



Executive Summary

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January 30, 2002

Things Don't Look Different Here: Making Sense of Taxes and Spending in Oregon

By Jeff Thompson

Like most other states, Oregon is facing a serious budget shortfall. Due to the economic downturn, Oregon expects \$720 million less revenue than at the close of the 2001 legislative session. Additional anticipated costs of \$130 million raise the General Fund deficit to \$850 million, which must be closed by a combination of increasing revenues, using one-time revenue sources, accounting gimmicks, or program cuts.

The debate over how best to balance the state budget has been clouded by anti-government groups who have confused the public debate with misleading information about Oregon's relatively high rank for per-capita total state and local government spending.

Among its findings, this OCPP analysis of Oregon's tax and spending shows:

- After accounting for federal aid received, general expenditures by state and local governments in Oregon are close to the national average. Oregon's state government ranks 24th for general expenditures (less federal aid).
 - State and local government expenditures in Oregon have remained at constant levels, relative to income, for the last 20 years. Fluctuating between 19 and 20 percent of income, general expenditures from state and local governments in Oregon have risen only as fast as the state's economy has grown.
 - Government employment has shrunk as a share of total employment. State and local governments employed 16.2 percent of all Oregon workers in 1979, but just 14.6 percent by 2000.
 - Only five other states dedicated a smaller share of their income to state and local taxes than Oregon. Oregon ranks 46th out of the 50 states and Washington, D.C. Looking just at state taxes, Oregon ranks in the middle of the pack. If fees and other charges are included, Oregon ranks 29th.
 - Oregon's tax burden remained steady over most of the last 20 years. Total state and local taxes absorbed an average of 10.5 percent of Oregon's income in 1978-79, and 10.6 percent in 1993-94, but just 9.3 percent by 1998-99.
 - Oregon's total spending rank is relatively high while its tax rank is low because Oregon spends money that it receives from the federal government, and collects other revenues that are not taxes.
 - How Oregon ranks against other states is irrelevant to Oregon's ability to afford the public goods and services that our state and local governments provide.
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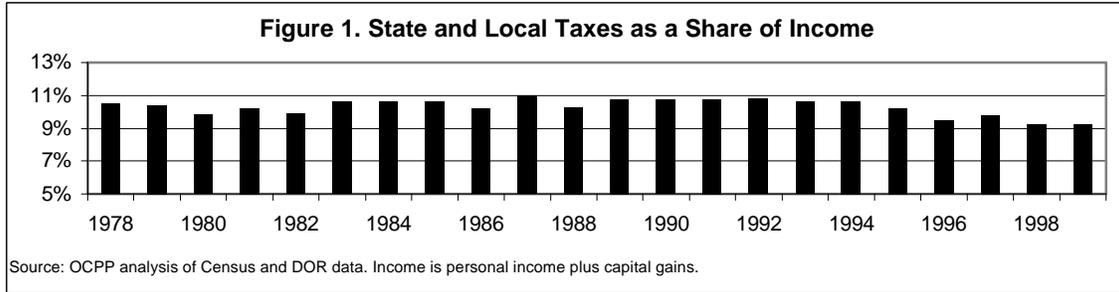
As Oregon's political leaders move into a special legislative session, there is considerable debate over how best to balance to the state budget. The task confronting the legislature is daunting. Bridging an \$850 million shortfall -- more than seven percent of the General Fund budget -- without raising taxes would affect most state agencies and programs.¹

As they go about their task, it is important that the Legislature and Oregonians have a clear picture of what is at stake.² The picture has been clouded, however, by anti-government groups who have confused the public debate with misleading information. One recent example is Oregon Tax Research's (OTR) rhetoric about Oregon's relatively high rank for per-capita state and local government spending.³ OTR and other anti-government groups claim that this

demonstrates that it is possible and desirable for Oregon to make deep spending cuts.⁴

Oregon Tax Research paints an incomplete and misleading picture of taxes and spending in Oregon, and its policy recommendations are inappropriate. After accounting for federal aid received, general expenditures by state and local governments in Oregon are close to the national average. Looking just at state taxes and spending, over which the Legislature has direct control, Oregon's rank falls to the middle of the pack. Finally, tax and spending rankings, relied upon by OTR and others, are of limited importance for policy making. Other states' standards for public services have no bearing on Oregon's ability to afford its current mix and levels of taxes and spending.

When taxes and spending are compared to the income available to Oregonians, anti-government activists' claims that the state's tax burden has increased and that government spending has grown out of control are shown to be false. Spending by state and local governments in Oregon, and the taxes and fees they collect, has remained a stable share of income for the last twenty years.



Taxes: Flat and Falling

Despite rhetoric to the contrary, Oregon is one of the lowest tax states in the country. As shown in Appendix A, in 1999, only five other states dedicated a smaller share of their income to state and local taxes than Oregon.⁵ Oregon ranks 46th out of the 50 states and Washington, D.C.

Figure 1, which expresses all state and local taxes as a share of income, including capital gains income, shows that Oregon's tax burden remained steady over most of the last 20 years. Total state and local taxes absorbed an average of 10.5 percent of Oregon's income in 1978-79, and 10.6 percent in 1993-94, but just 9.3 percent by 1998-99.⁶ Instead of rising at unsustainable rates, as claimed by some anti-government activists, Oregon's tax burden has declined slightly in recent years.

