

HIGH TECH NEWS

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End of Session Flurry Brings Historic Victories, Disappointments

New Logan Runway Overcomes Final Legal Hurdle

It has been a long, sometimes strange, trip for air travelers and New England employers, but on November 18, the **Massachusetts Superior Court** lifted a 27 year injunction on new flight-related capital construction at **Logan Airport**, paving the way at long-last for the construction of a fifth runway at New England's largest airport. This decision is well timed as the airline industry and the state economy continue to rebound, and **Massachusetts Port Authority (MassPort)** officials implement innovations that make Logan Airport safer and more efficient.

The new runway is expected to take up to two years to build, and Massport hopes to begin the construction in spring 2004. Once completed, the new runway will reduce preventable delays by as much as 24 percent – delivering a savings of nearly \$220 million in lost productivity back to the Massachusetts economy. This new runway will improve Logan's reputation from one of the most delay-prone major airports in the nation.

The Superior Court decision was a clean and authoritative validation of the argument that the new runway will benefit both Logan's operation and those living around New England's largest airport.

Council a Key Runway Booster for Years

This decision was made possible by the longstanding efforts of Council members who testified in favor of the new runway at (often contentious) public hearings, wrote support letters to and met with federal, state and city politicians and agencies to reinforce the economic benefits of a more efficient Logan Airport. In a letter to **Council President Chris Anderson** after the runway decision came down, **MassPort CEO Craig Coy** wrote: "Despite ongoing public and political pressure, the Council and its members stayed the course. The Council, its staff and members could always be counted on to voice their support for Logan Airport and the runway project."

The Council would like to recognize two early runway pioneers, **EMC founder and former Ambassador to Ireland Dick Egan** and the **Council's Founding President Howard Foley** for their early strategic support for the runway. In addition, each of the last three Massachusetts Port Authority chief executives – **Peter Blute, Virginia Buckingham and Craig Coy** – made a powerful case for the new runway while chipping away at the deep-seeded historical mistrust for Massport in the neighborhoods surrounding Logan's airfields. Also deserving of a big nod are **Governors Bill Weld, Paul Cellucci and Jane Swift**, all of whom took on high political risk to be the lead public and political forces behind the campaign for the new runway. (**Governor Mitt Romney** also pledged support for the runway during last year's campaign.)

Upcoming Council Events:

Dec. 16 - Board of Directors Meeting - Waltham
Doubletree Hotel, 8-10 a.m.

Dec. 17 - Energy Cost Manager Briefing - Waltham
Doubletree Hotel, 8-10 a.m.
For more information on Energy Cost Manager visit mhtc.org.

Legislature Passes \$100 Million Tech-Heavy Stimulus Bill

In other positive news, the Massachusetts Legislature passed a \$100 million economic stimulus plan that places special emphasis on science and technology. This new bill, enacted during the final hours of the 2003 Legislative Session on November 18, included many of the priorities of the Council, including:

- **Capitalizing the Matching Fund for Collaborative Academic Research Centers:** This new fund will attract federal research support and private sector investment for industry-university collaborative research centers. The Matching Fund will improve the competitiveness of our academic community – particularly the UMass system – in landing federal research support and private sector investment. Because it leverages federal research dollars and private investment it is the most prudent and rewarding means for the state to invest taxpayer money;
- **Making the Investment Tax Credit Permanent:** This measure will bring stability to the incentive for employers to invest in their businesses;
- **Capitalizing Science and Technology Pipeline Fund:** This fund could support important programs like Engineering in Mass Collaborative (EIMC) that will produce more math and science teachers and encourage more students to pursue careers in technology-related fields;
- **Fully funding Workforce Training Fund:** Ends the diversions from this important and effective employer-supported, incumbent worker-training program;
- **Providing tax rebates for life sciences employers that create new manufacturing jobs:** This is a positive first step originally put forth by Governor Romney, and the anticipated success of the pilot program will boost Council efforts to expand this benefit to all technology employers;
- **Creating a more flexible and expanded Research & Development Tax Credit**
- **Capitalizing the John Adams Fund:** This program was designed to stir more science & tech development both within and outside of Route 128;
- **Creating an enhanced Mass Technology Transfer Center at UMass:** This measure builds on the success of UMass tech transfer centers and will streamline and accelerate the transfer of technology between research facilities and industry.

