

SETTI WARREN'S AFFORDABLE HOUSING DILEMMA/POLITICS BEHIND THE PLUG

CommonWealth

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The yin and yang
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We're also creating an ABL village. Ever since we began our ABL program, we have been searching for a way to bring our participants together. Up until now, that was only possible when participants attended a life skills class or some other event as part of the program. Because the participants are scattered across multiple developments, their interaction is fleeting. Recently, we developed a plan that will bring a large group of participants together to live and share experiences within a dynamic community environment. The benefits, to the participants and the ABL program, are likely to be significant.

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Now that ABL has proven to be an unqualified success in Worcester, we are looking to expand the program to other housing authorities across Massachusetts and across the country. In recent weeks, I have met with executives from other housing authorities who want to roll up their sleeves and take on the hard work required to help the families in their communities. Our fight to help lift families break the cycle of intergenerational poverty continues. **CW**

Raymond Mariano is the executive director of the Worcester Housing Authority and a former mayor of the city. He spent nearly 20 years growing up in the same public housing developments he now manages.

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MASSPORT HIGHLIGHTS MISPERCEPTION

I am writing in response to Jack Sullivan's informative article ("Contracting system isn't saving money," Fall '15) to correct a misperception some readers may take from the piece.

Initial estimates are not a guaranteed maximum price and one needs to clearly differentiate the initial good faith estimate—which Massport requests when the design is only 15 percent complete—from the guaranteed maximum price, which is given when the design is 60 percent complete.

In the case of Terminal B, the project had three components: the terminal renovation and addition, the TSA checked-baggage inspection system, and the airline and club equipment. Each of the aforementioned pieces had its own budget. The initial estimate referred to in the article was for the first component only. However, the final cost referred to was for all three components, which included a request from United Airlines to add two more gates and associated support to the original project.

The project was actually finished at a cost below the guaranteed price. We believe that CM-at-Risk provides a much faster construction schedule, brings large projects to completion faster, and leads to construction of a superior product.

Sam Sleiman
Director, Capital Programs &
Environmental Affairs
Massachusetts Port Authority

CONTRACTING GROUP CITES FLAWS

The Associated General Contractors of Massachusetts strongly disagrees

with the premise, content, and untenable conclusions in "Contracting System Isn't Saving Money." Your headline implies that Construction Manager-at-Risk has been unsuccessful. We believe there is considerable evidence to the contrary, which was minimally acknowledged in your article. In the 10 years since this alternative delivery method has been in use, CM-at-Risk has proven to be an effective and preferred choice for scores of state and local building projects.

CM-at-Risk was not adopted, as the article suggests, as a result of the Big Dig. It was a response to protests by a chorus of building authorities to repeal, replace, or reform the restrictive and often contentious Chapter 149 "design-bid-build" method, the sole option available to public agencies at that time. Prior to January 2005, when CM-at-Risk was authorized for use, media reports about local school project delays, cost overruns, and cyclical litigation between public owners, designers, and contractors were commonplace. By 2001, dissatisfaction became so widespread that many municipalities began filing home-rule petitions for an exemption from Chapter 149 in an effort to secure a saner construction experience. By 2003, the Legislature responded by launching the Public Construction Reform Task Force that unanimously recommended (among many reforms) the CM-at-Risk option for building projects.

The comparison between CM-at-Risk and the Green Line extension is highly flawed and disingenuous. Although the MBTA has had success with Design-Build since 2005, it sought—for whatever reason—and



secured special legislation completely unhinged from and without any similarity to the CM-at-Risk statute for the Green Line extension project. Not only does the article completely ignore the distinction between the two statutes, it cites the T's cost overruns and directly links them to the CM-at-Risk statute that has worked so well for the past decade on building projects.

The characterization of the Supreme Judicial Court's recent decision in the Coghlin case as "a blow to CM-at-Risk" is unfounded and presumes the outcome of litigation that is far from over. The case was a procedural decision allowing the construction manager to present its case through evidence regarding the comparative responsibilities of the project participants. How those responsibilities and any costs are divided is a matter for the court to determine at a future date. It should be noted that this suit was the first litigation of its type. The paucity of litigation after nearly a decade of use is a very positive contrast to the volume of litigation accompanying design-bid-build projects in the years leading up to the 2004 Public Construction Reform Law.

Contrary to what was stated in the article, Newton North High School ultimately benefitted from CM-at-Risk. Despite the major changes in the scale of the project—in addi-

tion to architectural team changes, discovery of unanticipated site conditions, and material pricing escalations—once CM-at-Risk was selected as the new delivery model in 2007, the project was constructed on time with the guaranteed maximum price established by Newton. This is a real measure of the success of CM-at-Risk, which, notably, Newton has adopted for several more recent projects.

The paragraph describing the cost overruns at Logan's Terminal B is grossly misleading. After demeaning the decision by the construction manager to contain costs (that's the point) by engineering out a larger waiting area, the article, almost as an afterthought, acknowledges that the \$53 million cost overrun changes were the result of the TSA adding extra security measures. Owner-initiated changes in the scope of projects already underway are going

to increase costs under any project delivery method.

The section entitled "No Good Data" seriously calls into question the article's premise. The first half of the article presumes CM-at-Risk to be outrageously expensive, yet it is finally admitted that "final reconciliation of costs" on half the school projects is not complete. Further, the author's own arguments are undermined when it is reported that the Inspector General gave high marks to CM-at-Risk on the projects that had been completed by 2009.

The argument that CM-at-Risk limits competition is inconsistent with observable trends in the construction marketplace. The availability of CM-at-Risk for public building construction since 2005 has resulted in a significant number of qualified construction managers with private sector experience entering the public

marketplace. If awarding authorities lack internal management staff and expertise to effectively manage both the CM-at-Risk process and construction managers, there is statutory permission for state officials to avail the services of an outside, professional owner's project manager to assist them.

Many of the most complex and award-winning buildings across the state have been constructed using CM-at-Risk. Those contractors who complain of being locked out need to realize that if they want to perform both design-bid-build and CM-at-Risk, they need to be skilled in both. Those unable or unwilling to adapt to new methods are still able to participate on the many 'design-bid-build' projects routinely procured.

Robert L. Petrucelli
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Big Three dynamics

Just before the holidays kicked into high gear, the Big Three—Gov. Charlie Baker, House Speaker Robert DeLeo, and Senate President Stanley Rosenberg—sat down for a joint interview with the State House News Service. They said almost nothing of substance in the interview, but the fact that they were all sitting together talking about each other was unusual. I slapped a headline on the story when we posted it on the *CommonWealth* website: “The Big Three: One happy family.”

By most accounts the three politicians respect each other and get along well. Yet the bonhomie hasn’t translated into much legislative substance yet. The most significant accomplishment of their first year together was the passage of legislation creating a Fiscal Management and Control Board for the MBTA. Many lawmakers questioned Baker’s call for yet another board to oversee the T, but the five-member group has done a great job so far in illuminating the tough fiscal and management issues facing the transit agency.

Aside from transportation, however, Beacon Hill’s output has been meager. Most of the bills signed into law so far have dealt with strictly local matters or created sick leave banks for ailing state employees. As the first year of the two-year legislative session ended in December, the House and Senate were stalemated over a solar power incentive, a possible precursor to upcoming philosophical fights over the state’s energy direction. There was also no movement on opioids, charter schools, public records reform, and transportation network companies (Uber and Lyft).

From the outside looking in, the lack of action on Beacon Hill is puzzling. In Washington, there’s stalemate because there’s a deep philosophical divide between the Republicans and the Democrats. But up on Beacon Hill there is far less of a divide. We have a Democratic-dominated Legislature and a governor who it’s sometimes easy to forget is Republican. Yet even within one big happy family the pace of action can be slow.

The House leadership is far more conservative than the Senate leadership, and the House rank and file is much more docile than the Senate rank and file. My sense is Rosenberg is the odd man out of the Big Three. The Senate president shares Baker’s wonkiness, but he oversees a chamber full of liberals. DeLeo and Baker seem to be more in sync politically.

Baker until now has played nice with both legislative branches, and it looks like that approach will continue. He appears convinced that he can accomplish more with honey than with vinegar.

As Michael Jonas reports in our cover story, Baker has become the most popular governor in America by trying to make government work and showing people he cares. With his background, everyone thought Baker could handle what he likes to call the weed-wacking side of his job—fixing the T, addressing issues at the Department of Children and Families, cutting wait times at the Registry of Motor Vehicles.

But his success in connecting with people on an emotional level has come as a bit of a surprise. My favorite part of Michael’s article is his recounting of how Baker meets up with Beth Anderson, a fellow Swampscott resident and the founder of the Phoenix Charter Academy in Chelsea.

Anderson is about as far from Baker politically as you can get. She’s gay and a self-described social justice Democrat whose school targets dropouts and teen mothers. She voted for Deval Patrick instead of Baker in 2010, but Anderson and Baker hit it off talking about education. Then Baker paid a visit to Phoenix Charter and apparently made quite an impression on the students by talking about how he dealt with the failure of losing to Patrick. The two sides of Baker—what we call his yin and yang—won over Anderson.

“I love the guy more than any lesbian should love a Republican,” she says.

Baker is hoping to work some of the same across-the-aisle magic with Rosenberg, DeLeo, and their colleagues in 2016.



BRUCE MOHL

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An exit sweetener

Carol Sanchez, the former commissioner of the Department of Conservation and Recreation, pocketed \$8,200 for doing nothing after she was apparently pushed out the door in early November.

Sanchez served seven months as commissioner before abruptly announcing her departure, prompting speculation of bad blood between Sanchez and her boss, Matthew Beaton, the secretary of energy and environmental affairs. Sanchez, however, said she left her state job to keep afloat the Marlborough accounting firm she founded in 2004 until a sale could be arranged.

Sanchez received a severance agreement in connection with her departure that called for her to serve as a special advisor to Beaton for less than a month. The severance agreement called for Sanchez to “perform tasks required by the secretary, including, but not limited to, a transition memorandum.”

A public records request for the transition memorandum as well as any other documents prepared by Sanchez in her capacity as special advisor yielded nothing.

The salary arrangement was not included in the severance agreement, but a DCR official said the agency paid her a prorated amount of her \$125,000 annual salary.

A person familiar with the situation said the transition memorandum became unnecessary when Beaton installed Dan Sieger, his assistant secretary for environment, as interim commissioner. The person said Sieger oversaw DCR and was already familiar with its operations.

Sanchez did not return several messages left for her at her accounting firm.

► COLMAN M. HERMAN

Bridj revs up

► GABRIELLE GURLEY

AS THE MBTA Fiscal and Management Control Board mulls axing late-night buses and trains to save money, the chances of some sort of wee-hours bus service surviving may rest with a start-up called Bridj.

Matthew George, Bridj’s 25-year-old founder and CEO, sees his two-year-old bus company not as a competitor to the MBTA, but as a “supplementary service somewhere between a car and traditional mass transit.”

Bridj has ambitious plans for 2016: A major expansion into every Boston neighborhood and large sections of Somerville, Newton, and other communities. Bridj currently runs shuttles between Allston, Brighton, and Brookline and employment hubs in Kendall Square, Back Bay, the Financial District, and the Seaport District. Bridj also serves some Washington, DC, neighborhoods and is looking to expand into Kansas City.

The company operates small shuttle buses that can seat up to 14 people in roomy leather seats. Passengers also have to access WiFi. The vehicles are a significant step up from MBTA buses that feature plastic seats and a scramble for a spot. Bridj uses mathematical formulas incorporating a variety of data to select routes. Riders make online-only reservations for a seat and get on at specific pick-up and drop-off points.

The private bus shuttle service does have some drawbacks. It does not run service on some holidays, like Patriots’ Day, when many people have to work. It does not allow children on the buses, which does not help parents with child care responsibilities. The cost, which averages about \$4, is nearly twice as much as what the T charges, although the T is pursuing a fare increase,

PRIVATE BUS SERVICE

The MBTA Control Board has proposed eliminating late night bus and rail service and cutting service to more than 30 bus routes. Bridj is keen to work with public transit agencies like the MBTA. “By working with governments, we can improve transit access and do that in a way that is cost efficient for them,” George says. He also wants to use traffic data his company is gathering to help transportation agencies figure out ways to ease congestion.

Jim Aloisi, a former state transportation secretary, is worried about the MBTA’s embrace of micro-transit providers. He claims that these private entities create transit inequality by siphoning off the well-heeled and the fed up, leaving the MBTA as the provider of last resort for riders with no other means of getting around, such as the very poor, the disabled, and the less than tech-savvy. He says that chasing away wealthier riders saps financial and political support for the T, and could lead to a steady decline in service.

“My concern about Bridj and any micro-transit alternative is that it is a

Matthew George alongside one of the Bridj buses.



Efficiency is exactly what MBTA Chief Administrator Brian Shortsleeve is after. The man tasked with the job of bringing fiscal responsibility to the MBTA sees micro-transit as a way to furnish late-night service at reduced cost. Bridj, along with Lyft and Uber, have expressed interest in late-night service opportunities with the MBTA and there is an “active dialogue” going on with them, according to Shortsleeve. Bridj is regulated as a bus charter company by the state, while Lyft and Uber are currently exempt from any regulation.

There has been a fair amount of skepticism about the interest of any private company in what

fundamental game-changer in the way in which people, especially in urban environments, can exercise mobility options,” he says. “It threatens maintaining an egalitarian public transportation system.”

George refutes the assertion that Bridj is skimming off any one type of passengers. “We serve customers from all over the income spectrum,” he says. “Our transit rider is demographically identical to the average transit rider.”

It is the average transit rider’s frustration with the financially-strapped, chaos-prone MBTA that has created an opening for the private sector to come up with an alternative that provides good value and a superior riding experience. The MBTA has already lined up conventional taxi companies to backstop The Ride, its paratransit service for seniors and the disabled. It is considering using ridesharing companies such as Uber and Lyft to provide that service as well.

Gabe Klein, a former head of the Chicago and Washington, DC, transportation departments who has worked as a special advisor to Bridj, says that micro-transit detractors are going to have to “toss some of the sacred cows out the window if transit agencies are going to survive.”

For Klein, partnerships between Bridj and the traditional transit networks are the next step in the evolution of public transportation. These deals will allow public transit agencies to concentrate on services that make financial sense for them.

“Running peak-hour service at \$160 per hour with 160 people in a rail car is efficient,” Klein says. “At night, [budgeting] \$70 to \$80 per hour to run a bus carrying two people is not very efficient.”

many consider to be the losing proposition of late-night bus service. Late-night bus service costs the MBTA \$13.50 per rider. Shortsleeve says that a private company wouldn’t be interested in pursuing a late-night service contract unless they believed that they could turn a profit.

A MassINC/Urban Land Institute poll released last year found that only 2 percent of the young adults surveyed in Greater Boston used Bridj. The vast majority of them used conventional taxis or Uber. George said the poll painted “an incomplete picture” since Bridj serves a small geographic area, unlike Uber or Lyft, which cover the entire city of Boston.

“If you had done that same poll in the areas where we are available, [you would find] that we have more market share than Uber and Lyft combined during the [peak] commutes,” says George.

However, the Bridj chief executive declined to provide any information about his firm’s ridership or the number of buses it runs. He did say that revenues and the number of rides offered doubles about every three months. “We are growing at an incredible rate to where our biggest issue is essentially how to find enough vehicles to put on the road,” he says.

Inability to keep pace with that burgeoning demand at the end of last year led Bridj to eliminate a popular monthly pass program that offered unlimited rides for a set price. The company shifted exclusively to one-way tickets, which typically cost anywhere from \$2 to \$5, with the price averaging about \$4.

Bridj’s tinkering with its pricing structure has alienated some customers. Late last year, Bridj user Jack DeManche

vented about the higher prices on Twitter. “Not efficient,” he tweeted. “Huge let down.” (Bridj tweeted an apology promising “new features and plans.”)

The MBTA faces a similar conundrum—but one that could be a boon for Bridj. Aloisi warns that people will abandon the MBTA in droves if service continues to be unreliable, inconvenient, and more expensive when the MBTA finally follows through on a fare hike.

“If you raise T fares to the point where the differential is modest or inconsequential, then more people are going to take Bridj” says Aloisi. “Why wouldn’t they? It’s much better service.”

Falls are a concern at assisted living facilities

► COLMAN M. HERMAN

NEW STATE DATA suggest falls are a major problem at assisted living facilities across Massachusetts, with roughly two of every five residents ending up down on the floor over the course of a year.

Falls among elders are a serious public health problem. Each year, 2.5 million older people are treated in emergency departments for broken hips and head injuries that result from falling down, according to the Centers for Disease Control and Prevention. The agency says fall injuries are among the 20 most expensive medical conditions to treat—the average hospital cost is \$35,000, Medicare pays about 78 percent of the tab.

The data on falls in Massachusetts come from adverse incident reports filed by assisted living facilities over a seven-month period from January 1, 2015, to July 31, 2015. The reports have always been filed with the state, but this is the first time the Office of Elder Affairs has ever tabulated them. The data were obtained under a public records request.

For the seven-month period, a total of 4,847 adverse incident reports were filed, with 75 percent, or 3,590 of them, involving falls. That works out to an average of 513 falls a month at the state’s 227 assisted living facilities. Projected out over an entire year, that amounts to 6,154 falls, or roughly two falls for every five of the 14,452 elders living in the facilities.

In addition to the 3,590 falls, there were 821 episodes of serious health and behavioral emergencies; 202 unanticipated deaths, including suicides; 139 episodes of abuse, neglect, and exploitation perpetrated by employees and

other parties; 48 bad medication reactions; and 47 elopements, where residents with dementia got out of their locked units and wandered outside the building.

The abuse/exploitation reports generally involve employees physically abusing residents, verbally abusing them, or stealing their money and other possessions. State officials say any incident report that suggests residents are at risk or a violation of state regulations are flagged for follow-up.

Situated in apartment-style settings, assisted living facilities are designed for people who need help carrying out the daily activities of life such as dressing, bathing, and taking medication. Residents often need assistance, but not the level of care offered by skilled nursing facilities. The average age of assisted living residents is 86.

Martha Waldron, a spokeswoman for Elder Affairs, says in a statement that the office “regularly reviews the incident report data and analyzes the incidents as a regular part of the biannual certification review process. Incident data is reviewed to identify trends and flag concerns.”

Waldron says the agency, headed by Secretary of Elder Affairs Alice Bonner, does not try to address the root causes of the incident reports. “Developing programs to reduce the number of incidents is the responsibility of each assisted living residence,” she says.

A public records request for any written analyses of the incident report data indicates none has been done.

Darcy McMaughan, director of the Program on Long-Term Care, Aging, and Disability Policy at Texas A&M University, says health data should, whenever possible, be collected with a focus on developing policy. “But much of the data out there is not collected with an eye towards using it to inform practice,” she says. “It’s not gathered with the intent of developing an evidence base and then facilitating new practices.”

Rebecca Benson, an elder affairs attorney, says she is concerned about the hands-off approach of Elder Affairs. “The failure of Elder Affairs to enforce its own regulations is frustrating enough to elders and all those who are involved in caring for them and advocating on their behalf,” she says. “The fact that Elder Affairs is disregarding its own data in formulating policy is completely inexcusable.”

Laura Shufelt, whose mother died in 2013 under a cloud of mysterious circumstances while residing in an assisted living facility in Centerville on Cape Cod, says the agency is not being proactive.

“It seems like Elder Affairs looks at the data, but doesn’t do much else with it,” says Shufelt. “They need to go a lot further. They need to use the information as a basis for developing programs that will lead to safer conditions for the residents of assisted living facilities. Otherwise, the

STATE COMPILED DATA

Laura Shufelt, whose mother died in 2013 at an assisted living facility, says Elder Affairs needs to go further.



incidents will keep piling up.”

Other states not only collect and tabulate incident report data from assisted living facilities, they analyze the information and then use the results as a basis for developing programs to bring down the numbers. Wisconsin, for example, developed a webinar entitled “Fall Prevention Training: Strategies of Reducing Falls Among Residents in Assisted Living Facilities.”

In 2014, Wisconsin received 3,645 incident reports from its 3,600 assisted living facilities, of which 1,976, or 54 percent, were for falls.

Wisconsin also produced a 70-page report on medication management issues at assisted living facilities and holds bimonthly forums at which topics such as best practices, regulations, and statistics and trends are discussed by the many stakeholders involved in assisted living.

Otis Woods, the head of quality assurance at Wisconsin’s Department of Health Services, says in a statement that his agency regularly reviews and analyzes data “to identify patterns and trends in resident care and the provision of services. We post this data to our website to share it with facilities, advocates, industry organizations, and consumers to identify problems, promote provider responsibility, and foster a better quality of life for residents.”

Bump sees physical education inequality

► BRUCE MOHL

STATE AUDITOR SUZANNE Bump says a 2014 audit her office conducted of the state’s child obesity programs turned up income correlations that are strikingly similar to what *CommonWealth* uncovered in its report in the fall issue on high school sports (“Rich-poor divide in high school sports”).

CommonWealth found that sports participation in high schools across the state is tied fairly closely to the income level of the communities in which the schools are located. In the state’s 10 poorest communities, sports participation was 43 percent below the statewide average. In the 10 wealthiest communities, participation was 32 percent above the average.

Bump says the story reminded her of the audit her office conducted, which focused on whether communities were complying with state laws and regulations passed to deal with obesity. The audit found strong levels of compliance, but Bump said her staff also discovered a strong income correlation for obesity and school-based physical education programs.

“We didn’t look into the reasons for the income correlation because the purpose of the audit was to check on compliance, but we found a pretty strong connection,” Bump says.

The audit said the body mass index of students generally tracked income levels, with the percentages of overweight and obese children in a community generally rising as income levels fall. Low-income schools in Lawrence and Springfield had some of the highest overweight/obesity levels in the state (36 percent and 42 percent, respectively), while schools in such high-income communities as Dover-Sherborn and Weston had some of the lowest (16 percent and 17 percent, respectively).

A similar income correlation was found with physical education classes. Only two of the 60 schools surveyed by the auditor’s office offered as much physical education to students as health officials recommend, but lower-income communities generally offered fewer minutes of PE than wealthier communities.

Massachusetts used to require schools to provide 60 hours of PE each year, but in 1996 that requirement was lifted. Instead, schools were simply required to offer PE, with the determination about how much time should be devoted to PE left up to them. The change in law coincided



The Fitchburg and Wachusett Regional High School women cross country teams prepare for a race.

might lead to higher scores on the MCAS test.

The US Surgeon General recommends 300 minutes of physical activity weekly for children, with 150 of those minutes coming during the school week. The National Association for Sport and Physical Education recommends 150 minutes of PE each week for elementary school students and 225 minutes for middle school and high school students.

