

Massachusetts' State Government Workforce

By Gary Blank

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The Massachusetts state government faces challenges. An uncertain economy, climbing health care costs, and trying to compete with other states. Meanwhile in this environment the size of the state government workforce has been climbing.

Our state employees can do exceptional work that often is ignored. We also need to evaluate the growth of the workforce. Payroll and benefits are one of the most expensive parts of any organization—private or public sector.

Key points:

- Our state government workforce reached the highest levels ever in 2025, measured as full-time equivalent (FTE) positions in a little known report by the Comptroller in January.
- Positions under the governor’s authority increased 4,454, 10.6 percent, in just three years. The largest increase in new FTE levels.
- State government can reduce FTEs with natural attrition and without buy-outs or lay-offs. By backfilling only three out of four separations, the governor could reduce headcount by 5,000 employees over the next five years. Doing so would save \$1.5 billion over that period and \$525 million per year. The rest of the state government should take a similar approach.
- A broad attrition strategy should be paired with new agency talent strategies. Agencies should be given more realistic FTE levels, know them farther in advance without short-term budget fixes, and pushed to implement new, multi-year hiring plans.

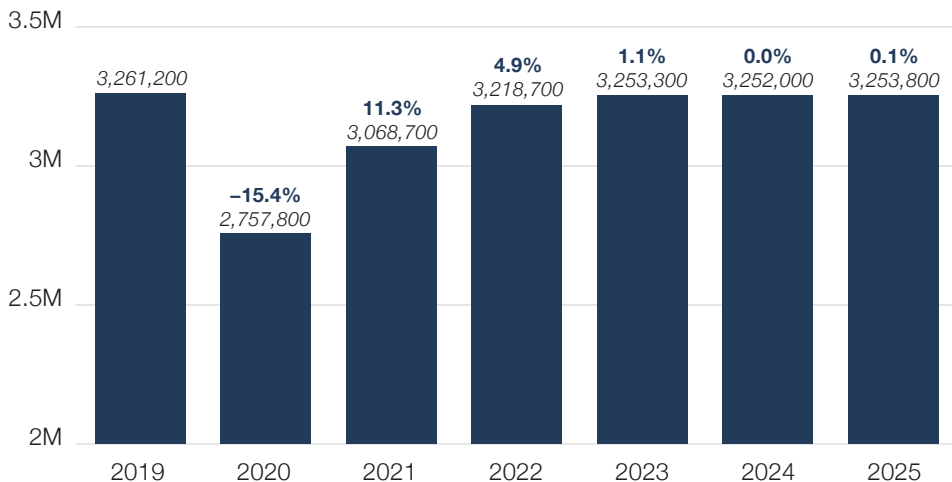
Recent History and Current Situation

Since the COVID pandemic, private sector jobs in Massachusetts have not rebounded. There are still fewer than before the pandemic. But jobs in the public sector quickly came back in the Commonwealth and total levels are now 14,900 jobs higher than they were in 2019. Government jobs are spread among different federal agencies with a presence here, a variety of state government agencies, judiciary and law enforcement, public colleges, cities and towns, and other public entities.

Figure 1 shows payroll employment in Massachusetts as of June of each year. The US Census Bureau and the MA Department of Economic Research estimates payroll employment each month and this figure shows June to correspond to the state fiscal year. The data series does not include self-employed, many contractors, and other “gig” workers not on payrolls.

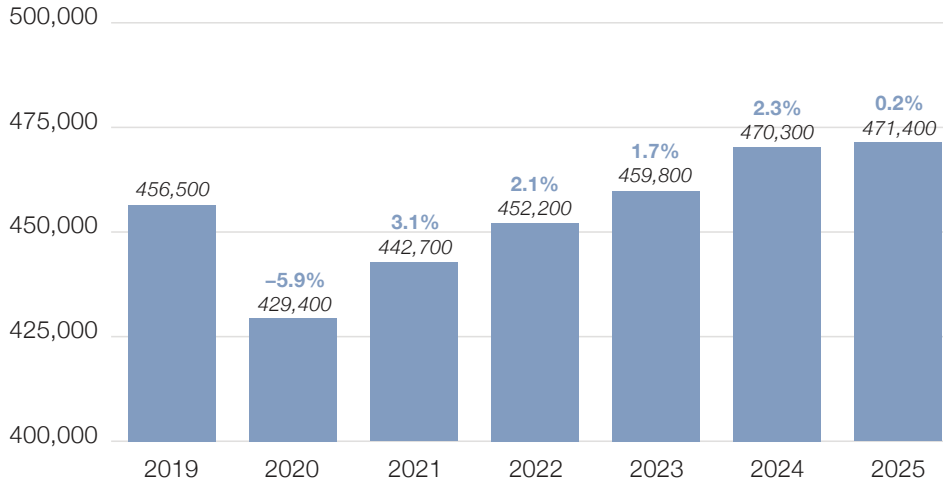
Positions under the Governor’s authority increased 4,454, 10.6%, in just three years. The largest increase in new FTE levels.

