

SENATE No. 5



OFFICE OF THE GOVERNOR
COMMONWEALTH OF MASSACHUSETTS
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To the Honorable Senate and House of Representatives,

Good evening, Massachusetts! President Spilka, Speaker Mariano; Leader Tarr, Leader Jones; Members of the Senate and the House; Secretary Galvin; Attorney General Campbell; Treasurer Goldberg; and Auditor DiZoglio; Chief Justice Budd, members of the judiciary and the Governor’s Council; Governor Dukakis and Governor Weld; Mayor Wu, other mayors and local officials; Leaders from business and labor; clergy and guests; Thank you for being here tonight.

Thank you to my partner – and the Commonwealth’s First, First Partner – Joanna Lydgate, for your strength, love, and support. And thank you to all of my family.

Lieutenant Governor – Kim – our partnership is not only historic, it is truly meaningful to me. Your knowledge of local issues is unmatched, and your care and compassion for people is unbounded.

To the cabinet and staff: thank you for being the best teammates anyone could ask for. To all our state employees: thank you for the work you do every day. Nothing we talk about tonight gets done without you. To our service members and Gold Star Families: your sacrifices are never forgotten. Could I invite all veterans and military families to stand and be recognized? To the people of Massachusetts, here tonight and watching at home: Thank you for welcoming me into your communities this past year, to celebrate wins and grieve losses, to share your struggles and your hopes. Through it all, I’ve seen, more deeply than ever, that the true strength of Massachusetts is our people. Let me introduce you to some of them.

Jay and Lisa Savage are here. Jay’s a fourth-generation potato farmer from Deerfield. Back on a hot, humid day in July, we waded together through fields covered in mud and knee-

deep in water. We saw hundreds of acres destroyed by flooding – the reality of climate change today. Across Western and Central Massachusetts, I stood with families staring down the total loss of their crops, just before the harvest. They kept working hard, as they always do. And our state rallied around them. We asked the Legislature for help, and they delivered. We set up a fund with the United Way and donors big and small sent what they could. And today, every single one of those farms is still on its feet. Jay and Lisa: thank you to your family – and to all the folks who work every day to put food on our table.

Also here tonight is Danita Mends. Danita is a mom from Roxbury who, without a degree, found herself hitting career ceilings. So she enrolled at MassBay Community College, to pursue her passion for interior design. But as a working mom, struggling with tuition, she wasn't sure how far she could go. She was on the verge of dropping out. We knew there were thousands of people like Danita. That's why we created MassReconnect, a program that offers free community college to students 25 and over. For Danita, it came just in time. With the barrier of cost removed, she completed her certificate – and now is going for her degree at MassBay. She calls it “life changing.” She told us, she'll be able to talk to her son Otis about the importance of education, because she's living it. That's generational impact. Danita, your future is bright, and so is Otis's. Danita is in good company. This fall, thanks to MassReconnect, student enrollment in public higher education grew for the first time in 10 years. That's a historic turning-point – for students, for the employers who will reap the benefits of a higher skilled workforce, and for our economy.

A year ago, you put your trust in us. We have worked, every day, to live up to that responsibility. And we know: Behind every decision we make is a person – a student, a family, a small business owner, a senior. That's who our work is for.

Our economy is strong – Massachusetts has more jobs than ever before, and unemployment has been at all-time lows. Our bond rating is excellent, and we have record amounts in our rainy-day fund. But we also know: prices are high, and too many families have a hard time making ends meet. Many of us understand what that's like. I think about my own mom, raising 5 kids alone. One night, we were sitting around the kitchen table, and I could see she was hiding tears. She asked my brother if she could use his savings from yardwork and babysitting to pay the taxes. He was 11. People do what they have to do, to get by. I get that. As I see it, government should be there to make life easier, not harder.

That's why we were determined to deliver relief from high costs. The Legislature shared that goal. So we worked together. And we passed a billion-dollar tax cut that will save money for everyone in our state. That's right, we cut taxes in Massachusetts for the first time in 20 years. You'll see the savings when you file your returns in April. We now have the most generous child and dependent tax credit of any state in the country. And we got rid of the two-child cap! For someone like my mom, it would've meant an extra \$2200 every year. Mom, I bet you could've used that money. For every family with a child, a senior, or adult with disabilities – you will get

dollars back to help with groceries, utilities, gas, and housing. Renters and commuters will also get more money back, as will folks dealing with lead paint or septic systems. Those of you who sold your family home: you'll be able to keep a lot more money, because we cut the estate tax. Businesses will save money when they start here, stay here, and grow jobs here in Massachusetts. And seniors will benefit as well.

