

Plain Talk:
**Talking to Your Friends and
Neighbors About the
State Budget**

Taxes on the Table

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This presentation is about talking on a person-to-person level about the safe, healthy, and vibrant, communities that we all want, the public structures that we build and maintain to make them that way, and how to talk to your friends and neighbors about the funding that helps us maintain those public structures.

What Do You Value in Your Community?



[This is an exercise you will need an flipchart or chalkboard for. Start off by asking your participants:]

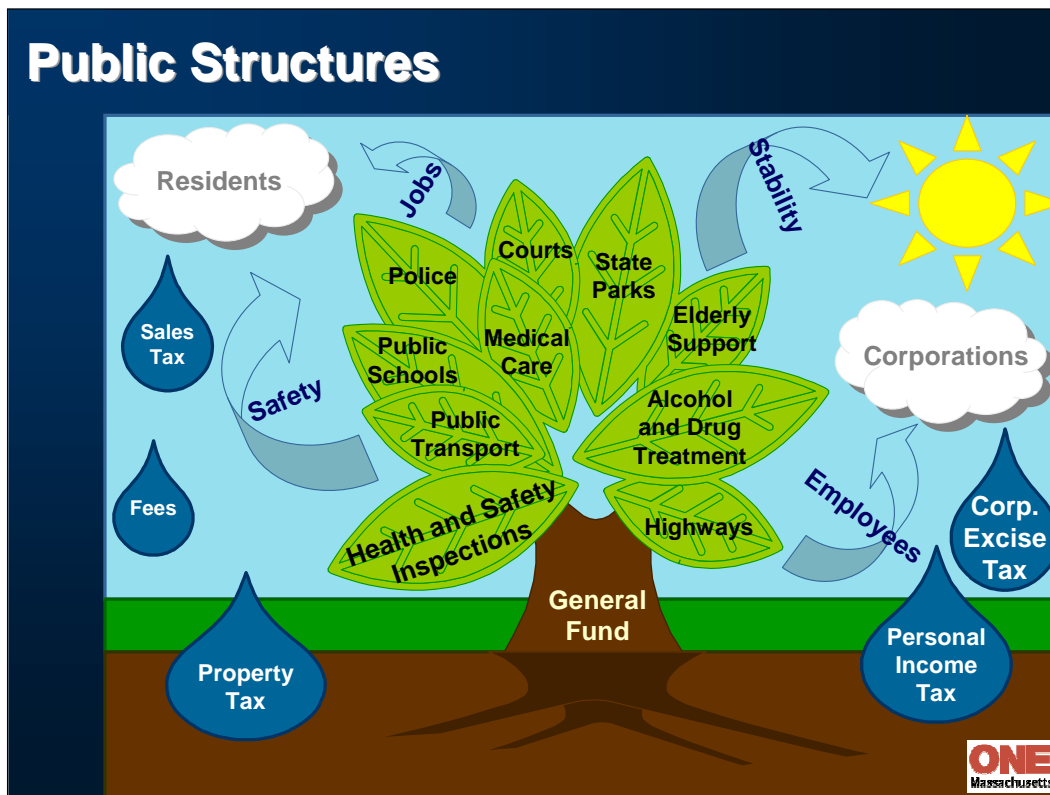
First off, let me ask you a question. Why do you live in your community? When people decide where to purchase a new home, what do they look for?

[As people give answers – collect ten or more – write the answers on the flipchart. Probable answers include: Schools, Fire/Police/Paramedics, Clean water/streets, Senior care, Affordability/Home Ownership, Public Transportation/Roads...]

Excellent. Let's take a closer look a little more closely these aspects of our communities.

- Which of these items (on the flipchart) are built and maintained at the federal level, or by using federal funds? [Select a different-colored marker and make checks by each of the ones people call out... most should end up checked]
- Which of these are built and maintained at the state level? [Repeat with a different-colored marker]
- How about the local level? [Repeat with a different-colored marker]

Our state, local, and federal government takes an active role in building and maintaining many of the structures we all depend on in our communities [motion to the flipchart], things that would be less effective or impossible if done on an individual level.



