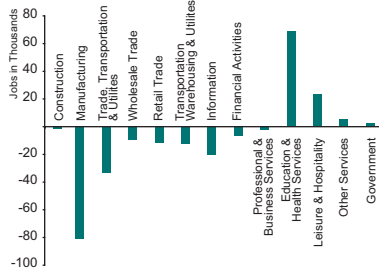


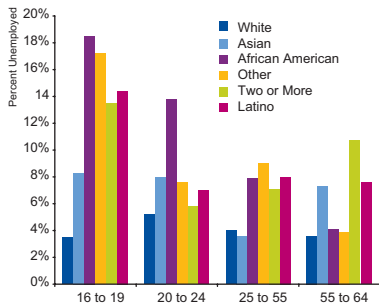
## Economy

Change in Employment by Industry, Greater Boston, 2000-2008



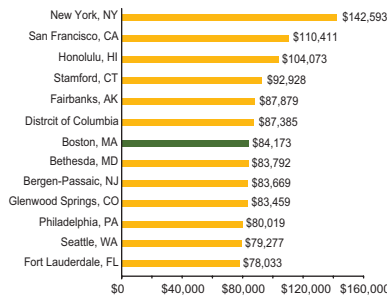
Source: Massachusetts Executive Office of Labor & Workforce Development

Unemployment by Race/Ethnicity and Age Boston 2005-2007



Source: US Census Bureau, American Community Survey

Earnings Equivalent to the Purchasing Power of \$63,000, (300% Federal Poverty Level for a Family of four) Select Urban Areas, 2008



Source: Council for Community & Economic Research

The region’s expanding knowledge economy spurred job growth, but created winners and losers based on educational attainment. In the sharp 2008 downturn, growth since 2003 has given way to job loss and unemployment across sectors, declines in household income and sharp reductions in public revenue. With cuts in services at all levels, low-income families with children are particularly vulnerable. **(For additional data on job growth and loss, see the Civic Agenda fold out.)**

### Employment and Unemployment

Despite never fully regaining ground lost after the 2001 high tech bust, Greater Boston sustained employment growth of 5%—86,700—from January 2004 through June 2008 before declining by nearly 40,000 between July and December 2008. Sectors with gains were Education & Health Services by 17% and Leisure & Hospitality by 12%, while manufacturing, Trade, Transportation & Utilities and Construction were the hardest hit. Through Q1 2009, only Education & Health Services and Government have gained jobs.

Boston’s 2008 annual unemployment rate rose to 5.1%, with the highest rates among young people 16 to 24 and by June 2009 it was 8.7%, the while the Massachusetts rate also stood at 8.7%—still lower than the US rate of 9.7%. Prior to the downturn, Boston’s young people of color had a disproportionately higher unemployment rate. The 2005-2007 average unemployment rate for young Bostonians 16 to 24 years of age was: 27% for African Americans; 18% for Asians; 16% for Latinos; 8% for whites; 19% for those of another race/ethnicity; and 15% for those of two or more races.

