

Reimagining the Future of Massachusetts

October 2021

The Covid crisis has wholly reshaped our collective lives, from the way we work to the ways we teach, socialize, shop, and play.

State policy needs to adapt to this changed reality, and our Senate Committee on Reimagining Massachusetts Post-Pandemic Resiliency has embraced this goal — with a mandate to identify fundamental policy challenges and propose solutions for the deepest needs of today and tomorrow.

Across a series of public hearings, we heard the thoughtful and passionate arguments of constituents and advocates from around the state, touching on topics from economic policy to education, transportation, intergenerational care, the digital divide, and environmental justice. And throughout, we've been moved by the depth of need — and inspired by the tremendous potential that rests in our great state.

In this report, we aim to do two things:

- 1) **Describe the full scope of the challenge**, current and future. This means tracking the disproportionate impact Covid has had on particular communities and economic sectors while at the same time identifying opportunities to build the economy, infrastructure,

and health systems of tomorrow. Our initial findings in this report focus on the digital divide, housing, public transit, economic shifts, early education, and intergenerational care.

2) **Propose policy solutions** that can expand opportunity, narrow racial inequities, and generally improve the lives of people across Massachusetts. Some proposals are aimed to immediate post-Covid needs; others involve deeper, longer-term changes.

Massachusetts has a key advantage in the effort to build a more equitable and resilient post-Covid world: We are acting from a position of relative strength. Over the last generation, we have built a modern, knowledge-based economy that is the envy of much of America. Indeed, if Massachusetts were its own nation, we'd be among the richest countries in the world — ahead of the United States as well as nearly every country in the European Union.

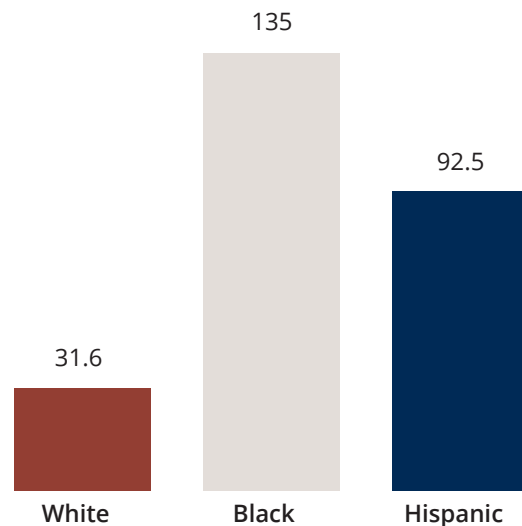
Yet for all our economic success, Massachusetts remains a place of wide inequality and persistent racial inequity.

The hazards facing lower-income residents and communities of color are many and varied: a greater prevalence of Covid infection and mortality; a relative lack of digital tools and broadband access; a clustering in jobs not open to remote work; and higher housing cost burdens.

In many cases, these inequities are widening. Consider the Covid-wrought effects on public health, which opened a huge racial gap in what's called "years of potential life lost" — meaning the prime years people didn't get to live because they were cut down

Black and Hispanic Americans killed by Covid lost more years of life

Prime years of life lost, for every 10,000 people



SOURCE: Alsan, Chandra, & Simon, "The Great Unequalizer"

prematurely by this pandemic. As Black and Hispanic victims of Covid were generally younger than white victims, they lost many more years of life — three to four times as many prime years as their white peers.

Racial and ethnic inequities are equally wide on the economic front. In the early months of Covid, Black and Hispanic women across the U.S. experienced the sharpest job losses; and a year and a half later, they continue to trail other groups. That's an all-too-familiar pattern, as it took 10 years for the unemployment rate among Black women to fully recover from the Great Recession.

Our Committee's dedication to racial justice undergirds this entire report, every section of which describes key racial gaps and offers concrete proposals to promote racial equity, from expanded housing support to

subsidized broadband subscriptions and pilot programs that bolster income.

If there's one uplifting lesson of the pandemic year, it's that good public policy can make a huge difference. Thanks to swift and dramatic action from the federal government, the [**national poverty rate actually fell**](#) during this calamity.

State policy, done right, could be similarly transformative. Now is the time for a new social compact where the state invests in education and workforce retraining to eliminate the existence of the working poor and prepare us for the economy of tomorrow. It is a time to make child care and flexible scheduling available to every worker so they can navigate responsibilities at home and work. And it is the time to tackle sectors of the economy that have held workers back from wage growth and stability — and provide forms of assistance that will redress historic and contemporary obstacles to equity. At its heart, this is a compact that allows everyone to look to the future with optimism and confidence.

To advance this goal of broadly shared prosperity, we open this report with a list of high-priority state policy proposals, some near term and others longer term. Not all are fully fleshed-out and ready to implement, but once honed by discussion and debate these approaches can help resolve some of our most intractable problems and greatly strengthen our post-pandemic future.

Immediate needs

- \$250-\$400 million to close the digital divide, including \$50-100 million to guarantee low-cost broadband options for all residents who qualify for existing programs

(MassHealth, SNAP, etc.); \$150-\$200 million in grants to towns pursuing infrastructure projects; and a \$50-\$100 million digital equity fund to support regional initiatives that provide equipment and training.

- Emergency aid for early education and the care economy in the form of hiring bonuses, loan forgiveness, training incentives, bonus pay, scholarships, expanded use of homecare models, and support for struggling centers. Some of this funding should come from the \$314 million in [**ARPA's Child Care Stabilization Grants**](#), but additional ARPA dollars may be needed for other parts of the care economy.
- \$50 million to develop new in-person and online resources for intergenerational care that is proximate and accessible as well as affordable. In the short term, this means providing guidance and information that will help families and caregivers better understand the full universe of available supports and programs. In the long term it means ensuring that care of loved ones — including children, seniors, and people with disabilities — is affordable and meets the needs of working families where they are.
- \$100 million to reorganize the way eviction operates, so that tenants have greater procedural protections, the state has better data, rental support is more widely available, and the housing insecure are protected.

- \$250 million for proven education and workforce training models, including through existing efforts like the Workforce Competitiveness Trust Fund as well as the Early College Initiative, which has helped address the gap in higher education attainment among students of color.

Longer term

- Rental assistance for everyone that needs it, with a carefully designed system allowing all families that qualify for rental vouchers to receive support.
- Zoning reform and regulatory changes to vastly increase housing construction — paired with down payment support, interest rate subsidies, and major investments in new housing to overcome historic and ongoing obstacles that have resulted in unequal rates of homeownership by race.
- Expanded income support to ensure all families in Massachusetts can meet basic needs, building on the proven effectiveness of Covid-era direct payments.
- Affordable, high-quality options for early education and care as part of a care economy that embraces intergenerational approaches and offers meaningful wages and benefits to those providing child care, elder care, or care for people with disabilities.
- A wholly reconceived fare and funding system for the MBTA and regional transit authorities (RTAs), better-fitted to a world of hybrid work and paired with a commitment

to large-scale electrification of cars, trains, and buses.

- A Legislative Research Center to assess the impact of legislative proposals, including broader effects on the economy and racial equity.

This list of policy options is not meant to be exhaustive. The report below includes an array of additional proposals — and in the months ahead we expect to pursue further research into areas such as climate change, health costs, mental health, voting rights, and democratic reforms. But the Covid experience, along with the availability of federal funds, has created a unique window to pursue transformative policy changes, and we put these at the top of the agenda.

FOUNDING CHARGE OF THE COMMITTEE

It shall be the duty of the Senate Committee on Reimagining Massachusetts Post-Pandemic Resiliency to study, analyze and report findings on transformations in the economy, transportation and commuting needs, housing, education, and public health due to the Covid pandemic. The Committee shall also examine weaknesses in areas of the Commonwealth that were exposed due to the pandemic and how we can adapt to create a more resilient and equitable Commonwealth.