Here is another example of how to put public structures into context. Here we see how revenue and budget decisions have positive and negative affects on the health of our entire state. Interactions of public money and services are seen in this illustration as one Massachusetts ecosystem.

Note that the leaves on this tree – services like public schools and the courts – are not there just for those citizens who choose to take advantage of them. [Click] Public structures improve our community as a whole, contributing to public safety and economic stability. Many families, for example, do not have any children in our public school system, but those schools are building a productive, educated workforce that will attract new businesses, ultimately boosting state revenues and the quality of life for all people in our state!

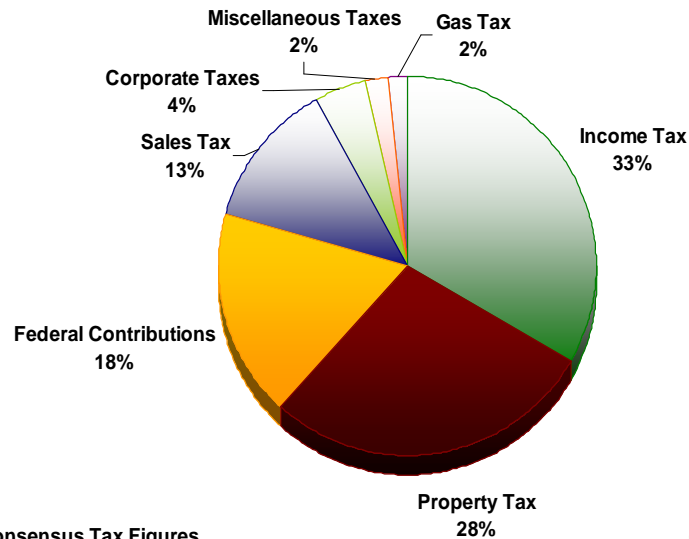
Sometimes, some of our public structures aren't always looking so healthy. Services may be underfunded, or even cut. Like in nature, this system is in a delicate balance – with services tied to revenues coming from both individuals and corporations.

ONE Massachusetts has a more in-depth training on how to effectively speak about government and our public structures. Please contact info@onemassachusetts.org for more information!

[Obviously, this image is a bit simplified. Some revenues coming from the tax base (residents and corporations) are earmarked into specific budgets, but the majority of these revenues DO go into a general fund.]

Total Revenues Funding for State & Local Public Structures

FY09 Total State & Local Revenue Sources ~ \$38.9 Billion



All FY2009 Consensus Tax Figures, except levied 2008 Property Taxes.

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Community leaders – including both elected officials and community advocates – have worked for years to build a safe and vibrant state.

The public structures that we all rely on – including those in our local communities, such as schools, emergency services, and trash pickup,

and those that operate statewide, such as our healthcare, courts, and higher education systems,

