



# How Does Minnesota Compare?

## State Rankings of State and Local Government Revenues and Spending

For Fiscal Year 2013

February 2016

[www.FiscalExcellence.org](http://www.FiscalExcellence.org)

*Sound tax policy. Efficient spending. Accountable government.*

## **About the Minnesota Center for Fiscal Excellence**

The Minnesota Center for Fiscal Excellence was founded in 1926 to promote sound tax policy, efficient spending, and accountable government.

We pursue this mission by

- educating and informing Minnesotans about sound fiscal policy;
- providing state and local policy makers with objective, non-partisan research about the impacts of tax and spending policies; and
- advocating for the adoption of policies reflecting principles of fiscal excellence

MCFE generally defers from taking positions on levels of government taxation and spending believing that citizens, through their elected officials, are responsible for determining the level of government they are willing to support with their tax dollars. Instead, MCFE seeks to ensure that revenues raised to support government adhere to good tax policy principles and that the spending supported by these revenues accomplishes its purpose in an efficient, transparent, and accountable manner.

The Center is a non-profit, non-partisan group supported by membership dues. For information about membership, call (651) 224-7477, or visit our web site at [www.fiscalexcellence.org](http://www.fiscalexcellence.org)

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## **Introducing the New *How Does Minnesota Compare?***

For nearly 50 years, MCFE's *How Does Minnesota Compare* has served as a one-stop resource for comparing Minnesota's tax collections and spending to other states. Using data from the Census Bureau – the most reliable and comparable available – the report has ranked states' revenues and spending in various categories on a per-person basis (to control for differences in population) and on a per-\$1,000 of personal income basis (to control for differences in incomes). The report has captured how Minnesota's reliance on particular revenue sources and its spending priorities compare to other states. Over the years this report has also offered a unique and valuable perspective on how Minnesota's tax policy and our governments' spending priorities have evolved and changed.

But the most common use of these measures and accompanying rankings is in judging the adequacy and competitiveness of Minnesota's tax and spending policies. Comparing one state with other is irresistible, and these ratios allow comparisons in ways that are very simple both to grasp and to communicate to the public.

However, both population-based measures and personal income-based measures have significant limitations that often obscure complex underlying issues and can make state comparisons misleading:

- Per capita comparisons of revenues measure differences in per capita income between states more than they measure differences in revenue collections. According to the Minnesota Department of Revenue, in FY 2011 differences in per capita income explain 55 percent of the difference in tax revenue per capita (excluding energy-dependent states Alaska and Wyoming).<sup>1</sup>
- Per capita spending comparisons implicitly suggest every person everywhere has an identical need for every public service. That is clearly not the case. Population age, degree of urbanization, poverty rates, and many other demographic characteristics have huge implications on the demand for (and ultimately spending on) a wide variety of public services, such education, health care, and transportation. For example, two states with similar populations will have very different per capita spending on education if one state is significantly “younger” than the other – with a much higher proportion of school-age children.
- Personal income comparisons show government revenues or spending in relation to a broad measure of state economic activity. The problem is that the taxes, fees and other revenues governments actually collect can't be paid for using a “broad measure of economic activity.” A significant portion of personal income includes non-money income that can't be used to pay taxes – like the value of medical benefits the government provides, the rental value of owner-occupied housing, and the contributions employers make toward employee retirement plans and health insurance. At the same time, personal income doesn't include other income sources that *can* be used to pay taxes – like capital gains and retirement income outside of Social Security
- Personal income-based comparisons are also complicated by the fact that purchasing power varies significantly across the country. \$1,000 of spending on schools goes a lot farther in Nebraska than it does in New York or California.

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<sup>1</sup> [http://www.revenue.state.mn.us/research\\_stats/Tax%20Rankings/rankings\\_faq.pdf](http://www.revenue.state.mn.us/research_stats/Tax%20Rankings/rankings_faq.pdf)

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In this new (and we think improved) version of *How Does Minnesota Compare*, we have eliminated both the per capita and personal income comparisons for both revenue and spending comparisons. Instead, we have created or selected what we believe are measures that provide for more meaningful comparisons of spending and revenues. Our changes are as follows:

### **1. Creation of a “cash income” metric as the single basis for comparing revenues**

To better match government revenues with the public’s ability to finance state and local government, we have created a “cash income” statistic to measure the resources households actually have available to pay to the government. We calculate cash income by starting with the personal income amounts the Bureau of Economic Analysis generates and subtract the following items:

- Contributions employers make toward pension and insurance plans
- Payment employers make to the government for Social Security and Medicare
- The value of government-sponsored medical benefits (mainly Medicare and Medicaid)
- Imputed interest<sup>2</sup>
- Imputed rent<sup>3</sup>
- The value of Supplemental Nutrition Assistance Program (food stamp) benefits
- The value of education and training assistance benefits<sup>4</sup>
- Government transfers to nonprofit institutions

We then add the following items that people can use to pay for governments’ operating costs (at the state, local, and federal level) to the mix:

- Payments employees make to the government for Social Security and Medicare<sup>5</sup>
- Distributions from IRAs
- Pension and annuity benefits
- Capital gains

As a way to benchmark and compare states, cash income provides a much better estimate of governments’ claim on the collective income a state’s residents actually have to pay for its operating costs than personal income does.

### **2. On the spending side, focus on “units served” as the basis for comparison instead of total population**

To improve state spending comparisons we replace simple “per capita” comparisons with appropriate measures that better align government spending with its ultimate users and beneficiaries. For some spending areas, the beneficiaries or users can be readily

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<sup>2</sup> This is the value of investment income earned on life insurance and the value of services that depository institutions provide without an explicit charge for doing so.

<sup>3</sup> This includes the value of things such as the rental value of owner-occupied housing, the value of farm products consumed at home by the producers, and pay-in-kind in the form of meals and lodging.

<sup>4</sup> Largely federal fellowship payments and interest subsidy on higher education loans, Pell Grants, Job Corps payments, education exchange payments, and state education assistance payments.

<sup>5</sup> Except for one-half of the self-employment taxes, which are essentially a mandatory business expense.

identified (such as “number of pupils” for K-12 spending or “1,000 miles of road” for transportation spending). Other spending areas represent classic “public goods” benefitting society as whole. In these cases, we use total households in a state as the preferable “economic unit served” because most of these services benefit households as a whole (for instance, a fire or police call to a home will benefit everyone in the home at the same time, even if they are not there at the time).

For “public welfare” spending, we define the unit served as individuals at or below 150% of the federal poverty guidelines. There is significant variability in the income eligibility standards for the safety net programs these spending numbers cover. We believe 150% of poverty represents a reasonable standard for defining “poor and near-poor”.

### **3. Adjust for state purchasing power differences**

We adjust spending to accommodate state-to-state differences in the price of goods and services. Some states are more (or less) expensive than others, and this filters through to the costs governments incur in providing public services. To account for these cost differentials, we modify the spending numbers based on the federal Bureau of Economic Analysis’ Regional Price Parity data. Making this adjustment provides a better comparison of the cost structures each state has in providing public services.

### **4. Improved sales and excise tax comparisons**

Finally, we make a minor modification to the data on sales and excise taxes. Most states report the tax on motor vehicle sales as part of their sales tax. However, seven states – including Minnesota – report that tax separately, and for those states the Census includes it in the excise taxes instead of the sales taxes. To improve comparability we moved all motor vehicle excise taxes into the sales tax total.<sup>6</sup>

## **Key Issues in Interpreting the Findings**

Even with these adjustments, the report’s findings should still be interpreted with some caution. Readers should keep in mind the following.

### ***Separate vs. Combined State and Local Data***

The Census Bureau does provide financial information separately for state governments and for local governments. Although state government-only and local government-only comparisons are possible, combining state and local data provides the best measure for making comparisons between states for two reasons.