The Committee shall report, from time to time, with recommendations for legislative action, strategies, and innovations based on their findings for the purpose of building back better in the wake of the Covid pandemic and to create a more resilient state with greater opportunity for all.

The Committee will conduct research or consult others for that purpose, to ensure its work is grounded in the best available information, including input from stakeholders from across Massachusetts.

The Committee will count on Massachusetts residents to share insights, ideas, and to propose new solutions. The Committee will conduct a series of listening sessions throughout the state, first virtually and then in person as circumstances permit.

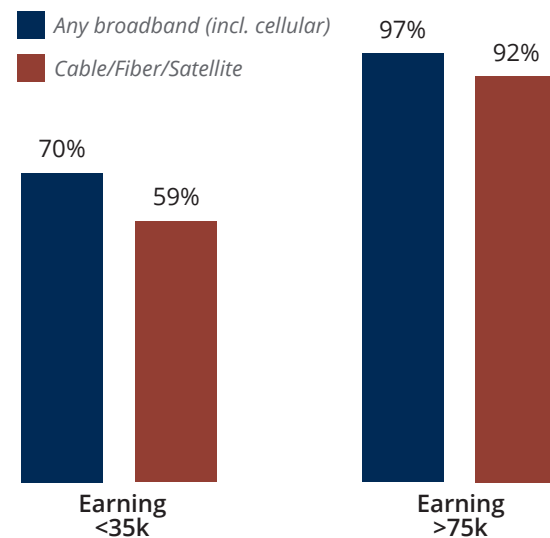
1. THE DIGITAL DIVIDE

As more of our lives shift to the digital realm — telehealth, online shopping, video streaming, remote work, education, and training — those without access to digital resources will find themselves cut off from whole facets of modern life.

And while some regions of the state lack robust options for secure broadband — chiefly in Western Massachusetts — the biggest obstacle to universal digital access is income.

Broadband access is largely about affordability

Households with broadband subscriptions



SOURCE: cSPA tabulation of data from IPUMS USA, University of Minnesota

Consider the difference between families earning under \$35,000 a year and those earning over \$75,000. Among the lower-income group, roughly four in 10 lack fixed-broadband subscriptions of any sort (cable, fiber, or satellite.) By contrast, broadband is nearly ubiquitous for the more affluent group, where 92 percent have a dedicated internet connection.

In cities and towns all across the Commonwealth, this income gap is a central impediment to universal broadband. A map of places where low-income residents struggle with broadband access lights up nearly every municipality.

Even if the state achieved universal broadband access, that wouldn't be enough. To take advantage of digital opportunities like remote work, people also need modern desktop or laptop computers, basic skills, and a physical space of their own. Here, too, lower-income residents and communities of color are at a real disadvantage because they're less likely to have spare rooms — or spare dollars for expensive equipment.

Statewide, roughly one in five families lacks a basic computer — amounting to 750,000 households with approximately 1.7 million people. And the problem is riven by race, as Black and Hispanic residents are significantly more likely to live in households without computers.

Policy options

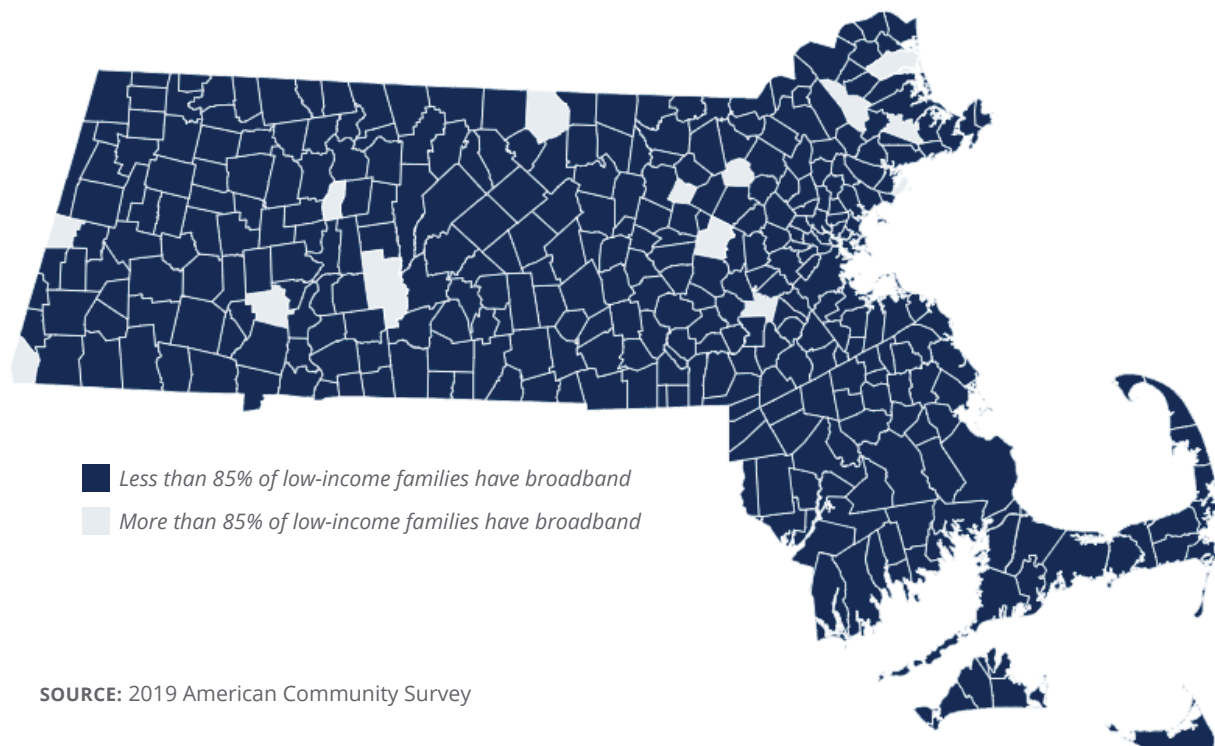
- **Seamless low-cost options from providers.** During the Covid crisis, the federal government funded a temporary broadband benefit for low-income individuals and households, adding to an array of existing federal and state programs to offer inexpensive plans. But one consistent message we heard at our committee hearings was the need to expand and improve these plans. Too often, they are narrow in scope, poorly advertised, and bedeviled by restrictions. Setting concrete cost expectations and automatic eligibil-

ity for those in MassHealth or SNAP would not only improve access but also **help job-seekers find opportunities**. And to ensure cooperation from broadband companies, the state could consider tax credits or other direct incentives, perhaps amounting to \$50-100 million annually.

- **Assistance for locally built and owned networks.** Infrastructure needs vary greatly by city and town, but a state commitment of \$150-\$200 million would accelerate investment in leading local approaches such as publicly owned fiber optic networks, gap networks, neighborhood WiFi, and beyond.
- **Regional coordination.** Partnerships between local governments, nonprofits, and area businesses are essential for expanding digital access across the state — another point emphasized in

Virtually everywhere, low-income residents struggle with broadband access

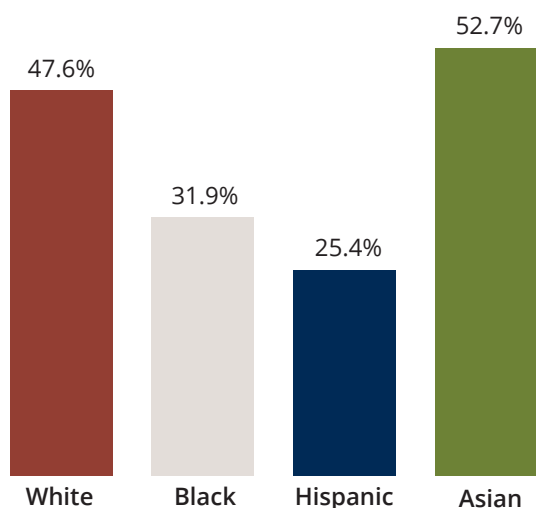
Municipalities in blue show where low-income households (<35k) have reduced rates of broadband subscription (cable, fiber, satellite, or cellular)



SOURCE: 2019 American Community Survey

White and Asian residents more likely to have remote-friendly jobs

Share of Massachusetts workers with remote-friendly jobs



SOURCE: cSPA calculations

our committee hearings. Existing groups, like chambers of commerce and regional community foundations, could provide the core structure, serving as a hub for coordinated efforts to distribute equipment, expand training, and set up help desks.

