

FY 2026 Senate Ways and Means Budget

May 6, 2025



Commonwealth Fiscal Overview – FY 2026

Consensus tax revenue agreement represents a \$907M or 2.2% increase from FY 2025.

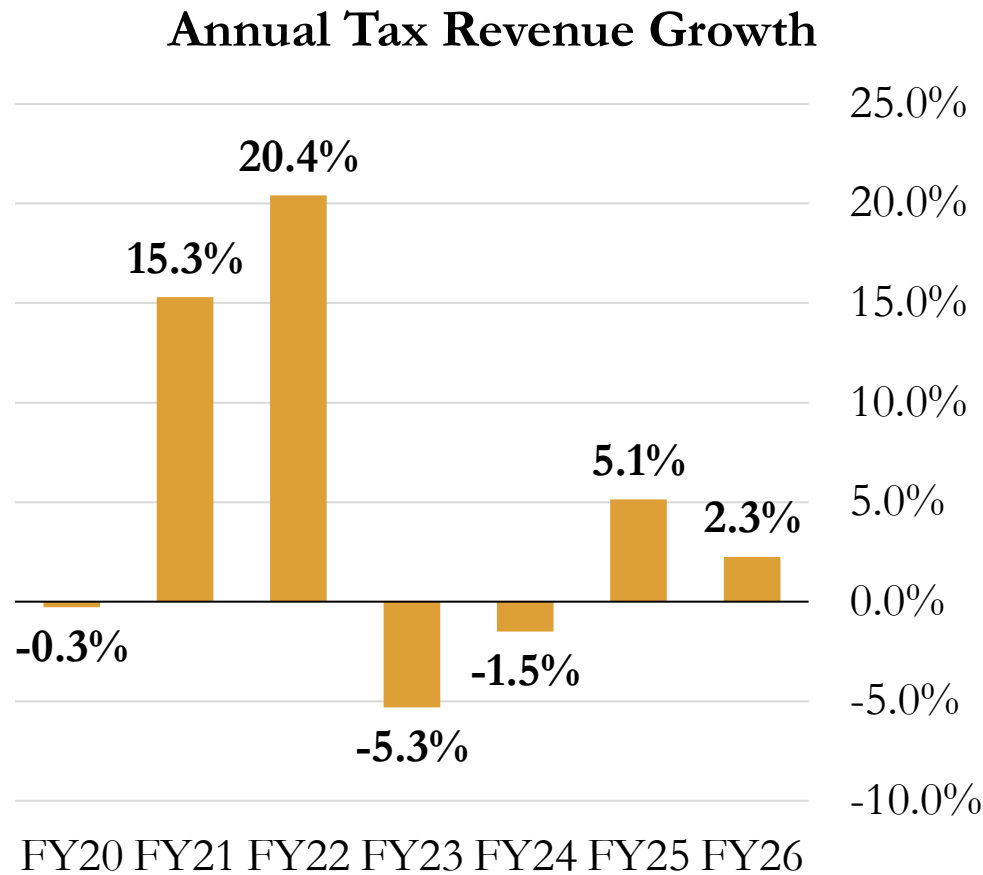
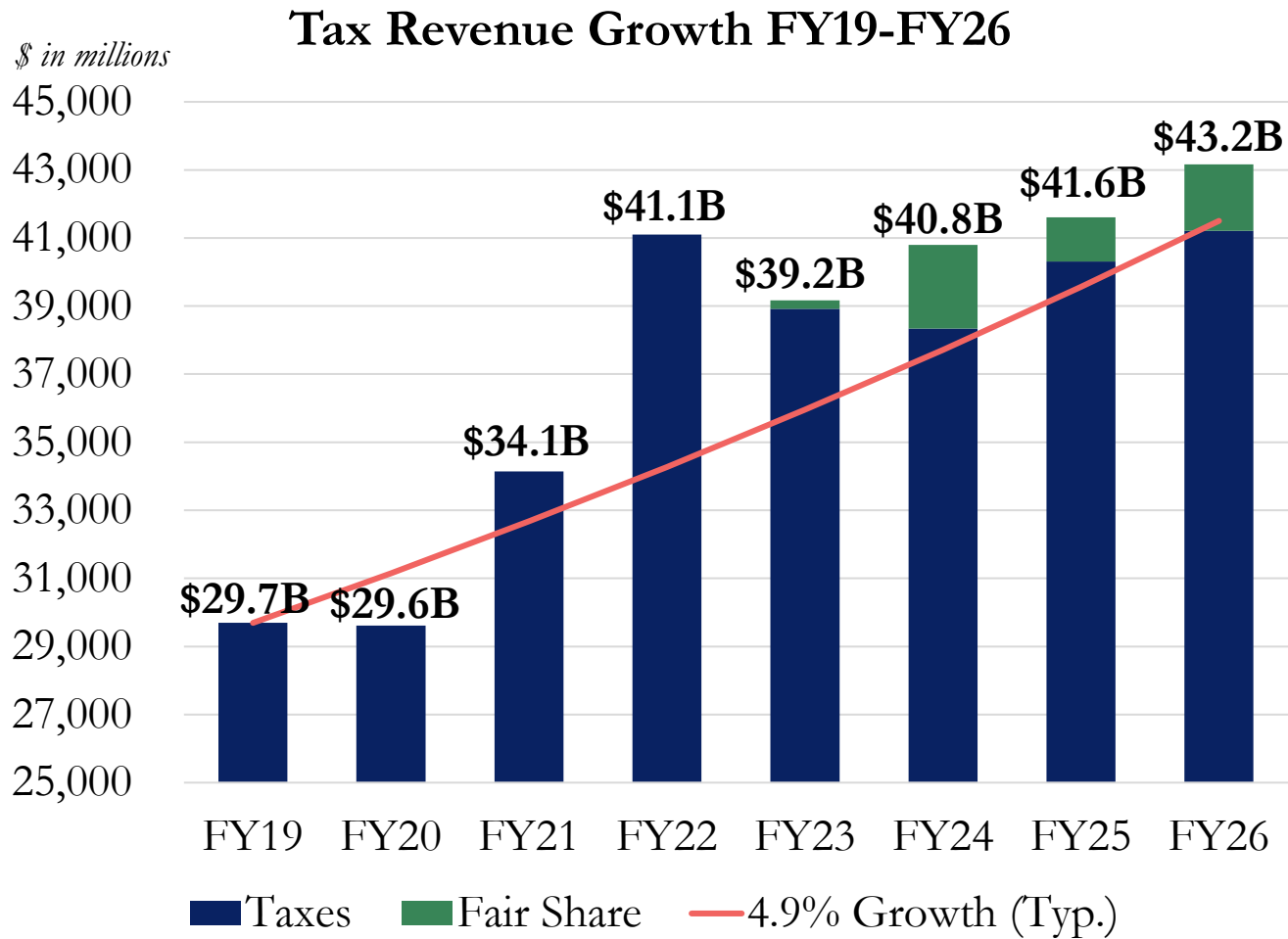
- Consensus revenue agreement, as required by M.G.L. c.29 §5B, was reached in January with the Administration and House
- FY 2026 revenues are responsibly estimated to grow only modestly compared to FY 2025's benchmarks.
- Total collections (excluding surtax) are estimated at \$41.2B in FY 2026.
- Fair Share surtax collections estimated to increase to \$2.4B in FY 2026 – with \$1.95B available for spending.
- Tax revenue estimates also include required off-budget transfers including:
 - \$4.9B to the pension fund
 - \$1.4B to the MBTA
 - \$1.3B to the MSBA

