July 28, 2022

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 5050, “An Act Making Appropriations for the Fiscal Year 2023 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 2023 (FY23) budget, the eighth of this Administration, leverages the Commonwealth’s strong fiscal position to invest in critical areas of need across the state and promote economic growth and access to opportunity for all residents. It continues to protect core services for the most vulnerable and supports tax reforms that will provide relief to low-income residents and seniors, while once again fully funding the implementation of the Student Opportunity Act and sustaining strong support for the Commonwealth’s cities and towns.

Recognizing the strength of recent tax collections, which have repeatedly exceeded forecasts in the past two years, the FY23 budget incorporates a base tax revenue reforecast worth $2.66 billion, of which approximately $1.9 billion remains on budget after statutory transfers and supports spending beyond my budget recommendation filed in January.

The enacted FY23 budget is structurally balanced in that appropriated spending is in line with projected revenues; however, we must remain alert to the risk of a slowdown in revenue growth within the next few years due to external economic factors, including the possibility of a recession, and the phasing out of federal funding that has propped up consumer and business spending – and therefore tax revenue – in recent years. I continue to urge caution against recurrent base-building spending that could become unsustainable in the case of a future economic downturn and difficult to scale back.

With this in mind, I acknowledge that a large portion of spending afforded by the FY23 revenue upgrade is dedicated to explicitly one-time expenses. The FY23 budget includes over $1 billion in one-time transfers to reserves supporting a variety of purposes, including for transportation safety and workforce, early education and care, implementation of the Student Opportunity Act, and for supplemental transfers to the pension and retiree benefits funds, in addition to one-time spending for pandemic recovery and stabilization initiatives, pilot programs, and earmarks.

Further, the budget as enacted anticipates a nearly $1.5 billion transfer into the Stabilization Fund in FY23, a function of the statutory mechanism designed to buffer the budget from market fluctuations. This deposit would bring the total balance of the Fund to approximately $8.4 billion, an increase of $7.3 billion since the beginning of the Baker-Polito Administration. This is a significant achievement resulting from our collective fiscal discipline over the last eight years and a further budget safeguard in the event of future economic decline.

Therefore, I am approving nearly all spending in the FY23 budget, including approximately $130 million in earmarked funding, as these resources support one-time local projects in legislative districts throughout Massachusetts. I am limiting vetoes to problematic line items.

After vetoes, the $52.7 billion spending plan I sign today represents an approximately 9.3% growth rate over FY22, excluding certain trust fund transfers, pensions, and interfund transfers.

**FY23 Budget Highlights:**

**Education and Local Aid**

* Fully funds the Student Opportunity Act, adding a total of $651.8 million in new spending above FY22, including a $494.9 million increase in Chapter 70 funding, for a total Chapter 70 investment of $5.998 billion
* $1.231 billion in Unrestricted General Government Aid (UGGA) for local cities and towns
* $250 million to support continued stabilization of childcare facilities and $60 million for center-based childcare provider rate increases
* A one-time $175 million transfer to a new trust fund dedicated to supporting high-quality early education and care
* More than $190 million to support higher education financial aid
* $110 million for a pilot free school meal program for students in K-12 schools

**Housing and Homelessness**

* $219.4 million for the Emergency Assistance family shelter system
* $154.3 million for Massachusetts Rental Voucher Program to support more than 10,000 vouchers in FY23
* $150 million for Residential Assistance for Families in Transition (RAFT), an increase of $128 million above FY22
* $110 million for Homeless Individual Shelters and $5 million to continue an innovative model to create new housing opportunities with wraparound services for chronically homeless individuals
* $92 million in funding for Local Housing Authorities
* $59.4 million for HomeBASE Household Assistance

