

**Remarks of Treasurer Deborah B. Goldberg
Greater Boston Chamber of Commerce Government Affairs Forum
Renaissance Boston Waterfront Hotel
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As prepared for delivery:

Thank you, Bob for your kind introduction.

And Paul, I'll bet I'm one of the few people in the room who has known you for over 40 years since your first statewide campaign. That's right. The first political donation I ever made was Paul Guzzi for Secretary of State – and you won!

Your leadership has helped position Massachusetts at the forefront of economic growth and social progress. In business, health care, innovation, and job creation, your contributions have been beyond measure.

We all will miss you, and thank you for your commitment and passion to this city and to the whole state.

Good morning to all of you here today. As many of you know, I consider myself a businessperson, first and foremost. And, I bring that mindset to the Office of the State Treasurer.

We here in Massachusetts have an unusual range of responsibilities all within the Treasurer's Office. From Debt and Cash Management and the pension fund to the Lottery, the Massachusetts School Building Authority, and the Alcoholic Beverage Commission among others, the treasurer is responsible for many different business entities.

Therefore I feel the necessity to advance sound, commonsense, business practices that will enable our state to seize new opportunities from this moment and into the decades ahead.

Today is an opportunity to share with you our agenda in the Treasurer's Office, the progress we are making, and the ideas and actions that we believe will stimulate long-term, sustainable economic growth in Massachusetts.

From the beginning, I pledged to manage the state's finances prudently and responsibly.

That promise begins with one of the most important duties of the treasurer – assuring a strong and stable bond rating, which is essential in saving taxpayer dollars.

So, in the midst of a winter filled with 110 inches of snow, give or take a few, structural budget deficits, and new leadership transitions at the state government level, we remained extremely aware that the rating agencies were watching closely. We felt it was essential that we bring them up to Boston to reassure them that here in Massachusetts, we were addressing their concerns.

Therefore, earlier this spring, we convened a daylong meeting with officials from Moody's, Fitch, and Standard & Poor's to meet with our senior leadership teams across state government. Continuing with our high levels of disclosure, transparency, and accountability, we highlighted our fiscal strengths and presented the range of strategies in place to address our fiscal challenges. Soon after, the agencies confirmed our stable economic outlook and reaffirmed our bond rating, the highest in the Commonwealth's history.

My pledge of responsible fiscal management also extends to the \$62 billion pension fund. As chair of the PRIM board, I take my fiduciary responsibilities to maximize returns for retirees and taxpayers seriously.

We have continued to rigorously evaluate our portfolio, assessing risk versus return, reduce operating costs or fees through Project SAVE, and have achieved stronger than expected performance.

We have evaluated recruitment strategies and human resource policies in order to retain and attract top-tier talent in a competitive market.

We also recognize that the pension fund, which has stock holdings in nearly 9,000 companies representing 40 percent of its assets, is clearly impacted by the boards, who oversee those companies, and the policies they implement have real consequences on our returns.

That's why we reformed PRIM's proxy voting guidelines to target board diversity, renewable energy, and executive pay policies aimed to strengthen corporate governance and protect the value of the pension fund's investments.

McKinsey's research has shown that diversity helps enhance workforce talent, boost employee satisfaction, streamline decision-making, and strengthen a company's image with its customer base. The data shows there is a clear correlation. More *diverse* companies are more *successful* companies.

These policies that we adopted are anchored in sound business principles, not merely admirable social goals.

Our infrastructure – we all know that today in Massachusetts, our current infrastructure, whether for energy, schools, or transportation, does not do enough to support economic growth.

The Clean Water Trust at Treasury is a proven model that provides municipalities with low-interest or zero-interest loans and principal forgiveness, to finance critical wastewater infrastructure. For example, we are working in Cape Cod with municipalities and the Cape Cod Commission to address the challenges of wastewater management. A nearly \$3.4 million grant is being used to develop regional solutions to address long-term problems. This is not just a public health concern. It is also an economic concern.

We believe that this community-centered model will offer lessons and best practices for other regions across the state and the nation. By breaking down silos and working in partnership across

local, state, and federal governments, we have helped create jobs and advanced public health through critical clean water projects.

Speaking of breaking down silos, internally, as we are confronting challenges at the MSBA – a growing project list, limited resources, and rising construction costs – we are evaluating additional financing models and are utilizing and studying the success of the Clean Water Trust in greater detail.

I have also placed a high priority on doing everything we can to maximize Lottery profits. As treasurer and a former Chair of the Brookline Board of Selectmen, I know as well as anyone that these profits are a lifeline to our 351 cities and towns. In addition, as a former retailer, a grocer, I am extremely aware of how critical our small business retailers are to our success. They help generate those profits, and as we face new competition in Plainville this summer and at least two casinos in the near future, we will be continuously cognizant of their needs.

To meet these challenges, we will be innovative and savvy.

We are replacing our obsolete, outdated operating system and terminal hardware with state-of-the-art and wireless communications technology. And now that Plainridge is coming online we will closely monitor and evaluate real-time impacts on Lottery sales and on our retailers.

As cited by recent media reports, the Massachusetts economy continues to outperform most other states in the nation. Right here in this neighborhood, we can see the tangible benefits of economic growth.

Yet, even as we experience widespread prosperity too many communities and families are still struggling in different segments of our economy.

- Small businesses want to expand but cannot find workers with the STEM skills they need.
- Women do not earn the wages they deserve, and women of color earn even less.
- Parents work two or three jobs to help send their kids to college but still struggle to save enough money.

