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December 11, 2020

To the Honorable Senate and House of Representatives:

Pursuant to Section 5 of Article 63 of the Amendments to the Constitution, we are today signing House Bill 5164, "An Act Making Appropriations for the Fiscal Year 2021 for the Maintenance of the Departments, Boards, Commissions, Institutions and Certain Activities of the Commonwealth, for Interest, Sinking Fund and Serial Bond Requirements and for Certain Permanent Improvements," and returning certain portions to you for reconsideration.

The Fiscal Year 2021 (FY21) budget, the sixth of this Administration, achieves stability in challenging and uncertain times and once again provides money for education, stronger and safer communities, transportation, health care coverage, and sustains social service programs for mental health, substance misuse, children, and seniors.

Backed by a higher Stabilization Fund draw and the assumption that approximately \$225 million in spending authorization will go unused, the enacted budget added approximately \$620 million in spending to the revised budget I filed in October.

In total, the budget as enacted relies on over \$3 billion in one-time resources, comprised of one-time federal funds, a Stabilization Fund draw of up to \$1.7 billion, and a balance carried forward from FY20. I agree that the use of one-time funds is appropriate for one-time needs and for stabilizing spending through extraordinary times. Plainly the Legislature faced a difficult balancing act.

Together, we need to consider the size of the structural gap we create as the economic challenges caused by the COVID-19 pandemic continue into Fiscal Year 2022 and beyond. I continue to think \$1.35 billion is the maximum draw from the Stabilization Fund that would be appropriate for us to budget at this time.

Fortunately, since the revenue forecast was last revised in October, actual tax collections have been better than expected. The budget I sign today incorporates a tax reforecast of upwards of \$459 million, of which \$392 million remains on budget after certain statutory transfers.

I point out that I am signing all approximately \$80 million in earmarked funding, as these resources support one-time local projects in legislative districts throughout Massachusetts, with funding expected to go out by the end of the fiscal year.

I am vetoing \$166.7 million in gross spending that I see as not necessary in this environment, or a lower priority than other competing needs. In particular, I believe the small business recovery, education, and police oversight and training spending I am filing today is essential.

After vetoes, the \$45.9 billion spending plan I sign today represents an approximately 4.5% growth rate over estimated spending in Fiscal Year 2020 (FY20), excluding certain trust fund transfers, pensions, and interfund transfers.

FY21 Budget Highlights

This budget effectively buffers municipalities and public schools from the forecast drop in state revenue:

- Chapter 70 funding for education of \$5.3 billion, a \$108 million increase over FY20, with every district getting a least as much Chapter 70 aid as in FY20
- Level funding for Unrestricted General Government Aid, at \$1.1 billion
- This stable core funding is supplemented by hundreds of millions of one-time federal coronavirus relief money that the state has shared with cities, towns, and regional school districts.

Combating the Opioid Epidemic

- \$264 million across several state agencies for substance misuse treatment and services, a \$33 million increase over FY20 and a total increase of \$145 million since FY15 (not including MassHealth)

Food Security

- \$30 million for Emergency Food Assistance during the pandemic
- \$13 million for the Healthy Incentives Programs to address food insecurity exacerbated by COVID-19

Caring for our Seniors

- A full year of expanded income eligibility for the Medicare Savings Program, delivering savings to approximately 40,000 low-income seniors for their prescription drug costs
- \$599 million for the Executive Office of Elder Affairs
- \$17.5 million in support of grants to Local Councils on Aging and an increase of \$9.7 million above the FY20 budget for the Home Care program
- \$4.7 million increase for the Community Choices Program

Transportation

- \$1.302 billion in total operating budget transfers for the MBTA, an increase of \$98 million over FY20
- \$381 million in the Massachusetts Department of Transportation (MassDOT), an increase of \$35 million over FY20 to fund snow and ice operations
- \$90.5 million for Regional Transit Authorities
- \$800,000 increase for the Merit Rating Board

Black Advisory Commission and Latino Advisory Commission

- Over \$30 million to support the recommendations of the Administration's Black Advisory Commission and Latino Advisory Commission, including:
 - Expansion of college and career pathways for high school students
 - Targeted workforce development programs to prepare more Blacks and Latinos for successful employment
 - Improvement and expansion of English for Speakers of Other Languages (ESOL) programs

Housing

- \$183 million in emergency assistance funding to provide shelter to homeless families
- \$135 million for the Massachusetts Rental Voucher (MRVP) program
- \$80 million for Local Housing Authorities (LHAs)
- \$56 million for homeless shelters serving individuals
- \$50 million for Residential Assistance for Families in Transition (RAFT)

Health and Human Services

- \$25.470 billion for the Executive Office of Health and Human Services (EOHHS), excluding supplemental payments to hospitals, a \$2.175 billion (9%) increase over the FY20 budget
- Fully funds the Department of Developmental Services' Turning 22 program at \$25 million
- \$10 million for the Safe and Successful Youth initiative

Behavioral Health

- \$912 million for the Department of Mental Health
- \$91 million for Adult Community and Clinical Services
- \$10 million for inpatient behavioral health beds
- \$6.5 million for DMH's jail and arrest diversion programs

Economic Development

- \$82.4 million in additional funding for economic recovery and small business efforts

- \$10 million for the Workforce Competitiveness Trust Fund for grants to support training and certification programs to help bridge the skills gap
- \$5 million for Small Business Technical Assistance grants to provide technical assistance, education, and access to capital to small businesses
- \$2.5 million for the Urban Agenda grant program

We appreciate the work of the Legislature in delivering the FY21 conference report, including reasonable funding levels for accounts that have historically required supplemental appropriations. There remain, however, some items within the conference committee report that we believe require additional corrective actions to maintain fiscal restraint and remain flexible for unanticipated future events.

Accordingly, we are vetoing \$166.7 million gross / \$156 million net in line-item and outside-section spending. Of the 113 outside sections presented in the conference report, we are signing 96 and returning 17 for amendment.

Therefore:

- We are reducing appropriation amounts in items of section 2 of House 5164 that are enumerated in Attachment A of this message, by the amount and for the reasons set forth in that attachment;
- We are disapproving, or striking wording in, items of section 2 of House 5164 also set forth in Attachment A, for the reasons set forth in that attachment; and
- Pursuant to Article LVI, as amended by Article XC, Section 3 of the Amendments to the Constitution of the Commonwealth, we are returning sections 23, 40, 43, 69, 79, 80, 88, 90, 93, 99, 101, 103, 104, 107, 108, 110, and 116 with recommendations for amendment. Our reasons for doing so and the recommended amendments are set forth in separate letters that are dated today and included with this message as Attachments B to L, inclusive.

Respectfully Submitted,



Charles D. Baker
Governor



Karyn E. Polito
Lieutenant Governor