February 5, 2020

Council Launching Growth and Competitiveness Initiative; Inaugural Conference Set for April 7

The Council is launching a multi-year Growth and Competitiveness Initiative to advance policies and programs that help create economic opportunity for Massachusetts residents by protecting and enhancing the conditions for investment and employment growth and accelerating the momentum of Commonwealth’s envy-of-the-nation economy.

The Growth and Competitiveness Initiative serves as the foundation for the Council’s growth-focused public policy agenda and advocacy efforts and is powered by data from MATTERS, the Council’s 50-state competitiveness data dashboard and supported by expert research and analysis.

The Council will host its inaugural MATTERS Growth and Competitiveness Conference on Thursday April 7, 2020 from 1:30 to 4:30 PM in The Auditorium, 100 Federal Street, Boston.

The MATTERS Growth and Competitiveness Conference will feature:

- A keynote address by Scott Cohn, the creator of CNBC’s “Top States for Business” rankings;
- Updated findings from the MATTERS 50-State Competitiveness Dashboard; and
- An interactive panel discussion moderated by Shelly Cohen, Assistant Editorial Page Editor of the Boston Globe, and featuring:
  - Brackett Denniston, Senior Counsel, Goodwin Procter and former General Counsel, General Electric Company
  - Brian Renstrom, Boston Office Managing Partner, Blum Shapiro
  - Robert Reynolds, CEO, Putnam Investments
  - Jane Steinmetz, Boston Office Managing Partner, EY
Council Advocacy Drives Member Priorities as FY21 State Budget Process Begins

The Commonwealth’s annual budget provides an important window into state policymakers’ priorities and is a key driver of policies that impact Massachusetts’ ability to extend a 10-year-plus period of economic expansion and is a leading indicator of the state’s prospects for long-term fiscal stability.

Governor Baker began the FY21 budget-crafting process on January 2 with the filing of House Bill 2, his spending recommendation and the State Senate and House of Representatives will consider and modify the Governor’s proposal over the next 6 months, with a final state budget due by July 1, 2020.

With important exceptions outlined below, the Governor’s budget proposal largely reflects the Council’s position that a decade of historic growth in state tax revenues, driven by a thriving private economy and high employment levels, provides Massachusetts state government the revenue it needs to make innovative and impactful investments in transportation, education and social programs. Massachusetts policymakers are well-equipped to continue to make these investments in our future while increasing reserve funds in preparation for potential economic downturns without any immediate need to impose new taxes, tolls or fees on Massachusetts residents and employers.

FY21 revenues are expected to grow by 2.8%, providing the Governor and legislators with more than $800 million in additional funds to invest in transportation, education and other shared priorities, without increasing or adding taxes or fees. This organic revenue growth, coupled with approximately $311 million in one-time revenues and new revenues from additional taxes and fees in the Governor’s plan, would boost state spending by $985 million to $44.6 billion.

The proposal includes a $310 million contribution to the budget Stabilization Fund raising the projected year-end balance of the fund to $4.3 billion. The fund balance, which has tripled in size since 2015, reflects prudent decisions by current and recent legislatures and is directly linked to forward-looking fiscal guardrails and revenue limitations adopted by policymakers nearly a decade ago and reinforces the importance and value of such controls.

Other budget highlights include:

Transportation: The Governor’s proposal would increase operational funding for the Mass. Department of Transportation by 17% and provide nearly $1.4 billion in support for the MBTA in FY21, a $135 million increase.

The Council recognizes the importance of providing additional targeted resources to fund important MBTA and other transportation initiatives and improvements, but only if such additional resources are coupled with
critically important and long-overdue statutory improvements. Specifically, we are supporting the Governor’s proposals to provide transportation agencies with the project delivery and procurement tools they need to succeed currently pending before the legislature.

It is also critically important to distinguish between the potential need for additional resources for transportation and the necessity of generating additional revenues with new or increased taxes, tolls and fees. Because the private economy is powering substantial annual increases in state tax revenue collections, the Council does not support the Governor’s proposal to partially fund MBTA budget increases by imposing more than $100 million in new fees on ride sharing services. This source of revenue is not justifiable in the context of exceptionally strong organic tax revenue growth. Further, by singling out one small component of overall traffic volume (4.5% per a 2019 Mass. DOT report), policymakers risk being distracted from more impactful solutions that can benefit the system as a whole.

Providing additional funding for transportation initiatives, including $135 million in new funds to the MBTA, could be accomplished using abundant existing state tax revenues which will be 60% higher in FY20 than they were just a decade ago. As recently as November of 2019, state lawmakers were finalizing decisions on how to use a $1 billion plus state budget surplus for FY19 which ended in July, but just $32 million was allocated to the MBTA. (State lawmakers had a similar budget surplus to invest in FY18.)

**Education**: The proposed budget begins the implementation of the funding components of the Student Opportunity Act, a Council-supported $1.5 billion dollar, seven-year increase in state aid to cities and towns for K-12 public education which was enacted by lawmakers and approved by the Governor in November 2019.

State funding for education would increase by $355 million to ~$5.5 billion overall, building significantly on Massachusetts’ consistently high level of funding for public schools. The most recently reported 50-state data in MATTERS shows Massachusetts taxpayers already support the 7th highest level of per-pupil spending in the country, an average of more than $15,000 per student annually.

