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## MTF Bulletin

March 13th, 2025

### Fiscal Year 2026 Budget: A Closer Look

#### *Workforce Investments in the Governor's Budget*

On January 22<sup>nd</sup>, the Healey-Driscoll administration released its Fiscal Year (FY) 2026 budget proposal, which included notable spending increases in health care, education, and transportation. The \$62.07 billion spending plan is a \$4.3 billion (7.4 percent) increase over the FY 2025 General Appropriations Act (GAA) and a \$1.8 billion (2.1 percent) increase over the administration's FY 2025 estimated spending level.

This brief focuses on the \$522.6 million included in the Governor's FY 2026 budget proposal for workforce programs, including descriptions of where investments occur and how proposed funding compares to the FY 2025 GAA.

#### **Background**

As highlighted in MTF's [Workforce & Economic Development Session Preview](#), workforce-related programs are administered across state government to train individuals and address workforce needs and labor shortages. MTF tracks 47 line-items in the state budget with a range of approaches to solving workforce challenges, including providing vocational training and reducing the costs of skill development for unemployed, underemployed, and eligible youth populations. To understand the target population and intended outcomes for different types of initiatives, MTF organizes workforce programs into three categories:

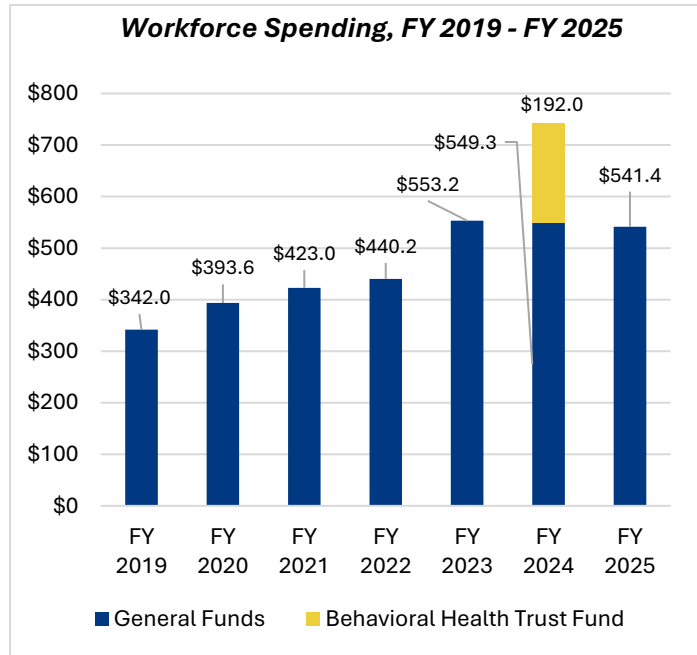
- **Individual Workforce Training** – Programs that offer basic skill development and vocational training.
- **Sector-Based** – Programs that offer specialized employment training and industry-recognized credentials for in-demand sectors and occupations.
- **Training Opportunities for State-Serving Populations** – Programs that offer training and employment programs for individuals who receive state services.

The administration uses the Workforce Skills Cabinet (WSC) to coordinate the state's workforce efforts overseen by seven different secretariats. The WSC consists of the secretariats that administer 43 of the 47 workforce programs funded through the budget:

- Executive Office of Economic Development (EOED)
- Executive Office of Education (EOE)
- Executive Office of Health and Human Services (EOHHS)
- Executive Office of Labor and Workforce Development (EOLWD)

Each WSC secretariat administers workforce programs that align with its mission. EOHHS represents the largest share of workforce spending, while EOE administers more workforce programs than any other secretariat. In FY 2025, EOHHS received \$347.2 million to fund workforce programs, representing 64 percent of all workforce funding. EOE received \$132.1 million in FY 2025 but administers 14 workforce programs.

