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Massachusetts Workforce Investments: COVID Relief and State Surplus Funding

This brief concludes a series of reports that provide a landscape analysis of state investments in workforce programs. These reports included workforce spending since the FY 2019 budget and found over $550 million in investments across more than 40-line-items administered by 16 distinct public entities that were funded in FY 2023. However, workforce spending in the annual budget does not show the full picture of recent investments in workforce programs. This brief looks at workforce spending in the COVID recovery and economic development bills passed in 2021 and 2022 supported by the American Rescue Plan Act (ARPA) and state surplus funds.

Over the course of these two major COVID recovery spending bills, policymakers dedicate more than $550 million through the COVID recovery and economic development bills to support employment programs, improve training infrastructure, and develop talent pipelines to critical sectors. These investments were made at a time when the dire consequences of workforce shortages were becoming clear. Since 2019, the state's labor force has declined by 130,000 individuals, causing significant workforce shortages in high-demand sectors, such as health care[1]. A report by the Massachusetts Health and Hospital Association estimated 19,000 unfilled positions in acute care hospitals in 2022, with more than half of licensed practical nurse positions vacant. Troubling labor trends are consistent across various sectors, threatening the state's economic growth and competitiveness.

This brief assesses workforce investments in COVID legislation. Both of these bills are notable in terms of policy goal – to support the state's workforce amidst ongoing pandemic recovery efforts – and their development. Unlike the annual budget, these bills include new appropriations that are available over multiple years. However, these bills also support several existing programs covered in previous MTF briefs. Because of the unique nature of these bills, we focus on each bill separately, highlighting notable workforce themes and major programs. Our analysis provides the broader context of investment as well as specific programs of interest.

Legislation Overview

In 2021 and 2022, policymakers passed two COVID recovery and economic development bills supported by federal Fiscal Recovery Funds (FRF) and state surplus resources. Combined, policymakers appropriated more than $7.7 billion to address pandemic-related challenges. The goal of the bills, an equitable and strong recovery from the pandemic, meant that workforce development was a priority for investment. Specifically, workforce investments focused on areas greatly impacted by workforce

[1] MTF's Update: Massachusetts' Demographic Trends Threaten our Talent Pipeline and Economic Strength Report

challenges and opportunities to provide transformative investments to train new workers and upskill incumbent workers.

Funding Composition Breakdown of COVID Recovery and Economic Development Bills

Bill	Total Funding	Workforce Spending	Workforce Share
An Act Relative to Immediate COVID-19 Recovery Needs (2021)	$3,998.7	$484.2	12%
An Act Relating to Economic Growth and Relief for the Commonwealth (2022)	$3,761.4	$66.1	2%
Total	**$7,760.1**	**$550.3**	**7%**

$ in millions

Of the combined $7.7 billion from both COVID recovery and economic development bills, workforce investments represent seven percent of overall spending. Workforce spending in the first COVID bill represents 12 percent of all spending in the first COVID bill and 2 percent in the second bill. For context, workforce development only represents one percent of spending in the FY 2024 budget, demonstrating the urgency to invest in training programs and strengthen talent pipelines.

Unlike discretionary spending in annual state budgets which expire after 12 months, COVID investments are appropriated through FY 2027 and provide policymakers with some flexibility in implementing these programs over time. This extended timeline has impacted annual budget spending decisions on workforce development in subsequent years. For example, Governor Healey's FY 2025 budget relies on $84 million of remaining COVID funds to bolster workforce line-item spending in her FY 2025 spending plan, which is significantly decreased compared to FY 2024. The combination of new and existing workforce programs and the extended time horizon spending makes analyzing COVID workforce investments challenging.

In the sections that follow, we will provide an overview of the four largest workforce investments made in the COVID bills. These overviews include the goal of the program, the target population, and the data available to assess the impact of the significant investment.

COVID Workforce Spending Trends

The $550.3 million of COVID workforce spending cited above is split across 69 new and existing workforce programs at the state and local levels. The scope of this funding is enormous when considered in the context of the annual budget. For example, workforce spending in the FY 2022 budget was $440.2 million, meaning that workforce spending in the COVID bills exceeds annual budget spending from the same timeframe by 25 percent. As noted above, the COVID funds were made available over a five-year period, but even if funds are spent at a steady rate over that timeframe, it equates to $100 million a year in new workforce spending.

Workforce investments in both bills are viewed through the framework outlined in our previous briefs.

- ***Individual Workforce Training*** – Programs that target populations, such as at-risk youth, that offer vocational and basic training to create job stability and promote career advancement.

- ***Sector-Based*** – Programs that develop talent pipelines to critical sectors and create pathways to obtain industry-recognized credentials.
- ***Training Opportunities for State-Serving Populations*** – Programs that provide access to vocational training and employment stability for individuals receiving public assistance benefits, such as individuals living with disabilities and low-income families.

