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## *The Rosenberg Report*

Vol. XXV  
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Hello!

The ink had hardly dried on the May 3rd announcement of a modest increase in April tax revenues before the governor could be heard calling for a tax cut.

This being an election year, taxes will no doubt become a hot political topic. But before the rhetoric overheats, I'd like to offer what I hope will be a few cool-headed facts.

Fact #1 -- April revenues did indeed grow over last year's levels, by 29 percent, or \$410 million, giving the state a roughly \$517 million surplus heading into the last quarter of fiscal year '04;

Fact #2 -- The state's reserve funds, once totaling more than \$2.5 billion, have been severely tapped over the last three years to replace lost revenues;

Fact #3 -- The state still faces a structural deficit in excess of \$1 billion, largely because of a projected \$800 million increase in health care costs; and

Fact #4 -- The \$1.2 billion tax package the Legislature approved in 2002 included a provision to trigger an automatic income tax cut, from 5.3 percent to 5 percent, if and when inflation-adjusted tax collections grow by more than 2.5 percent in one year.

In other words, the governor's call for a tax cut is pure politics. Not only is talk of cutting taxes unwise given the fragility of the economy, the structural deficits we still face and the devastation the last three years have wrought on essential state government programs and services, it's also unnecessary. If the economy continues to improve, which we all hope it will, then there's a tax cut already on the books. No gubernatorial intervention required.

The last three years have shown us what can happen when massive tax cuts coincide with a national recession and catastrophes like 9/11. Our recent history warns us that tax cuts should be approached thoughtfully, carefully, and with clear eyes toward the future.

Yours,



## May Focus

### *Senate Ways and Means fiscal '05 budget*

This time last year I reported that the Senate Ways and Means budget proposal was "tough," as tough as anyone currently in the Legislature had ever faced, perhaps as tough as any since the Great Depression.

This year's proposal, for fiscal '05, which begins July 1st, is somewhat less tough because, let's face it, we hit bottom last year and that simply means we're cutting less.

The grand total of the fiscal '05 spending plan is approximately \$22.5 billion, virtually the same as the current budget. Many line items, like local aid for cities and towns, received level funding, and a few accounts, like special education, regional school transportation and the Prescription Advantage program for seniors, actually received increases. However, fixed costs, like health care, increased. That means some areas in state government are continuing to take serious hits.

Here are a few of the notable items:

- Maintains local aid funding to cities and towns;
- Provides public education funding at "foundation" levels;
- Increases funding for special education and regional school transportation;
- Consolidates transportation agencies under the Executive Office of Transportation;
- Lays groundwork to build an early childhood education system for all pre-school children;
- Uses expedited permitting and fiscal incentives to create more housing, especially near town centers;
- Increases funding for the state's Prescription Advantage senior insurance program;
- Imposes strict classification for sex offenders and funds a GPS pilot program to track the most serious offenders;
- Funds two new State Police classes and establishes a new anti-terror unit within the State Police;
- Introduces "administration and management reform"
- Expands children's health care

The entire proposal is available on-line. Click here for more information

Senate budget

<http://www.state.ma.us/legis/05budget/senate/swm.htm>

### *Higher education*

The fiscal '05 proposal level funds all higher education campuses and recommends the following:

- Full funding of collective bargaining agreements for fiscal '05.
- Increases community college workforce training funds to \$2.9 million, up from \$900,000 last year.
- Level funds scholarships at \$82.4 million to help preserve access to higher education for working families.

#### *Human services*

The Senate provides \$20 million in funding to increase salaries for private human service providers that deliver vital human and social services under contracts with the Commonwealth. These funds will be used solely to adjust wages for those human service workers who earn less than \$40,000 per year -- many of whom earn less than \$25,000 --and will help providers attract and retain qualified staff. The Senate also creates a \$5 million pool for salary increases for daycare workers.

Turnover rates in low-paying human service sector jobs are extremely high. Many agencies find it difficult to retain and/or hire staff for this difficult and necessary work. I hope this provision will help ease that burden.

#### *Belchertown State School redevelopment*

I am pleased that the Senate's proposal includes \$180,000 for the redevelopment of the Belchertown State School, a project that is critical to the economic future of the greater Belchertown area.

#### *Payment in Lieu of Taxes (PILOT)*

The Senate budget includes \$12.5 million for the PILOT program for reimbursements to cities and towns hosting state-owned, tax-exempt property. That's \$2.5 million more than the House proposal, and \$4.5 million more than the governor.

