



Barriers to Work Report

Executive Office of Labor and Workforce Development
Department of Economic Research
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Introduction

The Department of Economic Research (DER) submits this Return to Work Sector Barriers report as required by 7003-0100 in the FY24 General Appropriation Act (GAA): “that not later than February 29, 2024, the department shall submit a report to the house and senate committees on ways and means which shall include, but not be limited to: (i) sector by sector barriers to workers returning to work during the 2019 novel coronavirus pandemic, including the retail sector; and (ii) current programs that may be utilized to target the workforce in each sector.”

In the ever-changing economic landscape, barriers to employment have become a critical policy issue. These barriers, whether structural, systemic, or individual, impede certain groups from securing and maintaining employment. They can range from lack of childcare, limited English proficiency, disability, a criminal record, discrimination, segregation, and the lack of investment in education and other crucial supports.

Understanding and addressing barriers to employment is crucial for supporting a thriving economy in the Commonwealth in which every individual can contribute to our labor market and that the rewards of their work are fairly and equitably distributed. When individuals are unable to contribute their skills and talents to the workforce due to barriers, it results in a loss of potential productivity for the economy. Therefore, policymakers aiming to promote economic growth and equality of opportunity must prioritize understanding and addressing these barriers.

This report examines economic data to consider how recent economic trends have affected barriers to employment. However, economic data alone has limitations in fully capturing the nuances of barriers that individuals face. Quantitative data may not reflect issues like discrimination or access to childcare, transportation, or housing that can profoundly affect one’s ability to participate in the workforce. A more holistic assessment would require complementing economic analysis with qualitative methods like surveys, interviews, and focus groups to gather on-the-ground insights into the barriers people face. This mixed-methods approach would provide a fuller understanding of employment barriers to inform policy solutions, although these methods are beyond the scope of this report.

The report highlights several recent trends:

- The Massachusetts economy experienced a historically tight labor market in 2023, driven by retirees leaving the labor force and elevated demand from employers to hire in the aftermath of the COVID-19 pandemic. This tight labor market has resulted in low unemployment. Consistent with past findings, the tight labor market has helped to lower some barriers to employment, bringing workers in from the sidelines of the labor market.
- The tight labor market conditions have had varying impacts across sectors. The wide disparity in labor market tightness across sectors suggests that structural barriers may hinder workers from moving between sectors. Workers in less tight sectors, such as retail or accommodation and food services, earn significantly less than those in the tightest sectors, such as healthcare and social assistance and educational services. However, the transition to higher-paying sectors may be impeded by factors such as skill or credential requirements, geographic mismatches, and the in-person nature of jobs in these sectors.
- Aggregate data reveals positive labor market outcomes for women and Black workers exceeding pre-pandemic levels. This trend is largely driven by their disproportionate representation in sectors experiencing tight labor markets, such as healthcare and education. However, it's important to note that while these groups show overall gains, significant barriers persist for many individuals within them.
- On whole, labor market outcomes for Hispanic or Latinx workers still lag pre-pandemic levels, potentially driven by barriers like skills gaps, geographic mismatch, and language proficiency.
- Groups like formerly incarcerated individuals and low-income workers continue to face high barriers to employment despite the tight labor market.
- The ongoing labor shortage across most industries, coupled with a workforce that hasn't fully recovered to pre-pandemic levels, signals a critical need for solutions beyond simply addressing barriers for existing workers. While helping workers transition into high-demand sectors might help, it could worsen shortages elsewhere if the overall labor force doesn't expand. Therefore, policies that promote population growth – through both domestic initiatives and international migration – are essential for meeting future labor needs.

Barriers to Employment

Barriers to employment prevent individuals in Massachusetts who want to work from obtaining and maintaining jobs that meet their needs and potential. These barriers arise from multiple sources, take various forms, and disproportionately affect marginalized groups.

Examples of barriers to employment

Skills and credential gaps: When workers lack the skills, credentials, licenses, or degrees needed for available jobs. These gaps tend to emerge in fields like healthcare, education, and technology that require specialized expertise.

For example, jobs in the healthcare and education sectors often require higher levels of education and industry-specific certifications. In 2022, 45% of healthcare jobs in Massachusetts typically required a bachelor's degree or higher, compared to 33% of jobs across all occupations (Rembert, Jan, and Owusu 2023). Additionally, recently published research from the Federal Reserve Bank of Boston shows that licensing policies in New England reduce worker mobility into regulated occupations by 24% compared to non-regulated occupations (Jackson 2023). The time and resource investment needed to obtain such credentials poses a barrier even amid labor shortages in these fields.

Information asymmetry: Information asymmetry creates another barrier when employers have limited insights into a candidate's skills, potential, or circumstances. This disproportionately affects overlooked talent pools like caregivers, youth, immigrants, people with disabilities, and formerly incarcerated individuals.

For example, the use of Applicant Tracking Systems by employers can filter out qualified candidates based on incomplete information. In a survey of business, Harvard Business School found that 48% of employers filtered out candidates for middle-skilled positions using the single criteria of whether the candidate had an employment gap of more than 6-months (Fuller et al. 2021). This process was estimated to cut half or more of all potential candidates. Given that the process relies on incomplete information about the reason for the employment gap, employers acknowledged that the process likely vetted out many highly skilled candidates.

Job search costs: High job search costs also deter labor force participation. These include the investments of time and resources required for workers to find suitable jobs and for employers to find qualified candidates.

For example, a study found that temporary workers in Lawrence, Massachusetts struggled to transition to full-time jobs in part because they lacked professional networks to connect with permanent positions, increasing search costs (Maurico 2016). Similarly, employers may not invest in outreach to untapped talent pools. Lowering search costs through better information flows and networks could minimize this barrier.

Mismatched preferences: There is often a disconnect between worker and employer preferences around issues like compensation, schedule flexibility, remote work options, company culture, and more. This mismatch deters people from positions despite openings.

A recent survey found that 65% of workers rank workplace flexibility options (hours, work from home) as their most important non-salary compensation priority (The Conference Board 2023). Yet, employers show signs of reducing flexibility. In November 2023, there were 15,000 job postings in Massachusetts mentioning remote or hybrid work, down from 31,000 a year earlier.

Geographic mismatches: There can be imbalances between the location of job seekers and suitable job opportunities. This also encompasses transportation barriers and the lack of affordable housing in strong job markets.

For example, much of the recent demand for healthcare workers has concentrated among the Boston region's hospitals (Rembert, Jan, and Owusu 2023). But many potential workers live in Gateway Cities with limited transportation access to the Boston region and these jobs (Mattos, Granberry, and Agarwal 2022). Relocating can be cost-prohibitive without affordable housing options. Geographic mismatches will persist absent better transit or housing supports.

Discrimination and bias: Whether overt or subtle, discriminatory hiring practices unjustly limit opportunities for women, people of color, LGBTIQ+ individuals, people with disabilities, older workers, and other marginalized groups.

For example, extensive research using fictitious job applications shows employers discriminate against people from racial and ethnic minority groups despite the presence of anti-discrimination laws (Quillian and Lee 2023).

Individual circumstances: Personal situations can also pose barriers to employment. Family care responsibilities, disabilities, criminal records, or limited English proficiency may prevent otherwise qualified workers from finding employment.

For example, in 2022, the labor force participation rate among college educated immigrant workers with low English proficiency was just 69%, compared to 83% among college educated immigrants with high English language proficiency (U.S. Census Bureau 2022).

It is important to note that these barriers often intersect, compounding the challenges faced by individuals who belong to multiple groups facing barriers to employment. For instance, a person of color with a criminal record may face both racial discrimination and bias against formerly incarcerated individuals.

Some barriers like systemic skills gaps or geographic mismatches emerge from structural shifts in the economy that require long-term solutions. However, other barriers relate to employer and worker behavior, which can shift based on economic conditions.

For example, when labor markets tighten and unemployment falls, research shows that employers often relax job requirements, raise wages, improve benefits, and change hiring practices to attract candidates (Macaluso and Ravindranath Waddell 2022; Aaronson et al. 2019). These responses can temporarily erode certain barriers tied to issues like skills gaps, discrimination, job search costs, or work arrangements.

Economic data provides a useful, if incomplete, perspective for assessing how recent labor market trends have affected barriers to employment. While statistics do not capture every dimension of this complex challenge and can not necessarily isolate each potential barrier, indicators like unemployment rates, labor force participation, involuntary part-time work, and employment levels among demographic groups facing higher barriers offer insights on where progress has been made, and where barriers persist.

For instance, when barriers are high, unemployment rates tend to rise and labor force participation falls as discouraged workers detach from the labor market. Barriers also manifest in concentrated joblessness among certain groups. Conversely, falling unemployment, rising participation, and improving employment rates for groups that typically face external barriers often signal reduced barriers to participating in the labor market.

The following sections analyze recent data on Massachusetts' tight labor market and outcomes for key demographic groups. This quantitative view sets the stage for a deeper examination of specific barriers through methods like interviews, focus groups, and surveys. Integrating the economic perspective with additional qualitative data can give a more complete picture of which barriers currently pose the greatest challenge. It also may help inform potential policy solutions.

