

# Massachusetts at Risk: The Alarming Decline of Private Sector Employment Growth

By Aidan Enright

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## Key Points

- Massachusetts has had the third slowest private sector job growth in the nation since 2020, with a net contraction of 0.74 percent.
- Major sectors like professional services, retail, manufacturing, and information have shrunk since their peaks.
- Competitor states like Florida, North Carolina, and Texas have experienced strong private-sector growth while Massachusetts stagnated.
- Without making the necessary policy changes to become more competitive Massachusetts risks anemic job creation, higher inequality, and outmigration.
- Reversing course will require tax reform, regulatory streamlining, workforce investments, and aggressive housing policy changes.

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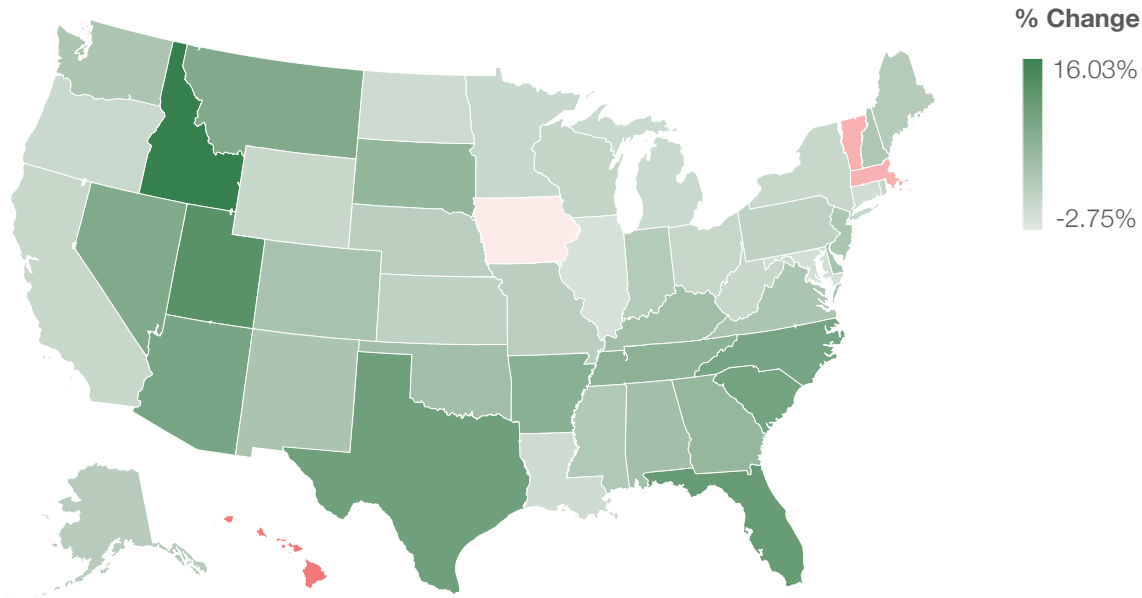
## Introduction

There are several measures available to economists when assessing a state or country's economic wellbeing. They include, but are not limited to, gross domestic product (GDP), income, labor force participation, productivity, industry composition, and employment. For states in particular, private sector employment is one of the most important indicators of vitality.

Private sector jobs are the primary drivers of economic expansion, contributing to growth in GDP, tax revenue, and consumer spending. When job growth in this sector stagnates, it signals a slowdown in business investment, entrepreneurship, and the overall dynamism of the economy. Without new private sector jobs, there are fewer opportunities for residents to find meaningful employment, earn wages, and contribute to the local economy.

For those reasons, current employment trends in Massachusetts bode poorly for the state's overall economic health. As visualized in Figure 1, Massachusetts' private sector has been one of only four states, plus the District of Columbia, to have experienced negative growth since the beginning of 2020. In March 2025 the private sector in the Bay State was 0.74 percent smaller than it was in January 2020. Only Vermont (-1 percent), Hawaii (-2.75 percent), and D.C. (-5.39 percent) experienced greater reductions.

