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PRESS RELEASE

Baker-Polito Administration Submits Revised Fiscal Year 2021 Budget Proposal

FOR IMMEDIATE RELEASE:

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BOSTON — The Baker-Polito Administration today submitted a **revised Fiscal Year 2021 (FY21) budget recommendation** (/lists/the-governors-fiscal-year-2021-budget-recommendation). The $45.5 billion proposal is fiscally disciplined and makes substantial investments in economic development and education, while protecting core government services amidst the COVID-19 pandemic. The balanced proposal does not rely on new taxes and protects substantial financial reserves for the future.

The revised FY21 budget proposal includes over $100 million to support economic development and small business efforts as the Commonwealth continues to recover from the impact of COVID-19. With the Administration's revised budget submission, the Commonwealth is supporting historic investments in local schools during these challenging times, including a $108 million increase in the annual Chapter 70 investment in this budget proposal, and at least $442 million in federal supports for K-12 schools.

"Our revised FY21 budget proposal enables the Commonwealth to make significant investments to promote economic growth, support our schools, and maintain essential services without raising taxes on our residents," **said Governor Charlie Baker.**"Thanks to our careful fiscal management over the last five years, the Commonwealth is well-positioned to address the budget challenges associated with this pandemic. This responsibly balanced budget protects local aid funding for cities and towns across the Commonwealth, recognizes record investments in Massachusetts students, recommends over $100 million in additional funding for economic and small business recovery efforts, and sustains eligibility and benefit levels in social safety net programs. We look forward to working quickly with the Legislature to adopt a full spending plan for FY21."

“Our revised budget recommendation provides critical support for every municipality in Massachusetts and continues funding key priorities that matter to the people of the Commonwealth,” **said Lieutenant Governor Karyn Polito**. “The Administration’s proposal continues making significant investments to address many priority issues, including sexual assault and domestic violence prevention, substance abuse treatment, public safety and first responders, care for senior citizens, and support for children and families.”

“By maximizing the use of available revenue from the federal government, and maintaining fiscal responsibility, this balanced recommendation protects core government services without relying on new taxes,” **said Administration and Finance Secretary Michael J. Heffernan.** “The FY21 revised budget proposal continues our strong, productive relationship with the Legislature by funding critical programs and services while limiting future budget exposure to ongoing economic uncertainties related to the COVID-19 public heath epidemic.”

Fiscal Overview

The revised FY21 budget, known as Revised House 2, is built on the revised FY21 $27.592 billion tax revenue forecast. This figure was revised from the consensus revenue agreement announced in January and reflects the budgetary and economic impacts of COVID-19.

The budget proposes a total of $45.5 billion in gross spending, excluding the Medical Assistance Trust Fund transfer, which reflects approximately 3.8% growth in spending over Fiscal Year 2020 (FY20). This represents an increase over the original House 2 spending proposal, primarily as the result of increased caseload costs at MassHealth related to the COVID-19 pandemic.

Revised House 2 authorizes a withdrawal of up to $1.35 billion from the Stabilization Fund, which would be reduced should tax collections or new federal revenue exceed the Administration’s current conservative assumptions. The $1.35 billion withdrawal represents under 3% of the budget and is consistent with the Administration’s focus on flexibility and discipline during the COVID-19 emergency. This proposal would leave the fund with a balance of approximately $2.21 billion, a significant buffer in the event of future budgetary constraints in Fiscal Year 2022 and beyond. Thanks to sound fiscal management by the Administration and the legislative partners, the balance of the Stabilization Fund has increased threefold since 2015 and is currently $3.5 billion.

COVID-19 Response

COVID-19 has infected millions of people worldwide, devastated public health systems, and resulted in over 200,000 deaths across the United States. This novel, highly contagious virus has created an unprecedented public health crisis and impacted nearly every aspect of life for people in Massachusetts and throughout the world.

