



Massachusetts
Taxpayers Foundation

Massachusetts Competitiveness Index 2026



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A Note From MTF

Year 3 of the Competitiveness Index

The 2026 Massachusetts Taxpayers Foundation (MTF) Competitiveness Index is the third installment of the Index. This year's edition builds on MTF's past work to provide a holistic assessment of Massachusetts' ability to attract and retain residents and businesses compared to other states. The goal of the Index is to dive deep into the issue of state competitiveness beyond any single factor to inform the public and policymakers alike. The Index measures Massachusetts' performance across 27 core metrics and nine detail breakout metrics.

Overview of the 2026 Index

The Index continues to organize competitiveness metrics into four consistent categories:

- **Economic Health** (six core metrics) - fundamental elements of state economies;
- **Population & Labor Force Trends** (seven core metrics) - ongoing demographic, migration, and workforce patterns;
- **Business, Employment, & Investment Factors** (six core metrics) - factors affecting state business climates; and
- **Resident Life** (eight core metrics) - quality of life measures that relate to residents' day-to-day life and location decisions.

The Index includes Massachusetts' national ranking for each core metric and compares our standing with that of our neighbors in New England and our economic competitor states - California, Florida, New York, North Carolina, and Texas. Since changes in national ranking can reflect changes in other states and overshadow Massachusetts' data trends, the Index also compares Massachusetts' progress to previous iterations of the Index to see if we are moving in the right direction. This approach allows us to highlight areas that may still show warning signs despite high national rankings and areas where our competitors are gaining ground.

Notable Changes in our National Rankings

Massachusetts' greatest ranking improvements were in three metrics: the state improved by seven spots in **poverty rate**, five spots in **private employment growth**, and two spots in **housing cost burden**. The progress in reducing poverty elevated Massachusetts to the top ten states nationally for the first time since MTF began the Index and moved in the right direction in reducing the share of the population that is housing cost burdened. While the state improved its ranking in private employment growth, this was only because other states saw greater declines.

Conversely, Massachusetts' national ranking fell by 29 spots in **labor force growth**, 12 spots in the **unemployment rate**, and seven spots in **home insurance rates**. These shifts reflect a labor force threatened by declining international migration, a tightening job market where there are a growing number of unemployed residents compared to job openings, and rising residential costs.

A Note from MTF - Overview of the 2026 Competitiveness Index



Notable Data Trends

Setting aside national rankings and looking under the hood, Massachusetts saw the greatest improvements compared to last year's Index in **venture capital investments** (7 percent increase), **average weekly wages** (4.8 percent increase), and **Gross State Product (GSP) per capita** (2.9 percent increase) - **exemplifying the state's continued strengths of a highly productive and skilled workforce** that attracts capital and talent from around the world.

The state moved in the wrong direction among metrics where we have historically struggled, with the greatest declines found in **infant childcare costs** (14.2 percent increase), **energy costs** (4.7 percent increase), and **commute times** (2.3 percent increase). These trends demonstrate the continued challenge we face in **addressing affordability for residents and businesses**. This challenge poses a **significant threat to the long-term economic health of the Commonwealth**.

Biggest Gains

Venture Capital Investments

2025 Index	2026 Index
\$15.5 billion	\$16.6 billion

Average Weekly Wages

2025 Index	2026 Index
\$1,735	\$1,818

GSP per Capita

2025 Index	2026 Index
\$110,213	\$114,635

Biggest Declines

Childcare Costs

2025 Index	2026 Index
\$23,078	\$26,343

Energy Costs

2025 Index	2026 Index
\$0.25 per kwh	\$0.27 per kwh

Commute Times

2025 Index	2026 Index
29.9 minutes	30.6 minutes

Three Years and Three Key Themes

After three years of releasing the Index, Massachusetts' ranking in many of the metrics remains consistent. This consistency proves that meaningful changes in a state's competitiveness require thoughtful policy solutions over time - **no one policy solution will single-handedly solve a state's affordability crisis or significantly alter a state's business environment in one year**. In 18 core metrics, Massachusetts either retained the same national ranking as in the 2025 Index or moved one slot up or down; Massachusetts' national ranking moved by five or more spots in just five

A Note from MTF - Overview of the 2026 Competitiveness Index



metrics. This data-driven framework is imperative to gaining a deeper picture of the Commonwealth's challenges and opportunities with consistent measurements over a longer time horizon with each iteration. This year's Index builds on the key takeaways from previous years and is reinforced by the public's perception of the state's competitiveness through our second Competitiveness Poll, conducted by the MassINC Polling Group (MPG).

Three key themes emerge in the Index and in the poll:

1) Massachusetts is holding strong in the areas of innovation, education, and quality of life.

Massachusetts continues to rank in the top five nationally in six core metrics, shown in the chart to the right. This year, our Index includes detail breakouts that take a closer look at several of our biggest strengths and most persistent weaknesses. In our detail breakouts we see that Massachusetts also ranks first in the country for **health care system quality**, third in **National Institutes of Health (NIH) grants**, and fifth in **K-12 spending per pupil**.

Where Massachusetts Ranks in the Top Five	
1 st	Population 25+ with at Least a Bachelor's Degree
1 st	4th K-12 Reading and Math Scores
2 nd	GSP per Capita
2 nd	Average Weekly Wages
3 rd	Venture Capital Investments
3 rd	International Migration

The Competitiveness Poll shows that perceptions of Massachusetts residents match reality when it comes to the state's strengths - **77 percent of respondents say Massachusetts is one of the best states or is above average for the quality of health care, and 67 percent say the same for the quality of the state's K-12 education system.** These strengths are also pointed out by residents as some of the most important reasons they live in Massachusetts, with quality of health care cited as one of the most common reasons.

2) The competition is heating up as momentum grows in our rival states.

Across several metrics, economic competitor states have made significant gains over the last year, outpacing Massachusetts' progress by a notable amount that either widens their advantage or narrows our lead.



Massachusetts is ranked second in **average weekly wages**, but California, ranked one spot behind us, saw wages grow by 1.5x Massachusetts' wage growth between 2024 and 2025 - reducing Massachusetts' lead to just \$3.



Texas, ranked one spot ahead of Massachusetts in **international student enrollment**, saw an increase that was more than triple that of Massachusetts' between 2024 and 2025.

A Note from MTF - Overview of the 2026 Competitiveness Index



Florida, New York, California, and Texas increased their **venture capital investments** by over 50 percent between 2024 and 2025, while Massachusetts grew investments by 7 percent.

3) The central challenges of addressing affordability and attracting growth remain persistent.

Like our strengths, Massachusetts' competitive weaknesses remain fairly consistent. Massachusetts ranks 45th or lower in nine core metrics, shown in the chart to the right. New detail breakouts in this year's Index on **electricity generation** and **housing production** underline the challenge the state faces in improving affordability through the supply side.

The affordability challenge in Massachusetts remains a central issue in this year's Index. Rising costs are a throughline in many data points in the Index, especially in the high number of residents between the ages of 26 and 35 who are leaving Massachusetts - about 7,500 in 2023.

Where Massachusetts Ranks in the Bottom Five	
45 th	Private Employment Growth
45 th	Regional Price Parity (Cost of Living)
46 th	GINI Index (Income Inequality)
46 th	Domestic Migration
47 th	Energy Costs
47 th	Commute Time
48 th	Health Care Costs Paid by Employers
49 th	Business Formations per Private Employee
49 th	Infant Childcare Costs

The Competitiveness Poll emphasizes this challenge as well - **cost of living** was the chief reason **63 percent of respondents said they would consider moving out of Massachusetts.**

Adapting the Index to Keep Pace with a Changing World

Last year's Index highlighted the unique risks that Massachusetts faces from a rapidly changing and unsettled federal landscape. Those risks translate into reality in this year's Index. Two clear examples of the direct impact of federal changes on Massachusetts can be seen in our rate of **international migration** and **NIH grant funding**:

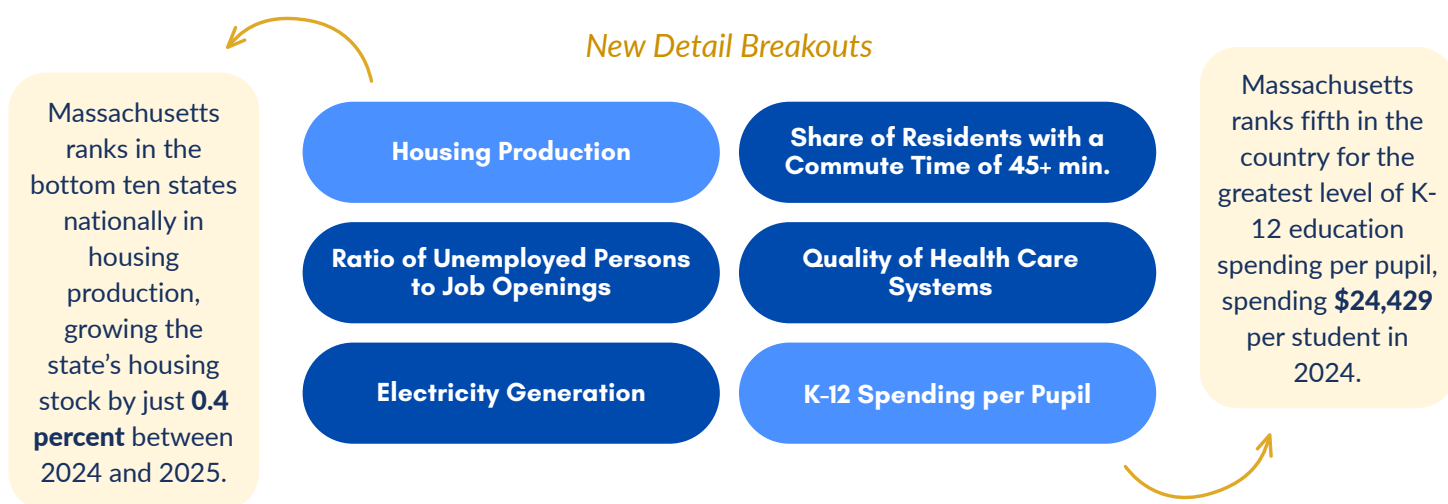
- International migration** to Massachusetts has slowed from 1.09 percent in 2024 to 0.56 percent in 2025 - **federal changes have cut international migration to Massachusetts in half.** This trend poses an immediate risk to Massachusetts' economy and higher education system, which relies on international migrants to fill critical workforce needs across key sectors that face challenges due to our aging population and domestic outmigration.

A Note from MTF – Overview of the 2026 Competitiveness Index



- **NIH grant funding** to Massachusetts in Federal Fiscal Year (FFY) 2025 totaled \$3.41 billion, a decrease of \$93 million (2.7 percent) compared to the high-water mark in 2023. While many NIH grants resumed after the court overturned the Trump administration’s effort to eliminate funding, **new federal regulations have been announced that could further limit access to funding** if research projects are not aligned with the administration’s agenda.

To capture the ongoing affordability challenges facing residents and businesses, **this year’s Index introduces six new detail breakouts that take a closer look at the state’s most prominent strengths and weaknesses:**



Connecting the Index with Public Opinion

Measuring competitiveness through consistent data collection provides policymakers with an important benchmark, but public perception of the state’s competitiveness is an essential element for driving policy change. This year, MTF again partnered with MPG to conduct a poll to gauge how residents feel about living in Massachusetts, their views of the state’s competitive strengths and weaknesses, and the issues that matter most to them.

For the second straight year, 63 percent of residents believed that Massachusetts is above average or is one of the best places to live in the country. **A majority of residents continued to point to the quality of our health care, K-12 education, and local public services as the state’s key strengths.**

As the second Trump administration nears its midway point, more Massachusetts residents continue to express their concerns for the future. Over half of respondents said they felt less optimistic about the direction of the country compared to a year ago, but more residents (40 percent) feel much better about living in Massachusetts in light of federal action than they did last year, when just 29 percent felt better about the state than the year before.

A Note from MTF - Overview of the 2026 Competitiveness Index



At the same time, the poll echoes similar **warning signs as the Index's data - high costs, especially around housing, put a strain on resident life**. 56 percent of respondents ranked Massachusetts as one of the worst states or below average when it comes to overall affordability and cost of living.

The poll also emphasizes that **affordability issues are especially relevant for younger residents**. 22 percent of all residents said they see themselves leaving Massachusetts in the next five years, down from 25 percent last year. However, among respondents aged 18 to 29, that share rises to 40 percent.

Given these challenges, affordability issues are top of mind for likely voters in this year's midterm elections - 45 percent said rising prices, and 36 percent pointed to housing costs as the most important issues when deciding which candidates to support. **Respondents signaled to Beacon Hill that addressing rising costs should be a main legislative priority**. When asked which three areas they want to see policymakers work on, the top answers were cost of living (65 percent), housing costs (47 percent), and taxes (34 percent).

What are the Biggest Challenges

Facing Your Household?

Housing Costs - 38%

Cost of Living - 31%

Energy Costs - 21%

Food Costs - 19%

Taxes - 17%

Connecting the Index with Action

The connection between affordability and competitiveness is clearly seen throughout this Index, and that connection must also be central to the state's public policy agenda. In May, MTF laid out several specific policy recommendations intended to lower costs for businesses and residents, reduce relocation incentives, and keep state spending growth in check. Those recommendations form the foundation of a competitiveness policy agenda that enhances Massachusetts' unique strengths and confronts our relative disadvantages.

