

The Commonwealth of Massachusetts Bond Financing Programs



**March 24th, 2023
Commonwealth Credit Review**

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<http://munios.com/live/CommonwealthFeb23>

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For audio, participants are asked to dial in using the following information:

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TREASURER

DEBORAH B. GOLDBERG



GOVERNOR MAURA HEALEY



Department of Revenue

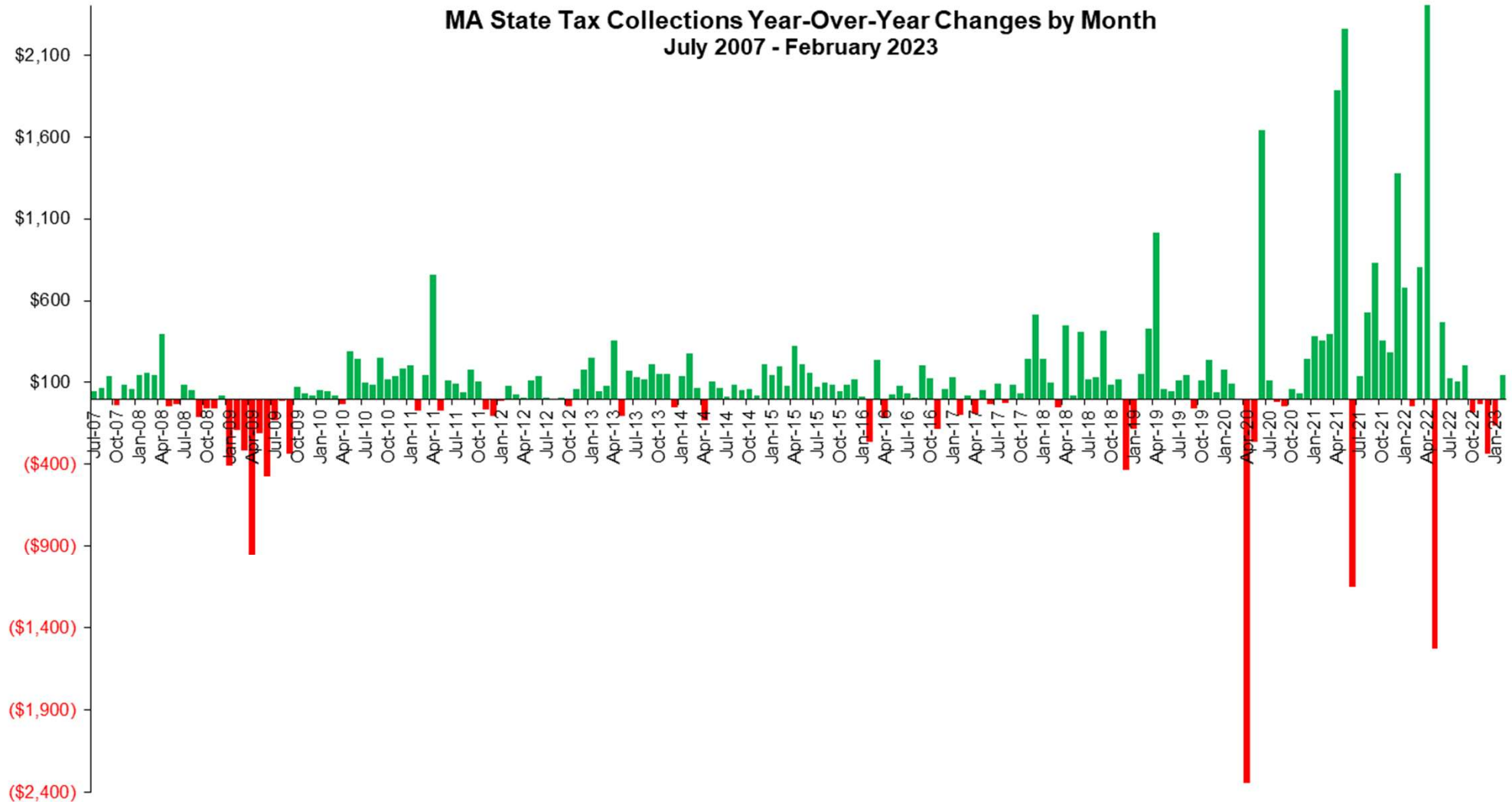
Dr. Kazim P. Özyurt

*Chief Economist,
Director, Office of Tax Analysis*



Monthly year-over-year changes in collections:

MA State Tax Collections Year-Over-Year Changes by Month
July 2007 - February 2023



FY23 Year-to-Date (Through February) Tax Collections Update

February 2023 Tax Collections Summary (in \$ millions)

