



The 11th Annual Massachusetts Investor Conference

THURSDAY NOVEMBER 2, 2023

Boston Convention & Exhibition Center in Seaport

Welcome

Sue Perez, Deputy Treasurer of Debt Management

Scan the QR code to access today's conference materials!

11th Annual Massachusetts Investor Conference
Thursday November 2, 2023 | Boston, MA
2023 SPEAKER BIOGRAPHIES

Welcome

Sue Perez
Deputy Treasurer | Commonwealth of Massachusetts
Sue Perez is a Deputy Treasurer of the Commonwealth of Massachusetts. She is the head of the Massachusetts State Debt Management Office (MDMO) through multiple successful financial management. She is a graduate of the University of Massachusetts Lowell and Human Resources Development Institute.

Jim MacDonald
First Deputy Treasurer | Co-Deputy Treasurer
Jim MacDonald is a forty-four year old attorney and the Massachusetts State Treasurer. He is the head of the Commonwealth's Debt Management Office (MDMO) through multiple successful financial management. He is a graduate of the University of Massachusetts Lowell and Human Resources Development Institute.

Kathy Bramlage
Senior Debt Analyst | Commonwealth of Massachusetts
Kathy Bramlage works as a Senior Debt Analyst for the Commonwealth of Massachusetts. She is responsible for managing the Commonwealth's short-term and long-term borrowing needs. She is a graduate of the University of Massachusetts Lowell and Human Resources Development Institute.

2023 AGENDA

Time	Topic
7:45am - 8:30am	Registration & Breakfast
8:30am - 8:45am	Welcome and Introductions Sue Perez, Deputy Treasurer of Debt Management
8:45am - 9:00am	Climate Chief Massachusetts first ever Climate Chief Melissa Heffler, will highlight plans for the Commonwealth including reducing carbon emissions.
9:00am - 9:30am	Housing and Community Climate Bank This housing panel will include Kate Razer, Undersecretary of Housing and Community Development, Jonathan Babin, Deputy Director of Investment and Development, and David Proulx, Head of the Single-Family Affordable Housing Practice at Morgan Stanley. The panel will be moderated by Mark Hitt, with the Massachusetts Housing Agency, who is leading development of the newly created Massachusetts Community Climate Bank.
9:30am - 10:15am	Federal Funds Infrastructure Office The panel will introduce the first of kind Federal Funds and Infrastructure Office tasked with coordinating the pursuit of federal funding across state agencies and with municipalities to coordinate for the billions of dollars in federal funding. The panel will feature Matthew Berkebeck, Secretary of Administration and Finance, Quentin Palfrey, Director of Federal Funds and Infrastructure, and Sarah Stentor, Undersecretary of Economic Statistics. The panel moderator will be Jennifer Sullivan, Undersecretary of Administration and Finance.
10:15am - 10:45am	Coffee & Snack Break
10:45am - 11:15am	The Massachusetts Economy Dr. Michael Goodman, Professor of Public Policy & Senior Advisor to the Chancellor at UNHass Dartmouth
11:15am - 11:30am	Treasurer's Address State Treasurer, Deborah S. Goldberg
11:30am - 12:15pm	Washington DC Update Candice "Candee" Wolff, Managing Director, Global Government Affairs at Citigroup
12:30pm - 1:30pm	Lunch Treasurer Deborah S. Goldberg Governor Maura Healey

To view conference materials, scan the QR code above!



11th Annual Massachusetts Investor Conference
Thursday November 2, 2023 | Boston, MA

The Commonwealth of Massachusetts
Sue Perez, Deputy Director of Debt Management | sue.perez@state.ma.us
Kathy Bramlage, Senior Debt Analyst | kathy.bramlage@state.ma.us
Website: www.mass.gov/borrow

Responsible for managing the Commonwealth's short-term and long-term borrowing needs. Short-term borrowing is done through the sale of revenue anticipation notes and other liquidity facilities. Long-term borrowing is done through the sale of Commonwealth General Obligation (GO) bonds, Commonwealth Transportation (CT) Bonds and Federal Highway Grant Anticipation Notes (GAINs) to finance certain authorized capital projects within the state.

The GO bonds constitute general obligations of the Commonwealth of Massachusetts, and the full faith and credit of the Commonwealth is pledged to the payment of principal and interest on the bonds. General Laws impose a limit on state tax revenue growth. The limitation for each fiscal year is equal to the average positive rate of growth in total wages and salaries during the three preceding years. In addition, the limitation for the amount of new bonds issued is subject to the "Cap".

2023 Commonwealth of Massachusetts New Issue Calendar

Issue	Par Amount	Structure	Type
Fourth Quarter 2023 Issuances			
Massachusetts Clean Water Trust	\$13,000	Fixed Rate, Tax Exempt	New Money, Refunding
Massachusetts State College Building Authority	\$70,000	Fixed Rate, Tax Exempt	New Money
First Quarter 2024 Issuances			
Massachusetts State College Building Authority	\$22,000	Fixed Rate, Tax Exempt	New Money, Refunding
Commonwealth GO	\$60,000	Fixed Rate, Tax Exempt	New Money
Commonwealth GO	\$10,000	Fixed Rate, Tax Exempt	Refunding
Second Quarter 2024 Issuances			
University of Massachusetts Building Authority	\$10,000,000	Fixed Rate, Tax Exempt	New Money
Massachusetts State College Building Authority	\$40,000	Fixed Rate, Tax Exempt	New Money
Massachusetts State College Building Authority	\$22,000	Fixed Rate, Tax Exempt	New Money
Commonwealth GO	\$60,000	Fixed Rate, Tax Exempt	New Money
Commonwealth Transportation Trust (CTT)	\$70,000	Fixed Rate, Tax Exempt	New Money
Third Quarter 2024 Issuances			
Commonwealth GO	\$60,000	Fixed Rate, Tax Exempt	New Money

Find the speaker bios, borrower guide, agenda, bond sale calendar & more.

Climate Chief

Melissa Hoffer, Climate Chief

Housing and Community Climate Bank

Kate Racer, Undersecretary of Housing and Livable Communities

Jonathan Schrag, Deputy Climate Chief and Director of Investment for Decarbonization and Resilience

Mark Attia, Director of Capital Formation at the Massachusetts Housing Agency [Moderator]

Federal Funds Infrastructure Office

Matthew Gorzkowicz, Secretary of Administration and Finance

Quentin Palfrey, Director of Federal Funds and Infrastructure

Sarah Stanton, Undersecretary of Economic Strategies

Jennifer Sullivan, Undersecretary of Administration and Finance [Moderator]

The Massachusetts Economy

Dr. Michael Goodman, Professor of Public Policy & Senior Advisor to the
Chancellor at UMass Dartmouth



The State of the State Economy

Michael D. Goodman, Ph.D.
Professor of Public Policy
Senior Advisor to the Chancellor
University of Massachusetts Dartmouth
Co-Editor, MassBenchmarks

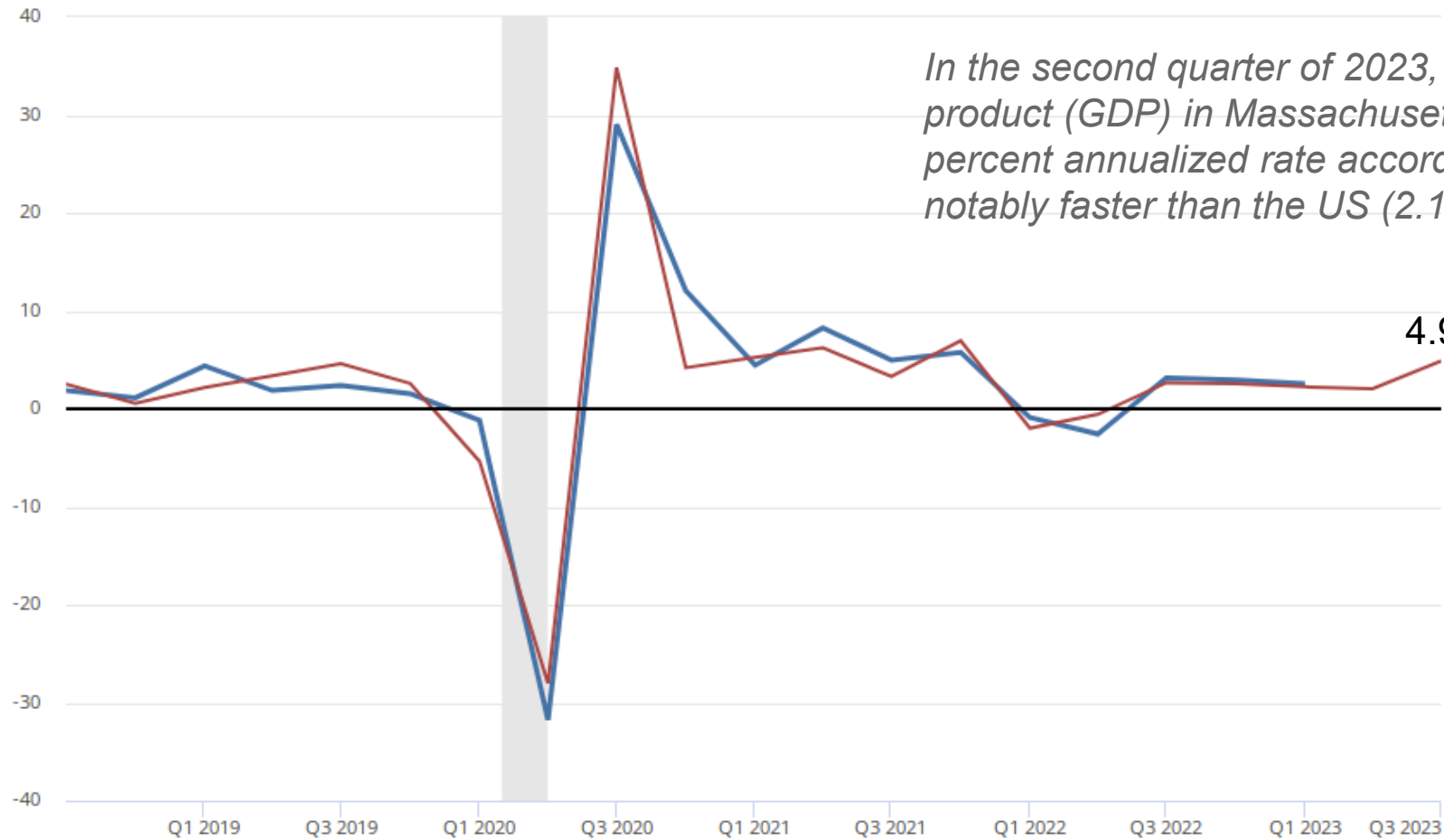
November 2, 2023

The following reflects my personal and professional assessment of the available evidence. It does not necessarily represent the views of my employer.



