

A TALENT AGENDA

TO DRIVE MASSACHUSETTS' COMPETITIVENESS



Attract and Retain Talent

Develop Untapped and Diverse Talent

Create a Competitive Environment for Growth

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The Massachusetts Business Roundtable originally released “A Talent Agenda to Drive Massachusetts’ Competitiveness” in the Fall of 2021 in collaboration with the Center for State Policy Analysis at Tufts University. It was then updated in the Fall of 2022. This latest report integrates new survey data, statistics, and recommendations with the intent to serve as the Roundtable’s public policy framework for the 2025–2026 legislative session.

Executive Summary

The secret to Massachusetts' economic success has historically been its ever-growing population of well-trained, highly educated, and diverse talent. For decades, this has been the Commonwealth's greatest competitive advantage. However, it is currently under threat due to three key challenges, namely: the high cost of living; the outmigration of talent; and the high costs of doing business in the Commonwealth.

To address these challenges, the Roundtable has developed a Talent Agenda, a framework aimed to drive the state's economic competitiveness. It proposes policies to make the Commonwealth an inclusive, affordable, and a competitive place for workers, residents, and businesses to call home and is designed to address the three aforementioned challenges. The policies outlined in the Talent Agenda are based on three pillars and 12 key areas of focus:

PILLAR I: Attract and Retain Talent. To ensure the Commonwealth continues to be a place where employers can recruit and retain the talent they need to grow and thrive, the Roundtable recommends a focus on four strategies impacting talent:

◆ **Address the High Cost of Living**

KEY AREA OF FOCUS: Collaborate with stakeholders on the implementation of the Affordable Homes Act; the MBTA Communities Act; and the Commonwealth's 5-Year Housing Plan.

◆ **Support Caregiving and Caregivers**

KEY AREA OF FOCUS: Partner with the Massachusetts Business Coalition for Early Education to institute a new public-private partnership for child care and collaborate with the Massachusetts Caregiver Coalition to provide resources to employers to support employees' caregiving needs.

◆ **Recognize the Linkage Between Housing, Transportation, and Workforce**

KEY AREA OF FOCUS: Conduct research on the intersection of housing, transportation, and workforce and develop policy recommendations aimed at addressing them holistically.

◆ **Tell the Commonwealth's Story**

KEY AREA OF FOCUS: Incorporate messaging about the state's competitive advantages into the Roundtable's communications plan.

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talent; and high costs
for businesses.

PILLAR II: Develop Untapped and Diverse Talent. While employers continue to be challenged by outmigration and population trends, there are pools of untapped talent in Massachusetts that could be better connected to the workforce. The Roundtable has identified four strategies for developing untapped talent and creating diverse talent pipelines:

◆ **Connect Employers to Diverse Talent at Two- and Four-Year Institutions**

KEY AREA OF FOCUS: Collaborate with partners to increase awareness and support for Minority Serving Institutions and create more connections between Roundtable members and two- and four-year higher education institutions statewide.

◆ **Expand Career Opportunities for Immigrants**

KEY AREA OF FOCUS: Continue to implement the recommendations of the Roundtable's report on foreign-educated immigrants, with a focus on developing a statewide ESOL expansion and system improvement strategy.

◆ **Grow Skills-First Talent Strategies Across Industries Statewide**

KEY AREA OF FOCUS: Through leadership of the MassSkills Coalition, grow and strengthen skills-first talent strategies across industries statewide.

◆ **Develop Education Pathways for All Students**

KEY AREA OF FOCUS: Work with the broader business community, state leaders, and other stakeholders to create a statewide standard for high school graduation.

PILLAR III: Create a Competitive Environment for Growth. Despite Massachusetts' many strengths, the rising cost of doing business, and the increased mobility of workers, are influencing employers' decisions on where to grow and expand and impacting the state's competitiveness. The Roundtable's approach towards creating a competitive environment for growth centers around four strategies:

◆ **Invest in and Grow Emerging Industries**

KEY AREA OF FOCUS: Collaborate with stakeholders to help grow emerging industries statewide through the implementation of the Mass Leads Act.

