



# A Talent Agenda to Drive Massachusetts' Competitiveness

Fall 2021

The secret to Massachusetts' economic success has been our ever-growing population of well-trained and highly educated workers, honed by our best-in-the-nation schools and best-in-the-world universities. A global epicenter of talent, with over 120 colleges and universities and countless clusters of innovation, Massachusetts has incubated a skilled and diverse workforce and talent pipeline that has inspired employers to grow and do business in the Commonwealth.

Yet the pandemic has transformed the economic landscape for Massachusetts, the country, and the world—changing the way people work and the way businesses operate. And while we may not know exactly how the future will unfold, our new reality is slowly starting to come into focus.

Among the most dramatic changes is the surge in remote and hybrid forms of work. A survey of Massachusetts Business Roundtable members—including CEOs and senior executives from large employers across the commonwealth—finds that 79% will use a hybrid work model. That's a dramatic shift from pre-pandemic days, when only 10% of employers deviated from the traditional, in-office approach.

This shift reflects the recognition among employers that workers and businesses can be productive when remote. However, remote and hybrid work tend to weaken the geographic connection between where businesses locate and where talented workers live—giving talent the flexibility to be increasingly mobile. Moreover, the emotional and economic impact of the pandemic has created new expectations and incentives for employees and job seekers, who are increasingly focused on: flexibility at work; lowering the cost-of-living; and prioritizing quality of life.

As one Roundtable member declared, "Business will go to where talent is"; and the pandemic provided some proof. Whereas just 5% of the employees at Massachusetts-based operations were working out of state before the pandemic, that figure



quadrupled to 21% during the crisis. And looking ahead, Roundtable companies expect that roughly 15% of workers will be out of state.

For now, businesses still believe in Massachusetts as a home for world-class workers and an engine of innovation. In our survey, 88% of members said they plan to either maintain, relocate, or expand their presence in Massachusetts over the next 12-24 months. A reason? Access to talent. Nevertheless, we cannot take this strength for granted, given the growth of remote work, the evolving needs and expectations of workers, and the opportunities businesses now have to hire people all around the country and the world.

Moreover, the pandemic laid bare significant disparities within the economy. Thousands of Massachusetts residents lost jobs and remain unemployed or underemployed, with the greatest job losses affecting women and people of color—especially Black and Hispanic workers. Not all residents will have the option to work from home. Those with less education, including a disproportionate number of Black and Hispanic workers, are far more tied to strict work schedules without the flexibility of working remotely or from home. Specifically, half of white and Asian workers in Massachusetts have remote-friendly jobs, the same can only be said for a third of Black workers and a quarter of Hispanic workers (Calculations from the Center for State Policy Analysis).

For jobseekers pivoting in their career or looking to reskill, there is enormous potential for Massachusetts to build on its greatest strength—its talent workforce—by opening opportunities to train the unemployed and underemployed in skills and credentials for in-demand but hard-to-fill middle-skilled roles.

Employers and the state need to work together on policies that make the Commonwealth an inclusive, affordable, and competitive place for workers, residents, and businesses to call home. Considered together, we need to ensure Massachusetts leads a talent agenda guided by opportunity, equity, and competitiveness across three key pillars: 1) attracting and retaining talent, 2) developing untapped talent, and 3) increasing diversity, equity, and inclusion for quality jobs across industries.

## **Pillar 1: Attracting and Retaining Talent**

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Access to talent influences decisions about where to do business, whether to expand, and how best to grow in Massachusetts. Among Roundtable members, 88% expressed interest in staying in Massachusetts, relocating within Massachusetts, or expanding in Massachusetts over the next 12 to 24 months. A reason? Access to talent.

Now, given the rise of remote work and the mobility of talent, Massachusetts is in jeopardy of losing its talent advantage unless policymakers and stakeholders—including the business community—support strategies and infrastructure that encourage talent to live, work, play, and innovate here.

Massachusetts must build on our strengths by ensuring infrastructure and employee benefits meet the needs of workers. Key infrastructure including affordable housing, enhanced transit, and vibrant placemaking deliver a quality of life that will attract and retain talent in Massachusetts. Moreover, employee benefits such as early childhood education and mental health and wellness supports deliver resources people need to navigate pandemic work environments.

The Massachusetts legislature has an opportunity to address many of these needs through American Rescue Plan Act (ARPA) funds. Leveraging ARPA funds for investments in these areas will help attract and retain talent by supporting the needs of a competitive workforce and encouraging people to move, stay, and thrive here. Priority areas for investment include accessible workforce housing and affordable housing; reliable transit networks; affordable and accessible childcare and mental health services; and vibrant placemaking that includes open spaces, arts and culture, and broadband.

