

# Massachusetts Outmigration Study

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Mark T. Williams  
Finance Department  
Questrom School of Business  
[Williams@bu.edu](mailto:Williams@bu.edu)

Graduate Students  
Yuhan Liu  
Linglan Xu



Boston University Questrom School of Business

BU Study - Massachusetts Outmigration April 24, 2024

# Outmigration Study Goals

- ① Analyze net migration trends in Massachusetts and study the central drivers

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- ② Measure the state's current and future economic loss

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- ③ Help policymakers stem this problem

# Research – Questions Answered

1. What are the current and historical net migration trends (population and workforce) in Massachusetts, and should this be of concern?
2. Which states have seen the most inbound migration from Massachusetts?
3. What are the top factors (central drivers) that have contributed to outbound migration?
4. What are the current and potential future economic costs associated with any net outmigration?

# Summary

- ✓ MA competitive advantage to attract, retain and grow its population and workforce is slipping
- ✓ Outmigration from the Commonwealth is accelerating at an alarming rate
- ✓ The decision by individuals and families to move from one state to another is multifactorial
- ✓ States who scored better on key drivers gained residents while those that scored lower, such as Massachusetts, lost population





# Summary

- ✓ Top three factors that have contributed to outmigration include level of income tax, housing and healthcare cost
- ✓ Increased mobility, choice and remote work are adding to outbound migration
- ✓ The financial impact in lost adjusted gross income and income tax revenue is in the billions of dollars



# Top 12 Myths

- ① The largest age group leaving Massachusetts are retirees
- ② Massachusetts is not seeing a significant drop in population and workforce compared to other states
- ③ Workers of all ages are more likely to stay given higher wage opportunities and job choices
- ④ High-income households show a lower rate of outmigration than other income groups
- ⑤ Most residents that leave move to warmer climates outside of New England
- ⑥ Low unemployment rates are proof that the state is vibrant and healthy economically

# Top 12 Myths

- ⑦ Outmigration rates during COVID were an anomaly and will return to lower pre-pandemic numbers
- ⑧ The Baystate's high quality of healthcare, regardless of cost, is a strength and helps in population retention
- ⑨ Massachusetts will not suffer large workforce losses with the rise of remote work options
- ⑩ Housing cost is the dominant influencer of outmigration in Massachusetts
- ⑪ State tax rates don't have significant impact on where high-income households choose to live
- ⑫ Future net outmigration won't materially impact state income tax collection or weaken economic prospects

# 5 Major Trends

- 1 Rate of outmigration is rising rapidly, impacting population, size and workforce composition
- 2 Growing exodus of prime age workforce and higher income earners
- 3 Outbound residents are moving mainly to 11 states with over half remaining in New England
- 4 Move-to states ranked significantly better in three drivers; lower income taxes, cost of housing and cost of healthcare
- 5 Net outmigration is costing MA billions of dollars in lost adjusted gross income & tax revenue



# Core Findings

- ✓ Since 2013, MA net outmigration has increased 1,100% to over 39,000 people
- ✓ The annualized growth rate was 28.8%.
- ✓ The Commonwealth lost \$4.3 billion in adjusted gross income due to net outmigration and \$213.7 million in income tax revenue in the 2020-21 tax year\*
- ✓ Since 2011, outmigration has cost the Baystate \$821 million in lost income tax revenue
- ✓ By 2030, net outmigration could top 96,000 people per year

\* Based on latest available data

# Core Findings

- ✓ Compared to the top move-to states, MA scored **strongest** in healthcare quality, economic health and educational quality
- ✓ MA scored **weakest** in level of income tax, housing and healthcare cost
- ✓ Over 70 percent of move-to states also scored better on level of housing burden
- ✓ Of the top states gaining MA residents, only 2 (Connecticut and California) earned lower scores
- ✓ Higher income earners are leaving MA with over half earning 1.3 to over 2.6 time the state average

# Core Findings

- ✓ Workforce exodus is broad, spanning the 24 to 64 age brackets
- ✓ Largest segment leaving, based on numbers, 26-34 age bracket
- ✓ Largest segment leaving, based on adjusted gross income, 55-64 age bracket
- ✓ Baystate outbound migration has accelerated since 2013
- ✓ Greater remote work options since COVID have also contributed to net outmigration

# Core Findings

- ✓ 11 states captured the bulk of MA net outmigration
- ✓ Top 5 destination states included Florida, New Hampshire, Maine, North Carolina and Texas
- ✓ Southern states gained the lions share of earnings transfer as measured in adjusted gross income
- ✓ Over half who moved from MA, stayed in New England
- ✓ By 2030, net outmigration could cost MA \$19.2 billion in adjusted gross income and \$961 million in lost income taxes per year

# 11 Top “Move-To” States: Comparative Scores

100 percent of the move-to states scored better on level of income tax, housing and healthcare cost

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73 percent scored better on housing burden (Proportion of household income allocated to housing cost)

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55 percent scored better on crime

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45 percent scored better on property taxes

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18 percent scored higher on quality of education

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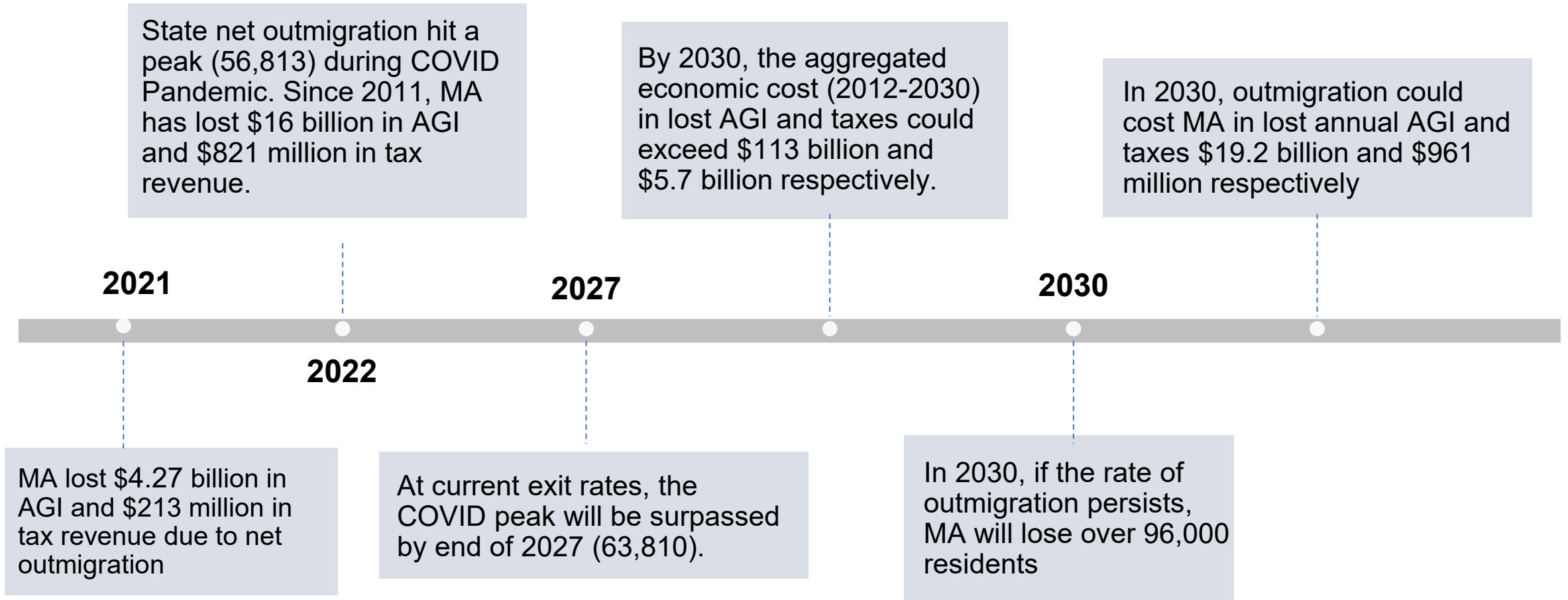
9 percent scored better on economic health

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0 percent scored higher on healthcare quality



# MA Exodus – Current & Future Economic Costs



# Core Findings

5 Major Trends: In depth

# Trend #1

MA rate of outmigration is rising rapidly, impacting population, size and workforce composition

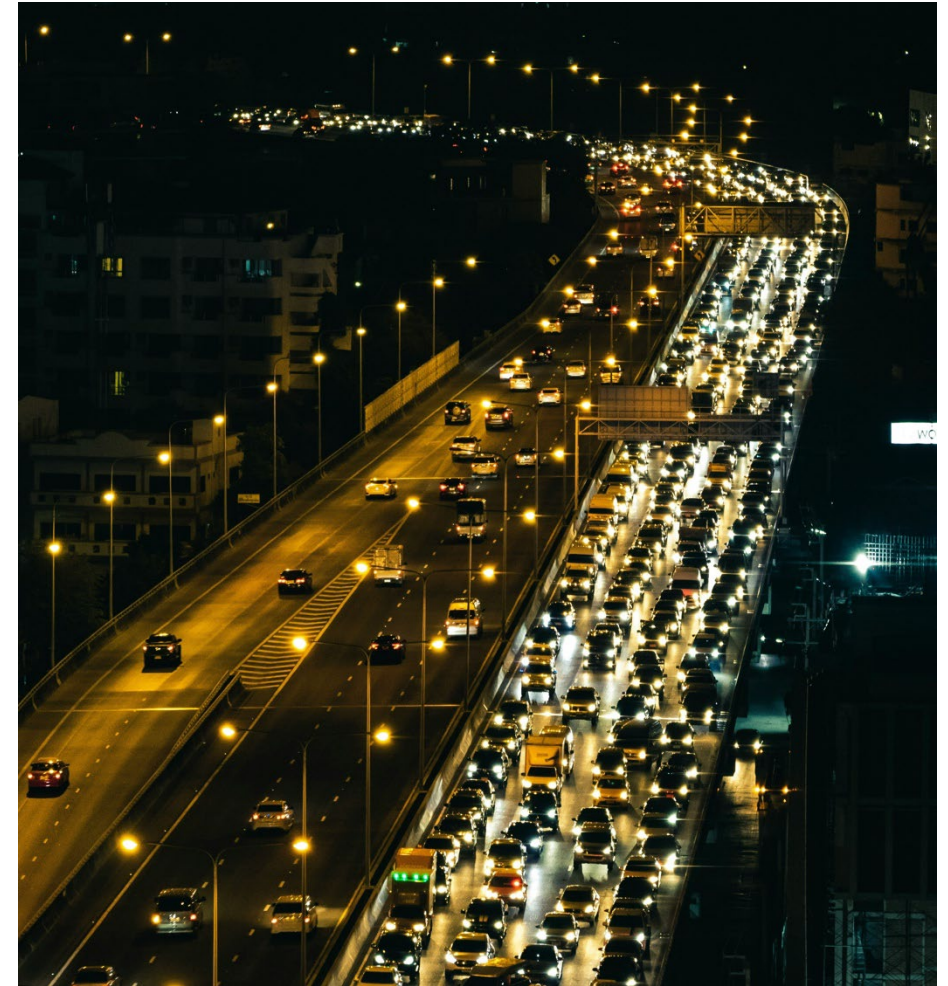
# Migration Patterns Matter

- Migration patterns are driven by citizens voting with their feet, a report card on how well a state is doing to meet their needs
- Each year, millions of Americans move from one state to another
- Movement can happen for numerous economic and noneconomic reasons
- Growing costs in a state can make it unattractive to individuals, families and businesses



# Migration Patterns Matter

- As independent sovereigns, states set policies in supporting and meeting the needs of their residents
- When a material increase in net outmigration occurs, it can impact a state's economic growth prospects, tax receipts and overall economic health
- If a state experiences a significant increase in outmigration, it should determine how best, through policy, to respond