According to Bump's audit, the average weekly time spent in physical education classes at elementary schools she surveyed ranged from 38 minutes to 90 minutes. At the high school level, the amount of PE time ranged from 22 minutes

with the passage of the Education Reform Act of 1993, which launched MCAS testing. Bump says the PE requirement was eased because many schools wanted to borrow time from physical education classes to use for work that

to 213 minutes.

Lower-income communities generally offered fewer PE minutes. Northbridge Middle School offered 22 minutes, according to Bump's audit. Lynn Classical High

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School and the Clark Avenue middle school in Chelsea both offered an average of 38 minutes of PE per week. Glickman Elementary in Springfield offered 44 minutes and Huntington Elementary in Brockton offered 45 minutes.

By contrast, Concord-Carlisle High School, which serves two of the state's wealthiest communities, offered 168 minutes. Norwell Middle School offered 113 minutes, Cottage Street Elementary in Sharon offered 80 minutes, and John D. Hardy Elementary in Wellesley offered 60 minutes.

Two of the schools surveyed by Bump satisfied the Surgeon General's recommendation and only one came close to meeting the standard of the National Association for Sport and Physical Education.

One of the schools, Concord-Carlisle High School, came as no surprise. But the other institution, Fitchburg High School, was a surprise. The gritty Gateway City offered an average of 213 minutes of physical education each week, the highest of any school that Bump surveyed.

Andre Ravenelle, the superintendent of the Fitchburg schools, is a great believer in the power of sports and physical fitness. He says he noticed six years ago that sports participation at Fitchburg High was slipping. The band's numbers were also down. He attributed the decline to

parents who were struggling to make ends meet and didn't have the resources or the time to send their kids off to sports teams or music lessons.

"I realized that if kids were going to learn to play sports, they were only going to learn it from us in school," he says. "If we didn't do it, it wasn't going to happen."

Ravenelle launched sports at the middle school level and also expanded art and music offerings. Bump's audit also found that Fitchburg High School's PE commitment was among the highest in the state.

BUMP PUSHES EXERCISE

Bump aides say the Fitchburg emphasis on PE was in stark contrast to schools in wealthier communities, which privately admitted they eased back on PE time because they knew their students were doing a lot of exercise outside of school on sports teams.

Bump urged lawmakers to reinstitute a PE requirement of some sort to make sure all students are getting exercise on a daily basis. "Our public education system is our society's great equalizer," Bump said when she released her audit. "We should support complete wellness standards in our schools that foster the hearts, bodies, and minds of our young people." **CW**



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All together now

Boston Children's Chorus director Anthony Trecek-King gets young voices to sing out for justice.

BY MICHAEL JONAS | PHOTOGRAPH BY FRANK CURRAN

After 10 years as the artist director of the Boston Children's Chorus, you're now taking on the role of president as well. You've said you plan to up the organization's focus on social justice and race and cultural harmony. How so? Now that we've built a platform where we feel comfortable with where the growth is on the artistic side, we want to dig a little bit deeper and solidify the social justice side of our mission. So we're being a little bit more intentional, particularly with the younger students, on developing programs to get them to understand, see, and value differences. We are also doing it with things like our upcoming Martin Luther King Day concert though the performance itself.

I noticed the title of the MLK concert is "Raw Truth." What is that supposed to suggest? It has a double meaning. The special group that we have coming in is "Room Full of Teeth," and they use their voices in a very raw and real way. In terms of the other meaning, we've been ignoring certain conversations, ignoring certain topics, and kind of glossing over them and I just want us to get to the truth of where we are in society and then begin to deal with it.

One very deliberate part of the chorus is to draw kids in from different racial backgrounds, different socioeconomic backgrounds, different communities. Do you ever have to deal with conflict and issues that arise among the kids? One of the most successful things that we've been able to achieve here is to create a safe space where people feel comfortable being themselves and bringing their whole selves to the rehearsal. We don't really have to deal with those conflicts, but it's not that we don't deal with differences or different opinions. But everybody feels that their voice is being heard and that they're able to

have these rich conversations. We've talked about Ferguson and Trayvon Martin and Eric Garner. We're talking about all this stuff, and their schools are being encouraged not to talk about it. I can understand that. If I'm a public school teacher, it's a dicey topic. But the exact opposite is true here. If I didn't talk about it, then I might be getting myself in trouble because it's really who we are and part of what our mission is.

The idea that just singing together can help address race or cultural issues might be dismissed by some. People even convey that through a well-known metaphor when they said you can't solve things by just holding hands and singing "Kumbaya." Yet you seem to think singing can be powerful in that way. Yeah, I think music is unique. First of all, singing in a choir is a communal activity where every voice matters and everybody can contribute to a common goal. When you're seeing people that are not like you working toward this common goal, that's incredible. But even further, music is unique in the sense that it allows us to access emotion, either through the songs themselves or through the common experiences that we have together. That's unique. If you look at other things with common goals like playing sports—and I'm a huge sports fan—it's not quite the same palette of emotions that you can draw out from singing together.

In 2012, the *Boston Globe* named you one of the 25 most stylish Bostonians. What has that meant for you? Pressure. A lot of pressure. I have to take an hour now in the morning figuring out what to wear. **CW**



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Public schools extend their reach

School systems across Massachusetts are boosting their revenue by taking in students from as far away as China. **BY JACK SULLIVAN**

SCHOOL ADMINISTRATORS AROUND the state, faced with rising costs and stagnant budgets, are turning outside their districts—even outside the country—to attract tuition money from foreign students and students from other communities inside Massachusetts.

The money falls into three pots. According to fiscal 2014 figures from the Department of Elementary and Secondary Education, 21 public school districts received a total of \$2.8 million in tuition paid by individuals, including foreign students. Another 101 districts pocketed \$32.4 million from other school districts for providing educational programming to their students, primarily special education services and pre-kindergarten. And 178 districts participated in the state's school choice program and were paid \$89 million for educating nearly 15,000 full and part-time students from other districts.

"If [schools] are being compensated for it, it's a no-lose proposition," says Christopher Bogden, CEO of the Cape Cod-based education company Inspiritas, which finds placements for American students abroad and is working to do the same with foreign students, especially Chinese and South Korean students, here. "If you add a student or two or three, the burden on the educational infrastructure can be minimal."

The number of foreign students attending Massachusetts public high schools is still fairly small but rising quickly. According to the US Department of Homeland Security, which issues student visas, there were 422 foreign students—about 7.4 percent of the total nationwide—attending Massachusetts public high schools in November, up from 100 as recently as 2011.

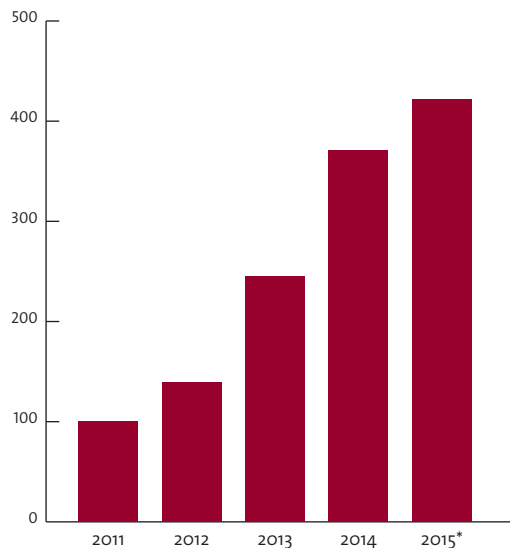
The student visas allow foreign students to pay to attend one year at a public high school certified by US Customs Immigration and Enforcement. Some students come just for their senior year and

hope to gain entrance to a US college after they graduate. Others spend a year at a public high school and then try to transfer to private schools, which are allowed to accept students for a longer period of time.

Brookline received \$1.2 million last year in tuition from individual students, including some from outside the country. Brookline charges foreign students \$16,500, the approximate per pupil cost for the town. Brookline did not respond to requests for a breakdown of how much of the \$1.2 million came from students from foreign countries. Some of the money came from users of other school programs such as extended day services and early childhood education.

School choice is another avenue for public schools to bring in added revenue. The program

FOREIGN STUDENTS PAYING TO ATTEND MASSACHUSETTS PUBLIC HIGH SCHOOLS



* Through Nov 14, 2015

SOURCE: US Immigration and Customs Enforcement.

allows school districts to enroll students from other districts, which must reimburse the enrolling district for its costs. The tuition is capped at 75 percent of the per pupil cost up to a maximum of \$5,000. Of the more than 500 public school districts in Massachusetts, 178 open up their classrooms to students from outside the district through the school choice program.

Northampton brings in the most revenue from school choice, receiving more than \$1.8 million in fiscal year 2015. The net benefit to the district is lower than that amount, however, since nearly 70 Northampton students chose to go somewhere else, costing the district nearly \$528,000. Leominster lost close to \$2 million when 334 students attended school elsewhere, but partially offset that loss by bringing in 247 students from outside the district who brought with them tuition of \$1.4 million.

Gateway Cities take the biggest hit in student and funding loss. Springfield shows the biggest loss, according to state data, with 746 students choosing to go elsewhere at a net loss of \$4.4 million. In the 2014-15 school year, Pittsfield, Gardner, Holyoke, and Fitchburg each reported 333 to 450 students lost to neighboring districts.

School districts can also bring in additional revenue from other school districts which find it cheaper to pay for educational services rather than offering their own. The town of Harvard, for example, takes in 68 school choice students and also educates students from next-door Devens, which doesn't have schools of its own. Devens is a former military base that is now run by MassDevelopment, the state's economic development and finance authority.

Overall, Harvard receives nearly \$1.3 million in tuition payments, the third-highest amount in the state. "Our budget relies on these revenues as an offset," says Harvard superintendent Linda Dwight.

Like Harvard, some districts charge for pre-K and/or half-day kindergarten, as self-sustaining programs to expand their student base. In addition, some districts create programs within their own schools to meet the needs of their own special education students and then open up the programs to students from other districts. In 2014, Peabody collected \$115,000 for educating special needs students from other districts.

Amber Bock, the superintendent of the Westborough schools, says it's understandable why administrators try to bring in students from outside the district.

"Many districts are looking for things that diversify that tax base," she says. "Our goal is to provide for our students and keep the cost as low as possible." Westborough doesn't accept tuition-paying students from outside the district, but Bock's previous job was in Weston, which does accept foreign students.

Bogden, who has served as superintendent for public school districts in New York and has served as a consultant to public schools in Massachusetts as well as the administrator of a for-profit company running charter schools in Massachusetts, says accepting tuition-paying students from outside the district is a good way to maintain existing services.

"For districts with declining enrollments, where your facilities have a greater capacity than enrollment, it allows

Gateway Cities take the biggest hit in school choice.

you to maintain programs," he says. But, he adds, the extra money should be viewed with caution. "It's considered discretionary until you have to rely on it," he says.

Bristol County Agricultural High School in Dighton collected \$664,479 in 2014 for educating students from outside the district. Superintendent Stephen Dempsey says he isn't certified by Homeland Security to accept foreign students but is intrigued by the idea. "Maybe I should look into it," he says. "It sounds like a revenue generator." **CW**

TOP 10 PUBLIC SCHOOL DISTRICTS IN TUITION FROM INDIVIDUALS, FY2014

1.	PEABODY	\$906,709
2.	LYNNFIELD	\$139,156
3.	NEWTON	\$113,696
4.	CONCORD	\$96,242
5.	ASHBURNHAM-WESTMINSTER	\$54,429
6.	LEXINGTON	\$41,815
7.	TRURO	\$30,528
8.	WHITMAN-HANSON	\$25,000
9.	LUNENBURG	\$22,799
10.	CONCORD-CARLISLE	\$21,632

Source: Department of Elementary and Secondary Education

TOP 10 PUBLIC SCHOOL DISTRICTS RECEIVING TUITION FROM OTHER DISTRICTS, FY2014

1.	MALDEN	\$1,678,011
2.	SHREWSBURY	\$1,406,350
3.	HARVARD	\$1,275,705
4.	ANDOVER	\$1,184,449
5.	MILTON	\$1,169,305
6.	BROOKLINE	\$1,154,463
7.	LITTLETON	\$869,906
8.	MANSFIELD	\$857,069
9.	SUDBURY	\$776,839
10.	SHARON	\$753,261

Source: Department of Elementary and Secondary Education

Another approach on drunken driving

Some analysts say the 24/7 Sobriety program works better at changing long-term behavior than ignition interlocks. **BY COLMAN M. HERMAN**

A TOUGH BUT fairly low-tech approach to drunken driving prevention is showing some promise in a handful of states and starting to pick up converts across the country.

Called 24/7 Sobriety and pioneered in South Dakota, the program typically requires individuals convicted of a second or subsequent drunken driving offense to visit a testing facility twice a day—once in the morning and again in the evening—and blow into a Breathalyzer. If any alcohol is detected, the person is immediately thrown in jail for a short time.

Studies from fields as diverse as psychology and economics say the threat of a swift, certain, and modest sanction is effective at preventing participants from driving drunk, and also may be effective at changing their behavior so that once they leave the program they stay sober.

Ignition interlock devices are the most prevalent policy response to drunken driving, with 30 states, including Massachusetts, using them. The devices are typically attached to the vehicle dashboard and drivers are required to blow into them before starting their car. If the device registers a blood alcohol concentration greater than a preset amount, the device prevents the engine from starting.

Keith Humphries, a professor of psychiatry at Stanford University, says the chief difference between the two approaches is the swiftness of punishment. Violators in the 24/7 program are sent to jail immediately after a failed test. By contrast, the ignition interlock device prevents a participant from driving a car but any punishment comes later, if at all.

“Most individuals worry much more about what will likely happen to them right now rather than what might await them down the road,” says Humphries. “That’s why the 24/7 Sobriety program works much better than ignition interlocks.”

Humphries says the twice-a-day checks are

also effective at changing long-term behavior. “I believe the 24/7 program is more likely to lead to long-term behavioral changes in people, while simply getting them to stop drinking while they drive won’t,” he says.

The 24/7 programs are currently being used in South Dakota, North Dakota, and Montana, and a pilot is up and running in Jacksonville, Florida. The approach got a big lift in December when President Obama signed legislation making 24/7 Sobriety eligible for the same federal grants that had previously been available just to ignition interlock programs.

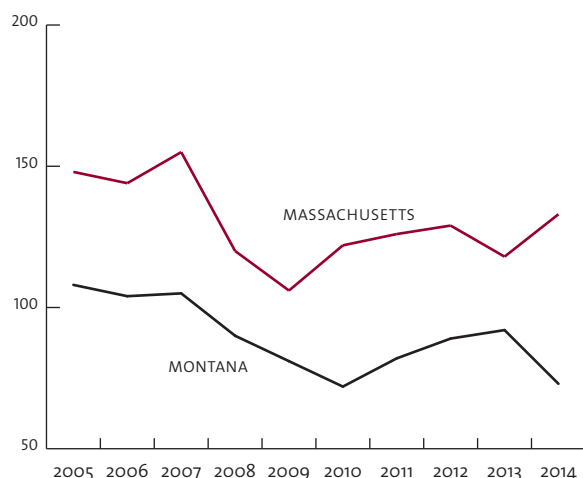
“This new provision is really going to pave the way for other states to take a hard look at the program and see if they can fit it into to their toolbox of solutions to drunk driving,” says Col. Tom Butler of the Montana Highway Patrol.

Under Melanie’s Law, passed in 2005, Massachusetts drivers after their second drunken driving conviction are required to pay for the installation of an ignition interlock. If the person is driving with a hardship license, he or she must use the ignition interlock for as long as the license is in effect; for those whose licenses have been reinstated, ignition interlocks must be used for two years. Legislation has been filed to require the devices after just one conviction.

“That’s something we believe will greatly cut down on drunk driving here in Massachusetts,” says Mary Kate DePamphilis, the program manager for the Massachusetts chapter of Mothers Against Drunk Driving.

Ruth Shults, a senior epidemiologist at the Centers for Disease Control and Prevention in Atlanta, says extending the ignition interlock program to first-time offenders is a good idea because research shows they are just as likely to reoffend as those with more convictions. But she says research

ALCOHOL-IMPAIRED DRIVING FATALITIES



SOURCE: National Highway Traffic Safety Administration.

on ignition interlock devices indicates they have a serious shortcoming.

“What we found was that, on average, when the interlock is on the car, drunk driving re-arrests are reduced by about two-thirds,” she says. “But the problem is when the interlock comes off, the re-arrest rates climb right back up to where they are for people who don’t have interlocks.”

Butler, of the Montana Highway Patrol, says he began looking into South Dakota’s 24/7 Sobriety program after failing to see the positive results he was hoping for with ignition interlocks and after two of his officers were killed by drunk drivers in head-on collisions. Butler says the data from South Dakota convinced state leaders to offer 24/7 as one of several options available to judges for dealing with repeat drunk drivers.

“We took the view in Montana that we wanted to find something that had documented, peer-reviewed study results that showed a positive impact on reducing drug-driving recidivism,” he says.

How the actual testing is handled in Montana varies from county to county, according to Butler. In some counties, the test is administered by the sheriff’s office and in others by a private contractor. Individuals who fail the test are jailed immediately if the test takes place at a detention facility. At private facilities, law enforcement officials are summoned to take the person to jail. Jail time generally runs from 12 hours to two days.

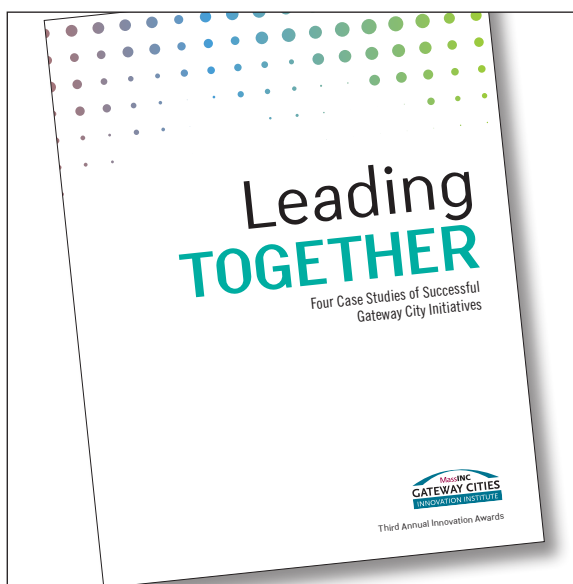
Butler says the 24/7 program, like any drunken driving prevention program, does have its limitations. “This program isn’t for everybody,” he says. “While it has shown great success for a significant portion of the offenders, there are some for whom it will not work. They need more intensive help.”

Studies done by the Rand Corporation in Montana and South Dakota indicate their 24/7 programs have had a positive impact in reducing drunken driving. A study

of the North Dakota program by the Upper Great Plains Transportation Institute at North Dakota State University also showed positive outcomes, particularly for women.

A cost comparison between the 24/7 and ignition interlock programs is difficult. The 24/7 program involves staff time administering Breathalyzer tests and expenses associated with locking up violators. Montana assesses participants in the program a nominal fee of \$2 per test to offset costs. By contrast, most of the cost of ignition interlock programs is borne by the participants. In Massachusetts, participants pay the cost of the ignition interlock device—one Massachusetts vendor charges \$60 a month—and a \$30 fee to the Registry of Vehicles for periodic data downloads from the device. The downloads allow officials to check if a participant flunks the test, which may lead to additional punishments.

Neither ignition interlocks nor the 24/7 Sobriety program has had a major impact on the total number of “alcohol-impaired driving fatalities” in Massachusetts and Montana. Deaths in Massachusetts as a result of alcohol-impaired driving fell about 10 percent between 2005, just before Melanie’s Law took effect, and 2014. Deaths in Montana went down about the same amount between 2011, just before the 24/7 program was launched, and 2014. **CW**



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Waiting his turn

Richie Neal, a centrist Democrat from Massachusetts and a master of the inside, bides his time at Ways and Means. **BY SHAWN ZELLER**

PAUL RYAN'S ASCENSION to the House speaker's chair in October meant some reshuffling at the Ways and Means committee he was leaving behind, a panel with jurisdiction over taxes, trade, Social Security, Medicare, and welfare.

The GOP picked Texan Kevin Brady to move up, as Rep. Richard Neal and his fellow Democrats looked on. For Neal, in his 14th term representing Springfield and all of far western Massachusetts, it was a tantalizing moment. If the Democrats retake the House this November, it could be him moving up.

Neal wants the job. And if he ever gets it, it would mean a lot for Massachusetts. In a Congress that's banned the earmarks representatives used to use to send money back home, tax breaks are now a more valuable currency than ever.

"The committee structure is the vertebrae of Congress," Neal says. While many members are impatient and try to gain influence by talking more loudly, Neal says, "It's better to take the patient route of earning a reputation through the committee structure for being knowledgeable. It pays off for the citizenry."

Though Democrats' chances this November are small—at 246 seats, the current Republican majority is huge—Neal is well positioned in the Democratic hierarchy. Six years ago, when Democrats controlled the House, he ran for Ways and Means chairman after New York's Charles Rangel stepped down, only to come in second to Sander Levin of Michigan. But that could change. Levin is now 84, Neal a comparatively youthful 66.

"My old boss Joe Moakley used to say good waiters get good tips," says Rep. Jim McGovern, who is Neal's congressional neighbor, representing the next-door 2nd District around Worcester. Neal

has "waited a long time, but I think it'll be worth it for Massachusetts if he becomes the chair."

Moakley, the former 15-term representative from South Boston, chaired the Rules Committee from 1989 to 1995. It was a post that gave him a say in determining which amendments were considered on the House floor. He was part of a powerful generation of Massachusetts representatives that now seems a distant memory. Neal is the one best positioned to carry on their tradition.

The last time someone from the Bay State chaired a House committee was 2010, when Barney Frank oversaw the Financial Services panel. That same year, Neal got his first shot at the Ways and Means chairmanship. He won by a single vote the endorsement of the Democrats' steering committee, a relatively small group of allies of then-Speaker Nancy Pelosi, but later lost to Levin when the whole caucus voted. The final vote was 109-78. Levin ran to his left, which played well in a party in which liberals form a critical mass.

It was an odd position for a Massachusetts Democrat, but Neal is to the right of many in his party on the tax and trade issues that he works on. In 2011, he voted for trade deals with South Korea and Panama, for instance. In 2014, he was among a minority of Democrats to support permanently extending tax breaks for charitable donations.

But his willingness to vote for Republican priorities, on occasion, has won him friends on that side of the aisle. "Richard is a realistic, practical policy maker and during my tenure was one of the people you could talk to to see if an idea had legs, bipartisan legs," says Nancy Johnson, a former Republican representative from Connecticut who worked alongside Neal at Ways and Means for much of her 24 years in Congress.

Before he left the committee to become Speaker, Ryan was working with Neal to study how much money US corporations have earned overseas and stowed there.

Both of them would love for the companies to bring that money home and invest in job creation here, but the companies don't want to pay US taxes on the funds. It's one of the big standoffs in the tax reform debate. Republicans want to lower the rate or provide a tax holiday to induce firms to repatriate overseas money. Democrats want some concessions in return.

