

MBR Principles and Priorities

2017–2018 LEGISLATIVE SESSION

The Massachusetts Business Roundtable is a non-profit, non-partisan, statewide public policy organization comprised of chief executive officers and senior executives from some of the state's largest employers with more than 250,000 employees across the Commonwealth. The Roundtable's mission is to strengthen the state's economic vitality with the goal to make Massachusetts a highly-desirable place to do business in the global economy. The Roundtable engages with leaders from industry, government and higher education to develop public policy solutions that improve the long-term health of the Massachusetts economy.

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Introduction

Massachusetts Business Roundtable (MBR) members have established core principles and identified specific policy interventions to guide advocacy in the 2017–2018 legislative session. Through conversations at MBR's Task Forces, the following pages highlight key principles and priorities in areas of importance to the state's long term economic competitiveness: education and workforce development; transportation infrastructure; energy; and health care. They are framed by overarching principles for competitiveness.

Broad themes emerged from these deliberations. Technology, for example, is having significant impacts on business and public policy both in transformational ways that impact productivity and drive innovation, as well as potentially destructive ways through cyber threats and attacks. In fact, in the most recent annual CEO survey from PwC, which surveyed almost 1,400 CEOs from approximately 80 countries, 50% of U.S. CEOs said they were "extremely concerned" about cyber threats, a theme echoed consistently from Massachusetts business leaders as well.

The tension between globalization and what appears to be an international swing toward nationalism was another common theme, with Roundtable members concerned about the uncertainty in Washington, D.C. on issues such as trade, immigration, health care and tax policy. In that same PwC survey, 58% of global CEOs and 66% of U.S. CEOs "believe it's already becoming harder to compete on the world stage as a result of more closed national policies."

Collaboration was another theme that emerged. MBR believes that a productive, collaborative relationship between the public and private sectors is essential. MBR's 2016 Annual Report is entitled "Collaboration for a More Competitive Commonwealth," and recognizes that "collaboration between the business community and our partners in local, state and federal government is the key to unlocking the economic potential of our diverse industry sectors in every region of Massachusetts." PwC's CEO Survey confirmed this, calling for a "new kind of relationship between business and government" where "on a basic level, government and business need to operate as if they are on the same team rather than adversaries."

Within this context, MBR members remain positive about the state's economy and prospects for growth. More than 60% believe the economy is improving and plan to increase jobs. To continue and build upon this success, and address persistent gaps in various measures of equality and regional equity, MBR will be guided by the following set of principles and priorities focused on developing a pipeline of workers, a safe and reliable transportation infrastructure, and a cost and regulatory environment that is competitive with other states and countries around the world.

When taken together, these themes permeate all of our work and are embedded in the following principles to form a framework for the long-term economic prosperity in Massachusetts.

Framework for Massachusetts Competitiveness

COMPETITIVENESS TASK FORCE

CHAIR **John Farina**
Managing Partner



U.S. News & World Report released its rankings of all 50 states in 2017 naming Massachusetts as the top state in the country. It ranked Massachusetts number one in education, number two in health care and number five in overall economy. While this is terrific news, there is no time to rest on these accolades. As Roundtable member companies know, Massachusetts is not in a simple competition with the other states—the competition is global, the pace of technological change is accelerating, and the pressure to adapt quickly is more intense than ever. Young workers—‘millennials’—are demanding new and different behavior from their employers in how they engage in the community, employ technology, design the workspace, and treat both people and the planet, further adding to this pressure. Moreover, uncertainty at the federal level, specifically proposals to reform the federal tax code and overhaul health care, may have a profound impact on the state’s competitiveness.

The Massachusetts Business Roundtable believes that the state must continually evolve and strengthen the underlying conditions for growth in its diverse ecosystems to compete effectively in the global marketplace. In doing so, public policy should be guided by the following principles:

- **Massachusetts’ Economy is a Complex, Delicate Ecosystem.** For many employers, Massachusetts is a great place to do business, for others the economy can be quite fragile. Taken together, the state provides a complex ecosystem of employers of different sizes, industries and sectors that rely on each other to innovate, share ideas, and provide supply chain relationships. This mutual dependence supports economic development, growth and innovation. To maintain and improve upon this vibrancy, the state must recognize that impacts felt in one link of the supply chain reverberate throughout the entire supply chain. Adoption of public policies that are broad-based, predictable and fair to all industries will ensure the state’s long-term economic health.
- **Costs Matter.** The cost implications on job creators must be given every consideration in the development of public policy. It must be recognized in today’s technology driven economy, investment can be made anywhere, jobs can be placed anywhere, and consumer spending for goods and services can be spent anywhere.
- **Prioritize Education and Workforce Development.** Massachusetts’ talent is its greatest competitive advantage. Strengthening that talent pipeline, and ensuring quality educational experiences, aligned with employer needs, provide the skilled workforce necessary to meet employers’ needs.
- **The Needs of Both Employers and Employees Must be Considered.** Public policy impacts both the employer and the employee. Both must be considered as policy is made that impacts the state’s competitiveness in key priority areas such as education, transportation and energy, but also in promoting both a tax and regulatory environment that promotes innovation and is conducive to job creation and economic growth, as well as fairness, equality and diversity in the workplace.
- **Commitment to Regional Equity.** The Commonwealth is a diverse economy with regional differences, strengths and challenges. Policy makers must be mindful of the differences among regions of the Commonwealth when developing public policy. Regional equity is essential to ensure that the entire Commonwealth has access to the tools and resources necessary to thrive.
- **Invest in Infrastructure.** Transporting that workforce to and from work safely and reliably, as well as having access to diverse talent pools in different regions and moving goods and services effectively, must be priorities for state public policy.

POLICY PRIORITIES

To guide the Roundtable’s advocacy on these core principles, the Board establishes specific policy priorities to address the opportunities and challenges facing the Commonwealth. With the start of a new legislative session at the State House and a new administration in Washington, there are several specific policy priorities under consideration:

- **Federal Tax Reform.** The federal government is considering significant reform of the federal tax code, including the corporate rate, changes to itemized deductions, and the border adjustment tax. MBR will work with the national Roundtable, state business roundtable colleagues from around the country, and other partners to address the impacts of these potential changes on the state's competitiveness.
- **Tax Increases on Earnings.** The Roundtable is opposed to the proposal to amend the Massachusetts Constitution to add a surcharge on income over \$1 million for several reasons including the impact such a tax would have on the state's competitiveness, especially hurting small businesses, the lack of certainty over the expenditure of the increased revenues and the bad precedent it sets making tax policy by amending the Constitution.
- **Workplace Initiatives.** The Roundtable will engage in policy conversations on issues impacting the workplace, such as requiring employers to provide paid family & medical leave and increasing the minimum wage to \$15 per hour, by bringing a solutions-oriented approach that balances the impacts on employers and employees.

PUBLIC POLICY PRIORITY AREA

Education & Workforce Development

EDUCATION & WORKFORCE DEVELOPMENT TASK FORCE

CHAIR **Tracy Pitcher**

Regional Senior Vice President



Talent—the state's highly educated workforce—is our top competitive advantage. It is also the policy priority most often cited by Roundtable members as the key determinant of location and expansion decisions, as well as the state and region's long-term competitiveness. To remain competitive, employers must be confident in their ability to find skilled and trained talent today and assured that the education and workforce pipeline is producing the workers of tomorrow.

Business leaders recognize there is a disconnect between the skills that students are graduating with and the skills employers need in hiring, particularly in the STEM fields. Some are partnering directly with education institutions to ensure a ready pipeline of trained workers. Yet all are looking for skilled workers, as well as well-rounded employees who can read, write and communicate effectively, who engage in civic life and who present themselves professionally.

The Education & Workforce Development Task Force adopted the following principles to guide and prioritize the Roundtable's public policy engagement and advocacy:

- **Education and Workforce Development Systems Must Align with the Needs of Employers Across Massachusetts.** Roundtable members consistently cite the highly skilled talent of the state's workforce as the single most important competitive advantage enabling the Commonwealth to compete effectively in the global economy. Yet in a recent survey of business leaders from across the Commonwealth, 75% indicate that they can't find talent with the skills necessary to fill open jobs. The state's education and workforce development systems must produce a pipeline of graduates with skills that align with the current and future needs of employers. The state must partner with industry in establishing clear, measurable goals that ensure the workforce system is meeting demand. Better utilization of available data and analytical tools will strengthen collaboration and strategic partnerships with industry.
- **A Robust STEM Workforce Pipeline is Essential for Short- and Long-Term Competitiveness.** For the education and workforce development pipeline to produce enough workers skilled in STEM competencies to meet employer demands, multiple options must be available to provide students with inspiring, real-life experiences to enhance their education. While Massachusetts school performance in STEM subjects remains high when compared to U.S. and global peers, the percentage of Massachusetts student interested in studying STEM

at the collegiate level remains only 41%. Solutions must include early exposure to STEM careers that are positioned in ways that excite the next generation, especially females and underrepresented minorities. Further opportunities include internships, non-college pathways such as vocational and technical education and early college high school, as well as traditional programs at two and four year colleges. In addition, students should be exposed to mentors throughout their education so they can see and experience, from professionals, what they are learning about. These strategies are essential for all students, and are particularly effective in inspiring students and attracting underrepresented groups such as minorities and girls to STEM fields.

