



OPPORTUNITIES FOR ALL

THE BAKER-POLITO STRATEGY AND PLAN

for Making Massachusetts Great Everywhere

COMMONWEALTH OF MASSACHUSETTS - EXECUTIVE OFFICE OF HOUSING AND ECONOMIC DEVELOPMENT







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Charles D. Baker
GOVERNOR

Karyn E. Polito
LIEUTENANT GOVERNOR

December 23, 2015

To the Honorable Senate and House of Representatives:

I am pleased to present to you the Commonwealth's economic development plan, *Opportunities for All: Making Massachusetts Great Everywhere*.

By any number of measures, Massachusetts possesses an economy that is the envy of the nation. The Commonwealth's educational and medical institutions serve as magnets for talent from across the globe. Marquee life sciences, technology, and finance firms have paced the state's recent growth. Massachusetts is a national leader in attracting venture capital and research investments; the state's labor force is the country's best-educated, and is among the country's most productive.

However, for some Massachusetts residents, the high-flying economy of Boston's Back Bay and Cambridge's Kendall Square can feel worlds away. Many of the Commonwealth's families, and many of its regions, have not shared in the fullness of the state's recent prosperity.

This economic development plan offers a framework for reconciling these disparities. It will build equity by creating economic opportunities, economic prosperity, and economic mobility in communities across the Commonwealth. It will deepen the state's many existing areas of strength, and confront its weaknesses head-on. This plan promotes the development of vibrant communities, and thriving regions, from Cape Cod to the Berkshires.

The Commonwealth's strategic economic development plan will reform government's complexity, cost, and lack of responsiveness by fostering regional collaboration on cluster development and workforce development; by forging productive partnerships between businesses, educational institutions, and public workforce entities; by reforming state regulations, and the state's regulatory culture; by spreading local best practices, and fostering community leadership development; by investing in infrastructure, and readying priority land parcels for development; and by managing the state's own finances with discipline.

This economic development plan recognizes that government does not create jobs, but instead, that government contributes to an environment that attracts job creation and investment. By creating an environment that promotes investment and allows entrepreneurs to flourish, by supporting the development of strong, vibrant communities, and by delivering regulatory competitiveness, the Commonwealth will achieve prosperity for citizens, vitality for communities, and growth for businesses. It will support the development of a strong middle class, with opportunities for all.

Sincerely,

A handwritten signature in blue ink, reading "Charles Baker".

Charles D. Baker

A handwritten signature in blue ink, reading "Karyn E. Polito".

Karyn E. Polito



EXECUTIVE SUMMARY

Massachusetts law requires each new gubernatorial administration to publish a comprehensive economic development policy for the Commonwealth, and a strategic plan for implementing the policy, within a year of taking office. On behalf of Gov. Charlie Baker and Lt. Gov. Karyn Polito, the Executive Office of Housing and Economic Development submits this economic development policy and strategic plan for advancing economic development in communities throughout the Commonwealth.

The Commonwealth's economic development plan is the result of one year of robust public engagement. The Executive Office of Housing and Economic Development engaged in thousands of conversations with residents, business owners, municipal officials, state legislators, academic experts, and industry officials, and those conversations drove the formulation of this economic development plan.

The Governor's Economic Development Planning Council unanimously adopted this plan on December 9, 2015. The plan sets a policy framework that will steer the work of the Executive Office of Housing and Economic Development; the Executive Office will use the policy framework set by this plan to develop and shape specific initiatives that will respond to issues, themes, and priorities highlighted in this plan.

Key components of the *Opportunities for All* economic development plan include:

Prosperity for Citizens

Supporting workforce development strategies that close the skills gap, and connect citizens to economic opportunity.

The plan focuses on creating strong regional talent pipelines that meet the hiring needs of employers. It emphasizes strong coordination between employers, and the state's education and workforce development system. And it places a renewed focus on the key role of vocational-technical education in creating career pathways for the Commonwealth's residents.

Vitality for Communities

Promoting vibrant communities & regions.

This economic development plan embraces community development, through local leadership development, through strategies that unlock priority development sites, and through a deep commitment to partnering with communities and regions to open new opportunities for job growth and housing development. It prioritizes efforts to strengthen regional industry clusters, as a means of achieving job growth and economic prosperity outside the metropolitan Boston region. And it embraces institutions of higher education as engines of dynamic regional growth, particularly through the

development and commercialization of an array of emerging technologies.

Growth for Businesses

Advancing the development of key industry clusters, and harnessing cluster development to drive job growth in the Commonwealth's regions.

This economic development plan seeks to deepen the state's competitive advantage in an array of key industry clusters, including clean energy, financial services, technology, the life sciences, advanced manufacturing, and tourism.

Sharpening the Commonwealth's competitive position through regulatory reform, and efforts to lower key business costs, such as energy costs.

This economic development plan prioritizes efforts to stimulate job growth by reforming the state's business environment. It emphasizes the role of cost competitiveness, especially in energy and tax policy, in driving business growth throughout the state.

This strategic plan, *Opportunities for All*, is grounded in the recognition that Massachusetts possesses a strong and growing knowledge-based economy, and that industries harnessing the state's brainpower have produced globally significant technological innovation, and created swaths of great prosperity. At the same time, this plan recognizes the uneven shape of economic prosperity in Massachusetts today. The Commonwealth's economic development plan advances policies that extend new economic opportunities to all the state's citizens, and its regions.



ORGANIZING PRINCIPLES

CITIZENS, COMMUNITIES, AND BUSINESSES ARE AT THE HEART OF THE BAKER-POLITO ECONOMIC DEVELOPMENT STRATEGY AND PLAN, WITH THE GOAL OF CREATING OPPORTUNITIES FOR ALL.

A Vision for the Commonwealth's Future

Economic Prosperity for Citizens

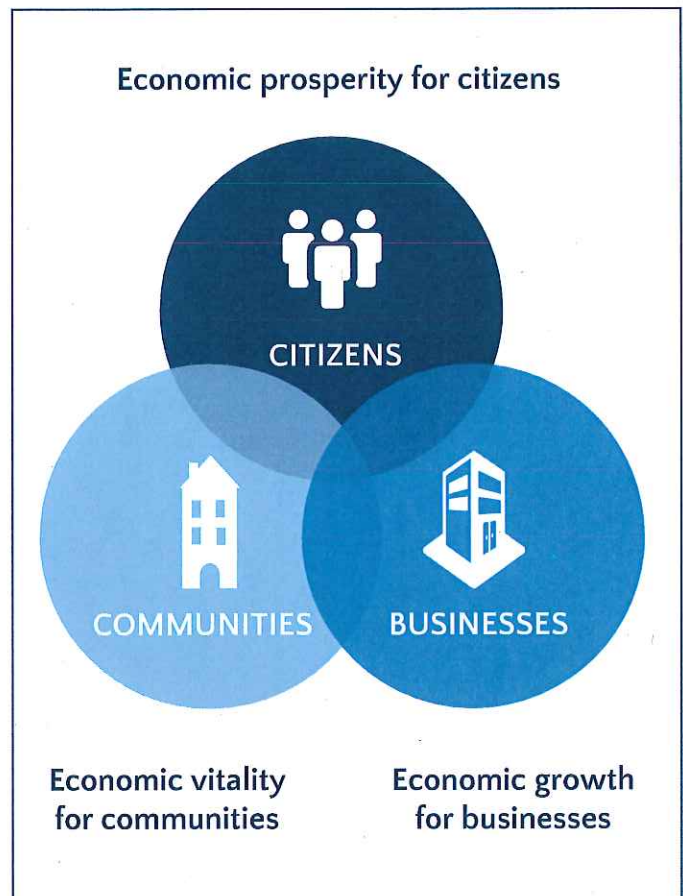
This economic development plan seeks to build a Massachusetts led by a strong middle class. Its primary objectives are economic opportunity and economic mobility for all the state's citizens. By advancing ability of citizens to access good jobs and good wages, it seeks to build a strong, prosperous Commonwealth.

Economic Vitality for Communities

This economic development plan seeks to deepen the vibrancy of communities across Massachusetts. It creates new tools and opportunities to build capacity and leadership at the local level. It advances strategies for strengthening economic activity in a variety of community settings, from downtowns, town centers and community main streets, to industrial parks. And it seeks to unlock economic growth in all regions of the state. Through deep partnerships between state, regional, and local stakeholders, it seeks to foster communities across the Commonwealth where families can build a future.

Economic Growth for Businesses

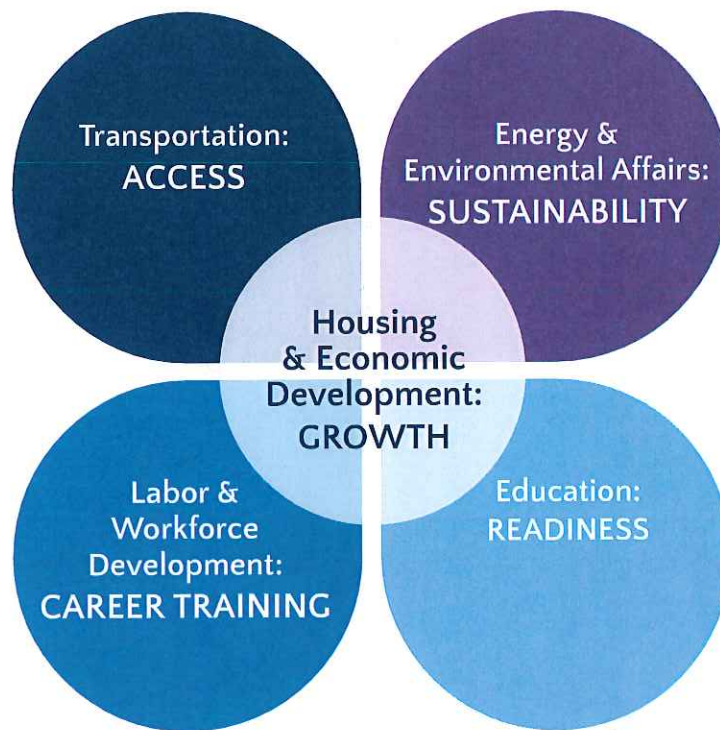
This economic development plan seeks to build a Massachusetts where businesses of all sizes can thrive. It prioritizes efforts to make the business environment less complex and less costly. It will make government less intrusive, more responsive, and nimbler. It supports entrepreneurship and private enterprise, and a healthy business ecosystem.