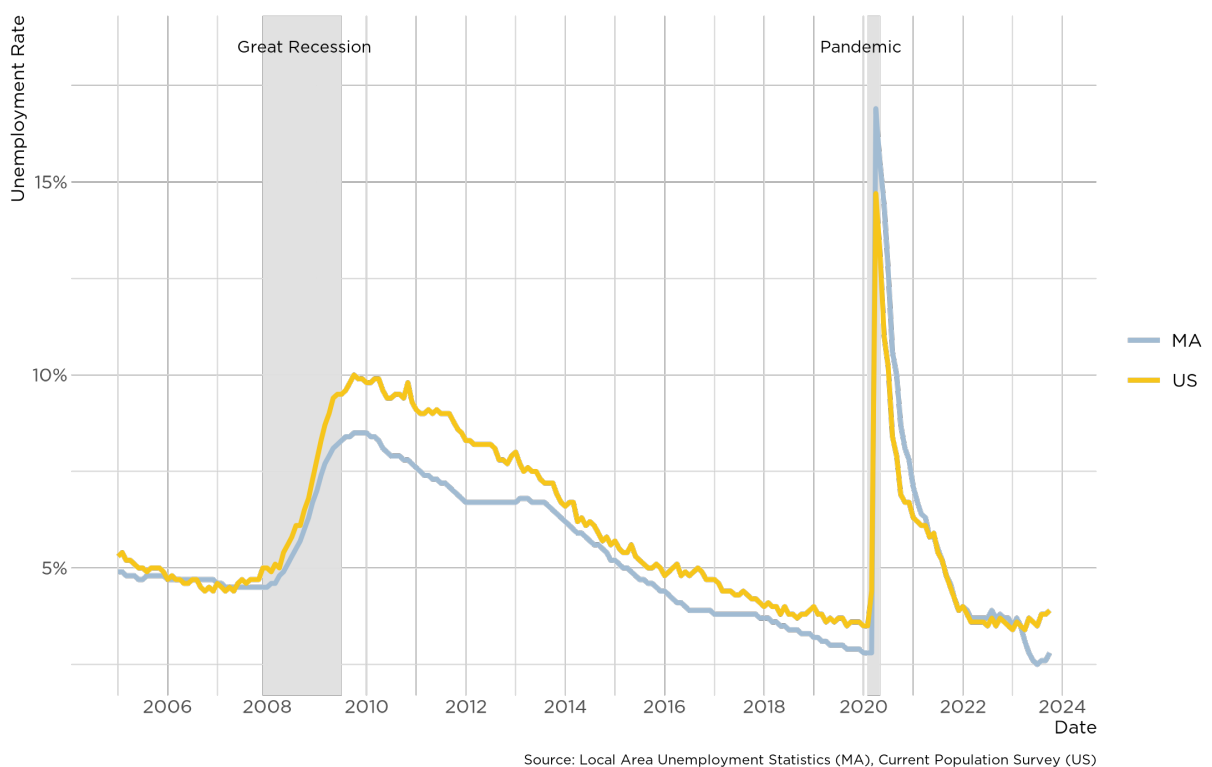
Labor Market Trends

Over the past year, demand for workers rose rapidly as the state rebounded from COVID-19. Simultaneously, the number of people in the labor force fell. Compared to pre-pandemic levels, there were 51,000 more jobs in Massachusetts, but 108,000 fewer people in the labor force. Together, two dynamics contributed to a historically low unemployment rate in 2023 ([Figure 1](#)).

Figure 1

Unemployment rate

January 2005 - October 2023

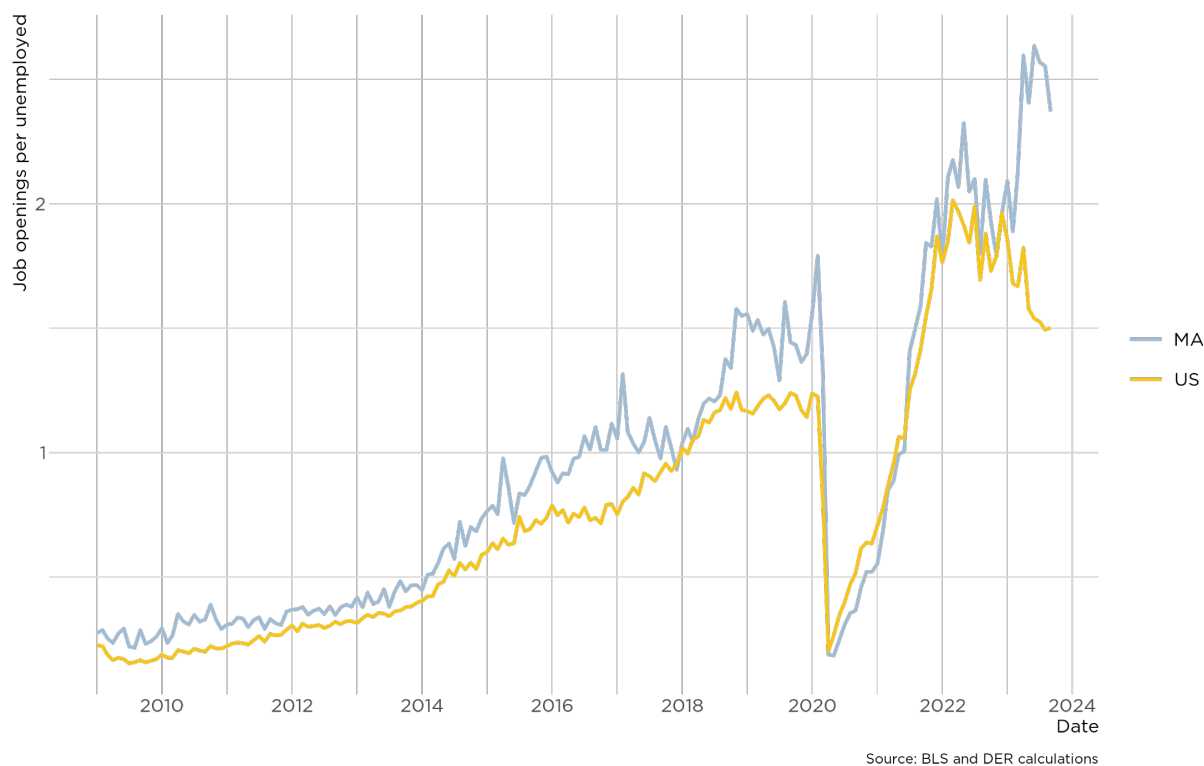


This period of low unemployment has corresponded with a tight labor market. Labor market tightness as measured by data from the Bureau of Labor Statistics (BLS) on the number of job openings per unemployed person rose steadily leading up to the COVID-19 pandemic but spiked following the pandemic. After leveling off in 2022, labor market tightness rose again in 2023 to peak at 2.6 job openings per unemployed person in June (Figure 2). By August 2023, openings per unemployed individual decreased slightly to 2.5, but was significantly higher than the country and historic levels in Massachusetts.

Figure 2

Job postings per unemployed

January 2009 - September 2023



On its surface, low unemployment and a tight labor market is consistent with lower barriers to employment as employers often relax job requirements, raise wages, improve benefits, and change hiring practices to attract candidates. Yet, a declining labor force could suggest that barriers are leading some discouraged workers to leave the labor force.

A closer look at labor force data suggests that this decline has been primarily driven by labor market shifts and not an increase in discouraged workers. The labor force participation rate among people ages 25 to 54 shows a full recovery for the core labor force. The 25 to 54 age demographic is a particularly important segment of the labor force because it is the age range where labor force participation is highest. Focusing on this group allows us to isolate the factors that specifically influence their labor force participation, without the effects of education or retirement decisions.

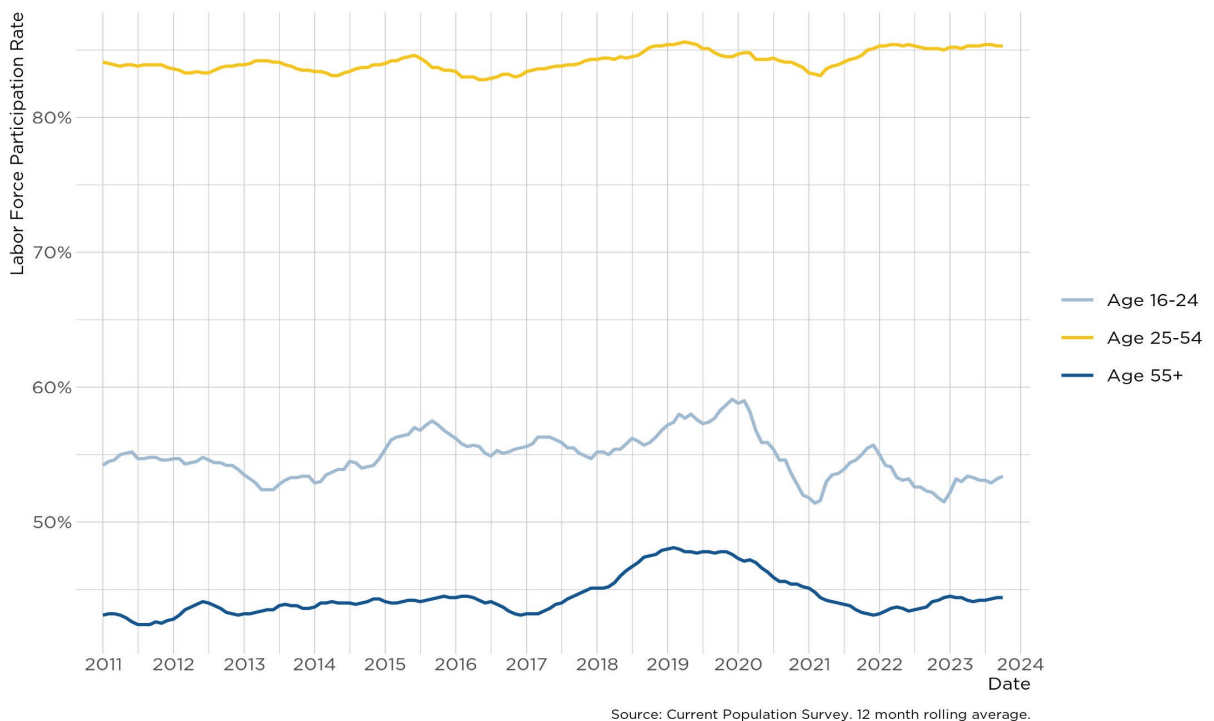
After dipping during the pandemic, the labor force participation rate for people ages 25 to 54 has recovered to pre-pandemic levels ([Figure 3](#)). The labor force participation rate for older workers has fallen to a level consistent with longer term trends which preceded a pre-pandemic increase. Notably, the most concerning drop in the labor force participation rate is among younger workers aged

