

# 5 Takeaways: Fiscal Year 2025 Massachusetts State Budget

The FY25 state budget includes significant investments in public education, covering early childhood through postsecondary education. These investments are crucial for addressing the state's most pressing issues and advancing educational equity across the Commonwealth. Here are some key highlights:

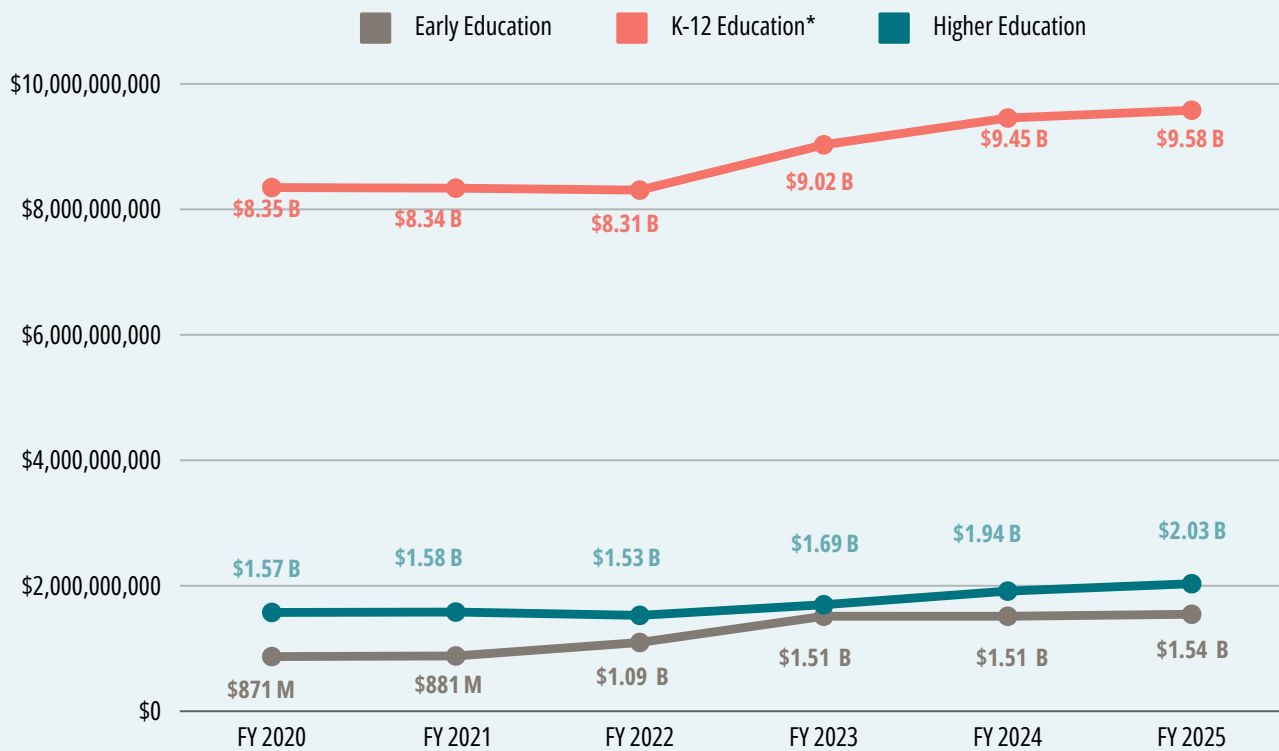
1

The FY25 state budget includes increased funding for education across all levels, from early childhood through postsecondary.

The Commonwealth's budget for this year allocates **\$13.15 billion for education**, representing a **\$273 million (or 2%) increase over the FY24 level**.