State economic growth has been solid in 2023

FRED — Real Gross Domestic Product: All Industry Total in Massachusetts
— Real Gross Domestic Product



In the second quarter of 2023, real gross domestic product (GDP) in Massachusetts increased at a 4.0 percent annualized rate according to MassBenchmarks, notably faster than the US (2.1 percent)

Annualized Quarterly Growth Rates

4.9% (US Q3 2023)



A complete but uneven recovery

- The state labor market is extremely tight. In September, the state unemployment rate stood at 2.6%
- Leisure & hospitality and manufacturing are struggling to staff up even as Construction and Building Trades and Professional & Business Services have grown rapidly.
- Labor supply has become a meaningful constraint on growth in many areas.

Table 1. Jobs Deficit in Massachusetts Relative to February 2020 Peak by 2-Digit NAICS Industry

Characteristic	Massachusetts				U.S.
	Feb-20	Jul-23	Change (N)	Change (%)	Change (%)
Accommodation and food services	323,900	297,000	(26,900)	(8.3%)	(2.2%)
Retail trade	351,000	330,500	(20,500)	(5.8%)	0.1%
Manufacturing	242,800	237,800	(5,000)	(2.1%)	1.6%
Other services	142,000	138,200	(3,800)	(2.7%)	(0.9%)
Management of companies and enterprises	73,500	70,300	(3,200)	(4.4%)	1.8%
Arts, entertainment, and recreation	63,100	62,500	(600)	(1.0%)	(1.4%)
Mining and logging	1,000	1,000	0	0.0%	(6.3%)
Real estate and rental and leasing	48,800	49,200	400	0.8%	3.1%
Government	464,300	466,600	2,300	0.5%	(0.7%)
Information	95,600	98,900	3,300	3.5%	5.7%
Educational services	184,100	188,300	4,200	2.3%	4.0%
Health care and social assistance	645,600	649,900	4,300	0.7%	3.3%
Finance and insurance	177,900	183,500	5,600	3.1%	3.4%
Administrative and waste services	184,700	191,300	6,600	3.6%	3.5%
Transportation, warehousing and utilities	105,300	112,900	7,600	7.2%	16.2%
Wholesale Trade	123,100	132,300	9,200	7.5%	2.9%
Construction	166,100	176,500	10,400	6.3%	4.8%
Professional and technical services	350,900	394,500	43,600	12.4%	12.6%
Total nonfarm	3,743,700	3,781,200	37,500	1.00%	2.6%

Source: Massachusetts Executive Office of Labor and Workforce Development, Current Employment Statistics (CES-790); UMDI analysis



State demographic trends remain discouraging

Figure 7: Massachusetts Estimated Components of Population Change, 2000-2022

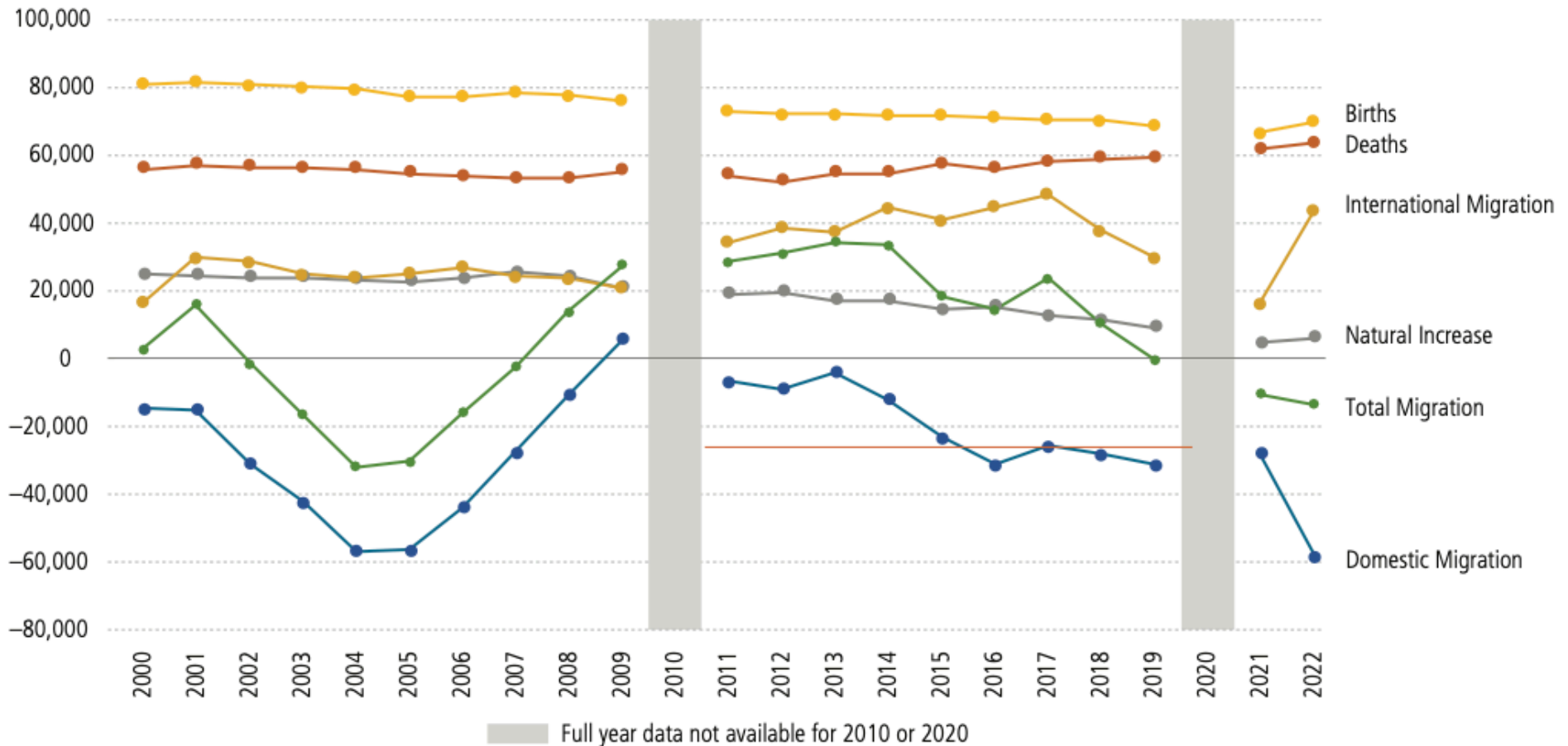
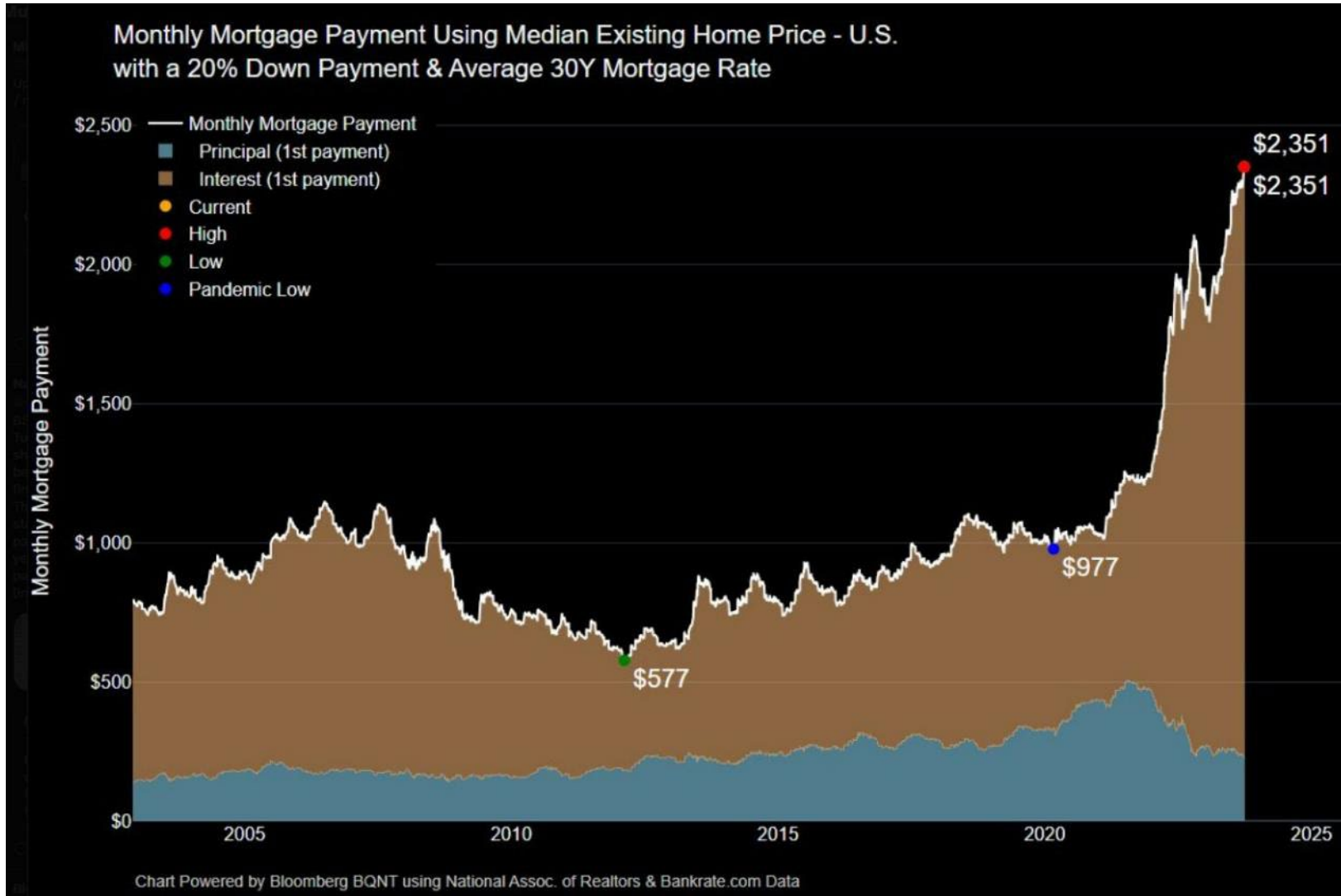


Chart: MassBenchmarks, UMass Donahue Institute

Source: UMass Donahue Institute. Source Data: ST-2000-7; CO-EST2010-ALLDATA; and NST-EST2022-ALLDATA, U.S. Census Bureau Population Division.