First, state and local taxes together best reflect the total burden governments impose on citizens. Second, states differ significantly in allocating responsibility between state and local governments to provide and pay for government services. For example, according to Census data Minnesota had the sixth-most state-reliant public education finance system in the nation in FY 2013, with 63.5% of K-12 funding coming from state government. Many other states remain highly dependent on local property taxes for K-12 education and nationally only 45.6% of K-12 funding comes from state governments.

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<sup>6</sup> We have been encouraged to make this change by Minnesota Department of Revenue staff. The Department makes a similar adjustment in preparing its own set of rankings.

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Focusing on state or local tax burdens independently leads to inappropriate and misleading “apples to oranges” comparisons. States that transfer substantial sums of the revenue they collect to local governments will overstate state government-only tax rankings and understate local government-only tax rankings.

### *Other Considerations*

- Tax Importing and Exporting: We cannot account for taxes paid by nonresident workers (a significant issue in the seven-county metropolitan area) and consumers (think Mall of America). In both cases, these tax dollars are included in the Census tax data, but the people paying them are not included in the cash income totals. To some extent, including these revenues paid by non-residents makes the governments’ claim on Minnesotans’ cash income seem higher than it actually is. The error is somewhat mitigated by Minnesota residents paying out-of-state taxes, but measuring the aggregate effect would be very difficult.
- Interaction with Federal Taxation: Many state and local taxes (income or sales and property taxes, for example) are deductible from federal taxes. This effectively exports part of the state-local tax burden to the federal level. This report does not measure the effect of such exporting.
- Influence of Business Severance Taxes on Rankings: Several states have unusually high tax and/or spending numbers that affect their rankings, but do not accurately reflect costs governments in that state impose on residents. Alaska is the most prominent one; while its gas and oil industry generates substantial revenues for the state, most of those taxes are exported to consumers across the country as part of the price of gasoline or other petroleum-based products. Other examples include Wyoming and Montana, which tax their coal industries very heavily, thus shielding the average taxpayer from the cost of higher than average spending. Consider data from natural resource-rich states with this in mind.

For more information on our findings and methodology see the *Frequently Asked Questions* section at the end of this report.



**Revenues: Summary of Results and Historical Data**

<b>MINNESOTA STATE &amp; LOCAL GOVERNMENT REVENUES</b>						
As % of Cash Income						
Category	FY 2012		FY 2013		Rank	
	Amount	% of US	Amount	% of US	2012	2013
Ind. Income Tax	4.00%	115.7%	4.11%	116.2%	7	6
Corp. Income Tax	0.53%	96.7%	0.63%	112.9%	13	8
Property Tax	3.93%	95.8%	3.85%	99.2%	20	19
Sales Tax	2.81%	93.5%	2.63%	90.8%	27	29
Excise Tax	1.91%	132.7%	1.76%	125.9%	8	10
Other Taxes	0.88%	87.2%	0.83%	87.3%	26	29
<b>Total Taxes</b>	<b>14.06%</b>	<b>110.1%</b>	<b>13.82%</b>	<b>111.3%</b>	<b>9</b>	<b>9</b>
Other Own-Source Revenues	5.29%	92.0%	5.22%	94.1%	38	39
Revenues from Federal Government	5.31%	98.8%	4.61%	92.5%	33	37
<b>Total Revenues</b>	<b>24.67%</b>	<b>103.2%</b>	<b>23.66%</b>	<b>103.0%</b>	<b>26</b>	<b>28</b>

Percent of U.S. calculated using only states that levy the tax in question.

**FY2013 Sources of State & Local General Revenue (\$000)**

	MINNESOTA		ALL STATES	
Individual Income Tax	\$8,950,755	17.4%	\$338,471,471	12.6%
Property Tax	\$8,386,600	16.3%	\$455,441,810	16.9%
General Sales Tax	\$5,727,230	11.1%	\$332,528,576	12.4%
Excise Tax	\$3,831,790	7.4%	\$163,910,671	6.1%
Other Taxes	\$3,179,387	6.2%	\$165,146,102	6.1%
Charges and User Fees	\$7,329,801	14.2%	\$444,152,589	16.5%
Interest Earnings	\$1,005,498	2.0%	\$50,837,197	1.9%
Miscellaneous Non-Tax Revenues	\$3,020,231	5.9%	\$155,286,489	5.8%
From Federal Government	\$10,036,723	19.5%	\$584,651,830	21.7%
<b>Minnesota Total</b>	<b>\$51,468,015</b>	<b>100.0%</b>	<b>\$2,690,426,735</b>	<b>100.0%</b>

**Sources of Minnesota State & Local General Revenue**

	FY 1993	FY 2002	FY 2013
Individual Income Tax	15.5%	16.4%	17.4%
Property Tax	18.0%	15.7%	16.3%
Consumption Taxes	17.1%	17.8%	18.6%
Other Taxes	6.2%	5.7%	6.2%
Other Non-Tax Revenues	27.2%	26.1%	22.1%
From Federal Government	15.9%	18.3%	19.5%

Note: Table uses FY 2002 as Census data is not available for FY 2003.

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Total General Revenues As % of Cash Income By Selected Source							
State	Own Source - Taxes		Own Source - Non Tax		Federal Government		Total - All Sources
	Amount	Rank	Amount	Rank	Amount	Rank	Amount Rank
Alabama	10.36%	43	7.79%	7	6.46%	14	24.61% 20
Alaska	22.47%	2	17.97%	1	9.94%	3	50.38% 1
Arizona	11.28%	35	5.23%	38	5.57%	26	22.08% 33
Arkansas	12.41%	21	5.34%	34	6.94%	11	24.68% 19
California	13.35%	14	5.65%	27	4.36%	40	23.35% 29
Colorado	10.71%	41	6.01%	20	3.65%	46	20.38% 44
Connecticut	13.32%	15	2.44%	51	3.36%	49	19.11% 48
Delaware	12.87%	18	9.01%	3	6.05%	18	27.93% 10
D.C.	22.79%	1	6.59%	15	14.69%	1	44.08% 2
Florida	9.55%	50	6.13%	18	4.05%	43	19.73% 45
Georgia	10.77%	40	5.30%	36	5.11%	32	21.19% 38
Hawaii	16.40%	5	6.40%	17	5.54%	28	28.34% 9
Idaho	10.85%	39	5.55%	28	5.64%	23	22.04% 34
Illinois	13.61%	11	4.00%	49	3.97%	44	21.58% 36
Indiana	12.11%	25	6.07%	19	5.74%	21	23.93% 25
Iowa	12.27%	23	7.18%	11	5.80%	20	25.25% 16
Kansas	12.01%	28	6.82%	12	3.76%	45	22.58% 31
Kentucky	12.35%	22	5.43%	29	6.81%	12	24.59% 21
Louisiana	11.53%	32	6.77%	13	7.61%	7	25.91% 13
Maine	15.03%	7	4.61%	44	6.96%	10	26.59% 12
Maryland	12.59%	20	4.04%	48	4.37%	39	21.01% 40
Massachusetts	11.96%	29	3.90%	50	4.56%	38	20.43% 43
Michigan	11.60%	31	6.49%	16	6.17%	16	24.26% 23
<b>MINNESOTA</b>	<b>13.82%</b>	<b>9</b>	<b>5.22%</b>	<b>39</b>	<b>4.61%</b>	<b>37</b>	<b>23.66% 28</b>
Mississippi	13.02%	16	8.02%	6	10.08%	2	31.12% 3
Missouri	10.65%	42	5.68%	25	5.63%	24	21.95% 35
Montana	11.51%	34	5.39%	33	7.19%	8	24.09% 24
Nebraska	12.06%	27	5.66%	26	4.87%	35	22.59% 30
Nevada	11.19%	36	4.76%	43	3.46%	48	19.41% 46
New Hampshire	9.65%	49	4.33%	46	3.17%	51	17.14% 51
New Jersey	13.53%	13	4.05%	47	3.55%	47	21.13% 39
New Mexico	12.94%	17	8.49%	5	9.47%	4	30.90% 4
New York	18.18%	4	5.41%	31	6.17%	17	29.76% 6
North Carolina	11.51%	33	6.65%	14	5.73%	22	23.89% 26
North Dakota	18.47%	3	5.82%	24	5.02%	33	29.31% 7
Ohio	12.80%	19	5.94%	21	5.97%	19	24.71% 18
Oklahoma	10.00%	47	5.84%	23	5.53%	29	21.37% 37
Oregon	12.10%	26	7.55%	8	7.15%	9	26.81% 11
Pennsylvania	12.26%	24	5.21%	41	4.98%	34	22.45% 32
Rhode Island	13.55%	12	5.40%	32	6.30%	15	25.25% 15
South Carolina	10.98%	38	9.25%	2	5.12%	31	25.35% 14
South Dakota	8.99%	51	4.57%	45	5.34%	30	18.90% 50
Tennessee	9.72%	48	5.22%	40	5.58%	25	20.52% 42
Texas	10.28%	45	4.84%	42	4.17%	41	19.29% 47
Utah	11.63%	30	7.20%	10	5.56%	27	24.39% 22
Vermont	15.05%	6	5.27%	37	8.61%	6	28.93% 8
Virginia	10.30%	44	5.31%	35	3.29%	50	18.91% 49
Washington	11.01%	37	5.86%	22	4.11%	42	20.98% 41
West Virginia	13.95%	8	7.49%	9	8.64%	5	30.08% 5
Wisconsin	13.67%	10	5.43%	30	4.72%	36	23.82% 27
Wyoming	10.06%	46	8.53%	4	6.56%	13	25.15% 17
<b>U.S. Average</b>	<b>12.42%</b>		<b>5.55%</b>		<b>4.99%</b>		<b>22.96%</b>
<b>Minnesota History</b>							
FY 2011	14.14%	12	6.01%	31	5.58%	39	25.72% 28
FY 2012	14.06%	9	5.29%	38	5.31%	33	24.67% 26

