

# Deep Dive: the Massachusetts Labor Force in 2023

Headwinds Persist, but Women and Immigrants  
Keep Participation Afloat as State Diversifies

By Aidan Enright



# MISSION

**Pioneer Institute develops and communicates dynamic ideas that advance prosperity and a vibrant civic life in Massachusetts and beyond.**

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## Vision

Success for Pioneer is when the citizens of our state and nation prosper and our society thrives because we enjoy world-class options in education, healthcare, transportation, and economic opportunity, and when our government is limited, accountable, and transparent.

## Values

Pioneer believes that America is at its best when our citizenry is well-educated, committed to liberty, personal responsibility, and free enterprise, and both willing and able to test their beliefs based on facts and the free exchange of ideas.



### PIONEER OPPORTUNITY

**This paper is a publication of Pioneer Opportunity**, which seeks to keep Massachusetts competitive by promoting a healthy business climate, transparent regulation, small business creation in urban areas, and sound environmental and development policy. Current initiatives promote market reforms to increase the supply of affordable housing, reduce the cost of doing business, and revitalize urban areas.



### PIONEER EDUCATION

**Pioneer Education** seeks to increase the education options available to parents and students, drive system-wide reform, and ensure accountability in public education. The Center's work builds on Pioneer's legacy as a recognized leader in the charter public school movement, and as a champion of greater academic rigor in Massachusetts' elementary and secondary schools. Current initiatives promote choice and competition, school-based management, and enhanced academic performance in public schools.



### PIONEER HEALTH

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### PIONEER TRANSPORTATION

**Pioneer Transportation** seeks reforms that allow commuters to take full advantage of the coming mobility revolution — with access to a range of affordable and on-demand public and private transportation options, as well as transit-friendly real estate development.

## Table of Contents

|  |           |
|--|-----------|
| <b>Summary</b>                                       | 4         |
| <b>Introduction</b>                                  | 4         |
| <b>Key Findings</b>                                  | 4         |
| <b>Developments Across the Bay State</b>             | 5         |
| Total Labor Force                                    | 5         |
| Trending Older                                       | 6         |
| Retirements  | 6         |
| Job Openings, Unemployment Ratio, and Quits          | 7         |
| Educational Attainment                               | 9         |
| Industry Makeup                                      | 10        |
| Uneven Employment Recovery                           | 11        |
| A Growing Share of Minority Workers in Massachusetts | 12        |
| By Gender  | 13        |
| Employment/Unemployment                              | 13        |
| Declining Fertility                                  | 14        |
| Foreign-Born Workers                                 | 14        |
| <b>Policy Recommendations</b>                        | <b>16</b> |
| <b>Data Note</b>                                     | <b>16</b> |



## Summary

Pioneer Institute annually issues a report on the Massachusetts labor force, compiled to give state leaders and residents insight into the Commonwealth's workforce and its changes over time. Pioneer'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 career advancement of women, the declining participation rate of men, increasing diversity, the aging of the American workforce, and the divergence in participation rates by educational attainment.<sup>1</sup> 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 large cohort of workers set to retire may portend serious future labor shortages for the Commonwealth, especially as the state faces headwinds with an older than average workforce; a birth rate significantly below the national average; and falling post-secondary enrollment.

As of December 2023, there were nearly 234,000 unfilled jobs in the state, with some economists citing a mismatch between the skills and interests of workers and open jobs, immigration restrictions, and a spike in retirements during the pandemic as leading factors.<sup>2</sup>

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

## Key Findings

### New Trends

- In 2023 women in Massachusetts had a labor force participation rate 4.7 percentage points higher than the national average
- Quit rates in Massachusetts remain elevated compared to historical norms, but have fallen significantly since the highs of the pandemic and are now at the lowest rate of any state in the country
- Several industries in Massachusetts have yet to recover to pre-pandemic employment levels, even though they have recovered nationally, including reductions of 7.3 percent and 5.7 percent in the accommodations/hospitality and retail trade sectors
- Between 2019 and 2023 Massachusetts experienced the fourth largest decline in total labor force participation rates of any state
- 2022 and 2023 were the first years since 2018 that the labor participation rate of white workers surpassed that of the non-white population in Massachusetts
- The prevalence of retirees in the population grew 20 percent between 2015 and 2023 in Massachusetts
- The Massachusetts labor force was smaller in 2023 than it was prior to the pandemic in 2019
- Between 2020 and 2023 Massachusetts saw the largest per capita net international migration of any state, with 111,000 new immigrants coming to live in the Commonwealth
- In 2023 alone 51,000 international migrants made Massachusetts home, offsetting the 39,000 net domestic residents that fled the state for greener pastures

### Existing Trends

- The Massachusetts labor force was smaller in 2023 than it was prior to the pandemic in 2019
- The Massachusetts labor force has trended significantly older since 2013, with an increase of 191,000 workers aged 55 or older
- The population of workers 65+ in the labor force has more than doubled since 2007

**Decreasing rates of participation among prime-aged (25–54) men and a large cohort of workers set to retire may portend serious future labor shortages for the Commonwealth, especially as the state faces headwinds with an older than average workforce; a birth rate significantly below the national average; and falling post-secondary enrollment.**

- Massachusetts has one of the most educated workforces in the country, with over half of all workers having a bachelor’s degree or higher. However, postsecondary fall enrollment in Massachusetts has dropped every year since 2013, except for 2021, indicating gains are increasingly the result of educated immigrants and others moving into the state
- There is a correlation between educational attainment levels and labor participation. The participation rate for those with a bachelor’s degree is 20 percentage points higher than for those with only a high school diploma
- The fertility rate in the Bay State, at 49 births per 1000 women aged 18–44, was several births below the national average of 56. A rate that has declined so significantly since 2008 that there are now 8,000 fewer births occurring per year
- Natural population growth (births-deaths) in Massachusetts decreased from over 25,000 in 2001 to just over 5,000 in 2023
- 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 2023<sup>3</sup>
- New England has consistently had the second highest labor force participation rate of any U.S. region at 63.7 percent, behind only the West North Central Census region (67.7 percent)<sup>4</sup>
- Massachusetts’ labor force has trended significantly more non-white since 2007, moving from 18 percent to over 27 percent in 2023

## Developments Across the Bay State

### Total Labor Force

Prior to the pandemic, Massachusetts experienced a small surge in its labor force. From 2016 to 2018, an additional 236,000 workers were either employed or actively seeking employment. As shown in Figure 1, this coincided with the largest spike in labor force participation since 2007, rising from 64.9 percent to 67.9 percent. The pandemic, while causing a significant decrease in the labor force, did not fully erase gains from the preceding years. In 2023 there were still more workers in the labor force than in 2016, however there were 60,000 fewer than in 2019.

