



The Commonwealth of Massachusetts Bond Financing Programs

April 4th, 2025

Commonwealth Credit Review



Replay Information



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<http://munios.com/live/MACommonwealthApril2025>

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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 (Jan. 2010 - Feb. 2025)



FY25 Year-to-Date (Through February) Tax Collections



	Month of February					FY25 YTD as of February				
	02/25 Actual Collections	02/25 v. 02/24 \$ Fav/(Unfav)	02/25 v. 02/24 % Fav/(Unfav)	02/25 Actual v. Benchmark \$ Fav/(Unfav)	02/25 Actual v. Benchmark % Fav/(Unfav)	02/25 YTD Actual Collections	02/25 YTD v. 02/24 YTD \$ Fav/(Unfav)	02/25 YTD v. 02/24 YTD % Fav/(Unfav)	02/25 YTD Actual v. Benchmark \$ Fav/(Unfav)	02/25 YTD Actual v. Benchmark % Fav/(Unfav)
Income										
Income Withholding	1,705	186	+12.2%	195	+12.9%	12,493	924	+8.0%	262	+2.1%
Income Est. Payments	27	(55)	-67.1%	(56)	-67.3%	3,068	647	+26.7%	609	+24.8%
Income Returns/Bills	90	8	+10.1%	23	+35.2%	1,038	157	+17.8%	20	+2.0%
Income Refunds Net (outflow)	(693)	(25)	-3.7%	(32)	-4.8%	(1,336)	22	+1.6%	1	+0.1%
Subtotal Non-withheld Income	(577)	(72)	-14.2%	(64)	-12.5%	2,769	825	+42.5%	630	+29.5%
Subtotal Income	1,129	114	+11.2%	131	+13.2%	15,262	1,749	+12.9%	892	+6.2%
Sales & Use										
Sales - Regular	497	9	+1.8%	(5)	-1.0%	4,591	163	+3.7%	(51)	-1.1%
Sales - Meals	101	2	+1.8%	0	+0.3%	1,094	54	+5.2%	(2)	-0.2%
Sales - Motor Vehicles	83	(7)	-7.3%	(14)	-14.4%	766	(16)	-2.0%	(89)	-10.4%
Subtotal Sales & Use	681	4	+0.6%	(19)	-2.7%	6,450	201	+3.2%	(141)	-2.1%
Corporate & Business - Total	63	(15)	-18.8%	(19)	-23.4%	1,936	(84)	-4.1%	(250)	-11.4%
All Other	259	21	+8.8%	30	+12.9%	1,843	158	+9.4%	186	+11.2%
Total Tax Collections	2,131	125	+6.2%	122	+6.1%	25,491	2,025	+8.6%	688	+2.8%

FY25 Year-to-Date Tax Collections



- **Year-to-date total** of \$25.5 billion:
 - \$2.025 billion, or 8.6% more than the same period in fiscal 2024
 - \$688 million, or 2.8% above year-to date benchmark

- **Positive** performance versus benchmark in
 - withholding tax
 - non-withholding income tax
 - “all other” taxes

partially offset by a

- **Negative** performance versus benchmark in:
 - sales tax
 - corporate & business tax

FY25 Year-to-Date Tax Collections



More specifically:

- **Withholding tax:** \$12.5B, +\$924M, +8.0% actual vs. last year, but \$262M or 2.1% **above** benchmark
- **Non-withheld income tax:** \$2.769B, +\$825M or +42.5% actual vs. last year, and \$630M or 29.5% **above** benchmark
- **Sales & use tax:** \$6.450B, +\$201M or +3.2% actual vs. last year, but \$141M or 2.1% **below** benchmark
- **Corporate and business tax:** \$1.936B, -\$84M or -4.1% actual vs. last year, and \$250M or 11.4% **below** benchmark
- **All Other Tax:** \$1.843M, +\$158M or +9.4% actual vs. last year, and \$186M or 11.2% **above** benchmark



EXECUTIVE OFFICE FOR ADMINISTRATION & FINANCE (A&F)

Matthew Gorzkowicz

Secretary

Kaitlyn Connors

Assistant Secretary for Capital

Chris Marino

Assistant Secretary for Budget



Fiscal Year 2025 Approved Operating Budget

- The fiscal year 2025 budget was approved by the Governor on July 29, 2024, providing for approximately **\$57.78 billion** in authorized spending. In signing the budget, the Governor vetoed **\$248 million in net spending** or **\$317 million in gross spending** approved by the Legislature
 - These actions resulted in a budget that is **\$353 million** or **0.6%** less than the Governor's initial budget proposal
- The fiscal year 2025 budget is approximately **3.1%** greater than the fiscal year 2024 enacted budget at the time of the Governor's approval. The fiscal year 2025 budget as approved by the Governor incorporates a **\$41.662 billion** tax revenue forecast, which reflects the consensus tax revenue estimate of **\$40.202 billion**, the **\$1.3 billion** estimate of revenue from the 4% surtax on personal income above \$1 million (adjusted annually for inflation), and **\$160 million** incremental impact from the implementation of a two month tax amnesty program together with tax enforcement initiatives and the elimination of tax loopholes enacted as a part of the budget
- The final budgeted tax revenue estimate is set at **\$41.607 billion** after adjusting for the impact of the Affordable Homes Act signed by the Governor on August 6, 2024
- The enacted budget additionally allows **\$375 million** in capital gains tax revenue above the threshold to be diverted from the Stabilization Fund to be used for expenditures, if necessary, and contains provisions authorizing online Lottery sales for individuals 21 years and older, free community college for certain Massachusetts residents, free regional transportation and continuation of certain COVID-era childcare subsidies



Fiscal Year 2025 Approved Operating Budget (cont.)

