



**MASSACHUSETTS
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COUNCIL**

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Despite Poor Economy, Political Change Council Reflects on Successful 2002

Victories, New and Historic ...

Despite the economic woes and political upheaval on Beacon Hill, the Council had a very successful public policy year in 2002. Some victories were a long time coming, while other new successes will have a lasting impact on state public policy for decades to come.

Budget Growth Limit Tops List ...

The most important Council win for 2002 was the passage of the state Budget Growth Limit, which will ensure long-term stability and predictability for state finances. The limit, which holds annual state spending increases to two percent plus the rate of inflation, would have essentially prevented the state's current budget crisis if it had been implemented at the beginning of the last economic recovery. The limit also has a positive affect on tax policy; not only will it return a portion of the excess revenue to the taxpayers, but it provides the framework to enact – and retain – new tax cuts down the road.

Limit to Bring Stability to State Finances ...

The long-term security of the Budget Growth Limit helped offset the most disappointing public policy development of the year: the passage of a \$1.2 billion tax hike package. The Council was the only business group to actively oppose the tax package, particularly the repeal of the 1994 Capital Gains Tax Phasedown law. In fact, some business groups went as far as to endorse new taxes, providing cover for the Legislature to pass one of the largest tax hikes in Massachusetts history. The impact of the tax increases will be felt by all individual taxpayers, employees and entrepreneurs. The Council will work with **Governor Mitt Romney** over the next four years to regain the competitive tax policy advantages that evaporated during this summer's budget debates.

New Logan Runway Nearing a Reality ...

Back on the positive side, 2002 saw the final federal approval for the new delay-reduction runway at Boston's Logan International Airport. Given the challenges of fierce neighborhood opposition, powerful political foes and the reduction in air travel from September 11, the August 3 final record of decision by the Federal Aviation Administration was a huge accomplishment. During the final few years, the Council was the only business group to aggressively advocate for the new runway through the media, public hearings and correspondences with state and federal officials. The Council will be closely monitoring the final step to clear the way for construction of the runway, a modification of a decades-old state court injunction on airside construction at Logan.

Council: Won It Alone ...

Energy Program Evolves, Foley Professor Gets to Work ...

Elsewhere, the Council was successful in enhancing its best-in-the-nation energy program, which already saves Council members millions of dollars a year in electricity costs. **On the education front, John Hodgman was named the Howard Foley Professor at the University of Massachusetts at Lowell**, and will be spearheading high tech workforce development initiatives. The Foley Professor was funded through generous contributions of Council members and state matching grants. The Council also worked as part of a business coalition to bring accountability to the state's public schools by preserving the MCAS graduation requirement. For a full review of the Council's 2002 record of accomplishment, please visit the Council's website at www.mhtc.org.

Romney Romps, Names Anderson to Transition Team ...

Quickly after celebrating a more decisive than predicted Gubernatorial election victory, **Governor-elect Mitt Romney** put together a comprehensive transition team, which included Council President Chris Anderson as the only broad-based technology industry representative. Anderson is a member of the 25-member Jobs and the Economy panel, which is chaired by **Harvard Business School professor Michael Porter**. The panel will focus on jumpstarting the Massachusetts economy and exploring regional solutions to job growth.

Science & Tech Gains Steam ...

One of the hot topics of the transition has been the state's new Science & Technology Initiative, which was first publicly outlined by **Analog Devices Founder Ray Stata** at the Council's October 1, 25th Anniversary dinner. The Initiative, which is being coordinated by **MassInsight Corp.**, calls for increased collaboration between technology employers, public and private universities and state government to help the Massachusetts technology economy compete for the future.

Tech Czar Needed ...

The first goal of the initiative is for Governor Romney to appoint a Cabinet-level Science and Technology officer who will coordinate the myriad of issues affecting high tech and serve as a point person for the industry. Other states, including hungry new competitors like Virginia and Colorado, already have such positions in place.

UMASS Amherst: Berkeley of Bay State ...

Another long-term goal of the Initiative is to make the University of Massachusetts system more competitive, or as Ray Stata said, transform UMass Amherst into the "Berkeley of Massachusetts." A more competitive UMass system in the context of math, science and engineering is crucial to fulfilling the state's future workforce needs across all technology sectors.