Workforce Spending in 2021 & 2022 COVID Relief and Economic Development Legislation

Category	COVID 1	COVID 2	Total by Category
Individual Workforce Training	$50.7	$2.9	*$53.6*
Sector-Based	$433.0	$61.9	*$494.9*
Training Opportunities for State Populations	$.50	$1.3	*$1.8*
Total by Year	**$484.2**	**$66.1**	***$550.3***

$ in millions

As demonstrated in the table above, policymakers dedicated most workforce spending to the first COVID bill. The focus on Sector-Based programs was consistent in both COVID bills, though the total level of spending decreased dramatically in the second bill. In general, funding for Sector-Based programs was focused on key industries such as health care and technical careers and included a range of services, including loan repayment assistance and sector-specific training programs.

A Note on Earmarks

Unlike line-items in the state budget, a majority of funding in both COVID recovery and economic development bills was through earmarked spending. While programmatic earmarks dedicate funding to a state program or budgeted fund, local/project/entity (LPE) earmarks fund a specific use in a named community, specific project, or a non-public entity. Nearly all spending in both bills ($535.8 million) was through programmatic earmarks for large-scale workforce programs, such as Loan Repayment for Mental Health Workers and the Capital Skills Grant Program. Many notable programs highlighted in the brief are Sector-Based programmatic earmarks.

A Closer Look at Workforce Investments in COVID 1

The first COVID recovery and economic development bill includes $484.2 million for workforce development programs and initiatives across four items and 42 earmarks. As with annual budget funding, these workforce investments are also spread throughout state government, falling under the five separate secretariats below.

- Executive Office of Health and Human Services (EOHHS)
- Executive Office of Education (EOE)
- Executive Office of Labor and Workforce Development (EOLWD)

- Executive Office of Housing and Economic Development (EOHED)[2]
- Executive Office for Administration and Finance (ANF)

Unlike workforce spending in the state budget, Sector-Based programs receive the vast majority of workforce spending in COVID 1, comprising 89 percent ($433 million) of all workforce investments. By way of comparison, Sector-Based programs only represented 41 percent of workforce spending in the FY 2024 budget. The pronounced emphasis on funding for Sector-Based programs is due to the pandemic's impact on critical sectors and the tight labor market.

COVID 1 Spending by Workforce Category

Program	Funding
Sector-Based	**$433.0**
Behavioral Health Workforce Development	$137.6
Loan Repayment Assistance for Mental Health Workers	*$110.5*
Capital Workforce Improvements	$100.0
Technical Skills Training	$107.5
Transfer to the Workforce Competitiveness Trust Fund	*$37.5*
Individual Training	**$50.7**
Training Opportunities for State Populations	**$0.5**
Total	**$484.2**

$ in millions

The most notable Sector-Based investments highlighted below account for 57 percent ($275 million) of all Sector-Based spending. These four programs are funded through the EOE, EOLWD, and EOHHS and range from student loan repayment assistance to job training in technical trades. Aside from these major programs, the average workforce investment for other workforce programs was $5.5 million.

Behavioral Health Workforce Development ($137.1 million)

The pandemic had a profound impact on behavioral health care in Massachusetts, putting a system already under strain in an even more challenging position. One of the chief constraints on adequate behavioral health services has been the lack of mental health professionals. Among individuals who needed behavioral health services during the first year of the pandemic, nearly a third could not obtain an appointment when they needed it[3]. Given this health care crisis, policymakers prioritized investments to attract and retain the behavioral health workforce.

[2] These investments were made while the Executive Office of Economic Development and the Executive Office of Housing and Livable Communities were the same secretariat.

[3] The Behavioral Health During the First Year of the COVID-19 Pandemic: An Update on Need and Access in MA 2020/2021 report.

Policymakers sought to address the behavioral health care crisis through a $400 million investment in the first COVID recovery bill. This item supports a range of mental health initiatives, but workforce development was a clear priority: over a third of this investment ($137.1 million) is dedicated to four programs that provide financial assistance to incumbent workers and provide training opportunities to grow the behavioral health workforce.

Behavioral Health Workforce Development Spending Breakdown

Program	Funding
Loan Repayment for Behavioral Health and Primary Care Workers (MA Repay Program)	$110.0
Community Health Workforce Development	$15.0
Psychiatric Mental Health Nurse Fellowship	$11.6
Behavioral Health Workforce Center	$0.5
Total	**$137.1**

$ in millions

The four programs of the larger item highlighted above each address a different element of the workforce crisis and range from providing financial assistance to incumbent workers to creating programs that strengthen the talent pipeline for behavioral and mental health professionals to community health centers. The most significant workforce investment dedicates 80 percent of the $137.1 million total to a loan repayment assistance program for behavioral health and primary workers (the MA Repay Program).