MTF's 2026 Competitiveness Agenda

- **Lower the Cost of Doing Business** - Massachusetts can take a big step towards reducing barriers to business formation and growth by reforming the state's unemployment insurance system. Reducing costs and improving the system's solvency will make it cheaper for businesses to add jobs and improve the predictability of the business climate.
- **Reduce the Tax Burden on Residents** - The Massachusetts estate tax is a clear outlier compared to our economic and regional competitors, impacting middle-class families and affecting business and resident location decisions. Massachusetts should phase out its estate tax.

A Note from MTF - Overview of the 2026 Competitiveness Index



- **Invest in Our Communities through Housing & Childcare** - Both the Index and the Competitiveness Poll again show housing costs as the top affordability challenge for residents, while childcare costs contribute to young families leaving the state. MTF has proposed a new Momentum Zone program to spur innovative housing production and recommends building on recent investments in childcare by supporting the Commonwealth Cares for Children grant program to ease cost pressures throughout the childcare system and continue expanding access to affordable and high-quality childcare programs.
- **Build on our Elite Education System** - Massachusetts must begin the next stage of K-12 education reform by ensuring a strong statewide standard for high school graduation that includes consistent and rigorous methods to assess students. The state should also ensure that ongoing Foundation Budget reform discussions tie additional resources to high standards for school performance. The House and Senate must also pass the BRIGHT Act to support consistent capital investment in high education institutions.
- **Strengthen Innovation through Research & Development** - Policymakers should support public and private higher education research institutions impacted by federal funding delays and cuts to maintain Massachusetts' status as an innovation hub. Governor Healey's DRIVE Act proposal and elements of the Mass Wins economic development bill provide a strong start to this work.

A Note from MTF - Overview of the 2026 Competitiveness Index



Changes in Core Metrics National Rankings

Metrics highlighted in green represent the biggest improvements compared to last year's Index, while metrics highlighted in red represent the metrics where Massachusetts' ranking declined the most compared to last year's Index. Detail breakouts are not included in this chart.

	Core Metric	2025 Index	2026 Index
Economic Health	GSP per Capita	2 nd	2 nd
	Average Weekly Wages	2 nd	2 nd
	Private Employment Growth	50 th	45 th
	Unemployment	31 st	43 rd
	Regional Price Parity	46 th	45 th
	GINI Index	47 th	46 th
Population & Labor Force Trends	Natural Population Change	23 rd	21 st
	Domestic Migration	45 th	46 th
	International Migration	3 rd	3 rd
	Population 25+ with at least a Bachelor's Degree	1 st	1 st
	Percent of Population Over 65	28 th	27 th
	Labor Force Participation Rate	8 th	9 th
	Labor Force Growth**	10 th	39 th
Business, Employment, & Investment Factors	Business Formations per Private Employee	49 th	49 th
	Corporate Income Tax Collections per Capita	38 th	40 th
	Average Employer UI Tax per Covered Employee	38 th	40 th
	Energy Costs	47 th	47 th
	Health Care Costs Paid by Employer	48 th	48 th
	Venture Capital Investments*	3 rd	3 rd
Resident Life	Life Expectancy**	6 th	6 th
	Debt per Capita*	44 th	44 th
	Poverty Rate	16 th	9 th
	Infant Childcare Costs	48 th	49 th
	4 th Grade Reading and Math Test Scores*	1 st / 2 nd	1 st / 1 st
	Housing Cost Burden	45 th	43 rd
	Home Insurance Rates**	14 th	22 nd
	Commute Time	47 th	47 th

* 2025 rankings have been adjusted for data updates and data source consistency.

** This ranking is different from last year's Index because of revised data for what the ranking would have been.

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 competitors. **The six metrics in this category look at economic productivity (GSP per capita), wages, private sector job growth, unemployment, cost of living, and income inequality.** In this year's Index, this category provides a snapshot of a Massachusetts economy that is highly productive and has a large share of high-paying jobs. However, the state's economic health is also burdened by slowed private employment growth, rising unemployment rates, a high cost of living, and significant disparities across the income spectrum.

GSP per Capita		Average Weekly Wages		Private Employment Growth	
MA Ranking	Economic Competitor Ranking	MA Ranking	Economic Competitor Ranking	MA Ranking	Economic Competitor Ranking
2 nd	2 nd	2 nd	1 st	45 th	6 th
Unemployment		Regional Price Parity		GINI Index	
MA Ranking	Economic Competitor Ranking	MA Ranking	Economic Competitor Ranking	MA Ranking	Economic Competitor Ranking
43 rd	5 th	45 th	4 th	46 th	4 th

Massachusetts remains one of the most economically productive states in the country, ranking second nationwide in GSP per capita. The state continues to stand out as having the second highest average weekly wages, being one of only three states, along with Washington and California, where average weekly wages surpassed \$1,800 in 2025. But even among our strengths, there are warning signs. While Massachusetts' GSP per capita outpaced Texas and Florida in last year's Index, Florida, North Carolina, and Texas saw greater GSP per capita growth in this year's Index. Massachusetts is also at risk of losing its ranking in average weekly wages, after California (ranked third nationally) narrowed the gap with Massachusetts from \$61 to \$3 from last year to this year's Index.

Massachusetts continues to rank poorly across private employment growth, unemployment rate, cost of living, and income inequality. However, this year's Index shows that Massachusetts is making some progress in its weaknesses. The state's regional price parity (a measure of cost of living) and the GINI Index (a measure of income inequality) are trending in the right direction, and our national ranking in these metrics has improved. Despite the state's progress, more than half of respondents in this year's Competitiveness Poll say that Massachusetts is below average or one of the worst states in overall cost of living. **Massachusetts no longer ranks 50th in the country for private employment growth, but this change is a result of other states losing more private sector jobs than Massachusetts, rather than Massachusetts experiencing greater growth.** In fact, the state's private employment growth rate moved in the opposite direction, from -0.3 percent in 2024 to -1.1 percent growth in 2025.

Continued challenges in private employment growth are being borne out by the state's climbing unemployment rate, from 4.1 percent to 4.8 percent between 2024 and 2025. The state's unemployment rate has led to one of the most significant change in rankings in this year's Index – **Massachusetts fell 12 spots in the national ranking and now joins the bottom ten states for unemployment rate.** In a new detail breakout in this year's Index, the ratio of unemployed persons to job openings has reached 1.5, meaning that for every three unemployed residents, there are two jobs available – a major shift from the pandemic when there were more than two job openings per unemployed resident. A tightening job market and slower job growth pose significant challenges to the state's long-term economic success if businesses are not starting and staying in Massachusetts, and if residents can't get jobs.

Combined, these metrics show policymakers the continued need to incentivize job growth and address cost of living. Massachusetts continues to be a highly productive state but rising unemployment and a shrinking private sector labor force, paired with high cost of living and significant income inequality, give prospective businesses pause when considering moving to or expanding in the state.

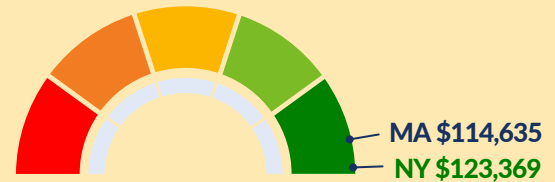
GSP per Capita

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 2025, Massachusetts ranked **2nd** in the country for the greatest GSP per capita of **\$114,635**. Massachusetts was ranked **2nd** in last year’s Index.



Massachusetts GSP per capita has increased from **\$110,213** to **\$114,635** between 2024 and 2025.

Economic Competitor Ranking

2nd

State	Rank	2025 Value	1 Year Change	5 Year Change
NY	1 st	\$123,369	2.1%	33.8%
MA	2nd	\$114,635	2.9%	31.9%
CA	5 th	\$108,012	1.9%	37.9%
TX	13 th	\$91,594	3.2%	35.9%
NC	30 th	\$79,815	3.2%	35.4%
FL	33 rd	\$78,195	3.2%	34.0%

Regional Competitor Ranking

1st



Main Takeaways

- GSP per capita remains a major competitive strength for MA, ranking second nationally behind NY.
- Since the first Index in 2023, MA has maintained its national ranking in GSP per capita, demonstrating the high productivity of the state’s highly skilled and educated workforce.
- While MA’s GSP per capita continues to be high nationally, our growth rate has slowed – from 5.6 percent in last year’s Index to 2.9 percent and MA trails all our economic competitors in five-year growth.
- MA stands out in the region for being one of two states that either maintained or improved its national ranking, signaling our economic resiliency.

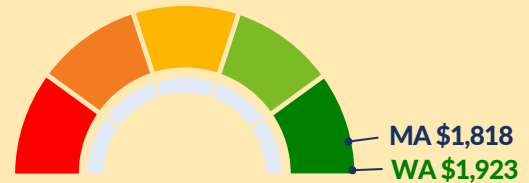
Average Weekly Wage

Average weekly wage is a Bureau of Labor Statistics metric intended to cover all industries, and this metric presents wages in 2025 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 2025, Massachusetts ranked **2nd** in the country in this metric, with an average weekly wage of **\$1,818**. **Massachusetts was ranked 2nd in last year's Index.**



Massachusetts' average weekly wage has increased from **\$1,735** to **\$1,818** between 2024 and 2025.

Economic Competitor Ranking

1st

State	Rank	2025 Value	1 Year Change	5 Year Change
MA	2 nd	\$1,818	4.8%	22.1%
CA	3 rd	\$1,815	7.2%	24.0%
NY	4 th	\$1,757	4.7%	21.5%
TX	13 th	\$1,444	3.6%	25.6%
FL	20 th	\$1,342	5.1%	30.3%
NC	22 nd	\$1,328	4.4%	27.9%

Regional Competitor Ranking

1st



Main Takeaways

- Average weekly wages continue to be a competitive advantage for MA, being just one of three states with an average weekly wage over \$1,800.
- For the second straight year, MA is second in the country for the highest average weekly wage. In 2023, MA ranked first.
- MA continues to hold advantages over our economic competitors, as weekly wage growth outpaced TX, NC, and NY, but CA is closing the gap with MA after wages grew by over seven percent.
- While states like TX, FL, and NC have seen greater wage growth over the past five years, MA maintains a healthy lead over these states, as workers in these states make less than 80 percent of what MA workers make.
- Having one of the highest average weekly wages in the country speaks to the highly educated and trained workforce that also drives MA to have the second most economically productive state in the country.

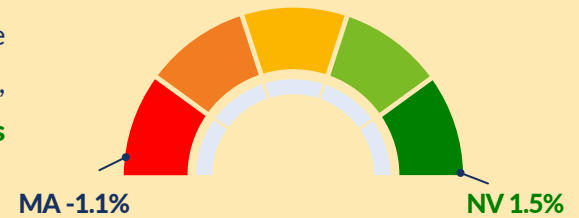
Private Employment Growth

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 2024 rate and the Q3 2025 rate of private employment. The two-year change included in the economic competitor ranking chart is the difference between Q3 2025 and Q3 2023, and the five-year change is the difference between Q3 2025 and Q3 2020. This metric speaks to the strength of a state's economy as measured by job growth.

National Ranking

45th

In 2025, Massachusetts ranked **45th** in the country in private employment growth, with a rate of **-1.1 percent**. **Massachusetts was ranked 50th in last year's Index.**



Massachusetts' private employment growth rate decreased from **-0.3 percent** to **-1.1 percent** between 2024 and 2025.

Main Takeaways

- MA continues to struggle in private employment growth, with the workforce shrinking by 1.1 percent in 2025 compared to 0.3 percent in 2024, based on revised data.
- Though employment growth seems to have slowed across the board, among our economic competitors, MA is the only state to have negative private employment growth between 2024 and 2025.
- Over the past five years, two economic competitors (TX and FL) increased their private employment by double the rate in MA.
- MA also lags behind other New England states in private job growth, ranking only ahead of VT by one spot.
- Availability of jobs is a key factor for residents when determining where to live – a third of poll respondents that would consider moving cited job opportunities as one of their main reasons.

Economic Competitor Ranking

6th

State	Rank	2025 Value	2 Year Change	5 Year Change
TX	4 th	0.7%	-0.8%	19.6%
NC	9 th	0.5%	-0.7%	15.8%
CA	14 th	0.2%	0.2%	13.5%
NY	19 th	0.2%	-2.4%	17.1%
FL	25 th	0.0%	-1.4%	20.0%
MA	45 th	-1.1%	-0.8%	9.3%

Regional Competitor Ranking

5th



Unemployment

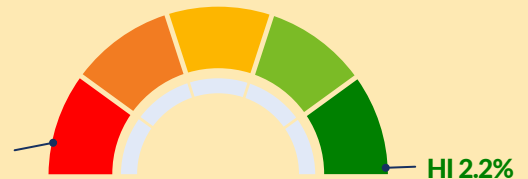
Unemployment rates reflect workers who are seeking work and are within the benefit period after layoff, and are determined using the December 2025 Local Area Unemployment Statistics produced by the Bureau of Labor Statistics. **A rank of 1 means that a state has the lowest annual unemployment rate for 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

43rd

In 2025, Massachusetts ranked **43rd** in the country with an unemployment rate of **4.8 percent**. **Massachusetts was ranked 31st in last year's Index.**

MA 4.8%



Massachusetts' unemployment rate has increased from **4.1 percent** to **4.8 percent** between 2024 and 2025.

