

## 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 1985-86 were recently released. The information in this report (including the exhibits) was taken from *Governmental Finances in 1985-86* and *State Government Finances, 1986*.

The exhibits in this report include FY 1985-86 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.)

#### 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 10.5 percent above the U.S. average using the per capita measure and 12.3 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).

Michigan state-local per capita spending increased 11.3 percent from FY 1984-85 to FY 1985-86, and Michigan's rank among the states moved from 15 to 10. One noteworthy development is that Michigan per capita state-local expenditures on education increased 14.8 percent in 1985-86, moving Michigan's rank from 13 to 8. Michigan education expenditures as a percentage of personal income increased 6.8 percent, bringing Michigan's rank from 18 to 15.

#### 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 per capita terms and 10 percent above when measured against personal income (see exhibits 13 and 14). Michigan ranks high in property tax (6) and income tax (7) burdens and low in sales tax burden (45) when measured per \$1,000 of personal income. Michigan state-local income taxes as a percentage of personal income declined 2.4 percent from FY 1984-85 to FY 1985-86, due mainly to the reduction of the state personal income tax rate on January 1, 1986. (See exhibits 15 to 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 20th among the states on state general revenue per \$1,000 of personal income compared with a rank of 17th for state-local revenue. This is largely due to the heavy property tax burden, a tax used almost exclusively by local governments. State expenditures in Michigan as a percentage of personal income increased 2.6 percent from FY 1984-85 to FY 1985-86 compared with a 0.5 percent decline nationally.

