

IN THE BAKER ADMINISTRATION, THEY CALL IT BEING KADISHED

# CommonWealth

POLITICS, IDEAS & CIVIC LIFE IN MASSACHUSETTS



## Home wreckers



A state program designed  
to help homeowners deal with  
contractors gives a false  
sense of protection

# HERE'S TO THE PEOPLE WHO POWER PARTNERS HEALTHCARE



Our people have always been the ones behind the continued success of Partners HealthCare. And for the past 24 years, it's been the people—68,000 strong—who have helped our hospitals rank on the prestigious **U.S. News & World Report "Best Hospitals Honor Roll."**

This year, in addition to our nationally ranked founding hospitals, **Massachusetts General Hospital** and **Brigham and Women's Hospital**, we congratulate **McLean Hospital** and the **Spaulding Rehabilitation Hospital**, which were recognized nationally for their specialties. We also extend our congratulations to our neighbors at **Beth Israel Deaconess**, **Tufts Medical Center**, and **Children's Hospital** for their national recognition.

And as we do every year, we wish to thank our employees for helping lead the way with their achievements. For us, this recognition is always about more than a ranking. It's about providing the highest quality care, innovating for the future, and ensuring our community continues to thrive.


**This is Partners HealthCare. A legacy of knowing what counts in high quality health care.**



---

FOUNDED BY BRIGHAM AND WOMEN'S HOSPITAL  
AND MASSACHUSETTS GENERAL HOSPITAL

Brigham and Women's Faulkner Hospital | Cooley Dickinson Hospital  
Martha's Vineyard Hospital | McLean Hospital | MGH Institute of Health Professions  
Nantucket Cottage Hospital | Neighborhood Health Plan | Newton-Wellesley Hospital  
North Shore Medical Center | Partners Community Physicians Organization  
Partners HealthCare at Home | Spaulding Rehabilitation Network



A lifetime of  
smart financial  
choices is  
within reach.

With the MassMutual FutureSmart<sup>SM</sup> Challenge, young leaders receive the knowledge they need to start making smart career and financial choices. Together with Junior Achievement of Northern New England and the Boston Celtics, we're helping students pursue a strong future. Learn more at [MassMutual.com/FutureSmartChallenge](https://www.massmutual.com/FutureSmartChallenge).



We'll help you get there.®



LIFE INSURANCE + RETIREMENT/401(K) PLAN SERVICES + DISABILITY INCOME INSURANCE + LONG TERM CARE INSURANCE + ANNUITIES

MassMutual Financial Group refers to Massachusetts Mutual Life Insurance Company (MassMutual), and its affiliated companies and sales representatives. Insurance products are issued by MassMutual, Springfield, MA 01111, and its subsidiaries, C.M. Life Insurance Company and MML Bay State Life Insurance Company, Enfield, CT 06082. CRN201709-179441

## For Your Health.

ADVOCACY FOR THE COMMONWEALTH.  
HEALTH EDUCATION FOR ALL.

**I**N 1781, at the dawn of this nation, the 14 founding members of the Massachusetts Medical Society created a revolutionary vision: a health care system that promotes the health and welfare of all its citizens, through quality education and committed advocacy.

Today, we remain passionately committed to a health care system that works for us all.



**MASSACHUSETTS  
MEDICAL SOCIETY**

*Every physician matters, each patient counts.*

[WWW.MASSMED.ORG](http://WWW.MASSMED.ORG)



**MEKETA INVESTMENT GROUP**

*Boston Miami Portland San Diego London*

Since 1978, Meketa Investment Group has served our clients as independent investment fiduciaries. Today, we are a full service investment consulting and advisory firm, providing creative investment solutions, custom tailored to fit the unique circumstances of our clients. We work on both a full retainer and project basis, and all of our services are available on a discretionary or non-discretionary basis.

Our consulting and advisory services fall into two primary categories: **General Consulting and Private Markets**. We provide these services to a broad array of institutional investors & plan sponsors:

#### **Plan Sponsors**

- Taft-Hartley
- Public
- Corporate
- Non-Profit

#### **Plan Types**

- Defined Benefit
- Defined Contribution
- Endowments & Foundations
- Health Plans, OPEBS & VEBAS

100 LOWDER BROOK DRIVE • SUITE 1100  
WESTWOOD MA 02090  
781 471 3500 • [www.meketagroup.com](http://www.meketagroup.com)

# CommonWealth

**EDITOR** Bruce Mohl

[bmohl@massinc.org](mailto:bmohl@massinc.org) | 617.224.1705

**EXECUTIVE EDITOR** Michael Jonas

[mjonas@massinc.org](mailto:mjonas@massinc.org) | 617.224.1624

**SENIOR INVESTIGATIVE REPORTER** Jack Sullivan

[jsullivan@massinc.org](mailto:jsullivan@massinc.org) | 617.224.1623

**ART DIRECTOR** Heather Hartshorn

**CONTRIBUTING WRITERS** Dave Denison, Colman M. Herman, Phil Primack, Robert David Sullivan

**WASHINGTON CORRESPONDENT** Shawn Zeller

**PUBLISHER** Gregory Torres

[gtorres@massinc.org](mailto:gtorres@massinc.org) | 617.224.1703

**SPONSORSHIP, ADVERTISING & CIRCULATION** Caroline Palmer

[cpalmer@massinc.org](mailto:cpalmer@massinc.org) | 617.224.1645

> Full contents, as well as online exclusives, are available at [www.commonwealthmagazine.org](http://www.commonwealthmagazine.org)

*CommonWealth* (ISSN pending) is published quarterly by the Massachusetts Institute for a New Commonwealth (MassINC), 11 Beacon St., Suite 500, Boston, MA 02108. Telephone: 617-742-6800 ext. 109, fax: 617-589-0929. Volume 22, Number 1, Winter 2017. Third Class postage paid at Holliston, MA. To subscribe to *CommonWealth*, become a Friend of MassINC for \$75 per year and receive discounts on MassINC research reports and invitations to MassINC forums and events. Postmaster: Send address changes to Circulation Director, MassINC, 11 Beacon St., Suite 500, Boston, MA 02108. Letters to the editor accepted by email at [editor@massinc.org](mailto:editor@massinc.org). The views expressed in this publication are those of the authors and not necessarily those of MassINC's directors, advisors, or staff. *CommonWealth* is a registered federal trademark.

MassINC is a 501(c)(3) tax-exempt charitable organization. The mission of MassINC is to develop a public agenda for Massachusetts that promotes the growth and vitality of the middle class. MassINC is a nonpartisan, evidence-based organization. MassINC's work is published for educational purposes and should not be construed as an attempt to influence any election or legislative action.

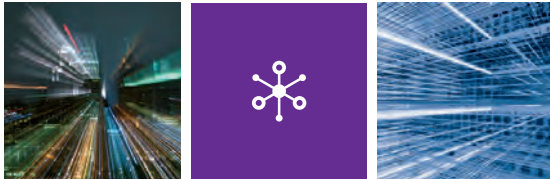


# The CITIZENS' CIRCLE

The individuals who have joined the MassINC Citizens' Circle help to ensure that the independent journalism of *CommonWealth* magazine and nonpartisan research of MassINC continue to raise pressing issues in the public interest, offering a neutral table for civic engagement and public debate.

Anonymous (9)	Robert & Frances De Salvio	Barbara & Amos Hostetter	Joseph and Katherine O'Donnell
William Actmeyer	Gerard F. Doherty	Peter Howe & Holly LeCraw Howe	Randy Peeler
Nicholas Alexos	Roger D. Donoghue	Raymond Howell	Finley H. Perry, Jr.
Tom & Marsha Alperin	Philip J. Edmundson	Tad Heuer	Jenny Phillips
Carol & Howard Anderson	James & Amy Elrod	Holly & Bruce Johnstone	Diana C. Pisciotto
Ronald M. Ansin	Thomas Engelman & Laurie Burt	Hugh Jones	Michael E. Porter
Amy Anthony	Mark L. Erlich	Robin & Tripp Jones	R. Robert Popeo
Jay Ash	Juliette Fay & Bill O'Brien	Juliette Kayyem	Mitchell T. & Adrienne N. Rabkin
Joseph Baerlein	Maurice & Carol Feinberg	Michael B. Keating, Esq.	John R. Regier
Richard J. & Mary A. Barry	David Feinberg	Lori Kenschaft & Randall Smith	Dean Richlin
Robert L. Beal	Grace Fey	Julie & Mitchell Kertzman	Thomas & Susan Riley
David Begelfer	Newell Flather	Stephen W. Kidder &	Kenneth W. Robinson
Joan & John Bok	Christopher Fox & Ellen Remmer	Judith Malone	Mark & Sarah Robinson
Frank & Mardi Bowles	Robert B. Fraser	Thomas Kiley	Rachel Rock & Josh Levy
Ian & Hannah Bowles	Christopher & Hilary Gabrieli	Richard L. Kobus	Fran & Charles Rodgers
The Brennan Group, Inc.	Stephanie Garrett	Edward Krapels	Paul & Alexis Scanlon
Stephen Burrington	John Gillespie & Susan Orlean	John Larivee	Helen Chin Schlichte
Rick & Nonnie Burnes	Robert Gittens	Anne & Robert Lerner	Karen Schwartzman & Bob Melia
Jeffrey & Lynda Bussgang	Neal Glazier	Gloria & Allen Larson	Matt Segneri
Andrew J. Calamare	Lena & Ronald Goldberg	Paul Levy	Ellen Semonoff & Daniel Meltzer
Congressman Mike Capuano	Ashton & Jim Goodfield	Charlotte Lindon	Robert K. Sheridan
Neil & Martha Chayot	Philip & Sandra Gordon	Stephen Lisauskas	Richard J. Snyder
Gerald & Kate Chertavian	Jim & Meg Gordon	Chuck & Susie Longfield	Patricia & David F. Squire
Meredith & Eugene Clapp	Mary K. Grant	Anne & Paul Marcus	Lisa Lenon-Stanton &
Margaret J. Clowes	Tom Green	Travis McCready	William Stanton
Devin Cole	Paul S. Grogan	William P. McDermott	Mark S. Sternman
Community Resources for Justice	Paul Guzzi	The Honorable Patricia	Timothy & Susanne Sullivan
Philip & Margaret Condon	Henry L. Hall, Jr.	McGovern	Ben & Kate Taylor
David & Victoria Croll	Scott Harshbarger &	David McGrath	David Tibbetts
Cheryl Cronin	Judith Stephenson	Katherine S. McHugh	Josh and Ann Connolly Tolkoff
Michael F. & Marian Cronin	John Hastings	Paul & Judy Mattera	Gregory Torres & Elizabeth
Stephen P. Crosby &	Whitney Hatch	Stephen Meade	Pattullo
Helen R. Strieder	Martin W. Healy	Gerry & Joanne Morrissey	Thomas Trimarco
Bob Crowe	Anthony & Brenda Helies	William S. Mosakowski	Eric Turner
Jay Curley	E. Byron Hensley, Jr.	Joseph Mullaney	E. Denis Walsh
Sean Curran	Harold Hestnes	John E. Murphy, Jr.	Michael Weekes
Sally Currier & Saul Pannell	Joanne Hilferty	Bruce & Pam Nardella	David C. Weinstein
Susan Davies & Richard Talkov	Jordan Hitch	Jennifer Nassour	Robert F. White
Thomas G. Davis	Edward J. Hoff	W. Newman & M. Nienhuis	Michael J. Whouley
William A. Delaney	Liz & Dennis Holler	Elizabeth Nichols	Karyn Wilson
Geri Denterlein	Ann-Ellen Hornidge &	LZ Nunn	Peter Woolley
	Edward Murphy		

For information on joining The Citizens' Circle, contact MassINC at (617) 742-6800.



## Intelligence turns information into insights.

Over the past 50 years, leaders have experienced a revolution in the quality and quantity of information available for making decisions. Thankfully, the technology exists to help capture and process all this data, and turn it into actual intelligence.

IBM's deep understanding of IT systems and cutting edge technologies can help you get the most out of your information, enabling you to be more proactive. Gain control of your information. Anticipate opportunities and threats. Your company is smarter than you think. A smarter business needs smarter software, systems and services.

Let's build a smarter planet.



[ibm.com/ibm/responsibility](http://ibm.com/ibm/responsibility)

IBM, the IBM logo, ibm.com, Let's build a Smarter Planet, Smarter Planet and the planet icons are trademarks of International Business Machines Corporation, registered in many jurisdictions worldwide. Other product and service names might be trademarks of IBM or other companies. A current list of IBM trademarks is available on the Web at [www.ibm.com/legal/copytrade.shtml](http://www.ibm.com/legal/copytrade.shtml). © IBM Corporation 2012.

P27472

## We care for the caregivers.

When caregivers make a commitment to care for a loved one, we make a commitment to them.

We stand alongside them with a promise that they'll never be alone on their journey of providing the dignity and comfort of home. Our experienced care teams provide caregivers with support, coaching and financial assistance to help them solve day-to-day challenges and anticipate what's ahead.



Learn more and determine eligibility.

866-797-2333 | [caregiverhomes.com](http://caregiverhomes.com)

# MassINC

RESEARCH. JOURNALISM. CIVIC LIFE.

### CHAIRMAN OF THE BOARD

Ann-Ellen Hornidge

### BOARD OF DIRECTORS

Gregory Torres, *ex officio*

David Begelfer

Andrew Calamare

Neil Chayet

Philip Condon

Sean Curran

Geri Denterlein

Mark Erlich

Monica Escobar Lowell

Pamela Feingold

Nick Fyntrilakis

Stephanie Anderson Garrett

Lane Glenn

Thomas Green

Harold Hestnes

Tripp Jones

Juliette Kayyem

William P. McDermott

Jennifer Nassour

Eileen O'Connor

Thomas Pappas

Dean Richlin

Kenneth Robinson

Mark Robinson

Paul Scanlon

Richard Tisei

Eric Turner

Lisa Wong

**PRESIDENT** Gregory Torres

**RESEARCH DIRECTOR** Ben Forman

**CHIEF OPERATING OFFICER** Lauren Smith Louison

**DIRECTOR OF FINANCE AND OPERATIONS** Caroline Palmer

**COMMUNICATIONS DIRECTOR** Llyr T. Johansen

**PUBLIC AFFAIRS ASSOCIATE** Maureen McInerney

**INTERNS** Haley McFarland, Aaron Van Leesten, Lila Sevenser

*CommonWealth* magazine is printed on FSC-certified recycled paper, manufactured with an elemental chlorine free process, using soy inks and 100% certified wind-energy credits for production.





54

## ARTICLES

- 24 | **HOME WRECKERS** A state program designed to help homeowners deal with contractors is giving a false sense of protection. **BY JACK SULLIVAN**
- 32 | **MOM-AND-POP ECONOMIC DEVELOPMENT**  
The Lawrence Venture Fund gives a boost to unbanked entrepreneurs. **BY TED SIEFER**
- 40 | **IS THERE ROOM FOR NOSTALGIA AT THE T?** Emotions run high over rolling museum pieces on the Mattapan Line. **BY COLMAN M. HERMAN AND BRUCE MOHL**
- 48 | **STEWARD'S ASSET-LIGHT PHILOSOPHY**  
The state's fifth-largest employer takes the unusual step of selling off its hospital facilities. **BY BRUCE MOHL**

## DEPARTMENTS

- 6 | **CORRESPONDENCE**
- 7 | **EDITOR'S NOTE**
- 9 | **INQUIRIES**
- 15 | **ONE ON ONE** Tanisha Sullivan of the Boston NAACP thinks the city can "get it right."  
**BY MICHAEL JONAS**
- 17 | **STATISTICALLY SIGNIFICANT**  
Got robots? Dairy farmers in Massachusetts are starting to use robots to help eke out a living.  
**BY LINDA ENERSON**
- 21 | **WASHINGTON NOTEBOOK**  
With the GOP in charge in Washington, what can the Massachusetts delegation do? The short answer is not much.  
**BY SHAWN ZELLER**

## DISCUSSION

- 54 | **CONVERSATION**  
Governor Fix-It's fix-it man. Charlie Baker's chief of staff, Steve Kadish, speaks softly but carries a big stick. **BY MICHAEL JONAS**
- 65 | **PERSPECTIVES**  
Dump the millionaire tax.  
**BY EDWARD M. MURPHY**  
The regional power grid is in the balance. **BY GORDON VAN WELIE**  
Lessons from Singapore. **BY FERNANDO REIMERS AND PAUL TONER**

## CRIME AND PUNISHMENT

It seems like kids growing up in neighborhoods like this have a really tough choice: “Fit in” with those causing trouble or follow the law but potentially risk their own safety. This sounds like another example of where mandatory minimums do more harm than good. This kid wanted to stay out of trouble and do something productive with his life, and even demonstrated that for a year by doing everything he was required as well as learning a trade. But then we sent him to jail anyway. If someone is already close to choosing a bad path in life, sending them to jail seems like one of the worst things we can do for them.

*Charlie at  
CommonWealthmagazine.org*

Illegal gun possession is a serious crime. *CommonWealth* continues its campaign to excuse, defend, and protect gun owners. Of course it is in the interest of the community to get guns off the street. If streets are safe, then people won't need to carry guns.

*Andrei Radulescu-Banu at  
CommonWealthmagazine.org*

## TURNING AROUND NEW BEDFORD

Thank you for your interview with Mayor Jon Mitchell on his vision for and the progress in New Bedford, one of the Commonwealth's storied Gateway Cities. Thanks to a partnership proposed by Mayor Mitchell and the city, the New Bedford Economic Development Council, and developer HallKeen in 2014, MassDevelopment selected New Bedford's downtown as one of 10 Transformative Development

Initiative (TDI) Districts. I joined the partnership earlier this year as a TDI Fellow, a three-year MassDevelopment position that supports the district's economic-development strategy.

TDI is a redevelopment program for Gateway Cities to enhance local public-private engagement and spur increased economic activity. In addition to the developments Mayor Mitchell describes, we have seen renewed private sector interest in New Bedford's Union and Purchase district since the launch of this program. Most recently, the Waterfront Area Historic League has raised more than \$50,000 in crowdfunding for its new co-creative center, an artists' makerspace and community gallery in the TDI district. Those dollars make it eligible for another \$50,000 in MassDevelopment matching funds.

Our active-use strategy focuses on retail recruitment, activating vacant storefronts, and improving spaces like Wing's Court to foster community engagement and urban vitality, furthering investment in the district. The Baker-Polito administration's latest MassWorks award for New Bedford will further complement these efforts.

*Jim McKeag  
MassDevelopment New Bedford  
TDI fellow*

## THE MISSING PIECE OF EDUCATION REFORM

There's a lot of revisionist history when it comes to how the 1993 Education Reform Act came about. Edward Moscovitch states that 25 years ago “a broad coalition of legislators, business people, education experts, and state officials put together and passed a wide-reaching education reform law.”



That's not what happened at all. In 1978 a court case was brought on behalf of students in certain property-poor communities who alleged that the school finance system violated the education clause of the Massachusetts Constitution. After 15 years of the case going through the court system—with one entire generation of Massachusetts school children attending underfunded public schools—the court agreed. It then took seven years for the state to double its financial commitment to local public school districts. So 22 years after the court case was first filed, Massachusetts met its obligation to public education first identified in 1978 and addressed in law in 1993.

*Mhmjji2012 at  
CommonWealthmagazine.org*

## THE TOUGHEST MILE

The story says the FCC defines high-speed internet as “25 megabytes per second download speed and 3 megabytes per second upload speed.” That's incorrect. The FCC defines broadband as 25 megabits down/3 megabits up. At a 25 megabyte (equivalent to 200 megabits) standard, almost no one in Massachusetts would have broadband. The cheapest FiOS plan that delivers that, without TV or phone bundling, is \$150/month.

*Leviramse at  
CommonWealthmagazine.org*



## Have you heard the one about....

**A LITTLE LAUGHTER** goes a long way in politics.

Donald Trump should keep that in mind as he takes over at the White House. Someone in his position needs a sense of humor, an ability to laugh and be laughed at. But so far Trump doesn't get it.

Al Franken, the former *Saturday Night Live* writer and performer who is now a US senator from Minnesota, told the *New York Times* recently that Trump never laughs. Franken watched Trump closely at the Al Smith Dinner in New York City in October, an event where the two presidential candidates traditionally engage in some good-natured ribbing of each other to the delight of the audience.

"I wanted to see if Trump laughed," Franken said. "And he didn't. He smiled, but didn't laugh."

Here at *CommonWealth* and MassINC, we're not known for being funny, either. But every five years we take a shot at humor when we celebrate an anniversary. At our 15th, we put on a show called Serious Fun that featured politicians in funny videos and skits. The late Tom Menino brought down the house with his portrayal of Vito Corleone in *The Godfather*, lecturing a stand-in for developer Don Chiofaro. (Menino wouldn't do the scene with Chiofaro himself.)