Workforce spending significantly increased during the pandemic to address workforce needs in critical sectors and investments remain elevated compared to pre-pandemic years. In FY 2025, \$541.4 million was dedicated to workforce programs, an increase of nearly \$200 million (58 percent) compared to FY 2019. Between FY 2019 and FY 2023, 12 new workforce programs were created, including Career Technical Institutes; while funding for 14 programs increased by at least double, including the Workforce Competitiveness Trust Fund.



### Funding in the Governor’s FY 2026 Budget

Governor Healey’s FY 2026 budget includes \$522.6 million for workforce programs across 47 line-items, representing 0.8 percent of proposed budgeted spending.<sup>1</sup> Workforce spending decreases by \$18.9 million (3.5 percent) compared to the FY 2025 GAA and is \$45.0 million (7.9 percent) less than the administration’s estimated FY 2025 spending level.<sup>2</sup> \$18.6 million (41 percent) of the funding difference between the Governor’s FY 2026 budget proposal and the estimated spending in FY 2025 is represented by the YouthWorks program, which typically expends funds during the summer months and coincides with the transition to a new fiscal year.

<sup>1</sup> This does not include earmarked spending for workforce programs or federal grant funding assumptions supported by the Workforce Innovation and Opportunity Act (WIOA).

<sup>2</sup> This figure does not include estimated FY 2025 spending from the Behavioral Health Workforce Supports line-item funded in the FY 2024 GAA.

*Governor Healey's FY 2026 Proposed Workforce Spending by WSC Secretariat*

Secretariat	FY 2025 GAA	FY 2026 GOV	\$ Difference	% Difference
EOE	\$132.1	\$114.3	-\$17.8	-13.5%
EOED	\$1.2	\$0.8	-\$0.5	-38.5%
EOHHS	\$347.2	\$350.3	\$3.1	0.9%
EOLWD	\$58.2	\$54.8	-\$3.5	-5.9%
<b>Total</b>	<b>\$538.7</b>	<b>\$520.2</b>	<b>-\$18.5</b>	<b>-3.4%</b>
<i>Other</i>	\$2.7	\$2.5	-\$0.2	-7.4%

*\$ in millions*

Workforce spending across all WSC secretariats decreases compared to the prior year, except for spending under EOHHS, which increases by \$3.1 million (0.9 percent) to annualize the cost of Chapter 257 reimbursement rates.<sup>3</sup> Workforce funding for EOE decreases the most, by \$17.8 million (13.5 percent), with decreases greater than \$1 million across four line-items, including the School-to-Career Connecting Activities program (\$1.6 million). Funding levels described above do not include new spending proposed in the Governor's fair share surplus supplemental bill filed on the same day as her budget. In that bill, EOE receives additional funding to support workforce-related initiatives.

**Fair Share Supplemental Budget**

As mentioned in MTF's earlier [analysis](#), Governor Healey filed a surtax supplemental budget, supported by above-cap surtax collections from FY 2023 and FY 2024, in conjunction with her FY 2026 budget proposal. The supplemental budget includes \$137.5 million for several EOE workforce programs, including capital funding for vocational high schools, the Reimagining High School Initiative, and Adult Basic Education. This funding is intended to be available through FY 2028.

To understand the Governor's proposed workforce investments for FY 2026, MTF organizes spending by workforce categories based on the policy goal. The varying program methods target a range of populations and sectors to address current workforce needs.

*Governor Healey's FY 2026 Proposed Workforce Spending by Category*

Category	FY 2025 GAA	FY 2026 GOV	\$ Difference	% Difference
Individual Training	\$130.2	\$120.6	-\$9.1	-7.0%
Sector-Based	\$60.8	\$48.9	-\$12.5	-20.6%
State-Serving Populations	\$350.4	\$353.1	\$2.7	0.8%
<b>Total</b>	<b>\$541.1</b>	<b>\$522.6</b>	<b>-\$18.9</b>	<b>-3.5%</b>

*\$ in millions*

Training Opportunities for State-Serving Populations remains the largest area of workforce investment, with spending increasing over FY 2025 by \$2.7 million (0.8 percent) and representing 67.6 percent of workforce spending. However, investments in Sector-Based and Individual

<sup>3</sup> Read MTF's [report](#) on the Behavioral Health Workforce Challenge for more information on Chapter 257 human service workers rate.

