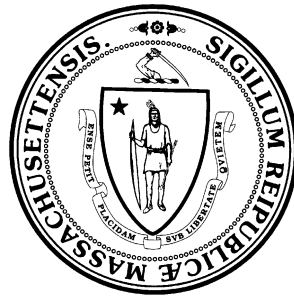


**THE
COMMONWEALTH
OF
MASSACHUSETTS**



INFORMATION STATEMENT SUPPLEMENT

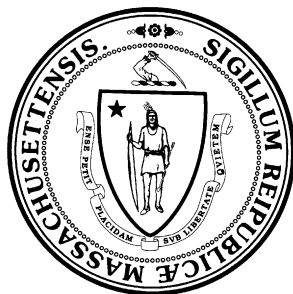
Dated May 6, 2011

[THIS PAGE INTENTIONALLY LEFT BLANK]

TABLE OF CONTENTS
INFORMATION STATEMENT SUPPLEMENT DATED MAY 6, 2011

RECENT DEVELOPMENTS	A-1
Fiscal 2011.....	A-1
Fiscal 2012.....	A-2
COMMONWEALTH REVENUES AND EXPENDITURES	A-3
Statutory Basis Distribution of Budgetary Revenues and Expenditures	A-3
State Taxes.....	A-4
Fiscal 2010, Fiscal 2011 and Fiscal 2012 Tax Revenues	A-5
Federal and Other Non-Tax Revenues.....	A-5
Limitations on Tax Revenues	A-6
Other Health and Human Services	A-6
LONG-TERM LIABILITIES	A-7
Debt Service Requirements	A-7
LEGAL MATTERS	A-10
Programs and Services.....	A-10
Other	A-10
MISCELLANEOUS	A-10
CONTINUING DISCLOSURE.....	A-11
AVAILABILITY OF OTHER FINANCIAL INFORMATION	A-12

THE COMMONWEALTH OF MASSACHUSETTS



CONSTITUTIONAL OFFICERS

Deval L. Patrick.....Governor
Timothy P. Murray Lieutenant Governor
William F. Galvin..... Secretary of the Commonwealth
Martha Coakley..... Attorney General
Steven Grossman..... Treasurer and Receiver-General
Suzanne M. Bump Auditor

LEGISLATIVE OFFICERS

Therese Murray..... President of the Senate
Robert A. DeLeo..... Speaker of the House

THE COMMONWEALTH OF MASSACHUSETTS
INFORMATION STATEMENT SUPPLEMENT

May 6, 2011

This supplement (“Supplement”) to the Information Statement of The Commonwealth of Massachusetts (the “Commonwealth”) dated March 15, 2011 (the “March Information Statement”) is dated May 6, 2011 and contains information which updates the information contained in the March Information Statement. The March Information Statement has been filed with the Municipal Securities Rulemaking Board. This Supplement and the March Information Statement must be read collectively and in their entirety in order to obtain the appropriate fiscal, financial and economic information concerning the Commonwealth through May 6, 2011. All capitalized terms not otherwise defined in this Supplement shall have the meanings ascribed to them in the March Information Statement.

The March Information Statement, as supplemented hereby, includes three exhibits. Exhibit A is the Statement of Economic Information, which sets forth certain economic, demographic and statistical information concerning the Commonwealth. Exhibits B and C are, respectively, the Commonwealth’s Statutory Basis Financial Report for the year ended June 30, 2010 and the Commonwealth’s Comprehensive Annual Financial Report, reported in accordance with generally accepted accounting principles (GAAP), for the year ended June 30, 2010. The Commonwealth’s independent auditor has not been engaged to perform, and has not performed, since the respective dates of its reports included herein, any procedures on the financial statements addressed in such reports, nor has said independent auditor performed any procedures relating to the official statement of which this Supplement is a part. Specific reference is made to said Exhibits A, B and C, copies of which have been filed with the Municipal Securities Rulemaking Board. The financial statements are also available at the web site of the Comptroller of the Commonwealth located at <http://www.mass.gov/osc> by clicking on “Publications and Reports” and then “Financial Reports.”

RECENT DEVELOPMENTS

Fiscal 2011

On April 11, 2011 the Governor approved supplemental budget legislation that included approximately \$325 million in supplemental appropriations, including \$199.4 million for additional payments from the Medical Assistance Trust Fund to hospitals (these payments are expected to be entirely supported by offsetting federal revenues in fiscal 2011), \$49.8 million for additional projected snow and ice removal cost, \$32.6 million for a reserve for the Trial Court to support collective bargaining increases for OPEIU Local 6 and \$8 million for projected caseload spending by the Department of Housing and Community Development for Emergency Assistance family homeless shelters.

In addition, the legislation restores the statutorily required deposit into the Stabilization Fund of 0.5% of total tax revenue. This deposit was initially suspended in the fiscal 2011 budget. The value of this deposit is projected to be almost \$100 million and is expected to result in a projected fiscal 2011 ending balance of \$770 million in the Stabilization Fund.

