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## RESOURCES

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WELCOME TO THE BLUEPRINT FOR THE NEXT CENTURY, VERSION 2.0, THE NEXT CHAPTER IN ASSOCIATED INDUSTRIES OF MASSACHUSETTS’ LONG-TERM PLAN FOR ECONOMIC GROWTH AND PROSPERITY IN THE COMMONWEALTH.

The original Blueprint, created as part of the AIM centennial celebration in 2015, articulated broad objectives upon which to build a strong economy. Blueprint 2.0 updates those objectives and provides strategies for meeting them. The strategies are culled from thousands of conversations AIM has conducted over two years with employers of every description, from paper companies in the Berkshire County to software startups in Cambridge to advanced manufacturing businesses in Worcester.

Blueprint 2.0 represents the first of what will be an annual update of the long-term plan. The idea is to make the Blueprint a living, breathing roadmap that adapts to a constantly changing economy while serving as a guidepost against which the state and its business community measure their progress toward improving the lives of our fellow citizens.

AIM’s work on economic and business policy issues boils down to the nexus of a person, a job and an employer. The creation of a job and a person’s ability to do it weaves together every important
aspect of social and economic stability – the desire for a better life, the ability to support a family, the confidence to start a business, and the need to support efficient government management of services such as education, health-care, and public safety.

The original *Blueprint for the Next Century* proposed four major objectives to ensure the future of the Massachusetts economy:

1. Develop the best system in the world for educating and training workers with the skills needed to allow Massachusetts companies to succeed in a rapidly changing global economy.
2. Support business formation and expansion by creating a uniformly competitive economic structure across all industries, geographic regions and populations, rather than picking winners and losers. That structure must include a reliable and efficient transportation system.
3. Establish a world-class state regulatory system that ensures the health and welfare of society in a manner that meets the highest standards of efficiency, predictability, transparency and responsiveness.
4. Moderate the immense long-term burden that health-care and energy costs place on business growth.

*Blueprint 2.0* presents compelling and constructive ideas for realizing each goal.

Expand vocational education opportunities? Let's initiate a multi-year public/private marketing campaign that highlights the potential of vocational education to provide people the skills they need to realize their economic dreams.

Need to support the creation of small businesses? Exempt businesses earning less than $500,000 from corporate income tax and reduce fees for starting a business.

Need to make regulation efficient? Require a cost-benefit analysis and transparent hearings for all legislative, regulatory, or administrative initiatives.

The long-term future of Massachusetts will be played out against a simultaneously vibrant and unforgiving global marketplace in which investment, resources, jobs, people and capital flow at blinding speed to the most competitive environments. States, regions and nations no longer have the luxury of taking their job bases for granted – failure to nurture the business climate not only
impedes the growth of existing companies, but also invites a silent and corrosive flow of job expansions to other locations that provide employers with the best opportunities for success.

AIM is pleased to offer to the public debate the best ideas of the employers both large and small who together create the prosperity and opportunity of Massachusetts. And we welcome additional comments, questions, disagreements and new ideas for the *Blueprint for the Next Century*. “Coming together is a beginning,” Henry Ford said, “keeping together is progress; working together is success.”

Joseph Zukowski, Vice President of Government Affairs for Verizon and chair of the AIM Board of Directors Government Affairs Committee, led the development of Blueprint 2.0. Other members of the AIM Board of Directors contributing to the document include Brian Burke of Microsoft Corporation, Jeevan Ramapriya of State Street Corporation, James McGaugh of General Electric Company, William Grant of Cummings Properties and Brooke Thompson of AT&T.

AIM stands for jobs, economic opportunity, fiscal predictability, business formation, innovation, education and a government that acknowledges that the private sector has the unique ability and responsibility to create the common wealth for the people of Massachusetts.
GOVERNMENT AND BUSINESS MUST DEVELOP THE BEST SYSTEM IN THE WORLD FOR EDUCATING AND TRAINING WORKERS WITH THE SKILLS NEEDED TO ALLOW MASSACHUSETTS COMPANIES TO SUCCEED IN A RAPIDLY CHANGEING GLOBAL ECONOMY.
WHERE WE STAND

Massachusetts employers almost unanimously name the shortage of qualified workers as the central impediment to the future of the economy. The worker shortage crosses almost every industry, from manufacturers in the Pioneer Valley to software companies in Boston’s Innovation District. Government and business must develop the best system in the world for educating and training workers with the skills needed to allow Massachusetts companies to succeed in a rapidly changing global environment.
WHERE WE CAN IMPROVE