#### *Budget earmarks*

Here is a list of earmarked items in the Senate's '05 proposal for western Mass. programs:

- Court Appointed Special Advocates (CASA) -- \$77,478
- Pioneer Valley Tourist Center -- \$40,000
- P.L.A.Y -- \$60,000
- Western Mass. Enterprise Fund -- \$200,000
- Survivor's Project -- \$90,000
- Center for Women and Enterprise -- \$150,000
- Community Partners -- \$200,000
- Mass. Families for Kids -- \$295,000
- Healthy Families -- \$100,000
- Mediation and Training Collaborative -- \$25,863
- Children's Advocacy Project -- \$150,000

- Regional Public Health Agent -- \$14,800

#### *Regional school transportation*

As part of the House-Senate Local Aid Resolution, the Legislature proposes spending \$38 million on regional school transportation, an \$11.6 million increase (Line Item 7035-0006). The preliminary estimate is that this appropriation will support a reimbursement rate that refunds to regional school districts approximately 65-70 percent of their transportation costs, compared to an estimated 45-50 percent rate in fiscal '04.

We remain committed to reaching the 100 percent reimbursement rate and this increase represents some progress toward that goal.

#### *Special Education Circuit Breaker*

Also as part of the House-Senate Local Aid Resolution, the Legislature proposes spending \$201.6 million, an \$80 million increase (Line Item 7061-0012). The preliminary estimate is that this appropriation will support a reimbursement rate to school districts of approximately 65 percent, compared to an estimated 35 percent rate in fiscal '04.

### Noteworthy

#### *Reform proposals*

The Senate budget proposes a number of reform measures designed to save money and improve the delivery of services. Here are a few of those proposals:

#### *Public transit reform*

I am initiating a reform package that would save the state millions in interest payments while improving and expanding public transit services in western Massachusetts.

My proposal calls for placing regional transportation authorities (RTAs) on a "forward funding" system similar to what was done with the Massachusetts Bay Transit Authority (MBTA) in the 1990s. Forward funding would eliminate the borrowing that the current "lag funding" system requires and save the state an estimated \$2-\$3 million in interest payments. I estimate that it would cost \$60-\$65 million to move regional transportation authorities to forward funding and is recommending that the state bond for that amount, as it did when the MBTA was moved to forward funding.

My proposal also calls for a multi-year plan to increase funding to regional transportation authorities by \$10-\$12 million to restore services to pre-fiscal crisis level. Plus, my plan also requires expansion of services to meet unmet public transportation needs in the region.

My proposal targets the MBTA and Registry fees devoted to the Big Dig as funding sources. The three funding options laid out in the plan are:

- 1) Take a tiny fraction, less than 1 percent, of the existing revenue from the penny on the sales tax earmarked for the MBTA and create a new regional transportation authority trust fund;
- 2) As the economy improves and sales tax revenues grow, take a small portion of the growth in the sales tax revenue from the same penny and divert it to the newly created RTA trust fund;
- 3) Earmark a small portion of the Registry of Motor Vehicles fees currently devoted to the Big Dig, starting in 2007 when the Big Dig commitment has ended.

Public transit is very important to people in western Massachusetts, whether it's getting to work everyday or for seniors getting to the doctor. These reforms will help improve services while placing the state on a more secure financial footing.

#### *School Building Assistance reform*

Later this spring, the Senate will address the future of this program in a separate reform package. The highlights of that package include:

- The creation of a new School Building Assistance Authority to manage the program, removing it from the Department of Education, where officials are experts in educating children, not construction and construction financing.
- The Authority will issue bonds to clear the waiting list within the next three and one-half years, allowing the current moratorium on new applications to be lifted at the end of fiscal year 2007.
- Over the next seven years, the proposal will redirect one penny of the state's sales tax to the Authority to pay for reimbursements for projects currently receiving funds from the state and debt service on new trust bonds. This dedicated revenue will enable the Commonwealth to meet its commitments to new schools in the future, ending the current disruptive uncertainty at the local level.
- The Senate proposes to invest \$150 million of the projected fiscal year 2004 surplus to ease the impact on the rest of the budget of the phase-in of one penny of the sales tax.
- The Senate is committed to implementing a number of construction and management reforms.

#### *Pension reform*

The Senate budget includes significant reforms for the state pension system. Virtually all of those provisions would apply to employees hired after January 1st, 2005. Current contracts and obligations will be honored.

#### *Transportation reform*

The Senate continues to restructure state government in the name of responsible reform by proposing a reorganization of our transportation system. Under the Senate reform plan, the new Executive Office of Transportation will manage the Commonwealth's transportation resources and will be responsible for developing and implementing a statewide coordinated transportation plan. The coordination required by this reform is a vital component of efforts to strengthen the Massachusetts economy by modernizing our roads, bridges, transit systems, ports and railways.

