

Senate President Speech – Greater Boston Chamber of Commerce
Government Affairs Forum
Thursday, April 5, 2012 at 8:25 a.m.
Westin Boston Waterfront, Harbor Ballroom

(As Prepared)

Thank you, Bob, for that introduction. And, thank you, Paul, for inviting me again this year. Thank you to everyone at the Chamber, all the sponsors of today's forum and all of you for being here this morning.

And, a special thank you to my colleagues in the Senate who are also here: Senator Stephen Brewer, Senator Will Brownsberger, Senator Katherine Clark, Senator Sal DiDomenico, Senator Ken Donnelly, Senator Ben Downing, Senator Jennifer Flanagan, Senator Jack Hart, Senator John Keenan, Senator Richard Moore, Senator Stan Rosenberg, Senator Mike Rush and Senator Dan Wolf.

I want to first address an issue that has generated much discussion over the past few weeks – our economic growth. Many are questioning which job growth and unemployment numbers tell the real story of our economic situation but, after a lot of research, analysis and comparing our numbers to states with similar makeup and resources, the answer is still the same. We are doing better than most other states.

The unemployment rate in Massachusetts stands at 6.9 percent, significantly below the national unemployment rate of 8.3 percent. This is our lowest unemployment rate since December 2008.

We have a healthy stabilization fund and the current projected end of fiscal year balance is approximately \$1.58 billion. Over 98 percent of our residents have health insurance coverage, with 99.8 percent of children covered and 99.6 percent of seniors. Our students are number one in math and science and we continue to outpace the rest of the country in services to veterans and energy efficiency.

But, when it comes to jobs and our economy, we cannot be content with merely outperforming the nation – we should be leading the nation. This is why the Senate has been focused on balancing state finances, reforming government and nurturing our economic recovery since the very beginning of this global recession.

We are focused on the competitive environment in Massachusetts and, in sector after sector of our economy, the Senate has identified and tackled obstacles to business-growth to help grow our economy and create jobs.

Getting people back to work in good paying jobs with good benefits continues to be our number one priority. And, I'm proud of all the work in the Senate that was accomplished with this very goal in mind.

In 2010, the Senate led the effort to reform and restructure our economic development model, reducing redundancy and waste, and promoting a more business-friendly environment in the Commonwealth. I am pleased to report that some of the work the Senate put into that bill is starting to bear some real fruit.

A primary theme of the economic development bill enacted by the Legislature was regulatory reform. I am pleased that the regulatory review called for by the legislation has revealed so many obsolete or needless regulations, such as needing duplicate permits or unnecessary and lengthy paperwork.

I know that Secretary Bialecki and his team at the Office of Housing and Economic Development have identified some additional regulations that would require statutory changes for the Administration to revise, and we look forward to working with them to implement those changes. This is exactly the sort of process that we should be doing constantly in state government. Our businesses should expect nothing less.

This effort also created the Massachusetts Growth Capital Corporation, which provides direct lending and consulting to small businesses at a time when small business owners are still having trouble getting financing from banks. Since its creation, the MGCC has loaned \$22 million, saved over 3,200 jobs and created 688 new jobs. And, the MGCC loans leveraged \$113 million in private sector investment.

In the same year, the Senate also initiated critical legislation that addressed the cost of health insurance for small businesses and allowed small businesses to band together to negotiate better health insurance rates. We are starting to see the benefits. Average health insurance premium increases are at 1.8 percent, down from 16.3 percent just two years ago.

The first approved purchasing group, the Retailers Association of Massachusetts, will cover thousands of small businesses and provide discounts of at least 20 percent on health insurance rates. This new competitive option is producing savings for the people who need it most, small businesses and their employees, while maintaining access to high-quality health insurance.

In 2011, the Legislature opened the opportunity for thousands of new jobs by passing gaming legislation. The Senate also passed legislation to demand performance reviews of our state agencies and improve overall government efficiency, transparency and accountability.

This bill is now being worked out by a conference committee and I am optimistic that we will have a final bill that will prioritize the use of performance management with state agencies, in the same manner that Governor Patrick has already required through his Executive Order. But, it is imperative that we take the steps to review all agencies under all branches of government.

And, our work didn't stop there. In 2012, the Legislature froze unemployment insurance rates to avoid a significant hike in premiums for our businesses, saving employers over \$400 million statewide in the next year.

Even with these recent accomplishments, we know that several barriers to our economic growth remain. In the next two months, the Senate will take up bold legislation on our state's energy and health care costs and the Senate is poised to provide relief to businesses and consumers alike.

Last Thursday, the Senate took the first step in tackling the high cost of energy in Massachusetts and we will continue the debate on electricity cost legislation in today's session. Massachusetts businesses, non-profit institutions, hospitals, colleges and universities continue to identify the cost of energy as one of the top three concerns they have with the competitive environment in Massachusetts. This bill will improve the reliability of our grid and address some of the "cost-drivers" for electricity prices, without compromising our commitment to developing the domestic resources that we do have for renewable energy.

