

THINKING BIG

Bang for our buck?

35 days of total personal income earned in Massachusetts pay all state and local taxes. Here's what you get.

Three hundred and thirty days. That's what is left in the year after Massachusetts residents have earned enough to pay all state and local taxes. In Massachusetts, state and local taxes account for only about 9.6% of total personal income, the amount we earn in 35 days out of 365. Friday is the 35th day of the year, making it a useful time to pause and think about the value that we receive, individually and as a community, for the state and local taxes we all pay.

When we think about taxes, we often forget what those taxes help to pay for: our public schools; healthcare for a million people (including nursing homes and prescription drugs for senior citizens); police and fire protection for all of us; roads and bridges; playgrounds, pools, and skating rinks; services for people with mental illness or mental retardation; courts, prosecutors, and prisons to punish criminals; child care, job training, and subsistence income for poor families; affordable housing; higher education, workforce training pro-

grams and other economic development efforts; child protection services; environmental protection; and all of the other services that government provides.

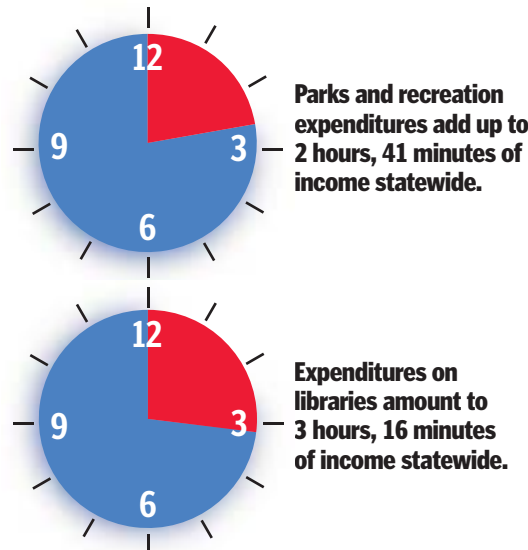
For most people in Massachusetts, even those earning solidly middle class incomes, just paying the bills week to week is a challenge. Almost nobody can pay taxes effortlessly. That's why it is important to think about the value created with our tax dollars. Are the services government provides important to us? Do we believe that having these

services provided effectively will lead to a better future for our community? Are we paying too much or is it a pretty good deal?

Total personal income in Massachusetts is almost \$250 billion. To illustrate what share of this is spent on various public services, the calendar pages below show a cumulative count identifying when the services shown up to that day have all been paid for. The small bar charts compare the percentage of total personal income in Massachusetts and the United States spent for each service.



In less than one day . . .



Put in your 2 cents' worth

- Would you be willing to contribute one additional day of your salary to taxes, or are we spending too much already?
- One more day from everyone would raise \$684 million. How would you use it?

Send replies to oped@globe.com

SUNDAY

16

JAN. 2005

US 4.7% MA 4.1%

Elementary & secondary education
\$10.26 billion (16 days of income statewide)

Our schools educate over 980,000 students and have helped to make our children national leaders in achievement.

- In 2002, Massachusetts' fourth graders ranked #1 on the National Assessment of Educational Progress exams in reading and writing.
- In 2000, 55% of tenth graders passed the MCAS test on their first attempt. In 2002, 69% passed; after retests, 95% passed.

While many students receive high quality education in our schools, a state judge recently found that several low income districts do not have adequate resources to provide the appropriate quality of education. Dedicating two more days' income to public education would generate over \$1.3 billion to improve our schools.

WEDNESDAY

19

JAN. 2005

US 1.8% MA 1.0%

Higher education
\$2.52 billion (3 days of income statewide)

The \$2.52 billion spent on public higher education includes tuition, fees, and other sources as well as taxes. While Massachusetts is known for its great private universities, more Massachusetts high school graduates attend our public higher education institutions.

- 262,000 students are enrolled in public colleges and UMass.
- Counting graduates from private and public colleges and universities, Massachusetts has a higher percentage of college graduates in its workforce than any other state and is 38% above the national average.

Between 2001 and 2005, however, Massachusetts cut state support for public higher education by \$271 million, adjusted for inflation. Restoring this funding would require about three hours of personal income.

MONDAY

24

JAN. 2005

US 1.8% MA 1.4%

Public safety
\$3.59 billion (5 days of income statewide)

Public safety includes police and fire protection as well as corrections and other safety spending. Massachusetts has made progress since 1990 and is safer than the nation overall.