See FAQ for definition of "General Revenues"

## How Does Minnesota Compare? FY 2013 Comparisons

<b>Income Tax Collections</b>		
<b>As % of Cash Income</b>		
State	Amount	Rank
Alabama	2.33%	36
Alaska	-	-
Arizona	1.69%	42
Arkansas	3.05%	23
California	4.36%	5
Colorado	2.59%	34
Connecticut	3.98%	8
Delaware	3.58%	13
D.C.	6.05%	1
Florida	-	-
Georgia	2.84%	29
Hawaii	3.54%	15
Idaho	2.75%	31
Illinois	3.25%	18
Indiana	3.00%	24
Iowa	3.15%	21
Kansas	2.75%	30
Kentucky	3.91%	9
Louisiana	1.80%	41
Maine	3.60%	11
Maryland	4.75%	4
Massachusetts	4.01%	7
Michigan	2.68%	33
<b>MINNESOTA</b>	<b>4.11%</b>	<b>6</b>
Mississippi	2.23%	37
Missouri	2.90%	28
Montana	3.12%	22
Nebraska	2.91%	27
Nevada	-	-
New Hampshire	0.17%	43
New Jersey	2.91%	26
New Mexico	2.09%	39
New York	5.76%	2
North Carolina	3.58%	12
North Dakota	1.86%	40
Ohio	3.80%	10
Oklahoma	2.17%	38
Oregon	4.94%	3
Pennsylvania	3.18%	20
Rhode Island	2.73%	32
South Carolina	2.42%	35
South Dakota	-	-
Tennessee	0.13%	44
Texas	-	-
Utah	3.25%	17
Vermont	2.94%	25
Virginia	3.20%	19
Washington	-	-
West Virginia	3.47%	16
Wisconsin	3.58%	14
Wyoming	-	-
<b>U.S. Average</b>	<b>2.89%</b>	
<b>44-State Average</b>	<b>3.54%</b>	
<b>Minnesota History</b>		
FY 2011	3.94%	8
FY 2012	4.00%	7

Corporate Tax Collections As % of Cash Income		
State	Amount	Rank
Alabama	0.27%	40
Alaska	2.09%	1
Arizona	0.33%	34
Arkansas	0.46%	20
California	0.49%	16
Colorado	0.31%	35
Connecticut	0.29%	37
Delaware	0.95%	5
D.C.	1.67%	2
Florida	0.30%	36
Georgia	0.26%	41
Hawaii	0.25%	42
Idaho	0.43%	23
Illinois	0.88%	6
Indiana	0.38%	29
Iowa	0.38%	28
Kansas	0.36%	33
Kentucky	0.62%	9
Louisiana	0.17%	45
Maine	0.40%	26
Maryland	0.37%	31
Massachusetts	0.59%	11
Michigan	0.28%	38
<b>MINNESOTA</b>	<b>0.63%</b>	<b>8</b>
Mississippi	0.53%	14
Missouri	0.23%	43
Montana	0.51%	15
Nebraska	0.38%	27
Nevada	-	-
New Hampshire	0.96%	4
New Jersey	0.55%	12
New Mexico	0.45%	21
New York	1.33%	3
North Carolina	0.42%	24
North Dakota	0.65%	7
Ohio	0.13%	46
Oklahoma	0.43%	22
Oregon	0.41%	25
Pennsylvania	0.53%	13
Rhode Island	0.36%	32
South Carolina	0.28%	39
South Dakota	0.11%	47
Tennessee	0.60%	10
Texas	-	-
Utah	0.38%	30
Vermont	0.47%	19
Virginia	0.23%	44
Washington	-	-
West Virginia	0.47%	18
Wisconsin	0.47%	17
Wyoming	-	-
<b>U.S. Average</b>	<b>0.45%</b>	
<b>47-State Average</b>	<b>0.55%</b>	
<b>Minnesota History</b>		
FY 2011	0.53%	14
FY 2012	0.53%	13

## How Does Minnesota Compare? FY 2013 Comparisons

<b>Property Tax Collections</b>		
<b>As % of Cash Income</b>		
<b>State</b>	<b>Amount</b>	<b>Rank</b>
Alabama	1.86%	50
Alaska	4.67%	11
Arizona	3.33%	31
Arkansas	2.25%	49
California	3.42%	28
Colorado	3.29%	32
Connecticut	5.00%	10
Delaware	2.30%	48
D.C.	7.27%	1
Florida	3.44%	27
Georgia	3.27%	33
Hawaii	2.71%	42
Idaho	3.04%	37
Illinois	5.02%	9
Indiana	3.09%	36
Iowa	4.17%	15
Kansas	3.84%	20
Kentucky	2.58%	45
Louisiana	2.58%	44
Maine	5.95%	6
Maryland	3.46%	26
Massachusetts	4.32%	12
Michigan	4.08%	17
<b>MINNESOTA</b>	<b>3.85%</b>	<b>19</b>
Mississippi	3.41%	29
Missouri	3.01%	38
Montana	4.26%	14
Nebraska	4.27%	13
Nevada	2.81%	41
New Hampshire	6.18%	4
New Jersey	6.41%	3
New Mexico	2.41%	46
New York	5.63%	7
North Carolina	2.88%	39
North Dakota	2.39%	47
Ohio	3.64%	24
Oklahoma	1.70%	51
Oregon	3.98%	18
Pennsylvania	3.65%	23
Rhode Island	6.03%	5
South Carolina	3.70%	22
South Dakota	3.15%	34
Tennessee	2.62%	43
Texas	4.15%	16
Utah	3.15%	35
Vermont	6.48%	2
Virginia	3.48%	25
Washington	3.37%	30
West Virginia	2.86%	40
Wisconsin	5.24%	8
Wyoming	3.77%	21
<b>U.S. Average</b>	<b>3.89%</b>	
<b>Minnesota History</b>		
FY 2011	4.31%	21
FY 2012	3.93%	20