On May 4, 2011, the Governor filed legislation requesting new supplemental appropriations totaling \$60.5 million, including \$42 million for costs associated with providing legal representation to indigent persons in criminal and civil court cases and \$15 million for increased caseloads at the Department of Transitional Assistance (DTA).

See the March Information Statement under the heading “FISCAL 2011 AND FISCAL 2012 – Fiscal 2011.”

Fiscal 2012

On April 28, 2011, the House of Representatives approved its version of the fiscal 2012 budget, which is based upon the consensus tax revenue estimate for fiscal 2012 of \$20.525 billion. According to the House Committee on Ways and Means, the House budget provides for \$30.543 billion in spending, which is approximately \$5 million lower than the Governor's fiscal 2012 budget proposal. The House budget, like the Governor's proposal, relies upon a \$200 million withdrawal from the Stabilization Fund. The House budget largely mirrors the Governor's fiscal 2012 budget proposals with respect to local aid, one of the largest outlays in the budget. On April 14, 2011, the Senate adopted a local aid resolution endorsing the same levels of local aid. The Senate is expected to debate and approve its version of the budget in late May. Differences between the House and Senate versions of the fiscal 2012 budget will be reconciled by a legislative conference committee.

See the March Information Statement under the heading "FISCAL 2011 AND FISCAL 2012 –Fiscal 2012 Budget Proposals."

[Remainder of page intentionally left blank]

COMMONWEALTH REVENUES AND EXPENDITURES

Statutory Basis Distribution of Budgetary Revenues and Expenditures

The following table sets forth the Commonwealth's revenues and expenditures for fiscal 2006 through fiscal 2010 and projected revenues and expenditures for fiscal 2011.

Budgeted Operating Funds – Statutory Basis (in millions)(1)

	<u>Fiscal 2006</u>	<u>Fiscal 2007</u>	<u>Fiscal 2008</u>	<u>Fiscal 2009</u>	<u>Fiscal 2010</u>	<u>Projected Fiscal 2011</u>
Beginning Fund Balances						
Reserved or Designated	\$355.6	\$947.2	\$351.3	\$171.5	\$68.9	121.9
Bay State Competitiveness Investment Fund	-	-	100.0	-	-	-
Transitional Escrow Fund	304.8	-	-	-	-	-
Stabilization Fund	1,728.4	2,154.7	2,335.0	2,119.2	841.3	669.8
Undesignated	<u>98.4</u>	<u>106.2</u>	<u>114.7</u>	<u>115.1</u>	<u>106.4</u>	<u>111.3</u>
Total	<u>\$2,487.2</u>	<u>\$3,208.1</u>	<u>\$2,901.0</u>	<u>\$2,405.8</u>	<u>\$1,016.6</u>	<u>\$903.1</u>
Revenues and Other Sources						
Alcoholic Beverages	68.9	71.0	71.2	71.9	71.0	71.9
Banks	349.9	340.9	547.8	242.6	234.9	108.5
Cigarettes	435.3	438.1	436.9	456.8	456.2	453.1
Corporations	1,390.7	1,587.6	1,512.2	1,548.6	1,600.3	1,828.9
Deeds	210.1	194.1	153.9	105.5	137.9	115.7
Income	10,483.4	11,399.6	12,483.8	10,583.7	10,110.3	10,926.6
Inheritance and Estate	196.3	249.6	254.0	259.7	221.4	242.1
Insurance	448.5	418.6	417.7	356.7	330.0	348.2
Motor Fuel	671.8	676.1	672.2	654.0	654.6	665.1
Public Utilities	118.5	178.3	120.2	(1.7)	(0.3)	(10.6)
Room Occupancy	105.8	111.1	119.2	109.5	101.6	112.7
Sales:						
Regular	2,864.7	2,927.7	2,952.2	2,799.7	3,282.8	3,477.7
Meals	584.1	608.7	632.9	629.6	759.6	813.1
Motor Vehicles	<u>555.5</u>	<u>531.1</u>	<u>501.6</u>	<u>439.3</u>	<u>569.3</u>	<u>614.5</u>
Sub-Total-Sales	4,004.3	4,067.5	4,086.7	3,868.6	4,611.7	4,905.3
Miscellaneous	<u>4.0</u>	<u>3.8</u>	<u>3.1</u>	<u>3.3</u>	<u>14.1</u>	<u>16.7</u>
Total Tax Revenues	<u>\$18,487.4</u>	<u>\$19,736.3</u>	<u>\$20,879.2</u>	<u>\$18,259.5</u>	<u>\$18,543.7</u>	<u>\$19,784.0</u>
MBTA Transfer	(712.6)	(734.0)	(756.0)	(767.1)	(767.1)	(767.1)
MSBA Transfer	<u>(488.7)</u>	<u>(557.4)</u>	<u>(634.7)</u>	<u>(702.3)</u>	<u>(605.2)</u>	<u>(654.7)</u>
Total Budgeted Operating Tax Revenues	<u>\$17,286.2</u>	<u>\$18,444.9</u>	<u>\$19,488.5</u>	<u>\$16,790.0</u>	<u>\$17,171.4</u>	<u>\$18,362.2</u>
Federal Reimbursements	5,210.1	6,167.6	6,429.5	8,250.9	8,548.8	9,111.1
Departmental and Other Revenues	2,094.3	2,218.4	2,355.9	2,326.2	2,800.9	2,988.5
Inter-fund Transfers from Non-budgeted Funds and other sources (2)	<u>1,714.9</u>	<u>1,785.0</u>	<u>2,039.3</u>	<u>1,850.3</u>	<u>1,788.8</u>	<u>1,786.6</u>
Budgeted Revenues and Other Sources	<u>\$26,305.5</u>	<u>\$28,615.9</u>	<u>\$30,313.2</u>	<u>\$29,217.4</u>	<u>\$30,310.0</u>	<u>\$32,248.4</u>
Inter-fund Transfers	<u>1,358.1</u>	<u>552.9</u>	<u>2,226.3</u>	<u>1,963.8</u>	<u>770.8</u>	<u>409.7</u>
Total Budgeted Revenues and Other Sources	<u>\$27,663.6</u>	<u>\$29,168.8</u>	<u>\$32,539.5</u>	<u>\$31,181.2</u>	<u>\$31,080.8</u>	<u>\$32,658.1</u>
Expenditures and Uses						
Direct Local Aid	4,430.0	4,805.2	5,040.5	4,723.6	4,837.4	4,794.9
Medicaid (3)	6,852.5	7,550.4	8,246.3	8,679.2	9,287.6	10,238.3
Other Health and Human Services	4,433.6	4,625.3	4,796.5	4,828.3	4,616.6	4,666.6
Group Insurance	963.7	1,022.3	852.5	973.1	1,063.8	1,176.1
Department of Elementary and	408.6	459.0	485.8	495.9	358.1	424.4