In addition to MA Repay (described below), other investments include:

- **Community Health Workforce Development:** This $15 million earmark promotes workforce development, recruitment, and retention efforts for primary care professionals at Community Health Centers (CHCs). This investment provides CHCs with the flexibility to determine how funding can be used to support and grow their workforce. These efforts range from issuing sign-on and retention bonuses to covering professional development costs, such as paying certification fees for existing employees interested in moving to patient-facing roles. This investment is expected to impact over 4,000 current and future CHC behavioral health professionals.
- **Psychiatric Mental Health Nurse Fellowship:** This $11.6 million earmark funds a new psychiatric mental health nurse practitioner fellowship program to recruit and retain practitioners at community health centers and diversify the workforce. The Fellowship is a 12-month paid program for recent nursing graduates and current students to gain experience providing psychiatric mental health services in a community health center. The program is overseen by EOHHS in partnership with the University of Massachusetts Chan Medical School Graduate School of Nursing and the League of Community Health Centers, by placing about 50 fellows over a four-year period.
- **Behavioral Health Workforce Center:** This $500,000 earmark supports the Center for Workforce Development at William James College and its efforts to retain and develop a culturally diverse behavioral health workforce to serve underserved communities. These funds also support consulting services provided by the College to train a cohort of K-12 experts to

create an inclusive, behaviorally healthy school environment that fosters psychological health, social development, diversity, and inclusion for children.

The Behavioral Health Trust Fund

These investments are part of a $400 million line-item, which also set aside $198.7 million in the Behavioral Health Trust Fund. A portion of these funds are being used to support similar workforce retention and recruitment efforts in the behavioral health sector. In the FY 2024 budget, $100 million from the trust fund was dedicated to student loan repayment assistance through the MA Repay Program as described below, including a $30 million supplement to the first round of awards funded through the COVID investment. These future spending choices are not covered in this review.

Overview of the MA Repay Program

The MA Repay Program is a student loan repayment assistance program for health and human service workers funded through EOHHS and administered by the Massachusetts League of Community Health Centers. The $110 million investment made in the first COVID bill capitalized the MA Repay Program, which provides assistance for six different types of behavioral health and primary care professionals. A key component of this investment is to support the growth and retention of a diverse workforce.

The lack of diversity in the behavioral health field has become a greater area of focus in recent years as behavioral health access gaps persist in communities of color. While 39 percent of non-white individuals reported needing behavioral health services during the first year of the pandemic, only 10 percent of behavioral health professionals identify as non-white[4,5.] To address this gap in services and representation in the workforce, the program promotes staff retention in high-need and historically underserved areas by offering loan repayment for qualifying professionals. The line-item language lays out the minimum amount of loan repayment assistance funding for each type of behavioral health occupation and includes eligibility requirements for professionals to receive loan repayment assistance.

[4] The Behavioral Health During the First Year of the COVID-19 Pandemic: An Update on Need and Access in MA 2020/2021 report.

[5] Creating a Robust, Diverse, and Resilient Behavioral Health Workforce in Massachusetts report.

Loan Forgiveness by Behavioral Health Provider Occupation

Position[6]	Amount per Occupation	Limit per Individual	Expected Individuals
Psychiatrists	$21	$300,000	70
Psychologists & Primary Care Physicians	$12	$200,000	60
Mental Health and Primary Care Professional (MA)[7]	$35	$50,000	700
Mental Health and Primary Care Professional (BA)[8]	$20	$30,000	667
In-Patient Psychiatric Mental Health Nurse Practitioners	$14	$100,000	140
In-Patient Mental Health Workers	$8	$40,000	200
Total	**$110**	**30,000 – 300,000**	**1,837**

Amount per occupation in millions

As demonstrated in the table above, the program provides between $30,000 and $300,000 in loan repayment assistance to a projected 2,000 behavioral health professionals. The impact of this program on actual workforce needs varies by profession and setting. For example, inpatient psychiatric units and acute care hospitals have seen their behavioral health professional workforce shortage double since the pandemic began, from 566 behavioral health professionals and support staff in 2021 to an estimated 1,176 professionals and staff gap in 2022.[9] While this program will not solve the labor gap, the goal is to retain and support the current workforce, including professionals from diverse backgrounds who primarily work with underserved populations.

The amount of assistance a behavioral health professional is eligible for depends on their current occupation and educational degree level. While psychiatrists are eligible for $300,000 in loan repayment assistance, this only accounts for four percent of targeted professionals. Under this initiative, behavioral health occupations that require a master's or bachelor's degree represent nearly 75 percent of individuals who are eligible for assistance. The maximum award an individual can be awarded varies depending on their educational attainment level. For example, professionals with a master's degree, such as nurse practitioners and physician assistants, are eligible for an additional $20,000 compared to those with a bachelor's degree.

For behavioral health professionals who are targeted for loan repayment assistance, policymakers include several eligibility requirements. Participants must:

- Work in one of the following health care settings:
    - Community health center;
    - Community mental health center;
    - Psychiatric unit in an acute care hospital or in-patient psychiatric hospital.

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[6] Part-time workers are eligible for the program and would receive pro-rated loan forgiveness.

[7] This includes nurse practitioners, physician assistants, advanced practice registered nurses, pediatric clinical nurse specialists, and licensed behavioral health professionals.

[8] This includes community health workers, recovery coaches, and family partners.

[9] Massachusetts Health and Hospital Association's The Crisis Continues Report

- Have outstanding educational debt.
- Not be receiving assistance through another loan repayment program[10].
- Enter into a four-year contract to work in Massachusetts.

