

# **Our State Budget: Building a Better Future Together**



**Massachusetts Budget and Policy Center**  
**15 Court Square, Suite 700, Boston, MA 02108**  
**617.426.1228**  
**[www.massbudget.org](http://www.massbudget.org)**

# Education





# Transportation





# Libraries, Parks and Recreation



# Public Safety





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# Clean Air and Safe Drinking Water



# Prisons and the Courts



# Health Care and Public Health



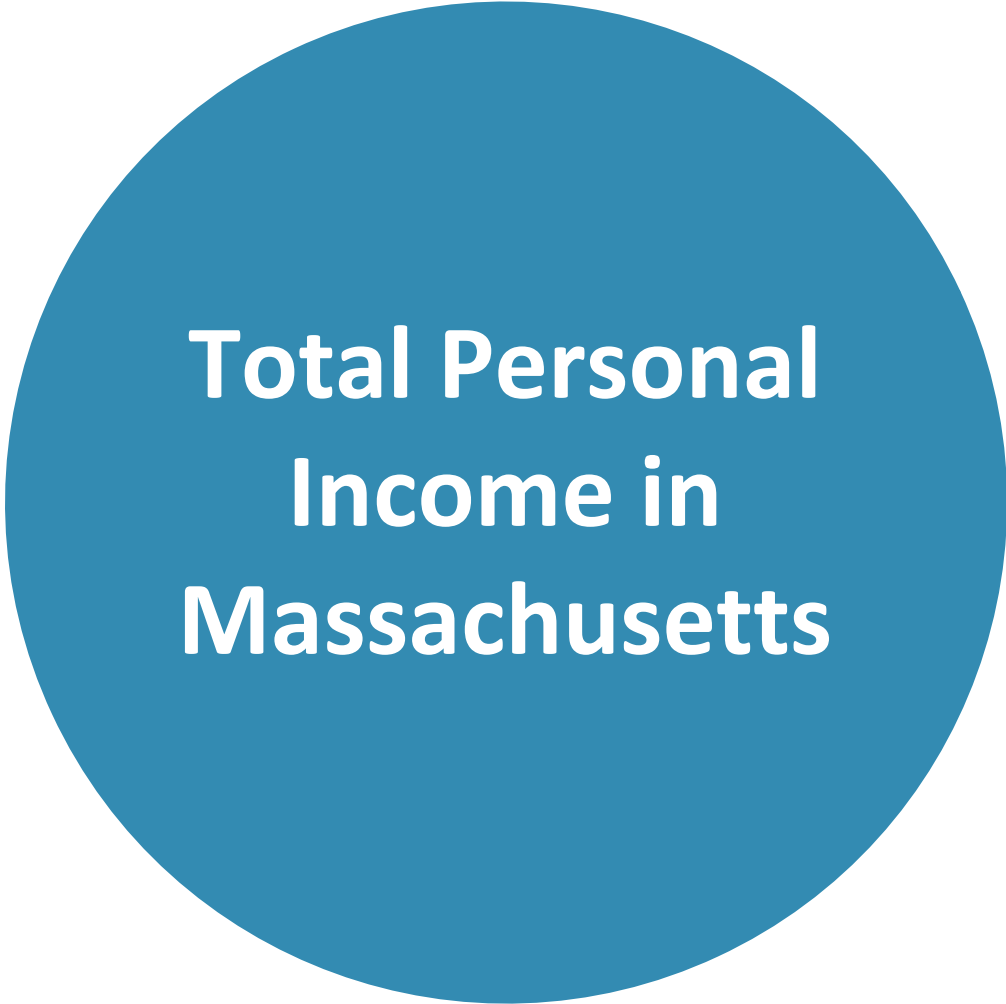


# Human Services



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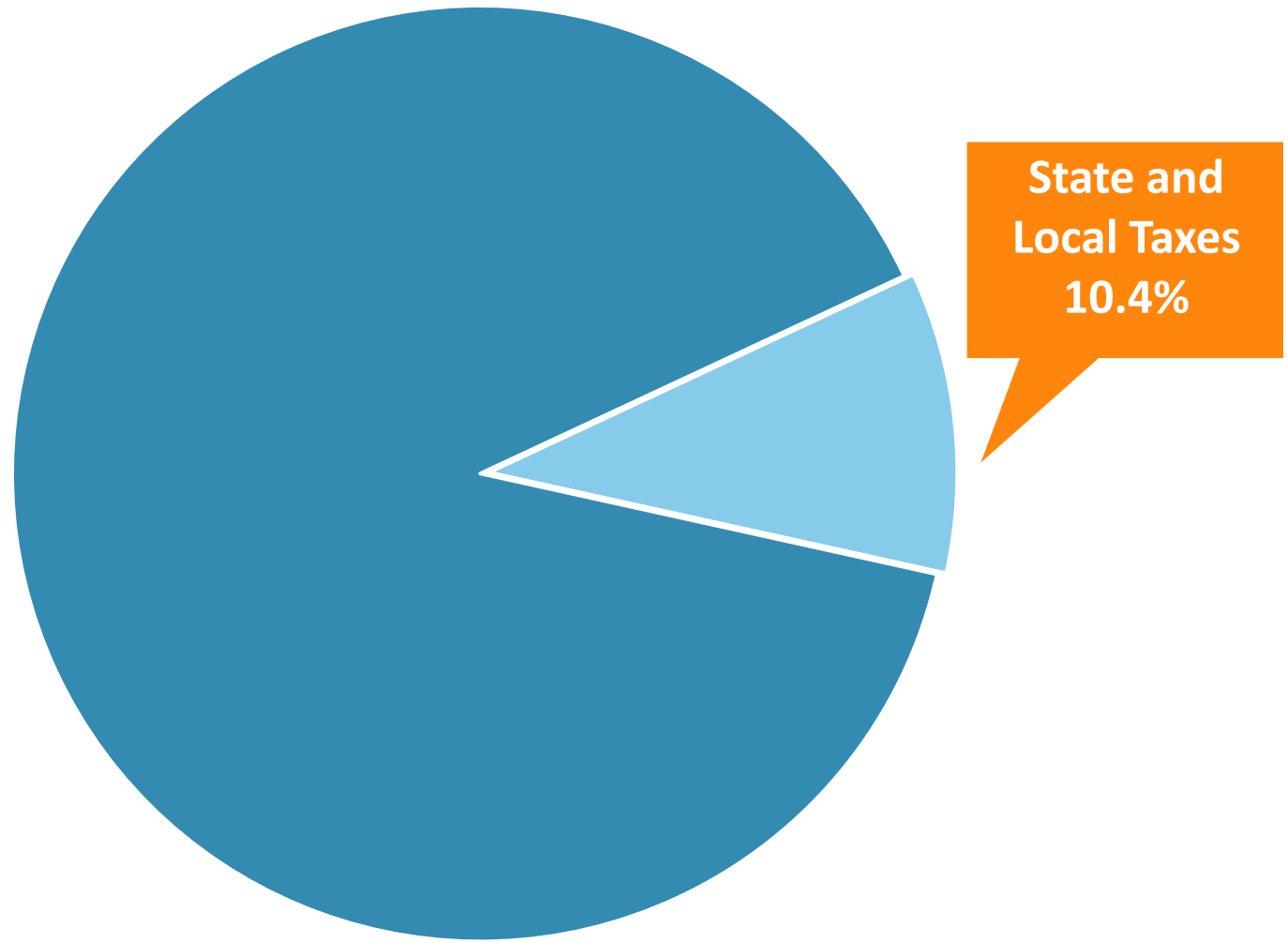
# What Percent of our Income Funds these Programs?



