

Beacon Hill Byline by Mary Rogeness

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### **A tale of two speeches**

As state government began the work of 2004, two leaders spoke in the House chamber at the State House. Speaker Finneran came first with his version of priorities for the year. Governor Romney made the governor's traditional State of the State address last week. Here is an overview of the two messages.

Taking the first speech first, the speaker praised the new economic development law, promised action to address the housing crisis, and pledged to send a timely, balanced budget to the governor's desk. He also set a goal of universal pre-school by the year 2010, the most ambitious proposal of the speech.

Governor Romney, speaking a week after Speaker Finneran, focused on more new ideas, recognizing that most of the proposals require legislative endorsement to happen.

The governor has spent most of his career in business, and much of his time dealing with distressed businesses, finding ways to reverse their declines and turn them around. That history was evident in his plans for Massachusetts. We are a distressed "business" with anticipated budget shortfall in excess of \$1 billion. The state cannot constitutionally operate at a deficit, and the legislature will not approve nor will the governor sign any tax increase, so he proposed measures to address that shortfall while at the same time offering new ways to meet state needs.

Governor Romney proposed new spending on education such as after-school tutoring and parent readiness programs for distressed schools, proposals that drew some skepticism from many legislators. Critics also wondered how he could pay for a plan that offers the top 25% of high school graduates free tuition at state higher educational institutions. Those expansions seem antithetical to the need to fill a significant budget deficit. He addresses the dilemma by restructuring an expensive part of the state budget, the School Building Assistance program, SBA.

The SBA proposal was a minor part of the speech, but I'm spending time on it because of its impact on budget dollars. The state has long paid for local school bonds out of the operating budget, at an annual cost that exceeds \$400 million. The governor proposes to shift these costs for long-range capital items to the capital budget that is designed for such purposes.

As another cost-saving idea, he returned to last year's request that the Massachusetts Turnpike Authority be merged into the Mass Highway Department, a fight that he lost a year ago when the legislature chose instead to entrust the Pike with additional responsibility. The merger would have one-time savings of \$190 million and ongoing annual operational reduction of at least \$20 million.

He proposed to remove cumbersome, expensive requirements for public construction and allow private agencies to bid on more state government contracts in order to generate other savings.

In summary, last year state revenues were still falling each month below benchmark projections, requiring mid-year reductions in the state budget. Last year the state reduced its assistance to towns and schools. This year both the speaker and the governor indicate they will support level funding as a base, with the governor offering targeted increases. Revenues are now beating the modest projections, though non-discretionary demands will exceed any new money supplied.

Retaining existing programs or introducing new ones appears to require a fresh approach to the way Massachusetts spends its money. Embracing that approach will require bipartisan cooperation. That cooperation produced last year's balanced, no-tax budget. Let's hope the elected officials, state representatives, senators and governor, can repeat the accomplishment one more time.