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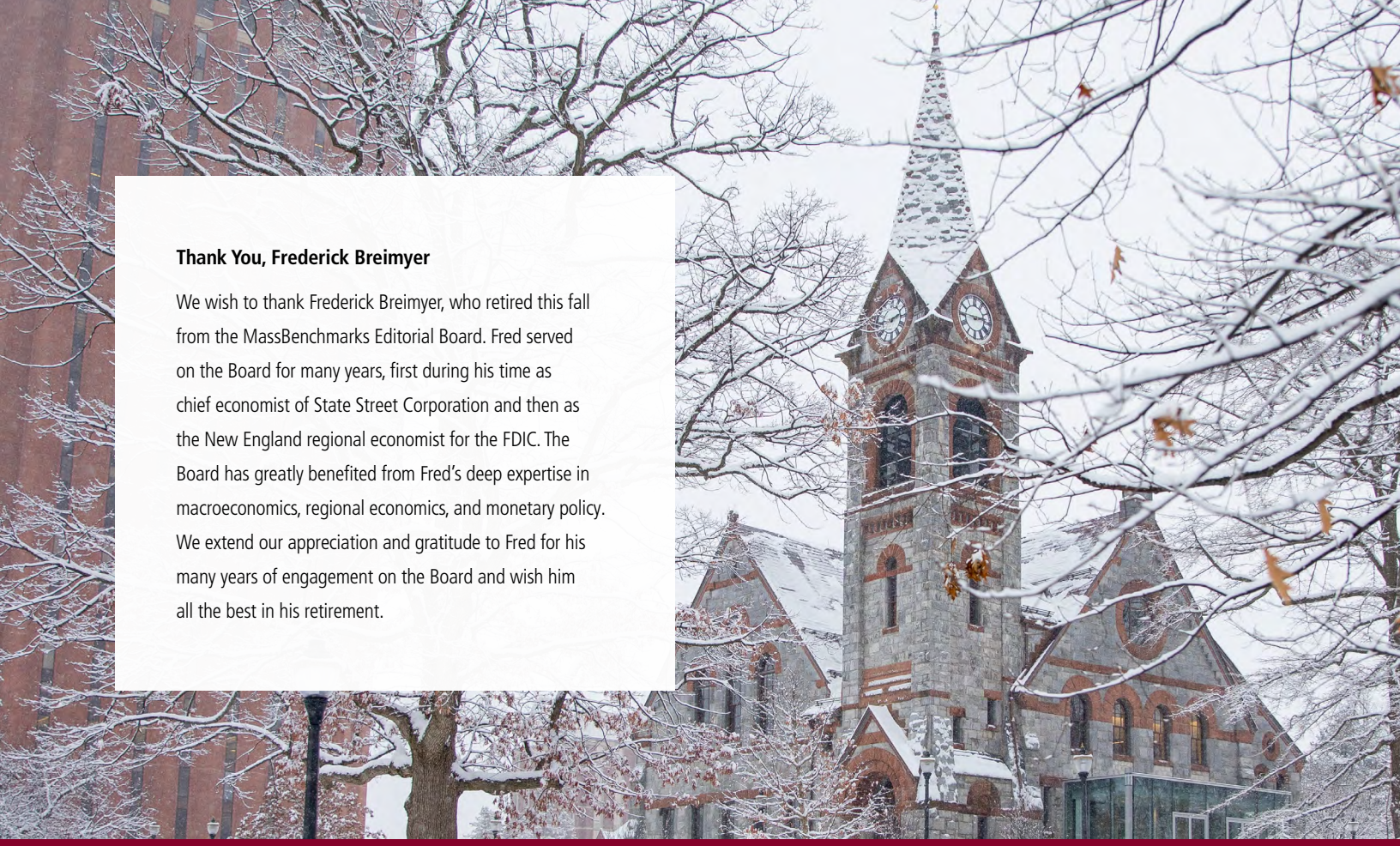
MASS BENCHMARKS

THE JOURNAL OF THE MASSACHUSETTS ECONOMY

NURSING HOME CLOSURES IN MASSACHUSETTS AND NEW ENGLAND: IMPACT ON LONG-TERM CARE AND LABOR MARKETS



Thank You, Frederick Breimyer

We wish to thank Frederick Breimyer, who retired this fall from the MassBenchmarks Editorial Board. Fred served on the Board for many years, first during his time as chief economist of State Street Corporation and then as the New England regional economist for the FDIC. The Board has greatly benefited from Fred's deep expertise in macroeconomics, regional economics, and monetary policy. We extend our appreciation and gratitude to Fred for his many years of engagement on the Board and wish him all the best in his retirement.

MassBenchmarks provides timely information about the Massachusetts economy, including reports, commentary, and data about the state's regions and industry sectors that comprise them.

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The editors invite queries and articles on current topics involving the Massachusetts economy, regional economic development, and key growth industries from researchers, academic or professional economists, and others. A description of the topic and brief biography of the author should be sent to massbenchmarks@donahue.umass.edu.

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LETTER FROM THE CHANCELLOR

This issue of *MassBenchmarks* offers a timely examination of the Massachusetts economy, providing insights into current conditions and challenges that lie ahead. Indeed, the journal issue arrives at a pivotal moment, following a national election that has ushered in a new administration and, along with it, considerable uncertainty regarding future policy. Against this backdrop, understanding the strengths and vulnerabilities of the Massachusetts economy is more critical than ever.

The issue opens with an examination of the "State of the State Economy" by Mark Melnik, from the UMass Donahue Institute (UMDI). His analysis highlights the persistent strength of the Commonwealth's labor market, emphasizing the need to maximize the labor force to ensure future job growth and pointing to key skills mismatches in growing sectors. Melnik also underscores the importance of immigration to the Massachusetts labor market. While inflation has decreased from recent peaks, prices remain elevated compared with previous years, creating a disproportionate hardship for low- and moderate-income households and making it painfully clear that the cost of living remains an ongoing competitiveness challenge statewide.

In one of the issue's feature articles, Riley Sullivan, from the New England Public Policy Center at the Federal Reserve Bank of Boston, examines the challenges facing long-term care in New England and the regional decline in the number of nursing facilities. Sullivan explores the various factors contributing to nursing home closures and considers the potential impacts on labor markets, the healthcare system, and the availability of long-term care. This important piece offers valuable lessons for policymakers and practitioners alike.

The issue also features a review of the results of a comprehensive UMDI analysis of the behavioral health sector in Greater Boston. In this insightful article, Branner Stewart, Andrea Alexander, and Lily Harris document the growing need for behavioral health workers, particularly since the COVID-19 pandemic, and the implications of the workforce shortages for many of the state's most vulnerable residents and their families. As they make clear, meeting this workforce challenge will require addressing a series of issues, including uncompetitive wages, comparatively high educational requirements, and stressful work environments—all of which are serious, ongoing obstacles to meeting the growing need for mental and behavioral health services.

The journal issue closes with an "Endnotes" piece by Benjamin Forman, from the MassINC Policy Center, calling attention to the urgent need for expanded ESOL services for the half million working-age adults in Massachusetts with limited English skills. As Forman argues, the state needs an achievable plan for the ESOL service-delivery system, one that attracts much-needed public and private investment and that bolsters the network of organizations, agencies, and employers that provides vocational ESOL instruction in our communities.

The research presented here comprises a data-informed foundation for decision making as the Commonwealth navigates evolving economic conditions and exemplifies the commitment of UMass to our economic development and public service mission.

Javier A. Reyes
Chancellor of the University of
Massachusetts Amherst

The Massachusetts economy is moderating and is now lagging the nation in growth, observes the MassBenchmarks Editorial Board

Federal policy uncertainty weighs heavily on long-term state growth prospects.

In the latter stages of 2024 and entering the new year, the Massachusetts economy appears to have shifted into a lower gear with some issues looming on the horizon. Currently, the state is experiencing significantly lower growth than the pre-pandemic 2010s and seeing signs of a slowing economy. The Massachusetts gross domestic product (GDP) and the state's employment are both growing slowly, but now at levels below the national rate. Additionally, the Massachusetts' unemployment rate is rising, and consumer spending is tepid. The U.S. economy continues to expand at a moderate pace, but the post-pandemic national expansion may be vulnerable to policy changes concerning immigration and international trade. Massachusetts' exposure to these types of changes, notably the importance of the foreign-born population to the state's labor force, are compounded by high energy and housing costs that make it challenging, especially for younger people, to establish and develop careers in the state. While Massachusetts' economic performance is ultimately linked in important ways to national and global economic performance, the state can promulgate policies to address high costs in both housing and energy and thereby raise competitiveness in retaining and attracting workers.

Over the long run, an older and slow-growing population has translated into sluggish growth in the Massachusetts labor force—all part of a slow-moving trend that has been visible for decades and is projected to continue. The UMass Donahue Institute is presently predicting only a 0.4 percent annual growth rate for the state's labor force in coming years. The slow labor force growth is a constraint to the state's economic growth. With a slow "natural rate" (births minus deaths) of population growth, international migration into the state has been largely responsible for population and labor force growth in Massachusetts for years. Underscoring the importance of immigration to the Commonwealth, domestic net migration has historically been negative, with more people leaving the state than relocating to Massachusetts from other states. In this context, recent changes in federal immigration policy have meaningful implications for the state's labor supply and long-term growth prospects. From a policy perspective, the board encourages policy makers in the Commonwealth to consider the beneficial contributions to the region's labor supply and economic vibrancy derived from the suite of longstanding visa programs.

Massachusetts tends to be an expensive state to live in and conduct business which contributes to the described demographic challenges the state is facing. High housing costs (a statewide problem but particularly pronounced in eastern Massachusetts) further compounded by expensive energy and childcare, adds to the difficulties in attracting and retaining the workers the state needs to sustain its growth. Recently, the Boston area's inflation levels, led by housing and fuels, have been exceeding the nation's, calling attention to the cost issue even further. In both housing and energy, there are supply-side issues affecting Massachusetts that

policy makers can work to address. On the housing side, home production in Massachusetts is very low. In 2023, home permitting per capita in Massachusetts (1.9 permits per 1,000 residents) was less than half the national average (4.5 permits per 1,000 residents)—the fifth lowest among the states. Policies to increase the supply of housing in Massachusetts include: removing barriers to construction including accessory dwelling units (ADUs) as of right; encouraging zoning that allows denser development; encouraging adaptive reuse of commercial property; and development of state-owned land. On the energy side, Massachusetts produces no fossil fuels of its own, so much needed natural gas to power the state's power plants (natural gas accounted for 81 percent of Massachusetts electricity generation in 2023) must be either piped or shipped into the state from elsewhere[1]. This exposes Massachusetts to a heightened degree of supply disruption and price volatility for the energy needed by homes and businesses. Strategies to diversify energy sources while reducing greenhouse gas emissions are already laid out in the state's Clean Energy and Climate Plan, including wind and solar power as well as initiatives to develop and introduce energy-saving technologies in the state. The Commonwealth will benefit in coming years by putting these types of policies into practice.

Massachusetts' post-pandemic economic expansion is continuing, albeit with an observable slowdown. Policies to fulfill basic household needs and stabilize costs would be timely. Changes in federal policy concerning immigration and trade are now fomenting uncertainty which may potentially cloud Massachusetts' prospects. That said, Massachusetts, buttressed by both the Commonwealth Stabilization Fund ("rainy day fund") and surtax on millionaire income, can help offer continuity and resilience in areas like education and transportation while implementing programs to address competitive challenges that cannot be solved quickly in areas like housing and energy. These types of longer-term efforts will be instrumental, namely as they ultimately work to retain and attract workers, to maintain and add to the strength of the Massachusetts economy.

PREPARED BY BRANNER STEWART, CONTRIBUTING EDITOR

Endnotes

1) Energy reference regarding natural gas electricity generation (does not have to be included): https://www.eia.gov/state/print.php?sid=MA

State of the State Economy

BY MARK MELNIK

The Massachusetts economy remains a study in contradictions. Despite historically low unemployment, an increased labor force, and continued (though slowing) job growth in the Commonwealth, public sentiment about the state of the economy is generally negative. Inflation in 2024 fell to levels deemed acceptable by the Federal Reserve, but prices are still comparatively high, stoking consumer skepticism. Adding to this cautious economic outlook are uncertainties related to the transition to a new presidential administration in 2025, with considerable focus on how federal immigration policy may impact the state's labor supply, especially considering the large aging population in Massachusetts.

The growth and maximization of the state's labor force will be essential to the economy's ability to grow jobs in the future.

Introduction

As calendar year 2024 drew to a close, the Massachusetts economy continued to hold steady. The state's unemployment rate is still hovering around 4%—remarkably low by most historical standards—but has ticked up slightly over the last several months. Much of this increase can be attributed to an increase in the size of the state's labor force and, most notably, the number of individuals who appear to have re-entered the labor market. Conversely, job growth slowed considerably in the second and third quarters of the year. In Massachusetts, the annual growth rate was just 0.5% in Q2 and 0.7% in Q3. Comparatively, U.S. employment grew at an annualized rate of 1.5% and 1.2%, respectively, for Q2 and Q3.

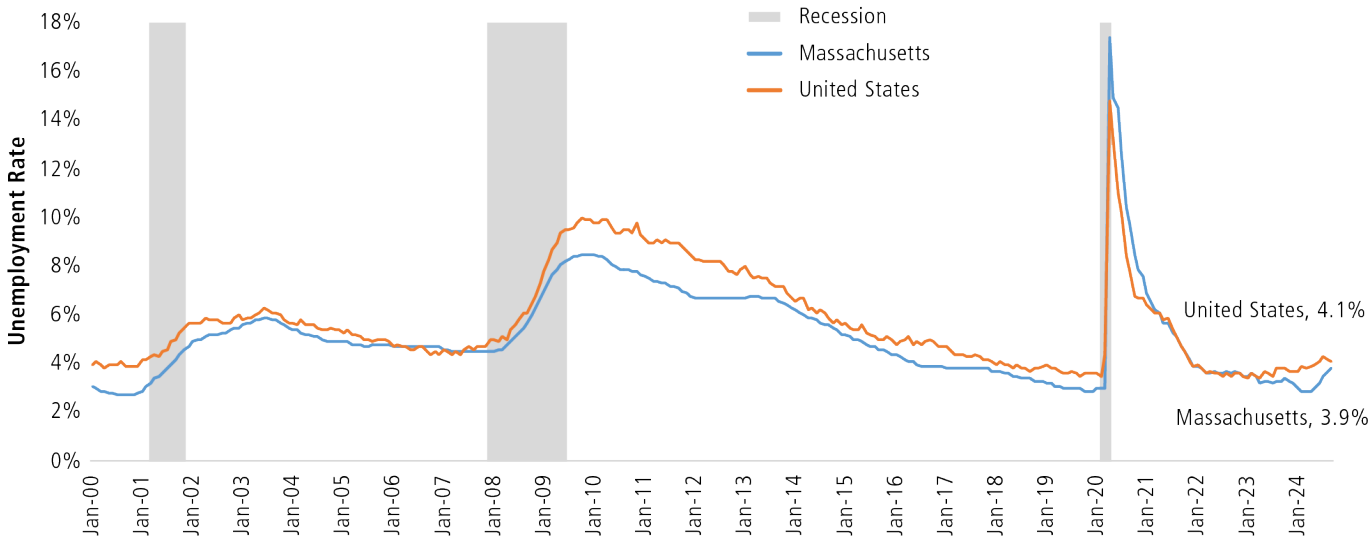
Over both the short and longer term, demographic factors will impact the state's and the nation's ability to grow the economy. Currently, the Massachusetts labor force is still smaller than it was before the COVID-19 pandemic. This is driven by the combination of COVID-19–induced reductions in immigration and increases in domestic migration, as well as the overall aging of the labor force. In short, a job cannot exist if there is no worker available to fill it. The growth and maximization of the state's labor force will be essential to the economy's ability to grow jobs in the future. There also appear to be some skills mismatches between available labor and growth industries in the state. The state's unemployment rate sits at 3.9% but only at 2% for workers with a college degree, compared with 4.5% for workers with less than a college degree. Industries such as professional and business services, educational services, and health care have been extremely important to job growth in the state in recent years, and these are all sectors that tend to require workers to have at least a bachelor's degree.

Despite continued modest job growth and low unemployment rates, inflation is the economic issue receiving the most public attention. Indeed, discussions around prices and inflation were central to the recent U.S. presidential election. While inflation has dropped to levels more acceptable for the Federal Reserve to consider dropping interest rates soon, consumers continue to raise concerns about prices. In Greater Boston, housing and home fuel prices are primary factors in explaining local inflation, which relates directly to the overall housing crisis in the state and the region.