# Minnesota Center for Fiscal Excellence

General Sales Tax Collections As % of Cash Income		
State	Amount	Rank
Alabama	3.07%	18
Alaska	0.72%	47
Arizona	4.49%	5
Arkansas	4.44%	7
California	2.90%	21
Colorado	2.87%	23
Connecticut	1.97%	41
Delaware	-	-
D.C.	4.18%	8
Florida	3.26%	17
Georgia	2.97%	19
Hawaii	6.36%	1
Idaho	2.81%	24
Illinois	1.92%	43
Indiana	3.30%	16
Iowa	2.51%	34
Kansas	3.52%	14
Kentucky	2.42%	36
Louisiana	4.45%	6
Maine	2.52%	33
Maryland	1.60%	46
Massachusetts	1.61%	44
Michigan	2.64%	28
<b>MINNESOTA</b>	<b>2.63%</b>	<b>29</b>
Mississippi	4.05%	10
Missouri	2.71%	27
Montana	-	-
Nebraska	2.79%	25
Nevada	4.11%	9
New Hampshire	-	-
New Jersey	2.04%	40
New Mexico	5.15%	2
New York	2.96%	20
North Carolina	2.54%	32
North Dakota	4.65%	4
Ohio	2.74%	26
Oklahoma	3.35%	15
Oregon	-	-
Pennsylvania	2.06%	39
Rhode Island	2.21%	38
South Carolina	2.57%	31
South Dakota	3.58%	13
Tennessee	3.90%	11
Texas	3.67%	12
Utah	2.89%	22
Vermont	1.93%	42
Virginia	1.61%	45
Washington	4.93%	3
West Virginia	2.42%	35
Wisconsin	2.36%	37
Wyoming	2.59%	30
<b>U.S. Average</b>	<b>2.84%</b>	
<b>47-State Average</b>	<b>2.90%</b>	
<b>Minnesota History</b>		
FY 2011	2.78%	30
FY 2012	2.81%	27

Note: Includes sales tax on motor vehicles

## How Does Minnesota Compare? FY 2013 Comparisons

<b>Excise Tax Collections</b>		
<b>As % of Cash Income</b>		
State	Amount	Rank
Alabama	1.86%	7
Alaska	1.10%	40
Arizona	1.00%	46
Arkansas	1.59%	19
California	1.27%	32
Colorado	1.05%	42
Connecticut	1.49%	23
Delaware	1.51%	22
D.C.	1.40%	28
Florida	1.74%	12
Georgia	1.04%	43
Hawaii	2.49%	4
Idaho	1.01%	44
Illinois	1.81%	9
Indiana	1.82%	8
Iowa	1.18%	34
Kansas	1.01%	45
Kentucky	2.12%	5
Louisiana	1.62%	18
Maine	1.68%	15
Maryland	1.56%	20
Massachusetts	0.81%	50
Michigan	1.28%	31
<b>MINNESOTA</b>	<b>1.76%</b>	<b>10</b>
Mississippi	1.89%	6
Missouri	1.18%	35
Montana	1.70%	14
Nebraska	0.87%	49
Nevada	2.56%	2
New Hampshire	1.64%	17
New Jersey	0.94%	48
New Mexico	1.10%	39
New York	1.53%	21
North Carolina	1.43%	25
North Dakota	1.10%	41
Ohio	1.40%	27
Oklahoma	1.13%	36
Oregon	1.40%	26
Pennsylvania	1.75%	11
Rhode Island	1.66%	16
South Carolina	1.10%	38
South Dakota	1.23%	33
Tennessee	1.43%	24
Texas	1.12%	37
Utah	1.34%	30
Vermont	2.51%	3
Virginia	0.99%	47
Washington	1.70%	13
West Virginia	2.81%	1
Wisconsin	1.37%	29
Wyoming	0.49%	51
<b>U.S. Average</b>	<b>1.40%</b>	
<b>Minnesota History</b>		
FY 2011	1.71%	19
FY 2012	1.91%	8

Other Tax Collections As % of Cash Income		
State	Amount	Rank
Alabama	0.97%	18
Alaska	13.90%	1
Arizona	0.43%	50
Arkansas	0.61%	43
California	0.91%	23
Colorado	0.60%	45
Connecticut	0.59%	46
Delaware	4.52%	3
D.C.	2.23%	5
Florida	0.81%	30
Georgia	0.38%	51
Hawaii	1.04%	15
Idaho	0.81%	31
Illinois	0.73%	34
Indiana	0.52%	49
Iowa	0.87%	26
Kansas	0.53%	48
Kentucky	0.71%	35
Louisiana	0.91%	22
Maine	0.89%	25
Maryland	0.86%	27
Massachusetts	0.61%	42
Michigan	0.63%	40
<b>MINNESOTA</b>	<b>0.83%</b>	<b>29</b>
Mississippi	0.91%	21
Missouri	0.62%	41
Montana	1.91%	7
Nebraska	0.84%	28
Nevada	1.71%	9
New Hampshire	0.69%	36
New Jersey	0.68%	37
New Mexico	1.73%	8
New York	0.97%	19
North Carolina	0.67%	38
North Dakota	7.83%	2
Ohio	1.10%	13
Oklahoma	1.21%	12
Oregon	1.38%	10
Pennsylvania	1.08%	14
Rhode Island	0.56%	47
South Carolina	0.91%	24
South Dakota	0.92%	20
Tennessee	1.03%	16
Texas	1.34%	11
Utah	0.61%	44
Vermont	0.73%	33
Virginia	0.79%	32
Washington	1.01%	17
West Virginia	1.93%	6
Wisconsin	0.63%	39
Wyoming	3.21%	4
<b>U.S. Average</b>	<b>0.96%</b>	
Minnesota History		
FY 2011	0.86%	28
FY 2012	0.88%	26



**Expenditures: Summary of Results and Historical Data**

Summary of Minnesota State and Local Government Spending (Spending per household unless otherwise noted)						
Category	FY 2012		FY 2013		Rank	
	Amount	% of US	Amount	% of US	2012	2013
Total Spending	\$23,882.10	106.5%	\$23,887.40	105.2%	14	15
K-12 Education (per pupil)	\$11,582.90	106.3%	\$11,980.91	108.9%	22	21
Higher Education (per pupil)	\$15,657.04	106.5%	\$16,883.72	114.5%	26	21
Public Welfare (per person within 150% of poverty level)	\$15,555.46	246.1%	\$13,604.79	202.5%	1	4
Health and Hospitals	\$1,528.00	72.7%	\$1,695.51	78.7%	33	30
Natural Resources and Parks	\$344.87	136.1%	\$388.71	155.0%	18	12
Highways (per 1,000 road miles)	\$26,988.94	66.6%	\$28,297.74	70.0%	38	37
Police	\$802.66	96.1%	\$840.36	97.1%	19	19
Fire	\$201.90	55.2%	\$180.28	48.5%	47	47
Corrections	\$423.95	67.8%	\$428.74	68.4%	44	43
Interest on the General Debt	\$977.29	104.5%	\$810.95	88.1%	17	24
Other Spending	\$3,236.32	75.9%	\$3,215.45	75.7%	38	36

**FY2013 State and Local Government Direct Spending (\$000)**

	MINNESOTA		ALL STATES	
K-12 Education	\$10,346,467	21.0%	\$569,808,329	21.6%
Higher Education	\$4,648,241	9.4%	\$261,153,244	9.9%
Public Welfare	\$12,388,628	25.2%	\$516,389,152	19.6%
Health and Hospitals	\$3,494,876	7.1%	\$247,786,358	9.4%
Highways	\$3,763,014	7.6%	\$158,744,976	6.0%
Police, Fire and Corrections	\$2,987,559	6.1%	\$218,030,485	8.3%
Government Administration	\$2,181,910	4.4%	\$124,868,625	4.7%
Natural Resources & Parks	\$1,786,530	3.6%	\$66,695,238	2.5%
Interest	\$1,671,574	3.4%	\$108,384,832	4.1%
Other Expenditures	\$5,969,266	12.1%	\$367,867,724	13.9%
<b>Total</b>	<b>\$49,238,065</b>	<b>100.0%</b>	<b>\$2,639,728,963</b>	<b>100.0%</b>