The state response to this pandemic has included emergency measures and funding to address a wide range of critical priorities – including health care, transportation, education, unemployment insurance, and more. To ensure the health, safety, and well-being of residents throughout the Commonwealth, the Baker-Polito Administration, in partnership with state, local, and federal officials, has already committed nearly $3 billion in funding since the start of the COVID-19 outbreak, largely from off-budget federal funds. This includes significant resources in key areas such as food insecurity, housing, public health, healthcare, and human

services, Personal Protective Equipment (PPE), education, support for local cities and towns, and economic development.

The Administration is continuing to pursue aggressive measures, both on and off-budget, through a variety of funding sources, to minimize transmission of the virus, address a variety of needs exacerbated by the public health emergency, and support the ongoing economic recovery.

The Administration's balanced and fiscally responsible plan submitted today builds on the ongoing COVID-19 response and off-budget supports by making investments across key areas including:

Supporting Record Investments in Massachusetts Students

Despite the fiscal challenges caused by the COVID-19 pandemic, the Baker-Polito Administration is continuing to support record investments in Massachusetts students and ensure they have the opportunities and resources to grow and succeed.

Revised House 2 protects education funding and, after recognizing the significant level of federal funding available to cities, towns, and school districts, total year-over-year K-12 education spending is more than what was originally proposed in House 2, which fully funded the first year of the Student Opportunity Act. This includes a $108 million increase in the annual Chapter 70 investment in this budget, and at least $442 million in federal supports for K-12 schools to assist with educating our students during the public health crisis.

Protecting Essential Government Services

This revised FY21 budget sustains eligibility and benefit levels for social safety net programs such as MassHealth, Transitional Aid to Families with Dependent Children (TAFDC), child-care vouchers, Prescription Advantage, HomeCare, Chapter 115 veteran benefits, and the Turning 22 program. The proposal also preserves Chapter 257 rate increases using a new rate methodology that better reflects the cost of benchmarking direct care and clinical staff wages.

This budget proposal continues support for the Community Compact Cabinet Program, which is chaired by Lieutenant Governor Polito and provides municipalities with meaningful assistance and resources in delivering quality services to the Commonwealth's citizens. The revised FY21 budget recommends $4 million in funding for Community Compact related programs including best practices and regionalization and efficiency grants. Additionally, the budget includes $4.8 million for the Public Safety Staffing Grant Program managed by the Executive Office of Public Safety and Security, as well as $3 million for district local technical assistance.

Promoting Economic Development and Small Business Recovery

To generate economic growth amidst the COVID-19 pandemic and support Main Streets across Massachusetts, Revised House 2 recommends over $100 million in additional funding for economic recovery and development efforts. This new initiative will be supported by the sales tax acceleration and will assist local communities and small and diverse businesses throughout the Commonwealth as they navigate the COVID-19 economic landscape.

This $100 million initiative complements the Administration's $275 million economic recovery package, which was announced in June as an update to the Administration's Act Enabling Partnerships for Growth, the economic development legislation originally filed on March 4, 2020.

Health and Human Services

Since taking office, and throughout the COVID-19 public health emergency, the Baker-Polito Administration has championed significant investments and improvements in health and human services programs to strengthen the health, resilience, and safety of individuals and families across Massachusetts.

Revised House 2 continues the Administration's efforts to improve outcomes for patients and increase access to care. The proposal recommends funding the Executive Office of Health and Human Services (EOHHS) at $25.254 billion, excluding supplemental payments to hospitals, a $1.430 billion (6%) increase over the FY20 budget.

This includes $160 million for Chapter 257 human service provider rate increases under a new rate methodology that better reflects the cost of benchmarking direct care and clinical staff wages. These significant rate increases reflect the Administration's ongoing commitment to supporting and strengthening human service programs so they can deliver meaningful service to citizens throughout Massachusetts.

Caring for Seniors

The Baker-Polito Administration has put age-friendly policies at the forefront of its agenda since taking office. Given the COVID-19 pandemic's impact on seniors and high-risk individuals, the Administration is redoubling its efforts to pursue significant investments in supporting older adults and ensuring they have adequate care during this challenging time.

Revised House 2 proposes funding the Executive Office of Elder affairs at $575.5 million, which furthers the Administration's commitment to supporting older adults in Massachusetts to remain active, contributing and engaged members of their communities.