**In 2023 there were still 60,000 fewer workers in the Massachusetts labor force than in 2019.**

Figure 1: MA Labor Force Participation Rate, Jan 1976–Dec 2023



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

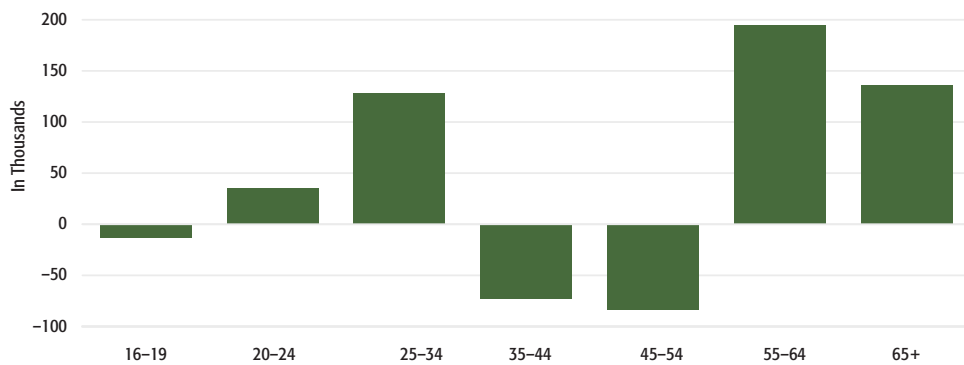
However, between 2019 and 2023 the total labor participation rate in Massachusetts fell by 2.3 percent, or the fourth largest decline in the country. The only states with more significant declines during that period were New Hampshire (-4.9 percent), Maryland (-3.6 percent), and Iowa (-3.4 percent). The average change for all states was -0.9 percent.

### Trending Older

One of the primary findings on the labor force is the shift in the ages of those participating. There has been a decline in employment among the youngest population groups, while the number of older workers has noticeably increased.<sup>5</sup> Federal Reserve Bank of Boston data bears this out.<sup>6</sup> The number of those aged 16 to 19 in the labor force has not increased over the past 15 years, bottoming out in 2018 at 110,000 workers and remaining 20,000 below 2007 levels even after growth from 2021 to 2023. Conversely, as seen below in Figure 2, the number of those 55 and older in the labor force increased by more than 361,000 over that same period.

The 65+ demographic, in particular, has more than doubled, from 131,000 in 2007 to 291,000 in 2022, with a slight decrease during 2023. The cohort of those aged 55–64 has increased by 34 percent since 2007 but peaked in 2018 at 711,000. Since then, their numbers have plateaued and in 2023 were down 20,000 from their peak. These data align with national trends and may be a result of pandemic-induced retirements and other lifestyle factors.<sup>7</sup>

Figure 2: Change in MA Labor Force from 2013–2023, By Age



Graphics derived from Pioneer's Laboranalytics.org, data from the Bureau of Labor Statistics - Current Population Survey (CPS)

### Retirements

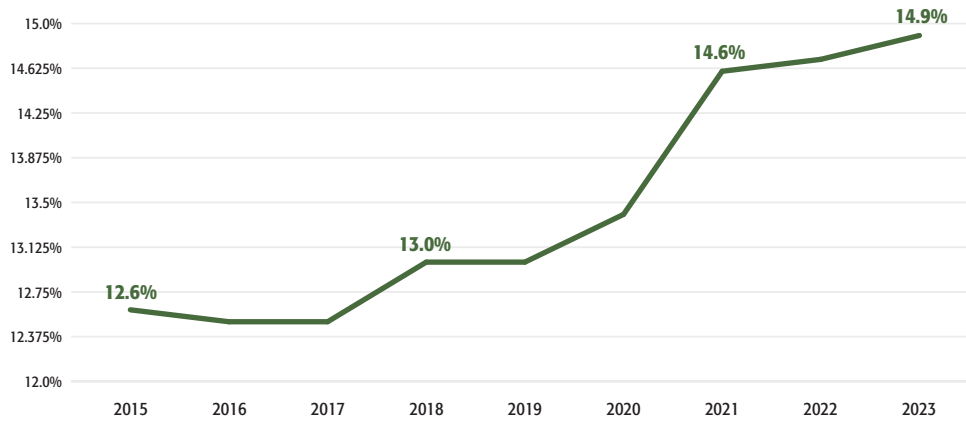
One of the primary drivers of the labor shortage nationwide and in Massachusetts is excess retirements, or retirements exceeding pracademic estimates and norms. While the workforce was aging prior to the pandemic and retirements were proportionally increasing along with growth in the 65+ population, a number of recent studies<sup>8</sup> have found that retirements during and immediately following the pandemic were far above prior estimates. Between the beginning of the pandemic and October 2021, it's estimated that there were more than 3 million excess retirements nationwide.<sup>9</sup>

As seen in Figure 3, the number of retirees as a percentage of the population has risen significantly since 2015. The 2.3 percentage point difference, or 20 percent increase, between 2015 and 2023 amounts to as many as 185,000 more retirees in the population.

However, in perspective, Massachusetts has a lower percentage of retirees in the population than the national average (15.8 percent). This may partially be explained by a higher labor participation rate among those 65+ in the state.