Additional investments in education can be supported by sustaining Massachusetts’ thriving private economy, without the need for new taxes, a viewpoint echoed by Senate President Karen Spilka who previously commented that the Student Opportunity Act increases will be affordable “if our economy keeps growing the way it’s growing.”

**Publicly Funded Health Care**: Spending on MassHealth, the state’s Medicaid program, would increase by just 0.6%, a significant accomplishment in reining in the growth of state’s single largest expenditure which had been expanding at double digit rates as recently as 2012 to 2014. Nonetheless, the size of the program—which would spend $16.8 billion, or 38% of the overall state budget in FY21—continues to pose a budgetary and long-term fiscal risk that policymakers must eventually address. Even with federal reimbursements, the state’s own costs for the program would total $6.7 billion, absorbing more than 20% of all the tax revenue raised by the Commonwealth from every source.

**Modernizing Revenue Collection**: The Governor’s proposal includes Council-supported provisions that would help ensure that retail sales and meals taxes already being imposed on and collected from individuals and businesses are in fact paid over to the Commonwealth by merchants. Recent studies and data confirm that Massachusetts and other states are suffering from significant and recurring revenue leakage. A 2019 study by Massachusetts-based Performance Economics found the Commonwealth could capture as much as $700 million each year in such taxes that are collected but never make their way into state coffers due to business failures or intentional diversions by merchants.
Eliminating leakage and opportunities for fraud are hallmarks of a taxation system that operates with integrity and fairness. This fix should be an urgent policy priority, as echoed in this January 28 Boston Globe op-ed calling on pro-revenue legislators to start by “collecting what is due to the state in a timely fashion”.

Get Involved: Council members are encouraged to reach out to Mark Gallagher to discuss economic policy priorities for 2020 and beyond and learn how you can get involved.

Women in Leadership Initiative: 2020 Roundtables and Women in the Workplace Study Underway

MHTC’s first Women in Leadership (WIL) Roundtable of 2020, sponsored by PTC, took place January 29, hosted by Council partner The MITRE Corporation. Over 50 leaders from the technology community joined the discussion on “Creating an inclusive and supportive workplace where women – and everyone – thrive”.

Knowledge partner McKinsey & Company led the discussion, with Megan Greenfield framing challenges and opportunities with historical data, while Sherry Heffner led an interactive and dynamic sharing of how leaders and organizations can untangle what drives inclusive workplaces.

Attendees participated in group exercises to share best practices from their organizations and identified individual take-aways, a MHTC WIL Roundtable output that participants consistently highlight as a highly valued benefit of attendance. Roundtable attendees actioned at least one individual takeaway that was a new learning. For example, one leader shared he felt driven to ensure he and his team proactively coach workforce behaviors around meetings and other communication points that promote inclusivity.
We look forward to seeing you at the next WIL Roundtable on March 26 at Putnam Investments in Boston. Watch your inbox for details and registration information.

Council members will soon have the opportunity to participate in the **2020 Women in the Workplace Study**, a joint effort between McKinsey and [LeanIn.Org](http://leanin.org). Since 2015, nearly 600 organizations have participated in the study and more than a quarter million people have been surveyed on their workplace experiences, making this the largest and most comprehensive study of the state of women in the workplace in America.

For no charge, participating organizations will receive invaluable insights and information including baseline data for their talent pipeline and benchmarking assessments of their HR practices and policies.

In the coming weeks, Council members will receive their individual invitation to participate in the continued development of this important data set and learn more about opportunities to glean insights from its analysis. Visit [womenintheworkplace.com](http://womenintheworkplace.com) for more information on how to participate in the report and contact [Bernie Prusaczyk](mailto:bernie@masshtc.org) to learn more about how you can participate in the Council’s Women in Leadership Initiative.

**Council Sponsorship Opportunities Available**

Check out our summary of Council sponsorship opportunities and contact [Bernie Prusaczyk](mailto:bernie@masshtc.org) to learn more about how your organization can partner with the Council on our 2020 events and initiatives including the Growth and Competitiveness Conference, 2020 Annual Meeting and our Women in Leadership Initiative.

**Upcoming Council Events**

Visit the Event Page on the Council’s website to learn more about these upcoming events:
- Women in Leadership Roundtable: March 26
- MATTERS Growth & Competitiveness Conference: April 7
- 2020 Annual Meeting: June 8
- Women in Leadership Conference: November TBD

**Discounts for Council Members at XPONENTIAL**

The Association for Unmanned Vehicle Systems International (AUVSI) is offering Council members discounted registration for AUVSI’s flagship event, [XPONENTIAL](https://www.auvsi.org/events/xponential), the largest trade show for drones and robotics worldwide, which is coming to Boston from May 4 to 7, 2020. Use promo code “MHTCXPO20” for discounts.

The Massachusetts High Technology Council is an organization of CEOs and senior executives representing technology companies, professional services firms, and academic and research institutions dedicated to creating and sustaining conditions that support investment and job growth in Massachusetts. Our members are growth-oriented, knowledge-intensive employers and institutions that develop, deliver and depend on technology products, services and innovations to advance their organizational objectives.

Our mission 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.

For more information [visit our website](http://masshtc.org).