



Massachusetts
Taxpayers Foundation

Massachusetts Competitiveness Index 2025



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A Note From MTF and Overview of the 2025 Competitiveness Index

This is the second installment of the **MTF Competitiveness Index**, which is designed to provide residents, employers, and policymakers with a holistic assessment of how Massachusetts compares to our regional and economic competitor states across 27 different metrics in four categories of competitiveness:

- **Economic Health** – fundamental elements of state economies;
- **Population & Labor Force Trends** – ongoing demographic, migration, and workforce patterns;
- **Business, Employment & Investment Factors** – how policy and investment decisions affect state business climates; and
- **Resident Life** – quality of life factors that impact residents every day.

In this edition, we use the 2024 Index as a baseline, and we present clear, comparable data to assess how decisions made in Massachusetts and factors outside of our control are shaping our competitiveness. **This year, we are also deepening our understanding of competitiveness in Massachusetts by publishing a companion poll that surveyed residents** on their views of living in Massachusetts, as well as its competitive strengths and weaknesses.

Overview of the 2025 Index

Last year's Competitiveness Index laid out Massachusetts' fundamental competitiveness question: **Can our longstanding ability to attract and retain families and businesses, and educate talented people, be maintained in the face of high costs for residents and employers?** The 2025 Index demonstrates that this tension between talent and cost continues in the context of a changed political and economic environment.

In our 2025 Index, **Massachusetts ranks in the top 10 nationwide in 9 metrics**, all of which relate to historic strengths of **education, population health, economic productivity, innovation, and income**. Massachusetts improved in two of these standout metrics – life expectancy and 8th grade reading scores – while slipping a spot in average weekly wage and international migration. The consistency of these top metrics is a strong foundation that should inform policy action. This has particular relevance for education, where, in spite of the state's relative strength compared to peers, Massachusetts test scores actually declined slightly in both math and reading.

Massachusetts ranks in the bottom 10 nationwide in 10 metrics that relate to **business and resident costs, domestic migration, and private employment growth**. This year's Index adds private employment growth as a new metric to connect demographic patterns with the underlying economy. This metric should also serve as a call to action for policymakers; Massachusetts ranked last in the nation in private employment growth in 2024 – with private employment declining 0.6 percent.

Worsening energy and employer health care premium costs provide two datapoints as to why private employment struggles to grow in Massachusetts, while continuing to grow in most of our competitor states. Though Massachusetts' energy cost ranking slipped only one place nationally, that masks a year-over-year cost increase of nearly 8 percent. In employer health care premiums,

Overview of the 2025 Competitiveness Index



Massachusetts dropped 12 places – from 36th to 48th as a result of a nearly 20 percent year-over-year increase in average premium per employee. The pressures of energy and health care costs are not unique to Massachusetts, but if costs grow at a rate that outpaces our peers and neighbors, it will place us at a major competitive disadvantage.

Where Massachusetts Gained Ground

Labor Force Size, Five-Year Change		Average Employer UI Tax per Covered Employee		Labor Force Participation Rate	
2024 Index Ranking	2025 Index Ranking	2024 Index Ranking	2025 Index Ranking	2024 Index Ranking	2025 Index Ranking
48 th	35 th	43 rd	38 th	13 th	8 th

Where Massachusetts Lost Ground

Health Care Costs Paid by Employer		Unemployment		Poverty Rate	
2024 Index Ranking	2025 Index Ranking	2024 Index Ranking	2025 Index Ranking	2024 Index Ranking	2025 Index Ranking
36 th	48 th	21 st	31 st	11 th	16 th

In total, **Massachusetts gained ground in 9 metrics, while losing ground to other states in 7 metrics.** As noted above, the state lost the most ground in health insurance premiums, while the five-year change in labor force size saw the biggest improvement. The state climbed from 48th to 35th in the nation as labor force gains in 2024, primarily due to international migration, which helped to offset some of the losses seen since before the pandemic.

The data in this year's Index underline two clear policy prescriptions for Beacon Hill. First, in order to reverse domestic outmigration, which continues to be among the worst in the nation, with a ranking of 45th, **resident and employer cost drivers must be addressed.** Second, our talent resources, including the quality of the state's education system – K-12 and higher education, public and private – and the connection between our health system and our innovation economy are **truly unique assets for the Commonwealth and must be protected and strengthened.**

Connecting the Index with Public Opinion

The policy conclusions driven by Index data are further supported by public opinion. MTF's 2025 Competitiveness Poll, conducted in July of 2025, demonstrates that when it comes to competitiveness, perception and data reality are closely related. **In the poll's open response question on the state's competitive advantages, education and health care quality stood apart,** with each appearing in responses with more than twice the frequency of any other answers. Similarly, when asked to rate how Massachusetts residents felt about several quality of life measures, 79 percent of respondents identified health care and 65 percent identified education

Overview of the 2025 Competitiveness Index



as areas where Massachusetts leads. They were the only two quality of life measures that respondents saw as a net asset.

On the flip side, the poll illustrates just how much of a cost crunch Massachusetts residents feel. **When respondents were given an opportunity to name the state's competitiveness disadvantages, taxes, cost of living issues, and housing jumped out as the largest concerns.** 60 percent of those polled saw Massachusetts lagging other states when it came to cost of living, and 66 percent were concerned with housing costs compared to other states.

The poll also indicates that cost of living issues are driving resident relocation decisions. **One quarter of those responding said they saw themselves moving from Massachusetts in the next five years,** and of those planning to move, 78 percent identified cost of living as the poll also indicates that cost of living issues are driving resident relocation decisions.

The poll also backs up the data that younger residents are most at risk of leaving, as 41 percent of 18-29 year olds polled planned to move within the next five years; the highest share of any group polled. Part of this uptick could be the result of the state's share of out-of-state college students who plan to return home, but given the reality that Massachusetts' outmigration is most pronounced in young professionals, the finding is notable.

Given the clear articulation of cost of living as the primary concern for Massachusetts residents, it is good news that they believe policymakers in the state can make a difference. **The number one policy issue respondents want to see Beacon Hill take action on is cost of living** (67 percent), followed closely by housing costs (63 percent). In the last legislative session, two of the major legislative achievements, tax relief and the Affordable Homes Act, addressed these issues, but as the Index and the poll demonstrate: the work is nowhere near complete, and cost and housing need to remain at the top of the policy agenda.

2025 Competitiveness Index Poll Results

Massachusetts Biggest Strengths and Weaknesses



Quality of Health Care 79%

Quality of K-12 Education 65%



Cost and Availability of Housing 66%

Overall Cost of Living 60%

The Changing Federal Landscape

While cost and housing are top issues that remain from last year's Index, the changed federal landscape brings a new element that threatens the talent side of the Massachusetts competitiveness equation. Not only must policymakers work to address longstanding disadvantages, but they must react to new and critical risks to the state's competitive strengths.

As borne out by the data and by public opinion, **Massachusetts stands apart as a place to find good schools, a highly educated workforce, and innovative economic sectors that connect health care, life sciences, and high tech.** The reason these strengths are such an advantage is because they are bedrock realities that have grown and strengthened over decades, and not the result of a

Overview of the 2025 Competitiveness Index



temporary policy initiative or the emergence of a popular industry that may not have staying power. However, in recent months, President Trump's administration has pursued policies that threaten these historic strengths and pose a significant risk to the state's competitiveness.

From research support, to higher education, to international migration, a number of prominent federal actions have grave implications for Massachusetts' standing as a destination for smart people, innovative research, and new commercial technologies. Cuts to National Institutes of Health (NIH) funding, threats to private higher education institution non-profit status and ability to admit foreign students, and immigration policies projected to significantly dampen the flow of students and workers into the country, would all seem to pose a unique threat to Massachusetts, and the data presented in the detail breakout sections of this Index, bears out that threat.

In this year's Index, we take a closer look at how the connection between higher education, immigration, and innovation fuels the state's economy. We show that on a nominal basis – without adjusting for population size – Massachusetts ranks among the top states for NIH grant funding (3rd), postdoctoral workforce (2nd), international higher education students (4th), and residents with H1-B visas (7th). At the same time, Massachusetts ranks first in the nation in venture capital funding as a share of economic activity. Reductions in research funding and reduced international migration will both serve to reduce the pipeline of the state's innovation. While other states will also live under these new federal policies, Massachusetts has more to lose, and the ground and talent we give up to other nations will not be easy to recover.

Connecting the Index to Action

The purpose of the Competitiveness Index is to assess progress and drive policy action. Since the last Index, Massachusetts has widened its lead as the nation's most highly educated state and continued to demonstrate a cutting-edge and innovative economy. However, high costs continue to contribute to a poor climate for private employment growth, and some of those cost contributors – notably energy and health care – grew at unsustainable rates in the last year. At the same time, housing and cost of living remain the top concerns for Massachusetts residents and continue to play a major role in domestic outmigration.

Federal policies add a new wrinkle to the competitiveness agenda. Our longstanding strengths in higher education, research, and workforce talent are under threat, and that reality should inform policy action in areas like education, health care, and economic development.

The 2025 Competitiveness Index policy priorities:

- **Cost** – action on Governor Healey's energy cost containment legislation and further improvement to the state's tax competitiveness;
- **Housing** – follow-up on the Affordable Homes Act by creating housing innovation zones that reduce regulatory barriers to development and focus state and local financial resources to spur new construction;
- **Health care** – management of premium growth and creation of a response plan to the loss of Medicaid coverage for close to 200,000 residents and reductions in federal support to providers;

Overview of the 2025 Competitiveness Index



- **Education** – creation of a consistent, rigorous high school graduation standard; and continued support for high quality early childhood supports;
- **Research and innovation** – creating a program to use state resources, in partnership with higher education and private support, to mitigate impacts of federal cuts that impact research funding and its workforce.

The state's competitiveness agenda in 2025 and 2026 must maintain the focus on longstanding challenges that make the state unaffordable for many families and less attractive for new residents, while also recognizing that the state must strategically respond to federal actions that threaten our unique strengths that relate to talent.

Change in National Rankings Summary

	Metric	2024 Index	2025 Index
Economic Health	GSP per Capita	2 nd	2 nd
	Average Weekly Wages	1 st	2 nd
	Private Employment Growth	new metric	50 th
	Unemployment	21 st	31 st
	Regional Price Parity	47 th	46 th
	GINI Index	48 th	47 th
Population & Labor Force Trends	Natural Population Change	26 th	23 rd
	Domestic Migration	45 th	45 th
	International Migration	2 nd	3 rd
	Population +25 With Bachelors	1 st	1 st
	Percent of Population Over 65	28 th	28 th
	Labor Force Participation Rate	13 th	8 th
	Labor Force Size, Five-Year Change	48 th	35 th
Business, Employment, & Investment Factors	Business Formations per Private Employee	35 th	49 th
	Corporate Income Tax Collections per Capita	40 th	38 th
	Average Employer UI Tax per Covered Employee	43 rd	38 th
	Energy Costs	48 th	47 th
	Health Care Costs Paid by Employer	36 th	48 th
	VC Funding per \$1 million as a share of GSP	1 st	1 st
Resident Life	Housing Cost Burden	45 th	45 th
	Commute Time	47 th	47 th
	Infant Childcare Costs*	47 th	48 th
	Household Debt-to-Income Ratio	new metric	5 th
	8 th Grade Reading and Math Test Scores	2 nd / 1 st	1 st / 1 st
	Life Expectancy at Birth	4 th	2 nd
	Poverty Rate	11 th	16 th
	Home Insurance Rates	new metric	15 th

*In both the 2024 and 2025 Index, Massachusetts ranked last out of the states that reported child care costs.

Economic Health

The economic health category looks at some of the fundamental elements that define the business and commerce environment in Massachusetts, and examines those factors compared to the rest of the nation and our competitiveness. **The six metrics in this category look at economic productivity (GSP per capita), wages, job growth and unemployment, cost of living, and income inequality.** Combined, they provide a snapshot of a state economy that is productive and predicated on good jobs, but that brings with it high costs and big differences between the rich and poor. These metrics also show an economy that is struggling to create new jobs.

GSP per Capita		Average Weekly Wages		Private Employment*	
MA Ranking	Economic Competitor Ranking	MA Ranking	Economic Competitor Ranking	MA Ranking	Economic Competitor Ranking
2 nd	2 nd	2 nd	1 st	50 th	6 th
Unemployment		Regional Price Parity		GINI Index	
MA Ranking	Economic Competitor Ranking	MA Ranking	Economic Competitor Ranking	MA Ranking	Economic Competitor Ranking
31 st	3 rd	46 th	5 th	47 th	5 th

*denote metrics not included in the 2024 Competitiveness Index

Massachusetts continues to be one of the most economically productive and efficient states in the nation – with a Gross State Product (GSP) per Capita that ranks behind only New York both nationally and among our economic competitors. Our strong productivity is a function of an economy built around highly skilled, high-wage jobs. While Massachusetts no longer ranks 1st in the nation in average weekly wage, falling slightly below Washington, we continue to stand out regionally and nationally. In 2024, Massachusetts not only ranked first in average weekly wage among our competitors, but our 5 percent wage growth over 2023 was a full half percentage point higher than the growth rate in our other competitor states. The data show that the wage and economic output makeup of our core economic sectors continues to be a major competitive advantage for the state.

The flip side of the state's high wages is the high cost of living, which makes the state less affordable and less attractive for current and potential residents. While Massachusetts' regional price parity ranking moved up one notch in the national rankings, from 47th to 46th, the state continues to fare very poorly compared to economic competitors like Texas and North Carolina, but also compared to New England neighbors like Vermont and Maine.

High cost of living is particularly challenging for a state that has such wide income disparities among its population. Massachusetts' GINI Index – a commonly used measure of income inequality – continues to rank near the bottom nationally, ranking 4th worst in the nation in 2023. These two datapoints illustrate why Massachusetts has a major competitiveness problem when it comes to lower wage workers and middle and lower income families; it is simply less affordable for those residents to live in Massachusetts than in other states.

This year, the Index adds a new metric, which provides another warning sign for the state's economic future. In 2024, Massachusetts ranked dead last in the nation in terms of private employment growth. Between the 3rd quarters of 2023 and 2024, private employment in Massachusetts shrank by 0.6 percent. This alarming stat shows that the cost crunch in Massachusetts has real consequences for the state's job picture. During that same time period, the state's unemployment rate also ticked up from 3 to 4.1 percent.