Neal is sympathetic to the companies and willing to deal. "There's an art form and a skill set that comes with legislating and part of it's to listen as well as to talk and you always have to figure out how far the people on the other side can go," he says. "I think one of the dangers we've had in the modern congressional life is that ideology trumps good sense."

One proposal, which Neal co-authored with Louisiana Republican Charles Boustany Jr., would give tax breaks to companies that bring back intellectual property, such as patents and copyrights, from abroad.

The idea is aimed right at Massachusetts's tech industry. "Kendall Square in Cambridge is home to the highest concentration of R&D in the world," Neal says.

Neal had grabbed Ryan, before his ascension, to get his promise to include the tech provision in any big tax reform bill.

It was typical Neal. When Ryan's predecessor at Ways and Means, Republican Dave Camp of Michigan, unveiled his tax code overhaul two years ago, he gave a shout-out to Neal, saying he planned to completely eliminate the alternative minimum tax, which was designed to ensure wealthy people with lots of deductions pay their fair share, but has since hit more and more middle income taxpayers. Its repeal is a longtime Neal objective. "Those are the relationships you have and you develop them," Neal says.

Neal is hoping his willingness to hear out corporate America will help Democrats regain the House, especially now that many House conservatives have alienated the party's business wing with their nonchalant attitude toward keeping the government open and raising the country's borrowing limit. Every other week, he meets with business leaders to make the Democrats' case and to soften them up for a fundraising pitch from the party's House campaign arm, the Democratic Congressional Campaign Committee. "We do not need to be hostile to business growth," he says.

To be in the minority party in the House is to have very

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little power. Republican chairmen control the bills that flow through their committees. Republican leaders, like Ryan, control what comes up on the floor. But Neal understands how it's possible, nonetheless, for a Democrat to help his constituents.

When Ryan moved up, Neal was prepared. With Brady, he already has a rapport. The two are working together to eliminate a Social Security rule that requires the government to in some cases reduce the benefits paid to state and local government workers who are also receiving a government pension. Massachusetts public servants are among those most affected.

Neal also has a bill with Ohioan Pat Tiberi, who came in second to Brady in the Ways and Means race, to permanently extend a tax credit for private investors who put money into distressed areas, such as Springfield. "Part of this game is mastering the inside," Neal says. "The insiders, by and large, make the trains run on time."

Unlike many a politician who comes to Washington, Neal seems content to be a House lifer. He isn't flashy or particularly good with a quip—like former colleagues Frank or Ed Markey—and he doesn't seek out press attention. He's never mentioned as a possible candidate for statewide office in Massachusetts.

But he knows the House, and Neal is trying to pass on his expertise. Since becoming the Massachusetts House delegation's most senior member in 2013, when Markey won a Senate seat, he has hosted monthly luncheons for the delegation featuring invited speakers.

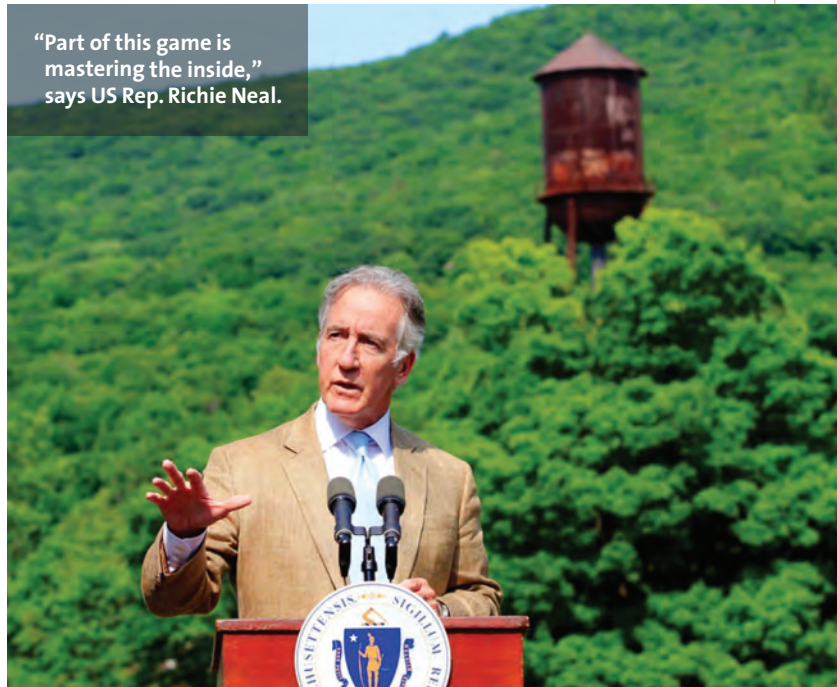
The speakers are chosen for a reason. Last year, for instance, former Massachusetts Sen. John Kerry came to speak about the nuclear deal he helped to negotiate, as President Obama's secretary of state, with Iran. When the House voted in September to block the deal, which suspends sanctions in exchange for limits on Iran's nuclear program, not a single Massachusetts representative assented.

The group has also heard from Republican Gov. Charlie Baker; Robert Coughlin, chief executive of the Massachusetts Biotechnology Council; and Dunkin' Donuts CEO Nigel Travis, among others.

Neal is also working to mentor younger members. He helped Salem Rep. Seth Moulton, who defeated John Tierney in the 2014 Democratic primary, win a seat on the Armed Services Committee, personally lobbying Pelosi to secure it. Last June, he toured Western Massachusetts with Joe Kennedy III, who won Frank's old seat in 2012.

There seems to be none of the rivalry that has sometimes infected relations between the state's western members and those more high profile ones who represent

"Part of this game is mastering the inside," says US Rep. Richie Neal.



Boston and the east. "That is something I have seen change with Neal as dean," says Anthony Cignoli, a Springfield political consultant. "There's a sense that they are all together and fighting for Massachusetts."

Neal accepts the notion that he's "more analytical than political." He's rarely seen on television or on the House floor lambasting the other side. "He's not a culture warrior," says Ray La Raja, a political science professor at the University of Massachusetts at Amherst. "He wants to get things done. He's more interested in economic realities than social issues."

That ethic comes from Neal's childhood. He grew up in Springfield and lost his mother from a heart attack when he was 13. His father, who drank too much and leaned on his grandmother and aunt to take care of Neal and his siblings, died before his son turned 20. Richard Neal relied on Social Security survivor benefits to pay his fees at American International College in Springfield.

He now lives in Washington with an adult son during the week, then returns to the state on weekends and works like someone who might have a competitive re-election race coming up, even though not one of his 14 campaigns has been close. That's ensured he remains a powerful figure in local politics as well. In Springfield, "Richie Neal is the predominant majordomo," says Cignoli.

He's hoping to become just as big a player on Capitol Hill, and Ways and Means is the route. "You stick around for what you hope is going to be the pinnacle of success and achievement for, down the road, leading a committee," Neal says. "I get to go to work in a Congress and sit on the same committee that James Madison served on. It's a much-sought-after assignment in Congress." **CW**



**Gov. Charlie Baker at
Boston City Councilor Tito
Jackson's Thanksgiving
turkey give away.**

The yin and yang of Baker

An MBA's focus and a surprisingly emotional touch make for a strong start for the Republican governor.

BY MICHAEL JONAS | PHOTOGRAPHS BY MARK OSTOW

CHARLIE BAKER IS getting worked up about “queueing theory.”

He’s sitting at a conference table in his smaller “working office” in the governor’s suite at the Massachusetts State House. The space, last occupied by Deval Patrick’s chief of staff, is where Baker has opted to conduct most business, eschewing the ornate official governor’s office for everything but big meetings and ceremonial occasions.

Baker is talking about horrific waiting times at the Registry of Motor Vehicles, and how his administration is reworking the way customer lines are organized for various services. “This is a queueing theory problem, all right, this is not my ideology,” he says. Baker says the revamping of the customer queue system has already made a huge difference in one of the encounters with state government many people have come to dread.



Baker bends down to greet a woman at Boston City Councilor Tito Jackson's turkey giveaway on the Sunday before Thanksgiving in Roxbury.

"The waiting lines are *literally...just...disappearing*," he says, his voice rising and cadence slowing as he pounds the table three times in sync with the last words. "People are getting in and out of these places in 10 minutes. Maybe most people would say that's not very aspirational. If you're the person who gets paid by the hour and loses half a day, you probably think that's pretty cool."

For the wunderkind of Republican administrations in the 1990s, nothing is more satisfying than digging into the workings of government and coming up with a fix for broken systems.

After a failed run for governor in 2010 in which he came off as angry and stridently partisan, Baker hit the reset button when he launched another run four years later, fashioning himself as a bipartisan problem-solver.

It's much closer to who he actually is, say Baker and those around him. Clearly, it was closer to what Massachusetts voters wanted in a governor—or at least enough of them for Baker to eke out a narrow victory over Martha Coakley in an increasingly Democratic state.

His focus on getting the basics of government right, while dismissing talk about grand visions, echoes an approach that proved very successful for a certain long-serving Boston mayor. He shares another quality with the late Tom Menino that may help immunize him against the wandering-eye hazards that can come after the excitement of the first years in office have faded: A singular interest in the position he now has.

"It's the only job he's really, really wanted," says Will Keyser, the chief strategist for Baker's 2014 campaign, who calls that fact an important part of the "secret sauce" that has made for such a strong first year in office.

Some of the bigger things Baker has taken on in his first year were not part of any big agenda, but he's had a hands-on approach to crises that dropped in his lap.

After last winter's MBTA meltdown, he pushed for reforms that give him more authority over the system than any governor in history—and more responsibility if things don't go right. He sought to address the seemingly intractable problems at the state's child welfare agency,

where a series of horrific cases exposed deep flaws in the state's system for keeping vulnerable children safe. And he filed sweeping legislation to address an opioid crisis that is ravaging communities and claiming lives across the state.

He's also shown a knack tempering the serious business at hand with an amiable lighter side.

He's been a good sport for good causes, submitting to a buzzcut as part of a fundraiser for the Dana-Farber Cancer Institute and taking the ice bucket challenge to raise money for ALS research. (He aced the optics of that by getting drenched in a "Free Brady" t-shirt to spotlight the star quarterback's "Deflategate" travails.) He banters on Twitter, and has become the state's reigning king of the selfie.

To judge by his poll numbers, Baker seems to have hit all the right notes. In November, a survey of voters in all 50 states reported that Baker was the most popular governor in America, with 74 percent of Massachusetts voters giving his performance a favorable nod and just 14 percent saying they disapprove of the job he's doing.

But it may be more than just the fix-it focus and everyman moves that explain Baker's high marks. For a data-driven MBA, who made his early mark in state government as a budget whiz with a famously short fuse, Baker has displayed a surprising comfort with showing emotions of a different sort.

Ironically, that nearly sent his 2014 campaign off the rails. In the final televised debate of the race, when he and Coakley were asked to recall the last time they had cried, Baker wept again in the retelling as he described a

in his 2010 campaign—he said he had retold the story at a private event days before the debate and that he may have had some of the details wrong. But the details seem to have mattered less in the end than the human side of himself that Baker showed.

Brian O'Connor, a longtime aide to former congressman Joe Kennedy, heard Baker speak at a ceremony in June when the "Wall that Heals," a half-size traveling replica of the Vietnam War memorial in Washington, DC, made a stop in Gloucester. "He broke down in tears, and it was not fake," says O'Connor, a hard-boiled Democrat whose father died in the Vietnam War. "He's obviously smart and steeped in policy, but that talk showed another dimension—his willingness to bare his heart and emotions." That is "extremely unusual and very appealing to voters."

His managerial know-how has always been Baker's calling card, and it may have been what convinced voters to hire him for the governor's job. His ability to not only roll up his sleeves and tackle problems, but to also strike a surprisingly human chord along the way may help explain why he's proving so popular now that he's in it.

A FIX-IT FOCUS

Baker has a straightforward answer when asked how he explains poll numbers that would make him the "it boy" at a gathering of US governors.

"We've tried to be pretty consistent with what we talked about during the campaign, which was wanting to be bipartisan, wanting to collaborate, wanting to get stuff done and focus on the work," he says.

There's nothing flashy in that, but a "focus on the work" may have been particularly appealing after a string of management failures that marred Deval Patrick's second term. From the costly failure of the Health Connector website to the state drug lab scandal and botched rollout of the state's medical marijuana law, it sometimes felt like the wheels were coming off the bus of state government.

A guy whose big claim was fixing broken systems, whether in state government as human services secretary and then budget chief under Bill Weld and Paul Cellucci, or at Harvard Pilgrim Health Care as it teetered on the brink of bankruptcy, may have been just what the doctor ordered.

"I think there was a hunger for a hands-on governor. Not a big thinker, not a great speaker, but a mechanic," says Dan Payne, a veteran Democratic strategist. "Dukakis was very good at that," he says of the state's longest-serving governor. "Baker probably comes at it a little differently, but I think it's the same sense of, let's just keep the trains running on time, which is literally the case with the T."

Keeping the trains running on time, of course, has

'It's the only job he's really, really wanted,' says Will Keyser, chief strategist for Baker's 2014 campaign.

heartrending conversation with a New Bedford fisherman who felt he had ruined his sons' lives by convincing them to turn down college scholarships in order to work with him in what has proven to be a dying industry.

When reporters were unable to track down the puddle-provoking angler, the Coakley campaign pounced on the mystery, sensing an opening in the race's closing days to shift the storyline from Baker's big heart to questions about his honesty.

Baker wound up claiming that the encounter occurred

taken on a good deal more urgency in the wake of last winter's epic collapse of the MBTA's subway and commuter rail systems.

It's a task that now falls most squarely on Baker's secretary of transportation, Stephanie Pollack. In trying to fill out a cabinet that would reflect his pledge of bipartisanship, nothing caused more heads to turn than Baker's selection of the whip-smart policy expert and strong public transit advocate.

Pollack spent years at the Conservation Law Foundation. She helped broker agreements with the state which, to stave off lawsuits, committed to several big-ticket transit projects as mitigation for added car pollution expected from the Big Dig.

The liberal-leaning Pollack would appear to be an odd fit for a tax-averse Republican administration, something she and Baker were both acutely aware of at the time of their initial conversation about the job.

Pollack acknowledges the differences in their political makeup, but says there is common ground, too. "There's an interesting place where people who see themselves as fiscal conservatives and those who see themselves as progressives meet," she says. "And that is in a belief that government has to do all that it can as well as it can." The state's transportation agencies, Pollack says, "are not being run nearly as well as they can be run."

Following the T's meltdown, the Legislature approved creation of a gubernatorially-appointed control board, which now has complete authority over the transit agency. It also agreed to a Baker administration proposal to suspend for three years a law that makes it more difficult to privatize services at the T.

The administration earmarked \$82 million over the

summer for third-rail and switch upgrades designed specifically to head off any repeat of the problems experienced last winter. It's too soon to gauge the broader impact of any systemic changes being imposed by the control board.

One thing, however, is clear: The Baker administration now owns the long-troubled MBTA, and will get full credit—or blame—for its performance.

The new administration faces an equally daunting management challenge at the Department of Children and Families, the state agency charged with protecting children and investigating allegations of abuse and neglect.

In a series of cases over the last several years, children



Baker helps out at the Boston Rescue Mission's Thanksgiving dinner.

under the department's watch died or suffered severe abuse because of shortcomings in the system for tracking and handling cases and overseeing the work of department social workers.

Baker vowed to reform the workings of the agency. Bringing coherence to the ungainly child protection bureaucracy may be the ultimate state government management challenge, but the stakes are anything but dry managerial matters, involving perhaps the most vulnerable members of society.

An initial set of changes was rolled out in November, revamping the intake policy governing how cases are initially handled and establishing clear policies for supervision of social workers—something that had never existed.

Baker says he wants to hold DCF employees accountable for the safety of children in the state system, but has said it is unfair to do that if they don't have a clearly defined system and a set of procedures—a “playbook,” he calls it—to work from.

That won him the appreciation of the department's

‘I love the guy more than any lesbian should love a Republican governor.’

frontline caseworkers, who say they have been the easy fall guys for years, taking the blame for systemic problems state government has been unwilling to address. Not only did the new administration acknowledge there were systemic shortcomings that needed to be fixed, development of the new policies involved not just the input of state administrators but also that of the union representing some 2,900 frontline social workers and supervisors.

“It was a very different process than has taken place in previous administrations, and not just the most recent administration, but going back a long time,” says Peter McKinnon, DCF chapter president for SEIU Local 509. “It really was a back and forth, where we’re both bringing ideas to the table. Let me be clear: DCF is not fixed by any stretch. But we have a foundation. I really believe that.”

“The kids who are served by DCF,” says Baker, “they’re kids just like everybody else’s kids except they are among the most vulnerable and it’s imperative that we as a Commonwealth recognize that and work to get it right.” They need “the support, the infrastructure, the love, and the sense of security most other kids have. When you’re a kid, there’s nothing more important than that. We just

have to do a better job there.”

HEAD AND HEART

Not long after he lost the 2010 race for governor, Baker paid a visit to the Phoenix Charter Academy in Chelsea. He had been put in touch through a mutual acquaintance with the school's founder, Beth Anderson.

Anderson lives with her wife and two kids not far from Baker in Swampscott, and they met one Saturday afternoon at his house and had a long conversation about the school, education issues, and, says Anderson, “what it takes to make change in the world, but not in a fluffy sense.”

Anderson, a self-described “social justice Democrat” who had just voted for Patrick, says she was surprised to find that she clicked with Baker immediately.

An unusual charter school, Phoenix targets one-time dropouts, teen mothers, and others on the margin who traditional public schools have largely given up on.

Baker, who has had a long interest in education issues and is a big charter school supporter, told Anderson he'd like to visit the school.

“Everyone says that,” she says. “Only 50 percent of them do.”

Within a week, Baker was at Phoenix, which is housed in a timeworn former Catholic parish elementary school, and sitting in on an US history class.

“It’s pretty interesting to have a guy who ran for governor visiting your class,” Anderson says of the students’ reaction. Of course, the race hadn’t exactly gone the way Baker was hoping. Rather than glossing over that fact, she says, he seized on it in speaking to the students.

“He said, ‘I failed,’” says Anderson. “And he said, ‘I know this school is about success, but it’s also about knowing what failure is and how to get back up. Watching you inspires me to get back up.’”


Baker’s 2010 loss may have been the only big setback he’s faced in a charmed life of advantage and privilege, while setbacks and disappointment have often been what’s marked the lives of Phoenix students.

Anderson insists nonetheless that Baker connected. “My kids know a mile away if you’re being authentic or not, and they definitely felt it in him,” she says.

Anderson eventually convinced Baker to join the school’s board of trustees and was a strong supporter of his 2014 run, tapped afterwards to co-chair his transition education committee.

“I love the guy more than any lesbian should love a Republican,” she says.

For his part, Baker says he is wowed by the work



Lots of smiles at the Reggie Lewis Track and Athletic Center, where Tito Jackson's turkey giveaway was held.

Anderson does. "Phoenix is just a game-changer for the kids at that school," he says. Baker refers to Anderson as the "the catcher in the rye," saying she grabs kids before they head over a cliff.

The students at Phoenix were hardly the only ones Baker talked to about the travails of losing the race for governor. He buttonholed practically anyone who would listen, going on what one Baker insider calls "the what-went-wrong tour," meeting with policy experts, political pros, and reporters who covered the race.

"You don't learn from a loss if you don't go talk to a bunch of people who are knowledgeable and smart and are going to be willing to tell you what they thought," says Baker.

The biggest takeaway, he says, was, "I learned that people want to vote *for* something at some point. That means they want to know what your positive vision for the future is."

That led him, when he decided to mount a second run, to cast off the harsh edge he often projected in the 2010 race. He also ditched some hard-right positions—most notably his previously professed agnosticism on the causes of climate change, which had seemed politically tone-deaf, not to mention entirely at odds with Baker's wonky claims to be "a data guy."

His other big lesson from the 2010 race was that a candidate has to figure out how to "have a conversation with

a whole bunch of people who would never actually be sitting across the table from me or next to me." He says he never found his voice in the race or mastered what might be called the paradox of effective political communication: conveying a sense of intimacy and familiarity to a large audience of strangers.

The "big theory" of the 2014 race was simply "to let people see the real Charlie Baker," says Keyser. "And the real Charlie Baker is a fiscally conservative, socially moderate, big-thinking compassionate person."

What that meant, along with the much more positive tone, was balancing his vows of fiscal restraint with making sure voters, especially independents and persuadable Democrats, understood he was pro-choice (a campaign ad pairing him with his daughter covered that) and pro-gay marriage (an ad with him talking to his gay brother checked that box).

Now that he's in office, it has meant being willing to show in public the emotions that those who know him say are just part of who Baker is.

In early October, Baker was a featured speaker at an event on health care at Massachusetts General Hospital that was part of Hub Week, a series of events spotlighting the region's strengths in science, art, and technology.

The subject of Baker's talk was "value-driven health care," a topic at the intersection of health care innovation, costs, and outcomes that, with his earlier back-

ground in state government and at Harvard Pilgrim, was right in his wheelhouse.

When it came time to take a few questions submitted from the roomful of high-powered health professionals, the first index card handed to him veered sharply out of that health management sweet spot. “The question is, what do we do regarding educating to embrace aging and death,” Baker said, reading the card aloud to the audience.

“If they’re all going to be like this, I got places to go,” he said, as the room broke into nervous laughter.

Baker then quickly pivoted back on topic, but not with the generalities one might have expected about the need for more health care services or infrastructure to deal with an aging population.

“This is a tough one for a lot of reasons,” he said, after pausing to gather his thoughts on a question he clearly had not anticipated. He mentioned the overall ambivalence people have about addressing the issue. “And I deal with this in a very real way with my own parents,” he said. Baker’s mother has had Alzheimer’s disease for about 10 years, he said, something she and his still robust 87-year-old father have faced “with an enormous amount of grace.”

Then he got even more personal. “There’s a ton of history in her family on this one,” he said. “I mean, I’m virtually certain that at some point it’s going to be an issue for me. I look like her, I sound like her, I am so cut from her side of the family, and this affected literally everybody on her side of the family.”

The room of several hundred of the biggest medical

‘People are always suspicious of someone who comes across as the smartest guy in the room.’

minds in Boston fell silent.

Baker went on to talk about conversations he and his wife have had about this, and spoke about the need for baby-boomers to make end-of-life conversations something people are more comfortable talking about.

Baker’s candor about his mother’s health, and especially about what that may ultimately mean for his own, was jarring. But one doctor in the audience took it in stride.

“He’s always done that. He uses anecdotes about his family and about himself,” says Dr. Thomas Lynch, who

recently took the reins as CEO of the Mass. General Physicians Organization.

