

August 9, 2023

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 4040, “An Act Making Appropriations for the Fiscal Year 2024 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 2024 (FY24) budget represents the first this administration will sign. We appreciate the partnership with the Legislature on a budget that will make Massachusetts more affordable, competitive, and equitable. We thank the Legislature for returning a conference report that furthers our shared values and delivers tangible benefits for the people of the Commonwealth. We recognize the time, effort, and thoughtfulness that went into producing this tremendous result.

The budget we are signing today supports our public schools, institutions of higher education, public transit, and our state’s ability to prepare for and protect against the impacts of climate change. It makes historic investments in workforce development programs, such as Early College and Innovation Pathways, Career Technical Institutes, and Registered Apprenticeship Programs. Importantly, the blueprint established by this budget will fully fund another year of the Student Opportunity Act, increase unrestricted local aid to cities and towns above the consensus revenue growth rate, expand college financial aid, and make community college free for thousands of students through our new MassReconnect program.

This budget will also boost spending within the Executive Office Energy and Environmental Affairs to 1 percent of the state budget, a goal we set out to achieve when we filed House 1 in March. This spending will help address climate change and environmental justice in Massachusetts and, through that work, support workforce development to meet the needs of the new green economy, electrification of our transportation system, and decarbonization in the building space.

I am proud that, for the first time, this budget incorporates \$1 billion in new revenue made available through the Fair Share surtax and builds a structure to ensure that, this year and in future years, revenue from the Fair Share surtax will be spent the way voters intended – on education and transportation. That includes \$25 million to reduce the income-eligible waitlist for childcare slots, funding to support the permanent expansion of universal school meals, scholarships for nursing students, funds for municipal roadways and regional transit, and \$180.8 million in capital investments at the MBTA.

All this progress is possible because the state's economy continues to be strong. This budget incorporates a consensus revenue estimate for Fiscal Year 2024 of \$40.41 billion, a 1.6 percent increase over adjusted Fiscal Year 2023 projected revenue, in addition to the new funding available through the Fair Share surtax. We also anticipate a \$525 million transfer to the state's stabilization account from excess capital gains unavailable to the budget, which will push our reserve balance to over \$8.5 billion.

We continue to believe that this estimate is reasonable given the current fiscal outlook. We must not, however, lose sight of the need for tax relief. We are encouraged to see the conference report set aside \$580 million in Fiscal Year 2024 for tax relief. The people of Massachusetts are relying on us to get tax relief done as soon as possible. We look forward to continuing to work with our partners in the House and Senate to make Massachusetts a more affordable and equitable place for individuals and families to not only live but thrive by ensuring we can continue to compete for jobs, business growth, and economic expansion. Permanent tax relief will complement the many investments we are making in furtherance of these goals.

We must also be good stewards of our residents' tax dollars by ensuring that the spending we commit to permanent programming can be sustained moving forward. Accordingly, I am vetoing Section 100 which proposes to transfer \$205 million in one-time funds from the Transitional Escrow Fund to the General Fund. We are making corresponding line-item reductions to ensure the budget is structurally balanced.

One-time transitional funds are transitory. They were built up through several years of significant surplus. They can and should be used to support one-time needs, and we look forward to working with the Legislature to identify transformational investments that can be made with these funds.

Permanent programming, however, should be supported by ongoing resources. We should refrain from tapping into one-time Transitional Escrow funds to support programming that we intend to be permanent. Such programming includes the expansion of universal school meals and the Commonwealth Cares for Children (C3) grant program that supports early education and care providers. These programs are important enough to demand permanent funding.

Therefore, I am vetoing approximately \$272.42 million in gross spending across 35 line-items, netting \$205 million after revenue offsets. We are also making sure that

universal school meals and C3 grants are fully funded in Fiscal Year 2024, and we are signing the section of the budget aimed at making the policy of universal school meals permanent.

We are reducing appropriation amounts in items of Section 2 of House 4040 that are enumerated in Attachment A of this message, by the amount and for the reasons set forth in that amendment.

We are disapproving, or striking wording in, items of Section 2 of House 4040 also set forth in Attachment A, for the reasons set forth in that attachment.

After vetoes, the \$55.98 billion budget we are signing today represents an approximately 5.1 percent increase over Fiscal Year 2023, not including collective bargaining costs, which have been held aside.

### **FY24 Budget Highlights:**

#### **Fair Share**

- \$524 million for education:
  - \$71 million for early education and care will increase childcare slots for income-eligible families and put the Commonwealth on a path to universal Pre-K
  - \$224 million for K-12 education will guarantee access to free meals for students across the Commonwealth, expand pathways for high school students to earn college degrees and fund clean energy infrastructure in schools
  - \$229 million for higher education will help make community college and a four-year degree more accessible through the MassReconnect program and the expansion of financial aid
- \$477 million for transportation will:
  - Preserve critical highway bridge infrastructure
  - Improve accessibility at MBTA stations
  - Pilot means-tested MBTA fares
  - Create a path for regional transit authorities to pilot innovative services and increase rural connectivity

#### **Education and Local Aid**

- Fully funds the Student Opportunity Act, including a \$594 million, or 9.9 percent, increase in Chapter 70 funding
- Provides \$475 million for Commonwealth Cares for Children (C3) grants to early-education providers
- Provides \$10 million for a career pathways program for early educators
- Extends in-state tuition rates at the state's public universities to students without documentation

