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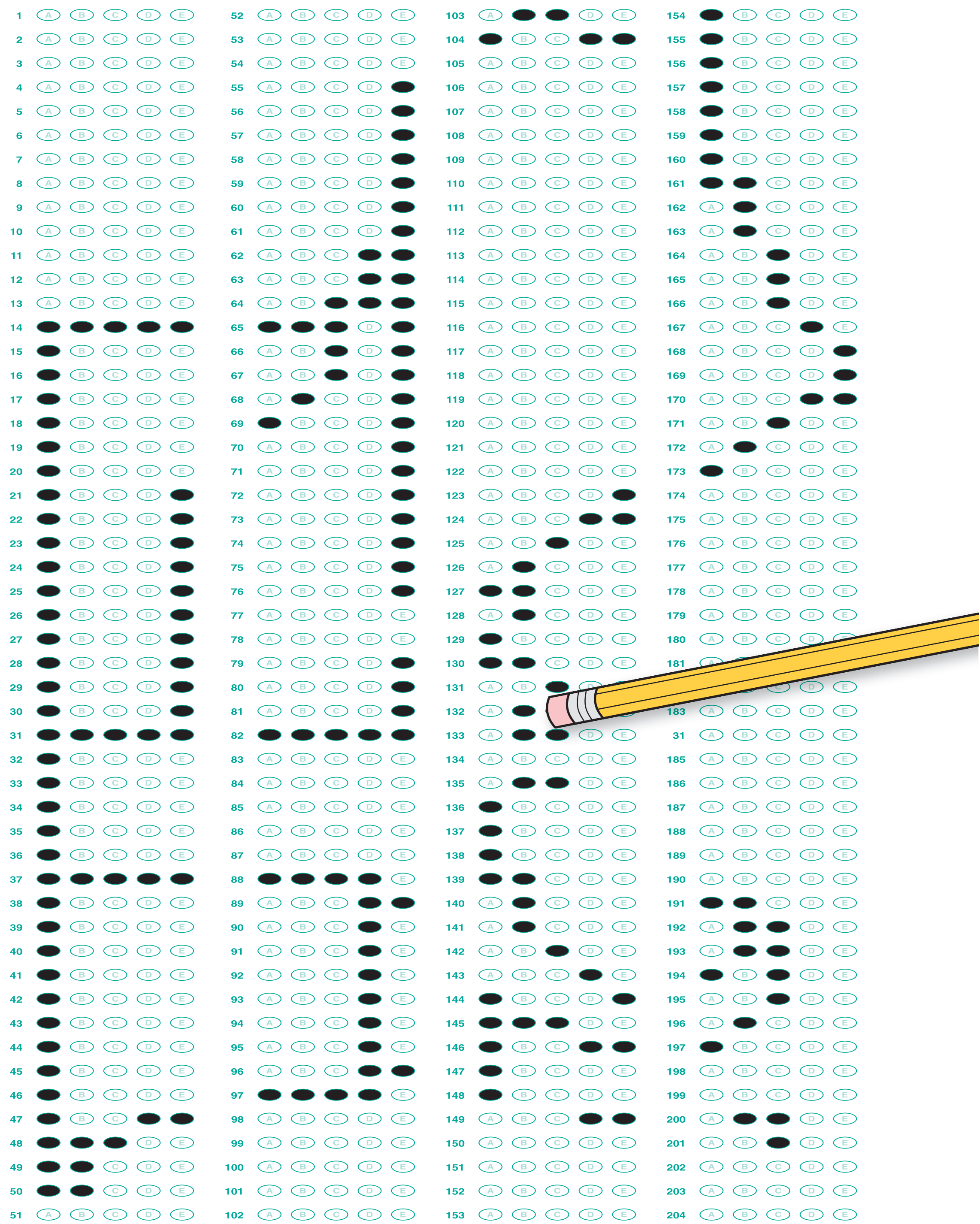

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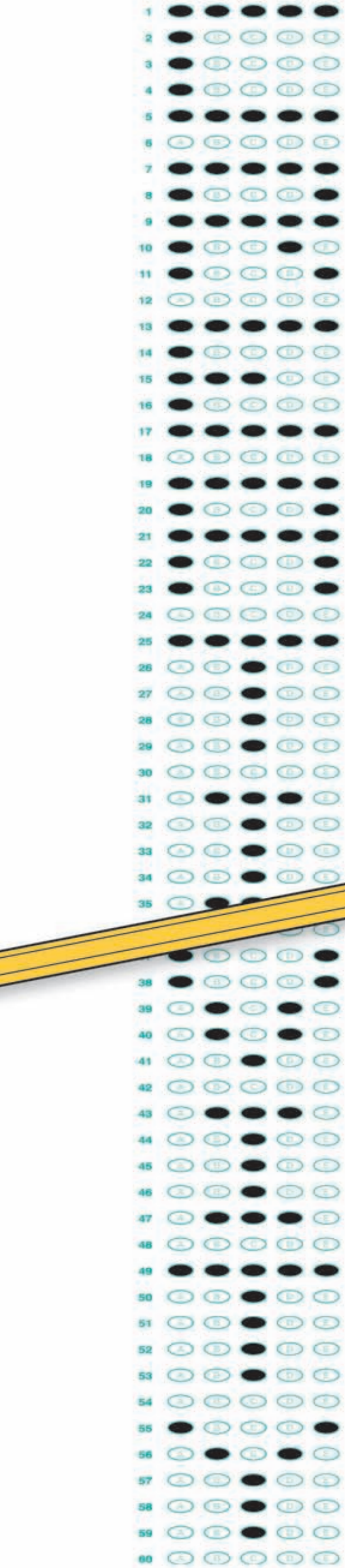

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CommonWealth (ISSN pending) is published quarterly by the Massachusetts Institute for a New Commonwealth (MassINC), 18 Tremont St., Suite 1120, Boston, MA 02108. Telephone: 617-742-6800 ext. 109, fax: 617-589-0929. Volume 14, Number 1, Winter 2009. Third Class postage paid at Holliston, MA. To subscribe to *CommonWealth*, become a Friend of MassINC for $50 per year and receive discounts on MassINC research reports and invitations to MassINC forums and events. Postmaster: Send address changes to Circulation Director, MassINC, 18 Tremont St., Suite 1120, Boston, MA 02108. Letters to the editor accepted by e-mail at editor@massinc.org. The views expressed in this publication are those of the authors and not necessarily those of MassINC's directors, advisors, or staff. *CommonWealth* is a registered federal trademark.

Education reporting in *CommonWealth* is sponsored in part by the Nellie Mae Education Foundation.

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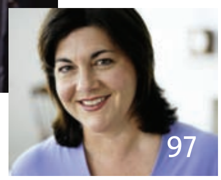
CommonWealth

VOLUME 14, NUMBER 1 | WINTER 2009



ARTICLES

DEPARTMENTS

DISCUSSION

COVER ILLUSTRATION LEIGH WELLS; INSET PHOTOGRAPHY BY KATHLEEN DOOHER


What is the sign of a good decision?
It's knowing that the biggest thank you of all
is seeing your community thrive.
Sometimes being successful isn't about making money. Sometimes it's about giving back to the community. Which is why every year, MassMutual is proud to support people and programs in Massachusetts — education, arts and culture, and so much more. *Boston Business Journal* has even recognized us as one of the largest corporate charitable contributors in the state.[1] Philanthropy. It's just another reason MassMutual is a good decision.
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[1] *Boston Business Journal*, Sept. 5, 2008. CRN201011-113718

ATTORNEY GENERAL STILL FIGHTS FOR THE 'LITTLE GUY'

In his Perspective column ("Help Wanted: Massachusetts Consumers Need Champions on Beacon Hill," *CW*, Fall '08), Edgar Dworsky declares that the needs of "the little guy" play second fiddle to big business, and that the role of the consumer advocate has vanished from Beacon Hill. When I was sworn in as attorney general, I promised that our office would focus on creative, effective law enforcement to serve consumers across the Commonwealth and create a fair marketplace for businesses. While ticket scalping and item pricing are still relevant issues, the author makes a glaring omission about issues consumers face *today*: imminent foreclosures, the rising costs of health care and insurance, and threats to their personal data. Consumers need an advocate who addresses these serious issues.

Undoubtedly, the most critical issue facing consumers today is the economic impact of the subprime lending fallout. Our office was one of the first in the nation to file litigation against major subprime lenders for originating loans we allege were destined to fail. In our case against Fremont, the Supreme Judicial Court affirmed our application of the Consumer Protection Act to subprime lending, a decision that will resonate for years.

We have also brought successful enforcement actions against scam artists who prey on distressed homeowners, plus Wall Street firms that deceptively marketed auction rate securities and subprime derivatives. By comprehensively approaching the crisis, we prevented foreclosures and obtained loan modifications on hundreds of subprime loans. We also set standards for better practices in the future: For the first time in 10 years, our office issued regulations under the Consumer Protection Act, banning foreclosure rescue transactions and regulating the conduct of mortgage professionals.

Upon taking office, we reorganized with the philosophy that consumer protection should be integrated into everything we do. We hired additional staff for our Consumer Protection Division and created new divisions. We formed the Health Care Division to monitor rising health care costs and the implementation of the new mandatory coverage law. Recently, that division brought actions to stop the deceptive marketing of pharmaceuticals and shut down a major dental and health care finance scheme.

We also added consumer protection responsibilities to other divisions. We expanded our existing Insurance Division to investigate and prosecute disreputable practices in the financial services industry, resulting in the recovery of over $75 million from the nation's largest financial firms for Massachusetts municipalities and consumers. We also saved homeowners over $35 million after the FAIR Plan sought an unjustified 25 percent insurance rate increase.

Our office prides itself on being a

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voice for the "the little guy." Mr. Dworsky is incorrect to state that we prefer to concentrate on big issues and complex cases in lieu of routine consumer issues. While we tackle large, complex matters to help thousands of consumers, we have also built a strong record of enforcement actions against home improvement contractors, auto dealerships, and tobacco sellers. Consumers can trust the attorney general's office to be a leader in consumer protection, and to continue to dedicate resources where they will have the most meaningful impact.

Martha Coakley
Attorney General
Boston

COSBY HAS A POINT, BUT RACISM IS STILL REAL

I admire the courage and sense of obligation with which Mr. Cosby and Dr. Poussaint push hard against what they see as damaging values glorified among black youth in this country ("Cos for Action"). School dropout rates, incarceration rates, and homicide rates are staggering, and have nothing to compare with in the industrialized world.

As an Israeli I understand calamity well, and I appreciate rebirth in a tough environment. Israelis debate vigorously our values and options. Black America has a tradition of doing so, but always with the fear that the larger society will exploit that debate to further erode the relatively little investment made in poor neighborhoods where large numbers of blacks live.

The "depression" that Cosby and Poussaint describe is real, and it is hard to describe which part is the legacy of slavery and racism, and which part is "self-inflicted" by the current culture. This much I do know: The Holocaust, which was unprecedented in history with its technological and efficient brutality (and cost me my grandmother), lasted six years, while slavery, lynching, and racism in the United States lasted much, much, longer.

Bob Herbert of the *New York Times*, mentioned in your article, manages to be very critical of the "thug" culture, but also of the greed, selfishness, and inequality prevalent in the larger society that still ravages the life chances of so many young people in America. Cosby brings an important layer to the conversation, and blacks, like Israelis, should operate under the assumption that no outsiders will save them. But blacks are a central part of the social contract that is the United States of America. On the duties of the larger society, Cosby and Poussaint have little important to say.

Teny Oded Gross
Executive Director
The Institute for the Study and Practice of Nonviolence
Providence, RI

GIVE TEETH TO THE PUBLIC RECORDS LAW

Thank you for Colman Herman's article on the Public Records Law ("Paper Tiger"). He is correct that public agencies can ignore the statute without fear of sanction. The Legislature needs to add a provision for attorney's fees when a requesting party establishes that records which were not produced are, in fact, public records. Public records cases will never be the highest priority for the attorney general. Permitting private attorneys to enforce the statute would give the tiger teeth. Hopefully, this would make the agencies more likely to follow the law.

Howard Friedman
Attorney
Boston

THE FUTURE CALLS FOR A NEW MINDSET

I really enjoyed Alison Lobron's Real Talk column in the last issue ("Divided Loyalties"). As a Realtor and an activist for affordable housing in my community and in the state as a whole, I applaud your insight and share your frustration with some of the realities of our lives here in this state.

Our planet, our health, and our future hinge on a major overhaul of the general mindset and a redoubled effort to be respectful of our resources (natural and human) and to be vigilant in our focus on conducting ourselves with integrity. Thank you for bringing attention to important issues.

Barbara McDonald
Realtor
Westwood

LET MASSPORT TAKE CARE OF THE GREENWAY

The so-called Greenway Conservancy ("Plush Park") is nothing more than a private corporation of business interests, exempt from state "public integrity" laws. It should not be the custodian of a public park. This lesson is learned from Post Office Square: Real estate investors got a free lease on public land and built a parking garage roofed by a private garden, whose maintenance is more than reimbursed by a property tax waiver, and where free speech and assembly are prohibited. The Conservancy's Greenway, too, will be a socially sanitized property value enhancement, "given" to the citizens by the private sector—entirely at public expense. The taxpayers, promised private funding, will end up paying $5.5 million year for a park they can use only per the "reasonable regulations" of this private corporation. That's the future if the Turnpike Authority, too distracted to guard the parks, gives the Conservancy the lease it seeks.

But if Massport replaces the Mass Turnpike Authority as the landlord, a new option appears. Massport maintains its Piers Parks superbly, using private management contracts; it can simply add the Greenway to its management program. Publicly administered competitive bids for high-quality maintenance and programming can be used to assure efficiency, transparency, and public accountability. Existing Conservancy funds (about $14 million, $10 million of which is public money) can transfer to Massport for the Greenway.

Millions of dollars saved. Park well kept. Public realm stays public. Problem solved.

Shirley Kressel
Boston

CORRECTION

In "Local Ink" (Mass.Media, *CW*, Fall '08), it was erroneously reported that the publisher GateHouse Media New England had a quarterly loss of $430 billion last year. The correct figure is $430 million. We regret the error.

A dysfunctional democracy

THE ELECTION OF Barack Obama was a historic moment for America. Faced with a choice between two very different candidates at a perilous time in the nation's history, voters turned out in record numbers across the country and in Massachusetts to elect an African-American as president of the United States. It was a shining example of democracy in action.

But what happened at the local level here in Massachusetts is less inspiring. Voters went to the polls and had virtually no choices to make in any of the state and congressional races. Massachusetts, in fact, had the lowest percentage of contested legislative seats in the country. It was a shining example of a dysfunctional democracy.

As Alison Lobron writes in our cover article on the de facto one-party state, "Without elections, we're not a democracy. But without candidates, we're not much of a democracy either."

The apathetic response to the election was discouraging. After then-Sen. Dianne Wilkerson and Boston City Councilor Chuck Turner were indicted on bribery charges, Gov. Deval Patrick rushed to create a task force on ethics reform. But after the election debacle in November, no one on Beacon Hill rushed to create a task force to revive democracy in Massachusetts.

There has been a lot of talk about bribery statutes, ethics laws, influence peddling, and campaign finance regulations, but nothing about the corrupting atmosphere created when one party dominates politics the way Democrats dominate on Beacon Hill.

That domination is increasing. Republicans lost three more seats in the House, bringing their total representation on Beacon Hill to its lowest level in history. The five-member Republican caucus in the Senate can carpool to work together in a subcompact.

Like the Texans at the Alamo, Bay State Republicans still think they can battle back against overwhelming odds. Senate Minority Leader Richard Tisei told Lobron he thinks the party needs to re-embrace a message of social libertarianism and fiscal conservatism. James Peyser wrote in *The Boston Globe* that the state GOP needs a complete makeover, including possibly a name change. Former Gov. Jane Swift, in an article in this issue of *CommonWealth*, says the party needs to aggressively pursue women, minorities, and young people.

The proposals all have merit, but they ignore the fact that the Massachusetts Republican Party is dangerously close to going extinct. The GOP is so down-and-out in Massachusetts that it may never recover unless the political playing field is leveled.

Lobron looked for answers in Minnesota, a state where every legislative seat was contested this past year and political competition—and political change—is a fact of life. Minnesota voters told her they couldn't imagine an election without opposing candidates. One Republican who was running for office in heavily Democratic Minneapolis went so far as to say uncontested elections are "un-American."

Minnesota has taken a number of steps to make it easier for candidates to run for office and to win. The Legislature there meets no more than 120 days over the course of a two-year session, which means being a lawmaker is a part-time job that doesn't take over your life the way it does here in Massachusetts—or attract those who see the position as a lifelong career.

Running for office is also affordable. There is a widely accepted $35,000 spending cap on races for the Minnesota House, as well as some public financing. Neither exists in Massachusetts.

Finally, Minnesota prohibits candidates from building enormous campaign war chests. A candidate can carry over from one election cycle to the next only $12,000. In Massachusetts there's no carry-over limit, and bulging campaign accounts have become a way to intimidate would-be challengers.

There's no simple answer for reviving political competition in Massachusetts, but it's absolutely necessary. As Democrat Warren Tolman says in his companion piece to Swift's essay, "Competition would be good for Democrats, and it would be good for our government."

Bruce Mohl

BRUCE MOHL

inquiries

Four months to get utility bill

Getting to the bottom of a story isn't always easy.

Several sources told *CommonWealth* that electricity usage at the state-owned Ulin Rink in Milton spiked dramatically for several years before an electrical problem was corrected. To find out if that was true, the magazine on August 13 filed a public records request seeking electricity records from the state Department of Conservation and Recreation, which owns and operates Ulin. Eight days later the agency responded that it was compiling the records and would be in touch shortly.

No records arrived in September, but DCR spokeswoman Wendy Fox said in an email that Ulin's electric bill was nearly $693,000 in fiscal 2007, more than three times normal levels.

"For a couple of years, electricity costs at Ulin rink were high. In FY 2008, after DCR and NStar worked to solve electrical problems with the refrigeration system, costs came back in line with other rinks," Fox said in her email.

But last month, nearly four months after the initial request for the electricity records, Fox said her earlier statement had been incorrect. She said the agency's finance department had miscalculated the 2007 electricity bill. She provided records indicating the 2007 bill was only $234,000, slightly higher than the 2006 bill of $216,000 and the 2008 bill of $206,000.

State Sen. Brian Joyce of Milton says the state has no business running a hockey rink.

"Perhaps the single biggest cost of running a rink is electricity and they can't get a handle on it," he says.

► BRUCE MOHL

Lawmaker targets lobbyists' largesse

► BY CHRISTINA PRIGNANO

WOULD A BAN on political contributions by lobbyists clean up Beacon Hill?

State Rep. Jennifer Callahan, a Democrat from Sutton, doesn't think a ban would end corruption, but she feels it would help reduce the appearance of impropriety. In the wake of a rash of indictments of Beacon Hill political figures, she is pushing ethics legislation that would, among other things, ban all lobbyist contributions.

"After a scandal, we need to rise above previous expectations," Callahan says. "The way to do that is to wipe those $200 contributions off the books. You don't need that in the building."

Lobbyist contributions have been targeted after previous scandals on Beacon Hill. The current law, which allows lobbyists to contribute up to $200 to a single political candidate in a year (everyone else can contribute a maximum of $500), was passed following the 1994 scandal that ensued when the *Boston Globe* reported how lobbyists were entertaining lawmakers on a Puerto Rican junket. That scandal led to the downfall of then–House Speaker Charles Flaherty, who is now a lobbyist himself who donates heavily to lawmakers (see chart, next page).

13 STATES RESTRICT DONATIONS.

Paul Pezzella, a lobbyist who is an active contributor to lawmakers on Beacon Hill, said there are bad apples in any profession, but he didn't think a ban on $200 contributions by lobbyists would do anything to lessen corruption. He said no lawmaker can be bought for $200.

"This job is about ideas," he says. "I sell ideas on behalf of my clients."

A search of filings with the secretary of state's office indicates that lobbyists contributed a total of $483,000 to lawmakers in the first half of 2008. Lobbyist contributions in the second half of the year, during the runup to the November election, weren't available at press time.

The biggest beneficiaries of lobbyist largesse in the Legislature were the major power brokers. Senate President Therese Murray garnered $26,000, while House Ways and Means Chairman Robert DeLeo pocketed $25,800 and House Speaker Salvatore DiMasi received $19,300. House Majority Leader John Rogers, who has ambitions of succeeding DiMasi, received only $1,725.

Outside of the Legislature, Gov. Deval Patrick received $4,800 from lobbyists in the first half of 2008, according to the filings, while Lieutenant Gov. Tim Murray raked in three times as much, pocketing a total of $16,786.

The lobbyist who donated the most money to lawmakers was former House Speaker Charles Flaherty ($9,250), who represents such clients as the Massachusetts Hospital Association, the Professional Firefighters of Massachusetts, and OneBeacon Insurance Group. Other big lobbyist donors include William F. Kennedy, a partner in the law firm Nutter McClennen & Fish, who contributed $9,125, and Robert Rodophele, a partner with Ferriter Scobbo & Rodophele, who contributed $8,425. Efforts to reach Flaherty and Kennedy were unsuccessful.

According to data on the website of the National Conference of State Legislatures, 13 states—including Maine, Connecticut, North Carolina, and South Carolina—either ban or place special restrictions on the political contributions of lobbyists.

Pezzella, the lobbyist, questioned whether it was constitutional to limit how much an individual could contribute to a political candidate just because of the type of work they do. Callahan said she believes special restrictions for lobbyists are constitutional. She noted Massachusetts already bans corporate contributions.

Callahan said Massachusetts needs to pursue bold measures to clean up Beacon Hill. "You can't take a mop and a bucket of water and diluted soap and expect the floor to come clean," she said.

BIGGEST LOBBYIST GIVERS

LOBBYIST	BIGGEST CLIENT	DONATED (JAN.-JUNE 2008)
Charles F. Flaherty	Hall Properties Inc.	$9,250
William F. Kennedy	Verizon Corp.	$9,125
John Brennan Jr.	Mass. Charter Public School Assn.	$8,625
Robert P. Rodophele	Municipal Electric Assn.	$8,425
William F. Coyne Jr.	Verizon Corp.	$8,200
Robert F. White	Arbella Insurance Group	$7,600
William F. Malloy Jr.	American Eurocopter LLC	$7,600
Paul M. Pezzella	Berkeley Investments	$7,500
William A. Delaney	Mass. Insurance Federation	$7,300
Charles A. Stefanini	Mass. Nurses Assn.	$6,900

BIGGEST RECIPIENTS OF LOBBYIST GIVING

POLITICIAN	TITLE	LOBBYIST CONTRIBUTIONS
Therese Murray (D)	Senate president	$26,099
Robert A. DeLeo (D)	House Ways and Means chair	$25,874
Salvatore F. DiMasi (D)	House speaker	$19,325
Ronald Mariano (D)	House chair, Financial Services	$14,325
John J. Binienda (D)	House chair, Revenue Committee	$12,225
Brian S. Dempsey (D)	House chair, Telecommunication, Utilities, and Energy	$11,850
Peter J. Koutoujian (D)	House chair, Public Health	$10,975
Michael A. Costello (D)	House chair, Public Safety and Homeland Security	$10,975
Thomas M. Petrolati (D)	House speaker pro tempore	$9,850
Michael W. Morrissey (D)	Senate chair, Consumer Protection and Professional Licensure; Telecommunication, Utilities and Energy	$9,825

Plymouth plots on cash from cremation

► BY BRUCE MOHL

TRYING TO CORNER the local market on both death and taxes, the town of Plymouth is jumping into the cremation business.

Town officials say they expect more and more people to choose cremation over burial in the future and, in true entrepreneurial fashion, they want to be ready to capitalize on the trend. They plan to open a crematory early this year at the town-owned Vine Hill Cemetery just off Route 3.

The crematory will cost $1.3 million to build and $189,000 a year to operate. Losses totaling more than $200,000 are forecasted for the first six years, but after that the crematory is expected to start turning an annual profit that will rise to more than $500,000 by year 15 and $712,000 by year 20.

"It sounds corny, but it's 'build it and they will come,'" says Roger Hammond, the head of Plymouth's Department of Public Works. "We hope to capture all that business coming out of funeral homes on the Cape."