Taken together, the state's economic health encapsulates the state's economic strengths – skill-intensive sectors that produce high-wage jobs – and weaknesses. Stagnating job growth and increasing unemployment point to the impacts that increasing cost pressures are having on the larger economy.

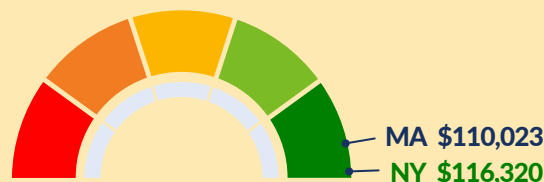
GSP per Capita

Gross state product (GSP) represents the total value of goods and services produced in a state – the size of a state’s economy. It is presented on a per capita basis in order to make comparisons that account for differences in state population size. **A rank of 1 means that a state has the highest GSP per capita in the country.** GSP per capita is fundamental to a state’s competitiveness because it captures the total productivity of a state’s economy and its workforce.

National Ranking

2nd

In 2024, Massachusetts ranked **2nd** in the country for the greatest GSP per capita of **\$110,023**. Massachusetts was also ranked 2nd in last year’s Index.



Massachusetts GSP per capita has grown from **\$104,194** to **\$110,023** between 2023 and 2024.

Economic Competitor Ranking

2nd

State	Rank	2024 Value	1 Year Change	5 Year Change
NY	1 st	\$116,320	5.7%	27.0%
MA	2nd	\$110,023	5.6%	31.6%
CA	4 th	\$104,796	6.1%	33.5%
TX	16 th	\$87,150	3.6%	42.9%
NC	31 st	\$76,511	5.6%	38.7%
FL	34 th	\$73,501	5.2%	49.3%

Regional Competitor Ranking

1st



Main Takeaways

- GSP per capita continues to be a major competitive strength for MA nationally, regionally, and among competitor states.
- MA’s #2 ranking in this metric remains unchanged compared to MTF’s 2024 Index.
- MA’s GSP per capita grew by 5.6% between 2023 and 2024, outpacing national GSP per capita growth of 4.9%.
- Among economic competitors, MA’s GSP per capita growth from 2023 is level with NC and behind NY and CA.
- MA’s high GSP per capita speaks more to our state’s high productivity, than to our labor force size, due to our concentration of high-wage, high-skill industries.

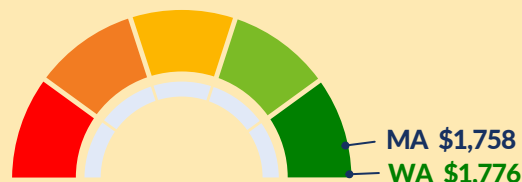
Average Weekly Wage

Average weekly wage is a Bureau of Labor Statistics (BLS) statistic intended to cover all industries, and this metric presents wages in 2024 dollars. **A rank of 1 means that a state has the highest average weekly wages across all industries.** Average weekly wage is a fundamental measure of economic health and competitiveness because it speaks to the composition of a state's economy and the skills of its labor force. However, it also potentially speaks to the cost structure in a state.

National Ranking

2nd

In 2024, Massachusetts ranked **2nd** in the country in this metric, with an average weekly wage of **\$1,758**. **Massachusetts was ranked 1st in last year's Index.**



Massachusetts' average weekly wage has grown from **\$1,674** to **\$1,758** between 2023 and 2024.

Economic Competitor Ranking

1st

State	Rank	2024 Value	1 Year Change	5 Year Change
MA	2 nd	\$1,758	5.0%	24.2%
CA	3 rd	\$1,697	4.4%	30.6%
NY	4 th	\$1,687	4.0%	20.7%
TX	12 th	\$1,381	4.5%	16.6%
FL	20 th	\$1,278	3.6%	33.8%
NC	24 th	\$1,256	4.8%	21.8%

Regional Competitor Ranking

1st



Main Takeaways

- Average weekly wage continues to be a strength for MA's economy.
- However, in MTF's 2025 Index, MA lost its top ranking to WA. WA's average weekly wage grew by more than 7% since last year.
- Weekly wage growth in MA (5%) outpaced the national figure of 4.2 percent.
- MA has the top average weekly wage when compared to our economic and regional competitors, with CA, NY, and CT coming closest to the MA figure.
- While high wages indicate a strong mix of high wage sectors and a skilled labor force, high wages also could cause people and employers to look to other states to reduce costs.

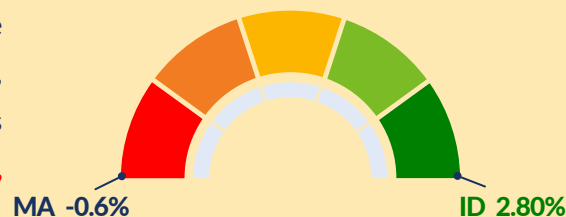
Private Employment Growth

Private employment growth is measured by the Bureau of Labor Statistics. Included in the dataset presented in the Index is the percent change in private employment over the previous 12 months. **A rank of 1 means that a state has the highest percent increase in private employment.** The private employment growth percent used here is the change between the Q3 2023 rate and the Q3 2024 rate of private employment. The two-year change included in the economic competitor ranking chart is the difference between Q3 2024 and Q3 2022, and the five-year change is the difference between Q3 2024 and Q3 2019. This metric speaks to the strength of a state's economy as measured by job growth.

National Ranking

50th

In 2024, Massachusetts ranked **50th** in the country in private employment growth, with a rate of **-0.6 percent**. This metric was not included in the 2024 Index but **in 2023, MA ranked 48th in this metric.**



Massachusetts' private employment has decreased by **0.6 percent** between 2023 and 2024.

Economic Competitor Ranking

6th

State	Rank	2024 Value	2 Year Change	5 Year Change
NY	5 th	1.5%	-0.2%	0.3%
FL	8 th	1.4%	-1.2%	-0.5%
TX	10 th	1.3%	-1.2%	-1.1%
NC	21 st	0.8%	-1.4%	-1.8%
CA	46 th	-0.1%	0.1%	-1.7%
MA	50 th	-0.6%	-1.2%	-2.1%

Regional Competitor Ranking

6th



Main Takeaways

- MA's last place ranking for private employer job growth is a major competitiveness concern.
- MA is also an outlier among economic competitors - with 4 of 5 posting private job gains, with growth exceeding 1% in TX, FL & NY.
- MA also ranks last nationally when looking at five-year change in private employer job growth, with a decline of 2.1 percent.
- Among New England states, ME and RI boast the strongest job growth between 2023 and 2024.
- Private employment growth is a key feature of any state's economic growth, our ranking in this area indicates that MA struggles to attract and support new business development.

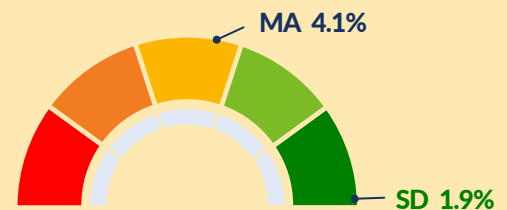
Unemployment

Unemployment rates reflect workers who are seeking work and are within the benefit period after layoff and is determined using the December 2024 Local Area Unemployment Statistics produced by the Bureau of Labor Statistics. **A rank of 1 means that a state has the lowest annual unemployment rate for a given year.** Unemployment rate is a strong competitiveness metric because it indicates the strength of a state's current job market and the likelihood that a willing worker can find employment.

National Ranking

31st

In 2024, Massachusetts ranked **31st** in the country with an unemployment rate of **4.1 percent**. **Massachusetts was ranked 21st in last year's Index.**



Massachusetts' unemployment rate has grown from **3.0 percent** to **4.1 percent** between 2023 and 2024.

Economic Competitor Ranking

3rd

State	Rank	2024 Value	1 Year Change	5 Year Change
FL	18 th	3.4%	0.69%	0.15%
NC	25 th	3.7%	0.25%	-0.17%
MA	31st	4.1%	1.12%	1.08%
TX	33 rd	4.2%	0.15%	0.68%
NY	35 th	4.4%	0.31%	0.55%
CA	49 th	5.5%	0.89%	1.40%

Main Takeaways

- MA's unemployment rate has increased by a full percentage point over the past year, making it a competitive disadvantage to attract businesses and talent.
- Compared to the national unemployment rate, MA's rate has grown at nearly three times the rate.
- MA's one-year increase in its unemployment rate exceeds all of our economic competitor states and is more than double the change in NC, TX, and NY.
- For the second year, MA's unemployment rate remains the second highest in New England, bettering only RI.

Regional Competitor Ranking

5th



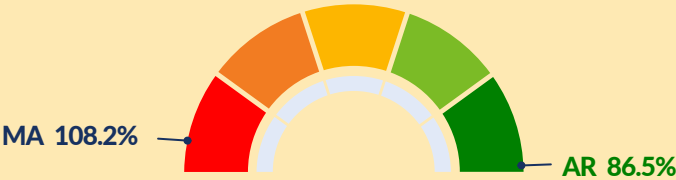
Regional Price Parity (Cost of Living)

Regional price parities capture cost of living by measuring the differences in price levels across states for a given year. The values are expressed as a percentage of the overall national price level, meaning that a state with a price parity of 110 percent is 10 percent more expensive than the national average. **A rank of 1 means that a state has the lowest cost of living.** Cost of living is key to competitiveness because people and businesses are more likely to locate in regions where they can afford and prosper.

National Ranking

46th

In 2023, Massachusetts ranked **46th** in the country with a price parity of **108.2 percent**. **Massachusetts was ranked 47th in last year's Index.**



Massachusetts' price parity has decreased from **109.4 percent** to **108.2 percent** between 2022 and 2023.

Economic Competitor Ranking

5th

State	Rank	2023 Value	1 Year Change	5 Year Change
NC	23 rd	94.1%	0.14%	1.22%
TX	30 th	97.2%	-0.27%	-0.57%
FL	40 th	103.5%	1.20%	3.14%
NY	45 th	107.6%	0.05%	-1.96%
MA	46th	108.2%	-1.20%	0.97%
CA	50 th	112.6%	0.02%	0.61%

Regional Competitor Ranking

6th



Main Takeaways

- While cost of living continues to be a competitive disadvantage for MA, the state's price parity improved slightly between 2023 and 2024.
- Cost of living is also a disadvantage among economic competitors, with MA faring worse than 4 of 5 states.
- MA did see the biggest improvement in cost of living among economic competitors. In 4 competitor states, relative cost of living worsened between 2023 and 2024.
- The cost of living is also a competitive disadvantage for most of our regional competitors, but MA ranks below all other New England states.

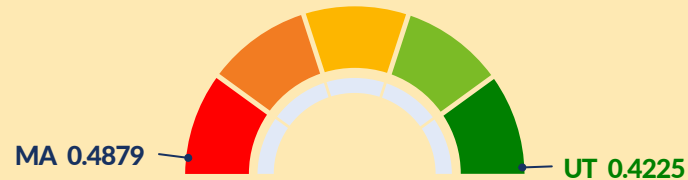
GINI Index

The GINI Index (or coefficient) is a measure of income inequality and is based on the evenness of the distribution of income. It ranges from 0 to 1, indicating total equality at its lowest (a coefficient of 0) and total inequality at the maximum (a coefficient of 1). **A rank of 1 means that a state has the lowest GINI coefficient, indicating the least amount of inequality among residents.** The GINI Index speaks to a state's competitiveness because it provides insight into the general economic position of different segments of the workforce in a state, which can be masked by measures like average weekly wage.

National Ranking

47th

In 2023, Massachusetts ranked **47th** in the country with a GINI Index of **0.4879**. **Massachusetts was ranked 48th in last year's Index.**



Massachusetts' GINI Index improved slightly between 2022 and 2023, decreasing from **0.4976** to **0.4879**.

Economic Competitor Ranking

5th

State	Rank	2023 Value	1 Year Change	5 Year Change
NC	32 nd	0.4732	-0.36%	-0.50%
TX	41 st	0.4790	-0.06%	-0.32%
FL	44 th	0.4829	-0.73%	-0.58%
CA	46 th	0.4870	-0.83%	-0.42%
MA	47th	0.4879	-0.97%	0.04%
NY	50 th	0.5157	-0.51%	0.27%

Regional Competitor Ranking

5th

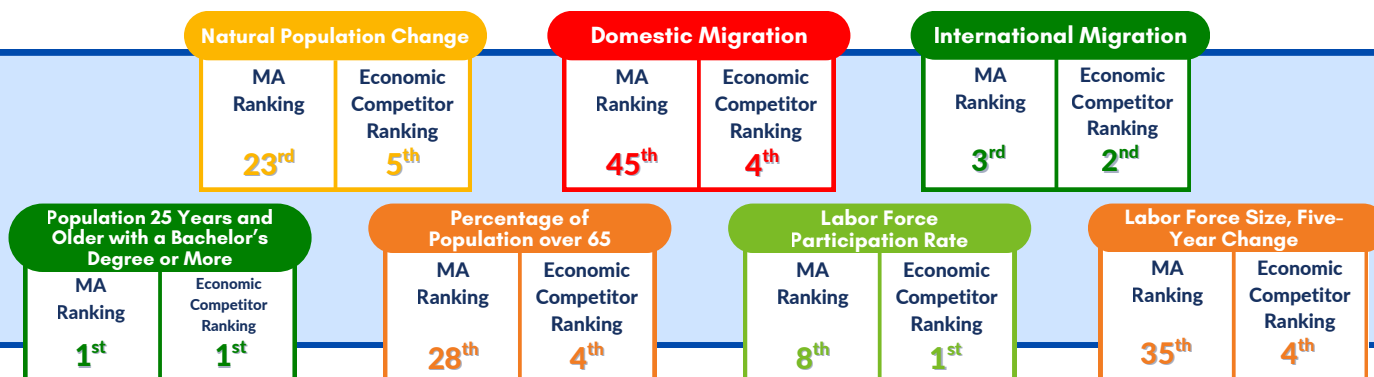


Main Takeaways

- Income inequality remains a major competitive weakness for MA, ranking 47th in the nation and 5th among economic competitors.
- The state's GINI coefficient decreased by 0.97 percent in 2023, which is the largest decrease (or reduction in income inequality) of any of our economic competitors.
- Like last year's Index, MA ranks second to last compared to our regional competitors, only ahead of CT. NH ranks 3rd in the nation in terms of most equalized distribution of income.

