

# The High Tech Agenda

## Cost Competitiveness – Talent Development

February 13, 2014

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The **High Tech Agenda** keeps the High Tech Council's members and partners up to date on its pro-growth advocacy concerning state and federal public policies and programs in support of its mission.

**The goal of the Massachusetts High Technology Council is to help make Massachusetts the world's most attractive place in which to live and work, and in which to create, operate, and grow high technology businesses.**

**We believe** the health and vitality of the Massachusetts economy is directly related to the state's commitment to meet the high quality of life it seeks to provide for its citizens. Competitive, stable and predictable tax rates, appropriate regulations and economic incentives, and other operating costs that are competitive with other states, will lead to greater capital formation and employment growth throughout the state's technology economy.

[Mission Statement](#)

### Beacon Hill Update

#### *FY 2015 state budget*

On Jan. 22, 2014, Governor Deval Patrick released his \$36.4 billion budget plan for the coming year. While it lacked the large and broad-based new tax levies of the budget he proposed last year, it does contain \$97 million in new taxes which come from tax increases on candy and soda, insurance subsidiaries, and occupancy taxes on lodging purchased online. Overall, the budget would spend roughly five percent or \$175 million more than last year, with the balance coming from a draw on the stabilization account.

Perhaps because of last year's experience with the Tech Tax, which Patrick proposed last year and the Council led a strategy that later led to its repeal, this budget plan does not contain new anti-competitive taxes that target a specific sector of the Bay State economy. Soon after the unveiling of Patrick's budget, House Speaker Robert DeLeo announced that the House's budget would not include any of Patrick's proposed taxes.

#### *Senate passes unemployment insurance measure, House version expected soon*

Without a legislative intervention, a **33 percent increase** on employers' unemployment insurance payroll taxes—already second highest in the nation—is scheduled to take effect in 2014. On February 6, 2014, the state Senate passed a bill along party lines (36-4) that

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## Related Links

Council Website  
[www.mhtc.org](http://www.mhtc.org)

DTI Website  
[www.defensetech.net](http://www.defensetech.net)

contained modest changes to the state's unemployment insurance system. The bill freezes the current rate structure, preventing yet another \$500 million increase on employers and sets rates for the following three years, which avoids the annual spectacle of having to renew rates yearly as legislators have done in the recent past. On the negative side, the bill does raise the base wage amount on which rates are calculated from \$14,000 to \$21,000 - a 50 percent increase. One small business Council member indicated this change alone would increase its payroll costs by \$32,000 per year.

The bill also does not attack the two primary cost drivers - benefits duration and workforce attachment - that make this system the second costliest in the nation. For these reasons, the High Tech Council opposed the bill and continues work with the House of Representatives on a meaningful reform proposal. Please see Chris Anderson's statement below:

*"Today, the Senate missed an opportunity to enact meaningful reforms that would have had a positive effect on job creation while sending an important and needed message of partnership to employers across the Commonwealth. In failing to address either of the main cost drivers of our state's second-highest-in-the-nation unemployment insurance system, Massachusetts will remain at a significant cost disadvantage relative to other states that are aggressively seeking to build high tech economies like ours."*

## MHTC Competitiveness Agenda, 2014

### *Defining the growth agenda for the leading candidates for governor*

With no incumbent on the top of the ballot in November, 2014, Massachusetts voters will have their first chance in eight years to vote for new leadership of the Executive Branch of Massachusetts state government. To help assure our pro-growth agenda is front and center in the candidates' minds, we have built strong ties with each of the leading candidates for governor and with key members of their staffs. During Council roundtable events and one-on-one meetings, each of the candidates has shown keen interest in our agenda. We have impressed upon them the critical need to create the kind of strong partnership between elected officials and job creators that exists in many of the states with which we compete directly for high tech jobs and investment.

