

Appendix A: Press Releases and Speeches

GOVERNOR PATRICK SIGNS KEY PARTS OF MUNICIPAL PARTNERSHIP ACT INTO LAW

Administration's Plan to Relieve Property Tax Moves Forward

BOSTON-Wednesday, July 25, 2007- Joined by legislative leaders and local officials, Governor Deval Patrick today signed into law two key pieces of his proposed Municipal Partnership Act that will provide communities with the tools to help relieve the pressure on property taxes by allowing them to join the state health insurance plan and by merging underperforming local pension funds with the state's high-performing system.

"We need to relieve the pressure to raise local property taxes. The Municipal Partnership Act gives cities and towns more options to save money and increase revenue, and I am proud to sign key parts into law today," said Governor Deval Patrick. "By permitting municipalities to join cheaper state-run systems, we foster just the kind of engaged partnership we need between state and local government to move Massachusetts forward."

"Cities and towns have been grappling with budgetary challenges that affect their ability to stabilize their property tax rates and provide essential services" said Lieutenant Governor Tim Murray. "This new law will empower our municipalities and continue to build a long-lasting partnership between them and the state."

"I am happy to see the Governor sign this bill," Senate President Therese Murray said. "It's an important day for Massachusetts. This new law gives municipalities options they never had before and improves their access to affordable, quality health care. It's a valuable tool that helps cities and towns control their health care costs and free up valuable resources to address other needs such as education and public safety. This is a great benefit for the citizens of the Commonwealth."

"These two new laws give cities and towns the tools to save millions of dollars each year - money they can use to cut property taxes or invest in local priorities," said House Speaker Salvatore F. DiMasi.

"These bold reforms, combined with significant local aid and Lottery fund increases, show the Legislature's continued commitment to putting cities and towns first and I hope they are quickly embraced by communities across the Commonwealth."

Group Insurance Commission

Part of the new law will help municipalities lower skyrocketing health care costs by giving them the option to join the state's Group Insurance Commission (GIC). Increasingly high health insurance costs have forced cities and towns to cut municipal services and increase property taxes. A recent Massachusetts Taxpayers Foundation report found the growth rate for health insurance costs in municipalities is nearly double the rate of increase for health coverage of state government employees over the same time period.

Regional councils, regional planning districts, non-unionized educational collaboratives and Commonwealth charter schools will also be allowed to participate in the GIC.

The measure calls for the appointment of four additional members to the Commission to reflect a broader constituency, including a representative of management and of labor. Another two municipal members will be appointed after 45,000 municipal subscribers are added to the GIC. The bill also includes a \$1 million appropriation to cover additional GIC costs.

Pension Reform

The new law both identifies and requires the state's lowest-performing pension systems to invest with the state Pension Reserve Investment Trust (PRIT). The criteria are based on the funding level and the average rate of return, as compared to PRIT, over the last 10 years.

The Patrick Administration supports keeping local pension decisions with local pension boards, and the new legislation does not change that authority. Pension boards have been able to invest with PRIT since 1985, allowing them to diversify their assets for maximum possible return and increase local revenue.

"This landmark legislation will bring significant financial relief from the fiscal spiral facing so many of our cities and towns" said Representative Rachel Kaprielian, D-Watertown. "Massachusetts is giving new meaning to the words state/local partnership and helping stem the exorbitant cost of providing health insurance for municipal workers."

With this legislation we have achieved our goal to provide local communities tools to control their health care costs and improve their financial situations," said Sen. Richard T. Moore, D-Uxbridge. "The coalition of legislative leaders, municipal officials, public employee union representatives and retiree representatives deserve the gratitude of every municipality for the funds that will be saved in the long term, and the respect of all residents for their work in providing affordable and quality health insurance for thousands of local employees."

"Under these laws, communities will continue to provide high-quality health insurance and a secure retirement, without relying on exorbitant property tax increases. They are truly examples of how we can make government work better for our taxpayers, our communities, and our retirees and public employees," stated Sen. Benjamin B. Downing, D-Pittsfield, chairman of the Joint Committee on Public Service.

"These two bills represent a major step forward and hold out the promise of even greater returns in the years ahead. It's particularly satisfying that many constituencies and many people of divergent interests were able to come together around these important goals," said Representative Jay Kaufman, D-Lexington, chairman of the Joint Committee on Public Service.

GOVERNOR PATRICK FILES \$2.9 BILLION TRANSPORTATION BOND BILL TO BEGIN REVERSING YEARS OF NEGLECT

Funds dedicated to road and bridge repair, mass transit

Boston-Thursdays, November 29, 2007-Governor Deval Patrick today filed a three-year, \$2.9 billion transportation bond bill, making significant improvements to the Commonwealth's long-neglected network of roads, bridges, and mass transit. The state's investment in transportation projects is expected to leverage additional federal funds for a total investment of \$4.8 billion, and will encourage economic development, including the creation of an estimated 10,000 construction jobs across the Commonwealth.

The multi-year legislation will allow the Patrick administration to begin making much-needed transportation infrastructure improvements while it works to implement major transportation reform. The state has chronically underinvested in transportation capital projects. A report released in March 2007 by the Massachusetts Transportation Finance Commission (TFC) noted that the cost to maintain our current surface transportation system and to make certain other required improvements exceeds our anticipated available resources by \$15 billion to \$19 billion over the next 20 years.

"The Commonwealth needs a transportation system that improves our quality of life and serves as a catalyst for economic growth," Governor Patrick said. "Inadequate investment in our roads, bridges and public transit system over time has compromised those goals. This legislation will allow us to address many of our most pressing transportation needs while we work towards long-term transportation reform."

The legislation assists cities and towns with their infrastructure needs, authorizing \$500 million to fund Chapter 90 grants for improvements to local roads and bridges and \$50 million for public works grants (PWED) to cities and towns to support economic development. The bill also includes \$15 million for transportation-related grants to communities with small populations, known as "STRAP" grants. In addition, the STRAP program will now be available to communities with populations of 7,000 or less, up from the currently eligibility requirement of 3,500 or less, extending the grant opportunity to an additional 53 municipalities.

The bill also authorizes \$20 million for grants to cities and towns that fund public infrastructure improvements and affordable housing to support transit-oriented development, known as the "TOD" program.

Consistent with the administration's goal of improving economic development opportunities in every region of the Commonwealth, the legislation includes \$25 million for investments in regional transit authorities, mobility assistance programs, intermodal transportation improvements and water transportation and \$40 million for improvements at regional airports.

The TFC report also concluded that more than a quarter of state-owned roads have only a "poor" or "fair" pavement condition. Additionally, the Federal Highway Administration's 2005 highway statistics show that Massachusetts ranks 35th in the nation in percentage of interstate roads in "good" or "excellent" condition, while the National Bridge Inventory shows that our percentage of structurally deficient and functionally obsolete bridges is twice the national average and the third highest in the nation.

To begin addressing these problems, the bill includes a \$1.3 billion authorization to fund improvements to roads and bridges under the statewide road and bridge program, which will allow the Commonwealth to better maintain its existing infrastructure and reduce the funding gap identified by the TFC. The authorization is expected to leverage federal funding that will result in \$3.2 billion of total investments in our roads and bridges.

"The Massachusetts transportation system suffers from a history of deferred maintenance which will require nearly \$20 billion in capital investments. This bond bill will allow us to begin to address that need," said Transportation and Public Works Secretary Bernard Cohen. "In addition to this bill, we are developing a transportation reform package that will provide better coordination among transportation agencies and ensure our resources are utilized as efficiently and effectively as possible."

In addition to the costs of maintaining existing transportation infrastructure, the funding shortfall identified by the TFC also included costs associated with the State Implementation Plan (SIP) commitments, legally mandated projects intended to mitigate the environmental impacts of the Central Artery/Tunnel project.

The Governor's legislation includes \$700 million to fund these commitments, including improvements to the Fairmount commuter rail, the Green Line extension to Somerville and Medford, the design and engineering for a Red Line-Blue Line connector between Government Center and the Charles/MGH Stations, and the creation of new commuter parking spaces at transit nodes.

Although the Administration is seeking federal funding for half of the estimated \$600 million cost of the Green Line project, the bond bill seeks authorization in an amount sufficient (together with existing bond authorization) to cover the entire cost of the project in case federal funding is not approved.

Additionally, the Governor has included \$100 million for rail and mass transit planning projects targeted at supporting economic growth and promoting geographic equity, including planning efforts for the South Coast Rail extension to Fall River and New Bedford, the Urban Ring project and the Blue Line extension to Lynn. Also included is \$75 million for the state's share of the Fitchburg Commuter Rail improvement project to improve safety and reduce commute times. This investment will leverage \$75 million of federal funding for the project.

While the administration's bond bill begins the process of improving funding for transportation throughout Massachusetts, real structural reform is needed to fully address the challenges the Commonwealth faces. The Governor has engaged independent consultants and has been working with legislators, existing transportation agencies and other stakeholders to develop a proposal for the broad reform needed to adequately address the needs of our transportation system. Meanwhile, the Governor is committed to

identifying cost savings and efficiencies in transportation and eliminating the duplication now prevalent in the system.

11.29.07 - Governor Announces Transportation Bond Legislation

Governor Deval L. Patrick

Governor Announces Transportation Bond Legislation

November 29, 2007

As Delivered

Thank you all for coming today. I want to acknowledge and welcome all the members of the legislature who are here, you will hear from two in just a minute. Secretary Cohen and his team, Secretary Kirwan is here, members of our administration, mayors, and interested parties. By the way, we are all interested in intact and growing and effective transportation network. We're here today to announce the filing of an act financing improvements to the Commonwealth's Transportation System, a 3 year, 2.9 billion dollar investment in state-wide transportation improvements and expansions. The bond funding outlined in this bill will help Massachusetts secure additional Federal funding for a total of \$4.8 billion in roads, bridges, public railways, and regional transportation projects. After over 16 years of neglect, it's time to re-invest in a transportation system that improves our quality of life and enhances and encourages robust economic growth. Taken together with our proposed use of Resort Casino proceeds this initiative takes a \$4.7 billion bite out of the Transportation Finance Commission's 15 to 19 billion dollar tab for deferred maintenance and supports select new projects as well.

The Bond Bill authorizes the following elements. Approximately \$1.3 billion to fund the state's roads and bridges, this is expected to leverage Federal funding that will result in \$3.2 billion in total investments to maintain our existing infrastructure and make some progress in reducing the funding gap identified by the TFC. \$500 million to fund Chapter 90 grants to cities and towns to improvements for local roads and bridges. This will allow us to continue funding this very important program at the increase levels we instituted last year of \$150 million per year. \$100 million for rail and mass transit planning projects targeted at regional economic growth and geographic equity including rail extensions from Fall River to New Bedford, the Urban Ring Project, and the Blue Line extension to Lynn. \$700 million to fund the State Implementation Plan or the "SIP" commitments mitigate the environmental impact of the Central Artery Tunnel Project. Those projects include exciting and long-overdue developments like improvements to the Fairmont Commuter Rail, the Green Line extension to Somerville and Medford. The design and engineering work on a Red Line and a Blue Line connector between Government Center and the Charles MGH station and the creation of new commuter parking spaces at transit nodes. \$75 million of the state's share for the Fitchburg Commuter Rail Improvement Project to improve safety and reduce commute

times. This investment by the way, will leverage \$75 million of Federal funding for the project. That's an earmark we have Congressman Olver to thank. \$50 million for Public Works grants to cities and towns that support economic development known as PWED grants. \$15 million for extended STRAP grants to small communities. We have raised the population eligibility for the STRAP Program, giving 53 new communities access to these funds. \$20 million for grants to cities and towns that fund public infrastructure improvements and affordable housing for transit-oriented development. Approximately \$60 million for investments in regional transit authorities, inter-modal transportation improvements and water transportation. And \$40 million for general aviation airports throughout the Commonwealth. These are projects vital to commuter safety, local economic growth, and responsible environmental stewardship and will aid with the creation of up to 10 thousand new construction jobs across the state. These are investments that are important as a first step and a comprehensive reform effort for transportation in Massachusetts. They are just a first step. We must continue to work to develop a coordinated state-wide transportation strategy. Decisions about tolls, fares, new projects, and funding are made today by separate entities, sometimes frequently working in silos. That leads not only to internal confusion but also less efficient spending decisions. The Massachusetts Mobility Compact, which the Secretary launched earlier this year, was a very important step in the right direction in getting the agencies to coordinate better with each other.

We've been working with legislatures, existing transportation agencies, and other stake-holders, to develop a further comprehensive set of reforms to how we finance and manage our transportation system and we expect to file legislation in the very near future to initiate a slate of very significant reform. We can no longer ignore the need to invest in our transportation system. New, pro-active investments are necessary as are new ways of financing and managing transportation in the Commonwealth. I look forward to working with our partners in the legislature on funding improvements on the safety and the effectiveness roads, bridges, and mass-transit and creating greater transparency and efficiency in transportation projects and the tax dollars that fund them.

GOVERNOR PATRICK ANNOUNCES TRANSPORTATION REFORM, SIGNS COMPREHENSIVE \$3.5 BILLION BOND BILL

Administration to Make Transportation Reforms Creating Opportunity and Restoring Trust

BOSTON - Thursday, April 17, 2008 - Governor Deval Patrick today signed the \$3.5 billion transportation bond bill to invest in road and bridge projects across the Commonwealth over three years, while announcing MassHighway's innovative plan to complete projects at least 40% faster, saving millions of dollars in inflation costs.

"These long-term investments will help address decades of neglect in infrastructure by rebuilding roads and bridges, while creating thousands of jobs in every corner of the Commonwealth," says Governor Patrick. "Along with the streamlining reforms announced today, we want to rebuild the public's confidence in government's ability to deliver projects in a safe and timely manner."

The MassHighway streamlining plan will include cutting red tape, working longer hours, using technology to save time and implementing incentives and penalties to keep projects on budget and on time. The plan also increases transparency to the public through a new web-based "Scorecard" with information on project delivery, road and bridge conditions, travel safety and mobility.

Portions of the transportation bond bill will take effect immediately, infusing federal matching transportation dollars along with state Chapter 90 transportation funds to communities across the Commonwealth. These investments will also help create new jobs, as the Administration works to foster economic growth amid a softening national economy.

"With this transportation bond bill, the Legislature and Governor Patrick are taking several bold steps to improve the Commonwealth's transportation infrastructure," said House Speaker Salvatore F. DiMasi. "These meaningful investments will go a long way toward fixing our ailing roads and bridges while the reforms make clear our commitment to cutting costs and increasing efficiencies in the system."

"Safe roads, highways, bridges and rails are essential to all citizens and to the economic growth of our Commonwealth," said Senate President Therese Murray. "I am proud that we worked together to get this bill done in time for the construction season and with important reforms that are critical first-steps in handling our transportation funding gap and changing how the state's transportation agencies do business. I see this legislation as part of some very important and comprehensive proposals we have made for the future of the Commonwealth in energy, health care and life sciences."

Transportation Bond Bill Investment

The \$3.5 billion bill includes \$2.4 billion in federal matching dollars for rebuilding roads and bridges over a three-year period. Other funding highlights include:

- \$700 million for State Improvement Plan commitments to increase transit access across eastern Massachusetts. This includes funding for the Fairmount Commuter Rail Line through Boston, Green Line extension to Somerville and Medford, design and engineering for a Red Line-Blue Line connector between the Government Center and Charles, MGH Stations, and creation of 1,000 commuter parking spaces to ease use of mass transit.
- Maintaining last year's increase to \$150 million per year to fund Chapter 90 transportation grants to cities and towns, which will fully fund those improvements and provide an immediate positive impact on main streets and other local roads.
- \$10 million for mass transit planning projects that support economic growth and promote geographic equity, including planning efforts for the South Coast Rail extension to Fall river and New Bedford, the Urban Ring project, and the Blue Line extension to Lynn.
- \$8 million, matched with \$8 million in federal funds, for the initial improvements to the Fitchburg Commuter Rail Line, delivering shorter trip times.

The bond bill also includes many transportation reform provisions:

- Requires calculation of life-cycle costs along with design/construction costs in project planning.
- Establishes a deferred maintenance trust fund for maintenance and repair.
- Directs MTA and MBTA to align retiree health insurance benefits with those of Commonwealth employees for those under age 65 retiring after 2008. Currently, MBTA retirees pay 0% of insurance premiums and MTA retirees pay 5% in some cases. Certain MBTA retiree health insurance changes would take effect after expiration of the pending collective bargaining agreement in 2010, which is currently in arbitration.
- Requires MBTA to compare costs of its current retirement plan to the cost of a plan that requires 25 years of service and minimum age of 55 to retire. Currently, MBTA employees may retire following 23 years of service with no minimum age.
- Requires the Executive Office of Transportation and the Executive Office of Public Safety to issue regulations on the use of police details on public-works projects and to submit reports on the costs of police details on state-funded projects during the preceding 5 years.
- Requires MTA to submit reports on cost savings and the feasibility of converting 90% of cash toll lanes to FastLanes and to inventory all MTA assets.

MassHighway Streamlining, Scorecard Reforms

The Executive Office of Transportation and MassHighway leadership scoured each step of the road and bridge construction process from start to finish -beginning at the moment an infrastructure need is identified through the final completion and opening of a project.

MassHighway has made a commitment to streamline project completion times so that they are cut by at least 40%. For example, a typical MassHighway 10-year highway reconstruction project would be dramatically reduced to 5.8 years, saving millions of dollars.

With a streamlined process also comes the need to keep the public clearly informed about the measures of success. A new MassHighway Scorecard online for the first time today will offer quarterly reports on progress in delivering quality projects and safe, convenient roads. Scorecards will measure:

- Conditions: roads, bridges, and pavement
- Safety: accident information
- Mobility: congestion, commute times
- Efficiency: up-to-date timelines on construction projects.

Transportation Secretary Bernard Cohen said the Governor's transportation reform project is moving forward on many fronts.

"MassHighway streamlining and transparency reforms build on recent reform announcements, including the Governor's Accelerated Bridge Repair program and the pilot program to sell FastLane transponders and MBTA CharlieCards in motor vehicle Registry branches," said Secretary Cohen. "These reforms stress efficient delivery of services in a collaborative approach that is literally changing the way we do business in delivering transportation services."

"I applaud the Governor for signing this legislation, which represents a great deal of work and collaboration between everyone involved," said Senator Steven Baddour, Senate Chairman of the Joint Committee on Transportation. "Beyond the much needed infrastructure improvements and maintenance this bill sets forth, the reforms it presents through the streamlining and expediting of projects means a great deal of cost savings for taxpayers during these tough financial times."

"This bond bill will serve as a statewide economic stimulus measure, putting people to work and providing important upgrades to the Commonwealth's transportation infrastructure," said Representative Joseph F. Wagner, House Chairman of the Joint Committee on Transportation.

04.17.08 - Transportation Bond Bill Signing and MassHighway Reforms

Governor Deval L. Patrick

Transportation Bond Bill Signing Remarks

April 17, 2008

As Delivered

Massachusetts is weathering the national economic storm better than most. Not because we're standing still, but we've been working to grow jobs and to create opportunities and have strong results to show for our efforts in signature industries like the life sciences, clean energy sector.

I have confidence in the Commonwealth, and my confidence depends on continuing to make targeted investments that stimulate the economy today and ensure long-term growth and prosperity.

This Transportation bond bill is one piece of a massive revitalization of our Commonwealth, an investment in the things that will help keep us strong in the wake of national economic turmoil, and set the stage for our continued success. These investments are accompanied by reforms in how we manage and deliver transportation projects.

I want to thank the Senate President, the Speaker of the House, Chairman Baddour and Chairman Wagner, who could not be here, Chairman Montigny and Dean Flynn, Dean Flynn could not be here, for working with us to address our transportation infrastructure in comprehensive ways. Many of the projects outlined here are investments that communities have been waiting on for a very, very long time. Thanks to all of you, we can get to work now.

All told, the \$1.6 billion invested here to rebuild roads and bridges allows us to leverage \$1.8 billion in federal funds, generating \$3.5 billion in all for much needed maintenance and improvement.

The bill includes \$150 million for Chapter 90 grants to cities and towns to fund important road and bridge improvement projects in every corner of the Commonwealth. I see our friends from MMA nodding, appreciatively I hope.

The bill also continues our commitment to projects like the South Coast Rail Extension to Taunton, Fall River and New Bedford, as well as the Green Line extension to Somerville and Medford.

The legislation contains important reforms as well. Reforms in how we streamline projects, and how we

use police details, and in how we align the benefit systems of all our transportation agencies. A special thanks to the Senate President for taking the lead to bring these reforms forward.

Today in Massachusetts, projects take too long to complete and that results in inflation-related overruns that can add millions to the final price tag. Right now the typical project, the typical road project, takes ten years to move from concept, through design, to completion. The reforms we're announcing today will allow us to cut that timeline almost in half, to just under 6 years. You can see that illustrated on these graphs back over here, which we'll show you in a minute.

This ten year timeline costs Massachusetts millions of dollars every year. Under the ten year timeline, a typical \$5 million project often escalates to \$9.5 million before it's over. By cutting the time-line down, as we propose to do here, we can cut the final costs by \$2.2 million on that prototypical project - a reduction of 44%. That's real savings, savings that can be plowed right back into rebuilding and repairing our transportation infrastructure.

Secretary Cohen, Commissioner Paiewonsky and the team at MassHighway have a plan to cut consultant selection processes by almost a year, shorten project development steps by nearly half, streamline bidding periods, and accelerate the construction phase of all projects. We can do this without sacrificing community input or by compromising the environmental review process.

Our commitment to a streamlined process comes with an equally important need to keep the public clearly informed on our progress. That is why I'm proud to announce today the creation of the MassHighway Scorecard, which is, I guess, demonstrated, mocked up over here. The Scorecard offers quarterly reports on our work, measuring conditions of roads, bridges and rails; safety throughout the system; mobility reports on congestion and commute lines; and on-time and on-budget management of construction projects

The Scorecard is available for the first time today online at www.mass.gov/eot/scorecard. We look forward to working with the Senate President, with the Speaker, as well as with the business community, local residents and all stakeholders to develop for every region of the state a well-maintained, well-planned system of roads, bridges and public transportation that meets the needs of our economy, our communities and our environment.

Governor Patrick Signs \$3 Billion Accelerated Bridge Bond Bill

\$3 Billion Investment Creates Thousands of Jobs, Addresses Decades of Neglect of Bridge Repair

BOSTON- Monday, August 04, 2008 - Keeping to the economic stimulus plan he laid out in April, Governor Deval Patrick today signed legislation to accelerate the repair and replacement of approximately 250 to 300 of the Commonwealth's most neglected and structurally-deficient Massachusetts bridges.

With the support of legislative leaders, the nearly \$3 billion, eight-year plan addresses hundreds of bridges in most urgent need of repair across the Commonwealth - ensuring public safety while creating thousands of engineering and construction jobs while saving an estimated \$1.5 billion in avoided inflation and deferred maintenance costs.

"This program will make our bridges safer at a time of critical need, create thousands of jobs, and provide long-term economic benefits along the way," said Governor Patrick. "By investing today, we will complete more bridge projects in less time and at a lower cost."

Due to decades of neglect of state infrastructure, there are now 543 structurally-deficient MassHighway and Department of Conservation and Recreation (DCR) bridges. At current funding levels, that number would increase to almost 700 structurally-deficient bridges in the next eight years.

Under Governor Patrick's plan, the accelerated bridge program will repair 250 to 300 bridges across the Commonwealth over an eight-year time period. Instead of seeing the number of structurally-deficient bridges increase by 30 percent, the number will be reduced by approximately 15 percent during that time.

Major bridge repair projects across the state will be advanced, including the Longfellow Bridge over the Charles River, the Fore River Bridge in Quincy, the Whittier Bridge in Amesbury, and the I-91 Bridge in Holyoke.

"It was imperative that we took this immediate action to better maintain our infrastructure for the safety and security of all who travel our roads and bridges," said House Speaker Salvatore F. DiMasi. "This new law brings the added boost of a shot-in-the-arm to our workforce through the creation of new construction jobs and a much-needed stimulus to our entire economy."

"The state has gone too long without basic maintenance and preventative work on its bridges, and I applaud Governor Patrick's attention to what has become a serious public safety concern," Senate President Therese Murray said. "Our bridges are essential to the daily operations of commerce and travel. By taking action now, we can begin immediately to make up for decades of neglect and avoid higher costs in the future."

The Federal Highway Administration recently estimated road and bridge construction costs will increase between 9 and 15 percent each year. Additionally, MassHighway estimates the cost of rehabilitating or replacing a structurally-deficient bridge is at least twice the cost of conducting preventative maintenance work on a bridge before it deteriorates further, and falls into structural deficiency.

By repairing or replacing bridges sooner through the accelerated bridge repair program, the Commonwealth will save an estimated \$1.5 billion: \$1 billion in avoided cost inflation and at least an additional \$500 million in avoided deferred maintenance costs.

The accelerated bridge repair plan will be financed using \$1.1 billion in grant anticipation notes, which borrow against anticipated future federal funding, and \$1.9 billion in gas tax bonds to be repaid with existing gas tax revenues.

Accountability to the state will be a core principle of the management plan, and the accelerated bridge repair program will be overseen solely by state officials to ensure timely and cost efficient work.

"The accelerated bridge repair program is a top priority of the Executive Office of Transportation," said Bernard Cohen, Secretary of Transportation and Public Works. "We will have accountable and transparent management of this program and are ready to move forward expeditiously."

"The bridge collapse in Minnesota was a wake up call to the nation and a tragic reminder of the importance of investing in our infrastructure," said Senator Steven A. Baddour, Senate Chairman of the Joint Committee on Transportation. "Years of neglect and inadequate investment in the state's capital assets and infrastructure have resulted in a backlog that has far exceeded available resources. Committing \$3 billion to fund more than 250 structurally-deficient bridge rehabilitation and prevention projects over the next eight years creates thousands of jobs, improves the safety and condition of our bridge inventory, and generates significant savings for the Commonwealth."

"The accelerated bridge program will provide multiple benefits, which include substantial improvements to our states bridge infrastructure while at the same time providing an economic stimulus to the state," said State Representative Joseph F. Wagner, House Chairman of the Joint Committee on Transportation.

The accelerated bridge repair program is one component of Governor Patrick's comprehensive plan for transportation reforms to deliver high quality services in the most cost efficient manner. It is also a key component of the economic stimulus plan he laid out in April to create jobs and invest in key growth areas. The already programmed annual bridge maintenance and capital program will be folded into the accelerated program to ensure the coordination and create synergies with existing staff and management operations.

GOVERNOR PATRICK ANNOUNCES ETHICS & LOBBYING REFORM INITIATIVES

Moves to strengthen rules and restore public confidence

BOSTON- Friday, October 31, 2008 - Governor Deval Patrick announced today actions aimed at reforming the Commonwealth's ethics and lobbying rules.

Specifically, the Governor intends to file comprehensive ethics and lobbying reform legislation developed with the advice of a new bi-partisan task force convened by his Chief Legal Counsel and former federal prosecutor Ben Clements. In addition, the Governor will re-file and expand upon legislation that refocuses state government on matters of broader importance by giving local communities more autonomy over local affairs.

"In a successful democracy, the currency of government is not money. It's integrity," said Governor Patrick. "We in public office are not entitled to our positions. We are placed here by voters to do the best we can on their behalf. And we are expected to conduct their business honestly and openly."

Actions announced today include:

Task Force on Ethics and Lobbying Reform

Today, Governor Patrick announced he will create a Governor's Task Force on Ethics and Lobbying Reform. The Task Force will be convened by his Chief Legal Counsel Ben Clements and include experts and other distinguished participants on a nonpartisan basis to develop a package of reforms in time for the Legislature's return in January. Clements previously served as an Assistant U.S. Attorney for seven years including four years in the Public Corruption and Special Prosecutions Unit. The Task Force is charged with examining the existing regulatory frameworks governing ethics and lobbying and making recommendations to the Governor relative to legislation necessary to strengthen current laws, regulations, investigative and enforcement mechanisms, and penalties. The Governor plans to include the reform package among the first bills he files at the beginning of the next legislative session in January.

Governing Reform

The Governor will also be re-filing and expanding upon legislation designed to refocus state government on matters of statewide importance by giving local communities more autonomy over local affairs. The current home rule structure dates from the 1960s and guarantees that the Legislature and the Executive spend an inordinate amount of time deciding when and how localities can tax, borrow, regulate private and civil affairs, and make rules for municipal elections. Forty percent of all legislation passed over the last two years was local laws that affect only one community. Sponsors of home rule bills are often forced to expend a great deal of time and political capital to get non-controversial, purely local matters moving and enacted, rather than working on matters of broader concern.

"Now more than ever, we on Beacon Hill need laser-like focus on getting our economy moving again and expanding opportunity and economic security," said Governor Patrick.

Continuing Reform Agenda

Governor Patrick also stressed the importance of moving forward with reform efforts in other areas of state government, including pension and benefit reform, education reform, health care reform - especially cost containment - and reform of the Turnpike Authority and other transportation practices.

A Renewed Call for Citizen Engagement

Underscoring his commitment to civic involvement, the Governor also called for renewed citizen engagement and asked citizens to take responsibility for their government by standing for election to local and statewide seats, by holding their elected officials accountable, and by voting.

10.31.08 - Ethics Reforms Announced

Governor Deval L. Patrick

Ethics Announcement

October 31, 2008

As Delivered

Thank you all for coming; good afternoon.

Several charges of unethical or illegal behavior by public officials over the last several months are both personally upsetting and institutionally self-defeating. Without singling out any one person or allegation, they upset me because they imply a repeated and careless disregard for the public trust. They are self-defeating because, whether true or false, they distract us from doing the people's business. In times like these, in particular, there is a lot of important public work to do.

In a successful democracy, the currency of government is not money. It's integrity. We in public office are not entitled to our positions. We are placed here by voters to do the best we can on their behalf. And we are expected to conduct their business honestly and openly.

I know from the nearly two years I have been here now that there are many, many serious and able office holders in the Legislature and elsewhere in government whose sole motivation is to serve the public good. They deliver outstanding results under difficult circumstances, they do so the right way, and they welcome accountability. They inspire me and those who know their work. I thank them for the example they set here on Beacon Hill.

But when a small few act out, it casts a shadow on the good work of those many good people, and it affects government's ability to function as well as it should.

That, I believe, is where we are today. And it must be addressed. But if all we do is use this occasion to score cheap political points or gain partisan advantage, we will have missed a chance and missed the point.

We need ethics and lobbying reform, and we need it now. Today we have inadequate penalties and a counterproductive duplication of enforcement effort. We need to fix this. I have therefore directed my Chief Legal Counsel Ben Clements to convene a task force of experts and other distinguished participants on a nonpartisan basis to develop a package of reforms in time for the Legislature's return in January. I want action on this package within the first thirty days of the new session. The public expects

and deserves no less.