THE BAKER-POLITO ADMINISTRATION RECOGNIZES THAT ALL ASPECTS OF GOVERNMENT CONTRIBUTE TO THE VISION OF MAKING MASSACHUSETTS GREAT EVERYWHERE.

Each agency within the Administration plays an important role in generating economic prosperity for our citizens, vitality in our communities, and growth for our businesses. The Executive Office of Administration and Finance provides executive branch agencies with resources to carry out their missions, and agencies execute their missions on behalf of the Commonwealth's taxpayers. Coordination among agencies was a resounding theme during the meetings of the Economic Development Planning Council.



Whether it is transportation investments that get people from their homes to their jobs, or balanced regulations and permitting processes that allow businesses to grow, or readying our young people with a 21st century education, or helping today's workforce navigate the dynamic changes in our economy, all parts of government must work together in order to achieve our common goals.



PRIORITY POLICY AREAS

IN ORDER TO SUPPORT CITIZENS, COMMUNITIES AND BUSINESSES, HED HAS IDENTIFIED SEVEN PRIORITY POLICY AREAS THAT CAPTURE RESEARCH, ENGAGEMENT, AND PUBLIC INPUT TO DATE.





STRONG COMMUNITIES AND REGIONS ACROSS MASSACHUSETTS ARE NECESSARY FOR A RESILIENT ECONOMY.

Policy Background

It is essential that the Commonwealth work with its communities to advance economic development. By supporting strong, leadership-rich, development-ready communities and regions, communities will be better positioned to attract human and investment capital in an intensively competitive environment.

Federal Reserve Bank of Boston research shows a strong relationship between community leadership and economic performance. Communities with strong bases of leadership at all levels have a better chance of succeeding.

Home rule in Massachusetts means economic development is a shared endeavor. Growth depends on municipalities' ability to accommodate and permit new development, and be competitive in the regional, national and global marketplace. Growth also depends on the Commonwealth's ability to work with municipalities to unlock private investment through enabling public investment, such as infrastructure improvements and environmental remediation. The Commonwealth's ability to partner in executing on local and regional economic strengths and opportunities is linked directly to the ability of leaders at the local, state, and regional level to envision and create development-ready opportunities, be they one parcel or an entire district.

The Commonwealth must be committed to partnering with its communities and regions to ensure that each is ready for new opportunities and prepared for success.

Policy Objective

The Commonwealth is focused on strengthening communities and regions to allow them to capitalize on economic development opportunities. State, regional and local partners will work together to build strong, nimble, development-ready communities and regions.

Preparing communities for success means leadership and human capital development, investments in infrastructure, and creating physical spaces and regulatory envelopes that foster private investment and economic development, all in an effort to promote the health and vibrancy of communities.

All 351 communities of the Commonwealth matter. And each has its own economic priorities. The state will partner with each community and region to leverage their unique assets in ways that are consistent with state goals and their own growth plans and opportunities. Efforts will support high-growth, established and emerging communities. The Commonwealth will remain focused on Gateway Cities, and will expand programming to recognize the importance of Gateway Cities as regional sources of stability and growth. The Commonwealth will renew its focus on regional development opportunities. An Urban Agenda will also be pursued, along with efforts to advance suburban and rural interests.

The Commonwealth will partner with willing communities and regions to invest in people, infrastructure, and planning.



PREPARING COMMUNITIES FOR SUCCESS

STRATEGIC GOALS

Strategic Goal #1: Match Communities and Regions to Economic Opportunities

Through cooperative business development efforts and data sharing, match every region in the Commonwealth with new or enhanced economic development opportunities. Drive regional economic opportunities through partnerships with private, public and institutional actors, including partnerships between businesses and the state university and community college systems.

Strategic Goal #2: Foster Community Leadership Development

Invest in, and leverage, human capital in communities through strategic engagement with elected officials and community-based organizations.

Strategic Goal #3: Invest in Infrastructure

Continue to provide public funding for public infrastructure that leverages and promotes private sector investment, economic development and job creation. Infrastructure investment includes water, sewer and wastewater systems; transportation; streetscapes; site cleanup; and broadband.

Strategic Goal #4: Create Physical Spaces that Attract Investment

Open new opportunities for economic development and local investment in a variety of settings, from local downtowns to industrial parks. Support community planning and community development by enhancing municipal and regional planning capacity through technical assistance programs, and providing technical assistance for land assembly and site remediation.

Strategic Goal #5: Craft Regulations that Balance Environmental Protection and Community Assets

Work collaboratively on the state, regional and local levels to reduce permitting and regulatory hurdles, and assist in the creation of pre-permitted sites.



Photo: As part of their "Building Stronger Communities" initiative, Gov. Baker and Lt. Governor Polito have traveled to numerous municipalities around the Commonwealth. As part of the tour, on July 31, 2015 Gov. Baker participated in the Lawrence Urban Agenda Roundtable, a discussion between the Governor, local professionals and community members, Lawrence Mayor Dan Rivera, and members of the Governor's cabinet, including Education Secretary Jim Peyser, Housing and Economic Development Secretary Jay Ash, and Labor and Workforce Secretary Ron Walker.



IMPLEMENTATION WILL BE A COMBINED EFFORT OF LEGISLATION, PROGRAMS, AND INITIATIVES.

Implementation Focus

Leadership and Local/Regional Capacity

Development: Build leadership and local capacity through technical assistance and programs that empower community-based organizations.

Infrastructure: Invest in infrastructure that unlocks appropriate local and regional economic and housing development.

Planning and Local Land Use: Support the revitalization of town centers and downtowns. Enable pro-growth planning and rezoning efforts. Support regional land use planning, and the identification of priority development and preservation sites. Aid efforts by municipalities and regions to assemble, clean, permit, and market development sites.

Leverage Local and Regional Strengths: Assist municipalities and regions in identifying and executing on economic strengths and emerging opportunities.

Gateway Cities: Gateway Cities have served as entry points to the middle class for much of Massachusetts' history, and they continue to have a critical place in the Commonwealth's economy. Gateway Cities typically have higher poverty rates and unemployment rates than the state at large. At the same time, Gateway Cities possess enviable assets, including character-rich downtowns, competitive manufacturing bases, and educational institutions oriented toward economic development. The Commonwealth will continue to focus on the advancement and wellbeing of Gateway Cities, and will recognize the importance of Gateway Cities as regional sources of stability and growth.

Urban Agenda: Promote economic vitality and cultivate safer, stronger urban neighborhoods across Massachusetts. Support programs that leverage local assets and opportunities. Support programs that connect populations that experience chronically higher rates of unemployment, including African Americans, Hispanic or Latino Americans, recently returned veterans, persons with disabilities, and other underrepresented populations, to economic opportunity. Support entrepreneurs, small businesses, and targeted workforce development efforts. Empower community-based organizations to drive lasting change in their neighborhoods.

Rural Agenda: Advance the economic welfare of rural residents, communities and businesses through targeted local economic development assistance, smart growth housing, regional workforce development efforts, supports for entrepreneurs, and strategies that drive economic development from agriculture.

Suburban Agenda: Collaborate with suburban stakeholders, including regional stakeholders, to achieve job growth, housing production, and land use patterns that promote sustainable development.

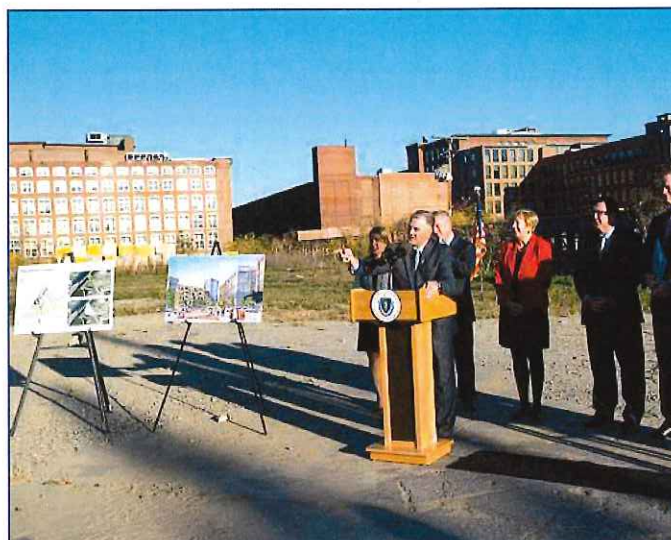


Photo: On Wednesday, November 4th, 2015, Governor Charlie Baker was joined by Lowell Mayor Rodney Elliot and Lt. Governor Karyn Polito for a MassWorks grants announcement for the City of Lowell, and a DCAMM grant for the Lowell Judicial Center Site.



FOSTERING A CULTURE OF INNOVATION AND ENTREPRENEURSHIP

SMALL BUSINESSES, WHETHER IN KNOWLEDGE-INTENSIVE OR TRADITIONAL AREAS OF THE ECONOMY, PACE THE OVERALL ECONOMY. MASSACHUSETTS IS UNMATCHED IN THE KNOWLEDGE ECONOMY, WHICH SPURS INNOVATION AND NEW BUSINESS STARTS.

Policy Background

Driving all economies are innovation and entrepreneurship. Massachusetts has been a leader in both, with the spirit of innovation and entrepreneurship resulting in the start-up and scaling of national and international businesses that have topped their sectors and produced tremendous results. Tomorrow's economies will need to be even more innovative and entrepreneurial, so Massachusetts needs to continue to be at the forefront of research and development, technology transfers, small business formation and scale-up success.

Much independent research points to the importance of encouraging homegrown business development, and supporting entrepreneurship. The Kauffman Foundation, for example, has found that the bulk of annual job creation nationally comes from small firms. The Rappaport Institute for Greater Boston at Harvard's Kennedy School of Government has found that the proliferation of small establishments and entrepreneurial activity drive overall economic health.

Small businesses and startups remain the backbone of the Massachusetts economy. The successful pursuit of innovation and entrepreneurship contributes to a broader ecosystem that enables homegrown companies to grow to scale, and better positions Massachusetts to attract and retain national firms. The entrepreneurial ecosystem benefits companies new and old, large and small, and from all parts of the state.