◆ **Address the Cost of Doing Business**

KEY AREA OF FOCUS: Support policies that lower the cost of doing business, particularly in areas such as energy, health care, and regulatory compliance.

◆ **Align Workforce Pipelines and Economic Development Strategies**

KEY AREA OF FOCUS: Prioritize the alignment of economic development and workforce development strategies in the Roundtable's policy work and participation in state policy initiatives.

◆ **Create a Competitive Tax Environment**

KEY AREA OF FOCUS: Advocate for tax policies that support a more competitive business climate, with a lens toward attracting and retaining talent and helping companies stay and grow in Massachusetts.

Through this Talent Agenda, the Roundtable seeks to solidify our greatest competitive advantage—our talent—and position the state to better compete in a fast-changing and global economy.

Framing

The secret to Massachusetts' economic success has historically been its ever-growing population of well-trained and highly educated workers. A global epicenter of talent, the Commonwealth is home to over 100 colleges and universities and countless clusters of innovation in health care, life sciences, climatetech, financial services, and more. Massachusetts also incubates a skilled and diverse workforce with a pipeline of talent that helps employers grow and do business across the state. For decades, this has been the Commonwealth's greatest competitive advantage.

However, this talent advantage is under threat. Although Roundtable members are not expressing panic, the state's economy has been described as "without strong tailwinds," due to the high cost of living and doing business and troubling trends of talent leaving the state. While many of the pressing issues can be attributed to the cost of housing, the data is clear. Whether it be national rankings such as the [CNBC's Top States for Business](#) or state rankings such as the [Massachusetts Competitiveness Index Report](#) by the Massachusetts Taxpayers Foundation (MTF), the state's cost of living and cost of doing business are amongst the least competitive in the country.

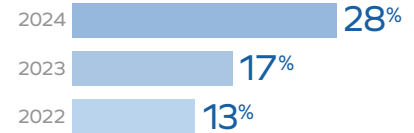
As stated by a Roundtable member, "If talent is available everywhere, it undermines our chief competitive advantage." For a state economy built on access to talent, the current trends in outmigration are a direct threat to attracting and retaining talent and, as such, a threat to Massachusetts' long-term competitiveness.

In the face of these well-known challenges, Roundtable members continue to express optimism about Massachusetts, citing the state's highly educated workforce; proximity to world-class higher education and health care institutions; and a strong, dynamic ecosystem of innovation and economic clusters that drive collaboration and a cross-pollination of ideas. In the spring of 2024, the Roundtable surveyed its membership as part of its [4th Annual Talent & Competitiveness Survey](#) (2024 Talent Survey), in partnership with McKinsey & Co. In the 2024 Talent Survey, members reported that for the first time in three years, more organizations, 28%, expect to increase their overall footprint in the state rather than decrease it. Additionally, 51% of survey respondents reported that their company plans to either maintain, relocate, or expand its presence in Massachusetts. The top reason? Access to talent.

STATE TALENT

REAL ESTATE FOOTPRINT

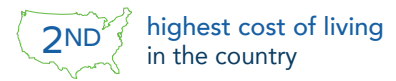
Companies expecting to increase MA real estate footprint



Source: 2024 MBR Talent & Competitiveness Survey

COST OF LIVING

Massachusetts ranking for cost of living indicators



MOST EXPENSIVE IN NATION



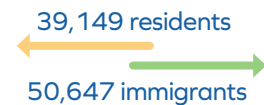
MOST expensive state to hire a nanny



Source: Forbes Advisor; Care.com; Boston Globe; and Forbes

OUTMIGRATION

2023 MA Trends



Source: UMass Donahue Institute

COST OF DOING BUSINESS

2024 Ranking



Source: CNBC

Business leaders and policymakers understand the strengths, the challenges, and the solutions. The state has begun to make large investments and the policy changes necessary to increase housing production; improve transportation infrastructure; and ensure a diverse and robust workforce. At the same time, the Roundtable is working to elevate the importance of creating a cost structure that incentivizes people and companies to not only stay in the state but grow here as well.

The Roundtable has developed this Talent Agenda, a framework aimed to drive the state's economic competitiveness. This agenda, which is focused on policies that make the Commonwealth an inclusive, affordable, and a competitive place for workers, residents, and businesses to call home, is also designed to address the three main challenges facing the state: high cost of living; outmigration of talent; and high costs for businesses.

