



SMART GROWTH AND REGIONAL COLLABORATION

**FY23 Budget Summary: Final Budget**

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On July 18, the Massachusetts Legislature submitted their conferenced fiscal year 2023 (FY23) budget to Governor Baker. On July 28, Governor Baker returned the budget with several line-item vetoes and suggested edits. Of those line item vetoes, the Legislature overrode all but one in the closing days of session.

This \$52.7 billion FY23 budget reflects an increase of \$4.3 billion (9%) over FY22, supported by \$39.5 billion in forecasted base tax revenue, over \$2.6 billion more than projected in January. Included in the budget is a \$1.5 billion deposit into the State Stabilization Fund, bringing the Fund’s balance to an historic high of \$8.4 billion. The FY23 budget does not include any American Rescue Plan Act (ARPA) funding.

**Key MAPC Line Items**

	<b>FY23 MAPC Request</b>	<b>FY23 GAA</b>
<b>District Local Technical Assistance</b> within line item 1599-0026	\$4 million	\$3 million
<b>Senator Charles Shannon Community Safety Initiative</b> line item 8100-0111	\$13 million	\$12.3 million

**Local Aid**

- **UGGA.** Funds Unrestricted General Government Aid (UGGA) at \$1.23 billion, an increase of \$63 million, or about 5.3%, over FY22.
- **Education.** Continues implementation of the Student Opportunity Act with \$494.9 million in new funding:
  - **Chapter 70.** Funds local education aid at nearly \$6 billion, an increase of \$494.9 million from FY22. This increase reflects the Legislature’s commitment to increase minimum aid from \$30 per student to \$60 per student, and the continued implementation of the Student Opportunity Act.
  - **The Special education circuit breaker program (7061-0012).** Funded at \$441 million, an increase of \$68 million from FY22.
  - **Regional school transportation reimbursements (7035-0006).** Funded at \$82.2 million, level with FY22.
  - **McKinney-Vento homeless student transportation (7035-0008).** Funded at \$22.9 million, an increase of \$7.5 million from FY22.
  - **Charter school reimbursements (7061-9010).** Funded at \$243.8 million, an increase of \$89.2 million from FY22.

**Transportation**



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- **MBTA (1595-6369)**. Funded at \$187 million, an increase of \$60 million from FY22, or about 47%.
- **RTAs (1595-6370 and SECTION 58)**. Funded at \$90.5 million in operating assistance for Regional Transit Authorities (RTAs) with an additional \$3.5 million to be distributed via formula, rather than the performance grants originally proposed by the Governor. This budget also includes \$2.5 million for grants to RTAs to create means-tested, discounted or fare-free pilot programs.

### Public Health and Safety

- **Healthy Incentives Program (4400-1004)**. Funded at \$12 million, a \$1 million reduction compared to FY22.
- **Free School Meals (7053-1925)**. Funded at \$115 million to provide a one-year extension of universal free meals.
- **SAPHE (4512-2022)**. Funded at \$15 million for grants to support regional public health collaboration, in line with FY22 budget.
- **Childcare and early education (3000-1020, 3000-1042, 3000-1045, and 3000-4060)**. Includes large investments in childcare and early education, increasing the funding for childcare assistance by \$70 million from FY22 to a total of \$368.1 million. Further, this budget funds investments of \$44.6 million to improve early educational quality through curriculum improvements, and professional development and education incentives and supports for educators. Additionally, this budget invests \$60 million in subsidies for early education salaries. Finally, it includes \$250 million in funding for grants to stabilize the early education and care workforce.
- **Municipal Police Training Committee (8200-0200)**. Funded at \$11.7 million.
- **Substance Abuse and Recovery (8900-0002 and 4512-0200)**. Funds the Massachusetts Alcohol and Substance Abuse Center at \$21.9 million, an increase of \$1.4 million over FY22. This budget also increases funding for the Department of Public Health's Bureau of Substance Addiction Services to \$209.3 million, an increase of \$32.8 million over FY22.
- **Benefits Common Application (Section 5)**. Orders the Executive Offices of Health and Human Services and Housing and Economic Development to establish a common application portal for needs-based benefits and services, such as MassHealth and SNAP.

