THE FINANCIAL STATE OF MASSACHUSETTS

A new analysis of the latest available audited financial reports found Massachusetts has a Taxpayer Burden™ of $31,200, earning it an “F” grade from Truth in Accounting. Massachusetts is one of nine states to receive an “F” grade for its financial condition.

Massachusetts’ elected officials have made repeated financial decisions that have left the commonwealth with a debt burden of $82 billion. That burden equates to $31,200 for every commonwealth taxpayer. Massachusetts’ financial problems stem mostly from unfunded retirement obligations that have accumulated over the years. Of the $120.4 billion in retirement benefits promised, the commonwealth has not funded $40.3 billion in pension and $17.1 billion in retiree health care benefits.

Massachusetts and other states have become more transparent over the last few years, thanks to the Generally Accepted Accounting Principles (GAAP) set by the Governmental Accounting Standards Board (GASB), which now require governments to disclose pension (GASB 68) and other post-employment (GASB 75) benefits on their balance sheets.

THE TRUTH:

- Massachusetts has $23.1 billion available to pay $105.1 billion worth of bills.
- The outcome is a $82 billion shortfall, which breaks down to a burden of $31,200 per taxpayer.
- Massachusetts’ reported net position is inflated by $5.1 billion, largely because the commonwealth defers recognizing losses incurred when the net pension liability increases.

The Truth in Accounting's grading scale is based on the Taxpayer Burden™. Any government with a Taxpayer Burden greater than $20,000 receives an “F.”

GRADE: F

Bottom line: Massachusetts would need $31,200 from each of its taxpayers to pay all of its bills, so it has received an “F” for its finances. According to Truth in Accounting’s grading scale, any government with a Taxpayer Burden greater than $20,000 receives an “F.”

Truth in Accounting is a 501(c)(3) committed to educating and empowering citizens with understandable, reliable and transparent government financial information. To be knowledgeable participants in their government and its budget process, citizens need truthful and transparent financial information.