Other important features of the Initiative include:

- Ø *Increasing collaboration between universities and Massachusetts companies.*
- Ø *Supporting the science and technology initiatives of private universities.*
- Ø *Accelerating the development of the UMass system as a leading-edge technology university, collaborating with Massachusetts private universities and companies.*
- Ø *Improving K-12 math and science education.*

S&T Could Serve as State Biz Plan ...

The Science & Technology Initiative could serve as a strong business plan for Governor Romney to sell the benefits of doing business in Massachusetts. While Massachusetts is viewed as a hotbed of innovation and possesses countless private sector advantages, state government has long been viewed as a hindrance to making it in Massachusetts. Beyond its practical applications to boosting the state's diverse technology economy, the Science & Technology Initiative has a positive symbolic effect on current and prospective Massachusetts employers and employees.

Council-Driven Effort ...

After Ray Stata's historic speech at the 25th Anniversary, Stata joined **Council Chairman and Teradyne CEO George Chamillard, and Council Director and EMC Executive Chairman Michael Ruettgers** in sending a letter to the two Gubernatorial candidates urging them to make Science and Technology a focus of their new administrations. Since Romney's resounding election victory, the Council has been in close contact with the Governor-elect's staffers and transition team members, and has received a great deal of positive feedback on the Initiative.

Academic Heavyweights ...

The media has also taken notice, with Stata publishing an opinion editorial in the Boston Globe about a month before **UMass President William Bulger and MIT President Charles Vest** graced the Globe pages with yet another piece promoting the Initiative's positive impact on higher education.

For a full accounting of the Council's efforts behind the Science and Technology Initiative, please visit our website, www.mhtc.org.

Swift to Attend Directors Meeting ...

The Council is pleased that **Governor Jane Swift**, in one of her final meetings with business leaders before finishing her term in early January, will attend the Council's Board of Directors meeting on December 17. In her waning days in the corner office, Swift has been busy stabilizing the state's worsening fiscal condition. In late November, Swift announced nearly \$100 million in additional cuts to the Fiscal Year 03 budget that were necessary to offset slumping revenue collections.

Swift: Budget Balancer ...

Swift's budget balancing efforts will ease the transition for Governor Romney and bolster his promise to prevent the passage of new taxes for 2003. Swift can unilaterally reduce portions of state spending through her executive authority in order to balance the budget. However, she is prevented from addressing many large accounts, such as aid to cities and towns, without legislative approval. So far, the Legislature has resisted calls to return to formal session and address the budget shortfall this calendar year.

Swift Files UI Rate Freeze Bill ...

After discussions with the Mass High Technology Council, Swift filed legislation to freeze Unemployment Insurance rates at Schedule B for 2003. If the Legislature fails to address UI rates for next year, businesses would see an eye-popping 80 percent increase in employer UI costs. The Council has been pushing the Legislature to freeze 2003 rates without making changes that will render the system less competitive for employers.

**FutureComp to
Take SIG Reins ...**

In November, the members of the Council's High Tech Self Insurance Group (SIG) tapped **FutureComp** to serve as its new administrator. The SIG, which ensures members for Workers' Compensation claims, has already saved Council members significantly on insurance costs. With Workers' Compensation rates creeping up and FutureComp now on board, the Council expects to grow an even more successful High Tech SIG. For more information contact the Council at (781) 890-6482.

**Council CEO
Survey Now Polling
Members ...**

While the Council and its officers have been working on action items that will be the focus of the Council next year, we need to hear from you. Council members have recently been sent a link to the on-line 2003 High Technology Council Business Climate Survey. This survey, conducted each year since 1987, helps members set the Council's annual public policy agenda. In this crucial upcoming year, we are looking to maximize member participation in order to construct the strongest possible agenda for 2003. We encourage all members to take a few minutes to complete this easy-to-use on-line survey.

**Learn of Tech
Opportunities in
Ireland ...**

On January 10, 2003 at 7:30 a.m., the Council will welcome back **EMC Founder and US Ambassador to Ireland Richard Egan** to host ***Doing Business in Ireland; A Changing Landscape***, a breakfast forum on opportunities for Massachusetts technology companies in that crucial European market. The event, sponsored by **Mass High Tech newspaper**, will be held at **Bentley College's Technology Center**. Other Council member companies with a presence on the Emerald Isle and Irish and Northern Irish trade officials will join Egan, a former Council director, at the event. Tickets are \$30. For more information, visit our website at www.mhtc.org.

