



EXECUTIVE SUMMARY

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April 15, 2003

Making Sense of Spending and Taxes in Oregon

By Jeff Thompson

Slow economic growth continues to wreak havoc on Oregon's state budget. Absent new tax revenues, the Legislature will have to make further cuts to many state programs and services in the next budget cycle.

The debate over how best to balance the state budget has been clouded with confusing and misleading information about spending and taxes in Oregon. Contrary to claims made by some, Oregon's budget crisis was caused by declining revenues, not increased spending.

Among its findings, this OCPP analysis of spending and taxes in Oregon shows:

- State and local government expenditures in Oregon have remained at constant levels, relative to income, during recent years and for most of the last 20 years. Since the early 1980s, general expenditures less federal aid have fluctuated between 14 and 16 percent of income, with little change through 2000, the most recent year for which data are available.
- After accounting for federal aid received, general expenditures by state and local governments in Oregon are close to the national average. Spending just \$52 more per person than the national average for state and local government, Oregon does not stand out as a "high spending" state.
- Oregon's state government ranks 27th for general expenditures (less federal aid).
- 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.
- Oregon ranks 39th out of the 50 states and Washington, D.C. for taxes as a share of income. If fees and other charges are included, Oregon ranks 20th.
- Total state and local taxes declined over the 1990s, falling from 10.5 percent of income in 1988-89 to 9.4 percent in 1999-2000. These small decreases were offset by small increases in fees, which rose from 2.7 percent of income in 1988-89 to 3.6 percent in 1999-2000.
- Oregon's rank for total spending 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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State and local governments in Oregon have been cutting programs since the economy slid into recession in early 2001. The weak revenue outlook associated with Oregon's slow and uncertain economic recovery means that absent new tax revenue, cuts will continue into the foreseeable future.

Some commentators have tried to downplay the importance of these cuts to state and local government services, insisting that program cuts are only being made now because too much was spent earlier. They argue that profligate spending led to the budget crisis faced by the state government, and that budget cuts are best solution.¹ In addition, they argue that Oregon is a "high spending" state, further justifying cuts.²

These claims are without merit. Census data continue to demonstrate that "overspending" did not cause Oregon's budget crisis, and Oregon is not a "high spending" state.

Over the 1990s, government spending increased along with population growth, inflation, and other factors that determine demand for state and local government services. The most recent data show that there was no upsurge in government

spending, and that up through in 2000, spending remained at roughly the same share of state income as it had been for the last 20 years.

Also, Oregon does not stand out as a particularly high spending state. After accounting for federal aid received, general expenditures by state and local governments in Oregon are very close to the national average. Looking just at state taxes and spending, over which the Legislature has direct control, Oregon's rank falls in the middle of the pack.

Tax collections and fees also maintained a steady share of income up through 2000 and across most of the last 20 years.

Regardless, tax and spending rankings 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.

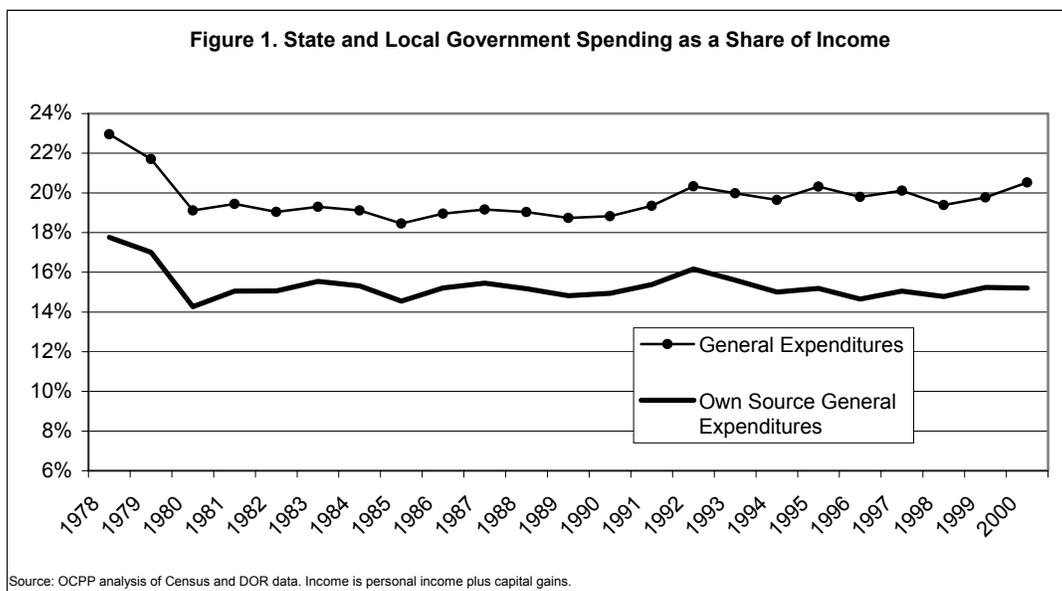
When taxes and spending are compared to the income available to Oregonians, anti-government activists' claims that the state's tax burden has increased and that government spending has grown out of control are shown to be false.