16 to 24. This decrease could be the result of increased enrollment in education in lieu of joining the labor force, but it could also represent an increase in barriers faced by younger workers.

Figure 3

Labor force participation rate by age group

Massachusetts | January 2011 - October 2023



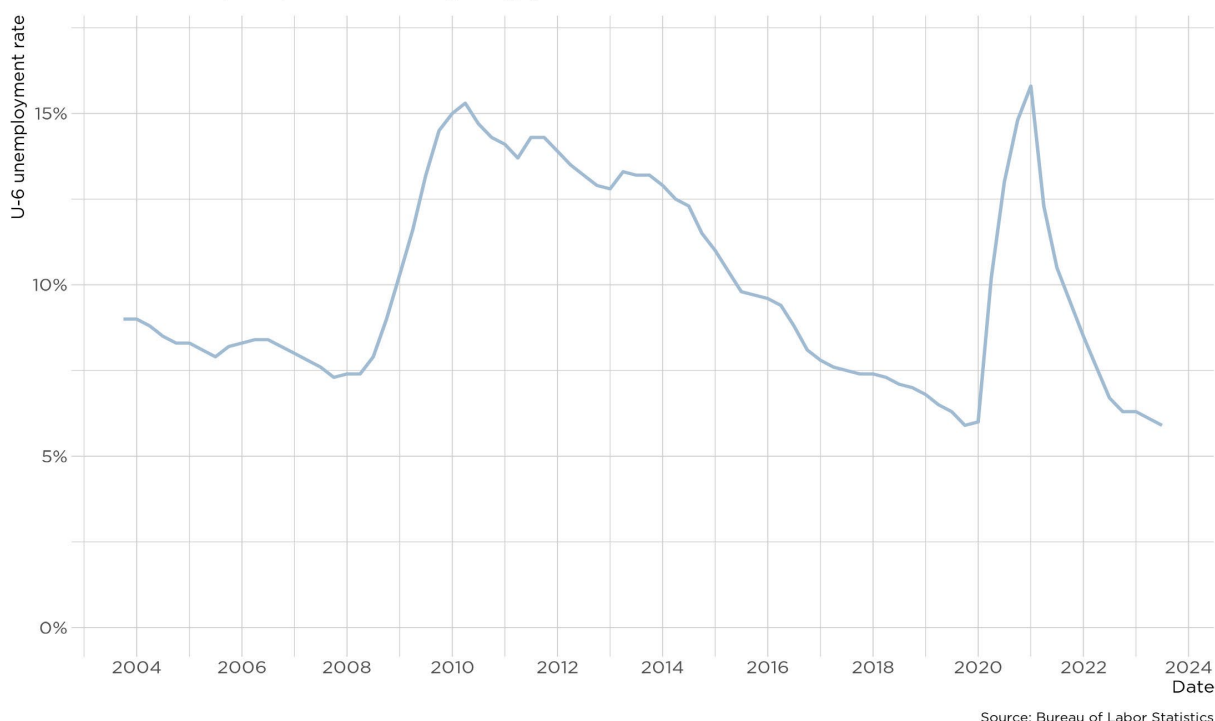
This data suggests that the decline is largely driven by demographic shifts. Between 2018 and 2022, the 25- to 54-year-old population declined by 1% in Massachusetts, while the 55 and older population grew by 6% (U.S. Census Bureau 2022). Given that the labor force participation rate for workers 55 and older is roughly half that of workers 25 to 54, a shift in composition of population across these two groups will have a significant impact on the size of the overall labor force.

Labor market data also shows that there were fewer people sitting on the sidelines of the Massachusetts labor force in 2023. In the 3rd quarter of 2023, the U-6 unemployment rate in Massachusetts was 5.9%, equal to its lowest value in more than 20 years ([Figure 4](#)). The U-6 unemployment rate is based on the broadest definition of unemployment, and counts people as unemployed who have looked for work in the past year but gave up their search due to a range of issues including discouragement or family care responsibilities, as well as workers who are currently employed part-time but would prefer to work full-time.

Figure 4

U-6 unemployment rate

Massachusetts | 4-quarter rolling avg | Q4 2003 - Q3 2023



Focusing on the individual components of the U-6 rate reinforces the theory that the tight labor market has helped to lower barriers to employment. In the 3rd quarter of 2023, the BLS estimated the Massachusetts labor market included ([Figure 5](#)):

- **8,000 discouraged workers:** Discouraged workers include people who reported looking for work in the past year but gave up their search because they failed to find suitable work or get hired previously. The number of discouraged workers has returned to pre-pandemic levels.
- **17,000 other marginally attached workers:** Other marginally attached workers include people who have looked for jobs in the past year but gave up looking due to factors like health issues, family care responsibilities, and enrollment in school or training programs. It is notable that the number of other marginally attached workers was nearly 50% lower in the 3rd quarter of 2023 than the 2019 average.
- **75,000 workers employed part-time who would prefer to work full-time jobs:** This population has fallen to its lowest level since before the Great Recession, declining from a peak of nearly 200,000 in the third quarter of 2011. While these workers have been able to gain some employment, they still face barriers to securing jobs that fully meet their needs. These barriers stem from issues such as lacking required skills and experience, transportation challenges, inflexible work arrangements, or the cost of searching for and switching to a new job. A 2016 study of temporary workers in Lawrence found that English proficiency and a lack of

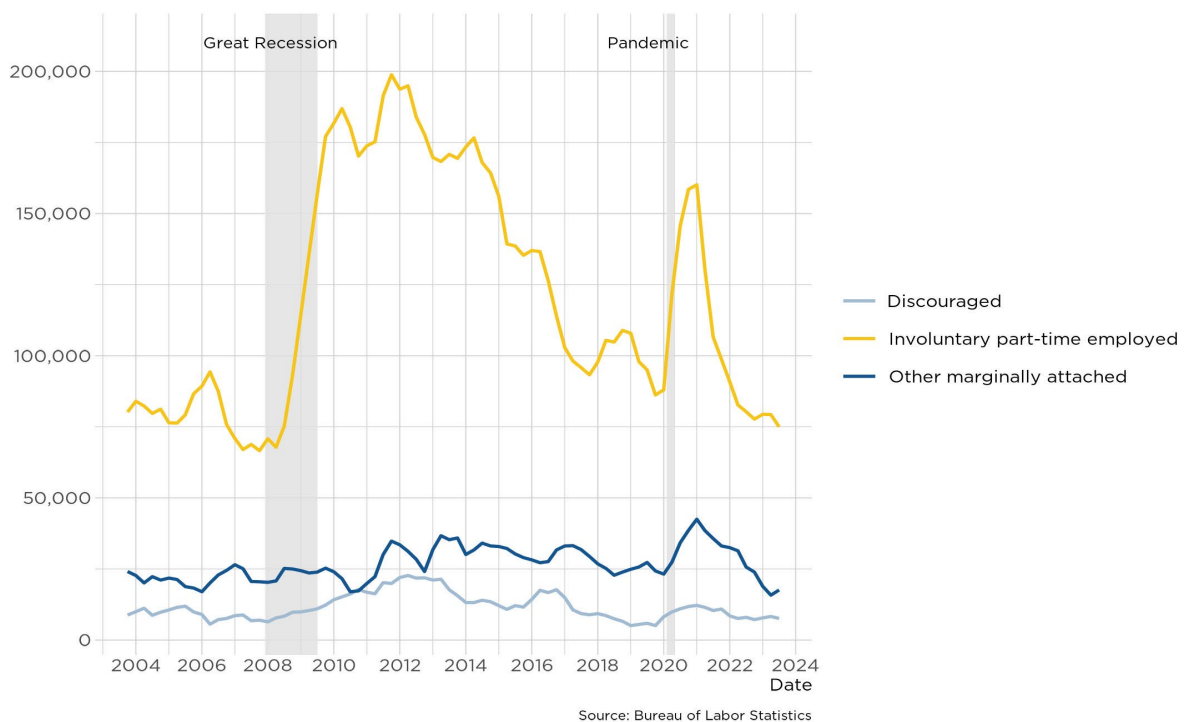
professional networks were barriers faced by temporary workers trying to transition to permanent and full-time employment (Maurico 2016). Yet, many of these workers may also struggle to access workforce development programs that could help address these because they are already working part-time and find it difficult to take part while maintaining their current jobs. For example, the study of workers in Lawrence found that temporary workers were aware of training opportunities that would help them improve their employment prospects, but barriers like childcare, transportation, and irregular work schedules prevented them from taking advantage of those opportunities (Maurico 2016). Additionally, the employers of these part-time workers may have little incentive to invest in upgrading their skills.

