



Wisconsin Taxpayers Alliance

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NEWS

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State-Local Government Expenditures 22nd Nationally Spending in Wisconsin Claimed 21.7% of Income

MADISON—State and local government expenditures in Wisconsin were 21.7% of state personal income in 2006, 5% more than the U.S. average (20.6%) and 22nd highest among the states. Per capita, spending here was \$7,114 (18th) vs. a national average of \$7,171. These figures released today by the Wisconsin Taxpayers Alliance (WISTAX) were based on new fiscal 2006 data from the U.S. Census Bureau. WISTAX is a nonprofit, nonpartisan organization dedicated to public-policy research and citizen education.

In the states surrounding Wisconsin, only Iowa (22.1%, 19th) devoted a larger share of its income to state and local government. Illinois (18.1%, 44th), Michigan (20.1%, 31st), and Minnesota (20.3%, 29th) all spent less than the Badger State. Nationally, expenditures were highest in Alaska (38.6%) and Wyoming (28.4%), both states rich in energy-related revenues. New Mexico (27.5%), Louisiana (27.2%), and Mississippi (26.0%) followed. High-income Connecticut (16.4%) and nearby New Hampshire (16.6%)—the state with no income or sales tax—spent the least.

Since 1993, Wisconsin's public expenditures relative to personal income have ranged from a low of 20.2% in 1999 to a high of 21.8% in 2004. At 21.7%, 2006 was 0.1 point off the recent high and the second-highest percentage over the years studied. An important factor was state income growth relative to the nation—which outpaced the U.S. during the '90s but lagged more recently. Four program areas commanded the most public resources in Wisconsin. Elementary and secondary education claimed 5.1% of income here—5.5% more than the U.S. average (4.9%) and 17th highest of the states. Wisconsin's commitment exceeded all neighboring states except Michigan (5.2%, 15th). Second to K-12 education was public welfare. Wisconsin spent 10.0% more than the U.S. (4.0% vs. 3.6%) and, at 18th, ranked higher than all surrounding states except Minnesota (9th). Medicaid spending was a major part of this category.

In other leading categories, Wisconsin spent 2.5% of income on higher education vs. a U.S. average of 1.9%. Ranked 17th, the state was ahead of Minnesota (34th) and Illinois (39th), at parity with Michigan (16th), but behind Iowa (5th). Highways rounded out the top four programs claiming 1.8% of income. Wisconsin ranked 17th and spent 36% more than the national norm (1.3%) and more than all neighboring states except Iowa (2.0%, 9th).

In two expenditure areas Wisconsin cracked the top 10 and ranked 10th: corrections (0.7%) and interest on debt (0.9%). The Badger State spent more than U.S. averages (0.6% and 0.8%) and all surrounding states; the only exception was Illinois's interest expenditure (7th).

For a free copy of the *Focus* newsletter titled "Comparing states: Part II, Spending," contact WISTAX at wistax@wistax.org; 608.241.9789; or WISTAX, 401 North Lawn Ave., Madison, WI 53704. □

(Editors' Note: An electronic version of this release is available at www.wistax.org.)

The Wisconsin Taxpayers Alliance, founded in 1932, is the state's oldest and most respected private government-research organization. Through its research, publications, civic lectures, and school talks, WISTAX aims to improve Wisconsin government through citizen education. Nonprofit, nonpartisan, and independently funded, WISTAX is not affiliated with any group—national, state, or local—and receives no government support.