State and Local Spending: Steady as She Goes

Contrary to claims made by anti-government activists, government spending has not “skyrocketed” or grown at an “unbelievable rate.”³ Census data indicate that spending by state and local governments in Oregon has risen with the increases in population, inflation, and economic growth. As a share of income, state and local government general expenditures have changed little in recent years or during the last 20 years. Excluding

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.⁶

Federal funds were 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



the impacts of federal aid, “own source” general expenditures in Oregon were 15.2 percent of the state’s income in 2000 (Figure 1.⁴ State and local government general expenditures less federal aid averaged 17.4 percent of Oregon’s income in 1978-79, 15 percent in 1988-89, and 15.2 percent in 1999-2000. Spending has increased at the same rate as the economy has grown.⁵

The impact of federal aid

One element of state spending that did increase between the 1980s and the 1990s is 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

percent in the 1990s and 26 percent in 2000.⁷ Federal aid dollars spent in Oregon were equivalent to 3.7 percent of the state’s income in 1987 and 5.3 percent by 2000. 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.⁸

Including federal aid, state and local government general expenditures averaged 22.3 percent of Oregon’s income in 1978-79, 18.9 percent in 1988-89, and 20.2 percent in 1999-2000.

Government employment trends

The trends in government employment in Oregon bely the claim that government spending is growing out of control. 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

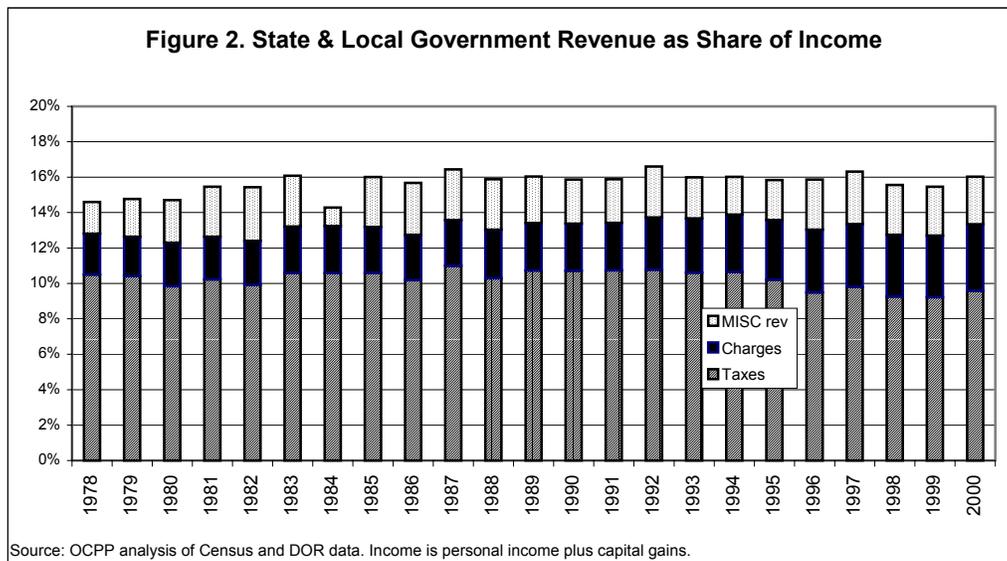
population rose by more than 25 percent over the same period. While local government employment has remained steady as a share of total employment, 11.0 percent in 1979 and 10.9 percent in 2000, it has increased in absolute terms, rising from 116,400 to 175,100. Half of the increase in local government employment has been in education.

Taxes Falling, Revenue Constant

Similar to the trend in state spending, general revenues collected by state and local governments have remained relatively flat for some time. Instead of rising at unsustainable rates as claimed by some, *taxes* in Oregon declined in the 1990s.¹ 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 9.4 percent by 1999-2000 (Figure 2). Over most of the last 20 years Oregon's tax burden remained steady.

income in 1978-79, 16 percent in 1988-89, and 15.7 percent in 1999-2000.

Oregon's reliance on fees and charges increased in the 1990s. Including tuition at public universities, and charges for parking facilities, sewers, and parks and recreation, fees rose from 2.7 percent of Oregon's income in 1988-89 to 3.6 percent in 1999-2000. "Miscellaneous" revenues, which include the state lottery, interest earnings, and property sales, have remained constant



Small declines in taxes, however, were offset by small increases in fees, charges, and miscellaneous revenues. Including taxes, fees, and miscellaneous revenues, the general revenue share of total income remained flat for most of the last 20 years. General revenues were 14.7 percent of

since the early 1980s. Miscellaneous revenue accounted for 2.7 percent of income in 1988-89 and in 1999-2000.