Furthermore, line-item language in the bill prioritizes funding for behavioral health professionals who are culturally, ethnically, and linguistically diverse. Policymakers prioritize workers who provide services to underserved communities to address the large amount of non-white individuals not receiving services. While demographic trends, accelerated by the pandemic, have resulted in significant outmigration from the state, international migration is critical to the state's workforce[11]. Tapping into this talent and providing financial assistance to train and upskill new workers could help address the critical health care labor shortage.

Tracking Impact

Behavioral health and primary care providers who received student loan repayment awards through the first round of the MA Repay Program were notified in August 2023. Nearly 3,000 professionals were awarded $140.9 million in student loan repayment awards, which are expected to be disbursed to loan servicing agencies between late summer and early fall 2024. These awards are primarily supported by the investment in the COVID bill (67 percent) and supplemented by resources from the FY 2023 and FY 2024 budgets and the Opioid Recovery and Remediation Fund.

MA Repay Program: Round 1 Funding Breakdown

Funding Source	Amount	Funding Cycle
An Act Relative to Immediate COVID-19 Recovery Needs (2021)	$110.5[12]	1
Opioid Recovery and Remediation Trust Fund	$15.0	1
FY 2023 State Budget	$5.5	1
FY 2024 State Budget	$30.0	2
Total	**$161.0**	

$ in millions

Demand for the first round of awards far outpaced available resources. As demonstrated in the table above, policymakers dedicated $131 million in the first cycle of funding and provided an additional $30 million in the second cycle to meet the high demand for the program. The second cycle of funding was supported by the FY 2024 budget, which used resources from the Behavioral Health Trust Fund, described above, and was also established in the COVID bill to support future workforce retention and recruitment efforts in the field.

[10] Individuals who participate in the Public Service Loan Forgiveness Program are not prohibited from participating in the MA Repay Program.
[11] MTF's Update: Massachusetts' Demographic Trends Threaten our Talent Pipeline and Economic Strength Report
[12] This includes $500,000 for a public awareness campaign for MA Repay that is not considered workforce funding in this brief.

The MA Repay Program is expected to continue awarding student loan repayment assistance to eligible individuals and has accepted applications for three additional rounds. These rounds are supported by other workforce investments in the COVID bill and state budgets that target a range of health care workers. Occupations eligible for additional award rounds include MassHealth Continuous Skilled Nursing (CSN) providers, Department of Mental Health (DMH) state employees, and human service and home health workers.

One of the chief goals of this investment is to diversify the workforce and increase access to behavioral health, primary care, and other services in underserved communities. The majority of all professionals supported by the first round of awards work in historically underserved community-based settings and have committed to working in these settings for a minimum of four years. The program also addresses the priority of diversifying the workforce. Nearly half of awardees are non-white, and more than 900 speak a language other than English. Yet, additional data on awarded assistance is not available, as there are no reporting requirements in the line-item. The breakdown of awarded assistance by occupation and the type of health care setting where professionals work is not provided in publicly available reports to date.

Capital Improvements for Vocational Programs ($100 million)

Excess demand for vocational training programs for school-aged students has outpaced the number of seats available in recent years. The Department of Elementary and Secondary Education (DESE) found that 44 of the 58 vocational schools in the 2020-21 academic year reported waitlists for admissions. These schools continue to face these challenges as the number of applications has outpaced capacity. The number of students who were not admitted for the 2024 school year has increased to over 8,500, an increase of more than 2,000 students on waitlists in 2022[13].

In addition, demand for vocational training among incumbent adult workers and employers has increased in recent years. The number of vocational schools with a Career Technical Institute has increased from 10 in FY 2021 to 29 in FY 2024, a 190 percent increase. Vocational schools receive funding to operate Career Technical Institutes that provide after-hour training to unemployed and unemployed individuals using the existing training equipment.

To address the increasing demand for vocational training, both for those in school and adults, policymakers dedicated $100 million to making capital improvements at vocational schools to increase services and reduce waitlists. EOE has used these funds in support of the Massachusetts Skills Capital Grant Program, first funded in the 2016 Economic Development bill. Through the program, vocational schools partnering with local employers in high-demand industries apply for capital improvement grants. Grants must demonstrate that the proposed improvement will upgrade or expand career and technical education programs to meet regional workforce needs[14].

These grants have led to new, expanded, and upgraded specialized training programs for a range of sectors, such as automotive technology, welding, and nursing. Schools provide training tracks to critical sectors through instructional courses and work-based learning experiences. For example, the Northeast Metropolitan Regional Vocational Technical School received a $7.5 million grant to expand capacity and

[13] This information can be found in DESE's CTE Chapter 74 Admissions and Waitlist Analysis database.
[14] In-demand sectors are determined by regional blueprints that examine labor market data in seven areas of the state.

launch new programs. Funding supports 320 additional students and programs in biotechnology medical assisting, robotics, and culinary arts. The school partners with 10 organizations, including a community college and local employers to fulfill regional workforce needs.