Preliminary as of March 3, 2023

	Month of February					FY23 YTD as of February				
	02/23 Actual Collections	02/23 v. 02/22 \$ Fav/(Unfav)	02/23 v. 02/22 % Fav/(Unfav)	02/23 Actual vs Benchmark \$ Fav/(Unfav)	02/23 Actual vs Benchmark % Fav/(Unfav)	02/23 YTD Actual Collections	02/23 YTD v. 02/22 YTD \$ Fav/(Unfav)	02/23 YTD v. 02/22 YTD % Fav/(Unfav)	02/23 YTD Actual vs Benchmark \$ Fav/(Unfav)	02/23 YTD Actual vs Benchmark % Fav/(Unfav)
Income										
Income Withholding	1,309	81	+6.6%	1	+0.0%	10,890	383	+3.6%	(207)	-1.9%
Income Est. Payments	26	(14)	-35.0%	3	+14.0%	2,595	(561)	-17.8%	233	+9.9%
Income Returns/Bills	71	16	+29.4%	10	+16.1%	1,028	230	+28.8%	186	+22.1%
Income Refunds Net (outflow)	(433)	(28)	-6.9%	(60)	-16.2%	(1,264)	(545)	-75.9%	335	+21.0%
Subtotal Non-withheld Income	(337)	(26)	-8.3%	(47)	-16.4%	2,359	(876)	-27.1%	754	+47.0%
Subtotal Income	972	55	+6.0%	(47)	-4.6%	13,249	(493)	-3.6%	547	+4.3%
Sales & Use										
Sales - Regular	487	33	+7.3%	32	+7.0%	4,525	320	+7.6%	240	+5.6%
Sales - Meals	99	22	+29.0%	24	+31.9%	992	115	+13.1%	116	+13.2%
Sales - Motor Vehicles	88	15	+20.2%	15	+20.0%	762	75	+10.9%	72	+10.4%
Subtotal Sales & Use	674	70	+11.6%	71	+11.7%	6,279	509	+8.8%	427	+7.3%
Corporate & Business - Total	48	2	+4.1%	16	+48.1%	2,159	10	+0.5%	185	+9.4%
All Other	284	36	+14.6%	10	+3.5%	1,964	(63)	-3.1%	(160)	-7.5%
Total Tax Collections	1,979	163	+9.0%	49	+2.5%	23,651	(37)	-0.2%	999	+4.4%

Note: The figures above exclude Tax-Related Settlements & Judgments exceeding \$10 million each. The total for these was \$0.00 million in February 2023 and \$43.04 million in FY23 year-to-date.



FY23 Year-to-Date (Through February) Tax Collections Update

- Positive performances versus benchmark in:

- Non-withholding income tax,
- sales tax, and
- corporate & business tax collections,

are partially offset by

- negative performances in

- Withholding income tax, and
- “All Other” taxes.



FY23 Year-to-Date (Through February) Tax Collections Update

- Year-to-date total is \$23.651 billion:
 - \$37 million, or -0.2% from the same period in fiscal 2022, and
 - +\$999 million, or 4.4% above year-to date benchmark.
- Both FY2023 and FY2022 year-to-date total were impacted by the net PTE excise payments.
- After adjusting for net PTE excise payments, year-to-date total:
 - +\$1.058 billion, or 4.7% from the same period in fiscal 2022, and
 - +\$572 million, or 2.5% above year-to date benchmark.



FY23 Year-to-Date (Through February) Tax Collections Update

More specifically:

- Withholding: \$10.890B, +\$383M, +3.6% actual, but \$207M or 1.9% below benchmark
- Non-withholding: \$2.359B, -\$876M or -27.1% actual, but \$754M or 47.0% above benchmark
- Sales & use tax collections: \$6.279B, +\$509M or +8.8% actual, and \$427M or 7.3% above benchmark
- Corporate and business tax collections: \$2.159B, +\$10M or +0.5% actual, and \$185M or 9.4% over benchmark
- All Other taxes: \$1.964B, -\$63M or -3.1% actual, and \$160M or 7.5% below benchmark.



Office of the Comptroller FY2022 Statutory Basis Financial Report

Pauline Lieu

*Chief Financial Reporting Officer,
Assistant Comptroller*



Fiscal Year 2022 Statutory Basis Financial Report (SBFR)

- The SBFR is presented on a budgetary or statutory basis – cash receipts and expenditures, including two months accounts payable and receivable period; excludes trust funds and most activity of so-called business-type activities such as unemployment and the Institutions of Higher Education
- The SBFR excludes “component units” such as Massachusetts School Building Authority (MSBA), some of the Massachusetts Department of Transportation (MassDOT), and Massachusetts Development Finance Agency (MassDevelopment)
- The SBFR determines whether the budget is balanced according to state finance law. The report also determines the calculation of the “consolidated net surplus” and the end of year transfer to the Stabilization Fund (or Transitional Escrow Fund in FY2022)
- Consolidated net surplus (CNS) is defined as the “undesignated” (or unreserved) balance in certain budgetary funds (i.e., funds subject to the Commonwealth’s annual budget process) as of June 30, of which the General Fund of (92.0%) and Commonwealth Transportation Fund (3.2%) account for the bulk of spending activity
- In FY2022, per the final supplemental bill, the entire surplus was to be transferred to the Transitional Escrow Fund for spending in FY2023, rather than being deposited in the Stabilization Fund



Fiscal Year 2022 Statutory Basis Financial Report (SBFR)

- Summary Budgeted Results
 - FY2022 ended with a “consolidated net surplus” of \$4.812 billion in the budgeted funds
 - That \$4.812 billion was transferred to the Transitional Escrow Fund, which is intended to hold the FY2022 surplus for appropriation in FY2023
 - There was an FY2022 operating gain of \$6.101 billion in the budgeted funds, compared to a \$7.804 billion operating gain in FY2021. Operating gain is due primarily to strong growth in tax revenue of \$6.815 billion
 - Budgeted fund **ending balance of approximately \$18.200 billion**, of which:
 - ❖ \$6.938 billion is held in the Stabilization Fund
 - ❖ \$2.311 billion deposited in the Stabilization Fund in FY2022
 - ❖ \$5.654 billion is in the Transitional Escrow Fund
 - ❖ \$6.076 billion designated for FY2023 appropriations (FY2023 prior appropriations continued, or PACs) and debt service