Policy Objective

Massachusetts recognizes that the vast majority of business growth comes from within a state's own borders, and new business formation drives a state's overall economic health. The Commonwealth is in an unmatched position to harness entrepreneurship for economic growth and prosperity. The state has a unique set of innate assets, including its leading colleges and universities, which serve as engines of innovation and entrepreneurship. The state's mission is to leverage these innate assets, and foster an environment where entrepreneurs can thrive.

The Commonwealth will ensure that the lines between businesses and institutions of higher education are more permeable, reduce barriers to starting businesses, tend to the entrepreneurial ecosystem, and eliminate barriers that keep entrepreneurs from bringing startups to scale in Massachusetts. It will engage the University of Massachusetts system as regional stewards of research, innovation, entrepreneurship, and economic development.

The Commonwealth will build capacity among a broad range of small businesses, including businesses owned by women, veterans, recent immigrants, and entrepreneurs of color.

Massachusetts will also continue to compete for new business from large national and international firms in an opportunistic manner. The Commonwealth has the ability, attributes and resources to be successful in such competitions, and will highlight and deploy them as appropriate.

FOSTERING A CULTURE OF INNOVATION AND ENTREPRENEURSHIP



STRATEGIC GOALS

Strategic Goal #1: Deepen Partnerships with Higher Education

Advance the competitiveness of Massachusetts industries through strong partnerships with institutions of higher education. Partnerships will increase research funding, tech transfer and talent pipelines into the private sector, while ensuring that investments made by the Commonwealth create opportunities within communities that lead to job growth and increased opportunities for job training.

Strategic Goal #2: Support an Infrastructure for Innovation

Support and improve the state's innovation infrastructure, including the spaces, organizations, programs and connections that spur entrepreneurship across the state. Ensure that innovation infrastructure extends to communities of color. Innovation infrastructure includes: co-working spaces, venture centers, maker and artist spaces, incubators and accelerators, classes, competitions, meet-ups and interactions with thought leaders.

Strategic Goal #3: Seed and Grow Innovation Communities

Help community leadership and community-based stakeholders across the state position themselves as places that can grow and participate in the innovative, creative and entrepreneurial ecosystem in Massachusetts.

Strategic Goal #4: Support Community-Based Entrepreneurship

Develop and sustain supports for a broad range of small businesses, from traditional businesses, to innovative start-ups, to the creative economy. Support entrepreneurship at each phase of business: from idea, to proof of concept, to thriving business. Support minority-, women- and veteran-owned businesses through capital access and technical assistance programming. Deepen entrepreneurship among minority-, women-, LGBT- and veteran-owned businesses serving public and private supply chains. Support entrepreneurship among recent immigrants. The focus of this goal will include entrepreneurs who run main street, trade and service businesses, and scalable businesses, through MOBD and community-based partners such as CDCs and CDFIs.

Strategic Goal #5: Coordinate Quasi-Public Agency Work

Work with quasi-public agencies to ensure that they are positioned to execute on the next level of opportunities in innovation and entrepreneurship, including emerging areas of the economy.

Photo: On Wednesday, September 2nd, 2015, Governor Charlie Baker and Economic Development Secretary Jay Ash toured the new Chelsea Clock factory, meeting with business leaders and staff to support the company's first move in its 118 year history. Chelsea Clock, founded in 1897, is internationally recognized for fine handcrafts that have for generations guided nautical travel and decorated the offices of every United States president since Theodore Roosevelt.





FOSTERING A CULTURE OF INNOVATION AND ENTREPRENEURSHIP

IMPLEMENTATION WILL BE A COMBINED EFFORT OF LEGISLATION, PROGRAMS, AND INITIATIVES.

Implementation Focus

Cross-cluster Collaboration: Build on areas where the Commonwealth already enjoys a competitive advantage due to its density of higher educational institutions, health care delivery infrastructure, advanced manufacturing expertise, creative economy, and educated workforce to grow emerging clusters. Continue to support the regional Creative Economy Network, supporting the creative economy across the state.

Higher Education: Leverage the growth of applied research programs and university-based venture centers to drive talent and economic development. Increase supports for tech transfer and research commercialization. Leverage the research work of the University of Massachusetts system to drive entrepreneurship, especially in regions outside Greater Boston. Continue to build deep partnerships between public university researchers, students, and regional businesses, as UMass Lowell has already done. Continue to engage UMass Boston and UMass Lowell on entrepreneurship supports for foreign-born graduates. Engage the University of Massachusetts system as stewards of regional economic development.

Community Innovation Infrastructure: Grow a statewide community of innovation by supporting locally grown innovation districts that serve as magnets for top talent, thought leaders and entrepreneurs. These districts should be driven by a variety of talent representing tech, manufacturing, food, art, etc., and should authentically include a diverse community of active participants. Support flexible shared workspaces that enable new product development and entrepreneurship.

Talent: Apply the principles of innovation to creatively address the talent shortage challenges faced by the tech sector. Engage the talent itself in identifying new strategies for educational attainment and workforce retention.

Capital: Identify new tools for financing, and ways to support increased funding for start-ups. Ensure capital is available to emerging and high-growth companies, and to mature companies seeking succession or growth in new areas of production.

Technical Assistance: Pair capital access initiatives with business technical assistance programming, to ensure that community-based entrepreneurs have the technical skills they need to grow thriving businesses.

Supplier Diversity: Lead by example, by working proactively to connect minority-, women-, LGBT- and veteran-owned businesses to state government contracting in a more robust manner. Advance the ability of diverse businesses to serve the supply chain needs of private- and public-sector entities with supplier diversity mandates. Use the state's convening power to deepen business-to-business capacity among small and diverse suppliers.

Military Assets: Through the Governor's Military Asset and Security Strategy Task Force, deepen the role of Massachusetts military installations in the innovation economy by fostering connections between military assets and the private sector, as UMass Lowell has done with the Army Soldier Systems Center in Natick.

Photo: On Tuesday, November 3rd, 2015, Governor Charlie Baker announced several improvements to the state's decades-old supplier diversity program, including best practice innovations and updates from the public and private sectors, the first expansion of benchmarks for minority and women-owned businesses in four years, and the first-time certification of veteran, disability and LGBT-owned businesses.





THIS PLAN IS INCLUSIVE OF TRADITIONAL CLUSTERS, HIGH-GROWTH CLUSTERS, AND EMERGING CLUSTERS.

Policy Background

An increasingly competitive national and international economy means Massachusetts' economic future depends on the state's ability to provide unique, high-value products and services to a national and international customer base. Massachusetts businesses must be able to sell to the world.

No state can achieve broad prosperity and economic mobility by focusing exclusively on local service businesses and low-value commodity production. Whether in research and development, or in advanced manufacturing, prosperity for states and regions flows from the growth of strong, competitive clusters.

The Commonwealth's cluster strategy is informed by ongoing engagement with Harvard Business School and MIT. HBS data, for example, shows that wages in traded clusters – industry clusters that sell to national and international markets – are twice as high as wages in firms that serve local markets exclusively; the data also show that strong clusters drive strong employment gains. Engagement with MIT has centered around systems that allow companies in significant clusters to grow to scale in Massachusetts.

To achieve the fullest of prosperity, the Commonwealth should consider advancing a cluster strategy that ensures that high-growth sectors remain strong, emerging sectors take root and grow, and traditional sectors thrive.

Policy Objective

Working collaboratively, the Commonwealth will strengthen the state's many competitive clusters. The strategy will be responsive to regionally significant clusters, ensuring regional strengths are identified and cultivated alongside the state's strongest statewide clusters. Similarly, the Commonwealth will support emerging clusters in regions throughout the state, thereby providing residents, existing businesses and their host communities with access to the opportunities growing clusters can produce.

Additionally, the Commonwealth will identify differing needs and opportunities within both emerging and established clusters. The Commonwealth will engage its quasi-public entities in efforts to coordinate and enhance cluster and industry development. The Commonwealth will also engage non-governmental entities and industry leaders in cluster development efforts.

Economic development efforts will be data-driven. Efforts will focus on a subset of strong traded clusters identified by Harvard Business School's US Cluster Mapping project, along with significant local industries, such as health care delivery, tourism and hospitality, clean energy, and advanced manufacturing. The state will seek to deepen significant clusters and industries, and provide clusters and industries with additional business growth opportunities by expanding markets, both domestically and abroad.



SUPPORTING KEY CLUSTERS AND INDUSTRIES

STRATEGIC GOALS

Strategic Goal #1: Analyze and Communicate Opportunities

Comprehensively evaluate the state's established and emerging clusters, and develop targeted regional and statewide strategies linked to actionable opportunities. Leverage public resources and invest in cluster infrastructure. Market the strengths of the Commonwealth's regions to new business.

Strategic Goal #2: Strengthen Established Clusters

Work collaboratively to increase competitiveness of the state's strongest clusters. Engage cluster leaders to identify cross-cutting issues and opportunities that affect the state's clusters.

Strategic Goal #3: Support Emerging Clusters

Identify and support emerging clusters poised for growth. Foster connections among sectors to spur innovation.

Strategic Goal #4: Act Regionally

Enable regional leaders to capitalize on regional cluster strength, by fostering multi-stakeholder collaborations and aiding in data and strategy development. Deepen cluster supply chains by strengthening the connections between regions with complementary industry bases.

Strategic Goal #5: Expand Markets

Assist in opening new markets for established and emerging Massachusetts clusters by connecting local businesses to wider domestic and international customer bases, and by deepening local supply chains and facilitating local sourcing. Assist in building the capacity of local firms to export their goods and services.

