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MTF Bulletin

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Fiscal Year 2025 Budget: A Closer Look

Workforce Investments in the Governor’s Budget

On January 24th, the Healey-Driscoll administration released its Fiscal Year (FY) 2025 budget proposal, with significant investments in childcare, education, and transportation. The \$58.13 billion spending plan is a \$2.1 billion increase (3.7 percent) over the FY 2024 General Appropriations Act (GAA). This brief focuses on workforce spending in the Governor’s proposal, where investments occur, and how proposed funding compares to the FY 2024 GAA.

Overall Workforce Spending Themes

The Governor’s FY 2025 budget dedicates \$538.7 million for workforce programs through 41 line-items across 16 distinct public entities, representing nearly 1 percent of budgeted spending¹. While workforce spending decreases by \$9.2 million (2 percent) compared to the FY 2024 GAA, it grows by \$37.5 million (7 percent) compared to the Governor’s FY 2024 proposal.

Gov. Healey FY 2025 Workforce Spending by Category

Program	FY 2024 GAA	FY 2025 GOV	\$ vs. FY 2024 GAA	% vs. FY 2024 GAA
Individual Workforce Training	\$131.5	\$131.7	\$0.2	0.2%
Sector-Based	\$110.3	\$57.4	-\$52.9	-48%
Training Opportunities for State Populations	\$306.1	\$349.6	\$43.5	14%
Total	\$547.9	\$538.7	-\$9.2	-2%
Behavioral Health Workforce Supports	\$192.0	\$0.0	-\$192.0	-100%

\$ in millions

To put spending levels in context, this brief separates out the significant funding dedicated to Behavioral Health Workforce Supports in FY 2024, which was supported by one-time Fiscal Recovery Fund resources, to provide a more accurate funding comparison.

¹ Workforce funding through the federal Workforce Innovation and Opportunity Act (WIOA) and earmarks under line-items that do not solely fund workforce programs is not included in the analysis.

As demonstrated in the table above, most workforce spending is dedicated to Training Opportunities for State-Serving Populations and spending in this category increases by more than \$40 million compared to FY 2024. While funding for Individual Workforce Training programs is maintained, spending on Sector-Based programs decreases by nearly \$53 million. Three Sector-Based programs funded in FY 2024, but not in the Governor’s FY 2025 proposal represent 96 percent of this funding decrease.

Two programs, Targeted Scholarships and Nursing Programs Free Community College, were supported by income surtax revenue in FY 2024 and are expected to have significant resources available in FY 2025. Additionally, the FY 2024 budget included \$192 million in one-time spending for Behavioral Workforce Supports, and the majority of that funding remains available. The administration expects that 88 percent (\$22 million) of FY 2024 Targeted Scholarships funding and half of FY 2024 funding for Nursing Programs Free Community College will be available for FY 2025. This could explain why these programs are not in the Governor’s FY 2025 budget.

The 2 percent decrease in workforce spending compared to FY 2024 is due to a range of factors. For several workforce programs, a significant portion of FY 2024 funding is expected to be available in FY 2025, including many programs originally supported by income surtax revenue. Other programs have resources remaining the COVID recovery and economic development bills, including YouthWorks and Career Technical Institutes. The Governor’s budget prioritizes expending these existing resources before increasing spending in FY 2025.

A Closer Look at Where Workforce Spending Occurs

As the administration continues to address workforce challenges, it is critical to understand where in government workforce spending occurs. Therefore, this brief uses the framework laid out in our introductory [brief](#) to categorize and assess workforce spending in the Governor’s FY 2025 budget. Workforce programs are generally defined as providing job training, reducing vocational barriers, or offering services to support stable and sustainable job opportunities for unemployed, underemployed, and eligible youth populations.

