

Expanding Economic Freedom

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Pioneer Institute empowers Americans with choices and opportunities to live freely and thrive. Through expert research, educational initiatives, legal action, and coalition-building, we advance human potential in four critical areas: K-12 Education, Health, Economic Opportunity and American Civic Values.

Unlocking Entrepreneurship & Removing Barriers to Work

Massachusetts has long relied on its knowledge industries, elite universities, and skilled workforce, but its outdated regulatory infrastructure is holding back economic growth. The Commonwealth layers duplicative rules across state and local government, burdening small businesses with confusing processes and high costs. Even low-impact home businesses face licensing hurdles. By contrast, Utah offers one modern, pro-growth model: a centralized regulatory Relief Unit, fast-track municipal licensing, industry-specific “sandbox” programs for innovation, and mandatory sunset reviews for all regulations. These tools improve transparency, reduce costs, and let state policy evolve with the economy. Massachusetts should adopt similar reforms—creating a Regulatory Relief Unit, launching sector-specific sandboxes, and consolidating services into a single online portal to improve the startup climate, especially for small and immigrant-owned businesses.

Occupational licensing reform is especially overdue. Nearly 30 percent of U.S. workers need a license, and in Massachusetts, the average license takes 511 days to obtain. Requirements are often excessive and misaligned with risk—a barber needs 1,000 hours of training, while an EMT needs just 150.¹ Massachusetts also suspends licenses for student loan defaults and denies access to many immigrants, locking qualified people out of the workforce. The state should repeal licenses for lower skilled non-healthcare occupations and replace them with voluntary certification, recognize out-of-state licenses universally (as 20 states already do),² and expand promising initiatives like apprenticeship pathways for foreign-trained health professionals. These changes would improve labor mobility, fill workforce shortages in fields like nursing and behavioral health, and reduce “brain waste” among skilled immigrants—all while preserving public safety.

Finally, Massachusetts must do more to support entrepreneurs and workers, especially those in immigrant communities and communities of color. As shown in figure 1, foreign-born residents are more likely to start businesses than U.S.-born residents but face barriers like language access, fragmented startup processes, and outdated licensing regimes.

At the same time, as figure 2 shows, our larger segments of underemployed workers are foreign born or of color. English proficiency remains a major hurdle: 14 percent of immigrant workers are underemployed, English for speakers of other languages (ESOL) waitlists exceed 17,000 people (with no statewide system to match students with open seats), and just 7 percent of programs include job or business training.³ In order to unlock economic potential, expand the tax base, and strengthen Massachusetts’ competitiveness, the state must remove the barriers that keep ready workers and entrepreneurs on the sidelines.

Nearly 30 percent of U.S. workers need a license, and in Massachusetts, the average license takes 511 days to obtain.

Figure 1. Outsized Shares of Immigrants in Entrepreneurship & Labor Force, 2023

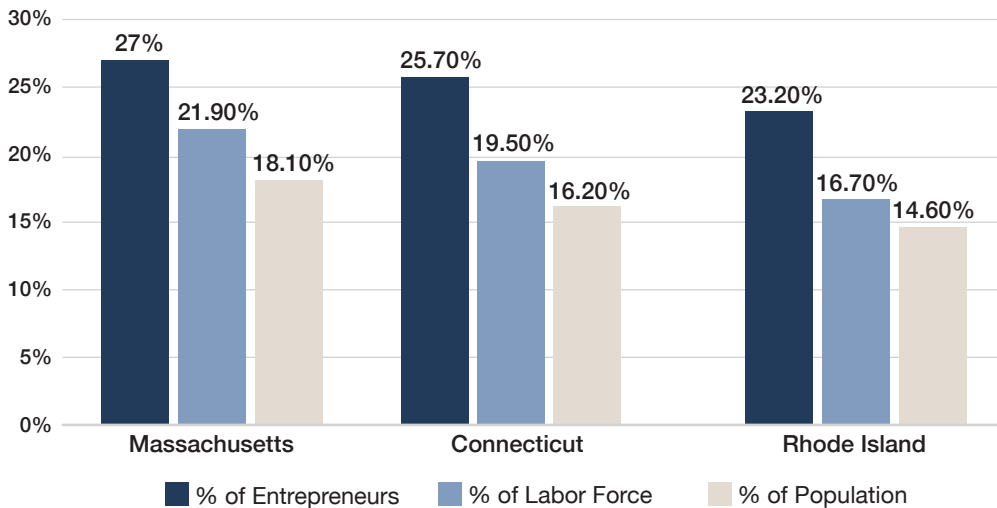
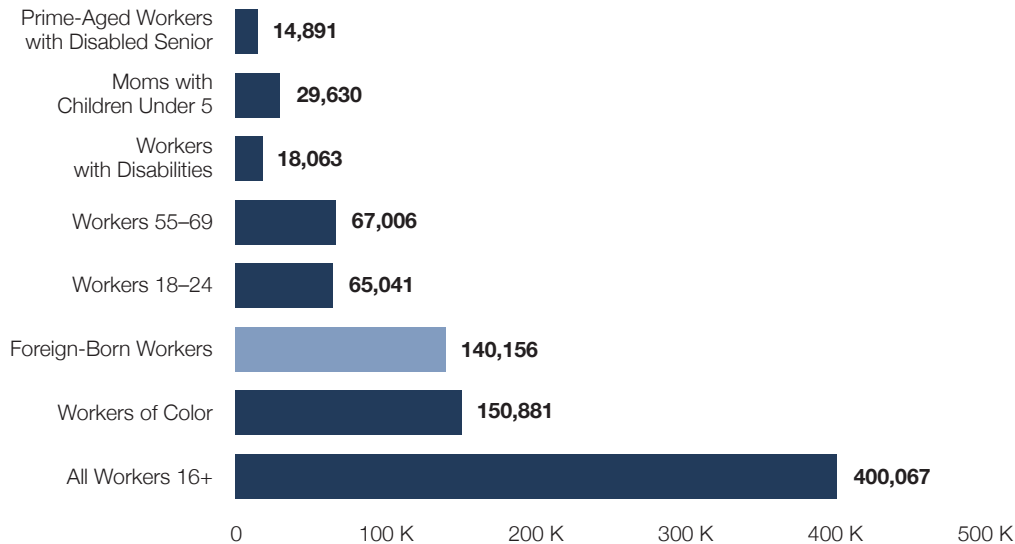