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**Figure 1: Change in Private Sector Employment, January 2020 to March 2025**

**Source:** Bureau of Labor Statistics, *Current Employment Statistics (CES)*

This lack of growth presents serious economic challenges. As one of the states with the lowest rates of private sector job growth in the country, Massachusetts has demonstrated that it is falling behind in competitiveness, innovation, and overall quality of life for its residents. While the state has long been known for its strengths in education, health-care, and technology, stagnant private sector job creation threatens to undermine these advantages and weaken Massachusetts' long-term economic resilience.

Furthermore, a slow-growing private sector can exacerbate income inequality and limit upward mobility. In Massachusetts, where the cost of living—particularly [housing](#)—is among the highest in the nation, stable and well-paying jobs are essential for maintaining a middle-class standard of living. If private businesses are not hiring or expanding, residents may be forced into lower-paying public or part-time jobs or may leave the state in search of better opportunities—a trend already visible in [outmigration data](#). This could lead to a brain drain, as young professionals and skilled workers choose states with more vibrant job markets and better affordability, ultimately reducing the state's talent pool and its long-term economic potential.

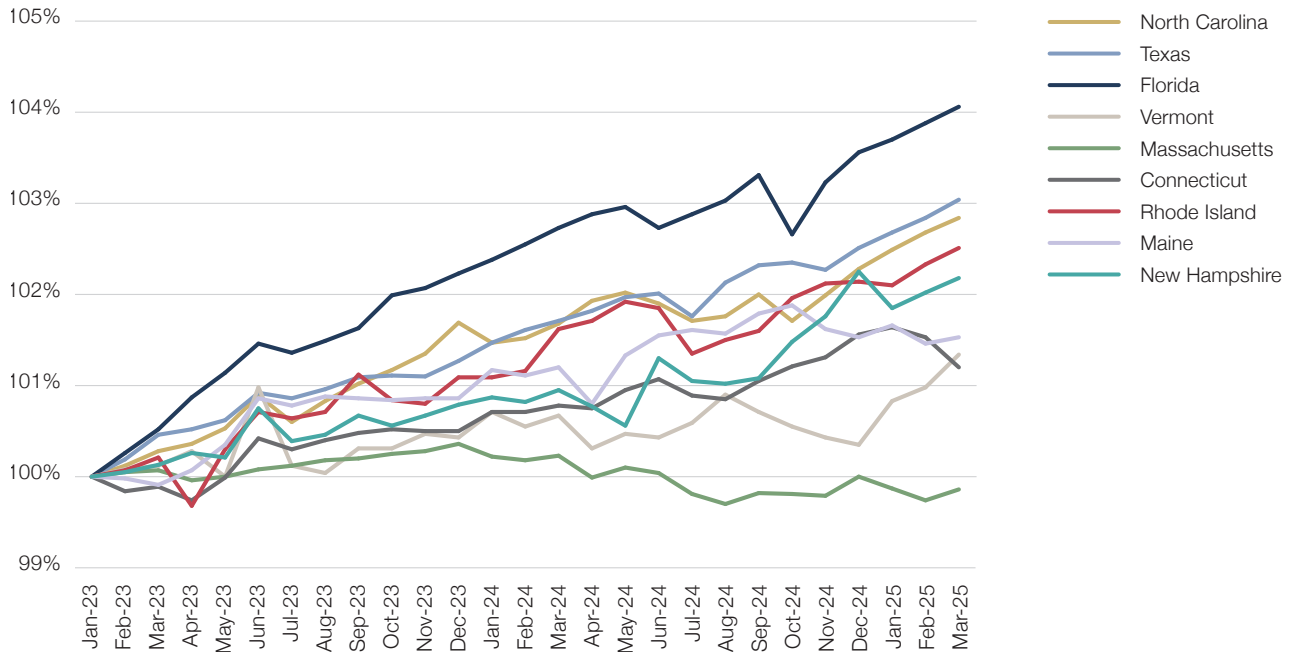
The innovation economy in Massachusetts, anchored by industries such as biotech, clean energy, and information technology, depends heavily on a thriving private sector. Without robust job growth, these sectors may struggle to scale or to attract venture capital and talent. This stagnation can result in lost opportunities for commercialization of new technologies, fewer startups, and a reduced ability to compete with other states. Moreover, a sluggish job market sends negative signals to investors and entrepreneurs considering Massachusetts as a place to do business, further perpetuating the cycle of underperformance.