**Total Personal  
Income in  
Massachusetts**

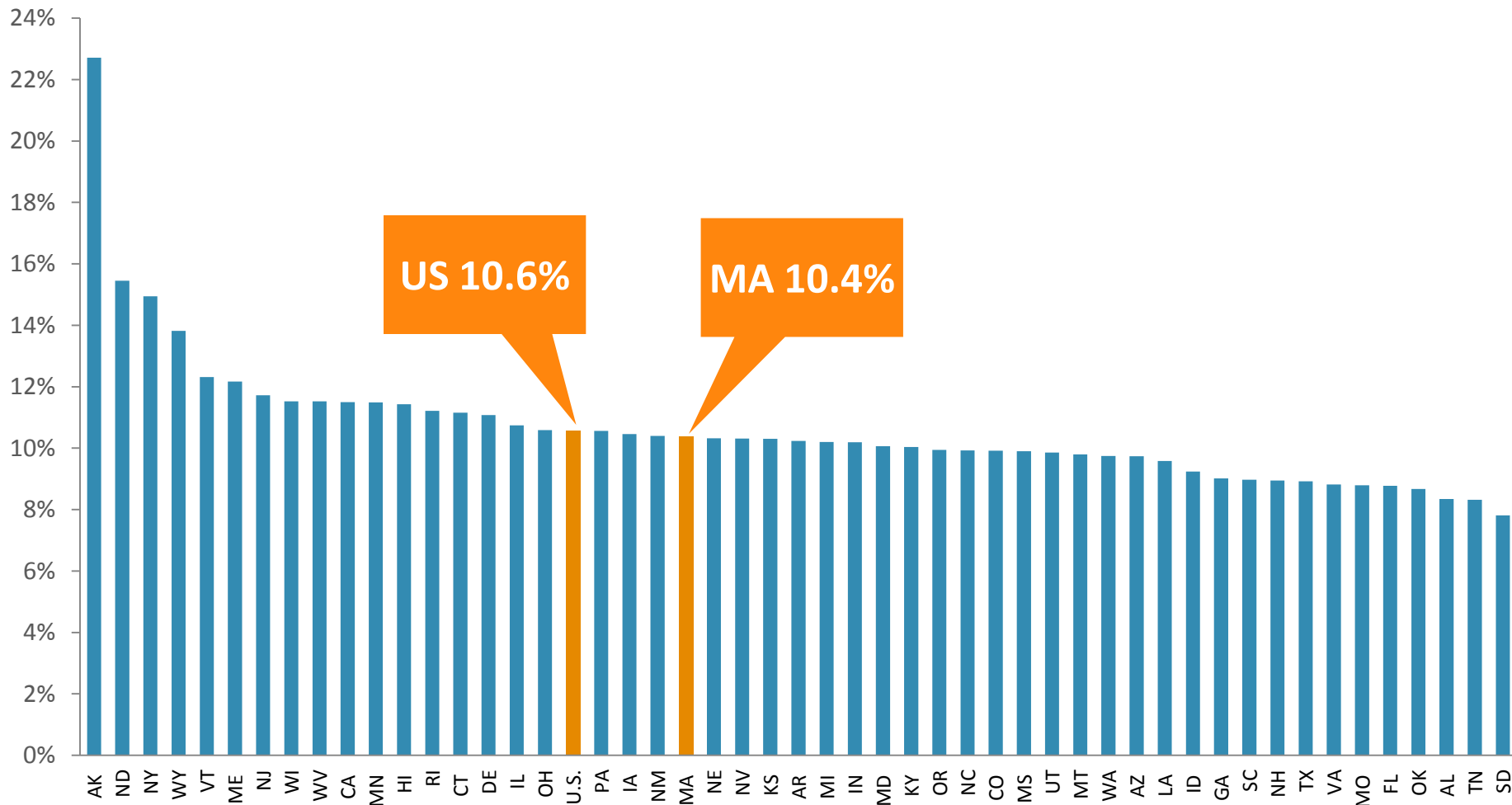


# Taxes as Percent of Personal Income, 2011



# Mass. Taxes are About Average, 2011

State and local taxes as % of state personal income

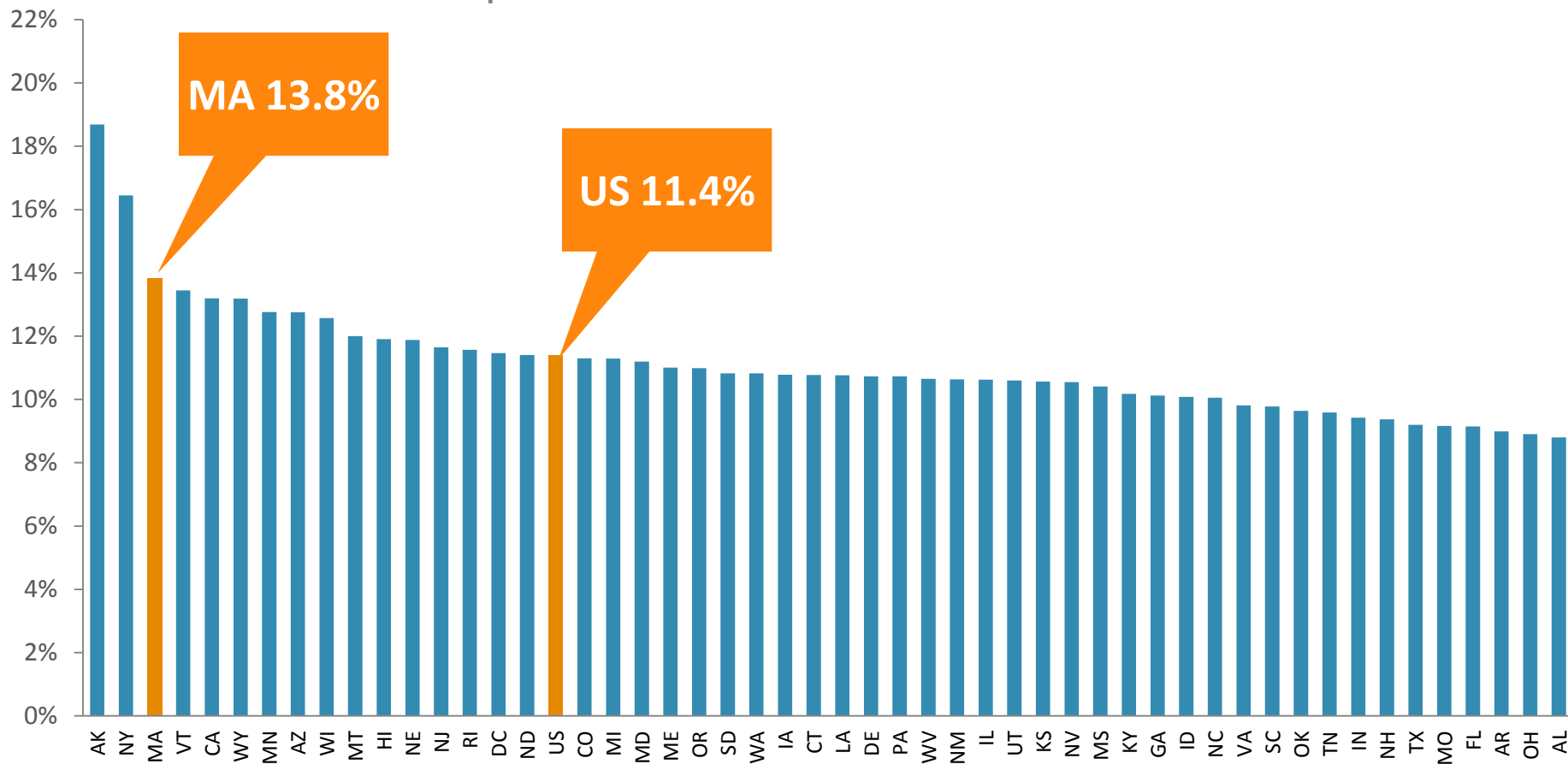




# Why We are Called “Taxachusetts”

## Fiscal Year 1977

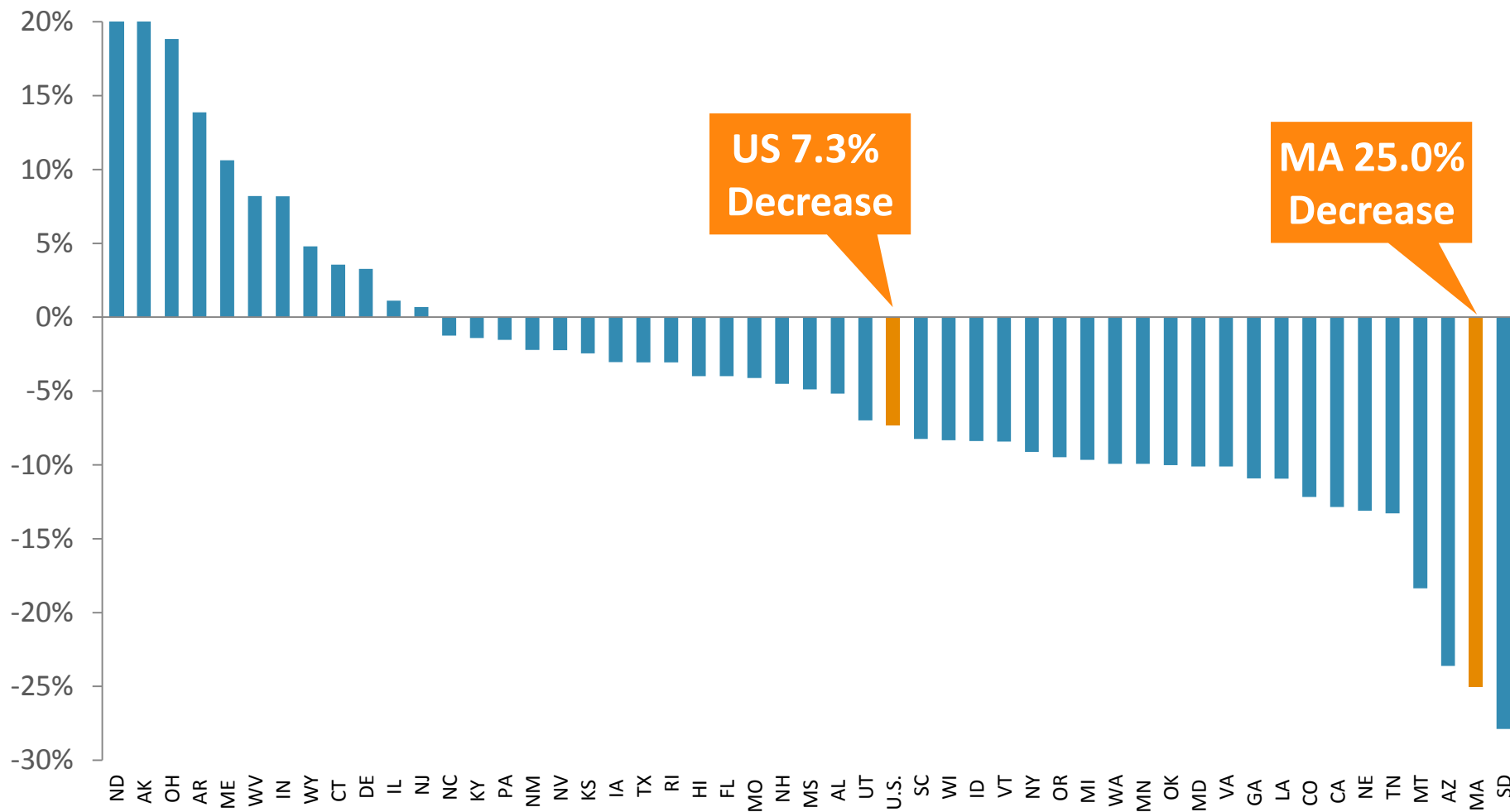
State and local taxes as % of state personal income



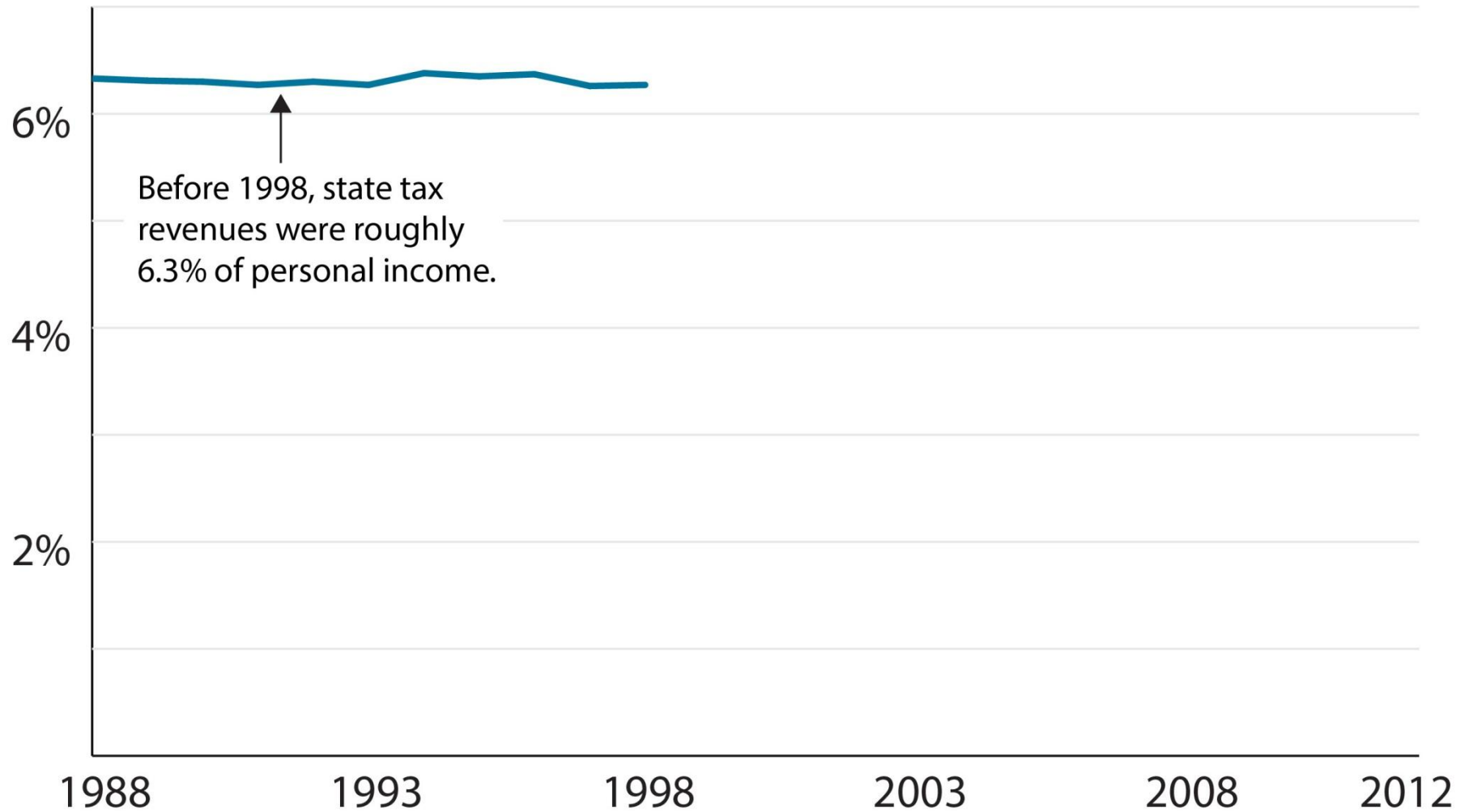
# MA Taxes Among Largest Declines: 1977- 2011

Percent change in state and local taxes as % of state personal income

Note: North Dakota (35.5%) and Alaska (21.6%) exceed the scale of this graph.