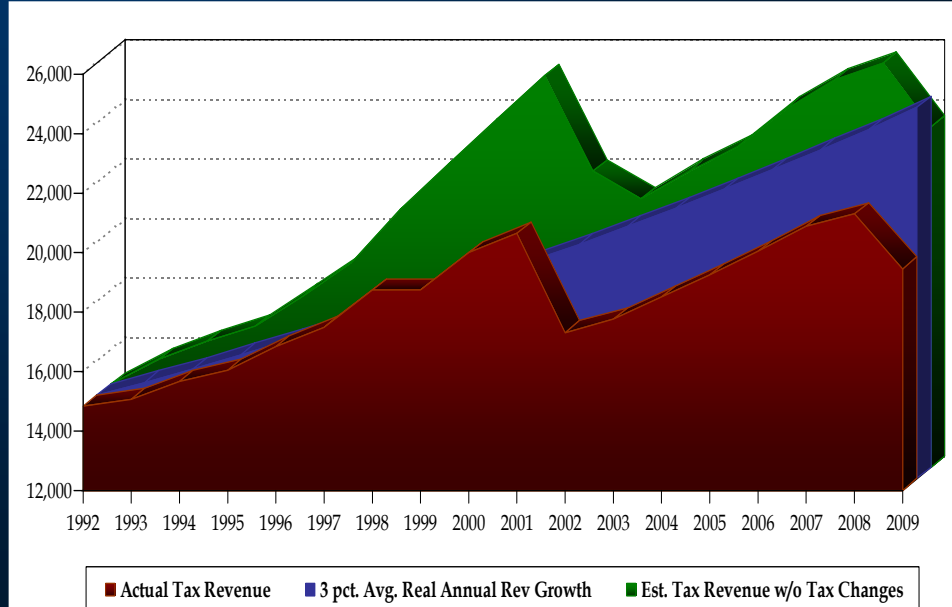
rely on a package of revenue sources in order to be maintained, repaired, and operated. Some of these revenues are collected statewide, and go into our state budget – such as the Income Tax and Corporate Taxes. Others, such as the Property Tax and some Usage Fees, are collected locally and go to support your local structures.

What would happen if one of these revenue sources decreased?

If we voted to lower the income tax rate, for example, the lost revenue would result in cuts to our public structures, or an increase in other revenues, such as the statewide Sales Tax or local Property Taxes. The most likely result would be a combination of the two.

ONE Massachusetts has a more in-depth training on the role of budget priorities and tax policies in our state. Please contact info@onemassachusetts.org for more information!

How Did We Get Here?



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This is exactly how we got to our present structural deficit!

1. [Press button] This red line represents our actual tax revenue from 1992 to 2006. The big drop in 2000 is *not* just due to the recession. At the high end of 2000, times were good, so we introduced a number of permanent tax cuts. Since 1998, our tax policy changes have included decreases in the rates on the Income Tax and Capital Gains Tax, and the elimination of a number of Corporate Tax loopholes. In total, our state taxes are down \$2.B since the 1990's.
2. [Press button] Economists have shown that over time, the economy grows at approximately 3%. The blue area indicates the amount of revenue that would have been available each year if the economy had grown at 3% and had there been no tax cuts. Our structural deficit is the gap between the red line and the blue line.
3. [Press button] Here we see that if we had not enacted permanent tax cuts when the economy was booming in the 1990s, the amount the state would have collected would have increased dramatically, as indicated by the green area in this chart.

When the economy and tax revenue grow faster than historic rates, you can responsibly do a number of things with that extra revenue:

You can increase spending on *one-time* costs (like building roads, bridges and schools; making more deposits into the rainy day fund; paying down state debts and other obligations).

Or you *can* give *one-time* tax cuts.

These uses of unusually-high revenue can contribute to our state's infrastructure or build up its financial standing while still wisely planning for the end of the temporary boom.

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Bringing Revenue Cuts Home

Two Adults, Two Children	Monthly Costs
Housing	\$1,304
Child Care	\$1,490
Food	\$718
Transportation	\$142
Health Care	\$387
Miscellaneous	\$404
Taxes	\$996

Self-Sufficiency Wage

Hourly/Adult	\$14.70
Monthly	\$5175.00
Annually	\$62,095.00

What would you do if your family lost 15% of its income?

- Make cuts to your household budget?
- Get another job?
- Dip into your savings?

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But what does that really mean?

Let's bring it down to a scale that we deal with on a day to day basis – family budgeting.

This chart* estimates what a Boston family of four *needed* to get by in 2006. If this family – or your family – lost 15% of its income**, what would you do? [Click] Where would you make cuts? [Wait for answers]

[Click] You can make cuts... Of course, some parts of your budget can not be easily adjusted... leaving other areas in a desperate condition.

