

Patrick-Murray Administration Offers Tools to Help Strengthen Communities

Municipal pension relief, budget tools, Green Communities Grants presented at Massachusetts Municipal Association Meeting

BOSTON - Friday, January 22, 2010 - One day after proposing to fully fund Chapter 70 education funding next fiscal year and to hold the line on Local Aid, Governor Deval Patrick today offered cities and towns a host of new tools that will help protect essential local services, reduce pressure on local property taxes and strengthen communities' financial footing for the long-term.

Appearing at the Massachusetts Municipal Association Annual Meeting, Governor Patrick outlined proposals including municipal pension relief, a limited early retirement incentive program and a new Green Communities grant program to encourage development of energy efficiency and renewable energy projects to relieve local budgets. The new proposals are in addition to several tools the Governor and local officials have worked to secure for communities over the last several years.

"The Lieutenant Governor and I value the partnership we have built with local officials across the Commonwealth," said Governor Patrick. "This relationship has allowed us to work collaboratively to bring real change to the way local government provides for the residents of the Commonwealth. The tools we introduce today, coupled with the changes we have already made, will allow us to provide key services in communities today, while reducing local pressure on the property tax."

In his State of the Commonwealth address last night, Governor Patrick announced that he is including in his Fiscal Year 2011 budget \$5.2 billion in Local Aid, including a record \$4.048 billion for Chapter 70 education funding, fully funding foundation for every district. In addition, school districts that would have otherwise seen a cut as a result of the funding formula will instead be level funded. Unrestricted local government aid will be level funded at \$936 million.

"During the past three years, Governor Patrick and I have traveled across the Commonwealth, listened to the challenges our cities and towns face and partnered with local officials to address these challenges and support our municipalities," said Lieutenant Governor Timothy Murray. "Even in these extremely difficult times, we have committed to continuing our support of communities across Massachusetts and look forward to working with city and town officials to develop the tools necessary to manage limited resources more efficiently and improve critical local services."

Local Pension Relief

Recent unprecedented market losses incurred by local pension funds will result in significant increases in the annual pension payments required to fully fund the systems on existing funding schedules. This presents a significant challenge at a time when local government resources are more constrained than ever.

The Governor today filed a municipal pension funding relief plan to help local pension systems address these losses in a fiscally responsible and manageable way without the significant increases in payments that would otherwise be required. The legislation allows local systems to extend their funding schedule subject to certain conditions, and requires that future asset gains be used to shorten schedules, not reduce payments.

The legislation filed today is in addition to the first phase of comprehensive pension reform the Governor and legislative leaders enacted last year that eliminates some of the most egregious abuses of the system. The Governor will soon file the second phase of pension reform. The improvements in this bill will help ensure that our pension systems are fair, sustainable and publicly credible. This is in the best interest of taxpayers, government and public employees.

Municipal Early Retirement Plan

The Governor today sent a letter to the Committee on Municipalities requesting it include additional proposals in a municipal relief package the committee is expected to report out shortly.

Among the Governor's new proposals is an optional Early Retirement Incentive program for cities and towns. The proposal is structured in a restrictive manner to ensure that desired near-term savings exceed the present value cost to the pension system while still giving city and town managers sufficient flexibility to structure the program in a manner that avoids adverse operating impacts. By making this program available at local option, it will give cities and towns the flexibility to determine for themselves whether this tool is appropriate for their community.

Under the terms of the plan, eligible employees must have at least 20 years of service and must be paid out of the municipality's operating budget. The number of participating employees shall be limited, with a strong consideration for the impact on municipal services and programs. Eligible employees would receive a maximum of three years of additional age or creditable service, or a combination of the two, the sum of which may not be greater than three.

Other tools include:

- Allowing regional school districts to share superintendents, providing savings and efficiencies, and
- Streamlined procedures allowing regional school districts greater access to their stabilization funds, assisting regional districts in coping with continued budget challenges.

The Governor is also proposing a study commission to perform a comprehensive evaluation of local aid formulas. Additionally, he is including \$250,000 in the FY11 budget he will release next week to support the technical work of a Chapter 70 commission to review the foundation formula for education funding.

Also in the budget, the Governor will propose freezing special education private placement rates; relief from library "maintenance of effort" requirements and decertification rules; and authorization for local government to procure energy from state energy resource contracts.

Green Communities Grant Program

In addition to the tools the Governor outlined today, he also announced that the first round of Green Communities Grants will be available this fiscal year to help finance municipal energy efficiency and renewable power projects in eligible communities.

The new Green Communities Grants are funded with proceeds from auctions of carbon emissions permits under the Regional Greenhouse Gas Initiative (RGGI). Following a two-step application process, during which cities and towns must first apply for designation as Green Communities, the state's Department of Energy Resources (DOER) plans to make the first round of up to \$7 million in Green Community Grant awards in late June. Qualified communities will be eligible for awards of up to \$1 million each during the initial grant round.

"Green Communities Grants will help cities and towns finance targeted investments in energy efficiency and locally generated renewable power. We look forward to funding a robust first round of projects that capitalize on green energy opportunities, save taxpayers money and reduce environmental impacts in local communities," said Energy and Environmental Affairs Secretary Ian Bowles, whose office includes the DOER.

As a first step in the grant process, DOER will take applications between January 22 and May 14 from cities and towns seeking official Green Community status. Technical assistance grants awarded by the DOER last year have helped cities and towns prepare to meet the five grant eligibility benchmarks set by the Green Communities Act. To qualify, municipalities must meet these five criteria:

- Adopt local zoning bylaw or ordinance that allows "as-of-right-siting" of renewable energy projects;
- Adopt an expedited permitting process related to the as-of-right facilities;
- Establish a municipal energy use baseline and establish a program designed to reduce baseline use by 20 percent within five years;
- Purchase only fuel-efficient vehicles for municipal use, whenever such vehicles are commercially available and practicable; and
- Require all new residential construction over 3,000 square feet and all new commercial and industrial real estate construction to reduce lifecycle energy costs (i.e., adoption of an energy-saving building "stretch code").

While to date none of the Commonwealth's 351 cities and towns has met all five criteria for Green Community designation, DOER's Green Communities Division has worked closely with municipalities across the state for the past year and it is expected that several may be able to fulfill the requirements between now and the end of the traditional Town Meeting season this spring.

Newton and Cambridge have already adopted the stretch code and it will be on the Town Meeting warrant of at least four towns this spring. Once cities and towns are designated Green Communities, they are eligible to apply for Green Communities Grants, with applications due to the DOER at the end of May and awards anticipated in late June.

Since taking office, Governor Patrick and Lieutenant Governor Murray have partnered with local officials, strengthening communities across Massachusetts. The Patrick-Murray Administration has proposed and signed into law parts of the Municipal Partnership Act, providing communities with ways to lower health care and pension costs, generate additional revenue to relieve pressure on the property tax and streamline operations to make local government more efficient and responsive to its residents.

Amidst the greatest fiscal crisis to strike the nation since the Great Depression, the Patrick-Murray Administration has prioritized local communities, holding local education aid harmless despite a loss of \$4 billion in state tax revenues and mitigating cuts to other local government aid.

The Governor will file his budget on Wednesday, January 27th.

[Click here to view Community by Community Unrestricted Local Aid](#)