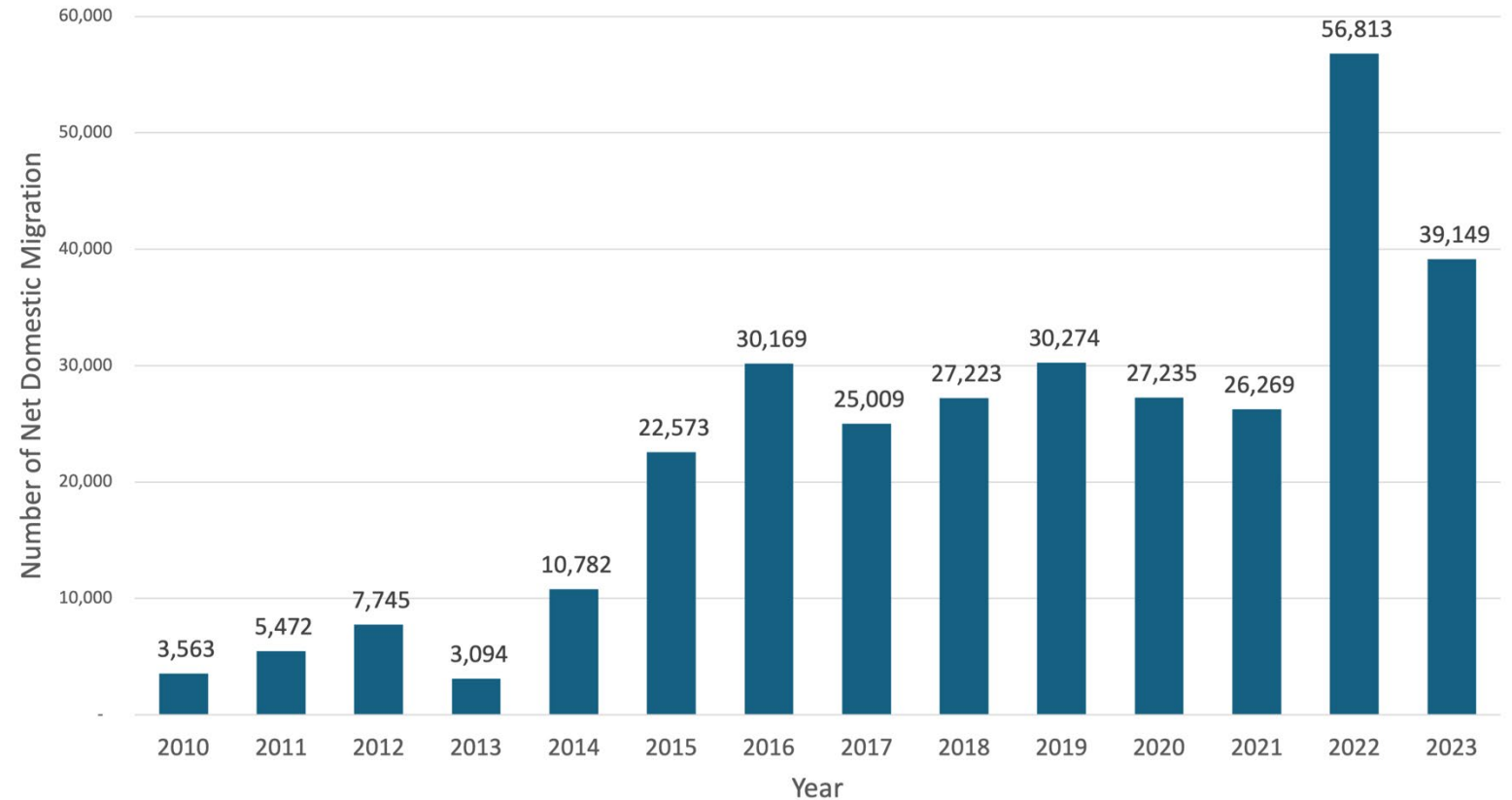


Since 2013, MA net outmigration has increased 1,100%

Annualized growth rate of 28.8%

**By 2030, net outmigration could top 96,000 per year**

2010 - 2023 MA Net Domestic Migration



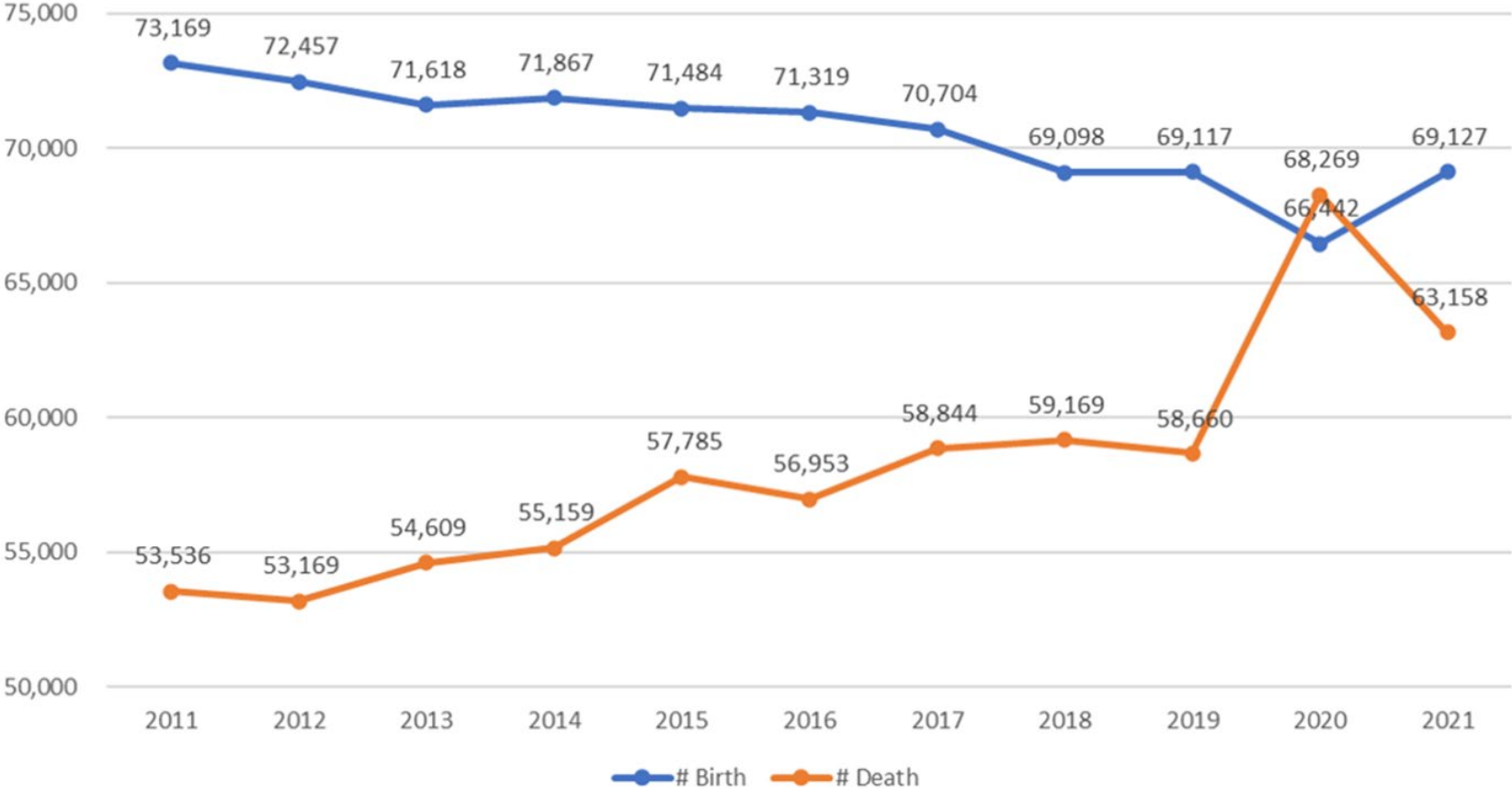
[U.S. Census Bureau, Population Division](#) Release date: December 2023

# Population Decline

- ✓ Massachusetts population growth continues to fall behind the national average
- ✓ In 2023, state population was about 7 million, with an anemic growth rate of .27 percent, half the rate of the national average
- ✓ In 2021 and 2020, state population declined while the US growth rate was positive
- ✓ States like Florida, South Carolina and Texas are growing at 3 times the national average
- ✓ Many move-to states will gain additional congressional seats

# Baystate Births & Death Trends

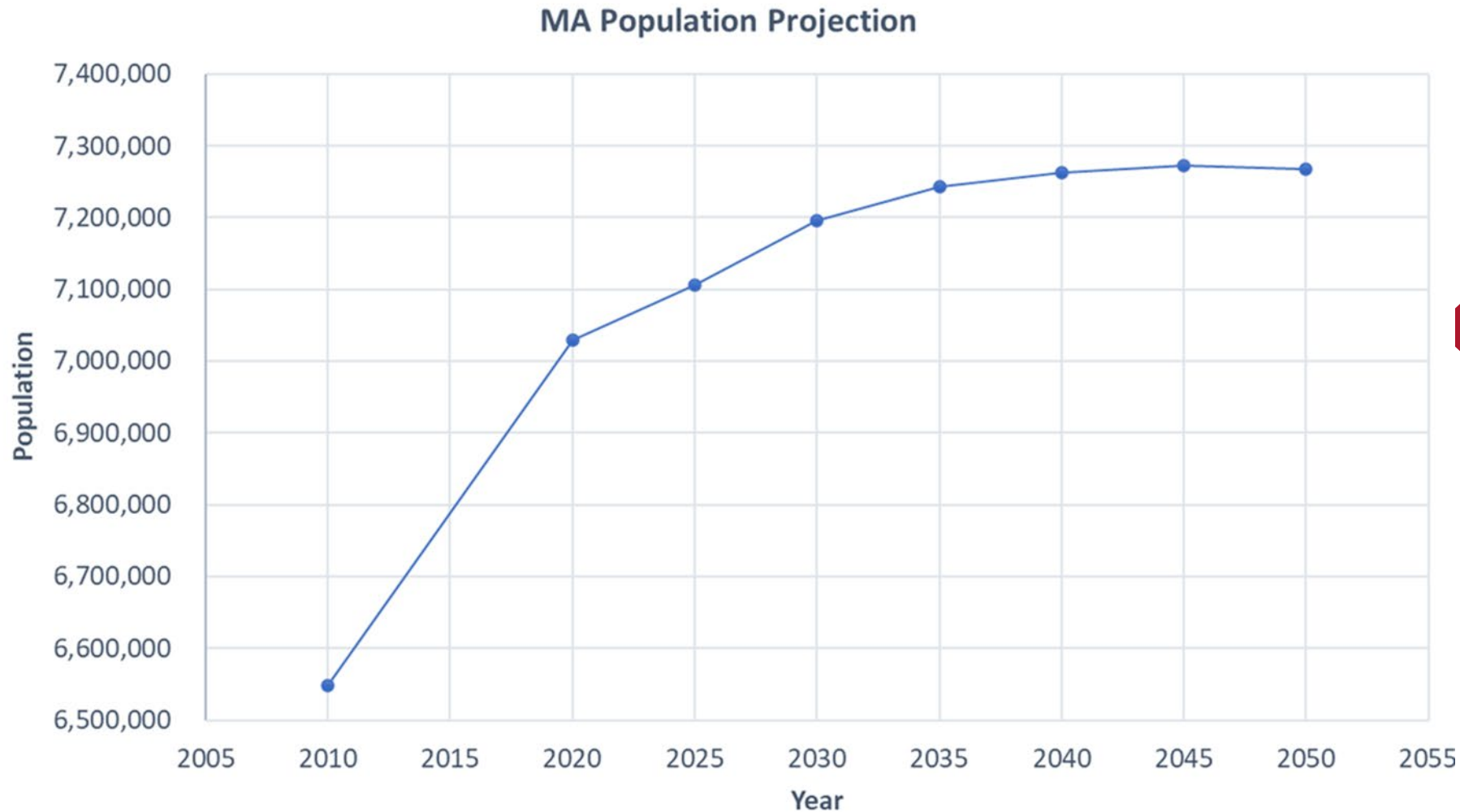
MA Birth Rate vs Death Rate over Decade



Over the last decade, births are down & deaths are up

Data source: U.S. Bureau of Labor Statistics

# Baystate Population Projections are Overstated



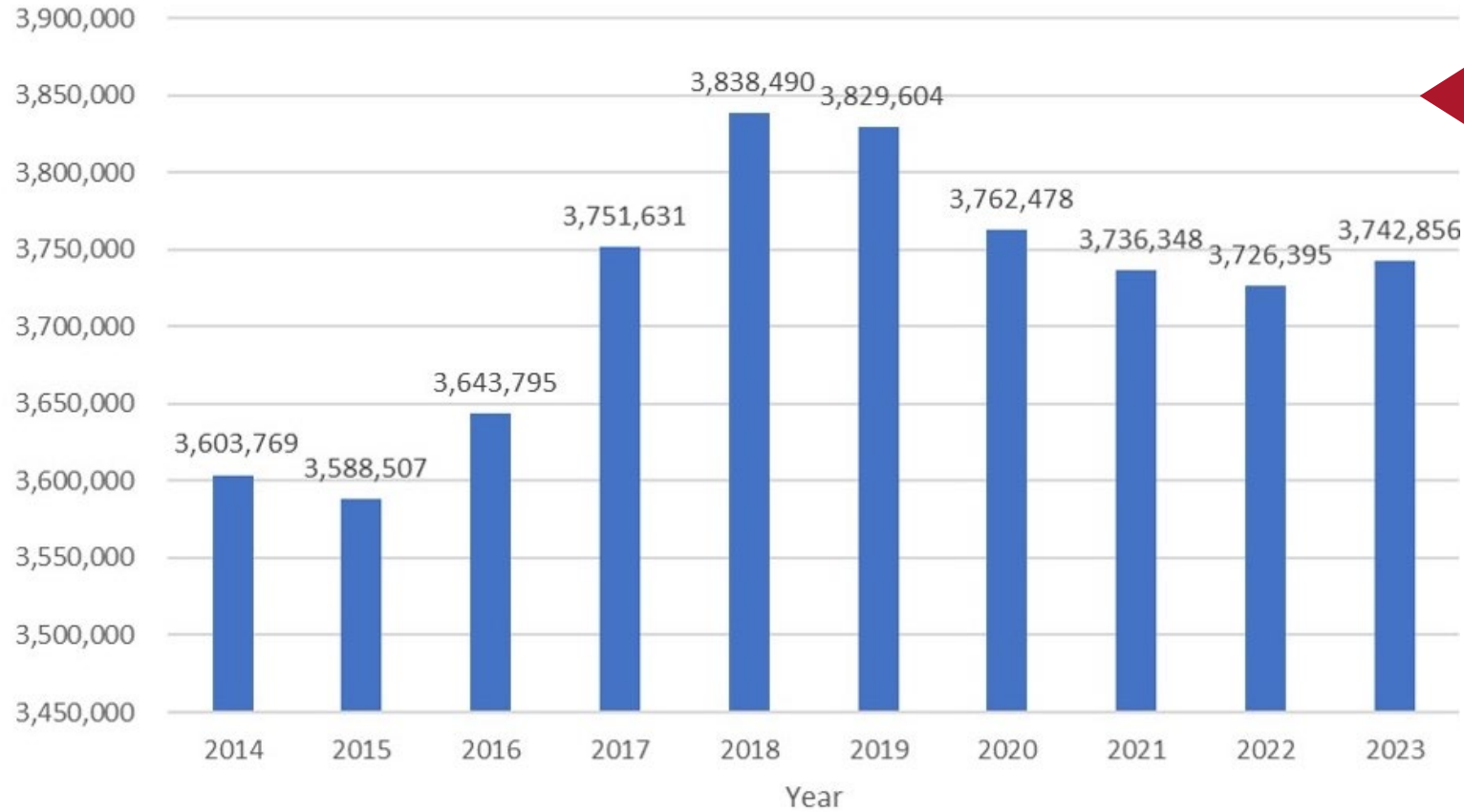
**Rising outmigration has made existing MA forecasts inaccurate**

Data source: Mass.gov



# MA Labor Force Decline Since Peak

2014-2023 MA Civilian Labor Force



Over 95,000 fewer workers than in 2018

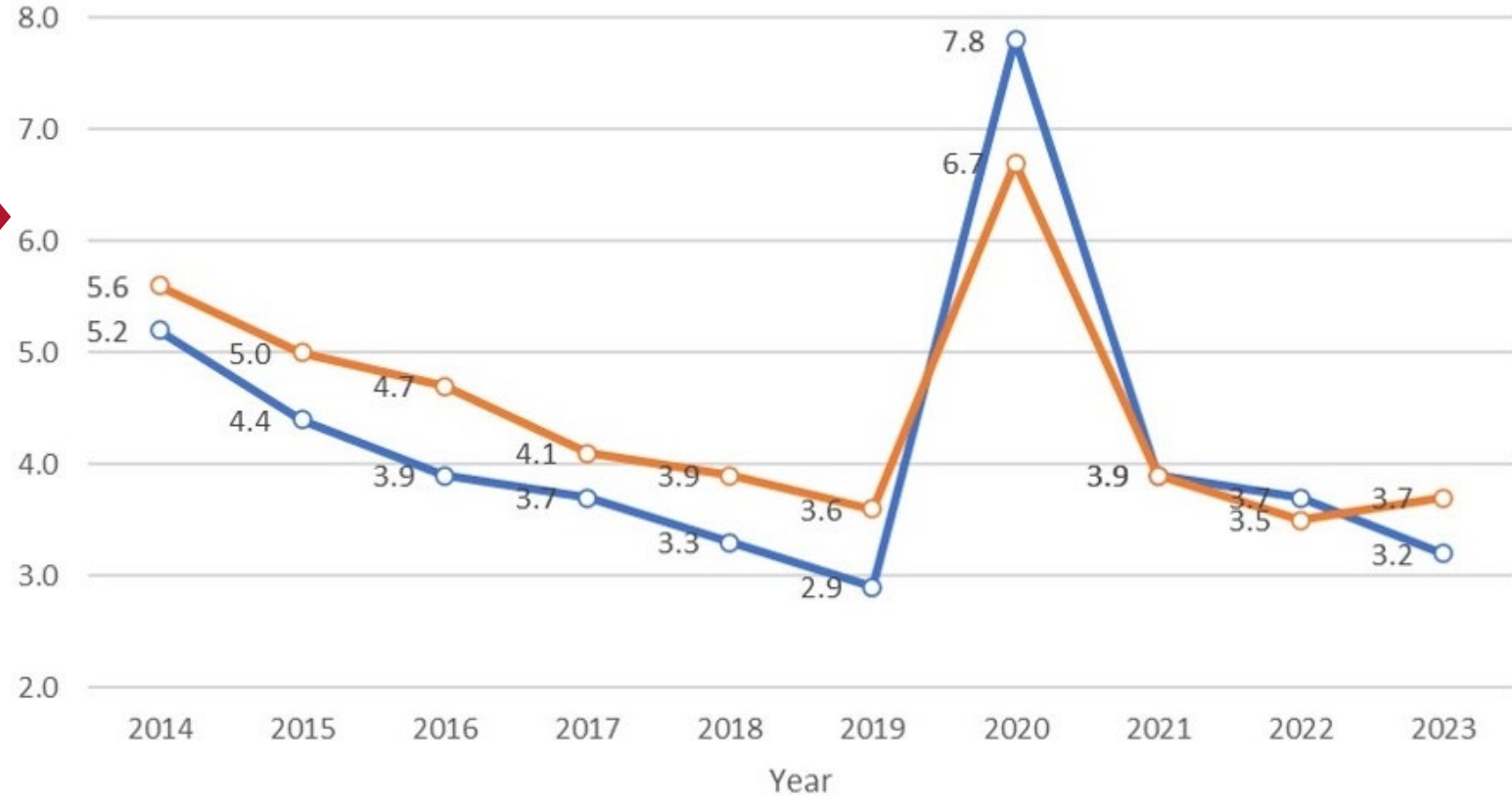
Data source: U.S. Bureau of Labor Statistics



# MA Job Market Strong

Residents are not leaving because of a lack of jobs!