Figure 2. Underemployed Workers by Demographic Characteristics, 2022

Economic Freedom: Removing Barriers to Work

Modernize Regulations to Support Small Business Growth

Taxes, housing and healthcare costs are three critical issues for employers because of the obvious impacts on the bottom line. But Massachusetts also has one of the most complex and burdensome regulatory environments in the nation, often layering outdated or duplicative rules across agencies and municipalities. Small businesses—particularly startups, family firms, and sole proprietors—struggle to navigate licensing regimes, permitting, and inconsistent local approval processes. These barriers slow job creation, reduce entrepreneurship, and make Massachusetts less competitive than faster-growing states. By contrast, some states, most notably Utah, have streamlined regulations, introduced review and sunset mechanisms, provided clear digital access, and have seen more rapid small-business formation and innovation.

Recommendations

- Establish a “Regulatory Relief Unit” within the Governor’s Office or the Executive Office of Economic Development to centralize rule review, coordinate reform, and provide a public portal for business feedback.
- Pilot sector-based regulatory sandboxes in industries such as legal services, financial technology, construction, and healthcare, allowing businesses to test new models under close oversight while informing future reforms.
- Exempt low-impact home-based businesses from unnecessary licensure and permitting when they pose no traffic, signage, or environmental impact.
- Partner with municipalities to standardize and digitize local licensing, emphasizing online applications, rapid approvals, and no- or low-fee options for small firms.
- Enact mandatory sunset and review provisions for new regulations, requiring cost-benefit analysis, periodic reevaluation, and clear online publication.
- Allow ownership flexibility in regulated professions by updating rules that prevent innovative, multi-disciplinary business models.
- Consolidate existing business support services into a single online portal, integrating licensing, grant programs, and startup assistance.

Create a One-Stop Online Regulatory Portal for Municipal Use

Entrepreneurs in Massachusetts face a regulatory thicket when trying to start a business. In Boston, for example, launching a restaurant requires navigating 92 steps, including interactions with nine separate agencies, completing 17 in-person tasks, and paying 12 different fees.⁴ By contrast, other cities have streamlined this process to as few as 35 steps, reducing both time and cost burdens. Pioneer Institute’s research highlights that fragmented bureaucracies and inconsistent local practices in cities like Boston unnecessarily delay business formation and suppress job creation—especially in immigrant and low-income communities where navigation support is limited.⁵

Municipalities that maintain clear, centralized digital access to permits, applications, and startup guidance empower entrepreneurs, cut red tape, and attract new investment. A centralized online portal—integrated across departments and offering multilingual access—would significantly reduce processing times and improve transparency. It would also help close information gaps by connecting users with legal support, financial tools, training programs, and permitting guidance all in one place.⁶

Recommendation: *Develop and launch a statewide “one-stop-shop” digital portal for business registration, licensing, permitting, and compliance. Require municipal coordination to integrate local forms and procedures. Include user-friendly navigation, multilingual content, and access to business support resources. Publicize the portal widely—especially in underserved communities—and track usage metrics to improve performance over time.*

Fix the Unemployment Insurance System

Massachusetts’ unemployment insurance (UI) system stands out as one of the most punitive and costly in the country. It is a serious drag on hiring and business formation, especially for small employers. The wrong hire or a sudden economic downturn can trigger benefit charges that destabilize small businesses already operating on the margins. As such, it acts as a tax on hiring.