I will also file a bill to reform the practice of home rule petitions. Home rule petitions are the bills by which the Legislature regulates local government actions -- everything from changing the day for Town Meeting to permitting an individual applicant to sit for the firefighter's exam. These decisions are inherently local, and more often than not routine and non-controversial. But they are also used as bargaining chips to deter action on other business or derail it entirely. In one recent example, a multi-million dollar mixed use development promising hundreds of jobs and lots of new economic activity has been held up by a petition to approve a single liquor license.

I filed a bill last year to begin to address this. I intend to file an expanded version in the coming session. Now more than ever, we on Beacon Hill must focus on getting our economy moving again and expanding opportunity and economic security.

In the same vein, we will continue to press our reform agenda, including pension and benefits reform, education reform, health care reform (particularly cost containment), and reform of the Turnpike Authority and other transportation agencies. Swift action on each of these measures is equally important both to move Massachusetts forward and to regaining the public's trust.

Finally, I want to offer a respectful reminder to the general public about your responsibility. As I said, there are many men and women of exceptional intellect and high integrity who serve in public office in Massachusetts. Don't lose sight of that. They share the sense of outrage and disgust the rest of us feel when a public official breaches the public trust.

However, in a Democracy, individual citizens have responsibilities, too. We have one of the lowest rates of electoral participation in America. Not only are voting rates low, but few incumbents are challenged at election time by competing candidates. I am not criticizing incumbency, long-term office holders or any one political party. I am only acknowledging the plain fact that none of us in public office is entitled to the positions we hold. We have to earn them, and we ought to have to earn your trust to keep them. We must be accountable not just to the law and to the ethics rules, but to you. And you - as citizens -- must hold us accountable.

So, I want to make a call on my fellow citizens to take responsibility for your government by standing for election to local and statewide office, by participating in civic life, and by voting. And I want to call on my fellow office holders to welcome that challenge. (I fully expect to be challenged when I run for re-election in 2010, and I welcome it. I will be ready.) Let's each use the prospect of that challenge as an opportunity to focus our work, to sharpen our game, and to step up our performance.

None of us will get it right all the time or will satisfy every voter with every action or position we take. But I

trust the electorate to see the whole picture and I ask the electorate to engage.

Now some will undoubtedly ridicule what I have said today. Some will dismiss these measures and views out of hand or try to use what I have said as another chance to take a political potshot. That is another predictable feature of this job. But I came to Beacon Hill to bring change, because I believe change is what we need to move Massachusetts forward. That agenda will continue. It's apparent from the circumstances that reform of how we govern - not just what we focus on - must now be a part of that agenda.

I want to thank you all for coming.

Governor Patrick Establishes Task Force on Public Integrity

Bi-Partisan Task Force Will Advise Governor on Ethics and Lobbying Reform

BOSTON - Friday, November 7, 2008 - Governor Deval Patrick today signed an Executive Order forming the Governor's Task Force on Public Integrity. The task force will examine the existing regulatory frameworks that govern ethics, lobbying and public employee conduct, and will seek input from public officials, experts and the public. The group will make recommendations within 60 days relative to legislation necessary to strengthen current laws, regulations, investigative and enforcement mechanisms, and penalties.

"We in public office are not entitled to our positions. We are placed here by voters to do the best we can on their behalf, and we are expected to conduct their business honestly and openly," said Governor Patrick. "The members of this task force offer a broad range of professional backgrounds and experience. All of them share a commitment to ensuring the highest standards of honesty and public integrity."

The announcement comes one week after Governor Patrick laid out a series of actions aimed at reforming the Commonwealth's ethics and lobbying rules, including the formation of the bi-partisan task force. The Governor also intends to re-file and expand upon legislation that refocuses state government on matters of broader importance by giving local communities more autonomy over local affairs.

The Governor's Chief Legal Counsel Ben Clements will chair the task force. Clements previously served as an Assistant U.S. Attorney for seven years, including four years in the Public Corruption and Special Prosecutions Unit.

Governor Patrick has appointed 12 members to the task force, including four members of the Legislature: **Senator Benjamin Downing**, Chair of the Senate Committee on Ethics and Rules and member of the Governor's Advisory Commission on Local Government; **Senator Michael Knapik**, a member of the Senate Committee on Ethics and Rules; **Representative James Fagan**, Chair of the House Committee on Ethics; and **Representative Mary Rogeness**, a member of the House Committee on Ethics and Assistant Minority Leader.

The other task force members are Charlie Baker, George Brown, Kimberly Budd, Scott Harshbarger, Joseph Savage, Peter Sturges, Andrew Tarsy, and Pam Wilmot.

Charlie Baker is the President and CEO of Harvard Pilgrim Health Care. Prior to joining Harvard Pilgrim, Baker spent eight years in Massachusetts state government, where he served as Secretary of Administration and Finance and Secretary of Health and Human Services during the Weld and Cellucci administrations.

George Brown is a Professor at Boston College Law School and a specialist in the field of government ethics. Brown served as a former Massachusetts Assistant Attorney General and was appointed by Governor Weld to serve as the Chair of the Massachusetts State Ethics Commission.

Kimberly Budd is the Director of the Community Values Program at Harvard Business School where she is responsible for policy enforcement and program development to promote honesty, integrity, and personal accountability. Budd previously worked as a University Attorney at Harvard University and as an Assistant U.S. Attorney.

Scott Harshbarger is Senior Counsel at the law firm of Proskauer Rose. Harshbarger served as Massachusetts Attorney General where he led major initiatives against public corruption. He also served as District Attorney of Middlesex County. Harshbarger was the first General Counsel of the State Massachusetts State Ethics Commission and a former Chief of the Public Protection Bureau in the Massachusetts Attorney General's office. Harshbarger was also a former President of Common Cause, the national non-profit citizen's lobby and government watchdog group.

Joseph Savage is a partner at Goodwin Procter and has substantial expertise in public integrity laws. Savage is a former Chief of the Public Corruption and Special Prosecutions Unit in the U.S. Attorney's Office.

Peter Sturges is Legal Counsel for Harvest Automation, Inc. Sturges previously served as the Executive Director of the Massachusetts State Ethics Commission and as General Counsel to Massachusetts Office of Campaign and Political Finance.

Andrew Tarsy is a senior executive at Facing History and Ourselves, an international educational organization that engages students of diverse backgrounds in an examination of racism, prejudice, and antisemitism in order to promote the development of a more informed citizenry. Tarsy is also the former New England Regional Director of the Anti Defamation League.

Pam Wilmot is the Executive Director of Common Cause Massachusetts, a non-partisan, non-profit advocacy organization in Massachusetts that serves to hold elected leaders accountable to the public interest. Wilmot has been an advocate for government reform and consumer and environmental issues for more than 20 years.

"I look forward to working with this distinguished group on developing proposals to enhance and improve the laws that are essential to maintaining public confidence in our government," said Clements.

The Governor directed the task force to report its assessment and recommendations within 60 days.

Members of the public who would like to submit suggestions to Governor Patrick and the Task Force can email integrity.taskforce@massmail.state.ma.us, or call 888-870-7770 (TTY: 617-727-3666). Feedback must be submitted by December 31, 2008.

For more information on the Governor's Task Force on Public Integrity, visit www.mass.gov/Governor/PublicIntegrity.

Governor Patrick's Public Integrity Task Force Issues Ethics and Lobbying Reform Recommendations

Stronger penalties, greater enforcement authority, enhanced investigative tools aimed at restoring public confidence in government

BOSTON- Tuesday, January 6, 2009 - Governor Deval Patrick's Task Force on Public Integrity today issued a report outlining several recommendations to strengthen the state's ethics and lobbying laws. The series of proposals call for expanded investigative and enforcement authority as well as tougher penalties.

"Right now, thanks to several recent serious charges of misconduct, our citizens are questioning the integrity of their government," said Governor Patrick. "Now is the time to assure ourselves and the public that the consequences for breaching the public trust will be serious, swift and certain."

Formed in November by Governor Patrick and chaired by the Governor's Chief Legal Counsel Ben Clements, the 13-member bi-partisan task force examined the current regulatory structure governing ethics, lobbying and public employee conduct and received input from experts and the public. Specifically, the report outlines the following enhancements to existing ethics and lobbying laws. For the full report, please visit www.mass.gov/governor/publicintegrity.

Tougher Penalties

- Increase the maximum punishment for **bribery** to \$100,000 and 10 years imprisonment. The current penalty is up to \$5,000 and to 3 years imprisonment.
- Increase the maximum penalties for **conflict of interest law violations involving gifts and gratuities, revolving door violations and other abuses** to \$10,000 and 5 years imprisonment. Currently, penalties are up to \$3,000 and two years imprisonment.
- Increase penalties for a **civil violation of the conflict of interest laws** from up to \$2,000 per violation to up to \$10,000 per violation. For **bribery**, the civil penalty would increase to \$25,000.
- Increase the **civil penalty for a violation of the financial disclosure law** from \$2,000 per violation to \$10,000 per violation.
- Increase the **criminal penalty for violating registration-related lobbying rules** to up to \$10,000 and 5 years imprisonment. Currently, offenses are a misdemeanor punishable by not less than \$100 and not more than \$5,000, with no possibility of imprisonment.

- Grant the Secretary of State authority to **suspend or permanently revoke a legislative or executive agent's license**.

Stronger Lobbying Laws

- Define **lobbying to include strategizing**, preparing and planning related to a communication with a public official for the purpose of influencing legislative or executive policy.
- Expand the **revolving door provision** to apply to members of the executive branch.
- Reduce the amount of allowable **incidental lobbying** from 50 hours in each 6-month reporting period to 10 hours in each 3-month reporting period.

Expanded Enforcement Authority

- Make compliance with the **Ethics Commission's summons mandatory**.
- Grant the Ethics Commission rulemaking authority to implement the ethics laws.
- Increase the amount of time the Ethics Commission can proceed on an ethics violation from 3 years to 5 years.
- Grant the **Secretary of State rule-making authority** to implement the lobbying laws.
- Give the **Secretary of State authority to impose fines** and to have the same civil enforcement authority over lobbying violations as the Ethics Commission has over ethics violations.
- Give the **Attorney General** concurrent jurisdiction with the Ethics Commission to enforce civil violations of the conflict of interest laws.

Significant Investigative and Enforcement Tools

- Expand law enforcement authority to **record conversations in public corruption investigations**. Current law requires that the case involve organized crime.
- Impose penalties for a new statutory **obstruction of justice** offense.
- Authorize the convening of a **statewide grand jury** with jurisdiction extending throughout the Commonwealth.

"Over the course of 60 days, the Task Force on Public Integrity was able to develop extensive proposals that lay the groundwork for meaningful improvements and strengthening of the Commonwealth's ethics and lobbying laws," said task force chair and Chief Legal Counsel Ben Clements. "I commend the members for their thoughtful and diligent work."

The report's recommendations will be included in legislation Governor Patrick will file tomorrow. In November, the Governor urged the Legislature to act on the package within the first 30 days of the new legislative session. He renewed his call today.

"Swift movement on this legislation will show how serious we are about restoring our citizens' confidence in their government," said Governor Patrick.

01.06.09 - Task Force Report Released

Governor Deval L. Patrick

Ethics Task Force Report Released

January 5, 2009

As Delivered

I am joined here today by Ben Clements, my chief legal counsel, and several members of the Task Force of Public Integrity to announce their unanimous recommendations to strengthen the Commonwealth's ethics and lobbying laws.

As you all know, several recent charges of illegal, unethical conduct by public officials have rocked the State House. While the people who work in state government are overwhelmingly honest, fair and above-board, the actions of a few have cast a cloud over all. So, sixty days ago, I asked Ben to form a bi-partisan commission - a task force to examine the current rules for ways they could be clarified and strengthened.

Today, we are announcing the results of their review and their recommendations. Although the overall framework of existing laws is generally good, the Task Force identified significant gaps and weaknesses for enforcing... in the mechanisms for enforcing the ethics and lobbying laws. I'll give you a couple of examples. The State Ethics Commission has insufficient regulatory and investigatory authority to enforce the ethics laws. The Secretary of State has even less authority to enforce the lobbying laws. The Attorney General has authority to enforce criminal violations, but is hampered by the lack of several enforcement tools commonly available in other jurisdictions.

Accordingly, the Task Force has made a series of recommendations to significantly strengthening... strengthen the rulemaking, investigative, and enforcement authority of the Commission, the Secretary of State, and the Attorney General. The penalties for violating the rules are significantly enhanced as well. And the bill requires periodic training for all public employees in what is expected of us under the rules. Ben will take you through these in detail in just a moment.

No one can legislate morality. But we can assure ourselves and the public that the consequences for breaching the public trust will be serious, swift and certain.

I believe these recommendations accomplish that end. I will therefore file legislation tomorrow, on the first day of the new legislative session, to enact these recommendations into law. I call on the legislature to act on this bill within the first 30 days of the session.

I want to thank Ben Clements for his leadership and all the members of the Task Force for their important contributions. Their hard work helps affirm the principle that the currency of democracy is not money, but rather integrity and participation.

Governor Deval L. Patrick

Testimony before the Special House Committee on Ethics

State House, Boston, MA

January 26, 2009

Chairman Fagan and members of the Committee:

Good afternoon and thank you for convening this important hearing. I especially appreciate your going ahead with the hearing as scheduled even with the Speaker's announcement today. I know you agree the public expects us to remain focused on the people's business.

My experience gives me absolutely no reason to doubt that most public servants are honest and fair. But the actions of a few have cast a cloud over all. Recent charges of illegal and unethical conduct by those few have rocked the

State House and shaken the public's confidence in their government. We owe the people nothing less than a thorough re-examination of the current rules for ways that they can be clarified and strengthened.

That was my charge to the Public Integrity Task Force, which I convened in November, as the Chairman said. I thank Ben Clements, my Chief Legal Counsel, and all the members of the Task Force, many of whom are here – including you, Mr. Chairman – for your very thoughtful and unanimous recommendations to strengthen the Commonwealth's ethics and lobbying laws.

The bill before you reflects those recommendations. I urge you to act swiftly and favorably, and specifically to

move it to the full House for enactment in the next week or two.

Although the framework of existing rules is good overall, the Task Force identified significant gaps and weaknesses in the mechanisms for enforcing the ethics and lobbying laws. The State Ethics Commission has insufficient regulatory and investigatory authority to enforce the ethics laws. The Secretary of State has even less authority to enforce the lobbying laws. The Attorney General has authority to enforce criminal violations of these laws, but is hampered by the lack of several enforcement tools commonly available in a number of other jurisdictions. Accordingly, our legislation significantly strengthens the rulemaking, investigative, and enforcement authority of the Commission, the Secretary of State, and the Attorney

General. It also increases penalties for ethics and lobbying violations to bring them in line with our times. Finally, it requires mandatory education and training for government employees and lobbyists.

No one can legislate morality – I've heard that from many. But we can assure ourselves and the public that the consequences for breaching the public trust will be serious, swift and certain. I believe this legislation accomplishes that end.

Again, I thank Ben Clements for his leadership and all the members of the Task Force, again thanking you Mr. Chairman, for your important contributions. Your good work helps affirm the principle that the currency of democracy is integrity and participation. I hope we can work together to

pass this bill by next week and shift our focus to the many other challenges facing our Commonwealth. Thank you all for your time and consideration.

GOVERNOR PATRICK ANNOUNCES TRANSPORTATION AND ECONOMIC SECURITY PLAN

Plan Reforms Big-Dig Culture, Rebuilds Trust and Transparency to Help Secure the Commonwealth's Economic Future

BOSTON - Friday, February 20, 2009 - Governor Deval Patrick today announced his vision for a comprehensive reform plan to radically simplify the Commonwealth's transportation system, while addressing serious fiscal challenges stemming from decades of neglect and inaction, and a failed bureaucracy under the "Big Dig" culture.

Governor Patrick's Transportation and Economic Security Plan incorporates recommendations from the [Transportation Finance Commission Report](#) that uncovered decades of inaction and neglect under previous administrations. After receiving this report in 2007, Governor Patrick started to develop a plan to secure the Commonwealth's economic future and maintain safety of the state's roads and bridges.

The Transportation and Economic Security Plan, which builds on innovative reforms proposed by Senate President Therese Murray, follows an aggressive two-year reform effort led by the Patrick Administration that has saved taxpayers \$83 million in savings and efficiencies throughout the transportation bureaucracy.

"The days of irresponsibility, of avoiding the truth and the consequences, must end and end now. We are all out of time. Now is the time to reform, rebuild and renew our system from top to bottom," said Governor Patrick. "The good news is that right now, we have a once-in-a-generation opportunity to coordinate federal stimulus funds, state capital money, our accelerated bridge program, and the reforms in the Transportation and Economic Security Plan to make our roads and bridges safer, grow jobs, and build a strong economic future."

Reforming the Big Dig Culture

The Commonwealth's transportation system faces an estimated \$15 to \$19 billion funding gap in the next 20 years to maintain the current network of roads, bridges and transit for safe, reliable service. A 2007 report issued by the Transportation Finance Commission stated: "The cost of this neglect will be felt in our regional economy and in our way of life. ... Business as usual will not suffice."

Crushing debt and substandard management from the Big Dig has siphoned much-needed dollars away from maintenance and operations, and fed a culture of out-of-scale benefits, inefficiencies and a lack of accountability.

Under Governor Patrick's leadership, the transportation agencies and authorities have generated more than \$83 million in savings and efficiencies through transportation reform efforts, while working on a long-term reform plan. Those reforms include:

- Joining 49 other states in using civilian flaggers on construction projects
- Streamlining project delivery time at MassHighway by 40%
- Saving \$47 million at the MBTA by reducing overtime costs and staff levels and increasing employee health care contributions.
- Saving \$31 million at the Turnpike by eliminating middle management and toll takers
- With the legislature's support, launching the Accelerated Bridge Repair Program to address the backlog of maintenance projects left by previous administrations

Patrick Reform Plan: A Unified Transportation Agency

In spite of these efforts, it is necessary to implement reforms that radically simplify the current system to build a modern transportation network that is adequately funded and professionally managed to help secure our economic future.

Governor Patrick and his transportation team, led by Transportation Secretary James A. Aloisi Jr., have put forward a comprehensive reorganization plan that builds a unified and transparent transportation system through the following reforms:

- Creates a consolidated Executive Office of Transportation with four Divisions: Highway, Rail & Transit, Aviation & Port, and Registry of Motor Vehicles
- Abolishes the Turnpike Authority and create one highway, tunnel, and bridge system
- Consolidates state aviation assets
- Creates an Office of Performance Management to ensure public accountability and transparency
- Enacts all Transportation Finance Commission Reform (TFC) Recommendations, including creation of a Private Project Ombudsman to streamline project development, which could save \$2.5 billion over 20 years

Renewing Investments to Secure Economic Future

In addition to simplifying the system, the Commonwealth must address significant long-term financial challenges throughout its transportation agencies and authorities. The Transportation and Economic Security Plan will help pay down debt and make sound, sustainable investments to fix crumbling roads and bridges and secure the state's economic future. The plan includes the following reforms:

- Restructuring and simplifying our transportation bureaucracy, including abolishing the Turnpike Authority

- Ending the "23 and out" special perk in the MBTA pension system
- Bringing the Turnpike and MBTA employees into the state health care system
- Increasing accountability and transparency throughout the transportation system
- Making our transportation system more environmentally-responsible
- Streamlining operations and eliminating 300 positions
- Working to move MassHighway personnel off the capital budget and back onto the regular payroll
- Increasing the state fuel tax to pay down debt and avoid toll and fare increases, while exploring innovative solutions to start phasing out the fuel tax, such as using a pilot GPS-based technology to collect fees electronically.

The plan proposes a fuel tax increase of 19 cents - approximately \$8 per month for most drivers. Future increases would follow the Consumer Price Index (an essential component that the state failed to do last time). The gas tax has not been increased since 1991. The Governor said he will not support an increase in the gas tax without several other restructurings and reforms outlined in his plan.

The plan is transparent and accountable on the new revenue from the gas tax, accounting for and dedicating each new penny to a specific transportation initiative:

- 4 cents to roll back the proposed toll increases on the Turnpike
- 6 cents to preserve current MBTA services and prevent a fare increase
- 1 cent for Innovative Gas and Toll Solutions
- 1.5 cents for Regional Transit Authorities
- 1.5 cents for targeted regional road projects
- 3 cents for rail projects outside of Boston
- 2 cents to address the costly practice of paying for personnel with bond funds

"Raising the gas tax is a last resort, and without it, our economy will suffer," said Governor Patrick. "Our long-term job growth and economic security, along with the safety of our roads and bridges, depends upon both major reforms and new revenue now."

"We must act immediately to free our transportation system from the stranglehold of debt so we can finally make the long-awaited investments necessary to improve service and reliability," said Secretary Aloisi. "Our goal is to build an open and accountable transportation agency for future generations that supports economic growth, regional equity and responsible environmental stewardship."

Creating a "Greener" Transportation System

The transportation sector is the largest and fastest-growing source of greenhouse gas emissions in the region. The Transportation and Economic Security Plan will make the state's transportation system more environmentally responsible through "Green" initiatives that encourage more fuel-efficient vehicles and "Buy and Build Green" provisions.

These initiatives will encourage environmentally responsible practices and give people the opportunity to drive less with increased access to transit, bicycling and walking:

- Unprecedented public transportation investments outside of Greater Boston
- Mandates Massport to participate in public transportation initiatives serving its facilities
- Authorizes a "green car" sliding scale for new automobile registration fees
- Adopts and implements "Buy Green" and "Build Green" provisions
- Authorizes "Complete Streets" Initiative to encourage bicycling and walking

Encouraging Civic Engagement

Keeping to Governor Patrick's commitment to transparency and encouraging civic engagement, additional information is posted online at the Executive Office of Transportation's You Move Massachusetts website at www.mass.gov/youmovemassachusetts.

The website will allow residents to download and view documents, submit comments and track progress of the reform plan through a new blog and updates from Secretary Aloisi and transportation officials.

02.20.09 - Governor's Message on Transportation and Economic Security Plan

Dear Citizens:

Today, we announced a plan to end the culture of systemic neglect, and build a long-term, sustainable transportation system to support job growth and economic opportunity in Massachusetts.

Our Transportation and Economic Security Plan reforms and radically simplifies our transportation bureaucracy by:

- abolishing the Turnpike Authority;

- ending special perks in the MBTA pension system;

- increasing transparency and accountability throughout the system;

- making our transportation system more environmentally-friendly; and

- putting our transportation network back on responsible, long-term footing by finally paying down the Big Dig debt and funding regional transportation needs.

You can read my remarks, see the plan and engage on this reform at the You Move Massachusetts site: www.mass.gov/youmovemassachusetts.

The mismanagement and shell games of the past 16 years have shattered the public's trust in their transportation system, and left us with a \$15-\$19 billion backlog. The situation in which we find ourselves is dire.

If we fail to act, tens of thousands of people in Western Mass, the Cape, and Worcester County will see reduced service on already inadequate Regional Transit systems; commuters from the North Shore, East Boston, and MetroWest will see toll increases, including 7 dollars to use the tunnels; the rail connection between Fall River and New Bedford will remain on a slow track; and MBTA riders will face reduced service and a 20-25 percent fare increase. As important, the lack of a safe and reliable transportation network will jeopardize our ability to grow jobs and secure our economic future.

That's where we are. It really doesn't matter that we got here under somebody else's watch or because of somebody else's bad judgments. It is where we are. And we are all here together.

Today we mark the end of that era by being straight with you about the challenges we face, and the choices ahead.

We have already begun to reform the system. From using civilian flaggers on state road and bridge projects, to streamlining MassHighway project delivery, cutting costs and staff at the MBTA and the Turnpike, and launching the Accelerated Bridge Repair Program to address the enormous backlog of bridge maintenance and repair projects. These reforms saved the state over \$80 million and moved us in the right direction.

This plan goes further. We will finally consolidate the scattered state agencies under one roof, bring Turnpike and MBTA employees into the state health care system, and take crucial steps towards restoring the public's trust in this process by modernizing the bidding process and creating a Private Project Ombudsman to improve transparency and accountability.

Taken together, these reforms and cost-savings save an estimated \$2.5 billion over the next 20 years.

But, given the severity of the challenge we face, we cannot secure the economic future of the Commonwealth and provide safe roads, bridges, and rails with reforms alone. The gas tax has not been increased since 1991, and in that time has declined in real value by over 33%.

That's why our Transportation and Economic Security Plan includes a 19 cent increase in the gas tax, indexed to the Consumer Price Index (an essential component that the state failed to do last time). At a cost of less than \$8 per month for an average driver, we can move to secure our economic future while finally paying down debt left by previous administrations.

For some, 19 cents will seem too steep. For others, it will seem too low. We had to make choices. Ours were as follows:

- 4 cents to roll back the toll increase on the Turnpike and Tunnels;
- 6 cents to maintain existing MBTA services, and avoid fare increases over the next few years;
- 1.5 cents to Regional Transit Authorities;
- 1.5 cents to targeted regional road projects;
- 3 cents to southern, western and northern rail projects;
- 1 cent for innovative gas and toll solutions;

And 2 cents to begin to stop the costly practice of paying for transportation personnel from capital funds;

Trust me, no Governor runs for office to raise the gas tax. But I did run to change the status quo, and changing the status quo means ending the pattern of neglect and deferral. We literally cannot afford to kick this can down the road any longer.

Our long-term job growth and economic security, along with the safety of our roads and bridges, depend upon both major reforms and new revenue now. Without the gas tax, our economy will suffer.

I know there will be robust debate on these proposals, and I welcome it. I am counting on you for your input and ideas.

It took two decades to get us into this situation, and it won't be solved overnight. But over the long-term, this plan will give Massachusetts the kind of cost efficient, environmentally responsible, and fiscally sustainable transportation network that we need to thrive in a 21 st century economy.

Sincerely,

Deval L. Patrick

Governor

02.20.09 - Comprehensive Transportation Reform

Governor Deval L. Patrick

Transportation and Economic Security Plan

Transportation Building, Boston, MA

February 20, 2009

As prepared for delivery

Welcome and thank you for joining me this afternoon. I want to talk candidly and bluntly this afternoon about our transportation system - and its importance in securing the economic future of our Commonwealth.

WHERE WE ARE

With due respect to all who toil to make it work, the picture today is not pretty. Our current system is a cluster of tangled knots. We have six different bureaucracies, some public and some quasi-public, overseen by a variety of different boards. Until the Mobility Compact was introduced by former Transportation Secretary Bernard Cohen, most of these agencies did not even talk to each other, let alone plan and execute an integrated transportation strategy for the state.

The level of neglect is shocking. We have a large backlog of structurally deficient bridges and a long list of other critical but neglected projects, from resurfacing Route 7 in Pittsfield or repairing the Longfellow Bridge, to South Coast Rail, for which the people of that region have been waiting for more than 20 years. The decision to postpone or forego these projects costs all of us - both in terms of the safety of our roads and bridges and the impact on our region's economy.

Those projects we do undertake take years to get from concept to completion and have on too many occasions come in late and over budget, the Big Dig being just the most extreme example.

Rail service - whether on the subways or commuter and freight rail - is unreliable on many lines and inadequate on others. This makes it difficult for people in some communities to gain access to job opportunities, and drives up the cost of shipping goods for local companies. And the Regional Transit Authorities, on which workers, seniors and students alike rely outside of the Greater Boston area, are chronically underfunded.

Meanwhile the roads are too congested on a number of key commuting arteries, our residents spend \$718 million each year on car repairs because of the sorry condition of many other roadways, and debt from the Big Dig - some \$4 billion of it - has been stashed away at the MBTA and the Turnpike Authority, putting those entities in financial peril and constraining our ability to make investments elsewhere.

Cost overruns and shoddy oversight on the Big Dig have shattered the public's confidence in the public transportation system in Massachusetts. And every time we hear another story about a toll taker pocketing tolls or a police officer protesting civilian flaggers or a state worker collecting one pension from the T while earning another in state government, the average citizen just gets madder.

That, in frank terms, is where we are. It's time we leveled with each other and with the public about it, and put it all - the neglect, the shortsightedness, the excesses and the excuses - to an end.

In 2007, the Transportation Finance Commission -- many of whose members are here this afternoon -- issued an important report on much of this, concluding that, if we continue down the same path, we would underfund our roads, bridges and rail by a staggering \$15 to \$19 billion over the next 20 years.

The Commission stated that "the real cost of this neglect will be felt in our regional economy and in our way of life." "Business as usual," they wrote, "will not suffice."

They were right. It really doesn't matter that we got here under somebody else's watch or because of somebody else's short-sighted judgments. This is where we are. And we are all here together.

WHY IT MATTERS

A modern transportation network, adequately funded and professionally managed, is essential to our economic and social future. Just as the Internet serves as a platform for modern communication, our roads, rails and bridges serve as a platform for commerce and economic growth. If we are going to attract and retain the kind of investment that assures opportunities for ourselves and our children, a high functioning transportation system is no luxury - it is a necessity

And it matters to all of us.

It matters to all of us who need to get to work every day and home again safely and reliably.

It matters to students who need to get back and forth to school.

It matters to elders who want a measure of independence and mobility.

It matters to emergency workers who need to reach people in distress.

It matters to tourists and other visitors who need convenient access to the Commonwealth's many cultural and recreational attractions.

It matters to businesses which need to be able to move goods and services around, across and through the state to markets.

And it matters to the thousands of diligent, dedicated and responsible employees in each one of the transportation agencies today who are just as embarrassed as the rest of us when some foolishness by one of their colleagues reflects badly on everybody else.

For everyone's sake, the days of avoiding the truth and the consequences must end and end now. We are all out of time. Now is the time to reform and renew our system from top to bottom.

STEPS SO FAR

Thanks to many of you here, we have taken a number of steps already.

We streamlined project delivery at MassHighway, cutting the average project timeline by 40 percent, created an online scorecard for accountability and transparency, and joined 49 other states in using civilian flaggers on road projects.

We saved \$47 million at the MBTA by reducing overtime costs and staff levels and increasing employee health care contributions.

We saved more than \$31 million at the Turnpike Authority by eliminating unnecessary management positions and reducing the number of toll takers. We also made Fast Lane transponders easily available and put the service areas out to bid to generate funds to reduce the outstanding debt.

With the Legislature's support, we have launched the Accelerated Bridge repair program to fix a large number of our structurally deficient bridges over the next few years, and passed the first Transportation Bond bill in years.

These are important steps forward. But they are not enough. **WHERE WE NEED TO GO**

Last year, as you know, we announced plans to take further steps to simplify our system by eliminating the Turnpike Authority and giving Massport more authority over access roads and tunnels. It is now clear that many in the Legislature and in the public are ready for a bigger step forward. I applaud the initiative of the Senate President and Senate Chairman Steve Baddour in proposing a restructuring plan. I applaud the Speaker and the many members of the House and general public who have expressed support for new revenue for transportation needs. But neither reform nor new revenue will do the job alone. Our

system needs both. That is why we are announcing today our Transportation and Economic Security Plan. I believe this plan provides a long-term, sustainable and equitable solution to the many challenges facing us in transportation.