We celebrated our 20th anniversary in December, and we tried the same formula again. It wasn't easy convincing politicians to step outside their comfort zone, but eventually many of them agreed to do it. And they seemed to

have a lot of fun, just as the audience did.

Gov. Charlie Baker and his transportation secretary, Stephanie Pollack, played the Blues Brothers, getting the band back together to fix the T. Baker, exhibiting a Dan Ackroyd swagger and even a bit of a Chicago accent, pulled off his part surprisingly well. Pollack, known more for her serious policy chops, rose to the occasion, too.

Sen. Elizabeth Warren and Attorney General Maura Healey read actual mean tweets they had been sent. Healey, known for picking tough fights with ExxonMobil and gun owners, nearly choked on one tweet that includ-

**"I can't even say this,"  
said a mortified AG.**

ed the word fart. "I can't even say this," the mortified attorney general said on camera.

Former governors Michael Dukakis and Bill Weld demonstrated a knack for comedy. And Newton Mayor Setti Warren, US Rep. Katherine Clark, Senate President Stan Rosenberg, and developer Chiofaro (this time he got a role, but he's still waiting for city approval to build a new tower) all played along.

Mayor Marty Walsh's video focused on his young staff, played by the sons and daughters of real staff members. Walsh's staff takes humor seriously. They have developed an in-house capability to turn around funny videos because they realize that laughter can be just as important as policy papers and speeches in building connections with voters.

Thanks to all who participated. Let me know if you have any ideas for the next shoot.

*Bruce Mohl*

**BRUCE MOHL**



Blues brother  
Charlie Baker



## You have the vision. We know the terrain.

We are immersed in the state's key industries, institutions, and changing regulations. As part of your team, we put our knowledge and experience to work for you — supporting you all the way to help you overcome obstacles, move forward efficiently, and reach your goals.

Since 1933, we have been honored to work with many of the region's leading companies and nonprofits and to help them complete ambitious projects throughout the Commonwealth and beyond. Whatever your legal or business challenge, you can rest assured that we have traveled these trails.

**MINTZ LEVIN**  
Mintz Levin Cohn Ferris Glovsky and Popeo PC

**ML**  
**STRATEGIES**

Boston | London | Los Angeles | New York | San Diego | San Francisco | Stamford | Washington | 888.908.1933 | [www.mintz.com](http://www.mintz.com)

Information contained herein may be considered attorney advertising. Prior results do not guarantee a similar outcome.

# inquiries

## MBTA subsidies

The MBTA's operating subsidy per passenger seemed to increase last year compared to the year before, but officials say the primary difference was in how the figures were calculated.

In 2015, the T said the subsidy per passenger on the Red, Orange, and Blue lines was 61 cents. That compared to \$1.39 per passenger on the Green Line and Mattapan trolley, \$1.57 on ferries, \$2.86 on bus, \$5.75 on commuter rail, and \$45.53 per customer on The RIDE, the agency's paratransit service.

Figures released in late 2016 indicated the subsidy per rider was higher for the heavy rail Red, Orange, and Blue lines (77 cents), Green Line (\$1.73), ferries (\$3.14), and commuter rail (\$6.56), but lower for passengers on buses (\$2.77) and the RIDE (\$44.53).

Laurel Paget-Seekins, director of strategic initiatives at the T, said the 2015 numbers included nonfare revenues, such as advertising and real estate income, along with fare revenues in the calculation. The 2016 numbers included just fare revenues. It's unclear why ferry costs went up so much in 2016, and why bus costs went down.

Paget-Seekins said calculating the subsidy per mode isn't easy. "If someone transfers from Green to Red, how should we allocate their fare? Should administrative costs be allocated by ridership or some other metric?" she asked. She also said looking at just operating expenses skews the results since some modes require heavier capital investments.

"Our heavy rail subsidy looks the lowest, but that's without considering the capital costs and the other modes as feeders," she said.

► BRUCE MOHL

## Rural schools caught in 'death spiral'

► LINDA ENERSON

**ON A SUNNY** October day, students play at recess outside Hawlemont Elementary School tucked into the wooded hills of Charlemont, which are electric with fall color. As they head back to class, Wayne Kermenski, the principal, calls them over to visit the animals behind the school's newly constructed post-and-beam barn. They jump at the opportunity.

The farm animals are the hook that engages the students in lessons about core subjects, such as math and reading. There is no question the animals are a draw. Several boys kneel with handfuls of grain, watching with rapt attention as a few chickens approach. A girl pulls a rabbit out of its hutch and her classmates gather round, taking turns to pet the animal.

Hawlemont's curriculum wasn't always so engaging. Several years ago, the school was in the throes of a financial crisis, on the brink of closing its doors. Its turnaround is good news for the surrounding community, but other schools in the hill towns and other rural areas around the state continue to struggle with declining enrollment, flat revenues, and rising costs. Many rural school districts, educating about 90,000 students statewide, are dealing with some of the same financial constraints as their urban counterparts. But as they operate in sparsely populated areas, even the smallest changes in enrollment or revenue or expenses are magnified.

"It's the opposite of economy of scale," says Michael Buoniconti, the superintendent of the Hawlemont elementary district and the Mohawk Trail Regional Schools. He describes the situation as a "slow death spiral" for rural schools. "No business could possibly operate this way—not for long," he says.

Hawlemont, which currently educates about 100 students from Charlemont and Hawley, has had declining student enrollment since 2000, when nearly 160 students attended the school. Fewer students means flat state aid, but salaries and related expenses, which according to Buoniconti, comprise 80 percent of the school budget, continue to rise. "I've never been in a place where the salaries go down. They always go up every year," he says.

Like other rural schools, Hawlemont's small size offers few opportunities for administrators to trim the budget. At a school with several hundred students and several classes in each grade level, it's possible to eliminate a position here or there when enrollment declines. But at a rural school, where there is often one class per grade level, the revenue loss from a drop in enrollment is difficult to offset. The remaining students still need a teacher, and the school still needs at least a part-time guidance counselor, a principal, and a nurse, as well as janitorial, cafeteria, and office support staff.

Five years ago, Hawlemont responded to declining enrollment by combining several grades into a single class. The move was wildly unpopular with parents and teachers alike. Staff turnover increased and program quality suffered, pushing the school into a downward cycle as more parents opted out, sending their children to other schools.

Buoniconti says that competition with charter schools has exacerbated the financial problems of rural districts due to the state's funding mechanism for charter schools. When a student leaves for a non-charter public school under the state's school choice program, the sending district loses a set amount of \$5,000 per student. But when a student goes to a charter school, the sending district pays the actual costs of educating that student, which is roughly \$16,000 at Hawlemont. Buoniconti says that just a few students enrolling in charter schools may signal the loss of a full-time teaching or other staff position.

In 2013, Hawlemont was re-categorized by state education officials as a level 3 school (among the 20 percent lowest performing in the state). According to curriculum director Rachel Porter, the development of the school's agricultural program was all part of a concerted effort by the school's teachers, administrators, parents, and community members to save their school. Community volunteers and district staff put in hundreds of volunteer hours, mostly on weekends, building the barn and smaller outbuildings that house the animals.

"It's been a real shot in the arm for the community," says Porter, who also lives in Charlemont. "People really came together from both towns around the school—they all wanted it to succeed."

Hawlemont's success, however, has had the unanticipated consequence of attracting school-choice students from other elementary schools in the Mohawk Trail district. Those schools now teeter on the same financial precipice that Hawlemont was on a few years back.

"We're just rearranging deck chairs on the Titanic," says Buoniconti, who grew up on pig farm in Hampden County.



**Supt. Michael Buoniconti** checks on rabbit hutch with student at Hawlemont Elementary School.



**Principal Wayne Kermenski** with students at the chicken coop.

Porter says an elementary school is the heart of a town, and the magnet that attracts younger people and new families. "When one closes, it can be the death knell for the town," she says.

Some rural schools operate in areas that don't have high-speed internet service, which makes it difficult to attract businesses as well as residents. "Not having internet is like not having electricity," she says. "What business can operate these days without internet?"

Porter says that while all schools in her district have high-speed internet, they don't all have sufficient funding to purchase technology such as smart boards and tablets that children in urban and suburban schools take for granted. And many students still lack internet service

when they go home after school, creating a challenge for teachers in assigning homework.

Geography throws up another barrier to closing and consolidating elementary schools. Mohawk Trail Regional district, for example, encompasses more than 200 square miles. With a centrally located middle and high school, some older Mohawk Trail students ride the bus for more than two hours a day. The prospect of transporting younger students to a centralized school is one reason Buoniconti continues to push for keeping all the elementary schools open in his districts, “Older kids are more adaptable, but that sort of schedule takes a toll on the younger ones,” he says.

Several years ago, Mohawk’s neighboring district, Gateway Regional Schools, decided to consolidate five elementary schools into two. The move saved operating expenses, but was fraught with problems, as Worthington, one of the district’s more affluent communities, pushed back against the district’s decision to close its elementary school. After successfully getting legislative approval to break their regional contract, Worthington jumped ship, reopening their school under the purview of Hampshire Regional Schools.

Despite the consolidation, Gateway’s budget and program staff remain stretched thin. Superintendent David Hopson says that over the past few years, financial constraints have whittled away at high school course offerings. “We used to have more than one language, now we offer Spanish,” he says. Other languages as well as more advanced math and science courses are offered online. While online courses offer a rich opportunity for independent learners, “not every student learns well in an online or blended learning setting,” he says.

Buoniconti and Hopson are part of a coalition of rural superintendents who are advocating on Beacon Hill for an additional \$23 million of state aid to help rural schools compensate for the fiscal challenges they encounter when enrollment declines. According to Buoniconti, 81 districts may be eligible for such aid.

## Renewables not cheap

► BRUCE MOHL

**IN DECEMBER, A** company called CleanChoice Energy mailed out a sales pitch to electricity customers in eastern Massachusetts. The letter acknowledged that 100 percent renewable energy from solar and wind would cost “a little more” than “polluting energy,” but said the added

expense was worth it.

“That’s because the energy you are choosing is better for you and the planet,” the brochure said. “When you add more renewable energy to the electric grid, you are reducing toxic waste and air pollution, making the world a healthier place with cleaner air.”

In smaller print, CleanChoice Energy said the current fixed rate for the company’s clean energy was 14.8 cents per kilowatt hour, which compared to 8.2 cents a kilowatt hour for the electricity procured for customers by Eversource through competitive bidding.

The difference in price is huge. For a typical customer using 600 kilowatt hours a month, the Eversource price is \$49.20, while the CleanChoice product costs \$85.20. That’s just the price for electricity, and doesn’t include separate transmission, distribution, and customer service charges assessed by Eversource.

### COST OF GOING GREEN

The state Department of Public Utilities operates a website where customers can compare electricity offers, and 100 percent renewable energy offers are all priced higher. At press time in December, there were five options for people seeking 100 percent renewable energy, with prices ranging from a low of 10.1 cents a kilowatt hour with Champion Energy Service to a high of 15.8 cents with CleanChoice. The CleanChoice price apparently went up since the mailing.

Those companies with lower renewable energy prices tend to have cancellation fees if the customer wants to get out of the 12-month contract early. Champion, for example, charges a fee of \$10 a month for each month left on the contract. Green Mountain Energy, which charges 10.2 cents a kilowatt hour for renewable energy, assesses a \$150 fee for early cancellation.

Eversource procures power for customers in six-month increments. Its 8.2-cent price expired at the end of December, and rose to 9.996 cents per kilowatt hour for the six-month period which ends at the end of June. The July-December price is typically well below the January-June winter price.

Michael Durand, a spokesman for Eversource, said the company used to offer a renewable energy option to customers called NStar Green, but discontinued the program a year ago. Few customers took advantage of the program, which relied primarily on power from wind farms.

“We established it to give customers a green option back at a time when those options weren’t as prevalent as they are now,” Durand says. “We’re now using the power generated by those two wind farm contracts as part of our basic service portfolio.” **CW**

MICROPHILANTHROPY

# Contributing to debate

► EDWARD M. MURPHY

*Microphilanthropy is an occasional feature that calls attention to small acts of generosity that people do for the benefit of others and highlights little-known needs that could benefit from generosity, even on a small scale.*

**IF YOU WENT** to a high school with reasonable resources, there was almost certainly a debate team. It's possible the participants were a bit geeky but they were also smart, intense, and as committed to the competition as any varsity athlete. What set them apart is that even more than athletes, almost all of them went to college, graduated, and disproportionately launched successful careers. High quality schools have long seen competitive debate as a path for students to develop discipline, intellectual rigor, and effective communication skills. Young people who do debate often retain a lifelong appreciation for the experience.

Ten years ago, a small handful of ex-debaters, by then in their own successful careers in Boston, were distressed to learn that the city's public school system had virtually no debate opportunities for its high school and middle school students. Boston youngsters were left without access to an extra-curricular path that served suburban students well. In response, the former debaters founded a nonprofit organization, the Boston Debate League, with the mission of giving urban students access to a valuable resource.

Initially, a handful of volunteers persuaded approximately 25 students to participate in after-school debate activities. The program attracted the attention of former superintendent Carol Johnson, who attended a tournament and was impressed to see Boston Public School kids engaged in intense

competitive intellectual argument on a Saturday afternoon. With her encouragement, the debate program grew quickly. The league is now available in 20 high schools and 16 middle schools with a goal of expanding to a total of 75 schools by 2021. The Boston Debate League has 16 employees and serves 4,000 students with the help of 800 volunteers. The Boston Public Schools fund 20 percent of the cost but 80 percent must come from donations.

The growing enthusiasm for encouraging Boston youth to engage in debate stems from strong outcomes among students taking part. Participants are three times more likely than the typical Boston student to graduate from high school; 89 percent more likely to attend college; and 80 percent more likely to graduate from college. Even students who don't chose to participate in formal debate are benefitting from lessons in "Evidence Based Argumentation" that are now part of the curriculum in 10 schools where teachers recognize the value in urban kids learning new ways to resolve disputes. Mike Wasserman, the Boston Debate League's executive director, says students "are building their confidence, expanding their understanding of real-world issues, developing and strengthening their critical thinking and analytical skills, and helping build a supportive academic community."

The formal debate structure requires that participating students prepare to argue either side of a proposition using

carefully researched evidence and arguments. The propositions often involve public policy questions, which may explain why two out of three members of Congress (and lots of other politicians) are former debaters.

The Boston students who join the debate program practice after school and many of them participate in six major tournaments a year sponsored by the Boston Debate League. Formal debates involving hundreds of kids earnestly arguing in a structured format require lots of judges. Hundreds of kids earnestly arguing in a structured format require lots of judges. Volunteers fill that role after they participate in a one-time 45 minute training session covering the ground rules. Depending on whether the debaters are from middle school or high school, the tournaments occur on Friday afternoons or Saturdays. Judges are assigned tours of approximately four hours to listen to and score a portion of the many teams participating in the tournaments. It's exciting for the kids and for the judges.

To sustain the program and continue its expansion into more schools, the Boston Debate League needs two things: donations of money and the time of volunteers. If you can make a tax-deductible contribution or if you can spend time serving as a debate judge, check out the League's web site at [www.bostondebate.org](http://www.bostondebate.org) or contact Alicia Adamson at 857-239-9549. The Boston Debate League is located at 54 Canal St, 4th Floor, Boston, MA 02114.



Debaters, left to right: Ivan Hernandez, Darwin Pemberthy, Tayo Stuppard, and Vy Phan.

# Thank you for joining the brainstorm!



IDEAS UMass Boston is driven by innovation. At our October 26 conference, moderator Callie Crossley introduced us to six incredible speakers and a panel discussion featuring *The Boston Globe* Spotlight Team.

This year's big IDEAS included

- Mobilizing millennials to create positive change
- Healing through digital artwork
- Fighting discrimination through video games

**View all speaker presentations on our YouTube channel by visiting [www.umb.edu/ideas](http://www.umb.edu/ideas).**

## Big Ideas, Locally Grown

### SPONSORS



More Than Just Insurance.

**Plymouth Rock**  
assurance®



### MEDIA PARTNERS



Leaders in both the public and private sectors  
rely on The MassINC Polling Group for accurate,  
unbiased results.

You can too.



Opinion Polling   Market Research   Strategic Consulting   Communications Strategies



DATA-DRIVEN INSIGHT

# A call to action

Tanisha Sullivan, the incoming president of the Boston NAACP, thinks the city can ‘get it right’ when it comes to race issues.

BY MICHAEL JONAS | PHOTOGRAPH BY FRANK CURRAN

**What’s at the top of your agenda as you prepare to take over as the new president of the Boston NAACP?** It really is a continuation of the work that the NAACP historically has done. There are five key areas that I would say we will continue to focus on: criminal justice reform; economic development; access to high quality public education; the elimination of health disparities; and of course voting rights and access.

**I read in the *Bay State Banner* that you got your early political bearings and interest in these issues sitting in a hair salon as a young girl.** Yes. My early exposure to the NAACP really was in a local hair salon. I grew up in Brockton, and for most black folks you had three options for church, but you had one option for a hair salon. The owner of the salon was Mrs. Nan Ellison, and she was also the president of the local branch [of the NAACP]. So from a very early age I would sit in her shop waiting to get what we would call a press and curl with the hot comb, and really have the opportunity to listen to women talk about civil rights, and women talk about solutions to the civil rights issues of the day. And that certainly left a lasting impression on me, and really planted the seed of being involved and understanding civil rights issues and issues of racial justice, but also the fact that as a woman I could be involved, too. Having an understanding of all the women who’ve been in the movement prior to me, and the impact they’ve had, that’s how I’m here.

**The Boston office is the oldest NAACP branch**

**in the country, and yet we’re a city that has often been known nationally more for the stain of racial strife.** I believe that if there’s any city in this country that can get it right when it comes to race relations and race issues, it’s Boston. The question is whether we have the fortitude and will to stick through the difficult conversation and to make some very challenging decisions through a racial lens. I think, certainly, we’re seeing that with the mayor trying to open citywide dialogues around race. I think that can be a very positive thing for the city. But I think we have to be mindful that when it gets difficult—because right now we’re in the beginning stages, and it feels good—we have to make a commitment as a city to push through the pain points, push through, yes, a rough history, a challenging history, and for some people a challenging present. I think we are the city to get it done. We do have the history of racial strife, but we also have a history of standing up against racial injustice. We have a history of a commitment to helping to ensure that America’s delivering on her promise of freedom and justice for all.

**You are an attorney and worked previously inside the Boston schools as the chief equity officer. What was your take on the race issues that erupted there this year, centered at Boston Latin School?** I am deeply encouraged by the voice of our young people. I could not be more proud of the young people at Boston Latin. Young people across the city also raised their voices this year to push back on some of the budget decisions that were happening or that



were proposed to occur within the BPS. I certainly believe, if anything, this is like a proof point. Our young people are fully capable of carrying this mantle of civil rights and social justice.

**Speaking of young people, the NAACP is an old-line civil rights group. Even at the height of the civil rights movement in the 1960s, it was seen as a more stodgy throwback in relation to SNCC [the Student Nonviolent Coordinating Committee] and other organizations that young people gravitated toward.** There has been in the branch a push to engage more young people in the work. To that end, we have a Pipeline to Leadership program that seeks to introduce young people to the movement in a structured way. So we've got this raw talent, this raw passion, but we're really seeking to provide them with the resources and supports they need to actually be able to drive impact. We also have a youth council that we've been developing over the past few years through the branch. As I explained in talking about my own experience, I believe deeply that exposure to the movement for young people is critically important. It's important because it gives historical context, so that people don't forget, so young people know where we've been. Not to sit there in the past, but to use it as a launch pad for the work that needs to happen.

**What's your reaction been to the election of Donald Trump—someone who's been praised by the Ku Klux Klan, who himself has made bigoted statements about groups ranging from immigrants to Mexicans to Muslims?** We know we're going to have to remain vigilant and stand firm on issues of racial discrimination. It means that specifically on the criminal justice front we will continue to stay alert as it relates to police-community interactions. It means we will be mindful of what we have coming up in 2017, hopefully criminal justice reform, real criminal justice reform. We will be paying very close attention to that even here on a local level. That being said, the issues that are pressing in our community in December 2016 are the same issues that were pressing our community in October 2016. What may have changed is how steep our curve is. The battle is not new.

**But wasn't it distressing to hear some of the things that came out in the campaign?** Certainly. The fact that the rhetoric resonated with so many people across this country is disturbing, but not necessarily surprising for those of us who have been doing this work. This is what we've been fighting against for so long. My hope is people remain angry, people remain shocked, and stand shoulder to shoulder with us in this fight for equality and justice. **CW**

# Investing in the community is a gift to us all.

At Citizens Bank, we are proud to support organizations across the Commonwealth who share our commitment to serving the community.



## Got robots?

Dairy farmers use technology to eke out a living

BY LINDA ENERSON

**SIXTH-GENERATION FAMILY FARMERS** Dave and Steve Barstow have stretched the limits of what dairy farmers can do to stay afloat. They opened a store and bakery on their dairy farm at the foot of Mt. Holyoke in Hadley. They generate electricity from composted cow manure and food scraps. They even market a line of farm equipment. But low milk prices have kept their bottom line in the red. So, a couple of years ago, they sold the development rights to their land to the state and invested the proceeds in robots that milk the cows.