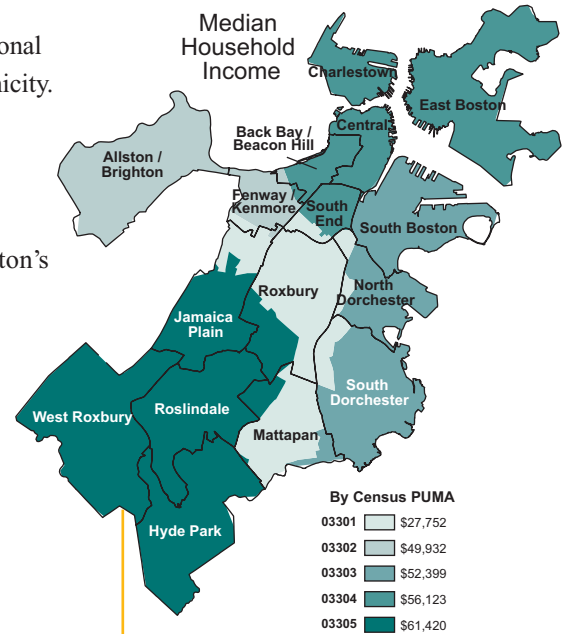
### Cost of Living

Greater Boston’s cost of living rose 34% between 1999 and 2008—greater than the US Urban Average of 30%. Household energy costs increased by 132%, Medical Care by 52%, Housing by 40% and Transportation by 29%. The ACCRA Cost of Living Index, ranked Boston 7th in the earnings needed for a family of four to reach the purchasing power of 300% of federal poverty in 2008: \$84,173 to equal the average of \$63,000 nationwide. The Crittenton Women’s Union calculates that the minimum “self-sufficient” income in Boston for a single adult is \$25,874; for 1 adult, 1 preschooler and 1 school-age child, \$58,133; and for 2 adults and 2 children, \$62,095. For families, the greatest increased costs were in health care—rising 50% from 2003 to 2006—and child care, which rose about 20% in that same period.

## Median Household Income

Differences in household income often reflect disparities in educational attainment (see Education, page 30), family structure, and race/ethnicity.

**By Geography:** Boston’s median household income stood at \$48,729 averaged for the years 2005–2007, up from \$39,629 in 2000. However, for the Census PUMA covering Roxbury, Mattapan, Mission Hill and parts of Dorchester—containing Boston’s greatest concentration of children and households of color—median household income was less than \$28,000, in contrast to more than \$61,000 in the Census PUMA covering Hyde Park, Roslindale and West Roxbury. **By Race & Ethnicity:** Median household income for Boston’s white, non-Hispanic-headed households was \$62,605 compared to \$43,297 for households headed by someone of two or more races, about \$37,000 for Asian households, \$32,215 for African American households, \$29,347 for households headed by another race, and \$26,947 for Latino-headed households.



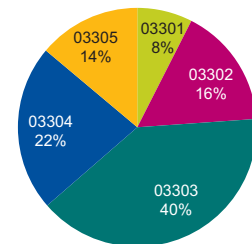
US Census 2005–2007 American Community Survey, NE Foundation for the Arts, MassGIS, Map by the Metropolitan Area Planning Council

## Poverty: Families with Children

**By Geography:** Overall, 26% of Boston’s families containing children under the age of 18 had incomes below the federal poverty level from 2005 to 2007: 40% in the Census PUMA covering Roxbury, Mattapan, Mission Hill and Parts of Dorchester; 22% in the PUMA covering South Boston and most of Dorchester; 16% in the PUMA containing East Boston, Charlestown, Back Bay/Beacon Hill and Central; 14% in the PUMA covering Jamaica Plain, West Roxbury, Hyde Park and Roslindale; and 8% in the student-rich Allston/Brighton and Fenway PUMA. **By Family Structure:** About one in five Boston families with children is headed by a single mother, and of those, 57% had incomes less than \$25,000 compared to fewer than 1% with incomes of \$150,000 or higher. Among families with children headed by a married couple, 10% had incomes of less than \$25,000 and 20% had incomes of \$150,000 or more. Among those headed by a single father, 28% had incomes less than \$25,000 compared to 4% with incomes of \$150,000 or more.

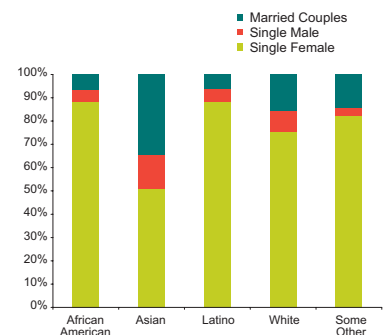
**By Race/Ethnicity:** In 2005–2007, almost 23% of African American households had incomes below poverty and, of those, 98% contained children under 18 and 87% were headed by a single mother. Among the 31% of Latino households living in poverty, 84% contained children under 18 and, of those, 82% were headed by a single mother. Nearly 29% of Boston’s Asian households had incomes below poverty, of which 67% contained children under 18; among those, 23% were headed by a married couple and 10% by a single father. Fewer than 6% of Boston’s white households had an income below poverty, but of those that did, 84% contained children under 18, and of those, 63% were headed by a single mother.

