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MTF Session Preview: Workforce & Career Readiness

Emerging from the pandemic, the future of the state’s workforce is a critical issue for the state’s long-term economic success. The combination of demographic challenges, a changing economy, and increasing competition for talent creates a huge constraint on Massachusetts’ ability to connect workers with growing economic sectors, making workforce a top priority for the coming session.

Background

Massachusetts’ workforce began to decline prior to the start of the pandemic. According to data from Moody’s, the state’s workforce has shrunk by approximately 50,000 workers between 2018 and 2022 and is projected to decline by an additional 120,000 workers by 2030. At the same time, McKinsey’s 2021 report *Preparing for the Future of Work in the Commonwealth of Massachusetts* projected that up to 400,000 job transitions may be needed by 2030 to respond to the Commonwealth’s changing economy. The Commonwealth’s current and future workforce needs have increased state policymakers’ focus on creating effective workforce and career readiness programs and increasing available resources.

Historically, state workforce investments have not been well-coordinated. Small programs have been funded through the Executive Office of Housing & Economic Development, the Department of Elementary & Secondary Education, the Department of Higher Education, at different public higher education campuses, and through the Executive Office of Labor and Workforce Development. In an effort to improve coordination and impact, Governor Baker created a Workforce Skills Cabinet in 2015. The Cabinet, chaired by the Secretary of Labor & Workforce Development, meets monthly to align workforce programs with regional needs, adapt programs to emerging needs, and develop metrics to assess program success.

The Commonwealth Corporation, a quasi-governmental agency, administers several major workforce training programs, including:

- Workforce Training Program – funded through employer assessments, this program provides funds to businesses to train staff;
- Workforce Competitiveness Trust Fund (WCTF) – an off-budget trust supported through a budget appropriation, the WCTF provides grants to occupationally focused training and placement programs around the state;

- Learn to Earn – funded through the budget, Learn to Earn grants support programs that provide comprehensive job training and economic stability support for people receiving public assistance; and
- Career Technical Initiative (CTI) – funded through the budget, the Career Technical Initiative supports the use of vocational high school facilities outside of standard school time for skilled labor training.

However, in spite of the move to coordinate and centralize, workforce spending is still divided between a host of state agencies and departments. Human service agencies, like the Department of Transitional Assistance, provide training to individuals served by the agency, DESE oversees adult basic education and the state’s higher education system runs a number of smaller workforce training programs.

State workforce funding exists within a larger workforce system that is regionally focused. The majority of federal workforce funds (Workforce Innovation and Opportunity Act funds) are allocated directly to regional and local workforce systems. The purpose of this distribution is to most closely align federal funding with regional need, but it also serves to lessen the state’s ability to implement a coordinated workforce strategy using all sources of funding.

Key Policy Actions, 2021-22

FY 2022 and FY 2023 budget investments – Increasing focus on workforce training programs can clearly be seen in annual budget appropriations. In FY 2022, funding for workforce programs grew by 25.9 percent (from \$144.6 million to \$182 million) and in FY 2023 funding increased by a further 26.7 percent to \$230.6 million. More than 25 percent of the new funding since FY 2021 has gone to the Commonwealth Corporation to expand the CTI initiative and increase WCTF grants. Funding to enhance DESE’s adult basic education programs has grown by almost 30 percent, and regional Career Center funding has doubled from \$5 to \$10 million.

2021 COVID Recovery funding – the state’s \$4 billion COVID recovery bill, passed in December of 2021, included more than \$400 million for a mix of existing and new workforce initiatives, including:

- \$198.6 million dedicated for improving mental health access for chronically underserved communities, with a focus on increasing the workforce pipeline serving those communities;
- \$110 million for a new loan repayment program for mental health professionals;
- \$100 million for capital improvements at schools offering career and technical education services;
- \$37.5 million for the WCTF;
- \$25 million for CTI;
- \$25 million for nursing home workforce recruitment and retention;
- \$15 million for high-demand training programs offered through community colleges;
- \$15 million a cybersecurity workforce training initiative;
- \$11.6 million to recruit and retain psychiatric mental health nurse practitioners;

- \$10 million for Jewish Vocational Services to expand workforce programs they operate in new locations; and
- \$7.5 million for 2-year college green jobs training program.