MA vs the US Average Unemployment Rate



Data source: U.S. Bureau of Labor Statistics

MA Unemployment Rate

National Average Unemployment Rate

# Covid Shock - Shifted Employee & Employer Mindset



**Ushered in a rethink to what constitutes a business workplace & expanded the geographical reach to draw employees**



**Covid also triggered the great resignation where millions of workers across the US quit the workforce**



**Workforce & businesses now have greater mobility in where they located, how to attract & retain workers**

# Remote workers have more options as to where to work, live & play

MA has one of the highest % of remote workers. New Hampshire & Vermont also rank in the top-10

## Highest % Remote Workers

Colorado	- 37.34%
Maryland	- 37.01%
Massachusetts	- 36.36%
Utah	- 36.02%
Washington	- 34.80%
Minnesota	- 33.69%
New Jersey	- 33.18%
New Hampshire	- 32.52%
Virginia	- 32.13%
Vermont	- 32.04%

## Lowest % Remote Workers

11.93%	- Mississippi
13.68%	- Louisiana
15.51%	- Wyoming
15.56%	- Arkansas
15.92%	- North Dakota
17.07%	- West Virginia
17.39%	- Alabama
18.62%	- Oklahoma
18.94%	- Kentucky
19.65%	- South Dakota

Source: <https://www.voanews.com/a/these-us-states-have-the-most-remote-workers-/7359759.html>

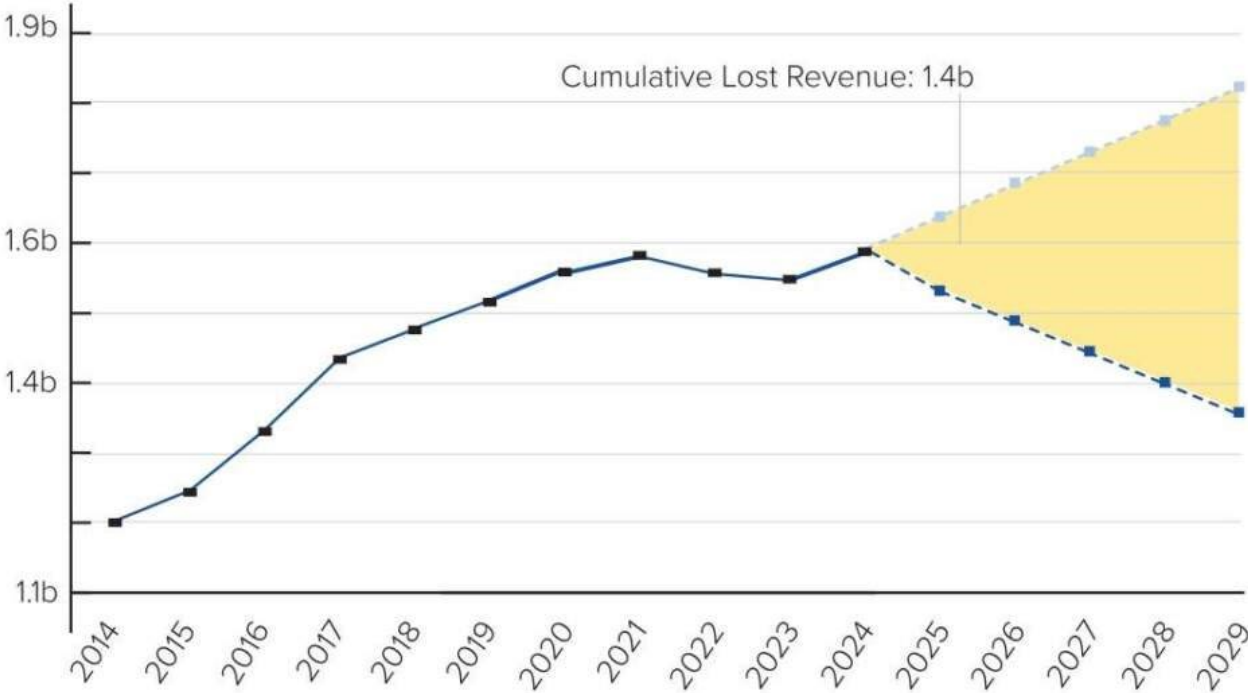
# Remote work options have also triggered a drop in Boston commercial real estate values

Vacancy rates at 18.8%, hit new  
highs, creating a fiscal fallout



# Remote Work - Fiscal Fallout Could Cost \$1.4 Billion

FIGURE 3  
**Boston Faces a Five-Year Tax Shortfall of 1.4 Billion**  
*Gap between long-term trend and expected commercial property tax collections, FY2025-29*



Source: Massachusetts Division of Local Services, cSPA Calculations  
Note: Based on our central estimate of 15 percent decline in commercial real estate values

**Lower  
Boston occupancy  
rates  
& market values  
could reduce tax  
receipts by \$1.4  
billion over the next 5  
years\***

\*[https://media.wbur.org/wp/2024/02/BPI-Fiscal\\_Fallout.pdf](https://media.wbur.org/wp/2024/02/BPI-Fiscal_Fallout.pdf)



# Net outmigration adversely impacts tax revenue

- ✓ Outmigration patterns can adversely impact tax revenue collection
- ✓ The loss to the Commonwealth in adjusted gross income and income tax revenue are in the billions of dollars
- ✓ Tax losses that were not measured in this study include sales, capital gains, property and inheritance tax

# Trend #2

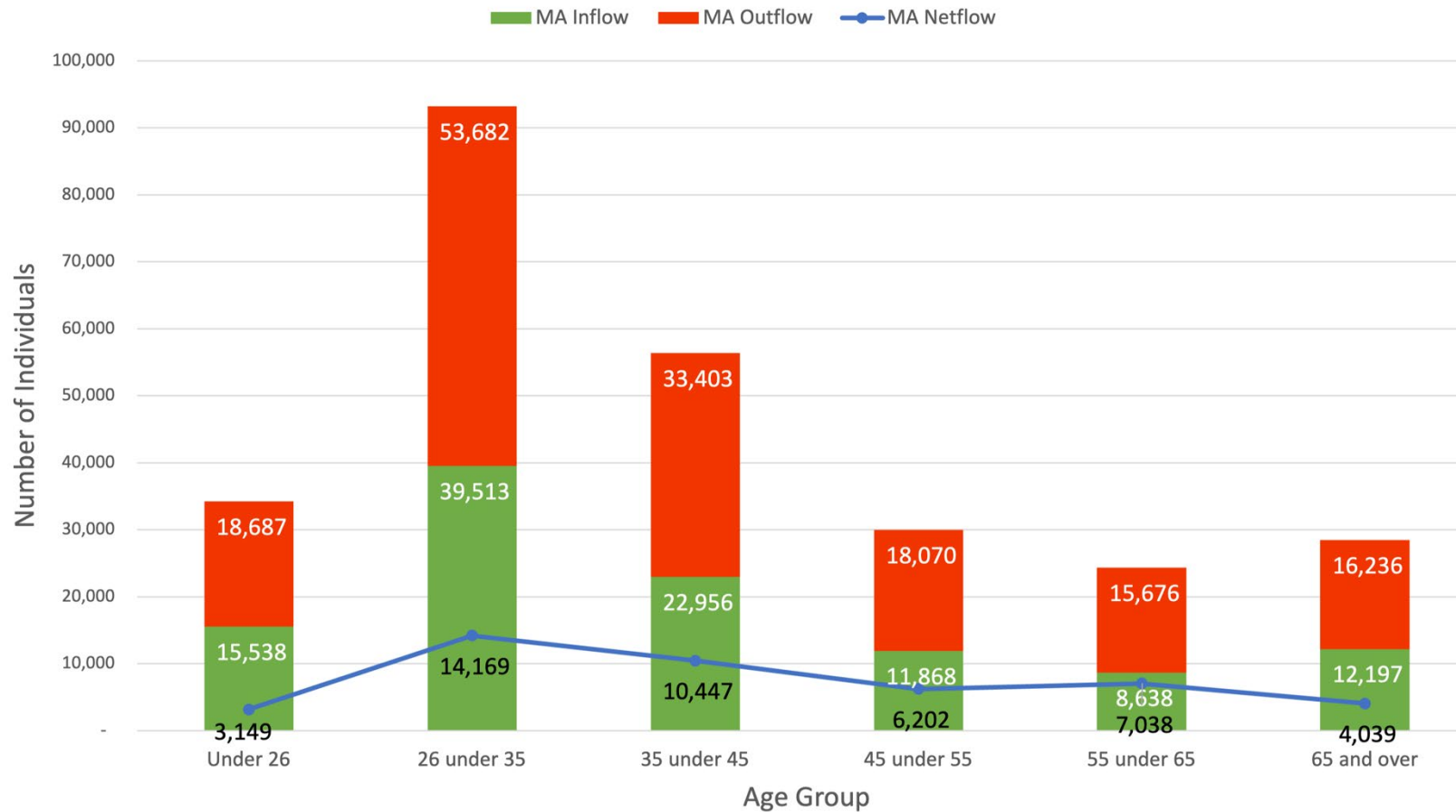
Growing exodus of prime age workforce and higher income earners

# MA Net Outmigration Demographics

- ✓ 68% - Broader exodus of prime-age workforce ranging in age from 26 to 54
- ✓ 31% - Are age 26 to 34, the **largest** category leaving by volume
- ✓ 23% - Are age 35 to 44 and the second largest category leaving
- ✓ 16% - Age 55 to 64 are the third largest category leaving but **largest** by adjusted gross income
- ✓ 9% - Retirees, age 65 and older, make up a small percentage of net outmigration

# Prime Age Workforce - Leaving Baystate

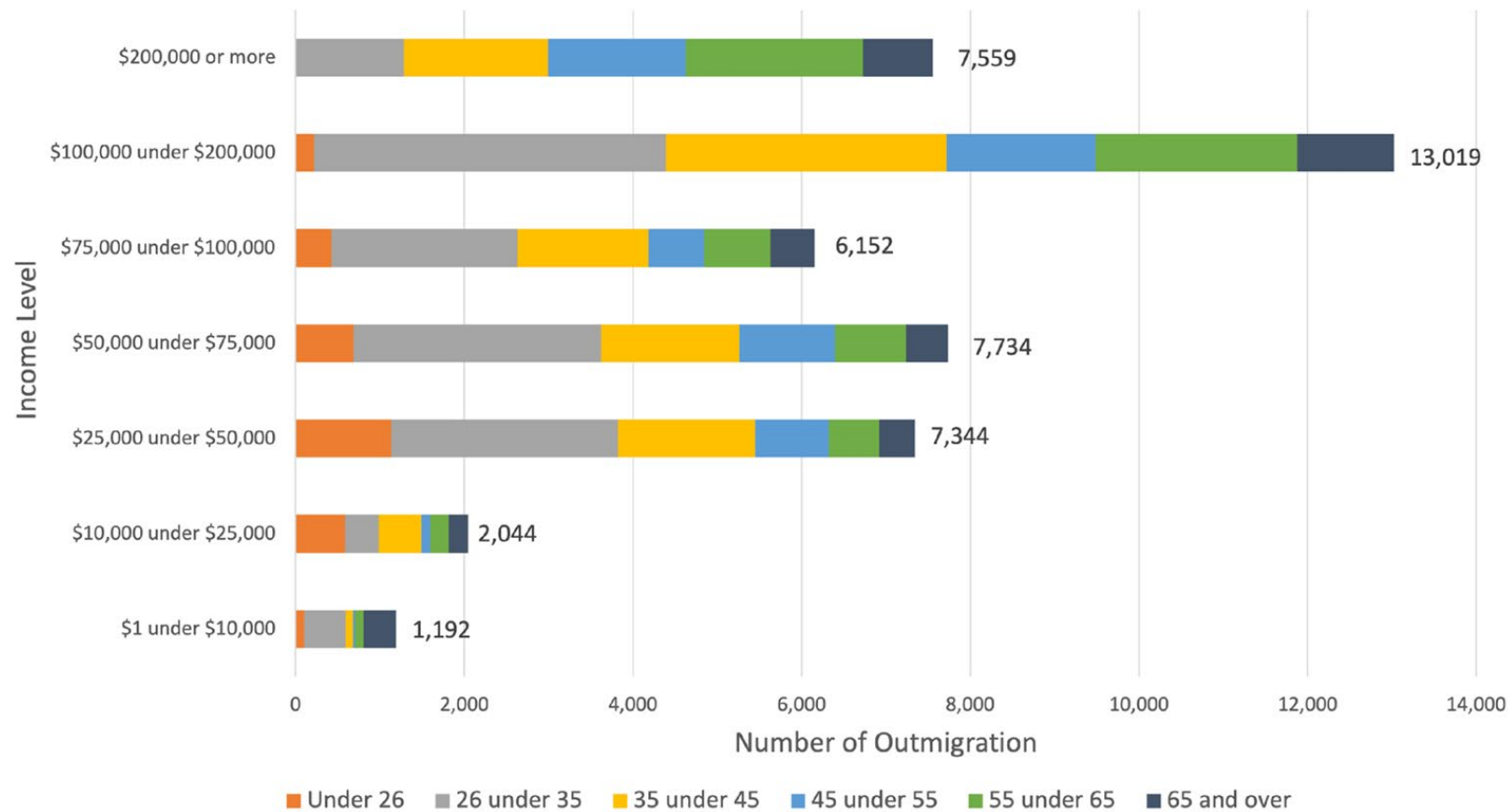
## 2020 - 2021 MA Outmigration by Age Group