The updated Talent Agenda, outlined below, is organized across three key pillars to address these challenges: (1) Attract and Retain Talent; (2) Develop Untapped and Diverse Talent; and (3) Create a Competitive Environment for Growth. Through this Talent Agenda, the Roundtable seeks to solidify our greatest competitive advantage—our talent—and position the state to better compete in a fast-changing and global economy.

PILLAR I

Attract and Retain Talent

Access to talent is a top reason why employers choose to locate in Massachusetts. In the 2024 Talent Survey, 51% of members expressed plans to stay, relocate, or expand in Massachusetts, citing access to talent as the top reason. However, this is a notable decline over a three-year period, given that in 2022 the figure stood at 88%, and in 2023, it was 67%. This sharp decline demonstrates how Massachusetts is in jeopardy of losing talent due to high costs, combined with increased mobility of workers.

The high cost of living in the Commonwealth is also contributing to the ongoing outmigration trends and challenges in finding talent. According to a study by [Forbes Advisor](#), Massachusetts has the highest average annual salary of \$80,330. Yet, despite high salaries, the state has the second highest cost of living, with residents spending an average of \$53,860 combined on housing costs, transportation, health care, food, and income taxes annually.

As stated by a
Roundtable member,
"If talent is available
everywhere, it
undermines our
chief competitive
advantage."

To ensure the Commonwealth continues to be a place where employers can recruit and retain the talent they need to grow and thrive, the Roundtable recommends a focus on four strategies impacting talent, including: (1) Addressing the High Cost of Living; (2) Supporting Caregiving and Caregivers; (3) Recognizing the Linkage Between Housing, Transportation, and Workforce; and (4) Telling the Commonwealth's Story.

STRATEGY 1

Address High Cost of Living

BACKGROUND

Massachusetts is one of the most expensive states to live in the country, due in large part to the cost of housing. It is the **third most expensive state** in the nation to rent a home and the **fifth highest to buy a home**. The pathway to homeownership is especially limited in the state, particularly for people of color. Collectively, more than **50% of Black and Hispanic households** in Massachusetts are considered cost-burdened, meaning that housing costs eat up at least 30% of their income, impacting budgets and blunting the ability to build wealth. High housing costs, combined with high costs for child care, health insurance, energy, are also contributing to a troubling outmigration of talent and the inability of employers to find workers to fill open jobs.

ROUNDTABLE ACTIVITIES

In August 2024, the Affordable Homes Act was passed, which makes available nearly \$5.2 billion in capital spending over the next five years and includes nearly 50 housing policy initiatives. This presents an opportunity to address the housing crisis and ensure that business leaders are at the table as the law is implemented.

The Roundtable will continue to engage in efforts designed to increase the supply of housing; reduce regulatory barriers; ease the path to homeownership; and ensure data drives housing decisions and goals. In addition, the Roundtable, as co-chair of the **Our Massachusetts** campaign, will lead and collaborate on efforts to provide the necessary tools to business leaders and employees to ensure more housing is approved and built at the local level.

KEY AREA OF FOCUS

Collaborate with stakeholders on the implementation of the Affordable Homes Act; the MBTA Communities Act; and the Commonwealth's Five-Year Housing Plan.

STRATEGY 2

Support Caregiving and Caregivers

BACKGROUND

Caregiving responsibilities, and their associated costs, impact people's ability the ability of people to engage in the workforce and for employers to recruit and retain talent. In 2023, **Massachusetts** was the most expensive state to hire a nanny and the third most expensive state for daycare. At the same time, in the

United States, 43% of adults are “unpaid caregivers,” with 23% being “sandwich generation” caregivers, caring for both adults and someone under the age of 18.

Increasingly, employers are recognizing that their employees are navigating complex hybrid work arrangements while balancing caregiving responsibilities. As a recruitment and retention strategy, employers are implementing new ways to support child care and other caregiving needs by connecting employees to resources, subsidizing costs, and offering the flexibility necessary for employees to care for children, loved ones, and themselves.