Jobs and Unemployment

Regarding unemployment, Massachusetts typically performs ahead of the United States. The Commonwealth's combination of knowledge-based industries and a well-educated workforce produces high levels of labor force participation and low levels of unemployment. As of October 2024, the unemployment rate in Massachusetts was low, at 3.9%, compared with 4.1% in the United States (see Figure 1). This represents a slight rise from March, from 2.9% in Massachusetts and 3.8% in the United States. In October 2023, the unemployment rate was 3.4% in Massachusetts and 3.8% in the United States.

Figure 1: Unemployment Rates in Massachusetts and the United States as of October 2024 (Seasonally Adjusted)

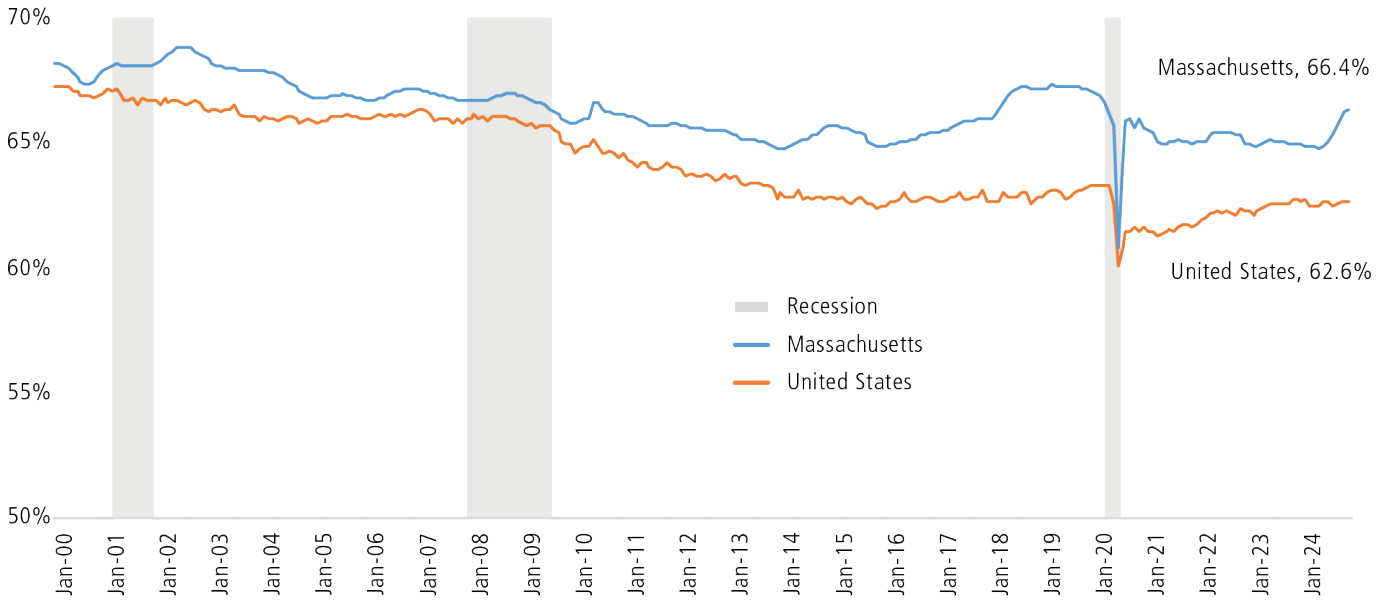


■ Source: Massachusetts Executive Office of Labor and Workforce Development, Labor Force and Unemployment. Access the link to the text-based description of this figure on Google Docs.

The size of the labor force remained relatively stable from fall 2020 through early 2024 (see Figure 2). Since March 2024, the labor force has increased by 96,000 individuals, or 2.5%. At the same time, Massachusetts has consistently maintained higher rates of labor force participation than the United States, though the difference had narrowed considerably until the recent increase in the Massachusetts labor force. The labor force participation rate rose from 64.9% in March to 66.4% in October 2024. In October 2023, the state's labor force participation rate was 65%. Currently, the rate is up and approaching its January 2020 (pre-pandemic) level of 66.6%.

Strong labor market conditions can lead to modest increases in unemployment when discouraged workers resume their job searches in tight labor markets.

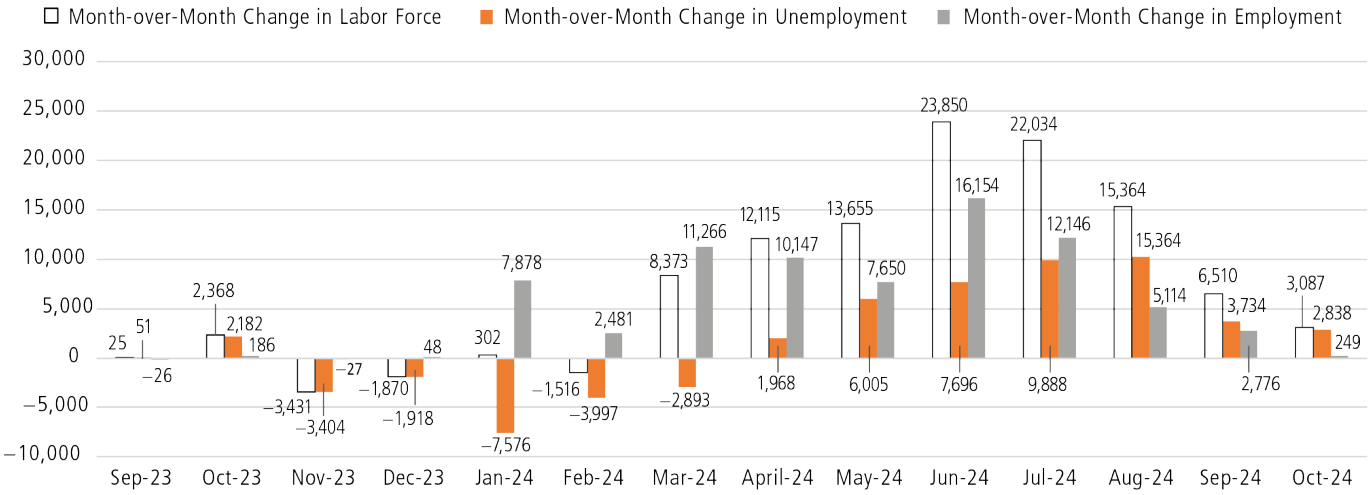
Figure 2: Labor Force Participation Rates in Massachusetts and the United States, January 2000–October 2024 (Seasonally Adjusted)



■ Source: Massachusetts Executive Office of Labor and Workforce Development, Labor Force and Unemployment. Access the link to the text-based description of this figure on Google Docs.

The recent uptick in unemployment and labor force participation in the state appears to be driven by individuals out of the labor supply returning to the workforce. Unemployment increased slightly over 2024; however, the state has experienced job growth (though it is slowing) during the same period. Additionally, initial unemployment claims, as measured by the number of persons receiving a first week of payments, fell by one-third in the second quarter to a near-historic low. In short, the increase in unemployment in 2024 was not due to significant job losses but rather an increase in the number of job seekers in the state. Figure 3 shows the month-over-month changes in the labor force, unemployed, and employed populations in the state since September 2023. As the figure shows, the state's labor force began growing in March 2024 with a combination of increased employment and unemployed residents. This suggests that previously discouraged workers were re-entering the labor force and, thus, being counted in the unemployment statistics. This exemplifies how strong labor market conditions can lead to modest increases in unemployment when discouraged workers resume their job searches in tight labor markets.

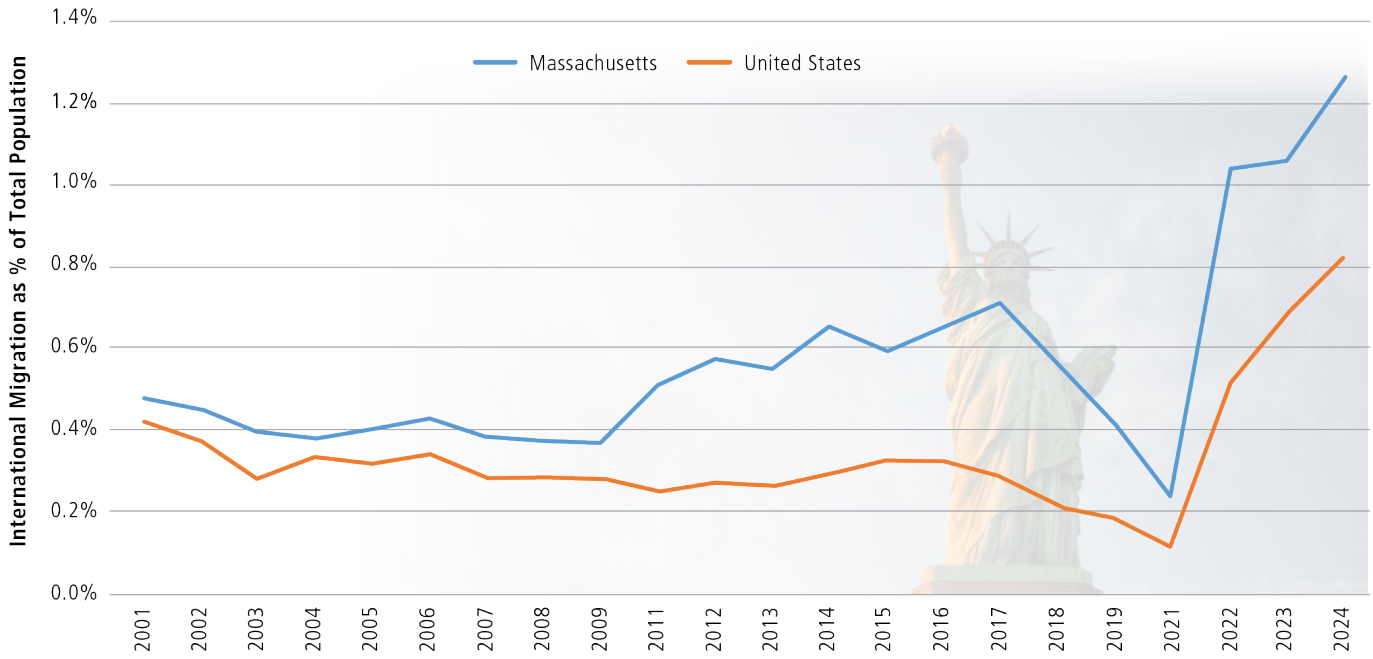
Figure 3: Cumulative Month-over-Month Changes in Unemployment, Employment, and Labor Force, 2023–2024



■ Source: Massachusetts Executive Office of Labor and Workforce Development, Labor Force and Unemployment.
Access the link to the text-based description of this figure on Google Docs.

Immigration is a critical part of Massachusetts' recent economic story. From 1990 through 2023, foreign-born workers accounted for 80% of the growth in the state's labor force, with the native-born population accounting for only 20%. This was driven in large part by the aging of the population and a surge in immigration after 2021. In 2023, foreign-born workers made up 22% of the Massachusetts labor force, up from 10% in 1990. This shift was also driven by the fact that labor force participation rates were slightly higher among foreign-born residents—71.3% versus 66.1% among native-born residents. The importance of immigration to the Massachusetts labor force has been particularly notable from the Great Recession recovery, through the COVID-19 crisis, and into the latest recovery period. As Figure 4 shows, historically, the international migration rate in Massachusetts has run ahead of the United States. The difference, however, accelerated starting in 2009. Focusing on the COVID-19 period, both the reduction and subsequent rebound in immigration were much sharper in Massachusetts than in the United States. With the state's combination of higher education institutions, knowledge-based industries, and an overall aging workforce, immigration will continue to be important in maintaining the state's available labor supply in the coming years.

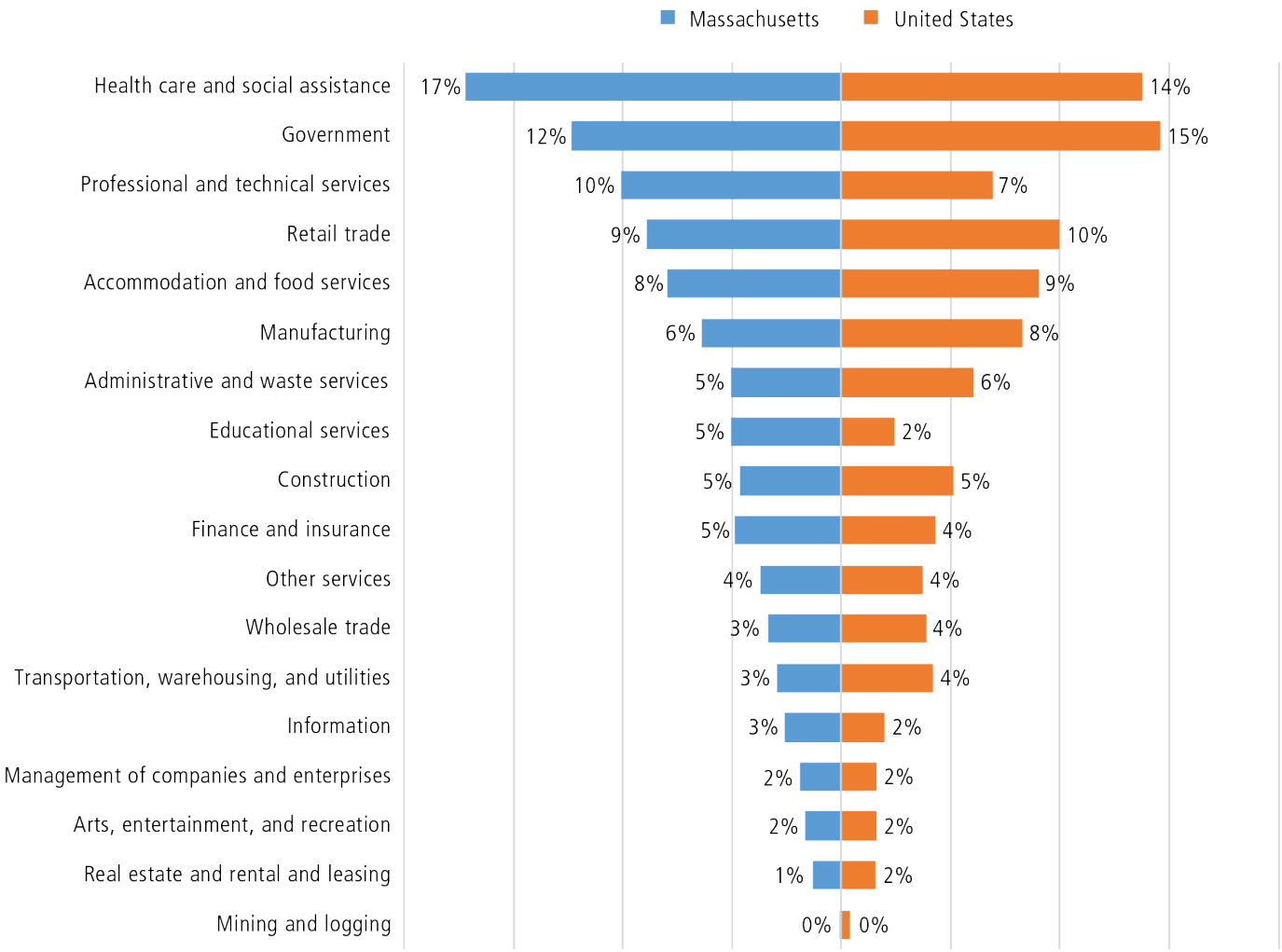
Figure 4: International Migration Rates for Massachusetts and the United States, 2001–2023 (Excluding Census Years)



■ Note: Decennial Census years (2000, 2010, and 2020) are based on 3-month samples and so are excluded here.
Source: U.S. Census Bureau, Population Estimates Program; co-est2009-alldata, co-est2019-alldata, NST-EST2024-ALLDATA.
Access the link to the text-based description of this figure on Google Docs.

The Massachusetts economy departs from the U.S. economy in several ways, driven largely by the state's highly educated workforce, the overall diversity of industries, and strengths in knowledge-based industries (see Figure 5). Educational services and healthcare and social assistance have consistently been among the top industries in the state. Its clusters of colleges, universities, and teaching hospitals contribute to Massachusetts' reputation as a hub for technology and research. Professional and technical services, which include elements of life sciences and research and development, have been increasingly important in the state. During the pandemic, the ranking of professional and technical services, in terms of private-sector employment, moved from fourth to second in the state. Finance and insurance have played an important role in the Massachusetts economy, making up roughly 5% of jobs but contributing 8% to the state GDP. Though sixth in terms of employment in 2023, manufacturing has historically experienced declines. In recent years, the decline has slowed considerably, but the Commonwealth's share of manufacturing employment has remained lower than the share of employment in the United States as a whole.