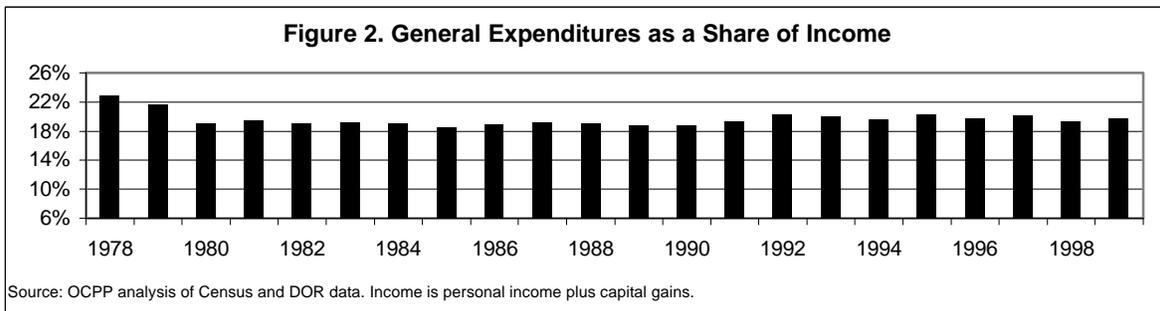
Federal Taxes Down, Too

The federal taxes paid by Oregonians have also declined as a share of income in recent years.⁷ A recent report by the Center for Budget and Policy Priorities shows that federal income, excise and payroll taxes absorbed 19.7 percent of middle-income families' incomes in 1995, and just 18.9 percent in 1999.⁸ The federal tax burden on middle-income families has hovered around 19 percent since the late 1970s. A comprehensive study by the Congressional Budget Office found that "between 1979 and 1997, the effective federal tax rate fell for every quintile... of the income distribution."⁹

State and Local Spending: Steady as She Goes

Some of those who wrongly argue that taxes are rising also claim that government spending has "skyrocketed," growing at an "unbelievable rate."¹⁰ The data, however, belie these claims. State and local government expenditures in Oregon have remained at constant levels, relative to

income, for the last 20 years. Fluctuating between 19 and 20 percent of income, general expenditures from state and local governments in Oregon have risen only as fast as the state's economy has grown (Figure 2).¹¹



State and local government general expenditures averaged 22.3 percent of Oregon's income in 1978-79, 18.9 percent in 1988-89, and 19.6 percent in 1998-99. There are slight fluctuations from year to year, as the economy grows, the population changes, and government programs come and go, but government spending has remained a stable share of income for the last two decades in Oregon.

Also contradicting the notion that government spending is growing out of control, government employment has shrunk as a share of total employment.

State and local governments employed 16.2 percent of all Oregon workers in 1979, but just 14.6 percent by 2000. State government increased employment by less than one percent, just 500 workers, between 1979 and 2000, while the state's population rose by more than 25 percent over the same period. While local government employment has remained steady as a share of total employment, 11 percent in 1979 and 10.9 percent in 2000, it has increased in absolute terms, rising from 116,400 to 175,100. Half of the increase in local government employment has been in education.

Confused by High Spending and Low Taxes?

Spending by state and local government has only kept pace with income growth over the last two decades. Nevertheless, in 1999 Oregon ranked relatively high among states. Census data show that Oregon's general expenditures, \$5,519 per-capita, were 11th highest among all other states and Washington, D.C. (See Appendix B). Oregon's rank for total expenditures, a category that is not relevant to discussions about balancing the state budget, but was focused on by OTR and some in the media, was 9th highest (See Appendix C).¹²

There has been some confusion generated over the rankings, which show Oregon as both a "high spending state" (ranked 11th for per-capita general expenditures) and a "low tax state" (ranked 46th for state and local taxes as a share of personal income). The primary reasons behind this apparent contradiction are (1) Oregon spends money that it receives from the federal government, and (2) Oregon collects other revenues that are not taxes.

Federal Aid

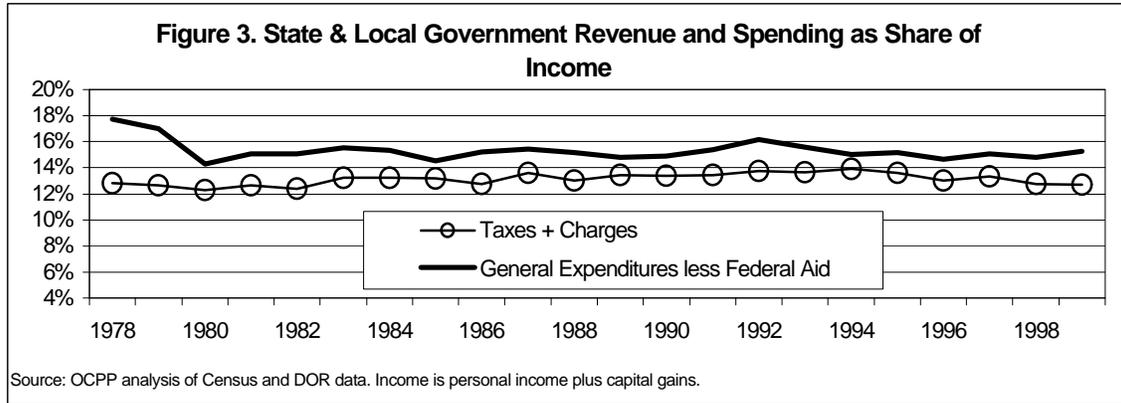
State and local governments receive money from the federal government. When they spend these federal funds, the expenditures appear as state and local government spending. As state and local governments invest in areas like health care and human services, they are often able to tap into

available federal matching funds that can double or triple the effort of state spending.¹³ Federal funds have become a more important source of spending in Oregon in recent years; while they constituted 21 percent of Oregon's general expenditures in the 1980s, federal funds were equivalent to 23 percent in the 1990s.¹⁴ Oregon's Congressional delegation and state leaders also influence the state's spending and rank when they win federal support for state projects, such as construction of light-rail or disaster relief for the 1996 floods.¹⁵

Removing the influence of federal aid, state and local governments in Oregon spent \$4,250 per-capita in 1999, 15th highest among all other states and Washington, D.C. for general expenditures (See Appendix D). Because so many states have similar per-capita spending levels, Oregon's rank of 15th puts it close to the middle of the pack, spending just \$123 more per person than the national average.