	<u>Fiscal 2006</u>	<u>Fiscal 2007</u>	<u>Fiscal 2008</u>	<u>Fiscal 2009</u>	<u>Fiscal 2010</u>	<u>Projected Fiscal 2011</u>
Secondary Education						
Higher Education	987.8	1,115.7	1,084.4	1,035.5	845.6	936.9
Department of Early Education and Care	387.1	507.1	549.9	560.3	513.5	510.3
Public Safety	1,288.0	1,399.2	1,544.4	1,514.3	1,423.2	1,419.6
Energy and Environmental Affairs	202.0	238.5	227.1	215.9	202.2	189.9
Debt Service	1,826.7	2,234.4	1,990.1	2,011.7	1,979.9	2,001.3
Post Employment Benefits (4)	1,274.7	1,335.2	1,398.6	1,314.4	1,748.6	1,838.9
Other Program Expenditures	<u>2,138.7</u>	<u>2,364.9</u>	<u>2,414.1</u>	<u>2,350.9</u>	<u>2,509.0</u>	<u>2,063.6</u>
Total - Programs and Services before transfers to Non-budgeted funds	\$25,193.4	\$27,657.2	\$28,630.2	\$28,703.1	\$29,384.5	\$30,260.8
Inter-fund Transfers to Non-budgeted Funds						
Commonwealth Care Trust Fund	-	722.1	1,045.9	987.6	631.7	722.0
State Retiree Benefit Trust Fund (4)	-	-	\$354.7	\$352.0	-	-
Medical Assistance Trust Fund	70.0	364.0	376.7	374.0	313.3	886.1
Massachusetts Transportation Trust Fund	-	-	-	-	- (5)	195.1
Other	<u>321.2</u>	<u>179.6</u>	<u>400.9</u>	<u>189.9</u>	<u>94.1</u>	<u>175.0</u>
Total Inter-Fund Transfers to Non-Budgeted Funds	\$391.2	\$1,265.7	\$2,178.2	\$1,903.5	\$1,039.1	\$1,978.2
Budgeted Expenditures and Other Uses	<u>\$25,584.6</u>	<u>\$28,922.9</u>	<u>\$30,808.4</u>	<u>\$30,606.6</u>	<u>\$30,423.6</u>	<u>\$32,239.0</u>
Inter-fund Transfers	<u>1,358.1</u>	<u>553.0</u>	<u>2,226.3</u>	<u>1,963.8</u>	<u>770.8</u>	<u>409.7</u>
Total Budgeted Expenditures and Other Uses	\$26,942.7	\$29,475.9	\$33,034.7	\$32,570.4	\$31,194.4	\$32,648.7
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$720.9	(\$307.1)	(\$495.2)	(\$1,389.2)	(\$113.6)	\$9.4
Ending Fund Balances						
Reserved or Designated (6)	947.2	351.3	171.5	68.9	122.0	19.0
Bay State Competitiveness Investment Fund	-	100.0	-	-	-	-
Transitional Escrow Fund	-	-	-	-	-	-
Stabilization Fund	2,154.7	2,335.0	2,119.2	841.3	669.8	769.0
Undesignated	<u>106.2</u>	<u>114.7</u>	<u>115.1</u>	<u>106.4</u>	<u>111.3</u>	<u>122.3</u>
Total	\$3,208.1	\$2,901.0	\$2,405.8	\$1,016.6	\$903.1	\$910.3

SOURCES: Fiscal 2006-2010, Office of the Comptroller; fiscal 2011, Executive Office for Administration and Finance.