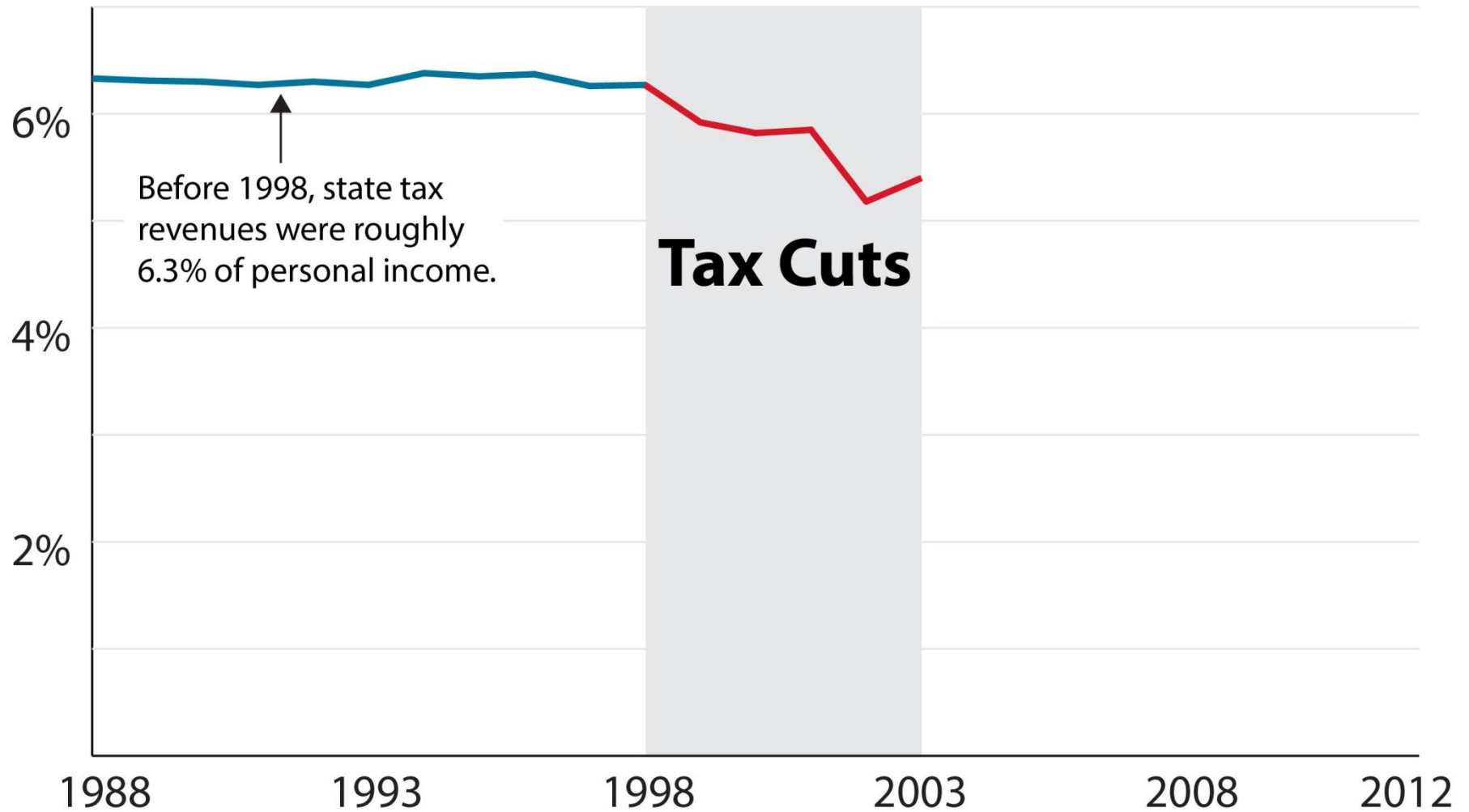






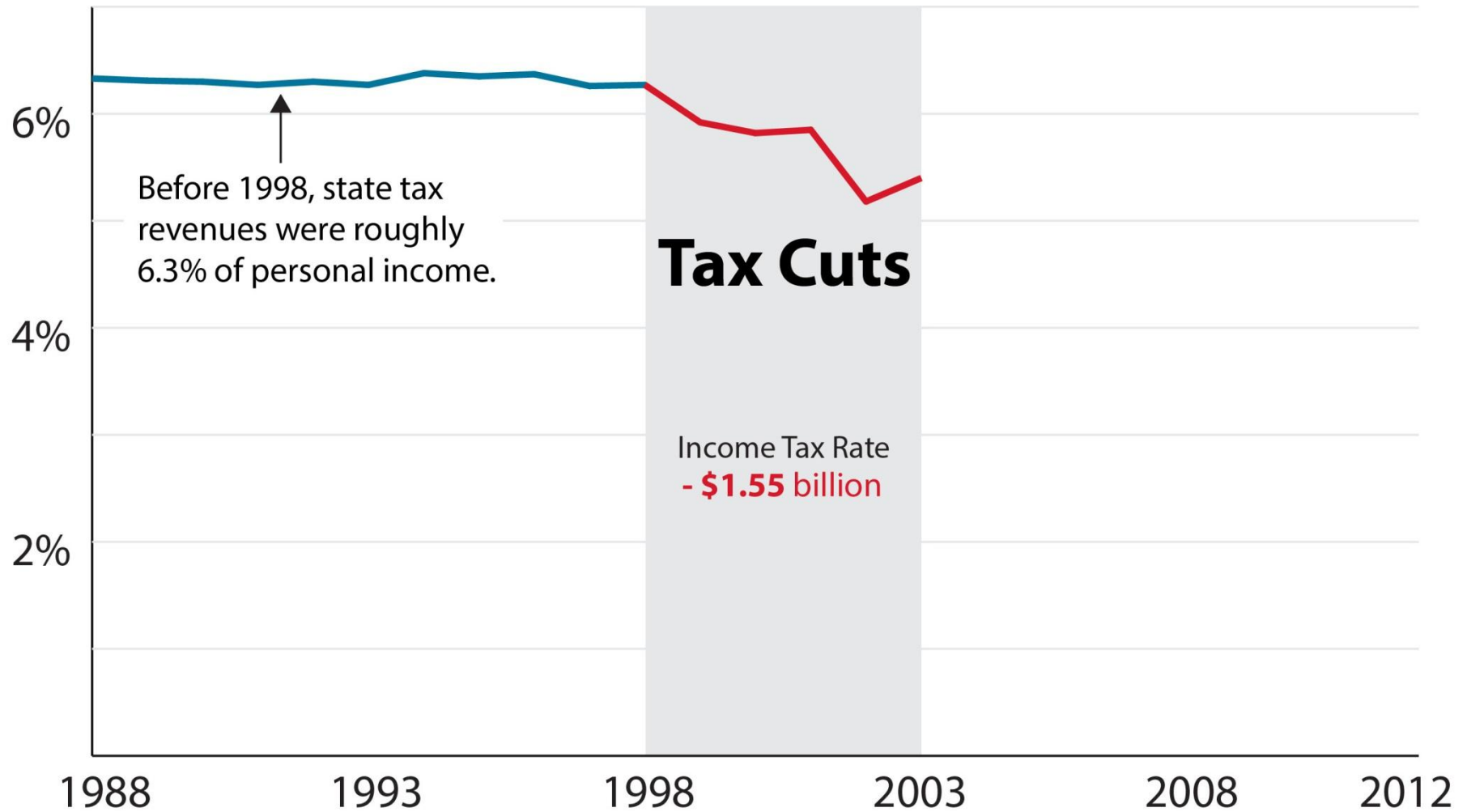
Values measured as a percentage of personal income.

Source: Tax cut cost estimates from Mass. DOR



Values measured as a percentage of personal income.

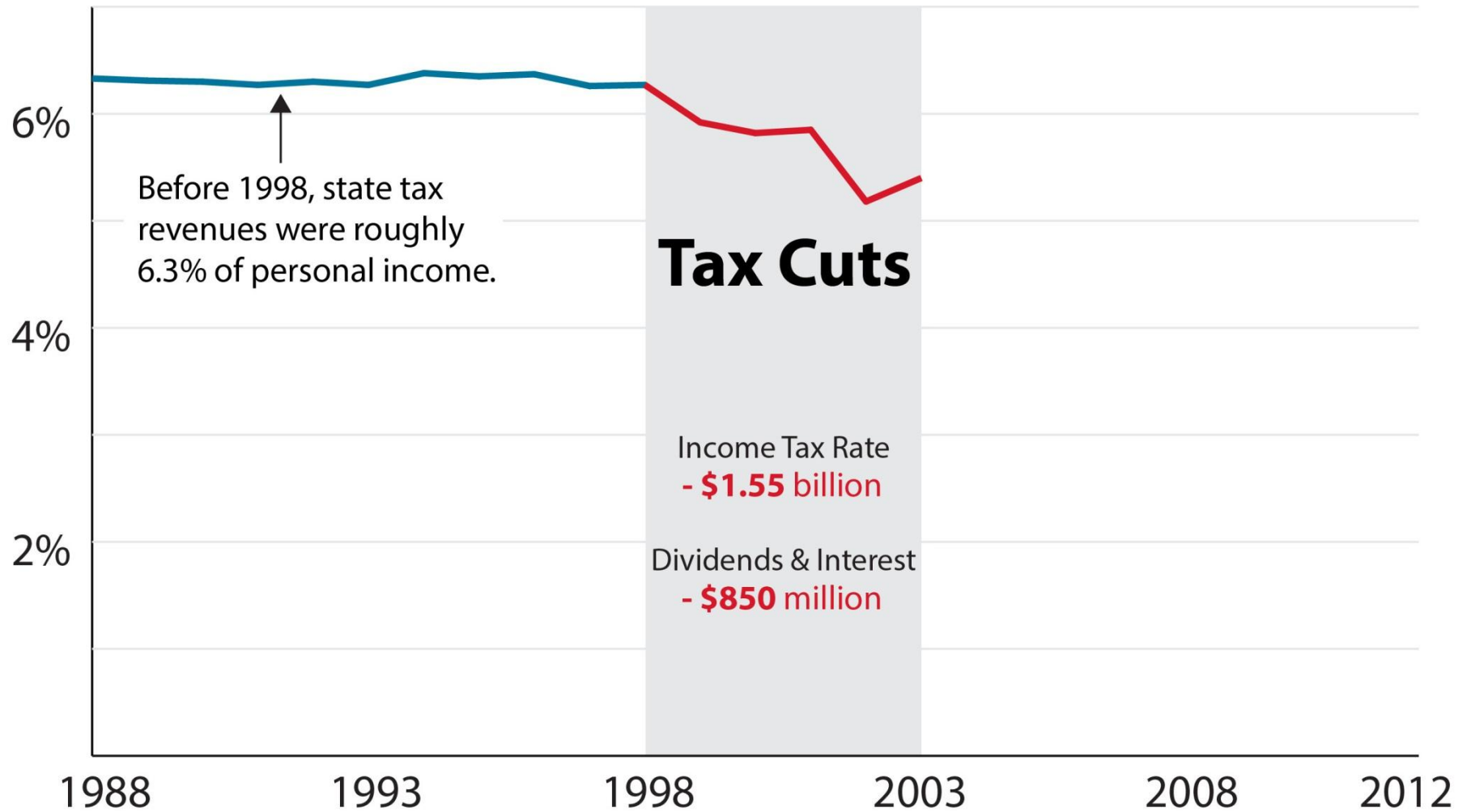
Source: Tax cut cost estimates from Mass. DOR



Values measured as a percentage of personal income.

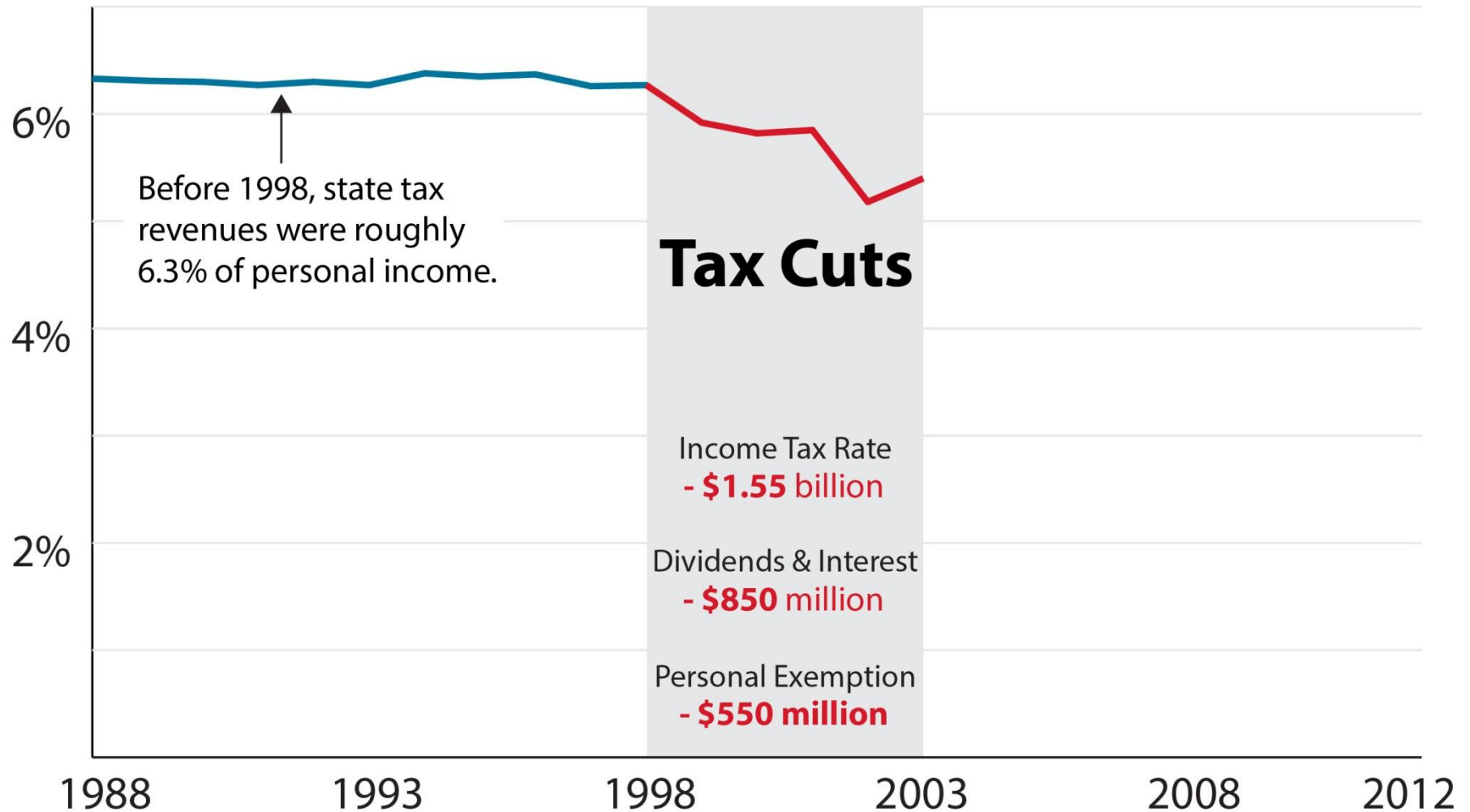
Source: Tax cut cost estimates from Mass. DOR





Values measured as a percentage of personal income.

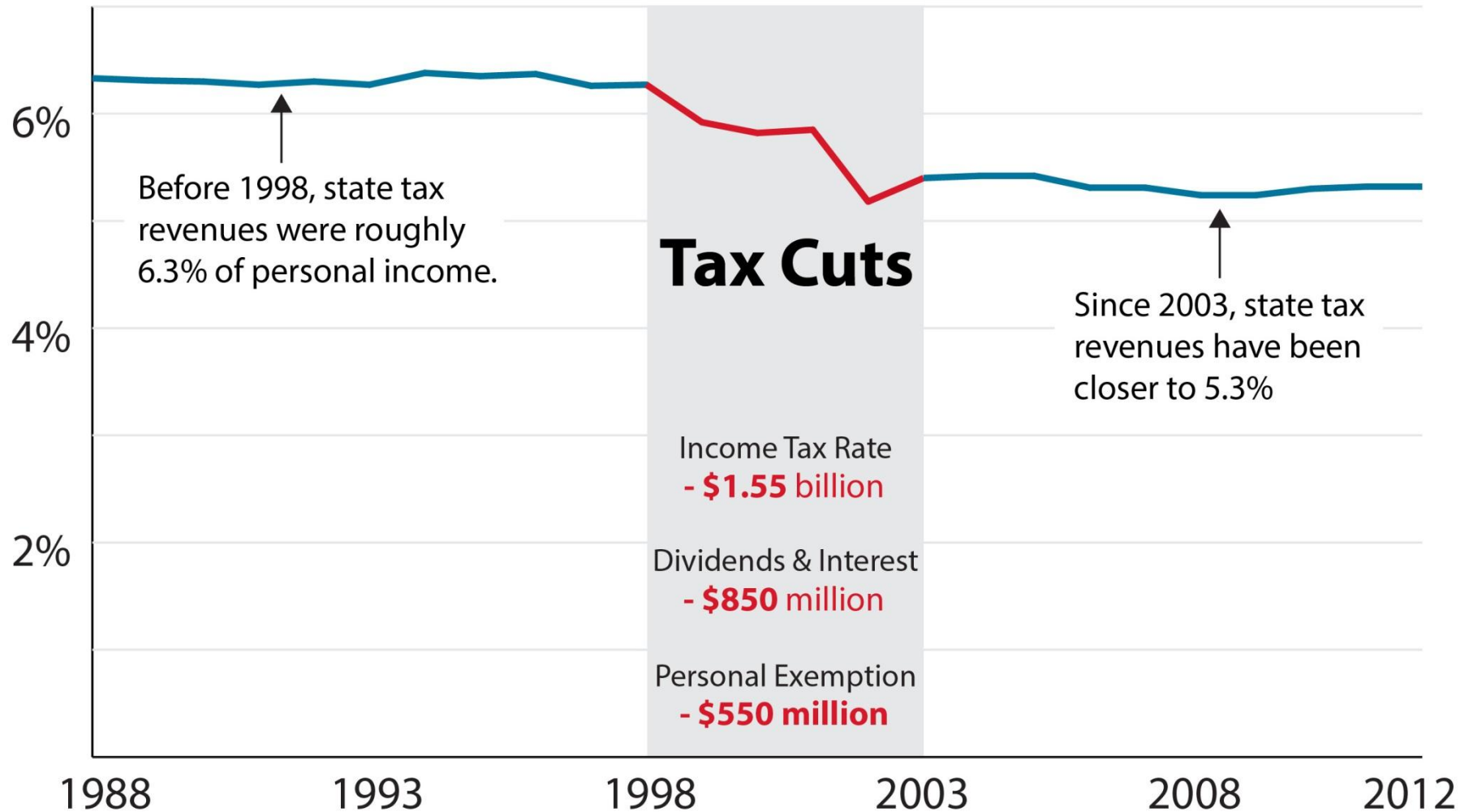
Source: Tax cut cost estimates from Mass. DOR



Values measured as a percentage of personal income.