- On February 28, 2025, the Governor approved a supplemental budget for fiscal year 2025 allocating an additional \$425 million from the Transitional Escrow Fund to support emergency shelter assistance spending, including additional aid to school districts impacted by increased student enrollment and communities hosting unhoused families and family shelter sites. The enacted legislation also includes changes to the Commonwealth's right to shelter law in order to address the needs of unhoused families while ensuring the long-term sustainability of the state shelter system
- On April 2, 2025, the Governor filed an additional \$756 million gross (\$545 million net state cost) supplemental budget for fiscal year 2025 to support mid-year budgetary needs. The recommended appropriations will ensure the timely delivery of services and benefits, including state employee health care, early education and care provider services, and supplemental payments to hospitals through the Medical Assistance Trust Fund. This spending bill is pending before the legislature



Consensus Revenue Estimates for Fiscal Year 2026

- On January 9, 2025, the Secretary of Administration & Finance and the chairs of the House and Senate Committees on Ways and Means agreed to a fiscal year 2026 consensus tax revenue estimate of **\$41.214 billion**, as well as a **\$2.4 billion** estimate of revenue from the 4% surtax on personal income above the surtax threshold of \$1 million (adjusted for inflation annually in each tax year after 2023)
- The fiscal year 2026 consensus tax revenue estimate of **\$41.214 billion** (excluding estimated income surtax revenues) represents revenue growth of **2.25%** above the fiscal year 2025 benchmark
- Of the estimated **\$2.4 billion** of additional surtax revenue, **\$1.95 billion** will be available in fiscal year 2026 to support additional spending on education and transportation initiatives
 - Additional collections above this spending threshold will be available for supplemental budgets
- 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 **\$32.897 billion** (exclusive of the expected additional income surtax revenue) would be the maximum amount of tax revenue available for the fiscal year 2026 budget



Fiscal Year 2026 Proposed Operating Budget

- On January 22, 2025, Governor Healey filed her fiscal year 2026 budget recommendation, totaling **\$59.6 billion** plus an additional **\$1.95 billion** in income surtax spending. The non-surtax spending total represents **2.6%** growth above fiscal year 2025 estimated spending at the time of filing
- 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 typically considers and approves its version of the budget in April, and the Senate typically considers and approves its version in May
- The differences between the House and Senate versions are generally 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
- It is not unusual for the budget process to extend slightly into the next fiscal year, with final enactment of the budget typically occurring in July. Interim budgets are typically enacted to provide funding after the end of the fiscal year until the full budget can be enacted and approved by the Governor



Income Surtax Supplemental Budget

- In tandem with her fiscal year 2026 budget recommendation, the Governor filed a **\$1.32 billion** supplemental budget to deploy unexpended income surtax collections from fiscal years 2023 and 2024
- Income surtax collections began in fiscal year 2023, and the fiscal year 2024 budget was the first to include investments from those collections. In fiscal year 2024, the General Appropriations Act budgeted for **\$1 billion** in surtax collections. Final fiscal year 2024 collections totaled **\$2.46 billion** with the vast majority available for supplemental spending bills
- The Governor's supplemental budget proposal includes **\$858 million** for investments in our transportation system and **\$463 million** for education initiatives. Notable investments include:
 - **\$780 million** for the MBTA to stabilize operations
 - **\$53 million** for Massachusetts Department of Transportation operational supports and winter resiliency initiatives
 - **\$150 million** for early education and care capacity building and affordability initiatives
 - **\$150 million** for special education supports
 - **\$75 million** for career technical education capital grants
 - **\$30 million** for expansions in our adult basic education system focused on ESOL services



Capital Investment Plan

- On June 13, 2024, the Governor announced the five-year capital investment plan for fiscal years 2025 through 2029 (FY25-29 CIP), with an administrative general obligation (G.O.) bond cap **of \$3.117 billion** for fiscal year 2025. This represents a **7.3%** increase over the administrative bond cap recommendation in fiscal year 2024
- The plan includes major capital investments designed to make the Commonwealth more affordable, competitive, and equitable
- Highlights include historic levels of funding for housing development, preservation and rehabilitation. It also expands support for successful economic development programs, dedicates crucial resources to update and strengthen state infrastructure, and reflects the administration's commitment to meeting the state's climate goals
- The capital investment plan for fiscal years 2026 through 2030 is currently under development and is expected to be released later this spring. Actual capital spending is subject to variance from budget due to the nature of capital projects and the programs comprising the plan



PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

John Boorack

Actuary

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	90,988	102,045	6,689	199,722
Vested Terminated	5,453	N/A	520	5,973
Non-Vested Terminated	31,737	N/A	3,286	35,023
Retired/Beneficiaries	69,750	71,260	4,780	145,790
Total	197,928	173,305	15,275	386,508
Total Payroll (in thousands)	\$7,688,333	\$8,731,185	\$763,795	\$17,183,313

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; in bad times, schedule extended
- In wake of 2008 loss, final payoff date of 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 until 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)			
Fiscal Year	Payments	Fiscal Year	Payments
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
2031	6,742,157	2038	1,722,992

Commonwealth Actuarial Valuation Results (in millions)



- January 1, 2024 report
 - Available on the website www.mass.gov/perac

Dollars (in millions)	1/1/2022	1/1/2023	1/1/2024
Total Normal Cost	\$2,244	\$2,411	\$2,609
Employee Contributions	<u>1,477</u>	<u>1,594</u>	<u>1,699</u>
Net Normal Cost	\$767	\$817	\$910
Total Expenses & Transfers	<u>127</u>	<u>144</u>	<u>158</u>
Net Normal Cost Plus Expenses & Transfers	\$894	\$961	\$1,069
Actuarial Liability	\$112,195	\$116,211	\$120,819
Assets (Actuarial Value)	<u>72,168</u>	<u>73,831</u>	<u>78,567</u>
Unfunded Actuarial Liability (UAL)	\$40,027	\$42,380	\$42,252
Funded Ratio	64.3%	63.5%	65.0%
Increase in UAL due to change in Assumptions and Plan Provisions	\$23	\$231	\$0

The January 1, 2022 actuarial valuation maintained the investment return assumption at 7.00%. There was no change in the mortality assumption. A change in the COLA base for Boston Teachers increased the UAL by \$22.5 million

The January 1, 2023 actuarial valuation maintained the investment return assumption at 7.00%. The mortality improvement scale was update to MP-2021 for all plans which increased the UAL by \$231 million

The January 1, 2024 actuarial valuation maintained the investment return assumption at 7.00% as well as the base mortality table and the mortality improvement scale

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



- 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

- Reduced assumption in 2021

- Reduction in results of PRIM long-term expected return (from 7.3% to 6.8%)

- NASRA most recent study of large public plans – 7.18%

- Nationally, plans continue to reduce this assumption

- More reliance on short-term expectation (from 6.2% to 5.8%)

- Assumption is reviewed every year

- Assumption maintained at 7.00% since the 2021 actuarial valuation



- 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 2023
 - State reflects RP-2014 table (blue collar)
 - Teachers' reflects SOA Pub-2010 Teachers (headcount)
 - Mortality improvement scale updated to MP-2021
 - Other assumptions determined by experience studies
 - State and Teachers' studies released in 2014
 - Next study expected to begin this year