Fiscal Year 2022 Statutory Basis Financial Report (SBFR)

Budgeted Fund Revenues

- Total budgeted fund revenue (prior to transfers between budgeted funds) totaled \$62.084 billion, an increase of \$5.202 billion, or 9.1%, from FY2021
- \$1.629 billion of this growth was due to the net impact of implementation of a “pass-through entity excise tax”, which partially offset the impact of the cap on deductibility of state income taxes on federal returns
- Budgeted fund tax revenue totaled \$38.587 billion, up \$6.815 billion, or 21.5% from FY2021 (or \$5.184 billion and 16.3%, adjusting for revenues from the pass-through entity excise), \$6.383 billion above the original FY2022 tax estimate and \$5.925 billion above the final FY22 estimate, as Massachusetts experienced a strong economic recovery from the COVID-19 pandemic
 - Total personal income tax collections were \$24.336 billion, up \$4.718 billion, or 24.1%, and up \$3.089 billion and 15.7% adjusting for the impact of the pass-through excise
 - Personal income tax withholding was up \$1.196 billion, or 8.1%



Fiscal Year 2022 Statutory Basis Financial Report (SBFR)

Budgeted Fund Revenues (Continued)

- Non-withheld personal income tax (excluding the pass-through entity tax) **increased by \$1.144 billion, or 24.7%**, the latter driven entirely by growth in capital gains tax revenue, which totaled \$3.877 billion an increase of \$1.293 billion, or 50.1%, from FY2021
- Sales & use tax (excluding cannabis sales tax) **increased by \$741 million, or 13.7%**, including a \$388 million, or 41.0% increase in meals taxes
- Corporate and business taxes totaled \$5.110 billion, an increase of \$957 million, or 23.0%
- **Increases** in the deeds excise, **(\$75 million, or 18.9%)**, cannabis sales and excise tax **(\$63 million, or 40.7%)**, and estate taxes **(\$81 million, or 10.2%)**
- FY2022 tax revenues exceeded the allowable fiscal year tax limit by \$2.941 billion, resulting in refunds paid out to Massachusetts taxpayers in FY2023
- Federal Reimbursements totaled \$15.779 billion, **a decrease of \$2.560 billion or 14.0%**
 - Non-recurring FY2021 revenue of \$4.892 billion for the America Rescue Plan Act (ARPA)
 - Federal reimbursements for the Commonwealth's Medicaid program totaled \$13.895 billion, an increase of \$1.557 billion, or 12.6%
- Lottery profits totaled \$1.101 billion, **a decrease of \$7 million, or 0.7%**, from FY2021



Fiscal Year 2022 Statutory Basis Financial Report (SBFR)

Budgeted Funds Expenditures

- Budgeted fund expenditures and other uses (prior to transfers between budgeted funds) totaled \$55.983 billion, **an increase of \$6.905 billion, or 14.1%**, from FY2021
- Medicaid expenditures totaled \$19.846 billion, **an increase of \$1.723 billion, or 9.5%**, from FY2021, due to caseload increases, and the extension of the Federal Public Health emergency, during which disenrollment of beneficiaries was suspended
- Direct local aid spending (both education aid and unrestricted aid) was \$6.743 billion, was **up \$260 million, or 4.0%**, from FY2021
- Transfers to the state pension fund of \$3.415 billion in accordance with the Commonwealth's actuarially-determined pension funding schedule, **an increase of \$300 million, or 9.6%**, from FY2021, and additional pension contributions funded by \$250 million appropriation from general revenues and a \$126 million transfer of capital gains taxes
- Budgeted debt service totaled \$2.423 billion, **up \$133 million, or 5.8%, from FY2021**
- Interfund transfers from budgeted to non-budgeted funds totaled \$3.380 billion, **an increase of \$1.936 billion or 134.0%**, from FY2021
- \$600 million in revenue transfers to the Unemployment Insurance Compensation Trust Fund, including \$500 million ARPA money for repayment of loans taken out from the federal government to pay unemployment insurance benefits during the pandemic and \$100 million transfer from General Fund under Chapter 268 section 265 acts of 2022



Fiscal Year 2022 Statutory Basis Financial Report (SBFR)

Budgeted Funds Expenditures (continued)

- \$460 million in transfers of ARPA revenues to fund a COVID-related program providing assistance to low-income front line workers
- **\$246 million, or 48.7% increase** in transfers to the Medical Assistance Trust Fund for payments to the hospitals that large populations of lower income patients
- \$255 million in new funding for a COVID-related program providing relief to fiscally strained hospitals
- \$350 million to create a Student Opportunity Act Investment Fund
- \$100 million for targeted funding to help municipalities repair roads from winter damage, modeled after the 2015 Winter Recovery Assistance Program
- Transfers among the Budgeted Funds totaled \$8.230 billion, **an increase of \$5.130 billion, or 165.5%**, from FY2021, primarily due to an increase in transfers of \$3.352 billion, to \$4.812 billion, in the transfer of the FY2022 consolidated net surplus to the Transitional Escrow Fund



Fiscal Year 2022 Statutory Basis Financial Report (SBFR)

FY2022 Commonwealth Stabilization (“Rainy Day”) Fund Activity (Figures in Thousands)

Stabilization Fund Balance as of July 1, 2021	\$4,626,419
Capital Gains Tax Revenue Transfers	\$2,272,593
Abandoned Property Transfer	14,639
Certain Lottery Withholding Taxes	260
Interest Earnings	(355)
Transfer of 10% of casino gaming tax revenue	24,308
Stabilization Fund Balance as of June 30, 2022	\$6,937,864
Memo: Change in Stabilization Fund Balance, FY2021-2022	\$2,311,445

As of June 30, 2022, the Commonwealth’s Stabilization Fund balance as a percentage of General Fund own source expenditures was 16.9%, well above the projected national median of 11.4% as reported in the Fall 2022 survey of the National Association of State Budget Officers (NASBO), and up 3.6 percentage points from FY2021.



