

May 5, 1987



# PUBLIC POLICY ADVISOR

## MICHIGAN EXPENDITURES AND REVENUES: COMPARISONS WITH OTHER STATES, FY 1984-85

by Robert Kleine

Each year, the U.S. Bureau of the Census releases data on federal, state, and local finances. The data for FY 1984-85 were recently released. The information in this report (including the exhibits) was taken from Governmental Finances in 1984-85 and State Government Finances, 1985.

The exhibits in this report include FY 1984-85 data for the United States, Michigan, and ten other selected states. The rank among the fifty states (and the District of Columbia for the state-local data), is included for Michigan and for the highest and lowest ranking states (among the selected states) for each category. (The rank appears in parentheses next to the state's name.)

One particularly interesting development is that Michigan state-local general expenditures per \$1,000 of personal income fell from \$209 in FY 1983-84 to \$198.45 in FY 1984-85, and Michigan's rank among the states fell from 15th to 22nd. This decline was due, in part, to the rollback of the income tax rate, which restrained the level of spending in FY 1984-85.

### State-Local Expenditures

State-local spending in Michigan is above the U.S. average, whether measured per capita or per \$1,000 of personal income. Michigan is 8 percent above the U.S. average using the per capita measure and 8.5 percent above the U.S. average using the personal income measure (see exhibits 1 and 2). Michigan ranks high in spending for welfare, health, and hospitals; above average in spending for education; and low in spending for highways and interest on state debt (see exhibits 3-12).

### State-Local Revenue

The tax burden is relatively high in Michigan measured both per capita and per \$1,000 of personal income; it is about 8 percent above the U.S. average in both cases (see exhibits 13 and 14). Michigan ranks high in property and income tax burdens and low in sales tax burden, 44th when measured per \$1,000 of personal income. (It should be noted that the reduction of the income tax rate to 4.6 percent on January 1, 1986, will likely lower the income tax burden in the FY 1985-86 data.) (See exhibits 15-22.)

## State Expenditures and Revenues

Exhibits 23-26 present data on state expenditures and revenues per capita and per \$1,000 of personal income. Michigan ranks lower in state spending and state tax burden than for state-local spending and taxation. For example, Michigan ranks 22nd among the states on state general revenue per \$1,000 of personal income compared with a rank of 15th for state-local revenue. This is largely due to the heavy property tax burden, a tax used almost exclusively by local governments.

### Comment

The information presented here is helpful in evaluating state-local budget priorities and also provides useful background information for tax policy discussions. For example, Michigan's high property tax burden and low sales tax burden may lead one to conclude that an increase in the sales tax to finance property tax relief would be good tax policy.

PSC can provide additional detail as well as rankings for all the states. If you need this information please call Robert Kleine at (517) 484-4954.