Boston’s Families with Children in Poverty by Census PUMA, 2005–2007



Source: US Census American Community Survey

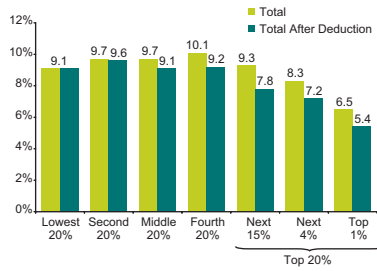
Families with Children Living Below the Poverty Level by Race/Ethnicity, Boston 2005–2007



Source: US Census, American Community Survey

## TAXES: MASSACHUSETTS

Total Taxes by Income Quintile  
Percent of Income for State &  
Local Taxes, Massachusetts, 2006



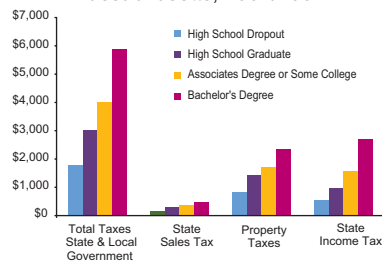
Source: Massachusetts Budget & Policy Center, Institute on Taxation & Economic Policy

State & Local Tax Burden by Tax Type  
& Income, Massachusetts, 2006



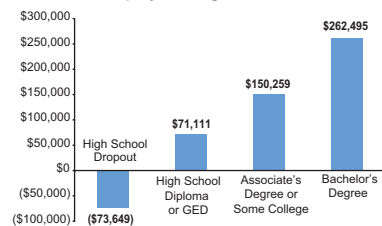
Source: Massachusetts Budget & Policy Center, Institute on Taxation & Economic Policy

Average State & Local Tax Payments  
by Educational Attainment,  
Massachusetts, 2002/2004



Source: Northeastern University Center for Labor Market Studies

Estimated Lifetime Net State & Local Tax  
Contributions by Educational Attainment,  
Taxpayers Aged 18-64



Source: Northeastern University Center for Labor Market Studies

Massachusetts is facing a severe budget deficit in Fiscal Year 2010, with various program cuts and tax increases being proposed to ensure the Commonwealth's solvency. Ideally, a state's tax system: generates enough stable revenue to fund needed services; promotes competitiveness with a lower tax burden than other states while encouraging capital investment and productivity; is simple enough for most people to understand; and is fair in the percentage of taxes levied on more and less wealthy taxpayers. Local communities also face tough choices in balancing their budgets and these ideals. How are we doing?

**Business and Corporate Taxes:** Massachusetts ranked 40th among all states in tax revenue generated from Businesses and Corporations, at 4.2% of Gross State Product in FY08, according to analysis by the New England Public Policy Center at the Federal Reserve Bank of Boston.

**Personal Taxes:** Massachusetts ranked 36th among the 50 states at 10.6% of personal income dedicated to state and local taxes in FY 2006—a 24% decline since 1977 and the largest and fastest decline in the nation. Prior to passage of Proposition 2 1/2 in 1980, Massachusetts relied heavily on the property tax—49% in 1977, declining to 30% in FY 2006, but has since increased reliance on the income tax (58% in FY09), the sales tax (21% in FY09) and the excise tax (11% in FY06). On average, the very wealthy pay the lowest total percentage of their total income in state and local taxes: while 80% of Massachusetts residents pay about 9% of their total income in taxes, the top 1% contributes 5.4% after Federal deductions.

**Contributions by Tax Type & Income Quintile:** Each tax type affects income cohorts differently. **Sales and Excise Taxes:** The bottom 20% contribute 4% of their personal income compared to 1.4% for the top 15% and 0.5% of income for the top 1%. **Property Taxes:** The bottom 20% pay 5% of their total income compared to 1.7% for the top 1%. This is therefore the most regressive tax type. **Income Tax:** Massachusetts has a flat 5.3% income tax rate, with provisions to reduce the impact on low-income earners: The bottom 20% pay 0.2% of income compared to the top 1% at 4.4%. While the most progressive among state taxes, it is unstable in economic downturns.

