

Local Aid

“All politics is local.”

Thomas P. “Tip” O’Neil

In a nutshell, \$5.3 billion dollars in state aid to cities and towns, referred to as Local Aid, will soon be distributed from the Commonwealth’s general fund. Local Aid will make up 19% of the State’s annual budget for fiscal year 2010 and will include funding for our schools, roads, police and fire departments--all core services for our communities. Local Aid drives the provision of local services, which in turn dramatically affects the quality of life in our cities and towns. Robust Local Aid helps municipalities avoid using increases in the property tax to compensate for budget gaps.

As your State Representative, I spent a great deal of my time during this spring’s budget process advocating for and attempting to protect local aid funding levels. The Legislature’s leadership and the Governor both knew that we had to deliver the best possible outcomes for our districts, even as the budget was being built on the shifting sands of the economic downturn.

The economic reality is that the Commonwealth started the year with \$20 billion in estimated revenues for 2010 and ended up with \$18 billion at years end. All the while, revenue projections for 2009 were declining monthly. The federal stimulus money was on its way, but a great deal of that would have to be used to backfill 2009 budget gaps. The budget process was expected to be brutal; state programs would be cut to preserve local budgets and there would be no earmarks this year.

In the midst of this debate, the legislature passed reforms designed to streamline our transportation system, preventing a July 1 toll increase, as well as create a fairer, more sustainable state pension system. The House began to look, reluctantly, at new revenues to generate additional funds to keep municipalities protected from dramatic cuts in services.

The budget delivered to the Governor contains just under \$1 billion in tax increases, along with \$2.4 billion in state program cuts and \$1.5 billion in federal stimulus funds. The budget also included a Municipal Relief Package, which allows cities and towns to adopt a local option meals tax of .75% and/or 2% lodging tax. The Package eliminated property tax exemptions on poles and wires located on public property and includes incentives to develop cost cutting regionalization agreements to share local resources.

I provide you these details in the spirit of transparent and open government, but also because there are many (moving) pieces to the Commonwealth’s budget. Throughout the months-long and often complicated process, my colleagues and I worked to protect local aid from the worst of the cuts. We did so because local aid is the nexus for the most core and crucial services. For me, it was essential to protect local aid because our recovery from this economic crisis, unlike the crisis itself, must begin at home.