**Minnesota State & Local Government Direct Spending  
Shares by Function, Selected Years**

	FY 1993	FY 2002	FY 2013
K-12 Education	23.3%	22.2%	21.0%
Higher Education	8.4%	8.4%	9.4%
Public Welfare	17.2%	21.4%	25.2%
Health and Hospitals	9.5%	5.6%	7.1%
Highways	8.4%	7.7%	7.6%
Police, Fire and Corrections	5.1%	5.5%	6.1%
Government Administration	4.8%	5.0%	4.4%
Natural Resources & Parks	3.5%	3.8%	3.6%
Interest	5.8%	4.2%	3.4%
Other Expenditures	13.8%	16.2%	12.1%

Total Direct General Expenditures Spending per Household Adjusted for State Price Differences		
State	Amount	Rank
Alabama	\$22,293.01	26
Alaska	50,713.65	1
Arizona	17,675.46	51
Arkansas	21,383.64	35
California	25,515.53	8
Colorado	20,373.35	44
Connecticut	23,561.83	16
Delaware	27,204.02	6
D.C.	36,727.52	2
Florida	18,964.42	48
Georgia	20,102.38	45
Hawaii	23,475.51	17
Idaho	19,003.62	46
Illinois	22,380.98	24
Indiana	20,669.30	42
Iowa	25,304.84	10
Kansas	23,076.35	20
Kentucky	21,111.98	37
Louisiana	26,743.17	7
Maine	20,414.31	43
Maryland	22,059.23	28
Massachusetts	24,423.33	14
Michigan	20,676.73	41
<b>MINNESOTA</b>	<b>23,887.40</b>	<b>15</b>
Mississippi	25,433.04	9
Missouri	20,823.85	40
Montana	21,347.60	36
Nebraska	23,147.66	19
Nevada	18,244.98	49
New Hampshire	18,177.94	50
New Jersey	22,879.38	21
New Mexico	25,003.49	12
New York	29,371.57	4
North Carolina	21,386.98	34
North Dakota	28,230.86	5
Ohio	22,848.11	22
Oklahoma	21,015.56	38
Oregon	21,530.15	33
Pennsylvania	22,515.03	23
Rhode Island	23,153.76	18
South Carolina	21,596.90	32
South Dakota	21,644.47	31
Tennessee	18,997.00	47
Texas	21,651.58	30
Utah	24,441.68	13
Vermont	25,248.38	11
Virginia	20,923.89	39
Washington	21,870.18	29
West Virginia	22,376.47	25
Wisconsin	22,128.65	27
Wyoming	36,140.43	3
<b>U.S. Average</b>	<b>22,696.35</b>	
Minnesota History		
FY 2011	23,261.24	15
FY 2012	23,882.10	14

See FAQ for definition of "Direct General Expenditure"

## How Does Minnesota Compare? FY 2013 Comparisons

<b>Elementary and Secondary Education Spending per Pupil Adjusted for State Price Differences</b>		
State	Amount	Rank
Alabama	\$11,101.22	29
Alaska	18,537.06	2
Arizona	6,644.30	51
Arkansas	11,124.84	28
California	8,884.72	46
Colorado	9,247.41	43
Connecticut	13,795.08	11
Delaware	13,455.65	13
D.C.	28,427.01	1
Florida	8,887.99	45
Georgia	10,379.54	34
Hawaii	8,759.79	47
Idaho	6,822.18	50
Illinois	11,457.51	25
Indiana	9,664.75	39
Iowa	12,919.93	16
Kansas	11,356.48	27
Kentucky	11,027.98	30
Louisiana	11,812.37	22
Maine	11,631.30	24
Maryland	12,314.37	18
Massachusetts	13,917.13	10
Michigan	10,619.41	32
<b>MINNESOTA</b>	<b>11,980.91</b>	<b>21</b>
Mississippi	9,350.97	42
Missouri	11,417.84	26
Montana	11,690.02	23
Nebraska	13,583.97	12
Nevada	8,314.67	48
New Hampshire	12,914.41	17
New Jersey	14,973.72	8
New Mexico	9,994.88	37
New York	16,666.93	5
North Carolina	9,644.11	40
North Dakota	15,206.32	7
Ohio	12,963.52	15
Oklahoma	9,467.91	41
Oregon	10,128.31	36
Pennsylvania	14,467.80	9
Rhode Island	15,466.03	6
South Carolina	10,984.95	31
South Dakota	10,261.05	35
Tennessee	9,785.01	38
Texas	9,223.13	44
Utah	7,428.08	49
Vermont	16,954.65	4
Virginia	12,051.91	19
Washington	10,493.06	33
West Virginia	13,031.78	14
Wisconsin	12,036.84	20
Wyoming	17,236.28	3
<b>U.S. Average</b>	<b>11,006.19</b>	
Minnesota History		
FY 2011	12,114.49	23
FY 2012	11,582.90	22

Higher Education Spending per Pupil Adjusted for State Price Differences		
State	Amount	Rank
Alabama	\$20,286.09	7
Alaska	21,396.45	5
Arizona	12,607.28	42
Arkansas	17,671.98	16
California	11,978.92	46
Colorado	13,933.11	36
Connecticut	13,922.99	37
Delaware	22,157.46	3
D.C.	6,260.35	51
Florida	8,901.21	50
Georgia	11,474.55	48
Hawaii	16,162.38	27
Idaho	11,803.30	47
Illinois	13,812.18	38
Indiana	16,805.75	22
Iowa	23,547.56	1
Kansas	17,745.99	15
Kentucky	17,958.70	14
Louisiana	14,076.35	34
Maine	12,931.99	40
Maryland	13,443.51	39
Massachusetts	16,604.07	24
Michigan	16,969.13	20
<b>MINNESOTA</b>	<b>16,883.72</b>	<b>21</b>
Mississippi	15,629.67	29
Missouri	14,297.84	32
Montana	16,342.87	26
Nebraska	19,836.40	8
Nevada	9,153.37	49
New Hampshire	14,017.90	35
New Jersey	12,382.34	45
New Mexico	16,631.57	23
New York	12,540.36	44
North Carolina	17,605.85	17
North Dakota	21,600.21	4
Ohio	17,020.66	19
Oklahoma	18,028.42	13
Oregon	17,098.94	18
Pennsylvania	18,250.68	12
Rhode Island	12,600.48	43
South Carolina	15,332.57	30
South Dakota	15,215.95	31
Tennessee	12,876.02	41
Texas	16,545.02	25
Utah	20,306.12	6
Vermont	22,587.25	2
Virginia	14,258.24	33
Washington	16,119.30	28
West Virginia	18,895.82	9
Wisconsin	18,680.87	10
Wyoming	18,576.60	11
<b>U.S. Average</b>	<b>14,741.21</b>	
Minnesota History		
FY 2011	15,869.48	25
FY 2012	15,657.04	26

## How Does Minnesota Compare? FY 2013 Comparisons

<b>Public Welfare Spending per Person at/below 150% of Poverty Level Adjusted for State Price Differences</b>		
State	Amount	Rank
Alabama	\$5,370.71	45
Alaska	14,657.80	2
Arizona	4,437.20	49
Arkansas	6,048.87	35
California	5,983.66	38
Colorado	5,677.74	41
Connecticut	10,945.27	6
Delaware	8,699.83	15
D.C.	15,197.83	1
Florida	4,929.37	47
Georgia	4,682.07	48
Hawaii	5,760.70	40
Idaho	5,521.19	43
Illinois	6,673.91	27
Indiana	8,048.77	20
Iowa	10,173.37	8
Kansas	5,862.55	39
Kentucky	6,225.10	32
Louisiana	5,604.53	42
Maine	10,669.22	7
Maryland	10,095.67	9
Massachusetts	12,050.82	5
Michigan	6,467.55	29
<b>MINNESOTA</b>	<b>13,604.79</b>	<b>4</b>
Mississippi	6,429.21	30
Missouri	6,674.80	26
Montana	6,083.80	34
Nebraska	8,048.32	21
Nevada	3,656.43	51
New Hampshire	8,998.48	14
New Jersey	8,104.52	18
New Mexico	6,551.97	28
New York	9,616.26	12
North Carolina	5,377.63	44
North Dakota	8,062.79	19
Ohio	8,151.90	17
Oklahoma	6,831.72	24
Oregon	6,871.32	23
Pennsylvania	9,050.16	13
Rhode Island	9,984.40	10
South Carolina	5,196.73	46
South Dakota	6,399.57	31
Tennessee	6,170.06	33
Texas	4,343.76	50
Utah	6,024.31	36
Vermont	14,486.07	3
Virginia	6,724.99	25
Washington	6,003.42	37
West Virginia	8,415.41	16
Wisconsin	9,698.26	11
Wyoming	7,416.61	22
<b>U.S. Average</b>	<b>6,718.58</b>	
<b>Minnesota History</b>		
FY 2011	13,237.73	2
FY 2012	15,555.46	1