Figure 5: Industry Mix in Massachusetts and the United States, 2023 (Percent of Total Jobs)

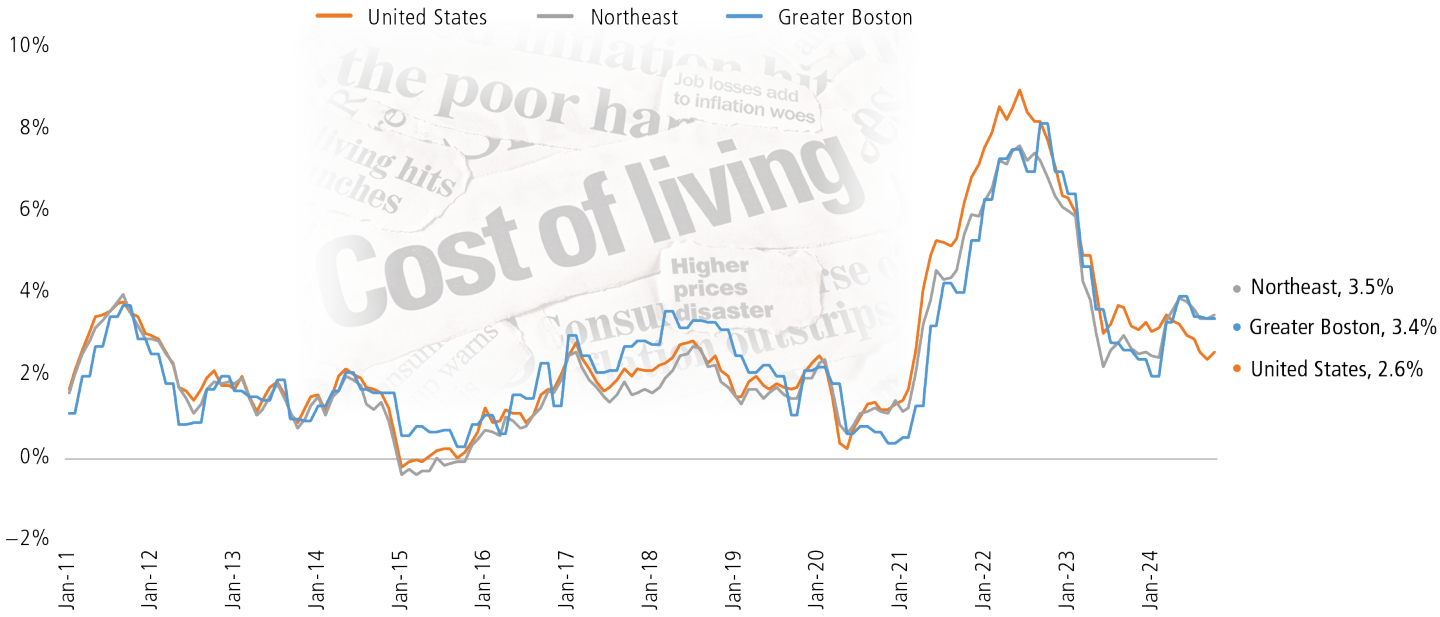


■ Source: U.S. Bureau of Labor Statistics, Current Employment Statistics.
Access the link to the text-based description of this figure on Google Docs.

Inflation

As mentioned, concerns about inflation were prominent in the recent U.S. presidential election. Supply chain disruptions caused by the COVID-19 shutdown, pent up consumer demand, government interventions to support job creation and the economic recovery, and the Russia-Ukraine war were all factors in significant price increases in 2021 and 2022. While inflation has returned to more traditionally acceptable levels in the last year, it is important to note that inflation is typically measured as the relative price increase year-over-year; thus, when inflation returned to "normal levels," that simply meant that prices were rising slower than they were previously. Households continue to pay higher prices for goods than they were 4 or 5 years ago. This is obviously a considerable challenge for low- and moderate-income households that may be more price sensitive. While wages did also grow during this period, the growth was not enough in most cases to counterbalance the increase in prices for most essential goods. Figure 6 shows the inflation rates for the United States, the Northeast, and the Greater Boston region since 2011. Overall, the three geographical areas move closely together, though it appears that peak inflation was felt more intensely nationally than in the Northeast and Greater Boston. Today, inflation is slightly elevated locally compared with the United States: 3.4% for Greater Boston and the Northeast and 2.4% nationally.

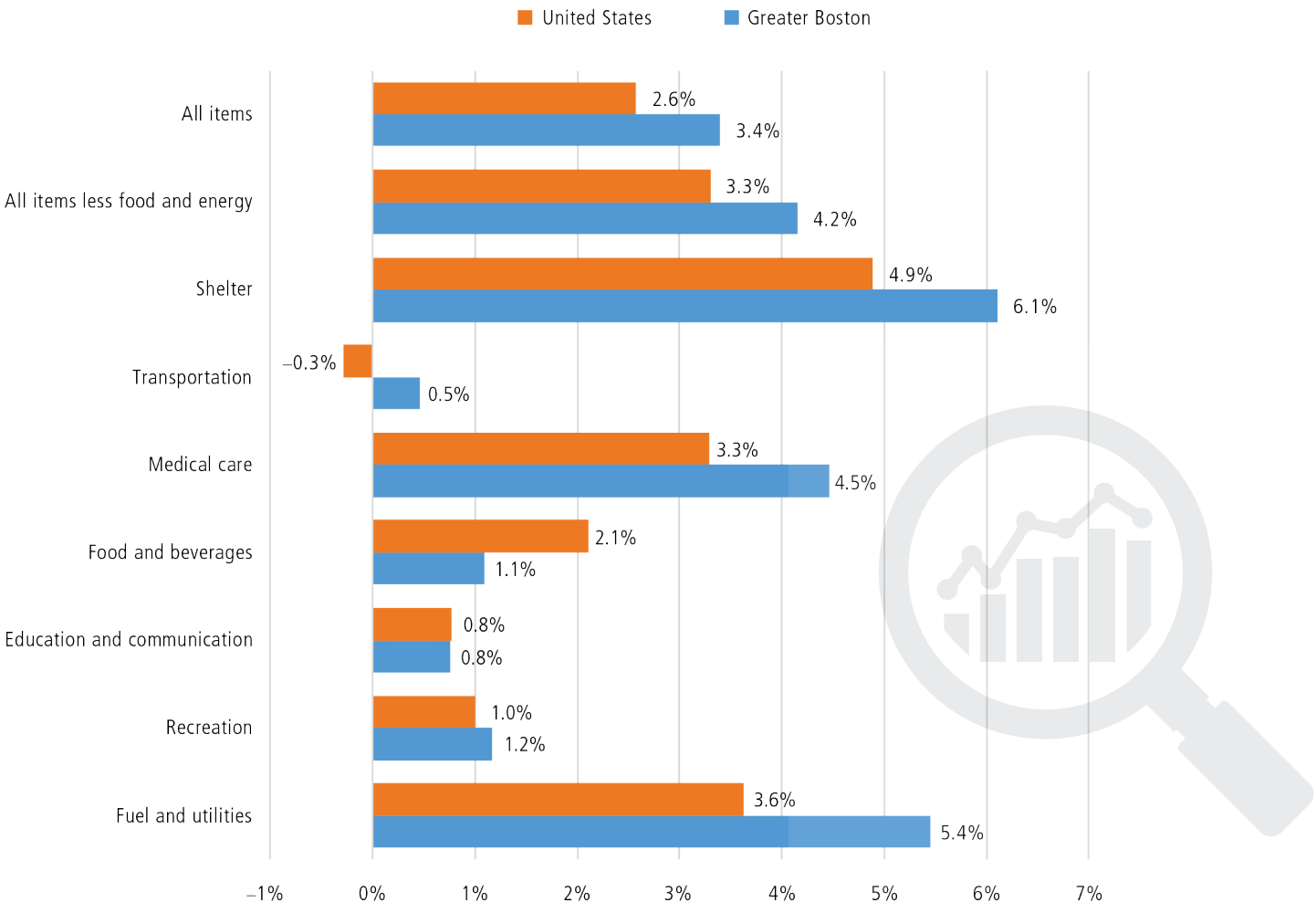
Figure 6: Inflation Rates for the United States, the Northeast, and Greater Boston



■ Source: U.S. Bureau of Labor Statistics, Consumer Price Index. Note: Greater Boston is the Boston-Cambridge-Newton, MA-NH MSA. Access the link to the text-based description of this figure on Google Docs.

Notably, the components that influence inflation can vary based on local conditions. Regarding Greater Boston, housing prices and home heating fuel and utilities are proving to be the most significant contributors to continued inflation. This is hardly a surprise, as the state and region have experienced high housing prices for decades. Additionally, the region's overall reliance on natural gas has made New England states much more susceptible to supply chain challenges caused by the war in Ukraine (see Figure 7).

Figure 7: Year-over-Year Inflation in Greater Boston and the United States, October 2023–October 2024

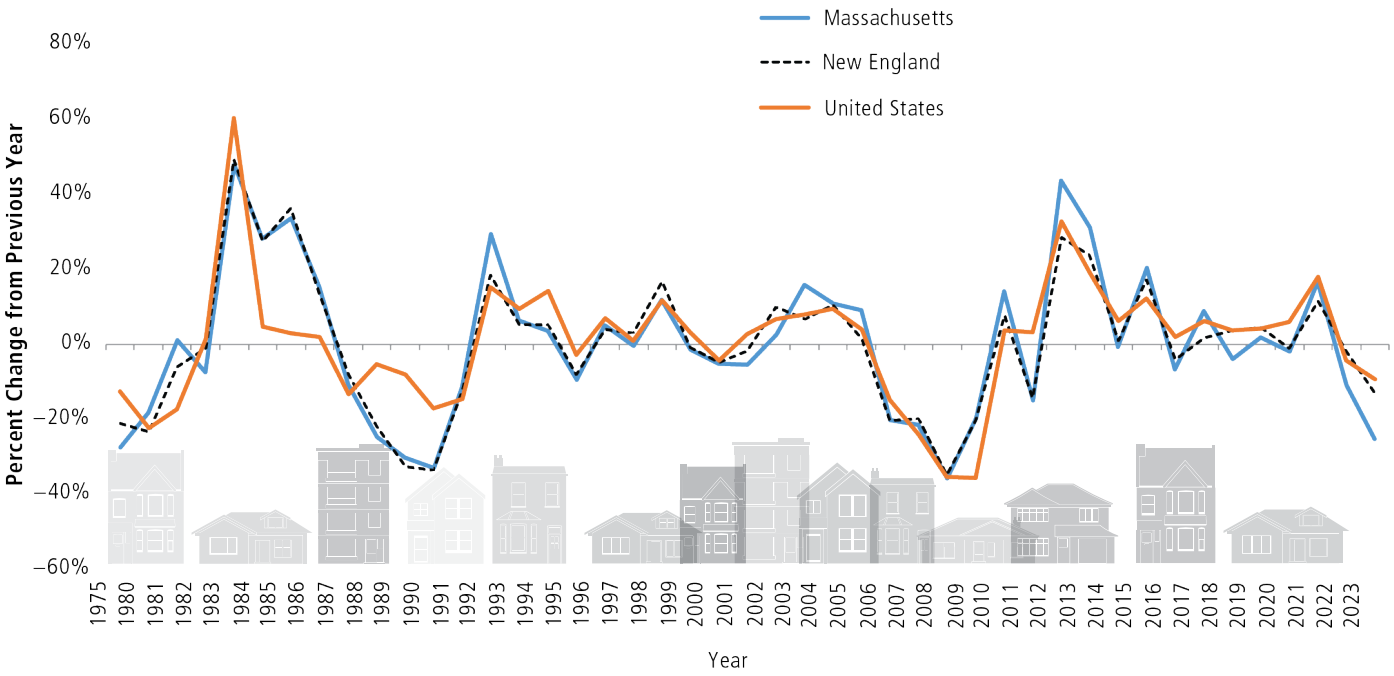


■ Source: U.S. Bureau of Labor Statistics, Consumer Price Index. Note: Greater Boston is the Boston-Cambridge-Newton, MA-NH MSA. Access the link to the text-based description of this figure on Google Docs.

Housing Production and Costs

Housing costs remain high across the Commonwealth, driven in part by population and economic growth and inadequate housing production over the last couple decades. The sale prices of existing homes continued to increase but at a slower rate, and higher interest rates have further increased the cost of owning a home. In 2023, median single-family home prices increased to $600,000 from $571,810 in 2022, a 4.9% increase. Prices of existing homes have remained well above the national median, which, according to the National Association of Realtors, was $389,300 in 2023. Construction is not keeping pace with demand. Nationally, the number of building permits decreased 9.2% from 2022 to 2023, but in Massachusetts the decline was greater, with permits decreasing 25% over the same period (Figure 8).

Figure 8: Housing Units Authorized by Building Permit, Percent Change from Previous Year, 1975–2023



■ Note: Reported data plus data imputed for non-reporters and partial reporters.
Sources: U.S. Census Bureau Building Permits Survey; UMDI analysis.
Access the link to the text-based description of this figure on Google Docs.

The increase in sale prices and the low supply of homes for sale have translated into high rental costs as well. In addition, low vacancy rates have contributed to higher costs. Mirroring rates in the United States, half of renters are cost burdened, meaning they spend over 30% of their income on housing costs, and nearly one-quarter (23%) of Massachusetts renters are severely cost burdened, spending 50% or more of their income on housing.

Conclusion

The economy, along with immigration, was the center point of the most recent presidential election. Contradictions in the state of the economy persist. On the one hand, high-line economic indicators are generally positive: Unemployment is remarkably low, and inflation has finally returned to levels acceptable enough for the Federal Reserve to begin lowering interest rates. This is the "soft landing" that economists were hoping for when trying to tame inflation without inducing another recession. On the other hand, public sentiment about the economy remains largely negative, and while inflation is slowing, the ramifications of dramatic price increases over 2021 and 2022 certainly still impact most households today. There remain many unknowns around broader economic policy as the new administration defines its priorities in early 2025. At this point, the fundamentals of the economy appear strong, but households continue to be very sensitive to consumer prices.

Over the longer term, the U.S. economy will also need to contend with its aging labor supply. Labor supply shortages have already slowed job growth in some areas during the COVID-19 recovery. Immigration has historically been viewed as a potential way to stem future labor shortages due to the aging of baby boomers. Present conversations around immigration, however, rarely address macroeconomic issues.

The Massachusetts economy continues to perform well. Yet, federal policy will have important implications for the state going forward. The state has long relied on immigration to grow its local labor force. Additionally, the state's strengths in life sciences, healthcare, and research and development have helped the Commonwealth secure significant funding from the National Institutes of Health and the National Science Foundation. Changes to those funding opportunities will negatively impact the state's innovation economy. Housing production is at the forefront of the Healey Administration's agenda. Further reductions in interest rates will be important to both building more housing and helping first-time homebuyers enter the housing market. Regardless, with an aging population and tight labor market conditions, Massachusetts should continue focusing on a mix of initiatives that make the state an attractive and more affordable place to live and work.

Mark Melnik *is the director of the UMass Donahue Institute Economic & Public Policy Research Group and senior managing editor of this journal.*




Nursing Home Closures in Massachusetts and New England: Impact on Long-Term Care and Labor Markets

RILEY SULLIVAN

The number of nursing homes in New England has steadily declined over the last decade, while the region's population has grown older. In Massachusetts alone, over 70 nursing homes closed from 2010 through 2023. This article examines why nursing homes are closing—why they are losing money—and how the closures, combined with the aging of the population, could affect the region's infrastructure for long-term care. The article also considers the closures' potential impact on labor markets in New England.

Introduction

The U.S. population, particularly in New England, is aging rapidly. Both the median age and the share of the population aged 85 years and older have increased and are projected to continue rising. By these metrics, Massachusetts is the youngest state in New England, but it remains above the national average. Adults 85 and older comprise the segment of the population most likely to require long-term care (LTC), which encompasses a variety of formal and informal care options. The most intensive of these care options is provided in residential nursing facilities, better known as nursing homes. New England has seen a pattern of nursing home closures since at least 2011, and in some counties, the number of available beds has plummeted to less than half of what it was a decade ago.

Due in part to increasing longevity, improvements in the health of older adults, and personal and family preferences, more older residents are remaining in their homes, or "aging in place." Informal care and state programs designed to keep residents in their homes longer are also contributing to this trend. In recent years, nursing homes' limitations on visitors and elevated rates of fatalities during the height of the COVID-19 pandemic may have contributed as well, though the trend predates the pandemic.

The number of older adults aging in place may be increasing in the region; nevertheless, nearly one-third of the New England states' combined Medicaid spending is devoted to funding LTC. In 2023, low reimbursement rates from Medicaid and Medicare and high operating costs resulted in most nursing homes in New England losing money, suggesting that the region could see more closures unless significant changes occur.