These grants are available to support traditional vocational school programs, but also for programs designed to upskill incumbent workers. Career Technical Institute programs around the state make career and technical education programs available outside standard operating school hours and include wrap-around services, such as career and college counseling. Schools develop talent pipelines to in-demand sectors and post-secondary opportunities, as students can obtain industry-recognized credentials that can be applied towards a degree.

To receive funding through the Skills Capital Grant Program, a school must meet one or more of the following goals:

- Increase the number of students able to participate in an existing training program.
    - If a school applies for funding that does not increase capacity, it must demonstrate that upgraded equipment will have a significant impact on the skills of participating students.
- Create a new program to meet demonstrated needs based on labor market data and employer partnerships.
- Increase the availability and utilization of the equipment in partnership with other organizations outside of standard operating hours.

Given the increasing demand for vocational education programs, schools that apply for funding to increase their capacity are given preference. Schools intending to use grant funds for all of the goals listed above are also prioritized.

Tracking Impact

Since FY 2016, over $200 million has been awarded through the Skills Capital Grant program, with many schools receiving multiple rounds of grant funding. About $85 million of funds from the COVID bill have been awarded to vocational schools. The remaining funds from the COVID bill are expected to be awarded for schools to use in FY 2025.

Skills Capital Grant Funding FY 2019 vs FY 2023

Award Year	# of Programs	$ Awarded	$ Difference	% Difference
FY 2019	64	$14.1	$82.6	586%
FY 2023	131	$96.7		

$ in millions

As demonstrated in the table above, the COVID bill provided $82.6 million in infrastructure grant funding for vocational schools in FY 2023, nearly seven times larger than the amount awarded in FY 2019. This increase supports a greater number of grants: the number of grant-supported training programs has more than doubled, often funding several programs at the same school. The size of grants has also increased: on average, programs were awarded $739,000 in FY 2023, an increase of more than $500,00

(235 percent) over the FY 2019 award average. These grants are used to support lab modernization, infrastructure remodeling, and facility expansion to increase program capacity.

One of the key goals of this investment is to expand the number of students served by vocational schools. While the number of enrolled students at vocational schools has increased slightly since FY 2021 (by 723 students or seven percent), it has not kept pace with growing waitlists that have doubled in the same period. Enrollment in Career Technical Institutes has also increased from 244 individuals in FY 2022 to 1,368 individuals currently enrolled, an over five-fold increase[15].

Technical Skills Training ($107.5 million)

The bill includes funding for technical skills training programs that complement infrastructure grants highlighted above. Instead of focusing on capital facilities, this item focuses on vocational training programming and developing talent pipelines into high-demand fields. This investment prioritizes the need for skilled labor, as the state faces a significant shortage of skilled talent, partly due to record-high outmigration. The state's decreasing labor force has intensified the demand to upskill incumbent workers and train underemployed and unemployed individuals in skilled and technical trades.

To help address this issue, policymakers dedicate $107.5 million in COVID recovery funds to new and existing programs that provide training in sectors ranging from construction to biotechnology. These programs primarily serve adult incumbent workers, unemployed, and underemployed populations.

Technical Skills Training Spending Breakdown

Program	Funding
Workforce Programming	**$80.5**
Transfer to the Workforce Competitiveness Trust Fund	*$37.5*
Career Technical Institutes	*$25.0*
Rapid Reemployment Grant Program	*$10.0*
Green Jobs at Minority Serving Institutions	*$7.5*
Your Next Star Employment Academy	*$0.5*
Other Costs	**$27.0**
EOLWD Administrative Oversight	*$9.0*
MassHire Training Vouchers	*$7.4*
Upskilling Navigators	*$7.0*
Market Makers	*$2.3*
Program Marketing	*$1.0*
Regional Planning Grants and Contacting Networks	*$0.3*
Total	**$107.5**

$ in millions

[15] Commonwealth Corporation's 2023 CTI Annual Report

As highlighted in the table above, this investment includes funding for five training programs and sets aside $27 million for EOLWD administrative and other costs. To address labor shortages in critical sectors, these programs primarily focus on a range of sector-based training opportunities for underemployed and unemployed adults, including health care and manufacturing.

In addition to the $37.5 million transfer to the WCTF, which is detailed below, other standalone earmarks for training programs in the item include:

- **Career Technical Institutes** – This line-item includes $25 million for after-hours technical training programs at vocational schools with designated Chapter 74 programs. As MTF's earlier report on sector-based workforce programs shows, the goal of the program is to use existing training equipment at vocational schools to train unemployed and underemployed individuals in high-demand occupations, such as manufacturing and construction. At the time of the Governor's FY 2025 budget proposal, the Commonwealth Corporation had awarded $23 million, 92 percent funding from the COVID bill.
- **Rapid Reemployment Grant Program** – The line-item includes $10 million for a rapid reemployment grant program administered by Jewish Vocational Services (JVS) over two years for individuals most impacted by the pandemic. JVS uses these funds to support a range of workforce programs, including English language learning, increased capacity for health care training programs, and support services for participants to address barriers to training and employment. Programs are expected to be supported by these funds through the end of 2025.
- **Green Jobs at Minority-Serving Institutions** – The line-item includes a $7.5 million investment in two-year colleges that are Minority-Serving Institutions (MSI) to train underserved populations for green jobs. As laid out in MTF's earlier report on MSIs, funds are used for planning and implementation purposes, including the purchase of equipment, paid internships, and wrap-around services for positions such as electrical and environmental engineers. EOE has awarded over $3 million from this investment to the Benjamin Franklin Cummings Institute of Technology and Roxbury Community College, with a second round of funding expected to be announced this year.
- **Your Next Star Employment Academy** – This line-item includes $500,000 for a semester-long employment program for adults with Down Syndrome who lost employment during the pandemic. The program is administered by the MA Down Syndrome Congress and provides a range of services, including employment-seeking skill development and hands-on training in soft skills, financial literacy, and job skills.

