



# How Does Minnesota Compare?

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

For Fiscal Year 2015

September 2017

[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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## Table of Contents

Introducing the New <i>How Does Minnesota Compare?</i> .....	1
Key Issues in Interpreting the Findings.....	3
Revenues: Summary of Results and Historical Data.....	5
General Revenues as % of Cash Income, Total and by Source.....	6
Income Tax Collections as % of Cash Income.....	7
Corporate Tax Collections as % of Cash Income.....	8
Property Tax Collections as % of Cash Income.....	9
General Sales Tax Collections as % of Cash Income.....	10
Excise Tax Collections as % of Cash Income.....	11
Other Tax Collections as % of Cash Income.....	12
Expenditures: Summary of Results and Historical Data.....	13
Total Direct General Spending per Household, Adjusted for State Price Differences.....	14
Elementary and Secondary Education Spending per Pupil, Adjusted for State Price Differences.....	15
Higher Education Spending Per Pupil, Adjusted for State Price Differences.....	16
Public Welfare Spending per Person at or below 150% of the Poverty Level, Adjusted for State Price Differences.....	17
Health and Hospitals Spending per Household, Adjusted for State Price Differences.....	18
Natural Resources Spending per Household, Adjusted for State Price Differences.....	19
Highways Spending per 1,000 Road Miles, Adjusted for State Price Differences.....	20
Police Protection Spending per Household, Adjusted for State Price Differences.....	21
Fire Protection Spending per Household, Adjusted for State Price Differences.....	22
Corrections Spending per Household, Adjusted for State Price Differences.....	23
Spending for Interest on General Debt per Household, Adjusted for State Price Differences.....	24
Frequently Asked Questions.....	25
Sources.....	27
Census Definitions of Spending Categories.....	28



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

For nearly 50 years, MCFE's *How Does Minnesota Compare* 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 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 captured how Minnesota's reliance on particular revenue sources and its spending priorities compare to other states. Over the years this report 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 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 2014 differences in per capita income explain 70 percent of the difference in tax revenue per capita (excluding the District of Columbia and energy-dependent states Alaska, North Dakota 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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With these issues in mind, we redesigned this resource to create *How Does Minnesota Compare*. We've replaced the per capita and personal income comparisons with new measures that allow for more meaningful comparisons of spending and revenues. Our changes are as follows:

### 1. **“Total State Cash Income” metric is now the basis for comparing revenues**

To better match government revenues with the public's ability to finance state and local government, we created a “total state cash income” statistic to better measure the resources households actually have available to pay to the government. We calculate cash income by starting with the state 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 and do*** 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 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, we use “units served” as the basis for comparison**

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

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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.

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. The comparisons now account for differences in purchasing power from state to state**

We adjusted 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.

We have also made a minor modification to the data on sales and excise taxes to improve interstate comparability. 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 have consistent treatment 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 seventh-most state-reliant public education finance system in the nation in FY 2014, with 65.6% 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 47.1% of K-12 funding comes from state governments.

Focusing on state or local tax burdens independently leads to inappropriate and misleading “apples to oranges” comparisons. States that transfer substantial sums of the

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<sup>6</sup> We were 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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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 Total State Cash Income						
Category	FY 2014		FY 2015		Rank	
	Amount	% of US	Amount	% of US	2014	2015
Ind. Income Tax	4.40%	123.9%	4.49%	125.5%	6	6
Corp. Income Tax	0.61%	106.7%	0.64%	114.9%	11	9
Property Tax	3.52%	88.8%	3.65%	94.3%	26	22
Sales Tax	2.87%	93.6%	2.74%	90.3%	23	31
Excise Tax	1.76%	126.4%	1.72%	127.5%	11	11
Other Taxes	0.91%	96.4%	0.90%	104.0%	23	22
<b>Total Taxes</b>	<b>14.09%</b>	<b>111.1%</b>	<b>14.13%</b>	<b>113.9%</b>	<b>9</b>	<b>8</b>
Other Own-Source Revenues	5.37%	94.9%	5.23%	94.9%	35	35
Revenues from Federal Government	4.47%	87.3%	5.15%	98.8%	41	29
<b>Total Revenues</b>	<b>23.93%</b>	<b>102.0%</b>	<b>24.51%</b>	<b>106.0%</b>	<b>27</b>	<b>22</b>

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

**FY2015 Sources of State & Local General Revenue (\$000)**

	MINNESOTA		ALL STATES	
Individual Income Tax	\$10,370,047	18.3%	\$367,859,567	12.6%
Property Tax	\$8,418,388	14.9%	\$488,045,336	16.7%
General Sales Tax	\$6,330,064	11.2%	\$374,689,633	12.8%
Excise Tax	\$3,968,010	7.0%	\$170,054,529	5.8%
Other Taxes	\$3,553,739	6.3%	\$166,370,839	5.7%
Charges and User Fees	\$7,953,014	14.1%	\$479,131,997	16.4%
Interest Earnings	\$913,123	1.6%	\$48,029,619	1.6%
Miscellaneous Non-Tax Revenues	\$3,208,336	5.7%	\$168,266,477	5.8%
From Federal Government	\$11,889,051	21.0%	\$657,676,745	22.5%
<b>Minnesota Total</b>	<b>\$56,603,772</b>	<b>100.0%</b>	<b>\$2,920,124,742</b>	<b>100.0%</b>

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

	FY 1995	FY 2005	FY 2015
Individual Income Tax	15.4%	17.0%	18.3%
Property Tax	18.0%	14.0%	14.9%
Consumption Taxes	17.9%	18.3%	18.2%
Other Taxes	6.6%	6.8%	6.3%
Other Non-Tax Revenues	26.3%	24.4%	21.3%
From Federal Government	15.7%	19.5%	21.0%

