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Baker-Polito Administration Releases FY16 Capital Budget Plan Investing Over \$2.125B in Communities, Infrastructure, Economic Development

Plan stabilizes long-range spending, protects taxpayers from future debt

BOSTON – The Baker-Polito administration today released the Fiscal Year 2016 (FY16) capital budget, including a \$2.125 billion bond cap on General Obligation Bonds, the same level as Fiscal Year 2015, and an accompanying spending plan that invests in communities by budgeting for Chapter 90 transportation funding, extends the Accelerated Bridge Program, makes critical investments in economic development and devotes significant funds toward fixing and maintaining state assets.

The collaborative plan addresses the needs of communities and public sector agencies across state government and invests the taxpayers' money prudently across several essential areas while responsibly managing the Commonwealth's debt.

"Communities in every region can count on over \$30 million in assistance through grants for vocational schools, cultural facilities, and mutually agreed upon capital projects to build better places to live and work," **said Governor Baker**. "This plan directs more than \$200 million in grants for manufacturing job training, MassWorks Infrastructure, Life Sciences Center programs, and funds to grow the innovation hub and dredge Boston Harbor, keeping the Commonwealth ahead of the competition for tomorrow's jobs. We are also investing in our transportation infrastructure while prudently managing the people's money to tackle the Commonwealth's debt."

"This plan addresses the balance of meeting our long-term capital needs without crowding out future discretionary spending in our budgets," **said Administration and Finance Secretary Kristen Lepore**. "We

inherited a high demand of capital requests and the added pressure of nearly \$29 billion in existing debt authorizations, and we were still able to responsibly invest in several priority areas while ensuring that state government lives within its means in our capital investment strategy.”

[Click here to find FY '16 executive summary.](#)

[Click here to find the FY '16 capital budget.](#)

CAPITAL PLAN HIGHLIGHTS:

- **Fixing and Maintaining Our Assets:** The FY16 Capital Investment Plan demonstrates the administration’s commitment to fixing and maintaining the assets we already own by investing in deferred maintenance and infrastructure across multiple agency bond cap allocations.
- **Economic Development:** An emphasis for this year’s plan is on capital projects across the Commonwealth that correlates directly to economic activity. Investments are made in the innovation economy, local infrastructure projects, and training equipment to vocational programs address the skills gap, generate economic activity and create jobs.
- **Strengthening Our Communities:** The administration devotes a significant portion of this year’s plan to Massachusetts cities and towns. Through Chapter 90 funds, Community Compact grants and other programs that municipalities can rely on the state as a partner for important local projects.

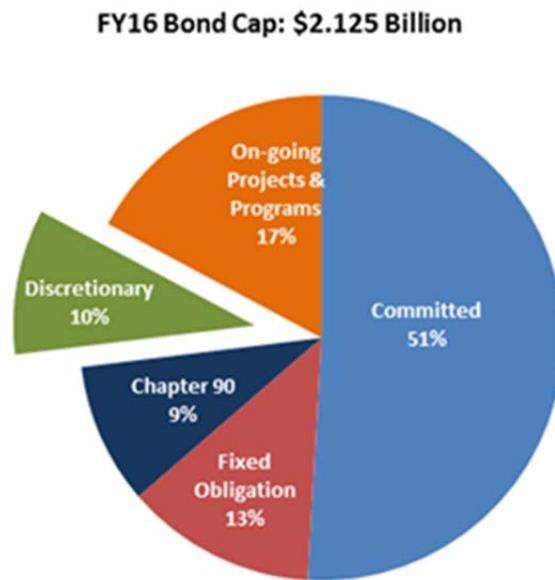
DISCRETIONARY SPENDING:

Approximately ten percent or \$200 million in capital plan spending was truly discretionary for the Baker-Polito Administration, with the majority of the budget being pre-committed. Some of the new investments from this list include:

- **\$35 million for dredging Boston Harbor**, providing a match to federal and MassPort funding that will enable larger “Panamax” ships to reach our port and enhance our trade capacity, growing the regional economy and jobs
- **\$25 million for road and related infrastructure work around UMass Boston’s campus**, serving the entirety of Columbia Point
- **\$15 million for manufacturing innovation grants**, to spur innovation in our manufacturing sector and promote partnerships between small business, tech and higher education sectors
- **\$10 million increase (to \$75 million) for the existing MassWorks program**, which provides grants for municipalities and other eligible public entities seeking public infrastructure funding to support

economic development, housing, city and town revitalization, projects, mill redevelopment and rural transportation improvements

- **\$6 million for inland dams and seawalls** to shore up critical infrastructure that protects our communities from flooding and severe weather events
- **\$5 million increase to the existing Seaport Advisory Council**, which provides statewide coordination of all coastal community planning and investment activities



AGENCY PRIORITIES:

Fixing and Maintaining Assets:

- Over \$500M: Roads and bridges, highways, and local roadwork statewide
- \$405.9M:^[1] Accelerated Bridge Program – structurally deficient and / or obsolete bridges
- \$251M: MBTA Green Line extension
- \$117.6M: Division of Capital Asset Management and Maintenance (DCAMM) maintenance of state assets
- \$90M: Department of Housing and Community Development (DHCD) public housing maintenance
- \$79.2M: Red and Orange Line cars for the MBTA
- \$58.8M: Energy and Environmental Affairs (EEA) deferred maintenance

^[1] Funding source: \$405.9 M in non-bond cap funds

- \$45M:^[2] Lottery terminal upgrades
- \$16.5M:^[3] Accelerated Energy Program – energy efficiency upgrades to replace existing systems with cheaper, greener systems
- \$4.7M:^[4] Upgrades to the Department of Children and Families social worker tablets

Economic Development:

- \$75M: MassWorks Infrastructure Grant Awards
- \$65M: Massachusetts Life Sciences Center grant program
- \$35M: Dredging of Boston Harbor to increase port traffic
- \$16.5M: Seaport Advisory Council
- \$15M: National Network for Manufacturing Innovation Grants
- \$12.7M: Equipment grants for vocational schools

Building Stronger Communities:

- \$200M: Chapter 90 transportation funds
- \$20M: Library construction grants
- \$19M: Broadband Last Mile – high speed internet access for rural communities
- \$10M: Cultural facilities grants
- \$2M: Community Compact grants for local capital projects
- \$2M: Greening the Gateway Cities

RESPONSIBLE PLANNING TO CONTROL DEBT:

Given long term budgetary pressures including increasing pension and healthcare costs and the Administration's commitment to continue to adequately fund education, local aid and state services, the Administration responsibly manages our debt service for long-term results.

With this in mind, the Administration will closely monitor debt service and continue to stress test projections through a variety of credit ratios especially as a percentage of operating budget.

The statutory debt limit constrains growth of direct debt to 5% per annum. In FY15, the direct debt limit was \$19.8 billion, with an increase to \$20.7 billion in FY16.

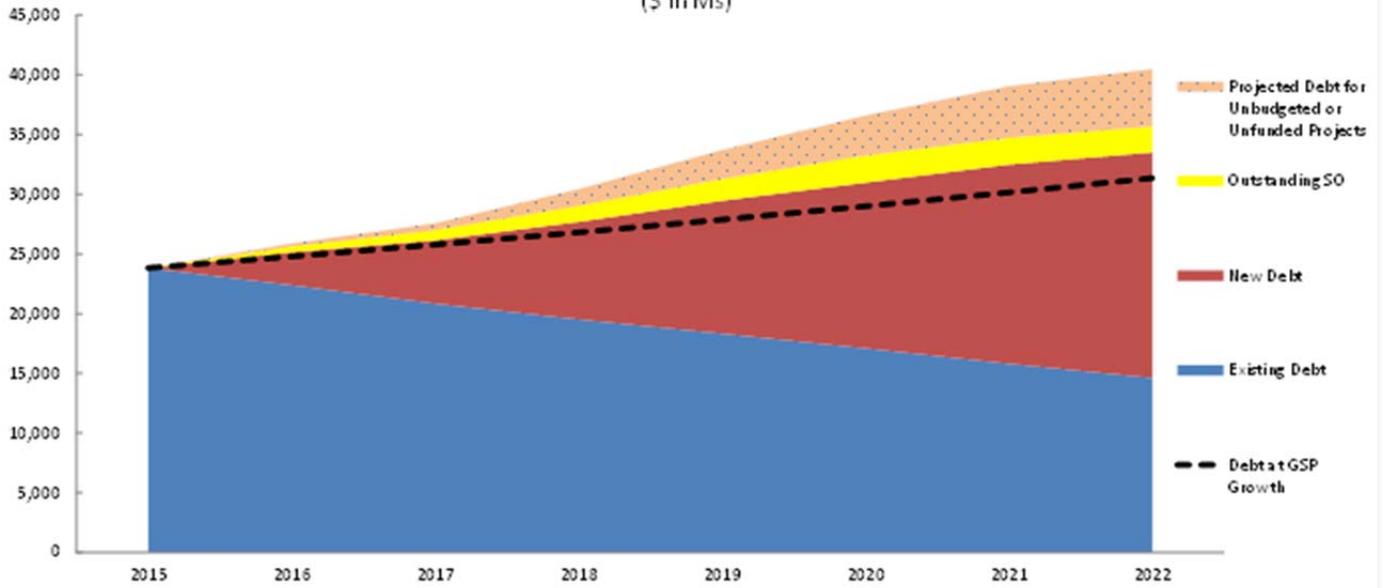
^[2] Funding source: \$45 M in non-bond cap funds

^[3] Funding source: \$16.5 M in bond-cap funds; \$44 M in non-bond cap funds; \$2 M in other funds

^[4] Additional \$2 M proposed in H1

Debt Load Over Time

Including Bond Cap and Unbudgeted or Unfunded Project Spending, with 3% growth after 2020
(\$ in Ms)



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