The revised FY21 budget includes $16.5 million in support of grants to Local Councils on Aging and an increase of $9.7 million above the FY20 budget to support consumer growth in the state Home Care Program, which provides care management and in-home support services to help eligible elders age in place. The proposal also includes a $4.7 million increase for the Community Choices Program, which provides MassHealth-eligible elders with nursing facility levels of need with home care support.

The proposal also includes language from an FY20 supplemental budget that provides the Department of Public Health with greater authority to take action against a nursing facility in order to protect resident health and safety. This includes authorizing the Department to restrict or suspend a license for cause rather than only when an imminent risk of harm exists.

Housing and Homelessness

The Baker-Polito Administration recognizes that the challenges of COVID-19 have exacerbated existing housing concerns and disproportionally impacted vulnerable populations. The Administration recently announced a comprehensive set of resources, known as the Eviction Diversion Initiative, to support tenants and landlords during the financial challenges caused by the pandemic. This Eviction Diversion Initiative comprises a $171 million total commitment this fiscal year, of which $112 million was first announced this week to support new and expanded housing stability programs during the remainder of the fiscal year.

The revised FY21 budget proposal continues support for the most vulnerable populations, providing $181.7 million for the Emergency Assistance family shelter system, of which $1.8 million will help support 40 new family shelter units that are compliant with the Americans with Disabilities Act in order to accommodate homeless families that include a person with disabilities. The budget recommends $53.4 million to maintain an estimated 3,036 beds, services, and day programs at homeless shelters for individuals.

The Administration has decreased the number of families temporarily sheltered in hotels and motels from approximately 1,500 families in January 2015 to just 12 families as of October 2020. This significant achievement has been made possible in part due to the availability of additional housing and shelter options through budgetary resources.

Revised House 2 also recommends $122.7 million for the Massachusetts Rental Voucher Program (MRVP), $72 million for local housing authorities, and other significant investments.

Workforce Development

The COVID-19 global health emergency and the related economic challenges have impacted the livelihood of employers and workers across the Commonwealth. Revised House 2 proposes a total of $8.4 million in funding to transform vocational high schools into Career Technical Institutes running three shifts per day. This initiative is designed to train 20,000 new workers over four years in skilled trades and technical fields including plumbing, HVAC, manufacturing, and robotics. This will consist of a combination of enrolling more high school students in high-impact vocational trade programs and expanding capacity for adults to earn industry-based credentials, aligned to apprenticeships and post-secondary degrees.

The plan to develop Career Technical Institutes utilizes a multi-pronged approach to increase student demand, boost business involvement in program development and credentials, reduce licensure barriers to enable mid-career professionals to become vocational teachers, and create incentives for completion and post-graduate employment through a pay-for-performance funding model.

Black Advisory Commission and Latino Advisory Commission

As the Administration continues to support communities disproportionately impacted by the COVID-19 pandemic, the recommendations of the Governor's Black and Latino Advisory Commission remain critically important. Governor Baker created the two commissions in 2017 to guide the Administration's work to promote racial equity and support diverse communities, and the Administration has been committed to implementing the commissions' recommendations. Revised House 2 continues supporting the recommendations of the Black Advisory Commission (BAC) and the Latino Advisory Commission (LAC) with numerous significant investments which are especially important in the context of this pandemic.

This includes funding several key programs including:

- $5.9 million for Adult Basic Education (ABE) to continue to provide integrated workforce development training programs for adult learners, including English for speakers of other languages
- $3.1 million to continue recruitment efforts to enroll more Black and Latino youth in Youth Works Summer Jobs

- $2.5 million to fund a grant program which invests in local entrepreneurs and support workforce trainings through the Executive Office of Housing and Economic Development
- $1.5 million for the STEM Pipeline Fund to expand applied learning through student internships, evidence-based curriculum and professional development, establish STEM teacher externships, and grow early career Innovation Pathways in order to help increase participation in STEM by under-represented student groups
- $750,000 to expand the "Learn to Earn" initiative, a career pathway model that connects unemployed or underemployed individuals receiving public assistance to high-demand career pathways

Addressing Sexual Assault and Domestic Violence

In some circumstances, the COVID-19 pandemic and the need for social distancing have increased risks for survivors of sexual assault and domestic violence. This includes instances where survivors must isolate or quarantine at home with an abuser and experience physical, emotional, or mental challenges. Revised House 2 recognizes this critical need and continues the Baker-Polito Administration's ongoing efforts to strengthen and improve sexual assault and domestic violence prevention services.