- (1) Totals may not add due to rounding.
- (2) Inter-fund Transfers from Non-budgeted Funds and Other Sources include profits from the State Lottery, transfer of tobacco settlement funds to allow their expenditure, abandoned property proceeds as well as other inter-fund transfers.
- (3) Excludes off-budget Medicaid spending in fiscal 2006 and fiscal 2007 estimated at \$292 million and \$290 million, respectively. Fiscal 2006 through fiscal 2009 included program administration.
- (4) Starting in fiscal 2010 Post Employment Benefits include budgeted pension transfers and State Retiree Benefit Trust Fund.
- (5) Transfers of approximately \$133.4 million in fiscal 2010 are included in "Other Program Expenditures" above.
- (6) Consists largely of appropriations from previous years, authorized to be expended in current years.

See the March Information Statement "COMMONWEALTH REVENUES AND EXPENDITURES – Statutory Basis Distribution of Budgetary Revenues and Expenditures."

State Taxes

Income Tax. State tax receipts for the first ten months of fiscal 2011 have been significantly higher than receipts during fiscal 2010. See "Fiscal 2010, Fiscal 2011 and Fiscal 2012 Tax Revenues – *Fiscal 2011*," below. Under current state law, the state income tax rate will be reduced from 5.3% to 5.25% (effective January 1, 2012) if the growth in fiscal 2011 inflation adjusted baseline revenues (as defined in state law) over fiscal 2010 exceeds 2.5%, and if for each consecutive three month period starting in August and ending in November 2011 there is positive inflation-adjusted baseline revenue growth as compared to the same consecutive three month period in calendar 2010. It will not be known if this reduction will be triggered until the Commissioner of Revenue makes a

final determination on December 15, 2011. The Department of Revenue estimates that the revenue impact of this rate reduction for fiscal 2012 would be between \$52 million and \$56 million (with a mid-point of \$54 million). The revenue impact for fiscal 2013 (assuming no further rate reduction in calendar year 2013) would be between \$111 million and \$117 million (mid-point of \$114 million).

See the March Information Statement under the heading “COMMONWEALTH REVENUES AND EXPENDITURES – State Taxes; *Income Tax*.”

Fiscal 2010, Fiscal 2011 and Fiscal 2012 Tax Revenues

Fiscal 2011. Preliminary tax revenues for the first ten months of fiscal 2011, ended April 30, 2011, totaled approximately \$16.860 billion, an increase of approximately \$1.927 billion, or 12.9%, over the same period in fiscal 2010. The following table shows the tax collections for the first ten months of fiscal 2011 and the change from tax collections in the same period in the prior year, both in dollars and as a percentage. The table also notes the amount of tax collections in the same month that are dedicated to the MBTA and the MSBA.

Fiscal 2011 Tax Collections (in millions)(1)

<u>Month</u>	<u>Tax Collections</u>	<u>Change from Prior Year</u>	<u>Percentage Change</u>	<u>MBTA Portion(3)</u>	<u>MSBA Portion</u>	<u>Tax Collections: Net of MBTA and MSBA</u>
July	\$1,352.7	\$102.1	8.2%	\$60.3	\$60.3	\$1,232.1
August	1,385.6	89.1	6.9	55.3	55.3	1,275.0
September	2,015.1	249.2	14.1	76.2	51.9	1,887.1
October	1,342.9	118.0	9.6	55.3	55.3	1,232.3
November	1,426.6	137.9	10.7	52.9	52.9	1,320.8
December	2,072.3	186.4	9.9	83.5	54.5	1,934.2
January	2,052.7	207.6	11.2	66.1	66.1	1,920.5
February	932.5	(70.1)	(7.0)	45.9	45.9	840.8
March	1,774.1	149.1	9.2	79.8	48.8	1,645.6
April (1)	<u>2,505.4</u>	<u>757.9</u>	<u>43.4</u>	<u>54.6</u>	<u>54.6</u>	<u>2,396.1</u>
Total (2)	<u>\$16,859.9</u>	<u>\$1,927.2</u>	<u>12.9%</u>	<u>\$629.9</u>	<u>\$545.7</u>	<u>\$15,684.3</u>

SOURCE: Executive Office for Administration and Finance.

(1) Figures are preliminary.

(2) Totals may not add due to rounding.

(3) Includes adjustments of \$24.3 million on account of the first quarter, \$29 million on account of the second quarter, and \$31 million on account of the third quarter.

The year-to-date tax revenue increase of approximately \$1.927 billion through April 30, 2011 from the same period in fiscal 2010 is attributable, in large part, to an increase of approximately \$649.1 million, or 74.7%, in income tax payments with returns and extensions (mostly in April), an increase of approximately \$506.7 million, or 6.8%, in withholding collections, an increase of approximately \$303.6 million, or 26.8%, in income tax estimated payments, a decrease of approximately \$53 million, or 4.0%, in income tax refunds, an increase of approximately \$291.4 million, or 7.7%, in sales and use tax collections, and an increase of approximately \$76.3 million, or 4.6%, in corporate and business tax collections. Year-to-date fiscal 2011 tax collections (through April) were approximately \$732 million above the January 18, 2011 fiscal 2011 tax revenue estimate of \$19.784 billion, which was an upward revision from the consensus estimate used for the original fiscal 2011 budget (adjusted for the impacts of the economic development bill and the sales tax holidays in August, 2010).