Most crematories across the country are privately owned, but restrictive Massachusetts laws make it attractive for municipalities to get into the business. State laws require crematories to be located at cemeteries, which many towns own. Laws also limit cremation competition by barring funeral home directors from getting into the business.

Duxbury opened a crematory in 1980 and said it was the first municipality in the country to operate one. Plymouth's crematory will be the second municipally owned facility in Massachusetts, and the 13th crematory overall in Massachusetts, according to industry listings. The Cremation Association of North America says it doesn't know how many crematories around the country are municipally owned.

The close proximity of Plymouth and Duxbury, and the lack of competing facilities on the South Shore or on the Cape, means the two towns will compete against each other for cremations. Town officials have made noises about competition already.

"It's so disgraceful," says Patricia Pappas, superintendent of the Duxbury Cemetery and Crematory. "It is a business, but it has to be done respectfully and dignified."

Pappas said she doesn't believe the opening of the Plymouth crematory will have a significant impact on Duxbury's well-established business. "We're really not concerned about it," she says. "My only concern is that they have someone who can run it efficiently and abide by the laws."

Duxbury, according to Pappas, handled 3,000 cremations last year, or about 17 percent of the state's total. The town expects to handle 3,200 cremations this year, Pappas said. At $230 a cremation, gross revenues of the Duxbury crematory are $736,000.

Building a new crematory is an expensive proposition. According to Plymouth planning documents, the crematory itself will cost $1 million and the retorts where bodies are burned will cost about $180,000. Utilities will run about $86,000 a year, and a full-time cremationist (at $40,000 a year) along with two part-time employees will cost about $83,000 a year.

A PROFIT IS EXPECTED IN SEVEN YEARS.

The town is forecasting that it will handle about 500 cremations the first year, double that amount in the second year, and more than 2,000 by year 14. The town plans to charge $250 per cremation initially, but increase the charge by 3 percent a year.

One-third of Massachusetts residents currently choose cremation when they die, slightly below the national average of 35 percent. But the numbers are rising. The Cremation Association of North America is forecasting that the national cremation rate will rise to 39 percent by 2010 and 59 percent by 2025. The Massachusetts rate is expected to keep pace.

Nevada, at just under 70 percent, has the highest cremation rate in the nation, followed closely by Washington, Oregon, Hawaii, and Arizona. Vermont leads the New England region with a cremation rate of 60 percent, while Maine and New Hampshire have rates of 58 and 57 percent, respectively.

While Plymouth officials acknowledge the cremation numbers look promising long term, they say building a crematory isn't just about the money. They say communities need to recognize that cremation is a sensible public policy approach to an emerging shortage of land for burials.

Hammond says he suspects more cities and towns will consider opening crematories in the future. "It is a public policy issue that cities and towns might have to start thinking about," he says.

Rep. Cabral to push public records bill

▸ BY COLMAN HERMAN AND BRUCE MOHL

A KEY STATE lawmaker says he plans to push legislation this session addressing weaknesses in the state's Public Records Law—and there appear to be plenty of them.

Rep. Antonio Cabral of New Bedford, the House chairman of the Legislature's Committee on State Administration and Regulatory Oversight, says he is drafting a bill that would revamp the Public Records Law. He declined to get into details, saying the bill will be released sometime in January.

"We don't know exactly what the end product will be," Cabral says. "But I've been wanting for some time to put together something on public records law and lobbyist reporting."

Now would seem to be a good time. The law isn't working well (see "Four Months to Get Utility Bill," Page 11), and the state officials in charge of enforcing it appear to be at odds.

The cover story of *CommonWealth*'s fall issue, "Paper Tiger," reported that huge swaths of state government, including the Legislature, the governor, and the judiciary, are exempt or claim exemptions from the law. The story also said the law is flouted by officials at all levels of state government. Of 44 public records requests filed in connection with the story, only two officials responded in full accordance with the law. Six officials didn't respond at all, and virtually all the others failed to comply with one or more of the law's requirements.

Many of the problems raised in the article are continuing. Friction between Secretary of State William Galvin's office, which handles appeals of public records requests, and Attorney General Martha Coakley's office, which enforces the Public Records Law, is mounting. The two officials have been feuding about how the Public Records Law should be interpreted.

Alan Cote, Galvin's supervisor of public records, says the secretary of state has decided not to turn over any more records cases to Coakley because of past instances where she undermined his authority by refusing to enforce or reversing his rulings. Cote's decision means that whenever he rules in favor of a citizen seeking records from an official and the official refuses to turn them over, the citizen's only recourse is to engage in a costly court battle.

Shirley Kressel also renewed her efforts—first detailed in "Paper Tiger"—to obtain documents related to the demolition of the Gaiety Theater on Washington Street. She had filed a public records request for the documents in 2005, but says Boston Mayor Thomas Menino never responded. She appealed to Cote but, in Catch-22 fashion, he decided he couldn't do anything because there was no response from the mayor to review. The mayor's spokesperson told *CommonWealth* she couldn't confirm or deny ever receiving Kressel's request.

COAKLEY AND GALVIN ARE FEUDING.

Kressel refiled her Gaiety Theater request in November, this time in person. She received a handful of emails, most of them ones she herself had written to city officials about the project. Convinced the city is withholding documents, she is filing another appeal with Cote. Her suspicions about the city may be warranted. One email she recovered was from Randi Lathrop at the Boston Redevelopment Authority, who told a colleague never to email Kressel. "Basically ignore her," Lathrop wrote.

Task force targets underground economy

▶ BY GABRIELLE GURLEY

DURING THE 2006 gubernatorial campaign, candidate Deval Patrick wanted to see firsthand how the underground economy worked. Volunteering to be his guide, Mark Erlich, executive secretary-treasurer of the New England Regional Council of Carpenters, got Patrick boots and a hard hat and took him to job sites in North Reading and Norton, where the future governor talked to workers paid in cash or misclassified as independent contractors.

The experience convinced Patrick that many businesses were operating "off the books" to get around state labor, licensing, and tax laws and that a special type of task force was needed to crack down on the problem. Last March the governor set up the Joint Enforcement Task Force on the Underground Economy and Employee Misclassification, which consists of representatives from 16 state agencies plus the attorney general's office.

According to George Noel, director of the state Department of Labor and head of the task force, the group sought broad representation because the underground economy crosses so many jurisdictional lines. The Division of Industrial Accidents had tracked just workers' compensation insurance evasion, while the attorney general focused on wage and hour violations. "Everybody stayed in their lane," Noel says.

Now their coordinated work is reaping dividends. The task force has hundreds of ongoing investigations and has closed several major cases. Under settlements worked out through the attorney general's office last fall, Lillian Gately and her company, Medford's L&H Construction, agreed to provide restitution to workers after failing to pay them lawful wages on public construction projects at several Boston–area schools and housing authorities. A Virginia drywall company owner and his company must pay $10,000 in civil penalties for misclassifying 17 workers as independent contractors.

Protecting workers is the chief goal of the task force, but collecting lost tax revenues is also a powerful motivator. Since payroll taxes go toward compensating the unemployed, any misclassification depletes those funds. A 2004 Harvard study estimated that between 2001 and 2003 Massachusetts lost between $12.5 million and $35 million in unemployment taxes to the underground economy.

WORKERS HAVE BEEN PAID 'OFF THE BOOKS.'

With the word on the street that officials have ramped up enforcement, noncompliant employers may be adopting evasive strategies. Erlich says that some employers are carrying insufficient workers' compensation insurance: They purchase a policy covering one or two office workers but not those in the field. Erlich says the Division of Industrial Accidents has the power to issue stop-work orders against companies that don't have insurance, but it lacks the statutory authority to verify whether a policy actually covers all the workers.

Companies are "papering themselves up," says Erlich. "Now you have to peel the next layer of the onion," he says. CW

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MASSACHUSETTS

BY ROBERT DAVID SULLIVAN

MBTA SAVES 200 JOBS...IN IDAHO

In November, the Federal Transit Administration derailed the MBTA's plans to buy 28 diesel electric locomotives from a Spanish company for an estimated cost of $186 million. The T had been seeking an exemption from the Buy American Act, which requires transit agencies to buy equipment assembled in the US, because only one American company indicated it would bid on the contract. But Idaho officials objected to the T's desire to pick and choose, and the FTA effectively ordered the contract to go to MotivePower of Boise, saving a reported 200 American jobs. (At press time, MotivePower and the MBTA had not yet agreed on final terms of a contract.)

Still, last fall's elections may be good news for transit agencies such as the T. According to the *Wall Street Journal*, voters across the US approved 23 proposals that, if fully implemented, will channel $75 billion into mass transit projects, including a high-speed rail network in California. Thanks to the growing demand for buses and railway equipment, there may soon be more American manufacturers willing and able to bid on contracts from agencies such as the MBTA. Or more than one, anyway.

MASSACHUSETTS: HEALTHY BUT HARD-DRINKING

Massachusetts is the nation's 6th healthiest state, up from 9th a year ago, according to the United Health Foundation's latest America's Health Rankings, released in December. Vermont, Hawaii, and New Hampshire were named the healthiest states. Louisiana, Mississippi, and South Carolina were at the other end of the continuum.

The Bay State placed first in four categories: We have the lowest percentage of residents without health insurance, the lowest occupational death rate, the most primary care physicians per capita (which may be misleading; see "Conversation" on Page 80), and the least "geographical disparity" in health outcomes within a state. (But how can anyone beat tiny Rhode Island in that category?)

Our worst category: binge drinking, where we rank 39th (or 12th worst), with 18 percent of adults reporting that they had more than five drinks at one sitting during the previous month. Then again, Kentucky and Tennessee have the lowest incidence of drinking but are in the bottom third of states for overall health. Massachusetts is also below average (32nd) in avoiding "preventable hospitalizations." Hawaii scores best in effectively using outpatient care rather than overnight stays, but if you lived in that climate, wouldn't you do anything to get back outside?

BRIDGEWATER'S TOWN MEETING BOTTOMS OUT

One of the largest communities in the Bay State that's still governed by open town meetings may soon make the switch to an elected body. The *Bridgewater Independent* reported that its namesake town, which has 26,000 residents, will likely vote on a proposal this spring to switch to a representative town meeting or town council. The biggest impetus for change was last spring's open town meeting, called to approve the annual budget, which attracted only 3.5 percent of the electorate.

An open meeting in November, called to consider the possibility of a representative form of government, may have answered its own question: Only 68 of the town's 15,347 registered voters showed up, for a turnout of 0.44 percent.

The largest community in the state with an open town meeting form of government is Andover, with 33,000 people.

ILLUSTRATIONS BY TRAVIS FOSTER

BAY STATE STUDENTS WELL PREPARED FOR UNAFFORDABLE COLLEGES

A new report from the National Center for Public Policy and Higher Education gives Massachusetts an "A" for academically preparing high school students for college, but an "F" in making public colleges affordable. According to the report, an average "poor and working-class" family must devote 49 percent of its annual income to pay for the costs of attending a public four-year college (even after receiving government aid) in the Bay State, one of the highest such percentages in the nation. The national average is 40 percent.

ROAD SALT WORTH ITS WEIGHT IN GOLD?

Stateline.org reported that the cost of salt used to cover snow-covered roads went up 20 percent for public works departments looking to stock up early for this winter, adding to the woes of state and local governments already trying to do more with less tax revenue. But this wasn't news to the city of Attleboro. The *Sun-Chronicle* already broke the bad news last June: "The cost of a ton of salt shot up to $64.21 from $51.46, a 25 percent hike.... Last winter, the city bought about 3,000 tons of salt at a cost of $154,351. If the same amount is bought this coming winter, it will cost the city $192,630. That would mean the cost for salt alone would put the city $115,130 over the $77,500 budget for snow and ice control."

One town has apparently seen the wisdom of buying in bulk. The *Brockton Enterprise* reported last fall that Hingham was thankful for a larger storage facility: "The new shed can hold 3,000 tons of salt—much more than the current shed's 280 tons."

MASSACHUSETTS WELCOMES CALIFORNIA TO ITS DEMOGRAPHIC NIGHTMARE

It may be little comfort that the biggest state in the US has many of the same problems that we do, but these days a little comfort may be the best we can hope for. Last month, the nonpartisan Public Policy Institute of California released a report whose title rings true in Massachusetts: *California's Future Workforce: Will There Be Enough College Graduates?* PPIC projects that 41 percent of California's workers will need bachelor's degrees by 2025, thanks to the ongoing replacement of manufacturing with white-collar jobs. (That change is also happening here, as noted in the MassINC report *Mass Jobs: Meeting the Challenges of a Shifting Economy*.) But it's going to be almost impossible to meet the demand for college educated workers. Report author Deborah Reed notes that the most educated age group in the state is the 50-to-64 cohort (i.e., people about to retire), and the growing Latino population is not making significant gains in education.

Another problem is a familiar one to Massachusetts: out-migration. Since 2000, California has lost 1.2 million people to other states (while gaining 5.7 million people from births and international immigration), and PPIC concludes, "This is likely the first time in its history that California has sustained net out-migration of college graduates."

In 2003, the MassINC report *MASS.migration* detailed how the continuing loss of young, highly educated residents could be a major threat to our economy in the new century. Among the states stealing our talent was...California.

Staying put

BY ROBERT DAVID SULLIVAN

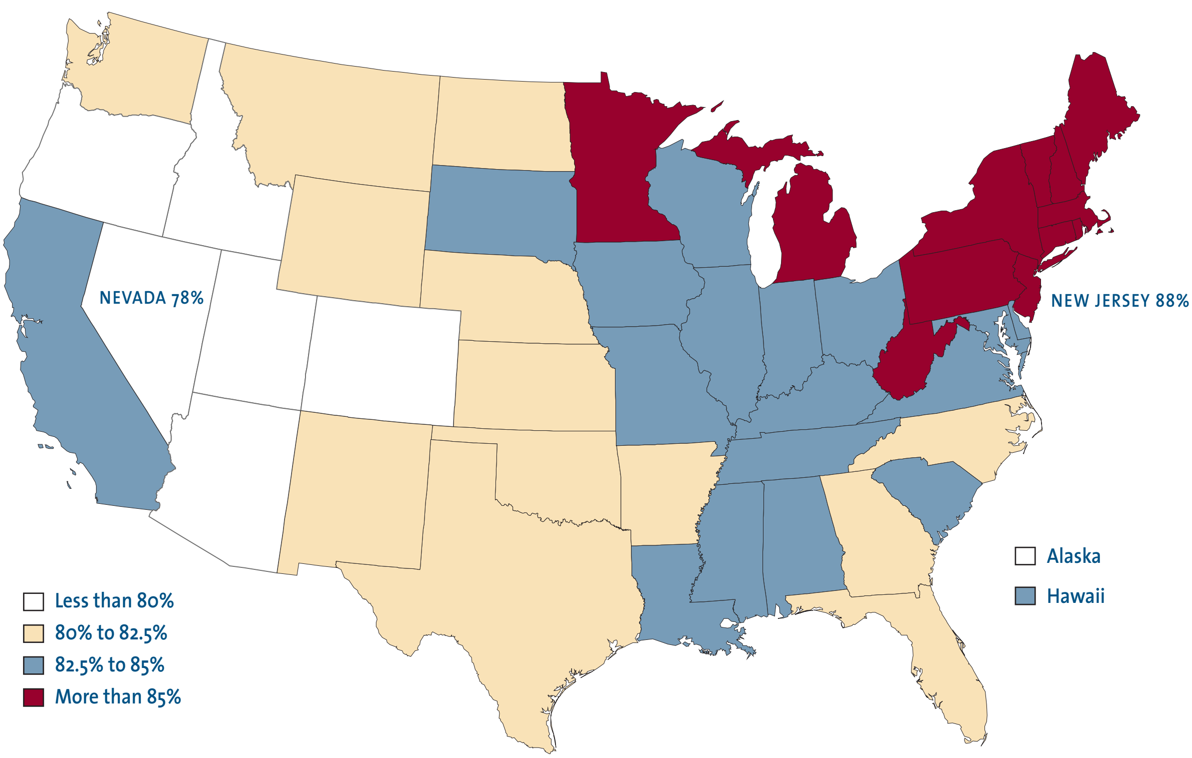
WITH SO MUCH attention given to the business of selling houses (and, now, losing houses to banks), it may be easy to forget that few Americans actually change residences in any given year. According to the Census Bureau's recently expanded American Community Survey (which uses polling data covering three years), 83.5 percent of Americans in 2005-07 lived in the same home that they had a year earlier. That figure was generally higher in the Northeast, and it was 85.9 percent in Massachusetts, the seventh highest in the nation.

The question is, does a low mobility rate in Massachusetts represent a population that's satisfied with they way they live—or does it mean a tight housing market in which younger people in particular can't find, or afford, new homes?

The American Community Survey may provide one clue: Over the same three-year period, the median age of people moving into Massachusetts from other states was 25.8 years, making our new residents the eighth youngest in the country. (North Dakota had the youngest influx and Florida had the oldest.) But every year for more than a decade, more people have moved out than have come here from other states. In 2005 alone, we had a net loss of 60,000 people. During that same year, one of our rivals at building a New Economy workforce, North Carolina, had a net gain of 66,000 residents from other states, and the average age of their newcomers was 27.5 years. The Tar Heel State is apparently more attractive to mobile Americans who are more than a few years out of school.

Curiously, over the same three-year period covered by the survey, the median age of people moving from one county to another within Massachusetts was 29 years, or the fourth oldest in the country—behind Hawaii, New Jersey, and Connecticut, which all share our high housing costs. Perhaps Bay State residents in their mid-20s here aren't in so much of a hurry to move from, say, a triple-decker in Jamaica Plain to a house in the suburbs with enough room to raise children. Or perhaps some of those twentysomethings simply found more affordable options in North Carolina. CW

SHARE OF POPULATION LIVING IN THE SAME HOME FOR AT LEAST ONE YEAR



Source: 2005-2007 American Community Survey three-year estimates, US Census Bureau (www.factfinder.census.gov).

Emptied nests

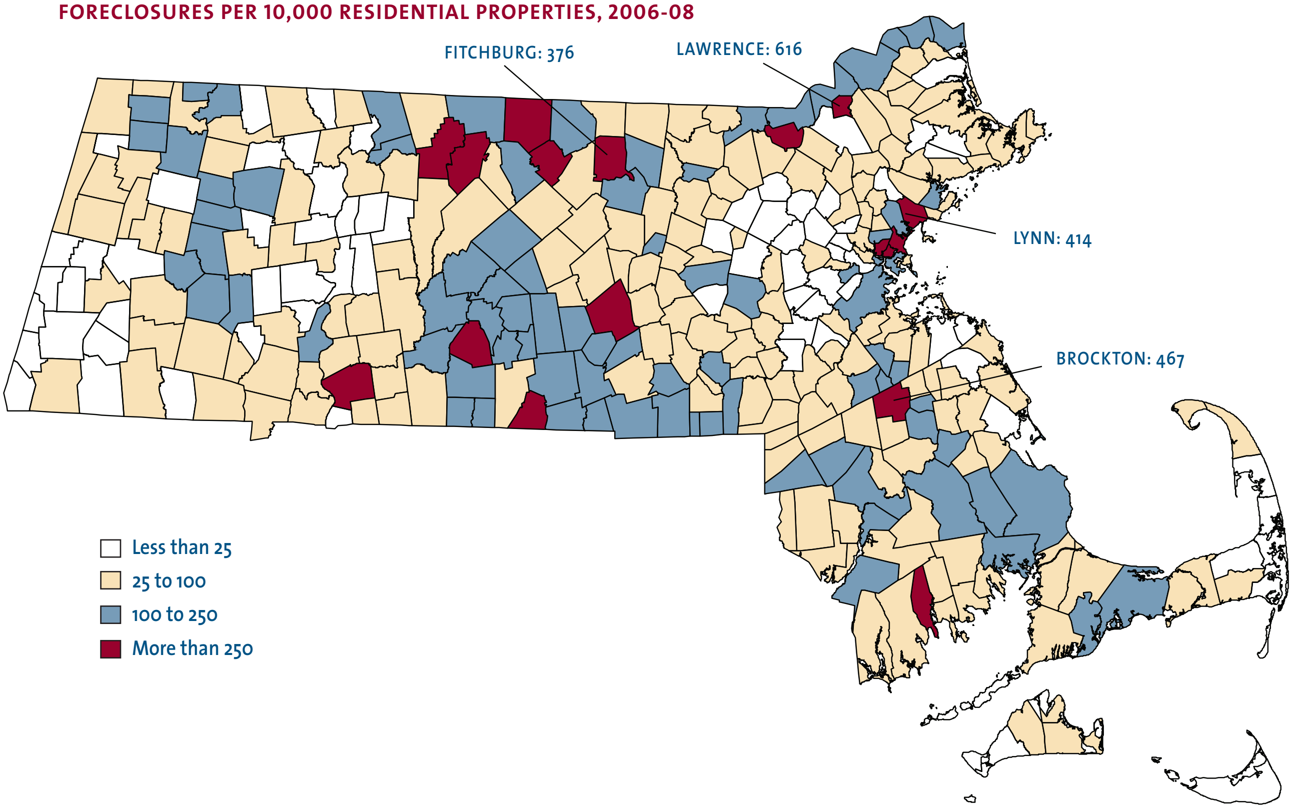
BY ROBERT DAVID SULLIVAN

FAILED MORTGAGES ARE almost always more common in lower-income areas, but in the current housing crisis, *all* of the Bay State's foreclosure hotspots are in communities with relatively low home values (see "Broken Homes," Page 54). During the last housing crash, in 1992 and 1993, there were predictably high foreclosure rates in cities like Brockton and Lowell, but data from the Federal Reserve Bank also showed high rates in desirable locations such Acton, Boxborough, and Provincetown. This time, as the map below indicates, foreclosures are pretty much an urban phenomenon, and a city with one of the highest rates (Lynn) is right next to a town with one of the lowest rates (Lynnfield, with an extra syllable that makes a lot of difference).

The Warren Group counted 22,269 foreclosures in Massachusetts from January 2006 through November 2008, which comes out to a statewide rate of 116 foreclosures for every 10,000 residential properties. Eighty cities and towns have rates above that, and all of them have average housing values below that of the state as a whole (which the Department of Revenue calculated at $404,000 for fiscal year 2008). Mashpee had the highest foreclosure rate (108 per 10,000) among communities with above-average housing values. Communities with both below-average home values and below-average foreclosure rates were almost all in the more affordable western half of the state, but the Boston suburbs of Norwood and Maynard also fell into this category.

Boston as a whole has a foreclosure rate of 179 per 10,000, but there are wide differences among neighborhoods. Dorchester has been the hardest hit, with 945 foreclosures over the 35-month period shown on the map, and if it were a separate city its rate would be about 700 per 10,000, enough to beat out Lawrence for the worst rate in Massachusetts. At the same time, there were only 34 foreclosures in West Roxbury, for a rate of only about 43 per 10,000—putting it in the same neighborhood as the posh suburbs of Sherborn and Wayland. CW

FORECLOSURES PER 10,000 RESIDENTIAL PROPERTIES, 2006-08



Sources: Foreclosure data from The Warren Group (www.thewarrengroup.com) covers January 2006 through November 2008. "Residential properties" includes single-family homes, condos, and multiple-unit buildings, as reported to the state Department of Revenue (www.mass.gov/dor).

Frank, Syron, and the blame game

The leadership roles of two Bay Staters come under scrutiny in the wake of the mortgage crisis. BY SHAWN ZELLER

TWO MASSACHUSETTS GUYS, Richard Syron and Barney Frank, are among those at the center of the blame game going on in Washington concerning the root causes of the country's worst financial disaster since the Great Depression.

Syron, the former chief executive of mortgage giant Freddie Mac, lost not only his job but also his reputation as a result of the financial meltdown and the government takeover of his company. His multimillion-dollar severance package is still in limbo.

Frank, the chairman of the US House's Financial Services Committee, has emerged as a major player in the country's recovery effort. But he has also been accused of precipitating the crisis by pushing Freddie Mac and Fannie Mae to recklessly expand the supply of affordable housing.

Unlike Syron, who has hired Boston attorney Stuart Cable and gone into the bunker after giving a handful of press interviews last summer, Frank has defended himself with his customary flair. A look at the record indicates both Syron and Frank played a role in the crisis, Syron by abandoning his core principles and Frank by pressuring Syron and others to do more. How central a role they played is much harder to say; there's plenty of blame to go around.