Population & Labor Force Trends

The population & labor force trends section examines elements of the state's population and workforce and assesses how they relate to the rest of the nation and key competitors. **The seven metrics in this category look at how state populations are changing, rates of domestic and international migration, and how age and education levels affect state workforces.**



Massachusetts continues to have the most educated workforce in the nation – a major competitive advantage when it comes to attracting investment, innovation, and talent to the state. Just under 50 percent (47.8 percent) of the state's population over 25 has a bachelor's degree. Not only does this figure rank Massachusetts first in the nation, but our rate of growth (1.2 percentage points between 2022 and 2023) far exceeds the growth rate in any competitor state.

Related to our educated workforce, Massachusetts also continues to be a magnet for international migration, with the 3rd highest rate in 2024, only falling behind Florida among our economic competitors. This magnetism for international migrants is critical for the state's workforce because our metrics for population growth, and especially domestic migration, continue to be major challenges for the state. While Massachusetts ranked in the middle of the pack (23rd) in natural population change in 2024, our rate of change has declined over the last five years. At the same time, domestic outmigration continues to be a major problem for the Commonwealth. Massachusetts continues to lose more residents to other states than we attract, and our rate of domestic migration in 2024 ranked an abysmal 45th in the nation.

The size of Massachusetts' labor force rebounded slightly in 2024 when looking at five-year change. While the state only ranked 35th in the nation in terms of labor force change, the labor force grew by 0.7 percent between 2019 and 2024, compared to the 2.4 percent decline in the labor force between 2018 and 2023 noted in last year's Index.

That strong labor force participation is important because the state is aging, with a growing share of the population over 65. In fact, Massachusetts' 18.6 percent of the state over 65 is the fourth highest figure nationally. Ensuring the state's older population is connected to jobs, the economy and civic engagement should be a policy priority on Beacon Hill.

While longer-term trends for the state's population and labor force remain in place – an educated, but aging workforce – migration trends continue to be key to our competitiveness story. Massachusetts remains on poor competitiveness footing when it comes to attracting and retaining domestic residents. That reality is supported by our 2025 Competitiveness Poll, where 25 percent of respondents say they can see themselves moving out of the state in the next five years, a number that grows to 42 percent among 18-29 year old residents.

International migration has been a major bright spot for the Commonwealth, both in terms of growing the labor force and illustrating the state's draw for highly educated people from around the world. However, this is a place where changing federal policies and larger migration patterns pose real risks for the state's most consistent source of labor force growth in recent decades.

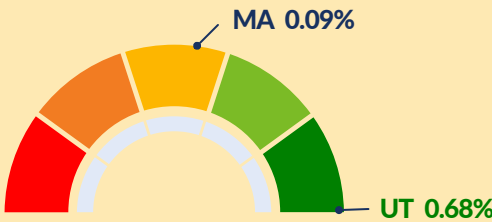
Natural Population Change

The U.S. Census Bureau tracks the components of population change annually, and natural population change is births minus deaths (it does not account for domestic or international migration). **A rank of 1 indicates the state with the highest natural change rate (natural population change divided by the state’s total population).** This metric is a key measure of competitiveness because it speaks to a state’s immediate and long-term demographic and labor force growth trends. States with declining natural population change face serious future challenges in supporting their current economy.

National Ranking

23rd

In 2024, Massachusetts ranked **23rd** in the country with a natural population change of **0.09 percent**. **Massachusetts was ranked 26th in last year’s Index.**



Massachusetts’ natural population change remained virtually the same between 2023 and 2024, changing from **0.10 percent** to **0.09 percent**.

Economic Competitor Ranking

5th

State	Rank	2024 Value	1 Year Change	5 Year Change
TX	2 nd	0.51%	-0.01%	-0.10%
CA	8 th	0.28%	-0.01%	-0.18%
NY	12 th	0.22%	0.01%	-0.08%
NC	22 nd	0.11%	0.00%	-0.12%
MA	23rd	0.09%	-0.01%	-0.08%
FL	40 th	-0.03%	0.00%	-0.08%

Regional Competitor Ranking

1st



Main Takeaways

- MA continues to be ranked in the middle of the country for natural population change.
- While MA’s national ranking improved from 26th to 23rd in 2024, its rate of population change was effectively unchanged (0.10 percent growth in 2023 to 0.09 percent growth in 2024).
- MA ranks 5th of 6 economic competitors in this metric; MA held the same position in 2023.
- The low ranking of most of the other Northeastern states continues to be consistent with national geographic trends. The vast majority of population growth remains in the South and West.
- Due to our low rate of natural population growth, MA continues to rely on international migration to grow its labor force.

Domestic Migration

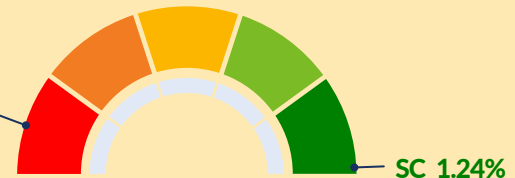
Domestic migration (inter-state moves) is estimated annually as a component of population change by the U.S. Census National Population Totals and Components of Change. **A rank of 1 indicates the highest in-migration rate – the highest rate of people moving to a state from other states.** Domestic migration is a key competitiveness metric because it indicates the states that people are moving to and where they are leaving. While people move for many reasons, rates of domestic migration speak to a state’s economic opportunity, quality of life, and affordability.

National Ranking

45th

In 2024, Massachusetts ranked 45th in the country for domestic migration, with a **-0.39 percent** domestic migration rate. Massachusetts was ranked 45th in last year’s Index, which was based on partial 2023 data.

MA -0.39%



Massachusetts’ rate of domestic net migration changed from **-0.52 percent** to **-0.39 percent** between 2023 and 2024.

Economic Competitor Ranking

4th

State	Rank	2024 Value	1 Year Change	5 Year Change
NC	4 th	0.74%	-0.16%	0.17%
FL	14 th	0.27%	-0.53%	-0.40%
TX	15 th	0.27%	-0.35%	-0.10%
MA	45 th	-0.39%	0.13%	0.11%
CA	48 th	-0.61%	0.27%	-0.16%
NY	49 th	-0.61%	0.29%	0.35%

Regional Competitor Ranking

6th



Main Takeaways

- Domestic migration continues to be a major competitive disadvantage for MA, ranking 45th in 2024.
- There remains a large gap between the top three and bottom three states in our economic competitor ranking. NC, FL, and TX all remain within the top 15 states in domestic migration.
- MA also ranks worst among regional competitors, with NH and ME continuing to perform strongly in this metric.
- MA’s low ranking nationally, regionally, and among our competitors speaks to the high cost of living in MA, especially as remote work has created more flexibility for the labor force.

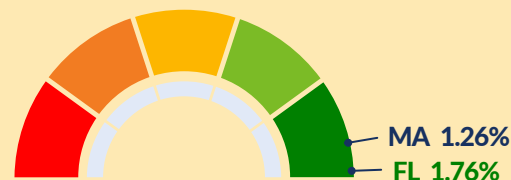
International Migration

International migration is estimated annually as a component of population change by the U.S. Census National Population Totals and Components of Change. **A rank of 1 indicates the highest in-migration rate, as defined as the total amount of international migration into a state divided by that state's population.** International migration rates are a key competitiveness metric because they speak to one source of labor change, as well as to the strength of a state's economy through its ability to attract foreign talent.

National Ranking

3rd

In 2024, Massachusetts ranked **3rd** in the country for international migration, with a **1.26 percent** international migration rate. **Massachusetts was ranked 2nd in last year's Index.**



Massachusetts' net domestic migration rate increased from **0.72 percent** to **1.26 percent** between 2023 and 2024.

Economic Competitor Ranking

2nd

State	Rank	2024 Value	1 Year Change	5 Year Change
FL	1 st	1.76%	0.97%	0.76%
MA	3 rd	1.26%	0.54%	0.36%
NY	4 th	1.04%	0.67%	0.34%
TX	6 th	1.02%	0.60%	0.22%
CA	10 th	0.92%	0.53%	0.22%
NC	22 nd	0.63%	0.36%	0.13%

Regional Competitor Ranking

1st



Main Takeaways

- International migration is a clear competitive strength for MA.
- Though our ranking dropped from 2nd to 3rd compared to last year, MA's international migration rate actually increased.
- MA ranks second among economic competitors and first among New England states when it comes to attracting foreign talent, students, and residents.
- International immigrants to MA tend to be highly educated and skilled, providing a talented pool of workers for the MA economy.
- MA's industries of higher education, health care, life sciences, and tech all likely attract and benefit from MA's strength in international migration.

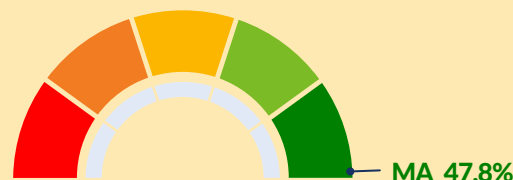
Population 25 Years and Older with a Bachelor's Degree or More

The American Community Survey conducted by the U.S. Census Bureau provides estimates of the share of a state's population, 25 and older, with at least a bachelor's degree or higher. **A rank of 1 means that a state has the highest population share of those with a bachelor's degree or higher in the country.** The education level of a state's population is a key competitiveness metric because it indicates the talent level of the workforce. It also has implications for a state's quality of life in terms of its underlying education system.

National Ranking

1st

In 2023, Massachusetts ranked **1st** in the country for the greatest percentage of its population 25 years old and older with a bachelor's degree or more of **47.8 percent**. **Massachusetts was ranked 1st in last year's Index.**



Massachusetts' share of the population 25 years old and older with a bachelor's degree or more increased from **46.6 percent** to **47.8 percent** between 2022 and 2023.



Economic Competitor Ranking

1st

State	Rank	2023 Value	1 Year Change	5 Year Change
MA	1 st	47.8%	1.2%	3.3%
NY	9 th	40.6%	0.6%	3.4%
CA	16 th	37.5%	0.5%	3.3%
NC	19 th	36.8%	0.9%	4.9%
FL	25 th	34.9%	0.6%	4.5%
TX	27 th	34.2%	0.3%	3.9%

Regional Competitor Ranking

1st



Main Takeaways

- The education level of its population continues to be a major competitive strength for MA, with a greater share of the population having at least a bachelor's degree compared to last year's Index.
- Not only does MA rank first among economic competitors, but our growth over 2023 also far outpaces the other five states.
- While not included in our economic competitor cohort, CO has seen a 4.7 percent increase in this metric over the past five years, with 46.4 percent of the population over the age of 25 having at least a bachelor's degree.
- Higher educational attainment is a relative strength of the Northeast, with all New England states ranking in the top 20 and four in the top 10.

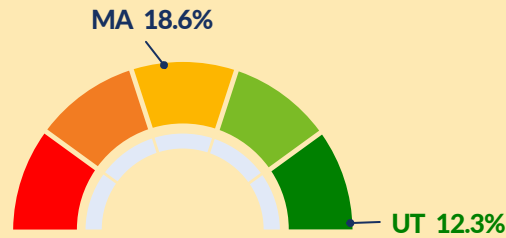
Percentage of Population over 65

The U.S. Census Bureau estimates the share of a state’s population over 65 through its American Community Survey. **A rank of 1 means that a state has the lowest percentage of its population over 65 years old in the country.** This metric is an important competitiveness indicator for two reasons. First, people over 65 are less likely to be part of the labor force. Second, the larger a state’s share of residents over 65, the lower the share of younger residents necessary to grow the labor force in future years.

National Ranking

28th

In 2023, Massachusetts ranked **28th** in the country for the percentage of its population over the age of 65 of **18.6 percent**. **Massachusetts was ranked 28th in last year’s Index.**



Massachusetts’ percentage of its population over the age of 65 increased from **18.0 percent** to **18.6 percent** between 2022 and 2023.

Economic Competitor Ranking

4th

State	Rank	2023 Value	1 Year Change	5 Year Change
TX	2 nd	13.9%	0.48%	1.38%
CA	6 th	16.4%	0.59%	2.05%
NC	21 st	17.9%	0.42%	1.61%
MA	28th	18.6%	0.59%	2.16%
NY	31 st	18.8%	0.66%	2.34%
FL	48 th	22.0%	0.41%	1.49%

Regional Competitor Ranking

1st



Main Takeaways

- Like last year’s Index, MA is in the middle of the pack nationally with 18.6 percent of its population being over the age of 65, an increase of just 0.59 percentage points.
- MA ranks in the bottom half of our economic competitors in this metric. TX stands out among competitor states with fewer than 15 percent of residents over 65.
- MA has one of the highest labor force participation rates in the country, which indicates that the state benefits from keeping older residents in the workforce. Engaging the over 65 population should be an important economic and competitiveness goal in the state.

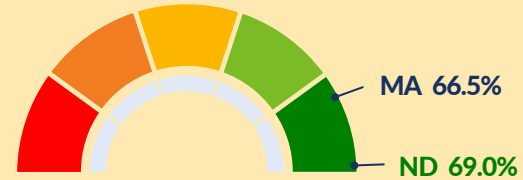
Labor Force Participation Rate

Labor force participation rate (LFPR) measures the percentage of the total working age population who are either employed or unemployed and actively looking for a job. **A rank of 1 means that a state has the highest LFPR in the country.** Labor force participation is a key measure of competitiveness because it speaks to how efficient an economy is in using its available labor. Employers seek an accessible labor force; and labor force participation is a metric of this economic attribute.

National Ranking

8th

In 2024, Massachusetts ranked **8th** in the country with a LFPR of **66.5 percent**. **Massachusetts was ranked 13th in last year's Index.**



Massachusetts' LFPR has increased from **64.9 percent** to **66.5 percent** between 2023 and 2024.