Figure 1. Massachusetts Payroll Private Employment



Source: Current Employment Statistics. June 2025. Seasonally Adjusted.

Figure 2. Massachusetts Payroll Government Employment

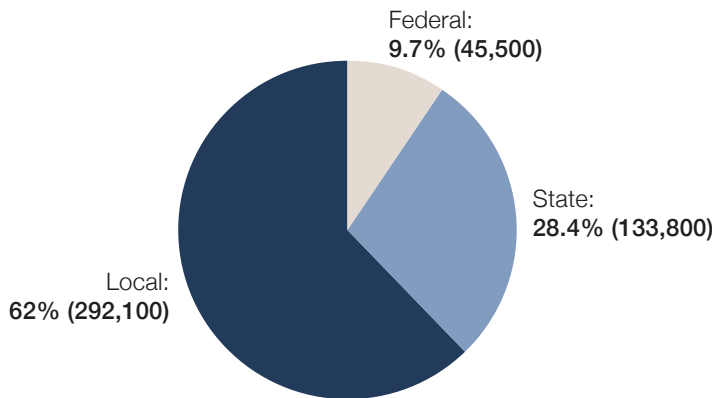


Source: Current Employment Statistics. June 2025. Seasonally Adjusted.

The economy and jobs shrunk during the COVID pandemic in 2020. Public sector jobs in Massachusetts did not decline as much as their private sector counterparts and began to recover relatively quickly. Figure 2 shows in 2023 they surpassed job levels prior to the pandemic and continued to climb. It’s useful to keep in mind the private sector pays for these jobs. Conversely, the Figure 1 shows that jobs in the private sector have struggled in the Commonwealth and were still lower last year than in 2019.

Public sector jobs are spread among many levels of government and agencies. Figure 3 shows local government comprises 62 percent of the public sector jobs, which primarily means in the 351 cities and towns and 14 county sheriff departments. Then 28 percent of the jobs are in various state agencies and 10% are employees of federal agencies with a presence in Massachusetts. All these entities and their elected leaders are responsible for serving citizens, managing tax dollars, and making the public sector an attractive place to work.

Figure 3. Composition of Government Employment in Massachusetts



Source: Current Employment Statistics. June 2025. Seasonally Adjusted.

Various parts of state government and programs spent \$98 billion in 2025. Of that total, \$11 billion or over 11 percent was spent on payroll, as reported by the Office of the Comptroller. Even more, Table 1 shows when combined together payroll, pension funding, insurance costs, and consultant expenses totaled \$23.5 billion or 24 percent of total government spending. This partly includes catch-up payments for the state government historically unfunding its pension liabilities.

Table 1. MA State Government Spending For Labor, in FY2025

Pension funding and insurance expenses	\$11.2B
Regular employee compensation	\$10.2B
Consultant services	\$1.2B
Special employee expenses	\$0.8B
Employee related expenses	\$0.1B
Total	\$23.5B

Source: *Cthru per Office of Comptroller for all agencies in data.*

We cannot have government, of course, without workers. But we must be careful not to be inefficient and dilute taxes paid for various programs and regulations, benefits for low-income people, and much more. Elected officials should guard against any temptation to masquerade a jobs program as an agency.

Agencies under the governor’s direct authority, also known as the executive branch, make the largest and most cohesive group in Massachusetts state government with one elected leader. In other states the governor may oversee more of the government. The comptroller annually issues the Statutory Basis Financial Report. The report for Fiscal Year 2025 was released January 28, 2026. This paper focuses on the FTEs and talent strategy in the executive branch, but importantly the governor and legislature distribute state tax dollars to other constitutional and independent offices, local governments, the judiciary, public colleges, and many other authorities and public entities (such as the MBTA).

Table 2 shows historical levels of FTEs under the governor’s authority. Governor Charlie Baker’s administration covers roughly the fiscal years of 2015–2023 and Governor Maura Healey’s administration covers roughly 2024–2025. Fiscal years start July 1 and a new governor comes into office in January, about half way through the fiscal year.

