

At a Glance:

The Massachusetts Labor Force

By Aidan Enright



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Summary

This report was compiled to give state leaders and residents insight into the Commonwealth of Massachusetts' labor force. The report's goal is to provide a broad, fact-based overview of the current state of labor and how Massachusetts compares with its peers regionally and across the country.

Introduction

The labor force has seen significant transformation over the last several decades, namely through a handful of key trends: the advancement of women, increasing diversity, the aging of the American workforce, and the divergence in participation rates by educational attainment.¹ These trends have had a tremendous effect on the nation and on Massachusetts. Decreasing rates of participation among prime-aged (25–54) men and a shrinking college-educated workforce may portend serious future labor shortages for the Commonwealth, especially as an older generation of workers continues to retire. There are already nearly 300,000 unfilled jobs in the state, with some economists citing inadequate daycare capacity, a mismatch between the skills and interests of workers and open jobs, immigration restrictions, and a spike in retirements as leading factors.²

The following report seeks to create a clearer picture of the Massachusetts labor force by breaking down participation in the state by demographic characteristics including race, age, and sex.

Key Findings from EOY 2021 BLS Data

- After significant increases in the number of workers age 55+ in the labor force from 2007 to 2018, those numbers plateaued and decreased in 2019 through 2021.
- The number of women age 55+ in the labor force has noticeably increased, and the trend in New England outpaces that of other U.S. regions.
- The labor participation rate of non-white workers in Massachusetts has exceeded the participation rate of white workers every year since 2018.
- Massachusetts has had the strongest recovery from the pandemic of any New England state as measured by persons employed as a percent of the population since 2020.
- While New England has typically had a smaller labor force than other regions, it has consistently had the second-highest labor force participation rate, 64 percent, behind the West North Central census region's 66 percent.³
- There are nearly 300,000 unfilled jobs in Massachusetts and over 10 million nationwide.⁴
- The Massachusetts labor force saw a notable increase between 2016 and 2018.
- The participation rate among prime-aged (25–54) men has declined nearly eight points, from 96.2 percent in 1948 to 88.8 percent in 2022.⁵

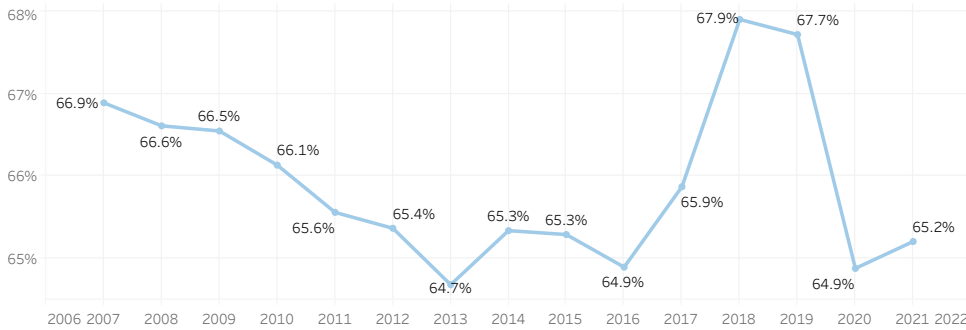
Trends Across the Bay State

Total Labor Force

Prior to the pandemic, Massachusetts saw a small surge in its labor force. As shown in Figure 1, from 2016 to 2018 an additional 236,000 workers were either employed or actively seeking employment. This coincided with the largest increase in labor force participation in years, rising from 64.9 percent to 67.9 percent, a higher rate than any time since 2007. The pandemic, while causing a significant decrease in the labor force, did not fully erase the gains from the preceding years. In 2020 and 2021, there were still more workers in the labor force than in 2016.

New England has the second-highest labor participation rate in the country, only behind the West North Central census region.