Tax Revenue Category (\$ in millions)	FY 2026 Estimate
Income	\$24,240
Sales	\$9,633
Corporate and Business	\$4,881
Other	\$2,460
Consensus Tax Revenue (excl. surtax)	\$41,214
Fair Share Surtax (Spending)	\$1,950
Total Consensus Tax Revenue	\$43,164



Revenue Trend

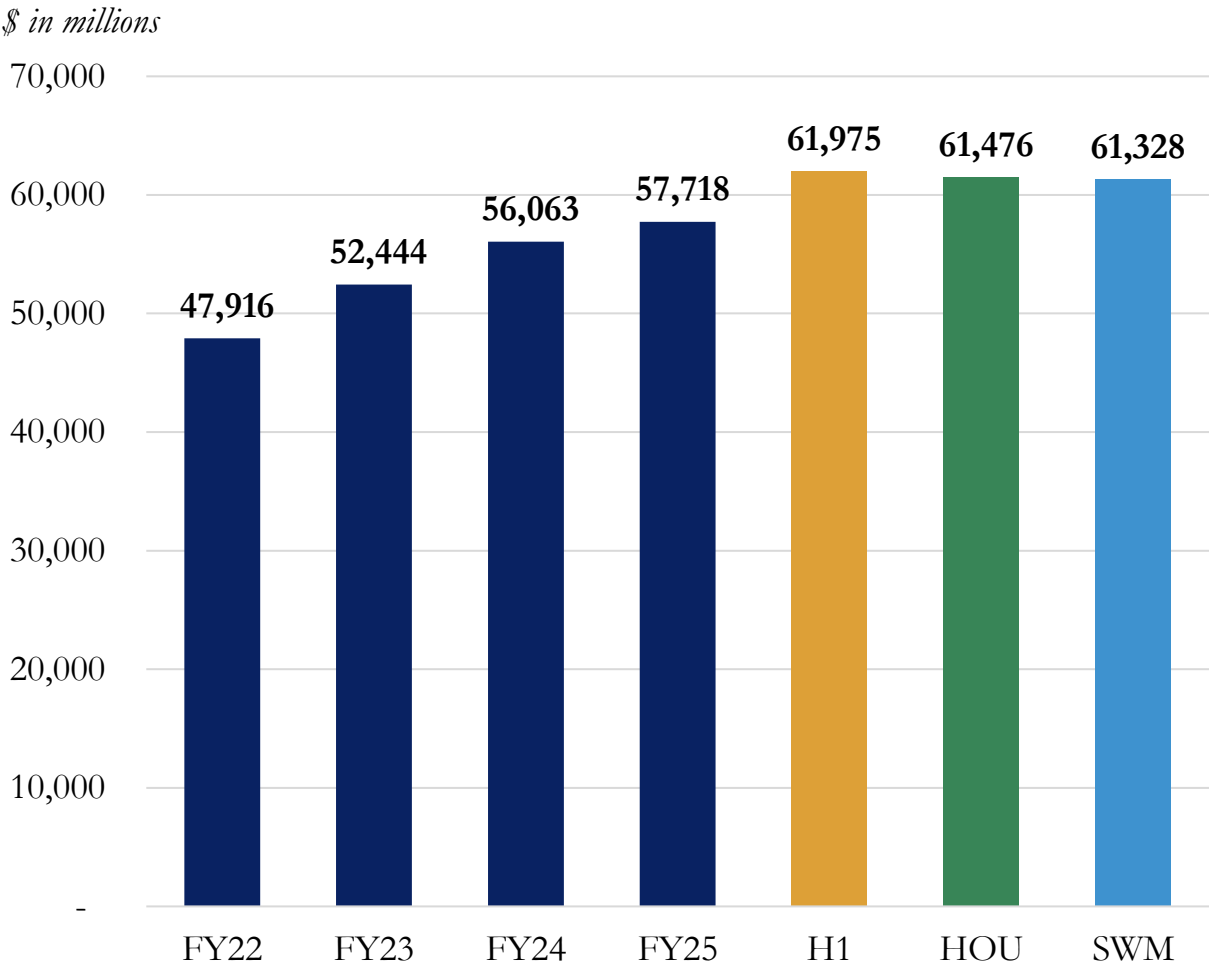
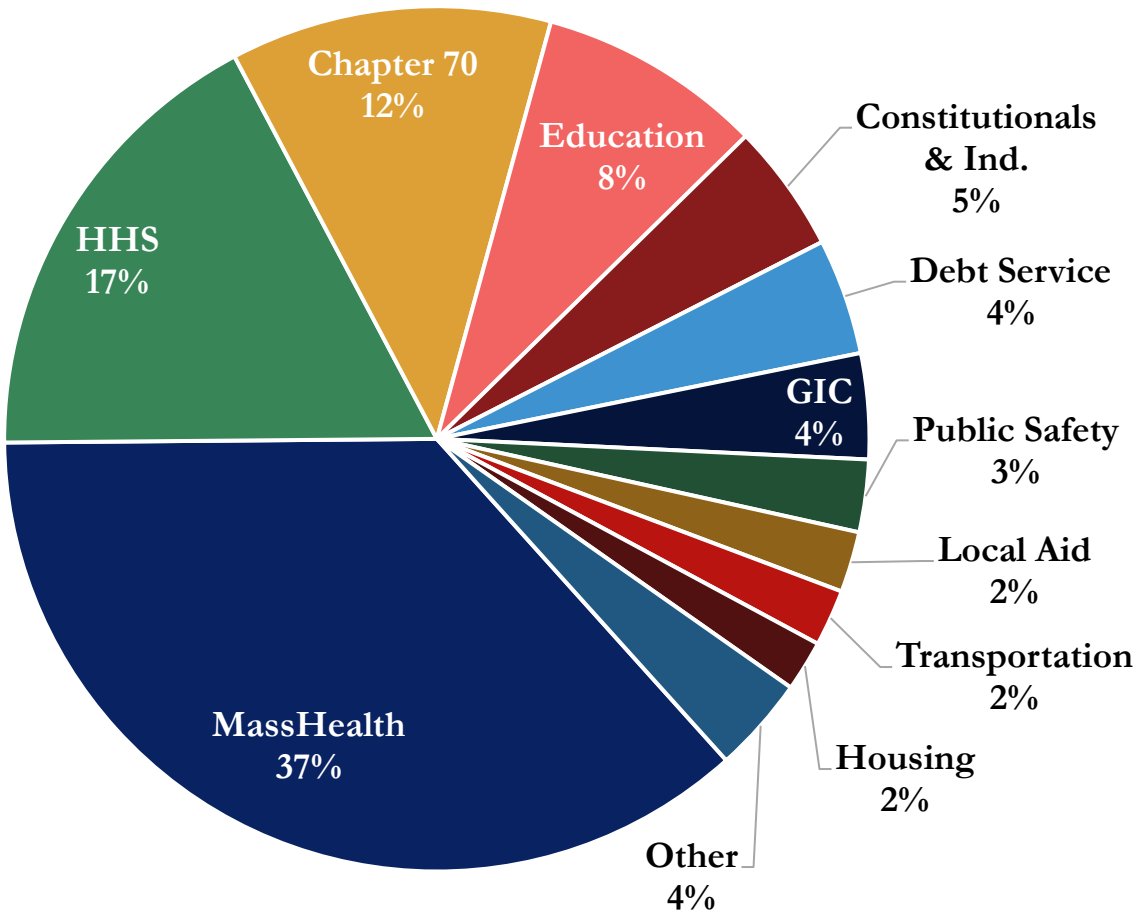