ROUNDTABLE ACTIVITIES

Recognizing the impact caregivers and caregiving have on the labor force and economy, in January 2024, Governor Healey signed an [Executive Order](#) to create a whole-of-government approach to advancing child care, leading to the creation of an Inter-Agency Task Force on Ensuring Affordable, High-Quality Child Care. The Roundtable has been engaging with the Task Force as it develops its recommendations. The Roundtable also works closely with the [Massachusetts Business Coalition for Early Childhood Education](#) to ensure that caregiving, with an emphasis on child care, is incorporated into the state’s strategies relating to the recruitment and retention of talent.

Additionally, the [Massachusetts Caregiver Coalition](#), which the Roundtable helped to establish, has been working with the Executive Office of Labor and Workforce Development to make caregiving an essential part of the state’s workforce plan while providing employers with the tools they need to support caregivers in the workplace.

KEY AREA OF FOCUS

Partner with the Massachusetts Business Coalition for Early Education to institute a new public-private partnership for child care and collaborate with the Massachusetts Caregiver Coalition to provide resources to employers to support employees’ caregiving needs.

The Roundtable also works closely with the Massachusetts Business Coalition for Early Childhood Education to ensure that caregiving, with an emphasis on child care, is incorporated into the state’s strategies relating to the recruitment and retention of talent.

STRATEGY 3

Explore Linkage Between Housing, Transportation, and Workforce

BACKGROUND

In a summer 2024 survey of Roundtable members, which asked, “what is the most important policy the state could undertake to make Massachusetts more competitive,” the top two responses were improving transportation infrastructure and investing in housing production. As a Roundtable member commented, “If you can’t afford to live here, and you can’t get to and from your job, nothing else matters.” High housing costs, poor transportation infrastructure, and long commute times impact the workforce. It forces employees to trade off lower housing costs for longer commute times, and weigh jobs with hybrid options against those that require onsite presence.

ROUNDTABLE ACTIVITIES

Public policies often look at housing, transportation, and workforce as separate silos when, in fact, they are inextricably linked. The Roundtable has been studying these connections, issuing a report in 2014 on the topic. The Roundtable will continue to explore the intersectionality of these issues and the types of policy solutions that can address them holistically.

KEY AREA OF FOCUS

Conduct research on the intersection of housing, transportation, and workforce and develop policy recommendations aimed at addressing them holistically.

While Massachusetts has many challenges, it also has many strengths. Far too often, we focus on the negatives rather than the positives.

STRATEGY 4

Tell the Commonwealth's Story

BACKGROUND

Massachusetts is a great state for residents, families, and businesses. The state has globally renowned health care and higher education institutions; a strong and dynamic ecosystem of innovation and economic clusters; is a world leader in biotech and tech; has the best-ranked public schools in the country; and has been voted the **best state to live** in the nation. Yet, when discussing the state’s competitiveness, the focus tends to be on all the challenges, particularly the cost of living and doing business and the outmigration of talent.

While Massachusetts has many challenges, it also has many strengths. Far too often, we focus on the negatives rather than the positives. The Commonwealth's economic development plan, [Team Massachusetts: Leading Future Generations](#), highlights the importance of communicating Massachusetts' story, including who we are as a state, and why it is the best place to start and grow both a career and a business. The economic development plan also includes recommendations for how the state could do a better job at marketing and communicating its positives.

ROUNDTABLE ACTIVITIES

The Roundtable served on the state's Economic Development Planning Council, which helped develop the state's economic development plan. A recommendation in the plan included the creation of a "Team MA Council to help us tell our story and retain talent." As the Roundtable establishes a new, refreshed communications plan, which will include more messaging about the state as a place to do business, the Roundtable will work with the Healey-Driscoll Administration to establish the Team MA Council and coordinate messaging around the state's strengths.

KEY AREA OF FOCUS

Incorporate messaging about the state's competitive advantages into the Roundtable's communications plan.