Workforce Training programs have reached their lowest funding level since FY 2021 and FY 2022, respectively.

#### **Behavioral Health Trust Fund**

As covered in MTF’s [brief](#) on the behavioral health workforce challenge, policymakers set aside \$192 million in federal pandemic-era relief funds to support a range of programs to support the workforce. Aligned with the recommendations of the Behavioral Health Advisory Commission, EOHHS developed several programs, including additional loan forgiveness programs through MA Repay, scholarships, and funded field placements, which were funded through the FY 2024 GAA. While not included in the FY 2026 budget proposal, the administration anticipates using funds in FY 2025 and FY 2026 to support recruitment and retention programs for the behavioral health workforce.

To support workforce investments in a challenging fiscal year, the administration proposes funding several workforce programs with non-General Fund resources. For example, several programs, including the Massachusetts Manufacturing Extension Partnership program, are funded with resources from the Workforce Investment Trust Fund supported by the Sports Wagering Fund; while the Early College and Innovation Pathways line-item is not funded in the FY 2026 proposal, but is included in the Fair Share supplemental budget.

A separate financial pressure impacting workforce spending is continued diminishment of pandemic-era funds set aside for workforce programs. Between FY

2022 and FY 2023, many workforce programs, including the Workforce Competitiveness Trust Fund, received significant funding to bolster workforce shortages in critical sectors over several years. As workforce programs near the end of these funds, policymakers are left with fewer resources to support workforce programs in FY 2026.

#### **Notable Workforce Investments in the Governor’s FY 2026 Budget**

While the Governor’s budget includes lower funding levels for many workforce programs in FY 2026, these decreases often reflect the administration’s spending estimates for FY 2025 and additional funding included in the Fair Share supplemental budget. In the following sections, notable workforce programs are reviewed according to MTF’s categories, which can help policymakers identify key funding trends and better understand the administration’s approach to addressing workforce needs.

##### Individual Workforce Training

Line-items included in the Individual Workforce Training category offer basic skill development services. This includes programs that support the state’s workforce system for job seekers and employers, support eligible youth populations through career exploration opportunities, and allow high school students to earn college credit at no cost before graduation.

*Notable Individual Workforce Training Proposed FY 2026 Funding*

<b>Program</b>	<b>FY 2025 GAA</b>	<b>FY 2026 GOV</b>	<b>\$ Difference</b>	<b>% Difference</b>
<b>Individual Workforce Training</b>	<b>\$130.2</b>	<b>\$120.6</b>	<b>-\$9.1</b>	<b>-7.0%</b>
<i>Early College Initiative<sup>4</sup></i>	\$30.8	\$27.3	-\$3.5	-11.4%
<i>MassHire Career Centers</i>	\$8.9	\$8.3	-\$0.6	-6.9%
<i>School-to-Carer Connecting Activities</i>	\$8.1	\$6.5	-\$1.6	-19.8%

*\$ in millions*

The Governor’s FY 2026 budget funds these programs collectively at \$120.6 million, a \$9.1 million (7.0 percent) decrease from FY 2025 and \$34.6 million (22.3 percent) less than estimated FY 2025 spending.<sup>5</sup> In the Governor’s FY 2026 budget, Individual Workforce Training programs represent 23.1 percent of workforce funding, a 4.1 percent decrease in the share of funding compared to FY 2025. However, several Individual Workforce Training programs receive an additional \$62.5 million in the Fair Share supplemental budget to expanded services through FY 2028.

*Early College Initiative*

The state’s Early College Initiative is primarily supported by three line-items funded by the Department of Elementary and Secondary Education (DESE), the Department of Higher Education (DHE), and EOE. The Early College Initiative supports partnerships between high schools and institutions of higher education to offer students from traditionally underrepresented backgrounds in higher education the opportunity to earn college credit at no cost before they graduate high school. While the DESE and EOE line-items support course costs and program expansion, the DHE line-item supports credit reimbursements earned by program participants for participating higher education institutions.