1. Create a flexible and responsive statewide work-force development system that provides Massachusetts residents the opportunity to learn the skills that employers in each region demand.
   
a. Take advantage of the opportunity provided by the Work Force Innovation and Opportunity Act of 2014 to align the commonwealth's work-force training programs with the needs of employers and job seekers. The act requires Massachusetts to develop a four-year strategy — in the form of a single, unified strategic plan for core programs — for preparing an educated and skilled work force. Massachusetts policymakers should rationalize the distribution and control of federal work-force training money to maximize results.
b. Create a formal system to ensure that employers are able to provide direct feedback on work-force issues to policymakers.
c. Produce a comprehensive best-practices audit to determine the best approaches to work-force training being used in other states and countries.

2. Elevate the role of vocational education.
   
a. Initiate a multi-year public/private marketing campaign that highlights the potential of vocational education to provide people the skills they need to realize their economic dreams.
b. Allow the Massachusetts School Building Authority (MSBA) to offer financial incentives to communities for projects that repurpose existing unused or under-utilized space to decrease waitlists for voc-tech schools.
c. Encourage acceptance of the Manufacturing Assistance Center Workforce Innovation Collaborative (MACWIC) curriculum by vocational schools and community colleges statewide.

3. Evaluate Massachusetts public schools based not only upon college attendance rates but also on the ability of students to achieve gainful employment upon graduation.
   
a. Work-readiness skills such as job search, attendance and professionalism must be embedded into school curriculum.
4. Ensure that community colleges are an integral part of the commonwealth’s work-force development strategy.
   a. Expand performance-based funding for community colleges.
   b. Ensure that community colleges in all regions of the commonwealth respond consistently to the employment needs of employers.

OTHER RECOMMENDATIONS WE HAVE

1. Support Best Return on America’s Investment Now, or BRAIN Act, which would create a visa for foreigners who receive an advanced degree in science, technology, engineering and math.

2. Encourage employers in the information-technology field to engage with public and private four-year colleges to ensure that these institutions are teaching up-to-date skills.

“In K–12 education, we found that business leaders are already engaged in many generous partnerships to support students and schools. However, business is mostly involved in fragmented, subscale efforts that alleviate weaknesses in the education system without strengthening the system for the long run. Fortunately, a number of new initiatives point toward better ways for business leaders to work with educators to improve U.S. education.”

2014 HARVARD BUSINESS SCHOOL REPORT ON COMPETITIVENESS
REFERENCES


AIM Blog | Skills Gap: http://blog.aimnet.org/aim-issueconnect/topic/skills-gap
A UNIFORMLY STRONG BUSINESS CLIMATE

SUPPORT BUSINESS FORMATION AND EXPANSION BY CREATING A UNIFORMLY COMPETITIVE ECONOMIC STRUCTURE ACROSS ALL INDUSTRIES, GEOGRAPHIC REGIONS AND POPULATIONS RATHER THAN PICKING WINNERS AND LOSERS. THAT STRUCTURE MUST INCLUDE A RELIABLE AND EFFICIENT TRANSPORTATION SYSTEM.
WHERE WE STAND

Effective governments build business climates that encourage employers in all industries to invest, expand and create economic opportunity. These governments resist the temptation to spend public resources on the high-profile industry of the moment and instead ensure that long-term business costs, regulation, education, training and responsiveness help everyone from the multinational high-tech company to the small entrepreneur.

WHERE WE CAN IMPROVE

1. State economic-development policy must create equal economic opportunity across all regions of the commonwealth to counterbalance the current “two-Massachusetts” structure in which Greater Boston enjoys economic prosperity while the rest of the state struggles.

   a. Structure economic development incentives around the business requirements of employers in each region.
   b. Use economic development incentives to encourage projects that benefit the highest number and variety of wage earners.
c. Reform and streamline negotiated tax incentive programs (EDIP, Life Sciences) operated by state agencies and quasi-government agencies.

