

**HOUSE SPEAKER ROBERT A. DELEO'S ADDRESS TO THE GREATER BOSTON
CHAMBER OF COMMERCE
MARCH 15, 2011**

AS PREPARED FOR DELIVERY

Thank you, Paul. Good morning. I'm very happy to be speaking with all of you today. With me are a number of members of my leadership team, including the House Majority Leader Ron Mariano, chairman of the House Ways & Means Committee, Brian Dempsey, the chairman of the Judiciary Committee, Gene O'Flaherty, the chairman of the Economic Development Committee, Joe Wagner, and the chairman of the Public Service Committee, John Scibak.

As I stand and address the Chamber for the third time as Speaker, we find ourselves emerging from the worst economic downturn since the Great Depression. Unemployment is high, tax revenues are sluggish, and we face a \$2 billion shortfall in the State budget, with no prospects for any help from Washington. These are challenging times for all of us.

At the same time, I find myself optimistic. Yes, our unemployment rate is 8.3% – but it's below the national rate of 8.9% and below where it was one year ago at 8.8%. Further, as tough as our budget situation is, Massachusetts is faring a lot better than other states, largely because representatives of government, business and labor are doing a better job of listening and working together to solve our biggest problems. At the end of the day, it is this spirit of collaboration and partnership between the public and private sectors that gives me the most cause to feel hopeful.

Nowhere was the benefit of collaboration more evident than in the Chamber's advocacy last year for passage of our Economic Development law. To remind you, that law overhauled the state's network of business development agencies and established a streamlined cohesive model with built-in oversight and transparency to reduce redundancy and waste.

In addition, we in the House have heard what the business community has been saying. Last session we improved the State's net operating loss rules to make the state more competitive for the start-up, manufacturing, construction, high technology, and life sciences sectors. We also reduced the capital gains rate to 3% on local investments held for at least three years to encourage local investment and promote patient capital among investors. And, last session, we also enacted capital gains reform, ensuring that Massachusetts is in the best position possible when the next recession hits. This kind of legislation reflects the best of what the State can do to support business during tough financial times.

Municipal Employee Health Insurance

I'd like to move to another topic that is particularly important to me – one that was a key part of the agenda I laid out January. This concerns the way our cities and towns provide health insurance for their employees. By the time the House completes its work on the state budget, we will have passed legislation that establishes the state's Group Insurance Commission as the benchmark against which all municipal plans will be measured. If cities and towns can't meet or beat the GIC, they will be forced to join it. I've seen my hometown of Winthrop save \$800,000

annually by joining the GIC. If all cities and towns did so, this would collectively save \$100 million. Whether cities and towns join the GIC or come up with their own plan, we need to realize at least that much in savings.

I am well aware of the competing municipal healthcare proposals out there – plan design, certain labor proposals and other ideas from elected officials. In fact, I was encouraged to see a coalition of unions took a step in the right direction with a proposal they offered last week. Unfortunately, this proposal did not go far enough.

Through the GIC, municipal employees can have quality healthcare at an affordable price. I can talk about it from first-hand experience. Like most public employees and state officials, I receive my healthcare through the GIC.

We absolutely must find a way to ease the financial pressures at the local level. Cities and towns will face brutal budgets in the coming months. Yes, we can ask local budget officers to work harder and smarter in their contracting for services and purchasing of supplies – but we are tinkering at the margins and at the end of the day, this tinkering isn't going to make much of a difference. If we want to do what's right for our children who attend public schools; if we want to provide public safety protection at adequate levels; if we want our streets plowed and our trash collected – it's high time we give cities and towns the tools – through legislation – to make more than a dent in the cost of municipal health insurance.

Gaming

As we seek to replace local aid revenue for cities and towns by lowering municipal employee healthcare costs, I am still in search of a source of new local aid revenue as well as much-needed jobs. Governor Patrick is already talking about cutting \$65 million out of our local aid budget. The need to replace that revenue is dire. And the quickest way to recoup it is through gaming.

Last year, the Legislature advanced a gaming bill farther than it has ever gone in Massachusetts. With the urgency for revenue and jobs in mind, I will continue to work with Governor Patrick and Senate President Murray to find a consensus on gaming. I am hopeful we can get it done this session.

As our economy recovers, we still find ourselves in the midst of a “blue collar depression.” I routinely hear about unemployment rates of 30, 40, 50% at building trade union halls across the state. Given this environment, we have to find a way to create thousands of construction jobs and permanent jobs.

The Judiciary

Now, I'd like to turn to an important subject I have been devoting the bulk of my time to recently. This is the judiciary, and in particular, the administration of probation within the judiciary. In January, several of my House colleagues participated in a working group to discuss how best to plan for the future of the Probation Department. Meanwhile, I set out independently

to learn as much as I could from discussions with experts familiar not just with the administration of probation but in overall court management.