Federal Taxes Down

The federal taxes paid by Oregonians have also declined as a share of income in recent years.² A recent report by the Center for

Budget and Policy Priorities shows that federal income, excise and payroll taxes absorbed 17.6 percent of middle-income families' incomes in 1995, and just 17.2 percent in 2000.¹¹ 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.”¹²

Spending and Tax Rankings

Much of the discussion of Oregon’s tax system in recent years has focused on how Oregon compares to other states. Toward that end, there has been some confusion as Oregon is sometimes characterized as a “low tax state,” but a “high spending” one.

A more careful examination reveals that Oregon is neither a “low tax” state nor a “high spending” state. Such cross-state rankings are of limited use, but when made properly, Oregon is shown to be in the middle of the pack. Oregon only appears as a “low tax” state when fees, a revenue source that Oregon has increasingly relied upon over the last decade, are excluded. Oregon only appears to be a “high spending” state when federal aid is included.

Spending Rank – Accounting for Federal Aid

Census data show that Oregon’s general expenditures, \$5,893 per capita in 2000, were 10th highest among all other states and Washington, D.C. (See Appendix A). Oregon’s rank for total expenditures, a category that is not relevant to discussions about balancing the state budget, was 8th highest (See Appendix B).¹³

Removing the influence of federal aid, state and local governments in Oregon spent \$4,364 per-capita in 2000, 16th highest among all other states and Washington, D.C. for general expenditures (See Appendix C). Because so many states have similar per-capita spending levels, Oregon’s rank of 16th puts it close to the middle of the pack, spending just \$52 more per person than the national average.

	State & Local Governments	State Government Only
Taxes as % of Income	39	32
Taxes + Charges as % of Income	20	24
Total Expenditures, per-capita	8	11
General Expenditures less Federal Aid, per-capita	16	27
<small>Source: OCPP analysis of Census State and Local Government Finances data. Income is limited to personal income, which excludes capital gains.</small>		

Tax Rank – Accounting for Fees and Other “Charges”

Oregon’s total state and local taxes account for 10.2 percent of the state’s personal income, giving it a lower tax burden than all but 12 other states (See Appendix D.)

The state collects revenue that is not considered “taxes.” The most important non-tax source of revenue generated in Oregon is “fees.” Including revenue from charges, Oregon’s state and local government rank rises to 20th, up from 39th for taxes only (See Appendix E).

State-level Taxes and Spending: Oregon Merely Average

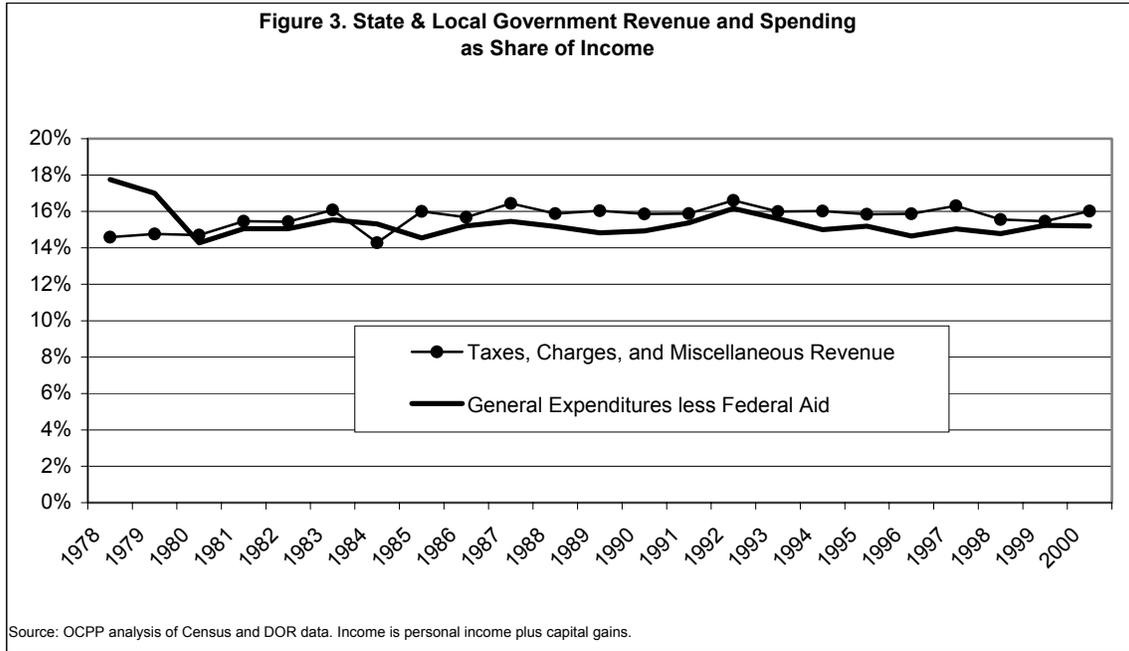
To the extent that rankings matter at all, what is relevant to state budget shortfalls are the rankings for state government taxes and spending. As shown in Table 1, Oregon falls in the middle of the pack for tax and spending rankings among the 50 states and Washington, D.C.