Fiscal Year 2022 Statutory Basis Financial Report (SBFR)

Non-Budgeted Special Revenue Fund Revenue and Expenditures

- FY2022 revenues and other sources totaled \$21.026 billion, **up \$2.687 billion, or 14.7%**, from FY2021
- **\$731 million increase** in federal revenues, many related to programs responding to COVID-19
- **\$246 million increase** in transfers to the Medical Assistance Trust Fund for payments to hospitals that treat large populations of lower income patients
- Much of the other increases in revenues were the result of transfers from the budgeted to non-budgeted funds for programs financed by the FY2021 surplus and/or ARPA revenues, including:
 - \$250 million for a COVID-related program providing relief to fiscally strained hospitals
 - \$500 million to fund premium pay for essential front-line workers who staffed businesses and government throughout the COVID-19 pandemic
- FY2022 expenditures and other uses totaled \$20.754 billion, **up \$2.158 billion, or 11.6%**, from FY2021, with much of the increase in spending due to the result of programs responding to the pandemic



Review of the 2022 Commonwealth Pension Actuarial Valuation Report

John Boorack

Actuary

Public Employee Retirement Administration Commission

John Boorack is a member of the American Academy of Actuaries and meets the Qualification Standards of the Academy to provide the enclosed material.



Commonwealth Membership

Number of Members	State	Massachusetts Teachers	Boston Teachers	Total
Active	85,999	98,926	6,659	191,584
Vested Terminated	4,909	N/A	410	5,319
Non-Vested Terminated	26,149	N/A	2,907	29,056
Retired/Beneficiaries	68,280	69,727	4,816	142,823
Total	185,337	168,653	14,792	368,782

Total Payroll (in thousands)	\$6,651,010	\$7,704,176	\$667,038	\$15,022,224
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Funding Schedule

- Prior to 1990, pay as you go
- Original schedule 40 years (to 2028)
- Schedule updated at least every 3 years
- In good times, schedule reduced (to 2018); later extended to 2023 then 2025
- In wake of 2008 loss, schedule extended to 2040
- Latest funding schedule adopted in January 2023 (based on valuation as of January 2022)
 - Appropriation increases 9.63% each year until fiscal 2028, with the remaining UAL thereafter amortized on a 4.0% annual increasing basis through fiscal 2036
- Next schedule to be adopted in early 2026 and based on results of January 2025 valuation

Current Funding Schedule for Pension Obligations (in thousands)

<u>Fiscal Year</u>	<u>Payments</u>	<u>Fiscal Year</u>	<u>Payments</u>
2024	\$4,104,584	2031	\$6,742,157
2025	4,499,855	2032	7,011,843
2026	4,933,191	2033	7,292,316
2027	5,408,257	2034	7,584,009
2028	5,929,072	2035	7,887,369
2029	6,233,503	2036	8,202,864
2030	6,482,843	2037	1,656,723



Commonwealth Actuarial Valuation Results (in millions)

- January 1, 2022 report
 - Available on the website www.mass.gov/perac

Dollars in millions	1/1/2019	1/1/2021	1/1/2022
Total Normal Cost	\$1,997	\$2,226	\$2,244
Employee Contributions	<u>1,356</u>	<u>1,455</u>	<u>1,477</u>
Net Normal Cost	\$641	\$771	\$767
Total Expenses & Transfers	<u>103</u>	<u>118</u>	<u>127</u>
Net Normal Cost Plus Expenses & Transfers	\$744	\$889	\$894
Actuarial Liability	\$100,651	\$108,982	\$112,195
Assets (Actuarial Value)	<u>56,661</u>	<u>63,407</u>	<u>72,168</u>
Unfunded Actuarial Liability (UAL)	\$43,989	\$45,575	\$40,027
Funded Ratio	56.3%	58.2%	64.3%
Increase in UAL due to change in Assumptions and Plan Provisions	\$1,053	\$2,087	\$0

The January 1, 2019 actuarial valuation reflected a decrease in the investment return assumption from 7.35% to 7.25% which increased the UAL by \$1.05 billion.

The January 1, 2021 actuarial valuation reflected a decrease in the investment return assumption from 7.25% to 7.00% which increased the UAL by \$2.85 billion. The base mortality table for the Teachers was updated to the SOA Pub-2010 Teachers (Headcount weighted) mortality table and the mortality improvement scale was updated to Scale MP-2020 for all plans. These changes in the mortality assumptions decreased the UAL by \$760 million.

There were no assumption changes in the January 1, 2022 actuarial valuation.

Total expenses and transfers reflect amounts to reimburse the trust fund for items paid from the fund. See page 3 of the valuation report for further detail.



Actuarial Assumptions

- Investment Return

- Reduced seven times in recent years:

- 2013 8.00% (previously 8.25%)

- 2015 7.75%

- 2016 7.50%

- 2018 7.35%

- 2019 7.25%

- 2020 7.15% *

- 2021 7.00%

- * Recommendation was made to reduce assumption in 2020 prior to the decision to forgo the January 1, 2020 actuarial valuation due to the COVID pandemic.