These challenges are not simply *social* problems. They are *economic* problems. And they are *business* problems.

To reach our full potential as a commonwealth, we must do more to reach *all* of our people in *every* corner of the state.

I believe that when you invest in people, you empower people to invest in themselves. That is why we launched a new Office of Economic Empowerment, the first of its kind in the country.

And our office has been hard at work.

This fall, we plan to introduce college savings accounts for kindergarteners beginning with a pilot program. These accounts will be funded through public-private partnerships and they accomplish several important outcomes. First, they create aspirations for higher education or technical training. Second, that training in Massachusetts will more likely result in a job – in sectors where the salaries are the highest and we need those type of skilled employees. Third, these accounts will teach basic financial literacy skills, not only for the children but also for their parents. As I like to say, they will learn what is “good interest versus bad interest.”

In fact, some of you have already become engaged with both our Financial Literacy and Wage Equality Task Forces. Today, I invite all of you to contribute both resources and ideas to these initiatives. I know that these are investments that will pay huge dividends for our economy and our business growth in the future.

In financial literacy, we have had enormous success already with our pilot programs through innovative workshops, credit for life fairs, and financial education classes. I have been meeting with kids across the state from second graders in New Bedford to high school students in Haverhill. Our programs work – whether learning about savings or interest in elementary school or understanding the impacts of student loans as kids approach high school graduation – we are making a meaningful difference.

Yet, we have not been able to reach *enough* people in *enough* of our communities. To truly build a robust, statewide financial literacy program, we must do more to engage students, reach across minority groups, and help our middle class plan for retirement.

We cannot do this alone.

So what is our Financial Literacy Task Force doing? We have brought together a diverse range of stakeholders from all over the state – policymakers, educators, banks, and businesses – to examine financial education in Massachusetts.

Recommendations will be coming to me by November 1st, and then the implementation will begin.

I am also on the National Association of State Treasurers Task Force on Financial Literacy, a truly non-partisan group, sharing best practices from across the nation. When the Republican Treasurer of Tennessee is asking for our job descriptions within our Office of Economic Empowerment we know we are at the cutting edge of impactful change.

Wage equality. You have heard the statistics before, but they are worth hearing again. Today in Massachusetts, women earn just 82 cents on the dollar. African-American women – 61 cents. Latina women – 50. Wage equality is not only a woman’s issue, it is a family issue. And most critically, it is an economic issue that affects the health and well-being of our entire state.

As I said throughout my campaign, I intended to lead on wage equality from day one. And we have.

We began work with our HR professionals, reviewing our pay structure and are in the process of developing a new job classification system, evaluating whether possible pay discrepancies exist and the tracking of women into certain jobs, men into others.

As your state treasurer, I will continue to lead. I am a businessperson, and I understand the benefits of a more committed and more productive workforce.

When I was a grocer at Stop and Shop, I learned that treating our colleagues, our customers, and our community fairly was not only the right thing to do, but also the only way to survive in a competitive marketplace.

Just last week we instituted a new paid parental leave policy that provides up to 12 weeks of paid leave for new parents, both men and women.

By instituting paid parental leave in the Treasurer's Office and at PRIM, we are creating a culture that treats families with the dignity and respect they deserve.

To further help new parents, we will also introduce the option for alternative work schedules with structured flextime hours, striving to help all employees better adjust their work-life balance.

These policies make us a competitive employer and keep committed talent on a successful career path, rather than relegating highly competent and productive employees to the sidelines.

We will soon introduce new practices to work collaboratively with Treasury vendors as they strive to enhance pay equity policies. Our goal is to encourage and incentivize companies we do business with to adopt sound management strategies.

And so today, I ask all of you, as private employers, consider incorporating similar practices into your own companies. You will see it impact your bottom line over time. And we look forward to hearing your input and feedback through regional roundtable discussions across the state.

As examples, State Street Corporation, Vertex, Putnam, and others have emerged as leaders in framing the issues of wage equality and diversity as not merely social goals but also economic necessities.

What is exciting for me as treasurer is the range of opportunities to impact sustainable economic growth and stability. The work we are doing at MSBA is another case in point.

At MSBA, we provide opportunities for our children to have the type of educational facilities and programming they need to fill the jobs that Massachusetts requires.

In order to help accomplish that goal, in the coming weeks we will publish detailed projections of anticipated job-market demands, and the subsequent educational requirements over the next decade.

At MSBA, we intend to better align technology, equipment, and capital projects in the schools we build with the critical and creative thinking that a rapidly-evolving global economy demands across a range of industries – from health IT, precision manufacturing, service industries, and even cosmetology. As we work with communities across the state we believe we can better match our school buildings to provide the environments needed for the skill set necessary to grow our economic base.

This underscores the need of a firm commitment to 21st century learning in our public schools – that is defined by project-based skill attainment, collaborative workspace, and flexible classrooms.

Together, these initiatives will help our students, our businesses, and our entire economy!

As your treasurer, I am eager to forge new partnerships, break down the divides across sectors and agencies and build a Commonwealth that enables its economy and its people to realize their potential.

So I am here today to ask for your help. Because whether it is a public-private partnership for our college savings accounts, input at our wage equality roundtable discussions, or feedback on how to address the skills gap you see every day, so much of my vision for building a healthy, vibrant Massachusetts economy requires your support and your engagement.

Thank you for the opportunity to speak before you today. I look forward to your questions and ideas – not just this morning, but in the days and months ahead.

Thank you very much!