

Budgeting analysis and report of massachusetts



Budgeting is a crucial aspect of any institution or government's operations with an aim of enhancing goals and objectives achievement in line with specific environment and needs. Thus, budgeting is greatly guided by policies that define the suitable actions in line with set goals and objectives either in response to changing environment or as a way of fostering opportunities' utilization. In that respect, governments have budgeting planning that is specific to their constituents' needs and that defines the objective of this analysis which seeks to demonstrate the budgeting process for a State in view of its status and environment. To achieve the objective, the analysis uses the case of Massachusetts State in the US. To begin with, the analysis provides an overview of the state covering various aspects including its location, demographics, weather, industries, business environment and economic competitiveness as well as policies priorities. In addition, the report provides a summary of the State budgets' analysis, addressing issues as revenue source, budgeting priorities, budgeting policies, legislative budgeting and context as well as the budgeting trend over the past five years.

1. State Information and Politics

Massachusetts is located 42. 336N; 71. 017W bordering with New York, Rhodes Island, New Hampshire, Connecticut as well as Vermont and its capital city is Boston. The state ranks 44th in size with a total area of 10555 M² and was admitted to statehood on 6th February 1788. In addition, the state's economy is mainly based on industries and agriculture. Further, Massachusetts largest cities include Boston, Lowell, Lynn, Quincy, Cambridge, Springfield, Worcester and Brockton. (Galvin, 2014)

Population

By 2012 estimates, the State had a population of 6, 645, 303 with a 2% change since the year 2010. The population's composition included 5. 5% being under 5years, 21. 1% under 18 years and 14. 4% being over 65 years while women were 51. 5%. (US Census Bureau, 2014) The population per square mile was 839 people in 2010 with a per capita income of \$35, 485 in 2012. Further, those living below the poverty line were 11. 0% of the population between the years 2008 and 2012. (US Bureau, 2014)

Education

Massachusetts is the centre of American higher education hosting universities including MIT, Harvard among others. (Massachusetts Government, 2014)

Weather

Massachusetts is relatively small but has significant differences in its eastern and western climate. However, the state has moderately warm summers and cold winters but Berkshires have the coolest summers and coldest winters. (Galvin, 2014)

Key Industries

Messachusetts' key industries include finance, IT, Manufacturing, life sciences, defense and renewable energy as well as creative industries. In that respect, the Finance industry has been the pillar of the State's economy comprising services as consulting, insurance, asset management and

accounting. In addition, the State outperforms the others in terms of IT growth and development. (Massachusetts Government, 2014)

Welfare programs

The state's government has a number of programs that seek to enhance its peoples' welfare covering diverse aspects including childcare, education, financial, healthcare, and legal as well as tax credit. A good example of the welfare programs is the popular TAFDC Welfare program which includes providing basic necessities to families that have dependent children.

(Massresources, 2014)

Policy priorities

Massachusetts government sets policies that prioritize strengthening the community development, support development of small businesses and funding of affordable housing projects. In addition, fostering sustainable homeownership and maintenance of transportation networks as well as increasing minimum wage are among the government's policy priorities.

(MACDC, 2014)

- Strengthening of the community's development

This is done by MACD through implementation of community investment tax credit for purpose of achieving high impact community development which is community led. In that respect, MACD works with the housing department as well as the department of revenue in determining suitable funding as well as in developing procedures and systems through which donors claim their credits. In that respect, through the Acts that are relative to the Economic

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development Reorganization (Chap. 240), the government has been certifying organizations for purpose of offering subsidized housing development. (MACDC, 2014)

- Small business support

The government had been funding the small Business Technical Assistance program until 2011 when budget cuts were introduced after the great recession. Afterwards, the Massachusetts Growth Capital Corporation took over the funding but there is increasing pressure to get the legislature to restore the funding to its previous \$2 million level.

- Transportation network maintenance

With an example of the 2013's finance bill passage that provided for \$600 million annual budget to transportation infrastructure development, the State's government has a high priority on investing in regional transit as well as roads and bridges networks.

- Raising minimum wage

The government supports the raising of minimum wage to \$10. 50 as a way of addressing the increase in the cost of living. (MACDC, 2014)

Politics

Massachusetts government is normally elected after a four years period with its legislature having 40 members of senate and a house of representatives that has 160 members who serve for a two years term. The state has 11 electoral votes as it sends two senators and nine representatives to the US Congress. In respect to party's dominance, the state is predominantly

Democratic but has had only Republican governors since the year 1991.

(Galvin, 2014)

Taxation and competitiveness

Employers and Businesses are usually faced with business costs ranging from operational cost to taxes. In that respect, tax rates affect business performance as well as economic growth. Thus tax rates are a great consideration for businesses and employees in their hiring and investments choice as they determine their competitiveness. In that view Massachusetts' tax burden that was measured in terms of tax collections' proportion of the states' production was the 8th largest in US. Further, the burden was 39% higher than the national average rate hence companies and investors seeking to establish operations in the State would find their ventures relatively unattractive. Thus, there is a need for the government to address its tax climate as a way of playing to its strengths and generate jobs as well as foster investments growth. In comparison with other states,

- Maine's tax burden was 59% lower.
- Connecticut's was 63 lower.
- Vermont's was 24% lower.
- Rhode Island's was 57% lower.
- New Hampshire's was 63% higher. (Boston Chamber, 2010)

2. State Budget, Comprehensive Annual Financial Report (CAFR), and Financial Issues.

Conclusion

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