Governor Deval Patrick
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Governor Patrick spoke about the new federal stimulus law at the Boston Chamber of Commerce on February 18, 2009.

Good morning and thank you for having me here today. Let me also thank you for all you do to improve the business climate and the quality of life in Massachusetts.

I thought I would make a few opening comments about the $787 billion economic recovery bill signed yesterday by President Obama, and what we believe it will mean for Massachusetts. Then we can open it up for some conversation - on the stimulus bill or anything else you want.

This package contains significant opportunities for Massachusetts -- particularly in the areas of infrastructure, education and funding for safety net services. It also contains a variety of individual and business tax cuts or credits. Though we are still analyzing the bill, it's safe to say Massachusetts will receive between $6 and $9 billion over the next two-plus years from funds to be allocated through various formulas. Most of these funds will come for specific programs, either to the state or directly to municipalities. Some will come to fund certain types of infrastructure projects. Some - such as food stamps or tax cuts -- will flow directly to individuals. Through certain competitive grant programs, we are well-positioned to receive more funding beyond the $6-to-9 billion range.

These funds will certainly help. But this stimulus package will not be a panacea. We continue to face serious challenges to our operating budget and our overall economic health. Tough cuts, lean funding, difficult choices and a season of further reforms will remain the order of the day in state and local government. We will continue our plans to seek meaningful reforms of our transportation, pension and criminal sentencing systems as well as in our ethics and lobbying rules to help restore the integrity of the people's democracy.

The tax package represents nearly 40 percent of the total bill. People making less than $75,000 per year and families making $150,000 per year will receive an income tax cut of $400 per individual and $800 per family. This fulfills one of the President's campaign promises. Over 2.5 million workers and their families in Massachusetts will receive this tax cut. Some 71,000 families will be eligible for the new college affordability tax credit as well.

There are a variety of investment tax credits that will benefit our burgeoning green tech industry, such as a 3-year extension of the tax credit for renewable energy production, a 2-year extension of a tax credit for energy efficiency improvements in homes, and a 2-year tax credit for energy-related research expenses.

We expect to receive approximately $1 billion for sorely needed and ready-to-go infrastructure projects. This includes $400 million in highway funding and over $300 million in transit funding that will help get a variety of maintenance and modest expansion projects moving.

Physical infrastructure is a vital component of economic competitiveness, and these funds, which double our own capital initiatives for this year, will put shovels in the ground and get men and women back to work. We started to prepare for this new federal spending in December when we convened a number of task forces to identify projects throughout the state that would be ready to start -- meaning actual implementation -- in six months or less, and also to identify
obstacles we might face in terms of workforce capacity or procurement rules. We have also appointed a Director of Infrastructure Investment to help select and oversee these projects and opened a website through which any member of the Legislature or the general public will be able to track the money, project by project. We expect to select projects to fund based on the number of jobs they create today and the maximum value they create over the long-term -- and to be judged accordingly. It is equally important that we invest in projects across the state, and we will.

The package also includes initiatives to help build on our key clean energy priorities in Massachusetts. The President’s objective of doubling renewable energy generation nationally over three years is ambitious. By providing new resources for the manufacture, installation and modernization of wind, solar and biofuels, this legislation helps Massachusetts continue to blaze the trail out of the fossil fuel era and into the clean energy future. Since the legislation favors those states that have a framework for investment in place, as we do, we expect to be a strong competitor for this funding.

The bill provides $7 billion for competitive grants to expand broadband to un-served and underserved areas. Together with our own Broadband Bill enacted in the last legislative session, this funding means we can move faster in our work to increase access in the approximately 31 un-served and 63 underserved communities across the Commonwealth. Universal broadband will position Massachusetts for innovation in science, commerce, industry and education, and for economic growth and job creation in the long run.

There is also good news in the bill for us on the medical research front, in two respects. First, President’s bill significantly increases funding for the National Institutes of Health, by over 30 percent from last year by some estimates. Because Massachusetts is home to some of the best research facilities and minds in the world, our universities, laboratories, hospitals and life sciences industry have always competed very well for NIH grants. We will be doing all we can in state government to help assure they take full advantage.

Second, the bill commits $19 billion to migrating patient health records to an electronic format. As you know, the Senate President’s bill last year committed the Commonwealth to this course, as a means to help contain health care costs, and these new federal funds should help accelerate that effort. As an important corollary, many of the high tech firms that develop and implement e-health strategies are located here in Massachusetts, so this provision also means contracts for our companies that will come from other states.

