



## Massachusetts taxpayers only 'protected' from efficiency

By Stephen J. Adams

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As the state budget process has wound down and Legislative leaders are making their final decisions on what will be included and what will be cut out of the coming year's state budget, some special interest groups have been spending big money on radio and television advertising in a last minute attempt to influence this process. Perhaps you've heard the very expensive radio campaign which tries to make the case against any changes in the anti-competition Pacheco Law. This is a ten year old state law, the only one of its kind in the country, makes it virtually impossible to contract out any service now performed by a state employee, a measure that state fiscal groups have called the single most significant budget setback of the last decade.

The organization that is paying for these radio ads has been hiding behind the name "Coalition for Taxpayer Protection." People have been asking who is this coalition and what is their game? We won't find out until they file documents, as required by law, with the Secretary of State's Office in July.

By opposing any changes in the Pacheco Law, this mysterious coalition is preventing taxpayers from money-saving measures like outsourcing personnel functions, as is being done by a growing number of governments across our country. In Florida, the state has contracted with a private company to manage personnel benefits and payroll, recruiting and training for that state's 189,000 employees. The deal will save the state \$65 million in computer upgrade expenses and \$10 million each year in operating costs.

But here in Massachusetts, the Pacheco Law is "protecting" taxpayers from better services at lower costs at the MBTA. In its search for a contractor to maintain bus shelters, the T found a firm who would provide \$1 million in maintenance service and pay the state another \$2 million for the right to display electronic ads on the shelters. The contractor offered to build another 400 to 600 shelters for MBTA passengers and guarantee the T a minimum of \$8 million in revenues. But under the Pacheco Law, this was deemed the deal not in the public interest and the deal struck down.

And the Pacheco Law is "protecting" users of Metropolitan District Commission (MDC) skating rinks from better services. The MDC operates 21 skating rinks entirely with state employees. They only operate for about 6 months of the year. At the Massachusetts Department of Environmental Management, the other state park agency, fifteen of their 18 rinks are privately managed. By outsourcing rink management, DEM rinks have longer hours of operation, a broader range of skating programs and special events and generate annual fee revenue of \$400,000 to the Commonwealth. And the way, the DEM rinks are open for 11 months of the year.

What is most fascinating about the pro-Pacheco Law ad campaign is that it was spurred by the most innocuous, almost meaningless proposal in the House budget to examine the value of more outsourcing. In "reforming" the Pacheco Law, the House would suspend a small piece of the law but only for a segment of the Transportation Department and for the UMass system — an avowed opponent of outsourcing. The proposal would exclude the largest outsourcing opportunity, the MBTA. Moreover,

this suspension would be for only one year and would prohibit any private contracts longer than two years. Finally, it does not address the State Auditor's veto power over any contract he doesn't like, now a key roadblock to competitive bidding. The House test of outsourcing is designed to fail and to kill opposition to Pacheco for good. So why the campaign by the so-called Coalition to Protect Taxpayers to save the Pacheco Law?

It's all about keeping the camel's nose of reform out from under the tent. Once taxpayers understand how much better government could be if we adopted the kind of practices that most other states have embraced for years, they might get use to better services at lower cost. If contracting out made sense, maybe merging the Turnpike with MassHighway does too, along with merging MDC with DEM and shrinking the human services bureaucracy. These are concepts taxpayers must be protected from at all costs.

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