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**New Report Raises Concerns about the State of Working Massachusetts**  
*Many families working more, earning less*

A report released today by the Massachusetts Budget and Policy Center (MBPC) finds that, despite robust economic growth and exceptionally low unemployment during the latter half of the 1990s, the Commonwealth's working families continue to struggle and, in many cases, are worse off than they were a decade ago. The report, *The State of Working Massachusetts 2002: As Good As It Gets?*, is based on a wealth of state-specific data generated by the nonpartisan Economic Policy Institute (EPI) and is a companion publication to EPI's broader *State of Working America 2002-2003*.

"Massachusetts may have boomed during the 1990s, but for too many of its families the boom was a bust," said Jim St. George, Executive Director of the MBPC. "Families are working harder than ever, yet many see their incomes falling." He added, "Despite the obvious need for programs to help families overcome the obstacles they face, Massachusetts seems determined to pull the rug out further. In the most recent budget alone, the state eliminated Medicaid benefits for tens of thousands, made public higher education increasingly unaffordable, slashed housing programs, shortchanged thousands of public school kids, and reduced public health programs that can help prevent serious health problems. There has to be a better way."

Among the principal findings of the report:

- **During the 1990s, incomes and wages grew more slowly in Massachusetts than in most states and, in some cases, actually declined in real terms.** For instance, after adjusting for inflation, median household income – that is, the income for households in the middle of the income distribution – dropped 2.9 percent in the last decade.
- **The economic gains that were made during the 1990s were not widely shared.** The average real income for families in the bottom 20 percent of the income distribution in Massachusetts fell 7.0 percent between the late 1980s and the late 1990s, but rose 13.5 percent for families in the top 20 percent. Similarly, the average hourly wage for low-wage workers declined 2.0 percent, falling from \$9.31 to \$9.12 per hour. As a result of trends like these, Massachusetts was one of only two states during the 1990s in which the poor got poorer and the rich got richer.

- **Massachusetts families are working harder today than at any time in recent memory.** The average number of hours worked each year by Massachusetts families for the 1998-2000 period was 3,009, 32 hours more per year than a decade ago and 185 hours more – the equivalent of an extra month of full-time employment – than at the end of the 1970s. In addition, the same group of families at the bottom of the income distribution that saw its average income fall 7.0 percent during the 1990s actually increased the number of hours it worked each year, on average, by 20.7 percent, from 854 hours per year to 1,031 hours.
- **Income inequality in Massachusetts is among the worst in the nation.** Just four states – New York, Louisiana, Texas, and California – had higher top-to-bottom income ratios than Massachusetts in the late 1990s. What’s more, the gap between the rich and the poor in Massachusetts was narrower than the national average in not only the late 1970s but also late 1980s; only in the 1990s did income inequality in Massachusetts begin to exceed the national level.
- **Massachusetts made no appreciable progress in combating poverty during the 1990s.** The Commonwealth’s poverty rate was less than 10 percent throughout the 1980s, but it climbed above that mark during the recession of the early 1990s and has never dropped back. In fact, while the poverty rate fell by ten percentage points in Mississippi and by more than four in states like Kentucky and South Carolina during the 1990s, it grew by more than two percentage points in Massachusetts, the third largest increase in the country.

The Massachusetts Budget and Policy Center, formerly the Tax Equity Alliance for Massachusetts (TEAM) Education Fund, provides independent research and analysis of state budget and tax policies, as well as economic issues, that affect low- and moderate-income people in Massachusetts. *The State of Working Massachusetts 2002* is the first publication of the MBPC since the name change occurred on September 1, 2002. Copies of the report may be obtained via the Internet at [www.massbudget.org](http://www.massbudget.org) or by calling the MBPC at 617-426-1228.