

MARYLAND LEADERSHIP REPORT

MEDA Winter Conference 2007

Moderator Sean Looney, Senior Director, Government Affairs for Comcast, moderated the session and posed a series of questions to the panel members.

- Montgomery County's General Assembly delegation focuses primarily on biotechnology. Are there other assets there? Julie Coons, CEO of the Tech Council of Maryland, said biotech is prominent throughout the state. However, the Tech Council has twice as many non-biotech members as biotech members. Jim Dinegar, President and CEO of the Greater Washington Board of Trade, asked what would be left if Washington, D.C. moved to Colorado. Housing would be lower priced and there would be less congestion on area highways. People come here for the quality of life, which we need to preserve. There is a highly-educated workforce. If Washington, D.C. moved to Colorado, we would "lose insulation," but we would not lose everything. Maryland's economy "does not have valleys" and is "somewhat insulated from downturns" because of the federal government. Our current pressing needs have been pressing for years, including the Intercounty Connector and the Wilson Bridge.
- Has the Baltimore renaissance peaked, and what is the impact of that renaissance on surrounding areas? Donald C. Fry, President of the Greater Baltimore Committee, said Baltimore's renaissance "has not and will not" stop. Today, there is renewed interest in urban areas. The housing market has slowed. Baltimore is primed for growth for many reasons. Many people work in D.C. but live in Baltimore. We need better transportation between the two cities. Baltimore City may benefit from the anticipated growth due to the Base Realignment and Closure (BRAC) process. We need to emphasize growth near transit. Economic development in Baltimore is strong, and national retailers are coming to the city because more people are living downtown. Things are happening in Baltimore, including the revitalization of the west side near the University of Maryland at Baltimore and the East Baltimore biotech park. Although housing may be slowing, the "stars are lined up" and the revitalization of Baltimore has not peaked.
- What is the Maryland Chamber of Commerce doing for small business? Kathleen T. Snyder, President and CEO of the Maryland Chamber of Commerce, said Maryland is a small business state. According to the Maryland Department of Business and Economic Development (DBED), of the 158,000 businesses in Maryland, only 3,300 have more than 100 employees. The Maryland Chamber is the statewide advocate for business. We do have problems – transportation funding is at the top of the list – and we need to "keep an eye on tax policy" to make sure it is competitive, particularly in 2008. We also are facing the issues of BRAC-related growth. How many people and companies will move here due to BRAC? California car emissions also are an issue. The Chamber wants to work with MEDA to help solve these problems. This is a

“new day here in Annapolis,” because the partisanship of the past four years between the Governor and the General Assembly should be gone.

- Today’s number one issue is health care. Sean Looney applauds the Greater Baltimore Committee’s health care proposal that would broaden Maryland’s Medicaid program, expand access to health care for small businesses, and provide tax credits to employers offering wellness programs. What are the panelists’ views of the “health care crisis?” Don Fry said we need to focus on alternatives. He told the GBC’s Health Care Committee to look at the health care issue. Medicaid now covers people below 46% of the federal poverty level. This will increase to 100% over the next three years. We are all paying for health care for those who are not covered by health care benefits. Under the GBC’s proposal, people who earn more than \$43,500 a year must purchase health care or risk losing their personal exemption for Maryland income tax. A proposal to increase the tax on cigarettes by \$1 a pack may be accepted to fund increased health care.

Kathy Snyder said we need a “carrot and stick approach.” Nearly 800,000 of the people in Maryland do not have health insurance, including those who earn good salaries. Maryland is the only state to pass an employer mandate known as the “Wal-Mart Bill,” and is trying to hold off on following the example of the state of Massachusetts. In that state, if an employer does not offer health insurance, the employer must pay the state \$275 per employee per year. We need medical liability reform in Maryland.

Jim Dinegar urged everyone to consider working only from 9 a.m. to 5 p.m. This would lower the need for health care, because long hours and stress cause people to need health care more. Banning trans fats addresses symptoms, but is not the cure.

Julie Coons said health care is an economic development issue. The Tech Council’s health insurance rates will increase 13% next year. This issue needs to be looked at as part of a bigger picture. We must not lose sight of investments today.

Sean Looney added that most corporations have health care benefits greater than those mandated by the Wal-Mart Bill.

- How should we deal with globalization? In China, they are building the equivalent of New York City every two years. Julie Coons said China and India are growing, and that trend has been building for many years. Over the next 20 to 40 years, Africa will grow. The tech industries will be central to the global marketplace for many years.

Jim Dinegar said in Virginia, many more computer chips were generated last year than cigarettes. This area’s standard of living and quality of life is better than anywhere else. Some things should not be outsourced due to service level issues. The U.S. is as attractive, or more attractive, than other parts of the world. We are on the cutting edge in many respects.

Don Fry said we have to recognize that the life sciences are a global issue. We have to focus on our strengths. We also have to make sure that legislative action does not have unintended consequences. Legislative actions affect how others see us.

