

May 7, 2024

Dear Members of the Massachusetts State Senate,

For the sixth time as Chair of the Senate Committee on Ways and Means, I have the distinct honor and privilege to present the Committee's annual recommendations for the General Appropriations Act—the Fiscal Year 2025 (FY 2025) Budget.

Thank you to Senate President Karen Spilka for her continued friendship, partnership, counsel, and confidence in me to lead the Committee as we *strive to maintain our economic competitiveness, grow our economy, and shape a more affordable and fiscally sustainable path for the Commonwealth.*

I would like to also thank our partners in the House, Chair Aaron Michlewitz and his team in the House Committee on Ways and Means, and in the Healey-Driscoll Administration, Secretary Matthew Gorzkowicz and his team in the Executive Office for Administration and Finance. Without their collaboration throughout the budget development process, support for our state's fiscal well-being would not be possible.

Today, while the COVID-19 pandemic no longer echoes across the state, our laser-like focus on prudent budget management, fiscal integrity, and collaborative governance over these last few years has helped us build a better Commonwealth. Thanks to an infusion of federal pandemic relief funds and record tax surpluses, we leveraged a once-in-a-generation opportunity to jumpstart an equitable economic recovery to lift up our communities, residents, and essential front line workers.

We have delivered historic tax relief, putting money back into the pockets of those who needed it most - families, caregivers, commuters, homeowners, farmers, renters, and seniors. We have maintained fiscal discipline and stability, resulting in a robust Rainy Day Fund that continues to steadily grow, and reflective of that financial management was our state's bond rating being increased last year for the first time in nearly a decade.

Additionally, our collective strengths that form the institutional pillars of our state – world class educational and medical institutions, a robust tech sector, an omnipresent innovation economy, a growing immigrant community, 351 diverse cities and towns, and of course, our people – have grown stronger and more resilient, positioning us to grow Massachusetts into a more affordable and competitive state.

Yet, despite these recent strengths, challenges persist. A high cost of living continues to undercut the affordability of our state, squeezing workers, families, and businesses trying so hard just to make ends meet. Housing costs continue to rise, while inflation remains a stubborn presence. Workforce shortages are well documented across every sector of our economy, and we are losing residents to other states at a time when the state's population is steadily aging.

Amid these worrying trends, we have arrived at a markedly different fiscal environment. Lower-than-anticipated tax revenue collections for FY 2024 prompted the Administration in January to respond, reducing current FY 2024 revenue benchmarks and downgrading estimated

tax collections to address a \$1 billion revenue shortfall. It is evident that FY 2025 will be much different than recent history as we work to maintain forward momentum.

Prioritizing fiscal prudence, the Committee's FY 2025 budget recommendations are built upon a consensus revenue tax estimate consisting of \$208 million less in available resources than what was assumed in the FY 2024 budget. Obligations – like annualized collective bargaining agreements, debt service, pension liabilities, and the Student Opportunity Act – are recurring expenses we must first address before we can meet our shared priorities. Clear-eyed about the fiscal constraints, the work ahead will require a steady hand as we continue to tighten our belts to ensure state spending growth is aligned with tax revenue growth.

To that end, rooted in sound fiscal decision making, I present the Senate Committee on Ways and Means FY 2025 budget recommendations for your respectful consideration. The Committee's FY 2025 budget proposal reflects the advocacy of every single Senator and underscores the diligent and detailed work of the talented staff at Senate Ways and Means. It makes judicious use of available resources to balance the budget responsibly and sustain funding for core programs, services, and shared Senate priorities, while we pursue a more affordable and fiscally sustainable path for the state.

Inspired by the Senate President's leadership, the Committee's budget implements her vision to establish a Student Opportunity Plan, ensuring expanded access to high-quality educational opportunities to Massachusetts children from birth through adulthood, starting from Pre-K to K-12 and Higher Education. It invests over \$1.5 billion to support accessible and affordable early education and care for working families, while codifying several provisions from the Senate's EARLY ED Act, permanently transforming the Commonwealth's relationship with the early education sector by improving affordability and access for families, increasing pay for early educators, and ensuring the sustainability and quality of early education and care programs.

Accordingly, it also delivers on the Senate President's pledge to enshrine free community college for all into law and invests \$117.5 million to support this vital initiative in an equitable manner across all campuses. It boosts and expands financial aid support for those looking for a hand up, not a handout, as we provide more of the Commonwealth's students with a ticket to future success. With these bold steps, we are making universal access to free community college a reality and opening doors of economic opportunity for our people seeking a good education, a good job and an entryway into the middle class.

Centering regional equity and support for all 351 cities and towns, the Committee's budget devotes significant resources touching all corners of the Commonwealth. It funds Chapter 70 school aid at its highest level ever at \$6.9 billion, ensuring we keep our commitments to fully funding the Student Opportunity Act and make historic investments in our schools, our students, our educators, and their futures. It also increases minimum aid for school districts to a record level of \$104 per pupil, delivering much needed resources to school districts confronting growing financial constraints.

This budget also allocates \$1.3 billion in Unrestricted General Government Aid (UGGA), infusing our communities with \$38 million in additional funding to maintain essential local services in areas like education, public safety, and public works. It takes a multi-modal approach to improve our state's transportation infrastructure, providing \$361.5 million to support significant transit capital investments at the MBTA and \$125 million in Fair Share funds to rebuild local roads and bridge infrastructure vital to the everyday economic needs of our cities and towns. As a bridge to economic opportunity, it provides \$214 million for our regional public transportation system, including \$40 million in new funding to support systemwide fare-free regional transit service and \$10 million to incentivize connections between regional transit routes.

Overall, the Committee's budget sends a clear message that we will meet the needs of every region, city, and town, from Cape Ann to Cape Cod, Pittsfield to Provincetown, and everywhere east, west, and in between. As a responsible budget plan, it strategically invests in programs essential to supporting the state's long-term economic health and our people. It builds upon and maintains forward momentum in several areas - early education, K-12 education, higher education, housing, regional transportation, mental health, workforce development and more – and doubles down on our Senate strategy to leverage our strengths to fuel the Commonwealth's economy to compete and grow.

Once again, thank you to my good friend, Senate President Karen Spilka, for her leadership and continued confidence in me to lead the Committee. I would also like to thank the members of the Senate Committee on Ways and Means, especially Vice Chair Senator Cindy Friedman of Arlington, Assistant Vice Chair Senator Jo Ann Comerford of Northampton and Ranking Minority Member Senator Patrick O'Connor of Weymouth for their continued input and collaboration that has helped further mold the Committee's FY 2025 budget recommendations.

Finally, thank you to my colleagues for contributing your ideas and sharing your concerns throughout this process. The time and effort that went into crafting this Committee budget reflects your thoughtfulness and sincerity. Encouraged by your advocacy, it has helped to develop a proactive and responsible budget blueprint that supports our shared priorities and is guided by our Senate values.

In the days and weeks ahead, I look forward to continuing our work – *together in partnership* – to ***maintain our economic competitiveness, grow our economy, and shape a more affordable and fiscally sustainable path for the Commonwealth.***

For the Committee,



Michael J. Rodrigues

Chair, Senate Committee on Ways and Means