Fees and Other "Charges"

Beyond spending money received from the federal government, which impacts Oregon's expenditure rank, the state also gathers additional revenues from residents and businesses in the state that are not considered taxes. The most important non-tax source of revenue generated in Oregon



is “charges.” Charges include fees for tuition, school lunches, parking facilities, sewers, parks and recreation, among others.

Including revenue from charges, Oregon’s state and local government rank rises to 27th, up from 46th for taxes only (See Appendix E).

State-level Taxes and Spending: Oregon Merely Average

To the extent that rankings matter at all, what are relevant to the current state budget shortfall are Oregon’s rankings for state government taxes and spending. As shown in Table 1, Oregon falls in the middle of the pack for tax and spending rankings among the 50 states and Washington, D.C.

Oregon’s state government ranks 29th for taxes plus charges and 24th for general expenditures less federal aid. Oregon’s mere average rank on taxes and spending provides little guidance for policy makers trying to deal with the current revenue shortfall.

Can Oregon Afford its Taxes and Spending?

Oregon’s rank among states has almost nothing to do with the State’s ability to afford the levels of taxes, charges, or spending that it currently employs. To

gauge Oregon’s ability to afford public sector revenues and expenditures, they must be compared to the state’s income today and over time.

Taxes and charges combined, as well as general expenditures from “own-sources” (excluding federal aid), have consumed a constant share of Oregon’s income over the last twenty years (Figure 3). Taxes and charges averaged 12.7 percent of income in 1998-99 and 12.7 percent in 1978-79. General expenditures less federal aid were 15 percent of income in 1998-99, in-line with the trend since the early 1980s.

	State & Local Governments	State Government Only
Taxes as % of Income	46	34
Taxes + Charges as % of Income	27	29
Total Expenditures, per-capita	9	13
General Expenditures less Federal Aid, per-capita	15	24

Source: OCPP analysis of Census State and Local Government Finances data. Income is limited to personal income, which excludes capital gains.

What's So Bad About Government Spending?

Much of the recent attention to Oregon's tax and spending rank has suggested that a high spending ranking is inherently undesirable. For example, Oregon Tax Research has claimed that a high spending ranking means that Oregon can and should make deep spending cuts.¹⁶ A high spending ranking, however, is only a problem if spending in and of itself is undesirable. As with any purchase, though, it is only possible to assess the affordability and desirability of government spending by looking at income and the quality and necessity of the purchase.

Without spending, governments cannot carry out the roles assigned to them by the public or produce the goods they are mandated to produce. Police and fire fighters only do their jobs when paid. Government spending builds roads, and operates courts, schools, and parks. Most Oregonians appreciate the goods and services provided by state and local governments, even while they may not be wild about paying taxes. Oregon voters do not seem to regard government spending as inherently negative, since they routinely approve additional government spending for health care, public libraries, corrections, and more.

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While cross-state rankings are interesting trivia, they do not allow Oregonians to determine whether Oregon's level of spending is desirable or affordable. Oregon's ability to afford state and local government spending is dependent on the income of Oregonians, not the standards that residents of other states set for their own public goods and services. Simply because your neighbor lets his lawn go wild does not mean that you cannot afford your mower.

One reason that tax and spending rankings matter little in policy debates is that they ignore important differences in the circumstances and the ways that different states approach policy issues. For example, how should Oregonians interpret the facts that Oregon ranks 2nd for per-capita expenditures on prison-building, 9th for liquor store expenditures, and 9th for sea and inland ports? ¹⁷ Do these high rankings automatically mean too much spending?

"Miscellaneous" Fills the Gap

In Figure 3 there is a small gap between general expenditures less federal aid and taxes plus charges. This gap exists because taxes and charges do not account for all general "own source" revenues for state and local governments in Oregon. "Miscellaneous" general revenue is the final type of "own source" general revenue, and includes interest earnings, special assessments, revenues from the sale of property, and "other general revenue," which includes lottery revenue. These "miscellaneous" general revenues have changed little, averaging 2.7 percent of income in 1988-89 and 2.8 percent in 1998-99. Adding miscellaneous revenues to taxes and charges brings Oregon's total "own source" revenues to 15.5 percent of income in 1999, equal to general expenditures less federal aid. Including miscellaneous general revenues, Oregon's state government rank rose to 21st and its state and local government rank was 18th, only marginally higher than the national average.

NOTE: Compared to personal income, which does not include capital gains income, Oregon's state and local government taxes, charges, and miscellaneous general revenues equaled 16.8 percent of income. The national average was 16.5 percent. Source: OCPP analysis of Census Bureau Government Finances data.

In Oregon, We Build Prisons

When Oregon voters passed Ballot Measure 11, requiring mandatory minimum sentences for a range of crimes, they committed the state to holding more prisoners for longer sentences. In doing so, Oregonians consciously chose to pay more per-capita than residents of other states for corrections. Oregon Tax Research attributes Oregon's high overall corrections ranking, 6th among all states and Washington, D.C. for overall corrections spending per-capita in 1999, to "inefficiency."¹⁸ Once capital expenditures for corrections are removed, however, reflecting the state's initiative-induced prison building, Oregon's rank for corrections spending per-capita drops. Less capital outlays, Oregon ranks 14th among other states and Washington, D.C. for corrections, just \$17 (12 percent) higher than the national average. While all state agencies, as well as private business and households, should strive for greater efficiency, Oregon's corrections spending ranking alone does not support OTR's charge of "inefficiency."