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Total General Revenues As % of Total State 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	10.32%	45	8.03%	5	6.46%	13	24.82% 20
Alaska	8.04%	51	15.00%	1	9.12%	4	32.16% 3
Arizona	11.14%	36	4.45%	44	6.25%	16	21.84% 32
Arkansas	12.69%	19	5.35%	30	7.99%	9	26.03% 16
California	13.60%	10	5.77%	24	5.55%	25	24.92% 19
Colorado	10.62%	41	6.66%	12	3.81%	47	21.09% 39
Connecticut	12.52%	22	2.44%	51	3.51%	49	18.46% 50
Delaware	13.05%	16	7.80%	7	5.71%	22	26.56% 13
D.C.	24.51%	1	6.22%	18	14.51%	1	45.24% 1
Florida	9.35%	50	5.90%	20	4.00%	46	19.25% 46
Georgia	10.78%	40	4.99%	38	4.41%	41	20.18% 43
Hawaii	16.52%	4	6.44%	14	5.77%	21	28.73% 10
Idaho	10.84%	39	5.47%	28	5.17%	28	21.48% 37
Illinois	13.55%	12	3.82%	49	4.13%	45	21.50% 36
Indiana	11.31%	33	6.42%	16	5.33%	27	23.07% 28
Iowa	12.75%	18	7.44%	10	6.03%	20	26.23% 15
Kansas	10.97%	38	6.44%	15	3.57%	48	20.98% 40
Kentucky	12.68%	20	5.59%	25	8.37%	8	26.65% 12
Louisiana	11.30%	34	5.31%	33	6.59%	12	23.20% 27
Maine	14.99%	5	4.13%	45	6.37%	14	25.49% 17
Maryland	13.13%	15	4.11%	46	4.94%	33	22.18% 31
Massachusetts	12.26%	26	3.89%	48	4.52%	39	20.67% 42
Michigan	11.45%	32	6.38%	17	6.35%	15	24.18% 23
<b>MINNESOTA</b>	<b>14.13%</b>	<b>8</b>	<b>5.23%</b>	<b>35</b>	<b>5.15%</b>	<b>29</b>	<b>24.51% 22</b>
Mississippi	13.28%	14	7.95%	6	9.89%	3	31.13% 4
Missouri	10.59%	42	5.28%	34	5.37%	26	21.24% 38
Montana	11.60%	30	5.13%	36	7.44%	10	24.17% 24
Nebraska	12.05%	27	5.35%	29	4.21%	42	21.61% 34
Nevada	11.86%	28	4.53%	43	4.54%	38	20.92% 41
New Hampshire	9.94%	46	3.76%	50	3.44%	50	17.13% 51
New Jersey	13.47%	13	3.95%	47	4.15%	44	21.58% 35
New Mexico	13.95%	9	9.19%	4	11.59%	2	34.72% 2
New York	18.28%	3	5.85%	23	6.18%	18	30.31% 7
North Carolina	11.69%	29	6.65%	13	5.59%	24	23.93% 25
North Dakota	18.43%	2	5.96%	19	4.98%	32	29.37% 8
Ohio	12.50%	23	5.89%	21	6.22%	17	24.61% 21
Oklahoma	9.65%	48	5.53%	27	4.98%	31	20.17% 44
Oregon	12.55%	21	7.75%	8	8.49%	7	28.79% 9
Pennsylvania	12.35%	25	4.98%	39	4.92%	35	22.25% 29
Rhode Island	13.57%	11	5.34%	31	6.08%	19	25.00% 18
South Carolina	11.28%	35	9.42%	3	5.60%	23	26.30% 14
South Dakota	9.58%	49	4.67%	42	4.85%	36	19.10% 49
Tennessee	9.67%	47	5.03%	37	5.04%	30	19.74% 45
Texas	10.35%	44	4.68%	41	4.15%	43	19.18% 48
Utah	11.47%	31	7.30%	11	4.94%	34	23.71% 26
Vermont	14.75%	6	4.85%	40	8.82%	6	28.42% 11
Virginia	10.49%	43	5.58%	26	3.18%	51	19.25% 47
Washington	11.12%	37	5.85%	22	4.75%	37	21.72% 33
West Virginia	14.21%	7	7.67%	9	8.97%	5	30.86% 5
Wisconsin	12.36%	24	5.32%	32	4.50%	40	22.18% 30
Wyoming	12.80%	17	10.64%	2	7.36%	11	30.80% 6
<b>U.S. Average</b>	<b>12.41%</b>		<b>5.51%</b>		<b>5.21%</b>		<b>23.13%</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
FY 2013	13.82%	9	5.22%	39	4.61%	37	23.66% 28
FY 2014	14.09%	9	5.37%	35	4.47%	41	23.93% 27