Home prices continue to rise even as affordability has declined significantly



The housing market “is weak and it’s going nowhere fast,” says Mark Zandi, chief economist at Moody’s Analytics.

“I don’t think it’s going to get any better. But I don’t think it’s going to get any worse—because it can’t get any worse.”

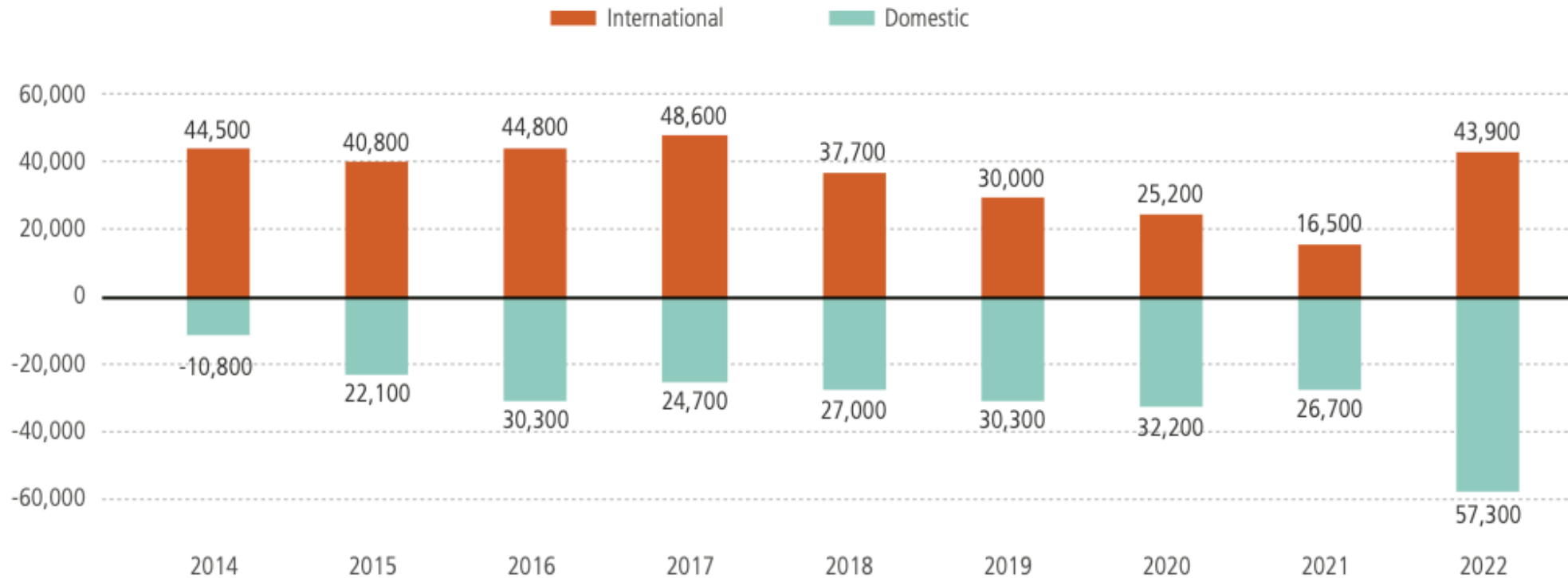
Realtor.com (Sept. 2023)



If you don't build it, they can't come

Notwithstanding solid growth and best market for job seekers on record, domestic out-migration in Massachusetts has been increasing at a troubling pace

■ **Figure 1. Net International and Domestic Migration**

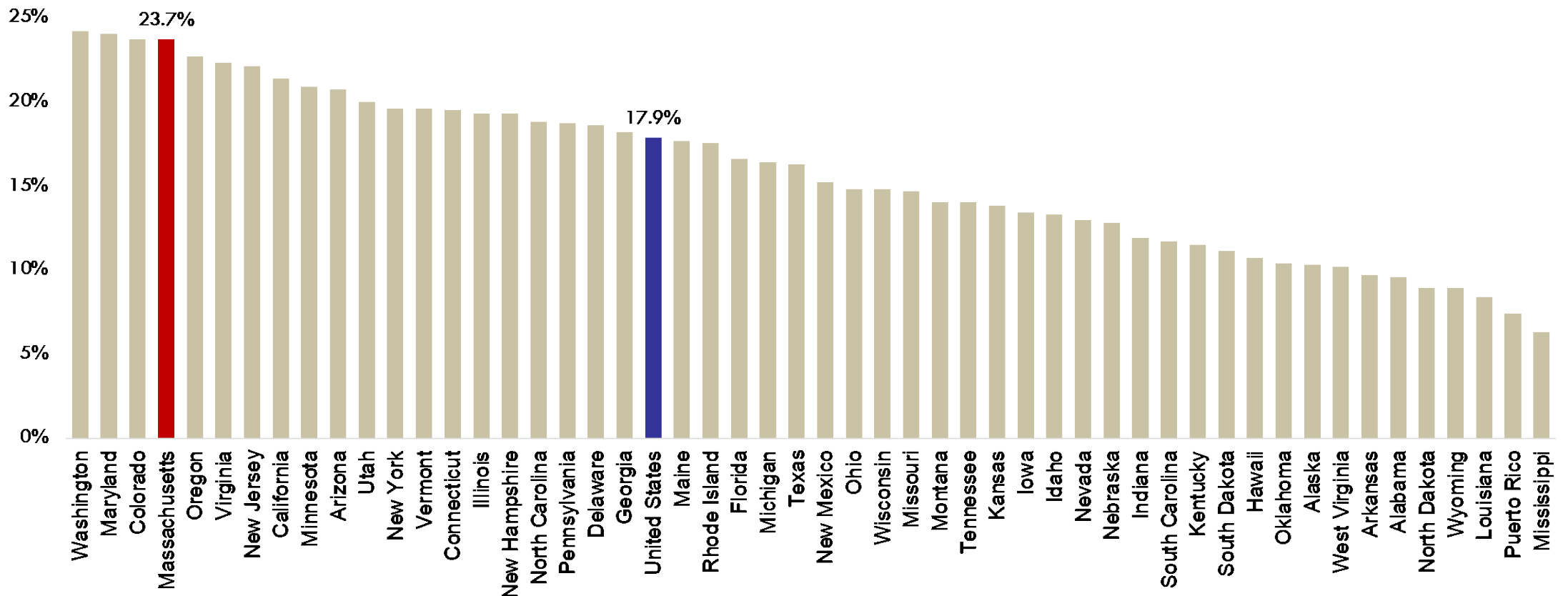


■ Source: U.S. Census Bureau, Population Estimates Program



Remote work has expanded residential options

Percentage of workers who work from home, 2021



Source: US Census Bureau, American Community Survey One-Year Estimates, 2021; UMass Amherst Donahue Institute



Migrants to and from the Commonwealth are disproportionately younger workers and their families

Age Profiles of Massachusetts, In-Migrants to Massachusetts & Out-Migrants from Massachusetts, 2020-2021

Age Groups	Baseline		In-Migrants		Out-Migrants		Net Migrants	
	N	%	N	%	N	%	N	Rank
0-17	1,361,814	19.5%	13,893	8.4%	23,892	11.5%	-9,999	8
18-24	688,062	9.9%	62,723	37.9%	55,198	26.7%	7,525	1
25-34	982,106	14.1%	44,636	27.0%	62,400	30.1%	-17,764	9
35-44	895,259	12.8%	13,814	8.3%	21,302	10.3%	-7,488	7
45-54	878,052	12.6%	10,984	6.6%	15,821	7.6%	-4,837	6
55-64	961,225	13.8%	9,131	5.5%	13,428	6.5%	-4,297	5
65-74	733,383	10.5%	5,676	3.4%	9,237	4.5%	-3,561	4
75-84	335,499	4.8%	3,088	1.9%	4,247	2.1%	-1,159	3
85+	149,323	2.1%	1,665	1.0%	1,540	0.7%	125	2
Total	6,984,723	100.0%	165,610	100.0%	207,065	100.0%	-41,455	

Source: U.S. Census Bureau ACS Microdata, 2021. Steven Ruggles, Sarah Flood, Ronald Goeken, Megan Schouweiler and Matthew Sobek. IPUMS USA: Version 12.0 [dataset]. Minneapolis, MN: IPUMS, 2022. <https://doi.org/10.18128/D010.V12.0>; Prepared by the UMass Amherst Donahue Institute



The cost of living is at the heart of the Commonwealth's competitiveness challenges



For a two-parent, two-child family in the Boston/Cambridge/Quincy metro area, it costs **\$10,919** per month (**\$131,028** per year) to secure a modest yet adequate standard of living.