Figure 1: Labor Force as a % of Population - Massachusetts - Total

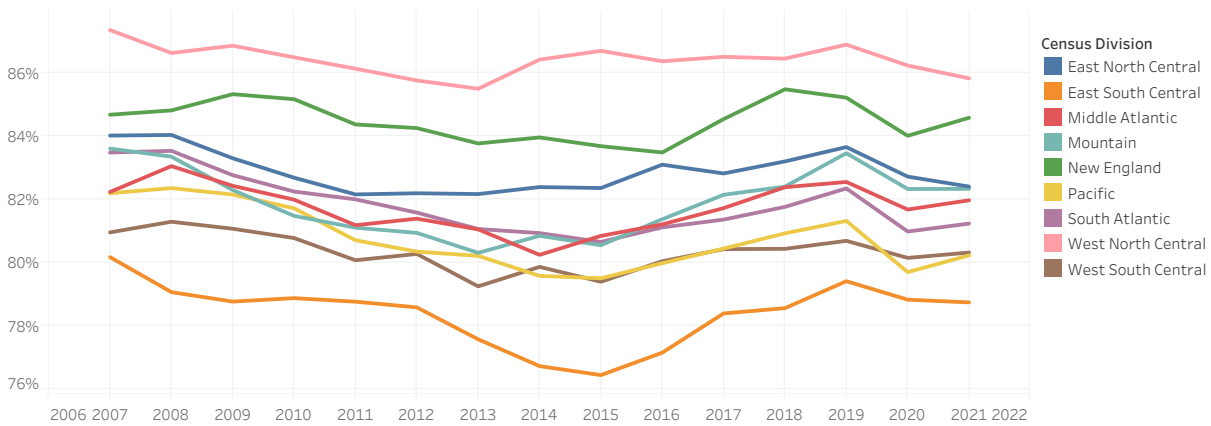


Source: Graphic from Pioneer's LaborAnalytics.org, data from the Bureau of Labor Statistics — Current Population Survey (CPS)

Participation Rates by Age

As shown in Figure 2, New England has maintained high rates of labor force participation from all prime aged workers (25–54) relative to the rest of the country. The only census region where rates have been consistently higher is the West North Central region.

Figure 2: Labor Force as a % of Population - Prime Aged (25–54)

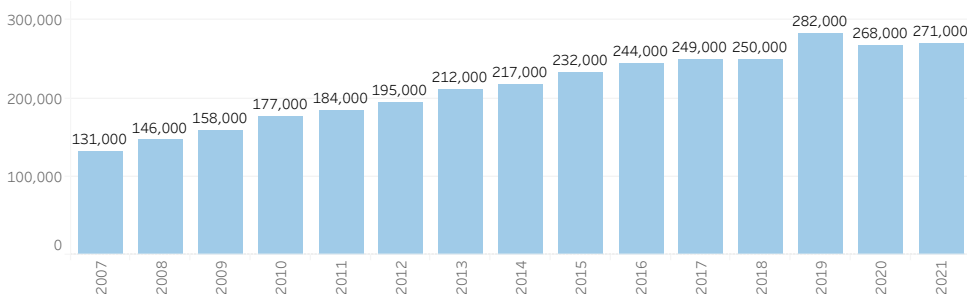


Source: Graphic from Pioneer's LaborAnalytics.org, data from the Bureau of Labor Statistics — Current Population Survey (CPS)

One of the primary findings drawn from Bureau of Labor Statistics data on labor participation is the noticeable decline in employment for the youngest population group and the increase among the oldest demographic. In line with findings from the Federal Reserve Bank of Boston,⁶ the number of those aged 16 to 19 in the labor force decreased by 40,000 from 2007 to 2021. Inversely, those 65 and older more than doubled their numbers, from 131,000 in 2007 to 271,000 in 2021. These data align with national trends and are consistent with an aging workforce.

Lower rates of labor participation from younger workers, 16 to 19 years of age, have largely been offset by a doubling of the 65+ population in the workforce in Massachusetts.

