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## MTF Bulletin

May 23, 2025

### FY 2026 Senate Final Budget

On May 22<sup>nd</sup>, the Senate finalized its \$61.51 billion Fiscal Year (FY) 2026 budget. Over the course of four days of debate, \$81.1 million in new spending was added and 66 outside policy sections were added to their spending plan.

The Senate took action on 1,058 amendments through a combination of standalone votes and amendment 'bundles,' which categorically approve or reject many amendments at once. In total, 493 amendments were adopted, 371 were rejected, and 194 were withdrawn from consideration. This brief summarizes Senate debate action and assesses the newly added spending and policy proposals.

#### *FY 2026 Senate Final Spending Summary*

	FY 2025 GAA	FY 2026 Governor	FY 2026 House	FY 2026 SWM	Floor Spending	FY 2026 Senate
Line-Item Spending	\$55,779.3	\$59,577.3	\$59,079.5	\$58,896.6	<b>\$81.1</b>	\$58,977.7
Surtax Spending	\$1,300.0	\$1,950.0	\$1,950.0	\$1,950.0		\$1,950.0
Medical Asst. Trust Fund	\$682.2	\$547.6	\$547.6	\$547.6		\$547.6
BH Outreach, Access, Support	\$20.0	\$0.0	\$0.0	\$31.5		\$31.5
<b>Total Line-Item Spending</b>	<b>\$57,781.5</b>	<b>\$62,074.9</b>	<b>\$61,577.1</b>	<b>\$61,425.7</b>	<b>\$81.1</b>	<b>\$61,506.8<sup>1</sup></b>

*\$ in millions*

The FY 2026 Senate budget now includes \$61.51 billion in total line-item spending, \$70.3 million less than the House budget, \$568.1 million less than the Governor's budget, and \$3.7 billion above the FY 2025 General Appropriations Act (GAA) signed into law last July.

New spending in the Senate's final budget is primarily driven by program earmarks in the areas of Health and Human Services, Economic Development, and the Judiciary. The Senate also added 66 policy sections during the debate process, including notable proposals related to limiting prescription drug costs, housing production, and local liquor licenses.

<sup>1</sup> MTF includes in its total line-item spending the \$78 million deposit into the Commonwealth Transportation Fund, as well as the \$20 million transfer to the Behavioral Health Outreach, Access, and Support Trust Fund. After adjusting for that spending, total line-item spending in the Senate Final budget is \$61.41 billion.

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## Senate Debate – Spending Overview

Through the adoption of 493 amendments, the Senate added \$81.1 million in new spending during debate. This figure is \$8 million less than the amount of spending added during House debate in FY 2026, which totaled \$81.9 million; and is \$8.5 million less than the amount of spending added by the Senate in FY 2025.

Approximately 70 percent (\$57 million) of new spending is related to earmarks for specific communities, organizations, or projects; while 30 percent (\$24 million) is related to larger, programmatic increases or new line-items.

*FY 2025 Senate Floor Spending by Category*

Category	Earmark Spending	Non-Earmark Spending	Total Category Spend
Economic Development	\$13.8	\$1.7	\$15.5
Government	\$0.1	\$1.0	\$1.1
Environment	\$3.7	\$1.0	\$4.7
Health & Human Services	\$18.3	\$3.5	\$21.8
Education	\$8.1	\$1.5	\$9.6
Other	\$3.7	\$3.0	\$6.7
Transportation	\$0.5	\$0.0	\$0.5
Judiciary	\$0.4	\$11.7	\$12.1
Public Safety	\$2.7	\$0.7	\$3.4
Local	\$5.7	\$0.0	\$5.7
<b>Total New Spending</b>	<b>\$57.0</b>	<b>\$24.1</b>	<b>\$81.1</b>