EXHIBIT 1

PER CAPITA STATE-LOCAL GENERAL EXPENDITURES

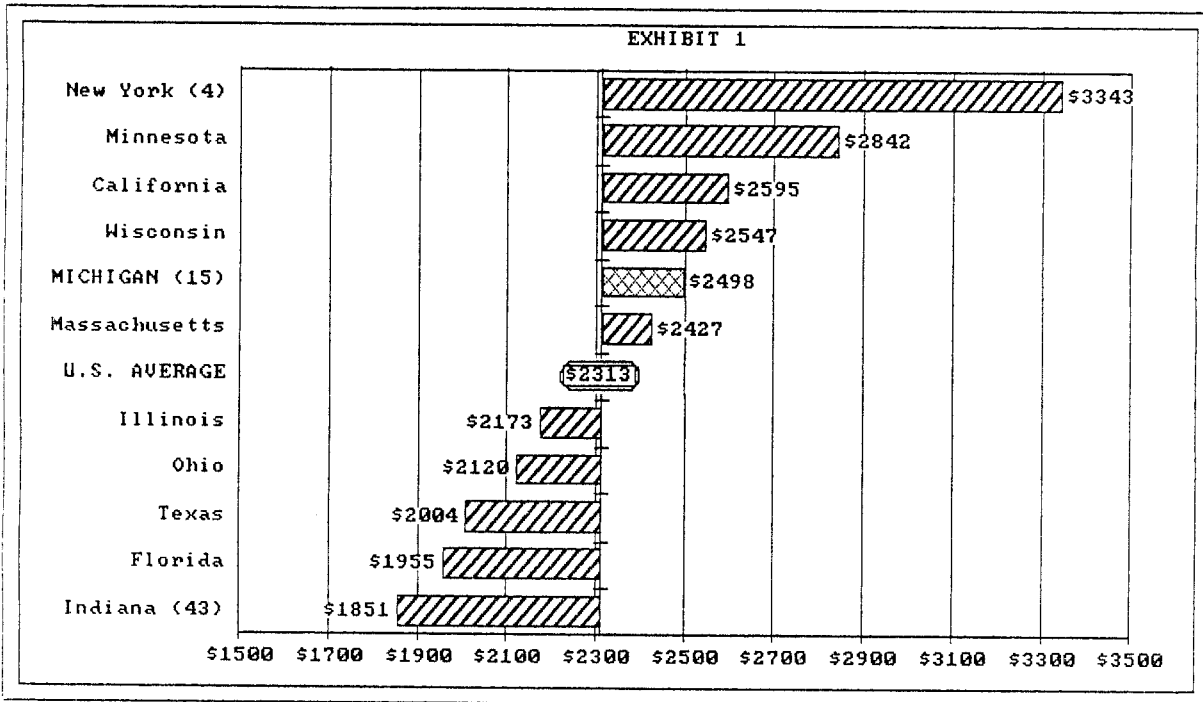


EXHIBIT 2

STATE-LOCAL GENERAL EXPENDITURES PER \$1,000 PERSONAL INCOME

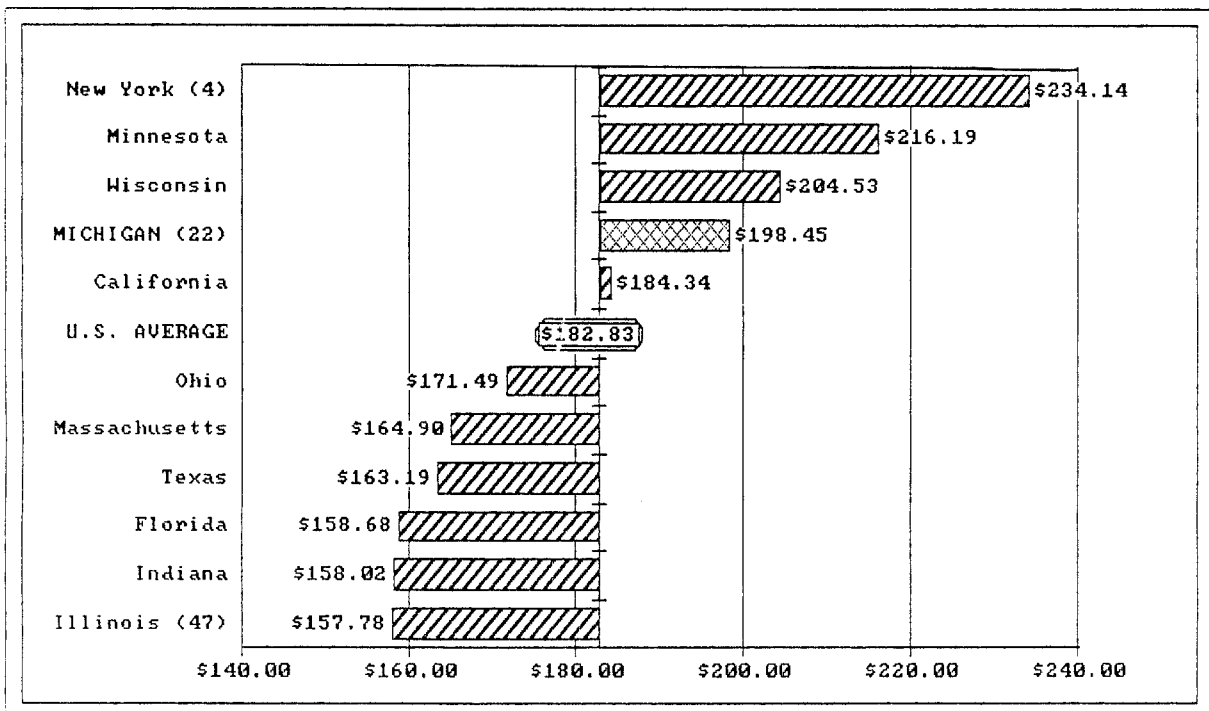


EXHIBIT 3  
PER CAPITA STATE-LOCAL EDUCATION EXPENDITURES

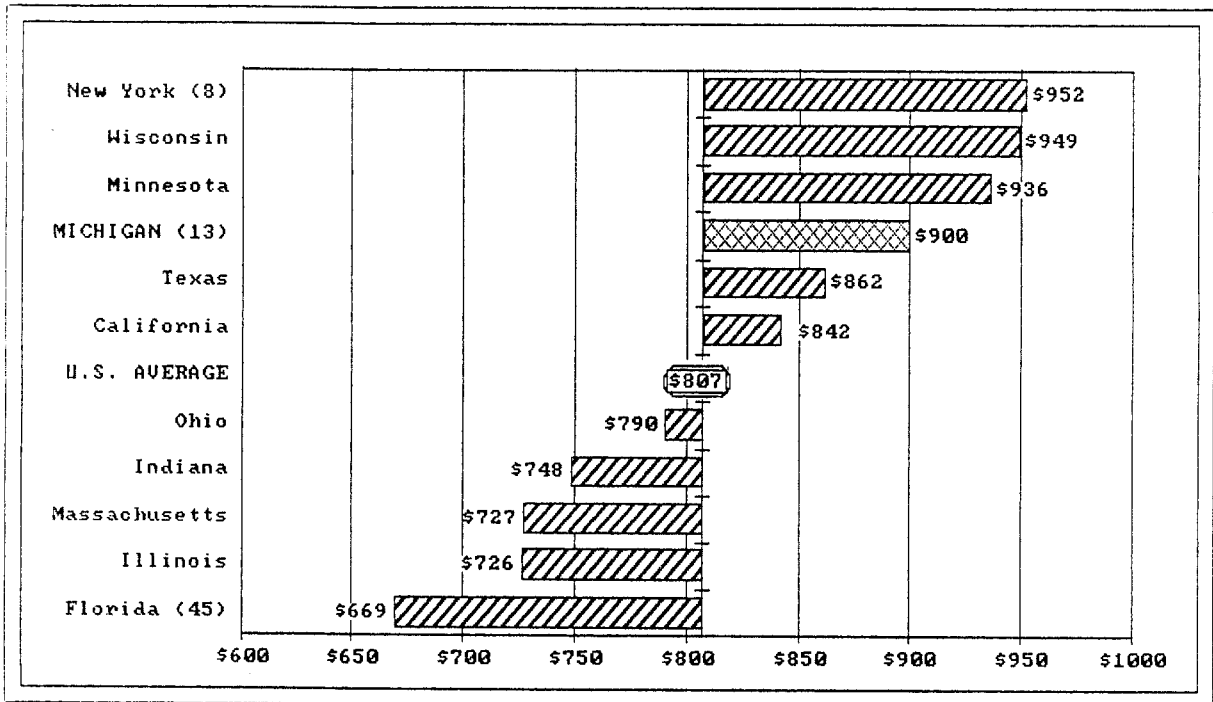


EXHIBIT 4  
STATE-LOCAL EDUCATION EXPENDITURES PER \$1,000 PERSONAL INCOME