“We knew we either had to go out of business or put in the robots,” says Dave Barstow. “The next generation wanted to keep farming, so we put in the robots.”

Steve Barstow’s son, who is also named Steve, is the next generation. He is in the process of taking over management of the farm from his father and uncle, and he says the robots have cut labor and feed costs while increasing milk production. Depressed milk prices are still making it impossible to turn a profit, but Barstow says the farm would have gone under without the robots.

Robots are a way for New England dairy farmers milking a few hundred cows to compete in the global milk market against giant farms in the Midwest milking tens of thousands of cows. A handful of farms in Massachusetts have purchased the technology, and many more desperately want it. A robotic milking system doesn’t completely level the playing field with bigger farms, but it helps in a variety of ways.

Robots boost production by milking cows whenever they feel full. “The more you take the more she makes” is an old dairy farm saying which holds true whether the cow is milked by a human or a robot. But the robot operates 24-7, so cows no longer have to wait on the farmer to milk them, which on most farms is twice a day.

The Barstows’ cows are now milked an average of almost three times a day, increasing production by nearly 20 percent.

“People hear about the robots and they think they’re chasing the cows around to milk them,” says Dave Barstow. The reality is that cows frequently stand in line behind their herd mates, waiting to visit the robot. The attraction is two-fold: cows offload their milk and also feed on grain while they are milked. The robots use sensors to identify electronic tags on each cow to make sure no one cow is visiting the milking station too often. Conversely, if too much time passes before a cow shows up in line, the robot sends an alert to the farmer to check on her.



Cows on the Barstow farm are all identified by numbers.

The robots also track a cow’s milk production and tailor feed rations to each animal’s dietary needs. Cows that produce more milk get larger rations with higher protein. “That way, we don’t overfeed the cows that aren’t producing as much, and give the higher producing animals what they need,” says Dave Barstow.



At the foot of Mt. Holyoke in Hadley, the sign out front says Barstow's Longview Farm: Looking forward since 1806. From left, Rob Adair, a private contractor (excavator) working at the farm, Dave Barstow, and Steve Barstow II.

The robots don't look like much. They are basically a piece of machinery on an arm that slides underneath the cow after it enters the milking area. The robot uses lasers to detect where the cow's teats are located and then thoroughly cleans them. The scan process is repeated, rubber suction devices are inserted over the cow's teats, and the milking process begins.

It's hard to beat the consistency and efficiency of a robot when it comes to the cleaning and general care of a cow's teats. Farms using the technology invariably have lower bacteria counts in milk and fewer cases of mastitis and other udder health problems.

The Barstows used to spend 10 hours a day milking their cows and paid part-time workers to help with the evening milking shift. Now they spend a little time each day making sure the robots are operating efficiently and focus the rest of their attention on other farm chores.

All these advantages might suggest a turnaround in the Barstows' profit margin, but that hasn't happened yet. Shortly after installing the new system at Longview Farm in 2014, the wholesale market for milk collapsed. Milk prices were significantly below the cost of production in Massachusetts last year and are expected to be roughly the same this year, according to UMass resource economist Daniel Lass. After getting \$26 for every 100 pounds of milk a couple years ago, farmers are

now receiving about \$17 for the same amount, about 40 percent below their \$29 cost of production.

In a report, Lass noted that many farmers, like the Barstows, bring in extra cash through other endeavors, easing the pain of low milk prices. When income and expenses from these other sources were factored in, however, he calculated that total dairy farm revenue was still on average almost 25 percent below the cost of production.

"New England farmers are very adaptable, but month after month of sustained low milk prices is just brutal," says Mark Duffy, manager at Great Brooks Farm in Carlisle, which five years ago became the first farm in Massachusetts to install robots.

For now, the Barstows are resigned to keeping their

## The milking robots are a game changer.

operation afloat until the price of milk improves. "We work for the bank around here. The bank makes more money than we do," says Dave Barstow. "I don't want to be a rich guy, I just want to get a fair, living wage."

While his farm may fall short as a living, Dave Barstow says, it's also a lot more than that. "It's a lifestyle and a way of life. I don't know any other way of life, but I know it's been a great place to raise my kids, and my kids, who are

now in college, concur,” he says.

As an early adopter, Duffy is a big believer in robots as a way to keep dairy farms in business, but he says they also dramatically improve a farmer’s quality of life.

“The robots are a game changer,” he says, “Instead of coming down to the barn at six because that’s the time you always milk, you come down a little later and go see your kid’s ball game at six.”

Robots also may help make farms more sustainable by engaging farmers who have been raised in the digital age. “The next generation loves them,” says Duffy, “That’s what it’s all about, getting our farms to the point where the next generation not just can, but wants to take them over.”

Duffy says a lot of farms are eager to purchase the robots right now, but can’t due to the slumping milk market. A farm needs to install roughly one robot for every 60 milk cows. Each robot costs \$140,000. The Barstows have four robots for their herd of 240 cows, or a total investment approaching \$600,000—not a minor expense for farm operations on the edge of survival. New England dairy farmers have little control over milk prices, which are calculated by the US government in response to global market forces. Duffy says milk prices in the



US are depressed because demand is low due to China’s reduced imports of dry milk and Russia’s embargo on



## We support your commitment to a healthy economy

Bank of America is proud to recognize MassINC for your efforts to develop a local economy that’s growing stronger day by day. We’re with you every step of the way.

Visit us at  
[bankofamerica.com/massachusetts](http://bankofamerica.com/massachusetts)

Life’s better when we’re connected®

©2016 Bank of America Corporation | SPN-124-AD | AR7NWC3L

**Bank of America**



US and European milk. There is also a glut of milk on the world market, partly because European countries are allowing their farmers to produce more milk and partly because states in the Midwest are boosting production.

This year's historic drought accentuated the challenges facing dairy farmers. Duffy says the lack of rainfall meant the region's farmers were not able to make as much feed for their animals. Low milk prices, however, made it prohibitive to buy food to replace what farmers couldn't grow on the farm. "I can't remember any time we've had anything like this," he says of the drought conditions in New England.

Bob Wellington, a dairy economist for Agri-Mark, a cooperative buying milk from dairy farmers throughout New England and New York, says the region lost about 50 farms over the past year due to low milk prices and drought, leaving just 1,200 in the region and 140 in Massachusetts. "We have serious concerns about the next 12 months as farmers go into a third consecutive year of farm milk prices well below their cost of production," he says.

State Rep. Stephen Kulik of Worthington says dairy farms benefit everyone in the Commonwealth, not just those who live on or near them. "They keep land open,

which is good for the economy, the environment, and the aquifers," he says, "And they provide a fresh, local supply of milk. The growth of a robust locavore movement here shows that our citizens want and support local food."

Kulik was instrumental in setting up a state tax credit that protects Massachusetts farmers from going out of business when milk prices fall below the cost of production. Lass's study was originally commissioned to determine that trigger point.

## Dairy farmers seeking boost in tax credit.

"Farmers tell me that the tax credit has been a godsend in that it has kept their heads above water," says Kulik, "but the pricing situation right now is very dire." Last year, he says, he was unsuccessful in raising the \$4 million cap on the tax credit program.

"We are not looking for a handout," says Duffy, "We know the Commonwealth didn't have the expected revenue last year, but if we can get the cap of the program up to \$6 million per year, that would really help dairy farms stay in business." **CW**

**WE PROUDLY SUPPORT**  
**MassINC**





## What can the Mass. delegation do?

With the GOP in charge, the short answer is, not a lot.

BY SHAWN ZELLER

**MASSACHUSETTS VOTERS RAN** against the grain on Election Day and returned to Washington the nine incumbents who represent the Bay State in the House. They join fellow Democrats Elizabeth Warren and Ed Markey in the Senate.

So when their Republican colleagues who control both the House and Senate move this year to push through a sweeping budget reconciliation bill that could fundamentally alter the government's role in Americans' lives, the state's delegation will be frozen out of the process entirely.

Their message to their constituents is simple: We don't have the power to stop Republicans now. Only the American people, by voicing their opposition loudly and firmly, can.

Through budget reconciliation, Republicans can make changes to the tax code, the safety net, Medicare, Civil Service, and military retirement benefits, and repeal much of President Obama's health care law with a simple majority vote. Senators are not allowed to filibuster reconciliation bills.

Only one of the state's senators or representatives, Seth Moulton of Salem, has recent experience on the Budget Committee. Moulton, in his first term in the House, was the lowest ranking member on the budget panel and barely made a ripple. He began his second term this month, after winning re-election unopposed in November.

He says he's still sorting out how he'll approach the budget bill. "At this stage, we're still just starting to look at this," he says. "Neither Republicans nor Democrats know where this is headed."

Still, Moulton knows he can do little more than make noise and he is looking to step up. After all, he bucked his party's leadership in running against incumbent John F. Tierney in the 2014 Democratic primary and he reprised that insurgent role in

November, when he wrote to House Democratic Leader Nancy Pelosi of California to ask her to delay the elections in which House Democrats select their leaders for the next congressional session.

A number of Massachusetts colleagues signed on, including Springfield's Richard Neal, Somerville's Michael E. Capuano, and South Boston's Stephen Lynch. Pelosi agreed to push off the election.

When they voted after Thanksgiving, Democrats decided to keep Pelosi at the helm. Moulton says it was not his purpose to displace her; rather, he says, he wants Democrats to think harder about how to appeal to voters. "It's clear that we need to change. What I want to see is change within the caucus, change within the party," he says.

Moulton says he is not planning a leadership run himself, but the letter to Pelosi was a bold one for a 38-year-old House sophomore. It may set up the Iraq war veteran and Harvard College graduate for bigger things down the road, should his fellow Democrats become as impatient with the party's long stay in the minority (now at least eight years) as he is.

The letter exposed fissures in the House Democratic caucus that no one knew existed, with members of the Black Caucus joining Moulton along with old bulls such as Neal, who is in his 15th term.

When it came time to vote, 63 Democrats voted for Pelosi's rival, Tim Ryan of Ohio, the most opposition she has ever faced. And there is growing consensus in the caucus that Democrats' only hope to forestall a far-reaching reconciliation bill is to turn directly to the American people and convince them to raise hell.

"Having those voices heard and making sure they understand what the implications of recon-



Rep. Seth Moulton's letter exposes fissures in the Democratic caucus.

ciliation are is going to be critically important," says US Rep. Joe Kennedy III of Brookline. (For his part, Kennedy is now wavering a bit about his past refusal to consider a leadership post.)

His view, that the public, more than Democratic lawmakers, is best positioned to stop the GOP reconciliation bill, might come as a surprise to people lulled into the view that Congress is so gridlocked that it can't get anything done anymore.

After all, over the last six years, Congress' productivity sank to unprecedented lows, and it became a heavy lift for lawmakers simply to fund the government and authorize payments on government debt.

But that was a result of divided government at a time when partisan loyalties were at their highest levels in modern American history. Now the Republicans, for the first time in a decade, control both the legislative and executive branches.

The Senate filibuster, which allows a minority to block legislation with just 41 votes, cannot stop budget reconciliation. Since Congress created it in 1974, it's permitted Congress to enact legislation to implement its annual budget with a simple majority vote.

President Ronald Reagan used it to overhaul the tax code in 1981. The welfare reform of 1996 was enacted using rec-

onciliation and Obama and congressional Democrats went through reconciliation in 2010 to finalize the health care law.

There are limits on what can go into the bill. Provisions must be related to federal spending, revenues, or the government's borrowing authority—not policy—and reconciliation bills generally cannot touch discretionary spending, Social Security, or raise the federal debt.

But that leaves a wide berth and the person who decides what's permissible, the Senate parliamentarian, is a career official who is now beholden for her job to the Republicans in the Senate.

Paul D. Ryan, the Republican House speaker from Wisconsin, has encouraged his colleagues to "go big" and he's made no secret of his ambitions, outlined in years of budget proposals he shepherded in his previous role as the House Budget Committee chairman, and in the "Better Way" agenda he created as a campaign platform for GOP lawmakers last year.

His agenda includes proposals to lower corporate income tax rates, to eliminate the estate tax, and to exempt corporations' overseas earnings from US taxes. Ryan wants to remake the safety net, making it more difficult for able-bodied adults to take food stamps or rental housing assistance, and to reduce the federal government's role in managing the Medicaid program—which provides health care to the poor—by making the federal contribution a block grant to the states that they would manage.

He could overhaul the Medicare program for seniors, replacing it with vouchers that the elderly could use to buy health plans on the private market.

And it's expected that reconciliation will repeal much of Obama's health care law and eliminate federal funding for Planned Parenthood. Republicans did both of those in a reconciliation bill they passed in early 2016 as a mes-

## How far might Trump, Ryan seek to go?

saging exercise and an indication to voters of what they could do if a Republican won the White House. Obama vetoed that reconciliation bill, but Republican lawmakers now expect they'll have a willing partner in President Donald Trump.

How far might Trump and Ryan seek to go? "That's the \$100,000 question," says Paul Winfree, who served Alabama Republican Jeff Sessions on the Senate Budget Committee before joining the conservative Heritage Foundation in 2015. Sessions was the first senator to endorse Trump.

It could be a free-for-all. "I suspect what will happen, if budget reconciliation becomes a real thing, you'll see all these folks come out of woodwork with all these policy proposals they've wanted to move for a long time, and

they will try to get them into the package,” Winfree adds.

Trump’s signature is not guaranteed, of course. He opposed cuts to Medicare during his campaign and repealing the Medicaid expansion in the health care law could leave millions of lower-middle-income people without health insurance, and pose a serious political risk.

Democrats can hope Trump won’t sign the bill and they can lobby GOP senators to vote no. Maine’s Susan Collins opposed the Obamacare repeal in the 2016 reconciliation bill and surely would again. If a couple more Republican senators balk, it could kill reconciliation again.

While they’re doing that, Democrats need to come up with new ideas and make a better case to voters, says Stephen Lynch.

“We’ve been very aggressive in embracing new and edgier issues,” Lynch says, noting climate change as one. “It’s been somewhat elitist and we have to get back to those lunch bucket issues that are so basic.”

Lynch holds out hope that Trump might skip the controversial changes to the safety net and entitlement programs and work with Democrats on repairing America’s infrastructure and on a tax overhaul that everyone could get behind.

But it’s unclear if Republicans in Congress are still

committed to the tax reform long considered the most likely approach to win bipartisan backing: a reduction in rates paired with elimination of loopholes that neither increases nor decreases government revenue.

With reconciliation at their disposal, Republicans can skip the compromising. They could pair wholesale revisions to the health care law with tax cuts and trims to such safety net programs as food stamps and call the budget effects neutral or even a deficit cut.

Elimination of the health care law and cuts to the safety net, the argument would go, will increase economic growth because they’ll prompt people who would otherwise be unable to buy health insurance or purchase food to find jobs, raising tax revenues.

That would mean otherwise budget-busting tax cuts could be enacted, averting a reconciliation rule that bars provisions that will increase the deficit.

That’s left members of the Massachusetts delegation in Congress feeling just as bereft as their liberal constituents back home.

“A lot of us—a lot of Democrats in the caucus—are genuinely terrified at the prospects of the damage that Trump and a Republican Congress can do,” says US Rep. Jim McGovern of Worcester. **CW**

*Jennifer Nassour*

Would like to congratulate MassINC and *CommonWealth* magazine on 20 years of nonpartisan research and independent journalism.



*Cheers to the next 20 years!*



Shae and Doug Ranalli's home in Andover, shown during a massive renovation, turned into the home improvement project from hell.

# Home wreckers

A state program designed to help homeowners deal with contractors gives a false sense of protection.

BY JACK SULLIVAN | PHOTOGRAPHS BY MARK MORELLI

**FOR MOST HOMEOWNERS**, their house is their past, present, and future, the hard shell around their nest egg. That shell requires regular attention and occasional investment, and that means hiring home improvement contractors to keep everything shipshape.

For many homeowners, finding the right contractor is a process that can trigger a lot of anxiety. So for the past 25 years, the state has been overseeing a program to put homeowners at ease. It starts with one basic recommendation—hire only home improvement contractors registered with the Office of Consumer Affairs and Business Regulation. The office's FAQs web page on home improvement contractors is crystal clear on why it's important to hire someone who is registered.

"To protect you as the consumer!" the website exclaims. "When contractors register with the Office of Consumer Affairs and Business Regulation, they must make a contribution to the Guaranty Fund. Consumers may be eligible for reimbursements through the fund should something go wrong during the construction process." Registered contractors are also subject to mediation and arbitration.

What the website doesn't tell you is that the state program is worn and tattered, in need of its own repair, and providing a false sense of protection. There has been little effort to weed out incompetent contractors, and recovering funds from those contractors who take your money and run is an often endless and expensive process of litigation and paperwork.

Shae Ranalli and the hundreds of pages of documents detailing the problems she and her husband Doug had with a home improvement contractor.



Registration is also no guarantee of competence; anyone can register as a home improvement contractor whether they know which end of a hammer to use or not. All someone needs to do is pay \$150 and they're registered.

The Guaranty Fund? Homeowners are filing more claims against the fund even as the pot of available money is shrinking, in part because state officials haven't been complying with a provision in the law that requires them to make a financial recovery from contractors whose defective work spurs claims against the fund. Since 2012, state officials have recovered just 3 percent of the money paid out in claims. As a result, homeowners often have had to wait to receive their payments until the fund replenishes itself with fees collected from newly registered contractors.

But perhaps most maddening to consumers is discovering that a registered contractor they thought was legitimate has a history of prior screw-ups but was allowed to continue working—and scamming—other homeowners. The Home Improvement Contractor statute allows the consumer affairs office to forward the names of renegade contractors to the attorney general's office for criminal enforcement, but until late last summer not a single case had been referred for at least the last five years.

In addition, state agencies rarely work together in flagging problem contractors. Many contractors registered with the Office of Consumer Affairs and Business Regulation are also required to be licensed by the Executive Office

of Public Safety and Security. But a review of databases at both agencies indicates that even if a registered contractor's license is revoked or expired, he often still retains his active license with Public Safety as a construction supervisor.

Itai Halevi is a Scituate homeowner who followed the state's recommendation and hired a registered contractor to add on to his home. The contractor opened the roof and ripped his home apart and then left with the job unfinished in the middle of the harsh winter of 2013. Halevi says he feels let down by the entire registration process.

"It's supposed to uphold a bond," he says. "Registration says this contractor is legitimate, it's honorable, something a citizen of the Commonwealth can trust. When the registration of a contractor has broken down, it was very disappointing to find the system that was supposed to protect the citizens was not there."

## REGISTRATION, NOT PROTECTION

Imagine what the state would do if thousands of people were motoring around without drivers licenses. State officials would issue tickets to the offenders and, if that didn't work, send them to jail.

But contractors who fail to register with the state are rarely fined and there are no records of any of them ever being criminally charged, much less sentenced to jail.

As a result, many contractors never bother to register. John Chapman, the undersecretary for the Office of

Consumer Affairs and Business Regulation, says 27,000 home improvement contractors are registered with the state, but he acknowledges that many more are working as contractors without registering, which is a criminal violation of state law, punishable by up to two years in jail.

"I think, frankly, we just have the tip of the iceberg with those that are registered," Chapman says.

Gregory White, general counsel for the consumer affairs office, says he got a sense for how big the pool of unregistered contractors is when he and his wife recently looked for someone to paint the outside of their house. Six contractors bid on the work, all of them with 20 to 25 years of experience and with multiple references. Not one, White says, was registered. He says he informed each of them of their responsibility under the law.

The home improvement contractor law took effect in 1992. It requires a wide range of tradesmen who perform work on homes—carpenters, kitchen remodelers, roofers, gutter installers, in-ground pool installers, even exterior

## Contractors who fail to register are rarely fined and there are no records of any being criminally charged or sent to jail.

painters, to name a few—to register with the state for a minimal fee of \$150 and then renew every two years at the same rate. The fees go toward the costs of administering the program.

Registration is designed to protect consumers, but it's also a way for state officials to make sure contractors are abiding by other laws. "It also allows us to go after rogue contractors," says White. "If you're not registering, you're not carrying worker's comp, you're not carrying insurance, you're not paying unemployment."

Since 2015, the first year of Gov. Charlie Baker's administration, there has been a heightened effort to put some meat on the bones of the Home Improvement Contractor program. But years of neglect have taken a toll.

Chapman's agency has begun some outreach on social media and launched ad campaigns to raise consumer and contractor awareness of the law. The consumer affairs office earlier this year sent staffers to four lumber yards around the state informing contractors who came in of their need to register, an effort that helped boost the number of new registrants 28 percent this year compared to last year.

The office has sent out letters to local building inspectors

urging them to make sure to verify if a contractor has an active license and registration. One issue with that, though, is a homeowner can pull a permit on his or her own without putting a contractor's name on the application.