**By Educational Attainment:** Analysis conducted by Northeastern University's Center for Labor Market Studies shows that on average in 2002 and 2004, a Massachusetts high school dropout paid 70% less in total state and local taxes than an adult with a B.A. Over a working lifetime, a high school dropout is projected to have a negative fiscal impact in taxes paid minus cash transfers such as the Earned Income Tax Credit, Unemployment Insurance and costs associated with disproportionate incarceration rates. The lifetime gap in state and local tax revenues between a high school graduate and an adult with a B.A. is estimated at \$191,384.

## SMALL BUSINESS: BOSTON

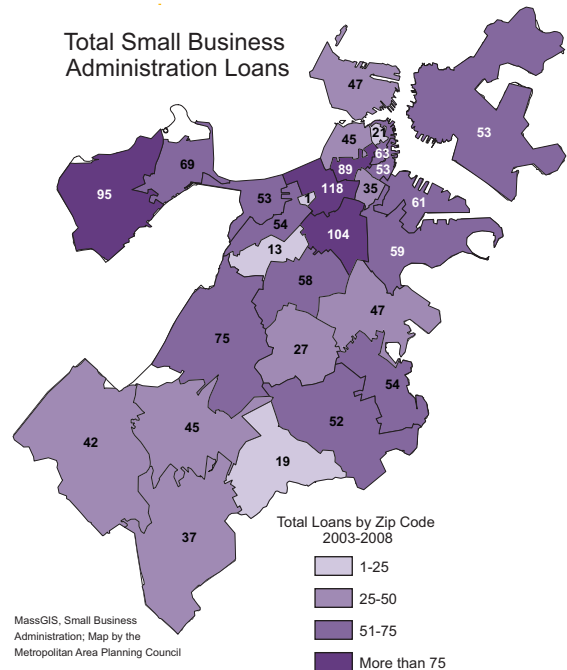
According to the US Small Business Administration, “small businesses are the greatest source of net new employment in inner cities and account for 80% of total employment.” In 2007 and 2008, Boston had more of the nation’s fastest-growing minority- and women-owned businesses than all US cities except San Francisco, according to the Initiative for a Competitive Inner City. And in 2008, Boston was chosen as one of 11 cities for the Small Business Administration’s Emerging 200 program, which invests in inner-city businesses with high growth potential.

Since 2003, the Small Business Administration (SBA) has made more than 1,500 loans to businesses in Boston totaling more than \$150 million. In 2008, while the number of annual SBA loans was down to 85 from 333 in 2003, the average gross loan was more than \$229,000, up from about \$67,000.

**By Minority- and Women-Owned Businesses:** The percent of SBA loans awarded to businesses owned by Bostonians of color reached 44% in 2007 before dropping slightly to 39% in 2008, while loans to women-owned businesses reached 30% in 2007 and 28% in 2008. These percentages have increased since 2003, when 30% of loans were made to minority-owned and 22% to women-owned enterprises.

**By Neighborhood:** Since 2003, 35% of SBA investment has been to small businesses in the Back Bay, South End and Central Boston, and in 2008 alone, nearly half were directed to businesses in these neighborhoods. The next highest concentration was in the student-dominated neighborhoods of Allston/Brighton and Fenway, which received 19% of SBA loans since 2003. The Boston neighborhoods most dense with families, children and people of color—Roxbury, Mission Hill, Dorchester and Mattapan— have received 18% of all SBA loans since 2003, with 8% in 2008, down from 22% in 2006.

**Community Investments:** Since 2005, the Boston-based nonprofit Inner City Entrepreneurs has surveyed participants in its “Streetwise MBA” program, which provides training, networking and infrastructure for inner-city small business owners. Since 2005, 86 participating businesses have employed over 1,800 workers, and created more than 200 new jobs, with 65% of new employees coming from the local community. Since 2003, about 40% of participating businesses also reported increased involvement in their local community and more than 60% felt that their business positively impacted the local community.



Percent of SBA Loans to Minority- and Women-Owned Businesses, Boston 2003-2008



Community Impact of Inner City Entrepreneurs, Boston 2005-2008

