

07.08.12 Governor Signs FY13 Budget

AS DELIVERED

Governor Deval L. Patrick

Budget Signing Remarks

Sunday, July 8, 2012

State House, Boston, MA

Good afternoon and thanks for coming.

The budget I just signed is balanced, responsible and designed to keep Massachusetts growing stronger. Secretary Gonzalez will take you through the details, in his usual thorough way, but let me give you the highlights and then take a few questions.

Though we ended Fiscal Year 2012 in balance and tax receipts for the year are higher than projected, the fiscal environment remains challenging. We project that fixed costs in Fiscal Year 2013 will increase slightly faster than revenues, but the overall growth in this budget, at roughly 4%, is less than what we project for tax revenue growth. The budget is again structurally balanced. We'll use less one-time revenue in Fiscal '13 than we did in this past year and we are on track to finish next year with one of the highest rainy day accounts in the nation at almost \$1.3 billion.

We are able to do this by making some tough but necessary decisions and working hard to do more with less.

Once again, we have slowed the growth in health care spending in the budget, cutting off nearly \$700 million in projected growth. That's on top of nearly a billion of savings in the year just ended.

The Health Care Connector continues its competitive procurement strategies that have decreased premiums by 10% over the last 2 years, allowing enrollment to grow without breaking the budget.

The GIC, which provides private insurance to tens of thousands of public employees, held rate increases to less than 2%, saving the state nearly \$55 million and families a lot of money as well. The GIC will also leverage the Federal Early Retirement Program to save an additional \$45 million.

Innovative management and transformation of payment and delivery models at MassHealth are enabling that agency to meet growing demand and still spend hundreds of millions of dollars less than had been projected.

The Commonwealth is fortunate indeed to have such a creative, forward-leaning team in charge of these areas of government and I thank them

Those savings have allowed us to continue to make targeted investments in the areas we know make the Commonwealth stronger – starting with education.

Once again, this budget provides the highest level ever of state support for K-12 education, and I am very, very proud of that. Every district in the state will reach the foundation level and no district will see a drop in state funding from last year. In addition, the legislature has adopted a number of our proposed reforms to close the Achievement Gap in education. By focusing on career success and English language learning in the Gateway Cities, we will build on our progress and continue our ongoing work to make sure that every student in Massachusetts gets a world-class public education, no matter their background or hometown.

This budget also adopts our proposal to create a more unified, coordinated community college system. The fifteen community colleges across our state are vital to the economic success of the regions they serve. The reforms in this budget will enable students to transfer their credits more easily and local campuses to be more responsive to the needs of local economies as well as of the state's fastest growing sectors. By making some changes to the governance structure, investing millions of dollars in new grant programs, and working together with the local leadership and faculty, we are now in a position to help close a skills gap that leaves 140,000 positions unfilled. I congratulate and thank the Legislature and all of the many partners for working with us on enacting these reforms and I look forward to working with the community colleges, the business community and others to help keep moving us all forward.

Alongside our investments in education, this budget continues key investments in innovation. Notably, we will invest \$15 million next year in the Life Sciences Center. We know investing in the Life Sciences Center helps create jobs. Growth in the life science industry – across the state and in jobs for a full-range of education backgrounds – is one of the reasons our unemployment rate is well below the national average.

We will also continue to invest in other key job growth strategies such as advanced manufacturing, travel and tourism and infrastructure.

This budget is not as dire as some of the others we have seen during the global economic crisis; but that doesn't mean it funds everything adequately. There is more work to be done in combating youth violence and providing teens with summer jobs. There is more to do to support our social safety net, especially as demand for services continues to rise. Transportation funding needs have been well-documented and there are a whole host of less flashy items, like IT investments, that need to be funded properly in order for government to continue to serve its residents in a timely and convenient way.

Today, I have vetoed \$32 million in funding and have filed a supplemental budget to redirect some of that towards those areas that need more help.

