

Governor Paul Cellucci:
State of the State Address

Lieutenant Governor Swift, Chief Justice Marshall, Speaker Finneran, President Birmingham, Congressman McGovern, City Manager Hoover, my fellow constitutional officers, Republican leaders, distinguished guests and my fellow citizens of Massachusetts:

This is the second year I have delivered my State of the State report outside the State House. Last year, many in state government traveled with me to Lowell. Tonight, I am delighted that we are in Worcester.

The strength of our Commonwealth lies not on Beacon Hill, but in every city and town of our great state. Our strength lies in the homes of teachers in the Berkshires who will complete lesson plans tonight that will be implemented in classrooms tomorrow morning. It lies with the night shift workers on the Central Artery, who are transforming our capital city. And, it rests with the fishermen setting out from Gloucester and New Bedford, and with the firefighters in Worcester who are ready at any moment to answer the alarm.

We have gathered in Mechanics Hall, built nearly 150 years ago for the artisans and tradesmen who were the founders of the Industrial Revolution. Today, their spirit of hard work and building for the future is in evidence throughout this city. We see their spirit in the new Union Station, Worcester Medical Center, an emerging biotech industry, and the revitalized Worcester Airport.

This city has experienced a great resurgence. Just 10 years ago, unemployment in the Greater Worcester area was 9 percent. Today, it is a remarkable 2.3 percent.

With the perseverance of its citizens, Worcester has truly earned its designation as an All-America City.

By most indicators, we are seeing the end of the longest economic growth period in our nation's history. As this era of unprecedented growth ends and we move into the uncertainty of an economic slowdown, I am confident that the state of our state is excellent. By nearly every measure – whether economic or social – the people of Massachusetts are experiencing a remarkable level of prosperity.

In contrast, let me review the state of the state in 1991:

- Unemployment was over 9 percent.
- The Unemployment Insurance Trust Fund was nearly empty.
- There was no Rainy Day Fund.
- There was no Capital Reserve Fund.
- There was no Welfare Reserve Fund.
- And, the state pension liability was just over 40 percent funded.

The state of our state in 2001 is vastly improved:

- The Massachusetts economy is much more diverse. It is no longer dependent on a handful of large employers.
- Unemployment is now 2.6 percent. Our unemployment rate is nearly 1 ½ points below the national rate.
- The Unemployment Insurance Trust Fund is \$2 billion.
- The Rainy Day Fund is \$1.7 billion.
- The Capital Reserve Fund is \$60 million.
- The Welfare Reserve Fund is \$130 million.
- The pension liability is now more than 85 percent funded.
- And, we have cut taxes 41 times, including the rollback of the income tax to 5 percent accomplished at the ballot box in November.

Now, there are critics who suggest this extraordinary state of our state is only the consequence of the powerful national economy. This is not true.

When we took office, the Massachusetts economy was considered one of the worst in the nation. Now, we are considered to have the one of the best.

So, if the remarkable state of our state is not merely a consequence of the rising tide of the nation's economy; if we in Massachusetts in the past 10 years have experienced an economic growth and prosperity unmatched in the nation; what have we done to produce this prosperity, and what must we do to preserve it?

The central governing theme of our Administration has been fiscal discipline. I was a legislator in the late 1980s at the end of the last period of economic growth. I witnessed what happened in the absence of restraint.

The absence of fiscal discipline was the signal failure of leadership in the 1980s, and was a formula for catastrophe: unsustainable spending increases year after year; steep tax increases; and ultimately, deep and painful service cuts.

Our fiscal discipline, on the other hand, has mandated a different formula: controlled spending; "Rainy Day" investments; needed tax cuts; and the maintenance of essential state services.

Fiscal discipline has been the centerpiece of a strategy that has served the people of Massachusetts well, and it will be the cornerstone of our strategy for the future.

In the budget Jane Swift and I submit next week, and in the initiatives we will file this session, we will continue to emphasize this core value.

We will propose sustainable spending growth. Our budget will not grow by more than five percent.

We will propose new legislation that caps the rate of state spending and mandates debt reduction with excess revenue.

And beginning in February, we will undertake a comprehensive analysis of government programs, to reorganize and streamline the delivery of state services – including using the full power of the Internet to make government more accessible to our citizens and less expensive to deliver.

Fiscal discipline has been the backbone of our Administration, and it will be the backbone next year and the years to follow. But fiscal discipline is not an end in itself – it is a means to an end. Fiscal discipline is a strategy for governance that assures us that we will have the resources to deliver essential services.