OFFICE OF THE COMPTROLLER

Review of the Statutory Basis Financial Report

Pauline Lieu

Assistant Comptroller / Chief Financial Reporting Officer

Basis of Presentation



- The SBFR is presented on a budgetary or statutory basis: cash receipts and expenditures, including two months accounts payable and receivable period ("modified cash basis"); by statute, 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 Bay Transportation Authority (MBTA), Massachusetts Development Finance Agency (MassDevelopment)

Balances at Year End



- FY24 ended with balanced budget, i.e., a “**consolidated net surplus**” of **\$426 million** in the budgeted funds, all of which was, per statute (Chapter 248 Section 141 of the Acts of 2024), transferred to the Student Opportunities Act Investment Fund
- There was an FY24 operating loss of \$334 million in the budgeted funds, compared to a \$2.862 billion operating loss in FY23
- The \$334 million figure represents the excess of yearly expenditure over revenue received, which results in a lower year-end balance in budgeted funds. It does not represent deficit spending or an increase in debt
- There was a budgeted fund **ending balance of approximately \$15.004 billion**, of which:
 - \$8.524 billion is held in the Stabilization Fund
 - \$488 million deposited in the Stabilization Fund in FY24
 - \$599 million remains in the Transitional Escrow Fund from FY24 surpluses
 - \$3.172 billion is designated for FY25 appropriations (FY25 prior appropriations continued, or PACs) and debt service



Total Budgeted Revenue / Income Tax Revenue

- **Total budgeted fund revenue (prior to transfers between budgeted funds) totaled \$61.735 billion**, an increase of \$4.320 billion, or 7.5%, from FY23
- **Budgeted fund tax revenue (not including sales tax revenue allocated to the MBTA and MSBA) totaled \$38.138 billion**, up \$4.435 billion, or 13.2% from FY23, with most of the increase due to triggering of a law that resulted in a one-time reduction in FY23 revenues of \$2.875 billion relative to FY24, implementation of the 4% "fair share" surtax that increased FY24 revenue by \$2.460 billion, \$2.218 billion, more than in FY23, offset by tax reforms that reduced FY24 revenue by approximately \$431 million. Absent these tax law impacts, tax revenue would have been down \$228 million, or 0.6%
 - **Total personal income tax collections were \$24.112 billion**, up \$5.117 billion, or 26.9%, but up \$455 million, or 2.1%, after adjusting for tax law changes
 - **Personal income tax withholding was \$17.967 billion**, up \$1.320 billion, or 7.9%, and up \$1.007 billion, or 6.1%, after tax law change adjustments, as employment continued to grow steadily
 - **Non-withheld personal income tax was \$6.145 billion**, an increase of \$3.797 billion, or 161.7%, but down \$552 million, or 11.0% when adjusted for tax law changes, with the adjusted decline primarily due to a drop of \$271 million or 11.9% in capital gains tax revenue

Other Taxes and Revenues



- **Sales & use tax totaled \$6.626 billion**, down \$21 million or 0.3%, as \$69 million increase in meals tax was offset by a slightly larger decline in regular sales tax
- **Corporate and business taxes totaled \$4.833 billion**, down \$275 million, or 5.4% from FY23 collections
- Other notable changes in tax collections include a **decrease in the estate and inheritance tax of \$400 million**, or 41.0% and a **decline in the deeds excise tax of \$337 million**, or 9.9%
- **Budgeted fund federal reimbursements totaled \$14.603 billion**, a decrease of \$622 million, or 4.1%, due primarily to a decline in the state's Medicaid federal reimbursements, which totaled \$13.210 billion, down \$989 million, or 7.0%, as Medicaid spending decreased
- **Budgeted fund departmental revenue totaled \$6.429 billion**, an increase of \$347 million or 5.7%, mainly due to interest earnings, which increased from \$698 million in FY23 to \$980 million in FY24 as a result of higher interest rates on the Commonwealth's large cash balances
- **Lottery profits totaled \$1.151 billion**, a decrease of \$37 million, or 3.1%, from FY23

Expenditures and Transfers



- **Budgeted fund expenditures** and other uses (prior to transfers between budgeted funds) **totaled \$62.069 billion**, an increase of \$1.793 billion, or 3.0% from FY23
- **Medicaid expenditures totaled \$20.070 billion**, a decrease of \$1.630 billion, or 7.5%, from FY23, as the pandemic-era suspension of eligibility redeterminations expired, and Medicaid beneficiaries were removed from the program because they are no longer met eligibility requirements
- **Direct local aid spending** (both education aid and unrestricted aid) **was \$7.949 billion**, was up \$654 million, or 9.0%
- **Transfers to the state pension fund** in accordance with the Commonwealth's actuarially determined pension funding schedule were **\$4.104 billion**, an increase of \$360 million, or 9.6%, from FY23, and there was an additional pension contribution of \$30 million from capital gains taxes, as required by law
- **Budgeted fund debt service totaled \$2.425 billion**, virtually identical to FY23 debt service expenditures



Interfund Transfers / "Fair Share" Surtax

- **Interfund transfers from budgeted to non-budgeted funds totaled \$1.520 billion**, an increase of \$281 million or 22.6%, from FY23
 - The net increase was due primarily to a \$420 million increase in a transfer to the Medical Assistance Trust Fund, which funds transfers to Massachusetts hospitals that care for large numbers of Medicaid-eligible patients, partially offset by smaller declines in other transfers
- **\$903 million in new education and transportation spending from "Fair Share" 4% personal income surtax revenues**, including:
 - \$264 million for Elementary and Secondary Education
 - \$207 million for Higher Education
 - \$430 million for Transportation
 - *Details of spending of Fair Share tax revenues are on page 185 of the SBFR*

Summary



	2024 (\$ millions)	2023 (\$ millions)	\$ Change	% Change
Beginning Balances	\$ 15,338	\$ 18,200	\$ (2,862)	(15.7)%
Taxes	38,138	33,704	4,434	13.2%
Federal reimbursements	14,603	15,225	(622)	(4.1)%
Other budgeted revenues	8,993	8,486	507	6.0%
Budgeted revenues and other financing sources	61,735	57,414	4,321	7.5%
Transfers between budgeted funds ("gross-ups")	4,727	5,555	(828)	(14.9)%
Total revenues and other financing sources	66,462	62,970	3,492	5.5%
Budgeted expenditures and other financing uses	62,069	60,276	1,793	3.0%
Transfers between budgeted funds ("gross-ups")	4,727	5,555	(828)	(14.9)%
Total expenditures and other financing uses	66,796	65,831	965	1.5%
Excess/(deficiency) of revenues over expenditures	(334)	(2,862)	2,528	N/A
Ending fund balances:				
Reserved for Prior Appropriations Continued & Debt Service	3,172	4,578	(1,405)	(30.7)%
Reserved for Stabilization Fund	8,524	8,036	488	6.1%
Other Undesignated	3,308	2,725	583	21.4%
Total ending fund balances	\$ 15,004	\$ 15,338	\$ (334)	(2.2)%