**The population of retirees in Massachusetts grew 20 percent between 2015 and 2023.**

Figure 3: Retirees as a % of the Population, MA 2015–2023



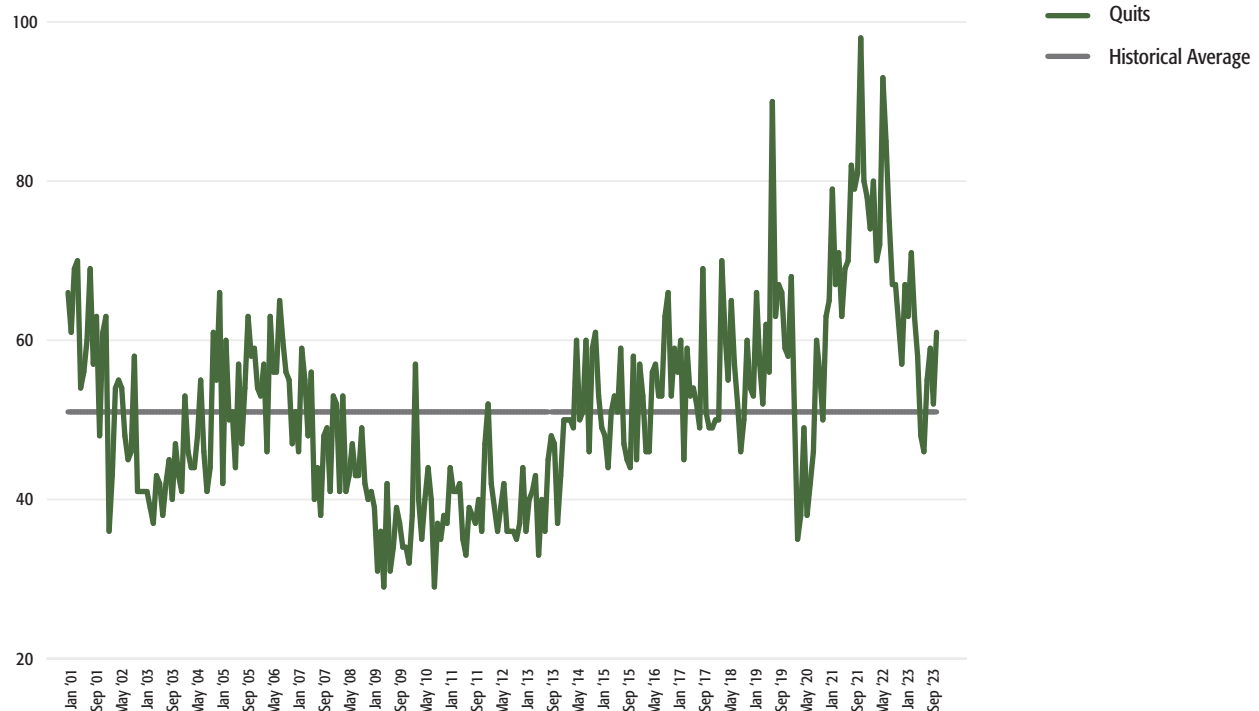
Graphic and analysis by author, data from Bureau of Labor Statistics - Current Population Survey (CPS)

### Job Openings, Unemployment Ratio, and Quits

Trends in quits, available jobs per unemployed worker, and the number of new job openings in Massachusetts have largely followed national trends during the last several years. During the economic boom preceding the pandemic, both the number of workers quitting and the number of available jobs increased in line with greater worker leverage in the labor market and fewer workers to fill positions.

During economic downturns, such as the 2009–09 recession, employment opportunities become limited and people grow more worried about their financial wellbeing, leading to employees staying with their current jobs for security.<sup>10</sup> However, during economic booms or labor shortages workers are emboldened with greater bargaining power, the risks associated with quitting diminish and thus more workers do so in pursuit of more flexible and lucrative opportunities and/or better working conditions.

Figure 4: Quits (in thousands), MA Jan 2001–Dec 2023



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

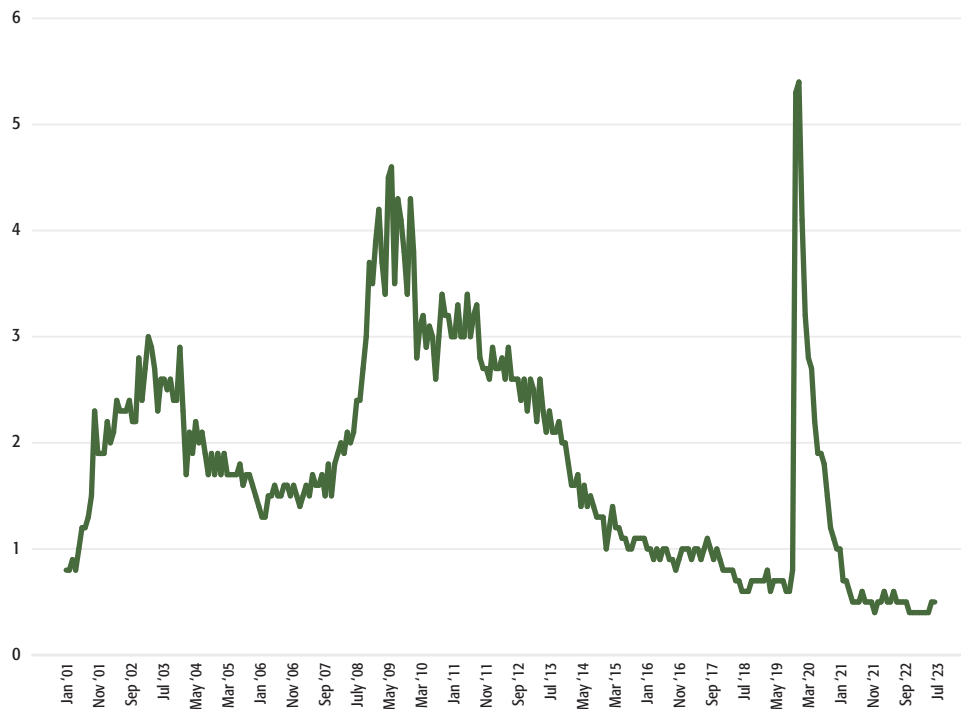
These trends can be seen in Figure 4. Few workers in Massachusetts quit during and immediately following the Great Recession, but as the economy surged towards the end of the decade, and the labor market became extremely tight after the pandemic, workers have been much more likely to quit. Even as interest rates rose and employers have eased up on hiring, quits still remained above historical averages in 2023.

It should be noted, however, that even as quits remain elevated in Massachusetts compared to the state’s historical average, the rate of quits in Massachusetts remains far lower than in most states. According to one source,<sup>11</sup> the rate of quits in Massachusetts is actually the lowest in the nation. In New England, Massachusetts had a quit rate of 1.5 percent in January 2024, compared to Vermont (2.0 percent), New Hampshire (2.2 percent), Maine (2.3 percent), Connecticut (2.3 percent), and Rhode Island (2.4 percent).

One potential explanation for this is Massachusetts’ concentration of highly educated workers in stable, high-wage jobs. Many of which are remote or hybrid. Some economists have speculated that quits might be lower among remote workers, as workers are increasingly prioritizing flexibility<sup>12</sup>. A lower-than-average number of retirees could also play a role.

