

# FY 2025 BUDGET RECOMMENDATION BUDGET BRIEF

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## Climate Action

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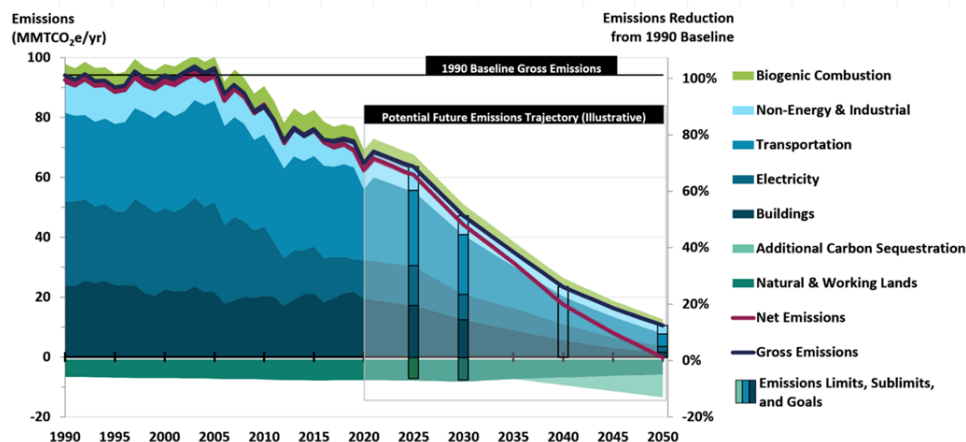
### Introduction

Massachusetts has long been a national leader in addressing climate change. The Healey-Driscoll Administration created the first in-the-nation cabinet-level Office of Climate Innovation and Resilience (OCIR), charged with leading an all-of-government approach to the issue. The House 2 budget advances an ambitious climate vision, including achieving net-zero statewide greenhouse gas emissions by 2050 and building resilience to climate change impacts.

With great challenges come great opportunities. Massachusetts has the opportunity – and an imperative – to help the world respond to the climate crisis while creating equitable economic opportunities for its businesses, communities, and people. The House 2 budget invests in climate in the following areas:

- **Clean Energy and Climate Mitigation** – implement net-zero greenhouse gas emissions across transportation, buildings, energy, and natural working lands sectors.
- **Adaptation and Resilience** - adapt to extreme weather and sea level rise by managing risks and building capacity statewide, including coastal resilience and inland flooding.
- **Environmental Justice** – advance environmental justice by implementing the strategy developed by the Executive Office of Energy and Environmental Affairs (EOEEA) and establishing fellowships and corps that support historically underserved groups.
- **Climate Tech** – become a climate tech innovation leader through workforce development, educational partnerships, research, technologies, and innovation.
- **Conservation & Stewardship** – invest in parks, resources, and conservation to bring the outdoors to everyone and meet carbon sequestration and resilience goals.

### Massachusetts' Path to Net Zero



*Source: Clean Energy and Climate Plan for 2050 (2020).*

## **Climate Principles in Budgeting and Governing**

Broadly speaking, discretionary state spending should align with and not undermine Massachusetts' climate goals. The Healey-Driscoll Administration has prioritized climate and environmental justice considerations in budget development and throughout its policy agenda.

OCIR, in collaboration with each of the Secretariats, reviewed the organization, staffing, and policy-making practices of all executive branch agencies and offices. Making state government a part of the climate solution requires an all-of-government approach. OCIR, working collaboratively with the Secretariats, has identified a number of areas where Massachusetts can lead by example.

The House 2 recommendation reflects these initiatives, including:

- Electrification of the state vehicle fleet;
- Greenhouse gas management scorecard for vendors on statewide contracts;
- Redesigning energy purchase contracts for the state to maximize efficiencies and ensure use of clean technologies;
- Implementing ResilientMass and ResilientCoasts initiatives;
- Establishing a dam safety technical assistance program and expanding a culvert technical assistance program to support compliance, design and permitting so entities can implement projects that are more resilient to climate change; and
- Fossil-fuel-free state facilities, such as the newly opened, state-of-the-art Massachusetts Veterans Home at Chelsea, which features geothermal wells and a rooftop solar array.



Massachusetts Veterans Home at Chelsea, rooftop solar array.

Agencies that support state government in facilities management and purchasing are prioritizing climate and environmental goals in their work. The Division of Capital Asset Management and Maintenance (DCAMM) has announced a new Office for Decarbonization so

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that emissions reduction is central to all their capital planning and facilities management activities. The Operational Services Division (OSD), which oversees more than \$2 billion dollars of goods and services purchased by state agencies and local governments each year is working to drive more climate-responsible decision-making by those entities by enabling greater attention to emissions reduction in procurement choices.