Here are some highlights:

- Three functional areas within the Executive Office of Transportation are created under this proposal: roadways, transit and airport/port. Each transportation organization will report to the EOT Secretary.
- MassHighway will enter into a memorandum of understanding with the Department of Conservation and Recreation, under which MassHighway will manage, operate and maintain the former Metropolitan District Commission roadways and bridges and will leverage any federal highway funding available for such purposes. Ownership and oversight of these roadways will remain with DCR, which will continue its preservation of scenic byways and park conservation responsibilities.
- The Secretary of Transportation will assume the role of Chairman of the Massachusetts Aeronautics Commission, and the Commission will be required to include an expert on airport or homeland security and a person who is a resident of a city or town in which a regional airport is located.
- The Secretary of Transportation will assume the role of Chairman of the Massachusetts Turnpike Board, effective December 31, 2005, after the projected date for substantial completion of the Central Artery/Tunnel Project.
- Starting on December 31, 2005, Turnpike Board members will serve without compensation, saving the authority \$100,000 per year.
- The Regional Transit Authority Council will be formed with the 15 RTA administrators as members.
- The Secretary of Transportation will retain the role of Chairman of the Board for the Massachusetts Bay Transportation Authority and assume the role of Chairman for the Massachusetts Port Authority. The Secretary will also chair the Regional Transit Authority Council.
- The Secretary of Transportation will be responsible for formulating a five-year plan that prioritizes transportation projects and creates criteria to measure progress in the areas of roadways, transit, airports and seaports. The Secretary will file an annual report detailing these plans.
- The Secretary of Transportation will coordinate transportation security planning among transportation agencies, commissions and authorities.

### *Municipal census*

My 10-year campaign to phase out the municipal census by turning it into a local option received a boost in the Senate budget. The provisions in the budget will start us on the path to modernize the jury pool system, maintain our central voter registry file and save up to \$5.5 million in local property taxes currently spent on the only state mandated annual municipal census in the country.

### Roundup

### *Economic development projects*

Ever since the Silvio Conte Wildlife Refuge opened and the staff offices moved out of the old Cumberland Farms building in Turners Falls, I have been working with a group of town and county officials and others interested in the reuse of that building. I'm happy to report that a UMass public service grant of roughly \$11,000 has been approved to assist Turners Falls in planning for its reuse. It is my hope that an appropriate use can be found and agreed to that would add to the progress made in economic development in the region, with perhaps an emphasis on some tourism related uses.

I'm also pleased with the great progress made with the Our Family Farms/Snows Ice Cream project, which seeks to open a state-of-the-art dairy processing facility to expand the use and market for local milk and dairy products. We've been working very hard with state, local, county and federal government officials, local business people, farmers and others to plan this exciting project which could be a great help in preserving local farms and open space and promoting job growth.

### *State grants*

Two Mobility Assistance Program grants were awarded to some communities in my district last month by the Executive Office of Transportation and Construction.

- Greenfield-Montague Transportation Area -- \$236,164 to cover 80 percent of the base cost of five extended body minibuses, one base radio, five mobile radios, one TDD and one computer.
- Franklin Regional Transit Authority -- \$90,631.20 to cover 80 percent of the base cost of three maxivans.

### *TeamRosenberg*

It has become apparent since the last newsletter that will have a Republican opponent this year, so your support is doubly appreciated!

Join *TeamRosenberg* <http://www.stanrosenberg.com/teamrosenberg.php>

### Trivia

Now for the answer to last month's question -- The site of the State House in Boston was once a cow pasture. Whose cows grazed there before construction on the State House began in 1795?

The answer is: John Hancock

And our winner is Karen M. somewhere in cyberspace. We'll send Karen information on who to contact in my Boston office and we'll look forward to seeing Karen at the State House. Congratulations! And thanks to everybody who played along!

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

Many communities in my district have recently celebrated, or will soon celebrate, important anniversaries. Match the community with its correct birthday.

- |                |          |
|----------------|----------|
| 1) Northampton | a) 250th |
| 2) Buckland    | b) 225th |
| 3) Montague    | c) 350th |

Submit your answer to [tumitch@sprynet.com](mailto: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!

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Forward this link to a friend [www.stanrosenberg.com/issues/rosenreportreg.html](http://www.stanrosenberg.com/issues/rosenreportreg.html)

Guide to Lawmaking -- <http://www.state.ma.us/legis/lawmkng.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 (April, 2004, edition) --  
<http://www.stanrosenberg.com/issues/april2004.html>