

JEFF RILEY'S BOTTOM-UP PLAN TO TURN AROUND THE LAWRENCE PUBLIC SCHOOLS

# CommonWealth

POLITICS, IN MASSACHUSETTS



## GRIDLOCK

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have the answer?

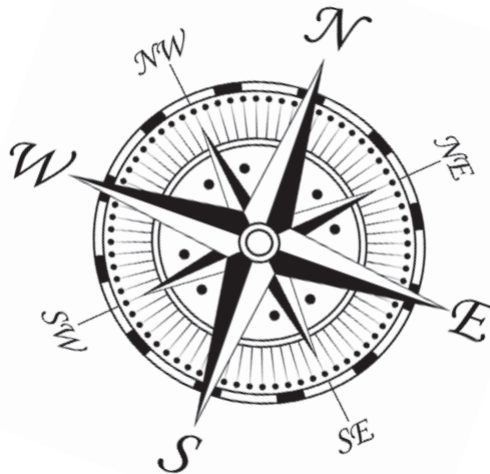
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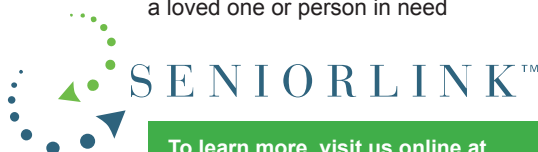


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## ARTICLES

- 36 | GRIDLOCK** Massachusetts officials think a 21-year tradition may be the answer to Washington's political paralysis. **BY BRUCE MOHL AND SAM OBAR**
- 42 | HIGH STAKES TEST** Trying to fix a broken school district like Lawrence's may be the right thing to do, but no one has ever succeeded. **BY MICHAEL JONAS**
- 52 | FIRE DRILL** About two-thirds of the state's public schools do not have fire sprinklers even though fires are more commonplace than many realize. **BY JACK SULLIVAN**
- 60 | KALEIDOSCOPE** Five different takes on the Brown-Warren Senate race.
- 68 | A BANK FOR INFRASTRUCTURE** With no infusion of revenue on the horizon and no appetite for a gas tax increase, the state turns to Wall Street to get money to plug the transportation hole. **BY PAUL McMORROW**

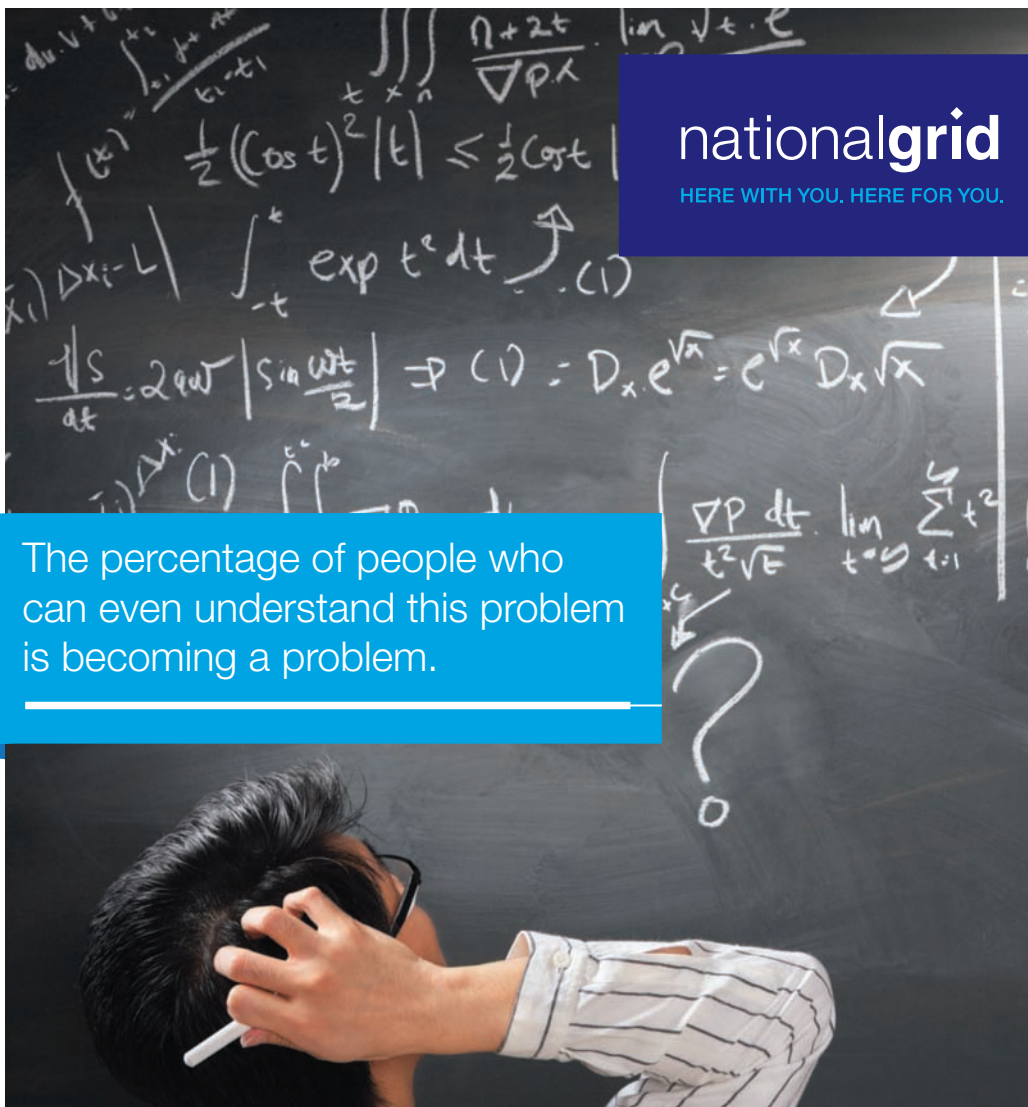
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## DEPARTMENTS

- 7 | CORRESPONDENCE**
- 11 | EDITOR'S NOTE**
- 13 | INQUIRIES**
- 19 | STATISTICALLY SIGNIFICANT**  
Massachusetts lawmakers turn the corner in reporting donor information. **BY JACK SULLIVAN AND SAM OBAR**
- 23 | MIDDLE CLASS INDEX**  
A downward trend in 2011, but some glimmers of hope. **BY BEN FORMAN AND CAROLINE KOCH**
- 25 | POLL VAULT** Pollsters try new methods to deal with cell phones and no answers. **BY STEVE KOCZELA AND PAUL BRAUN**
- 29 | WASHINGTON NOTEBOOK**  
Obama and Republicans in Congress wage war over waivers for welfare and education. **BY SHAWN ZELLER**

## DISCUSSION

- 33 | WHAT WORKS** Rhode Island did the math on public pensions and then boldly went where no state had gone before to fix it. **BY GABRIELLE GURLEY**
- 76 | CONVERSATION** Barry Bluestone and Michael Tamasi say talk of the demise of the manufacturing sector in the Bay State is premature and they have numbers to prove it. **BY MICHAEL JONAS**
- 83 | ARGUMENT AND COUNTERPOINT**  
Springfield's mayor goes all-in on casinos. **BY DOMENIC J. SARNO**  
  
Holyoke's mayor says no dice for his city. **BY ALEX B. MORSE**
- 87 | PERSPECTIVE** Burning biomass is not as clean or efficient as you might think. **BY MARY S. BOOTH AND MARGARET SHEEHAN**



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## GREEN IS GOOD, ECONOMICALLY

My fellow real estate developer David Begelfer misses the mark when he suggests Massachusetts' forward-looking climate and energy policies are somehow too expensive and bad for our economy ("Out Front on Climate Change," Summer '12).

The truth is, that since the enactment of the 2008 Green Communities Act, average monthly energy bills have come down \$38 for Commonwealth residents. And far from hurting our state, Massachusetts' clean-energy policies are growing the economy through investment and creating jobs as well. Our state enjoys the second-highest concentration of venture capital investment in clean energy businesses in the nation. According to the Massachusetts Clean Energy Center 2011 report, more than 64,000 of our neighbors already work in efficiency and renewable energy, and that number grew even during the recession.

This success shows how clean energy policies drive economic success. Over the years, our company has developed, owned, and managed millions of square feet of residential space, and thousands of residential units. Thanks to Massachusetts policies that encourage energy efficiency, we have boosted R-values with insulation and better windows, added motion detectors to limit unnecessary lighting, and installed a well that uses groundwater's constant temperature to heat and cool rooms. We have taken advantage of state and federal incentives to put solar panels on nine buildings, buying the

inverters and other equipment from manufacturers here in Massachusetts.

All this has helped us cut energy bills and market our buildings, while making a dent in greenhouse gases and pollution. And now, given the market opportunity made clear by Massachusetts' continuing commitment to clean energy, we have started a new company that will install solar panels on buildings, and offer customers a supply of clean, renewable energy at below-market rates.

Also in the works is a solar array for Yawkey Station, a commuter rail station that will serve Fenway Park and the Longwood medical area. The project will be the first zero-net-energy train station in the country.

All that innovation is spurred on by Massachusetts' ambitious energy and climate goals. Take our experience and multiply it by thousands of companies across the Commonwealth, all working on clean and efficient energy solutions, and you have a thriving market and a growing clean-energy sector.

Keep in mind that climate change—and the world's response to it—is a tremendous economic opportunity. Worldwide, renewable energy alone attracted a record \$260 billion in investment last year. Clean energy is a huge and growing international market, and Massachusetts' pioneering efforts put us in prime position to earn a big and growing slice of that market.

Begelfer writes that "climate change is not a local issue." But he's wrong. The effects are felt locally, in communities around the globe. And some of



the best solutions are local, too, bubbling up from innovative thinkers, creative companies, and forward-looking governments, in Massachusetts and around the world.

*John Rosenthal  
President, Meredith Management*

## CEASEFIRE NEEDED

David Kennedy ("Hold your fire," Conversation, Summer '12) realistically notes that impacting all the entrenched conditions related to poverty and crime is a vision for a far-off future. He admits that the Ceasefire approach is a kind of triaging, a focused strategy that achieves the goal of reducing gun violence quickly and a secondary goal of affording police, other agencies, and community members a chance to build trust and begin to see each other as allies. As such, Ceasefire is eminently worthy of a community's investment. It is also a lesson in how paying attention to human needs can pay off.

Three factors appear to underpin Ceasefire's success and, from my perspective of having facilitated dialogues with at-risk teens and police officers in several cities, they're all equally important. The first, is the threat of severe enforcement. The second is an offer of a real carrot—services such as help in finding a path to a job—to go along with the stick of enforcement. Finally, you have police who are willing to say to gang members, "We respect

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you enough to treat you like adults.” The key word is respect.

Straight talk-a/k/a “keeping it real” is a form of respect. It’s part of the caring attention from adults that young people may not be able to admit they need. The impact of cops and prosecutors in a Ceasefire call-in showing gang members a genuine understanding of the issues and pressures they face, including hopelessness about finding a job, shouldn’t be underestimated. Up to this point in their lives, for whatever reasons, efforts by family members, friends, teachers, and ministers have not diverted these young people from involvement in gangs, guns, and drugs. But when law enforcement people and other Ceasefire participants jointly take the time to spell out the unvarnished options—stop the shootings or be harassed, busted, and sent away, or you can take advantage of services like counseling and

job assistance—it is strong enough to change behavior.

Even younger at-risk teenagers express concern about jobs during our youth-police dialogues. Like their older gang-involved counterparts, they need someone—a parent, teacher, mentor, coach, sometimes a police officer—to help them see a picture of the future that includes legitimate work and a productive life with them in the picture.

Former Boston Police Superintendent James Claiborne once shared an insightful quote. It was by Dr. John Rich, author of *Wrong Place, Wrong Time: Trauma and Violence in the Lives of Young Black Men* and a physician at Boston City Hospital in the 1990s. Dr. Rich said, “There’s no such thing as a senseless crime. It made sense to someone.” When an act of deadly violence makes the headlines, people ask in exasperation, “Don’t they have anything better to do?” The answer is no.

If they had something they thought was better to do, they would have been doing it. The question to ask is: Why was there nothing, in their mind, better to do than be in a gang and commit a violent crime? It’s likely that nobody ever showed them a picture of a legitimate future and a believable path for getting there or that the message didn’t get through. Ceasefire gives them another chance, although one wonders how much help in the job area is possible now during a recession with high unemployment.

Societal repair isn’t coming any time soon and probably not for a long while, given this country’s penchant for prioritizing military adventures and corporate profitability over education, universal health coverage, and other basic human services. Until some future time when we decide to devote sufficient resources to changing the school-to-prison pipeline to a cradle-to-col-

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lege highway, we'll continue to need police-community triaging approaches such as Ceasefire.

*Jeffrey Stone, Milton  
Former director of City-Wide  
Dialogues on Boston's Ethnic &  
Racial Diversity*

## HALT CHURCH ATTACKS

As a former member of the Massachusetts Board of Education and current president of the Massachusetts High Technology Council, I have long championed a variety of innovative school models and public policies to create a world-class education delivery system in Massachusetts. Both charter schools and parochial schools face obstacles in Massachusetts.

Instead of attacking the concerns of the church for the priority they place on strengthening the high-quality, values-based education that Catholic

schools provide, reporter Jack Sullivan ("What Would Jesus Do," Summer '12) could have identified policy solutions that have been largely ignored by the Legislature yet promise a greater set of education options for parents in communities such as Lawrence.

Charter schools compete with district schools by offering parents a limited choice of innovative learning environments free from restrictive union contract language. Similarly, parochial schools offer quality education and faith-based values as a part of the curriculum—a choice denied them in public schools. Families electing Catholic schools do so purposefully, but with the additional burden of paying tuitions that are not required of their charter school counterparts.

The Massachusetts Anti-Aid Amendments should be repealed and school choice policies for faith-based schools should be pursued. Nearly half

of the states across the nation have programs that offer parents access to parochial or private schools under a voucher or tax credit program. According to a May 2012 poll conducted for the American Federation for Children and the Hispanic Council for Reform and Educational Options, 85 percent of likely voters and 91 percent of Latinos in five key states—Arizona, Florida, New Mexico, New Jersey, and Nevada—support voucher or scholarship tax credit programs.

A voucher program would help the people who most need to be helped and should be seen as a way to level the "tuition" playing field among charter and parochial schools. Vouchers should not be seen as aid to private schools, but rather an equitable policy to enlarge the freedom of families to choose.

*Christopher R. Anderson  
Vice Chairman, Lawrence  
Catholic Academy*

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Wednesday, October 24th  
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This public affairs program takes a curious look at the political dynamics that will determine the country's biggest races, including the campaign for US Senate in Massachusetts. The program will feature experts in media and politics discussing the interesting ways we elect our public officials including the impact of advertising, debates, money and media. The show includes video and audience participation and is in partnership with Suffolk University.

### Behind the Curtain: What Just Happened? And What Next?

Thursday, November 8th  
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A public affairs program, using multi-media and expert commentary, "Behind the Curtain: What Just Happened? And What Next?" will explore the outcomes of the national and state-wide elections, and the implications they have on politics and policy. The program is in partnership with Emerson College and WBUR and will feature experts from media, politics and academia.

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## Talk is good

**THE COUNTRY IS** hurtling toward the edge of a fiscal cliff, and nobody in Washington seems inclined to pull back. Indeed, no one in Washington seems inclined to do much of anything.

The 112th Congress is likely to be one of the least productive in history. According to the *New York Times*, Congress passed 173 public laws between January 2011 and August 2012. That's less than most sessions of Congress pass in a single year. The lack of action is due largely to the inability of Republicans who control the House and Democrats who control the Senate to agree on much of anything.

President Obama and House Speaker John Boehner are no different. After they flirted with a grand budget compromise last year that fell apart, relations between the two political leaders have been rocky. Campaigning for a House candidate in Iowa, Boehner didn't mince words in his assessment of the president. "The problem is the president's never done anything, never had a real job, never really run anything. His idea of fixing the economy is having the government spend more money," he said.

As a magazine with a Massachusetts focus, we don't normally weigh in on what's going on down in Washington. But the political paralysis down there is starting to make everyone nervous. Standard & Poor's stripped the country of its top bond rating last year and things will probably get a lot worse early next year if the Bush tax cuts expire and the so-called sequestration budget cuts kick in. Those cuts, a fiscal gun to the head that both parties agreed to when they couldn't agree on anything else, could very well send the economy into recession again.

Joe Klein, *Time* magazine's celebrated political reporter, says he thinks the dominant issue in this year's election is who will be able to cut a deal with the other party to avoid fiscal Armageddon. How do you end Washington gridlock? It's a question in the presidential race, but it's also an issue looming large in the Brown-Warren Senate and the Tisei-Tierney congressional races.

Scott Brown and Richard Tisei say it begins by electing candidates like them, who promise to work with Demo-

crats to solve the nation's problems. Yet Elizabeth Warren and US Rep. John Tierney say a vote for their rivals is a vote for a Congress controlled by Republicans who have little interest in meeting in the middle.

No matter who is sent to the White House and Congress, sooner or later they will have to start talking to people on the other side of the political aisle if they want to get anything done. Our cover story in this issue looks at how Massachusetts tackled the political communications gap in an environment not that different from what exists now in Washington.

When Bill Weld became governor in 1991, Beacon Hill was in gridlock. The state's finances were in shambles and Weld was dead-set against raising taxes. To make matters

### Election hinges on the best way to end Washington gridlock.

worse, Weld trashed the Legislature and its leaders during his campaign. "Nothing was getting done," says Peter Lucas, a columnist for the Lowell *Sun* who at the time was an aide to House Speaker Charles Flaherty.

Flaherty and Weld met at a Cambridge hotel to call a truce, but they ended up doing much more than that. They arranged for Beacon Hill's top leaders to meet on a weekly basis to swap stories, discuss priorities, and gain an understanding of one another. Flaherty and Weld are no longer in power, but the meetings they set in motion are still going on today, 21 years later. Mitt Romney, the Republican candidate for president, participated in those meetings when he was governor.

Democrats and Republicans who participated in those Beacon Hill meetings say they have helped bridge differences and keep the state on track. Every one of them said Washington should do something similar.

"People elect us to office to get things done," says Thomas Birmingham, a Democrat who participated in the meetings as the head of the Senate Ways and Means Committee and later as Senate president. "If you're not getting things done, you're not going to be successful."



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# inquiries

## Romney writes off 2002 campaign loan

For nearly everyone else, a half-million dollars would be a pretty healthy retirement account. But for Mitt Romney, who has an estimated worth of \$250 million, it's akin to change under the couch cushions.

When Romney was running for governor in 2002, he loaned his campaign \$550,000, a sum that included \$150,000 to clean up outstanding bills after he won the election in November. The amount represented about 6 percent of the \$9.8 million he raised and spent on winning his campaign.

After carrying the debt for nearly 10 years, Romney finally forgave himself the loan he either forgot about or couldn't be bothered to collect. During his one term in the corner office, Romney raised and spent an additional \$4.3 million, including about \$80,000 that was used to retire outstanding debt from his 2002 campaign.

But Romney never paid himself back, reporting the \$550,000 in loans as a liability on each year's filing with the state Office of Campaign and Political Finance even as his campaign account balance dwindled down to under \$1,300.

Finally, in February of this year, about a month before the presidential primary in Massachusetts, Romney dissolved his campaign and in the process wrote off the loan.

He also donated the remaining \$1,262 in his account to the American Red Cross in Des Moines, Iowa, one of the swing states in this year's presidential election.

► JACK SULLIVAN

## Chinese students flocking to UMass Boston, Lowell

► CHRISTINA PRIGNANO

**CHINESE AND OTHER** international students are flocking to US colleges, including two campuses of the University of Massachusetts.

UMass Boston, viewed locally as primarily a commuter school, saw its number of international students rise 38 percent during the last school year to 929, or about 6 percent of the campus population and more than a third of all out-of-state students. Nearly half of the international students at UMass Boston are Chinese. At UMass Lowell, the number of international students rose 18 percent to 534, with a heavy influx of Chinese. The student body overall at the two campuses grew less than 5 percent last year.

Both UMass campuses say the number of international students should increase dramatically again this year, although official numbers have not been released yet. Nationally, the numbers are also on the rise. The Institute of International Education says the number of international students at US universities increased 5 percent to 723,000 between 2009 and 2010. The number of Chinese students rose 23 percent over that same period, reaching 157,000.

### PAY OUT-OF-STATE TUITION

Allan Guo, executive director of the UMass China Institute, says Chinese students are seeking out US colleges because they believe an American education will help them land jobs at home. He says a strong middle class has emerged in China over the last 30 years and parents there are going to great lengths to help their children succeed.

"Education is pretty much everything," he says. "To take this experience back to China, it gives them a leg up."

The numbers of Chinese students are up at the two UMass campuses partly because of a preparatory program in Marlborough that is run by a company called CERNET, which is owned by the Chinese government, and staffed by UMass faculty. The Massachusetts International Academy offers English-language training and also works to familiarize the students with American culture. Students pay nearly \$40,000 for the year-long intensive program before starting as freshmen at the UMass campuses. The program, which started with 43 students in 2009, quickly grew to capacity at around 250 students, according to principal Brenda Finn.

For the UMass campuses, Chinese and other international students are welcomed because they diversify the student body and pay out-of-state tuition rates. Out-of-state tuition and fees at UMass Boston totaled nearly \$25,000 last year, far more than the \$11,400 in-state rate. At home, Guo says, Chinese students would pay tuition of \$3,000 to \$4,000 to attend universities heavily



subsidized by the government.

Officials at UMass Boston say they are trying to ‘internationalize’ the campus to both give students more exposure to other cultures and heighten the university system’s profile around the globe. “It’s part of our plan for overall enrollment growth,” says Kathleen Teehan, vice chancellor for Enrollment Management at UMass Boston. “We believe that a global experience is an important part of our students’ education.”

Ahmed Abdelal, Provost of UMass Lowell, says he thinks increasing the numbers of international students on campus is good for all students. “The students that graduate from UMass really need to be globally prepared,” he says.

Serena Wang, 26, a 2010 graduate of UMass Boston from northern China who now works in the admissions office, participated in a bridge program based at Tsinghua University in Beijing. Wang, a native Mandarin speaker, helps to review applicants from China for the preparatory program in Marlborough. Now fluent in English, she says she took English-as-a-second-language courses at Tsinghua before coming to UMass Boston. The school’s partnership with UMass Boston was part of the reason she opted to apply. “Before I came to UMass Boston as an undergrad, I studied ESL. And then that program has a partnership with UMass Boston. That’s the initial reason I chose [UMass],” she says.

Wang says her parents’ influence was a big part of her decision to study in the US. “My parents always wanted me to study abroad. Even when I was in high school, before the national entrance examination in China, they planned to send me to study abroad,” she says.

## DCR: Cottage program faces quicker demise

► COLMAN M. HERMAN

**MASSACHUSETTS OFFICIALS ARE** vowing to phase out a controversial program that has offered cheap, virtually permanent permits for state park land to private citizens for summer cottages.

After years of complaints and a series of critical audits over several decades, the state in 2006 stopped allowing permit-holders to pass their cottages along to their heirs or sell them. The move meant the cottage program would eventually expire and the property would return to the state’s control. Ten of the 180 cottages have already reverted to the state.

Now Ed Lambert, the commissioner of the Massachusetts Department of Conservation and Recreation, wants to phase out the rental program more quickly. He says some cottage permits will be terminated to expand recreational opportunities at the parks. Other permits may be revoked to restore the natural ecology or because of repeated building and electrical code violations.

“We’re going to be aggressive,” Lambert says. “We’re not looking to nitpick and use other things as an excuse. But we do think that the items that we are looking at are valid reasons not to extend permits.” Still, the former Fall River mayor concedes it might take several decades to end the program.

There are 179 private cottages on public land: 143 are located around five ponds at Myles Standish State Forest in Plymouth, 26 are on Peddocks Island in Boston Harbor, and 10 are on Ashmere Lake in Hinsdale.

The annual rents for the properties range from \$400 (for land without access to electricity or running water) to \$3,800 (for plots with both amenities). The structures themselves are owned by the tenants, but DCR owns the land on which the cottages sit. Twelve of the cottage owners live out of state, as far away as Arizona.

The cottage rents have not increased since 2002, and Lambert says he has no plans to raise them. But critics of the program say increases are in order. “These summer cottages are located on some very prime pieces of land near ponds and bodies of water,” says Henry Lee, the chairman of DCR’s Stewardship Council and director of the Environment and Natural Resources Program at Harvard’s Kennedy School of Government. “It seems to me that with the current budgetary constraints, we should be charging fair market value and not these below-market rates.”

The rental program began in 1919 after fires swept through the Myles Standish State Forest, leaving much of the area barren. Todd LaFleur, who oversaw the DCR leasing program until his retirement in 2008, says state officials wanted to bring people back to the forest so they started renting land for campsites. “Those campsites eventually became tents on platforms, then cottages, and today some are substantial homes,” he says. No state law, rule, or regulation authorizes the cottage program.

James Nelson, the president of the camp owners association for Fearing Pond in Myles Standish State Forest, says it is unfair for the state to essentially take away cottages that renters have built. “But our arguments fall on deaf ears,” he says. “The people at DCR lie to us and say one thing and do another.”

Nelson also says cottage owners help out the state by

keeping their eyes on the forest and serving as first responders to boating and other accidents. But Lee, of the DCR Stewardship Council, says Nelson's argument doesn't pass the "laugh test."

"If you allow that kind of thinking, then someone could say something like, 'I shouldn't have to pay taxes if I set up a neighborhood crime watch.' By that argument, because I volunteer on the DCR Stewardship Council, I should pay 10 percent less in taxes," he says.

Lambert says he appreciates any help cottage owners provide to DCR and visitors to the area, but still feels it's time for the program to come to an end.

"This is a program that is a vestige of different era," Lambert says. "It was established back in 1910 or so. It may have had a good and significant policy purpose then. But I think that the program's original purpose has long since passed."

Sharl Heller, president of the Friends of Myles Standish State Forest, a group with two cottage owners on its board, agrees with Lambert, although she says she is not speaking for the organization. "It may get me lynched at the next board meeting to say it, but the forests are public properties and it is not in the best interest of the general public for these cottage owners to have privileges beyond what others have," she says.

## Here comes StateStat

► LINDA ENERSON

**FOLLOWING THE LEAD** of many cities and towns across the country, the state of Massachusetts is launching a program to harness more data that can be used to sharpen government performance and deliver not just services but results.

A new state law requires state managers to set goals, collect data measuring their progress in meeting those goals—and answer probing questions when they don't.

Jay Gonzalez, the governor's secretary of administration and finance, says the initiative will change the way state government operates. He says state officials are facing greater demand for services these days but with fewer employees and resources to provide them. "We need to work smarter to deliver those services," he says. "The public deserves that."