### Housing

- **Mass Rental Voucher Program (7004-9024)**. Funded at \$154.3 million, an increase of \$24.3 million from FY22. The final FY23 budget also includes language to align payment standards with those of Section 8, allowing coverage of rents up to 110% of fair market rate, and caps tenant rent at 40% during the first year of occupancy beginning in 2023.
- **Residential Assistance for Families in Transition (RAFT) (7004-9316)**. Funded at \$150 million, an increase of \$128 million from FY22.
- **HomeBASE (7004-0108)**. Funded at \$59.4 million, an increase of \$30.9 million from FY22.
- **Tenancy Preservation Program (7004-3045)**. Funded at \$1.8 million, level with FY22.

### Energy and Environment

- **Climate Adaptation and Preparedness (2000-0101)**. Funded at \$5.4 million, an increase of \$2.2 million from the FY22 budget.
- **Department of Environmental Protection (2200-0100)**. Funded at \$45.4 million, an increase of \$12 million from the FY22 budget.



### **Other Fiscal Notes**

The FY23 Budget includes a \$315 million transfer to the Commonwealth Taxpayer Relief Fund to support tax deductions and/or rebates, pending further legislative action.

### **Background**

**Governor's proposal:** On January 26, Governor Baker released his FY23 budget proposal, known as [House 2](#) (H.2). Appropriations in H.2 totaled \$48.5 billion, including a \$749 million allocation to the State Stabilization Fund (otherwise known as the Rainy Day Fund) which would bring the fund's balance to an all-time high of \$6.64 billion by the end of FY23 to provide for future needs. The Governor's budget proposal increased gross spending by 2.6% and relied on the consensus tax revenue estimate of \$29.78 billion. The Governor also relied on \$21.7 million in revenue from casino gaming, \$24 million in abandoned property net revenue and \$12 million from other sources.

**House budget:** On the evening of April 27, 2022, the House passed the chamber's FY23 budget proposal, H.4701. The nearly \$50 billion proposal matched the Governor's proposal for both Unrestricted General Government Aid (UGGA), with an increase of 2.7%, and District Local Technical Assistance (DLTA), which was level funded at \$3 million. The House proposal also included significant increases in RAFT and MRVP to account for the sunset of federal emergency housing assistance funding. Finally, the House increased the minimum per-student Chapter 70 aid amount from \$30 to \$60 and accelerated by one year the charter school reimbursement process.

**Senate budget:** On May 26, 2022, the Senate voted to approve the chamber's FY23 budget. The budget totaled \$49.9 billion, which was \$93.3 million above the Senate Ways and Means initial proposal released in early May, and \$39 million above the House's FY23 budget. This budget maintained the 5.3% increase in Unrestricted General Government Aid (UGGA) over FY22 proposed by Senate Ways and Means, as well as the increase of minimum Chapter 70 aid from \$30 to \$60 per pupil included in both the FY23 House budget and the Senate Ways and Means proposal. The final Senate budget also maintained significant increases in RAFT and MRVP above those made by the House. While this budget level funded the Shannon Community Safety Initiative, it did not fund District Local Technical Assistance.

**Conference Budget:** On July 18, 2022, both the House and Senate voted to adopt the compromise budget. This budget maintains the Senate's 5.3% increase in unrestricted general government aid (UGGA) to \$1.23 billion, and both chambers' increase of minimum per-student Chapter 70 aid from \$30 to \$60. The compromise bill also includes the House's one-year extension of universal school meals, funded at \$115 million, alongside significant investments to stabilize the early education sector, increase educator salaries, and provide increased subsidies for lower income families. The budget also includes significant increases to RAFT and MRVP, while level funding both the Shannon Community Safety Initiative and the District Local Technical Assistance program.

**What comes next:** The allocations above, now having been either signed by the Governor or vetoed by the Governor and overridden by the Legislature, are now officially part of the FY2023 General Appropriation Act (GAA), the Commonwealth's final enacted budget.