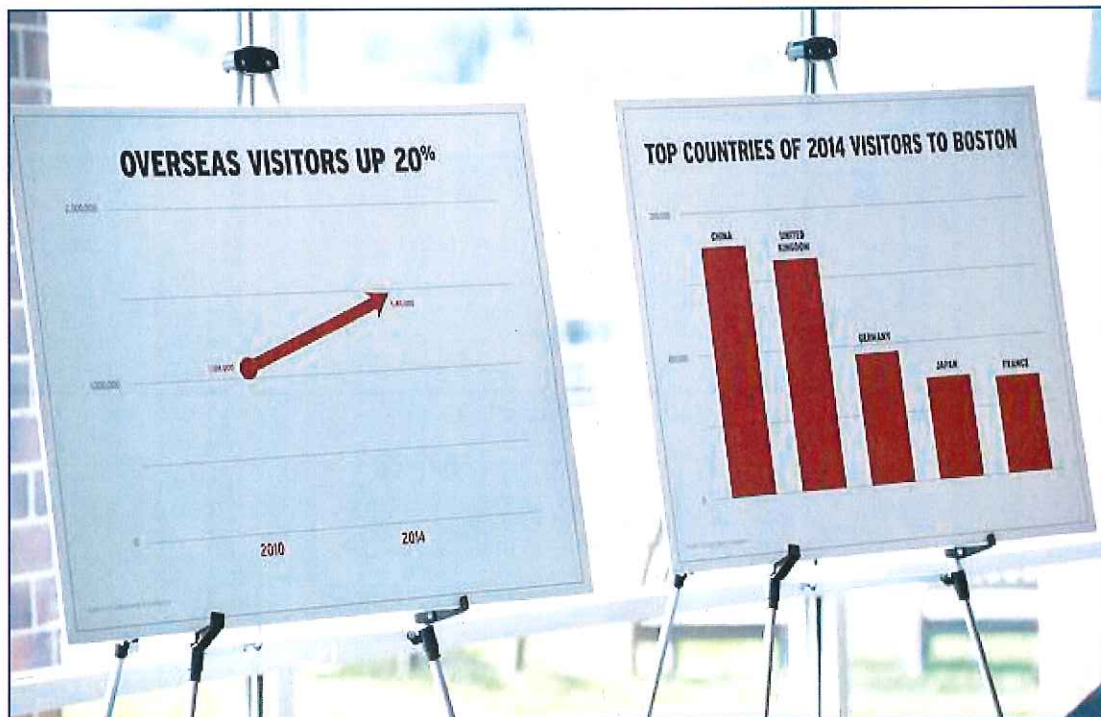


Photo: On Friday, August 21, 2015, Governor Charlie Baker attended the Massport International Visitors Event at the Harborside Hyatt to recognize Massachusetts as the 7th most popular state for international visitors in 2014. More than 1.4 million overseas visitors came to Boston last year, a new record, and contributed more than \$1 billion to the Commonwealth's economy.

SUPPORTING KEY CLUSTERS AND INDUSTRIES



IMPLEMENTATION WILL BE A COMBINED EFFORT OF LEGISLATION, PROGRAMS, AND INITIATIVES.

Implementation Focus

Strong Clusters and Spin-offs: The Commonwealth has a strong portfolio of established and emerging traded clusters (traded clusters are clusters that have national and international business, not just local business). By leveraging this strong cluster base, the state has an opportunity to increase innovation and job growth. Top established clusters statewide include education, financial services, information technology, clean energy, tourism and the life sciences. Emerging clusters include digital health care, big data, autonomous vehicles, flexible electronics, and revolutionary fibers and textiles. Traditional industries are many, including transportation services, agriculture, retail and restaurants.

Regional Strengths: Each region has unique cluster strengths, and many regional leaders to support and develop established and emerging clusters. Strong regional clusters include aerospace in the Pioneer Valley, plastics in the Merrimack Valley and the Berkshires, food production in Franklin County, digital health care in Springfield, and marine technology in the South Coast and on the North Shore.

Regional Cluster Support Systems: Continue to engage the University of Massachusetts system around cluster development in emerging areas, and link researchers in the UMass system to emerging clusters on a regional basis. Current regional cluster development opportunities exist around flexible electronics in Amherst and Lowell, nanomanufacturing, medical devices and robotics in Lowell, big data and cybersecurity in Amherst, digital health care and the life sciences in Worcester, and marine technology in Dartmouth.

Collaboration and Cluster Convening: Massachusetts has a strong support system for businesses, and can strengthen clusters by increasing collaboration and communication among the various stakeholders. The state's primary role is in identifying unmet needs in clusters, convening clusters, providing research and data, and connecting employers with talent.

Strategy Development: Increase the utilization of data about cluster competitiveness, both statewide and regionally, to drive strategy.

Remove Barriers and Promote Success: Removing cross-cutting business environment issues and barriers to growth can increase business competitiveness and foster access to global markets.

Specific Cluster Supports: The state recognizes that there are specific supports that are necessary for various sectors or industries. Examples of these supports include the Massachusetts Life Sciences Center, the Massachusetts Clean Energy Center, collaborations funded by the Massachusetts Technology Collaborative's research matching grant program, the Financial Services Advisory Council, the Advanced Manufacturing Collaborative, the Seaport Economic Council and the Massachusetts eHealth Institute.

Military Assets: Continue to pursue cluster development through collaboration with Massachusetts military assets. Areas of growth include cybersecurity at Hanscom Air Force Base, advanced materials at Natick Soldier Systems Center, and the Commonwealth's ongoing engagement with the Department of Defense-funded National Network for Manufacturing Innovation.



Photo: On Wednesday, April 15, 2015, Governor Baker delivered remarks at the MassEcon Corporate Welcome Reception at Genzyme in the Kendall Square neighborhood of Cambridge. Now in its seventh year, the reception is a chance for the business community to welcome new executives who relocated or expanded their operations to Massachusetts.



SUPPORTING KEY CLUSTERS AND INDUSTRIES

HED WILL FOCUS IN PART ON DEEPENING ACTIVITY IN KEY CLUSTERS WITH NATIONAL AND GLOBAL FOOTPRINTS.

This economic development plan is oriented around growing employment in statewide and regional traded clusters – those clusters that compete on a national and international scale. This focus derives from a finding by HBS's Institute for Strategy and Competitiveness that wages in strong traded clusters are twice as high as local clusters.

Cluster Name 2013 Employment	National Rank	Statewide	Berkshire	Pioneer Valley
Education and Knowledge Creation	4	206,274	3,273	15,520
Financial Services	6	90,830	1,170	919
Information Technology & Analytical Instruments	4	68,097		405
Insurance Services	11	48,653		4,581
Marketing, Design, & Publishing	7	42,846		345
Medical Devices	10	9,955		1,176
Biopharmaceuticals	7	9,072		-
Recreational & Small Electric Goods	7	7,446		1,720
Fishing & Fishing Products	6	2,086		-
Jewelry & Precious Metals	6	1,239	60	-
Footwear	10	742	10	-

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SUPPORTING KEY CLUSTERS AND INDUSTRIES



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Worcester	North East	Boston	South East	Cape & Islands
13,913	102,211	56,362	10,087	1,709
5,027	6,022	57,918	8,940	1,352
4,047	46,451		11,743	660
5,534	-	14,706	12,454	-
	20,067	15,068	3,648	831
1,646	4,364		2,938	-
692	5,354	2,685	995	175
	-		5,048	10
	480	398	1,080	108
	-		966	20
	250		335	-

Source: Clustermapping.us



CREATING A BALANCED REGULATORY AND BUSINESS COST ENVIRONMENT

MASSACHUSETTS COMPETES NATIONALLY AND GLOBALLY FOR JOBS, AND NEEDS TO REMAIN COMPETITIVE AND PROVIDE EASE OF DOING BUSINESS HERE.

Policy Background

Data compiled by the Massachusetts High Technology Council and others show that Massachusetts is strong on a host of economic performance metrics, from venture capital investment and technology employment, to research and development output and GDP growth.

At the same time, MHTC, Associated Industries of Massachusetts, and the Massachusetts Taxpayers Foundation have all identified areas where Massachusetts is a clear business cost outlier, including energy and health care costs, as well as general business and regulatory compliance costs. High business costs can represent a significant drag on growth.

Wages are among the highest costs to businesses. High wages commanded by Massachusetts workers are a signal of success, indicating that companies and employees are producing high-value, globally competitive products. In certain sectors and regions, though, wages can place businesses at a further competitive disadvantage; the reaction cannot be to place downward pressure on wages, but to work even more diligently to reduce business costs in other areas.

The Commonwealth should strive to drive down unnecessary business costs and improve the state's overall regulatory environment. Doing so will drive business investment, extend the state's leadership and competitiveness in industries, shift the value proposition in regions outside Boston and in heavily-regulated sectors, and lead to prosperity for both businesses and workers alike.

Policy Objective

The Commonwealth will create a first-in-class business environment by reforming burdensome business regulations, and reforming regulatory barriers to job creation and economic growth. That work will take place on an ongoing, continuous basis. The state will ensure a smart, transparent, and predictable regulatory framework by expanding and reforming stakeholder outreach.

Fostering an environment that promotes business investment and growth, especially in areas outside greater Boston, will ease the cost of doing business in the state and address the impacts those costs have on inhibiting business growth.

At the same time, we will strive for balance between regulations and protecting the environment and other community assets. Additionally, and in recognition of the significant role municipalities have in promoting or limiting investment and growth, the Commonwealth will work with cities and towns on exploring and adopting best practices around permitting and regulation.

Taken together, the Commonwealth's actions will result in tangible improvements for businesses currently operating in Massachusetts, and will aid future business development efforts by repairing the Commonwealth's business reputation with out-of-state firms and site selectors.

CREATING A BALANCED REGULATORY AND BUSINESS COST ENVIRONMENT



STRATEGIC GOALS

Strategic Goal #1: Reform Regulatory Culture

Bring a culture of customer service and accessibility to state government's interactions with regulated businesses. Increase transparency, measure and improve ease of customer use, and make interactions between businesses and regulators proactive, rather than painful.

Strategic Goal #2: Reform Regulatory Process

Support ANF's ongoing comprehensive regulatory review process, then bake continuous review and continuous improvement into business regulations. Use lessons learned during the current regulatory review process to reform the ways in which regulations impact businesses, and reform the ways in which business regulations are promulgated and enforced. Streamline the enforcement and issuance of business regulations on an ongoing basis.

Strategic Goal #3: Drive Cost Competitiveness

Combat the Commonwealth's high-cost reputation by taking a rigorous, data-driven approach to cost competitiveness. Identify, and reform, areas where Massachusetts is a cost or regulatory outlier.

Strategic Goal #4: Collaborate across Cabinets

Work across cabinets to present businesses with a coherent, aligned, and responsive regulatory structure at the state government level.

Strategic Goal #5: Deepen Local Best Practices

Support the introduction and execution of regulatory best practices at the local level.