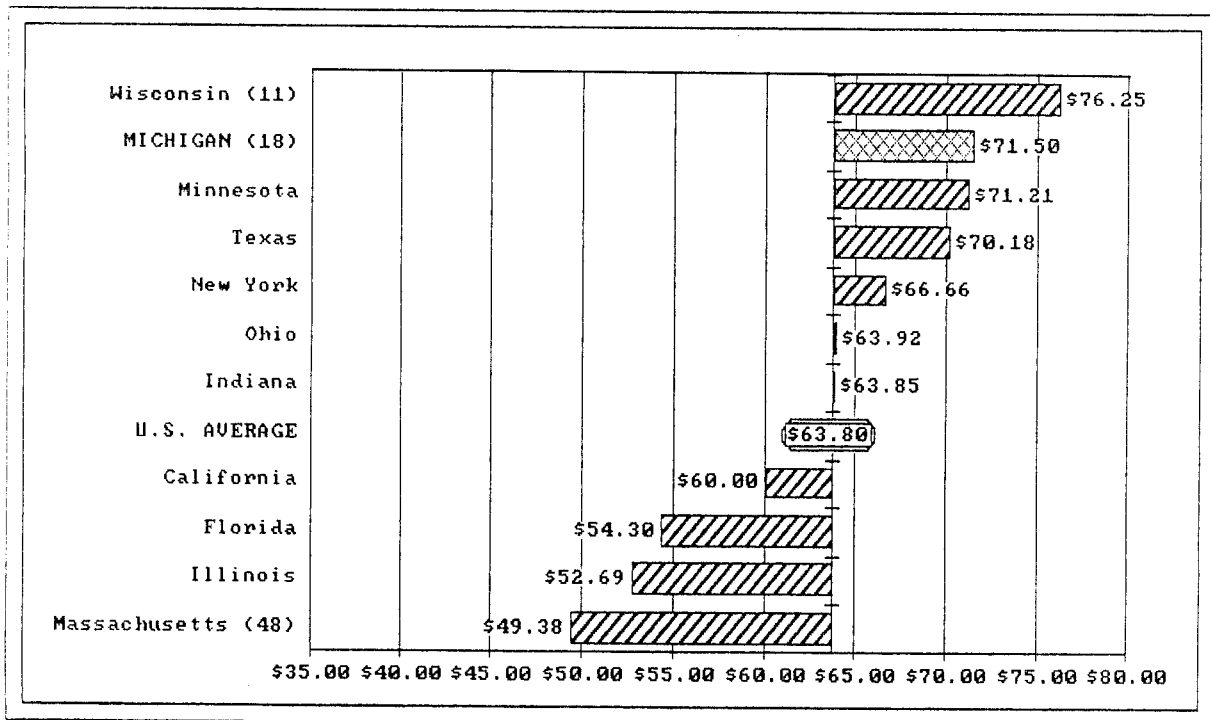


EXHIBIT 5  
 PER CAPITA STATE-LOCAL WELFARE EXPENDITURES

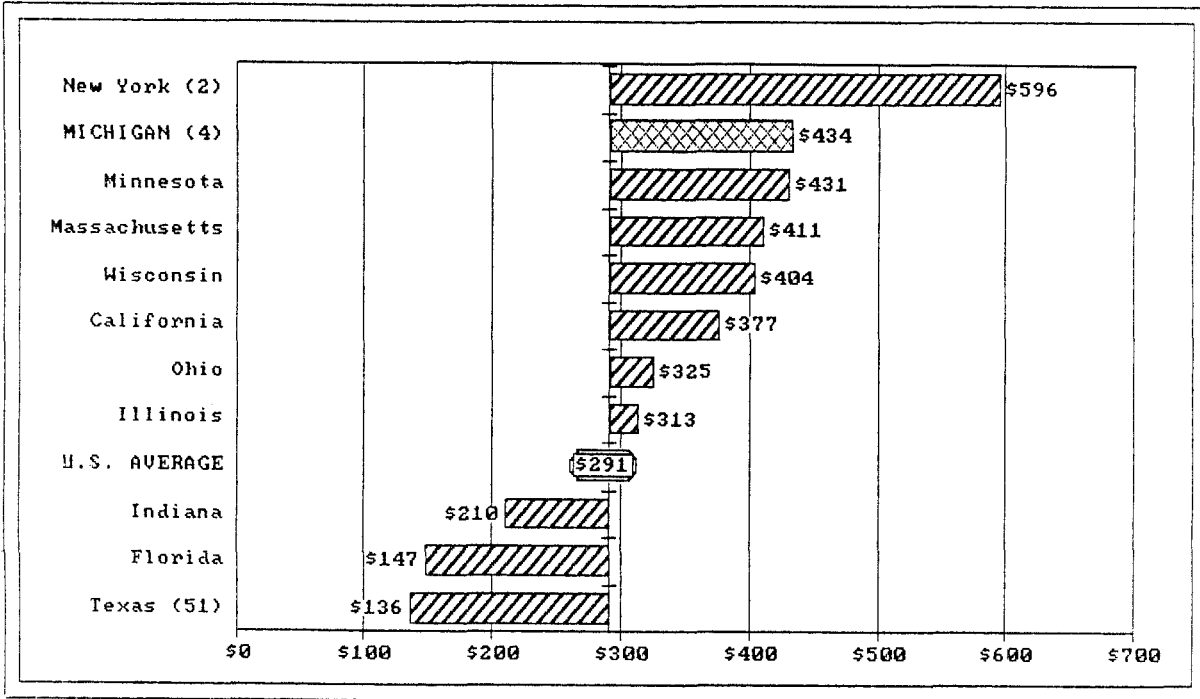


EXHIBIT 6  
 STATE-LOCAL WELFARE EXPENDITURES PER \$1,000 PERSONAL INCOME

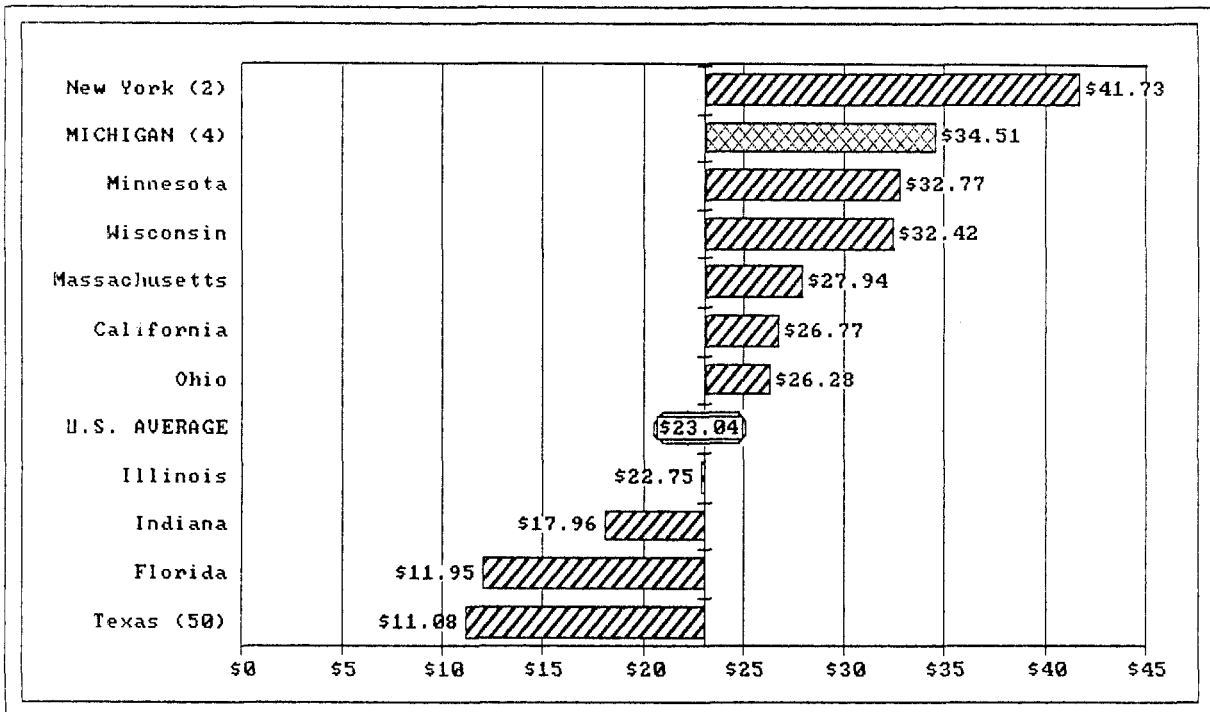


EXHIBIT 7  
 PER CAPITA STATE-LOCAL HEALTH AND HOSPITALS EXPENDITURES

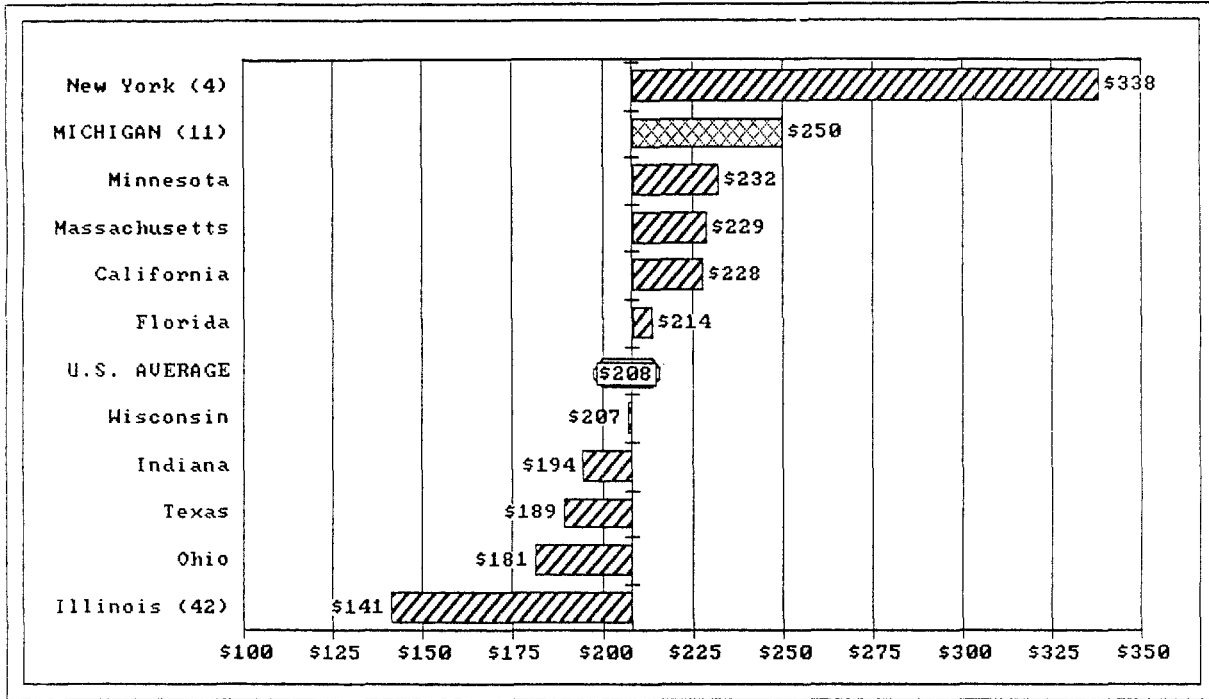


EXHIBIT 8  