Lynch, a lung cancer specialist, has spent his entire career in Boston, except for a six-year period when he held a top position at Yale. His time in New Haven coincided with both of Baker’s campaigns for governor, so Lynch’s perceptions of Baker are shaped almost entirely by more personal dealings when they served together for about 10 years on the board of the Schwartz Center for Compassionate Healthcare. The center, named for a former patient of Lynch’s who died of lung cancer in 1995, promotes practices and policies to make compassion as valued in patient care as the cutting-edge treatments available at places like Mass. General.

“I didn’t know him in the public arena, but I saw that about him beforehand in board meetings,” Lynch says of the openness Baker showed at the MGH talk. “His ability to do that publicly, I think, provides an important connection that is not always easy for politicians to have.”

Asked later about the question on aging and death, and his decision to be so forthright in answering it, Baker says, “Part of this job is about connection. And I can’t think of a better way to connect with somebody or an audience than to speak as frankly as I can about some experience I’ve either had directly or have participated in indirectly. I definitely do way more of that than I used to.”

Lynch alludes to a well-worn description of Baker, one that has been both his blessing and, at times, his curse. “People are always suspicious of someone who comes across as the smartest guy in the room,” he says. “By sharing some of his personal vulnerabilities with people, I think he’s overcome a lot of that.”

Showcasing a mix of management smarts while also finding moments to speak more from the heart may have helped Baker achieve the remarkable popularity he enjoys in a strongly Democratic-leaning state. But he has not always hit the mark when going with his gut.

In November, following the terrorist attacks in Paris, Baker took heat when he said he didn’t want Syrian refugees coming to Massachusetts until he received more information about the vetting process for their admission to the country.

Boston Globe editorial writer Alan Wirzbicki said Baker’s “‘data guy’ act is starting to wear just a little thin,” and criticized him for ignoring available information on the thorough vetting process already in place. By following the “national GOP herd” on the issue, Wirzbicki wrote, Baker risked damaging his reputation as a “fact-driven” practical thinker, which helped him win election in a heavily Democratic state.

“I have questions,” Baker said about refugee vetting the day after his initial comments, while also pointing out that several Democratic officials in the state had sounded



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similar concerns. “I would just like to have some of them answered, and I don’t think that’s unreasonable and I don’t think it lacks compassion.”

It wasn’t exactly Emma Lazarus, whose famous sonnet adorns the pedestal of the Statue of Liberty. But it was hardly Donald Trump either.

“A guy like me most of the time thinks the answer to questions like that are pretty nuanced,” says Baker.

There was no nuance to fall back on, however, when Baker was asked in June about the shooting at a black church in South Carolina by a white supremacist, who killed nine worshippers. Baker initially punted on the question of whether the Confederate flag should continue to fly over the state capitol there, defaulting to boilerplate conservative talking points.

“My view on stuff like this is that South Carolinians can make their own call,” he told radio host Jim Braude. Within hours he had reversed course and called for the flag to come down, telling the *Globe*, “I abhor the symbolism and the history of that flag as much as anybody.”

It was a revealing moment in which a reflexive support for state’s rights and local control seemed to blind Baker to the larger moral dimensions of the issue.

“I would hope I would be somebody who people believe will listen when other people tell me I’m in the wrong place,” he says. “I was in the wrong place on that one.”

PUSH COMING TO SHOVE?

In his 2002 race for governor, Mitt Romney, the last Republican before Baker to win the corner office, vowed to “clean up the mess on Beacon Hill.” He painted the Democrats who dominate state government as a profligate and untrustworthy bunch. Baker has offered a decidedly milder version of that. The strongest language he used in his campaign felt more like civics book cliché—his often-repeated refrain that things just work better “when you have both teams on the field.”

Baker often personalizes that belief in bipartisanship by talking about how the family dinner table when he was growing up in Needham was its own civics class, as his Democratic mother and Republican father went at it over the issues of the day.

“One of the things I learned is nobody has the corner on all the right answers, and it’s possible to disagree without being disagreeable,” he said in a December talk to the state newspaper publishers association. “My parents, most of the time, were having a conversation and a discussion. They weren’t just trying to score points or win a debate.”

Baker called the dinner table debates the “single most formative” experience that shapes how he thinks about politics and public policy. “It’s very easy to get trapped in a particular perspective or point of view and to stay there.

The hard part is being willing to consider a lot of other points of view,” he said.

As far as the Legislature’s top Democrats are concerned, Baker has thus far followed word with deed.

“He’s very easy to work with,” says Stan Rosenberg, the liberal president of the state Senate. “So far it’s been very collegial. He listens. He’ll debate you. If he’s got

It wasn’t exactly Emma Lazarus. But it was hardly Donald Trump either.

data that you don’t know, he’ll put it on the table and be pretty forceful about it, but respectful. But he’ll also listen if you’ve got a forceful argument.”

House Speaker Robert DeLeo says he delivered one message to Baker in their first meeting: “My only wish is that you look at me as an equal partner in government. He said, ‘I don’t think I’ve got much of a choice. I’m going to

need you if I want to get anything done.’ And we had a good laugh, and that’s the way it’s been.”

Baker had to work hard to win passage of his MBTA reforms, which ruffled union feathers, but he started out with a pretty willing partner in DeLeo. An increase in the earned income tax credit that he pushed for took some negotiating, but more over details than the broad-brushstroke aim of putting money back in the pockets of lower-wage households.

Overall, it was a year of relative comity on Beacon Hill. Some say that’s because there hasn’t been all that much to fight about.

Baker deployed most of his energy setting up his administration and addressing the problems with the workings of government at places like the T and the Department of Children and Families.

“The first whole year was mostly about management and mechanics, and it is really hard to be partisan about the mechanics and management,” says Rosenberg. He says that’s likely to change in the new year when the debate turns to charter schools, taxes, and other issues on which there will be sharp disagreement.

For some, the ease with which Baker seems to have charmed his way through his first year is more a source

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of frustration than admiration.

Mara Dolan, a liberal radio talk show host and former Democratic State Committee member, describes Baker as “Reaganesque,” and she is not paying him a compliment.

Dolan says there is a disconnect between Baker’s affable bearing and his policy predilections. “He’s likeable and he loves to tell stories just like Ronald Reagan,” she says. “Charlie Baker seems like the guy who’d give you the shirt off his back, and God bless him. But where does he leave us in terms of the environment or worker safety?” she says, raising concerns about an executive order Baker issued to have all state regulations reviewed, with none retained that go beyond standards required by the federal government.

“He’s a good guy, but it’s not about electing a good guy,” says Tom McGee, a state senator from Lynn and chairman of the Massachusetts Democratic Party. “What’s the real vision of this administration?”

McGee points to talk about service cuts and fare increases on the T. “That’s just the wrong direction,” he says. And while Baker’s biggest play in education policy so far is a call to raise the cap on charter schools, McGee wonders about overall state funding for schools, which has fallen nearly \$500 million behind schedule because of health care and special education costs, according to a report released in October by a state review panel.

A lot of the differences with Baker will likely come down to spending and taxes. Even some big areas of his focus on management and mechanics won’t be able to escape that debate.

“Eventually we’re going to have to pay for the T,” says Rosenberg.

“For a governor who is very smart and data-driven,” says former state transportation secretary Jim Aloisi, it should become clear that all the MBTA reforms and efficiencies in the world “can’t solve a \$7 billion problem”—the price tag of the so-called state of good repair improvements needed to get the system up to snuff.

At some point, a revenue push may come to shove, challenging Baker on what it takes to adequately deliver the transit services residents—and businesses—count on. Or he’ll face an issue involving kids—a topic on which Baker says he can’t help but get emotional—in which a spending line he draws seems at odds with the compassion he has come to so publicly evince.

Baker insists he can balance his vows of fiscal discipline and caring governance. “Why do you have to be either a bloodless technocrat or a bleeding heart?” he asks.

Baker has no appetite for new taxes, but that may make him as much a bellwether in the current climate as an outlier. House leaders have already said they have no plans to take up tax proposals in the coming year. Rosenberg, on the other hand, says “governing from the

center” shouldn’t mean the door to new taxes is permanently bolted shut, even if that’s not the first recourse in response to an issue.

Baker suggests his second year will see more “forward-looking” proposals, but he has yet to lay down a marker on any signature new initiatives he has in store for 2016. Looking at the governor’s first year, Payne, the longtime Democratic strategist, says, “Baker usually tries to bunt rather than hit a home run.”

Some of that may be a belief, dating back to his days as director of the Pioneer Institute, which embraces “limited and accountable government,” that the fewer the grandiose government plans the better. It’s also hard to imagine swinging for the fences with a decidedly Republican initiative in a state where Democrats dominate.

Still, it seems there should be room for some big ideas that “challenge the status quo,” as Baker vowed to do in his inauguration, while staying true to his vow to be a bipartisan problem-solver.

In education, more than two decades after the 1993 Education Reform Act directed billions of dollars in additional funding to schools in exchange for a commitment to new standards and accountability, could there be a new “grand bargain,” perhaps one that allows for more charters while steering more money strategically to districts that are willing to adopt reforms based on we’ve learned since 1993 about improving schools?

Someone with Baker’s appetite for policy innovation and appreciation for scaling things that work should be open to rethinking how government works in big ways, not just fixing what’s broken.

In the meantime, he’s hit on an approach that is working pretty well, and insists there is nothing small-bore about getting the basics right.

“Government has this horrible tendency to overpromise and under-deliver,” he says. “And I know why it happens. Because people like to aspire and all the rest. But for me, working with [the social workers’ union] 509 and the folks at DCF to actually improve the way that place and that organization operates may not be rhetorically soaring, but to some of the most vulnerable citizens of the Commonwealth, it’s pretty damn important. And if you’re somebody who really needs the subway or the commuter rail or bus service to go to work or get to the grocery store or wherever you need to go, again, you don’t really care about the rhetoric coming out of the governor’s office. You care whether the damn thing works.”

“If three years from now,” he says, “what people say about me is, Charlie Baker just makes stuff better, thereby making my life better and my family’s life better and my community’s life better, I’m going to be fine with that.” **CW**

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Newton Mayor
Setti Warren

Closed doors

Newton supports affordable housing — until it's time to build it.

BY JACK SULLIVAN | PHOTOGRAPHS BY MICHAEL MANNING


IN NEWTON, WHERE single-family home values are creeping into the million-dollar range, few things trigger more raw emotion than proposals for affordable housing.

That emotion was on full display in early December at Newton City Hall as proponents and opponents of a mixed-use development packed the Board of Aldermen meeting for a vote on a controversial project in the city's Newtonville section.

Moments before the vote, Mayor Setti Warren led a packed pep rally in the first-floor City Hall lobby where people chanted and waved signs urging approval of the project on a city-owned parking lot on Austin Street. The two-term mayor with aspirations for higher office pushed the project hard, risking his political capital on a development whose fate was up in the air right up to the roll call vote.

During the four-hour, standing-room-only aldermen's meeting, most of the 24 members of the board exceeded their allotted speaking time, some by 20 minutes or more, to air their views about what led them to their vote. For several of the aldermen who voted yes, it was a last minute offer by the developer to up the number of affordable units from 25 percent to 33 percent that swayed them. For some who opposed the project, the increase caused more concern.

A majority of the board clearly favored the project, but Newton bylaws require a two-thirds supermajority to approve special permits for affordable housing. The outcome was in doubt until the roll call near midnight. It passed 17-6, one vote over the total needed for approval. Supporters got the key backing of two aldermen—Amy Mah Sangiolo and Barbara Brousal-Glaser—who said they were unsure



A proposed Chapter 40B development with 83 affordable housing units in an industrial park in South Newton has been blocked by city officials who don't want residential housing in a commercial zone.

how they would cast their votes until their names were called. Their yes votes drew gasps. Many in the audience broke down in tears—some for joy, others out of disappointment.

But all the angst, all the tears, all the division, and all the relief overlooked one thing: Even with the developer's increase in the number of affordable units, the 68-unit project will add just 23 units of below-market housing, a fraction of what is needed for the city to meet the state's benchmark goal of having 10 percent affordable housing stock, which would exempt it from the controversial Chapter 40B law.

The pitched battle shows how tough it is to build affordable housing in one of the state's wealthier communities. Newton prides itself on its progressive values, yet over the years has done relatively little to put out the welcome mat for those who can least afford to live there. The city is actually going backwards in reaching the goal of 10 percent affordable housing.

For Warren, a liberal Democrat and the city's first black mayor, affordable housing is a delicate issue. He preaches that affordable housing is the key to diversifying the heavily white city and says he is "110 percent" in support of the state's Chapter 40B law, which allows developers to bypass local restrictions if a community lags in producing affordable housing. But some of his administration's actions and one of his appointments suggest his commitment doesn't

match his vow.

It is a challenge for Warren to navigate the dueling factions in the city while at the same time trying to establish his bona fides for a presumed statewide run in a party that embraces the diversity affordable housing brings to a community. He is using the issue of affordable housing as a key platform to burnish his resume, serving as chairman of the Community Development and Housing Committee for the US Conference of Mayors for the past four years. He was a panelist at a recent symposium on the role of government in community development and housing at the Brookings Institution in Washington. His success—or failure—at delivering on his goal of bringing affordable housing and more diversity to Newton is likely to get scrutiny in a run for a higher office.

The 45-year-old mayor says that Newton—its government, residents, and businesses—may talk the talk of affordable housing and diversity but there is not the kind of support needed to push it forward, in part from institutional resistance, in part from government structure. "It is very difficult under the current system we have to build affordable housing," says Warren. "I'm taking it on because if I don't, we won't have the diverse community we want. I believe it's taking too long to get projects on line. As a city, for 30 years we've been ambling along."

Jay Doherty, managing partner of Cabot, Cabot & Forbes in Boston, has built big developments with large

chunks of affordable units in Newton in the past. But a 334-unit project with 83 units of subsidized housing that he has been trying to build in an industrial park near Route 128 has been thwarted at every step. He lays the blame squarely at the feet of Warren and says since the mayor took office in 2009, there hasn't been any significant progress in building affordable housing.

"He hasn't blessed a major 40B [project] since he's come into office," says Doherty, who in December lost an appeal of the city's rejection of his project. "Newton was routinely working with the 40B statute before Setti Warren came into office. He's won. I congratulate the mayor. He has been a very effective barrier to this and other affordable housing projects."

CLASSIC STATE-CITY FIGHT

There is no ambiguity about the intent of the state law called Chapter 40B. When the bill was passed and signed into law in 1969, its title was "An Act Providing For The Construction Of Low Or Moderate Income Housing In Cities And Towns In Which Local Restrictions Hamper Such Construction."

Affordable housing proponents have another title for it: Anti-snob zoning.

Under the statute, developers can bypass local zoning laws, ordinances, and opposition to build projects that have at least 25 percent subsidized units—in some cases, 20 percent—if less than 10 percent of a community's housing stock is deemed affordable. The law defines affordable housing as any subsidized dwelling that can be purchased or rented by someone making 80 percent or less of the annual median income of a community.

Affordable housing proponents have another title for Chapter 40B: Anti-snob zoning.

Brenda Clement, executive director of Citizens' Housing and Planning Association, a nonprofit advocacy group, says that, despite its flaws, 40B has been effective in creating 60,000 affordable housing units since 1969.

"These are units being built in communities where there isn't a lot of housing available," says Clement. "40B is one of the tools in the tool belt. We think it's a significant tool."

But the law has encountered resistance across the state since being enacted nearly a half-century ago in the wake of the civil rights movement. The purpose was to open up communities to those at the lower end of the income spectrum so they could benefit from better schools, better services, and more opportunities. But it has been, and remains, a long road.

There have been multiple efforts to reform or even repeal Chapter 40B, including a statewide referendum in 2010 to kill a law that opponents say does more harm than good for everyone. The repeal question was defeated 58-42 percent, including in Newton where voters rejected the referendum by more than a 2-1 margin. But the victory did little to increase the availability of affordable housing.

Only 47 of the state's 351 cities and towns meet the 10 percent threshold, up from 39 when the question went before voters. According to data from the Department of Housing and Community Development, the annual number of permits issued for 40B projects has dropped to single digits statewide and the number of affordable housing units developed has fallen with it. In 2005, there were 65 permits issued for 40B projects around the state. In 2009, the number fell to 32 and in 2015 there were only six. The total number of affordable units developed across the state fell from 2,686 in 2005 to 745 last year.

Clement concedes there is a disconnect between what voters said in 2010 and what communities do, and that some communities simply don't want to open their doors to outsiders because of fear of change and bringing in people who wouldn't normally live there.

"There's certainly a lot of that that exists and that's not a new dilemma," she says, referring to the mixed messages sent by voters. "I don't know that there is still bias or fear—there may still be some of that—but we still have a lot to do."

No one ever says that they oppose affordable housing outright. Instead, the catchphrases of anti-40B advocates are that a proposed project is not in the "right place," that the law usurps "local control," or that the statute threatens housing values.

Weymouth Mayor Robert Hedlund, who left the Senate after serving nearly a quarter-century, was one of the most vocal opponents of Chapter 40B during his time on Beacon Hill, trying numerous times to change the law. Weymouth, like Newton, does not meet the 10 percent target and could be subject to 40B projects, but Hedlund says the law is outdated and doesn't work the way it was intended anymore, if it ever did. He says any attempts to make it fairer to communities have been beaten back by the Democratic-controlled Legislature.

"You can't get any reform and you can't repeal it,"

says Hedlund. “It’s like a sacred cow; you can’t touch it. The problem is the entire way it takes away local control. What’s true in 1969 may not be the same as today.”

Officials at MassHousing, the quasi-public agency that finances affordable housing in the state, referred questions about 40B to the Executive Office of Housing and Economic Development. A spokeswoman there said neither Secretary Jay Ash nor Undersecretary Chrystal Kornegay, who oversaw development of affordable housing as director of a Boston nonprofit before joining the Baker administration, were available for interviews.

Much of the vocal opposition at the local level comes from those concerned that affordable housing will attract more residents who will negatively impact schools, clog roads, and overburden water and sewer systems. Clement says there is a bill in the Legislature that would address those concerns by increasing state aid, but she says much of the worry over schools is a matter of “misinformation” that gets repeated by opponents.

Clement says she and other advocates are working with the Baker administration to refine the law, but she says tossing it out is not an option. She says the reduction in the number of permits “doesn’t unduly worry me at this stage,” but says the decrease is not for lack of need, blaming it in part on the recession and in part on local resistance.

“I don’t think it’s a lack of demand,” she says. “There’s need everywhere. We have a saying that the path to economic opportunity leads from your front door. There’s been a few communities that have been [resistant]. As with all things, we’ve got a lot to do.”

GOING BACKWARDS

When it comes to affordable housing, Newton is losing ground.

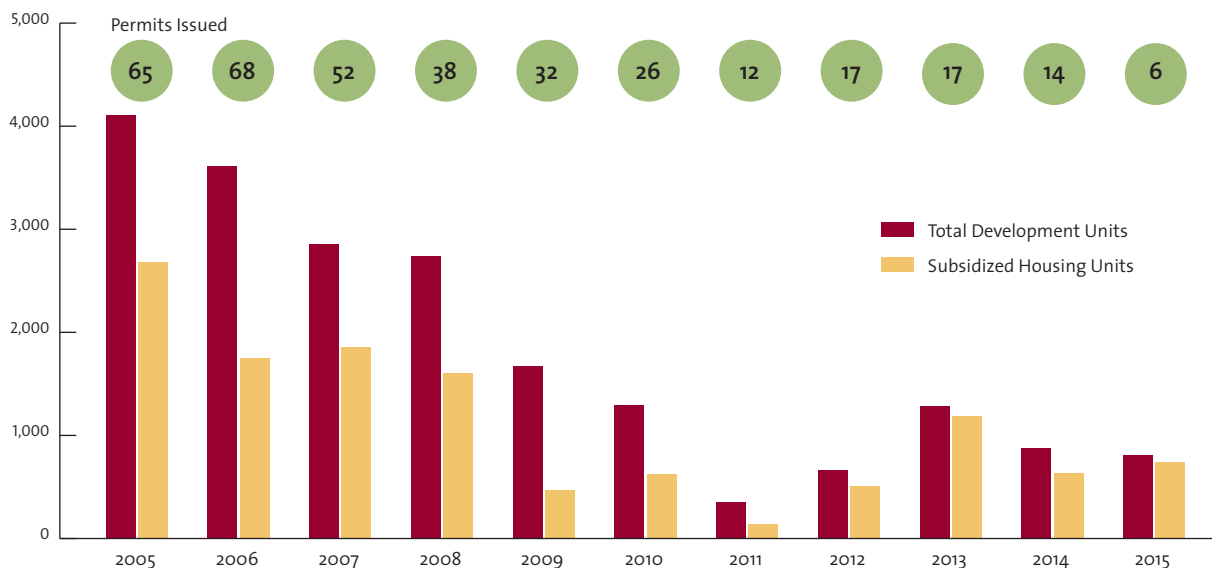
In 2010, Setti Warren’s first year in office, the city had 31,857 total housing units, of which 2,444 were deemed affordable, according to state figures. That left Newton 742 units shy of the 10 percent threshold. According to a housing census in 2011, the city added about 500 units but none affordable, effectively reducing the percentage of affordable units from 7.7 percent to 7.5 percent. By 2014, the city remained 791 units shy of the 10 percent mark.

“Newton has never had a proactive policy,” says Warren. “We’ve been in reactive mode. We have not met the 10 percent. We need to build 800 units. I want to do it in five years, but I want to go beyond hitting that threshold. This is a starting point.”

Despite the laudable goal, actions by the city—whether it’s the Board of Aldermen, the Zoning Board of Appeals, or Warren’s own office—don’t reflect a noticeable effort to back up the policy statements in support of affordable housing.

In fact, Newton officials have worked in recent years to take advantage of an opening in the 40B law that lets communities wave off affordable housing proposals even if they have not met the 10 percent benchmark. In 2008, a provision was added to the law that allowed cities or towns to claim “safe harbor” from Chapter 40B if affordable housing occupied more than 1.5 percent of developable land in the community. From the denominator used to determine the percentage of developable land, communities were allowed to exclude wetlands, conservation

COMPREHENSIVE PERMITS ISSUED FOR CHAPTER 40B PROJECTS STATEWIDE, 2005-2015



SOURCE: Executive Office of Housing and Economic Development



Jay Doherty, CEO of developer Cabot, Cabot & Forbes, says he successfully built several large Chapter 40B projects before Mayor Setti Warren came to office.

land, and other properties that could not be developed.

In 2014, the Newton Zoning Board of Appeals rejected an initial filing by developers of a proposed Chapter 40B project on Rowe Street in the Auburndale neighborhood that would have created 135 affordable housing units. In explaining the board's decision, the city's lawyers said Newton had already reached the 1.5 percent threshold. They said three golf courses in Newton with a total of nearly 540 acres were open space and recreation

lands that would never be developed, even though the land is zoned for residential use. With the golf courses excluded from the city's developable land, city officials said, 1.88 percent of Newton's land was used for affordable housing and that it had therefore met its obligation under 40B.