*Early College Initiative Funding Summary*

<b>Line-item</b>	<b>FY 2025 GAA</b>	<b>FY 2026 GOV</b>	<b>\$ Difference</b>	<b>% Difference</b>	<b>Surtax Supp</b>
Early College Program	\$15.2	\$14.2	-\$0.9	-6.2%	\$0.0
Dual Enrollment Grant and Subsidies	\$13.1	\$13.1	\$0.0	0.0%	\$0.0
Early College and Innovation Career Pathways	\$2.5	\$0.0	-\$2.5	-100.0%	\$8.0
<b>Total</b>	<b>\$30.8</b>	<b>\$27.3</b>	<b>-\$3.5</b>	<b>-11.4%</b>	<b>\$8.0</b>

*\$ in millions*

While the Governor proposes \$27.3 million for the Early College Initiative, a \$3.5 million (11.4 percent) decrease compared to FY 2025, additional funding is included in the Fair Share supplemental budget. As part of the Reimagining High School Initiative, funded in the Fair Share supplemental budget at a total of \$32.5 million, the Governor projects dedicating \$8 million towards

<sup>4</sup> This includes funding from three line-items that primarily support the state’s Early College Initiative: 7009-6600, 7066-0019, and 1596-2413

<sup>5</sup> The administration estimates spending \$18.6 million more for the YouthWorks program in FY 2025 than what was appropriated in FY 2025, as a result of the program awarding grant funding in the summer months, which often has a fiscal impact on two fiscal years.

Early College program expansion efforts. This funding is intended to support expenses historically covered by the EOE line-item that has been funded through the state budget the past two years.

In the 2024 – 2025 school year, nearly 9,000 students were enrolled in the Early College program across 55 programs, an increase of 600 students (7.3 percent) and five new programs compared to the 2023 – 2024 school year. The number of credit reimbursements is also projected to increase by 12,000 credits (18.5 percent) in FY 2026 over FY 2025 estimates. With the proposed investments in the FY 2026 budget proposal and the Fair Share supplemental budget, the administration projects to increase capacity by over 3,500 students over the next two years.<sup>6</sup>

#### *MassHire Career Centers*

This line-item is funded by EOLWD to support the state’s 29 one-stop MassHire Career Centers, which provide job search assistance to individuals and connect employers with talent. The administration proposes \$8.3 million for the career centers, a \$610,000 (6.9 percent) decrease compared to FY 2025. The funding decrease for career centers is likely related to the end of the Market Maker positions, a pandemic-era program that extended services provided by career centers through a single point of contact between employers and training providers. However, career centers are primarily funded by the federal government through the Workforce Innovation and Opportunity Act (WIOA). In FY 2025, career centers received \$58.1 million through WIOA, a \$4.4 million (7.0 percent) decrease compared to FY 2024. While complete FY 2026 WIOA funding estimates will likely not be available until Congress passes a full-year FY 2025 budget, initial funding projections show a ten percent decrease in WIOA funding.

In FY 2024, career centers served 126,284 job seekers, nearly 17,000 individuals more (15.4 percent) than what the department planned for, and nearly 24,000 individuals (22.9 percent) more than career centers served in FY 2023.

#### *School-to-Career Connecting Activities*

This line-item is funded by EOE and administered by DESE to provide students with paid work-based learning experiences and career exploration activities with local employers. The administration proposes \$6.5 million for the program in FY 2026, a \$1.6 million (19.8 percent) decrease compared to FY 2025, the largest decrease of any workforce program. However, the administration projects dedicating \$5 million for work-based learning from the \$32.5 million Reimagining High School Initiative in the Fair Share supplemental budget, which is expected to support the program and expand capacity over the next two years.