### *Building a set of powerful data tools to advance the competitiveness agenda*

With valued contributions and guidance from members of the Cost Competitiveness and Talent Development teams, we have made substantial progress in designing and producing two interrelated data dashboards to benchmark our state's strengths and weaknesses against those of our peer/competitor states. Currently in their initial production phase under the leadership of our partners at Worcester Polytechnic Institute, these tools will frame our agenda by advocating data-driven solutions to the most pressing policy problems facing Massachusetts.

### *New data counters assumptions on Beacon Hill*

According to new data released by the **National Science Foundation** in February, Massachusetts slipped from a tie with three peer states with the highest percentage of tech workers as a percentage of total workforce to 6th. Virginia expanded its tech workforce to 17.67 percent of its total workforce, continuing to increase its share of tech workers steadily since 2006. Washington State, Maryland, Colorado, and New Jersey each scored gains to move them ahead of Massachusetts - the only state to see its tech workforce contract since its 2006 high of 16.32 percent to its current share of 15.11 percent. This shows that Massachusetts is losing out to more aggressive, lower cost states in the battle for coveted high tech jobs

### *Cost Competitiveness and Talent Development Teams pair up to provide guidance on data*

On **February 20, 2014**, a joint meeting of the Cost Competitiveness and Talent Development

and Education Teams will be held to review and provide feedback on the State Competitiveness dashboard projects. These projects are now in a critical phase of their development and this meeting will provide an opportunity for our partners to report on progress to date and receive constructive guidance on elements of the projects. This meeting will take place at the Council's Waltham offices at **11:00 AM**. All members are invited to attend. **Please email [felix@mhtc.org](mailto:felix@mhtc.org) to RSVP.**

### *Board of Directors meeting dates set*

A reminder that all C-level Council members are invited to attend meetings of the Council's Board of Directors. These meetings offer an important opportunity to set the Council's strategic agenda and define the issues most deserving of the Council's focus and energy. Our 2014 Directors meetings are scheduled for the following dates: **February 27, May 9, September 16, and December 11**. Each meeting will take place from **8:00 AM to 10:00 AM** at the Council's Waltham offices. **Please email [ron@mhtc.org](mailto:ron@mhtc.org) to RSVP for the February 27 meeting.**

### *MHTC/World Energy Solutions energy cost-saving program workshop on February 25*

Electricity prices in Massachusetts remain among the highest of any region. This winter, many businesses across New England have experienced major spikes in their electricity costs. While utility supply prices ran between 7-9 cents per kWh last winter, many users are now seeing prices of 12-16 cents per kWh - more than a **50 percent increase**. Energy experts see no signs of this trend abating anytime soon.

Adding further pressure to the cost equation, a new initiative by Governor Deval Patrick to boost the amount of solar energy Massachusetts produces **is predicted to cost electric utility customers more than a billion dollars extra over the next 20 years**. As [reported](#) recently by the *Boston Globe*, Northeast Utilities said "that Massachusetts consumers would pay two to three times as much for solar power as ratepayers in neighboring Connecticut."

To help eligible Council members get a handle on high energy prices and market volatility, the Mass High Tech Council has partnered with **World Energy Solutions**, a national leader in energy procurement. Through this collaboration, we have created a powerful new energy program that enables members to obtain the best prices from competitive electricity markets in fourteen states, including Massachusetts.

World Energy will conduct the first informational workshop about this program on **Tuesday, February 25, from noon to 2:00 PM** at the Mass High Tech Council in Waltham. Please visit this [link](#) to reserve your spot.

### *MHTC/Spring Cooperative partnership seeks to provide clarity for employers on recent health care changes*

With all of the recent changes made in health insurance and employee benefits, employers across the country are struggling to find out exactly what the Affordable Care Act will mean for their businesses. **A new program from benefits specialist Spring Cooperative available exclusively to High Tech Council members can help make sense of these changes and provide cost relief as well.** If your company has 50 or fewer employees, learn more by visiting this [link](#) or contact Spring directly at (800) 821-6033. The Council will be organizing quarterly health care topic briefings with Spring, so look for an invite in your inbox.