Whatever the case, quits are still elevated compared to historical levels and the ratio of job openings to the number of unemployed workers in the state is likely a contributing factor. In December 2023, there were 234,000 unfilled jobs and 122,000 unemployed workers, or roughly two unfilled jobs for every unemployed worker. As seen in Figure 5, this is the lowest unemployed to unfilled jobs ratio since at least 2001. As one might expect, the ratio typically increases during times of financial stress and decreases during economic growth. However, the labor market has rarely been as tight as it is now.

Figure 5: MA Unemployed: Jobs Ratio, Jan 2001–Dec 2023



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

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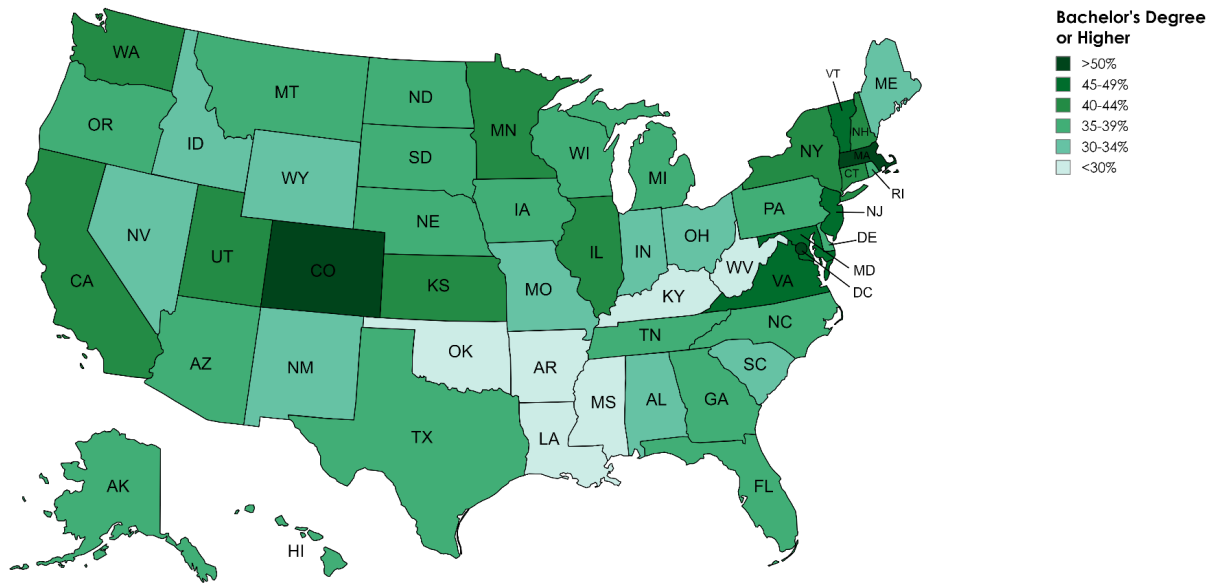
In December 2023 there were 234,000 unfilled jobs in Massachusetts, or roughly two open jobs for every unemployed worker.



## Educational Attainment

Despite New England having an older workforce compared to other states, it has also maintained higher rates of labor force participation from prime-aged workers (25–54) than the rest of the country, outperforming all but the West North Central region. This is likely a result of educational differences between regions. New England, and Massachusetts specifically, have higher rates of bachelor's degree holders than the rest of the country, and that is the demographic with the highest labor participation rates.

Figure 6: Percentage of the 24+ Aged Population with a Bachelor's Degree or Higher, 2023



Graphic and analysis by author, data from Bureau of Labor Statistics - Current Population Survey (CPS), IPUMs. Map made through mapchart.net

The effect of educational attainment on workforce participation rates is immediately apparent from the data. In Massachusetts only 43.9 percent of individuals with less than a high school education participated in the labor force in 2022, whereas 57.9 percent of those with a high school degree and 76.5 percent of those with a bachelor's degree or higher did.

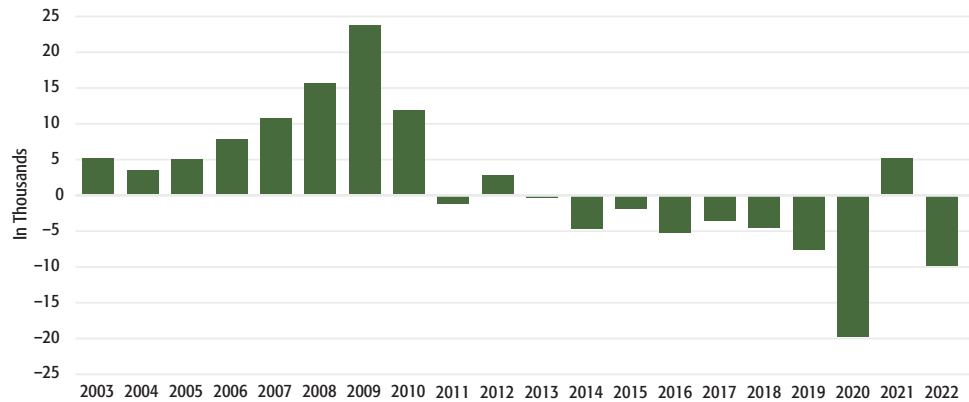
Massachusetts has continually exceeded the nation and its regional peers in the educational attainment of its workers (see Figure 6). In 2023, the state boasted the highest percent of workers aged 24 and over with a bachelor's degree or higher at 52.1 percent, an increase of 6.5 percentage points since 2015. This is almost four percentage points higher than the next highest state, Colorado at 50.5 percent, and several points higher than Vermont (48.4 percent), Rhode Island (38.7 percent), New Hampshire (42.4 percent), Maine (34.8 percent), and Connecticut (42.9 percent).

The tendency for individuals without a high school degree not to participate in the labor force is even stronger in less educated states. For example, West Virginia has the lowest percentage of workers with a bachelor's degree or higher (22.5 percent), but also has a lower participation rate than Massachusetts for workers with a high school diploma or less. This translates to West Virginia having a labor participation rate for its total population a full 10 percentage points lower than the Bay State's.

Recent declines in postsecondary enrollment and a predicted decrease in the total college educated population by 2030<sup>13</sup> could spell trouble for the state's economic growth and dynamism in the years to come, given that the state's predominant industries are heavily reliant on skilled labor.

Massachusetts has the most educated population in the country outside of D.C., with 52.1 percent of residents holding a bachelor's degree or higher.

