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**Governor Mitt Romney
State of the State Address**

February 25, 2003

**Suffolk University
Boston, Massachusetts**

Remarks embargoed until delivery

President Travaglini, Speaker Finneran, Senator Lees, Representative Jones, members of the Legislature, honored guests and fellow citizens. Tonight, we know we face challenging times, but the good news is we do so together.

I believe we also share the same priorities.

They are first, education. The total education of children is the measure of a generation's success or failure. We need to make sure our education system takes our kids from kindergarten all the way to being qualified for a good paying job. We must insist that all our children are taught and are fluent in English. We must hold firm against any attempt to roll back the progress we have made in education.

Another priority: we must build our economy to create more good jobs. Our state government spends tens of billions of dollars each year; properly channeled, these dollars can be a powerful economic engine. Let's rev up that economic engine to create more jobs.

Of course, we also must address our state's financial problems. You know that old saying: Be careful what you ask for, you might just get it. Well, I have this habit of asking to lead turnaround situations, like this one. They have some features in common. First, they're almost always in worse shape than they seemed from the outside. That's

sure true for Massachusetts. I thought our budget problem was \$1.5 billion. Instead, it's \$3 billion. And second, the only permanent way to fix a turnaround is to start doing things in a new way. The road that got you into trouble is never the way out of trouble.

Tonight, we stand at a crossroads. On the one hand, we can take the same way we've tried before, raising taxes to keep up with our spending. Frankly, I don't like what I see at the end of that road. Raising taxes again hits working families hard. It scares off employers, both new and old. It's time to declare that the road to Taxachusetts is a dead end street.

I want to take a different road, the road to prosperity. It's not an easy road, particularly with a \$3 billion pothole. But this road takes Massachusetts to a better future.

Tomorrow, I will send the Legislature a new budget for a new direction. There have been three principles that have guided this budget. First, eliminate every speck of waste and inefficiency we can find.

Second, focus on delivering the core missions of government. And third, ask our cities and towns to do the same thing. Let's talk about each of these.

First, waste and inefficiency. When I ran for office, I said I'd find \$1 billion. I was wrong. I'm proud to report that our team has found \$2 billion.

We call our program “Common Sense for the Commonwealth.” Common Sense combines agencies to eliminate duplication. Several years ago, Beacon Hill noticed that there were 12 different state agencies managing workforce-training programs. Do you know what government’s answer was to that kind of duplication? It was to create a 13th agency to coordinate the 12. My answer is to combine and eliminate, both for savings and for simplicity.

In the Executive Office of Health and Human Services, the problem with duplication goes beyond wasting money. With a current maze of 15 different agencies, a family looking for help could spend days driving between offices trying to find the right people to help them. I’ll bring our agencies together into four groups: one for needy children and families, one for seniors, one for healthcare and one for long term care. The agencies won’t go away, they’ll just be a lot easier to find. And by combining their administrative functions, we’ll save money.

Our court system has some of the country’s finest judges. But we need to do a better job administering the courthouses themselves. For historic reasons, the state has created two trial court divisions, one for Boston and one for the rest of the state. Boston’s court division has 11 judges, the other has 170 judges. Can you believe that despite that huge disparity, they both have roughly the same administration cost? I’ll combine the Boston courts in with the rest of the state and save millions of dollars. Of course, we’ll also be saying goodbye to a lot of patronage jobs.

There's need for Common Sense organization in higher education as well. We have 29 higher education campuses in Massachusetts. I found it remarkable that each has its own independent purchasing department, Web site, information technology department, and so forth. They even have different accounting systems. By grouping campuses by region and providing for shared services between them, Massachusetts can save millions of dollars. And, for the first time, prospective students will be able to file one application for admissions to any of our state campuses.

My Common Sense plan for reforming state government can only work if we adopt Common Sense employment practices as well. Two changes are essential. We have to end "bumping rights." That's the practice of protecting the job of any state worker who has seniority, regardless of their expertise, experience or performance. Recently, an employee with seniority as a tax processor avoided being laid off by taking the job of someone who worked in child support, an area where this employee had no experience whatsoever. Multiply this a thousand times and you'd have workers doing jobs for which they are totally unqualified. Government's work would grind to a standstill.

Likewise, I'll insist that the state government supervisors must be categorized as management, not union workers. These are our front line managers. If we're going to manage government for the citizens of our state, they have to work for the people.