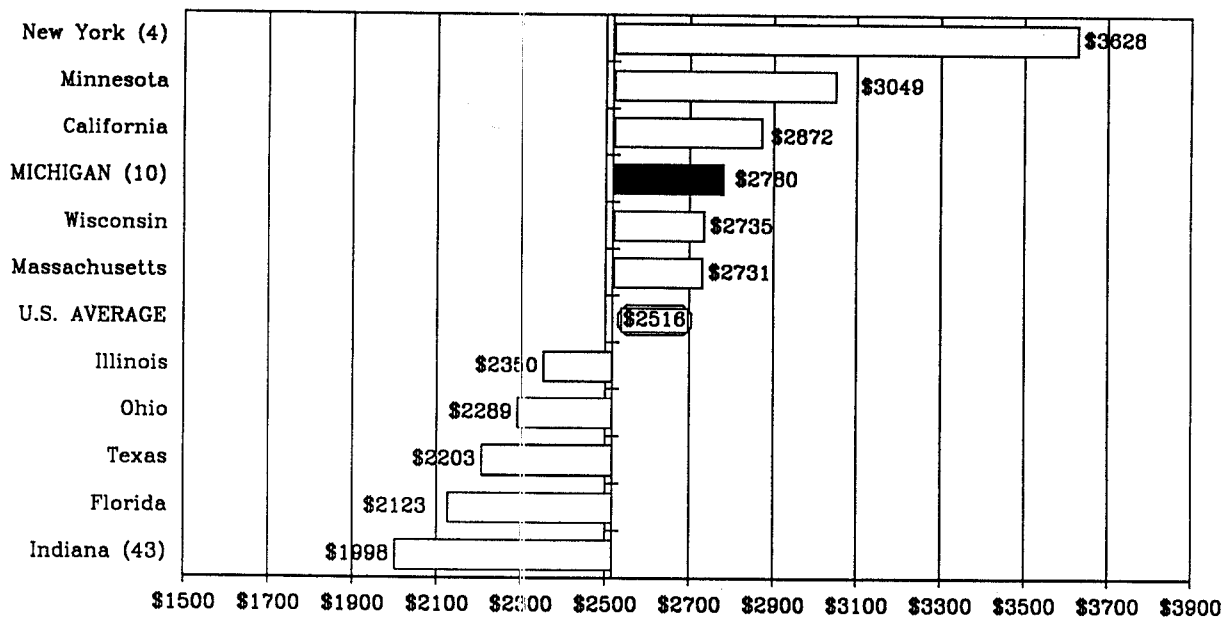
Comment

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

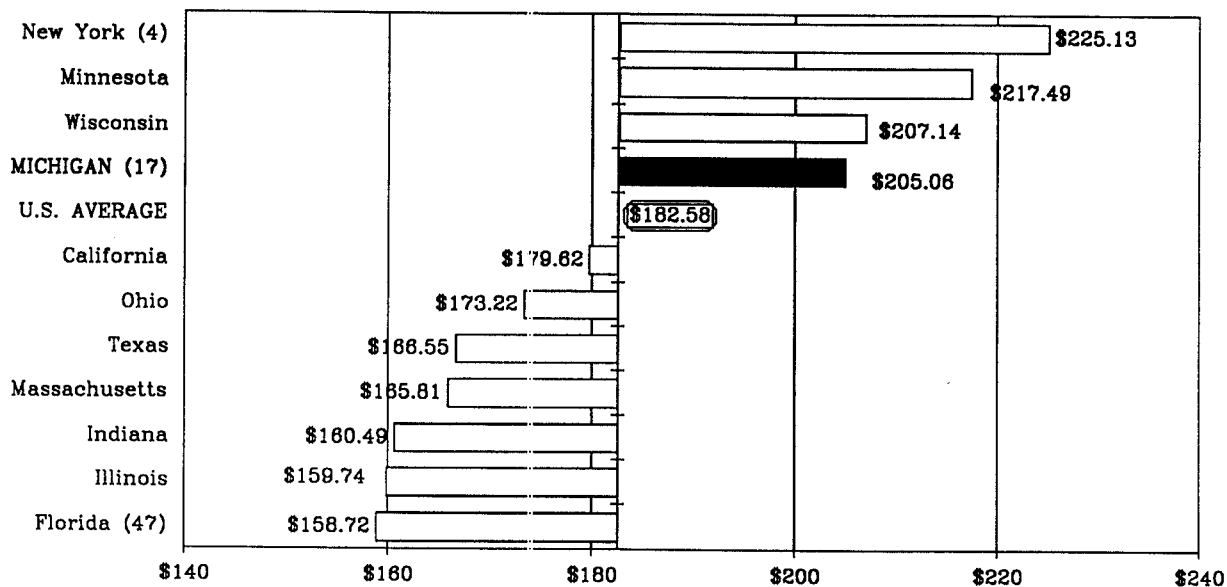
STATE-LOCAL GENERAL EXPENDITURES  
PER \$1,000 PERSONAL INCOME