First, we propose to create a consolidated, simplified Executive Office of Transportation, under the authority of the Secretary of Transportation, with four divisions: Highway, Rail and Transit, Aviation and Port, and the Registry of Motor Vehicles. We will abolish the Massachusetts Turnpike Authority, the Massachusetts Aeronautics Commission, and the Outdoor Advertising Board. This simplification will eliminate redundancy, streamline operations, reduce headcount (by about 300 positions), increase efficiency, and save money. Any savings will be plowed back into deferred maintenance.

Second, we propose several reforms. These include moving all transportation employees, including at the T and at the Turnpike, to the same health insurance plan as other public employees, and aligning the T pension system with the state pension system. Let me be clear: the "23 years and out" rule, where T employees start receiving a pension earlier than any reasonable retirement, is coming to an end.

We will also create a new dedicated Transportation fund that will responsibly pay down the Big Dig debt and increase public safety and economic security through a sustained statewide maintenance and expansion program. We will follow the lead of the State Senate and look to expand public-private partnerships, particularly with respect to non-core assets where the proceeds can help us pay down debt. We will gradually move MassHighway employees off the capital budget and back onto the regular payroll. And in crucial steps towards restoring the public's trust in the integrity of their government, we will modernize the bidding process and create an Office of Performance Management and a Private Project Ombudsman to improve transparency and accountability.

In addition, with new "buy green" and "build green" requirements, a green car sliding scale for vehicle registrations, and pilot programs focused on user-fee technology that both protect privacy and encourage a future of more fuel-efficient vehicles, we can achieve progress while improving our environment.

Reforms are vital and therefore central to our plan. But we cannot secure our economic future and the public's safety on the roads, rails and bridges with reforms alone. So, our Plan calls for a 19-cent increase in the gas tax. The average driver would pay the equivalent of about one large cup of coffee a week, less than \$8 per month. And by restricting the gas tax to the transportation fund, taxpayers will be assured that their money is dedicated exclusively to transportation projects.

Even at the cost of a cup of coffee per week, for some a 19-cent hike in the gas tax will seem too high. For others it will seem too low. I looked at a range of options. You can see from this chart here that if we wanted to solve all of our accumulated transportation needs, to address the full cost of neglect and inaction over the last 16 or more years, it would take a 73-cent increase in the gas tax!

That is clearly unacceptable. So we set about to make choices. The chart shows you which ones we are proposing to make:

4 cents allows us to roll back the toll increases on the Turnpike and Tunnels that are proposed to take effect this spring.

6 cents ensures that there will be no cuts to existing T and commuter rail services, and no fare increase, for at least two or three years.

To ensure economic development and job growth in all parts of the Commonwealth, including outside of the Greater Boston area, we dedicate 1.5 cents to the regional transit authorities, 1.5 cents to targeted regional road projects, and 3 cents to southern, western and northern rail projects - which includes a significant down payment on South Coast Rail.

2 cents starts to end the costly practice of paying the salaries and benefits of transportation personnel with debt.

And finally we propose 1 cent for innovative gas and toll solutions that will prepare us for the inevitable decline in gas tax revenue as fuel efficiency improves.

You can see from the chart that we also made choices not to fund certain needs. For example, we were not able to fully fund the gap in the MBTA's state of good repair program, or MassHighway's "Statewide Road and Bridge" program. Though these are important, too, and have been similarly neglected over the years, an increase in the gas tax beyond 19 cents was just too much to ask. We will have to find other ways to address these outstanding issues.

The gas tax has not been increased since 1991 --18 years ago -- and has declined in real value by over 33% since that time. If we had let the gas tax adjust with inflation the last time around, we would not have the problem we have today. So that we don't have to revisit this again for a long time, our plan will tie the gas tax to the Consumer Price Index. That way, transportation leaders will have the resources they need to provide the services our economy needs.

I have considered all of the options - including the option of failing to act. I have considered the commuters from the North Shore, East Boston and Metro West who are facing stiff imminent increases in tolls. I have considered the tens of thousands of people in Western Mass, the Cape and Worcester County who will see service on already inadequate Regional Transit systems reduced. I have considered the folks who ride the T and commuter rail who will see both service cuts and a fare increase of up to 25 percent. And I have considered the good people of Fall River and New Bedford, and all along the South Coast, who have been waiting for 2 decades for a connection to opportunity in Boston.

I do not believe that a gas tax alone will solve all our challenges. In fact I do not and will not support an increase in the gas tax without the restructurings and reforms I have outlined. But I do believe a gas tax increase of 19 cents, together with major reforms and a simplified bureaucracy, are central parts of what we need. Our long-term job growth and economic security, as well as the safety of our system, depend on both major reforms and new revenue now.

Now, it's clear to me that there is political risk in these proposals. My friends in the Unions may not be happy with the reductions in force or the changes in their pension and health care plans. My friends in the Legislature may favor different choices from this chart. Political rivals will find fault because they always do. I welcome the debate. But to all those who object to or detract from our ideas, I challenge you: this time, don't just criticize from the sidelines, and watch a bad situation get worse, as those before us have. Don't perpetuate the Big Dig culture. Come be a part of solving one of the biggest challenges confronting the people of Massachusetts.

Diane and I were in a restaurant we like in Chinatown the other day picking up take out for dinner. A fellow named Bill came up and introduced himself. He told me he was an electrician and that business is slow right now. Like so many others, Bill is feeling anxious. He told me he thought I was doing a good job, which I appreciated. "But please," he said, "don't raise my gas tax." My gas tax.

I understand what Bill is feeling. He is not alone. It is a crummy time to ask people to contribute more. That is just one of the reasons I have come so reluctantly to support increasing the gas tax.

But, Bill, just as it is your gas tax, it's also your broken roads, your rusted bridges, your higher Turnpike tolls and higher T fares, your inadequate regional transit, and yes, your mountain of Big Dig debt. It belongs to all of us today and tomorrow. And just as our parents and grandparents sacrificed to build it for us in their time, we in ours are going to have to sacrifice to maintain it and improve it for tomorrow.

This is one Commonwealth. We share in the sacrifices. We share in the challenges. We share in the investments in our future. And when those investments bear fruit, we share in the benefit, together.

"Business as usual will not suffice." Together we have to deal honestly and responsibly with the neglect and inaction of the past. If we do, we will come out of this economic downturn stronger and better prepared to build a prosperous future for everyone. That's a job worth doing. And I look forward to working with you to get that job done.

Thank you.

GOVERNOR PATRICK OUTLINES PRIORITIES FOR COMPREHENSIVE PENSION REFORM

Meaningful steps to close loopholes and end abuses of public employee pension benefits

BOSTON- Sunday, March 22, 2009 - In advance of expected legislative debate on pension reform legislation, Governor Deval Patrick today outlined his priorities for closing loopholes, ending abuses and restoring the public's trust in state and municipal retirement systems. Pension reform is a critical component of the Governor's Massachusetts Recovery Plan to help change the way government does business and secure the state's economic future.

"The gaming of the public retirement system by a few undermines the system's credibility and ultimate sustainability for all public workers and makes citizens question the integrity of their government. This is unacceptable," said Governor Patrick. "I applaud Senate President Murray, Speaker DeLeo and all of my partners in the Legislature for their commitment to addressing loopholes and outdated practices, especially at this time of economic hardship."

Citing the work of the Legislature's Joint Committee on Public Service's Blue Ribbon Panel on Pension Classification and the House Special Committee on Pensions, Governor Patrick recommended the following provisions to end the most extreme cases of pension abuse be included in reform legislation being considered in the House:

MBTA: Align MBTA Pension System with State System - Uncommon and excessive benefits in the MBTA pension system exacerbate the transit agency's finances which is burdened by \$8 billion of debt. Special perks such as the "23 years and out" rule that allow employees to start receiving a pension earlier than any reasonable retirement system should be abolished. Although the Governor proposed this remedy in his transportation reform bill, it is important to pursue this much needed modification in pension reform legislation as well.

Regular Compensation - Limit the definition of "regular compensation" to only wages and salary for the purpose of calculating annual benefits, ending the practice of including non-salary items such as housing and transportation allowances and retirement annuities to calculate the benefit.

One Day/One Year - Remove the "one day, one year" provision which currently grants some public employees an entire year of creditable service for as little as one day of work which can boost a pension by thousands of dollars a year. Pension credit should be accrued only for actual time employed.

Pension Credit Buyback - Prohibit the purchase or so-called buyback of pension credit for years served as an unpaid local official in positions such as a town moderator. Purchasing credit for this type of service requires a minimal monetary contribution yet provides as much credit and benefits to a pension as full-time salaried work. Additionally, when such service buybacks occur towards the end of an employee's

career, the pension system does not benefit from investing the funds for years which would generate returns to support the employee's enhanced pension.

Section 10 Termination Benefits - Eliminate for new hires and elected officials and tighten eligibility and oversight on so-called Section 10 termination benefits which allow employees with 20 years of service who are terminated or whose positions are eliminated to begin collecting an enhanced pension before the standard minimum age of 55.

Dual Service - Eliminate "dual service" pension enhancements to prohibit public employees from collecting two pensions at the same time.

Double Pensions - Eliminate double pensions by changing provisions which allow some employees to qualify for two pensions. Currently, judges with other vested service can collect two pensions because state pension law provides judges with a separate pension benefit.

Disability Retirement - Change the salary formula for Accidental Disability Retirement calculations to end the practice of paying exaggerated future benefits on the basis of a short-term temporary assignment to a higher salaried supervisory position. Currently, the employee's disability retirement is calculated based on the higher temporary position, regardless of the amount of time spent in that position.

The Special Commission on Pension Reform charged with examining a broad range of additional issues will hold its first meeting next Tuesday, March 31st. These issues include dollar limits on pension benefits, disability retirement reforms, other post-retirement benefit changes and system administration improvements. The Governor is prepared to work with legislative leaders on these matters once the Commission completes its work.

"The economic crisis presents us with significant opportunities to confront issues we have avoided in the past," said Governor Patrick. "There is broad consensus that our pension system is in dire need of reform. If we can seize this opportunity and others like it, our Commonwealth will be stronger in the long run."

Pension reform is a key part of Governor Patrick's Massachusetts Recovery Plan. The plan, unveiled last week, will combine state, federal and, where possible, private efforts to provide immediate and long-term relief and position the Commonwealth for recovery in the following ways:

- **Deliver immediate relief** by investing in the road, bridge and rail projects that put people to work today and providing safety net services that sustain people who are especially vulnerable during an economic crisis;
- **Build a better tomorrow** through education and infrastructure investments that strengthen our economic competitiveness, prepare workers for the jobs of the future and support clean energy, broadband and technology projects that cut costs while growing the economy; and
- **Reform state government** by eliminating the pension and ethics loopholes that discredit the work of government and revitalize the transportation networks that have suffered from decades of neglect and inaction.

GOVERNOR PATRICK PUSHES COMPREHENSIVE PENSION REFORM

Testifies before Joint Committee on Public Service in support of closing loopholes and ending abuses of public employee pension benefits

BOSTON - Monday, April 6, 2009 - Continuing his push for comprehensive pension reform, Governor Deval Patrick testified today before the Joint Committee on Public Service's hearing on pension bills, outlining a number of steps officials can take to strengthen the rules governing public retirement systems. The Governor has long advocated for pension reform and renewed his call for change last month as part of his Massachusetts Recovery Plan to change the way government does business and secure the state's economic future.

"The rules must be tightened so that loopholes are eliminated and the system is financially sound, and so that special benefits for a select few are removed. Until we do, the abuses of a few will continue to undermine the public's confidence in the system as a whole," said Governor Patrick. "I commend Senate President Murray, Speaker DeLeo, the members of this committee and all of my partners in the Legislature for their commitment to addressing this critical issue swiftly."

The Governor urged the Committee to recommend the following reforms:

MBTA - Align the MBTA pension system with the best elements of the state pension system. Specifically, end the "23 years and out" rule, where MBTA employees can start receiving a pension earlier than any reasonable retirement age. The Governor proposed this remedy in his transportation reform bill but noted it is important enough to pursue here as well.

Regular compensation - Limit the definition of "regular compensation" to wages and salary for the purposes of calculating annual benefits. Specifically, exclude non-salary items, such as a housing allowance, retirement annuity or transportation allowance.

Year and a day rule - End the "one day, one-year" rule by which some public employees receive an entire year of pension credit for as little as one day of work. Credit should be granted only for actual time employed.

Voluntary job producing service credit - Eliminate the provisions that allow employees to purchase pension credit at minimal cost for service as an unpaid local official.

Section 10 termination benefits - End the rule that enables elected officials who are not re-elected to start collecting their pensions early, and tighten up the rules for employees with 20 years of service who are terminated or whose positions are abolished.

Dual service - Eliminate pension boosts due to holding multiple jobs concurrently.

Double Pensions - Eliminate double pensions by changing provisions which allow some employees to qualify for two public pensions.

Disability retirement while filling in for supervisor - Change the salary formula on Accidental Disability Retirement calculations so as not to over-inflate benefits based on a temporary supervisory assignment.

Spousal Early Retirement - Repeal the "spousal early retirement" provision whereby if two public employees are married and one retires, the other gets to retire early at full pension benefits.

The Governor noted that this series of reforms will streamline the pension rules and address some deep-seated and longstanding public grievances about the system. He commended the Senate for passing legislation last week, and said he looks forward to the House of Representatives taking action on these measures shortly.

The Special Commission on Pension Reform met last week and is working on further reforms such as a pension cap and further clarification of disability retirement rules. The Governor said the members of the commission should also look at basing pensions on workers' entire service history, not just the three top years, and review the financial implications of all the choices under consideration. Pension reform is a key part of Governor Patrick's Massachusetts Recovery Plan. The plan will combine state, federal and, where possible, private efforts to provide immediate and long-term relief and position the Commonwealth for recovery in the following ways:

- **Deliver immediate relief** by investing in the road, bridge and rail projects that put people to work today and providing safety net services that sustain people who are especially vulnerable during an economic crisis;
- **Build a better tomorrow** through education and infrastructure investments that strengthen our economic competitiveness, prepare workers for the jobs of the future and support clean energy, broadband and technology projects that cut costs while growing the economy; and
- **Reform state government** by eliminating the pension and ethics loopholes that discredit the work of government and revitalize the transportation networks that have suffered from decades of neglect and inaction.

04.06.09 - Pension Reform Testimony

Governor Deval L. Patrick

**Pension Reform Testimony before the Joint Committee on
Public Service**

State House, Boston, MA

Monday, April 6, 2009

As prepared for delivery

Chairman McGee, Chairman Spellane, Members of the Committee:

Thank you for holding this hearing and for your focus on reforming the public pension system.

At the outset, let me be clear that I support the defined benefit system that we have in place today in state government. I see it as part of the bargain we have with workers who serve the public at frequently below-market compensation. But the rules must be tightened so that loopholes are eliminated and the system is financially sound, and so that special benefits for a select few are removed. Until we do, the abuses of a few will continue to undermine the public's confidence in the system as a whole.

I respectfully urge this Committee to recommend the following reforms.

1. MBTA. First, align the MBTA pension system with the best elements of the state pension system. Specifically, end the "23 years and out" rule, where MBTA employees start receiving a pension earlier than any reasonable retirement age. As you know, we have already proposed this remedy in our transportation reform bill; but it is important enough to pursue here as well.
2. Regular compensation. Second, limit the definition of "regular compensation" to wages and salary for the purposes of calculating annual benefits. Specifically, exclude non-salary items, such as a housing allowance, retirement annuity, or transportation allowance.
3. Year and a day rule. Third, end the "one day, one-year" provision, by which some public employees receive an entire year of pension credit for as little as one day of work. Credit should be granted only for actual time employed.
4. Voluntary job producing service credit. Fourth, eliminate the provisions that allow employees to purchase pension credit at minimal cost for service as an unpaid local official.

5. Section 10 termination benefits. Fifth, end the rule that enables elected officials who are not re-elected to start collecting their pensions early, and tighten up the rules for employees with 20 years of service who are terminated or whose pensions are abolished.

6. Dual service. Sixth, eliminate pension boosts due to holding multiple jobs concurrently.

7. Spousal Early Retirement. Seventh, eliminate double pensions by changing provisions which allow some employees to qualify for two public pensions.

8. Disability retirement while filling in for supervisor. Eighth, change the salary formula on Accidental Disability Retirement calculations to so as not to over-inflate benefits based on a temporary supervisory assignment.

9. Spousal Early Retirement. Ninth, repeal the "spousal early retirement" provision whereby if two public employees are married and one retires, the other gets to retire early at full pension benefits.

This series of reforms will streamline the pension rules and address some deep-seated and longstanding public grievances about the system. The Senate passed a very good bill last week that contains many of them, and we look forward to House action on these measures promptly. But this must only be the beginning. Our Special Commission on Pension Reform is working on other reforms.

These include such topics as a pension cap and further clarification of disability retirement rules. They should also include basing pensions on workers' entire service history, not just the 3 top years, and what the financial implications are of all of the choices under consideration. We are looking forward to working on these issues with the Committee and your colleagues in the House and Senate, with organized labor, state employees and other who are interested. But ultimately we must have action. For over 20 years, the public has been calling for it.

David Sullivan, General Counsel at the Executive Office for Administration and Finance, is here and available to answer your questions. Thank you.

GOVERNOR PATRICK LAUDS AGREEMENT ON PENSION REFORMS

Learn more about the Governor's reform agenda at www.mass.gov/governor/reform

BOSTON- Wednesday, June 10, 2009 - The following is a statement of Governor Deval Patrick on conference committee pension reform legislation announced today:

"For decades, the public has clamored for improvements in our pension system to close the loopholes and eliminate the gamesmanship. Because of the leadership of the Senate President, the Speaker, members of the conference committee and the Legislature, we are now going to deliver on pension reform in Massachusetts.

This is a very, very good day. I want to congratulate Senate President Murray, House Speaker DeLeo and their teams for stepping up and taking this enormously important step forward in regaining the confidence of the public in their pension system. I look forward to being together with my partners again to sign this bill very soon."

GOVERNOR PATRICK SIGNS LANDMARK PENSION REFORM

Standing with Senate President Murray & Speaker DeLeo, Governor approves comprehensive action to end abuses, restore public trust

Learn more about the Governor's reform agenda at www.mass.gov/governor/reform

BOSTON- Tuesday, June 16, 2009 - Governor Deval Patrick, joined by Senate President Therese Murray and House Speaker Robert DeLeo, today signed landmark pension reform legislation that will close loopholes and eliminate abuses, helping to restore public confidence in government and reduce long-term costs to the state's retirement system.

"Today, we make good on a promise to the public to restore trust in government," said Governor Patrick. "I am proud to be standing alongside Senate President Murray and Speaker DeLeo and commend the Legislature for taking this critical step to eliminate the abuses and gamesmanship that for too long have threatened the system's credibility and ultimate sustainability for all public workers."

"This is a major step forward," Senate President Therese Murray said. "We have, once and for all, put an end to the most serious abuses and answered the public outcry for significant changes in our pension system. This was a bi-partisan, cooperative effort to fix a system that allowed too many to take unfair advantages. Not only have we ended these abuses, we will also continue to look at more complex issues within the system for more comprehensive reforms and savings for the Commonwealth."

"When I became Speaker in January, I vowed that pension reform would be one of the first items that the House would address. For the public to have trust and confidence in public officials we have to bring government pension standards in line with everyone else. We cannot allow excesses to persist," Speaker DeLeo said. "With this reform of our pension system, together, we are doing what so many doubted we could do - bringing real reform to Beacon Hill."

The legislation includes critical reforms that will apply to both current and future employees as well as elected officials, ensuring that necessary change can begin immediately. The Special Commission on Pension Reform continues to examine additional issues, including instituting dollar limits on benefits, reforms to disability retirements and system administration improvements. The commission's report on a broader pension system overhaul is due on September 1st, and the Governor stands ready to work with legislators on additional reforms based on those recommendations.

The law signed by Governor Patrick today targets glaring loopholes that have allowed some to exploit the system and unfairly boost their public pensions. Among the loopholes the law closes is the so-called "one day, one year" provision that allows elected officials to claim an entire year of credible service for working one day in a calendar year. The law also removes a provision that allows elected officials to claim a "termination allowance" based on the failure to be nominated or re-elected.

In addition, the law also:

- Defines "regular compensation" to specifically exclude certain monetary benefits like housing, lodging, travel, automobile usage or annuities for the purposes of a pension benefit calculation;
- Strikes current provisions that allow certain officials to establish pension credit for service in positions that have no compensation. Officials and employees currently serving in a position earning \$5,000 or less in compensation will be ineligible for credible service after their current term expires, or by July 1, 2012, whichever occurs first;
- Reforms dual-service pensions so that an individual cannot combine the compensation from two positions to artificially increase one's pension. An individual who is a member of two or more systems will receive benefits as if retiring separately from each system, unless they are vested in both systems before January 1, 2010;
- Extends the "vesting" requirement of elected officials from 6 years to 10 years;
- Eliminates a loophole that allows individuals receiving pension benefits to return to work and receive a full salary in addition to pension benefits if the individuals are classified as "consultant" or "independent contractor; and
- Allows for other reforms to increase efficiency in the retirement system, such as the direct deposit of retirement benefits.

Pension reform is a cornerstone of the Governor's change agenda, and he has previously commended legislators for seizing this opportunity for reform and working to fix a broken system, particularly as the Commonwealth continues to face unprecedented fiscal challenges. Work to strengthen the state's transportation network and ethics and lobbying rules continues, and Governor Patrick has said he is hopeful a consensus will soon be reached on those matters as well.

GOVERNOR PATRICK SIGNS BILL TO DRAMATICALLY REFORM TRANSPORTATION SYSTEM

New law will put an end to big dig culture, abolish the turnpike and help secure the commonwealth's economic future

SPRINGFIELD - Friday, June 26, 2009 - Governor Deval Patrick today signed a landmark transportation reform bill to help secure the Commonwealth's economic future by radically simplifying bureaucracy and delivering real cost savings by curbing out-of-scale health and pension benefits.

"The meaningful, long-lasting reforms we will make to our state's transportation system will rebuild public trust and put an end to the old ways of doing business," said Governor Patrick, who signed the legislation at his Western Massachusetts Office in Springfield. "Today, we are inaugurating a new era of streamlined and efficient delivery of transportation services to the residents of Massachusetts."

Under the leadership of House Speaker Robert DeLeo and Senate President Therese Murray, three major pieces of reform legislation have reached the Governor's desk in the past two weeks. The bills include pension reform that eliminates the most egregious abuses and special perks from the state's pension system, transportation reform that abolishes the Turnpike Authority and streamlined our transportation system to save millions, and the most sweeping ethics, lobbying, and campaign finance reforms in decades.

"This law eliminates the antiquated and inefficient transportation structure in Massachusetts and brings considerable cost savings," House Speaker Robert DeLeo said. "Without the cooperation between House, Senate and Administration, we would not have been able to achieve unprecedented, historic progress on pension, transportation and ethics reform."

"Seven months ago the Senate called for reform before revenue in our transportation system, and today thanks to the cooperation and hard work of the Legislature and the Administration we have achieved our goal," Senate President Therese Murray said. "The restructuring of our cumbersome and inefficient transportation system is a landmark achievement that will dramatically improve the way we deliver transportation services while saving billions of dollars for the Commonwealth. This work, along with comprehensive reforms in our pension system and ethics and campaign finance laws, represents our collective commitment to honoring the public's demands for real change and restoring public trust."

When combined with a new source of dedicated revenue, the new transportation law will be a first step toward putting an end to decades of neglect and inaction by building a unified transportation organization that can support economic growth by fixing broken roads and bridges, investing in regional equity and strengthening public transit.

That bill will help put an end to the Big Dig culture of deception, patronage and waste by eliminating the Turnpike Authority, streamlining numerous overlapping transportation agencies, ending unreasonable perks at the MBTA, and saving the Commonwealth tens of millions of dollars each year.

The legislation creates a new Massachusetts Department of Transportation (Mass DOT) to oversee four divisions: Highway, Mass Transit, Aeronautics and RMV. Mass DOT will be administered by a Secretary of Transportation, and overseen by a Board of Directors appointed by the Governor with expertise in transportation, finance and engineering.

"I am excited by this opportunity to lead a revitalized and reorganized transportation organization," said Transportation Secretary James Aloisi, Jr. "We will fulfill the Governor's strong mandate to simplify, reform and make more accountable our entire transportation system."

"The signing of this bill is a real testament to what can be accomplished when the legislature and the governor work together toward a common goal. This bill marks a milestone in government reform," said state Senator Steven A. Baddour, Senate Chairman of the Joint Committee on Transportation. "The bill eliminates the Turnpike Authority and creates a single, unified and sustainable transportation system that will save the taxpayers of the Commonwealth billions over decades. I am pleased to have been a part of this effort."

"This reform is nothing short of historic. It will modernize the state's transportation agencies, as well as create operational efficiencies and cost savings," said Joseph F. Wagner, House Chairman of the Joint Committee on Transportation. "This legislation will benefit every citizen of the Commonwealth."

The Commonwealth's transportation system faces an estimated \$15 to \$19 billion funding gap in the next 20 years to maintain the current network of roads, bridges and transit for safe, reliable service. A 2007 report issued by the Transportation Finance Commission stated: "The cost of this neglect will be felt in our regional economy and in our way of life. ... Business as usual will not suffice."

Crushing debt and substandard management from the Big Dig has siphoned much-needed dollars away from maintenance and operations, and fed a culture of out-of-scale benefits, inefficiencies and a lack of accountability.

Under Governor Patrick's leadership, the transportation agencies and authorities have generated tens of millions of dollars in savings and efficiencies through transportation reform efforts, while working on a long-term reform plan.

Learn more about the Governor's reform agenda at www.mass.gov/governor/reform

GOVERNOR PATRICK SIGNS SWEEPING ETHICS, LOBBYING AND CAMPAIGN FINANCE REFORM

Law builds on recommendations of Governor's Public Integrity Task Force, answers calls to renew confidence in government

Learn more about the Governor's reform agenda at www.mass.gov/governor/reform

BOSTON - Wednesday, July 1, 2009 - Governor Deval Patrick, joined by House Speaker Robert DeLeo and Senate President Therese Murray, today signed sweeping ethics, lobbying and campaign finance reform legislation that institutes a strong ban on gifts to public officials, increases penalties for civil and criminal violations of ethics laws and expands the investigative and enforcement powers of a number of state authorities. Coming directly on the heels of landmark changes to the state's pension and transportation systems, the law delivers on promises made by the Governor to restore public trust in government by bringing real reform to Beacon Hill.

"A series of troubling charges have shaken the confidence of our citizens in state government," said Governor Patrick. "This law demonstrates our firm commitment to governing with integrity, with openness and with the public's interest foremost."

"This legislation today reflects the essence of what our government stands for: we answer to the people. We have heard and responded to the people's call for reform," House Speaker DeLeo said. "With Governor Patrick's signing of this bill as well as strong pension and transportation bills, we have fulfilled the promise of reform I made in January."

"With the significant reforms in our ethics, lobbying and campaign finance laws, we are sending a clear message that we have heard the public's demands for change, and that violations will come with severe penalties," said Senate President Murray. "We are all proud of this accomplishment, which is part of an aggressive and shared reform agenda that includes landmark changes to our state transportation and pension systems."

Formed in November by the Governor, the 13-member bi-partisan Task Force on Public Integrity, chaired by the Governor's Chief Legal Counsel Ben Clements, examined the current regulatory structure governing ethics, lobbying and public employee conduct. The task force received input from experts and the public. In January, the task force issued a report that included recommendations for enhanced investigative and enforcement authority as well as stiffer penalties. The Governor filed legislation recommended by the task force in January; lauded strong ethics legislation approved by the House of Representatives in March; and commended the Senate for including a campaign finance reform component in its bill passed in May.

Saying he could not in good conscience ask the public to pay more for the status quo, the Governor pledged to veto a sales tax increase included in the Fiscal Year 2010 budget unless meaningful reforms

in the pension system, the transportation network and the state's ethics and lobbying rules were passed. All three bills reached the Governor's desk before the budget was signed into law on Monday.

Specifically, the ethics reform bill the Governor signed into law today will:

Strict Gift Ban

- Prohibit public officials from accepting gifts of "substantial value" for or because of their position.
- Ban lobbyists from giving gifts.

Tougher Penalties

- Increase the maximum punishment for bribery to \$100,000 and 10 years imprisonment. The current penalty is up to \$5,000 and to 3 years imprisonment.
- Increase the maximum penalties for conflict of interest law violations involving gifts and gratuities, revolving door violations and other abuses to \$10,000 and 5 years imprisonment. Currently, penalties are up to \$3,000 and two years imprisonment.
- Increase penalties for a civil violation of the conflict of interest laws from up to \$2,000 per violation to up to \$10,000 per violation. For bribery, the civil penalty would increase to \$25,000.
- Increase the civil penalty for a violation of the financial disclosure law from \$2,000 per violation to \$10,000 per violation.
- Increase the criminal penalty for violating registration-related lobbying rules to up to \$10,000 and 5 years imprisonment. Currently, offenses are a misdemeanor punishable by not less than \$100 and not more than \$5,000, with no possibility of imprisonment.

Stronger Lobbying Laws

- Define lobbying to include background work, strategizing, research and planning.
- Expand the revolving door provision to apply to members of the executive branch.
- Reduce the amount of allowable incidental lobbying from 50 hours in each 6-month reporting period to 25 hours in each 6-month reporting period.

Expanded Enforcement Authority

- Make compliance with the Ethics Commission's summons mandatory.
- Increase the amount of time the Ethics Commission can proceed on an ethics violation from 3 years to 5 years.
- Grant the Secretary of State authority to issue confidential, binding advisory opinions.

- Give the Secretary of State subpoena powers and authority to suspend or revoke lobbyist licenses for cause.
- Grant the Secretary of State authority to impose fines and to have the same civil enforcement authority over lobbying violations as the Ethics Commission has over ethics violations.
- Give the Attorney General concurrent jurisdiction with the Ethics Commission to enforce civil violations of the conflict of interest laws.
Impose penalties for a new statutory obstruction of justice offense.
- Authorize the Attorney General to convene a statewide grand jury with jurisdiction extending throughout the Commonwealth.

Enhanced Campaign Finance Laws

- Eliminates arrangements between state political parties and elected officials.
- Bar individuals from making committee checks to themselves.
- Require disclosure of expenditures and sources of funding for any anonymous third-party campaign mailings or ads that support or criticize a candidate or campaign.
- Increased penalties for late-filed campaign finance reports.

Governor Deval L. Patrick

Ethics Bill Signing

State House, Boston, MA

Wednesday, July 1, 2009

Integrity. Openness. Putting the public's interest first and foremost. These are the expectations that the public should have of the people who serve in government. The bill I sign today affirms those expectations.