The U.S. population, particularly in New England, is aging rapidly. Both the median age and the share of the population aged 85 years and older have increased and are projected to continue rising.

An Older Population That Is Aging Rapidly

In the United States and New England, the 85-and-older cohort is the fastest growing segment of the population. This group is also the most likely to rely on long-term-care options, including nursing homes.[1] The economic implications of an aging population range from reduced labor force productivity to increased spending on entitlement programs, including those that support LTC.

In each New England state, the share of the population that is aged 75 and older is greater than the 75-and-older share of the U.S. population (Table 1). From 2011 to 2022, the growth of this share was especially accelerated in the northern New England states of Maine, New Hampshire, and Vermont, which now have the three oldest median ages in the United States, but Massachusetts and neighboring Rhode Island and Connecticut remain above the national average. During the same period, the old-age-dependency ratio for New England grew even more rapidly, from 22.4% to 30.5%. This ratio measures the size of the population at or older than the typical retirement age (65) against the size of the typically working-age population (16 to 64). The increase in this ratio indicates that the number of working-age residents in the region is declining relative to the number of older residents. These younger residents often bear the responsibility of providing informal care to aging family members who require care but are not in nursing homes. As the older population continues to grow, pressures on informal caregivers and the region's LTC infrastructure will continue to increase.

Table 1: Population Aging

United States and New England states, 2011 and 2022

	Share of Population 75 and Older		Old-Age-Dependency Ratio	
	2011	2022	2011	2022
United States	6.1%	7.2%	21.1%	28.5%
New England	6.9%	7.9%	22.4%	30.5%
Connecticut	7.0%	7.8%	22.8%	29.7%
Maine	7.5%	9.2%	25.9%	37.8%
Massachusetts	6.8%	7.6%	21.6%	28.7%
New Hampshire	6.3%	8.0%	21.6%	32.7%
Rhode Island	7.4%	7.8%	22.6%	30.1%
Vermont	6.7%	8.7%	23.0%	35.5%

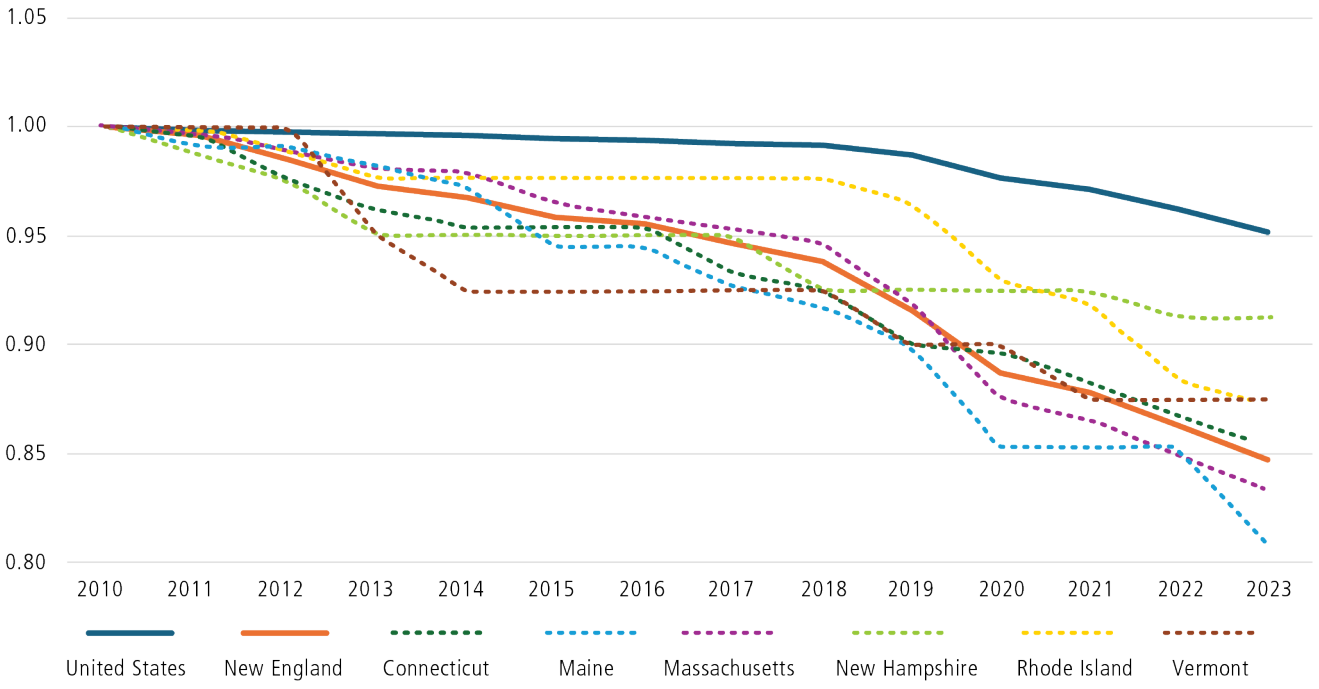
■ Note: The old-age-dependency ratio is the population aged 65 and older divided by the population aged 16 to 64.
Source: Author's calculations using American Community Survey (ACS) 1-year data, 2011–2022.
Access the link to the text-based description of this figure on Google Docs.

From the start of Fiscal Year 2010 through the end of FY 2023, the number of nursing homes in New England decreased 15%. The region has seen a net loss of more than 150 nursing facilities in this time period.

The Number of Nursing Homes Is Falling Fastest in New England

Nursing facilities across the United States have garnered significant attention in recent years, particularly during the COVID-19 pandemic, for both quality and cost of care. Nationally, closures have accelerated, but this trend predated the pandemic, particularly in New England (Figure 1). From the start of Fiscal Year 2010 through the end of FY 2023, the number of nursing homes in New England decreased 15%. The six New England states each experienced declines greater than the national rate. The region has seen a net loss of more than 150 nursing facilities over the period considered. Nearly half of those closures (72 facilities) occurred in Massachusetts, though Maine lost a greater percentage of facilities. Considered jointly, demographic and nursing home trends indicate that, compared with a decade ago, New England has more older residents and fewer facilities to provide care.

Figure 1: Number of Nursing Homes, Indexed to FY 2010
United States, New England, and New England states, FY 2010–FY 2023



■ Source: Author's calculations from Centers for Medicare and Medicaid Services Quality, Certification & Oversight Reports, FY 2010 through FY 2023.
Access the link to the text-based description of this figure on Google Docs.

As the number of nursing facilities in New England has declined, so have patient counts. The Boston Medicaid Region, which encompasses the six New England states, saw a 23% decline in its patient count from FY 2010 through FY 2023. This was the steepest drop among the United States' 10 Medicaid Regions (Table 2). Informal care, home health care, and state programs that assist residents aging in their homes have provided plausible alternatives to nursing facilities and have contributed to the declining patient count. However, these alternatives can come with costs. For example, providing informal care may prevent prime-age workers from participating fully in the labor market. More broadly, older adults staying in the homes they may have otherwise left affects the region's already tight housing market.

Table 2: Changes in Patient Counts
Medicaid Regions and New England states, FY 2010 and FY 2023

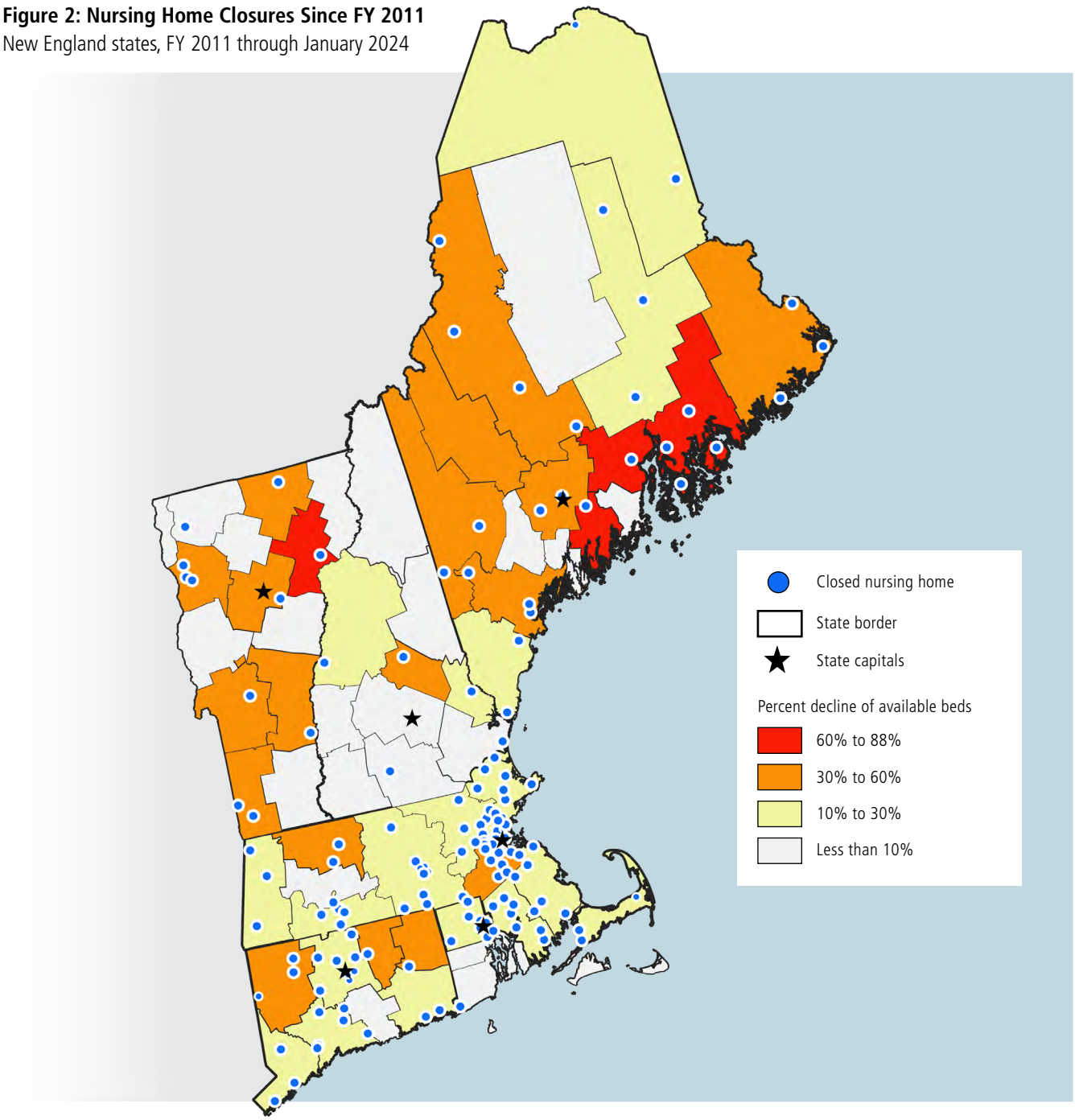
Medicaid Region	FY 2010	FY 2023	Percentage Change
Boston	93,268	71,229	–24%
Connecticut	26,075	18,912	–27%
Maine	6,412	5,001	–22%
Massachusetts	42,887	32,807	–24%
New Hampshire	6,937	5,555	–20%
Rhode Island	8,027	6,771	–16%
Vermont	2,930	2,386	–19%
New York	156,335	129,903	–17%
Philadelphia	150,301	128,913	–14%
Atlanta	255,639	226,648	–11%
Chicago	292,959	229,002	–22%
Dallas	160,237	141,557	–12%
Kansas City	95,228	78,857	–17%
Denver	41,137	34,932	–15%
San Francisco	123,085	112,452	–9%
Seattle	30,935	23,954	–23%

■ Source: Author's calculations from Centers for Medicare and Medicaid Services Quality, Certification & Oversight Reports, FY 2010 through FY 2023.

Changes in the number of nursing homes can have different effects on patient counts due to the wide variation in the number of beds at each facility and in the length of patients' stays. Figure 2 illustrates the locations of closures across the region and the change in the number of beds in each county. Some counties had less than half the number of beds in January 2024 than they had in FY 2011. While Greater Boston experienced the most closures, the counties that saw the greatest percentage declines in bed quantities were concentrated in Vermont, Connecticut, and Maine. This is because those counties had fewer facilities in 2011, and a substantial share of the facilities that closed were large.

Many counties have thus far avoided closures; however, nursing homes continue to face challenges, as indicated by the industry profitability trends examined in the next section.

Figure 2: Nursing Home Closures Since FY 2011
New England states, FY 2011 through January 2024



■ Source: Author's calculations from Centers for Medicare and Medicaid Services Quality, Certification & Oversight Reports, FY 2011 through January 2024.
Access the link to the text-based description of this figure on Google Docs.



Medicaid Pays the Largest Share of Long-Term-Care Costs

Long-term care in the United States is funded through a mix of Medicaid, Medicare, private insurance, veterans' benefits, and out-of-pocket expenditures, but Medicaid provides the largest share of funding.[2] Although Medicare covers most of older adults' health-care expenses, it typically covers only short-term stays in LTC facilities following hospitalizations. For eligible patients, Medicaid is the designated funder of longer term care. Many patients who do not have private LTC insurance must exhaust their personal savings through out-of-pocket spending before they become eligible for Medicaid.

Private LTC insurance premiums vary widely based on an individual's age, health status, level of coverage, and other factors. Policies provide coverage for expenses such as nursing home care, assisted living, and home-health services. Even though an estimated 70% of Americans 65 and older will need critical services before they die, only 3% to 4% of Americans aged 50 and older have LTC policies.[3]

Due to this low rate of private insurance, the burden of financing LTC falls primarily on individuals and their families, who must pay out of pocket, or the government. Medicaid programs support LTC for those who have minimal financial resources or who deplete their resources through paying for LTC. Medicaid plans and coverage vary by state. Table 3 illustrates the annual amount of funding that was dedicated to LTC in the United States and in each New England state in 2022. Nationally, Medicaid programs spent more than $154 billion on LTC, and in New England, one-third of the states' combined annual Medicaid spending went to funding LTC.

Table 3: Medicaid Spending on Long-Term Care
United States and New England states, 2022

	Spending on LTC	Share of Total Medicaid Spending on LTC	State Rank by Share
United States	$154.4 billon	19.2%	
Connecticut	$3.6 billion	36.8%	6th
Maine	$1.4 billion	37.2%	4th
Massachusetts	$5.9 billion	27.8%	12th
New Hampshire	$878.4 million	35.6%	7th
Rhode Island	$711.5 million	20.9%	29th
Vermont*	$452.0 million	24.0%	20th

■ Note: *Due to the structure of Vermont's Medicaid program, some of the state's LTC spending is reported as acute-care spending, thus undercounting the actual figures of LTC spending.
Source: Urban Institute estimates based on data from CMS (Form 64), as of September 2023.

Despite these large expenditures, nursing homes' operating costs often exceed their Medicaid receipts. Table 4 shows the precarious financial position of most Medicaid-certified nursing facilities in the region. At the end of FY 2023 (the most recent year for which data are available), the median facility in each New England state was operating at a loss. If this trend continues, it is likely that more nursing homes will close. During the COVID-19 pandemic, the federal government provided financial support to nursing facilities to help offset revenue losses and high costs related to the crisis.[4] This Public Health Emergency (PHE) funding came from the Provider Relief Fund (PRF), the Paycheck Protection Program (PPP), and other sources.[5] While these infusions of funds for the 2020–2021 and 2021–2022 reporting periods yielded greater profitability for most facilities, by the most recent period, profitability had dipped back to or below pre-pandemic levels (in the 2018–2019 and 2019–2020 periods).