Oregon’s state government ranks 24th for taxes plus charges and 27th for general expenditures less federal aid. Oregon’s 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, charges, and miscellaneous general revenues averaged 16 percent of income in 1999-2000 and 15.7 percent in 1988-89. General expenditures less federal aid were 15.2 percent of income in 1999-2000, in-line with the trend since the early 1980s.

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 (OTR) has claimed that a high spending ranking means that Oregon can and should make deep spending cuts.¹⁴ 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 balancing income against 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 mandate additional government spending for health care, public libraries, corrections, and more.

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. The fact that 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 11th for sea and inland ports, 9th for liquor store expenditures, and 5th for per-capita expenditures on prison-building?¹⁵ Do these high rankings automatically mean too much spending?

In Oregon, We Sell Booze

Simply by running its liquor stores through the state, Oregon is guaranteed to show more state spending than the 29 states that have privately run liquor stores.¹⁶ This does not mean that liquor stores are a burden on Oregon, as liquor store revenue was \$91 million higher than expenditures in 2000. 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 South 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.

In Oregon, We Build Prisons

When Oregon voters passed Ballot Measure 11 in 1994, requiring mandatory minimum sentences for a range of crimes, they committed the state to incarcerating more prisoners for longer periods of time. In doing so, Oregonians consciously chose to pay more per-capita than residents of other states for corrections. A considerable portion of Oregon's corrections spending is on capital expenditures – building new prisons and upgrading and expanding existing facilities. Oregon spends more than twice as much per-capita as other states for the capital outlays for corrections, but just 18 percent more than other states for other corrections expenses.

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 however, would be short-sighted and self-destructive. 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 Medicaid spending, state expenditures would decline considerably. But so would local economies and the number of hospitals and other health care providers operating in the state. For example, reducing state spending on long-term health care by \$58 million in the 2003-05 budget cycle would result in the loss of \$81 million in federal matching dollars.¹⁷ Altogether, providers of long-term health care services in Oregon would lose \$136 million in revenue, 2,600 jobs would be lost in that sector, and the health care of thousands of elderly and disabled Oregonians would be jeopardized.

Oregon could spend less on health care and other services, but it is far from clear that it should.¹⁸ 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 490,000 uninsured Oregonians and 2,500 low-birthweight

babies, the stronger case is for Oregon to spend more, not less, on health care.¹⁹

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. Oregon voters regularly support library construction and operation. In both 1996 and 2002 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 another 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. Students' nutrition would likely suffer and busy families would lose an important service.

Conclusion

The policy recommendations of anti-government activists contribute more heat than light to 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

remained constant as a share of income during the last decade, revealing that "too much spending" was not the cause of the budget crisis that still grips governments in Oregon.

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.

Endnotes

¹ McNichol, Liz, “The State Fiscal Crisis Was Not Caused By Overspending,” Center on Budget and Policy Priorities, April 9, 2003.

² In a January 7, 2002 press release discussing Oregon’s spending ranking, the anti-government Oregon Tax Research claimed “Clearly, Oregon government can withstand some serious pruning on the spending side without it having a major effect on our state.”

³ 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 Blegg. See also statements in opposition to Ballot Measure 28 in the January 28, 2003 Special Election Voters’ Pamphlet, available at <http://www.sos.state.or.us/elections/jan282003/guide/m28opp.htm>.

⁴ “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.

⁵ 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.

⁶ Medicaid matching rates are 2:1, but some programs have federal matching rates as high as 9:1.

⁷ OCPP analysis of Census Bureau State and Local Government Finance data.

⁸ 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

⁹ 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. A recent study by the Institute for Taxation and Economic Policy (ITEP) shows that the bottom 20 percent of Oregon taxpayers paid 9.4 percent of their income in state and local taxes, while the top one percent paid only 8.9 percent. Available on the web at <http://www.ocpp.org/2003/2003WhoPaysCol.pdf>.

¹⁰ 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 Do Not Represent Middle-income Tax Burden,” April 9, 2003.

¹¹ *ibid.*

¹² Congressional Budget Office, “Effective Federal Tax Rates, 1979-1997,” October 2001. Available on the web at <http://www.cbo.gov>.

¹³ 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.

¹⁴ See note 2.

¹⁵ Per-capita expenditures for these items were \$29 for prison-building (capital expenditures for corrections facilities) and \$40 for state-run liquor stores.

¹⁶ States are classified as having “privately run” liquor stores based on their absence of state expenditures on liquor stores. Wisconsin, which spends just four cents per person on liquor stores is counted as having privately run liquor stores.

¹⁷ These cuts to Medicaid long-term care services in Oregon were based on projected impacts of the failure of Measure 28. See Thompson, Jeff and Charles Sheketoff, "A Step in the Right Direction: Measure 28 and Oregon's Economy," Oregon Center for Public Policy, December 23, 2002.