This bill represents the most comprehensive improvement in our ethics, lobbying and campaign finance laws in a generation. Just to highlight a couple of the changes:

First, it clarifies the ethics and lobbying rules, including banning valuable gifts to elected officials, and increases the penalties for violating those rules.

Second, it gives enhanced authority to the State Ethics Commission, the Secretary of State and the Attorney General to enforce the rules more effectively.

Third, it requires training for government employees and lobbyists to ensure that everyone understands what the law expects of us – an important element of prevention.

And fourth, it provides even greater transparency to campaign fundraising.

There are many people to thank. The members of the Public Integrity Task Force, whose recommendations formed the basis for the bill we filed in January; the Speaker and Senate President for their leadership; Chairman Kocot and Chairman Berry of the Ethics Committee for their attention to detail; the conferees for their diligence; and all the members of the House and Senate for their unanimous support.

Every one of you contributed to getting this bill done and done right. But I would be remiss if I did not single out three true heroes of ethics reform.

- Ben Clements (for his skillful stewardship of the Task Force and pragmatic, fair-minded analysis of compromise language),
- Majority Leader Jim Vallee (for his tenacity and determination throughout), and
- the Speaker of the House Bob DeLeo (for his utter commitment to getting a bill that not only transformed the rules, but set a new tone for the work of Beacon Hill).

This is the third in a series of three reforms designed to fundamentally change the way Beacon Hill does business. Pension reform put an end to the gamesmanship and closed a number of nagging loopholes. Transportation reform radically simplifies and significantly professionalizes the transportation system. And now this ethics reform bill raises the level of expectation inside the building to what the public is entitled to expect of us. I am very proud of these

bills, and of the work we all did together to bring them to this fine result.

These reforms, along with a budget that is on-time, balanced and in partnership with the Legislature, demonstrate that we can successfully lead the Commonwealth through these difficult economic times. While many other states are in the midst of potential government shutdowns and protracted budget delays, residents of Massachusetts should feel good that their leaders are working together to change the status quo and lead us to a stronger future.

TRANSPORTATION REFORM ALREADY PAYING OFF; RATING AGENCIES UPGRADE TURNPIKE STATUS SAVING NEARLY \$190 MILLION

UBS Agrees to extension and continued discussions on final \$67 million liability

BOSTON - July 24, 2009 -- Governor Deval Patrick and legislative leaders announced today that the Commonwealth has saved \$190 million in transportation-related costs as a direct result of sweeping transportation reform signed into law less than one month ago. Due to five risky financial transactions - so-called "swaptions" - entered into by the Turnpike Authority in 2001, the Authority was at direct risk of having to pay the financial institution UBS \$257 million dollars immediately. The passage of transportation reform improved the Authority's bond rating to the point of negating the need to pay \$190 million of that amount. Today, it was also announced that UBS would extend the July 24th deadline for payment or other resolution of the final swaption - valued at approximately \$67 million - to allow for more time for the state to reach a similarly positive result.

"This is a relief," said Governor Patrick. "Thanks to passage of our landmark transportation reform and the skillful work of our team - particularly A+F Undersecretary Jay Gonzalez and Turnpike Executive Director Jeff Mullan - we have been able to save the Commonwealth hundreds of millions of dollars and start climbing out of the financial hole dug for us in 2001."

"When the Legislature and the Administration set out to reform our transportation system, we knew we had to take bold steps to dramatically change the way we deliver transportation services in the Commonwealth," Senate President Therese Murray said. "Those bold steps are proving their worth already by influencing a much-needed change in our bond status and producing immediate and significant savings for the state. This is a great beginning to a successful Transportation Reform."

"This action reflects the real reforms undertaken of our state transportation system. The savings of the \$190 million is the first tangible benefit of the work Governor Patrick, Senate President Murray, members of the House engaged in on transportation reform," House Speaker Robert A. DeLeo said. "I look forward to the continued benefits and savings of the new streamlined transportation structure."

"The actions of the rating agencies demonstrate that, through a lot of hard work on the part of many, the Authority is turning a corner. It is also an immediate tangible benefit of being part of the larger MassDOT," said Jeffrey Mullan, Turnpike Executive Director. "Eliminating much of the immediate risk puts the Authority on much sounder financial footing. We continue to work with ANF and UBS to eliminate the remaining risk. Doing so will assist us in lowering our interest payments and help us invest more in roads and bridges."

The Patrick-Murray Administration and the Turnpike Authority obtained significant rating upgrades from all three rating agencies this week on the Turnpike Authority's MHS subordinate bonds. On Wednesday, Moody's and Fitch increased their ratings on the bonds multiple rating levels from near junk bond status to A1 and A, respectively, and today Standard & Poor's, which did not rate the bonds previously, rated the bonds AA. As a result, UBS will not have the right to terminate four interest rate swap agreements with the Turnpike, and the Turnpike will not be required to pay UBS \$190 million. Standard & Poor's also rated the Turnpike Authority's MHS senior bonds A-, and Fitch confirmed its BBB+ rating of the senior bonds with an improved stable outlook.

The rating upgrades are a result of the sweeping transportation reform legislation recently signed by the Governor, including the Commonwealth's commitment to provide \$100 million each year to the Turnpike Authority. The Governor also worked closely with the Legislature over the last few weeks to enact additional legislation to bolster the credit of the Turnpike's bonds. The rating upgrades confirm that transportation reform has fundamentally changed and improved the way in which we finance and manage our transportation system. Not only has it already saved tollpayers from having to pay \$190 million to UBS, transportation reform will also save tollpayers and taxpayers millions of dollars in operating costs and financing costs in the years to come.

The potential termination of a fifth swap agreement with UBS, presently valued at \$67 million, is not cured by the rating upgrades. The Administration is pursuing the issuance of a Commonwealth guarantee to UBS to avoid the termination of this swap agreement, which the Legislature authorized in legislation the Governor signed on Monday. The Administration, in consultation with the Treasurer's office, has been negotiating the terms of the guarantee with UBS. UBS agreed this week to extend the July 24th deadline by which the guarantee had to be issued in order to give the parties more time to reach agreement on mutually acceptable terms.

GOVERNOR PATRICK TO APPOINT JEFFREY MULLAN AS MASSDOT SECRETARY/CEO

Transportation expert will oversee streamlined organization created by Governor's transportation reform law

BOSTON - Tuesday, September 15, 2009 - Governor Deval Patrick today announced that he will appoint Jeffrey B. Mullan as Secretary and CEO of MassDOT, the new streamlined transportation organization created by the landmark transportation reform law the Governor signed in June. MassDOT will launch on November 1, 2009.

Mullan, an expert in the transportation field who has served in leadership positions at Massachusetts transportation agencies and authorities since 2007, was a key architect of the reform plan designed to reverse decades of neglect, modernize the state's transportation network and begin re-investing in infrastructure across the Commonwealth. Currently the executive director of the Massachusetts Turnpike Authority, he is overseeing the abolition of the Turnpike Authority and leading an inter-agency Highway Integration Team responsible for creating the MassDOT Highway Division that will incorporate MassHighway, Turnpike, Tobin Bridge and Department of Conservation and Recreation assets.

"Jeff brings a critical commitment to reform and high-level of expertise to the table," said Governor Patrick. "He possesses the vision and know-how we need to effectively lead a unified transportation organization that eliminates waste, saves taxpayer dollars and improves the delivery of transportation services across our Commonwealth."

In the coming weeks, Mullan will partner with Transportation Secretary James A. Aloisi, Jr. to continue implementing the landmark transportation reform law that requires the merging of overlapping agencies, curbing of out-of-scale employee pension and health benefits and the elimination of the Massachusetts Turnpike Authority. In his role as Secretary and CEO of MassDOT, Mullan will be responsible for day-to-day management of the new transportation organization that includes four divisions - Highway, Transit, Aeronautics and RMV - and a Department of Planning and Programming charged with policy development and planning for the state's network of roads, bridges, tunnels and airports.

"November 1st marks a historic turning point for Massachusetts as we transition to a more open and accountable transportation organization that prioritizes efficiency, customer service and public safety, and encourages innovation and creativity," said Executive Director Mullan. "I am grateful to Governor Patrick for his confidence and look forward to delivering the cost-effective, quality transportation services our citizens expect and deserve."

Prior to 2007, Mullan worked for 14 years at Foley Hoag LLP, where he was a partner and the co-chair of the firm's administrative law practice. While at Foley, he represented many public sector clients on redevelopment and transportation projects. He also represented the Commonwealth in the creation of the Rose Fitzgerald Kennedy Greenway Conservancy in 2004. Before joining Foley Hoag, Mullan worked at the Massachusetts Highway Department.

A Worcester native, Mullan is a graduate of the University of Massachusetts and earned a JD from the Suffolk University School of Law. He lives with his wife and their three teenage sons in Milton, where he is a member of the Board of Appeals.

PATRICK-MURRAY ADMINISTRATION SECURES TURNPIKE FINANCING AGREEMENT THAT SAVES TOLLPAYERS MILLIONS

Transportation reform results in deal with UBS to avoid \$71 million payment

BOSTON - Wednesday, October 21, 2009 - After months of negotiations, Governor Deval Patrick today announced that the Administration has reached agreement with financial institution UBS that will save the Commonwealth an estimated \$71 million.

Due to five risky financial transactions - so-called "swaptions" - entered into by the Turnpike Authority in 2001, the Authority was at direct risk this year of having to pay UBS \$261 million. Governor Patrick, Senate President Therese Murray and House Speaker Robert DeLeo passed historic transportation reform that improved the Authority's bond rating, negating the need to pay \$190 million of that amount in July. While four of the five swaps were cured immediately, a fifth was at risk of being terminated by UBS, potentially costing the Commonwealth \$71 million.

Under the terms of the deal negotiated by the Administration and signed with UBS, however, the July rating upgrade of the Turnpike Authority's MHS senior bonds to A- will be sufficient to prevent termination of the fifth swap.

"Transportation reform has already produced significant savings for the people of Massachusetts, and today's agreement is a further indication of the positive results we can expect to see from our landmark reform," said Governor Patrick. "I thank the entire team for efforts to reach an agreement that is fair and favorable for the tollpayers and the Commonwealth."

"This is great news for the Commonwealth as we continue to see the positive results of Transportation Reform even in its earliest stages," said Senate President Therese Murray. "With an improved bond rating and \$261 million in savings already with this latest announcement, we look forward to even more short-term and long-term savings for tollpayers and taxpayers as our new transportation system takes shape."

"This is just one example of how the transportation reform package will amount to real savings for people across our Commonwealth," said House Speaker Robert DeLeo. "Amid a season of reform, all three branches are to be commended for eliminating the antiquated and inefficient transportation structure in Massachusetts. Transportation reform is vital to our state's bottom line, and I look forward to further savings as we move forward."

The rating upgrades were a result of the sweeping transportation reform that called for consolidation of the state's fragmented transportation assets into a coordinated new entity called the Massachusetts Department of Transportation. Additionally, the Governor, working with the legislature, signed into law a bill that authorized the Commonwealth to extend its backing to the Pike swaps in the event it became

necessary to avoid termination of the swaps. While the rating upgrades and the negotiated result secured by the Patrick-Murray Administration avoided the need for the Commonwealth to extend its credit to UBS, the Commonwealth's demonstrated willingness to step in was a critical factor in securing the rating upgrades that ultimately solved the problem in a favorable way for the Turnpike Authority and the Commonwealth.

"The rating upgrades on the Turnpike's bonds and the positive outcome of our negotiations with UBS are the direct result of transportation reform and the collaborative effort of many, including the Governor, the legislature, the Executive Office of Transportation, and the Turnpike Authority," said Administration and Finance Secretary Jay Gonzalez. "I also want to thank Deputy Treasurer Colin McNaught for his advice and support throughout the negotiations with UBS. Thanks to this collaborative effort, we have secured an agreement that saves the Commonwealth and tollpayers hundreds of millions of dollars."

The rating upgrades and latest agreement with UBS confirm that transportation reform has fundamentally changed and improved the way in which the state finances and manages its transportation system. Not only has it already saved tollpayers from having to pay \$261 million to UBS, transportation reform will also save tollpayers and taxpayers millions of dollars in operating costs and financing costs in the years to come.

"Today's announcement is another example of the progress we have been able to make as a result of transportation reform," said incoming Transportation Secretary and MassDot CEO Jeff Mullan. "I want to thank Governor Patrick, my colleagues at the Turnpike Authority, EOT and the Executive Office for Administration and Finance, as well as the legislature for working with us to provide a more stable financial footing for the new Massachusetts DOT."

MOVING FORWARD WITH LANDMARK TRANSPORTATION REFORM, GOVERNOR PATRICK ANNOUNCES MASSDOT BOARD

Establishes Board Advisory Counsel, Will release MBTA financial analysis next week

BOSTON - Friday, October 30, 2009 - Moving forward with the state's landmark transportation reform law, Governor Deval Patrick today announced the appointment of five transportation and finance experts to the new Massachusetts Department of Transportation (MassDOT) Board. The Board members will lead the streamlined transportation organization that goes into effect on November 1, 2009. MassDOT will be responsible for maintaining and improving the Commonwealth's network of roads, bridges, tunnels, transit systems and private-use airports.

"These private and public-sector leaders will be responsible for overseeing the historic reforms underway in our state's transportation system," said Governor Patrick. "Working together with Incoming Secretary and CEO Jeffrey Mullan, their charge will be to achieve cost-savings, enhance customer service and improve safety across our transportation networks. I am confident they will get the job done."

On Monday, the Governor will formally swear in John R. Jenkins, Ferdinand Alvaro, Janice Loux, Elizabeth Levin and Andrew Whittle as Board members.

- John R. Jenkins, a Natick resident, will serve as Chair of the MassDOT Board and was a former Massachusetts Turnpike Authority Board member. He is President of West Insurance Agency, Inc.
- Professor Andrew Whittle, a geotechnical engineer, currently serves as Department Head of the Massachusetts Institute of Technology's Department of Civil and Environmental Engineering. Whittle is a resident of Boxborough.
- Elizabeth Levin, a resident of Boston, is President of Liz Levin & Company, a management consulting company that serves the transportation, design and environment community.
- Ferdinand Alvaro is Partner-in-Charge of the Adorno & Yoss LLP Boston office and Co-Chair of the National Business Law Group. He previously served on the board of directors of the MBTA. Alvaro is a resident of Marblehead.
- Janice Loux, a resident of Williamstown, is the first female president of UNITE HERE! Local 26, representing more than 6,300 hotel and food service workers in metropolitan Boston and was a member of the board of directors of the MBTA for 12 years under five governors.

The Governor will establish a 20-member Advisory Counsel to the Board. The Counsel will be led by Alan MacDonald, Executive Director of the Massachusetts Business Roundtable, and is designed to ensure the Board receives guidance and input from a broad array of statewide stakeholders. The remaining counsel members will be announced at the Board's first meeting, Monday, November 2nd, at 2:00 p.m. in

the State Transportation Building. In future meetings, the Board will meet in locations throughout the Commonwealth to address regional transportation issues and affirm it represents the entire state. December's Board meeting will be held in Springfield.

Governor Patrick and Incoming Secretary and CEO Jeffrey Mullan also named the following Administrators of MassDOT's four divisions: Luisa Paiewonsky, Highway Division Administrator; William Mitchell, Acting Rail & Transit Administrator; Christopher Willenborg, Aeronautics Division Administrator; and Rachel Kaprielian, Registry of Motor Vehicles Division Administrator.

On Wednesday, November 4th, the Governor will release a financial analysis of the MBTA conducted by former John Hancock executive David D'Alessandro. Citing concerns about finances, safety and management, Governor Patrick commissioned the top-to-bottom review of the MBTA in August.

REFORM ACHIEVEMENTS TO DATE

As of November 1st the Patrick-Murray Administration will have eliminated the Turnpike Authority, and integrated 4,000-plus employees and over five overlapping transportation agencies into one unified organization. MassDOT will achieve administrative efficiencies from shared services like email and payroll as well as operational efficiencies like centralized traffic monitoring operations.

"Together, more than 300 employees are directly engaged in this historic reform effort to simplify and streamline our transportation system and make it more accountable and accessible to the people of Massachusetts," said Incoming Secretary and CEO Mullan.

"The challenges we have in transportation took some time to develop and they will take some time to fix," said Secretary of Administration and Finance Jay Gonzalez. "We have taken the critical first step and are on our way. We have laid the foundation for real reform that will bring more change in the coming weeks, months and years."

More than 12 integration teams and 90 employee subcommittees are working collectively on transition and implementation of integration plans. In September, the Patrick-Murray Administration merged traffic operations and monitoring from MassHighway, the Turnpike and the Tobin Bridge into one central location. This means that for the first time ever, one group of people in one location can monitor the state's bridges, tunnels and surface roadway systems allowing for quicker responses to incidents that occur.

MASSDOT TRANSITION AND PRIORITIES

"Going forward we will operate as one transportation agency with one mission: provide a safe, reliable and efficient transportation network for citizens of the Commonwealth," said Mullan. "Operating as one means breaking down the silos that exist in transportation and focusing instead on customer service and customer safety."

The immediate operational focus of the new MassDOT will be on ensuring a coordinated, strong response during the snow and ice season. The next step in implementing reform will be to resolve the issues of job classification and salary.

"Our goal is to come up with a solution that achieves real cost savings and treats all our employees fairly," said Mullan.

CHANGES FOR CUSTOMERS

On November 1st, the most prominent change residents will notice is the launch of a new MassDOT website, www.mass.gov/massdot, designed by a team of employees with customer service in mind. The website design provides information and links for all transportation agencies in one place, with four main sections for the new transportation divisions. A new transportation calendar will provide residents and businesses with a single location to view public events and hearings hosted by MassDOT.

Residents and tourists will not experience significant changes in their commutes and travels on November 1st. The MBTA website at www.mbta.com and Regional Transit Authorities will not change.

Visit the MassDOT Information Center online to download documents and materials on transportation reform, including the agenda for the first MassDOT Board meeting: <https://www.massdot.state.ma.us/InformationCenter.aspx>

For transportation news and updates visit EOT's blog at www.mass.gov/blog/transportation or follow them on twitter at www.twitter.com/massdot.

Governor Patrick Announces Next Phase of Pension Reform

Comprehensive changes place cap on earnings, raise retirement age to make system fair for taxpayers, state employees

BOSTON - Tuesday, January 26, 2010 - Building on sweeping pension reforms he signed into law last year that closed loopholes and eliminated abuses in the public retirement system, Governor Deval Patrick today filed his proposal to further overhaul the benefits plan to ensure its long-term sustainability and credibility. The Administration's plan, informed by the recommendations of the Special Commission on Pension Reform, calls for capping pension earnings, eliminating the so-called section 10 early retirement incentive and increasing retirement ages, among other proposals.

The Patrick-Murray Administration's Phase II pension reform legislation proposes to change the system to make it more fair and equitable for taxpayers and all state workers, while also making the system fiscally sustainable. Taken together, the reforms are expected to save taxpayers an estimated \$2 billion over 30 years.

"We took an important step last year when we eliminated some of the most egregious abuses and delivered pension reforms that people had been talking about for years," said Governor Patrick. "The provisions included in this plan go further, and they are absolutely necessary to reinforce to the public that state government continues to be focused on their business and not on personal gain."

"This second phase of pension reform would ensure greater financial stability in the pension system and continue to restore the public's confidence in the fairness of the system," said Lieutenant Governor Timothy Murray.

Where constitutionally permissible, provisions will apply to current state employees. Where the state Constitution clearly prohibits law changes from impacting current employees those provisions will apply to all new employees.

Cap Earnings for Purposes of Calculating Benefits

The Patrick-Murray Administration's plan calls for capping maximum annual pension payments by limiting them to a percentage of the federal limit, which would currently result in a maximum pension benefit of \$85,000. Employees will only contribute to the pension system up to the cap on regular compensation.

This cap on benefits, which is three times the median U.S. wage per person, will ensure that taxpayers are not responsible for contributing to excessive public pensions. The average state retiree, who does not receive Social Security benefits, receives a pension of about \$26,000 a year, and less than one percent of current state retirees receive pensions in excess of \$85,000.

Increased Retirement Age

The Patrick-Murray Administration's plan increases the retirement age for virtually all state workers, reflecting the fact that people are living and working longer than when the retirement ages were set in state law 60 years ago. The proposed changes are as follows:

- Group 1 (elected officials and most general employees): Increase the retirement age to 60-67 from the current 55-65;
- Group 2 (employees with titles reflecting hazardous duties): Increase the retirement age to 55-62 from the current 55-60;
- Group 4 (firefighters, police officers, some corrections officers): Increase the retirement age to 50-57 from the current 45-55.

Since 1950, overall life expectancy has increased 9.6 years. For Social Security benefits, the full retirement age is now 67 for people born after 1959. The current retirement ages for Groups 1 and 2 have not changed since 1957 and do not account for this life expectancy increase. Group 4, added to the system in 1967, is also out of date. In addition to raising the retirement ages, the Administration's plan would reduce the existing subsidy for employees retiring at younger ages.

Eliminate Section 10 Early Retirement Incentive for All Employees

Pension Reform Phase I eliminated the so-called section 10 early retirement incentive for elected officials. The Phase II proposal eliminates the perk for all employees, not just elected officials. Currently, employees with 20 years of service who are terminated at no fault of their own - usually as a result of a change in Administrations - are entitled to an early retirement benefit equal to 1/3 of their highest three earning years plus an annuity from contributions. In most cases, that lifetime termination benefit is significantly larger than what the employee would have received if not terminated and declines with further increases in age and service.

Other proposals included in Pension Reform Phase II include:

Pro-Rate Benefits Based on Employment History

The Patrick-Murray Administration's plan calls for pro-rating the retirement allowance for employees who have served in more than one Group, taking into account the number of years of service in each group. The current retirement allowance is based on benefits of the Group of which an employee is a member at their time of retirement, even if the employee has spent the majority of their career in a Group with lesser benefits. Pro-rating prevents windfalls for people who have only a short period of service in a Group with higher benefit levels.

Anti-Spiking

The Patrick-Murray Administration's plan introduces an anti-spiking rule, limiting the annual increase in pensionable earnings to no more than 7 percent plus inflation of the average pensionable earnings over the previous two years. This provision would not apply for bona fide promotions or job changes.

Increase "High 3" to "High 5 "

The Patrick-Murray Administration's plan also calls for increasing the period for averaging earnings for purposes of calculating a member's retirement allowance from 3 to 5 years. A slightly longer averaging period more accurately reflects an employee's career earnings.

The Patrick-Murray Administration's plan also calls for the following common sense, cost-saving initiatives:

- Requiring Supreme Court Justices, the only state employees who do not currently contribute to the retirement system, to contribute to their benefits;
- Increasing scrutiny of legislation benefiting individual employees by requiring such legislation to be accompanied by an actuarial cost estimate, confirmation of the cost analysis from the Public Employees Retirement Commission and a recommendation from the Retirement Board;
- Requiring elected officials to repay the full value of the pension they have received in order to rejoin the system, consistent with what all other state employees are required to do;
- Requiring members who rejoin the system or new members eligible to receive creditable service based on work elsewhere to purchase creditable service within one year or pay the full actuarial interest rate;
- Allowing retirement boards to require retirees convicted of a criminal offense related to their employment to repay benefits received since the date of the offense, not just the date of conviction;
- Allowing retirement boards to withhold the processing of pension benefits for retirees charged with an offense relating to their employment;
- Charging retiree health insurance to prior employers based on the portion of an employee's service in each jurisdiction, similar to the provision for pensions; and
- Reducing the employee contribution level for new Group 1 employees who will be subject to the restructured benefit system to ensure that employees do not contribute more into the pension system than they are likely to receive in benefits.

"The thoughtful changes in this legislation strike the right balance between providing our state workforce with retirement benefits they can depend on and ensuring that taxpayers are not responsible for paying for overly-generous pensions," said Administration and Finance Secretary Jay Gonzalez. "The changes the Governor is proposing will ensure the public employee pension system is fair, credible and fiscally sustainable."

The first phase of pension reform passed last year targeted glaring loopholes that had allowed some to exploit the system and unfairly boost their public pensions. Those changes were made applicable to both current and future state employees. Among the loopholes the law closed was the so-called "one day, one

year" provision that allowed elected officials to claim an entire year of credible service for working one day in a calendar year. The law also removed a provision that allowed elected officials to claim a "termination allowance" based on the failure to be nominated or re-elected.

It is constitutionally permissible to apply the following new provisions to current and future state employees: pro-rating benefits based on group history; limiting annual increases on retirement earnings (anti-spiking); requiring members who re-enter the system to purchase creditable service within one year or pay a higher interest rate; collecting pension payouts from convicted retirees; increasing scrutiny of individual retirement legislation; and charging retiree health insurance to prior employers. All other provisions apply to new employees only.

The Commonwealth's public employee retirement system is a defined benefit plan that provides retirement and disability benefit levels similar to those of other states with defined benefit plans and no Social Security coverage for public employees.

The legislation as filed can be found here: [Providing for the Modernization and Sustainability of the Pension System](#)

TRANSPORTATION REFORM SAVINGS UPDATE: MASSDOT EXECUTES FIRST BIG DIG DEBT REFINANCING TO SAVE \$13 MILLION

Rating Agencies Upgrade Turnpike Bonds Following Reform, Paving Way for Savings

BOSTON - Monday, April 5, 2010 - The Patrick-Murray Administration today announced that the Massachusetts Department of Transportation executed the first in a series of bond refinancings that will save the Commonwealth more than \$30 million annually. In addition, MassDOT has received significant ratings upgrades on the former Massachusetts Turnpike Authority bonds, allowing access to capital markets for the first time in years.

Last week's bond sale refinanced \$325.7 million of former Turnpike debt at lower interest rates, saving tollpayers \$13 million on a present value basis, or more than \$20 million over the next 25 years. This sale would not have been possible without bond rating upgrades announced recently by Moody's, Standard and Poor's, and Fitch. The bond rating upgrades are a direct result of the Administration's Transportation Reform, which eliminated the Massachusetts Turnpike Authority and overhauled the state's transportation bureaucracy; and will allow the Commonwealth and MassDOT to refund \$800 million of decade old swaption-related bonds related to the Big Dig, saving taxpayer funds. No new funds are being borrowed during this refinance.

"These upgrades will allow us to build on transportation reform's success in shoring up transportation finance while taking advantage of today's historically low interest rates," said Governor Deval Patrick. "Today, taxpayers and toll payers begin to reap the benefit as millions of dollars now paying debt will instead pay for transportation services."

"This is a clear indication that our transportation reform is helping Massachusetts move in a positive direction," said Lieutenant Governor Timothy Murray. "Through these upgraded bond ratings we will see significant savings and improved services for our taxpayers."

According to Fitch, the new transportation reform law, coupled with the Commonwealth's financial support, means MassDOT "now has a larger window of financial flexibility than has existed in the past decade." The result is improved bond market access and lower borrowing costs, meaning the Commonwealth can save money while continuing to make critical investments in our roads, bridges, and public transit system.

In March, the MassDOT Board approved a plan to refinance as much as \$2.275 billion of the former Turnpike Authority's Metropolitan Highway System Revenue Bonds at lower interest rates to dramatically reduce transportation debt service costs. Included are bonds related to risky financial transactions, "swaptions", originally entered into by the former Turnpike Authority. By refinancing the swaption-related bonds, MassDOT will save an estimated \$2.5 million per month.

"This opportunity to reduce our debt costs is directly attributed to transportation reform, which led to the improved bond ratings that make the finance plan possible. We continue to work hard on lowering our costs wherever we can," said MassDOT Secretary and CEO Jeffrey Mullan.

"The rating upgrades on the former Turnpike's bonds, the resulting finance plan, and today's refinancing to reduce MassDOT debt costs are a direct result of transportation reform and months of work last year by the Governor, the legislature, and Transportation and Finance leaders to reach agreements that continue to save Commonwealth taxpayers millions of dollars," said Administration and Finance Secretary Jay Gonzalez.

The swaptions were originally signed by the Turnpike Authority in 2001, when UBS paid the Turnpike \$23 million to enter into contracts with a notional value of \$800 million. The \$23 million was used to finance the Big Dig, but the swaptions ultimately exposed the Commonwealth to substantial risk. Last year, the Authority was at direct risk of having to pay UBS \$261 million. Transportation Reform legislation signed by Governor Patrick in June 2009 improved the Authority's bond rating, eliminating the need to pay \$190 million of that amount. A follow-up settlement with UBS negotiated in July 2009 saved the additional \$71 million following the July rating upgrade of the Turnpike Authority's MHS senior bonds to A-. In addition, Governor Patrick working with the legislature signed into law a bill that authorized the Commonwealth to extend its backing to the Turnpike swaptions in the event it became necessary to avoid termination of the swaptions. The Commonwealth's demonstrated willingness to step in was a critical factor in securing the rating upgrades.

Bond Ratings on Massachusetts Turnpike Authority Bonds, Subordinate Lien and Senior Lien, Before and After Reform

	Prior to Reform*	After Reform	# of notches changed
Moody's	Baa3	Aa3 stable	6
S&P	n/a	AA stable	n/a
Fitch	BBB negative	AA stable	7

Moody's	Baa2	A3 stable	2
S&P	n/a	A stable	n/a
Fitch	BBB+ negative	A+ stable	3

*Prior to August 3, 2009

For transportation news and updates visit the MassDOT blog at www.mass.gov/blog/transportation or follow MassDOT on twitter at www.twitter.com/massdot.

GOVERNOR PATRICK SIGNS ON-TIME, BALANCED BUDGET

\$27.6 billion budget includes \$457 million in line-item vetoes to ensure balance, prevent elimination of critical services

BOSTON -- Wednesday, June 30, 2010 - Delivering his fourth responsibly balanced budget, Governor Deval Patrick today signed a \$27.6 billion Fiscal Year 2011 spending plan. The budget includes \$457 million in cuts to manage a further gap created by Congress' failure to pass legislation that would have resulted in additional aid for Massachusetts next year.

[View the FY11 budget](#)

 [Read the Governor's remarks](#)

The budget signed by the Governor today, coupled with the supplemental budget, holds spending to just 0.2% over FY10 estimated spending.

"Today, I am signing a \$27.6 billion budget for Fiscal Year 2011, which starts tomorrow. For the fourth consecutive year, our budget is balanced, responsible and on time -- not something many other states can say," said Governor Patrick, "For that achievement, I want to thank the Legislature and my team for effectively responding to challenging and quickly changing circumstances, and doing the hard work required to get this done thoughtfully and on time."

"The delivery of a responsible and on-time budget reflects Governor Patrick's leadership as a good fiscal steward as we continue to lead Massachusetts on the road to economic recovery," said Lieutenant Governor Timothy Murray. "Despite some challenges we may face, our administration remains committed to fulfilling our values, providing quality services and protecting all residents of the Commonwealth."