I began by meeting with Father Donald Monan, the chancellor of Boston College who in 2003 chaired a committee and authored a comprehensive report on court reorganization at the behest of then-SJC Chief Justice Margaret Marshall. I met with the Acting Probation Commissioner, Ron Corbett, as well as the new chief justice of the Supreme Judicial Court, Roderick Ireland. I also met with his predecessor, Justice Marshall. I'm also in the process of meeting with the chief justices of the other departments as well. Several key members of the Harshbarger Commission, likewise, gave me their time as did the Massachusetts Bar Association.

No one could engage in these discussions and be left without a sense of the proud tradition and prestige – not just locally but nationally – of our court system here in Massachusetts. The Supreme Judicial Court, created in 1692 as the Superior Court of Judicature, is the oldest of its kind in the Western Hemisphere. Names at the forefront of legal and political history, such as John Adams and Oliver Wendell Holmes, have headed it. Luminaries, such as Louis Brandeis, brought cases before it that remade jurisprudence in America and across the world.

And yet, there has also been a tradition of another kind - a tradition of tension between two branches of government -- the judiciary and the legislature. As I have been working closely with Justice Ireland, I believe that tension is a thing of the past as both branches are squarely focused on following the best practice in the administration of justice.

As I have delved into this area, I have sought to learn from and work closely with judicial leaders. My multiple meetings with Chief Justice Ireland have been instructive and productive. Largely because of what I believe to be a growing spirit of partnership around problem solving, we are getting closer to reaching the kind of consensus we need to assure excellence for our entire court system. These discussions have informed my thinking as have the numerous independent reports and studies of the Massachusetts judiciary.

Under court reorganization legislation being drafted as we speak, I am proposing that a professional, civilian court administrator with substantial expertise in finance and management be appointed to oversee and manage the business aspects of the trial court. Facilities management, personnel management, accounting, capital planning, information-technology – all of these functions would be the responsibility of a person trained not as a lawyer but instead, in the disciplines of business and management. In separating the judicial and business functions of the court, the chief justices of each of the court departments will properly maintain responsibility for all other core judicial functions, such as monitoring caseload, assigning judges, judicial training and judicial discipline.

Under the bill I will file, the Probation Department will remain in the trial court. I have considered the Governor's proposal to align probation with parole functions in the executive branch. After having spoken with Justice Ireland and others, however, I believe that the functions of Probation are properly within the judiciary and so, should remain there. As the Harshbarger Report found, "probation officers act as trusted advisors to the judge ...helping to

design and impose probationary conditions that are most likely to help the offender avoid both incarceration and re-offense.” This makes sense to me.

Hiring Personnel

With respect to hiring for the probation department, in order to make sure that all job candidates at the Probation Department meet a certain minimum standard, the bill will require that they take an objective test modeled on the exam used by the State Police. The test will provide a pool of qualified individuals from which the administrators would select candidates to interview. Unless applicants exceed a required score, they cannot advance in the interview process. Period.

Some will no doubt be surprised that this is the direction I’m heading in, particularly after having advocated for probation to fall under civil service. After having had many discussions about this testing requirement, I have come to believe that this approach offers what I like most about civil service -- an objective test-- without its well recognized flaws.

Finally, the legislation I will file will address the influence of job recommendations in hiring – a law that will of course affect the probation department but will also affect all jobs in state government. My bill will contain three key provisions. It will:

- require all recommendations for state positions to be made in writing;
- it will put a shield on letters of recommendation for review – making them available to evaluators only as they apply to candidates who have reached the final stage of consideration; and
- it will make such letters of recommendation for candidates who succeed to public service -- public records.

A job recommendation is a serious matter. We all know that a job recommendation from a public official carries weight and I will be the first to say that all recommendations for successful candidates should be transparent.

Tax Policy

Improving the efficiency of our judicial system will improve the overall business climate here over time. In addition to our efforts at curbing municipal healthcare costs and court reorganization, I will embrace policies that have immediate positive effects on our business environment.

I say this as I repeat the vow I made last year to this group: I will support no new taxes or fees in the House budget.

One way to improve state government’s relationship with our primary job generator – the business community – is to involve taxpayers earlier in the process. I am interested in having the Department of Revenue publish reports on its prospective policies on a regular basis. Under this

plan, taxpayers could express their views on these changes earlier in the process and before they are set in stone.

When it comes to fostering a better business environment and making sure Massachusetts maximizes revenue, dropping surprise tax announcements is counterproductive.

I also support shortening the length of the tax audit process. We need to maximize state and taxpayer resources – not squander them in overly long tax audits. Unless the state can complete an audit within 18 months, we will consider waiving taxpayer penalties for substantial underpayment of taxes.

The Road Ahead

I look at the months and years ahead as a crucial period in the history of our Commonwealth. What we do will determine not just Massachusetts' ability to weather the fiscal storm and manage our healthcare costs, both for municipal employees and the public at large, but how our bedrock institutions, such as our courts, function. It is our obligation to bring our full energy to make sure our institutions are efficient and well-managed.

I embrace that challenge. The public deserves nothing less.

Thank you.