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<sup>6</sup> Massachusetts Alliance for Early College Early College Outcomes Fact Sheet

## Fair Share Supplemental Budget

### *Adult Basic Education*

This line-item would be administered by DESE to supplement the Adult Basic Education program in the state budget, which supports English language learning services and GED/High School Equivalency Test (HiSET) programs. In addition to the \$58.92 million for the program in the Governor’s FY 2026 budget proposal, an additional \$30 million is dedicated to the program through the Fair Share supplemental budget. The supplemental investment is intended to increase the number of program service providers, reduce the waitlist by serving 10,000 additional individuals over the next two years, and create a structured approach to make English language learning programs an industry-recognized credential. In FY 2024, over 26,000 individuals participated in the program, an increase of more than 4,500 individuals (20.4 percent) compared to FY 2023. However, the demand for services continues to grow, as the waitlist for services increased from 21,762 in November 2023 to 24,843 in November 2024, an increase of 3,081 individuals (14.2 percent).

### Sector-Based

Line-items included in the Sector-Based category fund programs that train unemployed and underemployed individuals and eligible youth populations for in-demand occupations and sectors. This includes programs that support grant programs for training in high-demand sectors, such as manufacturing and health care, and utilize training equipment at vocational schools for after-hours training.

#### *Notable Sector-Based Proposed FY 2026 Funding*

<b>Program</b>	<b>FY 2025 GAA</b>	<b>FY 2026 GOV</b>	<b>\$ Difference</b>	<b>% Difference</b>
<b>Sector-Based</b>	<b>\$60.8</b>	<b>\$48.9</b>	<b>-\$12.5</b>	<b>-20.6%</b>
<i>Workforce Competitiveness Trust Fund</i>	<i>\$10.0</i>	<i>\$10.0</i>	<i>\$0.0</i>	<i>0.0%</i>
<i>Career Technical Institutes</i>	<i>\$9.6</i>	<i>\$9.0</i>	<i>-\$0.6</i>	<i>-6.7%</i>
<i>Entrepreneur-in-Residence Pilot</i>	<i>\$0.2</i>	<i>\$0.8</i>	<i>\$0.5</i>	<i>240.9%</i>

*\$ in millions*

The Governor’s FY 2026 budget funds Sector-Based programs at a total \$48.9 million, a \$12.5 million (20.6 percent) decrease from FY 2025 and \$11.8 million (24.1 percent) less than estimated FY 2025 spending.<sup>7</sup> In the Governor’s FY 2026 budget, Sector-Based programs represent 9.3 percent of workforce spending, a 17.0 percent decrease in the share of funding compared to FY 2025. Like Individual Workforce Training programs, additional funding is proposed through the Fair Share supplemental funding to support several workforce-related programs, including expanding training capacity at career and technical education programs.

<sup>7</sup> This does not include the remaining \$190.5 million from the Behavioral Health Workforce Supports line-item from FY 2024 that the administration anticipates spending in FY 2025.

### *Workforce Competitiveness Trust Fund (WCTF)*

This line-item funds a transfer to the state's WCTF, which funds grant programs administered by the Commonwealth Corporation, a quasi-public agency that oversees a range of workforce development programs. Competitive grant funding supports training and placement services for unemployed and underemployed individuals in high-demand sectors. The administration proposes maintaining the transfer at \$10 million in FY 2026. While the balance of the WCTF is currently \$102.3 million, the trust fund also houses funding for Career Technical Institutes, described in greater detail below. More than 80 percent of these funds will not be available to support new programs in FY 2026 since they have already been obligated to existing programs for their three-year cycle. WCTF grantees are reimbursed for program spending over the three-year lifespan of the program.

As of October 2024, 2,973 participants were enrolled in WCTF-supported programs, more than double the number of participants in 2023.<sup>8</sup> Based on projections of a \$10 million transfer to the WCTF, new grants were expected to be awarded to serve 1,500 individuals over a three-year program cycle. According to the FY 2024 WCTF annual report, to date, WCTF programs have achieved a 70 percent average job placement for individuals who have completed training programs.