Unlike spending for other policy areas such as healthcare or transportation, workforce programs are funded across nearly all secretariats². The administration uses the Workforce Skills Cabinet (WSC) to coordinate the state’s efforts to address workforce needs and seek funding for programs. Notably, 38 of the 41-workforce line-items in the Governor’s FY 2025 budget are funded by one of the following secretariats in the WSC:

- 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)

As demonstrated in the table below, workforce spending across WSC secretariats decreases by \$9.1 million (2 percent) compared to the FY 2024 GAA. While funding for EOHHS workforce programs increases by \$43.1 million (14 percent), workforce spending is reduced among all other WSC secretariats. Workforce spending under EOE decreases the most, at 48.8 million (28 percent). As noted above, \$43 million (88 percent) of the EOE workforce funding decrease is due to income surtax-supported line-items not being

² See the Appendix for a breakdown of workforce line-items funded by each secretariat.

funded in the Governor’s FY 2025 budget, as significant resources remain available. The table below lists spending by secretariat and program.

Gov. Healey FY 2025 Workforce Spending by WSC Secretariat

Executive Office	FY 2024 GAA	FY 2025 GOV	\$ vs. FY 2024 GAA	% vs. FY 2024 GAA
EOHHS	\$303.5	\$346.6	\$43.1	14%
EOE	\$173.1	\$124.3	-\$48.8	-28%
EOLWD	\$63.1	\$60.0	-\$3.2	-5%
EOED	\$5.5	\$5.2	-\$0.3	-5%
Total	545.2	536.1	-\$9.1	-2%
Other Secretariats	\$2.6	\$2.7	\$0.1	4%
Behavioral Health Workforce Supports	\$192.0	\$0.0	-\$192.0	-100%

\$ in millions

While EOLWD funds 13 workforce line-items, more than any other secretariat in the WSC, these investments only represent 11 percent of workforce spending and include Individual Training and Sector-Based programs. The majority of workforce spending (64 percent) occurs under EOHHS through ten line-items, most of which are Training Opportunities for State-Serving Populations. Additionally, the Governor’s FY 2025 budget includes 12 workforce line-items under EOE, representing 23 percent of workforce spending, many of which are Individual Workforce Training programs.

Notable Workforce Investments in the Governor’s FY 2025 Budget

As workforce spending in the Governor’s FY 2025 budget decreases by \$9.2 million (2 percent), funding for a majority of workforce programs is either maintained or reduced. By organizing workforce programs in these categories, policymakers can identify key funding trends and better understand the administration’s approach to addressing workforce needs.

Individual Workforce Training Programs

Line-items under the Individual Workforce Training category support basic skill development and fund the statewide workforce infrastructure for job seekers and employers. The budget includes \$137 million across 11 line-items for these programs, with a majority of them funded through EOE or EOLWD. While funding is maintained, these programs receive a greater share of total workforce funds, increasing by 6 percent to nearly a quarter of workforce funding, since funding for Sector-Based programs decreases by more than \$50 million compared to FY 2024. The table below demonstrates how Individual Workforce Training funding compares to FY 2024 and highlights notable programs.

Gov. Healey FY 2025 Individual Workforce Training Spending

Program	FY 2024 GAA	FY 2025 GOV	\$ vs. FY 2024 GAA	% vs. FY 2024 GAA
Individual Workforce Training	\$131.5	\$131.7	\$0.2	0.2%
Summer Jobs for At-Risk Youth	\$16.2	\$15.7	-\$0.5	-3%
Early College	\$15.2	\$15.0	-\$0.2	-1%
MassHire Career Centers	\$6.0	\$10.0	\$4.0	67%

\$ in millions

The descriptions below provide additional insight on funding differences for major Individual Workforce Training programs and the Governor’s proposal for FY 2025.

Summer Jobs for At-Risk Youth

This line item is funded by EOLWD to support the YouthWorks program, administered by the Commonwealth Corporation for a year-round employment and job training program for at-risk individuals aged 25 and younger. The Governor proposes funding this line item at \$15.7 million in FY 2025, a decrease of \$500,000 (3 percent) compared to FY 2024. While the administration does not anticipate carrying over funds from FY 2024, the program has carried over funding in recent years. The administration also estimates that \$23 million in remaining funds from the first COVID recovery and economic development bill passed in 2021 remains available to support the program.