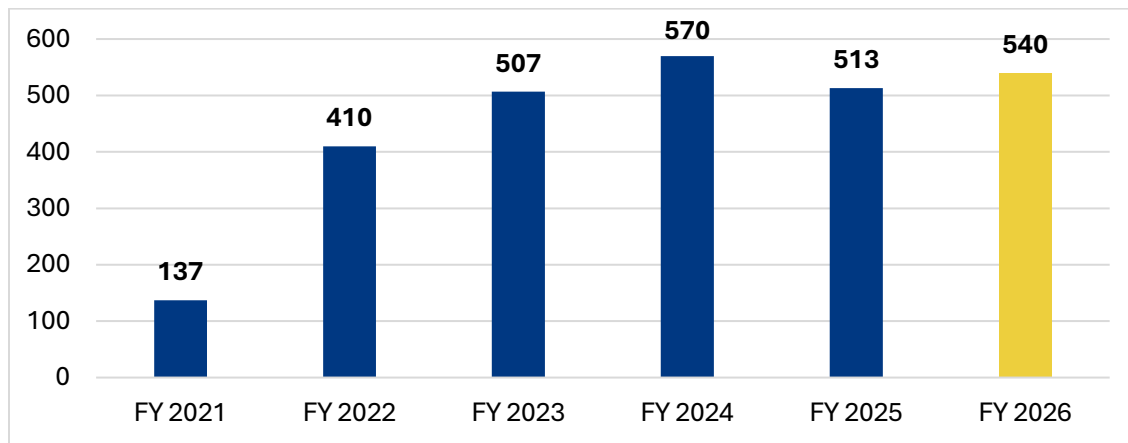
*\$ in millions*

### Earmark Spending

The Senate added 540 earmarks to its budget during debate; leading to \$57 million in new spending. This is 27 more earmarks than were added to the SWM budget in FY 2025.

The majority of earmarks added to the Senate budget in FY 2026 (458) support local communities, projects, and organizations; while 82 earmarks fund larger, statewide programs. For example, the Senate adopted a programmatic earmark that provides \$200K to the Department of Elementary and Secondary Education to conduct a study and make recommendations on the municipal contribution side of the foundation budget formula. The department is specifically directed to examine the methodologies used to determine a municipality's target and required local contributions, the impact of the local contribution ceiling of 82.5 percent, and the impact of Proposition 2 ½ on municipalities' abilities to raise local revenues.

*Senate Earmarks Added by Year, FY 2021 – FY 2025*



In FY 2026, the median value of an earmark added to the Senate budget is \$50,000; and while the majority of earmarks carry a modest fiscal impact, combined they make up a significant amount of spending. During Senate debate, the greatest number of earmarks were added to the Economic Development and Local categories. However, earmarks related to Health and Human Services carried the largest fiscal impact.

*FY 2025 Senate Earmark Spending by Category*

Category	Earmark Spending	# of Earmarks
Economic Development	\$13.8	148
Government	\$0.1	4
Environment	\$3.7	40
Health & Human Services	\$18.3	76
Education	\$8.1	52
Other	\$3.7	39
Transportation	\$0.5	8
Judiciary	\$0.4	3
Public Safety	\$2.7	35
Local	\$5.7	135
<b>Total Earmarks</b>	<b>\$57.0</b>	<b>540</b>

*\$ in millions*

### Other Notable Spending

The Senate added \$24.1 million in non-earmark spending to their final budget, including funds for new line-items and other statewide programs. Notable non-earmark funding increases include:

- **\$7.2 million** for the administration of the state’s trial courts, increasing total funding to \$365.8 million.

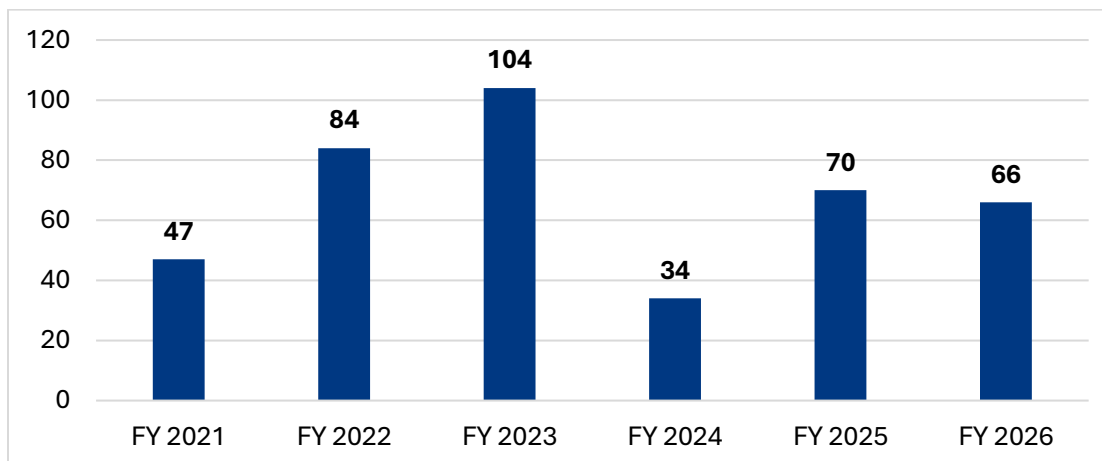
- **\$4.3 million** for the Committee for Public Counsel Services to increase the compensation rates for private attorneys providing legal services to indigent clients.
- **\$1 million** for the Health Policy Commission to support the Office of Health Resource Planning and the Office of Pharmaceutical Policy and Analysis. These offices were established through two bills signed into law last session: *An Act Enhancing the Market Review Process* and *An Act Relative to Pharmaceutical Access, Costs, and Transparency*.
- **\$800K** to increase funding for Hey Sam, a text-based mental health support line for youth and young adults; increasing total funding for the program to \$1.8 million.
- **\$600K** for the Massachusetts Downtown Initiative, which provides technical assistance to municipalities to promote downtown revitalization efforts, cultural and recreational amenities, and access to public transportation.
- **\$614K** for the Massachusetts Service Alliance, increasing total funding to \$2 million.
- **\$542K** for the Shannon Community Safety Initiative to help prevent and reduce gang violence; bringing total funding for the program to \$13.4 million.
- **\$500K** for the Department of Mental Health’s rental subsidy program, which provides rental subsidies to DMH clients to assist them in securing stable housing. This addition increases total funding for the program to \$17 million.
- **\$500K** for Neighborhood-Based Gun and Violent Crime Prevention, increasing the resources available for the program from \$9.6 million to \$10.3 million.
- **\$500K** for Housing Consumer Education Centers, which provide housing-related services and counseling to support families along the housing continuum. Total funding for this item is increased to \$5.7 million.