- Maintained assumption in 2022

- Slight increase in results of PRIM long-term expected return (from 6.8% to 6.9%)

- NASRA most recent study of large public plans – 7.04%

- Nationally, plans continue to reduce this assumption

- More reliance on short-term expectation (from 5.8% to 5.7%)

- 2023 Assumption to be reviewed early this year.



Actuarial Assumptions

- Mortality
 - Adopted fully generational assumption in 2015 valuation
 - Reflects future mortality improvement (longer life expectancy)
 - 2-dimensional table (age and calendar year)
 - Updated assumptions in 2020* and 2021
 - Reflects analysis of 2019 and 2020 retiree mortality
 - State reflects RP-2014 table (blue collar)
 - Teachers' reflects SOA Pub-2010 Teachers (headcount)
 - Mortality improvement scale updated to MP-2020

* Recommendation was made to update Teachers' base mortality table in 2020 prior to the decision to forgo the January 1, 2020 actuarial valuation due to the COVID pandemic.

- Other assumptions determined by experience studies
 - State and Teachers' studies released in 2014
 - Next study to begin in 2023



Executive Office for Administration & Finance (A&F)

Matthew Gorzkowicz

Secretary

Kaitlyn Connors

Assistant Secretary for Capital

Bran Shim

Assistant Secretary for Budget



Fiscal Year 2023: Operating Budget

Fiscal Year 2023 Operating Budget

- The fiscal 2023 budget, as approved by then Governor Baker on July 28, 2022, includes approximately **\$52.7 billion** in authorized spending, excluding transfers to the Medical Assistance Trust Fund.
- This reflects approximately **9.3%** growth in authorized spending over fiscal 2022, including one-time transfers such as:
 - A **\$266 million** reserve to support MBTA safety and workforce initiatives;
 - A **\$175 million** transfer to a new trust fund dedicated to supporting high-quality early education and care;
 - A **\$150 million** transfer to the Student Opportunity Act Investment Fund;
 - A **\$100 million** supplemental transfer to the Commonwealth's Pension Liability Fund; and
 - A **\$100 million** transfer to the State Retiree Benefits Trust Fund.
- It also incorporates an increased **\$39.576 billion** tax revenue forecast before various tax initiatives, which represents an increase of **\$2.660 billion** over the fiscal 2023 consensus tax revenue estimate of **\$36.915 billion** announced in January 2022, due to better than-expected actual tax collections.
- As enacted, the fiscal 2023 budget is in structural balance, with no planned Stabilization Fund withdrawal. The budget anticipates a deposit into the Stabilization Fund of **nearly \$1.5 billion**, which would increase the balance of the fund from **\$6.9 billion** to **\$8.5 billion**.



Fiscal Year 2023: Operating Budget (Cont.)

Fiscal Year 2023 Operating Budget (cont.)

- Since taking office, Governor Healey has filed two supplemental budget appropriations to provide additional funding to: address immediate emergency shelter needs and food security; support core programs and services, and make other one-time investments that support key Administration priorities.
- On January 30, 2023, Governor Healey filed a supplemental budget recommending **\$282 million** in supplemental appropriations, at a net state cost of **\$154 million**. Major spending items include:
 - **\$85 million** to address urgent needs across the state's family emergency shelter system;
 - **\$132 million** to create an offramp from the federal Supplemental Nutrition Assistance (SNAP) Emergency Allotments and reimburse certain victims of SNAP benefit theft, and;
 - **\$65 million** to extend a universal school meals pilot program.
- On March 17, 2023, the Governor filed a supplemental budget recommending **\$734 million** in supplemental appropriations that supports preparations for the end of the COVID-19 public health emergency and makes one-time investments that support key priorities. Bill highlights include:
 - **\$171 million** to extend the state-funded universal free school meals pilot program through the following school year;
 - **\$100 million** to fully pay down pension liabilities attributable to the 2015 early retirement incentive program, as agreed upon by the Secretary of Administration and Finance and the chairs of the House and Senate Committees on Ways and Means on January 30, 2023; and
 - **\$35 million** for the Massachusetts Clean Energy Center.
- Both supplemental appropriation proposals are under review by the Legislature.



Fiscal Year 2024: Consensus Revenue Estimates

Consensus Revenue Estimates for Fiscal Year 2024

- On January 30, 2023, a fiscal 2024 consensus tax revenue estimate of **\$40.410 billion**, and an estimate of **\$1 billion** of revenue resulting from the new **4%** surtax on personal income above **\$1 million** approved through a ballot initiative in November 2022 (surtax revenue), were agreed upon by the Secretary of Administration and Finance and the chairs of the House and Senate Committees on Ways and Means.
- The fiscal 2024 consensus tax revenue estimate of **\$40.410 billion** represents revenue growth of **1.6%** from the revised fiscal 2023 estimate of **\$39.768 billion**.
- The estimated **\$1 billion** of additional surtax revenue will be available in fiscal 2024 to support new education and transportation initiatives deriving from the requirements of the approved ballot initiative.
- After accounting for statutorily required transfers for pensions, and to the MBTA, the MSBA and the Workforce Training Fund, the Secretary and Committee chairs agreed that **\$32.928 billion** (exclusive of the expected additional surtax revenue) would be the maximum amount of tax revenue available for the fiscal 2024 budget.