FTEs were relatively lower during Governor Baker’s two terms due to his strategy, management techniques and the COVID pandemic. Total FTEs twice dipped below 42,000. Since then FTEs jumped 10.6 percent from 41,954 in FY2022 to 46,408 in FY2025. An increase of 4,454 FTEs. Most of this increase has occurred after FTEs rebounded from COVID and the timing largely occurred with Governor Healey’s administration. For further context, 42,921 FTEs was the highest level heading into the pandemic. FTEs in 2025 were 3,487 above that level or 8 percent higher. So people leaving their jobs during the pandemic is clearly not a cause for FTE growth in recent years.

Combined together payroll, pension funding, insurance costs, and consultant expenses totaled \$23.5 billion or 24 percent of total government spending.

Table 2. FTEs Under Governor’s Authority

Year	FTEs	Change
FY13	43,589	
FY14	44,538	949
FY15	44,881	343
FY16	42,774	-2,107
FY17	41,850	-924
FY18	42,315	465
FY19	42,641	326
FY20	42,921	280
FY21	42,661	-260
FY22	41,954	-707
FY23	43,650	1,696
FY24	45,910	2,260
FY25	46,408	498

FTEs jumped 10.6 percent from 41,954 in FY2022 to 46,408 in FY2025.

Source: FY2025 Statutory Basis Financial Report, MA Office of the Comptroller

Typical Techniques

Here are techniques commonly available for state governments to centrally govern the workforces of their agencies.

Prioritize and Cap FTEs

A governor and their budget office often set hiring processes which may be tightened or loosened depending on a variety of factors. Sometimes part of the oversight is referred to as FTE caps. Generally the caps and processes do not apply to back-fills and instead apply to just increases in FTE numbers. Agencies can only hire a certain amount for stated reasons and must go through a process beyond their usual budgeting.

The caps vary and a governor uses them to set priorities to limit the number of FTEs. For fiscal health overall, once FTEs are increased, budgets may be harder to manage in later fiscal years and also the insurance and retirement benefits of employees may not be captured.

Freeze Hires

A hiring freeze is more than just processes and rules to control FTEs. While a freeze is in effect agencies are not able to hire employees. Typically there are a few exceptions, such as public safety and direct care providers. In Massachusetts, Governor Healey imposed a hiring “freeze” in May 2025 which appears to remain in effect through FY2026 in some form. Previously, in April 2024, the governor imposed a “control” which allowed some flexibility. Important details of how a hiring freeze is implemented can change, but generally freezes tend to be shorter term and broader in nature.

Since imposition of the new hiring freeze, total FTEs have dropped 743 in the past three quarters. As reported in the Diversity Dashboard by the Human Resources Division, FTEs in their data series for the executive branch were 46,286 in FY2025 Quarter 4 and 45,543 in FY2026 Quarter 3, which just concluded March 31.

Often freezes aren’t just tough for H.R. and morale, but can be counterproductive to talent strategies. Workforces in some programs should be downsized while other hires

happen. The freezes are a less-planned budget technique. The Commonwealth can hurt its brand as a place to work and miss out in hiring good, new talent in priority areas.

Reduce Vacant Positions

Sometimes combined with tighter hiring processes, such as an FTE cap or hiring freeze, leaders and budget offices might reduce the number of positions previously expected by an agency but not yet filled (i.e. vacant). Such positions might have been explicitly budgeted, historically how a program is managed, or growth in an area designed to address a particular need. This technique might also be part of a larger strategy to transform a program and how outcomes are achieved. Regardless, reducing vacant positions may or may not carry budget savings but can help avoid lay-offs.

Forgo Pay Increases

Worker salary structures differ for employees eligible for a bargaining unit and those who are ineligible, commonly called managers. In addition to hiring salaries and promotions, employees generally receive annual pay increases. For bargaining unit employees the pay increases are negotiated and then set in collective bargaining agreements often as a cost-of-living adjustment (COLA). Pay increases for managers are discretionary and can be provided in any amount or time. As an example, Governor Healey in 2026 reportedly has proceeded with a 2 percent pay increase for bargaining unit employees and no pay increase for managers, after pay increases in 2025 for both categories of employees.