Figure 7: MA Postsecondary (Fall) Enrollments, 2003–2022



Graphic and analysis by author, data from the National Center for Education Statistics (NCES)

More worrying are the data indicating that declines are not the result of fewer students graduating from Massachusetts' public and private high schools.<sup>14</sup> To the contrary, the number of graduates in 2010, the last year of major growth in fall college enrollments, was 64,462. In 2023 it was 66,584. Thus, the decline in college enrollment is not simply a result of fewer people of college age. High school graduates are increasingly turning down the opportunity to pursue a college degree and are instead opting for alternative pathways.<sup>15</sup> This decline in Massachusetts and nationally has been attributed to the lingering effect of the pandemic, but this trend of falling enrollments has been occurring in the Commonwealth for several years as Figure 4 shows. Even after a temporary increase of enrollments in 2021, likely a result of the easing of immigration restrictions and school Covid policies, enrollments again fell by nearly 10,000 students in 2022.

Declining college enrollment is particularly acute for men, who have lagged behind women in college enrollment and completion for decades.<sup>16</sup> This trend grew more pronounced during the pandemic, with men accounting for over 70 percent of enrollment declines.<sup>17</sup> These decreases have corresponded with several decades of decline in labor participation for prime-aged male workers.

### Industry Makeup

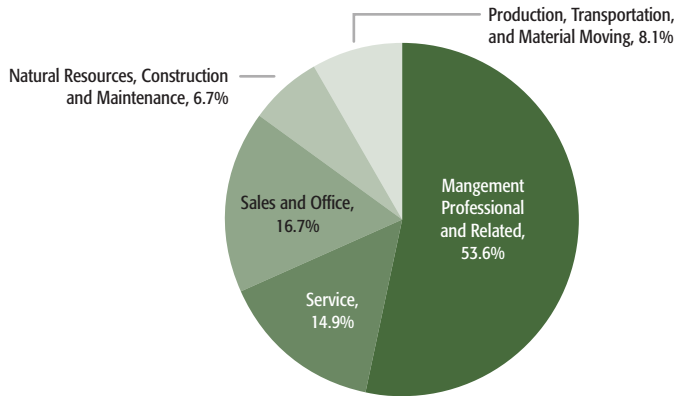
In 2022, the Massachusetts economy was dominated by management, professional, and related occupations. This is not surprising given the concentration of highly educated workers these occupations require. More surprising is the fact that most states, regardless of their educational attainment levels, had at least 40 percent of workers in those fields.

Instead, this may be the result of most states shifting from a manufacturing-based economy to one dominated by services. In Ohio, Oklahoma, and Louisiana, the percentage of workers in professional occupations was a full 10 percentage points greater than the percentage of workers with a bachelor's degree or higher. This may be the result of employers in those states being more open to hiring workers without college degrees and providing on-the-job training, a broad definition of what encompasses professional or managerial roles, the result of an older workforce that started their positions before college degrees were a job requirement, or a combination of the three. In states like Massachusetts the percentage of workers with a bachelor's degree closely aligned with the percentage of workers in professional occupations, which likely indicates an unwillingness by employers to hire outside the most educated labor pool.

Further, with a greater share of workers in professional and management-related occupations Massachusetts had a smaller share of workers in other sectors, such as transportation, manufacturing, and sales and office occupations.

The decline in college enrollment is not simply a result of fewer people of college age, high school graduates are increasingly turning down the opportunity to pursue a college degree.

Figure 8: MA Share of Workforce by Industry Category, 2022



Graphic and analysis by author, data from the Bureau of Labor Statistics – Current Population Survey (CPS)

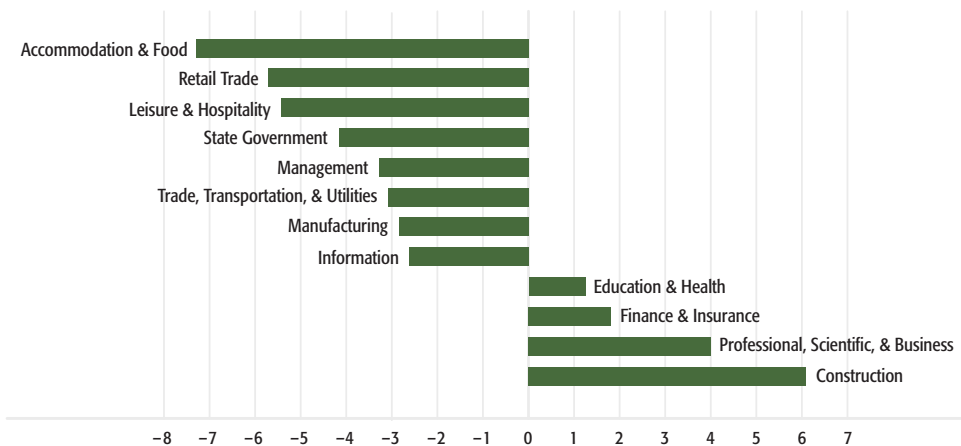
### Uneven Employment Recovery

An analysis of industry-specific occupation employment data<sup>18</sup> reveals that several industries have yet to recover from employment losses during the pandemic. Most of these are in low-wage sectors or ones in which employment was already declining. Between February 2020 and February 2024, employment decreased in manufacturing (-6,900), accommodation and food services (-23,600), retail trade (-19,900), and leisure and hospitality (-21,000). Over the same period, employment also declined in a small number of higher wage occupations including management (-2,400), information (-2,500), and state government (-5,600).

Recovery from the pandemic has been uneven and certain industries like professional, scientific, and business services; construction; and finance and insurance continue to grow and add jobs, other sectors are struggling to return to pre-pandemic employment levels. Even within otherwise growing sectors like health care and social assistance, shortages have persisted or worsened for particular occupations. In February of 2024, registered nurses were the most frequently posted openings on job boards, with over 17,000 positions being advertised.<sup>19</sup>

Even as employment recovered nationally to pre-pandemic levels in the retail trade and hospitality industries, Massachusetts employment was still down by over 5 percent at the beginning of 2024.

Figure 8: Percent Change in Employment By Industry, MA Feb 2020–Feb 2024



Graphic and analysis by author, data from Current Employment Statistics (CES) – Massachusetts DER, BLS

### A Growing Share of Minority Workers in Massachusetts

Overall labor force participation rates have been steady for the last 15 years, but participation rates by race in Massachusetts have changed over time, with a growing number of non-white workers in the workforce. In 2022 and 2023, that trend reversed with the white labor participation rate exceeding the non-white participation for the first time since 2018. It is too soon to tell whether this is a temporary shift. The significant age difference between the two demographics may offer a partial explanation for why this change occurred (see Figure 10). The median age among whites is 44, while the median age among the minority population is 31. The surge in pandemic-era retirements was likely concentrated among whites, leading to the divergence in labor force participation in Massachusetts.