Source: Tax cut cost estimates from Mass. DOR

## Three income tax changes cost nearly \$3 billion per year



Values measured as a percentage of personal income.

Source: Tax cut cost estimates from Mass. DOR

# Tax Cuts Have Affected Services

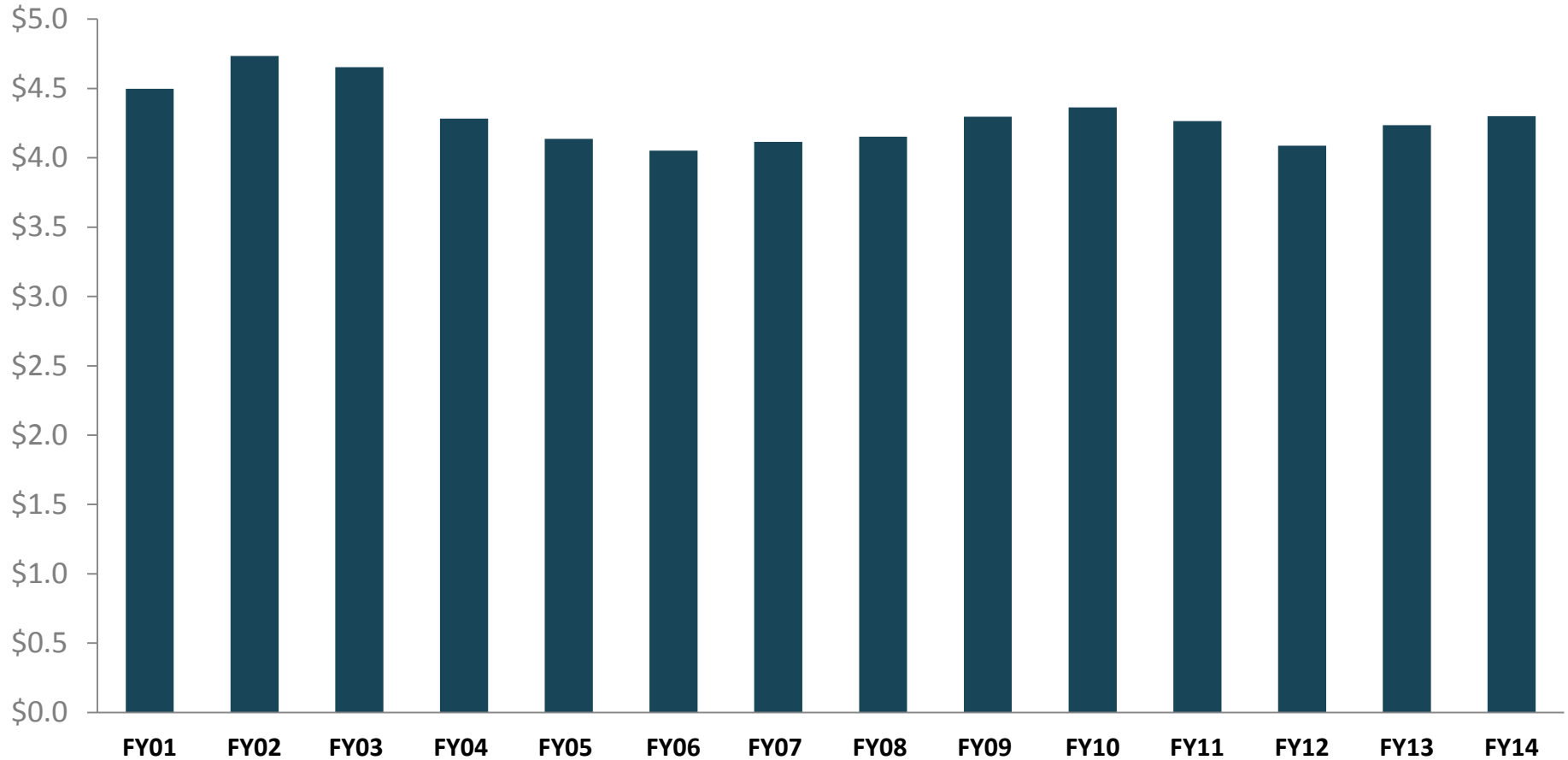




# Chapter 70 Education Aid

Billions, Inflation Adjusted

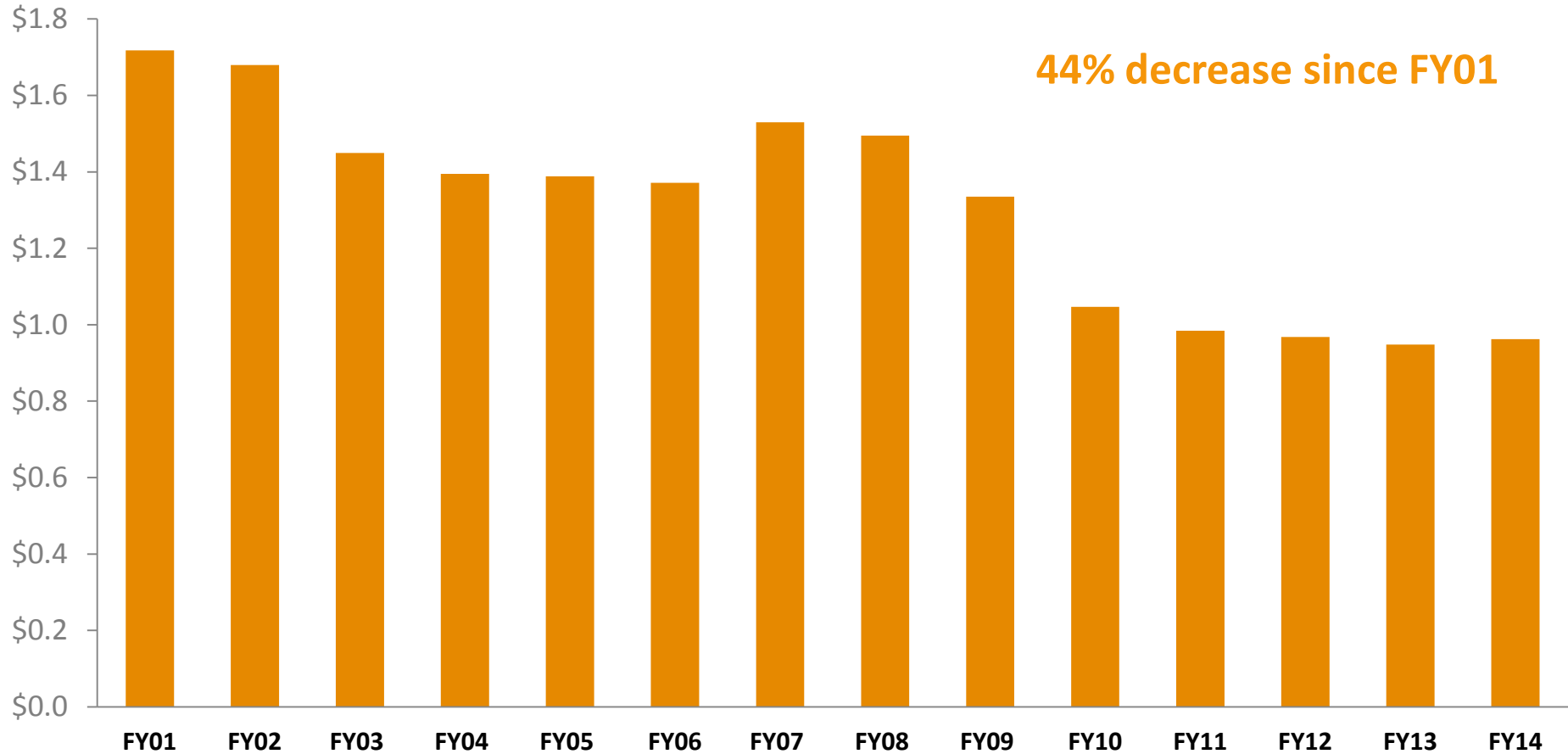
4.4% decrease since FY01



Includes ARRA funding; Adjusted using the inflation factor identified in Chapter 70