Health and Hospitals Spending per Household Adjusted for State Price Differences		
State	Amount	Rank
Alabama	\$3,544.56	5
Alaska	2,901.61	9
Arizona	1,487.90	34
Arkansas	1,478.14	37
California	2,623.34	12
Colorado	2,033.04	24
Connecticut	1,406.59	39
Delaware	1,481.67	36
D.C.	2,165.08	18
Florida	1,801.30	28
Georgia	2,094.50	23
Hawaii	2,495.77	14
Idaho	1,483.53	35
Illinois	1,195.74	41
Indiana	2,111.38	21
Iowa	3,481.20	6
Kansas	3,373.39	7
Kentucky	1,729.09	29
Louisiana	3,337.23	8
Maine	1,320.39	40
Maryland	960.14	46
Massachusetts	944.06	49
Michigan	2,333.35	15
<b>MINNESOTA</b>	<b>1,695.51</b>	<b>30</b>
Mississippi	4,227.75	2
Missouri	2,734.82	11
Montana	1,142.38	42
Nebraska	2,138.45	20
Nevada	1,428.71	38
New Hampshire	392.49	51
New Jersey	1,106.82	44
New Mexico	2,318.74	16
New York	2,571.07	13
North Carolina	3,807.64	4
North Dakota	952.76	47
Ohio	2,174.88	17
Oklahoma	1,667.93	31
Oregon	2,105.87	22
Pennsylvania	1,664.58	32
Rhode Island	592.99	50
South Carolina	4,152.42	3
South Dakota	998.27	45
Tennessee	1,810.90	27
Texas	2,155.58	19
Utah	2,025.93	25
Vermont	947.05	48
Virginia	1,901.18	26
Washington	2,765.28	10
West Virginia	1,107.52	43
Wisconsin	1,574.83	33
Wyoming	6,253.43	1
<b>U.S. Average</b>	<b>2,154.64</b>	
Minnesota History		
FY 2011	1,504.30	34
FY 2012	1,528.00	33

## How Does Minnesota Compare? FY 2013 Comparisons

<b>Natural Resources Spending per Household Adjusted for State Price Differences</b>		
State	Amount	Rank
Alabama	\$165.79	35
Alaska	1,250.15	2
Arizona	254.97	24
Arkansas	256.75	23
California	404.39	11
Colorado	231.19	28
Connecticut	111.96	47
Delaware	223.31	30
D.C.	146.42	39
Florida	455.98	10
Georgia	146.11	41
Hawaii	212.76	32
Idaho	481.38	8
Illinois	102.85	48
Indiana	162.57	36
Iowa	467.45	9
Kansas	277.55	21
Kentucky	242.53	26
Louisiana	640.26	5
Maine	322.08	18
Maryland	183.89	33
Massachusetts	112.38	46
Michigan	117.30	45
<b>MINNESOTA</b>	<b>388.71</b>	<b>12</b>
Mississippi	308.22	19
Missouri	228.30	29
Montana	832.59	4
Nebraska	593.71	7
Nevada	273.83	22
New Hampshire	136.90	43
New Jersey	155.33	38
New Mexico	333.27	17
New York	69.01	51
North Carolina	236.32	27
North Dakota	1,109.29	3
Ohio	94.00	49
Oklahoma	178.16	34
Oregon	364.75	14
Pennsylvania	146.38	40
Rhode Island	160.90	37
South Carolina	134.05	44
South Dakota	631.11	6
Tennessee	138.40	42
Texas	215.51	31
Utah	252.04	25
Vermont	344.28	16
Virginia	75.05	50
Washington	376.52	13
West Virginia	289.49	20
Wisconsin	345.82	15
Wyoming	1,840.76	1
<b>U.S. Average</b>	<b>250.76</b>	
<b>Minnesota History</b>		
FY 2011	415.14	11
FY 2012	344.87	18

Highways Spending per 1,000 Road Miles Adjusted for State Price Differences		
State	Amount	Rank
Alabama	\$26,712.56	38
Alaska	88,362.29	6
Arizona	41,913.32	23
Arkansas	17,740.56	46
California	103,257.45	4
Colorado	29,783.68	32
Connecticut	71,182.28	11
Delaware	115,310.43	3
D.C.	374,228.05	1
Florida	69,289.04	12
Georgia	30,266.65	31
Hawaii	136,536.61	2
Idaho	26,026.00	39
Illinois	52,311.05	16
Indiana	29,192.43	34
Iowa	21,205.69	44
Kansas	13,783.88	50
Kentucky	37,250.76	26
Louisiana	44,966.27	20
Maine	40,470.09	24
Maryland	82,503.13	7
Massachusetts	72,819.44	10
Michigan	29,286.16	33
<b>MINNESOTA</b>	<b>28,529.75</b>	<b>36</b>
Mississippi	25,574.24	40
Missouri	23,077.62	41
Montana	13,956.00	49
Nebraska	15,184.91	48
Nevada	39,295.27	25
New Hampshire	46,365.46	19
New Jersey	96,793.27	5
New Mexico	18,404.69	45
New York	75,998.68	8
North Carolina	42,062.18	22
North Dakota	17,335.76	47
Ohio	48,025.85	18
Oklahoma	21,737.44	42
Oregon	32,550.43	29
Pennsylvania	74,162.43	9
Rhode Island	65,173.72	13
South Carolina	21,368.54	43
South Dakota	13,159.26	51
Tennessee	28,997.31	35
Texas	42,359.69	21
Utah	32,373.10	30
Vermont	50,636.96	17
Virginia	54,925.25	14
Washington	54,300.85	15
West Virginia	35,018.16	28
Wisconsin	35,873.76	27
Wyoming	27,880.10	37
<b>U.S. Average</b>	<b>40,310.13</b>	
Minnesota History		
FY 2011	26,964.77	38
FY 2012	28,297.74	37

Note: Does not include spending on transit



## How Does Minnesota Compare? FY 2013 Comparisons

<b>Police Protection Spending per Household Adjusted for State Price Differences</b>		
State	Amount	Rank
Alabama	\$745.37	31
Alaska	1,397.35	2
Arizona	916.09	13
Arkansas	640.59	43
California	1,145.35	3
Colorado	845.07	18
Connecticut	775.00	26
Delaware	943.43	11
D.C.	1,778.95	1
Florida	1,031.30	8
Georgia	728.43	36
Hawaii	739.85	32
Idaho	748.13	30
Illinois	1,046.46	7
Indiana	523.88	49
Iowa	622.58	44
Kansas	789.22	24
Kentucky	457.15	51
Louisiana	997.39	10
Maine	468.74	50
Maryland	1,001.11	9
Massachusetts	826.94	21
Michigan	708.66	39
<b>MINNESOTA</b>	<b>840.36</b>	<b>19</b>
Mississippi	750.82	29
Missouri	825.26	22
Montana	736.34	34
Nebraska	603.17	47
Nevada	1,100.90	5
New Hampshire	714.15	37
New Jersey	918.40	12
New Mexico	885.66	15
New York	1,118.11	4
North Carolina	873.57	16
North Dakota	664.74	42
Ohio	834.23	20
Oklahoma	738.47	33
Oregon	768.21	27
Pennsylvania	710.32	38
Rhode Island	894.21	14
South Carolina	677.95	41
South Dakota	609.52	46
Tennessee	810.41	23
Texas	776.51	25
Utah	763.69	28
Vermont	736.10	35
Virginia	681.77	40
Washington	615.30	45
West Virginia	551.69	48
Wisconsin	869.63	17
Wyoming	1,061.98	6
<b>U.S. Average</b>	<b>865.82</b>	
<b>Minnesota History</b>		
FY 2011	813.47	18
FY 2012	802.66	19