Figure 3: Total Labor Force - Massachusetts - 65 years and over



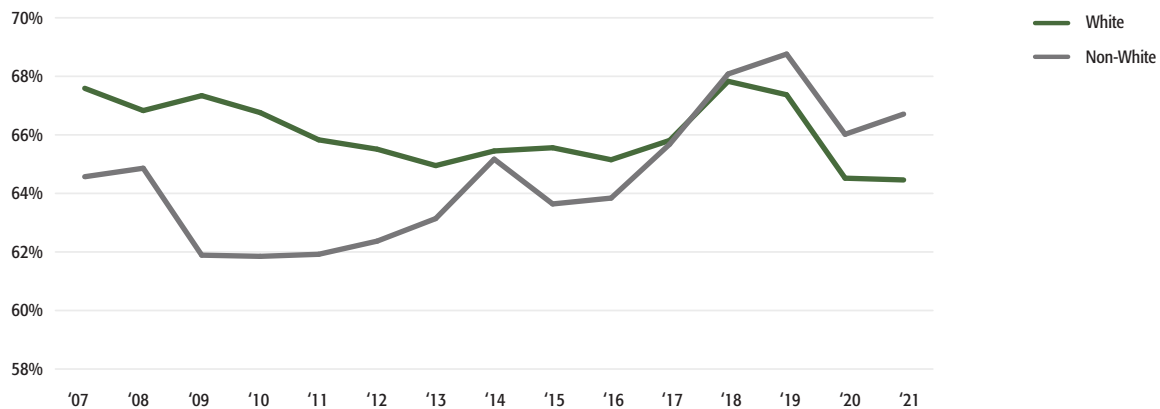
Source: Graphics from Pioneer’s Laboranalytics.org, data from the Bureau of Labor Statistics — Current Population Survey (CPS)

The pandemic also affected the employment levels of different age demographics. Younger workers, especially those in the 20–24 age range, saw the largest declines in employment as a percentage of population, while other prime-aged workers saw far smaller declines. The only age demographics that have not mostly recovered from the pandemic are the oldest workers, age 55 and up, whose employment peaked in 2018 and did not rebound in 2021 after the dip in 2020. This may be a result of pandemic-induced retirements.⁷

Growth in Non-White Participation

In terms of distinguishing labor force participation rates by race, a few observations stood out from trends over the last 15 years. Namely, the increase in participation for non-white workers compared to white workers. As shown in Figure 4 below, since 2017, the non-white population has had a similar or greater labor force participation rate. This might be the result of the relative age difference between the two demographics, with white Americans tending to be older. The median age among whites is 44, while the median age among the minority population is 31.⁸ The surge in pandemic-era retirements was likely concentrated among whites, leading to the divergence in labor force participation in Massachusetts.

Figure 4: Labor Force Participation Rate by Race



Source: Graphic and analysis by author, data from Bureau of Labor Statistics — Current Population Survey (CPS)

Women Sustain High Overall Rates of Participation

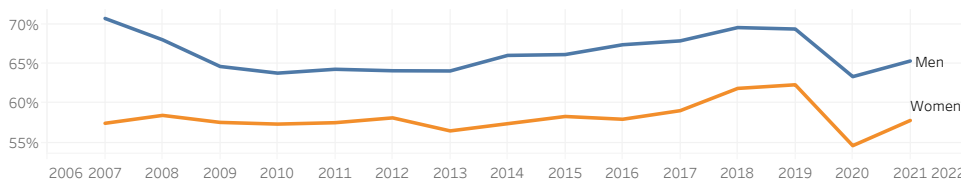
The only racial group to not see a drop in the number of workers in the labor force during the pandemic was Hispanics, who had an increase of 40,000 workers between 2020 and 2021. Between 2007 and 2021, the number of Hispanic workers in Massachusetts more than doubled.

In addition to new Hispanic workers, the total minority share of the labor force has also increased significantly in recent years. In 2007, all racial minorities made up approximately 18 percent of the total labor force in Massachusetts, but by 2021 it was nearly 30 percent. While Massachusetts still lags in this respect compared to other states, it has by far the most diverse workforce in New England.