The stats-based approach to performance goes by many names around the country. In New York City, the police department calls their program CompStat. Baltimore coined CitiStat, Somerville has SomerStat, and Boston

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**“We need to work smarter,”**  
says Jay Gonzalez, secretary of  
administration and finance.

new approach if it is managed correctly. He contends performance management helps employees at all levels “better understand how their work fits into the broader mission of the agency.” And the system will “provide more clarity about the goals their own performance is measured against,” he says.

Some state agencies are already using performance management. Customer wait times are routinely analyzed at the Registry of Motor Vehicles, where underlying problems that lead to longer lines (high staff-to-customer ratios, absenteeism, more complex transactions) are identified and addressed.

Just as performance management shape-shifts in different municipalities, it will look different in each state agency. Improving performance is more

adopted Boston About Results.

All of the initiatives essentially rely on the use of data to guide decisions and improve outcomes. It can be as simple as keeping a dashboard of statistics showing managers how they are doing in relation to program goals. Once road blocks are identified, time and money can be spent keeping the course clear and the program on track.

SomerStat director Daniel Hadley says response times to resident complaints (potholes, sidewalk cracks, and fallen branches) at the Department of Public Works improved significantly when the data was reviewed at meetings with Somerville officials. Performance management “pushes employees to pay attention to critical goals they may not otherwise be focused on,” he says.

But that doesn’t mean that performance management is or needs to be adversarial. According to Hadley, managers sometimes end up with more staff or equipment when focused questioning and analysis reveal more resources are needed to meet established goals.

Gonzalez admits that making big changes (which most people don’t like) in an organization with more than 44,000 employees scattered throughout the Commonwealth will be challenging. “It’s not easy getting everyone rowing in the same direction,” he says.

But he is optimistic state employees will embrace the

complex in areas such as health care, where services are delivered by both state and external agencies. “We’re not trying to dictate any particular approach,” says Mark Fine, who is rolling out the program for the state at the new Office of Performance, Accountability, and Transparency. But he says several key components must be in place: measurable goals and data to track progress and guide budgetary, staffing, and policy decisions.

The first step is developing and disseminating strategic plans. All secretariats will post their plans on the state website by January. Fine says implementation of each plan will then be tracked through a rigorous system of data collection and analysis.

## METRICS ARE THE KEY

“Performance management is always a battle for better information,” says Fine. Using the right metrics is essential to get information that is useful in improving performance. “State government is often data rich but information poor,” he says.

The state is partnering with the Collins Center at the University of Massachusetts Boston to design and implement the new system. The Collins Center is helping state officials develop a training program to ensure performance management takes root in state offices. So far, several hundred



managers have been trained.

If Gonzalez and Fine are successful, the next generation of state managers will have the tools they need to help them understand how well their own programs are doing. “No matter what your political stripe, you still want to know if what you’re doing works,” says Fine.

## ‘No money’ Mike Connolly

► GABRIELLE GURLEY

**BY HIS OWN** admission, “No Money” Mike Connolly has made hundreds of people laugh by telling them he is running for state representative but not accepting any campaign donations.

But Connolly, a Boston College Law School graduate, is not joking.

The East Cambridge resident, a self-proclaimed “progressive independent,” is running against incumbent Rep. Tim Toomey, a Cambridge Democrat who has represented the eastern neighborhoods of Cambridge and Somerville on Beacon Hill for nearly 20 years. Toomey also serves on the Cambridge City Council. A Republican, Thomas Vasconcelos, is also in the race.

The 32-year-old Connolly sees himself as part of a percolating movement to reduce the influence of money in politics. Nearly 500 people have pledged to donate zero dollars to Connolly’s campaign. Inspired by the grassroots strategies of Occupy Boston, he says elections should be about voters and their issues, not about an endless quest for cash to run campaigns.

“I want to stand for the concept that financial influence shouldn’t stand for political influence,” he says.

Some 60 volunteers have signed up to help pore over voter lists and do door-to-door canvassing and other tasks. One of the volunteers, Frank Gerratana, shares Connolly’s ideas about the corrosive demands of political fundraising. “The more time that politicians have to spend talking to a small set of people who have big bucks,” says Gerratana, an attorney who lives in Central Square, “the less time they spend with the actual people that they are elected to represent.”

Toomey raised about \$25,000 through mid August and Vasconcelos nearly \$1,600, according to state records. The incumbent says that he isn’t paying attention to how others are running their campaigns and adds that voters should “look beyond the gimmicks.”



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Accepting no donations does not mean spending no money. Connolly, who works full time as a project manager for a software company, is budgeting about \$50 of his own money per week for the campaign. He's also relying heavily on in-kind contributions, accepting nearly \$2,000 worth of goods and services such as photocopying and printing, according to his most recent state campaign finance report. His fiancée, a graphic designer, put together his website and he uses Facebook ads to complement traditional flyers and campaign posters.

Connolly has been endorsed by Cambridge City Councilor Craig Kelly, but he admits that other political professionals are skeptical about his chances. He says they have told him that voters would take him more seriously if he went out and raised money. "Many of them think it's an uphill battle to say the least," he says.

Connolly's role model is Lowell Mayor Patrick Murphy, who has run three similar types of campaigns. He lost a bid for Congress, but came out on top in two successive races for an at-large city council seat in 2009 and 2011. Murphy used his run for office to collect donations for local charities such as the Merrimack Valley Food Bank. He dipped into his personal funds for his first city council race.

Murphy, who has been offering tips to Connolly, believes that a candidate's success in a local race depends on how much work he or she wants to put in knocking on doors,

## RELYING ON IN-KIND DONATIONS

meeting voters, and convincing them to get to the polls. In Lowell, there are about 50,000 registered voters to reach out to for an at-large race, so a smaller district like Connolly's has its advantages.

"A state representative district is entirely doable," Murphy says.

There are about 20,000 registered voters in the 26th Middlesex District, where in 2010 Toomey ran unopposed and won handily, capturing 9,637 of the 11,657 votes cast.

Connolly reckons he needs about 6,000 votes to win. **CW**



## CiVICsense

MassINC's Civic Sense network is an events and programming series aimed at cultivating a community of civically-engaged young people in the Bay State. Civic Sense is an initiative of the MassINC Associate Board: A group of young professionals in the business, government, and nonprofit sectors who advise and promote the work of MassINC.

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# Tracking the cash

BY JACK SULLIVAN AND SAM OBAR

**AFTER DECADES OF** shrugging off campaign finance disclosure mandates, Massachusetts lawmakers have finally turned the tide in reporting what their donors do for a living, giving watchdogs the tools to monitor the influence of money in state politics.

Under campaign finance law, anyone who contributes an aggregate of \$200 or more in a calendar year to a single campaign has to provide his or her occupation and employer information. For years, contributors neglected to provide the information and many campaigns were lax in tracking it down. In the 2007-2008 election cycle, according to a *CommonWealth* review, more than 21 percent of large donors to state lawmakers were not identified by occupation or employer. In 2009-2010, the number dipped slightly to 20 percent. But in the 2011-2012 cycle, it plummeted to just 4 percent, out of a total of about 19,200 contributors of \$200 or more.

Nearly 150 of the 200 state representatives and senators had complete information on all their \$200 donors as of August 31. Of the remaining lawmakers, most lacked information on only a handful of contributors; the campaigns of just 12 lawmakers, including House Speaker Robert DeLeo and Senate Minority Leader Bruce Tarr, accounted for nearly half of all the donors not identified by occupation or employer.

Several lawmakers who had pristine reports say in the age of Google and social media sites such as LinkedIn, it only takes a few mouse clicks to find employment information on a donor.

"We just give it a fair amount of attention," says state Sen. William Brownsberger of Belmont, who shows just one donor of \$200 or more with no employment information out of more than 300. "In the world we live in right now, it's not hard to find someone's employer or occupation."

State Sen. Barry Finegold of Andover says he had issues in the past with donors failing to report the information, but a new campaign team has made it a priority to get the information rather than relying on the donor to supply it. "We actively

just try to Google people, call people. Most of the donors we know, so for us it's probably just as easy to get the information," he says.

As of the August 31 reporting date, DeLeo had the most \$200-plus donors lacking employment information, but even so the number represented less than 5 percent of his contributors because so many people give to his campaign.

More than 43 percent of the \$200-plus donors to the campaign of Rep. Joseph Wagner of Chicopee were not identified by occupation or employer, and they accounted for nearly half of the money he received from those large contributors. Other lawmakers lacking work data on a significant number of \$200-plus contributors were Rep. Thomas Calter of Kingston (33 percent unidentified); Tarr, the Senate Republican leader from Gloucester (20 percent); Rep. Antonio Cabral of New Bedford (14 percent), and Sen. Michael Rodrigues of Westport (11 percent).

Rodrigues says sometimes it's hard to track down the occupations of some donors because the contributor is "a friend of a friend" or unknown to anyone in the campaign. "We've gotten a lot better," he says. "We've been trying very hard to collect that information."

If a contributor fails to identify their occupation or employer, state law requires the candidate's campaign to make a good-faith effort to obtain the information or return the donation. Jason Tait, the spokesman for the state's Office of Campaign and Political Finance, says all a campaign has to do is indicate on its reports that the information has been requested from the donor and they can keep the money. If there is no response, campaigns are supposed to send a follow-up letter requesting it. After that, nothing more is required.

"As long as they send a letter requesting the information, they've complied with the law," says Tait. "We don't recall ever requiring anyone to return any contributions."

The gentle regulatory system seems to be working, but state officials are nevertheless getting a bit

UNIDENTIFIED CAMPAIGN CONTRIBUTORS



**Jay Cashman**, High-profile contractor  
RECIPIENT: Rep. Thomas Calter, Kingston



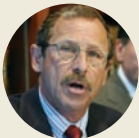
**Joseph Driscoll**, Lobbyist, former state rep from 2003-2011  
RECIPIENT: Rep. Calter, who served with Driscoll



**Ellen Roy Herzfelder**, Developer  
RECIPIENT: Rep. Dan Winslow, who served with Herzfelder in the Romney administration



**Maryanne Lewis**, Lobbyist, ex-rep  
RECIPIENT: Former Rep. Paul Kujawski, who served with Lewis in House



**Thomas Drechsler**, Prominent lawyer/lobbyist  
RECIPIENT: Sen. John Hart of South Boston

more aggressive in prodding candidates to comply. State officials this year are starting to audit the compliance of any campaign with more than 10 percent of their \$200-plus donors lacking work information. The cutoff point for an audit previously was 20 percent.

Over the last year, the state campaign finance office initiated 42 audits of state legislators, requesting copies of letters the lawmakers' campaign reports indicated had been sent to donors seeking employment information. Wagner and Tarr, in their campaign reports, indicated that they had sent letters requesting employment information from their donors. But when each campaign sent copies of the letters to the state campaign finance office, the letters were dated after the original enforcement letter from the state, with no indication that previous letters had been sent. Neither lawmaker returned calls for comment. Tait says as long as the letters are now on file, the campaigns are in

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compliance regardless of the date the letters were sent.

Some legislators' campaigns appear to put little effort in tracking down the work information of donors. Tarr's campaign report, for instance, shows a letter requesting information had been sent in connection with a \$500 contribution from Robert Maginn. Maginn is the chairman of the state GOP.

State Sen. John Hart of South Boston, who hosts the annual St. Patrick's Day Breakfast, attended by most of

## The gentle regulatory system is working.

the state's top politicians and insiders, could not find the employment information for Democratic lobbyist John Sasso, who donated \$400 between last year and this year, or Thomas Drechsler, a well-known Boston attorney and business partner of former House speaker Thomas Finneran, who donated \$200 to Hart. Since 2005, Drechsler has made 63 contributions to candidates and his employment information is listed in every campaign report, including those for donations under \$200, except Hart's.

Wagner's campaign reports list a couple from Westfield,

both of whom gave the maximum \$500 annual contribution to his campaign several times since 2006. Under occupation and employer, Wagner's report says "Letter sent. Info requested" each time they donated. That same couple is fully identified in other candidates' campaign reports, however, including the wife's occupation as executive director of the Westfield Business Improvement District through 2011. The Westfield BID is a high-profile organization that has interaction with local and state elected officials.

Then there is the curious case of Maryanne Lewis who tends to make contributions of \$199 to candidates, \$1 below the mandated reporting trigger for occupation and employment. Lewis is an attorney and lobbyist who formerly served as a state representative and ran for Congress as an independent. It's unclear what advantage she would gain by giving just below the \$200 threshold, but between 2004 and this year she made 135 donations of \$199 each to lawmakers. Her occupation didn't have to be identified in connection with those donations, but in 40 instances the campaigns identified her anyway. In fact, four lawmakers who served with Lewis on Beacon Hill sent letters requesting her employment information. Lewis did not return several calls for comment. **CW**

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# Half full or half empty?

The rate continues its decade-long fall

BY BEN FORMAN AND CAROLINE KOCH

**FROM THE SOUND** bites blanketing the airwaves, it's clear that politicians everywhere are concerned about the impact of the recession and slow recovery on the middle class. Elected leaders intuitively feel the public angst. But are things truly getting worse for middle-class families? Or are voters mostly reacting to the constant barrage of dispiriting media reports driven by the stubbornly high unemployment rate? MassINC's annual Middle-Class Index offers a barometer to help answer these questions.

Our index looks at pillars of the American Dream: financial security and a comfortable retirement; access to health care; homeownership; and quality education. It also takes into account how hard residents must work to achieve these core promises, and it captures changes in equality of opportunity over time.

The index, which was pegged to 100 for the year 2000, has steadily fallen over the last decade. For 2012, our index measures 96.2, a 1.8 point decrease from last year. If you digest the movement in all of our measures presented in the table to the right, what you conclude about the state of the Massachusetts middle class in this tepid recovery is likely to depend on whether you generally see the glass as half full or half empty.

Few indicators exhibit a clear downward trend. But then again, few demonstrate marked improvement. On many of our measures, relative to where we stood a decade ago, the middle-class is still on the mat, clinging to the ropes. On the other hand, there's a clear case to be made that the middle class is squaring up admirably with fists raised, prepared for a knock-down, drag-out fight for the American Dream.

**Clinging to the ropes:** This view is a familiar story. Relative to a decade ago, housing costs are nearly 20 percent higher as a percentage of household income for middle-class families and health care premiums have more than doubled as a bite of family income. Young workers with a four-year college degree are earning less and graduating with nearly twice as much student debt, after taking inflation into account. The job market has improved but, short on cash, many residents are taking advantage of the fact that employers are hiring to secure a second job. The share of middle-income households working multiple jobs is approaching 7 percent, the highest proportion

recorded in the data, which go back to the mid-1990s. Perhaps most concerning, the share of middle-class residents without earnings from investments has risen to more than 75 percent, and well over a third of them have no interest-bearing savings.

**The Middle-Class Prize Fighter:** The alternative narrative focuses on the steps middle-class families are taking to hang on to the American Dream in this challenging economic climate. Despite the rising cost, more residents are going on to college and they are completing four-year degrees at higher rates (69 percent in 2011 vs. 63 percent in 2000). Retooling for jobs in the new economy seems to be paying off. Unemployment rates are falling. If you look at incomes among workers and families with four-year degrees, earnings are rising for both families with children and families led by retirees. Even for residents under age 35 with a four-year degree, a group hit particularly hard in the recession, the median income is only off by 4 percent from the dotcom peak. More middle-class residents are buying homes as the housing market recovers. And nonwhite residents continue to make steady gains on

## More households work multiple jobs.

measures of household income and homeownership.

Those arguing that the middle class is on the mat can strengthen their argument with our figures for the nation. Income for college-educated workers nationally is stagnant. Homeownership among middle-income households nationally is steadily declining. The number of middle-income households without interest or investment income has risen sharply. Retirement plan participation among middle-class households has fallen significantly nationally and the share of US workers in labor unions has declined by about 12 percent since 2000.

So where would we come down if we were judging this bout? The Middle-Class Index clearly shows signs of improvement for Massachusetts. But weak performance nationally is alarming and clearly will drag down the fortunes of Bay State residents absent a fundamental shift. Until we see signs of this change, we have real fear for the wellbeing of our middle class. **CW**

## MIDDLE-CLASS INDEX

	MA 2011	PERCENT CHANGE, 2000-2011 -100 0 100%	MA AS % OF US AVERAGE, 2011 0 100% 200%	TREND	STATE RANK 2011
<b>Financial Security Subindex</b>					
Median Family Income	\$146,000			▲	2
Median Young Professional Income	\$50,100			▼	4
Median Retirement Income	\$55,314			▲	26
Income Volatility	60			▼	40
Personal Bankruptcies per 100,000 Residents	3			▼	18
Middle-Income Households without Interest Income	39%			▼	8
Middle-Income Households without Dividend Income	77%			▼	15
Middle-Income Households Housing Cost Burden	23%			▼	42
Health Care Cost Burden	5%			▼	2
Student Debt	\$26,778			▼	38
<b>Working Conditions Subindex</b>					
Union Membership	14.6%			▲	13
Middle-Income Households with Multiple Jobs	6.6%			▼	25
Middle-Income Full-Time Workers, Mean Weekly Hours	43			—	2
Travel Time to Work (minutes)	28			▼	46
Un- & Under Employment Rate	22%			▼	17
<b>Achieving the Dream Subindex</b>					
Middle-Income Households Homeownership Rate	72%			▲	22
Residents with Health Coverage	97%			▲	1
Middle-Income Households Retirement Plan Participation	57%			▲	12
K-12 Student Teacher Ratio	13.9			▲	13
College Going Rate	75%			▲	2
College Completion Rate, Four-Year Degree	69%			▲	1
Middle-Income Residents Marriage Rate, Age 35-44	64%			▼	15
<b>Equal Opportunity Subindex</b>					
90/10 Household Income Inequality Percentile Ratio	13.9			▼	49
Nonwhite Median Household Income	\$40,354			▲	26
Foreign-Born Median Household Income	\$43,288			▼	44
Nonwhite Homeownership Rate	37%			▲	42
College Completion Rate, Two-Year Degree	23%			▲	40

TREND: ▲ = getting better, ▼ = getting worse, — = stable STATE RANK: 1 = best

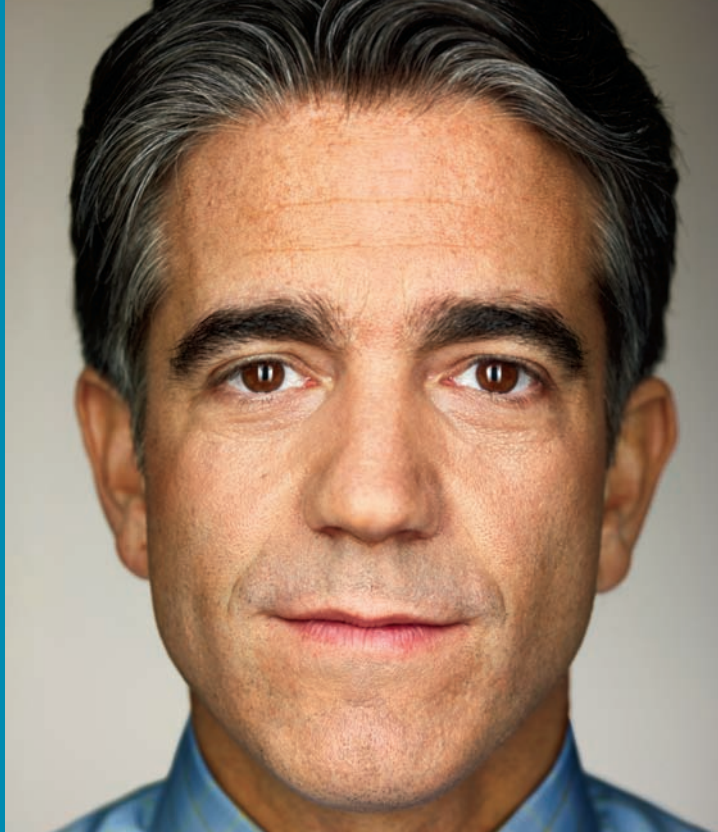
### SIZING IT UP

Since these measures come in different units, we look at the movement of each in percentage terms since the beginning of the last decade and combine the scores using a weighted-average that gives more power to indicators that are fairly stable over time. Many of our indicators look just at residents in the state's middle class, which we define as falling in the middle-

three income quintiles. For families, this range spans from about \$32,000 to a little more than \$141,000 in total income annually from all sources. We made a slight change to improve our 2012 index by replacing two median income measures sensitive to demographic change with three income measures that better isolate earnings growth among roughly comparable households. For more on our index, visit [www.massinc.org](http://www.massinc.org).

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# A representative sample

As voters shift to cell phones and don't answer calls, pollsters pursue new methods **BY STEVE KOCZELA AND PAUL BRAUN**

**AS WE APPROACH** election day, one can scarcely turn on the news or pick up a newspaper without reading about polls. Polls in the run-up to election day tend to focus on which politician is up and which one is down, what their “favorability rating” is, and where their support is coming from. The prevalence of polls this year is similar to what it was in other recent presidential election years, making it appear that polling today is a stable industry.

In truth, however, the polling industry is going through rapid change, and high quality polling is a more difficult proposition today than ever before. The challenges pollsters face are immense, including the shift to cell phones, a public less willing to spend time on the phone answering questions, shrinking media budgets leaving less resources for high quality polling, and less rigorous scrutiny applied to poll results. The challenges are significant enough that many within the polling industry are looking for new ways to reach voters.

Domestic polling companies have historically relied on dialing a carefully constructed sample of landline phones within the target geographic area to achieve a representative sample. That was relatively easy 15 years ago, when neighbors had the same area code and the same three-digit prefix in their telephone number. Pollsters used that information to ensure the sample was geographically balanced.

In recent years, however, more and more households have given up their landlines or stopped answering them unless a recognized number appears on their caller ID. A recent Pew study, *Assessing the Representativeness of Public Opinion Surveys*, showed response rates declining to single digits in recent years, even for polls with many attempts to reach specific respondents.

When the decline in landline usage first began, it was generally possible to achieve good poll results calling those households that *did* still use landlines, and using those households to represent the general population. Recently, that approach has become a much more dicey proposition because those

households that still have landlines look less and less like the overall population. Those sticking with landlines are more likely to be old, white, and live in either suburban or rural areas, while those accessible only by cell phone tend to be disproportionately young, non-white, lower-income urban dwellers.

Given these demographic differences, comparing the opinions of those reached by a cell phone and those reached by a landline in a given poll often shows very different results. The MassINC



The abandonment of landlines is giving pollsters headaches.

Polling Group's quarterly poll in July of this year showed US Senator Scott Brown leading by 3 points among respondents who answered by landline, compared to a 13-point edge for Democrat Elizabeth Warren among cell phone respondents, a demonstration of the increasing hazards of excluding cell phone users from a poll sample.

Some pollsters are still clinging to “landline-only” methods, though the risks of doing so are significant and increasing. Others have started supplementing their landline samples with cell phone users or with Internet surveys, while others are offering multiple modes of response, such as mailed invitations with web links for online responses to dial-in telephone numbers allowing respondents to take a survey at a time of their choosing.



More and more pollsters (including all of the public pollsters located in Massachusetts) are now calling both landlines and cell phones, although the approach presents a number of challenges. Calling cell phone users is two to three times more expensive than calling a landline, largely because of regulatory restrictions on using dialing machines to reach cell phone users. Accounting for the fact that some respondents own both phone types and could be reached on either requires more complicated weighting of responses once the survey is completed to ensure accuracy.

There are many ways of doing the weighting, but the best method is still a matter of considerable debate.

Cell phones present other challenges as well. Cell phones are mobile, so it's difficult to know whether the user resides in the targeted area or not. For example, college students from out of state often bring their cell phone from home with a non-Massachusetts area code. This group's opinion will not be counted in many telephone opinion polls, since most polls rely on randomly generated phone numbers beginning with Massachusetts area codes. The reverse is also true: former Massachusetts residents will be called to participate in Massachusetts polls

if they kept their number when they moved out of state. Fortunately, these geographical challenges have not yet risen to the level of frequency to cause a serious problem, but they will only become more common as cell phones proliferate.

## Many pollsters are looking for ways to improve or replace phone polling.

Surprisingly, some studies are showing that low-response-rate polls are still able to provide accurate estimates of election outcomes, though the explanation for why is unclear. Even though the percentage of people who respond to polls has fallen into the single digits, the aggregated views of the respondents still provide an accurate picture of the overall population. Put simply, those who answer the phone can still be relied on to represent the population—so far.

Anticipating a day when this is no longer true, many in the industry are considering how to either improve or replace telephone polling before falling response rates do



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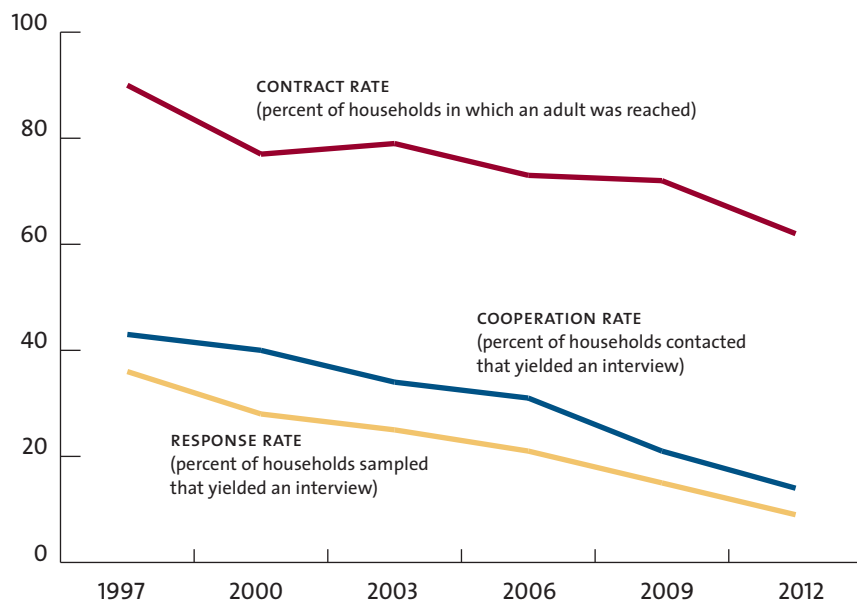
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SOURCE: Pew Research Center For The People & The Press  
 "Assessing the Representativeness of Public Opinion Surveys", 2012

undermine reliability. Many companies are also looking to the Internet for answers. Companies such as Knowledge Networks have created scientifically representative panels of respondents, but do so at huge expense by supplying Internet service and laptop computers to the portion of their panelists that do not have home Internet access.