Our UI system stands out nationally for the wrong reasons; it offers the longest benefit duration in the U.S. (up to 30 weeks), requires just 15 weeks of work to qualify, and imposes some of the highest employer UI taxes in the country.

Even before the pandemic, Massachusetts ranked last or near last on national UI tax burden indices. But the pandemic revealed serious management failures as well. While other states used federal pandemic relief grants and loans to stabilize their unemployment trust funds, Massachusetts allocated only \$500 million—far less than was needed—to pay back its loan from the feds, leaving employers with \$2.7 billion in debt to repay. The situation worsened when a \$2.1 billion accounting error under the Baker administration misclassified claims and triggered a repayment demand from the federal government.

Other states have done better. Florida, for instance, reformed its UI system in 2011 by indexing benefits to economic conditions, tightening eligibility requirements, shortening maximum duration, and improving administrative oversight. These reforms strengthened its UI trust fund, reduced fraud, and helped sustain a nation-leading economic recovery.⁷

Massachusetts has an opportunity to strengthen the trust fund, improve job creation, and protect the system during future downturns—while still providing fair support to displaced workers.

Recommendation: *Address the state’s \$2.1 billion unemployment insurance (UI) accounting error by making an initial payment (or payments over several years) from the \$9 billion Rainy Day Fund and reforming the UI program to align with national norms. Using reserves rather than saddling employers with inflated payroll taxes would relieve pressure on*

businesses, while long-term reforms would restore the system’s fiscal health over time. The reforms should:

- *Index benefit duration to economic conditions (as Florida does).*
- *Extend the minimum work history required to qualify for benefits.*
- *Reduce overpayments and strengthen fraud prevention.*
- *Reform the experience-rating system to reduce volatility and improve predictability for employers.*

Replace Unnecessary Occupational Licenses with Voluntary Certification

Massachusetts requires occupational licenses for dozens of professions that pose minimal risk to public health and safety—including shampooing, floral arranging, and auctioneering—while allowing others, like EMTs, to operate with a fraction of the required training hours. The average occupational license in Massachusetts takes 511 days and costs \$331 to obtain, acting as a de facto barrier to work—especially for immigrants and low-income individuals. Pioneer Institute’s 2019 report shows that these licensing requirements shrink the state’s business, sales, and income tax bases while providing little consumer benefit.⁸ Moreover, the state’s policy of suspending licenses for student loan defaults and denying access to licenses for many immigrants increases “brain waste” and stifles labor force participation.

States like California have successfully replaced unnecessary and burdensome licenses with voluntary certification systems, which allow workers to operate without a license and compete with credentialing workers who benefit from signaling to businesses and customers their higher standing in the profession. These systems improve labor mobility and promote competition while empowering consumers to choose between certified and non-certified providers. Massachusetts should follow this model, especially given that 25–30 percent of the U.S. workforce now requires a license, up from just 5 percent in 1950—a surge that is not related to specialization needs and acts as a barrier for those seeking access to the ladder of social mobility.⁹

Recommendation: *Repeal unnecessary occupational licenses—especially those with no training or safety justification—and replace them with voluntary certification. Eliminate license denial based on immigration status or student loan defaults. Require new licensing proposals to be justified by clear evidence of public safety benefits.*

Adopt Universal Recognition of Out-of-State Licenses

In Massachusetts, burdensome licensure processes—including multiple agency approvals, steep fees, and inconsistent education requirements—can take months to navigate and create serious barriers to work—especially for relocating professionals. For example, in 2024 Massachusetts was one of only three states where physicians were not eligible for some type of license reciprocity or endorsement-related fast tracking, meaning they had to pursue the timely and expensive process of obtaining a new license even as the state has a shortage of primary care physicians.¹⁰

The lack of reciprocity with other states not only slows workforce mobility but also worsens labor shortages. Twenty states—including Vermont and New Hampshire—have adopted “universal licensing recognition,” allowing professionals licensed elsewhere to begin working immediately or with minimal additional review.¹¹ This simple reform boosts labor market flexibility, reduces costs for workers, and helps employers fill in-demand roles faster—particularly in healthcare, trades, and personal services.¹²