Main Takeaways

- For the second consecutive year, MA's unemployment rate has grown, increasing from 4.1 percent to 4.8 percent between 2024 and 2025.
- MA's unemployment rate ranking fell by 12 spots in 2025, now ranking 43rd in the nation. This is one of the most significant ranking shifts this year.
- In last year's Index, MA's unemployment rate was in the middle of the pack of economic competitors, but this year we fell behind TX and NY to rank only ahead of CA, which has the highest unemployment rate nationally.
- For the first time since MTF began the Index, MA's unemployment rate is the highest compared to our regional competitors.
- Despite significant workforce needs in high-demand sectors, like health care and manufacturing, MA's unemployment rate demonstrates the importance of training and upskilling unemployed, underemployed, and incumbent workers.

Economic Competitor Ranking

5th

State	Rank	2025 Value	1 Year Change	5 Year Change
NC	24 th	3.9%	0.2%	-1.9%
FL	32 nd	4.3%	0.9%	-3.5%
TX	35 th	4.3%	0.1%	-2.6%
NY	39 th	4.6%	0.2%	-4.1%
MA	43rd	4.8%	0.7%	-2.6%
CA	50 th	5.5%	0.0%	-3.5%

Regional Competitor Ranking

6th



Detail Breakout

Ratio of Unemployed Persons to Job Openings

A new addition to this year’s Index is a detail breakout that measures a state’s labor market based on the ratio of unemployed individuals to job openings. **A rank of 1 means that a state has the lowest ratio of unemployed people to job openings, meaning more open jobs per unemployed individual.** This metric demonstrates whether employers are facing workforce shortages to fill open positions or if there is a greater supply than demand.

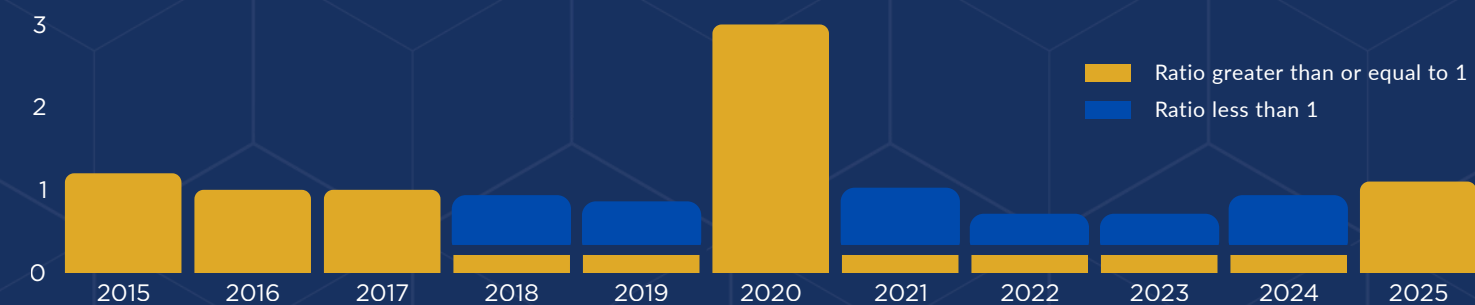
Main Takeaways

- In MA, for every three unemployed individuals, there are two job openings – one of the highest ratios in the country.
- While several economic competitor states (NC, FL, TX, and NY) have a more even balance, the ratio of unemployed people to job openings in MA and CA indicates a tighter job market where the labor supply outpaces workforce demands.
- Consistent with the private employment growth and unemployment metrics in the Index, this metric indicates that MA is struggling to grow private sector jobs, which is leading to higher rates of unemployment.
- MA’s high ratio of unemployed people to job openings could have broader implications for the state’s economic growth if residents looking to work do not have sufficient opportunities for employment.

Economic Competitor Rankings

State	Rank	December 2025 Ratio
NC	22 nd	0.9
FL	31 st	1.1
TX	37 th	1.1
NY	41 st	1.2
MA	45th	1.5
CA	50 th	1.9

Massachusetts Unemployed Persons per Job Opening Ratio
Yearly Average, 2015 - 2025



Source: U.S. Bureau of Labor Statistics, Job Openings and Labor Turnover Survey

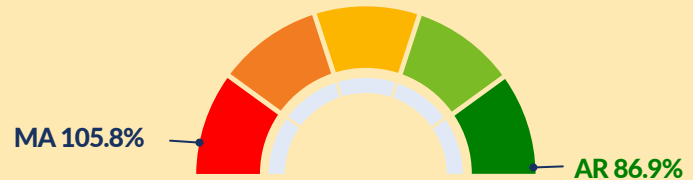
Regional Price Parity (Cost of Living)

Regional price parity captures 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 ten 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.

National Ranking

45th

In 2024, Massachusetts ranked 45th in the country with a price parity of **105.8 percent**. **Massachusetts was ranked 46th in last year's Index.**



Massachusetts' price parity has decreased from **108.2 percent** to **105.8 percent** between 2023 and 2024.

Main Takeaways

- MA's cost of living continues to see small improvements since MTF's first Index was published, with our price parity decreasing from 109.4 percent in 2022 to 105.8 percent in 2024, increasing our rank by one spot each year.
- Cost of living continues to be a competitive disadvantage for MA, with the cost of living in MA almost six percent higher than the national average.
- While MA continues to rank in the bottom half among our economic competitors, MA saw the greatest one-year improvement among these states and moved ahead of NY.
- Cost of living is high in New England, with all of our neighbors ranking in the bottom half of states; MA continues to have the highest regional price parity in the region.

Economic Competitor Ranking

4th

State	Rank	2024 Value	1 Year Change	5 Year Change
NC	21 st	94.3%	0.20%	2.68%
TX	27 th	97.1%	-0.12%	-1.47%
FL	41 st	103.4%	-0.04%	3.78%
MA	45th	105.8%	-2.29%	-1.30%
NY	47 th	107.9%	0.27%	-1.38%
CA	50 th	110.7%	-1.65%	-0.37%

Regional Competitor Ranking

6th



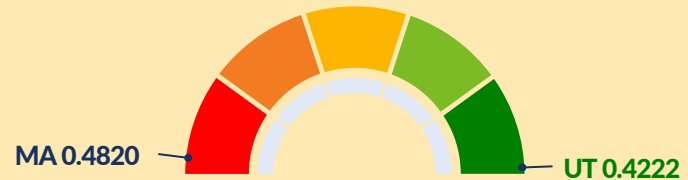
GINI Index

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

46th

In 2024, Massachusetts ranked **46th** in the country with a GINI Index of **0.4820**. **Massachusetts was ranked 47th in last year's Index.**



Massachusetts' GINI Index decreased between 2023 and 2024, from **0.4879** to **0.4820**.

Economic Competitor Ranking

4th

State	Rank	2024 Value	1 Year Change	5 Year Change
NC	42 nd	0.4782	0.50%	0.39%
TX	43 rd	0.4792	0.02%	0.39%
FL	44 th	0.4799	-0.30%	-0.09%
MA	46th	0.4820	-0.59%	0.17%
CA	47 th	0.4852	-0.18%	-0.14%
NY	50 th	0.5186	0.29%	0.37%

Regional Competitor Ranking

5th

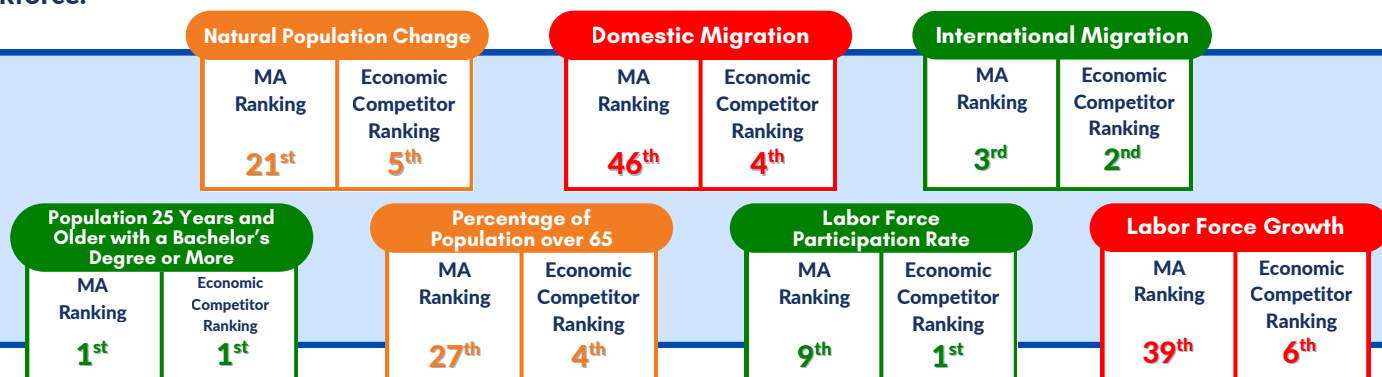


Main Takeaways

- Income inequality stands out as a competitive disadvantage for MA, even as its national ranking has improved by one spot and the level of income inequality fell slightly.
- MA fares poorly compared to economic competitors when it comes to income inequality, though MA jumped ahead of CA in this year's ranking.
- While MA has improved its GINI Index value, income inequality is on the rise in competitor states, with notable GINI coefficient increases in NC and TX.
- MA ranks behind all regional competitors in terms of income inequality; income inequality is worsening in all other New England states except VT.

Population & Labor Force Trends

The population & labor force trends section examines elements of the state's population shifts, demographics, and workforce participation to assess Massachusetts' progress compared to the rest of the country and the state's primary competitors. **The seven metrics in this category provide a look at how natural population changes, domestic and international migration, educational attainment, and population age impact the participation and size of the state's workforce.**



Massachusetts stands out as having a strong competitive advantage across three key metrics in this category that relate to a talented workforce, ranking in the top ten states nationwide. Massachusetts' **share of residents over 25 with at least a bachelor's degree** continues to edge closer to 50 percent, growing to 48.3 percent, placing the state solidly ahead of our competitors. While international migration has slowed nationwide, Massachusetts continues to be a leader, ranking third for the greatest **international migration** and ranking fourth in **international student enrollment**, though competitor states also rank well in these metrics. The state's **labor force participation rate** remains one of the strongest in the country, topping the rankings against economic competitors. The state's labor force has not only been bolstered by highly trained and educated workers and international talent, but also by residents 65 and older - 18.7 percent of the state's population - who play an outsized role in the state's workforce and key sectors.

Similar to previous editions of the Index, **natural population change and domestic migration continue to be areas of concern**. While the state has experienced slight improvements in natural population change - births minus deaths, not including migration - economic competitors, like Texas, California, North Carolina, and New York, outpace Massachusetts. Massachusetts slipped one spot to 46th on domestic outmigration, where most economic and regional competitors rank higher than Massachusetts, likely a result of our high cost of living. In this year's poll, among respondents who said they are considering leaving Massachusetts, 63 percent cited high cost of living as a key contributing factor.

A consistent theme emerges in this category - **other states have experienced greater growth in the last year and are closing the gap with Massachusetts in our historic strengths**. Rhode Island jumped seven spots in international migration, now just two spots away from Massachusetts. Texas and Florida saw their share of residents 25 years and older with at least a bachelor's degree grow at twice the rate of Massachusetts, and Texas grew its international student enrollment by more than triple the rate of Massachusetts.

The key to Massachusetts' population and labor force growth in recent years has been driven by strong international migration, but federal policy changes have slowed our momentum. This is already playing out in the data, where Massachusetts has seen an alarming drop from tenth to 39th in our national ranking for the one-year change of labor force growth. Compared to economic competitors, Massachusetts is the only state that saw a decrease in its labor force from 2024 to 2025.

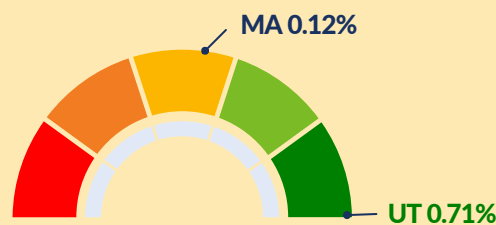
Natural Population Change

The U.S. Census Bureau tracks the components of population change annually. 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 challenges in supporting their current and future economy.

National Ranking

21st

In 2025, Massachusetts ranked **21st** in the country with a natural population change of **0.12 percent**. **Massachusetts was ranked 23rd in last year's Index.**



Massachusetts' natural population change increased between 2024 and 2025, from **0.09 percent** to **0.12 percent**.