- **Early Childhood Education Provides the Foundation for Later Learning and Success.** Research shows that participation in high-quality, pre-K programs increases a child’s likelihood of graduating from high school, graduating from college and being employed. If children start school ready to learn, they are twice as likely to read at grade level by age 8. If children read at grade level by age 8, they are four times more likely to graduate from high school. Those who participate in high quality early childhood programs are twice as likely to attend college. In other words, quality early childhood education increases the talent pool available to meet employers’ workforce needs. The Commonwealth should make access to high quality early childhood education a priority not only for the benefit of our children, but also because it is a workforce issue, an economic development issue and a business imperative.
- **Partnerships Between Business and Education Provide Innovative Models for Workforce Development.** While students receive a high quality education in Massachusetts, there remains a persistent gap between what businesses seek in new employees and the set of skills that schools are imparting. To close this gap, a number of businesses are creating partnerships directly with educational institutions. These partnerships allow businesses to have a larger stake in shaping the Massachusetts talent pool. Businesses across all different industries, including healthcare, technology, financial services, professional services, energy, defense, and real estate development and construction, are collaborating with schools to create mutually beneficial partnerships. Experiential learning opportunities are critical components of these partnerships. Integrating work into education, through co-ops, apprenticeships, job shadowing, internships and externships, and after school clubs and programs, provide successful examples of this model. In short, employers are helping to create a pipeline of workers who have the skills and interests that they seek.
- **Applied Skills and Workplace Skills are Essential for Professional Success.** Technical skills are necessary for certain jobs, but employers are equally as concerned about applied skills—skills needed to succeed in the workplace—and new graduates’ lack of preparation for a professional environment. These basic skills range from the simplest academic skills, such as reading, writing, and math, to higher-order skills like teamwork, problem solving, and critical thinking, to workplace skills like dependability, planning and organizing, and professionalism in the workplace. As state public policy is developed to improve the education system, emphasis should be placed on developing students’ applied skills such as communication, problem solving and teamwork.

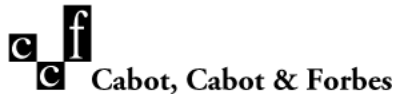
POLICY PRIORITIES

- **Early Childhood Education.** Advocate for implementation of recommendations in the report issued by House Speaker Robert DeLeo’s Business Advisory Group on Early Childhood Education, with a focus on stabilizing the early education and care system while focusing on workforce development for providers.
- **STEM.** Actively engage in the state’s STEM Council, particularly in the areas of early college high school career pathways, workplace learning opportunities, and computer science education.
- **Workforce Pipeline.** Advance workforce solutions through the state’s Workforce Competitiveness Trust Fund and Learn-To-Earn initiatives that support career pathways aligned with job training, economic development and higher education systems to help workers at all skill levels find jobs.
- **Partnerships.** Promote high value education and workforce development partnerships at Roundtable member companies to showcase best practices from the private sector; publish the findings of the UMass Center for Collaborative Leadership team’s review of the Workforce Competitiveness Trust Fund.

Transportation Infrastructure

TRANSPORTATION & INFRASTRUCTURE TASK FORCE

CHAIR **Jay Doherty**
CEO



Transportation infrastructure is a perennial top priority area for public policy investment according to Roundtable CEOs and business leaders. MBR believes that investing in transportation—roads, bridges, mass transit—is a key ingredient to strengthening the state’s economic competitiveness. MBR has long advocated for the implementation of meaningful reforms, management improvements, greater performance measurement, and better use of technology to ensure that people can commute to work and school and that goods & services can move efficiently throughout the state. The Roundtable has also joined with other business organizations to support increases in transportation infrastructure funding, guided by the principle that transportation funding should come from transportation sources.

The Roundtable, in collaboration with the University of Massachusetts Boston, reported on the critical link between transportation, housing and workforce policy. A safe, reliable transportation system is essential to enable communities across the state to thrive. In order to maximize economic growth and increase talent retention, the Commonwealth must continue to develop and enhance public policies to improve its transportation infrastructure and the affordability of housing, as these key factors influence the retention of talented workers in Massachusetts.