Overview of the Workforce Competitiveness Trust Fund (WCTF)

The WCTF is a competitive grant program administered by the Commonwealth Corporation to support several competitive grant programs that support job training, placement services, and professional development in high-demand sectors. Funding is awarded to partnerships for up to three years that involve a combination of institutions of higher education, employers, and community organizations to expand training capacity to upskill incumbent workers and diversify the workforce. Training programs prioritize regional workforce needs that are identified by MassHire workforce boards and include sectors, such as health care and information technology.

Since the trust fund was established in 2006, policymakers have regularly funded transfers to the WCTF in the annual state budget. However, the investment in the COVID bill dedicated to the WCTF far exceeds any transfer made through the state budget.

WCTF State Budget Transfer History

Funding Vehicle	Transfer Amount
FY 2021	$10.0
FY 2022	$17.0
COVID 1	**$37.5**
FY 2023	$17.0
FY 2024	$10.0
Total	**$91.5**

$ in millions

As the table above demonstrates, the WCTF transfer in the COVID bill remains the largest investment made in the trust fund. To put this investment in perspective, the transfer in the COVID bill represents 41 percent of funds dedicated to the WCTF since FY 2021. To address the pandemic's impact on the workforce, the COVID recovery transfer to the Trust Fund prioritizes specific aspects of workforce development directly related to the pandemic and recovery, including:

- Individuals residing in communities disproportionately impacted by the 2019 novel coronavirus pandemic.
- Workers who were dislocated from the workforce during the 2019 novel coronavirus pandemic through layoffs, interruptions to educational opportunities, or other economic disruptions with a particular focus on populations that have been historically underrepresented in the workforce.
- Individuals engaged in adult basic education courses with a particular focus on training for English for speakers of other languages.
- Communities disproportionately impacted by the criminal justice system with a particular focus on individuals returning to their communities from incarceration during the 2019 novel coronavirus pandemic.
- Job training programs to support reentry programs for women displaced from the workforce because of the pandemic.
- Remove barriers to reentering the workforce, including wrap-around services, transportation, and child care assistance.

This additional funding allows the Commonwealth Corporation to enhance the scope and scale of existing grants to address current workforce needs in critical sectors. These funds are expected to significantly expand the number of individuals who can receive job training in high-demand sectors and placement services with regional employers. Additionally, this transfer supports a program designed to fund partnerships during the planning phase of a training program and create a pathway to other WCTF-supported grant programs.

Tracking Impact

The most important metrics to assess the investment's impact are the number of participants and their success in achieving employment in the targeted sector. Data on the number of participants in WCTF-supported programs served to date is regularly provided through the annual report. However, the nature of the report makes it difficult to understand how many individuals are enrolled in programs funded by the investment in the COVID bill. For example, 1,173 participants were enrolled in WCTF-funded programs in 2023 compared to about 1,500 participants between 2013 and 2019, but it is unclear how many individuals are supported by the COVID investment.

The COVID investment supports three WCTF programs:

- **Sen. Donnelly Workforce Success Grants for Training and Placement** – This program supports training and placement programs for unemployed and underemployed individuals in target sectors identified by the regional workforce blueprints. The COVID investment has awarded funding to 80 organizations for cohort-based programs in occupations, including lab and information technology. These programs will conclude their programming in June 2025 and are projected to train over 6,000 individuals.
- **Health Care/Behavioral Health Hubs** – This program supports training programs for underemployed and unemployed individuals in high-demand occupations in the health care and behavioral health sectors such as Certified Nursing Assistants (CNA) and Radiology Technicians. Earlier this year, $16.3 million was awarded to nine organizations to train and hire 1,860 workers in a range of health care positions and upskill current staff to fill labor gaps over the next three years.
- **Scaling Capacity and Leveraging Employers (SCALE) Planning Grants Program –** This program has awarded up to $30,000 for the first three months of the planning and implementation of education-to-employment pathways for in-demand positions and serves as a pipeline to other WCTF grant programs. In 2023, an estimated $500,000 was awarded through 14 grant programs, including a grant to Worcester Polytechnic Institute to scale up an existing biotechnology training program and to prioritize increasing seat capacity and enhancing employer partnerships.