2. Establish stable fiscal and tax policies at the state and municipal levels to enable businesses, residents and governments to plan for long-term expansion and job growth.

   a. Reform the state budget process by implementing zero-based budgeting and two-year budget cycles.
   b. Defeat the proposed surtax on incomes of more than $1 million, which would severely hamper the growth of thousands of s-corporations, limited liability partnerships and other enterprises that make up the core of the Massachusetts economy.
   c. Oppose legislation that threatens taxpayer confidentiality.
   d. Exempt businesses earning less than $500,000 from corporate income tax and reduce fees for starting a business.
   e. Reform the state’s net worth tax via regulatory and legislative changes.
   f. Work with the Department of Revenue’s Advisory Council to improve the consistent application of tax laws and the speed by which tax disputes are settled to avoid costly litigation.

3. Eliminate Massachusetts-only laws and regulations that create competitive disadvantage for Bay State employers and force them to move jobs elsewhere.

   a. Remove impediments to the e-service economy by changing the independent contractor law.
   b. Reform the state’s punitive treble damages law.
   c. Bring Unemployment Insurance costs and benefits into line with national averages.

4. Ensure that Massachusetts maintains a reliable statewide transportation system that permits the efficient movement of goods and people necessary for economic growth.

   a. Massachusetts employers conduct business in every community from the Berkshires to Boston to Cape Cod, so the state must ensure regional equity in its operations and capital decisions. The commonwealth must also understand the distinct transportation needs and challenges of each region.
   b. Support the approach set out by the Department of Transportation’s $14.3 billion capital spending plan to prioritize repair and upgrade of existing roads, bridges and transit systems over system expansion.
“Manufacturing is critically important to the American economy. For generations, the strength of our country rested on the power of our factory floors — both the machines and the men and women who worked them. We need manufacturing to continue to be the bedrock of strength for generations to come ... The strength or weakness of American manufacturing carries implications for the entire economy, our national security, and the well-being of all Americans.”

CENTER FOR AMERICAN PROGRESS

c. Reform the Massachusetts Bay Transportation Authority and put the commonwealth’s mass transit system on a sustainable financial footing:
   • Make the T a customer-focused organization that provides first-rate service and clear communication while instilling confidence in its ridership.
   • Provide accountability and transparency for the T’s governance and management practices to ensure the entity is efficiently and effectively run while employing a productive workforce.
   • Develop a long-term strategic and capital plan for the T that efficiently uses its resources to enhance the current capabilities and future needs of the T, businesses and workers, while providing sufficient funding to cover the costs.
   • Overhaul the T’s procurement and maintenance practices so that the system is safe, reliable and in a state of good repair.
   • Establish metrics, milestones and regular reporting to ensure proper implementation of the T reforms within a reasonable period of time.
   • Ensure that the T balances its operating budget without the need for ever-increasing state assistance each year.
OTHER RECOMMENDATIONS WE HAVE

1. Employ the commonwealth’s globally regarded information technology sector to improve the efficiency of state government.

2. Foster a connection between the innovation sectors of the economy and the commonwealth’s base of advanced manufacturers. Medical researchers, clean-tech entrepreneurs, nanotechnology developers and others need access to the unparalleled engineering and manufacturing expertise of Bay State companies to make their ideas tangible.

3. Organize a “Trade Mission to Massachusetts” that would expose innovators from Greater Boston to potential partners and manufacturers in other parts of the commonwealth. It’s a way to encourage an exchange of ideas and the formation of long-term connections.

4. Support appropriate free trade agreements between the United States and important trading partners (T-TIP between the US and the European Union; and the Trans-Pacific Partnership), as well as initiatives such as trade promotion authority, re-authorization of the Export-Import Bank and immigration reform.

REFERENCES


AIM Blueprint Goal #2 of the overall project (page 14):  http://www.aimnet.org/userfiles/files/AIM_%20Blueprint%20for%20the%20Next%20Century_wb2.pdf
ESTABLISH A WORLD-CLASS STATE REGULATORY SYSTEM THAT ENSURES THE HEALTH AND WELFARE OF SOCIETY IN A MANNER THAT MEETS THE HIGHEST STANDARDS FOR EFFICIENCY, PREDICTABILITY, TRANSPARENCY AND RESPONSIVENESS.
“A small employer does not have the staff, resources or time to figure out the multiple layers of regulation. There are too many minefields that can trip up or stall a small business. This is an opportunity cost that is never discussed and cannot be measured. How much time is wasted worrying about or dealing with regulation that is well intentioned, but is rarely thought through to its consequence?”

