

03.05.12 Streamlining Regulations to Help Our Businesses

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The Alliance for Business Leadership

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Thank you, Diane, and congratulations on the incredible new space here. Very glamorous. Keep growing.

Thanks to Tom and to Andy, for inviting me today and congratulation on the launch of The Alliance. It's great to be with you. The Commonwealth needs your leadership and your voice.

As Diane said, I hope we can spend most of our time in conversation today; I just wanted to make a couple points to set the table around doing business here in Massachusetts.

First of all, Massachusetts is already a great place to do business. You know that. Our concentration of brainpower, our well-educated workforce, and our tradition of invention and entrepreneurship over many centuries now make us an especially attractive place for the innovation industries so critical to today's and tomorrow's economy. We are the global hub, today, of the Life Sciences and Biotech sector, with an edge in research and development and rapid growth in related pharmaceutical and medical device manufacturing. The IT sector has rebounded in really interesting and exciting ways, with an emphasis on new media, communications, robotics, and support for financial services and other industries; this whole idea of big data which is a movement, a new phenomenon really in IT, particularly around biotech and other innovation sectors are influencing the direction of IT here in Massachusetts as well. The clean tech sector has seen solar generation grow 25-fold in the last couple of years; wind generation 13-fold in the last couple of years, and jobs growing as a result at a rate of 6.7 percent last year. That rate is expected to double in 2012.

Exports are also growing nicely (up nearly 25 percent in the last two years) as our companies are increasingly opening new markets in other regions of the country and the world.

And in state government, we continue to try to do our part. We can point to legislation like the Life Sciences Initiative or the Green Communities Act, to public-private undertakings like our collaborations with the MassTech and Financial Services Leadership Councils, and to the more indirect but no less important work of expanding broadband to every region of the Commonwealth, un-served and under-

served areas alike and reinvesting in transportation infrastructure and affordable housing. The trade missions matter, too, by the way, as we shift the business culture so that we are looking out, not just in.

We have cut business taxes by 16 percent, and have settled into a competitive position relative to other states in overall tax levels, right in the middle of the national pack. We have brought health insurance premiums down from an average of 16 percent increase two years ago to less than 2 percent this year. Starting this month, thanks to legislation we passed about a year ago now, small businesses will be able to obtain plans in the market for as much as 20 percent less than current rates.

What are the results?

Well Diane mentioned some of them. We've moved from 47th in the nation in job creation in 2006; to 5th in the nation today. Our economy is expanding at a good clip overall and our innovation industries in particular are booming. We are first in the Kauffman Foundation's New Economy Index. And we have come from the bottom third to sixth best state for business in America for business on the CNBC survey. Some of you have heard me say before, sixth is hard to say. First is easier to say. That is where we're going.

To get there, we will have to continue to do some of the things we have been doing already, most especially, investing money, time and imagination in education, in innovation and in infrastructure. This has been a consistent strategy and a winning one for our Commonwealth in the last several years, and we will need your help to help keep the Legislature's feet to the fire and our own to sustain those investments. That means advocating for the resources our schools and universities need, for better transportation and for public infrastructure and the like – as well as helping us move in new directions, such as how to use our community colleges and voc-tech schools as a system to better prepare people for the middle skills jobs we have today and will have tomorrow.

That also means eliminating unnecessary barriers to doing business. Now, every state has what business people call barriers or red tape. Sometimes it comes from a rule or regulation that has outlasted its usefulness. Sometimes it comes from our regulators wanting to improve on a regulatory approach in common elsewhere, making our own version unique. Sometimes it's just about a new idea being layered on top of an old one.

Every state has regulations because every state government has responsibility for governing for the public good, and regulatory power is one way that that happens. But just as state government has a duty to protect the public's interest, state government also has a duty to do so effectively and sensibly. If the role of government is to balance the business bottom line with the human, social and community bottom lines, we ought to examine from time to time that balance to see that it has been struck wisely.

That's why we cut the time that it takes to get state permits from nearly 2 years when I took office to less than 6 months today, 3 months in the case of new insurance products, and I want to thank publicly Secretary Bialecki and his team for helping to drive that. That's why we added an ombuds role in the Office of Business Development so that businesses have one stop where you can go to address all of your permitting and approvals needs.

But we need to do more.