In retrospect, it's far too easy to see where Syron went wrong. The Irish-born executive, whose parents emigrated to Boston and raised him there, had long championed affordable housing during his five years at the helm of the Federal Reserve Bank of Boston, starting in 1989. But Syron's enthusiasm was tempered, at that time, by a healthy skepticism of the government's ability to use public policy to expand homeownership.

His tenure at the Boston Fed is perhaps best remembered for a 1992 report that found massive discrimination against minority homebuyers in Boston. But what's largely forgotten is that Syron also grappled with then–Attorney General Scott Harshbarger over what policymakers should do with the report. Harshbarger wanted to use the report to pressure Boston's bank executives to change the way they issued mortgages. Syron argued for information over action. He feared that a more aggressive approach would "forever poison the well for future research and analysis to develop a better understanding of these problems."

Around the same time, then-President Bill Clinton was pushing to use the government's regulatory powers to require banks to offer more loans to low-income people. Syron sympathized, but he warned that there were limits to what government could do. Government could ensure that poor people with good credit would not be discriminated against by lenders, he said, but it couldn't do much to help those with poor credit buy homes. As Syron told *The American Banker*, the Community Reinvestment Act was "actually quite limited in its statutory capabilities to solve those insidious problems of society."

A decade after leaving the Boston Fed—and after successful stints at the head of Thermo Electron and the American Stock Exchange—Syron was brought in by Freddie's board of directors to save the company, which was under fire on Capitol Hill because of a massive accounting scandal in which executives had misstated earnings by some $5 billion.

At first, Syron received good reviews, steadying Freddie's finances while assuaging affordable housing advocates such as Frank by promising to bring Freddie back around to its mission of expanding homeownership among lower-income people.

Congress had a keen interest in that goal. It had, after all, founded Freddie in 1970 to help spur the

ILLUSTRATION BY ALISON SEIFFER


US Rep. Barney Frank


Richard Syron, former chief executive of Freddie Mac

flow of credit to homebuyers. Freddie's job, to this day, is to buy mortgages from banks and other lenders to free up capital so that the institutions can turn around and make more loans. Until the government takeover of Freddie in September, it was a quasi-governmental company, answerable to both Congress and private shareholders.

As banks began to eat into Freddie's market share by buying risky subprime loans made to buyers with iffy credit and little money down, Syron's private shareholders began to pressure him to remain competitive. Just 10 months after taking over at Freddie, in late 2004, Syron told the industry publication *Mortgage Line* he was jumping more aggressively into subprime lending. Ominously, in retrospect, Syron said the company was well-positioned financially to make some more risky bets.

There were warnings that this move might blow up in his face. As Syron moved heavily into subprime lending that year, his chief risk officer, David Andrukonis, told him that the loans "would likely pose an enormous financial and reputational risk to the company and the country," according to an August report in the *New York Times*.

In response, Syron told the *Boston Globe* that he had no choice. "If you're going to take aid to low-income families seriously, then you're going to make riskier loans," he said. "We have goals to meet."

More recently, Syron told the *Washington Post* he had miscalculated the risk of the loans as he sought to please policymakers eager to see expanded homeownership. "What this organization is all about is balancing among the different missions," Syron said a month before the federal takeover of Freddie last September. "It makes the job almost impossible."

THAT'S WHERE FRANK comes in. He had long pushed Freddie and Fannie to expand their lending in low-income areas. Some conservatives say Frank was hoodwinked by Syron's talk of a mission.

"The Democrats were very protective and very unified in protecting Fannie and Freddie," says Peter Wallison, a fellow at the American Enterprise Institute, a right-leaning think tank in Washington, indicating that Frank was among the leaders.

In October, US House Minority Leader John Boehner of Ohio said Frank needed to "start taking responsibility for the role he and other top Democrats played in putting Main Street Americans in this mess."

After Syron took over, Freddie Mac aggressively pursued subprime loans.

Some of Frank's past remarks are damning. In 2003, when the Bush administration proposed new oversight for the two companies, Frank told the *New York Times* that they were "not facing any kind of financial crisis." Frank said he saw the regulatory push as a threat to low-income homebuyers: "The more people exaggerate these problems, the more pressure there is on these companies, the less we will see in terms of affordable housing."

While Frank has not disavowed that earlier statement,

BILL GREENE/BOSTON GLOBE/LANDOV; BRENDAN MCDERMID/REUTERS/LANDOV he is now trying to place it in context. "I was not in favor of them buying subprime mortgages. I wanted them to make money and then take it to buy rental housing," he insists.

The real blame, he says, lies with a Bush administration whose campaign pledge of an "ownership society" fed the desire to raise homeownership rates beyond what was reasonable. According to Frank, "The Bush administration was a modern-day Marie Antoinette: 'Let them own homes,' as opposed to being able to rent places."

Even if Frank had seen the financial meltdown coming, he wouldn't have been in a position to do much about it. At the time Syron was pushing into the risky world of subprime lending, Frank was cooling his heels as the ranking minority member on the House Financial Services Committee. Democrats had been in the minority on Capitol Hill for nearly a decade, and Frank had little power to do much of anything but throw grenades at Republicans. The GOP, Frank notes, did nothing.

Indeed, when House Republicans moved in 2005 to toughen regulation of Fannie and Freddie, it was a dispute with the Bush administration over the shape of the deal that stalled action. Republicans "controlled the Congress from 1995 through 2006," Frank says. "If I could have stopped them, I could have stopped impeachment, the Terri Schiavo bill, the war in Iraq, and the Patriot Act."

When Democrats took charge of the House in January 2007, Frank's views about risks posed by Fannie's and Freddie's financial health had changed for the worse and, despite his other differences with the Bush administration, he reached out to it to craft new legislation. Frank was concerned about the subprime lending and joined hands with Treasury Secretary Henry Paulson to push through the House a bill establishing a new agency to oversee Fannie and Freddie. But the Senate didn't act for more than a year, passing legislation in July of last year, just before the meltdown hit.

Even AEI's Wallison says Frank deserves credit for reaching out to Paulson. "He did see his responsibility once he became chairman," Wallison says.

Aaron Gornstein, the executive director of the Citizens' Housing and Planning Association in Boston, defends Frank: "He wanted Fannie and Freddie to fulfill their mission, but he also knew the limits of doing so."

Gornstein also defends Syron. "I don't think it's correct to blame Fannie and Freddie," he says. The two mortgage giants, he says, were swept up in a wave "that certainly no one predicted." In retrospect, he says, "It's easy to look back and say everyone should have predicted it, but that didn't happen."

John Taylor, the West Roxbury resident who heads the Washington–based National Community Reinvestment Coalition, says the attacks against Frank are smears meant to hide where the true blame lies: "There's nothing wrong with encouraging lending in poorer communities," he says. Blame directed at those who would expand affordable housing is "just a convoluted excuse people are putting up to try to hide why we are in this situation, which is deregulation, and infectious greed and malfeasance [by lenders]."

Taylor points out that studies show foreclosure rates are similar across income groups, buttressing his contention that it was predatory lending to people with suspect credit that hurt the housing market, not necessarily lending to poor people.

"Low-income residents are not, by definition, poor credit risks," says Michael Rubinger, president of the Local Initiatives Support Corporation, a New York–based group that funds affordable housing construction and conducted one such study.

From March 2007 to March 2008, Rubinger found, default rates for all loan types rose significantly, with subprime foreclosures vastly outstripping prime defaults. But among subprime borrowers, income level had little correlation to foreclosure rates. Subprime borrowers in prosperous communities defaulted at nearly the same rate as those in impoverished areas, Rubinger notes.

What Frank has fought for, Taylor says, is not indiscriminate lending to people ill-equipped to pay their mortgages, but rather for the right of poor people with good credit to secure loans.

In Washington, Frank has fought GOP criticism with his usual panache, accusing Republicans of trying to pin the blame for the crisis on poor minorities and pointing out that it was he, not his Republican predecessors, who moved oversight legislation through the House. He says he's now focused on working with the Obama administration to right the economy and is planning legislation this year to tighten regulation of the lending and credit rating sectors.

Frank has fought back with his usual panache.

The American homeownership rate hit an all-time high of 69 percent in 2004. It is now below 68 percent and, by all indications, will fall further. Frank won't try to stop it. Instead, he says, with some tinkering, he expects to free up $1 billion to go, primarily, toward affordable rental housing. "We overdid homeownership," he says. CW

Utah's financial literacy requirement

State requires all high school students to pass a semester finance course

BY GABRIELLE GURLEY

STATES WANT TO be trendsetters, but not all trends are worth bragging about. That was Utah's predicament from 2002 through 2004, when the Beehive State ranked No. 1 in the country in personal bankruptcy filings (adjusted for population). However, the story behind the numbers was even more disturbing.

"We saw a younger demographic that was filing for bankruptcy year after year," says Preston Cochran, president of the AAA Fair Credit Foundation, a national financial services nonprofit.

Business leaders like Cochran quickly teamed up with state officials to make sure that young people would leave high school with the basic skills to manage their finances. At the time, only a few Utah schools offered personal finance classes as an elective. So the state passed a law requiring that by 2008, all high school students had to pass a semester-long personal finance course to graduate.

A graduation requirement sends a powerful message, says Julie Felshaw, the financial and economics specialist in the Utah State Office of Education who developed the general financial literacy curriculum: "We say we value American history and we value algebra. Now we say we value financial literacy."

Missouri and Tennessee also require high school students to take a personal finance class. Many other states, most of them in the West and South, embed core personal finance or economic concepts in other subjects like math or social studies.

Students have some catching up to do. In 2008 the Jump$tart Coalition for Personal Financial Literacy's biennial survey of high school seniors painted a grim picture of financial awareness nationwide. For example, only 13 percent of students knew what the ramifications are for a credit cardholder when a thief runs up huge charges. (See page 32 to find out if you do.) Overall, Jump$tart found that students correctly answered only 48 percent of the questions, down from 52 percent in 2006. The highest score in past surveys was 57 percent in 1997.

Many states have established financial literacy requirements only in the past few years, so it's tough to gauge what impact required courses will have on what young adults know about money matters. But faced with a daily diet of grim economic headlines, most educators want to start somewhere.

"Looking at a thousand kids over a decade's time, the message is they don't know enough about personal finance," says Laura Levine, Jump$tart Coalition's executive director.

BACK TO BASICS

The first order of business for most teenagers with cash to flash is simple: What can I buy this week? Gayle Whitefield knows that mindset. To prod her students into smart choices, the general financial literacy teacher at Riverton High School, in a suburb of Salt Lake City, had them track all of their spending for one month.

To her surprise, one student revealed that he saved $400 just by tracking his purchases and not buying unnecessary things. Discovering the advantages of saving is one of the first lessons financial literacy educators try to get across to teenagers. "Students have an ear for money," says Whitefield. "They want to know how they can get more of it, how they can hold on to it and really make it worth more."

The national economic crisis is another hot topic. In early October, Whitefield's students turned into Wall Street traders for the Stock Market Game, an online stock trading simulation, just in time to see the market take a dive—right along with virtual investments that had been worth $100,000. "You guys are just investing fake money," Whitefield told them. "How do you think your parents feel?"

In Utah schools, 11th- and 12th-graders study financial planning, money management, career and education planning, and ways to prepare for retirement. Teachers tend to focus on the nuts and bolts of personal finance. Whitefield's students spend most of their time on checking accounts, online banking, and other electronic transactions.

They learn to reconcile a checkbook against a bank statement—by hand. The veteran business and marketing educator says students will pay more attention to a checking account if they do the calculations themselves rather than relying on a computer to do the math. She also tackles financial values, goals, and topics such as understanding the influences of advertising and marketing on spending.

Shaping attitudes and skills about money shouldn't wait until a 17-year-old takes a one-shot high school class, says Felshaw, the curriculum specialist. To that end, the Utah lawmakers took another decisive step last year to bump up financial literacy, requiring education officials to integrate financial and economic concepts into the K-12 curriculum.

Once every student is in a course, the challenge for Utah, as well as any state weighing deeper investments in financial education, is improving teacher preparation and training. Right now, any teacher who specializes in business, marketing, agriculture, social studies, family and consumer science, or math (Algebra II and higher) can teach the course. Focused financial literacy training is optional. Utah teachers can use any available curricula (and the range of materials from nonprofit, private, and government sources is vast) as long as they cover the required standards and local school district officials approve.

Tyrone Frazier, a University of Utah graduate student, recently completed an online survey of nearly 60 financial literacy teachers and 1,100 students as part of a statewide evaluation of the program. The increased attention to life skills gets a positive response from teachers and students alike. "The program is fantastic," he says.

But there are struggles. A high school course is too short for students to master the nuts and bolts, Frazier found. Devoting a week to checkbooks can bore students, so teachers should consider focusing more on problem-solving and research skills. But without specialized training or a required curriculum, teachers may not be able to convey more difficult concepts like investing or accounting. Training should be mandatory, argues Whitefield.

Financial literacy also needs to find an academic home that would make it easier for teachers and administrators to share information about how their students are reacting to what's being taught. In Utah, since teachers in six disciplines can teach the course, no one really owns the subject. Only one district in the state has formed a financial literacy department.

The most pressing question in financial education is whether these classes make a difference, especially once students move on to real-world decision making. Frazier's study found that 53 percent of students agreed that the course improved their financial behaviors. But few studies have charted longer-term impacts.

"If education resources are scare, which they appear to be, it would appear to be a waste of time and money to require such a course until we learn how to teach [it]," says Lewis Mandell, a senior fellow at the Washington, DC–based Aspen Institute's Initiative on Financial

ILLUSTRATION BY MICHAEL KLEIN

QUESTION FROM FINANCIAL LITERACY QUIZ:

If your credit card is stolen and the thief runs up a total debt of $1,000, but you notify the issuer of the card as soon as you discover it is missing, what is the maximum amount that you can be forced to pay according to federal law?

A) $500
B) $1,000
C) Nothing
D) $50

Source: Jump$tart Coalition for Personal Financial Literacy (www.jumpstartcoalition.org).

Answer: D

Security. Mandell, who conducts and analyzes the Jump-$tart surveys, argues that there is no evidence that high school financial management courses, even those that concentrate on decisions relevant to students (like choices between spending on junk food or saving for a laptop), improve financial literacy.

States are just beginning to track student progress in personal finance courses. Three years ago, Missouri instituted a personal finance graduation requirement for the class of 2010. Like Utah, Missouri is still in the early stages of evaluating how all this plays out. Last year Missouri officials piloted optional online pre- and post-tests for students in personal finance courses. Schools are just starting to use the tests, so there aren't concrete statewide results yet. Since teachers take a dim view of required testing (largely because of No Child Left Behind mandates), the department encourages them to treat this test as an instructional tool that can be used to prepare for the next semester's course, says Stan Johnson, an assistant commissioner in the Missouri Department of Elementary and Secondary Education.

TAKING STOCK

Back on the East Coast, teams of students at Wilmington High School are also engrossed in a stock market game—this time in mid-November, when the Dow lost over 800 points, more than 10 percent of its value, over a two-day period. This is the first year for financial literacy courses at the school, and Susan Canty is working on the concept of market volatility.

The push for a statewide standard has lost momentum.

"If your stock keeps going down," says the teacher as she navigates the classroom, "how low will you go—10 percent, 20 percent, 30 percent—before you get rid of it and buy something else?" She also covers the basics, dedicating about 20 percent of her teaching to checking accounts and the like.

Hunched over computers, two young women congratulate themselves on their picks. "ExxonMobil is doing good," says one. "Yeah, this week," says her teammate. Should Massachusetts students be required to take a financial literacy class? Before the period ends, I ask them. Everyone votes yes.

Rep. Sean Curran, a Springfield Democrat, has been "very impressed" with Utah's work on financial literacy. But personal finance is only an elective in Massachusetts high schools, and so far a statewide requirement is a dead letter. Two bills mandating personal financial literacy died in committee last session, as did Curran's proposal for a universal curriculum pilot in 12 cities. Mandating personal finance during difficult budget years may be problematic, says Rep. Brian Dempsey, a Haverhill Democrat, who also proposed a requirement.

The rest of New England is also behind the eightball in financial education. No states mandate personal finance courses, and only New Hampshire requires economics education.

Most other states are more prescriptive about curriculum and graduation requirements than Massachusetts, according to Elementary and Secondary Education Commissioner Mitchell Chester. Bay State school districts and school committees establish their own requirements, and the only subjects mandated by law in Massachusetts are American history and physical education.

In reality, Massachusetts has a two-pronged approach to financial literacy. First, there's a galaxy of programs supported by nonprofits, government agencies, banks, and financial services companies available in the Bay State. The Office of Consumer Affairs and Business Regulation sponsors one, the High School Financial Literacy (HiFi) initiative, launched in 2005. Consumer Affairs coordinates teacher training based on the National Endowment for Financial Education's free curriculum, used by schools like Wilmington High. To date, more than 5,300 students have taken courses through the agency's program.

The downside to this voluntary approach is that there are still tens of thousands of students in hundreds of schools that are not in these programs, says Scott Guild, the Federal Reserve Bank of Boston's director of economic education. (There are more than 140,000 juniors and seniors in Bay State high schools.) Guild and other financial literacy advocates met last fall in Boston for the first New England Youth Financial Education Forum, to develop strategies to coordinate and improve financial education in the region.

Second, there's the move to embed financial literacy in other subjects. The Massachusetts Board of Elementary and Secondary Education's Task Force on 21st Century Skills has called for financial, economic, and entrepreneurial literacy to be integrated into major curriculum areas.

State education officials are revising the Massachusetts Curriculum Frameworks, the standards that guide how various subjects are taught in schools, and financial literacy is on track to receive greater prominence in math classes. But there's a catch: The frameworks are voluntary. State officials could recommend, for example, one course in personal finance as part of four years of high school math, but that doesn't mean local school administrators will follow suit.

"The tough [economic] situation right now argues for greater emphasis on financial literacy, but people will be very sensitive to imposing new requirements on school districts at a time when [they] are really feeling the pinch financially," Chester says.

Some proponents of financial education also see the state's MCAS exam as an obstacle, citing the constraints the test places on schools' ability to schedule financial literacy enrichment programs. But few high school teachers or administrators agree. Most juniors and seniors who passed the exam have time available for other courses, they say.

Washington hasn't turned on the spigot for grant money.

Innovative ways to fund financial education are out there. (After recent budget cuts, the HiFi program costs a modest $9,300 in fiscal 2009, largely for teacher training.) Three years ago, the Connecticut Department of Banking agreed to steer the money from fines on financial institutions directly to their Department of Education in order to increase elective financial literacy courses. Education officials currently oversee a $2 million, five-year grant program, and school districts that don't already have a course for high school juniors or seniors can apply for funds. Massachusetts Treasurer Timothy Cahill says that's an idea the Bay State could look into.

"There's a lot of money being thrown around in terms of bailouts," says Lawrence Glazer, president of the year-old Massachusetts Jump$tart chapter. "It would take a very small percentage of that to have a significant impact on the education world."

Washington hasn't turned on that spigot just yet. Even the President's Advisory Council on Financial Literacy recently drafted a document recommending a national K-12 finance education mandate without including any specifics on how to pay for it.

The payback, however, is priceless. One of Gayle Whitefield's former students, a young man working with his father in the troubled construction sector recently came back to visit with a message: Continue teaching financial literacy. "I really keep track of everything that I spend," he told her. "And I'm saving more." CW

Second life

After 100 years as a daily, the *Christian Science Monitor* reinvents itself for the Internet Age BY DAN KENNEDY

SOMETIME THIS APRIL, one of New England's most venerable daily newspapers will cease to be a daily newspaper.

The *Christian Science Monitor*, which marked its 100th anniversary this past November, is beginning its second century as a multi-platform, multimedia news organization. Central to this new identity will be its free website, CSMonitor.com, begun a dozen years ago and now freed from the constraints of the daily print cycle. The website, in turn, will be supplemented by a daily email edition and a weekly, subscriber-supported magazine.

Though the transformation has long been anticipated, it nevertheless represents a signal moment for the five-days-a-week paper, whose circulation exceeded 230,000 at its peak in the early 1970s. (It's currently around 55,000.) A few small, local papers have abandoned their daily print editions, but the *Monitor* is the first national paper to do so.

Overseeing the change is editor John Yemma, a *Monitor* alumnus who returned to the paper last summer after nearly two decades at the *Boston Globe*, most recently as multimedia editor. Quiet and thoughtful, Yemma, 56, says he is determined to lead the paper into a Web-driven future while remaining true to the ideals of the Christian Science Church's founder, Mary Baker Eddy, who launched the *Monitor* in 1908 with a mission "to injure no man, but bless all mankind."

"I would define *Monitor* journalism as the journalism of hope," says Yemma. "It's not just about shocking you or titillating you. It's about essentially coming away with the sense that it's not all going to hell in a handbasket. The value added is not to try to solve the problem ourselves, but to find people who are trying to solve the problem."

Even though CSMonitor.com, with some 1.5 million unique monthly users, has overshadowed the print edition for quite a few years, its content has mostly mirrored what's on paper—that is, yesterday's news, written for subscribers whose *Monitor* shows up in the mail a day or two later. No longer. And that gives Yemma a chance to be timely in a way that just hasn't been possible before.

"It gets us in the game of being relevant," Yemma says of the new strategy. "We're online when an event is happening with the news and the analysis, and with that particular *Monitor* perspective. We are in the moment of the event happening, of the news breaking."

Small though the *Monitor* may be, observers in the newspaper business are watching the transformation closely—not only because of the *Monitor*'s reputation (seven Pulitzer Prizes since its founding), but because the paper finds itself at the intersection of several important trends.

By combining a free website with a weekly magazine that will cost $89 a year, the *Monitor* is seeking new ways of melding print and online. The plan is a slight dialing-back from the Internet-only model often espoused by new-media types, and also a possible blueprint for revenue-starved newspaper executives.

Just as important, the *Monitor*'s success or failure will be seen as a test for nonprofit ownership at a time when large, for-profit corporations—including the New York Times Co., which owns the *Globe*—are downsizing their papers and shrinking their journalistic portfolios.

TO BE SURE, the move to a mostly online future should be less daunting for the *Monitor* than it would be for a typical for-profit paper.

Vin Crosbie, an online-news consultant who teaches at Syracuse University and blogs at Digital-Deliverance.com, says the problem facing newspapers is that ditching their paper editions would save them 40 percent of their costs but deprive them of 90 percent of their revenue, since online advertising isn't nearly as lucrative as print advertising. That's less of an obstacle for the *Monitor*, since its print edition is already nearly ad-free.

"This is something these guys should have done long ago," says Crosbie. "It is already an online newspaper, primarily."

The challenge the Christian Science Church has set for the *Monitor* is also relatively modest: to lose less money than it does now. According to an account in the *Monitor* itself, the paper is expected to lose $18.9 million during the 12-month period that ends on April 30, with $12.1 million of that being paid for in the form of a direct subsidy from the church. (The remainder of the deficit will be covered by the *Monitor*'s endowment and by contributions.) By 2013, the goal is to bring the loss down to $10.5 million and the church's subsidy to $3.7 million, though Yemma hopes to do better than that.

"The thing I would like to achieve is to get off of the deficit totally, because I think that fosters editorial independence and competitive journalism in a good way," Yemma says. "I'd love us to get to the point where we could actually return some money to the church. That would do wonders psychologically for everybody because it would show that *Monitor* journalism isn't just a good thing to do, but it's a successful thing."

Yemma's path to financial stability depends on the *Monitor*'s achieving some ambitious goals: pushing the readership of CSMonitor.com from about 1.5 million unique users per month to about 5 million (roughly the same level as the *Globe*'s Boston.com site) and building paid circulation of the weekly *Monitor* to 80,000 or 90,000. At the same time, *Monitor* executives are preparing to cut their 95-person staff by 10 percent to 15 percent.

The plans for boosting the online and print readership numbers are interdependent. The weekly—to be the size of a Sunday-newspaper magazine, printed on high-quality, non-glossy stock—is intended as a home for the longer perspective pieces that have always been a hallmark of the *Monitor*. But in a deviation from standard new-media thinking, the weekly itself will not be posted online. Instead, the articles will be split off from the magazine and posted on relevant Web pages of CSMonitor.com.