MASSACHUSETTS EMPLOYER, AIM BLUEPRINT SURVEY
WHERE WE STAND

Effective and well-managed regulation ensures the health and welfare of society without weakening the financial underpinnings of the job market. The best regulatory systems engender collaboration between businesses and regulators to solve the most complex interactions of the economy and society. The best regulatory systems adjust to rapidly changing technology and practices. And the best regulatory systems recognize that government intervention may not be the only way – or in fact the best way - to address manage economic behavior.

WHERE WE CAN IMPROVE

1. Review and rationalize all existing state regulations to determine which are necessary to ensure the health and welfare of society and which are outdated, inefficient or exist simply to prop up a sclerotic bureaucracy.

2. Create a formal system to ensure that the process of creating new regulations is transparent and inclusive.
   a. Improve the manner in which state regulatory agencies interact with the business community, using the example of the Department of Environmental Protection. Require every state agency to maintain an advisory council that includes the regulated community.
   b. Require a cost-benefit analysis and economic impact statement for all proposed legislation, regulations or administrative processes. Any new law or regulation that would require state agencies to hire additional staff should provide cost estimates for that additional staff.
   c. Make all regulations available online, free of charge.
   d. Create a one-stop shop for state government compliance with checklists by state agency that are updated regularly as state laws and regulations change.
3. Elevate the role of regulatory ombudsperson from the Executive Office of Economic Development to the Governor’s Office in a manner similar to the White House\(^1\). The ombudsperson would have the authority to determine which regulations and/or enforcement issues represent real impediments to growth and recommend changes to the legislature or the executive branch.

4. Develop an executive agency scorecard that the state auditor can use to provide scheduled audits of all state agencies. A key metric would be increasing the number of state services delivered online.

**OTHER RECOMMENDATIONS WE HAVE**

1. Encourage business leaders to become engaged in public policy and regulatory promulgation at the state and local levels.

2. The state should work with cities and towns to establish a set of efficiency and fairness standards for local issues such as inspections, fees and permitting.

3. The commonwealth and its municipalities should move toward regionalization of functions such as inspections and permitting to improve efficiency.

\(^1\)https://www.whitehouse.gov/omb/oira
“Instead of focusing on growing my business, I am spending a huge amount of time figuring out how to survive increased costs and regulations while operating in Massachusetts. It’s not just one area either ... it is everywhere. Water, sewer, insurance, unemployment claims, and that’s just a list of the local and state issues.”

MASSACHUSETTS EMPLOYER, AIM BLUEPRINT SURVEY

REFERENCES

AIM Blog:  http://blog.aimnet.org/aim-issueconnect/blueprint-for-the-next-century-regulation

AIM Blueprint (page 2:  http://www.aimnet.org/userfiles/files/AIM_%20Blueprint%20for%20the%20Next%20Century_wb2.pdf


Administration and Finance Websites:  
http://www.mass.gov/anf/budget-taxes-and-procurement/regulatory-review/  
http://www.mass.gov/anf/regreview.html
MODERATE THE SUBSTANTIAL FINANCIAL BURDEN THAT HEALTH-CARE AND ENERGY PLACE ON BUSINESS GROWTH.
HEALTH CARE

WHERE WE STAND

The relentless acceleration of health-care spending and health-insurance premiums threatens both the continued growth of the Massachusetts economy and the ability of citizens to access the commonwealth’s world-renowned medical system. It also threatens the financial stability of our state and local governments, as health costs crowd out important priorities such as education, public safety, the judiciary and transportation.

Massachusetts must decrease health-care costs so that the commonwealth no longer has the highest per-capita health-care expenditures in the country. The road to cost reduction will involve addressing the excessive market power held by certain large providers and giving consumers better information upon which to make health-care decisions.

WHERE WE CAN IMPROVE

1. Reduce the percentage of Massachusetts residents who receive care in high-priced academic medical centers from the current 40 percent toward the national average of 16 percent.
   a. Encourage the health plans to develop, and employers to demand, products that offer meaningful financial incentives to consumers to obtain care in high-quality, reasonably priced settings.
   b. Provide intelligible and accessible information about cost and quality that will allow consumers to make reasonable decisions about the health-care they purchase. Advocate for the creation of a consumer health information Website, administered by the Center for Health Information and Analysis, as required by current law, containing information relative to the quality and cost of health-care services in Massachusetts.