Except for the initial years of the 15-year timespan, male and female employment rates have remained largely in sync. As shown in Figure 5 below, the gap has been constant at 6–8 percent from 2008 to 2021, with men participating at greater rates than women. The years prior to 2008 saw large decreases in the overall percent of men employed. In 1948, men had a labor force participation rate of 85 percent, but in the last 70 years that rate has dropped nearly 20 percentage points. Since 2008, however, the rate has stabilized. After the Great Recession, men even saw modest gains in their employment as a percent of their total population, although they were short-lived as the pandemic brought about new record lows.

Women were most affected by pandemic-related unemployment, but also recovered most quickly from it.

Figure 5: Employed % by Men & Women - Massachusetts



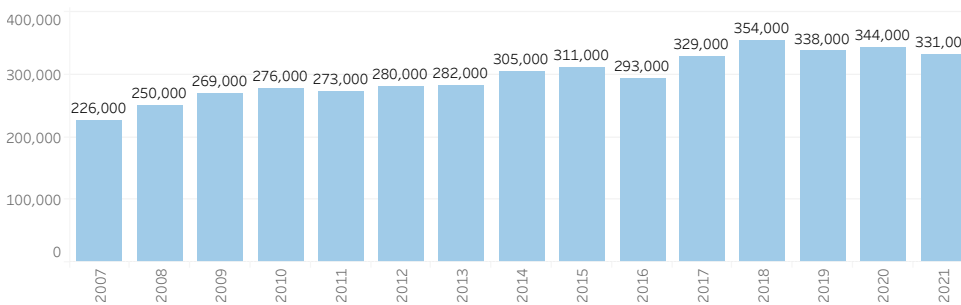
Source: Graphic from Pioneer’s LaborAnalytics.org, data from the Bureau of Labor Statistics — Current Population Survey (CPS)

Women are likely the reason why New England has a high labor participation rate compared to other census regions, as women there have a higher rate than in all but one other region. New England men, on the other hand, had the fourth-highest rate out of nine total census regions in 2021.

The pandemic also affected women the most, even though their recovery from it has been quicker than for men. Their employment rate dropped 7.7 percentage points compared to 6 percentage points for men. Women in Massachusetts also had a labor participation rate 4.5 percent higher in 2021 than women nationally.

As shown in figure 6 below, in Massachusetts between 2007 and 2021, women aged 55–64 notably increased their labor force participation numbers at even higher rates than their male counterparts.

Figure 6: Total Labor Force - Massachusetts - Women, 55 to 64 years



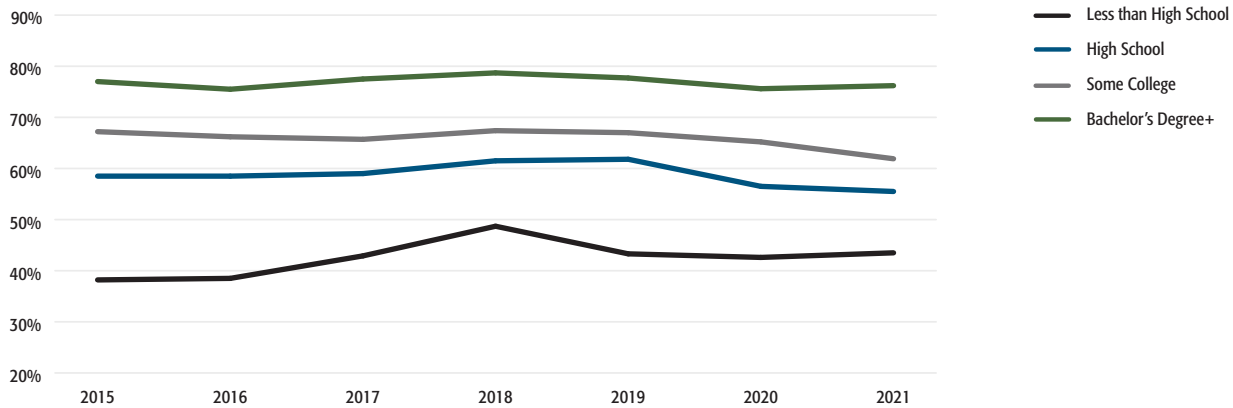
Source: Graphic from Pioneer’s LaborAnalytics.org, data from the Bureau of Labor Statistics — Current Population Survey (CPS)

While men in that age range accounted for 79,000 additional workers to the workforce, women added 105,000. In New England and Massachusetts, the numbers of 55–64-year-old men and women in the labor force were almost equal. In Massachusetts, 336,000 men in that age range were working or looking for work, while 331,000 women were working or looking for work. Despite this, 55–64-year-old men still had a participation rate 10 percentage points higher, as there were more women in the total population.