Table 4: Nursing Facility Finances

New England states, FY 2018–FY 2023

Connecticut	Number of Cost Reports		Total Margin		
Year	Total	Valid data	25th percentile	Median	75th percentile
2018–2019	207	204	–5.5%	–1.4%	2.2%
2019–2020	206	205	–6.8%	–0.9%	2.5%
2020–2021	205	204	–5.0%	0.5%	4.6%
2021–2022	200	197	–4.7%	4.3%	10.2%
2022–2023	185	182	–7.0%	–1.3%	4.2%
Maine	**Number of Cost Reports**		**Total Margin**		
Year	Total	Valid data	25th percentile	Median	75th percentile
2018–2019	89	82	–4.2%	0.4%	2.9%
2019–2020	87	82	–5.1%	1.2%	4.2%
2020–2021	84	79	–2.4%	1.8%	5.6%
2021–2022	86	80	–5.8%	0.4%	6.8%
2022–2023	83	76	–10.6%	–0.7%	5.1%
Massachusetts	**Number of Cost Reports**		**Total Margin**		
Year	Total	Valid data	25th percentile	Median	75th percentile
2018–2019	371	368	–8.1%	–3.1%	1.1%
2019–2020	346	343	–6.4%	–1.7%	2.0%
2020–2021	360	358	–5.4%	1.1%	6.5%
2021–2022	343	341	–9.0%	–0.8%	7.2%
2022–2023	319	316	–11.3%	–3.1%	3.5%
New Hampshire	**Number of Cost Reports**		**Total Margin**		
Year	Total	Valid data	25th percentile	Median	75th percentile
2018–2019	71	68	–5.8%	–0.8%	3.1%
2019–2020	63	60	–7.0%	–0.8%	5.3%
2020–2021	66	63	–2.6%	1.5%	8.2%
2021–2022	68	65	–10.3%	–0.5%	8.0%
2022–2023	65	63	–15.9%	–5.2%	3.8%
Rhode Island	**Number of Cost Reports**		**Total Margin**		
Year	Total	Valid data	25th percentile	Median	75th percentile
2018–2019	81	76	–7.0%	–1.5%	2.7%
2019–2020	78	74	–5.8%	–0.4%	2.7%
2020–2021	77	74	–9.6%	–3.4%	3.0%
2021–2022	71	68	–11.5%	–3.2%	11.5%
2022–2023	69	66	–17.4%	–7.0%	1.5%
Vermont	**Number of Cost Reports**		**Total Margin**		
Year	Total	Valid data	25th percentile	Median	75th percentile
2018–2019	35	34	–3.0%	1.3%	3.5%
2019–2020	36	34	–5.4%	0.1%	4.5%
2020–2021	34	34	–5.7%	1.7%	8.4%
2021–2022	33	33	–12.6%	–5.6%	8.8%
2022–2023	34	34	–15.6%	–0.9%	2.0%

■ Note: Total margins are defined as the ratio of net income to total revenue.
Source: Calculations completed by the North Carolina Rural Health Research Program using CMS Nursing Facility Cost Reports. The cost reports contain provider information such as facility characteristics, utilization data, and financial statement data.
Access the link to the text-based description of this figure on Google Docs.



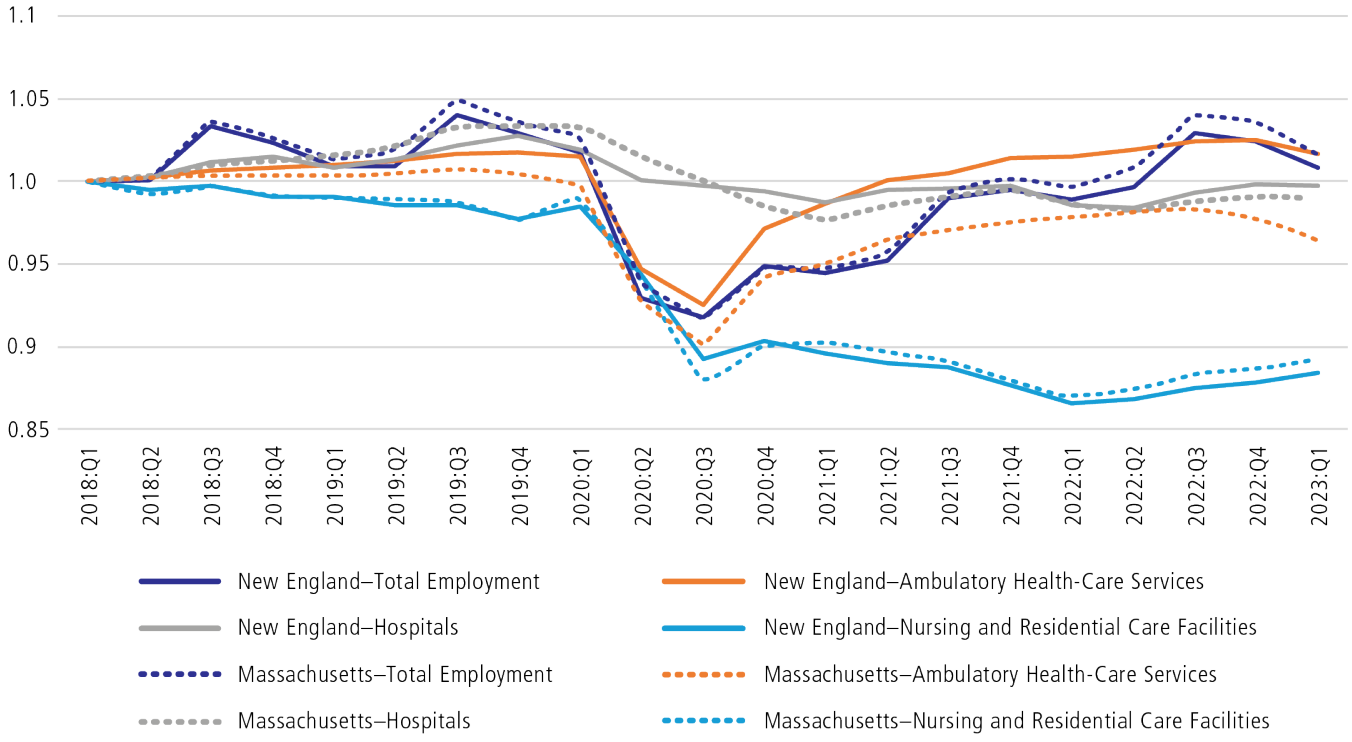

Nursing Homes Facilitate Labor Force Participation

Nursing homes have a twofold impact on the labor market. Directly, they are major employers in some communities, providing jobs for more than 200,000 workers across New England. They also facilitate labor force participation by patients' family members who would otherwise need to forgo work or reduce their hours to care for their aging relatives.

The role of nursing homes in facilitating labor force participation is particularly important among women[6] because older adults' informal caregivers are twice as likely to be female, typically a wife or daughter. The cost of this informal care, when measured as foregone wages, is estimated to be about one-third of the nearly 2% of U.S. GDP that is spent on formal LTC.[7]

Nursing home closures can also have a direct impact on employment. Whereas most industries rebounded quickly from the spike in job losses at the onset of the COVID-19 pandemic, employment in nursing homes and residential care facilities has still not recovered. Figure 3 disaggregates the three industries comprising health services in New England. It shows that employment in nursing homes and residential care facilities was falling before the pandemic and has continued to flounder, while total employment in New England and in the region's other two health-services industries has returned to 2018 levels. From the first quarter of 2018 through the first quarter of 2023, the number of workers employed in nursing homes in New England declined by 27,000. Nursing home employment fell in each New England state, ranging from a 7% drop in New Hampshire to a 19% drop in Rhode Island.[8]

Figure 3: Health-Services Employment
Industries in New England and Massachusetts, 2018:Q1–2023:Q1, indexed



Source: QWI Explorer application, U.S. Census Bureau, https://qwiexplorer.ces.census.gov/. Access the link to the text-based description of this figure on Google Docs.

Massachusetts has committed to spending $1 billion over the next 8 years on new housing and community-support programs that could enable over 2,400 Medicaid recipients who require less intensive medical care to move out of nursing homes.

Changes to Operations or Reimbursement of Nursing Homes May Be Needed

The current system for funding long-term care faces several challenges. These include the high cost of LTC, which can be a financial burden for individuals and families; the lack of affordable and accessible LTC insurance options; and the growing number of older adults who will need LTC services in the future.

Policymakers are exploring various options for addressing these challenges. In Rhode Island, for example, nursing homes are no longer fined when their staffing falls below the required levels. This policy change, which went into effect in December 2023, is intended to reduce facilities' cost burden and prevent additional closures.[9] However, on April 22, 2024, the Centers for Medicare and Medicaid Services (the federal agency that administers Medicare, Medicaid, and other health services) announced new minimum staffing standards, which will be phased in starting in 2 years. Interim staffing changes will go into effect in urban facilities by May 2026 and in rural facilities by May 2027. At their current staffing levels, less than one-fifth of facilities throughout the United States would meet the new standards, meaning most facilities will be required to increase staffing in the coming years.[10]

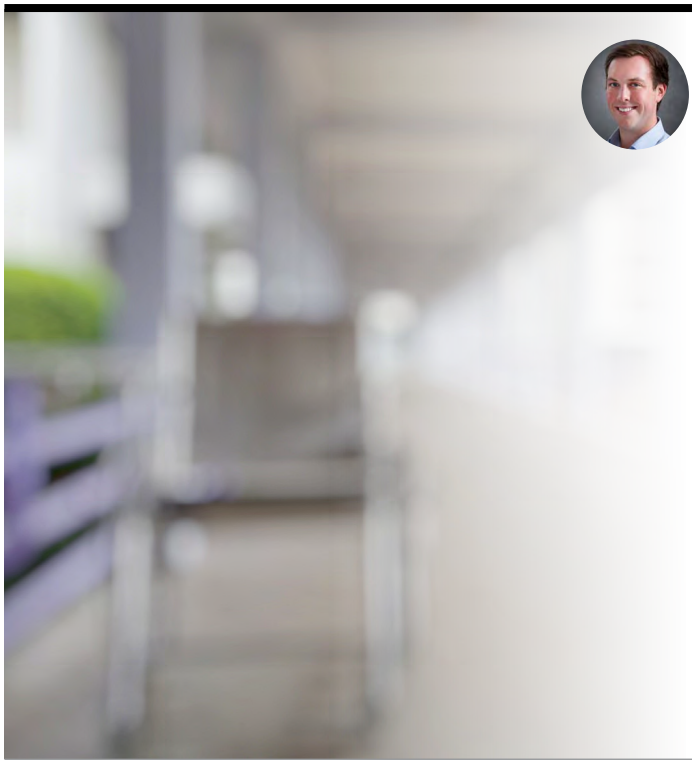
States have also launched or continue to operate programs that support residents' ability to age in their homes. The Home Care Program in Massachusetts provides care management and in-home support services to residents. The cost of these services to the recipient is based on their income.[11] Other programs in Massachusetts include the Home Modification Loan Program, which provides loans with 0% interest and deferred payment options to homeowners who want to accommodate an older adult living in the home by, for example, installing a ramp or adapting a bathroom.[12]

Reduced capacity at nursing facilities spills over to the rest of the healthcare system. Older patients who receive inpatient care at hospitals are often meant to receive further care at skilled nursing facilities, a subset of nursing facilities staffed by medical professionals and intended for shorter stays. In Massachusetts, 1,200 people a day, on average, are lying in hospital beds instead of recovering at skilled nursing facilities due to closures and staffing shortages.[13] Hospital stays tend to be much more expensive than nursing home stays, and devoting resources to patients who would otherwise be in skilled nursing facilities could drive up a hospital's wait times and reduce its capacity to provide necessary treatments to other patients. In April 2024, Massachusetts committed to spending $1 billion over the next 8 years on new housing and community-support programs that could enable 2,400 or more Medicaid recipients who require less intensive medical care to move out of nursing homes.[14]

The LTC industry's long-term challenges include the mismatch between Medicaid reimbursement rates and patient-related costs. In 2019, the median Medicaid reimbursement rate was 86% of facilities' reported patient costs. For 29% of facilities, the reimbursement rate fell below 80%.[15] Due to the outsized role of Medicaid as the largest payer for nursing home services, this shortfall contributed, in most cases, to the operating losses that New England's facilities experienced in 2023. On April 17, 2024, Maine passed a budget allowing the state to issue one-time grants totaling more than $26 million to help nursing homes cover the gaps between reimbursement rates and care costs until higher reimbursement rates take effect. The higher rates will be phased in from 2025 to 2027.[16]

This article's analysis indicates that substantial changes to either how facilities operate or the level of reimbursement they receive will be necessary to stop the trend of nursing home closures. Alternatively, policymakers could innovate and expand programs that support aging in place, though such informal LTC solutions can have a negative effect on labor and housing markets. Other options may include promoting increased enrollments in LTC insurance, which may increase individuals' ability to fund long-term care at the full cost of the services to nursing facilities, without exhausting their resources.

The views expressed herein are solely those of the author and should not be reported as representing the views of the Federal Reserve Bank of Boston, the principals of the Federal Reserve Board of Governors, or the Federal Reserve System.



Riley Sullivan *is a senior policy analyst with the New England Public Policy Center at the Federal Reserve Bank of Boston. The original article, "Nursing Home Closures in New England: Impact on Long-term Care, Labor Markets," is available at https://www.bostonfed.org/publications/new-england-public-policy-center-regional-briefs/2024/nursing-home-closures-in-new-england-impact-on-long-term-care-labor-markets.aspx.*

DATA SOURCES AND ACKNOWLEDGMENTS

Data on patient counts and nursing facility closures come from the Centers for Medicare and Medicaid Services (CMS). Data on profit margins come from analysis completed by Dr. George H. Pink, senior research fellow at the Cecil G. Sheps Center for Health Services Research and deputy director of the North Carolina Rural Health Research Program at the University of North Carolina at Chapel Hill. Dr. Pink's analysis uses the CMS 2540-10 Cost Report files. We are grateful to Dr. Pink for completing this analysis for this article.

Data on industry employment come from the Quarterly Workforce Indicators (QWI), a set of 32 economic indicators including employment, job creation/destruction, wages, hires, and other measures of employment flows.

Endnotes

1) See Gruber, J., & McGarry, K. M. (2023). *Long-term care in the United States* (Working Paper 31881). National Bureau of Economic Research.

2) See National Institutes of Health, National Institute on Aging. (2023). *Paying for long-term care.* https://www.nia.nih.gov/health/long-term-care/paying-long-term-care.

3) See Johnson, R. W. (2019). *What is the lifetime risk of needing and receiving long-term services and supports?* U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation. https://aspe.hhs.gov/reports/what-lifetime-risk-needing-receiving-long-term-services-supports-0.

4) The North Carolina Rural Health Program, which completed the analysis in Table 4 on the author's behalf, has found in previous studies that timing differences in recognition of PHE revenue versus PHE expenses on Medicare cost reports could distort reported profitability during the COVID-19 years. For this reason, it is important to clearly separate years without PHE funds (pre–COVID-19 years) and years with PHE funds (COVID-19 years). Therefore, the data include the profitability of nursing facilities during two pre–COVID-19 years and three COVID-19 years.

5) Ochieng, N. Biniek, J. F., Musumei, M. B., & Neuman, T. (2022). *Funding for health care providers during the pandemic: An update.* KFF. https://www.kff.org/coronavirus-covid-19/issue-brief/funding-for-health-care-providers-during-the-pandemic-an-update.

6) See Lilly, M. B., Laporte, A., & Coyte, P. C. (2007). Labor market work and home care's unpaid caregivers: A systematic review of labor force participation rates, predictors of labor market withdrawal, and hours of work. *The Milbank Quarterly, 85*(4), 641–690.

7) See Gruber, J., & McGarry, K. M. (2023). *Long-term care in the United States* (Working Paper 31881). National Bureau of Economic Research.

8) As of the first quarter of 2023, employment in the nursing home and residential care facilities industry stood at 88.4% of the 2018:Q1 level for New England. It was at 81.1% in Rhode Island, 87.1% in Connecticut, 89.2% in Massachusetts, 90% in Maine, 91% in Vermont, and 92.9% in New Hampshire.

9) See Farzan, A. N. (2023, December 29). RI mandated the highest nursing home staffing in the U.S. Why the governor suspended penalties. *Providence Journal.* https://www.providencejournal.com/story/news/politics/2023/12/29/fines-suspended-indefinitely-for-rhode-island-nursing-homes-that-violate-minimum-staffing-law/72061342007.

10) See Chidambaram, P., Burns, A., Neuman, T., & Rudowitz, R. (2024). *With current staffing levels, about 1 in 5 nursing facilities would meet fully implemented minimum staffing standards in the final rule.* KFF. https://www.kff.org/policy-watch/nursing-facilities-staffing-levels-standards-final-rule.

11) For more details, see In-Home Services, Executive Office of Elder Affairs, https://www.mass.gov/in-home-services.

12) For more details, see Home Modification Loan Program (HMLP), Massachusetts Rehabilitation Commission, https://www.mass.gov/home-modification-loan-program-hmlp.

13) See Bartless, J. (2023, June 12). Over a thousand patients have been "stuck" in hospital beds as discharge problems persist. *Boston Globe.* https://www.bostonglobe.com/2023/06/12/metro/over-thousand-patients-stuck-hospital-beds-discharge-problems-persist.

14) See Laughlin, J. (2024, April 21). Massachusetts commits $1 billion to move thousands out of nursing homes in wake of lawsuit settlement. *Boston Globe.* https://www.bostonglobe.com/2024/04/21/metro/nursing-home-settlement-disabled-massachusetts.