MBR’s Transportation & Infrastructure Task Force has developed the following principles to guide the Roundtable’s continued advocacy for innovation and investment in infrastructure to meet the needs of citizens and businesses throughout the Commonwealth:

- **Support Ongoing Management Reforms.** The Fiscal Management and Control Board, created by the Transportation Reform Law, has made significant progress in overhauling management practices at the MBTA and implementing major reforms. A similar philosophy throughout MassDOT is imperative, including effective resource management, greater performance measurement, efficient service delivery, better use of technology and increased transparency throughout the agency to maximize impact on the system statewide.
- **Promote Economic Competitiveness.** Transportation policy decisions must be made to promote economic competitiveness. Revenue and investment decisions must be made to improve the Commonwealth as a place to do business, and should not negatively impact the state’s economic competitiveness.
- **Support and Strengthen Innovation.** The use of technology and new innovations must be at the forefront of public policy that provides consumers more choices and a better, more cost effective way to reach their destinations. The state must continue to develop partnerships with innovative companies to improve service and drive down costs. Important advancements, such as electronic tolling technology, new mobile apps, as well as the advent of autonomous vehicles, are disrupting traditional transportation policy. Massachusetts must remain on the cutting edge of technology and innovation in public policy development.
- **Data Should Drive-Decision Making.** Publicly available data empowers citizens, advocates and policy makers to solve problems and make decisions. MBR has long advocated for the implementation of meaningful reforms, management improvements, greater performance measurement, and better use of technology to ensure that people can commute to work and school and that goods & services can move efficiently throughout the state. Evidenced based decision making must be a core principle for achieving these goals.
- **Ensure Regional Equity.** Massachusetts has regional economic challenges that are very different depending on the area of the state. Transportation priorities in each region must be assessed to ensure that the state invests any new transportation revenues equitably across the Commonwealth.

POLICY PRIORITIES

- **Long-Term Planning.** Engage in the State Senate’s Mass Moves initiative, a long-term, visioning and planning exercise to develop a “statewide, sustainable mobility vision” for the Commonwealth.
- **Management Reforms.** Support the extension of the Fiscal and Management Control Board and the legislative authority it has been granted to carry out its work of implementing meaningful reforms, management improvements, greater performance measurement, and better use of technology.
- **MBTA Capacity.** Work with the MBTA to address capacity challenges, specifically regarding personnel and the ability to address important principles such as economic development, innovation and data collection.

PUBLIC POLICY PRIORITY AREA

Energy

ENERGY TASK FORCE

CHAIR **Joseph Basile**

Partner



The Massachusetts Business Roundtable supports public policy and regulatory efforts that provide reliable, sustainable, affordable energy resources for consumers and businesses enabling the state to meet the needs of a growing economy and the goals of the Global Warming Solutions Act, and address climate change, in the most cost-effective way possible. To achieve this goal, the Roundtable supports a balanced, competitive, regional approach that includes renewable energy sources, natural gas, efficiency programs, and innovative on-site distributed generation solutions, guided by the following principles:

- **Pursue a Balanced Approach.** A balanced public policy approach to meet the Global Warming Solutions Act targets in 2020 and 2050 and promote long term economic development must include: growth in renewable energy sources; increased supply of natural gas; continued focus on energy efficiency; and promoting new technologies that deliver innovative on-site distributed generation and storage solutions.
- **Support Cost Competitive Solutions.** Public policy solutions must prioritize steps that improve the competitiveness of the region’s energy costs and ensure a transparent, competitive marketplace across all sources of energy being generated, transmitted and distributed throughout the region. The Commonwealth must balance costs to ratepayers and environmental goals to promote economic growth and sustainability while meeting Global Warming Solutions Act targets and maximize the impact of competitive forces to ensure the most cost effective outcomes for businesses and consumers.
- **Foster Innovation and Technology.** Technology and innovation will continue to change where and how energy is produced, stored, delivered and consumed. Public policy must consider—and foster an environment conducive to—technological advancement and incorporating innovative solutions now and into the future.
- **Increase Capacity and Reliability.** The region must have adequate capacity to access competitively priced energy resources—including natural gas and clean, cost-effective renewable sources of energy—to control costs and enhance reliability. Businesses across the Commonwealth require reliable, uninterrupted access to energy resources to compete locally and in the global economy. With increased vulnerabilities to our electric grid from cyberattacks, natural disasters, or other disruptions, a focus on the security and diversity of the grid is essential to economic growth.
- **Collaborate Regionally.** Regional problems demand regional solutions. Massachusetts must work effectively with partners in the New

England region to strengthen the reliability, diversity and consistent supply of energy, while modernizing aging infrastructure serving the region.

