



333 Washington Street | Suite 853 | Boston, MA 02108 | 617.720.1000
www.masstaxpayers.com

The Massachusetts Workforce Development System: Understanding State Investments

Massachusetts is facing a workforce crisis and is struggling to compete with other states to attract and retain individuals and businesses, as evidenced in a recent demographic [chartbook](#) released by MTF and a [report](#) highlighting workforce shortage issues at the MBTA. One way the state has invested in its labor force is through funding for workforce programs in the state budget and recent COVID recovery and economic development bills. However, it can be difficult to assess how increased spending for workforce development programs has impacted the labor market. To help policymakers and the public understand if state workforce investments are effective, MTF will be releasing a series of briefs analyzing investments in workforce development programs within the state budget and other funding vehicles.

These briefs are designed as a starting framework to understand where workforce spending occurs, the goals of those investments, and to assess what is known about the efficacy of workforce spending. This preliminary brief lays out MTF's definition of a workforce program, establishes three categories to organize investment, and provides a broad overview of the current system. This framework will guide our future research, while the system overview highlights some of the challenges policymakers face in leading a coordinated response to resolving the current workforce crisis.

Defining the Scope

MTF has defined workforce programs as providing direct training for employment, reducing cost or vocational barriers, or offering services that support stable and sustainable job opportunities for unemployed, underemployed, and eligible youth populations. This includes programs with a primary goal other than workforce development that expands opportunities for individuals to achieve economic independence, such as English language learning for adults or Early College programs for underserved populations in high school.

To help policymakers and stakeholders better analyze workforce spending trends over time, this brief uses three categories to identify workforce programs and spending levels. All state investments in workforce development are organized into these categories based on the primary goal and target population:

- *Individual Workforce Training* - Programs that target underemployed and unemployed individuals and eligible youth by offering vocational and basic training to create job stability and promote career advancement. Most programs are offered by the Department of Elementary and Secondary Education (DESE), the Executive Office of Labor and Workforce Development (EOLWD), and the Commonwealth Corporation (CommCorp) – a quasi-public state agency.
- *Sector-Based* - Programs that create talent pipelines to critical sectors by using training methods made in collaboration with employers. Programs also provide pathways to becoming credentialed for a specific in-demand occupation. Most programs are offered by the Executive Office of Economic Development (EOED), the Department of Higher Education (DHE), and EOLWD.

- *Training Opportunities for State-Serving Populations* - Programs that provide access to vocational training and employment stability for individuals already interacting with state agencies, such as residents receiving public assistance. Most programs are offered by the Executive Office of Health and Human Services (EOHHS).

Some workforce investments can fall into more than one of these categories. For example, incumbent worker training programs cover a range of employees in a variety of sectors and focus on basic workforce skills. While these programs could be categorized under the individual workforce training program category, they could also be considered sector-based depending on their goal. In cases like these, a workforce program is placed in a category that is most aligned with the program's main objective. This structure provides the necessary organization to analyze a variety of different approaches to workforce needs and identify funding trends between the different approaches to workforce development.

System Overview

Workforce development is a unique element of the state budget, and it is present throughout several state entities to address their own longstanding workforce needs. From public education to the unemployment assistance system to agencies that assist low-income families, expanding access to workforce development is a common policy goal throughout state government. Largely because of this, workforce programs in Massachusetts are administered by at least 16 distinct public entities. This mixed delivery system, which is administered by state agencies and quasi-public organizations, is predominantly found in three state secretariats: EOLWD, the Executive Office of Education (EOE), and EOHHS. Funding is provided through the annual budget and recent COVID recovery and economic development bills. This does not include federal funding through the Workforce Innovation and Opportunity Act (WIOA), which distributes funding at the regional level and is based on a funding formula with pre-determined uses. Spending on workforce development through the state budget provides policymakers with greater flexibility in the creation and support of programs, unlike federal dollars constrained by certain requirements.

Given that workforce development initiatives are present through many aspects of the state government, many programs were developed and are administered independently by a variety of agencies to address their own workforce needs. This has resulted in several programs with overlapping policy goals scattered across different agencies. For example, several programs incentivize individuals receiving assistance from the state to enroll in training programs and enter the workforce. These programs include Learn to Earn, Pathways to Self Sufficiency, and the Employment Services Program. These three programs span across two administering entities and share key components to achieve similar policy goals. In cases like this, the duplicative nature is also partially a result of federal regulations and requirements that fund programs with similar objectives.