PILLAR II

Develop Untapped and Diverse Talent

Finding talent, particularly diverse talent, is a top need among employers statewide and across industries. While the Commonwealth is home to the most educated talent pool in the country, employers continue to encounter difficulties in finding workers to fill open jobs. In 2023, there were nearly two-and-a-half job openings for every unemployed person, highlighting a need to grow the state's labor force. A [2023 MTF analysis](#) also laid out several population and labor force trends that are threatening Massachusetts' economic growth, including outmigration, retirements, and a decline in births. One bright spot is that in 2023, [international migration](#) resulted in 50,647 new immigrants in the Commonwealth, offsetting the net domestic outmigration of 39,149 residents and demonstrating how immigrants are crucial to the state's net population growth.

While Massachusetts employers will continue to be challenged by outmigration and population trends, there are pools of "untapped talent," that are already in Massachusetts and that are sidelined or could better be connected to the workforce. Efforts to create pathways that enable diverse talent to enter and remain in the workforce can create more opportunities for residents throughout Massachusetts while helping employers find the diverse local talent they need to grow and thrive.

The Roundtable has identified four strategies for connecting diverse talent to jobs in order to grow the workforce statewide, including: (1) Connecting Employers to Diverse Talent at Two- and Four-Year Institutions Statewide; (2) Expanding Career Opportunities for Immigrants; (3) Growing Skills-First Talent Strategies Across Industries Statewide; and (4) Developing Education Pathways for All Students.

STRATEGY 1

Connect Employers to Diverse Talent at Two- and Four-Year Institutions Statewide

BACKGROUND

Massachusetts is home to many of the world's best colleges and universities, drawing nearly [500,000 college students from around the country to the Commonwealth each year](#). Combined with our rich ecosystem of community colleges and Minority Serving Institutions, the graduates of these institutions represent a diverse talent pool. Far too often, however, many of these students leave the state post-graduation, partly due to the high cost of living as discussed in detail above. There is an opportunity to offset the outmigration of residents the Commonwealth experiences each year by finding more ways to connect graduates from two- and four-year institutions with employers, particularly in in-demand industries that align with the state's economic and workforce development goals. This can be done through co-ops, internships, and stronger connections between industry and higher education. Access to careers and good-paying jobs across the state is the first step in keeping more young professionals here post-graduation.

ROUNDTABLE ACTIVITIES

One unique group of higher education institutions are Minority Serving Institutions (MSIs), a federal designation for those schools that serve a significant percentage of minority students or certain populations of minority students. In 2023, the Roundtable, in collaboration with MTF, authored a report: [Equitability Addressing the Workforce Crisis in MA: How to Capitalize on Minority Serving Institutions](#), which explored strategies to convene and bridge connections between MSIs and employers, specifically to increase recruitment opportunities for early career roles within organizations looking to enhance diversity, equity, inclusion, and belonging strategies in the workplace.

KEY AREA OF FOCUS

Collaborate with partners to increase awareness and support for MSIs and create more connections between Roundtable members and two- and four-year higher education institutions statewide.

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STRATEGY 2

Expand Career Opportunities for Immigrants

BACKGROUND

Data from 2010 to 2022 suggests that [Massachusetts is the 6th state in the nation](#) for fastest growth in its immigrant population, with [18%](#) of the state's population being immigrants. With a [70%](#) workforce participation rate, immigrants also contribute significantly to the state's economic activity. However, many immigrants face challenges in participating in the workforce due to language barriers, work history, foreign-credentials, and networking, among others.

ROUNDTABLE ACTIVITIES

In 2023, the Roundtable, in collaboration with the Center for State Policy Analysis at Tufts University, released a report: [Tapping Untapped Talent: How Foreign-Educated Immigrants Can Strengthen the Massachusetts Economy](#), which provides insight into the challenges faced by foreign-educated college graduates and strategies to tap into this untapped talent pool to strengthen our economy statewide. The report found that there are 106,000 foreign-educated college graduates in the state who earn almost 20% less than their U.S.-educated peers, and the inability to connect foreign-educated immigrants to jobs that align with their skills costs the state economy an estimated \$2.3 billion annually in lost earnings and productivity.

As the Roundtable works on policies to address the state's short- and long-term labor challenges, immigrants can both enrich the workforce and ensure employers have the diverse talent they need to grow and thrive. The Roundtable continues to be involved with efforts aimed at breaking down barriers immigrants face in the labor market, including challenges around re-credentialing and licensing; connecting immigrant-serving organizations, employers, and the workforce system; exploring new ways to support and expand entrepreneurship; and one of the biggest barriers to participating in the workforce, language.