**Economic Development**

* $32.2 million for the Small Business Technical Assistance Grant Program for entrepreneurs and small businesses, especially those owned by women, immigrants, veterans, and people of color
* $28.5 million for the YouthWorks Summer Jobs Program to subsidize summer job opportunities and provide soft job skills education for youths
* $23.9 million in total funding for Career Technical Institutes, which provide pathways to high-demand vocational trade careers, including plumbing, HVAC, manufacturing, and robotics
* $20 million for the Community Empowerment and Reinvestment Grant program to support development in socially and economically disadvantaged communities
* $15 million for MassHire one-stop career centers
* $10.7 million to support the Massachusetts tourism and hospitality sector

**Health and Human Services**

* $230 million for Chapter 257 human service provider funding
* $115 million to expand outpatient and urgent behavioral health services, plus an additional $20 million for clinical behavioral health worker loan forgiveness
* $73.2 million to expand the Medicare Savings Program, reducing out-of-pocket health care spending and drug costs for approximately 65,000 low-income older adults and disabled individuals
* $720.4 million for the Executive Office of Elder Affairs, including $24.9 million for grants to Local Councils on Aging, $7.9 million for supportive senior housing, and $2.5 million for geriatric mental health services
* Fully funds the Turning 22 program at the Department of Development Services and other agencies
* $1.2 billion for the Department of Children and Families (DCF), an increase of $368.7 million (45%) since 2015
* $174.2 million for Veterans’ Services and the Chelsea and Holyoke Soldiers’ Homes, which includes a $13.2 million (37%) increase above FY22 for the Chelsea Soldiers’ Home to support the Fall 2022 opening of a new 154-bed state-of-the-art Community Living Center
* $15 million in grants to local health departments to support municipalities' capacity to respond to the COVID-19 pandemic

**Substance Addiction Prevention and Treatment**

* $597.2 million for substance addiction prevention and treatment services across the budget, an increase of $478 million since FY15

**Sexual Assault and Domestic Violence**

* $132 million, a 104% increase since FY15, in support of services to prevent and treat victims of sexual assault and domestic violence, including $1.5 million in new investments to combat human trafficking

**Promoting Equality and Opportunity**

* More than $50 million supporting the recommendations of the Black Advisory Commission (BAC) and the Latino Advisory Commission (LAC)

**Transportation**

* $1.55 billion in total budget transfers for the MBTA
* $457 million for the Massachusetts Department of Transportation (MassDOT)
* $266 million to support MBTA safety improvements and workforce initiatives
* $96.5 million for Regional Transit Authorities

**Energy and the Environment**

* $134 million for the Department of Conservation and Recreation, including funding for the Summer Nights program and the Swim Safe Massachusetts program to enhance and promote water safety
* $45.4 million for Environmental Protection Administration
* $30.6 million for the Massachusetts Emergency Food Assistance Program

**Criminal Justice and Public Safety**

* $445.1 million for the State police public safety and crime lab operations, including funding to support the 87th and 88th Massachusetts State Police Recruit Training Troops
* Eliminates all parole and probation fees, building upon the 2018 Criminal Justice Reform legislation which eliminated fees for parolees on supervision for less than a year

We appreciate the work of the Legislature in delivering the FY23 conference report, including reasonable funding levels for accounts that have historically required supplemental appropriations.

We are vetoing $475,000 in line item spending. Of the 194 outside sections presented in the conference report, we are signing 153 and returning 41 for amendment.

Therefore:

* We are reducing appropriation amounts in items of section 2 of House 5050 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 5050 also set forth in Attachment A, for the reasons set forth in that attachment;
* Pursuant to Article LVI, as amended by Article XC, Section 3 of the Amendments to the Constitution of the Commonwealth, we are returning sections 4, 5, 6, 13, 15, 26, 28, 37, 49, 50, 51, 71, 72, 73, 75, 76, 80, 101, 109, 117, 118, 132, 133, 134, 137, 139, 143, 148, 169, 171, 174, 175, 176, 177, 184 188, 191, 192, 193, 195, 196 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 Z, inclusive.

Respectfully Submitted,

Charles D. Baker Karyn E. Polito

Governor Lieutenant Governor