State budgeting sessions are underway in State Houses around the nation. Debates over “how much and who pays” are highlighting the impacts that escalating tensions between state spending and taxation policies are having on investment and job growth challenges (or opportunities).

- An April 16 Wall Street Journal feature cataloged the way in which Medicaid and pension costs are crowding out funding for public education and fueling pitched battles (including state-wide teacher strikes) over state budgets.

- On April 17, Texas Governor Greg Abbott penned an op-ed in New Jersey’s largest newspaper entitled “Hey, Jersey, Don't Move to Florida to Avoid High Taxes, Come to Texas.” New Jersey Governor Phil Murphy fired back with an op-ed of his own in the Dallas Morning News the next day.

- An economic study of state competitiveness published on April 17, put a sharp focus on the increasing impact high state spending levels and taxes are having on state populations. In the words of authors Arthur B. Laffer and Stephen Moore: “In the years to come, millions of people, thousands of businesses, and tens of billions of dollars of net income will flee high-tax states for low-tax states. This migration has been happening for years. But the federal bill's cap on the deduction for state and local taxes will accelerate the pace.”

Finally, it’s worth noting several of these high-tax states are considering higher income tax rates on a narrow band of individuals and proposing entirely new business taxes to raise revenue in order to maintain high levels of government spending. In New York, the Governor has pushed for new taxes on asset managers, and in New Jersey a plan to expand the sales tax to all services has been floated.

The common denominators driving much of this demand for ever-increasing state revenues: exploding state-funded Medicaid costs, public pension contributions, and debt service obligations. Massachusetts is not immune from these pressures, and should avoid the fate of poor performing states by avoiding the policy mistakes that got them there.

Policy Update: House of Representatives Approves FY19 State Budget Proposal

Playing out against this national background is Massachusetts’ own budget-setting process. Prioritizing policy choices that preserve and enhance the conditions that support investment and job growth in Massachusetts will be an essential guiding principal for policy makers over the next 4 years.
On April 22, the Massachusetts House of Representatives approved a $41 billion budget for FY19, an increase of $1.3 billion over the FY18 budget and $166 million more than the FY19 proposal filed by Governor Baker in January. (View the House Ways and Means Committee’s Executive Summary here.) The State Senate will follow with their budget recommendations and debate in mid-May.

The House-approved spending plan includes significant increases in several of the budget’s largest existing expenditure categories. For example, the plan would increase spending for MassHealth/Medicaid, the Commonwealth’s largest public program, to $16.2 billion, representing just over 40% of the overall budget and a 3% increase over FY18 levels. Speaking in support of the House-approved bill, Ways and Means Committee Chairman Jeff Sanchez praised the MassHealth program as the “largest economic development initiative that we do” as a state.

The House plan does not include Council-supported reforms and efficiencies proposed by the Governor last year and again in his FY19 budget. The proposed reforms would save an estimated $120 million annually when fully implemented.

Key observations regarding the House budget:

- Relies on an official state revenue estimate of $27.59 billion ($933 million above FY18 levels);
- Allocates $2.6 billion to fund pension liabilities; and
- Directs $96 million to be deposited into the Massachusetts Stabilization Fund reserve.

The Council continues to work with legislative leaders in support of MassHealth reforms in separate health care cost legislation the House of Representatives is expected to advance before formal legislative sessions end in July.

Please contact Mark Gallagher with any questions or concerns.

Council’s 2018 Annual Meeting Set for June 19 in Boston

The Council’s Annual Meeting will be held on Tuesday, June 19 at The Seaport Hotel in Boston from 11:00 AM to 2:00 PM.

We’re pleased to again be joined by Governor Charlie Baker, and look forward to a discussion with the Honorable Margaret H. Marshall, Senior Counsel at Choate Hall & Stewart and former Chief Justice of the Massachusetts Supreme Judicial Court.

Oasis Systems is the Exclusive Presenting Sponsor

Sponsor of the 2019 Annual Meeting and Kronos is the Exclusive Luncheon Sponsor. Meeting Co-Sponsors include: Analog Devices, Brooks Automation, Goodwin Proctor and Peoples United Bank. Please visit our 2018 Annual Meeting webpage for additional event information, sponsorship details and instructions on how to register.

Exclusive Presenting Sponsor:

Exclusive Luncheon Sponsor:
Council and Alkermes Host Health Care CEO Roundtable on Opioid Addiction Epidemic

On April 25, the Council and Alkermes joined to host senior business leaders at the first in an ongoing series of Health Care CEO Roundtables. The event focused on the use of innovative strategies to combat the opioid addiction epidemic and featured remarks by Alkermes CEO Richard Pops and a presentation on opioid misuse impacts on the workforce by Ben Gitis from the American Action Forum.

The event also included an interactive panel of experts including:

- Allison Bauer, Director, Bureau of Substance Addiction Services, Mass. Department of Public Health
- Dr. Anton “Tony” Dodek, Chief Medical Officer, Neighborhood Health Plan
- Jason Kauppi, President, Massachusetts Merit Construction Alliance

The discussion and data presented at the event reinforced the ways the opioid addiction epidemic, which is devastating families and communities across America, is also having significant economic impacts, including:

- Nearly 1 million workers absent from the workforce;
- ~12.5 billion work hours lost between 1999 and 2015; and
- $702 billion in lost economic growth between 1999 and 2015.