**FIGURE 1: Historical Funding in Education**

Source: MassBudget & Policy Center Budget Browser

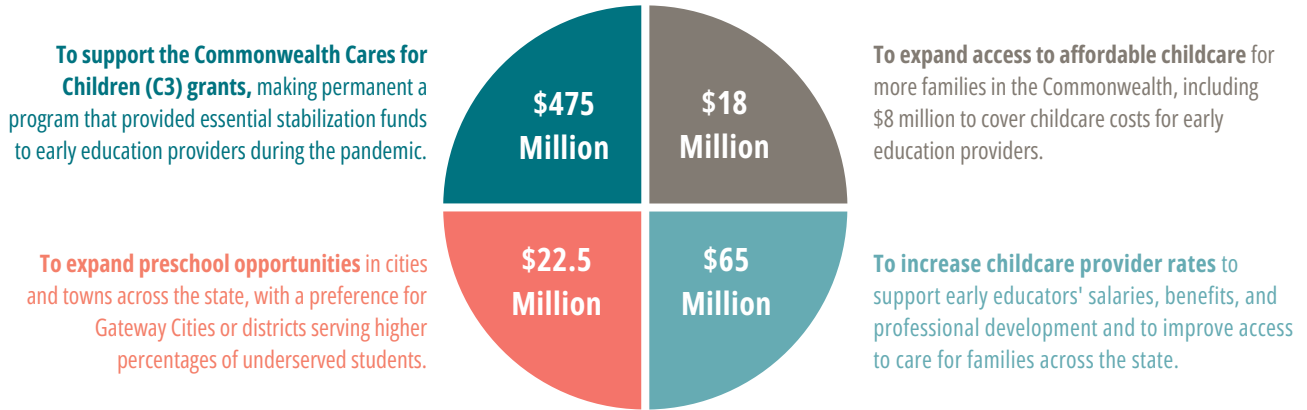


\*K-12 includes Chapter 70 Aid, Non-Chapter 70 Aid and School Building Funding

# 2

## The budget includes significant investments to enhance access, affordability, and quality in early education and care.

The FY25 budget boosts funding for early education and care, including advancing the state's progress toward implementing several recommendations from the Special Legislative Early Education and Care Economic Review Commission.

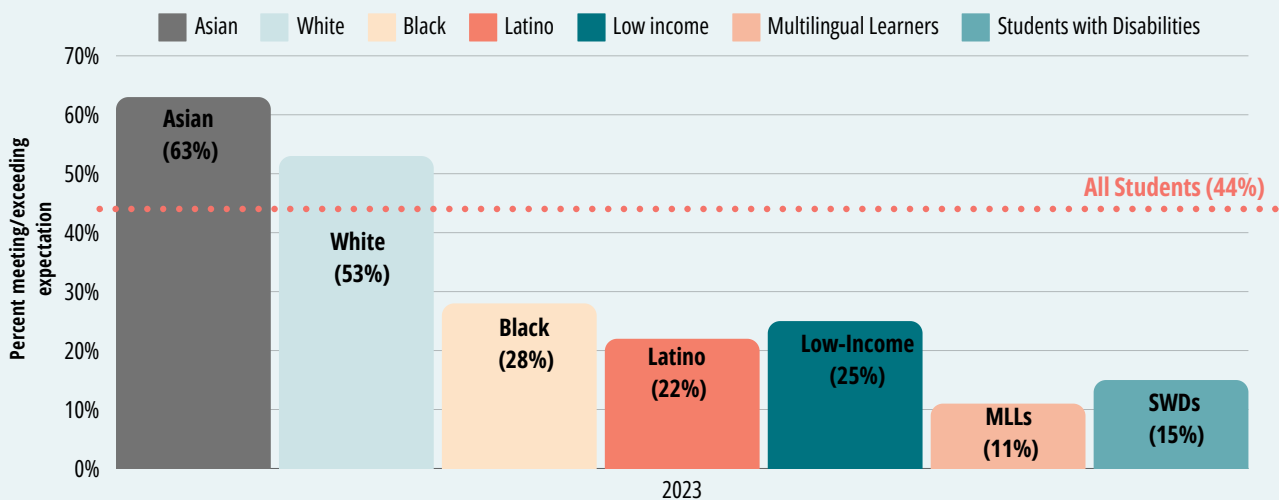


# 3

## The budget allocates \$20 million to tackle the state's escalating literacy crisis.

Over half of Massachusetts' fourth graders struggle with reading proficiency, and underserved students have fallen even further behind. The FY25 budget seeks to address the state's growing literacy crisis by funding the "Literacy Launch" initiative at \$20 million, which aims to promote the adoption of high-quality, evidence-based reading materials and methods in more schools across the state. Funding will help provide technical support, coaching, and professional development for educators and update approval criteria for teacher education programs requiring evidence-based early literacy training.