As a consequence of our tax cuts, our spending controls, and our emphasis on saving surpluses for an economic downturn, we have been able to dramatically rebuild and restructure Massachusetts.

We have spent \$20 billion, exclusive of the Big Dig, to rebuild our state. We will spend an additional \$17 billion in the next five years to complete the most massive rebuilding of the state's infrastructure in our history.

I have worked with the New England governors to make regional transportation a priority. Worcester Airport's revival has been a product of our efforts. Since Massport assumed the operation of the airport, we have added three major carriers and increased ridership to more than 100,000 passengers. Regionalization and a new runway at Logan Airport are critical to the economic vitality of Massachusetts and all of New England.

We have fulfilled an unprecedented financial commitment to our public schools. This year we are spending more than \$3.9 billion on public education – nearly two and a-half times what was spent just eight years ago. We have equalized per pupil expenditures in urban and suburban districts. We have hired 20,000 teachers to lower class sizes. We have

emphasized technology in the classroom.

We have devised new curricula and implemented MCAS to measure student performance.

We have insisted on accountability at all levels. With our new Office of Educational Quality and Accountability, we will ensure school districts are spending education dollars wisely.

We have also maintained the quality of our health care industry and increased the number of people who have access to medical care.

We proposed and signed a Patients' Bill of Rights that strengthens consumer protections for those who rely on managed care plans. We signed the Mental Health Parity Bill that ensures those with mental illnesses receive the same benefits as people with physical illnesses.

As a result of our aggressive efforts to enroll children and working families in our state's Medicaid program, last year we were recognized by the Kaiser Family Foundation as a national leader in reducing the number of our citizens without insurance. In just three and one-half years, 240,000 more children and adults have obtained health insurance in Massachusetts.

We worked with the Legislature to create a prescription drug program that provides our senior citizens with an insurance-based benefit incorporating enhanced coverage and protection from catastrophic costs.

Last year, I signed the Community Preservation Act that will protect open space, preserve historic areas, and create low-cost housing. This law will help us reach our goal of protecting 200,000 acres by the end of the decade.

We also became the first state in the nation to bring together power plant owners and community leaders to embrace a plan to clean and redesign our older power plants and bring them in line with the latest air quality standards.

Jane Swift and I will continue our stewardship of the air, water, and natural resources of our beautiful state.

Our Administration has used the prosperity enabled by fiscal discipline to address the compelling issues that threaten our economic security and morally challenge us. This year, Jane Swift and I have established five areas where investment is required and accountability is expected: education, housing, health care, e-government, and government reform.

Our most important responsibility is to ensure our children receive an education that prepares them for the challenges of the 21st century.

Special interests will lobby and spend millions of dollars to lower the high standards we have set and to abolish the Massachusetts Comprehensive Assessment System tests – MCAS – the precise tests we have created to measure student learning.

Mr. Speaker and Mr. President, you have been steadfast supporters of Education Reform and the MCAS tests. Your continued commitment and that of Republican and Democratic legislators, business leaders, educators, and parents will be critical if we are to guide our schools to academic excellence.

The City of Worcester definitely has responded to this great challenge. With the leadership of former Superintendent Jim Garvey and now Superintendent Jim Caradonio, Worcester is firmly committed to challenging children to achieve academic distinction. Because of the vision and courage of Worcester's educators, this city has experienced an educational renaissance.

My Administration's implementation of Education Reform established one of the most progressive funding formulas in the country. It established parity for urban and suburban districts.

The budget Jane Swift and I will file will further enhance this parity.

We will propose providing an additional \$1 billion for public schools in the next five years.

Our education budget for this year will also include:

Expanded state aid to help districts pay for special education and computer technology.

A continued commitment to MCAS remediation programs and to lowering class sizes in grades K through 3 in low-income districts.

And, a new funding formula that directly responds to increased school costs in all growing communities.

Over my veto last year, the Legislature enacted the Teacher Early Retirement Bill. If the expected consequences of this misguided action occur, 23,000 of our best educators will leave in the next five years. The Worcester school district will lose 150 teachers each year, and Boston will lose nearly half its teaching force by 2006.

To ensure that we have qualified professionals in our classrooms, we must continue to attract talented teachers with signing bonuses, the "Tomorrow's Teachers" scholarships, and the loan forgiveness program. But we have to act creatively to attract men and women in other careers to become teachers.

Our Massachusetts Institute for New Teachers program – or MINT – already enables prospective teachers, many of them mid-career professionals, to attend an intensive summer session and then enter the classroom. Fredericka Solomon-Woodruff was a stay-at-home mom with a master's degree in public health, who decided that she wanted to teach. She attended the MINT program and today she is teaching eighth-grade science at the Sullivan Middle School here in Worcester. I am pleased that Ms. Solomon-Woodruff is with us tonight.

