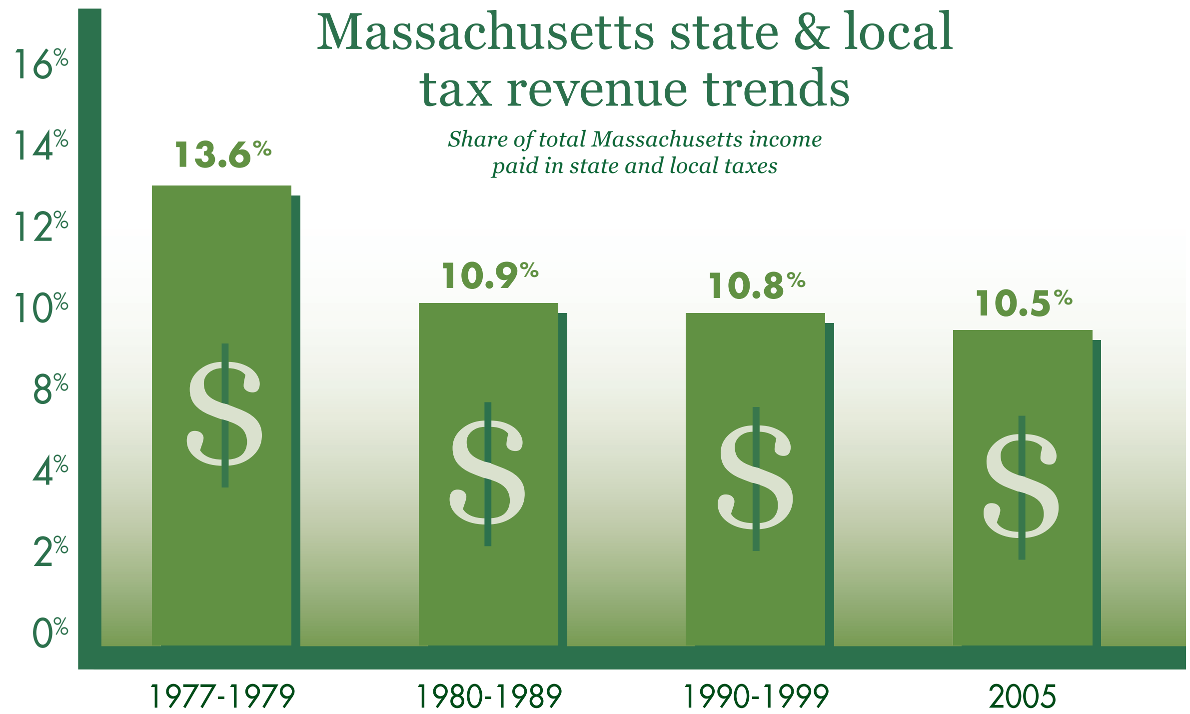
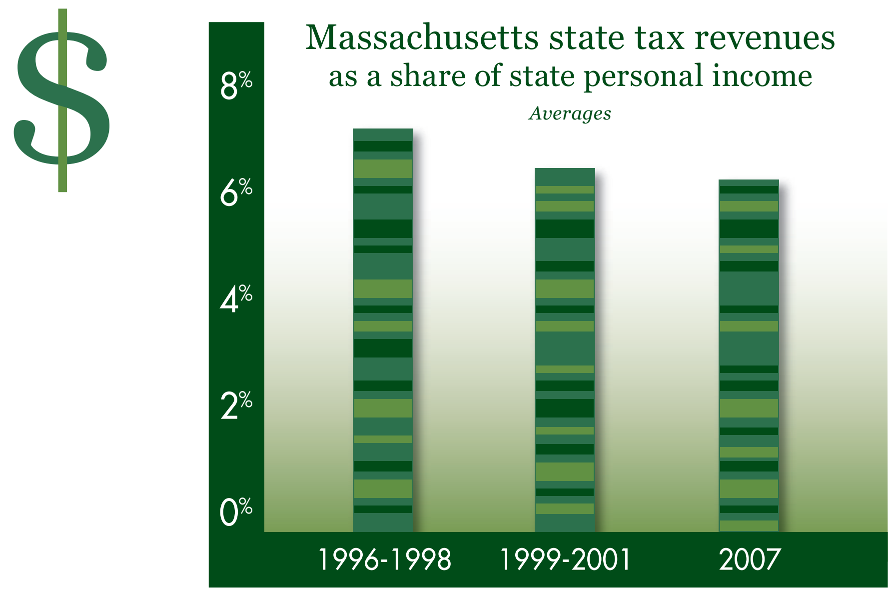
The responsibilities we share

By Noah Berger





What do we need to take care of our families?