After spiking during the pandemic, revenues have plateaued and returned to slower, steady growth.





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\$61.3B in total investments – \$3.6B or 6.3% higher than FY 2025 GAA.



Resources for Balance

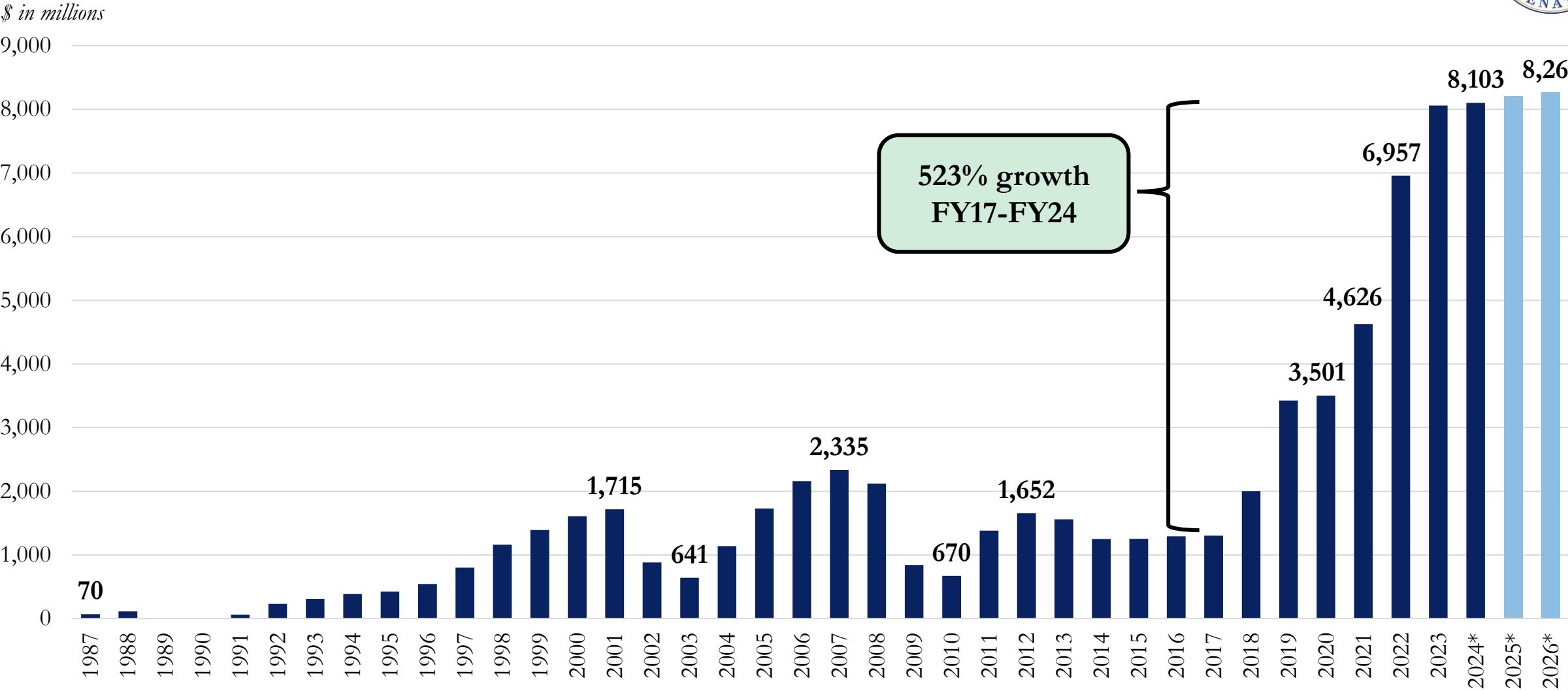
SWM budget does not include any tax increases, while making responsible use of other resources.