In April 2015, Governor Baker re-launched the Governor's Council to Address Sexual Assault and Domestic Violence and elevated the Council to the Governor's Office. Over the last five years, with Lieutenant Governor Polito as Chair, the Council has successfully worked to help individuals, children, and families of the Commonwealth live a life free of sexual assault and domestic violence. The Council has advanced several important initiatives such as undertaking a 2018 Action Plan to address five priority areas including assessment and response, human trafficking, military veterans and families, housing stability and self-sufficiency, as well as prevention and education.

The revised FY21 budget proposal recommends a total investment of $82.8 million to address this key priority, a $2.4 million (3%) increase over the FY20 budget and a nearly 30% increase from FY15.

THE BAKER-POLITO ADMINISTRATION'S REVISED FY21 BUDGET HIGHLIGHTS BY NUMBERS

Core Services

- Increases Chapter 70 education aid to local municipalities by $108 million – for a total investment of $5.284 billion
- Maintains the FY20 Unrestricted General Government Aid (UGGA) investment of $1.129 billion to local cities and towns
- $4 million in funding for Community Compact related programs including best practices and regionalization and efficiency grants
- $4.8 million for the Public Safety Staffing Grant Program managed by the Executive Office of Public Safety and Security
- $3 million for district local technical assistance

Economic Development

- Over $100 million in additional funding for economic recovery and small business relief efforts

- $35 million for grants for small businesses, particularly businesses in underserved markets, minority-owned, women-owned, and veteran-owned businesses, and those who have not yet received federal aid
- $35 million for community development financial institutions (CDFI) grants and loans
- $15 million for matching grants for capital investments by businesses with twenty or fewer employers
- $7.7 million for technical assistance and grants, including for small business online and digital tools
- $6 million total for regional recovery planning grants, an increase of $5 million over FY20
- $3 million increase over FY20 for small business technical assistance, which translates to a $6 million total investment

Education

- Protects education funding and, after recognizing the significant level of federal funding available to cities, towns, and school districts, total year-over-year K-12 education spending is more than what was originally proposed in House 2, which fully funded the first year of the Student Opportunity Act
- $108 million increase in the annual Chapter 70 investment
- Recognizes at least $442 million in federal supports for K-12 schools to assist with educating our students during the public health crisis

Early Education

- $775 million for Early Education and Care
- $85.2 million for a new trust fund to support future caseload increases and initiatives to improve early education and care
- $10 million for future revisions to the sliding parent fee schedule reductions in parent contributions

Higher Education

- $1.298 billion investment for the Department of Higher Education, University of Massachusetts, and state universities and community colleges, representing a $14.8 million (1.1%) increase over the FY20 budget
- Approximately $900,000 increase above the FY20 budget for financial aid and fee waiver programs at college campuses to maintain support for students currently or previously in the custody and care of the Department of Children and Families (DCF), or who have been adopted through DCF

Health and Human Services

- $25.254 million for the Executive Office of Health and Human Services (EOHHS), excluding supplemental payments to hospitals, a $1.915 billion (8%) increase over the FY20 budget
- $160 million for Chapter 257 human service provider rate increases under a new rate methodology that better reflects the cost of benchmarking direct care and clinical staff wages

Caring for Seniors

- $575.5 million for the Executive Office of Elder Affairs
- $16.5 million in support of grants to Local Councils on Aging and an increase of $9.7 million above the FY20 budget
- $4.7 million increase for the Community Choices Program

