
The Rosenberg Report

Vol. XIII
February 3, 2003

Hello!

It was the best of times, it was the worst of times.

That's how I felt after speaking last Thursday evening to the 120 or so people who had gathered in the Greenfield High School cafeteria. They had come to discuss the state's fiscal crisis. I was there at the invitation of the Greenfield Town Council to provide what insight I could on the state's condition and the prospects for improving it.

Unfortunately, state government, and those whose lives and livelihoods depend on it, is experiencing the worst of times. In the past 18 months we have cut close to \$2.5 billion from the state budget and are facing the possibility of cutting billions more. That means more people will be laid off, more will lose essential services and more will be forced to work harder for less. The fact that almost every other state in the nation is in similar or worse condition offers no comfort. It only reminds us that our problem is the result of a dramatic and unprecedented loss of revenue, not the result of overspending.

Although the news I delivered was dismal, the attitude of the audience was heartening. For two hours we talked, we listened, we expressed opinions, we exchanged ideas, we agreed and disagreed, we even laughed a little bit -- all without uttering a cross word or leveling an accusation. That was the best, and it reminded me of how productive vigorous and thoughtful debate tempered by a cooperative spirit can be. We're all in this together, and it will take our combined talents and energies to see us through.

Thanks to everyone who was at Greenfield High School last Thursday night, and thanks in advance to everyone who will put their shoulder to the wheel. As always, I look forward to your thoughts. (Click here for our on-line feedback form www.stanrosenberg.com/form.html)

Yours,



February Focus

Current year budget crisis-- emergency cuts

On Jan. 30th, Governor Romney released his plan to address the estimated \$650 million shortfall for the remaining five months of the current budget. Using his emergency cutting powers, the Governor has made \$343 million in cuts, including \$114 million in local aid, \$133 million in health and human services programs, \$41 million in higher education and other education programs, and \$55 million in other areas of the budget. The Governor has also proposed a number of other reductions -- including various fund transfers and changes to Medicaid and state employee benefit plans -- that will require legislative action.

The Governor's plan also eliminates the state's portion of the School Breakfast Program, eliminates Early Literacy grants and reduces by \$10 million the School Readiness grant program.

The Governor did not make any cuts to the Chapter 70 School Funding account.

In addition, the Governor also released a number of proposals designed to help alleviate the impact of these cuts. Those proposals include:

- Abolishing civil service – except for police and fire – for municipal employees. This would be mandatory and subject to local option. The Governor has said that this was the most requested item by the state's mayors.
- Giving cities and towns more flexibility in shifting funds between appropriations for the rest of fiscal year '03. (i.e., bypassing Town Meeting);
- Offering an early retirement option for municipal employees;
- Eliminating unemployment insurance for part-time municipal employees who have been laid off from other jobs;
- Allow municipalities to file public notices electronically;
- Set maximum municipal health care contribution at 75 percent, rather than the existing range of 50-90 percent;
- Eliminate prevailing wage requirement for towns with fewer than 5,000 people and projects less than \$100,000; and
- Regarding construction contracts, the Governor is proposing to 1) eliminate the filed sub-bid requirement; 2) raise the uniform procurement trigger to \$100,000 instead of \$25,000; and 3) authorize design-build contracts for public contracts funded by municipal money only, but not contracts with state and/or federal funds, too.

The Governor has requested that the Legislature approve this package by March 31st, the time of the next local aid payment.

The link below will give you more complete information on Governor Romney's plan.

Executive Office of Administration and Finance
<http://mass.gov/portal/index.jsp?pageID=aghome&agid=eoaf>

New appointment -- Special Committee

Late last month, Senate President Robert Travaglini appointed me to chair the Senate's Special Committee for Mitigating the Effects of Local Aid Reductions. This assignment is indicative of the kind of work I'll be doing as President Pro Tem of the Senate.

The 6-member panel will explore ways to give cities and towns more tools to assist with the impact of local aid cuts. The panel is expected to submit its report to the full Senate by the middle of February.