Economic Competitor Ranking

1st

State	Rank	2024 Value	1 Year Change	5 Year Change
MA	8 th	66.5%	1.6%	-0.5%
TX	17 th	64.7%	0.5%	0.5%
CA	32 nd	62.1%	0.0%	-0.6%
NY	36 th	61.2%	-0.3%	0.2%
NC	39 th	59.9%	-0.8%	-1.7%
FL	45 th	58.0%	-1.5%	-1.7%

Regional Competitor Ranking

1st



Main Takeaways

- A strong LFPR continues to be a competitive strength for MA, which has improved its national ranking from 13th to 8th compared to last year's Index.
- MA continues to rank higher than our competitor states in this metric and has widened its edge over TX.
- MA's increase in its LFPR (1.6 percentage points) more than triples that of any other competitor.
- Attaching residents to the labor force is an important attribute of an efficient economy, but it does not speak to labor force size.
- MA's strong LFPR can be largely attributed to strong international migration. MTF's [Vamos Massachusetts report](#) shows that the state's Hispanic/Latino workforce grew at seven times the state's overall growth rate over the last decade.

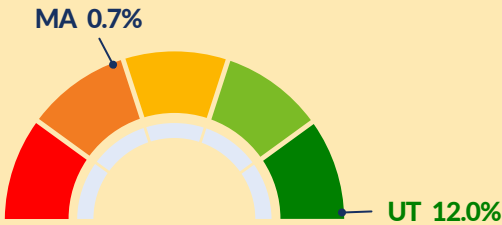
Labor Force Size, Five-Year Change

Change in labor force size is calculated using U.S. Bureau of Labor Statistics and shows the percent change in a state's labor force over the prior five years. **A rank of 1 means the highest rate of growth in a state's labor force size over five years.** This is a key competitiveness metric because it speaks fundamentally to the workforce available in a state to support the existing economy and new jobs. By using a five-year time horizon, this metric gauges state economic recoveries from the COVID-19 pandemic.

National Ranking

35th

In 2024, Massachusetts ranked **35th** in the country for the largest five-year change in its labor force size of **0.7 percent**. **Massachusetts was ranked 48th in last year's Index.**



Massachusetts' five-year change in its labor force size has grown from **-2.4 percent** to **0.7 percent** between 2018 - 2023 and 2019-2024.

Economic Competitor Ranking

4th

State	Rank	2019 - 2024 Change	2018 - 2023 Change
TX	3 rd	10.6%	9.6%
FL	6 th	6.2%	9.2%
NC	9 th	4.6%	6.4%
MA	35 th	0.7%	-2.4%
CA	41 st	-0.7%	0.5%
NY	47 th	-2.3%	-1.0%

Regional Competitor Ranking

4th



Main Takeaways

- While MA ranks in the bottom half nationally for the greatest five-year change in labor force size, the ranking has improved from last year's Index by 13 spots.
- Notably, the labor force in MA grew between 2019 and 2024, after the previous five-year change between 2018 and 2023 showed the state's labor force had shrunk by more than 2 percent.
- Part of this bounce in the five-year change is the fact that the state's labor force shrank between 2018 and 2019, before the start of the pandemic.
- Geographic shifts in the economy are illustrated in the economic competitor data, with the three Southern states all growing their labor force by more than 4.5 percent over the last five years.

Detail Breakout



One-Year Labor Force Change

This breakout takes a look at the change in state labor force size over the past year to demonstrate recent trends in labor force growth, particularly driven by international migration.

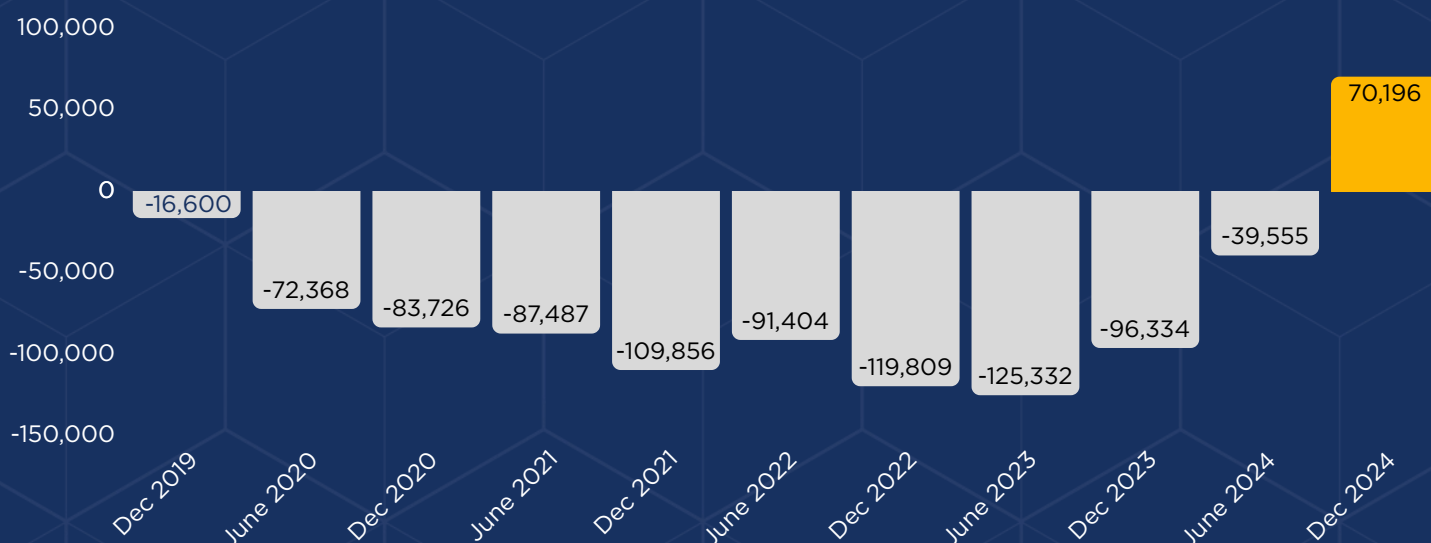
Main Takeaways

- Between 2023 and 2024, MA's labor force transformed from shrinking quickly to the largest growing labor force of any economic competitor in 2024, primarily due to increased international migration of skilled and educated workers.
- A net of 265,000 international immigrants arrived in MA between 2022 and 2024. As a result, MA's prime-aged workforce jumped by 50,000 since 2022 - reaching its highest level in two decades in 2024. Retaining and continuing to attract this skilled international workforce is critical to MA's economy.

Economic Competitor Rankings

State	Rank	2023-2024 Change
MA	4 th	2.95%
TX	5 th	2.94%
CA	35 th	0.30%
NC	36 th	0.29%
FL	44 th	-0.48%
NY	46 th	-0.71%

MA's Post-Pandemic Labor Force - Labor Force Change v. June 2019





Domestic Migration, Population Aged 26-35

This breakout takes a closer look at the migration patterns of young working-age people in Massachusetts. This breakout uses the most recent IRS data from 2022 to show the migration of those between 26 and 35 years old. A positive value means more people between the ages of 26-35 moved into a state than moved out. A negative value means more people in that age cohort moved out than moved in. **A rank of 1 indicates the highest in-migration rates for people aged 26-35.** The ability of a state to attract and retain young people is essential for long-term labor force growth and other important factors.

Main Takeaways

- MA's low ranking in this metric is a clear negative competitiveness indicator, pointing to MA's struggle to attract and retain young people.
- Between 2021 and 2022, MA's net domestic migration of those aged 26-35 amounted to a loss of more than -18,000 people.
- Like in overall net domestic migration, NC, TX, and FL are ranked much higher than MA, CA, and NY.
- MA's high cost is a key factor limiting young people's ability to remain in the state, as demonstrated by the 2025 Competitiveness Poll.

Economic Competitor Rankings

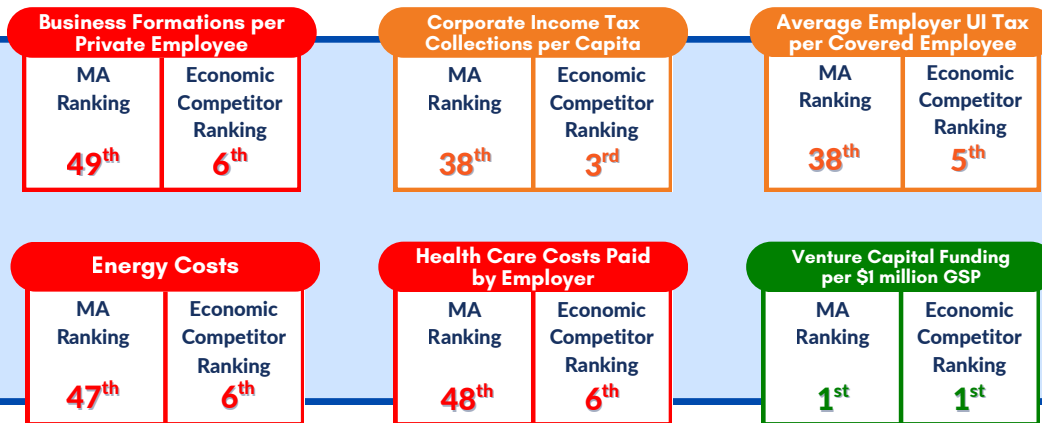
State	Rank	2022 Value
NC	4 th	0.27%
TX	5 th	0.27%
FL	10 th	0.21%
CA	44 th	-0.18%
MA	48th	-0.32%
NY	50 th	-0.34%

New England Migration of 26-35 Year Old Population Rankings



Business, Employment, and Investment Factors

In last year's Index, the most challenging category for Massachusetts was business, employment and investment factors, where Massachusetts ranked 35th or worse in five of six areas, and last or second to last among our economic competitors in all but one metric. The picture in this year's Index is consistent with last year's troubling numbers. It is clear that businesses in Massachusetts face daunting cost challenges to grow and build in the state.



The cost burden on employers is seen both in taxes and other areas that directly impact operations. This category captures taxes in terms of corporate collections per capita and average unemployment insurance (UI) tax. In both tax areas, Massachusetts ranks 38th, but in the case of UI, this ranking masks the true impact of these costs on employers. Not accounted for in national UI rankings is a separate employer assessment that Massachusetts put on the books in 2022 to repay federal UI loans and smooth out payment requirements related to COVID. In 2024, special assessments on Massachusetts employers added \$465 million – or more than 40 percent to underlying UI costs.

Energy costs remain a major negative outlier for Massachusetts business competitiveness, with the state ranking 47th in the nation and last among competitors. Just as worrying as the state's continued poor ranking in the area of energy cost is the underlying trend. Between 2023 and 2024, the cost of energy in Massachusetts grew by close to 8 percent. This rate of growth is much higher than that of our two economic competitors with similarly high energy prices. In New York, energy prices grew by under 3 percent, while in California, energy costs declined by 5 percent.

Health care emerged in 2024 as the fastest-growing cost concern for employers and their workers. In 2024, employer health care premium costs in Massachusetts grew by 19.9 percent – more than \$1,000 per employee – to \$7,494. This increase dropped Massachusetts from 36th to 48th in the nation. The negative movement on health care premiums adds further competitive pressure on employer location decisions.

The state's innovation economy remains the bright spot in this category. Measured as a share of GSP, Massachusetts ranks first in the nation for venture capital investment in 2023, the same rank as in 2022. However, the longer-term trend in venture capital investment is more troubling than our rank would suggest. Venture capital investment in Massachusetts – and in each of our economic competitors – is down year-over-year and over the last five years. Recent federal policies that affect core research are a net negative for innovation investment in the U.S. generally, but are likely to have a particularly negative effect on a state like Massachusetts, which is particularly reliant on the connection between research and economic development.

This year's detail breakouts for the Competitiveness Index focus on Massachusetts' strength in connecting research and innovation, but those are strengths that are increasingly threatened directly and indirectly by federal policy. Massachusetts ranks 4th in the nation in total international higher education students, competing with states like California and New York that are far larger. Similarly, Massachusetts ranks second nationwide in the number of working postdoctoral students. As a share of our population and economy, Massachusetts' ability to attract the best and the brightest from around the country and around the world is unparalleled. Protecting that competitive strength must be a top priority for public policy.

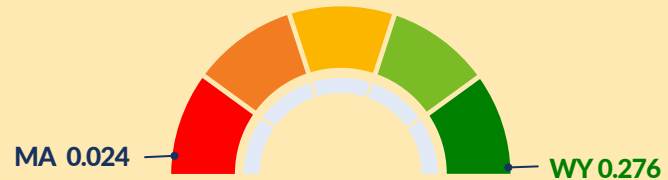
Business Formations per Private Employee

Business formations are measured by the first instance of payroll tax liabilities associated with a business application. This indicates how many businesses were established and officially began paying employees as a share of private employees in the state. **A rank of 1 means that a state has the highest rate of business formations per private employee.** The number of businesses per capita is a key metric of business competitiveness because it speaks to a state's climate for creating new businesses.

National Ranking

49th

In 2023, Massachusetts ranked **49th** in the country for the number of business formations per private employee of **0.024 percent**. **Massachusetts was ranked 35th in last year's Index (2020 data)**



Massachusetts' business formations per private employee remained at **0.024** in 2023 compared to 2022.

Economic Competitor Ranking

6th

State	Rank	2023 Value	1 Year Change	5 Year Change
FL	3 rd	0.076	0.46%	2.60%
TX	18 th	0.042	0.19%	1.30%
NC	19 th	0.040	0.08%	1.27%
NY	22 nd	0.038	0.12%	0.96%
CA	26 th	0.036	0.44%	1.22%
MA	49 th	0.024	0.17%	0.57%

Regional Competitor Ranking

6th



Main Takeaways

- The number of business formations per private employee in MA remained the same compared to last year's Index, but MA's ranking fell from 35th to 49th, meaning MA lost ground relative to other states.
- This metric continues to be a competitive disadvantage for MA and is likely impacted by other business and investment metrics where MA ranks near the bottom nationally, such as energy costs and health insurance costs covered by employers.
- Compared to its economic competitors, MA has the smallest five-year change in new business formations and ranks only ahead of NY and NC in one-year change.
- MA also fares poorly compared to its regional peers - ranking last among New England states.