The MINT program is bringing talented people like Ms. Solomon-Woodruff into the teaching profession. We will continue to expand MINT, but this education crisis demands further action. I have already set a goal of certifying no less than 10 percent of our new teachers through non-traditional paths.

Tonight, I am directing the Board of Education to establish regional centers throughout the state that will provide accelerated teacher preparation courses.

The most important resource a child has in the classroom is a well-qualified teacher. I am very proud that my daughter Kate, once headed for a career in the finance world, has decided to become a teacher. It is a wonderful profession, and I hope that more people of all ages will answer this call.

It is important that we ensure teachers, firefighters, and our children can live in the communities in which they grew up.

Tonight, I renew my commitment to increase housing opportunities across Massachusetts. Next week, I will file an executive order to create a Special Commission on Barriers to Housing Development. Restrictive barriers limit housing production and increase costs. This commission will identify those restrictions that should be eased in order to facilitate the development of new and affordable homes.

Later this month, Jane Swift and I will file a legislative package to increase the housing supply. These measures will include two bills we filed last year that the Legislature failed to pass. The first bill provides financial incentives to affordable housing developers to encourage new starts. The second bill will make nearly 1,000 acres of underused state property available to builders and communities to build new housing.

These two bills are not controversial. They ought to be passed promptly.

In addition, we will file legislation that will direct state aid to communities to pay for the increased costs associated with residential growth. We will also file rent escrow legislation to protect existing rental housing.

The people of this state need affordable places to live. They also need to know they will have access to quality health care. Health care is important to the well-being of our families. It is also one of the most important segments of our state's economy.

Last year, my Administration with the Legislature created a Health Care Task Force that brought together state leaders and industry experts to examine our state's health care challenges. We will continue to work with this important panel to find further solutions that will stabilize the industry and ensure quality health care for all.

Our hospitals are struggling under the burden of providing free care to the uninsured. My Administration will file legislation later this month to provide relief to hospitals that provide this critical need. We will also propose a temporary fund that will help distressed institutions regain financial stability.

In addition, Jane Swift and I will propose funding to ensure that more consumers receive health care services in their communities. More than half of this support will directly benefit long-term care providers to ensure seniors remain in their own homes.

In the year 2001, our economy changes every day. State government must change as well. Every month, there are more than three million visits to our state's Web site. Citizens can pay their taxes and renew their drivers' registration online. However, I envision a more robust enterprise portal.

Massachusetts ought to be in the e-government vanguard. To that end, I have established a panel that has brought the private and public sector together to build new online government services.

In the coming months we will:

- Choose a new Web address for our portal.
- Make our Web site easier to navigate.
- Launch a campaign to educate citizens and businesses about information and transactions available online.
- And above all, we will protect the privacy of everyone who interacts with our Web site.

E-government will make state government more immediately responsive to the needs of our citizens.

I have outlined four of the major priorities of our Administration. But no strategy of governance can be complete without the full and open participation of the people and the press. The final theme of my Administration will be reforming the process of government.

Jane Swift and I will file legislation to control the misuse of so-called "outside sections" of the state budget. The budget has evolved into a cumbersome document, which denies citizens, advocates, and legislators the opportunity to fully participate in the democratic process.

And I will continue to support and strengthen the Clean Elections Law, which will reduce the exaggerated influence of fundraising in our elections and will encourage more citizens to seek public office. I will oppose any and all efforts to weaken this law.

My fellow citizens, the state of our state is excellent. When the economic slowdown comes, as it surely will, we will protect vital public services for the people of Massachusetts. We will not be forced to make devastating cuts. We are well positioned for the future – with reserves in the bank, a tax cut that will return \$1.2 billion each year to our citizens, and a resolve to constrain the growth of state spending.

Massachusetts has regained its greatness. The City of Worcester is symbolic of the rebirth that has happened all across our great Commonwealth. It is often said that those who forget the past are destined to repeat it. As we begin this new millennium, we cannot forget the

mistakes of the past. We know what we cannot do – and we know what we must do – maintain fiscal discipline, insist on high standards in our schools, ensure quality health care, provide housing opportunities, and make government more accessible and responsible.

Jane Swift and I are ready to face both the uncertainties and the challenges. We pledge to live by the principles of fiscal stewardship that have guided us the last 10 years, and that will guide us as we build a stronger Commonwealth today and for future generations.

Thank you. God bless you and may God bless the Commonwealth of Massachusetts.