With us tonight is Elaine Correia from New Bedford. Elaine is 87, a retired nurse, and still active in her community. She has lived in the same home for 61 years, which she calls a "blessing every day." She said her 9 grandchildren don't all agree on politics, but hers is a "neutral house" where all are welcome. She loves their visits. At the same time, it's not always easy to buy gifts, or groceries, or pay the heating bill. Elaine, stories like yours inspired us to double the senior housing credit to \$2400 – because no one should have to worry if they can afford to stay in the home they love.

I want to thank the Legislature for your partnership in making Massachusetts more affordable. Tax cuts were just a start.

Together we made school meals, both breakfast and lunch, free for all students. That's saving parents money and feeding more kids. I am grateful for the Speaker's leadership and passion on this issue. We celebrated at Snug Harbor Elementary in Quincy, where he used to teach. "Mr. Mariano," as they still call him, taught us what those free meals mean to the kids there and across our state. It means a better focus on learning, and a burden lifted from families.

And we didn't stop there. Together, we provided record support for local schools by fully funding the Student Opportunity Act – and this year we're going to do it again! We expanded access to affordable healthcare. We paid off student loans for thousands of frontline healthcare workers. And, we increased financial aid to make state colleges and universities more affordable to our smart, hardworking Massachusetts students.

This is what our work is supposed to be about. Bringing help and hope to those we serve.

I think of the still-grieving families I met at the Veterans Home in Holyoke. They lost loved ones to COVID in the cruelest possible way. But they fought for a better future for the veterans who live there now. So after one of the worst chapters in our state's history, we were determined to do right by our heroes. The Legislature provided a plan and funding. Our Congressional delegation delivered. And we appointed our state's first-ever cabinet-level Secretary of Veterans Services, U.S. Army Reserves Major Jon Santiago, to get the job done. In August we broke ground on a new, state-of-the-art facility that will provide the world-class care our veterans deserve. And in December we opened an equally beautiful new Veterans Home in Chelsea. We have started a new chapter. And we will never let our veterans down again. Now let's pass the HERO Act – and make sure all our veterans get the respect, and services, they earned.

We've also faced unexpected challenges. I'm proud of the way Massachusetts stepped up with compassion – and solutions – for the influx of migrants that is testing states across this country. This is a hard issue, with no easy answers. And it's a problem we didn't create ourselves. We continue to demand Congress take action to fix the border and get us funding to cover our costs. But we're also showing a way forward. We put on a Work Authorization Clinic – now, nearly 3,000 newcomers have work permits. And every day we're connecting them with businesses who need workers. Like Salem Hospital – that recently hired migrants, and now for the first time in years is fully staffed in their housekeeping department. We're going to do that around this state.

Massachusetts met the moment in so many ways in the past year. We started by standing up for reproductive rights – stockpiling mifepristone and protecting patients and providers in the face of national attacks. And we worked, every day, to be a state where everyone can be safe and can thrive.

That means: Standing up for vulnerable communities with a new hate crimes unit in the Massachusetts State Police. Celebrating the first ever Youth and Families Pride event right here at the State House. Taking action to close maternal health disparities with a first-in-the-nation initiative. Delivering state services in more languages and with better digital access for those with disabilities. Successfully implementing the Work and Family Mobility Act – so that all residents, regardless of immigration status, can drive safely and legally to work or school. Turning climate change into opportunity: with the nation's first cabinet-level climate chief; and the first Green Bank dedicated to building healthy, affordable housing. And, strengthening justice, unlike any Administration in 40 years, by pardoning 13 people who more than paid for mistakes made long ago.

We set high goals for our first year in office. I stood here a year ago and made promises. And because we came together, acted with urgency – and with courage, when necessary we delivered results. We met every one of our goals. Today, Massachusetts is more affordable, more competitive, and more equitable than it was a year ago. And the state of our Commonwealth, like the spirit of our people, is stronger than ever.

This is the strength we're going to build on. It's the proof that we can do hard things. Nothing is impossible if we work together. I truly believe Massachusetts is the best place in the world to live, work, go to school, and raise a family.

But we don't underestimate the challenges we face. Jobs remain plentiful, but costs remain too high – for housing and childcare, especially. Our schools are the best, but not for every student. Congested roads and slow trains steal our time and our joy. It's frustrating. And while many of our industries lead the world, the competition is only getting tougher. It's also true that, as a state, we had several flush years with pandemic relief funding from the federal

government. Now that's gone away. We need to be smart and strategic with our investments, and make hard choices, like our residents do every day.