In Oregon, We Sell Booze

Simply by running its liquor stores through the state, Oregon is guaranteed to show more state spending than the 33 states that have privately run liquor stores. This does not necessarily mean that liquor stores are a burden on Oregon, as liquor store revenue was \$84 million higher than expenditures in 1999. It simply means that liquor store spending appears on the state books in Oregon, but not in other states, thus distorting the comparison of spending levels.

In Oregon, We Have Rivers, an Ocean, and Ports

The situation is similar for port facilities and other types of spending. Should Oregonians be envious of North Dakotans who spend nothing on, and generate no revenues from, sea and inland ports? If Oregon could rid itself of the Pacific Ocean and the Columbia River, and the associated government costs of operating ports, would the state be better off? Residents living

along the Oregon coast and farmers in Eastern Oregon probably are among those who don't think so.

Nonsense from the Anti-Government Crowd

The policy implications implicit in the "government spending is bad" worldview of OTR and other anti-government groups are baffling. If spending, without regard to benefits or offsetting revenues, were regarded as negative by private businesses, every company, profitable or not, would shut its doors tomorrow. Private businesses and individuals don't behave in this fashion, and neither should state and local governments.

The "government spending is bad" crowd has garnered a perplexing and undeserved amount of attention in the media and influence on policy makers in Oregon. Their case is little different from the discomfort associated with paying for anything, while ignoring the benefits or necessity of the purchase. Breathing a heavy sigh while writing the check to the mortgage company is normal (Think of all of the things you could do with that money). Not writing the check and thinking that there will be no consequences, however, would be foolish and irresponsible. Yet, that is what OTR and others routinely suggest in their zeal to make government smaller.

Cutting government spending based on the assumption that government spending is bad makes little sense and would be harmful to Oregon. Health care provides a good example.

Unhealthy Cuts

Medicaid is the single largest expenditure in the state's human services budget. If Oregon were to reduce significantly Medicaid spending, overall spending by state and local governments would go down as well. The state's expenditure ranking would decline, and so would the economy and the number of hospitals and other health care providers operating in the state. For example, just by eliminating long-term Medicaid care for clients with lower "survival priority levels," the state could cut

spending by \$10.8 million.¹⁹ By doing so, however, Oregon would lose nearly twice as much (\$16.4 million) in federal revenue. The total loss for long-term care providers would be \$27 million.

Oregon could spend less on health care and other services, but it is far from clear that it should.²⁰ The health care and insurance status of low-income Oregonians would be in even greater jeopardy, hospitals and long-term care providers would lose millions of dollars, and the state's economy would shrink. With 423,000 uninsured Oregonians and 2,600 low-birthweight babies in 2000, the stronger case is for Oregon to spend more, not less, on health care.²¹

To Meet Public Needs, Government Must Spend Money

Delivering public services through state and local governments will always require public revenue and spending, but it is not necessarily a burden on the public. In fact, Oregonians routinely express the desire for additional services from state and local

governments. Library construction and operation are regularly supported by Oregon voters. As recently as 1996 voters decided to spend more on the Oregon Health Plan and to raise tobacco taxes to pay for it. And, as mentioned above, by voting for longer sentences for more offenders, Oregonians also agreed to additional spending for prisons.

School lunch programs are a good example of public needs requiring public spending. Public schools derive revenue from and spend money on their lunch programs. When more students eat lunches, both revenue and spending increase. Does this mean that Oregon should eliminate school lunch programs? Doing so would reduce spending and cut public revenues, but would leave the students and families that rely on school lunches worse off.²² Students' nutrition would likely suffer and busy families would lose an important service.

Conclusion

The policy recommendations of the anti-government activists are of little value in the debate over how to best balance the state's budget. How Oregon ranks against other states is irrelevant to our ability to afford the public goods and services that our state and local governments provide. The rank of the relevant spending categories of Oregon's state government is merely average, hardly supporting the "make deep cuts" message of the anti-government crowd.

Spending and taxes, along with other revenues, have grown along with the state's income for most of the last two decades. Oregon can afford its current spending levels, and could even afford to fund other public priorities if it so chose.

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Endnotes

¹ On top of the \$720 million shortfall, the Legislative “Emergency Board” is scheduled to address \$130 million in additional costs for several state agencies when it meets on January 31 and February 1, 2002.

² Unfortunately, as the Oregon Population Surveys have shown, most Oregonians do not understand the state’s budget and tax system. “2000 Oregon Population Survey Summary of Findings,” Oregon Progress Board, January 12, 2001. Available on the web at: http://www.oea.das.state.or.us/ops2000/ops2000_report.pdf.

³ On the Oregon Watchdog website, maintained by anti-tax activist Don McIntyre and OTR staffer Jason Williams, OTR is listed among political groups under the heading “lower taxes/less government.”

⁴ In its 1/7/02 press release OTR’s Matt Evans claimed “Clearly, Oregon government can withstand some serious pruning on the spending side without it having a major effect on our state.” “Serious pruning” includes accepting all cuts and no new revenue to address Oregon’s current fiscal situation.

⁵ The Census Bureau’s State and Local Government Finances data show that Oregon’s property tax burden is toward the middle of the pack, its sales and excise tax burden is the lowest in the country, and its income tax burden is one of the highest. On balance, though, Oregon’s overall state and local tax burden is one of the lowest in the country. The state’s low tax burden, however, is not shared equally. Results from the Oregon Tax Incidence Model (OTIM), as analyzed by the OCPP, show that the bottom 20 percent of taxpayers paid 12.3 percent of their income in taxes, while the top 20 percent paid only 11.8 percent. See Thompson, Jeff, “Clearing the Air on Tax Day: Assessing the Tax Burden in Oregon,” Oregon Center for Public Policy, 4/15/2001. Available on the web at: <http://www.ocpp.org/2001/es010415.htm>.