Source: IRS SOI Tax  
Stats - Migration  
Data 2020-2021

# Massachusetts Exit Demographics – By Age & Salary

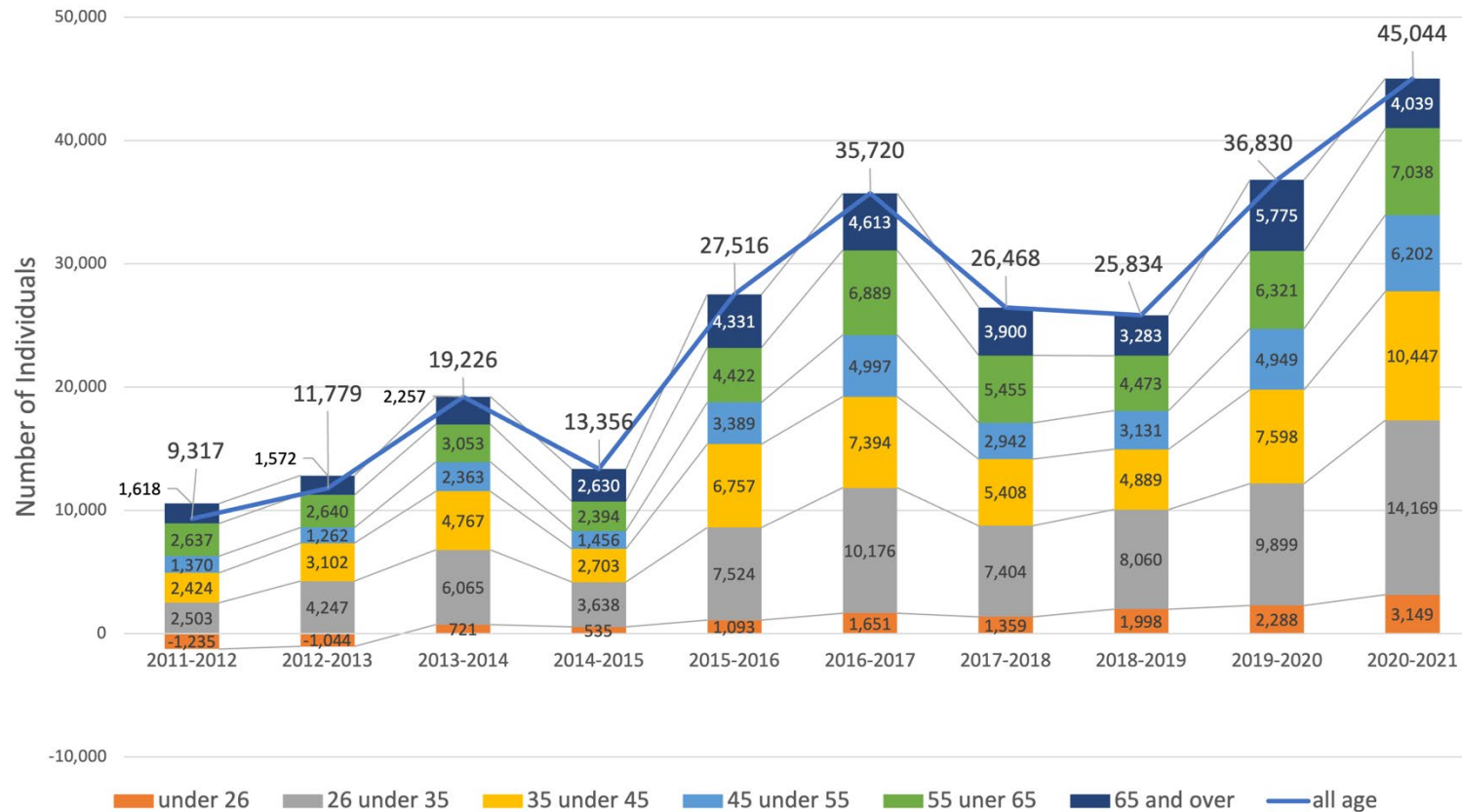
2020 - 2021 MA Outmigration by Age and Income Level



Data source: [IRS SOI Tax Stats – Migration Data 2020-2021](#))

# Age 26 under 35 – Largest Exit Group by Number

2012-2021 MA Outmigration by Age Group



## Largest Categories

**26 under 35**

35 under 45

55 under 65

Data source of all the following charts in this section: IRS SOI Tax Stats – Migration Data (2012-2021)

# Higher Income Earners are Leaving the State

\* Data source: latest available IRS data  
(2020-2021) applied

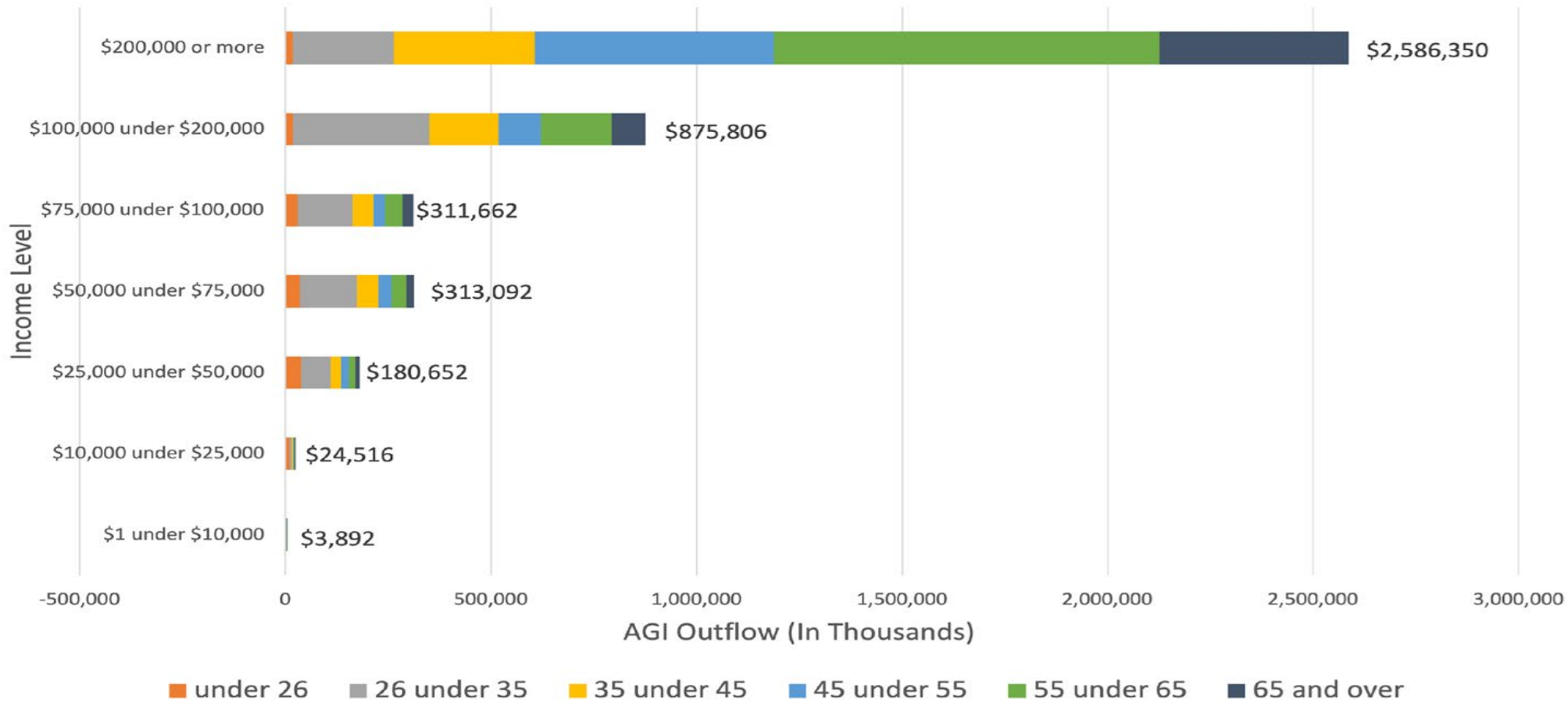
- ✓ Over half (52%) of those moving earned 1.3 to over 2.6 times the state average\*
- ✓ **19%** - Earned \$200,000 or more (placing them in at least the top 12% of US household incomes)
- ✓ **33%** - Earned \$100,000 to \$199,999 (placing them in at least the top 15% of US household incomes)

\*Average state income in 2023 was \$76,600



# Age 55 under 65 – Largest Exit Group by AGI

2020-2021 MA AGI Outflow by Age and Income Level

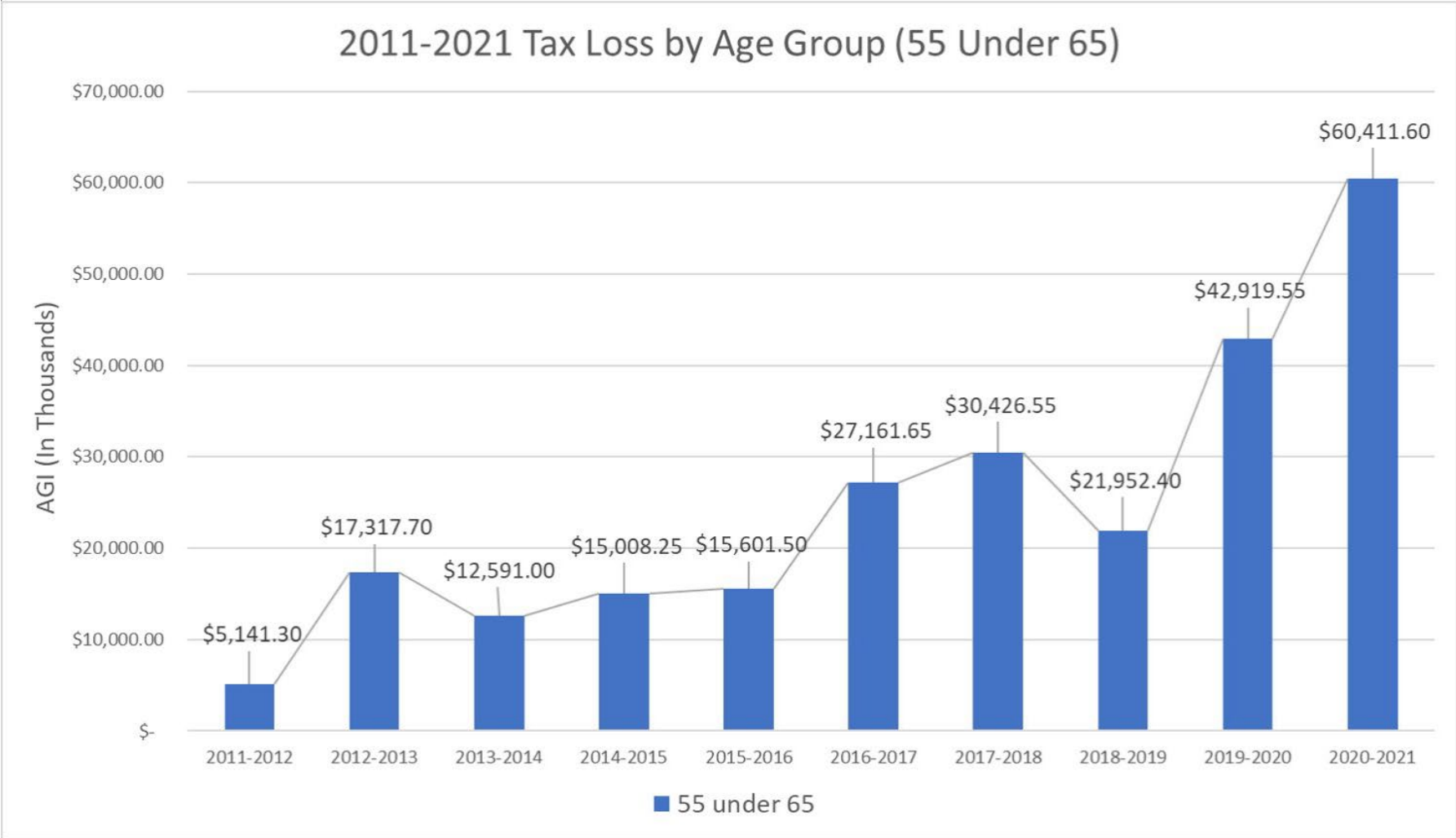


Data source: [IRS SOI Tax Stats – Migration Data 2020-2021](#))

# Lost income tax due to outbound migration by age brackets



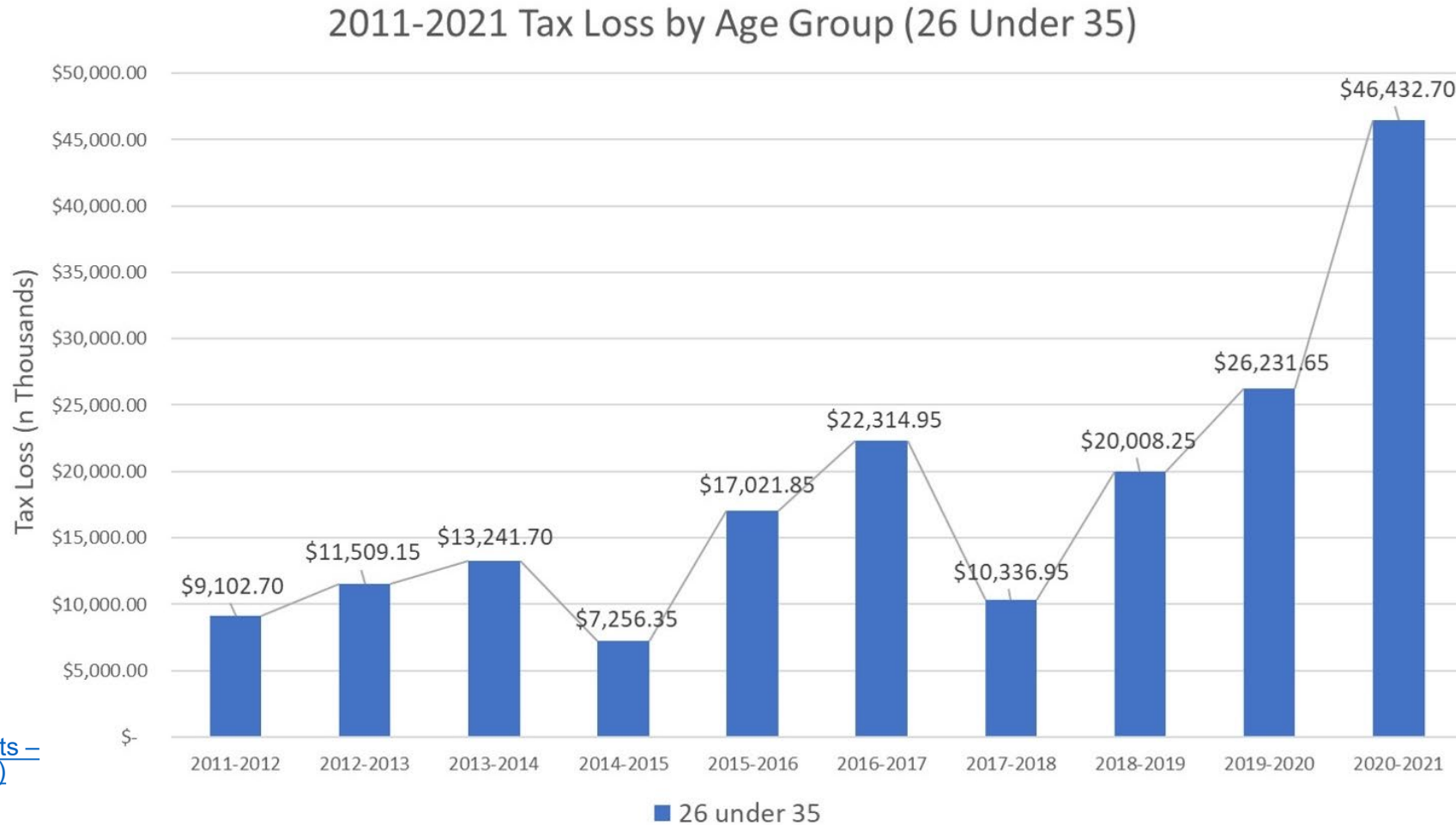
# \$60.4 Million Tax Loss – 55 under 65 Age Bracket



Data source: [IRS SOI Tax Stats – Migration Data \(2012-2021\)](#)