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Early Retirement Incentives

Large organizations in the private and public sectors occasionally incentivize employees to voluntarily retire earlier than planned. Employees can begin collecting retirement benefits, often including health care insurance. This can be a technique for the organization to reduce payroll costs, limit backfills, and then later refresh with new talent. The timing of the offers are sporadic but a culture might learn to expect them.

Buyout programs are temporary. In state governments they usually require agreements with unions and may need the Legislature to make legal changes. Incentives for employees to retire might include lump sum payments, payouts of unused leave, and more years calculated for their pension. Fiscally overall the programs shift costs from the annual operating budget to liabilities in the retirement system. The Massachusetts state pension is only 67 percent funded, as of 2025, and is not scheduled to be fully funded until 2038.

In FY2016, Massachusetts created the Early Retirement Incentive Program (ERIP) proposed by Governor Baker and enacted by the Legislature. Only retirement-eligible employees could participate. 2,487 employees used ERIP, according to a report issued by the Public Employee Retirement Administration Commission. They received higher pensions and no cash buy-outs. When proposed, the governor set a goal that only 20 percent of the employees would be replaced (i.e. back-fill). Later the governor also created the Voluntary Separation Program (VSP), for more than retirement-eligible employees, that provided a cash buyout but no pension changes. About 900 employees used it. So the VSP just reduced the operating budget without increasing any pension liabilities.

Both the ERIP and VSP demonstrate the ability of buy-out programs to reduce FTEs and the operating budget, but can be short-term fixes unless paired with talent strategies and FTE discipline. Table 2 shows that FTE growth remained relatively low.

The effectiveness of the programs were partly softened in FY2021 when the Legislature in FY2021 increased from 960 to 1,200 the hours per year that a retired employee may work

while still collecting retirement benefits. This made it easier for agencies to rehire retirees for certain work or projects. For context, a regular employee might work about 9,000 hours per year.

Lay-off Employees

Unlike the private sector, governments rarely close programs, re-organize their efforts, or lay-off employees. In many instances doing so would require union negotiations and legislation. Also, the junior employees lose their jobs because “bumping” rules usually save more senior employees. A reorganization of agencies can be worthwhile and needed. Some states have periodic reviews. Forming enough consensus though would take time as part of a longer-term plan. Solely doing lay-offs could be quicker but more painful.

Use Contractors

An agency sometimes might contract work with people instead of adding them to their payroll. There is a wide spectrum of situations from contractors being part of a greater re-organization of the agency, addressing a specialized need, or helping to fill a short surge. Surges range from clearing snow in a large storm to handling phone calls in a benefits program during a recession. Contractors are more flexible and easier to change than employees, but have less institutional experience and still cost budgets. Legal and procurement rules govern how contractors are used and states often apply a variety of restrictions on their agencies, such as cost analysis, stipulating no employee could do the same work, or implementing notice requirements.

Learn from Other States

Some states appear to set the size and type of their workforce year-to-year and turn to tightening techniques when a budget deficit is projected. So they manage the workforce as part of their annual budget and divert from any long-term talent strategy. Connecticut, for example, frequently uses hiring freezes. This can create a dynamic when a freeze ends that agencies may hire partly out of a concern a freeze may be re-imposed soon. Governor Wes Moore in Maryland imposed two hiring freezes in response to a budget deficit last year, eliminated positions that were funded but vacant, and created an early retirement buyout program. Alternatively, Florida has sought to shrink its state workforce for more than 10 years by refocusing certain agencies and using an attrition strategy (i.e. limiting back-fills when employees depart). This might result in a smaller workforce than some advocate but it's less vulnerable to challenging budgets.

Recommendation

Our goal should be a lean government that serves residents well. The workforce has grown much larger than what is needed and the available resources we have in Massachusetts. Too many tax dollars are spent on workers.

Yet the budget year-to-year should not set the state's talent strategy. The governor should set priorities, reform agencies and their services, and increase FTEs in some areas while reducing in others. Agencies need a multi-year strategy that's forward looking and changes for new innovations rather than just budget or economic constraints. They must create a brand to attract new talent. The workers do good, important work for our residents and companies.

The opportunity before us is to meld these needs together by leveraging natural attrition, via fewer back-fills when workers depart.