⁶ Comparisons of Oregon revenues and expenditures as a share of income over time yield slightly different estimates than appear in the state rankings shown in the appendices. This is because the over-time comparisons for Oregon include capital gains in the income measure, whereas the interstate ranking tables use only personal income, which excludes capital gains income.

⁷ The data cited here do not refer specifically to Oregon taxpayers, but for the nation as a whole. The data are from the Congressional Budget Office and presented by the Center on Budget and Policy Priorities, “Tax Foundation Figures Lead to Inaccurate Impression of Middle-income Tax Burdens,” April 13, 2001.

⁸ Lav, Iris, *Taxes on Middle Income Families Are Declining*, Center on Budget and Policy Priorities, January 10, 2001.

⁹ Congressional Budget Office, “Effective Federal Tax Rates, 1979-1997,” October 2001. Available on the web at <http://www.cbo.gov/showdoc.cfm?index=3089&sequence=0&from=1>

¹⁰ These phrases representing anti-government activist claims about government spending are taken from the *2000 General Election Oregon Voters’ Pamphlet*. Available on the web at: <http://www.sos.state.or.us/elections/nov72000/guide/cover.htm>. Supporting arguments are for Measure 93 and Measure 8, as submitted by Becky Miller and Paul Bleeg.

¹¹ “General expenditures” is a classification used by the Census Bureau that should not be confused with the state’s “General Fund.” Census general expenditures include all spending except for utilities, insurance trust funds, and liquor stores. Since the revenues and expenditures in these non-general budgeting categories are not related to the states’ current budget shortfall, it is misleading to use rankings that include these categories to drive policy recommendations.

¹² General Expenditures should be given greater weight in an interstate comparison and especially for policy discussions regarding general fund budgets and taxes. First, non-general expenditures are funded differently from general expenditures. The financing of these types of expenditures has no impact on the current revenue shortfall in Oregon, so the degree to which these spending categories influence Oregon's inter-state ranking will yield misleading results if they are included. Second, the expenditures not included in the general expenditure category (utilities, insurance trust, and liquor stores) have considerable variation among states that will skew the accuracy of comparisons. For example, most states do not run their liquor stores through the states, but instead operate them completely privately. Also, ten states register zero expenditures on worker's compensation spending. Liquor is sold in all states and worker's compensation coverage is provided in all states, but it is accounted for differently in many states.

¹³ Medicaid matching rates are 2:1, but some programs have federal matching rates as high as 9:1.

¹⁴ OCPP analysis of Census Bureau State and Local Government Finance data.

¹⁵ Several of the spending items connected to flooding are discussed in a FEMA press release, on the web at: http://www.fema.gov/dizas/or_fld04.htm

¹⁶ See note 4.

¹⁷ Per-capita expenditures for these items were \$51 for prison-building (capital expenditures for corrections facilities) and \$38 for state-run liquor stores.

¹⁸ Discussion of Oregon's correction ranking is from OTR's November, 2001 report "How Oregon Compares," *Your Taxes*, vol. 67, number 2.

¹⁹ This cut, which eliminated care for survival priority levels 15-17, is one of many detailed in the "All Cuts" budget laid out by Governor Kitzhaber. It is available on the web at: <http://www.governor.state.or.us/governor/press/p020107.htm>.

²⁰ OCPP analysis of Governor's "All Cuts" budget document shows that all of the cuts would trigger \$113 million in lost federal dollars for 2001-03.

²¹ The uninsurance rate among Oregonians is from the Oregon Health Plan Policy & Research Office's analysis of the 2000 Oregon Population Survey. This analysis is detailed in a September 19, 2001 memo. The data are available on the web at: http://www.ohppr.state.or.us/data/ops/data_ops_index.htm. Birthweight figures are from the Oregon Health Division's Vital Statistics publication. Available on the web at: <http://www.ohd.hr.state.or.us/chs/vstats.htm>.

²² School lunch purchasers already have the option of bringing their own lunches, and choose not to do so.

Appendix A. State & Local Taxes as a Share of Personal Income

Source: 1999 Census Bureau State and Local Government Finances Data

	Percent			Rank		
	State and Local	State	Local	State and Local	State	Local
District of Columbia	15.1%	0.0%	15.1%	1	51	1
New York	14.0%	6.6%	7.4%	2	30	2
Maine	13.9%	8.7%	5.3%	3	7	5
Wisconsin	12.7%	8.5%	4.2%	4	9	18
Minnesota	12.3%	9.0%	3.4%	5	6	37
Hawaii	12.3%	10.0%	2.3%	6	1	50
Vermont	12.2%	9.5%	2.7%	7	2	48
New Mexico	12.2%	9.4%	2.8%	8	3	44
Connecticut	12.1%	7.9%	4.3%	9	14	17
Utah	11.7%	7.8%	3.9%	10	16	28
West Virginia	11.7%	9.0%	2.7%	11	5	49
Rhode Island	11.6%	6.9%	4.7%	12	24	8
North Dakota	11.5%	7.6%	3.9%	13	17	29
New Jersey	11.4%	6.1%	5.3%	14	40	4
Michigan	11.4%	8.3%	3.1%	15	12	41
California	11.4%	7.8%	3.5%	16	15	35
Wyoming	11.3%	6.8%	4.6%	17	26	13
Idaho	11.3%	8.0%	3.2%	18	13	39
Arkansas	11.3%	8.5%	2.7%	19	8	47
Delaware	11.2%	9.2%	2.0%	20	4	51
Washington	11.1%	7.6%	3.5%	21	18	34
Kentucky	11.1%	8.4%	2.7%	22	10	46
Mississippi	11.1%	8.3%	2.7%	23	11	45
Ohio	11.0%	6.2%	4.8%	24	39	7
Montana	10.9%	7.2%	3.7%	25	22	31
Arizona	10.9%	6.7%	4.2%	26	28	19
Massachusetts	10.9%	7.2%	3.7%	27	21	32
Louisiana	10.8%	6.7%	4.1%	28	29	21
Iowa	10.8%	6.8%	3.9%	29	25	26
Georgia	10.8%	6.2%	4.5%	30	36	14
Nebraska	10.8%	6.2%	4.6%	31	38	12
Kansas	10.8%	6.8%	4.0%	32	27	24
Pennsylvania	10.7%	6.6%	4.1%	33	32	22
North Carolina	10.6%	7.5%	3.0%	34	19	42
Illinois	10.5%	5.9%	4.6%	35	44	10
Oklahoma	10.5%	7.3%	3.2%	36	20	40
South Carolina	10.5%	7.1%	3.4%	37	23	38
Indiana	10.5%	6.5%	3.9%	38	33	27
Maryland	10.5%	6.0%	4.5%	39	42	16
Alaska	10.3%	5.3%	5.0%	40	47	6
Colorado	10.2%	5.5%	4.7%	41	45	9
Nevada	10.2%	6.6%	3.6%	42	31	33
Virginia	10.2%	6.0%	4.2%	43	41	20
Missouri	10.2%	6.2%	4.0%	44	37	25
Florida	10.0%	5.9%	4.1%	45	43	23
Oregon	10.0%	6.3%	3.7%	46	34	30
Texas	9.7%	5.0%	4.6%	47	48	11
South Dakota	9.5%	5.0%	4.5%	48	49	15
Alabama	9.1%	6.3%	2.8%	49	35	43
New Hampshire	8.8%	3.0%	5.8%	50	50	3
Tennessee	8.8%	5.4%	3.4%	51	46	36
US AVERAGE	11.1%	6.9%	4.1%			