All business is burdened when regulations are unnecessarily complex. Especially small businesses. Over 85 percent of Massachusetts businesses are small. Nearly half of all working people in the Commonwealth work in small businesses. Whether it's a biotech start-up, an insulation installer, a new media firm, a local caterer, or a "mom and pop" in your neighborhood, small businesses represent the best opportunities for the Commonwealth in the future. Our collective growth and prosperity depends on the growth and prosperity of those small businesses.

So, from now on, as a prerequisite to approving every proposed regulation, we will conduct a small business impact analysis. Business impacts will be clearly laid out and addressed during the public rulemaking process. If compliance can be made easier and cheaper, we will make it easier and cheaper. If compliance is too cumbersome or costly, relative to the benefits, the proposed regulation will not take effect.

At the same time, and in the same spirit, we will look back at existing regulations. We have launched the Commonwealth's first comprehensive, coordinated regulatory reform effort, and will ultimately review all existing regulations that have been on the books 12 years or more.

We began our first phase last October with a review of over 200 regulations representing approximately 10% of the total. Out of that pool, our staff identified 41 regulations to eliminate outright and 107 regulations to improve. And of those recommended for improvements, 25 will seek to align Massachusetts with a national model or standard that is utilized by other states, making our rules easier to understand and to comply with for businesses in interstate commerce.

The recommendations range far and wide. One recommendation seeks to replace ten separate rules for food manufacturers with a single, modernized food safety regulation – in, here's a radical idea, plain English. Another aims to simplify licensing processes for industries ranging from architecture to mental health services to child care. For example, nail salons, it turns out, used to have to close while their licenses were being transferred to new ownership; that's over now. Commercial fishermen will no longer have to measure surf clams to meet a state minimum size because the federal government has different and superseding rules.

Now, these changes may seem small to some of you, but not to the small businesses that have to deal with them. The fact is that we have taken 200 steps so far to modernize state government and improve the Commonwealth's business climate, by helping thousands of small businesses. And we aren't stopping there.

By the end of August, we expect to have reviewed 600 of these old regulations. By the end of the year, 1,000 of them. Agencies will keep working through small business impact analyses, and making changes or eliminating regulations as a result, until every old regulation has been reviewed. We invite you and all of the members of the Alliance to bring to our attention specific regulations that you feel should move up on our priority list. I am especially interested in ways that you might suggest for state government to use technology or other process improvements to make it easier to comply with those rules that remain in effect.

As I said, we can strike a better balance between protecting consumers and the environment and enabling entrepreneurs to start and grow businesses here, and government must constantly strive to do so. Recent work within the Department of Environmental Protection is a really nice example of this; some of you are personally familiar with this example.

Over the past year, DEP has done a top-to-bottom review of its regulations to reduce burdens on both businesses and the agency itself without compromising their core mission. Working hand-in-hand with both business and environmental stakeholders, DEP identified more than 20 changes to its regs and policies across the who agency.

These changes will streamline environmental permitting, such as by eliminating state permits that are of low environmental protection value or that duplicate local approvals, and by reducing barriers to environmentally beneficial projects like renewable energy projects. I want to commend the Commissioner, Commissioner Ken Kimmell and his team for their leadership on striking this better balance and I also commend those of you here who helped DEP rethink their IT systems to meet current demands and do more with less. So many stakeholders came to the table to help in a spirit of trust and pragmatism.

And let me conclude on that point. Everybody needs to pitch in. I am not interested in either the whiners or the zealots, do you understand what I'm saying? I'm interested in people who are bringing their most pragmatic, their most sensible, their most forward looking thinking to how we get this right.

On the government side, we're ready to go to work. As you see and as I've said, we are already well underway in our review process. Today I sent a video message to all state employees asking for their best ideas and encouraging them to continue their pursuit of innovation in government. We are fortunate, by the way, to have the dedication and appetite for ingenuity of so many state workers today and I look

forward to working with them to improve our regulatory climate.

But government cannot and should not do this work alone. We do need you and your colleagues in the business community. Just as you have played a positive role in education reform, pension reform, transportation reform, health care reform and so many other ways, in partnership with this administration, I ask that you play a positive role now in regulatory reform. It's a little drier than the others, maybe, but it's just as important and can have just as meaningful and lasting an impact on the strength of our Commonwealth. Secretary Bialecki has appointed Assistant Secretary April Anderson Lamoureux, who is also here and many of you know, to act as the point person for business. I hope you will connect with April to share your perspective on what we can do to make Massachusetts the best state in the nation in which to do business.

Remember what I said: 6th: too hard to say. First: easier to say. And working together, that's where we're going.

Thank you all for having me.