For instance, let's say there's a breaking-news story involving Russia. Readers of CSMonitor.com will come across coverage of that event, as well as related stories that would include any long pieces about Russia published in the weekly *Monitor*. The idea, if it works, is to give readers an incentive to pay for the weekly, but at the same time use the in-depth weekly journalism to supplement breaking news on the website.

AT THE MOMENT, Yemma says, about 84 percent of CSMonitor.com readers come in through search engines, aggregators, blogs, and the like, and they generally stay just long enough to read the story they were looking for. Yemma hopes to entice them into sticking around—not just through the *Monitor*'s journalism, but by building an online community via discussion forums, user-participation projects (example: reader-submitted fall-foliage pictures from around the world), and social-networking platforms such

Monitor editor John Yemma says the online model “gets us in the game of being relevant.”

as Facebook and Twitter.

Another approach that Yemma talks about is intelligent aggregation—putting together roundups, with links, of coverage by other news organizations that meet the *Monitor*’s standards, as it already does with its Terrorism & Security blog. Steve Outing, a new-media consultant who blogs at SteveOuting.com, is an advocate of that approach, and says the paper’s elite audience could make CSMonitor.com an ideal platform “for more serious discussion” of issues and news.

The *Monitor* once thrived as a serious alternative to yellow journalism.

All this is a fairly significant change in orientation for the *Monitor*. Yemma himself admits there’s some danger his reporters will start chasing after breaking news at the expense of the perspective and analysis for which the paper is known, though he’s optimistic that trap can be avoided.

Patrik Jonsson, who covers the American South for the *Monitor*, says via email that he’s looking forward to the change with both trepidation and anticipation.

“In some of our confabs about this move, there has been concern about how to transfer our more level-headed approach to a 24/7 on-time news cycle—and I share that concern, as well, to some extent,” says Jonsson, who’s been at the paper for the better part of a decade.

Karla Vallance, the *Monitor*’s managing editor for electronic publishing from 1998 to 2006, calls Yemma “brilliant” and “a great person to have there.” Still, she warns that the new direction won’t succeed without a clearly defined mission.

“I think the newspaper has just dropped from sight in people’s minds, at least anybody below the age of 40,” says Vallance, who now teaches journalism at Emerson College. “There needs to be a reason for people to go there and go there every day. The *Monitor* needs to decide what it wants to be now. And it has not really decided yet.”

WHEN MARY BAKER EDDY founded the *Christian Science Monitor* in 1908, she knew very well what she wanted it to be: a high-quality alternative to the yellow journalism of its day.

Eddy was appalled by the state of newspapering. According to the legendary *Monitor* editor Erwin Canham’s 1958 history of the paper, *Commitment to Freedom*, Eddy laid the groundwork in 1896, writing: “Looking over the newspapers of the day, one naturally reflects that it is dangerous to live, so loaded with disease seems the very air.... A periodical of our own will counteract to some extent this public nuisance.”

For the first 70 years of its existence, the *Monitor* thrived as a serious alternative to that nuisance. There was no national edition of the *New York Times*, no Internet, and, in many parts of the country, no local paper devoted to serious coverage of national and international affairs. After

PHOTOGRAPH BY MARK MORELLI

its circulation peaked in the 1970s, though, the *Monitor* entered a long period of retrenchment, switching from broadsheet to tabloid and losing both pages and readers. The church also lost a reported $300 million on a failed television venture in the late 1980s.

Despite its relatively small readership, the *Monitor* has maintained a robust staff. It continues to operate eight foreign bureaus, which is eight more than the *Globe* and many other large regional papers have. (It also has eight US–based bureaus as well as a Washington bureau.) The *Monitor* won a Pulitzer in 1996 for David Rohde's reporting on the killing fields of Srebrenica, in Bosnia. *Monitor* cartoonist Clay Bennett won the paper's most recent Pulitzer, in 2002.

The *Monitor*'s last sustained moment in the national spotlight came in 2006, when Jill Carroll, a stringer who was covering the war in Iraq, was taken hostage by a terrorist group and later released. Her 11-part series on her ordeal still occupies a prominent position on CSMonitor.com. But though the *Monitor* rewarded her with a staff position, Carroll left the business in order to become a firefighter.

Yemma's first stint at the *Monitor* came during a time when the paper was shrinking. A native of Austin, Texas, and a graduate of the University of Texas, Yemma worked for the *San Antonio Express-News* (he left not long after Rupert Murdoch made it his first American acquisition) and the *Dallas Morning News*. A Christian Scientist himself, he joined the *Monitor*'s Washington bureau in 1979 after his wife, Robin Jareaux, an art director, took a job with the *Washington Post*. He later worked as a foreign correspondent, covering Beirut during Lebanon's civil war in the 1980s, and then worked in Boston as the *Monitor*'s business editor.

It continues to operate eight foreign bureaus.

He departed from the *Monitor* in 1989 in the aftermath of the Monitor Television fiasco, joining the *Globe* to work as a reporter, foreign editor, Sunday editor, and, finally, as multimedia editor. As a reporter, Yemma helped cover stories ranging from stolen objects from Guatemala at the Museum of Fine Arts (he recalls his foray into the Guatemalan jungle as having "a real Tintin quality to it") to the exploitation of schizophrenic men and women by unscrupulous researchers. But it was as an editor that he

CSMonitor.com has long overshadowed the newspaper.

made his strongest impression.

"John Yemma was a great editor and exactly the kind of calm and wise voice you would want to hear on the other end of the phone when you are in the middle of a conflict operating on lots of adrenalin and little sleep," emails former *Globe* foreign correspondent Charles Sennott, now the executive editor and vice president of GlobalPost.com, a fledgling international-news organization based in Boston. (Both Yemma and Sennott say the *Monitor* and GlobalPost will share some resources in foreign coverage.)

YEMMA SAYS HE knows he faces a difficult challenge, but he exudes a sense of calm optimism. Wearing a black polo shirt, a black T-shirt, and a tweed sports coat, the bearded, bespectacled Yemma amiably gives a tour of the *Monitor*'s refurbished newsroom, in a long, horizontal building across a brick walkway from the Mother Church, then settles in for a 90-minute interview in the church cafeteria.

He leads a quiet life. Yemma and his wife moved from Jamaica Plain to Plymouth a few years ago; he leaves the house before 6 a.m. in order to beat the traffic. They have no children; they garden; they enjoy their dogs.

Yemma talks with eloquence and feeling about the role that Christian Science has played in his life and his work. Potentially, at least, it's a touchy subject. The *Monitor* is a secular paper, save for one religious article that is published each day in accordance with Eddy's will. Yet church influence has been an issue off and on over the years. (Canham, in *Commitment to Freedom*, writes of cigarettes being airbrushed out of photographs and of dead horses being described as having "passed.")

"If you know anything about Christian Science, at a fairly high level of thinking about the metaphysics of Christian Science, or the theology of Christian Science, truth is actually a synonym for God," Yemma says. "As a journalist, that always appealed to me. And the idea of knowing things without being buffeted too much by emotion or sensation or, essentially, what in Christian Science would be called the material senses—knowing them in a clear way is the route to at least facing the problem and praying about it, and healing it. So the central role of the *Monitor* is that clarity of vision."

Amid a cacophony of media voices, where, exactly, does the *Christian Science Monitor* fit in? Mark Jurkowitz, a former *Globe* reporter who's now the associate director of the Pew Research Center's Project for Excellence in Journalism, in Washington, thinks the *Monitor* might have exactly what news consumers are looking for, but he wonders if the *Monitor* brand has gotten too small for anyone to notice.

"In some ways, you could argue that it does occupy a niche that many people actually think is the future niche for newspapers—forgetting about the rush of instant, daily reporting, because everybody in the world is going to beat you on that," says Jurkowitz.

"It's an elite publication that takes an in-depth, broader look at issues for a more sophisticated audience," adds Jurkowitz, who was a paid contributor to the Monitor Television experiment. "Editorially, what they're doing may now fit the times. The problem is, who knows about them?"

Point taken. Yet it's possible that the *Monitor*'s lack of visibility may be less of a hindrance than Jurkowitz supposes. In an era of many small media players, there's no reason that the *Monitor* can't maintain its position as a unique, respected alternative. Its optimistic, forward-looking view of the world is different not only from the straight-news approach of mainstream organizations but also from the opinion-mongering that marks—and mars—much of contemporary discourse, from blogland to cable news.

"I think the niche is this idea of constructive or solution-oriented journalism. That's the real niche," says Yemma. "What we think is that there's a share of the market that we can reach because of our unique—sorry, I work with marketing people, so these things kind of seep over—our unique value proposition, as it's called. And that's *Monitor* journalism. People will want us for that." CW

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Ending the one-party state

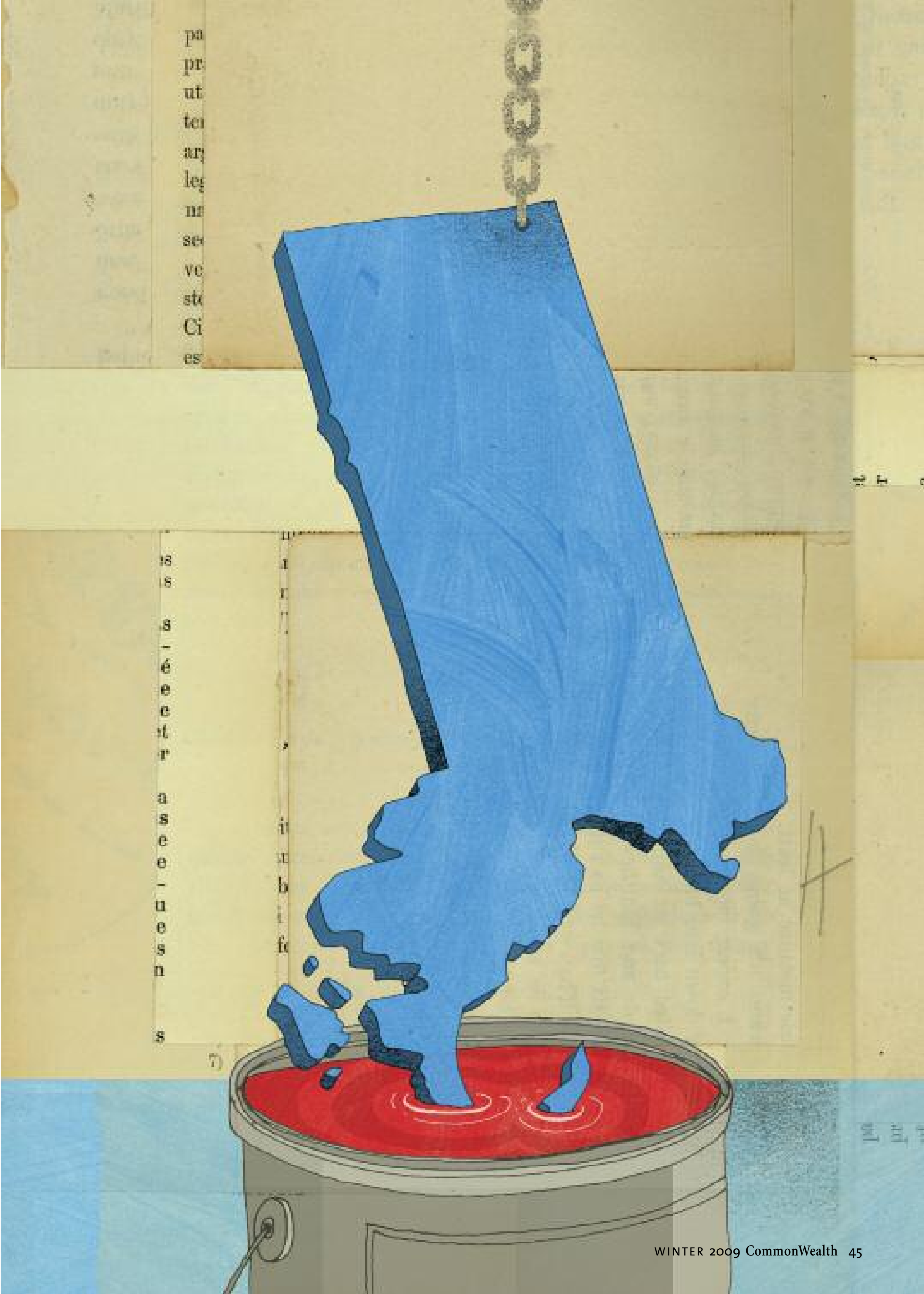
Contested legislative races are rare in Massachusetts and universal in Minnesota. What can we learn from the Gopher State?

BY ALISON LOBRON

As a pistol-packing, SUV-driving conservative in liberal St. Paul, Minnesota, David Carlson knew he was fighting an uphill battle. Still, on the day before the 2008 election, the 27-year-old candidate for the state House of Representatives drove through his district of tidy, split-level homes for a final campaign push. He checked the placement of his star-spangled yard signs. He studied voter lists one last time. Cruising through leaf-strewn streets on an unseasonably warm Monday afternoon, he described the residents of each house and predicted his chances: "They're union; forget it. She's a single mom with three kids; she might go for my message on public safety." Carlson, in other words, did all the usual stuff of a local campaign—usual, that is, in places other than Massachusetts.

Carlson's urban district looks a lot like the Bay State, politically speaking; Democrat-Farmer-Labor candidates (the state's branch of the Democratic Party, locally known as the DFL) tend to dominate in St. Paul by 70-30 margins. Yet for a variety of cultural and structural reasons, people run for office in the capital and in the rest of Minnesota in a way they do not in Massachusetts. Both major parties fielded a candidate in every race for the Minnesota House of Representatives last year, the only state in the nation in which that happened. In Massachusetts, just 17 percent of House races were contested, the lowest rate in the nation and a state of affairs almost

 ILLUSTRATION BY LEIGH WELLS



unimaginable to Minnesotans like Carlson. The former Marine knew he was unlikely to win (and he didn't), but he ran anyway, motivated partly by the idea of establishing a reputation in his community— but also by a sense of duty. "It's un-American not to have someone running," he says.

Asking Minnesotans how it feels to have choices on every ballot is a little like asking someone how it feels not to have a pounding headache. "I guess I take choice for granted," says Mikael Carlson (no relation to David), a blond, bespectacled 35-year-old spending election morning in an organic St. Paul cafe with his laptop. At 9 a.m., he already has an I VOTED sticker on his sweater. "I think it would be very strange if people around here didn't have a choice," he says.

"Strange" is also the word of choice for Margaret Van Heel, a 22-year-old canvassing for Republican House candidates (the Senate wasn't up for re-election) in suburban Apple Valley. "It would be strange to have uncontested races," says Van Heel. Then her freckled face grows more animated. "I find it completely insane. I can't imagine having just one name on the ballot," she says. "I mean, what's the point of having an election?"

'I can't imagine having just one name on the ballot. What's the point of having an election?'

What's the point indeed? Without elections, we're not a democracy. But without candidates, we're not much of a democracy either. Since the November elections, when Massachusetts Republicans lost three more seats in the House and ended up with their lowest level of representation on Beacon Hill in state history, the collapse of the GOP has been much discussed and debated. Pundits have called for better leadership, and prominent GOP members have suggested the party needs to change its image to distinguish itself from the more conservative national platform.

"We need to differentiate on social issues," says Senate Minority Leader Richard Tisei (R-Wakefield), who would like the state party to re-embrace the message of social libertarianism and fiscal conservatism that proved a winning formula in the 1990s. "What the national party is selling, people here aren't buying," he says.

Candidates' signs line a road in suburban Apple Valley.

But the GOP has sunk so low in Massachusetts that a few tweaks in image are unlikely to be enough to resuscitate a two-party system. More fundamental changes are needed. Just as the bribery allegations against former state Sen. Dianne Wilkerson and Boston City Councilor Chuck Turner have prompted a review of the state's ethics and lobbying laws, so should the lopsided election results prompt officials to re-examine the way the game of politics is played here.


Republican candidate David Carlson, left, meets a voter.

As part of that examination, officials should look westward. Minnesota is a state in some ways like Massachusetts, except there is more citizen involvement in the Legislature, choices on every ballot, greater turnover in seats, and little corruption. The two states have different histories and cultures, of course, but at least some of what Minnesota does to motivate candidates to run—and keep legislators connected to the citizenry—could be worth trying in Massachusetts.


GOP candidate Tara Mack, right, with her husband.

CITIZENS VS. PROFESSIONAL LAWMAKERS

Looking at Minnesota is a little like looking at Massachusetts through a kaleidoscope: Like us, its capital is full of academics, universities, and think tanks, and the percentage of its population holding a bachelor's degree is well above the national average. Like Boston, the Twin Cities serve as both the political and the cultural centers of the state. Like us, Minnesota leaned Republican before the Great Depression and has leaned Democratic ever since, even in years when the GOP swept the rest of the country. (In Massachusetts, there are three times as many registered Democrats as Republicans. Minnesota does not register voters according to parties.) Both states have been political mavericks: Massachusetts was the only state that George McGovern carried in 1972, and Minnesota was the only one Walter Mondale carried in 1984. Native sons from both places have achieved prominence in the Democratic Party only to struggle on the national stage; indeed, in the last four decades, four of the seven losing Democratic presidential nominees have hailed from either Minnesota or Massachusetts (Hubert Humphrey, Mondale, Michael Dukakis, and John Kerry).

Here's where the kaleidoscope starts to twist. Minnesota's 201 legislators see themselves much more as citizens than as professional lawmakers. They meet no more than 120 days out of a two-year cycle, so most—about 80 percent—have other jobs, and are in other ways connected to the people they represent. They earn $31,140 per year.

By contrast, the Massachusetts Legislature meets through the year, breaking only for campaign season (August through December of even-numbered years), and 44 percent of House members and 31 percent of senators claim no occupation other than legislator. Base pay is $58,237, with $15,000 annual bonuses for committee chairs and $30,000 for legislative leaders. Of those lawmakers with another profession, roughly a third list "lawyer." Although there are a handful of mental health workers, consultants, and businesspeople on Beacon Hill, the range in St. Paul is much greater. Due to the part-time schedule, the ranks of military people, retirees, social

PHOTOGRAPHS COURTESY OF ALISON LOBRON

workers, college professors, and teachers far outnumber lawyers and full-time legislators.

Yet if one measures productivity in terms of bills passed and signed into law, Minnesota doesn't appear to be at any disadvantage with its citizen-legislature. In 2008, the Minnesota House passed 370 bills that were signed by the governor, while the comparable figure in Massachusetts was 377. The Massachusetts Legislature is doing about what the Minnesota Legislature is doing. It's just taking three times as long.

According to one politician who knows both states well, the part-time nature of the job in Minnesota means legislators there are more aligned with the communities they represent than with the capital's power structure. Shelley Madore, who served one term in St. Paul as a Democratic state representative from Apple Valley, grew up in Connecticut and spent her 20s in Boston. The mother of two found Boston politics mysterious at best and alienating at worst. Despite her efforts to seek out networking groups and social events for women professionals, she never felt any connection to local governance until she and her family left Chelsea for the open skies, open screen doors, and strip malls of suburban Minneapolis in 1991.

"I remember the first time a candidate knocked on my door out here. I thought he was a salesman,'" Madore laughs. "The person said he wanted to talk to me about the Minnesota House of Representatives, and I was like, 'What the hell for?' It's very touchy-feely out here."

In Minnesota, legislators pass out their cell phone numbers like candy. They publish their home phone numbers on the official state website. They don't have aides who screen their calls and say things like, "Please hold for Mr. Chairman." Many don't have personal aides at all. They are, to be blunt, a little humbler than their counterparts

TOP CAMPAIGN WAR CHESTS, 2008 ELECTIONS

	LAWMAKER	CHAMBER	RESIDENCE	TOTAL SPENT AS OF 10/31/08	ENDING BALANCE AS OF 10/31/08
1.	Montigny, Mark C. (D)	Senate	New Bedford	$66,918	$1,117,646
2.	Petrolati, Thomas M. (D)	House	Ludlow	$41,473	$493,600
3.	Koutoujian, Peter J. (D)	House	Waltham	$74,911	$411,312
4.	Binienda, John J. (D)	House	Worcester	$23,717	$385,559
5.	Morrissey, Michael W. (D)	Senate	Quincy	$69,106	$363,898
6.	Mariano, Ronald (D)	House	Quincy	$14,371	$349,892
7.	DeLeo, Robert A. (D)	House	Winthrop	$129,875	$349,686
8.	Menard, Joan M. (D)	Senate	Fall River	$76,221	$316,794
9.	DiMasi, Salvatore F. (D)	House	Boston	$348,342	$305,270
10.	Baddour, Steven A. (D)	Senate	Methuen	$66,910	$300,701
11.	Pacheco, Marc R. (D)	Senate	Taunton	$46,184	$232,420
12.	Murray, Therese (D)	Senate	Plymouth	$291,705	$219,384
13.	Brewer, Stephen M. (D)	Senate	Barre	$40,322	$202,179
14.	Buoniconti, Stephen J. (D)	Senate	West Springfield	$47,455	$195,758
15.	Chandler, Harriette L. (D)	Senate	Worcester	$27,972	$193,711
16.	Quinn, John F. (D)	House	Dartmouth	$29,409	$183,592
17.	Hedlund, Robert L. (R)	Senate	Weymouth	$18,372	$179,842
18.	Puppolo, Angelo (D)	House	Springfield	$34,272	$150,274
19.	Rodrigues, Michael J. (D)	House	Westport	$46,512	$149,859
20.	Kennedy, Thomas P. (D)	House	Brockton	$16,613	$148,796

Note: Mark Montigny faced an opponent in the Democratic primary only. All others were unopposed in both the primary and general elections.
Source: Massachusetts Office of Campaign and Political Finance (www.mass.gov/ocpf).

on Beacon Hill—and much more likely to speak of their work as a temporary service than as a life-long career.

The most senior member of the House leadership team in Minnesota has held his legislative seat for 12 years, while in Massachusetts, the most junior member of leadership as of this writing has been in office for 12 years. Massachusetts House Speaker Sal DiMasi is pushing 30 years on Beacon Hill; Minnesota's House Speaker, Democrat Margaret Kelliher, first entered the Legislature 10 years ago.

Power in Minnesota is less entrenched, and less taken for granted. Seats change hands. Seats change parties. Party control of the Minnesota House of Representatives changed twice in the last decade. (Neither chamber has changed hands in Massachusetts since 1958, when the Democrats took over the Senate.) Madore, for example, ran against a Republican in 2004 and lost; ran again in 2006 and won; then lost her re-election bid in 2008 to 25-year-old Republican challenger Tara Mack.

Massachusetts, by contrast, is politically stagnant. The Legislature behaves like a monarchy, and voters can't seem to imagine it any other way. Democrats talk about who will "get" a departing legislator's seat rather than who will run for it. (Only four of the Senate's Democrats and 20 of the House's Democrats faced primary challengers last year.) Lower-level members of the party have a significant financial incentive to please, rather than challenge, the higher-ups, so there's nobody pushing for transparency or open discussion. As Republican ranks have shrunk, so has the willingness of Democrats to cross party lines, says Tisei.

"When I started in the Legislature [in 1984], there was a whole cadre of Democrats who weren't afraid to go up and debate," he says. "Now, nobody wants to challenge the leadership. We don't even have the renegade Democrats."

"There is very much a 'wait your turn, don't make waves,' mentality," agrees Pam Wilmot, executive director of Common Cause of Massachusetts. The image of former Senator Wilkerson allegedly stuffing bribes into her bra lingers, no doubt in part because a woman's underwear was involved, but also because of the question it begs about Beacon Hill: If one legislator is comfortable taking bribes in public, what on earth are they comfortable allowing each other to do in private?

A DESIRE FOR BALANCE

When experts on Minnesota's politics try to explain this culture of participation, they almost all refer to the work of the late political scientist Daniel Elazar, who called the state the epitome of a "moralistic" political culture. "People in this culture generally view politics positively, and see government as a useful way to achieve gains," says Paul Soper, a political science professor at the University of

Minnesota who teaches Elazar's work. "So they're willing to see the government be more actively involved in improving society and improving people." Elazar traces the state's moralistic culture back to the New England concept of the "commonwealth," since most of the early settlers of Minnesota hailed from Massachusetts. But by the late 19th century, the two states had diverged radically.