EXHIBIT 3  
PER CAPITA STATE-LOCAL EDUCATION EXPENDITURES

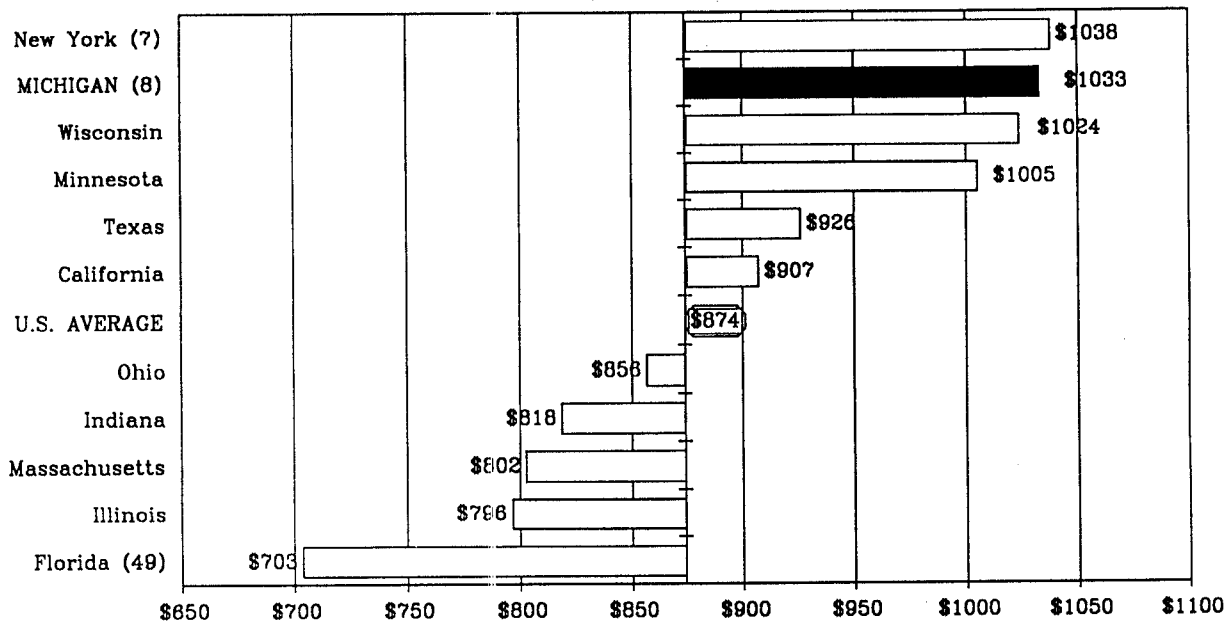
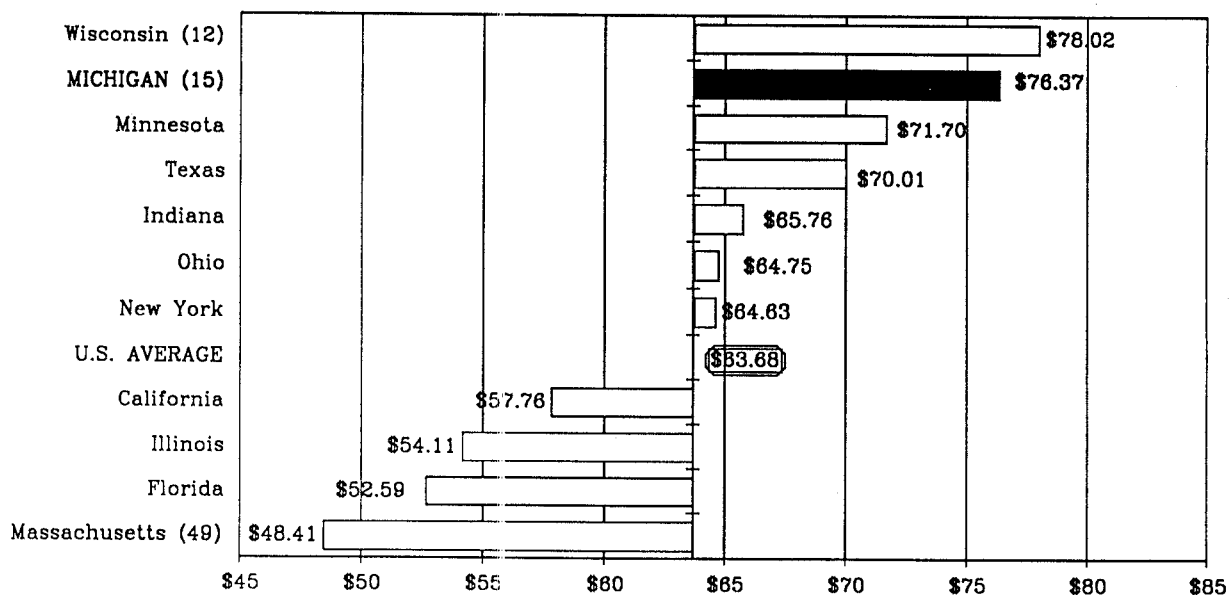
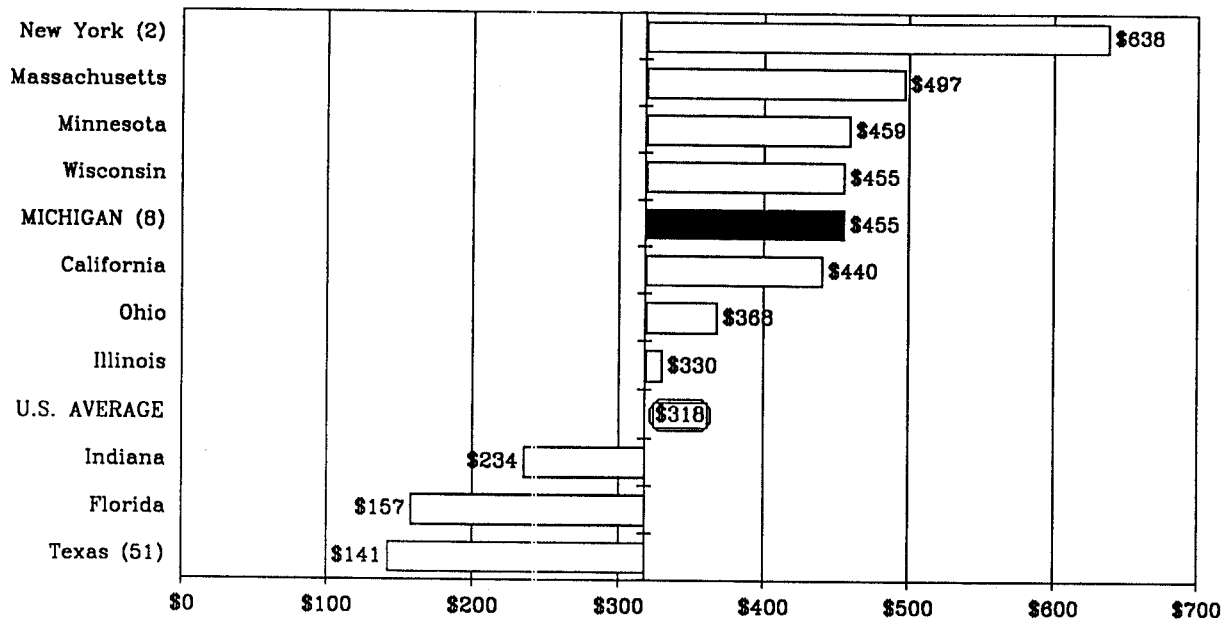