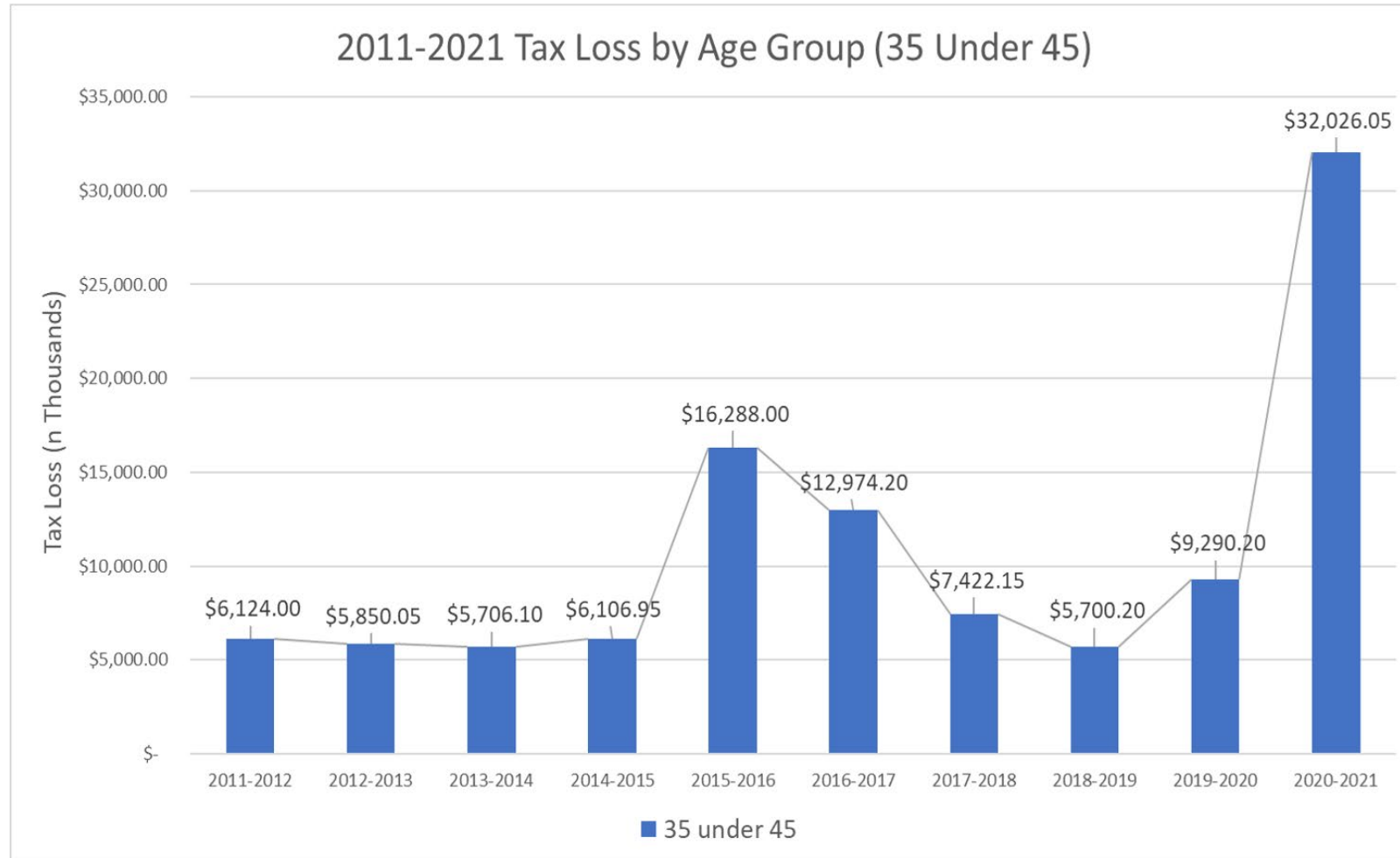


# \$46.4 Million Tax Loss – 26 under 35 Age Bracket



Data source: [IRS SOI Tax Stats – Migration Data \(2012-2021\)](#)

# \$32 Million Tax Loss – 35 under 45 Age Bracket



Data source: [IRS SOI Tax Stats – Migration Data \(2012-2021\)](#)



# Trend #3

Massachusetts residents are moving mainly to 11 states with over half remaining in New England

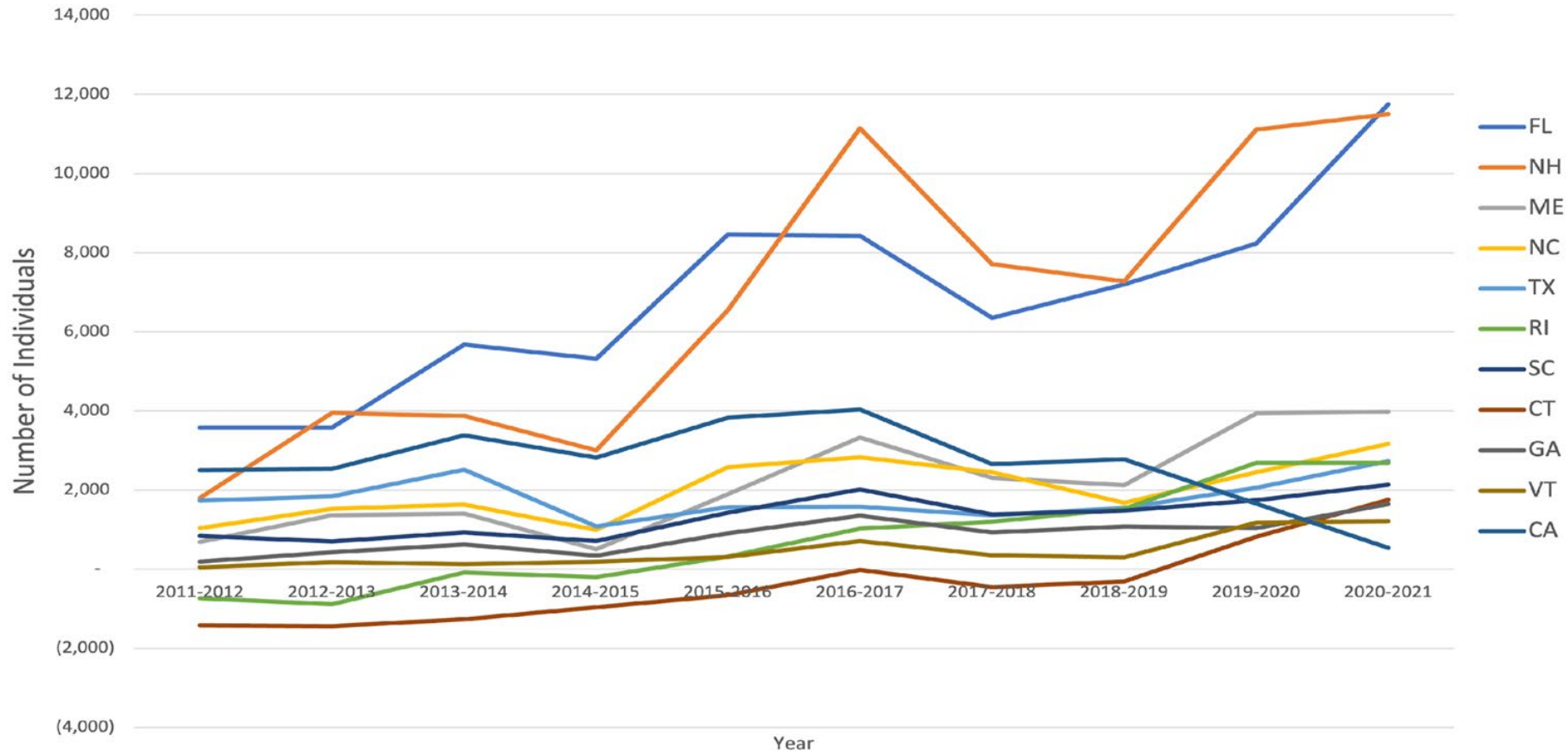


# Inbound States

- ✓ Over the last decade, the Top-5 destinations have remained consistent: Florida, New Hampshire, Maine, North Carolina and Texas
- ✓ New Hampshire has risen as one of the top two destination states, competing with Florida
- ✓ Maine, Rhode Island and Vermont are gaining Baystate residents
- ✓ About 32 percent of workers in New Hampshire and Vermont work remotely

# NH & FL are the Dominate Move-to States

2012-2021 MA Outmigration by Top Destinations

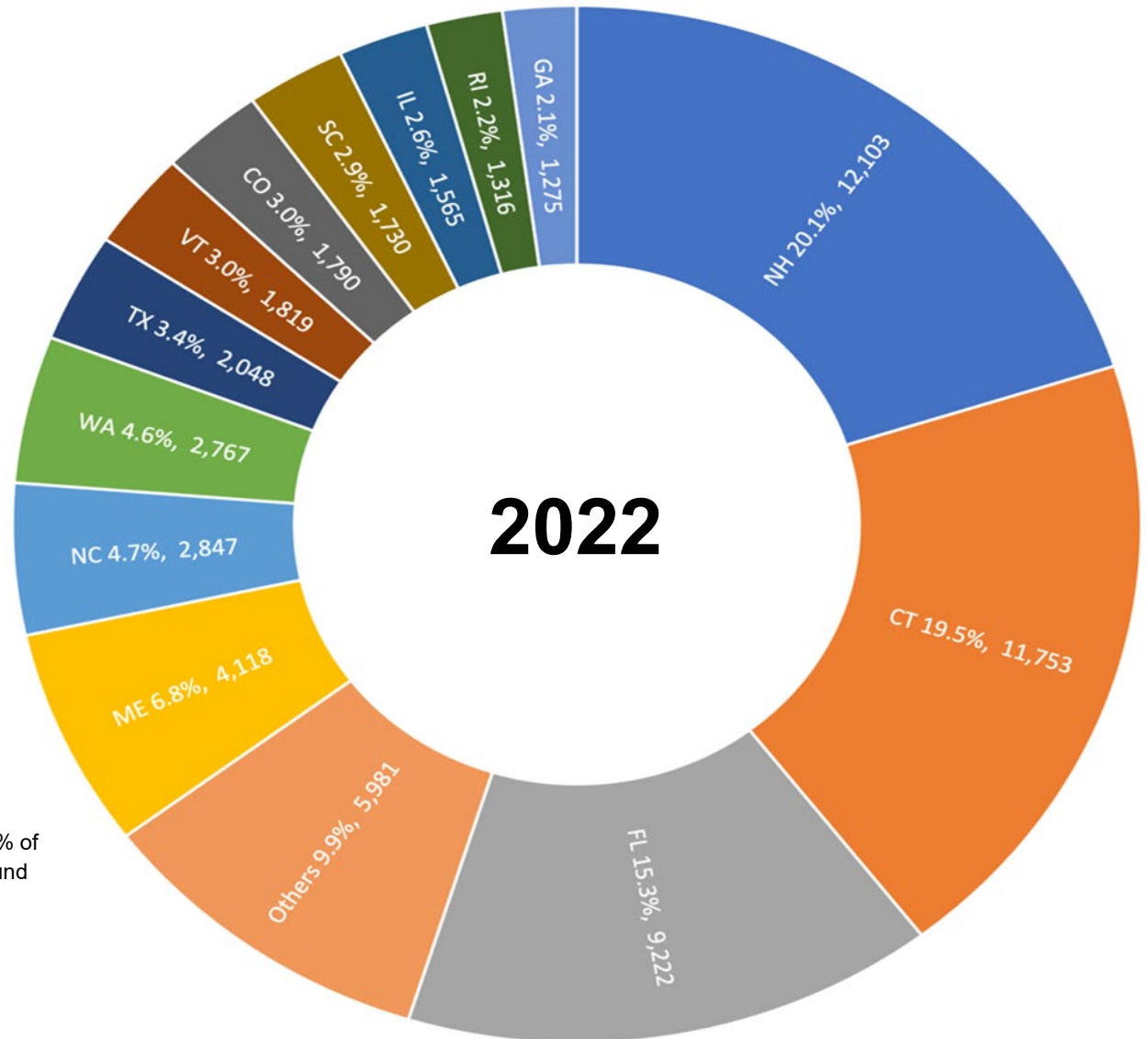


Data source: IRS SOI Tax Stats – Migration Data (2012-2021)  
<https://www.irs.gov/statistics/soi-tax-stats-migration-data>

Criteria: Included states that were in the top 5 at least once over the past 10 years & those in the top 10 at least once over the past 5 years.

**2022 - Over half of outmigration was to other New England states (52%)**

2022 Top Outbound States



✓ Outlier: Given Connecticut's lower competitive advantage score, it is perplexing how it gained 19.5% of Massachusetts residents. Once 2023 data is available, it will be important to test to see if this inbound trend persists or was an anomaly.

Data source: [Census State-to-State Migration Flows](#)



# Trend #4

Top destination states ranked significantly better in three central drivers

# 10 Drivers that Contributed to Outbound Migration

## Economic health

Based on employment rate and bond rating of each state

## Income tax

Ranking by state using 2021 Census data

## Property tax

Ranking by state using "Annual Survey of State and Local Government Finances" by the U.S. Census Bureau

## Housing cost

The median listing price for properties as of September 2023

## Housing burden

based on the proportion of household income allocated to housing costs.

## Healthcare cost

The per capita healthcare based on expenditures

## Healthcare quality

based on 58 measurements

## Quality of public education

based on numerous variables

## Crime rate

Rates are the number of reported offenses per 100,000 of the population.

## Weather

The 12-month average temperature

# 10 central drivers evaluated

## Dominant drivers emerged

- ✓ Lower income taxes
- ✓ Housing cost
- ✓ Healthcare cost

# MA outmigration drivers: top 3/bottom 3 Rankings

## Massachusetts ranked **Strongest**

- 1) Healthcare quality
- 2) Economic health
- 3) Education quality

## Massachusetts ranked **Weakest**

- 1) Housing cost
- 2) Income tax rates
- 3) Healthcare costs

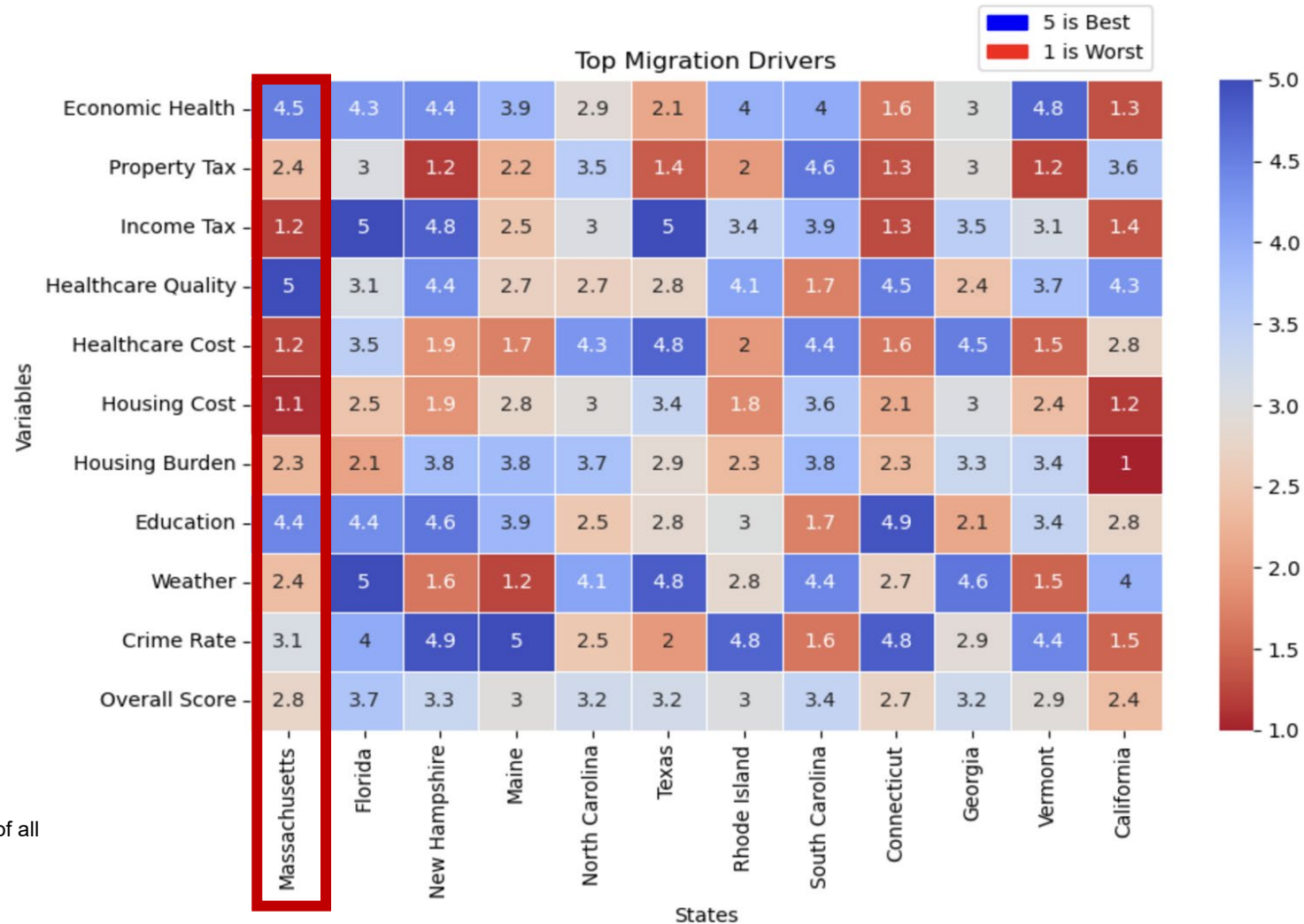


# Competitive Advantage Heatmap Scoring Process

- 10 central drivers were used to score, rank and compare MA to the top 11 move-to states
- A scoring system of 1 (weak) to 5 (strong) was applied and ranking assigned
- Each driver was scored, given equal weighting (1/10) and an overall score calculated
- To assist in identifying themes including similarities, differences, strengths and weaknesses, a color pantone system (blue to red) was used
- Once ranking and scores were totaled, an overall competitive advantage score was calculated
- The **higher** the competitive advantage score, the **greater** that state's ability over MA in attracting inbound residents