 STATE-LOCAL HEALTH AND HOSPITALS EXPENDITURES PER \$1,000 PERSONAL INCOME

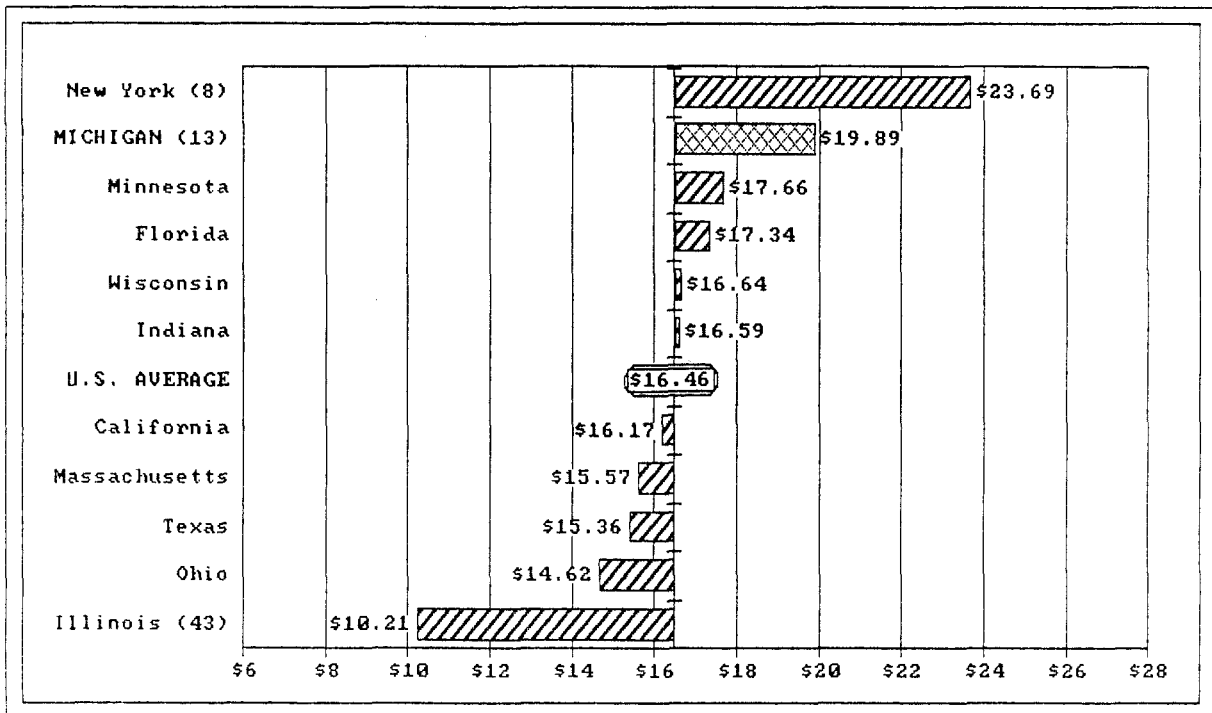


EXHIBIT 9  
PER CAPITA STATE-LOCAL HIGHWAY EXPENDITURES

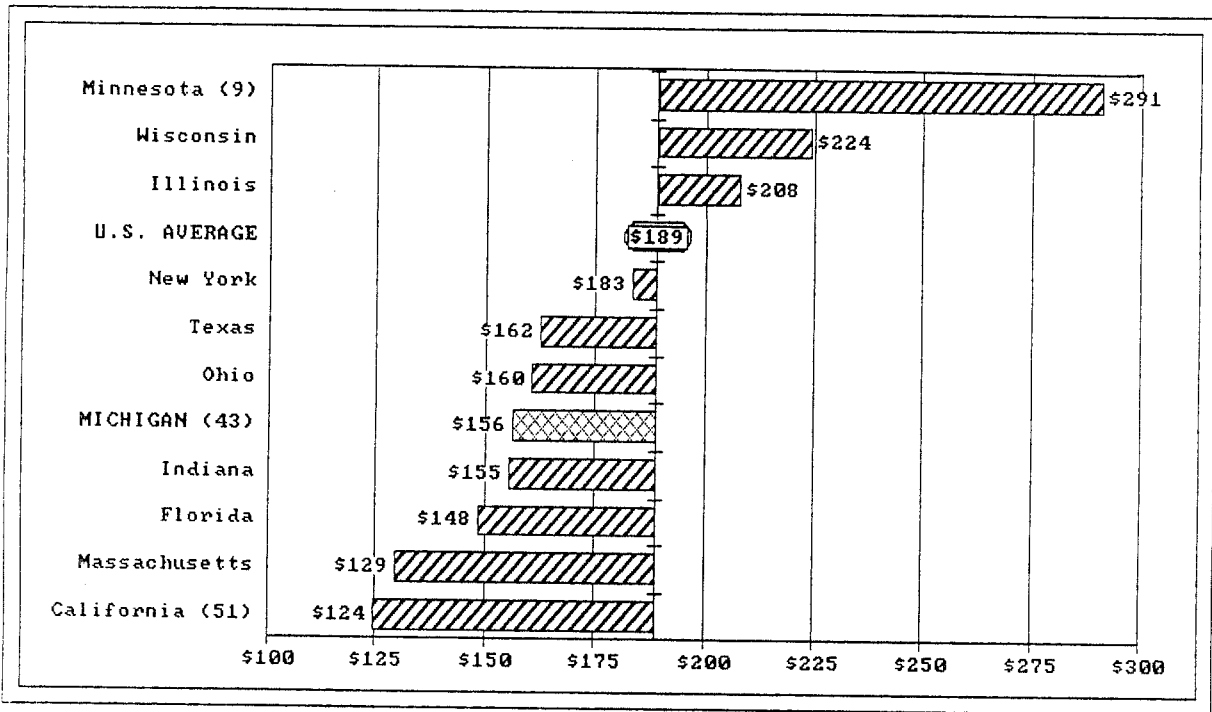


EXHIBIT 10  
STATE-LOCAL HIGHWAY EXPENDITURES PER \$1,000 PERSONAL INCOME

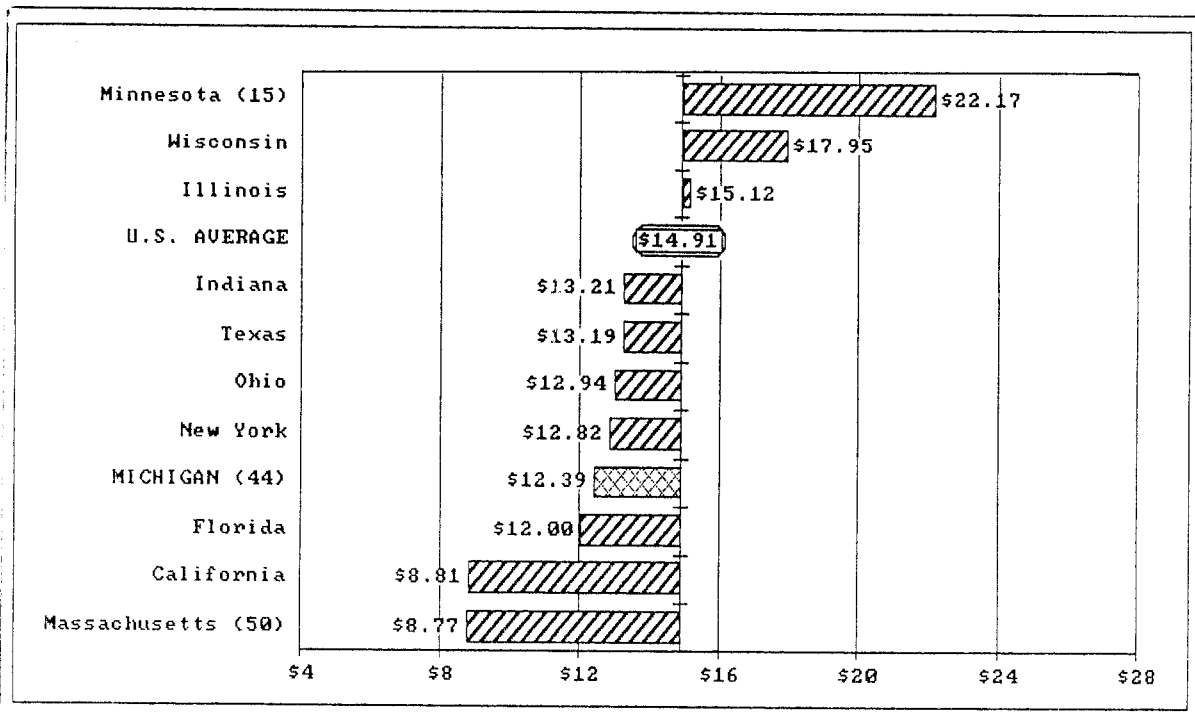


EXHIBIT 11  
 PER CAPITA STATE-LOCAL INTEREST (DEBT) EXPENDITURES

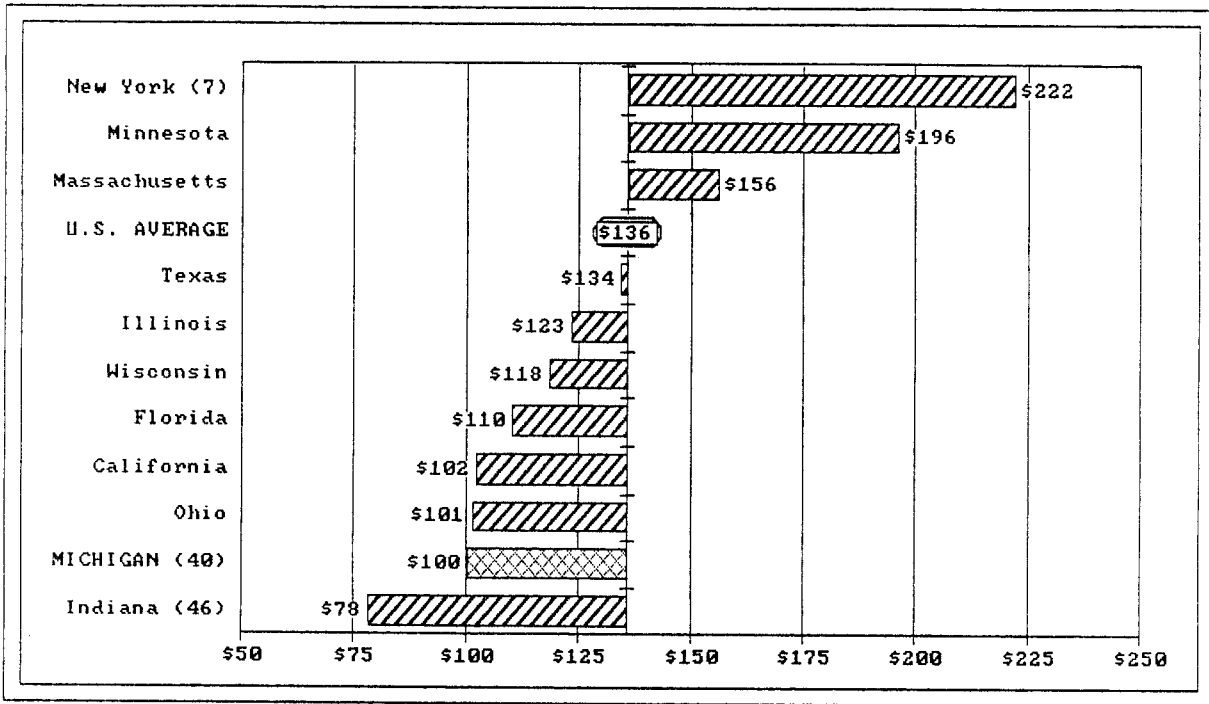


