for birth certificates, driver's license, and ID's
  - And assess and study the feasibility of consolidating our state's correctional facilities experiencing decreasing incarceration rates and bed capacity.