15) Medicaid and CHIP Payment and Access Commission. (2023). *Estimates of Medicaid nursing facility payments relative to cost* (MACPAC Issue Brief). https://www.macpac.gov/wp-content/uploads/2023/01/Estimates-of-Medicaid-Nursing-Facility-Payments-Relative-to-Costs-1-6-23.pdf.

16) See Kobin, B. (2024, April 17). Maine legislature passes budget addition again without Republican support. *Bangor Daily News.* https://www.bangordailynews.com/2024/04/17/politics/state-politics/maine-house-2-year-budget-lacks-republican-support.

The Behavioral Health Workforce in Greater Boston: Recent Developments and Challenges

This article, based on a larger study, highlights demographics, employment trends, and challenges within the behavioral health sector in Greater Boston. Barriers to expanding the workforce in this field include lower wages, extensive education requirements, and stressful work environments—all of which must be addressed to improve the health and well-being of communities in the Commonwealth.

BRANNER STEWART, ANDREA ALEXANDER, & LILY HARRIS

The COVID-19 crisis placed incredible stress on the healthcare system. Vulnerabilities in the system became evident as hospitals and emergency care facilities were stretched trying to respond to a once-in-a-lifetime global pandemic. The pandemic also strained the mental and behavioral health system as more and more people sought services to help address the anxiety and stress stemming from COVID-19 as well as other social, personal, and political issues throughout 2020 and 2021.

This article—adapted from a larger study by the University of Massachusetts Donahue Institute (UMDI) for the MassHire Metro South/West Workforce Board—benchmarks the state of the behavioral health sector in the Greater Boston region, looking in particular at the demand and supply of the types of services critical to meeting the mental health needs of the region's population. The behavioral health sector, a subsector of the broader healthcare industry, comprises activities related to the treatment of behaviors and emotions that affect a person's overall well-being, including mental health, substance use, and social functioning. Our study with MassHire Metro South/West used a mixed-methods approach analyzing recent employment and demographic data, as well as key informant interviews with employers and other stakeholders, to better understand the current state of the behavioral health system in the region and to identify challenges facing the sector. In short, the demand for behavioral health workers in Greater Boston has increased in the years since the pandemic, and demand is projected to increase further in the coming decade. Workforce shortages in the region, especially in the broader healthcare system, are straining the sector and contributing to more challenging and stressful work environments. Major barriers to building the behavioral health workforce include lower wages, high and expensive education requirements, and stressful work. Workforce initiatives must address these barriers to increase the pipeline of behavioral health workers to fill positions in high demand.

Employment Trends in Behavioral Health

INDUSTRY GROWTH

For this study, we defined the behavioral health sector using nine North American Industry Classification System (NAICS) industry codes within the larger healthcare and social assistance sector, including services and facilities supporting the elderly, people with disabilities, mental health, substance abuse, and youth services. Over the past decade, the behavioral health sector has grown 58% in the Greater Boston region, adding over 17,500 jobs. Employment estimates indicate that demand in the sector will only grow over the next 10 years, with projections suggesting 45% job growth between 2022 and 2032, or nearly 22,000 additional jobs (see Table 1). Both job-growth and employment projections are strong across much of the sector but particularly for different elements of mental health services (e.g., residential facilities, practitioner offices). Importantly, job growth is especially strong for services for the elderly and persons with disabilities, which have grown by 183% since 2012 and are projected to increase by another 10,500 jobs by 2032. This sector provides non-residential social assistance services, including companion services, day care centers, activity centers, and non-medical home care. The increase in these types of jobs corresponds with the increase in the aging population and thus the need for more care and services for the elderly.

Table 1: Behavioral Health Industries in the Greater Boston Region

NAICS Code	Code Description	2012 Jobs	2022 Jobs	2032 Jobs	2012–2022 % Change	2022–2032 % Change
624120	Services for the Elderly and Persons with Disabilities	6,401	18,109	28,558	183%	58%
624190	Other Individual and Family Services	8,758	8,043	10,805	–8%	34%
623220	Residential Mental Health and Substance Abuse Facilities	2,444	5,610	8,592	130%	53%
621330	Offices of Mental Health Practitioners (except Physicians)	2,052	5,178	6,875	152%	33%
622210	Psychiatric and Substance Abuse Hospitals	2,132	2,880	4,282	35%	49%
623210	Residential Intellectual and Developmental Disability Facilities	2,653	2,824	3,374	6%	20%
621420	Outpatient Mental Health and Substance Abuse Centers	2,205	2,207	2,769	0%	25%
624110	Child and Youth Services	2,689	1,187	2,472	–32%	35%
621112	Offices of Physicians, Mental Health Specialists	878	1,148	1,515	31%	32%
	Totals	**30,211**	**47,827**	**69,243**	**58%**	**45%**

■ Sources: Lightcast, UMDI Analysis.

OCCUPATIONS

To better understand current employment trends and workforce development needs, our research examined occupational growth patterns for 26 key occupations in behavioral health in Greater Boston. Some of the fastest growing behavioral health occupations include counselor occupations, social workers, social and human service assistants, managers, psychologists, and psychiatric nurses. Across the behavioral health occupations studied, 27% growth is projected between 2022 and 2032 in Greater Boston. These projections anticipate the addition of more than 10,000 new jobs in the behavioral health field over the next decade in the region.

The largest behavioral health occupation in the region is substance abuse, behavioral disorder, and mental health counselors, a category that added nearly 2,500 new jobs in the Greater Boston region in the past decade, a 67% growth rate. Psychologists also show high occupational growth rates in the region over the past decade. "Psychologists, all other" increased by 77% ("all other" titles represent occupations with a wide range of characteristics that do not fit into one of the detailed occupations), adding over 1,000 new jobs, and clinical and counseling psychologists increased by 41%, adding nearly 500 new jobs. In Greater Boston, both occupations are growing at a faster rate than at the state level. Social worker occupations showed either minimal growth or a decline in jobs. Health care social workers and mental health and substance abuse social workers in the Greater Boston region grew by 2% and 4%, respectively.

While some occupations, such as social workers, posted decreases over the past decade, projections anticipate growth in all behavioral health occupations over the next 10 years. These occupations are generally projected to continue growing at a faster rate in Greater Boston than at the state level. The occupational category of substance abuse, behavioral disorder,



and mental health counselors is expected to continue growing at the highest rate in both Greater Boston and the state, with nearly 2,000 net new jobs projected over the next decade for the region (Table 2). This number, however, does not include the jobs that will need to be filled due to workers leaving an occupation for another field or workers who retire. Accounting for replacement jobs from occupational turnover and retirements, over 8,500 projected job openings will need to be filled in the Greater Boston region over the next decade. Aside from the general aging workforce in the state, turnover rates can be high among some of these positions due to stressful work environments and burnout. The behavioral health workforce will need to supply enough workers to fill these thousands of projected job openings over the next decade.

Table 2: Top Behavioral Health Occupations, with Projected Growth in the Greater Boston Region, 2022–2032

Standard Occupational Classification (SOC) Code	Code Description	Typical Entry-Level Education	Median Annual Earnings	Net New Jobs 2022–2032	Total Projected Job Openings 2022–2032 *Includes replacement jobs from turnover
21-1018	Substance Abuse, Behavioral Disorder, and Mental Health Counselors	Bachelor's degree	$51,516	**1,974**	**8,637**
21-1012	Educational, Guidance, and Career Counselors and Advisors	Master's degree	$79,592	**1,403**	**6,109**
21-1093	Social and Human Service Assistants	High school diploma or equivalent	$38,142	**1,164**	**6,966**
21-1022	Healthcare Social Workers	Master's degree	$64,360	**679**	**4,720**
19-3039	Psychologists, All Other	Master's degree	$106,950	**654**	**2,495**
11-9151	Social and Community Service Managers	Bachelor's degree	$74,506	**598**	**2,962**
21-1021	Child, Family, and School Social Workers	Bachelor's degree	$50,847	**596**	**3,421**
21-1023	Mental Health and Substance Abuse Social Workers	Master's degree	$51,938	**581**	**2,677**
21-1019	Counselors, All Other	Master's degree	$64,282	**404**	**1,331**
21-1015	Rehabilitation Counselors	Master's degree	$50,590	**358**	**1,860**

■ Sources: Lightcast, UMDI Analysis.

The fastest growing occupations vary in required education levels, with regional differences. Social and human service assistant occupations typically only require a high school diploma, but most other behavioral health occupations require either a master's degree or a bachelor's degree. Massachusetts has additional licensing requirements for some of the higher level behavioral health positions that require master's degrees, making these positions more difficult to fill.

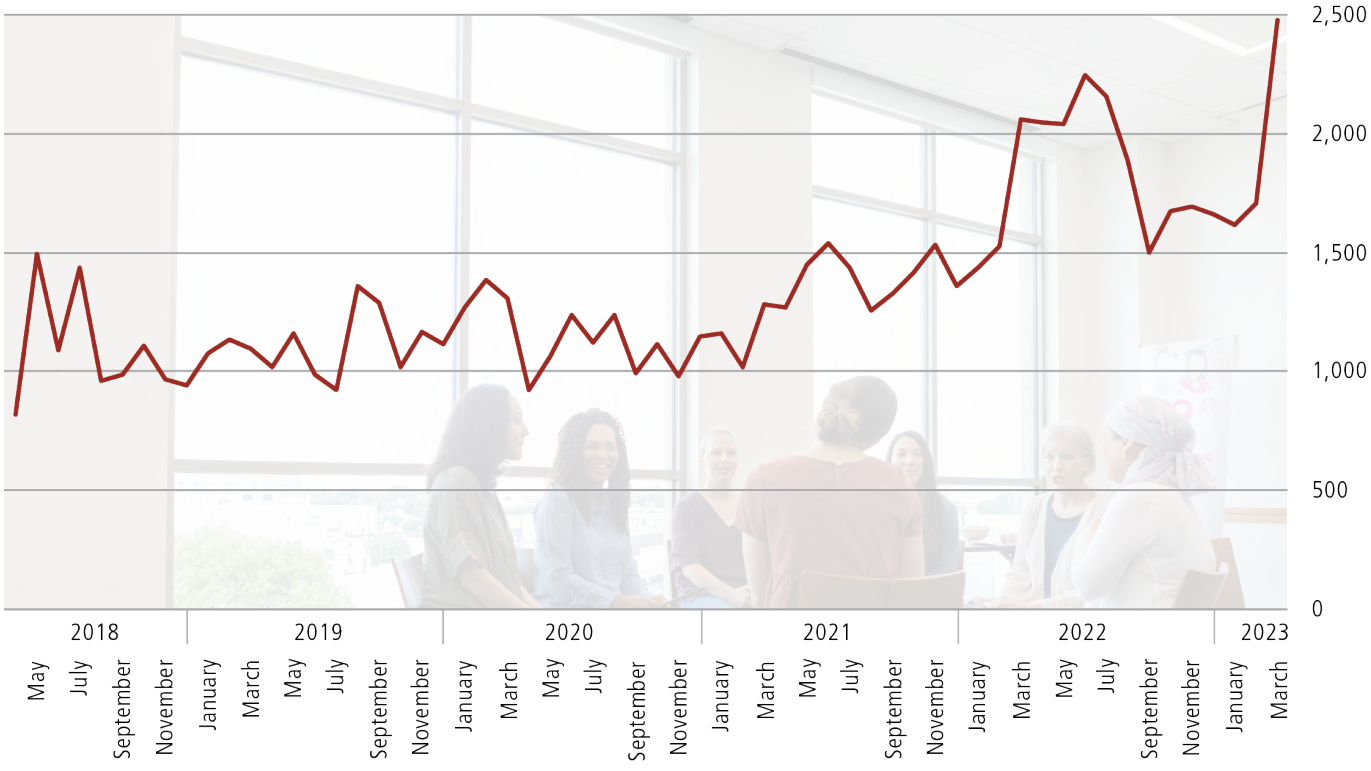
Job Postings

After remaining level for years, job postings for behavioral health positions have surged since the COVID-19 pandemic began. However, there are challenges in recruiting and retaining behavioral health workers to meet the high demand. Behavioral health jobs typically have relatively low salaries, involve stressful work, and have high education requirements. This is especially challenging for community-based practices that cannot compete with larger hospitals or private practices in terms of salary and benefits packages for both interns and clinical staff. Interviewees indicated that, among other strategies, compensated training and paid internships have proved to be effective tools for boosting employee morale and attracting and offering opportunities for more diverse workers in behavioral health. However, budgets and funding for these strategies are often limited.

WORKFORCE DEMAND BASED ON JOB POSTINGS

Recent job-postings data underscore the robust demand for workers in behavioral health settings. In the years since the pandemic, job postings have increased for all the 26 occupations included in the behavioral health occupations group. In March 2023, there were about 2,500 unique job postings for these occupations in the Greater Boston region, a 125% increase from March 2019 (Figure 1), prior to the pandemic.

Figure 1: Monthly Unique Job Postings for Behavioral Health Occupations in Greater Boston*



Note: *Job-postings data for Middlesex, Norfolk, and Suffolk Counties.
Sources: Lightcast, UMDI Analysis.
Access the link to the text-based description of this figure on Google Docs.

Based on occupational projections and recent job postings, the following six occupational groups are in highest demand in the Greater Boston region: counselors; social workers; social and human service assistants; social and community service managers or medical and health services managers; psychologists; and psychiatric nurses. The top behavioral health occupations from job postings in 2022 are shown in Table 3.

As with the growth projections, job postings show that substance abuse, behavioral disorder, and mental health counselors comprise the behavioral health occupation most in demand. In Greater Boston, there were nearly 3,500 unique job postings for these positions in 2022; there were also high numbers of postings for social workers. Taken together, there were more than 5,000 unique job postings for social worker occupations in 2022.

Table 3: Top Posted Behavioral Health Occupations from Job Postings in 2022 in Greater Boston*

Occupation (SOC)	Unique Job Postings in 2022*
Substance Abuse, Behavioral Disorder, and Mental Health Counselors	**3,477**
Educational, Guidance, and Career Counselors and Advisors	**3,453**
Social Workers, All Other	**1,602**
Healthcare Social Workers	**1,594**
Social and Human Service Assistants	**1,360**
Social and Community Service Managers	**1,316**
Psychiatrists	**1,045**
Health Education Specialists	**1,019**
Counselors, All Other	**971**
Mental Health and Substance Abuse Social Workers	**954**
Clinical and Counseling Psychologists	**947**
Marriage and Family Therapists	**916**
School Psychologists	**910**
Child, Family, and School Social Workers	**896**

Note: *Job-postings data for Middlesex, Norfolk, and Suffolk Counties.
Sources: Lightcast, UMDI Analysis.

Job postings show that substance abuse, behavioral disorder, and mental health counselors comprise the behavioral health occupation most in demand.

For the most part, positions sought through job postings match the occupations that are projected to grow the most over the next decade. One exception is the high demand for psychiatrists, an occupation projected to add fewer jobs than the other behavioral health occupations over the next decade. In 2022, there was an average of 87 monthly job postings for psychiatrists in the Greater Boston region and an average of only six hires per month. There is a major shortage of psychiatrists, but other occupations, such as psychiatric nurse practitioners, are taking on the work of psychiatrists—a trend that will likely continue.

Based on the 2022 job postings for behavioral health occupations, the top 10 employers represent hospitals, home- and community-based health care organizations, and educational institutions, many of which are located in Boston and Cambridge. Two major Boston hospitals, Mass General Brigham and Massachusetts General Hospital, had the largest numbers of unique job postings for behavioral health occupations.

Insights from Provider Organizations

To better understand behavioral health workforce challenges in Greater Boston, UMDI interviewed a cross-section of providers from behavioral health organizations in the region. The interviews included questions about barriers to workforce development for the behavioral health workforce, how they facilitate behavioral workforce training, and their insights into the trends observed in the workforce data.

BARRIERS TO WORKFORCE DEVELOPMENT

As many behavioral health organizations struggle to fill position vacancies, the interviews identified barriers that organizations face in workforce development. These organizations are experiencing difficulties both recruiting new workers and retaining existing workers.

LOW COMPENSATION AND HIGH STRESS LEVELS

A major issue around recruiting and retaining behavioral health workers is the low salary scale for stressful work with high education requirements. Salaries for most behavioral health work are not competitive with other health-care jobs or, in many instances, entry-level positions in entirely different fields. When asked about competing with other entry-level jobs, some employers noted that businesses like Target, McDonald's, and Dunkin Donuts can pay more than they can. Organizations have raised salaries in recent years with the help of government funding and investment in the behavioral health workforce, but it is still difficult to compete with other jobs that may not be as stressful.