In FY 2023, the line item was funded at \$28.5 million and supplemented by resources from the first COVID bill and served nearly 10,000 individuals. In FY 2025, the administration expects the program to serve 3,600 individuals.

Early College³

This line item supports partnership between high schools and institutions of higher education to offer traditionally underrepresented students in higher education the opportunity to earn college credits before they graduate high school. Aside from the exclusion of a \$200,000 earmark for Westfield State University, the Governor maintains funding for Early College at \$15 million. This funding is supplemented by two other line-items that support Early College programs, Dual Enrollment and the Early College and Innovation Pathways line-item supported by surtax revenue.

³ While the administration includes several line-items under their proposed funding for Early College programs, this brief analyzes each line item separately.

Breakdown of Early College Line-Item Funding

Line Item	FY 2024 GAA	FY 2024 for Early College	FY 2025 GOV	FY 2025 Expected for Early College
Early College Program	\$15.2	\$15.2	\$15	\$15
Dual Enrollment Grant and Subsidies	\$12.6	\$9.1	\$12.6	\$11.6
Early College and Innovation Career Pathways	\$5	\$2.5	\$5	\$2.5
Total	\$32.8	\$26.8	\$32.6	\$28.6

\$ in millions

The Dual Enrollment line-item is level funded at \$12.6 million in the Governor’s budget, and \$11.1 million is expected to be used to support Early College in FY 2025. About half (\$2.5 million) of the surtax-supported line item is expected to be available in FY 2025 for Early College programs. In total, FY 2025 funding is expected to support 10,000 students, an increase of 2,200 students over FY 2024. Based on Fall enrollment, Early College funding from the Dual Enrollment line-item is expected to support between 51,000 and 57,000 credit reimbursements, increasing from about 50,000 in FY 2024.

MassHire Career Centers

This line item is funded by EOLWD and supports 29 one-stop MassHire Career Centers, which service job seekers and employers. The Governor funds career centers at \$10 million, an increase of \$4 million (67 percent) over FY 2024. Additionally, MassHire Career Centers receive significant funding from WIOA federal grants. The Governor’s budget assumes \$27.8 million in federal WIOA grant funding under Section 2D, an increase of \$10.7 million (161 percent) over the Section 2D assumption of the FY 2024 GAA.

To give a scope of the scale of what this funding could support, more than 72,000 job seekers and 19,000 employers were served when Career Centers were funded at \$9.5 million in FY 2022, slightly less than Governor Healey’s proposal. The increased funding for Career Centers in Governor Healey’s proposal is to continue the expansion of Market Makers, which are intended to serve as a single point of contact for employers on a regional level to connect with skilled talent. Market Makers were first funded through the FutureSkills grant program administered by the Commonwealth Corporation with funds allocated through the COVID recovery and economic development bill passed in 2021.

Sector-Based Programs

Line-items under the Sector-Based workforce category support training and employment services for in-demand industries. These programs are supported by 19 line-items, and similar to Individual Workforce Training programs, a majority are funded through EOE and EOLWD. Funding for Sector-Based programs decreases by \$52.9 million (48 percent) and represents 11 percent of overall workforce spending, a nine percent decrease compared to FY 2024. The table below demonstrates funding differences for a few major Sector-Based programs.

Gov. Healey FY 2025 Sector-Based Workforce Programs Spending

Program	FY 2024 GAA	FY 2025 GOV	\$ vs. FY 2024 GAA	% vs. FY 2024 GAA
Sector-Based	\$110.3	\$57.4	-\$52.9	-48%
Career Technical Institutes	\$15.4	\$10.4	-\$5.0	-32%
Transfer to the Workforce Competitiveness Trust Fund	\$10.0	\$10.0	\$0.0	0%
Registered Apprenticeships	\$3.8	\$3.8	\$0.0	0%

\$ in millions

Similar to Individual Workforce Training programs, the notable Sector-Based programs highlighted below are expected to carry over funds from FY 2024. Therefore, to understand how the administration proposes funding these programs in FY 2025, it is important to look at the remaining resources not accounted for in the budget.