Since October 2008, Governor Patrick has worked with the Legislature to address a cumulative budget gap of more than \$12.5 billion, including a nearly \$3 billion gap in FY11. Due to the global economic recession, the Commonwealth lost \$4 billion in annual state tax revenues at its lowest point. To maintain a balanced budget, the Governor has made more than \$4.5 billion in cuts, implemented cost-saving reforms and efficiencies, eliminated 2,600 state jobs, and required state employees to contribute through higher health care contributions and wage cuts. These actions and continued proactive budget management have allowed the Commonwealth to maintain its strong, AA bond rating throughout the unprecedented downturn.

The Commonwealth is beginning to see signs of economic recovery. The state has added jobs in each of the last four months, tax revenues reflecting current economic performance continue to outperform expectations, and business confidence remains high. However, because state tax revenues tend to lag behind private sector growth, a full state fiscal recovery will take time. The Governor will continue to exercise the leadership necessary to maintain a balanced budget while protecting, to the greatest extent possible, the core functions of government residents rely on.

Responsible Budget Management

To close the current gap and maintain critical government functions, the budget includes cuts and savings, some additional revenues and modest use of reserves. The Governor issued \$457.6 million in line-item vetoes, including \$372 million of appropriations funded from the additional federal Medicaid matching funds (FMAP) Congress has not yet approved. Additionally, the Governor vetoed \$85.5 million in General Fund line items in order to ensure a balanced budget.

The budget includes \$100 million from the state's Rainy Day fund and an additional \$95 million in savings by suspending the statutory carryover of General Fund dollars into the next fiscal year. Even with the use of these reserve funds, the stabilization fund will have \$556 million remaining at the end of FY11. The budget also includes \$809 million in remaining American Recovery and Reinvestment Act funds.

Additionally, the Governor solved for certain revenues included in the Legislature's budget he believes can not be relied upon at this time. The Legislature included \$54 million in anticipated federal assistance for needy families that has not yet been approved by Congress. Further, the Legislature included an additional \$17 million in Lottery funding above earlier projections. The Governor has vetoed funding in the FY11 budget to solve these exposures to ensure the budget is responsibly balanced for the July 1st start of the new fiscal year.

Also, debt service is fully funded, based on updated estimates since the Governor filed House 2 and the limited debt restructuring proposal, and it is within the debt affordability policy the administration has implemented.

And for the second year in a row since the economic downturn, the administration reduced the structural deficit, cutting it by 56% since FY09 when the recession began.

Protecting Critical Public Safety Services

Continuing his commitment to public safety, the budget preserves funding for the Department of Corrections and the Massachusetts State Police. The Governor's proposal restores \$13 million for the DOC to help address underfunding in FY11. Additionally, the Governor called on the Legislature to pass sentencing reform legislation currently pending before a conference committee, as well as energy management reform. Each proposal would generate more than \$6 million in savings next year. Together, the additional funding and reforms are necessary to prevent prison closings and increased levels of overcrowding.

The Governor also proposes to restore approximately \$6 million for the State Police. The additional funds will prevent the curtailment of special police units including gang and drug-related teams. The additional funds for the DOC and State Police are included in the supplemental budget the Governor filed with the FY11 budget today.

Maintaining our Commitment to Health Care

Without the extension of FMAP, the budget passed by the Legislature eliminates health care coverage for nearly 24,000 legal immigrants living and working in Massachusetts. The Governor has called on his

Administration and the Connector to develop a plan using available resources and savings initiatives to continue coverage for those residents for at least the next six months. If Congress approves additional federal stimulus aid, those residents would be covered for the remainder of the fiscal year.

In addition to supporting the Bridge Program, the budget signed today maintains eligibility for the state's subsidized health insurance programs, unlike in previous administrations, where eligibility and benefits were limited during challenging economic times.

Continuing the Reform Agenda

The budget fully funds the state's pension liability, and includes pension reforms similar to those proposed by the Governor earlier this year like capping pension amounts. The budget also includes a number of the Governor's reform proposals, including: capital gains reform to decrease the state's reliance on volatile revenue sources; prohibiting the use of state funds to pay for lobbyists; tax credit transparency; and the elimination of Suffolk County holidays as state employee holidays.

The Impact of Congress's Inaction on Extended FMAP

In developing their budgets for Fiscal Year 2011, the Governor and the state Legislature assumed the Commonwealth would receive up to \$687 million in additional federal stimulus funds. This assumption was based on actions in Washington, DC over the last few months when both branches of Congress passed an extension of FMAP in separate bills and President Obama included the funds in his budget proposal. Based on this action at the federal level, 29 other states also included additional FMAP in their own spending plans.

After the state Legislature's passage of its final budget last week, actions taken by the U.S. Senate made clear that the Commonwealth can no longer rely on receiving additional federal stimulus funds. If Congress does ultimately act, there is no guarantee the Commonwealth would receive the same level of funding the Governor and the Legislature had budgeted for.

While the Governor's original budget reflected his commitment to Local Aid, Chapter 70 education funding, Higher Education and safety net programs, the budget signed today requires reductions in those and other areas that will have real and painful impacts for people and communities across the Commonwealth.

"Without FMAP, families and businesses across the Commonwealth will not be able to rely on the level of services from the state that they once could," said Administration and Finance Secretary Jay Gonzalez. "But, we must live within our means, and this budget responsibly reflects that reality."

The full budget can be viewed at <http://www.mass.gov/bb/gaa/fy2011>.

06.30.10 - FY11 Budget Signing

**Governor Deval L. Patrick
FY2011 Budget Signing
State House, Boston, MA
Wednesday, June 30, 2010
Address as prepared**

Good afternoon and thank you for coming.

Today, I am signing a \$27.6 billion budget for Fiscal Year 2011, which starts tomorrow. For the fourth consecutive year, our budget is balanced, responsible and on time -- not something many other states can say.

For that achievement, I want to thank the Legislature and my team for effectively responding to challenging and quickly changing circumstances, and doing the hard work required to get this done thoughtfully and on time.

Thankfully, the private sector economy is improving. Jobs numbers, home sales, retail and downtown office space leasing are all up. Business confidence is surging. People are getting back to work. Although there is much more to do, and many more people still need jobs and a way forward for themselves and their families, we can see light at the end of a long, dark tunnel - and we are seeing it sooner than much of the rest of the country. That is very good news for the Commonwealth and her residents.

But because tax revenues are largely based on the past and not the present, this budget is still very difficult. Overall, the budget has grown only 2-tenths of one percent. This continues a trend of slow budget growth of less than 1.2 percent in the last four years, as compared to average growth of over 4 percent in years before. In fact, this budget is smaller than the pre-recession budget.

Our budget reflects the difficult economic times. Already during this recession, we have solved a budget gap of more than \$12 billion. That has meant that we have cut many worthy programs and services, eliminated over 2600 state jobs, frozen or cut wages, negotiated concessions from state employee unions, squeezed efficiencies out of every corner of government, and passed important reforms to save millions.

This budget contains no new taxes. It also contains none of the so-called FMAP money that we - like nearly 30 other states - had included in our initial proposal. As a result, I have vetoed \$457.6 million of the Legislature's proposed budget. The pain is widespread and will require state agencies, cities and towns, not-for-profits and working families across the state to do more with less. If Congress in the end approves the extension of FMAP, unemployment insurance and other supports that people need in a time of economic distress like this, we will be able to restore many of these difficult cuts, and I will file a supplemental budget accordingly.

Local aid and state support for public schools have been reduced 4 percent and 3.1 percent, respectively. These are perhaps the most difficult spending levels to approve. However, we continue to work with the Legislature on reforms that will enable cities and towns to save money to make up for these cuts. One measure that every community can take immediately is to move municipal retirees to Medicare, and off of municipal retirement programs. Our Division of Local Services can refer communities to others who have done this without harming the level of benefits to retirees.

In a couple of cases, I have returned items in the budget for amendment. For example, in public safety, the budget that reached my desk would have required closing at least one prison and the curtailment of vital State Police units including those focused on fighting gang violence and drugs across the Commonwealth. We have a plan in the budget I sign today that would prevent that from happening.

I have also by amendment proposed a plan to continue health care coverage for 24,000 fully-documented, tax-paying immigrants currently enrolled in the Bridge Program for at least the next six months. If Congress approves additional federal stimulus, those residents would be covered for the remainder of the fiscal year. In any event, they are covered under national health care reform.

There are some important reforms in this budget as well, including the following:

We bar the use of state funds to pay for lobbyists;

We require all state contracts and spending to be available and accessible to all citizens on a new state Website, much as we do now with stimulus spending, and we require all tax credits to be equally transparent;

We continue our commitment to consolidating IT services across state government, where we believe there are significant savings;

We require that all state and county offices be open and staffed on the Suffolk County Holidays, Bunker Hill and Evacuation day;

We establish an Anti-Fraud Task Force to screen all state programs for abuse and fraud, in concert with the AG, the IG and Auditor's office; and

We institute a discipline that permits only a portion of capital gains tax receipts to be used in the operating budget, all the balance to be deposited into the Rainy Day Fund for future rainy days - something we have been working on for some time.

I want to acknowledge and thank the ANF Secretary Jay Gonzalez and his exceptional team for their creativity and thoroughness. You have served the people of the Commonwealth well.

And to the people of the Commonwealth, now is the time for us all to pull together and to work together on meeting the needs of those who need government the most, by finding the most creative solutions in partnership to keep our communities strong.

GOVERNOR PATRICK, STATE LEADERS ANNOUNCE FIRST TRIPLE-A CREDIT RATING IN STATE'S HISTORY

Rating agencies award highest possible credit rating to Accelerated Bridge Program; Triple-A rating results from transportation reform efforts

BOSTON - Tuesday, November 30, 2010 - Governor Deval Patrick, Treasurer Timothy Cahill and Legislative leaders today announced that the Commonwealth's Accelerated Bridge Program bonds have been awarded the highest possible credit rating by two major rating agencies. Both Moody's (Aaa) and Standard & Poor's (AAA) assigned the Program's triple-A credit ratings.

Over the life of the Accelerated Bridge Program, the triple-A ratings will save the Commonwealth an estimated \$60 million in interest costs, and allow the state to continue to make critical investments in infrastructure at a lower cost to taxpayers.

"It is welcome news today that these rating agencies have assigned the Accelerated Bridge Program bonds the highest possible credit rating," said Governor Patrick. "This is further proof that our strategy for finding new efficiencies in state government and investing in our broken infrastructure at record levels is paying off. We will continue to manage state finances in a fiscally responsible way, as we have throughout these challenging times, in order to maintain our rating and our ability to make these much-needed investments."

"The Accelerated Bridge Program continues to be an effective resource as we improve our infrastructure across the Commonwealth," said Lieutenant Governor Timothy Murray. "These ratings reflect our Administration's strategic investment in transportation reform, which also increases efficiencies, carefully manages taxpayer dollars and improves safety for Massachusetts residents."

"This rating underscores that the refinancing, streamlining and reform of our transportation system passed by the Legislature and signed into law last year were fiscally sound decisions to put Massachusetts on the right path as we move forward," said Senate President Therese Murray. "Eliminating inefficiencies and investing in our core infrastructure is essential to the future of the Commonwealth, and that is where the Senate will continue to focus."

"These triple-A ratings are a direct result of last year's landmark transportation reform package that removed inefficiencies within our state's transportation system," said House Speaker Robert A. DeLeo. "I am proud that our substantial transportation reform efforts will save taxpayer dollars as we continue to responsibly upgrade our state's transportation infrastructure."

The triple-A ratings were assigned in advance of the early-December sale of \$575 million of Accelerated Bridge Program, Commonwealth Transportation Fund Revenue Bonds. In addition, the Commonwealth will issue \$100 million of Accelerated Bridge Program, Grant Anticipation Notes, backed by future federal

grants, which will be rated AAA by Standard and Poor's, with a Moody's rating expected later this week. This is the first bond sale for the Accelerated Bridge Program. The State Treasurer's Office is managing the bond sale, with a combined effort between the Treasury, the Executive Office of Administration and Finance, and the Massachusetts Department of Transportation (MassDOT).

"I'm really proud to be able to say that Massachusetts has a 'AAA' rating on its newest bond program," said Massachusetts Treasurer Timothy Cahill. "We offered a bridge construction proposal back in early 2008, and worked constructively with the Governor on his larger bridge construction program. The 'AAA' rating reflects the strengths of the Accelerated Bridge Program, and will allow us to borrow at low interest rates. And the less we spend on borrowing costs, the more taxpayer funds are available for other budgetary needs. I'm very excited about these ratings."

These top credit ratings are a result of financing reforms proposed by Governor Patrick and the Legislature in the landmark Transportation Reform Act of 2009. The legislation authorizes the Commonwealth to create a new bond credit structure secured by gas tax and Registry of Motor Vehicle fees in the new Commonwealth Transportation Fund (CTF). The stability of these revenues, as well as provisions limiting the amount of bonds that can be issued, create a strong, secure credit structure.

"These triple-A ratings validate the financing reform strategy we pursued through the Transportation Reform Act and give us the ability to finance critical transportation infrastructure investments at the lowest possible cost," said Secretary of Administration and Finance Jay Gonzalez. "Today's announcement means we will be able to save tens of millions of dollars, make more critical infrastructure investments, create more jobs and better secure our economic future."

"The rating agencies' positive assessment of the Accelerated Bridge Program bonds is a validation of the Governor's visionary plan to rebuild our structurally-deficient bridges and is a direct result of transportation reform," said MassDOT Secretary and CEO Jeffrey Mullan. "I thank Secretary Gonzalez and his team for their leadership on this issue, and am pleased to report that we have already completed or are proceeding with construction within the next year on more than 150 Accelerated Bridge Program projects across the Commonwealth."

"It is imperative that the Commonwealth maintain the strongest credit rating possible during these difficult economic times and this report demonstrates the positive results that can be achieved by working together," said Senate Ways & Means Chair Steven C. Panagiotakos. "The Legislature and the Administration approved a major overhaul of our transportation financing mechanism that is truly paying off today."

"Any good news during these economic times is welcome news. The highest possible credit rating for the Accelerated Bridge Program will allow the Commonwealth to move forward on these projects for the lowest possible cost and address critical infrastructure improvements for the safety and benefit of all Massachusetts residents," said House Ways & Means Chair Charles Murphy.

"Congratulations to Governor Patrick and the Accelerated Bridge Program team," said Senate Chairman of the Joint Committee on Transportation Steven A. Baddour. "The Transportation Reform Act - which

authorized the financial restructuring that resulted in this strong rating - will save the taxpayers millions of dollars in interest payments and will allow the Commonwealth to do more with less."

"These ratings demonstrate that the Legislature's commitment to 'reform before revenue' has translated to millions of dollars in savings for the Commonwealth, and greater efficiencies in the delivery of transportation infrastructure," said House Chairman of the Joint Committee on Transportation Joseph F. Wagner.

Since the \$3 billion Accelerated Bridge Program was proposed by Governor Patrick and approved by the Legislature in 2008, the number of structurally deficient bridges has been reduced from 543 to 494, a decline of more than 9 percent. The program has also created thousands of construction jobs and will save the Commonwealth hundreds of millions of dollars in avoided construction cost inflation and deferred maintenance costs.

As a result of ABP alone, 13 bridge projects are already complete, with a total of 62 bridge projects scheduled for construction this coming construction season. Over the course of the program, at least 200 bridges will be repaired or reconstructed.

Together, the Commonwealth's investment in roads and bridges has grown from \$515 million in FY2007 to a projected \$1.085 billion in FY2010. The road and bridge construction program will support more than 10,000 jobs on 385 separate projects across the Commonwealth.

To learn more about the Accelerated Bridge Program and the Patrick-Murray Administration's record investments in infrastructure projects across the state click [here](#).

GOVERNOR PATRICK ANNOUNCES THIRD PHASE OF PENSION REFORM

Continues efforts to modernize the pension system; Find efficiencies and cost-savings in state government



Governor Patrick and other top officials discuss pension reform at the State House. (Photo credit: Matt Bennett/Governor's Office).

BOSTON - Tuesday, January 18, 2011 - Continuing the Patrick-Murray Administration's efforts to identify efficiencies and cost-savings in state government, Governor Deval Patrick today announced his proposal for the next phase in pension reform. This proposal will build on pension reform legislation, signed during the Administration's first term, that closed loopholes and eliminated the most egregious abuses in the public retirement system.

Pension Reform III will further overhaul the benefits plan to ensure its long-term sustainability and credibility. Coupled with Pension I and II, this reform package is expected to save taxpayers more than \$5

billion in pension costs over 30 years, and \$2 billion in retiree health benefit costs for new employees over the next 30 years.

"We have committed to fix what's broken in state government. That's why, in partnership with the legislature, we enacted long-awaited reforms in ethics, transportation, education and state pensions," said Governor Patrick. "Today, I'm proud to stand with our partners in the Legislature and Treasurer's office to announce the filing of the next set of reforms in the state pension system."

"The changes Governor Patrick is proposing today will ensure the public employee pension system is fair, credible and fiscally sustainable," said Administration and Finance Secretary Jay Gonzalez. "Doing nothing is not an option. If we don't take action now, there will not be a pension system for retirees in the future."

"We have made a number of significant reforms to the pension system over the last two years, closing loopholes and eliminating special benefits, but we can do more to maintain the system and establish a more equitable public benefit for all employees," said Senate President Therese Murray. "The reforms announced today, including a number that were endorsed by the Senate last year, are a step in the right direction and deserve attention from the Legislature. Reasonable adjustments to modernize the system are appropriate, and I will review the Governor's proposal closely with the Senate."

"Last session we changed the way government does business more profoundly than at any time in recent history by passing sweeping ethics, pension, transportation and education reform," said House Speaker Robert A. DeLeo. "Having done away with entrenched pension loopholes, I am committed to continuing reform in this area."

"It is essential that the proposed extension of the deadline for fully funding our pension system be coupled with strong and comprehensive reforms," said Treasurer-elect Steve Grossman. "Massachusetts has earned a high bond rating - which saves taxpayers millions annually - by living within its means and dealing aggressively with financial challenges before they become insurmountable. The plan that the Governor has announced today strikes the necessary balance among the interests of the taxpayers, the investment community and public employees."

Pension Reform III core components:

Increase the retirement age for virtually all state workers, reflecting the fact that people are living and working longer.

This change will more closely align the state system with the retirement ages already set by the federal government for Social Security benefits.

- Group 1 (elected officials and most general employees): Increase the retirement age to 60-67 from the current 55-65;
- Group 2 (employees with titles reflecting hazardous duties): Increase the retirement age to 55-62 from the current 55-60;
- Group 3 (state police): The maximum benefit is currently reached with 25 years of service. Our proposal would increase this to 30 years by lowering the benefit factor after 20 years of service from 3.0 to 2.5 per year of service;
- Group 4 (firefighters, police officers, some corrections officers): Increase the retirement age to 50-57 from the current 45-55

Eliminate early retirement subsidies

The current system provides an incentive for those who have reached minimum retirement age to retire before reaching maximum retirement age, as the increase in benefits resulting from additional years of service is less than the benefit of additional years of pension. The Administration's proposal would eliminate this incentive.

Reduce Group 1 Contribution Rate

Reduce the 9 percent contribution rate of new Group 1 employees and the 11 percent contribution rate of new teachers by 0.5 percent. This reduction protects new Group I employees who, as a result of changes to the system, will be contributing for a longer period of time.

Increase "high 3" to "high 5"

Increase the period for averaging earnings, for purposes of calculating a member's retirement allowance, from 3 to 5 years. A slightly longer averaging period more accurately reflects an employee's career earnings.

Eliminate Section 10 early retirements for all employees

Currently, employees with 20 years of service who are terminated at no fault of their own are entitled to an early retirement benefit equal to one third of their high 3 earning years, plus an annuity from contributions. In most cases, that lifetime termination benefit is significantly larger than what the employee would have received if not terminated, and declines with further increases in age and service. Under the Administration's proposal, employees would not be eligible for early retirement until they reach minimum retirement age, and all employees within each Group would receive these benefits based on the same formula.

Pro-rate benefits based on employment history

The Administration's proposal would pro-rate the retirement allowance for employees who have served in more than one Group, taking into account the number of years of service in each Group. Pro-rating prevents windfalls for people who have only a short period of service in a Group with higher benefit levels at the end of their career.

Introduce an anti-spiking rule

The Patrick-Murray proposal would introduce an "anti-spiking rule" which would limit the annual increase in pensionable earnings to no more than 7 percent of the average pensionable earnings over the last two years plus inflation. This provision would not apply to bona fide promotions or job changes.

Eliminate "Double Dipping"

Pension Reform III would eliminate the right to receive a pension while receiving compensation for service as an elected official.

Other provisions include:

- Increase scrutiny of legislation benefiting individual employees by requiring such legislation to be accompanied by an actuarial cost estimate, confirmation of the cost analysis from the Public Employees Retirement Commission and a recommendation from the Retirement Board.
- Require elected officials to repay the full value of the pension they have received in order to rejoin the system, consistent with what all other state employees are required to do.
- Require members who rejoin the system or new members eligible to receive creditable service based on work elsewhere to purchase creditable service within one year or pay the full actuarial interest rate.
- Allow retirement boards to require retirees convicted of a criminal offense related to their employment to repay benefits received since the date of the offense, not just the date of conviction.
- Establish a special commission to study the Massachusetts public employees' pension classification system. The commission will review and make recommendations for reform regarding the Massachusetts public employees' group classification system, beginning with consideration of the work by the Blue Ribbon Panel on the Massachusetts Public Employees Pension Classification System.
- Allow retirees who married a person of the same sex within the first year after it became legal to change their retirement option in order to provide a benefit to their spouse.

The Commonwealth's public employee retirement system is a defined benefit plan that provides retirement and disability benefit levels similar to those of other states with defined benefit plans and no Social Security coverage for public employees.

01.18.11 Pension Reform Phase Three Bill Filing

GOVERNOR DEVAL L. PATRICK PENSION REFORM BILL FILING JANUARY 18, 2011

Good afternoon.

You all know how vital I believe it is that we bear our generational responsibility, the obligation each of us owes to do what we can to leave things better for those who come behind us. That is why I have committed to expanding our economy and creating jobs, to containing health care costs, to closing the achievement gap in the schools, and to curbing youth violence.

That is also why I have committed to fix what's broken in state government. In partnership with the Legislature, we enacted long-awaited reforms in ethics, transportation, education and state pensions in the last session. We will build on that in this session.

Today I'm proud to stand with Senate President Murray, Speaker DeLeo and Treasurer-elect Grossman to announce the filing of the next set of reforms in the state pension system.

The State retirement system is a defined benefit plan. The average annual pension for state retirees is about \$26,000. The typical public employee contributes 11% of his or her annual wages to the pension system, meaning that today most employees will receive at retirement what they paid in. Massachusetts' public employees are also not covered by Social Security. But for a long time long that was not the case. A series of loopholes and avoided decisions has left us with an unfunded pension liability of \$20 billion. That problem was not created overnight and it will not be solved overnight. I support the defined benefit program. But without these reforms, it is not sustainable.

So the bill we are filing today contains a number of important reform measures:

- First, we will extend the retirement age for virtually all state workers, including elected officials, from 55 to 60, with maximum retirement benefits at 67. This change will align our system more closely with the retirement ages already set for Social Security benefits and in the private sector.
- Second, we will eliminate the incentive for state workers to leave the workforce at the minimum retirement age. Workers who choose to retire early will receive a pro rata reduction in their retirement benefit.

- Third, we will increase the period of "averaging" used to determine retirement allowance from 3 to 5 years.
- We will impose an anti-spiking rule that will limit excessive jumps in pension eligibility that may come in the absence of earned promotions or job changes.
- And we will end "double dipping," by eliminating the right of elected officials to receive a pension while receiving compensation for public service, and by requiring elected officials to repay the full value of the pension they have received in order to rejoin the system, just like any other state employee.

There are a number of other provisions in this legislation. Secretary Gonzalez, who will be the administration's point on this issue, is available after this press conference to walk you through the details and answer any technical questions you may have.

Taken together, these proposals will generate over \$5 billion in pension funding savings over 30 years, including an estimated \$2 billion for cities and towns. This proposal will also reduce the cost of retiree health benefits by \$1 billion to the state and another \$1 billion to cities and towns over the next 30 years as a result of later retirement ages. All of this builds on our previous round of pension reform.

I want to thank our public sector unions for working with us on this proposal and I look forward to working with the Speaker, the Senate President and their colleagues to move these common sense measures into law.

MBTA GENERAL MANAGER RICHARD DAVEY TO BE APPOINTED AS MASSDOT SECRETARY/CEO

Jeff Mullan Led Successful Transportation Reform Initiatives as First MassDOT Secretary and CEO; Davey to Continue Patrick-Murray Administration's Focus on Transportation Safety, Customer Service



Governor Patrick announces he will appoint current MBTA General Manager Richard A. Davey as Secretary and CEO of the Massachusetts Department of Transportation (MassDOT). (Photo: Matt Bennett/Governor's Office)

BOSTON - Thursday, August 4, 2011 - Governor Deval Patrick today announced that he will appoint Richard A. Davey as Secretary and CEO of the Massachusetts Department of Transportation (MassDOT) effective September 1st. Davey will replace outgoing MassDOT Secretary and CEO Jeffrey Mullan, who last month announced his decision to resign in order to return to the private sector.

"Rich has a proven record of commitment to safety and customer service, along with an energetic leadership style that will allow him to hit the ground running in continuing to implement transportation reform at MassDOT," said Governor Patrick. "I look forward to working with Rich, and want to express my deep appreciation for Jeff Mullan's passion and outstanding service to the citizens of the Commonwealth."

"Rich Davey has worked in close partnership with Secretary Mullan to help transform our transportation

services to a system focused on putting the customer first," said Lieutenant Governor Timothy Murray. "Jeff has laid a very strong foundation for MassDOT, and I commend him for his great work and leadership. I am confident Rich Davey's dedication will build on our Administration's accomplishments as we continue to strategically invest in improving transportation in communities across the state.

Since March 2010, Davey has served as MassDOT's Rail and Transit Administrator and as General Manager (GM) of the MBTA. As GM, Davey has overseen an increase in MBTA ridership that hit a record 379 million unlinked passenger trips in the year ending June 30. He has made safety for customers and employees his highest priority, starting an MBTA Safety Hotline to encourage employee reporting of safety concerns. Davey spearheaded innovative customer service programs including the award-winning "Where's the Bus, Subway, and Commuter Rail" Open Data Initiative to encourage development of smart phone applications at minimal cost to the MBTA. The Open Data Initiative alone has led to the creation of more than two dozen apps for smart phones and other hand-held devices, giving thousands of commuters real-time information on transit services. Davey also convened regular "Join the GM" customer outreach visits to MBTA stations and other facilities across the state in an effort to bring transparency and openness to the T.

Davey is a resident of Boston and regularly rides the T to work. He earned a Bachelor of Arts degree from the College of the Holy Cross and a Juris Doctorate summa cum laude from Gonzaga University School of Law.

"I am honored by Governor Patrick's appointment and promise to build on the demonstrated commitment of the Governor and Lieutenant Governor to create a unified transportation enterprise that puts safety first, serves the customer, and makes the most efficient use of our resources," said Davey. "I am fortunate to follow Jeff Mullan and benefit from his mentorship in taking on this responsibility. As the first Secretary of MassDOT, Jeff has brought a depth of knowledge and boundless energy to the task, and I join the Governor and Lieutenant Governor in wishing him well."

In his role as Secretary and CEO of MassDOT, Davey will be responsible for day-to-day management of the transportation organization created by the Transportation Reform legislation signed by Governor Patrick in June 2009. MassDOT began operation on November 1, 2009, governed by a five-person Board of Directors appointed by the Governor and including four divisions - Highway, Rail & Transit, Aeronautics and the Registry of Motor Vehicles.

"Richard Davey is a skilled administrator and a qualified manager, who has shown an ability to take on a tough job and make difficult decisions," said House Speaker Robert A. DeLeo. "I've been fortunate to work with Richard on a number of issues in his current position and look forward to working with him in his new role."

"I have worked closely with Jeff Mullan during his tenure as Transportation Secretary. He was instrumental in making transportation reform work for the Commonwealth and has been a strong leader during some difficult times. I look forward to working with Rich Davey to address the many transportation challenges that Massachusetts faces," said Senator Thomas McGee, Senate Chair of the Joint Committee on Transportation.

"Jeff Mullan has worked very hard to implement transportation reform as requested by the Legislature and I will miss him. I look forward to working with Rich Davey and continued efforts to improve transportation in Massachusetts," said Representative William Straus, House Chair of the Joint Committee on Transportation.

"During my MBTA review I met hundreds of transportation experts and senior managers. Rich Davey distinguished himself as able to deal with the complex issues, vast management challenges and myriad of relationships. He will make progress and support the Governor in transforming transportation into a more powerful statewide economic engine," said David D'Alessandro.

Before taking the helm as MassDOT's first ever Secretary and CEO, Jeff Mullan previously served as Undersecretary and General Counsel of the Executive Office of Transportation and the final Executive Director of the Mass Turnpike Authority. As MassDOT Secretary and CEO, Mullan was responsible for the implementation of the Administration's landmark transportation reform law, including overseeing the consolidation of seven state agencies and the merging of multiple departments and cultures. In under two years, Mullan has successfully focused MassDOT on four goals: saving money, improving customer service, rebuilding the workforce and investing in infrastructure projects across the entirety of the Commonwealth.

Under Mullan's leadership, MassDOT reforms have saved the state more than \$125 million in 2010, and the agency has led an investment of nearly \$1 billion this year to rebuild the Commonwealth's roads and bridges - nearly twice the investment of 2007. Mullan has brought a sense of creativity to MassDOT, finding innovative ways to navigate difficult issues. He restored RMV service to residents in Greenfield by merging the branch location with an existing visitors center and took on the Fast14 Bridge Project, which will replace 14 structurally deficient bridges in just one summer. Mullan has placed customer service at the forefront of the agency throughout his tenure, with the second phase of the "youMove Massachusetts" statewide civic engagement effort beginning this fall. His employee morale and workforce development initiatives included creation of the Transportation Round Table, a monthly opportunity for any employee to directly address their concerns and ideas with MassDOT senior leadership.

Throughout his years of service, Jeff has led the way in making Massachusetts a national leader in transportation and has demonstrated an unwavering commitment to building a stronger Commonwealth for future generations.

GOVERNOR PATRICK SIGNS PENSION REFORM LEGISLATION

Reforms will save Massachusetts \$5 billion, including \$2 billion for cities and



(Governor Patrick joins Treasurer Steven Grossman, Secretary Jay Gonzalez, Sen. Katherine Clark, Rep. Russell Holmes, Rep. John W. Scibak and others at a signing ceremony today. Photo credit: Eric Haynes/Governor's office)

BOSTON - Friday, November 18, 2011 – Governor Deval Patrick today signed comprehensive pension reform legislation, continuing the Patrick-Murray Administration's efforts to end abuses and close loopholes to create a sustainable public pension system. The bill signed today, S. 2065, "An Act Providing For Pension Reform and Benefit Modernization", builds on legislation signed during the Governor's first term that eliminated the most egregious abuses in the public retirement system.

