



## 2005 YEAR END REPORT

### SUMMARY

At the beginning of 2005, the MBR Board of Directors laid out a policy vision for the year which included playing a leadership role in the next phase of the public health care debate as well as in the state's transportation reform and planning effort. MBR Chairman Tom Hynes also promised that MBR would be actively involved in determining the next phase of education reform, as well as fiscal policy, housing initiatives, public pension reform issues, and "any other area where we are called upon to provide advice, guidance and expertise." This report looks at MBR's progress over the past year against that vision.

MBR had many achievements during 2005 in pursuing this agenda, as detailed below:

- MBR's Task Forces developed and pursued aggressive agendas on policy issues impacting Massachusetts employers both in the short and long term:
  - The Health Care Task Force released a report, "Solutions for Massachusetts Health Care: 2006" which makes recommendations that will "accelerate the pace of change" in health care reform;
  - The Education Task Force convened a series of CEO Innovation Roundtable discussions and plans to co-sponsor a regional Innovation Summit in 2006; and
  - The Infrastructure Task Force was represented on the Transportation Finance Commission, the state commission that is developing the state's long term transportation financing plan.
- MBR members and staff have provided both written and oral testimony in the state's leading public policy areas, such as health care reform, innovation and competitiveness, access in excellence in higher education, and economic development and job creation(see attached summary of excerpts);
- MBR participated in publishing reports on public pension reform, worker training through the "Reach Higher" Initiative, job vacancies in Berkshire County, and barriers to housing; and
- MBR continued to be routinely consulted by state policy makers and opinion leaders who rely upon the expertise of our members to help inform their thinking on the pressing public policy issues of the day.

## HEALTH CARE

MBR's Health Care Task Force spent much of 2005 meeting with industry leaders to develop an update to its 2002 white paper entitled "Solutions for Massachusetts Health Care." The 2002 report called for consumers and providers to take greater ownership of their health care spending by: creating meaningful objective data on provider quality and efficiency; enrolling workers in new products that align incentives for them to select cost effective providers, settings and treatments; and adjusting MassHealth reimbursement formulas to maintain high quality of care. The updated report, "Solutions for Massachusetts Health Care: 2006," evaluates the current status and future direction of the Massachusetts health care market as it relates to the 2002 recommendations.

The 2006 report's recommendations are to move the health care system towards a 'tipping point' where information exchange vastly improves, consumers make more responsible choices, and providers reduce wasteful practices. The recommendations include: greater investment in transparency; increased options for consumer directed health plans (CDHP); incentives to employees for selecting efficient health plans; focusing pay-for-performance on a few important targets; and adopting fair payment rates for MassHealth and the uncompensated care pool (UCP). *For a copy of the full report and executive summary, please visit [www.maroundtable.com](http://www.maroundtable.com).*

Special thanks to Rob Mechanic of Brandeis University for his exhaustive research and thoughtful analysis, and to Dr. Tom Lee of Partners Health Care and Charlie Baker of Harvard Pilgrim Health Care, who have formed a unique alliance of insurer and provider on MBR's Health Care Task Force to make recommendations to help move this debate forward. Thanks also to Jane Walsh, Chair of the Health Care Task Force, and the Task Force members for their thoughts, ideas and commitment to accelerating the pace of change.

## EDUCATION

Under the leadership of Chair Gary DiCamillo, MBR's Education Task Force has focused its agenda on four items: (1) ensuring the region's competitiveness in innovation and technology, including efforts to enhance STEM teaching and learning; (2) supporting legislation on teacher development; (3) advocating for public higher education; and (4) supporting early childhood education.

### ***Innovation and Technology***

**CEO INNOVATION ROUNDTABLE** In 2005, MBR convened a series of CEO Innovation Roundtable meetings which have provided an opportunity for members of the corporate and academic worlds to share their views on the challenges facing Massachusetts in retaining its preeminence in innovation. Several themes related to building Massachusetts's long-term innovation capacity emerged throughout the discussions, such as: retaining young entrepreneurs, engineers and scientists in the area; providing incentives and other support to small and medium sized businesses; leadership in various sectors to maintain the region's innovation preeminence; fully leveraging the resources and potential of the state's public and private higher education institutions to add value to the innovation equation; and developing a long term competitiveness strategy for the region.

**2006 INNOVATION SUMMIT** As a next step, the group agreed that the Massachusetts Business Roundtable (MBR) should build a coalition that would partner with the national Council on Competitiveness to host a regional Innovation Summit. MIT agreed to host the Summit, which would review the Council's National Innovation Initiative and develop a long-term innovation plan for the region. The work of the coalition, and the themes that were identified, will be incorporated into the Summit's agenda and form the basis of a long term innovation strategy.

**STEM TEACHING AND LEARNING** MBR has joined the Massachusetts STEM Collaborative and has been a vocal supporter of funding in the legislature's 2005-2006 economic stimulus legislation for a Science, Technology, Engineering and Math (STEM) Pipeline Fund. This funding would be used to increase the number of youth who prepare for and enter STEM careers; to recruit, retain and develop more STEM qualified teachers; and to improve student performance in STEM subjects. MBR testified publicly, wrote letters and met privately with policy makers this year to convey the importance of this issue to our membership.