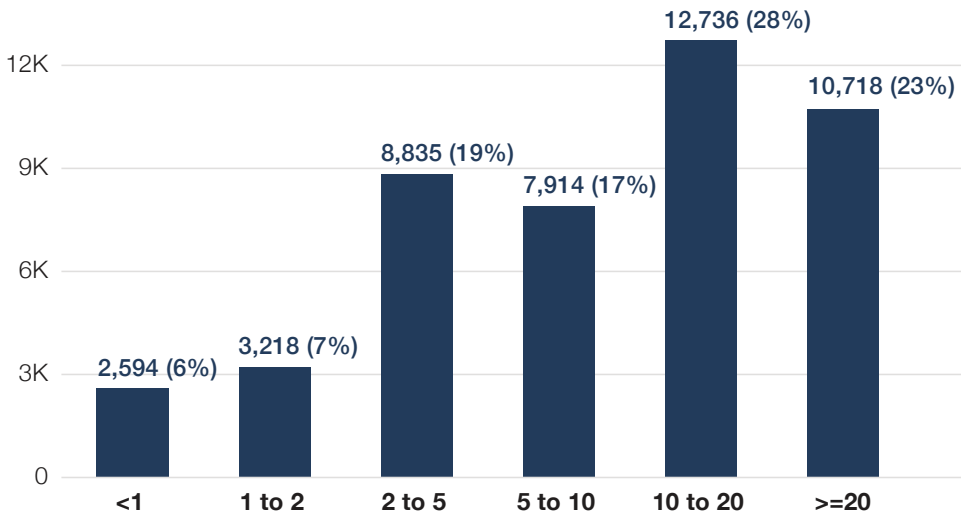
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Attrition Strategy

Currently, approximately 4,000 employees tend to depart in a given year, while the exact numbers depend on a particular quarter, according to reporting from the Human Resources Division (HRD). Separations are due to retirements, personal needs such as other job changes, and involuntary reasons. Some essentially can be churn with which agencies need to grapple.

HRD also reports workforce demographics. Eleven percent of the workers are in management positions and therefore not eligible for bargaining units. Seventeen percent are 60 years old or older.

Figure 4. Employment Service Length



Source: FY2025, MA Human Resource Division

Figure 5 shows the service length of employees. In FY2025, 10,718 employees, or 23 percent of the workforce, worked in state government for 20 years or more. For context, pension vesting begins at 10 years and amounts continue to grow up to 20 years. An employee’s pension depends on when they started, job classification, salary, and other factors.

Here’s a scenario for how an attrition strategy could work.

In FY2025, 46,408 FTEs were under the governor’s authority. Each year 1,000 separations, 25 percent of annual separations, could not be back-filled. A corresponding FTE cap could be set and reduced by the un-filled departures. As depicted in the following table, over five years total FTEs could reduce by 5,000 from 46,408 to 41,408.

Table 3. FTEs Under Attrition Strategy

Fiscal Year	FTEs
2027	45,408
2028	44,408
2029	43,408
2030	42,408
2031	41,408

In FY2025, 46,408 FTEs were under the Governor’s authority. Each year 1,000 separations, 25% of annual separations, could not be back-filled.

Disallowing one out of four back-fills would be a broad strategy to reduce total FTEs. Within this framework, the governor could set certain agencies to increase their FTEs more and others to back-fill departures even less. Like hiring freezes, direct care and public safety roles could be excluded. But this would work best the more precise and narrow the governor sets back-fill amounts. As exhibited in the most recent three quarters, attrition can be a technique to reduce the overall size of the workforce without lay-offs. This should be a strategic technique, planned and sustained.

According to data released by the Office of the Comptroller in FY2025 \$4.880B was spent on payroll for agencies that are under the governor's authority. That data includes base pay, overtime, and leave buy backs. Divided by 46,408 FTEs reported, we see that on average an FTE costs \$105,154 (not including insurance and other costs). So in the first year this scenario could save \$105M. By reducing FTE levels by another 1,000 each year for five years, the cumulative savings over those years would be \$1.5B. Afterwards if total FTEs were kept level, it would save \$525M per year compared to today.

A broad attrition strategy could be pursued in smaller or larger amounts and for more time or less than this recommendation. Regardless, thinking about attrition differently can confront a common mindset an agency may have to always hire, and whenever possible, increase FTEs.

Talent Strategy

Tools like FTE caps, hiring freezes, limiting back-fills and other budgeting moves can be too blunt by themselves. This attrition strategy should be paired with new talent strategies.

Leaders should be clear about their priorities and goals, but the talent strategy should live throughout the agency and not just fall on the HR team. It includes building a brand, design of positions, where and how to find potential hires, employee communications and engagement, professional development, promotions, and retention. Much of this can be upended with blunt, unplanned budget tools.

