



## Remarks of Eileen McAnney at the 87<sup>th</sup> Annual Meeting of MTF

Welcome and good to see you all.

As those of you who have attended annual meetings in the past know, I like to have a theme for my remarks. This year I will borrow from MTF's tax policy conference last week. That theme "The Pandemic, Presidential Elections and Public Unrest..." captures the essence of this year. We have all been affected by these monumental events in ways big and small, and the fact we are grappling with all three at one time is truly extraordinary. These events have certainly affected MTF and our focus over the course of 2020. I say we should all give ourselves a pat on the back for our resilience and fortitude, both personally and professionally because this has been one helluva year, hasn't it? To paraphrase Thomas Paine, "If these aren't the times that try our souls, I don't know what are".

2020 started off very promising. In January we successfully launched the Mass CARES initiative. The notion was simple. Engage employers as part of the

solution. When the pandemic struck, Steering Committee made the difficult decision to put this initiative on hold while employees focused on more immediate needs. But we all know the epidemic hasn't gone away, and has in fact been made worse by the pandemic, so we hope to reinvigorate Mass CARES in early 2021.

In February, MTF was busy preparing for the upcoming budget season, and finalizing our Transportation financing recommendations through The Transportation Table, in conjunction with the Barr Foundation. It is hard to believe it was only 8 months ago when congestion was our collective top concern.

By March, though the pandemic hit MTF like a gut punch, with its sudden and severe onslaught, and I suspect it had the same effect on many of your organizations. We have all had to adapt in mundane ways – like learning Zoom - and in existential ways such as ensuring MTF remained relevant among all the issues vying for people's attention. I am pleased to report that MTF has maintained its relevance as fiscal and budgetary issues have risen to the forefront. Since March, we've all been in a period of prolonged uncertainty, the likes of which none of us have seen in our lifetimes. The pandemic has wreaked havoc on how we live, how we work, how we interact.... in short, how we exist.

For the legislature, this havoc took the form of an upended budget process. Think of what they have had to contend with;

- A public health crisis
- the unique nature of this economic downturn;
- remote legislative sessions for the first time in its history;

all of which caused lawmakers pause.

It is understandable, then, as we approach November, that Massachusetts still does not have a final budget for FY2021 despite the fact it began in July. Their cautious approach is certainly justifiable, perhaps even commendable. By studying economic data and trying to determine the most likely shape of the recovery, they are hoping to avoid otherwise necessary large budget cuts.

Lawmakers have hosted two Economic Data/Roundtables in addition to the consensus revenue hearing and MTF has participated in all three, providing a revised forecast at each. I must pause here to thank Andy Bagley for all his work in this regard.

The consensus revenue figure used by Governor Baker in his revised budget pegs the revenue shortfall at \$3.6 million. MTF's had forecast the shortfall to be \$3.9

billion, coming the closest of the dozen organizations that testified to the figure ultimately used by lawmakers.

A big cause of budget delay stems from the still unanswered question “Will there will be additional federal financial assistance to states and municipalities?”

For months, our leaders in Washington have been wrangling over if there will be a package and if so, what it will look like.

This issue, like so many issues these days, highlights the divisiveness engulfing our country, embodied so clearly in the stark choice we have for our next president.

The pandemic has only widened that divide. I believe we can and ought to figure out:

- how to keep people safe but also financially secure;
- how to help the most vulnerable among us while promoting individual responsibility; and
- how to listen respectfully to those with differing opinions while standing up for our own beliefs.

Indeed, we must figure this out collectively because a house divided cannot stand as Abraham Lincoln so wisely portended.

Closer to home, I am proud to say that Massachusetts politics aren't nearly as divisive. In fact, policymakers have taken a bipartisan approach to resolving our fiscal woes, and our working collaboratively to address them.

But there are advocacy organizations offering very different solutions from our own to resolve the state's fiscal challenges. They are pushing to sizably grow state government and pay for it by increasing taxes on businesses and the wealthy. MTF knows, and former president Obama has stated, that a recession is not the time to impose new taxes. We know that the only sustainable path to recover is to grow the economy.

To that end, MTF offered data-driven, constructive, balanced solutions to balance the budget. These recommendations are embodied in the presentation we made to the Senate Revenue Working Group.

***Reality Check: Revenues and Recovery.*** It was developed with inputs from my fellow business organizations colleagues, many of whom are here with us today, and I want to thank them for their continued collaboration and friendship

- Using the compelling data to create a counter-narrative that is currently dominating Beacon Hill

The presentation outlines the many cost pressures employers will face come January that could stymie economic growth that policy makers ought to consider. They include UI, PFMLA, minimum wage increase, higher health insurance premiums.

- The presentation put forth a spending plan that minimized budget cuts while fostering an economic climate that leads to job creation.
- It encouraged decision makers to turn an eye to the recovery while still wrestling with these complex issues in recognition of some permanent changes that will likely result from the pandemic and the need to better understand what they could mean for Massachusetts.
- I call your attention to two of them:
  - (1) An increase in remote working and the opportunity to live and work anywhere that makes people more sensitive to the cost of living and businesses to the costs of doing business.
  - (2) The transformation key industry sectors are undergoing – higher education, healthcare, commercial real estate to name three - and understand how these changes could permanently alter our economy and impact the state budget.

The final issue I would like to raise - Public Unrest –is the most challenging of the three. It stems from the longstanding racial disparities in our country that reached a breaking point this spring. Unlike the pandemic or presidential politics, racial disparity is much more entrenched and will take time and consistent effort to address. But that is not a reason to further delay. There is an Irish proverb that states, ***“You will never plough a field if you only turn it over in your mind,”*** so the time for action has come. MTF signed a joint letter that voiced our commitment to addressing racial injustice and being held publicly accountable that was published this summer. We also participated in initial conversations with The Partnership, NAACP, The Urban League and other Black-led organizations and pledged to work collaboratively. But I want to use this annual meeting to double down on MTF’s commitment to change. As our slate of new trustees, officers and executive committee shows, we have made incremental progress, but have a long way to go.

As an organization, MTF is committed to having a more inclusive support base and ask for your assistance in this regard. Please invite your colleagues of color to participate in MTF events and engage with us.

In our research, we are committed to looking at economic issues with a racial lens to determine if policies being considered exacerbate or reduce the economic divide and the real opportunity gaps faced by Blacks and Hispanics. We are currently working on a report on the economic impact of racial disparities that we will circulate in the coming weeks for your input.

In closing, let me express my gratitude to the MTF staff that have done a herculean job under very taxing circumstances (pun intended). I also want to offer my sincere thanks to all of you for your steadfast support and providing me with the wonderful opportunity to lead this incredible organization at this pivotal time for our Commonwealth.