Some of the areas the special committee will explore include: funded and unfunded mandates and local options taxes. State Senators Cynthia Stone Creem (D-Newton), chair of the Senate's Taxation Committee, Susan Fargo (D-Lincoln), Harriette Chandler (D-Worcester), Robert O'Leary (D-Barnstable) and Michael Knapik (R-Westfield) will join me on the special committee.

Whenever there's talk of cutting local aid, that's a signal that the fiscal crisis is severe. Legislators know how important state aid is to cities and towns and that's why we historically have worked hard to protect it. But the current reality is that communities are going to need a variety of tools to help them supplement whatever aid the state can provide.

New appointment -- Taxation Committee

Last month I was also named Vice Chairman of the Taxation Committee. I welcome this appointment because this is one of the few committees I've never served on during my time in the Legislature and I'm convinced that revenues must be part of solving the \$2-\$3 billion deficit we're facing in fiscal '04. I'm glad to be in a position to participate in those discussions and I'm looking forward to exploring reasonable options for addressing our fiscal crisis.

Noteworthy

Circuit Breaker Tax Credit

The state's persistent fiscal crisis will probably compel many communities across the state to take up Proposition 2 1/2 overrides in the coming months to support local services. And where these overrides occur, many of our senior citizens will face a dilemma: they can choose to support an override for something they find worthwhile, and risk losing their homes and their standard of living to do so; or they can side with those seeking to block the override and risk being portrayed in their communities as turning their backs on the social

contract, the idea that older generations provide the same or better opportunities to the younger generation.

Neither option is desirable. Growing older, the property tax and Proposition 2 ½ should not be the stuff of intergenerational conflict in Massachusetts. To help alleviate some of the stress property taxes and override questions often create for senior citizens, the state is continuing to make available a tax credit called “The Circuit Breaker.”

It’s called the Circuit Breaker because it’s “triggered,” like an electrical circuit breaker, when property tax payments exceed 10 percent of a senior citizen’s annual income. Those who qualify will still be required to pay property taxes to their local communities. But they will receive a dollar credit for every dollar their property tax, and certain water and sewer bills, exceed 10 percent of their annual income, up to the \$790 maximum.

Senior citizens who rent their homes can also take advantage of the same dollar for dollar credit, up to the same \$790 maximum, if 25 percent of their annual rent exceeds 10 percent of their annual income. This tax credit is in addition to the rental deduction already provided under current state income tax law.

Here are the basic requirements for eligibility:

- ✓ Must be a Massachusetts resident, age 65 or older;
- ✓ Must own or rent residential property in Massachusetts as your primary residence;
- ✓ Must have an annual income of \$42,000 or less for a single filer; \$53,000 or less for a head of household; and \$63,000 or less for joint filers;
- ✓ Must file a joint return if married;
- ✓ Must not be a dependent of another tax filer;
- ✓ Must not receive a federal or state rent subsidy directly, or live in a property tax exempt facility;
- ✓ Must not own property assessed at \$425,000 or more.

No special application is required, but even seniors who do not owe any income tax must file a 2002 state income tax form before the April 2003 deadline to receive the credit. Official information packets from the state Department of Revenue for 2002 state income tax returns will include Circuit Breaker schedules and will be available in local libraries and post offices beginning in January, 2003.

This is the second year of this program, so there are bound to be questions. If you need more information, please don’t hesitate to contact my district office at 413-587-6365, or the state Department of Revenue Customer Service Bureau at 617-887-MDOR, or toll-free at 800-392-6089, or visit their website, www.massdor.com .

Last year, the Circuit Breaker Tax Credit helped 24,000 senior citizens across the Commonwealth save roughly \$8.1 million on their property taxes. Combined with the already available property tax exemptions for senior citizens, the Circuit Breaker will go a

long way toward addressing the intergenerational conflicts Proposition 2 ½ overrides and other local spending proposals often create.

Our senior citizens have contributed much to our communities and have made innumerable sacrifices for their children and grandchildren. For all that, and more, they have earned our respect. This tax credit will enable seniors to continue lending a hand to the younger generation by allowing them to judge the merits of local spending proposals with much less concern over how the property tax increase will affect their own quality of life. Our senior citizens have earned this opportunity.