- The Senate budget does not include any of the Governor's proposed tax changes to generate additional revenues.
- The Senate is prioritizing fiscal responsibility in FY26 by:
 - Reducing spending by over \$600M compared to the Governor's proposal
 - Prudently utilizing \$599M of excess capital gains collections to fund the Commonwealth's unfunded pension liability
 - Deauthorizing \$350M in uncontracted spending from 2021 and 2022.

Resources for Balance	GOV	HOU	SWM
Excess Capital Gains for Pension	\$433M	\$433M	\$599M
SOA/EEC Funds	\$322M	\$339M	\$325M
C.102/C.268 Deauthorizations	\$200M	\$200M	\$350M
Charitable Deduction Cap	\$164M	-	-
Misc. Tax Fairness Initiatives	\$145M	-	-
Pharmacy Assessment	\$75M	-	-
Penalty for Excessive Drug Pricing	\$60M	-	-
Eliminate Candy Sales Tax Exemption	\$25M	-	-
Excise on Synthetic Nicotine	\$2M	-	-
Total Resource Solves	\$1,426M	\$972M	\$1,274M



Stabilization Fund is at an All-Time High



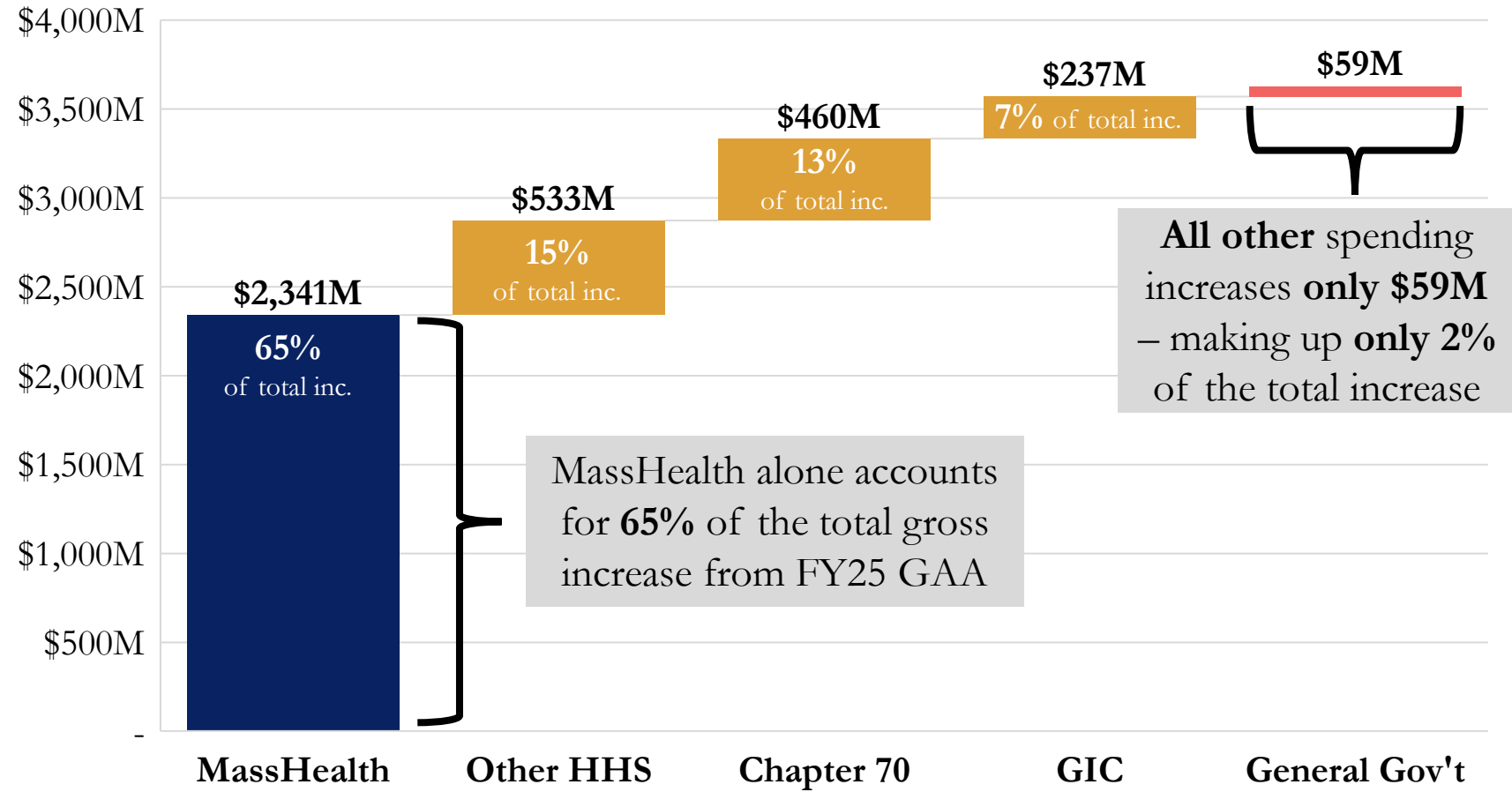
*FY24 fund balance adjusted to reflect \$420M dedication of interest earnings to Federal Matching and Debt Reduction Fund. FY25 and FY26 balances are estimates.