Shrinking numbers of discouraged and marginally attached workers show the hot job market has lowered detachment and pulled many groups back into employment. But involuntary part-time work indicates some barriers remain even with low headline unemployment.

Figure 5

U-6 unemployment components

Massachusetts | 4-quarter rolling avg | Q4 2003 - Q3 2023



Overall, labor market indicators suggest that high demand coupled with demographic shifts have resulted in a historically tight labor market in Massachusetts. The data shows falling

unemployment, rising labor force participation among prime working-age adults, and fewer discouraged workers compared to pre-pandemic levels.

This evidence implies that barriers to employment—at least for the average worker—have lowered over the past year as employers have widened their tactics to attract talent. Specifically, research shows that amid labor shortages, companies often relax job requirements, raise wages, improve benefits, and reach out to overlooked talent pools. While positive on average, the distribution of these employer responses across sectors suggests uneven impacts on barriers facing different groups of workers.

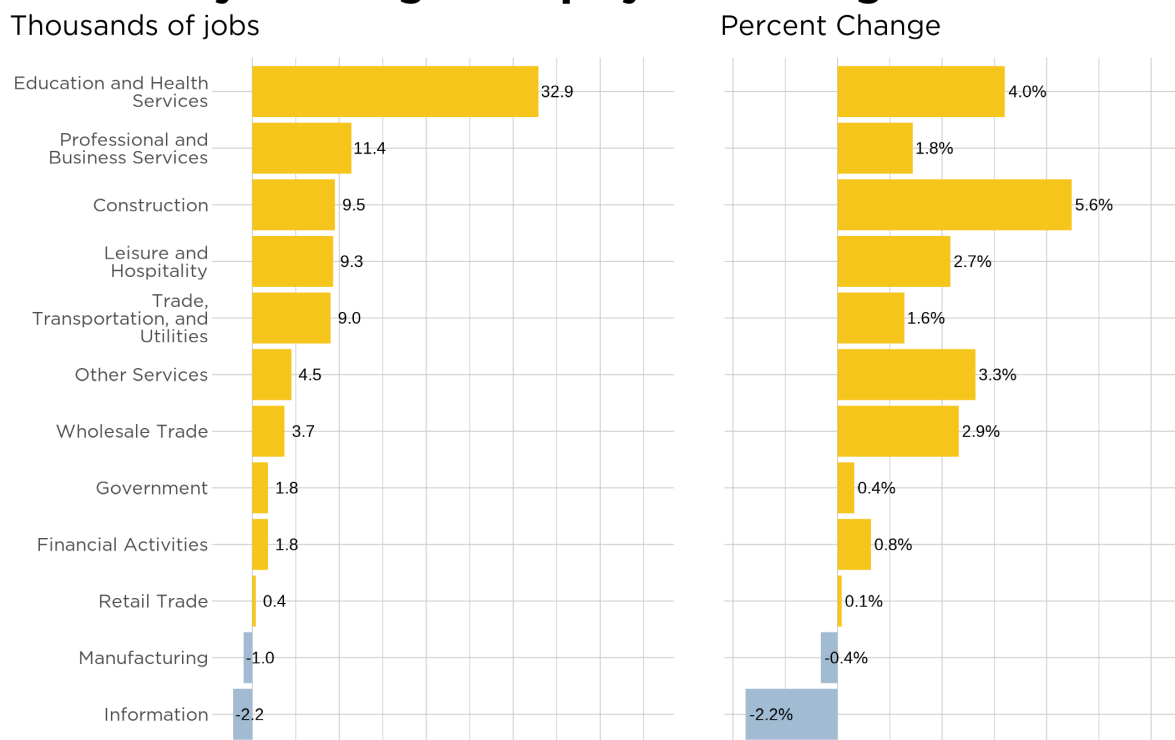
The next section analyzes labor market outcomes across industries. This breakdown illuminates a divergence - while most sectors are running hot, some continue lagging in job growth and demand. Structural barriers around issues like skills gaps, discrimination, and work arrangements may be limiting access and opportunities even amid a tight statewide labor market.

Sector Analysis

The tight labor market has been accompanied by broad-based growth across sectors over the past year. Between October 2022 and October 2023, all but two sectors experienced positive employment growth ranging from 400 in the retail sector to nearly 33,000 in education and health services ([Figure 6](#)). This broad-based growth expands opportunities for workers, reducing barriers associated with the costs of job searches, and mismatches between worker preferences and job opportunities. Even industries which experienced slower growth offered opportunities for workers. For example, occupational projections data suggest that an average of 7,000 retail salesperson jobs must be filled each year due to turnover within the labor force (Department of Economic Research 2023).

Figure 6

Year-over-year change in employment through Oct 2023



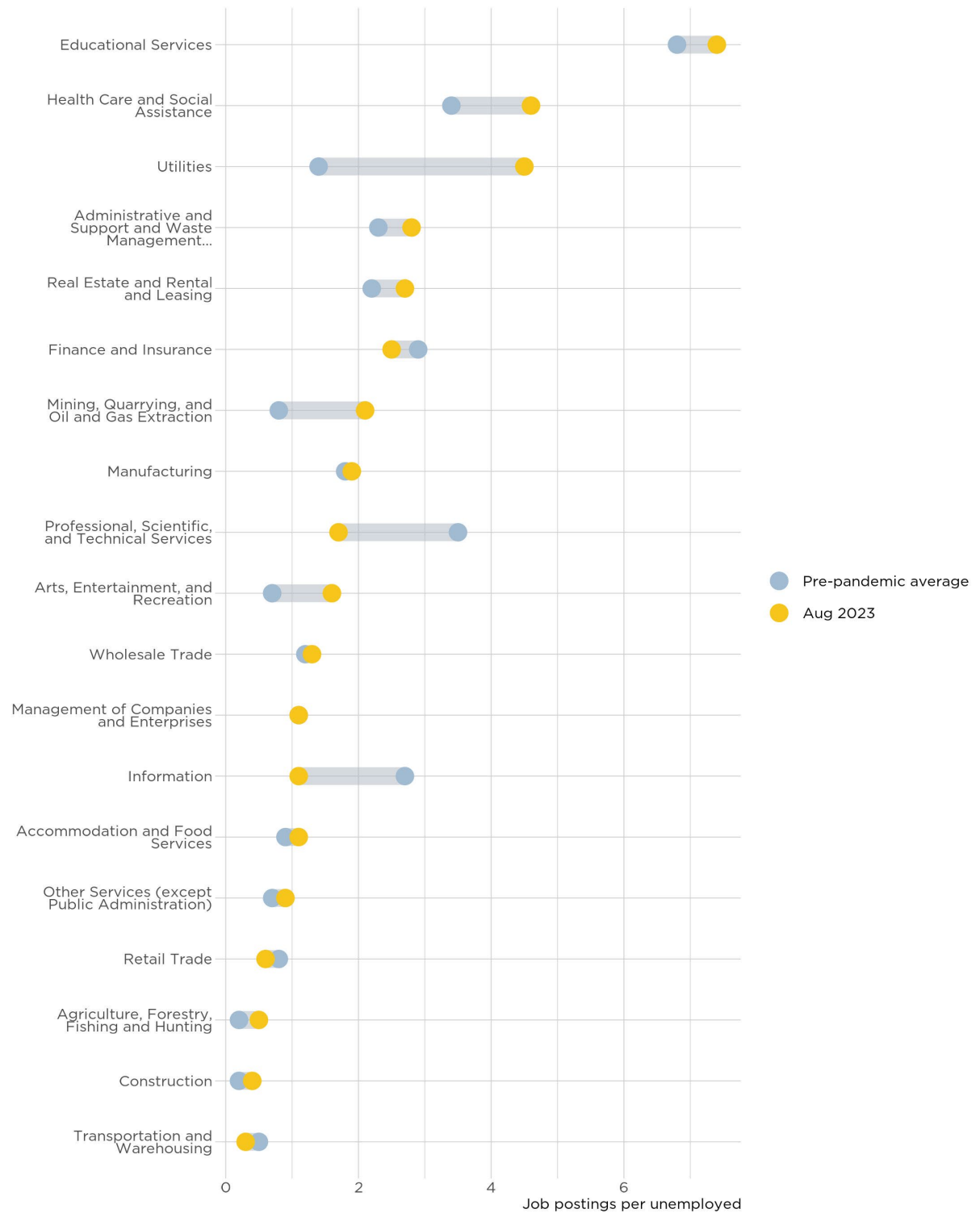
Source: CES Seasonally Adjusted Estimates

Most sectors have experienced a tight labor market with more than one job posting per unemployed person. As of August 2023, 14 out of 19 sectors had more than one job posting per unemployed person—a sign of a tight labor market ([Figure 7](#)). These industry level estimates are likely to underestimate labor market tightness of some sectors. Industry level labor market tightness is estimated using job posting data from Lightcast. This data differs from the data from the Bureau of Labor Statistics (BLS) which is used to calculate overall labor market tightness in Massachusetts. Whereas the BLS surveys firms to estimate job openings, job posting data can under-count true demand if firms in particular industries are less likely to post job openings online. This is more likely to be the case in industries like construction, retail, and accommodation and food services. While the issue of underestimating labor market tightness should be taken into consideration when comparing across sectors, it is less of an issue when comparing current levels to pre-pandemic level within the same industry.