## How Does Minnesota Compare? FY 2015 Comparisons

<b>Income Tax Collections</b>		
<b>As % of Total State Cash Income</b>		
<b>State</b>	<b>Amount</b>	<b>Rank</b>
Alabama	2.33%	35
Alaska	-	-
Arizona	1.76%	41
Arkansas	2.93%	24
California	4.63%	5
Colorado	2.70%	32
Connecticut	3.85%	9
Delaware	3.47%	12
D.C.	6.44%	1
Florida	-	-
Georgia	2.91%	26
Hawaii	3.77%	10
Idaho	2.82%	30
Illinois	2.92%	25
Indiana	2.87%	29
Iowa	3.07%	21
Kansas	1.95%	39
Kentucky	4.07%	8
Louisiana	1.83%	40
Maine	3.39%	14
Maryland	4.94%	4
Massachusetts	4.12%	7
Michigan	2.68%	33
<b>MINNESOTA</b>	<b>4.49%</b>	<b>6</b>
Mississippi	2.16%	38
Missouri	2.98%	23
Montana	3.28%	18
Nebraska	2.82%	31
Nevada	-	-
New Hampshire	0.15%	43
New Jersey	2.99%	22
New Mexico	2.23%	36
New York	5.84%	2
North Carolina	3.44%	13
North Dakota	1.42%	42
Ohio	3.36%	15
Oklahoma	2.17%	37
Oregon	5.22%	3
Pennsylvania	3.18%	20
Rhode Island	2.88%	27
South Carolina	2.52%	34
South Dakota	-	-
Tennessee	0.14%	44
Texas	-	-
Utah	3.34%	17
Vermont	2.88%	28
Virginia	3.34%	16
Washington	-	-
West Virginia	3.63%	11
Wisconsin	3.25%	19
Wyoming	-	-
<b>U.S. Average</b>	<b>2.91%</b>	
<b>44-State Average</b>	<b>3.58%</b>	
<b>Minnesota History</b>		
FY 2011	3.94%	8
FY 2012	4.00%	7
FY 2013	4.11%	6
FY 2014	4.40%	6

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Corporate Tax Collections As % of Total State Cash Income		
State	Amount	Rank
Alabama	0.36%	32
Alaska	0.71%	6
Arizona	0.32%	36
Arkansas	0.52%	15
California	0.54%	14
Colorado	0.29%	39
Connecticut	0.32%	35
Delaware	1.18%	3
D.C.	1.55%	1
Florida	0.30%	38
Georgia	0.30%	37
Hawaii	0.14%	45
Idaho	0.41%	23
Illinois	0.74%	5
Indiana	0.40%	26
Iowa	0.40%	27
Kansas	0.39%	28
Kentucky	0.69%	7
Louisiana	0.16%	44
Maine	0.37%	31
Maryland	0.38%	30
Massachusetts	0.63%	10
Michigan	0.34%	34
<b>MINNESOTA</b>	<b>0.64%</b>	<b>9</b>
Mississippi	0.65%	8
Missouri	0.24%	42
Montana	0.47%	19
Nebraska	0.43%	21
Nevada	-	-
New Hampshire	0.93%	4
New Jersey	0.58%	12
New Mexico	0.40%	25
New York	1.29%	2
North Carolina	0.41%	24
North Dakota	0.49%	17
Ohio	0.06%	46
Oklahoma	0.26%	40
Oregon	0.50%	16
Pennsylvania	0.58%	13
Rhode Island	0.42%	22
South Carolina	0.25%	41
South Dakota	0.01%	47
Tennessee	0.63%	11
Texas	-	-
Utah	0.39%	29
Vermont	0.46%	20
Virginia	0.23%	43
Washington	-	-
West Virginia	0.36%	33
Wisconsin	0.47%	18
Wyoming	-	-
<b>U.S. Average</b>	<b>0.45%</b>	
<b>47-State Average</b>	<b>0.56%</b>	
<b>Minnesota History</b>		
FY 2011	0.53%	14
FY 2012	0.53%	13
FY 2013	0.63%	8
FY 2014	0.61%	11

## How Does Minnesota Compare? FY 2015 Comparisons

<b>Property Tax Collections</b>		
<b>As % of Total State Cash Income</b>		
State	Amount	Rank
Alabama	1.77%	50
Alaska	4.60%	11
Arizona	3.32%	32
Arkansas	2.29%	49
California	3.38%	30
Colorado	3.20%	34
Connecticut	4.81%	9
Delaware	2.35%	48
D.C.	7.76%	1
Florida	3.34%	31
Georgia	3.45%	28
Hawaii	2.90%	39
Idaho	3.04%	37
Illinois	4.93%	8
Indiana	2.88%	41
Iowa	4.21%	17
Kansas	3.60%	23
Kentucky	2.62%	43
Louisiana	2.49%	46
Maine	6.03%	5
Maryland	3.49%	27
Massachusetts	4.37%	13
Michigan	3.95%	19
<b>MINNESOTA</b>	<b>3.65%</b>	<b>22</b>
Mississippi	3.52%	26
Missouri	2.88%	40
Montana	4.33%	15
Nebraska	4.52%	12
Nevada	2.77%	42
New Hampshire	6.53%	2
New Jersey	6.22%	4
New Mexico	2.59%	44
New York	5.65%	7
North Carolina	2.94%	38
North Dakota	2.45%	47
Ohio	3.60%	24
Oklahoma	1.77%	51
Oregon	4.04%	18
Pennsylvania	3.69%	21
Rhode Island	5.86%	6
South Carolina	3.72%	20
South Dakota	3.45%	29
Tennessee	2.55%	45
Texas	4.35%	14
Utah	3.09%	35
Vermont	6.46%	3
Virginia	3.58%	25
Washington	3.29%	33
West Virginia	3.08%	36
Wisconsin	4.29%	16
Wyoming	4.70%	10
<b>U.S. Average</b>	<b>3.87%</b>	
<b>Minnesota History</b>		
FY 2011	4.31%	21
FY 2012	3.93%	20
FY 2013	3.85%	19
FY 2014	3.52%	26