EXHIBIT 4  
STATE-LOCAL EDUCATION EXPENDITURES  
PER \$1,000 PERSONAL INCOME

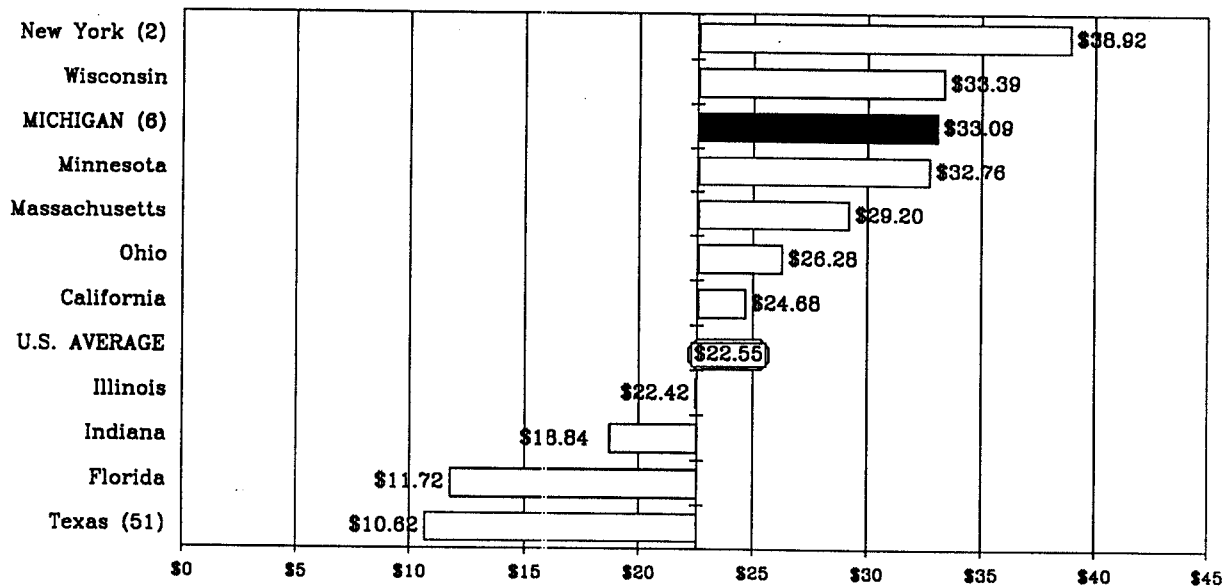


## EXHIBIT 5

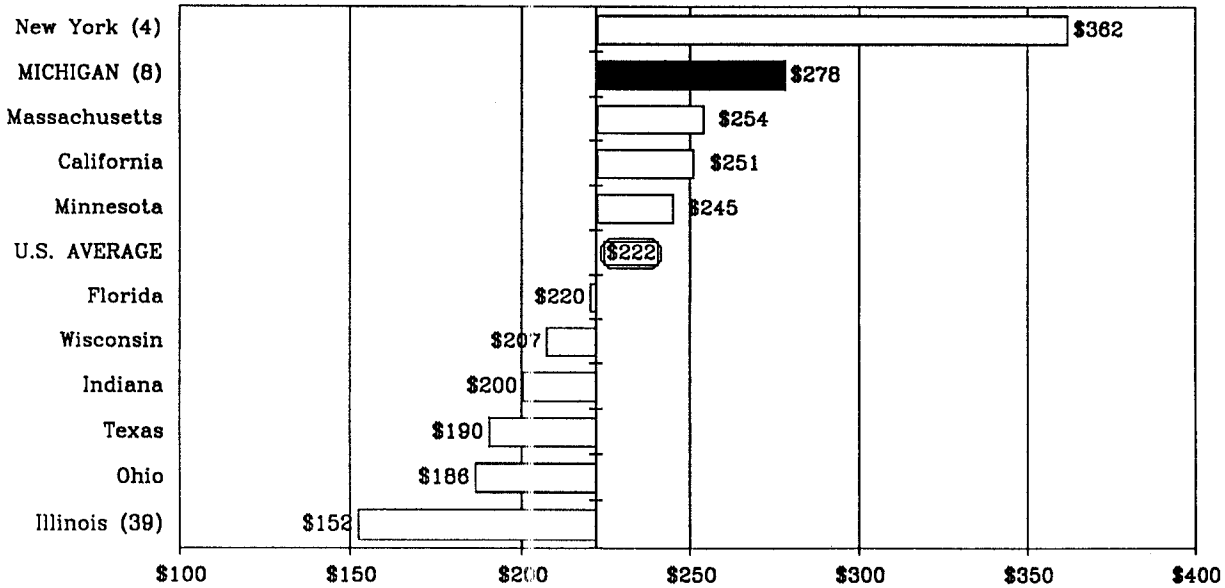
## PER CAPITA STATE-LOCAL WELFARE EXPENDITURES