Fiscal Year 2024: Proposed Operating Budget

Fiscal Year 2024 Proposed Operating Budget

- On March 1, 2023, the Governor filed her fiscal 2024 budget recommendation, providing for a total of **\$55.5 billion** in authorized spending, including projected transfers to the Medical Assistance Trust Fund. This represents an increase of **4.1%** above the fiscal 2023 budget, including new investments supported by the surtax revenue.
- Within her budget recommendation, the Governor proposed a new Education and Transportation Fund that will segregate all surtax revenue from the General Fund and ensure that it is only invested in education and transportation, as intended by the ballot initiative. Revenues will be estimated and certified quarterly, with additional annual reporting of both revenues and expenditures as a transparency and accountability measure. The proposal includes a number of additional safeguards, including:
 - A required minimum fund balance is reserved to insulate recurring spending from volatility and periods of economic downturn, with use of the reserve requiring a two-thirds vote of both the House and the Senate, mirroring controls on use of the Stabilization Fund; and
 - Annual, recurring spending is also limited to ensure sustainability as revenues fluctuate, with surtax revenue collected in excess of the limit to be used for one-time investments, such as pay-as-you-go capital, start-up grants, studies, and enabling projects.



Fiscal Year 2024: Proposed Operating Budget (Cont.)

Fiscal Year 2024 Proposed Operating Budget (cont.)

- Alongside the budget recommendation, the Governor filed a comprehensive tax proposal that includes direct relief for families, seniors, and those dealing with high costs of housing and aims to drive economic competitiveness.
- The Governor's fiscal 2024 budget recommendation incorporates these tax proposals, which are estimated to reduce revenues in fiscal 2024 by **\$859 million**, or **\$742 million** net to budget.
- The Governor's budget recommendation has been filed with the Legislature for consideration in accordance with the Commonwealth's annual budgeting process.
- The House of Representatives generally approves its version of the budget in April, and the Senate generally approves its version in May. The differences between the two versions are then reconciled by a legislative conference committee during the month of June, so that a final version can be enacted by the Legislature and sent to the Governor for approval prior to the start of the new fiscal year on July 1.