Here's a breakdown of how much it costs for a two-parent, two-child family to get by in the Boston/Cambridge/Quincy metro area:

🏠 **Housing:** \$2,336 per month • \$28,032/year

🍽️ **Food:** \$1,011 per month • \$12,133/year

👨‍👩‍👧 **Child care:** \$2,421 per month • \$29,046/year

Monthly costs range from **\$1,407** for a single-child family to **\$2,732** for a family with four kids.

🚗 **Transportation:** \$1,097 per month • \$13,164/year

🏥 **Health care:** \$1,051 per month • \$12,607/year

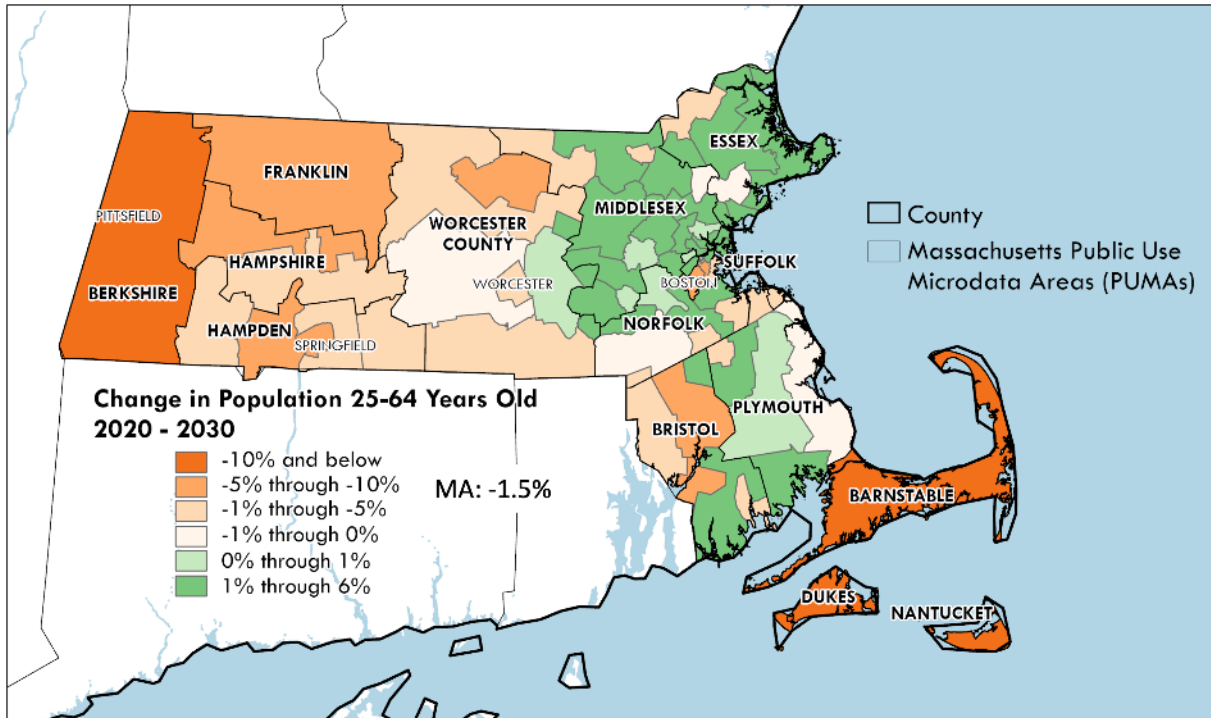
👛 **Other necessities:** \$1,213 per month • \$14,553/year

🕒 **Taxes:** \$1,791 per month • \$21,494/year

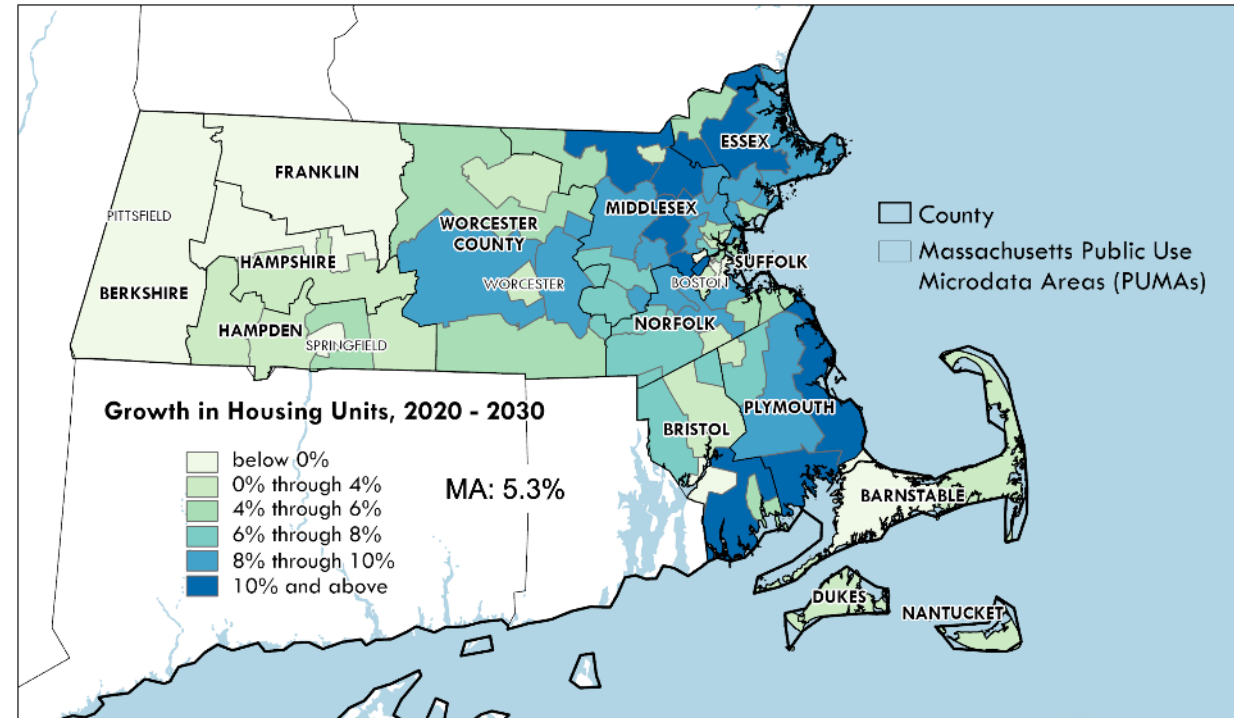
Among the 100 largest metro areas, the Boston/Cambridge/Quincy metro area has the **6th** highest cost of living. But median family income here is the **9th** highest, so when cost of living is calculated relative to median income, the area ranks **27th**.



While slow population and labor force growth is expected statewide, growth is expected in coastal areas



Source: Donahue Institute: Population by Age and RPA Region; 2015-19 PUMS; Synthetic Population Reweigher: Population by Age and PUMA.