Figure 9: Labor Force Participation Rate by Race

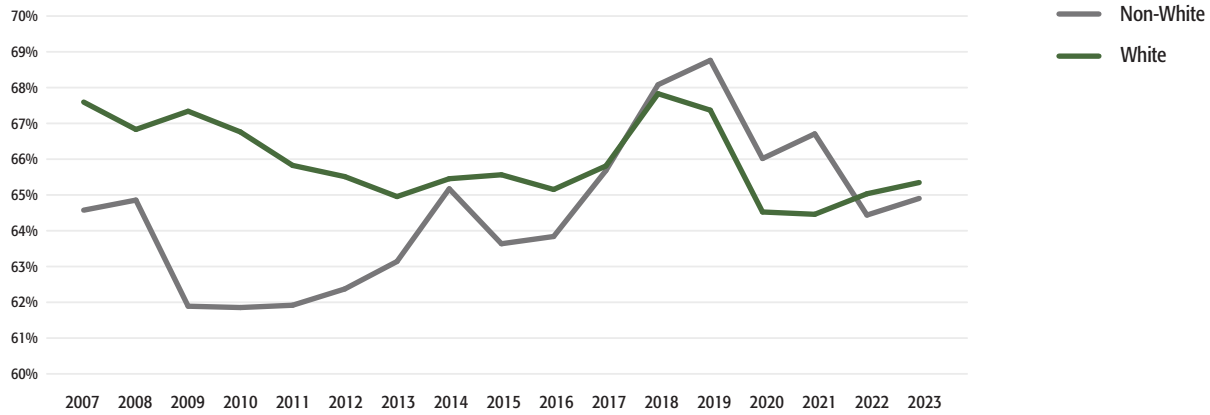
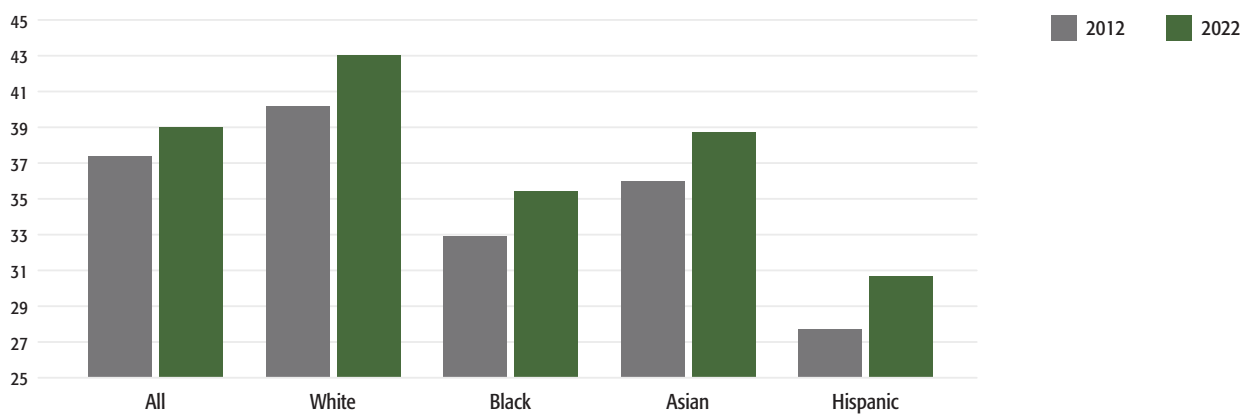


Figure 10: Change in Median Age by Race - Total U.S. Population, 2012 & 2022



Graphic and analysis by author, data from the Census Bureau and the Bureau of Labor Statistics - Current Population Survey (CPS)

The only racial group with an increased number of workers in the labor force during the pandemic was Hispanics, who had an increase of 30,000 workers between 2020 and 2023. Between 2007 and 2023, the number of Hispanic workers in Massachusetts more than doubled. However, Hispanics in the state had the largest drop off in participation during the pandemic and in subsequent years, likely a result of a greater concentration among Hispanics in lower wage and service-related occupations.

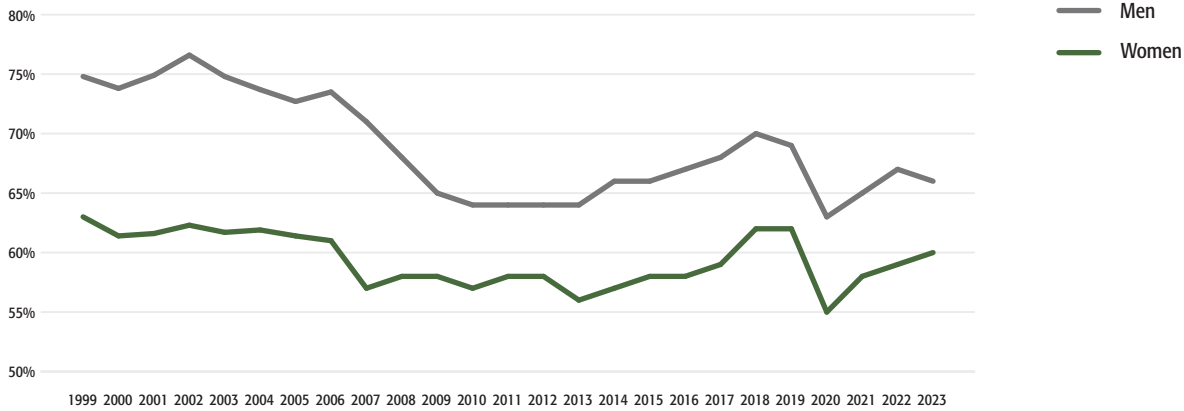
The total minority share of the labor force has increased significantly in recent years. In 2007, racial minorities made up approximately 18 percent of the total labor force in Massachusetts, by 2023 it was nearly 28 percent. While Massachusetts still lags in this respect compared to other states, it has by far the most diverse workforce in New England.

Between 2007 and 2023 the number of Hispanic workers in Massachusetts' labor force more than doubled.