Career Technical Institutes⁴

This line item is funded through EOLWD and supports a competitive grant program administered by the Commonwealth Corporation to expand job training hours and improve equipment at vocational high schools. Funding is proposed at \$10.4 million, a decrease of \$5 million (32 percent) compared to FY 2024. Similar to the Summer Jobs for At-Risk Youth line item, \$2 million for Career Technical Institutes remains available to support the program from the first COVID recovery and economic development bill passed in 2021. Since the program was funded in FY 2021, the number of Career Technical Institutes has increased from 10 to 29 and served nearly 2,000 individuals.

Transfer to the Workforce Competitiveness Trust Fund

Unlike other workforce line-items which fund specific programs, this appropriation funds a transfer to the Workforce Competitiveness Trust Fund (WCTF) which supports several competitive grant programs administered by the Commonwealth Corporation to expand training capacity to upskill new workers and diversify the workforce in high-demand sectors. The administration level funds the WCTF transfer at \$10 million and plans to supplement this transfer with \$7 million in FY 2025 from the COVID recovery and economic bill passed in 2021. The current balance of the WCTF is \$66.5 million in funds supported by the state budget and \$12.8 million supported by Fiscal Recovery Fund resources⁵.

To put this transfer in perspective, when \$10 million was transferred to the WCTF in FY 2021, 48 programs were supported by grants with 220 individuals enrolled. By FY 2023, the transfer to the trust fund was increased to \$17 million and there were 71 WCTF grant-operated programs with 1,173 individuals enrolled in training programs.

Registered Apprenticeships

This line item is funded through EOLWD and funds a grant program administered by the Department of Apprenticeship Standards (DAS) to support technical instruction and training provided through an apprenticeship in employment sectors like health care and manufacturing. The administration maintains the

⁴ This does not include funding for a line item under the Department of Elementary and Secondary Education which funds Career Technical Education programs for school-aged students at Career Technical Institutes.

⁵ This does not include the \$10 million transfer appropriated in the FY 2024 budget.

\$3.8 million in funding for registered apprenticeships included in FY 2024. The FY 2024 level represented a large increase for the program after several years of \$1 million or less in funding. Currently, \$3.6 million from FY 2024 remains available for grant programs administered by DAS to support apprentices.

DAS oversees over 13,000 apprentices, including nearly 2,000 expansion apprentices, and partners with more than 600 employers. While a majority of apprenticeships are in building trades and construction sectors, the administration prioritizes the expansion of apprenticeship programs in high-need sectors, including health care and early education to create talent pipelines and diversify the workforce.

Training Opportunities for State-Serving Populations

Line-items under the Training Opportunities for State-Serving Populations category support programs for a range of individuals, including those living with disabilities and Transitional Aid to Families with Dependent Children (TAFDC) eligible families. These programs are supported by 11 line-items, with a majority of programs funded through EOHHS. Funding for these programs increases by \$43.5 million (14 percent) compared to FY 2024 GAA. Workforce programs for state-serving populations represent 65 percent of workforce funding, a 23 percent share increase compared to FY 2024. The table below demonstrates funding differences and highlights notable programs.

Gov. Healey FY 2025 Workforce Spending for Training for State-Serving Populations

Program	FY 2024 GAA	FY 2025 GOV	\$ vs. FY 2024 GAA	% vs. FY 2024 GAA
Training Opportunities for State Populations	\$306.1	\$349.6	\$43.5	14%
Community Day and Work Programs	\$243.2	\$288.0	\$44.9	18%
Employment Services Program	\$19.9	\$18.4	-\$1.5	-8%
Demonstration Workforce Development Program	\$2.8	\$2.5	-\$0.3	-11%

\$ in millions

Unlike Individual Workforce Training and Sector-Based workforce programs where funding is to support training services and increases capacity, funding increases for Training Opportunities for State-Serving Populations are to support reimbursement rate increases for human service providers. Below are notable workforce programs for state-serving populations, including the largest funding increase for any workforce program.