Stabilization Fund Activity



FY24 Stabilization Fund Activity (in \$ Thousands)

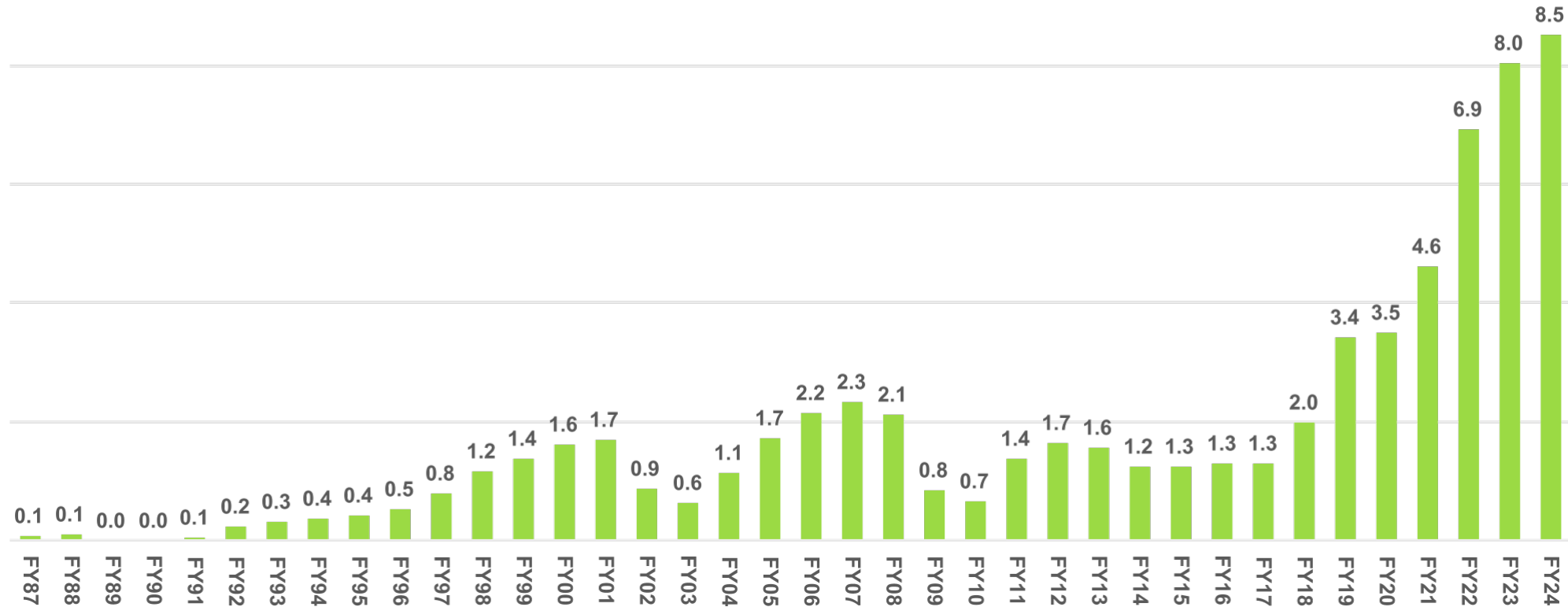
Stabilization Fund Balance as of July 1, 2023	\$	8,036,051
Capital Gains Tax Revenue Transfers		29,542
Abandoned Property Transfer		7,030
Certain Lottery Withholding Taxes		214
Interest Earnings		420,764
Adjustment for Change in Value of Short-Term Bond Fund		4,406
Transfer of 10% of casino gaming tax revenue		25,625
Stabilization Fund Balance as of June 30, 2024	\$	8,523,632
Memo: Change in Stabilization Fund Balance, FY23-24	\$	487,581

- As of June 30, 2024, the Commonwealth's Stabilization Fund balance as a percentage of General Fund own source expenditures was 19.6%, well above the national median of 13.5% as reported in the Fall 2024 survey of the National Association of State Budget Officers (NASBO)

Stabilization Fund Balance History



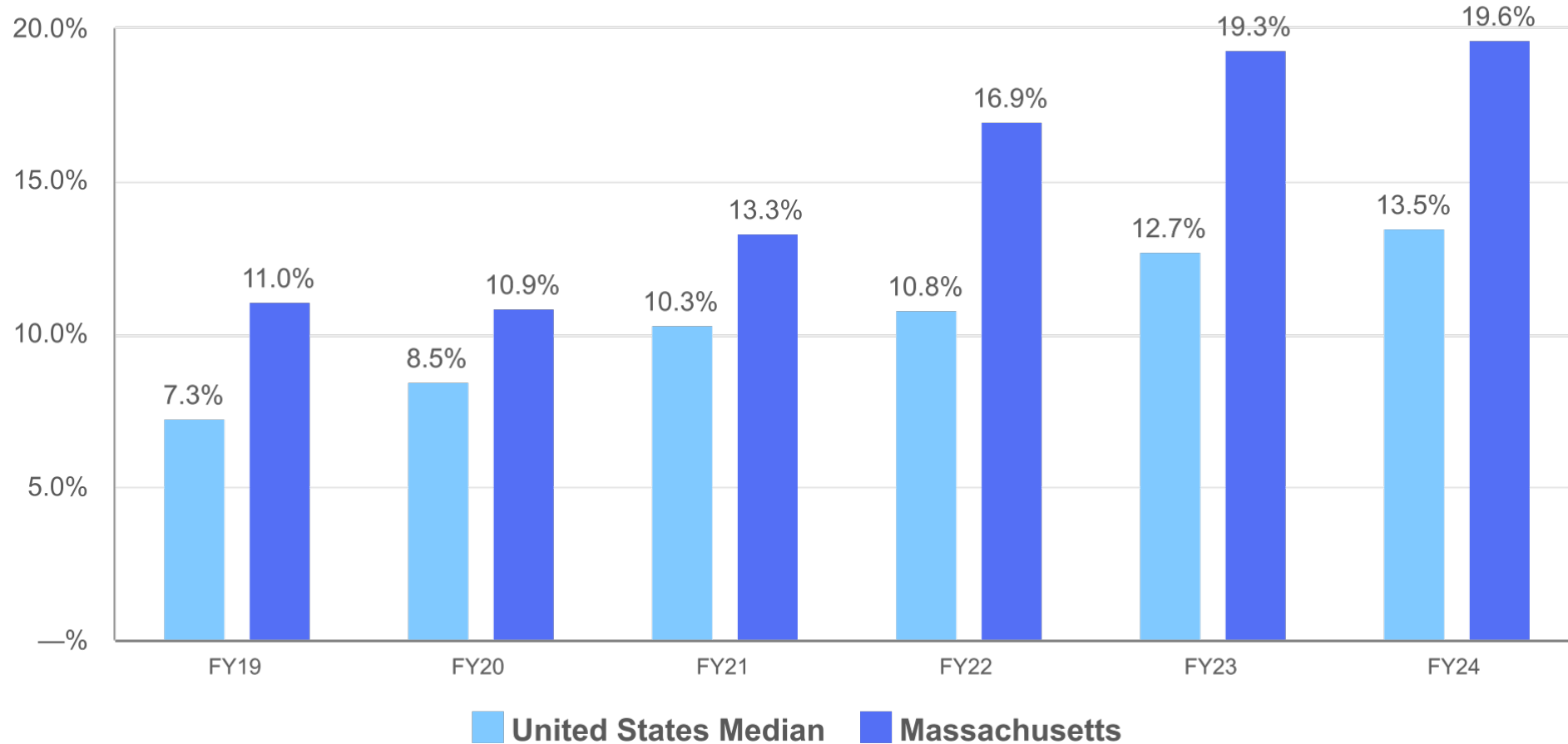
End of Fiscal Year Stabilization Fund Balances In \$ Billions