¹⁸ *ibid.*

¹⁹ The uninsurance rate among Oregonians is from the 2002 Oregon Population Survey. The 2002 rate of uninsurance is 14 percent. Birthweight figures for 2001 are from the Oregon Health Division's Vital Statistics publication. Available on the web at: <http://www.dhs.state.or.us/publichealth/chs/arpt/01v1/section2.cfm>.

Appendix A. General Expenditures per capita

	per-capita			rank		
	State & Local	State	Local	State & Local	State	Local
Alaska	\$12,121	\$7,887	\$4,234	1	1	3
District of Columbia	\$9,007	\$0	\$9,007	2	51	1
New York	\$7,379	\$2,600	\$4,778	3	19	2
Wyoming	\$6,740	\$2,866	\$3,874	4	11	4
Minnesota	\$6,336	\$2,717	\$3,619	5	14	6
Connecticut	\$6,289	\$3,374	\$2,914	6	5	17
Hawaii	\$6,016	\$4,800	\$1,216	7	2	51
Delaware	\$5,983	\$3,899	\$2,084	8	3	47
Massachusetts	\$5,949	\$3,242	\$2,707	9	6	27
Oregon	\$5,893	\$2,700	\$3,194	10	16	12
California	\$5,780	\$2,032	\$3,748	11	41	5
Wisconsin	\$5,735	\$2,290	\$3,445	12	32	7
North Dakota	\$5,722	\$3,082	\$2,640	13	9	29
Washington	\$5,680	\$2,643	\$3,036	14	18	14
Vermont	\$5,659	\$3,507	\$2,152	15	4	45
New Jersey	\$5,613	\$2,320	\$3,293	16	29	10
New Mexico	\$5,552	\$3,045	\$2,507	17	10	33
Michigan	\$5,509	\$2,194	\$3,315	18	34	9
Maine	\$5,455	\$3,088	\$2,366	19	8	39
Pennsylvania	\$5,364	\$2,489	\$2,875	20	22	18
Iowa	\$5,319	\$2,498	\$2,821	21	21	19
Rhode Island	\$5,305	\$3,158	\$2,147	22	7	46
Colorado	\$5,238	\$2,042	\$3,196	23	40	11
Illinois	\$5,186	\$2,001	\$3,185	24	44	13
Maryland	\$5,182	\$2,441	\$2,742	25	24	23
Ohio	\$5,078	\$2,045	\$3,033	26	39	15
South Carolina	\$5,050	\$2,589	\$2,460	27	20	35
North Carolina	\$5,024	\$2,229	\$2,795	28	33	20
Montana	\$5,014	\$2,843	\$2,171	29	12	44
Louisiana	\$4,985	\$2,475	\$2,510	30	23	32
Alabama	\$4,961	\$2,359	\$2,602	31	26	31
Utah	\$4,932	\$2,677	\$2,254	32	17	41
Nebraska	\$4,913	\$2,309	\$2,604	33	30	30
Virginia	\$4,906	\$2,186	\$2,719	34	35	25
Mississippi	\$4,897	\$2,391	\$2,507	35	25	34
Nevada	\$4,883	\$1,561	\$3,322	36	50	8
West Virginia	\$4,818	\$2,838	\$1,981	37	13	49
Kansas	\$4,793	\$2,055	\$2,739	38	37	24
Indiana	\$4,727	\$2,048	\$2,679	39	38	28
Florida	\$4,711	\$1,778	\$2,933	40	47	16
Kentucky	\$4,706	\$2,701	\$2,005	41	15	48
Georgia	\$4,652	\$1,944	\$2,708	42	45	26
Texas	\$4,592	\$1,833	\$2,760	43	46	22
New Hampshire	\$4,582	\$2,291	\$2,292	44	31	40
South Dakota	\$4,561	\$2,357	\$2,204	45	27	43
Arizona	\$4,534	\$1,771	\$2,763	46	48	21
Idaho	\$4,504	\$2,134	\$2,370	47	36	38
Tennessee	\$4,442	\$2,014	\$2,428	48	43	36
Missouri	\$4,436	\$2,021	\$2,415	49	42	37
Arkansas	\$4,137	\$2,335	\$1,802	50	28	50
Oklahoma	\$3,989	\$1,755	\$2,234	51	49	42
United States Total	\$5,351	\$2,270	\$3,080			

Source: 2000 Census Bureau State and Local Government Finances Data.