Other companies, such as YouGov, are exploring innovative ways of composing reliable online samples without breaking the bank. Their methods rely on panelists who "opt in" to participate in such surveys, which for most pollsters has traditionally been a red flag since there is no way to determine whether those who opt-in are truly representative. YouGov has ditched the assumption that the panelists are randomly recruited and instead uses a matching algorithm where a representative sample of residents is essentially replicated using YouGov panelists. Under-scoring the challenges offered by the new methods, a recent University of Massachusetts Amherst poll using YouGov generated a heated exchange among pollsters as to whether such a poll could be described using traditional terminology, such as a margin of error.

UMass Amherst professor Brian Schaffner, who has produced several papers on the YouGov methods, says his research shows that the online polls conducted by YouGov produce results that are just as accurate as those that can be obtained from a modern telephone poll. "The fact is that in the modern communications environment, where telephone pollsters struggle to achieve response rates of even 10 percent, there is no single ideal way to reach individuals," he says in an email. "Thus, innovative

statistical techniques, like those used by YouGov, are a viable solution to ensure that our samples are as representative as possible."

The American Association for Public Opinion Research's 2012 conference included many presentations on different approaches to non-probability methods, a subject matter that would have been mostly unthinkable as recently as 10 years ago. Non-probability methods depart from the underpinnings of traditional surveys, which have had as their foundation the idea that anyone in the group being targeted has some measurable chance of being selected for a survey. For example, if each Massachusetts resident had an equal chance of being selected, their probability would

be about 1 in about 6 million, which makes creating a representative sample a very straightforward proposition. With opt-in panels, one of the non-probability methods, if only 1 million people sign up for the panel, the rest have a zero percent chance of being selected, which challenges the principles of probability on which survey research has historically relied. It is these very principles that allow a survey researcher to talk to only 400 or 500 people and say with a measureable level of confidence that their opinions represent the entire population.

Included among these non-probability methods are Google Surveys, conventional online panels, and analysis of social network data in lieu of conducting a survey, among others. Each has its uses, but their common challenge is assessing the degree to which the respondents represent the general public. Abandoning traditional probability methods, where the opinion of each person is treated as equally important, is not without significant risk, particularly the risk of no longer representing the totality of the population. The people who sign up for online survey panels, who post their everyday life on Facebook, or share their opinion on Twitter are not the same as the population as a whole, and there is no guarantee that analyzing the data from these sources can reliably teach us about the opinions of the population as a whole.

What is also unclear is how much longer traditional telephone research will be able to do so. **CW**

Steve Koczela is president of The MassINC Polling Group. Paul Braun is CEO of Braun Research Inc., a call center.

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## Waiver warfare

Obama administration offers states waivers from education and welfare law, but Republicans raise alarms **BY SHAWN ZELLER**

**OF THE DOMESTIC** policy achievements of the past two decades, most would agree the two biggest are the welfare reform law of 1996 and the No Child Left Behind education law of 2001. The first ended guaranteed lifetime cash assistance to needy families and required the poor to work while receiving temporary aid. The education law injected billions of additional federal funds into state education but required states to adopt strict standards for evaluating the performance of their students.

Each program was initially greeted with accolades, but has since shown its defects. The accountability standards of the No Child law, it has turned out, are unrealistic. As for welfare reform, despite states' success in moving recipients off the rolls and into jobs, many of the poor have struggled to stay employed and to move up the economic ladder.

With Congress paralyzed by partisan disagreements, the Obama administration is trying to remake both programs using executive authority to grant waivers from strict adherence to some provisions of the two laws. The ability of presidents to issue such waivers, to tweak the letter of a law to protect administrative prerogatives or to allow states more flexibility in pursuing a law's goals, is well established. Still, Obama's two waivers are prompting a strong backlash from Republicans, who say they undermine Congress' authority.

The fight over the welfare reform changes became a flashpoint in the presidential race in August when Mitt Romney charged that Obama was all but repealing the strict work requirement of the 1996 welfare law that was passed during the Clinton administration. In a TV ad, Romney said Obama's proposal would allow individuals to receive welfare without having to work or train

for a job, a charge that has been widely debunked. The Obama administration insists waivers would be granted from the welfare law only to states experimenting with alternative and innovative strategies to boost employment outcomes.

Massachusetts figures to be a major beneficiary of the two Obama waivers. Earlier this year, the state received a waiver of key provisions of the No Child law, allowing Massachusetts, rather than the federal government, to determine which schools and school districts are failing and where federal funds should be directed. Now the state is seriously considering an offer from the Department of Health and Human Services in Washington to rewrite the welfare program's work requirements to allow people on cash assistance to attend temporary education and training programs in lieu of work, at least for longer than they can now.

Mitchell Chester, the Massachusetts commissioner of education, says the education waiver is "a very good thing" for Massachusetts. The education waiver is already allowing the state to better focus its attention and resources on schools that need the most help, rather than accepting the verdict of the federal standard, which says four in five Massachusetts schools are failing.

Stephanie Brown, the assistant commissioner for programs, policy, and external relations at the state Department of Transitional Assistance, says the offer of a welfare waiver is "very exciting" and that state officials are "eager to go through it and compare it to our own program and figure out how it intersects with what we do."

Advocates say a welfare waiver could help the state expand its existing training program to help welfare recipients not only find work but also get on permanent career tracks. The limited



data that exist about training for welfare recipients indicate that the reform effort has mostly failed to help the poor find good long-term jobs, even as many have moved off the rolls.

And even as Romney and Republican congressional leaders are complaining, Obama points out that many GOP governors across the country have either accepted or inquired about the two waivers. That includes Romney, who asked the Bush administration about the possibility of changes to welfare rules in 2005 while serving as governor. That, Obama says, indicates that there's consensus—at least among those with responsibility for carrying out the measures—that both laws have deep flaws.

The No Child law's most serious flaw is the requirement that every child be brought up to grade level in English and math by 2014 and that schools make regular progress toward that goal. It means that 80 percent of Massachusetts schools are deemed to be failing, as are 90 percent of the state's school districts.

To add insult to injury, states are allowed to define their own proficiency standard, so those states with less rigorous standards than Massachusetts are doing better,

at least so far as the No Child rules are concerned.

"The tyranny of the formula is very problematic in Massachusetts," says Paul Toner, president of the Massachusetts Teachers Association, the state's largest teachers' union. "This new system will do a much better job. Schools that need the most help will get the help they need and districts will have flexibility to approach the problem."

Under its No Child waiver, Massachusetts is using a state-developed system for evaluating schools that grades

## 'The tyranny of the formula is very problematic in Massachusetts.'

them on how well their students are progressing, so schools with students who started with very low achievement scores can still succeed.

Under the waiver, each school and district in the state must cut in half the number of students who are not at grade level by 2018. And while No Child rules evaluated teachers based on the degrees and credentials they had earned, Massachusetts now is trying to evaluate them based

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on the impact they're having on student achievement.

To Toner's dismay, the system is still heavily dependent on student testing. Teachers' unions argue that standardized tests are sometimes a poor evaluator of student success. But both he and Chester reject the charge, from some Republicans in Washington, that the waiver in any way lets school districts off the hook.

"I'm a believer that every school has room to improve and strengthen their programs and reach more students," says Chester. "But that's a far different statement than saying most schools are failing."

Meanwhile, for all of welfare reform's success, at least in the early years, in moving recipients into paying jobs, little research has been done on how well these workers do in the long term. The evidence that does exist is not encouraging. A 2010 study by researchers at Johns Hopkins, George Washington University, and the University of North Carolina, for example, found that the employment rates of people who stopped receiving cash assistance between 1999 and 2002 dropped from 70 percent in 2001 to 56 percent in 2005, and that was before the high unemployment rates that followed the 2007 recession.

The result is that many more poor families are living with no safety net at all. In the year before the federal law

passed, Massachusetts provided cash assistance to 92 percent of needy families. But in 2009 and 2010, in the midst of the economic slowdown, only 45 percent of poor families were receiving aid in the state. And that is a far higher percentage than in many other states.

The welfare waiver aims to help welfare recipients not only find work, but to find stable jobs with greater income potential. In order to win a waiver of the welfare work rules—to allow welfare recipients to attend job training or college courses while receiving cash assistance—states have to commit to a long-term evaluation of their job training programs. States would get some relief from federal paperwork requirements but no additional federal money.

For welfare recipients, the waiver offers the possibility of earning a college-level degree while also receiving benefits. Under current rules, welfare recipients can only receive benefits for one year of college after which they must balance any courses they want to take with a full-time job in order to stay on the rolls.

Job training for welfare recipients has not been a high priority for most states, including Massachusetts. The Bay State only directs \$8 million into training, less than 1 percent of its welfare budget. And only half of the state's train-



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ing funds go into a two-year-old pre-professional program. Another \$3 million is spent helping welfare recipients get their high school diplomas, while the last \$1 million goes toward helping the trainees pay for their transportation to training programs and for specialized courses for immigrants who don't speak English.

The state's professional training programs are short, only a matter of weeks typically, and aim to help welfare recipients land jobs in fields such as health care, as nurses' aides and technicians, manufacturing, and the hotel and restaurant industry.

Efforts to evaluate how well the programs work have only just begun. The contractors who provide the training will be judged on how many trainees get jobs at the conclusion of their programs. Contractors with below average records will lose some or all of their funding. But

## The waiver debate reverses the typical Democrat- GOP dynamic.

the state, at least for now, isn't planning any long term study of how the trainees do.

"It's hard to know whether people going into these programs are more likely to succeed or not," says Deborah Harris of the Massachusetts Law Reform Institute, a non-profit legal services organization. "We don't have the data we need, which is part of what could be achieved through the waiver program."

Republicans usually champion efforts to wrest control away from Washington and give power back to the states, while Democrats favor a more muscular federal role. The waiver debate reverses those roles, with Obama seeking to return more power to the states and Republicans fighting against that effort.

State officials are now concerned that both waiver programs might end if Romney beats Obama, or if Republicans gain control of the Senate. After the No Child waivers for Massachusetts and nine other states were announced in February, the top Republican on the Senate committee charged with reauthorizing the No Child Law, Sen. Michael Enzi of Wyoming, said the waivers were an "end run around Congress's constitutional role to legislate."

After Obama offered the welfare waivers in July, Romney blasted the idea and said the success of welfare reform "rested on the obligation of work" and that the "linkage of work and welfare is essential to prevent welfare from becoming a way of life." **CW**

# Rhode Island red

The Ocean State did the math on pensions and boldly went where no state had gone before **BY GABRIELLE GURLEY**

**LITTLE RHODY WAS** in big trouble. That much Gina Raimondo knew when she pumped her fist in victory on election night two years ago. It wasn't until the new Rhode Island state treasurer set up shop in her cavernous offices in the Ocean State's majestic State House that she found out how close the ship of state was to the fiscal rocks.

Pension contributions for Rhode Island's employees were already the fastest growing line item in the state budget, but the problem was that the funding still wasn't keeping pace with pension outlays. The pension system's unfunded liability—the money required to support payments to retirees and current employees already vested in the pension system—was spiraling out of control.

If no changes were made to the current pension system, Ocean State taxpayers would have to contribute about \$615 million in 2013 to pay retiree benefits. By fiscal 2022, taxpayers would find themselves on the hook for more than \$1 billion.

The problem can be traced back to the 1960s. A succession of Democratic and Republican state leaders kept increasing pension benefits for state workers, while failing to set aside adequate levels of taxpayer money to fund the system. The legislature addressed some of the problems in 1986, but not enough to put the system on solid footing. “They did take steps in the right direction,” Raimondo says of state lawmakers. “The problem was they didn't do enough.”

Raising taxes to solve the state's pension problem was not an attractive option politically or economically. With an aging population and a decimated manufacturing sector, Rhode Island was on the ropes even before the 2001 and 2007 recessions. The August unemployment rate was 10.7 percent, the second highest in the country.

The treasurer stepped up to the plate with a deceptively simple strategy to get political consensus on rescuing the pension system: Sketch out the seriousness of the problem in way that ordinary Rhode Islanders would understand; develop a consensus among state officials, lawmakers, union

officials, and pension experts on the fixes that need to be made; and knuckle down to get lawmakers on board with those changes. That formula earned Raimondo national headlines and international acclaim in influential publications such as the *Financial Times* and *The Economist*.

Raimondo developed a consensus around a fairly radical solution. Most states grappling with pension deficits tweak the benefits of existing retirees or reduce the benefits awarded to new hires. Raimondo decided more drastic action was warranted. Rhode Island became the first state in the nation to scale back the benefits previously promised to current employees.

“Our mantra was we wanted a system that provided retirement security for everyone...so we took 60,000 employees and retirees, and everybody gave a little bit,” says Raimondo. “No one group shouldered a disproportionate burden.”

It was a bold proposal for a newcomer to state politics. Raimondo, 41, is a Democrat, but cut from a different cloth than the old-school types who have long dominated the state party in Rhode Island. The petite, Rhode Island native with an Ivy League pedigree (Harvard University, Yale Law School) was a co-founder and general partner with Point Judith Capital, a venture capital firm that specializes in software and technology investments. Campaigning on a slogan of “new leadership, a fresh approach,” Raimondo breezed into office in 2010 after the incumbent treasurer ran for higher office and her primary opponent dropped out of the race. She defeated her Republican challenger by a margin of 62 percent to 38 percent.

Raimondo began laying the groundwork for her pension proposal in April 2011, when the state retirement board she chaired voted to lower the forecasted rate of return on pension investments from 8.25 percent to a more realistic 7.5 percent. “We thought that gave a more accurate picture of how big the pension hole was,” says Raimondo. “When we did that and reflected [on] the problem more accurately, we realized the system was



under 50 percent funded [the recommended minimum pension funding benchmark is 80 percent] and the bill to taxpayers was quite literally unaffordable.”

Using the lower rate of return meant that the state’s unfunded pension liabilities increased to nearly \$7 billion, up from \$4.3 billion in 2009. When it comes to state pension liabilities, only Illinois was in worse shape.

“It was something that had to be dealt with,” says Alicia Munnell, director of the Center for Retirement Research at Boston College, who has advised both Massachusetts and Rhode Island officials on pension reform. “There was no way they could pay future and promised benefits and maintain transportation and police and [other] basic services that Rhode Islanders need.”

In May 2011, Raimondo released “Truth in Numbers,” a report that detailed the pension conundrum in plain English. Using an easy-to-digest primer on accounting rules, the treasurer laid out how she came up with the price tag for the unfunded liability, along with a clear rundown of five major problems plaguing the system, such as the state’s failure to make full contributions into the pension fund over the years.

“The pension system challenges are so great that it will be mathematically impossible to fix without dramatic

changes that will affect all stakeholders, not just the youngest and most recent employees,” the report concluded.

To get the word out about what was at stake, the treasurer held statewide public forums. Raimondo says she wanted to explain to residents that they would lose services or end up paying higher taxes if they didn’t support the reforms. “I think the turning point was when we translated the math into a set of numbers that answered the question for the everyday Rhode Islander, ‘What does this mean for me?’” she says. “If you have a mentally disabled daughter whose aide is going to be cut if you don’t get behind this...then the math becomes real for people.”

Gov. Lincoln Chafee and Raimondo convened a pension advisory group in the summer of 2011 to figure out how to chip away at the unfunded liability. It included labor and business leaders, government officials, and academics. Labor leaders “were involved in every single step of the process,” says Raimondo. In fact, she says, the union leaders succeeded in moderating some of the proposed cost-of-living adjustments in the meetings.

Robert Walsh, executive director of the National Education Association Rhode Island, the state’s largest teachers union, says the advisory group was “good theater,” but it was not the type of bargaining process he envisioned. The

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recommendations that came out of the meetings were very similar to the ones in Raimondo's report, he says. He would have preferred state officials to sit down and negotiate with labor leaders to restructure retiree benefits as Providence Mayor Angel Taveras did when the city faced bankruptcy earlier this year.

But Raimondo's proposal carried the day. The Rhode Island General Assembly hammered out a pension reform package in November that reduced the state's unfunded liability by \$3 billion immediately and about \$4 billion over the next 24 years. The package will also sharply cut what the state will have to set aside for pension payments

## R.I. is first state to change current worker benefits.

in the coming years. The package passed easily, 34 to 2 in the Senate and 57 to 15 in the House. The program went into effect on July 1.

Some of the changes have already been implemented in other states. The retirement age, for example, was increased to 67 for many employees, just as it was last year in Massachusetts. Rhode Island also lengthened the time frame for paying off its unfunded pension liability from 19 to 25 years. Annual cost-of-living adjustments for retirees were eliminated, at least until the pension system hits the 80 percent funding benchmark. Until then, cost-of-living adjustments will be paid every five years, and they will be applied only to the first \$25,000 of pension income instead of the first \$35,000.

The most controversial change involved basic retirement benefits for current workers, a move that no other state in the country has ever attempted. Previously, Rhode Island offered its employees a so-called defined benefit plan: A worker paid a portion of his salary into the pension plan and the state was responsible for providing the agreed-upon benefits when the employee retired. Rhode Island, like many other states, was having difficulty making those benefit payments since retirees were living longer and requiring more benefits. Those problems were compounded by underperforming pension investments and lawmakers failing to set aside enough money to cover future payouts.

Under Rhode Island's pension reform, most state employees will pay 3.5 percent of their salary into a defined benefit plan and 5 percent into a defined contribution 401(k)-like vehicle, to which the state will contribute another 1 percent. The state will continue to be responsible for the pension owed under the defined benefit plan, but the employee will be responsible for overseeing his or her own investments in the 401(k)-style account. In essence, the state is shifting a large chunk of its pension risk on to employees.

Other states have shown a keen interest in Rhode Island's approach, but some of the more dramatic changes may not be able to be duplicated elsewhere. In many other states, including Massachusetts, pension benefits are negotiated with unionized workers and incorporated into contracts. A 1973 Massachusetts Supreme Judicial Court advisory opinion found that state pension benefits for current employees are contractual obligations, meaning any changes must be negotiated and not legislatively imposed.

Rhode Island has statutory pension and benefits rules, meaning they are written into law and can be altered by changing the law. Even so, the changes in Rhode Island are facing court challenges.

Labor leaders argue the changes violate the Rhode Island constitution because they alter an implied contract between the state and its vested employees and retirees. Walsh, the National Education Association leader, says some of his members "say a promise is a promise, let the state pay; states can't go bankrupt."

Walsh says the case will turn on whether the courts hold that workers were harmed, and to what degree. "You can't brag about saving \$3 billion without someone being substantially impaired along the way," he says.

Raimondo believes the reforms will pass constitutional muster. "There is no contract [because] the General Assembly in its judgment decided that there was a necessary public purpose served by changing the law," she says. "Even if there was a contract, which we don't agree with, the state had reason to break it."

In a blue state like Rhode Island, Democratic leaders are probably the only ones who could have pulled off cutting benefits for state workers without producing the type of uproar that Scott Walker, Wisconsin's Republican governor, caused when he went up against state unions over collective bargaining rights.

Yet Raimondo says that having a Democratic majority in the legislature actually made the process more difficult. "Historically, Democrats are more reluctant to change public employee benefits than Republicans, and so they dug into the numbers to really make sure that this was necessary," she says.

The pension deal damaged Raimondo's standing with union members, but she remains popular overall with residents. In February, a Brown University poll found that she is the second most popular politician in Rhode Island behind Taveras, the Providence mayor. With her tenacity in helping to steering the reform drive, it's not surprising that Raimondo's name comes up, along with Taveras, in the mix of candidates for the 2014 governor's race.

Raimondo is noncommittal. "A lot of people are encouraging me to think about it, which I'm doing," she says. "But it's way too premature for me to have an answer." **CW**

# Gridlock

Does Massachusetts have the answer  
to Washington's paralysis?

BY BRUCE MOHL AND SAM OBAR

It's customary for the president of the United States to congratulate a new speaker of the House of Representatives. But when Republicans seized control of the House in 2010, President Obama discovered he didn't have the phone number of John Boehner. According to Bob Woodward's new book, *The Price of Politics*, the White House went into panic mode, ultimately tracking down the number from a fishing buddy of the new speaker.

The story offers an important insight into today's Washington: The nation's top politicians, particularly those from different parties, often don't know each other very well. They travel in the same circles and hurl sound bites at one another through the media, but they rarely get to know each other on a more personal level.

Obama and Boehner were almost strangers before Boehner became speaker. But suddenly the two men found themselves trying to negotiate a \$1.2 trillion package of spending cuts and revenue increases that carried enormous political risks for both of them. They tried to take the measure of each other on the fly—playing a round of golf, talking on the phone, and chit-chatting before the start of meetings—and discovered they had similar backgrounds and some shared interests. Both are Midwesterners, former state legislators, golfers, and smokers, although Obama is always trying to quit. Most importantly, the idea of negotiating a

grand budget compromise appealed to both of them.

Yet ultimately their negotiations ended in failure. Obama says Boehner couldn't stand up to Tea Party pressure from within the GOP, while Boehner says Obama kept moving the revenue-raising goalposts on him. It got nasty at the end, with the speaker refusing to take the president's calls just before the talks imploded. After that, the relationship went from bad to worse, with both politicians sniping at each other out on the campaign trail. They have become a symbol of Washington gridlock, unwilling to talk even as the nation heads for a fiscal cliff.

David Abshire, president of the Center for the Study of the Presidency and Congress, a nonprofit that promotes inclusive leadership in Washington, says politicians need to build a rapport with each other to be effective. One of the biggest changes he's noticed in Washington over the last 20 years is a sharp decline in personal interaction among politicians. They are less likely to talk outside the soundbite atmosphere and more beholden to special interests. Abshire, who served in the Reagan administration, says the president and then-House Speaker Tip O'Neill were a political odd couple, but they built a personal relationship that allowed them to bridge their differences for the good of the country.

"They'd get together, swap jokes, have drinks, and talk things over," Abshire says. "To put together deals, you've got to know where the other person is coming from."



President Obama and Speaker John Boehner have become a symbol of Washington gridlock, unwilling to talk even as the nation heads for a fiscal cliff.

Massachusetts officials couldn't agree more, and that's why they think they may have the solution for Washington's political paralysis. It's fairly simple: Do more talking with each other, away from the cameras and out of the spotlight. Institutionalize regular, weekly meetings where leaders can not only talk about issues and legislation, but, more importantly, get to know each other.

Political leaders on Beacon Hill have been holding these kinds of meetings for more than two decades. Officials in other states get together during times of crisis, but we couldn't find another state where the leaders gather even when there is little official business for them to talk about. The meetings are not required by law, but have become a tradition, handed down from one administration to the next. The invitees and the tone of the meetings have changed over the years, but the goal remains the same: building relationships that can help

bridge differences when the going gets tough.

"It's the opposite of what you see in Washington in terms of the air wars constantly being fought," says Bill Weld, the former Republican governor who started the meetings with then-Democratic Speaker Charles Flaherty back in 1991. "You're less likely to stab someone in the back if you're going to be having tea and cookies with them next Monday."

*CommonWealth* sought to trace how the meetings started, what makes them work, and find out if they could be duplicated elsewhere. We discovered personalities matter, and so do egos. We tried to interview every one of the major participants, a group that includes five governors, four speakers, and four Senate presidents. The only ones who didn't talk to us were former Speaker Sal DiMasi, who is in prison and struggling with cancer; former Senate President Robert Travaglini, an influential



Beacon Hill lobbyist; the state's current governor, Deval Patrick; and former Gov. Mitt Romney, who is running for president. Everyone else was happy to chat, convinced that the meetings are important for the smooth functioning of Beacon Hill and could be useful in breaking the logjam in Washington.

### THE MONDAY MEETINGS

Campaigning for governor in 1990, Bill Weld ran against the Democrats on Beacon Hill. The Republican painted a picture for voters of a place where spending was out of control, hacks thrived, and corruption was rampant. The former federal prosecutor promised to slash spending, throw out the "walruses" (a quirky Weldian reference to layabouts on the public payroll), and clean up the State House. He singled out Senate President William Bulger, a powerful South Boston politician who had helped Weld's Democratic opponent, John Silber, make it onto the primary ballot. Weld said Bulger personified everything that was wrong with Massachusetts politics, which Weld said was "rotten to the core." He accused Bulger of intimidating political opponents and putting associates of his gangster brother Whitey on the state payroll. He said it was time for Bulger to leave the Legislature.

After Weld defeated Silber and moved into the governor's corner office, tension on Beacon Hill intensified. The Massachusetts Miracle of the Dukakis years was in shambles. The state budget was precariously balanced, and Weld made matters worse by leading a very public fight for repeal of a sales tax on services that had been approved by the Legislature. Speaker Flaherty conceded defeat, but indicated the fight wasn't over. "This is the first round of a 15-round fight and I'm not even into my rope-a-dope strategy," he told the *Boston Globe*. The lack of communication on Beacon Hill was so bad that bonding agencies were openly expressing concern about it.

"It was terrible. Nothing was getting done," says Peter Lucas, a newspaper columnist for the Lowell *Sun* who at the time was an aide to Flaherty.

The budget chiefs in the Senate, the House, and the administration secretly began talking amongst themselves, trying to figure out how to bring the budget into balance. But they knew that their efforts would come to nothing unless the governor, the speaker, and the Senate president started cooperating.

Lucas says he and Peter Berlandi, Weld's advisor and chief fundraiser, began talking up the idea of a face-to-face meeting between the state's political leaders. Some members of Weld's administration, emboldened by the election of enough Republican senators to sustain a gubernatorial veto, thought a scorched-earth policy should be pursued against the Legislature. But Paul Cellucci, Weld's lieutenant

governor and a former state legislator, pushed for an end to the feuding. "The election is over. Massachusetts is close to the brink," he recalls telling Weld. "We have an obligation to work with the Legislature to solve problems."

Flaherty made the first move. He invited Weld to a breakfast in a third-floor room he reserved at the Charles Hotel in Harvard Square. Both men were from West Cambridge, but they couldn't have been more different. Weld was a Yankee and a graduate of Harvard, Harvard Law, and Oxford. Flaherty, an Irish-American and a graduate of Boston College, was fond of saying he and Weld lived five minutes and worlds apart.

Flaherty recalls telling Weld that the standoff couldn't continue. He says he told Weld that he and Bulger, with their many years of experience in politics, could tie him up in knots, but there was no point to that. "The election is over. You won," Flaherty told the governor. "I'm not saying you have to stop politicking, but at some point you've got to start governing."