- **Digital equity fund.** To boost regional coordination, the state could establish a digital equity fund, providing grants to cities, towns, nonprofits, and other advocacy groups based on specific goals around access, equipment, or training. Priorities might include computer refurbishment, in-home support, or public workspaces.
- **Right to repair for equipment reuse.** A targeted right-to-repair law could make it easier to unlock, fix, upgrade, and transfer ownership of mobile devices and other digital equipment — thus expanding options and lowering costs for low-income households.

2. CHILD CARE, EARLY EDUCATION, INTERGENERATIONAL CARE, AND THE CARE ECONOMY

Caregiving is a fundamental part of family life, whether it involves children, seniors, or people with disabilities. Nationwide, [one in five adults](#) provides unpaid care for a loved one — and millions more work in caring facilities like senior centers and early education programs.

Supporting all caregivers, and bringing together the various, often segmented parts of this broad care economy has become a high priority for policy makers in state and local government. And a more holistic approach, sometimes called intergenerational care, has emerged as a promising model.

Instead of separate systems for early education, elder care, and care for those with disabilities, intergenerational approaches provide hubs of information and services for all parts of the care economy. This integrated approach is better suited to contemporary family life — where many folks find themselves caring for both young children and aging parents, even as they try to hold down jobs and manage their own health and wellness.

Sometimes, intergenerational care involves multi-purpose resource centers, where caregivers of all stripes can get details about available programs and supports. Other times it involves combined facilities, where a preschool run from a senior center enables new kinds of interactions between kids and retirees.

With the right mix of incentives and long-term planning, we might change the whole landscape of caregiving, so that today's trip to the local elementary school becomes tomorrow's visit to the intergenerational care campus in your neighborhood where you find public schools, senior centers, and early education options.

A growing body of research shows the [virtues of intergenerational models](#), especially when grounded in the specific needs of young kids, seniors, people with disabilities — and the paid and

unpaid caregivers who attend to them. Even when services are integrated, the concrete needs of each cohort must be understood and respected.

Young kids

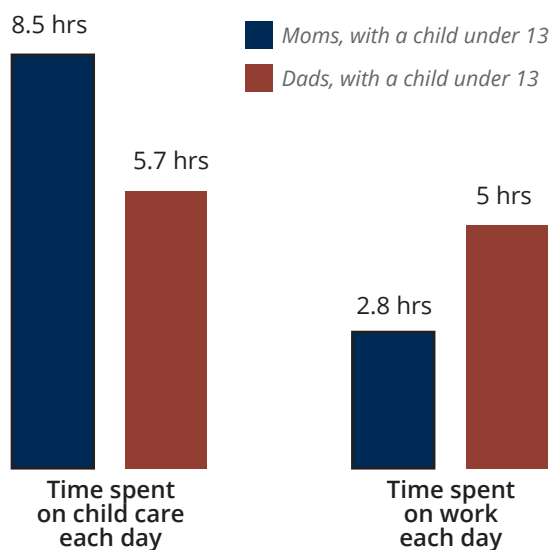
Early education has proved a boon to kids and parents alike. Among other things, a [recent analysis](#) found that preschool in Boston has improved high school graduation rates and college enrollment, while also reducing disciplinary problems, particularly among boys.

For parents — and especially moms — the benefits are real too. Various studies have found that women disproportionately reduce their work hours after having their first baby, and the obstacles they face when trying to rebuild careers are a [major driver of the gender wage gap](#).

Affordable child care makes a huge difference, particularly for lower-income women. [One leading estimate](#) suggests that universal child care would increase labor force participation among low-income mothers by 27 percentage points.

During Covid, moms spent more time on child care, less at work

Average hours per day, 2020



SOURCE: The Hamilton Project

The difficulties of working while raising kids were exacerbated during the Covid crisis, when lockdowns and fears of disease shuttered child care centers and set off a nationwide “she-cession”. In the early months, moms with younger kids cut their work hours [four times more than fathers](#) — and compared to 2019, moms spent [an additional two hours each day](#) caring for kids.

Even now, child care centers continue to face significant challenges with staffing and reopening. But Covid may have another, more durable impact on early education: It is likely to reshape the “where” and “when” of child care needs. Less-frequent commutes and more flexible schedules will increase demand for child care away from downtown areas — with less reliance on 9-5, Monday-Friday commitments.

Senior care

The inability to safeguard nursing home residents was one of the defining failures of the Covid crisis. And it helped expose some of the deep-seated challenges with elder care more generally: an underpaid workforce, a lack of oversight, and a baleful societal tendency to treat older residents as an afterthought.

Elder care will become even more vital in the years ahead, as the number of seniors in Massachusetts is expected to rise from 1.2 million to 1.8 million by 2050.

This gradual graying of society will require a large-scale increase in the resources devoted to elder care, including an expansion of the elder care workforce. Ensuring that seniors can get high-quality care in the comfort of their homes is a major focus, including for the Legislature’s [Home Care Licensing Commission](#).

Technology may be part of the solution, with recent advances that should allow elder care workers to make timely and targeted interventions when their patients need it most — thanks to ongoing improvements in telehealth, online support groups, automatic pill dispensers, and remote monitoring of vital stats.

People with disabilities

Covid's impact on people with disabilities didn't generate as much attention as the closing of child care centers or the flare-ups in nursing homes — but the effects were nonetheless profound.

The shift from in-person to virtual forms of school and work was particularly challenging for those with intellectual disabilities — and also those who rely on a sense of routine to manage their daily lives. Some people with disabilities are also more vulnerable to infection or complications, which created additional hardship.

Even shifts that were celebrated in many quarters — like the expansion in vote-by-mail — introduced new complexities. While voting from home was a blessing to many with mobility challenges, the use of paper ballots sometimes made it harder for **citizens with visual impairments** to get the accommodations and assistance they rely on at the voting booth.

Workers in the care economy

Hiring and retaining workers is a desperate challenge all across the care economy, where low wages combine with high licensing standards and emotionally draining responsibilities to complicate recruitment.

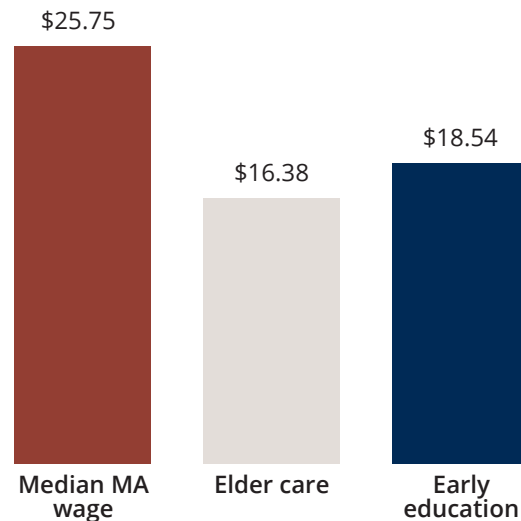
Right now, child care centers are **struggling to match rising wages in other sectors**. And a lack of fully staffed facilities creates a chokepoint for the state economy as a whole — preventing parents from getting the child care they need to commit to their careers.

But there are long-term issues as well. Not only are wages in the care economy below the state average, but this low pay raises profound questions around racial and gender equity, as 89 percent of care workers in Massachusetts are women and 40 percent are people of color.

