

May 13, 2014

1 p.m.

Room 157, State House, Boston, MA

ATTENDANCE: G. Shor, P. Kocher, S. Carvalho, C. Nee, E. Nakajima, R. Nunes, J. Fogel, K. Dumas, D. Nixon,

C. Freda, C. Corona, W. Nickel, M. Hawke, J. Boudreau, A. Herzog, D. Dunford, P. DeRensis, J. McCarthy,

J. Bean, D. Vanderlock, P. Francocomanico, M. J. Rossetti, A.M. Cugno, J. Oliveira, T. Solomon (for Mayor

Walsh), J. Gonzalez, J. O'Keefe, J. Fiorentini, A. Chapdelaine, W. Martin, L. Blackman, G. Koocher, G. Beckwith

VOTE: Approve meeting minutes of April 8, 2014 meeting SO VOTED

DISCUSSION:

State Finances: A & F Secretary Shor spoke on the state's current revenue outlook; through April the year to date revenues were exceeding the revised yearly benchmark. However, income tax collections were below benchmark in both March and April. State is awaiting the June collections to determine if some of this revenue will be recovered or not. Losses concentrated in the income tax category; withholding and sales tax still performing at benchmark. Status of revenue generation will affect what the legislature will be able to do re: any additional supplemental appropriations for FY2014 (ending 6/30/14).

Supplemental Budget and Funding Announcements: Selectman Dunford thanked Secretary Shor for being a good listener re: local requests to fully fund charter school reimbursements. Found the state's response to this need "very heartening." School committee member Oliveira also noted the reimbursement as critical to local school budgets, and receipt of the reimbursement supports needed school services (e.g., teachers). Selectman Corona thanked the administration for the rapid recovery program, allowing communities to repair roads damaged by the harsh winter. She noted that it will extend the life of these roads. Secretary Shor added that both the Governor and Secretary Davey (MassDOT) saw the program as the "right thing to do" and was glad the program had been well received.

Economic Development Initiatives: EOHED Assistant Secretary Eric Nakajima reviewed the highlights of the Governor's "Growth and Opportunity" legislative package, including:

- Expanded incentives for economic development
- Targeted initiatives for Gateway Cities
- Workforce Training to enhance partnerships with community colleges and vocational schools for advanced manufacturing and information technology training. He noted that this was not only for "tech" jobs, but the use of technology in other settings, e.g., hospitals
- Brownfields remediation funding
- Removing the "unit cap" on Housing Development Incentive Program (HDIP) and providing additional tax credit financing
- Providing a job creation tax credit
- Elimination of ETA and EOA designations which would otherwise be "sunsetted"
- Transformative development in Gateway Cities to help build local capacity and support locally driven economic development planning
- Devolving some liquor licensing regulations to the local level with the removal of caps on both restaurant and package store licensing.

Several LGAC members (Mayor McCarthy, Mayor Hawke, Mayor Fiorentini, Town Administrator David Nixon) thanked the administration for the liquor license proposal, noting that seeking permission from the legislature to increase the number of licenses available in a community delayed projects. It was noted that restaurants contribute to improved economic development options in communities.

Approved 6-10-14

Mayor Hawke noted that some of the initiatives (e.g., transformative development fund) would also be of benefit to cities that do not meet all the Gateway City criteria. He also sought clarification re: the role of technical vocational high schools in the training partnerships

Veterans' Services: Secretary Nee spoke to the work now underway on revising and updating DVS regulations, and invited the MIMA's participation in this examination. He noted that 26 veterans' services districts are now operating, and that this approach might be worth exploring in smaller communities, and that DVS had a guide available on its web site re: steps to district formation. He expects the number of districts to reach 30 in the near future. He also noted the administrator's support for the DVS initiative to provide 100% reimbursement for services to homeless veterans.

He also addressed the new requirement for the training and certification of veterans' services officers. DVS believes that the service officers must be familiar with the range of programs and services available to assist veterans, and potential to provide federally funded benefits for some veterans. Service officers' understanding of the federal benefits picture would improve access to such benefits for the state's veterans. Mayor Martin described the "storefront" model in use in Greenfield to make veterans' services more visible and accessible; the veterans' services center is able to serve a variety of needs and identify alternative sources of funding. He also noted that Greenfield and other towns were close to an agreement for regional arrangement for veterans' services.