General Sales Tax Collections As % of Total State Cash Income		
State	Amount	Rank
Alabama	3.08%	20
Alaska	0.72%	47
Arizona	4.35%	9
Arkansas	4.70%	5
California	2.97%	22
Colorado	2.79%	28
Connecticut	1.92%	42
Delaware	-	-
D.C.	4.70%	6
Florida	3.20%	18
Georgia	2.76%	30
Hawaii	6.10%	1
Idaho	2.79%	27
Illinois	2.40%	38
Indiana	3.24%	17
Iowa	2.88%	24
Kansas	3.45%	15
Kentucky	2.48%	35
Louisiana	4.35%	8
Maine	2.84%	25
Maryland	1.65%	46
Massachusetts	1.65%	45
Michigan	2.65%	34
<b>MINNESOTA</b>	<b>2.74%</b>	<b>31</b>
Mississippi	4.14%	11
Missouri	2.81%	26
Montana	-	-
Nebraska	2.72%	32
Nevada	4.71%	4
New Hampshire	-	-
New Jersey	2.06%	41
New Mexico	5.44%	2
New York	3.05%	21
North Carolina	2.90%	23
North Dakota	4.68%	7
Ohio	3.45%	16
Oklahoma	3.19%	19
Oregon	-	-
Pennsylvania	2.09%	40
Rhode Island	2.28%	39
South Carolina	2.71%	33
South Dakota	3.88%	13
Tennessee	3.94%	12
Texas	4.17%	10
Utah	2.79%	29
Vermont	1.86%	43
Virginia	1.67%	44
Washington	5.10%	3
West Virginia	2.46%	36
Wisconsin	2.43%	37
Wyoming	3.59%	14
<b>U.S. Average</b>	<b>2.97%</b>	
<b>47-State Average</b>	<b>3.03%</b>	
Minnesota History		
FY 2011	2.78%	30
FY 2012	2.81%	27
FY 2013	2.63%	29
FY 2014	2.87%	23

Note: Includes sales tax on motor vehicles

## How Does Minnesota Compare? FY 2015 Comparisons

<b>Excise Tax Collections</b>		
<b>As % of Total State Cash Income</b>		
<b>State</b>	<b>Amount</b>	<b>Rank</b>
Alabama	1.90%	6
Alaska	1.10%	40
Arizona	0.97%	46
Arkansas	1.59%	18
California	1.17%	33
Colorado	1.01%	44
Connecticut	1.16%	34
Delaware	1.49%	21
D.C.	1.34%	26
Florida	1.63%	15
Georgia	1.05%	42
Hawaii	2.51%	3
Idaho	0.99%	45
Illinois	1.83%	9
Indiana	1.56%	19
Iowa	1.28%	29
Kansas	1.02%	43
Kentucky	2.18%	5
Louisiana	1.67%	14
Maine	1.60%	17
Maryland	1.83%	8
Massachusetts	0.81%	49
Michigan	1.21%	32
<b>MINNESOTA</b>	<b>1.72%</b>	<b>11</b>
Mississippi	1.89%	7
Missouri	1.12%	37
Montana	1.70%	12
Nebraska	0.77%	50
Nevada	2.73%	1
New Hampshire	1.56%	20
New Jersey	0.90%	48
New Mexico	1.13%	35
New York	1.40%	24
North Carolina	1.33%	27
North Dakota	1.12%	36
Ohio	1.35%	25
Oklahoma	1.11%	39
Oregon	1.42%	23
Pennsylvania	1.78%	10
Rhode Island	1.63%	16
South Carolina	1.11%	38
South Dakota	1.26%	31
Tennessee	1.43%	22
Texas	1.06%	41
Utah	1.28%	30
Vermont	2.39%	4
Virginia	0.93%	47
Washington	1.68%	13
West Virginia	2.73%	2
Wisconsin	1.32%	28
Wyoming	0.76%	51
<b>U.S. Average</b>	<b>1.35%</b>	
<b>Minnesota History</b>		
FY 2011	1.71%	19
FY 2012	1.91%	8
FY 2013	1.76%	10
FY 2014	1.76%	11

Other Tax Collections		
As % of Total State Cash Income		
State	Amount	Rank
Alabama	0.87%	24
Alaska	0.92%	20
Arizona	0.41%	49
Arkansas	0.65%	40
California	0.91%	21
Colorado	0.63%	41
Connecticut	0.45%	48
Delaware	4.56%	2
D.C.	2.72%	4
Florida	0.89%	23
Georgia	0.32%	51
Hawaii	1.10%	11
Idaho	0.78%	28
Illinois	0.74%	33
Indiana	0.36%	50
Iowa	0.92%	19
Kansas	0.56%	46
Kentucky	0.65%	39
Louisiana	0.81%	26
Maine	0.76%	31
Maryland	0.84%	25
Massachusetts	0.67%	37
Michigan	0.62%	42
<b>MINNESOTA</b>	<b>0.90%</b>	<b>22</b>
Mississippi	0.93%	18
Missouri	0.57%	45
Montana	1.82%	7
Nebraska	0.79%	27
Nevada	1.64%	8
New Hampshire	0.76%	30
New Jersey	0.72%	34
New Mexico	2.16%	5
New York	1.04%	13
North Carolina	0.67%	38
North Dakota	8.26%	1
Ohio	0.68%	36
Oklahoma	1.16%	10
Oregon	1.37%	9
Pennsylvania	1.02%	14
Rhode Island	0.51%	47
South Carolina	0.96%	17
South Dakota	0.98%	16
Tennessee	0.99%	15
Texas	0.77%	29
Utah	0.59%	44
Vermont	0.69%	35
Virginia	0.74%	32
Washington	1.05%	12
West Virginia	1.95%	6
Wisconsin	0.61%	43
Wyoming	3.75%	3
<b>U.S. Average</b>	<b>0.86%</b>	
Minnesota History		
FY 2011	0.86%	28
FY 2012	0.88%	26
FY 2013	0.83%	29
FY 2014	0.91%	23



