



Principles of a State Economic Development Strategy

Setting the Conditions for Job Growth and Economic Expansion

GUIDING PRINCIPLES:

- **Support Strengths, Address Weaknesses.** As a general strategy for promoting economic competitiveness through public policy, Massachusetts should aggressively invest in its competitive advantages and reverse its disadvantages through collaborative efforts between the public and private sectors.
- **Recognize Regional Differences and Strengths.** Economic development policy must be inclusive of all regions of the state. Each region of the Commonwealth has unique economic needs and strengths that must be optimized, and shared with other regions, to provide widespread economic growth and prosperity.
- **Job Retention is as Important as Job Creation.** Just as important as recruiting companies and creating new jobs, the state should focus policy on ensuring that companies keep jobs in Massachusetts. Thoughtful job creation and retention strategies are essential to ensure economic opportunity throughout the Commonwealth.
- **Economic Development is an Ecosystem of a Variety of Employers.** Small business and big business are closely linked through supply chain relationships, training efforts, and financing and mentoring support. Public policy must recognize that impacts felt in one link of the supply chain reverberate throughout the entire supply chain. It is important to not choose winners and losers.
- **Focus on Talent.** Cited by employers as Massachusetts' most important competitive advantage, the state should pursue both short- and long-term strategies to strengthen the talent pipeline and grow our population. Quality educational experiences, aligned with employer needs, provide the skilled workforce necessary for Massachusetts to thrive in a competitive global economy.

ACTION ITEMS:

- **Address Areas that Place Massachusetts at a Competitive Disadvantage**
When Massachusetts has policies that are inconsistent with our competitors, it impacts both the perception and reality of Massachusetts as a place to do business.

There are issues in the current legislative session that bear watching, such as:

- ✓ **Unemployment Insurance (UI).** Massachusetts has the second highest UI costs in the country. MBR supports reforms to the UI system that would put Massachusetts in line with federal policy, as well as a freeze of the current rate schedule.

- ✓ Minimum Wage. MBR supports an increase in the minimum wage, but believes it should be done in concert with UI reform. An outcome where Massachusetts has the highest minimum wage and second highest UI costs will negatively impact the state's competitiveness.
- ✓ Corporate Tax Policy. MBR advocates for tax policy that is predictable, stable and competitive to promote investment and job creation and retention. The state's Research & Development Tax Credit must be updated to support the important work of Massachusetts companies. In addition, tax policies must be aligned to support other important infrastructure investments, such as water and wastewater infrastructure upgrades and expansions as well as private investment in telecommunications and energy infrastructure.
- ✓ Non-Compete Clauses. MBR supports current law, which allows for enforcement of non-competes to protect legitimate business interests.

And there are ongoing cost drivers that must be addressed over the longer term:

- ✓ Housing. Relatively high housing costs and lack of housing alternatives have implications for location and expansion decisions and are linked to workforce and transportation policy. MBR is exploring this relationship through a report with the University of Massachusetts which will be released later this year.
 - ✓ Energy. Massachusetts has amongst the highest energy costs in the country, putting the state at a disadvantage relative to its competitors and impacting business' investment decisions. MBR supports efforts to increase the supply of natural gas through increased pipeline capacity as a strategy to bring down costs.
 - ✓ Health Care. MBR believes that health care reform must improve health outcomes without driving up costs, and must not result in year-over-year growth in health insurance premiums for employers, individuals or their families, or increases in statewide total health care spending beyond the cap established in the state's health care cost containment law.
- **Prioritize Investment in Education/Workforce Development**
Business leaders recognize that there is a disconnect between the skills that students are graduating with and the skills employers need in hiring. To address it, employers suggest increased partnerships with schools, more emphasis on hands-on learning, greater attention to "soft skills," and continued focus on high quality teaching. Public policy must incorporate these priorities and focus on aligning industry needs with workforce and education systems, particularly in the STEM fields.
 - ✓ STEM: Prioritize STEM education through the STEM Pipeline Fund and STEM Starter Academy and Codifying the STEM Advisory Council; Participate in MassCAN initiative to make computer science available to all students in the Commonwealth.
 - ✓ Workforce Development: Promote the Workforce Training Fund and the Hiring Incentive Training Grant Program, and capitalize the Workforce Competitiveness Trust Fund; Better coordinate and align workforce development system; Develop strategies to keep college students in Massachusetts after graduation.

- ✓ Early Childhood. Support early childhood education and advocate for important links between early childhood and STEM.

- **Continue Focus on Investing in Transportation and Other Infrastructure**

The Roundtable has long supported increased investment in transportation infrastructure and a long-term transportation strategy.

- ✓ Monitor implementation of transportation finance legislation, including continued implementation of performance management and other reforms at the Massachusetts Department of Transportation such as the utilization of innovative procurement and contracting methods that help complete projects on time and on budget.
- ✓ Oppose repeal of gas tax indexing ballot initiative to support continued, long term investment in transportation infrastructure.
- ✓ Address funding for replacement and expansions of water, wastewater infrastructure.

- **Mitigate Regulatory Issues that Impact Both Perception and Reality of Massachusetts as a Great Place to do Business**

- ✓ The state's regulatory environment continues to be an inhibitor to increased investment and job creation. While business models have changed dramatically due to innovation and technology, regulatory regimes have been slow to keep up or have unintended consequences on growth. MBR supports efforts and legislation to update regulations to reflect shifts in how companies are operating and competing.