Figure 7

Labor market tightness by industry

Job postings per unemployed



Source: Lightcast

Comparing current measures to pre-pandemic measures of labor market tightness across sectors reveals three distinct groupings:

- **High labor market tightness and increasing trend:** Sectors such as healthcare and social assistance, educational services, and utilities have seen an increase in job postings per unemployed person from the 2019 average by 0.6, 1.2, and 3.1 respectively, indicating a tight labor market with increasing demand for labor. These sectors share three key characteristics contributing to labor market tightness. Firstly, they require higher education levels than other sectors. For instance, healthcare and education sectors have a high percentage of workers with higher education and industry-specific certifications. Similarly, many jobs in the utilities sector require specialized skills and certifications. These educational and certification requirements can slow the labor market response to demand, leading to tight labor markets. Secondly, a large share of the work in these sectors is in-person. As remote work has become more common, offering alternative working arrangements, it may be harder for in-person sectors to compete for workers, particularly highly educated workers who have more remote work opportunities. Lastly, these sectors are both highly regulated by the government, and rely on funding determined by public policy. These dynamics may slow or limit the response of employers in these sectors to tight labor market conditions.
- **Moderate labor market tightness and stable or increasing trend:** Sectors such as accommodation and food services; administrative and support and waste management; arts, entertainment, and recreation; construction; finance and insurance; manufacturing; other services (except public administration); real estate and rental and leasing; and wholesale trade have seen a stable or increasing trend from the 2019 average, with a moderate number of job postings per unemployed person. These sectors are more varied and have fewer common characteristics. Some, like arts, entertainment, and recreation or finance and insurance, are more likely to require specialized skills or education, while others have fewer skills and credential requirements. Accommodation and food services, administrative and support and waste management, and other services share a common characteristic: they disproportionately employ foreign-born workers. During the pandemic, the international migration to the US declined, slowing the growth of potential workers for these sectors. These dynamics could contribute to higher labor market tightness today.
- **Low labor market tightness or decreasing trend:** Sectors such as information; management of companies and enterprises; professional, scientific, and technical services; retail trade; and transportation and warehousing; agriculture, forestry, fishing and hunting have either had low levels of labor market tightness, or seen a decrease from the 2019 average, suggesting a less tight labor market. Commonalities across these sectors align with two groups. Firstly, sectors that tend to have fewer education or credential requirements for employment, such as retail, transportation, and warehousing, and agricultural, forestry, fishing, and hunting. These sectors have experienced slower growth than the overall economy over the past year, particularly the

retail sector which grew by only 0.1% ([Figure 6](#)). Additionally, the retail and transportation and warehousing sectors involve a high degree of routine work which can be automated using technology, which could reduce long-term demand in these sectors and reduce labor market tightness. The second group includes information and professional, technical, and business services. While these sectors had tight labor markets in August 2023, they have experienced significant layoffs in 2023 overall, driving down demand. Furthermore, these sectors are among the industries with the highest rates of remote working, offering the opportunity for firms to expand their potential labor market beyond Massachusetts, making them less sensitive to local labor market conditions. However, this could mean that job growth in these sectors may not translate to employment growth in Massachusetts.

Looking at the relationship between labor market tightness and sector dynamics reveals several critical insights about the state of barriers to employment. First, not all workers have necessarily benefited from the dynamics of a tight labor market equally. Workers that are already in sectors with tight labor markets, or those aiming to enter those sectors, have seen the greatest benefits and reduction of barriers, while workers in sectors with slack labor markets may be encountering higher barriers.

Second, the large spread in labor market tightness across sectors suggest that structural barriers might be preventing workers from reallocating across sectors. For example, workers in less tight sectors like retail or accommodation and food services earned around 30% less and 50% less respectively than workers in the tightest sectors of healthcare and social assistance and educational services. Some of these workers would likely benefit—and may be interested—in moving into a higher paying job in healthcare or education, yet may lack required skills or credentials to qualify for jobs in those sectors. Given that obtaining the necessary qualifications can be a multiyear commitment, this could pose a barrier to some workers. Additionally, because jobs in the tightest labor markets are largely in person, geographic mismatches can also create a barrier for workers interested in transitioning into these high demand sectors. If people do not already live near these jobs, do not have access to affordable transportation to reach them, and cannot afford to move, then they may be unable to make a transition that would benefit them and reduce the tightness in these key sectors.

Finally, the fact that most sectors are still experiencing tight labor markets, coupled with the analysis of the declining labor force in [Section 3](#) suggest that approaches that aim to address labor market shortages by addressing barriers among existing workers will not be enough. Even if efforts to address structural barriers like skills gaps or geographic mismatches are successful to increase labor supply in the tightest labor markets, they could simply create shortages in other sectors if the labor

force is not growing. Thus, policies aimed at growing the population through domestic and intentional migration will be critical to meet future labor demand.

The next section shifts to focus on groups within the labor market that typically face barriers to employment. The findings are consistent with lowered barriers overall but are driven by the cross-sector differences outlined in this section, leading to varied impacts across groups.

Demographic Analysis

A tight labor market has important implications for barriers to employment. For several decades, economists have tracked the relationship between tight labor markets and the upward mobility of U.S. workers, particularly workers who are traditionally marginalized. This research is based on the economic theory that as labor market conditions tighten, employers will relax hiring qualifications and requirements, for example, dropping degree requirements (Aaronson et al. 2019).

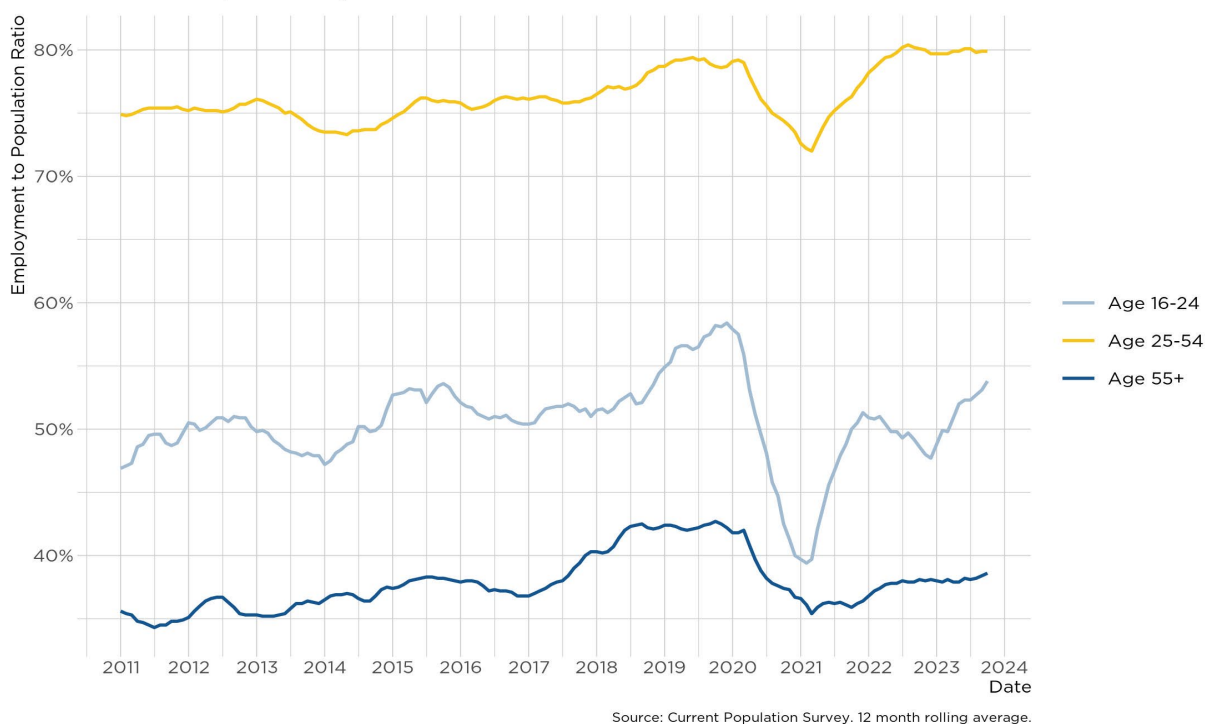
Additionally, a tight labor market can lead employers to make jobs more attractive to potential workers by increasing wages, providing signing bonuses, or offering more flexible work schedules. These improvements may offset some of the costs associated with engaging in the labor market, such as transportation or childcare. Together, these dynamics can reduce barriers to employment when labor markets are tight, which has been documented in economic research showing that the labor market outcomes for groups like Black and Hispanic workers, or workers with lower levels of education tend to disproportionately improve during tight labor markets.