# Competitive Advantage Score – MA vs Move-to States

Drivers	MA
Economic Health	4.5
Property Tax	2.4
Income Tax	1.2
Healthcare Quality	5
Healthcare Cost	1.2
Housing Cost	1.1
Housing Burden	2.3
Education	4.4
Weather	2.4
Crime Rate	3.1
<b>Overall Score</b>	<b>2.8</b>

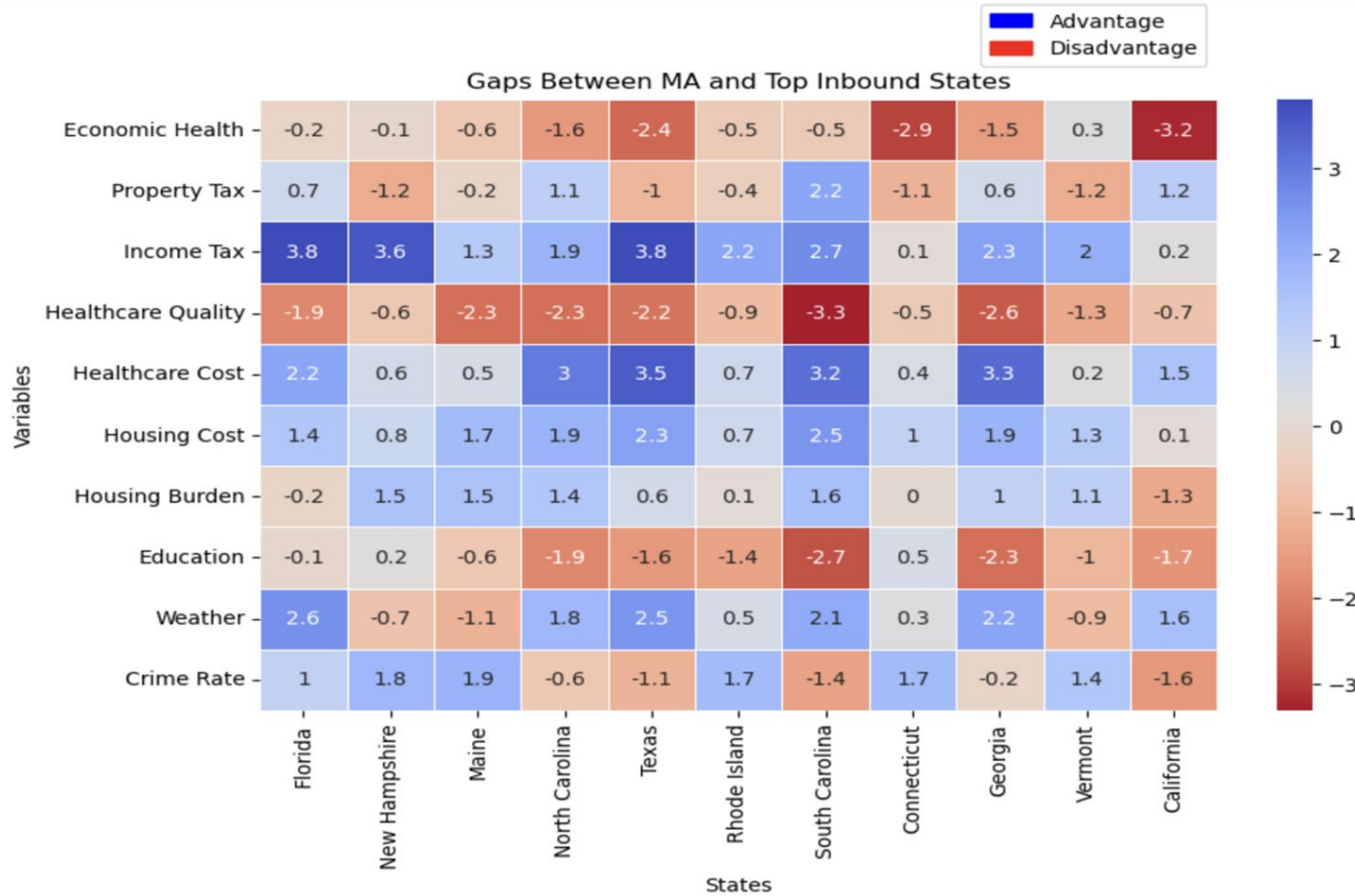


All 10 drivers were equally weighed, & the overall score reflects the sum of all factors. Each score was rounded to the nearest 1/10<sup>th</sup>



# Competitive Advantage – Move-to States vs MA

The higher a state's overall score, the greater their competitive advantage. A negative score indicates MA retains a competitive advantage.



Each score was rounded to the nearest 1/10<sup>th</sup>

Competitive Advantage Score vs MA	
Florida	9.2
New Hampshire	5.9
Maine	2.1
North Carolina	4.7
Texas	4.4
Rhode Island	2.7
South Carolina	6.3
Connecticut	-0.5
Georgia	4.7
Vermont	1.9
California	-3.9



**Areas of competitive advantage – move-to states vs MA (7 of 10)**

Based on 10 central drivers

Central Drivers	Average Advantage
Income Tax	2.39
Healthcare Cost	1.92
Housing Cost	1.57
Weather	1.09
Housing Burden	0.72
Crime Rate	0.46
Property Tax	0.08
Education	-1.28
Economic Health	-1.32
Healthcare Quality	-1.87

**Areas of competitive weakness – move-to states vs MA (3 of 10)**

Based on 10 central drivers

Central Drivers	Average Advantage
Income Tax	2.39
Healthcare Cost	1.92
Housing Cost	1.57
Weather	1.09
Housing Burden	0.72
Crime Rate	0.46
Property Tax	0.08
Education	-1.28
Economic Health	-1.32
Healthcare Quality	-1.87

**Percentage of  
move-to states  
that scored better  
than MA on the 10  
central drivers**

Income Tax	2.39	100%
Healthcare Cost	1.92	100%
Housing Cost	1.57	100%
Weather	1.09	73%
Housing Burden	0.72	73%
Crime Rate	0.46	55%
Property Tax	0.08	45%
Education	-1.28*	18%
Economic Health	-1.32*	9%
Healthcare Quality	-1.87*	0



# Net outmigration & MA income tax policy

- ✓ Higher income residents are leaving the state
- ✓ Using latest available government datasets, more than half of those who left earned 1.3 to over 2.6 times the state average (top 15% or higher of US household incomes)
- ✓ 2023 was the first year of the 4% Wealth Surtax
- ✓ Once 2023 datasets are available, they should be closely evaluated to better understand the influence of new tax policy on current and future net migration

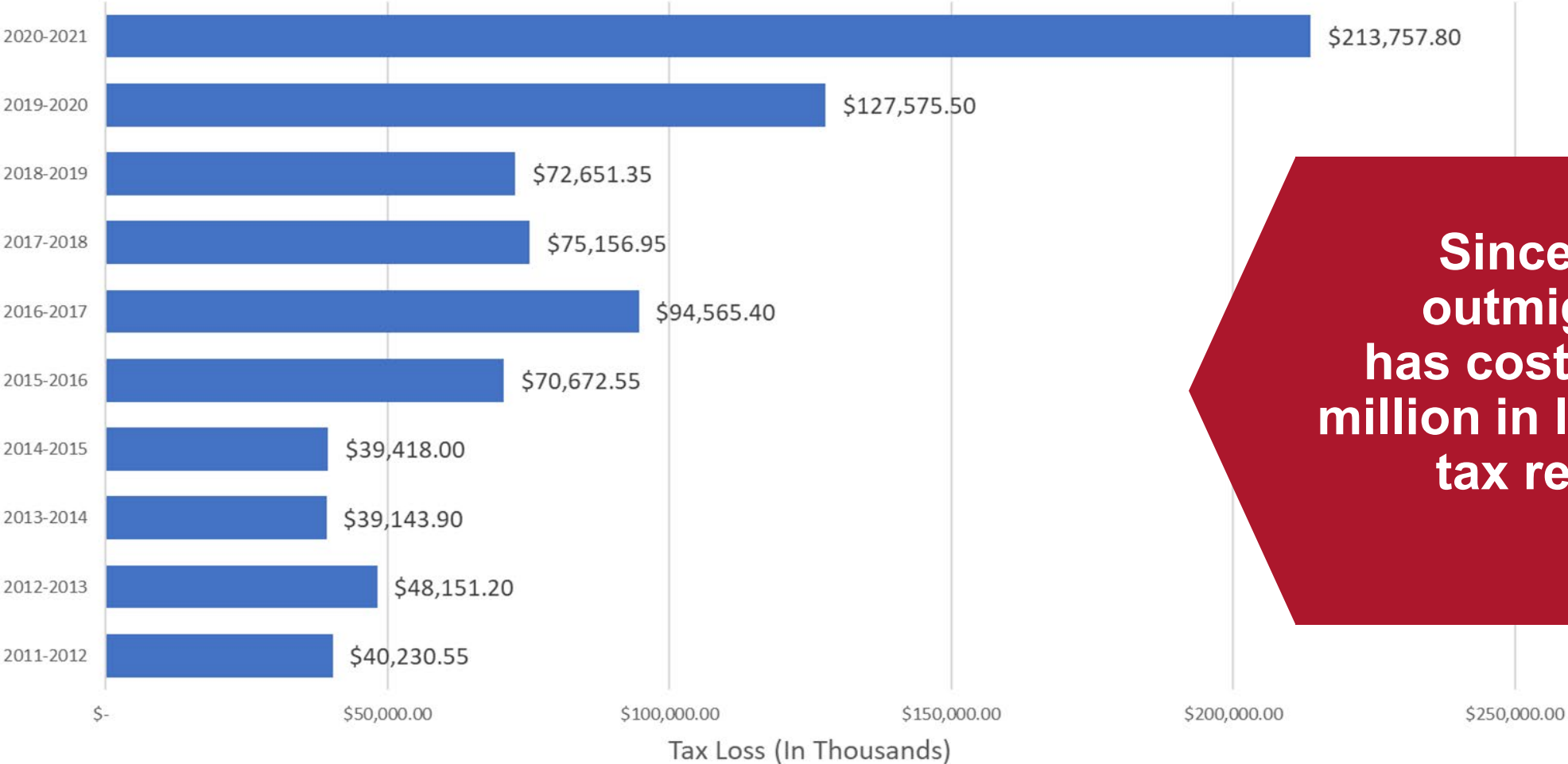
# Trend #5

Net outmigration is costing MA billions of dollars in lost adjusted gross income & tax revenue

# Findings

- ✓ Individuals and families that move are taking increasingly more adjusted gross income with them
- ✓ Southern states are gaining the lions share of adjusted gross income
- ✓ Since 2011, outmigration has cost Massachusetts \$821 million in lost income tax revenue
- ✓ Estimated lost income tax revenue in the 2020-21 tax year totaled \$213.7 million

# Massachusetts Tax Loss Over Years



**Since 2011,  
outmigration  
has cost MA \$821  
million in lost income  
tax revenue**

5% average tax rate applied

Data source: IRS SOI Tax Stats – Migration Data (2012-2021)



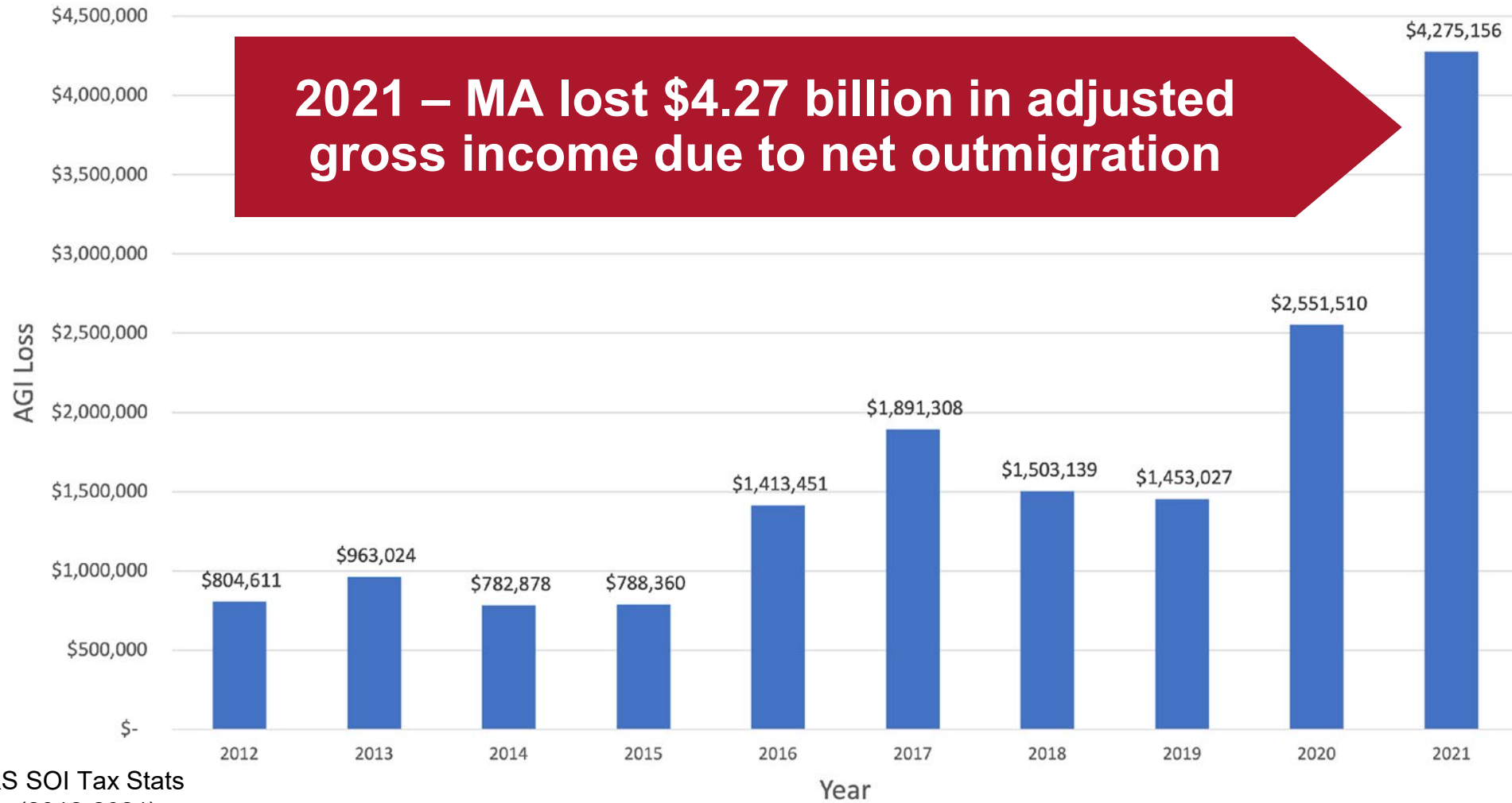
# Findings – AGI is also moving out of MA