### *Career Technical Institutes*

This line-item is appropriated to EOLWD by the Legislature and administered by the Commonwealth Corporation, which competitively awards funding to train participants in manufacturing and construction roles. The training is provided in vocational high schools after hours and funds are used to maintain current services and expand capacity. While the administration proposes a \$600,000 (6.7 percent) decrease in funding for FY 2026, compared to FY 2025, the Commonwealth Corporation anticipates making up some of this decrease with the remainder of state funds carried over from previous fiscal years. In FY 2024, the program funded 32 vocational high schools that trained over 2,400 individuals in 20 pathways, an increase over the 27 schools supported in FY 2023 that trained over 1,300 students in 18 pathways.

### *Entrepreneur-in-Residence Pilot*

This EOED line-item is administered by MassVentures, a quasi-public agency that supports early-stage technology startups, to fund the Talent H-1B Retention Visas for Entrepreneurs (THRiVE) in Massachusetts Grant Program. This pilot program was first funded in FY 2025 to cover legal and visa application fees for 19 international students who expressed interest in staying in Massachusetts and starting a business related to the technology field. Funding is also provided to higher education institutions to offset a portion of the cost of employing students. The administration proposes \$750,000 for the program, an increase of \$530,000 over FY 2025, providing more than three times the initial pilot program funding.

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<sup>8</sup> 2024 Workforce Competitiveness Trust Fund (WCTF) Annual Report



## Fair Share Supplemental Budget

### *Lab Modernization Grants for Career and Technical Education*

This line-item is funded through EOE to increase capacity at vocational technical schools decrease the waitlist, expand the number of career and technical education programs, and support repurposing space at existing schools to allow for additional training. This program is modeled after the MA Skills Capital Grant Program, a \$100 million investment typically included in the Higher Education Bond Bill. However, the \$75 million investment is intended to provide capital funding faster, as the MA Skills Capital Grant Program is spread over ten years and dependent on the sale of bonds.

With this supplemental investment, the administration projects supporting 15 to 25 awardees with grants up to \$5 million to add up to 3,000 seats for traditional and adult learners and reduce the waitlist for in-demand sectors aligned with regional workforce blueprints. While the waitlist for the 2024 school year reached 8,543 individuals, which was around the same level as the 2023 school year, the waitlist has increased by 2,437 individuals (39.9 percent) compared to the 2021 school year.

### *Innovation Career Pathways*

This program is funded through DESE to offer high school students advanced technical and education courses, work-based learning experiences, and industry-recognized credentials in in-demand sectors. Like Early College, the program has been supported by a supplemental line-item in the state budget supported by surtax resources to support program expansion. For FY 2026, the Governor proposes \$8 million through the surtax supplemental budget to increase the number of pathways and expand capacity over the next two years. In the 2023 – 2024 school year, 6,955 students across 69 schools are enrolled in the program, an increase of 1,282 students (5.4 percent) and 15 schools (27.8 percent) compared to the 2023 – 2024 school year. With this additional funding, the administration projects increasing capacity by 4,000 students and scaling the Clean Energy and Climate pathway to 25 schools, an increase from five schools that currently offer the pathway.

### Training Opportunities for State-Serving Populations

Line-items included in the Training Opportunities for State-Serving Populations category fund programs that serve individuals receiving state services, such as individuals living with disabilities, low-income families, and individuals transitioning from the corrections system. This includes the state's largest workforce program that offers employment and day support programs for Department of Development Services (DDS) clients.

*Notable Training Opportunities for State-Serving Populations Proposed FY 2026 Funding*

<b>Program</b>	<b>FY 2025 GAA</b>	<b>FY 2026 GOV</b>	<b>\$ Difference</b>	<b>% Difference</b>
<b>State-Serving Populations</b>	<b>\$350.4</b>	<b>\$353.1</b>	<b>\$2.7</b>	<b>0.8%</b>
<i>Community Day and Work Programs</i>	\$288.0	\$287.4	-\$0.6	-0.2%
<i>Vocational Rehabilitation for People with Disabilities</i>	\$26.2	\$28.8	\$2.6	10.0%
<i>Employment Services Program</i>	\$18.9	\$20.6	\$1.7	8.8%

*\$ in millions*

The Governor’s FY 2026 budget funds these programs at \$353.1 million, a \$2.7 million increase over FY 2025 and \$1.4 million (0.4 percent) more than estimated FY 2025 spending. Funding increases for workforce programs in this category are largely driven by the annualization of Chapter 257 reimbursement rates for human service providers included in FY 2025. In the Governor’s FY 2026 budget, Training Opportunities for State-Serving Populations represent 67.6 percent of workforce spending.