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

Summary of Minnesota State and Local Government Spending Adjusted for State Price Differences (Spending per household unless otherwise noted)						
Category	FY 2014		FY 2015		Rank	
	Amount	% of US	Amount	% of US	2014	2015
Total Spending	\$24,833	107.0%	\$25,362	105.2%	15	16
K-12 Education (per pupil)	\$12,331	109.0%	\$13,070	110.8%	21	18
Higher Education (per pupil)	\$17,071	110.6%	\$17,725	111.1%	24	25
Public Welfare (per person within 150% of poverty level)	\$14,020	197.2%	\$16,111	202.9%	4	3
Health and Hospitals	\$1,555	70.4%	\$1,526	67.2%	34	36
Natural Resources and Parks	\$401	166.9%	\$439	177.4%	14	10
Highways (per 1,000 road miles)	\$31,244	75.8%	\$33,328	78.8%	30	30
Police	\$846	97.4%	\$890	100.0%	19	17
Fire	\$213	56.4%	\$218	56.3%	45	45
Corrections	\$439	68.9%	\$454	70.1%	46	43
Interest on the General Debt	\$778	85.5%	\$756	85.1%	27	25
Other Spending	\$3,282	76.6%	\$3,489	80.3%	35	35

**FY2015 State and Local Government Direct Spending (\$000)**

	MINNESOTA		ALL STATES	
K-12 Education	\$11,450,214	21.7%	\$610,857,320	21.5%
Higher Education	\$4,692,019	8.9%	\$273,931,616	9.7%
Public Welfare	\$14,089,089	26.7%	\$609,597,153	21.5%
Health and Hospitals	\$3,170,856	6.0%	\$264,782,013	9.3%
Highways	\$4,431,587	8.4%	\$168,327,508	5.9%
Police, Fire and Corrections	\$3,246,764	6.2%	\$227,697,010	8.0%
Government Administration	\$2,392,514	4.5%	\$130,751,878	4.6%
Natural Resources & Parks	\$1,968,754	3.7%	\$68,219,238	2.4%
Interest	\$1,570,352	3.0%	\$105,718,363	3.7%
Other Expenditures	\$5,693,213	10.8%	\$378,483,998	13.3%
<b>Total</b>	<b>\$52,705,362</b>	<b>100.0%</b>	<b>\$2,838,366,097</b>	<b>100.0%</b>

**Minnesota State & Local Government Direct Spending**

**Shares by Function, Selected Years**

	FY 1995	FY 2005	FY 2015
K-12 Education	24.8%	22.4%	21.7%
Higher Education	7.9%	8.3%	8.9%
Public Welfare	18.5%	24.4%	26.7%
Health and Hospitals	9.4%	6.1%	6.0%
Highways	8.1%	7.6%	8.4%
Police, Fire and Corrections	5.0%	5.9%	6.2%
Government Administration	4.9%	5.4%	4.5%
Natural Resources & Parks	3.5%	3.7%	3.7%
Interest	5.0%	4.1%	3.0%
Other Expenditures	12.9%	12.1%	10.8%

Total Direct General Expenditures Spending per Household Adjusted for State Price Differences		
State	Amount	Rank
Alabama	22,906	34
Alaska	55,814	1
Arizona	19,220	49
Arkansas	23,619	29
California	28,589	7
Colorado	22,703	35
Connecticut	25,411	15
Delaware	27,163	8
D.C.	37,928	2
Florida	19,682	47
Georgia	20,511	45
Hawaii	25,686	14
Idaho	19,164	50
Illinois	23,857	26
Indiana	21,483	41
Iowa	26,941	9
Kansas	24,356	23
Kentucky	24,550	21
Louisiana	25,855	13
Maine	20,793	44
Maryland	24,125	24
Massachusetts	26,293	12
Michigan	22,155	38
<b>MINNESOTA</b>	<b>25,362</b>	<b>16</b>
Mississippi	26,564	11
Missouri	20,802	43
Montana	22,552	36
Nebraska	24,779	18
Nevada	20,199	46
New Hampshire	19,121	51
New Jersey	24,701	20
New Mexico	29,019	6
New York	30,545	5
North Carolina	21,458	42
North Dakota	32,432	4
Ohio	23,227	31
Oklahoma	21,790	39
Oregon	24,759	19
Pennsylvania	23,342	30
Rhode Island	24,931	17
South Carolina	23,625	28
South Dakota	22,255	37
Tennessee	19,435	48
Texas	23,024	33
Utah	24,534	22
Vermont	26,612	10
Virginia	21,755	40
Washington	23,905	25
West Virginia	23,223	32
Wisconsin	23,724	27
Wyoming	37,509	3
<b>U.S. Average</b>	<b>24,110</b>	
Minnesota History		
FY 2011	23,261	15
FY 2012	23,882	14
FY 2013	23,887	15
FY 2014	24,833	15

See FAQ for definition of "Direct General Expenditure"