See the March Information Statement under the heading “COMMONWEALTH REVENUES AND EXPENDITURES – Fiscal 2010, Fiscal 2011, and Fiscal 2012 Tax Revenues; *Fiscal 2011*.”

Federal and Other Non-Tax Revenues

Lottery Revenues. In March, 2011, the Lottery revised its fiscal 2011 projection to \$956.0 million and in April, 2011 revised its projection to \$958.7 million. The current estimated deficiency for budgetary distributions to be funded by Lottery proceeds is \$29.4 million. See the March Information Statement “COMMONWEALTH REVENUES AND EXPENDITURES – Federal and Other Non-Tax Revenues; *Lottery Revenues*.”

Limitations on Tax Revenues

As of March 31, 2011 actual state tax revenues for fiscal 2011 exceeded the permissible state tax revenue limit set by Chapter 62F by approximately \$651.8 million. Because no withdrawals from the Stabilization Fund are expected to occur during fiscal 2011, the entire amount of any cumulative excess as of the end of fiscal 2011 is expected to be transferred back to the General Fund for inclusion in consolidated net surplus.

The following table shows the quarter by quarter trend of the Temporary Holding Fund for fiscal 2007 through the third quarter of fiscal 2011.

Temporary Holding Fund (in thousands)

	<u>Fiscal 2007</u>	<u>Fiscal 2008</u>	<u>Fiscal 2009</u>	<u>Fiscal 2010</u>	<u>Fiscal 2011</u>
<u>First quarter - period ended September 30</u>					
Cumulative net tax revenues, current fiscal year	\$4,542,170	\$4,796,700	\$4,870,214	\$4,374,038	\$4,819,581
Cumulative net tax revenues, prior fiscal year	4,367,285	4,542,170	4,796,700	4,870,214	4,374,038
Permissible growth rate(1)	8.05%	6.94%	7.89%	4.13%	2.57%
Permissible state tax revenues(2)	<u>4,718,720</u>	<u>4,857,306</u>	<u>5,175,160</u>	<u>5,080,266</u>	<u>4,486,538</u>
Cumulative net revenues, current fiscal year, in excess of permissible revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$333,042</u>
<u>Second quarter - period ended December 31</u>					
Cumulative net tax revenues, current fiscal year	\$8,831,036	\$9,194,513	\$9,200,005	\$8,834,580	\$9,732,050
Cumulative net tax revenues, prior fiscal year	8,526,671	8,831,036	9,194,513	9,200,005	8,834,580
Permissible growth rate(1)	7.62%	6.93%	8.34%	2.10%	3.465%
Permissible state tax revenues(2)	<u>9,175,977</u>	<u>9,442,585</u>	<u>9,960,876</u>	<u>9,392,837</u>	<u>9,140,698</u>
Cumulative net revenues, current fiscal year, in excess of permissible revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$591,351</u>
<u>Third quarter - period ended March 31</u>					
Cumulative net tax revenues, current fiscal year	\$13,659,295	\$14,485,334	\$13,599,204	\$13,358,852	\$14,550,178
Cumulative net tax revenues, prior fiscal year	12,946,485	13,659,294	14,485,334	13,599,204	13,358,852
Permissible growth rate(1)	6.92%	7.41%	7.60%	2.00%	4.039%
Permissible state tax revenues(2)	<u>13,841,734</u>	<u>14,671,584</u>	<u>15,586,799</u>	<u>13,871,188</u>	<u>13,898,416</u>
Cumulative net revenues, current fiscal year, in excess of permissible revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>651,763</u>
<u>Fourth Quarter - Period ending June 30</u>					
Cumulative net tax revenues, current fiscal year	\$19,848,064	\$21,009,329	\$18,513,036	\$18,792,777	
Cumulative net tax revenues, prior fiscal year	18,592,175	19,848,064	21,009,085	18,513,036	
Permissible growth rate(1)	6.52%	7.66%	6.27%	1.61%	
Permissible state tax revenues(2)	<u>19,804,571</u>	<u>21,368,426</u>	<u>22,325,305</u>	<u>18,810,911</u>	
Cumulative net revenues, current fiscal year, in excess of permissible revenues	<u>\$43,493</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

SOURCES: Office of the Comptroller .

(1) Defined as inflation plus 2%, but not less than 0%.

(2) Defined as cumulative net state tax revenues, prior fiscal year, multiplied by 1 plus the permissible growth rate.

See the March Information Statement "COMMONWEALTH REVENUES AND EXPENDITURES – Limitations on Tax Revenues."