As shown in Figure 2, while Massachusetts has become stagnant, its competitor states are growing. New England states have experienced largely average private sector growth from January 2023 to March 2025, but states like Florida (11.8 percent), Texas (10.9 percent), and North Carolina (10.1 percent) have grown dramatically.

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A closer look at North Carolina illustrates this trend. North Carolina’s most dynamic regions—the Research Triangle and Charlotte—are much like Massachusetts. They have strong universities, major finance hubs, and growing biotech and tech industries. About five million people live there, similar in size to the Boston-Cambridge-Newton metropolitan statistical area (MSA). Yet during the period from January 2020 to March 2025 they added 254,900 nonfarm jobs (11.2 percent growth), while the Boston MSA had shed 33,400 (–1.2 percent growth).

**Figure 2: Sample of States Comparison, Private Sector Employment**



**Source:** Bureau of Labor Statistics, *CES*. Monthly employment totals are indexed to January 2023 levels for a like comparison. For example, Massachusetts’ March 2025 private employment is 99.86 percent of what it was in January 2023.

More worryingly, some of the Bay State’s decline has occurred within our most important sectors. For example, while the professional, scientific, and technical services sector grew by 5 percent overall between January 2020 and March 2025, it peaked in September 2022 at 379,300 and has since declined by 3 percent, dropping to 368,800 employees.

Other major private sector industries have suffered significant losses between January 2020 and March 2025:

- Retail trade: –7.69 percent
- Manufacturing: –5.39 percent
- Information: –4.18 percent
- Trade, transportation, and utilities: –4.02 percent

Although some sectors with higher educational requirements—such as health care and social assistance (1.53 percent growth), educational services (2.79 percent), and management (3 percent)—have continued to expand, their growth rates remain muted and insufficient to offset broader stagnation.

## Conclusion: Massachusetts Must Act Now

Taken together, these trends offer serious warning signs to state policymakers. To stay competitive, vibrant, and prosperous Massachusetts must prioritize private sector growth. It must attract and retain talent, create a healthy business climate, and generate the conditions for startups and established firms alike to invest and expand.

Specifically, to reverse the trend of stagnation, Massachusetts must:

- Foster a business-friendly environment through lower taxes and greater economic freedom
- Streamline permitting and regulation
- Become “tax-normal” by returning to a per capita tax burden more in line with the national average
- Invest in coordinated and metric driven workforce development, and
- Aggressively expand the housing stock at a variety of price points.

Without meaningful action, Massachusetts risks a continuation of economic stagnation and perhaps even decline, ultimately reducing opportunity and quality of life for its residents.

### Data Note:

All private sector and non-farm state and metropolitan statistical area (MSA) employment data is sourced from the Bureau of Labor Statistics' [Current Employment Statistics](#) (CES). Data on specific industry employment in Massachusetts is derived from the same dataset but sourced from the Massachusetts Department of Economic Research's public [data dashboard](#).

North Carolina's Research Triangle and Charlotte regions were approximated by the Durham-Chapel Hill, Raleigh-Cary, and Charlotte-Concord-Gastonia MSAs. Nonfarm employment was used instead of private sector employment for the comparison with Greater Boston as private sector employment was not available for MSAs.