Economic Competitor Ranking

5th

State	Rank	2025 Value	1 Year Change	5 Year Change
TX	2 nd	0.50%	-0.01%	0.39%
CA	8 th	0.28%	-0.01%	0.21%
NY	13 th	0.21%	0.00%	0.31%
NC	19 th	0.14%	0.01%	0.11%
MA	21 st	0.12%	0.02%	0.19%
FL	35 th	-0.01%	0.03%	0.02%

Regional Competitor Ranking

1st



Main Takeaways

- MA experienced a slight increase in its natural population change and improved its national ranking – a trend that has continued since MTF's first Index.
- MA ranks behind CA and NY, two competitor states that also struggle with affordability. Between 2024 and 2025, growth in those two states was nearly double that of MA.
- In the New England region, MA has the greatest rate of natural population change, speaking to its younger population relative to the region.
- MA's slow rate of natural population change demonstrates the importance of retaining and attracting younger residents who want to grow their families in MA and the importance of international migration.

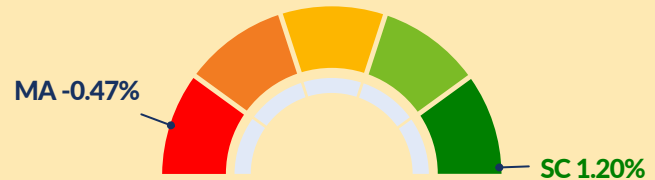
Domestic Migration

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 negative value in this metric indicates that more people are leaving than are moving into a state, while a positive value indicates that more people are moving into rather than out of a state. **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

46th

In 2025, Massachusetts ranked **46th** in the country for domestic migration, with a **-0.47 percent** domestic migration rate. **Massachusetts was ranked 45th in last year's Index.**



Massachusetts' rate of domestic net migration changed from **-0.27 percent** to **-0.47 percent** between 2024 and 2025.

Main Takeaways

- MA's domestic migration rate continues to be a major competitive weakness.
- This trend has worsened compared to last year's Index, with our rate of outmigration accelerating, which is reflected by a drop in our national ranking.
- Domestic migration is one of the few metrics where MA ranks more poorly among its regional competitors than its economic competitors, as both ME and NH have moved into the top ten nationally.
- MA had the largest one-year decline of any economic competitor, signaling the challenge of attracting and retaining residents even compared to other high cost of living states – over 40 percent of poll respondents who would consider leaving MA would move to a state with a lower cost of living.

Economic Competitor Ranking

4th

State	Rank	2025 Value	1 Year Change	5 Year Change
NC	3 rd	0.75%	0.00%	0.67%
TX	19 th	0.21%	-0.06%	0.03%
FL	26 th	0.10%	-0.16%	-0.19%
MA	46 th	-0.47%	-0.20%	0.06%
CA	47 th	-0.58%	0.03%	-0.42%
NY	50 th	-0.69%	-0.09%	-0.39%

Regional Competitor Ranking

6th





Domestic Migration, Population Aged 26-35

This breakout takes a closer look at the migration patterns of young working-age people in Massachusetts using the most recent Internal Revenue Service data from 2023 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

- Domestic outmigration of younger residents continues to be a significant challenge for MA, with only NY and CA experiencing greater population loss among our economic competitors.
- Though ranked poorly, MA has made some progress in stemming domestic outmigration - In 2023, nearly 2,000 fewer 26 - 35-year-olds left the state compared to 2022.
- Significant domestic outmigration of residents in this age cohort demonstrates the affordability challenges MA faces, including the high cost of purchasing a home and expensive childcare, which threatens the growth of the future labor force and economic productivity.
- 40 percent of poll respondents aged 18 - 29 and a quarter of respondents aged 30 - 44 said they could see themselves leaving MA within the next five years.

Economic Competitor Rankings

State	Rank	2023 Value
TX	1 st	18,623
NC	2 nd	9,386
FL	6 th	4,192
MA	48th	-7,582
NY	49 th	-20,613
CA	50 th	-21,431

Net Outmigration of People Aged 26-35 from MA, 2013-2023



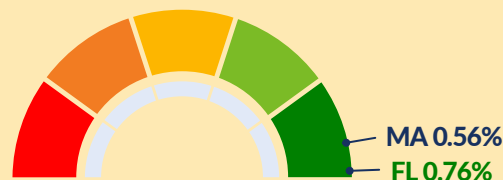
International Migration

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, 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, and to the strength of a state's economy through its ability to attract foreign talent.

National Ranking

3rd

In 2025, Massachusetts ranked **3rd** in the country for international migration, with a **0.56 percent** international migration rate. **Massachusetts was ranked 3rd in last year's Index.**



Massachusetts' rate of international migration decreased from **1.09 percent** to **0.56 percent** between 2024 and 2025.

Economic Competitor Ranking

2nd

State	Rank	2025 Value	1 Year Change	5 Year Change
FL	1 st	0.76%	-0.46%	0.75%
MA	3 rd	0.56%	-0.53%	0.55%
TX	6 th	0.53%	-0.60%	0.52%
NY	7 th	0.48%	-0.97%	0.47%
NC	10 th	0.42%	-1.17%	0.41%
CA	25 th	0.28%	-0.52%	0.27%

Regional Competitor Ranking

1st



Main Takeaways

- International migration remains a key competitive strength for MA, ranking third nationally, but recent federal immigration policies contributed to slowed growth between 2024 and 2025. MA's rate of international migration over the last year was half of that experienced between 2023 and 2024.
- Reduced international migration is affecting all of MA's economic competitors, with NC and NY seeing one-year declines that are double that of MA, and CA's ranking falling from tenth to 25th in the country.
- MA maintains its advantage over its regional competitors, but RI has narrowed the gap with MA, moving from 12th to fifth in the country.
- Declines in international migration are a significant threat to the state's long-term economic success, as foreign-born workers have been the primary driver behind the state's population and labor force growth.

Detail Breakout



International Students

In an effort to measure the impacts of federal policies on the Massachusetts higher education system, this breakout measures the number of enrolled international students across the country. **A rank of 1 indicates that a state has the largest number of international students enrolled in colleges and universities.** Strong international student enrollment is a critical way to bolster the talent pipeline between the state’s higher education system and key sectors, like health care, life sciences, and scientific research.

Main Takeaways

- International student enrollment in colleges and universities continues to be a clear strength and major competitive advantage for MA.
- MA performs well compared to competitor states, even without accounting for differences in population size.
- Federal policies have slowed MA’s momentum; 2025 represented the smallest enrollment growth rate since 2008, aside from pandemic-related years (2020 and 2021).
- TX, which ranks one spot ahead of MA, has grown its international student population by four times MA’s rate between 2024 and 2025, widening the gap with MA.
- Slower growth in international student enrollment is a concerning trend for MA, since we rely heavily on international migration and highly skilled and educated workers to address our state’s labor needs.

Economic Competitor Rankings

State	Rank	2025	1 Year Change
CA	1 st	139,351	-1.1%
NY	2 nd	137,799	1.5%
TX	3 rd	97,043	8.4%
MA	4th	84,097	2.2%
FL	7 th	46,720	4.4%
NC	16 th	26,097	6.7%

International Student Enrollment in MA Colleges/Universities, 2008 - 2025
(in thousands)



Source: Institute of International Education, OpenDoors

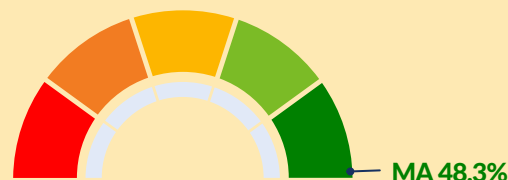
Population 25 Years and Older with a Bachelor's Degree or More

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 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 and highlights the quality of a state's education system.

National Ranking

1st

In 2024, 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, at **48.3 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 **47.8 percent** to **48.3 percent** between 2023 and 2024.

Economic Competitor Ranking

1st

State	Rank	2024 Value	1 Year Change	5 Year Change
MA	1 st	48.3%	0.5%	3.3%
NY	9 th	41.2%	0.6%	3.4%
CA	15 th	38.1%	0.6%	3.1%
NC	19 th	37.1%	0.3%	4.8%
FL	25 th	35.8%	0.9%	5.1%
TX	27 th	35.2%	1.0%	4.4%

Regional Competitor Ranking

1st



Main Takeaways

- Since MTF's first Index, MA has maintained its first place ranking in the country, with the greatest share of residents 25 and older who have a bachelor's degree or higher.
- MA holds a major advantage over its economic competitor states, with nearly half the population 25 and older holding at least a bachelor's degree. However, states like FL and TX have seen strong growth in this metric.
- MA's top competitor nationally in this metric, CO, is not included in the Index, but has narrowed the gap from 1.4 percent to 0.5 percent compared to last year's Index.
- MA's strong national ranking and continued growth in this metric demonstrates the concentration of a highly educated and skilled workforce that makes the state one of the most productive economies in the country.

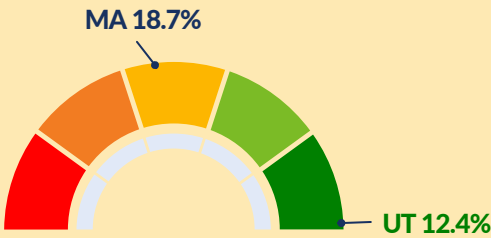
Percentage of Population over 65

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

27th

In 2024, Massachusetts ranked **27th** in the country for the percentage of its population over the age of 65, at **18.7 percent**. **Massachusetts was ranked 28th in last year’s Index.**



Massachusetts’ percentage of its population over the age of 65 increased from **18.6 percent** to **18.7 percent** between 2023 and 2024.

Main Takeaways

- MA ranks in the middle of the pack nationally for its share of residents who are 65 and older – consistent with the findings of each edition of the Index.
- TX continues to be the only economic competitor where residents 65 and older represent fewer than 15 percent of the state’s population.
- While the New England region ranks in the bottom half nationally, MA stands out for having the fewest share of residents 65 and older, and is only one of two states, along with RI, that improved its national ranking.
- Though those over 65 are generally less likely to be part of the labor force, MA continues to have a strong labor force participation rate, indicating that the state’s older population plays a key role in the workforce and in our economy.

Economic Competitor Ranking

4th

State	Rank	2024 Value	1 Year Change	5 Year Change
TX	2 nd	14.0%	0.08%	1.50%
CA	5 th	16.5%	0.13%	2.20%
NC	19 th	17.9%	0.03%	1.60%
MA	27th	18.7%	0.06%	2.20%
NY	30 th	18.9%	0.13%	2.40%
FL	47 th	21.8%	-0.16%	1.30%

Regional Competitor Ranking

1st



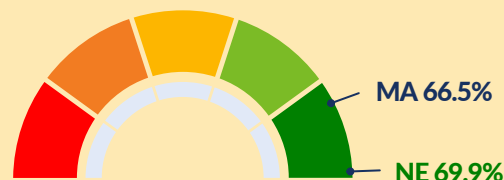
Labor Force Participation Rate

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 efficiently 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

9th

In 2025, Massachusetts ranked **9th** in the country with an LFPR of **66.5 percent**. **Massachusetts was ranked 8th in last year's Index.**



Massachusetts' LFPR has increased from **66.3 percent** to **66.5 percent** between 2024 and 2025.

Economic Competitor Ranking

1st

State	Rank	2025 Value	1 Year Change	5 Year Change
MA	9 th	66.5%	0.2%	1.2%
TX	12 th	64.7%	-0.1%	1.3%
CA	27 th	62.6%	0.5%	2.5%
NC	33 rd	59.2%	-0.6%	0.2%
NY	41 st	61.5%	0.6%	2.5%
FL	48 th	57.5%	-0.6%	0.1%

Regional Competitor Ranking

1st



Main Takeaways

- LFPR is a competitive strength for MA, having ranked in the top ten nationally in the past two years and topping the rankings against economic competitors.
- Though MA slightly grew its LFPR by 0.2 percentage points, the state slipped one spot in the national rankings, while TX, CA, and NC improved their national rankings.
- In last year's Index, MA stood out for having the greatest one-year increase in LFPR, but this year, it trails CA and NY.
- Northeastern states rank mostly in the top half nationally, with MA leading the pack, but NH has narrowed the gap and now ranks only two spots behind MA.
- MA continues to increase its LFPR, but this metric does not speak to changes in the overall size of the labor force, which has declined over the past year, likely driven by slower international migration.

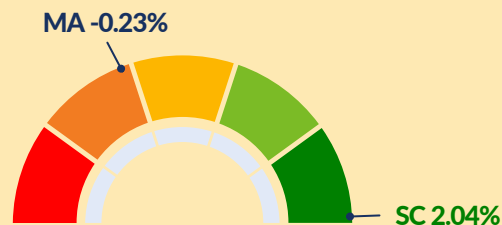
Labor Force Growth

Change in labor force size is calculated using U.S. Bureau of Labor Statistics, which estimates the percent change in a state's labor force in recent years. **A rank of 1 means the highest rate of growth in a state's labor force size over the past year.** 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.

National Ranking

39th

In 2025, Massachusetts ranked **39th** in the country for the largest one-year change in its labor force size of **-0.23 percent**. **Massachusetts was ranked 10th based on 2024 revised data.**



Massachusetts' labor force growth has decreased from **1.84 percent** to **-0.23 percent** between 2024 and 2025.