The consumer affairs office has also levied fines against unregistered contractors, contractors who fail to renew their registrations, and contractors that fail to make payments to the Guaranty Fund, but only a small portion of the money is ever collected. In 2014, the office levied \$145,550 in total fines but collected only \$24,750, or about 17 percent. Through the end of November last year, officials had collected 16 percent, or \$41,600, of the total \$255,250 in fines assessed. Most contractors just ignore the fines because the consumer affairs office has limited ability to force them to pay.

Consumers may be the key to boosting contractor registration. If homeowners refused to do business with anyone other than a registered contractor, the number of registrations would probably go up. But not enough homeowners are aware of the program and even those that are aware are having difficulty verifying a contractor's registration status right now.

Up until October, the consumer affairs website had a database where homeowners could check the status of a contractor's registration as well as the history of claims made against him. Shortly after Commonwealth began requesting information for this story, that database was removed, though officials say it was coincidental. They say the database is being migrated to a new program and, in the process, errors were discovered. The data-

base is expected to be back up as soon as January. In the meantime, the office has a staffer fielding phone calls from consumers checking registrations, though oftentimes he is inundated with calls and inquiries have to go to voicemail.

### GUARANTY FUND

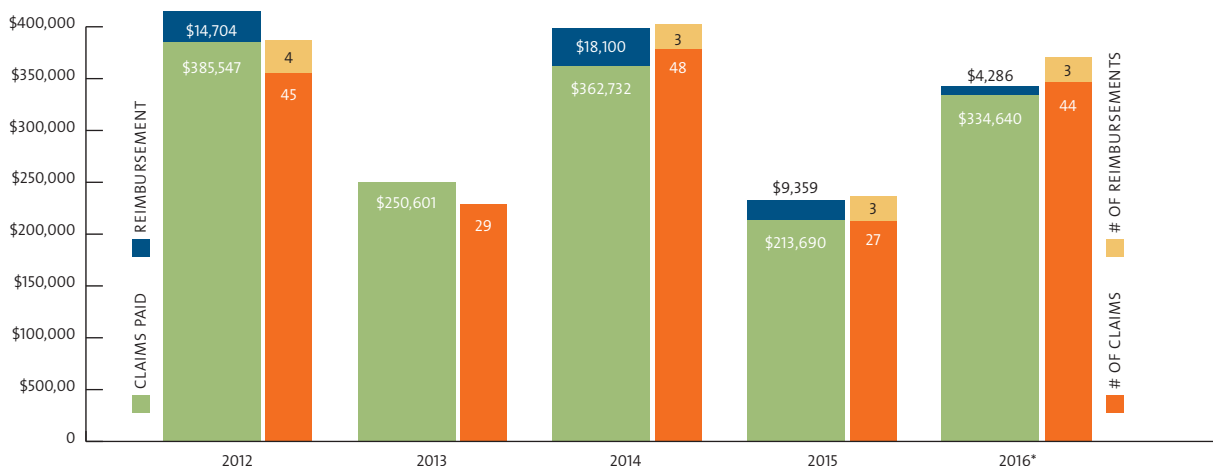
The idea behind the state's Residential Contractor Guaranty Fund is to have the contracting industry take some measure of financial responsibility for its own bad apples by compensating customers for shoddy work.

When a contractor initially files his registration papers and pays the administrative fee, he is also charged a one-time sliding fee ranging from \$100 to \$500 depending on the number of people he employs. That one-time payment is funneled into the state Guaranty Fund and used to reimburse consumers who are victimized by contractors who fail to do their work properly.

In order to get a claim paid out of the Guaranty Fund, homeowners first have to obtain a court judgment verifying their loss. They then apply to the fund for reimbursements of up to \$10,000.

## GUARANTY NOT TO COLLECT

Since 2012, the state has paid more than \$1.5 million out of the Guaranty Fund it administers for homeowners who have made claims against contractors but has done little to get reimbursement to replenish the fund.



Source: Office of Consumer Affairs and Business Regulation

\*--As of Dec. 2, 2016

Ian Pilarczyk, a law professor at Boston University, hired a contractor from Andover in 2012 to renovate the third floor of his Abington home in anticipation of the arrival of twins he and his wife were expecting. He says he went to the fund after the contractor took his deposit and upfront payments but didn't pass the money along to subcontractors and suppliers, who stopped doing work after not getting paid.

He was unaware of the fund until he started making calls to consumer affairs and researching the home improvement contractor website, gathering information he hadn't known about previously. But he said the process of making a claim against the Guaranty Fund was byzantine and time-consuming, requiring a huge investment of time. Pilarczyk says he was able to navigate the system at minimal expense because he had a background in law as well as friends in the legal business.

"It's a fairly opaque process," says Pilarczyk. People he spoke with at consumer affairs, he said, "were singularly unhelpful. Our impression was they weren't in any hurry to give out any money to anyone...It just seemed like they were being really bureaucratic, making it very, very hard for people to get money from it. I put less attention to detail in my doctoral dissertation" than in the claim.

The number of consumers applying to the Guaranty Fund is rising. There were 178 complaints in 2014, while 324 were filed in 2016 through the end of November. The balance in the fund at the start of fiscal 2017 last July was \$749,353. Through November, the fund paid out \$334,641 but, even with the new registrations, it's unclear

whether there will be enough money to process all the applications. The average annual payout from the fund has been \$309,000 since 2012 but complaints have risen dramatically. When money runs short, claims are put on hold until more contractor money flows into the fund.

While the law requires contractors to reimburse the fund for any claims involving them, relatively few contractors actually pay up. Since 2012, there have been 193 claims paid out of the Guaranty Fund but only 13 contractors have made reimbursements, several unwill-

## The Guaranty Fund is meant for contractors to take some measure of responsibility for their own bad apples.

ingly when the State Comptroller intercepted payments due them from the government. A total of \$46,450—just 3 percent of what has been paid out—has been recovered in reimbursements.

Officials say their collection efforts are hampered by the fact that many of the offending craftsmen have filed bankruptcy, left the area, or just can't be found. Many of them simply don't have the money. "You can't get blood out of a stone," says White, the general counsel for the consumer affairs office.



**John Chapman, undersecretary for the Office of Consumer Affairs and Business Regulation, concedes the Home Improvement Contractor program has been neglected for a long time.**

But there has also been very little appetite until recently to pursue delinquent contractors. Consumer affairs lacks the power to compel contractors to reimburse the fund, so cases have to be referred to the attorney general's office. The Baker administration referred 11 of what the agency considers the top Guaranty Fund offenders to the attorney general's office late last summer, the first referrals in more than five years.

"We're talking with the attorney general's office about where we can work better together," says Chapman. "We can revoke their registration but without any sort of [consumer] education [about checking for a registration], we're not sure how effective that is. Our hands are a little bit tied because of the nature of the program."

All of the 11 contractors referred to the attorney general's office in August had their registrations suspended or revoked, but five of them continued to have active construction supervisor licenses with the state Office of Public Safety as of mid-December. Most contractors are legally required to hold construction supervisor licenses, which require the holder to demonstrate competency in the field as well as

experience. The fact that five of the contractors continued to hold construction supervisor licenses even though their contractor's registration had been suspended or revoked suggests the two state agencies are not communicating well.

*CommonWealth* compiled its own list of 17 contractors who each were responsible for multiple claims against the Guaranty Fund over the last five years. Most of the contractors were not on the list referred by consumer affairs to the attorney general's office. All of the contractors on the *CommonWealth* list had had their registrations suspended or revoked, but five still had active construction supervisor licenses. (Two of the five on *CommonWealth's* list were also on the list sent to the attorney general.)

Of the remaining 11 contractors on *CommonWealth's* list, three had construction supervisor licenses that were labeled "null and void," one had a suspended license, and one had a revoked license. Seven had no record on file with the public safety office, suggesting some may have been doing work without being licensed properly.

Even as state officials try to build up the Guaranty Fund, some are advocating to expand the group of consumers who can apply for reimbursements from the fund. Edgar Dworsky, a consumer advocate who served under six previous consumer affairs secretaries, says the law needs to be expanded to include condominium owners in large complexes. The statute currently limits claims to owners of houses with one to four units, meaning if a condo owner in a larger building has a kitchen or bathroom renovated, there is no recourse other than court if the contractor fails to perform. "Think of anyone who's in a larger building," says Dworsky. "Shouldn't they have rights if they hire a registered contractor? They shouldn't be second-class citizens."

Dworsky says the state should chip in more money to the fund if it runs low on cash. He says the law was important enough for legislators to enact so there should be resources made available to support enforcement and assist homeowners in recovering lost money.

There is money there. The Legislature allocates about \$500,000 a year for administering, which is funded through revenues the consumer affairs office collects in registration fees. But with 27,000 contractors paying \$150 every two years, the program pulls in more than \$4 million, meaning roughly \$1.5 million a year goes into the state's general fund.

Dworsky says the consumer affairs agency also has the ability to "re-levy" already registered contractors in good standing to raise more revenue for the fund. State officials, though, dismiss the idea of tapping contractors

again or even raising the fee of new registrants, many of whom grouse about being required to compensate consumers for the bad acts of those who flout the law.

“We’re already getting pushback from the industry on these fees, which are miniscule,” says White. “Can you imagine if we quadrupled that?”

**BAD APPLE**

Christopher Matey had a booming contracting business called Red Apple Renovations. His bona fides appeared impeccable. A one-time member of the Andover Zoning Board of Appeals, Matey had knowledge of local codes and the references to wow prospective customers. He was registered as a contractor and licensed as a construction supervisor. His customer base stretched from Greater Boston through the North Shore and into southern New Hampshire.

“As a homeowner, you can’t be expected to know all the ins and outs of residential construction,” Matey wrote in one blog post on his company’s website. “It’s not your profession and not what you do with your time. Because of that, it’s important to find a contractor who is up to date on the current building code. Also, it’s important to find a contractor who cares about their work. Look for pride in the details as well as a record of happy customers.”

Despite his strong credentials, Matey became a serial home wrecker. According to consumer affairs data and court bankruptcy records, Matey left at least 28 homeowners high and dry after taking their money and failing to perform promised renovations. His story illustrates how it’s difficult for state regulators to crack down on a

contractor who goes off the rails.

Among Matey’s earliest victims were Shae and Doug Ranalli, an Andover couple who paid the contractor more than \$300,000 to gut and renovate their historic home. Shae Ranalli had served on the zoning board with Matey and, after checking his credentials, convinced her husband they should hire him. But from the beginning, checks the Ranallis wrote to Matey to pay subcontractors and suppliers ended up going elsewhere. They didn’t learn about it until their home had been ripped apart and exposed and they began receiving lien notices from those who were owed money by Matey.

“A contractor should not be able to take a customer’s

**Despite strong credentials, Matey became a serial home wrecker, leaving at least 28 homeowners high and dry, records show.**

money for a job and apply it to another account,” says Shae Ranalli, whose family rented a small home while theirs was being renovated. “If I write out a check to the siding company, it should go to my account and nowhere else. For so many people in the Commonwealth, your biggest investment is your home, by far. It is your major investment, for the most part, it is your retirement.”

Despite his problems, new customers of Matey’s never knew what was happening because no action had been

**NAILED**

The following is a list of the 11 “top offenders” that state consumer officials have forwarded to the Attorney General for collection of claims made against them by homeowners that were paid out of the state-administered Guaranty Fund.

NAME	REGISTRATION NUMBER
Emilio B. Matarazzo	118697
Anthony R. Petino	120096
Stephen R. DiPhillipo d/b/a Alternative One Home Improvement, Also doing business as: Alternative-1 Homes, Inc.	152912
Leo P. Cunningham and CMC Builders, Inc.	154459
George M. Depina	138584
Gregory A. Logan	165684
Jason D. Goulart d/b/a JG Construction	163254
Douglas C. Pillsbury and Advanced Gunite Pools, Inc.	118779
David M. Ashman and Ashman Property Services, LLC	166989
Jordan Ally	137032
Nicholas B. Willoughby	149331

Source: Massachusetts Attorney General’s office



Shae Ranalli outside her family's historic home in Andover that had been a nightmare renovation project.

taken against him by the registration program. That allowed him to keep signing up new homeowners blinded by Matey's salesmanship.

According to Guaranty Fund records, at least five claims for the maximum \$10,000 were upheld against Matey, including the Ranallis' claim, with others still unsettled. The Ranallis filed their claim in July 2012 and received a payment from the Guaranty Fund in April 2013. Three other homeowners filed their claims in September 2013, November 2013, and January 2014; all of them received checks from the Guaranty Fund in 2016.

The records suggest Matey kept signing up customers even after homeowners had won judgments against him. Normally, Matey's registration would have been revoked after he failed to reimburse the Guaranty Fund, but state officials were prevented from taking any action against him because he filed for bankruptcy.

Under federal bankruptcy law, "a governmental unit may not deny, revoke, suspend, or refuse to renew a license, permit, charter, franchise, or other similar grant" of anyone who has filed for bankruptcy protection.

Matey's registration remained effective until he let it expire.

Shae Ranalli says she faults the state's shaky program for Matey. "How do you justify allowing a professional who has shown such incompetence, allowing them back into that profession when their incompetence has such a detrimental effect on individual homeowners?" she asked.

Chapman, the consumer affairs undersecretary, says his agency needs to focus on the program and bring some attention to it. "We need to make sure there's some consistency to it. The bad ones just abandon the job and walk away, often with huge chunks of money from consumers who need to recover those funds to do their improvement," he says. "Sometimes, some things slip through the cracks. We're just trying to minimize how many times that happens." **CW**



*Building Relationships.  
Enhancing Lives.*



**The MENTOR Network** is a national network of local health and human services providers offering an array of quality, community-based services to adults and children with intellectual and developmental disabilities, brain and spinal cord injuries and other catastrophic injuries and illnesses, and to youth with emotional, behavioral and medically complex challenges as well as their families; and to elders in need of support.

The  
**MENTOR**  
Network

313 Congress St, 5th Floor  
Boston, MA 02210  
p. 617.790.4800 | f.617.790.4271  
[www.thementornetwork.com](http://www.thementornetwork.com)





# Mom-and-pop economic development

Boosting unbanked  
immigrant entrepreneurs  
in Lawrence

BY TED SIEFER | PHOTOGRAPHS BY MEGHAN MOORE

**JOSE ROSARIO CAN** barely walk a step without pointing to some of the changes he's made since becoming the owner of Universal Auto Repair in Lawrence. There are the four new vehicle lifts; the diagnostic computers; the uniforms for his staff, complete with name tags; the fresh coat of interior paint; the break room for his employees; and the waiting area for his customers.

Jose Rosario at his  
garage in Lawrence.





Jose Rosario, third from right, with his employees at Universal Auto Repair and Derek Mitchell (in suit), executive director of the Lawrence Partnership.

“If this garage is mine, I’m going to make my people comfortable,” says Rosario, who has worked on cars since he was a little boy in the Dominican Republic. He immigrated to the United States in the early 1990s, and worked for dealerships in the New York City area before settling in Lawrence.

It was only about a year ago that he was working as a mechanic at this very garage, chafing under a boss who, in Rosario’s view, mistreated his customers and employees, who ran the place like a “Mickey Mouse business,” keeping shoddy records while trying to avoid taxes. When the owner’s health took a turn and he wanted to sell the garage, Rosario saw an opportunity to finally realize his dream of owning his own shop. But even then, the prospects were dim because Rosario couldn’t find a bank willing to give him a loan, in large part because the balance sheets of the business were so sketchy.

Then along came a new program called the Lawrence Venture Fund, a loan pool for local entrepreneurs. With the fund’s help, Rosario was able to purchase and overhaul the business. The feat was all the more remarkable when one considers the source of funds: a group of staid, venerable New England banks.

The loan fund was one of the first initiatives of the Lawrence Partnership after the nonprofit was founded

two years ago with the goal of bringing together people from various spheres—business, academia, health care, city government—in the interest of reviving the long-struggling city. The Venture Fund does not target immigrants for support. But in a city such as Lawrence, where more than 70 percent of the population is Hispanic and

## The fund doesn’t target immigrants, but in Lawrence immigrants are the biggest beneficiaries.

more than 40 percent are foreign-born (many from the Dominican Republic), immigrants have been the greatest beneficiaries.

Economic development often revolves around ground-breakings for sleek mixed-used buildings or efforts to lure corporate headquarters. But with its loan program, the Lawrence Partnership is taking a decidedly down-market approach, providing modest loans to the baker-

ies, garages, and other mom-and-pop businesses that form the lifeblood of the city's economy.

Lawrence is not alone in attempting to tap the entrepreneurial energy of immigrants as an economic development strategy. There are programs in such diverse locales as Philadelphia and Des Moines, Iowa, that offer financial and technical assistance to immigrant business owners and which attempt to market districts with large concentrations of immigrant-owned shops as tourist destinations.

Similar initiatives have cropped up closer to home. Indeed, the basic structure of the Lawrence program—local banks contributing to a loan pool—was modeled after a program in Lowell. A 2014 MassINC report, entitled “Going for Growth: Promoting Immigrant Entrepreneurship in Massachusetts Gateway Cities,” took note of some of these emerging efforts. Other immigrant-heavy Gateway Cities, including Fitchburg and Haverhill, are showing interest in what’s happening in Lawrence.

But while there have been some promising developments, success is not guaranteed. The MassINC report noted that loan programs can face political resistance, and that immigrants are often disinclined to trust banks or government agencies. “Engagement from outsiders, no matter how potentially useful, may be dismissed,” the report said.

The Malden-based Immigrant Learning Center launched a pilot program to assist immigrant business owners in Lynn in 2012, but after getting off to a strong start, the program fizzled. Language barriers were a problem, but it was also difficult convincing immigrant entrepreneurs and city officials to buy in to the concept.

Marcia Drew Hohn, the former director of the Immigrant Learning Center, remains convinced that the mom-and-pop approach to economic development holds promise. “I think a lot of people are starting to recognize they have an asset right in their communities,” Drew Hohn says. “But I would also say I think the city people, the economic development people, have to be on board with this, fully on board, or it’s not likely to go anywhere in the long term.”



**Ramon Alberto, the owner of La Cibaena Bakery, which received a loan from the Lawrence Venture Fund.**



**Saturnino Peralta and his wife, Yaniry Espinar, at El Pez Dorado in Lawrence.**

## THE LAWRENCE LABORATORY

All Gateway Cities have struggled since large-scale manufacturing decamped from New England. But the flight of capital from Lawrence, once a global textile powerhouse, has been especially stark. There used to be four regional banks headquartered in the city; now there are none.

Lawrence has the lowest median household income in the state—about \$34,000, nearly half the state average.

Its poverty rate is among the highest. The Lawrence School District is in state receivership, and the city's finances are subject to state oversight.

The city has been dogged by the kind of statistics and press coverage—corruption, drugs, crime (most recently there was the horrific beheading of a high school student)—that tend to scare away investors and corporations, not to mention would-be tourists.

Yet one could hardly say that Lawrence is devoid of economic activity these days—far from it, at least judging by the lunch rush on a recent day at El Pez Dorado, a restaurant that serves up roasted chicken,

rice, fried plantains, and other Dominican specialties. El Pez Dorado is among scores of small immigrant-run businesses in Lawrence—salons, barbers, hardware stores, taco shops, many of them with storefront signs exclusively in Spanish.

“This is where the action is,” says Derek Mitchell, the executive director of the Lawrence Partnership, as he dug into a plate of chicken with rice and beans. “This is the kind of immigrant entrepreneurship that’s all over the place in Lawrence, but that doesn’t always get seen in the larger state picture.”

The line of customers at El Pez Dorado stretches to the door, through a cramped dining area with a handful of tables. But the restaurant’s owner, Saturnino Peralta, wants the place to be more than a popular hole in the wall. And thanks to a recently approved loan from the Lawrence Venture Fund, an expansion into an adjacent property is nearly complete. He is adding a dining room and bar with a shiny new tile floor and a full professional kitchen, which will allow Peralta to expand his catering operation. The restaurant is almost tripling in size, and Peralta expects to nearly double the number of employees to 18.

“I’m happy right now,” Peralta says in halting English. “The money will let me finish the new restaurant. We’re going to try to open for the new year.”

Peralta says the venture fund loan will also help him get out of another loan, one that he describes as “very bad.” It’s a predicament that many immigrant business owners of modest means face, Mitchell explains. Many



Hard-money loans can have interest rates as high as 47 percent, says Frank Carvalho, executive director of Mill City Community Investments.

are “unbanked,” meaning they rely on informal lenders who often charge high interest rates that can hobble a business’s growth.”

Such “hard money” loans can carry interest rates as high as 47 percent, says Frank Carvalho, the executive director of Mill City Community Investments, a federally-chartered institution that is administering the Lawrence loan fund.

“Sometimes they have such heavy losses because they can’t afford the payment,” Carvalho says. “It’s not infrequent to see bodegas change hands every year because there was a private investor and the owner couldn’t keep up, so it had to go to somebody else.”

