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MTF Bulletin

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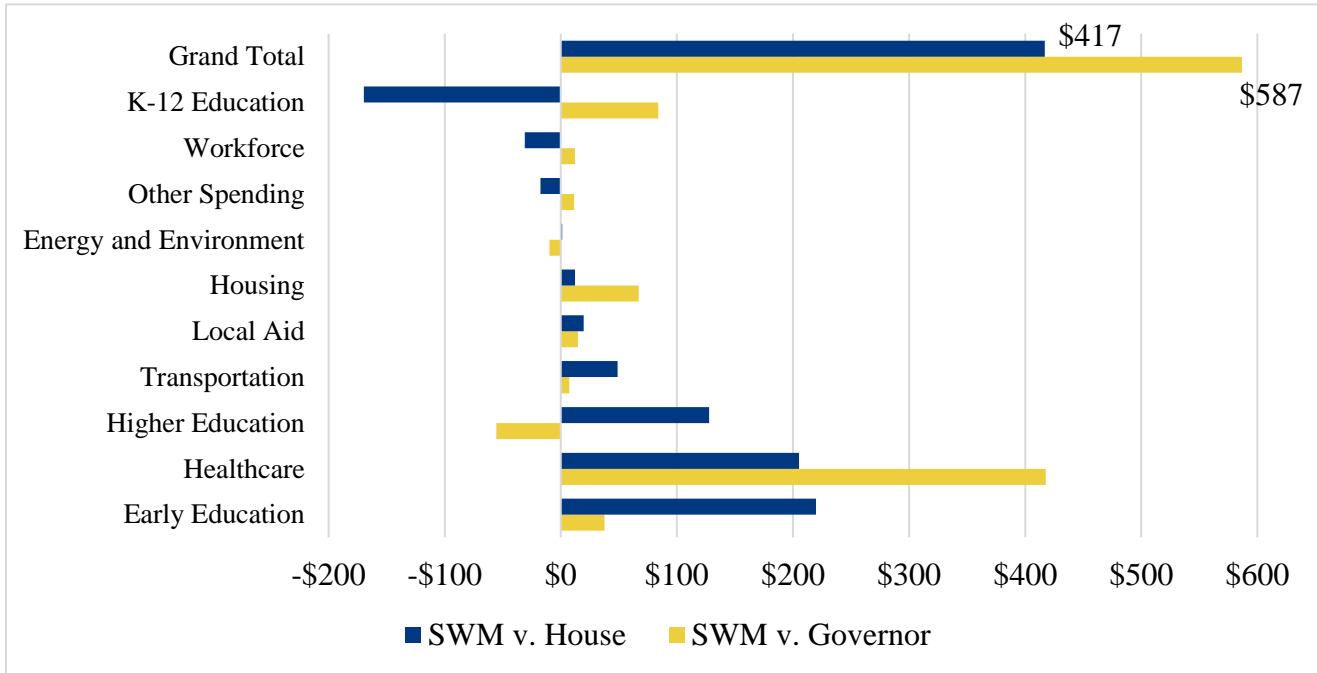
Senate Ways & Means Budget – 5 Things to Know

1. The **Senate Ways and Means budget does not reflect a specific tax relief proposal**, instead setting aside \$575 million to cover the FY 2024 costs of future legislation. The SWM budget also uses the same FY 2024 consensus revenue estimate agreed to by administrative and legislative leaders in January and used to build the budgets put forward by the Governor and House.
2. The SWM budget **uses income surtax revenue to fund unique spending priorities across the education and transportation sectors**, including additional assistance for municipal school building projects, regional transit authorities, and a total of \$55 million dedicated to implementing free community college by calendar year 2024. SWM's surtax spending includes \$449 million in shared spending with the House, but has a greater focus on municipal transit and public higher education.
3. Following the House's lead, the SWM spending plan **creates a structure to collect, track, and spend income surtax revenues** that is more complicated than the framework proposed by the Governor.
 - Creates three trust funds, like the House, to collect and spend income surtax revenues.
 - Directs administration and legislative leaders to set the annual spending limit for income surtax revenues for FY 2024 through FY 2026; in FY 2027 and beyond the spending cap will be adjusted by the 10-year average of surtax revenue growth.
 - Exempts surtax revenue from the Chapter 62F allowable revenue threshold and the capital gains transfer, as recommended by the Governor and House.
4. The SWM budget **relies on \$437 million in trust fund resources to support spending in FY 2024**, including \$245 million from the High-Quality Early Education and Care Trust Fund and \$192 million from the Behavioral Health Trust Fund. These resources are used to fund the C3 Childcare Stabilization Grant program, as well as a range of initiatives to bolster the behavioral health workforce.
5. SWM includes **57 outside policy sections** in their budget, 46 more than proposed by the Governor and 18 less than what was included in the FY 2023 SWM proposal. Notable policy sections include:
 - **Increasing the annual cap on grants awarded by the School Building Authority** by \$400 million, raising the total cap to \$1.2 billion.
 - **Requiring public universities to offer in-state tuition** and fees to any person who attended at least three-years of high school in Massachusetts, including undocumented residents.
 - **Adjusting the annual transfer of excess capital gains revenues** to the Stabilization Fund and other reserves.

SWM Budget Compared to Governor & House

The SWM budget proposal includes **\$62.9 billion in total spending**, including **\$55.4 billion for line-item appropriations** and \$7.5 billion in statutorily required transfers and other off-budget spending. This is \$417 million more than the line-item spending included in the House budget, and \$587 million more than Governor Healey’s spending proposal.

SWM Line-Item Spending v. Governor & House Budgets by Category



SWM Budget & The Surtax

The SWM budget also largely mirrors the House approach to collecting and tracking surtax revenues, notably dividing the funds among three trust funds, as opposed to the one fund proposed in Governor Healey’s budget. Like both prior proposals, the SWM budget exempts income surtax collections from the calculation of Chapter 62F rebates.

	Governor's Budget Total	HWM Budget Total	SWM Budget Total	SWM Shared with House	SWM Unique v. House
Education	\$510	\$500	\$500	\$129	\$371
<i>Early Education</i>	\$140	\$65	\$80	\$25	\$55
<i>K-12 Education</i>	\$10	\$261	\$110	\$0	\$110
<i>Higher Education</i>	\$360	\$174	\$310	\$104	\$206
Transportation	\$490	\$500	\$500	\$320	\$180
<i>MBTA</i>	\$186	\$320	\$195	\$195	\$0
<i>MassDOT</i>	\$264	\$100	\$100	\$50	\$50
<i>RTAs</i>	\$25	\$70	\$100	\$70	\$30
<i>Local/Pilot Program</i>	\$15	\$10	\$105	\$5	\$100
Total Investments	\$1,000	\$1,000	\$1,000	\$449	\$551

\$ in millions