Housing, food, transportation, child care, health care, clothes, toys and books for our children. These are among the things that most of us are able to provide on our own.

There are also a lot of things most of our families need that we can't provide alone: great public schools, safe roads and sidewalks, parks, playgrounds, libraries, police and firefighting services to keep our neighborhoods safe, environmental protections that keep our air and water clean, courts and prisons, a health care safety net and human services for children, families and adults challenged by disabilities. These are things that we support and maintain together through taxes.

Both the things we pay for individually and those that we pay for together are important to our quality of life — either because we need them every day or because of the security of knowing that the services are there if ever a member of our family is challenged by a misfortune that we can't afford to cope with alone.

State and local budget and tax debates are ultimately about what we do together as a community. How important are those things? Are they important priorities for our families, our towns and our cities? What would be a reasonable share of our income to spend on them? Think over the list above and answer that last question in your mind before reading on.

In Massachusetts, the share of our income collected through all state and local taxes — property, income, sales, corporate and other — is about 10 and one-half percent. While we also pay federal taxes, and a small portion of that comes back to pay for some state services, the roughly one-tenth of our income that we pay in all state and local taxes covers most of the costs for all of the state and local services we rely on.

Because Massachusetts was one of the most aggressive tax-cutting states in the nation in the late 1990s, the share of our income we now spend to do things together through government is lower than it was in most of the 1970s, 1980s and 1990s. Specifically, the total we pay in state taxes has declined by about half of 1 percent of our income since the late 1990s. While half of a percent may not sound like much, it amounts to about $1.5 billion a year — that's more than the total the state spends on public higher education and more than the entire state public health budget — and it would be enough to provide an additional $1,500 worth of resources for every child in every public school in the state.

Because of the deep tax cuts in the 1990s, we have seen deep budget cuts in recent years.

- Chapter 70 state aid for education is $452 million below what it was in 2002 when the numbers are adjusted using the inflation measure called for in that law.
- Higher education funding is down 17.5 percent since 2001 when the numbers are adjusted to account for inflation using the consumer price index.

What do those cuts mean for the future of our state's economy and our quality of life?

It's not just education that has been cut. When 2001 funding levels are compared with this year's levels after adjusting for inflation, we see deep cuts in several other important areas:

- Public health funding is down 11.4 percent, and there has been a cut of almost 80 percent in the program that sought — successfully — to protect children from becoming addicted to tobacco.
- Environmental affairs funding is down 23 percent, making it harder to keep our parks clean and to enforce the laws that keep our air and water safe.
- Local aid is down 11.7 percent, reducing funding for public safety and shifting pressure and costs onto the property tax.

But we do not need to continue down this path.

The governor has proposed one strategy to protect needed revenue.

Currently, many multi-state companies are able to exploit flaws in our tax code — loopholes — to reduce their taxes and shift responsibility onto others. We lose about $500 million a year by allowing these forms of tax avoidance.

The Department of Revenue has developed, and the governor has proposed, improvements to the tax code that could end this revenue loss. The state now has a choice: We can continue to lose revenue to tax avoidance or we can close the loopholes and use the revenue to invest in the long-term strength of our communities, our economy and our families. But addressing corporate tax avoidance is only one challenge in developing a fair and adequate tax system.

In a democracy, the people ultimately decide how much we should spend on the things we can only do together — and how to share those costs in a fair and equitable manner. This is the fundamental question behind any tax debate. What choices will expand economic opportunity in our communities, support our families and help us to build the kind of future we want? Those are questions we should all ask ourselves — and we should make sure all of our answers are part of the public debate.

Berger is the executive director of the Massachusetts Budget and Policy Center, a non-profit organization that provides independent research and analysis of state budget and tax policies that affect low- and moderate-income residents of Massachusetts.