Because of the diffuse nature of workforce programming, cross-collaboration between agencies and secretariats is essential to a functional system. The Workforce Skills Cabinet (WSC) is the entity each of the last three Administrations has used to foster inter-agency communication and coordination. First created by Governor Patrick and codified by Governor Baker, the cabinet is comprised of the secretariats of the following offices:

- Executive Office of Education
- Executive Office of Labor and Workforce Development
- Executive Office of Economic Development

- Executive Office of Health and Human Services¹

As evidenced by its composition, the WSC is designed to coordinate agencies that administer the lion's share of workforce investments with the state's long-term economic development goals. The WSC does not directly administer programs; the cabinet's role is to conceptualize cross-sector initiatives, promote inter-agency collaboration, share information on best practices, and strategically pursue funding for workforce programs. The role of the WSC in promoting a strategic approach of funding goals can be seen in the Administration's testimony at the FY 2024 labor and workforce budget hearing. At that hearing, Labor and Workforce Secretary Jones testified on the funding priorities of the WSC generally – highlighting a range of related programs that fell within the various departments of the WSC secretariats.

Despite the creation of the WSC, workforce investments remain siloed and fragmented, partially due to various state and federal agency requirements, such as contribution matches. Administering entities have different methods of addressing workforce needs and have inconsistent reporting mechanisms, leading to a complex and uncoordinated approach with limited data on outcomes². These realities make it incredibly difficult to get a holistic view of how the state invests in its workforce and how effective those investments are.

Funding Trends

In recent years, state workforce investments have soared due to a global pandemic that triggered a workforce crisis and exacerbated staffing shortages across critical sectors. Between Fiscal Year (FY) 2019 and FY 2023, workforce spending in the budget increased by \$211.2 million (61.7 percent)³. At the same time, the state devoted significant one-time federal and state surplus funds to augment workforce spending during the pandemic, with several hundred million dollars of further support in 2021 and 2022. The state has dedicated more than \$2 billion to workforce programs through state budgets and COVID recovery and economic development bills since FY 2019, and the state's focus is likely to continue.

As demonstrated in the table below, funding for individual and sector-based programs has seen the most dramatic increase in recent state budgets. Investments in individual workforce training and sector-based programs more than doubled in FY 2023 compared to FY 2019, growing from \$96.9 million to \$217.8 million, or a 125 percent increase. Training opportunities for state-serving populations have seen the largest nominal increase (\$89.7 million), but the smallest increase on a percentage basis (36.6 percent) in FY 2023 compared to FY 2019. At the program level, the largest increase in funding between the FY 2019 and FY 2023 budgets includes the Community Day and Work Program (a \$67.9 million increase) and the Adult Basic Education program (a \$26.7 million increase).

This significant increase in funding has also meant a continued increase in the number of workforce programs. When looking at line items in the FY 2023 budget, nine new programs were included that were not funded in FY 2019. Significant new investments include funding for Career Technical Institutes (\$20.4 million in FY 2023) and the Innovation Career Pathways program (\$4.83 million in FY 2023). Both of these programs are in the sector-based workforce category and are designed to increase the state's focus on upskilling and training unemployed, underemployed, and youth populations for positions in high-demand

¹ The Executive Office of Health and Human Services was added to the WSC in 2023 by Governor Healey.

² Details on the entities that administer the programs, and their funding levels can be found in the appendix.

³ Workforce spending made through earmarks in non-workforce-related line items is not included in MTF's overall analysis.

sectors that are experiencing critical workforce shortages. Combined, these programs account for more than half of the overall increase in spending for sector-based programs.

Overall Workforce Program by Category FY 2019 – FY 2023

Category	FY19 GAA	FY20 GAA	FY21 GAA	FY22 GAA	FY23 GAA	Total by Category
Individual Workforce Training	\$62.68	\$78.51	\$91.40	\$110.11	\$139.29	\$481.99
Sector-Based	\$34.18	\$31.82	\$45.18	\$60.32	\$78.55	\$250.04
Training Opportunities for State Serving Populations	\$245.14	\$283.25	\$286.37	\$269.75	\$335.34	\$1,417.36
Total by Year	\$342	\$392.08	\$422.95	\$439.68	\$552.68	\$2,149.40

\$ in millions

COVID recovery and economic development bills provided more than \$500 million for workforce training across all different MTF workforce program categories. These bills consisted of a combination of federal Fiscal Recovery Funds (FRF) and state surplus dollars from FY 2021 and FY 2022. Unlike investments in the state budget, investments were heavily focused on sector-based programs and to a lesser extent, individual workforce training programs.

Of the \$483.7 million that was dedicated to workforce investments in the first COVID relief bill passed in 2021, nearly all of the funding (\$432.5 million) was dedicated to sector-based workforce training programs; including, a loan repayment assistance program for mental health workers (\$100 million) and the Massachusetts Skills Capital Grant Program to build up the state’s vocational-technical training infrastructure (\$100 million). Investments for individual workforce training programs made up only 10.5 percent (\$50.7 million) of all funding.