EXHIBIT 12  
 STATE-LOCAL INTEREST (DEBT) EXPENDITURES PER \$1,000 PERSONAL INCOME

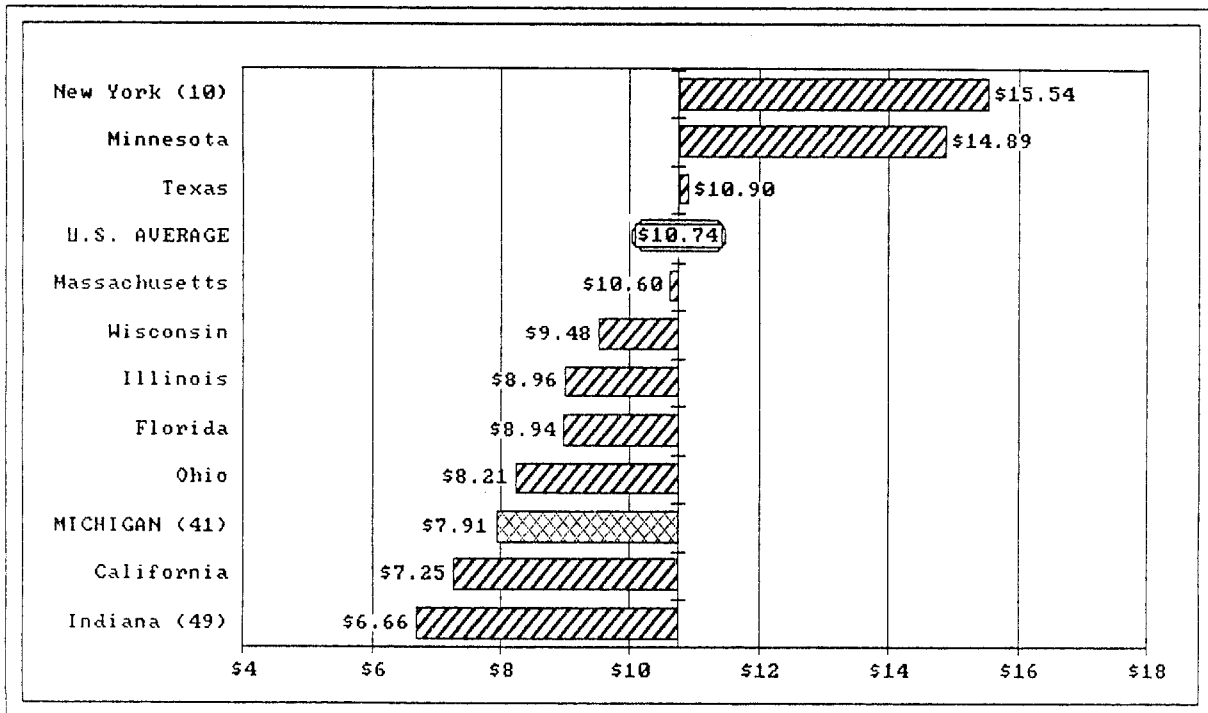




EXHIBIT 13  
PER CAPITA STATE-LOCAL GENERAL REVENUE

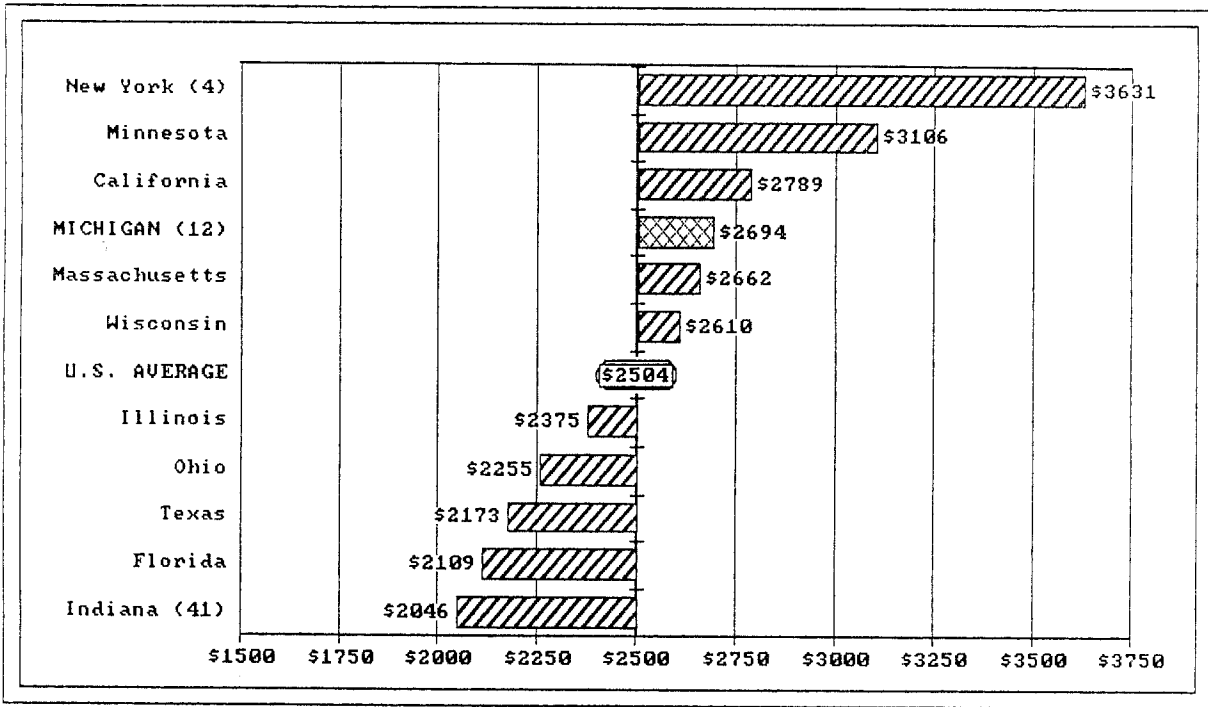


EXHIBIT 14  
STATE-LOCAL GENERAL REVENUE PER \$1,000 PERSONAL INCOME

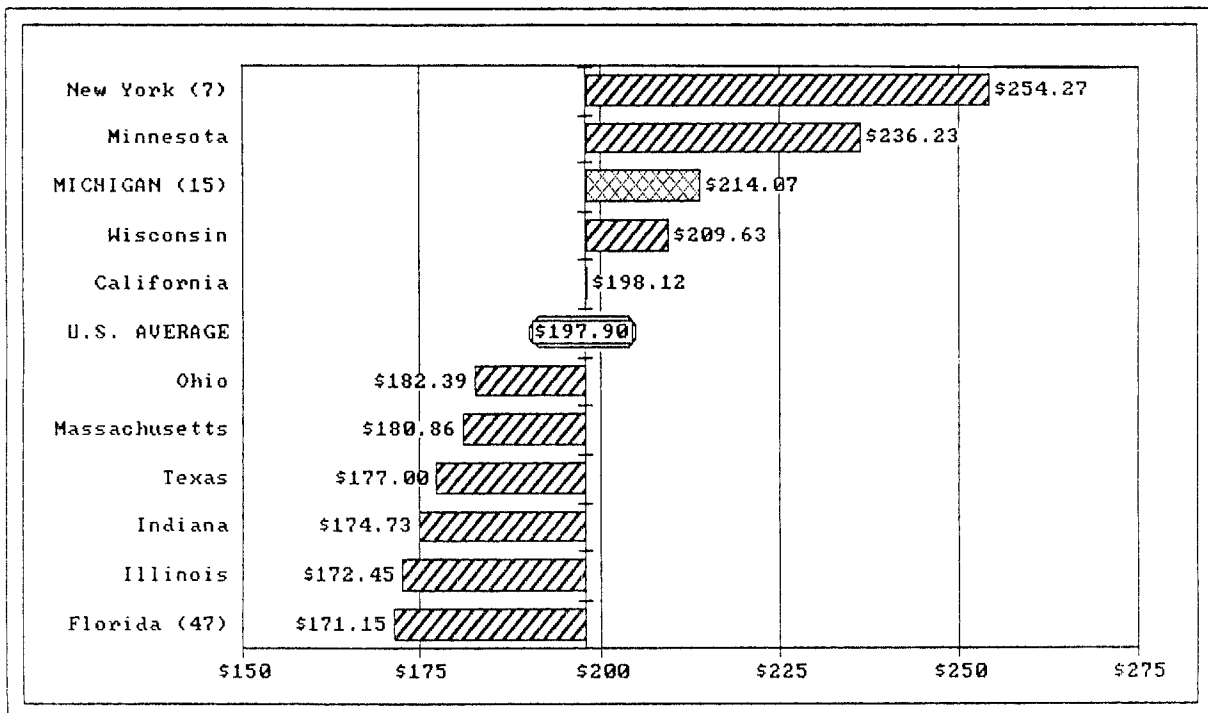


EXHIBIT 15  
PER CAPITA STATE-LOCAL PROPERTY TAX

