

MASSACHUSETTS
HIGHTECHNOLOGYCOUNCIL

Dedicated to Growth... Committed to Action

The High Tech Agenda

Cost Competitiveness - Talent Development

March 28, 2013

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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](#)

MHTC Hosts 2013 Annual Meeting

In February, **Boston Scientific Corporation Co-Founder Pete Nicholas** was elected Chairman of the Board, succeeding Dynamics Research Corporation President and CEO James Regan. Members also elected **Ellen Lord (Textron)**, **Jim Boyer (KPMG)**, and **Michael Kendall (Goodwin Procter)** officers of the Council.

In a statement prior to the meeting, MHTC President Chris Anderson expressed his gratitude for the leaders saying, "As we continue our work to promote competitiveness and innovation in Massachusetts, the Council is fortunate to benefit from the deep reservoirs of talent within our ranks. Through their willingness to serve, extraordinary leaders like Jim and Pete have generously stepped forward to offer our membership insights acquired over the course of remarkable careers. On behalf of the Council, I thank them for all they have done and continue to do to make Massachusetts the best place to grow a high technology business."

During his remarks, Nicholas acknowledged the outstanding accomplishments of the Council to date and presented a strategic vision for the future outlining goals and objectives for 2013 and beyond. He also stated that the Council's focus on the competitive climate, education and workforce development, as well as strengthening and sustaining the defense community was essential in

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order to help continue to grow the state's tech sector.



Pete Nicholas, MHTC Chairman

Annual Meeting Guest Speakers

The meeting also featured guest speaker **Richard D'Aveni, Bakala Professor of Strategy at the Tuck School of Business at Dartmouth College.** Prof. D'Aveni led an interactive discussion about global competition with members based on themes contained in his book "Strategic Capitalism: The New Economic Strategy for Winning the Capitalist Cold War."

MA State Representative Dan Winslow accepted an invitation extended by the Council to all candidates for the US Senate Special Election to attend the meeting. We appreciate Dan's willingness to join us and share his reasons for running and for reviewing his support of pro-growth economic policies important to Massachusetts and our technology economy.

Big Data TechCon

BZ Media's inaugural **Big Data TechCon**, April 8-10 in Cambridge is the "how-to", transformative show that will focus on the entire big data ecosystem, and provide solutions for developers, IT managers and practitioners. It is technology-agnostic and will apply to organizations using relational databases, NoSQL databases, graph databases, unstructured data, flat files and data feeds. Receive a \$200 discount off the 3-day pass by inserting the code BIGDATA when prompted. www.bigdatatechcon.com

MHTC Competitiveness Agenda

Legislature Spares Employers Half-Billion Dollar Unemployment Insurance Tax Increase

Good News: Our January issue of the High Tech Agenda outlined the Council's opposition to a pending payroll tax increase. On February 14, the Legislature agreed to a final version of a \$115 million supplemental spending bill and sent it to Gov. Deval Patrick's desk. **The bill includes a provision that spares employers from a \$500 million unemployment insurance rate hike.**

State Budget Update

On February 20, the Massachusetts State House began a series of public hearings on Gov. Deval Patrick's proposed state budget. Released in January, Gov. Patrick's \$34.8 billion budget proposal for 2014 increases spending to

most state programs in conjunction with increasing and expanding a variety of taxes, including an increase of the income tax rate to 6.25 percent. In addition, the sales tax would decrease to 4.5 percent. Some House members have questioned the tax hikes, and it is expected the House will release its own budget proposal in April.

Bulletin from MHTC President Chris Anderson

On February 14th MHTC President Chris Anderson released the latest "**President's Bulletin.**" In light of Gov. Patrick's budget proposal, Anderson invited members to participate in a 10-question survey on the Governor's tax

plan and an assessment of the state's competitiveness that will be shared with legislative leaders and candidates in the 2014 gubernatorial campaign.

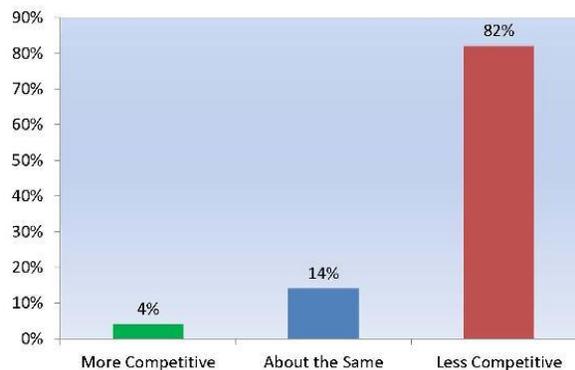
[Click here](#) to view the bulletin.

MHTC Competitiveness/Tax Proposal Survey Results

Against a backdrop of the potential loss of hundreds of millions in federal dollars and jobs in Massachusetts as a result of the failure of Congress to avoid Sequestration, and just a few years after the state's sales tax was raised from 5 percent to 6.25 percent, MHTC members are deeply opposed to major elements of the Governor's plan to hike taxes by \$2 billion. **Moreover, 82 percent of members believe the state is less cost competitive than our peer states.**

2013 Mass. High Tech Council Business Climate Survey

Please rate Massachusetts' cost competitiveness in the context of other states.



Expanding the state sales tax to custom computer software and data processing services is of particular concern, and likely to open a Pandora's box of new tax burdens borne by MA employers.