Appendix B. Total Expenditures per capita

	per-capita			rank		
	State & Local	State	Local	State & Local	State	Local
Alaska	\$13,760	\$10,544	\$4,675	1	1	3
District of Columbia	\$11,411	\$0	\$11,411	2	51	1
New York	\$9,057	\$5,108	\$5,879	3	6	2
Wyoming	\$7,577	\$5,167	\$4,107	4	5	5
Minnesota	\$7,201	\$4,742	\$4,025	5	9	6
Washington	\$7,091	\$4,395	\$3,782	6	15	8
Connecticut	\$7,050	\$4,910	\$3,130	7	7	25
Oregon	\$7,041	\$4,612	\$3,576	8	11	14
Massachusetts	\$6,987	\$4,643	\$3,398	9	10	17
California	\$6,986	\$4,422	\$4,452	10	14	4
Hawaii	\$6,810	\$5,449	\$1,479	11	2	51
Delaware	\$6,573	\$5,371	\$2,296	12	3	46
New Jersey	\$6,488	\$4,134	\$3,406	13	20	16
Wisconsin	\$6,443	\$4,257	\$3,697	14	18	11
Nebraska	\$6,330	\$3,374	\$3,881	15	38	7
North Dakota	\$6,294	\$4,448	\$2,782	16	12	33
Michigan	\$6,189	\$4,302	\$3,627	17	16	13
Vermont	\$6,183	\$5,286	\$2,413	18	4	42
Pennsylvania	\$6,158	\$3,883	\$3,189	19	25	22
New Mexico	\$6,154	\$4,783	\$2,729	20	8	35
Rhode Island	\$6,138	\$4,435	\$2,326	21	13	45
Colorado	\$6,085	\$3,239	\$3,707	22	41	10
Ohio	\$6,026	\$3,931	\$3,254	23	23	20
Illinois	\$6,017	\$3,316	\$3,674	24	40	12
Maine	\$6,002	\$4,273	\$2,438	25	17	40
Iowa	\$5,904	\$3,914	\$3,104	26	24	26
Utah	\$5,842	\$3,848	\$2,883	27	28	32
South Carolina	\$5,841	\$4,047	\$2,748	28	22	34
Maryland	\$5,778	\$3,657	\$2,973	29	31	29
North Carolina	\$5,732	\$3,679	\$3,248	30	30	21
Alabama	\$5,694	\$3,569	\$3,004	31	33	28
Tennessee	\$5,627	\$2,962	\$3,438	32	48	15
Nevada	\$5,621	\$3,027	\$3,719	33	47	9
Louisiana	\$5,598	\$3,704	\$2,727	34	29	36
West Virginia	\$5,526	\$4,177	\$2,104	35	19	49
Montana	\$5,525	\$4,122	\$2,249	36	21	47
Mississippi	\$5,405	\$3,857	\$2,691	37	27	38
Virginia	\$5,381	\$3,435	\$2,957	38	36	30
Kansas	\$5,364	\$3,394	\$3,035	39	37	27
Arizona	\$5,319	\$3,180	\$3,331	40	43	19
Georgia	\$5,316	\$3,031	\$3,168	41	46	23
Kentucky	\$5,312	\$3,880	\$2,245	42	26	48
Florida	\$5,275	\$2,829	\$3,339	43	50	18
Texas	\$5,258	\$2,898	\$3,164	44	49	24
Indiana	\$5,140	\$3,337	\$2,920	45	39	31
New Hampshire	\$5,034	\$3,532	\$2,400	46	34	43
Missouri	\$4,996	\$3,091	\$2,715	47	44	37
South Dakota	\$4,980	\$3,183	\$2,392	48	42	44
Idaho	\$4,949	\$3,472	\$2,467	49	35	39
Oklahoma	\$4,625	\$3,080	\$2,428	50	45	41
Arkansas	\$4,581	\$3,587	\$2,013	51	32	50
United States Total	\$6,220	\$3,860	\$3,547			

Source: 2000 Census Bureau State and Local Government Finances Data.