In June of last year, the state Housing Appeals Committee, the first stop for disputes involving 40B applications, rejected the city's argument. "Although the general expectation may be that this land will be used for quite some time for golf—just as other parcels of land in private ownership may continue to be held for low-intensity uses or in an undeveloped state—the owners of this land could develop it for housing at any time," the housing committee wrote in its decision.

The committee also rejected a claim by the city to include a number of homes run by various state mental health and social agencies that would have brought the safe harbor exemption to exactly 1.5 percent even without the golf courses. With that denial, the city, which is appealing the ruling, has

just 1.3 percent of its land used for affordable housing.

Warren says the safe harbor recalculation was initiated by "another department" and declined to discuss it or give his opinion on its validity and whether it should apply to 40B proposals. City Solicitor Donnalynn Kahn says the city's Planning Department, which is controlled by Warren, initiated the recalculation.

Warren also appointed a person to the five-member Zoning Board of Appeals who has a history of represent-

ing opponents of 40B projects. Newton attorney and resident Barbara Huggins, who is a partner at the firm Huggins & Witten, which has offices in Duxbury and Newton, has for years represented communities and residents who have sued to stop 40B projects.

Huggins says it would be inaccurate to portray her as a 40B opponent based on her representation of clients. But it would be hard to say she's a fan. "It is not doing a good job of creating affordable housing in the manner in which it was intended," she says of the law. "Ideally, I think it should be scrapped and come up with something better. Reform has never worked. I think developers have found 40B to be very advantageous." Huggins declined to answer questions specifically about Newton issues and made clear she was not speaking in her role as member of the city's zoning board.

Some aldermen who oppose 40B attempt to use the law as a litmus test for zoning board appointees, who must be confirmed by the board. Brooke Lipsitt, the chair of the zoning board, says she was asked about her views on 40B by the Board of Aldermen when she was reappointed by Warren early last year. "Questions about 40b came up, I answered them as clearly as I could," she

says. When asked her position on 40B, she says only that "40B is the law of the Commonwealth and I am sworn to abide by it."

Lipsitt says the board looks at Chapter 40B proposals dispassionately and only with the law in mind. But she says there clearly is a faction in the city that is trying to thwart the creation of affordable housing and Warren's objectives.

"There is a small number of vocal residents who are opposed to affordable housing, who are opposed to any increase in the number of people coming into the city," she says. "It is NIMBYism pure and simple. They don't want the schools to be more crowded, they don't want their taxes raised, they don't want the city they know to change... My family moved here 50 years ago and the city isn't the city I grew up in. No city is. Change will happen despite not wanting it."

Warren says he wasn't aware of Huggins's background in handling 40B cases in her law practice and says he doesn't vet his appointees' stances on the statute. "I can tell you right now, I did not, nor do I do, background checks like that for volunteer appointments," he says. "My intent is to make sure the values and vision of this administration are adopted."



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OPENING DOORS

If he didn't inherit his childhood home from his late parents, Setti Warren admits he couldn't afford to live in his own city. That, he says, is the driving force behind his efforts to open the door to other families to increase Newton's diversity and prevent it from becoming a gated community.

In addition to average home values nearing \$1 million, the median rent in Newton is more than \$1,600, nearly a third higher than the median in Middlesex County and 55 percent higher than the median rent statewide, according to a Warren-commissioned analysis by Northeastern University's Dukakis Center for Urban and Regional Policy to help the mayor form a comprehensive housing plan. In addition, the study found that 90 percent of the city's housing stock was built prior to 1990, indicating little has come on line in the last quarter century to attract new residents. Nearly 80 percent of Newton's population is white and just 3.1 percent black.

Part of the problem, say officials, is the dearth of land available to build the kind of dense developments that would be affordable to families who might not otherwise be able to move to Newton. The issue, they say, isn't whether one favors affordable housing but rather find-

ing the right place for the right project in a 385-year-old community that has been nearly completely built out.

"When you talk about something that's controversial, it's largely been because the location has not been deemed to be suitable for one reason or another," says Dori Zalenik, Warren's chief administrative officer.

Zalenik says it's unfair to say no 40B projects have been approved under Warren. The administration touts its success in getting affordable housing projects moving as compared to the stagnant pace of decades prior. But looking at a list of projects shows that progress is still far from meeting the state's goals of increasing housing stock for low- and moderate-income families.

According to data from Newton's planning department, the city has approved 11 affordable housing developments calling for a total of 298 affordable units, including five 40B projects, since Warren took office in 2010. Four of the 40B projects are small, representing just 18 affordable units. The other 40B project the administration includes is the Rowe Street project the planning board and zoning board rejected and which is still "under review." Only four of the 298 affordable units have come on line; the rest are either under construction or permitted but not started yet.

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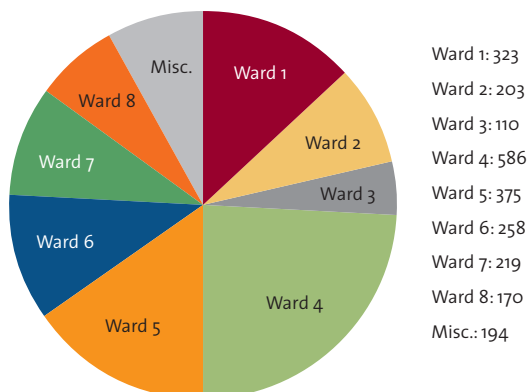
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WHERE THE AFFORDABLE UNITS ARE LOCATED IN NEWTON



SOURCE: Massachusetts Department of Housing and Community Development

Newton Alderman Richard Lipof, a longtime real estate appraiser and former campaign manager for Warren, disagrees with the view that a “not-in-my-backyard” philosophy is at play in the city. He says just because someone has a self-interest in opposing a project doesn’t mean the resistance should be dismissed.

“It is human nature,” says Lipof, who voted for the Austin Street project but has opposed the Cabot, Cabot & Forbes development in the industrial park on Wells Avenue in Ward 8, where he lives. “They see a large development where none has ever been and it’s caused them to think about your schools being overburdened with kids, your roads overburdened with traffic. It doesn’t make you a bad person.”

Lipof says the obstacle isn’t snobs, it’s a matter of where those projects can be built.

“It all has to do with the availability of the appropriate land,” he says. “It’s all economics. The land is so expensive in Newton, it’s so hard to build affordable units. We’re doing what we can but we don’t have a lot of land to do it on.”

Doherty, the Cabot, Cabot & Forbes developer, says his project was located in an office park on the city’s south side at the site of the Boston Sports Club. He says his project wouldn’t overburden residential neighborhoods or local roadways in and around the industrial park.

Doherty has been stymied by a nearly half-century-old deed restriction that changed the zoning in the area from residential to commercial and industrial. Doherty needed a waiver from the Board of Aldermen and the zoning board to construct his project, which included 83 affordable units—10 percent of the nearly 800 the city needs to reach the 10 percent threshold.

Doherty offered more than \$4 million in traffic mitigation and funding for more affordable housing, as well as a shuttle bus to the nearby commuter rail to ease concerns over how to move residents.

his request. Officials say they are locked in by the deed restriction, which forbids residential housing in what is essentially an industrial cul-de-sac. Doherty claims the city has granted at least 20 waivers since 1969, including allowing the construction of a dance school, non-profit education facilities, health offices, gymnastics centers,

‘Newton’s always going to get hit with that snob moniker because of who we are,’ says Ward 8 Alderman Richard Lipof.

and even a “bouncy house.” None of those projects was residential, however. Doherty took his case to the state Housing Appeals Committee, but that panel upheld the aldermen and zoning board decisions, saying a deed restriction does not fall under the rules and regulations Chapter 40B was designed to address.

Doherty is angry, though at deadline he was unsure what his next move would be. He says the actions by city officials at all levels give lie to their claim of wanting to build affordable housing. “It’s good for talk, it’s really not good for walking the talk,” he says. “If you think producing four units a year is producing affordable housing, then, yes, you’re producing affordable housing.”

Lipof says rejecting Doherty’s project wasn’t about trying to keep people out of Newton, adding that Doherty’s attacks on the city are completely off base.

“Newton’s always going to get hit with that snob moniker because of who we are,” says Lipof. “It costs a lot to live here because it’s 12 minutes from downtown Boston. We have great schools, we are a diverse community. I think we’ve built a real special community here.”

Warren, who ultimately stands as the face of Newton, would not comment about Doherty or his project because of the litigation. But when asked if labeling Newton as obstructionist to affordable housing is fair, he paused and sighed.

“I’d say my answer is, we have a lot of work to do,” he says. “We are not there yet.” **CW**

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Politics behind the plug

Utilities are heavily involved in the state's energy debate, but some are questioning whose interests they are looking out for.

BY BRUCE MOHL

There is a pattern that runs through the energy debate on Beacon Hill. The Baker administration wants to bring new natural gas pipelines into the region; utilities are tasked with arranging the financing. The Baker administration wants to bring hydroelectricity down from Canada; the job of soliciting bids for that work falls to the utilities. The state wants to promote energy efficiency; the utilities do the heavy lifting.

At every turn, utilities are involved, partly because, as state-regulated monopolies, they are effective agents for executing policy. But the state's utilities, led by Eversource and National Grid, increasingly are doing more than just following orders. For example, the two utilities are not only orchestrating the purchase of natural gas pipeline capacity and hydroelectricity on behalf of their customers, they want to help build the pipelines that will carry the gas and the transmission lines that will carry the electricity. The two utilities have also plunged in a very public way into the high-stakes debate over solar power, pressing Massachusetts lawmakers to scale back what they say are the state's lavish solar incentives.

Officials at Eversource and National Grid say in each of these cases they are merely looking out for the best interests of their customers. "It's about what's needed and what's the best solution, and then, of course, the business model has to make sense. But that comes in third, after you've checked the other two boxes," says Camilo Serna, the vice president of strategic planning and policy at Eversource.

Still, the perspective of Eversource and National Grid on what's needed and what's best is heavily influenced by their business interests, which are focused on natural gas and electricity delivery across multiple states in the Northeast. Willie Sutton once said he robbed banks because that's where the money is. Utilities build pipelines and transmission lines because that's where the money is. The companies typically receive a much higher rate of return on capital investments in power lines and pipelines than they do on energy efficiency initiatives. The utilities say they are fans of solar power, but they make no money on it.

Peter Shattuck, the Massachusetts director of the Acadia Center, an environmental advocacy group, says utilities are driven by financial incentives. "Until the incentives change," he says, "utilities will continue overbuilding pipelines, poles, and wires, while resisting rooftop solar, smart meters, and other technologies that eat into utilities' returns."

In New York, Gov. Andrew Cuomo is trying to change the utility incentive structure with an initiative he calls "Reforming the Energy Vision," or REV. The vision, which is still a work in progress, proposes "remaking New York's utilities" into power grid managers who would be incentivized to promote renewable energy, embrace new technology, and reduce demand for electricity rather than constantly expanding their networks. "We need to change the utility mindset," says Audrey Zibelman, the CEO of the New York State Department of Public Service.

In Massachusetts, state officials are also trying to build the utility of the future, but they see no need to change the utility mindset. Matthew Beaton, the secretary of energy and environmental affairs, seems generally comfortable

with the job the state's utilities are doing, acknowledging in an interview that the companies share the same mindset as the administration on most major issues.

Angela O'Connor, the chair of the Massachusetts Department of Public Utilities, says the Baker administration prefers a more incremental approach to grid modernization, one that relies on the existing market structure. "We didn't give it a sexy name like New York did. Maybe we should have," she says. "We're not entirely convinced in Massachusetts that we need to reinvent the market, as New York does."

UTILITIES HIGHLIGHT HIGH COST OF SOLAR

Over the last year, Eversource and National Grid have launched an unprecedented public campaign to scale back the state's solar power incentives. Company officials testified at public hearings, lobbied lawmakers, and enlisted six major business groups in the fight, which ended in a stalemate between the House and Senate just before the Legislature recessed for the holidays in December. At the height of the debate, Marci Reed, the president of National Grid Massachusetts, and Tom May, the CEO of Eversource, trooped up to Beacon Hill to personally lobby top lawmakers. Both met separately with House Speaker Robert DeLeo and May also met with Senate President Stanley Rosenberg. "That is a testament to how strongly we feel on this issue," an Eversource spokesman told State House News.

The question is: Why?

Utility officials insist they are just looking out for their

Utility officials say they have no financial interest in the debate over solar incentives.

customers and have no financial interest in the solar debate. They say the cost of solar incentives is spiraling out of control in Massachusetts and eating up a greater and greater share of customer bills.

Reed says she told DeLeo that Grid customers are paying \$285 million a year in subsidies to support 450 megawatts of solar generating capacity. She says the \$285 million is \$45 million more than what Grid spends on capital projects annually in Massachusetts. "I was very clear in my message to the Speaker that right now the dollars our

nonsolar customers are paying on behalf of the solar customers are staggering. When you look at those numbers, you think there has got to be a better way," she says.

Like Reed, Serna of Eversource says his company only wants to protect its customers. "We're not saying let's not do solar," he says. "We believe we need a diverse portfolio of solutions and solar, wind, and multiple other resources have a role to play in that solution. But why can't we get the same amount of solar at a reduced price?"

Solar power generators in Massachusetts receive two types of incentives. Net metering reimburses them for the electricity they sell to the grid; the current net metering price is 18 cents a kilowatt hour. The generators also receive solar renewable energy credits for the power they produce. Companies selling electricity in Massachusetts are required to purchase the credits, which typically go for prices that translate to 30 to 45 cents a kilowatt hour. The two Massachusetts incentives combined add up to 48 to 63 cents a kilowatt hour, a sum that is five to six times larger than the current generation charge for electricity.

Serna's company also does business in Connecticut, and he says the incentives there cost ratepayers significantly less. He says Connecticut utilities each year purchase a set amount of solar renewable energy credits (called ZRECs) in a competitive bidding process that results in prices in the 5 to 9 cent-a-kilowatt-hour range. Net metering in Connecticut works much the same way it does in Massachusetts, but its availability is more restricted.

"At the end of the day, you have to recognize that the solar industry is a for-profit industry and it's looking out for its interests," says Serna. "In this particular area, there is no financial impact on us. We're just looking at the customer costs."

Solar advocates say the utilities are misleading the public. They say utilities do have an economic stake in the outcome of the solar incentives debate and are framing the issue far too narrowly.

Sen. Benjamin Downing of Pittsfield, the co-chairman of the Legislature's Telecommunications, Utilities, and Energy Committee, told his fellow senators during the legislative debate that the cost of solar incentives must



Eversource CEO Tom May personally went to Beacon Hill to lobby. "That is a testament to how strongly we feel on this issue," a spokesman said.

be weighed against the benefits. He said a state task force earlier last year examined the costs and benefits of solar net metering and concluded that for every dollar invested in solar the state receives \$2.50 in benefits.

Shattuck of the Acadia Center did an analysis of the economic benefits of solar and concluded a kilowatt hour of solar electricity has a value of 22 cents, which is more than the net metering incentive but well below the cost of the solar renewable energy credit. Shattuck says his analysis suggests the value of the solar renewable energy credit should probably be scaled back.

Downing also cast the debate over solar incentives in much broader terms, telling his colleagues that promoting solar power is a way to deal with the effects of climate change. Massachusetts spends more promoting solar than Connecticut, but it also has 950 megawatts of installed solar capacity, compared to just 190 in Connecticut.

George Bachrach, the president of the Environmental League of Massachusetts, says utilities aren't looking out for their customers. "I've got a bridge to nowhere if you believe that," he says. "This is a follow-the-money story. Utilities make their money on natural gas and hydro and they do not make their money on solar and wind. These are private companies with private investors who want a return on their investment. These are big businesses. These are not public utilities."

Bachrach and others say utilities see solar power as a threat to their business model. Utilities are paid based largely on how many kilowatt hours of electricity they deliver to homes and businesses. Several years ago regu-



Richard and Linda Adams of Worcester are participating in a National Grid pilot program that offers them real-time pricing information.

lators decoupled rates from usage, promising utilities they would not be harmed financially if they were successful in promoting energy efficiency. Now, when electricity sales decline, the rate consumers pay for power is adjusted upward slightly so the utility's overall revenue doesn't decline. The growth of solar and wind power also causes electricity sales to ebb, which leads to higher electricity rates, which in turn leads to more energy conservation and more solar panels on rooftops. It's a pattern that some call the utility death spiral.

Reed at National Grid and Serna at Eversource dismiss the death spiral argument, but some of the pricing initiatives their companies are pursuing suggest declining energy consumption is a rising concern. Both utilities are asking regulators to increase the company's monthly customer charge, which has the effect of reducing the firms' dependence on per-kilowatt-hour fees.

Eversource in Connecticut last year sought permission to raise its customer charge from \$16 to \$25.50 a month; regulators eventually approved an increase to \$19.25. National Grid in its recent rate hike request in

Massachusetts is also seeking to increase its fixed customer charge. Under Grid's proposal, a customer using 500 kilowatt hours of electricity would see his fixed monthly customer charge rise from \$4 to \$9, while the per-kilowatt fee would fall a tenth of a cent. Overall, the customer's distribution charges wouldn't change that much, but the share coming from fixed fees would rise from 16 percent to 30 percent.

SMARTER USE OF ELECTRICITY

Richard and Linda Adams of Worcester keep a digital picture frame in their kitchen that offers a glimpse of the utility of the future. The picture frame tells the Adamses in real time how much electricity they are using and how much the electricity costs. That may not sound like earth-shattering information, but it has the potential to be revolutionary.

The power grid is currently a one-way street. Power flows from generators to homes and businesses, and customers pay a flat kilowatt-hour charge for their electricity

over the course of a month even though the price changes minute to minute at the wholesale level based on regional demand and supply. The flat rate paid by consumers, which is essentially an estimate of the average price over the course of the month, means consumers have no incentive to change their usage habits since they pay the same rate whether prices are skyrocketing or falling through the floor.

The Adamases, who are both in their 70s, are participating in a pilot program in Worcester run by National Grid that allows two-way communication between the utility and its customers. The couple has a smart meter in their home that gives them real-time pricing information, but the pilot program eases them into the electricity marketplace. Instead of pricing electricity by the minute or hour, the pilot currently offers three rates: 12.45 cents a kilowatt hour from 8 a.m. to 8 p.m., 10.3 cents from 8 p.m. to 8 a.m., and 62.7 cents on peak demand days.

The couple say they responded to the new pricing by shifting more electricity use to nighttime. They run their dishwasher and their clothes washer after 8 p.m., when the price of electricity is less. On very hot days last summer, when electricity use in the region soared, the couple dialed back their power use as much as possible. Richard Adams estimates he and his wife have cut their power bill by about 25 percent, not by using less electricity but by using electricity when it's cheaper. "We're just utilizing our electricity in a smarter way," he says.

Real-time pricing has the potential to revolutionize the way consumers use electricity.

Smarter use of electricity has enormous potential. The region's power grid is designed to meet peak demand periods, those hot summer days when everyone has their air conditioning cranked to the max. A system designed to meet peak demand keeps the lights on, but it is incredibly expensive and wasteful since it requires that power plants be on call for times when demand soars.

If peak demand could be reduced, the cost of operating the power grid would decline substantially. Energy efficiency efforts are already moderating electricity consumption, but reducing peak demand remains a challenge. Overall, power consumption over the next decade is expected to remain flat. Peak demand in the winter is

falling slightly, while summer peak demand is expected to rise six-tenths of a percent per year. National Grid's pilot in Worcester is an experiment to see if more accurate pricing of electricity can convince customers to shift their electricity usage and ultimately reduce peak demand.

With some customers uninterested in changing their electricity consumption habits, utilities have offered to do the job for them. With two-way communication, the utility can remotely adjust a homeowner's thermostat by several degrees, turn off appliances, or even slow down a freezer's defrost cycle to curb energy usage. Officials say consumers would barely notice the changes, and the electricity savings across a utility's massive customer base would be significant. But utility pilot programs have found that most consumers are reluctant to relinquish control to anyone outside the home.

Two-way communication between a utility and its customers would also allow the utility to better understand its customers. Who is generating solar power and when? Which customers are affected by a power outage? And where is the outage? All too often utilities still rely on customer phone calls and physical inspections to figure out where a problem is and what to do about it.

In June 2014, the Massachusetts Department of Public Utilities under former governor Deval Patrick ordered the state's utilities to develop 10-year grid modernization plans with the goal of reducing the effect of power outages, optimizing customer demand, integrating renewables into the grid, and improving workforce and asset management. The companies were told to develop plans for installing smart meters across their system within five years.

"With this order, the department launches a new energy future for Massachusetts," the DPU said in its order. "The modern electric system that we envision will be cleaner, more efficient, and reliable, and will empower customers to manage and reduce their energy costs."

Eversource and National Grid filed their plans in August, reflecting very different views of smart meters. Eversource proposed offering smart meters only to customers who want them, citing evidence from its pilot programs suggesting a very small percentage of customers actually use them. "Not all customers will take advantage of the tools that come with smart meters," says Serna. "It isn't a cost effective investment."

National Grid, by contrast, offered a range of options to regulators, two of which would require smart meters to be installed at every customer location unless the customer opted out of the program. National Grid officials say their pilot program in Worcester has convinced them smart meters have tremendous potential.

"Philosophically, we're just different in how we view it," says Edward White Jr., vice president of new energy

solutions at National Grid. His colleague, Peter Zschokke, the company's director of regulatory strategy, says pilot programs are helpful in understanding how customers respond to new technology. He says new technology often leads to changes that can't be envisioned right now.

"Remember, this used to be just a phone," he says, holding up his cell phone. "But I'm paying for my Dunkin' Donuts coffee with it now."

NEW YORK VS. MASSACHUSETTS

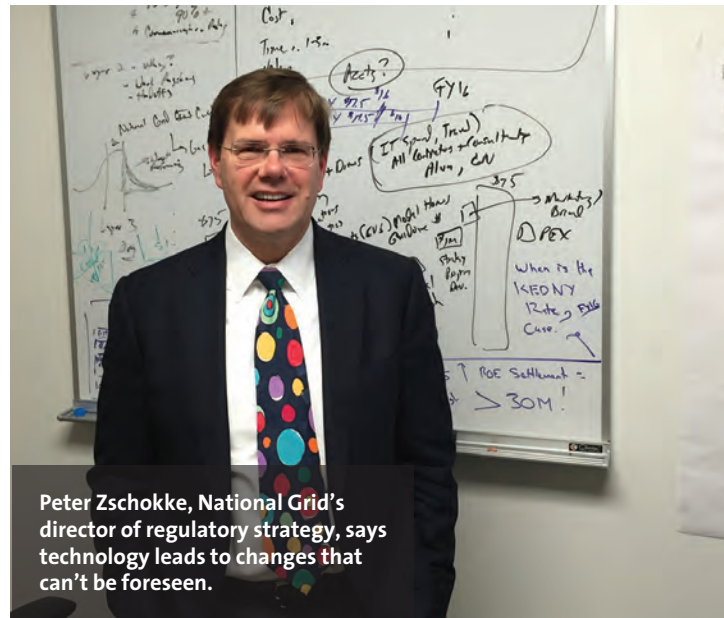
In 2014, Consolidated Edison looked at the fast-growing Brooklyn/Queens area of New York City and concluded it needed to build a \$1 billion substation to meet growing electricity demand. Ultimately, however, ConEd chose to approach the problem from the opposite direction. Instead of building a new facility to bring more electricity to the area, the utility plans to invest a combination of \$300 million on equipment upgrades and \$200 million on programs to reduce customer demand for electricity. The goal is to downsize demand rather than build capacity to meet it.