## How Does Minnesota Compare? FY 2015 Comparisons

<b>Elementary and Secondary Education Spending per Pupil Adjusted for State Price Differences</b>		
State	Amount	Rank
Alabama	11,103	34
Alaska	19,169	4
Arizona	6,906	51
Arkansas	11,250	31
California	9,868	42
Colorado	9,895	41
Connecticut	14,921	10
Delaware	13,506	16
D.C.	28,450	1
Florida	9,450	45
Georgia	10,938	36
Hawaii	9,139	46
Idaho	7,020	50
Illinois	12,366	23
Indiana	9,801	43
Iowa	13,712	15
Kansas	12,576	21
Kentucky	11,179	32
Louisiana	12,206	25
Maine	13,324	17
Maryland	12,781	20
Massachusetts	14,592	11
Michigan	11,166	33
<b>MINNESOTA</b>	<b>13,070</b>	<b>18</b>
Mississippi	10,196	38
Missouri	12,095	26
Montana	12,093	27
Nebraska	14,511	12
Nevada	8,595	48
New Hampshire	14,172	13
New Jersey	16,019	8
New Mexico	11,065	35
New York	19,315	3
North Carolina	9,071	47
North Dakota	16,418	7
Ohio	14,020	14
Oklahoma	9,618	44
Oregon	11,390	30
Pennsylvania	15,438	9
Rhode Island	16,423	6
South Carolina	11,992	28
South Dakota	10,861	37
Tennessee	10,113	40
Texas	10,144	39
Utah	7,079	49
Vermont	17,697	5
Virginia	12,290	24
Washington	11,567	29
West Virginia	12,573	22
Wisconsin	13,065	19
Wyoming	20,864	2
<b>U.S. Average</b>	<b>11,790</b>	
<b>Minnesota History</b>		
FY 2011	12,114	23
FY 2012	11,583	22
FY 2013	11,981	21
FY 2014	12,331	21

Higher Education Spending per Pupil Adjusted for State Price Differences		
State	Amount	Rank
Alabama	21,240	8
Alaska	19,583	14
Arizona	14,106	40
Arkansas	18,237	21
California	13,019	45
Colorado	16,150	32
Connecticut	17,221	27
Delaware	23,028	5
D.C.	9,221	51
Florida	10,044	50
Georgia	11,000	48
Hawaii	12,067	46
Idaho	13,053	44
Illinois	14,926	34
Indiana	17,925	22
Iowa	27,306	1
Kansas	20,156	11
Kentucky	20,070	12
Louisiana	14,887	35
Maine	13,079	43
Maryland	14,625	39
Massachusetts	16,527	31
Michigan	18,367	20
<b>MINNESOTA</b>	<b>17,725</b>	<b>25</b>
Mississippi	17,828	23
Missouri	14,741	37
Montana	17,136	28
Nebraska	21,662	7
Nevada	10,675	49
New Hampshire	14,764	36
New Jersey	13,203	42
New Mexico	18,886	17
New York	13,357	41
North Carolina	18,554	19
North Dakota	23,580	3
Ohio	17,779	24
Oklahoma	19,766	13
Oregon	19,233	16
Pennsylvania	19,260	15
Rhode Island	11,899	47
South Carolina	17,676	26
South Dakota	16,831	30
Tennessee	14,658	38
Texas	18,875	18
Utah	22,234	6
Vermont	25,773	2
Virginia	15,039	33
Washington	16,845	29
West Virginia	20,581	9
Wisconsin	20,271	10
Wyoming	23,524	4
<b>U.S. Average</b>	<b>15,960</b>	
Minnesota History		
FY 2011	15,869	25
FY 2012	15,657	26
FY 2013	16,884	21
FY 2014	17,071	24

## How Does Minnesota Compare? FY 2015 Comparisons

<b>Public Welfare Spending per Person at/below 150% of Poverty Level Adjusted for State Price Differences</b>		
State	Amount	Rank
Alabama	5,834	44
Alaska	13,590	5
Arizona	5,034	49
Arkansas	8,690	22
California	9,274	21
Colorado	7,090	37
Connecticut	13,971	4
Delaware	12,084	9
D.C.	17,242	1
Florida	4,957	51
Georgia	5,016	50
Hawaii	8,532	23
Idaho	7,356	34
Illinois	7,613	30
Indiana	7,991	27
Iowa	12,204	8
Kansas	7,069	38
Kentucky	9,771	19
Louisiana	5,801	45
Maine	9,821	18
Maryland	11,568	11
Massachusetts	11,789	10
Michigan	7,405	33
<b>MINNESOTA</b>	<b>16,111</b>	<b>3</b>
Mississippi	6,618	39
Missouri	8,292	25
Montana	7,252	35
Nebraska	7,989	28
Nevada	5,450	47
New Hampshire	10,631	15
New Jersey	9,638	20
New Mexico	9,940	17
New York	11,435	12
North Carolina	5,598	46
North Dakota	12,233	7
Ohio	7,566	31
Oklahoma	7,132	36
Oregon	10,707	14
Pennsylvania	10,416	16
Rhode Island	12,257	6
South Carolina	6,231	43
South Dakota	6,483	41
Tennessee	6,527	40
Texas	5,141	48
Utah	6,296	42
Vermont	16,446	2
Virginia	7,542	32
Washington	7,821	29
West Virginia	8,423	24
Wisconsin	11,398	13
Wyoming	8,051	26
<b>U.S. Average</b>	<b>7,942</b>	
<b>Minnesota History</b>		
FY 2011	13,238	2
FY 2012	15,555	1
FY 2013	13,605	4
FY 2014	14,020	4