Appendix C. General Expenditures Minus Federal Transfers per capita

	per-capita			rank		
	State & Local	State	Local	State & Local	State	Local
Alaska	\$9,871	\$5,977	\$3,894	1	1	3
District of Columbia	\$5,951	\$0	\$5,951	2	51	1
New York	\$5,837	\$1,219	\$4,618	3	37	2
Minnesota	\$5,366	\$1,826	\$3,540	4	11	6
Connecticut	\$5,210	\$2,380	\$2,830	5	5	16
Hawaii	\$4,948	\$3,873	\$1,075	6	2	51
Wyoming	\$4,937	\$1,158	\$3,778	7	42	4
Massachusetts	\$4,935	\$2,387	\$2,548	8	4	28
Delaware	\$4,924	\$2,893	\$2,031	9	3	47
Wisconsin	\$4,792	\$1,426	\$3,366	10	24	7
Washington	\$4,691	\$1,779	\$2,912	11	12	15
New Jersey	\$4,676	\$1,451	\$3,225	12	23	8
California	\$4,644	\$1,038	\$3,606	13	47	5
Michigan	\$4,470	\$1,271	\$3,198	14	33	10
Colorado	\$4,375	\$1,279	\$3,095	15	32	11
Oregon	\$4,364	\$1,347	\$3,016	16	27	13
Pennsylvania	\$4,346	\$1,634	\$2,712	17	14	19
Iowa	\$4,333	\$1,598	\$2,734	18	16	18
Illinois	\$4,317	\$1,254	\$3,063	19	35	12
Maryland	\$4,312	\$1,681	\$2,631	20	13	24
Nevada	\$4,266	\$1,061	\$3,204	21	45	9
New Mexico	\$4,233	\$1,872	\$2,361	22	9	36
Virginia	\$4,198	\$1,577	\$2,621	23	18	26
Maine	\$4,176	\$1,875	\$2,301	24	8	39
Vermont	\$4,176	\$2,067	\$2,108	25	7	43
Rhode Island	\$4,164	\$2,118	\$2,046	26	6	45
Ohio	\$4,115	\$1,178	\$2,937	27	39	14
Florida	\$3,978	\$1,158	\$2,820	28	43	17
North Dakota	\$3,969	\$1,566	\$2,403	29	19	33
Utah	\$3,959	\$1,837	\$2,123	30	10	42
South Carolina	\$3,959	\$1,579	\$2,380	31	17	34
Nebraska	\$3,913	\$1,409	\$2,505	32	26	30
North Carolina	\$3,899	\$1,228	\$2,671	33	36	21
Indiana	\$3,877	\$1,260	\$2,617	34	34	27
Kansas	\$3,870	\$1,175	\$2,695	35	40	20
Louisiana	\$3,850	\$1,417	\$2,434	36	25	32
Alabama	\$3,817	\$1,292	\$2,525	37	31	29
Georgia	\$3,788	\$1,161	\$2,627	38	41	25
New Hampshire	\$3,723	\$1,486	\$2,237	39	22	40
Texas	\$3,702	\$1,039	\$2,663	40	46	22
Arizona	\$3,661	\$1,022	\$2,639	41	48	23
Mississippi	\$3,657	\$1,213	\$2,444	42	38	31
Idaho	\$3,615	\$1,307	\$2,308	43	30	38
Kentucky	\$3,569	\$1,632	\$1,937	44	15	48
Montana	\$3,567	\$1,527	\$2,039	45	21	46
West Virginia	\$3,441	\$1,529	\$1,912	46	20	49
Missouri	\$3,430	\$1,091	\$2,339	47	44	37
South Dakota	\$3,410	\$1,323	\$2,087	48	28	44
Tennessee	\$3,331	\$965	\$2,366	49	49	35
Arkansas	\$3,081	\$1,322	\$1,758	50	29	50
Oklahoma	\$3,068	\$897	\$2,171	51	50	41
United States Total	\$4,311	\$1,348	\$2,963			

Source: 2000 Census Bureau State and Local Government Finances Data.

Appendix D. State and Local Taxes as a share of personal income

	percent			rank		
	State & Local	State	Local	State & Local	State	Local
District of Columbia	14.8%	0.0%	14.8%	1	51	1
New York	13.9%	6.7%	7.2%	2	29	2
Maine	13.4%	8.4%	5.0%	3	9	3
Alaska	12.7%	7.8%	4.9%	4	14	4
New Jersey	10.9%	6.0%	4.9%	20	40	5
Ohio	10.9%	6.3%	4.7%	18	37	6
Rhode Island	11.5%	6.8%	4.6%	13	26	7
Maryland	10.6%	6.0%	4.6%	30	41	8
Colorado	9.8%	5.2%	4.6%	44	47	9
Illinois	10.4%	5.9%	4.5%	33	43	10
Georgia	10.4%	6.1%	4.4%	32	39	11
Louisiana	10.8%	6.4%	4.3%	23	33	12
Texas	9.1%	4.8%	4.3%	48	49	13
Nebraska	10.7%	6.4%	4.3%	26	34	14
South Dakota	9.1%	4.9%	4.3%	47	48	15
Arizona	10.6%	6.4%	4.2%	28	31	16
Wyoming	11.3%	7.3%	4.1%	15	21	17
Connecticut	11.5%	7.5%	4.0%	11	18	18
Wisconsin	12.5%	8.5%	4.0%	5	7	19
New Hampshire	8.3%	4.3%	4.0%	51	50	20
Pennsylvania	10.4%	6.4%	4.0%	34	35	21
Virginia	9.9%	5.9%	4.0%	43	42	22
Florida	9.6%	5.7%	3.9%	46	45	23
Indiana	10.2%	6.3%	3.9%	40	36	24
Missouri	9.6%	5.8%	3.9%	45	44	25
North Dakota	11.4%	7.6%	3.9%	14	17	26
Iowa	10.7%	6.9%	3.8%	25	25	27
Kansas	10.6%	6.7%	3.8%	29	28	28
Oregon	10.2%	6.4%	3.8%	39	32	29
Utah	11.6%	7.8%	3.7%	10	16	30
Nevada	10.1%	6.5%	3.7%	41	30	31
Montana	10.7%	7.1%	3.6%	27	22	32
California	11.5%	8.0%	3.5%	12	12	33
Massachusetts	10.5%	7.1%	3.4%	31	23	34
Washington	10.3%	6.9%	3.4%	37	24	35
South Carolina	10.1%	6.8%	3.3%	42	27	36
Tennessee	8.5%	5.3%	3.2%	50	46	37
Minnesota	11.9%	8.8%	3.2%	8	5	38
Idaho	10.9%	7.9%	3.0%	19	13	39
Oklahoma	10.3%	7.3%	3.0%	36	19	40
Michigan	10.8%	7.8%	3.0%	21	15	41
North Carolina	10.2%	7.3%	2.9%	38	20	42
Alabama	9.0%	6.2%	2.8%	49	38	43
New Mexico	12.4%	9.7%	2.7%	6	2	44
Mississippi	10.8%	8.1%	2.7%	22	11	45
West Virginia	11.3%	8.7%	2.7%	16	6	46
Kentucky	10.8%	8.1%	2.6%	24	10	47
Vermont	11.6%	9.2%	2.4%	9	3	48
Hawaii	12.3%	10.0%	2.3%	7	1	49
Delaware	11.1%	9.0%	2.1%	17	4	50
Arkansas	10.4%	8.5%	1.9%	35	8	51
United States Total	10.8%	6.7%	4.1%			