KEY AREA OF FOCUS

Continue to implement the recommendations of the Roundtable's report on foreign-educated immigrants, with a focus on developing a statewide English as a Second Language (ESOL) expansion and system improvement strategy.

STRATEGY 3

Grow Skills-First Talent Strategies Across Industries Statewide

BACKGROUND

Skills-first talent strategies are a type of talent management approach where a company prioritizes a candidate's or employee's skills or abilities rather than a college degree when hiring, retaining, and advancing talent. By doing so, studies have shown that the talent pool for sourcing candidates can grow by [nearly 10 times](#) on average. Between 2014 and 2023, the number of jobs across the country where employers dropped degree requirements saw an almost [fourfold increase](#). While Massachusetts is [the most educated state in the nation](#), with nearly 48% of adults [25 and older](#) having a college degree or higher, that leaves 52% of adults over the age of 25 in Massachusetts without a degree. Without a skills-first approach, this untapped talent

is less likely to apply for and be hired for jobs that have traditionally required a four-year degree. Many Roundtable members and employers across Massachusetts are beginning to explore and/or are already implementing skills-based talent strategies.

ROUNDTABLE ACTIVITIES

In January 2024, Governor Healey signed an [Executive Order](#), directing the Commonwealth, as the largest employer in the state, to institute skills-based hiring practices for state jobs. As part of that order, the Governor directed the Executive Office of Labor and Workforce Development to lead by example and engage the private sector in skills-based hiring.

As an extension of the Executive Order, the [MassSkills Coalition](#) was created and announced at a Roundtable Board meeting. The goal of the coalition is to bring Massachusetts employers together from every sector across the state, who are committed to sharing, learning, reimagining, and implementing new ways to access, hire, train, upskill, and retain talent. The Coalition's leadership is represented by the Executive Office of Labor and Workforce Development, the Roundtable, the MA AFL-CIO, and Eastern Bank. The coalition has grown to over 50 members and is launching learning communities in 2025 to support employers on their skills-based talent journey.

The Roundtable is also involved with efforts through the [MA Apprenticeship Network](#) to develop and implement apprenticeship programs, which also place an emphasis on skills over degrees, in occupations across industries such as tech, advanced manufacturing, healthcare, financial services, and more.

KEY AREA OF FOCUS

Through the leadership of the MassSkills Coalition, grow and strengthen skills-first talent strategies across industries statewide.

STRATEGY 4

Develop Education Pathways for All Students

BACKGROUND

For decades, Massachusetts has led the nation with its public K-12 education system. This has not only ensured students receive a great public education but has helped Massachusetts employers have the talent they need to grow and compete. In 1993 and again in 2019, the business community supported substantial increases in state funding for

Skills-first talent strategies are a type of talent management approach where a company prioritizes a candidate's or employee's skills or abilities rather than a college degree when hiring, retaining, and advancing talent. By doing so, studies have shown that the talent pool for sourcing candidates can grow by nearly 10 times on average.

public education on the premise that they would be accompanied by high expectations for all students and a transparent system for measuring progress and results.

ROUNDTABLE ACTIVITIES

The Roundtable will continue to collaborate with key partners to ensure more opportunities for students. This includes working with key education and workforce partners such as the [Massachusetts Business Alliance for Education](#), the [Massachusetts Alliance for Early College](#), and the [Workforce Solutions Group](#).

In this work, the Roundtable will support efforts to expand access to pathways that allow students to earn college credit; participate in work-based learning opportunities; obtain industry-recognized credentials; receive career counseling; and have access to a STEM education that provides real-world applications in the classroom and beyond.

KEY AREA OF FOCUS

Work with the broader business community, state leaders, and other stakeholders to create a statewide standard for high school graduation.

PILLAR III

Create a Competitive Environment for Growth

As revealed in the 2024 Talent Survey, talent continues to be the main factor that encourages businesses to stay and grow in the Commonwealth. However, the combined rising cost of doing business and the increased mobility of workers are influencing employers' hiring as well as decisions on where to grow and expand their operations and workforce.

