

Massachusetts

From 2002 to 2008, Massachusetts's spending increased the most in the welfare (112%), education (63%) and police (57%) categories. The increase in welfare spending was the largest in the nation in terms of percentage, and the increase in education spending was the second-largest.

Massachusetts saw spending decline in four categories: hospitals (-9%), parks and recreation (-10%), highways (-18%) and health (-44%). The decreases in health and highways spending were each the third-greatest in the nation. The state's overall general spending increase of 42% ranked 18th highest.

Massachusetts's total revenue growth of 93% ranked fifth for the period, and its total tax revenue growth of 48% ranked 20th. Corporate income taxes were the fastest growing tax revenue category, increasing 168% and ranking ninth highest. Personal income tax revenue also saw significant growth of 58% (14th), although general sales tax revenue increased only 11% (42nd).

Spending (Spending and revenue numbers are in thousands of dollars)	2002	2002 Per Capita Rank	2008	2008 Per Capita Rank	Difference in Rank	2002–2008 Increase/Decrease	2002–2008 Increase/Decrease Rank
Corrections	1,070,950	9	1,332,960	7	+2	24%	31
Education	6,553,103	49	10,714,000	37	+12	63%	2
Government Administration	1,277,967	13	1,666,967	11	+2	30%	26
Health	1,908,195	3	1,068,262	26	-23	-44%	48
Highways	2,743,702	11	2,245,666	30	-19	-18%	48
Hospitals	513,301	28	466,869	36	-8	-9%	44
Interest on Debt	2,687,146	2	3,627,100	1	+1	35%	29
Natural Resources	287,026	39	338,037	40	-1	18%	28
Parks and Recreation	263,913	7	238,203	11	-4	-10%	38
Police Protection	362,699	7	569,777	5	+2	57%	12
Public Welfare	5,987,846	25	12,682,783	5	+20	112%	1
Salaries and Wages	4,294,159	22	5,010,065	29	-7	17%	40
Direct Expenditures	22,186,862	10	31,146,311	9	+1	40%	22
General Expenditures	28,470,834	12	40,398,126	9	+3	42%	18
Total Expenditures	32,847,974	13	45,634,948	10	+3	39%	20

Taxes (Spending and revenue numbers are in thousands of dollars)	2002	2002 Per Capita Rank	2008	2008 Per Capita Rank	Difference in Rank	2002–2008 Increase/Decrease	2002–2008 Increase/Decrease Rank
Personal Income Tax ¹	7,912,934	2	12,496,142	2	0	58%	14
General Sales Tax ²	3,695,874	28	4,098,089	33	-5	11%	42
Corporate Income Tax ³	812,257	7	2,179,956	4	+3	168%	9
Total Taxes	14,822,592	6	21,908,599	9	-3	48%	20
Total Revenue	26,885,248	18	51,759,773	4	+14	93%	5

¹ Personal income tax per capita rankings are out of 43 since seven states do not collect personal income taxes.

² General sales tax per capita rankings are out of 45 since five states do not collect general sales taxes.

³ Corporate income tax per capita rankings are out of 46 since four states do not collect corporate income taxes.

Comparison to Baseline Growth

One sound rule of thumb is that government expenditures should not increase more than the combined increase in population and inflation growth. This allows the government to maintain service levels and accommodate increased costs due to an expanding population and rises in the cost of living. For the 2002–2008 period, the Consumer Price Index, used to measure inflation, increased approximately 20% and Massachusetts’s population increased by 1%. This yields a “baseline” growth of 21% for the period. The figure below compares the difference in Massachusetts’s expenditures and revenue for the period to this baseline for 15 spending and five revenue categories.