[Click here](#) to view MHTC Competitiveness/Tax Proposal survey results

[Click here](#) for software tax analysis by Mass. Taxpayers Foundation

Boston Business Journal, March 15: [Patrick's Tax Plan Opposed by Tech Industry](#)

Boston Globe, March 24: [Proposed Tax Increases Big Concern for Mass Businesses](#)

Comparing MA to our "Peer" States

In an effort to gauge the competitiveness of the Massachusetts climate for business compared with its chief competitor states, the Council's Cost Competitiveness Team is producing a Competitiveness Study. This analysis of corporate tax rates and other relevant data points and business costs, compares Massachusetts with key competitor states.

Member CEOs, CFOs and/or tax executives are invited to join this team. A series of 3 meetings are currently being scheduled for the remainder of 2013.

Meetings are open to all Council members. To become a member of the team, please contact Jane Stoy (jane@mhtc.org).

Boston Business Journal Business Climate Event

On February 15, the Boston Business Journal hosted the event, "Massachusetts Business Climate Summit: Growing and Competing for Jobs in 2013." The discussion included a panel featuring **MHTC President Chris Anderson** along with likely 2014 gubernatorial candidates **Charlie Baker (Partner in Residence, General Catalyst)** and **Steve Grossman (Treasurer of the Commonwealth)**, as well as **Greg Bialecki (State Secretary for Housing and Economic Development)**.

Boston Business Journal, Viewpoint, February 22: [Inertia and the Mass. biz climate](#)

MHTC Talent Development/Education Agenda

MHTC Talent Development/Education Team

The restated MHTC mission allows the Council to commit to a sustained effort on STEM education and the state workforce needs of the future. Under the leadership of **Chris Zannetos, CEO of Courion** and **Al Bunshaft, Managing Director of Dassault Systemes**, core members of MHTC's Talent Development/Education Team have established goals that will ensure we have the needed quantity and quality of technology talent necessary to continue Massachusetts' reputation as a global technology-industry leader.

Inspire: Inspire young students to focus on and excel in STEM subjects

Educate: Provide a quality STEM education foundation for middle school and high school students necessary to pursue STEM-related higher education degree

Retain: Embrace technology-focused students in higher education institutions in Massachusetts and encourage them to remain in state upon graduation

Join the Team

Member CEOs and HR executives are invited to join this team. A series of 3 meetings have been scheduled for the remainder of 2013 as the team focuses on specific deliverables around these goals. Meetings are open to all Council members and are currently scheduled for **May 10, September 13 and December 6**--all from 9:00 to 11:00 am.

To attend, please contact Jane Stoy (jane@mhtc.org).

DESE to Approve New Charter Schools

The Commissioner of the Massachusetts Department of Elementary and Secondary Education (DESE) recently approved 4 charter schools in Boston, New Bedford, and Saugus. DESE also signed off on expanded enrollment at 11 existing charter schools. Attention now turns to the Board of Elementary and Secondary Education (BESE) for final approval. The charter school expansion would add over 2,300 spots to students in mostly urban areas. Massachusetts currently has 45,000 students on waiting lists for charter schools.

New Education Legislation

In January, **Senator Barry Finegold** (Lawrence) and **Representative Russell Holmes** (Boston) filed new education legislation. The measure would increase access to charter schools, provide intervention capabilities at Level 3 schools, and return authorities to turnaround schools.

Boston Globe, January 18: [Bill to Seek End of Mass. Cap on Charter Schools](#)

Wall Street Journal, March 10: [New Front in Charter Schools](#)

CEO Roundtables

On February 20, MHTC hosted a CEO Roundtable event with the **Honorable Robert DeLeo, Speaker of the Massachusetts House of Representatives**. The Speaker has been a member of the Massachusetts House of Representatives since 1991, where he has garnered a reputation as an expert on state budget issues. As the Council looks for ways to boost the state's competitiveness, Speaker DeLeo offered valuable insights into budget concerns and economic growth potential.



Speaker DeLeo with Chris Anderson

A schedule of future CEO Roundtables can be found on our homepage as they are scheduled. The next roundtable will feature [US Congresswoman Niki Tsongas \(MA\)](#) on April 19 at 1:00 in our offices in Waltham.

Space is limited. CEO members can reserve a seat by contacting Jane Stoy (jane@mhtc.org).

Competitive Notes

Despite continued economic fragility, Massachusetts outpaced the US economy in the last quarter of 2012. The study was published by MassBenchmarks, the journal of the UMass Donahue Institute, in partnership with the Federal Reserve Bank of Boston. The results showed that while the US economy contracted by 0.1 percent, Massachusetts grew by a 1 percent annual rate. In all of last year, the state grew by 2.1 percent, compared to the national rate of 1.5 percent. In addition, employment in Massachusetts grew by 1.6 percent last year. Massachusetts has been outpacing the US economy since the recession, largely due to its technology industry.

Boston.com, January 30, 2013: [Mass. Economy Still Outpacing US](#)

They Said It...

"Based on fiscal 2013 estimates, 58 percent of the Commonwealth's general fund revenues come from personal income taxes. The (Governor's) proposed change would increase that to 72 percent, the second highest of any state and an increasing of Massachusetts' reliance on an already volatile revenue source," **Moody's** wrote in a March 15 report.

"Despite the significant revenue enhancement and positive baseline revenue growth, the (Massachusetts state) budget is not structurally balanced in our opinion and relies on nearly \$1 billion of nonrecurring measures," **Standard & Poor's** wrote in a March 18 report.