While Minnesota remained ethnically homogenous, Massachusetts experienced a kind of tribal competition for power (brought on by immigration, and the ensuing struggle between the Brahmins and the Irish) that would define Beacon Hill for many years. Minnesota stayed agricultural, while Massachusetts industrialized and developed sharp class divisions and a powerful union presence. Minnesota stayed "moralistic," and Massachusetts developed into a hybrid of that culture—as evidenced by its embrace of smoking bans and universal health coverage — and what Elazar called an "individualistic" culture, in which politics is seen as a way to advance the goals of a given ethnic, professional, or geographic group. "Minnesota never really had that," says Soper.

A desire for balance, fairness, and open discussion characterizes Minnesota—or, at least, its citizens define themselves by those values. Dane Smith, who covered Minnesota politics for 30 years at the *Star-Tribune* and *Pioneer Press* and is now the head of a nonpartisan think tank called Growth and Justice, says the state is not so much liberal as "un-conservative." That is, voters pride themselves on tolerance, but they don't like stridency of any stripe.

On Election Night, at Democratic Party headquarters, anyone who booed the image of John McCain on TV was roundly shushed in return. ("It's just not nice," one man doing the shushing told me.) The phrase "Minnesota nice" is as much a part of their identity as the Red Sox are a part of ours. It's something they bond over, something that sets them apart.

After the Watergate scandal, Minnesotans put into

Minnesota's public financing system helps to foster political participation.

place a lot of policies to foster the kind of niceness and participation they want. The state's public financing system is complex, but for starters, there's a $35,000 spending cap on House seats, which more than 90 percent of candidates abide by, says Gary Goldsmith, executive director of the state's Campaign Finance Board. Spending-cap candidates who make it through a primary can collect about $4,000 in public financing. Their supporters can also get up to $50 of a donation refunded by the state, making it easier for candidates whose friends and relatives aren't wealthy to raise money.

In contrast, Massachusetts voters have supported public financing, via the Clean Elections ballot initiative in 1997, but lawmakers said the state could not afford to fund it. Facing a court order to either provide money or repeal the law, lawmakers repealed it in 2003 without so much as a roll call vote.

Massachusetts also has no spending cap; in 2008, winning legislative candidates who faced an opponent spent an average of $48,534. Even those who didn't face an opponent spent nearly $32,000 on average. The two biggest spenders in the Massachusetts Legislature were House Speaker Sal DiMasi ($348,000) and Senate President Therese Murray (nearly $292,000), neither of whom had an opponent. (These amounts represent only a portion of what was actually spent, since they are based on campaign finance reports filed in mid-October, just prior to the election.)

The financial muscle of incumbency in Massachusetts is a powerful deterrent to challengers. The legislative candidates who were elected in November started the year with an average balance in their campaign account of nearly $57,000 and ended the year with even more cash on hand, an average of $61,000. Thirty-one lawmakers started the year with balances of more than $100,000, with Sen. Mark Montigny of New Bedford outdistancing everyone else with $1.15 million in cash.

That type of war chest is not allowed in Minnesota. Under the state's "carry-forward" rule, legislators, whether or not they abide by spending caps, can't carry more than $15,000 from one election year to the next. Any amount in excess of $15,000 must be donated either to the state party or to a charitable cause. It's a rule that hasn't been tested constitutionally on free-speech grounds ("I'm not sure how it would fare," Goldsmith acknowledges), but it is entrenched politically, and it means individual incumbents do not have big war chests. House Speaker Kelliher, for example, ended her campaign with a balance of just under $12,000. DiMasi, her counterpart in Massachusetts, had a balance of $305,000.

Perhaps most crucial in fostering competition: In Minnesota, taxpayers can elect to contribute to public financing, and they can check a box declaring which party they want their dollars to support. If a candidate runs unopposed, the monies earmarked by taxpayers in a district revert to the state parties instead. What that means, Goldsmith explains, is that both parties have an incentive to force the other to run in every district. For example, if no Republican ran in St. Paul, the DFL could put money earmarked by that district toward more competitive races. Ergo, it's in the Republicans' best interest to get a guy like David Carlson to run in St. Paul, even though he had little chance of winning (and, in the end, garnered only 28 percent of the vote). "You keep it from being redistributed to people who need it more by making it go to the candidate," Goldsmith said.

"To have a candidate in every district was one thing I promised," says Minnesota's House Minority Leader, Marty Seifert, a former social studies teacher now on leave from his job as an admissions counselor. "I basically told candidates for the leadership team, if you want to be in leadership, you need to help find candidates," says Seifert. "So everybody, for a year and a half, was keeping eyes out for candidates."

In heavily Democratic districts like St. Paul, Seifert says, the state party would pay the candidate's filing fee, help them raise enough to qualify for public subsidies, and "get the seed planted that it's not outrageously hard to run for the Legislature."

A 'FOOL'S ERRAND' TO CHALLENGE AN INCUMBENT

In Massachusetts, part of the challenge is convincing people that it's not hard to run. An equally big piece is convincing people that the Legislature is a body worth joining. "The state Legislature is very unpopular," says Dennis Hale, associate professor of political science at Boston College. "That's one reason nobody wants to run for it."

Kevin Kuros, a realtor and town selectman from Uxbridge, is one of the few Republicans who did challenge an incumbent Democrat in 2008. He ran in part, he jokes, out of "blind optimism," but Kuros also cites a telephone poll that found only 27 percent of voters approved of the incumbent, Paul Kujawski (who had previously been arrested for drunk driving and disorderly conduct). "For an incumbent to be below 50 percent, it means voters are really discontented," he says. Discontented or not, Kuros still lost, 53 percent to 47 percent.

The perception that incumbents simply can't be beat—either by Republicans or other Democrats—is a big part of the problem, says Maurice Cunningham, who teaches courses on Massachusetts politics at the University of Massachusetts–Boston. "I'll tell you, when Gov. Patrick won with the organization and excitement he did, I wondered if some of those folks would get the idea to take on incumbent Democrats," says Cunningham. "But there's such enormous risk to taking on the Legislature like that. It's a fool's mission, and they're not fools."

The ongoing ethics investigations on Beacon Hill could be a rallying cry for the GOP, says Hale, and the party could use the probes to call for the kind of start-from-scratch-reforms that might radically alter both the makeup and the public perception of the Legislature.

Making legislating a part-time job, as Minnesota and 39 other states do, is one possibility. "We could do it all in six months the way other states do," says Tisei, the Senate minority leader, who thinks the current job structure makes it a tough sell to talented people because it requires, to his thinking, a year of full-time campaign work and a willingness to give up one's primary employment. "In other states, it's easier to get people to run because they don't have to give up their life," he says.

So a six-month legislature—or, perhaps even more appealing, a legislature that met during school hours and could tap the talents of stay-home parents and retirees—could bring a very different group of people to Beacon Hill.

Assigning the task of redistricting to the judiciary or an independent commission, as many states do, is another structural reform that would help ease what Hale calls "the grotesque gerrymandering of districts" that favors incumbents and has skewed party representation to the point where the Legislature has nine Democrats for every Republican.

But to have a rallying cry, the Republicans need leaders, and Hale predicts that no talented people will wade into the decimated GOP until there's a big prize, like a US Senate race without an incumbent, on the table. Until then, "we're back to the first problem," he said, "which is, why would anyone bother?"

Why indeed? Hale's words closely echo those of Margaret Van Heel, the young Minnesota woman who wondered why Massachusetts bothers to hold elections with one name on the ballot. The slight variation in their remarks, however, highlights the sharp divide between the two states. In Minnesota, residents wonder why people wouldn't run for office. In Massachusetts, they wonder why anybody would. CW

Christina Prignano provided additional research for this story.

Helen Williams, of Dorchester, thought she was getting "a good deal" but is now facing foreclosure.

Broken homes

The housing bubble was built on a foundation of reckless lending. When it burst, it sent Wall Street, and the world economy, reeling. In Massachusetts, struggling urban neighborhoods are paying the heaviest price.

BY MICHAEL JONAS | PHOTOGRAPHS BY KATHLEEN DOOHER

HELEN WILLIAMS CERTAINLY doesn't know anything about credit default swaps, collateralized debt obligations, or mortgage-backed securities. It turns out there is a lot she didn't even understand about the $395,000 mortgage she got to refinance the three-family house she owns and lives in on Corona Street in Dorchester.

Lawrence, seen in both photos, has the highest foreclosure rate in Massachusetts.

What she does know is that the nice young man from Home Run Mortgage in West Roxbury, someone she was referred to through a friend of her daughter's, seemed eager to help. He was full of assurances about how her loan would let her clear up credit card debt and also pay for needed repairs to the house she's owned since 2000.

"When I went to the closing, the lawyer, she just put papers in front me," says Williams. "She said, 'You're going to sign this, you're going to initial that.' But it wasn't like I took the time to say, 'What am I signing?' It just didn't enter my mind, because I thought I was getting a good deal. He told me I was getting a good deal," she says of the nice man from Home Run Mortgage.

It was a loan the 71-year-old retiree, living on $703 a month in Social Security plus $2,669 in rent from the two apartments above her own, had no business getting, and one she found it impossible to keep up with. Today, she nervously awaits word on whether the current owner of her mortgage will follow through on a foreclosure notice originally filed in 2007 and move to take her house.

Her refinancing loan was made by Argent Mortgage, a division of the now-defunct—and notoriously predatory—lender Ameriquest Mortgage, on whose board Gov. Deval Patrick once sat. Wells Fargo Bank subsequently acquired the loan and initiated the foreclosure process. But the notice filed with the Suffolk County Registry of Deeds spells out in more precise, if inscrutable, detail the investors who actually own the mortgage, on whose behalf Wells Fargo says it is acting: "The Certificate Holders Park Place Securities, Inc. Asset-Backed Pass-Through Certificates Series 2005-WCW1."

The subprime loan for the three-family house with fading blue shingles is one of millions that made their way to Wall Street, where they were packaged into bonds, called mortgage-backed securities, and sold to investors here and abroad. For a period of time in the middle part of the decade, there was a nearly insatiable appetite among investors for mortgage-backed securities, which paid healthy returns that seemed to come with virtually no risk during the go-go days of the real estate boom. It led to a frenzy of mortgage lending that, at its height, seemed to be governed by virtually no underwriting standards.

"This is a catastrophe of monumental proportions," says Elizabeth Warren of Harvard Law School, an expert on bankruptcy and family finance issues. "The business model was premised on selling high-priced mortgages to people who had low probability of repayment, and over time that was unsustainable."

Indeed, when thousands of borrowers started to fall behind on their payments and the run-up in housing prices ended, it all came crashing down. The impact of the shaky loans made to people like Helen Williams started to reverberate through the financial system in ways few could have imagined. It is a system, we now see, that was increasingly built on a something-for-nothing foundation, which infected the thinking of players at every level. The cascade of effects on stocks and credit markets has now brought the global economy to its knees and prompted the federal government to commit $700 billion to try to stabilize the financial system.

But it's in neighborhoods such as Williams's, a tough section of Dorchester off Geneva Avenue, or in parts of Lawrence, Brockton, and other urban centers, that the fallout in Massachusetts is hitting the hardest. "It tears the fabric of those areas apart," says Boston Mayor Thomas Menino.

Entire neighborhoods have been turned upside down by the foreclosure crisis, pockmarked by vacant houses that are attracting vandals, drug users, and the homeless. "Some days it feels like all of Wall Street was out to make money off little guys making $20,000 a year, and it's wreaking havoc on the city," says Tamar Kotelchuck of Lawrence CommunityWorks, a community development corporation in the Merrimack Valley city that has the highest foreclosure rate in the state (See Head Count, Page 25).

Communities are now trying to pick up the pieces. With the crisis far from over, the first goal is to stanch the bleeding and keep as many owners in their homes as possible. In the worst-hit areas—generally, poorer cities where local government always has more on its plate than it can handle—everyone from local health inspectors to police and fire officials are straining under the added burden of dealing with a whole set of problems brought on by hundreds of empty properties owned by far-away banks. Meanwhile, policymakers are grappling with a set of broader issues raised by the financial crisis, with growing calls for more oversight of a system where free-market thinking turned into an unregulated free-for-all.

'Some days it feels like all of Wall Street was out to make money off little guys, and it's wreaking havoc on the city.'

BACKWARD ACCOUNTING

A lot of things didn't add up about Helen Williams's refinancing loan. To begin with, when she finally looked at the copy of closing papers sent back to her after she signed them, she was shocked to see her monthly income listed as $7,500. That is $4,000 more than she actually brings in, including rental income from the two apartments in her house.

"If I made that kind of money, why would I refinance? I would have been sitting pretty," she says, noting that $7,500 a month would have been enough to cover all her repairs and clear her credit card bills. And though she was under the impression she was getting a fixed-rate loan ("I kept saying I want a conventional loan," says Williams), she ended up with an adjustable rate, starting at 6.25 percent, which has now jumped to "7.2-something."

"Everything on that application is wrong," she says. "The only thing that's true is my name and Social Security number."

Williams had already refinanced in 2003, drawing money out of a new $317,000 mortgage, plus she took out a separate $30,000 home equity loan to pay for new porches on the house and other repairs. While the new $395,000 loan, which folded both her existing loans into one, should have given her nearly $50,000 to cover the additional repairs and maintenance issues, her loan settlement papers list an astonishing $10,522 in closing costs, an amount that was simply rolled into her new mortgage. What's more, the mortgage originator, Jay Harris—"If that's his right name," says a now-chastened Williams—told her he earned no fee directly from Home Run Mortgage, so she obliged his request to sign over a check to him at the closing for $5,000.

In February 2007, after falling behind on her monthly mortgage payments of $2,400, and still facing some

$20,000 in credit card debt, Williams received her initial foreclosure notice. Four months later, she filed for bankruptcy. Although the bankruptcy court has worked out a payment plan for her credit card debt—she's paying $475 a month for five years—current law does not allow a court to order a modification of mortgage loans on primary residences. A bankruptcy filing does, however, trigger a temporary stay of foreclosure, which remains in effect until the lender voluntarily reaches a workout plan with the borrower or petitions the court to vacate the stay. The payments on Williams's adjustable rate loan have jumped to $3,000 a month, but she says she can only afford $2,000.

In September, Williams wrote to Countrywide Financial, yet another firm involved in the loan, this one acting as the "servicing" agent that collects payments, asking for a loan modification that would bring her payments down to this amount. This could involve extending the term of the loan to 40 years, lowering the interest rate, or reducing some of the principal. As of mid-December, she had received no reply.

It seems clear that Williams, a high school graduate unwise in the ways of personal finance, got in way over her head. "I made some mistakes," she says, seated at a table in her sparsely furnished living room with a pile of notices and documents related to her loan on the table in front of her. But doesn't as much—or perhaps even more—of the responsibility fall on the high-flying captains of Wall Street, who sanctioned the lending that has Helen Williams in deep trouble, the economy in shambles, and taxpayers now on the hook for billions in bailout money?

Mortgage originators quickly sold loans and were off the hook for subsequent defaults.

Until recently, mortgage lending was associated with dour bank officers who enforced tight underwriting standards. It was a "pokey, low-rate-of-return, but steady, profit area," says Warren. Banks were interested in making sound loans, because that's how they made money. They were wary of lending to those at high risk of defaulting, because that's how banks lost money. But that was in the day when most lending was done by traditional banks, which held and serviced most of the loans they made. That all changed with the growth of mortgage securitization, which packaged home loans into investment vehicles. Mortgage originators quickly sold loans and were off the hook for any subsequent default. And even those who acquired the loans on the secondary market and packaged them into bonds had no stake in their repayment once they were sold to investors.

Subprime loans became particularly profitable for investors during the real estate boom. These loans had high interest rates—and, consequently, high rates of return to investors—because the borrowers were deemed at greater risk of default, often those with marginal income or credit scores. The looming default risk from subprime loans was even further magnified, however, because some of the lending was done not simply with looser underwriting standards, but with virtually no standards at all.

That's certainly what seemed to happen with Helen Williams and her refinancing loan from Home Run Mortgage. Virginia Pratt, a foreclosure prevention counselor at the Jamaica Plain housing nonprofit ESAC, says during the height of subprime lending mortgage originators often pushed loans to the limits of what they thought an appraiser would allow, and then calculated the amount of income for a borrower that should be listed on the application to qualify for the loan. "They would do it backwards, in other words," says Pratt.

Says Warren, "The lender—the one who was supposed to say, 'I need to see that you can repay this before I lend you the money'—that part of the equation just dropped out. It was just gone."

House prices stopped rising and began to fall in late 2005 and early 2006, and things started to unravel quickly. Until then, investors only saw the upside to the high-paying bonds from securitized subprime loans. In a rising market, people getting hit with big upticks in adjustable rate mortgages could refinance into a fixed-rate loan. If they simply couldn't handle the mortgage, fixed rate or otherwise, they could always just sell their home, walking off with the gain from recent home-price appreciation as a consolation.

With values suddenly falling, however, owners couldn't refinance loans that were now for amounts greater than the value of their homes. And they lost what used to be the fail-safe option of selling their house, since they would have to pay money, instead of receiving some to get out of their mortgage.

"It could go on as long as house prices were rising," says Warren. "If you notice that it looks like a Ponzi scheme, you'd be right."

MASS. IMPACT

As of mid-December, one in seven US homeowners was "underwater," with a mortgage balance greater than the value of their house. Although subprime loans make up 11 percent of all US mortgages, they account for 52 percent of the foreclosures that are taking place, according to the financial services firm Credit Suisse. More than 3.2 million American households have lost their homes to foreclosure since 2006, with Credit Suisse estimating that as many as 8 million more will meet that fate over the next four years.

Massachusetts has been spared the worst of the foreclosure epidemic, which has particularly ravaged areas that some have dubbed the "sand states": Nevada, Florida, Arizona, and California. In national news stories, the picture of the crisis is often of a recently built subdivision of modest tract homes that has been turned into a virtual ghost town as scores of new homeowners go under. Massachusetts, which has far less new development, is in the middle of the pack nationally, ranking 28th in the rate of foreclosures, with one foreclosure for every 1,1,93 housing units during the month of November.

"The fact that we don't have all that massive housing development to some extent has saved us from some of the excesses of this housing bubble and foreclosures," says Jim Campen, an emeritus UMass–Boston economics professor who studies Massachusetts lending patterns. "It made the foreclosure problem more concentrated here, and made middle-class neighborhoods hit much less hard.

In Lawrence, one of every 16 properties has been foreclosed since the start of 2006.

More of the story here lies in the targeted, predatory lending areas."

In other words, it is urban neighborhoods like Williams's, many of them with high minority populations, that are being hit hardest by foreclosures in Massachusetts. Last year, 15 communities accounted for half of all foreclosures in Massachusetts through the end of November, the most recent month for which figures were available at deadline. The number of foreclosures in the state has soared since the middle of the decade, going from 3,130 in 2006 to 7,653 in 2007 and 11,486 through the first 11 months of last year.

While Boston, Springfield, Worcester, and Brockton are the top four cities in terms of number of foreclosures, Lawrence has the unenviable distinction of claiming the highest foreclosure rate in the state, with 40.4 foreclosures per 1,000 residential properties for the first 11 months of last year. One of every 16 properties in the city has been foreclosed on since the start of 2006.

"I always say, if you want to know the health of the country, take the temperature of the cities," says Michael Sweeney, the city's planning director. Lawrence, with upwards of 500 vacant properties and hundreds more somewhere in the foreclosure process, is spiking a fever.

These days, Sweeney doubles as the city's czar of foreclosure mitigation. Twice a month, he chairs a foreclosure task force in which police, fire officials, and representatives of other city departments gather to share information about the foreclosure problem in Lawrence. Just keeping tabs on who's responsible for empty houses is practically a full-time job. Early last year, the city passed an ordinance requiring banks to register any vacant property they now own with the city and have an authorized representative available within 25 miles of Lawrence. That has helped, but it doesn't change the reality of block after block of empty dwellings, especially in the Arlington and Lower Tower Hill neighborhoods on the city's north side, where the foreclosure problem is most acute.

All those empty buildings have become tempting prey. "Residential burglaries have skyrocketed," says Lawrence police chief John Romero. The city had recorded 470 burglaries last year as of early December, compared with 337 for all of 2007.

Last spring, the state announced a revolving loan fund of $22 million for nonprofit groups to acquire foreclosed properties, do repair work, and sell them to new owners. Lawrence CommunityWorks, the local nonprofit developer, has acquired five properties so far and has offers out on 10 more, says Tamar Kotelchuck, a project manager at the agency. But given the huge inventory of bank-owned properties, she worries that they are outmatched by other buyers who may have less of a stake in stabilizing the city's neighborhoods.

"There are a whole lot of investors buying up properties in Lawrence right now," she says. "Some of them are good and we know them. But it's also clear that the slumlords that have been making money off the city for a long time are buying up properties now, and that makes us tremendously nervous."

For the compact city of 70,000, which has been an immigrant gateway to the American dream for more than a century, the foreclosure crisis has been a devastating setback to revitalization efforts that were beginning to bear fruit. "This is a city that was recovering," says Kotelchuck. "It had been struggling for a long time. But people were newly interested in investing in Lawrence again. And it's going to take 10 years to get back to that place."

In Boston, the city response to a Dorchester neighborhood with the city's highest concentration of foreclosures was to buy four dilapidated, bank-owned, three-family houses on a single street and sell them to a local developer committed to rehabbing them. It is an effort to reverse what had become a downward spiral on Hendry Street, where abandoned cars and crime are a plague on those trying to maintain a semblance of order in the neighborhood.

Mayor Menino says the first victims of the foreclosure crisis are those who got taken by irresponsible lenders and lost their homes. "The second part is people who are living in those areas who are paying their mortgages," he says. "They're getting taken too."

The Center for Responsible Lending, a national research and advocacy organization, projects that more than 1 million Massachusetts homeowners will lose a combined total of $7.9 billion in home equity as a result of house value decreases attributable to their proximity to foreclosed properties that were financed with subprime loans. Nationally, the center estimates 40.6 million homes will lose an average of $8,667 each in value due to nearby subprime foreclosures.

In Brockton, Louis Tartaglia, the longtime executive director of the municipal board of health, frets about the 500 to 600 vacant homes in the city—and the scores of multifamily homes that are now owned by banks, but are still occupied. "Once that bank takes the property over, they own the tenants that are there," he says. Though the banks assume all the legal obligations of a landlord, they aren't always meeting their duty. "We've started to get complaints—no heat, no hot water. And it's going to get worse when the pipes start freezing," says Tartaglia.

Vacant houses, many of which were already in rough shape at the time of foreclosure, are getting hollowed out by thieves who operate like vultures picking at the bones of a carcass. "They're getting stripped of copper pipes or of any kind of metal that's valuable," says Tartaglia. Meanwhile, homeless people are setting up camp in some properties, setting fires in the bathtubs to stay warm.

Tartaglia has a staff of four housing inspectors who try to stay on top of things. A fifth divides his duties between housing inspections and restaurants. He says 80 percent of the staff's time is now spent on foreclosed properties. His one code enforcement officer spends virtually all of his time checking on the safety of bank-owned properties. At a time when he could use more help, not less, Tartaglia lost one code enforcement officer and a secretary last year to budget cuts. Looking to the grim financial year ahead for the state, which Brockton relies on for close to half of its annual budget, he says, "It's not likely they're going to be throwing confetti our way."

In Brockton, vacant houses attract copper thieves and homeless people seeking warmth.

A Quincy–based nonprofit, Neighborhood Housing Services, set up an office in Brockton early last year to deal with homeowners facing foreclosure. Until then, the mayor's office was often the stop of last resort for distressed residents. Bob Martin, the city's human services director, says he and his staff began referring to a small conference room off the mayor's office as "the crying room." It's where they would lead homeowners "as we were trying to figure out what we could do," he says.

(NOT SO) NICHE MARKETING

While huge national lenders and Wall Street executives ultimately called the shots that drove the subprime lending crisis, someone had to sell the loans at the ground level that everything was built on.

"What happened, to be quite frank, is a lot of people were taken advantage of by people in their own community," says Brockton Mayor James Harrington. Adding a particularly unseemly dimension to the foreclosure crisis, the vast subprime enterprise that paid off so handsomely for top finance executives counted on foot soldiers who looked like, and could therefore win the easy trust of, borrowers to close the deals.

