



**MASSACHUSETTS
HIGH TECHNOLOGY
COUNCIL**

HIGH TECH NEWS

VOLUME 26

Number 1

January 2003

In this issue:

The Romney Era Begins

Romney Sworn In . . .

On January 2, 2003, **W. Mitt Romney** was sworn into office as the 70th Governor of Massachusetts, and the first modern-era Governor to emerge from the state's private sector.

Anderson Tech Voice on Transition Team . . .

The inaugural celebration culminated a whirlwind two-month transition period during which Romney and his Lt. Governor, **Kerry Healy**, began to piece together their new cabinet forming a comprehensive private sector policy team to chart the course of the new Administration. In November, Romney named **Council President Chris Anderson** as the only broad-based technology representative on the 20-member Transition Team panel focusing on economic competitiveness and job growth. Anderson reports that the transition committee meetings were focused and very productive and felt confident that Governor Romney and his economic team have the foresight, energy and resolve to return job growth and economic expansion to Massachusetts.

Pozen New Economy Czar . . .

Under the newly created position of **Commerce and Labor Chief**, filled by former **Fidelity Vice Chairman Robert Pozen**, the Romney Administration is fulfilling its commitment to approach economic development in a more comprehensive way, with particular emphasis on the creation of new regional economic development councils. Council staff met with Pozen in early January, and came away from the meeting pleased that the new Administration would tie together the myriad of factors - economic/fiscal policy, education, transportation, housing - that affect the employer community.

Berke to Oversee Regional Economy Councils . . .

These regional councils, to be overseen by new **Economic Affairs Director Barbara Berke, formerly of the Boston Consulting Group**, will be charged with devising ways to bring economic opportunities to all the Commonwealth's cities and towns. If you have any interest in participating in your region, please contact **Chris Anderson or Cort Boulanger** at the Council at (781) 890-6482.

Swift: Friend of Council . . .

As Romney arrived at the State House, another friend of the Council stepped from the political spotlight. **Governor Jane Swift, 37**, first came to prominence as a state senator from Berkshire County and helped shape the landmark **1993 Education Reform Act**. As Lieutenant Governor and then Governor, Swift was a strong ally in the corner office. Her grasp of fiscal, economic and educational issues and her strong relationships within the State House meant that she was able to deliver victories for taxpayers, employers and students despite a slumping economy and shifting political climate.

Good MCAS Graduation News . . .

On December 17, Swift met with the Council Board of Directors to thank the Council for its leadership in advocating for competitive public policies, particularly the 2002 state budget growth limit, and to discuss the success of the MCAS graduation requirement, noting that it is expected that 95% of the Class of 2003 will have passed the MCAS by the end of this summer.

Council, Swift Saved Business \$600 Million . . .

On December 28, Swift signed into law a bill to freeze 2003 Unemployment Insurance rates at the existing rate schedule, a move that will **save Massachusetts businesses \$600 million this new year**. The Legislature did not set UI rates before exiting formal sessions in July, meaning employer rates would have automatically triggered a near 80 percent increase for 2003. **The High Tech Council was the only business group to push for a clean rate freeze last summer before other proposals died on the vine**. With a monumental rate increase on the horizon – coupled with a poor economic prognosis for the nation – the Council worked closely this fall with the Swift Administration to draft legislation to hold UI rates at Schedule B.

UI Rate Freeze for 2003, Reform Now Needed . . .

With other legislative options closed off, Swift's filing of the rate freeze legislation was the only possible method to get this done before the New Year. **Council President Chris Anderson and Chairman George Chamillard met with House Speaker Thomas Finneran** on this issue in December, where they reiterated the importance of a rate freeze bill that did not include any provisions to make the UI system less competitive for the long-term. Despite efforts by organized labor and even some business groups to add untenable concessions to the bill, Swift and Finneran held firm in their support for employers, and a "clean" Schedule B for 2003 became law. The Council will work with the Legislature this year on any long-term reform efforts for the Unemployment Insurance system.

Tyson, Anderson Named to Massport Tech Security Panel . . .

On December 18, **Massachusetts Port Authority CEO Craig Coy named Chris Anderson and current Council Treasurer and former PRI Automation CEO Mitch Tyson** to a new committee on technological security. The eight-member **Massport Security Advisory Council** will work with **Massport's Director of Corporate Security Dennis Treece** to explore new security technologies and how they might best be used in meeting the needs of the transportation sector. The work of this new advisory board meshes perfectly with the Council's goal to "maximize the economic contribution of Logan International Airport by increasing use of state-of-the-art security technology throughout the airport."

Runway Court Hearings Starting . . .

In other Logan Airport-related news, this month will witness the final step of the decades old effort to bring a new delay-reduction runway to the nation's fifth most delayed airport. On January 21, Massport's suit to modify a 30-year-old injunction preventing any new airside construction at Logan Airport will be heard in state court. Following strong Council member support during the public comment process last year, the Federal Aviation Administration in August gave final federal approval to the plan to move ahead on the delay-reduction runway at the nation's 5th most delay prone airport. Despite the continued misinformation being proffered by the small anti-Logan contingent, the runway argument will now be heard on its legal and operational merits in a court of law.

Council Fights Against Stock Option Expensing . . .

The Council has begun working with its members and the newly formed **International Employee Stock Options Coalition in Washington D.C.** to maintain the viability of employee stock options. While the high profile accounting scandals of last year have put a cloud over many issues of corporate governance, the real story behind stock options shows the tremendous beneficial effect for technology employees and the nation's innovation economy. Thousands of technology employees have been able to purchase homes, fund their children's education and save for their future thanks to stock option plans. Stock option plans provide employees with a degree of ownership in their company – giving more employee incentive in helping a company succeed. Requiring companies to expense stock options would make these programs cost-prohibitive, effectively ending a crucial

economic and technological catalyst.

Accurate Expensing Impossible . .

The Federal Accounting and Standards Board (FASB) is considering important reforms that would provide investors with more timely and accurate information on a quarterly basis, a concept that the Council strongly supports. However, given the importance of stock options to the economy and the fact that there is currently no accurate, reliable and consistent way to value them, the Council will work to oppose any regulatory or legislative attempts to mandate the expensing of stock options.

Egan Headlines Successful Ireland Tech Event . . .

On January 10, **US Ambassador to Ireland and EMC Founder Richard Egan** headlined a Council event, *Doing Business in Ireland: The Changing Landscape*. The event, held at Bentley College and co-sponsored by Mass High Tech newspaper, drew more than 100 members of the local technology community. Egan, a former Council director, provided the keynote address, touting the technology economies of the Republic of Ireland and Northern Ireland, and recounting his experiences as Ambassador and as an early American tech settler on the Emerald Isle. Egan had announced in December that he asked for permission from **President George W. Bush** to step down after nearly two years at his post to return to Massachusetts.

Views from Both Sides of the Pond . . .

Following Egan's speech two panels, one of Council member companies with an Ireland presence and one of Irish development officials, provided the group with more information and perspective on the benefits of entering two of the most burgeoning technology markets in the world. The Council would like to thank members **Analog Devices, Boston Scientific, EMC and IONA**, along with **Investment and Development Agency Ireland, Enterprise Ireland, Invest Northern Ireland, and Northern Ireland Technology and Development Center for participating in the event**. For more information on the event and doing business in Ireland, please visit our website at www.mhtc.org.



U.S. Ambassador to Ireland Richard Egan at the Council's breakfast January 10, 2003