Other Health and Human Services

Office of Children, Youth, and Family Services. The first paragraph on page A-29 of the March Information Statement has been revised to read as follows: Through the Department of Transitional Assistance, the Commonwealth-funds three major programs of public assistance for eligible state residents: transitional aid to families with dependent children (TAFDC); emergency aid to the elderly, disabled and children (EAEDC); and the state supplemental benefits for residents enrolled in the federal supplemental security income (SSI) program. In addition, the Department is responsible for administering the entirely federally funded Supplemental Nutrition Assistance Program (SNAP, formerly food stamps), which provides food assistance to low-income families and

individuals. Lastly, beginning in fiscal 2008, the Department established a new supplemental nutritional program, which provides small supplemental benefits to certain working families currently enrolled in the SNAP program.

See the March Information Statement under the heading “COMMONWEALTH REVENUES AND EXPENDITURES – Other Health and Human Services; *Office of Children, Youth, and Family Services.*”

LONG-TERM LIABILITIES

Debt Service Requirements

The following table sets forth, as of March 31, 2011, the annual fiscal year debt service requirements on outstanding Commonwealth general obligation bonds, special obligation bonds and federal grant anticipation notes. For variable-rate bonds with respect to which the Commonwealth is a fixed-rate payor under an associated interest rate swap agreement, the debt service schedule assumes payment of the fixed rate due under such agreement. For other variable-rate bonds, the schedule assumes a 5% interest rate.

See the March Information Statement under the heading “LONG-TERM LIABILITIES–Debt Service Requirements.”

Debt Service Requirements on Commonwealth Bonds as of March 31, 2011 through Maturity (in thousands) (1)

<u>Period Ending</u>	<u>General Obligation Bonds</u>						<u>Federal Highway Grant Anticipation Notes</u>				
	<u>Principal</u>	<u>Compounded Interest</u>	<u>Gross Interest</u>	<u>Build America Bonds Subsidies</u>	<u>Net Interest</u>	<u>Debt Service</u>	<u>Principal</u>	<u>Gross Interest</u>	<u>Build America Bonds Subsidies</u>	<u>Net Interest</u>	<u>Debt Service</u>
6/30/2011	46,685		160,684	(6,380)	154,304	200,989	\$45,065	\$ 16,885	\$ (714)	\$16,171	\$61,236
6/30/2012	1,168,978	\$8,266	829,738	(36,557)	793,181	1,970,425	156,405	32,257	(1,494)	30,763	187,168
6/30/2013	1,266,929	9,413	778,651	(36,557)	742,094	2,018,436	161,285	26,876	(1,494)	25,382	186,667
6/30/2014	1,179,167	7,735	728,413	(36,557)	691,856	1,878,758	170,710	17,451	(1,494)	15,957	186,668
6/30/2015	1,074,808	7,686	678,982	(36,557)	642,425	1,724,919	178,390	9,773	(1,494)	8,279	186,669
6/30/2016	1,079,015	6,652	631,123	(36,557)	594,566	1,680,232	11,390	4,098	(1,434)	2,664	14,054
6/30/2017	868,733	4,877	583,939	(36,557)	547,382	1,420,992	11,635	3,720	(1,302)	2,418	14,053
6/30/2018	776,326	3,868	544,031	(36,557)	507,473	1,287,667	11,925	3,277	(1,147)	2,130	14,055
6/30/2019	782,035	3,310	505,172	(36,557)	468,615	1,253,961	12,245	2,780	(973)	1,807	14,052
6/30/2020	840,127	2,594	466,624	(36,300)	430,324	1,273,046	12,600	2,235	(782)	1,453	14,053
6/30/2021	1,102,433	2,194	418,840	(35,014)	383,826	1,488,453	12,985	1,648	(577)	1,071	14,056
6/30/2022	970,939	1,968	369,377	(32,698)	336,679	1,309,586	13,390	1,020	(357)	663	14,053
6/30/2023	718,804	1,782	327,142	(31,412)	295,730	1,016,317	<u>13,830</u>	<u>348</u>	<u>(122)</u>	<u>226</u>	<u>14,056</u>
6/30/2024	669,362	1,446	292,786	(31,295)	261,491	932,300					
6/30/2025	619,429	1,246	261,661	(31,295)	230,366	851,041					
6/30/2026	548,843	1,121	233,052	(30,776)	202,276	752,240					
6/30/2027	490,228	1,067	207,845	(30,203)	177,642	668,938					
6/30/2028	445,558	1,116	186,009	(28,953)	157,056	603,729					
6/30/2029	595,408	522	161,809	(26,687)	135,122	731,052					
6/30/2030	604,494	<u>288</u>	131,111	(22,892)	108,219	713,002					
6/30/2031	517,190	106	97,983	(16,808)	81,175	598,471					
6/30/2032	258,715		82,021	(14,776)	67,245	325,960					
6/30/2033	187,300		69,908	(12,440)	57,468	244,768					
6/30/2034	188,585		60,460	(11,068)	49,392	237,977					
6/30/2035	196,755		50,745	(9,647)	41,098	237,853					
6/30/2036	205,130		40,643	(8,177)	32,466	237,596					
6/30/2037	214,730		30,106	(6,654)	23,452	238,182					
6/30/2038	194,135		19,102	(5,077)	14,025	208,160					
6/30/2039	123,805		10,940	(3,445)	7,495	131,300					
6/30/2040	91,905		4,596	(1,609)	2,988	94,893					
TOTAL	\$18,026,552	\$67,258	\$8,963,495	(\$726,063)	\$8,237,432	\$26,331,243	\$811,855	\$122,368	(\$13,383)	\$108,983	\$920,839