Major Cost Drivers in FY 2026

Vast majority of spending increases in FY26 are functionally non-discretionary.

- MassHealth costs are increasing by \$2.3B (11.7%) over FY25
- Other HHS costs increase \$533M (5.3%) over FY25
- Fulfilling the state's commitment to the Student Opportunity Act costs an additional \$460M (6.7%)
- Insurance costs for public employees increase 10.8% - slightly below national trends
- The remainder – only \$59M – makes up only 0.1% of the total FY26 budget

FY26 Budget Increases by Category



Fair Share Investments

FY26 budget investments using Fair Share combine with supplemental budget to maximize impact.



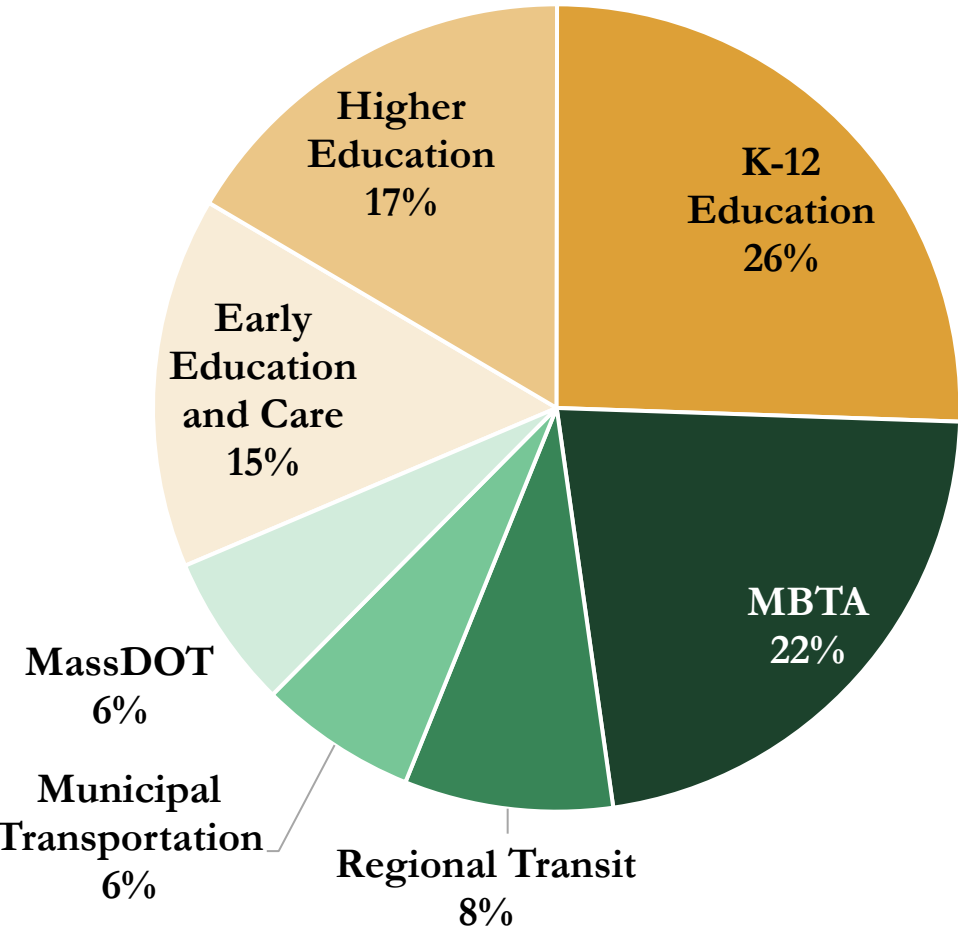
Education	FY26	Supp	Total
Early Education and Care			
Childcare Grants to Providers (C3)*	325	-	325
Child Care Supports*	98	-	98
CPPI Pre-K Initiative*	10	-	10
Elementary and Secondary Education			
Student Opportunity Act Expansion*	265	-	265
Special Education Circuit Breaker*	-	190	190
Universal School Meals	170	-	170
Career Technical Education Capital	-	100	100
School Transportation Reimbursements*	50	-	50
School Construction Cost Relief	-	50	50
High Dosage Tutoring	-	25	25
Literacy Launch	20	-	20
Adult Basic Education/ ESOL	-	10	10
Reimagining High School*	8	-	8
K-12 Mental Health Supports	5	-	5
Higher Education			
Higher Education Deferred Maintenance	-	175	175
Free Community College	120	-	120
MASSGrant Plus Expansion*	100	-	100
State University SUCCESS	14	-	14
Education Total	1,185	550	1,735
	66%	45%	58%