"We are committed to finding additional ways to eliminate costs in state government and end abuses within the system," said Governor Patrick. "I'm proud to sign this third phase of comprehensive pension

reform legislation that will improve the public's trust in government and ensure the pension system's economic sustainability for future generations."

Coupled with the initial two phases of reform, this comprehensive package is expected to save taxpayers more than \$5 billion over 30 years, including an estimated \$2 billion for cities and towns across the Commonwealth.

"This next phase of pension reform compliments our Administration's ongoing focus to deliver savings, renewed trust, and improvements within the state pension system," said Lieutenant Governor Timothy Murray. "We thank the legislature for their continued partnership in supporting long-term sustainability for the retirement system."

The legislation increases the retirement age for most state workers to more closely align the state with federal guidelines set for Social Security benefits and eliminates incentives to retire early. Additionally, the reforms allows retirees who married a person of the same sex within the a year following the legalization of same sex marriage the retirement option to provide a benefit to their spouse.

"The reforms we make today will ensure the public employee pension system is fair, credible, and fiscally sustainable for future state employees," said Secretary of Administration and Finance Jay Gonzalez. "With these reforms we are preserving the financial structure of Massachusetts' retirement system and restoring public confidence in state government."

The legislation will continue to eliminate abuses in the system with new reforms limiting the right to receive a pension while receiving compensation for service as an elected official, requiring elected officials to repay the full value of the pension they have received in order to rejoin the system. This is consistent with guidelines for all other state employees and allows retirement boards to require retirees convicted of a criminal offense related to their employment to repay benefits since the date of their offense, not just the date of their conviction.

"After eliminating some of the biggest loopholes two years ago, we were committed to taking on the more complicated issues in our pension system," said Senate President Therese Murray. "These latest reforms will modernize our system, reduce unfunded liabilities and save taxpayers money. Senator Clark and Representative Scibak worked very hard with all interests to produce a balanced bill with the changes we needed for long-term sustainability."

"With the Governor's signature on the latest pension reform legislation, we take another step to saving taxpayers' money and securing the financial future of our Commonwealth," said House Speaker Robert A. DeLeo. "Not only are we managing our way through the worst economic downturn since the Great Depression, we are leading the nation in taking measures to preserve the economic wellbeing of our state for future generations."

"This legislation modernizes our state pension system and closes important loopholes while maintaining a strong benefit for our public employees," said Senator Katherine Clark, Senate chair of the Joint Committee on Public Service. "These reforms will ensure that we continue to have a strong and fiscally sound system for our future employees."

“Earlier this year, Speaker DeLeo and Governor Patrick made a commitment to enact pension reform and ensure the viability of our existing system,” said Representative John W. Scibak, House Chair of the Joint Committee on Public Service. “While this bill will save over six billion dollars over the next 30 years, it provides additional relief for current retirees, protects the retirement savings of existing employees, closes loopholes to prevent further fraud, and ensures that future employees will be also able to rely on our state pension system. I applaud the Speaker, the Governor and Senate President for their leadership on this issue, as well as my fellow conferees for addressing this issue head-on, and to my colleagues in the House for their affirmative vote.”

“These reforms update the nation’s oldest state pension system to the 21st century,” said Alicia H. Munnell, Director of the Center for Retirement Research at Boston College. “They will allow Massachusetts to maintain the defined benefit plan for years to come, which is the most secure way to provide meaningful retirement income for its public sector workers.”

The third phase of pension reform includes:

1. **Defined benefit system:** The legislation protects the existing defined benefit system by making it more equitable and sustainable.
2. **Increased retirement age:** The legislation incorporates the Governor’s proposal to increase the retirement age for virtually all state workers, reflecting the fact that people are living and working longer than when the retirement ages were set in state law in the 1950s and 1960s. This change will more closely align the state system with the retirement ages already set by the federal government for Social Security benefits.
3. **Eliminates early retirement subsidies:** The current system provides an incentive to retire before reaching maximum retirement age, as the increase in benefits resulting from additional years of service is less than the benefit of additional years of pension. The legislation eliminates this incentive.
4. **Savings.** These reform measures will generate over \$5 billion in pension funding savings over 30 years, including an estimated \$2 billion for cities and towns. These savings will help address the state’s long-term liabilities and reduce the length of the state’s pension funding schedule by three to five years.
5. **Anti-spiking.** The legislation introduces an anti-spiking rule, limiting the annual increase in pensionable earnings to no more than 10 percent of the average pensionable earnings over the last two years. This provision would not apply to bona fide promotions or job changes. The legislation also bases pension calculations on the average salary over five years instead of three.
6. **Pro-rates benefits based on employment history.** The retirement allowance for new employees who serve in more than one group will be pro-rated, taking into account the number of years of service in each group. Pro-rating prevents windfalls for people who have only a short period of service in a group with higher benefit levels at the end of their career.
7. **COLA.** The legislation includes a COLA provision which increases the base salary on which retirees receive a cost-of-living increase from \$12,000 to \$13,000.

8. **Double Dipping.** The legislation eliminates the right to receive a pension while receiving compensation for service as an elected official in the same position unless one year has passed from the end of the previous elected term.

GOVERNOR PATRICK ANNOUNCES INITIAL RESULTS OF SWEEPING REGULATORY REFORM INITIATIVE AND NEW STEPS TO STREAMLINE SMALL BUSINESS REGULATIONS

Largest state review in 15 years aims to update regulatory practices with a focus on small businesses; Department of Environmental Protection is early stand-out at striking balance between needs of environment & businesses

BOSTON – Monday, March 5, 2012 – In the latest of a series of steps to keep Massachusetts ahead of its economic competitors, Governor Deval Patrick today announced the initial results of a systematic review of state regulations and new steps to streamline regulations for small businesses. After reviewing 200 regulations that were each more than 12 years old, Governor Patrick has approved changes to nearly 150 regulations. In addition, today the Governor launched a new effort to make sure that no new regulation is issued without serious consideration of its impact on small businesses.

Governor Patrick outlined his reforms, the first effort of its kind in Massachusetts since 1996, this afternoon at a meeting of The Alliance for Business Leadership. Governor Patrick also launched a video message to state employees responsible for writing, reviewing and issuing regulations. The video is designed to improve awareness of the connection between state regulation and the health of the small business community, and to encourage state regulators to present their best ideas for regulatory reform and government innovation.

“Our collective growth and prosperity depends on the growth and prosperity of small businesses,” said Governor Patrick. “We can strike a better balance between protecting consumers and enabling entrepreneurs to start and grow businesses here, and government must constantly strive to do so. These changes may seem small, but not to the small businesses that have to deal with them – and we are not stopping here.”

“Reevaluating our current regulations and assessing what may not be necessary will improve doing business for Massachusetts companies,” said Lieutenant Governor Timothy Murray. “Our Administration understands the needs of Massachusetts companies and we want to continue to work with them to foster a strong, sustainable business environment in the Commonwealth.”

“Sound regulatory policies are critical to creating a fair, transparent, and sustainable markets for businesses of all sizes,” said Andrew Tarsy, president and executive director for The Alliance for Business Leadership. “By reviewing and removing rules that inhibit healthy growth and investment, Governor Patrick is demonstrating a commitment to a high performance economy that is good for business and good for the Commonwealth. We welcome the effort and offer our full partnership in going even further in the days ahead.”

INITIAL RESULTS PROMISING:

The first phase of regulatory reform included a review of more than 200 regulations representing approximately 10% of the total regulations in state government. Out of that pool, the Administration identified 41 regulations to eliminate and 107 regulations to improve. These recommended changes cover a wide range of topics and include streamlining licensing requirements, simplifying standards for business practices, and eliminating duplicative reporting requirements.

The reviews to date have found some regulations that are duplicative or unwieldy, with changes made to simply small-business practices. This includes collapsing 10 separate sets of rules for food manufacturers and replacing them with a single, modernized food safety regulation; eliminating repetitive counting of surf clams; and the annual reporting of sea bass catches which are already counted weekly and monthly. The recommendations cover a wide range of topics and include streamlining licensing requirements for salons and funeral homes, simplifying registration requirements for architectural licensure exams, and clarifying licensure requirements for mental health counselors and child care facilities.

STREAMLINING ENVIRONMENTAL REGULATIONS:

Over the past year, the Department of Environmental Protection has done a top-to-bottom review of its regulations to find smarter ways to protect the environment while reducing regulatory burdens on businesses and on the agency. The Department worked hand-in-hand with both business and environmental stakeholders to identify more than 20 changes to its regulations and policies that cut across the agency. The package of reforms will streamline environmental permitting requirements, eliminate state permits that are of low environmental protection value or that duplicate local approvals, and encourage better environmental outcomes by reducing barriers to environmentally beneficial projects like renewable energy sources.

[Learn more about MassDEP reforms.](#)

COORDINATING NEXT STEPS:

Governor Patrick has directed the Administration-wide review of 1,000 old regulations by the end of 2012, seeking to find at least 250 rules that can be streamlined or rescinded to reduce burdens on small businesses and improving government efficiencies. All 2,000 regulations will be reviewed by the end of 2013. During the reviews, all agencies are directed to consider the appropriateness of adopting a national model or standard to align the state's practices with those in place elsewhere in the country.

The regulatory reform effort also includes a first-of-its-kind coordinated effort across agencies to identify the potential small business impacts of all new regulations, and to introduce those impacts into the public discourse during the rulemaking process. To assist in this effort, the Executive Office of Housing & Economic Development (HED) has appointed April Anderson Lamoureux, Assistant Secretary for Economic Development, to act as a regulatory "ombudsman" between the Administration and business leaders on the topic of regulation.

HED will continue to bring together business leaders, chambers of commerce and trade associations throughout this process and will conduct monthly check-ins with all stakeholders. Ongoing input from businesses will contribute to the success of our reform efforts.

Regulatory reform was identified by the Governor's Economic Development Planning Council as a priority action item for increasing the ease of doing business in Massachusetts, and is cited in the Council's recent report, *Choosing to Compete in the 21st Century: An Economic Development Policy and Strategic Plan for the Commonwealth of Massachusetts*.

SUPPORTIVE QUOTES:

"As the state's largest small business advocacy organization, the NFIB and thousands of small business owners we represent are heartened, indeed excited, about Governor Patrick's initiative to systematically review, modify, streamline, and eliminate hundreds of state regulations," said Bill Vernon, Massachusetts State Director of the National Federation of Independent Business. "We applaud this effort not only because it will make business owners' lives simpler, although it will, but also because it will improve our state's business climate and result in job growth among small businesses – the job creators. We look forward to working with Governor Patrick and his economic development team as we undertake this important work."

"There is a direct connection between regulatory reform and the creation of jobs for Massachusetts residents," said Richard C. Lord, President and Chief Executive Office of Associated Industries of Massachusetts. "Eliminating inefficient and outdated regulations means that existing companies will expand, abandoned buildings will take on new life, and entrepreneurs will feel the confidence they need to start businesses. We commend the Patrick-Murray Administration for its business-like approach to the regulatory challenge."

"I want to thank MassDEP for its leadership in undertaking this important regulatory reform effort that all state agencies have been asked to support," said Energy and Environmental Affairs Secretary Richard Sullivan. "This reform effort is a model for other agencies to follow, and I am committed to implementing regulatory reform across all of our energy and environmental agencies."

"As an agency that has suffered extensive budget cuts in recent years, MassDEP has had to continually find ways to improve and streamline the way it does business," said MassDEP Commissioner Kenneth Kimmell. "Through this effort, MassDEP is poised to serve as a model for remaking government agencies for the 21st Century."

03.05.12 Streamlining Regulations to Help Our Businesses

Streamlining Regulations to Help Our Businesses

The Alliance for Business Leadership

Communispace Headquarters, Boston

Monday, March 5, 2012

Thank you, Diane, and congratulations on the incredible new space here. Very glamorous. Keep growing.

Thanks to Tom and to Andy, for inviting me today and congratulation on the launch of The Alliance. It's great to be with you. The Commonwealth needs your leadership and your voice.

As Diane said, I hope we can spend most of our time in conversation today; I just wanted to make a couple points to set the table around doing business here in Massachusetts.

First of all, Massachusetts is already a great place to do business. You know that. Our concentration of brainpower, our well-educated workforce, and our tradition of invention and entrepreneurship over many centuries now make us an especially attractive place for the innovation industries so critical to today's and tomorrow's economy. We are the global hub, today, of the Life Sciences and Biotech sector, with an edge in research and development and rapid growth in related pharmaceutical and medical device manufacturing. The IT sector has rebounded in really interesting and exciting ways, with an emphasis on new media, communications, robotics, and support for financial services and other industries; this whole idea of big data which is a movement, a new phenomenon really in IT, particularly around biotech and other innovation sectors are influencing the direction of IT here in Massachusetts as well. The clean tech sector has seen solar generation grow 25-fold in the last couple of years; wind generation 13-fold in the last couple of years, and jobs growing as a result at a rate of 6.7 percent last year. That rate is expected to double in 2012.

Exports are also growing nicely (up nearly 25 percent in the last two years) as our companies are increasingly opening new markets in other regions of the country and the world.

And in state government, we continue to try to do our part. We can point to legislation like the Life Sciences Initiative or the Green Communities Act, to public-private undertakings like our collaborations with the MassTech and Financial Services Leadership Councils, and to the more indirect but no less important work of expanding broadband to every region of the Commonwealth, un-served and under-

served areas alike and reinvesting in transportation infrastructure and affordable housing. The trade missions matter, too, by the way, as we shift the business culture so that we are looking out, not just in.

We have cut business taxes by 16 percent, and have settled into a competitive position relative to other states in overall tax levels, right in the middle of the national pack. We have brought health insurance premiums down from an average of 16 percent increase two years ago to less than 2 percent this year. Starting this month, thanks to legislation we passed about a year ago now, small businesses will be able to obtain plans in the market for as much as 20 percent less than current rates.

What are the results?

Well Diane mentioned some of them. We've moved from 47th in the nation in job creation in 2006; to 5th in the nation today. Our economy is expanding at a good clip overall and our innovation industries in particular are booming. We are first in the Kauffman Foundation's New Economy Index. And we have come from the bottom third to sixth best state for business in America for business on the CNBC survey. Some of you have heard me say before, sixth is hard to say. First is easier to say. That is where we're going.

To get there, we will have to continue to do some of the things we have been doing already, most especially, investing money, time and imagination in education, in innovation and in infrastructure. This has been a consistent strategy and a winning one for our Commonwealth in the last several years, and we will need your help to help keep the Legislature's feet to the fire and our own to sustain those investments. That means advocating for the resources our schools and universities need, for better transportation and for public infrastructure and the like – as well as helping us move in new directions, such as how to use our community colleges and voc-tech schools as a system to better prepare people for the middle skills jobs we have today and will have tomorrow.

That also means eliminating unnecessary barriers to doing business. Now, every state has what business people call barriers or red tape. Sometimes it comes from a rule or regulation that has outlasted its usefulness. Sometimes it comes from our regulators wanting to improve on a regulatory approach in common elsewhere, making our own version unique. Sometimes it's just about a new idea being layered on top of an old one.

Every state has regulations because every state government has responsibility for governing for the public good, and regulatory power is one way that that happens. But just as state government has a duty to protect the public's interest, state government also has a duty to do so effectively and sensibly. If the role of government is to balance the business bottom line with the human, social and community bottom lines, we ought to examine from time to time that balance to see that it has been struck wisely.

That's why we cut the time that it takes to get state permits from nearly 2 years when I took office to less than 6 months today, 3 months in the case of new insurance products, and I want to thank publicly Secretary Bialecki and his team for helping to drive that. That's why we added an ombuds role in the Office of Business Development so that businesses have one stop where you can go to address all of your permitting and approvals needs.

But we need to do more.

All business is burdened when regulations are unnecessarily complex. Especially small businesses. Over 85 percent of Massachusetts businesses are small. Nearly half of all working people in the Commonwealth work in small businesses. Whether it's a biotech start-up, an insulation installer, a new media firm, a local caterer, or a "mom and pop" in your neighborhood, small businesses represent the best opportunities for the Commonwealth in the future. Our collective growth and prosperity depends on the growth and prosperity of those small businesses.

So, from now on, as a prerequisite to approving every proposed regulation, we will conduct a small business impact analysis. Business impacts will be clearly laid out and addressed during the public rulemaking process. If compliance can be made easier and cheaper, we will make it easier and cheaper. If compliance is too cumbersome or costly, relative to the benefits, the proposed regulation will not take effect.

At the same time, and in the same spirit, we will look back at existing regulations. We have launched the Commonwealth's first comprehensive, coordinated regulatory reform effort, and will ultimately review all existing regulations that have been on the books 12 years or more.

We began our first phase last October with a review of over 200 regulations representing approximately 10% of the total. Out of that pool, our staff identified 41 regulations to eliminate outright and 107 regulations to improve. And of those recommended for improvements, 25 will seek to align Massachusetts with a national model or standard that is utilized by other states, making our rules easier to understand and to comply with for businesses in interstate commerce.

The recommendations range far and wide. One recommendation seeks to replace ten separate rules for food manufacturers with a single, modernized food safety regulation – in, here's a radical idea, plain English. Another aims to simplify licensing processes for industries ranging from architecture to mental health services to child care. For example, nail salons, it turns out, used to have to close while their licenses were being transferred to new ownership; that's over now. Commercial fishermen will no longer have to measure surf clams to meet a state minimum size because the federal government has different and superseding rules.

Now, these changes may seem small to some of you, but not to the small businesses that have to deal with them. The fact is that we have taken 200 steps so far to modernize state government and improve the Commonwealth's business climate, by helping thousands of small businesses. And we aren't stopping there.

By the end of August, we expect to have reviewed 600 of these old regulations. By the end of the year, 1,000 of them. Agencies will keep working through small business impact analyses, and making changes or eliminating regulations as a result, until every old regulation has been reviewed. We invite you and all of the members of the Alliance to bring to our attention specific regulations that you feel should move up on our priority list. I am especially interested in ways that you might suggest for state government to use technology or other process improvements to make it easier to comply with those rules that remain in effect.

As I said, we can strike a better balance between protecting consumers and the environment and enabling entrepreneurs to start and grow businesses here, and government must constantly strive to do so. Recent work within the Department of Environmental Protection is a really nice example of this; some of you are personally familiar with this example.

Over the past year, DEP has done a top-to-bottom review of its regulations to reduce burdens on both businesses and the agency itself without compromising their core mission. Working hand-in-hand with both business and environmental stakeholders, DEP identified more than 20 changes to its regs and policies across the who agency.

These changes will streamline environmental permitting, such as by eliminating state permits that are of low environmental protection value or that duplicate local approvals, and by reducing barriers to environmentally beneficial projects like renewable energy projects. I want to commend the Commissioner, Commissioner Ken Kimmell and his team for their leadership on striking this better balance and I also commend those of you here who helped DEP rethink their IT systems to meet current demands and do more with less. So many stakeholders came to the table to help in a spirit of trust and pragmatism.

And let me conclude on that point. Everybody needs to pitch in. I am not interested in either the whiners or the zealots, do you understand what I'm saying? I'm interested in people who are bringing their most pragmatic, their most sensible, their most forward looking thinking to how we get this right.

On the government side, we're ready to go to work. As you see and as I've said, we are already well underway in our review process. Today I sent a video message to all state employees asking for their best ideas and encouraging them to continue their pursuit of innovation in government. We are fortunate, by the way, to have the dedication and appetite for ingenuity of so many state workers today and I look

forward to working with them to improve our regulatory climate.

But government cannot and should not do this work alone. We do need you and your colleagues in the business community. Just as you have played a positive role in education reform, pension reform, transportation reform, health care reform and so many other ways, in partnership with this administration, I ask that you play a positive role now in regulatory reform. It's a little drier than the others, maybe, but it's just as important and can have just as meaningful and lasting an impact on the strength of our Commonwealth. Secretary Bialecki has appointed Assistant Secretary April Anderson Lamoureux, who is also here and many of you know, to act as the point person for business. I hope you will connect with April to share your perspective on what we can do to make Massachusetts the best state in the nation in which to do business.

Remember what I said: 6th: too hard to say. First: easier to say. And working together, that's where we're going.

Thank you all for having me.

GOVERNOR PATRICK SIGNS ECONOMIC DEVELOPMENT BILL EXPANDING JOB CREATION THROUGH INNOVATION AND INFRASTRUCTURE INVESTMENTS

Sets the weekend of August 11 - 12 as a Sales Tax Holiday

BOSTON - Tuesday, August 7, 2012 - Governor Deval Patrick today signed, "An Act Relative to Infrastructure Investment, Enhanced Competitiveness and Economic Growth in the Commonwealth." The legislation will increase economic development and create jobs in the Commonwealth's key sectors of innovation and infrastructure.

"Jobs are our top priority, and creating the right environment for job growth means improving our infrastructure, preparing our workers, and encouraging industrial and commercial innovation," said Governor Patrick. "That's why Massachusetts is recovering faster than the nation, and why this bill matters."

"Our Administration is committed to providing municipalities as well as the business community with tools to foster economic development," said Lieutenant Governor Timothy Murray. "By focusing on innovation and infrastructure through this legislation, we are strengthening existing resources and delivering new solutions that will support job creation, public and private investment, and long-term sustainability and economic growth across Massachusetts."

The legislation also sets the weekend of August 11-12 as a sales tax holiday to increase business for the Commonwealth's retailers. For those two days, the sales tax is exempted from most items, but the holiday does not include restaurant meals, tobacco and single items that cost more than \$2,500.

Massachusetts has recovered from the recession faster and stronger than the nation as a whole, with an unemployment rate of 6 percent compared to the national average of 8.3 percent and the economy growing at 4 percent increases in the first two quarters of 2012 compared to national growth of 1.5 percent in the first quarter and 2 percent in the second quarter. The initiatives in the legislation signed by the Governor Tuesday reflect the priorities the Patrick-Murray Administration laid out in "Choosing to Compete in the 21st Century," the Commonwealth's long-term economic development plan.

"Though Massachusetts possesses a competitive economy fueled by fast-growing core industries, the targeted investments included in this bill are necessary to ensure lasting economic stability and strength," said Senator Gale Candaras, Senate Chairwoman of the Joint Committee on Economic Development and Emerging Technologies. "By enhancing workforce development, providing support to small businesses, and encouraging research and development, this legislation will hopefully stimulate job growth and economic development in the Commonwealth, leading to a prosperous, sound economic future."

“Improving the business climate and promoting job creation were among the House’s top priorities this session, and this legislation moves Massachusetts forward on both fronts,” said Representative Joseph F. Wagner, House Chairman of the Joint Committee on Economic Development and Emerging Technologies. “It makes the Commonwealth a more appealing place to grow a business and strengthens key industries like precision manufacturing and the Innovation economy through new initiatives. Also, by investing in effective training programs, it prepares workers to take full advantage of tomorrow’s opportunities.”

The economic development plan includes expansion of the state’s world-class innovation economy, and the legislation includes a number of initiatives supporting the sector, including \$50 million for a Scientific and Technology Research and Development Matching Fund. The fund will support collaborative research and development projects among businesses and universities, building off the example of the Massachusetts Green High Performance Computing Center in Holyoke, which is expected to be completed this fall.

The legislation also creates a \$1 million talent pipeline through the Massachusetts Technology Collaborative that will provide matching grants aimed at increasing technology sector internships, and another \$1 million to support mentoring, advice, incubator space and accelerator programs similar to MassChallenge.

In the area of workforce training and education, the legislation includes \$5 million for the Workforce Competitiveness Trust Fund, which prepares Massachusetts residents for new jobs in high-demand occupations and which helps to close the middle-skills gap and create seamless pathways to employment.

The legislation codifies the Patrick-Murray Administration’s MassWorks program, bringing together a number of existing public infrastructure support programs under one umbrella. MassWorks and its associated programs have supported nearly 100 projects around the state and are designed to support infrastructure projects that include a private investment component or enhance economic development opportunities in a community. By unifying the programs in MassWorks, the Administration provides innovative solutions for infrastructure investments that allows faster decision-making, organizes regional priorities and establishes accountability to support local priorities.

Further, the legislation supports the Patrick-Murray Administration’s goals of improving housing affordability to support the state’s workforce. The bill provides \$4 million for the state’s Smart Growth Housing Trust Fund, extends the life of permits issued between 2008 and 2010 for another two years, and provides for four specific MassDEP regulatory reforms to streamline approvals.

In March 2012, Governor Patrick announced the Administration had embarked on the most comprehensive regulatory review process in over a decade, focusing on reviewing over 1,000 regulations with the goal of amending or deleting at least 250 regulations in an effort to streamline government and make doing business in Massachusetts easier. The legislation signed today by the Governor establishes the position of state regulatory ombudsman to address regulatory matters of interest to the business and development community, and approves four targeted Department of Environmental Protection reforms to expedite permitting and ease regulatory burdens.

The legislation also:

- Creates a one-stop web portal for small businesses through the Massachusetts Office of Business Development;
- Creates the Advanced Manufacturing Futures Program at MassDevelopment to raise the profile of advanced manufacturing by encouraging young people to enter the sector and facilitating the adoption of local innovations into small and mid-sized companies;
- Doubles the Pension Reserves Investment Management Board cap on investments in financial institutions that prioritize small-business lender from \$50 million to \$100 million;
- Empowers regions to increase economic opportunities through increasing flexibility in the 43D expedited permitting program, streamlining the District Improvement Financing Program, and creating a Local Infrastructure Development Zone Program;
- Enhances the I-Cubed program to provide innovative financing mechanisms for infrastructure investments that would allow faster decision-making and execution, and more local control.

Along with signing the bill, Governor Patrick also included a number of vetoes that strike provisions that would create unaffordable tax benefits that are inconsistent with the recommendations of the Tax Expenditure Commission. Included in those vetoes are an extension of the Brownfields Tax Credit from 2013 to 2015 that would cost \$27.8 million a year without adequate analysis. The Brownfields credit will continue to be available for another year, and the Administration will analyze its effectiveness and make an appropriate recommendation before its August 5, 2013 expiration. Other vetoes were an increase in the Historic Preservation Tax Credit from \$50 million to \$60 million without an analysis of the programs' effectiveness, a proposal to provide a \$456 tax credit for a new corporation for three years which would cost up to \$7 million in Fiscal Year 2014 and up to \$19 million in 2015, and a restructuring of corporate tax payments that would incur a one-time cost of \$191 million. The Governor also vetoed language amending the definition of a Gateway City, in order to preserve the limited funding available for targeted communities.

SUPPORTER QUOTES:

"We have been able to nurture a steady recovery and we are in a position where we can take on new challenges and expand our economy further. We have a long-term plan that will bring economic development and job creation to every corner of the Commonwealth and the legislation signed by Governor Patrick is a strong endorsement of that plan and its mission."

-Greg Bialecki, Secretary of Housing and Economic Development.

"Recapitalizing the Workforce Competitiveness Trust Fund allows us to train individuals for a changing economy. This bill reaffirms the Administration's commitment to building out programs that meet the

immediate and emerging needs of our businesses. We will continue to help workers upgrade their skills and create new partnerships and programs that have lasting value.”

-Joanne F. Goldstein, Secretary of Labor and Workforce Development.

“This bill will open the door to more scientific research and discovery in Massachusetts and in so doing, will lead to job creation and increased growth in the Innovation Economy of the Commonwealth. Research conducted today leads to tomorrow’s inventions and new products and solves the problems of the future. We want to make sure that this work is taking place in Massachusetts and is strengthening our economic future and our quality of life. Governor Patrick, Senate President Murray, Speaker DeLeo and the members of the Legislature who supported this measure are to be commended for their vision and leadership, and for making an investment that will pay significant scientific and economic dividends.”

-Robert L. Caret, President of the University of Massachusetts

"As an appointee of the Governor's STEM Advisory Council, an executive committee member of the Advanced Manufacturing Collaborative and a business owner of AccuRounds, a contract manufacturer of precision machined components, I am very excited about Governor Patrick signing this jobs bill. The funds committed to workforce training and education, and the focus on manufacturing and economic development will benefit people across the state. People entering the job market, displaced workers as well as the actively employed will find opportunity through the enactment of this bill. Thanks to Governor Patrick for helping to make the future look bright for Massachusetts."

-Michael Tamasi, President and CEO, AccuRounds

"This bill is the result of a close collaborative effort by the House, Senate, Governor's economic team, and the business community. Although the Commonwealth has fared better than most of the country, this wide-ranging bill creates a welcoming environment for innovation and growth. Combined with the ongoing, system-wide regulatory review process, Massachusetts continues to be attractive for business expansion."

-David Begelfer, Chief Executive Officer, NAIOP Massachusetts

"The advanced manufacturing industry in Massachusetts has found momentum in the recovery, and the law signed by Governor Patrick includes support for the Advanced Manufacturing Collaborative that will continue and increase that momentum. Thanks to the Patrick-Murray Administration for its great support of the manufacturing sector and for a piece of legislation that will further improve an economic development environment for all businesses in Massachusetts."

-Mitch Tyson, Principal, Tyson Associates; Co-Chair of the Advanced Manufacturing Collaborative

"The Manufacturing Futures Fund will position the Advanced Manufacturing Collaborative to implement its strategic priorities to enable small and medium-sized precision manufacturing companies to grow by promoting advanced manufacturing as a critical industry sector, accelerate technology innovation, assist companies in identifying new and emerging markets, and support programs to prepare the future workforce."

-Ed Leyden, President, Ben Franklin Design and Manufacturing, Inc., Co-Chair of the ADvanced Manufacturing Collaborative

“Housing has always led our nation and Commonwealth out of recession, and thanks to the support of Governor Patrick and the Legislature, it will do so again. This bill will help us put our people back to work building the homes young families need and can afford.”

-Michael McDowell, President, Home Builders Association of Massachusetts

GOVERNOR PATRICK BUILDS ON REGULATORY REFORM SUCCESSES; FILES LEGISLATION TO IMPROVE BUSINESS CLIMATE FOR LICENSED PROFESSIONALS

Nation-leading regulatory reform process has created 286 opportunities for efficiencies, innovations in over 60 state agencies

BOSTON – January 7, 2013 – Expanding a regulatory reform effort that has already made doing business easier for thousands of businesses, Governor Patrick today announced legislation to streamline and improve the licensing process and business climate for thousands of professional licensees throughout Massachusetts.

The legislation is part of the Patrick-Murray Administration's comprehensive regulatory reform effort to conduct a fresh analysis of existing regulations and determine what still makes sense in the 21st century. To date, the unprecedented effort has removed unnecessary barriers to starting a small business, enhanced efficiencies of state government operations and aligned state practices with widely accepted national models or best practices. The legislation builds on this progress and is part of a series of initiatives the Governor will announce this week to make government work better.