Manny Goncalves saw this play out in ways that make him shudder. A respected figure in Brockton's large Cape Verdean community, Goncalves has run his real estate broker's office on Main Street for 21 years. He says he turned away lots of would-be homebuyers in recent years because they simply didn't have the assets or income to handle the purchase. "I've lost clients because I told them the truth," says the 64-year-old Goncalves.

He says there were plenty of other Cape Verdean brokers, however, who were willing to step in: "A lot of people got misinformation from their own people. Taken advantage. 'Sign here, sign here, I'm trying to get you your dream house.'"

On Corona Street in Dorchester, Helen Williams tells of similar misplaced faith. "I put my trust in someone," she says. "When you're African-American and you get a broker who's black, you think he's going to help you. That's the honest truth. You think your own people are going to help you."

Joaquim Deandrade and Maria Dos Santos, with their daughter Bendily (at left), are the type of residents Brockton leaders are counting on to help stabilize the city.

In Brockton, like other hard-hit communities across the state, part of the mop-up involves getting new owners into foreclosed homes to stabilize neighborhoods. Helping with that will be $54.8 million in federal funds that Massachusetts is receiving as part of an aid package approved last summer by Congress to deal with the foreclosure crisis. The Bay State cities with the most foreclosures—Boston, Worcester, Springfield, and Brockton—are getting direct appropriations of $2 million to $4 million each (Brockton will get $2.1 million.) State housing officials will distribute the remaining pool of $43.4 million to a broader set of affected communities. Brockton plans to use the money to acquire foreclosed houses, rehab them, and assist buyers willing to take on the properties. Some buildings that are too far gone may need to be razed.

The subprime enterprise relied on foot soldiers who looked like, and could win the trust of, low-income and minority clients.

Brockton didn't wait for the federal help, though. Last April, a group of seven banks and credit unions—the local "bricks and mortar" lenders that did little or no subprime lending—committed $35 million to make fixed-rate loans at about one-quarter point below prevailing interest rates to moderate-income buyers of foreclosed homes. The program will loan up to the full sale price of a house, but it will require solid income documentation and credit scores. Bill Eastty, vice president of Crescent Credit Union, one of the participating lenders, describes the target market in terms that would have been unnecessary five years ago. "We're making mortgages to sustainable homeowners," he says.

Joaquim Deandrade and Maria Dos Santos are the sort of residents Brockton leaders are counting on to help stabilize a city that has been hit by more than 1,000 foreclosures since 2006. The Cape Verdean immigrant couple and their daughter, Bendily, 16, had been renting a two-bedroom apartment and saving for a house. Three years ago, they thought of buying, but were nervous about being able to handle the mortgage on a decent, single-family home in Brockton, with such houses going for more than $300,000 at the time. "Who wants to buy something and then later on, trouble is coming and you lose it," says Deandrade, 38, a manager for a Marshfield auto parts distributor.

In June, working through the bank-sponsored "Buy Brockton" program, they closed on a handsome, four-bedroom colonial on Riverview Street for $200,000. The house sold for $309,000 just three years earlier to buyers who lost it to foreclosure in March of last year. Sitting in the living room of his new home with his wife, who manages a local Dunkin' Donuts outlet, and daughter, Deandrade says the market plunge and rash of foreclosures have been a gift to his family's finances and their quest to own their own home. But he's mindful that his new home was someone else's dream that slipped away. "Some people win," he says. "But on the other side, some people lost. You think about that a lot."

REWRITING THE RULES

To help those who haven't yet lost their homes, some say it's time for lenders to assume more responsibility for what has happened. Steve Meacham, a community organizer with the Boston housing advocacy group City Life, says lenders should write down loans to current home values for borrowers in danger of foreclosure. That could be an amount considerably less than the outstanding mortgage, but it is as much as banks will be able to make if they foreclose on a house and then sell it in today's market, Meacham says. What's more, he argues, because of their reckless appetite for shaky subprime loans, lenders bear lots of responsibility for driving home values to the unsustainable levels seen at the top of the market, when prices had risen nationally by more than 80 percent from late-1990s levels.

"People think of all these exotic loan products as chasing the rapidly rising values," Meacham says of the idea that banks stretched their lending standards to accommodate borrower demand. He says it's the other way around, that banks developed and marketed risky loan products to some of the lowest-income homeowners and homebuyers to satisfy investor demand. "They created the rapidly rising values," he says.

Now agreeing with the left-leaning activist is no less than the man most responsible for the no-holds-barred, free-market policies of the last 20 years. "The big demand was not so much on the part of borrowers as it was on the part of the suppliers who were giving loans which really most people couldn't afford," former Federal Reserve chairman Alan Greenspan told *Newsweek* 15 months ago. "We created something which was unsustainable. And it eventually broke. If it weren't for securitzation, the subprime loan market would have been very significantly less than it is in size."

Some of the finger pointing has also been directed at Fannie Mae and Freddie Mac, the two huge quasi-governmental finance companies that were also investing heavily at one time in subprime securities (see Washington Notebook, Page 27). But the two firms, whose massive losses led to government takeover last September, were more guilty of trying to keep pace with the Wall Street appetite for risky loans than of driving the whole scheme.

Efforts in Massachusetts to get lenders to write down loans voluntarily have not produced big results. Meanwhile, in December, the US comptroller of the currency reported that more than half of all delinquent borrowers nationwide who did get loans modified in recent months had already fallen behind on their new payment plan. But it is unclear whether the report demonstrates that many troubled borrowers are not suited to handle homeownership under any terms or whether loans aren't being modified in ways that actually make it possible for borrowers to keep up. Some modifications fold delinquent payments into new monthly payments that are actually larger than the original ones.

Harvard's Elizabeth Warren is chairing the congressional oversight panel that is monitoring the government's distribution of the $700 billion bailout fund. The panel's first report, issued in December, asks why the Treasury Department has not mandated that lenders receiving bailout money also adopt foreclosure mitigation measures for homeowners, such as the model imposed by the Federal Deposit Insurance Corporation when it took over IndyMac Bank. FDIC is modifying former IndyMac loans so that payments are not more than 38 percent of a borrower's income, which is the sort of standard that once governed home lending in the first place. To create incentives for lenders to modify loans, Congress is also weighing an amendment to federal bankruptcy law to allow bankruptcy judges to write down a portion of the mortgage.

Reforms are needed to minimize the chances of a meltdown repeating itself in the future.

Apart from anything done to help those currently facing possible foreclosure, however, what's needed are reforms to minimize the chances of a meltdown like this repeating itself in the future. Just as we have a Food and Drug Administration to ensure food and drug safety and a commission to ensure safety of household products, Warren says we should create a Financial Product Safety Commission with broad oversight of consumer finance issues. "It's not possible to sell a toaster in America that has the same one in five chance of exploding, but it's perfectly legal to sell a mortgage that has a one in five chance of ending in foreclosure," Warren says. Sen. Richard Durbin of Illinois has introduced legislation to establish such a commission; Massachusetts Rep. William Delahunt is the lead House sponsor.

"We really turned buying a house into yet another asset class, like a stock or a bond or a commodity," says Nicole Gelinas, a finance expert at the Manhattan Institute, a free-market-oriented think tank in New York. The problem, she says, is that we haven't regulated it as such: "You can't open a brokerage account and borrow 100 percent of the stock. If you are a middle-class person you can't put money in a hedge fund. It should have been the same thing with these exotic mortgage products."

Above all else, there needs to be a basic level of soundness to a home loan based on a borrower's financial standing and ability to handle the terms of the mortgage. In 2007, federal regulators raised the possibility of requir-

Helen Williams says those who profited off loans like hers "should go to jail."

ing that lenders ensure that borrowers can meet the highest-cost terms of adjustable rate mortgages after any initial lower rates expire. Countrywide Financial, one of the most aggressive subprime lenders in the middle of the decade, conceded that 70 percent of its recent borrowers would not meet such a standard.

That lenders must be ordered to make sure borrowers can repay a loan seems to turn underwriting on its head. But that's a sign of just how broken the market became, with the usual alignment of incentives that guards against imprudent lending thrown completely out of kilter.

In Massachusetts, Attorney General Martha Coakley has sought to block foreclosures by invoking a similar standard under the state's Consumer Protection Law. Last February, a Suffolk Superior Court judge granted an injunction sought by Coakley's office that bars subprime lender Fremont Investment & Loan from foreclosing on Massachusetts homeowners. The ruling, which the state Supreme Judicial Court unanimously upheld in December, ordered the lender to work with the attorney general's office and modify any loans shown to be unfair and deceptive. The case alleges that Fremont made adjustable rate loans that borrowers would be unable to repay once resets kicked in and failed to document borrowers' income. "It sends a

Wall Street firms are washing their hands of any wrongdoing that occurred upstream.

message that, going forward, the behavior around loan origination is going to be scrutinized very carefully," says Coakley.

A further avenue being pursued to bring some accountability to the chaotic hand-off of loans is to make owners of mortgages, even if they did not originate them, responsible for any violations of predatory lending laws or other improprieties that may have occurred in granting the loans. Imposing such "assignee liability" in mortgage lending is part of an anti-predatory lending bill sponsored by Sen. Christopher Dodd of Connecticut. Massachusetts Rep. Barney Frank, who has been a key player in addressing the fiscal crisis as chairman of the House Financial Services Committee, has said this reform will be a priority for Congress in the new year. Currently, Wall Street investment firms that have acquired loans can wash their hands of any wrongdoing that occurred upstream.

For all her admitted naïveté about the world of finance and lending, Helen Williams, who saw the questionable mortgage for her Dorchester home sold and resold on its way up the Wall Street food chain, adds a needed moral compass to the logic of such a reform. "When you buy stolen goods, you're just as guilty," she says.

Williams has plenty of anger for the young man she put her trust in who walked her into the loan that could drive her out of her house. She has similar feelings for those at the top of the whole system, who profited so richly off loans like hers and now have their hands out to Washington for a bailout. "They should go to jail," she says. Vengeance, though, is not the first thing on her mind. "But if they go to jail, would that help me save my home?" she asks. "That's the only thing I want, to save my home." CW

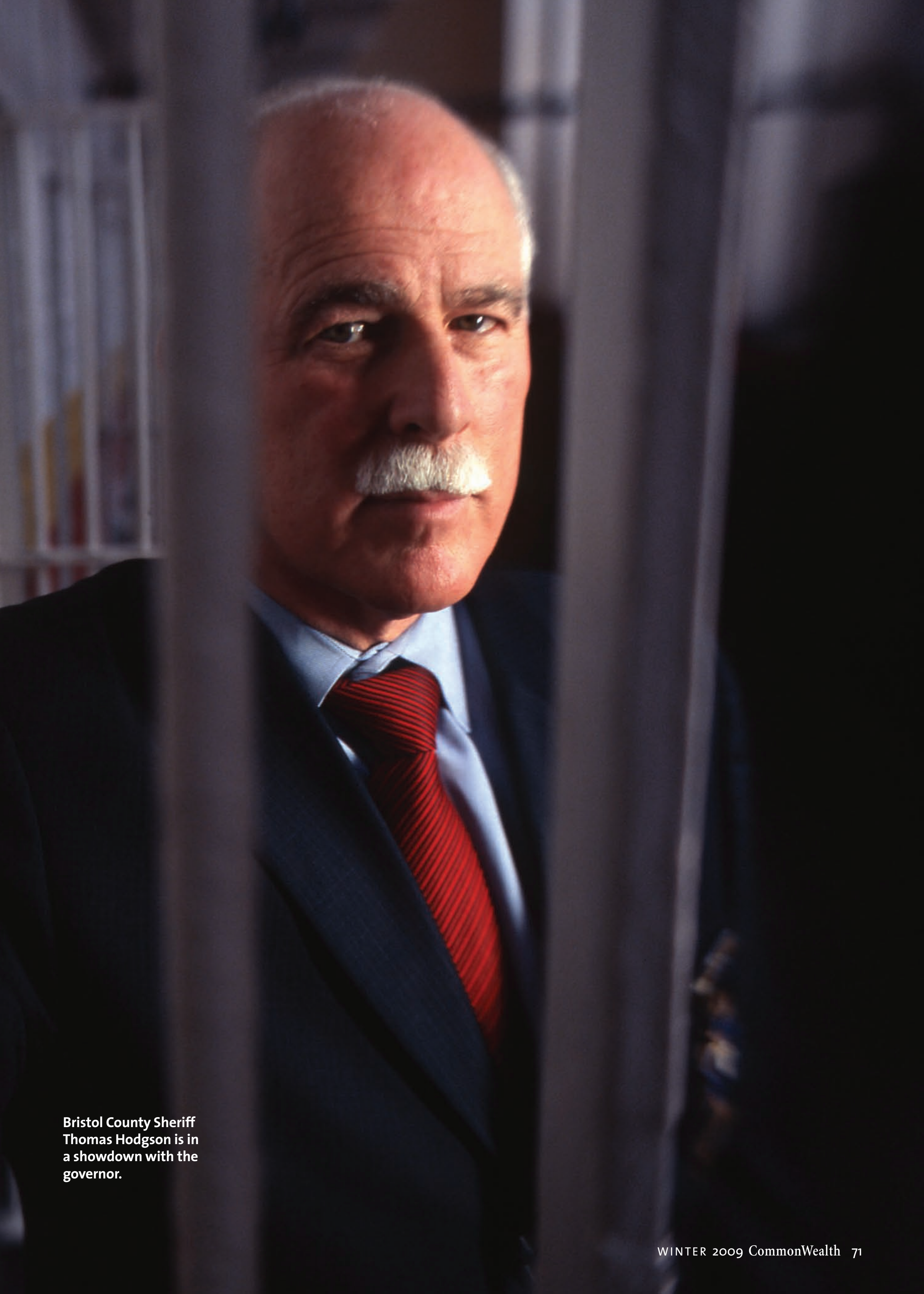
The maverick

Patrick pushes for a state takeover of county jails, but at least one sheriff isn't giving up his turf so easily

BY BRUCE MOHL
PHOTOGRAPHS BY MARK OSTOW

Bristol County Sheriff Thomas Hodgson is headed for a high-noon showdown with Gov. Deval Patrick. The Patrick administration is trying to rein in Hodgson and the state's other elected sheriffs in an effort to consolidate control over an overcrowded state and county corrections system that oversees more than 25,000 inmates and has a combined budget of $1 billion. Patrick wants more coordination between the officials who run state prisons and the sheriffs, who run county jails and houses of correction. And his aides want the sheriffs to stop dabbling in law enforcement and start taking a more prominent role in preparing inmates for life outside prison.

Hodgson, a tough-talking Republican with an entrepreneurial flair, wants no part of Patrick's consolidation effort. He says it makes no sense to turn sheriffs into an appendage of the stifling state bureaucracy.



Bristol County Sheriff Thomas Hodgson is in a showdown with the governor.

A cell at the Ash Street Jail in New Bedford.

"They're trying to redefine the mission of the sheriff," Hodgson says outside the governor's office after a meeting in November. "This whole homogenizing of things is not in the best interest of taxpayers."

The showdown, when it comes, will be in the Legislature and will revolve around money. The governor's aides are playing financial hardball with Hodgson and a handful of other sheriffs, threatening to cut off all state aid unless they take off their cowboy hats and become team players.

"We'll fund the sheriffs adequately, as long as everyone comes into the fold with the same terms and obligations," says Kevin Burke, the governor's secretary of public safety. "We are all part of the whole. Sheriffs and state corrections have got to work together to be efficient."

Most of the county sheriffs say they will come into the fold, in part because they have little choice. "We have one foot in bankruptcy and the other on a banana peel," says Plymouth County Sheriff Joseph McDonald Jr., a Republican who is facing a $10 million deficit this year. Norfolk County Sheriff Michael Bellotti, a Democrat who is facing a $6 million deficit, says there's nothing wrong with working cooperatively with the state on corrections issues. "I don't see any bogeyman in the details," he says.

Suffolk County Sheriff Andrea Cabral, a Democrat, is grappling with a $25 million deficit. She says the sheriffs need more secure state funding, but she is waiting to see the details of any legislation that emerges before taking a stand.

Hodgson, facing a $6 million shortfall, is openly defiant. He calls the Patrick administration's budgetary brinkmanship an idle threat because it will only lead to a public safety crisis. He says the consolidation of state control over county corrections is bad public policy that will result in waste and inefficiency.

"They aren't looking at this from a public policy perspective," says Hodgson on a telephone call from Washington, where he was holding meetings with Homeland Security officials and the Portuguese ambassador to the United States. "They're saying, 'How can we gobble up more control and money to take care of our state problems?'"

Most county sheriffs say they will 'come into the fold' because they have little choice.

CONSTANT BUDGET SHORTFALLS

The state's 14 sheriffs may not be well known outside their counties, but they are politically powerful. Elected to six-year terms, they collectively employ several thousand workers, oversee more than 14,000 prisoners, and control a combined budget of $556 million. Their primary job is to lock up people from their counties who are awaiting trial or who have been sentenced to jail terms of less than two-and-a-half years.

Seven of the sheriffs—those in Berkshire, Essex,

Ash Street Jail was built when John Quincy Adams was president.

Franklin, Hampden, Hampshire, Middlesex, and Worcester counties—are already financial wards of the state. They stopped being county operations in the late 1990s, after Middlesex County went into bankruptcy. Like district attorneys, they are elected officials who seek funding from the Legislature every year. Their employees work for the state and participate in the state's health plan and pension system.

The seven remaining sheriffs—those in Barnstable, Bristol, Dukes, Nantucket, Norfolk, Plymouth, and Suffolk Dukes counties—are part of what's left of county government, relying on a hodgepodge of funding from the state, assessments on municipalities in each county, and excise taxes collected on county real estate transactions. All the funding is thrown into a pot and then appropriated by the County Government Finance Review Board, a Beacon Hill entity that includes officials from the administration, the Revenue Department, and the state auditor's office.

The last few years have been rocky ones financially for the county sheriffs. With the real estate market tanking, and state and county appropriations failing to keep pace, sheriffs have been facing budget shortfalls year after year. Last year, Norfolk County Sheriff Bellotti said several vendors stopped making deliveries to him because of his inability to pay bills. He had to borrow supplies, including toilet paper, from better-off sheriffs. All of the county sheriffs have been relying on late-in-the-year supplemental appropriations from the state to make ends meet.

Leslie Kirwan, the governor's secretary of administration and finance, says the best way to stabilize the county sheriffs financially is to make them state sheriffs, giving each of them their own line item in the budget and transferring their employees to the state payroll. Her plan would disband the County Government Finance Review Board and transfer the revenue it receives from the deeds excise tax to the state's general fund. Municipalities would no longer have to financially support their county sheriffs, saving them about $10 million, she says.

The approach would allow state officials to monitor sheriff spending more closely, since all expenditures would show up on the state's computer system. It would also put all 14 sheriffs on the same financial footing. Kirwan said Patrick has been clear about that: "He doesn't want to have a hybrid situation," she says.

Kirwan thought she had the county sheriffs' support for a conversion bill last year, but it died, causing some hard feelings. The Patrick administration is now working with the sheriffs on a new version of that bill, but Kirwan's patience is running thin. If a bill doesn't pass this year, she says, the Patrick administration will seek to cut off all state funding to the county sheriffs. With the exception of Dukes County, which has no jail and relies entirely on local funds, state aid currently accounts for about two-thirds of each county sheriff's budget.

Most of the county sheriffs are pledging to cooperate, but they insist that their budget problems are largely of the state's own making. They say the state constantly underfunds them, and then when it bails them out at the end of the year, it doesn't roll that money into the following year's appropriation. "Every year it's back to the future," says one sheriff's aide.

Hodgson has actually seen his state aid decline over the years. In fiscal 2001, his state aid amounted to $37.4 million. This year it's down to $30.1 million, a drop of nearly 20 percent, even though his inmate population has increased more than 40 percent over that period.

"It's all about control," Hodgson says of the administration's budget maneuvering. He says he and the other county sheriffs have asked why they can't get a line item in the state budget while remaining county sheriffs. He quotes Kirwan's general counsel, David Sullivan, as saying: "If we're going to give you the money, we want more control."

Holding federal inmates, mostly illegal immigrants, has become the 'cocaine of county corrections.'

RENTING BEDS TO THE FEDS

Seven sheriffs moonlight as federal innkeepers, renting space in their jails and prisons to the federal government. It started as a way to fill a few empty beds and bring in some extra cash, but it has mushroomed into a booming $33 million side business. The sheriffs were holding 1,200 federal inmates in November, two-thirds of them people who have been swept up in the federal government's crackdown on illegal immigration.

"It's the crack cocaine of county corrections," says Sheriff James DiPaolo of Middlesex County, a Democrat whose space constraints have prevented him from holding illegal immigrants. "It's quick money and it can be addictive."

It is also controversial. State and county correctional facilities in Massachusetts are already overcrowded, yet many sheriffs are adding to the problem by squeezing federal detainees into their facilities. State officials grumble that some sheriffs then complain about overcrowding and ask the state for more money.

Immigration detainees can spend months or years in custody awaiting deportation or fighting to stay in the country. Most of the immigration detainees haven't committed a crime, but five sheriffs lock them up with people who have been charged with or convicted of crimes.

In a report issued in December, the American Civil Liberties Union of Massachusetts said federal immigration detainees are being crammed into sheriff cells, receiving inadequate medical care, and being deprived of their civil rights. The ACLU said the federal Immigration and Customs Enforcement agency is failing to supervise local sheriffs properly.

The sheriffs deny that immigration detainees are being treated poorly, but they make no secret of the reason they are holding them. "I need the money," says Norfolk County Sheriff Bellotti, who earned $2 million last year holding illegal immigrants. His facilities are operating at 194 percent of design capacity, according to figures compiled by the state Department of Correction.

Frank Cousins, the Republican sheriff of Essex County, whose facilities are operating at 255 percent of capacity, says he uses his $2 million in federal revenues to pay the cost of utilities. Plymouth County Sheriff McDonald, who made $15.6 million last year holding federal prisoners and illegal immigrants for the federal government, says he is aggressively marketing his facility to land more federal business.

Hodgson is perhaps the most aggressive innkeeper of all. When he first became sheriff in the late 1990s, he closed a gym set aside for inmate exercise, giving the bleachers to a nearby community and the scoreboard to a boys and girls club. He then converted the gym into a makeshift jail for illegal immigrants detained by the federal government, eventually turning enough profit on that operation to build a separate facility that he essentially leases to the feds. His federal business brought in $6 million last year but he says it cost only $3 million to run, leaving an operating profit of $3 million that was used to pay for other sheriff operations.

The sheriffs dabble in law enforcement as well. The Barnstable and Plymouth County sheriffs, for example, do all of the crime scene investigations for their local communities. Many sheriffs run emergency dispatch systems and regional lockups and deploy K-9 units, mobile command centers, and even mounted patrol units. Middlesex Sheriff DiPaolo staffs a marine unit, complete with a boat paid for with a federal grant.

Plymouth County Sheriff McDonald says the law enforcement initiatives of sheriffs are a form of county regionalization, a top priority of the Patrick administration. He says sheriffs help relieve the financial burden of cities and towns. "Cutting funding for county sheriffs is cutting local aid," he says.

But some sheriff spending has attracted criticism. Hodgson, for example, recently proposed a contract with his corrections officers featuring a 5 percent wage increase for each of the next three years. He said the increase was warranted because his officers earn less than any others in Massachusetts, but state officials, who must give approval for contract offerings, rejected it as excessive. "To put out 'fives' in an environment like this, when people are struggling just to hang on to their jobs," Kirwan says, shaking her head. "For one, it's unaffordable. Two, it's inappropriate."

Kirwan and her legal counsel also say Hodgson's relentless appeals of a court judgment were a waste of money. In 2001, Hodgson was sued by five corrections officers who claimed the sheriff suspended them in retaliation for their union activities; he claimed they violated work rules by engaging in non-corrections activities on the job. He says two of the officers left a jail door open, putting everyone in the facility at risk.

A US District Court judge ruled against Hodgson, ordering him to pay the officers nearly $18,000 in back pay, plus their legal expenses. Hodgson appealed to the US Court of Appeals, where he lost again. Hodgson then appealed to the US Supreme Court, which refused to hear the case last month. In all, the sheriff spent more than $500,000 on legal fees and owes the corrections officers and their attorneys another $300,000.