Period Ending	<u>Special Obligation Revenue Bonds (Gas Tax)</u>			<u>Special Obligation Revenue Bonds (Convention Center)</u>			<u>Special Obligation Revenue Bonds (Accelerated Bridge Program)</u>				
	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Principal</u>	<u>Gross Interest</u>	<u>Build America Bonds Subsidies</u>	<u>Net Interest</u>	<u>Debt Service</u>
6/30/2011	\$ 37,240	\$ 10,846	\$ 48,086		\$17,243	\$17,243		\$14,318	\$(5,405)	\$8,913	\$8,913
6/30/2012	39,135	19,804	58,939		34,486	34,486		32,623	(12,314)	20,309	20,309
6/30/2013	41,150	17,772	58,922		34,486	34,486		32,623	(12,314)	20,309	20,309
6/30/2014	37,170	15,534	52,704		34,486	34,486		32,623	(12,314)	20,309	20,309
6/30/2015	39,070	13,631	52,701	\$19,995	34,486	54,481		32,623	(12,314)	20,309	20,309
6/30/2016	39,900	11,482	51,382	21,075	33,436	54,511		32,623	(12,314)	20,309	20,309
6/30/2017	42,465	9,287	51,752	22,210	32,330	54,540		32,623	(12,314)	20,309	20,309
6/30/2018	23,040	7,261	30,301	23,310	31,164	54,474		32,623	(12,314)	20,309	20,309
6/30/2019	24,300	5,994	30,294	24,475	30,126	54,601		32,623	(12,314)	20,309	20,309
6/30/2020	25,640	4,658	30,298	23,380	28,842	52,222		32,623	(12,314)	20,309	20,309
6/30/2021	26,905	3,392	30,297	24,610	27,673	52,283		32,623	(12,314)	20,309	20,309
6/30/2022	28,385	1,912	30,297	25,970	26,380	52,350		32,623	(12,314)	20,309	20,309
6/30/2023	<u>9,520</u>	<u>476</u>	<u>9,996</u>	27,440	24,952	52,392		32,623	(12,314)	20,309	20,309
6/30/2024				28,990	23,443	52,433	\$21,325	32,623	(12,314)	20,309	41,634
6/30/2025				30,625	21,848	52,473	22,395	31,546	(11,937)	19,609	42,004
6/30/2026				32,360	20,164	52,524	23,550	30,381	(11,529)	18,851	42,401
6/30/2027				34,190	18,384	52,574	24,860	29,054	(11,065)	17,989	42,849
6/30/2028				36,125	16,504	52,629	26,245	27,655	(10,575)	17,079	43,324
6/30/2029				38,170	14,517	52,687	27,710	26,177	(10,058)	16,119	43,829
6/30/2030				40,330	12,418	52,748	29,250	24,616	(9,512)	15,105	44,355
6/30/2031				42,610	10,199	52,809	30,880	22,969	(8,935)	14,034	44,914
6/30/2032				45,020	7,856	52,876	32,635	21,200	(8,316)	12,884	45,519
6/30/2033				47,565	5,380	52,945	34,485	19,329	(7,661)	11,668	46,153
6/30/2034				<u>50,250</u>	<u>2,764</u>	<u>53,014</u>	36,440	17,353	(6,970)	10,383	46,823
6/30/2035							38,505	15,265	(6,239)	9,026	47,531
6/30/2036							40,685	13,058	(5,466)	7,591	48,276
6/30/2037							42,995	10,726	(4,650)	6,076	49,071
6/30/2038							45,430	8,262	(3,718)	4,544	49,974
6/30/2039							48,005	5,659	(2,546)	3,112	51,117
6/30/2040							<u>50,730</u>	<u>2,907</u>	<u>(1,308)</u>	<u>1,599</u>	<u>52,329</u>
TOTAL	\$413,920	\$122,049	\$535,969	\$638,700	\$543,567	\$1,182,267	\$576,125	\$744,574	(\$285,976)	\$458,600	\$1,034,725

SOURCE: Office of the Comptroller.
(1) Totals may not add due to rounding.

LEGAL MATTERS

Matters described in the March Information Statement under the heading “LEGAL MATTERS” are updated as follows:

Programs and Services

Finch, et al. v. Health Insurance Connector Authority, et al. On May 6, 2011, the Supreme Judicial Court issued a decision in which it held that the Massachusetts statute limiting many aliens’ eligibility for Commonwealth Care constitutes a suspect classification that is subject to strict scrutiny under the Massachusetts Constitution. The Court did not reach the question whether this restriction on Commonwealth Care eligibility would satisfy strict scrutiny, but remanded the matter to the Supreme Judicial Court single justice session for further proceedings.