MassHealth

- $18.261 billion gross, $6.617 billion net funding for MassHealth, a change of 10.1% gross, 0.1% net, versus the FY20 budget
- These changes incorporate COVID-19 related increases in caseload support and members, as well as costs for the public health response and provider relief
- This investment also includes the conclusion of the temporary, enhanced Employer Medical Assistance Contribution that was completed at the end of calendar year 2019, per statute

Children and Families

- $1.063 billion for the Department of Children and Families, marking a $236 million increase since 2015
    - $9 million to support continued progress toward a maximum caseload level of 15 clients per caseworker
    - $7.1 million to sustain investments made in FY20 for the expansion of support and stabilization services for foster parents, and services and supports for transition-age youth
- $10 million for the Safe and Successful Youth Initiative

Individuals with Disabilities

- Fully funds the Turning 22 Program at the Department of Developmental Services (DDS) and other agencies
- $2.112 billion for DDS, an increase of $20.7 million over the FY20 budget

Behavioral Health

- $904.2 million for the Department of Mental Health
- $91 million for Adult Community and Clinical Services
- $4.5 million for DMH's jail and arrest diversion programs

Housing and Homelessness

- $181.7 million for the Emergency Assistance family shelter system
- $122.7 million for the Massachusetts Rental Voucher Program (MRVP)
- $72 million in funding for local housing authorities
- $53.4 million to maintain an estimated 3,036 beds, services, and day programs at homeless shelters for individuals.

Transportation

- $1.269 billion in total operating budget transfers for the MBTA, an increase of $64 million over FY20
- $386 million in the Massachusetts Department of Transportation (MassDOT), an increase of $40 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

- $5.9 million for Adult Basic Education (ABE)
- $3.1 million to continue recruitment efforts to enroll more Black and Latino youth in Youth Works Summer Jobs
- $2.5 million to fund a grant program which invests in local entrepreneurs and support workforce trainings through the Executive Office of Housing and Economic Development
- $1.5 million for the STEM Pipeline Fund
- $750,000 to expand the “Learn to Earn” initiative

Sexual Assault and Domestic Violence

- $82.8 million to address this key priority, a $2.4 million (3%) increase over the FY20 budget and a nearly 30% increase from FY15
- $46.9 million in funding for the Department of Public Health to carry out domestic violence and sexual assault prevention and survivor services, as well as emergency and transitional residential services for victims and their children
- $31.2 million for providing shelter, services, and housing assistance for individuals and families who are victims or at risk of domestic abuse in their current living situations
- $6 million to support statewide sexual assault nurse examiner programs for adults and adolescents in hospital settings, and pediatric sexual assault nurse examiner programs in child advocacy centers

Criminal Justice and Public Safety

- $747.1 million for the Department of Correction, including $203.3 million for medical and mental health contract costs
- $411.4 million for State Police public safety and crime lab operations and includes support for the 86th RTT class
- $62.9 million to continue funding for the clinical contract at Bridgewater State Hospital
- $11 million in funding for the Shannon Grant program to fund anti-gang and youth violence prevention efforts
- $10.4 million to fully fund tuition and fee waivers for National Guard members
- $5.4 million for the Municipal Police Training Committee which develops, delivers, and enforces training standards of municipal, University of Massachusetts, and Environmental police officers

Modernizing and Security Government IT

- $135.6 million for the Executive Office of Technology Services and Security to support
- Managing a new cybersecurity operations center which provides 24/7 monitoring capabilities of systems to identify and help mitigate potential cyber threats
- Implementing a security incident event management software platform for threat monitoring and analytics
- Centralized software and IT contract compliance program

Energy and the Environment

- $288.5 million for the Executive Office of Energy and Environmental Affairs (EOEEA)
- $98.9 million for the Department of Conservation and Recreation
- $62.4 million for the Department of Environmental Protection (DEP)
- $31.8 million in funding for the Department of Fish and Game
- $20.8 million for the Department of Public Utilities
- $4.5 million for the Department of Energy Resources
- $1.4 million to address the spread of mosquito-borne diseases like Eastern Equine Encephalitis

To access the Governor's filing letter, budget message, and specific account information click **here** (/budget/governor).

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