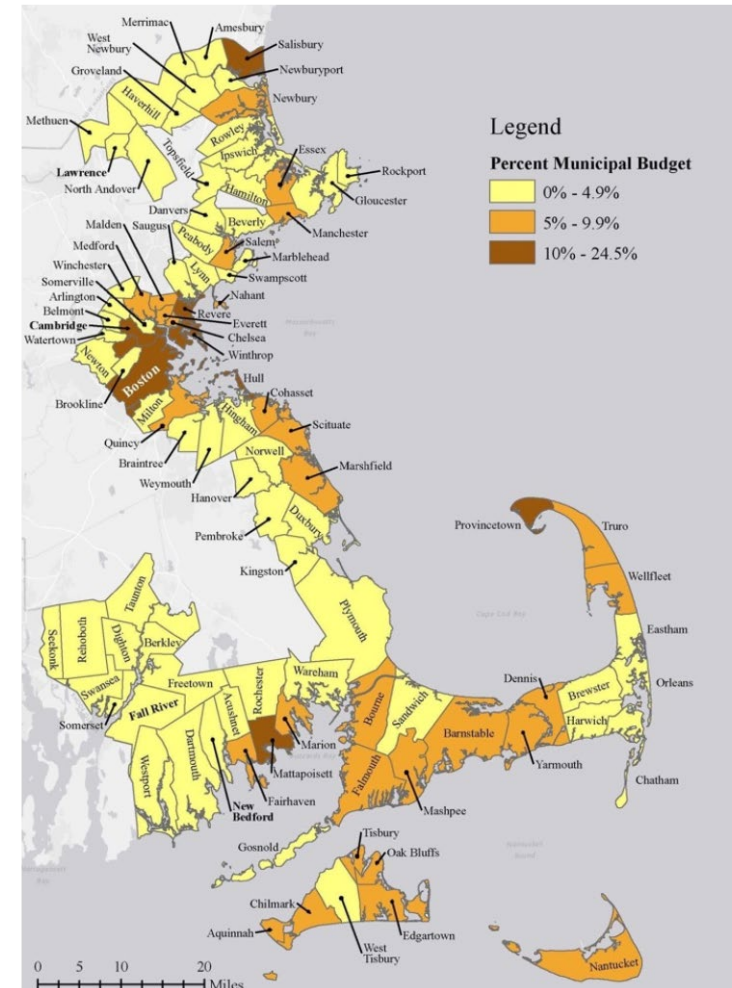
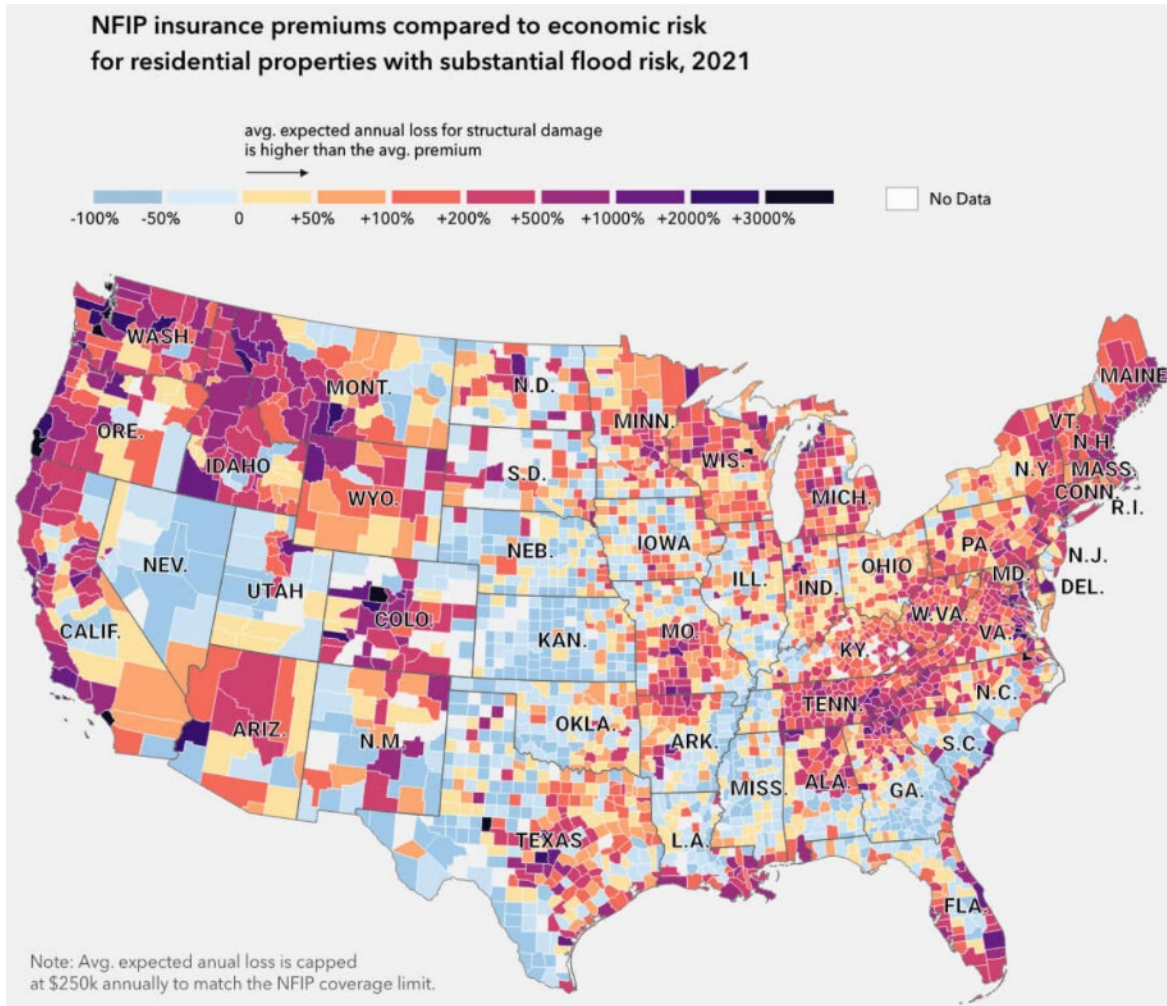


Source: 10-Year Employment Projections by Sector; 2015-19 PUMS; Synthetic Population Reweigher



Increasing housing production and coastal resiliency will be essential

Municipalities by percent of total property tax revenues eliminated given six feet of sea level rise

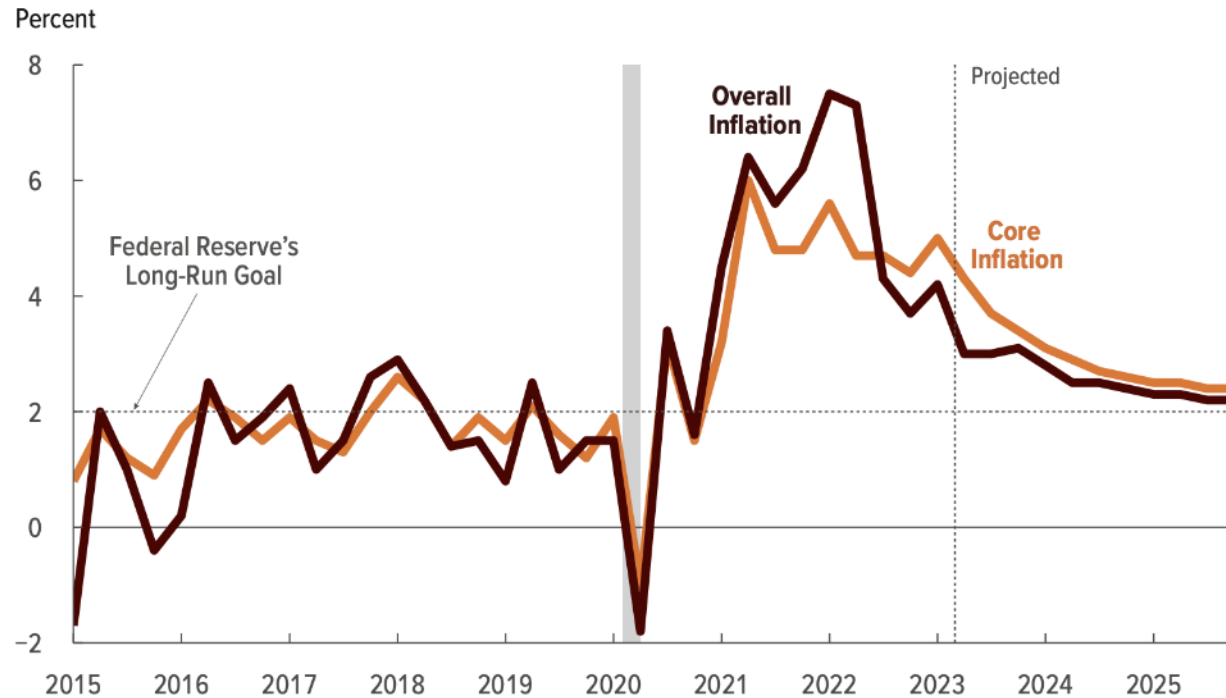




The Outlook: Private forecasters are increasingly less pessimistic

We appear to be on track for a “soft landing”

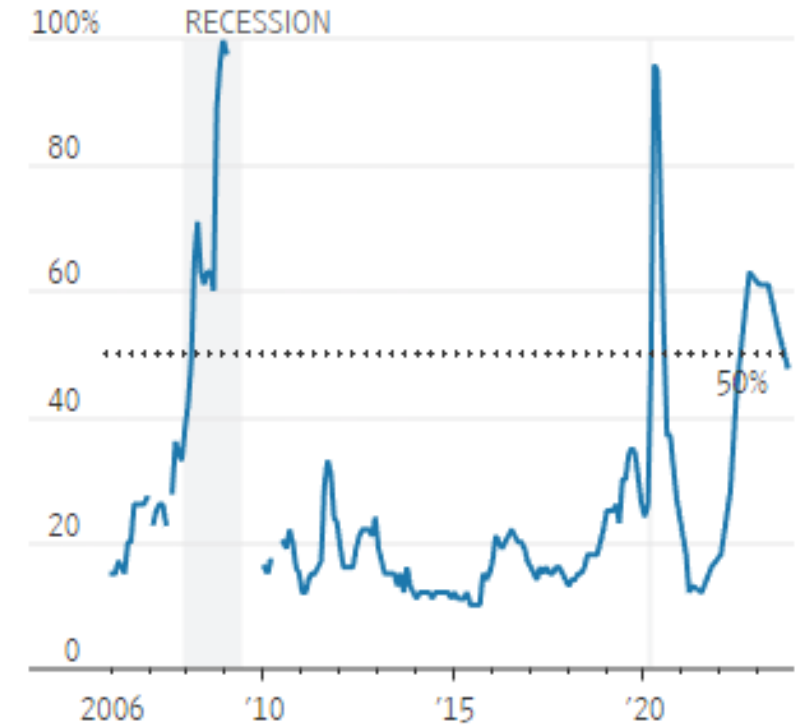
Measures of PCE Inflation



In CBO's projections, inflation gradually slows as factors that caused demand to grow faster than supply in the wake of the coronavirus pandemic continue to ease. The rate of inflation continues to exceed the Federal Reserve's long-run goal of 2 percent, but it approaches that goal in 2025.

Source: Congressional Budget Office

Probability the U.S. is in a recession in next 12 months including today



Note: Gaps indicate question not asked or data unavailable.