Mayor Hawke and Councilor Blackman noted support for making the office of veterans' services officer "more professional," and said that they looked forward to continuing to work together with the state DVS on addressing veterans' needs. Councilor Freda spoke to the strong veterans' organizations and other supports in the city of Leominster, and the efforts made by the state and municipalities to be "attentive to the veterans of the state". Town Manager Chadelaine also highlighted the DVS' efforts to partner with the MIMA, and emphasized the importance of training for veterans' services officers to assure that the "spectrum of needs" of veterans are addressed.

Secretary Nee also spoke briefly to the veterans' population in the state, noting that the state's population of veterans was shrinking, that a majority of veterans in Massachusetts are now Vietnam era veterans, and that the state's population would contain approximately 3% veterans by the mid-2030s.

He also noted that the Iraq and Afghanistan veterans are more drawn to community-based services. Secretary Nee also referenced prior legislation (Valor Act I) that provides a veteran's property tax work off program, which is now underway.

Other than as noted above, no votes were taken nor decisions made.

Meeting adjourned, 1:49 p.m.

Materials distributed: Description of features of "Growth and Opportunity Act"

DVS: Overview of Recent Initiatives/Next Steps

Executive Office for Administration and Finance

Press Release

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FOR IMMEDIATE RELEASE
June 10, 2014

**Patrick Administration Announces \$247 Million in Savings from
Municipal Health Care Reform**

Savings are 140 percent more than originally estimated, help preserve essential local government jobs and services

BOSTON – Tuesday, June 10, 2014 – Secretary of Administration and Finance Glen Shor today announced that more than 257 communities and school districts across the Commonwealth have collectively saved more than \$247 million in health insurance premiums over the past three years as a result of the landmark municipal health care reform law signed by Governor Deval Patrick in July 2011. Over 60 percent of municipalities and school districts have made cost-saving healthcare changes to date, and the law has resulted in 140 percent more savings for cities and towns than originally estimated.

"Municipal health care reform has had a powerful and positive impact on municipal finances across the Commonwealth, while maintaining quality, affordable health care for working families. The savings achieved are critical to Massachusetts' role as a leader in keeping health care costs down while securing the highest level of care," said Governor Deval Patrick.

The three-year results of the municipal health care reform law were announced at the annual Local Government Advisory Committee meeting and are included in the report, *Municipal Health Reform Savings FY12 – FY14 To Date*. According to the report, there is the potential for an additional \$10 million dollars in savings were more municipalities and regional school districts to use the reform process. Combined with savings announced today, this reform has the potential to achieve over \$260 million in savings statewide, more than double the initial savings estimate.

"Massachusetts leads the nation in health care coverage, and we are also lowering the cost of health care so it can be as affordable as it is accessible," said Secretary Shor.

"Municipal health care reform has changed the way cities and towns negotiate their health insurance plans so they can save money and maintain core services like education and public safety."

To date, 91 cities and towns across the state have completed the reform process and made changes to employee health plans or joined the Group Insurance Commission (GIC), resulting in nearly \$95 million in employer and employee premium cost savings in just the first year the changes were implemented. In addition, more than 166 communities and school districts have used the new law as leverage to negotiate health plan insurance changes with local unions, yielding more than \$152 million in total premium savings for employers and employees in the first year.

Municipal health care reform is providing significant and immediate savings to cities and towns, while preserving a meaningful role for organized labor in the process and protecting health care quality for retirees and municipal employees. Cities and towns now have the choice of using a new, expedited process to implement changes to existing local health care plan design or joining the state's GIC. Since the law was adopted, 22 new communities and school districts have joined the GIC --12 using the new reform process and 10 negotiating outside of the reform process. The GIC now has 43 participating communities and school districts representing over 65,000 municipal subscribers.

According to the Massachusetts Taxpayers Foundation, this reform could produce as much as \$2.8 billion in cumulative savings over 10 years if implemented by all communities and school districts.

Working together, the Patrick Administration and the Commonwealth's municipalities have achieved real, meaningful savings and structural changes to keep costs down so municipalities can make the necessary investments in community services that keep them thriving. Including Municipal Health Care reform, the Patrick Administration has provided cities and towns with the tools to realize \$3.78 billion in savings, revenue, and investments through new local option taxes, increased capital investments and pension reforms. Communities are also achieving savings through innovations achieved through the Community Innovation Challenge Grant and municipal performance management programs.

The full report, including savings by municipality and school district, is available on the Administration and Finance website under "Publications & Reports" at www.mass.gov/anf.

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