- In 2021, Massachusetts lost \$4.27 billion in adjusted gross income due to net outmigration
- Southern states captured \$2.3 billion in AGI (48%)
- New England states captured \$1.8 billion in AGI (37%)
- The majority of AGI\* was transferred to three states:  
Florida, New Hampshire and Maine
  1. Florida gained \$1.77 billion (42%)
  2. New Hampshire gained \$1.12 billion (26%)
  3. Maine gained \$393 million (9%)



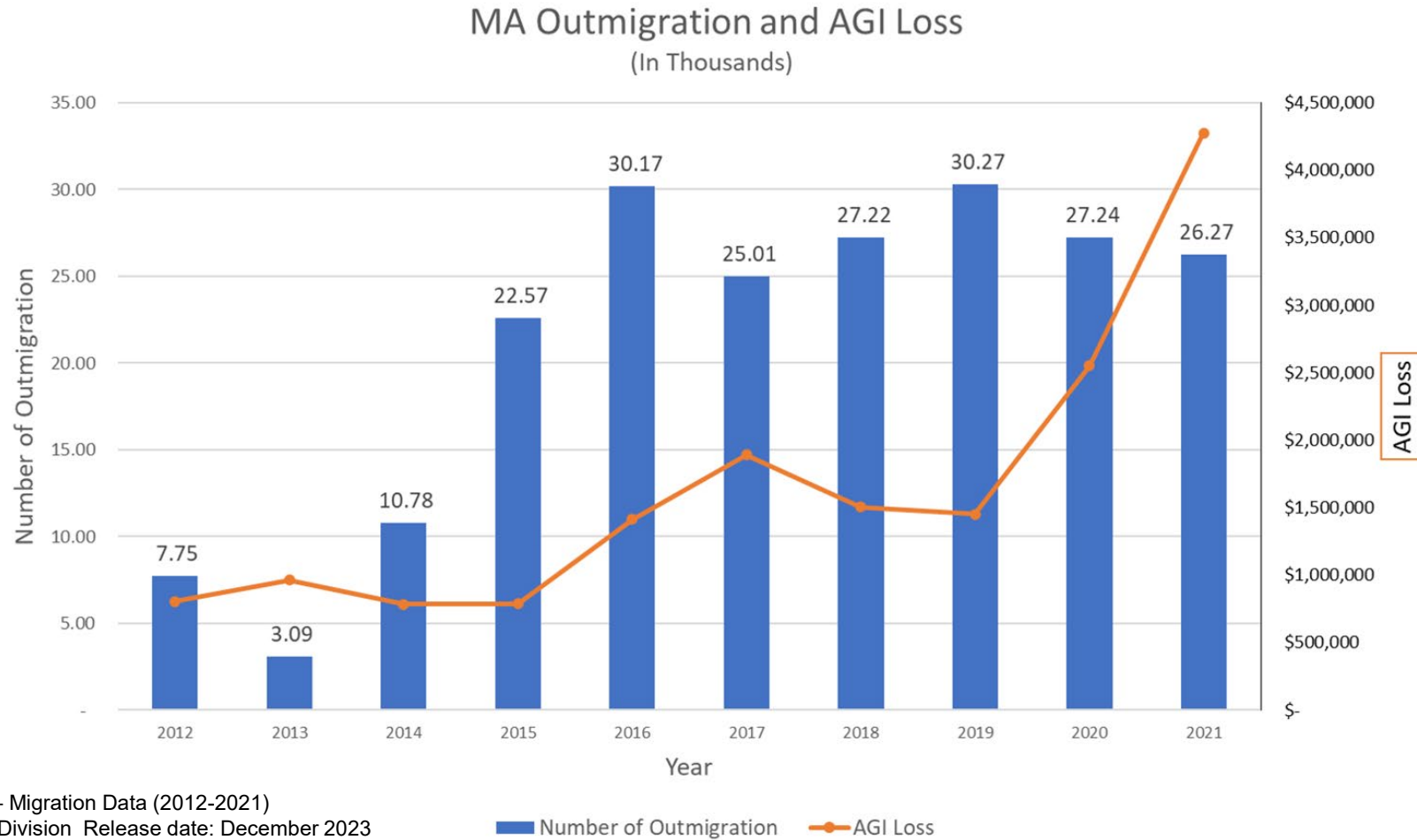
\* based on latest available government data (2021)

## 2012 - 2021 MA AGI Loss (In Thousands)



Data source: IRS SOI Tax Stats  
– Migration Data (2012-2021)

# MA Net Outmigration and AGI loss – (2012-2021)



Data source: IRS SOI Tax Stats – Migration Data (2012-2021)  
U.S. Census Bureau, Population Division Release date: December 2023

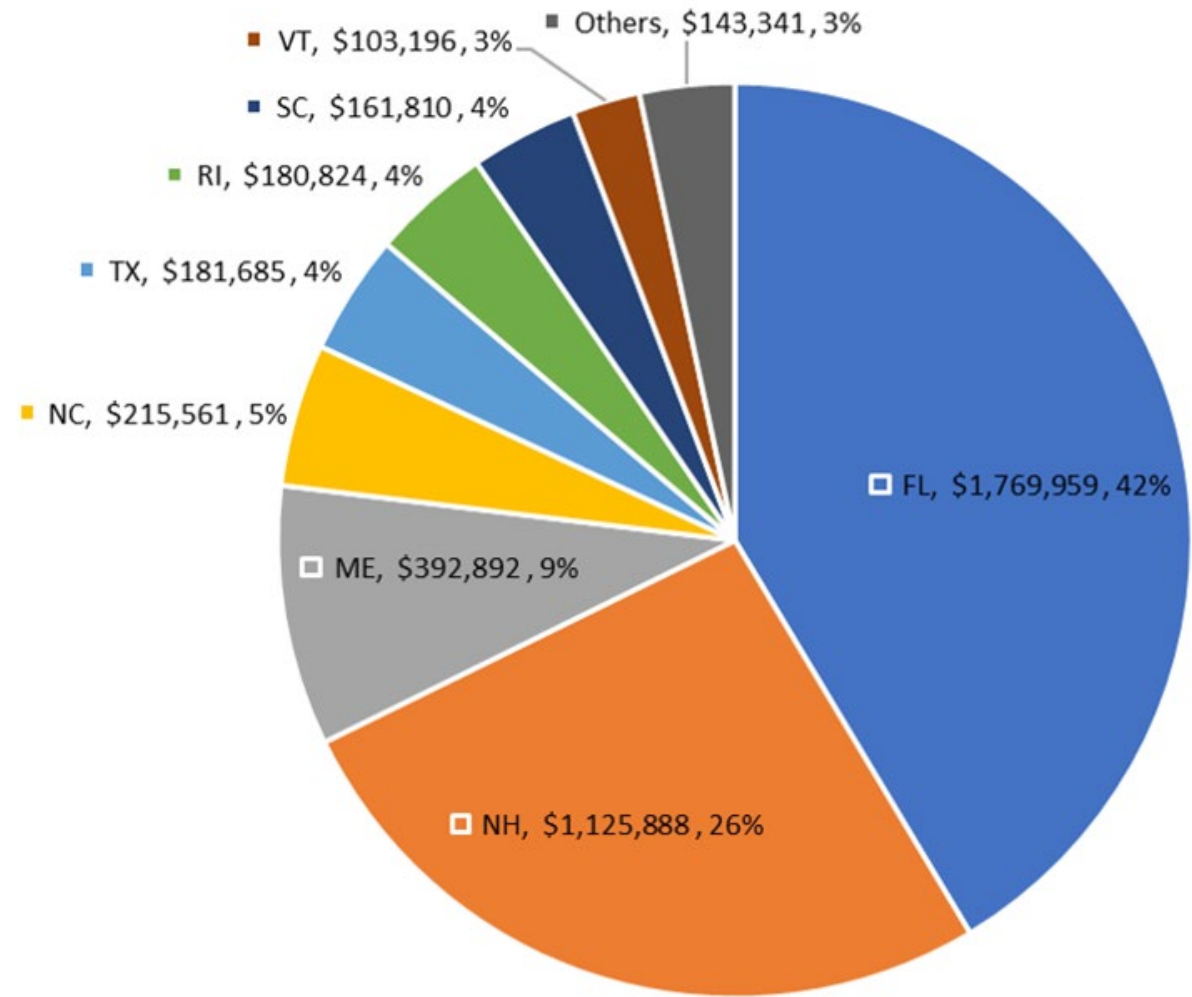


# Adjusted gross income transfer from MA

Florida, New Hampshire & Maine were the biggest beneficiaries

Data source: IRS SOI Tax Stats – Migration Data (2012-2021)

2021 MA AGI Loss Distribution (In Thousands)

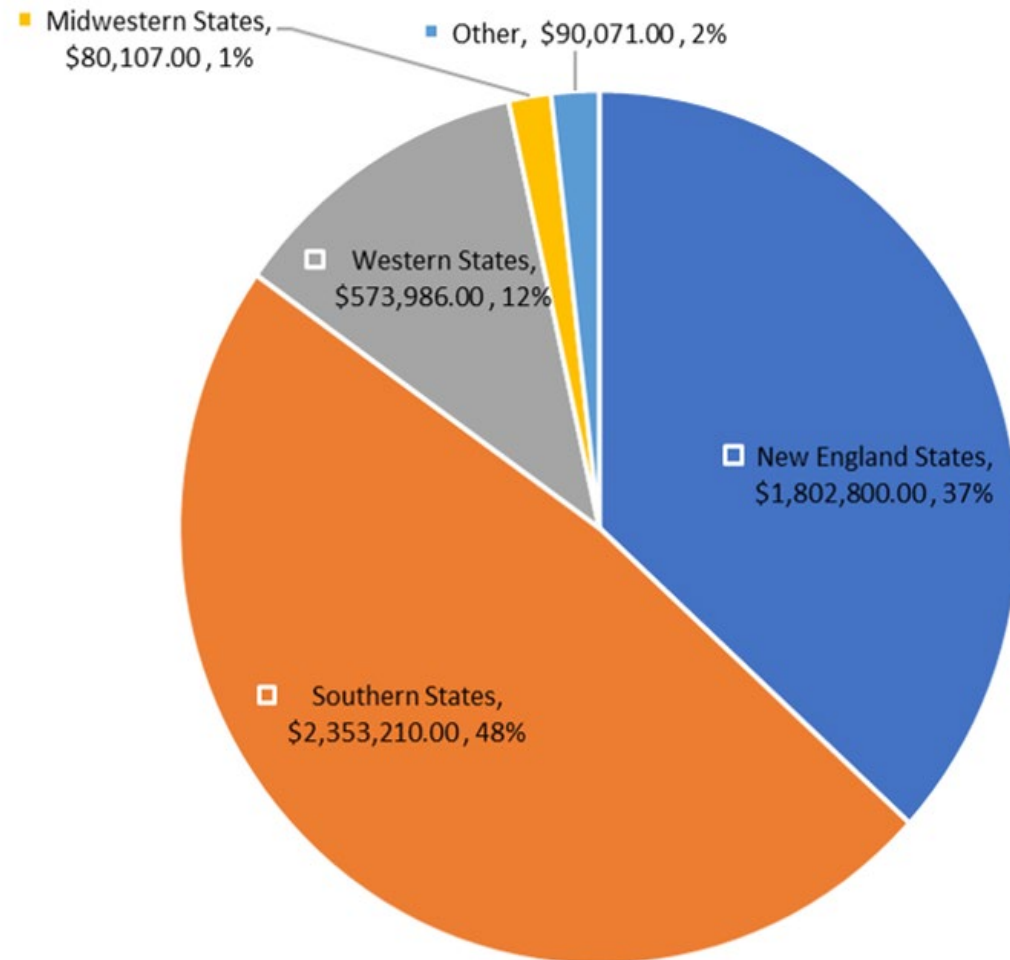


# Adjusted gross income transfer by region

MA lost \$2.3 billion to Southern States & \$1.8 billion to other New England States

Data source: IRS SOI Tax Stats – Migration Data (2012-2021)

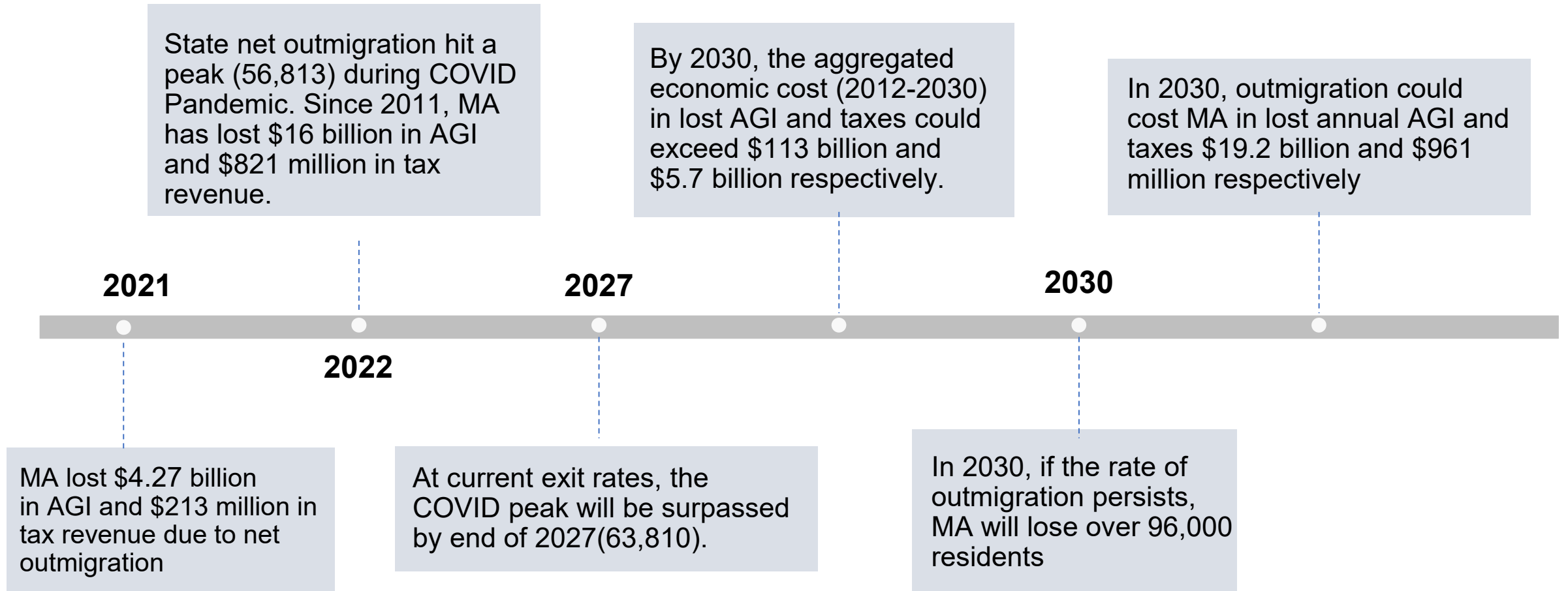
2021 MA AGI Loss Distribution by Region (In Thousands)