Based on the [2024 CNBC Best State for Business Rankings](#), Massachusetts' competitiveness is at risk. Compared to 2023, Massachusetts has declined in 8 out of 10 competitiveness categories, and the only category where its ranking improved is education. The state also continues to rank 49th for cost of doing business, just like it did in 2023.

The Roundtable's approach towards creating a competitive environment for growth and enhancing the Commonwealth's competitiveness centers around: (1) Investing in and Growing Emerging Industries; (2) Addressing the Cost of Doing Business; (3) Aligning Workforce Pipelines and Economic Development Strategies; and (4) Creating a Competitive Tax Environment.

STRATEGY 1

Invest in and Grow Emerging Industries

BACKGROUND

To enhance the Commonwealth's competitiveness, efforts must be aimed at not only strengthening already established industries like life sciences and health care, but supporting and enhancing emerging industries statewide, especially AI and climatetech. In the 2024 Talent Survey, as well as in other discussions with members, AI and climatetech are two industries that have been repeatedly identified as industries that the

Commonwealth can invest in to enhance its competitiveness and expand job opportunities across the state.

The current [venture capital funds](#) invested in the Commonwealth's climatetech industry are equivalent to what was invested in the life sciences sector 15 years ago. Additionally, while presently the state has [more than 104,000 workers](#) in the clean energy sector, it is projected that by 2030, the clean energy workforce must grow by almost 37% in order to meet the state's decarbonization goals. The Mass Leads Act, which was passed in November 2024, will invest \$400 million over the next 10 years in the climatetech industry, using a similar blueprint established when the state first invested in the life science industry.

In addition, in February 2024, Governor Healey signed an [Executive Order](#) that established the Artificial Intelligence Strategic Task Force, tasked with studying AI and GenAI technology; its impact on the state, employees, constituents, private businesses, and higher education institutions; and providing recommendations around policies, frameworks, and guidelines. This Task Force led to the creation of the Massachusetts AI Hub, that will be housed at the Massachusetts Technology Collaborative, and funded with a \$100 million through the Mass Leads Act to grow the AI industry in the Commonwealth. As such, the investments and policy initiatives included in the Mass Leads Act and the Mass AI Hub present an opportunity to position Massachusetts as a leader in AI and climatetech now and into the future.

ROUNDTABLE ACTIVITIES

In 2024, the Roundtable led the Climate Working Group, which was a part of the Economic Development Planning Council. In this role, the Roundtable helped to convene the public and private sectors in order to make a series of recommendations that eventually led to the climatetech initiative included in the Mass Leads Act. This has led to the Roundtable's involvement in additional climate-related initiatives, such as addressing siting and permitting reforms, serving on the state's Energy Transformation Advisory Board, and convening policy conversations with leaders in the sustainability space. The Roundtable will continue these and other activities in partnership with state leaders and stakeholders to implement the climatetech and AI initiatives.

KEY AREA OF FOCUS

Collaborate with stakeholders to help grow emerging industries statewide through the implementation of the Mass Leads Act.

Housing and transportation are the most significant driving factors, but members have also referenced other issues, such as the "cost of compliance" for an increasingly aggressive regulatory environment; the cost of energy and the capacity of the grid to handle increased electrification and meet the state's climate goals; and the cost of health care.

STRATEGY 2

Address the Cost of Doing Business

BACKGROUND

The [2024 CNBC Best State for Business Rankings](#) found that Massachusetts is ranked 49th in cost of doing business and 40th in business friendliness and the economy. In the 2024 Summer Survey, nearly half of Roundtable members, 46%, indicated that Massachusetts has gotten worse as a place to do business over the past few years, while only 25% say it has gotten better.

Housing and transportation are the most significant driving factors, but members have also referenced other issues, such as the “cost of compliance” for an increasingly aggressive regulatory environment; the cost of energy and the capacity of the grid to handle increased electrification and meet the state’s climate goals; and the cost of health care. In many cases, Roundtable members identify the cost of living as a cost of doing business, implying how closely the two are related.