While planning their FTE levels, agencies also need to be mindful of a "span of control" effective for their employees. How many and which direct reports can a manager realistically supervise well? A manager is to both oversee the work and build a team with good employee experience.

Implementing a broad hiring brand is not realistic across diverse agencies in state government. Hiring and retaining good talent can be quite different in state police, Medicaid operations, park management, grant administrators, technology staff and many others.

We should recognize though many agency leaders are in a structure with these dynamics:

- Unique talent can be hard to reward financially. Pay scales tend to be narrow and rigid, and bonuses restricted. Instead many governments have developed recognition programs where employees are publicly applauded for their work.
- Recently there is a renewed interest in building state capacity, meaning an agency's ability to execute and actually get things done, regardless of political party. More workers do not always lead to better outcomes. The challenge can be agencies transforming their processes, equipping them with the right technology, and re-designing worker roles.
- Unions and collective bargaining agreements can sometimes make a talent strategy more complicated. Positions eligible for a bargaining unit are classified, hired with minimum requirements that may be negotiated with a union in advance, and have

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defined duties and responsibilities. Changes can be difficult and slow depending on relations. So right now agencies may need, for example, different positions for artificial intelligence (AI) and related technologies.

AI does not need to lead to any lay-offs. It can be part of broader talent strategies in at least two ways.

1. Knowledge transfer. When employees depart, transferring their knowledge and experience to newer employees is frequently a management challenge. Documenting and sharing information and expertise helps. AI used wisely can help even more. For example, an agency in the New Jersey state government developed an application they named, “Ask Claudia,” after a soon-to-retain employee with much respected institutional knowledge. Employees over the years got into a habit of asking her when a tricky situation arose and they were unsure about a rule for program benefits eligibility. They found Claudia could answer their question that otherwise might take hours of sifting through rules. The team created an AI assistant with Claudia’s knowledge, verified, and added more. The application can also learn from other employees. Decisions are still made by employees.

2. Some roles will be less necessary. AI will never replace roles that are physical in nature, such as direct care in health and veterans care, road maintenance, or public safety. Over time, however, other FTE levels should be reduced and an attrition strategy fits well. Roles that are more administrative. For example, AI-powered chatbots when well designed show less need for constituents to call an agency with questions. Chatbots on the agency website can be accessed 24/7, conversational, in multiple languages, and cover information only as prescribed by the agency. In 2025, the Massachusetts Registry of Motor Vehicles successfully launched a chatbot that helps people with their issues. In particular, the chatbot addressed a surge of questions for the REAL ID deadline.

Currently, Massachusetts state government has call centers and similar functions embedded in a range of agencies, such as the Department of Revenue, MassHealth, and the Department of Unemployment Assistance. These call functions and programs represent thousands of FTEs. As good chatbots are implemented, current employees should not always be back-filled when they depart. The number of FTEs in these call functions should be much less, but not zero. With a combination of chatbots and smaller call centers, the programs can be more effective. Call centers are just one example of how AI can transform programs and our workforce.

A singular talent strategy for all of state government is not workable or sustainable. Instead, agency leadership need FTE levels they can plan against, HR tools they can work with, awareness of innovations, a push to look ahead, and to learn from each other. Agencies should know reliable numbers and rules for their FTEs a few years in advance, even if lower than they would like.

Conclusion

The uncertain economy and federal turbulence are a reminder that budget cycles can be real. Many state governments tend to hire with too much of a “boom or bust” mentality. When times are perceived as good, payroll climbs, sometimes indiscriminately. When times are tricky or bad, then blunt budget tools disrupt good talent strategies.

In Massachusetts, the growth of government jobs has far outpaced jobs in the economy for several years. This has occurred across cities and towns, in state government, and public entities.

When employees depart transferring their knowledge and experience to newer employees is frequently a management challenge.

Combining new attrition and talent strategies should be adopted throughout state government agencies under the governor's authority, constitutional offices like the attorney general, secretary of state, and treasurer, independent agencies, trial courts, and various authorities. Doing so will reduce costs, improve functions, and make Massachusetts more competitive. Short-term budget fixes reduce costs less in the long run and give agencies less direction and ability to execute needed talent strategies.

About the Authors

Gary Blank is Pioneer Institute's Senior Fellow for Government Effectiveness. He offers a practical perspective grounded in work across the public and private sectors, federal and state governments, and the intersection of policy and operations. Gary's career spans Massachusetts state government, management consulting, Fidelity Investments, the White House, and the U.S. Congress.

Mission

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.