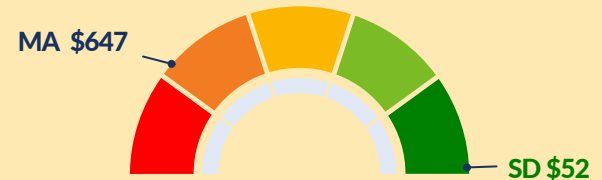
Corporate Income Tax Collections per Capita

Corporate income tax collections per capita are collected and published by the Tax Foundation. Gross receipt taxes, which are collected in some states, are not classified as corporate income taxes by the U.S. Census Bureau. NV, TX, WA, WY, OH, and SD are excluded from this ranking because they are not deemed to have a corporate tax by the Tax Foundation. **A rank of 1 means that a state has the lowest per capita corporate income tax collections in the country.** Corporate income tax collections are a key aspect of business competitiveness because they directly relate to an employer's cost structure for investing or engaging in a state.

National Ranking

38th

In 2023, Massachusetts ranked **38th** out of 44 measured states for the lowest corporate income tax collections per capita of **\$647**. **Massachusetts was ranked 40th in last year's Index (2021 data)**



Massachusetts' corporate income tax collections per capita decreased from **\$655** to **\$647** between 2022 and 2023.

Main Takeaways

- While MA has improved its national ranking in corporate income tax collections per capita compared to last year's Index, the state continues to rank near the bottom nationally, making this metric a competitive disadvantage for the state.
- MA ranks behind NC and FL among economic competitor states with a corporate income tax. Taxes per capita in NC and FL are less than half the per-capita level of MA.
- MA's corporate tax rate did not change in 2023. The change in collections per capita reflects reduced total collections when adjusted for population. In instances where this metric changes without a tax policy change, it could reflect worsening economic conditions.

Economic Competitor Ranking

3rd

State	Rank	2023 Value	1 Year Change	5 Year Change
NC	3 rd	\$151	-1.0%	110.7%
FL	11 th	\$241	42.7%	111.1%
MA	38th	\$647	-1.3%	84.8%
CA	39 th	\$764	-35.0%	141.3%
NY	45 th	\$1,232	2.5%	681.2%

TX does not have a corporate income tax.

Regional Competitor Ranking

4th



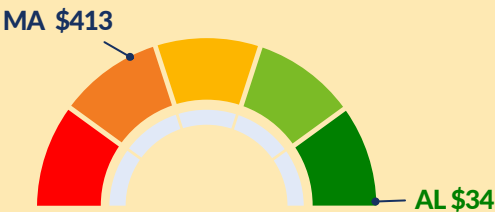
Average Employer UI Tax Amount per Covered Employee

The average employer unemployment insurance tax amount per covered employee is calculated by the Department of Labor, Employment and Training Administration, and is published in their annual Tax Measure reports. **A rank of 1 means that employers in a state have the smallest contribution to the state’s UI trust fund per covered employee.** Employer UI taxes are a key competitiveness metric that provides a consistent comparison of a major source of employer costs between states. This data does not take into account the separate assessment on Massachusetts employers to repay the cost of pandemic-era benefits that were repaid through the sale of special obligation bonds.

National Ranking

38th

In 2024, Massachusetts ranked **38th** in the country for the average employer UI tax amount per covered employee of **\$413**. **Massachusetts was ranked 43rd in last year’s Index.**



Massachusetts’ average UI tax amount per covered employee increased from **\$294** to **\$413** between 2023 and 2024.

Economic Competitor Ranking

5th

State	Rank	2024 Value	1 Year Change	5 Year Change
FL	5 th	\$73	-3.9%	46.0%
TX	16 th	\$167	-16.1%	-24.1%
NC	19 th	\$183	-9.0%	28.0%
CA	33 rd	\$328	-0.9%	-20.6%
MA	38th	\$413	40.5%	-34.5%
NY	42 nd	\$507	1.8%	62.0%

Regional Competitor Ranking

5th



Main Takeaways

- While MA improved its national ranking among the average UI tax on employers, the amount paid by employers increased by 40.5 percent over last year after employer assessments were increased.
- These rankings do not reflect the COVID-19 Recovery Assessment MA employers have been paying since 2021 to cover the cost of pandemic-era unemployment claims, which ranged from an additional \$44 per employee for employers with the highest experience rating to \$670 per employee for employers with the lowest experience rating.
- Even without incorporating MA’s COVID UI assessment, MA’s UI taxes are among the highest in the nation and will only increase in future years absent meaningful reforms to reduce the overall cost of the state’s UI system.

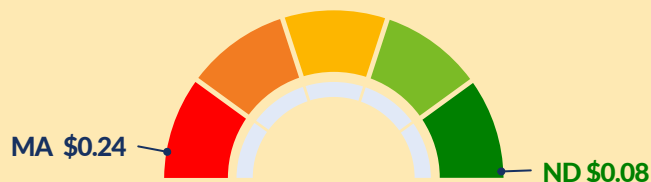
Energy Cost

Energy cost is measured by the overall average annual price in cents per kilowatt hour as reported by the U.S. Energy Information Administration. **A rank of 1 means that a state has the lowest energy cost in the country.** Energy cost is a key aspect of business competitiveness because energy is an essential cost to operate facilities. Especially in sectors like manufacturing, which require significant energy use, big differences in energy costs between states can be a major factor in location decisions.

National Ranking

47th

In 2024, Massachusetts ranked **47th** in the country in energy costs of **\$0.24 per kilowatt hour**. **Massachusetts was ranked 48th in last year's Index (2022 data).**



Massachusetts' energy costs increased from **\$0.22 per kilowatt hour** to **\$0.24 per kilowatt hour** between 2023 and 2024.

Economic Competitor Ranking

6th

State	Rank	2024 Value	1 Year Change	5 Year Change
TX	11 th	\$0.10	5.01%	15.61%
NC	30 th	\$0.12	13.35%	29.54%
FL	36 th	\$0.13	-7.20%	16.17%
NY	41 st	\$0.19	2.78%	36.81%
CA	46 th	\$0.23	-5.46%	32.99%
MA	47 th	\$0.24	7.88%	33.52%

Regional Competitor Ranking

4th



Main Takeaways

- The high cost of energy remains a major competitive disadvantage for MA, which has fallen in the national rankings, notably behind CA compared to last year's Index.
- Compared to its economic competitors, MA has the highest rates and the 2nd highest increase in energy costs over the past year and five years.
- High energy costs impact the entire New England region, as all of MA's regional competitors rank in the bottom ten states for energy costs.
- Not only could high energy costs deter businesses from staying or moving to MA, but it also makes it challenging for MA to attract individuals and families to live in the state and become part of the workforce.

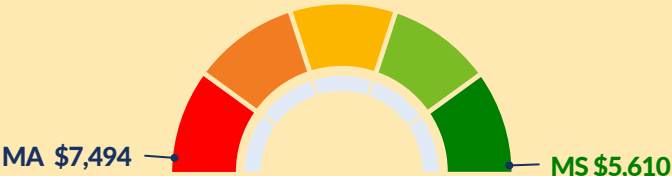
Health Care Costs Paid by Employer

Health care costs paid by an employer are measured using the average employer contribution to health insurance premiums per covered employee as reported by the Kaiser Family Foundation. **A rank of 1 means that a state has the lowest average employer health care costs in the country.** Health care costs paid by an employer is a key metric of competitiveness because it directly relates to cost structure, especially for hiring in a state.

National Ranking

48th

In 2023, Massachusetts ranked 48th in the country for health care costs paid by employers of **\$7,494**. **Massachusetts was ranked 36th in last year's Index.**



Massachusetts' health care costs paid by employers increased from **\$6,248** to **\$7,494** between 2022 and 2023.

Economic Competitor Ranking

6th

State	Rank	2023 Value	1 Year Change	5 Year Change
NC	10 th	\$5,937	0.5%	27.8%
TX	28 th	\$6,535	15.3%	32.7%
CA	38 th	\$6,714	10.1%	26.6%
FL	40 th	\$6,794	14.3%	34.3%
NY	44 th	\$7,319	3.9%	16.8%
MA	48 th	\$7,494	19.9%	29.3%

Regional Competitor Ranking

6th



Main Takeaways

- MA's national ranking for health insurance premiums paid by employers has dropped the most of any other metric compared to last year's Index, making health care costs one of the state's most notable competitive disadvantages.
- Compared to its economic competitors, MA had the highest one-year increase in health care costs paid by employers, 19.9 percent, a striking difference compared to NC, which only increased by 0.5 percent.
- Increasing health care premium costs are not limited to MA. All of the state's economic competitors have seen increases of at least 16.8 percent over the past five years.

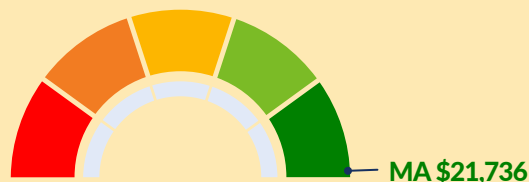
Venture Capital Funding per \$1 million of Gross State Product

Venture capital is used as a funding strategy for businesses, often at the beginning of their operations. **A rank of 1 means that the state has received the greatest venture capital funding per \$1 million of Gross State Product (GSP).** Venture capital can allow a company to begin producing before it is feasible to turn a profit, and the strength of venture capital activity in a state is another indicator of innovation and emerging economic activity. By measuring venture capital funding by the state's GSP, it measures the funding states receive relative to their economic productivity, not by population size.

National Ranking

1st

In 2023, Massachusetts ranked **1st** in the country for venture capital funding, reaching **\$21,736** per \$1 million of GSP. In 2022, Massachusetts also ranked **1st** in this metric.



Massachusetts' venture capital funding per \$1 million GSP decreased from **\$33,169** to **\$21,736** between 2022 and 2023.



Economic Competitor Ranking

1st

State	Rank	2023 Value	1 Year Change	5 Year Change
MA	1 st	\$21,736	-52.6%	-21.9%
CA	2 nd	\$19,775	-39.9%	-22.3%
NY	4 th	\$9,171	-58.5%	-30.3%
TX	15 th	\$2,905	-78.3%	-1.9%
NC	21 st	\$2,524	-154.2%	-144.5%
FL	23 rd	\$2,400	-170.5%	-84.3%

Regional Competitor Ranking

1st



Main Takeaways

- Venture capital funding in MA remains a strong competitive advantage for the state, but there are warning signs.
- A major decline in venture capital funding in 2023 means that MA's venture capital as a share of GSP is now 21.9 percent lower than it was five years ago.
- All economic competitors experienced major drops in venture capital funding between 2022 and 2023 as the economy - and investment decisions - shifted. Only CA experienced a smaller rate of decline than MA.
- Recent policy and economic headwinds impacted by changes in the federal government could further drive down the level of venture capital funding in MA, especially in critical sectors like clean energy and climatetech.

Detail Breakout



National Insititute of Health Grants

National Institute of Health (NIH) research grant funding has become one of the most direct impacts of a changing federal funding landscape. This year's Index includes a breakout of how NIH grant funding has changed in recent years in Massachusetts and its economic competitors. Using NIH data, we look at grants awarded in federal fiscal year (FFY) 2024, by state. **A rank of 1 means that a state receives the greatest amount of NIH federal funding.** The chart at the bottom of the page shows NIH funding awarded over each of the last five years, as well as the amount of funding during the first six months of each federal fiscal year.

Economic Competitor Rankings

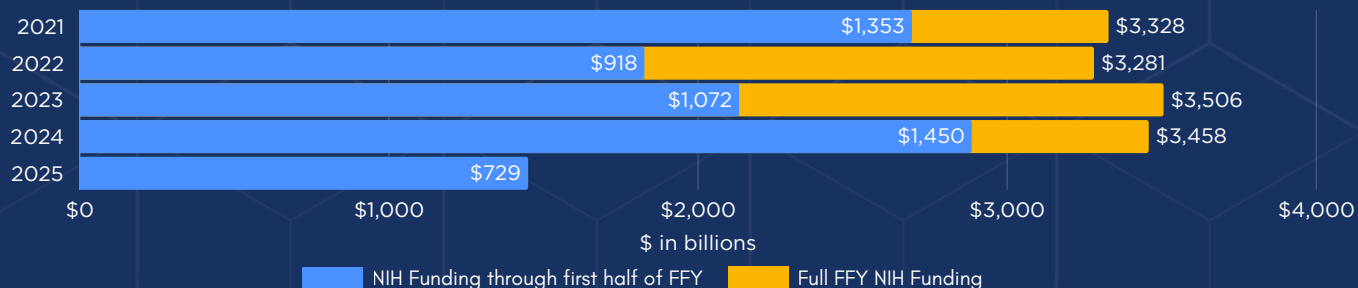
State	Rank	FFY 2024 Value*	1 Year Change	5 Year Change
CA	1 st	\$5,153	-3.0%	12.2%
NY	2 nd	\$3,548	-1.1%	22.7%
MA	3rd	\$3,458	-1.4%	14.4%
NC	6 th	\$1,976	-13.4%	24.3%
TX	7 th	\$1,898	2.8%	38.5%
FL	13 th	\$869	-4.9%	23.3%

*NIH reports grant funding by Federal Fiscal Year (FFY), which begins October 1st and ends on September 30th.

Main Takeaways

- Since 2021, MA has received over \$3 billion in annual NIH grant funding, but organizations in MA have only received \$729 million through the first half of FFY 2024.
- In the early part of the year, NIH grant awards were down around 50 percent compared to last year's pace.
- MA's NIH grants are not only down sharply from last year, but are down at least 20 percent from any of the last five years.
- As of FFY 2024, all economic competitor states experienced one year declines, though significant growth over the prior five years.

MA NIH Grants, FFY 2021 - 2025



Detail Breakout



Postdoctoral Workforce

The size of the postdoctoral workforce speaks to the number of individuals in MA who are in their first year of specializing in training or research after obtaining their doctoral degree. This breakout demonstrates the size of a state's postdoctoral workforce that is highly educated and in high-paying, in-demand sectors like health care, life sciences, and engineering. **A rank of 1 indicates that a state has the greatest number of postdoctoral individuals in the country.** Massachusetts has historically had a large number of postdoctoral individuals, ranking highly nationally.