*Community Day and Work Programs*

This line-item is funded through DDS to support long-term employment opportunities and day program supports for clients ages 22 and older. The administration proposes decreasing funding slightly by \$600,000 (0.2 percent) in FY 2026 to align spending with estimated FY 2025 spending levels, which is expected to be \$285.1 million, \$2.9 million (1.0 percent) less than the amount appropriated in FY 2025. In FY 2024, the program provided 8,313 individuals with community-based day supports, an increase of 293 individuals (3.7 percent), and provided employment services to 6,362 individuals, a decrease of 78 individuals (1.2 percent) compared to FY 2023.<sup>9</sup>

*Vocational Rehabilitation (VR) for People with Disabilities*

This line-item is funded through MassAbility, formerly the Massachusetts Rehabilitation Commission (MRC), to provide employment services and fund counselors who help individuals with physical, cognitive, intellectual, or mental health conditions obtain and maintain employment. In FY 2024, the program provided career services to 23,283 individuals, an increase of 1,579 individuals (7.3 percent), and 17,291 individuals enrolled in training and education programs, an increase of 1,265 individuals (7.9 percent) over FY 2023.<sup>10</sup> The administration proposes an increase of \$2.6 million (10.0 percent) in FY 2026, which is largely driven by the annualization of Chapter 257 reimbursement rates and operational costs. However, this program is primarily supported by federal funding through Title IV of WIOA. In Section 2D of the FY 2025 GAA, \$42 million in federal grant funding is assumed to support the program, nearly twice the amount supported with state funds.

*Employment Services Program (ESP)*

This line-item is funded through the Department of Transitional Assistance (DTA) to support the state’s five Transitional Aid to Families with Dependent Children (TAFDC) Pathways to Work programs for low-income families. Services provided through these programs include job search

<sup>9</sup> DDS Public Data and Analytics Dashboard

<sup>10</sup> MassAbility 2024 Annual Report

assistance, ESOL services, case management, and wrap-around support. The program supported 4,239 individuals in FY 2024, an increase of 636 individuals (17.7 percent) over the number of individuals served in 2023.

The administration proposes an increase of \$1.7 million (8.8 percent) in FY 2026 over FY 2025. This increase is largely driven by the annualization of Chapter 257 reimbursement rates and operational costs for Competitive Integrated Employment Services (CIES) and the Young Parent Program (YPP). Funding for these programs varies, as some programs are funded through earmarked spending, while others are funded through a multi-year procurement cycle. The administration typically does not include earmarked spending, which is historically included by the House and Senate during their budget development process.

### **Notable Workforce Development Policy in the Governor’s FY 2026 Budget**

Policy proposals related to workforce in the Governor’s FY 2026 budget are primarily reflected through line-item recommendations. For example, the administration proposes elevating the Division of Apprenticeship Standards to a department-level entity. The new Department of Apprenticeship Standards is funded at \$350,000; the same amount of funding historically provided through the EOLWD administrative line-item. The investment is intended to highlight the administration’s priority of improving access and expanding the number of apprenticeships.

Many investments in the administration’s FY 2026 budget proposal also align with policy priorities identified through other initiatives, including the Economic Development Plan released in 2023. For example, the increased investment in the Entrepreneur-in-Residence program detailed in this brief aligns with the administration’s policy priority of scaling the existing Global Entrepreneur in Residence (GEIR) program operated through UMass Boston, to retain international students studying in the state who intend to stay and establish a business after graduation.