Weld warmed to the idea, and agreed to start meeting with legislative leaders. He wanted Cellucci and the Republican leaders in the House and Senate to participate. Flaherty said he and Bulger would bring the chairmen of their Ways and Means committees. The eight elected officials would meet on Mondays at 3:15, right after Weld's afternoon squash match at the Boston Racquet Club. Weld says he also hit on the idea of rotating the meetings between the offices of the governor, the speaker, and the Senate

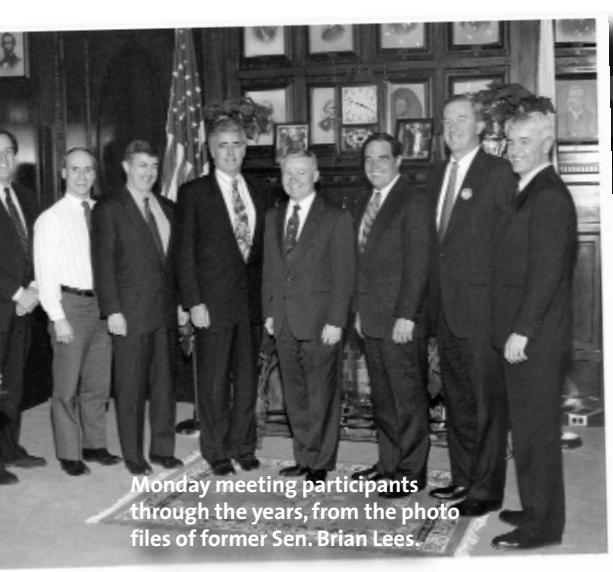
## Flaherty made the first move, inviting Weld to breakfast in Cambridge.

president. "It removed any implication that I was summoning anyone," he says.

The first meeting, according to Weld, was in Bulger's office, the man he had attacked repeatedly during the campaign. Both men said they didn't know what to expect from the other. "I thought of him as a rich Yankee, a mossback Republican," Bulger says. "He had no idea who we were."

To everyone's surprise, the group hit it off socially. Sen. Patricia McGovern, the head of the Senate Ways and Means Committee and the only woman at the meeting, drafted an agenda, but no one paid any attention to it. They were too busy having fun. When McGovern got back to her office, her staff asked her how it went. "Awful," she says. "It was just sort of a guy thing. We've got a gun to our





Monday meeting participants through the years, from the photo files of former Sen. Brian Lees.



heads and they're all having fun."

But that was the point. They needed to gain a comfort level with each other before they could start negotiating policy issues. "It wasn't about making decisions, although we did," Flaherty says. "It was about building relationships."

Weld says the participants would discuss issues at the meetings, but deals were rarely cut there. "The unholy deals, the ones where real horse-trading went on, would take place one-on-one," Weld says. "If I wanted something, I'd always pad down to the other guy's office. There, some real red meat got cut."

The first sign of a State House thaw was the orderly passage of a bare-bones state budget, without new taxes. From that success, others followed. Weld succeeded in privatizing some state services, cutting the capital gains tax, and reining in Medicaid spending. But he also forgot about many of his campaign promises to slash the size of state government. He even signed a bill to raise legislative pay by 55 percent.

The Monday meetings became sacrosanct on everyone's calendar and the gatherings continued right on through the Cellucci and Jane Swift administrations. There was continuity because several participants bridged administrations. The biggest change came during the Cellucci administration when the meeting time was moved from 3:15 to 3, so Senate Minority Leader Brian Lees could beat the rush-hour traffic on the way to his western Massachusetts district.

The conversations during the Monday meetings centered around sports, children, and political gossip. Cellucci talked about the movies he had seen over the weekend. Thomas Finneran, the House Ways and Means chairman who would later become speaker, brought in vegetables from his garden or some food his wife had made.

Weld and Bulger started spouting Shakespeare. Weld says he and Bulger would also talk in Latin and Greek, giving the impression they were cutting secret deals. "It drove

Flaherty crazy," Weld says. Little did the governor know that Flaherty took four years of Latin and three years of Greek at BC High, and knew they were reciting memorized lines.

Thomas Birmingham, who came to the meetings first as the Senate's budget chief and later as the Senate president, says the group members would often try to stump each other with unusual words and then try to work those words in to press coverage later in the week. "I remember saying at some press event, 'We all agreed we can't take a struvius approach to providing cuts in state aid,'" Birmingham says, chuckling at the memory. (Struvius means ostrich-like.)

Weld always came to the meeting from his squash match, so his hair would be wet after showering. At one meeting, Bulger says all of the other participants showed up with their hair wet.

Peter Forman, the Republican leader in the House who today heads the South Shore Chamber of Commerce, says he called the meetings the "Monday afternoon milk and cookies hour." He said Weld and Bulger would often use the meetings to practice their jokes for Bulger's St. Patrick's Day breakfast in South Boston. "By the time the breakfast came along, we were sick of hearing the same jokes over and over again," he says.

But the meetings were not all fun and games. Finneran says Weld took the meetings very seriously. "For him this was almost like an anthropological study," Finneran says. "Who are these people? What makes them tick?"

Thomas Trimarco, who was working in the treasurer's office and was invited to some of the early meetings, says Weld was focused. "He saw it as a game, a chess match," says Trimarco, who currently works at O'Neill & Associates and is a member of the MassINC board.

Finneran remembers Weld threatening to veto some

revenue-raising measure, but then mentioning that if his veto were overridden he would be happy to have the revenues. Forman remembers Weld plotting strategy at the meetings. Weld would advocate publicly for an extreme position on an issue, knowing full well he would take a pounding from lawmakers. But that pounding would set the stage for a compromise the group had already agreed to. “The political theater was actually scripted in these meetings,” Forman says.

Weld also cultivated Bulger, and not just with Latin and Greek. He says he pushed for increased funding for several projects important to Bulger, including renovations to the L Street Bathhouse in South Boston and the public library system. He even offered to nominate Bulger—the man Weld once described as the personification of everything that is wrong in Massachusetts politics—for a judgeship in the South Boston District Court.

Bulger turned down the judgeship, but when the president’s job at the University of Massachusetts became available in 1995, Bulger says he called Weld to ask him what he thought. He says Weld encouraged him to go for it, and helped pave the way for his appointment.

## ROMNEY AND PATRICK

Under Mitt Romney and Deval Patrick, the Monday afternoon meetings changed. Aides to the political leaders started attending in droves. The gatherings became less social and more business-like. There was also less gubernatorial enthusiasm. Romney, toward the end of his term, begged off a number of meetings because of travel. Patrick, House Speaker Robert DeLeo, and Senate President Therese Murray took off the month of August this year, but then Patrick canceled the meetings during September and October as he went into campaign mode for Obama.

Romney and Patrick were also newcomers to politics, and the meetings, at least initially, reflected that. “They are surprised, particularly coming out of the corporate world, that they don’t run everything,” Murray says. She said Romney was particularly troubled by it. “It was frustrating for him to see we weren’t his board of directors.”

Interestingly, Murray says no one at the meetings ever broached the subject with either governor. “Eventually they figure it out,” she says.

In some ways, Romney followed the same script as Weld in running for governor. Romney was less strident about the Legislature, but he urged people to vote for him to avoid total Democratic control of Beacon Hill. In one ad, he coined the term the “Gang of Three” to describe the



triumvirate that would rule Beacon Hill if Democrat Shannon O’Brien were elected. The other gang members were Finneran and Senate President Robert Travaglini. “This is the group of people who want to take Massachusetts back to the days of single-party monopoly, where a few people can sit in a room and make any decision they want to,” Romney said at the time.

Yet once Romney prevailed at the ballot box, he moved quickly to mend fences with the Democratic leaders and began participating in the Monday meetings with them. Travaglini puckishly welcomed him to membership in the Gang of Three.

Romney didn’t bring along Lt. Gov. Kerry Healey to the meetings. Instead, he brought his secretary of administration and finance, Eric Kriss. Healey declined to discuss why she wasn’t included. The rest of the key meeting participants remained the same: the speaker, the Senate president, the Ways and Means chairs, and the Republican minority leaders.


Participants say the meetings were cordial and often productive. Romney and the other group members often swapped stories and the governor graciously invited the participants to his son’s wedding reception. Yet the focus was more on getting things done and less on the relationship-building that occurred earlier.

“Obviously, Mitt Romney and Bill Weld are two different people,” says a diplomatic House Minority Leader Brad Jones. “Mitt may be a bit more focused on the business aspects of the meeting.”

The group dynamics worsened in 2004 after Romney recruited 100 Republican candidates to challenge incumbent Democrats in the Legislature. The effort was a colossal failure, but it changed the atmosphere of the Monday meetings. “The temperature was a little different,” Murray acknowledges. Yet, again, the legislative challenges were never discussed openly in the meetings, she says.

Kriss says the GOP candidates did not go over well with





the Democrats. "Their reaction was: 'How dare you run someone against us,'" he says. "It became: 'We're going after Romney with a vengeance.'"

When DiMasi replaced Finneran as speaker in 2004, the chemistry changed even more. Trimarco, who served as Romney's secretary of administration and finance during the second half of his term, says Travaglini and Romney respected each other. But he says Romney and DiMasi didn't get along. "That was a tough relationship there," he says. "Everybody would be polite. I don't remember anything unpleasant being said. It just wasn't as productive as one would want. It didn't click with the personalities."

As Romney pushed more aggressively for his health care legislation, Trimarco says the relationship between Romney and DiMasi became more strained. He says DiMasi stayed away from many meetings because he felt Romney and Travaglini were ganging up on him.

DeLeo, who sat in during the Romney meetings as chairman of the House Ways and Means Committee and continued with Patrick as speaker, saw a difference in the meetings the two governors ran. "I find Romney to be a very cordial and gracious person, but I didn't find the meetings as fruitful as with Gov. Patrick," he says.

Patrick's election changed the political dynamics of the meetings dramatically. Instead of a Republican governor meeting with Democratic leaders of the House and Senate, the meetings for the first time featured an all-Democrat cast at the top. Patrick accentuated that one-party atmosphere by excluding the Republican minority leaders from the House and Senate.

The Republican leaders say Patrick promised to have separate meetings with them every other week, but after the first meeting he never scheduled another one. "Mr. Inclusive doesn't include us," Jones says of Patrick. "It makes it extremely clear that this is one party government: Of the party, by the party, and for the party."

Both Jones and his Senate counterpart, Bruce Tarr, now meet regularly with the Democratic leaders of their respective branches.

Cellucci says it's a shame the Monday meetings had become an all-Democrat affair. "People are complaining about all the partisanship. It's better to have everyone in the room trying to work together," he says.

But Lees, the former Senate minority leader, says he understands why Patrick would exclude the Republicans. He said they were only included in the first place because they were members of the governor's party. "These were informational meetings, so the majority party would know what was coming from the governor's office," he says.

Murray says she doesn't know why Patrick ousted the Republicans. "Maybe he felt he could be more open without them there," she says. "We're of the same party, so you don't have to dance around the elephant in the room."

## BETTER TO TALK

Every person who participated in the Monday meetings says they were worthwhile. There is also an emerging consensus about what makes them work: They need to be held weekly, they need to be loosely organized, and there needs to be a real conversation.

"It's much better to talk," Bulger says. "The practical value of it was we wouldn't get into a public stalemate over some stupid thing."

Lt. Gov. Tim Murray, who attends the Monday meetings, says the key to their success is talking. "People wonder why government is not working. A lot of it's because people don't talk or listen," he says. "You can't do that through sound bites on a radio show, in print, or on TV. You can't really have a conversation that way."

DeLeo says the meetings change the participants without them realizing it. "It breaks the ice in terms of seeing the human side of someone, so when you get into the nuts and bolts of issues, you feel a little freer to express yourself," he says.

Forman, the former Republican House leader, says the meetings overall were good for the state, but they had some undesirable side effects. What began as a top-down approach to deal with a fiscal emergency became a top-down approach to nearly everything, Forman says. "Everyone got used to the efficiency of leadership providing a solution and some political cover," he says.

This top-down approach was exemplified by the one-on-one budget negotiations that took place in 1999 between Finneran and Birmingham on a State House balcony. It was as if the rest of the Legislature was irrelevant.

But the balcony budget negotiations gained notoriety because they occurred out in the open. It's hardly news that powerful politicians work out their differences one on one or in small groups; that's how compromises are reached. But the problem in Washington is that those one-on-one meetings are becoming rarer and rarer. When Obama and Boehner played a round of golf together, it was major news.

"That's the problem down there. No one talks to each other. That's what's ruining our country right now," says Richard Tisei, a Republican running for Congress in the Sixth District and a former minority leader in the Massachusetts Senate. Tisei was barred from the Monday meetings by Patrick, but he says he met on a weekly basis with Senate President Murray. He says she became his closest friend in the Senate. "We didn't agree on every issue, but we knew where we were coming from," he says.

Murray does agree with him on the need for Washington officials to start talking more. "I would love to see Washington sit down at a table with each other and put this stuff aside," she says. "They're playing with fire and they need to sit down with a hose." **CW**



# High-stakes test

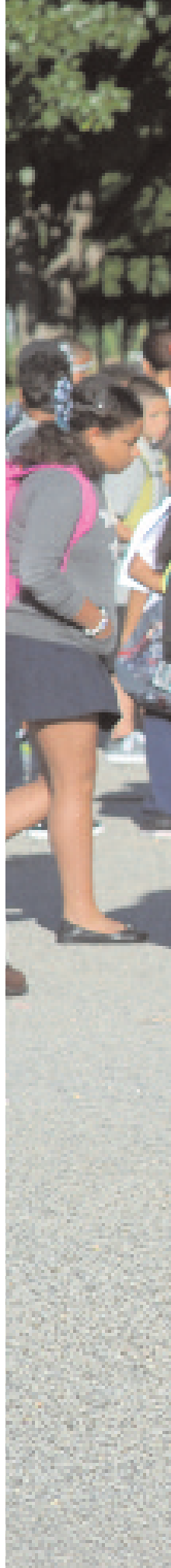
Trying to fix a broken school district may be the right thing to do, but no one has ever succeeded at it. Can Lawrence break the mold?

BY MICHAEL JONAS | PHOTOGRAPHS BY MICHAEL MANNING

**JEFF RILEY RECEIVED** a fairly consistent piece of advice when he was considering the offer to become receiver for the Lawrence public schools, the person in charge of the state takeover of the chronically low-performing system. “Most people I talked to told me not to come, not to do it, that it was too far gone,” Riley says of the district, which serves an overwhelming low-income population of 13,000 students.

The advice was, in many ways, well considered. In asking Riley to lead the turnaround of the Lawrence schools, state officials wanted him to do something that, across the vast span of American public education, has never been done: transform an entire low-performing, high-poverty school district so that strong student achievement becomes the rule, not the exception.

Public school systems are among the most hidebound institutions in American life. They are often beholden to cumbersome bureaucracies and restrictive teacher contracts, with a school cal-



Lawrence schools receiver  
Jeff Riley greets families in  
late August on the first  
day of school at Lawrence  
High School.



endar still organized around the seasonal rhythms of 19th century agrarian life. Layer over that the effects of entrenched poverty in Lawrence, where 87 percent of students come from low-income households, and the challenge to bring about big change looks almost insurmountable.

In January, against the sound advice he was getting, Riley, who was serving as a deputy superintendent in the Boston public schools, accepted the job. He and state education officials readily concede they are up against heavy odds. "We have a long history in this country of state takeovers of chronically underperforming districts, but a dismal record of those takeovers resulting in academic improve-

ment," says Paul Reville, the state's secretary of education.

The reason why Riley and state officials think it might be possible to defy that dismal track record is because they are breaking strongly with a long history of state takeovers that relied on sweeping turnaround plans under a leader brought in to impose a district-wide fix on broken schools. The Lawrence turnaround plan is based instead on the idea that responsibility for getting schools on track rests with each individual school. It calls for principals and teachers to devise plans to make greater use of assessment data on individual students' strengths and weaknesses and to design a richer learning experience using added hours

that all schools will be given. Schools that show an ability to take charge of their own destiny will be held accountable for strong student outcomes, but given lots of freedom over how to get there and allowed to make their own decisions about curriculum, budgeting, and other school-based policies.

"This is not a top-down, one-size-fits all approach," says Mitchell Chester, the state education commissioner. "This turns some of the conventional thinking about school districts on its head. It talks about a system of schools rather than a school system. It's a radical change from the way we typically do business. What we do know for sure is what isn't working. The way the district was operated and structured was delivering shameful results for students. I'm convinced we can do much better than that."

As a state-appointed receiver under a new education law passed two years ago, Riley was given broad powers to formulate a plan to turn around a system where half of all students never graduate and where achievement scores rank at or near the bottom among all districts in the state. The elected school committee in Lawrence has essentially been mothballed and stripped of any power. The teachers' union has been largely marginalized by the terms of the receivership, which allow Riley to void many aspects of its contract. The receivership was granted for three years, but Chester says it's



Riley: "I'm either in the sweet spot or the cross hairs."

likely to be extended in order to ensure the district makes substantial—and sustainable—gains.

The added school hours and greater school-level autonomy the plan calls for are hallmarks of charter schools. Leaders of high-performing charter schools uniformly say these are essential ingredients of their success. The Lawrence plan didn't stop at just borrowing some of these practices. Two organizations that run successful charter schools were brought in and handed control of two of the lowest-performing Lawrence schools. Another charter school operator has opened a new Lawrence high school targeting dropouts, while a successful math tutoring program developed by Match Charter High School in Boston school is being deployed in two of the four academies that Lawrence High School is divided into. The takeover schools and new high school are part of the district system, however, and their teachers are members of the Lawrence teachers union.

Riley is trying to ride above the fractious wars that have pitted teachers unions and district school advocates against charter schools and their allies who say the publicly funded, but independently operated, schools are the best hope for children stuck in low-performing urban school systems. "There are zealots on either side," says Riley. "I don't care about public or charter—I just want good schools." The 41-year-old Stoughton native says he's trying to "create a space" where a district system and many of the best qualities of charter schools can be brought together, and he is

## Wilfredo Laboy was Lawrence's third straight school superintendent to be fired because of wrongdoing allegations.

hoping that this mix just might be the elusive recipe for fixing a failing district.

The plan has angered union leaders in Lawrence. It has also drawn the attention—and ire—of the national president of the American Federation of Teachers, Randi Weingarten, who says it represents reform done the wrong way, by casting off many of the protections teachers enjoy under traditional contracts. Meanwhile, some reform advocates say that, given the desperate condition of the Lawrence schools, the plan amounts to a half-measure. They say the state should unshackle the schools altogether from a broken district model and let charter schools with a proven track record take over entirely.

"I'm either in the sweet spot or the cross hairs," says Riley. If that's an uncomfortable place to be, the affable school leader with a shiny scalp tries to brush off the pressure. "You have people unhappy on both sides," he says. "I hope I don't lose my hair."

### A LONG SLIDE DOWN

"A legacy of learning" reads the quote in large lettering above the entrance to Lawrence High School. You have to look closely to see the faint outline still visible beneath it where other lettering has been removed from the concrete façade. "Dr. Wilfredo Laboy," it reads. Laboy, the last superintendent in Lawrence, had the quote put on the high school, with his name under it, as if he were the second coming of Horace Mann. "A legacy of looting" might have been more appropriate, as Laboy was the third straight Lawrence superintendent to be fired because of allegations of wrongdoing. In Laboy's case, the coda to a lackluster reign was a conviction last March on five fraud and embezzlement counts related to misusing school department funds and having district employees carry out personal errands. Laboy received a 90-day jail sentence followed by a year of home confinement.

It was only the latest setback for a district that has struggled for decades to get learning on track for students in Lawrence, 90 percent of whom are Latino and one-quarter of whom have limited English language skills. More than two years of uncertain leadership followed Laboy's exit in 2009, with the city's school committee unable to make headway in naming a permanent replacement. Already low achievement scores fell even further, with three-quarters of the district's schools experiencing declines in proficiency rates on the statewide MCAS test during the 2010-11 school year. By 2011, Lawrence was in the bottom 1 percent of all districts in the state, with less than 30 percent of students scoring proficient or above in math and only 41 percent proficient in English. Meanwhile, the city once known for its bustling textile industry has become a drop-out factory, with half of its students not finishing high school.

Against that backdrop, state officials moved last fall to put the Lawrence district in receivership because of chronic low student achievement. It marked the first time the state has exercised the power to take over a low-performing district under a 2010 education reform law.

"We would not have taken this on if we didn't have the conviction that, short of receivership, the likelihood of turning things around in the Lawrence school district was slim to none," Chester said, in announcing the turnaround plan in May.

The goals the plan sets forth for the district include



moving within three years from close to the bottom among the state's 24 Gateway Cities to among the top five in graduation rates and English and math proficiency, and closing the achievement gap between the district and statewide averages for those three measures within five to seven years.

The plan is not only built on the idea that schools can improve the most when they are cut loose from tight control from the central office, it also embraces a movement to add more time to the school calendar for academics as well as for enrichment programs such as art, music, and sports. Many educators believe more time is a critical ingredient in successful schools with lots of students from poor families, who are often behind academically and don't have access to the sort of afterschool activities that make for a well-rounded education among middle-class children.

The schools being run by outside groups in Lawrence have longer days starting this year—about eight hours instead of the standard six-and-a-half. The rest of the district's schools are to spend time this year devising plans, to be implemented next fall, for using roughly 175 more hours per year for elementary and middle school students and 140 hours more for high school students. The added time works out to the equivalent of 20 to 25 more days per year. But in keeping with the idea of decentralizing decision-making, it's being left up to each school to figure out how best to use the added time.

"It could be a longer day, it could be a longer year, it could be acceleration academies, which happen over the vacations," says Riley. "This idea that I'm going to come in and suddenly be Darth Vader and everyone has to march in lockstep—this one-size-fits-all, blanket approach that we've seen over and over in urban education reform doesn't work."

#### AIMING HIGHER

The outside partners Lawrence has brought in are, in some ways, the shock troops who have been practicing the decentralized, school-based accountability that the turnaround plan preaches as the way forward for all the district's schools. Greater school-based autonomy was supposed to be a part of the standards-and-accountability era that brought MCAS testing to Massachusetts, but school systems have largely imposed the standards without granting the autonomy that was envisioned.

High-performing charter schools have become the template for many changes being pushed not only in the Lawrence receivership but in reform efforts across the country. Longer days, more school control over staffing and budgeting, intensive use of student assessment data, and higher expectations for student achievement are all common to charter schools. The turnaround plan says

the broad autonomy the outside partners have had to run their other schools "has yielded significant gains in student achievement" and "demonstrates the potential that our own schools can attain."

Though charters have been the model for many of these approaches, district schools have also employed some of these practices—and shown great results. Among them is Edwards Middle School in Boston, where Riley served as principal from 2007 to 2009. Since 2006, Edwards School students have cut the gap between their English scores and the statewide average by 80 percent, and 8th graders at the school now outperform the statewide proficiency average in math by 8 points.

Under Riley's leadership, the Edwards became one of a handful of Massachusetts schools taking part in a state initiative testing longer school days. Riley also brought an intensive, data-focused approach that helped teachers tailor lessons to individual students' skills and needs. "I think that's a big part of the story at the Edwards," he says.

Riley also maneuvered as much as he could around

## 'This one-size-fits-all, blanket approach that we've seen over and over in urban education reform doesn't work.'

some of the top-down structure of the school system that he thought held back efforts to unleash creative approaches to improving the school. "I often felt the district office was an impediment," he confesses. "The great irony of my life is that I then became a district administrator." But that experience, he says, has a lot to do with why he's an administrator determined to reduce the stifling effect that a central office can have. Riley says he wants to hold Lawrence schools accountable for dramatically raising student outcomes, but not micromanage how they get those results.

Getting results, Scott Given tells a classroom full of Lawrence teachers on an early August morning, has to be their obsession. Given is CEO of Unlocking Potential, a Boston-based nonprofit that is taking over the Leonard Middle School in Lawrence, and he's speaking at the first day of orientation for the 15 teachers who have been hired for the school's 6th grade. (The new school, which will be known as Up Academy Lawrence Middle School, will take over the 7th and 8th grades at the school next fall.)

The outside partners Lawrence brought in were given

full authority to hire teachers for the schools they'll run. Teachers already in the Lawrence system were free to apply to the partner-operated schools, but very few did. Of the 15 teachers Given and his team have hired, only three were in the district last year, all of them through the Teach for America program that trains recent college graduates to work in low-income school districts.

On the 2011 MCAS, only 11 percent of the students at the Leonard School were proficient in math, while just 36 percent scored proficient in English. Given tells the teachers that it's likely only 1 of every 20 students going through the school in the past wound up graduating from college. "That's why we're here," he says. "It's our job to do something about that."

The track record shows that organizations such as Unlocking Potential have been able to dramatically change the trajectory for students like those in Lawrence. A year ago, the organization took over a failing Boston middle school under a provision of state law that allows charter schools to operate within a district system. During the school's first year, Up Academy Charter School recorded the highest growth in math scores of any district school in the state. On the English test, the school had the highest growth of any district middle school in Boston.

The other school operators recruited to Lawrence have shown similarly impressive results. Community Day Charter School in Lawrence, which is now in charge of the early grades at the district's Arlington Elementary School, had the highest 6th grade English MCAS scores in the state for 2011. Students at Phoenix Academy Charter School, which opened in Chelsea in 2006 and targets high school drop-outs and those at risk for leaving school, have proficiency rates in math and English that far surpass those of the district schools in Chelsea and Lawrence. The organization that operates the Chelsea school opened a high school this fall in Lawrence targeting the same population as part of the district turnaround plan.

Up Academy Lawrence held an open house over the summer to let families know about the new school taking root at the Leonard Middle School building. "People showed up in droves," says Tyler Cote, the principal of the new school. "The promise we made to them that night was simple but very profound: You send your student to our school and we will put them on a path to college."

That is hardly the sort of expectation families have had for the schools in Lawrence. Felix and Cruzlandia Bernabel were prepared to pull up stakes and leave Law-

**Scott Given, the CEO of Unlocking Potential:**  
"I've seen what a great urban school can do."



rence rather than send the oldest of their three sons, Emanuel, to 6th grade at the Leonard Middle School this fall. "We were planning to move to Methuen because the Lawrence school was so bad that we didn't want our son to be there," says Cruzlandia Bernabel.

What the family heard at the Up Academy open house "was hope for something different," says Felix Bernabel, a machine operator at the Polartec textile factory in Lawrence. "We decided to put our trust in it. What I really care about is a secure future for my kid," he says.

## LABOR PAINS

Frank McLaughlin, the president of the Lawrence Teachers Union, is sitting in his office in the Everett Mill, a mammoth former textile factory that sits on the edge of downtown Lawrence. The connection to Lawrence's rich labor history is hardly lost on the 57-year-old McLaughlin, who has taught in the Lawrence schools for 33 years and graduated from the high school where he now teaches social studies. It is late August and McLaughlin is talking about the upcoming plans for a huge Labor Day march and rally

to commemorate the 100th anniversary of the Bread and Roses Strike. The famous walk-out by poorly paid textile workers in Lawrence is one of the iconic moments in US labor history. “Unions have done a lot to create the middle class, to pull these families that come to Lawrence out of poverty,” says McLaughlin.

With the receivership stripping his union of much of its power, “we’re going backwards,” says McLaughlin. It’s “appalling,” he says, that on the 100th anniversary of the Bread and Roses Strike, “they gutted our contract.”