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## **Senate Debate – Policy Sections**

Over the course of Senate debate, 66 new outside policy sections were added and 6 existing sections were amended through the adoption of 31 amendments.

*Senate Policy Sections Added by Year*



Notable policy amendments include:

- ***Unlocking Housing Production*** (Amendment 249) – Adds three new outside policy sections to the Senate budget, directing the Executive Office of Housing and Livable Communities (EOHLC) to study: 1) the feasibility and efficacy of a housing construction sales tax exemption program for multifamily housing projects, 2) the feasibility and efficacy of allowing licensed third-party inspectors to conduct inspections of manufactured housing, off-site construction, and multifamily housing projects, and 3) the feasibility and impact of allowing municipalities to exempt new affordable housing developments from limits imposed by Proposition 2 ½.
- ***Benefits Owed to Foster Children*** (Amendment 495) – Clarifies the role of the Department of Children and Families (DCF) in receiving, managing, and administering the federal financial benefits for which a child is eligible, such as Social Security Income. This amendment also directs DCF to provide financial literacy information and training to children in their care ages 14 or older.
- ***Commission on the Massachusetts School Building Authority*** (Amendment 726) – Creates a special commission to study and make recommendations regarding the MSBA's capacity to meet the current demand for school facility construction projects and the equity of the current MSBA grant funding formula. The 23 member commission is tasked with making recommendations and submitting a report to the Legislature by June 1, 2026.
- ***Lowering Prescription Drug Costs*** (Amendment 541) – Adds 13 new sections to the Senate budget focused on lowering the costs of pharmaceuticals. The four major components of the amendment address: 1) the process by which pharmaceutical manufacturers provide early notice to the Health Policy Commission regarding drug price increases or a new drug coming to market; 2) the ability of the Health Policy Commission to monitor the impacts of eligible drug costs on patient access and establish upper payment limits for drugs which, due to their cost, may create access or affordability challenges for patients or the Commonwealth; 3) the establishment of a Prescription Drug Cost Assistance Trust Fund; and 4) the establishment of a Prescription Drug Cost Assistance Program, to provide financial assistance for prescription drugs used to treat chronic conditions.
- ***Scientific Research Trust Fund*** (Amendment 476) – Creates a new trust fund, the Scientific Research Fund, to be administered by the Executive Office of Health and Human Services. This trust fund, which has not yet been capitalized, is intended to support research grants in the fields of science, medicine, mental health, and public health.
- ***Returning Liquor License Control to Municipalities*** (Amendment 770) – Adds 10 new sections to the Senate budget related to the local issuance of liquor licenses by municipalities. Specifically, the amendment prevents the transfer of liquor licenses between establishments and allows a city or town to determine the number of liquor licenses that may be issued by its licensing authority under certain conditions.

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### **Bottom Line**

On Thursday evening, after four days of debate, the Senate finalized its FY 2026 budget proposal. Through the adoption of 493 amendments, \$81.1 million in new spending and 66 outside policy proposals were added to the final bill. The Senate budget now totals \$61.51 billion, \$70.3 million less than the House and \$568.1 million less than the Governor.

New spending added to the Senate budget is primarily related to local earmarks, while programmatic spending accounts for approximately 30 percent of new investments. Relatively few policy amendments were adopted during Senate debate, however the most notable policy proposal is related to lowering the costs of prescription drugs. The adoption of this amendment followed nearly 90 minutes of debate between members.

With the conclusion of Senate debate, the budget development process moves to Conference. Over the next several weeks, House and Senate budget negotiators must reconcile all spending and policy differences between their two bills with the goal of delivering a compromise budget to Governor Healey's desk by July 1<sup>st</sup>. This year, budget negotiations will be impacted by several new and unprecedented challenges, including the uncertain impacts of federal funding and policy changes on Massachusetts.

In the coming weeks, MTF will be publishing a Conference Committee preview discussing in detail the obstacles facing policymakers as they craft the final FY 2026 budget.