The event concluded with discussion of legislation recently introduced in Congress to help combat the epidemic through comprehensive treatment. The Comprehensive Opioid Recovery Centers (CORCs) Act will create a certification for healthcare providers that offer a complete range of treatment for opioid addiction to ensure patients are able to choose the option that will work best for them. The group also heard about Senate Majority Leader Mitch McConnell’s recently introduced Comprehensive Addiction Recovery through Effective Employment and Reentry (CAREER) Act, which will promote partnerships between businesses and treatment centers to help people struggling with addiction successfully re-enter the workforce.

Business leaders can play a powerful role in developing solutions and driving innovation in our approach to this national public health challenge. The Council will continue to work with our BOARD OF DIRECTORS

Analog Devices, Inc.
Bain Capital Private Equity
Bentley University
Boston Scientific Corporation
Brooks Automation, Inc.
Care.com
Carruth Capital LLC
Choate Hall & Stewart LLP
CIO Magazine (Editor Emeritus)
Continuum Managed Services LLC
Dassault Systèmes
Deloitte
Dunn Rush & Co. LLC
Eloxx Pharmaceuticals
Ernst & Young LLP
Goodwin Procter LLP
Jenzabar, Inc.
KPMG LLC
Kronos Incorporated
Mercury Systems, Inc.
MilliporeSigma
MKS Instruments, Inc.
Northeastern University
Parthenon-EY
People’s United Bank
PTC
Putnam Investments
Raytheon Company
Stratus Technologies Inc.
The Charles Stark Draper Laboratory Inc.
The Kraft Group
The MITRE Corporation
Trinity Partners LLC
Worcester Polytechnic Institute
members and policymakers at the state and federal level to advance the types of disruptive and innovative approaches and policy responses that are needed to solve this “human capital crisis of our time”.

**Major Revisions to Massachusetts Equal Pay Act Take Effect on July 1**

On July 1, 2018, major modifications to the Massachusetts Equal Pay Act will become effective. The changes, signed into law in August 2016, reaffirm existing law which prohibited employers from discriminating on the basis of gender in the payment of wages. However, new provisions impose a high burden of proof to establish that any compensation differential between employees of different genders are permitted under specified “safe harbors” which are open to subjective definition and interpretation. The revised law also establishes a new definition of “comparable work” and prohibits employers from asking prospective employees about their salary history.

While the Council is committed to eliminating gender-based discrimination in pay and compensation, because the law significantly elevates the level of risk associated with bona fide merit-based compensation systems, the Council remained opposed to it during the legislative debates, despite intense political pressure to support it.

The law provides the Massachusetts Attorney General with enforcement powers and also allows private rights of action (including class actions). On March 1, 2018, the Attorney General’s office published official guidance on the law.

**Member Spotlight: Bentley University to Host 2018 Gearing Up Conference: Unlock Your Potential to Thrive**

For the past two years, Council members’ reaCHIRE and McKinsey & Company joined the Council in hosting our “Closing the Corporate Gender Gap” forum. In 2017, more than 100 senior business leaders attended the event entitled “Turning a Marathon into a Sprint” which focused on data and effective employer efforts that result in greater gender equity in the workplace. We look forward to hosting the event again this fall. Watch for updated event information in the weeks to come.

On Thursday, June 14th, Council member Bentley University’s Center for Women in Business will host its 13th annual Gearing Up Conference, the premier conference dedicated to women in the first decade of their careers.

Keynote Speaker Ritu Bhasin, President of Bhasin Consulting and the author of Amazon bestseller The Authenticity Principle will share her insights on authentic leadership and the value of diversity to enhance personal and career development. For more information, click here.

**Data that MATTERS**

On April 10, scores from the 2017 National Assessment of Educational Progress (NAEP) were released. Massachusetts students once again led the nation in Reading and Mathematics at Grade 4 and 8 levels. Massachusetts currently maintains per-pupil public school funding levels that are among the highest in the nation and the data shows that in many school districts, that investment is continuing to pay dividends.

<table>
<thead>
<tr>
<th>Grade 4</th>
<th>Reading</th>
<th>Average Score</th>
<th>Grade 4</th>
<th>Mathematics</th>
<th>Average Score</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>In 2017, the average score of fourth-grade students in Massachusetts was 236. This was higher than the average score of 221 for public school students in the nation.</td>
<td>236</td>
<td>In 2017, the average score of fourth-grade students in Massachusetts was 249. This was higher than the average score of 239 for public school students in the nation.</td>
<td>249</td>
<td></td>
</tr>
<tr>
<td>Grade 8</td>
<td>Reading</td>
<td>Average Score</td>
<td>Grade 8</td>
<td>Mathematics</td>
<td>Average Score</td>
</tr>
<tr>
<td></td>
<td>In 2017, the average score of eighth-grade students in Massachusetts was 278. This was higher than the average score of 265 for public school students in the nation.</td>
<td>278</td>
<td>In 2017, the average score of eighth-grade students in Massachusetts was 297. This was higher than the average score of 282 for public school students in the nation.</td>
<td>297</td>
<td></td>
</tr>
</tbody>
</table>

**Contact Us**

Massachusetts High Technology Council
Reservoir Woods | 850 Winter Street | Waltham | MA | 02451
781.890.6482 | www.mhtc.org