The receivership allows Riley to develop a plan for “performance-based” pay, something unions have opposed unless bonuses are school-wide. It also provides, among other things, that teacher assignment decisions and layoffs be made based on performance, not seniority.

School reform debates have become the place in American politics where traditional battle lines get muddled. Unions helped to lift immigrant workers who toiled in Lawrence’s mills, and they have helped teachers earn deserved protections and decent pay. But they are now often viewed by reform advocates as an obstacle to the kinds of change needed to give students the quality education that is today’s ticket into the middle class.

Over the summer, Riley exercised his authority to conduct a review of all teachers in Lawrence who had been flagged because of concerns over the quality of their work. Out of a teaching force of about 900 teachers, just 58 were identified for possible action. Of these, only two were ultimately fired, with 31 retiring or resigning, 15 put on improvement plans to be monitored over the current school year, and another 10 cleared entirely to return to classrooms. Riley also dismissed one principal, while another left voluntarily.

“We’re not an employment agency” is a favored line Riley uses to emphasize that good outcomes for students has to be the driving factor in personnel policies. At the same time, given the broad authority he had to dismiss teachers, Riley applied an awfully light touch. “You can’t fire your way to results,” says Riley, who maintains that the vast majority of the city’s teachers are doing a good job—or have the potential to do so with the right support and school leadership. “I’m not sure that Lawrence teachers have been given a broad framework of what good teaching looks like and what the expectations are,” he says.

Though Riley hardly took a heavy-handed approach to the teacher reviews, union anger boiled over in August at what McLaughlin says was the knee-jerk dismissal of a union proposal for the new teacher evaluation system being developed as well as over a dispute over how much additional pay teachers will receive for working added

hours as part of the longer school day or year.

McLaughlin fired off a memo on the turnaround plan to Randi Weingarten, president of the American Federation of Teachers, the national union the Lawrence teachers belong to—and gave a copy to the Lawrence *Eagle-Tribune*. “Lawrence teachers union head blasts turnaround plan,” read the headline of the *Eagle-Tribune* story. “The honeymoon is over,” a spokesman for the union told the paper.

McLaughlin’s memo to Weingarten zeroed in on Chester, the state education commissioner, who union leaders say is the one ultimately calling the shots in Lawrence. Chester has used the problems in Lawrence “as an excuse to dismantle a decades-long tradition of teacher voice and collective bargaining,” wrote McLaughlin. He called Chester’s undermining of teachers “nothing short of ‘Scott Walker lite,’” a reference to the Republican governor of Wisconsin who has led an all-out assault on public-sector unions there.

In a telephone interview, Weingarten says the union agrees that significant change is needed in Lawrence. But she says it shouldn’t happen without the voice that represents teachers. “Simply saying you want teachers to have a role but attempting to divide them from their voice is not real collaboration,” Weingarten says of the marginalizing of the union.

“I am not anti-union,” says Chester. “But what I am is very much pro-school turnaround. And we have an opportunity in Lawrence to do a better job of serving the stu-

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## The Lawrence teachers union says the schools haven’t been chronically underperforming as much as chronically corrupt.

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dents we are charged with serving, and I’m determined to use the tools the Legislature gave me to the fullest extent necessary.”

Chester says the turnaround plan is, in fact, all about increasing the voice of teachers and principals in how schools are run. “There’s a desire to be respected and be empowered,” he says of the union complaints. “The irony in Lawrence is we’ve taken that to the nth degree, where we are charging each local school with coming up with a design for turning around their school, which to me is a great opportunity to demonstrate empowerment.”

For his part, McLaughlin rejects the state’s characterization of the Lawrence schools, saying they haven’t been



Jeff Riley and Scott Given  
at Up Academy Lawrence  
Middle School.



chronically underperforming so much as “chronically corrupt.” His point about the history of dreadful district leadership is well taken. And it’s easy to see how he feels teachers are now being made to pay for the sins of long-standing administrative failings.

McLaughlin also says it’s unfair to put the whole burden for raising achievement on schools in a district with high mobility rates—one-quarter of all students enter or exit schools in Lawrence during the year—and nearly 90 percent of students coming from low-income homes.

“I think the real problem in Lawrence isn’t the schools, it’s the poverty,” he says.

With that, he raises what has become a central point of contention in debates about school reform and the achievement gap. Can good schools can overcome the effects of poverty and put students on course toward success? Or must the many dimensions of poverty that impinge on learning be addressed for children to achieve at high levels? The question has come to define the two big schools of thought in American education reform circles.

The Lawrence turnaround plan calls for expanded services for students and greater outreach to engage families, but it is betting heavily that robust reform of schools themselves, including more classroom time and enrichment activities, can put kids from poor families on a path to success.

“What happens outside the building needs to be con-

fronted head on, but I believe that you can create an environment in schools that breeds a culture of excellence,” says Given, the Unlocking Potential founder. “We’re doing our students a disservice if we allow the very real challenges of poverty to serve as an excuse for low achievement. I’ve seen what a great urban school can do.”

#### A ‘KATRINA MOMENT’?

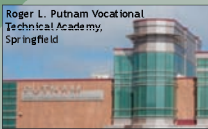
While union leaders complain that the state is going too far in imposing a plan for Lawrence and stripping the union of a say, others say the problem is just the opposite, that the state did not go far enough.

These are the voices of those who have reached the conclusion that chronically low-performing urban school systems are simply not redeemable. “Turning around the lowest performing schools is very, very hard, and, unfortunately, it seldom works,” says Andrew Smarick, a former education policy official in the Bush administration who served most recently as a deputy education commissioner for the state of New Jersey.


New Orleans has become ground-zero for those arguing that it’s futile to try turning around schools within a conventional district structure. Following Hurricane Katrina in 2005, which devastated many New Orleans schools and forced the shutdown of the entire district for a full school year, the state directed the reopening of all




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those schools that had performed below statewide averages as independently run charter schools. That wound up being the lion's share of all schools in the district, which had been one of the lowest performing in Louisiana for many years.

Nearly 85 percent of students in New Orleans now attend an autonomously operated charter school, a figure that is likely to increase in coming years to include nearly all public school students. The New Orleans charter schools have cut the achievement gap with statewide proficiency rates in half over the last five years, and they could become the first set of urban public schools in the country to surpass state averages.

Neerav Kingsland, the CEO of New Schools for New Orleans, a nonprofit that provides strategic support to the city's charter schools, has come to believe that cutting schools loose from the constraints of big bureaucratic district systems is the only hope for US urban education. He has termed the tension between those trying to improve district systems and those favoring the type of radical decentralization being applied in New Orleans a battle between "reformers" and "relinquishers." Reformers, he argues, are clinging to the belief that a uniform district-wide plan can successfully save a failing school system, while relinquishers believe the best hope lies with freeing schools from district strictures.

In April, Kingsland was part of a meeting in Boston of small number of local and national education reform leaders who shared ideas for Lawrence with Chester and Riley. The Lawrence plan does not dismantle the traditional school district, as has happened in New Orleans. But it may go as far as is possible within a district structure to adopt a lot of the same thinking.

"On the spectrum, I'm closer to the relinquisher model," says Riley.

Jim Stergios, executive director of the Pioneer Institute, a free-market oriented Boston think tank, doesn't think the Lawrence plan relinquishes enough. This is "our Katrina moment," he says. "This is an opportunity to break the mold." He argues for a New Orleans-style plan to hand over all the schools in Lawrence to independent charter school operators. With only a fraction of Lawrence students in schools being run by the charter school operators that the state has expressed such confidence in, says Stergios, "that doesn't seem to get to the level of change we need."

Charter school critics would question the idea that a wholesale shift to charters would necessarily yield positive results. There are also plenty of questions about whether there is even the capacity among high-performing charter school operators to take their work to that scale, or that such sweeping change could be effectively managed.

"It seems like they're trying to be thoughtful about

how to sequence this, and not trying to do too much in the first year so that nothing gets done well,” says Andrew Rotherham, a former education adviser in the Clinton administration who now runs a Washington, DC, education policy organization and who also took part in the April meeting.

There may very well more “relinquishing” in Lawrence over time. Chester says he is prepared to hand additional schools to outside organizations with proven track records if schools in Lawrence seem in need of that stronger medicine. In September, based on last spring’s MCAS scores, an additional Lawrence school fell into the state accountability category of “chronically underperforming,” which could trigger consideration of such a move. Chester says there will also be an assessment in the spring of whether Lawrence schools have all shown a capacity to map out a credible plan to take charge of their own turnaround and use the added time all schools will have next fall. As for whether more schools will be assigned to outside groups next year, he says, “I think it’s very possible.”

Jim Peyser, a former state board of education chairman, says the Lawrence initiative will be an important test of whether, with state authority pushing at the outer edges of the leeway possible within a district structure, an urban

school system can be turned around. That the effort is underway in a district of manageable size and not in huge city puts the experiment in another sort of “sweet spot.” Lawrence is “small enough to change and big enough to matter,” says Peyser.

Improving schools is far too complicated an undertaking to say that Lawrence will either be the place urban district reform came to die—or to be reborn. But what happens there will surely matter, not only for Lawrence, but for education reform thinking more broadly. Failure would lend credence to the argument that chronically low-performing urban districts are not salvageable even when given unusual latitude and should be abandoned in favor of even more radical models like the one in New Orleans. Success, on the other hand, would represent a huge proof point showing that districts can be turned around if many of the prevailing rules and practices are set aside.

Reville, the state education secretary, sounds a note of caution, while acknowledging that a lot is on the line. “We have to have some humility here,” he says. “We can’t pretend as though we know how to do this, because we have never done it. I think this is of monumental significance. I think people are watching.” **CW**

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"As adults we believe we are putting our children into a safe environment," says State Fire Marshall Stephen Coan.

# Fire drill

Two-thirds of Massachusetts schools lack sprinkler systems even though fires are commonplace

BY JACK SULLIVAN | PHOTOGRAPHS BY J. CAPPUCCIO

**AS TROPICAL STORM** Irene raged through the western part of the state during the first weekend of August, a lightning bolt exploded into the Rowe Elementary School and destroyed the small brick and wood building that housed classes for 85 students from kindergarten to sixth grade.

Just a few weeks before, an early morning electrical fire at the Sgt. William H. Carney Memorial Academy in New Bedford ravaged five classrooms at the 600-student elementary school. As in Rowe, no children were in the building because the fire occurred during non-school hours. But both fires caused extensive damage that totaled millions of dollars.

The two school blazes—one in a rural area of Franklin County and the other in a crowded urban district; one the result of a faulty power strip, the other

triggered by a force of nature—had little in common except for the fact that there were no sprinklers in the buildings to stem the damage and, if there had been anyone in the buildings, save lives.

Fire is a real danger to Massachusetts students because school-based fires are fairly commonplace and an estimated two-thirds of the state's 1,800 schools lack sprinklers or other automatic fire suppression equipment. Between 2000 and 2010, an average of nearly 220 fires occurred each year in Massachusetts public schools. While there were no fatalities in any of the fires, 76 people were injured—44 firefighters and 32 members of the public. Damage from the blazes totaled \$26.1 million, an average of \$2.4 million each year.

Most of the state's schools lack sprinklers because they were built when Massachusetts law didn't require





**Newton Mayor Setti Warren and Fire Chief Bruce Proia at the Burr Elementary School, one of four Newton schools where sprinklers are being installed.**

them. Sprinklers weren't mandated in new schools or substantially renovated older schools until 1997. The latter requirement wasn't really effective until 2008, when the state fire code required nearly all schools that were expanded or renovated to install sprinkler systems. Many schools have unsuccessfully tried to get around that requirement because of the high cost. Only a handful of schools have installed sprinklers in older schools voluntarily.

Sheri Webb, a member of the Deerfield Elementary School's Parent Teacher Organization in Westwood, was dumbfounded when she learned there were no sprinklers in her children's school. She understands there is a cost associated with installing sprinklers, but she says children's safety should not have a price. "This is about taking care of the children," she says. "That should take precedence."

State Fire Marshall Stephen Coan thinks all commercial, residential, and public buildings in the state should be equipped with sprinklers, but he says schools deserve to be among the highest priority. "As adults we believe we are putting our children into a safe environment," Coan says. "You sure hope where you send your children or grandchildren that there is the benefit of sprinkler systems. Excluding instances of catastrophic blasts or explosions, there has never been a multiple fatality fire in a fully-sprinkled building."

### **A TRAGIC LESSON IN CHICAGO**

On the first day of December in 1958, about 1,200 students at the Our Lady of Angels School in Chicago were in their last class of the day when a janitor discovered a fire in the back stairwell of one of the school's wings. To this day, no

one knows what started the blaze but many surmise it was a student sneaking a cigarette and putting it into a wastebasket with paper that caught fire.

The smoke and fire quickly spread and none of the teachers knew what to do. Some kept their students in their seats, others led them outside. By the time the Chicago Fire Department was called and a full response was underway, the building was fully engulfed. Several hours later, 92 children between the ages of 8 and 15 were dead along with three nuns who were teachers. It was the third deadliest school fire in United States history and one that triggered numerous changes in national fire safety codes for schools everywhere.

Ironically, about two weeks after the Our Lady of Angels fire, a blaze in a closet at an elementary school in the village of Kenilworth, just 15 miles north of Chicago, was quickly doused by sprinklers in the building. The school's 650 children were never in danger and damage was limited to the closet.

Fire officials in Massachusetts cite the Our Lady of Angels and the Kenilworth fires whenever they talk about fire safety in schools. The two fires are among some of the first they learn about at the state firefighting academy in Stow.

"There was just a huge mindshift in awareness after the Our Lady of Angels fire," says Robert Solomon, division manager for building and life safety at the National Fire Protection Association, which is headquartered in Quincy. "A lot of other code violations that were present in the building, issues with the operational aspects, did a lot to change the laws around the country. There was a horrible, horrible delay in getting the children out of the school. It raised awareness of the importance of fire drills."

The deadly Our Lady fire ended up making schools safer in many ways—there were new mandates requiring fire safety doors, alarms, and detectors; limiting flammable wall hangings and exhibits, and instituting mandatory escape drills—but the blaze did not trigger a push for sprinkler systems, which were relatively rare at the time.

The technology for automatic fire sprinklers has been around since 1872 but until the mid-20th century was used largely in commercial manufacturing buildings. It was, and still is, very expensive to install the systems. But beginning in the 1960s, states started to include them in building codes, mostly for commercial but then for government buildings as well. Data show stark differences in outcomes between fires where there are fire suppression systems to quickly douse a blaze and areas where there is nothing to stop the flames from growing.

The 2003 Station nightclub fire in Rhode Island brought the sprinkler issue to the fore. The fire, caused when on-stage pyrotechnics set the club ablaze, killed 100 people. Many states, including Massachusetts, responded by passing laws requiring bars, nightclubs, dance halls, and other entertainment venues that hold 100 or more people to retrofit their buildings with sprinklers. Local government buildings, however, including schools, were specifically exempted from the new 2004 Massachusetts law.

“The changes were really directed at what we call a nightclub assembly occupancy—an over-21 crowd, loud music, alcohol—those types of environments,” says Solomon. “Even though there are functions and assemblies at schools, we’re not drinking in that environment.”

But many fire officials say it is money that is really the driving force behind exempting schools from installing

provision prompted by the Station fire, schools were not exempt from this law.

Massachusetts children are protected by laws designed to ensure they are safe at home, by removing lead paint; in cars, with mandated child safety and booster seats; and on the streets, by requiring them to wear bike helmets while riding. Yet every day hundreds of thousands of Bay State children head into an unsafe situation: their aging public schools. Like residents in a nursing home, young children are vulnerable to confusion when it comes to self-preservation in a fire situation. But, with many parents unaware of the risks in the schools they send their kids to, there is little pressure on officials to fund the changes.

“The only time I’ve really heard of parental involvement over the years is around issues such as classroom sizes,” says North Andover’s Fire Chief Andrew Melnikas. “[Law-makers] wait for the tragedy, things like nursing home fires, dance hall fires. All of a sudden there’s an uproar. After a few years, it dies down until the next tragedy.”

#### FIRE DATA

Relatively few school fires make the evening news, but that doesn’t mean they are a rarity in Massachusetts. State data indicate that, on average, one of every eight schools in the state has a fire each year.

Between 2001 and 2006, there was an average of 223 school fires annually. Arson was listed as the most common or second-most common cause of fires each of those years. In 2001, for example, arson was listed as the cause in 59 percent of the reported fires, followed by cooking (13 percent), electrical (7 percent), heating (7 percent), and smoking (4 percent).

State fire officials were concerned that school superintendents weren’t reporting all the fires that take place at schools, so in 2007 they pushed for and the Legislature passed a law requiring all school fires, regardless of size, to be reported to the local fire department. The department, in turn, would fill out an incident report that would be sent to the state fire marshal’s office.

“The law was passed because we had a concern that we didn’t have a good snapshot of the number of fires,” says Coan, the state fire marshal. “All fires start small. Each one of these incidents has the potential to be dangerous.”

Since the law change, the number of reported fires has actually dropped, to an average of 210 a year. In 2010, the latest year available, there were 208 school fires reported. The cause of the fires also shifted. Instead of arson being the primary cause, cooking fires rose to dominance. In 2010, for example, cooking was pegged as the cause of 45 percent of school fires, followed by indoor trash fires,

## Many officials say it is money that is the driving force behind exempting schools from installing sprinklers.

sprinklers. Some officials say privately that forcing schools to install sprinklers would be an unfunded mandate that, by law, the state should have to pay. In 2008, the Massachusetts Legislature required sprinklers to be installed in any existing large commercial or public building that undergoes a major renovation that brings the total area of the building to 7,500 square feet or more, which would encompass nearly every commercial, residential, or municipal structure except homes. Unlike the 2004 sprinkler

heating, and arson.

Nationally, data from the National Fire Protection Association indicate arson is the cause of half of the school fires, and most are set in bathrooms.

In every year since 2001, at least 61 percent of the fires—with a high of 85 percent in 2003—occurred in schools where there were no sprinklers or automatic fire suppression systems. State officials track the biggest fire in terms of damage each year. In nine of the last 10 years, the biggest fire occurred in a school that did not have sprinklers. The only exception was in Cambridge in 2005.

Coan says there are not exact numbers available for how many schools in the state lack sprinklers but says the consistency of reported fires in schools without the systems is an accurate estimate for how many are lacking them, suggesting that about two-thirds—or roughly 1,200—of Massachusetts schools are not equipped with automatic fire extinguishing systems.

The school fire reports also show that back-up alert and detection systems cannot necessarily be relied upon. In 2010, fire and smoke detectors were confirmed to have worked in only 59 percent of the school fires. In 26 percent of the fires, it could not be determined if the detectors operated and in 18 percent, the fire was either too small to

detect or it was contained and the detector did not go off. In 2 percent of the fires, there were no detectors.

“Detection systems are a very good tool,” says Coan, “but they do not control or contain a fire.”

While the New Bedford and Rowe fires occurred after-hours, statistics show the vast majority of school fires occur during lunch. In 2010, 73 percent of the fires occurred between 8 a.m. and 3 p.m. and 89 percent of all fires happened between Monday and Friday.

Solomon, from the National Fire Protection Association, says there hasn’t been a major fatal fire in a US school since the Our Lady of Angels fire more than 50 years ago. But he says personal safety is not the sole benefit of fire sprinkler systems. Solomon says early suppression of fires can also minimize property loss and avoid ramifications that can affect an entire community.

“Now all of a sudden you have a community that doesn’t have a back-up school,” he says. “Schools are a focal point of the community. It affects sports, it affects community events, it affects civic gatherings, voting.”

Calvin Lawrence, a captain with the Westborough Fire Department, says sprinklers do reduce property damage, but the reason he would like to see the systems added to the three schools in town without them is to save lives.

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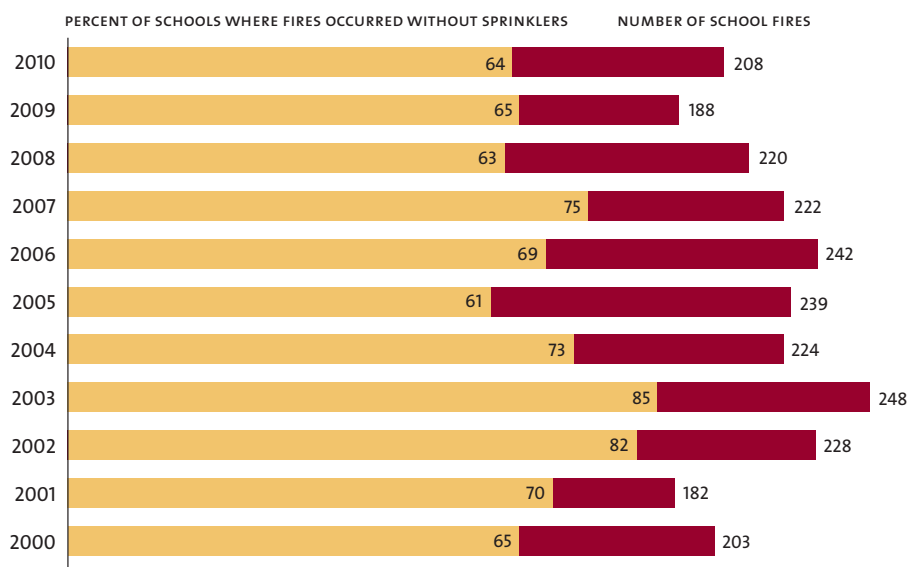


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## SCHOOL FIRES IN MASSACHUSETTS, 2000-2010



SOURCE: Massachusetts Department of Fire Services

“Sprinklers are not there for property protection,” he says. “Sprinklers are there for life safety, to provide an opportunity for people to escape.”

### A COSTLY FIX

The cost of installing sprinklers at schools can be astronomical. Including sprinklers as part of a new building costs about \$6.50 a square foot, while adding sprinklers during a retrofit can run as much as \$8 a square foot, according to industry experts. Depending on how elaborate the sprinkler system is—whether the pipes are hidden behind ceiling panels, and other unforeseen obstacles such as water supply and pressure—it could run as high as \$25 per square foot.

School districts typically don’t have the money to install sprinklers and some go to great lengths to avoid doing it. Sometimes it ends up looking penny-wise and pound-foolish. Rowe, for example, renovated its elementary school in 2008 just before the law requiring the installation of sprinklers took effect. The community chose not to install sprinklers because the cost was considered prohibitive because of a lack of a water supply nearby. Yet when lightning struck earlier this year, the school burned to the ground.

When the town builds a new elementary school, they will have to install sprinklers using pressurized water tanks. “It certainly is an additional cost, but if the code requires a sprinkler system then the code requires a sprinkler system,” says Jennifer Mieth, public information officer for the state Department of Fire Services. “The lack of a municipal water supply is not going to be an obstacle.”

In 2009, North Andover officials wanted to ease overcrowding at the Kittredge Elementary School by adding a

modular structure of about 3,600 square feet with three classrooms and an office. Melnikas, the fire chief, ordered sprinklers installed under the retrofit requirement, but school officials balked at the \$240,000 cost. They unsuccessfully appealed to the state Automatic Sprinklers Appeals Board, which is located in the Executive Office of Public Safety. The town did, however, receive a time extension and the work was completed this year.

In 2010, Westwood officials planned to add on two modular classrooms to the aging Deerfield Elementary School. Westwood Fire Chief William Scoble ordered that the school be retrofitted with sprinklers, a decision local officials appealed to the Sprinklers Appeals Board.

The board ended up siding with the chief, but rather than complying with the decision, school officials abandoned the expansion so they would not have to install sprinklers. The officials now say they plan to install sprinklers when the Deerfield School is replaced, though that could be years from now.

School Superintendent John Antonucci did not return several calls for comment. Scoble would not criticize the decision, adding that the cost-benefit analysis of sprinklers is a delicate dance, balancing tight budgets against perceived risk. Three of Westwood’s eight schools do not have sprinklers. Scoble says there have been several school fires in Westwood during his tenure at the department, including at the high school while his children were students there. The high school now has a sprinkler system.

Scoble’s wife’s aunt and uncle were killed in the Coconut Grove fire in Boston in 1942, so for him, fire safety is a personal issue. “A single sprinkler head can change the entire outcome,” he says. “We’ve had a couple of serious school fires [in Westwood] over the years. They can make



a big difference. Sprinklers save lives and properties. It absolutely cannot be refuted.”

Some communities are not waiting for state orders or a tragedy before installing sprinklers. Newton Mayor Setti Warren is in the midst of a major capital building effort in his city. But while it was rarely talked about in the 28 “town hall” meetings officials had about school additions and renovations, fire safety became an issue as planners were confronted with state laws.

In addition to his responsibilities as mayor and the chairman of the school committee, Warren is also a father. His daughter began classes this year at the Cabot Elementary School, one of nine of the city’s 21 schools that are not equipped with sprinklers. His son will be there next year.

Warren is adamant about outfitting all of Newton’s schools with sprinklers and making sure the cost is part of all projects going forward. “I have very strong confidence in our public safety officials when I think about my daughter going to that school,” says Warren. “But I also feel very strongly we should be doing everything we can to make all our schools safe and to meet the highest standards of safety.”

Newton is currently renovating the Day Middle School and adding on modular classrooms to four of its elemen-

tary schools. Initially, the projects were budgeted at \$5 million without sprinkler systems factored in. Warren and Newton’s fire chief, Bruce Proia, who also has a daughter attending the Cabot School, say it was a combination of the state law requiring retrofitting and a desire to ensure safety that prompted officials to redesign the renovations to include sprinklers. The change tacked on nearly \$4 million to the project, bringing the total cost to more than \$9 million.

“All chiefs are going to advocate for sprinkler systems and fire safety,” says Proia. “We’ve experienced a number of fires in Newton...and it causes a disruption of services, firefighter injuries. The end result is it will save lives and it will reduce the amount of damage.”

Newton officials had created a database to weigh the priorities of the renovations, and Warren says safety was given the most weight in the calculations, which always led back to installing sprinklers. Warren says in the tight economy there is always a concern about adding money to a project as well as additional time to complete the renovations. But, he says, it is not open for debate.

“It’s the right thing to do for our city,” he says. “Public safety is first and it’s always been first.” **CW**

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*MassINC intern Ali Zelisko contributed to this report.*



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# Kaleidoscope

Five different  
takes on the  
Brown-Warren  
Senate race





## STORY TELLING

Spinning a good yarn is how we have recorded history, shared experiences, and tapped human emotion going back to cave drawings—and it's central to how candidates connect with and win over voters. Scott Brown and Elizabeth Warren have both unspooled now-familiar personal tales of hard times while growing up. But beyond the effort to connect by biography, candidates need

to tell a broader story that crystallizes what the race all comes down to. Which explains why Elizabeth Warren seems unusually excited to be standing at the edge of a dusty Quincy construction site on a hot August afternoon.