Transportation	FY26	Supp	Total
Roads and Bridges			
Supplemental Chapter 90 Aid	-	165	165
MassDOT Operating Resources*	52	-	52
Small Bridges and Culverts	-	25	25
CTF Debt Service*	78		78
MBTA			
Operating Assistance*	350	-	350
Budget Reserve Replenishment	-	200	200
Workforce and Safety Reserve	-	100	100
Commuter Rail Capital	-	50	50
Low Income Fare Relief*	-	20	20
Regional Transit			
RTA Operating Assistance*	120	-	120
RTA Equipment and Facilities	-	50	50
RTA Workforce Recruitment and Retention	-	25	25
Statewide Water Transportation*	-	20	20
Microtransit and Last Mile Grants	-	10	10
World Cup Transportation Improvements	-	5	5
Transportation Total	600	670	1,270
	34%	55%	42%
Education and Transportation Reserve	165	-	165

*Combines with investments from other sources

Total Fair Share Investments Since Established in FY 2024

*\$5.3B in education and transportation investments since Fair Share established.
Overall breakdown: 58% to education and 42% to transportation.*



Category	Total Investment	% of Total
Early Education and Care	\$789M	15%
Higher Education	\$877M	17%
K-12 Education	\$1,354M	26%
MBTA	\$1,179M	22%
Regional Transit	\$443M	8%
Municipal Transportation	\$335M	6%
MassDOT	\$328M	6%
Total	\$5,305M	100%

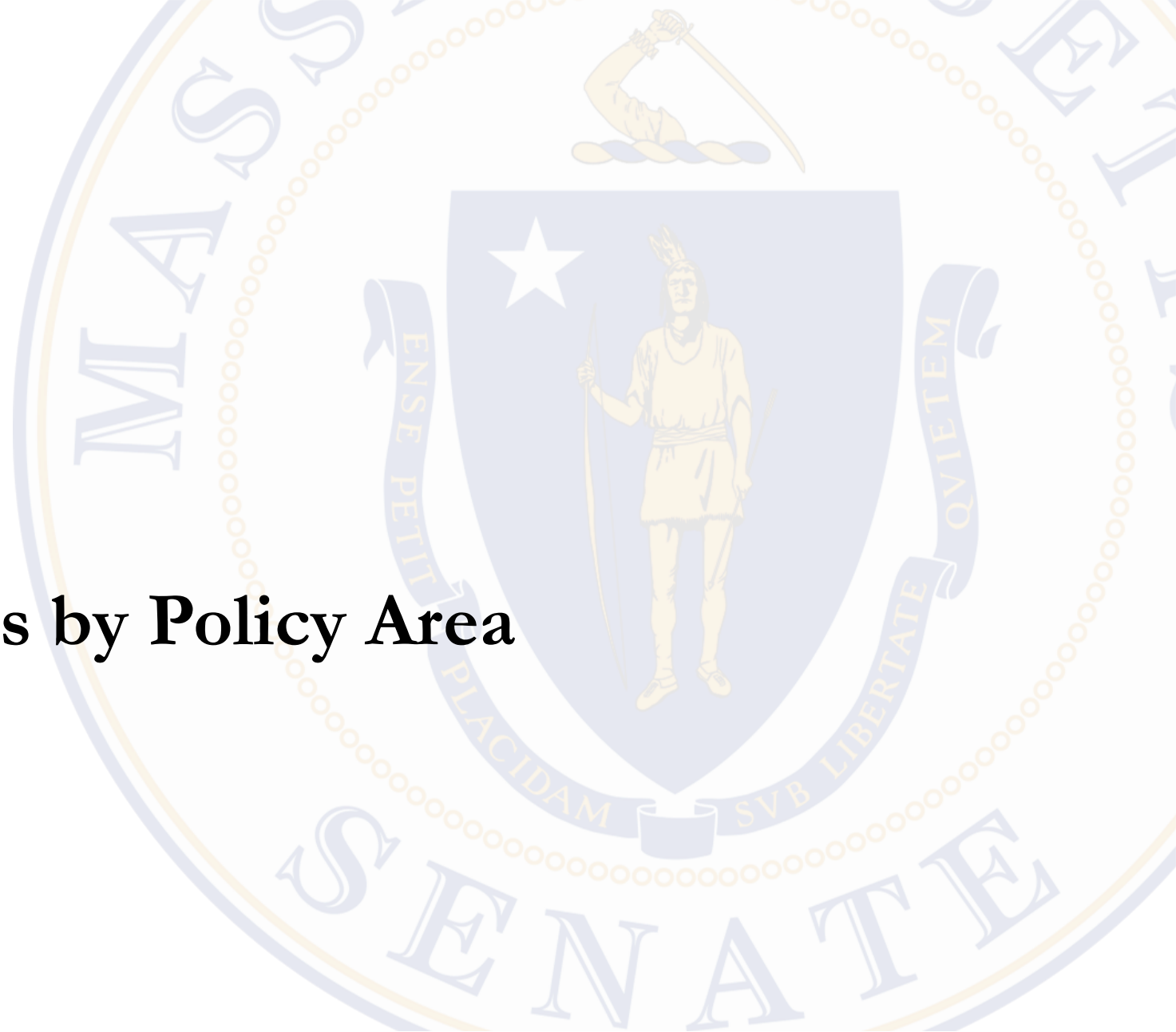


Key Investments

- \$7.3B for Chapter 70 aid.
 - Fully funds fifth year of the Student Opportunity Act.
 - Increases minimum aid to \$150 per pupil.
- \$682M for Special Education Circuit Breaker reimbursements to local school districts for out-of-district placements (combined supp and budget).
 - 75% reimbursement for both tuition and transportation.
- \$120M to continue the successful universal tuition and fee free community college program.
 - Expands into certain critical non-credit workforce education – making EMT and Paramedic courses free.
- \$275M for scholarships to students, including expansion of MassGrant Plus for students attending public institutions.
- \$475M for C3 stabilization grants to EEC providers.
- \$214 for Regional Transit Authorities.
 - \$40M is dedicated to ensuring year-round, fare-free access to transit at all RTAs statewide, including the program's codification.
- \$1.33B for Unrestricted General Government Aid.
 - A 2.2% increase from FY 2025.
 - Establishes a special commission to study UGGA's methodology and make recommendations to maximize its equity in the future.
- \$25.4M for the Healthy Incentives Program.
 - Restores FY24 benefits levels of at least \$40 per family per month.
- \$1.3B in mental health investments, ranging from assisted outpatient programming for adults (\$622M) to children's mental health (\$131M).
- Fully funds Pappas Rehabilitation Center for Children (\$31M) and Pocasset Mental Health Center (\$4.8M).

