

FY25-FY29 CAPITAL PLAN

Maura T. Healey, Governor | Kimberley Driscoll, Lt. Governor



FY25 CIP Overview

Bond Cap Spending by Agency or Secretariat

Agency	FY25 (\$ millions)	FY25-FY29 (\$ millions)
Massachusetts Department of Transportation (MassDOT)	1,099	5,701
Division of Capital Management and Maintenance (DCAMM)	722	3,353
Executive Office of Housing and Livable Communities (EOHLC)	399	1,999
Executive Office of Energy and Environmental Affairs (EOEEA)	303	1,555
Executive Office of Economic Development (EOED)	269	1,365
Executive Office of Technology Services and Security (EOTSS)	175	876
Executive Office for Administration and Finance (A&F)	94	463
Executive Office of Public Safety and Security (EOPSS)*	32	145
Executive Office of Education (EOE)**	26	129
Total	3,117	15,586

*Includes vehicles and equipment; does not include public safety facilities, which are funded by the Commonwealth through DCAMM.

**Does not include higher education facilities projects, which are funded by the Commonwealth through DCAMM.

Executive Office for Administration and Finance

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Budget Brief: FY25 CIP Overview

Funding Sources

Funding for the state's overall capital investment plan is sourced from a combination of funds totaling \$5.860 billion in FY25. An overview of FY25 funding sources is provided below.

General Obligation Bonds (\$3.117 billion): General Obligation (G.O.) Bonds backed by the full faith and credit of Massachusetts represent the largest and most flexible funding source for the capital plan.

Federal Funds (\$1.467 billion): Various federal programs support aspects of the capital plan, including collaborations with the Army Corps of Engineers, U.S. Department of Veterans Affairs, reimbursement for spending on qualified highways, support for the Clean Water Trust, and reimbursement for IT projects that support MassHealth and other human services agencies.

Special Obligation Bonds (\$255 million): Special Obligation Bonds backed by dedicated transportation revenues – primarily gas excise tax and Registry fees – fund the Accelerated Bridge Program (ABP) and the Rail Enhancement Program (REP).

Other Sources (\$434 million): Includes funding from partners such as municipalities, private sector contributors, higher education campuses, other public authorities, and American Rescue Plan Act (ARPA) funds.

Pay-as-you-go (\$434 million): Current year revenues may be used to fund capital projects, avoiding the need to issue debt. This is largely related to transportation investments funded with toll and other MassDOT revenues.

Project Revenue/Self-Funded (\$152 million): Certain projects generate savings or revenue to cover the debt service on project capital costs, including the Clean Energy Investment Program, which uses energy savings to repay Massachusetts for debt service associated with efficiency investments, and revenue-generating assets, such as the Lottery technology system.

Source	FY25 (\$ millions)	FY25–FY29 (\$ millions)
General Obligation (G.O.) Bonds	3,117	15,586
Federal Funds	1,467	8,455
Special Obligation Bonds	255	1,733
Other Contributions	434	1,582
Pay-as-you-go (PAYGO)	434	1,467
Project / Self-Funded	152	452
Capital Investment Plan (ALL SOURCES)	5,860	29,275

Debt Affordability

Building responsible and sustainable spending plans that efficiently address key infrastructure needs remains a key objective of the Healey-Driscoll Administration. To this end, the Administration's FY25 plan reflects careful management of the state's fixed financial obligations that balances the need to preserve future financial flexibility with the need to make critical investments that set Massachusetts up for success.

The plan's primary source of funding is General Obligation (G.O.) bonds that are issued to investors who are repaid over time via the state's operating budget. The amount of bonds Massachusetts can issue in a year is subject to statutory and policy limits. The total amount of G.O. bonds budgeted in any given year is commonly referred to as "the bond cap." For FY25, the Administration has budgeted \$3.1 billion in bond cap spending, a financially disciplined amount that is informed by numerous factors including analysis by the Debt Affordability Committee (DAC).

The DAC considers factors required by statute, including the amount of bonds that are and will be outstanding, Massachusetts bond ratings, pertinent debt ratios, interest rate outlooks, and revenue projections, among others. This year's bond cap enables the state to make significant capital investments, while maintaining flexibility within the operating budget for core public services such as education, local aid, health care, and public safety.

The FY25 bond cap amount factors in projected long-term revenue growth and adheres to the following established debt parameters:

- The projected amount of outstanding debt falls below the state's statutory debt limit;
- The projected annual debt service as a percent of budgeted revenues is less than 8% over the next 10 years; and
- The annual growth in the bond cap does not exceed the \$125 million cap (excluding the one-time adjustment for construction escalation that the DAC had approved). The capital plan leverages other funding sources in addition to bonded indebtedness. This approach allows the state to make strategic funding decisions that maximize all available revenues.