- Between 1990 and 2002 our murder rate dropped from 4.0 per 100,000 residents to 2.7; our violent crime rate dropped from 736 to 484 crimes per 100,000.
- Our rates are below the national averages for 2002: 5.6 murders and 494 violent crimes per 100,000 residents.

Despite this progress, gang violence has been a growing concern recently. For \$20.3 million, about 14 minutes of personal income, Massachusetts could double state funding for community policing and target it to strengthen anti-gang violence efforts.

WEDNESDAY

2

FEB. 2005

US 3.2% MA 2.3%

Health care and the safety net
\$5.73 billion (8 days of income statewide)

MassHealth provides health care for one in seven residents; that is only part of the safety net.

- Every child in Massachusetts has access to health care coverage at almost no cost to the very poor and with sliding scale fees for low and middle income families.
- MassHealth pays for 70 percent of elders in Massachusetts nursing homes.
- The safety net also provides subsistence incomes, child care and job training for more than 45,000 low income families.

Close to half a million people in Massachusetts do not have health insurance. Insuring them would require a net increase of \$540 million in state money, about 7 hours of personal income.

FRIDAY

4

FEB. 2005

US 10.3% MA 9.6%

TAX VALUE DAY
\$23.9 billion (35 days of income statewide)

Total state and local taxes in Massachusetts account for 9.6 percent of personal income. This includes all income taxes, sales taxes, excise taxes, and property taxes, among others.

The number of days of income it takes to pay state and local taxes has declined significantly over the last three decades. In 1977 total state and local taxes amounted to 13.8 percent of personal income, in 1982 they were 10.8 percent and in 1992 they were 10.6 percent of income.

If we were paying the same share of our income in taxes today as in the 1990s, an additional \$2 billion a year would be available to finance basic public services.

THURSDAY

3

MAR. 2005

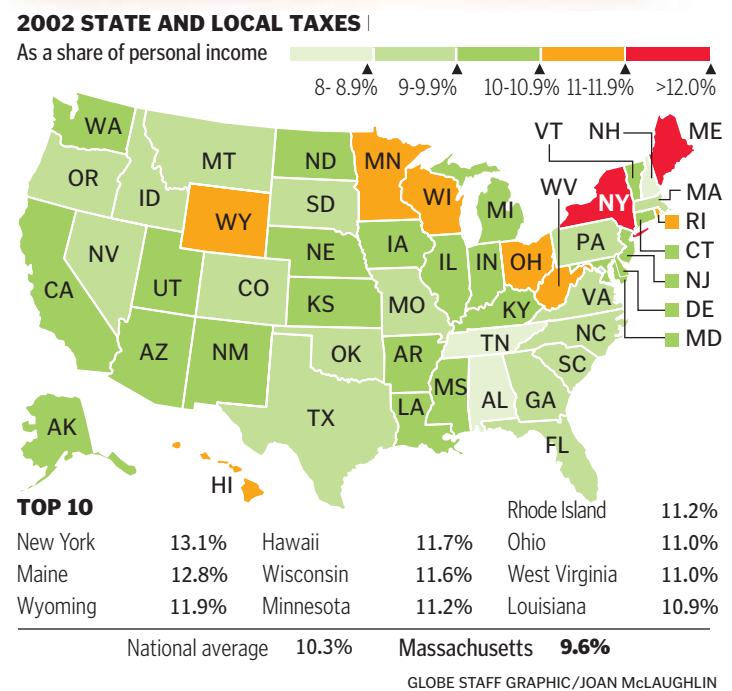
US 19.7% MA 17.0%

TOTAL STATE AND LOCAL SPENDING
\$42.3 billion (62 days of income statewide)

The services described on this page are not financed entirely by state and local taxes. Some of the funding also comes from federal revenue and other sources that we ultimately pay for.

Massachusetts ranks near the bottom of the nation in total state and local spending as a share of personal income. This is partly because, as a high income state, when we spend the same dollar amount as a lower income state, it amounts to a smaller share of our income.

State and local spending, as a share of personal income, is lower in Massachusetts than in all but five states, and is 13.8 percent below the national average.



Source

Data and analysis by the Massachusetts Budget and Policy Center. All figures are based on state and local government finance data compiled by the U.S. Census Bureau for FY 2002. Data on personal income is from the U.S. Bureau of Economic Analysis and excludes capital gains income. The measures for libraries and parks and recreation are based on an eight-hour day. Medical assistance expenditures do not include public hospitals or public health programs.