Source: Wall Street Journal surveys of economists



Numerous wild cards weigh heavily on the economic outlook

Yet another looming government shutdown



Rising interest rates

Yield on the 10-year Treasury note



Source: Tullett Prebon

War in the Middle East

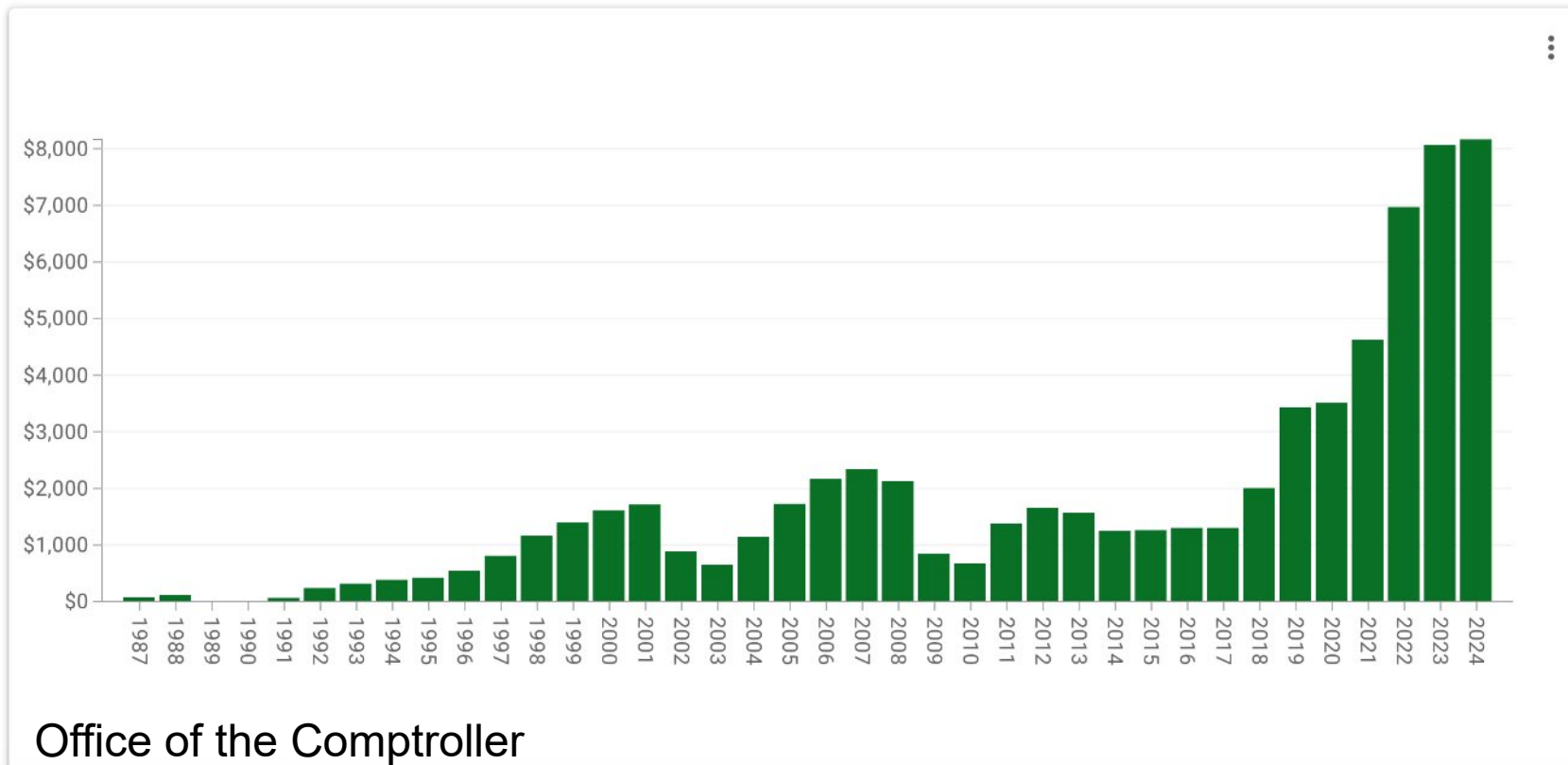




The Commonwealth is in a very solid fiscal position and is well prepared in the event of a recession

Fiscal Year-End and Current Stabilization Fund Balances (In \$ Millions)

(FY2024 Balance is as of October 20, 2023)





UMass

| Dartmouth

UNIVERSITY OF MASSACHUSETTS DARTMOUTH

Questions?

Michael D. Goodman, Ph.D.
Professor of Public Policy
Senior Advisor to the Chancellor
University of Massachusetts Dartmouth
Co-Editor, MassBenchmarks

November 2, 2023

Treasurer's Address

State Treasurer, Deborah B. Goldberg

Washington D.C. Update

Candida “Candi” Wolff, Managing Director, Global Government Affairs at Citigroup



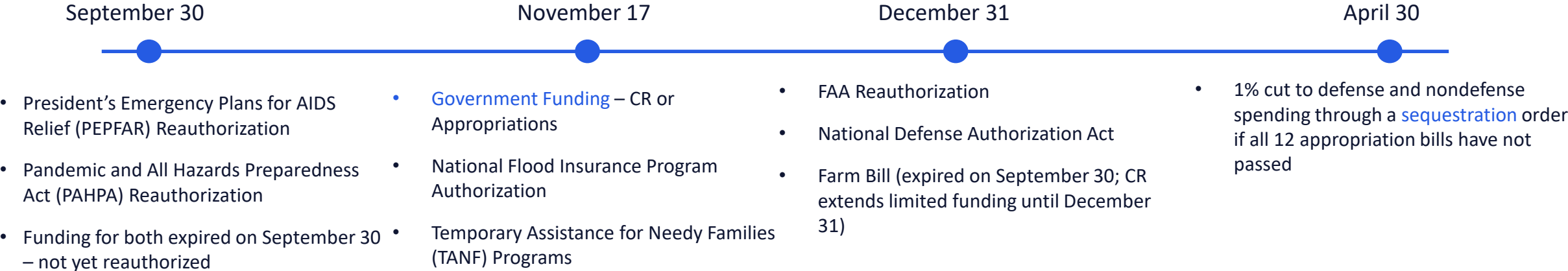
Candi Wolff, Head of Government Affairs

Presentation to Massachusetts Investor Conference

The 2023/24 Agenda

Upcoming Legislation

2023/2024 Must-Pass Legislation



Biden Administration’s \$106bn Supplemental Funding Request

- \$61.4bn intended for Ukraine, \$14.3bn for Israel, \$13.6bn for Border Protection, and \$10bn in Humanitarian Aid for Israel, Gaza and Ukraine.
- Pushback from House conservatives striving for major cuts in government funding expected, echoing rebuttal of previous supplemental request introduced in August.
- Eroding support among American public for further aid to **Ukraine**. 55% say Congress should not authorize additional funding and 51% say the U.S. has already done enough to help Kyiv (CNN/SSRS Aug. 2023).



The 2023/24 Agenda: Future Direction of U.S.-China Relations



De-risking or Decoupling?

What will characterize the future economic relationship between Washington and Beijing? Supply chains, market access, and technology rules are the battlefields of the New Cold War (Mehlman)



Lines of Communication

How sustainable is the recent uptick in high-level official engagement given likely flashpoints in 2024? Taiwan elections in January and heightened rhetoric in U.S ahead of November elections



Export Controls and Outbound Investment

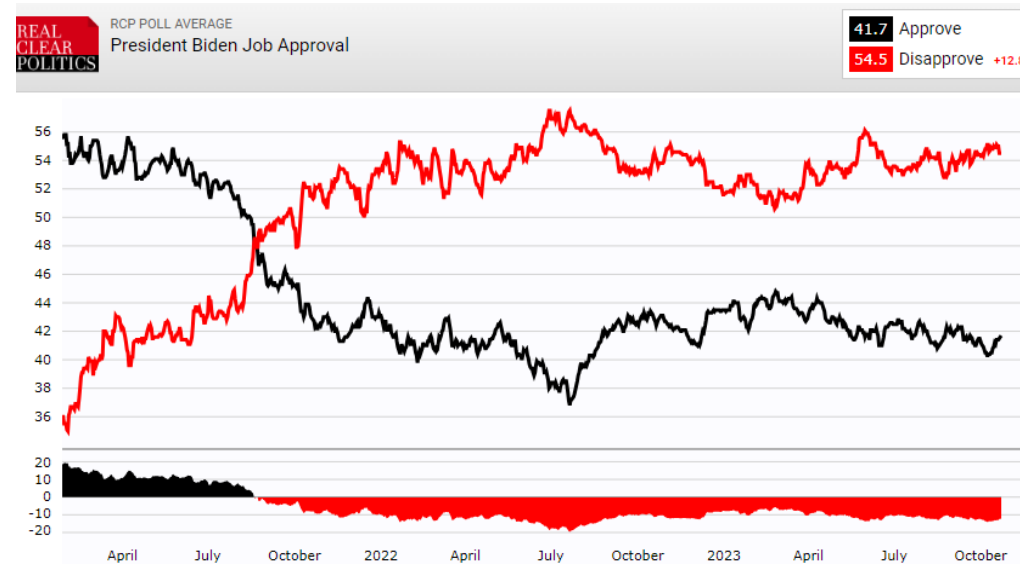
Intensifying Executive and Congressional efforts to curtail Chinese access to sensitive technologies including semiconductors and AI systems

2024 Election Outlook

State of Play: Democrats

Biden's strength with party leaders belies his weakness with Democratic voters

- President Biden's re-election has drawn only token primary opposition. However, [two-thirds of Democrats and Democratic-leaning voters want the party to nominate someone else in 2024](#) (CNN Aug. 2023). This figure jumps to 80% among 18–29-year-olds (NYT/Siena Aug. 2023).
- 49% of Democrats cite [Biden's age](#) as their biggest concern, followed by his mental competence (7%), his health (7%) and his ability to handle the job (7%) (NYT/Siena Aug.2023).
- Biden's job approval remains underwater with a RCP polling average of [41.7% to 54.5% approve to disapprove](#), a spread of -12.8 (Real Clear Politics). Historically, no incumbent with an approval rating below 48% has won re-election (Gallup).