Appendix B. General Expenditures Per-capita

Source: 1999 Census Bureau State and Local Government Finances Data

	per-capita			Rank		
	State and Local	State	Local	State and Local	State	Local
Alaska	\$11,502	\$7,327	\$4,175	1	1	3
District of Columbia	\$8,920	\$0	\$8,920	2	51	1
New York	\$7,351	\$2,656	\$4,695	3	13	2
Wyoming	\$6,567	\$2,802	\$3,765	4	11	4
Connecticut	\$5,999	\$3,208	\$2,791	5	4	19
Delaware	\$5,946	\$3,913	\$2,033	6	3	47
Minnesota	\$5,896	\$2,388	\$3,508	7	20	6
Hawaii	\$5,813	\$4,639	\$1,174	8	2	51
Massachusetts	\$5,668	\$3,088	\$2,580	9	6	27
Washington	\$5,617	\$2,519	\$3,098	10	17	12
Oregon	\$5,519	\$2,401	\$3,118	11	18	11
North Dakota	\$5,500	\$3,000	\$2,500	12	7	31
California	\$5,457	\$1,865	\$3,592	13	45	5
New Jersey	\$5,443	\$2,214	\$3,229	14	27	9
New Mexico	\$5,440	\$2,913	\$2,527	15	9	30
Wisconsin	\$5,342	\$1,986	\$3,355	16	37	8
Rhode Island	\$5,329	\$3,163	\$2,165	17	5	44
Nevada	\$5,139	\$1,764	\$3,375	18	47	7
Michigan	\$5,125	\$1,936	\$3,190	19	40	10
Iowa	\$5,119	\$2,325	\$2,794	20	22	18
Pennsylvania	\$5,105	\$2,299	\$2,806	21	23	17
Vermont	\$5,100	\$2,958	\$2,142	22	8	45
Maine	\$5,098	\$2,816	\$2,282	23	10	40
Colorado	\$4,948	\$2,017	\$2,931	24	35	15
Illinois	\$4,925	\$1,942	\$2,982	25	39	14
Utah	\$4,901	\$2,536	\$2,365	26	16	38
Montana	\$4,861	\$2,749	\$2,112	27	12	46
Louisiana	\$4,830	\$2,380	\$2,450	28	21	34
Maryland	\$4,810	\$2,219	\$2,591	29	26	26
North Carolina	\$4,806	\$2,100	\$2,706	30	32	22
Florida	\$4,740	\$1,740	\$3,000	31	48	13
Ohio	\$4,722	\$1,889	\$2,832	32	42	16
Virginia	\$4,699	\$2,132	\$2,567	33	31	28
South Carolina	\$4,692	\$2,390	\$2,302	34	19	39
Mississippi	\$4,673	\$2,186	\$2,487	35	29	32
Nebraska	\$4,631	\$2,085	\$2,546	36	33	29
Alabama	\$4,604	\$2,210	\$2,394	37	28	36
Georgia	\$4,601	\$1,913	\$2,687	38	41	23
Kentucky	\$4,560	\$2,544	\$2,016	39	15	48
West Virginia	\$4,553	\$2,637	\$1,916	40	14	50
Kansas	\$4,546	\$1,836	\$2,711	41	46	21
Indiana	\$4,483	\$1,883	\$2,600	42	43	25
Idaho	\$4,482	\$2,048	\$2,435	43	34	35
New Hampshire	\$4,437	\$2,184	\$2,253	44	30	41
South Dakota	\$4,428	\$2,229	\$2,198	45	25	42
Tennessee	\$4,408	\$1,956	\$2,452	46	38	33
Missouri	\$4,367	\$1,994	\$2,373	47	36	37
Texas	\$4,359	\$1,725	\$2,635	48	49	24
Arizona	\$4,249	\$1,503	\$2,746	49	50	20
Arkansas	\$4,179	\$2,243	\$1,936	50	24	49
Oklahoma	\$4,037	\$1,866	\$2,170	51	44	43
US AVERAGE	\$5,226	\$2,418	\$2,808			