In our committee hearings, we were fortunate to hear from several committed care workers who expressed the urgent need for decent wages and career ladders allowing for promotion and ad-

Wages in the caring economy are well below average

Typical hourly wage in Massachusetts



SOURCE: Bureau of Labor Statistics

vancement. Stabilizing and fixing the care economy will go a long way toward improving our resilience and changing a sector of the economy with a high concentration of women and people of color.

Policy options

- **Immediate investments in early education.** Given the importance of early education, and the ongoing hiring crisis, the infusion of \$300 million from ARPA's Child Care Stabilization Grants will be particularly valuable, whether in the form of grants to still-struggling centers or a package of hiring and training incentives, scholarships, and bonus pay for workers.
- **Regulatory changes around early education.** While it's vital that Massachusetts protects children and ensures high-quality care, regulations that limit access or increase costs are particularly damaging to lower-income parents. When caring for infants, for example, Massachusetts requires a ratio of one caregiver for every three children; only two other states — Kansas and Maryland — have such a low ratio. Massa-

Massachusetts also has the fourth-lowest rate of self-employment among child care workers, which suggests an unusually limited number of in-home providers and other small operators. These small and in-home providers are likely to be especially vital moving forward, given the growing need for flexible hours and options close to home. Important work on these and other related issues is being pursued by the [Special Commission on Early Education and Care](#).

- **Refundable tax credits for caregivers.** Building on existing federal and state initiatives, Massachusetts could offer expanded tax credits to residents caring for young children, seniors, or family members with disabilities. A broad program, providing additional relief for both working and middle class households, could reach hundreds of thousands and cost between \$100 and \$150 million per year.
- **Family resource centers for intergenerational care.** Turning Massachusetts' existing family resource centers (and Area Service Access Points) into hubs for information about intergenerational care could help caregivers find services and supports. Adding a suite of direct services for kids, seniors, and people with disabilities would transform centers into community hubs where caregivers and their loved ones could connect with peers and service providers. An initial investment of \$50 million in ARPA funding would kick-start changes in this arena.
- **Intergenerational campuses.** With new money and an evolving vision, the state could prioritize efforts to locate senior living and early education centers alongside existing elementary or high schools — whether through the School Building Authority or via public-private partnerships. Such intergenerational campuses would allow for connections between older residents and children of different ages, including mixed activities, multiage curricula, and shared facilities (like gyms and common areas); it would also allow staff across these domains to learn from one another. In parallel, state grants could

provide incentives for colleges and universities to integrate senior living and early education into their campuses.

- **Mentors and success plans for every child.** One lesson parents learned during the pandemic is that schools provide a form of child care. And a commitment to continuous care — across the entire education system — would be a tremendous boon for kids and parents. Among the proposals shared during our committee hearings was a suggestion to pair every child in the public preK-12 system with a professional navigator who could provide guidance throughout the educational journey. Formal success plans — which evolve with the growth of the child — would be a way to assess progress and identify pivotal moments for effective intervention.
- **Permanent increase in wages and new professional paths in elder care.** A \$3 increase in hourly wages for personal aides and home care workers would help support existing caregivers while also attracting new folks and improving long-term retention — at a total cost of roughly \$50 million. At the same time, these jobs need to be transformed into careers, with skill development tied to better pay, advancing titles, and seniority perks.
- **Supporting independent living arrangements for those with disabilities.** With the right supports and community structure, independent living can be an option for a wider population of people with intellectual or developmental disabilities. A fuller needs assessment would be the first step, after which the state could support the creation of new facilities — possibly integrated into intergenerational campuses.
- **Technologies for remote care.** With the right mix of regulations and coverage guarantees, Massachusetts could support a more robust system of remote medical care, including not just telehealth but also forms of remote testing and monitoring that alert caregivers when patients need assistance.

3. NEW PATHS TO ECONOMIC OPPORTUNITY

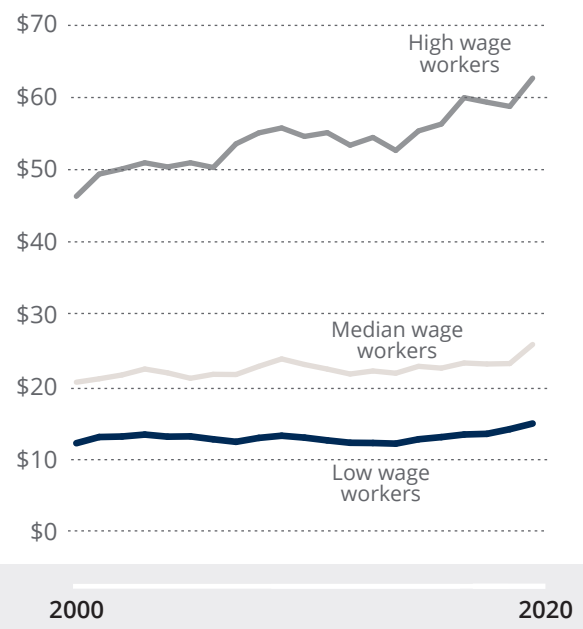
Talent has long been the secret to Massachusetts' economic success. With the best-educated workforce in the country — supported by our best-in-the-nation public school system and our peerless universities — Massachusetts attracts businesses of all stripes, who then compete for desirable workers and pay leading wages.

As we emerge from the unprecedented convulsions of the pandemic, the state economy remains well-positioned for a post-Covid world. With innovations in health care and life sciences, the continuing appeal of higher education, and the likely return of travel and tourism, our key industries should provide a solid base for rebuilding.

But we can't be blind to the possibility of permanent changes in the organization of economic and

Inequality has grown dramatically in Massachusetts

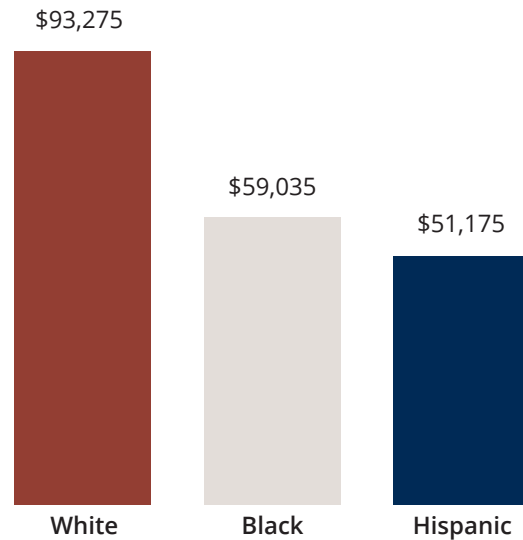
Real wages at the 20th, 50th, and 90th percentile



SOURCE: Economic Policy Institute data shared by Massachusetts Budget and Policy Center

Racial and ethnic income gaps are wide in Massachusetts

Median household income in Massachusetts



SOURCE: 2019 American Community Survey

social life across the Commonwealth, changes that will require new policies and approaches.

Behind these new challenges stand a host of long-standing issues, like the scourge of inequality. In Massachusetts, high-wage earners have been pulling away from the majority of workers for decades. And racial gaps are especially glaring. For every dollar earned by white Massachusetts households in 2019, the typical Black household made 63 cents and the typical Hispanic household took home 55 cents.

Remote work and inequality

Among the most dramatic — and likely durable — changes set off by the pandemic is the rise of remote work and hybrid schedules. The cementing expectation among researchers is that employees will spend an average of **about one day a week** working from home in the years ahead, which amounts to a fourfold increase from the pre-pandemic norm.

Massachusetts stands at the vanguard of this hybrid work economy, as an unusually large number of jobs in our state can be done remotely. Not all jobs are like that: to stock groceries, solve crimes, or perform lab work, you generally need to be on-site. But 44 percent of Massachusetts jobs are remote-friendly, second only to Maryland among U.S. states.