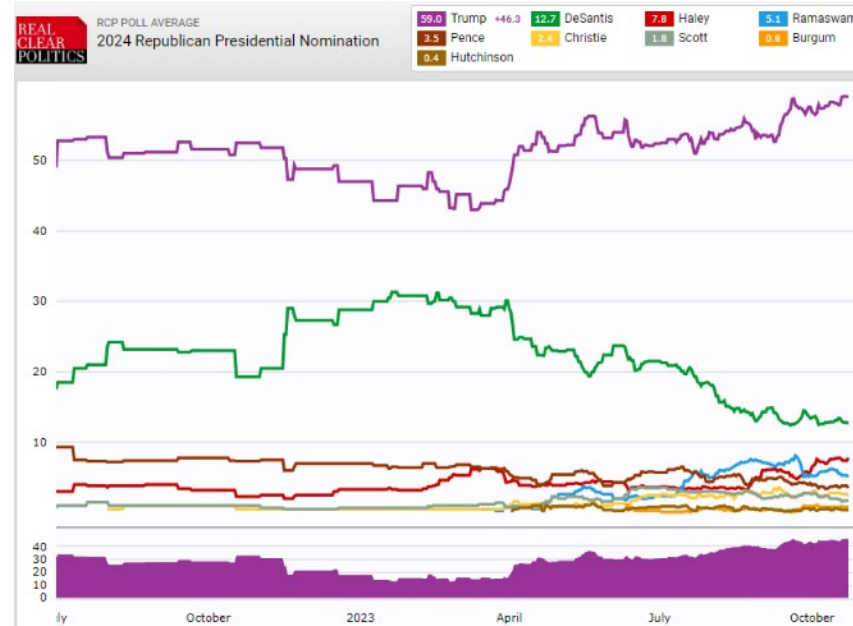


Source: Real Clear Politics

State of Play: Republicans

Trump enjoys commanding lead heading into Iowa and New Hampshire

- No primary frontrunner has ever lost a nomination when leading by more than 20 points. Former President Trump is leading by about **46 points** nationally and over 30 points in the early voting states of Iowa and New Hampshire (Real Clear Politics).
- The **Iowa Caucus (Jan. 15)** and **New Hampshire primary (Jan. 23)** don't always predict the nominee but both states are key indicators of who, if anyone, could challenge Trump for the nomination.
- **Trump's trials coincide with 2024 campaign season** but legal woes yet to hurt his standing with GOP voters. First criminal trial set to begin on March 4, 2024, and last 4-6 weeks; Super Tuesday, where 35% of Republican delegates vote across 13 states, scheduled for March 5. Approximately 55-61% of all GOP primary delegates will be awarded during Trump's first criminal trial.



Source: Real Clear Politics

The Two Parties Will Campaign on Vastly Different Policy Platforms in the General Election

Republicans will attack Biden record and focus on social wedge issues

- Cuts to federal spending and funding **tax cuts**
- Promote **anti-abortion** policies
- Empower parents in education
- Focus on crime and safety
- Protect Second Amendment and “family values”
- **Criticize Biden for his age**
- **Criticize Biden on foreign policy**

Democrats will lean into the issues that helped them overperform in 2022 midterms

- **Protecting democracy** – now directly in contrast to Trump’s election interference criminal proceedings
- Protecting and expanding fundamental rights, including **abortion rights**
- Reducing costs for families
- Economic equality – holding corporations accountable, **investing in American jobs and manufacturing (Bidenomics)**

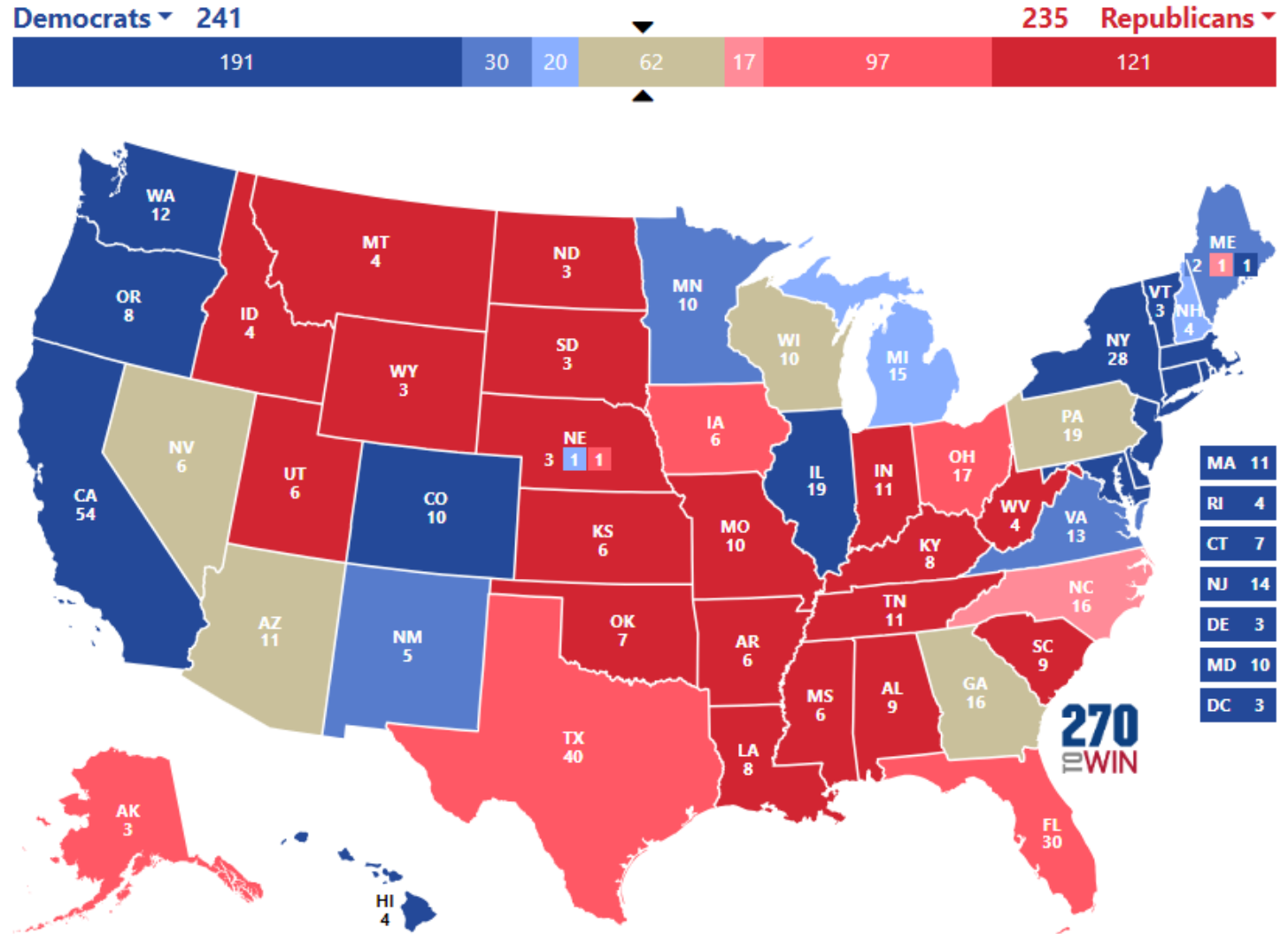
All candidates will run on **the economy** and **reducing inflation**, but issues like **abortion** and **protecting democracy** have proven to be electoral winners for Democrats

Source: Jim Messina

The 2024 Presidential Election Battleground

The Race to 270 Electoral Votes will likely be determined by just a handful of voters in seven swing states

- The Electoral College majority was determined by just 79,000 votes in Michigan, Pennsylvania and Wisconsin in 2016 and 43,000 votes in Arizona, Georgia and Wisconsin in 2020.
- Arizona, Georgia, Michigan, Nevada, North Carolina, Pennsylvania and Wisconsin were all determined by less than three points in 2020 and will be the focus of the 2024 campaign.



Source: 270 to Win

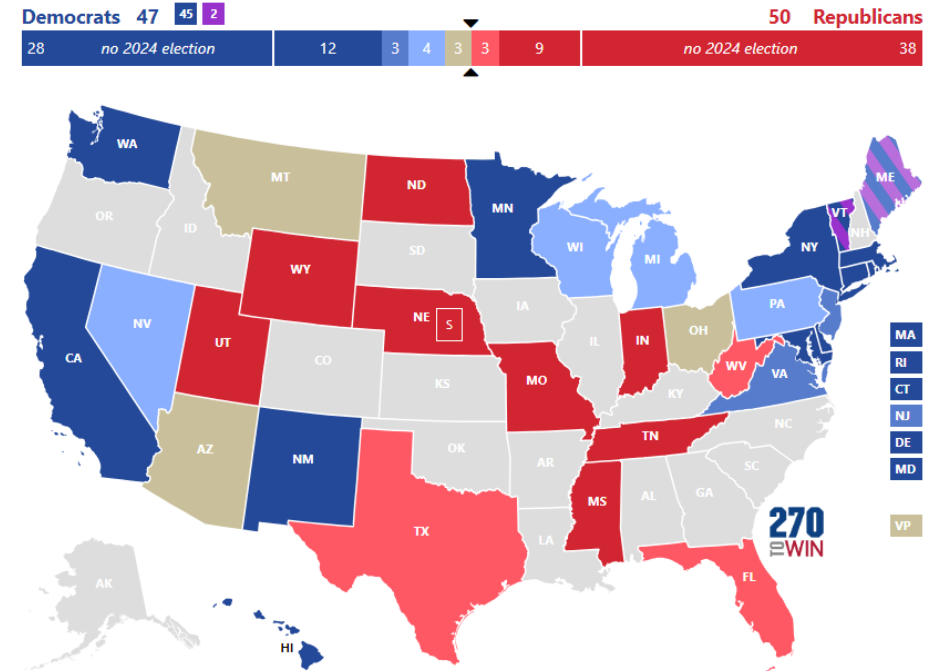
The 2024 Congressional Election Battleground

Democrats Face Uphill Battle to Maintain Senate Majority

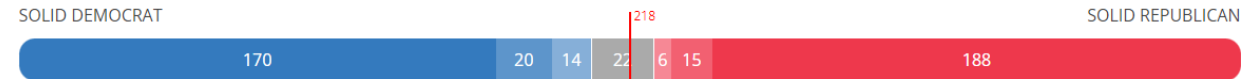
- 34 Senate seats up in 2024 – 23 held by Democrats and Independents aligned with Democrats and 11 held by Republicans. Republicans need to net 1-2 seats (depending on who wins White House) to return to the majority.
- Democrats defending [West Virginia](#) (Trump +39%), [Montana](#) (Trump +16%) and [Ohio](#) (Trump +8%) in addition to [Arizona](#) (Biden +0.3%) and [Wisconsin](#) (Biden +0.6%).