The good news is: our economy and our fiscal health are strong. The budget I file next week will be balanced, responsible – and forward-looking. This year, we will build on the progress we have made. And we will take new steps: To lower the cost of housing and childcare; Strengthen our schools and help all our young people reach their potential; Get our roads and rails moving; Help businesses and workers thrive; And meet the climate challenge by creating good jobs across our state.

This is the work ahead of us, and there's no time to wait. It starts with housing – the biggest challenge we face. You see it in the numbers, you hear it in the stories. Rents and prices are at all-time highs. But here's what it looks like at the kitchen table. Young couples search Redfin or Zillow, enter their price range – and watch all the homes for sale disappear off the map. Recent graduates share a meal – and share the buzz about states where your paycheck goes further. Seniors stare in disbelief at a letter announcing a rent hike they can't afford.

This isn't just a few unlucky people. It's the heart of our workforce. It's the soul of our communities. It's the future of our state, and we have to fight for it. Now is the time to make it easier for everyone to find affordable places to live.

That's why, last year, as promised, we appointed our state's first Secretary of Housing & Livable Communities. We tripled tax credits for new housing and increased low-income housing credits. We funded 1,000 new rental vouchers, and identified surplus public land for new homes.

These steps will make a difference. But we're dealing with a housing shortage that's decades in the making. To get costs down, we have to go big, and we have to do it now.

That starts with passing our \$4 billion Affordable Homes Act – the most ambitious housing plan in Massachusetts history. If you're born here or come to school here, I want you staying here. If you run a business here, I want you to expand and hire employees who can afford to live here. So let's pass this bill and get going.

When we do that: We will create middle-class housing and make home ownership a reality for families who have been priced out. We will build affordable homes at every income level and repair our long-neglected public housing. We will create supportive homes for seniors, veterans, and folks with disabilities. And we will support good construction careers with strong labor standards.

Imagine what it could look like. Abelardo and Gabriela are here tonight from Haverhill, with their two beautiful children. He works in a factory and she's an early educator. They love Haverhill and wanted to buy their first home there. But with prices what they are, it didn't seem realistic – and they started looking at other states. Then they got connected with a MassHousing

mortgage and a MassDreams grant. Now they are homeowners in Haverhill, building wealth and raising the next generation in the city they love.

But the programs that helped them can't meet the scale of today's housing crisis. The Affordable Homes Act will change that. We will inject \$50 million into MassDreams to help more families. And we'll put \$100 million into the Commonwealth Builder Fund to create more of the homes we need for first-time buyers. We can create thousands of new homeowners just like Abelardo and Gabriela. And we will.

The truth is, a housing market can't be fixed by 351 cities and towns each going it alone. You see, we're in this together. The Affordable Homes Act helps us meet the challenge together, with solutions that work for the communities we love. That's also why we're helping towns meet the MBTA Communities Law with smart, locally designed, multi-family zoning plans. I want to congratulate Salem and Lexington for being the first communities to achieve compliance, and others who have taken strong steps forward. For Massachusetts to succeed, every community must embrace the opportunity that new housing affords: For the next generation to invest in their hometown. To help seniors age in place. To keep more talent and customers fueling local businesses. To lower costs and unleash our people's full potential. I will be testifying, tomorrow, before the Joint Committee on Housing, on the Affordable Homes Act – because passing it is our top priority. Let's work together and get it done.

Housing is the biggest item in most family budgets – unless, that is, you have kids in childcare. Costs have been too high for too long, while providers and care workers barely hang on. It stresses families. It pushes women out of the workforce. And it holds back our economy. We have to lower childcare costs.

Last year, we delivered nearly half a billion dollars to stabilize the sector. And we made it easier for families to get financial help. This year's budget will keep that funding in place. And we'll go further.

Yesterday, we were at the Y in Malden. We met some dedicated early educators – and some very cute kids, having fun and learning important skills in their pre-K classrooms. It's an opportunity we want for every child. So here's what we announced. It's the Gateway to Pre-K to save families money and transform early education in our state.

First, we'll get direct help to thousands of families, by expanding eligibility for state financial assistance. In this program, childcare costs are capped based on what you can afford. Next, we'll set a new goal for early education in Massachusetts. By 2026, we will guarantee access to high-quality, affordable preschool for every 4-year-old in all 26 Gateway Cities. That means a seat in a classroom for over 23,000 children that relieves childcare costs – and sets them up for success. And Gateway Cities are just the start. We're going to keep working – with businesses, providers, and the champions of childcare in the Legislature and across the state.