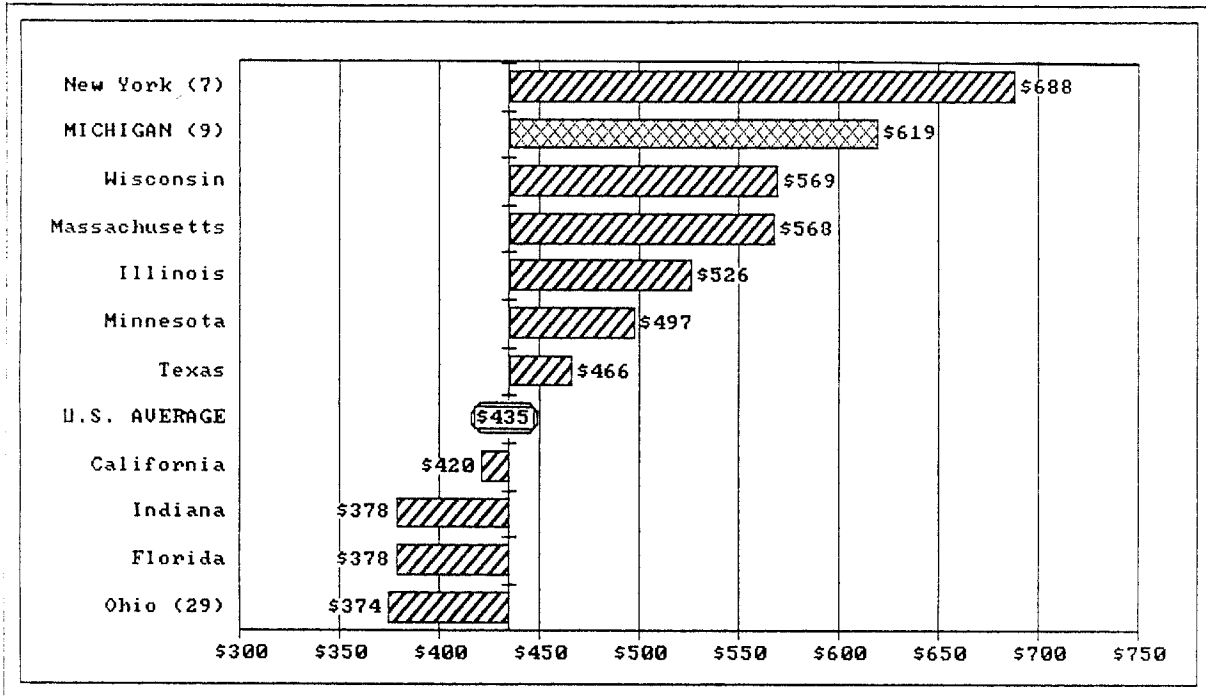


EXHIBIT 16  
STATE-LOCAL PROPERTY TAX PER \$1,000 PERSONAL INCOME

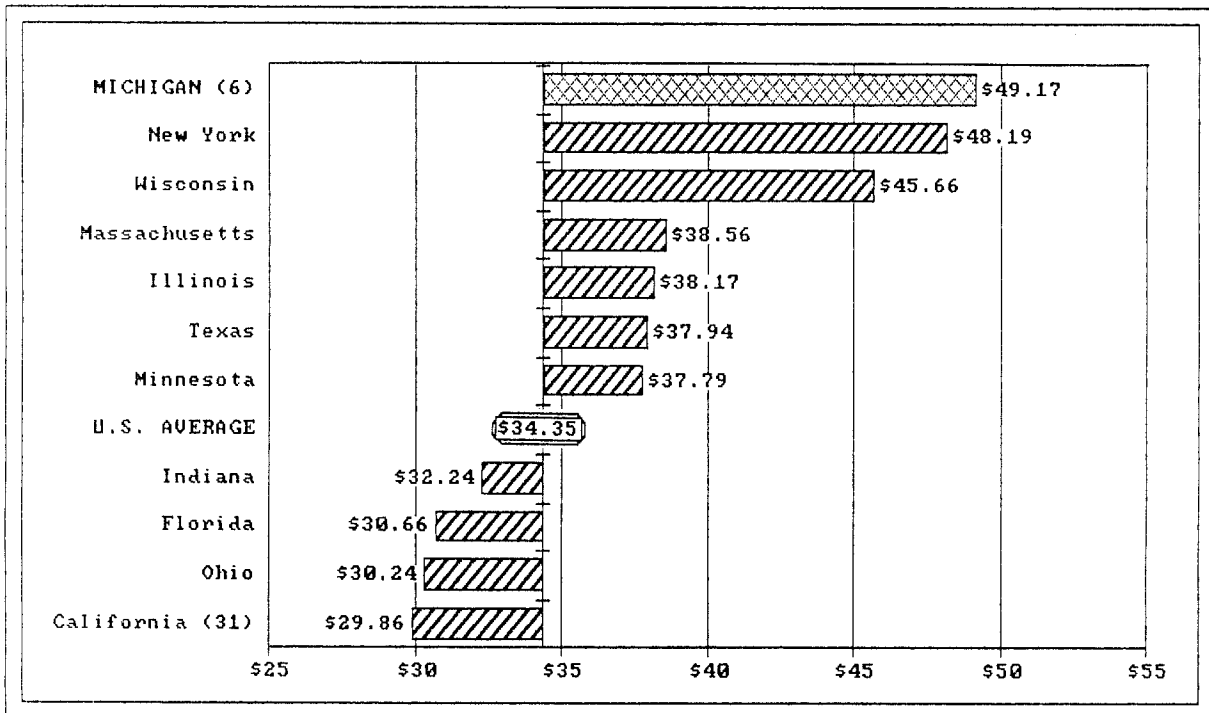
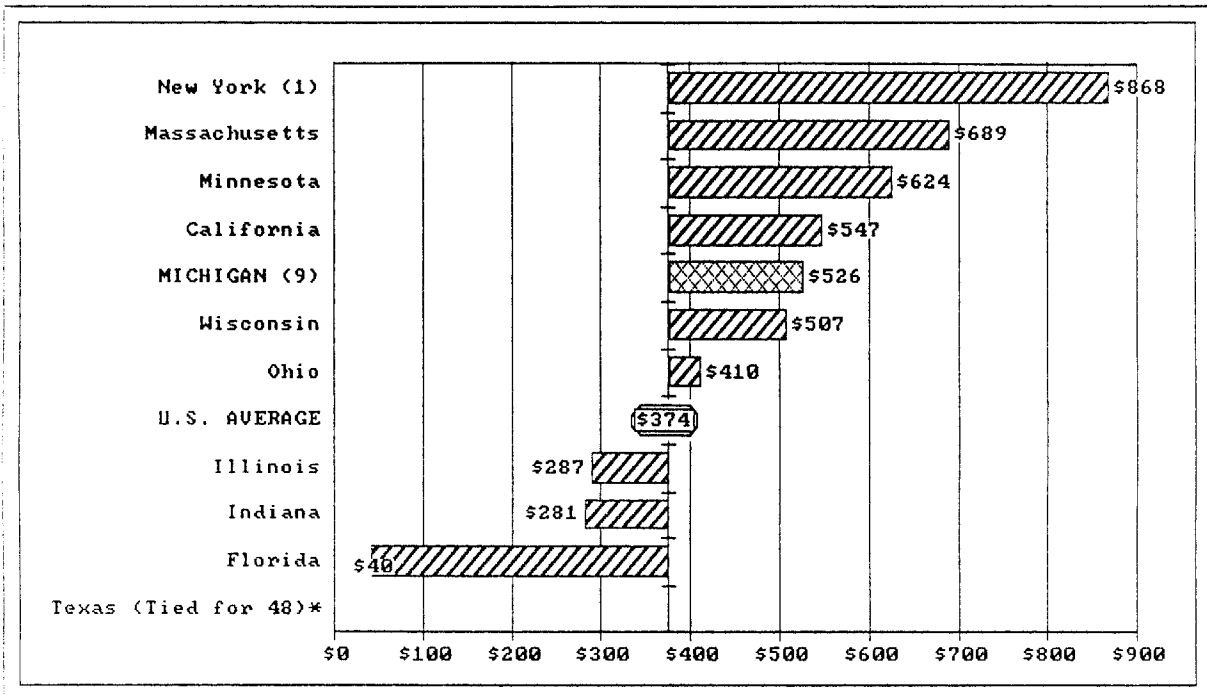
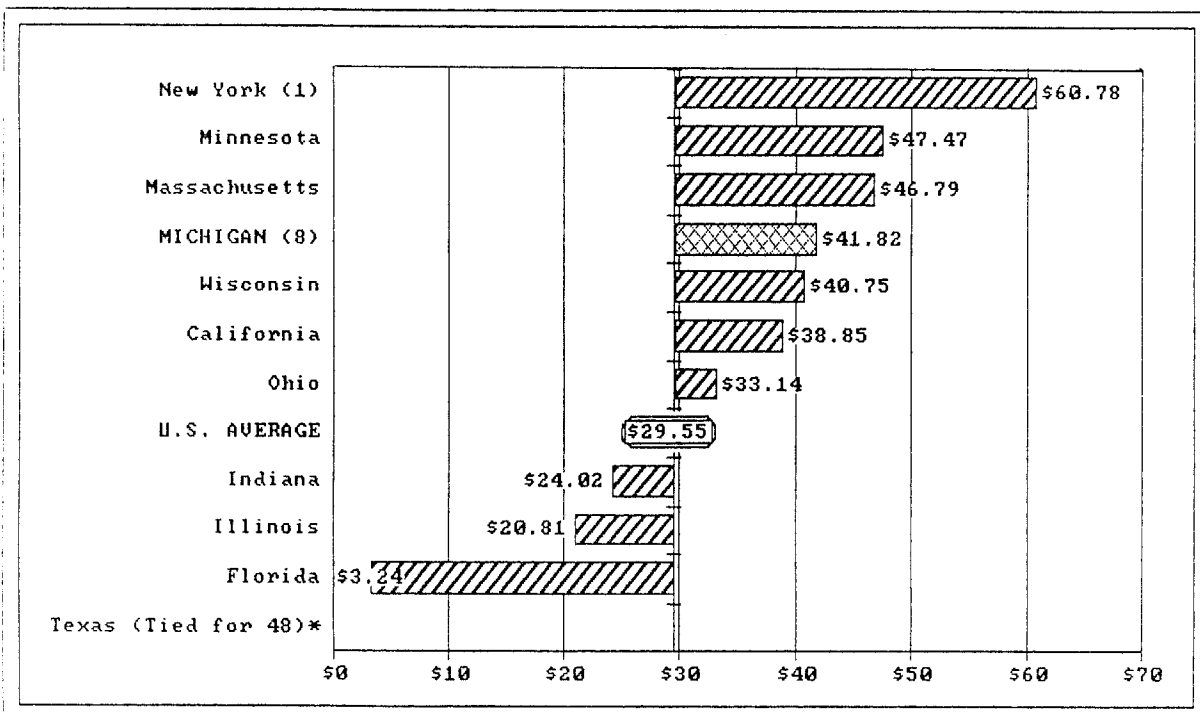


EXHIBIT 17  
PER CAPITA STATE-LOCAL INCOME TAX



\*No state-local income tax.

EXHIBIT 18  
STATE-LOCAL INCOME TAX PER \$1,000 PERSONAL INCOME



\*No state-local income tax.

