


MASSACHUSETTS  
HIGHTECHNOLOGYCOUNCIL

*Dedicated to Growth... Committed to Action*

## LEGISLATIVE MEMO

**To:** Members of the General Court  
**From:** Christopher R. Anderson   
President  
**Date:** November 25, 2013  
**Re:** Minimum Wage, UI reform

---

In our September 17, 2013 memo to Members of the General Court, we looked beyond the Tech Tax experience and made the case for a partnership between Beacon Hill and the innovation economy. The partnership will help to strengthen job and tax revenue growth by advancing our competitive advantages and removing uncompetitive policies.

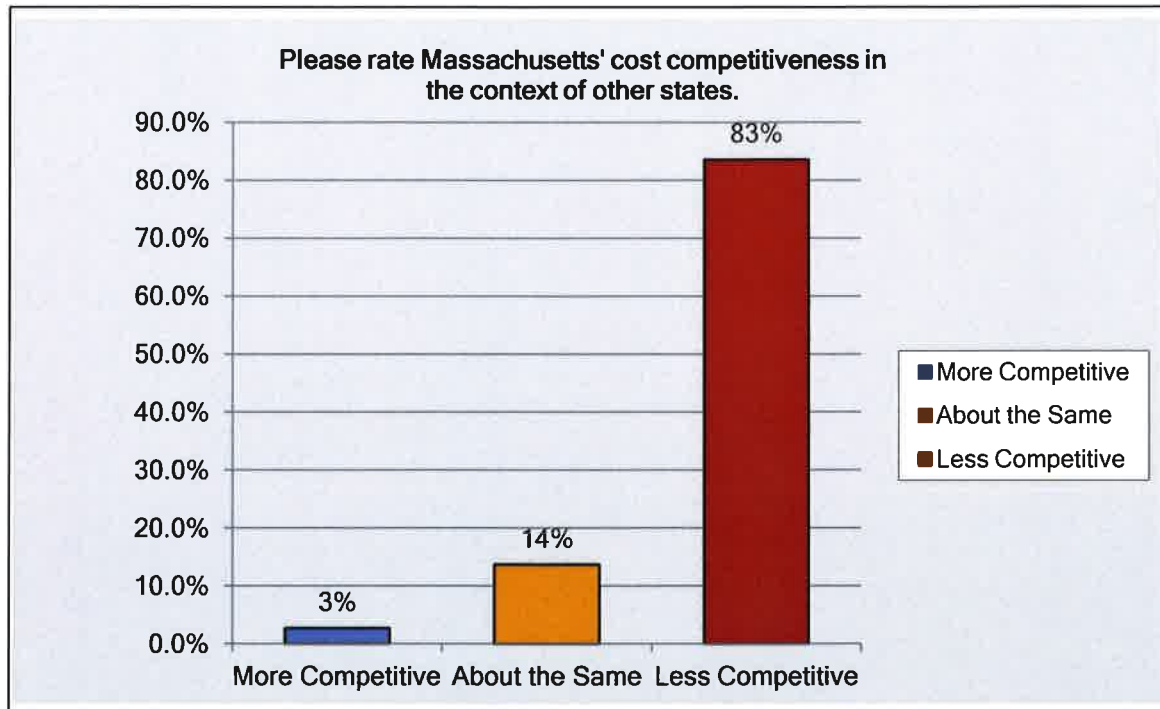
**SELECT MASSACHUSETTS NATIONAL RANKINGS** (Ranking of 1 is best, 50 is worst):

- **Ranked #1** in State Science and Technology Index (2012, Milken Institute)
- **Ranked #1** in 4<sup>th</sup>, 8<sup>th</sup> grade math & reading (2011, NAEP)
- **Ranked #1** in the highest percentage of workforce with BS or higher in the nation (2012, National Science Board, Science and Engineering Indicators)
- **Tied in with a Ranking of #1** with 3 other states (NJ, VA, WA) with the highest percentage (15 percent of total workforce) of high tech workers in the nation
- **Ranked #44** state tax costs on Business ("Location Matters" 2012, KPMG/Tax Foundation)
- **Ranked #25** State Tax Business Tax Climate (FY2014, Tax Foundation)
- **Ranked #16** in CNBC Top States for Business (2013)
  - But... **ranked #47** for Cost of Doing Business
- **Ranked #49** in Unemployment Insurance Payroll costs (FY2014, Tax Foundation)

### SURVEY REVEALS NEGATIVE COMPETITIVE ENVIRONMENT

While the Senate was voting to enact S. 1925 (An Act to restore the minimum wage) last week, the High Tech Council conducted a survey of the tech community to ascertain support for this bill (**78 percent of survey respondents opposed it**), but also to assess legislative alternatives as well as the perception of the broader state competitive environment.