However, access to these remote and hybrid jobs is deeply unequal.

In Massachusetts, people earning over \$100,000 a year are twice as likely to have remote-friendly jobs, compared with those earning less than \$50,000. And this disparity had life-or-death consequences in recent months, as it meant that higher-income workers could shelter from the ravages of Covid while poorer workers — including a disproportionate number from communities of color — had little choice but to accept the infection risk that came with in-person work.

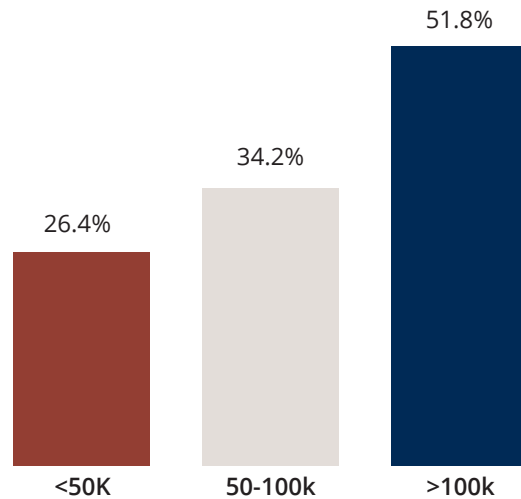
Workers of color are particularly likely to be cut off from the protections and advantages of remote and hybrid work. Around half of white and Asian workers in Massachusetts have jobs that could be done remotely, compared with just a third of Black workers and a quarter of Hispanic workers. Minority-owned businesses, too, tend to have a brick-and-mortar setup less conducive to remote routines.

Looking ahead, this could create a whole new dimension of economic inequality, giving whiter, higher-income families fuller access to the benefits of commute-free days, flexible hours, more distant living options, and outside-the-workplace autonomy — even as lower-income residents and workers of color still face the daily rigor of traffic, the need for proximate housing, and the externally imposed routines of workplace life.

Fortunately, sound policy can help address these concerns, as the past 18 months have proved. The pandemic witnessed an unprecedented expansion in government support, including direct stimulus payments, more generous unemployment insurance benefits, and a greatly enhanced child care

Higher-income residents are more likely to have remote-friendly jobs

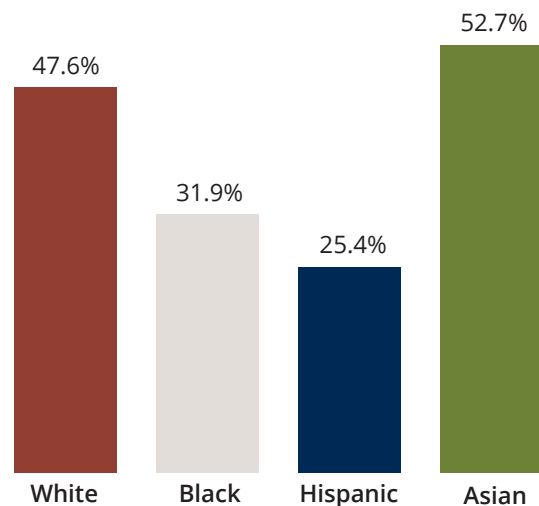
Share of Massachusetts workers with remote-friendly jobs



SOURCE: cSPA calculations

White and Asian residents more likely to have remote-friendly jobs

Share of Massachusetts workers with remote-friendly jobs



SOURCE: cSPA calculations

tax credit. And these interventions did more than just avert the worst risks of pandemic-wrought economic dislocation; they actually **lifted millions out of poverty**.

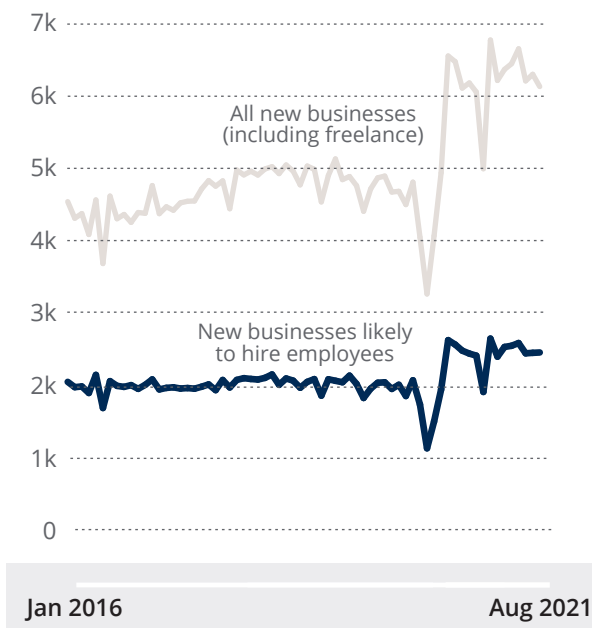
Struggling sectors and freelance entrepreneurship

The Covid recession has scrambled expectations about the future prospects of individual business sectors. And with so many businesses actively experimenting with new ways to organize offices and operations, it will take time to accurately determine which industries and sectors face the most severe medium and long-term challenges — and which might need state support.

In the interim, the surest approach may be to focus on helping workers move between jobs and sectors as the economy evolves.

Massachusetts has seen a surge of new businesses

New business applications, by month



SOURCE: Census Bureau

One area to watch: downtown service businesses that cater to commuters, including office cleaning, building security, corporate tech support, and restaurants primed for lunch hour. Simply put, there may no longer be enough downtown workers to sustain these kinds of operations.

Another likely, and possibly dramatic, change in the economic landscape is an expansion in freelance work and entrepreneurship.

Increases in remote work are strongly associated with increases in the **probability of hiring freelancers** — possibly because the digital tools for remote work are similar to those that smooth freelance relationships, like virtual meetings and a growing preference for measuring employee contributions via tasks completed, rather than raw hours.

Recent months have seen an unexpected surge of business formations, including a lot of freelance-style, “me-as-a-business” arrangements.

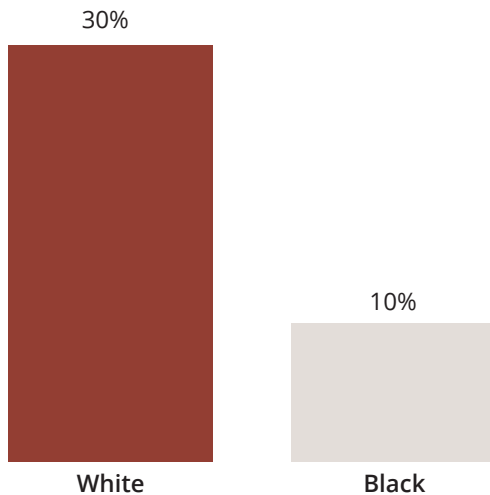
Keeping freelancers and budding entrepreneurs in Massachusetts may require something more than our already enticing mix of good schools and appealing communities, namely: new policies and oversight measures to ensure that freelancers have the employment benefits and protections they need.

Policy options

- **Pilot programs for income support.** Ensuring that all families have a consistent flow of income — and the flexibility to use it for essentials like food or rent, or emergency needs as they arise — would dramatically reduce the pains of poverty and bring outside benefits for communities of color. Details matter here, as a universal program could be very expensive, but targeting support to low-income families (through a more generous EITC or a refundable credit for caregivers) would maximize the impact and minimize the cost.
- **Basic inheritance to address wealth inequities.** Nationwide, white families are about **three**

White Americans far more likely to receive an inheritance

Share of households that received an inheritance in 2019



SOURCE: The Hamilton Project

times more likely than Black families to receive an inheritance, which smooths the path to homeownership and reduces the burden of college debt. Building on existing efforts like the BabySteps savings plan, the state could provide bonds or college savings accounts to all children in lower-income families as a kind of basic inheritance.