While the COVID transfer to the WCTF does not add new reporting requirements, the funds are subject to the same data collection reporting as the annual budget. The Commonwealth Corporation is required to complete an annual report for the Secretary of ANF and several joint legislative committees with the following metrics.

- The status of grants awarded.
- The number of educational and eligible service professionals receiving grants.
- The number of participants receiving services.
- The number of participants placed in employment,
- The salary and benefits that participants receive after placement.
- The industry-recognized credentials attained.
- The cost per participant.
- The job retention or promotion rates the year after training ends.

As noted in MTF's previous brief, the annual reports on the WCTF don't always include each required data point. In addition to missing data in some cases, one of the challenges for policymakers seeking to assess the impact of WCTF investments is the time lag in information becoming available. The Commonwealth Corporation waits to report outcomes for in-process WCTF grants to ensure completeness and accuracy. For example, the 2022 WCTF annual report includes several outcome metrics from programs that were awarded funding in FY 2019.

A Closer Look at Workforce Investments in COVID 2

The second COVID recovery and economic development bill had a much-reduced focus on workforce development. This bill passed at the end of 2022, included $66.1 million for workforce development programs and initiatives across five items and 22 earmarks. As was the case in the first bill, workforce funding falls under the same five secretariats.

Sector-Based programming is prioritized for new workforce funding in this bill, with more than 90 percent of all workforce funds dedicated to that category. Earlier that year, policymakers invested more than $550 million in the FY 2023 budget for workforce programs – the largest investment for workforce development made through the state budget at the time. The historic investment in the budget and the significant infusion of one-time funds in the previous COVID bill likely resulted in fewer resources for workforce programs in the second COVID bill. Nonetheless, workforce spending in the second COVID bill is notable. Workforce spending in this bill is larger than the $51.6 million increase in workforce spending between FY 2019 and FY 2020. This section will highlight the largest workforce investments and provide an overview of the program's goals and outcomes.

COVID 2 Spending by Workforce Category

Program	Funding
Sector-Based	**$61.9**
High-Demand Scholarships	$50.0
Individual Training	**$2.9**
Training Opportunities for State Populations	**$1.3**
Total	**$66.1**

$ in millions

The $61 million in this bill for Sector-Based programs (76 percent of all workforce spending) is highly concentrated in one line-item (high-demand scholarships) which received 83 percent of sector-based funding. High-demand scholarships are funded through EOE to provide scholarships to students pursuing a degree in a high-demand field. This investment is five times the size of the next workforce investment in this COVID bill. Smaller programs funded through LPE earmarks represent a greater share of workforce funding in this COVID bill compared to the first bill. Aside from the High Demand Scholarship Program described below, the average investment for the 26 other workforce investments is $850,000.

<u>High-Demand Scholarships ($50 million)</u>

This $50 million investment promotes access to debt-free higher education for students pursuing a degree in health care, education, manufacturing, and cybersecurity at public and private higher education institutions. In addition to workforce shortages in health care and skilled trades, such as manufacturing, highlighted in this brief, the education sector faces similar labor challenges. In Fall 2020, the number of licensed early education providers decreased by over 1,500 (18 percent)[16]. While this number has rebounded in recent years, it has led to increased child care costs for families and slowed the re-entry of

[16] MTF's Importance of C3 Chartbook

women into the workforce. The demand for child care also persists, with over 20,000 children under five years old on a waitlist for subsidized care[17].

To address these workforce challenges and bolster higher education enrollment, the Department of Higher Education (DHE) uses these funds in support of the existing MA High Demand Scholarship Program, regularly funded through annual state budgets, and previously limited to students attending public institutions of higher education. The program intends to ease the financial educational burden for students to ensure degree attainment in sectors facing critical labor needs. High-demand fields are determined by needs identified in EOLWD's regional labor market blueprints. This bill provided a much larger program than in recent years.

MA High Demand Scholarship Program Funding History

Funding Vehicle	Transfer Amount
FY 2022	$2.0
FY 2023	$2.0
COVID 2	**$50.0**
FY 2024	$25.0
Total	**$79.0**

$ in millions

From FY 2019 to FY 2023, policymakers invested an average of $1.3 million per year in the scholarship program through the state budget. This COVID bill includes more than seven times the amount of funding the program received in the previous five years. While policymakers increased their investment by $23 million in FY 2023 over FY 2022, the COVID investment remains the largest infusion of funds for the scholarship program.

Policymakers built on the state budget line-item language and expanded the parameters of the scholarship program. In addition to the high-demand sectors mentioned above, under the line-item language:

- DHE continues to align the distribution of scholarship awards to students enrolled in an in-demand program aligned with EOLWD's regional labor market blueprints.
- Eligibility of scholarship funds is expanded to students enrolled in independent universities and colleges.
- In addition to the criteria above, scholarship funds are prioritized for:
    - First-generation students;
    - Students enrolled in public colleges and universities;
    - Students from underserved communities.

In determining the program's eligibility criteria, policymakers prioritize scholarship awards for first-generation students, traditionally underserved student populations, and students attending public institutions of higher education. DHE is responsible for establishing additional criteria and guidelines for the administration of the scholarship program. The department also includes several requirements related to past educational attainment, post-high school grade point average, and Massachusetts residency.