ROUNDTABLE ACTIVITIES

The Roundtable continues to bring attention to the state’s competitiveness and addresses the cost drivers through convenings, speaking opportunities, and op-eds across various platforms. The Roundtable is also serving on commissions looking at the transition to a clean energy future, with a focus on financing the transition, and identifying ways to reduce the cost of health care through investing in primary care; addressing health inequities; and undertaking a comprehensive, long-term health care planning for the state.

KEY AREA OF FOCUS

Support policies that lower the cost of doing business, particularly in areas such as energy, health care, and regulatory compliance.

STRATEGY 3

Align Workforce Pipelines and Economic Development Strategies

BACKGROUND

In visits to other cities and states, a consistent theme has emerged: other places more intentionally align their workforce development and economic development strategies. In Raleigh, North Carolina, for example, their community college system prioritizes in-demand industries such as manufacturing and tech, ensuring a pipeline of workers. Similarly, in Toronto, the University of Toronto has developed new offerings in AI as Ontario makes a concerted effort to grow that industry. In each of these cases, workforce development strategies are used as recruitment tools to attract companies, and they are strategically aligned with economic development strategies.

In Massachusetts, the state’s economic development and workforce development plans have multiple areas of alignment, including an emphasis on talent attraction and retention; improving infrastructure; supporting high-growth sectors; and establishing data metrics for monitoring and accountability. Effective economic development and workforce development are mutually dependent and should be intentionally aligned as a key strategy for creating a competitive environment for growth.

ROUNDTABLE ACTIVITIES

The Roundtable continues to make the case for the importance of aligning workforce development and economic development strategies in a variety of forums. The Roundtable served on the Free Community College Advisory Committee, advocating for the inclusion of an entire section called “workforce and economic development considerations,” which made a series of recommendations for how to align free community college with economic development goals. The Roundtable has made similar suggestions in collaborations with the Department of Higher Education and the Executive Office of Housing and Livable Communities.

KEY AREA OF FOCUS

Prioritize the alignment of economic development and workforce development strategies in the Roundtable’s policy work and in the Roundtable’s participation in state policy initiatives.

STRATEGY 4

Create a Competitive Tax Environment

BACKGROUND

As the competition between states for business increases, it is imperative that the state address its tax environment. The [2024 Massachusetts Competitiveness Index Report](#) found that the state ranks 40th across the country for corporate income tax per capita. According to the [Tax Foundation](#), in 2024, Massachusetts had one of the highest corporate income tax rates (8%), making it the 11th highest state for corporate income taxes. Massachusetts also ranks 46th on the Tax Foundation’s [2024 State Business Tax Climate Index](#).

ROUNDTABLE ACTIVITIES

In October 2023, the state passed An Act to Improve the Commonwealth’s Competitiveness, Affordability, and Equity, which included nearly \$1 billion in tax cuts to support seniors, businesses, renters, and families. While the tax cuts have helped to make the state more competitive in certain tax categories, there is still much work to be done.

Tax and regulatory policies impact residents, workers, and employers. Ultimately, they also contribute to the cost of doing business and must be a key consideration in the Commonwealth’s

Effective economic development and workforce development are mutually dependent and should be intentionally aligned as a key strategy for creating a competitive environment for growth.

Tax and regulatory policies impact residents, workers, and employers. Ultimately, they also contribute to the cost of doing business and must be a key consideration in the Commonwealth’s short- and long-term competitiveness strategy.

short- and long-term competitiveness strategy. This is particularly important in the wake of the passage of the constitutional amendment to increase taxes on income over \$1 million. The Roundtable will continue to work with colleagues in the business community to understand the impact of the income surtax and help position the Commonwealth to create a more competitive tax environment.

KEY AREA OF FOCUS

Advocate for tax policies that support a more competitive business climate, with a lens toward attracting and retaining talent and helping companies stay and grow in Massachusetts.



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About the Massachusetts Business Roundtable

The Massachusetts Business Roundtable (MBR) is a public policy organization comprised of nearly 100 Chief Executive Officers and Senior Executives from some of the state's largest employers. The Roundtable's mission is to strengthen the state's economic vitality and engage with public and private leaders to develop public policy solutions that enhance Massachusetts' long-term competitive position and make it a highly-desirable place to do business within a global economy.

To learn more about the Roundtable, visit maroundtable.com.

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