Perhaps unsurprisingly given the recent experience with the Tech Tax, **83 percent** of respondents rated Massachusetts' cost competitiveness "**less competitive**" than other states. **Fourteen percent** said Massachusetts' competitiveness is "**about the same**" as other states while only **three percent** said we are "**more competitive**" on cost relative to other states.



### UI SYSTEM REFORMS OFFER A PATH TO IMPROVE THIS PERCEPTION

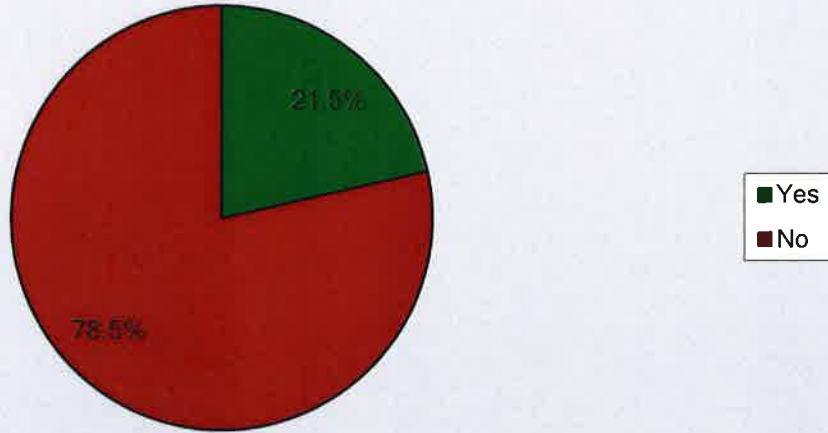
Although respondents had a negative view of the state’s cost competitiveness and do not support the Senate’s approach to raising the minimum wage as a stand-alone proposal, **there is a considerable change in opinion when cost-reducing reforms to the Unemployment Insurance system are considered as an inseparable component of the minimum wage proposal.** More than **67 percent** of respondents indicated support for a measured increase in the minimum wage (up to \$10.00 per hour) if the automatic wage trigger were eliminated and if reforms to the Unemployment Insurance system such as benefit and eligibility requirements were aligned with those of a majority of other states (i.e. benefit duration of 26 weeks and a workforce attachment requirement of 20 weeks).

### SEIZE THIS OPPORTUNITY TO STRENGTHEN THE STATE'S COMPETITIVENESS

Reforms to the Unemployment Insurance system are long overdue and the Legislature has an opportunity to send a powerful positive message to employers across the Bay State by coupling these reforms to the minimum wage debate. On the employment front, reforming the UI system would help to stimulate hiring, particularly among small and medium-sized employers who feel the heaviest burden under the current program.

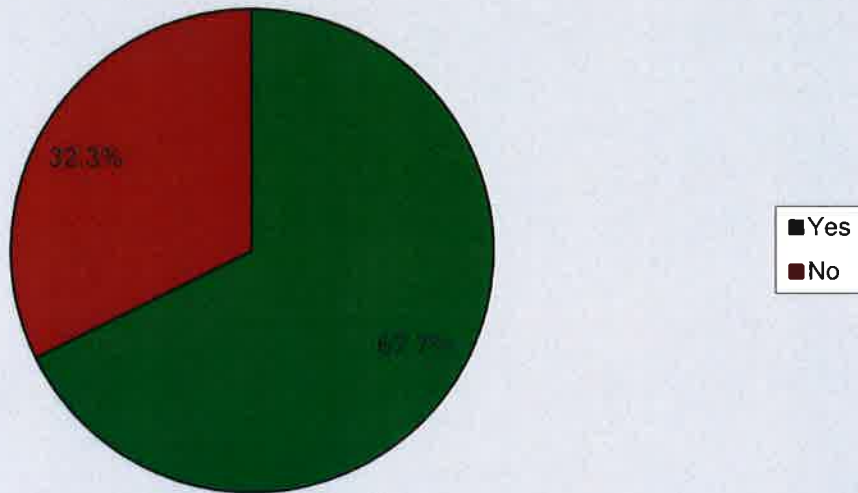
*-two charts on following page-*

Do you support the Senate's proposal to raise the Minimum Wage from \$8 per hour to \$11 per hour by 2016, with future increases tied to the Consumer Price Index?



*Respondents overwhelmingly oppose Minimum Wage increases without accompanying cost reforms.*

Support for Minimum Wage increase with UI reforms



*If UI reforms are attached to an increase in the Minimum Wage, opinions change significantly in favor.*