Appendix:

FY26 Budget Investments by Policy Area





Protecting Massachusetts' Health and Wellbeing

Over half of the state's budget is dedicated to health and human service investments.

- \$22.4B in MassHealth funding, providing healthcare to over 2 million of the Commonwealth's children, seniors, and low-income residents (\$8.81B net of federal funding).
- Nearly \$1B in public health investments from DPH hospital operations and staffing (\$238M) to local programming like school-based health centers (\$23M).
 - Fully funds operations of Pappas Rehabilitation Center for Children through FY26 (\$31M).
- \$1.3B in mental health investments, ranging from assisted outpatient programming for adults (\$622M) to DMH hospital and community-based services (\$385M) and children's mental health (\$131M).
 - Fully funds Pocasset Mental Health Center (\$4.8M).
- \$3B in services and supports for people with intellectual, physical, and developmental disabilities, including \$2B for community residential services and \$288M for the DDS Community Day and Work program.

Spotlight on:

Children's Mental Health

- The SWM budget recognizes the deep need to support our young people's mental health and maintains an unwavering commitment to them, through investments including:
- \$132M at DMH for: intensive residential treatment programs (IRTP), clinically intensive residential treatment programs (CIRT), flexible supportive services, and providing assertive community treatment for youth (PACT-Y).
- \$5M for K-12 mental health supports.
- \$5M for early childhood mental health consultation services.



Fighting Poverty and Strengthening Families

Building upon investments in child welfare, food security, and economic opportunity.

- Maintains recently increased benefit levels through the Transitional Aid to Families with Dependent Children (TAFDC) and Emergency Aid to the Elderly, Disabled and Children (EAEDC) programs.
 - Fully annualizes the FY25 10% benefit increase funded in both programs to help fight deep poverty.
 - \$500 clothing allowance per child for families receiving TAFDC benefits.
- \$142.9M for DTA Caseworkers to protect access to crucial financial assistance, food support, and employment and training programs for some of the state's most vulnerable residents.
- \$35M for Family Resource Centers to support families with parenting programs, support groups, resources, assessment services, early childhood services, and education programs for families.

Spotlight on:

Food Security

- The SWM budget provides \$82M in critical funding to support a host of food security initiatives, including:
 - \$25.4M for the Healthy Incentives Program (HIP) to maintain access to healthy food options for SNAP households and support local farmers.
 - Restores FY24 benefits levels of at least \$40 per family per month.
- \$42M for the Massachusetts Emergency Food Assistance Program (MEFAP), providing meals to those who are the most food insecure.
- \$15M for the Women, Infants, and Children (WIC) Nutrition Program.

Lengthening our Lead on Elementary & Secondary Ed.

Supporting all school districts – urban, suburban, regional, vocational–technical, and rural.

- \$7.3B for Chapter 70 aid.
 - Fully funds fifth year of the Student Opportunity Act.
 - Increases minimum aid to \$150 per pupil.
- \$682M for Special Education Circuit Breaker reimbursements to local school districts for out-of-district placements.
- \$183M for charter school reimbursements.
- \$104M for regional school transportation.
 - Funds a study on reducing the high cost of student transportation statewide, recognizing the burden transportation costs place on districts
- \$16M for rural school aid in recognition of the unique needs of rural school districts.
- \$35M for programs to explore post-grad opportunities while enrolled in high school including: Early College, Dual Enrollment, and Innovation Pathways.

Spotlight on:

The Student Opportunity Act: Chapter 70 Aid

- The SWM budget fully funds the fifth year of implementation of the Student Opportunity Act, totaling \$7.3B in aid to local school districts – a \$460M increase over FY 2025.
- This year's budget features a record level of minimum aid, at \$150 per pupil, supporting districts of all sizes across the Commonwealth.
- The FY26 budget also fulfills the promise of 75% reimbursement for both tuition and transportation costs eligible under Special Education Circuit Breaker with \$682M in both operating and supplemental budget resources.



Building an Equitable Future for Public Higher Education

Expanding access to public higher education for all and sustaining support for our public institutions.

- \$120M to continue the successful universal tuition and fee free community college program.
- \$275M for scholarships to students, including expansion of MassGrant Plus for students attending public institutions.
- \$30M for wraparound services to support higher education students, including SUCCESS programming for community colleges and state universities.
- \$4M for mental health supports at the state universities and community colleges.
- Fully funds collective bargaining costs and provides inflationary increases at public higher education campuses including:
 - \$845M for the University of Massachusetts system.
 - \$406M for our 15 community colleges.
 - \$400M for our 9 state universities.

Spotlight on:

Community College

- The SWM budget continues the permanent universal community college program – free of tuition and fees – expanding economic opportunity for all residents.
- Since the program began in the fall of 2024, community college enrollment increase by over 9,000 students (14%) in just the first semester, demonstrating the demand for quality, affordable higher education in Massachusetts.
- With an investment of \$120M, the Senate's FY26 budget continues this success and expands into certain critical non-credit workforce education programs – making EMT and Paramedic courses entirely free.