Office of the State Treasurer

Economic Overview

Debt / Capital Presentation

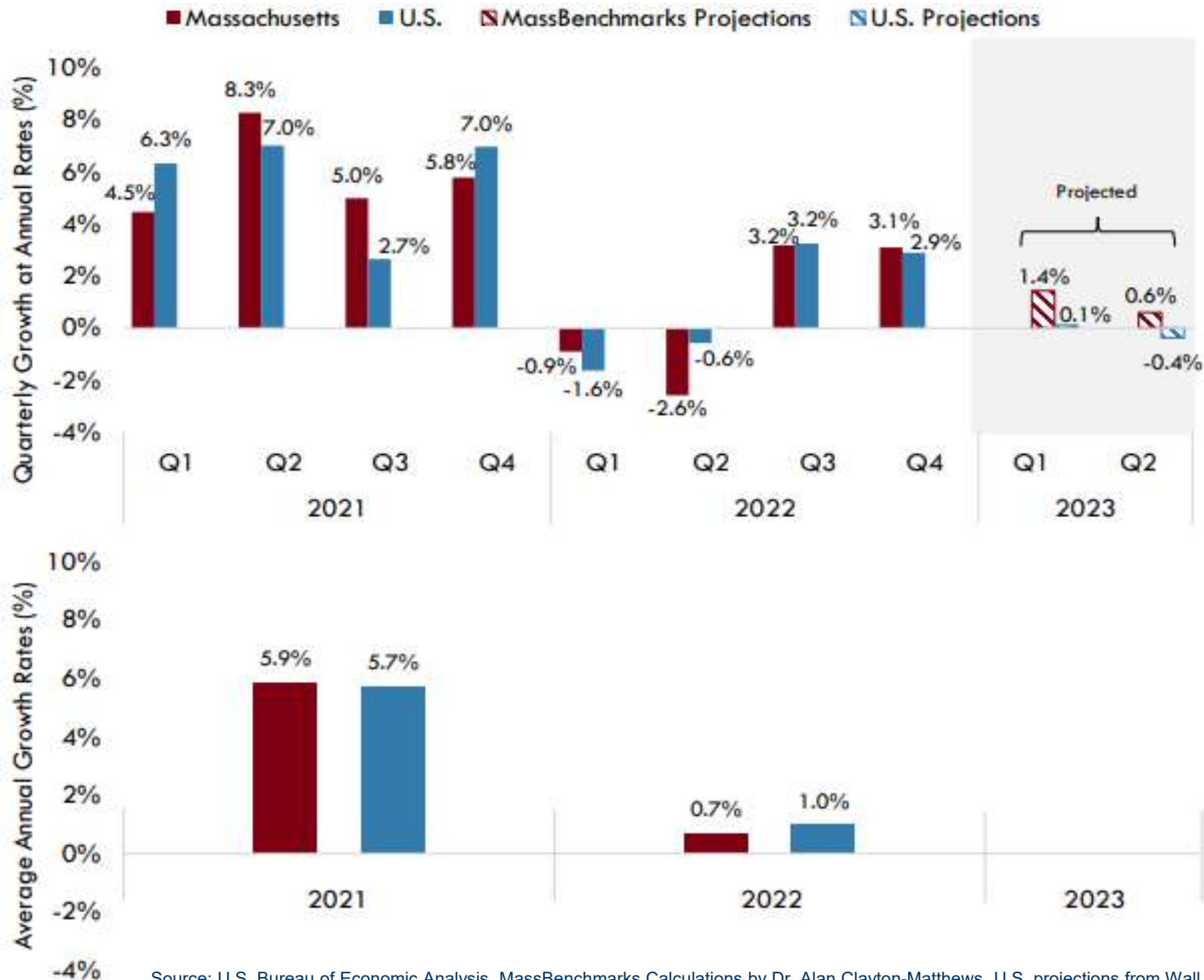
Sue Perez

Deputy Treasurer



Economic Update – GDP

Growth in Real Product, Massachusetts and the United States, 2022 Q4

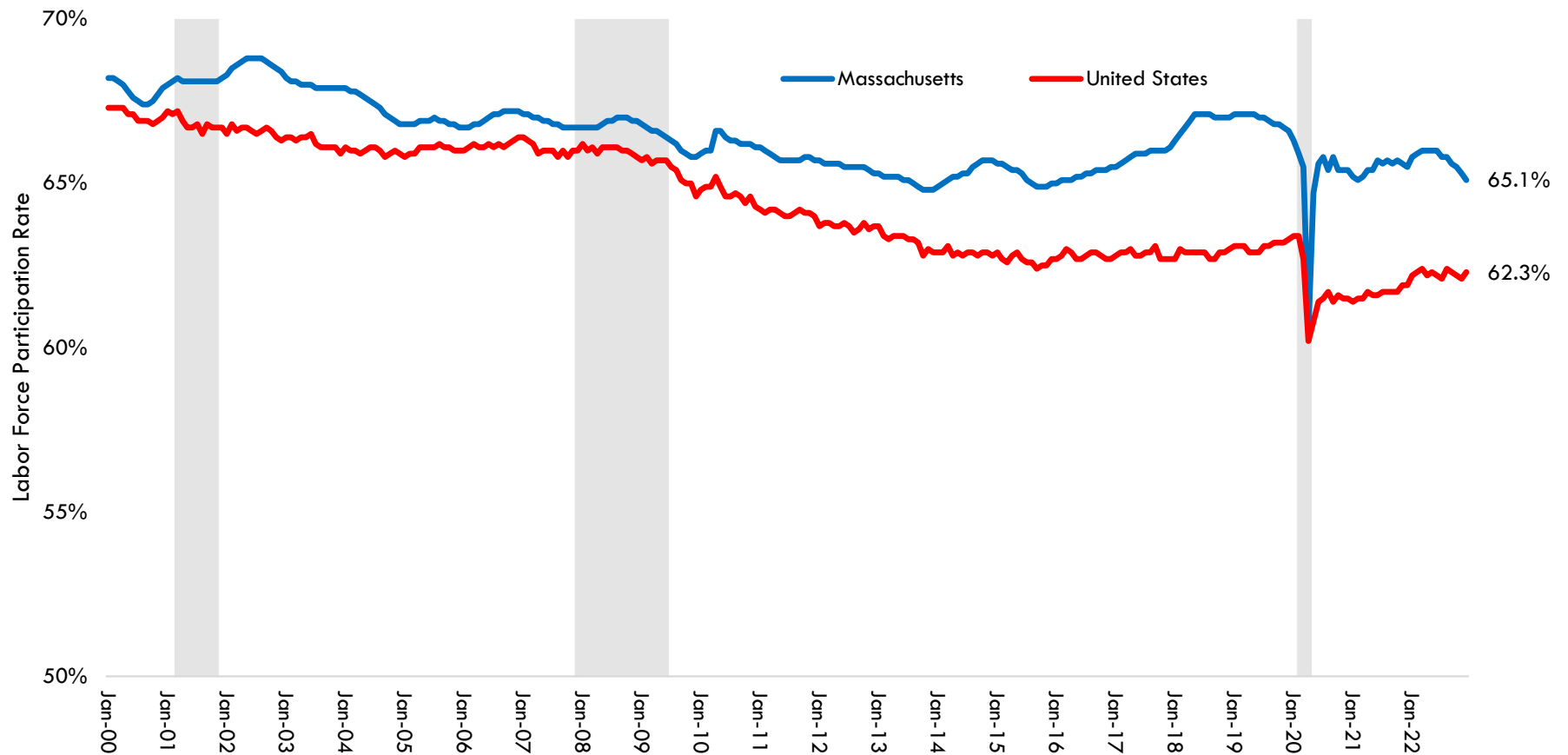


Source: U.S. Bureau of Economic Analysis, MassBenchmarks Calculations by Dr. Alan Clayton-Matthews. U.S. projections from Wall Street Journal. Note: average annual growth is calculated by averaging the four quarters of annual growth rates for the calendar year



Economic Update – Employment Growth

Labor Force Participation Rates in Massachusetts and the United States, January 2000-December 2022 (Seasonally Adjusted)