Workplace barriers often relate to differences between community-based and private practices. Many workers leave community-based organizations to work in private practice, which tends to pay more and be less stressful. Telehealth services (e.g., via Zoom)

Employers want to create work environments that attract a more diverse workforce and make people feel welcome and valued.

have likely encouraged more people to work in the private sector because clinicians can work remotely. Another salary-related barrier is the high cost of housing in Greater Boston. Housing is more expensive in urban areas, and it is challenging for employers to pay a competitive wage that reflects the region's high cost of living. One interviewee, a public health social worker, mentioned that community-based practices compete with larger hospitals in the area in terms of salary and benefits packages for interns and clinical staff. Larger hospitals can offer full-time positions with health and retirement benefits whose costs exceed the budgets of community-based organizations.

LICENSING REQUIREMENTS

An additional barrier to behavioral health workforce development identified in the interviews is education and licensing requirements. Opinions vary regarding whether a master's degree is necessary for certain positions and whether it should be mandated for licensing. Some interviewees indicated that managers do not necessarily need to be licensed clinicians and that the state's licensure requirements for counselors limit their ability to promote workers with experience. Earning a master's degree is expensive and can deter professional advancement in the field, especially when a job with the same, or fewer, education requirements can pay more. Interviewees said that some staff with bachelor's degrees leave for other careers rather than pay for education to continue in behavioral health.

BILLING AND ADMINISTRATIVE BURDENS

The interviews also revealed that the expense of managing reimbursement and billing with insurance poses a barrier to the business of community-based mental health practices. Reimbursement levels from insurance companies are not enough to sustain billing staff, and negotiating a deal with insurance companies is very complicated. Consequently, many behavioral health colleagues have stopped accepting insurance, which in turn creates a barrier for community members who may not be able to afford care without insurance.

REDUCED FLOW OF IMMIGRANTS TO SUPPORT BEHAVIORAL HEALTH-CARE JOBS

Another barrier for the behavioral health workforce is the reduced number of immigrants entering the United States and Massachusetts during the Trump Administration and the COVID-19 crisis. While immigration levels have recently returned to normal in Massachusetts, one interviewee said that immigration challenges have been a barrier because many staff who would take these jobs come from other countries. They said that immigrants usually fill direct-care positions in group homes, providing support to individuals with mental health issues. They also fill other support positions like cooking, cleaning, or transportation jobs.

Workforce Training Initiatives

To address the challenges related to low wages and high burnout, behavioral health organizations are attempting to improve their workforce, but most often they do not have the funding to do so. Some of the workforce programs and actions that behavioral health organizations currently use include providing bonuses, increasing recruitment activities, increasing staff diversity, providing educational and advancement opportunities, and offering paid internships.

INCENTIVIZING RECRUITMENT AND RETENTION

Some organizations have used grant funds to offer sign-on bonuses or retention bonuses to their employees. Some are increasing recruitment activities and investment. Organizations are trying to recruit a more diverse workforce—and in new populations from which they have not previously recruited. Employers want to create work environments that attract a more diverse workforce and make people feel welcome and valued.

COMPENSATED TRAINING, PAID INTERNSHIPS, AND CAREER ADVANCEMENT INITIATIVES

Organizations want to invest in their workers and help them develop in strategic ways. Some host classes onsite and pay for employees who want to pursue professional development opportunities to increase licensure and salaries. Some offer wellness programs for employees and mentorship programs to encourage advancement, particularly for diverse employees. In addition, some organizations have considered implementing workforce initiatives but cite a lack of funding to do so. For example, many organizations would like to pay interns, but funding limitations have prevented this as well. The ability to pay interns could help recruit a more diverse workforce, including students who are not able to accept an unpaid internship. In addition, paid internships can help remove barriers for those seeking a master's degree; unpaid internships make earning a degree even more expensive if workers cannot earn money while in school.

Well-resourced organizations can make other programs available for career advancement. For instance, they can offer weekly clinical supervision, post–master's-degree supervision, and even study guides for exams that are required for licensure and for professional and career advancement coaching.

RETENTION INITIATIVES

Organizations are developing other incentives to help attract and retain employees, including retention bonuses, education reimbursement, and childcare assistance for workers, but, again, funding for these programs is necessary. Another strategy is offering seasonal work. For example, employees can be given a break over the summer, when client demand declines, which may help reduce burnout. Employers are trying to determine what workers need to feel valued and make them want to stay. They recognize that there are jobs available that are easier and that pay higher or equivalent salaries. To compensate, some employers focus on creating an attractive workplace culture so employees are excited to come to work and feel supported and connected.

NETWORKING AND COLLABORATING WITH OTHER PROVIDERS TO ATTRACT AND SHARE TALENT

Some practices network with other behavioral health providers to identify job candidates who can be routed to their organizations. Some are successfully collaborating with other providers to share workers. According to interviewees, the collaborative approach within a network of providers has proved to be more successful attracting workers than advertising on platforms like LinkedIn.

Insights into Workforce Data

The interviews with behavioral health providers also included questions designed to validate and contextualize several of the main findings from the workforce data analysis. While some of the interview insights are incorporated into earlier parts of the analysis, this section further details trends observed in the data.

GROWTH IN BEHAVIORAL HEALTH JOBS AND OCCUPATIONS

Regarding the top-growing occupations, interviewees confirmed that there is a demand for positions, including the following: counselors; social workers; human service workers; social and community service managers or medical and health services managers; psychologists; and psychiatric nurses. Behavioral health services are expanding in Massachusetts, increasing demand across a range of positions such as psychiatrists, counselors, and nurse practitioners. Similarly, in the post-pandemic years, more people are struggling with mental health issues, and among providers, there is a perception that more are willing to invest in their mental health. The increasing demand for mental health services increases the demand for critical behavioral health occupations, but these are difficult to fill.

CHALLENGES IN HIRING

Medically prescribing staff, including nurse practitioners and psychiatrists, are the most challenging positions for organizations to hire. It is also difficult hiring nurses in the behavioral health field, clinicians who wish to do programmatic and operational management, and peer workers who are able to remain in the workforce long term. Providers indicate that peer workers, who have lived mental health experience, can engage with patients and offer connection, inspiration, and hope. However, peer workers with life experience can be hard to find. Other roles that are difficult to hire include clinical roles, licensed clinicians who can bill out insurance, and residential counselors. Residential counselors have a high turnover rate and, as reported by employers, are leaving faster than they can be hired due to stress associated with the position.

EMPLOYERS ARE SEEING WORKFORCE SHORTAGES IN THE FIELD

One interviewee said that they and many of their colleagues were surprised to see data showing that mental health-related degrees were being conferred at an increasing rate. They felt that they were not seeing as many professionals entering the behavioral health field and wondered where those graduates are seeking employment. It is likely that they are entering private practice, school systems, and state systems—areas that were once competitive but that are similarly desperate for hires in this market and are therefore hiring new graduates.

IMPORTANCE OF RACIAL AND GENDER DIVERSITY FOR BEHAVIORAL HEALTH PRACTITIONERS

Because community members should have access to appropriate and culturally literate care in their native language, behavioral health organizations believe that it is important to have a mental health workforce that is diverse in terms of race, ethnicity, gender, languages spoken, and other cultural intersections. However, it is very difficult to recruit enough people with different backgrounds due to the barriers discussed earlier, paired with very high demand for services. There is also a pronounced lack of men in the mental health field. It is important that individuals have access to providers they are comfortable with, and oftentimes this means working with providers of the same gender, cultural background, or other identity. Thus, it is crucial to recruit enough men to the field.

Conclusion

This article provides an overview of the behavioral health sector in Greater Boston and offers valuable insights from interviewees with direct experience. As the findings highlight, there are several significant barriers to the sustainability and growth of the behavioral health workforce, which is key to the health and well-being of communities.

The demand for behavioral health workers in the Greater Boston region has increased since the pandemic, and demand is projected to increase further in the coming decade. The current workforce is struggling to meet the demand for behavioral health services, in turn contributing to more stressful work environments. Major barriers to building the behavioral health care workforce include lower wages, high and expensive education requirements, and stressful work. Workforce initiatives must address these barriers to increase the pipeline of behavioral health workers to fill in-demand positions.

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Endnotes

1) Stewart, B., Alexander, A., & Harris, L. (2023). *Metro South/West Behavioral Health Workforce Study.* University of Massachusetts Donahue Institute.

ENDNOTES

The Critical Need for an Actionable Plan to Expand ESOL Services in Massachusetts

BEN FORMAN

With nearly a half million working-age Massachusetts residents lacking English proficiency, the need for ESOL services has never been greater. However, even though these services—provided by a spectrum of community-based organizations, state agencies, and employers—help increase labor force participation and improve regional and local economies, the Commonwealth does not have an actionable plan for administering or expanding the ESOL delivery system. Consequently, funding for vocational ESOL woefully lags the growing demand. A comprehensive plan is needed not only to attract greater public and private investment in ESOL programs, but also to implement new, more effective delivery methods and to better understand the shifting needs of those served.

One in 10 workers in Massachusetts has limited English proficiency (LEP). A recent report by the MassINC Policy Center and the UMass Donahue Institute (UMDI) points to the pressing need for an actionable strategy for helping these workers improve their English skills. More coordinated and targeted efforts to reach the roughly 500,000 working-age Massachusetts residents in need of English as a second language (ESOL) services could provide a powerful antidote to labor shortages, which present an increasing threat to the economy and residents' quality of life, not to mention their health and well-being, as other articles in this issue have described.

In Massachusetts, an impressive array of community-based organizations delivers ESOL instruction, and several state agencies partner with these providers to help them innovate and improve program quality. In health and other fields, employers also contribute to the system, partnering, for instance, with groups like English for New Bostonians to deliver workplace-based instruction. However, the Commonwealth lacks a transparent cross-agency plan for weaving these partners and providers into a robust delivery system with the capacity to meet the growing demand for services. With increasing competition for the state's limited resources, the ESOL-delivery sector urgently needs a plan to make a compelling case for more public investment. Such a vital plan would also further the systemic change necessary to fully implement the new, better, and more cost-effective service-delivery methods that were revealed by pandemic-era experimentation and to draw additional private investment into the system.

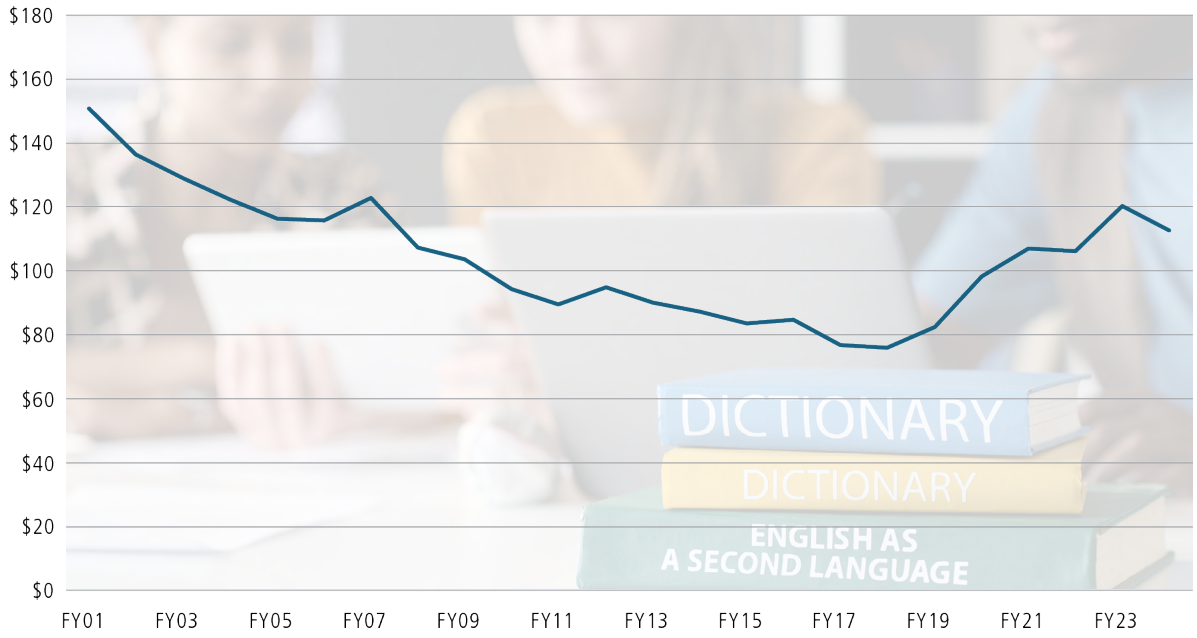
Without a comprehensive plan, funding has not kept up with the growing number of Massachusetts residents with limited English skills. While there is widespread awareness that resource levels are inadequate to meet demand, the MassINC–UMDI study reveals just how far funding has fallen relative to need.

STATE AND FEDERAL ESOL FUNDING HAS NOT KEPT PACE WITH THE GROWING LEP POPULATION

Most high-quality ESOL providers in Massachusetts receive operating support from the Department of Elementary and Secondary Education (DESE), which deploys the bulk of both state and federal funding available for these services. Adjusting for inflation, DESE state spending per resident with limited English proficiency is roughly 25% below Fiscal Year 2001 levels (Figure 1). On a per-LEP-resident basis, DESE's federal funding allocation has been cut even more drastically, by about 40% over the past two decades (Figure 2). Importantly—yet poorly understood—this figure does not include reduced federal support for ESOL instruction at community colleges. Over the past decade, community colleges have substantially reduced ESOL course offerings in response to changing interpretations of federal financial aid eligibility by the U.S. Department of Education.

The absence of a comprehensive statewide strategy for the ESOL delivery system, with key performance metrics, means that few realize the extent to which ESOL resources have failed to keep up with the growing demand for services. Though these needs are clearly intensifying with the recent influx of migrants, state funding continues to decline. Indeed, the past two budget appropriations for ESOL were insufficient to keep up with inflation, let alone the growing LEP population.

Figure 1: Massachusetts State Adult Basic Education (ABE) Spending per Adult LEP Resident (2024 Dollars)



■ Source: Massachusetts Budget and Policy Center Budget Browser, U.S. Department of Education, and U.S. Census Bureau.
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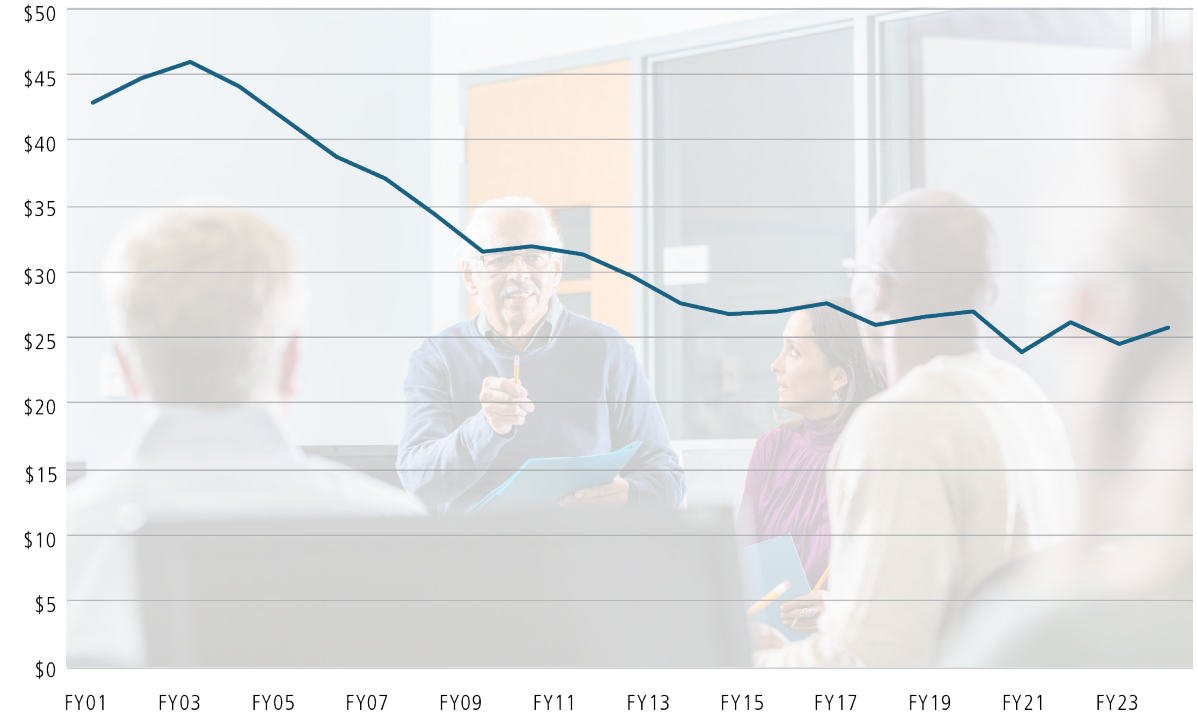
Figure 2: Federal ABE Grants to Massachusetts per Adult LEP Resident (2024 Dollars)