The electricity cost legislation seeks to strike a balanced approach to our electricity markets. We want neither to continue importing fossil fuels from outside the region to satisfy our demand, nor to condemn our residents and businesses to a future of steadily increasing prices for electricity in pursuit of our renewable energy goals.

Instead, this legislation continues to prioritize our nation-leading energy efficiency programs, while injecting some needed competition into our renewable energy programs and requiring more stringent reviews of rate cases by the Executive Branch. I look forward to continuing the debate on this issue in the Senate.

I mentioned that we are seeing progress from our efforts to lower health care costs, but some small businesses are still experiencing rate increases in excess of these amounts and we need to do more. In my five years as Senate President, I have prioritized action on health care costs and access and we will take up payment reform legislation in the next two months.

Reducing the growth in health care costs is critical to our economic competitiveness and must be addressed in a thoughtful way. Annual double-digit health care cost increases outpace other expenses and strain the budgets of our businesses, our families, and our government. Health care needs to be addressed for the Massachusetts economy to continue to recover.

We have been working and talking about this issue for many years.

Since passing health care reform in 2006, we have taken many steps to address health care cost and quality. The Senate led a comprehensive bill in 2008 with Senator Richard Moore at the helm that set Massachusetts as a national leader in the statewide adoption of electronic medical records and uniform billing among health care providers and insurance companies. And, in 2010, the Senate led efforts to provide immediate health care cost relief to small businesses in the Commonwealth.

Two years ago, I spoke to this audience about the need to provide premium relief for small businesses. I issued a challenge to the health care market to reduce costs. Since that time, we have made some progress. Providers have voluntarily renegotiated contracts, insurance companies have introduced new, innovative products and the growth in premiums has come down.

Hospital systems have stepped up their efforts to provide quality health care within set budgets. Five major health care systems in Massachusetts were recognized by the federal government as, "Pioneer Accountable Care Organizations," earlier this year for providing better care at a lower cost by emphasizing primary, preventative care, improving integration between doctors and reducing unnecessary tests and hospitalizations.

This is good news for Massachusetts, but it is not great news. We have so much more to do. Health care cost increases must be kept in check in order to deepen and sustain this relief so that all businesses and individuals can manage their health care costs.

That is why we need to take the next step and pass payment reform legislation in the Senate before we consider the state budget.

This bill will push the market to further our progress, establish independent oversight, improve the quality of care and increase the transparency and accountability of our health care providers to deliver care in the most effective and efficient way.

This legislation will also set a goal for reducing health care cost increases over the long-term and, if successful, the savings generated over the next ten years will be in the tens of billions. These savings will accrue to our businesses, state and local government and to our citizens who are struggling with increasing premiums and other health care cost sharing.

We will not reach this goal overnight and it's critical that we carefully balance the need to aggressively transform the healthcare industry without causing harm to the number one employment sector in Massachusetts or to patient care. We need to be both ambitious and realistic but, it is achievable, and it will set Massachusetts apart from the rest of the country.

I understand that some individuals and entities hoped this legislation would be done by now and, I agree, this issue is critical for the health of the Commonwealth.

But, it is also critical that we do it right. The Chairmen of the Joint Committee on Health Care Financing, Senator Richard Moore and Representative Steven Walsh have been working hard to do just that.

Even though the numbers tell us that the Massachusetts economy is growing faster than the national average, we still have a long way to go, and the recently revised jobs numbers confirm that we need to continue our focus on growing jobs. Preparing our workforce for the jobs of the future is critical to our recovery efforts and the Senate will focus on strengthening and reforming our workforce development efforts this legislative session.

An educated and trained workforce is essential to Massachusetts' long-term economic success and this proposal will improve our community college system, provide new workforce training programs for our high-need industries, better align our educational and economic strategies and make the entire workforce development system better than it is today. Investing in our workforce is investing in our future.

Our community colleges do important and valuable work with the resources and tools they have at hand, but it's important that we continue to expand opportunities for students and businesses in the Commonwealth.

As a first step, I propose the creation of a Statewide Coordination Office to help businesses access the workforce development services offered by their local community colleges. This office would host an online resource of available trainings at each college and take responsibility for promoting available trainings and programs to employers, and developing new trainings and programs based on the needs of the employers in each region.

This office would give the community colleges the support they need to coordinate similar workforce training offerings, bridge information gaps and connect with larger employers outside of their region. The Offices of Labor and Workforce Development and Housing and Economic Development and the Department of Higher Education have embraced this idea and moved forward with the limited resources at hand. This work is crucial to support our workforce development efforts and we will look to either build on the existing model or, based on the findings of the task force, continue this work in another form.

We have continued to hear from business leaders that one of the benefits private workforce training programs and occupational schools can offer is their ability to start new programming on a moment's notice.