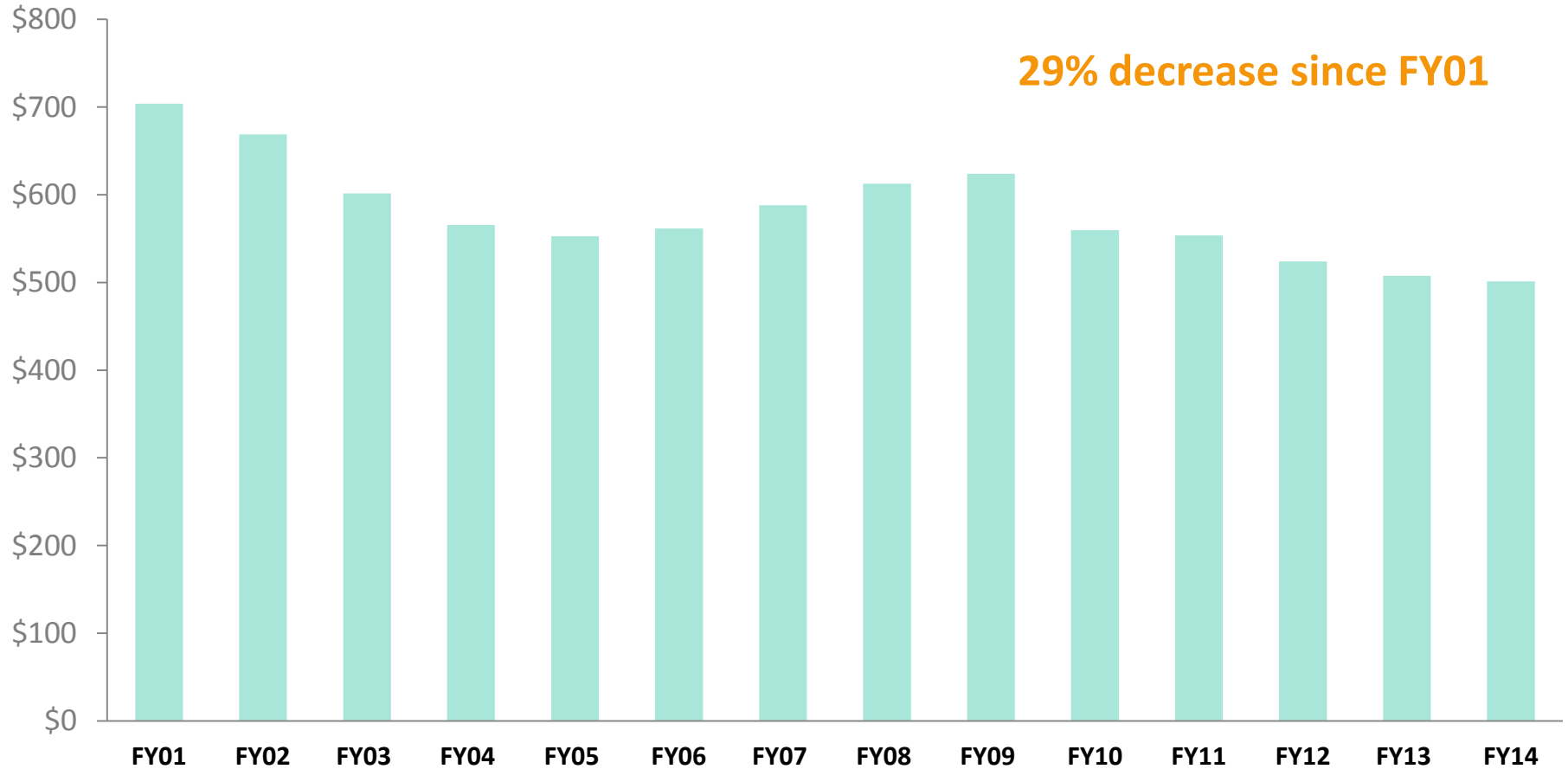
# Local Aid

Billions, Inflation Adjusted



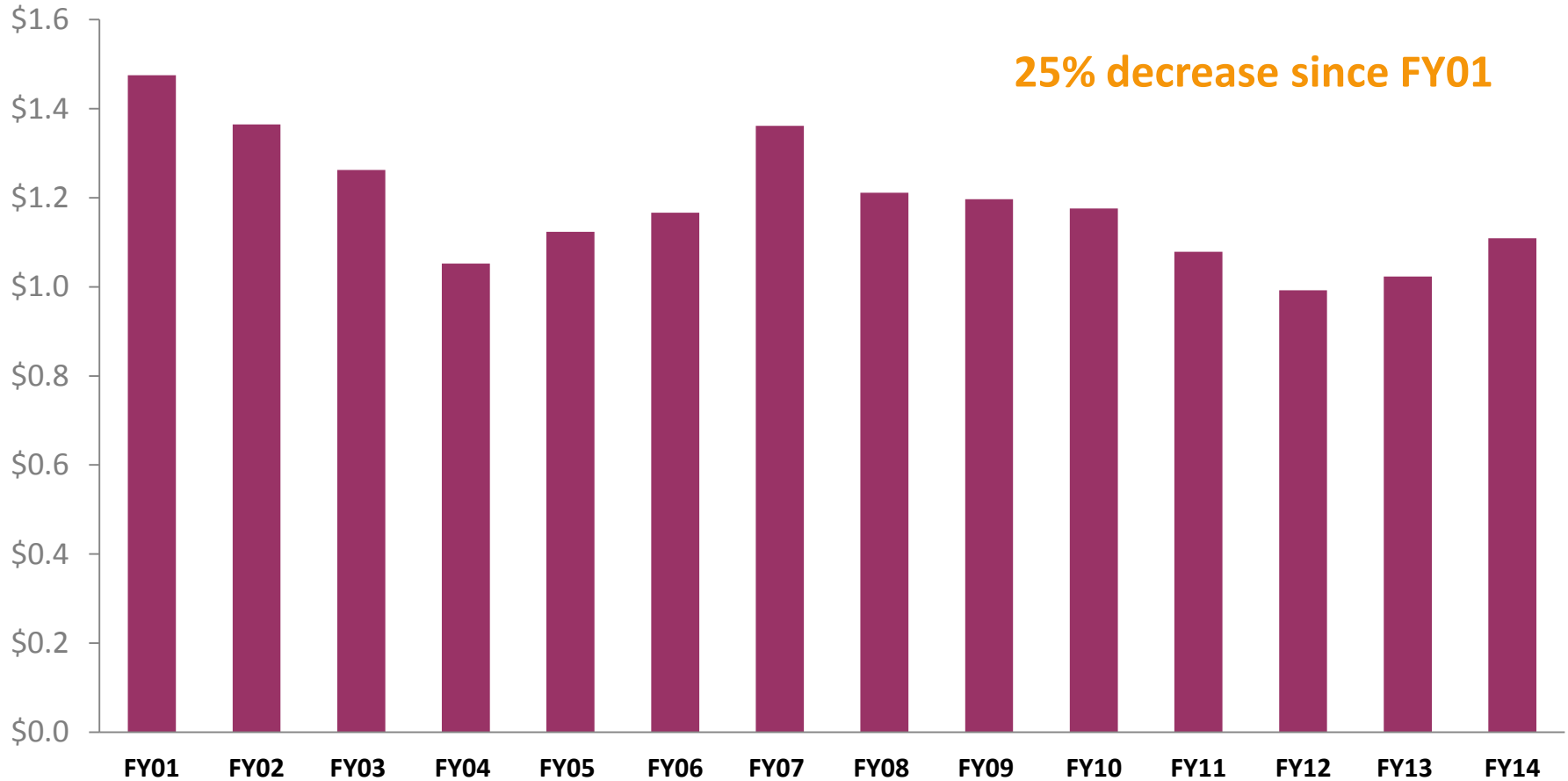
# Early Education and Care

Millions, Inflation Adjusted



# Higher Education

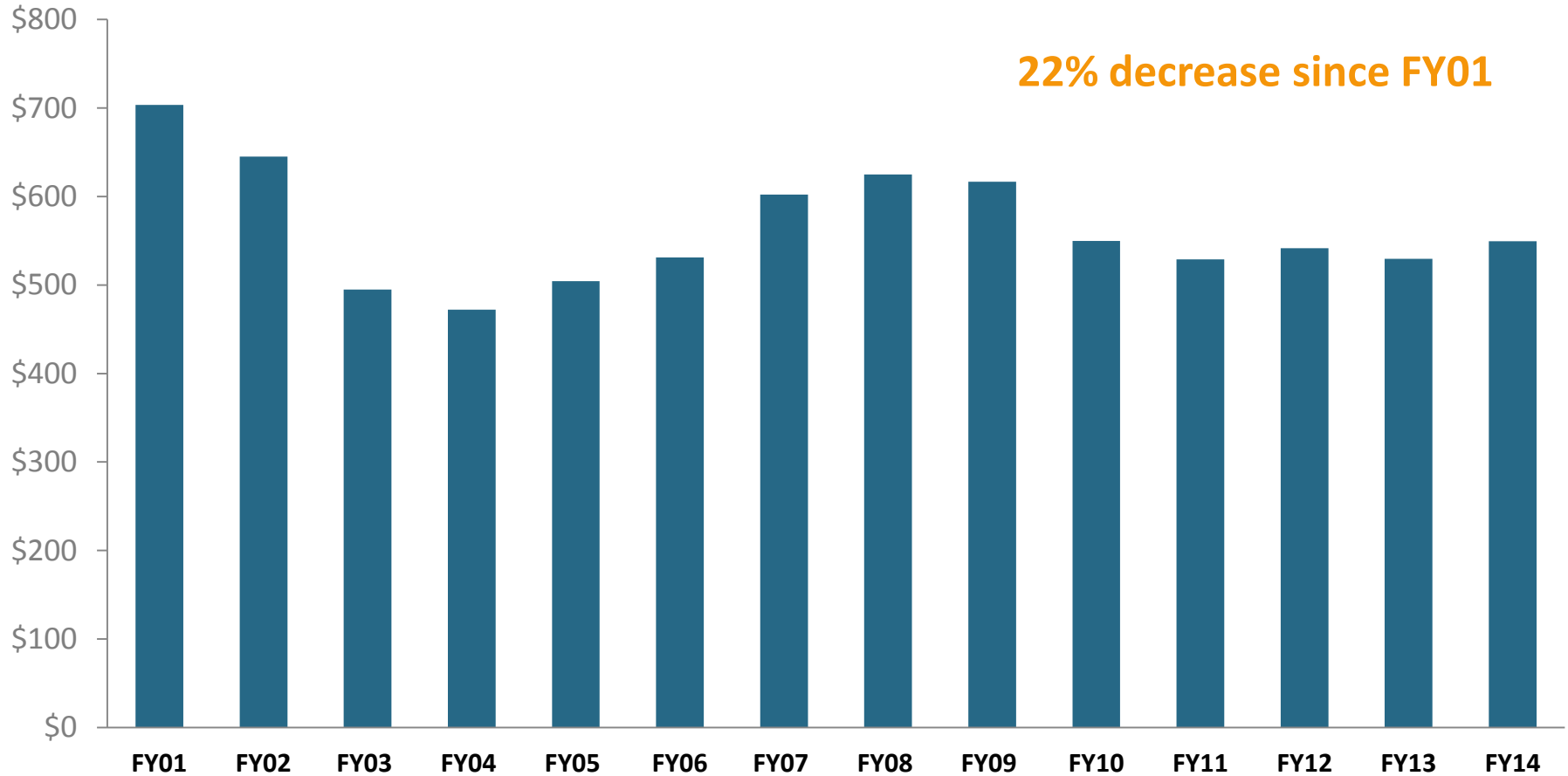
Billions, Inflation Adjusted





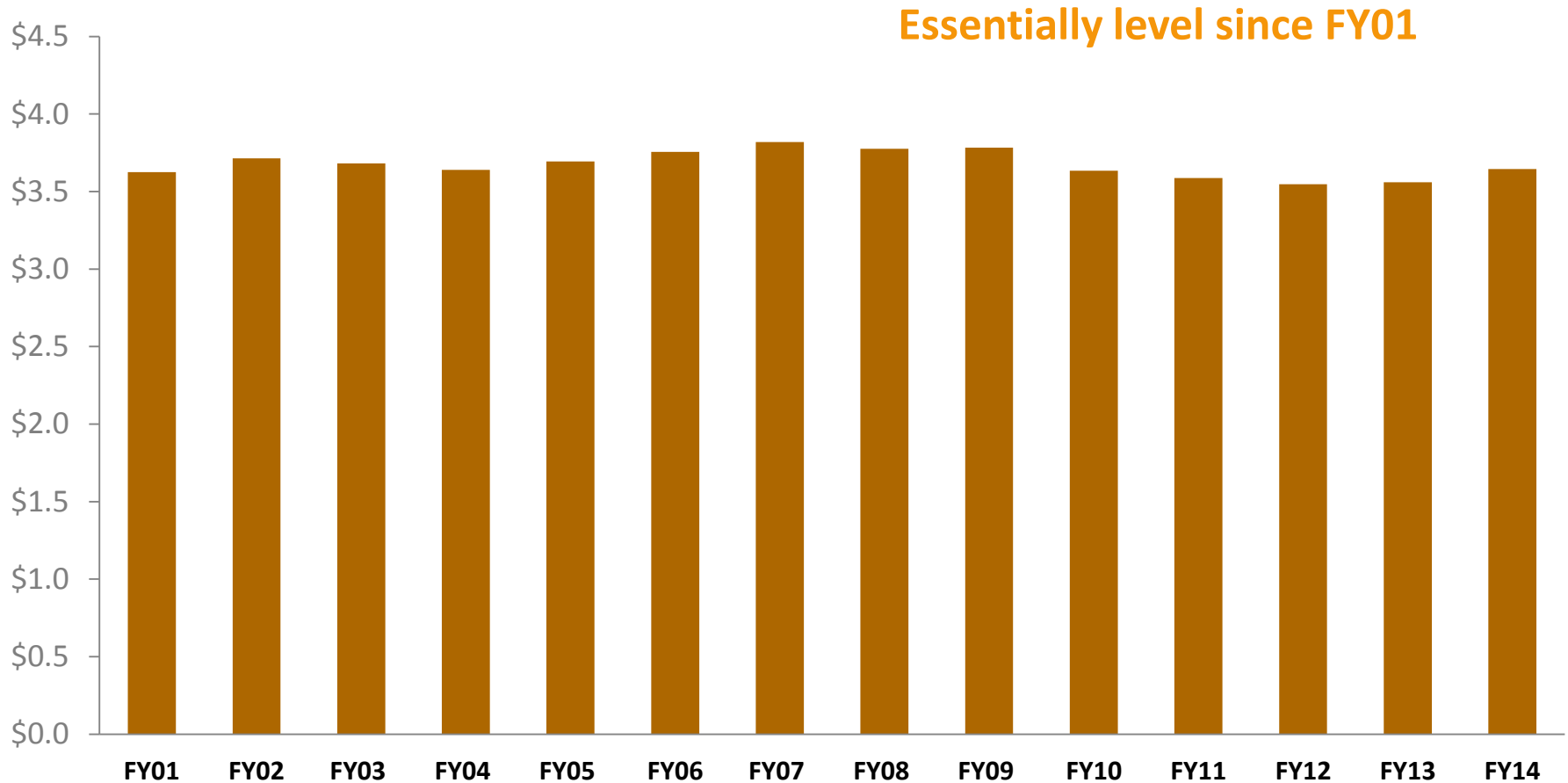
# Public Health

Millions, Inflation Adjusted



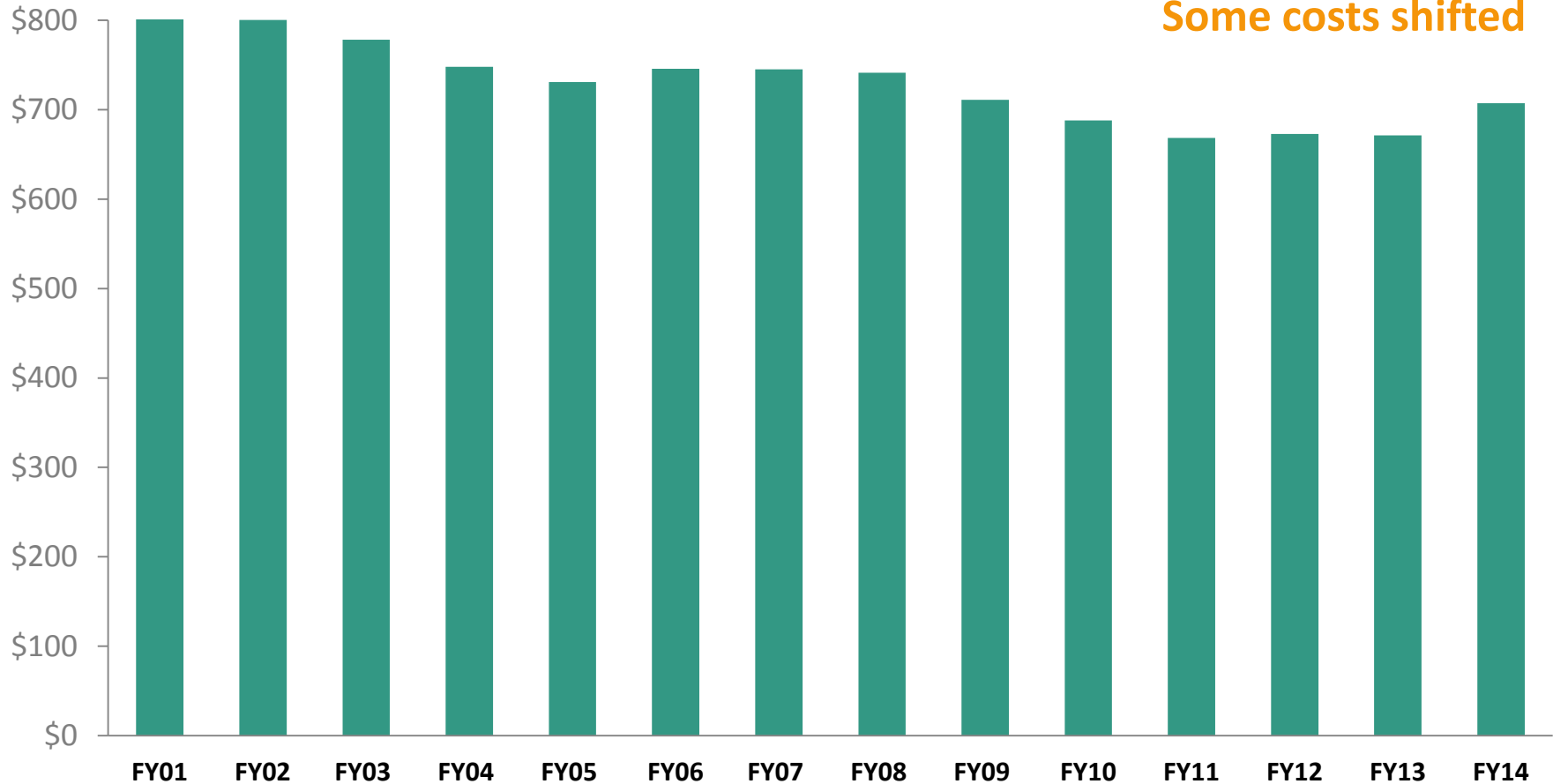
# Human Services

Billions, Inflation Adjusted



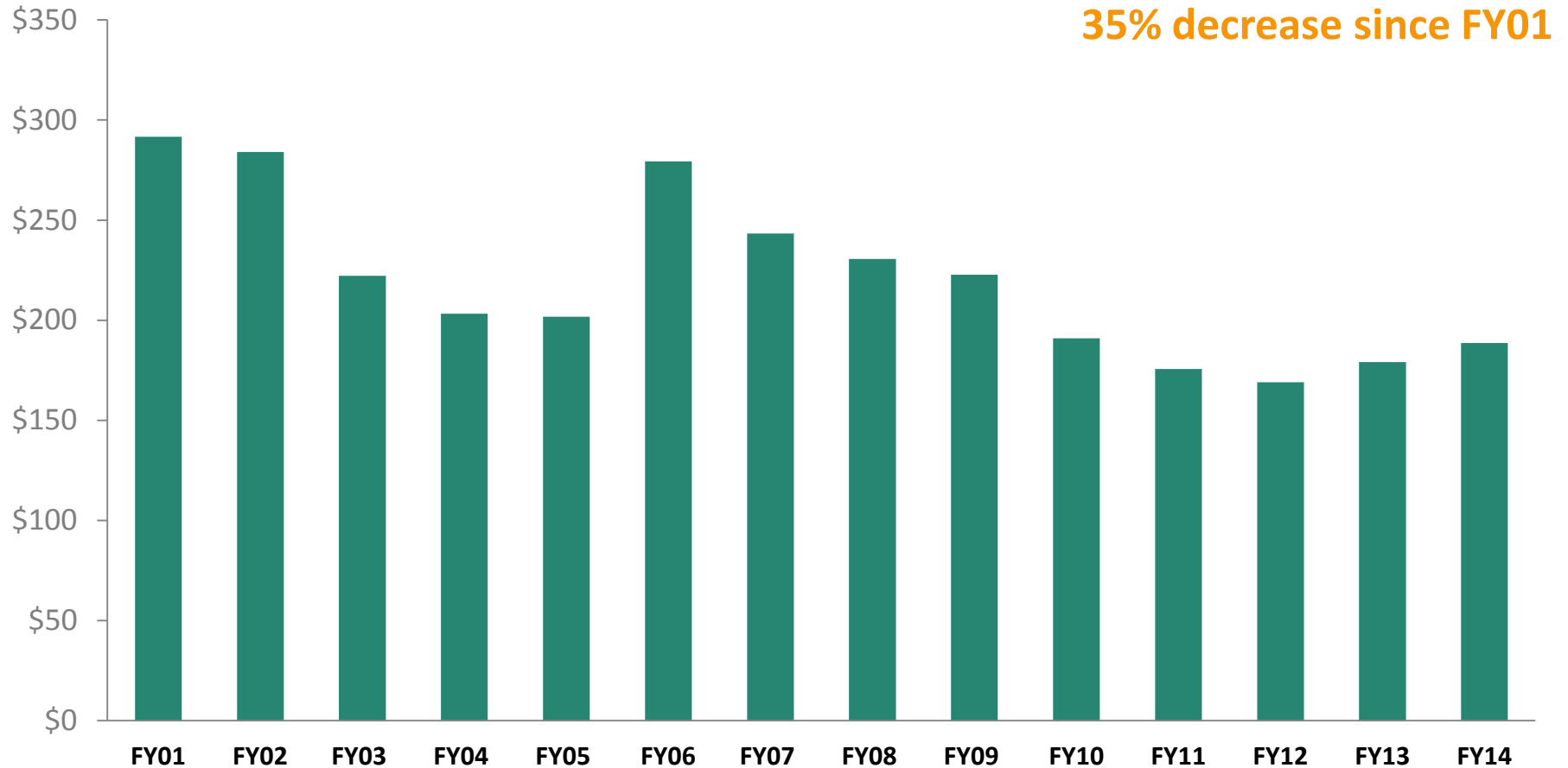