## By Gender

From 2007 to 2023, male and female employment rates were largely in sync. As shown in Figure 5 below, men participated in the labor force at rates 6–8 percentage points higher than women from 2008 to 2023. The male participation rate has dropped considerably over the last 70 years from the 85 percent participation in 1948 to around 65 percent today, accounting for a significant share of the closing gap. After the Great Recession, men saw modest gains in employment as a percent of their total population, but then cratered to new record lows during the pandemic before recovering to 2019 levels.

Figure 11: MA % Employed by Gender, 2007–2023



Graphic from Pioneer's Laboranalytics.org, data from the Bureau of Labor Statistics - Current Population Survey (CPS)

A historically high participation rate among women is one of the reasons why New England had a higher overall labor participation rate than other census regions in 2023. New England men, on the other hand, ranked fifth out of the nine total census regions in 2023.

The pandemic also affected women the most, even though their recovery from it was quicker than for men. Their employment rate dropped 7.7 percentage points compared to 6 percentage points for men. Yet as of 2023, while both men and women did not fully recover to pre-pandemic labor participation, women were closer to recovery (-2.1 percent) than men (-3.2 percent). Women in Massachusetts also had a labor participation rate 4.7 percentage points higher than women nationally.

Between 2007 and 2021, Massachusetts women aged 55–64 increased their labor force participation numbers at even higher rates than their male counterparts (103,000 versus 79,000). In New England and Massachusetts, the numbers of 55–64-year-old men and women in the labor force were almost equal. In 2022 and 2023, that trend fizzled out as the number of men aged 55–64 in the labor force increased by nearly 30,000, while the number of women in that age range remained the same. Also, despite the similar numbers of men and women looking for work in that age range, 55–64-year-old men had a participation rate 10 percentage points higher, as there were more women in the total population.

## Employment/Unemployment

In terms of overall employment rates, Massachusetts ranks second in New England with 62.9 percent of all residents employed, behind only Vermont (63.7 percent), and tied with New Hampshire and Connecticut.

However, Massachusetts has consistently lagged some of its peers in unemployment, though it is doing better than the national average. At 3.4 percent in 2023, Massachusetts had a lower unemployment rate than only Connecticut (3.7 percent). The Bay State was behind New Hampshire (2.4 percent), Vermont (1.8 percent), Maine (3.3 percent), and Rhode Island (3.1 percent). This

trend shifted as we moved into 2024, in February only Vermont (2.3 percent) and New Hampshire (2.6 percent) were outperforming Massachusetts (2.9 percent) in terms of unemployment.

Even with 234,000 open jobs, the state has had difficulty getting unemployed workers back into the workforce. This is likely the result of a mismatch between the qualifications of unemployed workers and available jobs, and Massachusetts' generous unemployment assistance benefits.

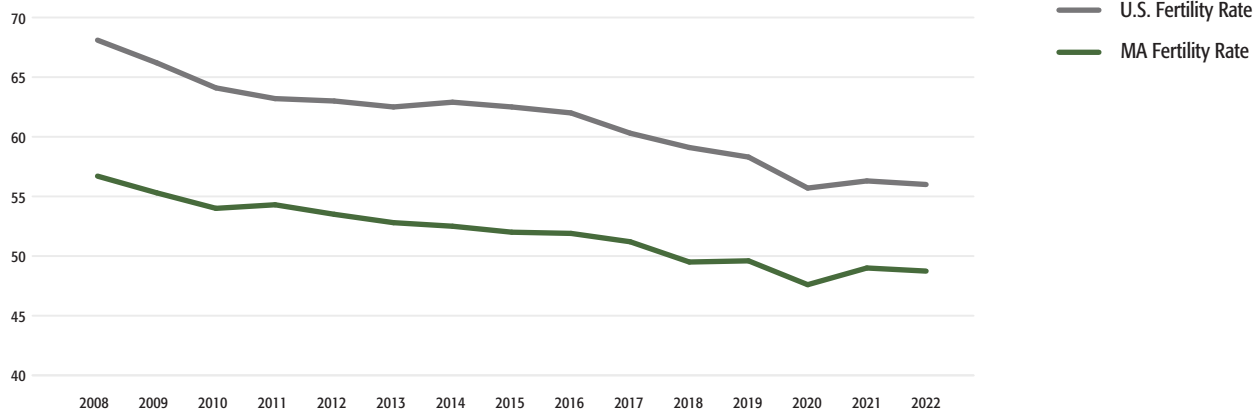
### Declining Fertility

According to a large body of academic literature,<sup>20</sup> fertility rates have been falling for quite some time in the United States and other prosperous nations across the developed world. This drop has been attributed to their more educated and wealthy populations. While the country's birth rate falling below the rate of replacement is cause for concern, Massachusetts' drop in fertility is even more dramatic.

In 2022, the number of births per 1000 women aged 18 to 44 in Massachusetts was a paltry 48.74, over seven births lower than the national average and 100 lower than the fertility peak during the post World War II baby boom. Total births have dropped by almost 8,000 per annum since 2008 when 76,969 babies were born in the state. This trend exacerbates the Commonwealth's aging population and does little to offset its decline in immigration.<sup>21</sup> In 2001, the net natural population increase (births-deaths) was a positive 24,500, but in 2022 it was just 5,500. Without changes to the current trends, Massachusetts must attract international immigrants and increase its labor participation rates in order to grow its economy.

**Natural population growth has slowed significantly since 2001, the result of a state birth rate far below the national average.**

Figure 12: Birth Rate Per 1000 Women Aged 18–44, 2008–2022



Data from the CDC – National Vital Statistics System<sup>22</sup>

### Foreign-Born Workers

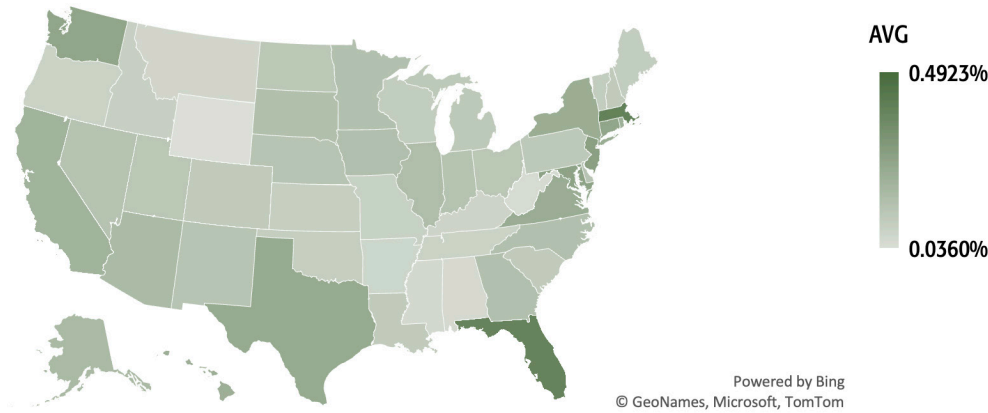
As the workforce ages and Baby Boomers are replaced by less numerous cohorts of Millennials and Gen Zers, skilled immigrant workers will play an ever-greater role in the labor force. Recently, Massachusetts has had a larger immigrant population than most states. In 2022, the Commonwealth had 850,000 foreign-born workers or 21.7 percent of its workforce, the seventh largest foreign labor force in the U.S. by percentage. This represents a material increase from 2010, when there were 650,000 foreign-born workers, making up roughly 18 percent of the total labor force. This growth is even more remarkable given that the pandemic occurred in this timeframe.

