

# **01.21.11 Massachusetts Municipal Association Annual Meeting**

**Governor Deval L. Patrick**

**Address to the Massachusetts Municipal Association**

**Friday, January 21, 2011**

**[For more information, read the press release here.](#)**

Four years ago, when I first addressed this body, I challenged you to work with me and with each other to build a better, stronger Commonwealth. Instead of kicking the can down the road, I challenged you to confront the profound challenges we faced. I challenged you to be bold - because what we do today, or fail to do, will matter for a generation to come.

We have all been tested by the collapse of the global economy. But when the going got tough, we stuck with our plans. And as a result, our Commonwealth is first in the Nation in student achievement, first in the Nation in health care coverage, first in the Nation in clean energy initiatives and veterans services, and ahead of most other states in adding jobs.

Not only did we stick with our plans. The LG and I stuck with you.

Working together, we developed new tools to help your communities endure and even flourish.

Working together, we eliminated the tax exemption on telephone poles and wires, generating \$26 million for your communities.

Working together, we gave you the option to raise local meals and hotel taxes, with potential to generate over \$120 million in new revenue.

Working together, we moved under-performing local pension systems to the state system, and gave you the authority to extend your funding schedules, worth up to \$200 million in budget relief in the first year alone.

Working together, we created a pathway for your employees to get their health insurance through the GIC, which has saved participating communities \$44 million already.

Working together, we made investments in local roads, rails, bridges, broadband expansion, public and affordable housing, in most cases at higher levels than in a very long time.

And working together, we have supported our public schools, through chapter 70 funding, at the highest levels in the history of the Commonwealth - even while coping with a \$13 billion budget gap.

Because we have worked together, with optimism and effort, the collection of local communities we call our Commonwealth is strong and getting stronger.

The work of the second term is clear. There are jobs to create, schools to strengthen, health care costs to reduce, and urban violence to end. Tough times and hard choices remain. But I am confident better days lie ahead - so long as we continue to work together. In that same spirit of partnership, here is what I propose to do:

First, this afternoon I will file my plan design bill. In a nutshell, my bill will require that in time for the start of the coming fiscal year, your communities either join the GIC or come up with your own plan or program of equivalent value and cost.

Consistent with the principles I have insisted upon from the start, my bill will (1) capture immediate and material savings for you to use to sustain local services and retain jobs; (2) give labor a meaningful role in developing the solution; and (3) assure that your employees have continued access to adequate, affordable health care.

My bill will also require that you do what only a few have elected to do: move your eligible municipal retirees into Medicare.

Health care costs are a serious challenge across America. Premiums continue to far outpace inflation. Just as that has put the squeeze on small businesses, working families and state government, local communities have felt the pinch as well. Redesigning insurance plans is just about reapportioning the burden of those costs. But the systemic issue remains: the health care system is too costly and is becoming more so at an unsustainable rate. While we work on that larger challenge through the second term, the bill I am filing today will help.

To be specific, the total statewide savings of these two measures, once enacted into law, is over \$120 million. That's money you can use now and in the future to keep teachers in the classrooms, police and firefighters on the streets, and senior centers and libraries open.

Second, my budget will propose to increase state support for public schools through chapter 70 to \$3.99 billion, a \$140 million increase from the current budget and once again the highest level of state funding in the history of the Commonwealth. I will also propose to increase funding for the special education circuit breaker by \$80 million. I will propose to fund most other local programs at current levels, including PILOT; regional

school transportation; charter school reimbursements; and library aid.

Third, I will propose a budget of \$833.9 million in unrestricted local aid. This is a \$65 million reduction from the current Fiscal Year and is unavoidable. But I have to point out that it is more than offset by the savings to cities and towns from my plan design and Medicare bill.

Fourth, I will again propose to remove the property tax exemption on telecommunications equipment. It is an unaffordable anachronism, worth \$26 million to your communities, and the telephone company pays it in every other state in which they do business.

Fifth, I will propose a \$9.7 million regionalization and efficiency grant initiative. Many of you have been working with us and with neighboring communities on how better to share municipal services to save time and money without jeopardizing transparency or quality. Our new fiscal reality demands that we go further. This new competitive grant program will support one-time transition costs related to regionalization and other efficiency initiatives.

Sixth, we will establish a new Municipal Procurement Program as a platform for you to centralize procurement practices to leverage greater purchasing power and save money on everything from power to paper clips.

Finally, we will increase funding for the Chapter 90 Local Road Program to \$200 million, an increase of \$45 million or 29% over the current fiscal year, and \$80 million more than was provided before I came to office four years ago. And our commitment to capital spending for municipalities will expand from \$7.9 billion in the first term to a projected \$11.5 billion in the second

term. That means continued work to improve roads, parks and recreational facilities, housing and other public spaces and places that promote growth and improve quality of life. Since taking this job, my focus has been on governing for the long term, on building a better future for all of us. The choices we have made reflect that focus. That will continue. In fact, it must. Generational responsibility is more than a timely message. It's a timeless one.

I know we cannot succeed in a global society without successful local communities. I am willing to do my part. Here are some ways I am proposing to help. Work with us, and we will emerge from these tough times stronger than we were before.

Thank you.