Photo: On Thursday, September 3, 2015, Lt. Governor Karyn Polito signed Community Compacts with five communities in Middlesex County: Acton, Boxborough, Littleton, Maynard, and Westford. Compacts are an opportunity for cities and towns to choose their own best practices for promoting good local government, and in turn the state provides resources and incentives to help them achieve their goals. Learn more about the Community Compact program at mass.gov/ccp.



CREATING A BALANCED REGULATORY AND BUSINESS COST ENVIRONMENT

IMPLEMENTATION WILL BE A COMBINED EFFORT OF LEGISLATION, PROGRAMS, AND INITIATIVES.

Implementation Focus

Regulatory Culture and Process: There is great opportunity to reform the regulatory culture and process within the Commonwealth. Regulatory culture reforms include reducing timelines, increasing predictability and offering online business portals for permitting and licenses, consolidating or eliminating obsolete boards and commissions, and continuing proactive business outreach through HED's Regulatory Ombudsman.

Additionally, the state will focus on emphasizing outward-facing accountability by developing a more transparent, predictable, and balanced regulatory environment for all new business regulation; expand outreach to stakeholders, businesses, and licensees impacted by regulation; and formulate a permanent, ongoing review process for business regulations. HED's regulatory agencies will be agile and responsive to disruptive new technologies.

Regulatory Review: Every single regulation is currently subject to review, and a disposition finding will be made to either amend, repeal or leave alone. Agencies are encouraged to use discretion in reducing regulatory burdens in unique circumstances, and to adopt the use of bulletins and advisory opinions to expedite the implementation or clarification of regulatory changes.

Cost Competitiveness: HED is currently engaged in work with academic researchers and other stakeholders on macro competitiveness issues. In addition, HED will continue to identify, and reform, areas where Massachusetts is a cost or regulatory outlier. Specific action areas include supporting efforts by Energy and Environmental Affairs to reduce energy costs, identifying and eliminating unnecessary variances in business fees, and holding the line on taxes.

Community Compacts: 154 municipalities have already applied to participate in the Community Compact Cabinet, which incentivizes the adoption of best practices by local governments.



Photo: Economic Development Listening Sessions.

EXPANDING WORKFORCE DEVELOPMENT AND TALENT RETENTION



MASSACHUSETTS WILL CONNECT RESIDENTS TO GOOD-PAYING JOBS BY PROVIDING RESIDENTS WITH IN-DEMAND SKILLS, AT A VARIETY OF EDUCATIONAL LEVELS.

Policy Background

Businesses, whether soaring Kendall Square technology companies or manufacturers in the Pioneer Valley, routinely say they would hire more workers and expand their businesses, but they cannot find enough skilled employees to do so. Such anecdotes are backed up by research showing a growing skills gap, locally and nationally, in middle-skills and highly-skilled STEM-based fields.

Northeastern University's Dukakis Center for Urban and Regional Policy expects the middle-skills gap to be far wider in Massachusetts than in the rest of the country. Two-thirds of expected middle-skills job openings in the near term will involve backfilling the jobs of retiring workers; left unfilled, these jobs will either move out of state, or evaporate altogether. The middle-skills gap is especially prominent in manufacturing, where Deloitte research has found the average employee to be within a decade of retirement age, and six of ten open skilled positions remain unfilled due to a shortage of skilled workers.

Highly educated and highly skilled workers are far more mobile than middle-skills workers. In fields that require high degrees of skill, the Commonwealth must both educate skilled workers, and work to retain them after graduation from Massachusetts-based colleges and universities.

Workforce development, in both middle-skills and high-skills fields, should be at the very center of every conversation about successful communities, families, and businesses.

Policy Objective

The Commonwealth will promote growth and opportunities by ensuring that residents have the skills employers seek, and that businesses are not constrained by shortages of skilled workers.

The Governor's Workforce Skills Cabinet seeks to connect citizens to employment by aligning workforce training efforts with employer needs. The Commonwealth will identify promising demand-driven training and education models, and bring them to scale across the Commonwealth. The Commonwealth will ensure citizens are trained for critical middle-skills jobs, and will integrate statewide and regional planning processes, share data on labor pipelines, and staff a coordinated business growth response team.

Workforce development efforts will engage community-based organizations to expand employment opportunities for populations identified by the Governor's Task Force on Economic Opportunity for Populations Facing Chronically High Rates of Unemployment – African-Americans, Latinos, veterans, and the differently abled. Attention will also be given to older workers, who possess many skills, but often encounter barriers to re-employment.

The Commonwealth will prioritize strategies for attracting and retaining highly-skilled workers, both for the continued growth of core industries in and around Boston, and to lay the foundation for sustainable growth outside the Boston area. The Commonwealth will advance initiatives to retain and attract young people, recognizing many regions are concerned about the loss of population, especially among young individuals and families.

Recognizing that foreign-born college graduates are proven job-creators, the Commonwealth will advance strategies to retain highly educated international entrepreneurs.



EXPANDING WORKFORCE DEVELOPMENT AND TALENT RETENTION

STRATEGIC GOALS

Strategic Goal #1: Align Workforce Development behind Employer Needs

On a regional basis, seek out and scale up workforce development models that provide workers with the skills employers demand. Ensure that regional employers, educators, and workforce training officials are coordinated in a way that creates strong talent pipelines, for both middle-skills and highly skilled jobs. Create robust skills pipelines by deepening sector partnerships between employers, community colleges and vocational-technical schools, and the public workforce system. Orient sector partnerships around hard-to-fill positions, such as STEM employment.

Strategic Goal #2: Coordinate State Workforce Development Resources

Commit to aligning HED planning and skills-related spending behind the agenda of the Workforce Skills Cabinet. Support the work of the Governor's BizWorks 2.0 Team, a cross-secretariat effort that deploys rapid resources behind employer hiring inquiries.

Strategic Goal #3: Improve Talent Retention

Facilitate job growth by implementing policies that aid talent retention efforts throughout the Commonwealth, both in Greater Boston, and in the state's various regions. Deepen connections between employers and students. Address quality-of-life priorities that impact talent retention.

Strategic Goal #4: Facilitate Regional Dialogue on Skills Pipelines

Prioritize and emphasize the role of MOBD regional directors in interfacing with businesses on employer skills needs, and in aggregating employer hiring needs on a regional basis.

Strategic Goal #5: Deepen Inter-Secretariat Collaboration

Deepen the cross-secretariat working relationships fostered by the Workforce Skills Cabinet structure, including continued collaboration on strategic planning, budgeting, and grant-making. Collaborate with Health and Human Services to connect human service populations to meaningful employment. Collaborate with Public Safety and Security on employment and vocational training for populations exiting the criminal justice system.



Photo: On Thursday, December 3, 2015, Governor Charlie Baker was joined by two Workforce Skills Cabinet members, Secretary of Labor Ron Walker and Secretary of Education Jim Peyser, at the Lynn Vocational Technical Institute to announce \$1.5 million dollars in grant funds for advanced manufacturing training programs.

EXPANDING WORKFORCE DEVELOPMENT AND TALENT RETENTION



IMPLEMENTATION WILL BE A COMBINED EFFORT OF LEGISLATION, PROGRAMS, AND INITIATIVES.

Implementation Focus

Coordinate Workforce Skills Cabinet Resources: The Governor's Workforce Skills Cabinet has collectively mapped each secretariat's skills-oriented resources, and has committed to coordinating resources, as well as coordinating statewide and regional planning efforts. The Cabinet has recently signed an agreement creating a unified team to respond to business hiring inquiries. The Skills Cabinet has created a new, coordinated vocational training equipment capital grant program, and is ensuring that discretionary grants and other skills-related funding streams require close collaboration among private employers, educational institutions, and the public workforce system.

Employer Skills Demand: Better coordination of skills-oriented resources and investment will drive effectiveness in connecting the regional workforce boards with regional employers, connecting employers with chronically unemployed target populations, and leveraging the regional directors from the Mass. Office of Business Development. The Skills Cabinet will implement a new integrated regional planning effort that will map skills pipelines against employer hiring demands. Education and workforce development efforts will be driven by sector-specific employer needs.

Expanding skills-based training in vocational-technical, comprehensive high schools, and in community colleges is also an important area of implementation focus, as is continuing engagement with economic and academic institutions, in order to understand data on regional job demand, demographic cliffs, and skills gaps.

Talent Retention: Talent retention is one of the biggest concerns that has been expressed during our research, stakeholder engagement, and public listening sessions. Implementation areas of focus include connecting young people to employment opportunities throughout the Commonwealth through increased internship and mentorship programs, and supporting youth and young adult entrepreneurship, especially in regions outside Boston, as a talent retention tool. Models to scale up include EforAll, Valley Venture Mentors, SPARK, LEVER, and internship programs administered by the MLSC, CEC and MTC.

Additionally, supporting the development of more housing demanded by young professionals, particularly high-quality, downtown rentals, and supporting quality of life improvements, including investment in the arts, transportation reform, and responsible liquor license reform, are areas of implementation focus.

Partner with Higher Education: Engage institutions of higher education, particularly the public higher education system, around talent development and talent retention needs. Areas of talent retention focus around public higher education include the Student Success program at UMass Boston, which supports minority students majoring in the sciences, and the Global Entrepreneurship in Residence pilot program at UMass Boston and UMass Lowell, which is aimed at retaining highly-skilled foreign-born students after graduation.



Photo: On Tuesday, September 1, 2015, Governor Charlie Baker delivered remarks at the inauguration ceremony for Bridgewater State University President Frederick W. Clark, Jr. and administered the oath of office. Frederick W. Clark, Jr. is the 12th president in the 175-year history of Bridgewater State University, his alma mater.



ADOPTING HOUSING POLICIES THAT SUPPORT ECONOMIC GROWTH

MEET THE DEMAND FOR NEW HOUSING, STABILIZE FAMILY INCOMES, AND SUPPORT TALENT RETENTION.

Policy Background

Housing policy directly influences the state's economy.

Statewide housing production rates are roughly half what they were during the 1970s and 1980s, and a prolonged construction supply slump has caused price spikes. Since 1980, Massachusetts home prices have risen nearly twice as quickly as home prices in the US. Massachusetts now has the country's fourth-highest home prices, and its ninth-highest rents. In nearly every county in the state, at least half of households are paying more than 40 percent of incomes in rent.