■ Source: US Department of Education and US Census Bureau.
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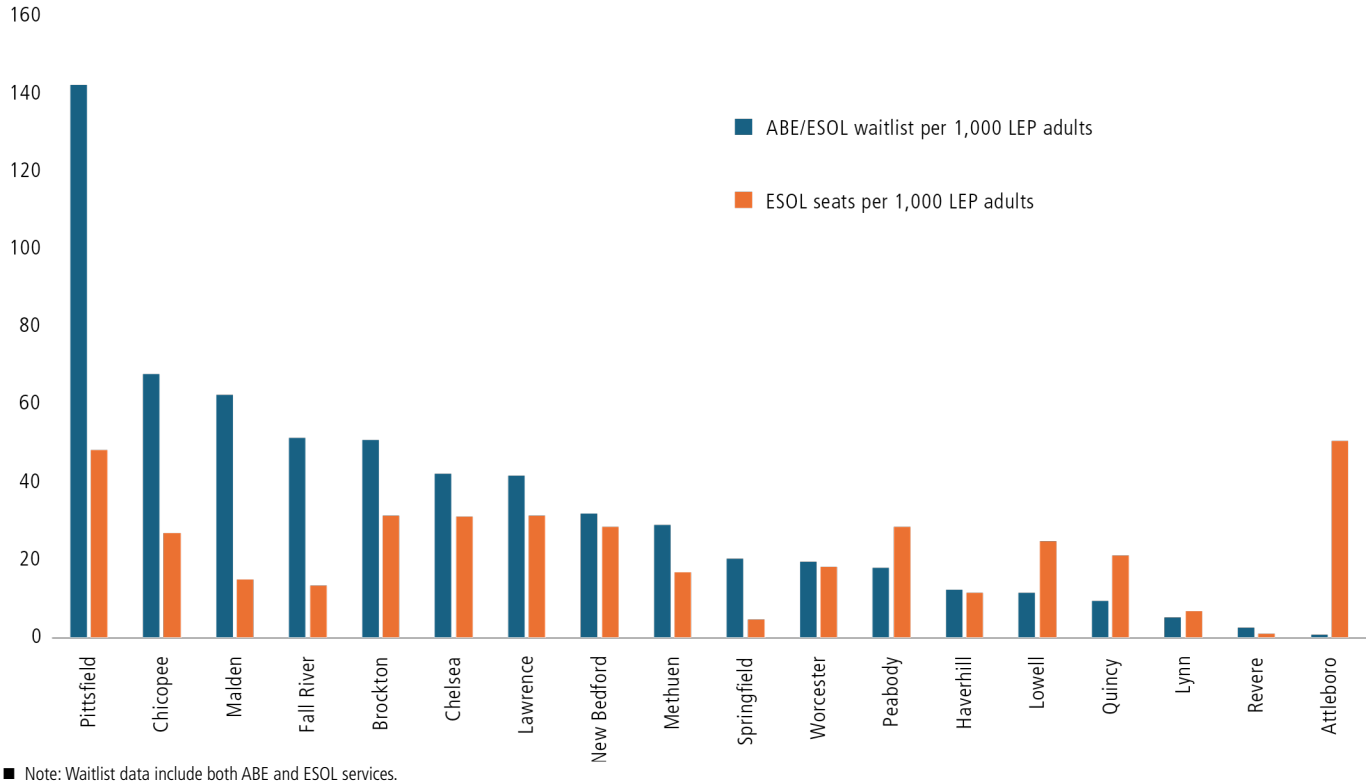
Figure 3: Waitlist vs. Seats for DESE-Funded ESOL Services per 1,000 LEP Adults in Massachusetts Gateway Cities



Note: Waitlist data include both ABE and ESOL services.
Source: Data analysis provided by the Massachusetts Department of Elementary and Secondary Education.
Access the link to the text-based description of this figure on Google Docs.

BASIC ESOL SERVICES ARE EXTREMELY LIMITED IN MANY IMMIGRANT COMMUNITIES

Due to resource constraints, DESE cannot adequately fund providers in many communities with large and growing immigrant populations. Four gateway cities in the state—Everett, Fitchburg, Salem, and Westfield—have no DESE-funded ESOL providers, and many gateway cities that do have such providers are still woefully underserved. Revere, for instance, has just 15 seats for nearly 17,000 LEP adults. Likewise, capacity is extremely limited in Springfield and Lynn, which each have fewer than 10 DESE-funded seats per 1,000 LEP adults.

Even relatively high-capacity communities have difficulty meeting their residents' needs with current resource levels. Lawrence, Brockton, and Chelsea have roughly six times as many seats per LEP adult as Springfield, but they maintain longer waitlists for services than Springfield and many other gateway cities with lower capacity (Figure 3).

SERVICES TO HELP IMMIGRANT WORKERS PERFORM THEIR JOBS AT THEIR FULL POTENTIAL ARE EVEN MORE LACKING

Most immigrants seeking ESOL services report that their primary motivation is to further their employment and increase their earnings. However, Massachusetts offers relatively few programs that combine ESOL and job-training services. Those that do exist are primarily funded by small allocations from the Workforce Training Funds Program (WTFP) and DESE's ESOL line item.

Commonwealth Corporation administers the WTFP dollars. Between July 2022 and May 2024, just over $3 million from the fund were allocated to vocational ESOL programs that provide job-specific services to LEP residents at their workplace. DESE operates two other variants of vocational ESOL that are critical components of the delivery system because they provide much-needed pre-employment services. The first, MassSTEP, integrates ESOL with job training in high-demand occupations such as home health aides; in FY 2023, MassSTEP received approximately $1 million. Through the second DESE-funded vocational ESOL program, Pay for Performance, participants receive ESOL instruction coupled with career coaching and support; in FY 2023, DESE budgeted roughly $3 million for these contracts.

Between Commonwealth Corporation and DESE, Massachusetts invests about $6 million annually in vocational ESOL. This funds about 2,600 seats, amounting to five vocational ESOL opportunities per 1,000 working-age LEP adults in Massachusetts. While services are severely lacking across the board, there are, by contrast, three times as many basic ESOL seats available relative to need.

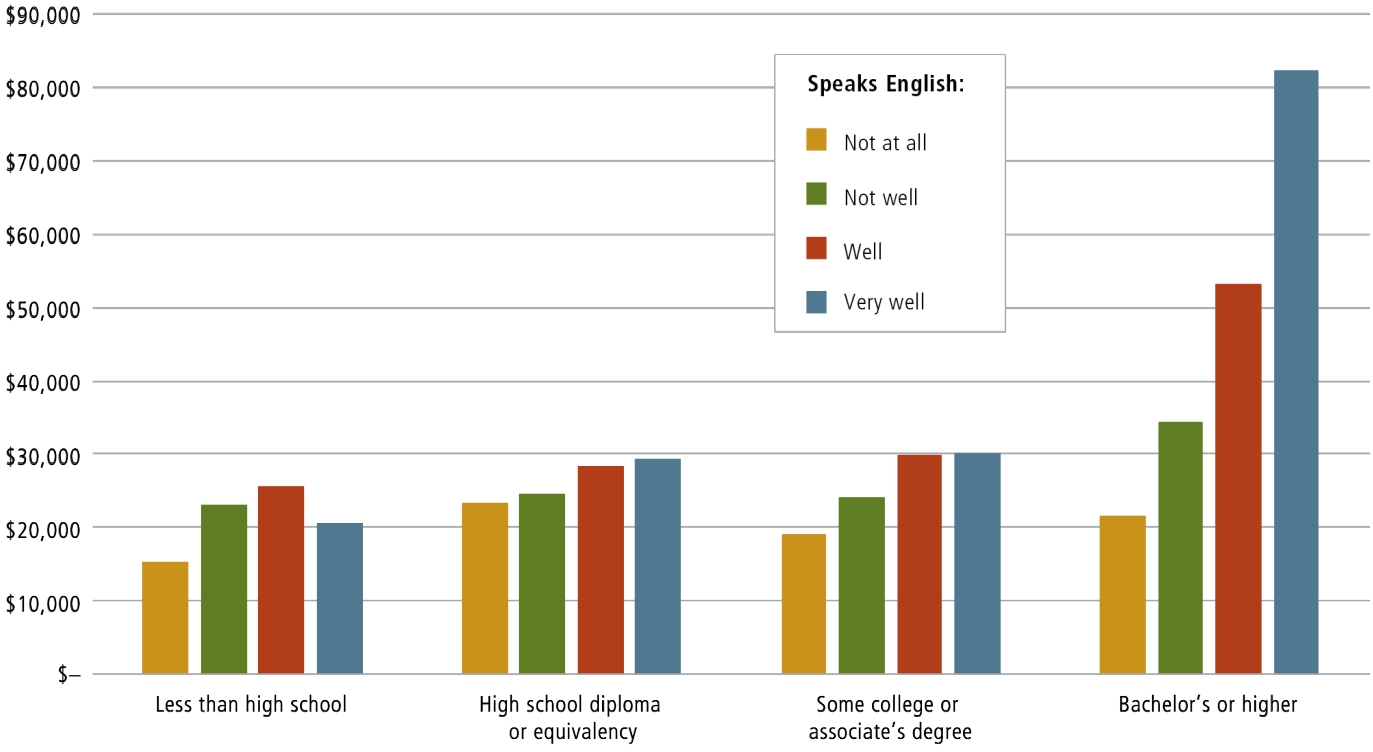
MASSACHUSETTS NEEDS MORE OF BOTH FORMS OF ESOL NOW

From Andy Sum to Alicia Sasser Modestino, highly regarded labor market economists have for years advocated for greater investment in ESOL services in Massachusetts, but recent calls are more urgent. Since 2020, Massachusetts has posted the second highest net international migration rate among U.S. states. High levels of immigration contribute even more to the state's future workforce because fertility rates for domestic- and foreign-born women in Massachusetts have diverged sharply, with immigrants now 50% more likely to give birth. In this regard, ESOL services produce significant intergenerational benefits by helping immigrant parents put their children on a firmer path to success.

Massachusetts need not wait a generation to realize the productivity benefits of ESOL services. Improving English language skills allows workers to participate in the labor force more fully, increasing the output of regional economies and contributing to local economic development. This is evident in the sizeable earnings gains attached to English language acquisition (Figure 4). On average, earnings for workers in Massachusetts increase by nearly 25% for each step up in English proficiency, controlling for educational attainment. Based on these figures, helping each working-age LEP adult in Massachusetts to increase their English language skills by one proficiency level would generate $3 billion in additional annual earnings.

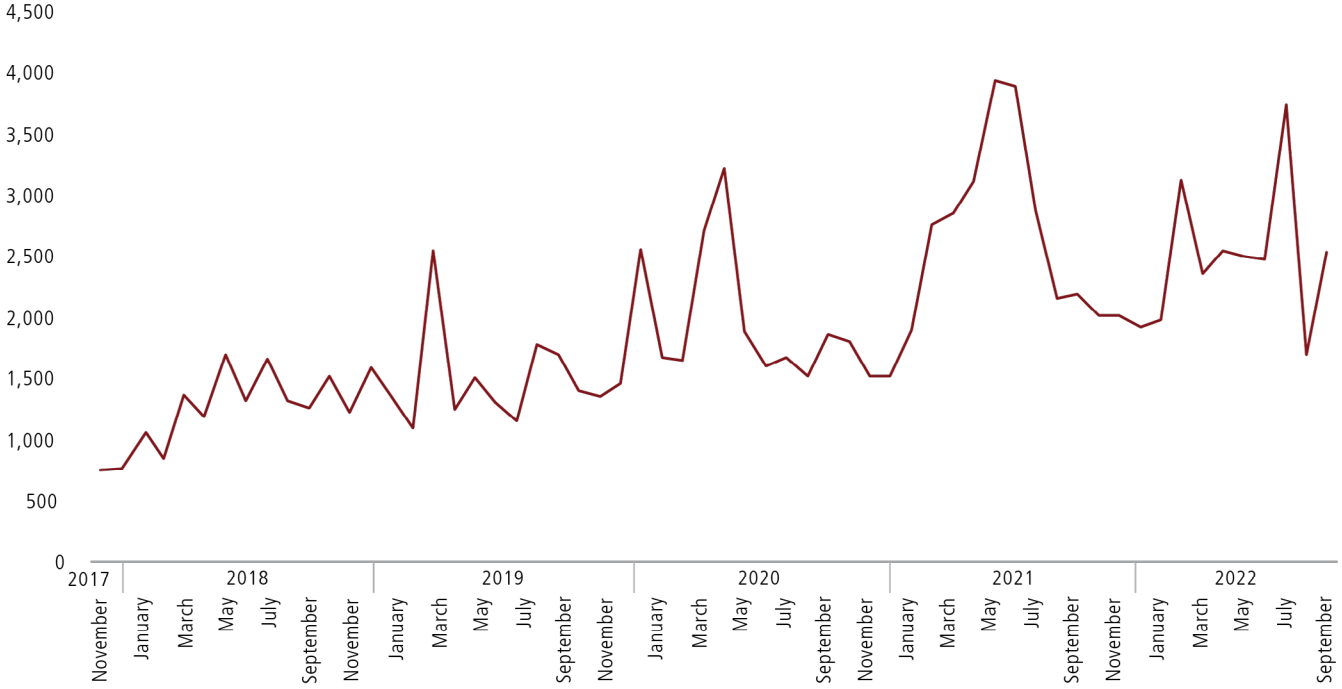
The return on investment of state funding for ESOL should be even higher in the future because the returns to English skills are likely to rise. Occupations requiring the most English are projected to grow from 30% to 37% of all jobs in Massachusetts over the next 10 years. Data from employers suggest that this trend is already unfolding: Between 2017 and 2022, the number of job postings requiring candidates to possess strong English skills increased threefold (Figure 5).

Figure 4: Total Personal Earnings in Massachusetts by English Proficiency and Educational Attainment



■ Source: Author's analysis of 2021 PUMS, 5-year sample; population aged 18 to 64 years.
Access the link to the text-based description of this figure on Google Docs.

Figure 5: Unique Job Postings Requiring English Language Skills for Massachusetts



Note: Only Massachusetts job postings for those with English language skills are listed; master's and PhD education requirements excluded.
Source: Lightcast, 2022:Q4 dataset.
Access the link to the text-based description of this figure on Google Docs.

WHAT MASSACHUSETTS CAN ACHIEVE WITH AN ACTIONABLE STRATEGY

It is no longer just labor market economists calling for Massachusetts to do more and better. Listen to the medical professionals: The stakes are rising. The Commonwealth needs a transparent comprehensive statewide strategy.

In addition to identifying shifting needs as immigrant communities in cities and towns across the state grow at different rates, a plan can help map creative approaches to secure more resources for ESOL generally while creating more balance between basic and vocational ESOL funding. This might mean incentivizing more private investment with state matching funds for pre-employment and incumbent worker vocational ESOL programs. Or it might mean finding approaches to bringing in more federal resources through community college programs that help immigrants build basic English skills, while still adhering to federal financial aid requirements.

The movement to cost-effectively scale ESOL, leveraging new pay-for-success and online learning models, increases the need for strategies to forge more collaborative delivery models. Providers require scale and sophistication to operate in this new environment. At the same time, it is critical that Massachusetts preserves and enhances the capacity of small community-based organizations, which bring a wealth of cultural capital and trusted relationships. Clarifying roles will help ensure that critical components of the ESOL delivery system are not lost in efforts to increase efficiency.

A strategy must also be attentive to the basic infrastructure of the delivery system. This includes proactive efforts to ensure that Massachusetts programs keep pace with the need to attract and retain qualified instructors. It also includes support for regional "backbone" organizations that can centralize capacity to braid public and private funding, provide technical assistance to the field, and lead research evaluation efforts.

Finally, the plan must outline key performance metrics and ensure that data systems are reliably capturing and reporting these data. Although ESOL data collection has improved, it still falls short of answering basic questions about students on waitlists, their needs, and whether those needs have been met.

Stronger English skills can help one in every 10 workers contribute more productively to the Massachusetts economy. It is time to value the ESOL delivery system as mission-critical and operate it accordingly.

Benjamin Forman *is the director of the MassINC Policy Center.*

Endnotes

1) MassINC Policy Center. (2024). *Massachusetts needs an actionable strategy to expand ESOL services.* https://massinc.org/research/massachusetts-needs-an-actionable-strategy-to-expand-esol-services

MassBenchmarks is published by the UMass Amherst Donahue Institute in cooperation with the Federal Reserve Bank of Boston. The views expressed in this publication are not necessarily those of the UMass Amherst Donahue Institute, the Federal Reserve Bank of Boston, or the editorial board.

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