Health and Hospitals Spending per Household Adjusted for State Price Differences		
State	Amount	Rank
Alabama	3,773	4
Alaska	2,813	10
Arizona	1,528	35
Arkansas	1,506	37
California	3,057	7
Colorado	2,664	12
Connecticut	1,549	34
Delaware	1,425	38
D.C.	2,289	21
Florida	1,847	29
Georgia	2,222	24
Hawaii	2,704	11
Idaho	1,641	32
Illinois	1,338	40
Indiana	2,486	16
Iowa	3,461	6
Kansas	2,946	9
Kentucky	1,891	27
Louisiana	2,323	20
Maine	1,163	42
Maryland	984	48
Massachusetts	1,089	46
Michigan	2,361	19
<b>MINNESOTA</b>	<b>1,526</b>	<b>36</b>
Mississippi	4,224	3
Missouri	2,552	14
Montana	1,120	45
Nebraska	2,186	26
Nevada	1,404	39
New Hampshire	352	51
New Jersey	1,142	43
New Mexico	2,578	13
New York	2,530	15
North Carolina	3,743	5
North Dakota	908	49
Ohio	2,237	23
Oklahoma	1,680	31
Oregon	2,385	18
Pennsylvania	1,733	30
Rhode Island	635	50
South Carolina	4,408	2
South Dakota	1,033	47
Tennessee	1,884	28
Texas	2,387	17
Utah	2,278	22
Vermont	1,332	41
Virginia	2,205	25
Washington	3,020	8
West Virginia	1,135	44
Wisconsin	1,572	33
Wyoming	6,450	1
<b>U.S. Average</b>	<b>2,271</b>	
Minnesota History		
FY 2011	1,504	34
FY 2012	1,528	33
FY 2013	1,696	30
FY 2014	1,555	34

## How Does Minnesota Compare? FY 2015 Comparisons

<b>Natural Resources Spending per Household Adjusted for State Price Differences</b>		
State	Amount	Rank
Alabama	169	37
Alaska	1,461	2
Arizona	218	30
Arkansas	299	22
California	332	19
Colorado	215	31
Connecticut	144	44
Delaware	263	25
D.C.	184	34
Florida	425	12
Georgia	158	39
Hawaii	262	26
Idaho	528	8
Illinois	145	43
Indiana	170	36
Iowa	376	16
Kansas	286	23
Kentucky	244	27
Louisiana	638	5
Maine	341	18
Maryland	238	28
Massachusetts	133	47
Michigan	116	48
<b>MINNESOTA</b>	<b>439</b>	<b>10</b>
Mississippi	363	17
Missouri	162	38
Montana	649	4
Nebraska	604	6
Nevada	306	21
New Hampshire	138	45
New Jersey	134	46
New Mexico	435	11
New York	72	51
North Carolina	185	32
North Dakota	1,387	3
Ohio	115	49
Oklahoma	221	29
Oregon	406	14
Pennsylvania	148	42
Rhode Island	184	33
South Carolina	151	40
South Dakota	593	7
Tennessee	149	41
Texas	180	35
Utah	273	24
Vermont	422	13
Virginia	81	50
Washington	482	9
West Virginia	315	20
Wisconsin	383	15
Wyoming	1,635	1
<b>U.S. Average</b>	<b>247</b>	
<b>Minnesota History</b>		
FY 2011	415	11
FY 2012	345	18
FY 2013	389	12
FY 2014	401	14

Highways Spending per 1,000 Road Miles Adjusted for State Price Differences		
State	Amount	Rank
Alabama	26,936	37
Alaska	112,483	3
Arizona	43,750	20
Arkansas	19,371	47
California	73,988	12
Colorado	33,179	31
Connecticut	81,370	9
Delaware	100,721	5
D.C.	283,497	1
Florida	79,968	10
Georgia	28,479	36
Hawaii	166,734	2
Idaho	23,289	44
Illinois	65,307	14
Indiana	31,058	33
Iowa	25,335	39
Kansas	15,006	50
Kentucky	42,754	22
Louisiana	40,831	25
Maine	42,505	23
Maryland	99,837	6
Massachusetts	95,446	7
Michigan	32,213	32
<b>MINNESOTA</b>	<b>33,328</b>	<b>30</b>
Mississippi	24,606	41
Missouri	20,966	46
Montana	16,356	49
Nebraska	16,577	48
Nevada	36,566	27
New Hampshire	44,717	19
New Jersey	103,166	4
New Mexico	24,463	42
New York	84,953	8
North Carolina	43,074	21
North Dakota	21,554	45
Ohio	54,050	16
Oklahoma	25,329	40
Oregon	34,163	28
Pennsylvania	79,099	11
Rhode Island	73,235	13
South Carolina	24,064	43
South Dakota	13,110	51
Tennessee	26,394	38
Texas	42,259	24
Utah	29,386	35
Vermont	52,243	18
Virginia	57,754	15
Washington	53,882	17
West Virginia	34,038	29
Wisconsin	40,442	26
Wyoming	30,211	34
<b>U.S. Average</b>	<b>42,282</b>	
Minnesota History		
FY 2011	26,965	38
FY 2012	28,298	37
FY 2013	28,530	36
FY 2014	31,244	30

Note: Does not include spending on transit



## How Does Minnesota Compare? FY 2015 Comparisons

<b>Police Protection Spending per Household Adjusted for State Price Differences</b>		
State	Amount	Rank
Alabama	782	32
Alaska	1,375	2
Arizona	907	16
Arkansas	702	41
California	1,159	3
Colorado	882	19
Connecticut	806	27
Delaware	994	12
D.C.	1,785	1
Florida	1,042	6
Georgia	777	33
Hawaii	868	20
Idaho	773	34
Illinois	1,041	7
Indiana	529	49
Iowa	671	44
Kansas	788	30
Kentucky	439	51
Louisiana	1,012	11
Maine	481	50
Maryland	1,035	8
Massachusetts	886	18
Michigan	679	43
<b>MINNESOTA</b>	<b>890</b>	<b>17</b>
Mississippi	770	35
Missouri	818	24
Montana	788	31
Nebraska	644	47
Nevada	1,144	4
New Hampshire	738	39
New Jersey	909	15
New Mexico	952	13
New York	1,139	5
North Carolina	917	14
North Dakota	755	38
Ohio	832	22
Oklahoma	802	28
Oregon	807	26
Pennsylvania	766	36
Rhode Island	1,021	10
South Carolina	699	42
South Dakota	664	46
Tennessee	817	25
Texas	825	23
Utah	761	37
Vermont	793	29
Virginia	728	40
Washington	667	45
West Virginia	573	48
Wisconsin	851	21
Wyoming	1,022	9
<b>U.S. Average</b>	<b>889</b>	
<b>Minnesota History</b>		
FY 2011	813	18
FY 2012	803	19
FY 2013	840	19
FY 2014	846	19