[Click] How would you increase your income? Get another job? Dip into your savings?

These are exactly the options that are being faced by our state!

* The “2006 Family Economic Self-Sufficiency Standard”, done by the Crittenton Women’s Union:

<http://www.liveworkthrive.org/docs/fess2006/2006%20FESS%20Boston.pdf>

** 15% based on SHNS: “Mass. Taxpayers Foundation president Michael Widmer predicted that state tax collections would not rebound to \$21 billion, slightly above fiscal 2008 levels, until fiscal 2013 or fiscal 2014. The Mass. Taxpayers Foundation estimated fiscal 2010 tax revenues at \$17.82 billion. UMass-Boston economist Alan

Cuts – From FY 2009 to FY 2010

- **Education**
 - K-12 Education -20%
 - Special Education -13.9%
 - Public Higher Education -16.5%
- **Environment & Recreation**
 - Environmental Protection -10.8%
- **Health Care**
 - Children’s Mental Health -8.5%
 - Public Health -17%

**Change from FY09 GAA to FY10 House Ways & Means*



This slide shows just a small sample of the departments that have been affected by our state’s lack of financial resources. Other affected departments include:

- [Human Services](#)
- [Infrastructure, Housing & Economic Development](#)
- [Law & Public Safety](#)
- [Local Aid](#) – Including a 21.9% cut in local aid to libraries!

Some of these public structures have already been affected by Cuts in 2008 and 2009*.

* 9C Cuts – When revenues come in under projections, the Governor is legally obligated to balance the budget with these cuts (states cannot run a deficit like the Federal government can).

Taxes on the Table

- **Effect of 1% Increase:**
 - **Income Tax** **\$2.14B**
 - **Sales Tax** **\$800M**
 - **Meals Tax** **\$125M**
 - **Hotels Tax** **\$24M**

- **Elimination of Sales Tax Exemptions**
 - **Candy** **\$20 M**
 - **Soda** **\$50 M**
 - **Alcohol** **\$80 M**

- **Local Options Taxes** **\$86M ~ \$409M**

Here we see a list of just some of the possible tax policies that you may have heard mentioned lately.

The first section shows how much a 1% increase would yield for several of our statewide taxes. An increase to one or more of these taxes would help to eliminate our structural deficit, and help to stabilize the public structures that have had their funding dramatically cut.

In order to reduce the impact of our sales tax on lower-income residents, several types of items are not subject to that tax. This includes items like food and most clothing. The second section shows how much our state would gain in revenues if some of these exemptions were removed.

The legislature is currently considering allowing local municipalities to impose their own taxes on things such as meals served in restaurants and hotel bills. Each town would have to approve these additional local taxes by a vote, and the estimates on how much they would net ranges widely.

For more information on how different taxes affect lower and higher-income taxpayers, please see our video [and feel free to use them in your trainings]:

•Progressive v. Regressive Taxes -

http://www.youtube.com/watch?v=OsGd6FWnY_0&feature=channel_page

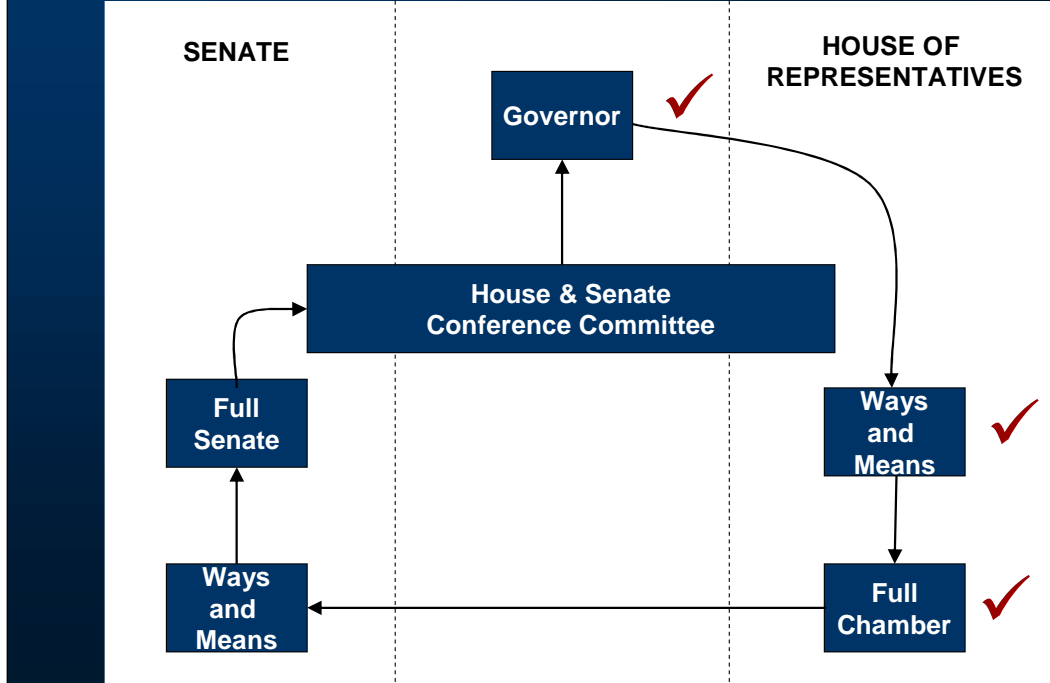
•Progresivo v. Regresivo - *en Español* - http://www.youtube.com/watch?v=QzyA-zb-OpQ&feature=channel_page

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What Do I Do Now?

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Contact Your Legislators!



The Massachusetts budget, originally crafted in the Governor's Office is currently working its way through the Legislature.

It has been passed by the House Ways & Means Committee and the House's Full Chamber, and is now being examined by you're the Senate Ways and Means Committee.

Once the Full Senate has passed their version, it will go before a Conference Committee that includes members of both the House and Senate.

The resulting Budget Bill will go before the Governor to be signed (or vetoed).

At each step along the Budget's path, changes can – and will – be made. These are opportunities for you to add your voice to this process!

ONE Massachusetts has a more in-depth training on the legislative process. Please contact info@onemassachusetts.org for more information!

Contact Your Legislators!

Sample Script:

[Introduction:] Hello Senator Tolman. My name is Harmony Blakeway, and I am one of your Allston Constituents.

[Value & Problem:] I know that you believe that we are all safer when we are protected from toxic contaminants. I am concerned that the cuts to our state's Environmental Protection funding are putting all of us at risk.

[Solution:] I understand that we can only maintain our public structures – that we have worked for decades to build – if they receive adequate funding.

[Request:] I urge you to support an adequate, balanced tax package that both addresses our structural deficit and stabilizes the public programs that we depend on!

Your voice on legislative issues will be much more effective if you customize your message!!

Be sure to include information on

- What you value in Massachusetts
- What you value in your community

For a blank script, see the appendix!

ONE Massachusetts has a more in-depth training on the advocacy process. Please contact info@onemassachusetts.org for more information!

Appendix

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The following slide(s) are for reference, in case questions come up. They are not in the main presentation to increase simplicity of message.

Asking Anybody for Anything

Your All-Purpose Fill-In-The-Blanks Rap Guide

- **I know you agree that** _____ .
(The *shared values*)
- _____ **are in crisis because** _____ .
(The *problem*)
- **You care because** _____ .
(The link between *shared values* and *personal experience*).
- **We know that** _____ **would begin to fix it.**
(The *solution*)
- **You can help by** _____ .
(The *action request*)

The Public Policy **ONE**
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This “Rap Guide” was developed for use in training nonprofit organizations how to be more effective in their advocacy efforts at the State House.

In some cases, though, the decision-makers are individual members of your organization, especially when advocating on ballot questions.

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