The project she's visiting, which involves the relocation and uncovering of a now underground brook, is part of a massive \$1.6 billion redevelopment

project aimed at transforming downtown Quincy. With a gaggle of reporters looking on, Warren's eyes light up as the city's mayor, Tom Koch, tells her about the 7,000 construction jobs the public-private partnership is bringing to his city and the 10,000 permanent jobs eventually expected—and how every dollar of public money going into the project is leveraging \$4 of pri-



vate investment. Millions of dollars in new tax revenue, meanwhile, will help fund “teachers and policemen and so forth,” Koch adds. “It’s a phenomenal project.”

The mayor’s words are music to Warren’s ears because he’s singing her song. Or, more precisely, telling her story.

Every campaign hinges on a personal story of who a candidate is and a broader narrative that tries to frame the crucial issues of the race. Warren’s campaign story has a lot to do with the prosaic world of sewer system upgrades and road improvements. It started more than a year ago, when she went on an impromptu riff at an Andover house party, which was captured on a grainy video that went viral with nearly 1 million hits on YouTube.

The Harvard law professor said at the gathering that some have charged her with engaging in class warfare. “There is nobody in this country who got rich on his own. Nobody,” she said, explaining her call for big corporations and wealthy individuals to pay more taxes. “You built a factory out there. Good for you. But I want to be clear. You moved your goods to market on the roads the rest of us paid for. You hired workers the rest of us paid to educate.” She applauded those who make a bundle of money from such enterprise. “God bless. Keep a big hunk of it,” she said. “But part of the underlying social contract is you take a hunk of that and pay forward for the next kid who comes along.”

When she emerged to carry the torch for the Democratic Party into battle against Republican Sen. Scott Brown, fiery speeches like the one delivered in Andover revved up a liberal base looking for someone who wouldn’t mince words. But Brown has seized on such

talk as evidence of how far out of step Warren is.

The day after Warren’s visit to Quincy, he is at a Roxbury textile factory operated by a Tufts University classmate of his, Hank Miller, whose grandfather started the business more than 100 years ago. Brown has a story of his own to tell, and he’s rolling it out on his “Thank You For Building This” tour, part of the attack he’s been waging on Warren and the idea that private enterprise somehow owes its success to government.

“I believe the path to prosperity starts right here, in businesses like this [one] that hires and employs almost a hundred people throughout Massachusetts, hardworking risk-takers like Hank and his family, who were willing to put it all on the line and grow this business,” Brown says. “Professor Warren has a very different view. She believes no one succeeded on their own, and that government is responsible for the success of entrepreneurs like Hank, and I can assure you that that’s not the case.”

A reporter asks Brown about military contracts the company gets, and he

says the firm has bid on such work “openly and fairly.” A couple of weeks after Brown’s visit, Hank Miller goes off-message in an interview with the *Boston Globe*. “I don’t think it’s black and white,” Miller tells the paper. “They both have reasonable points,” he says of the arguments Brown and Warren have been making about how the economy grows and jobs get created.

But subtlety is not always the coin of the campaign realm. The contrasting views put forward by Warren and Brown on the economy, jobs, and taxes have become a central point of contention in the race. They found an echo in the national party conventions, where Republicans praised the power of tax cuts and private enterprise to lift the economy, while Democrats emphasized that we’re all in this together, with government playing a crucial role. Which tale resonates more clearly with Massachusetts voters will go a long way toward determining which candidate will one day be telling battle stories about the marquee Senate race they won back in 2012.

— MICHAEL JONAS



*Every campaign hinges on  
a broader narrative that tries  
to frame the race.*



## BIPARTISANSHIP

Scott Brown has been remarkably consistent on the need for bipartisanship in Washington. “Does Massachusetts need another elected official from the same party that will merely rubber stamp the politics of one particular party and the administration?” he asked when he kicked off his first campaign for the US Senate in 2009. “To that, I say absolutely not.”

It was a novel pitch in bluer-than-blue Massachusetts. In a state with an all-Democrat, liberal congressional delegation, Brown was essentially asking voters to give a bipartisan, likable, fiscally conservative Republican a chance. To nearly everyone’s surprise, voters said yes.

Senator Brown then went on to do exactly what he said he was going to do: He cast votes that crossed party lines. In an analysis of Congress’s 2011 votes, *Congressional Quarterly* concluded that the House and Senate were more partisan than ever, yet three Republican senators bucked that trend. CQ’s analysis showed Susan Collins of Maine voted against her party’s majority nearly 52 percent of the time, Brown voted off nearly 46 percent of the time, and Maine’s other senator, Olympia Snowe, did so 43 percent of the time. No other senator—Democrat or Republican—voted against their party more than 28 percent of the time.

Brown also demonstrated bipartisanship in cloture votes, which in some ways are a better measure of independence. Cloture votes are an attempt by the majority party (Democrats, in the case of the Senate) to cut off debate and take a final vote on a piece of legislation, something that requires 60 votes in the 100-member Senate. During his three years in office, Brown voted for cloture two-thirds of the time. But a closer look at those votes indicates they may overstate Brown’s bipartisanship. Overall, Brown agreed on cloture with his liberal Democratic colleague John Kerry 57 percent of the time and with Senate Minority Leader Mitch McConnell 70 percent of the time. But on

the close cloture votes, those where the margin was narrow, he sided with McConnell 62 percent of the time and Kerry 34 percent of the time. Still, he kept a foot in both camps.

In his campaign against Elizabeth Warren, Brown has wrapped himself in bipartisanship. In one ad, former Boston mayor Ray Flynn calls Brown “an independent voice. I’m a Democrat but I’m tired of all the pettiness and bickering.” Former Worcester mayor Konnie Lukes says: “We need more Scott Browns. He cuts through all those party alignments.”

Brown’s strategy has given Warren fits. Her initial response was to trumpet her own independence. At a campaign stop in Worcester, she cites her work building consensus on the bipartisan Congressional Oversight Panel and her legendary run-ins with Treasury Secretary Timothy Geithner. “No one who saw my work during the fiscal crisis thinks I’m reluctant to break with the Democrats when it’s appropriate,” says Warren, who was a registered Republican into her 40s.

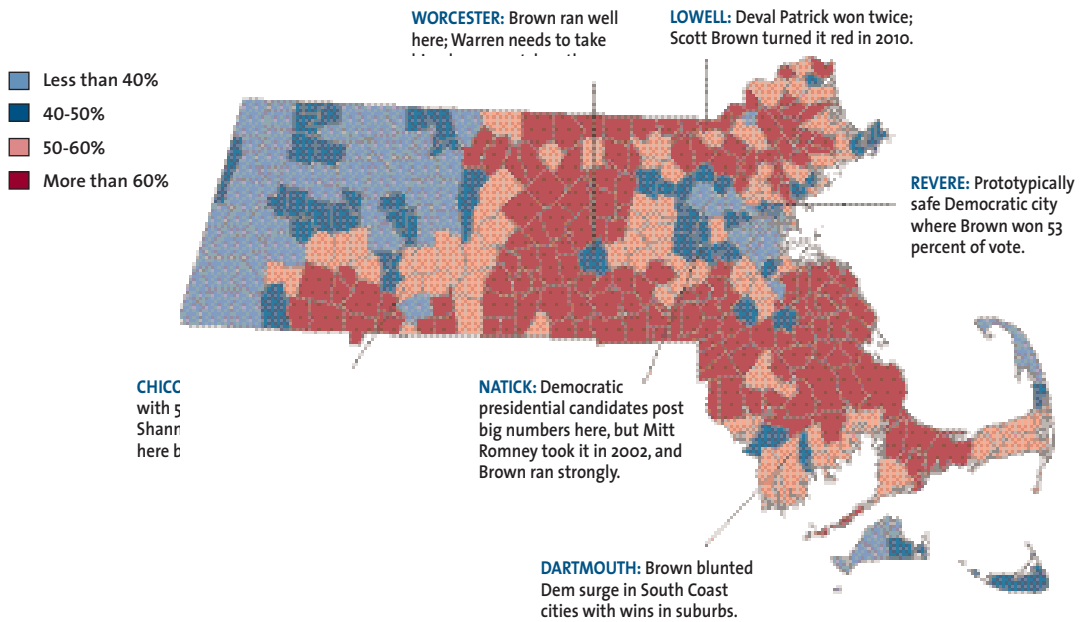
Warren’s fallback argument is that even a Scott Brown Republican is still a Republican. “The real question is whose side does he stand on?” she asks. While Brown says he stands on no one’s side, she says that’s not true. “On the big votes, Scott Brown has been there consistently for the Republican Party, Wall Street, and the monied interests,” she says. She cites his votes against the Disclose Act, the Buffett Rule, and against the confirmation of Elena Kagan to the Supreme Court. She also cites his opposition to health care, his vote for subsidies for oil companies, and his cosponsorship of the Blunt Amendment dealing with conscience exemptions and birth control.

In many ways, Warren is taking a page from Brown’s own playbook, attempting to place the Senate race in a national context. Brown did it in 2009, appealing to the Tea Party nationally and promising to be the 41st vote against the Affordable Care Act. This time around Brown doesn’t want the race to go national. He’s running away from the Republican Party and his mentor Mitt Romney, with whom he shares political advisors. But Warren is warning that a vote for Brown would be a vote for a Republican-controlled Senate headed by Mitch McConnell.

Massachusetts voters, who overwhelmingly support President Obama in opinion polls, face a tough choice. Is splitting their ticket with a vote for Obama and a bipartisan Republican senator like Brown the best way to end gridlock in Washington? Or is gridlock here to stay, making the bipartisanship espoused by Brown a quaint but increasingly irrelevant political attribute?

— BRUCE MOHL

## SCOTT BROWN'S SHARE OF 2010 VOTE BY TOWN



## VICTORY MAP

Elizabeth Warren's path to victory in the US Senate race looks simple on paper. In the 2010 special election, Scott Brown beat Martha Coakley by five points, or about 100,000 votes. So if the presidential election brings out an extra 700,000 to 800,000 voters, all Warren has to do is hold on to Martha Coakley's supporters, keep waves of Barack Obama voters from splitting the ticket, and ride the turnout to victory.

But the Democrats' math may not add up. A swell in pro-Obama turnout isn't as threatening to Brown as it might seem, because Brown has already demonstrated the ability to win votes across the state, including in areas typically dominated by Democrats.

Brown rewrote the state electoral map three years ago by keeping the women's vote close against a female opponent, eroding a Democrat's traditional lead in cities, and rolling up big margins among suburban independents. He took 47 percent of the vote in Worcester. He ran far better in Springfield, Fall River, and New Bedford than GOP candidates normally do, and then he turned the suburbs around those cities, which have been safe Democratic towns, Republican. He won at least 60 percent of the vote in 158 cities and towns; that's a feat unmatched by either Mitt Romney in 2002 or Barack Obama in 2008.

Brown's January 2010 Senate victory was supposed to mark a new opening for Massachusetts Republicans. It didn't. That November, Gov. Deval Patrick turned back a challenge from Charlie Baker by recapturing voters that had swung to Brown. The two races saw roughly equal turn-

out, and the swings between Brown's special election victory and Patrick's reelection win illustrate where the battleground lies in the Brown-Warren contest.

Women and independent voters made the difference between Brown topping Coakley and Baker falling short of Patrick. Brown split the female vote with Coakley, but rolled up a 14-point advantage with men; against Baker, Patrick enjoyed a huge margin with women that allowed him to survive losing men badly. The demographic breakdown helps explain why Warren has attacked Brown on national women's issues, and why Brown enlisted his wife and daughters to defend himself: Brown enjoys a clear edge among male voters, so Warren can't afford to merely split the women's vote with him.

Baker couldn't replicate Brown's map against Patrick. Baker made weaker showings than Brown in towns where he beat Patrick. He stumbled in cities where Brown had narrowed Democrats' built-in advantages, falling far behind in places like Springfield, New Bedford, and Holyoke. Baker also struggled on the South Coast. Brown put towns such as Acushnet, Dartmouth, Somerset, and Fairhaven in the GOP column, but Patrick won them easily.

Baker also failed to run up the kind of wide margins with independent voters that Brown did. The spread between Brown and Coakley's tally among independents was more than twice what it was between Baker and Patrick. Keeping the vote among independent voters relatively close allowed Patrick to ride Massachusetts Democrats' numerical advantage.

## FEDERAL VS. STATE

Health care, gun control, immigration, gay marriage, and climate change policy are all issues that tend to divide along partisan lines. That holds true in the Massachusetts Senate race, too. But with Scott Brown working hard to burnish an image as a moderate Republican in a heavily Democratic state, he has sometimes sought to make the divide less a matter of which side the candidates are on and more a debate about what level of government is the right one for deciding important issues.

Brown says states should determine their own course on many issues because they have a better grasp of how laws impact their businesses and residents socially and economically, while Elizabeth Warren favors a more expansive role for the federal government on problems she says are too big for individual states to address on their own.

Brown opposes federal health care reform, most national gun control efforts, federal benefits for same-sex married couples, and the creation of a comprehensive, national cap-and-trade system for dealing with greenhouse gases. Brown says all of these issues are better addressed by state legislatures, not the federal government. He also supports allowing states to craft their own immigration enforcement laws, like Arizona did.

By contrast, Warren favors a federal approach to most of these issues. She wants to repeal the Defense of Marriage Act, reinstitute a federal assault weapons ban, and pass the DREAM Act addressing immigration reform. She supports the Affordable Care Act and, although she hasn't taken a stance on a national cap-and-trade system, favors giving the Environmental Protection Agency stronger powers to police pollution.

The federal-state split between Brown and Warren cuts many ways politically. Warren's embrace of a broad federal role runs counter to the growing distrust and animosity many voters have for Washington. Brown, meanwhile, is trying to have it both ways politically. As a state senator, he voted for or supports Massachusetts laws dealing with a number of the issues (health care, an assault weapons ban, and cap-and-trade), but now opposes efforts to address the issues at a national level.

Warren insists many of these problems cannot be effectively tackled solely at the state level. Greenhouse gas emissions, firearms, even health care patients, are not confined to one state's borders.

*continued on next page*

### *Are issues better dealt with at the state or federal level?*

Warren's job is to make her electoral map look more like Patrick's than Coakley's. To weather Brown's advantage in Boston's outer suburbs, Warren needs wide margins in Boston and the state's Gateway Cities, and she needs to capture the suburbs surrounding them. Brown's greatest coup against Coakley was peeling off gobs of once-solidly Democratic votes around Springfield, Worcester, Fall River, and Lowell; if he can hang on to those votes, Warren is finished.

Warren has spent much of the campaign tending to her base and stoking an organization to turn out voters who supported Obama in 2008, but stayed home for Coakley in 2010. Warren needs these Obama backers to vote the party line, so she has been tying Brown to the national Republican Party.

Brown, on the other hand, has been hustling to convince these voters to split the ticket for him. He has countered Warren's scathing economic critique with a soft-sell cultural appeal. He has distanced himself from one-time mentor Mitt Romney and played up the support of Democrats such as Ray Flynn. The former male model sold the totem of the affable truck-driving guy from Wrentham before shifting gears and attacking Warren for her Native American claims and her legal work on behalf of big corporations. We'll know on November 6 whether his strategy is enough to enable Brown to shatter the state's electoral mold, or whether the junior senator becomes a spectacular, if brief, electoral footnote.

— PAUL McMORROW



For instance, one study earlier this year shows Massachusetts hospitals on or near the New Hampshire border—where 11 percent of residents are uninsured versus 2 percent in Massachusetts—have an influx of uninsured out-of-state patients that use the emergency rooms and add to the hospitals' growing debt.

Confining guns to state borders is problematic as well. Of the nearly 1,800 guns used in crimes that were recovered in Massachusetts in 2011, only 351 of the 1,020 that could be traced came from Massachusetts, according to a report from the Bureau of Alcohol, Tobacco, Firearms, and Explosives. The remainder came from 43 other states.

Proponents of a national cap-and-trade system say it is the best way to deal with greenhouse gases that can emanate from one state and drifts across state borders with no regard for regulatory controls. Opponents, like Brown, say it puts the country at an economic disadvantage and should only be regulated by states, who know best what their business sector can deal with. Brown has indicated he would support his party's push to remove the EPA from overseeing greenhouse gases.

"The whole structure of the Clean Air Act is to say pollution is regulated by the EPA," says Seth Kaplan, vice president for policy and climate advocacy at the pro-environment Conservation Law Foundation. "The idea that Congress would rescind that authority would be absurd, bordering on insane."

Kevin Donnelly, a political science professor at Bridgewater State University, says Brown hasn't been hurt by his pro-local positions. On health care, for example, Brown initially ran for Senate in 2010 as the "41st vote" against national health care reform even though the Bay State law on which it is modeled is popular among Massachusetts residents and Brown supported it as a state senator. "Scott Brown was so popular in Massachusetts when he first ran, you almost got the impression that Massachusetts citizens dismissed [his position] because we've already taken care of ourselves," Donnelly says.

But Donnelly thinks Massachusetts voters are generally more willing to support a larger federal role in addressing issues, especially ones that have already been passed into law here. "There is a fairly broad acceptance [of federal authority] on most issues right now because of the popular support for the current administration," he says.

— JACK SULLIVAN

## THE MIDDLE CLASS

The Massachusetts middle class is in a funk, squeezed by shrinking earnings and soaring costs for education, health care, and housing. The US Senate race promises to turn on which candidate voters think can do the most for the middle class.

Both Scott Brown and Elizabeth Warren have gone to great lengths to show they have an understanding of middle-class concerns. Warren lets audiences know, at every turn, that she grew up on "the ragged edge of the middle class." Brown gave book-length treatment to the horrors of a poverty-choked childhood that included domestic as well as sexual abuse, and he recalls the tough times in a television ad while steering his famous truck.

Even if neither was born with a silver spoon in his or her mouth, Brown projects a much more natural appeal. Voters respond to his everyman persona. We don't hire a senator to fold towels, as Brown does in one TV ad, but we may like the idea that such tasks aren't beneath him. Warren is more direct, saying over and over again in person and in ads that Brown sides with big corporations. In one of her ads, Arthur Ramalho, the Lowell boxing trainer who worked the corner for championship fighter Micky Ward, says Warren is different: "She's fighting for people who are up against it, working people, the middle class."

Warren came to public prominence during her bruising, high-profile battle to create the federal Consumer Financial Protection Bureau in the aftermath of the national financial crisis. The Harvard Law professor lost her bid to head up the new office, but she can claim credit for being present at the creation of the first agency established to educate Americans about the responsibilities and the risks associated with student loans, credit cards, mortgages, and other financial instruments that have hamstrung the middle class over the past decade.



Warren's job creation framework hews closely to traditional Democratic ideas about injecting federal funds into public works projects to build employment opportunities. Her 'Rebuild Now' proposal echoes President Obama's stimulus plan, with its emphasis on using federal dollars to kick-start the construction sector and rebuild the state's neglected infrastructure: roads, bridges, dams, and the like.

She would rely on cuts elsewhere, such as ending subsidies to oil companies, to finance public works projects. She supports the Buffett Rule, which would have millionaires pay at least a 30 percent tax rate, and wants to end the Bush-era tax cuts for people earning more than \$250,000 per year. She has no qualms about Obamacare.

True to his Republican roots, Brown is firm believer in the power of private enterprise. "To spur economic growth and job creation, we must get spending under control and pass a balanced budget amendment, stop threatening small business with higher taxes, and unleash our private sector job creators so they can grow and add jobs," he said in a statement in early September.

An eager supporter of small business owners, he introduced "crowdfunding" legislation, which would allow small businesses to raise up to \$1 million online from small and larger investors through a SEC-regulated portal. President Obama signed the bill this past spring. Brown does not support tax hikes on the wealthy or anyone else and opposes a middle class-only tax cut for people earning less than \$250,000. He supports the repeal of Obamacare, calling it "bad for jobs."

Warren believes that Washington has a role to play in coming to the rescue of the beleaguered middle class on a host of economic issues. Brown thinks middle-class success depends on the feds backing off and letting the private sector take the lead with a minimum of regulatory roadblocks. Whether Brown or Warren triumphs in November could rest on how Massachusetts voters view the role of the federal government in making life easier back home in the Bay State. — **GABRIELLE GURLEY**

*Both Brown and Warren  
have played up their roots.*







# A bank for infrastructure

If the state doesn't have any money for transportation improvements, maybe Wall Street can help

BY PAUL McMORROW | ILLUSTRATION BY PETER AND MARIA HOEY

**THE PIVOT WAS** abrupt, but it hardly sounded unfamiliar. For two straight hours, Joe Curtatone, the mayor of Somerville, had led an auditorium packed with angry residents in a rousing denunciation of the state's Highway Department. This was a somewhat unusual scene, in that Somerville residents are normally found denouncing a different branch of the state Department of Transportation, the one that's supposed to be extending Green Line rail service to the city. Tonight, it was state highway administrator Frank DePaola's turn to stand in the crosshairs. The crowd scorched DePaola for wanting to spend \$11 million to fix a rusting highway overpass that the state actually wants to tear down. The crowd wanted the overpass gone immediately, but DePaola couldn't appease them. He had \$11 million to keep the Somerville overpass from collapsing, but he didn't have the hun-



dreds of millions he would need to tear the roadway down; until DePaola had that kind of budget, all he could offer Somerville was a highway overpass that wouldn't collapse. So after the crowd was finished punishing DePaola, Curtatone stepped in and shifted the heat off DePaola, and onto the Legislature. It wasn't MassDOT's fault that the agency had no money, the mayor argued; if state transportation officials wanted to demolish the overpass, build the Green Line, lay out a series of new bicycle paths, or tick any other items off their wish list, they needed to convince the Legislature to put some money into transportation.

This complaint—that the state's transportation system is broke because the Legislature won't fund it—is a frequent one. It's been nearly four years since Gov. Deval Patrick proposed, and then quickly abandoned, a 19-cent increase in the state gas tax. With no new revenues to feed the system, deferred repair bills have mounted, debt costs have swelled, and legally mandated expansion projects have idled. The Somerville crowd that hectored DePaola has plenty of company: Without a massive infusion of new revenues, there will be scores of communities lobbying MassDOT for projects the agency can't pay for. That's why, when MassDOT Secretary Richard Davey wrapped up a contentious round of MBTA fare hike hearings in March, he issued a public appeal to the lawmakers who control the state budget: "The system we have today we cannot afford, and the system we want is well beyond reach. Unfortunately, without a new dedicated revenue source, we know we will be back in this very place next year."

The state's overwhelming transportation deficit isn't new. But it's notable that, after years of talking about the need for new revenues, one of MassDOT's first moves since the gas tax fiasco wasn't to Beacon Hill, but to Wall Street.

Last March, Patrick placed a marker in a transportation bond bill that would have allowed him to establish a state infrastructure bank. The state-controlled bank would pour private funds into public infrastructure projects in two ways. The bank would receive deposits from the state and private investors, and it would make loans to commercial builders working on infrastructure projects across the state; the bank's investors would make money by collecting interest on the bank's loans. The infrastructure bank proposal was little noticed, since the Legislature quickly removed it from Patrick's bond package. Nevertheless, Davey traveled to New York this summer to sell the proposed bank to deep-pocketed investors. The administration is now laying plans to roll out its infrastructure bank proposal on Beacon Hill early in next year's new legislative session.

Davey's MassDOT team believes the infrastructure bank, if enacted, would break new ground in American

transportation finance. They don't paint the bank as a cure-all for the state's infrastructure woes, but they argue that it would be an important tool to have in their toolbox. In a period of limited state and federal resources, they argue, Massachusetts can't afford to tackle its mounting transportation obligations without tapping into Wall Street. They believe a relatively modest upfront public investment could spur billions of dollars in construction spending. The bank's critics, however, argue bank money is, by definition, not free. Loans have to be repaid, and the money to repay the loans has to come from somewhere. What's more, the bank's critics worry that MassDOT has its priorities upside down. The infrastructure bank is a forward-looking tool. It would fund new projects, but it wouldn't do anything to relieve MassDOT's current cash crunch. The critics see new transportation revenues as job one, and worry that rolling a complicated policy matter like the infrastructure bank into the revenue debate risks a legislative morass.

#### A DIFFERENT KIND OF BANK

Infrastructure banks have had some sizzle around them over the last few years, with Sen. John Kerry leading a prolonged, and unsuccessful, effort to establish a bank at the federal level. At the state level, though, the banks are holdovers from the Clinton era. Congress and the federal Department of Transportation established the first handful of state infrastructure banks in 1995, and later opened the program to dozens more. Thirty-three states currently operate infrastructure banks. The state banks take federal appropriations as deposits, match them with state funds on an 80/20 basis, and then make loans with the combined federal-state funds. The loans only cover a portion

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## Davey's team believes an infrastructure bank would break new ground in American transportation finance.

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of the project costs, so the federal funds in the banks are leveraged at least twice—once with the state match, and again when the bank loans supplement private financing. Some states issue bonds backed by the deposits in their infrastructure banks, and then use the bond proceeds to make transportation loans, a practice that cranks up the leverage on the original federal funds even more.

**State officials believe a relatively modest public investment could spur billions in construction spending.**



Even though the adoption of state infrastructure banks has been widespread, their impact has been limited. “Most of the state infrastructure banks are relatively small and essentially pass-throughs for federal funds for transportation projects,” argues Dana Levenson, MassDOT’s chief financial officer. “It’s not really a bank that leverages its capital on one side and lends money on the other. There’s nothing ‘bank’ about it.”

South Carolina’s infrastructure bank is an exception. The state issued revenue bonds backed by its infrastructure bank funds, and used the bonds to pour \$3 billion into an accelerated road- and bridge-building program. But South Carolina’s bank is an outlier; the other 32 state banks barely combine to match the outlays the South Carolina bank has made. Most of the banks have focused on small-bore activity. Ohio’s bank routinely funds local road projects, issuing loans that fall short of \$1 million. Pennsylvania’s bank issued 24 loans, totaling less than \$28 million, last year. Florida’s bank, one of the oldest and most active among the states, has issued less than \$1.2 billion in loans since 1997; that’s not an insignificant amount, but it’s also only a small portion of the state’s overall transportation spending. States have used infrastructure banks as adjuncts to, not engines of, activity.

The state infrastructure bank loans have also largely been repaid by state and local taxes and fees—the kinds of revenues that would normally backstop conventionally financed infrastructure investments. South Carolina pays back its infrastructure bank bonds with pledges on car and truck registration fees, gas tax receipts, and a tax

on electricity. Pennsylvania’s loans are normally secured by municipal taxes.

Levenson says MassDOT’s proposed state infrastructure bank would take a different tack than the existing state banks’ pass-through structure. “We already have a good system for leveraging federal funds,” he argues. “There’s no reason to reinvent the wheel.” Instead, he describes the Massachusetts bank as a transportation version of MassDevelopment, the quasi-public economic development agency that floats bonds for businesses and nonprofits.