Fire Protection Spending per Household Adjusted for State Price Differences		
State	Amount	Rank
Alabama	\$297.46	32
Alaska	596.28	3
Arizona	483.10	8
Arkansas	275.32	35
California	499.36	7
Colorado	393.12	20
Connecticut	396.32	19
Delaware	95.26	51
D.C.	691.92	2
Florida	466.88	9
Georgia	346.60	25
Hawaii	353.06	24
Idaho	303.61	29
Illinois	518.73	4
Indiana	329.32	27
Iowa	217.37	44
Kansas	302.93	30
Kentucky	262.15	37
Louisiana	415.80	14
Maine	247.69	41
Maryland	407.70	17
Massachusetts	410.65	16
Michigan	251.62	39
<b>MINNESOTA</b>	<b>180.28</b>	<b>47</b>
Mississippi	281.79	33
Missouri	420.12	13
Montana	228.67	43
Nebraska	264.51	36
Nevada	505.97	6
New Hampshire	398.00	18
New Jersey	257.78	38
New Mexico	432.98	12
New York	410.70	15
North Carolina	248.38	40
North Dakota	151.27	49
Ohio	506.45	5
Oklahoma	380.02	22
Oregon	441.64	11
Pennsylvania	144.06	50
Rhode Island	756.59	1
South Carolina	243.21	42
South Dakota	200.09	45
Tennessee	338.18	26
Texas	328.11	28
Utah	301.77	31
Vermont	192.57	46
Virginia	385.83	21
Washington	441.95	10
West Virginia	164.27	48
Wisconsin	276.33	34
Wyoming	378.20	23
<b>U.S. Average</b>	<b>371.50</b>	
<b>Minnesota History</b>		
FY 2011	196.02	46
FY 2012	201.90	47

## How Does Minnesota Compare? FY 2013 Comparisons

<b>Corrections</b>		
<b>Spending per Household</b>		
<b>Adjusted for State Price Differences</b>		
State	Amount	Rank
Alabama	\$427.20	44
Alaska	1,270.92	1
Arizona	612.02	19
Arkansas	550.02	30
California	927.87	3
Colorado	581.50	22
Connecticut	444.84	40
Delaware	815.65	6
D.C.	797.68	7
Florida	552.75	28
Georgia	704.34	13
Hawaii	383.33	49
Idaho	587.31	21
Illinois	421.33	46
Indiana	445.10	39
Iowa	425.63	45
Kansas	514.91	33
Kentucky	496.66	37
Louisiana	909.42	4
Maine	348.07	50
Maryland	740.28	9
Massachusetts	407.17	48
Michigan	689.68	16
<b>MINNESOTA</b>	<b>428.74</b>	<b>43</b>
Mississippi	563.44	26
Missouri	419.55	47
Montana	627.41	18
Nebraska	551.54	29
Nevada	695.62	15
New Hampshire	334.58	51
New Jersey	574.01	24
New Mexico	849.81	5
New York	764.04	8
North Carolina	501.09	34
North Dakota	500.32	35
Ohio	444.01	41
Oklahoma	556.86	27
Oregon	711.11	11
Pennsylvania	707.40	12
Rhode Island	499.77	36
South Carolina	442.92	42
South Dakota	569.45	25
Tennessee	479.70	38
Texas	678.74	17
Utah	592.66	20
Vermont	520.18	32
Virginia	712.06	10
Washington	574.98	23
West Virginia	531.18	31
Wisconsin	696.82	14
Wyoming	1,005.65	2
<b>U.S. Average</b>	<b>626.61</b>	
<b>Minnesota History</b>		
FY 2011	429.85	44
FY 2012	423.95	44

Interest on General Debt Spending per Household Adjusted for State Price Differences		
State	Amount	Rank
Alabama	\$671.90	35
Alaska	1,459.92	2
Arizona	632.09	38
Arkansas	483.30	46
California	1,176.41	9
Colorado	1,067.64	11
Connecticut	1,229.87	7
Delaware	1,228.83	8
D.C.	1,680.34	1
Florida	680.40	34
Georgia	461.00	49
Hawaii	1,015.59	13
Idaho	447.60	50
Illinois	1,390.88	5
Indiana	885.16	20
Iowa	576.69	40
Kansas	969.58	14
Kentucky	1,067.42	12
Louisiana	961.63	15
Maine	621.39	39
Maryland	720.76	30
Massachusetts	1,280.07	6
Michigan	879.00	21
<b>MINNESOTA</b>	<b>810.95</b>	<b>24</b>
Mississippi	539.53	42
Missouri	789.67	26
Montana	502.19	45
Nebraska	513.52	44
Nevada	957.52	16
New Hampshire	847.04	22
New Jersey	940.74	17
New Mexico	780.52	27
New York	1,453.36	3
North Carolina	642.65	37
North Dakota	699.81	31
Ohio	683.60	33
Oklahoma	535.68	43
Oregon	822.82	23
Pennsylvania	897.75	19
Rhode Island	1,445.63	4
South Carolina	775.85	28
South Dakota	665.68	36
Tennessee	480.94	47
Texas	1,135.59	10
Utah	691.06	32
Vermont	475.61	48
Virginia	754.78	29
Washington	924.20	18
West Virginia	545.82	41
Wisconsin	809.52	25
Wyoming	355.12	51
<b>U.S. Average</b>	<b>920.78</b>	
<b>Minnesota History</b>		
FY 2011	884.95	23
FY 2012	977.29	17

## **Frequently Asked Questions**

### ***If this is 2016, why are you looking at 2013 financial data?***

It is the most recent data available. The Census Bureau goes to great lengths to rigorously survey local governments to create as accurate a financial picture as possible. But the time involved in the data collection and verification process creates a long time lag – essentially 2 to 3 years.

The financial information for the state and school districts is for fiscal year 2013, which ran from July 1, 2012 through June 30, 2013. The financial information for cities, counties, townships, and other local governments covers calendar year 2012. It's important to understand this time lag, since the numbers in this report will not reflect the decisions elected officials have made over the past 2 to 3 years.

### ***Does this report include every dollar state and local governments collect and spend?***

It includes almost all of those dollars. The only things being left out are revenues and spending relating to utilities (water, electric, gas, or transit), liquor stores, and employee retirement and insurance trust (examples include workers compensation and unemployment compensation) systems. The basic rule of thumb is that if government runs it like a business, it's not included in the report.

Importantly, the report does include the contributions governments make to employee retirement plans.

### ***Why does this report combine state and local finances? Why not look at local governments separately from the state?***

States make different choices about whether state or local governments should provide, and pay for, various public services. For example, according to Census data 63.5% of the funding for Minnesota's K-12 school system comes from the state. Nationally, state governments provide about 45.6% of K-12 funding – meaning that most states the schools themselves raise a lot more of the money they spend. If you looked at local government finances only, you would leave out a lot of school revenues, especially compared to other states.

### ***What are “General Revenues” and “Direct General Expenditures”?***

It's easiest to think of “general revenues” as the money that supports government's day-to-day operations. The things that are not included are liquor stores and other operations government accounts for on a business basis (water and sewer or transit services, for example) and the funding systems for pensions, unemployment, and worker's comp and disability benefits.