The second COVID relief bill passed in 2022, dedicated \$66.1 million to workforce programs, significantly less than the previous bill. Nonetheless, nearly all funding was again dedicated to sector-based programs (\$61.9 million) while individual workforce training programs received \$2.9 million. In both bills, training opportunities for state-serving populations received small funding amounts, less than \$2 million.

To put COVID recovery spending into perspective, total investment in workforce programs in both bills was nearly double the FY 2019 funding level provided in the annual budget. This essentially provided workforce programs with an equivalent of two years’ worth of funding in lump sums, in addition to the significant funding increases in the state budgets at the time. Spending on both COVID bills is appropriated through FY 2027, giving policymakers the ability to continue increasing investments in workforce programs in upcoming budgets. Combined, these bills mark the most significant investment in workforce programs, as no state budget has reached that level of support.

Workforce Program by COVID Relief Bills

Category	COVID 1	COVID 2	Total by Category
Individual Workforce Training	\$50.73	\$2.88	\$53.61
Sector-Based	\$432.49	\$61.88	\$494.37
Training Opportunities for State Populations	\$.50	\$1.33	\$1.83
Total by Year	\$483.72	\$66.08	\$549.80

\$ in millions

Challenges and Key Questions

The state's increased commitment to workforce support makes sense, but the fragmented nature of these investments makes it challenging for policymakers to lead a coordinated effort to address the workforce crisis. While there have been attempts at aligning the state's workforce development strategy, programs administered by different entities often have the same target population or goal. It is nearly impossible for those who work in or outside of government to identify how these investments work together to accomplish critical goals. This complex system of programs makes it difficult for workers and businesses to understand the resources available to them.

Furthermore, the standard of performance information provided for each workforce program remains poor. The inconsistencies in mandating performance metrics can often lead to minimal and outdated data on program outcomes. The absence of a uniform reporting mechanism for data outcomes makes it increasingly difficult for policymakers to accurately fund programs. Generally, most workforce programs provide basic levels of detail on the program's effectiveness but even with significant increases in funding, it is not the case for all programs. Some workforce programs continue to lack in providing consistent and timely data on programming and often provide minimal levels of detail. The current structure of the system does not allow policymakers to confidently state that investments are being used optimally in addressing workforce needs.

As policymakers consider additional investments, there are several key questions they must also answer to address the state's coordination of programs, improve the collection of performance data, and understand the complex multi-governmental system.

How can the state better coordinate workforce investments?

The state's approach to workforce investment is disjointed in several ways including, the administration of 43 different workforce programs that are split amongst 16 public entities⁴. Even with the creation of the WSC, the state's approach remains uncoordinated as the cabinet does not directly administer programs. As noted above, federal requirements contribute to the lack of coordination, nevertheless, the problem persists and should be a focus for policymakers. As a result, many workforce programs do critical work but overlap in their approach and target population leading to a complex system of programs.

How do we ensure funding is being effectively invested?

Funding has increased over the past five years but the focus on providing performance metrics has lagged and evaluations vary by administering entity. As future briefs will show, the availability of performance data is largely dependent on reporting requirements put forth in the statutory language or as mandated by the federal government. Many programs lack a basic or consistent reporting mechanism, leading to little or outdated information being available as a basis for continued funding.

How do we make federal, state, and local workforce investments work together?

There are complexities in how each level of government interacts with each other to support workforce programs. While the primary focus of this series is on state investments in the workforce, the federal government plays a key role in the administration of local programs. WIOA is the main source of federal workforce dollars that are distributed to states for direct use by local governments and regional workforce boards. The state is required to submit a four-year plan that covers the six core WIOA programs to develop and align a workforce approach that complements federal programs. The most recent plan covers the period

⁴ Funding for the Office of the Secretary of EOLWD is not included in the analysis, as it covers administrative costs.

of 2020 to 2024 and will expire on June 30th,2024. Additionally, municipalities receive workforce funding through earmarks across various line items in the state budget and at times allocate their revenues for workforce development programs. This multi-government level approach can be challenging when creating programs with unique policy goals, given the vast nature of the system.

What's Next

This introductory brief provides a starting framework for further analysis of workforce development programs based on their target population and policy goal. Understanding the basic structure and recent funding trends will help conceptualize MTF's upcoming work delving into each workforce spending category. The briefs following this introduction to state workforce investments will use a narrower scope to highlight major programs, and funding trends, and use publicly available performance metrics. An in-depth analysis of individual programs and initiatives, by category, will show how policymakers have increased their approach to addressing workforce needs.