The Educational Attainment Gap

When analyzing the labor force trends of workers with different levels of education, it is immediately apparent that there is an employment premium for the most highly educated in Massachusetts. As seen in the figure below, only 43.5 percent of individuals with less than a high school education were a part of the labor force in 2021, compared to 55.5 percent with a high school degree and 76.2 percent for those with a bachelor’s degree or higher, illustrating a huge gap based on educational attainment.

Figure 7: Massachusetts Labor Participation Rate by Educational Attainment



Source: Graphic and analysis by author, data from Bureau of Labor Statistics — Current Population Survey (CPS)

Massachusetts has continually been ahead of the nation and its regional peers in the educational attainment of its workers. The state boasts the highest percentage of workers aged 25–64 with a bachelor’s degree or higher (51.6 percent). This is almost four percentage points higher than the next highest state, New Jersey (47.7 percent), and several points higher than Vermont (45.3 percent), Rhode Island (40 percent), New Hampshire (42.2 percent), Maine (37.8 percent), and Connecticut (45.5 percent). This is likely part of the explanation for Massachusetts’ high labor participation rate compared to other states.

The tendency for individuals without a high school degree not to participate in the labor force is also a factor for states without such high percentages of educated workers. For example, Mississippi, which has the lowest percentage of workers with a bachelor’s degree or higher (28.3 percent), also has a lower participation rate than Massachusetts for workers without a high school degree (34.1 percent) and with only a high school diploma (53.2 percent) even though Massachusetts has a much larger percentage of workers with higher education degrees. This translates to Mississippi having a labor participation rate for its total population a full 10 percentage points lower than the Bay State.

While Massachusetts’ large population of highly educated workers has been a boon to the state’s development and economic dynamism for years, recent studies about declining enrollment in higher education institutions and a predicted decrease in the total college educated population by 2030 could spell trouble for a state whose predominant industries are heavily reliant on skilled labor.⁹

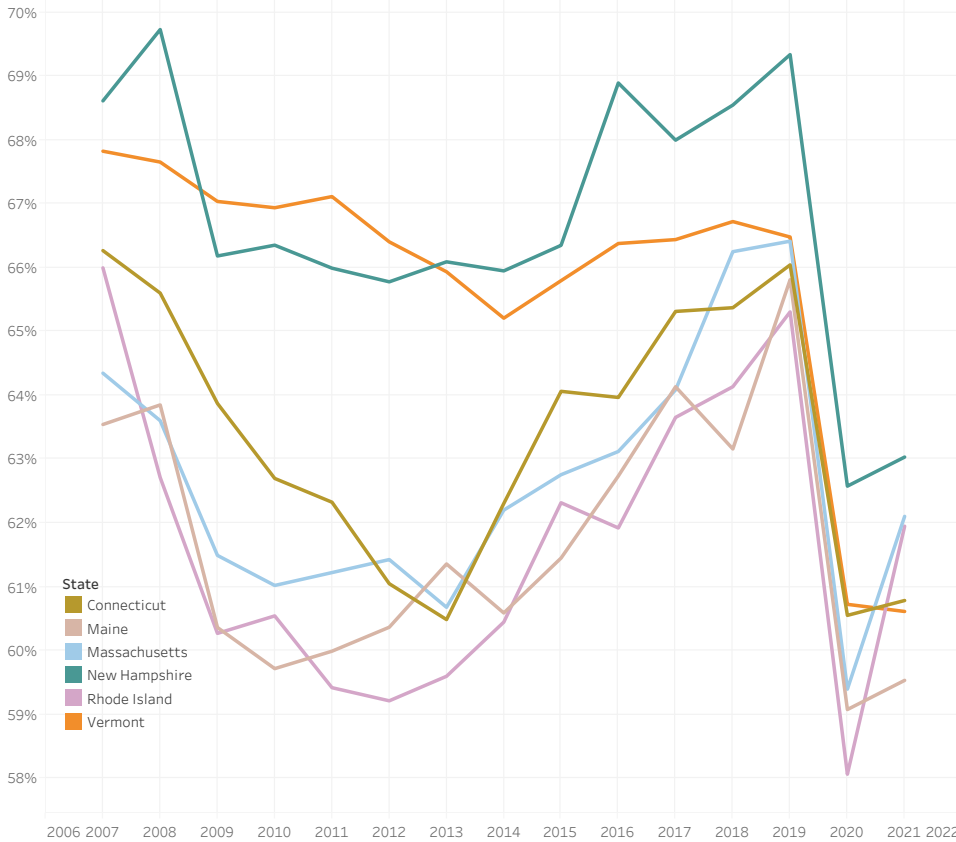
Workers with a bachelor’s degree or higher have a labor participation rate over 20 percentage points greater than those with only a high school diploma in Massachusetts.