# Mental Health

Millions, Inflation Adjusted



# Environment and Recreation

Millions, Inflation Adjusted





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# A Tax System Should Be . . .

**Adequate**

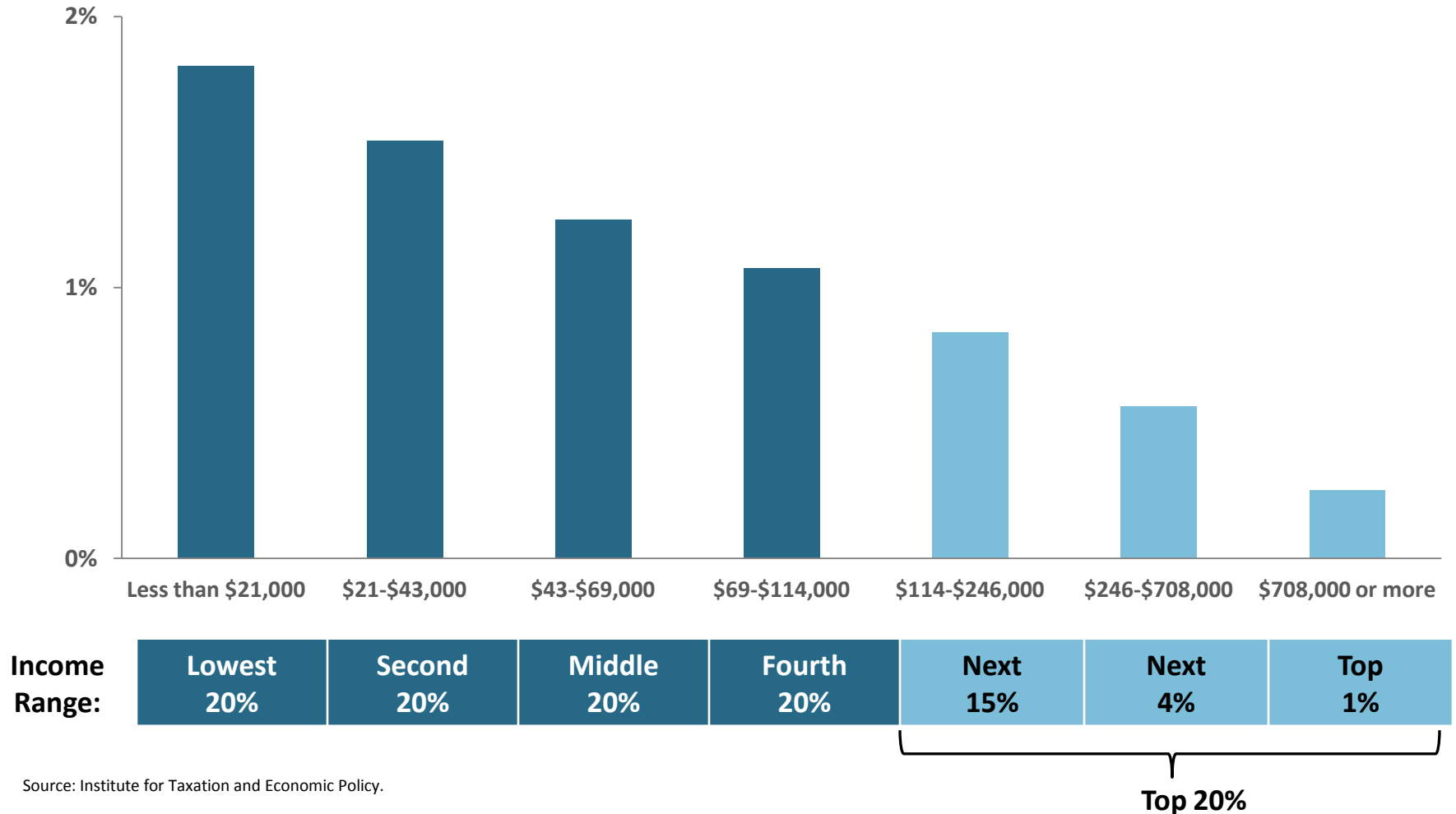
**Stable**

**Simple/Efficient**

**Fair**

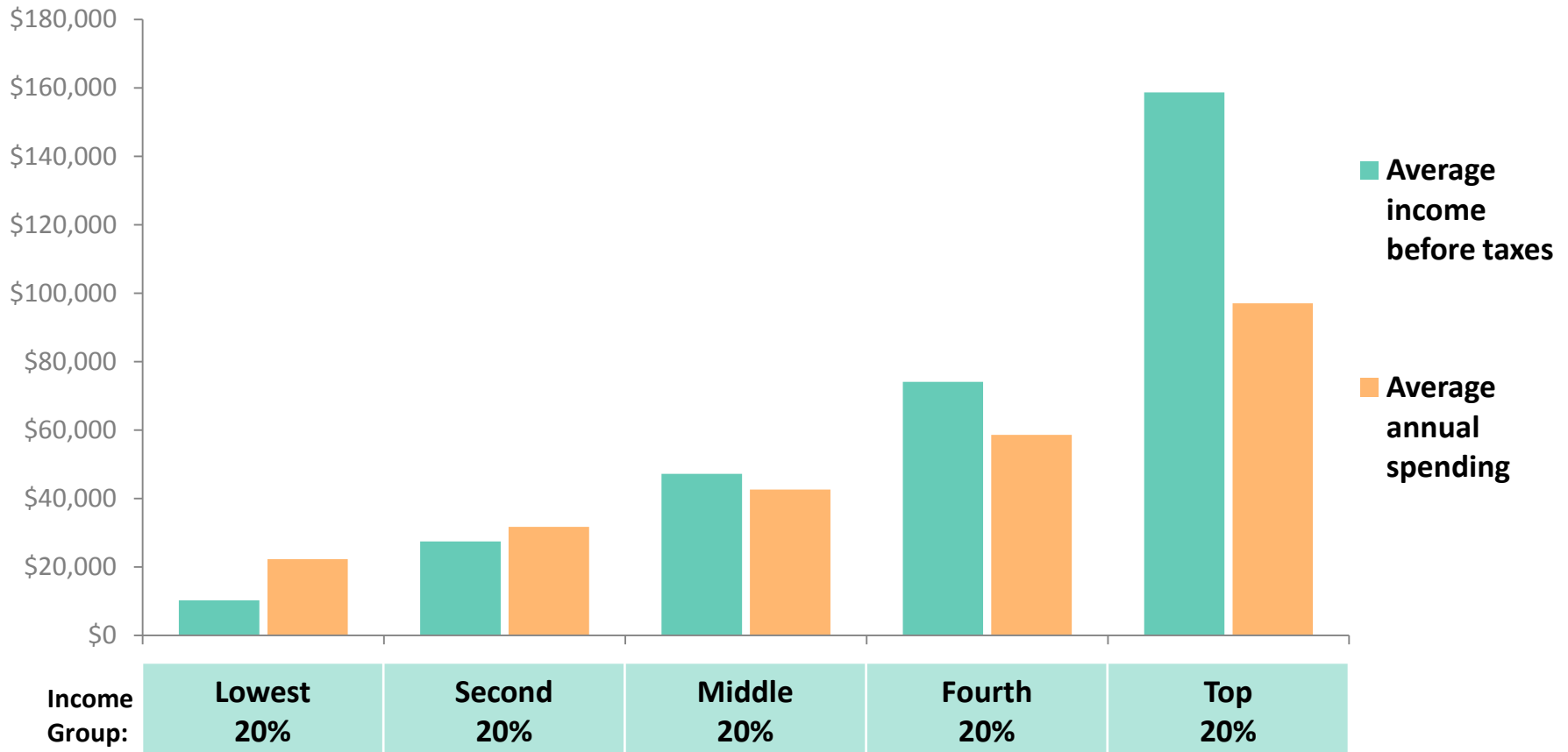
# The Sales Tax is Regressive

% personal income paid in sales tax, 2012



# Why the Sales Tax is Regressive

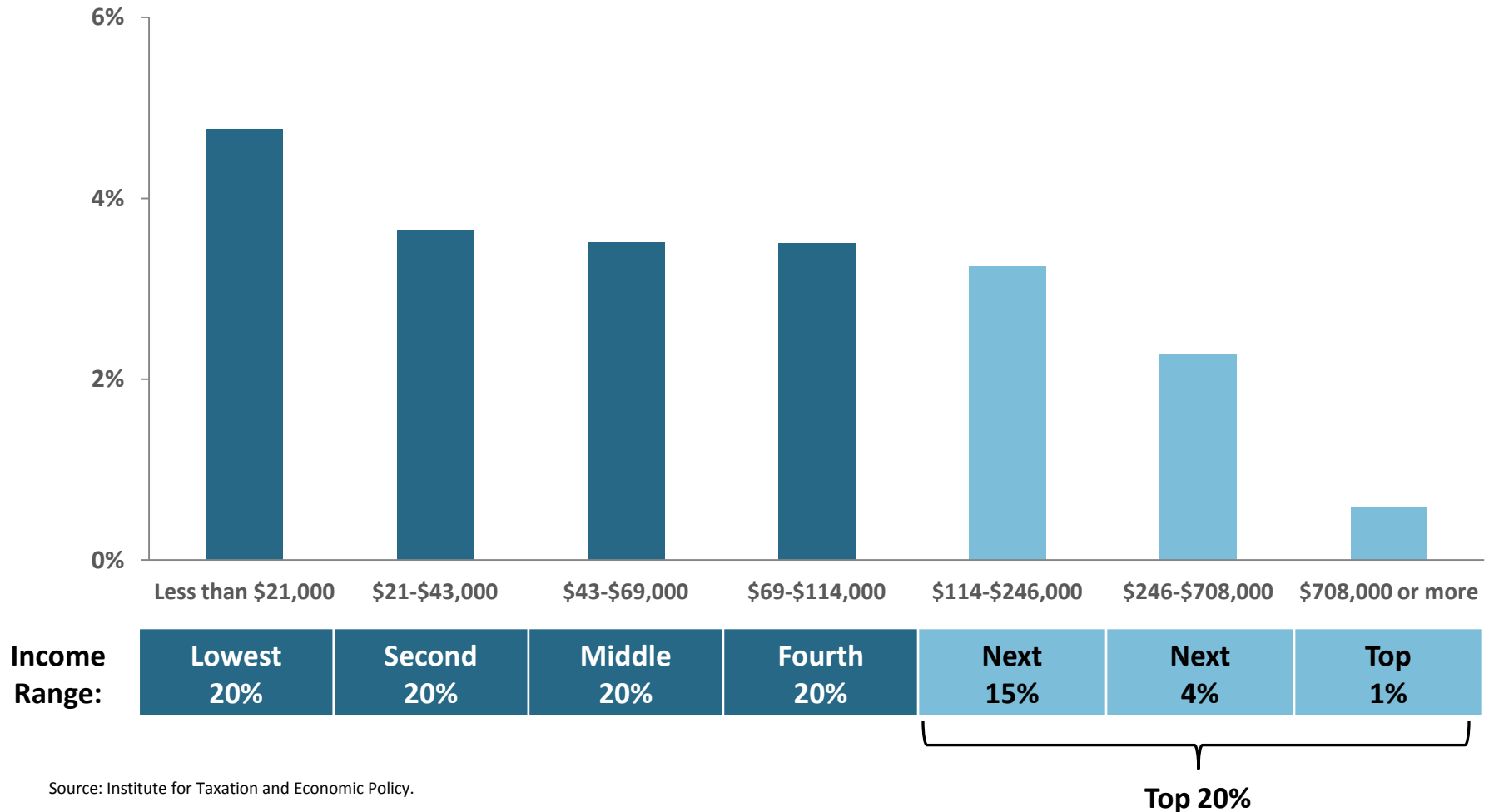
Average Income & Average Spending, U.S. 2008