Appendix

Executive Office of Labor and Workforce Development (EOLWD)

EOLWD oversees the state's Department of Career Services and administers 11 programs that span across each category of workforce programs. Workforce line items under EOLWD's budget received a total of \$95.04 million, representing 17 percent of all state workforce investment dollars in FY 2023. EOLWD workforce programs include a statewide network of one-stop career centers, competitive grant programs for skill development and employment programs, and funding for the infrastructure needed for training.

Executive Office of Education (EOE)

EOE oversees the three state departments which include the Department of Early Education and Care (EEC), DESE, and DHE that administer 13 workforce development programs. These programs can be found in the individual workforce training and sector-based categories. Workforce line items under EOE's budget received a total of \$119.18 million, representing 21.3 percent of all workforce investment dollars in FY 2023. EOE's workforce goals and methods vary based on the department that is administering the program. Each department's focus is listed below:

- DESE: Programs focus on basic skills and educational development, with components of exposure to job experience and career pathways for high school students.
- DHE: Programs focus on working with higher education institutions to provide courses with talent pipelines to in-demand jobs. Additionally, programs provide financial assistance to individuals seeking high-demand degrees.
- EEC: Programs focus on attracting and retaining workers in the early childhood sector by expanding training and advancement opportunities.

While some of EOE's programs have an educational goal, these programs are a critical first step to removing barriers to stable employment for working-age residents. Without developing a skill set, residents would be underprepared and less likely to pursue vocational training programs.

Executive Office of Economic Development (EOED)

EOED oversees two state departments that administer nine workforce programs, the Department of Economic Development, and the Office of Business Development. EOED workforce programs can be found in individual workforce training and sector-specific categories. Workforce line items under EOED's budget received a total of \$12.60 million, representing 2.2 percent of all state workforce investment dollars in FY 2023. EOED's workforce programs are focused on overseeing funds for employer development projects and administering competitive grant programs for skill development and career achievement for the current workforce.

Executive Office of Health and Human Services (EOHHS)

EOHHS is the state's largest secretariat overseeing 11 agencies and 10 workforce programs. EOHHS programs can be found in the sector-specific and state-serving populations categories. In total, funding for workforce line items under the EOHHS budget totaled \$332.8 million, representing 59.4 percent of all workforce investment dollars in FY 2023. Most EOHHS workforce programs focus on training and employment programs to assist individuals in achieving financial independence and self-sufficiency. EOHHS also administers sector-specific programs that provide professional development and financial assistance for individuals obtaining a degree in the health care field.

Quasi-State Agencies

The above entities partner with the quasi-state agencies below to administer workforce programs. These agencies either receive funding through earmarks or by contracts with state agencies.

Commonwealth Corporation (CommCorp)

CommCorp is a quasi-state agency that was established in 1996 and is governed by a 19-member board of directors that includes public and private sector leaders. The law requires five members to be the heads of the below state offices:

- Department of Higher Education
- Department of Education
- Department of Transitional Assistance
- Executive Office of Economic Development
- Executive Office of Labor and Workforce Development

The remaining 14 board members are appointed by the Governor to a four-year term. The board of directors is responsible for appointing the President of CommCorp, who reports to the board of directors.

The purpose of CommCorp is to administer and deliver a wide range of publicly and privately funded programs that address the skill need of specific employers throughout critical sectors. CommCorp awards funding to programs that create or expand capacity in education and training programs for high-demand occupations within critical sectors. These programs seek to create and maintain strong talent pipelines that bring individuals who have completed training programs to these targeted sectors.

The WSC tasks CommCorp to administer six grant programs and ensure investments are aligned with regional workforce needs. Workforce line items that devote public resources to CommCorp are a total of \$71.6 million, representing 13 percent of all workforce investment dollars. Workforce programs administered by CommCorp can be found in the individual training and sector-specific workforce categories.

Massachusetts Technology Collaborative (MassTech)

MassTech is a quasi-state agency that was first established in 1982 as the Massachusetts Technology Park Corporation and is governed by a 23-member board of directors. The law requires three members to be the heads of the below state offices:

- Executive Office of Economic Development
- Executive Office of Administration and Finance
- The Commissioner of Higher Education

The remaining 20 members are appointed by the Governor to a five-year term and thereafter until a successor is appointed. The secretary of EOED serves as the chairperson, while the board annually elects a vice-chairperson.

The collaborative is responsible for administering several workforce development programs through five divisions that are centered around the overall growth of the technology and innovation economy. Programs administered by the collaborative are aimed toward talent training, industry support initiatives, and programs targeting local-level infrastructure. The FY 2023 state budget includes resources for MassTech to administer sector-based workforce programs that provide training opportunities and workforce infrastructure to prepare individuals for skilled positions in the technology sector.