- Funds a 3.2 percent increase to Unrestricted General Government Aid
- Includes major increases of \$21.3 million for school transportation reimbursement and \$9.5 million in rural school aid
- Fully funds Special Education Circuit Breaker
- Increases payments in lieu of taxes (PILOT) for state-owned land by \$6.5 million or 14 percent

### **Housing and Homelessness**

- Supports the creation of the new Executive Office of Housing and Livable Communities
- Creates 750 new Massachusetts Rental Voucher Program (MRVP) vouchers for low-income tenants
- Creates 150 new Alternative Housing Voucher Program (AHVP) vouchers for individuals with disabilities, including, for the first time, 50 project-based vouchers
- Makes eviction protections permanent for renters with pending EA applications
- Reauthorizes the Brownfields Tax Credit recommended in our tax relief package
- Increases funding to address and prevent homelessness:
  - \$324 million for the Emergency Assistance Family Shelter (EA) program, representing a 48 percent increase over Fiscal Year 2023
  - \$37 million for HomeBASE to connect EA-eligible families with more permanent housing opportunities

### **Economic Development**

- Funds \$6.5 million in targeted initiatives at the Massachusetts Technology Collaborative to support workforce, manufacturing, cybersecurity, and the innovation economy
- Provides \$5 million for Small Business Technical Assistance Grants to leverage the expertise of nonprofits to offer technical assistance, education, and access to capital for small businesses
- Provides \$600,000 for the Massachusetts Downtown Initiative for municipalities looking to revitalize their downtowns

### **Health and Human Services**

- Dedicates \$173 million to Chapter 257 rate increases for human service providers
- Includes an increase of \$44.6 million for behavioral health initiatives at the Department of Mental Health to expand inpatient and community capacity
- Includes an additional \$6.1 million for immigrant and refugee services, including \$1.8 million for health assessments and \$1.5 million for employment programs
- Provides \$2.75 million for Technology Forward to provide assistive technology and remote support or monitoring

- Supports a pilot to expand subsidized ConnectorCare coverage to individuals at or below 500 percent of the federal poverty limit
- Expands access to contraceptives by allowing pharmacists to prescribe and dispense hormonal contraceptives

### **Workforce Development**

- Provides \$16.2 million for Summer Jobs Program for At-Risk Youth (Youthworks) to subsidize wages and facilitate career development for at-risk youth
- Provides \$15.4 million for Career Technical Institutes
- Includes \$3.8 million for the Registered Apprenticeship Program to fund approximately 1,000 placements

### **Serving Our Veterans**

- Funds the new Veterans' Services at \$185.6 million, a \$11.4 million, or 7 percent, increase from FY23 GAA
- Supports preparations for the opening of new Soldiers' Homes facilities:
  - Chelsea's long-term care transition from the Quigley Building to Community Living Center will begin March 2023
  - Holyoke's replacement of its long-term care facility by 2027, currently in the design phase with DCAMM
- Invests in payroll and overtime costs for nursing staff at the Soldiers' Homes

### **Transportation**

- Includes \$100 million for a new Municipal Partnership grant program for a road construction reserve
- Provides \$28 million for implementation of the Work and Family Mobility Act, including extended RMV service hours
- Provides \$200 million for MBTA capital investments, including station accessibility and improvements and design for the Red-Blue connector
- Directs \$20 million to the MBTA Workforce Safety Reserve, which can be used to support employee recruitment and retention
- Provides \$5 million for implementation of means-tested fares
- Includes \$15 million for fare-free pilot programs at Regional Transit Authorities

### **Energy and the Environment**

- Appropriates 1 percent of total FY24 GAA spending to the Executive Office of Energy and Environmental Affairs, which includes:
  - \$25 million to permanently support Food Security Infrastructure Grants
  - \$30 million for the Massachusetts Clean Energy Center to support wind technology, clean homes, and workforce training programs in the clean energy industry

- \$4.8 million for a decarbonization clearinghouse for energy efficiency, electrification, and storage
- \$5 million to address deferred maintenance at Department of Conservation and Recreation parks and facilities

### **Criminal Justice and Public Safety**

- Provides funding for re-entry pathways, including green career training programs
- Supports new and enhanced training requirements through the POST Commission and Municipal Police Training Committee
- Provides \$2 million to establish a Safe Neighborhood Initiative, a collaborative effort between law enforcement and community leaders to develop comprehensive solutions to reduce crime and protect communities

### **Technology and Cybersecurity**

- Provides \$9.2 million in additional cybersecurity investments, including \$2.6 million in software licenses for web security, network endpoint protection, and threat detection
- Supports continued consolidation of IT services for executive branch departments

We appreciate the work of the Legislature in delivering the FY24 conference report that we are signing today and the thoughtfulness that went into the final legislation. With that in mind, we are signing 103 of the 112 outside sections included in the budget, returning 8 sections with amendments, and returning 1 section. We are hopeful the House and Senate will work with us to refine the proposals returned with amendment so that we can sign them in short order.

Pursuant to Article LVI, as amended by Article XC, Section 3 of the Amendments to the Constitution of the Commonwealth, we are returning sections 8, 15, 50, 57, 85, 87, 101, and 111 with recommendations for amendment and vetoing section 100. 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 G, inclusive.

Respectfully Submitted,

Maura T. Healey  
Governor

Kimberley Driscoll  
Lieutenant Governor