EXHIBIT 19  
PER CAPITA STATE-LOCAL SALES TAX

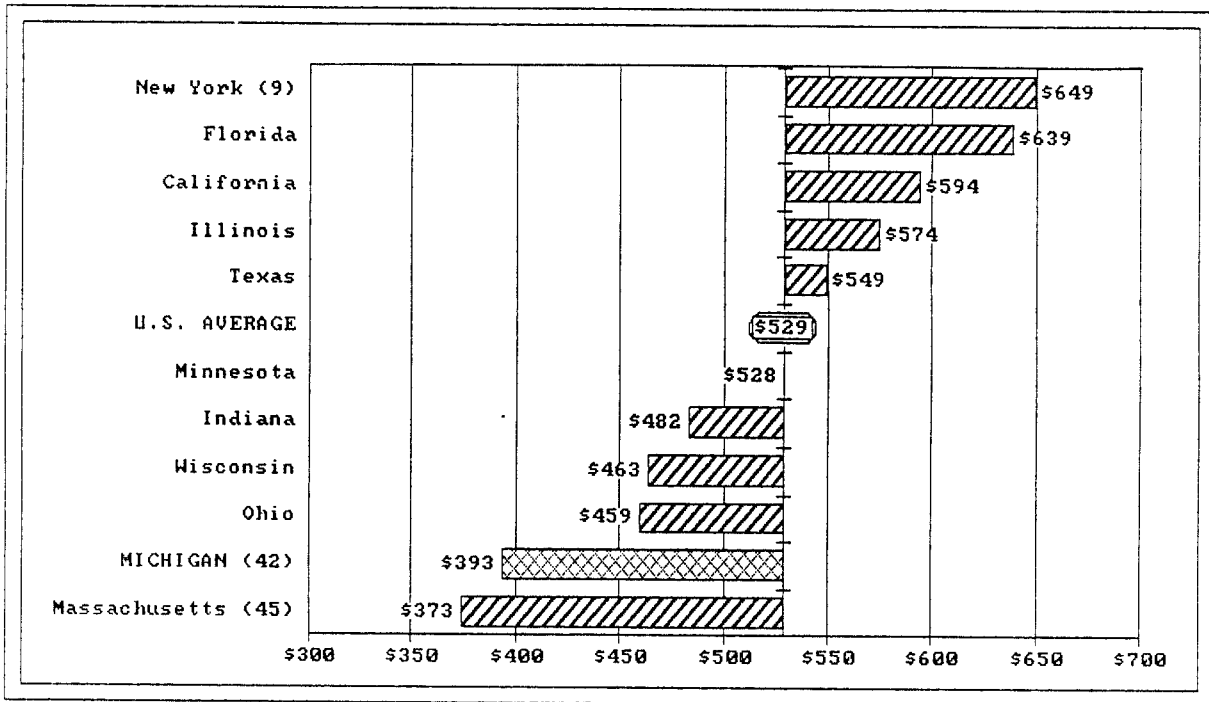


EXHIBIT 20  
STATE-LOCAL SALES TAX PER \$1,000 PERSONAL INCOME

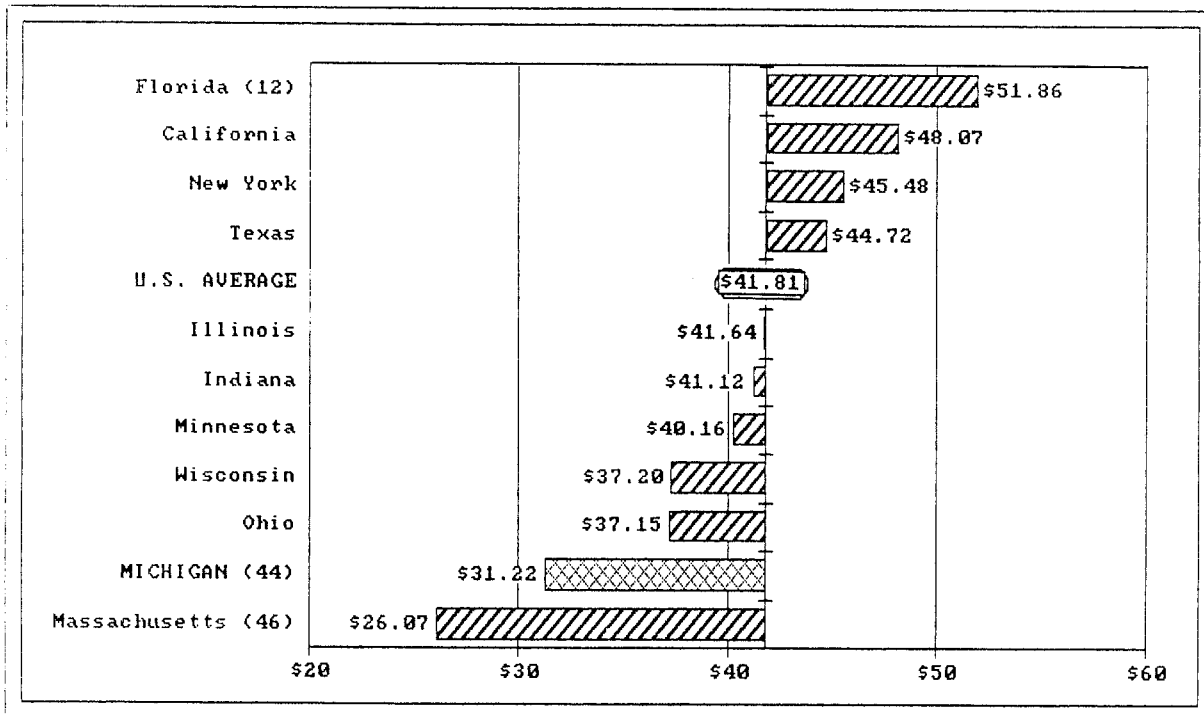


EXHIBIT 21  
PER CAPITA STATE-LOCAL FEDERAL AID

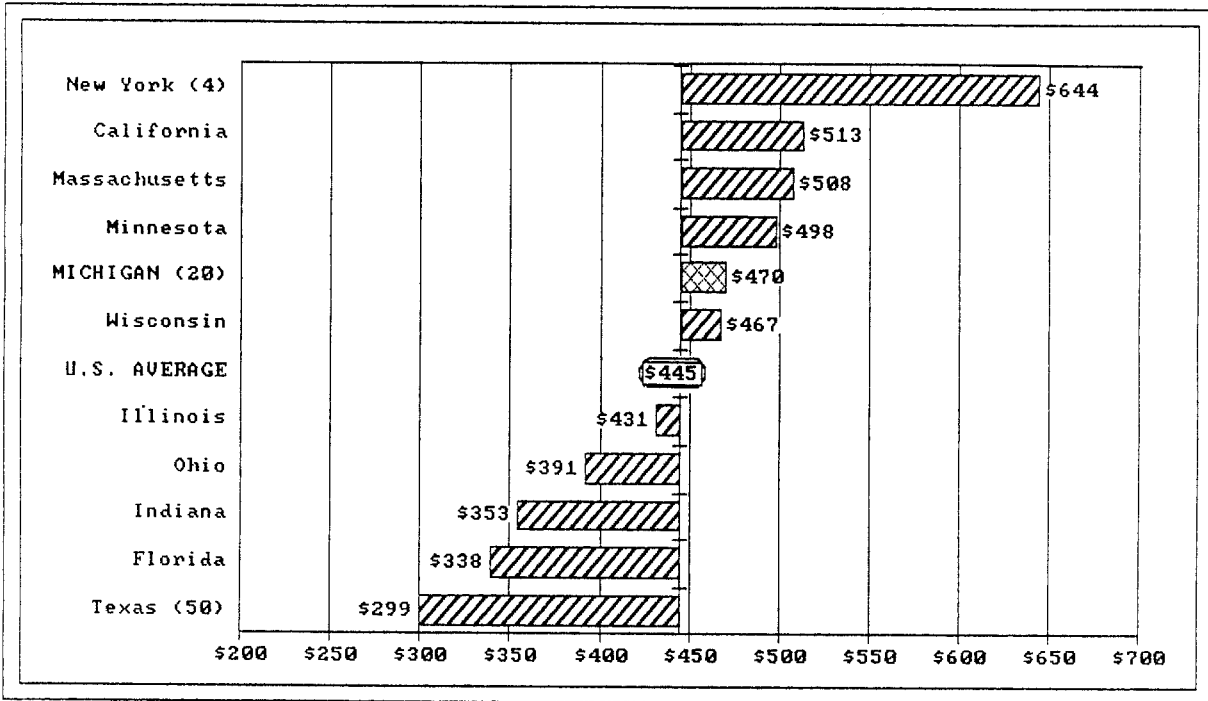


EXHIBIT 22  
STATE-LOCAL FEDERAL AID PER \$1,000 PERSONAL INCOME

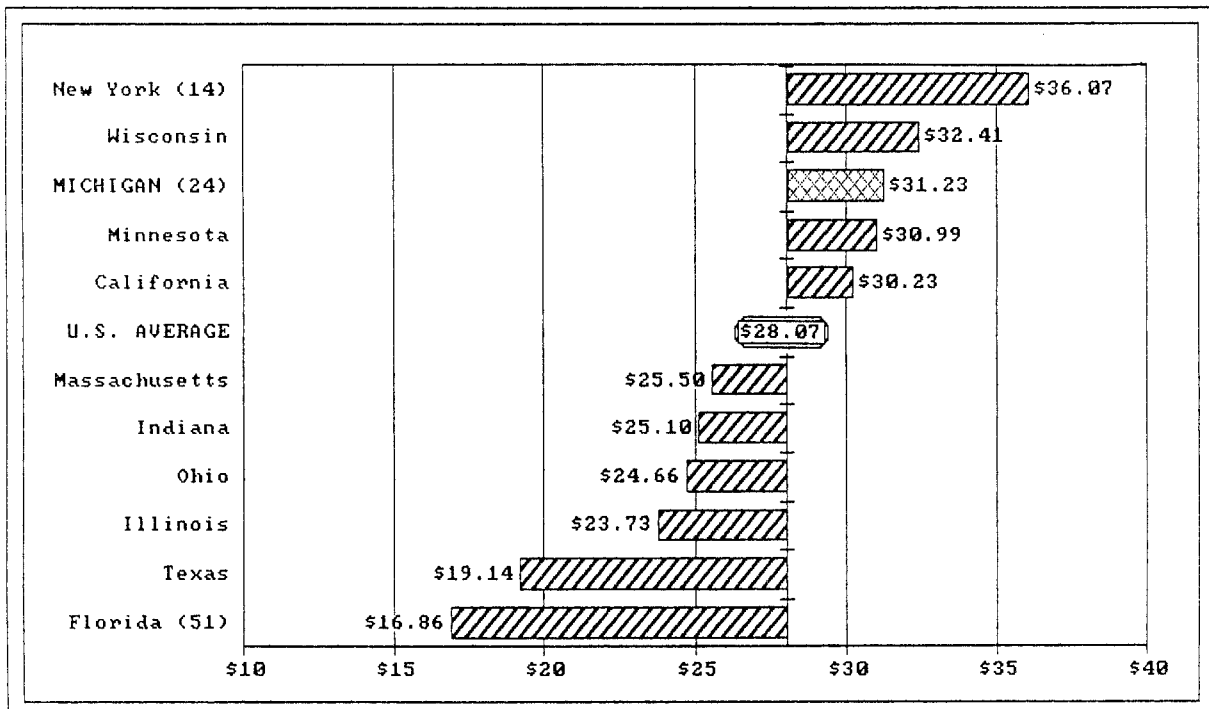