Source: 2000 Census Bureau State and Local Government Finances Data.

Appendix E. Taxes and Charges as a Share of income

	percent			rank		
	State & Local	State	Local	State & Local	State	Local
Alaska	16.7%	9.7%	7.1%	1	11	4
New York	16.6%	7.4%	9.2%	2	37	2
District of Columbia	16.3%	0.0%	16.3%	3	51	1
New Mexico	15.8%	11.6%	4.2%	4	2	45
Wyoming	15.8%	8.0%	7.7%	5	28	3
Maine	15.7%	9.5%	6.2%	6	14	9
Hawaii	15.6%	12.5%	3.1%	7	1	49
North Dakota	15.5%	10.4%	5.1%	8	6	38
Mississippi	15.4%	9.6%	5.8%	9	13	18
Wisconsin	15.4%	9.9%	5.5%	10	9	25
Utah	15.3%	10.1%	5.2%	11	7	34
Louisiana	14.9%	8.7%	6.3%	12	20	7
Minnesota	14.7%	9.6%	5.1%	13	12	40
South Carolina	14.6%	8.6%	6.0%	14	21	11
Delaware	14.6%	11.5%	3.1%	15	3	50
West Virginia	14.5%	10.4%	4.2%	16	5	46
Iowa	14.5%	8.5%	6.0%	17	22	14
Idaho	14.5%	9.1%	5.4%	18	16	31
California	14.5%	8.9%	5.5%	19	17	24
Oregon	14.2%	8.4%	5.8%	20	24	16
Vermont	14.1%	11.0%	3.0%	21	4	51
Montana	14.0%	8.8%	5.3%	22	18	32
Oklahoma	13.9%	8.7%	5.2%	23	19	35
North Carolina	13.9%	8.4%	5.4%	24	23	28
Michigan	13.8%	9.3%	4.5%	25	15	42
Alabama	13.6%	8.2%	5.5%	26	26	26
Ohio	13.6%	7.4%	6.2%	27	36	8
Nebraska	13.6%	7.6%	6.0%	28	34	13
Indiana	13.5%	7.7%	5.8%	29	32	19
Washington	13.5%	8.1%	5.4%	30	27	29
Kentucky	13.4%	9.7%	3.7%	31	10	47
Arkansas	13.4%	10.0%	3.4%	32	8	48
Kansas	13.2%	7.6%	5.6%	33	33	22
Rhode Island	13.1%	8.0%	5.2%	34	29	36
Nevada	13.1%	7.1%	6.0%	35	38	12
Georgia	13.0%	6.8%	6.2%	36	42	10
New Jersey	12.9%	7.1%	5.8%	37	40	17
Pennsylvania	12.9%	7.8%	5.1%	38	31	39
Colorado	12.8%	6.2%	6.5%	39	46	5
Connecticut	12.7%	8.2%	4.5%	40	25	43
Arizona	12.7%	7.1%	5.6%	41	39	23
Virginia	12.6%	7.5%	5.1%	42	35	37
Maryland	12.6%	7.0%	5.6%	43	41	21
Florida	12.5%	6.2%	6.3%	44	47	6
Illinois	12.2%	6.5%	5.7%	45	44	20
Missouri	12.1%	6.7%	5.4%	46	43	27
Massachusetts	12.0%	7.8%	4.2%	47	30	44
Texas	11.6%	5.6%	5.9%	48	49	15
Tennessee	11.5%	6.2%	5.2%	49	45	33
South Dakota	11.4%	6.0%	5.4%	50	48	30
New Hampshire	10.2%	5.4%	4.8%	51	50	41
United States Total	13.6%	7.7%	5.8%			

Source: 2000 Census Bureau State and Local Government Finances Data.