Romney Cuts Bill in Half

On November 26, Romney, citing a bleak fiscal picture for next year, vetoed half of the jobs package rather than dip deeper into the state's reserve funds. However, the Legislature retains the opportunity to override any or all of the Governor's vetoes when it reconvenes in January.

Despite the outstanding questions over funding levels, the infrastructure is now in place for Massachusetts to be more competitive in the global competition for technology research, talent

and commerce. The passage of this legislation will provide momentum for the Council's continuing efforts on the Science & Technology Initiative, the centerpiece of which is the Road Map and Opportunities Study to be completed by Battelle in December and released publicly in early January.

The Council would like to recognize the work of the state Legislature and the Romney Administration for putting together this technology-based economic development plan for Massachusetts.

Ball Dropped on Unemployment Insurance Reform

Not to be overshadowed by the good news from the close of legislative business in the waning days of November was the disappointing conclusion to the debate over the state's broken Unemployment Insurance system.

With a dwindling trust fund balance and a massive increase in employer-paid UI premiums for 2004 looming, it seemed as if a consensus was emerging to achieve overdue structural reform to this costly system. Throughout the summer and early fall, the business community, Governor Romney, and key legislators seemingly were in agreement over the need to change the system's out of whack cost structure and provide employers with much needed predictability and stability on payroll tax costs.

The Council consistently called for the following reforms: Join 49 other states and provide benefits for 26 weeks (down from 30); strengthen weak eligibility requirements; make the system fairer through an updated experience rating schedule; and replace the antiquated statutory annual rate-setting mechanism.

The Council further argued that since employers fund 100% of state Unemployment Insurance bills it would only be acceptable to bear the cost of a temporary increase in payroll taxes and a permanent increase in the wage base on which the payroll tax is calculated if the necessary reform conditions were achieved.

It is important to note that none of these reforms would have reduced the amount of weekly benefits paid out to displaced workers, which is the second highest in the nation at a maximum of \$507 – more than \$150 a week above the national median. Overall, Massachusetts pays out more on average to its unemployed workers than any other state – in some cases paying 150% of the benefit amount of key competitor states.

Result: Limited Reform, Massive Cost Increase for Employers

After many false starts, the Legislature passed a bill that added more than \$1.4 billion in new costs next year, while only delivering one important reform – a change to the experience rating schedule (which is revenue neutral to the system). The Council and others including Associated Industries of Massachusetts and the National Federation of Independent Businesses quickly joined Governor Romney in denouncing this bill which will mean an average 70% increase in costs for employers in January and a less competitive system for the long term.

While Romney opposed this bill, a veto would have triggered a similar increase in costs as the result of a flaw in the current law without preserving the new updated experience rating schedule. So Romney, in a decision strongly supported by the Council, let the bill become law and simultaneously filed another bill that contains the remaining elements of reform that the Legislature disregarded.

Romney, Council to Lead UI Reform Fight in January

The Council and others have pledged to support Romney's legislation when the Legislature returns in January. Employers are expected to be notified by the state Division of Employment and Training this month on just how much of a UI cost increase they can expect this year. *The Council encourages its members, after getting through the sticker shock, to contact their legislators to tell them their job is not nearly done on reforming the Unemployment Insurance system.*

New Program Helps Employers Ramp Up Hiring

Despite the recent positive national economic news, there has been a great deal of discussion about a no-job or slow-job growth recovery. Massachusetts continues to face a serious unemployment problem and thousands of skilled engineers, scientists and technologists are available to re-enter the workforce.

At the same time, some Council members are hoping to dip their toe in the hiring pool, but are concerned by economic matters both here and abroad. With that uncertainty in mind, the High Tech Council has been in discussions with the state Division of Career Services (DCS – formerly DET) about a pilot program that provides financial incentives for technology firms to bring on new employees and help put a small group of the unemployed back to work. The program is called the Jobs First Fellowship Program (JFFP).

JFFP puts companies in touch with DCS to identify potential employees who may be a good fit for your company needs. Participating companies are then asked to bring them on as a Fellow and supervise them in a three month on-the-job internship program. At the end of the internship, the employer may choose to hire the worker. Instead of paying a full-time equivalent salary, participating companies will be asked to pay a small stipend to the Fellow, with the state picking up the rest. This program gives employers access to a vast and talented labor pool that they can supervise and train, with no long-term obligation.

If you are a Council member interested in participating, please have your company's Human Resources director contact DCS's point person on this effort, Susan Moulton, at 617-626-6456 or smoulton@detma.org.

Merry Christmas and Happy New Year!