Main Takeaways

- In one of the more concerning findings of this year's Index, MA has fallen from tenth to 39th in one-year labor force change.
- Compared to our economic competitors, MA is the only state where the labor force contracted between 2024 and 2025, after leading all economic competitors, except TX, a year ago.
- December 2025 marked the first month since December 2020 when the state's labor force lost more workers than it gained over the previous six months.
- The entire New England region faces labor force growth challenges, with all regional competitors ranking in the bottom half of states for their one-year labor force growth rate.
- This metric highlights the need for economic sector growth as well as the important impact of international migration and how threats to that workforce have had negative repercussions for MA's economy.

Economic Competitor Ranking

6th

State	Rank	1 Year Change	5 Year Change
NY	8 th	1.26%	6.0%
TX	11 th	1.11%	12.8%
CA	21 st	0.59%	6.3%
NC	26 th	0.48%	9.3%
FL	37 th	0.00%	10.2%
MA	39 th	-0.23%	5.2%

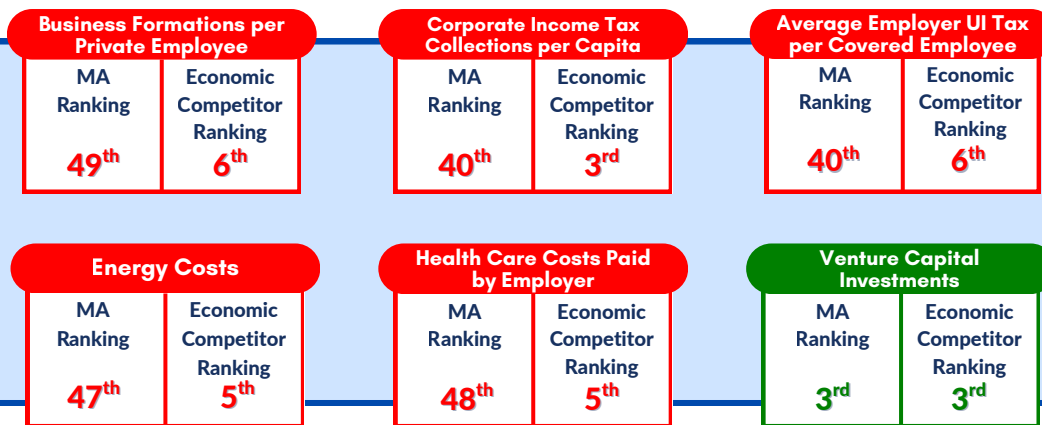
Regional Competitor Ranking

3rd



Business, Employment, and Investment Factors

The business, employment, and investment factors section includes metrics that speak to the state's competitiveness from a business perspective compared to other states and looks at whether Massachusetts has made progress over the last year. **This section includes six metrics that provide a picture of the environment employers and investors face when they look to start, sustain, and grow businesses in Massachusetts.**



Massachusetts continues to struggle against most other states in this assessment of business competitiveness, ranking in the bottom ten nationally in five of the six metrics we review. **Over the past year, Massachusetts did not improve its national ranking in any metric in this category.** Massachusetts lost the most ground in corporate income tax collections per capita, but employers did see a slight reduction in health care and unemployment costs. A bright spot for Massachusetts in this category was an increase in venture capital investment, which grew by more than \$1 billion.

The state's low rate of new business formations is still a major competitive disadvantage for Massachusetts, ranking second to last nationally. This trend has been consistent in each iteration of the Index and is likely driven by the high cost of doing business, including corporate income tax collections and energy costs, where Massachusetts continues to move in the wrong direction. Massachusetts now ranks behind all regional competitors, except for Connecticut, for the highest corporate income tax collections per capita, while economic competitors North Carolina and Florida have seen declines in corporate tax collections – widening their advantage over Massachusetts. Over the past five years, energy costs for businesses in Massachusetts have grown by more than 20 percentage points compared to increases in Florida, North Carolina, and Texas, which have all outpaced the rate of new business formations in Massachusetts.

Massachusetts saw improvements in employer health care and unemployment insurance (UI) costs and venture capital investments. This year's Index reflects the first time that employer health insurance costs decreased from the prior year. While the state faces significant UI solvency challenges, average costs per employee slightly decreased by \$9 (2.3 percent), but it is important to note that this does not include the separate assessment employers are paying to repay the cost of pandemic-era benefits – the average employer pays an additional \$106 per employee. Among venture capital investments, Massachusetts continues to rank third in the country, after bringing in \$16.6 billion in 2025, an increase of \$1.1 billion (7 percent) over 2024, which speaks to the state's pace of innovation and world-class research institutions.

To provide a closer look at the state's strength in attracting research investments, we include a detail breakout in this section on **NIH grant funding, which has been impacted by a changing federal landscape.** Massachusetts ranks third in the country for NIH grant funding, ahead of larger states like Florida, North Carolina, and Texas, but federal policy changes have started to chip away at the state's advantage – Massachusetts has received \$100 million less in grants since the start of the second Trump administration compared to the last year of the Biden administration.

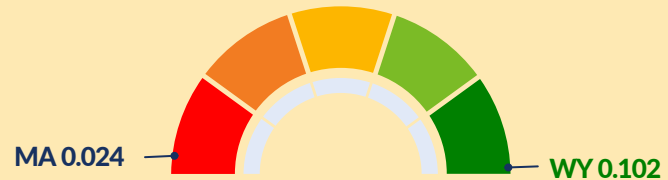
Business Formations per Private Employee

Business formations are measured by the first instance of payroll tax liabilities associated with a business application and indicate how many businesses were established and officially began paying employees as a share of private employees in the state. This metric measures the number of new businesses 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 2024, Massachusetts ranked **49th** in the country for the number of business formations per private employee of **0.024**. Massachusetts was ranked **49th** in last year's Index.



Massachusetts' business formations per private employee remained at **0.024** in 2024 compared to 2023.

Economic Competitor Ranking

6th

State	Rank	2024 Value	1 Year Change	5 Year Change
FL	3 rd	0.073	-0.5%	2.3%
TX	17 th	0.041	-0.2%	1.3%
NC	19 th	0.039	-0.2%	1.2%
NY	24 th	0.035	-0.3%	0.7%
CA	29 th	0.033	-0.3%	0.9%
MA	49 th	0.024	0.0%	0.6%

Regional Competitor Ranking

6th



Main Takeaways

- MA remains 49th in the country for new business formations per private employee, demonstrating the challenging environment of starting a new business in the state.
- MA, along with all of its economic competitors, saw decreases in new business formations per employee in 2024 compared to 2023, which could speak to broader national economic conditions.
- Other New England states appear to struggle with creating new businesses - CT, ME, RI, and VT moved down in the national rankings compared to last year's Index.
- Having fewer business formations per employee speaks to the high cost of doing business in MA, including high energy costs, health insurance premiums, and corporate and unemployment insurance taxes.

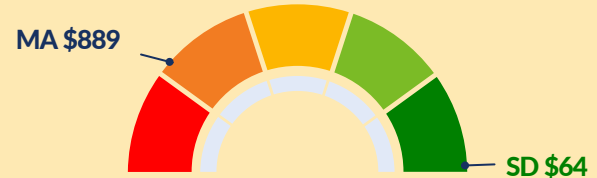
Corporate Income Tax Collections per Capita

Corporate income tax collections per capita are collected and published by the U.S. Census Bureau. 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, and OH 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

40th

In 2025, Massachusetts ranked **40th** out of 45 measured states for its amount of corporate income tax collections per capita of **\$889**. **Massachusetts was ranked 38th in last year's Index (2023 data).**



Massachusetts' corporate income tax collections per capita increased from **\$881** to **\$889** between 2024 and 2025.

Economic Competitor Ranking

3rd

State	Rank	2025 Value	1 Year Change	5 Year Change
NC	3 rd	\$141	-0.3%	121.9%
FL	11 th	\$248	-4.5%	115.9%
MA	40th	\$889	0.9%	145.2%
CA	43 rd	\$1,002	-4.8%	303.3%
NY	45 th	\$1,339	15.4%	458.6%

TX does not have a corporate income tax.

Regional Competitor Ranking

5th



Main Takeaways

- Employers in MA continue to face one of the highest levels of corporate income tax collections per capita in the country, ranking ahead of just five states that have a corporate income tax.
- Among economic competitors, MA and NY are the only states where income tax collections per capita increased in 2025 compared to 2024.
- Conversely, NC and FL both saw decreases in their corporate income taxes, widening the gap between MA even as their national rankings remained the same.
- MA has also lost ground against our regional competitors, notably ranking behind NH for the first time in the Index. All New England states, except RI, improved by at least three spots in the national rankings.
- MA's high corporate income tax collections continue to reflect a competitive disadvantage for attracting out-of-state employers or retaining businesses that are seeking to expand.

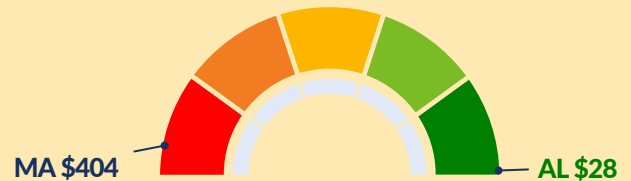
Average Employer UI Tax Amount per Covered Employee

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 and calendar year estimates. **A rank of 1 means that employers in a state have the lowest 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 metric 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

40th

In 2025, Massachusetts ranked **40th** in the country for the average employer UI tax amount per covered employee of **\$404**. **Massachusetts was ranked 38th in last year's Index.**



Massachusetts' average UI tax amount per covered employee decreased from **\$413** to **\$404** between 2024 and 2025.

Economic Competitor Ranking

6th

State	Rank	2025 Value	1 Year Change	5 Year Change
FL	3 rd	\$35	-52.1%	-20.5%
TX	19 th	\$142	-14.9%	-28.5%
NC	22 nd	\$205	12.2%	69.7%
CA	24 th	\$225	-31.5%	-42.5%
NY	39 th	\$397	-21.7%	16.4%
MA	40 th	\$404	-2.3%	-31.4%

Regional Competitor Ranking

4th



Main Takeaways

- Employers in MA continue to pay one of the highest UI taxes in the country, despite decreases in average per-employee contributions.
- Among our economic competitors, FL, TX, CA, and NY all saw double-digit percentage point decreases in their employer UI taxes between 2024 and 2025, MA saw a much smaller decrease.
- MA has one of the most generous UI benefit packages in the country, offering the longest benefit duration and the second highest maximum weekly benefit, requiring significant employer contributions to support payments.
- UI costs in MA could soon increase significantly absent policy action as rates in 2027 must account for a ten-year, \$2 billion repayment of federal UI funds misallocated during the pandemic.
- MTF has released a [policy framework](#) that would result in significant savings for the system and employers that would achieve solvency over the next ten years, while maintaining a generous benefit package.
- This metric does not account for an additional surcharge employers in MA are assessed to cover the cost of pandemic-era benefits, which ranged from \$31.50 to \$480 per employee in 2025.

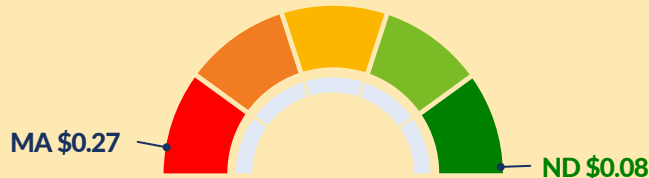
Energy Cost

Energy cost is measured using 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 for operation. Especially in sectors like manufacturing, which require significant energy use, differences in energy costs between states can be a major factor in location decisions.

National Ranking

47th

In 2025, Massachusetts ranked 47th in the country with energy costs of **\$0.27 per kilowatt hour**. Massachusetts was ranked 47th in last year's Index.



Massachusetts' energy costs increased from **\$0.25 per kilowatt hour** to **\$0.27 per kilowatt hour** between 2024 and 2025.

Economic Competitor Ranking

5th

State	Rank	2025 Value	1 Year Change	5 Year Change
TX	12 th	\$0.10	7.2%	28.4%
NC	24 th	\$0.12	0.0%	23.0%
FL	32 nd	\$0.13	4.6%	27.0%
NY	42 nd	\$0.22	10.7%	50.7%
MA	47 th	\$0.27	4.7%	48.8%
CA	49 th	\$0.28	12.2%	63.3%

Regional Competitor Ranking

5th



Main Takeaways

- High energy costs continue to stand out as a major competitive disadvantage for MA, with only three states having higher costs.
- All of our economic competitors saw increases in energy costs between 2024 and 2025, with CA, NY, and TX experiencing greater increases than MA.
- However, over the past five years, MA's energy costs have grown at a rate that is more than 20 percentage points higher than in TX, NC, and FL.
- High energy costs are a challenge for all New England states, with our neighbors joining MA in the bottom ten nationally for energy cost.
- The high cost of energy impacts the state's ability to attract and retain businesses as well as families, especially when three of our economic competitors have average energy costs that are half that of MA – the cost of energy was the third most cited affordability challenge in our 2026 poll.

Detail Breakout



Electricity Generation

This new breakout looks at how much electricity states generate in megawatts per hour (MWh). **A rank of 1 means that a state produces the most energy through fuel, renewable energy, hydroelectric, and solar sources.** The more energy a state is able to produce, the greater its ability to lower the cost of electricity for residents and businesses.