Looking beyond ARPA funding, long-term talent attraction and retention will require additional state policies and investments to support the Commonwealth's recovery and future competitiveness.

- **Housing affordability.** Among the biggest concerns for workers weighing whether to stay in Massachusetts—or relocate here—is the high cost of housing. In greater Boston, the typical single family home costs [upwards of \\$600,000](#)—making ours the 10<sup>th</sup> most expensive housing market in the country.

The pathway to homeownership is especially limited for people of color. Nearly half of Black and Hispanic families in Massachusetts are considered

cost-burdened—meaning that housing costs eat up at least 30 percent of their pre-tax incomes. Housing costs of that scale tend to drain household budgets and blunt the ability to build wealth.

Breaking this cycle will require fresh policy approaches—both in urban centers as well as newly-popular towns that have not experienced housing pressures in the past. Rising demand for housing outside of Boston has spurred the need for an increased housing stock in those communities—which was the purpose, for example, of recently passed Housing Choice legislation supported by the Roundtable. At the same time, softening demand in certain locales around Boston could create opportunities for affordable development.

- **Reliable transit networks.** The rise of remote and hybrid work models will lead to new commuting patterns within local communities as well as to and from Greater Boston and other urban cores. This will likely require an entirely new funding structure and scheduling arrangement for commuter rail and buses, as the current monthly passes and service peaks are not tailored effectively for workers commuting two or three times a week or at a variety of hours throughout the day.

Even as many companies shift to hybrid-work models, at least half of all workers will still need to do their jobs in person, which makes it vital to maintain robust commuting alternatives. In Massachusetts, only about 44 percent of jobs can be done remotely. And Black and Latino workers disproportionately work in sectors that require daily, in-person activity (Calculations from the Center for State Policy Analysis).

Consequently, bus and transit service will remain vital for those with full-time, in-person work, including for communities of color and folks in education, life sciences, and front-line service workers. Elsewhere in the state, enhanced regional transit networks can ease travel between home and work.

- **Vibrant Placemaking:** Prior to the pandemic, Massachusetts cities and towns were focused on attracting companies to anchor development sites and spur job creation. Now, however, municipalities need to consider strategies to attract talent to live within the community—and entice companies to follow. Talent is drawn to communities with vibrant environments such as restaurants, cultural hubs, ample green space, and reliable broadband. While municipalities can still leverage state tax incentives to attract companies,

investments within the community will lure talent locally and, thereby, make it more attractive for companies to hire locally.

- **Exemplary Child Care.** High-quality, reliable child care not only helps kids thrive, it gives parents the freedom to build work schedules that advance their economic and career goals. However, the pandemic exposed an industry on the brink, struggling with an unsustainable business model which impacts not only children and families, but the providers of care who are predominantly women of color. Among other things, the state should consider foundation funding for providers, investments in the early childhood workforce through professional development and increased salaries, and creative public-private partnerships. But dusting off pre-pandemic plans for child care will not be enough, as the shift to remote and hybrid work will likely increase demand for flexible coverage hours and options far removed from Boston.

Recognizing the economic importance of high quality child care for children and their families, the current workforce, and early childhood providers, the business community has organized through the creation of the Business Coalition for Early Childhood Education. More than 80 business leaders and a dozen business organizations have come together to advance an early childhood agenda that meets the needs of today's economy. The Roundtable is playing a leadership role in the Coalition and is serving on a legislative commission to establish a policy framework to achieve this vision. The Commission is scheduled to report findings in early 2022.

- **Mental Health and Wellness:** Mental and behavioral health needs have surged during the pandemic, exceeding the capacity of an already strained behavioral health system. Employers recognize that their employees are navigating new and complex hybrid-work arrangements, balancing caregiving needs, and experiencing other pandemic-related stress. Employers are exploring ways to support the mental health of their employees by updating their benefits packages, connecting employees to digital and other mental health resources, and increasing awareness of the pandemic's impact on mental health in the workplace. While the increase in telehealth has modernized mental health delivery, additional support is needed in state policy to address pre-existing challenges such as provider shortages and funding formulas.