Fire Protection Spending per Household Adjusted for State Price Differences		
State	Amount	Rank
Alabama	284	37
Alaska	792	2
Arizona	464	9
Arkansas	304	34
California	522	6
Colorado	424	17
Connecticut	403	20
Delaware	100	51
D.C.	742	3
Florida	508	7
Georgia	334	27
Hawaii	421	18
Idaho	317	32
Illinois	535	5
Indiana	364	24
Iowa	228	44
Kansas	323	29
Kentucky	236	43
Louisiana	430	16
Maine	276	39
Maryland	442	14
Massachusetts	454	11
Michigan	259	40
<b>MINNESOTA</b>	<b>218</b>	<b>45</b>
Mississippi	279	38
Missouri	367	23
Montana	254	41
Nebraska	321	30
Nevada	536	4
New Hampshire	412	19
New Jersey	251	42
New Mexico	443	13
New York	431	15
North Carolina	296	36
North Dakota	181	48
Ohio	463	10
Oklahoma	395	22
Oregon	451	12
Pennsylvania	171	50
Rhode Island	794	1
South Carolina	300	35
South Dakota	213	47
Tennessee	306	33
Texas	339	26
Utah	318	31
Vermont	218	46
Virginia	397	21
Washington	485	8
West Virginia	178	49
Wisconsin	330	28
Wyoming	364	25
<b>U.S. Average</b>	<b>388</b>	
Minnesota History		
FY 2011	196	46
FY 2012	202	47
FY 2013	180	47
FY 2014	213	45

## How Does Minnesota Compare? FY 2015 Comparisons

<b>Corrections Spending per Household Adjusted for State Price Differences</b>		
State	Amount	Rank
Alabama	460	42
Alaska	1,316	1
Arizona	729	10
Arkansas	594	24
California	1,066	2
Colorado	614	21
Connecticut	474	39
Delaware	848	5
D.C.	435	46
Florida	561	28
Georgia	691	17
Hawaii	413	47
Idaho	615	20
Illinois	469	40
Indiana	442	45
Iowa	392	50
Kansas	511	36
Kentucky	517	33
Louisiana	719	11
Maine	395	49
Maryland	773	6
Massachusetts	404	48
Michigan	692	16
<b>MINNESOTA</b>	<b>454</b>	<b>43</b>
Mississippi	524	30
Missouri	454	44
Montana	693	15
Nebraska	703	13
Nevada	677	18
New Hampshire	335	51
New Jersey	563	27
New Mexico	918	4
New York	736	9
North Carolina	513	35
North Dakota	484	37
Ohio	482	38
Oklahoma	567	26
Oregon	743	7
Pennsylvania	699	14
Rhode Island	522	31
South Carolina	464	41
South Dakota	602	22
Tennessee	513	34
Texas	642	19
Utah	593	25
Vermont	560	29
Virginia	740	8
Washington	602	23
West Virginia	520	32
Wisconsin	715	12
Wyoming	957	3
<b>U.S. Average</b>	<b>648</b>	
<b>Minnesota History</b>		
FY 2011	430	44
FY 2012	424	44
FY 2013	429	43
FY 2014	439	46

Interest on General Debt Spending per Household Adjusted for State Price Differences		
State	Amount	Rank
Alabama	642	33
Alaska	1,371	3
Arizona	597	36
Arkansas	478	42
California	1,154	8
Colorado	1,098	9
Connecticut	1,220	7
Delaware	739	28
D.C.	1,592	1
Florida	629	35
Georgia	438	47
Hawaii	1,002	12
Idaho	428	50
Illinois	1,346	5
Indiana	900	15
Iowa	545	40
Kansas	750	27
Kentucky	1,076	11
Louisiana	971	13
Maine	576	38
Maryland	874	17
Massachusetts	1,253	6
Michigan	833	19
<b>MINNESOTA</b>	<b>756</b>	<b>25</b>
Mississippi	460	45
Missouri	762	23
Montana	476	43
Nebraska	431	48
Nevada	823	20
New Hampshire	808	22
New Jersey	893	16
New Mexico	710	30
New York	1,365	4
North Carolina	593	37
North Dakota	678	32
Ohio	723	29
Oklahoma	475	44
Oregon	817	21
Pennsylvania	864	18
Rhode Island	1,552	2
South Carolina	701	31
South Dakota	639	34
Tennessee	521	41
Texas	1,083	10
Utah	552	39
Vermont	452	46
Virginia	754	26
Washington	950	14
West Virginia	431	49
Wisconsin	757	24
Wyoming	264	51
<b>U.S. Average</b>	<b>888</b>	
Minnesota History		
FY 2011	885	23
FY 2012	977	17
FY 2013	811	24
FY 2014	778	27

## **Frequently Asked Questions**

### ***If this is 2017, why are you looking at 2015 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 years or so.

The financial information for the state and school districts is for fiscal year 2015, which ran from July 1, 2014 through June 30, 2015. The financial information for cities, counties, townships, and other local governments covers calendar year 2014. 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 65.6% of the funding for Minnesota's K-12 school system comes from the state. Nationally, state governments provide about 47.1% of K-12 funding – meaning that in most states the schools raise a lot more of the money they spend themselves, rather than depending on the state. 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.