Many of our citizens are feeling deeply anxious about their own economic circumstances right now, and the bill provides some help for the most vulnerable of them. To help address the most serious and immediate concerns, there is funding to help stem the effects of cuts to some core human services. We are seeing significant spikes in the demand for Medicaid, unemployment compensation, emergency housing, food stamps, and other important services because of the downturn, just as the state’s ability to meet that demand is compromised. We have a moral obligation in government and as a Commonwealth to do everything we can to assist the vulnerable. And this bill helps in a couple of ways.

The turmoil in the economy has left many families literally without a roof over their heads. Massachusetts will receive close to $45 million to help us prevent families from becoming homeless.

Additionally, Massachusetts is eligible to receive an estimated $60 million to help restart approximately 31 affordable housing projects and help about 1,500 families. The construction from these projects alone would generate approximately 2,300 jobs.

The state will also receive almost $30 million through the Community Development Block Grant program for community and economic development projects including housing and services for those hit hardest by tough economic times.

To ensure our pioneering experiment in health care reform does not regress in the face of economic difficulties, we will benefit from additional Medicaid funds. I want to point out that in the budget we filed for the coming fiscal year we accounted for use of anticipated Medicaid funds from the stimulus bill to help us close the budget gap. We were conservative. It appears that over the next couple of years we will receive about twice the amount we budgeted.

This is all helpful, but it does not relieve us from the tough choices we have to make on spending. Between this and next fiscal year, we have identified a $6.5 billion gap in the operating budget. The federal stimulus funds will help

address about one fifth of that gap. It does not let any of us off the hook this year or next, nor should it, and we still have a challenge awaiting us when the stimulus funds run out, as the economy starts to recover.

Finally, I want to say a word about the education funding. This is the component of the bill in which I was most involved, and I want to thank the administration and the Congress, especially the members of the Massachusetts delegation, for pushing it as hard as they did.

Our approach was not based on a desire to expand existing programs or launch new ones, important though that is. It was really about holding on to gains achieved, about not losing ground while the recession lasts. Second graders get their chance at second grade right now. They don't get to sit out the recession until we can afford enough teachers or materials to make second grade meaningful. Besides, education is our Commonwealth's and our Nation's edge in the global economy, and we had better be thinking all the time about how to assure its strength.

So we did two things. At the state level, we held this year's spending for public schools harmless and proposed to hold next year's spending at this year's level - while at the same time solving a $6.5 billion budget shortfall. And at the federal level, we sought resources to help us maintain a reasonable commitment to public education as a bridge to better economic times. Again, I am grateful that the President and Congress included this support for today's students, and you should be, too.

Massachusetts will receive over $800 million in federal aid to education over the next couple years. Local school districts in poor communities are eligible for an estimated $200 million more. Special education gets a boost as well, about $250 million. Between these different federal contributions, we can and should bring every community up to full foundation funding in the next couple of fiscal years, and also restore some of the cuts we have had to make to public higher education. I will look forward to working with the Legislature on this as they develop their own budget proposals.

So, overall I am pleased with the quality and quantity of support to states. Because, without some assistance with our core budget commitments, the stimulative effect of infrastructure projects and tax cuts would be diminished, if not neutralized, by program cuts, layoffs and reductions in state services.

But we must be realistic. The stimulus funding is an important tool, but not a magic wand. The President has been clear that the worst is most likely still to come. To repeat, tough decisions loom. The thought that this one piece of legislation will solve all our problems is not only untrue, but dangerous. Because complacency is the last thing we need. Our problems took a long time to develop, and they will take a while to solve. Our collective responsibility is to continue to push forward, and to seize opportunities to address those nagging unmet challenges that the times present the opportunity to face. Thus the reform agenda I alluded to earlier, and I welcome your support for it.

Now, more than ever, we will need to lean on each other as members of our communities, and of one Commonwealth. As business leaders, you know the cost of inaction and I hope you will join me in our effort to put this jolt of economic activity to productive use for all the people of our Commonwealth. As citizens, I hope you will work with me and with each other to deliver reform where we need it most. No one can be a spectator or just kibitz from the sidelines. You and I know that we will cycle out of this downturn one day. Help me make and implement the decisions today that make us as strong as possible for the upturn when it comes.

Thank you.