Thank you, Mayor McGlynn. Good morning, Governor Romney, Lieutenant Governor Healey, Mr. Wilkins and Geoff Beckwith.

First of all, I want to offer congratulations and condolences to the incoming President of MMA, Raphaela Rozanski. Not only does she have to follow Mike McGlynn, she is coming in at a time when we face our gravest challenge in many years. I want to pledge my support and help in the year ahead.

It's always been my pleasure to welcome the MMA Annual Meeting to Boston. In previous years, I've had the chance to speak to you about how we forge ahead in the areas of education, of affordable housing and of economic development. Our emphasis has always been, how do we make our communities, and therefore our state, a better place for all.

That is still our goal, but we seek it at a time of hard fiscal realities.

We all know the problems our state is having with its finances. The recession has taken its toll. $4 billion in annual tax cuts during the 90's has hit home. And the rising cost of health care burdens states all around the country. We are a long way from the hey days of the 1990's, when state coffers were overflowing with tax revenues, tobacco settlement dollars and federal welfare reform monies.

Those days are not coming back right away and we have to deal with it. So what do we have to do?

First, let me tell you what I have done as President of the United States Conference of Mayors. I initiated a meeting with Governor Paul Patton of Kentucky, President of the National Governors Association. I told him that the mayors of America are ready to go to Washington to lobby for immediate federal assistance for our distressed state governments. We must work together to forestall the mounting state deficits which amount to a $65-80 billion drag on our national economy.
At the time we met, we heard some signals that the Bush Administration was considering offering some help for the states in terms of Medicaid relief and transportation spending. What we got instead was a massive tax giveaway that provides no stimulus and no help for our states, cities and towns.

I will keep working to get Washington to recognize that people are hurting in hometown America. We need jobs, we need investment, we need first responder money and we need an aid package for the states. That's our national agenda.

Now, in Massachusetts, cities and towns have to put our own debates behind us and recognize our common crisis. The three major foundations of local aid -- Chapter 70, lottery revenues and additional assistance are in serious jeopardy. All of us can complaint about one formula or the other. It's no secret Boston fares well in additional assistance, the one major local aid fund that's been cut to date. We fare far worse in the lottery and education formulas and we've suffered numerous cuts in small, but significant programs -- from charter school reimbursements to Chapter 636 to summer jobs. We've already sustained major cuts and we've already begun the belt tightening.

That's Boston's situation. Many of you have your own issues. For some, it's rapidly rising school enrollments and growing stress on local services. For others, it's a stagnant tax base. Still others are faced with local aid cuts that are far out of proportion to what other communities may face. I have a serious problem and serious needs in Boston, as local aid is 26 percent of my budget. But what happens to Springfield or Lawrence, where local aid is as much as 70 percent of their budgets. What do we want them to do, pass a Proposition 2 1/2 override to raise taxes on their hard pressed working families? Lay off teachers and tutors and ignore the MCAS mandates? That's not the answer for them, or for many cities.

So the first thing we have to agree on is "one size fits all" no longer works. Yes, we have certain things in common. We are the First Responders. We pave, plow and police your streets. We educate your children. When a call for help comes in, it comes to us, the cities and towns, and we respond.

Governor Romney, when you called on state government to be more nimble and responsive, I took that to mean you want the state to be more like the locals. When a problem hits, we respond, whether it's a fire in Newton or Worcester or a crisis of overflow shelter beds in Boston or snow just about everywhere this winter. We find the resources and we make things happen.

Contrast our flexibility with the rigidity we heard about this week in Washington. HUD wants to cut housing authorities by 30 percent this year due to HUD's own fiscal mismanagement! They lost the money, can't they find reserves somewhere? Couldn't they even try? It's funny, when local housing authorities have fiscal problems, HUD can't wait to put them into receivership. Maybe we should go to court now to put HUD into receivership!
I'm pleased that the MMA has filed legislation this year to provide for a local meals tax. Last year, a proposal that I filed for a one percent meals tax increase made it to the Governor's desk. It's a good idea, especially since the state would still be equal to or below other New England states in terms of tax rate and Boston would still be the lowest of major cities nationally. I hope we all push for it and I hope it becomes law.

This year, I filed a range of revenue options, some of which work well for all communities, others are more specific to Boston. And I'm sure that there are other local option ideas that have been filed that would help certain regions or communities more than others.

So let's look at local option revenue raising in a broader context. Boston, for example, could lose over $100 million in local aid this year, under one scenario. Perhaps the state should say, we'll let you recover a percentage of your losses through a mix of these options, which they would authorize. Boston might opt for one approach, Worcester might take another, whatever works best for that particular community.

This is just an idea I have but we need more and better ideas right now. We can't just cut our way through this recession. Perhaps we need another Hamill Commission on state-local relations as we had years ago. We should also look at giving cities and towns the same powers to negotiate group insurance that the state has. We need to encourage more regional partnerships, such as the Metro Mayors Caucus. It's time for a fresh look at these issues.

So let's work together and let's be strong in speaking up proudly for the services we deliver at the local level. Our people need us to fight for them. It's going to be tough, but we will find answers and we WILL come back, together.

Thank you.