- **Public bank and capital support.** Limited access to capital is a serious challenge for many young businesses — particularly minority-owned businesses in underbanked neighborhoods. A public bank, with an explicit mission to support racial and ethnic equity, could address this problem by making loans to municipalities and diverse applicants with higher risk profiles. The upfront cost would be between \$500 million and \$1 billion, but once capitalized such a bank would be self-funding. Alternatively, the state could increase capacity for existing programs like Mass Growth Capital, which specializes in small business loans to underserved communities.

- **Reskilling and workforce development.**

Helping workers prepare for better-paying jobs and the growing world of hybrid work will help widen career opportunities. English language instruction is an important component, as is core competence with basic office and productivity software. To this end, the state can commit \$250 million to build on existing, effective programs like the Career Technical Initiative, the Workforce Competitiveness Trust Fund, and the MassHire Career Navigators approach, which pairs unemployed residents with career coaches.

- **Entrepreneurship support.** Small and growing businesses might benefit from a publicly managed, 401(k)-style retirement program for their employees, akin to the CORE program for non-profits. Separately, to help freelancers and early stage start-ups, there could be an initiative to expand public work spaces attached to libraries, including rentable zoom and conference rooms.

- **New talent through education.** The state's "early college" effort, connecting high school students with college curricula and college-prep mentoring, has shown tremendous promise, particularly for minority students and those whose parents didn't attend college. Growing the program could generate similar gains in districts across the state. Separately, new and expanded vocational schools would provide pathways to high-paying trades. And a program of debt relief for diverse graduates who commit to staying in Massachusetts would be a way to keep talented workers in the state.

- **Short-term assistance for the "gathering economy."** Even as many sectors have rebounded strongly from the Covid recession, some are still struggling — particularly those that rely on large in-person gatherings like concerts, business conferences, and cultural performances. A final \$40 million in ARPA-funded assistance could provide a bridge to post-Covid sustainability.

- **Freelancers bill of rights.** An expansion of freelance work would reduce access to well-es-

tablished worker protections, from unemployment insurance to employer-sponsored benefits like health insurance and retirement savings. Introducing new protections for freelancers — and ensuring that employees aren't misclassified as freelancers — will become increasingly important.

- **Legislative Research Center.** A dedicated research center, with a mission to support legislators and assess the likely impact of potential bills, could help maximize the effectiveness of state policy. Such a center could also monitor the state economy to identify evolving risks and spot industries or areas in need of support. Depending on its precise mission, the annual cost would be roughly \$10 million.

4. HOUSING PRICES AND REAL ESTATE

Massachusetts is an expensive place to live, and too often, the burden of those high expenses falls on lower-income residents and communities of color.

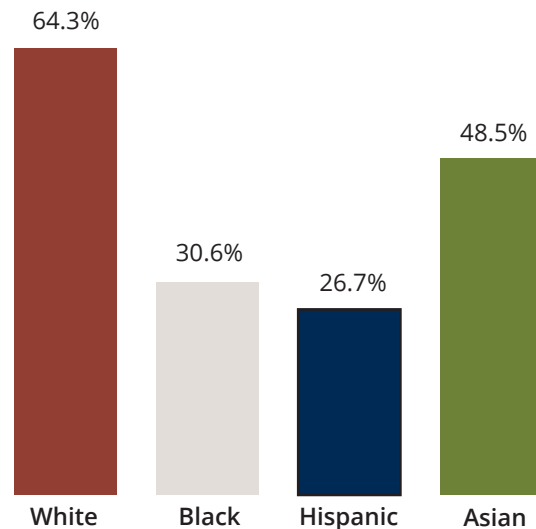
Across Massachusetts, white households are twice as likely to own homes as nonwhite households, a homeownership gap perpetuated by vast inequities in wealth, the legacy of redlining, and [ongoing discrimination by mortgage lenders](#). Black and Hispanic families are also far more likely to be considered cost-burdened — meaning they have housing costs that eat away at least 30 percent of their income.

Inadequate construction — of all types of housing — is a major reason prices have reached unaffordable levels. Many cities and towns are trying to reverse the trend with aggressive building targets and pledges to ease regulatory impediments, but the need continues to wildly outstrip the affordable supply.

The Covid crisis drove prices to new heights, despite the recession. Home prices rose 10

Black and Hispanic families far less likely to own homes

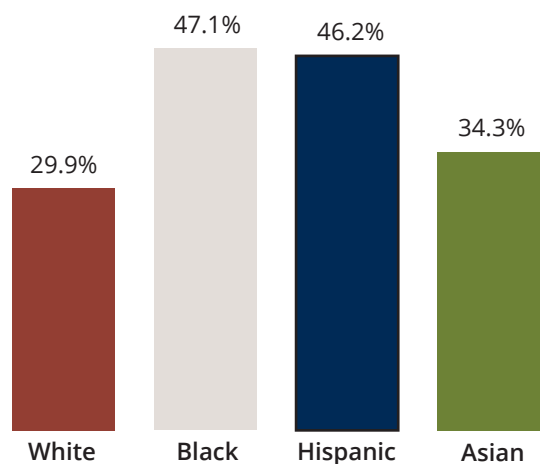
Homeownership rate in Massachusetts



SOURCE: cSPA tabulation of data from IPUMS USA, University of Minnesota

Housing costs cut deeper into Black and Hispanic budgets

Share of Massachusetts households spending at least 30% of their income on housing



SOURCE: 2019 American Community Survey, from Harvard Joint Center for Housing Studies

percent statewide and even faster in high-demand areas. Average prices across the Berkshires increased 20 percent while areas as disparate as Cape Cod and Greater Springfield saw a surge in housing demand.

Meanwhile, price increases in and around Boston were relatively mild by comparison. And rather than a phenomenon unique to Covid, this may be indicative of a new economic geography for Massachusetts, tied to the rise of remote and hybrid work.

In recent decades, superstar cities like Boston have been the driving force of economic growth, bringing a cluster of large companies and highly educated workers to our state capital. As of 2019, Greater Boston had 64 percent of the state population and generated 76 percent of our economic output.

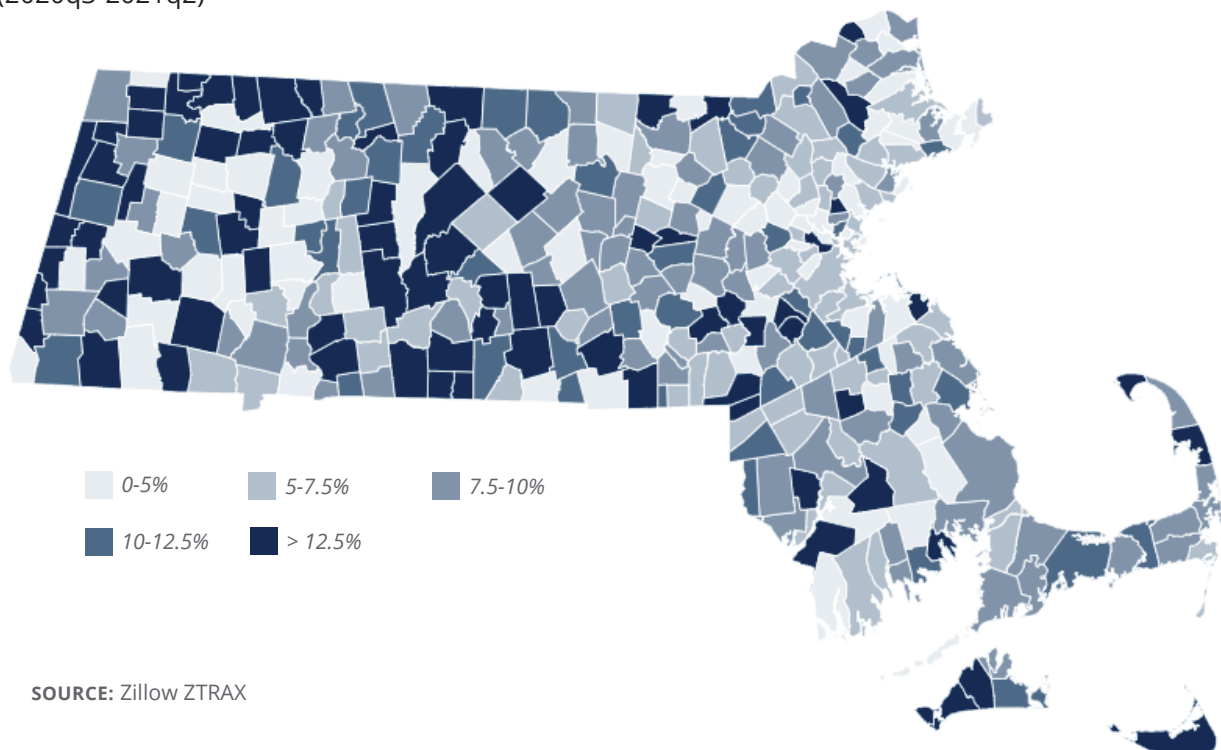
But in the years to come, Boston may lose some of its economic gravity. Hybrid workers have more options. They can move to Worcester or Fall River, confident that a once-a-week visit to Boston is more manageable than a daily drive.