Main Takeaways

- MA's low level of energy production is a major competitive weakness and is directly tied to the state ranking 47th in the country for energy costs.
- Our economic competitors hold a significant advantage in energy production, with all states ranking in the top ten nationally, while MA ranks 43rd.
- To demonstrate the major disparity, MA only generates 18 percent of NY's energy production (our next closest economic competitor), and only 5 percent of top-ranked TX's energy production.
- The New England region suffers from low energy production, with all states ranking in the bottom ten states nationally, except for CT, contributing to the region's high energy costs that make attracting and retaining residents and businesses a clear challenge.

Economic Competitor Rankings

State	Rank	December 2025 MWh
TX	1 st	46,150,811
FL	3 rd	19,379,325
CA	5 th	14,393,994
NC	9 th	12,153,043
NY	10 th	11,800,055
MA	43rd	2,073,134

Regional Competitors



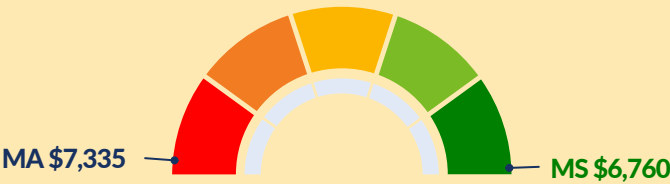
Health Care Costs Paid by Employer

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 the cost structure for businesses, especially for hiring in a state.

National Ranking

48th

In 2024, Massachusetts ranked **48th** in the country for health care costs paid by employers of **\$7,335**. Massachusetts was ranked **48th** in last year's Index.



Massachusetts' health care costs paid by employers decreased from **\$7,494** to **\$7,335** per employee between 2023 and 2024.

Economic Competitor Ranking

5th

State	Rank	2024 Value	1 Year Change	5 Year Change
NC	14 th	\$6,235	5.0%	17.4%
TX	18 th	\$6,318	-3.3%	15.8%
CA	37 th	\$7,018	4.5%	24.5%
FL	42 nd	\$7,237	6.5%	38.6%
MA	48th	\$7,335	-2.1%	27.6%
NY	50 th	\$7,636	4.3%	23.0%

Regional Competitor Ranking

6th



Main Takeaways

- For the first time since MTF began the Index, health care costs paid by employers decreased in MA, but the state still ranks in the bottom five states nationally.
- Among economic competitors, MA and TX are the only states where average health care costs paid by employers declined between 2023 and 2024 – contributing to MA now ranking ahead of NY.
- However, over the past five years, employers in MA have experienced the second-highest increase in health care costs compared to our economic competitors, falling only behind FL.
- Notably, over the past year, two competitor states significantly improved their national rankings - NH jumped from 41st to 23rd, and TX rose to 18th from 28th.
- While high employer health care costs are a burden for employers, MA does boast a high quality health care system compared to other states, as explored in the resident life section of the Index.

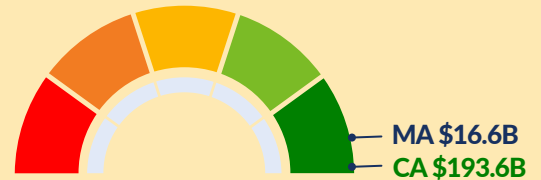
Venture Capital Investments

Venture capital is used as a funding strategy for businesses, often at the beginning of their operations. **A rank of 1 means that a state has received the greatest venture capital investments.** 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 an indicator of innovation and emerging economic activity.

National Ranking

3rd

In 2025, Massachusetts ranked 3rd in the country for venture capital investments, reaching **\$16.6 billion**. In 2024, Massachusetts ranked 3rd in this metric.



Massachusetts' venture capital investments increased from **\$15.5 billion** to **\$16.6 billion** between 2024 and 2025.

Economic Competitor Ranking

3rd

State	Rank	2025 Value	1 Year Change	5 Year Change
CA	1 st	\$193.6	73%	125%
NY	2 nd	\$29.6	12%	65%
MA	3rd	\$16.6	7%	-6%
TX	4 th	\$11.7	55%	79%
FL	5 th	\$7.9	62%	159%
NC	14 th	\$2.4	-37%	-40%

Regional Competitor Ranking

1st



Main Takeaways

- MA's ability to attract venture capital investments is a significant competitive advantage, as the state brought in the third most investment in the country, most of which was in the health care sector.
- Notably, MA continues to punch above its weight nationally, ranking ahead of larger states like TX and FL in venture capital investments.
- To maintain its competitive strength, MA must build on its momentum, as other states, like CA, TX, and FL have seen greater increases in venture capital investments in recent years.
- Key MA sectors like health care, the life sciences, and climatetech have benefited from venture capital investment in recent years - maintaining MA's attractiveness for venture capital is critical to driving innovation in these fields and economic development across the state.



National Institute of Health Grants

National Institute of Health (NIH) research grant funding was included as a detail breakout in last year's Index to capture one of the more direct impacts of federal policy changes on Massachusetts and its economic competitors. The metric is maintained in this year's Index to get a better sense of how NIH funding to Massachusetts has changed during the first year of the second Trump administration. Using NIH data, we look at grants awarded in Federal Fiscal Year (FFY) 2025, by state. **A rank of 1 means that a state receives the greatest amount of NIH federal funding.**

Main Takeaways

- MA continues to be a leader in NIH grant funding, receiving the third most funding in FFY 2025, ranking only behind CA and NY.
- However, the changing federal landscape threatens the state's competitive advantage and pace of discovery and innovation, as MA has lost nearly \$100 million in funding since the start of the Trump administration.
- Aside from NC, MA has the smallest five-year growth rate of any economic competitor, with states like TX and FL growing their grant awards at more than 7 times MA's rate.
- In MA, the Healey-Driscoll administration proposed a \$400 million investment in the state's research and development sector to address these federal funding challenges, as the state could see further cuts in the coming years.

Economic Competitor Rankings

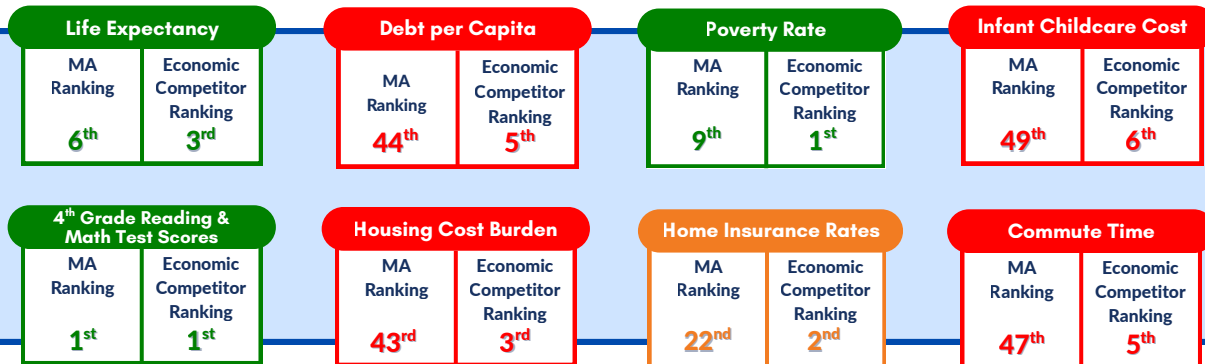
State	Rank	FFY 2025 Value*	1 Year Change	5 Year Change
CA	1 st	\$5,244	1.8%	5.0%
NY	2 nd	\$3,501	-1.3%	9.8%
MA	3rd	\$3,413	-1.3%	3.5%
TX	6 th	\$1,888	-0.5%	25.1%
NC	7 th	\$1,713	-13.3%	-22.3%
FL	12 th	\$928	6.8%	25.7%

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

MA NIH Grants, FFY 2021 - 2025



The resident life section takes a closer look at data points that speak to the quality of life that individuals and families experience across the country and how it varies by state. **This section includes eight metrics that summarize the quality of life for residents in Massachusetts.**



The resident life category continues to be where Massachusetts has many competitive advantages, including the nation's best educational test scores, one of the longest life expectancies, and a relatively low poverty rate. Though the data highlighting reading and math test scores across the country is updated every other year, MTF retained this as a metric in this year's Index because it remains a core strength for the state for both residents and businesses. Policymakers in Massachusetts continue to demonstrate the state's commitment to investing in a top-tier education system, ranking fifth in the country for the greatest investment per pupil in a new detail breakout. The quality of the state's health care and public health systems also remains apparent, with Massachusetts' life expectancy ranking sixth in the nation at over 79 years. Education and health care quality are critical to the state's ability to attract and retain residents – **55 percent of Competitiveness Poll respondents pointed to access to good health care and the quality of schools as some of the most important reasons they choose to live in Massachusetts.**

One of the greatest improvements Massachusetts made in this year's Index was in its poverty rate ranking, jumping from 16th in last year's Index to ninth in the country – **less than 10 percent of the state's population lives under the federal poverty threshold.** Massachusetts' low poverty rate is indicative of a highly educated and skilled population that is concentrated in high-paying jobs that allow residents to pursue economic advancement for themselves and their families. We especially stand out compared to our economic competitors in this metric – California, Florida, and North Carolina fall in the bottom half of states nationally, and Texas and New York are in the bottom ten states.

That being said, the federal poverty rate does not account for the cost of living in each state. Multiple metrics in the resident life category speak to affordability challenges facing Massachusetts despite being a high-income state compared to our competitors. **Massachusetts ranks in the bottom ten states nationally in housing costs, commute times, debt per capita, and infant child care costs** – major competitive weaknesses that limit the state's ability to attract and retain families.

The housing crisis in Massachusetts continues to be a significant competitive challenge. The state has made some progress compared to last year's Index in decreasing the share of the population that spends at least 30 percent of their income on housing costs (36.1 percent of the population), showing more improvement than any other economic competitor state. However, in other metrics that also speak to high housing costs, the state has moved in the wrong direction and **38 percent of Competitiveness Poll respondents pointed to housing costs as their top challenge.** Massachusetts also saw increases in home insurance rates, falling from 15th to 22nd after a 1.8 percent increase in home insurance rates. Commute times also worsened and by a larger amount than any other competitor state.

Childcare costs stand out as a major financial burden for families, limiting economic productivity and labor force participation. **Families in Massachusetts pay an average of \$26,343 annually for infant care at a center-based program, the highest in the country.** Paying for childcare has become harder – costs increased by over 14 percent compared to last year's Index. While other states also face high childcare costs, states like Texas, North Carolina, and Florida are half as expensive as Massachusetts.

Taken together, high housing and childcare costs for residents contribute to financial pressures for residents, made more challenging by the state having one of the highest debt per capita levels in the country – nearly \$80,000. This year's Index includes debt per capita given the lack of updated data for the debt-to-income ratio that was included in last year's Index. Capturing debt per capita is an important component of this year's Index that shows the financial pressures residents face, and how they have changed in recent years. This section, along with results from the Competitiveness Poll, simultaneously showcases some of Massachusetts' core strengths related to quality of life and central challenges related to cost of living.

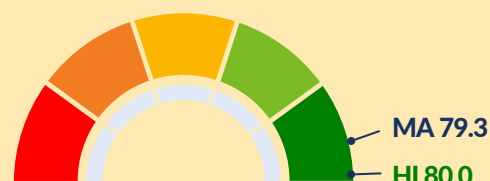
Life Expectancy at Birth

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 2017-2022. **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 public safety factors in a state.

National Ranking

6th

In 2022, Massachusetts ranked 6th in the country for life expectancy at birth with a life expectancy of **79.3 years**. Massachusetts was ranked 6th in 2021 based on revised data.



Massachusetts' life expectancy increased from **78.8 years** to **79.3 years** between 2021 and 2022.

Main Takeaways

- Life expectancy at birth in MA is a major competitive advantage that speaks to the high quality of life and health care systems in the state.
- MA holds a significant advantage over FL, TX, and NC, where life expectancy is two to three years less than in MA.
- MA's continued strength in life expectancy highlights the accessibility to world-class health care systems, relatively low crime rates, and low risk of natural disasters that are more present in other states.

Economic Competitor Ranking

3rd

State	Rank	2022 Value (years)	1 Year Change	5 Year Change
CA	2 nd	79.8	0.2	-1.0
NY	3 rd	79.6	0.4	-0.9
MA	6th	79.3	0.5	-0.8
FL	22 nd	77.5	0.7	-1.4
TX	29 th	76.8	0.8	-1.6
NC	36 th	75.9	1.3	-1.7

Regional Competitor Ranking

2nd





Quality of Health Care Systems

This year's Index includes a new detail breakout using the Commonwealth Fund's Scorecard on State Health System Performance to provide a closer look at how the health care system in Massachusetts compares to other states. While the Scorecard includes 50 metrics that speak to different aspects of the system, this detail breakout is based on 16 indicators related to the quality of prevention and treatment services. **A rank of 1 means that the residents of the state received the best preventive and mental health care services, acute hospital care, and post-acute care.**

Main Takeaways

- The quality of health care is a major competitive strength for MA, ranking first in the country for the best prevention and treatment care.
- MA holds a significant advantage over its economic competitors in this metric, most notably TX and CA, which rank in the bottom ten states nationally.
- The quality of health care systems is a relative strength for the entire New England region, with all states ranking in the top 15 nationally.
- A key component of this metric is the share of children under 3 years old in the state who have received all recommended early childhood vaccines – MA leads the country with a 90 percent vaccination rate.
- A third of poll respondents point to accessibility to good health care as one of the most important reasons they live in MA, and 77 percent said MA's health care system is above average or one of the best in the country.