It is possible that the Supreme Judicial Court’s decision will have implications for other public benefit programs.

See the March Information Statement “LEGAL MATTERS – Programs and Services; *Finch, et al. v. Health Insurance Connector Authority, et al.*”

Other

Local 589, Amalgamated Transit Union, et al. v. Commonwealth of Massachusetts, et al., Suffolk Superior Court. On April 15, 2011 the Superior Court granted summary judgment for the Defendants.

See the March Information Statement “LEGAL MATTERS – Other; *Local 589 Amalgamated Transit Union, et al. v. Commonwealth of Massachusetts, et al.*”

MISCELLANEOUS

Any provisions of the constitution of the Commonwealth, of general and special laws and of other documents set forth or referred to in the March Information Statement and this Supplement are only summarized, and such summaries do not purport to be complete statements of any of such provisions. Only the actual text of such provisions can be relied upon for completeness and accuracy.

The March Information Statement and this Supplement contain certain forward-looking statements that are subject to a variety of risks and uncertainties that could cause actual results to differ from the projected results, including without limitation general economic and business conditions, conditions in the financial markets, the financial condition of the Commonwealth and various state agencies and authorities, receipt of federal grants, litigation, arbitration, force majeure events and various other factors that are beyond the control of the Commonwealth and its various agencies and authorities. Because of the inability to predict all factors that may affect future decisions, actions, events or financial circumstances, what actually happens may be different from what is set forth in such forward-looking statements. Forward-looking statements are indicated by use of such words as “may,” “will,” “should,” “intends,” “expects,” “believes,” “anticipates,” “estimates” and others.

All estimates and assumptions in the March Information Statement and this Supplement have been made on the best information available and are believed to be reliable, but no representations whatsoever are made that such estimates and assumptions are correct. So far as any statements in the March Information Statement and this Supplement involve any matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact. The various tables may not add due to rounding of figures.

Neither the Commonwealth’s independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor

have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

The information, estimates and assumptions and expressions of opinion in the March Information Statement and this Supplement are subject to change without notice. Neither the delivery of this Supplement nor any sale made pursuant to any official statement of which the March Information Statement and this Supplement are a part shall, under any circumstances, create any implication that there has been no change in the affairs of the Commonwealth or its agencies, authorities or political subdivisions since the date of this Supplement, except as expressly stated.

CONTINUING DISCLOSURE

The Commonwealth prepares its Statutory Basis Financial Report and its Comprehensive Annual Financial Report with respect to each fiscal year ending June 30. The Statutory Basis Financial Report becomes available by October 31 of the following fiscal year and the Comprehensive Annual Financial Report becomes available in January of the following fiscal year. Copies of such reports and other financial reports of the Comptroller referenced in this document may be obtained by requesting the same in writing from the Office of the Comptroller, One Ashburton Place, Room 909, Boston, Massachusetts 02108. The financial statements are also available at the Comptroller's web site located at <http://www.mass.gov/osc> by clicking on "Financial Reports/Audits."

On behalf of the Commonwealth, the State Treasurer will provide to the Municipal Securities Rulemaking Board (MSRB), no later than 270 days after the end of each fiscal year of the Commonwealth, certain financial information and operating data relating to such fiscal year, as provided in Rule 15c2-12 of the federal Securities and Exchange Commission, together with audited financial statements of the Commonwealth for such fiscal year. To date, the Commonwealth has complied with all of its continuing disclosure undertakings relating to the general obligation debt of the Commonwealth and has not failed in the last seven years to comply with its continuing disclosure undertakings with respect to its special obligation debt and federal grant anticipation notes. However, the annual filings relating to the fiscal year ended June 30, 2001 for the Commonwealth's special obligation debt and for the Commonwealth's federal highway grant anticipation notes were filed two days late, on March 29, 2002. Proper notice of the late filings was provided on March 29, 2002 to the MSRB.

The Department of the State Auditor audits all agencies, departments and authorities of the Commonwealth at least every two years. Copies of audit reports may be obtained from the State Auditor, State House, Room 229, Boston, Massachusetts 02133.

AVAILABILITY OF OTHER FINANCIAL INFORMATION

Questions regarding the March Information Statement or this Supplement or requests for additional information concerning the Commonwealth should be directed to Colin MacNaught, Assistant Treasurer for Debt Management, Office of the Treasurer and Receiver-General, One Ashburton Place, 12th floor, Boston, Massachusetts 02108, telephone (617) 367-3900, or to Karol Ostberg, Director of Capital Finance, Executive Office for Administration and Finance, State House, Room 373, Boston, Massachusetts 02133, telephone (617) 727-2040. Questions regarding legal matters relating to the March Information Statement or this Supplement should be directed to John R. Regier, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., One Financial Center, Boston, Massachusetts 02111, telephone (617) 348-1720.

THE COMMONWEALTH OF MASSACHUSETTS

By /s/ Steven Grossman
Steven Grossman
Treasurer and Receiver-General

By /s/ Jay Gonzalez
Jay Gonzalez
Secretary of Administration and Finance

May 6, 2011

[THIS PAGE INTENTIONALLY LEFT BLANK]