Venture fund loans, typically in the range of \$75,000 to \$100,000, have interest rates in the range of 6 percent.

### **BANKS AT THE TABLE**

Soon after the Lawrence Partnership launched the loan program in the fall of 2015, it became clear that it had tapped a profound need in the community. The fund began with \$1 million in available funds, fronted by Eastern Bank, Enterprise Bank, TD Bank, and Merrimack Valley Federal Credit Union.

With an early crop of loan recipients, including a bakery and car audio store, leaders of the partnership were able to convince six more banks to join up, and the loan fund grew to \$2.5 million. The city of Lawrence has agreed to guarantee 10 percent of the value of the loans,

Derek Mitchell of the Lawrence Partnership moves easily between conversations with business executives and working class immigrants.



“What I feel so excited about is that for the first time in a long time banks are at the table with the city,” says Lawrence Mayor Daniel Rivera. “Lawrence at its core has always been supported by immigrant entrepreneurs, so there’s always a hunger for financial support, especially when banking institutions have failed in the past to make lending products to support them.”

That the venture fund has been able to make inroads in the Lawrence immigrant community is a credit to Mitchell, who was hired by the Lawrence Partnership to be its first executive director shortly after its founding. Mitchell,

or \$250,000. Only businesses that will add jobs and/or are deemed to add to the city’s retail climate are eligible for the loans. Pot, gun, and adult entertainment shops are specifically excluded.

From its inception, the Lawrence Partnership has sought to make members of the business community, including bank executives, part of its plans for boosting the city’s fortunes. And so it was that a core group

36, served in the Peace Corps in Nicaragua, and has led organizations that assist at-risk youth, refugees, and immigrants. At the same time, he graduated from Brown University and holds a master’s degree in economic development from UMass Lowell. Affable and intense, he seems to flow easily between conversations with business executives and working class immigrants. It helps that he’s fluent in Spanish, as well.

Still, Lane Glenn, the president of Northern Essex Community College and a founding member of the partnership, says no one knew what kind of response the loan program would have in Lawrence. “Our biggest fear was we wouldn’t have anybody asking for money. But quite the opposite has happened,” he says.

While the loan fund has primarily benefited small family-owned businesses, it’s not limited to this purpose; one recipient, 99Degrees Custom, is a startup that aims to use advanced manufacturing to produce athletic apparel.

There is a less altruistic reason for banks to participate in the loan fund: they can score points with federal regulators who oversee compliance with the Community Reinvestment Act, which requires financial institutions to make an effort to lend in traditionally underserved communities. Poor CRA scores can hinder a bank’s expansion or merger plans.

“The CRA credit is very attractive to banks. Left alone, it’s difficult for banks to find those borrowers,” says Robert Rivers, the president of Eastern Bank. Eastern Bank is a sponsor of MassINC, the publisher of *CommonWealth*.

## Lawrence Mayor Dan Rivera says he’s excited that banks are finally at the table with city.

of regional banks grew to see how investing in an often overlooked segment of the market, including the humble mom-and-pop shops that fill the city, could uniquely benefit Lawrence.

“They’ll create jobs,” says Chester Szablak, an executive vice president at Enterprise Bank and a member of the Lawrence Partnership’s board. “Ultimately the more jobs we can create by making capital available, the better for the city socially and economically.”

"It's good business," Rivers adds. "But it's also an investment in the community."

### MINIMIZING RISK

For all of their good intentions, the banks supporting the venture fund are highly-regulated entities that have a fiduciary responsibility to avoid risky loans. And new business loans are inherently risky, especially in the case of borrowers who are new to the country with limited resources.

The Lawrence Venture Fund is structured to mitigate these risks. With 10 banks participating, each bank is on the hook for only 10 percent of any given loan. And technically, the banks are not loaning the money directly to the businesses, but extending a line of credit to Mill City Community Investments, the Community Development Financial Institution that administers the loans. (CDFIs

are federally chartered to assist communities underserved by banks.)

MCCI helps borrowers with what may be the most crucial step in the loan application process: technical



Ramon Alberto from La Cibaena Bakery (left) shakes hands with Chet Szablak from Enterprise Bank.

## EVERYDAY IMPACT



308 Congress Street | Boston, MA 02210 | [www.BostonChildrensMuseum.org](http://www.BostonChildrensMuseum.org)

THIS AD GENEROUSLY DONATED BY THE MENTOR NETWORK.

assistance. The organization works with applicants to get their records in order and to develop concrete financial plans, a process that can take months.

“We do due diligence underwriting the loan, understanding where (the borrowers) are going to go, and where their numbers are coming from,” says Carvalho, the organization’s director. “Are they just pulling numbers from the sky? There’s got to be real planning and a realistic approach.”

He adds, “We’re hoping with our intervention, helping them get their records straight, that they will become bankable and get out of (our loan). And then we’ll have money to lend to other businesses.”

There is yet another potential benefit of integrating immigrant-owned enterprises into the formal banking system: boosting tax collections. According to several people involved in the Lawrence loan program, some businesses understate their revenue in the interest of lowering their tax bills, a practice that would make them poor candidates for standard bank loans.

“We want all these businesses to become bankable, and to do that they’re going to have to have the type of returns that reflect cash flow,” says Szablak of Enterprise Bank.

## A SOLID START

So far, none of the eight businesses that have received venture fund loans have missed a payment, according to leaders of the Lawrence Partnership. And the program is steadily gaining the attention of officials in other Gateway Cities, including Haverhill and Fitchburg.

“The idea is certainly replicable because all these communities have a similar asset,” Mitchell says. “We all have immigrant communities that are entrepreneurial and unbanked; we all have third-party entities, whether municipal or nonprofit. So the trick is getting people to yes.”

Back at Universal Auto, Jose Rosario says the garage is doing more business than ever—about 20 vehicles a day. He’s hired one new employee and more hires may be coming. Now that he’s bought the business, he’s hoping to buy the building, another development that he could’ve scarcely imagined one year ago.

Rosario has a palpable sense of pride. After toiling under the previous owner, he seems to relish the chance to run the shop his way, from having a proper waiting area for his customers to keeping his books in order.

“I’m very happy. No bank would give me opportunity, and then the program give me. And now I am the owner, thank God,” he says. “Now look at the change.” **CW**

Wherever, whenever you need  
a partner to be there for you ...  
Count Us In.



Harvard Pilgrim  
HealthCare

# Is there room for nostalgia at the T?

Emotions run high over rolling  
museum pieces on the Mattapan Line

BY COLMAN M. HERMAN AND BRUCE MOHL  
PHOTOGRAPHS BY MICHAEL MANNING

**THE MBTA RECENTLY** decided to replace all the cars on the Red Line rather than just a portion of them. The agency's chief operating officer, Jeffrey Gonneville, made the case that a Red Line with a uniform style of car would lead to much better service and lower maintenance costs. He also said it made no sense to overhaul cars built in 1993 so they would last another 8 to 10 years, when it was possible to buy new cars that would last 30 years.



The Mattapan Trolleys are about the same width as a Green Line car, but much shorter and lighter.

The potentially \$280 million move was hailed as a sign the T was finally catching on. Transportation Secretary Stephanie Pollack said pulling the deal together in 90 days showed the agency was thinking in a different way. “It represents an important difference between the new T that we have been working hard to build...and the old approach,” she said.

But the T is following a very different playbook with the rail line that shuttles passengers back and forth between Mattapan and Ashmont Station, at the southern end of the Red Line in Dorchester. The line is officially called the MBTA High Speed Trolley, but the trolleys themselves don’t travel at high speeds. Built in the mid-1940s, the trolleys are essentially traveling museum pieces—with legions of vocal fans.

Gonneville remembers making a presentation to the T’s oversight board early last year about the state of the entire system. During his presentation, he talked for just a few seconds about the challenges with the Mattapan Line and some of the options under consideration. In no time, he was hearing from trolley supporters angry that he was even considering changes. “There are a lot of people who have very strong opinions about the Mattapan Line,” he says.

What has stirred up opinion—and emotion—is the prospect that the T could decide soon that it’s time to sunset the popular, but aging, fleet of trolleys. It has turned into a battle of heart strings versus purse strings, a fierce debate about the T’s priorities. Should the agency be all about making the trains run on time at the lowest possible cost, or is there room for emotion to come into play? Nearly everyone agrees the trolleys are costly to operate, but is that all that matters?

The pols in Dorchester, Milton, and Mattapan, including Boston Mayor Marty Walsh, who lives near one of the Mattapan Line’s stops, all want to keep the existing trolleys running. They say the cars are historic, cool, and add a certain panache to the T. The trolleys were prominently featured in a 1972 B-movie called *Dealing*, which starred John Lithgow, Barbara Hershey, and Charles Durning. And, of course, there’s now the requisite “Save the Mattapan Line” Facebook page.

But there are also many people who can’t believe the T is wasting money and time extending the life of trolleys that belong in museums. They deride the Mattapan trolley supporters as Luddites and say the cash-strapped T should focus on transporting passengers instead of bowing to nostalgia.

T officials themselves are being very careful not to stake out a position one way or another at this point. They have commissioned a \$1.1 million study to assess the structural integrity of the trolleys and the line’s infrastructure and to also examine the cost of other options.



Gonneville says he expects the completed results of the study sometime in December. But whatever is decided, it will not be implemented until about five years down the road. While waiting for the results, the T has allocated another \$7.9 for capital improvements to keep the Mattapan cars running.

In an interview in his office overlooking South Station, Gonneville repeatedly sidesteps questions about where he stands on the trolley line, although his tone is more manager than museum curator. “I will tell you this,” he says. “You need to have the right information in front of you to be able to properly make any decision about the future of the trolleys. And that’s the whole purpose of our study, because whether people want to make the decision based on their hearts or their heads, they still need the data.”

#### PRESIDENTIAL CONFERENCE COMMITTEE

The quaint orange-and-cream-colored trolleys feature a single headlight framed by chrome wings. They begin their 2.6 mile, 8-stop, bumpy journey in Mattapan. They traverse the Neponset River into Milton, then head back over it into Dorchester, cutting through the Cedar Grove



**"I love them," says Mattapan Trolley driver Tim Murphy. "They're an important historical attraction."**

Cemetery. They make their way to the end of the line at Ashmont—where passengers can board Red Line trains or buses—before making the return trip to Mattapan.

Engineers refer to the trolley cars as PCCs, which is short for Presidential Conference Committee, a reference

## **In a pinch, the T has obtained parts for the trolleys from a museum in Kennebunkport.**

to the group of manufacturers and transit operators who collaborated in the late 1920s and 1930s on the design of a modern streetcar and then licensed that design to manufacturers.

The T's PCCs, put into service across the system in 1944 and 1945, operate on electricity provided by over-

head lines. They are about the same width as a Green Line car, but 26 feet shorter and about half the weight. They don't do well in heavy snow; the line shut down for three weeks during the historic snowfall of 2015.

Passengers, who sit on hard plastic seats, alert the operator of their desire to stop at a particular station by pulling a cord that triggers a bell-like sound. In 2010, the latest year for which the T has data, 4,600 passengers were shuttled back and forth on a typical weekday.

The MBTA owns 10 of the trolley cars, but only seven are currently operational. Of the three cars out of commission, one is expected to return to service, but the other two are in such rough shape that the T is using them for parts. The T needs only five cars to deliver its peak service.

Parts are a big deal with the PCC cars. The cars are no longer being manufactured, and neither are parts. So the T has to keep the trolleys running on its own, repairing parts, cannibalizing them from other PCCs, or fabricating new ones from scratch. In a pinch, the agency has obtained parts from the Seashore Trolley Museum in Kennebunkport, Maine.

"When the T was scrapping some of their PCCs back in the '80s and '90s, they let us have a lot of stuff," says Bill Pollman, the museum's curator of rapid transit who works as a locomotive technician for the T's commuter rail operator. "I would pick those cars clean for parts—there would be nothing left. And as the years go by, they'd call us looking for parts and we'd give them to them—at no charge, of course. We have a nice relationship with them."

The MBTA spends \$1.7 million a year maintaining and repairing the Mattapan trolleys. The cost represents 1.6 percent of the MBTA's total budget for rail maintenance, but on a per-vehicle basis the agency spends about 40 percent more maintaining the trolleys than it does other rail vehicles, according to T spokesman Joe Pesaturo.

Of the \$1.7 million, \$1.2 million is allocated to a car-house located at the Mattapan Station, where the day-to-day routine maintenance of the trolleys gets done. The remaining \$500,000 goes to a T repair facility in Everett, where propulsion systems on the cars are worked on.

Ed Belanger, superintendent of the cavernous Everett facility, says fabricating parts for vehicles that date from the 1940s can be a challenge. "It's a specialized knowledge," he says as drills whir and machines rumble in the background. "What we're doing here is a different style of machining."

While Belanger is trying to keep the trolleys running, the engineering firm CH2M is assessing the T's options on the Mattapan Line. The firm will not only examine the cost and feasibility of maintaining the status quo, but will



also look at other approaches.

The Southeastern Pennsylvania Transportation Authority, for example, brought its PCCs back into service in Philadelphia by hiring a firm to replace all the internal systems while keeping the outer shells. The T could also decommission the PCCs and replace them with another type of light-rail vehicle, although it's unclear whether the existing track and bridge structure on the line can accommodate bigger cars. Another option would be to pave over the existing rail right-of-way and operate a bus rapid transit service from Ashmont to Mattapan or even beyond.

## HEART STRINGS

While transit geeks debate the merits of rail versus bus and the cost of paving over a rail right-of-way, riders of the Mattapan Trolley Line and the politicians who represent them focus almost exclusively on the historic nature of the cars.

"The Mattapan Line is the kind of thing that makes Boston Boston," says Wanda Appleton, who lives near the Butler Station stop. "So what if it costs a little more money to keep them going. They're part of our heritage."

Tim Murphy, a T employee who operates one of the trolleys on Saturdays—the other days he works the Green Line—is a huge fan of the PCCs. "I love them," he says. "They're an important historical attraction. We have people from all over the country, all over the world, coming

here to ride on them. The trolleys are like an ambassador for the T and create a lot of good will. Other cities like Philadelphia and San Francisco embrace the PCCs. We should, too."

James Aloisi, a former state secretary of transportation, says the fate of the Mattapan trolley shouldn't be just a dollars-and-cents issue. "This is less a transit question than a quality of life one," he says. "A great and old city needs to have ways to link its past to its present. That's what makes up a part of urban legibility. San Francisco maintains many vintage trolley cars to the delight of tourists and residents. Too bad we don't share the enthusiasm for our transit past in Boston."

Politicians who represent residents along the Mattapan Line want to keep the trolleys running. Officials from Milton, Dorchester, and Mattapan have all backed the current trolley system.

"I'm not buying the idea that we can't afford these trolleys," says Boston City Councilor Tim McCarthy, whose district includes part of Mattapan. "Remember, once they're gone, they're gone. And people will look back with sadness."

Rep. Dan Cullinane, whose district includes part of Mattapan, says money should not be the deciding factor. "Across the country, we're seeing cities recognizing the value of these types of trolley lines, and investing public dollars in bringing them back," he says. "We should be asking why the MBTA is considering flying in the face of that and even entertaining paving the tracks over and



A trolley makes its way by the Cedar Grove Cemetery in Dorchester.

putting buses there.”

Boston City Councilor Andrea Campbell, whose district also includes part of Mattapan, agrees. “I love the historic nature of the Mattapan trolleys,” she says. “When folks see the trolleys pulling up, it brings them back

## Mayor Walsh: City would lose some of its character if the trolleys go.

to memories of what Mattapan used to be and to what Mattapan can be again.”

The area’s power couple, state Sen. Linda Dorcea Forry and her husband Bill Forry, editor of the *Dorchester Reporter*, offer a one-two punch in support of keeping the Mattapan trolleys going. Sen. Forry has joined with her political colleagues in pushing for the trolleys, while her husband has made the case in the newspaper.

“The Mattapan trolleys are a unique and cherished part of our neighborhood’s daily life,” Bill Forry wrote last January. “The cost of keeping these vintage cars on the tracks needs to be measured in more than just dollars

and cents and timesheets.”

Mayor Marty Walsh says he thinks the trolleys can be operated just as cost-effectively as other options, although he doesn’t have any numbers to back that up. “There’s something to be said about our having the oldest subway system in the country right here in Boston, and the Mattapan Trolley is certainly part of that historical significance that we need to maintain,” Walsh says. “I believe the city would lose some of its character if the trolleys were to go, and I have made my voice heard on this with the T.”

Philadelphia faced a similar PCC dilemma. The trolleys were introduced in Philadelphia in 1948 and replaced with buses in 1992. In 2001, the Southern Pennsylvania transit system decided to bring the trolleys back, signing a \$23 million contract with a Pennsylvania company, Brookville Equipment Corp., to rebuild 18 PCCs. Brookville completely overhauled the insides of the PCC trolleys, equipping them with new propulsion systems of the firm’s own design. When components are needed, there is no need to ring up museums in search of scarce parts. The trolleys were eventually brought back online in 2005, replacing the buses that had been operating for 13 years.

The Philadelphia trolleys travel a much longer route than the Mattapan trolleys, making about 50 stops, not only on dedicated rights-of-way but also public streets.

Byron Comati, the transit authority’s director of strategic planning, says the refurbished trolley cost more to operate than the buses they replaced. “But the political

powers that be were very desirous of bringing some attractive features to Girard Avenue, a commercial corridor that had seen better days, in order to stimulate economic development,” he says. “Their thinking was that putting back trolleys that had been reconditioned and that look good and feel good—and that’s where it gets a little gray here—would rejuvenate the area.”

#### PURSE STRINGS

Steve Poftak, one of the five members of the MBTA’s Fiscal Management and Control Board, which will have to decide the fate of the Mattapan trolleys, seems torn. “I’m a fan of the Mattapan trolleys and I don’t view what we should do with them as being a strictly dollars-and-cents exercise,” he says. “But I also understand that there’s some reality here that we need to deal with. My hunch is that the engineering analysis being done will show that these trolleys are relatively expensive to operate. It is not viable to think we’re going to be able to run them to, like, 2040.”

Joanne Miller, a programmer who lives in Milton, is not sentimental about her mode of transportation. “The fact that the trolleys are antique makes no difference to

me,” she says. “If the T could find a cheaper way to get us back and forth, I’d be all for it.”

Rodney Bacon, a Mattapan resident, feels much the same way. “Even though they’re nice to look at, I don’t think they should keep investing in fixing the trolleys. It’s throwing good money after bad,” he says.

Richard Davey, a former state transportation secretary

**They’re nice to look at, but investing in the trolleys is throwing good money after bad.**

and MBTA general manager, takes a different point of view than fellow former state transportation chief Jim Aloisi, who thinks the T should keep the trolleys operational. Davey says he would be shocked if the engineering study of the Mattapan Line fails to conclude there is a

**We’re finding more ways to redefine  
what a health plan can do.**





Ed Belanger, superintendent of the Everett repair shop, explains how the T reduced the ear-piercing sound of the trolley wheels.

more cost-effective way to service the area. “Running bus rapid transit, for example, is probably the cheapest way to move people up and down that corridor,” he says.

Davey encourages state transportation officials to push the envelope when considering transportation solutions for the Mattapan corridor. “If I were advising Brian

Shortsleeve [the T’s chief administrative officer and acting general manager] and the Fiscal Management and Control Board, I’d be telling them to phase out the Mattapan trolleys and to talk to the trolley advocates and the elected officials and say something like, ‘You know, it’s now time to think about the future. The PCC cars served us well and they were groundbreaking at the time. But let’s make the Mattapan corridor line groundbreaking again. And let’s do that with a pilot program testing out automated buses.’ Transit automation is inevitable. It’s going to happen.”

Steve Hicks, the T’s chief mechanical officer, says he will deal with whatever his superiors at the transit agency decide to do with the Mattapan Line. “I’m a soldier. I’m ex-military. Whatever is decided, I’m going to take care of it,” he says.

Hicks says he believes the T can find or fabricate the parts needed to keep the trolleys running if that’s the ultimate decision. “I’ve been an engineer and a mechanic a long time. Anything is fixable. The question is, is it cost-effective and is it intelligent to do?” he asks. “For example, I live in a historic house. I spend a lot of money restoring my house. It may not be rational, but I love this house. And that’s a big part of what Mattapan is.” **CW**

## BUILDING THE BRIDGE BETWEEN KNOWLEDGE AND ACTION



Education

Health &  
Well-being

Mid-sized  
Cities

Sustainability


To learn how to partner with us:  
[mosakowskiinstitute@clarku.edu](mailto:mosakowskiinstitute@clarku.edu)

**MOSAKOWSKI INSTITUTE  
FOR PUBLIC ENTERPRISE**

**CLARK  
UNIVERSITY**

WORCESTER • MASSACHUSETTS • USA





# Steward's asset-light philosophy

The state's fifth-largest employer takes the unusual step of selling off its hospital facilities

BY BRUCE MOHL

**NO ONE IS** quite sure what to make of Steward Health Care's latest move.

A for-profit health care company operating in a sea of nonprofits, Steward has always been something of an aberration in Massachusetts. But now the state's fifth-largest employer is moving far outside the mainstream. After six years trying to turn around a string of largely down-and-out hospitals, Steward is selling off its nine hospital facilities to an Alabama-based real estate investment trust and leasing them back. No other hospital in New England has gone this route before; nationally, less than 1 percent of acute care hospitals are owned by real estate investment trusts.