Better Government Competition

The Pioneer Institute, a non-profit public policy research group, is sponsoring the 12th Better Government Competition, which seeks ideas from individuals about ways to improve the quality of government services and deliver them more efficiently.

This year's competition poses four problem statements in the areas of special education, the Commonwealth's budget crisis, Medicaid funding and small business development. One winning entry in each category will receive \$3,000. Implementation of winning ideas from previous competitions has saved Massachusetts taxpayers more than \$300 million, according to the Pioneer Institute.

For more information about the competition click here:

www.pioneerinstitute.org/bgc

or contact Shawni Littlehale

617-723-2277

slpioneer@pioneerinstitute.org

Roundup

2003 Municipal Conference

For you municipal officials out there, this year's conference will be Saturday, April 12th at The Clarion Hotel and Conference Center in Northampton.

We are still in the process of putting the program together, but we are looking forward, once again, to attracting the top legislative leaders and administration officials. I have always seen this conference as an opportunity for us in western Massachusetts to present our perspectives to policymakers in Boston. This year we will have new leaders in the executive branch and a new leadership structure in the Senate. With that much change in Boston, it's even more important that we get to know the new people and get our message across. I will keep you posted about the program as we get closer, but if you have any questions or comments, contact Tom in my district office at 413-587-6289 or at tumitch@sprynet.com.

State Grants

Late last month, the Executive Office of Environmental Affairs approved the city of Northampton's drinking water treatment project for financing through the Clean Water State Revolving Fund. The city is now eligible for up to \$18 million in low-interest loans for the construction of a water filtration plant to treat raw surface water from Mountain Street, West Whately and Ryan Reservoirs

Mass Audubon's 2002 Legislative Report Card

In late January I learned that I had earned perfect marks on the Massachusetts Audubon Society's 2002 Legislative Report Card for the second consecutive year.

Twenty-eight other senators earned the same mark and the average score among the 40 senators was 97 percent, up from last year's score of 93 percent.

I am pleased with my personal rating and with the overall rating of the Senate. I think it's indicative of the Senate's commitment to environmental issues.

Local artist

I am pleased to host the works of Paul Berman, photographer and physician. Paul lives in Amherst, has a medical practice in Easthampton and is an active member of the staff of Cooley Dickinson Hospital in Northampton. Paul has been interested in photography for more than 30 years the favorite subjects of his photographs are the Connecticut River and the surrounding farms and hills. We have 21 of Paul's color photographs on display until March 1st. Next time you're in Boston, please stop by my office and enjoy the exhibit.

Trivia

The answer to last month's question -- Name the state bird -- is: the Chickadee, or the Black-capped Chickadee.

Thanks to everybody who played along. And now the winner of the lunch and State House tour, chosen at random from the thousands (just kidding!) of correct answers is Meredith G. from somewhere in cyberspace. We'll send her information on who to contact in my Boston office and we'll look forward to seeing her at the State House. Congratulations Meredith!

Now to this month's question and another chance to win lunch and a State House tour. Name the state fish.

Submit your answer to tumitch@sprynet.com and watch this space for the correct answer and the prize winner.

Links

Here are a few links. Until next time, happy surfing!

Click here tumitch@sprynet.com if you want to be removed from our list.

Click here for our on-line feedback form www.stanrosenberg.com/form.html

Forward this link to a friend www.stanrosenberg.com/issues/rosenreportreg.html

Guide to Lawmaking -- <http://www.state.ma.us/legis/lawmkng.htm>

Senate Live -- <http://www.state.ma.us/legis/senate/live/live.htm>

Massachusetts State Government Home Page – <http://mass.gov/>

The Legislature's web page – <http://www.state.ma.us/legis/>

Senate's Bill Text System – <http://www.state.ma.us/legis/billsrch.htm>

Legislative Tracking System – <http://www.state.ma.us/legis/ltsform.htm>

My personal website – <http://www.stanrosenberg.com/>

The Rosenberg Report (January, 2003, edition) --
<http://www.stanrosenberg.com/issues/jan2003.html>