[17] Board of Early Education and Care March 2024 Meeting Slide Deck

Scholarship awards can be used to support tuition, fees, and related educational costs. DHE limits awards to four years, or eight semesters for a full-time student and two years, or four semesters for a full-time community college student. Part-time students who enroll in consecutive semesters are limited to eight semesters at a community college or 12 semesters at a four-year institution.

Scholarship Awards Based on Enrollment

Institution Type	Full Time/Year (12+ Credits)	Full Time/Semester	Part-Time/Year (6-11 Credits)	Part-Time/Semester
Private Institution	$6,500	$3,250	$3,250	$1,625
UMass System	$6,500	$3,250	$3,250	$1,625
State University	$5,500	$2,750	$2,750	$1,375
Community College	$4,000	$2,000	$2,000	$1,000

The amount of scholarship awards a student can receive varies depending on their institution and enrollment status. The maximum scholarship ($26,000 over four years) is available to students attending UMass or a private institution. Community college students can receive up to $8,000 over two years, but this smaller award amount actually covers a larger share of average costs[18].

As noted above, the program prioritizes support for diverse students and first-generation students. This is reflected in the fact that the scholarship covers the highest cost for students attending community college. Community colleges serve the most diverse student population in the state and also experienced the biggest enrollment decline due to the pandemic[19]. The program supports workforce shortages and boosts incentives on enrollment by covering 64 percent of tuition costs for full-time community college students in high-demand educational programs.

Tracking Impact

The lack of scholarship award data makes it challenging to assess the program's impact on the workforce and higher education enrollment trends. Neither the line-item language in the COVID bill nor previous state budgets establishes a reporting requirement or required data metrics. While DHE requires institutions to annually provide specific information regarding recipients of the program, this information is not available on DHE's Data Center website.

It is unclear if this program is attracting first-generation students and students from underserved communities to high-demand programs. Public and private higher education institutions have been facing declining enrollment trends, which were exacerbated by the pandemic. Since 2013, when there were nearly 200,000 undergraduate students in public institutions, enrollment has steadily declined and hit a 20-year low in Fall 2022 when enrollment fell to 148,462 students[20]. However, enrollment in Fall 2023

[18] From the Education Data Initiative's page on the Average Cost of Private School and page on the Average Cost of Community College.
[19] DHE's Equity Spotlight: Pandemic Enrollment Changes by Population Dashboard
[20] DHE's 2023 Enrollment Report

exceeded enrollment from the prior fall, the first time since 2013. While this likely is a result of a combination of state investments, it is challenging to understand what role the High Demand Scholarship Program plays in enrollment rates.

Key Takeaways from Both COVID Bills

Policymakers used additional state and federal resources during the pandemic to make a significant investment in the state's workforce development system. These workforce investments all share a common goal; to address labor shortages in critical sectors and support vocational training programs for underemployed, unemployed, and eligible youth populations. After providing an overview of significant workforce investments in the COVID bills, several themes emerge.

The COVID Bills Invested Heavily in Sector-Based Workforce Programs

Unlike workforce spending in the state budget, policymakers overwhelmingly dedicate funding for Sector-Based workforce programs. These programs represent 90 percent of all workforce spending in both COVID bills, a significant funding share compared to 39 percent of workforce spending in FY 2024. This unprecedented state investment in Sector-Based workforce programs supports specialized vocational training, training equipment and infrastructure, and financial assistance for educational debt for in-demand occupations. This approach demonstrates a major concern about workforce shortages in critical sectors, such as health care, but also highlights the need to grow the workforce in emerging sectors, such as green energy.

Investments Weren't Just to Expand the Workforce but Also to Improve Workforce Diversity

The state's demographic trends have been concerning for many years leading up to the pandemic and have only been accelerated in recent years. While the aging population and significant outmigration of younger individuals have contributed to a record-low labor participation rate in Massachusetts, the non-white population has grown. As noted in MTF's recent report on how the state can support MSIs, unemployment rates for non-white individuals remain higher than for white individuals, and more than 150,000 non-white workers are underemployed. Policymakers demonstrate the need to target untapped talent by investing in workforce programs that prioritize training a diverse workforce and providing educational debt assistance to individuals from populations underrepresented in their field and higher education.

Sufficient Data Remains Important – and Often Unavailable

As noted in MTF's previous workforce briefs, reporting requirements and published data vary by the program. This concerning theme is also present in workforce investments made in the COVID bills and makes it challenging to assess the impact of significant spending. For example, it will be critical for policymakers to know the types of behavioral and mental health professionals who receive loan repayment assistance, and the communities they serve. Other programs, such as the High Demand Scholarship program, have limited information on the amount of scholarships awarded, what kind of institutions these students are attending, and the in-demand programs they are enrolled in. Without sufficient performance metrics on program outcomes, it is challenging for policymakers to make informed funding decisions on whether or not to continue these initiatives or what other investments might complement these goals.