## EXHIBIT 6

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

## EXHIBIT 7

PER CAPITA STATE-LOCAL HEALTH AND  
HOSPITAL EXPENDITURES

## EXHIBIT 8

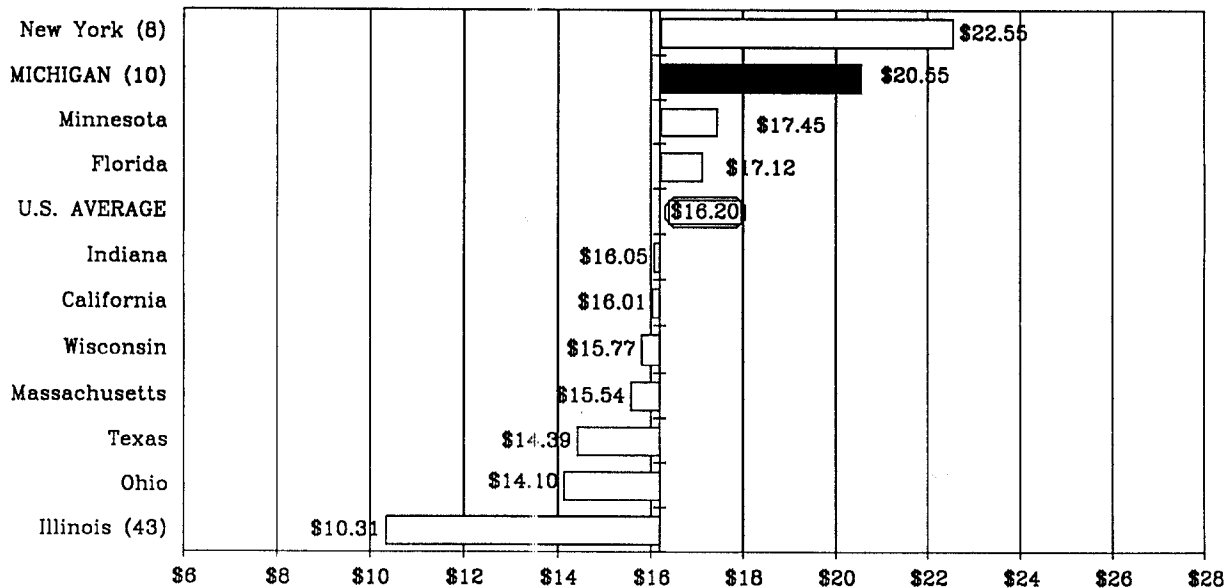
STATE-LOCAL HEALTH AND HOSPITALS EXPENDITURES  