These changing commuting patterns have a number of implications for the real estate market:

Downward pressure on commercial real estate in Boston. Fewer in-person employees mean less need for office space. Rough estimates suggest a 10-20 percent decline in demand for space; through the first half of 2021, **commercial rents in Boston remain depressed**. One offsetting factor is that compared to peer cities Boston may be somewhat insulated, as a number of our key industries are not amenable to remote work: think higher education, life sciences, and medical care.

Housing prices rose dramatically during Covid, in cities and towns all around the state

Change in median real price of housing, pandemic year (2019q3-2020q2) vs. recovery year (2020q3-2021q2)



SOURCE: Zillow ZTRAX

Rising demand for larger houses. When at home, hybrid workers need semi-private spaces to do their work, which boosts demand for larger houses. By [one recent estimate](#), homeowners working remotely spent 8-10 percent more of their income on housing than their commuting peers, and prices nationwide seem to have grown more quickly for 2-4 bedroom units than for 1-bedroom homes.

New competition among farther-flung towns. The expansion of hybrid and remote work could bring new opportunity to communities throughout the Commonwealth. As the map of housing prices shows, no region has staked a claim as the place for remote workers in Massachusetts. Demand is scattered around the state, suggesting a wide universe of potential. Municipalities that want to stand out can offer various desirable amenities: vibrant downtowns, cultural centers, ample green space, good schools, support for intergenerational care, coworking sites, low property taxes, and enough new construction to keep housing costs from spiraling. At the same time, experts in our Committee hearings warned that boom towns with an influx of hybrid workers may also face new traffic and infrastructure challenges.

Limits to mobility. While fully remote workers might be tempted by life in Tulsa — or Tunisia — hybrid work sets a much narrower leash, as many workers still expect to visit their offices periodically. With hybrid work, there is a [boundary to worker mobility](#).

Uncertain rental price growth. There was some early expectation that hybrid work might reduce downtown rental prices — since, all else being equal, more families choosing to move to the Berkshires or South Shore should reduce competition for downtown domiciles. But the evidence so far is mixed, with residential rents having bounced back far faster than the commercial market.

Looking across this suite of changes, it's clear that addressing inequities in the housing market will require a thorough shift in housing policy.

Rental prices have rebounded strongly in Massachusetts

Percentage change in rental prices since 2019



SOURCE: RentalBeast

Policy options

- **Housing construction.** Building more dwellings is a key part of any solution to the state's high housing costs. A large-scale, \$400 million-\$500 million investment in direct support for existing state programs that support the construction of rental housing and homes for sale would expand the local housing stock — while also giving the state greater sway over the production of affordable and workforce-appropriate housing.
- **Regulatory change.** While some cities and towns across the Commonwealth have set meaningful targets for new construction, many fundamental impediments remain, including a regulatory system with too many opportunities to stonewall. Following California's lead to end single-family zoning could open new vistas for building; short of that, offering additional local aid to towns that loosen zoning rules and reduce regulatory hurdles could provide a real inducement.

- **Rental assistance for all who need it.** While the state [provides rental vouchers to thousands of people](#) — and has expanded this support during the pandemic — the majority of eligible families aren't able to receive rental support. A funding commitment to open these programs to all eligible residents would vastly improve rental options among low-income families, though it would be expensive and would require careful design to [avoid unintended consequences](#).
- **Additional support for first-time homebuyers.** Overcoming the legacy of redlining and other forms of discrimination requires deliberate action. Using ARPA funds to provide \$250 million in additional support for existing, successful programs like the Mass Housing Partnership or MassHousing's down payment assistance program would expand hard-to-secure financing for minority and low-income homebuyers. It could also support new programs, such as a "first in the family" homebuyer initiative to reduce down payments or provide interest rate subsidies for those without a family history of home ownership.
- **New approach to eviction.** The Covid-era ban on most evictions highlighted major problems with the current eviction system in Massachusetts. To ensure a fairer process, Massachusetts should guarantee tenants a right to counsel, automatically connect them to rental assistance programs like RAFT, redirect cases to mediation, and mandate better data collection from the court system — especially with regard to race and ethnicity, so that we can document disparities and identify appropriate state responses. The cost of these changes would amount to roughly \$100 million per year, but it could bring a range of economic benefits tied to greater housing stability. Massachusetts should also strengthen its commitment to homelessness prevention, including low-barrier access to housing and prevention resources and stronger enforcement against housing discrimination.
- **Technical assistance to cities and towns.** [Tailored assistance through DHCD](#) would help

municipalities expand their housing stock and address challenges of development, including gentrification, traffic, water and sewer infrastructure, and plans around school sizes.

- **Temporary fund to remake downtown commercial buildings.** If the turn to hybrid work does spur a permanent decline in demand for commercial real estate, the state could support projects that prevent blight by repurposing downtown buildings, be it for community space, residential usage, or in-demand retail.

5. TRANSIT AND TRANSPORTATION

Perhaps more than any other area of public policy, the future of transit is up in the air. Between the rise of hybrid work and the fear of contagion, ridership remains extremely low compared with pre-pandemic levels — down 45 percent on buses, 60 percent on the subway, and more than 70 percent on commuter rail.

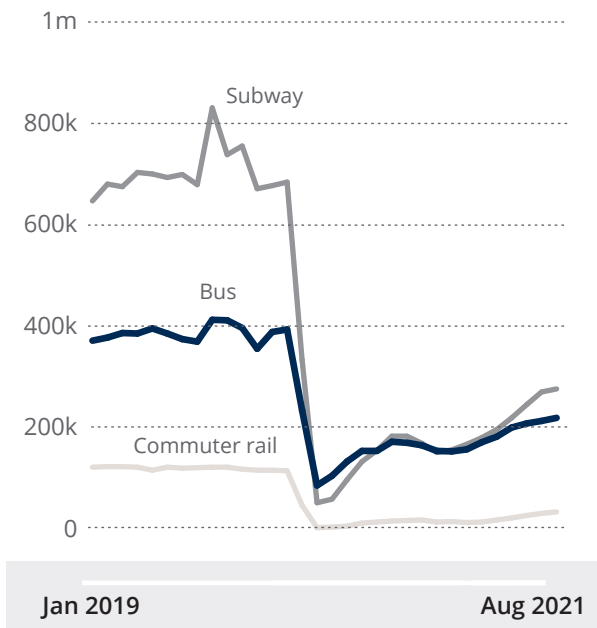
This puts the MBTA in a bind. Maintaining current levels of service, for a smaller population of riders, will break their economic model. Of particular concern is that the commuter rail, which generates the most revenue per passenger, is the least likely to rebound, given the shift from daily commutes to hybrid work.