Massachusetts has benefited substantially from the rescinding of a number of pandemic-era immigration restrictions, all of which depressed the total number of immigrants to the U.S. by an estimated 1.65 million working-age foreign nationals.<sup>23</sup> As a percentage of total population the state has taken in more immigrants since 2020 than any other state, trailing only the District of Columbia (see Figure 13). In gross numbers Massachusetts (111k) only trailed Florida (349k), California (323k), Texas (291k), and New York (181k) despite being only the 16<sup>th</sup> largest state. Over half of newly arriving immigrants to the Commonwealth hold a bachelor's degree or higher.

This influx of immigrants is one of only a few trends preventing a significant decline in the state’s population. As previous Pioneer studies<sup>24</sup> have illustrated, the Commonwealth has been losing thousands of residents every year, especially among the 25–34 demographic. However, as seen in Figure 14, some of the loss in domestic residents is counteracted by gains in the number of immigrants choosing Massachusetts as a destination. In 2023, for example, while the Census Bureau estimates that a net 39,000 domestic residents fled the state for greener pastures a net 51,000 international migrants made it home, leading to an overall population increase.

As a percentage of its population Massachusetts has brought in more immigrants since 2020 than any other state.

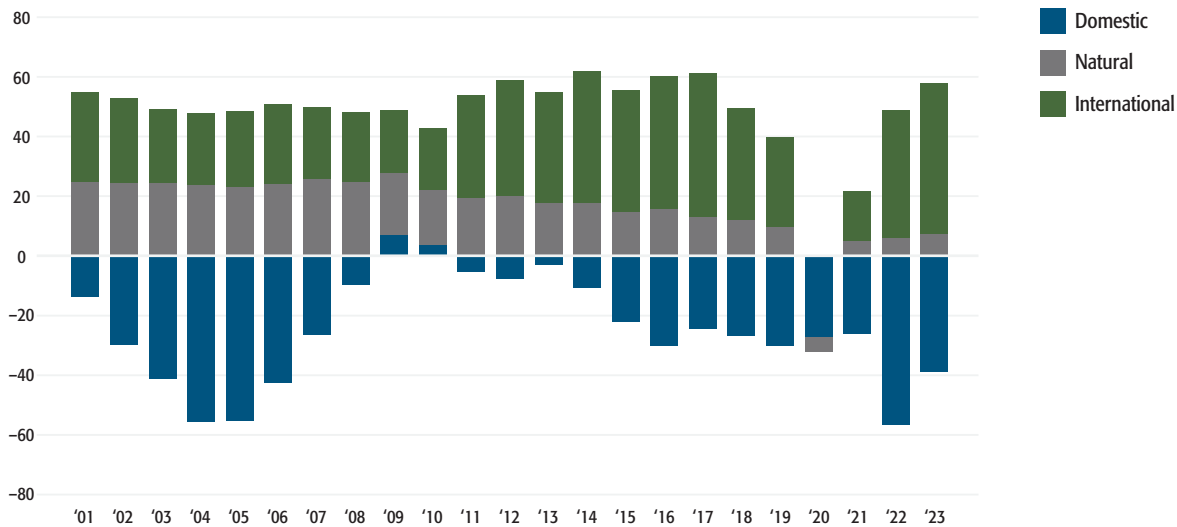
Figure 13: Net International Migration, 2020–2023



Graphic and analysis by author, data<sup>25</sup> sourced from Census Bureau population estimates. Average is the percent of the total population gained by net international immigration in a given year averaged over the four-year span.

It is unclear whether this is simply the result of pent-up demand from the pandemic or a sustained trend. Before 2020, net international migration to the Bay State had reached a peak in 2017 before declining in both 2018 and 2019.

Figure 14: MA Net Population Growth, 2001–23



Data from Census Bureau Population Estimates<sup>26</sup>



## Policy Recommendations

Serious structural challenges will remain for the Massachusetts labor force without policy intervention. Massachusetts, like the rest of New England, 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 are left to fill the void. With employers finding it increasingly difficult to hire skilled candidates to fill positions, the impact will limit the state's economic growth potential.

Thus, policy makers should seek to remove the impediments to working by:

### 1. Matching Training Programs to Available Jobs

Many workers remain sidelined as a result of a skills mismatch between them and hiring employers. While there are nearly 234,000<sup>27</sup> job openings in the state, there remain roughly 122,000<sup>28</sup> unemployed workers — a ratio of nearly two open jobs for every unemployed person. This ratio has largely remained the same since 2021 despite millions of dollars spent on workforce training.

The pandemic resulted in many changes to the overall economy, how businesses operate, and the workforce. The state should prioritize investment in K–12 schooling that prepares the next generation for the needs of the future labor force, and should reform the structure of the workforce development apparatus to ensure that unemployed and underemployed workers can be effectively upskilled to fill current positions.

- Expand vocational-technical high school capacity by 5,000 additional student seats
- Reassess workforce development structures, provide greater transparency on outcomes and access the most pressing worker trainee and employer needs, and create flexibility.

### 2. Enabling More Immigration of Skilled Workers

Lastly, and likely most consequential, 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 150,000 since 2020, due to pandemic-era restrictions on immigration and other compounding factors like remote work.<sup>29</sup>

- 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 to filling many gaps that Massachusetts has in its workforce.

**With over 150,000 domestic residents fleeing the state on net since 2020, Massachusetts needs to continue attracting immigrants to sustain the state's labor force.**

#### 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. Data for the year 2023 utilized in the report is preliminary data and will likely see some corrections when the full data set is released later this year.



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## Mission

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## Values

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