“Direct general expenditures” leaves all these items out too, but also excludes aids state governments pay to cities, counties, schools, and other local governments. Since these local governments turn around and spend this money themselves, this practice prevents dollars from being “double-counted” for spending purposes, which would distort the comparisons.

### ***When other groups publish this information, they show revenues and spending per person or per \$1,000 of personal income. Why don't you do that too?***

As our introduction to this report discusses, we used to use those measures, too. But both of them have their limitations. Per capita comparisons are complicated for many

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reasons. Some services – like education – aren’t delivered to the entire population, but only to a certain group of people. Other services – like transportation – don’t have a strong relationship between the amount of spending and population size. And other services – like police and fire protection – are delivered more often to property than individuals.

Measuring spending and revenues relative to personal income is also problematic. “Personal income” is a statistic that federal economists use to measure economic activity. It does a very good job of that. But it doesn’t do a good job of telling you how much money people have to spend. Why not? Because it includes a number of non-cash income streams – like the value of medical benefits the government provides, the rental value of owner-occupied housing, the value of farm products consumed at home by the producers, and pay-in-kind in the form of meals and lodging. Moreover, it doesn’t include capital gains – the money people make when they sell an asset – or retirement income except for Social Security.

### ***Why do you adjust the spending numbers for price differences but not the revenue numbers?***

We adjust spending numbers because some states are simply more expensive than others and a better comparison will account for these cost differentials. \$1,000 of government spending provides a lot more services in Idaho than it will in Massachusetts, for example.

On the revenue side, since we are comparing collections to cash income, the results already control for income (and therefore, cost/price) differentials.

### ***What sources do you use to prepare this report?***

We detail our sources on the next page.

## **Sources**

Government finances: *Survey of State and Local Government Finances*, U.S. Census Bureau (various years)

K-12 and higher education enrollment: *Current Population Survey – School Enrollment in the United States*, U.S. Census Bureau (various years)

Persons with income at or below 150% of poverty line: *Current Population Survey* (customized table), U.S. Census Bureau (various years)

Number of households: *American Community Survey*, U.S. Census Bureau (various years)

Regional Price Parity data, U.S. Bureau of Economic Analysis (various years)

Cash Income data: computed by MCFE using data from U.S. Bureau of Economic Analysis and Internal Revenue Service (various years)

Road mileage data: *Highway Statistics*, Federal Highway Administration Office of Highway Policy Information (various years)

## Definitions of Spending Categories

The Bureau of the Census collects revenue and spending data from state and local governments on an ongoing basis. The Census Bureau provides definitions for each spending category in order to provide consistency in reporting, and therefore comparability, between different jurisdictions. The definitions are available online at <http://www.census.gov/govs/local/definitions.html>, however, we provide those definitions here as a matter of convenience.

**Air Transportation:** Construction, maintenance, operation, and support of airport facilities.

**Corrections:** Confinement and correction of adults and minors convicted of offenses against the law, and pardon, probation, and parole activities.

**Elementary and Secondary Education:** Payments for instructional, support services, and other activities of local public schools for kindergarten through high school programs.

**Financial Administration:** Activities involving finance and taxation. Includes central agencies for accounting, auditing, and budgeting; the supervision of local government finances; tax administration; collection, custody, and disbursement of funds; administration of employee-retirement systems; debt and investment administration; and the like.

**Fire:** Fire fighting organization and auxiliary services; fire inspection and investigation; support for volunteer fire forces; and other fire prevention activities. Include cost of fire fighting facilities, such as fire hydrants and water, furnished by other agencies of the government.

**Health and Hospitals:** Comprised of two spending categories:

**Health:** Outpatient health services, other than hospital care, including: public health administration; research and education; categorical health programs; treatment and immunization clinics; nursing; environmental health activities such as air and water pollution control; ambulance service if provided separately from fire protection services, and other general public health activities such as mosquito abatement. School health services provided by health agencies (rather than school agencies) are included here. Sewage treatment operations are classified under Sewerage.

**Hospitals:** Financing, construction, acquisition, maintenance or operation of hospital facilities; provision of health care; and support of public or private hospitals.

**Higher Education:** Includes local government degree granting institutions which provide academic training above grade 12. Agricultural extension services and experiment stations are classified under Natural Resources and hospitals serving the public are classified under Hospitals.

**Highways:** Construction, maintenance, and operation of streets, highways, and other related structures, including toll highways, bridges, tunnels, ferries, street lighting, and snow and ice removal. However, highway policing and traffic control are classed under Police Protection.



**Housing and Development:** Construction and operation of housing and redevelopment projects, and other activities to promote or aid housing and community development.

**Interest on the General Debt:** Amounts paid for the use of borrowed money. Does not include payments of principal.

**Judicial/Legal:** Courts and activities associated with courts including law libraries, prosecutorial and defendant programs, probate functions, and juries.

**Libraries:** Provision and support for public library facilities and services.

**Natural Resources/Parks:** Comprised of two spending categories:

**Natural Resources:** Conservation, promotion, and development of natural resources, such as soil, water, forests, minerals, and wildlife. Includes irrigation, drainage, flood control, forestry and fire protection, soil reclamation, soil and water conservation, fish and game programs, and agricultural fairs.

**Parks and Recreation:** Provision and support of recreational and cultural-scientific facilities and activities including golf courses, play fields, playgrounds, public beaches, swimming pools, tennis courts, parks, auditoriums, stadiums, auto camps, recreation piers, marinas, botanical gardens, galleries, museums, and zoos. Also include building and operation of convention centers and exhibition halls. Public libraries are included under Libraries.

**Other Expenditures:** Comprised of several spending categories:

**General Expenditure, not otherwise classified:** General expenditure for purposes and activities not falling within any standard functional category and unallocated amounts relating to two or more functions.

**Other Governmental Administration:** Activities of governing bodies, offices of chief executives, and central staff services and agencies concerned with personnel administration, recording, planning, zoning, and the like.

**Parking Facilities:** Construction, purchase, maintenance, and operation of public-use parking lots, garages, parking meters, and other distinctive parking facilities on a commercial basis.

**Protective Inspection and Regulation:** Regulation of private enterprise for the protection of the public and inspection of hazardous activities except for major functions, such as fire prevention, health, natural resources, etc. Distinctive licensing collection activities are classed under Financial Administration.

**Sea and Inland Port Facilities (Water Transport and Terminals):** Construction, maintenance, operation, and support of canals and other waterways, harbors, docks, wharves, and related marine terminal facilities.

**Social Insurance Administration:** For state and local governments consists of Employment Security Administration activities, which compromise only administration of unemployment compensation programs and employment offices.

**Solid Waste Management:** Street cleaning, solid waste collection and disposal, and provision of sanitary landfills.

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**Veterans' Services:** Cash bonuses to veterans and other financial grants not contingent on need, administration of bonus payments, veterans' information and guidance services, and other veterans' services not classified under Public Welfare, Education, Hospitals, or other functions.

**Public Buildings:** Provision and maintenance of public buildings not allocated to particular functions.

**Public Welfare:** Support of and assistance to needy persons contingent upon their need. Excludes pensions to former employees and other benefits not contingent on need. Expenditures under this heading include: Cash assistance paid directly to needy persons under the categorical programs (Old Age Assistance, Temporary Assistance for Needy Families) and under any other welfare programs; vendor payments made directly to private purveyors for medical care, burials, and other commodities and services provided under welfare programs; and provision and operation by the government of welfare institutions. Other public welfare includes payments to other governments for welfare purposes, amounts for administration, support of private welfare agencies, and other public welfare services. Health and hospital services provided directly by the government through its own hospitals and health agencies, and any payments to other governments for such purposes are classed under those functional headings rather than here.

**Sewer:** Provision of sanitary and storm sewers and sewage disposal facilities and services, and payments to other governments for such purposes.

**Total Education:** Includes Elementary and Secondary Education (defined elsewhere), Higher Education (defined elsewhere), and Other Education. State expenditure for Other Education includes state educational administration and services, tuition grants, fellowships, aid to private schools, and special programs.