## **Congresswoman Niki Tsongas Visits the High Tech Council**

On February 7, 2014, Congresswoman Niki Tsongas stopped by the Council to take part in a roundtable discussion with members. As the Congressional delegation's sole member of an Armed Services Committee, Congresswoman's Tsongas' perspective on issues affecting the Massachusetts defense sector was of particular interest in light of the ongoing uncertainty in federal budgets and shifting mission priorities.



Congresswoman Niki Tsongas, Dr. John P. "Jack" Obusek, director of the Natick Soldier Research, Development and Engineering Center, Steven Wert, Program Executive Officer for Battle Management, Air Force Life Cycle Management Center, Hanscom Air Force Base, and High Tech Council President Chris Anderson.

## **Constant Contact Co-Founder Alec Stern Shares Entrepreneurial Lessons with Small Tech Business Leaders**

On Wednesday, January 15, 2014, the High Tech Council was proud to have Constant Contact co-founder Alec Stern take part in our Small Technology Business Initiative's Small Business CXO Speaker Series. Graciously hosted by Council member Constant Contact, the event afforded an opportunity for tech company entrepreneurs to gain insights from a prominent tech leader while expanding their own networks.



Constant Contact co-founder Alec Stern hosts an interactive discussion with leaders of smaller technology firms on January 15.

## **MHTC Small Tech Business Initiative Gathering Opinions of Small Tech Firm Leaders**

Every well-known Massachusetts tech company was once a small start-up working hard to get off the ground. To help today's start-ups have a greater impact on policy, the High Tech Council has organized a

range of outreach efforts to give smaller tech firms a stronger voice. To gain deeper insight into the issues that are most pressing for small tech business owners and how they believe the state can help them to grow, the STBI is conducting a [survey](#). If you are a small tech firm, please click on the link and share your opinions. In the coming week, we will analyze the results and bring our findings to lawmakers on Beacon Hill to make the case for pro-growth policies.

## Data Points

**28 percent** - the rate at which 2013 Massachusetts public high school graduates scored a 3 or higher on at least one AP exam during high school. This represents a significant jump from the 17 percent of students who scored a 3 or higher in 2003. Despite these gains, Massachusetts still ranked fourth behind Maryland, Connecticut, and Virginia in percentage of students scoring a 3 or higher on at least one AP exam.

**24,610** - the number of Massachusetts public high school graduates who graduated in 2013 having taken an AP exam. The number of students taking AP exams has risen 89 percent since 2003 when just 13,051 students took an AP exam.

## 2014 Council Membership Update

There continues to be strong growth in companies joining the High Tech Council. So far in 2014, 20 companies have signed on as new members. If you have high tech colleagues from non-member companies who would like to join our efforts to make Massachusetts the best place to headquarter and grow their high tech business, ***please contact Council Director of Membership Ron Trznadel at [ron@mhtc.org](mailto:ron@mhtc.org) for more information.***

## Council President Chris Anderson to Run Boston Marathon for UMass ALS Champion Fund

High Tech Council President Chris Anderson will be a first-time runner in this year's Boston Marathon and is running to benefit the [UMass ALS Champion Fund](#), which raises money for breakthrough research to cure ALS, which took the life of former Massachusetts Governor Paul Cellucci in 2013. Inspired to run by Governor Cellucci's courage in facing ALS and in response to last year's Boston Marathon tragedy, Chris will be joined by his daughter, Carly. To donate to his run, please click [here](#).

## "They Said It..."

Senate President Terry Murray, during an interview in which she announced she would not seek re-election, speaking about the likelihood of a minimum wage becoming law in the coming year: "If we don't do it, it will still be on the ballot and the ballot is polling at least 70 percent in favor so it's going to happen - so it either happens here or it happens on the ballot, and with the governor's year you're going to see a lot of people come out and vote." - **State House News Service**, 2/10/14

"I am the author on the House side, as we speak, of a minimum wage bill that I want to bring to the floor next month, and I hope for the end of this year to have the highest minimum wage in the United States of America, right here in Massachusetts," said Rep. Tom Conroy, a Wayland Democrat. - **State House News Service**, 2/10/14