2. Reduce the wide disparity in prices paid to medical providers – differences unexplained by provider quality – that have created a market in which patients continue to utilize higher cost providers, driving up health-care costs.
   a. Support the efforts of the Massachusetts Health Policy Commission to develop a thoughtful plan to eliminate unwarranted price disparity.
3. Reduce factors such as hospital readmissions, hospital-acquired infections, and inappropriate use of emergency rooms.

   a. The Health Policy Commission should publish an annual performance review of readmissions, hospital-acquired infections and emergency room utilization at all Massachusetts health-care facilities.

4. Compassionately and efficiently manage care for the 10 percent of patients who account for 80 percent of medical spending.

   a. Encourage the development of payment systems that reward health-care providers for utilizing efficient population management strategies, including care for people with behavioral-health issues.
OTHER RECOMMENDATIONS WE HAVE

1. Shift the benchmark for medical spending established under the 2012 Massachusetts health cost-control law from its current level, equal to state economic growth, to two percentage points below economic growth.

2. Allow Massachusetts flexibility in adopting provisions of federal health-care reform, including freezing the reductions in the commonwealth’s rating factors and maintaining the current state definition of a full-time employee.

RESOURCES

AIM Blog (Health-Care):  http://blog.aimnet.org/aim-issueconnect/topic/health-care

AIM Blog (Affordable Care Act):  http://blog.aimnet.org/aim-issueconnect/topic/aca

AIM Blog (Health-care Costs):  http://blog.aimnet.org/aim-issueconnect/topic/health-care-costs

AIM Blog (Health-care Reform):  http://blog.aimnet.org/aim-issueconnect/topic/health-care-reform
ENERGY

WHERE WE STAND

Average industrial electric rates in Massachusetts are the second highest in the nation, double the national average. Electricity costs have reached crisis stage as a persistent shortage of natural gas and a focus on high-priced, ideologically driven alternatives virtually assures that prices will remain high into the future.

WHERE WE CAN IMPROVE

1. Support policies and programs which lower the cost of energy to consumers in Massachusetts.
   a. Establish a legal definition of cost-effective energy generation.
   b. Eliminate government-mandated subsidies of all kinds that favor one form of electricity generation over another.
   c. Ensure that the new Solar Renewable Energy Credit program (SREC III) aligns costs to the ratepayer with business needs.
   d. Require that all electricity ratepayer funded programs be subjected to a full audit of both costs and benefits.

2. Support the development of energy infrastructure - including wind, solar, natural-gas pipelines, hydroelectric power from Canada and Massachusetts-based generating plants – that provides reasonably priced power and eases the energy cost burden faced by Massachusetts employers.
   a. Ensure that any legislation that requires long-term contracts for renewable or other power have appropriate transparency for ratepayers, is technology neutral, and results in long-term solutions that lower the cost of achieving greenhouse gas goals.
   b. Defeat proposals to impose carbon taxes in Massachusetts.
OTHER SUGGESTIONS WE HAVE

1. Update the AIM energy calculator so members are aware of what programs are costing their business.
2. Cap all green programs or require analysis of such programs that takes into account cost to the Massachusetts ratepayer, not just a benefit to green industry.
3. Change energy efficiency programs to update programs to reflect new industry needs.

RESOURCES

Comments on the Blueprint  John Regan  jregan@aimnet.org
Join an AIM issue committee  Brad MacDougall  bmacdougall@aimnet.org
Join AIM  Bob Paine  rpaine@aimnet.org

CONNECT WITH US
Upcoming 2016 EVENTS

EXECUTIVE FORUMS
SEPTEMBER 16 • WALTHAM • Waltham Westin Hotel
NOVEMBER 18 • WALTHAM • Waltham Westin Hotel

GLOBAL TRADE BREAKFAST & AWARDS
OCTOBER 6 • FOXBORO: Gillette Stadium Putnam Club

REGIONAL AWARD CELEBRATIONS | 4:30 — 6:30 PM*
SEPTEMBER 20 • PITTSFIELD • Interprint, Inc.
OCTOBER 17 • SPRINGFIELD • Wood Museum of Springfield History
OCTOBER 19 • WORCESTER • Hanover Theatre
OCTOBER 24 • FOXBORO • Gillette Stadium Putnam Club
OCTOBER 26 • LAWRENCE • Riverwalk Complex

One Beacon Street, 16th Floor
Boston, MA 02108
617.262.1180 | 617.536.6785 fax