The utility installed new energy-efficient lighting in businesses at no cost and is reaching out to homeowners and tenants in the area to reduce peak load, in some cases by installing smart meters and energy efficient appliances. The utility is also paying customers to use less electricity and experimenting with battery storage and building upgrades.

ConEd's approach in Brooklyn and Queens is a foreshadowing of what may happen with New York's REV initiative. Officials say they want to reinvent utilities, transforming them from companies that just deliver electricity to homes and business into grid managers who meet the needs of their customers with a tool box of initiatives.

Zibelman, the CEO of the New York Public Service Commission, says utilities currently make money when they invest in capital projects that move electricity around the power grid. She says her job is to incentivize them to view their role more broadly. "How do we use technology better and how do we use markets better to develop a more efficient system that integrates energy efficiency, distributed energy, and clean energy resources so that they're no longer ancillary to the system but integral to it?" she asks.

She says utilities should embrace smart meters and renewable energy development, including solar. "Some utilities will say there's a huge subsidy going to solar. People on the other side say, no, the full value of these resources is not being reflected in the pricing. So the debate goes on. What we're saying is, hold on, let's make sure we're pricing the value of distributed resources cor-



Peter Zschokke, National Grid's director of regulatory strategy, says technology leads to changes that can't be foreseen.

rectly," she says. "Then, rather than fearing rooftop solar, utilities should embrace it because we're going to reward them for becoming more efficient. That's the job of the regulator."

While New York officials talk of remaking utilities and changing their mindset, Massachusetts officials talk about taking cautious, cost-effective steps to modernize the grid. O'Connor, the DPU chair, says her agency is still reviewing the grid modernization plans filed by utilities in August and will begin acting on them this year. She sees no need to remake the state's utilities, particularly all at once.

Beaton, the secretary of energy and environmental affairs, says REV started off with a bang but it's slowed down

Massachusetts officials are pursuing cautious, cost-effective steps at modernizing the power grid.

considerably as the cost of the proposed changes has begun to sink in. "We can think big and we should think big," he says. "But we need to do it in a way that paces ourselves so we don't have a dramatic negative effect on our economy through dramatic spikes in our utility costs."

The Baker administration and the state's utilities appear to have a close working relationship. After O'Connor was appointed, she initially talked weekly and later monthly with top utility officials to discuss ongoing issues; her predecessor in the Patrick administration held similar meet-

ings, although less frequently. A public records request for O'Connor's email exchanges with utility officials indicates they keep her closely informed about operations, storms, and their political activities, including testimony on solar incentives on Beacon Hill and op-eds on the same subject written for local publications. The emails also indicate O'Connor pressed the utilities for information on solar costs as a state task force was deliberating on the issue.

O'Connor says her exchanges with utility officials are an attempt to stay abreast of issues and head off problems early. She says matters pending before the commission are not discussed. She also says she has tried to get DPU staff out in the field to see first-hand the issues faced by utilities so they don't do regulation in a bubble. "Communication, like it is in most industries, is the key to everything," she says.

Reed, the president of National Grid Massachusetts, says her discussions with O'Connor are nothing out of the ordinary. "We are 100 percent regulated so she is very much a stakeholder in my world," Reed says of O'Connor. "We have the meetings so we can keep up to date on topics of importance."

Other parts of the Baker administration also stay in close touch with the utilities. When Baker was about to

unveil his bill to import hydroelectricity from Canada last year, Ned Bartlett, the state's undersecretary of energy and environmental affairs, sent an advance copy of the legislation to Eversource for review. Beaton's undersecretary for energy, Ron Gerwatowski, is a former high-ranking National Grid official.

The utilities, particularly Eversource, are big political donors to Baker. On June 30 last year, for example, Eversource officials, including CEO Tom May and his wife, Donna, contributed a total of \$9,600 each to Baker and Lt. Gov. Karyn Polito.

Beaton and O'Connor say they interact regularly with utility officials, but the secretary says the administration also has regular meetings with other stakeholders on energy decisions. "They have to be part of the conversation, but they are one voice in the conversation," Beaton says of the utilities. "We take a wide range of viewpoints."

The utility viewpoint appears to carry considerable weight, however. When it was suggested that utilities, as state-regulated monopolies, are useful tools in setting policy, Beaton balked at the description. "I don't know if I'd use the word tools," he says. "Maybe partners. They are an integral player in all of our energy challenges and our energy needs." **CW**



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(From left) Trial Court Chief Justice Paula M. Carey, MBA Chief Legal Counsel and Chief Operating Officer Martin W. Healy, and House Speaker Robert A. DeLeo at the MBA's 2015 Bench-Bar Symposium

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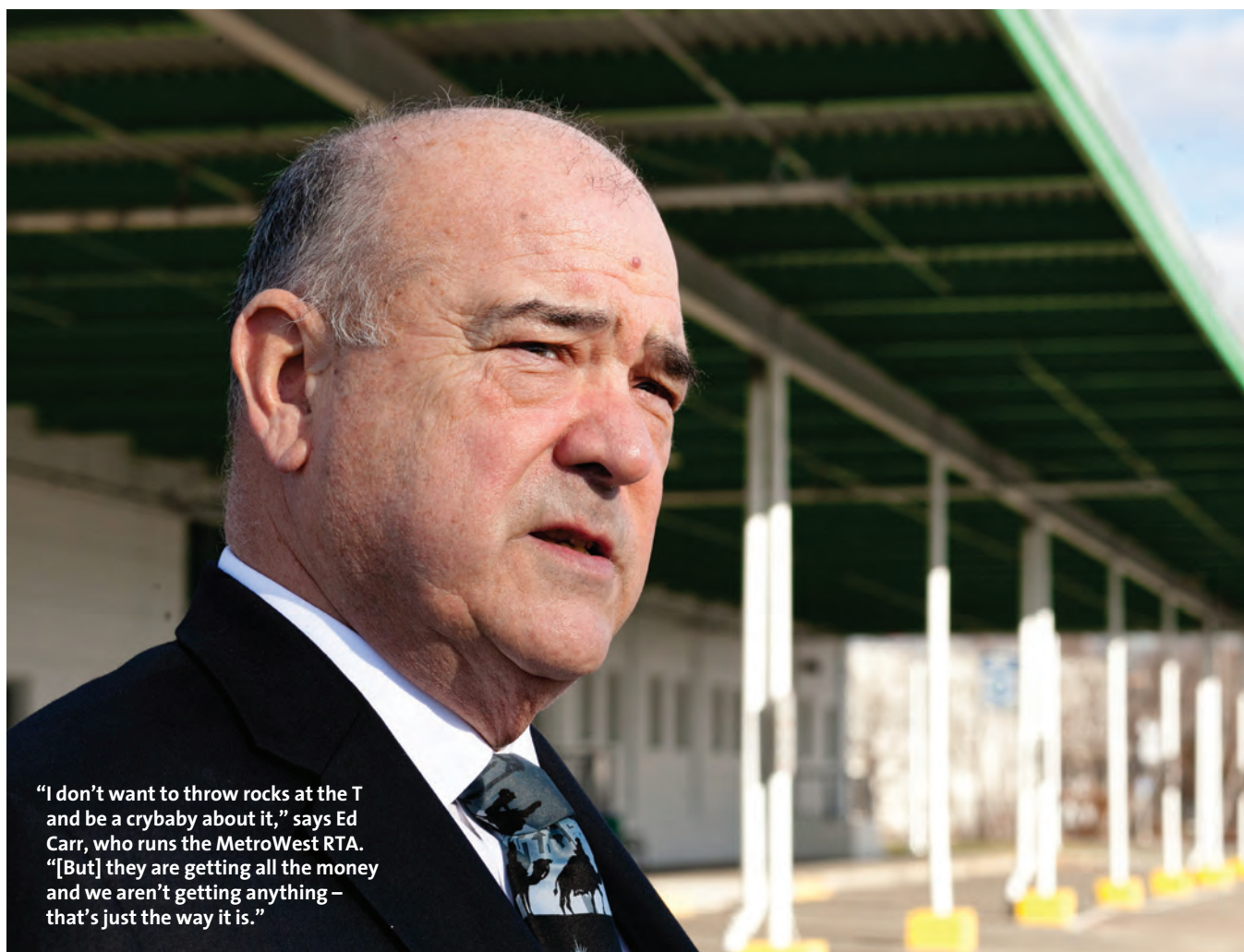


Taking the wheel

The MBTA's problems have consumed state lawmakers for decades, but regional transit authorities are wielding their clout and demanding that Beacon Hill sit up and take notice.

BY GABRIELLE GURLEY | PHOTOGRAPHS BY MEGHAN MOORE

WHILE GREATER BOSTON agonizes over the multibillion-dollar MBTA project to extend the Green Line a mere five miles, another transit tug-of-war is going on across the rest of the state. The Bay State's regional transit authorities have their own expansion dreams, albeit modest ones. Their dreams don't involve complex rail construction contracts or splashy station designs; they generally want to add a bus route here or there or launch Sunday service. Mostly, they sense a growing need and want to satisfy it.



"I don't want to throw rocks at the T and be a crybaby about it," says Ed Carr, who runs the MetroWest RTA. "[But] they are getting all the money and we aren't getting anything – that's just the way it is."

The changing landscape outside Boston reflects a shift in attitudes about public transportation. For years, it was a given that residents of suburban and rural towns in Massachusetts needed cars to get around. But as congestion increases and jobs migrate outside the Boston core, residents in suburban and rural communities are demanding more transportation services. Almost all of the regional transit authorities want some combination of extended weekday hours and more frequent service on well-travelled routes. Outer Boston suburbs are finding that more people are making "reverse commutes" from the Hub to suburban towns and want "last mile" rides from their commuter rail stops to the office parks where they work. Areas from Lowell to Fitchburg to the Berkshires want Sunday service.


Yet even as the demand for more service grows, there seems to be a chicken-and-egg game going on with this transition from cars to regional buses. People are reluctant to ride systems with spotty service, but it's hard to justify building up the networks to offer more service when the ridership numbers aren't there. The regional transit authorities have wrestled some new monies out of Beacon Hill but not enough to deliver the kinds of

schedules that riders can rely on.

RTA officials are becoming increasingly vocal with their demands, blaming the MBTA for gobbling up all of the state's transportation funds. "I don't want to throw rocks at the T and be a crybaby about it," says Ed Carr, who runs the MetroWest RTA. "[But] they are getting all the money and we aren't getting anything – that's just the way it is."

The RTAs have a total combined budget of more than \$82 million for fiscal 2016 (\$2 million more than last year), which is just about what the MBTA spent preparing for this winter. There's a reason for the huge funding difference. The key difference between the MBTA and the regional bus systems is ridership. The MBTA commands a \$1 billion-plus budget because the metro Boston transit system provides hundreds of millions of trips every year. The smaller regional systems run far fewer trips, with roughly 30 million boardings in fiscal 2015.

Paul Regan, executive director of the MBTA Advisory Board, which represents MBTA communities, points out that the top 10 MBTA bus routes have more trips than all the regional bus networks combined. "At the end of the day, Worcester does not have a metro area as dense



and as populated as metro Boston,” says Regan. “That’s what makes transit systems work—population density.”

Some RTAs are trying to boost their service by raising funds on their own or by collaborating with businesses that rely on transportation systems to deliver workers to their door. But Jeannette Orsino, the executive director of the Massachusetts Association of Regional Transit Authorities, says it’s time for transportation dollars to be spread more equitably around the state. “We don’t have to be the MBTA,” she says. “But if the T is going to get money, we are, too.”

CAN’T GET THERE FROM HERE

The Bay State’s 15 regional transit authorities serve 262 communities. They were first established in the early 1970s when the private bus companies that served the Boston suburbs concluded that the routes were no longer profitable and cut back or eliminated service. Faced with major service gaps, the Legislature established the RTAs to pick up the slack.

Each authority has a distinctive set of priorities and challenges. The bus networks that serve cities such as Worcester, Springfield, Lowell, Lawrence, and Brockton cover fairly dense urban communities and smaller outlying areas, providing daily service as well as services for seniors and the disabled. MetroWest is largely suburban while the Berkshire, Franklin, and Montachusets regional transit authorities serve mostly rural and small-town residents. Tourist destinations such as Cape Ann, Cape Cod, and Martha’s

There are 15 regional transit authorities and they serve 262 communities across the state.

Vineyard have year-round service that gets trimmed a bit during the winter months. Nantucket currently has seasonal-only service, but is moving toward year-round paratransit service. The island wants to study whether all-year service makes sense on other routes as well.

Regional transit authorities rely on a mix of state and federal dollars and local assessments. State dollars are

parceled out using a complex formula based on ridership, existing service, and inflation. The authorities contract out bus operations and maintenance to private operators who pay drivers and mechanics. Unlike their counterparts in MBTA communities, municipal and community leaders sit on regional transit authority boards of directors, which gives them more power over the networks. Unlike their MBTA counterparts, the officials can set schedules and fares, use local funds to buy more service if they choose, and lobby Beacon Hill to plug the gaps.

Under a series of state transportation finance reforms, RTAs are forward-funded like the MBTA, meaning that they get a specific state appropriation at the beginning of a fiscal year which allows the authorities to better control their annual operating costs. Funding pledges from individual municipalities continue to be paid anywhere from 18 to 24 months after the end of a fiscal year, which makes budgeting tough. The RTAs and the Legislature are trying to phase out this local practice.

Communities that are members of RTAs pay an assessment of at least 25 percent and not more than 50 percent of the costs to run service in their community. Assessments can increase no more than 2.5 percent over the previous year unless a municipality agrees to an increase to pay for the cost of a new service. If a community that pays a MBTA assessment decides to join a regional transit authority, they will pay their assessment to that system. That means the MBTA will no longer receive that funding. Since the MBTA has to recoup the money, it passes those costs on to communities such as Boston and Cambridge. They pay higher assessments as a result.

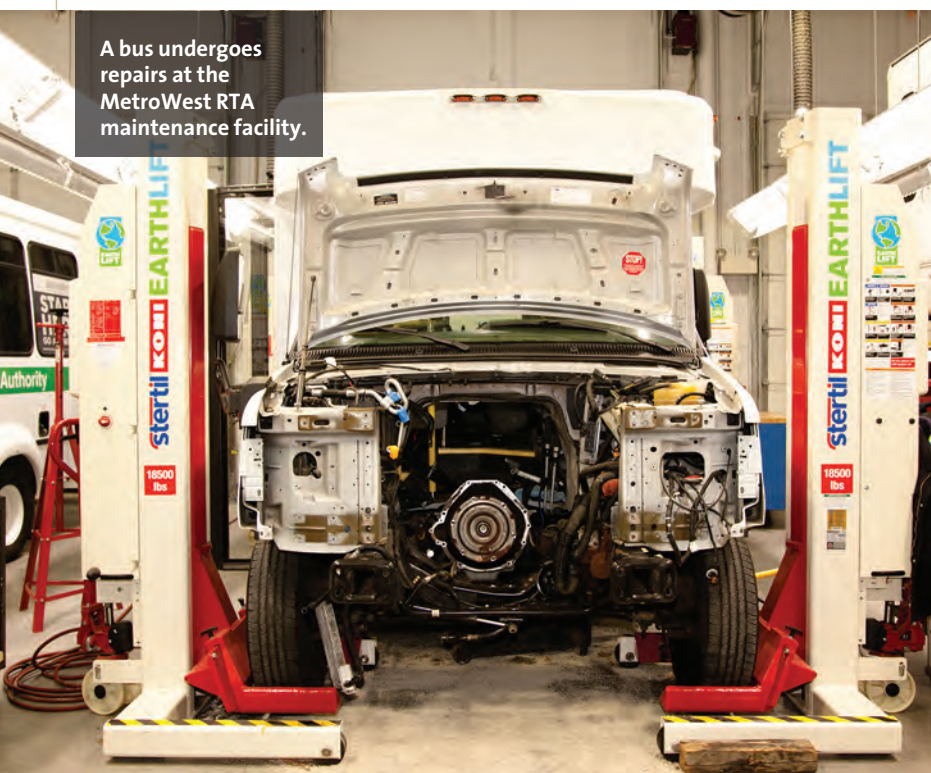
In 2009, Sen. Stanley Rosenberg, an Amherst Democrat, co-founded the RTA Caucus. Combine Rosenberg’s power from his current perch as Senate President with Sen. Karen Spilka’s clout as the chair of the Senate Ways and Means Committee, and RTAs now have friends in high places who can wrangle more dollars.

In fiscal 2014, the authorities got a 20 percent increase in overall funding as the RTA budget rose from \$67 million to \$80 million, in part because legislative leaders outside metro Boston were wary of backing some MBTA initiatives until their Greater Boston colleagues supported the RTA funding increases. RTA trips rose 5 percent from 2014 to 2015, in part because additional funds allowed networks to add new routes and additional service.

Every RTA has a wish list, and the MetroWest system is no exception. Spilka wants to see a bus route connecting the Ashland MBTA commuter rail station to the rest of the MetroWest RTA. Marlborough Mayor Arthur Vigean wants service to Marlborough Hills, a huge, new mixed-used development with retail, homes, and a hotel near offices for GE healthcare, Quest Diagnostics, and other



The Framingham commuter rail stop in the MetroWest RTA.



A bus undergoes repairs at the MetroWest RTA maintenance facility.

NEW KID ON THE BLOCK

More than a generation ago, Metrowest was better known more for its apple orchards than for its corporate offices. As the region's business sector grew, most people drove to work. But as congestion grew along Route 9, pressure built for adding public transportation. The effort didn't gain much traction initially because many of the communities in the area were already paying dues to the MBTA and there was no provision in state law for opting out.

Spilka, an Ashland Democrat, was the force behind changing the law and creating in 2006 the newest regional transit authority, the MetroWest RTA. She says her fellow lawmakers "could not believe that there wasn't even a public bus that went down Route 9." Spilka successfully lobbied her colleagues to allow municipalities to opt-out of the MBTA and create their own bus networks or join existing RTAs.

Sandwiched between Boston and Worcester, Metrowest is the Bay State's second largest economic region. Compared to the Merrimack Valley Regional Transit Authority, which has a mix of smaller cities such as Lawrence, Methuen, and Haverhill but only a few well-defined job centers, the MetroWest RTA serves a suburban enclave with a high concentration of large towns, businesses, and shopping.

Framingham and Marlborough host companies from a diverse range of sectors, from information technology and life sciences to manufacturing. The Route 9 shopping corridor runs through the region and it has five MBTA commuter rail stations in Ashland, Framingham, Natick, Southborough, and Westborough.

With this profile, Metrowest should be riding high with excellent bus connections, especially ones that link the "last mile" between MBTA commuter rail stations and the region's office parks. But Carr, who runs the

large firms. Carr wants Sunday service and a few more trips to the Woodland Green Line station in Newton.

The reality of public transit outside Greater Boston exasperates municipal leaders. "I-495 is the 128 of 25 years ago," says Vigeant. "I need transportation for employees that are coming into Marlborough from Cambridge and Boston. My feeling is that if we are going to be a business hub here, I should have some type of public transportation to-and-from and to try and keep some cars off the road."

The new MetroWest RTA bus hub, maintenance facility, and administrative headquarters.



MetroWest RTA, is the first to admit that the public bus system is far from world class. “We have an OK system,” he says. “It’s not a good system or a great system.”

Since its creation, the MWRTA has grown in size from one bus serving Framingham and Natick to more

Since its creation in 2006, the MetroWest RTA has grown from 1 bus to 100 serving 15 communities.

than 100 buses serving 15 communities: Ashland, Dover, Framingham, Holliston, Hopkinton, Hudson, Marlborough, Milford, Natick, Sherborn, Southborough, Sudbury, Wayland, Wellesley, and Weston.

MWRTA ridership rose 10 percent in fiscal 2015, with 645,000 trips on its buses, up from nearly 589,000 the year before. With a fiscal 2017 budget of \$8 million and half of that going to a paratransit program for seniors and the disabled, there’s not much left over for goals such as adding service to the popular but overcrowded runs between Natick, Framingham, and the Woodland Green Line MBTA station in Newton. To put on a brand new bus route running a weekday schedule for most of the year, including costs such as fuel and insurance, would cost roughly \$250,000.

The demand for more service initially came from people commuting from one end of the region to the other, but now it is coming from people making reverse commutes from metro Boston.

Framingham, Natick, and Marlborough are the system’s hotspots. The rural areas along Route 20—Sudbury, Weston, Wayland—have heavy paratransit usage but little in the way of MWRTA regular service. Communities in the southern part of Metrowest—Holliston, Hopkinton and Dover—also lack good links to the rest of the region.



METROWEST REGIONAL TRANSIT AUTHORITY

Public Transportation System



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- Route 10
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At first glance an affluent community like Weston may not seem a likely candidate for mass transit and, indeed, Carr notes that the town lacks the population density to merit having a regular route passing through it. But a WMRTA route in Wellesley, which has greater density, has proven popular.

MAKING SUBURBAN TRANSIT WORK

Hustling for funding is the prime directive for Carr. He is happy to show off the bright and shiny bus maintenance garage at the MetroWest RTA's recently opened Blandin Avenue headquarters near the Framingham commuter rail station. Most of the \$12 million to convert the old Boston Edison facility into a 20,000-square-foot bus hub, maintenance facility, and administrative headquarters came from the federal government.

Carr also has a location ready to go for a compressed natural gas filling station for his bus fleet. Since it would be the only such facility in Metrowest, Carr wants to open it to the public to generate another new source of revenue for the authority. The transit chief has spruced up a wooded, trash-and-mattress littered area where drug addicts used to hang out to begin construction on a pedestrian and bike path from the bus hub to the commuter rail station.

To get more parking, Carr has his eye on land owned by the state Department of Transportation and MBTA adja-

cent to the station and a town-owned parking garage with broken and graffiti-covered windows. Carr wants to collect more parking fees and plow that money into the commuter rail station. He believes that fixing up the station would generate more riders for the RTA's buses. A bill that would allow him to do just that is pending in the House Ways and Means Committee. The RTA-specific proposal would allow the transit authorities to use parking fees and other revenue for operation and maintenance projects approved by the secretary of transportation.