Economic Competitor Rankings

State	Rank
MA	1 st
NC	7 th
NY	25 th
FL	36 th
TX	43 rd
CA	48 th

Regional Competitors



Debt per Capita

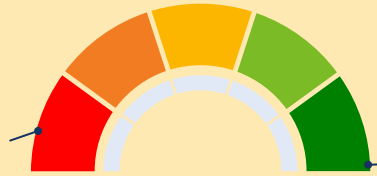
Debt per capita measures the debt for the state's population that is at least 18 years old with an Equifax credit file. A rank of 1 means that a state has the lowest amount of debt per capita. While last year's Index included debt-to-income ratio, updated data was limited. To include a similar metric that speaks to the financial situation of residents in Massachusetts, MTF has included debt per capita as an alternative metric in this year's Index. Debt per capita is a key competitiveness metric because it speaks to the financial health or potential fiscal distress of average residents.

National Ranking

44th

In 2025, Massachusetts ranked 44th with a debt per capita of **\$77,400**. In 2024, Massachusetts was also ranked 44th.

MA
\$77,400



WV
\$37,850



Massachusetts' debt per capita increased from **\$76,400** to **\$77,400** between 2024 and 2025.

Economic Competitor Ranking

5th

State	Rank	2025 Value	1 Year Change	5 Year Change
NY	26 th	\$59,420	0.8%	16.4%
TX	28 th	\$60,020	3.7%	28.1%
NC	30 th	\$61,070	3.7%	26.0%
FL	31 st	\$61,890	3.5%	26.0%
MA	44 th	\$77,400	1.3%	15.5%
CA	49 th	\$87,850	2.2%	19.8%

Regional Competitor Ranking

6th



Main Takeaways

- Debt per capita is a competitive weakness for MA, ranking in the bottom ten states nationally, with residents averaging nearly \$80,000 in debt.
- All economic competitor states face this challenge as well, as they rank in the bottom half of states nationally.
- Residents in our economic competitor states with lower costs of living, like TX, NC, and FL, have seen more than double the increase in debt over the past year compared to MA, which compares favorably to these states when debt is considered as a share of income.
- MA's debt per capita stands out compared to our regional competitors, as we trail all other states.
- While high debt per capita can reflect MA's high cost of living, it could also reflect the fact that MA has the greatest share of its population 25 and older with at least a bachelor's degree, meaning our population is more likely to have student loan debt than other states.

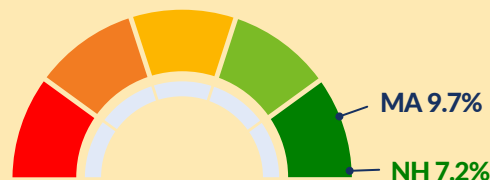
Poverty Rate

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 level of economic hardship in a state, highlighting the share of a state's residents living without the means to support themselves.

National Ranking

9th

In 2024, Massachusetts ranked **9th** in the country for poverty rate, with a rate of **9.7 percent**. **Massachusetts was ranked 16th in last year's Index.**



Massachusetts' poverty rate decreased from **10.4 percent** to **9.7 percent** between 2023 and 2024.

Economic Competitor Ranking

1st

State	Rank	2024 Value	1 Year Change	5 Year Change
MA	9 th	9.7%	-0.7%	0.3%
CA	29 th	11.8%	-0.2%	0.0%
FL	31 st	12.0%	-0.3%	-0.7
NC	35 th	12.5%	-0.3%	-1.1%
TX	40 th	13.4%	-0.3%	-0.2%
NY	42 nd	14.0%	-0.2%	1.0%

Regional Competitor Ranking

3rd



Main Takeaways

- MA's low poverty rate is a competitive advantage, as the state ranks in the top ten nationally for having the lowest share of its population under the federal poverty threshold.
- MA improved its national ranking by seven spots in this year's Index, one of the largest improvements this year, and the rate of poverty declined by 0.7 percentage points.
- MA continues to lead its economic competitor states and widened its advantage, as we led our economic competitors for the greatest one-year decline.
- Poverty rates are one of the few metrics where MA ranks better among economic competitor states than among regional competitors, as NH and VT rank ahead of MA.
- This metric does not take into account the interplay between income and high cost of living; therefore, MTF includes other metrics which speak to the state's affordability challenge.

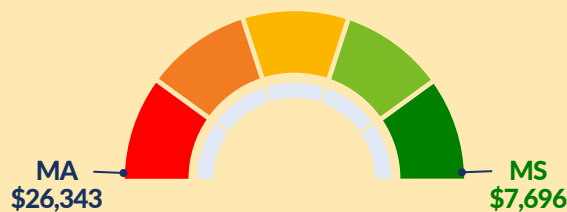
Infant Childcare Cost

In the Index, childcare cost is measured as the average 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. All states except for New Mexico report this data. **A rank of 1 indicates the state with the least expensive average 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

49th

In 2024, Massachusetts ranked **49th** in the country for the average annual childcare cost of an infant at a center-based program, equaling **\$26,343**. **In last year's Index, Massachusetts was ranked 48th.**



The average annual cost of center-based infant childcare in Massachusetts increased from **\$23,078** to **\$26,343** between 2022 and 2024.

Economic Competitor Ranking

6th

State	Rank	2024 Value	2 Year Change	5 Year Change
TX	11 th	\$11,349	22.7%	18.4%
NC	14 th	\$12,370	22.2%	31.9%
FL	19 th	\$13,011	15.7%	31.7%
NY	43 rd	\$20,439	36.3%	18.8%
CA	46 th	\$22,628	19.3%	31.9%
MA	49 th	\$26,343	14.2%	27.1%

Regional Competitor Ranking

6th



Main Takeaways

- Out of the 49 states that reported child care costs in 2024, MA continues to be the most expensive state for childcare.
- Though costs are also high in NY and CA, the cost for full-time care of an infant at a center-based program in MA is more than double that of our other economic competitors.
- MA has increased state investment in our early education system since the pandemic. However, childcare remains one of the largest areas of expenses for many families, especially those with multiple children.
- As the quality of our education system continues to be a competitive strength for MA, improving the availability and affordability of childcare is key to attracting and retaining young families living and working in the state.

4th Grade Reading & Math Test Scores

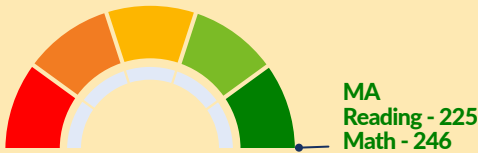
4th grade reading and math test scores are measured using states’ average National Assessment of Educational Progress (NAEP) reading and math scores of 4th grade students. **A rank of 1 means that a state has the highest average reading or math scores for 4th grade students.** K-12 education scores are 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. While 8th grade test scores were included in last year’s Index, this year’s Index looks at 4th grade test scores to provide a different perspective of the education system, since NAEP data is updated biennially.

National Ranking

1st



In 2024, Massachusetts ranked **1st** in both 4th grade reading and 4th grade math test scores, with average scores of **225** and **246**, respectively. In 2022, Massachusetts was ranked **1st** in reading and **2nd** in math.



Between 2022 and 2024, average 4th grade reading scores decreased from **227** to **225**, and average math scores increased from **242** to **246**.

Economic Competitor Ranking

1st

State	Reading Rank	Reading Value	Math Rank	Math Value
MA	1 st	225	1 st	246
FL	10 th	218	2 nd	243
NY*	23 rd	215	39 th	234
NC**	35 th	213	17 th	239
CA**	37 th	212	40 th	233
TX*	40 th	212	8 th	241

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



Main Takeaways

- Similar to last year’s Index on 8th grade test scores, MA’s 4th grade test scores stand out as a major competitive advantage, with MA boasting the highest reading and math scores in the country in 2024.
- MA holds a clear advantage over its economic competitors in educational achievement in both early grades and entering high school.
- Compared to the New England region, MA holds a similar advantage, as only two other states rank in the top ten nationally for reading scores and only NH ranks in the top ten for math scores.
- MA has retained its status of having the best K-12 education system in the country since the pandemic, but test scores have not fully rebounded to pre-pandemic levels. In fact, other states have seen faster recovery than MA - we rank seventh nationally for the best recovery in math scores and 28th in reading test score recovery.
- MA’s education system is a significant asset in attracting and retaining families who seek the best education for their children and for businesses who rely on high-quality education as a critical component of the talent pipeline - over two-thirds of poll respondents said MA’s K-12 system is above average or one of the best.



K-12 Education Spending per Pupil

Massachusetts has long boasted its public education system as being the highest quality in the country. This year's Index includes a breakout that looks at the level of public investment in the K-12 public education system per pupil as another way to demonstrate that public education is a competitive strength for Massachusetts. **A rank of 1 means a state has the greatest level of K-12 investment per pupil in the country.**

Main Takeaways

- MA's high national ranking in K-12 spending per pupil demonstrates its commitment to investing in high-quality education that prepares the future workforce, making this a competitive strength for the state.
- While MA ranks fifth in the country for the highest K-12 spending, investing over \$24,000 per student, three economic and regional competitor states rank ahead of MA: VT, CT, and NY.
- MA's investment in our public education system has grown in recent years due to the implementation of the Student Opportunity Act, which directed significant new resources to districts that educate larger shares of lower-income students.
- The connection between educational investment and achievement outcomes is not always straightforward. MTF's recent report on the Student Opportunity Act identified a number of places where better information is required to assess the effectiveness of increased spending on educational outcomes.

Economic Competitor Rankings

State	Rank	2024 Value	1 Year Change
NY	1 st	\$31,918	6.4%
MA	5th	\$24,429	6.5%
CA	13 th	\$20,791	10.6%
NC	41 st	\$12,995	4.0%
TX	42 nd	\$12,895	4.8%
FL	45 th	\$12,693	7.0%

Regional Competitors



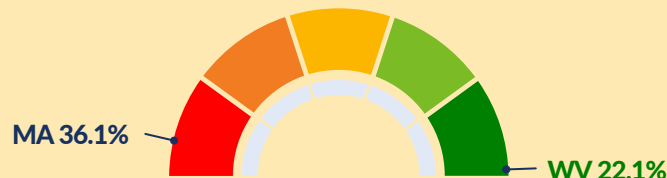
Housing Cost Burden

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

43rd

In 2024, Massachusetts ranked 43rd in the country for housing cost burden with a cost burden of 36.1 percent. **Massachusetts was ranked 45th in last year's Index.**



Massachusetts' housing cost burden decreased from 36.7 percent to 36.1 percent between 2023 and 2024.

Main Takeaways

- The high cost of housing in MA remains a competitive disadvantage that strains the state's population and labor force.
- Our economic competitors also face high housing costs, with all states ranking in the bottom half nationally.
- Compared to our competitors, MA made the most progress between 2023 and 2024 in reducing the share of our residents who are housing cost burdened, resulting in a two-spot improvement in our national ranking.
- Our regional competitors also face housing cost challenges, with only ME ranking in the top half of states.
- Even with high incomes, the cost of housing makes it challenging for MA to retain residents who may move to states with more affordable housing options - half of poll respondents say MA is below average or one of the worst states for housing affordability.
- Expensive housing also creates a challenge for operating businesses if an employer's labor force cannot afford to live here.

Economic Competitor Ranking

3rd

State	Rank	2024 Value	1 Year % Change	5 Year % Change
NC	30 th	30.6%	1.5%	2.8%
TX	39 th	34.3%	-0.1%	3.9%
MA	43 rd	36.1%	-0.6%	2.3%
NY	46 th	38.3%	-0.2%	1.4%
FL	49 th	40.0%	1.2%	5.2%
CA	50 th	42.4%	0.1%	2.1%

Regional Competitor Ranking

5th



Housing Production

A new addition to the Index, this breakout examines the year-over-year change in the number of housing units in a state. Growing the housing supply is a critical tool for lowering the cost of housing and addressing affordability concerns in Massachusetts and across the country. **A rank of 1 means that a state had the largest one-year growth in the number of housing units.**

Main Takeaways

- Housing production stands out as a major competitive weakness for MA, which has one of the lowest rates of housing production in the country.
- While three economic competitors (NC, TX, and FL) rank in the top ten nationally, MA ranks 43rd, as the number of housing units only increased by 0.4 percent between 2024 and 2025, a rate that is approximately a quarter of the growth rate in the top three economic competitor states.
- Over the past five years, MA has fallen behind all economic competitor states, highlighting the lack of housing production that has contributed to the rising cost of living.
- This metric underscores the significant headwinds MA faces in reaching the goal of 220,000 new homes by 2035, which will require creative solutions, like MTF’s proposal of creating Momentum Zones.