Stabilization Fund Comparison



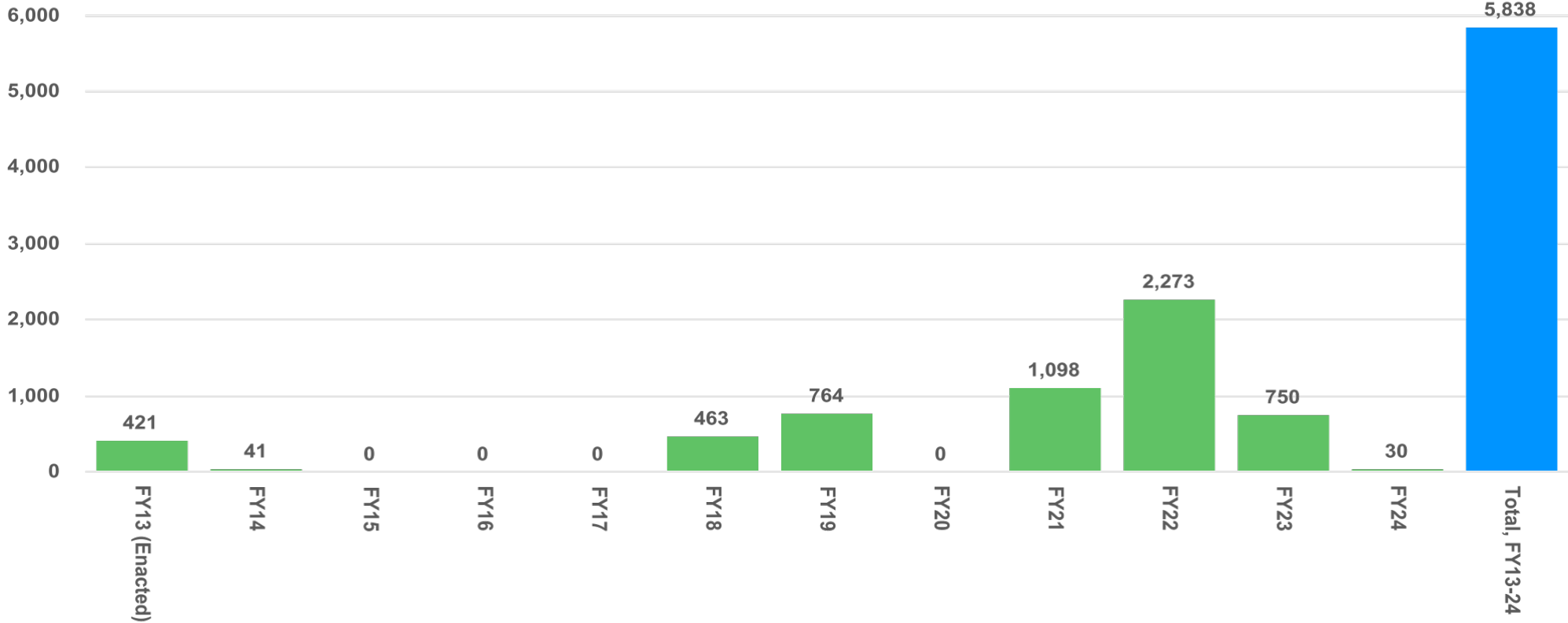
**Stabilization Fund Balance as a Percentage of General Fund Own-Source Spending
Massachusetts vs. Median of all U.S. States**