Expanding High-Quality Early Education and Care

Ensuring accessible and affordable care for children and families across Massachusetts.

- \$1.71B in total EEC investments.
- \$475M for C3 stabilization grants to EEC providers.
- \$966M for subsidized childcare slots.
- \$98M to maintain rate increases and expansions critical to supporting the early educator workforce and system.
- \$27.6M for CPPI, expanding access to pre-K and preschool in the gateway cities and continuing the Summer Step Up program.
- \$20M in grants to Head Start programs.
- \$20M for the Childcare Resource and Referral Centers.
- \$5M for childhood mental health.
- \$2.5M to continue the successful public-private pilot program with employers to create new childcare slots.

Spotlight on:

Childcare Financial Assistance

- Exemplified by the Senate's passage of the 2024 EARLY ED Act, childcare is a top priority in the FY26 budget.
- Childcare financial assistance, including income-eligible and DTA/DCF childcare, increases \$192M in the FY26 Senate budget.
- CCFA program caseload has increased markedly in recent years, now at a high of approximately 63,000 children.
- FY26 funding levels will continue the advances made in recent years, ensuring that expanded system capacity is maintained, benefitting families across Massachusetts.



Supporting Our Local and Regional Partners

Demonstrating the Senate's commitment to supporting communities across the Commonwealth.

- \$1.33B for Unrestricted General Government Aid (UGGA).
 - A 2.2% increase from FY 2025.
 - Establishes a special commission to study the methodology used to allocate UGGA to municipalities, evaluate its effectiveness and equity, and make recommendations to maximize the equity of the distribution in the future.
- \$116M for local housing authorities.
- \$54.5M for Payments in Lieu of Taxes for state-owned land.
- \$52.4M for regional and municipal libraries.
- \$29.5M in grants to councils on aging, increasing assistance per elder to \$16 from \$15 in FY25.
- \$9M for local boards of health.
- Avoids increasing the fee on municipalities sending recruit officers to MPTC academies.

Spotlight on:

Regional Transit

- The SWM budget provides \$214M in funding for the state's regional transit authorities.
- \$40M is dedicated to ensuring year-round, fare-free access to transit at all RTAs statewide, including the program's codification, ensuring equitable access no matter a rider's zip code.
- \$10M provides funding for bus routes between RTAs, expanding access in communities where RTA borders can create challenges for mobility.
- \$160M in funding is provided through formula-based operating assistance to RTAs, providing needed resources to maintain and improve service levels for riders.



Keeping Massachusetts Safe

\$1.66B in investments supporting public safety, security, and criminal justice.

- \$46.7M for the Department of Fire Services, including \$2M to support first responder mental health through the Critical Incident Stress Management program and On-Site Academy.
- \$24.2M for the Municipal Police Training Committee, including funding to avoid increasing the fee paid by municipalities for new recruit training.
- \$12.8M for the Shannon Grants gang violence prevention and intervention program.
- \$7M for the continuation of an emerging adult reentry program to help reduce recidivism among our younger resident populations.
- \$6M for municipal public safety and emergency staffing grants.
- \$5M for Non-Profit Security Grants, including \$300,000 to support security personnel.

Spotlight on:

Innovative Approaches to Policing

- The Senate has long supported advancements in criminal justice that improve outcomes and reduce recidivism.
- Innovative programs that receive continued funding in the Senate's FY26 budget include:
- \$15.5M for jail diversion initiatives at DMH to divert individuals with mental illness and substance use disorders from the criminal justice system and connect them with appropriate treatment.
- \$1M for a grant program to assist communities with making public health-oriented adjustments to their public safety systems, including hiring behavioral health staff.



Promoting Housing Affordability and Accessibility

\$1.16B in investments in housing stability, residential assistance, emergency shelter services, and homelessness assistance programs.

- \$275M for Emergency Assistance Family Shelters for families and pregnant women.
- \$253M for the Massachusetts Rental Voucher Program to support the rising costs of maintaining existing leases.
- \$225M for Residential Assistance for Families in Transition (RAFT) to maintain the maximum benefit of \$7,000 per year and prevent evictions and homelessness before residents seek shelter.
- \$110.7M for assistance for homeless individual shelters.
- \$57.3M for the HomeBASE program, providing resources to rapidly rehouse families who are eligible for shelter into permanent homes and support sustainable exits from shelter.
- \$10 million for sponsored-based supportive permanent housing to support 16 new housing units and case management services for vulnerable individuals.
- \$8.9M for the Home and Healthy for Good re-housing and supportive services program, including funding to support homeless LGBTQ youth.
- Includes a policy to eliminate renter-paid broker fees, instead requiring the contracting agent (typically the landlord) to pay.



Preserving Our Environment

\$470M to protect our natural resources, ensure clean air and water, and mitigate climate change.

- \$85.3M for the Department of Environmental Protection to steward the Commonwealth's air, land, and waterways.
- \$54.9M for the Department of Agricultural Resources to promote the Commonwealth's food security and local food economy.
- \$28.6M for the Department of Public Utilities to ensure proper pipeline and utility safety, including \$4 million for the new Energy Facilities Siting Division that will work to implement key provisions of climate legislation passed last year.
- \$5.3M for the Division of Ecological Restoration to protect the Commonwealth's rivers, wetlands, and watersheds.
- \$5M for a transfer to the Massachusetts Clean Energy Center to support investments in clean transportation, building retrofitting and the green economy workforce.

Spotlight on:

Department of Conservation and Recreation

- The SWM budget provides \$162M in funding for preserving our natural, cultural, and recreational resources through DCR.
- These investments will support needed staffing at DCR facilities, including seasonal staff across the Commonwealth's parks, pools, waterfront, and reservations.
- This funding will also continue the Summer Nights program, which partners with local youth organizations to offer free recreational, educational, and skill-building activities to at-risk teens and young adults.