POLICY PRIORITIES

- **Renewable Procurement Law Implementation.** Advocate for balanced approach in the implementation of the state’s new renewable energy procurement law, focusing simultaneously on cost competitiveness, promoting new technology and innovation, and climate change.
- **Federal Policy Changes.** Monitor changes in federal energy policy, particularly with renewable energy and natural gas, for impacts on Massachusetts’ consumers, public policy and economy.

PUBLIC POLICY PRIORITY AREA

Health Care

HEALTH CARE TASK FORCE

CHAIR **Robert Johnson**
President



The Roundtable’s health care public policy advocacy historically has focused on three areas: 1) **Consumerism**—activating consumers to become more accountable for selecting higher-value health care services by combining value based insurance designs and provider specific cost & quality information, giving them more financial and decision-making responsibility for their health care selections; 2) **Wellness**—improving health by developing innovative benefits and programs that promote wellness, prevent disease and manage chronic conditions; and 3) **Payment Reform**—moving toward a value-based model and addressing the chronic underpayment by public payers.

More recently, MBR’s Health Care Task Force confirmed the consumer-focused theme, and focused on three key areas: **Competition**, **Transparency** and **Innovation**, with sub-themes focused on the use of **data/analytics** and defining **value**.

While health care in Massachusetts—near universal access to it and the high quality of it—remains a key competitive advantage and major economic engine in the state, the rising costs of health care continue to create headwinds, particularly for small and medium-sized businesses across the state.

Based on the work of the Health Care Task Force and with input from its members, the Massachusetts Business Roundtable believes that as the Commonwealth continues to improve quality and work to reduce costs in health care, all stakeholders should be guided by the following principles:

- **Emphasize Stability Amid National Changes:** In the event of national changes to the Affordable Care Act, there must be a smooth and stable transition that does not jeopardize access to coverage and care by taking actions that would unnecessarily result in: fewer health insurance options for consumers; significant premium increases for consumers and employers; or reduced access to care. Policymakers should consider a “first, do no harm” approach, and craft designs for a competitive, private health insurance market that works for consumers and employers.
- **Promote Competition.** Massachusetts must promote competition in every area of the health care system to drive down costs and improve quality outcomes for patients. Measures of success moving forward must reflect the paradigm embodied in public policy that envisions

better health outcomes through more coordinated systems of care, while simultaneously lowering the cost of premiums and health care costs for consumers. The state should be prepared to remedy situations of market dysfunction where lack of competition limits these policy goals.

- **Encourage Transparency and Use of Data.** Employers and consumers need transparency to understand how their decisions impact health insurance premiums and the total cost of care. Stakeholders must provide timely and reliable access to data and analytics that can serve as an enabler of innovation in health care, and ensure paying for value. Data-driven decision making is a key tenet for improving the overall strength of the health care system. Data must be readily and publicly available in order to ensure that consumers are accessing the highest quality care in the most cost efficient manner.
- **Invest in Innovation to Improve Value.** State public policy must help create the appropriate legal and regulatory environment to encourage innovation. New treatments and medical devices are delivering enormous value and vastly improving the lives of patients. Investments in these innovations are essential, however investments that do not increase value to patients are not. Balancing these interests will help separate true value-based innovation from marginal enhancements, while sharing information will help define meaningful value-based innovation and increase efficiency in the system. Government must reform outdated regulations that impair providers and payers from offering high quality care in the most affordable settings to consumers.
- **Prioritize Wellness and Prevention.** The Roundtable continues to believe in the long-term value of investing in wellness initiatives that keep people healthier and reduce the need for costly interventions. As part of this commitment to wellness and prevention, the system must include a strong focus on areas such as oral health, behavioral health, prevention of addiction, and managing chronic conditions, among others. The impact over the long-term from smart investments in these areas will lead to better health outcomes for patients and significant cost savings throughout the system. The state should continue to follow and encourage successful wellness programs implemented by employers of all sizes throughout the Commonwealth.

POLICY PRIORITIES

- **Federal Law Changes.** Monitor impacts of federal law changes by participating in state efforts, including as a member of the Coalition on Cost and Coverage, to ensure stability during uncertainty over the federal government's direction on health care policy, opposing outcomes that would result in fewer health insurance options for consumers; significant premium increases for consumers and employers; or reduced access to care.
- **Medicaid.** Collaborate with business organizations and public policy makers to address Medicaid costs in fiscal year 2018, as well as over the long term.
- **Health Care Costs.** Engage in policy dialogue as a member of the Health Policy Commission Advisory Council and work with business organizations to address the cost of health care in Massachusetts, particularly premiums paid by employers, with a focus on key themes such as competition, transparency, value and wellness.