Capital Gains Tax Transfers to Stabilization



Capital Gains Tax Transfers to Stabilization Fund In \$ Millions





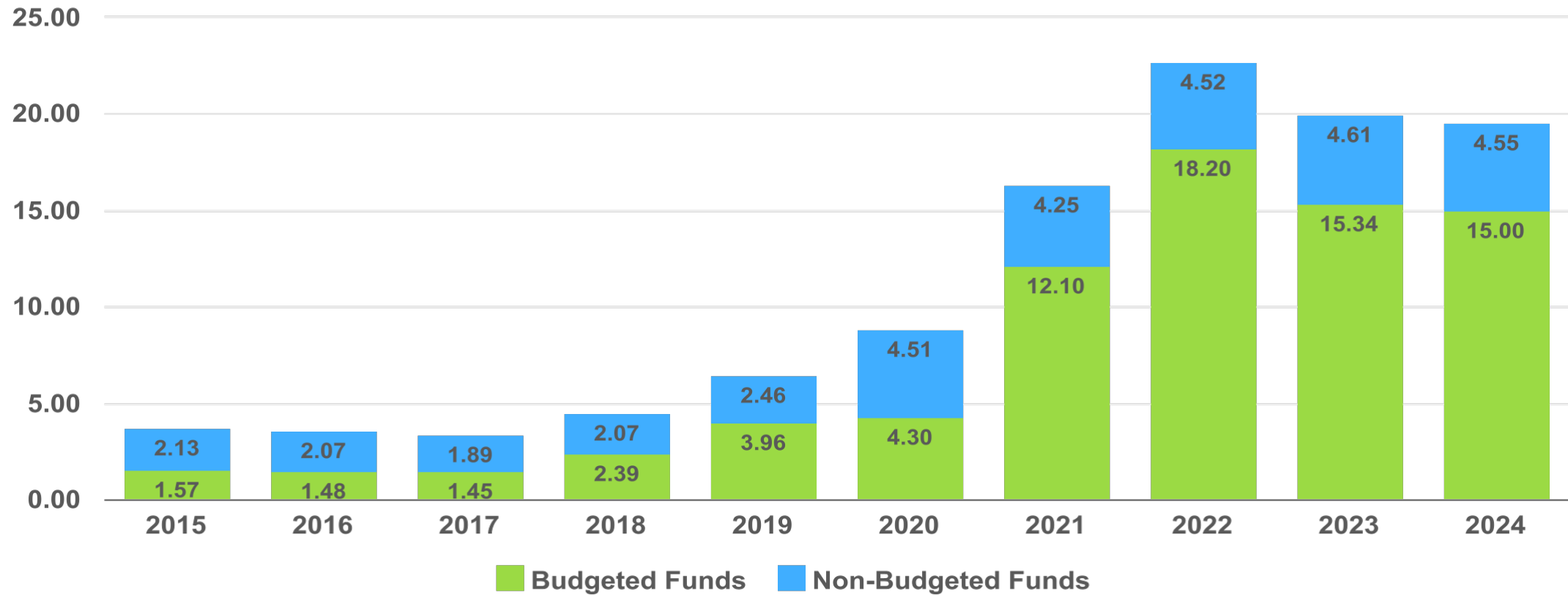
Non-Budgeted Special Revenue Fund Revenues & Expenditures

- **FY24 revenues and other financing sources totaled \$21.939 billion**, up \$1.280 billion or 6.2% from FY23
 - \$7.126 billion in federal revenues, up \$632 million, or 9.7% from FY23
 - Assessment revenue increased by \$356 million, or 27.2%
 - Departmental revenue increased by \$211 million, or 2.7%
 - Transfers of \$1.679 billion, virtually identical to FY23
- **FY24 expenditures and other uses totaled \$22.001 billion**, up \$1.433 billion, or 7.0%, from FY23
 - Notable spending included:
 - COVID-related spending of \$2.117 billion, an increase of \$420 million from FY23
 - \$1.124 billion in spending, a \$230 million increase, from the Hospital Investment and Performance Trust Fund
 - \$275 million in spending, a \$249 million increase, from the Population Health Investment Trust Fund
 - \$241 million in spending, a \$213 million increase, from the Regional Greenhouse Gas Initiative Auction Trust

Fund Balances



Budgeted and Non-Budgeted Fund Balances as of June 30 (Excluding Capital)
In \$ Billions





Capital Projects Spending & Revenue

- **FY24 Commonwealth spending on capital projects totaled \$3.941 billion**, down \$230 million or 6.2% from FY23 capital spending. Significant categories of capital spending included \$2.143 billion, or more than half of total capital spending, on transportation-related projects, \$508 million on non-transportation state infrastructure, \$316 million on housing, \$320 million on environmental projects, \$281 million on education, and \$191 million on information technology. A list of individual projects starts on page 20 of the SBFR
- To fund the FY24 capital budget and FY23 capital expenditures that had not been bonded as of June 30, 2023, the **Commonwealth borrowed by issuing general and special obligation bonds with proceeds of \$4.927 billion and issued refunding bonds with proceeds of \$2.308 billion**. The Commonwealth received \$779 million in federal reimbursements for capital spending (most of it for transportation projects)
- At the end of FY24, the capital projects funds had a \$1.595 billion negative balance, as the Commonwealth had not yet reimbursed itself for capital spending that it typically funds in arrears through subsequent bond issues. The capital projects funds normally have a negative balance at the close of each fiscal year



OFFICE OF THE STATE TREASURER

Debt/Capital Presentation

Sue Perez
Deputy Treasurer

Bond Sale Calendar –2025*



Timing	Par Amount	Type	Credit	Method of Sale
Q2 2025				
• April	\$1,070 million	New Money/Refunding	GO (Tax Exempt)	Negotiated
• June/July	\$800 million	New Money	GO (Tax Exempt)	TBD
Q3 2025				
• Q3 2025	\$750 million	New Money	GO (Tax Exempt)	TBD
Q4 2025				
• October	\$190 million	New Money	CTF (Tax Exempt)	Negotiated
• Q4 2025	\$750 million	New Money	GO (Tax Exempt)	TBD

* Preliminary, subject to change.

The latest edition of our Socioeconomic Indicators Report was published in March. The edition includes four sections: **Economy**, **Workforce**, **Environment** and **Residents**. Each section paints a picture on Massachusetts providing a story along with economic data



Highlights from this Edition

- **Employment Growth in Massachusetts**
- **Growth in Real Product by Quarter**
- **Massachusetts Workforce**
- **Job Recovery Rates**
- **Labor Force Participation**
- **Environment - Climate Change**
- **Housing Tenure in Massachusetts by Race and Ethnicity**