But the MetroWest RTA's best kept secret is a few miles away in Marlborough. It's where the RTA struck up a rare public-private partnership with Boston Scientific, the Marlborough medical device and technology firm. The company wanted to bolster its green credentials by getting a Leadership in Energy & Environmental Design, or LEED, designation for its new headquarters. Creating new employee transportation options improves its LEED ranking. Boston Scientific had car and vanpools and private shuttles to downtown Boston, but there was no bus stop nearby.

Cindy Frene, president of TransAction Associates, a Woburn transportation consulting firm, is the woman behind Boston Scientific's employee transportation program. She approached Carr with a proposal: The MetroWest RTA already had a bus route running between the Southborough MBTA commuter rail station, Marlborough City Hall, and Marlborough Hospital.

Would he consider extending the route about a mile to the Boston Scientific campus?

Carr agreed and the two parties became transportation partners. The company pays the MetroWest RTA \$25,000 each year to cover the authority's additional costs for the route. The bus, which also carries local residents, operates at peak times Monday through Friday mornings and afternoons, with reduced service on holidays.

"Not too many RTAs are getting a direct contribution from an employer," says Eric Bourassa, director of the Metropolitan Area Planning Commission's transportation division. "If some of these employers can subsidize these routes and open them to the public, that's a win-win."

Ridership for the new route, however, remains low. Boston Scientific could not provide data on how many employees use the route. Tom Keppeler, a company spokesman, expects ridership to improve as people find out about the route.

Paul Matthews, executive director of the 495/MetroWest Partnership, a regional economic development advocacy group, is not surprised by the weak numbers. He says commuters are creatures of habit who often adopt a wait-and-see stance about a new service to see if it survives and have yet to be convinced that such a partnership makes sense. "There is a wariness on the part of employers out here and a wariness that they not be asked to fund services that are, in fact, public services," Matthews says. "Whether or not companies are open to public-private partnerships tends to vary from company to company."

Getting more businesses to help cover the cost of a bus route will require a major culture shift. In communities such as Marlborough, where businesses pay a higher commercial property tax rate than residents, some executives feel that they already pay more than their fair share. But employers are slowly realizing that highly-skilled workers, especially younger ones, prefer the convenience of cars and vanpools, or guaranteed rides home by taxi in case of family emergencies or late nights at the office. They are keen on public transportation, too—if it is convenient, reliable, and affordable.

"Transportation is as important as the 401k," says Robert Buckley of Riemer and Braunstein, a Boston law firm, who has worked on Metrowest development projects such as Marlborough Hills.

The MBTA may continue to dominate the headlines but passenger demand for transportation choices in places such as Metrowest has fueled a new assertiveness on the part of the regional bus networks. They are no longer content with second-class status and want to be able to offer more of what their customers want. "People don't all go into Boston," says Ashland's Spilka. "Fairness and equity have to be part of the discussion." **CW**

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Health care watchdog

Stuart Altman, as chair of the Health Policy Commission, brings a lifetime of experience to the job of trying to squeeze costs out of the system.

PHOTOGRAPHS BY FRANK CURRAN

STUART ALTMAN IS 78, an age when most people are taking the foot off life's gas pedal. But Altman isn't pulling over to the side of the road yet. The economist lectures on health policy at Brandeis University in Waltham and is playing an active role in trying to rein in the cost of health care as chairman of the Massachusetts Health Policy Commission.

The commission is one of those oddities in state government, an agency with very little real power but broad influence because of its staff resources and the intellectual firepower of its board. The com-

mission, created by legislation establishing benchmarks for health care spending growth, garnered some visibility last year by raising concerns about Partners HealthCare's proposed acquisition of South Shore Hospital, which was shot down by a judge in January. But most of the time the commission operates out of the limelight, gathering data and trying to find ways to reduce the cost of health care.

The challenge is daunting, since health care costs in Massachusetts rank among the highest in the nation and the health care industry itself is so impor-

tant to the state's economy. In 2014, Massachusetts spent \$54 billion on health care, an increase of 4.8 percent from the previous year, which was double the 2.4 percent rate of 2013 and well above the state's 3.6 percent benchmark goal. Data indicate commercial health care costs rose just 2.9 percent in 2014, but the tabs for Medicaid, implementation of the Affordable Care Act, and pharmaceutical drugs grew much faster.

The growth in pharmaceutical spending was particularly alarming, showcasing the tradeoffs for policymakers trying to cut costs. The commission says Massachusetts in 2014 spent \$7.3 billion on drugs, an increase of 13 percent over the previous year. The increase was driven by the soaring cost of expensive yet effective antiviral drugs to treat and in many cases cure patients with hepatitis C. According to the commission, spending on those drugs rose nearly \$349 million in 2014, an increase of 352 percent.

The commission held three days of hearings on cost trends in October, taking testimony from most of the industry's key players and the state's top politicians. There was uneasiness in the room about the rising costs and whether market forces alone would be enough to rein them in. Attorney General Maura Healey hinted regulatory action might be necessary.

Altman says Massachusetts health care costs are high because the state has too many academic medical centers (which, by their very nature, charge more for health care) and too many patients who get their routine treatment from them. As an economist, Altman prefers to address the problem using market incentives rather than regulatory fixes. Tiered networks, for example, charge patients more if they obtain routine care in high-cost settings. Accountable care reimbursement targets health care systems, compensating them based on how well they provide quality care within a fixed budget.

An economist by training (at UCLA), Altman has been studying and teaching about health care for much of his adult life. He has spent nearly 40 years at Brandeis at the Heller School of Social Policy and Management, including several stints as dean. He served as interim president of the university in 1990.

As the pictures that adorn his office at Brandeis can attest, Altman also has plenty of hands-on, practical experience at the state and national level. One picture shows him in a meeting with Richard Nixon, for whom he helped implement health care price controls in the 1970s. Another shows him along with a group of colleagues who worked on reforms to the Medicare payment system in the 1980s and early 1990s. There's one with Bill Clinton, who appointed him to a commission on the future of Medicare in 1997. And he's been active on a number of state task forces dealing with health care policy. Former governor Deval Patrick

appointed Altman to the chairmanship of the Health Policy Commission in 2012, and he has longstanding and very close ties to Gov. Charlie Baker.

Altman has a point of view on most health care issues, but he's no ideologue. He says the commission's role is to gather facts and identify policy choices for elected officials. When Baker and more recently Partners CEO David Torchiana suggested the cost of health care in Massachusetts wasn't that high, he said he was surprised. But he quickly concedes that Baker and Torchiana make valid arguments that, as a percentage of income, health care costs in Massachusetts are not as high as they might seem.

Altman also acknowledges he's part of the state's health care problem as someone who tends to use academic medical centers more than he should. "Part of me says I'm on Medicare, Medicare pays for all this stuff, so I'm just going to use the system," he says. "I tell people I'm 78 years old. I don't give a damn."

We talked in his office at the Heller School in Waltham. What follows is an edited transcript of our conversation.

— BRUCE MOHL

COMMONWEALTH: Are we making progress in controlling health care costs in Massachusetts?

STUART ALTMAN: I've been at this for 40 years and I have watched a lot of changes, all of which were trumpeted as the magic bullet that would solve our problem. Many of them could have substantially lowered the cost of health care if we had let them play out. But, like any change, there are winners and losers, and losers scream a lot louder than winners. If you go back to the 1970s, we had health planning agencies all over the United States. We created new payment structures. We even had wage and price controls. In the 1990s, we had a major HMO movement and fundamentally changed the payment system along the lines we're talking about now with accountable care. Now, when you hear these exciting new things that are coming, there are advocates who say this is exactly what we need, that we need to move away from fee-for-service, we need to create incentives for people to be concerned about how much care they use and reward them if they do the quote-unquote right thing, and penalize them if they do the wrong thing. Other people say we've been down this road before and we're going to have blowback from the patients. It's not going to work and it's not going to work the way you planned. We're in the middle of this yin and yang, and what's unfortunate is that for many of our delivery systems they're stuck in the middle. They're getting part of their money from one set of incentives and part of their money from the other set of incentives and they're just throwing their hands up.



CW: Do you think we should press ahead?

ALTMAN: I think we need to try it. The alternative is to keep doing what we were doing. Right now, over the last three or four years, we've had a slowdown in the growth of health care costs, partly because of the recession. But I do believe we will hit a patch where inflationary pressures will begin to grow. We're already seeing it. The question is what percentage of our income should go to this one source. Let me give you some orders of magnitude. When I started in this field, we were spending 7.5 percent of our national income

We now spend
close to 18% of
our national
income on
health care.

on health care and it amounted to \$75 billion. We now spend close to 18 percent of our national income on health care and it's somewhere close to \$2.8 trillion. Between 1970 and 2015, we've gone from \$75 billion to \$2.5 trillion, from 7.5 percent of GDP to 18 percent of GDP.

CW: At your agency's recent cost trend hearings, Gov.

Baker pushed back against the notion that health care in Massachusetts is too expensive. As a percentage of income, he said, it wasn't that bad. What did you make of his comments?

ALTMAN: I don't think everyone agrees with him.

CW: That's an understatement, isn't it? Most people were surprised by his comments.

ALTMAN: I think everyone was surprised. I was a little surprised myself, OK? But to be fair to him, it's partly true. Yes, we are the most expensive in absolute dollars but we also have among the highest income levels in the country. I think he's correct that a fairer assessment of whether we can support that is our income. For example, if you look north to Maine or New Hampshire, their cost in dollars is less than ours, but because they are lower-income states they pay a higher percentage of their income for health care. So he's correct about health care being less of a problem here as a percentage of income.

CW: Speaking of Baker, what's your relationship with him?

ALTMAN: He wasn't my student, but I've had a very long and positive relationship with the governor. I first knew his father. His father was the undersecretary of Health and Human Services under Reagan. A very nice man. I

met him and then he moved back to Boston and he became a professor at Northeastern and I taught some of his classes. We just had a good relationship. I think I met Charlie the first time in 2000, when Harvard Pilgrim almost went bankrupt. That led to a major effort on the part of the Massachusetts government to find out what was going on in the health care system, and they appointed me to chair that group. Baker at that point became the head of Harvard Pilgrim and we spent a fair amount of time together. After that, we would just meet periodically to talk about health care. He actually became a member of the board of overseers of the Heller School. When he left, he became a consultant and he would come and chat about the health care system.

CW: What is the role of the Health Policy Commission in all of this?

ALTMAN: Our job is to monitor the health care system in Massachusetts, particularly with what's happening with respect to its cost growth but also to look at access, quality, and availability in general. Most importantly, we monitor and inform the public on how our health care system is working and make recommendations on how our system can be improved. We have limited regulatory power. There are some places where we have some authority, but for the most part we are an organization that monitors how the system works and provides information to the public.

CW: Should the agency have more power?

ALTMAN: There is this constant tension about whether the so-called market should be allowed to function unfettered or whether government needs to play a more active role. At the federal level, you do have government playing a more active role because you have Medicare, the biggest program in our health care system, tightly regulated by government. But we don't have an overarching regulatory system in the United States at either the state or federal level. So there is this constant tension about how active or how powerful government should be. This tension surfaced during the debate over Chapter 224 (the law that

created the Health Policy Commission). The governor wanted a more aggressive state role. Many members of the House wanted a more aggressive role, and did recommend more regulatory oversight. The Senate was much more cautious and they came up with legislation that was a compromise, and we are the result of that compromise.

CW: How do you think the commission is doing in keeping medical cost under control?

ALTMAN: So far it's working pretty well. I wouldn't guarantee that if we hit another strong stretch of inflation that what we have in place is strong enough, but it's worth a shot to see if we can make the system work better without imposing more rigorous and extensive government regulation. Regulation is hard. I've done regulation and I know what it takes. It's worth a shot to see if we can find



the right balance between an appropriate role of government and letting market forces have a shot at trying to develop a more efficient system.

CW: Why are you wary of government regulation?

ALTMAN: There are very few people in this country who have been involved in regulation more than I have and I can tell you, it's not easy to get it right. The political pressure on you over time is really extraordinary. One of the concerns of economists is that regulators ultimately get taken over by the power. To stay independent, with all of the pressure on you, is tough. Am I against regulation? In principle, no. But I would be very cautious. If there's another way to do it, I would do it before I would do regulation.

CW: At the recent cost trend hearings, Attorney General Maura Healey seemed to hint that government should take a more active role in the state health care market. What did you think of that?

ALTMAN: What the attorney general is focusing on is the very significant difference in how organizations are paid for what are essentially similar patients and whether we should be doing something about it.

CW: How big is the differential?

ALTMAN: Martha Coakley, the previous attorney general, issued the first report in 2006 that showed how much more institutions like Mass. General, and the Brigham, and Children's Hospital were receiving from our biggest insurers than community hospitals or even other

**Mass. General gets
43% more for its
average patient
versus the average
for the state.**

academic medical centers. I just looked at the numbers, because I'm giving a lecture on this. If you go to the Brigham or Mass. General, they will get 43 percent more for the average patient they treat versus the average in the state. At Beth Israel, it's 27 percent more. At UMass, it's 7 percent more. In other words, there's a big difference in terms of what these big academic medical centers receive, particularly Partners.

CW: Why is the differential so big?

ALTMAN: They have strong brands and they also use their market power to say to insurance companies, you want to send your patients to us, this is what you will pay. If you don't, your patients can't come. That happened back in 2000, so this has been going on for a long time. There was a big fight and some of our insurance companies refused to pay the differential. Tufts, in particular, refused. On a Friday afternoon, there was a full-page ad in the Boston Globe that said if you're insured by Tufts you can't go to Mass. General or the Brigham. By Monday morning, the CEO of Tufts capitulated, because he couldn't run his insurance company without them. That's the background of all this stuff.

CW: Should academic medical centers receive some differential?

ALTMAN: Here's my take, which isn't shared by everybody. Academic medical centers in this country have a number of roles to play. They are a source of the most complicated, sophisticated patient care. They are also the main source of biomedical and clinical research. They are also asked to help train the next generation of health professionals—physicians, nurses, and the like. By their very nature, academic medical centers are very complicated organizations. I would say millions, if not billions, of dollars around the country are taken from patient care dollars and are subsidizing these other activities of the academic medical centers. It's happening all over the United States, not just here in Massachusetts. The so-called teaching hospitals are being paid more for patient care to do these other things. The argument in favor of that is that these other things also generate a patient care delivery system of better quality. By the way, the same thing goes on at major universities. The money that people pay to send their kids to college is indirectly subsidizing a lot of research and a lot of activities that are not directly related to the education of the students. The belief is that we, as faculty members, by being involved in cutting-edge research, also provide a better education to students. The difference between universities and academic medical centers is that in most cases when you go for patient care you have an insurance company or a government standing behind you, so you as a patient don't really sense any difference. You're indifferent as to whether you get your primary care at a local physician's office or local hospital or you go down to the academic medical center that charges 50 percent more. You don't even know. Even if you did know, you might be willing to pay it because you believe you get better care.

CW: I have a confession. I'm probably one of those people you're talking about. I use a doctor affiliated with Mass. General.

ALTMAN: I do the same thing. Absolutely. I'm changing somewhat, not because of the money but because it's a pain in the neck going into Boston.

CW: So to some extent you and I are part of the problem.

ALTMAN: Remember who is paying for you to go there. Some of the people out in the suburbs are paying for you to do that. Is that fair? I'm not trying to stop you, but in other countries you couldn't do that; you are obligated to go to your local community hospital. You really have to fight hard in London and France to arbitrarily decide you're going to go into the middle of London because your ankle is swollen.

CW: So are the academic medical centers the bad guys here?

ALTMAN: I don't have a bias against academic medical centers, nor am I their champion. I think what they do is very important to this country. I understand better than most what goes on inside the guts of those organizations and the pressure on the top brass to take money from the patient and flow it into research and training. That doesn't exist at a community hospital. So to tell me that a community hospital and an academic medical center are the same when it comes to patient care, I just don't buy it. On the other hand, I don't buy the idea that they can just make up numbers and decide how much they're going to subsidize and then we're going to have to pay for it. I do believe, given the nature of our system, care at the academic medical centers should be higher paid because I do believe society is using patient care dollars for research. The question is how much. That is a societal call. It should not be determined by the teaching hospitals themselves, or the insurance companies for that matter.

CW: Is the academic medical center differential the primary reason why health care costs are so high here?

ALTMAN: We use our academic medical centers much more than any other part of the US, and probably any part of the world. And we use them for fairly routine care, the kind of care for which you don't need to go to an academic medical center. Since academic medical centers charge significantly higher prices, we pay more. One of the reasons why we're more expensive is that issue, but we're not unique. Most states pay more to their academic medical centers, but they don't use them quite as much as we do and the medical centers don't exist in the same magnitude as they do here in Massachusetts. The question is: Should that continue? If you don't believe it should, how are you going to change it?

CW: So how do you answer that question?

ALTMAN: In order to change that, you can either use the market or regulation. One way to use the market is to strengthen the community hospital system. Another is to provide financial disincentives to use the most expensive care through what are called limited, or tiered, networks. If you want to have a baby at Brigham and Women's versus a local community hospital, where it could cost 40 to 50 percent less, you'll have to pay some of the difference. We are doing that right now. It's limited and it's not super-effective, but it's having an impact. So if you're insured by the state Group Insurance Commission, and you're in one of these networks and you choose to go to one of our academic medical centers for fairly routine care, you will pay more for it. That's using the market.

CW: You make it sound like individuals are making this decision, but in a lot of cases aren't patients just doing what their physician is telling them to do?

ALTMAN: That's exactly right. You need a CAT scan and your doctor at the academic medical center will say go upstairs and get the CAT scan. That CAT scan will cost \$1,000. If you went around the corner, it would cost \$500. If you did it in the community, it would cost \$250.

CW: Are you having any luck changing that dynamic?

ALTMAN: We're changing the payment system and saying to Mass. General that we're going to give you a fixed amount of money for all your patients. It's sometimes called a global payment system. So if you end up using a lot of MRIs or pricing them at the most expensive rates, you're going to have to eat that cost yourself. Understand, there are two very different dynamics.

I don't have a
bias against
academic medical
centers nor am I
their champion.

One set of dynamics puts the pressure on you the patient. The other set of dynamics puts the pressure on Mass. General. The pressure on you is to pay the difference for using the academic medical center for routine care. That's what limited networks and high deductible health plans do. If we go to global payments, all the pressure is on them. Now your doctor, who probably is an employee of Mass. General, knows that if he orders that MRI on you, his system has to pay for it.

We use MRIs like they're water. I ask my class, which is made up of 19-and 20-year-olds, how many of you have had an MRI in your life. About a third raise their hands. If you look at the amount of MRIs in this country versus other countries, it's three times more. There's a reason we spend 18 percent of GDP on health care and in Germany and France it's 11 percent. We use a lot of very expensive care.

CW: It seems like the market is a hodgepodge right now. Some health care is still on a fee-for-service basis. Some is on these global payment systems. And patients are also being pushed to change their ways with tiered networks and high deductibles.

ALTMAN: Yeah, we're doing a little bit of everything.

CW: What's the regulatory approach?

ALTMAN: It would be if we wanted to give power to some organization—the attorney general or the Health Policy Commission—to basically establish rates. There's a piece of legislation that's being proposed by the SEIU which would gradually limit the differential of hospitals. Over

time, no hospital could receive 20 percent more or 10 percent less than the average. That's a pretty blunt instrument, but essentially it would use the power of the state to force the insurance industry to change how it pays. (See John McDonough's piece in Perspectives on p. 73 for more on the SEIU's legislation/ballot question.)

CW: Prescription drug prices seem to be rising fast. How do you deal with that?

ALTMAN: The prescription drug world is complicated, clearly. With respect to pricing, it's a national or an international issue. With respect to patents, it's a national issue. It's very difficult for a state to do much about it. Your best option at the local level is to make sure that health systems have incentives to use drugs efficiently and not overuse them. We're one of the few countries that allow direct-to-consumer advertising for drugs and there's a lot of concern about that. People hear about these drugs and see them on television and they want them, even if they're not ideal. A lot of physicians get tired of fighting with their patients, so they just prescribe them, no skin off their nose. When health systems receive fixed amounts for patient care, doctors are more likely to say you don't need a particular drug



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or you can use something else first before moving on to the most expensive option.

CW: Isn't there some legislation pending to give the Health Policy Commission more power?

ALTMAN: Yes, but I would call that a very technical change. Only lawyers can really understand this thing, which I am not. You've got the Health Policy Commission and you've got the attorney general. Right now we issue our reports, like we did with respect to Partners, where we said there's a real possibility that if you allow Partners to merge with South Shore it's going to lead to higher prices. The attorney general could accept that report or choose to ignore it. The new legislation would require the attorney general to take it seriously and allow that report to be used as *prima facie* evidence that there is a problem, which would allow her to move more aggressively. It doesn't give the commission the power to stop a merger; the power still rests with the attorney general. It just strengthens a little bit the recommendation we provide.

CW: Do you think the Health Policy Commission will recommend a course of action on controlling health care costs?

ALTMAN: We are not going to tell legislators what to do about it. That's not our role. Our role is to educate the Legislature, the public, on what's going on and why. I think there's a legitimate issue on how much patient care dollars should flow to these other activities. At one extreme it's nothing, basically saying patient care dollars should be for patient care, and if you want to fund research we have the National Institutes of Health and the National Science Foundation and private philanthropy. At the other extreme, you leave it to the market and leave it to the academic medical centers to decide how much they want to cross-subsidize and let them see how much money they can get from the insurance companies and from us. That's where we are now. In the middle is a potential regulatory structure that would allocate health care dollars. Right now there is only one state that does that. The state of Maryland has what is called an all-payer system, where they have a government agency at the state level that determines what each hospital is paid for patient care. And they explicitly put into that amount of money a differential for their academic medical centers. Johns Hopkins is located in Maryland. So just because you have regulation doesn't mean that it destroys the quality of the health care system.

CW: Let's talk about Partners and its bid to acquire South Shore Hospital. The commission raised concerns about

the merger, but former attorney general Martha Coakley thought the best approach was to allow the merger to go through as long as Partners agreed to certain conditions. What did you think of that?

ALTMAN: For me, the question was what's the right balance? I had no problem with our analysis that the potential was there for Partners to get bigger and more powerful. The attorney general then tried to come up with a very complicated set of demands on Partners to change the way they did business in return for the merger being allowed. That was tricky for me. In other words, was she finding the right balance? People had different opinions. There is a body of thought that basically says the only thing an antitrust person can do is say no or yes. The attorney general tried to be right in the middle of that, allowing them to merge but only if they promised to treat customers OK and not raise rates. The courts say those agreements are difficult to monitor. There's a big body of antitrust people that say don't do that. I ultimately came down, like most of the people on the commission, that the deal the attorney general struck was a little too weak. But I was willing to give her somewhat more opening in the beginning. She was trying to grapple with the right issues. I gave her more credit than some.