To address the quickly changing needs and demands of Massachusetts' employers, a Rapid Response Program would provide an incentive fund to support the development of workforce training programs at community colleges that accurately reflects the current market.

This will give employers fast, predictable help from their community colleges and allow them to more cost-effectively meet their workforce needs. In addition, this program could help fund innovative programs to help businesses fill open positions, such as accelerated degree programs, online learning and classes that fit the schedules of working adults.

We also need to help students understand what their best employment opportunities are and how they can improve their job prospects through higher education. Up until 2010, the Office of Labor and Workforce Development and the Commonwealth Corporation published an annual study that identified the high-needs jobs in the state.

This information is necessary for our students to make informed choices about their futures and for our businesses to have a steady supply of workers to fill open positions. These findings will guide the Legislature in finding the best ways to help our students succeed and it's important that we provide funding for this research to continue.

We must also do all we can to ease students' transitions between the community colleges, state universities and University of Massachusetts system. These are areas where degree auditing and other internet technology tools can help community colleges overcome any remaining hurdles to providing the best possible services to their students and the business community.

We will be taking these steps to benefit the community colleges and students in Massachusetts, but our businesses also need to do their part to support and work with their local community colleges. A great example of this collaboration is at Quinsigamond Community College in Worcester County. Working with local businesses, health care companies and hospitals in the region, QCC receives support and donated equipment for educational programs ranging from hotel and restaurant management, to health care and technology.

In addition, QCC offers their Emergency Medical Technician Program at Worcester Technical High School, allowing high school students to get the training needed to be a certified basic EMT. This effort is not only supported by the schools, but by local hospitals, health care providers and ambulance companies. And, hundreds of companies serve as clinical sites, internship partners and serve on the over 20 advisory boards to guide the local development of the academic and workforce development programs at QCC.

It's important that we encourage and support the same level of collaboration that's happening in Worcester County at all of our community colleges and businesses, both large and small.

With the recent and upcoming changes to the health care system in Massachusetts, it's critical any workforce development legislation includes support for the health care industry to transition from the old health care jobs to the new jobs. To support these changes in the industry, this proposal would include a healthcare information technology pilot program to answer the need for retrained healthcare IT professional statewide.

In addition, a Payment Reform Workforce Transformation Fund would provide employees in the health care industry with job security and support during the transition to integrated care organizations and alternative payment methodologies – the new occupations in the health care industry.

It's important that we also fund additional health care workforce development programs that are consistent with payment reform principles.

This proposal would expand loan forgiveness programs for primary care providers and mental health care providers, include additional funding through the Nursing and Allied Trust program, and support training programs at organizations such as community health centers and community hospitals.

This workforce development initiative will strengthen our workforce development system, encourage greater efficiency and statewide coordination within the community colleges and invest in programs that train students for the high-needs jobs in Massachusetts.

We are addressing the Commonwealth's most pressing needs – putting more people back to work and growing our core industries in Massachusetts.

This proposal is a work in progress and I look forward hearing from Senators Michael Moore and Dan Wolf and the task force on their findings on community colleges and workforce development opportunities in Massachusetts. What we do know is that many of these initiatives will require resources and I believe this is an investment worth making. By dedicating resources in the range of \$20 to \$40 million to these workforce development proposals, and others, in the community colleges and for the health care industry, we are making an investment in our future.

Having an educated, skilled workforce is one of our greatest strengths in Massachusetts and we must continue to build on our strengths. Over the next few weeks, we will explore many different options for financing this investment.

One option is making a draw from the state's stabilization fund. In 2003, the Legislature passed and Governor Romney signed a \$100 million bill funded in part by the Stabilization Fund. And, already this year, the balance in the fund is \$1.58 billion, up over \$200 million from the beginning of the year. That is because, in the first eight months of FY12, the state has deposited \$202 million into the Stabilization fund from tax settlements and decisions.

Another option is using funds from the gaming facilities licenses. Both the Speaker and I supported dedicating a significant portion of any licensing fees for community colleges and health care and, although it is not in hand right now, it could be available by this time next year.

And, finally, I'd like to reiterate a challenge I posed three years ago during my remarks to this chamber of commerce about creating an environment in which more woman hold positions of leadership in our business institutions.

According to The Boston Club's 2011 Census of Women Directors and Executive Officers, 41 of the top 100 largest public companies still had all-male boards of directors. There are still 29 companies out of the top 100 that have no women in either their boardrooms or their executive suites. And, only six of these companies have female CEOs.

These figures have not improved significantly over the past few years. It's time for a change and I hope we can all make that commitment together.

Driving Massachusetts out of this recession is a work in progress and there is no quick fix. But, our commitment to reforms, encouragement of new industry and focus on removing barriers to businesses in the areas of electricity and health care cost are moving us steadily in the right direction. We will continue to focus on the priorities of the Commonwealth and we will continue to do better.

Thank you. I'll be happy to answer any questions.

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