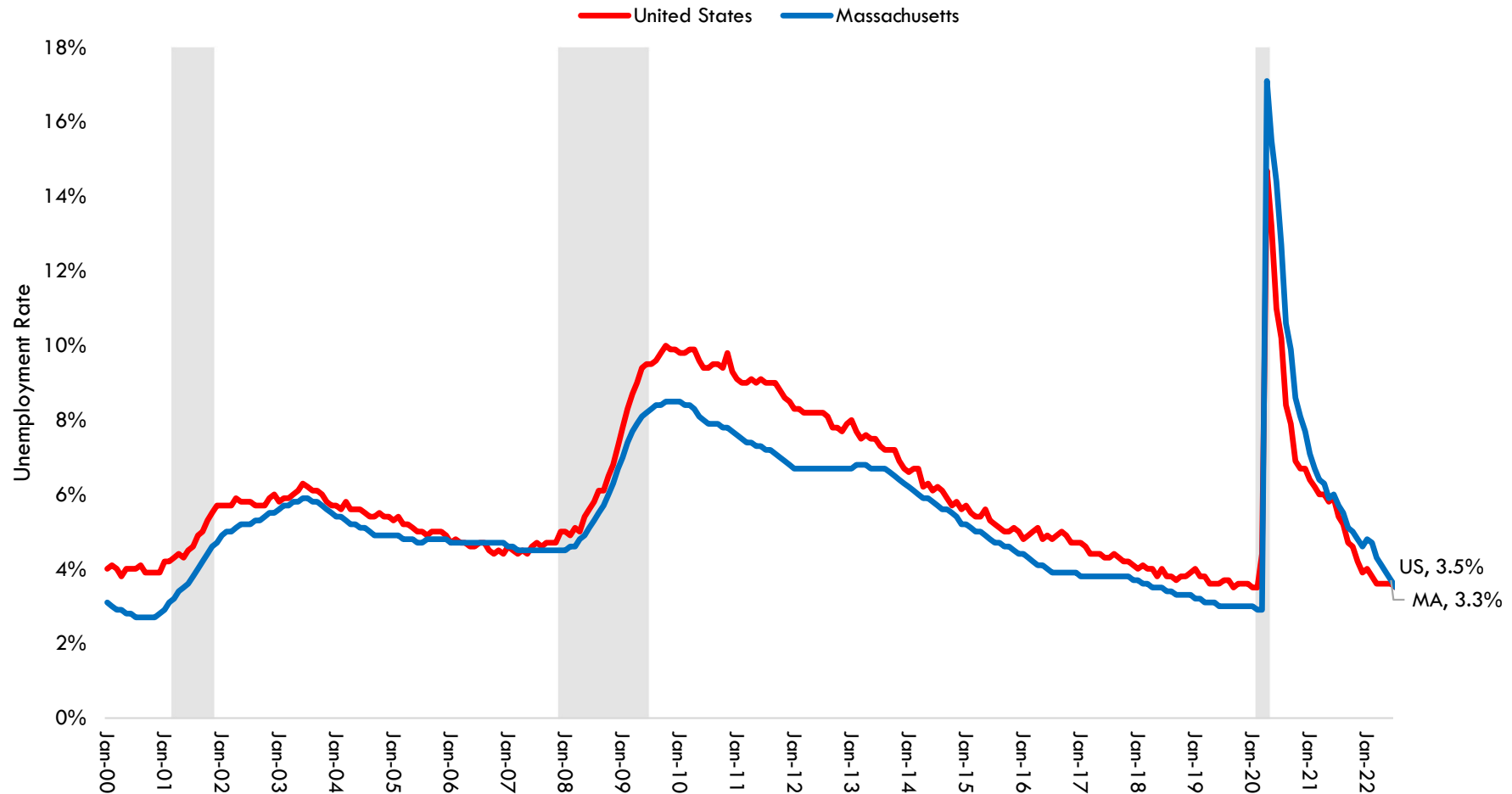


Source: Massachusetts Executive Office of Labor and Workforce Development, Local Area Unemployment (LAU) Statistics; UMDI analysis



Economic Update – Unemployment

Unemployment Rates in Massachusetts and the United States as of December 2022 (Seasonally Adjusted)



Source: Massachusetts Executive Office of Labor and Workforce Development, Local Area Unemployment (LAU) Statistics; UMDI analysis



Financing Update

Since the last investor call in October, the Commonwealth sold two competitive General Obligation series totaling \$700 million and two negotiated General Obligation series totaling \$ 1,337 million.

Financings since last Investor Call

Series	Par Amount	Sale Date	Award/Senior Manager	Maturity Range	Average Life (yrs)	All-in-TIC
GO Series C	\$902.5MM	10/19/2022	Morgan Stanley	2032-2052	18.09	4.29%
GO Refunding Series A	\$435.4MM	10/19/2022	Morgan Stanley	2029-2031	8.07	3.27%
GO Series D	\$200MM	11/29/2022	Morgan Stanley	2028-2033	8.77	2.73%
GO Series E	\$500MM	11/29/2022	BofA Securities	2042-2052	26.25	4.41%

Upcoming Financings*

Timing	Par Amount	Type	Credit	Method of Sale
April/May 2023	\$1,00MM	New Money & Refunding	GO (Tax Exempt)	Negotiated
June 2023	\$850MM	New Money	GO (Taxable & Tax Exempt)	Competitive
3rd Quarter 2023	\$375MM	New Money	CTF (Tax Exempt)	Negotiated
3rd Quarter 2023	\$750 MM	New Money	GO (Tax Exempt)	TBD
4th Quarter 2023	\$750MM	New Money	GO (Tax Exempt)	TBD

* Preliminary, subject to change



Upcoming Financing Overview

- The Commonwealth intends to sell approximately \$1 Billion* in Tax-exempt General Obligation New Money and Refunding bonds in April/May*
- JP Morgan and UBS will be Joint-Bookrunning Senior Managers for this bond financing
- We have set up a page on our website Massbondholder that will post periodical updates and additional information on the upcoming deal
 - You can follow updates on the deal here: <https://massbondholder.com>

** Preliminary, subject to change*



Additional Resources

Contact Information

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Additional Resources

- Information Statement as of March 23, 2023
 - <https://emma.msrb.org/P31439736-P31118509-P31530127.pdf>
- Massachusetts Investor Website
 - <https://massbondholder.com>
- Department of Revenue
 - <https://www.mass.gov/service-details/dor-press-releases-and-reports>



QUESTIONS

