

GOVERNOR PATRICK UNVEILS \$12 BILLION CAPITAL INVESTMENT PLAN

5-year plan reflects commitment to education, growing the economy

BOSTON - Monday, August 6, 2007-Governor Deval Patrick today announced a five-year capital investment plan that includes billions of dollars for higher education facilities, road and bridge repairs, transportation projects, housing, and environmental protection.

The \$12 billion plan is reflective of the Patrick-Murray administration's commitment to achieving a world-class educational system and supports the administration's goal of creating 100,000 new jobs in four years. Through increased investment and careful prioritization, the administration's five-year capital plan takes a major step forward in addressing infrastructure needs and promotes shared prosperity and economic opportunity in every region of the Commonwealth.

"We are committed to restoring our Commonwealth's assets and to ensuring the long-term health, safety and prosperity of our citizens," Governor Patrick said. "Today we start reversing decades of neglect of our public colleges and universities, our roads and bridges. And we move closer to creating quality, well-paying jobs so that Massachusetts can remain competitive in our global economy."

The vast majority of the fiscal year 2008 capital budget is devoted to projects and programs with statewide eligibility and scope, and specific investments are widely-distributed across the state.

Investing in a World-Class Education

Public institutions of higher education must have high-quality instructional, research and residential facilities to offer students a world-class college education and produce a talented workforce for Massachusetts. State funding through the capital budget helps finance construction and maintenance of these facilities, while keeping the price of college affordable for students.

Massachusetts lags far behind the national average in higher education capital spending: the University of Massachusetts estimates that the FY04-06 three-year national average for capital spending on higher education was 12.5 percent of total capital spending; for the same period, Massachusetts spent just 2.8 percent of total state capital spending on higher education, ranking 43rd among all states.

The Administration's plan includes a 186 percent increase in state funded higher education investments in FY08, compared to FY07 spending. The University of Massachusetts and the Commonwealth's state and community colleges will receive an estimated \$750 million over five years for campus capital improvements. By 2012, state-funded higher education capital investment will represent 10 percent of the states total bond-funded capital programs, compared to 3 percent in FY07.

In FY08, the plan calls for a total investment of \$125 million in higher education, compared to \$44 million in FY07.

In recognition of the Administration's increased capital investment in UMass, the University has pledged to raise \$187.5 million over the next five years to further address its capital needs. In conjunction with the Administration's estimated five-year \$375 million investment in our state and community colleges, the Board of Higher Education will eliminate its requirement for campuses to provide matching funds for state capital dollars. This will relieve pressure to increase student fees to pay for capital needs.

Investing in our Transportation Network

High-quality, strategically developed transportation infrastructure is an essential component of a thriving economy and a clean environment. Despite the significant amounts devoted to transportation capital spending in the last five years, substantial funding gaps remain. A report released in March by the Transportation Finance Commission estimates the state's transportation funding shortfall over the next 20 years to be \$15 billion to \$19 billion.

The Patrick-Murray Administration's capital plan includes a total of \$1.12 billion in transportation funding in FY08, a 25 percent increase over FY07. Five-year total spending is expected to be \$5.72 billion, representing nearly half of the Commonwealth's \$12 billion 5-year capital budget.

The FY08 capital investment plan includes \$613 million for statewide road and bridge construction and repair projects, compared to approximately \$533 million in FY07, an increase of \$80 million. The plan also includes \$14 million in FY08 to begin addressing critical repairs to DCR bridges and roads, including the Longfellow Bridge and Storrow Drive Tunnel.

Recognizing that expansion and new projects are necessary for the growth of our economy and for promoting geographic equity, the plan invests \$3.4 million to begin the planning phase of the South Coast Rail extension to Fall River and New Bedford and \$2 million for mass transit planning, including the Blue Line extension to Lynn and the Urban Ring.

The plan also includes \$20 million in FY08 to begin addressing the so-called State Implementation Plan, or "SIP" commitments, which are legally mandated projects intended to remediate the environmental impacts of the Central Artery/Tunnel projects. These projects include improvements to the Fairmount commuter rail, the Green Line extension to Medford, a Red-Blue Line connector study, and the creation of 1,000 new parking spaces at transit nodes.

Investing in Public and Affordable Housing

The Commonwealth faces enormous affordable housing needs. Private housing has become increasingly expensive, with over two-thirds of Massachusetts residents citing housing costs as a major concern in a recent survey.

The Patrick-Murray Administration's capital investment plan includes a total of more than \$170 million in funding for public housing and private affordable housing development in FY08, a 33 percent increase over FY07.

The plan includes \$90 million for public housing in FY08 (including \$5 million through the Affordable Housing Trust Fund), a \$30 million increase over the FY07 budgeted amount.