Source: Bureau of Labor Statistics, Consumer Expenditures Survey, 2008

# The Property Tax is Regressive

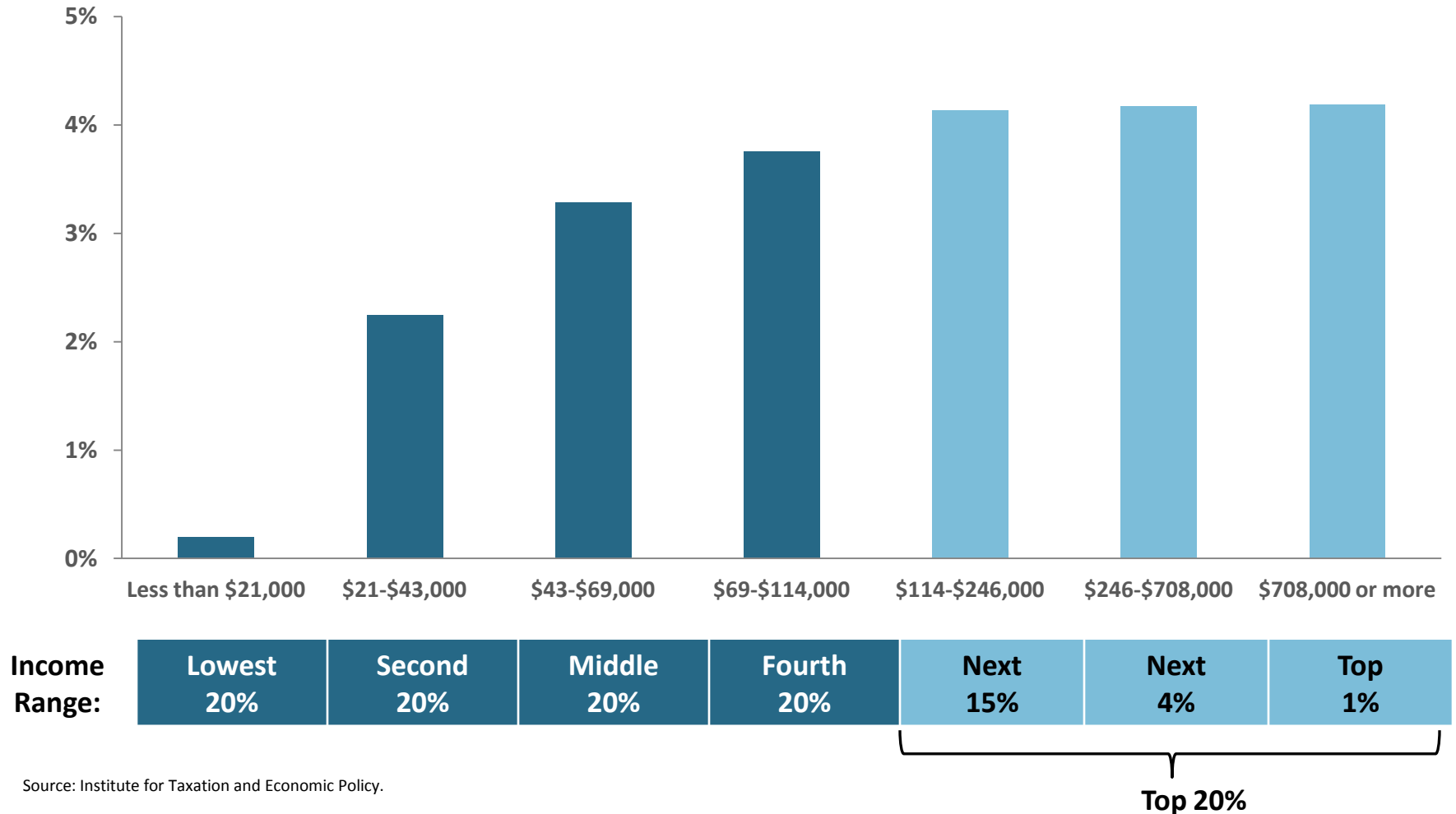
% personal income paid in property tax, 2012



Source: Institute for Taxation and Economic Policy.

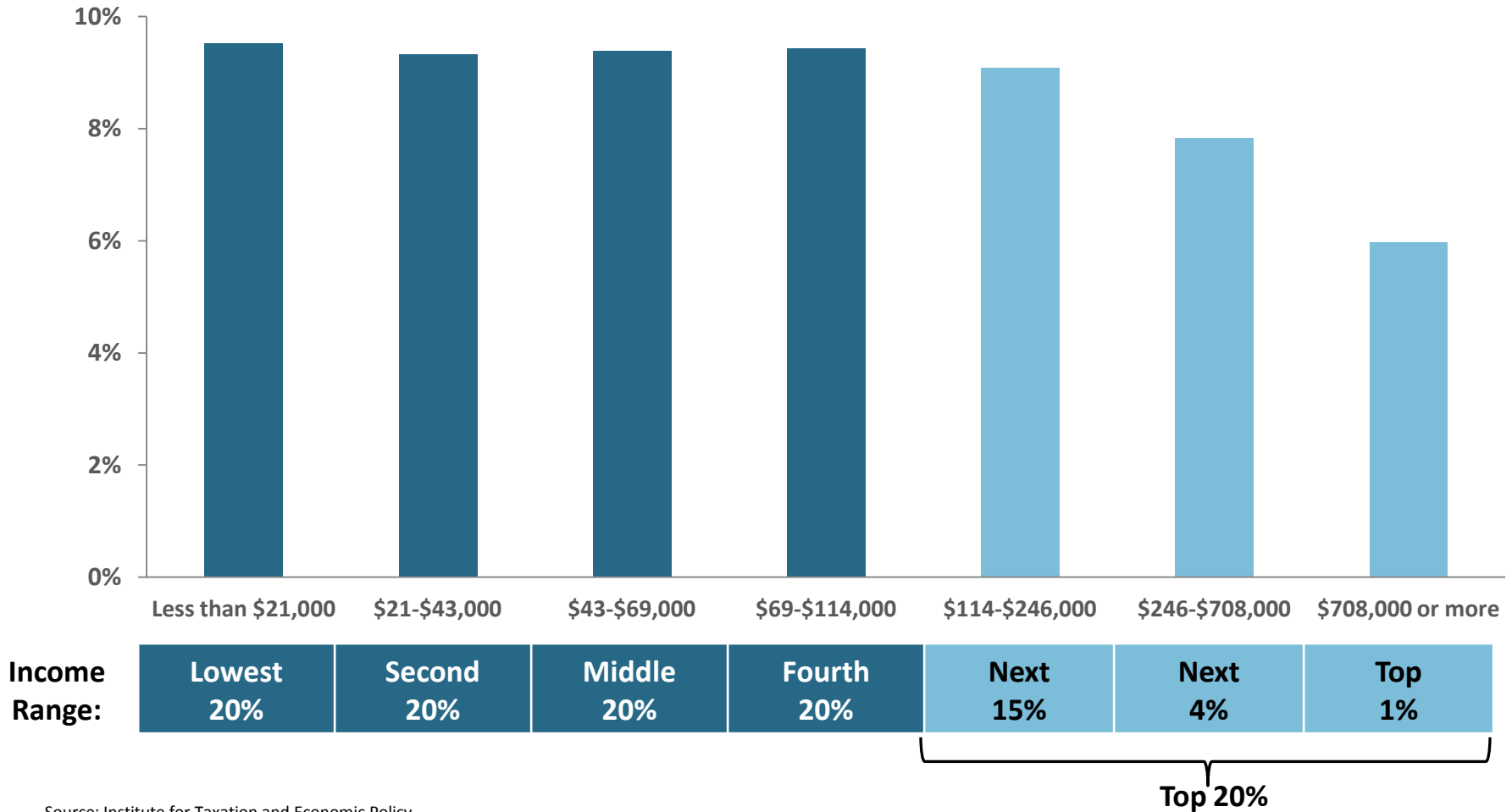
# The Income Tax is Progressive

% personal income paid in income tax, 2012



# State and Local Taxes are Regressive

% personal income paid in state and local taxes, 2012



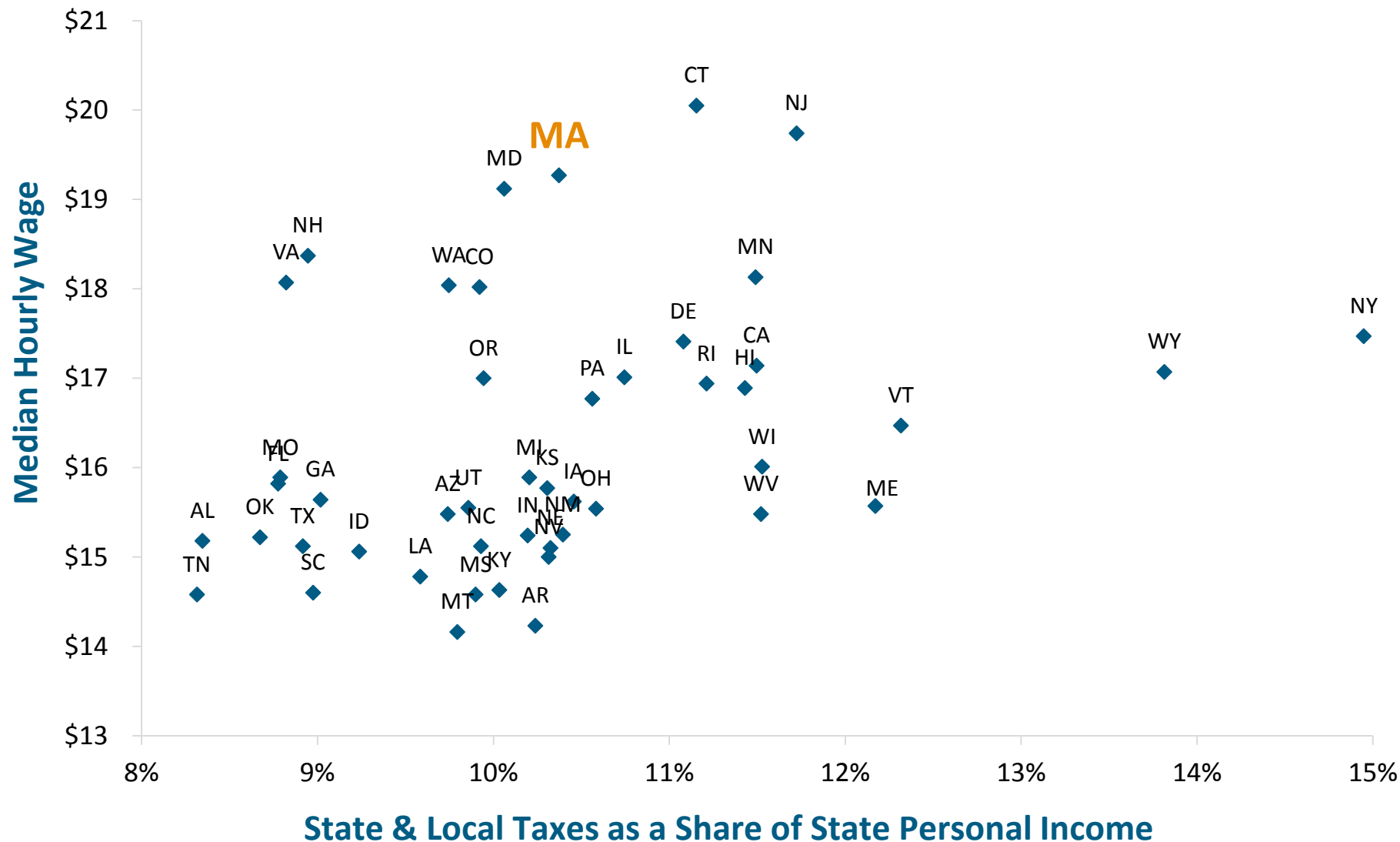
Source: Institute for Taxation and Economic Policy.



