



Media Contact:

Leo Ruiz, lruiz@denterlein.com, 305-987-8437

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Massachusetts Taxpayers Foundation Releases 2024 Competitiveness Index Report

New Report Highlights Key Strengths and Growing Challenges Facing the Massachusetts Economy

Boston, MA (September 9th, 2024) – Massachusetts is at risk of losing its competitive edge as rising costs and a labor force that has not returned to pre-pandemic levels challenge the state's position as a leader in innovation and economic growth, according to a new report from the Massachusetts Taxpayers Foundation (MTF). The first annual [MTF Competitiveness Index](#), created in partnership with the Massachusetts Competitive Partnership and UMass Amherst's Donahue Institute, is a comprehensive study that examines the state's economic standing through 26 key metrics, designed to offer policymakers, business leaders, and the public a clear, data-driven understanding of how Massachusetts measures up against other states.

The Index reveals that while Massachusetts continues to benefit from its symbiotic relationship between its highly educated workforce and marquee economic sectors like healthcare and higher education, the state also faces significant challenges related to cost and demographic shifts. Among the most pressing issues are the high costs of energy, housing, and childcare, as well as a declining labor force, aging population, and increasing rates of outmigration.

"Massachusetts has long been a leader in innovation and economic productivity, but our ability to maintain this status is under threat," said Doug Howgate, President of the Massachusetts Taxpayers Foundation. "The 2024 Competitiveness Index provides a critical baseline for understanding where we stand today and what we need to do to ensure Massachusetts remains an attractive place to live, work, and invest in the future."

The report categorizes the state's performance into four key areas: Economic Health, Population and Labor Force, Business Employment and Investment Factors, and Resident Life. For each of these areas, Massachusetts is compared not only to the national average and other New England states, but also to a select group of competitor states to whom the state has recently lost jobs: California, Florida, New York, North Carolina, and Texas.

Some of the report's key findings include:

- **Massachusetts' talent and innovation are a strength:**
 - Massachusetts ranks 1st nationally in terms of the share of adult residents with a bachelor's degree
 - Massachusetts' K-12 system ranks 1st and 2nd in reading and math respectively
 - Massachusetts ranks 2nd nationally and 1st among competitor states in Research & Development funding as a share of Gross State Product, underscoring the commonwealth's strength in innovation
- **Cost of living and cost of doing business is a major competitive disadvantage:**
 - For businesses, energy, unemployment insurance, and taxes rank near the bottom of national rankings
 - For residents, child care and housing costs as well as commute times make Massachusetts a challenging place to raise a family
- **The pandemic has exacerbated pre-existing demographic challenges:**
 - Massachusetts has seen a 2.4% decrease in its labor force since 2018, a trend that poses a serious risk to the state's long-term economic growth
 - The state ranks 45th in the nation for domestic outmigration, with many residents relocating to lower-cost states

"Massachusetts is a great state, but to maintain our competitive edge, we need to address the fundamental issues driving up costs and driving out talent," said Jay Ash, President & CEO of the Massachusetts Competitive Partnership. "This report provides a roadmap for the policies and strategies that can help us reverse these trends and build a stronger, more resilient economy."

The 2024 Competitiveness Index also highlights five key areas for policy focus, including creating a competitiveness roadmap, stemming outmigration, growing the labor force, incorporating cost considerations into policy decisions, and fostering the relationship between the education system and the economy.

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About the Massachusetts Taxpayers Foundation

Founded in 1932, the [Massachusetts Taxpayers Foundation \(MTF\)](#) is widely recognized as the state's premier public policy organization dealing with state and local fiscal, tax, and economic policies. MTF's record of high-quality research and non-partisan analysis has earned the organization broad credibility on Beacon Hill and across the Commonwealth. Our mission is to

provide accurate, unbiased research with balanced, thoughtful recommendations that strengthen the state's finances and economy to foster the long-term well-being of the Commonwealth. Over the course of nine decades, MTF has played an instrumental role in achieving major reforms and promoting sound public policy in state government. In the past ten years, MTF has won sixteen prestigious national awards from the Governmental Research Association for our work on a wide array of topics. Our unique credibility has allowed us to have a significant impact on a wide range of issues - from health care, business costs and transportation funding to tax competitiveness, capital investments and state and local finances.