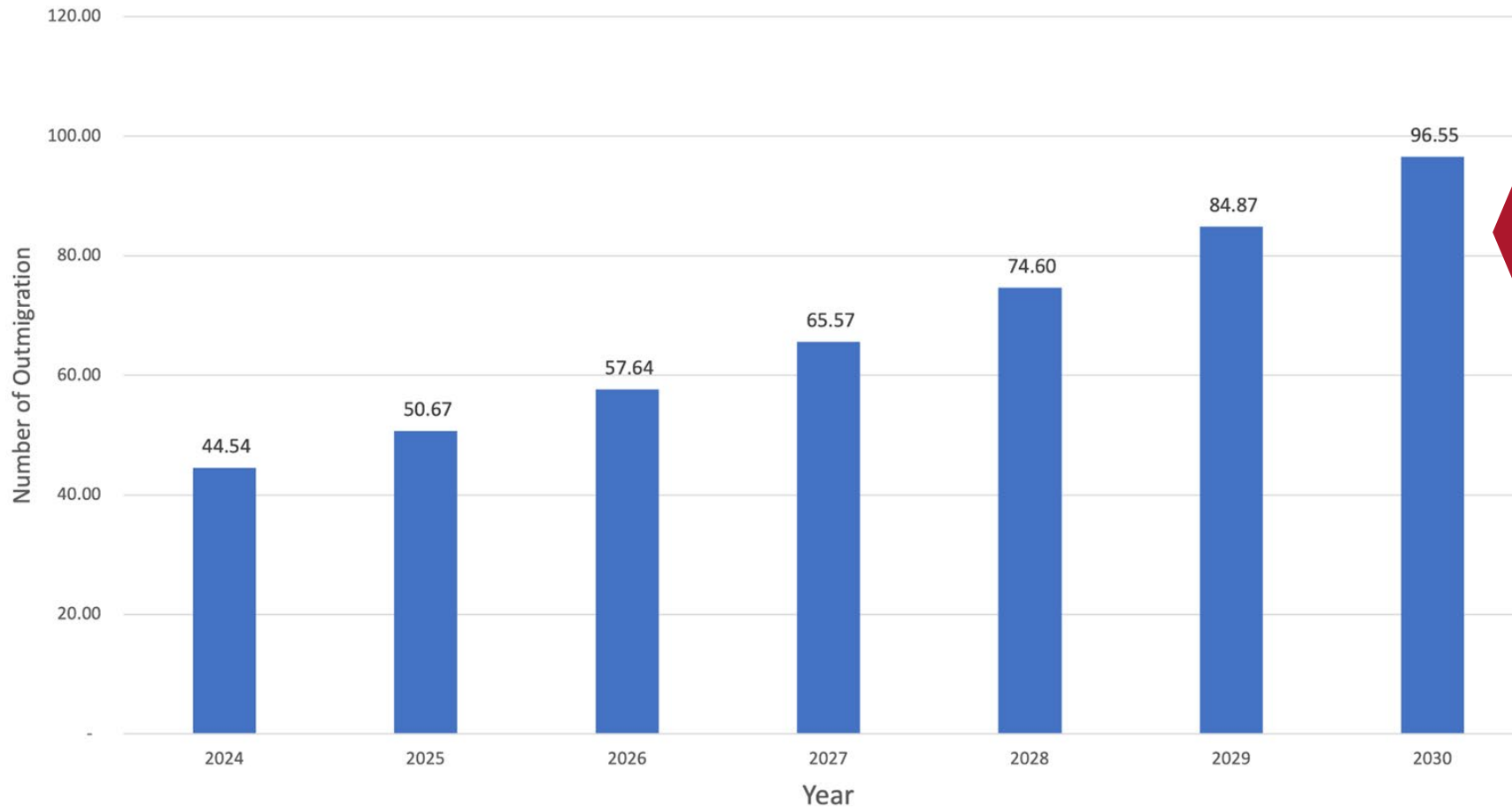
# Massachusetts Net Outmigration

Future Economic Cost

# MA Exodus – Current & Future Economic Costs



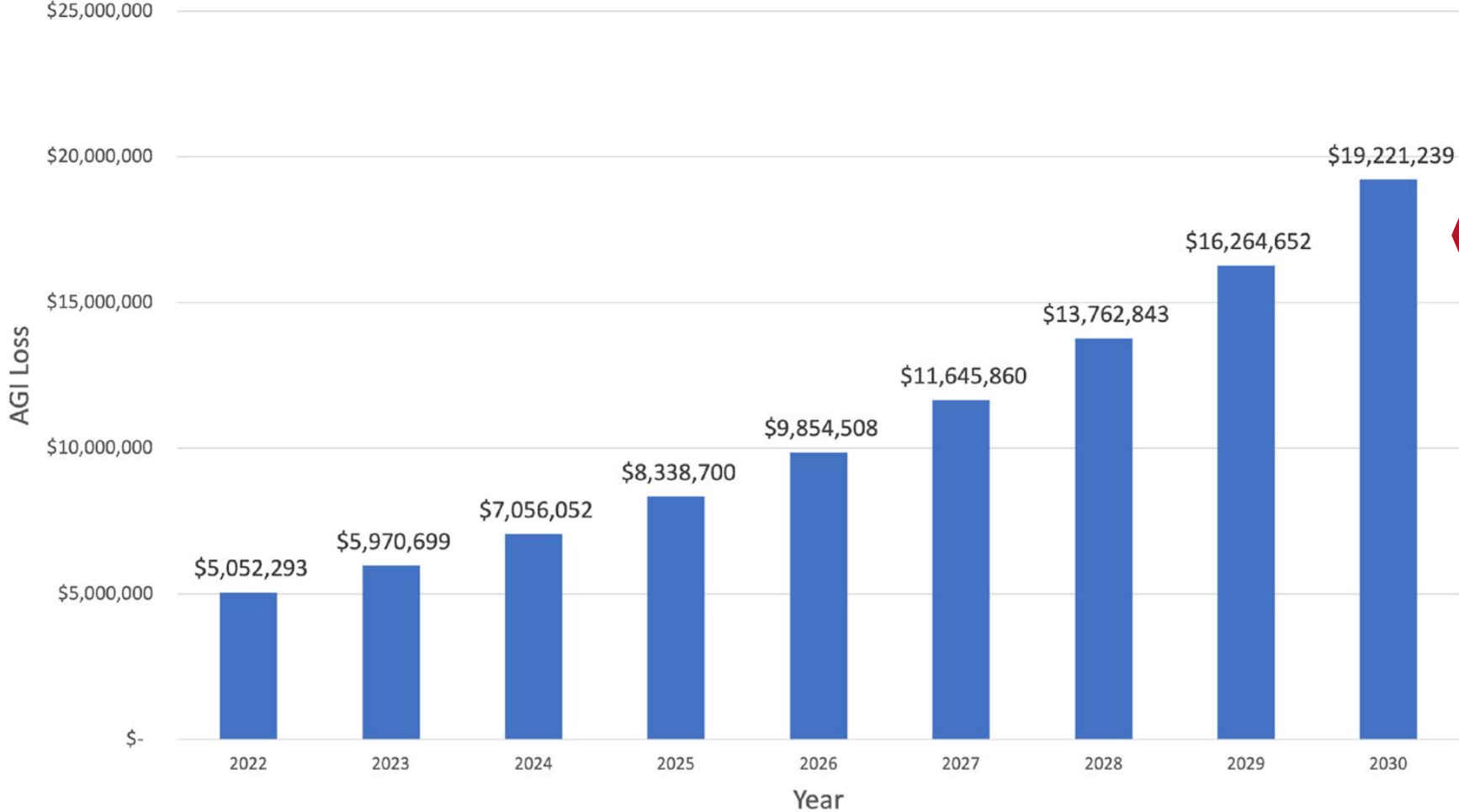
## MA Outmigration Prediction (In Thousands)



**MA net  
outmigration  
could top  
96,000  
residents  
in 2030**

Data source: IRS SOI Tax Stats – Migration Data (2012-2021)

# MA AGI Loss Prediction (In Thousands)



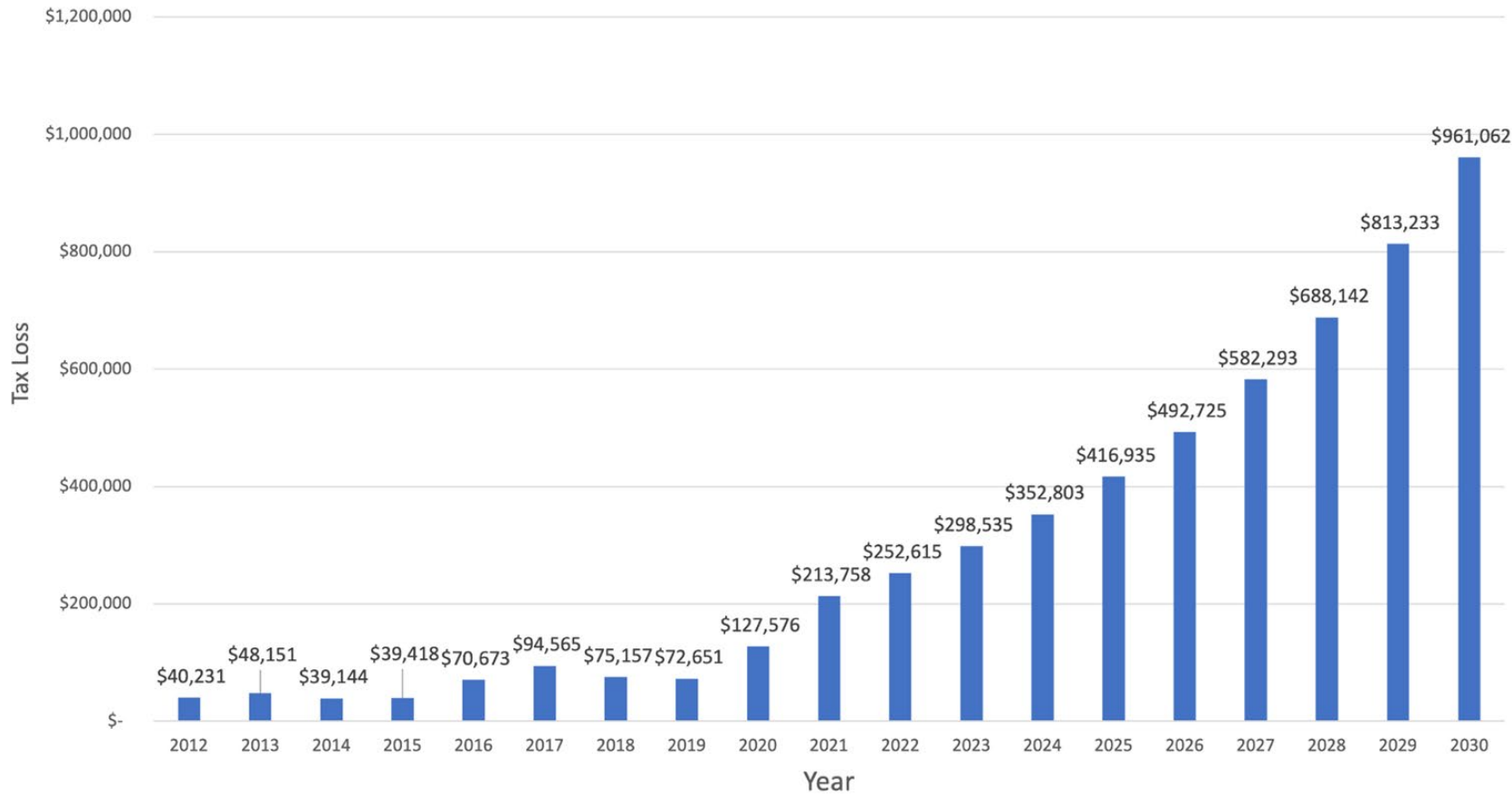
**By 2030 –  
MA could lose  
\$19.2 billion  
in AGI per year**

Assumption:  
10-year compounded annual growth  
(18.18%) persists

Data source: IRS SOI Tax Stats – Migration Data (2012-2021)



## MA Tax Loss Prediction (In Thousands)



5% tax rate applied. Tax loss = AGI loss \* tax rate

**By 2030 –  
MA  
outmigration  
could reduce  
annual income  
tax collection  
by \$961  
million**

Data source: IRS SOI Tax Stats – Migration Data (2012-2021)





# Questions



# Appendix

# 10 Central Drivers

- 1. Economic health** – Based on employment rate and bond rating of each state  
Data Source: U.S. Bureau of Labor Statistics “Unemployment and State credit ratings, December 2023”; S&P Global U.S. State Ratings; Fitch Ratings, Moody’s.
- 2. Income tax** – Ranking by state using 2021 Census data  
Data Source: Tax Foundation Facts and Figures Table 12, State & Local Income Tax Collections per Capita Fiscal Year 2021
- 3. Property tax** – Ranking by state using “Annual Survey of State and Local Government Finances” by the U.S. Census Bureau.  
Data Source: Tax Foundation Facts and Figures Table 34, State & Local Property Tax Collections Per Capita, Fiscal Year 2020.
- 4. Housing cost** – The median listing price for properties as of September 2023  
Data Source: Realtor.com, Housing Inventory: Median Listing Price, retrieved from FRED, Federal Reserve Bank of St. Louis

# 10 Central Drivers

- 5. Housing burden** –based on the proportion of household income allocated to housing costs. The measurement was divided into numerous categories. For example, a 'moderate burden' was defined as housing costs that exceed 30% but less than 50% of household income.

Data Source: Joint Center for Housing Studies of Harvard University, "The State of The Nation's Housing 2023 Report", Table W-16: State Cost Burden Rates for Renters and Owners: 2021.

- 6. Healthcare cost** – The per capita healthcare cost encompasses expenditures across a variety of services, including personal health care, hospital services, services from physicians and clinicians, other professional services, dental services, home health care, nursing care facilities and continuing care retirement communities, durable medical equipment, and other health, residential, and personal care.

Data Source: Centers for Medicare and Medicaid Services, [Health Expenditures by State of Residence](#), 1991-2020.

- 7. Healthcare quality** - based on 58 measures of health care access, quality, use of services, costs, health disparities, reproductive care and women's health, and health outcomes. The

Data Source: David C. Radley et al., *The Commonwealth Fund 2023 Scorecard on State Health System Performance: Americans' Health Declines and Access to Reproductive Care Shrinks, But States Have Options*

# 10 Central Drivers

## 8. Quality of public education – based on numerous variables.

Data Source: the U.S. Census Bureau, U.S. Department of Education, National Conference of State Legislatures, National Center for Education Statistics, Centers for Disease Control and Prevention, Western Interstate Commission for Higher Education, Office of Juvenile Justice and Delinquency Prevention, Child and Adolescent Health Measurement Initiative, Education Commission of the States, U.S. News & World Report, College Board, Ballotpedia, ACT, State Educational Technology Directors Association, wallethub.com, Civil Rights Data Collection and Zendrive.

<https://wallethub.com/edu/e/states-with-the-best-schools/5335>

## 9. Crime rate – based on the FBI’s Uniform Crime Reporting (UCR) Program, violent crime is composed of four offenses: murder and nonnegligent manslaughter, forcible rape, robbery, and aggravated assault. Violent crimes are defined in the UCR Program as those offenses which involve force or threat of force. Rates are the number of reported offenses per 100,000 of the population.

Date Source: Reported violent crime rate in the United States in 2022, by state, Statista.

## 10. Weather - The 12-month average temperature

Data Source: By State Average Temperature, National Centers for Environmental Information, as of Oct 2023