It also provides \$80.5 million for private affordable housing development programs in FY08, an 18 percent increase over FY07 spending, including \$20 million for the Housing Stabilization Fund and \$25 million for the Affordable Housing Trust Fund (on top of \$5 million from the Fund dedicated to public housing).

Consistent with its Sustainable Development Principles, the Administration's capital investment plan for FY08 also includes \$7.5 million for housing near public transit - \$5 million for the "Housing at Transit Nodes" program, and at least \$2.5 million for housing projects from the \$4.5 million total allocation for the Transit-Oriented Development program.

Investing in Safe Communities

The Commonwealth's capital spending supports important public safety projects and programs that ensure the safety of our citizens and communities.

Fiscal year 2008 public safety-related investment highlights include:

\$4.2 million for the Chief Medical Examiner's office, for new equipment and for the construction of a new facility in southeastern Massachusetts that will alleviate the caseload at the CME's main facility in Boston; \$6 million for phase II of the expansion of the Massachusetts firefighting academy at Stow, the state's primary training center for fire fighters;

\$3.6 million to replace and upgrade mobile data terminals in public safety and first responder vehicles;

\$50,000 for a Municipal Police Training Committee study, which will evaluate the need for municipal police training facilities across the state.

Investing in Municipal Partnership

The quality of municipally-owned infrastructure has an enormous impact on our daily lives - from local roads and bridges to water and sewer systems to parks and downtown parking areas. It is also a critical foundation for economic growth and job creation.

The capital plan's investments in local infrastructure are a key part of the Patrick-Murray Administration's comprehensive efforts to partner with our cities and towns to improve the quality of life in our communities and grow our economy.

For the first time, the Commonwealth's capital budget dedicates a separate spending category specifically to "Community Investments" - which includes approximately \$271 million for FY08, a 31 percent increase over spending on these projects and programs in FY07. These community investments include:

\$150 million for Chapter 90 funding for municipal road projects, an increase of at least \$30 million over annual bond-funded Chapter 90 investments in recent years;

\$20 million for Library Construction Grants (a 25percent increase over FY07) to match municipal and private contributions for new town libraries;

over \$8 million for the Urban Self-Help program, which assists cities and towns with acquiring and developing land for park and recreational facilities, and \$5 million for the Self-Help program to help them purchase conservation lands;

\$2.1 million for four municipal energy programs which help fund capital projects to improve energy efficiency and use renewable energy sources in municipal buildings;

\$4 million for Municipal Police Matching Grants, re-establishing and increasing funding for matching grants to help fund municipal public safety facilities;

\$10 million for Community Development Action Grants (a 19 percent increase over FY07), which supports community development projects to create and retain jobs and provide affordable housing.

\$14 million for Public Works Economic Development Program grants and \$2.5 million for the Small Town Road Assistance Program for local transportation infrastructure projects;

\$11 million for the Water Pollution Abatement Trust, which will leverage approximately \$50 million of federal funds. Together with other Trust funds, this will secure bonds financing \$300-\$350 million of subsidized loans for local water and sewer projects;

\$7 million for off-street parking in our urban centers.

Other Highlights

The Patrick-Murray capital investment plan makes a number of other significant investments in other areas. Among them are:

An estimated \$200-\$250 million over the next five years to help fund key elements of the Administration's 10-year, \$500 million capital commitment to making Massachusetts a global leader in the life sciences- including the creation of the world's largest stem cell bank and regional facilities to promote collaborative approaches to research and entrepreneurship.

An estimated \$25 million over the next five years to capitalize a new Broadband Incentive Fund focused on expediting broadband deployment in Western Massachusetts and other underserved areas of the Commonwealth in order to spur economic development.

\$50 million to protect open space in FY08, a 37 percent increase over FY07 and a 52 percent increase over average spending during the last five years.

\$9.3 million in FY08 to complete a new Internet-based, streamlined reporting and billing service to reduce state-funded health care costs by an estimated \$11 million annually.

\$30 million in FY08 for the Massachusetts Opportunity Relocation and Expansion (MORE) Jobs capital program, which provides grants for public infrastructure improvements that support business expansion and relocation.

The Patrick-Murray Administration has worked to make its five-year capital plan transparent and accessible so the public can understand its investment decisions. For FY 08, the plan includes a description of all ongoing, legislatively authorized projects and programs as well as new capital investments the Administration has determined to fund to date. For the balance of FY08 and for FY09 through FY12, it includes overall amounts reserved for specific funding categories.

The plan also includes a debt affordability analysis describing how the Administration approached the process of setting the annual borrowing limit. This information is available in electronic form in the Capital Finance section of the Administration and Finance website at www.mass.gov/eoaf.

The Administration will begin filing bond bills this fall to secure legislative authorization for projects not currently authorized.