



## Wisconsin Taxpayers Alliance

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# NEWS

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### **Federal Fiscal Presence Low in Wisconsin** WISTAX Examines Federal Spending Here Versus Other States

MADISON—In 2003, per capita federal spending in Wisconsin totalled \$5,525, or 18.8% below the national average. Only two states, Minnesota and Nevada, had lower amounts, according to a new report from the Wisconsin Taxpayers Alliance (WISTAX).

The fiscal presence of the federal government in Wisconsin has traditionally been small. The new WISTAX study shows that, in every year from 1993 through 2003, Wisconsin was among the bottom three states in per capita federal spending. In four of those years (1995-97 and 1999), the state was last.

Because the U.S. government spends relatively little here, the return on federal taxes paid by Wisconsin residents and businesses was also low, according to WISTAX, a nonprofit, nonpartisan organization dedicated to citizen education and public-policy research. In 2003, Wisconsin received 84¢ from Washington, D.C., for every dollar of taxes and fees paid. The state's return on taxes paid has fallen each year for the last three and ranked 39th in 2003.

All of Wisconsin's neighbors received less than \$6,000 in 2003. Only Iowa received more from the federal government than it paid in taxes.

The new study, "Federal Spending in Wisconsin," also identifies areas where Wisconsin lags the most in federal spending. Two areas account for nearly 75% of the difference between spending here and nationally. Nearly half the difference was from lower procurement-contract spending (the purchase of goods and services) here; about one quarter was from less wage and salary spending.

Within these areas, the lack of defense spending contributed to Wisconsin's below-average ranking, but to a lesser degree than generally believed. Per capita defense contracts in the Badger State were \$227, compared to a national average of \$621. Also, defense department wages and salaries here were well below the U.S. norm (\$50 per capita vs. \$275). Taken together, lower defense spending in these two areas accounted for just under half the state's below-average federal financial presence.

Another area where Wisconsin significantly lagged the nation was in Medicare reimbursements. Federal Medicare (national health insurance for social security recipients 65 or older and for the permanently disabled) payments to the state averaged \$5,339 per Medicare enrollee, or 21.1% below the U.S. average of

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\$6,769. The study notes that, had Wisconsin received Medicare spending at the national average, an additional \$1.1 billion of federal money would have been spent in the state. Wisconsin's situation was similar to Iowa's and Minnesota's, where Medicare spending averaged less than \$5,400 per enrollee, WISTAX noted.

Although Medicare payments were low here, average retirement benefits (social security) were above the national norm. The average Wisconsin retiree received \$9,796 in federal retirement benefits, or 3.9% more than the national average.

Although the Badger State was below-average in federal grant money from many federal agencies, it received an above-average share of dollars from the National Science Foundation (NSF) and National Endowment for the Humanities (NEH). This is reflective of the presence of the University of Wisconsin System and other research institutions in the state. Wisconsin ranked 12th in per capita NSF grants and 14th in NEH funding.

For a free copy of *The Wisconsin Taxpayer* titled "Federal Spending in Wisconsin," write WISTAX, 401 North Lawn Ave., Madison, WI 53704-5033, e-mail [wistax@wistax.org](mailto:wistax@wistax.org), visit [www.wistax.org](http://www.wistax.org), or phone 608.241.9789. □

*(Editors Note: An electronic version of this release is available at [www.wistax.org](http://www.wistax.org).)*