Common Sense for the Commonwealth doesn't stop with streamlining and

reorganization. We must also reset fees that are out of line. We'll plug corporate tax loopholes so companies will pay their fair share. And we will reform government employee benefit programs. I will ask the Legislature to raise the employee share of health insurance to 25 percent from the current 15 percent. Why should a teller at Fleet Bank, who pays 30 percent of her own health insurance, pay more taxes so that a state employee only has to pay 15 percent?

All totaled, my Common Sense for the Commonwealth program will save \$2 billion. That's money saved in waste, inefficiency and mismanagement that can now go to healthcare, public safety and schools.

I told you that there were three parts to my plan to fill our \$3 billion budget gap.

The first is Common Sense for the Commonwealth that I have just described. The second brings spending programs to levels we can afford. When it comes to caring for the poor, the disabled and the elderly, Massachusetts is one of the most generous states in the nation. And despite facing the worst fiscal crisis in a generation, we will stay one of the most generous. Even more remarkably in light of the record budget gap, our total state spending for Health and Human Services will GROW next year under my budget. Let me say that again: Health and Human Services will actually GROW next year.

We will also be able to fully preserve all our veterans' benefits, welfare payments to the poor, all our childcare funding, and all our funding for homeless shelters. I'm proud that

my budget will fulfill our mission to care for those who cannot care for themselves.

There will be some programs, however, that will see changes. I believe that they are necessary, fair and right. Let me give you an example. In Massachusetts, for every three taxpayers, there is one person receiving free healthcare. Simply put, if you're a taxpayer, you're not just paying for yourself, you're paying one third of the cost of another person's healthcare bills as well. And in Massachusetts today, this other person doesn't pay even one dollar for their healthcare. My plan calls for almost everyone to have to pay something, even if it's just a token amount. I just don't think it's fair or right for people to get something for nothing at the taxpayer's expense.

Another example: we're the only state in the nation that doesn't require a parent on welfare with pre-school children to work. While the rest of the country fully implemented workfare, Massachusetts did not. I'm putting money into childcare programs so that every able-bodied person can have the dignity of working for their benefits.

And finally the third part of my plan. I will call on our cities and towns to join us in finding savings at the local level. State aid to municipalities has almost doubled in the last 10 years. Now that our state revenues are declining, we're asking cities and towns to share as well. I'll propose reducing local aid by \$232 million or about 5 percent. To protect foundation education spending in our less affluent municipalities, many of our more financially strong cities and towns will see a decline about twice that large. For no

municipality, however, will the reduction be larger than 2 ¾ percent of their annual budget. And, because of growing real estate revenues, virtually no municipality will experience a year-to-year decline in their total municipal budget. I know this won't be easy, that's why I've worked very hard to make this reduction as small as possible. I have great confidence in our state's mayors, selectmen, and other local leaders. I want to reach out to them so that together we can find a way to govern well and wisely during these tough times.

My new budget recognizes that we can no longer continue to pass off our financial difficulties on the hardworking people of Massachusetts. I get hundreds of letters, emails and phone calls from working people who are fed up with the high cost of government. Not long ago, I received a letter from Mary Coughlin, who says she has trouble making ends meet with phone bills, medicine and heating costs. Mary says, "When I go over my budget, I can't go to my neighbors and ask for their money to pay my bills, but the government thinks nothing of raising taxes all the time."

Mary, my 2004 budget is balanced. It does not raise taxes. It fulfills the core missions of government to help those who cannot care for themselves. It slims down state government and reforms spending programs that have been growing uncontrollably. And perhaps most important, it takes us on a road to a better future. We'll be able to retain and attract good jobs with stable taxes. We'll invest in education, holding harmless our school spending.

Let there be no mistake. For this budget to win, politics as usual has to lose.

There will be an enormous effort to continue with the old ways, with year after year of tax increases as programs and bureaucracies grow on and on. The arguments will be frightening and loud. The resistance to change will be daunting. I need you to join me and make your voice heard. For Common Sense in the Commonwealth to succeed, you will need to let your voice be heard just as loudly as your votes were heard last fall.

I look forward to working with the Legislature on this budget. I'll be flexible and open to improvements I may have missed. But I will fight for bold change. I will stick to my principles.

I must admit I am invigorated by the challenges and the opportunities. We are a great state, a great place to live. We have remarkable people. And just as important, our future is bright.

Thank you.