Control of the House Remains a Toss Up

- Republicans hold narrow 222-213 majority; Democrats need to flip [five seats](#) to regain majority
- Republicans hold [18 seats in districts Biden won in 2020](#); Democrats [hold five seats in districts Trump won in 2020](#).
- Cook Political Report rates [77 races](#) that could be competitive



Source: 270 to Win



Source: Cook Political Report

The 2025 Agenda

Issues the Next President Will Face

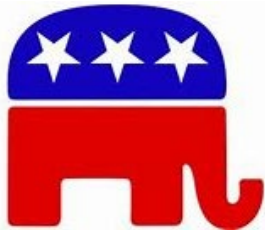
Uncertainty as Tax Cuts Set to Expire

- Majority of Trump tax cuts enacted in 2017 [expire on December 31, 2025](#), and [automatically revert to pre-2017 levels](#).
 - Individual tax rates for top earners increasing back to 39.6% from 37%;
 - Child tax credit halving from \$2,000 to \$1,000;
 - Estate tax exemption falling from \$12.9m to \$5.49m (EY).
- [Corporate tax rate which was cut from 35% to 21% does not expire](#).
- New Speaker Johnson makes commitment to House Republicans that any major tax package would include a [raise in the SALT cap](#) but prospects of major tax legislation passing during 118th Congress very low (Tax Notes).



Biden administration balancing fiscal concerns of a “deficit-busting extension” to the tax cuts against the politically unpopular prospect of entering an election cycle with plans to raise taxes.

Likely 2025 Position: Top rate should go back up to 39.6% but adjustments made to ensure that [families making less than \\$400k don't pay a penny in additional taxes](#)



Republican presidential candidates including Trump, DeSantis and Pence all publicly praise 2017 tax cuts and advocate their extension after 2025.

Trump and Pence primary campaigns also [proposing cutting the federal corporate tax rate to 15%](#) (Tax Foundation)

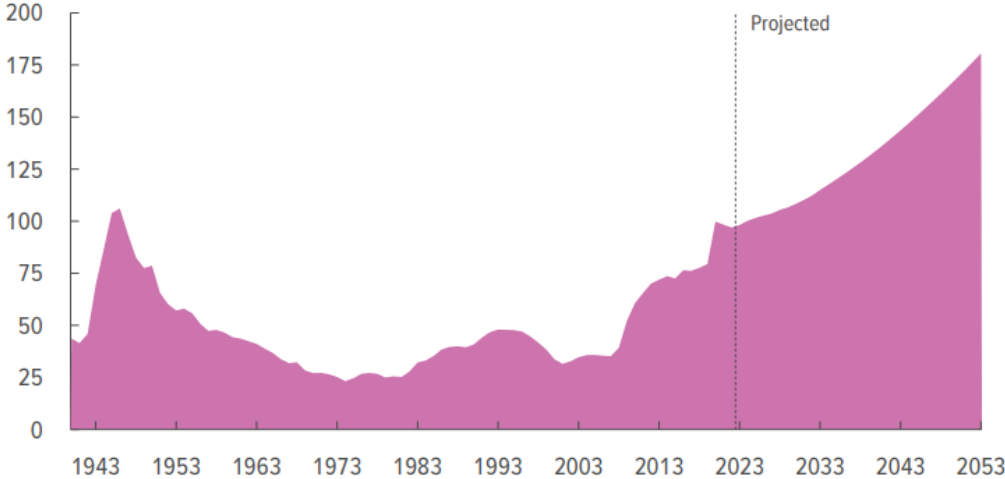
Fiscal and Budgetary Pressures

Rising Debt-to-GDP ratio projected to sharply increase interest payments and lead to budgetary pressures

- If current policies continue, Congressional Budget Office (CBO) projects the annual deficit will remain above 5% for the next 30 years, increasing the debt-to-GDP ratio from 98% today to a record-high 107% in 2029 and 180% in 2053.
- With mounting debt and higher interest rates, the government’s interest payments are projected to triple in relation to GDP between 2023-53, accounting for 23% (~\$5.1trn) of all federal spending by 2053 (CBO/BPC).
- Likely to lead to higher borrowing costs throughout the economy (dampening investment and economic growth), elevated risk of fiscal crisis, and difficult policy trade-offs (CBO).

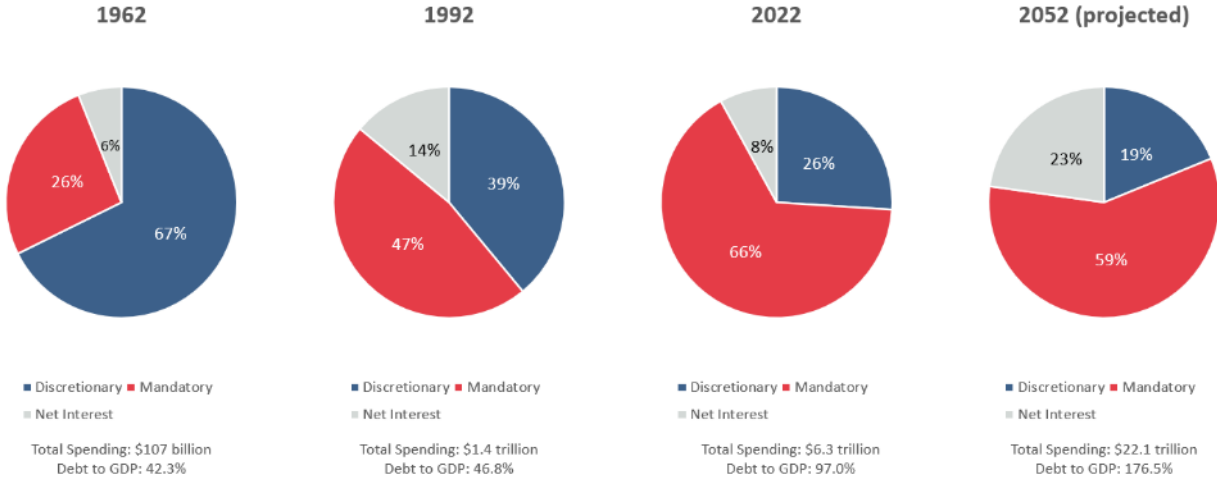
Federal Debt Held by the Public

Percentage of GDP



Source: Congressional Budget Office

Entitlement and Net Interest Growth Drive Future Debt Accrual



Source: Bipartisan Policy Center



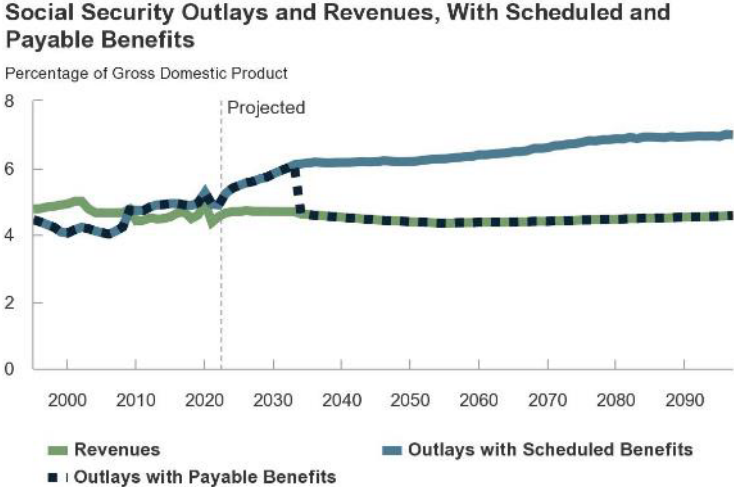
Unresolved Questions on Debt Limit, Future of Entitlement Spending

Debt Limit Expiration

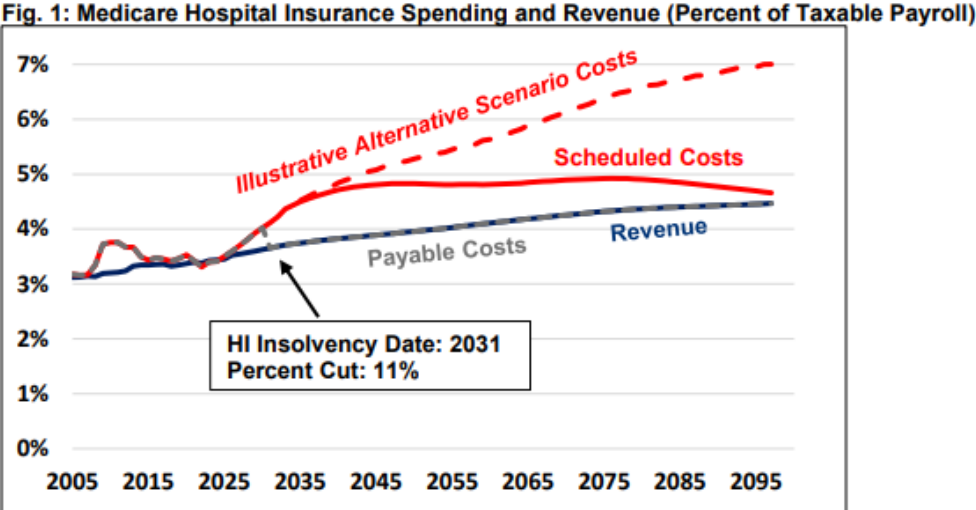
- Fiscal Responsibility Act 2023 suspended the debt limit until **January 1, 2025**. Extraordinary measures will push the X-date out a few months after that date (~March/April 2025), depending on economic conditions.
- Avoiding default likely to be one of the first priorities for the new administration (inauguration on January 20, 2025). Ease with which this issue will be resolved depends on make up of new Congress after 2024 elections.

Social Security and Medicare Trust Funds Depleting as Baby Boomers Retire

- CBO projects that the **Social Security Trust Fund will be depleted by 2033**. Without government intervention, social security payments would be 25% less than scheduled benefits in 2034.
- **Medicare Trust Fund set to be depleted by 2031** as gross Medicare spending outweighs revenues by a projected \$333bn over the next decade (Medicare Trustees Report).



Source: Congressional Budget Office



Source: Medicare Trustees Report





Governor's Remarks

Massachusetts Governor, Maura Healey