Together, we will expand access, lower costs, meet the childcare challenge – and give all our kids the strong start they deserve.

By nearly every metric, Massachusetts has the best schools in the country. But in the early grades, we have an urgent issue we must address.

On last year's MCAS, a majority of our 3rd-graders were not Meeting Expectations in English Language Arts. That number reflects social inequities. It also reflects the fact that many districts are using out-of-date, disproven methods to teach reading. Kids are paying the price. Some are struggling, for years, to catch up. This simply cannot happen in Massachusetts. It changes now. Massachusetts is home to the first public school, first college, and first library. We are going to be first in literacy, too.

Tonight, I am announcing Literacy Launch. Over the next 5 years, backed by budget investments: We will make high-quality, evidence-based materials available to more districts. Schools using state curriculum are already seeing major gains in student progress. We can bring that impact to every classroom. We will also mandate that educator training programs teach evidence-based instruction. And we'll support our teachers in adopting best practices every step of the way. Every child in this state needs to be able to read and read well – and we're going to give them the tools to do just that.

Meanwhile, our high school students are telling us that what they learn in school should help them get where they need to go. So we will keep growing our Early College programs that are game-changers for first-generation students; and Innovation Pathways that provide hands-on, work-based learning in skills that lead to good careers. We will connect all our students to lifelong opportunities, whether college or skilled careers. It's essential for our workforce and our economy.

I see so much strength in our young people. But for too long, too many children and teens haven't felt okay. There's a crisis in youth mental health. It's hurting young people who are already vulnerable for any number of reasons. And we have to do everything we can to address it. Last year we expanded school-based mental health support, from early childhood to higher ed. We also launched 26 Community Behavioral Health Centers, to provide urgent, in-person crisis response, around the clock. They served thousands of children. And in one year, Emergency Room stays for youth mental health were cut in half. That's real impact. We know what's working, so we're going to do more of it – with support in school and community. And, for young people with the most complex needs, we'll address a serious gap in services. Our budget will call for \$10 million that ensure our most vulnerable young people get the care they need and parents get support. Let's be a state where every young person knows it's okay to not be okay. They can ask for help, and they will get it. I want to thank Senate President Spilka for her profound leadership, setting us on the right path, in the Mental Health ABC Act. By sharing her

own family's struggle, she reduced stigma and helped make sure that in this state, mental health treatment is valued just as much as physical health needs.

Transportation affects everyone's quality of life, every single day. That's why we worked hard to fix our roads, bridges, and rails – to make them safer, to get them moving. We sent unprecedented funding to cities and towns for locally needed projects. And we did more. We need state funding, but we also need every federal dollar we can bring back to Massachusetts. That's why we created a Federal Funds and Infrastructure Office. We set up the team. We leaned in. We worked with communities to submit great applications. And our strategy paid off. We brought home nearly \$3 billion for Massachusetts in our first year alone.

That includes: \$24 million to rebuild Leonard's Wharf at the Port of New Bedford; \$33 million for electric school buses; \$108 million to advance West-East passenger rail – in Springfield, Pittsfield, Palmer, and Worcester; And, we rounded out the year by winning \$372 million to begin – finally – rebuilding the Cape Cod Bridges. Thank you to our Congressional delegation, MassDOT, and the Federal Funds team – not to mention the great communities on the Cape and across our state. There is much more to come, so let's get after it!

For the MBTA, we appointed a General Manager in Phil Eng with deep operational experience. He's hard at work fixing the T – along with a growing team. When we took office, the T was underfunded, poorly managed, and badly understaffed – with 1100 vacant position. No wonder the trains weren't running on time. So we pledged to make 1,000 new hires in our first year. We got a good new labor contract, to help recruit and retain workers. And last year: the MBTA hired 1,500 new employees, the best year of hiring the T has ever had. I want to thank the Carmen's Union for their partnership.

It's making a difference. Slow zones are down. Stations are cleaner, more welcoming, and accessible. Commuter Rail ridership has been over 90% of pre-pandemic levels, one of the very best marks in the nation. And platforms in Lynn and Ashland reopened on or ahead of schedule.

This year we'll also put our new Economic Development Plan into action. We'll make it easier for companies of all sizes to do business here in Massachusetts. And we'll seize new opportunities to grow – from a new tourism strategy to new workforce pipelines through our MassTalent initiative. I want things working and moving in our state. I want employers to look at Massachusetts and get excited. I want businesses, large and small, to grow and thrive. And I want every company to know: We are Team Massachusetts. We are aligned in our values and we collaborate across business, government, higher ed, and nonprofits. Last year, we partnered with industry to win a competitive Microelectronics Hub through the federal CHIPS & Science Act. That will accelerate our advanced manufacturing renaissance and create good jobs all across our state.