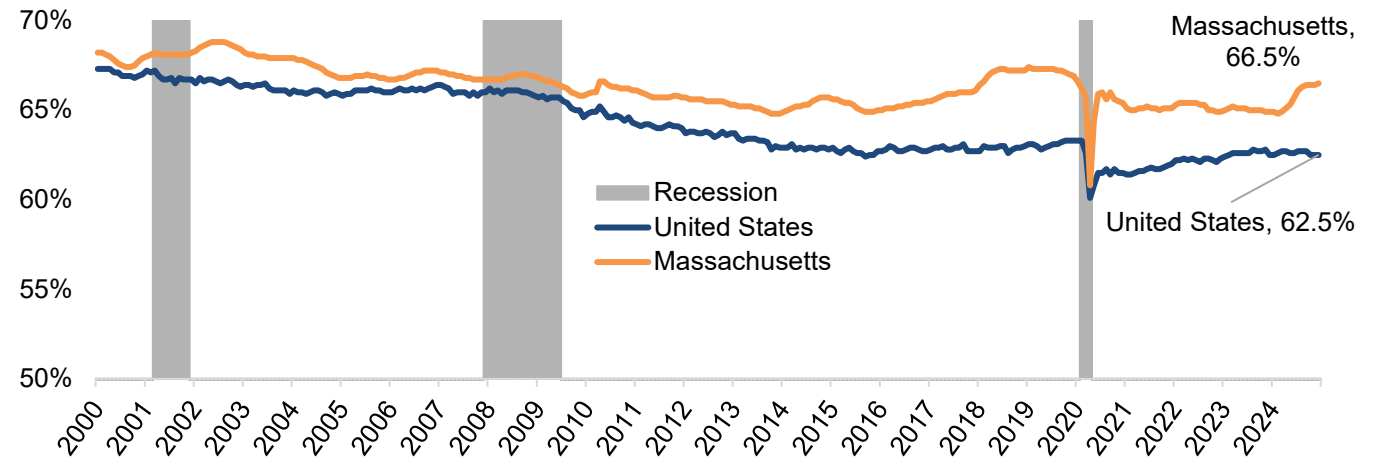
Work Force



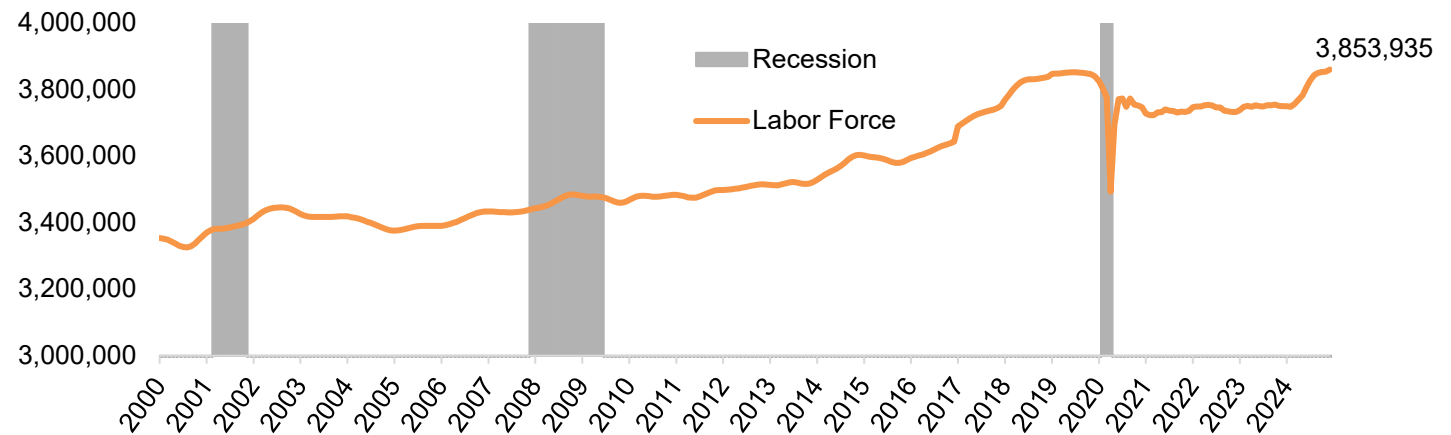
- Since March 2024, the labor force has increased by 103,000, or 2.8 percent. At the same time, Massachusetts has consistently maintained higher rates of labor force participation than the U.S.
- The difference in labor force participation had narrowed considerably until the recent increase in the Massachusetts labor force
- The labor force participation rate rose from 64.9 percent in March to 66.5 percent in December 2024



Labor Force Participation Rates in Massachusetts and the United States January 2000-December 2024 (Seasonally Adjusted)



Massachusetts Labor Force, January 2000-December 2024 (Seasonally Adjusted)

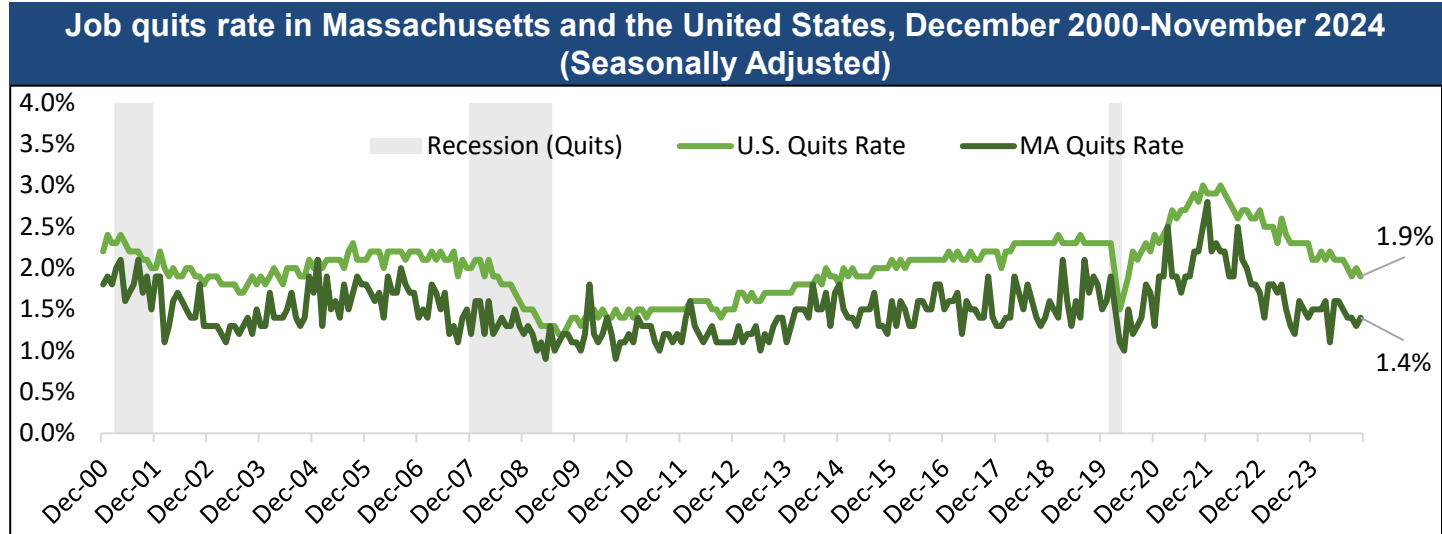


Source: Massachusetts Executive Office of Labor and Workforce Development, Local Area Unemployment (LAU) Statistics; UMDI analysis.