Considering employment outcomes from specific groups that typically face higher barriers to employment also suggests that the tight labor market has lowered barriers. For example, the employment-to-population ratio for prime aged women (25-54) fell during the pandemic, but rose to 80% in 2022 and has remained above pre-pandemic levels ([Figure 8](#)). This demographic is particularly sensitive to barriers related to childcare, so an increase in engagement with the labor force suggests lower barriers for this group, which may be supported by enhanced resources for child care and increased flexibility in remote and hybrid work environments, among other post-pandemic factors.

Figure 8

Female employment-to-population ratio by age group

Massachusetts | January 2011 - October 2023



Most notably, critical policies to expand access to childcare includes the March 2021 \$24 billion allocation of American Rescue Plan Act (ARPA) nationally in subsidies to childcare providers to help childcare providers retain staff, pay rent, and maintain operations during the pandemic. A recent working paper from the Council of Economic Advisers cites these stabilization funds had several important effects, including reducing the cost of childcare compared to other similar services, and increasing the labor force participation rate among women with young children (Council of Economic Advisers 2023).

While the federal childcare stabilization program has expired, the Massachusetts FY 2024 budget provided more than \$1.5 billion for early education and childcare, including \$475 million in grants to support and stabilize early education and care workforce to address the critical barrier posed by the lack of access to childcare.

Younger women aged 16-24 and women 55 and older have experienced the slowest recovery from the pandemic, with an employment-to-population ratio that still lags pre-pandemic levels. For older women, increasing retirement rates have impacted the participation rate. For younger women, increased enrollment in education could explain some of this drop, although there are likely other

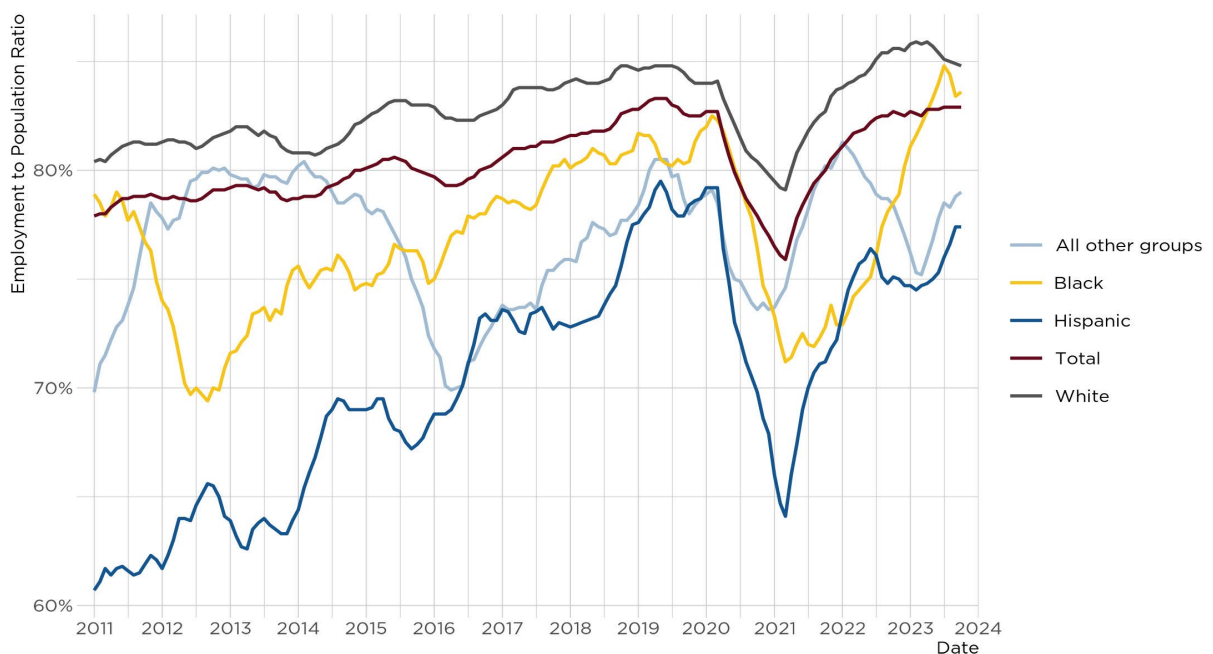
dynamics which could be creating barriers to employment for this group including a decline in sectors that typically employ younger workers (e.g., retail, accommodation and food services) and mismatches between worker preferences for flexible work arrangements and job opportunities that offer that flexibility.

Recent data shows promising gains in employment levels among Black workers. Focusing on workers aged 25-54, employment rates reached 84.4% in July 2023 - the highest level in over a decade ([Figure 9](#)). While rising employment levels indicate progress, aggregate workforce statistics alone cannot fully capture persisting systemic barriers and inequities.

Figure 9

Age 25-54 employment-to-population ratio by race & ethnicity

Massachusetts | January 2011 - October 2023



Source: Current Population Survey, 12 month rolling average.

In contrast, Hispanic or Latinx and all other groups (which includes Asian, Native American, and Pacific Islander workers) in the 25-54 age group have not experienced full recovery from the pandemic. One explanation for the difference in employment recovery between Black and Hispanic or Latinx workers stems from the variation in labor market tightness across industries. Prior to the COVID-19 pandemic, 36% of Black workers worked in the healthcare and social assistance sector—a larger share than any other group—compared to just 23% of Hispanic or Latinx workers.

As a result, Black workers have been more likely to experience gains from the tight labor market in the healthcare sector. Between 2019 and 2022, average monthly earnings for Black workers in the Massachusetts healthcare sector increased by 29%, compared to an overall increase of 18% among all workers in the sector. While some front-line healthcare workers have seen positive outcomes from tight labor market conditions in the last year, it's critical to recognize that these same workers bore some of the greatest risks and costs as front-line healthcare workers during the pandemic.

It is possible that even Black workers who were not previously employed in the healthcare sector before the pandemic could still leverage personal and professional connections to people working in healthcare. These connections can help to reduce search costs and the spread of information about job openings in the healthcare sector.

Geographic mismatch may also contribute to these differences. Much of the recent demand in the healthcare sector has come from hospitals, which are disproportionately located in the Boston region (Rembert, Jan, and Owusu 2023). In 2022, 28% of Black workers lived in Boston, compared to just 9% of Hispanic or Latinx workers, who are much more likely to live in Gateway cities (Mattos, Granberry, and Agarwal 2022). This geographic mismatch between the location of high demand healthcare jobs and the location of Hispanic or Latinx workers presents a potential barrier to these workers.

While rising aggregate employment levels show progress, they can mask critical barriers like discrimination, lack of career advancement, and other systemic factors that prevent people from fully applying their skills and experiences. For example, Black workers continue to face discrimination in hiring and promotions. Additionally, Black workers earn less than their white counterparts at every education level. In 2022, median earnings for Black workers with a bachelor's degree were 19.5% less than median earnings for white workers with the same credential (U.S. Census Bureau 2022). Even in a tight labor market, systemic barriers constrain the ability of Black workers to fully participate in the labor market.

While economic data is consistent with lower barriers to employment for some groups in the past year, there are still many workers that face large barriers. Formerly incarcerated individuals face substantial barriers to employment after release, with research showing only 35% finding employment (Carson et al. 2021).

Unfortunately, detailed data on labor market outcomes among formerly incarcerated individuals in Massachusetts is not available. A recent partnership between the University of Michigan and the US Census is working to provide much more detailed state level data on the employment and socioeconomic outcomes for people involved in the criminal justice system by securely linking person-level criminal justice data provided by states with survey and administrative records at the US Census. The [Criminal Justice Administrative Records System](#) (CJARS) currently covers 45 states in 44 million unique individuals, although Massachusetts does not currently participate.

Massachusetts adopted Criminal Offender Record Information (CORI) reforms in 2010 and 2012 to expand opportunities for individuals with criminal records. The reforms—often referred to as “ban the box” policies—restricted when employers can ask about criminal history and aimed to reduce stigma. However, recent research suggests these well-intentioned reforms may have had unintended consequences, including potential discrimination against populations perceived to have higher rates of justice involvement.

Research by Federal Reserve Bank of Boston economists using administrative data from Massachusetts found that the 2010 and 2012 CORI reforms led to a decline in ex-offender employment (Jackson and Zhao 2017). The authors suggest that this finding may be due to some ex-offenders in low-paying sectors increasing their job quality and wage expectations following the reforms but encountering barriers to transitioning to higher paying jobs and industries and leaving the labor force. A similar analysis using administrative data from Washington state found that the introduction of Seattle’s Fair Chance Employment ordinance had no effect on the employment outcomes of people with a criminal history (Rose 2021).

Additionally, there is growing evidence that “ban the box” policies can negatively affect the employment outcomes of Black men without criminal histories as employers increase discrimination in response to the policy (Raphael 2021). It is critical to note these concerning findings stems from employer biases, not inherent traits of impacted groups, and they highlight the need to enforce anti-discrimination laws and to address the underlying reasons that employers discriminate against certain groups.