The struggle to keep pace with housing demand is a barrier to maintaining a competitive workforce. Massachusetts Housing Partnership research shows that the Boston metropolitan area is losing a significant number of residents to metros that offer broader and more affordable housing choices; of the top five metros that eastern Massachusetts is losing residents to, four also have higher rates of innovation economy growth. According to the Metropolitan Area Planning Council, by 2040, Massachusetts cities and towns must produce 500,000 new housing units, including two-thirds for multi-family units, to keep pace with population demands and to support the economy.

The Commonwealth's housing policies must address individual and family economic security, but must also align with broader economic development goals to support the stability and growth of businesses and municipalities.

Policy Objective

The Commonwealth recognizes the deep ties between housing policy and economic development, and therefore is committed to partnering with municipalities to ensure a greater supply of new housing that citizens can afford, and to ensure that the types and locations of new housing supply are aligned with market demands, and local and regional needs. These efforts will be consistent with smart growth principles.

The Commonwealth will drive the production of middle-market housing units by engaging with communities, building local capacity, and creating incentives for communities and developers to help move statewide housing production forward. Efforts will seek to create housing that is affordable to lower and middle-income wage earners, typically considered occupants of workforce housing.

Producing traditional affordable housing will remain a priority, as will the emphasis on preserving so-called expiring use properties, and supporting efforts to update public and private housing stock.

Prosperity includes a roof over one's head, but also opportunities to pursue education, secure jobs and contribute to the community. Thus, the Commonwealth will initiate efforts through its housing programs to support individuals and families seeking to advance their own prosperity, while contributing to their communities and state as well.

ADOPTING HOUSING POLICIES THAT SUPPORT ECONOMIC GROWTH



STRATEGIC GOALS

Strategic Goal #1: Increase the Supply of Housing

The pool of public subsidies available for traditional affordable housing is finite, and inadequate as a standalone response to the Commonwealth's housing needs. Therefore, HED and its agencies will pair traditional affordable housing investments with a market-based approach to housing affordability. The administration will advance policies that answer the high demand for affordable and workforce housing with greater supply.

Strategic Goal #2: Promote Reasonable Density in Cities and Town Centers

HED and its agencies will cement the link between the Commonwealth's Sustainable Development Principles and macro market trends by encouraging the construction of additional multi-family units, particularly in urban communities, including Gateway City business districts, and town centers. HED and DHCD will support density through planning assistance, MassWorks infrastructure grants, HDIP credits, and other tools. Doing so will address the Commonwealth's overall housing needs, while strengthening municipalities.

Strategic Goal #3: Empower Municipalities by Sharing Best Practices and Data

On a regional and local basis, connect current demand and demographic trends to community housing policies. Use data to quantify community housing needs, and illustrate the economics of new housing development. Use data to quantify new housing demand by volume and type of unit. Share best practices among communities and build local capacity.

Strategic Goal #4: Support Affordability

Invest in the preservation and improvement of the current affordable housing stock. Explore strategies for incentivizing private capital investment in publicly-owned affordable housing.

Strategic Goal #5 Support Economic Mobility

Through strategic investments in supportive services, connect affordable housing communities to meaningful educational and employment opportunities, and advance economic mobility and housing security.

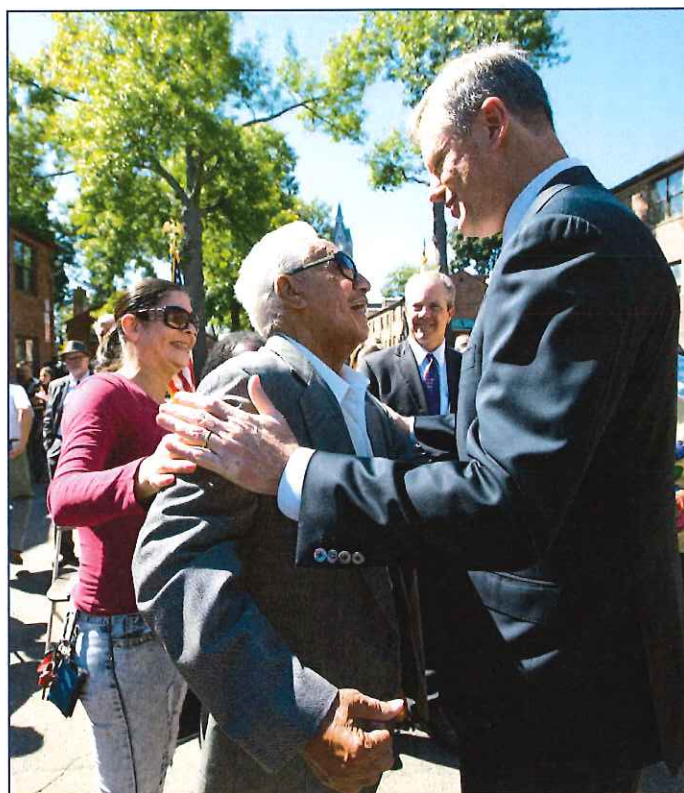


Photo: On Tuesday, September 15, 2015, Governor Baker visited Holyoke to announce awards for a competition to fund affordable rental housing development, renovation, and preservation. The funded projects represent 1,484 total housing units, including 1,119 affordable units, located in every region across the Commonwealth.



ADOPTING HOUSING POLICIES THAT SUPPORT ECONOMIC GROWTH

IMPLEMENTATION WILL BE A COMBINED EFFORT OF LEGISLATION, PROGRAMS, AND INITIATIVES.

Implementation Focus

Preserve Existing Housing: Advance strategies that preserve existing affordable housing. Address issues of maintenance of public housing stock as well as some privately owned homes. Promote foreclosure prevention activities, and partner with communities that are impacted by foreclosures.

Meet Housing Demand with New Supply: Target specific state-owned sites for mixed-income housing development. Deploy Urban Agenda Housing Program Grants to enable communities to achieve new housing development on vacant or underutilized parcels. Work proactively with towns facing affordable housing production deficits to achieve new mixed-income housing development. Collaborate with EEA to reduce barriers to smart growth housing development in rural communities. Focus existing planning tools to integrate and articulate communities' housing and economic development goals. Enable private investment and targeted income-mixing in expiring use projects and in public housing in targeted, high-value markets, while preserving affordability. Incentivize the creation of starter home overlay zones.

Meet the Market's Demand for Smart Growth Development: Incentivize the creation of urban and town center housing development by leveraging and layering existing planning and financial tools. Amend the Housing Development Incentive Program to unlock new opportunities for new mixed-income development in Gateway Cities downtowns. Explore ways to make Chapter 40R smart growth incentives more flexible and effective. Reorganize existing DHCD staff to create an Office of Growth Planning Coordination. Promote vibrant downtowns and town centers to create communities where professionals live and work, and businesses thrive.

Empower Municipalities: Help Community Preservation Committees promote master planning for housing and open space. Support regional technical assistance teams. Facilitate municipal peer mentorship. Support training sessions for local officials on targeted topics such as land use planning. Share demographic data, and integrate into local, regional, and statewide housing planning.

Empower Citizens: Address generational poverty cycles by expanding supportive educational, vocational and occupational services to residents of affordable housing communities.

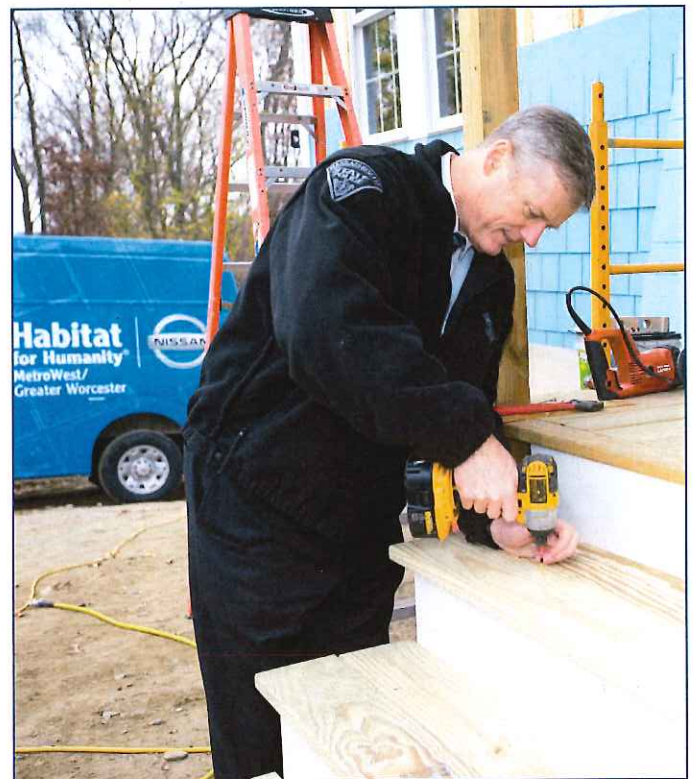


Photo: On November 10, 2015, Governor Baker participated in the construction of a new home for the family of Sgt. Marc Ewings, a Marine Corp. Veteran, in Worcester. The home was provided by Habitat for Humanity of MetroWest and Greater Worcester as part of their Veterans Build initiative, which in addition to providing Veterans and their families with critical employment, educational, and support services, also helps "provide and preserve homeownership opportunities to military, veterans and their families through new construction and critical home repair projects."

IMPROVING TRANSPORTATION ACCESS



TRANSPORTATION DOESN'T MOVE CARS AND TRAINS, IT CONNECTS CITIZENS TO ECONOMIC OPPORTUNITIES.

Policy Background

Stakeholders in a vibrant Massachusetts agree that there is a dynamic relationship between transportation and economic development. The interrelated nature of transportation and economic development has been highlighted by many, including the respective secretaries who have opined on the importance of viewing transportation as an active tool for connecting citizens to their homes, jobs, and recreation, rather than as a passive conduit.

The winter of 2015 demonstrated the potential for a transportation network to make, or break, a regional economy. Traffic congestion robs commuters of time, costs businesses real dollars and threatens the overall health of the economy. Additionally, aging infrastructure, the public transportation mismatch between populations and workplaces, and the inability of many municipalities to unlock potential growth due to infrastructure deficiencies all present challenges.

Focused, collaborative efforts are possible, and the fostering of partnerships inside and outside of government holds great promise. The Commonwealth must have functioning transportation assets to realize that promise and promote greater and sustained prosperity for all.