CW: Do you feel much pressure on the Health Policy Commission?

ALTMAN: A little, but not that much yet. This battle with Partners was unexpected but it turned out to be an interesting issue because, actually, if there was any pressure, it was the other way around. There was so much antagonism to Partners by others in the delivery system and the community and everybody else—the consumer advocates, the other teaching hospitals, and the community hospitals. If anything, the pressure on us was to be tougher on Partners. It was easy to be independent. Up until now, we haven't faced too much pressure. If we were to get into the rate regulation business, the pressure would really grow.

CW: How much time do you spend doing the job?

ALTMAN: It's so wrapped up in what I do here. For example, I was here all weekend preparing my lectures for a graduate class of 15 medical students about the role of states in controlling the health care system. So I'm making extensive use in that lecture of what I do on this commission, just what we've been talking about. Personally, it comes at the right time in my career. I'm in the right place to do this. **CW**



Setting hospital prices by ballot question

SEIU pushes anti-Partners initiative — but may be looking for a legislative fix. **BY JOHN E. MCDONOUGH**

A LOOMING 2016 ballot initiative threatens to upend the foundations of hospital finance in Massachusetts, even if the measure never reaches the voters. The clash involves a fractured hospital community, insurers, a labor union, and state government in a controversy more than 25 years in the making.

For decades, savvy Massachusetts policy entrepreneurs have learned to use the threat of a statewide ballot initiative to compel legislative change that would never have happened absent the ultimatum. I saw this up close in 1994 when Common Cause forced major campaign finance reform through a Legislature eager to avoid the group's more punishing ballot proposal. In 2000, health care advocates used this strategy to win passage of a managed care patient bill of rights. In 2014, the Massachusetts Nurses Association used the tool to score a new policy in their 20-year grudge match with the Massachusetts Hospital Association over state-mandated nurse/patient staffing ratios. Used well, the strategic ballot initiative is a proven and powerful public policy tool.

This year's edition may belong to 1199SEIU, the health care arm of the Service Employees International Union, among the smartest and nimblest unions in Massachusetts. At issue is the yawning disparity in payments by insurance companies to individual Massachusetts hospitals, a gap that pays market powerhouses such as Massachusetts General Hospital and Brigham and Women's (united as Partners HealthCare) far more for the same service than what market weaklings (nearly everyone else) receive. According to Attorney General Maura Healey, it is a gap "not explained by differences in quality, complexity of services, or other common measures of consumer value."

Between now and early July 2016, when SEIU will decide whether to file their final set of 10,792 voter signatures to qualify for the November ballot (they filed their first, larger set of more than 130,000 signatures in November, well above the 64,750 threshold), expect an awkward dance involving hospitals, insurers, the SEIU, and various state officials to see if the parties can make legislative music together. Expect anything from zilch to enactment of the nation's first state law to address hospital-pricing variation. If the initiative goes to the November



ballot, expect a high-spending all-out war.

For about five years, serious conversation in state health policy circles has focused on the persistent payment disparities from private (insurance companies) and public (MassHealth) payers to hospitals for providing the same service. Unsurprisingly, the conversation started among the financial losers, not Partners HealthCare. Numerous public reports have called attention to the payment variation, from sources that include then-Attorney General Martha Coakley and her successor, Healey; the Massachusetts Health Policy Commission (HPC); and the state's Center for Health Information and Analysis (CHIA). In a September report to the Health Policy Commission, Healey noted that "unwarranted price variation persists. More expensive providers continue to draw greater patient volume, adding to health care costs."

In 2012, Gov. Deval Patrick signed a significant new law, known as Chapter 224, to establish the nation's first statewide limit on overall health

care spending—a “soft” cap without clear penalties for overspending, yet serious enough for all parties to heed. The House of Representatives had sought to address price variation by including in the legislation a high-cost hospital “luxury tax,” but that provision was dropped from the final law at the Senate’s insistence. Chapter 224’s macro “total medical expenditure” cap—limiting spending increases to about 3.6 percent per year—took effect in 2014.

While some hoped that Chapter 224 might reduce hospital payment variation, others now believe that its implementation is exacerbating the problem, as Partners and other market powers such as Children’s Hospital win the lion’s share of a smaller pie. Healey, in her September report, seems to agree: “Global payments... have tended to entrench historical payment differentials, and have thus sustained disparities in the resources available for patient care.”

SEIU’s political director, Tim Foley, says that the 2014 closures of unionized Quincy Medical Center and North Adams Regional Hospital woke up the union to the serious financial straits facing community hospitals and other vulnerable institutions across Massachusetts. “We recognized that 224 baked in inequities among hospitals and the closings in Quincy and North Adams made it personal for us,” he says. SEIU submitted the “Massachusetts Fair Health Care Pricing Act” as both legislation (sponsored by Sen. Ben Downing of Pittsfield) and a ballot initiative.

The proposal would require any licensed commercial insurance company operating in Massachusetts to limit provider reimbursement to no more than 20 percent above or 10 percent below “the carrier-specific average relative price for that service” and further requires that any net savings to insurers “be reflected in reduced premiums, co-pays, and deductibles” to policy holders. The redistribution in hospital payments under this scheme would be dramatic, as outlined in the table below, which shows SEIU estimates using 2013 data from the state Center for Health Information and Analysis.

SEIU Ballot Initiative Impact on Massachusetts Hospital Systems

HOSPITAL SYSTEM	NEW IMPACT ON COMMERCIAL PAYERS (IN 000s)
WINNERS	
Wellforce: Tufts/Circle Health	\$30,049
Cambridge Health Alliance	\$22,584
Steward Health System	\$21,356
Caregroup: Beth Israel Deaconess	\$17,239
Baystate	\$10,165
Lahey Health	\$10,065
Sisters Of Providence	\$9,543
Heywood	\$9,480
University Of Massachusetts	\$9,149
LOSERS	
Partners Healthcare	\$439,825
South Shore Hospital	\$16,857

Some sources doubt the SEIU estimates, though they have no counter data to offer. Every expert and industry leader with whom I spoke agreed that the consequences would be profound by redistributing more than \$450 million annually from the Partners system and South Shore Hospital to other hospital systems and to health insurance premium payers (Partners’ 2013 total operating revenue was \$10.3 billion), and, importantly, by making state government responsible for hospital finances for the first time since 1991.

For a proposal with such consequences, one might have expected a more dramatic public hearing than the one that occurred in September in front of the Legislature’s Joint Committee on Health Care Financing. Only two Tims took time to testify—Tim Foley from SEIU and Tim Gens, executive vice president and general counsel of the Massachusetts Hospital Association (MHA), the trade association for most of the state’s hospitals (for-profit Steward Health Care, with nine community hospitals, is the prominent non-member).

Gens reported unanimous MHA board opposition to the SEIU ballot initiative and legislation. While the unanimous vote pleased MHA and Partners HealthCare leaders, the vote also masked widespread antipathy among many hospital leaders to payment disparities. One line from MHA’s written testimony represented a concession to the dissenters: “Private variation is an important issue to analyze, understand, and, if needed, address in an appropriate manner.”

Lahey Health’s written testimony expressed the dissenters’ sentiments, reflecting the more frank approach of its president, Dr. Howard Grant: “Lahey is steadfastly and unequivocally committed to a thoughtful, balanced, and measured approach to reducing the well-documented and unjustified reimbursement rate disparities that exist in the Commonwealth’s provider market.” Lahey hosts an online video where Grant makes his case that the “Massachusetts market is neither rational nor competitive,” with Partners HealthCare receiving “20-40 percent more than the rest of the market for the same services.”

But widespread agreement on the problem is weakened by a lack of consensus on a policy to address it. Steve Walsh, the executive director of the Massachusetts Council of Community Hospitals and the former cochair of the Legislature’s Health Care Financing Committee that created Chapter 224, agrees that there are “significant concerns about price disparities and no consensus on a correct approach.” All hospitals resist setting health care policy through the ballot initiative process, and many are uncomfortable with re-establishing state regulation of hospital finance, an approach Massachusetts followed from 1975 until 1991, when that system was deregulated.

One outlier in the hospital community worth watch-

ing is Steward, the for-profit hospital chain formerly owned by the Catholic Church, and an ardent critic of Partners' market power. Workers at Steward's nine hospitals are represented by the SEIU, a link that could prove helpful to the union's efforts.

The big payers—Blue Cross Blue Shield, Harvard Pilgrim Health Care, and Tufts Health Plan—have been publicly silent and their officials reluctant to go on the record. Though they dislike Partners' outsized market power within Greater Boston, they see other regional hospital monopolies untouched by the SEIU effort, and worry about the impact that renewed rate regulation may have in propping up inefficient hospitals. For the time being, they watch from the sidelines.

Gov. Charlie Baker, as state human services undersecretary under Gov. Bill Weld, spearheaded the 1991 legislative deregulation of the Massachusetts hospital rate-setting system that had been in operation since 1975. Testifying before the Health Policy Commission in September, Baker threw cold water on reactivating payer regulation: "We used to have a regulated system and it didn't work... because regulated systems, as a general rule, ultimately sort of fail," he said. "If you want to do something about price disparity, make the data available."

Sometime in early spring, the Joint Committee on Health Care Financing is likely to convene a public hearing on SEIU's initiative, a proceeding that is certain, this time, to attract more than two witnesses. Whether House or Senate leaders will actively engage to broker a deal is unclear.

Many observers believe that Partners' sizable financial advantage would overwhelm SEIU in a full-scale ballot campaign in the fall of 2016. But in the crowded campaign season with a presidential election and many other high-profile ballot questions competing for limited TV airtime, the outcome is unclear.

The SEIU initiative would restore state hospital payment regulation after 25 years of a deregulated hospital market to a level never attempted before in any state. Ironically, the 1994 creation of Partners HealthCare was one of the earliest and most significant consequences from the 1991 deregulation. I served in the Legislature during the final six years of Massachusetts hospital rate setting between 1985 and 1991 and saw incessant lobbying by every hospital in the state for legislative deals to manipulate statutory reimbursement formulae to their own advantage. The consequences of renewed hospital finance regulation would go way beyond price variation in positive and negative ways that no one can predict.

The best outcome would fit with the gestalt of the strategic ballot initiative: The initiative threat compels stakeholders to agree on a deal that leaves all better off than they would be under the initiative's formula. If that is to happen, state leaders will need to step in because the stakeholders will be unable to do it themselves.

John E McDonough teaches at the Harvard TH Chan School of Public Health. He served in the Massachusetts House of Representatives between 1985 and 1997.

Testing the market-knows-best hypothesis

A boom in in-patient psychiatric hospital beds in Massachusetts is addressing a need without the typical level of government coordination. **BY EDWARD M. MURPHY**

MASSACHUSETTS, HOME OF the world's most expensive health care system, is in the midst of a boom in the development of in-patient psychiatric hospital beds. Responding to perceived market demand, developers on their own initiative are planning, building, or completing projects around the state that will add more than 500 beds for people who have acute mental health needs, expanding the existing bed capacity in the state by about 20 percent. There are rumors of additional projects that could push the growth even higher. This expansion is remarkable for its size and for its uncoordinated spontaneity.

A new 120-bed psychiatric hospital has just opened in

Dartmouth. Another 72-bed hospital has come on line in Middleborough. A third, planned for 104 beds, is rising out of the ground at the former Fort Devens property. McLean Hospital in Belmont is adding 32 new beds. In addition, several of the state's largest health care systems are increasing mental health inpatient beds within their general acute care hospitals. Last year, Steward Health Care System said it would add 70 beds at several sites among its 10 campuses. Partners Healthcare has announced plans to consolidate existing beds and add 50 more to create a new psychiatric facility as part of its North Shore Medical Center in Salem. There also are a number of smaller proj-

ects going on around the state. The mental health field has not seen this level of expansion in decades.

Three main factors are contributing to this burst of activity. First, Massachusetts has the lowest percentage of uninsured people in the country. At the same time, new “parity” laws forbid insurers from continuing their practice of putting lower benefit limits on mental health treatments than they allow for other medical care. This means that inpatient psychiatric services have more reliable and attractive payment sources than was historically the case.

Second, the existing array of inpatient beds is running near capacity. It is hard to find an open bed and there is a persistent problem with mentally ill patients backing up in hospital emergency rooms. Lengthy delays in ERs are not good for the hospital or for the patient and there are frequent complaints about the absence of appropriate beds to absorb those patients.

Third, by the normal standards of regulation in Massachusetts, the barriers to entry are low. Freestanding psychiatric hospitals are not subject to the state’s Determination of Need Law, a complex and time-intensive process by which the Commonwealth seeks to insure that expensive excess hospital capacity is not built. The new

behavioral health hospitals in Massachusetts are coming on-line unimpeded by a policy judgment from the state government about whether and where they are needed.

Government, nevertheless, has substantial economic and policy interests in the nature and size of this expansion. Approximately two-thirds of psychiatric in-patients are paid for by programs such as Medicare and Medicaid, so if the new beds are filled, it will cost many millions in public funds. Equally important are the clinical and policy implications of the uncoordinated development if the new facilities fail to address pressing needs. For example, some of the new beds should target certain subpopulations of mentally ill patients—such as those who are substance abusers, forensic patients, or people with medical co-morbidities—whose treatment options are limited because their care is difficult and expensive. There is also the risk that the market will create too many hospital beds at the expense of developing needed community-based programs which are less expensive and can serve to reduce the need for hospitalization.

This situation presents clearly the contrast between



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market-driven healthcare-decision-making and more traditional government policy-driven planning. In the healthcare system generally, some critics have urged for years that patients, providers, and payers should interact with each other guided only by the economic incentives of the market, making the system more efficient. Government planning efforts, they assert, are misdirected, counterproductive, and expensive. The current evolution of psychiatric hospital care in the Commonwealth is a live test of the market-knows-best hypothesis. Massachusetts is trading the benefit of a rapid expansion of psychiatric beds in exchange for accepting uncoordinated development. The risk is that uncoordinated development will not congeal into a coherent delivery system.

These risks and trade-offs are visible to stakeholders in the system. State mental health commissioner Joan Mikula welcomes additional investment in services for people with mental illness, but says she's concerned that it is happening "without a comprehensive assessment of in-patient needs" and with the "absence of more community resources that could serve to avert hospitalization."

The state chapter of the National Alliance on Mental Illness, representing individuals who have experienced mental illness and their families, is enthusiastic about the expansion. Laurie Martinelli, the Alliance's executive director, says the new beds are "really great news—adding 500 beds to the mental health system is a great step forward." But her group hopes that a portion of the new capacity will focus on patients who are mentally ill substance abusers. She says in-patient programs for that difficult population "really don't exist in needed numbers." The Alliance also sees a need for more community-based programs.

The leadership of the Massachusetts Association for Mental Health, a century-old advocacy organization, would have preferred expansion arising from coordinated planning rather than from disjointed initiatives. President and CEO Danna Mauch said the system needs "the right kind of beds, not just more beds." She points to specific underserved populations that need in-patient services and to geographic disparities in access to hospital care. She also says in-patient care is not well integrated with community service delivery around the state and these concerns are not addressed by the current developments. Dr. Mauch is also concerned that "there are big gaps in community services" that, if filled, would reduce the reliance on hospitalization. This leaves open the question of how many beds are actually needed.

David Matteodo, executive director of the Massachusetts Association of Behavioral Health Systems, speaks for the psychiatric hospital industry when he says that the new beds are "a positive development that will give people access to the care they need." He acknowledges that, with

many different hospital organizations acting on their own, there is not a comprehensive plan to create treatment options for difficult special populations but he believes that there is now "a great opportunity to meet complex needs if there is a collective will to do it" on the part of the state, the industry, and the insurance companies.

The market forces driving new psychiatric in-patient capacity in Massachusetts are occurring in other states as well, reflecting a national trend. Behavioral health has become a hot topic among investors on Wall Street and elsewhere. Investors believe that the adoption of the Affordable Care Act and the emphasis on mental health parity is providing a growing population of people who need psychiatric care with a means to pay for their treatment. Investors are looking for companies well positioned to ride these trends to increased growth and profitability.

Among the companies active in the Massachusetts psychiatric hospital market are two large publically traded enterprises. Universal Health Services, the largest mental health inpatient operator in the state, owns five psychiatric hospitals. Meanwhile, Acadia Healthcare Co., which describes itself as the "leading publicly traded pure-play provider of in-patient behavioral health care services in the United States," just opened its first psychiatric hospital here. Such firms are searching for ways to accelerate their growth and to take advantage of the opportunities they see. Acadia, Universal, and other smaller but equally aggressive competitors are creating the future of mental health care in Massachusetts. Their decisions are naturally guided by the goals of their businesses.

Market forces have brought the psychiatric hospital world in Massachusetts to a moment of significant change. It is not an anti-market sentiment to say that the moment calls for intelligent design. There is a hybrid path that may guide this unguided expansion to minimize the risks and maximize the benefits.

The absence of a strong regulatory framework does not preclude state officials from convening, jawboning, and persuading the parties that a thoughtful, more coordinated approach can leverage the energy of the market to meet the widest array of needs. The entrepreneurs need a return. The insurers need reliable providers at reasonable rates. The state needs a coherent and workable system. Most of all, people struggling with serious mental illness need ready access to specialized care in the most appropriate setting.

Edward M. Murphy worked in state government from 1979 to 1995 at the Department of Youth Services, the Department of Mental Health, and the Massachusetts Health and Educational Facilities Authority. He has been in the private sector ever since and recently retired as executive chairman of the board of one of the country's largest providers of services to people with disabilities.

Getting used to the political brush-off

Requiring public housing recipients to work is a policy that most elected officials run away from. **BY RAYMOND V. MARIANO**

AFTER THE SPEECHES were over at a recent event, I walked over to say hello to one of state's most prominent elected officials. He's someone I have known for many years. As I approached, he smiled broadly and reached out his hand, saying, "Mayor, how are you?" After exchanging pleasantries, I asked for an opportunity to meet with him. I told him I needed a few minutes to tell him about our ABL program. Before I could complete my request, this middle-aged man did a perfect Michael Jackson 180-degree spin on his heels and was off. Without even looking over his shoulder, he said, "talk to [my aide]," and he was gone.

In nearly 40 years of elected and appointed office I had never, ever experienced such an abrupt brush-off. Here I was, the former four-term mayor of the city of Worcester, left standing with my mouth half open while this prominent official headed for the door. The mere mention of our ABL program had him running for cover.

ABL stands for A Better Life, a program started in 2011 and designed to get people in public housing back on their feet and off public assistance. While most of my discussions about the program with elected leaders haven't ended quite so abruptly, almost all of them have ended with the elected official running for the door and cover.

What did I do to cause people to run away from me? Simply put, I tried to help lift families living in public housing out of poverty. By any measure, our current system of providing public housing is a failure (See "The failure of public housing assistance," *CW*, Summer '15). We conducted extensive in-person research and found that about 80 percent of our adult residents who live in family public housing are unemployed. We also found that 40 percent of our adult residents didn't have a high school diploma or even a general equivalency degree and that more than 50 percent of our adults didn't even have a driver's license. Only in public housing would these statistics be tolerated.

Alarmingly, we found families who had been living in public housing for decades, some as long as five generations. For them, public housing had become a sort of perverse legacy handed down from one generation to the next. With each generation, self-sufficiency became less likely. We concluded the current system had been an abject failure in helping people escape public housing,

so, with the support of the Health Foundation of Central Massachusetts, we set out to change the system.

Just about every elected official is in favor of helping to lift people out of poverty, but just tell them that you want to require able-bodied residents to go to work or attend school and they want no part of it—regardless of the results your program has achieved.



Our program's results stand in stark contrast to the dysfunction of the current system. By requiring work or school, we have more than doubled the percentage of residents employed (from 35 to 75 percent), nearly tripled wages earned, and tripled the number of residents attending school or training programs. Our results have been confirmed by a Boston University School of Public Health study that has been monitoring our progress. That study also found that participants were 50 percent less likely to be the victim of domestic violence. These are statistics that any candidate can build an entire campaign around. Nevertheless, we struggled to find any politician willing to support us publicly. In fact, initially we couldn't get anyone, Democrat or Republican, to write a simple letter of support to the federal Housing and Urban Development agency or the state Department of Housing and Community Development.

The reason for this reluctance appears to be an occupational unwillingness to make even a small group of voters angry. As a result of our work/school requirement, our program is opposed by a highly motivated group of housing advocates who believe that requiring work or school to receive a housing benefit is almost un-American. They ask fair questions. What if the resident doesn't have day care or transportation? Our response is that the barriers to self-sufficiency that our residents face are very real. But that shouldn't be an excuse to not even try. At a recent conference, one advocate stood up and said that it was wrong to require work and that "we need to wait until someone is ready." I responded that, in some cases, we have been waiting for as long as five generations and that was long enough.

Advocates also worry that enforcing the work/school requirement could lead to eviction of a family who refuses to participate. To that we have two responses.

First, any family who is willing to work with us will retain their housing benefit. We realize that the challenges that some families face are significant. As long as they make a sincere effort to move forward, we will work with them. Second, we have thousands of families who have been on our waiting lists for years. These families are willing to do whatever it takes to pursue a better life. Homeless applicants shouldn't have to sit on a waiting list while a few families refuse to help themselves.

The advocates believe in their cause and have worked the political phone lines relentlessly to stop us from moving forward. It wasn't until state Sen. Harriette Chandler, now the majority leader of the state Senate, was able to get our ABL program written into the Welfare Reform Act that we received state permission to move forward. Then Karyn Polito, the Republican candidate for lieutenant governor, brought her running mate Charlie Baker to Worcester and championed our cause. Today, we have the Baker-Polito administration's full support and are expanding the program.

Nevertheless, efforts to expand the program, even with such impressive results, continue to meet with political opposition. When Chandler and Senate President Stanley Rosenberg added a small amount of money into

the budget to allow a handful of other housing authorities to volunteer and pilot our program, a few key leaders in the House of Representatives killed the proposal. We are moving forward nevertheless.

While we are making significant progress in state-subsidized housing, we are going backward in federally-subsidized housing. Initially, officials at HUD gave us written approval to proceed. Then, without warning, they withdrew that support. As of this writing, virtually every federal official we have spoken to is unwilling to allow us to implement our program on federally-subsidized property, even on a pilot-program basis. In fact, it has taken us months just to get an appointment with some of the people in the federal government we need to talk to. For some, we are still waiting for a return phone call. As a result, we have been forced to proceed only in the few developments that we operate that are supported by state funds.

Nevertheless, the success of our program has motivated us to expand. We recently implemented Phase 3 of our ABL program, which extends the work/school requirement to all able-bodied, non-elderly residents living in state-subsidized housing. With this change, we immediately add several hundred new families to our program.

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