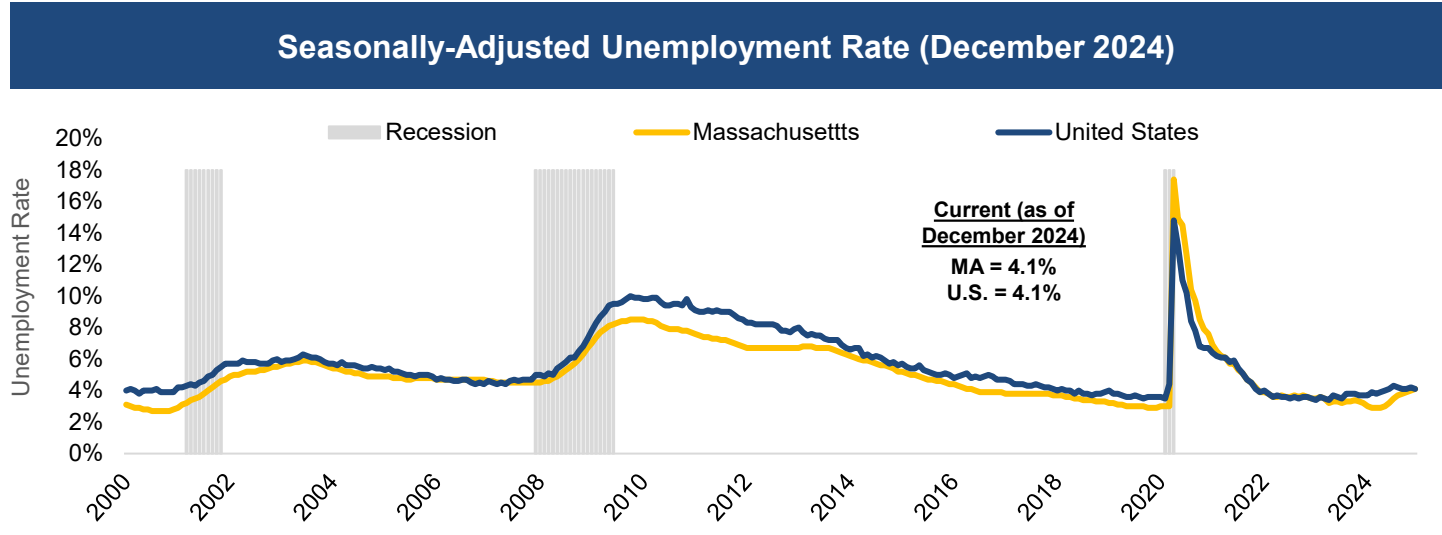
Work Force- Unemployment and Job Quits



- The monthly job quit rate for Massachusetts and the U.S. have returned to pre-pandemic rates. As one would expect, quits tend to go down during recessionary periods in the economy and increase when labor demand is stronger
- The quit rate for the U.S. tends to be a bit higher than Massachusetts historically. This is likely due to the high education attainment of Massachusetts workers coupled with the state's industry mix
- The rise in unemployment in Massachusetts does not appear to be due to increased layoffs, as for example, first-time unemployment claims do not exhibit a consistent rising trend
- Instead, unemployment has risen in hand with increases in the labor force, which grew at an annual rate of 1.6% in the fourth quarter



Source: U.S. Bureau of Labor Statistics, Job Openings and Labor Turnover Survey (JOLTS); UMDI analysis



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

Transaction Summary*



General Obligation Bonds Consolidated Loan of 2025, Series A and General Obligation Refunding Bonds, 2025 Series A

Issuer	The Commonwealth of Massachusetts (the "Commonwealth")	
Series	General Obligation Bonds Consolidated Loan of 2025, Series A	General Obligation Refunding Bonds, 2025 Series A
Par Amount*	\$600,000,000	\$470,000,000
Optional Redemption*	April 1, 2035	July 1, 2035
Tax Status	Federal and Commonwealth of Massachusetts Tax-Exempt	
Pricing Dates*	Week of April 21, 2025	
Delivery Date*	Wednesday, May 7, 2025	
Joint Bookrunning Senior Managers	Jefferies LLC and Loop Capital Markets LLC	
Additional Information	Investor Roadshow will be posted week of April 14th www.massbondholder.com	

Plan of Finance*



New Money Bonds

- Finance or reimburse the Commonwealth for a variety of capital expenditures which are included within the capital investment plan maintained by the Executive Office for Administration and Finance

Refunding Bonds

- As described in the EMMA notice posted on March 27, 2025 the Commonwealth is expected to current refund certain maturities of General Obligation Refunding Bonds, 2015 Series A and the Consolidated Loan of 2015, Series C



Maturity	Series 2025 A (04/01)*	2025 Series AR (07/01)*	Aggregate
2028	-	\$14,000,000	\$14,000,000
2029	-	33,000,000	33,000,000
2030	-	31,000,000	31,000,000
2031	-	27,000,000	27,000,000
2032	-	25,000,000	25,000,000
2033	-	56,000,000	56,000,000
2034	-	59,000,000	59,000,000
2035	-	61,000,000	61,000,000
2036	-	65,000,000	65,000,000
2037	-	13,000,000	13,000,000
2038	25,000,000	12,000,000	37,000,000
2039	25,000,000	13,000,000	38,000,000
2040	25,000,000	13,000,000	38,000,000
2041	25,000,000	9,000,000	34,000,000
2042	25,000,000	9,000,000	34,000,000
2043	25,000,000	10,000,000	35,000,000
2044	25,000,000	10,000,000	35,000,000
2045	35,000,000	10,000,000	35,000,000
2050 ⁽¹⁾	175,000,000	-	175,000,000
2055 ⁽¹⁾	215,000,000	-	215,000,000
Total	\$600,000,000	\$470,000,000	\$1,070,000,000

*Preliminary, subject to change
(1) Represents Term Bond

Transaction Timeline and Contacts



April 2025						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

Financing Schedule*	
Date	Event
Monday, April 14 th	Mail Preliminary Official Statement
Wednesday April 23 rd	Retail Order Period
Thursday April 24 th	Institutional Order Period
Wednesday May 7 th	Closing

Representatives from the Commonwealth are available for one-on-one discussions.

For additional information or to schedule a one-on-one call, please contact:

The Commonwealth of Massachusetts	
<p>Sue Perez <i>Deputy Treasurer of Debt Management</i> Tel.: 617-367-9333 x816 sperez@tre.state.ma.us</p>	<p>Christina Marin <i>Director of Investor Relations and Debt Management</i> Tel.: 617-367-9333 x494 christina.l.marin@tre.state.ma.us</p>

For more information, please visit: www.massbondholder.com



Questions