Steward, as usual, isn't saying much about

what it's doing. The company issued a glowing press release when it first announced the transaction in late September, describing the sale-leaseback arrangement with Medical Properties Trust as a \$1.25 billion investment in Steward that will allow the health care firm to continue to provide quality care in Massachusetts and start expanding nationally.

"We believe this investment is a strong validation of our business model and an endorsement of our ability to scale nationally," says Ralph de la Torre, the chairman and CEO of Steward, in the press release.

Calling the infusion of cash an investment is a bit of a stretch. The primary purpose of the transaction appears to be to pay off Cerberus



**St. Elizabeth's Medical Center**  
A STEWARD FAMILY HOSPITAL

St. Elizabeth's Medical Center  
is located in Brighton.

Capital Management, a New York private equity firm that had bankrolled Steward for six years and needed cash to pay off its investors. Steward officials and the firm's financial advisor indicate Cerberus is collecting more than \$800 million from the deal and \$400 million is being used to retire debt.

Medical Properties Trust did invest \$50 million in Steward, for a 4.9 percent stake in the company. But the remaining \$1.2 billion is more of a business deal than an investment. The Alabama company is paying \$600 million for Saint Anne's Hospital in Fall River, Holy Family Hospital in Methuen, St. Elizabeth's Medical Center in Brighton, Good Samaritan Medical Center in Brockton, and Morton Hospital in Taunton. The trust is paying out another \$600 million and taking mortgages on Carney Hospital in Dorchester, Norwood Hospital in Norwood, Holy Family Hospital in Haverhill, and Nashoba Valley Medical Center in Ayer.

In return for the \$1.2 billion, Medical Properties Trust will collect lease and mortgage payments from Steward for the next 15 years, and possibly 25 years under extension options. The initial yield on the leases and mortgages will be 10.1 percent, plus annual inflation escalators, according to a document filed with the Securities and Exchange Commission. At 10.1 percent, Steward's first-year payment to Medical Properties Trust would total about \$121 million.

As part of the deal, Cerberus is purchasing \$150 million of Medical Properties Trust stock, according to the SEC document. The Steward press release says Medical Properties Trust is committed to participating in up to \$1 billion of future Steward hospital acquisitions, with the Alabama company purchasing the facilities and Steward running them.

The real question now is what the deal means going forward for Steward and its more than 17,000 employees. Steward officials say they have figured out the recipe for providing high quality health care at relatively low cost, a secret sauce that the company says will lead to profitable growth nationally. The company's financial advisor says



**Carney Hospital is located in Dorchester.**

Steward is becoming a health care operating company whose principal assets are not hospital wings and emergency rooms but a quality brand and a proven business model.

Rivals and regulators are not sure what to make of Steward shedding ownership of its hospitals. Privately, many officials at rival health care companies scoff at Steward's claims, but none will talk on the record. State regulators also aren't talking. Attorney General Maura Healey's office declined comment, as did the Health Policy Commission. The Center for Health Information and Analysis says it hasn't reviewed Steward's hospital sale.

"We have not seen other examples of systems selling off hospitals and decoupling ownership from operations," says spokesman Andrew Jackmauh.

Lynn Nicholas, president and CEO of the Massachusetts Hospital Association (to which Steward doesn't belong), begged off. "I have no in-depth knowledge of this transaction and, while I'm familiar with management companies that manage hospitals by contract, I've never before heard of this particular variation," she says.

The union that represents many of Steward's employees is a fan of the health care system's latest move. "It provides the hospital system with flexibility to expand, improve its existing infrastructure, enhance technology, and continue investing in a highly skilled health care workforce," says Tyrék D. Lee, Sr., executive vice president of 1199SEIU United Healthcare Workers East. "We are proud of the three-year contract we recently ratified with Steward that ensures approximately 5,000 healthcare workers will continue to receive fair wages, affordable

health insurance, and access to training and education opportunities.”

### **RUNNING THE NUMBERS**

Steward has a unique heritage. In 2010, Caritas Christi, a nonprofit health care system affiliated with the Catholic Church, sold all of its assets to Steward, a for-profit entity backed by Cerberus. Caritas was in desperate financial straits at the time, struggling with an underfunded pension plan, heavy debt, and outdated facilities. Steward promised to assume the Caritas pension liability, to keep all the hospitals open for at least five years, and to invest in the system. The transition from a charitable health care organization to a for-profit one was approved by the attorney general, in part because there was no viable alternative. Subsequent to the Caritas purchase, Steward purchased several more hospitals in Quincy, Taunton, Norwood, and Ayer and expanded its physician network from 1,000 to 3,000 doctors.

Six years later, Steward has lived up to most of its obligations. The Caritas pension system remains a major financial obligation, but the fund is intact and federally insured thanks in part to a \$300 million infusion of cash. Steward says it has invested \$800 million in infrastructure, technology, facilities, and services. And all of Steward’s hospitals remain open, with the exception of Quincy Medical Center, which was closed at the end of 2014 in violation of a commitment Steward made to keep the facility open until at least 2021.

Steward’s financial situation is unclear. The state’s Center for Health Information and Analysis tracks hospital financials, but it has had difficulty over the years obtaining data from Steward. Steward provided its consolidated financial statements to the center in 2012, but redacted elements of the 2013 and 2015 documents. Steward never turned over the 2014 document and has amassed \$50,000 in fines for noncompliance.

The documents indicate Steward’s revenues have steadily increased, while losses have narrowed. Revenues have grown from \$1.6 billion in 2011 to nearly \$2.2 billion in 2015, according to the filings. Steward said in its recent press release that estimated revenues for 2016 will be \$2.3 billion. The company reported operating losses from 2011 through 2014 before turning a \$131.3 million profit in 2015. Without a one-time gain in 2015 from a “pension settlement,” Steward would have reported a \$1 million operating loss in 2015.

Steward’s share of all patient discharges in the state in fiscal 2014 was just over 10 percent, according to data from the state Center for Health Information and Analysis. Steward’s market share was 11.8 percent for Medicare patients, 9.57 percent for Medicaid patients, and 7.96 per-



**“We believe this investment is a strong validation of our business model and an endorsement of our ability to scale nationally,” says Ralph de la Torre, Steward’s chairman and CEO.**

cent for commercial patients. The share of HMO members whose primary care provider was affiliated with Steward declined slightly between 2013 and 2015 in the commercial insurance and Medicare Advantage categories and increased slightly in the Medicaid niche.

Attorney General Healey released an assessment of Steward at the end of 2015 documenting the company’s general compliance with commitments the firm made when it acquired Caritas and some of the other hospitals. But she didn’t have much positive to say about Steward’s finances.

“Overall, the financial condition of the Steward system has declined since 2012,” Healey wrote in the report. “Although the operating performance of some of its hospitals appears to have improved over time, the system’s operating losses increased as hospital expenses shifted to the parent company. The system has increasingly relied on bank term loans to fund operating losses and capital expenditures, leading to a capital structure in which debt exceeded equity by several multiples by December 2013.”

Steward prefers to focus on nonfinancial metrics when assessing its own performance. The company says it can thrive in an accountable care environment, where health care firms are not compensated for the specific services they perform but for keeping patients healthy within a set budget.

Steward says its total medical expense, adjusted for patient health status, is on a downward trend and lower

than the state average in both the commercial and Medicaid markets. It says its Medicare accountable care organization is one of the top performers in the nation. And its hospital prices were well below the state median and well below those of its competitors.

Steward's financial advisor, Cain Brothers, says in a posting on its website that the health care company has engineered a turnaround by redefining a health system's ownership structure and growth strategy. The post, written by Cain Brothers CEO Robert Fraiman and David Johnson, the CEO of 4Insight Health, describes Steward today as an "asset-light, patient-centric health company... well positioned to compete in a post-reform competitive environment that rewards better outcomes, more efficient care delivery, and an enhanced customer experience."

#### SECRET SAUCE

Mark Girard, president of the Steward physician network, says the company has figured out the secret sauce of health care. He says Steward oversees about 4,000 patients in accountable care programs, meaning the health care system receives lump-sum payments for the care it delivers and earns a profit or loss depending on its ability to live

within that amount.

Girard says about 4 to 5 percent of Steward patients have serious medical issues and often end up in hospitals for treatment; 15 percent have chronic health problems, such as diabetes or heart conditions that, if not monitored and treated properly, could put them in the hospital; and 80 percent are relatively healthy.

"We've been able to crack the code to be able to manage these populations and get the care in the right settings," Girard says in a phone interview. "We're an innovator in the health care marketplace and we've created a model that is proving to drive value."

Girard says Steward is not a real estate company, so by shedding its hospitals it is able to focus more on its core competencies. "This is not about managing hospitals," he says. "It's about using the hospitals to meet your population's health needs and managing the entire population to achieve wellness rather than just treating sickness."

He noted Steward recently purchased the assets of a physician group in Worcester, an area where Steward has no hospital presence. He suggested the purchase was confirmation that Steward is focused on delivering care at the best possible price and not intent on putting patients in its hospital beds.



# COLLEGE STUDENTS

INTERESTED IN PUBLIC POLICY,  
RESEARCH, DIGITAL MEDIA,  
OR JOURNALISM?

MassINC and *CommonWealth* magazine  
are now accepting applications for interns.

E-mail your resumé to  
Anne Middle at [amiddle@massinc.org](mailto:amiddle@massinc.org)

Fraiman and Johnson, in their post on the Cain Brothers website, say Steward is following the lead of the hospitality industry. “Major hotel chains rarely own their facilities. They lease properties from real estate companies. They realized a long time ago that buildings are not the key to their success. Instead, customer relationships are the true foundation of their success,” they say. “Marriott, Hyatt, Hilton, and other hotel chains are ‘asset-light.’ They compete based on their brands, services, customer experience, loyalty programs, and market positioning. As health care becomes more consumer-oriented, health systems must develop equally strong brand loyalty and customer relationships.”

Having sold off its nine hospital facilities and earlier its medical office buildings, Steward is indeed asset-light. But some health experts say Steward remains on the hook financially for the hospitals.

“There’s no free lunch,” says Alan Sager, a professor of health law, policy, and management at Boston University. “Medical Properties Trust is expecting a substantial return on its investment. How will Steward be able to finance that return? By a combination of higher prices, higher volume, and lower cost of health care it delivers.”

Paul Levy, the former head of Beth Israel Deaconess

Medical Center in Boston, says the deal between Steward and Medical Properties Trust has less to do with health care than it does with extracting cash from the business to settle up with Cerberus. “These are just financial transactions,” he says.

Paul Hattis, an associate professor at Tufts University who previously served on the board of the Health Policy Commission, says Steward does appear to be embracing its role as a health care management organization working to deliver care at low cost and less focused on defending capital investments in hospitals.

“They’re banking on their ability to be good managers of global budgets,” he says, referring to the lump sum payments accountable care organizations receive. “But there’s still a lot of uncertainty about the viability of the business model.”

One big unknown is President Trump, who has said he intends to do away with the Affordable Care Act, which places a premium on the accountable care model. Asked what repeal of the law would mean for Steward, Girard doesn’t answer directly. He says Steward’s care delivery system provides real value and would work well under any compensation scheme. “It’s replicable and I think it’s valuable,” he says. **CW**



**MARTIN W. HEALY**

MBA Chief Legal Counsel and Chief Operating Officer



**MASSBAR**  
ASSOCIATION

**The Preeminent Voice  
of the Legal Profession  
from the Halls of Justice  
to the Corridors of  
the State House**

**www.MassBar.org**  
**(617) 338-0500**



# Governor Fix-It's fix-it man

Speaking softly, but carrying a big stick, Steve Kadish is the guy in charge of delivering on Charlie Baker's vow to make state government work.

PHOTOGRAPHS BY FRANK CURRAN

Steve Kadish is up most days before 5 a.m.

After making coffee for himself and his wife and packing lunches for each of them, he sends his first email by 5:30, one of dozens that will go out in a day checking on progress addressing a problem in state government. When they land in inboxes, people take notice.

Kadish is Gov. Charlie Baker's chief of staff, but the role he plays is more that of high-powered troubleshooter-in-chief.

For a while, he was focused on the Department of Children

and Families, where shortcomings in procedures have had tragic consequences. He's zeroed in on the challenge of making broadband Internet access available to rural areas in Western Massachusetts that are outcasts from the digital age without it. And he's been preoccupied almost since the Baker administration took office with the MBTA, where longstanding problems became a full-blown threat to the regional economy two winters ago. In between, he helped smooth the way and negotiate the deal that brought General Electric's headquarters to Boston.

By temperament and by the focus of his work day, Kadish doesn't fit the usual profile of gubernatorial chief of staff, a position more associated with a hard-charging personality who often functions as the top strategist in the office. His predecessors have normally been preoccupied with making the sure the governor's political agenda is moving forward and that landmines that could derail it are being avoided.

Kadish does not come from the political realm, had no role on Baker's campaign, and has an understated style that, on first blush, seems more timid than terrorizing.

"I tell him all the time, if I was in charge of central casting, he would be the last guy I would have cast to be chief of staff," says Jay Ash, Baker's secretary of housing and economic development. "I think of someone who pounds the desk and yells an awful lot. In two years, I haven't heard him raise his voice once."

All of which is to say appearances can be deceiving, for Kadish, someone with little public profile, is probably one of the most powerful—and at times most feared—people in state government.

Kadish prefers to operate quietly below the radar, rarely showing up in the press. He eschews neckties for an open collar. His preferred mode of transportation is by foot, hoofing it to the State House each morning from his condo in the South End with a backpack full of papers—and his sandwich—over his shoulders. When he speaks, it's in a thoughtful, soft spoken manner, more Mr. Rogers than Mr. Tough Guy.

But no one mistakes that for weakness or lack of strong will.

As his team was taking over state government two years ago, Baker was quoted as saying Kadish was "going to make the lives of many miserable."

Kadish says he prefers to think what Baker meant was simply that he is "pretty relentless in terms of actually getting things done."

Doing that has meant immersing himself in the most vexing problems in state government, diagnosing what's wrong, developing a plan of action, and setting high expectations of those in charge of following through on the fix.

Ash says administration officials have even turned Kadish's name into a verb that describes the dissecting of a problem and the development of a roadmap to turn things around. "When an operation in government has failed, Steve comes in and you're Kadished," he says.

That happened with the Massachusetts Broadband Institute, which was having trouble executing the goal of ensuring all communities in the state have access to high-speed internet service. "He's very much able to break down the larger problem in digestible segments so people can move toward achieving the overall goal," says Ash.

"He has a nice way of calling out people if they haven't done what they need to do," says Ash. His approach is to say, "Do you need more help? Do you need me to get involved, or is it something you can handle on your

---

When he  
swoops in,  
they say the  
state agency has  
been Kadished.

---

own?" I often refer to him as a cross between a CEO and a social services counselor, and he's able to utilize the skills of both."

Ash says having Kadish parachute into your department is the "right combination of unsettling and motivating," just the kind of creative tension Baker seems to be looking for.

The 60-year-old Framingham native is a part of the bipartisan team Baker has assembled. A Democrat who worked on Ted Kennedy's 1980 presidential race and once served as legislative director for the consumer advocacy group MassPIRG, Kadish has a long history with Baker. He worked under him during the governor's stints as human services secretary and secretary of administration and finance in the Weld administration, and Baker hired him as a vice president at Harvard Pilgrim Health Care when Baker was brought on as CEO to right the sinking health insurer.

Kadish has also held top posts in university administration, at Dartmouth College and Northeastern University, and in health care at Brigham and Women's Hospital and the University of Massachusetts Medical School.

Though he is a systems and management guy, Kadish says he tries not to lose sight of the fact that most of his work ultimately is about some function of state government that people depend on. Nothing underscores that more poignantly than the front page of the *Boston Globe* he has taped to the wall of his spartanly decorated office.

“Her name was Bella,” reads the headline over the horrific story of Bella Bond, the toddler whose case fell through the cracks at the state child welfare agency and whose body was found in 2015 and went unidentified for months.

As he moves among state departments and agencies to help untangle knots, Kadish has help from four staff members who make up a strategic operations unit in the governor’s office. They work with him on projects along with a team of three management consultants from the Government Performance Lab, an initiative at Harvard’s Kennedy School that provides pro bono technical assis-

tance to state and local governments on various initiatives. Massachusetts is the first state the program has targeted for help with overall performance improvement.

Nothing has consumed more of his time than problems with the MBTA and its commuter rail system, which ground to a halt under the weight of record snow two years ago, prompting the Baker administration to seek and gain control over the once independently run authority.

Kadish essentially planted himself at the mass transit operations centers during the height of the crisis. These days he still spends as much three days each week at the MBTA offices or those of Keolis, the regional commuter rail operator, where officials say Kadish is the guy ultimately in charge of making all the trains run on time.

“Steve is extraordinarily helpful at cutting to the heart of the matter, putting the right people in the room, figuring out the data, and helping you move ahead,” says Stephanie Pollack, the state secretary of transportation. She says he’s been crucial to figuring out how to accelerate spending on capital projects as the T tries to dig out from a \$7 billion backlog in improvements needed to bring the system to a “state of good repair.”

Since Baker has said Job 1 is getting right the basic workings of state government, a lot is riding on Kadish. The governor’s confidence in him, however, seems unqualified.

“I’ve never met anyone in my life who’s better at the ‘how’ part associated with accomplishing something than Steve is,” Baker told a conference of public sector officials in November, according to State House News Service.

Long days and weeks over the past two years have kept Kadish, a father of three and grandfather of two, from spending as much time as he’d like at the ski house he owns in Vermont. One planned weekend away that he’s not likely to give up is coming in March, when he and his wife have tickets for the Broadway hit *Hamilton*.

“There’s a song called ‘Cabinet Battle #1,’ which I played at one of our cabinet meetings,” says Kadish, a confirmed *Hamilton* fanatic. “And there’s a song called ‘The Room Where it Happens.’ All of the governor’s office staff has gotten sick of it.”



Kadish played no *Hamilton* cuts for me when we sat down in early December in his State House office. But his enthusiasm for history extends to the building he says it's "a privilege" to work in each day. After we spoke, he showed me the three different places in the State House where there are paintings of a Bay State Kadish favorite, John Andrew, the abolitionist governor who held office during the Civil War and authorized the famous 54th Regiment of black Union soldiers.

What follows is an edited transcript of our conversation.

— MICHAEL JONAS

**COMMONWEALTH:** How did the governor present the job to you? What did he say he was looking for in a chief of staff?

**STEVE KADISH:** The election happened on a Tuesday. I think on Thursday he called and said, would you like to talk? I said, always. So I went on Saturday to his house. I tried to talk him out of it at first because, I thought, I am not in any way your typical chief of staff. I'm not from the political campaign and I don't have that kind of deep political experience. So we talked about other things but he kept coming back to this. He said he'd like me to do this. I reminded him that I was a Democrat and he said, yes, I know that. So, not a campaign person, not of the same party. Why? I think it was a big statement that he knows me as a person who can make things happen in large organizations. I've been most recently a chief operating officer and a CFO in large organizations. I think he was really looking for somebody that could legitimately tackle the deepest, most complex operational problems, which in some ways are policy.

**CW:** So you're saying policy really equates to practice or execution?

**KADISH:** If there are 42,000 employees in state government in the executive branch, there are very few people that quote-unquote do policy. So much of policy is actually in the execution and operation, and it often drives what an actual policy decision is. I have a strong viewpoint that operations actually are policy, that execution actually is policy.

**CW:** A number of people have said to me, to your point about not being the prototypical chief of staff, that you are much more focused on operations and management and a lot of your predecessors were much more focused on the messaging or political bearings of the administration. Is that fair to say?



**KADISH:** I spend most of my time on the most complicated operations and strategic problems throughout state government. I am literally at the T, at DCF, at environmental affairs, at the Health Connector, at the Registry of Motor Vehicles. I think this is in some ways a reflection of the governor, who is both political but is also a very strong CEO.

**CW:** Recently there was a State House News Service story in which Gov. Baker said of you that he's never met anyone in his life who's better at the "how" part associated with accomplishing something. That seemed to go to this point about operations. He also said you have a very non-confrontational style. But you might remember at the very beginning of the administration he was also quoted as saying you're going "to make the lives of many miserable." What do you think he meant by that?

**KADISH:** Well, I'm pretty relentless in terms of actually getting things done. I start my day very early.

**CW:** What time?

**KADISH:** My first messages are usually at 5:30 a.m. I'm up



a little before 5. I almost every day make lunch for myself and my wife, and coffee.