Mental health workforce is also a focus of \$198.6 million set aside in the bill to improve access to mental health services in chronically underserved communities.

2022 Economic Development – workforce was much less of a priority in November’s economic bill, with funding limited to a nurse scholarship program (\$50 million) and a teacher training pilot (\$2.5 million).

Policy Context

Heading into the new session, the context for action on workforce entails an existential threat and very real practical challenges. MTF has documented the reality of a shrinking state workforce that is projected to lose a further 100,000 workers in the next ten years. At the same time the state lacks a cohesive, large scale workforce system.

The Looming Threat

The existential threat is the growing recognition that the state cannot meet current workforce needs and, given current demographic trends, the shortfall between workers and available jobs will grow in the years ahead. These shortages are not limited to fast-growing sectors key to our economic growth. Shortages in retail, food services, elder and health care are having real impacts on daily life now, while projected shortages in IT and high-tech industries harm the Commonwealth’s economy of tomorrow.

The Policy Reality

The practical challenge is that the state’s workforce programs remain relatively small scale, siloed, and poorly evaluated. The FY 2023 budget divides \$230.6 million in workforce spending among 26 separate workforce training programs, administered by 12 separate agencies. There is no consistent approach to measuring efficacy, and even when published, information on results is poor. The most recent annual report for the Workforce Competitiveness Trust Fund, one of the state’s largest workforce initiatives, breaks out funding information for a variety of state programs, but in only three cases is there even any information on the number of people served, let alone information on effectiveness. Without consistent metrics for basic program data, policymakers are in the dark when making decisions.

Key Questions for the Upcoming Session

Can we develop a coordinated approach to meet workforce goals?

Developing a workforce that provides skilled jobs to residents and supports the economy is a critical need for the Commonwealth now and going forward. Last session, the state demonstrated a financial commitment to addressing these issues, both through the budget and COVID recovery legislation, but that has not been paired with a commitment to eliminate current siloes and establish measurable goals for success.

As the state makes additional investments in workforce, it needs to conduct a program and policy assessment that takes a holistic look at the programs currently on offer and assesses effectiveness, replicability and connection to current workforce needs. Thankfully, the 2022 economic development bill included \$500,000 to fund the study of the effectiveness of existing career services and workforce development programs. Using that study to create a consistent and comprehensive way to measure the efficacy and scalability of programs is a critical first step.

The state also needs to learn from and work with employers, unions, community groups, and public and private higher education entities that already do work in these areas. If we do not have a comprehensive sense of the programs in existence or their effectiveness, we cannot create the system we need.

How do we address immediate, sector specific workforce needs?

Early childhood education, health care, and transportation are just three sectors, critical to our economy that have a dire workforce need right now. Addressing workforce shortages will require immediate and long-term solutions. The approach to our mental health workforce put forward in the 2021 COVID and recent mental health legislation provides a possible template for a mixed approach. The COVID recovery bill includes funding to provide loan relief to mental health professionals who choose to work in underserved settings, while the bill also creates a new fellowship program to increase the pipeline of mental health nurse practitioners. The mental health bill creates two new mental health professional license classes that do not require the same level of training or education as existing licenses.

The COVID mental health workforce investments also highlight the importance of workforce diversity. In health, teaching and other fields, there is not only a lack of workers, but a lack of diverse workers who reflect the communities they serve. This approach of maximizing deployment of the current workforce, incentivizing workers to enter high need areas and creating a diverse pipeline for the future is applicable to other sectors as well.

What are the job needs of tomorrow and how do we prepare?

The state's recently filed [workforce plan amendment](#) illustrates some of the challenges the state faces to meet future workforce needs. The 718-page document is a wealth of information on the components of the state's current workforce, existing programs and projections for future employment needs. However, it is not a clear, actionable roadmap for the state to meet its future workforce needs. Nor could the Healey administration or legislative leaders effectively use the plan to inform future investments and policy decisions.

Distilling much of the data and programmatic information in the WIOA plan could form the foundation of an annual state workforce strategy that sets clear goals, identifies existing and new programs designed to achieve those goals, and establish metrics to assess progress. Massachusetts needs an annual diagnostic of future workforce projections and the tools available to meet implied need. That diagnostic must be developed with, and account for, workforce programs offered outside of state government.