### **Climate at Home: Housing and Livable Communities**

Effective climate policy starts at home. In June 2023, Governor Healey announced the launch of the Massachusetts Community Climate Bank, the nation's first green bank dedicated to affordable housing. The bank was capitalized with \$50 million in state funds from the Department of Environmental Protection. It is designed to maximize investment in the reduction of greenhouse gas emissions from the affordable housing market, whose residents bear a disproportionate burden in energy costs and adverse climate impacts. The bank will help to promote an equitable energy transition and meet the needs of environmental justice populations. By leveraging private sector capital and federal funds available under the Inflation Reduction Act, the Massachusetts Community Climate Bank will finance building retrofits aligned with the state's long-term climate objectives and new construction of decarbonized buildings. Massachusetts is the first state to incubate its Climate Bank within its Housing Finance Agency and to focus its strategy on affordable housing.

In fiscal year 2024, the Healey-Driscoll Administration awarded an additional \$27 million to decarbonize affordable housing with the Affordable Housing Deep Energy Retrofit Grant Program. Related accomplishments included issuance by the Department of Environmental Protection of a Clean Heat Standard straw proposal, issuance of a Department of Public Utilities order that will guide the evolution of the natural gas distribution industry to clean energy, adoption of the specialized stretch energy code by 31 municipalities, and establishment of the Municipal Fossil Free Building Demonstration program.



Governor Healey announces Resilient Coasts initiative.

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In addition to funds from other sources, the fiscal year 2025 House 2 budget funds the following programs and initiatives to support climate efforts in local communities, making them more livable, clean, affordable, and resilient:

- Office of Climate Science (OCS) at EOEEA, which supports local governments and the public in understanding, accessing, and appropriately utilizing the state's climate change data in planning, policy, and projects;
- ResilientMass, the statewide hazard mitigation and climate adaptation plan, which helps Massachusetts plan and prepare for climate related hazards; and
- ResilientCoasts initiative, which will establish Coastal Resilience Districts based on unique climate change impacts and will work with coastal communities to develop tailored policy, regulatory, and financing strategies for long-term resilience.

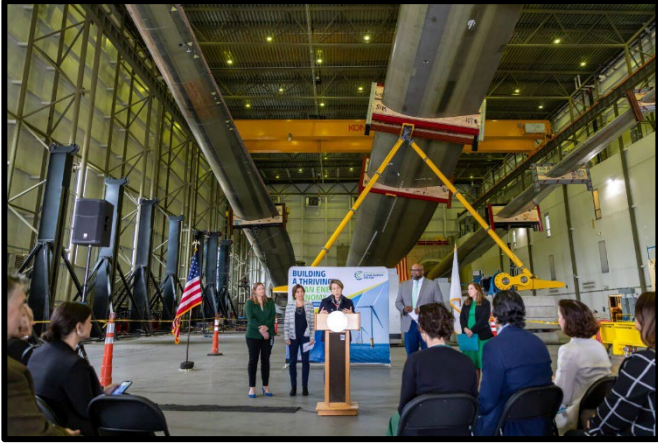
### **Climate that Works: Clean Energy, Tech Jobs and Economic Development**

Massachusetts has demonstrated an early leadership role in the deployment of climate technology and clean energy job creation. Under the Healey-Driscoll Administration, Massachusetts is uniquely positioned to lead the world in climate tech innovation and open up equitable opportunities for diverse workers across the economy: from the scientists and innovators who will invent new climate solutions, to the engineers, installers, tradespeople, machinists, and technicians who will create and construct them. The Healey-Driscoll Administration's Economic Development Plan, *Team Massachusetts: Leading Future Generations*, specifically identifies opportunities for the state to achieve global leadership in climate technology innovation.

Climate tech encompasses innovative technological solutions that mitigate the impacts of climate change, help communities adapt, and build resilience in systems and infrastructure. Massachusetts is already home to a dynamic climate tech innovation ecosystem, with leading research universities, nation-leading incubator and accelerator organizations, such as Greentown Labs and The Engine, healthy financial and professional sectors, and prominent thought leaders in the field. This ecosystem has incubated hundreds of businesses, including start-ups and large companies. The House 2 budget supports reducing greenhouse gas emissions through innovation and putting Massachusetts to work on climate solutions.

The future will undoubtedly bring job seekers many opportunities for a range of jobs related to mitigating climate change and adapting to its consequences. Demand for wind turbine service technicians will grow faster than any U.S. occupation between now and 2029 according to the Bureau of Labor Statistics. The House 2 budget includes \$30 million for the Massachusetts Clean Energy Center (MassCEC), which is working collaboratively with EOEEA, the Executive Office of Education, the Executive Office of Labor and Workforce Development, the Massachusetts Department of Elementary and Secondary Education, Massachusetts higher education institutions, vocational/technical schools, community based organizations, organized labor and apprenticeship programs to ensure the Massachusetts workforce is ready to execute our climate goals.





