

## **On the Fiscal Crisis, Somerville Leads by Example**

**By Joseph A. Curtatone**

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As the governor and the legislature grapple with what has become, in dollar terms, the largest fiscal crisis in Massachusetts history, one of the hottest questions is whether the state can cut its way to solvency, or whether some new and additional revenues are necessary. My position on this question has been loud, clear and public. I believe that:

- Some cuts are inevitable, but you can't cut your way to success;
- Fundamental reform can lead to significant savings;
- We should approach this challenge not by shifting the blame, but by sharing the burden;
- No matter how many cuts and reforms we impose, we cannot maintain core services without some new revenue; and
- As part of a comprehensive rebalancing of the fiscal relationship between the state and its municipalities, cities and towns should be given more freedom and authority to diversify revenue and to manage costs - especially the soaring cost of health care

I hope that is the approach that ultimately carries on the day on Beacon Hill. Here in Somerville, we will do our best to lead by example.

On cost management, we are taking the lead by collaborating with our police unions on new contracts that not only include zero percent pay increases, but also call for pay furloughs in which employees give back one week's salary without reducing their hours. Our patrolmen's union courageously led the way on this approach by agreeing to these provisions in a one-year contract signed in March; our police superior officers' union signed on to the same austerity measures in a new three-year agreement signed on May 1st.

I am deeply grateful for the community spirit represented by these contracts, which set an example for other municipal unions here in Somerville and across the state.

This week, I took the next logical step by telling our non-union workforce (including all elected officials), that they, too, would be looking at a continued wage freeze in FY2010 - and that they, too, would be receiving one-week furloughs. Taken together, the non-union and police furloughs represent a cut in the FY2010 budget of well over \$300,000.

That's a significant amount of money - but it is even more significant as an indication of the fact that we are all in this together. The employees covered by these furlough policies

are making a genuine sacrifice to preserve core city services at a time of fiscal crisis.

Even though it would completely unfair to ask city workers to bear the entire burden on their own, I wish I could say that their sacrifice would, by itself, be sufficient to meet our ongoing budget shortfall. The truth, of course, is that it will take far more, both in terms of cost savings and enhanced revenues.

To help us find the best menu of budget options, I turned in January to a group of outside fiscal experts from both the private and the non-profit sectors. I asked them to advise the city on a full range of potential costs savings and revenue items - both short-term and long-term - that could help us get past the current crisis without reducing core services.

This week, the Financial Advisory Committee (FAC) submitted its recommendations. (You can download a copy from the "FY-2009-2010 Budget Development" page on the city's website. There's a link to the budget page from our homepage at [www.somervillema.gov](http://www.somervillema.gov).)

It's an impressive, thoughtful and provocative list. I am grateful for all of the committee's hard work, and I will carefully review its suggestions. Some of them are entirely within the City's choice and control, including such options as: exploring opportunities for competitive sourcing between city employees and private vendors; establishing higher license fees and violation fines; or moving the entire city to residential permit parking.

It's already clear, however, that the City of Somerville cannot implement several of the FAC's most important recommendations unless the state gives us the tools to do so - and/or our municipal unions lend their assent. Nowhere are these restrictions more evident than in the area of health care cost management.

We have been working steadily over the past five years - and with some success - to bring employee and retiree health insurance contributions more in line with standard practice in the private sector (and, indeed with many other cities and towns). I am also ready now to embrace the FAC's suggestion that we "determine and quantify the potential benefits and costs-savings of joining the Commonwealth's Group Insurance Commission (GIC)."

But there are millions more in savings (with no loss in access or quality of services) that can be had from other changes on the health care front. Here are a few of the key FAC recommendations on health care that require authorization or endorsement at the state level:

- "Encourage a move away from an Indemnity Plan while ensuring comparable coverage through other cost-effective options
- "Issue a Request For Proposals (RFP) for a sole health insurance provider
- "Pursue a broad range of plan design changes with the potential of reducing costs while

maintaining coverage and quality of care

· "Support legislative authorization for cities and towns to have the same administrative authority to change plan design as exercised by the Commonwealth since 1955 (plan design encompasses changes in deductibles and co-pays)"

This week, along with our legislative delegation and city officials from across the state, I will be helping lead the fight on Beacon Hill for the authority we need to implement these changes, as well as gaining more ability to diversify local revenues.

Will we succeed? It's by no means a certainty. But here's one thing I know for sure: Whatever the outcome, Somerville will be leading by example. We will gather the best analysis, look at the big picture, and take on the shared sacrifices and the hard choices - squarely and fairly.

That's all we can do - and that's all we're asking for.