Appendix C. Total Expenditures per capita

Source 1999 Census Bureau State and Local Government Finances Data

	Per-capita			Rank		
	State and Local	State	Local	State and Local	State	Local
Alaska	\$13,041	\$9,904	\$4,638	1	1	3
District of Columbia	\$12,087	\$0	\$12,087	2	51	1
New York	\$8,844	\$5,088	\$5,682	3	4	2
Wyoming	\$7,379	\$4,944	\$4,024	4	5	5
Washington	\$6,980	\$4,209	\$3,839	5	14	7
Connecticut	\$6,783	\$4,635	\$3,005	6	7	26
Minnesota	\$6,674	\$4,269	\$3,889	7	11	6
Massachusetts	\$6,637	\$4,539	\$3,260	8	8	19
Oregon	\$6,608	\$4,211	\$3,505	9	13	11
California	\$6,576	\$4,033	\$4,275	10	16	4
Hawaii	\$6,573	\$5,288	\$1,403	11	2	51
Delaware	\$6,484	\$5,227	\$2,217	12	3	47
New Jersey	\$6,296	\$3,937	\$3,347	13	18	18
Rhode Island	\$6,192	\$4,418	\$2,353	14	9	45
New Mexico	\$6,079	\$4,649	\$2,802	15	6	33
Wisconsin	\$6,033	\$3,898	\$3,611	16	20	10
Nevada	\$5,997	\$3,374	\$3,775	17	34	8
Nebraska	\$5,992	\$3,111	\$3,773	18	42	9
North Dakota	\$5,967	\$4,218	\$2,642	19	12	37
Pennsylvania	\$5,894	\$3,688	\$3,107	20	24	22
Utah	\$5,807	\$3,666	\$2,994	21	25	27
Colorado	\$5,795	\$3,242	\$3,420	22	37	16
Michigan	\$5,784	\$3,933	\$3,484	23	19	12
Illinois	\$5,713	\$3,159	\$3,446	24	39	14
Vermont	\$5,643	\$4,381	\$2,424	25	10	40
Ohio	\$5,639	\$3,652	\$3,070	26	26	23
Iowa	\$5,625	\$3,597	\$3,046	27	27	25
Tennessee	\$5,587	\$2,898	\$3,459	28	48	13
Maine	\$5,557	\$3,883	\$2,353	29	21	44
North Carolina	\$5,515	\$3,507	\$3,162	30	30	20
Louisiana	\$5,446	\$3,592	\$2,688	31	28	34
South Carolina	\$5,445	\$3,727	\$2,587	32	23	38
Maryland	\$5,402	\$3,402	\$2,812	33	32	31
Montana	\$5,367	\$3,977	\$2,196	34	17	48
Alabama	\$5,350	\$3,364	\$2,817	35	35	30
Florida	\$5,338	\$2,810	\$3,429	36	49	15
Georgia	\$5,272	\$2,979	\$3,155	37	47	21
West Virginia	\$5,196	\$4,060	\$2,012	38	15	50
Virginia	\$5,165	\$3,308	\$2,805	39	36	32
Mississippi	\$5,164	\$3,585	\$2,670	40	29	35
Kentucky	\$5,155	\$3,731	\$2,245	41	22	46
Arizona	\$5,036	\$2,988	\$3,359	42	46	17
Kansas	\$5,036	\$3,154	\$2,945	43	40	28
Texas	\$5,005	\$2,732	\$3,049	44	50	24
Indiana	\$4,971	\$3,132	\$2,899	45	41	29
Idaho	\$4,948	\$3,379	\$2,542	46	33	39
New Hampshire	\$4,904	\$2,993	\$2,361	47	45	43
Missouri	\$4,862	\$3,022	\$2,655	48	44	36
South Dakota	\$4,846	\$3,099	\$2,393	49	43	41
Oklahoma	\$4,670	\$3,173	\$2,373	50	38	42
Arkansas	\$4,607	\$3,506	\$2,139	51	31	49
US AVERAGE	\$6,019	\$3,790	\$3,220			

