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## Is Wisconsin a Big Spender? The Numbers Say No

Wisconsin is about in the middle of the pack in government spending, according to new figures from the U.S. Census Bureau. Combined state and local spending per person in Wisconsin was 1.4% below the per capita national average in 2010 – the latest year for which data is available – placing it 23<sup>rd</sup> among the states.<sup>1</sup>

When spending is measured relative to income, Wisconsin was 2.9% above average in 2010, but still ranked 23<sup>rd</sup>. These numbers pre-date the deep cuts in government spending included in the 2011-13 state budget.

“It’s always somewhat discouraging to hear Wisconsin referred to by some politicians as a high-spending state, when that really hasn’t been true for several years,” said Jon Peacock, director of the Wisconsin Budget Project, a Madison-based research organization focusing on tax and budget policy. “We’ve been an average state in terms of spending for quite a while.”

Wisconsin’s relatively lean public sector workforce is one of the reasons the state remains below average in per capita spending. Only 10 other states have fewer state and local public employees relative to population size than Wisconsin.

Wisconsin is also close to average in per-person taxes and fees combined. Total taxes, fees and miscellaneous revenue in Wisconsin (excluding federal revenue) were \$25 per person above the national average in 2010 and ranked 20<sup>th</sup> among the states.

One area in which Wisconsin ranks considerably higher – 9<sup>th</sup> among the states – is taxes relative to personal income. There are a few reasons for this: (1) Wisconsin relies more heavily on taxes and less heavily on fees than most other states; (2) personal income in Wisconsin is lower than the national average; and (3) Wisconsin receives 5.8% less federal revenue per state resident than the U.S. average (34<sup>th</sup> among the states), and must therefore compensate with more revenue from state and local sources.

“Looked at in isolation, it’s not inaccurate to say Wisconsin residents pay more of their income in taxes than people in most other states, but that provides a very incomplete and somewhat misleading picture,” said Peacock. “When you look at all the pertinent factors, including fees and federal investments, it’s pretty clear that Wisconsin is in the same place on spending and revenue that it’s been for the last several years: about average.”

The Wisconsin Budget Project’s full analysis of the new Census Bureau data on government spending, taxes and total revenue is available at <http://www.wisconsinbudgetproject.org/middle-of-the-pack-wisconsin-typical-in-government-spending>.

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<sup>1</sup> This is based on the most commonly used definition of spending, “direct general expenditures,” which excludes certain categories of spending that not all states have, like spending for public utilities and state-run liquor stores.