We also worked with life science and healthcare leaders to pitch and win a national hub in ARPA-H, America's medical discovery moonshot. This is a big deal. It's going to drive more investment through our economy. And it makes Massachusetts more likely to be the place where the next life-saving vaccine is produced; where the world-changing cures for Alzheimer's; for cancer; for heart disease come from. And it wasn't only our world-class science that won the day. It was our commitment to making sure medical breakthroughs reach everyone, no matter who you are or what you can pay. I want to recognize Director Renee Wegrzyn and the ARPA-H team; health equity champion Gladys Vega; and Stan Wang of Thymune, a Massachusetts company that has already won funding to develop life-saving immune system therapies. Medical discovery has been our state's calling card – and economic engine. So we are going to renew the Life Sciences Initiative with a new investment for a new era of innovation. We will lengthen our lead in this critical sector.

And we're not going to stop with life sciences. We're going to go out and win another world-changing industry. We will make Massachusetts the climate innovation lab for the world. We'll help Climate Tech companies not only start, but scale in Massachusetts – creating good jobs in the Climate Corridor we are building across our state. You can see it coming to life. Look at Commonwealth Fusion – a clean-energy innovator started at M.I.T., now with 500 employees in Devens. Or Sublime Systems, a Somerville startup bringing low-carbon building materials – and 70 manufacturing jobs to Holyoke, with state partnership. Our Climate Tech initiative will catalyze this growth into global leadership that benefits Massachusetts workers and communities.

Already, we are leading the clean energy revolution. As of this month, Vineyard Wind – right off the coast of New Bedford – is sending power to the grid – on its way to being the biggest offshore wind farm in North America. We can land scallops and we can land megawatts as well. And we're aiming our sights high. This spring we'll review proposals for new wind power that could equal up to 25% of our energy needs.

And, we'll develop a workforce plan – because the heroes of this revolution will be the electricians, builders, HVAC installers, and more. We're going to work closely with organized labor; industry; vocational schools and community colleges. For example, this year: we'll fund no-cost HVAC training at schools across the state. They'll train more than 400 students in the first year, to install and maintain heat pumps that help decarbonize our buildings. Clean energy will power not only our homes and cars – it will power opportunity and equity for workers in every part of this state.

The truth is our cities and towns are deeply impacted by climate change already. We saw it in the floods last summer – and this week. So many communities dealt with serious damage. In August I stood in the kitchen of a restaurant in North Andover, with an owner who had just watched years of hard work destroyed. A month later, I met a homeowner in North Attleboro whose house took on 6 feet of water in 20 minutes – and was condemned while we were there. This was on a street that had never even seen flooding before. This is what it looks like when old

infrastructure meets today's storms. We have to protect our homes and businesses – for the long term, and right now. Our communities need help, and they deserve a better response. So we are going to increase funding to help cities and towns shore up riverbanks, fix failing dams and drainage systems, and plan for the future. And tonight, we are proposing a permanent Disaster Relief Resiliency Fund. I want to thank Senator Jo Comerford and Rep. Natalie Blais, who championed this idea. Severe weather isn't going away anytime soon. Let's future-proof our communities and be ready when help is needed.

250 years ago, we started a Revolution in Massachusetts. Our state started the American experiment and changed the world. You can feel it in this building. Paul Revere and Sam Adams laid the cornerstone. The 54th Massachusetts Regiment marched down Beacon Street on their way to end slavery and save our union. We have worked, in each generation, to make America's founding promise real for all our people. It's who we are. And it's why, whatever happens in national politics, Massachusetts will defend democracy. More than that, we will live democracy, and show why it works. We will make sure every voice is heard, every community seen, and every step we take, we take together.

We know times aren't easy. But writing the first state constitution wasn't easy. Winning a Civil War wasn't easy. Bringing forth civil rights, universal healthcare, and marriage equality weren't easy. But we did it. And we'll do it again. We're going to take on challenges like housing and childcare, by working with urgency and putting our people first. We're going to spark new revolutions in healing people and protecting our planet. We're going to redouble our commitment to freedom and justice for all. And, yet again, we are going to send out a beacon of hope for America and the world to follow.

God Bless you, and God Bless this great Commonwealth of Massachusetts.

Respectfully submitted,

Maura T. Healey,
Governor