"This is not about me being stubborn," Hodgson says. "I have to look at the ramifications for the future if we can't invoke our own work rules."

But Kirwan calls Hodgson's appeal "frivolous." Philip Beauregard, the attorney representing the corrections officers, says the lawsuit exemplifies the free-spending ways of sheriffs. "By any standard, it is outrageous and absurd, but he gets away with it," he says.

BULGING AT THE SEAMS

At an early November meeting with the governor, several sheriffs said Patrick assured them he had no "grand scheme" to bring them under the control of the state Department of Correction, but he was looking for operating efficiencies.

What he meant by "efficiencies" is unclear, but there have been some hints. A consultant hired by the state to review long-range capital needs for corrections asked for feedback from the sheriffs on a proposal to have state prison facilities expand their clientele to include inmates with sentences longer than a year, instead of longer than two-and-a-half years. The flipside to that recommendation was a proposal to have most state inmates transferred to sheriff facilities within 12 to 18 months of their release to prepare them for community re-entry. To free up jail space at the county level, the consultant suggested that sheriffs get rid of their federal inmates and immigration detainees.

The consultant's report is not completed yet, but the queries to the sheriffs offer some clues on what correc-

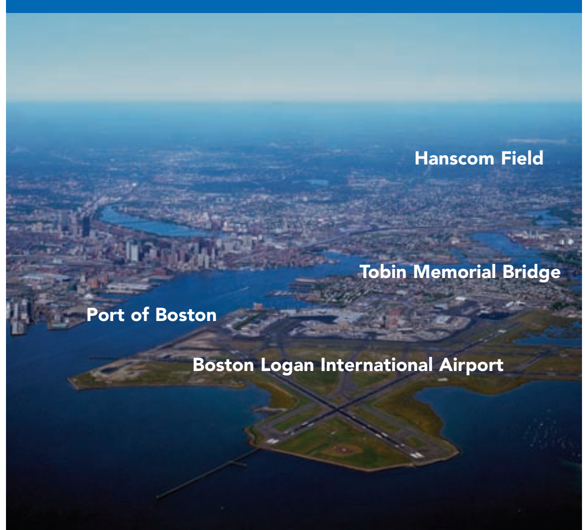
Gov. Deval Patrick and Leslie Kirwan, the state's secretary of administration and finance.

tions consolidation might look like. State officials say they want the Department of Correction and the sheriffs to work as a team to address two of the corrections system's major problems: overcrowding and recidivism.

Prisons in Massachusetts are bulging at the seams. State officials say their facilities, built to hold 7,900 inmates, were operating at 144 percent of capacity during the third quarter of 2008, holding 11,400 prisoners. Facilities run by sheriffs, designed for 8,700 prisoners, were operating at 161 percent of capacity, holding nearly 14,000 during the same time period.

Some facilities are more of a problem than others. The state's maximum security prison in Shirley, which holds inmates that pose a serious threat to themselves, other inmates, or staff, is preparing to add a second prisoner in each cell. But union officials who represent corrections officers say double-bunking will lead to increased violence.

The state's Framingham facilities for women are also badly overcrowded, in part because most sheriffs don't have jail space for women. The state prison for women in Framingham was designed to hold 388 inmates, but it held an average of 479 women during the third quarter. The Framingham unit where women are held while they



PHOTOGRAPH BY GEORGE RIZER/BOSTON GLOBE/LANDOV await trial is the most overcrowded corrections facility in the state. It was designed to hold 64 women but held nearly four times that number on average during the third quarter. (To reduce overcrowding there, the consultant hired by the state suggested sheriffs hold most women awaiting trial at their facilities.)

The state's prison overcrowding problem is accentuated by a 40 percent recidivism rate, which means four of every 10 released inmates end up back in prison within three years.

Harold Clarke, the state's corrections commissioner, says inmates who leave prison the same way they come in are far more likely to return. He wants the state to spend far more money preparing inmates for reintegration into society by addressing their literacy, vocational training, medical, and drug addiction "deficits."

"This is not coddling offenders," he says. "This is the best public safety we can do."

Clarke also wants to "step down" inmates nearing release to facilities run by sheriffs, who would oversee the prisoner's return to society. Clarke is running a pilot step-down project now with Hampden County Sheriff Michael Ashe Jr., but mandatory sentences and prison rules limit how many inmates can participate and what they can do. Only three inmates are currently participating.

Jay Ashe, the sheriff's brother and the Hampden County jail superintendent, says he favors legislation that would give corrections officials more flexibility in reintegrating prisoners into local communities as their sentences come to an end. Some prisoners, he says, should work during the day and stay at a pre-release center overnight. Other prisoners could work and live in the community and check in with prison officials on a daily basis. "It's not being soft on crime," he says. "The worst thing we can do is open the jail door and just let them out."

Reaction from sheriffs has been mixed. Many are enthusiastic about the step-down proposal but nervous about being held responsible for an inmate who goes missing while on a program outside the prison. Hodgson says he is opposed to releasing inmates unsupervised into the community. He says they often return with drugs that they sell to other inmates. "I'm not interested in work release," he says.

'CLOSE TO THE END' FOR NORFOLK COUNTY?

Gov. Patrick consolidated control over the state's educational establishment, and now he's trying to do the same thing with transportation. Corrections may be next on his list, but administration officials are talking only in general terms about it at this point.

From a policy standpoint, the administration is beginning to argue that better top-to-bottom coordination of corrections will reduce overcrowding and, possibly, recidivism. But officials haven't yet identified any significant savings that would result, an argument that would carry significant weight in the current economic environment.

Politically, county corrections is a minefield. The governor is dealing with 14 elected officials, and each one defines his or her job differently. They also wield considerable power in the Legislature, and most county officials will probably oppose any attempt to transfer a county sheriff's operation to the state payroll.

Francis O'Brien, chairman of the Norfolk County commissioners, says the loss of Sheriff Bellotti's operation to the state would remove roughly 400 of the county's 520 employees and leave the remaining operations—an engineering department, a golf course, an agricultural school, the Registry of Deeds, and particularly the county's pension system—in a precarious situation. "It will be close to the end if we lose the sheriff," he says.

Sen. James Timilty, who represents Bristol County and is the Senate chairman of the Committee on Public Safety and Homeland Security, is a huge fan of Sheriff Hodgson ("He's one of the closest things to a private sector entity in government") and a skeptic when it comes to giving the state more control over the sheriffs.

"There's a lot of people who don't like county government because of the historical problems with it, but that's largely gone," he says. "This is not the time to kill regional government. In fact, it's the time to look at it as the regional answer."

Among the county sheriffs, most are so desperate for money that they will jump at the chance to get a line item in the state budget. The exceptions are Hodgson, Nantucket County Sheriff Richard Bretschneider (who doesn't run a jail and receives almost no state money), and possibly Suffolk County Sheriff Cabral.

Plymouth County Sheriff McDonald says the pressure he is feeling is enormous. "The bottom line message is: You're coming over to the state willingly or we're going to bankrupt you and take you over," he says. He hopes acceptable legislation passes soon, but he says everyone is jittery. "It takes many people to pass legislation, but only one to derail it." CW

Back in the game

Harvard's Allan Goroll says that primary care physicians should become the 'quarterbacks' of the health care system.

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Primary care doctors are like speed daters. They rush from one patient to another, trying to glean a person's health status from a brief physical exam and a short chat. The job isn't easy and, as many primary care doctors will tell you, not very satisfying.

These doctors are compensated in large part based on how many patients they see, so it's not uncommon for one to care for several thousand patients and see 20 to 30 of them a day. Despite all the stress and responsibility, the $150,000-to-$190,000 range for the average salary of a primary care doctor—those board-certified in family or general internal medicine—is a third of what radiologists, cardiologists, and orthopedic surgeons earn.

On paper, Massachusetts has plenty of primary care physicians: 126 per 100,000 residents, well above the national average of 88, according to the *2007 State Physician Workforce Data Book*. But research conducted by the Massachusetts Medical Society indicates that the state is nevertheless facing a critical shortage of primary care doctors. Many of the doctors listed in the *Workforce Data Book* have moved on to other fields and are no longer providing primary care, and the number of medical students choosing the field is plummeting.

Dr. Robert Jandl, a primary care physician in Williamstown, loves his work. But he says the fast pace and the endless bureaucratic hurdles that come with tending to his patients wear him down.

"The days have become just beastly long," he says. "I start out every day with a lot of energy, but I get to a point where I just want to scream because I'm being asked to do the most ridiculous things."

Jandl conducted a survey of the 79 full- or part-time adult primary care doctors in

PHOTOGRAPHS BY FRANK CURRAN

Dr. Goroll with one of his patients, Lorraine Baron.

Berkshire County and found his concerns were not unique. Forty-six percent of the doctors said they were dissatisfied with their practice, 63 percent said they would probably or definitely not go into primary care if they started over again, and 91 percent said they had reservations or would recommend against others going into the profession.

Dr. JudyAnn Bigby, the state's secretary of health and human services, says Massachusetts is beginning to explore alternative treatment and payment systems to improve the lot of the primary care physician. One of the approaches is being developed by Dr. Allan H. Goroll, a primary care physician and an associate professor of medicine at Harvard Medical School.

Goroll says the crisis in primary care is one of the chief reasons for the US health care system's poor performance. The country spends more on health care than any other nation in the world, yet it ranks 25th or lower on most measurements of health outcomes. Instead of old-fashioned doctoring, Goroll says, patients are getting a lot of unnecessary and expensive tests and procedures.

The 62-year-old Goroll, who has been practicing and teaching primary care since 1976, says a primary care doctor shouldn't be running from patient to patient, but instead be the quarterback of a health care team, calling the "plays" for his or her patients. Gorroll says that whether making a pass to a cardiologist, handing off to a nurse practitioner, or hanging on to the ball and navigating the patient through a difficult illness, the primary care physician should be focused less on face-to-face meetings and more on helping patients get the care they need in the most cost-effective way.

Primary care doctors should also be compensated like quarterbacks, Goroll says. In a 2007 *Journal of General Internal Medicine* article co-written with several colleagues, Goroll suggested that primary care providers receive monthly payments for each patient, with the payment amount adjusted up or down depending on the patient's expected level of care. Goroll also called for incentive payments for practices that meet benchmarks on cost-effectiveness, patient satisfaction, and health outcomes.

Primary doctors are on an 'unsustainable treadmill' of 'rapid, short encounters with many, many patients.'

Payments to primary care providers would go up by an estimated 40 percent under Goroll's proposal, but overall health care costs are expected to drop as costly tests, procedures, and emergency room visits are eliminated.

It's a revolutionary proposal, so bold that several journals rejected his article. "Many people said, 'What's Goroll smoking?'" he says.

Yet Goroll is not deterred. He is seeking financing for a series of field tests of his model. He says radical change is necessary because the current system is in meltdown.

I spoke with Goroll at his sixth-floor office in the Wang Ambulatory Care Center at Massachusetts General Hospital. What follows is an edited transcript of our conversation.

—BRUCE MOHL

COMMONWEALTH: What's the life of a primary care physician like these days?

GOROLL: It's a far cry from what originally attracted people to come into the field. The job description that inspired people to become primary care physicians was one of having an important role in the life of patients. Not dissimilar from the fabled role of the old GP, or general practitioner, which was to know the person well, to know their family, to be with them through health and through illness, to be their advocate, to combine science with humanism, and to help solve human problems. Primary care today is a far cry from that. It is now a volume-driven, short-encounter, pressured experience full of administrative hassles, financial worries, and payment for the wrong things.

CW: What do you mean by "payment for the wrong things"?

GOROLL: We get paid on a volume basis, not on a value basis. We get paid for how many people we see. We don't get paid for how well the patient does, what value we create in the patient's life, or the value we create in the health care system. This has created what many doctors call a kind of unsustainable treadmill existence of work, where there are rapid short encounters with many, many patients. There's often inadequate time to do the job right. Doctors are unhappy. Patients are unhappy. Nobody benefits.

CW: How many patients does a primary care doctor see in a day?

GOROLL: They may see 20 to 30 patients a day. That would not be unusual at all. In fact, some primary care doctors would say that's an easy day. That means the average visit is very short. It's probably in the 10-to-12-minute range. On a good day it may be 20 minutes. For many patients who are very sick, especially the elderly, that's hardly enough time to get the job done properly.

CW: What is a doctor paid for those visits?

GOROLL: A primary care doctor who sees a patient for up to about 35 minutes for a series of complicated medical problems will be paid $75. Physician payment for a diagnostic or interventional procedure that takes the same 35 minutes will often be anywhere from $400 to $1,000. But the responsibility of the physician performing that procedure pretty much ends when the patient leaves. For the primary care doctor, it's 24/7.

CW: What does that price discrepancy say about our health care system?

GOROLL: The system pays very little for doctoring and pays very richly for procedures. The net result is that Americans get a ton of procedures and actually very little doctoring. That leads to our being No. 1 in the world in cost. We are somewhere between No. 25 and No. 35 in quality and health status of the population. The reason for that is that we get exactly what we pay for. We pay for procedures and we get tons of procedures at high cost. We don't pay for doctoring, and the net result is that we actually scare people away from those fields that depend predominantly on talking to patients, examining them, counseling them, and coordinating their care.

CW: How do you define doctoring?

GOROLL: Despite all of our technology, proper diagnosis fundamentally depends on getting the story from the patient accurately and in unblemished fashion and then performing an examination that begins with the physical exam. Skipping those steps and just taking a picture can not only be valueless but also misleading. The initial encounter is essential to developing some idea of what the patient may have. Then you can design an intelligent evaluation plan that may include high-tech and may not, but it helps to selectively apply the technology we have. Right now we just have technology that we apply uncritically, and it's driving up costs. Imaging costs in the United States have now exceeded pharmacy costs, and they are growing exponentially. It's part of the reason why health care costs are going up without an associated increase in quality.

CW: What's the administrative burden of the primary care doctor?

GOROLL: There's a lot. First of all, you have to document


Dr. Goroll and medical student Rachel Lapidus.

what you've done. That means you have 5 to 10 minutes of detailed recordkeeping for each visit, especially for patients who have multiple medical problems. Second, there's often a lot of paperwork around the coordination of their care, and that all flows through the primary care doctor. The primary care doctor has to sign off on almost everything—physical therapy, a visiting nurse, a parking sticker for a handicapped plate, a brand name drug instead of a generic. Then there are physical therapy reports, permissions for this test or that test, and on and on. Just a billing form can take five minutes to fill out. The amount of time spent in administration comes close to the time spent with the patient. It's extraordinary the amount of paperwork that flows over the desk. And to date, there's almost been no payment for coordination.

CW: How bad would you say the problem is?

GOROLL: We are in the eighth inning of a national disaster. The first generation of primary care doctors was trained in the 1970s, and they are about to retire. Many have already left the field to work for hospitals, insurance companies, and foundations. In eastern Massachusetts, it's nearly impossible to find a primary care doctor today. In fact, doctors can't find personal physicians. We are basically an endangered species.

CW: Are medical schools producing new primary care doctors?

GOROLL: Most students around 2000 began opting out of primary care. It used to be that 50 percent went into primary care. Now it's down to less than 10 percent, and one survey suggested that less than 2 percent plan to go into general internal medicine. There's a virtually empty pipeline of new primary care doctors.

CW: Why do you think primary care doctors are so important?

GOROLL: Primary care doctors are the quarterbacks of the health care delivery system. They are responsible for assessing the overall situation and deciding what makes the best sense for the patient. They are ultimately responsible for calling the play, so to speak. Not having a quarterback makes a patient tremendously vulnerable. The health care delivery system is extremely complex, and navigating it without the help of someone who is knowledgeable of you and your needs and who is committed to making sure that things go right for you is very problematic. It's one of the reasons why there is a lot of wasted care, poorly coordinated care, bad outcomes. Barbara Starfield, who is a professor at Johns Hopkins, has actually done a study of the impact of primary care on health care outcomes. She and her colleagues reviewed all the published data and reached three conclusions. Where primary care is available to patients, their health status is better, their health costs are lower, and there is fairness and equal access to all health care. Does primary care add value? The overwhelming answer is yes.

CW: What kind of primary care practice do you think is needed?

GOROLL: The agenda for primary care is a very ambitious one. It's not only the evaluation of medical problems as they come up, but it's also screening, it's counseling, it's coordination. Because there's so much that needs to be done, it can no longer be done by one person. So everybody has recognized the need for practice transformation. How we take care of patients needs to be changed from the Lone Ranger model to more of a team model.

CW: What's the team model?

GOROLL: What we've had to date is that doctors have had their schedules taken up with patients needing routine care, and they have not had the time to see people with new problems. So where do those patients go? They go to the emergency room, where costs are 10 times higher. If we want primary care to function properly, we need modern teams that are multidisciplinary: physician, nurse practitioner, physician assistant, health educator, pharmacist, physical therapist, social worker. They should be working as a team. They don't all need to be under one roof, but they need to be united by access to the patient's information, usually by an electronic health record. That's a modern practice. In the original modern concept of primary care, team-based multidisciplinary practice was part of the model right from the beginning. It got torn down by a payment system that only paid for a face-to-face visit with a single person. If you had two people seeing the patient in that visit, payment could only be generated for one person, so it discouraged the very care we would like. The problem is, we have a payment system that is absolutely anathema to the kinds of outcomes we would like.

CW: Are you saying patients should see nurse practitioners and physician assistants instead of a physician?

GOROLL: Some people have proposed that. The problem is that they can do some of the work, but they don't have the training in medicine that is necessary to do diagnosis. So they can't be quarterbacks. They can have a supportive role, a facilitating role. They can be a very valued member of the team, but they are not a replacement for a primary care physician.

CW: Aren't the proposed CVS walk-in clinics an attempt to provide primary care for minor problems?

GOROLL: It can be very, very problematic to deliver care that way because the practitioner at the CVS doesn't know the patient's medical background and is operating in a vacuum with no coordination of care. In my view, it's a symptom that primary care is in crisis when *we* can't handle those folks in a convenient, low-cost way.

CW: How big of a raise would primary care doctors get under your proposal?

GOROLL: Payments to primary care practices would increase by as much as 40 percent, and a physician could see his or her pay jump 25 percent, to nearly $250,000. The net effect on total health care spending would be about a 3 percent increase, but the bet is that the extra 3 percent investment would lead to sharp reductions in the estimated 30 percent of total health expenditures that represent wasted spending on unnecessary procedures, inefficiency, lack of coordination, and avoidable complications. The issue of money and primary care is not that primary care doctors are eager to make more money. It's not that. It's that they need the money to do the job right.

CW: What kind of payment system are you talking about?

GOROLL: The desired outcomes are personalized care, coordination, and efficient cost-effective care that gets good health outcomes. Why don't we pay comprehensively for comprehensive care? Instead of paying for piecework, pay

> 'How we take care of patients needs to be changed from the Lone Ranger model to more of a team model.'

people for taking care of the patient. Much of the care is not face-to-face and is not à la carte. It is comprehensive.

CW: But aren't you suggesting a capped fee for each patient? And wasn't that tried before with capitation?

GOROLL: Capitation was a form of comprehensive payment, but it had some fatal flaws. The problem was that capitation in the 1990s had only one bottom line—the bottom line. The only outcome was saving money. What they did was say, "If you save money over and above what we collected, we'll give it back to you." It had nothing to do with the patient experience, with health outcomes, with cost-effectiveness. It had only to do with saving money. It wasn't quarterbacking. It was gatekeeping. And if we lost the game, it didn't matter.

CW: But wasn't capitation based on the expected cost of outcomes?

GOROLL: No, capitation actually was little more than a lump sum of the fee-per-visit payments for a year. So one of the flaws was it was a lump sum of inadequate payments. That didn't make them any more adequate. Not only that, it was not risk-adjusted.

CW: Risk-adjusted?

GOROLL: We're calling for two things. First, a comprehensive payment that is heavily risk-adjusted. So the difference between what you get for taking on the care of a sick person versus the not-sick person may be an order of magnitude—10 times more. Without risk adjustment, there is a perverse financial incentive to shun the sick or needy patient. Second, the only objective under capitation was cost saving. We would change that to focus on desired outcomes. We would pay a bonus for access, patient satisfaction, medical outcomes—that is, good quality outcomes—and cost-effective care. For example, did we make sure that there were no unnecessary emergency room visits? Did we control the blood pressure and diabetes well? We also risk-adjust the bonus, so if we are taking on people who are very difficult to care for, we're not being held to the same standard of outcome as someone who's easy. So our model is risk-adjusted comprehensive payment—with a major bonus of 25 percent that is also risk-adjusted for achieving socially desired outcomes in the areas of cost, quality, and patient access. It's not pay-

'By paying for outcomes, we would encourage the things we want from our health care system.'

ment by volume, so it's not that hamster-wheel treadmill environment. It's a team thinking smartly about how to get the best results for our patients. That may not mean every patient who has a cold has to come to the office. It also may mean we may go to the patient when necessary to get the best outcome, to make house calls.

CW: Who would do the risk adjusting?

GOROLL: It should be done objectively and scientifically. We are working with actuaries to design a fair risk-adjustment system.

CW: Who determines the desired outcomes?

GOROLL: We would have a consensus process. As professionals, we feel we can specify the medical outcomes, but outcomes regarding patient satisfaction, cost, and efficiency should be arrived at by consensus with patients, purchasers, and payers sitting around a table. By paying for outcomes, we would encourage the things we want from our health care system. Right now, all we encourage is volume and expensive procedures.

CW: So you're hoping to give incentives for good doctoring, right?

GOROLL: The pay of primary care doctors would go up commensurate with the value they create. Good quarterbacks and good teams are worth a lot of money. The irony now is that we pay good "quarterbacks" nothing, and we pay other people who don't create as much value, or a different type of value, six times more. That makes no sense. We can't continue to expect good people to take on the quarterback role if they're getting paid one-sixth the amount.

CW: But how can you predict outcomes for patients? Aren't they all different?

GOROLL: That's what actuarial science is, and that's what insurance companies are supposed to provide. There's a whole science of risk determination, and we haven't applied it here the way that we should. It's central to payment reform. There's a whole science around it.

CW: How has your proposal been received?

GOROLL: From most practices and my students, the attitude has been, "Where can we sign up?" But there are some doctors who are very afraid of taking on this new responsibility. I view them a little bit like slaves after emancipation. The old system was intolerable, but it was one you knew. This new system is going to require a lot of hard work and some courage because you're going to be the quarterback. My colleagues have bemoaned the fact that they no longer get any respect, but they have stepped back from being quarterbacks and turned into folks who are basically operating 9-5 walk-in minor medical practices. At that scaled-down role, that's like a 747 pilot driving a bus.

CW: I heard some journals were reluctant to publish your article.

GOROLL: Many people said, "What's Goroll smoking? This is really pushing the envelope." But we have no choice because the system is melting down. Without fundamental change, we are going to have a health care delivery system that will collapse like the banking system. It's actually very similar to the banking system situation. We are paying large dollars for the wrong things. We are not valuing things properly. Many people would argue the meltdown *is* happening. Just look at the Connector's performance. [The Commonwealth Connector is a state agency helping residents find health insurance.] Its costs are escalating greater than they thought it would. That's because we don't have a primary care infrastructure able to take on new patients. The newly insured can't find primary care, so they are going to emergency rooms where costs are 10 times higher. So costs are going up dramatically.

CW: Would your proposal bring doctors back to the primary care field?

GOROLL: I see us recruiting a new generation of primary care doctors who will be very comfortable with teams and with health information technology, but also committed to the traditional role of being somebody's doctor.

CW: What about health insurers? What are they saying?

GOROLL: The payers are saying, "Show us the return on investment." We need to do the pilots to document what the return on investment is. We're proposing we field test the new models.

CW: Have you started any pilots yet?

GOROLL: We have assembled a group of nine practices—three in the Albany area and six in Boston—willing to be the pioneers in this effort. We have formed a coalition called the Massachusetts Coalition for Primary Care Reform. But we are having the usual troubles of finding the equivalent of early venture money. We're looking for about $10 million altogether. One insurer in Albany, the Capital District Physicians Health Plan, has agreed to give the three practices in its area the difference between current revenues and what it takes to implement our new payment model. They realize that this is the future, and they want to be part of it. We are in conversations with other prospective sponsors, including other payers, the state, health care networks, and private parties. We have to do proof of concept.