"These common-sense changes in the Division of Professional Licensure are further steps forward in improving the business climate," said Governor Patrick. "Together with our work to update or eliminate old regulations, simplify tax laws, contain health care costs and enhance access to capital, we are making Massachusetts an even better place to do business."

"We often talk about the blocking and tackling of state government, and ensuring processes are done right and that is what this reform is all about," said Lieutenant Governor Timothy Murray. "With this reform, we are helping to clear the way for companies to do business in Massachusetts by providing more efficient services across state government."

The legislation makes a number of changes to Division of Professional Licensure operations, including merging the barber and electrology boards into a new Cosmetology and Barbering Board, eliminating the Board of Registration of Radio and Television Technicians and modifying statutory language in an effort to streamline and improve state services.

In March 2012, Governor Patrick announced the Patrick-Murray Administration's thorough process of reviewing rules and regulations, focusing on finding regulations that are duplicative, out-of-date or in need of update and creating the changes necessary to improve or eliminate those regulations. In 2012, 446 sets of regulations had been reviewed, leading to 286 opportunities for reform – which accounts for 64

percent of regulations reviewed and approximately 14 percent of total state regulations. Agencies are now in the third round of review.

Significant changes made during the first two review phases include MassDOT's proposal to standardize permitting and police escort fees for oversized loads on the MassPike, making those processes easier for over-dimensional load trucks; another MassDOT plan to update and make consistent evaluation criteria for requests for access to MassDOT property, including curb cuts and other construction access permits; and the Department of Revenue's proposal to streamline the tax return extension process that will help 71,388 small business. The Department of Environmental Protection is in the process of finalizing and implementing 21 regulatory reforms focused on doing away with permitting redundancy and duplicating work done by local boards; encouraging good environmental outcomes; promoting technological innovation, among other areas.

"By working with businesses and regulatory experts in state agencies, we have been able to make doing business in Massachusetts easier and less costly for thousands of businesses," said April Anderson Lamoureux, the Patrick-Murray Administration's Regulatory Ombudsman. "These goals are part of the Patrick-Murray Administration's long-term economic development plan, and further review will expand these benefits to even more businesses."

The legislation being filed today by Governor Patrick is the result of a comprehensive review of the rules and regulations for the 31 boards under the purview of the Division of Professional Licensure, which has already implemented a number of reforms, such as allowing part-time employees to work at more than one funeral home and eliminating a two-week closure of salons during an ownership change.

The new reforms will eliminate the Board of Registration of Barbers and the Board of Registration of Electrologists, and will create a consolidated Board of Registration of Cosmetology and Barbering that will reduce redundancy and improve administrative efficiency in shared areas such as licensing, investigation and consumer outreach. The three current professions include 83,934 licensees.

"The new, consolidated Board of Cosmetology and Barbering will not only make operations less-complicated at the Division of Professional Licensure, but it will make the process of carrying and renewing licenses easier for professionals in these areas," said Mark Kmetz, the Director of the Division of Professional Licensure. "Consistent with Governor Patrick's vision of regulatory reform, these changes make doing business easier for thousands of licensees across the Commonwealth."

The legislation will eliminate the Board of Registration of Radio and Television Technicians, which has outlived its purpose. As technology has advanced, consumers are purchasing new televisions or radios instead of repairing them, and in the last 10 years the board has issued only 26 new licenses and has fewer than 800 licensees. In the last five years there have been only 23 consumer complaints regarding licensees, and the Office of Consumer Affairs and Business Regulation has the tools in place to respond to complaints in this area. By eliminating this board, DPL staff will be able to focus on more critical matters and will free remaining businesses in this field from annual license renewal requirements.

To counter significant, statutory reinstatement fees, the legislation will put a cap on workforce re-entry costs for some professions. For example, a massage therapist who stopped working in the profession for

four years would have to pay a \$652 re-entry fee. These fees will be capped at a reasonable level to facilitate workforce reinstatements.

The legislation also makes a number of internal changes to DPL operations that will lower costs and make the agency more efficient. Some boards are statutorily obligated to mail a list of all of their licensees annually to all of its professionals. For example, the Engineering Board must mail a 100-page document to all 15,000 licensees, even though the information is available on the DPL website. The legislation will also:

- Eliminate some fixed-number quorum and appointment requirements for boards, which will make it easier for boards to conduct business and recruit members;
- Strike out laws for several boards that purports to authorize the boards to hire staff and receive compensation. Currently, DPL provides boards with necessary support staff and the obsolete language causes confusion;
- Eliminate a mandatory review of the Hearing Instrument Specialist Board every three years by the State Auditor, taking out a unique and unnecessary provision.

The Patrick-Murray Administration's comprehensive regulatory reform initiative is the first of its kind in Massachusetts in over a decade and is designed to cut unnecessary red tape and increase the ease of doing business in Massachusetts. The initiative includes a comprehensive review and re-evaluation of existing regulations, a systematic and coordinated process for regulators to consider economic impacts for newly-proposed regulations, public reporting of small business impacts for all regulatory changes to improve transparency during the public rule-making process and partnerships with the regulated community to share responsibility for creating a balanced regulatory environment.

STATEMENTS OF SUPPORT:

"Through this sweeping regulatory reform initiative, the Governor and his Administration are reforming one of the most frustrating aspects of government for businesses and citizens. These reforms illustrate the Commonwealth's commitment to eliminating red tape and increasing transparency – ensuring there will be real results with immediate impacts."

- David I. Begelfer, CEO of NAIOP Massachusetts, The Commercial Real Estate Development Association

"For business owners across Massachusetts, the Governor's announcement is very good news. Our policy makers are making changes and reforming the regulatory process in ways that will have positive impacts on small business and our state's economic climate for many years to come."

- Georgianna Parkin, State Director, Massachusetts Small Business Development Center

"We're very pleased with the regulatory reform process so far and we look forward to continuing working with the Patrick Administration to bring additional regulatory relief to small businesses in Massachusetts."

- Bill Vernon, State Director, National Federation of Independent Business Massachusetts

"The Massachusetts Business Roundtable shares Governor Patrick's goal of making Massachusetts a highly-desirable place to do business. Complex and burdensome regulations are often cited by Massachusetts employers as an impediment to achieving that goal, and the Patrick Administration's regulatory reform initiative is an encouraging effort to address the issue head-on. The Roundtable is pleased to be part of the regulatory reform effort, and commends Governor Patrick and his team for effectively moving it forward."

- JD Chesloff, Executive Director, Massachusetts Business Roundtable

"Today's announcement illustrates the continued commitment of the Patrick-Murray Administration to improve the business climate in Massachusetts. Building on earlier regulatory reforms, the proposed changes to the professional licensing regulations will make it easier for businesses to grow and succeed here."

- Jim Klocke, Executive Vice President, Greater Boston Chamber of Commerce

"The Governor's initiatives chip away at unnecessary regulations but the major accomplishment of this initiative is working to change the culture of state bureaucracies to be aware that their actions have real life implications on small businesses and job creation. Ultimately that may change the flow of new regulations in the future."

- Peter Forman, President/CEO, South Shore Chamber of Commerce

"Doing business in Massachusetts means sifting through a labyrinth of state and local regulations. To be successful, businesses must be able to find, understand, and comply with the regulations that apply to them. This has been a challenge for small companies, which is why business organizations such as the Chamber are pleased that Governor Patrick and his administration are actively addressing the issue through comprehensive regulatory reform. These are meaningful efforts at improving the business climate in Massachusetts that will go a long way in allowing businesses to focus on what they do best, which is grow the economy and create jobs."

- Robert Mellion, President/CEO, Fall River Chamber of Commerce

"The MetroWest Chamber of Commerce applauds Governor Patrick's longstanding effort to reduce the regulatory burden for businesses. We are pleased that the results of the Commonwealth's first comprehensive regulatory review identified and corrected outmoded, inefficient regulations, yielding both time and cost savings to businesses. While this is important for all businesses, it is critically important for our small business owners. In filing this legislation to modernize the DPL, we are confident that the Administration will continue to streamline the regulatory process, thereby fostering business development and job creation."

- Bonnie Biocchi, President/CEO, Metrowest Chamber of Commerce

01.07.13 Regulatory Reform Announcement

AS DELIVERED:

Governor Deval L. Patrick

Regulatory Reform Announcement

Room 360, State House

Monday, January 7, 2013

Good afternoon and thank you for coming.

Last March, we launched a review of all of the regulations promulgated over the years by state government. The objective was to get rid of those that no longer serve a purpose and update those that had gone stale. Not only is this review unprecedented in Massachusetts, but it was at the outset unique across the country. Other states are now following suit.

In less than a year, we have reviewed 446 sets of regulations in more than 60 state agencies. As of today, we have identified 286 regulations to be eliminated or amended – that's more than half of those we've reviewed and about 14% of our state's total regulations. This work of modernizing our rules will remove unnecessary barriers to starting a small business, make state government more efficient, and better align our practices with widely accepted national models.

As important as modernizing the rules, is modernizing the culture of state government. Over the past year, we have worked across agencies to improve the way we do business, to break down silos and open the lines of communication to enable smarter decision-making. For example, agencies are now evaluating the impacts of new regulation as part of their decisions, which provides a more balanced approach to regulating. This is a culture shift, and it is a work in progress, but we have seen that it works and we are going to stick with it.

There are a few examples that stand out from this year:

We will have standardized permitting and police escort fees for oversized loads on the MassPike, a move that allows for freer transit of trucks while still maintaining public safety parameters.

We are making it easier to approve requests for access to MassDOT property, including curb cuts and other construction access permits, eliminating regulatory hurdles that were slowing down construction.

We are streamlining the tax return extension process to make applications easier for small business. This reform alone helps over 71,000 businesses.

Our review has also identified areas for improvement at the Division of Professional Licensure, an agency that regulates 31 boards of registration and 365,000 different kinds of licensees.

Today I am filing legislation that makes a series of common-sense changes to the Division's operations. These include merging the barber and electrology boards into a new Cosmetology and Barbering Board, eliminating the Board of Registration of Radio and Television Technicians, and removing other statutory language in an effort to streamline and improve state services. The legislation also eliminates re-entry fees for professionals who leave and later return to their field.

These common-sense changes in the Division of Professional Licensure are small, but significant steps forward for thousands of businesses. This is another way we are making Massachusetts an even better place to do business.

I'd like to thank Secretary Greg Bialecki and Assistant Secretary April Anderson for their leadership on our regulatory reform efforts. We would be happy to take any questions you have.

MASSDOT RELEASES 21ST-CENTURY TRANSPORTATION PLAN

10-year Plan Calls for \$13B Statewide Capital Investment, Solves MBTA and RTA Debt Challenges

BOSTON – Monday, January 14, 2013 –The Board of the Massachusetts Department of Transportation and Transportation Secretary and CEO Richard A. Davey today announced a plan for the next generation of transportation investment in the Commonwealth.

The long-term financing plan shows that the state needs \$684 million to operate the same system we have today. The plan calls for an additional investment in our transportation assets of \$5.2 billion over ten years in road and highway repair in order to reduce the number of structurally deficient bridges and ease congestion on major arteries throughout the state; \$3.8 billion to invest in existing transit services; and \$275 million for Registry and airport maintenance. These investments are to responsibly maintain the current transportation assets we have today.

Lastly, the plan identifies a number of high-impact transportation projects across Massachusetts that, if built, will create thousands of jobs and spur economic development across the Commonwealth. In all, the plan identifies a \$1.02 billion average additional need each year to create a 21st-Century transportation network.

“The plan released today is a stark, clear-eyed, non-partisan presentation of the facts,” said Governor Deval Patrick. “If we are serious about improving our transportation system for a generation, then we have to be willing to make the necessary investments. We must invest in transportation, not for the sake of transportation itself, but for the jobs and economic opportunity it creates.”

“Transportation is the enabling network of our economy, creating and supporting jobs in all regions of the Commonwealth,” said Lieutenant Governor Timothy Murray. “The MassDOT Board has outlined how far we’ve come and how far we have to go to ensure a safe, reliable and regionally equitable transportation network. Now we all need to work together to make this vision a reality.”

The plan addresses systemic budget deficits at the MBTA, MassDOT and the 15 Regional Transit Authorities, much of which has been caused by the debt burden related to the Central Artery.

“We have spent the last year engaging our customers, the business community and various stakeholders in a conversation about what kind of transportation system they want,” said MassDOT Secretary and CEO Richard A. Davey. “What is clear is that we can’t afford the system we have today, much less the system we all want. This plan clearly articulates our vision for a 21st-Century Transportation system and the steps we must take to achieve that.”

Additional operating needs are as outlined:

MassDOT - \$371 million in FY14; \$4.4 billion over 10 years

The proposed new funding will allow MassDOT to end the decades-long practice of funding operating costs – personnel, rent, utilities, lawn mowing, etc – with borrowed funds. Currently, for every dollar MassDOT spends today on these items, it pays \$1.76 in principal and interest costs. Appropriately paying for these items with operating funds will save the Commonwealth money over time and free up capital dollars to invest in infrastructure improvements.

The additional funding will also allow MassDOT to sufficiently fund its snow and ice operations at an appropriate level based on the average five-year cost and support and maintain its new capital investments.

Regional Transit Authorities -- \$100 million in FY14; \$1.1 billion over 10 years

This additional investment will allow the RTA’s to end the practice of borrowing, with interest costs, to fund annual operating costs by instead forward-funding each agency. Beginning in FY15, the additional \$100 million will be used to expand RTA service by adding hours of operation, increasing frequency on existing routes and adding new service.

MBTA - \$166 million in FY14; \$3.2 billion over 10 years

This new investment will allow the MBTA to close its current and projected budget deficits, much of which is caused by the debt burden related to the Central Artery public transit commitments. Beginning in FY2014, \$25 million in annual operating funds will also be available to provide modest service enhancements such as possibly expanding evening hours, restoring weekend service in areas that have been cut and improved customer service.

In addition to responsibly paying for our daily operations, the 21st-Century Plan calls for a \$13 billion infusion of capital investment funds. These funds, which would supplement the Administration’s current capital investment plans, will allow MassDOT to address a backlog of deferred maintenance and improve current assets in order to reduce congestion on our roads, curb delays and minimize crowding on our trains and buses and improve customer service at our

facilities.

In 2007, the Transportation Finance Commission issued a report pegging our maintenance funding gap at \$15 billion to \$19 billion over 20 years. The investment proposed in the 21st-Century Plan is an aggressive plan to eliminate that backlog.

The additional investment includes (over 10 years)

Regional Priority Projects (\$930 million) – Funds three major highway projects, including the I-91 viaduct in Springfield, the I-93/I-95 interchange in Woburn and the I-93/I-95 Interchange in Canton. These projects will address safety and mobility concerns in severely crowded areas.

Chapter 90 (\$1.0 billion) – An additional \$100 million per year to help the Commonwealth's 351 cities and towns improve local roads and bridges.

Bridge program (\$1.175 billion) – Funds a new targeted program modeled after the successful Accelerated Bridge Program (which ends in 2016) to accelerate repair to local bridges and complete several larger bridges.

Multimodal Highway Program (\$1.25 billion) – Funds a statewide portfolio of local and regional projects designed to improve safety, reduce the number of high crash locations and reduce congestion. This also includes \$250 million for the transportation assets owned by the Department of Conservation and Recreation (DCR).

Highway Preservation Facilities & Systems (\$400 million) – Targeted funding for a municipal small bottlenecks program; safety and operational improvements at depots; deployment of roadside traffic and travel information; equipment procurements and completion of an integrated asset management system.

Bicycle & Pedestrian Facilities (\$430 million) -- Dedicated funding to construct and improve bicycle and pedestrian facilities owned and managed by MassDOT and DCR.

RTA Vehicles (\$400 million) -- Funds a 10-year program to replace regional buses that have exceeded their useful life, add buses for expanded service and support replacement of other equipment and facility upgrades, resulting in fewer delays and improved reliability.

New MBTA Red and Orange Line Cars (\$1.5 billion) – Funds the replacement of 43-year-old Red Line cars and 31-year-old Orange Line cars as well as improvements to tracks, signals and systems. The new cars and system upgrade will result in faster and less crowded commutes. The cars will be made in Massachusetts, supporting the local economy.

Red Line Car #3 Overhaul (\$200 million) – Overhauls the newest Red Line cars, which are nearly 20 years old.

Green Line Cars (\$732 million) – Funds new Green Line cars and system improvements, reducing wait times and allowing for more 3-car trains that enable increased passenger capacity.

The cars will be made in Massachusetts, supporting the local economy.

MBTA Buses (\$450 million) – Accelerates a 10-year program to replace buses that have exceeded their useful life, increasing capacity and reducing breakdowns.

MBTA Power Facilities & Operations (\$300 million) – Funds critical upgrades to decades-old electrical service, fuel systems, water pumps, track, tunnel and other infrastructure that is essential for the timely operation of trains and buses. Coupled with new subway vehicles trips will be faster and more reliable.

Aeronautics (\$125 million) – Addresses maintenance and safety improvements at our general aviation airports. These investments will help support jobs in the aviation industry.

Registry of Motor Vehicles (\$150 million) – Funding to allow for the consolidation of current registry branches into new regional super centers; development and installation of self-service kiosks at retail and municipal centers for customer convenience.

Modernization Pilot Projects (\$200 million) – Funds the piloting of Bus Rapid Transit and Diesel Multiple Unit services. These innovative transit options would increase mobility for residents expand business and economic opportunities.

The Patrick-Murray Administration has made targeted infrastructure investment a cornerstone of its economic development efforts. Current projects like Assembly Square Station, Wonderland Garage and Brighton Landing are leveraging major new development projects that include new housing units, office and retail and space and creating new jobs.

Recognizing the link between investments like those and a strong economy and job growth, the plan also allows for targeted expansion projects across the state. These expansions focus on areas of the state where opportunity is constrained by substandard service or by lack of access. Projects include:

South Coast Rail (\$1.8 billion) – Completion of the South Coast Rail Line with diesel-fueled commuter trains to connect Boston to Fall River and New Bedford. This results in greater mobility for South Coast residents and less congestion on Route 24. The project is expected to create 3,800 jobs and generate \$500 million in new economic activity statewide annually.

Green Line Extension (\$674 million) – Extension of the current Green Line from relocated Lechmere station in Cambridge to College Avenue in Medford, fulfilling a commitment made during the construction of the Central Artery Project and unlocking new economic opportunity in the region.

South Station Expansion (\$850 million) – Design and construction, within 10 years, of an expanded South Station that will accommodate future passenger rail growth for the existing commuter rail system, South Coast rail, Amtrak, Worcester to Springfield rail and future high-speed service to Montreal. The expansion will also allow for additional rush hour service.

Rail between Springfield and Boston (\$362.4 million) – Passenger rail service directly connecting Boston with Springfield via what is known commonly as the Inland Route. Funding will cover rehabilitation along the route, creating a second track, widening bridges, upgrading signals purchasing train equipment, and constructing or rehabilitating stations. This will also support future high-speed rail connection to New York City via Springfield.

Berkshires to NYC Rail (\$113.8 million) – Rehabilitation of track, signals and structures between Pittsfield and the Massachusetts-Connecticut state line to support future rail service between Pittsfield and New York City. The current line is served by freight carriers and is not up to standards necessary for commuter service.

Rail to Cape Cod (\$20.8 million) – Seasonal service on weekends between Boston and Hyannis. Upgrades rail, grade crossings, bridges and station accessibility. Service during the summer season will connect a key tourist destination with Boston.

The 21st-Century Plan does not fund all the capital projects that have been proposed recently and in the past, including the Urban Ring, North-South Rail Link or Red-Blue Line Connector. While those and other projects may be worthy, the plan put forward considers our ability to pay for and maintain new projects so resources are not drained from future transportation needs.

The 21st-Century Transportation Plan follows the 2009 Transportation Reform Act, which significantly altered the way our transportation system functions. Through that reform, MassDOT has saved more than \$500 million through internal consolidations and efficiencies and employee benefit changes, improved its business practices, and enhanced customer service through the greater use of technology.

The plan identifies other potential reforms MassDOT is exploring including a move to all-electronic tolling on the MassPike and other tolled assets; modernization of Registry of Motor Vehicles services; greater Performance Management to measure progress and identify areas of improvement; a fully-integrated asset management system, further MBTA retirement changes; and additional partnership opportunities with the Massachusetts Port Authority. These reforms would help MassDOT improve the customer experience and address a portion of the \$1.02 billion in additional revenue needed each year.

However, the report also acknowledges the need for additional revenue to meet its ambitious goals. Included in the plan are suggested revenue options proposed by members of the public and other stakeholders over the last year.

Those recommendations include an increase in the gas tax, payroll tax, sales tax or income tax; a new green fee on vehicle registrations; a vehicle miles traveled tax; regular and modest fare, fee

and toll increases; and new tolling mechanisms. The plan also assumes that tolls are maintained on the Western portion of the Massachusetts Turnpike.

Without new revenues, the MassDOT Board of Directors will need to cut service at the MBTA and RTAs and significantly increase fares in order to approve a balanced budget for Fiscal Year 2014, which begins July 1.

The Governor, who attended MassDOT's presentation of the plan today at the University of Massachusetts Boston, commended the report's authors and the public who contributed to the comprehensive set of recommendations. He made clear in his remarks the choices before the Commonwealth.

"What's plain as day is that we have to make choices. We can choose to invest in ourselves, to invest in a growth strategy that has been proven time and again to work. Or we can choose to do nothing. But let us be clear: doing nothing is a choice, too," said Governor Patrick. "And that choice has consequences. It means longer commutes, cuts in services, larger fare and fee increases, and a continuation of the self-defeating economics of cutting off large parts of our population from opportunity and growth."

He concluded by saying: "I choose growth. I choose shaping our own future over letting the future happen to us. I hope we all are ready that make that choice, and I look forward to working together with you to do so."

Read the Plan:

http://www.massdot.state.ma.us/Portals/0/docs/infoCenter/docs_materials/TheWayForward_Jan13.pdf

View the Summary:

[http://www.massdot.state.ma.us/Portals/0/docs/infoCenter/docs_materials/TheWayForward_Roll Out_Jan13.pdf](http://www.massdot.state.ma.us/Portals/0/docs/infoCenter/docs_materials/TheWayForward_RollOut_Jan13.pdf)

01.14.13 Governor Patrick's Remarks on "The Way Forward: a 21st Century Transportation Plan"

AS DELIVERED:

Governor Deval L. Patrick

MassDOT's presentation of "The Way Forward: A 21st Century Transportation Plan"

Campus Center Ballroom, UMass Boston

Monday, January 14, 2013

Good afternoon, everyone, and thank you for coming.

Thank you, Secretary Davey, for that important presentation. Secretary Davey, Chairman Jenkins and their team at MassDOT prepared a very thorough and very thoughtful Plan. I encourage everyone to take the time to read it all and to reflect on it. It is available online on MassDOT's website. Take some time with it. They've taken a lot of time with it. (www.massdot.state.ma.us).

Everyone knows that a comprehensive transportation system is vital to supporting and growing our economy. Workers need it to get to their jobs. Students need it to get to school. Tourists need it to get to the sights. Police and firefighters need it to get to emergencies. Business people need it to get to their appointments. People need it to get to the doctor, to the grocery store, to the movies, to the gym, the rink. Whether it's good roads, reliable commuter rail, frequent bus or subway service, a nearby airport or a convenient ferry, transportation is about more than moving from Point A to Point B. It's about quality of life, economic activity and growth. It's about opportunity.

We have people in our Commonwealth whose opportunities are constrained by substandard service and people in our Commonwealth whose opportunities are constrained by lack of access. Improving our transportation system is key to meeting our economic potential.

This is not the view of just the transportation experts. It's the view of businesses and the employer community. It's the view of economists. Most of all, and most important of all, it's the view of the general public. In 17 public forums all across the Commonwealth, and in countless encounters frankly that any one of us can have, and can recite, thousands and thousands of people have weighed in. What they tell us, as the Secretary said, is that they want more transportation, not less. They want subways that run

later into the evening. They want regional buses that run on the weekends. They want bridges that are safe. They want projects that are built more quickly, like the Fast 14 experience we had just recently. They want safer, smoother roads that are more comfortable to drive on and bring less wear and tear on their cars and trucks. They want access -- to jobs, affordable housing, and recreation.

What the public wants -- a modern, convenient transportation network -- and what the Commonwealth needs -- accelerated, sustained economic growth -- are exactly aligned.

The presentation we just saw is stark, clear-eyed, non-partisan and, above all, fact-based. Fact-based. The results confirm two things: that there is not sufficient funding to support the system we have today and second that there is not sufficient funding for the system the public wants and the Commonwealth needs.

We have known that for years, even after the many efficiencies and reforms MassDOT has captured, we would need new revenue. Now we know just how much. It will take a total of \$1.02 billion in new revenue annually both to properly operate the system we have today, and to make the modest, strategic expansions we should have to accelerate economic growth.

The other stark fact this Plan reports is that if we do nothing, the public will have to pay more and get less, and our economic growth will slow in Greater Boston and stall out in other areas of the state.

So I accept the Plan the Board has presented today as a necessary stimulant for growth. And I welcome the debate on how we make this vision for a 21st century transportation network reality. Thanks to this report, we can and should look forward to a fact-based debate.

MassDOT has given us a menu of different means by which to make the necessary investments. At the State of the Commonwealth on Wednesday and in my budget proposal next week, I intend to submit my preferred means. Whatever funding mechanism we ultimately choose, I believe it must be comprehensive, dedicated and competitive.

First, it must be comprehensive. What do I mean by that? We can't settle for a solution that just stabilizes the T, as important as that is. We have to pay the bills we have already accrued for the Big Dig, fix and modernize what's broken and old, and invest in ways that unlock economic potential. I cannot see myself supporting any so-called "solve" for transportation that doesn't make investments in each of these kinds of areas.

Second, the mechanism we choose must be dedicated. MassDOT has given us a 10-year roadmap to a 21st Century transportation network. We need a revenue source they and their successors can depend

on, and that won't be diverted to other good ideas before this agenda is complete.

Third, it must be competitive. We know we will have to raise new revenue. Let's do it in a way that keeps any tax or fee within range of what other competitor states also charge.

These are the principles that will be reflected in my own proposal on Wednesday. These are the principles that I will look for as we exchange ideas and work together toward a good solution.

What's as plain as day is that we have choices to make. We can choose to invest in ourselves, to invest in a growth strategy that has proven time and again to work. Or we can choose to do nothing. But let's be crystal clear and honest with each other: choosing to do nothing is a choice, too. That is a choice. And that choice has consequences. It means longer commutes, cuts in services, larger fare and fee increases, and a continuation of the self-defeating economics that leaves large parts of our population cut off from opportunity and growth.

I choose growth. I hope you will, too. I choose shaping our own future rather than just letting it happen to us. I hope we're all ready to make that choice, and I look forward to working together with each and every one of you to do so. I want to invite the lieutenant governor to make a couple of comments, and then all three of us or others would be happy to take any questions you may have.

GOVERNOR PATRICK HIGHLIGHTS NEED FOR TRANSPORTATION, EDUCATION INVESTMENTS TO GROW ECONOMY IN CENTRAL MASSACHUSETTS & BEYOND

WORCESTER - Friday, January 18, 2013 – Building on his call for renewed investments in transportation and education in Wednesday's State of the Commonwealth Address, Governor Deval Patrick today visited Worcester to highlight the importance of these investments to building a 21st century education system and transportation network in Central Massachusetts and throughout the state.

The Governor's plan includes a \$1 billion annual investment in the Commonwealth's transportation system to maintain the current transportation assets we have today and launch a number of high-impact transportation projects across Massachusetts that, if built, will create thousands of jobs and spur economic development across the Commonwealth. The plan also includes a \$550 million investment in education, reaching \$1 billion over four years, to expand access to high quality educational opportunities and make higher education more affordable for all students in Massachusetts.

"Opportunity is too important to leave to chance, but opportunity requires growth and growth requires investment. Whether it's upgrades to Union Station, advanced manufacturing programs at Mt. Wachusett Community College or the new Life Sciences Center at UMass, the investments we make in Central Massachusetts are putting people back to work and expanding economic opportunity," said Governor Patrick. "Working with our partners in the legislature, business community and cities and towns, we will build on these investments and create a stronger Commonwealth for this generation, and the next."

"Governor Patrick has outlined a vision for this region and the entire Commonwealth," said Lieutenant Governor Timothy Murray. "In Worcester and surrounding communities, we have seen investments pay off over the last several years thanks to a strong and effective partnership with the private sector and local, state and federal government. We need to build on this success and set the Commonwealth on a path towards growth to benefit this generation and generations to come."

In Central Massachusetts, the Governor's plan would allow for an \$11.1 million increase in funding for the Worcester Regional Transit Authority in FY14. Additionally, the Administration could commit funding to make improvements at the interchange of I-495 and I-90, and I-495 and

Route 9, targeted reconstruction of Routes 9 and 20, reconstruction of Quinsigamond Avenue in Worcester and much-needed roadway resurfacing on Route 119 in Groton and Littleton.

MassDOT Secretary and CEO Richard A. Davey said in years past, transportation investment had been concentrated in the Boston area; but under this plan, that changes.

“The bulk of our 21st-Century Transportation Plan is focused on maintaining our current roads, rails and bridges,” said Secretary Davey. “At the same time, we must continue to pursue investments that will result in real economic growth Commonwealth-wide. Our plan is ambitious but equitable, and will create a better, faster, safer transportation system today and in the future.”

The Governor’s plan would also provide access to high quality early education for the nearly 2,700 children in Central MA on the Department of Early Education and Care’s (EEC) waitlist; allow additional resources for high-need schools in Worcester, Fitchburg and the surrounding communities to extend learning time for students; make higher education more affordable for tens of thousands of students attending colleges and universities in Central MA; and allow our community colleges like Quinsigamond and Mount Wachusett to expand successful programs that are preparing students for success in the workplace.

“We have the tools in place to help all of our students achieve at high levels,” said Education Secretary Matt Malone. “These investments will fuel our continued efforts to build a 21st century public education system in Massachusetts that prepares all students to compete and succeed in the global marketplace.”

“This year as in years past we will be facing fiscal challenges and will have to make tough decisions,” said Senator Stephen M. Brewer. “Moving forward we must all continue to work together to identify the best investments and the best plans for the future of Massachusetts.”

PATRICK-MURRAY ADMINISTRATION FILES FISCAL YEAR 2014 BUDGET

Balanced, responsible budget will create growth and opportunity throughout the Commonwealth, Continues record of reforms to improve government performance

BOSTON – Wednesday, January 23, 2013 – Governor Deval Patrick today filed his Fiscal Year 2014 (FY14) budget recommendation, a balanced and fiscally responsible plan that will grow jobs and opportunity by continuing the Governor's unprecedented commitment to investing in education, innovation and infrastructure. These investments will create a better Commonwealth for the next generation. The FY14 budget also proposes a series of reforms to achieve savings, improve performance and increase transparency in state government.