**CW:** By your first messages, you mean you start sending out messages at 5:30 to people?

**KADISH:** Yeah. And we'll stay on whatever the particular topic is at either a high level or a detailed level because I think both of those really matter. I'm really focused on being appropriate with people, kind to people, but just relentless on the product.

**CW:** So they'll be miserable if they're not willing to have the same degree of focus and attention?

**KADISH:** They won't be able to enjoy the results as much.

**CW:** I assume you're not necessarily calling people at 5:30.

**KADISH:** No, but the governor and I have a daily call. It's often 6:30 or 6:45, and 7 o'clock is late. I haven't had a call that started before 6 o'clock except for the winter [two years ago]. The governor is usually the first call, but I might get two or three calls in before 7 a.m.

**CW:** And your daily call with him is on what has transpired, or is it looking to the day ahead?

**KADISH:** I think about these calls as, what are the things that the governor needs to know in a relative amount of specificity and detail, that is, filling him up with critical information on all key items that occurred probably since 4 or 5 p.m. [the previous day] and then what stuff is happening during the day [just starting]. We'll cover eight to 10 topics in 30 minutes. He will almost always have one or two things that he wants to cover. I'll spend more time on the things where I'm looking for his guidance or I'll present him options and a direction in terms of what he wants to do.

**CW:** This is the fourth time you've worked with him over several decades. Do you complement each other? You seem to have a similar ability to dig into systems and how things work.

**KADISH:** I think it's complementary. He is a brilliant strategist who also understands the elements of battle, so to speak, and most of my career is about taking big ideas, big initiatives, working for somebody like the governor,

and then driving it to successful implementation. There's an overlap where we meet, but I so appreciate his strategic vision and advice on many, many things, and I think he appreciates my ability to, you know, make people's lives miserable by being relentless.

**CW:** Among the things you've had to dig in on, the T has been a huge challenge. I don't know what you thought the challenges of the T might have been at the time of the election.

**KADISH:** It was not on our radar.

**CW:** What were those days like two winters ago when things really ground to a halt?

**KADISH:** Sort of unbelievable. Because it was the T, an [independent] authority, it technically isn't part of the core executive branch. Yet it became quite clear that it really was the governor's responsibility at the end of the day. And it was an absolute crisis. And in many ways I equate what happened with the T as a massive heart attack, cardiac arrest on a system. It wasn't breaking a bone, it was the failure of the arterials, and the heart

pump, and the whole deal. It just failed.

**CW:** But it was a system that had been suffering from pretty high cholesterol and high blood pressure, to continue the metaphor.

**KADISH:** Exactly. A system that hadn't done its daily maintenance, hadn't taken its daily dose of aspirin, and so forth.

**CW:** You were basically embedded there.

**KADISH:** Very quickly I went down there [to the T operations center]. For about 35 days, I probably spent 13 hours a day at the combination of the T and the commuter rail. We very quickly ended up having four formal meetings a day: 7 a.m., 10 a.m., 5 p.m., and 8 p.m. And what evolved from that are now some daily performance metrics that I still look at every day, and that have been important.

**CW:** From that point, a lot changed obviously with the creation of the MBTA control board that summer and the whole shifting of the jurisdiction and control of the T to



The Commercial Real Estate Development Association

NAIOP is the leading organization for developers, owners,  
and commercial real estate professionals.

If you're in commercial real estate, you belong in NAIOP.

[www.naiopma.org](http://www.naiopma.org)

**NAIOP**  
MASSACHUSETTS

Mixed Use Retail Office Multifamily Industrial Lab Institutional



the governor. What's your role now, and how do you feel things are going a year and some months in?

**KADISH:** I still spend a very significant amount of my time at the T and at Keolis. I spend a lot of time with Secretary Pollack, with [MBTA Acting] GM Brian Shortsleeve, [and] the new lead at Keolis. There's at least three days a week when I'm physically on site at those places. They've made an unbelievable amount of progress around financials, around some of the talent that they've been able to attract, the development of a very aggressive repair maintenance plan. Some progress around reliability, but not enough.

---

## Kadish heads a strategic operations unit inside the governor's office.

---

Some progress on communications, but not enough. But huge progress in an 18-month period. Huge.

**CW:** So what's your actual role when you're over there?

**KADISH:** It's not top-down with me in terms of the cabinet

members or agency heads. All of the work that we did with the T, or Health Connector, or Department of Children and Families, or the Registry—it's always in a supporting role to the secretary and the agency head. What I spend time on and the details of what I spend time on changes. We have something that I'm pretty sure is unique out of any state government. We have a strategic operations unit inside the governor's office. It's three or four people, plus three people from the Harvard Performance Lab. Think of it like an in-house consulting team, like a Bain or a McKinsey. And that group goes in really deep to provide deep problem-solving and operational support, real change in the agencies. I have gone with two or three members of that group into the agencies and we use a pretty neat methodology that is a very aggressive project management approach that's really cool if you're a nerd like me. Now many agencies are picking up on it and learning it.

**CW:** Are you concerned that despite what progress there's been at the T—the financials, the other things involving getting the house in order that you've mentioned—a lot of what's happened so far has yet to translate into improvement in riders' everyday experience? At one point this week they were saying there was a problem with signals and tracks on the Red Line because of dew that froze on the tracks one morning. You say, wait, we're having delays because of dew?

**KADISH:** I hadn't heard that.

# The Carpenters union has provided me opportunities that I otherwise would not have had.

Janet Butler, Founder & President  
Federal Concrete, Hopedale, MA



The greatest partnerships  
are two-way streets  
where value flows in both  
directions. Union carpenters  
deliver exceptional value  
to contractors by providing  
world-class quality that

comes in on-time and on-budget. But there's one more  
thing the Carpenters union provides: *business opportunity*.  
Whether it's through contractor networking, access  
to new projects, or the flexibility to scale as needed,  
a partnership with the Carpenters union ultimately  
delivers results.

The New England Regional Council of Carpenters.  
It's time to build. To learn more, visit [NERCC.org](http://NERCC.org)

**CW:** I ride the Red Line. One day this week there was a signal problem at Harvard. I start at the far other end at Ashmont and we were delayed because of it. And the doors in one of the cars were not working, so people on the platform had to keep scurrying to another one. It still has the feeling sometimes of being held together by bailing wire and bubble gum.

**KADISH:** There's huge investment that's needed, and so every day we look at performance of all the lines and it's not reliable enough yet. Let me take that back. The reliability of the Blue Line, the general reliability of the Orange Line, the general reliability of the Red Line—pretty solid when you see the daily stats. It comes very close to hitting 75 percent on-time performance. Green Line is the weakest line. On the commuter rail side, there are 14 different lines. Six to eight of them operate beautifully, meaning that their on-time performance is over 90 percent, better than you could do if you were driving, easily. There are another three or so lines that come close to that. Then there are a few lines that we're really working on now.

**CW:** The problem children?

**KADISH:** The problem children. But it's important to focus there. In the same way, I wanted to show you this. [Kadish gets up and calls me over to the stand-up desk he uses, where he opens his laptop.] My memory of the Registry [of Motor Vehicles] was always, you took a book, you brought food, and you would plan to spend the whole day there. If you were lucky, your problem would be resolved. Often you had to go back. So Secretary Pollack set a goal of 80 percent of the customers being served, in and out, in less than 30 minutes, and 100 percent of the customers served in an hour. So the daily metrics are cool, and I'm showing you this both because this is unbelievable and I'm proud. This is this report from yesterday. So the report tells me 93 percent of the customers were served in less than 30 minutes. Like, blow you away, right? And in the northeastern part of the state, 99 percent were served. This is in 30 minutes. That's an unbelievable experience at the Registry. [He calls up another page.] This is the daily report for Keolis, the commuter rail. Seventy percent on time performance at Worcester, 85, 84, 84—[for] the different lines. Pretty good day yesterday. We're spending a lot of time on it, and we are really focusing heavily on the details of things and big infrastructure.

**CW:** Broadband access, I'm told, is another area you've worked on. You move in and work with an office as long as you feel you need to and then move on?

**KADISH:** Exactly. So the first year it was, in this order, the T, then it was the Health Connector—that was the problem that we thought we were going to handle—then it was the Registry of Motor Vehicles—that was the problem that we thought we were going to handle. Then it was the sadness of DCF [Department of Children and Families], which was a problem we weren't expecting to handle. The T I stay involved with. MBI—the Massachusetts Broadband Initiative—had just not been doing well. I won't say it failed. So that was a three or four week intensive effort. Getting some of the right people in place, laying out the game plan. Now they're doing great.

**CW:** I was going to ask you about DCF. I noticed the newspaper up there [a yellowing copy of a September 19, 2015, *Boston Globe* front-page on his wall with a story about Bella Bond, the toddler whose body was found on the East Boston shoreline]. Why do you have it there?

**KADISH:** It fundamentally grounds me in what's really important. There's a lot of stuff you can spend time on, and there's a lot of stuff that happens that is not important, but you sometimes think it's important, or other people think it's important. The summer of the three different

incidents with children that were so public—those are our collective kids from this community. What are we as a community doing? So it's an important thing to be looking at. That's really important for me. That's really important for this governor in terms of what he's trying to do.

I always try to think about the person. The T rider. The child in the family at DCF. The person at the Health Connector who can't get through and doesn't know if they have insurance for an operation. So that perspective is very grounding and very driving. And that picture [of Bella Bond]—there's no better example than that.

**CW:** You recently invited former chiefs of staff of Massachusetts governors to come in for a get together here at the State House.

**KADISH:** It was fun.

**CW:** I think if I tallied it up correctly, there were 11 in all, which is an amazing number that showed up. What did you take away from that?

**KADISH:** [At 60,] I'm a very old person doing this! I said that to everyone in the room. Then I think it was Ginny



The one Authority you can trust to be on your side when it comes to paying for college.

As the Commonwealth's college financing authority, MEFA provides financial education to families on how to plan, save, and pay for college. We also established the U.Fund and the U.Plan, the two Massachusetts college savings plans, and have offered low-cost financing options to families for over 30 years.

Learn more at [mefa.org](http://mefa.org) or by calling (800) 449-MEFA (6332).



**mefa**® **LOANS** **UFUND**® **UPLAN**® **REFI** **your plan**™  
for the future

# HEADLINES FROM ACROSS THE STATE.

# ANALYSIS TO MAKE sense OF IT.

The

## DOWN LOAD

A news roundup  
of politics and  
public policy

**FREE to sign up!**

Contact: Bruce Mohl at  
[bmohl@massinc.org](mailto:bmohl@massinc.org)

Buckingham [who served as chief of staff to Gov. Bill Weld] who said, do people mind saying how old they were when they came into the job? And Ginny goes, I was 29. And I'm thinking, oh my God. And people went around the room. A lot of folks were in their 30s, a couple 40s.

**CW:** Did it also help reinforce in your mind how unusual you are in relation to the background and orientation that people have had in this job.

**KADISH:** Yeah. I mean, they were all really good at the politics and communication. I'm OK at both of those. I'm not terrible at it, but it's not a strength.

**CW:** I've been told you played an important role in the work to get the legislation passed establishing the MBTA control board—you were working the phones and talking to lawmakers.

**KADISH:** I can do all that.

**CW:** You're a good soldier.

**KADISH:** Oh, I can be a general and plan the attack. But that's not what I love.

**CW:** It's the other stuff that gets your blood going?

**KADISH:** Yeah.

**CW:** I've heard you're a big skier. Are you hoping for a lot of snow this winter?

**KADISH:** Yeah, and I was told they got three feet of snow this week at Jay Peak [in Vermont], where we've got a house. I'm not skiing as much as I would like to. It's the only thing I do better as an adult than I did as a kid.

**CW:** Given your experience two winters ago, I would guess you may be hoping for less snow right around here.

**KADISH:** Exactly. Snow up there is great.

**CW:** You've got one of the most powerful jobs in state government, but you don't wear a tie, you carry a backpack, and walk to work. You don't seem too taken with the need to project authority through power ties or a \$1,000 briefcase.

**KADISH:** I know that most people, other than friends and former colleagues, return my phone calls and my emails not because they're coming from Steve Kadish. They do it because they are coming from the governor's chief of staff. I'm very aware of the difference between the two. **CW**



## Dump the millionaire tax

Proposed constitutional amendment doesn't accomplish its stated goals.

BY EDWARD M. MURPHY

**FORTY-THREE STATES** IN this country tax the income of their citizens in some form. Of the states that tax wages, only eight, including Massachusetts, use a single rate rather than a graduated rate. That century-old policy is the main reason why in 2018 the Commonwealth's voters will likely face a ballot question seeking to impose a "millionaire tax" on the highest-earning taxpayers in the state. It is the kind of question capable of provoking that visceral response so appealing to reality TV producers. There are rational arguments on both sides, but a detached examination suggests that the proposed tax does not accomplish the goals it purports to achieve. There is no guarantee that the new money will go to education and transportation as claimed; it risks driving some top taxpayers out of state; it fails to mitigate the state's regressive tax system; and it seeks to embed unprecedented language in the state's constitution. It is an initiative that ought not to pass.

The "Fair Share Amendment" to the state's constitution proposed by the Raise Up Massachusetts coalition is a clever piece of political engineering. It aims to capture a slice of the contemporary ethos by targeting millionaires who are assumed not to pay enough taxes. If adopted, the amendment will require any Massachusetts taxpayer to pay a surcharge of 4 percent on taxable income in excess of \$1 million. The total rate on that income would amount to 9 percent when added to the normal tax, expected to be 5 percent when the amendment would take effect in 2019.

Targeting millionaires is made more attractive by the intent of the amendment to earmark the additional revenue only for public education and transportation infrastructure investments. The Department of Revenue estimates that the new

levy could produce approximately \$1.9 billion in 2019, an amount that could make a real difference in appropriations for school systems, public higher education, highways, bridges, and public transportation.

Even more appealing, at least to many members of the Legislature, is the political ballet of achieving



substantial additional revenue without actually voting for a tax increase or having to override a gubernatorial veto. The Commonwealth's complicated constitutional amendment process requires only 50 votes in two successive legislatures

to put the question on the ballot, so the voters can take responsibility for the decision. In May 2016, the Legislature approved the first required resolution. If a second is approved in the current legislative session, the amendment will appear before the voters in November 2018. It is not surprising that early polling shows a large majority supportive of higher taxes on millionaires.

In addition to the artfully designed political process, the substantive arguments in favor of big earners paying more taxes have some weight. Massachusetts is a wealthy state with high income disparity but, since 1915, the state constitution has required that taxes "shall be levied at a uniform rate throughout the Commonwealth upon incomes derived from the same class of property." This means that high earners face the same flat tax rate as lower earners. Thus, a constitutional amendment is necessary to impose the 4 percent additional tax on income over \$1 million. Under the constitutional limitations now in force, the Legislature could not levy such a tax by statute

even if it were inclined to do so.

Five times in the past half century a proposed amendment to allow for graduated income tax rates has appeared on the ballot and has failed each time. In an effort to avoid a similar defeat, the drafters of the current proposal kept the flat tax approach, targeted the increased levy only at millionaires, and aimed the benefits at the popular causes of public education and infrastructure. It's hard to imagine a better marketing approach.

But the initial appeal of the Fair Share Amendment does not stand up under deeper scrutiny. For one thing, the same constitution that requires a uniform tax rate also precludes the adoption of any amendment that "makes a specific appropriation of money from the treasury of the Commonwealth," so it is unlikely that the promise to spend the new money on public education and infrastructure is enforceable. The drafters acknowledged this constitutional infirmity by making the new spending "subject to appropriation," a clause that clearly grants legislative discretion over the money. Even if the Legislature deferred to the perceived intent and appropriated new money for the stated purposes, one can ask why the amendment precludes spending on other pressing priorities, such as water and sewer projects, environmental mitigation, state parks, economic develop-

ment, services for elders, public safety, local aid, and the state's chronically underfunded mental health system.

There are other problems. The Department of Revenue expects that 19,500 filers (0.5 percent of all returns) would have taxable income in excess of \$1 million in the first year of the new tax. For most of those people the impact is relatively small. But almost two-thirds of the income subject to the millionaire tax is reported on fewer than 4,000 returns. It is these very wealthy taxpayers who would be impacted most, and it's hard to know how they will

## It's rare to put tax rate in Constitution.

respond. In New Jersey, which has a top income tax rate of 8.97 percent, hedge fund billionaire David Tepper moved his legal domicile to Florida, a state without income tax, thereby saving himself tens of millions of dollars a year and creating alarm among New Jersey's tax forecasters. The risk of his Massachusetts counterparts making a similar move renders the revenue impact unpredictable.

Some argue that the so-called "federal offset" mitigates the impact of higher taxes on high earners, and makes

RESEARCH + JOURNALISM + CIVIC LIFE = IMPACT

Become a part of the equation.  
Support MassINC and *CommonWealth*.

For more information contact Lauren Louison at [llouison@massinc.org](mailto:llouison@massinc.org)

it less likely they would pick up and leave. The federal offset allows high income filers to deduct state and local tax payments from federal returns, thereby lowering their federal tax liability. This has the effect of off-loading the cost of approximately one-third of the proposed millionaire tax to the federal government. From the state's point of view, this is an attractive gimmick—as long as it lasts. There are persistent efforts by members of both parties in Washington to eliminate or reduce the deductibility of state and local taxes because the deductions are perceived as costly to the federal government and unfair to low-tax states. Eliminating the federal offset is a major priority of House Republicans and President Obama's fiscal 2016 budget proposal sought to cap but not eliminate the use of the offset in itemized deductions. If the Fair Share Amendment is in place and the offset goes away, the real cost to targeted taxpayers will rise significantly.

Perhaps the oddest thing about the proposed amendment is that it will enshrine in the state constitution a fixed tax percentage on income over \$1 million while leaving to statute the rate on lower amounts of income. This is poor constitutional drafting. It is extremely rare for tax rates to be set in a state constitution and it appears unprecedented to insert a permanent surcharge as the ballot question proposes. In Alabama, Georgia, and North Carolina, the constitution sets maximum income tax rates. California had a temporary tax surcharge in its constitution but that, by its own terms, just expired. Massachusetts alone would have a constitutionally mandated millionaire tax and would face a multi-year amendment process if future exigencies necessitated a change.

Another often repeated argument for the millionaire tax—that Massachusetts' flat income tax creates huge inequity, is misleading. While following its constitutional requirement for a "uniform rate" of taxation on income, the Commonwealth has mitigated the impact by allowing multiple adjustments that benefit lower income people. For example, the lowest earners are not required to pay any tax. Massachusetts' generosity with credits and exemptions for dependents reduces or eliminates tax liability for many other lower income filers. The state also supplements the federal Earned Income Tax Credit for joint filers with income less than \$50,000. According to the Institute on Taxation and Economic Policy, these adjustments resulted in the lowest 20 percent of Massachusetts filers paying an effective state income tax rate of 0.8 percent in 2015. The next quintile pays an average of 2.8 percent and, as income increases, the effective rate steps up to 4.2 percent for the top filers. Massachusetts essentially has a progressive income tax system.

It is nevertheless true that Massachusetts' overall tax structure is regressive. The main cause of disproportionate taxation of lower income residents is the 6.25 percent

# LEARN WHAT THE INSIDERS KNOW.

## GET THE BACK STORY.

CommonWealth  
**BACK  
STORY**

**FREE to sign up!**

Contact: Bruce Mohl at  
[bmohl@massinc.org](mailto:bmohl@massinc.org)

sales and excise tax. The relentless arithmetic of the sales tax means that individuals in the bottom 20 percent of the state's earners pay 3.6 percent of their income in such taxes while the very top earners pay 0.3 percent. A similar but slightly less pronounced regressive impact arises from the way real estate taxes are levied in Massachusetts. All in all, the total state and local tax burden on the bottom fifth of the Commonwealth's residents is 10.4 percent, little of which is income tax. The proposed Fair Share Amendment will increase the tax assessed on a tiny fraction of the state's wealthiest citizens, but it will do nothing to ease the tax burden on those at the bottom of the income scale.

The millionaire tax initiative makes three profound assertions: That the state needs new revenue; that the money should come from a surtax on one-half of 1 percent of the state's taxpayers; and that use of the funds is constitutionally limited to the narrow intentions of the sponsors. The reason we have a Legislature is so that voters do not have to provide a simple answer to such complex and interrelated propo-

sitions. Forcing voters to say yes or no can result in bad public policy and unforeseen consequences. Even within the current constitutional framework, the Legislature has the means and the duty to address these important public matters with thoughtful statutes capable of modification based on experience.

I favor progressive taxation and believe it likely that the state will need additional revenue in the years ahead to discharge its responsibilities to the Commonwealth's citizens. There are multiple ways to achieve those goals but the millionaire tax, as proposed, is a tilted and overly simplistic solution. It does not deserve adoption.

---

*Edward M. Murphy worked in state government from 1979-1995, serving as the commissioner of the Department of Youth Services, commissioner of the Department of Mental Health, and executive director of the Health and Education Facilities Authority. He recently retired as CEO and chairman of one of the country's largest providers of services to people with disabilities.*

---

## Grid in the balance

Clean, reliable, competitively priced power — or suboptimal solutions?