Low-income workers also face barriers to employment to access the income and stability to meet basic needs. In 2022, there were an estimated 1.7 million working age individuals—including 1 million in the labor force—that met the Workforce Innovation and Opportunity Act (WIOA) low-income eligibility (U.S. Census Bureau 2022). These individuals include those living in low-income households,

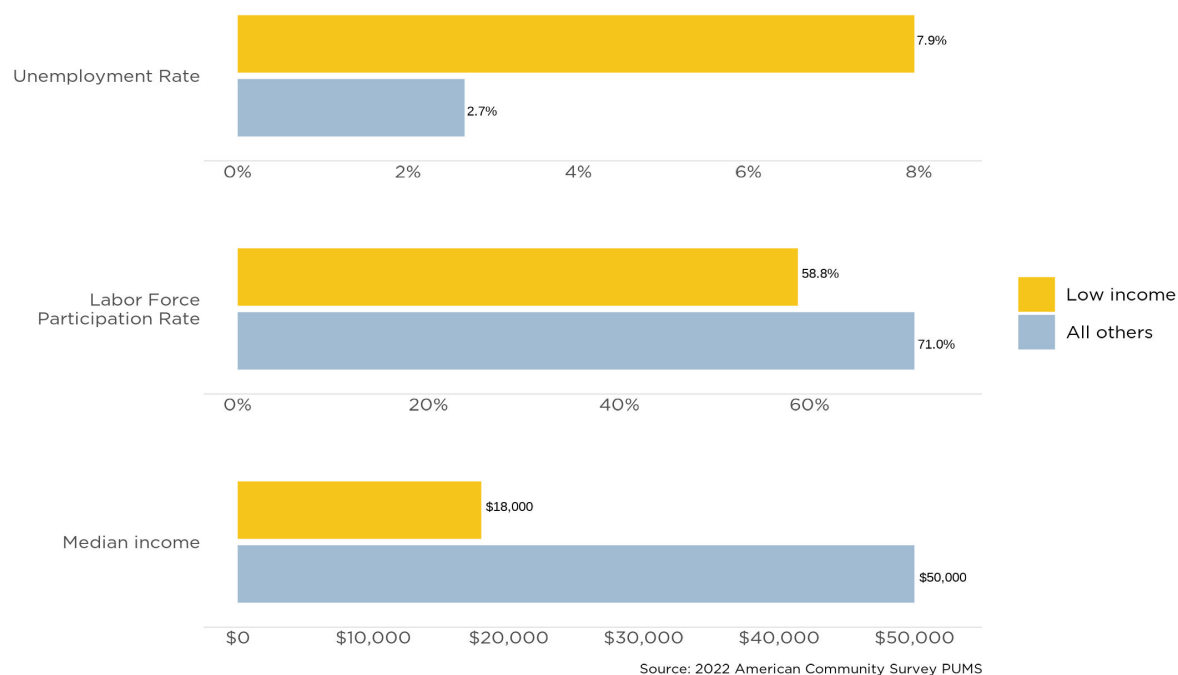
those receiving public assistance (e.g., SNAP, TANF), young people eligible for free and reduced lunch, and people with disabilities with low incomes.

The labor market outcomes for low-income workers are significantly worse than for the rest of the population. In 2022, Massachusetts low-income workers had an unemployment rate of 7.8% compared to 2.7% for the rest of the population, and a labor force participation rate of 58.8% (Figure 10). The data suggests that low-income workers face substantial barriers to employment. This is further underscored by the fact that over 700,000 low-income individuals of working age are not participating in the labor market.

Figure 10

Labor market outcomes by income level

2022 | Massachusetts 16 and older population

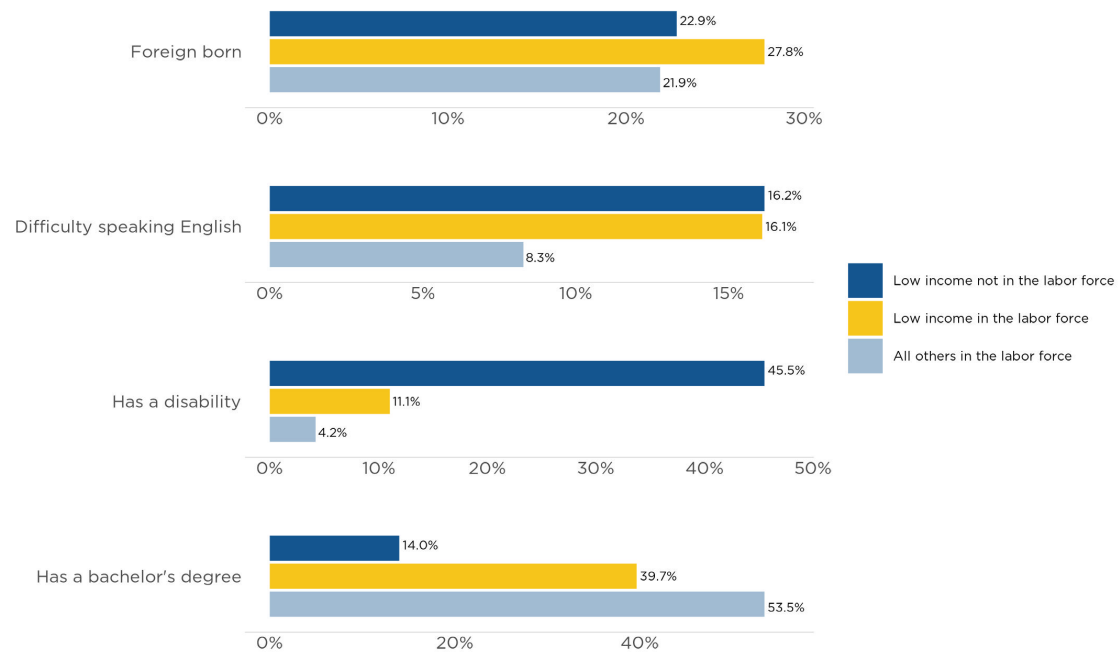


These disparities are related to a range of barriers that limit labor market opportunities for low-income workers. These include language difficulties, disabilities, and lower levels of educational attainment. The fact that low-income individuals are twice as likely to have difficulty speaking English and significantly more likely to have a disability than others in the labor force highlights the need for targeted interventions to address these barriers (Figure 11).

Figure 11

Characteristics by income level

2022 | Massachusetts 16 to 64 population



Source: 2022 American Community Survey PUMS

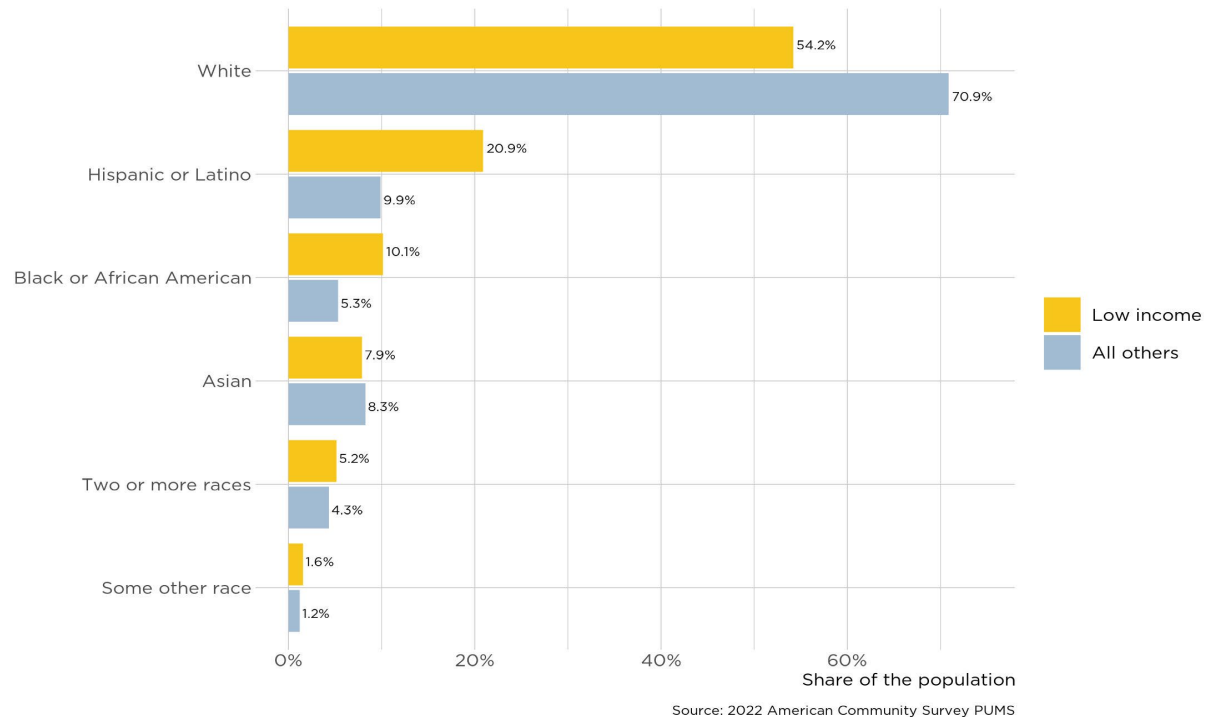
The data suggests a significant underemployment problem among low-income workers. Despite 40% of low-income workers having a bachelor's degree, which is higher than the national average, many are working in low-wage jobs that do not require such a degree. This shows a mismatch between the skills of these workers and the jobs they are doing.