> 'Without fundamental change, we are going to have a health care delivery system that will collapse like the banking system."

CW: How would a pilot work?

GOROLL: We will replace the current piecework payment system with a risk-adjusted monthly comprehensive payment, supplemented by a risk-adjusted bonus of up to 25 percent for achieving desired outcomes. The practices will work as teams in trying to accomplish the outcomes and control costs. The pilots will last two years, allowing the collection of data involving about 125,000 patients cared for by about 100 physicians.

CW: Haven't others made similar proposals?

GOROLL: The other proposals are more incremental in nature. They leave volume in place and then give primary doctors a management fee for the coordination they do, and a bonus. The basic structure isn't changed. It's still volume-based.

CW: It sounds as if getting away from a volume-based system won't be easy.

GOROLL: It's true, but that's the fundamental flaw in the current system. Many players have figured out how to make money with the current system, so they are reluctant to change. But we need a new social contract, payment for value, not volume. There are wonderful opportunities here. We are basically starting a revolution in how primary care is practiced and paid for. That is, we think, central to strengthening our health care delivery system. CW

Pilot program

A 'pre-flight' checklist can reduce deadly infections in hospitals

BY DOUGLAS S. BROWN

ON A HAZY August day in 1983, with about seven miles of visibility, I took my first solo flight in a Piper Cherokee single engine aircraft. I was 20 years old, and it was a moment I will never forget. I had less than 20 hours of flight instruction under my belt. I had just finished practicing with my instructor, and I thought we were calling it a day. But as we taxied in, he turned to me and said, "OK, Doug. Now, it's your turn." And then he stepped out of the plane. I had a flash of momentary panic and thought there was no way I was ready. But somehow, I was able to overcome my fears and fly.

Flying is relatively easy. It is 99 percent boredom interspersed with 1 percent sheer terror. That 1 percent—which can result in catastrophic consequences—is the hard part. The first thing I learned in flight school was the critical importance of performing a pre-flight safety check. This took the form of a laminated checklist, which I would use as I walked around the airplane to check the wings, flaps, tires, fuel, and other aspects of the plane.

The habitual use of this list is instilled in young pilots with an evangelical zeal. My original flight training manual (circa 1980) says it best: "[E]ven the most experienced professional pilots never attempt to fly without an appropriate checklist. The habit of using a written checklist … should be so instilled in pilots that they will follow this practice throughout their flying activities."

The field of aviation learned long ago that relying on memory alone could have dire consequences. Pilot error is the primary cause of almost 80 percent of all general aviation accidents in our country. One missed step in the pre-flight process could cost a life. So the regular use of a written checklist is now as routine to most pilots as brushing their teeth.

The medical community is now discovering the benefits of a checklist in reducing hospital-acquired infections. As many as 100,000 people die each year from these infections. They are now one of the top 10 leading causes of death in the United States. We used to think that such infections were an unfortunate, but unavoidable, complication of hospital life. We were wrong. Many of these infections are entirely preventable. And some hospitals are now using checklists to do something about it.

Recently I attended a meeting of the Patient Care Assessment Committee at UMass Memorial Medical Center, where I serve as general counsel. This board-level committee focuses on monitoring and improving the quality of care in our hospital. At the meeting, committee members were reviewing several quality-of-care measures. One in particular caught my eye. It noted the rate of catheter-related bloodstream infections over an 18-month period.

A catheter—or central line, as it is often called—is a device used with about half of all intensive care patients in the US. It is a thin tube inserted into a large vein so as to deliver life-preserving medications and other fluids to a patient. While this serves an important clinical purpose, infections related to central lines can develop easily if certain precautions are not followed. And when an infection strikes a patient who is otherwise critically ill, the result is never good.

Studies have shown that up to 20 percent of patients who develop central line infections die from them. That amounts to as many as 28,000 patients per year. Even if a patient is lucky enough to survive the infection, he or she can expect to spend an additional seven days in the intensive

ILLUSTRATION BY ALISON SEIFFER

care unit at an added cost of between $15,000 and $20,000. In total, these infections add $2.3 billion per year in health care costs to the system.

The data from my meeting showed that there were 12 central line infections in the intensive care units at UMass Memorial Medical Center for the quarter ending in December 2006 (out of 3,774 total days of patients with catheters). By the quarter ending in March 2008, there were only three infections (out of 5,022 days). Despite an increase in total days, there was a 75 percent reduction in the total number of infections over these six quarters.

As I looked further into the data, I discovered that since 2004 there had been a progressive decline in the rate of these infections from a high of about eight per thousand patient days to a low in March of 2008 of about 0.5 per thousand. In short, we were getting close to eliminating this type of infection from our hospital. The results were remarkable and there is no question that more people are alive today because of this improvement.

So how did it happen?

The story begins in 2001 at a place far from UMass Memorial. As brilliantly described in a December 2007 article in *The New Yorker* titled "The Checklist," by surgeon and writer Atul Gawande, one innovative physician at Johns Hopkins by the name of Peter Pronovost borrowed the concept of a pre-flight checklist for use in the intensive care unit.

Catheter-related infections add $2.3 billion per year in US health care costs.

He identified the five key interventions for reducing infections and put them on a piece of paper. The first four have to do with the process for insertion of the line (the "pre-flight" portion), and the last one has to do with monitoring the line after it has been inserted (the "during-the-flight" portion). All five are remarkably simple:

- Wash your hands.
- Clean the patient's skin.
- Ensure full barrier protection (sterile attire and drapings).

- Choose the optimal site. Note that there are three possible sites for central line insertion: the femoral or groin site, which is the easiest site for insertion, but the most prone to infection; the shoulder, which is the preferred site; and the neck, which is the second preferred site.
- Remove the lines as often as possible.

These five steps are quite difficult to implement, given the complexity of delivering care in an intensive care unit and the hundreds of caregivers involved. But just like in aviation, Dr. Pronovost found that making a habit of using this checklist every time, for every patient, by every caregiver, had dramatic results. He proved that use of this checklist in surgical ICUs had dramatically reduced the number of catheter-related blood stream infections in patients.

Could this be the cause for UMass Memorial's success? Dr. Richard Irwin, our head of critical care and a specialist in critical care medicine, explained that the infection reduction was the result of a long series of events begun in 2004, including the development of a team approach to care and the implementation of an electronic ICU. The electronic ICU allows clinicians to supplement care by remotely monitoring patients, reviewing their vital signs, and sending "smart alerts" to the bedside staff.

UMass Memorial also adopted a version of Dr. Pronovost's checklist. It is a single page of paper noting the key steps in the process for insertion. It sits atop a cart containing all of the equipment necessary for the procedure. One of the providers, usually a nurse, checks a box as each step in the process is performed by the other provider. It is that simple.

YET THE CHECKLIST alone is not enough. As in aviation, the real lesson of the checklist, according to Dr. Irwin, is the "continuous, rigorous focus on its use, every time. The minute we take our eye off the ball—even in one case—we will have another infection."

Dr. Irwin understood the lessons that I learned in flight school: Relying on individual human variation or individual memory was inimical to safety. Only through the rigorous and systematic use of standardized protocols could a pilot or hospital be able to achieve transformative results in safety.

Another notion underlies this success: accountability. In aviation, the pilot is accountable for safety. The best pilots have the humility to impose a "hard stop" on themselves when *any* aspect of their pre-flight checklist does not measure up. These pilots do not fly until every aspect of the safety list checks out.

This same accountability underscores the improvement at UMass Memorial. The critical care policy requires the completion of a written checklist for each central line insertion. More importantly, the nursing staff is empowered to override other clinical staff, *including physicians*, and impose a "hard stop" on the procedure if appropriate techniques are not being followed. No hierarchy or ego can be allowed to trump safety.

Despite the success of a checklist, many hospitals across the country (and I suspect some here in Massachusetts) do not systematically use a checklist or other measures to reduce central line infections. In 2007, the Leapfrog Group, an organization that promotes quality and safety in health care, conducted a survey of 1,250 hospitals across the country. They found that only 35 percent had fully complied with all of the recommended steps for prevention of central line infections.

Why is this so? Perhaps a profession that prides itself on rendering individualized, clinical judgments resists the notion of reducing medicine to a series of cookie-cutter solutions. I understand this resistance. But pilots need to render independent judgment as well. And pre-flight inspections do not vary based on the particular judgment or inclination of the pilot.

There continues to be a myth in health care that to improve quality you must increase cost. Dr. Pronovost shattered that myth. His method improved quality and reduced the unnecessary costs associated with an infection. Dr. Gawande also pointed out that Dr. Pronovost estimates it would take no more than $3 million to implement the checklist in all hospitals in the United States. That is about $600 per hospital, or about 4 percent of the cost of treating just one catheter-related blood stream infection.

Massachusetts is home to some of the best hospitals, medical schools, researchers, and physicians in the world. We are leaders in discovering new knowledge for treating disease. But what about our leadership in using the knowledge that already exists? There are many other procedures in medicine that could benefit from the consistent use of a checklist. Yet, just like with central lines, checklists are not universally employed.

Maybe it is time for a reevaluation of some fundamental notions in medicine. Independent clinical judgment will always be highly prized, and for good reason. But perhaps we should find the humility to acknowledge—as we do in aviation—that individual judgment should at times give way to the collective judgment that certain independent checks can save lives. If we do, central line infections, and many others like them, may soon be a thing of the past. CW

Douglas S. Brown is senior vice president and general counsel of UMass Memorial Health Care in Worcester.

The two-party solution

The Republican Party has once again reached a new low in Massachusetts. How can it come back to challenge the Democrats?

Massachusetts needs a strong GOP, but the GOP needs a broader base

BY JANE SWIFT

TWO-PARTY GOVERNMENT is critical to the future of Massachusetts, but if it's to become a reality, Republicans must do a better job of attracting more voters and viable candidates to our ranks.

During my time in the State House, a Democratic leader once confided that having a Republican governor was very valuable: It gave him a reason to say "no" to the loony left. Having a strong minority party is what leads to tough questions being asked about important policy initiatives. Also, the likelihood of competitive elections makes all representatives and senators stay focused on the best interests of their district and the Commonwealth.

Yet, since I first entered the Massachusetts Senate as one of 16 Republican senators in 1990—enough to sustain first-term Gov. William Weld's vetoes—the GOP has lost significant ground. Republican legislative seats are at near historic lows and we don't hold a single executive branch office. In the last quadrennial election, the only Republican statewide candidates that were even viable were for the governor/lieutenant governor slate.

As our state and nation grapple with an historic economic crisis and our legislators are forced to confront ethical indiscretions by their colleagues, a strong two-party system is badly needed to keep our state on course. In fact, President-elect Barack Obama successfully articulated and captured the voters' desire for both parties to work together to address our nation's challenges. And while it is always harder to practice bipartisanship than it is to preach it, it is impossible to reach across the aisle if there is no one sitting on the other side.

While our party's core principles of fiscal restraint, a competitive business climate with limited taxes and regulation, and a strong belief in individual responsibility resonate with voters, we still see our base of support narrowing and our electoral victories diminishing. One problem for the GOP is that we are not attracting women or minority voters, and we are not attracting young voters. While the reasons and accompanying possible solutions for this are many, one path back to power has got to be a serious plan to reach out to non-traditional GOP voters.

It's been well-documented on the national level that the Republican Party is suffering from a gender gap. But it doesn't have to be that way. As a surrogate travelling the country for Senator John McCain's presidential campaign, I was approached by dozens of women who said they support Republicans on many issues, including homeland security and taxes, but felt like the party wasn't for them.

One way to convince women voters to embrace the GOP is to field more qualified women as candidates. When the new Legislature is seated in January at the State House, only five out of the 40 senators will be Republicans—a mere 12.5 percent, none of whom are women. During my first term in the Senate in 1991, we not only had enough senators to sustain a gubernatorial veto but women composed 25 percent of our caucus. This year, there will be just 16 GOP House members and only three will be women. The state party must focus on recruiting and supporting women to run for legislative and municipal elections, and offer specific strategies and training that will help them win.

Similarly, the GOP needs to reach out to younger voters as well as blacks and Latinos—demographic groups that overwhelmingly went for Obama in the presidential election and Gov. Deval Patrick in the last gubernatorial race. Younger voters will embrace a return to a traditional Republican view of environmental conservancy that has been absent from recent party platforms. Republican support for charter schools and school choice can help attract urban black and Latino voters who hope for a brighter future for their children. But without a strategy, these demographic groups will continue to be reliable Democratic voters on the state and federal levels.

Our party must also focus on issues that matter to voters. In 1990, Bill Weld and Paul Cellucci swept into office thanks in large part to a focused policy platform of "Crime/Taxes/Welfare Reform." And lots of legislative candidates were swept in with them. (That was my first run and win.) Candidates Weld and Cellucci were able to articulate a clear vision of how to address these challenges in a way that resonated with Republican, Democratic, and independent voters.

In recent years, divisive social issues have been at the top of the GOP policy agenda on the national level and, to a somewhat lesser extent, here in Massachusetts. Rather than being viewed as the Big Tent, Small Government party, the Republican brand has been positioned by its opponents as intolerant and angry. That hurts Massachusetts candidates, as well as moderates across the country. Identifying the next GOP policy triangle—say "Fiscal Discipline/Education/Ethics Reform"—will go a long way toward rebuilding the moderate voting bloc that elected Republican governors in the 1990s.

While Barack Obama gets accolades for his integration of technology in politics, Deval Patrick's meteoric rise to the corner office two years ago was an early look at a candidacy powered in large part on a savvy electronic communications strategy. Starting off as a political unknown with no existing support base, Patrick built one from scratch in large part by reaching voters who had never before been active in a campaign.

One tangible benefit of Gov. Patrick's "netroots" strategy was in fundraising. He had 20,000 individual campaign donors—a remarkable amount for a governor's race. An enhanced netroots focus would not only help the GOP reach a younger audience, but also generations of older voters who are becoming more tech savvy by the day. (Case in point: My 67-year-old father just joined Facebook.) Technology has been a backroom function on GOP campaigns for too long; it needs to become completely integrated into fundraising, field operations, grass-roots coordination, and communications for Republican candidates to compete in the 21st century. The state GOP should invest the necessary resources to help candidates run tech-savvy campaigns.

I have seen firsthand the improvements in the economy, educational quality, and environmental policy that strong two party-government can bring to Massachusetts. I am convinced that with renewed focus and energy, our party can offer candidates and policies that will best serve all the families of the Commonwealth—and that we will get there faster if we corral the energy and enthusiasm that empowered candidates and grass-roots activists can bring to our party.

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The Republican Party can learn a lot from Boston's sports teams

BY WARREN E. TOLMAN

FOR OUR PARENTS' and our grandparents' generations, state and local politics was not an abstract concept. It was often a crucial lifeline. Access to jobs, health care, educational opportunity, and other "rewards" were routinely allocated through the political system. But as government safety nets were established and Americans rose from economic poverty, the perceived direct impact of politics on their lives diminished. People were no longer compelled to participate in politics as a way to put food on the table.

The establishment of a permanent government system of support for the working class has had the effect of diminishing the need for politics. As the need has lessened, so has competition for elected office and voter turnout. Government programs, mostly Democratic programs, have put a lot of old-time politicians out of business and turned voter attention to other life concerns.

Why do Massachusetts elected officials routinely serve 10 years or more without serious competition? Because the stakes are no longer so high, and candidates are unwilling to undergo the scrutiny that goes along with running for office. The spoils of office are also less attractive, and a candidate's supporters no longer campaign as if their life depended on it. There are also significant barriers to entry in politics, including the large campaign war chests held by some incumbents.

Democratic domination of Massachusetts politics is based on these historical realities, combined with the fact that voters recognize Democrats as being responsible for vast improvements in the quality of life over the past 75 years. The current Democratic-led Legislature did not invent the weekend, workers compensation, Social Security, Medicaid, or Medicare; nor did it establish professional police and fire departments and public education. Still, their Democratic predecessors did, and this generation continues to build on the accomplishments of the past.

But those who feel complacent ought to look around. A perfect storm is brewing to fester unrest in the body politics, with ethics scandals at seemingly every level of government (including the indictment of two state senators), government revenues plummeting, serious cuts to local and state government on the horizon, and the real possibility of $7 tolls. Political fortunes can change overnight: Just look to the north at the once "forever red" state of New Hampshire.

Or look at how our local sports teams have changed things around. It is hard to believe now, but it wasn't too long ago that every Boston sports team was a joke. In the year that Bill Clinton was elected, the Patriots were 2-14, the Red Sox finished in last place, and the Celtics and Bruins were on the cusp of entering a long winter's nap of many seasons without a playoff run on Causeway Street.

But today, Boston has become Titletown USA. As I write, all three active Boston sports teams are in first place. For those yearning for a competitive two-party state in Massachusetts, there are lots of lessons to be learned from the resurgence of our sports teams.

Have a great farm system. When the Red Sox were losing, they were investing in their farm system, with players like Nomar Garciaparra, Jonathan Papelbon, and Dustin Pedroia. In elective politics, local offices are the farm system. You can't have competitive statewide and congressional races until you have more competitive races for city council and state representative seats. That means encouraging people to get involved at the local level. As Tip O'Neill used to say: "All politics is local."

Money matters. The success of the Pats has been in no small part due to the ability of their front office to manage the salary cap. In politics, there is no salary cap, but money still matters. Until we come up with a public financing system that works, it's always going to be hard for people to get involved. Would you apply for a job if it meant you have to call 250 of your friends and ask them for $250 each? Yet that's what we're asking state representative candidates to do. And that's only a small fraction of what we ask for our statewide officeholders to do.

Have a vision. From the day he bought the Pats, Robert Kraft had a clear vision of what he wanted: a Super Bowl ring. So Kraft and his son, Jonathan, went out and built the framework over time that has given us the National Football League's most successful franchise of the past decade. Republicans in Massachusetts have lacked a clear vision. They want to win but are unwilling or unable to build that framework. That, more than anything, has cost them elections.

Watch out for "clubhouse cancers." The Sox traded Manny Ramirez because he was great at the plate but allegedly a "cancer" in the clubhouse. For the Republicans, their clubhouse cancer has been absentee governors—people who were in the office but always had their eyes on a different prize. It takes committed leadership to build a party.

Play good defense. The Celtics have some tremendous offensive players, but they are the world champions because they play tenacious defense. The Republican numbers in the state Legislature are at historic lows—five of 40 in the Senate and approximately 16 of 160 in the House. As they are looking for seats to challenge, the Republican legislators ought to make sure that they keep the seats they have and not dip any lower.

Take advantage of opportunities. When Drew Bledsoe was injured, Patriots coach Bill Belichik went with a sixth-round pick named Tom Brady. When the Celtics didn't get the first pick in the 2007 draft, Danny Ainge went after Ray Allen and Kevin Garnett. Dan Duquette traded Heathcliff Slocumb for Derek Lowe and Jason Varitek. The biggest opportunity for growth in a two-party system in Massachusetts was the Clean Elections Law that was passed by a two-thirds margin in a 1998 statewide referendum, barely implemented in 2002, and repealed by the Legislature shortly thereafter. It would have leveled the playing field for incumbents and challengers and encouraged more women, minorities, and, yes, Republicans to run for office. Massachusetts Republicans can ill afford to stand idly by when good legislation like this is repealed.

As a lifelong Democrat, I am not praying for the Republicans to take over the State House any time soon, but I do recognize that some modicum of competition in electoral politics is good for government. Competition would be good for Democrats, and it would be good for our government. CW

Warren Tolman, a former Democratic state senator and candidate for governor, is an attorney at Holland & Knight LLP in Boston.

Safety blanket

Health insurance has an oversized effect on our career decisions

BY ALISON LOBRON

"I WOULD LOVE to do what you're doing," a 20-something friend said. "But I need benefits." She went on to tell me about her dream of starting an interior design company, a dream she's put on hold until—well, until someday.

I heard comments like hers often in the year I spent as a freelance writer, so I said to her what I said to many other friends: You can buy benefits. You just have to factor it into your costs when you consider whether a business idea can work.

"People have this sense that health insurance is somehow special to employers," says my friend Mike, 33, an unemployment lawyer who has counseled dozens of friends and clients on purchasing their own health insurance. "When I was self-employed for a while, the response would be, 'What about benefits?'" he remembers. "People don't seem to realize that there is a dollar value to their health benefit that can be factored into their pay."

When I left my job as a high school English teacher (to what felt like an entire Greek chorus of family and friends intoning, "But what will you do about benefits?"), I was surprised at how easy it was to buy my own—and that it was cheaper than staying on my former employer's group plan via COBRA. I had to rejigger my notions of what I needed in the way of salary, and put up with the mild hassle of determining which plan made the most sense for me. I did, at times, long for the days when I just filled out some forms, got my nice plastic card, and didn't think about any of it again. I was also aware that if I weren't fairly young, and blessed with good health, the process would have been much harder. But if you're in your 20s or 30s, and don't have a lot of people depending on you for financial support, you can do this, too.

Yet so many people seem to think they can't. It's as if health insurance occupies as much emotional space as financial space, and symbolizes more than its dollar value. It's a kind of protection, a sense that somebody else is taking care of things and you don't have to. If you're anything like me, you went directly at age 22 or 23 from a parental plan to an employer's plan and as a result, that employer—and subsequent ones—came to fill a quasi-parental role. Letting go of an employer's health plan doesn't just mean reconnoitering your ideas about income to account for that extra \$250 to \$350 a month. It means letting go of safety, letting go of someone else being in charge, letting go of Mom and Dad all over again.

"I felt a little bit like an orphan at first," Mike remembers, but now "health insurance has lost its

mystique for me. I view it just as insurance, just like auto or home coverage. It is nice to have your employer pay it, but doing it myself was far easier and less painless than I expected."

I'm not the first to point out that it makes no sense to tie health insurance to employment. The practice began amid wage controls in the 1940s, when employers who couldn't compete for workers based on salary began offering benefits to attract talent, and it's been with us ever since, long after the wage controls ended. For those of us in our 20s and 30s, this way of doing things is so deeply rooted as to be almost unquestionable: A job means insurance, and no job means no insurance. Since Massachusetts instituted tax penalties for the uninsured in 2007, the psychology may have

ILLUSTRATION BY BILL BROWN

changed slightly, but not very much. If anything, the new law may make letting go of an employer seem even scarier.

MANY PROBLEMS WITH employer-based health insurance have been well-documented. Still, I wonder about the problems we can't document, and what this system has cost us in terms of businesses unstarted, innovations unrealized, and dreams unchased, all due to the fear of being without benefits. In a recession like the one we're facing, the last thing we want is for people to dig in their heels and be afraid of the kind of risk-taking that could lead to economic growth. In a perfect world, we'd all have health insurance, people wouldn't be penalized for getting sick, and people providing care would be better paid than those who sit around figuring out how to avoid paying for care. But in our current, imperfect system, the cost of buying insurance still shouldn't be the obstacle to starting that interior design business or web-hosting company—or, to be more accurate, it shouldn't be any bigger than its actual dollar value.

I found my year of self-employment alternately terrifying and empowering. It required managing things I'd never had to manage (taxes, health insurance) and then discovering, most of the time, that it wasn't that hard. As one entrepreneur friend in his early 30s puts it, you simply swap one set of challenges for another. You've got to visit the state's health insurance website (www.mahealthconnector.org), compare deductibles and co-payments and co-insurance, and start wondering when "co-" became a synonym for "patient pays for everything." You've got to get acquainted with new tax forms and do more money management than you probably did before (unless you were in money management).

On the other hand, nobody controls the bulk of your weekday waking hours, tells you what to wear, or sets up a firewall to prevent you from playing solitaire online. Mom and Dad have left the building. As was the case in high school, sometimes you're glad to see them go, and other times you sort of wish they'd come back.

It is, in some ways, ironic that in an era of layoffs and diminishing employer loyalty, we attach such psychological significance to the benefits we get from our employers. Perhaps it's the desire to feel rooted and cared for, or just the need to feel part of something. After all, many of my friends don't belong to any organizations other than their employers (no religious organizations, no Elks clubs). I've recently started a new full-time job, and I am conscious of getting a satisfaction from all those lovely benefits that are worth more than their price tag. Much as I'm glad I experimented, and glad to know I could do it again, I'm glad to come back into a fold. It's belonging. It's safety. It's—well, it's insurance. CW

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