PER \$1,000 PERSONAL INCOME

EXHIBIT 9  
PER CAPITA STATE-LOCAL HIGHWAY EXPENDITURES

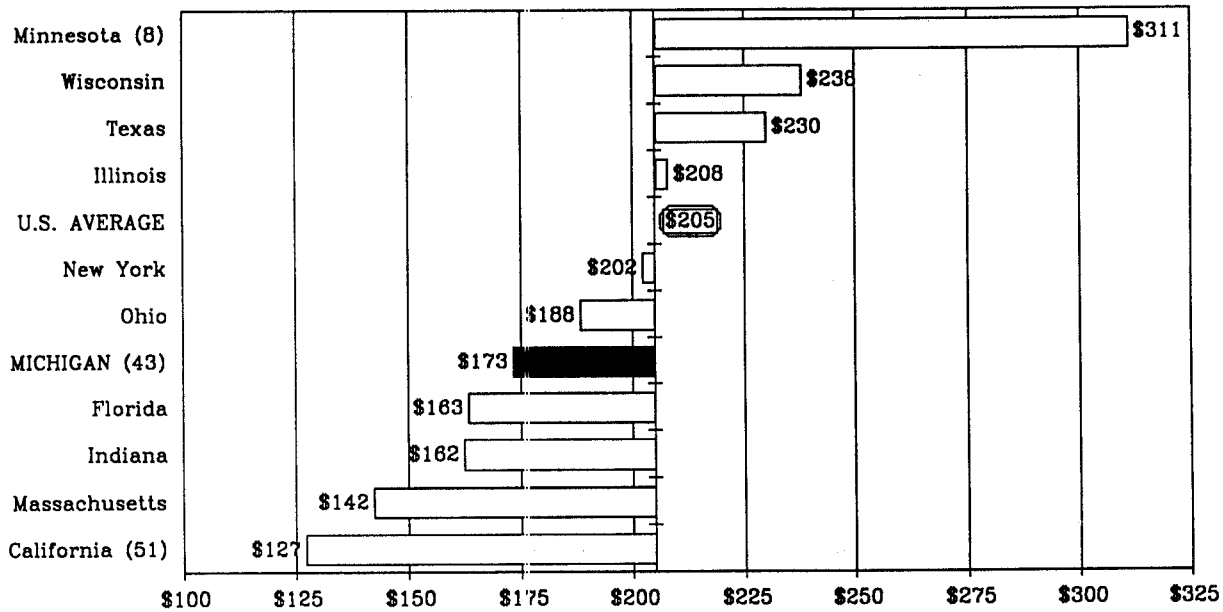


EXHIBIT 10  
STATE-LOCAL HIGHWAY EXPENDITURES  
PER \$1,000 PERSONAL INCOME