The analysis reveals a racial disparity in low-income employment. In 2022, the likelihood of low-income working-age individuals being Black or Hispanic or Latinx was twice as high compared to all other working-age individuals ([Figure 12](#)). Collectively, these two groups constituted over 30% of the low-income working-age population.

Figure 12

Race and ethnicity by income level

2022 | Massachusetts 16 - 64 population



Although the complex dynamics creating barriers to employment cannot be fully encapsulated by statistics alone, economic data can provide valuable insights into areas of progress and persisting obstacles. Therefore, it is crucial to acknowledge that these indicators do not comprehensively represent the experiences of individuals or groups, as they often encounter unique and intricate challenges in securing employment.

The data reveals promising signs that a tight labor market has lowered barriers for some groups, including prime-aged women and Black workers. However, earlier research has shown that the groups who tend to benefit from temporarily lowered barriers amid tight labor markets are the same populations that suffer the most severe setbacks during economic downturns (Aaronson, Barnes, and Edelberg 2021). While some workers from disadvantaged groups can secure jobs when labor markets tighten, aggregate statistics can mask uneven impacts. Those already nearer to re-employment gain the most, while structural barriers persist for many others even during tight markets.

While tight labor markets can generate positive, and in some cases lasting, benefits for workers who traditionally face higher barriers to employment, they do not eliminate barriers to employment. Real progress in providing equitable opportunities relies on sustained interventions rather than

intermittent tight markets. Comprehensive support must persist through all stages of the business cycle to address systemic barriers and equip vulnerable groups to withstand inevitable downturns.

Addressing Barriers to Employment through Workforce Development

The analysis of barriers to employment in Massachusetts reveals a complex landscape where overall labor market tightness has lowered some barriers, yet substantial obstacles persist for some groups. This variation suggests the need for a multi-pronged workforce policy approach tailored to the specific barriers facing different populations. For many prime working-age adults, employer responses amid labor shortages—like promoting skills-based hiring, raising wages, and reaching out to overlooked talent pools—have temporarily reduced barriers tied to issues like skills gaps, discrimination, job search costs, or work arrangements. However, these market-driven employer adaptations alone seem insufficient to overcome structural barriers for groups like formerly incarcerated individuals, people with disabilities, those with caregiving responsibilities, and communities of color.

The public workforce system in Massachusetts offers many programs and services to train and upskill workers and job seekers. The MassHire Department of Career Services (MDCS) is the designated State Workforce Agency (SWA) with the primary responsibility to provide oversight of the public workforce system (MassHire). MDCS oversees the MassHire system that creates and sustains connections between businesses and jobseekers through a statewide network. This network includes state and local agencies that work closely together to provide streamlined access to resources. The federal Workforce Innovation and Opportunity Act (WIOA) is a primary funding source. MDCS supports regional workforce partners in developing Regional Blueprint Plans which identified priority industries and occupations for seven regions to align programs with the demand from regional employers and sectors within each region.

The MassHire network of 29 career centers overseen by 16 local workforce boards helps connect businesses with qualified workers and provides career guidance and job opportunities. MassHire blends funds to offer baseline services like career workshops, access to online job listings, and computer labs to all residents for free. While MassHire offers general assistance universally, its ability to provide occupational skills training is limited. MassHire receives WIOA Title I funding for programs targeting specific groups: low-income adults; dislocated workers; and youth ages 14-24. As a support to businesses, MDCS administers the Work Opportunity Tax Credit (WOTC), to provide a tax credit for each new hire that falls within target groups of individuals with barriers to employment

including Veterans, returning citizens, and individuals with disabilities. In FY 2023, over 102,000 Massachusetts residents were provided career services through MassHire, a 42% increase compared to FY 2022. For context, there were more than 120,000 unemployed individuals in Massachusetts in December 2023 alone.

While MDCS may be limited in its ability to support occupational skills training, the state distributes money to support workforce training through programs primarily administered by the Executive Office of Labor and Workforce Development's (EOLWD) quasi-public organization Commonwealth Corporation; other quasi-public agencies including the Massachusetts Technology Collaborative, Massachusetts Life Sciences Center, and Massachusetts Clean Energy Center also receive state funding to support sector-based workforce training. Specific to EOLWD, Commonwealth Corporation manages and administers programs like the Career Technical Initiative (CTI) and Workforce Competitiveness Trust Fund (WCTF), both employer-driven and focused on talent pipeline development for priority occupations. The state also uses employer contributions collected through unemployment insurance payments to fund the Workforce Training Fund Program (WTFP) to provide grants for incumbent worker training. Additionally, Massachusetts received an influx of one-time funds for workforce development through the American Rescue Plan Act (ARPA) and increased budget allocations - nearly \$100 million. These funds supported the expansion of CTI and WCTF programs during and following the COVID-19 pandemic. But because ARPA expires in 2026, and must be obligated by December 31, 2024, it does not offer a long-term solution to increase training.

Across the workforce system, there are several examples of programs that aim to address some of the barriers highlighted in this report. The federal Workforce Innovation and Opportunity Act (WIOA) provided \$45.7 million in funding for workforce development in Massachusetts in FY 2024, giving support to career counseling and training offered through MassHire career centers. Federal regulations require that these programs give priority to displaced workers, low-income people, people on public assistance, or people with basic skills deficiency, including English language learners.

WIOA also provides funding to provide targeted training and career services to people with disabilities. In FY 2024, the Commonwealth received \$13.5 million in funding to provide employment services to these groups. The Massachusetts Rehabilitation Commission and Commission for the Blind offer vocational rehabilitation to support people with disabilities to work in partnership with MassHire career centers. Additionally, \$1 million was allocated in the FY 2024 budget to support employment programs targeting youth with disabilities through Commonwealth Corporation.

EOLWD has also prioritized investments in reducing barriers for formerly incarcerated individuals. The FY 2024 budget allocated \$2.75 million for the Re-Entry Workforce Development Demonstration Program which provides funding to support job training for formerly incarcerated individuals, wage subsidies to facilitate employment, and support services for court involved youth. Local workforce development organizations are also leading on this issue. For example, the Hampden County Reentry Partnership has been recognized as a statewide model for building partnerships across the local criminal justice and workforce systems to address barriers to employment. The program works with individuals before and after release from state prison and provides a range of services including counseling, educational, life skills and workforce development support.

Other agencies also offer programming that can help to address barriers that workers may face that hinder their participation in the labor market. For example, increased FY 2024 state funding combined with federal grants will result in 1,000 registered apprentices and pre-apprentices through EOLWD's Division of Apprentice Standards. Additionally, the MassSTEP Adult and Community Learning Services program, part of the Department of Elementary and Secondary Education, funds adult basic education and English classes. MassSTEP career training programs contextualize basic skills and workforce prep for high-demand fields.

While the workforce system aims to smoothly connect people to this array of programs, challenges remain. Different funders create varying eligibility rules. Offerings depend on local partnerships so are not consistent statewide. Budgets fluctuate yearly. These limitations make it difficult for job seekers to fully use suitable training opportunities when they need them. Additionally, the state lacks robust data systems to track the outcomes of individuals that take part in their programs over time to ensure their effectiveness. Leading into FY 2024, the Healey-Driscoll Administration launched MassTalent with the goal of working across state agencies and quasi-public agencies to improve the user experience for jobseekers and employers in navigating applicable resources and increase training and employment outcomes.

Workforce programs offer critical resources, but access barriers limit participation for some of the workers facing some of the most severe barriers to employment. Restrictive eligibility criteria tied to income levels, target populations, and geographic areas exclude many workers facing substantial barriers. Additionally, and as experienced by the state's Emergency Assistance shelter system with the recent rise of migrants and refugees arriving in Massachusetts, work authorization is a qualifier for participation in many workforce programs and this poses a challenge for populations who are not work authorized that would otherwise receive help from these programs. At the same time, issues like

transportation access, language barriers, irregular work schedules, and lack of childcare prevent some individuals, even upon gaining work authorization, from accessing available programs.

There is a need to expand access by addressing barriers for existing programs. The Healey-Driscoll Administration's Workforce Skills Cabinet and cross-secretariat efforts continue to establish and explore strategies that will reduce barriers to employment such as offering training at flexible times or virtually, providing stipends for transportation and childcare, delivering training content in multiple languages, and coordinating across agencies to simplify enrollment. Expanding eligibility to make workforce development funding more universally accessible would further extend resources to overlooked groups.

The tight labor market alone has not resolved structural mismatches, discrimination, and other systemic barriers limiting opportunities for many groups. Workforce programs provide valuable skills training but need expanded eligibility and utilization supports to reach those most in need. The Healey-Driscoll Administration will be filing with the US Department of Labor its Workforce Innovation Opportunity Act (WIOA) State Plan and workforce agenda in March 2024, reflecting strategic policy approaches including strategies to increase access and opportunity for different populations with the goal of strengthening pathway programs and reducing barriers to employment.

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