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Teachers Unions Buy a ‘Millionaire Tax’ in Massachusetts

For a measly outlay of \$23 million, unions secured \$1 billion in new annual education funding.

By Steven Malanga
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The Massachusetts state capitol building in Boston. PHOTO: GETTY IMAGES/ISTOCKPHOTO

Only recently, Massachusetts media [described](#) the state government as “awash in cash.” State revenue in 2022 increased 20%, spurring higher spending and triggering \$2.94 billion in taxpayer rebates.

The last thing one might have expected, then, was a big tax increase. But on Tuesday Bay State voters approved a \$2 billion hike in the form of an

amendment to the state constitution adding a 4% surcharge on incomes above \$1 million—with much of the revenue designated for schools.

Voters had previously rejected the “millionaire tax” five times. There’s no one reason why it succeeded this time, 52% to 48%, but a significant factor was the ever-growing influence of public-worker unions. Education unions alone poured \$23 million into the campaign. That included \$15.5 million from the Massachusetts Teachers Association and \$6.57 from the National Education Association.

Government unions have made high taxes a priority. In 2016 the California Teachers Association spent \$21 million to pass Proposition 55, which extended a tax increase on those making more than \$250,000. In 2020 teachers unions, including the NEA, dropped \$8 million to win approval of Arizona Proposition 208, a 3.5% surcharge on high earners, only to have a court declare the tax unconstitutional.

It wasn’t supposed to be this way. Public-sector unions were battered by local government budget woes in the aftermath of the 2008-09 recession. Then, in 2018, the Supreme Court’s *Janus v. Afscme* decision barred government unions from compelling workers to pay membership fees. For this and other reasons, public-sector unions have lost nearly a million members in the past decade. Their private-sector allies have also seen their ranks decline.

Yet unions managed to remain flush with cash. Radish Research, a pro-union group, found that since 2010 unions have collectively increased membership revenue by about a third despite steep membership losses. Average annual member dues rose 40% to \$1,089 in 2021, from \$778 in 2010, in part because union agreements often tie dues to salary increases. Organized labor’s net assets have more than doubled since 2010, to \$31.6 billion. That includes \$11.3 billion in cash.

All that dough has helped unions remain big political players. The NEA and its state affiliates, with combined revenue of \$1.7 billion in the 2019-20 school year, poured \$37.8 million into 2022 races, according to OpenSecrets.org. The American Federation of Teachers spent another \$11.6 million. Virtually all went to Democrats.

In Massachusetts, the unions’ tax campaign succeeded despite no obvious need. The state government is in surplus and its schools, often considered among the nation’s best, enjoyed a \$2.5 billion windfall from the Biden stimulus bill. Massachusetts is already the nation’s sixth highest education spender on a per pupil basis.

Still, for a mere \$23 million, Bay State education unions secured more than \$1 billion annually in new spending, much of which will go toward salaries. Higher

salaries, naturally, translate into higher dues. Higher dues can be spent on political activities that lead to higher spending.

Supporters of the tax hike describe it as “a win for Massachusetts.” But the real winners are the government unions that ponied up their members’ money to get it passed.

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