

HIGH TECH NEWS

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Future of Hanscom Air Force Base, Natick Army Labs to Be Shaped in 2004; Unemployment Insurance, SciTech Investment on Tap in New Year

Council Takes Leadership Role in State's BRAC Efforts

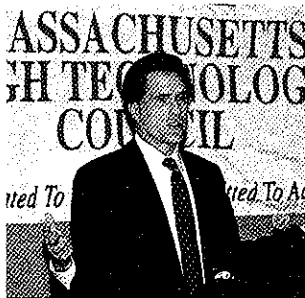
Two thousand and four began quickly on several fronts as the Council embarked on its 27th year of making Massachusetts a more competitive place to run a high technology company.

The Council hit the ground running in its new leadership role in the state's efforts to preserve and expand military technology capabilities at **Hanscom Air Force Base** in Bedford and the **Natick Army Soldier Center** through the **2005 Base Realignment and Closure (BRAC)** process. The 2005 BRAC, the first conducted by the **Department of Defense** in a decade, is expected to result in the closure or moving of up to 25 percent of the nation's military installations. While the list of proposed bases to close will not be released until March 2005, the crucial work toward preserving the bases is already well underway.

United Front with Governor, Congressional Delegation, Industry and Academia

The Council has been forming a leadership team for the BRAC effort, known as the **Massachusetts Defense Technology Initiative (MDTI)**. This public-private partnership is composed of **Governor Mitt Romney, Senators Edward Kennedy and John Kerry, Congressmen Ed Markey and Marty Meehan**, business and academic leaders, and retired, high ranking military personnel. This group will be charged with shaping and implementing a coordinated state strategy to preserve and expand these two facilities, which employ nearly 30,000 through direct and indirect jobs and pump \$3.5 million into the regional economy.

Due to the highly technical nature of the functions performed at Hanscom and Natick, the past BRAC processes fail to accurately assess their contribution to the US military's mission. The Massachusetts effort has been focused on helping the Department of Defense transform the BRAC evaluation criteria from being weighted strictly on traditional measures (length of runway, acreage, housing stock) to standards that better reflect the mission of technical and research-focused facilities (proximity to premiere academic institutions and world-class technology firms.)



SAVE THE DATE

High Tech Council 2004

Annual Meeting

Burlington Marriott

Thursday, February 26, 2004

Registration: 7:30 a.m.

Speaking Program: 8:15 a.m.

Special Guest Speaker

Governor Mitt Romney

More Details Needed on Subcriteria

On January 13, **Council President Chris Anderson** (who serves as President of the MDTI), **Vice President Cort Boulanger** and **MDTI Executive Director Alan Macdonald** visited the state's entire Congressional Delegation in Washington DC to gain approval for the state BRAC strategy and to finalize the regional response to the Department of Defense draft BRAC criteria which was released on December 22.

Despite indications to the contrary, the new draft criteria for the upcoming BRAC process was a near carbon copy of the 1995 BRAC criteria, which failed to account for the benefits and capabilities of technical facilities. Despite this disappointing news, there is still hope that the BRAC subcriteria will value the technology missions of installations like Hanscom. While the DoD is not required to release the subcriteria until next year, efforts are being made to learn how the subcriteria will measure Hanscom and Natick.

In addition to working with Pentagon officials, the MDTI will create fundraising and public relations plans, examine the current and future financial impact of Hanscom and Natick, and look to work with the Pentagon to identify ways to make those facilities more cost effective and efficient.

Finneran: Technology is Crucial to Economic Future

In his annual Speaker's Address to the Commonwealth on January 7, **House Speaker Tom Finneran** stated that investment in and support of the state's employers – particularly the science and technology sectors – will lead Massachusetts out of the economic downturn. He emphasized that the state must not repeat the mistakes of past recessions that prolonged the suffering in Massachusetts while other states recovered faster.

Finneran also endorsed a plan co-sponsored by the High Tech Council to invest in early childhood education. The Early Education for All legislation, which phases in investment and curriculum for pre-Kindergarten aged students over the next six years, would have a positive impact on the state technology worker pipeline by preparing children with basic skills for when they arrive at school.

Funding for Research Grants, Tech Pipeline Restored

Earlier this month, Finneran and his Senate counterpart **Robert Travaglini** successfully restored technology-focused investment programs by overriding Governor Romney's November vetoes. The Council had been lobbying legislators to fully fund the **Massachusetts Research Center Matching Fund**, which provides financial support for federal research and development grant applications by Massachusetts universities; the **Science, Math, Technology and Engineering Fund**, which supports programs designed to interest children in math and science; and the **John Adams Institute**, which takes a regional approach to science and technology investment.

In all, the final Economic Stimulus law will approach \$100 million, most of which is focused on science & technology investment. This final approval is well timed for the release of the Council's and **Mass Insight's** Road Map and Strategic Opportunities Study, to be released in

February, which outlines strategies for investing in technology, and calls for improved collaboration between industry, academia and state government.

Romney: Reforms Needed to Afford Investments

In his State of the State speech on January 15, Governor Romney outlined some bold reform initiatives designed to make government more efficient and to free up more funds to invest in the state's priorities. The most promising of his reforms would be to revamp the state's arcane public construction regulations that contain unique restrictions that unnecessarily add significant time and costs to the state's public projects. While he has not yet revealed the details of his construction reform plan, the potential for taxpayer savings is real – allowing the Commonwealth to stretch capital investment dollars further and address more of the deficiencies of the state's aging public infrastructure.

Unemployment Insurance Reform Still Alive

Romney also used the platform of his State of the State to call for true reform to the state's uncompetitive Unemployment Insurance system.

Despite a disappointing result on the effort to reform UI in late 2003, the Council has joined with Romney and other business groups to continue to press for changes to the most costly system in the nation. Last fall, the Legislature passed a bill that added nearly \$600 million in new UI costs to employers – an average increase of 75 percent to businesses' bottom line – while failing to address the out-of-whack benefit structure that results in benefit payouts of \$700 million per year in periods of historic economic growth and a microscopic unemployment rate like 1999. Romney has filed two bills that call for modest, but much needed, reforms to the Unemployment Insurance system.

On January 20, Council President Chris Anderson testified in favor of Romney's reform plan before the Joint Committee on Commerce and Labor and encouraged the Legislature to finish the job on reforming UI. He cited the high cost of doing business in Massachusetts and how an unstable and uncompetitive UI structure will hinder future growth and will be an unwelcome surprise to companies, like **Novartis** and **Enterasys**, which have made recent decisions to invest in the Bay State. "Executives from these leading technology companies knew Massachusetts was a high cost state, but were willing to make that concession to be closer to the talent and research needed to create jobs and make important innovations and discoveries," said Anderson. "They and other current and prospective employers only want Massachusetts to be stable, predictable and as competitive as possible – that isn't the case with Unemployment Insurance costs in 2004 or into the future."

Also expressing support for Romney's bill at the hearing was **George Manning**, Executive Vice President for Human Resources at Council member **MKS Instruments**. The **National Federation of Independent Businesses** and **Associated Industries of Massachusetts** have also publicly endorsed the Governor's reform bills.