Notably absent from the Governor’s budget, are any proposals related to the state’s Unemployment Insurance (UI) system. As MTF will cover in future reports, the state reached an agreement with the previous presidential administration to repay \$2.1 billion in federal funds that were inappropriately used to support state UI benefits rather than pay pandemic-era unemployment claims. While the state does not have to begin repaying the federal government until December, system reforms will be necessary to ensure that the burden does not fall on employers.

### **Key Takeaways for the House and Senate**

As the budget development process now moves to the House and Senate, policymakers should remain mindful of balancing limited resources with their workforce spending priorities.

- ***How could policymakers improve the process for measuring long-term program outcomes and their impact on addressing current workforce needs?***

*Understanding the efficacy of the state’s vast network of workforce programs is critical for policymakers to assess appropriate levels of investment, especially in times of budgetary pressures. While many workforce programs provide basic information on participants, including the number of individuals served and the cost per participant, there is no structure*

*in place to measure all programs by the same standards or a one-stop entity that collects and provides this data to policymakers and the public.*

*As mentioned in MTF's Workforce and Economic Development session [preview](#), codifying the WSC provides an opportunity to establish the cabinet's role in streamlining workforce efforts, improve inter-agency collaboration on best practices and data sharing, and create a system for measuring program outcomes. Legislation has been proposed in the past to codify existing data structures, such as the Education-to-Career Data Center, and improve program evaluations and longitudinal outcomes but it has not been enacted.*

- ***Will the Legislature be receptive to Governor Healey's new investments in workforce programs? What additional workforce priorities will the Legislature propose?***

*The House and Senate will face the same major budget challenge that confronted the administration: managing billions of dollars in spending growth within very limited revenue growth. The majority of spending increases in FY 2026 will be driven by non-discretionary costs, like those related to MassHealth or state aid for school districts; leaving limited resources available for other areas of the budget. Fortunately, the Fair Share supplemental budget does provide an avenue for new investment in education-related workforce initiatives; and as we saw with the administration, the House and Senate may use these resources to support education-related workforce priorities. While the Governor's supplemental Fair Share spending proposal reflects a range of workforce-related programs, including Early College, Adult Basic Education, and Career Technical Education; the House and Senate are likely to craft proposals that reflect their own unique priorities.*

*For example, in the last several years, the Senate's major workforce investments have reflected policy priorities related to behavioral health; while the House has prioritized MBTA workforce efforts. In the FY 2024 budget, the Legislature dedicated \$175.8 million from the Behavioral Health Trust Fund toward behavioral health workforce programs. Similarly, the House led efforts to set aside \$36 million for workforce and safety initiatives at the MBTA.*

*While the \$1.32 billion in excess surtax revenues currently held in the Education and Transportation Innovation and Capital Fund must be used to support transportation or education-related investments; there may be opportunities for policymakers to support initiatives that align with their other policy priorities. For example, the state's Early College Initiative could be expanded to include a course pathway in behavioral health care to build a talent pipeline for high school students and reduce some of the costs of pursuing a career in the field.*

- ***Will policymakers introduce changes to the state's UI system to address the repayment of \$2.1 billion of pandemic-era funds to the federal government?***

*As mentioned above, the Governor's budget does not include funding or policy changes related to the repayment of \$2.1 billion of federal funds used inappropriately during the pandemic to pay non pandemic-related state UI benefits. As upcoming MTF policy fact sheets will demonstrate, it is critical to ensure that businesses are not solely borne with the responsibility of repaying about \$200 million annually for the next ten years, UI system*

*reforms are critical to minimizing the impact on businesses. Without UI system reforms, the UI Trust Fund, which supports unemployment benefits, is projected to be insolvent by the beginning of FY 2028, which will result in businesses paying the highest assessment rates to address the fund's solvency, while continuing to pay a COVID-19 Recovery Assessment to repay special obligation funds authorized during the pandemic that allowed the state to continue paying UI benefits.*