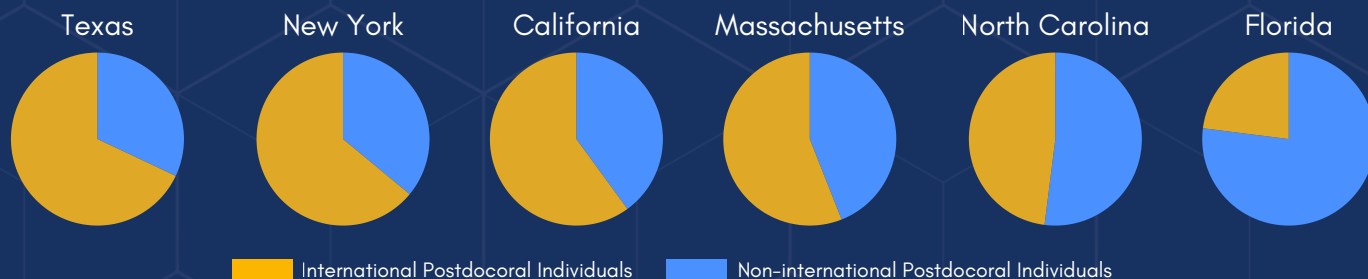
Main Takeaways

- MA ranks behind only CA for the greatest number of postdoctoral individuals in the country, ranking far ahead of NY and TX in spite of a much smaller population.
- Just over half (55.5 percent) of the postdoctoral workforce in MA are from outside the U.S., ranking behind three economic competitors, most notably TX, where individuals from outside the U.S. represent 68 percent of the postdoctoral workforce.
- 7,167 (81.7 percent) of the postdoctoral workforce in MA is employed within Harvard or the Massachusetts Institute of Technology.
- The large number of international postdoctoral individuals in MA demonstrates the state's strength in having a highly educated and diverse workforce.

Economic Competitor Rankings

State	Rank	2023	2018
CA	1 st	10,854	11,073
MA	2nd	8,775	8,991
NY	3 rd	5,491	5,687
TX	4 th	4,268	4,230
NC	10 th	2,118	2,130
FL	11 th	2,117	1,926

International Postdoctoral Individuals as a Share of the Postdoctoral Workforce



Detail Breakout



International Students

This breakout measures the number of international students enrolled in the state's higher education institutions. **A rank of 1 indicates that a state has the largest number of international students enrolled in colleges and universities.** Strong international student enrollment in MA is critical to the state's economy and workforce, given the state's strong connection between its higher education system and critical sectors, like health care and scientific research.

Main Takeaways

- International student enrollment in MA has been steadily increasing since 2008 and has rebounded to new highs following the pandemic.
- In 2023, international students represented 17 percent of the overall student population in MA, more than any other state, with the next closest being NY (12.2 percent) and nearly three times the national average (6.1 percent).
- While MA ranks behind CA, NY, and TX for the greatest number of international students, each of these states have populations more than double that of MA.

Economic Competitor Rankings

State	Rank	2024
CA	1 st	140,858
NY	2 nd	135,813
TX	3 rd	89,546
MA	4th	82,306
FL	7 th	44,767
NC	15 th	24,468

International Student Enrollment in MA Colleges/Universities, 2008 - 2024

(in thousands)



Detail Breakout



H-1B Visas

The number of H-1B visas shows the impact of highly educated and skilled international immigrants on a state's economy, particularly in high-demand sectors. An H1-B visa is a special type of visa allowing a foreign worker to fill a specialty occupation. **A rank of 1 means a state has the greatest number of international immigrants authorized to work with an H-1B visa.** The number of H-1B visas in a state is critical for businesses that need a highly trained workforce in sectors like the professional, scientific, and technical services sectors.

Main Takeaways

- MA's high number of H-1B visas is a competitive strength, ranking 7th in the country.
- MA ranks 4th among its economic competitors and there are warning signs ahead - the state has seen the largest five-year decrease in H-1B visas and the second largest one-year decrease, while two economic competitors ranked ahead of MA. CA and TX have both increased the number of H-1B visas over the last year.
- As federal immigration policy changes, MA could see further reductions in H-1B visas.

Economic Competitor Rankings

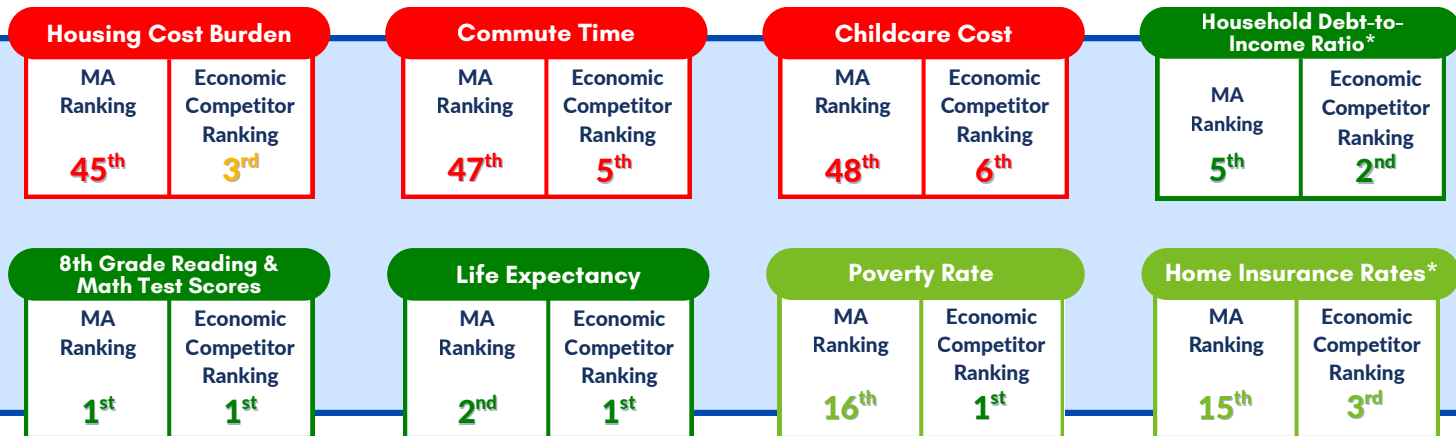
State	Rank	2024 Value	1 Year Change	5 Year Change
CA	1 st	55,270	0.74%	11.4%
TX	2 nd	34,182	10.48%	7.9%
NY	5 th	16,102	-13.80%	-1.3%
MA	7th	10,184	-5.24%	-21.8%
NC	13 th	6,150	-3.06%	13.3%
FL	14 th	5,706	-2.98%	1.8%

New England H1-B Visas Rankings



Resident Life

The resident life category examines eight metrics that relate to quality of life for residents. These categories run the gamut from common household cost areas, to health and welfare, to education quality. As with the economic health category, this is an area that showcases some of Massachusetts' greatest strengths, but also provides clear indications as to why Massachusetts struggles to attract and retain young workers and families.



*denote metrics not included in the 2024 Competitiveness Index

Massachusetts' key competitive advantages to attract and retain residents are our education and health care systems, and these facts are borne out by the data in this Index and by the 2025 Competitiveness Poll. In 2024, Massachusetts once again topped all states in both 8th grade math and reading test scores, and life expectancy in Massachusetts continues to rank second only to Hawaii; and it is more than four years greater than our competitor states like Texas and North Carolina.

These strengths are also reflected in residents' perceptions. In the 2025 Competitiveness Poll, 65 percent of respondents identified K-12 schooling as a place where Massachusetts stood out from other states, and 79 percent similarly identified quality of health care.

Within the education data, however, warning signs also emerge. While Massachusetts continues to best other states, student test scores have actually declined year-over-year in both subjects. Given the voters' decision to decouple the state's MCAS assessment from high school graduation standards, maintaining and improving the state's high education quality standards is a major challenge.

Residents may choose to live in Massachusetts for the quality of our schools and health care, but doing so comes at a high cost in other fundamental aspects of resident life. This year's Index uses a more up-to-date measure of childcare costs, but the results are the same: Massachusetts families pay more for childcare than families in almost any other state, while also facing greater housing cost pressures than families in 44 other states. At the same time, Massachusetts commute times are getting worse, increasing by more than a minute from 2022 to 2023, a rate of increase greater than any of our competitor states.

This year, our resident life category adds two new metrics: household debt-to-income ratio and home insurance rates. These new metrics are an attempt to speak to resident financial health and the impact of climate change and severe weather on family budgets in the form of home insurance. Both metrics are relative strengths for the Commonwealth. Massachusetts ranks 9th in debt-to-income ratio, and residents are significantly less debt-burdened than four of five of our competitor states. Massachusetts is more in the middle of the pack for home insurance rates – ranking 15th nationally – but the average premium is more than \$1,000 less than in North Carolina and more than \$3,000 less than in Texas.

Taken together, resident life metrics create a picture of a state with highly prized attributes – schools and health – that come with costs that continue to stretch the budgets and the patience of families in the Commonwealth.

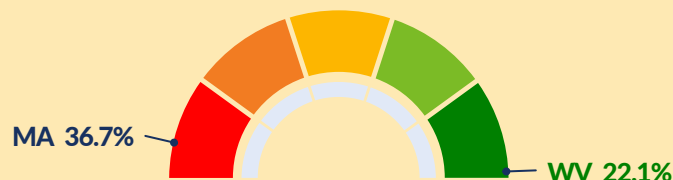
Housing Cost Burden

Housing cost burden reflects the relationship between income and the amount paid for housing. A household is considered housing cost burdened if 30 percent or more of its income is spent on housing. Data from the U.S. Census Bureau's American Community Survey is available for three types of households: owner occupied (with a mortgage), owner occupied (without a mortgage), and renter occupied. The data presented below is the combination of these three categories to represent the cost burden proportion of all households. **A rank of 1 represents the state with the lowest percentage of households that are housing cost burdened.** Housing burden is a key quality of life competitiveness metric because it indicates whether or not residents can afford to live in a state.

National Ranking

45th

In 2023, Massachusetts ranked **45th** in the country for housing cost burden with a cost burden of 36.7 percent. **Massachusetts was also ranked 45th in last year's Index (2022 data).**



Massachusetts' housing cost burden increased from **36.5 percent** to **36.7 percent** between 2022 and 2023.

Economic Competitor Ranking

3rd

State	Rank	2023 Value	1 Year % Change	5 Year % Change
NC	25 th	29.1%	0.8%	0.0%
TX	40 th	34.4%	0.6%	0.0%
MA	45th	36.7%	0.2%	1.2%
NY	47 th	38.6%	-0.3%	0.0%
FL	48 th	38.8%	1.4%	3.0%
CA	50 th	42.3%	0.4%	0.6%

Regional Competitor Ranking

6th

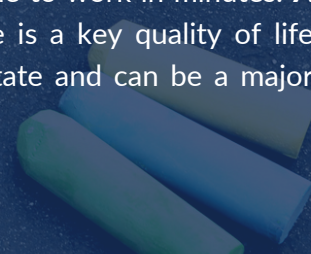


Main Takeaways

- Housing cost burden continues to be a major competitive disadvantage for MA .
- MA's housing cost burden indicates that over a third of residents in the state have to spend more than 30 percent of their income on housing.
- MA ranks in the middle of our competitor states with all but NC ranking in the bottom 10 of states nationally.
- It is notable that though MA continues to be at the top when it comes to average wages, housing costs are still incredibly expensive for many - even measured as a share of income.
- While housing costs are high in all New England states, MA ranks worst, which could also be a factor in increasing migration to ME and NH in recent years.

Commute Time

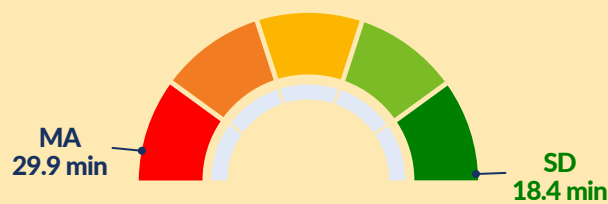
The U.S. Census Bureau's American Community Survey estimates the average commute time to work in minutes. A rank of 1 indicates that a state has the shortest average commute time. Commute time is a key quality of life competitiveness metric because it compares the lost time a worker faces from state to state and can be a major factor in location decisions.



National Ranking

47th

In 2023, Massachusetts ranked 47th in the country for commute time with an average commute time of 29.9 minutes. Massachusetts was also ranked 47th in last year's Index (2022 data).



Massachusetts' average commute time worsened from **28.6 minutes** to **29.9 minutes** between 2022 and 2023.



Economic Competitor Ranking

5th

State	Rank	2023 Value (min)	1 Year Change	5 Year Change
NC	25 th	25.3	0.8%	0.8%
TX	40 th	27.2	1.9%	2.6%
FL	44 th	28.5	1.8%	2.5%
CA	46 th	29.2	3.2%	-2.0%
MA	47 th	29.9	4.5%	0.3%
NY	50 th	32.8	-0.6%	-2.7%

Regional Competitor Ranking

6th



Main Takeaways

- Commute time is a major competitive disadvantage for MA, both nationally and among competitors.
- MA's commute time is second worst among economic competitors and MA had the highest one-year increase between 2022 and 2023.
- Nearly one quarter of MA residents (23 percent) had a commute time of 45 minutes or more. In NC for comparison, only 14 percent commute for longer than 45 minutes.
- According to the 2024 Inrix Global Traffic Scorecard, Boston ranks as having the 5th worst traffic in the country.
- While not a financial metric, commute time and amount of traffic are additional "high-costs" that contribute to making MA less attractive for residents.

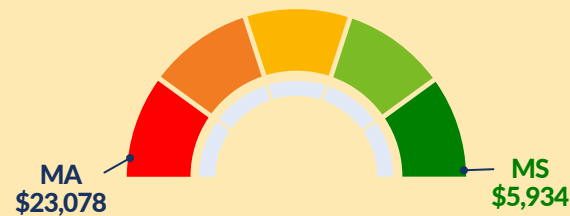
Infant Childcare Cost

In this Index, childcare cost is measured as the median cost paid for childcare by a family with an infant at a childcare center. Costs may differ when calculating the cost of toddler or preschool-age children, and costs may also differ by type of program. The Index looks at the cost of care for infants in centers because this is often the most expensive childcare in Massachusetts and a majority of children in formal care in the state attend center-based programs. **A rank of 1 indicates the state with the least expensive median childcare cost for infants at childcare centers.** Childcare cost is a key quality of life competitiveness metric because it affects young families and the location decisions of young professionals.