Economic Competitor Rankings

State	Rank	2025 Value	5 Year Change
NC	5 th	1.8%	9.3%
TX	6 th	1.8%	10.4%
FL	7 th	1.5%	9.0%
CA	25 th	0.8%	4.0%
NY	29 th	0.7%	2.9%
MA	43 rd	0.4%	2.3%

Massachusetts New Housing Units, 2011 - 2025



Source: U.S. Census Vintage 2026 - National, State, and County Housing Unit Totals: 2020 - 2025

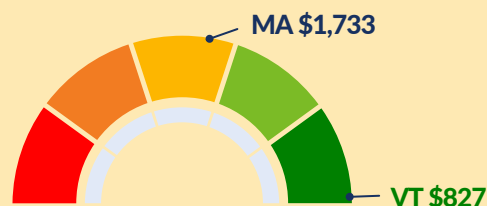
Home Insurance Rates

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 least expensive home insurance rates. Although rates and availability can vary by zip code, state-level home insurance rates reflect an important component of location decisions.

National Ranking

22nd

In 2025, Massachusetts ranked 22nd in the country for home insurance rates, with a cost of \$1,733. Massachusetts was ranked 14th in 2024 based on revised data.



Home insurance rates in Massachusetts increased from \$1,703 to \$1,733 between 2024 and 2025.

Economic Competitor Ranking

2nd

State	Rank	2025 Value	1 Year Change
CA	18 th	\$1,641	14.8%
MA	22 nd	\$1,733	1.8%
NY	24 th	\$1,860	6.2%
NC	38 th	\$2,951	11.4%
TX	45 th	\$3,899	-1.9%
FL	48 th	\$5,838	6.4%

Regional Competitor Ranking

5th



Main Takeaways

- After ranking in the top 15 states last year, MA fell to 22nd after average home insurance rates increased by 1.8 percent.
- MA continues to have a competitive advantage over most of our economic competitors, like FL, NC, and TX, which all have significantly higher rates than MA.
- However, MA's ranking fell among regional competitors, ranking only ahead of RI, as other states like VT, NH, and ME rank in the top ten states.
- Lower home insurance rates speak to MA's potential geographical advantage for less severe weather events that can cause billions in damage and result in higher insurance rates for residents.

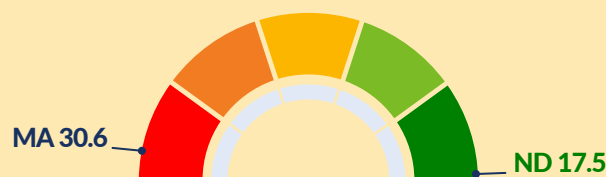
Commute Time

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 one-way commute time. Commute time is a key quality of life metric because it measures time lost to travel for work and is directly comparable between states.

National Ranking

47th

In 2024, Massachusetts ranked 47th in the country for commute time with an average commute time of 30.6 minutes. Massachusetts was also ranked 47th in last year's Index.



Massachusetts' average commute time increased from 29.9 minutes to 30.6 minutes between 2023 and 2024.

Economic Competitor Ranking

5th

State	Rank	2024 Value (min)	1 Year Change	5 Year Change
NC	26 th	25.7	1.6%	0.0%
TX	41 st	27.5	1.1%	1.1%
FL	44 th	28.9	1.4%	1.8%
CA	46 th	29.7	1.7%	-3.3%
MA	47 th	30.6	2.3%	-1.3%
NY	50 th	33.2	1.2%	-2.4%

Regional Competitor Ranking

6th



Main Takeaways

- Commute times remain a major competitive disadvantage for MA, as residents spend an average of over half an hour each way commuting to work.
- MA saw the largest one-year increase in commute times compared to its economic competitors.
- MA also ranks below all other New England states for the third consecutive year.
- Long commute times in MA speak to the high cost of housing near workplaces, like cities, and the greater shift to remote and hybrid work in post-pandemic years.

Detail Breakout

Share of Residents with a Commute Time of 45+ Minutes

This new breakout is intended to provide a deep dive into commute times by including the share of residents whose one-way commute times are 45 minutes or longer. **A rank of 1 means a state has the lowest share of commuters who travel at least 45 minutes to work.** Longer commute times demonstrate how far residents have to live from work due to the high cost of living in metropolitan areas. MTF’s prior research had documented how commute times over 30 minutes significantly decrease a person’s likelihood to work in person.

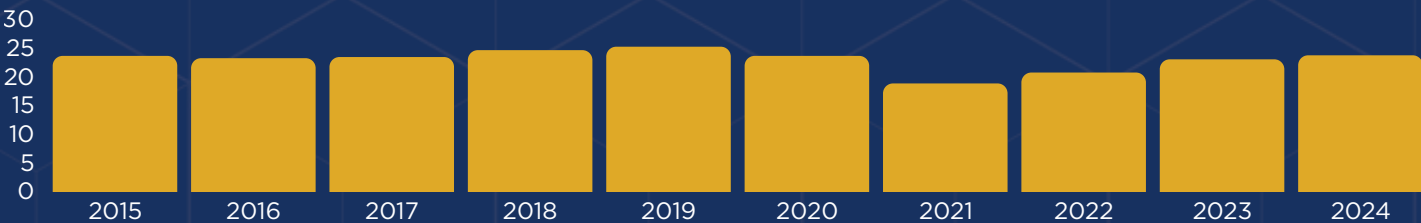
Main Takeaways

- MA has one of the greatest shares of commuters in the country who live at least 45 minutes away from where they work.
- A high share of commuters who travel at least 45 minutes shows the mobility of the MA labor force, as major sectors of the workforce can work fully remote or hybrid schedules.
- Living far from work also speaks to our state’s affordability challenges, as demonstrated in other metrics as well.
- While longer commute times are a consistent theme for most of our economic competitors, MA and NY stand out as having robust public transit systems around major population areas that make it easier for residents to live further away from where they work.

Economic Competitor Rankings

State	Rank	2024 Rate
NC	24 th	14.6%
TX	41 st	18.4%
FL	43 rd	19.5%
CA	45 th	20.8%
MA	47th	23.7%
NY	50 th	27.9%

Massachusetts Share of Residents with Commute Time of 45+ Minutes, 2015 - 2024



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, while no new metrics were included changes were made to four metrics (labor force growth, venture capital investments, debt per capita, and K-12 test scores) to either reflect improved ways of demonstrating competitiveness or shifts in data sources due to reporting changes. 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 2026 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, new breakouts provide deeper dives into the ratio of unemployed persons to job openings, electricity generation, housing production, share of commute times that are greater than 45 minutes, K-12 education spending per pupil, and quality of health care systems.

The following table lists and describes each metric and data breakout measure, organized by the four broad categories of economic health, population and labor force trends, business employment and investment factors, and resident life. New metrics and data breakouts are highlighted in yellow in the table.



Methodology

Economic Health

Measure	Description	Why Measure is Included	Source
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 Bureau of Labor Statistics takes total quarterly wages paid by employers in a state, divides it by the average monthly number of employees, and then divides that result by 13 weeks.	The average wages relates to a state's labor market competitiveness for attracting workers.	U.S. Bureau of Labor Statistics, Quarterly Census of Employment Wages
Private Employment Growth	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 2024 and the third quarter of 2025.	Private employer growth data relates to the strength of a state's private sector job market.	U.S. Bureau of Labor Statistics, Quarterly Census of Employment Wages
Unemployment	U.S. Bureau of Labor Statistics Local Area Unemployment Statistics reports the unemployment rates by state. The unemployment rate is the number of <u>unemployed</u> people as a percentage of the civilian <u>labor force</u> .	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, Local Area Unemployment Statistics
Detail Breakout: Ratio of Unemployed Persons to Job Openings	The U.S. Bureau of Labor Statistics releases the Job Openings and Labor Turnover Survey with monthly data using the number of unemployed people and job openings in a state to create a ratio.	The ratio speaks to the accessibility of open jobs for workers and the demand for workers in the overall business climate.	U.S. Bureau of Labor Statistics, Job Openings and Labor Turnover Survey

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 (Income Inequality)	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. The Index 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, American Community Survey

Population & Labor Force Trends

Measure	Description	Why Measure is Included	Source
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

Methodology



Measure	Description	Why Measure is Included	Source
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 a 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
Detail Breakout: Domestic Migration, Population Aged 26-35	<i>Migration data based on year-to-year address changes from individual tax returns to the Internal Revenue Service. The number of returns filed approximates the number of households that migrated, and the number of personal exemptions claimed approximates the number of individuals.</i>	<i>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.</i>	Internal Revenue Service
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
Detail Breakout: International Students	<i>Total international students at Massachusetts higher education institutions.</i>	<i>A state's share of international students speaks to the attractiveness of their higher education sector and economy.</i>	Institute of International Education, Open Doors
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 of the skilled level of a state's workforce.	U.S. Census Bureau, American Community Survey
Percentage of Population Over 65 Years Old	The U.S. Census reports the share of the population that is over 65 years old.	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, American Community Survey

Methodology



Measure	Description	Why Measure is Included	Source
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 Growth	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 the overall labor force over the last year. Labor force growth in this year's Index is based on the one-year change instead of the five-year change value that was used in previous versions to account for the post-pandemic recovery.	The change in this year's Index is intended to provide a timelier representation of how Massachusetts has grown its labor force in recent years, while also keeping in mind the recovery from the pandemic compared to other states.	U.S. Bureau of Labor Statistics

Business, Employment, and Investment Factors

Measure	Description	Why Measure is Included	Source
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 business formations 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 Business Applications by County

Methodology



Measure	Description	Why Measure is Included	Source
Corporate Income Tax Collections per Capita	Corporate income tax collections per capita are reported by the U.S. Census Bureau through the Annual Survey of State Government Tax Collections and include tax revenue collected by all states across five categories. States that do not assess a corporate income tax (NV, TX, WA, WY, and OH) are excluded from this metric.	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.	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
Detail Breakout: Electricity Generation	<i>The U.S. Energy Information Administration reports how much electricity a state generates from fuel, renewable energy, hydroelectric, and solar sources.</i>	<i>Electricity generation is a competitiveness metric because the more electricity a state generates, the more likely it is that residents and businesses have access to lower costs.</i>	U.S. Energy Information Administration
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 Investments	Last year's Index measured venture capital funding per \$1 million of Gross State Product (GSP), with Massachusetts ranked first. This year's Index looks at total venture capital investments, not adjusted by GSP, to demonstrate that Massachusetts, ranked third nationally, outperforms its size compared to larger competitor states.	This metric is added to total venture capital funding to provide a normalized comparison among states.	PitchBook-NVCA Venture Monitor

Methodology



Measure	Description	Why Measure is Included	Source
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

Resident Life			
Measure	Description	Why Measure is Included	Source
Life Expectancy at Birth	The U.S. Centers for Disease Control and Prevention reports on life expectancy at birth. The most recent available data are from 2022. It refers to the number of years the average newborn 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 a function 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
Detail Breakout: Quality of Health Care Systems	The Commonwealth Fund releases a Scorecard on state health system performance using 50 measures of health care access and affordability, prevention and treatment, avoidable hospital use and costs, health outcomes and healthy behaviors, income disparity, and equity.	Comparing health system quality among states provides an important datapoint on one of the key quality of life metrics valued by those making location choices.	The Commonwealth Fund
Debt per Capita	The New York Federal Reserve reports debt per capita for the state's population that is at least 18 years old with an Equifax credit file, which includes mortgages, auto loans, credit card debt, and student loan debt.	While this measure does not consider income, it is an important measure of competitiveness to understand the financial situations of residents in a state and speaks to the availability of high-paying jobs and an educated population.	New York Federal Reserve

Methodology



Measure	Description	Why Measure is Included	Source
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, American Community Survey
Infant Childcare Cost	Childcare cost is measured using the average cost paid for childcare by a family with an infant at a childcare center; most recent data is from 2024. 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 measure 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.	Child Care Aware of America
4th Grade Reading & Math Test Scores	The National Center for Education Statistics reports average scores by state on the 4 th grade National Assessment of Educational Progress for reading and math. MTF used 8 th grade scores in past versions of the Index, but new data is released every two years, meaning that the metric would have been the same 2024 data as last year's Index.	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
Detail Breakout: K-12 Education Spending per Pupil	The U.S. Census Bureau reports spending levels per pupil by public elementary and secondary school systems for each state.	<i>This metric compares the level of public funding states direct to their K-12 education systems suggesting, a high-quality education system.</i>	U.S. Census Bureau
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, American Community Survey

Methodology



Measure	Description	Why Measure is Included	Source
Detail Breakout: Housing Production	The U.S. Census Bureau reports the total number of housing units for each state by year.	<i>This metric is included to measure housing production in recent years in Massachusetts and to compare production to other states as a way to highlight affordability challenges.</i>	U.S. Census Bureau Vintage 2025 Housing Units
Home Insurance Rates	Bankrate provided homeowners insurance cost in state-by-state average premiums using a standardized policy with \$300,000 in dwelling coverage.	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.	Bankrate
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, American Community Survey
Detail Breakout: Share of Residents with a Commute Time of 45+ Minutes	The U.S. Census Bureau American Community Survey reports the share of commuters by each state who travel at least 45 minutes to work.	<i>This metric provides a deeper look into commute times and is a measure of competitiveness because it speaks to how far people have to live from work due to the high cost of housing.</i>	U.S. Census American Community Survey