MassCEC and its partners are forging effective workforce development strategies that expand pipelines for new workers and promote retention, upskilling and advancement for current workers across the state. MassCEC's programs encompass diversity, equity and inclusion efforts across the full spectrum of economic opportunity, to train an increasingly diverse workforce and nurture a thriving ecosystem of minority- and women-owned business enterprises.

### **Climate in Motion: Transit and Clean Transportation**

MassDOT, the Executive Office of Economic Development, and EOEEA through the Department of Energy Resources (DOER), and the Department of Environmental Protection (DEP), are leading in the adoption of electric vehicles (EVs) in Massachusetts and ongoing deployment of EV charging technology in partnership with utilities and other key stakeholders. These critical collaborations reflect the all-of-government approach necessary to fulfill the state's aggressive decarbonization plans.



Through the fiscal year 2025 budget and the Fair Share transportation investment proposal, the Healey-Driscoll Administration is also poised to make transformational investments in transit, including the MBTA and each of the 15 Regional Transit Authorities (RTAs) statewide, giving more Massachusetts residents access to affordable, equitable, and climate-friendly mobility options.

### **Climate on the Grid: Clean Energy**

In the past year, Massachusetts has made great progress toward a cleaner, healthier energy future. The Healey-Driscoll Administration accomplished the following milestones:

- Issued a 3,600 MW Offshore Wind Solicitation, the largest ever in New England
- Through a new Multistate Offshore Wind Memorandum of Understanding, joined Rhode Island and Connecticut to review bids from the upcoming offshore wind procurement
- Led the formation of the Northeast States Collaborative on Interregional Transmission, a bipartisan group of ten states with support from the U.S. Department of Energy

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- Created the Commission on Clean Energy Infrastructure Siting and Permitting to make recommendations to streamline the clean energy siting and permitting process
- Led the Grid Modernization Advisory Council to review and provide input on electric-sector modernization plans that will ensure the grid is prepared for increased electrification and clean energy generation
- Collected stakeholder input on strengthening the Clean Energy Standard
- Saw first delivery of Vineyard Wind's offshore wind power to the Massachusetts electric grid, which will soon be the nation's largest operational offshore wind farm

House 2 proposes significant capacity-building investments to continue the important work of expanding clean energy in Massachusetts, including expanding the capacity of the Federal and Regional Energy Affairs (FREAA) Office within EOEEA to coordinate with state, regional, and federal partners and states on topics such as promoting shared investments in offshore wind infrastructure and integrating clean energy resources into the regional power grid.



### **Nature-Based Climate Policy: Conservation and Stewardship**

Conservation and management of Massachusetts' forests are a critical component to optimize carbon sequestration and mitigate climate risk. The Healey-Driscoll Administration's policy: *Forests as Climate Solutions*, is accelerating progress toward the state's land conservation goals and ensuring forests are managed in a way that protects their carbon storage and sequestration capacity in service of achieving net-zero statewide greenhouse gas emissions by 2050. Forests and natural and working lands also provide a range of benefits like clean water, biodiversity and wood products.

*Forests as Climate Solutions* will support forest-based businesses and landowners, invest in forest conservation, enhance a network of forest reserves, and develop forest management guidelines based on the latest climate science. This initiative, which is supported across EOEEA budgets, is an example of science, leadership, and nature working together to address climate challenges.

In Massachusetts, there are many dams, culverts and small bridges that were never intended to withstand the weather extremes brought by climate change.





This budget provides \$2.8 million for a new program to help both public and private dam owners navigate the process of repairing and removing their old, dangerous dams. The House 2 budget also adds \$2.8 million to a culvert technical assistance program that helps cities and towns repair and replace undersized, failing culverts with larger, safer structures.

Together, these investments in infrastructure will make us safer and more resilient to extreme weather and the impacts of climate change while restoring rivers and streams.

### **Climate Resilience and Recovery**

Climate-related disasters, severe weather events, and the damage they can cause are all too real to the communities and industries of Massachusetts impacted by recent floods, storms, and deep freezes. The Healey-Driscoll Administration recognizes the need to help when these emergencies occur.

The House 2 budget creates a Disaster Relief and Resiliency Trust Fund, which will be funded with a 10% portion of excess capital gains tax revenues, in addition to any public or private sources, federal grants, donations, settlements, repayments or reimbursements available for this purpose. The Disaster Relief and Resiliency Trust Fund will be available to deploy rapidly when needed, to alleviate the damage, loss, hardship, and suffering caused by natural disasters and other catastrophic events. This is a sensible and compassionate strategy that mitigates the risk of climate-related disasters and allows communities to rebuild in a more resilient way, which will minimize environmental damage, economic disruption, and the human suffering associated with emergency events.