And yet, community activists and transit experts at our Committee hearings uniformly emphasized the equity impact of a service cut, which would harm those communities already facing the most severe hurdles in our post-pandemic economy and who experience first-hand the disproportionate pollution that transit systems and roadways emit in low-income neighborhoods.

Public transit is a lifeline for many low-income workers and communities of color — precisely because they're less likely to have remote-friendly jobs and are more tied to in-person, downtown routines.

Ridership remains depressed across the MBTA

Average weekday trips



SOURCE: MBTA Performance Dashboard

This explains why bus ridership has held up better than other modes of public transit; buses have long provided the backbone of service for these communities.

This leaves two basic options:

1) **Bring riders back.** When people are deciding whether to take public transit, the key question is always: “Is it better than my alternatives?” And right now, the most basic reason ridership has collapsed — while car travel has rebounded — is that people are answering “no.” Given the current mix of costs and benefits, they’d prefer to sit in traffic rather than ride the T.

This calculus has to change, if ridership is to return. This is particularly true in Greater Boston, where residents have the most alternatives and where the decision to drive generates immense traffic and injurious levels of pollution that stoke asthma and

other health problems in environmental justice communities.

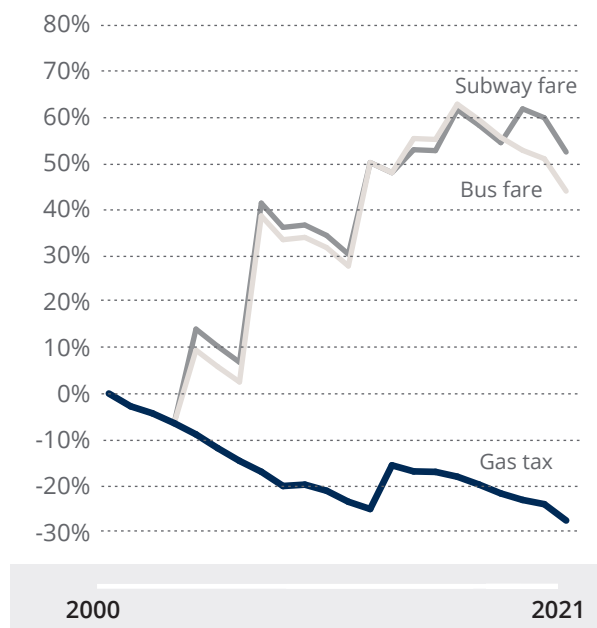
Making the T more reliable and responsive would help attract riders, who increasingly need a system that goes beyond the Monday-Friday, 9-5 world.

Affordability is important, too, not just so low-income travelers can use the system but also to ensure that people don’t have an incentive to stay in their cars. One clear example that was repeatedly emphasized in our committee hearing: monthly commuter rail passes from some locales cost up to \$400 per month — plus parking.

2) **Rethink the economics.** Public transit systems rarely pay for themselves. In major cities like Chicago, New York, Washington — and Greater Boston — fares account for **something like half of needed revenue**. And even that is hardly a floor. In Los Angeles it’s closer to 25 percent.

MBTA fares have increased as gas tax has decreased

Percentage change since 2000, real dollars



Deciding how much to collect from fares is less an economic question than a values question: To what extent should taxpayers subsidize a system that may serve a limited population but that also reduces pollution, traffic, and accidents while providing particular value for lower-income families and communities of color?

At the same time, using tax dollars to pay for transit — as opposed to user fees — raises an issue of regional equity, as it requires drivers far from Boston to support a system they rarely use.

Policy options

Reduced fares for low-income residents. Currently, the MBTA [offers reduced fare cards to seniors](#), people with disabilities, and some younger riders. Providing similar discounts to residents who already qualify for MassHealth, SNAP, or other low-income supports should be relatively easy to setup. Another option would be to provide free fares to all households below 200 percent of the federal poverty line, at an estimated annual cost of roughly \$100 million — though it's worth noting that no major transit systems use an income-based approach like this, so there may be unexpected logistical hurdles.

Free bus fares. Cities around the country have started experimenting with free bus service, both to attract riders and to support communities of color (where buses are particularly vital). For Regional Transit Authorities in Massachusetts, this approach makes sense — provided there's compensatory funding. And in Greater Boston, there may be individual bus lines where free fares would be particularly impactful. However, a broader push for free bus fares in Boston would create a perverse incentive for riders to take unnecessarily long bus rides rather than switch to the subway. And when facing trade-offs between reduced fares and expanded service, the best approach will depend on details.

New vision for regional rail. Commuter rail in Massachusetts needs a wholesale reimagining. The core idea of ferrying commuters to Boston — and generating enough dollars to subsidize

other parts of the system — doesn't fit with post-pandemic reality. Some further study would help clarify whether our region has the demand needed to support a more free-flowing regional rail system, how best to pursue expansions like West-East or South Coast rail, and whether dramatically reduced fares might create [new opportunities for workers from gateway cities](#).

Regional funding. Given that the benefits of improved transit would disproportionately accrue to residents in and around Boston, it's sensible to expect them to support more of the costs. Requiring cities and towns to provide local funding — proportional to their use of the transit system — would be a way to maintain regional equity while still ensuring that non-riders in core areas pay for all the benefits they're enjoying (reduced pollution, reduced congestion, etc.).

Modernization of the regional transit authorities. Despite the new realities of post-pandemic life, many of the recommendations in the [2019 Report of the Task Force on Regional Transit Authority Performance and Funding](#) are still germane, including the list of best practices for accountability and service decisions. That document should remain a bedrock for reimagining RTAs.

Clearer incentives around driving. Drivers are rarely expected to cover the full cost of their driving habits, whether in the form of pollution, accidents, or traffic. Larger subsidies for electric vehicles would be valuable here. Congestion pricing for Boston would also help alter this literal free-riding problem while generating tens of millions of dollars in revenue.

Large-scale electrification. The value of greening our transportation systems was a common theme heard by our committee. Trucks, buses, and other commercial vehicles create large amounts of pollution and congestion. And with online shopping expected to expand in the years ahead, delivery vehicles may become an even more prominent presence on our roads. Subsidies for electric trucks — and a congestion pricing system with reduced

rates for electric vehicles — could be especially valuable for environmental justice communities. In addition, direct investments to electrify school and transit buses would pay large social dividends.

Experiment with the last mile. One challenge with transit is that while it can bring you close to your destination, there's often a final leg to navigate. Walking, biking, scootering — these are all potential options, and the state should embrace multiplicity and experimentation to solve the last mile problem. E-bikes are one promising new possibility, with a more favorable combination of speed and ease.

CONCLUSION

A year and a half into the era of Covid, with cases endemic and the post-pandemic future barely starting to come into view, grasping our new reality is a challenge. The discussions and recommendations in this report cover a variety of high-priority areas, but the work of our Committee isn't complete.

In the months ahead, we will continue to focus on Reimagining Massachusetts Post-Pandemic Resiliency. And we expect to bring attention to a range of additional topics. Among them:

- Health costs and health equity
- Climate change
- Environmental justice
- Democracy, voting systems, and governance
- K-12 and higher education

We invite thoughts and comments from interested readers and organizations as we push ahead with this effort to reimagine our collective future.

Acknowledgments

We would like to thank the Committee members who each led one hearing and greatly contributed to our understanding of the issues and varying impacts in different parts of the Commonwealth. Senate staff, particularly Stephen Maher and Christian Kelly, were central to keeping the work of the Committee on track so that this report was possible in such a short time frame. The Senate is grateful to Evan Horowitz and the Center for State Policy Analysis for their detailed research and analysis and for this report. Finally, those who took the time to testify before the Committee deserve credit for shaping the direction and emphasis of our work as we aim to reimagine Massachusetts.

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