GORDON VAN WELIE

**ON THE FACE** of it, New England's power system is in good shape. Over nearly two decades, the region's competitive wholesale electricity markets have attracted investment in the power plants and demand-side resources needed to meet consumer demand.

Upgrades to the region's high-voltage transmission system have vastly improved reliability, allowing power to move freely around the six states, expanding access to electricity from the lowest-priced power plants, and enabling old, inefficient power plants to retire. The retirements of old coal- and oil-fired generators and the increasing use of natural gas to produce electricity have significantly lowered generator emissions over the past decade.

Because of the investment in power plants and transmission, New England has not experienced widespread blackouts or controlled outages since 1965. Near-record-low wholesale electricity prices have resulted from recent mild weather and extremely low natural gas prices, and a competitive market that selects the lowest-priced resources needed to meet demand.

However, the power industry is undergoing a profound transformation. A hybrid power system is starting

to take shape in New England with three major elements: Renewable resources, distributed generation and demand resources at customer sites, and a fleet of fast, flexible natural-gas-fired power plants to back up wind and solar resources. The New England states' environmental and clean energy goals are one driver of this transformation, producing immense growth in solar panels at customer sites, energy-efficiency measures, and proposals for wind farms.

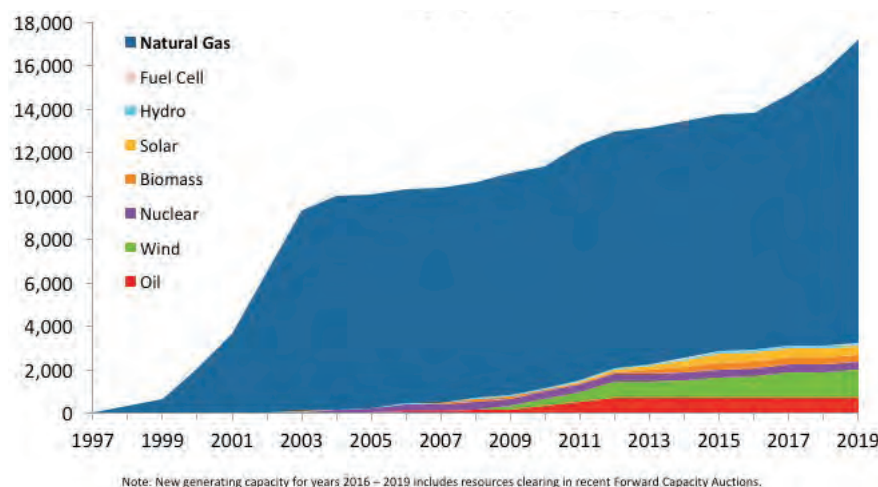


ISO New England has a front row seat on this transformation. The ISO keeps the power flowing in New England by managing the power grid, administering competitive wholesale electricity markets, and conducting long-term planning. The ISO is independent, fuel- and technology-neutral, owns no generators or transmission lines, and makes no money in the electricity marketplace.

The ISO has been preparing for the new order, but looming challenges could derail the region's progress toward a hybrid power system that provides competitively-priced, reliable, and clean electricity.

## NATURAL GAS IS THE DOMINANT FUEL SOURCE FOR NEW GENERATING CAPACITY IN NEW ENGLAND

Cumulative New Generating Capacity in New England (MW)



The first challenge is the lack of adequate fuel infrastructure in the region, particularly infrastructure to serve New England's natural-gas-fired power plants. Over the past two decades, the number of power plants using natural gas has increased dramatically—nearly half of the region's fleet uses natural gas as its primary fuel—while investment in the underlying fuel delivery infrastructure has not kept pace. During cold snaps, the region's natural gas infrastructure can't deliver sufficient fuel for both heating and power generation. Instead, the region relies on nuclear and coal- and oil-fired power plants to keep the lights on—but those generators are closing or at risk of retirement due to low wholesale electricity prices.

The region's reliance on natural gas will only intensify. Natural-gas-fired generation makes up half of proposed power plants. While some argue that the region is too dependent on natural-gas-fired power plants, the future

## Challenges loom on the horizon.

hybrid power system will require reliable, flexible back-up power—exactly what efficient natural-gas-fired generators provide.

To ensure power is available during the winter, ISO New England has incentivized generators to add dual-fuel capability—the ability to burn oil stored onsite if they can't get delivery of natural gas. Having back-up fuel on hand is great insurance for power system reliability, yet oil produces higher emissions, and environmental and siting regulations are imposing greater limitations on existing and new oil generation. That will reduce the

region's ability to rely on oil as a back-up fuel.

Second, wind farms are a small and growing part of our fleet, but onshore wind facilities in northern New England also face a big infrastructure obstacle—the need for extensive and costly transmission expansion to deliver power from their remote locations to cities in southern New England. Bringing hydro energy from Canada will also require significant transmission expansion. Offshore wind farms are more costly than onshore wind, but require less transmission.

Third, the competitive wholesale marketplace has brought much-needed investment in power plants in New England. However, these markets are vulnerable as states seek to advance clean energy development using contracts and incentives outside of the wholesale marketplace. Depending on how they are structured, government subsidies for clean energy will have unintended consequences: market prices that are lowered by subsidies may not be sufficient to keep existing power plants in operation and investor uncertainty could dampen new development, ultimately undermining resource adequacy.

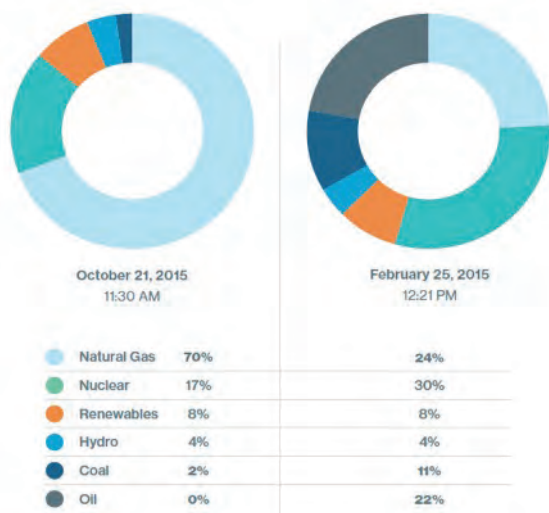
ISO New England is responsible for managing the power system affected by this changing landscape, but can't require investment in fuel infrastructure. The ISO's role is limited to developing market incentives to induce generator owners to ensure they have fuel.

The challenges outlined here, plus the ISO's independent natural gas infrastructure studies, plus the ISO's actual experiences operating the power grid in recent winters, lead to the unavoidable conclusion that New England needs more fuel infrastructure to ensure a reliable power system.

Additional fuel infrastructure could come in the form of greater pipeline capacity, liquefied natural gas (LNG) storage combined with forward contracts for LNG delivery or, alternately, dual-fuel power plant capability—with emissions permits that allow extended run times on oil. The high-voltage transmission network will also require expansion to reach clean energy sources. But given the difficulties in building infrastructure in New England, the ISO is not optimistic that sufficient infrastructure will materialize in time.

The key to long-term independence from natural gas and oil is renewable energy in combination with grid-scale

## SYSTEM FUEL MIX



electricity storage, but at a level that will not be economically or technically feasible for many years. This transition will take decades, it will be challenging and costly, and it will require regional collaboration. In the meantime, there is no alternative but to depend heavily on fossil fuels and the remaining nuclear plants.

To address the challenge to competitive markets, the states, the organization representing market participants (NEPOOL), and the ISO are mulling how to accommodate the states' clean energy requirements in the competitive market structure, but those solutions also are probably several years away.

Until large transmission lines are built to reach hydro and wind resources, and unless additional fuel infrastruc-

ture is added to meet the ever-increasing demand for natural gas to heat homes and businesses and to generate the power that lights those homes and businesses, we see a future with challenges that may require the ISO to employ suboptimal solutions.

The time is fast approaching when the region's fuel infrastructure constraints and continued non-gas power plant retirements may push the ISO to further strengthen market rules to incentivize generators to contract for fuel infrastructure. Other steps the ISO could take to ensure reliability during the winter could include—as a last resort—trying to stop some non-gas power plants from retiring. The measures required to ensure fuel security or induce generators to postpone retirement will be costly. Progress on lowering emissions may falter due to increased dependency on oil, and the region should expect significant energy market price volatility when natural gas pipelines are constrained.

The ISO is supportive of the states' environmental and clean energy goals, and has developed many operational and market solutions to accommodate renewable resources and emerging technologies. Additional solutions will be needed to ensure reliability through the wholesale markets. However, the region's fuel infrastructure needs have the potential to seriously affect ongoing power system reliability and impede the efficiency of the wholesale markets that have brought the regional system this far. The ISO will continue to strive for a reliable power system through competitive markets, while seeking solutions that are compatible with state environmental requirements.

*Gordon van Welie is president and CEO of ISO New England Inc. ISO New England operates the six-state power system and oversees the region's wholesale electricity marketplace.*

## Lessons from Singapore

Known for its high-achieving schools, the nation offers Massachusetts a vision for 21st century teaching and learning

FERNANDO M. REIMERS AND PAUL TONER

**ON DECEMBER 6**, the Organization for Economic Co-operation and Development (OECD) released the results of the 2015 Program for International Student Assessment (PISA), an assessment administered in 72 nations every three years that measures 15-year-old students' skills in reading, mathematics, and science literacy. Massachusetts students did very

well and placed toward the top of the world distribution when their scores are broken out from the national results. Singapore once again topped the global rankings.

Long known for its high achievement in core academic subjects, Singapore is now also blazing a trail as a leader in rethinking approaches to education to prepare

students for an increasingly complex global economy. A year ago, we led a delegation of 25 Massachusetts educators to Singapore to learn from that nation's success educating students for the 21st century.

Our delegation included deans of schools of education, Department of Higher Education and school district leaders, directors of foundations, and leaders of teacher professional development organizations. In preparation for this visit we met with senior staff of the Department of Elementary & Secondary Education leading our educator preparation efforts and we sharpened the focus of our visit to have it center on teacher and school principal preparation and support. In Singapore, we were hosted by colleagues at the National Institute of Education, the sole organization there responsible for teacher and principal preparation.

Singapore's education system is admirable because in the span of 50 years it has helped to transform a third world economy with a largely illiterate population into an innovation economy with very low unemployment rates and a very high per capita income. They accomplished this by making education a central focus of their development strategy. In 2011, however, rather than rest on their laurels, the Singapore Ministry of Education proposed a revision of the national curriculum to move beyond the mastery of literacy, mathematics, and science to help students develop 21st century skills.

These go beyond core academic subjects and include a focus on developing self-awareness, self-management, social awareness, responsible decision-making, and relationship management. To cultivate these capabilities, they emphasize communication, collaboration, and information skills as well as critical and creative thinking. They have also focused on civic literacy, the competencies necessary for active participation as a citizen, and cross-cultural skills and global awareness, which encompass embracing cultural differences and understanding the

## Moving beyond math, literacy, and science.

interdependency of Singapore with the rest of the world. These skills are part of the country's new values-driven, student-centric approach that places values and character development at the core of the curriculum, with the aim of preparing students to embrace the strengths provided by the cultural and religious diversity of their society.

Some of the same education goals were included in a report of the Task Force on 21st Century Skills of the Massachusetts Board of Elementary and Secondary Education, released in 2008, three years before Singapore launched its initiative. The report, entitled "School

Reform in the New Millennium: Preparing All Students for 21st Century Success," called for similar changes on the part of our education leaders to make education relevant to the demands of a rapidly changing economy and society.



It outlined clear strategies to achieve such a vision, including significant rethinking of educator preparation and professional support. Unfortunately, most educators never saw the report and the economic recession prevented the implementation of this ambitious vision. In contrast, Singapore moved to align its teacher and principal preparation programs with their vision for 21st century education. The goal of our visit to Singapore was to learn how they had done this.

What we learned is that Singapore's success in moving its education forward to embrace 21st century skills is

built upon the same foundation that propelled the country to the top ranking on PISA's measures of core academic achievement—the strategic alignment of resources around a shared vision and a belief that schools and educators are the key to the country's success. Schools and students must meet a very high level of proficiency. No matter what school a student attends, they are guaranteed an excellent education. Educators in Singapore are fond of saying: "All schools are good schools." Teachers and principals are respected and heralded publicly as "nation builders."

Singapore's National Institute of Education recruits new teachers from the highest achieving high school graduates in the country, and provides them with the most rigorous academic training to prepare them for teaching or to work in other professions if they so choose. They have developed career pathways that support teachers from novice to career to mastery to leadership. Principals and teacher leaders are identified, trained, and supported with a focus on developing authentic leadership. Teachers and school principals travel abroad during their training to study educational innovations in other countries. All of this is done with the goal of building capacity to support continuous improvement and focus on the future needs of the nation.

The new curriculum has led them to deploy pedagogies that support a certain level of individual instruction oriented to individual students' interests, as well as foster collaboration, and more use of technology in the classroom. In our school visits we observed students collaborating on projects which included designing software or engaging in science expeditions. These were student-led, were extended and challenging projects, and involved col-

laboration in teams and the use of technology to support such collaborative work.

To share the learnings from this visit with our education colleagues in the Commonwealth, we followed the example of John Quincy Adams, who wrote admirably in *Letters on Silesia* about the education system of Prussia while he served as ambassador there. Similarly, Horace Mann, the first Massachusetts secretary of education, wrote a book analyzing the education systems of Germany and France, which helped advance his campaign for public education in the US. We published the reflections of those in the delegation in a book titled *Fifteen Letters on Education in Singapore*.

In this book we outlined a series of recommendations to align teacher preparation with the vision of 21st century education proposed in the state board of education task force report nine years ago. We hope the book will stimulate dialogue and collaboration among the 80 teacher preparation programs in the state, and the many districts and other providers that offer professional development. It is clear that ours is a challenge of collective leadership since, unlike the structure in Singapore, no single agency has the authority to produce the necessary coherence that will help us close the gap between our aspirations for teacher preparation and current practice.

We propose specific recommendations for policy makers, state and district leaders, teacher education institutions, school principals, teachers, and the public—all of whom are essential to transforming our education system. The recommendations include making explicit, and communicating broadly, the expected goals of K-12 education and explaining how they align with a vision for the future of Massachusetts that includes preparing students for careers, civic engagement, and life. Our hope is that more learning in our schools is personalized, student-centered, and engages students with real world problems, over extended periods, in ways that involve collaboration and that are student-led and paced.

We recommend developing common frameworks for teacher education institutions so they are aligned with the expected goals of K-12 education. For example, teacher preparation institutions could develop the capacities of our teachers to reflect on their practice as a way to improve their capacity to work in teams, to personalize learning, and contribute to the integrated development of their own cognitive, social, and leadership skills as well as self-knowledge and self-management, so they can also foster these competencies in the future for their students. Furthermore, there should be regular communication and articulation agreements between district leaders and teacher education institutions to provide feedback to preparation programs and to provide support for teach-

ers throughout their careers.

District administrators and principals need better and ongoing training in conducting meaningful evaluations and providing feedback for improving classroom practice. School boards must develop the capacity to work with district leaders to create leadership pipelines that encourage growing teacher-leaders and administrators within the systems so that the values of the school system are sustained long-term.

Since the book was published, in May of last year, many of the participants in the delegation have encouraged the discussion of these ideas in a range of forums,

## Following Singapore's lead won't be easy.

from meetings of deans of schools of education to meetings of superintendents and school leaders. Several deans of schools of education in the state have encouraged their faculty to discuss the implications of these propositions for their institution.

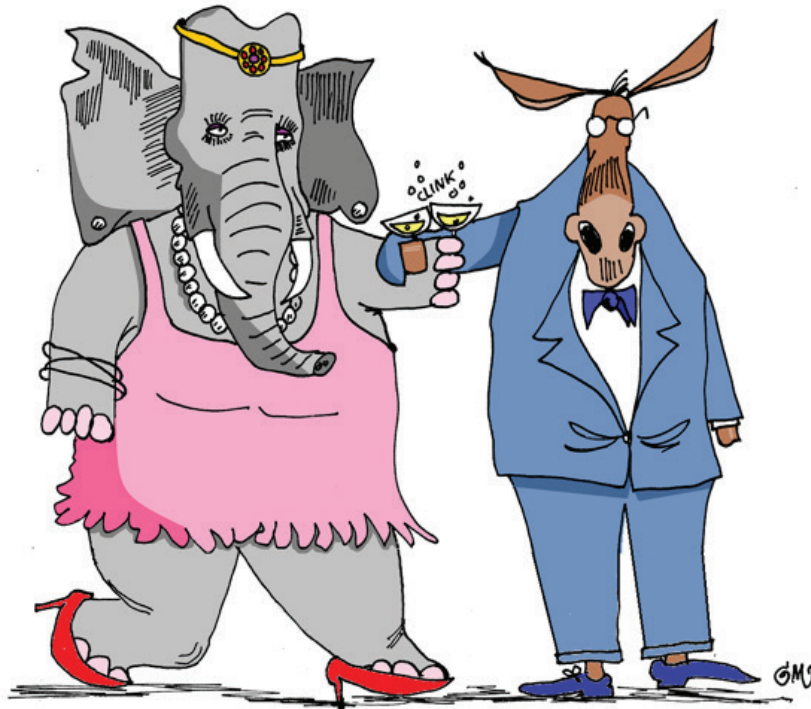
On January 21, Education First and Teach Plus are co-hosting an event in Cambridge with national and state policy makers and practitioners to examine the PISA results and “No Time to Lose,” a recent report from the National Conference of State Legislatures that makes recommendations similar to our book as to how states can move forward with their own vision for preparing our students for success in a global economy.

Such dialogue is valuable, but is very different from the more streamlined way in which a nation such as Singapore, where a single institution is responsible for teacher preparation, can develop an implementation strategy to translate their curricular aspirations into supports for more robust pedagogies for 21st century teaching and learning. This is the same type of process, however, that took place here in meeting houses in the 17th and 18th centuries, from which emerged the idea that it might be possible to create our own way of government that assured every person freedom and the pursuit of happiness. We hope that similar conversations will help us this time discern ways in which we might, together, transform our public schools into institutions that indeed equip all children with the capacity for self-rule, freedom and the pursuit of happiness in the 21st century global economy. **CW**

---

*Fernando Reimers is the Ford Foundation Professor of the Practice of International Education at the Harvard Graduate School of Education. Paul Toner is executive director of the Massachusetts office of Teach Plus, a teacher-led education policy organization, and is a former president of the Massachusetts Teachers Association.*

# Serious Fun II



Thank you to our  
sponsors and supporters



MINTZ LEVIN



MOVE THE WORLD FOUNDATION

JENNIFER NASSOUR



WATERVILLE CONSULTING      PHILIP CONDON

THOMAS GREEN      BILL MCDERMOTT

HELEN CHIN SCHLICHTE



# MassINC

RESEARCH. JOURNALISM. CIVIC LIFE.

11 Beacon Street, Suite 500  
Boston, MA 02108

*Address Service Requested*

PRESORTED  
STANDARD  
U.S. POSTAGE  
PAID  
ABERDEEN, SD  
PERMIT NO. 200

Visit MassINC online at [www.massinc.org](http://www.massinc.org)

RESEARCH + JOURNALISM + CIVIC LIFE = IMPACT

MassINC thanks the many institutions and corporations whose annual sponsorship makes *CommonWealth* possible.

#### CHAIRMAN'S CIRCLE SPONSORS

The Barr Foundation  
The Boston Foundation  
MassMutual Financial Group  
Public Welfare Foundation

#### LEAD SPONSORS

Beacon Health Strategies  
Irene E. & George A. Davis Foundation  
Eastern Bank  
Gardiner Howland Shaw Foundation  
Hyams Foundation  
John S. and James L. Knight Foundation  
Massachusetts Teachers Association  
Metropolitan Area Planning Council  
Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.  
Theodore Edson Parker Foundation

#### MAJOR SPONSORS

Bank of America  
Citizens Bank  
Foley Hoag LLP  
Harvard Pilgrim Health Care  
Highland Street Foundation  
IBM  
MassDevelopment

Massachusetts Bar Association  
Massachusetts Educational Financing Authority  
Massachusetts Medical Society  
The MENTOR Network  
NAIOP Massachusetts  
New England Regional Council of Carpenters  
Partners HealthCare  
Trinity Financial  
Tufts Health Plan  
Weld Management Co., Inc.

#### CONTRIBUTING SPONSORS

Boston Community Capitol  
Clark University's Mosakowski Institute for Public Enterprise  
Community Resources for Justice  
The Chief Executives' Club of Boston  
Keyser Public Strategies  
Liberty Mutual  
Meketa Investment Group  
Northeastern University  
Public Consulting Group  
Seniorlink  
Waterville Consulting

*For more information on joining the sponsorship program call MassINC at 617.742.6800.*