National Ranking

48th

In 2022, Massachusetts ranked **48th** out of 48 measured states in the country for the median childcare cost of an infant at a center-based program equaling **\$23,078**. In 2021, Massachusetts was also ranked last out of the states that reported this data.



The median cost of childcare for an infant at a childcare center in Massachusetts increased from **\$22,296** to **\$23,078** between 2021 and 2022.

Economic Competitor Ranking

6th

State	Rank	2022 Value	1 Year Change	5 Year Change
TX	13 th	\$9,250	-7.0%	7.7%
NC	16 th	\$10,126	not available	11.0%
FL	23 rd	\$11,250	7.1%	25.9%
NY	36 th	\$15,000	-7.1%	-19.4%
CA	46 th	\$18,961	not available	15.6%
MA	48 th	\$23,078	3.5%	19.4%

Regional Competitor Ranking

6th



Main Takeaways

- MA is the most expensive state for childcare, a major competitive disadvantage in attracting and retaining young families.
- A family in MA faces infant childcare costs that are more than double that of a family in TX or NC and 50 percent higher than those of a family in NY.
- MA's high childcare costs are partially related to the high quality of care standards required in the state and recent investments in workforce wages. However, early education remains out of reach or financially difficult for many despite high average wages.
- The accessibility of available slots has also been a challenge in MA, with many families struggling to find childcare placements even when they can afford care.

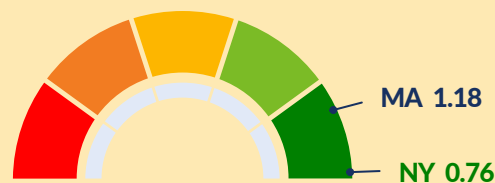
Household Debt-to-Income Ratio

The debt-to-income (DTI) ratio is a measure of all monthly debt payments divided by gross monthly income. This number is one way lenders measure the ability of individuals to pay monthly payments on a variety of loans, including mortgages. In the Index, DTI is measured using an average of the low and high estimates provided by the Federal Reserve Bank of New York for each state. **A rank of 1 indicates the state where residents have the lowest ratio of DTI.** DTI is a key competitiveness metric because it speaks to the financial health or potential fiscal distress of average residents.

National Ranking

5th

In 2024, Massachusetts ranked **5th** in household debt with a debt-to-income ratio of **1.18**. This metric was not included in last year's Index.



Massachusetts' debt-to-income ratio has not changed in the past 5 years.

Economic Competitor Ranking

2nd

State	Rank	2024 Value	1 Year Change	5 Year Change
NY	1 st	0.76	0.00%	0.00%
MA	5 th	1.18	0.00%	0.00%
TX	5 th	1.18	0.00%	0.00%
NC	27 th	1.45	0.00%	0.00%
CA	35 th	1.55	-0.07%	-0.07%
FL	39 th	1.66	0.00%	0.00%

Regional Competitor Ranking

1st



Main Takeaways

- DTI is a relative competitiveness strength for MA.
- MA ranks well nationally (5th) and 2nd among economic competitors, meaning residents have a relatively low level of indebtedness. It is important to note, that many states rank closely in this metric. In fact, 13 states have a DTI of 1.18.
- This metric does not change much from year to year, and the 2024 levels are very similar to measures taken over the last 5 years.
- Among competitor states, NC and CA fare relatively poorly. FL ranks the worst, but this could be related to the higher number of retirees, often with lower levels of income, in the state.
- MA tops the New England rankings as well, where NH and RI fare the poorest.

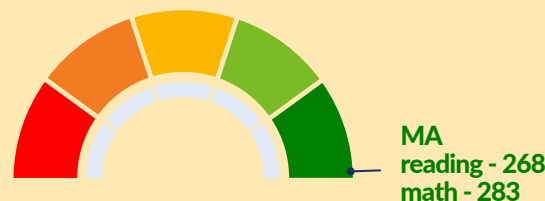
8th Grade Reading & Math Test Scores

Eighth grade reading and math test scores are measured using states' average National Assessment of Educational Progress (NAEP) reading and math scores of eighth grade students. **A rank of 1 means that a state has the highest average reading or math scores for eighth grade students.** K-12 education scores are a key quality of life competitiveness metric because they speak to the quality of an education system, which families value. This metric also indicates the strength of the future labor force.

National Ranking

1st

In 2024, Massachusetts ranked **1st** in both 8th grade reading and 8th grade math test scores, with average scores of **268** and **283** respectively. In last year's Index (2022 data), Massachusetts was ranked **2nd** in reading and **1st** in math.



Between 2022 and 2024, Massachusetts' reading score decreased from 269 to 268 and Massachusetts' math score decreased from 284 to 283.

Main Takeaways

- MA's K-12 education system is a clear competitive advantage. The state has consistently ranked at the top in both 8th grade assessments for the last two decades.
- K-12 scores are also a clear differentiator with economic competitors, with all ranking in the bottom half nationally.
- The pandemic has had a persistent negative impact on scores in MA. The Education Recovery Scorecard ranks MA 19th in the country for learning loss recovery between 2019 and 2024.
- A strong public education system provides a major benefit for MA and attracts parents to raise their children in our state, which also helps to contribute to MA's future workforce and talent.

Economic Competitor Ranking

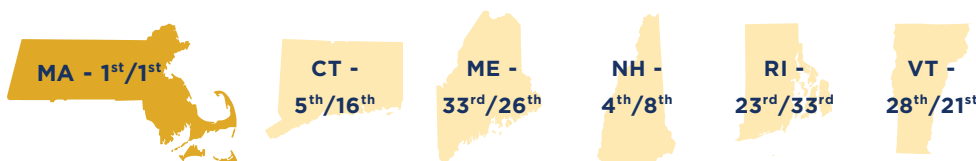
1st

State	Reading Rank	Reading Value	Math Rank	Math Value
MA	1 st	268	1 st	283
NY *	26 th	257	28 th	271
NC *	36 th	255	18 th	276
CA	39 th	254	34 th	269
FL **	41 st	253	41 st	267
TX **	44 th	252	37 th	269

Economic Competitor chart is ordered by reading rank. * and ** indicate states that would swap order if chart was organized by math rank.

Regional Competitor Ranking

1st



Regional Competitor Key: Reading Rank/Math Rank

Source: The Nation's Report Card

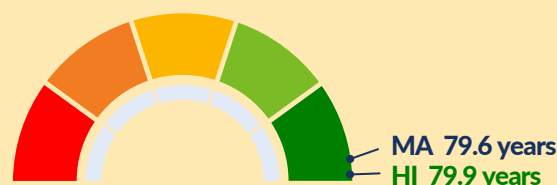
Life Expectancy at Birth

Life expectancy at birth measures how long, in years, the average person is expected to live and is collected by the U.S. Centers for Disease Control and Prevention. The most recent data available is from 2018-2021. **A rank of 1 means that a state has the highest life expectancy at birth in the country.** Life expectancy at birth is a key quality of life competitiveness metric because it speaks holistically to a variety of public health, health care, environmental, and safety factors in a state.

National Ranking

2nd

In 2021, Massachusetts ranked **2nd** in the country for life expectancy at birth with a life expectancy of **79.6 years**. **Massachusetts was ranked 4th in last year's Index (2020 data).**



Massachusetts' life expectancy increased from **79.0 years** to **79.6 years** between 2020 and 2021.

Economic Competitor Ranking

1st

State	Rank	2021 Value (years)	1 Year Change
MA	2 nd	79.6	0.6
NY	5 th	79.0	1.3
CA	10 th	78.3	-0.7
FL	27 th	76.1	-1.4
TX	31 st	75.4	-1.1
NC	35 th	74.9	-1.2

Regional Competitor Ranking

1st



Main Takeaways

- Life expectancy continues to be a major competitive advantage for MA, both nationally and among our competitors.
- Among economic competitors, MA ranks high above FL, TX, and NC which all rank in the bottom half of the country for life expectancy.
- Regionally, the Northeast is strong in this metric. MA, CT, RI, and VT make up four out of the top 10 states in the country.
- MA's high ranking speaks to strong public health systems, widespread access to health care, and relatively low levels of crime and environmental hazards.
- Unfortunately, post-pandemic data on life expectancy remains unavailable, but MA's relative strength is likely to remain consistent.

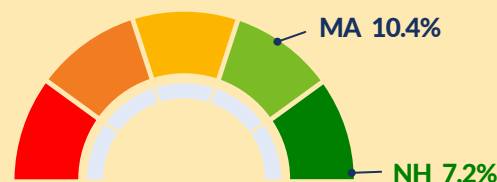
Poverty Rate

Poverty rate measures the number of people whose income falls below the federal poverty line, as estimated by the U.S. Census Bureau's American Community Survey. **A rank of 1 means that a state has the lowest share of its population under the poverty threshold.** Poverty rate is a key quality of life competitiveness metric because it speaks to the share of a state's residents living without the means to support themselves. It also indicates the level of economic hardship in a state.

National Ranking

16th

In 2023, Massachusetts ranked **16th** in the country for poverty rate, with a rate of **10.4 percent**. **Massachusetts was ranked 11th in last year's Index (2022 data).**



Massachusetts' poverty rate remained the same, **10.4 percent** between 2022 and 2023.

Economic Competitor Ranking

1st

State	Rank	2023 Value	1 Year Change	5 Year Change
MA	16 th	10.4%	0.0%	0.4%
CA	27 th	12.0%	-0.2%	-0.8%
FL	32 nd	12.3%	-0.4%	-1.3%
NC	35 th	12.8%	0.0%	-1.2%
TX	39 th	13.7%	-0.3%	-1.2%
NY	42 nd	14.2%	-0.1%	0.6%

Regional Competitor Ranking

5th



Main Takeaways

- While MA's poverty rate does not put it in the top 10 of states nationally, MA's poverty rate is below the U.S. rate of about 11 percent, and MA ranks 1st among competitor states.
- However, compared to the other states in our region, MA's poverty rate is relatively high, only ranking above RI.
- It is also notable that CA, FL, NC, and TX have all seen their poverty rates decline in the past five years while MA's has increased.
- This metric measures poverty in terms of those below the federal poverty line and MA has a very high cost of living compared to other states. Therefore, there are likely many residents who struggle financially but who are not accounted for here.

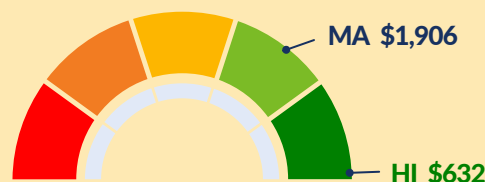
Home Insurance Rates

Home insurance rates provide proxy data on climate change impacts. As the U.S. Department of the Treasury wrote in early January 2025, “homeowners insurance is becoming more costly and harder to procure for millions of Americans as the costs of climate-related events pose growing challenges to insurers and their customers alike.” A rank of 1 indicates that a state has the most expensive homeowners insurance rates. Although the rates and availability can vary by zip code, state-level home insurance rates were added to the Competitiveness Index to reflect an important component of location decisions.

National Ranking

15th

In 2024, Massachusetts ranked 15th in the country for homeowners insurance rates, with a cost of **\$1,906**. This metric was not included in last year’s Index.



Home insurance rates in Massachusetts increased from **\$1,767** to **\$1,906** between 2023 and 2024.

Economic Competitor Ranking

3rd

State	Rank	2024 Value	1 Year Change	5 Year Change
CA	2 nd	\$1,260	13.6%	55.3%
NY	14 th	\$1,897	3.8%	21.7%
MA	15th	\$1,906	7.9%	29.9%
NC	36 th	\$3,378	7.2%	38.2%
FL	41 st	\$3,889	1.7%	55.0%
TX	46 th	\$5,180	3.4%	55.3%

Regional Competitor Ranking

4th



Main Takeaways

- Home insurance premiums in MA are a relative competitive strength, ranking 15th nationally.
- MA ranks in the middle of the pack among economic competitors, but average premiums are significantly lower than in NC and FL and less than half of the average amount in TX.
- MA also ranks in the middle among New England states, falling behind VT, NH, and ME.
- As severe weather events become more common and environmental risks worsen around the country, this metric can be a proxy for the resident cost of extreme weather and could be a potential advantage for MA compared to other regions of the country.

Detail Breakout



Weather and Climate Impact



This breakout looks at disaster cost assessments of the total, direct losses inflicted by tropical cyclones, inland floods, droughts, heat waves, severe local storms (i.e., tornadoes), wildfires, crop freeze events, and winter storms. Data is used from several sources from the federal and state government, such as the Insurance Services Office (ISO), Property Claim Services (PCS), and the Federal Emergency Management Agency (FEMA). **A rank of 1 means a state has the lowest percentage of disaster costs over the past five years as a share of total disaster costs between 1980 and 2024.**

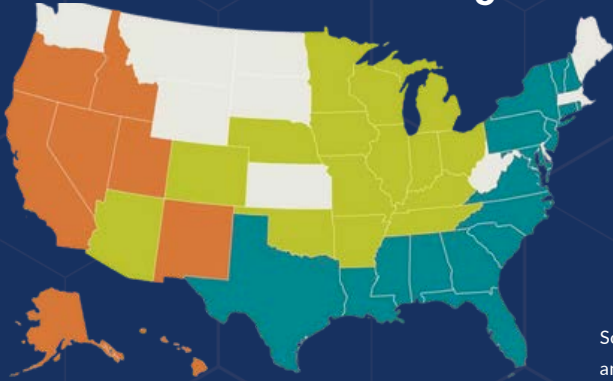
Main Takeaways

- MA ranks in the top half of all states for the amount of financial damage over the past five years, as the state is less prone to wildfires, severe storms, and hurricanes.
- Compared to its economic competitors, MA ranks 4th, faring much better than NC and FL, which have seen severe hurricanes and floods in recent years.
- A higher ranking indicates the level of extreme weather has changed less in recent years. However, given the frequency of major weather events in TX and CA, this metric does not necessarily correlate to the level of weather risk.