## ***Teacher Quality and Accountability***

MBR is taking a leadership role in promoting legislation to comprehensively improve teacher quality – the primary determinant in student achievement – by helping to develop the legislation, coordinate outreach efforts and design a media plan. We provided oral and written testimony during the year, which built upon MBR's 1992 report urging business to “do whatever we can to directly assist education professionals in the implementation of change.” More than a decade later, this is still a critical issue for education in Massachusetts.

## ***Advocating for Public Higher Education***

MBR is participating in a campaign coordinated by the higher education community in support of an initiative by the Senate's Higher Education Task Force to provide sufficient operating funds, expand capital funds and make changes in general law that allow public higher education to become more entrepreneurial. For the first time in recent memory, the three segments of public higher education - UMass, and the state and community colleges – are working together to educate the general public and the legislature on the needs of public higher education. The coalition behind this effort includes MBR, Massachusetts Taxpayers Foundation and the Massachusetts High Tech Council.

## ***Early Childhood Education***

For the past five years, MBR has served on the advisory committee of the Early Education for All Campaign, a unique coalition of leaders from business, early childhood, labor, religion, health care, education, and philanthropy, which shares the belief that achieving Massachusetts' economic and educational goals relies on improving the early learning opportunities we provide our children. The national Business Roundtable has made early childhood education a priority in its national education agenda. We share its belief that for Massachusetts to remain competitive in an increasingly global economy, we must make targeted investments in the education of our children that yield the most positive returns. Research has conclusively shown that early childhood education is one of these areas.

## **ECONOMIC CLIMATE**

### ***Transportation Finance Commission***

MBR's Infrastructure Task Force Chair Harold Hestnes and MBR staff continue to serve on the Transportation Finance Commission, which was created by the legislature to review the state's transportation governance structure and long term transportation needs. The Commission met frequently throughout 2005, and will release a final report during 2006.

### ***Economic Stimulus Legislation***

In 2003, the legislature passed “economic stimulus” legislation, designed to spur the economy and create jobs. In 2005, they developed “economic stimulus II” which focuses on investing in small businesses, workforce education, easing regulatory burdens and permitting reform. MBR expressed its support for a number of items, including proposals to extend, recapitalize and improve the Commonwealth's Brownfields program; extend the Workforce Training Fund, which started in 1998 as a result of a Mass Business Roundtable study; provide additional funding for One Stop Career Centers and Adult Basic Education; as well as funding for the Science, Technology, Engineering and Math (STEM) Pipeline Fund.

### ***Corporate Tax Stability***

Over the past 15 years, MBR has worked collaboratively with other business associations to pass tax reforms – in areas such as manufacturing, banking, mutual funds and insurance – and to protect these reforms, especially during difficult economic times. 2005 was no different. Early in 2005, Governor Romney filed legislation which would have raised \$170M by closing “loopholes.” Many of these were actually substantive tax policy changes. With the help of MBR member Ernst & Young, MBR sent a paper to the legislature detailing the practical implications of this legislation for businesses, and asked policymakers to

measure its components against traditional pillars of sound tax policy. A collaborative lobbying effort by the business community led to a reduced proposal of \$85M. One of MBR's goals for 2006 is to stop what has become an annual effort to change corporate tax laws and instill stability to the tax code.

## **REPORTS AND STUDIES**

### ***Public Pension Reform – May 2005***

Twenty years ago, MBR was instrumental in setting up the governance rules for the state's public employee pension system. In 2005, MBR served on an Advisory Committee to the Public Employee Retirement Administration Commission (PERAC), chaired by former Attorney General Scott Harshbarger, which released recommendations to protect the integrity and financial performance of the public pension system.

### ***“Reach Higher” Initiative – June 2005***

In 2005, MBR participated in the Governor's "Reach Higher" program to match the curriculum of community colleges more closely with the workforce skills needed in today's market place. The "Reach Higher" recommendations include building bridges for lifelong learning; increasing access to postsecondary education; aligning skills, learning and jobs; and strengthening accountability.

### ***Berkshire Job Vacancy – January 2006***

During 2005, MBR worked with its Berkshire County members and the Berkshire Chamber of Commerce to gather job vacancy and worker training data, and use it to help build local capacity and develop policies to enhance the region's long-term economic prosperity. As a result of this effort, a new tool and process to gather information on job vacancies in the region on a quarterly basis will be implemented in January of 2006. The results of this effort will be looked at for possible use in other regions of the state.

### ***Barriers to Housing – January 2006***

MBR is supporting a study by the Pioneer Institute and Rappaport Institute which "aims to bring change to the mosaic of local regulations that are highly variable across jurisdictions, unevenly applied, and difficult to follow." The product of the research will be a database of local housing regulations identified as potential barriers to new housing that will help inform regulatory and policy changes in favor of housing development. The study is due to be released early in 2006.

## **LOOKING AHEAD...**

These areas of MBR activity are of long-term interest to the members of MBR, and will remain part of our agenda for 2006 and beyond. As in every year, we are extraordinarily grateful for the continuing efforts of MBR's members in helping to make progress on these matters, and in working toward the larger goal of creating a stronger economic future for the businesses and citizens of Massachusetts.

***For additional information, or copies of any of the referenced materials,  
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