I have vetoed half of the \$20 million allocated for a Human Services Salary Reserve and propose to reallocate it to the Chapter 257 program we established last year. Chapter 257 is designed to increase the transparency and reliability of reimbursement for those who care for the state's most vulnerable residents. The work done by the men and women on the front lines of human services is absolutely critical. I respect their work and their role in helping people help themselves, and making our Commonwealth a community. I have proposed to move \$10 million from the salary reserve to support Chapter 257 reforms because these

reforms are a better way to assure we are supporting human services workers.

I have also vetoed funding for Taunton State Hospital and will proceed with plans to close that facility. I know this is a hard decision for many people I care about and I am moved by the support for hospital. But mental health advocates and experts support this decision and are as committed as we are to moving away from institutional settings toward an environment that emphasizes community support for patients. And with a new, state-of-the-art mental health facility opening next month, I am confident that we can continue to meet the demand for inpatient services AND transition to Community First without jeopardizing anybody's care or impinging on a patient's dignity. Closing Taunton State Hospital will not result in loss of beds for patients or loss of jobs for providers.

In a supplemental budget I am submitting today, I propose to use the savings from these and other vetoes to fund critical investments in a couple of key programs aimed at ending youth violence, specifically our Safe and Successful Youth Initiative, Shannon Grants and Summer Jobs. We know these programs work and we know they are necessary. The Legislature has been a strong partner in combating youth violence in the past and I am asking them for their support again.

In addition, our supplemental budget designates more money for homelessness services. Our efforts to reform these programs and move people into more affordable and sustainable permanent housing have been a success. But demand continues to grow and there are still too many people in motels and shelters. These settings are more expensive and less conducive to getting people back on their feet. We will keep working with the Legislature to manage this issue through the year.

I have also requested an increase in funding for IT services. While not as flashy as other programs and without a loud constituency, not including the Secretary of ANF, IT is the backbone that enables us to provide the services people need in a way that works. With the pressure on our budget, we need to do more with IT, not less. Public safety communications systems, one-stop family service centers, health care payment reform and other critical programs are at risk without it.

Let me mention one or two other topics that have garnered some special attention. I have acknowledged the national challenge of illegal immigration on numerous occasions, and the need for the Congress to work with the President on comprehensive reform. I have also been clear that I will not accept any Arizona-style legislation while I serve in this office. The Supreme Court of the United States, in striking down most of the Arizona law last month, made clear that states have no authority to enforce federal immigration laws.

Fortunately, the Legislature has resisted the effort by some of its members to advance precisely that kind of legislation. Instead, they have sent me mostly reasonable provisions to toughen laws already on the books that address operating a motor vehicle without a license. I have signed these provisions.

I have sent back for amendment one provision having to do with the rules for registering a vehicle. This one's purpose seems to be a little murkier. I have proposed alternative language that, we believe, serves our public safety interests without being over broad in its sweep.

I will also be sending back the provisions regarding EBT program reforms for amendments consistent with the recommendations of the Commission. We convened a group to study and inform us on a course of action. They thoughtfully advised us what we could and should do, and I am recommending the Legislature stick more closely to that.

Lastly, and off the direct topic of this budget, let me also answer one of the questions I am almost always asked on these occasions, and that is about a sales tax holiday this summer. I intend to support a sales tax holiday this August and will propose a way to pay for it that doesn't put any more pressure on an already tight Fiscal '13 budget.

I would like to commend Secretary Gonzalez and his team, and the entire cabinet and their teams, for the work they have done with the Lieutenant Governor and me on this budget. It is, like I said, responsible and balanced. It puts Massachusetts in a better position than most other states and works within available resources to meet the needs of our residents.

I also want to congratulate the Senate President and Senator Brewer, the Speaker and Chairman Dempsey and their staffs and colleagues for working so hard and so well to get this done. I look forward to working with them on the remaining critical pieces of legislation we need to complete before the session ends.

Thank you all for coming and thank you for the tremendous work you have done. I'm happy to take some questions.