"This is a growth budget that makes investments in education and transportation to grow jobs in the near-term and strengthen our Commonwealth in the long-term," said Governor Patrick. "Each of us has a stake in promoting opportunity and prosperity throughout the Commonwealth, and each of us should contribute to improving it. And the number of new reforms we have also proposed continues our work to improve government performance and achieve savings."

"This budget proposal reflects a growth strategy that engages municipalities to foster long-term sustainability across the Commonwealth," said Lieutenant Governor Timothy Murray. "We want to continue our Administration's unprecedented support for cities and towns while also implementing critical reforms, creating more efficiencies in the delivery of services, and making key investments that will benefit Massachusetts today and for future generations."

"This budget is fiscally sound and continues to change the way government does business," said Secretary of Administration and Finance Glen Shor. "It positions the Commonwealth well for the future by aggressively building on the many reforms and efficiency initiatives we have implemented over the past several years to ensure we stretch every taxpayer dollar as far as possible."

The Governor's FY14 budget recommendation proposes state spending of \$34.8 billion, a 6.9 percent increase from FY13. This rate of growth is consistent with pre-recession budgets.

Creating Growth and Opportunity

Education

Governor Patrick has called for renewed investment in education in order to create opportunity across the Commonwealth and to keep the Massachusetts economy growing. The proposed budget would provide universal access to high quality early education for children across the state, from birth through age five; fully fund K-12 education and allow for extended school days in high-need schools; make college more affordable and accessible for high school graduates; and allow community colleges to expand their efforts to provide students with the knowledge and skill training needed to succeed in the workplace.

The Administration will invest a total of \$6.79 billion in education in FY14, including over \$550 million in new targeted investments that will bring Chapter 70 funding to \$4.39 billion, the highest in state history. These investments include increased funding in achievement gap related programs, including:

\$131 million investment in the early education and care system will provide funding to work to eliminate the Department of Early Education and Care's (EEC) current birth to age-five waitlist; expand initiatives to ensure the highest educational quality among providers of early education and care; assist early educators and providers with attaining higher levels of proficiency, skill and quality; increase educational programs and supports for parents and family members to further engage them in their child's success; and expand efforts to provide comprehensive support services to children and their families.

\$226 million in increased Chapter 70 local aid will hold every district harmless for aid; keep every district at foundation levels of spending; finish the Chapter 70 equity reforms of 2007; guarantee an increase of \$25 per pupil for every district; calculate Out of District Special Education at \$35,000 per year, an increase of \$25,000 per year in prior years to appropriately compensate districts for the costs of providing special education; and eliminate the cap of pre-kindergarteners included in enrollment for Chapter 70.

\$5 million for a targeted expanded learning time initiative, allowing for middle school students in high-need schools to have the additional time and resources they need to build differentiated systems of learning, and ensuring that students have access to enrichment programs that will enhance their ability to succeed both in and out of the classroom. The proposal also includes an additional \$9 million in funding for comprehensive supports to students and their families in Gateway Cities.

Finally, the proposal includes \$152 million in FY14 to make college more affordable and accessible, particularly for lower- and middle-income students, including:

Significantly increasing funding to the MASSGrant program, which provides financial

assistance for students demonstrating the greatest need;

Expanding the Completion Incentive Grant Fund, which allows students enrolled at certain campuses to receive a maximum of \$8,000 over four years for credits earned towards their degree;

Providing annual increases for the community college funding formula developed as part of the Governor's community college proposal, totaling \$20 million in FY14; and

Furthering the Commonwealth's support for funding at least 50 percent of the educational costs at the University of Massachusetts.

Transportation

The Governor's FY14 budget proposes new investments in the Commonwealth's transportation system to maintain the current transportation assets we have today and launch a number of high-impact transportation projects across Massachusetts that, if built, will create thousands of jobs and spur economic development across the Commonwealth.

In addition to the Patrick-Murray Administration's \$13 billion capital investment over 10 years in transportation projects in the Commonwealth, a \$269 million increase is included in the Governor's FY14 operating budget recommendations to begin to fund the transportation needs highlighted in MassDOT's "The Way Forward: A 21-st Century Transportation Plan." In FY14, this investment will:

Eliminate the MBTA's structural operating deficit, which has been solved in recent years through the use of one-time, unsustainable funding sources;

Provide modest MBTA service enhancements such as expanding evening hours, restoring weekend service in areas that have been cut and improved customer service;

Take a significant step forward in discontinuing the decades-old practice of using borrowed funds (bonds) to pay for personnel and other operating costs

Sustainably fund Regional Transit Authorities (RTAs) by ending the practice of funding the RTA operating budgets in arrears, thereby eliminating the need for the RTAs to take on short-term debt in order to fund annual operating costs which, in turn, increases costs to the taxpayers and customer; and

Commence a \$13 billion Accelerated Transportation Program, including an additional \$100 million for chapter 90 local road and bridge funding.

Innovation and Job Creation

The Governor is proposing targeted investments to improve the Commonwealth's competitive business climate, especially in innovative fields, including: advancing innovation economies such as the life sciences and advanced manufacturing through research grants and accelerator loans; and funding an infusion of new MassWorks local infrastructure grants.

The Governor's FY14 budget provides \$75.5 million in additional funding for innovation and job creation, including:

\$25 million in the Massachusetts Life Sciences Center (MLSC), an increase of \$10 million above FY13, and further assumes that \$25 million in tax incentives will be distributed to companies expanding their life sciences activities and creating jobs within the Commonwealth. This funding will enable MLSC to provide research grants and accelerator loans to researchers and early-state companies, a direct investment in business expansion and job growth in this critical sector;

MassDevelopment's Advanced Manufacturing Futures Program was created in the 2012 Jobs Bill to engage in small-to-medium-enterprise lending, drive workforce development, and provide competitive grants and contracts to facilitate growth and competitiveness in the field of manufacturing. The FY14 budget will invest \$18.75 million from gaming license revenue in this new program to begin this crucial work. The Administration estimates that a total of 1,856 jobs will be created or retained through this investment over the next five years;

The MassWorks Infrastructure Program is a one-stop shop for municipalities seeking public infrastructure funding that supports economic development and job creation. This budget will expand the program and allow for new competitive projects over a minimum of two years with an investment of \$19.25 million from gaming license revenue. With this expansion, local cities and towns will see up to \$88.1 million in infrastructure-related public construction activity during the 2013 construction season through the MassWorks Infrastructure Program. The Administration estimates this program would create or retain an estimated 2,927 jobs over the next two years;

\$5 million for an investment to set up six regional housing authorities that will consolidate over 240 state local housing agencies. By promoting regionalization and cost-effective energy

purchasing, the Commonwealth could save over \$10 million a year in administrative costs that could be redirected back into the housing; and

\$7.5 million to support a new financing vehicle for the nation-leading social innovation projects announced by the Administration for youth offender diversion and prevention of homelessness among unaccompanied adults.

Commitment to Municipalities

The FY14 budget continues the Patrick-Murray Administration's unprecedented commitment to building strong partnerships with cities and towns and supporting their efforts to operate more effectively and efficiently. The Governor's FY14 budget increases local aid funding for all communities, provides much-needed local aid reform and will include programs that enhance cooperation with municipalities to achieve key Administration priorities.

Aid to cities and towns, or local aid, grows to 14.6 percent of the annual budget, or \$5.57 billion in FY14. Unrestricted Aid will be funded at \$930 M, a \$31M increase over the original FY13 budget.

Other FY14 Local Aid Funding Includes:

The special education circuit breaker will allocate \$230 million directly to municipalities;

State Owned Land (PILOT) is level funded;

Library Aid is level funded at the FY13 estimated spending level of \$16 million;

Regional School Transportation is funded at the FY13 estimated spending level of \$44.5 million;

Charter School Reimbursement is increased by \$9.8 million to \$80 million, from the FY13 estimated spending level of \$70.5 million;

Tax Reimbursements to Veterans, the Blind and Widows is funded at \$25 million;

Caseload-driven increases to Veterans' Benefits bring the account to \$48.1 million for FY14;

The Department of Veterans' Services (DVS) will maintain its FY13 policy of 100 percent reimbursement to cities and town for the costs they incur providing homeless shelter benefits to veterans. In FY13, the total reimbursements to cities and towns exceeded \$888,000; and

The Administration's 21st Century Transportation plan includes an additional \$100 million per year for local roads and bridges (bringing the Chapter 90 program to \$300 million annually) and an additional \$40 million per year in capital funds for the Regional Transit Authorities.

Comprehensive, Dedicated and Fair Proposal to Accelerate Growth

To support almost \$2 billion in meaningful investments that will strengthen the state's economic future, the FY14 budget calls for the creation of a simpler and fairer tax system that lowers the sales tax from 6.25 percent to 4.5 percent, and raises the income tax to 6.25 percent. Proceeds from the cut in the sales tax will be dedicated to a public works fund that will support the transportation plan laid out last week, as well as the school building fund and other public infrastructure and will be off limits for any other purpose.

To make that increase fair to all according to their ability to pay, the Governor has proposed doubling the personal exemptions for every taxpayer and eliminating a number of itemized deductions. Making those changes gives us a tax code that is simpler and fairer. The changes to state sales, income and business taxes will leave Massachusetts comparable on taxation to our neighboring states and those with which we compete.

In addition, the budget proposes to:

Reinstate the deduction for life insurance and annuity interest.

Cap the film tax credit at \$40 million per fiscal year.

Repeal the exemption of candy and soda from the sales tax.

Increase the cigarette excise by \$1 to \$3.51 per pack, and increase other tobacco taxes (cigars, smokeless, roll-your-own, etc.) to reflect the previous and new cigarette excise increases.

All funds would go directly to the general fund.

Reforms to Make Government Work Better

The Governor also announced several reforms that complement the budget. Proposed reforms include:

Reforming our antiquated retiree health benefits system to save the Commonwealth and

municipalities \$20 billion over 30 years and sustainably ensure future generations receive adequate benefits;

Beginning the process to implement electronic tolling, allowing all traffic to travel at normal highway speed through the tolling areas and reduce operating costs by an estimated \$50 million annually;

Ensuring there is “no wrong door” to accessing state services, by expanding the network of Family Access Centers, a one-stop center that provide services targeted to the needs of families in their host community;

Reducing business health care costs by 23 percent by eliminating the Fair Share Contribution Program and Medical Security Programs while maintaining employer responsibility to maintain quality, affordable health care for all residents by implementing an “employer responsibility contribution”;

Modernizing the funding formula for community colleges to strengthen the role these schools play in preparing students for jobs in the state’s rapidly evolving innovation economy;

Implementation of necessary funding changes required under the federal Affordable Care Act (ACA) to streamline health care coverage while maintaining access and affordability;

Enhancing oversight of the Commonwealth’s sterile compounding pharmacies by reorganizing the Board of Pharmacy and increasing inspections for all sterile compounding pharmacies;

Providing a series of innovative tools for municipalities, including a one-stop online grant portal for municipalities, the Citizens Connect smartphone application, state support for municipal information technology challenges, upgraded Geographic Information System services, and municipal purchasing assistance; and

Continued review of state regulations on businesses to ensure that we employ the correct balance in ensuring corporate responsibility while not overburdening the regulated community.

Accountability and Transparency

The Patrick-Murray Administration is dedicated to ensuring that state government continues to become more effective and efficient so that every tax dollar it uses is stretched as far as possible. We must be smarter about how government operates and delivers services to the people of the

Commonwealth. We also need to ensure that government focuses its limited resources on the things it needs to do to achieve better results for the people of the Commonwealth.

The FY14 budget advances these goals with the presentation of the budget in a new program budget format for the first time. Program-based budgeting provides comprehensive information on how taxpayer dollars are being spent, making the budget more accessible and transparent to taxpayers. This budget is presented in a new, more accessible and easily understood program-based format. Instead of simply presenting the agency or line-item account for each area of spending, this budget shows how much is being spent on the real functions of state government. The new program-based budget also goes beyond simply making recommendations for annual operating funds and presents a broader and more transparent view of how state government invests the resources it has – whether from operating, federal, capital or trust fund sources.

The FY14 budget marks the launch of MassResults, the next phase of the Commonwealth's efforts to make state government more transparent, effective and efficient. Led by the Office of Commonwealth Performance, Accountability and Transparency (CPAT), this initiative builds on the work done to date to change the way state government does business. For the first time each Secretariat will publish strategic plans which will lay out their mission, vision, goals and actions that will be achieved over the FY13-FY15 period. MassResults aims to make state government more effective, more accountable and more open – building a results-oriented culture.

Responsible Fiscal Leadership

Once again, the Governor's FY14 budget proposal is structurally balanced and sustainable. The budget minimizes the use of the state's stabilization fund with a draw of \$400 million, which will leave a rainy day fund balance in excess of \$1 billion at the end of FY14, one of the highest rainy day funds in the nation. This practice is consistent with the Patrick-Murray Administration's long-term fiscal policy framework, which called for limiting the use of one-time solutions to operating budget shortfalls to levels that are sustainable within long-term forecasted tax revenues. Long-term financial planning is a best practice, and the Administration is committed to using long-term financial planning to inform the development of structurally balanced, sustainable budgets. In alignment with that policy, the Governor's FY14 budget proposes to utilize only \$555 million in one-time resources next year, down from \$919 million in FY13.

The Patrick-Murray Administration's fiscal management has been recognized by all three rating agencies. In September 2011, Standard and Poor's upgraded the Commonwealth's credit rating to AA+, resulting in all three of the state's credit ratings being just one notch below the highest possible rating and giving the Commonwealth the highest credit ratings in its history.

Other Budgetary Revenues in FY14 Include:

\$83 million in gaming revenues projected to be collected next year as new gaming facilities are licensed under the 2011 expanded gaming legislation;

\$94 million in employer assessments currently collected to support health care costs for laid-off workers to help support its restructured subsidized health insurance programs starting in 2014;

\$24 million from modernizing the state's existing bottle redemption law to include bottled water and sports drinks;

\$27 million in tax enforcement initiatives at the Department of Revenue; and

\$26.2 million associated with an agreement with the online retailer, Amazon, to begin to collect sales tax for goods sold in Massachusetts and from the expansion of the hotel surcharge to rental properties.

For more information on the Governor's FY14 budget, please visit

www.mass.gov/budget/governor.

GOVERNOR PATRICK FILES TRANSPORTATION BOND BILL TO FUND CRITICAL ROAD, BRIDGE AND TRANSIT PROJECTS

Bill includes Authorization to support The Way Forward Plan and FY13-17 Capital Investment Plan

BOSTON – Wednesday, March 13, 2013 – Governor Deval Patrick today filed a transportation bond bill to authorize and fund the 21st Century Transportation Plan “The Way Forward,” the 10-year plan for the next generation of transportation investments to modernize and maintain a transportation system that spurs economic growth and creates jobs across the Commonwealth.

The bill invests \$13.7 billion over ten years to address a backlog of deferred maintenance and strategically improve our transportation system to reduce congestion on roads, curb delays and minimize crowding on trains and buses, and improve customer service. In addition, this bill continues funding current investments identified in the statewide road and bridge program identified in the Fiscal Year 2013-2017 Capital Investment Plan. In total, the bill authorizes \$19 billion of capital investment in the Commonwealth’s transportation system. Taken together, this legislation represents the administration’s commitment to a 21st century transportation system for Massachusetts.

“These investments will create the jobs and opportunity today that will build a stronger Commonwealth for tomorrow,” said Governor Patrick. “A modern, safe, equitable 21st Century transportation system is what our citizens want and our Commonwealth needs to unlock economic growth in every region of the Commonwealth.”

“Now is the time to build on our previous investments and complete the vision of a 21st Century transportation system that not only helps people get from point A to point B but strengthens our economy,” said Lieutenant Governor Timothy Murray. “We look forward to continuing our partnerships with the legislature, cities and towns, and the business community to make this vision a reality.”

“The Governor and Lieutenant Governor from the very beginning have focused on reversing the previous inadequate maintenance of our roads, bridges, and rails through commitments such as the Accelerated Bridge Program, and the bond bill supports the next critical steps in maintaining and improving transportation for decades to come,” said MassDOT Secretary and CEO Richard A. Davey.

“The Patrick-Murray Administration is committed to making critical investments in job creation and economic growth by modernizing and expanding our roads, rails and bridges,” said Secretary of Administration and Finance Glen Shor. “The bond bill codifies our 21st Century Transportation Plan which will help create a transportation network that strengthens our economy and enhances our quality of life in Massachusetts.”

The transportation bond bill, to be funded by existing revenues and additional revenues through passage of tax reform, includes the following investments to complete the 21st Century Transportation Plan and fund the existing transportation capital plan for the next four years. Without passage of the Governor’s plan, necessary road and bridge projects will go unaddressed, creating longer commutes, eliminating public transit options and slowing economic recovery and growth.

\$3.4 billion to provide \$300 million annually in Chapter 90 funds, a 50 percent increase, distributed to Towns and Cities for local road and bridge projects

\$2.4 billion for transportation construction projects over the next four years that are eligible for 82 percent federal reimbursement of costs, leaving a net state borrowing cost of \$432 million

\$4.6 billion to fully state-fund highway maintenance and construction, including major projects identified in the 21st Century Transportation Plan, such as the I-93/I-95 interchange and Springfield I-91 viaduct

\$4.4 billion for regional rail projects identified in the Transportation Plan including Green Line expansion, South Coast Rail and South Station expansion

\$3.3 billion to modernize MBTA subway and bus systems to improve service, safety and customer convenience

\$604 million for regional transit to modernize bus fleets and infrastructure in regional systems statewide

\$146 million for information technology projects, including the statutory requirement to implement an asset management system.

Patrick-Murray Administration's Regulatory Reforms Cut Permitting Times, Encourage Economic Development and Job Growth

BOSTON – Thursday, March 21, 2013 – Governor Deval Patrick today announced a report showing that initiatives to streamline permitting at the Massachusetts Department of Environmental Protection (MassDEP) have dramatically shortened the time to permit, removed unnecessary barriers to jobs and economic growth and made MassDEP a national leader in protecting the environment through smarter and better methods.

In 2007, Governor Patrick directed MassDEP to speed up and simplify its permitting process to match “the speed of business.” In response, the Department initiated a permit streamlining program in 2007 that cut review timelines across the board and simplified the approval process for key permits associated with significant economic development opportunities. Overall, MassDEP has reduced permitting timelines by 20 percent since 2007, with 90 percent of DEP permits now being issued within three months, compared to only 69 percent before 2007. Ninety-seven percent of permits are issued within six months, compared to 81 percent before 2007.

"Massachusetts is growing jobs because of our strategy to invest in education, innovation and infrastructure and because of the tremendous strides we have made in positioning Massachusetts as a top place to do business," said Governor Patrick. "Thanks to the efforts at MassDEP to remove barriers and create efficiencies in the permitting process, more businesses are making Massachusetts their home and creating jobs and opportunity in our neighborhoods."

The Governor made today's announcement at Lovejoy Wharf, a site that, because of the Administration's efforts to remove delays and barriers in the permitting process, will soon be the corporate headquarters of Converse. The Governor also touted a package of more than 20 additional reforms proposed by MassDEP, in coordination with business, municipal and environmental stakeholders, to weed out unnecessary or obsolete regulations, further lightening the regulatory burden on businesses and helping promote job growth. The package of reforms will further streamline environmental permitting requirements and eliminate state permits that are of low environmental protection value or that duplicate local approvals.

“These reforms will lighten the regulatory burden on industry and promote jobs and economic development without compromising the Commonwealth’s strict environmental and public-health protection standards,” said Energy and Environmental Affairs Secretary Rick Sullivan. “The top-to-bottom review and reform of its regulations have helped MassDEP reach the Governor’s goal of approving permits at the speed of business.”

“Once implemented, these reforms will save MassDEP hundreds of hours of administrative time per year and improve overall environmental protection by allowing our agency to focus on the most pressing environmental challenges,” said MassDEP Commissioner Kenneth Kimmell. “The private sector will also see significant savings. We estimate that the changes in our hazardous waste site cleanup program will save businesses and municipalities approximately \$1.4 million a year.”

MassDEP’s efforts are part of Governor Patrick’s nation-leading regulatory reform effort. This is the most significant and impactful reform of the regulatory system in Massachusetts in decades. Through September 2012, 60 state agencies had reviewed 446 sets of regulations with 286 of those regulations being amended or eliminated. Nearly two-thirds of all of the regulations reviewed have had some action taken. The goal of making it easier to do business in Massachusetts is one of the five main goals of the Commonwealth’s long-term economic development plan, “Choosing to Compete in the 21st Century.”

“Governor Patrick’s call for an innovative, wide-ranging review of regulations has made it easier for hundreds of thousands of small businesses to operate in Massachusetts. It is a significant step toward dispelling the notion that it is difficult to do business in Massachusetts,” said Secretary of Housing and Economic Development Greg Bialecki. “Through these reforms we are cutting red-tape, refining how state government operates, lowering costs for many businesses and improving the regulatory environment to create opportunity for everyone in Massachusetts.”

“We can protect the environment and vulnerable workers while still promoting economic growth that benefits everyone in the Commonwealth,” said Labor and Workforce Development Secretary Goldstein. “Our work with employers to fund workforce training initiatives promotes job growth while ensuring that jobs that are created are safe and stable.”

Today’s announcement also came on the heels of the Executive Office of Labor and Workforce Development’s report that Massachusetts has now surpassed pre-recession job levels, adding

over 19,000 jobs in January and February 2013. The Patrick-Murray Administration, in partnership with the Legislature, has pursued a strategy of investing in education, innovation and infrastructure, even in the midst of the economic recession, which positioned Massachusetts to recover faster and stronger than most other states.

In January, Governor Patrick unveiled a budget proposal that includes new investments in education and transportation, investments that have proven to create new jobs and economic opportunities. The Governor's plan includes a \$1 billion annual investment in the Commonwealth's transportation system to maintain the transportation assets we have today and launch a number of high-impact transportation projects across Massachusetts that, if built, will create thousands of jobs and spur economic development across the Commonwealth. The plan also includes a \$550 million investment in education, reaching \$1 billion over four years, to expand access to high quality educational opportunities and make higher education more affordable for all students in Massachusetts.

Over the past two months, Governor Patrick has been traveling across the state making the case for business leaders, educators, local elected officials and members of the public about the importance of investing now in education and infrastructure to spur job creation and unlock opportunity in every corner of the Commonwealth. For more information on the Governor's investment plan visit www.mass.gov/governor/choosegrowth.

For more information on MassDEP's regulatory reform initiative and permit streamlining efforts, visit: <http://www.mass.gov/dep/about/MassDEP-streamlining.pdf>

04.04.13 Statement of Governor Patrick on Joint Transportation Proposal

AS DELIVERED:

Governor Deval L. Patrick

Statement on House Transportation Bill

State House

Thursday, April 4, 2013

Since Legislative leadership announced their transportation plans on Tuesday, several reporters have asked for my reaction. We received the bill on Tuesday night and I wanted a chance to study it in detail. My team and I have done that over the last 48 hours, and so I want to offer some comments.

Basically, Leadership's proposal raises taxes and fees on drivers everywhere to fix the T's operating deficit and little else.

The Leadership's proposal includes authorization for \$300 million in ch. 90 funds for local road and bridge projects, just as I have proposed; but it doesn't provide enough funding to actually do that work.

There is no funding here to meet our legal obligation to extend the Green Line or build South Coast Rail or bring Blue Line service to Lynn or fix the main transportation artery in Springfield or continue the train service to the Cape after this summer. There is nothing here to update the 40-year old Red Line cars or the 30-year old Orange Line cars on the T or any of the buses in any of the RTA routes. There is nothing to fix the grade crossings in Framingham that slow the commute from Metro West or to modernize any of the commuter rail cars.

Not only does this proposal short-change the T and every community outside of Boston, it short-changes every parent or business owner who cares about the readiness of our young people for the workplace.

If you live in any of the places that are or would be affected by the services I just named, even though the services that benefit you would not be improved, the Leadership's proposal has you paying more for gas, more to register your car, more to drive on the Pike, more for a Charlie Card or a commuter rail ticket. In other words, from all we can tell, everybody pays more and gets less. I can't see why that is either good policy or good politics.

I have been clear from the start that I am willing to compromise, and have made numerous overtures to

Leadership and individual members. I have also been clear that the final revenue package must be sufficient to meet our needs, dedicated (in the case of transportation), and fair. This bill is neither sufficient nor fair. It is certainly not a job growth plan.

I appreciate that the Speaker, the Senate President and their teams have worked hard at this. Both the Speaker and the Senate President have expressed their concern about the impact of new taxes on the middle class, on working people. I share that concern.

But let's be clear: Leadership's proposal taxes the middle class. Their proposal taxes the middle class every time they pump a gallon of gas; every time they buy a pack of cigarettes; every time they buy a Charlie Card or take a commuter train; every time they wait for a bus or train that's not coming; or buy a new tire because a pothole blew out the old one; or in the extra time it takes to take the long way to work or home because the bridge is out. It's a fiction to claim that somehow this bill avoids new taxes. Everybody, whether a member of the Legislature or member of the general public, knows we need new taxes if we want a better and more modern system. The question is what do you get for what you pay. Leadership's answer is more of the same, or less.

I share the Speaker and Senate President's concern about the middle class, and the impact of more taxes.

The middle class in Massachusetts needs roads and bridges repaired in their communities, because it improves the quality of their lives, saves them time and keeps them safe. My proposal does that. The House bill doesn't.

The middle class in Massachusetts have kids who cannot afford the college education they need to move themselves forward. My proposal helps them. The House bill doesn't.

The middle class in Massachusetts who ride the T or the commuter rail or the Pike, or who register their car every 2 years or get it inspected every year, would be better off if their fares and tolls and fees rose more gradually. My proposal does that. The House bill doesn't.

And above all the middle class in Massachusetts need better jobs and a stronger economy, and need it sooner rather than later. My proposal provides that. The House bill doesn't.

The Leadership's proposal is a return to the old way of doing business. It's the same short-term, fiscal shell game that got us the Big Dig and the mess that followed. In the past six years, working with the Speaker, the Senate President, and all their colleagues in the Legislature, we have largely changed that. We have worked together to make serious and important changes in the way things are done around here. We have a track record of reform that we can be proud of.

But if supporting this bill would be taking a step back from all of that.

It's not about me or them. It's not about the income tax or the gas tax. It's not about \$1.9 billion or \$500 million. It is about pretending to fix a problem versus actually fixing one. If this bill passes, and it may, we'll be back in a couple of years in the same place. Chronic budget problems at the T. Structurally deficient bridges. Clogged interchanges on I-95 in Woburn and Canton. A crumbling viaduct on I-91 in Springfield with chunks of it falling into the road like yesterday. No Green Line to Medford. No train to New Bedford. Red Line cars with their doors stuck open, like we saw yesterday. Without a doubt more businesses wondering why they can't find the talent they need for the jobs they have and more kids unable to afford to get those skills. And a public even more skeptical of government's ability to do what it's supposed to do well. They'll be looking at a third tax increase and fare hike in six years and they'll wonder where it has all gone.

A long-term solution to our transportation and our education challenges is not easy. I get that. I have asked for a lot and that has made a lot of my friends in Legislature and many in the public uncomfortable. I get that, too. I still believe we are in the midst of the process of finding a solution, not at the end of it. But I want to be clear that I cannot support another effort to kick the can down the road, and I won't.

I am happy to take your questions.

GOVERNOR PATRICK RETURNS TRANSPORTATION FINANCE BILL TO LEGISLATURE WITH AMENDMENT

Amendment will make funding certain in the absence of Western Turnpike tolls

BOSTON – Tuesday, July 2, 2013 – Governor Deval Patrick today returned the Transportation Finance Bill in its entirety to the legislature with recommended amendments, including a provision to ensure long-term funding for the Commonwealth’s transportation system.

While the bill passed last week sought to invest an additional \$805 million a year by 2017 in roads, bridges and rails across the Commonwealth, it did not deal with the anticipated loss of \$135 million in existing revenue that same year. The bill relies on that \$135 million in revenue from the Western Turnpike tolls, yet under current law the tolls can come down in 2017. Governor Patrick is proposing an amendment to ensure that the state will actually see \$805 million in new investment. Under this proposal, if the tolls come down in 2017, the state’s Commissioner of Revenue will be directed to increase the gas tax by the amount necessary to replace the lost toll revenue. This will provide certainty for transportation planning and the public that the state is able to make the investments it is promising to make.

“The people we serve need and deserve a modern, efficient and safe transportation system in every corner of the Commonwealth,” said Governor Patrick. “The \$805 million in new revenue proposed by the legislature would bring meaningful progress toward delivering that kind of system, but the legislation before me does not yet achieve that. This amendment makes certain that the people can count on the full \$805 million.”

After a thorough study at the direction of the Legislature and input from more than 1,000 transportation experts, members of the business community and commuters, the Patrick Administration identified unmet transportation needs requiring an average of \$1.2 billion in new annual investment over the next decade. The Governor filed a comprehensive transportation financing plan earlier this year that would have solved the Commonwealth’s long-term transportation challenges, while creating jobs and economic opportunity in every corner of Massachusetts.

The Governor also amended the legislation to guarantee that the one member of the Massport Authority Board represents a community directly impacted by Massport activities, either East Boston, South Boston or Winthrop. In addition, he recommends delaying the effective dates of the gas tax and computer system design services and software modification sales tax sections of the bill to avoid retroactive taxation and

allow the Department of Revenue and affected taxpayers adequate time for proper implementation of these changes.

STATEMENT OF GOVERNOR PATRICK ON TRANSPORTATION FINANCE BILL

BOSTON - Monday, July 22, 2013 - The following is a statement from Governor Patrick: "Today, with mixed emotions, I am vetoing the transportation finance bill.

On the one hand, this bill, in its current form, enables us to reinvest in our transportation network, after decades of willful neglect. It provides some short-term resources to deal with our most pressing needs. It responds to a key priority of my Administration and will stimulate many jobs. I thank the Legislature for that.

But this good bill is not good enough.

The issue has to do with the fate of the western tolls, and whether we should deal now or later with a problem we can see coming. By current law those tolls come down in 2017, and the people who pay them have been assured they will come down. Some legislators say that the tolls will never come down, despite what the law now requires. Others say that the tolls must come down when scheduled, as a matter of fairness. The Legislature has chosen to deal with it later. That uncertainty makes it difficult to plan a steady, disciplined reinvestment plan sufficient to get the Commonwealth to where it needs to be.

I believe this is an issue to be dealt with now, not put off to another day. Transportation is too important to our citizens, their livelihoods, their quality of life, and our economy as a whole. And too often, those needs are only dealt with when they become a crisis. While this Administration and the Legislature have done much to improve on that record, and worked together successfully to address many challenges, I believe this good bill misses a critical opportunity for the people we serve.

For these reasons, I will not support it."