MassDOT is exploring a state infrastructure bank that would operate without any federal funds. Instead of functioning as a pass-through account for federal transportation aid, the bank would operate more like a real estate investment fund. “We want this to be a real bank,” Davey said during

his pitch to private investors earlier this year, “one that’s capitalized and that serves as a vehicle to foster and invest in infrastructure throughout the Commonwealth.”

The Massachusetts bank would solicit investments from the private sector, match those investments with a one-time state appropriation, use the combined public-private fund to backstop bonds, and then loan the bond proceeds to transportation projects across the state. If the infrastructure bank borrowed \$4 in bonds for every \$1 in contributions from the private and public sector, it would be able to create a \$600 million loan pool. Loans from the infrastructure bank would be paired with other financing sources, allowing the bank’s initial \$150 million fund—\$75 million from private investors, \$75 million from the state—to leverage billions in construction activity.

Britain, Australia, and Canada have decades of experience channeling private funds into public infrastructure. MassDOT’s infrastructure bank would try to tap into growing activity in the sector in the US. Chicago, for example, recently raised a \$1.7 billion fund to invest in municipal infrastructure upgrades; nearly all the investors came from the private sector. Levenson worked for Chicago when the city raised \$2.4 billion leasing its downtown parking meters and the Chicago Skyway toll road to private investors. Wall Street investment banks, insurance companies, and pension funds—investors that got hammered during the housing downturn—are all moving money into infrastructure as they look for long-term, stable income streams. Levenson says MassDOT would solicit investments from Wall Street infrastructure funds, pension funds, insurance

companies, and large construction and development firms.

Levenson and Davey both cite a hypothetical port project that would fit their proposed bank's model: A developer would take on a capital-intensive job like dredging a channel or building a shipping warehouse with help from the state, and use the revenues from new shipping business to pay the state back.

The state bank would lend to commercial developments that include "a transportation component that serves a public need," Levenson says. There are currently several commercial projects on the drawing board in and around Boston that pair commercial office and residential construction with significant transportation components. New Brighton Landing and Fenway Center in Boston both include improvements to the state's commuter rail system, while the redevelopment of Assembly Square in Somerville involves the construction of a new road system and a new Orange Line station. The costs associated with moving the Green Line, and building a new Lechmere Station, helped derail the NorthPoint project in Cambridge for years. With the exception of New Balance's New Brighton Landing, the transportation components of these commercial developments are being publicly funded; deploying infrastructure bank funds in

these kinds of settings would allow scarce state funds to be spent elsewhere.

The bank's pitch to private developers would also seem to open the door to the sort of privately financed transportation developments that are common in Canada, and are now beginning to take hold in places like Texas and Florida. In these projects, private developers take over responsibility for the construction and maintenance of public infrastructure. In Canada, outsourcing road, bridge, and rail construction has saved provincial governments significant sums of money. In Florida, the Port of Miami expects to save nearly \$400 million by privatizing the construction and maintenance of a new \$1 billion tunnel.

#### PRIVATE SECTOR NEEDED

When Ferdinand Alvaro has seen government infrastructure banks work, it's been in developing countries, places where governments have to invite private capital to invest in infrastructure, because the governments don't have the wherewithal to handle the infrastructure costs on their own. He believes Massachusetts is now approaching that same situation.

"We're at a point in the US where we need to invest more

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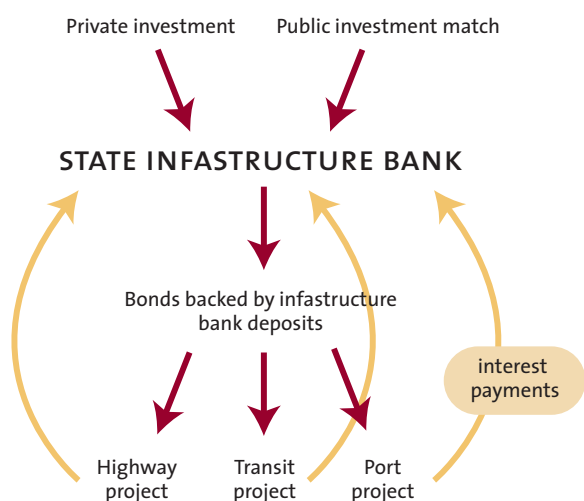
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heavily in infrastructure, despite our limited resources,” argues Alvaro, an attorney who sits on MassDOT’s board and has chaired its finance committee. “We need to find a way, whether it’s through an infrastructure bank or another way, to allow the private sector to participate. Our current system is dysfunctional. We can’t afford to maintain it with our current funding. We need an alternative. Part of the answer is finding ways to involve the private sector.”

The state’s transportation obligations far outstrip its ability to finance them. The 2007 state Transportation Finance Commission predicted a 20-year state transportation deficit of \$15 billion to \$19 billion. A recent estimate from the advocacy group Transportation for Massachusetts outlined an \$8 billion funding shortfall in short-

**‘Our current system is dysfunctional. We can’t maintain it with our current funding. We need an alternative.’**

term road, bridge, and transit repairs. The T, for instance, has delayed billions of dollars in routine maintenance work as the cost of balancing its budget; it faces a growing \$3 billion backlog of maintenance projects, including track repairs, and the replacement of decades-old subway cars. The question isn’t whether the T’s budget careens into another deficit next year, but how ugly the deficit will be. The state is also struggling to finance the \$1 billion Green Line extension to Somerville and Medford (a pro-

ject it originally agreed to in connection with the Big Dig), and it’s chasing a costly rail expansion project at South Station without having any means of paying for it. The highway side of the ledger isn’t any prettier: Even after investing in an 8-year, \$3 billion accelerated bridge repair program, the state’s road and bridge obligations far outstrip its ability to tackle them.

A pair of laws dating from the state’s darkest financial days limit its ability to bond its way out of this hole. A December 1989 law placed a hard statutory limit on direct state debt. This cap only expands by 5 percent per year, although it excludes some debt tied to school building, the Big Dig, and the MBTA. A second law, passed in January 1990, limits annual debt service outlays in the state budget to one-tenth of annual revenues. Because these two caps contain exemptions, Patrick has imposed a new administrative cap on debt service outlays; Patrick limited all debt service to 8 percent of annual state revenues, and capped the annual growth of the state’s capital program at \$125 million per year.

The various checks on borrowing keep Massachusetts in the credit ratings agencies’ good graces. Despite carrying one of the nation’s highest state debt loads, Standard & Poor’s upgraded Massachusetts to a AA+ credit rating—the highest in the state’s history. The favorable ratings mean Massachusetts can go to the market and borrow at favorable rates. But they also mean that the state can’t ratchet up its borrowing without also aggressively moving to collect new revenues, since existing revenues are already spoken for.

“The state cannot keep borrowing indefinitely,” Alvaro argues. “At some point, you run out of capacity. The T can borrow at very low rates, and it has done so, but the [debt service] cost is enormous. We’ve reached the outer limit of our ability to do that.”

“We can continue to go to the market and sell paper at really good rates, but the fact that we can access the market doesn’t mean we should,” says Paul Regan, executive director of the MBTA Advisory Board, adding. “We don’t have an access to capital problem. “We have a debt problem.”

An infrastructure bank is supposed to ease this cash crunch by pumping private funds into the state’s debt-laden transportation system. It remains to be seen how many infrastructure bank customers will appear, though. Kerry’s federal infrastructure bank proposal resonated because conventional federal infrastructure loan programs were overwhelmed by demand. The US DOT’s Transportation Infrastructure Finance and Innovation Act (TIFIA) loan program has been a favored source of funds for large, complex transportation projects, including projects built by private developers for public sector customers. In privately devel-



oped projects, the federal loan program normally plays the same role that the proposed MassDOT infrastructure bank would play. Demand for the federal money far outstripped supply, so Congress expanded the program, giving US DOT the ability to issue \$17 billion in loans over the next two years. By authorizing the expansion, Congress essentially set up an infrastructure bank inside US DOT without having to go through the trouble of actually incorporating a bank, as Kerry wanted.

The newly robust federal pool of funds could weigh on MassDOT's state infrastructure bank, because loans from an enterprise that expects to generate a healthy return for its investors (the state bank) is going to have to demand higher interest rates than US transportation officials, who are playing exclusively with public money. The interest rates on the federal loans tend to run a percentage point above the price of long-term US Treasury bills, which right now are trading for next to nothing.

Joseph Aiello, a former MBTA official who now serves as a partner at the private infrastructure developer Meridiam, believes that a state infrastructure bank would likely be a fallback for projects that couldn't tap federal debt and gap financing first. Aiello notes that the federal program has a bias toward large projects, so a state bank

could fill the gap on smaller projects. A state bank could be useful for launching several projects at the same time, since federal officials like to spread money around the map. But on a one-off basis, Aiello says, a large developer's first stop would be the US program, not a state bank.

#### ANOTHER TOOL

MassDOT's infrastructure bank is no silver bullet for the state's infrastructure crisis. The bank's advocates and its critics agree on this much. But they clash over whether the bank, given its less-than-omnipresent reach, is a necessary component in the next phase of transportation reform, or a sideshow in the making.

The state infrastructure bank "will not be a solution for every project that comes down the pike," Levenson says. "We view it as another tool in the toolbox."

Alvaro, who is now lobbying for an infrastructure bank, asserts that, without major interventions, the state's transportation system is heading for "a Greek-type situation," where debt from past investments crowds out every other budget line item. "Unless we want to find ourselves in that position, we either need to find internal revenues that are acceptable to the public, or invite private capital, or a com-

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bination of the two,” he says. “That’s the ideal outcome.”

“To the extent we can leverage private dollars, we should explore it,” says Michael Widmer, president of the Massachusetts Taxpayers Foundation. “We do too little of this in Massachusetts. If it allows you to do three projects that wouldn’t get done, hey, that’s three more.” At the same time, Widmer says, it’s important to recognize that a bank would “only have a marginal impact on our infrastructure needs,” and not come at the expense of a commitment “to put more money into the system, and do more restructuring.”

The timing of the infrastructure bank pitch, which will be rolled out early in next year’s legislative session, presents opportunities and potential pitfalls. Patrick’s administration has been promising an “adult conversation” on transportation finance for years. His former transportation secretary, James Aloisi, famously derided the Legislature’s “reform before revenue” approach to transportation as “a meaningless slogan,” and Patrick lost any outside shot he had at a gas tax increase because of it. Since dropping the gas tax fight, Patrick has talked a lot about talking, but that’s been it. Aloisi’s successor, Jeffrey Mullan, publicly announced that MassDOT had “moved beyond” reform before revenue, saying, “We know it’s not enough.” That was a year and a half ago, and the most Patrick has put on the table was a \$50 million stopgap bill to close the MBTA’s budget gap.

The \$50 million MBTA bill invited weeks of backbiting inside the Legislature, with lawmakers breaking into regional tribes and fighting for crumbs—a saga that doesn’t bode well for any future broad-based transportation debate. Then, after passing a modified version of the MBTA budget bill, the Legislature asked Davey’s board to present it with a comprehensive transportation finance plan early next year. Even before this request, though, Patrick hinted that he intends to file an ambitious transportation bond bill next year, that the bond will contain new financing mechanisms, and that a public-private infrastructure bank will be part of the package.

Regan argues that an infrastructure bank proposal “feels kind of like a gimmick” that could muck up what’s already shaping up to be a contentious transportation debate next year. “A bank might save money going forward, no impact on the fiscal crisis today,” he says. “Can you imagine if we spend a month on this? And then say it works—we’re exactly where we were on the T, on the RTAs, on road and bridge backlog. We have plenty to worry about, without spending a lot of time on the bright, shiny object. The underlying problem is, we haven’t raised any significant revenue for transportation in 20 years, and we did the Big Dig in the middle of that. You can’t go 20 years without raising revenue and expand the system, and we did that.” **CW**

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Barry Bluestone, left,  
and Michael Tamasi at  
AccuRounds in Avon.

# Making it in Massachusetts

Reports of the death of manufacturing here, and across the country, have been greatly exaggerated. There is no going back to our industrial heyday, but a new study says manufacturing has a solid future in Massachusetts. In fact, one of the biggest concerns is a possible shortage of trained workers.

PHOTOGRAPHS BY FRANK CURRAN

**WHEN THE GREAT RECESSION** battered employment across the country, manufacturing jobs—already on a decades-long slide—took a big hit. In Massachusetts, of the 300,000 manufacturing jobs the state had in 2007, nearly 50,000 disappeared. But a new report on manufacturing in Massachusetts has some good news amidst the recession gloom.

The study, commissioned by The Boston Foundation and led by Barry Bluestone, dean of the Dukakis Center for Urban and Regional Policy at Northeastern University, found that manufacturing employment in the state has largely stabilized since 2009, while the sector's productivity and output have increased markedly. Add to that an aging manufacturing workforce, and the report projects that there will be 100,000 job openings in the sector over the next decade. Indeed, one of the major conclusions of the study, based on a survey of about 700 manufacturing firms and interviews with nearly 60 company CEOs and managers, is that the state must ramp up its education and training pipeline to ensure an adequate supply of skilled labor to meet the looming employment demand.

The report is a follow-up to a 2008 study, titled "Staying Power," which was completed just before the recession began pummeling manufacturing. "Manufacturing in Massachu-

setts has survived the Great Recession and, if anything, appears to be in a better position today than in 2007 to prosper into the future," says the new report, "Staying Power II: A Report Card on Manufacturing in Massachusetts 2012."

The encouraging news comes amidst a wave of national attention to manufacturing. Studies suggest we may be at an important pivot point that is changing longstanding assumptions about the inexorable decline of manufacturing in the US as industrial activity explodes in China and other lower-cost economies. A report issued last year by the Boston Consulting Group projects that, by 2015, fast-rising wages in China, huge productivity gains in the US, a weak dollar, and other factors will combine to "virtually close the cost gap between the US and China for many goods consumed in North America."

The federal government has launched an advanced manufacturing initiative, and the state followed suit last year with a Massachusetts-focused effort aimed at boosting the state's high-end manufacturing industry. In September, in conjunction with the release of the new Northeastern University report, state officials announced a new promotional campaign to make young people, schools, and families aware of opportunities in manufacturing, where



## CONVERSATION

the average worker earns \$75,000 a year.

The report was released in September at an event attended by Gov. Patrick and other state leaders at Accu-Rounds, an Avon-based precision manufacturing firm. The company is owned by Michael Tamasi, a leading industry voice involved in efforts to sustain and grow manufacturing in Massachusetts. Bluestone, meanwhile, has more than just an academic interest in American manufacturing. He grew up in Detroit and his father was top official in the United Auto Workers union.

I sat down to talk about the future of manufacturing in the state with Bluestone and Tamasi at the Dukakis Center offices. What follows is an edited transcript of our conversation.

— MICHAEL JONAS

**COMMONWEALTH:** When talking about the manufacturing sector here in Massachusetts some people might say, “What manufacturing sector?” Give us a sense of manufacturing here today.

**BARRY BLUESTONE:** During World War II, Massachusetts had over 800,000 workers in manufacturing, about 43 percent of the workforce. It was actually a greater share of jobs in Massachusetts than in Michigan. After the war, of course, much of that employment declined, and then we had a sharp decline until the mini-computer boom [in the 1970s and 1980s]. For about 15 years, we were able to maintain our employment. After that we had a sharp, sharp decline, to the point where in the early part of the last decade, from 2000 to 2006, we were losing 15,000 manufacturing jobs a year. Nonetheless, today we still have a quarter of a million people in manufacturing. And, indeed, we’ve had about that level for the last two-and-a-half years, despite the Great Recession. In fact, this is one of the longest periods of time with no decline in manufacturing since the 1970s. Those 250,000 workers are all over the state. They’re in a range of industries. It’s not just high tech, it’s plastics extrusion, it’s metal cutting, metal bending, it’s medical devices. It’s still food, beverages, and, of course, aerospace, computers, and electronics. So it’s a broad-based industry. The way I like to say it is that there was no doubt that we’re going to lose a lot of manufacturing that simply couldn’t compete any longer in a global economy. What’s left here, however, is very competitive and very solid, and will survive for the long run and possibly even grow.

**CW:** You’ve studied manufacturing in the US for many years, and for much of that time hasn’t it been a pretty grim story?

**BLUESTONE:** I wrote a book in 1982 with my late colleague Ben Harrison, called *The Deindustrialization of America*. It was written by a kid who grew up in Detroit and a kid who grew up in Jersey City, and we were watching our




Tamasi, right, with Gov. Deval Patrick and Lt. Gov. Tim Murray.

cities fall apart. That was a sobering experience, and most of my academic work has been about the decline in manufacturing. When we started our first report on manufacturing in Massachusetts in 2007, I fully expected to find an industry that continued to decline and that might disappear in the next two decades. So I was more surprised than most with what we found. The research for the original “Staying Power” report was completed in November 2007. The report suggested that after decades of declining employment and shrinking of shared state output, manufacturing in Massachusetts was gaining strength. But only four weeks after the research for the report was completed, America slipped into a recession. By July 2008, the economy was shrinking and unemployment was rising rapidly. Led by the auto industry, manufacturing was in free fall. Our forecast of a manufacturing renaissance very soon looked way too sanguine. We considered offering the advice of [*Saturday Night Live* character] Emily Litella — “never mind”. When we did this new assessment, I wasn’t sure what we’d find. Employment had fallen much faster than we thought. The Great Recession in many parts of the country continues, though things are a little bit better here. Then we looked at all the data and we come to the conclusion that we were not that far off in 2008: Though manufacturing was hit hard in the meantime by a very bad recession, it has largely stabilized and there are some very healthy signs about its future.

**CW:** There was a real shake-out, though, that occurred at the time of the recession.

**BLUESTONE:** Absolutely. It’s been a continuous shake-out with the exception of that mini-computer boom.



**CW:** You wrote in the new report that the manufacturing industry has not only survived the recession, but it's in a better position today in some ways to prosper than in 2007. What's that based on?

**BLUESTONE:** We've had tremendous improvements in technology. The firms that have survived are using the latest technology and are creating state-of-the-art products. Those products not only have a market here but, increasingly, a national and international market. And so they're in a good competitive position, both nationally and internationally.

**CW:** So in some ways we're in a strong position because there's been kind of a Darwinian culling of the herd in manufacturing?

**BLUESTONE:** Exactly. Those who couldn't make it, didn't. The report says if we had continued to decline at the rate taking place from 2000 to 2006, the last manufacturing job in the state would disappear in the spring of 2025 or something like that. That's not going happen.

**MICHAEL TAMASI:** More recently, in the last two to three years, we've started to see a reshoring effort, believe it or not. Work is coming back to this country. In my company we've seen work come back from Europe to the United States. Also, the cost of living increases in China are accelerating at a much faster pace than we ever anticipated. A report last year stated that by 2015 they're going to be on par wage-wise with the US. That's decades sooner than we ever thought. And our innovativeness and our creativity has taken over. In the first manufacturing report [in 2008], Barry said manufacturing had the "Rodney Dangerfield syndrome."

## A huge number of manufacturing workers will retire soon.

**CW:** Meaning what?

**TAMASI:** Meaning that we just didn't get any respect. People really didn't truly understand what manufacturing was all about. You know: dirty, dark, dingy, oily. Those days are gone, long gone. If you have that type of environment, you're out of business.

**CW:** So what's the picture today?

**TAMASI:** The picture today is state-of-the-art technology,

ultra-clean facilities, with technical talent far superior to most places in the world. And we have a lean manufacturing system that overlays our production facilities. By integrating all those activities and having involvement and empowerment and teamwork, you're able to do great things. You can outperform the rest of the world if you attack it the right way. And we've been successful doing it. We've tripled revenue and doubled employment in the last 10 years at AccuRounds.

**CW:** How many people do you employ?

**TAMASI:** Right now we're at 72. We're generating revenue at a rate of \$11 million a year right now, and our target is to double that over the next five years.

**BLUESTONE:** Our best estimate of what has happened to productivity in the Massachusetts' manufacturing sector between 2007 and 2011 has been almost 9 percent growth in output per person-hour, per year. And so what you have is rising wages abroad [principally in China], rising productivity here. Rising productivity offsets your wage costs. In terms of employment levels, it's a race between how rapidly you get productivity increases and how fast you're increasing your sales. So if you can triple your sales, you can have that kind of boost in productivity and still increase employment. That is what is very exciting. In the past, I think what happened is we were boosting our productivity, but we were not boosting our revenue, our sales. And therefore we just needed fewer workers. Speaking as an economist, the productivity is absolutely critical in order to remain competitive. But in order to not just boost revenue and the share of output in the manufacturing sector in Massachusetts, but to boost employment, you need to have a real significant national and international sales effort. And that's what we're seeing.

**TAMASI:** But because there hasn't been attention on manufacturing, and a lack of people interested in being trained to come into our industry, a huge number of replacement workers are going to be needed over the next decade or two.

**BLUESTONE:** 100,000 just in Massachusetts over the next ten years.

**CW:** The report talked about a graying of the manufacturing workforce.

**BLUESTONE:** In 2000, 40.5 percent of the manufacturing workforce in Massachusetts was age 45 or above. In 2010, it was 54 percent. So you've got a huge number of people who are going to retire soon. You also have people who are in the industry for awhile and then leave for other sec-

tors. So we estimated that, between retirements and normal turnover, about 98,000 jobs will open up between now and 2022, or about 9,800 jobs per year.

**CW:** There's now a need for a really robust training and talent pipeline. How can companies address that?

**TAMASI:** Companies need to be involved. Our company and a lot of companies in our associations have gotten into the middle schools, high schools, voc-tech schools, and tried to get the word out that there's a great opportunity for a nice living if you like to work with your hands or you have an engineering mind. The governor appointed me to the STEM advisory council for the state a couple years ago. We're very focused. I'm the co-chair of the public awareness subcommittee. We're focused on 5th to 8th grade students. There's a STEM [Science, Technology, Engineering and Mathematics] summit at Gillette Stadium this fall. We're getting respect finally. There are stories almost on a daily basis that I read locally and nationally that are positive about manufacturing, versus the negative that we've been reading about for the last 20 years.

**BLUESTONE:** From the point of view of somebody who's concerned about the workforce, you have, on the one hand, this recruitment challenge that Mike and virtually all of the other manufacturers face. And it's a little harder here than in the rest of the country because our manufacturing sector is more technologically savvy. If you take a look at the US versus Massachusetts, in the US, 16 percent of the people in manufacturing work as managers of some kind. In Massachusetts, it is 21 percent. Nationwide, about 55 percent of the manufacturing workforce is classified as blue collar. It's only 42 percent here. So we're using more people with engineering and science backgrounds. But at the same time, unlike some other sectors that have been growing, where everybody says, well you have to go to Northeastern or Harvard, most people in manufacturing don't need to do that. In fact, our best estimate is that in Massachusetts, close to half of the [manufacturing] workforce will require no more than a high school degree, about 14 percent will require some college but less than a BA, while about 20 percent of the jobs will require a four-year degree or more. That's very different than finance or advertising or other fields. About half of young people in this state don't get a four-year college degree, so here is a chance for young people to get very good jobs at good pay with good benefits. Manufacturing is our fifth largest employer. But if you look at total payroll, it's second to health care because the pay is so high—an average of about \$75,000 a year.

**CW:** In terms of the talent and training pipeline, President

Obama, in his State of The Union speech in January, made a big pitch for the revival of manufacturing in the country.

**BLUESTONE:** He mentioned manufacturing eight times.

**CW:** And then in July, there was a report on advanced manufacturing issued by the President's Council of Advisors on Science and Technology. In terms of this challenge of training the next generation of workers, the report refers to the country's community colleges as the "sweet spot" for this. Your report raises some troubling indicators about that for Massachusetts. When firms here were asked where they look for this talent, 38 percent cited the state's vocational-technical schools, but only 13 percent cited community colleges. Are they more of a sour spot than a sweet spot?

**BLUESTONE:** As we know, the governor's got a commission looking into this. Richard Freeland, who's the commissioner of higher education, has focused his attention on this issue. We need to rethink what the role of the community college is. And it could play a much bigger role in this industry. I think in the past, community colleges were thinking, well, this industry is dying or dead. We don't want to waste our time training people for this industry, we'll train them to be health care workers or whatever. I hope our report wakes people up. Even some vocational high schools have closed down some of their manufacturing, and we need to suggest to them that's a mistake. I think the governor is on board with that. I think the Department of Education understands that now.

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This is a great  
opportunity for parts  
of the state that have  
been left behind.

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**TAMASI:** The community colleges are a huge opportunity. Quinsigamond Community College [in Worcester] put together a great program years ago, and they did it with the collaboration of local industry. A need existed specifically for precision machining talent and engineers. They took their engineering enrollment from under 200 to over 600. So they addressed a need, they put a program together in three different languages—in English as well as Vietnamese and Spanish. The Advanced Manufacturing Collaborative, which I'm on the executive committee of, is taking that model and looking at the seven different STEM networks across the state, and kind of partnering that up and tailoring it to each region with the community colleges and local businesses. So we're pretty excited about that.



**Bluestone:** “No one should sneeze at a quarter of million jobs.”



**BLUESTONE:** Part of the reason I'm so excited about manufacturing is it's employing people who are new to Massachusetts. Twenty-six percent of the workforce in manufacturing in Massachusetts is foreign-born. That's compared with 18 percent in the rest of the economy. So this is a sector which has provided tremendous opportunities for people who are coming here. Massachusetts is booming around Greater Boston, but the area outside of [Interstate] 495 still has some real problems. The Springfields, the Worcesters, the North Adamses, the Holyokes. The other thing that is exciting about manufacturing is a large part of it is outside of 495. This is part of the way these older industrial cities, or the Gateway Cities we talk about, are coming back. What's exciting is these were older industrial cities that were declining because of the decline in manufacturing. If we're correct, and manufacturing is coming back the way we see it, this is a great opportunity for the growth of parts of the state that have been left behind relative to Greater Boston.

**CW:** But it's not going to be textile and paper mills.

**BLUESTONE:** It will be some of that. Down in New Bedford you've got some very high-end textiles and some apparel. It's not going to be all biotech. It's going to be the kinds of things that Mike builds in his shop. Plastics extrusion is growing rapidly as companies move from, as I like to say, making plastic flamingos for your lawn to medical devices that you see in every hospital. This is what excites me.

**CW:** So the guy was right who told Dustin Hoffman in *The Graduate* that was the future?

**BLUESTONE:** That's right, plastics. When I look back and I see what built the middle class in America, it was manufacturing. And the reason for it is you can take people with modest education but often reasonably good skills and get them jobs that pay them a middle-class living. In the 1950s, Detroit was the single richest city in America because of that.

**CW:** But we've been told—and we've been telling our kids—there's no future in factories, and there's been this huge college push ...