Economic Competitor Rankings

State	Rank	% of Damage 2020 - 2024
NY	15 th	22.9%
TX	16 th	24.6%
CA	20 th	26.0%
MA	22nd	28.3%
NC	44 th	48.2%
FL	47 th	52.0%

Highest Cost Hazards, 2020-2024



Wildfire

Severe Storm

Hurricane

Other

Source: NOAA Billion-Dollar Weather and Climate Disasters - Note: Map reflects both insured and uninsured losses. "Other" category includes flooding, drought, and winter storms

Methodology



This year's Index builds on the work from last year. The Index categories and metrics are designed to provide a holistic look at a range of factors that could impact or that speak to location choices for individuals and employers. Each year, MTF reassesses the Index to ensure the relevance of included core metrics, and this year, three new metrics were included – private employment growth, debt-to-income ratio, and homeowner insurance rates – and one metric (patents per 1,000 residents) was not retained. In several cases, the data source for a metric was updated to provide more current or more complete information. Information on each data source can be found in this methodology as well as in the relevant metric page.

In order for a metric to be included, it must relate to the broad topic of competitiveness. The Index only uses data that are publicly available, that are comparable across states, and that can be tracked over time. In the case of several metrics, where data were not available for a handful of states, we note those instances on the relevant metric page. The data for each metric was collected between March and June of 2025 using the most updated data available.

The Index also includes a cohort of data breakouts to provide a closer look at a competitiveness issue using metrics that are not part of the core set. In this year's Index, the breakouts provide deeper dives into outmigration and labor change, the role of higher education and immigration in the Massachusetts economy, and state comparisons on the cost of extreme weather.

The following table lists and describes each metric and data breakout measure in detail, organized by the four broad categories of Economic Health, Population and Labor Force Trends, Business Employment and Investment Factors, and Resident Life. New core metrics and data breakouts are highlighted in yellow in the table.



Methodology

Measure	Description	Why Measure is Included	Source
Economic Health			
Gross State Product per Capita	Gross state product (GSP) is reported by the Bureau of Economic Analysis by state. GSP refers to the total value of goods and services produced within a state. This was divided by the total population of the state from the U.S. Census Bureau to get a per capita value.	Gross state product speaks to the competitiveness of the state economy's productivity.	Bureau of Economic Analysis & U.S. Census Bureau
Average Weekly Wage	Average weekly wage is reported by the Bureau of Labor Statistics in the Quarterly Census of Employment and Wages. The dollar values were adjusted to 2023 values using the Bureau of Labor Statistics Consumer Price Index. Average weekly wage refers to the average wage earned per week across all occupations in the state.	The average wage relates to a state's labor market competitiveness for attracting workers.	Bureau of Labor Statistics
Private Employment Growth	<i>Private employment growth is reported by the Bureau of Labor Statistics through its Current Employment Statistics Program. The data are collected through a survey of employers. The metric compares private employer growth between the third quarter of 2023 and the third quarter of 2024.</i>	<i>Private employer growth data relates to the strength of a state's private sector job market.</i>	<i>U.S. Bureau of Labor Statistics, Quarterly Census of Employment Wages</i>
Unemployment	U.S. Bureau of Labor Statistics Local Area Unemployment Statistics reports the unemployment rates by state. Unemployment rate represents the share of the population that is not currently employed, are looking for work, and are within the benefit period after their job loss. Essentially those who are collecting unemployment benefits.	This is included because it is an important consideration for the general health of the job market and workforce as it represents layoffs and the ability for workers to find new employment.	U.S. Bureau of Labor Statistics

Methodology



Measure	Description	Why Measure is Included	Source
Regional Price Parity (Cost of Living)	Regional price parity is reported by the Bureau of Economic Analysis by state. It measures the difference in price levels across states as an estimate for cost of living.	The regional price parity speaks to a state's labor market competitiveness in terms of workers being able to afford to live there.	Federal Reserve Bank of St. Louis
GINI Index	The GINI Index is a measure of income inequality. It is reported in the U.S. Census American Community Survey. Also known as the GINI coefficient, this statistic is based on the evenness of the distribution of income and it ranges from 0 to 1, indicating total equality at its lowest and total inequality at the maximum. In other words, a value of 0 represents a scenario in which everyone receives an equal share of income while a value of 1 represents a scenario in which a single household or individual receives all the income.	The GINI Index speaks to a state's labor market competitiveness in that it provides insight into the general economic position of different parts of the workforce of a state, providing detail on the distribution of income beyond the overall total or average income.	U.S. Census Bureau
Population & Labor Force Trends			
Natural Population Change	The U.S. Census Population Estimates Program produces annual measures on the components of population change by state. Natural population change refers to the number of births minus the number of deaths that occur in the state as a percentage of that state's population, and is positive if the number of births outweighs the number of deaths, and is negative if deaths outweigh births.	Natural change is one component of population change (the other being migration) and can contribute to competitiveness by increasing the size of the labor force.	U.S. Census Bureau
Domestic Migration	The U.S. Census Population Estimates Program produces annual measures on the components of population change by state. Domestic migration measures the inter-state moves to and from any particular state as a percentage of that state's population; this rate is negative if more residents moved away from rather than to the state, and is positive if more residents moved to rather than away from the state.	This measure can reflect competitiveness in attracting residents, and therefore the ability for a state to grow its tax base as well as its labor force and state gross domestic product.	U.S. Census Bureau

Methodology



Measure	Description	Why Measure is Included	Source
International Migration	The U.S. Census Population Estimates Program produces annual measures on the components of population change by state. International migration measures the number of moves to the state originating from outside the U.S. as a percentage of that state's population.	This rate can indicate competitiveness through an increasing labor force as well as competitiveness in attracting foreign talent through universities and in specialized fields such as technology.	U.S. Census Bureau
Population 25 Years+ with a Bachelor's Degree or More	The U.S. Census American Community Survey reports on educational attainment. The percent of the population over 25 with a bachelor's degree or more education is taken from this data.	This is included because it is an important indicator for the evaluation of the workforce.	U.S. Census Bureau
Percentage of Population Over 65 Years Old	The U.S. Census reports the share of the population that is over 65 years old. This population is generally excluded from the labor force.	This was included as a refinement on overall total population measures because it affects the share of the population that is available to work.	U.S. Census Bureau
Labor Force Participation Rate	The Bureau of Labor Statistics reports the monthly labor force participation rate by state through the Local Area Unemployment Statistics dataset. This measure represents the proportion of the working age population engaged in the labor force.	This metric provides an indication of how successful a state is in attaching its residents to its economy.	Federal Reserve Bank of St. Louis
Labor Force Size, Five-Year Change	The Bureau of Labor Statistics reports the monthly labor force size by state through the Local Area Unemployment Statistics dataset. This measure reflects the change in overall labor force over the previous five years.	Change in the size of the labor force can be used as a gauge of the relative trajectory of a state's workforce growth, including labor's recovery from the COVID-19 pandemic.	U.S. Bureau of Labor Statistics
Detail Breakout: One-Year Labor Force Change	<i>The Bureau of Labor Statistics reports the monthly labor force size by state through the Local Area Unemployment Statistics dataset. This measure reflects the change in overall labor force over the prior year.</i>	<i>This one-year change metric provides a closer look at how state labor force trends have changed more recently.</i>	U.S. Bureau of Labor Statistics

Methodology



Measure	Description	Why Measure is Included	Source
Detail Breakout: Domestic Migration, Population Aged 26-35	Migration data based on year-to-year address changes from individual tax returns to the IRS. The number of returns filed approximates the number of households that migrated and the number of personal exemptions claimed approximates the number of individuals.	Captures aggregate migration trends (the number of people moving into or out of a state) by age cohort and income level, providing greater insights as to the level of mobility among different demographics	Internal Revenue Service
Business, Employment, and Investment Factors			
Business Formations per Private Employee	Business formations in the last four quarters are reported by the U.S. Census Bureau in their Business Formation Statistics. This is divided by the number of employer businesses as reported by the Bureau of Labor Statistics Quarterly Census of Employment and Wages. Business formations are measured by the first instance of payroll tax liabilities associated with a business application.	The number of businesses per private employee speaks to a state's business climate competitiveness because it shows how many new businesses, on average, are able to expand to become employer businesses relative to the total number of businesses.	U.S. Census Bureau and Bureau of Labor Statistics
Corporate Income Tax Collections per Capita	Corporate income tax collections per capita is reported by the Tax Foundation. NV, TX, WA, WY, OH and SD are excluded due to data limitations.	The average corporate income tax paid by employers relates to a state's business cost competitiveness, but higher taxes may also contribute to a state's labor market competitiveness in that it affects the level of service provided in the state.	U.S. Census Bureau
Average Employer UI Tax Amount per Covered Employee	Average employer UI tax amount per covered employee is reported in the Department of Labor Employment and Training Administration Tax Measure annual reports. Taxable wage caps and benefits offered vary across states.	The average UI tax paid by employers relates to a state's business cost competitiveness and is an outcome of the state's regulations.	U.S. Department of Labor Employment and Training Administration
Energy Cost	Energy cost is reported as an overall annual average price by the U.S. Energy Information Administration. It is measured in cents per kilowatt hour.	Energy cost relates to a state's business cost competitiveness, as well as labor market competitiveness related to the cost of living for workers.	U.S. Energy Information Administration

Methodology



Measure	Description	Why Measure is Included	Source
Health Insurance Paid by Employer	Health insurance paid by employer is reported by the Kaiser Family Foundation. It refers to the average employer contribution to health insurance premiums paid by the employer per covered employee.	Health insurance paid by employer is an indicator of business cost competitiveness.	The Kaiser Family Foundation
Venture Capital Funding per \$1 million Gross State Product	State's total venture capital investments in a year divided by the size of the economy as measured by its gross state product.	This metric is added to total venture capital funding to provide a normalized comparison among states.	National Science Foundation
Detail Breakout: National Institute of Health Grants	Total NIH grants to Massachusetts institutions.	Changes to NIH grant funding decisions offer an early indicator of risks to the state's economic health.	National Institute of Health
Detail Breakout: Postdoctoral Workforce	Total postdocs at Massachusetts higher education institutions.	Federal funding cuts to higher education and federal grant programs reduces opportunities to hire postdocs across a variety of fields.	National Center for Science and Engineering Statistics
Detail Breakout: International Students	Total international students at Massachusetts higher education institutions	International students comprise approximately 17 percent of students attending Massachusetts colleges and universities in 2023, providing a significant component to higher education's revenues and local economic growth.	Institute of International Education
Detail Breakout: H-1B Visas	The H-1B visa program permits U.S. employers to hire temporary foreign workers in occupations requiring a college degree or higher.	H-1B visas are typically highly educated foreign professionals permitted to work in fields such as mathematics, engineering, technology, and medical sciences. The number of H-1B visas offers another way of comparing states' level of innovation and attractiveness to highly trained workers.	U.S. Citizens and Immigration Services

Methodology



Measure	Description	Why Measure is Included	Source
Resident Life			
Housing Cost Burden	Housing cost burden is reported by the U.S. Census Bureau American Community Survey. It refers to the share of the population that spends 30 percent or more of their income on housing. It includes owner occupied and renter occupied households.	This measure indicates the share of a state's population facing financial strain to afford housing. The cost of housing can be a key competitiveness factor in location choices.	U.S. Census Bureau
Commute Time	The U.S. Census Bureau American Community Survey reports the average commute time for workers by state (in minutes).	This is included because it is an important consideration for workers and can affect both the quality of residential life of workers in and of itself as well as housing choices, a key expense. It is a factor in the cost competitiveness of a state for the labor market, and informs location choices for workers.	U.S. Census Bureau
Infant Childcare Cost	Childcare cost is measured as the median cost paid for childcare by a family with an infant at a childcare center, most recent data is from 2022. Note: This Index uses a different and updated data source from last year's Index. In the 2024 Index, the most recent available data was from 2018.	This is included because it is an important consideration for workers who plan to or already have children. It is a major cost for these workers.	U.S. Department of Labor
Household Debt-to-Income Ratio	Debt-to-Income (DTI) compares recurring debt payments with a person's gross income by adding all debt payments and then dividing by gross income before taxes and deductions are taken out. Lenders use the DTI ratio as a factor in reviewing a person's ability to take on additional debt, such as a mortgage.	This metric provides an indication of fiscal health of a state's residents that accounts not just for both income and debt obligations.	Federal Reserve Bank of New York & U.S. Bureau of Labor Statistics

Methodology



Measure	Description	Why Measure is Included	Source
8th Grade Reading & Math Test Scores	The National Center for Education Statistics reports average scores by state on the 8th grade National Assessment of Educational Progress for reading and math.	This measure is an evaluation of the quality of K-12 education in the state, which can affect a worker's choice to locate there if they have children.	The Nation's Report Card
Life Expectancy at Birth	The U.S. Centers for Disease Control and Prevention reports on life expectancy at birth. The most recent available data is from 2021. It refers to the number of years the average infant is expected to live.	This is included because it gives insight into health factors for the population and workforce living in a state. It is an outcome of health risks from environmental factors, as well as personal risk, and access to health care and other resources.	U.S. Centers for Disease Control and Prevention
Poverty Rate	The U.S. Census American Community Survey reports poverty rate. This refers to the share of people whose income falls below the poverty threshold. The Census Bureau poverty thresholds are consistent across states, but do vary based on family size and age of householder.	Poverty rate gives a better understanding of economic hardship and uneven wealth distribution at the state level. It informs the cost competitiveness of a state for the labor market.	U.S. Census Bureau
Home Insurance Rates	LendingTree analysis uses publicly available rate filings from Quadrant Information Services based on a standard home insurance profile with \$400,000 dwelling coverage. Annual rate change data came from RateWatch by S&P Global, which aggregates National Association of Insurance Commissioners (NAIC) data.	Home insurance rates are included in this year's edition as one measure of the impacts of climate change on residential property. Comparing average residential insurance rates over time and across states provides a view into geographic differences of damage from climate change	LendingTree's Income-Home-Insurance Study
Detail Breakout: Weather and Climate Impact	NOAA's <i>National Centers for Environmental Information</i> provides the national scorecard tracking severe weather events. Data sources include FEMA, USDA, the National Flood Insurance program, USDOD disaster impact reports, FHWA damage reports, and private property insurance data as part of an event analysis.	Comparing average residential insurance rates over time and across states provides a view into geographic differences of cost effects from climate change. As weather events increase in intensity, property damage accelerates	National Oceanic and Atmospheric Administration