## **Pillar 2: Developing Untapped Talent**

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While employers celebrate Massachusetts as a hub for talent, companies also express a desperate need to fill current vacancies. This juxtaposition existed prior to the pandemic but has been exacerbated due to the severe economic downturn in industries such as restaurants, retail, and hospitality. To solve this problem and ensure businesses can find the skilled workers they need, Massachusetts needs to develop talent in local communities across regions statewide.

When the federal government's emergency unemployment programs expired in September 2021, thousands of adults in Massachusetts lost eligibility for unemployment insurance benefits. Connecting these jobseekers to good jobs and career pathways is an immediate economic imperative that dovetails with the longer-term need for state government to dramatically increase its capacity, system infrastructure, and resources over the next four years to reskill [potentially tens of thousands of people, far more than the Commonwealth currently trains or is equipped to train.](#)

Rapid reemployment and long-term strategies will both be needed to strengthen the talent pool and pipeline for employers in Massachusetts. Building on a long-standing partnership through the Workforce Solutions Group, which the Roundtable and other organizations dedicated to advocating for workforce development strategies established five key recommendations for equitable and rapid reemployment in Massachusetts:

- Expand technical training and work-based learning to train, reskill, and upskill the unemployed and underemployed
- Expand programs for speakers of other languages
- Invest in digital access, proficiency, and capacity
- Fully fund existing workforce system capacity
- Prioritize and fund "work supports" like child care, transportation and housing to ensure people can enter and successfully complete training programs

In addition to these rapid reemployment strategies, long-term investments will lead to gains for both employers seeking future talent and residents pursuing opportunity pathways for meaningful careers. To this end, the Roundtable joined with the Greater Boston Chamber of Commerce and business associations statewide to form the Massachusetts Business Coalition on Skills with the purpose of closing the skills gap in Massachusetts through targeted solutions. This work and collaborations with the

Workforce Solutions Group, Alliance for Vocational Technical Education, and more, the Roundtable also supports long-term investments in the following policy initiatives and strategies:

- Expand access to vocational technical education
- Expand access to Early College
- Increase school-to-career connecting activities
- Increase access to STEM Education

### **Pillar 3: Creating Diverse Talent Pipelines**

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Following the tragic killing of George Floyd in May 2020 and in response to the inequities exposed by the pandemic, employers across the Commonwealth have decried and rejected systemic racism, pledging to be anti-racist allies in the workplace and to deliver improved diversity, equity, and inclusion (DEI) strategies. In fact, over 90 percent of Roundtable members expect to increase their focus on DEI, with particular attention to recruiting and supporting diverse workers.

It is a business imperative for Massachusetts to be intentional in increasing DEI in the workplace and our communities. Roundtable members and the greater business community are embracing strategies to address institutional racism with action steps like the examples outlined in [5 Strategies to Address Institutional Racism](#), a guide published in January 2021 by the Roundtable with input from local coalitions dedicated to this work.

While effecting meaningful change requires leadership within companies, starting from the top, government also has a role to play in promoting Massachusetts as a safe and welcoming place for all. Employers and government need to move forward with the following recommendations to support talent diversity in Massachusetts:

- Expand representation of people of color in executive leadership, management, and on Boards
- Improve the percentage of employees of color being hired; increase the investment in their career development; and assist in building their personal networks through expanding social capital

- Increase spending and the awarding of contracts to minority owned businesses
- Make capital available to minority owned businesses and people of color
- Prioritize opportunity pathways for women and people of color to access and pursue an education and career
- Close the digital skills gap to promote digital equity and ensure that digital literacy keeps pace with technology advancements

## **The Path Forward**

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The COVID-19 pandemic accelerated many pre-existing, but otherwise slow-moving trends, including patterns around where and how people work. With the right competitive framework, Massachusetts will remain well-positioned to build on its economic advantages and expand opportunities for those too often left behind. Businesses will require space to experiment with new approaches and government must commit to policy recommendations that will ensure the state's talent remains a competitive advantage for the Commonwealth and for employers.

As the future of work continues to evolve, the need to invest in our talent and future talent will only expand. To support a strong, sustainable, and impactful recovery, we recommend the state prioritize investment in talent via strategies and policies that effectively attract, retain, develop, and diversify talent in Massachusetts.

Our recommendations provide a framework designed to ensure that talent remains here and grows here. The Roundtable stands ready to be a resource to the Legislature, Governor Baker, and other key stakeholders on this important topic. By investing in talent can we ensure that Massachusetts will remain a thriving place to live, work, play, and innovate.

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*This report was authored by the Massachusetts Business Roundtable with research assistance from the Center for State Policy Analysis.*