**BLUESTONE:** You have to go to college, and if you don't you're life is ruined.

**CW:** Right.

**BLUESTONE:** That's not true. It's terrific that I have tenure at Northeastern and they can't easily fire me. As a result, I feel fairly safe saying we sometimes spend too much time thinking about Northeastern and Harvard and Brandeis and BU. We have to think a lot more about our vocational schools and our community colleges. Because they can play a critical role in the next era of economic growth in the state.

**TAMASI:** We all want our children to do well and go on to college and do great things. But there's a large population that will never go to college, so what are they going to do? We have to pay attention to them. There's a huge opportunity in manufacturing. Most of the people that work at AccuRounds right now came out of a voc-tech high school education. And they're doing tremendous work. They're working overtime, they're getting paid quite well, they have good benefits.

**CW:** You've said there won't necessarily be growth in manufacturing employment. Walk me through why you think that.

**BLUESTONE:** In 1900, something like 30 percent of all Americans were farmers. Today, because of enormous productivity advances, it's 3 percent, feeding a population that is three times larger. In manufacturing, we're still projecting that, despite very rosy expectations that productivity will continue to grow at a rapid rate, there will be only slight reductions in the size of employment. On the other hand, we saw actually an increase in the share of total economic output in the state attributed to manufacturing. It's up to about 12 percent from 10 percent. It was falling, falling,



falling, and in the last two or three years it's been growing again. Nonetheless, unless there is an absolute explosion in sales and revenue, it's hard to see a huge net increase in employment. But if we're roughly correct, that we are going to open up 100,000 job openings, our problem is not going to be unemployment in the manufacturing sector. Our problem is going to be finding enough well-trained, appropriately-skilled workers to fill those positions.

**CW:** We've talked about the talent pipeline. Mike, what are other concerns in terms of costs of doing business, whether it's employee costs, taxation, regulation?

**TAMASI:** Other than finding skilled labor, which is our number one concern, the next one on the docket is health care costs. As a small manufacturer, we see double-digit increases in health care costs. Right now, we're paying 65 percent of our workers' health insurance costs, so our employees pick up 35 percent, so I think what we pay is a little better than the norm.

**CW:** Where do things like corporate income tax, corporate excise tax, and things like that fit in?

**TAMASI:** Workers' comp and some of those things—they're part of doing business. We'd all like to see them be less. We understand the state's fiscal responsibility to every resident, so we want to do our part. But when things don't get used for what they're supposed to get used for, that becomes a concern. For example, the workforce training fund grant. We contribute to that, and thankfully it still is in place and funded. But when there's talk about stopping that or using it for other things, well, the employees pay for that, a small percentage of every wage paid. That should come right back to us. And we just received a workforce training fund grant to the tune of \$70,000, which we'll match with \$100,000 towards wages and other compensation for people coming in to train our workers.

**CW:** Along with the federal government, state government has launched an advanced manufacturing initiative. What role can the state play in this? Is it mostly a cheerleader, bringing people together, or are there specifics in terms of economic development programs?

**TAMASI:** There are five major points under the state's advance manufacturing collaborative: promoting manufacturing, workforce education training, access to capital, technical assistance and innovation, and cost of doing business.

**BLUESTONE:** The state actually does a lot for manufacturing. But it's often very difficult for the smaller firms, the

firms not as big as Mike's, but with 10 employees, 20 employees, to access these things. If you look at the workforce training grants that Mike has just accessed, 67 percent, or two-thirds, of all firms with more than 100 employees have accessed these. But only 10 percent of firms with under 20 employees have. Using R&D tax credits, over half of firms with more than 100 workers have done so, and 30 percent of those with 20 to 100 workers have, but only 7 percent of the small firms have done this. I think part of the problem is it's cumbersome. If you have a larger company you have some staff that you can set aside, and say, hey, fill out all of this paperwork. We have to figure out a way of making those kinds of programs more easily accessible to the small or middle-size firm. That will allow them to improve their productivity, to do the training, to create new products and so forth.

**CW:** One thing I found interesting in the report was that Massachusetts manufacturers are much more dependent on the European market than manufacturers nationally. It accounts for 40 percent of Massachusetts sales versus 18 percent nationally, so more than double the national share. What makes Europe a much bigger market for us, and does it mean manufacturers here are much more vulnerable to convulsions in the European economy, of which there have been a few lately?

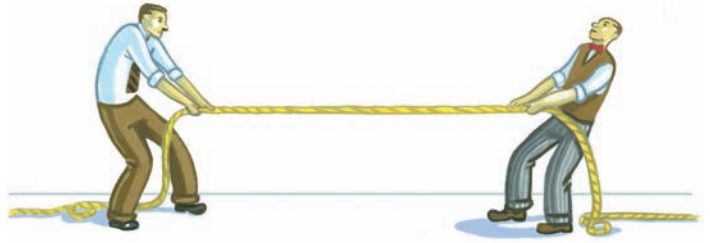
**TAMASI:** I think people are a bit skittish about what's going on in Europe right now.

**CW:** Why is our market so much more Euro-centric?

**BLUESTONE:** It's across our pond. Our manufacturers are closer to Europe than any other part of the United States, and so we've taken advantage of that. Europe's problems will have some impact on us, more so than the rest of the country. When you look at some of the European sectors that are very strong, they're aerospace-related because of the Airbus, they're related to autos, a lot of machining, machine tool, metal working, plastics extrusion. That's what we're very good at.

**CW:** If we're at a point now where we're seeing that the remaining firms are more technologically intensive, paying higher wages, but mostly keeping pace in employment levels even with these huge productivity gains, does that qualify as a glass half-full situation?

**BLUESTONE:** I think the way to think about it is, can manufacturing be a critical and significant and substantial part of the Massachusetts economy? Yes. Will other sectors grow faster? Absolutely. But no one should sneeze at a quarter of a million jobs in an economy with three million. **CW**



## All in

### A destination resort casino can be part of the revitalization of Springfield

BY DOMENIC J. SARNO

**ON AUGUST 27**, I announced that Springfield was beginning its selection process for a destination resort casino project pursuant to the Commonwealth's recently enacted gaming legislation. This legislation is unique in that it places strict limits on the number of casinos permitted in the Commonwealth and requires each gaming licensee to make a minimum capital investment of \$500 million in its project. The creation of a regional monopoly is a powerful incentive for prospective developers to take a hard look at locating in the Commonwealth. Similarly, the economic impact generated by a project of this magnitude means that a city must seriously consider acting as a host community. As mayor, one of my responsibilities is to attract, encourage, and foster new businesses in our city, from the family-owned shops to large, nationally known manufacturing companies. It goes without saying that hosting a destination resort casino is both a once in a lifetime opportunity as well as a daunting challenge.

In the current economic environment, mayors face the unenviable task of constantly being compelled to cut city budgets, resulting in layoffs and potentially fewer city services for residents. Springfield, like many other cities in our region, has been hit hard by the loss of traditional manufacturing jobs. The new reality is that cities must work harder than ever to stretch their existing revenues and seek new sources of revenue that don't impose further burdens on existing taxpayers.

A large-scale casino project, carefully considered, planned, and implemented, can provide a broad spectrum of benefits to a community. Certain benefits of hosting a major casino project are obvious: new jobs, both in construction and ongoing operations; increased property tax revenues (which

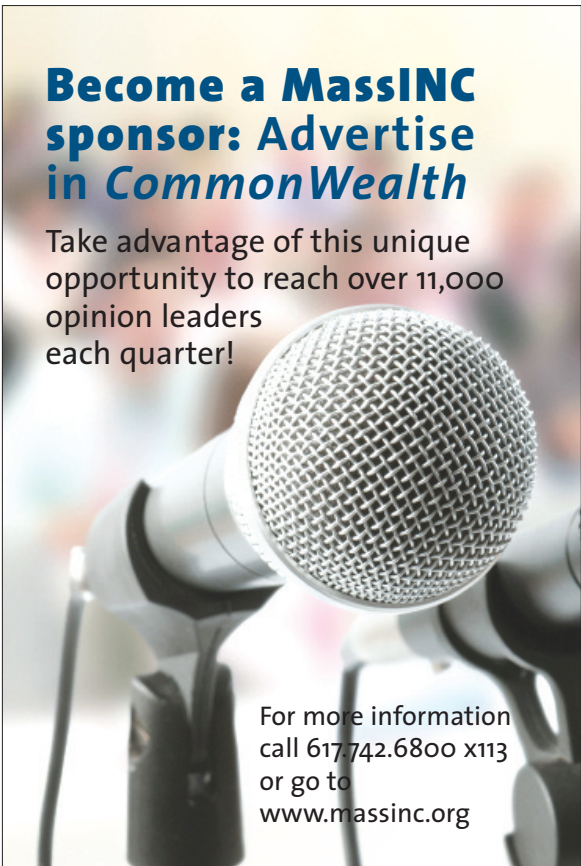
we currently estimate at \$15million-\$20 million annually for a Springfield casino), and increased tourism. Not so obvious are the benefits that can be generated from a well-crafted agreement between the host community and the project developer, such as purchases from local vendors and suppliers, utilization of local educational institutions to train prospective employees for new career paths in casino employment, workforce development programs for the disabled and the chronically unemployed and underemployed, and partnerships with local entertainment venues.



The old-style casino development, essentially an inward-looking "box" designed to keep patrons focused on slot machines and table games and set in a sea of surface parking, would not be compatible with our city's history or its vision for its future. Our city's economic development team and consultants believe urban casinos can adapt to changing tastes and demands of local communities by integrating themselves into the urban environment, becoming more outward looking, and providing linkages to key entertainment venues. In addition, forward-looking developers are also beginning to think about how they can incorporate market-rate housing into their developments—a new and novel approach which has the positive effect of stimulating needed additional economic activity in an urban landscape by attracting young adults interested in living in a vibrant location. These factors all led me to conclude that the opportunity to vie to become a host community for a destination resort casino project was something

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## ARGUMENT & COUNTERPOINT

that Springfield must pursue.

Our city is in the enviable position of having multiple casino companies interested in locating in Springfield. Our selection process has asked all project proposers to address how their project will assist the city in achieving the following principal goals: making a significant and lasting contribution to the city and the Commonwealth and increasing sustainable economic benefits from tourism and conventions; being a catalyst for additional economic development in the city; creating good-paying jobs and new employment opportunities for city residents; utilizing local and small business suppliers and vendors, including minority, women, and veteran business enterprises; utilizing the city's existing entertainment venues; mitigating any adverse impacts of the project on the city and surrounding communities, and providing additional revenues for the city.

We expect that the high caliber of developers attracted to Springfield will bring creative ideas to achieving these goals, such as providing seed capital to worthwhile local start-up companies that will serve as vendors to the casino, and become active in the city's philanthropic community.

By selecting a project that best fulfills these goals, and by having a host community agreement with a developer that clearly outlines the developer's responsibilities, Springfield residents will be assured that they will be in a position to take advantage of the significant economic opportunity presented by the Commonwealth's gaming legislation.

We understand the profound impact that hosting a destination resort casino project will have on our city and its residents. Increased traffic, possible wage inflation, public safety issues, impacts on our educational system, and compulsive gambling are a just of the few of the concerns expressed by our community. This project will affect generations to come. No city can proceed with a game-changing project presented by a destination resort casino without applying as much scrutiny and deliberation as needed on these issues and without seeking input from all

## The project will affect generations to come.

city constituencies affected by such a project. Each potential adverse impact must be studied, understood, and addressed before the first shovel hits the ground.

However, our city is realistic. We recognize that this project will not be an economic panacea, but must be combined with other development projects in our city's effort to revitalize itself. Currently, our city has more than \$300 million of new developments either being planned or underway. Among these are four new schools, including the brand new \$114 million Roger L. Putnam Voca-





tional Technical Academy that formally opened in August. A major redevelopment of Union Station, which will create a vibrant new transportation hub downtown, continues to move ahead, as do road projects throughout the city.

These projects move forward while the city continues to recover from last year's unprecedented natural disasters, which included an early Nor'easter, a major tornado that carved a six-mile path of destruction through several of our city's neighborhoods, an earthquake tremor, a microburst, and an early October snowstorm that left many Springfield residents without power for more than a week.

To attract an experienced and financially viable casino developer that will bring its best and most creative ideas to a project, a city must demonstrate its enthusiasm for the project and provide a fair, understandable, transparent, and certain selection process. This can only be accomplished with the full support of a city's residents, its business community, and legislative branch. By communicating to all interested parties through public meetings and maintaining a dedicated website, we will place ourselves in the best possible position to take advantage of the unique opportunity offered by the new gaming legislation. We are determined to work hard and in a professional manner with all parties, and particularly the Massachusetts Gaming Commission, to bring a destination resort casino project to Springfield. **CW**

*Domenic J. Sarno is the mayor of Springfield.*

## No dice

### A casino would hurt, not help, Holyoke's economic redevelopment efforts

BY ALEX B. MORSE

**SINCE THE STATE** of Massachusetts legalized casino gambling, many cities throughout the state have begun competing for the opportunity to place a casino within their borders. Indeed, many in my hometown have advocated for a casino in Holyoke, calling it a potential boon to our struggling economy. Proponents of a casino here suggest that this industry will be the city's saving grace. They frame this issue as a cure-all for our city's economic struggles. After doing my own research, I came to a much different conclusion: A casino in Holyoke would not aid in our economic rebirth, but would ultimately undermine the effort.

Despite the fact that this industry produces nothing, sells nothing, and siphons money from the local economy and into the hands of distant owners, the casino sympathizers think a Holyoke casino is the city's best bet for economic rebirth. Where are the examples of cities that have been reborn thanks to a casino? Which cities have made the successful transformation from an industrial-based to a knowledge-based economy thanks to a resort powered by gambling? What proponents of a casino will not say is a belief that lies at the heart of their argument: that the city of Holyoke cannot do better than a casino.

A casino in Holyoke would not lay the foundation for the type of sustainable economic growth we need. To be

sure, a casino could well have some short-term benefits, including increased tax revenue. But to champion casino economics in Holyoke would be to accept a shortsighted, narrow solution, when a more holistic and long-term approach is warranted.

Studies of the effects of casino gambling on local economies have demonstrated that the alleged benefits of casinos have been exaggerated, while the costs have been understated. Legalized gambling does produce marginal increases in tax revenue and employment. But the amount



of consumer spending that shifts from local businesses to legalized gambling has very damaging effects on the local economy.

A casino does not create wealth; it transfers it. Regions benefit from casino gambling when people from outside the region come to spend money there. But there is no evidence that this would be the case at a Holyoke site. A casino in Holyoke would not be a destination gambling site, but a convenience gambling site. It would thus serve primarily to remove money from the local economy and put it in the hands of casino owners who do not live here. This is how casinos work—

by design. Because of this, I do not believe a casino would be useful even as part of a holistic approach. We have the resources and the drive to create an economy that will benefit all, and for generations to come. When it comes to a casino, we do not need to settle.

I ran for mayor because I wanted our city to dream bigger. While casino proponents see a massive casino complex sitting atop the natural splendor of our Mount Tom range as progress, I see something different. I see Holyoke poised to become one of the most desirable innovation and technology centers in the US. I see Holyoke as the epicenter for the next generation of American ingenuity, competitiveness, and growth.

We have multiple advantages in our favor to compete in what is now a global economy. Our location allows us to serve two of the largest markets in the United States in Boston and New York City. We have a world-class fiber-optic communications infrastructure. We have a solid manufacturing base and the cheap, green energy sources that attract this industry in a time where our country is pulling together to see a renewed era of manufacturing. And we are surrounded by dozens of quality, higher-education institutions that serve more than 100,000 college students and every year churn out thousands of graduates who become productive members of the new knowledge-based economy.

All of these advantages played a role in locating a new, high-tech computing center in Holyoke. Two of the best universities in the world, Harvard and MIT, are investing here in the computing center, and this move is not lost on other investors. The supercomputing power we're hosting is already drawing interest from companies and universities that can use this technology.

The great shortcoming of our region is that we see so many college graduates abandon Holyoke and the Pioneer Valley in favor of other metropolitan areas that offer the types of jobs and urban environments they seek. We need to use the computing center as leverage to create the entrepreneurial environment which will expand our technology, manufacturing, and innovation-based economy. That is precisely the premise of the Holyoke Innovation District Task Force, which the city co-chairs. This group of government, academic, and private-sector stakeholders from Holyoke, region, and state are working together to have our city serve as a catalyst and epicenter of innovation in the Pioneer Valley, while also strengthening other economic and job opportunities related to manufacturing and commerce.

Furthermore, my administration has aggressively sought to foster the creative energy of our residents that will fuel our creative sector businesses and organizations.

Part of this approach was the creation of a new position for a creative economy coordinator. This position, which I proposed and the City Council approved, will promote businesses and jobs in Holyoke related to art, culture, design, architecture, marketing, hospitality, and tourism as a way to leverage private investment and create a vibrant urban downtown through creative place-making strategies.

With such promising work ahead of us, we do not have time to entertain the fanciful notion that a casino is our economic salvation. Going after a casino is a gamble in and of itself, one that would tie up valuable city resources, jeopardizing our progress at this critical juncture in our economic transformation.

Now is a time for Holyoke to renew its highest ideals and remember its better history. In the 1860s, our Holyoke

## I oppose a casino in Holyoke because I have not given up on Holyoke.

forebears recognized opportunity in the soon-to-explode industry of paper manufacturing, and they pursued it aggressively. The result of their foresight can be seen all around us—in our magnificent buildings and our stately homes. By harnessing the economic potential of the paper industry, Holyoke became one of the wealthiest communities in Massachusetts. When I look at Holyoke today, I see what our Holyoke ancestors saw when they created the Paper City of the World: a city of limitless possibility.

The innovators and entrepreneurs Holyoke needs to attract do not want to live and work in gutted shells of cities; they want to invest and live in vibrant communities that allow businesses to flourish. I oppose a casino in Holyoke because I have not given up on Holyoke. We need to attract job creators and jobs in productive industries, support our budding creative community, and guide the biggest investors to our city. Furthermore, we want to encourage industries that will make Holyoke a place to which our young people want to return.

The majority of the jobs available at a new casino complex would be low-skill and low pay. Is this really a way to entice our young people to return to our community after college? If we want to cultivate the talents and creative energy of our young people, we need something firmer and more sustainable.

We need to do better and we will do better—and the first step is rejecting shortsightedness in favor of a more sustainable approach. **CW**

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*Alex B. Morse is the mayor of Holyoke.*



# Closing the biomass carbon loophole

BY MARY S. BOOTH AND MARGARET SHEEHAN

**WORLDWIDE, FOREST FIRES** and forest harvesting are recognized as major sources of the carbon dioxide (CO<sub>2</sub>) that is warming the climate, causing drought, and melting ice caps. Yet, paradoxically, most state, regional, and federal efforts to reduce emissions treat biomass power plants that burn wood for fuel as “carbon neutral,” with zero net emissions. Massachusetts is now leading the way to correct this mistake, with first-in-the-nation regulations limiting the eligibility of biomass power for renewable energy subsidies based on cumulative CO<sub>2</sub> emissions.

The new rules eliminate subsidies for large, wood-fueled power plants that produce electricity only, while rewarding high-efficiency combined heat-and-power facilities, which utilize some of their steam for heat and have lower CO<sub>2</sub> emissions per unit of useful energy.

It never really made sense that biomass power should be subsidized in Massachusetts alongside no-emissions technologies such as wind and solar power, particularly given the goals of the 2008 Global Warming Solutions Act, which mandates a 25 percent reduction in greenhouse gas emissions below 1990 levels by 2020 and an 80 percent reduction by 2050.

Per unit of energy generated, a biomass power plant emits 40 to 50 percent more CO<sub>2</sub> than a coal plant, and two to three times more CO<sub>2</sub> than a gas plant. This is due to the low energy-to-carbon ratio of wood and its high moisture content, which reduces the efficiency of biomass plants to around 24 percent, compared to the average efficiency of the US coal fleet (33 percent) and that of a new combined cycle gas plant (45 percent).

The biomass industry has justified the treatment of biomass as carbon neutral by claiming to use only waste materials, such as lumber mill shavings,

paper mill waste, and “forestry residues”—the tops and limbs left over after saw-timber harvesting. Burning such materials for energy, it is argued, emits no more CO<sub>2</sub> than does letting these materials decompose, and can therefore be considered having zero net emissions.

There are two main problems with this argument. First, the decomposition of forest wood emits CO<sub>2</sub> over years or decades while combustion emits carbon instantaneously. Second, many new plants are not burning true “wastes,” but are instead accelerating forest cutting for fuel. Particularly in the Southeast and the Northeast, exploding demand for biomass is outpacing the availability of waste wood. The air permit for a 70-megawatt plant being built in Berlin, New Hampshire, shows the scale of impacts, stating that the facility will burn 113 tons of whole logs per hour, the equivalent to the state’s entire 2006 timber harvest. There are more than 170 recently built and proposed biomass energy plants in the United States, and a massive wood pellet industry is also emerging, primarily to meet European demand for “carbon neutral” fuels to co-fire with coal. A single export-oriented pellet plant harvests more than a million tons of trees a year.

Massachusetts has been at the forefront of the bioenergy boom, with utility-scale biomass plants proposed in Russell, Greenfield, and Springfield. The facilities would burn about 1.3 million tons of forest wood annually, more than the state’s annual commercial timber harvest (the Springfield plant as then proposed would also have burned 255,000 tons per year of construction and demolition wood sorted to remove the most obviously contaminated material). Representing 135 megawatts of new electrical capacity, the three plants would add about 1 percent to the state’s 2008

power generating capacity, but the 1.7 million tons of CO<sub>2</sub> they would emit each year would increase power sector emissions by 6.9 percent.

The plants would also be some of the biggest conventional polluters in western Massachusetts, each emitting as much particulate matter and nitrogen oxides as a coal plant of the same size. Further, they would require vast amounts of water for cooling—the Russell plant alone would consume up to 885,000 gallons of water a day from the Westfield River, blowing most off as steam and returning the warmed dregs to the river.

After a cross-section of scientists, engineers, and medical professionals joined local residents in raising concerns about the facilities, the Massachusetts Department of Energy Resources took action. The agency's own back-of-the-envelope calculations on CO<sub>2</sub> emissions and forest cutting had concluded that biomass energy might not be compatible with the emissions reduction mandates of the Global Warming Solutions Act. In November 2009, then-Secretary of Energy and Environmental Affairs Ian Bowles commissioned the Manomet Center for Conservation Sciences to study the forest cutting and greenhouse gas impacts of large-scale biomass plants in Massachusetts.

Even as the Manomet team worked, a broad coalition of activists mounted a ballot initiative campaign that would limit renewable energy subsidies to only those technologies that emitted less than 250 pounds of CO<sub>2</sub> per megawatt hour, a standard that typical biomass plants, with emissions around 3,000 pounds per megawatt hour, could never meet. While the question was not put on the ballot, the effort significantly increased awareness among voters and politicians about biomass energy and its impacts.

The state-commissioned Manomet study, released in June 2010, confirmed that the approximately 100,000 tons of residues generated by forest harvesting in Massachusetts each year would not be enough to fuel even one utility-scale biomass plant. The study went on to examine the net greenhouse gas impact of using both forestry residues and whole trees cut specifically for fuel, using a forest growth model to determine how long it would take for forests to grow back and soak up an equivalent amount of CO<sub>2</sub> as had been released by biomass harvesting and burning.


The Manomet model acknowledged that forests are currently growing, and currently sequestering CO<sub>2</sub>, and that increased harvesting for biomass fuel degrades forest carbon uptake for decades. The study found that a biomass plant could operate for 40 years, all the while allowing forests cut for fuel to regrow undisturbed, but cumulative CO<sub>2</sub> emissions would still exceed those from a same-sized coal plant operated over the same period during which forests had not been harvested for fuel. It would take more than 90 years for forest regrowth to draw CO<sub>2</sub> emissions from a biomass plant down to the level of

a gas plant. However, the study also concluded that the carbon debt created by small thermal-only and combined-heat-and-power biomass projects could be paid off within a decade or two, due to the greater efficiency of utilizing steam for heat than for electricity generation.

It was clear that by subsidizing biomass electricity, the state had been promoting a technology that actually accelerates transfer of forest carbon into the atmosphere over the very period that climate scientists say we should reduce emissions. The state responded by drafting new rules that would ensure renewable energy subsidies went only to the biopower facilities with the lowest net CO<sub>2</sub> emissions.

Released in August, the final regulations are designed to limit greenhouse gas emissions from biomass energy and protect forests from intensive fuel harvesting. Whether located in or out of state, a biomass power generator that wants renewable energy subsidies from Massachusetts must perform carbon accounting to demonstrate that the cumulative CO<sub>2</sub> emissions of the facility over a 20-year period are no more than half those of a natural gas plant. The regulations also establish efficiency standards that can only be met by combined-heat-and-power facilities with steam customers that utilize a large proportion of the facility's steam for heat.

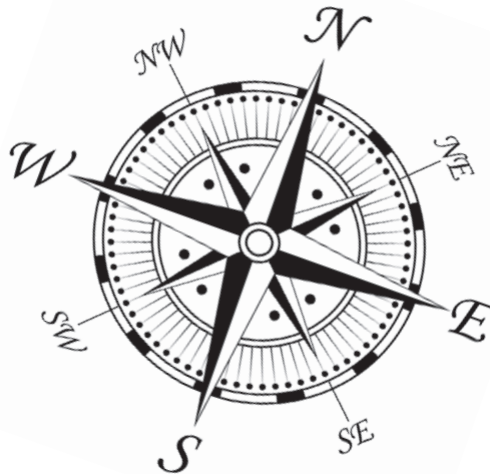
A carefully crafted carbon accounting framework underlies the regulations. It assumes that forest residue decomposes relatively quickly in nature, and discounts CO<sub>2</sub> emissions from this fuel source accordingly. However, the framework weights emissions more heavily when fuel comes from whole trees that would have otherwise continued taking up CO<sub>2</sub>. To protect forest soils from erosion and nutrient loss, the regulations limit the amount of residues that can be removed from logging sites.

Massachusetts' new biomass energy regulations effectively remove utility-scale bioenergy from the state's renewable energy subsidy program. The rules will affect development of out-of-state plants that want Massachusetts subsidies, and may also influence policy at the federal level. The US Environmental Protection Agency recently convened a panel to advise the agency on the best way to count bioenergy CO<sub>2</sub> under the Clean Air Act. The panel converged on a carbon accounting framework that is essentially the same as outlined by the Manomet study and reflected in the Massachusetts rules. The question remains, however, whether the EPA will be willing to stand up to biomass industry pressure and acknowledge that utility-scale biomass energy is not a climate-friendly solution. 

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*Mary S. Booth is director of the Partnership for Policy Integrity, a nonprofit group that promotes renewable energy policy. Margaret Sheehan is president of the Project for Energy Accountability, a nonprofit that supports citizen groups concerned about energy development.*





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