Policy Objective

Recognizing the interconnected nature of transportation and economic development, and appreciative of the potential an aligned transportation and economic development policy is to the advancement of sustainable development, the Commonwealth will foster deep cross-secretariat collaboration around transportation, economic development, sustainability, and in policy planning and project execution.

The Commonwealth's approach will be led by cross-secretariat working groups, in order to increase housing and employment opportunities for residents of all incomes and skills around transportation nodes; leverage transportation to unlock strategic economic development opportunities; and ensure reliable connections that support economic advancement for working individuals and families.

Transit-oriented development will also be emphasized in locations where adequate infrastructure exists. The combined efforts of transportation and economic development agencies will result in the strategic prioritization of improvements to the MBTA system, and also in support for RTAs across the state.

Policy and program collaboration across economic development and transportation stands to benefit communities and regions across the State.



IMPROVING TRANSPORTATION ACCESS

STRATEGIC GOALS

Strategic Goal #1: Support Housing in Transit-Oriented Development Locations

Advance sustainable development principles, support dynamic neighborhood-building, and deepen income security and transportation choice by linking new housing development to transit. Achieve environmental benefits by linking housing development to transportation in a sustainable manner.

Strategic Goal #2: Use Transportation to Unlock Economic Development

Collaborate with state government partners and municipalities to identify and execute transportation investments that unlock significant economic development opportunities. Opportunities may be funded through MassWorks, public-private partnerships, I-Cubed or other value capture vehicles, or traditional transportation finance mechanisms.

Strategic Goal #3: Connect Workers to Jobs

Consistent with MassDOT's philosophy that transportation is a verb, not a noun, collaborate across secretariats to ensure that transportation provides strong connections to employment, reliability, and access for workers in all regions, and of all incomes. Work creatively to implement first-mile and last-mile solutions that reflect modern commuting patterns.

Strategic Goal #4: Strengthen Regional Connections

Collaborate with MassDOT and regional transit authorities on networks that link citizens to employment and education regionally

Strategic Goal #5 Create a 21st Century Transportation Network

Work across secretariats to harness emerging technologies, such as transportation network companies and autonomous vehicles, to meet evolving economic and transportation needs. Support the development of long-term planning documents that align future transportation and land use needs.



Photo: On Wednesday, December 2nd, 2015, Governor Charlie Baker joined MBTA officials in South Boston for an update on winter resiliency efforts, new snow removal equipment and enhanced winter notification efforts. The announcement coincides with the T's stepped up winter notification efforts, which include its online updates page and Winter Happens campaign.



IMPLEMENTATION WILL BE A COMBINED EFFORT OF COLLABORATIVE PARTNERSHIPS, PROGRAMS, AND INITIATIVES.

Implementation Focus

Drive Housing Production around Transit Nodes: Engage cities and towns around best practices in transit station-area planning and zoning. Engage cities and towns around specific housing development opportunities near MBTA subway and commuter rail stations, and near significant Regional Transit Authority nodes. Through the Governor's Real Estate Asset Leverage Strategy Group, build a strong pipeline of transit-oriented development opportunities on underutilized publicly-owned properties. Leverage discretionary housing resources, including technical assistance, Housing Development Incentive Program credits, and MassWorks infrastructure grants, to drive housing production in smart growth locations. Leverage discretionary housing resources to maximize opportunities for walking, bicycling, and transit usage.

Identify and Execute Strategic Opportunities: On a regional and statewide level, align economic development and land use planning with MassDOT's long-range transportation planning. Identify strategic opportunities along the transit and state highway networks where interventions – transportation infrastructure, utility work, and/or site assembly – will unlock economic development opportunities. Maximize opportunities for public-private partnerships around transportation finance.

Ensure Strong Connections: Support efforts by MassDOT to ensure the stability and reliability of a transportation network that connects residents of varying incomes to employment. Support efforts by MassDOT and Energy and Environmental Affairs to meet greenhouse gas reduction targets by reducing transportation emissions. Support MassDOT's efforts to address bottlenecks in the statewide transportation network, and to build a modern, resilient MBTA. Continue strong coordination with MassDOT around MassWorks-funded transportation projects.

Embrace New Technologies: Engage with innovators, and harness disruptive transportation technologies as drivers of both economic development and transportation efficiencies.



Photo: During an event at Worcester's Union Station on October 7, 2015, Lt. Governor Polito announced a series of comprehensive changes to the MBTA's scheduled Commuter Rail train service between Worcester and Boston, which will begin in May 2016. The Lt. Governor touted the new service at the event, noting that "for the first time ever the commuter rail will run a non-stop train that leaves Worcester and arrives in Boston in less than an hour."



METHODOLOGY

EACH NEW ADMINISTRATION IS CHARGED WITH PRODUCING AN ECONOMIC DEVELOPMENT STRATEGY AND PLAN FOR THE COMMONWEALTH

The Executive Office of Housing and Economic Development is responsible for carrying out the mandate which can be found in its entirety at:

<https://malegislature.gov/Laws/GeneralLaws/PartI/TitleII/Chapter6A/Section16G>

In summary, the legislation includes:

The Secretary of housing and economic development, with the assistance of an economic development planning council appointed under this section, shall develop and implement

- a written comprehensive economic development policy for the Commonwealth and
- a strategic plan for implementing the policy.

The Joint Committee on Economic Development and Emerging Technologies shall conduct a public hearing on the policy and plan prior to final approval by the Governor.

The approved policy and plan shall be published in writing and on the official website of the Commonwealth not later than December 31st of that year.

On behalf of Gov. Charlie Baker and Lt. Gov. Karyn Polito, the Executive Office of Housing and Economic Development submits this economic development policy, and strategic plan for implementing the policy.

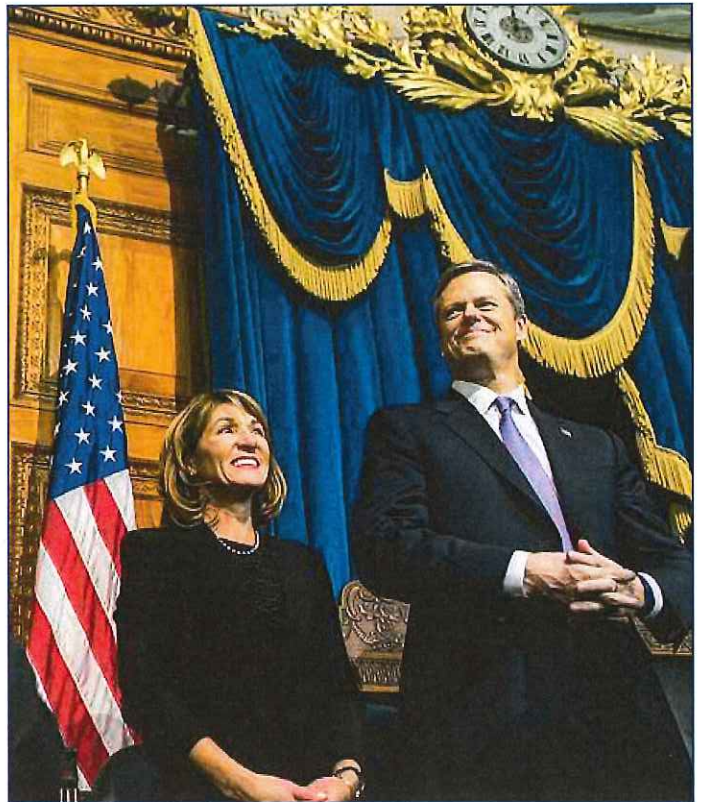
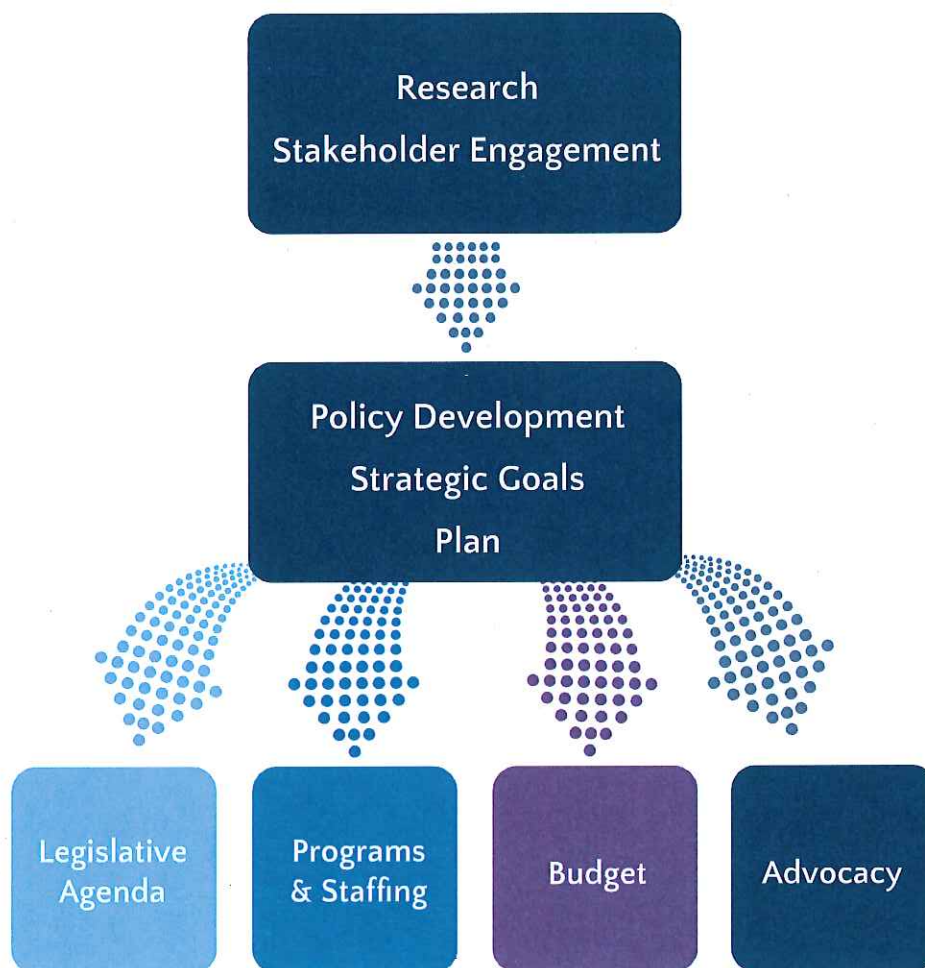


Photo: On Thursday, January 8, 2015, Governor Charlie Baker and Lt. Governor Karyn Polito were officially sworn into office and delivered their first official speeches to a joint session of the state legislature. Governor Baker officially became the 72nd Governor of the Commonwealth of Massachusetts.