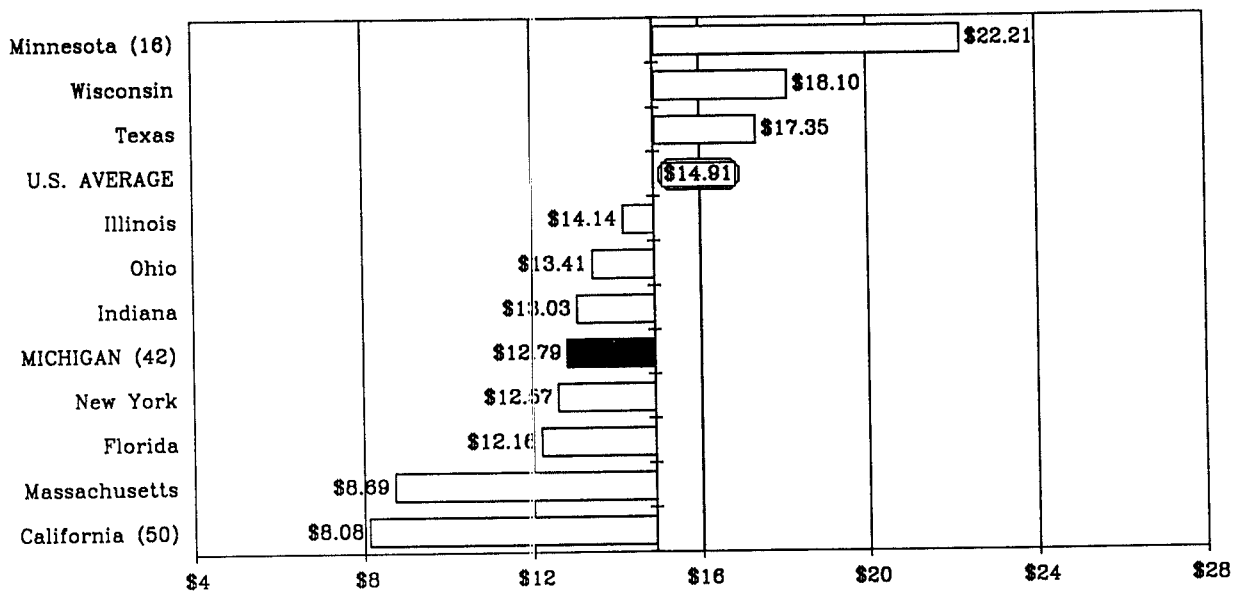


EXHIBIT 11  
PER CAPITA STATE-LOCAL INTEREST (DEBT) EXPENDITURES

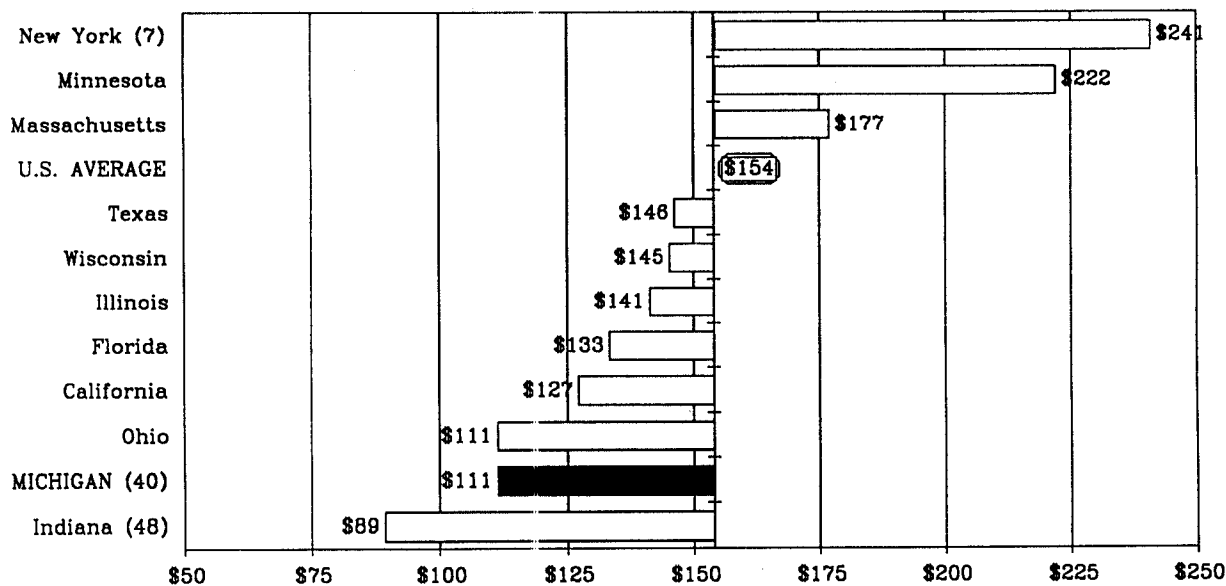
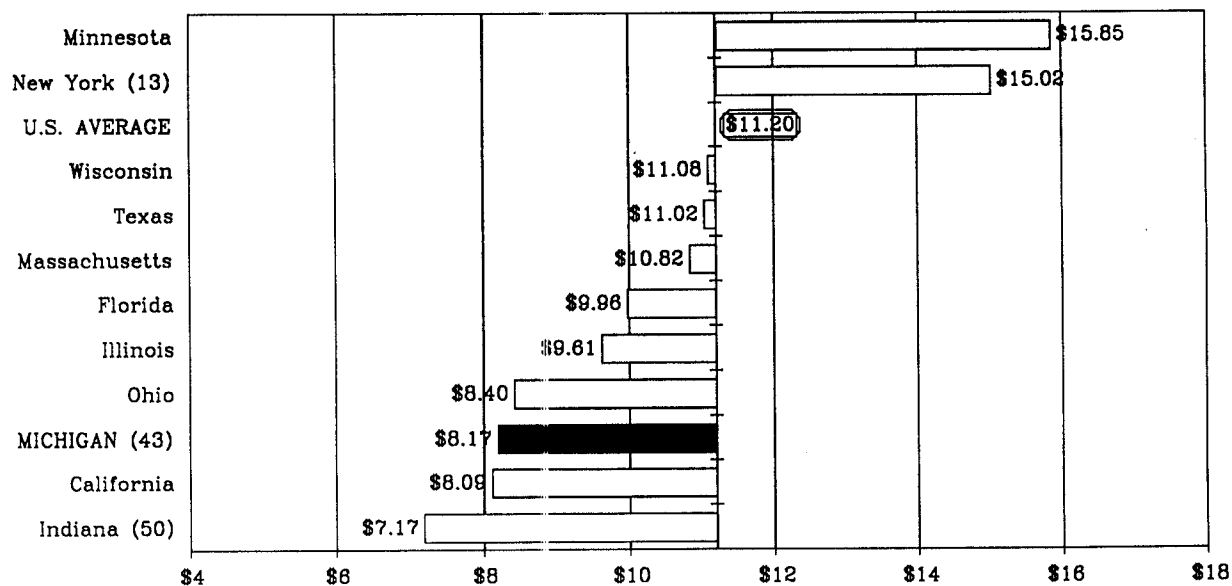
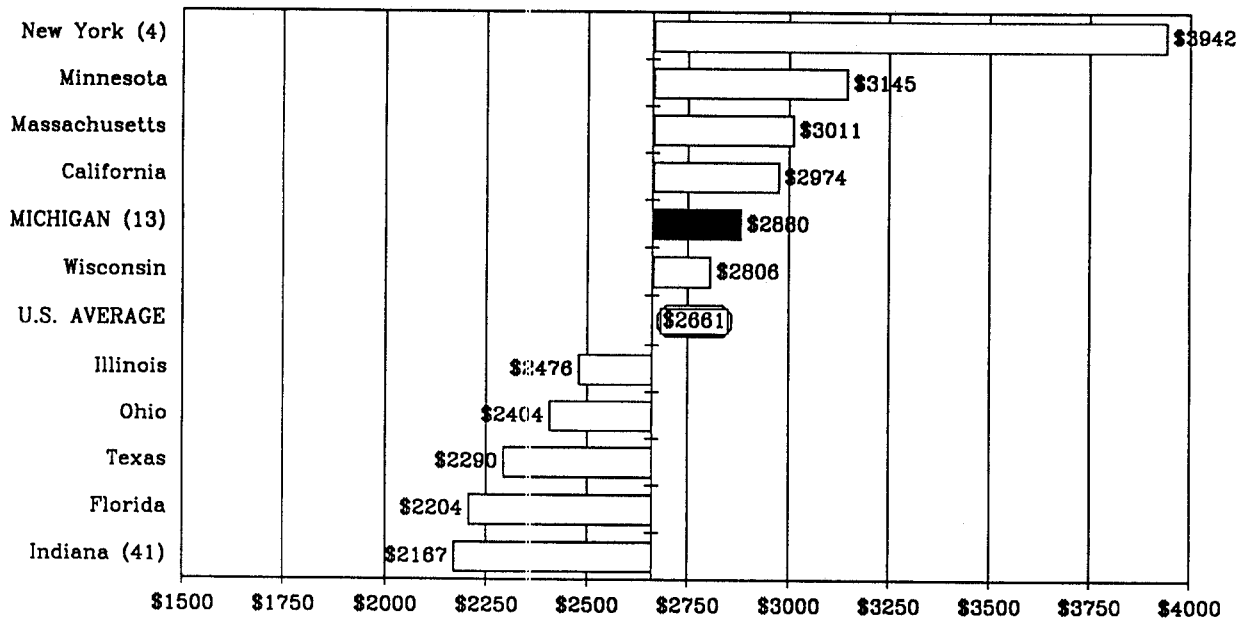