EXHIBIT 23  
PER CAPITA STATE GENERAL EXPENDITURES

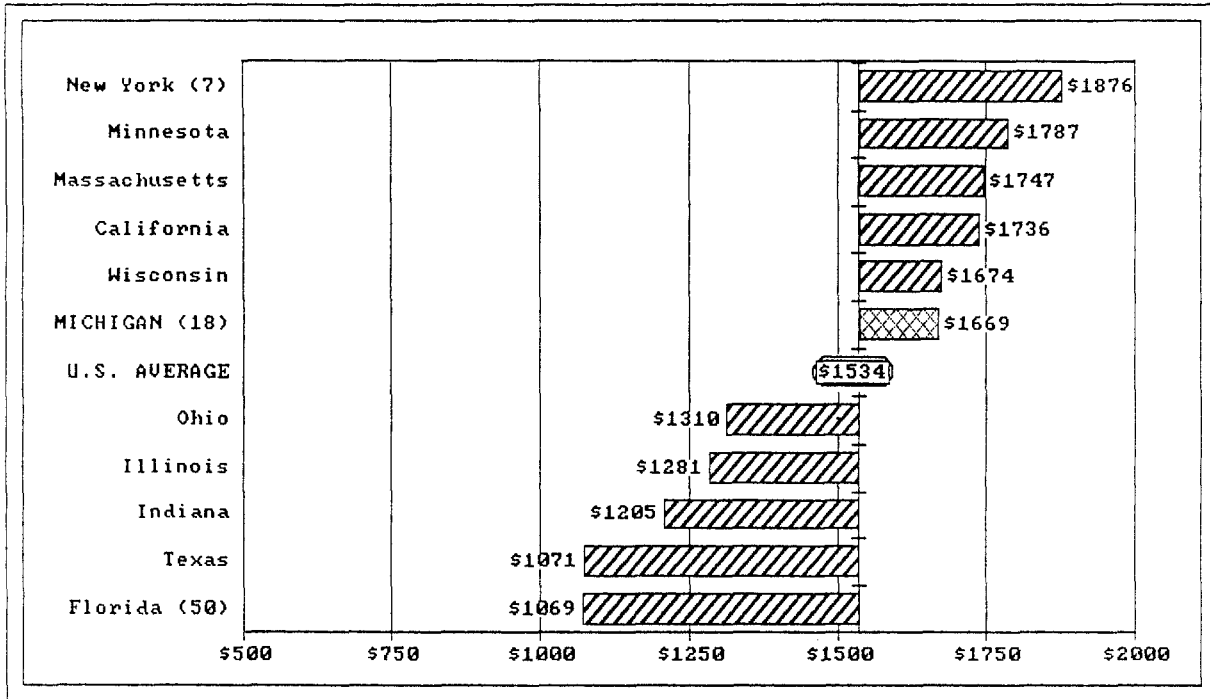


EXHIBIT 24  
STATE GENERAL EXPENDITURES PER \$1,000 PERSONAL INCOME

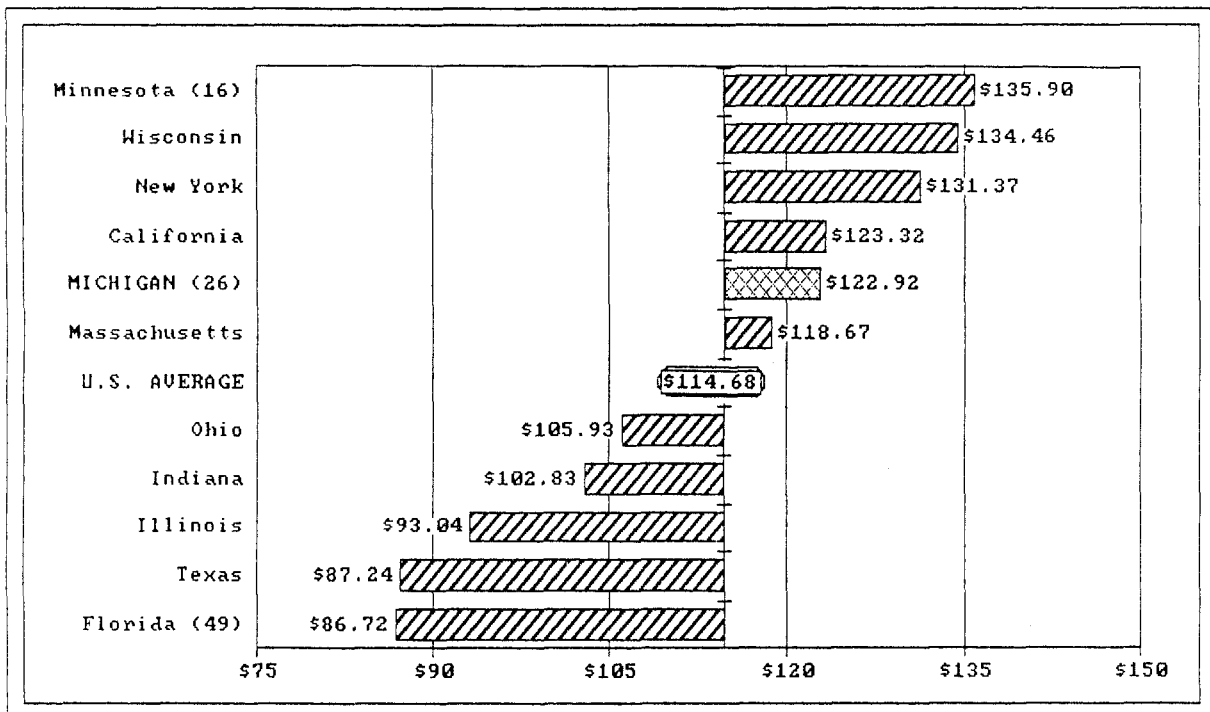


EXHIBIT 25  
PER CAPITA STATE GENERAL REVENUE

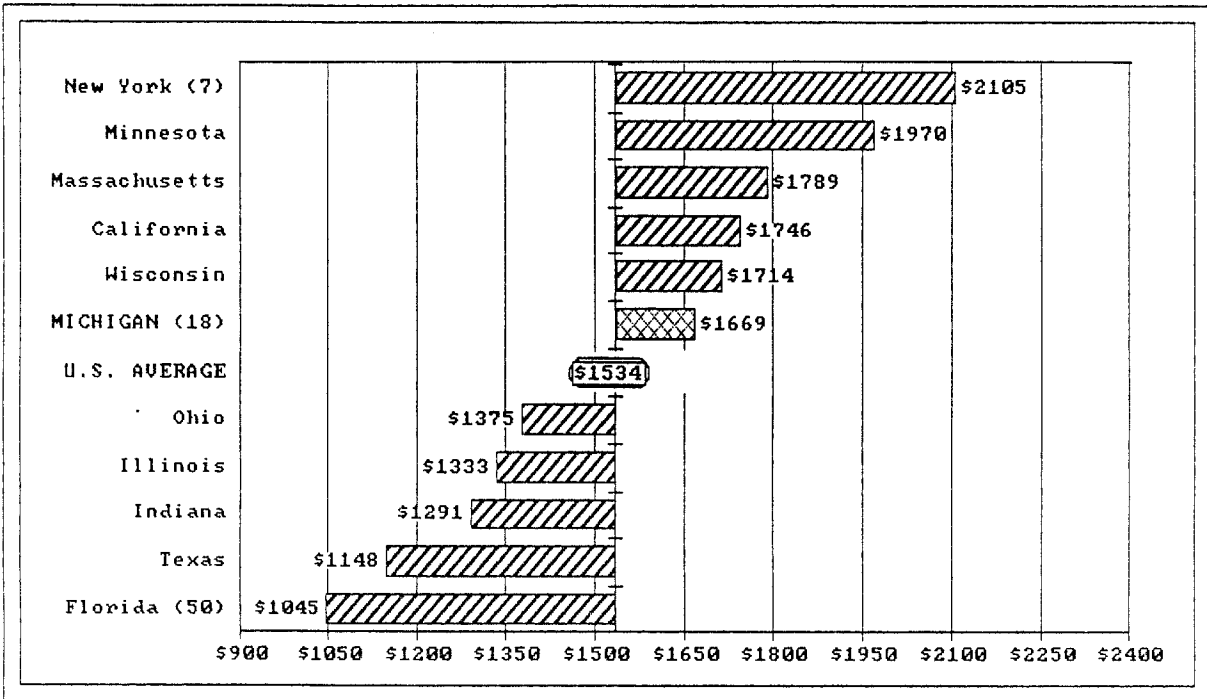


EXHIBIT 26  
STATE GENERAL REVENUE PER \$1,000 PERSONAL INCOME