HED UNDERTOOK A ROBUST APPROACH TO FULFILLING THE LEGISLATIVE MANDATE FOR GENERATING AN ECONOMIC DEVELOPMENT PLAN FOR THE COMMONWEALTH.

Research and stakeholder engagement informed the development of the policies, strategic goals, and implementation focus areas contained in this plan. This, in turn, will drive HED's legislative agenda, programs and staffing, budget priorities, and ongoing championing of the plan.



HED will apply a culture of continuous evaluation and continuous improvement to this policy framework, and to its implementation.



METHODOLOGY

RESEARCH AND STAKEHOLDER ENGAGEMENT INCLUDED INTERNAL RESEARCH, LEGISLATIVE AND MUNICIPAL MEETINGS, AND STATEWIDE PUBLIC ENGAGEMENT.

Internal Research

- Internal policy discussions began in the December transition period. A policy review included the Baker-Polito platform, transition documents, current programs and funding streams, along with a review of national best practices from the National Governors Association and the National Conference of State Legislatures.
- The Secretary and staff have engaged academic experts, including Barry Bluestone, Michael Goodman, Alicia Sasser Modestino, Michael Porter, Elisabeth Reynolds, Scott Stern, and the Rappaport Institute for Greater Boston.
- The Secretary and staff have engaged key industry groups, including Associated Industries of MA, Congress for a New Urbanism, Jobs for MA, MassBio, MA Business Roundtable, MA Competitive Partnership, MA High Tech Council, the MA Smart Growth Alliance, MA Technology Leadership Council, MA Taxpayers Foundation, NAIOP MA, Retailers Association of MA, Urban Land Institute, and numerous regional chambers of commerce.
- Six teams, led by HED senior staff, conducted deep dives on the secretariat's economic development policy areas, rounding up opportunities, policy goals, resources, key partners, key questions, and success metrics.

Legislative & Municipal Engagement

- HED has met with 67 lawmakers individually since January.
- The Secretary of HED has visited 93 cities and towns since January, including 25 of 26 Gateway Cities.
- HED altogether has visited 115 unique communities, with a collective population of 4.47 million residents (65 percent of the state's population), from Great Barrington and Williamstown, to Chatham and Salisbury.
- The focus of discussions is on local opportunities, priorities and concerns, HED perspectives on local opportunities, and resources to help advance the local agenda.

Public Engagement

- Six statewide public listening sessions were held in June.
- Eight additional sessions were added in September, due to popular demand for participation.
- Sessions provided HED staff with direct engagement with over 1,000 stakeholders – residents, elected and municipal officials, business owners, regional agencies, and trade groups.
- Feedback from listening sessions has helped shape key priorities and strategy decisions.



THE 14 REGIONAL ECONOMIC DEVELOPMENT LISTENING SESSIONS WERE WELL ATTENDED, AND YIELDED INSIGHTS FROM ACROSS THE COMMONWEALTH ON ECONOMIC DEVELOPMENT PRIORITIES.

Over 1,000 people attended the Economic Development Listening Sessions, which were held in the following communities:

- Barnstable
- Fall River
- Fitchburg
- Framingham
- Holyoke
- Lowell
- Lynn
- Pittsfield
- Quincy
- Roxbury
- Salem
- Springfield (2)
- Worcester

Themes from the Fourteen Economic Development Listening Sessions – Concerns and Inhibitors to Growth

- Site readiness and infrastructure concerns
- A lack of capacity in local governments and municipal boards
- Business and land use regulations – volume, complexity, lack of predictability
- Housing affordability: Around Boston, there's limited housing workers can afford, and outside Boston, incomes aren't high enough
- Uncompetitive business costs, including health care, energy, and regulatory compliance costs
- Need for systems that bring companies to scale
- Need for business mentorship, and small business technical assistance
- Employers struggling to find skilled workers, in middle-skills positions and in the STEM fields
- Businesses struggling to access early-stage capital
- Communities outside Boston struggling with talent retention
- Economic struggles of many communities outside the Boston core



Photos: Economic Development Listening Sessions.



METHODOLOGY

THE ECONOMIC DEVELOPMENT PLANNING COUNCIL, ALSO LEGISLATIVELY MANDATED, AND APPOINTED BY THE GOVERNOR, WAS CONVENED TO GATHER FEEDBACK ON THE PLAN.

As per the legislation, the Economic Development Planning Council is comprised of a cross-section of economic leaders in the Commonwealth:

Secretaries of:

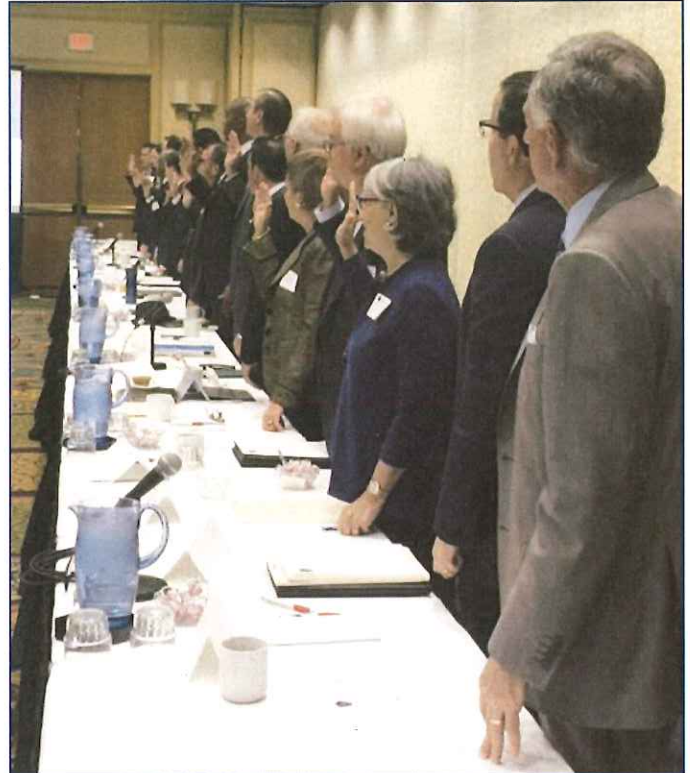
- Housing and Economic Development;
- Administration and Finance;
- Transportation;
- Labor and Workforce Development;
- Energy and Environmental Affairs

Appointee of House Speaker - Appointee of Senate President
Representatives of:

- Higher education
- Associated Industries of Massachusetts
- Massachusetts Municipal Association
- A chamber of commerce
- A Massachusetts-based venture capital firm

Additional members of regional and local economic development groups, and members of the business community.

The Economic Development Planning Council unanimously adopted the plan on December 9, 2015.





A NUMBER OF ECONOMIC STRENGTHS AND WEAKNESSES OF THE COMMONWEALTH HAVE BEEN IDENTIFIED THROUGH HED'S RESEARCH, STAKEHOLDER ENGAGEMENT, AND STATEWIDE PUBLIC LISTENING SESSIONS.

Strengths of the Massachusetts Economy

- An unmatched knowledge economy
- The nation's best-educated workforce
- Forty percent of workers employed in the innovation sector
- Competitive overall tax position – 27th in state and local taxes as a share of GDP
- A nationally leading research and development base – per capita and as a share of GDP, more R&D expenditures, and federal funding for R&D, than any other state
- A national leader in venture capital investment as a share of GDP
- Second in tech patents per capita
- Ranked first in the nation in the Milken Institute State Science and Technology Index
- High and growing prosperity – fifth highest GDP per capita, fifth highest rate of growth in the US
- High and growing labor force productivity – fifth highest GDP per labor force participant, fifth highest rate of growth in the US
- Third highest average wages in the US, with greater than average wage growth
- Diverse cluster base – education, financial services, biopharma, health care delivery, medical devices, clean energy, technology, insurance, and marketing
- Supportive business ecosystem
- Political and fiscal stability

Weaknesses of the Massachusetts Economy

The economic weaknesses identified through HED's research, stakeholder engagement, and listening sessions are largely representative of weaknesses many of Massachusetts' competitor states, and the country as a whole, face. They include:

- Growing levels of economic inequality
- High levels of regional inequality
- A growing skills gap in middle-skills jobs
- An aging workforce, which will exacerbate middle-skills mismatches
- Aging infrastructure

This economic development plan confronts many economic weaknesses stakeholders identified as particularly pressing in regional and statewide economic development. They include:

- The need for a highly-skilled labor pool
- High energy costs
- The need for regional equity
- A complex regulatory environment
- Massachusetts' reputation as a high-cost state for businesses
- Unaffordable housing
- A slow housing production market



RESEARCH SUMMARY

A NUMBER OF ECONOMIC OPPORTUNITIES OF THE COMMONWEALTH HAVE BEEN IDENTIFIED THROUGH HED'S RESEARCH, STAKEHOLDER ENGAGEMENT, AND STATEWIDE PUBLIC LISTENING SESSIONS.

Opportunities for the Massachusetts Economy

- The increasing orientation of the national economy toward knowledge-intensive industries plays to Massachusetts' strengths
- Massachusetts possesses dynamic institutional endowments
- Manufacturing's value proposition is shifting in Massachusetts' favor
- The state has a renewed focus on vocational and technical education
- The state is bringing new resources to bear in skills training, manufacturing equipment, and infrastructure
- Residents and workers are embracing character-rich urban neighborhoods nationally, creating a market tailwind for Gateway City development
- Massachusetts-based entities are driving technological innovation in areas of existing strength, and creating platforms for future growth in a number of emerging clusters, including digital health care, cyber security, big data, financial technology, the internet of things, robotics, flexible hybrid electronics, revolutionary fibers, photonics, clean energy, autonomous vehicles, and marine technology
- Communities, eager for the benefits of growth, are advancing planning and development efforts.
- Private sector and educational actors are embracing collaborative solutions to their shared economic development missions

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