Regional Employment Comparison

Comparing persons employed as a percentage of the population in all New England states, Massachusetts ranks second, behind New Hampshire and just ahead of Rhode Island, with 62.1 percent of all people employed. Before 2021, the Bay State often trailed Connecticut and Vermont in addition to New Hampshire.

The Massachusetts employment rate has recovered quickly following pandemic-related unemployment; only New Hampshire had a greater percentage of its population employed in 2021.

Figure 8: Persons Employed as a Percent of the Population



Source: Graphic from Pioneer’s Laboranalytics.org, data from the Bureau of Labor Statistics— Current Population Survey (CPS)

While Massachusetts may be second best in the region for employed persons, it consistently trails its peers in unemployment rate. At 5.8 percent, the only state that had a higher unemployment rate in 2021 was Connecticut. The fact that Massachusetts has been slower than other New England states to return to pre-pandemic rates despite hundreds of thousands of job openings may indicate a mismatch between the skills and interests of workers and open jobs.

Policy Recommendations

Without policy intervention, serious structural challenges will remain for the Massachusetts labor force. Like the rest of New England, Massachusetts has an older population and will struggle to maintain and grow its labor force as Baby Boomers continue to retire and less populous younger generations attempt to fill the void they create. This, if left unattended, will create an employment desert. Employers finding it increasingly difficult to hire skilled candidates to fill positions will limit the state's economic growth potential.

To address these issues, the Healey administration and Beacon Hill lawmakers should consider three primary areas that are ripe for reforms and advocacy: expanding day care capacity and affordability, expanding vocational-technical school programs, and advocating for less strict high-skilled immigration caps.

One of many issues that keep healthy, prime-aged adults sidelined from the labor force is concerns over childcare. Several studies have indicated that affordable childcare increases the number of hours worked by mothers and frees up parents to reenter the labor force.¹⁰ Nationally, Massachusetts ranks below average in terms of available childcare. One study found that in 2019 the state was likely more than 30 percent below demand in terms of available seats.¹¹ This lack of supply has severely inflated prices; the average parent pays as much as \$20,000 a year for an infant and \$15,000 for a four-year-old, ranking Massachusetts near the bottom of all states in affordability.¹²

Separately, many workers remain sidelined as a result of a skills mismatch between them and hiring employers. While there are nearly 300,000 job openings in the state, there remain 140,000 unemployed workers (BLS 2023), a ratio of more than two open jobs for every unemployed person. This ratio has largely remained the same since 2021, despite millions of dollars spent on workforce training.^{13,14}

