

Governor Romney's Address to the State

January 29, 2003

Good evening.

After four weeks on the job, I want to give you a report on the state's financial condition and let you know how I plan to make it better.

You already know that our economy is well below its peak. Last month, we lost another 10,000 jobs and I'm afraid that our unemployment figures understate the extent of our economic hardship. Far too many of our citizens are out of work and far too many have been looking way too long for a job.

There is some good news, however.

The sharp decline of our economy appears to have stopped. I've spoken with employers across the state and most are seeing some stability in sales and orders. They want to grow, to invest in expansion and to hire more people. But, they're waiting for signs that the national economy is on the move.

New employers also see our state as a good place to do business. They're attracted by our good schools, our quality healthcare, our well-educated workforce, and our natural resources and culture. My team and I continue to pitch the advantages of doing business here.

Closer to home, state government has some problems of its own. A year or so ago, experts forecasted that our economy would be cooking by now. It isn't. They had planned for tax revenues to rise sharply. They haven't. Of course, hindsight is 20/20. But now we've got to face up to the reality of our fiscal situation.

Quite simply, the reality is that we have about \$650 million less to spend over the next 5 months than was originally forecast.

We're not unique – most other states in the country are facing shortfalls of their own.

Fortunately for us, our legislature has taken steps that allow us to deal with the problem. They have worked hard to enact special emergency powers that permit me, as Governor, to cut back spending over the next 5 months to match our revenues.

No one wants spending cuts, especially when there's so little time to plan for them. There's no time to restructure state government or remake state programs. On such an emergency timetable, there's just time for cuts.

I am asking everyone to share the burden. I've tried to make the reductions as fair as I can. And they do not compromise the core missions of state government.

I will call on every city and town to tighten their belt. The state will reduce its aid to municipalities by \$114 million. That's about 2½ cents of every dollar we send them. While 2½ cents on the dollar may sound small, it will mean that each municipality, including yours, will have to reduce expenses. Lt. Governor Kerry Healey has worked with mayors and municipal officials to propose reforms that help them get the most value out of every dollar spent.

I will also call on all state employees to pay a larger share of their health insurance, from the 15 percent we now pay to 25 percent. And some state workers will face layoffs as positions they have filled will no longer be needed.

In some cases, I'll ask citizens who receive free medical care to contribute a share of its cost. Some health services will be pared back. Providers, like hospitals and nursing homes, will also be asked to share in our emergency reductions. Of every dollar now spent for health and human services, there will be about a 1 ½ cent reduction.

I will ask those of you who use our recreational facilities to accommodate a slightly shorter season. Boaters and golfers will see higher fees as well.

There are a number of areas where I feel significant cuts would be too difficult on such short notice. I did not cut welfare payments or supplemental payments to veterans. I preserved our funding to homeless shelters. In fact, the majority of state programs for the poor and elderly were not touched. And I protected direct aid to local schools.

Some of the reductions require legislative approval. Their prompt and favorable action will prevent further cuts in local aid or other state services.

These actions will keep the state financially sound, at least through the end of this fiscal year. Then comes next year and it's a real bear.

Last fall, experts placed next year's budget problem at \$1.5 billion. Today, we estimate that the hole may actually be twice as large, \$3 billion. And that's despite last year's tax increases.

There will be a lot of people who think we should raise taxes again. I don't agree. Raising taxes would not be fair to our working families. So many families are so close to the edge that a tax increase could push them over. And, raising taxes would further slow down our state economy, which would cost people jobs and cause the state to lose even more tax revenue. That's the last thing we need.

About a month from now, I'll file a budget for next year that will close the \$3 billion shortfall without raising taxes and without compromising our core missions. What I will propose is that we fundamentally restructure the way state government operates.

We're going to tackle this on three fronts.

First, we'll begin with streamlining and economizing. Let me give you just one example. When I came into office, I asked how many lawyers worked in state government. I figured the number would be 50, 60, maybe 100. The number turns out to be 800, not including the Attorney General's office and we're still counting.

That's way too many lawyers. We'll cut the number of lawyers and bring the remaining ones under a single umbrella. It's more efficient and it will save a lot of money.

Second, I'll look to combine government agencies that perform duplicate or similar functions. There's no reason to have two agencies doing the same thing. You'll see this in Health and Human Services, in Transportation, in Workforce Training, in our Environmental Agencies, and many others.

For example, I'll eliminate the MDC as an independent agency. The services it performs and its park rangers will be made part of our state parks agency. We'll do a great job maintaining our urban parks while cutting unnecessary overhead dollars.

Third, we will restructure certain state programs to make them more fair, efficient and effective. I'll address how the state supports education. I believe our local school aid formula needs reform to protect all of our schools. I also will bring forward a new vision for our state's higher education and workforce development.

Put all together, this is the most far-reaching restructuring of state government in decades. And let's be clear about why I'm doing it.

It will let us carry out our core missions without levying unfair tax hikes on our working citizens. It will keep Massachusetts attractive for current and new employers. It will help build our economy, and preserve and create good jobs. The changes I propose are only pennies on the dollar but they will protect our future.

I've already seen our Legislature address tough economic issues with speed and fairness. I'm confident that we'll continue to work collaboratively to restore the Commonwealth to fiscal health.

Over the next few weeks, we'll hear complaints from the special interests that their world is coming to an end and, actually, for many of them, it may seem like it. Because we will be changing their world and change is hard. But it is change for the better.

Make no mistake. Our future is bright. We will overcome our difficulties because we will rely upon the same perseverance and fortitude that has always sustained the people of Massachusetts. If we make these sacrifices together, and if we have the courage to put special interests aside, we can unite as a community for the common good.

With hard work and ingenuity, we will create a new and shining example of how government should work for all our citizens.

Thank you and good night.