



THE COMMONWEALTH OF MASSACHUSETTS
EXECUTIVE OFFICE FOR
ADMINISTRATION AND FINANCE
STATE HOUSE ▪ ROOM 373
BOSTON, MA 02133

TEL: (617) 727-2040
FAX: (617) 727-2779
www.mass.gov/eoaf

Meeting Minutes

**Debt Affordability Committee
September 18, 2020
1:30 pm**

Executive Office for Administration and Finance

**WebEx: URL: <https://www.webex.com>; Meeting ID: 173 412 4441; Password: DAC091820
Teleconference: Conference line: 1-617-315-0704; Access code: 173 412 4441**

A meeting of the Debt Affordability Committee was held on September 18, 2020, pursuant to notice duly given, and in accordance with the Governor's Executive Order Suspending Certain Provisions of the Open Meeting Law, G.L. c. 30A, § 20, signed and dated March 12, 2020, was held via WebEx and teleconference.

The meeting was called to order at 1:32 pm.

Board members comprising a quorum:

Kaitlyn Connors, Executive Office for Administration & Finance
Sue Perez, Office of the Treasurer and Receiver-General
Catherine Walsh, Governor's Appointee, Northeastern University
Michael Butler, Treasurer's Appointee
Michelle Ho, Massachusetts Department of Transportation
Howard Merkowitz, Office of the Comptroller

Others in attendance:

Dana DeBari, House Committee on Bonding, Capital Expenditures and State Assets
William Archibald, Executive Office for Administration & Finance
Maya Jonas-Silver, Executive Office for Administration & Finance
Senator Michael Moore

Minutes:

Ms. Connors called the meeting to order. Upon a motion by Ms. Perez, and duly seconded, the Committee voted to adopt the minutes and meeting presentation from the August 21, 2020 meeting.

Ms. Jonas-Silver began with an overview on the FY21 Capital Investment Plan (“CIP”). Ms. Jonas-Silver noted that this year’s CIP had a different approach due to COVID-19, making this more of a maintenance CIP, and thus the Administration tried to be conservative with new investments. Although the FY21 CIP still marked an increase in dollar amount compared to the FY20 CIP, Ms. Jonas-Silver stated that the amount was less than that recommended by the Committee last year. Ms. Jonas-Silver outlined this year’s capital themes, which included climate resiliency, asset stewardship, supporting communities, and economic opportunity, among others.

Ms. Jonas-Silver detailed the sources for the \$4.8B FY21 CIP, which includes \$2.6B in General Obligation debt, \$1.27B in federal funds, \$479M in Commonwealth Transportation Fund debt, and other projects that pay for themselves in the long run (such as clean energy projects). Ms. Jonas-Silver also noted that the Massachusetts School Building Authority, Massachusetts Convention Center Authority, and the Massachusetts Bay Transportation Authority (among other quasi-public agencies that are enabled to conduct their own borrowing) fall in broader circles.

Ms. Jonas-Silver stated that this year’s primary changes in the capital budget were that one-time sources of funds for FY20 were rolled back, and the IT budget had a different approach—especially due to COVID-19. Ms. Jonas-Silver noted that the increase in A&F is mostly driven by the capital response reserve (which can help address any capital needs that may crop up).

According to Ms. Jonas-Silver, MassDOT is the most significant piece of state bond cap spending—investment in transportation has meaningfully increased in the past couple of fiscal years. DCAMM’s spending, however, is relatively variable due to large capital projects.

Ms. Jonas-Silver also gave an overview of next steps for the FY22 CIP and what to look out for in the coming months, such as various pieces of recently passed and pending borrowing legislation, including: the Chapter 90, General Governmental, Transportation, and the Economic Development Bond Bills.

Ms. Jonas-Silver noted that the state CIP includes most of transportation spending, though there are other categories not captured within the state CIP but are instead found in the MassDOT CIP. Ms. Jonas-Silver also noted that the MBTA’s own source revenues and federal funding are not in the state CIP either.

Ms. Ho then gave an overview of the MassDOT CIP, which, similar to the state’s overall CIP, primarily was a maintenance of effort plan in response to the current pandemic. Ms. Ho stated that this year’s focus was on continuing investments that were underway or planned to start in FY21. Ms. Ho noted that MassDOT did not assume any new funding sources that were not already authorized, even though the Transportation Bond Bill is still under discussion in the Legislature. Key focuses this year were roads, bicycle and pedestrian infrastructure, and the Metropolitan Highway System; MBTA needs such as the South Coast Rail, previously committed investments for Red & Orange Lines, and the Green Line Extension; and various municipal needs addressed through Chapter 90 funding and Complete Streets and Municipal Bridge grant programs.

Ms. Ho stated that reliability is a large component of spending breakdown for MassDOT, though modernization efforts are also included (including reconfiguring roadways to add bicycle/pedestrian components—multi-use trails, shared use paths, etc.), as well as expansion (e.g. GLX and South Coast Rail funding). However, Ms. Ho noted that the main difference in the spending categories is that for expansion efforts, capital spending will drop following completion of these projects (in FY22 for GLX).

Ms. Ho explained the primary difference between what is in the FY21 MassDOT CIP and FY21 state CIP: a certain portion of federal highway funds (which are broken down into roughly 80% federal funds and a 20% state match). Ms. Ho noted that Special Obligation Bonds primarily fund MBTA expansion

projects (like the GLX and South Coast Rail), while federal funding for RTAs never pass through MassDOT, and thus are not included in the MassDOT CIP. Overall, Ms. Ho explained, 71% of the MassDOT CIP is funded by the Commonwealth through debt or other revenues, not federal sources.

Ms. Ho also mentioned that 13 Metropolitan Planning Organizations also identify their own capital projects as well, which are rolled into the State Transportation Improvement Program (“STIP”), and then are aligned with the MassDOT CIP.

Ms. Walsh thanked Ms. Jonas-Silver and Ms. Ho for their presentations, which were very informative and helpful. Ms. Ho added that MassDOT works very closely with A&F and tries to align with the Commonwealth’s CIP priorities, and that much of the upcoming 5-year CIP will be informed by the aforementioned pending legislation.

Ms. Perez asked if there were any updates on the Transportation Bond Bill or if it could be expected to be acted upon in this session. Ms. Ho responded that she was hopeful it would be. Ms. Jonas-Silver stated that A&F had some good conversations with colleagues in the Legislature, but the Conference Committee work will take some time to resolve the differences between the two branches, and we’ll know more once we receive a conference report.

Ms. Connors announced that the next meeting is scheduled for October 16, 2020, at 1:30pm.

There were no further questions/matters.

Meeting adjourned at 2:09pm.