Kathy Snyder said she agrees with Tom Friedman – the world is flat. Our quality of life, location and education system are all good. We have to stay one step ahead and move to higher levels in these areas. We need to prepare the next generation for a different type of life. Our grandchildren will be living in a different economy.

- Finding people to fill jobs is difficult. What are organizations doing on workforce issues? Kathy Snyder said the Maryland Chamber is involved with the Governor's Workforce Investment Board (GWIB). We currently have a nursing crisis because there are not enough faculty members to teach nursing students. We now have "master nurses" teaching. The aerospace and hospitality sectors of the economy are particularly concerned about workforce issues.

Don Fry said GWIB helped make this a demand-driven process. We need to continue the momentum and institutionalize the process. We cannot rewrite the rules. North Carolina is a good example. We have to stay the course, look at higher education investments and lead the charge. We should not "revamp for the sake of revamping."

Jim Dinegar said workforce development is a competitive game. Three percent unemployment is problematic when companies are seeking employees. Higher education needs to be more affordable. The Greater Washington Board of Trade and other organizations provide professional development courses and offer job boards for their members. The seafood and hospitality industries have trouble recruiting, and are currently getting many of their workers from South America and Mexico. The National Harbor development soon will open 3,000 hotel rooms in Prince George's County, but who will service those rooms? Baltimore/Washington International Thurgood Marshall Airport (BWI) is an economic engine for the area and is doing well.

Julie Coons said workforce is the number one issue among her members. The Tech Council is involved in the GWIB process, particularly the information technology side. The Tech Council supported education institutions' capital requests because they support the workforce. Retaining our post-doctoral workforce is an issue. The Tech Council is working with the Montgomery County Department of Economic Development to provide a job fair for post-doctoral jobseekers.

- After recognizing MEDA Treasurer Ken Philbrick for his "passion for the environment," moderator Sean Looney asked the panelists about their views on the environment. Don Fry said environmental stewardship and pro-business policies must go hand in hand. Business people are not anti-environment.

Jim Dinegar said it is hard to find a more beautiful state than Maryland, and it needs to be protected. How do we balance Smart Growth and affordable housing? There

will be trade-offs in getting more energy. This area is poised for action on environmental and energy issues.

Julie Coons said there are many biofuel companies in the biotech sector. They are looking to find solutions for environmental and energy issues.

Kathy Snyder said the Maryland Chamber supported the flush tax. The Chesapeake Bay is a great economic resource. There is some concern about over-regulating businesses. California emissions are a concern because they may hurt auto dealers, especially those located near other states. The Chamber supports the need for new sources of energy.

- Audience question: How do we raise the bar in K-12 education and solve some of the problems in economic development? Kathy Snyder said business people expect politicians to solve problems, but they don't talk to them. The Chamber wants to hold an economic summit between the business community and legislators. She urged audience members to pick a hot button issue and "tell legislators your views."

Don Fry said in the area of education, we make progress and then fall back, particularly with the No Child Left Behind law. We set goals and make incremental progress, but "then they change the rules." Baltimore City has made progress in the last five years. We must hold politicians' feet to the fire and demand that they make the tough decisions.

Jim Dinegar said the primary reason to get involved is because it is a civic responsibility. We need to have better educational programs. We have to acknowledge we have a big problem in this area and then address it. Economic developers have to tell legislators why companies are not coming to Maryland.

Sean Looney added that it is important for constituents to tell legislators what they think.

- What about green buildings? Kathy Snyder said increasing energy costs affect businesses. There are lots of success stories in this area concerning green buildings and alternative energy sources. Our organizations should get the word out about what companies are doing in this area.

Don Fry said we have to educate companies about these emerging issues. Government can provide incentives for green buildings and alternative energy sources.

Jim Dinegar said Maryland is the site of one of the most famous green buildings in the nation – the home of the Chesapeake Bay Foundation in Annapolis – which attracts tourists. The demand for green buildings does not come from the legislature, but from the workforce. It is an advantage to have a head start on this. State and federal incentives will help increase the number of green buildings. Democrats, who

have come to power in Congress and in Maryland, tend to be “greener” than Republicans.

Julie Coons said the Tech Council’s members are talking about this issue.

- Audience question: How can we work more closely with the panelists’ organizations because most economic development professionals cannot influence legislation? Kathy Snyder said the Chamber needs examples of what is and is not working to bring companies to Maryland. The Chamber then can “put a bug in the ear of legislators” concerning what business wants. We need to try to educate legislators about business issues. MEDA should meet with other organizations to look at the issues.

Don Fry said the GBC testifies before committees. Economic developers should share companies’ experiences with the GBC, which needs to know how rules affect businesses. We need to help them make the case. What trends are we seeing in our efforts to help attract companies and employees? Why do people want to work here?

Jim Dinegar said Maryland needs to play its role very well, and we need to collaborate with others. Maryland had the “best presence” at the recent Farnsworth Air Show. Things are “really clicking” at DBED. He is counting on economic developers to be able to close the deal.

Julie Coons said economic developers should be active in the Tech Council, which “tries hard to see what keeps the economic development community up at night.” The Tech Council can lobby for issues economic developers care about.