Recommendation: *Adopt universal recognition of occupational licenses for professionals relocating from other states. Massachusetts should join the growing number of states that allow licensed individuals in good standing to work without repeating redundant education, training, or testing. This reform would enhance labor mobility, lower costs for workers and employers, and support faster workforce integration in high-need sectors.*

Expand the Apprenticeship Pilot for Immigrant Physicians & Other Health Fields

Massachusetts is home to thousands of immigrants with international medical and health credentials, yet many are unable to practice due to rigid licensing rules that fail to recognize foreign education and experience. This leads to widespread “brain waste”—or otherwise highly skilled immigrants being relegated to low-wage jobs due to licensure barriers. The state’s physician apprenticeship pilot, which allows foreign-trained doctors to gain supervised U.S. experience while pursuing licensure, is a promising model—but it remains narrowly applied.

Massachusetts has pressing shortages in multiple health sectors, including nursing, dental hygiene, physical therapy, behavioral health, and elder care—fields where many immigrants already have experience and training from abroad. Expanding supervised apprenticeship-style pathways would address workforce gaps while maintaining public safety through oversight and evaluation.¹³

Recommendation: *Expand the existing immigrant physician apprenticeship pilot to cover additional high-need licensed healthcare fields. Prioritize occupations facing workforce shortages and create structured pathways—combining supervised practice, assessment, and licensure preparation—for qualified foreign-trained professionals. Partner with community health centers and teaching hospitals to serve as training sites and ensure regulatory boards adopt standards that recognize equivalent international credentials.*

Expand the Global Entrepreneur-in-Residence Program

Massachusetts has pioneered an innovative way to retain immigrant entrepreneurs through its Global Entrepreneur in Residence (GEIR) program, which allows public universities to sponsor cap-exempt H-1B visas for foreign graduates who have launched promising companies. This model helps high-skill immigrants stay in the U.S., contribute to the innovation economy, and build job-creating firms anchored in the Commonwealth. The GEIR program not only fills a critical visa gap for startup founders, but also enriches participating universities through faculty contributions, mentorship, and new public-private partnerships.

According to Pioneer Institute’s analysis, immigrants in New England are more entrepreneurial than U.S.-born residents, especially in densely populated states like Massachusetts.¹⁴ Immigrants also found a disproportionately high number of Fortune 500 companies and tend to operate in industries that complement rather than compete with U.S.-born entrepreneurs. Expanding GEIR and enlisting private universities as visa sponsors would allow Massachusetts to scale this successful approach, retain top-tier entrepreneurial talent, and reinforce its leadership in tech, life sciences, and advanced services.¹⁵

Recommendation: *Strengthen and expand the Global Entrepreneur in Residence (GEIR) program across Massachusetts by increasing funding, recruiting additional public university partners, and launching partnerships with private institutions au-*

thorized to sponsor cap-exempt H-1B visas. Promote statewide adoption of GEIR best practices to create an integrated support ecosystem for immigrant entrepreneurs.

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Integrate English Instruction into Job Training

English proficiency remains one of the most significant barriers to economic mobility for immigrants. While immigrants comprise 20 percent of the Massachusetts workforce, 14 percent are underemployed—often unable to work to their full potential due to limited English fluency. Yet only 7 percent of ESOL programs in the state include job skills or entrepreneurial training, reflecting a troubling disconnect between English instruction and workforce development.¹⁶ Governance is fragmented; many ESOL providers operate under the Department of Elementary and Secondary Education, in isolation from Executive Office of Labor and Workforce Development programs. As a result, ESOL programs miss the opportunity to serve as launchpads for economic integration and entrepreneurship.

Recommendation: *Align ESOL with the state’s workforce and economic development strategy. This includes integrating job and entrepreneurship training into ESOL curricula, centralizing governance and performance oversight under a single state entity, and incentivizing collaboration between regional workforce boards, adult education providers, and industry stakeholders.*

Create a Single Statewide Waitlist for English Classes

Despite the high demand for English language instruction, Massachusetts lacks a centralized way for students to access programs or track openings across providers. In 2017, 11,000 individuals enrolled in ESOL programs, but another 17,000 were placed on waitlists—with no standardized, statewide system to match available seats with learners.¹⁷ The absence of an integrated online platform creates inequities, inefficiencies, and underutilization of existing resources, especially for immigrants juggling multiple jobs and family responsibilities. Many learners must contact providers one by one, only to find long delays or unclear application procedures.

Recommendation: *Fund and launch a centralized, statewide ESOL network that includes a public-facing master waitlist. This digital platform should allow students to apply once and be matched with multiple programs, while giving state agencies better data on demand patterns and capacity gaps. Require providers to update enrollment availability regularly to ensure up-to-date information and equitable access.*

Endnotes

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