**FIGURE 2. Percentage of students meeting/exceeding expectations on 3rd Grade ELA MCAS in 2023, by subgroup**

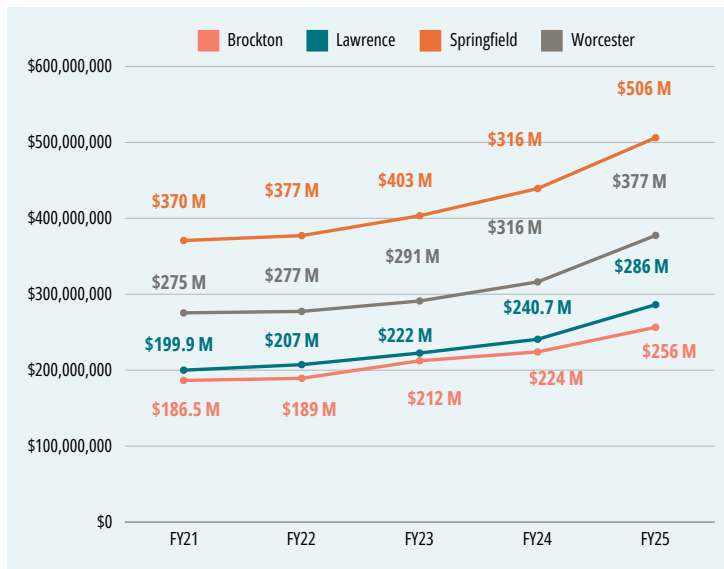


# 4

## The budget maintains funding for the Student Opportunity Act, yet inflation has posed challenges for numerous districts.

The FY 2025 budget marked the fourth year of implementing the Student Opportunity Act (SOA), which revamped Massachusetts' school funding formula, known as Chapter 70. This year's budget allocates **\$6.86 billion in Chapter 70 aid** for school districts, reflecting a \$280 million increase over the previous budget. Nevertheless, many districts in Massachusetts are grappling with substantial financial challenges as federal pandemic relief funds expire and costs soar amid inflationary pressures.

**FIGURE 3: Chapter 70 increases in Gateway Districts Receiving the Largest Amount of State Aid , FY21-FY25**



### Equity Spotlight: Impact of Inflation on District Budgets

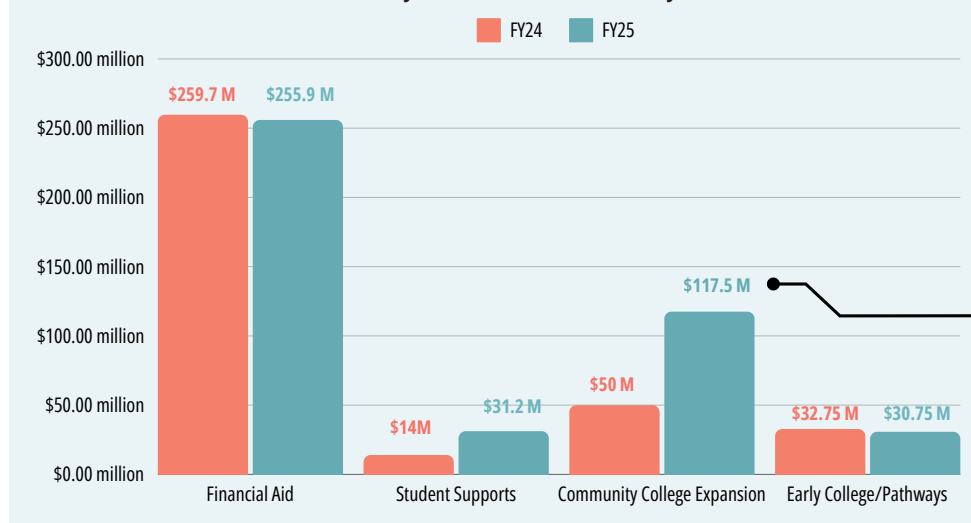
State law caps the annual inflation adjustment for calculating Chapter 70 foundation budgets at 4.5%. However, actual inflation was 8.01% in FY24 and 7.08% in FY23, significantly surpassing the allowed adjustment. As a result, districts have been left to cover the increased costs themselves. Many districts are now confronted with challenging budget decisions, including potential layoffs of newly hired staff, a group that disproportionately includes educators of color.

# 5

## The budget includes historic investments that will improve higher education access and affordability.

The FY25 budget includes additional funding to address postsecondary accessibility and affordability. Notably, it includes funding for the state to cover tuition and fee costs for all students at community colleges and provides additional resources to expand wraparound services and supports for students at both state universities and community colleges, which can help improve completion rates.

**FIGURE 4: Postsecondary Access and Affordability Investments**



This includes \$24 million to continue MassReconnect, and \$94.5 million to cover tuition and fees costs for all students at community colleges.