Community Day and Work Programs

This line item is funded through EOHHS and supports an array of employment and day program supports to help Department of Development Services (DDS) clients ages 22 and older obtain and secure long-term employment. Funding for the program increases by \$44.9 million (18 percent) over FY 2024 and is the state’s largest workforce investment. Additional funding in FY 2025 reflects updated caseload estimates and supports provider rate increases required by the state’s Chapter 257 human service rate setting process. As of December 2023, more than 7,000 individuals receive Community-Based Day Support and nearly 6,000 individuals receive employment services.

Employment Services Program

This line item is funded through EOHHS and supports the TAFDC Pathways to Work programs administered by the Department of Transitional Assistance (DTA) and provides a range of employment and wrap-around support services for TAFDC recipients. Funding is proposed at \$18.4 million, a \$1.5 million (8 percent) decrease compared to FY 2024, which was a record funding level. While the administration does not include an estimate on whether funds from FY 2024 would be available in FY 2025, the program had \$1.3 million in unexpended funds available in FY 2023. The most recent annual report covers outcomes from FY 2022 when the line item was funded at \$16.1 million and served more than 3,200 individuals across five different programs.

Demonstration Workforce Development Program

This line item is funded through EOLWD and supports the Re-Entry Workforce Development Demonstration Grant program administered by the Commonwealth Corporation to provide job training and stabilization programs for individuals exiting correctional facilities and rejoining their community. Funding is proposed at \$2.5 million, a \$300,000 (11 percent) decrease compared to FY 2024. It is unlikely that this proposed funding decrease will impact services, as the program has carried over funds from previous fiscal years and only expended \$1.5 million (39 percent) of its FY 2023 appropriation and enrolled 143 participants. Therefore, the program should continue to operate without the negative impacts of budget reductions in FY 2025.

Key Takeaways for the House and Senate

In a year where spending growth in the budget is only expected to grow by 3.7 percent, funding for several major workforce programs is reduced. As the Governor proposes reducing workforce funding by 2 percent, policymakers should remain mindful of constrained resources and remaining resources available to support many of these programs through prior bills as they consider their workforce spending priorities.

As the budget process moves to the Legislature, policymakers face a few key questions.

- **Will the Legislature continue to include reporting requirements for workforce programs?**
As is typically the case, the Governor's budget removes reporting requirements from the line-item language for workforce programs. While the Legislature often includes more reporting requirements in their budget proposals compared to the administration, several workforce programs have historically lacked reporting structures. As mentioned in earlier MTF reports, there are several workforce programs that would benefit from improvements to performance metrics and reporting structures, including:
 - *Summer Jobs for At-Risk Youth (YouthWorks)*
 - *Dual Enrollment Grant and Subsidies*
 - *EEC Provider Higher Education Opportunities*
 - *Demonstration Workforce Development Program**MTF's recommendations for improvement range for each of the programs listed above, and include requirements for annual reports in the line-item language and adjusting when reports are required. In a time of constrained revenues, improved data collection can ensure that resources are being appropriately dedicated to workforce programs.*

- **How will the state's constrained revenue picture impact spending for local programs?**
Between FY 2019 and FY 2024, workforce spending in the budget increased by \$180.8 million (53 percent), increasing at an average of 9.4 percent per year. In FY 2025, policymakers have access to fewer tax revenues to support budgeted spending than were available during the FY 2024 budget

development process. Given the limited resources available to policymakers in FY 2025, it is likely that workforce spending increases will not be as significant as in recent years. Fortunately, many workforce programs will continue to have access to funding originally appropriated in the Covid Recovery and Economic Development bills, as well as prior fiscal years. Assessing the availability of these resources could help maintain funding for local workforce investments.

- **Will the Legislature increase investments in Sector-Based workforce programs?**

In recent years, the House and Senate have dedicated significant new resources to several Sector-Based workforce programs. This includes the \$192 million investment for Behavioral Health Workforce Supports, and a \$43 million combined investment for Targeted Scholarships and Free Community College for Nursing Students in FY 2024. In FY 2025, faced with a more constrained revenue picture, policymakers should be mindful of the resources that remain available for these programs before increasing investments.