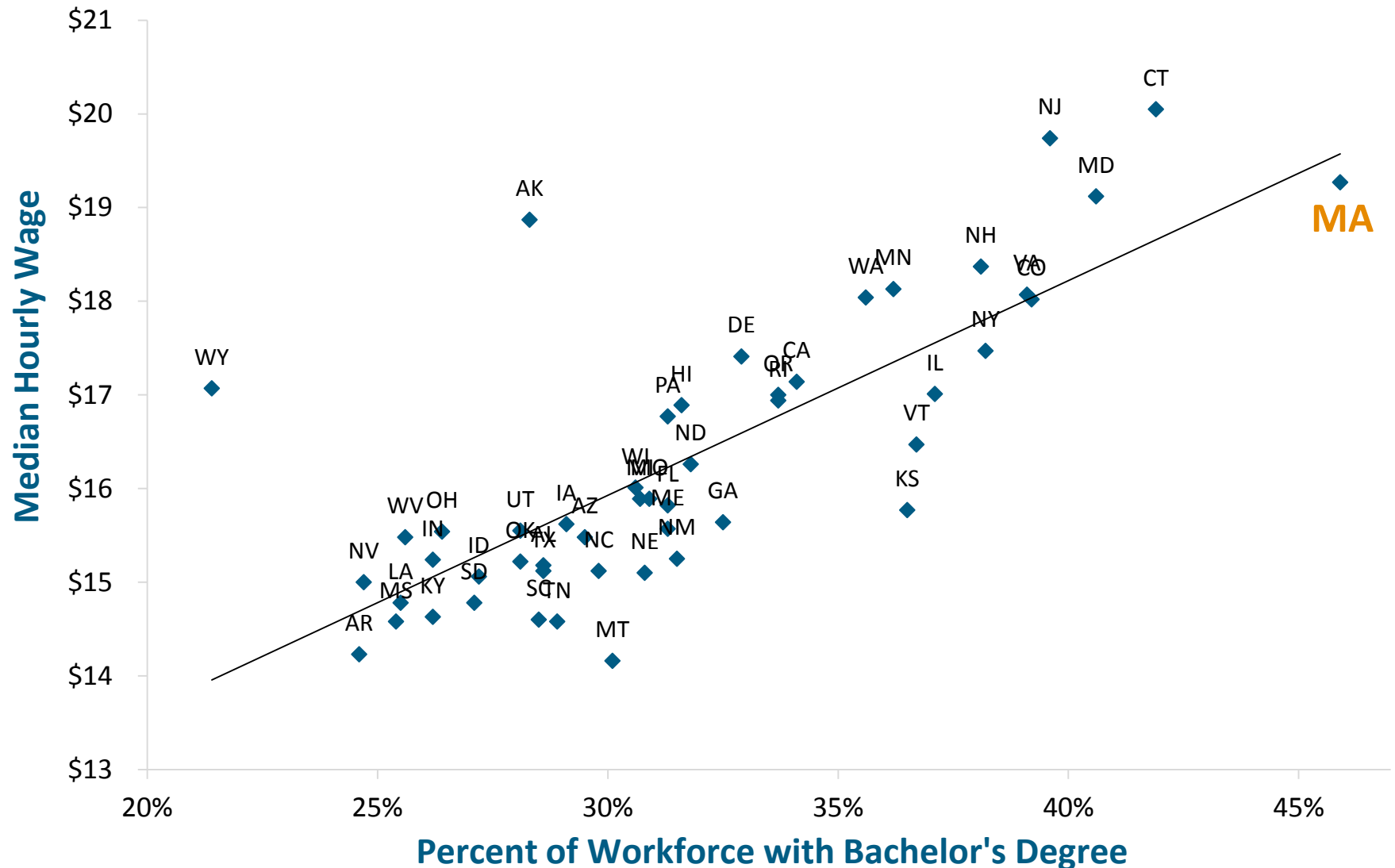
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# Investing in a strong state economy

# No Clear Relationship Between Tax Levels & Wages, 2012

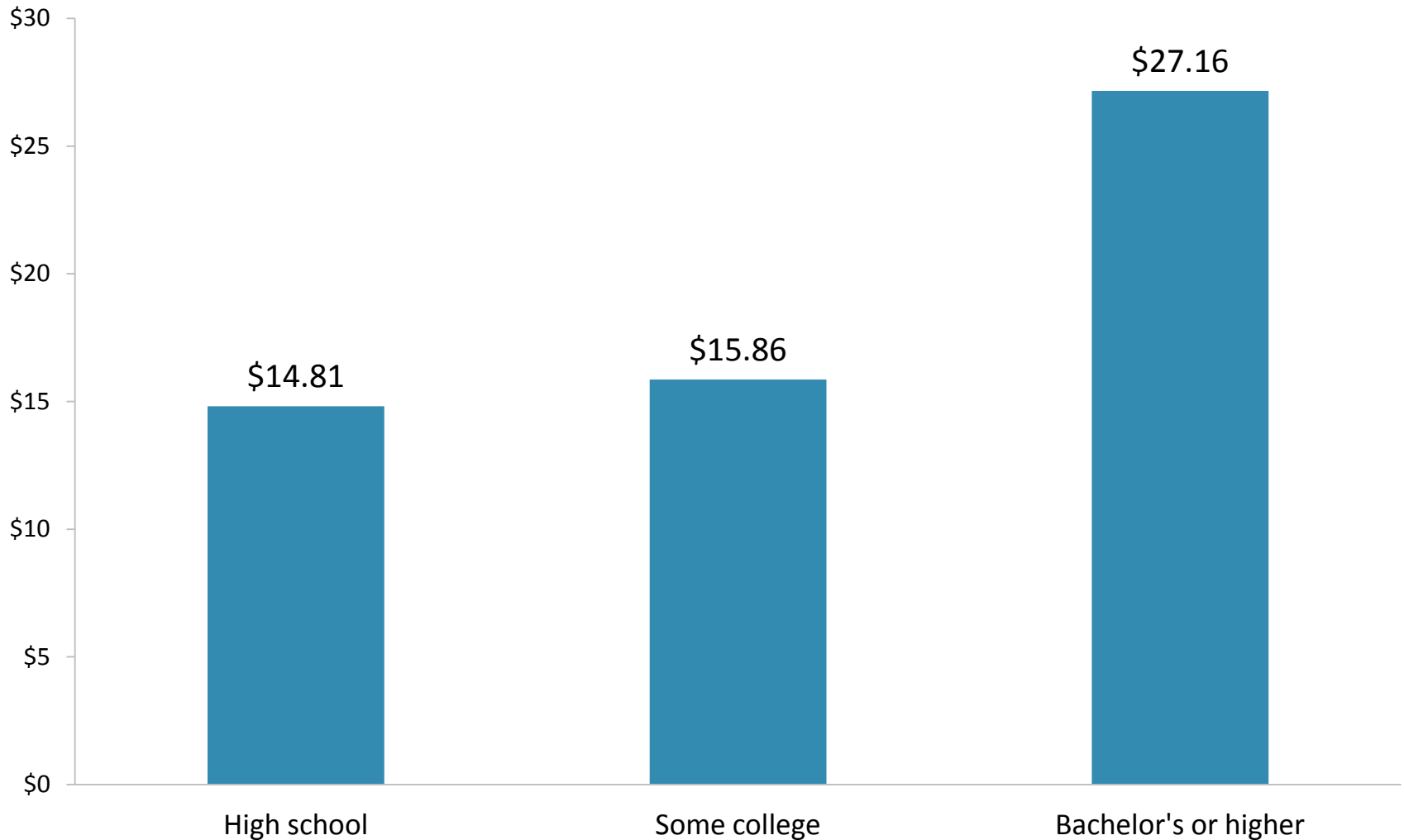


# Strong Relationship Between Education and Wages, 2012

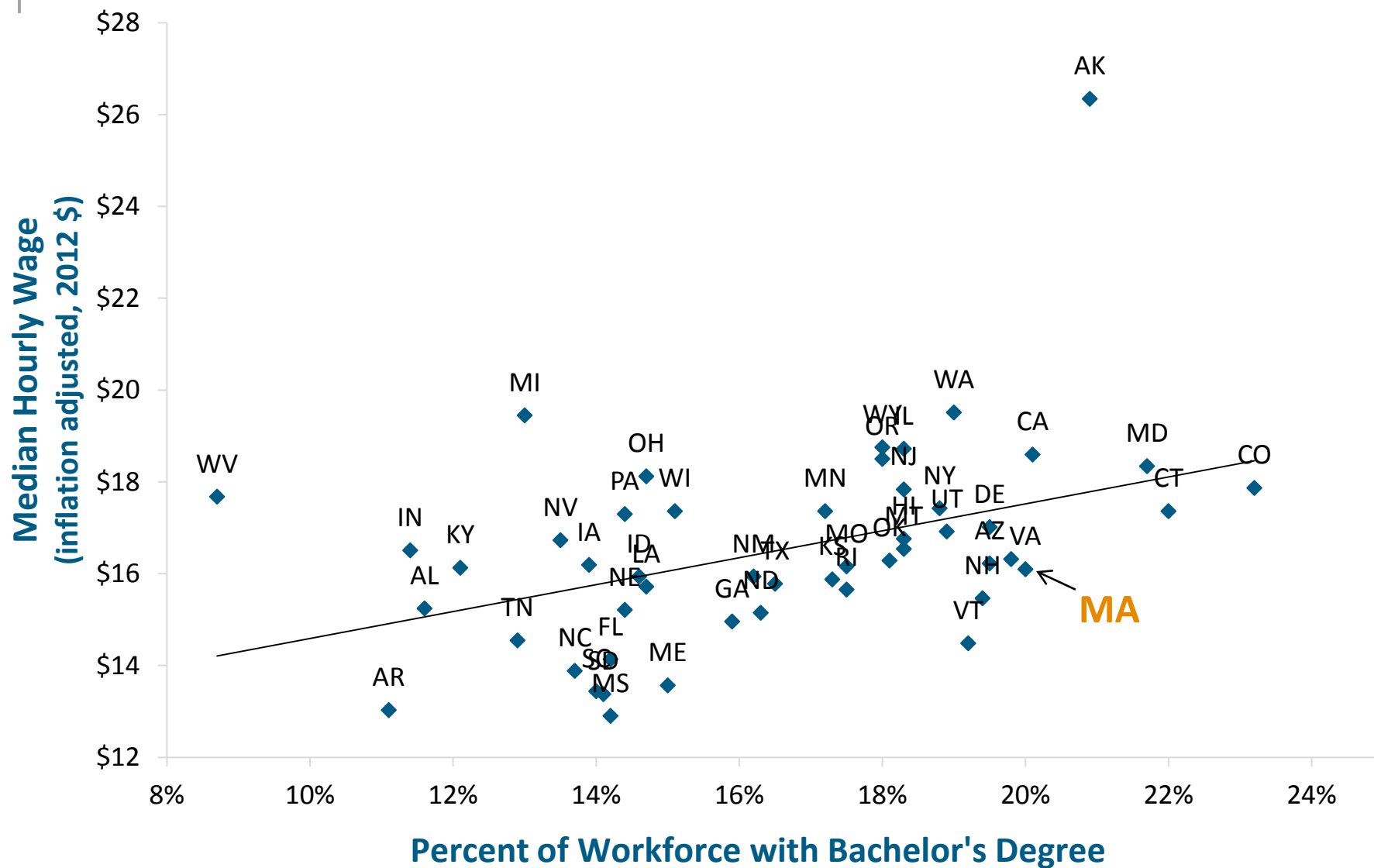


# Individual Wages Increase with Level of Education

Median hourly wage in Massachusetts by educational level, 2010



# Weak Relationship Between Education and Wages 30 Years Ago, 1979



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# Tools to Learn More

- Massachusetts Budget and Policy Center:  
[www.massbudget.org](http://www.massbudget.org)
- MassBudget Online Budget Browser:  
<http://browser.massbudget.org>
- Commonwealth of Massachusetts Budget:  
[www.mass.gov/budget](http://www.mass.gov/budget)



# browser.massbudget.org

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Massachusetts Budget and Policy Center

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☒ FY 2013  
☐ FY 2013 GAA  
☒ FY 2012

**Inflation Adjustment** ⓘ

☐ CPI - Consumer Goods  
☐ IPD - Government Purchases  
☒ Economic Growth  
☐ None - not recommended

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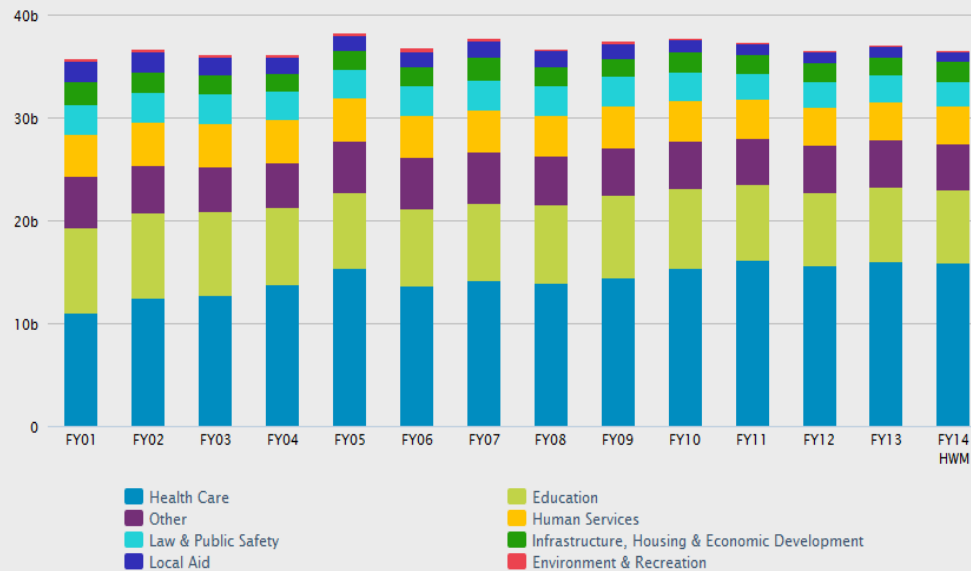
## Massachusetts State Budget

[Funding History](#)

[Net State Costs](#)

funding levels adjusted for economic growth

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# children.massbudget.org



## MassBudget's Children's Budget