Appendix D. General Expenditures minus Federal Transfers per-capita

Source 1999 Census Bureau State and Local Government Finances Data

	Percent			Rank		
	State and Local	State	Local	State and Local	State	Local
Alaska	\$9,278	\$5,360	\$3,917	1	1	3
New York	\$5,788	\$1,254	\$4,534	2	29	2
District of Columbia	\$5,632	\$0	\$5,632	3	51	1
Minnesota	\$4,955	\$1,553	\$3,402	4	15	6
Connecticut	\$4,947	\$2,251	\$2,697	5	5	18
Delaware	\$4,906	\$2,934	\$1,973	6	3	47
Massachusetts	\$4,702	\$2,262	\$2,440	7	4	29
Washington	\$4,696	\$1,716	\$2,980	8	8	11
Wyoming	\$4,652	\$969	\$3,683	9	46	4
Hawaii	\$4,643	\$3,582	\$1,062	10	2	51
New Jersey	\$4,537	\$1,386	\$3,152	11	23	9
Nevada	\$4,504	\$1,248	\$3,255	12	30	8
Wisconsin	\$4,462	\$1,187	\$3,275	13	34	7
California	\$4,372	\$926	\$3,447	14	49	5
Oregon	\$4,250	\$1,355	\$2,895	15	24	12
Iowa	\$4,214	\$1,496	\$2,718	16	17	17
Michigan	\$4,178	\$1,088	\$3,090	17	43	10
New Mexico	\$4,135	\$1,753	\$2,382	18	7	31
Colorado	\$4,128	\$1,291	\$2,837	19	26	15
Pennsylvania	\$4,116	\$1,450	\$2,667	20	21	20
Illinois	\$4,094	\$1,237	\$2,856	21	33	14
Virginia	\$4,044	\$1,561	\$2,484	22	14	26
Florida	\$4,033	\$1,163	\$2,870	23	37	13
Rhode Island	\$3,991	\$1,924	\$2,068	24	6	45
Maryland	\$3,979	\$1,509	\$2,470	25	16	27
Utah	\$3,920	\$1,687	\$2,233	26	9	38
North Dakota	\$3,895	\$1,658	\$2,237	27	11	37
Maine	\$3,875	\$1,675	\$2,200	28	10	40
Ohio	\$3,817	\$1,084	\$2,733	29	44	16
Kansas	\$3,804	\$1,137	\$2,667	30	40	19
North Carolina	\$3,801	\$1,170	\$2,631	31	35	21
Georgia	\$3,771	\$1,166	\$2,606	32	36	23
Louisiana	\$3,720	\$1,344	\$2,375	33	25	34
Indiana	\$3,705	\$1,155	\$2,550	34	38	24
Vermont	\$3,705	\$1,608	\$2,097	35	12	43
Nebraska	\$3,702	\$1,245	\$2,457	36	31	28
South Carolina	\$3,696	\$1,469	\$2,227	37	19	39
Idaho	\$3,659	\$1,283	\$2,376	38	27	32
New Hampshire	\$3,577	\$1,395	\$2,182	39	22	41
Mississippi	\$3,541	\$1,109	\$2,432	40	42	30
Alabama	\$3,540	\$1,240	\$2,300	41	32	35
Kentucky	\$3,505	\$1,573	\$1,932	42	13	48
Texas	\$3,477	\$943	\$2,534	43	48	25
Montana	\$3,442	\$1,465	\$1,977	44	20	46
Missouri	\$3,431	\$1,137	\$2,295	45	41	36
Arizona	\$3,422	\$793	\$2,629	46	50	22
West Virginia	\$3,347	\$1,485	\$1,862	47	18	50
Tennessee	\$3,329	\$954	\$2,376	48	47	33
South Dakota	\$3,239	\$1,145	\$2,093	49	39	44
Arkansas	\$3,163	\$1,280	\$1,883	50	28	49
Oklahoma	\$3,163	\$1,057	\$2,106	51	45	42
US AVERAGE	\$4,127	\$1,484	\$2,643			

Appendix E. State & Local Taxes + Charges as a Share of Personal Income

Source: 1999 Census Bureau State and Local Government Finances Data

	Percent			Rank		
	State and Local	State	Local	State and Local	State	Local
District of Columbia	17.1%	0.0%	17.1%	1	51	1
New York	16.8%	7.4%	9.4%	2	36	2
Wyoming	16.4%	7.7%	8.7%	3	32	3
Maine	16.2%	9.8%	6.4%	4	13	9
Wisconsin	15.7%	9.9%	5.7%	5	9	25
Mississippi	15.7%	9.8%	5.8%	6	11	22
Hawaii	15.6%	12.5%	3.2%	7	1	50
New Mexico	15.6%	11.1%	4.5%	8	4	45
Utah	15.6%	10.0%	5.5%	9	8	32
North Dakota	15.5%	10.4%	5.1%	10	6	41
Idaho	15.3%	9.3%	5.9%	11	15	18
South Carolina	15.2%	9.0%	6.2%	12	16	14
Louisiana	15.1%	9.0%	6.1%	13	17	16
Minnesota	15.0%	9.8%	5.2%	14	12	39
West Virginia	15.0%	10.6%	4.4%	15	5	47
Vermont	14.9%	11.5%	3.4%	16	3	49
Delaware	14.7%	11.7%	3.1%	17	2	51
Iowa	14.7%	8.5%	6.2%	18	24	15
Arkansas	14.6%	10.2%	4.4%	19	7	46
Washington	14.5%	8.8%	5.7%	20	19	26
Michigan	14.5%	9.7%	4.7%	21	14	43
California	14.5%	8.7%	5.7%	22	20	24
Alaska	14.4%	7.1%	7.3%	23	40	4
North Carolina	14.2%	8.6%	5.7%	24	23	30
Montana	14.1%	8.8%	5.3%	25	18	37
Oklahoma	14.1%	8.6%	5.4%	26	22	34
Oregon	13.8%	7.9%	5.9%	27	29	17
Kentucky	13.8%	9.9%	3.9%	28	10	48
Indiana	13.8%	8.0%	5.8%	29	27	23
Nebraska	13.7%	7.4%	6.3%	30	34	11
Georgia	13.6%	7.1%	6.5%	31	42	8
Ohio	13.6%	7.3%	6.3%	32	37	12
Kansas	13.6%	7.7%	5.9%	33	31	21
Alabama	13.5%	8.3%	5.2%	34	25	40
Connecticut	13.4%	8.7%	4.7%	35	21	42
New Jersey	13.4%	7.2%	6.2%	36	39	13
Colorado	13.3%	6.6%	6.7%	37	44	5
Rhode Island	13.2%	8.0%	5.3%	38	28	38
Pennsylvania	13.2%	7.8%	5.4%	39	30	35
Nevada	13.1%	7.2%	5.9%	40	38	19
Florida	13.1%	6.5%	6.6%	41	45	6
Arizona	13.1%	7.4%	5.7%	42	35	29
Virginia	13.0%	7.6%	5.4%	43	33	36
Missouri	12.7%	7.1%	5.6%	44	41	31
Massachusetts	12.5%	8.0%	4.5%	45	26	44
Maryland	12.5%	7.0%	5.5%	46	43	33
Illinois	12.3%	6.5%	5.9%	47	46	20
Texas	12.3%	6.0%	6.3%	48	49	10
Tennessee	12.1%	6.4%	5.7%	49	47	28
South Dakota	11.9%	6.2%	5.7%	50	48	27
New Hampshire	10.9%	4.3%	6.6%	51	50	7
US AVERAGE	14.1%	8.2%	5.9%			