Lastly, and likely most consequentially, the state has suffered from diminished immigration levels due to overly restrictive federal immigration policies. Massachusetts relies heavily on immigrants, as the state would likely have seen significant net out-migration without inflows from immigrants over the last decade. Only recently has the state lost residents on net, over 110,000 since 2019, due to pandemic-era restrictions on immigration and other compounding factors like remote work and an increased cost of living.¹⁵

With all this in mind, policymakers should:

- Ensure childcare affordability and availability by promoting policies that would expand the number of providers, better matching childcare subsidies to the workers most in need, and by investigating whether child-to-adult staffing ratios can be loosened while still ensuring that childcare settings are safe.
- As a result of our immigration backlog, tens of thousands of highly educated immigrants, often with bachelor's and master's degrees from U.S. universities, are rejected without even having their applications adjudicated.
- Advocate for sensible immigration reform that increases the cap on H1-B visas and the percentage allowed under country-of-origin caps for EB-2 visas. Tens of thousands of highly educated immigrants, often with bachelor's and master's degrees from U.S. universities, are rejected without even having their applications adjudicated each year as a result of our immigration backlog. These educated workers would go a long way toward filling many gaps in the Massachusetts workforce.

With more than two open jobs for every unemployed worker, more needs to be done to train present and future workers to meet the state's labor needs.

Data Note

All data included in this report have been pulled from Pioneer Institute's LaborAnalytics.org. The source data included in LaborAnalytics.org is the Current Population Survey, a monthly survey of roughly 60,000 households conducted by the U.S. Bureau of Labor Statistics and the Census Bureau. The survey seeks to collect data on several measures of the U.S. economy, including income, earnings, income inequality, unemployment, and labor participation.

The data are often broken down by demographics and sub-demographics. As a result, and by nature of being a survey, the sample size of certain demographics, especially at the state level, tends to be small enough that they either get excluded from the data set entirely or create some volatility for certain statistics. For example, the Asian population of Maine is so small that from 2007–2021 the CPS only reported the labor force participation rate for that demographic three times (2009, 2012, and 2013). Even when data is reported, if the demographic is small enough year-to-year changes are unlikely to be statistically significant.

In our analysis, we have selected the most reliable and accurate data from the CPS to provide the best possible snapshot of the Massachusetts labor force.

Endnotes

- 1 “The Long-Term Decline in Prime-Age Male Labor Force Participation.” 2016. *Council of Economic Advisors*. [Link](#)
- 2 Ferguson, Stephanie. 2022. “Understanding America’s Labor Shortage: The Scarce and Costly Childcare Issue.” *U.S. Chamber of Commerce*. [Link](#); Caldwell, Alicia A. 2021. “Ban on New Foreign Workers Left U.S. Jobs Unfilled, Even in Covid Downturn.” *The Wall Street Journal*. [Link](#)
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- 4 U.S. Bureau of Labor Statistics, Job Openings: Total Nonfarm [JTSJOL], retrieved from FRED, Federal Reserve Bank of St. Louis. [Link](#)
- 5 “The Long-Term Decline in Prime-Age Male Labor Force Participation.” 2016. *Council of Economic Advisors*. [Link](#); Winship, Scott. 2017. “Declining Prime-Age Male Labor Force Participation: Why Demand- And Health-Based Explanations Are Inadequate.” *SSRN Electronic Journal*. [Link](#)
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- 9 Forman, Ben, and Simone Ngongi-Lukula. 2022. “Sizing up Massachusetts’ Looming Skilled-Worker Shortage.” MassINC. [Link](#)
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- 14 “Table 1. Civilian Labor Force and Unemployment by State and Selected Area, Seasonally Adjusted” 2023. U.S. Bureau of Labor Statistics. [Link](#)
- 15 Nanos, Janelle. 2023. “‘People Are Leaving’: Massachusetts Has Lost 110,000 Residents since COVID Began. Is Life Better Out There? - The Boston Globe.” BostonGlobe.com. [Link](#)

About the Author

Aidan Enright is Pioneer's Economic Research Associate. He previously served as a congressional intern with Senator Jack Reed and was a tutor in a Providence city school. Mr. Enright received a B.S. in Political Science and Economics from the College of Wooster.

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