EXHIBIT 12  
STATE-LOCAL INTEREST (DEBT) EXPENDITURES  
PER \$1,000 PERSONAL INCOME

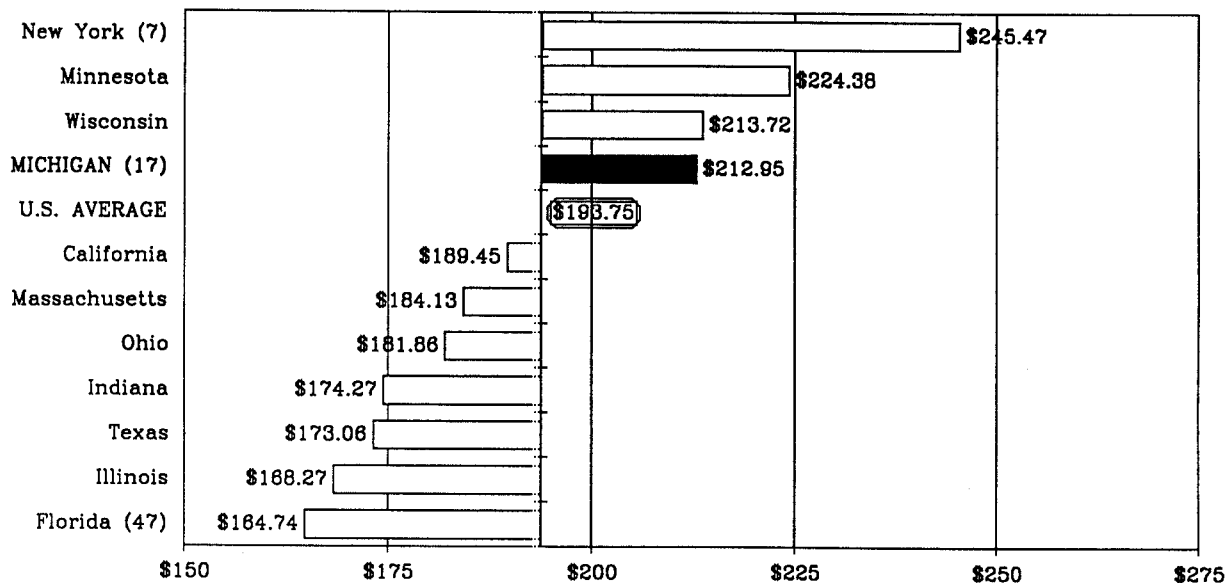




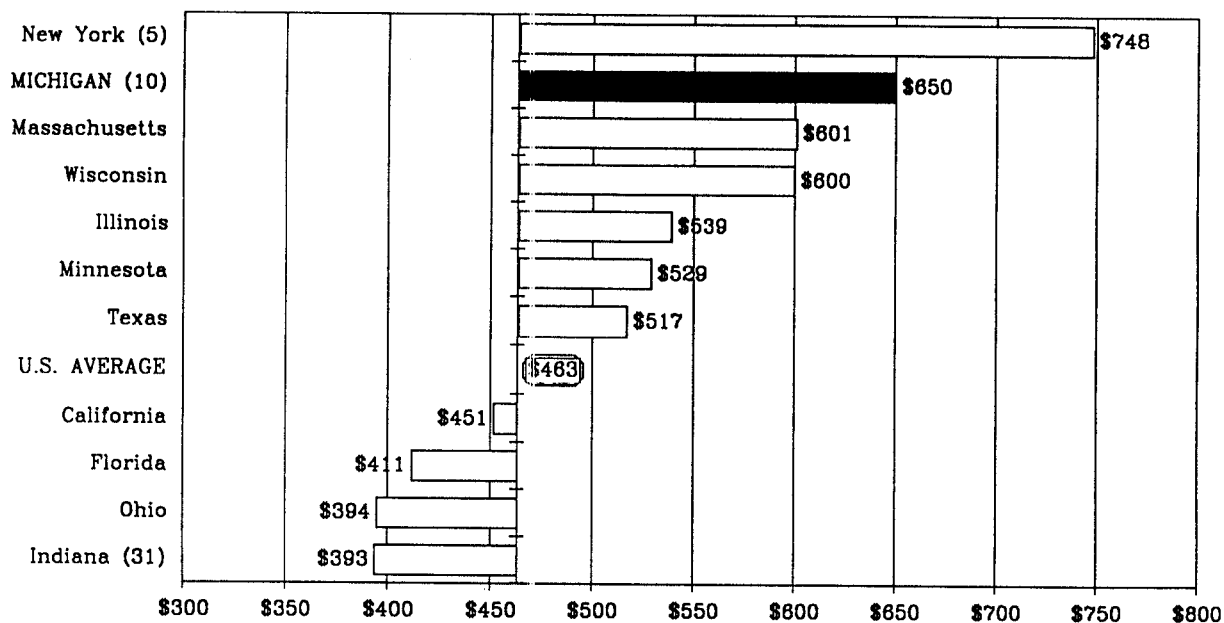
**EXHIBIT 13**  
**PER CAPITA STATE-LOCAL GENERAL REVENUE**



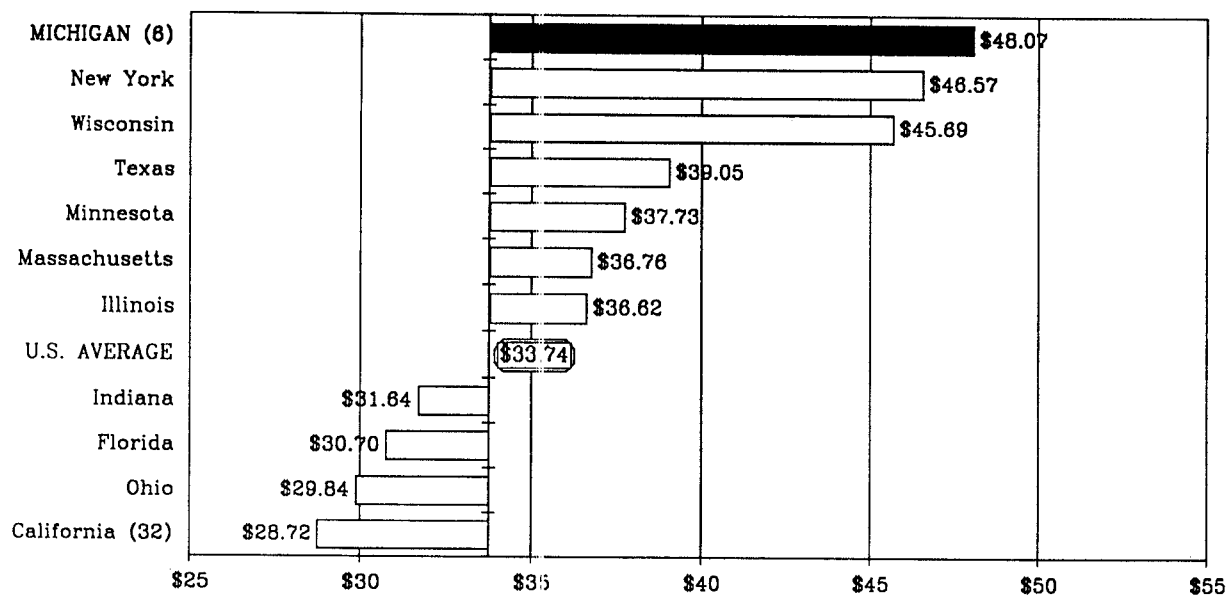
**EXHIBIT 14**  
**STATE-LOCAL GENERAL REVENUE**  
**PER \$1,000 PERSONAL INCOME**



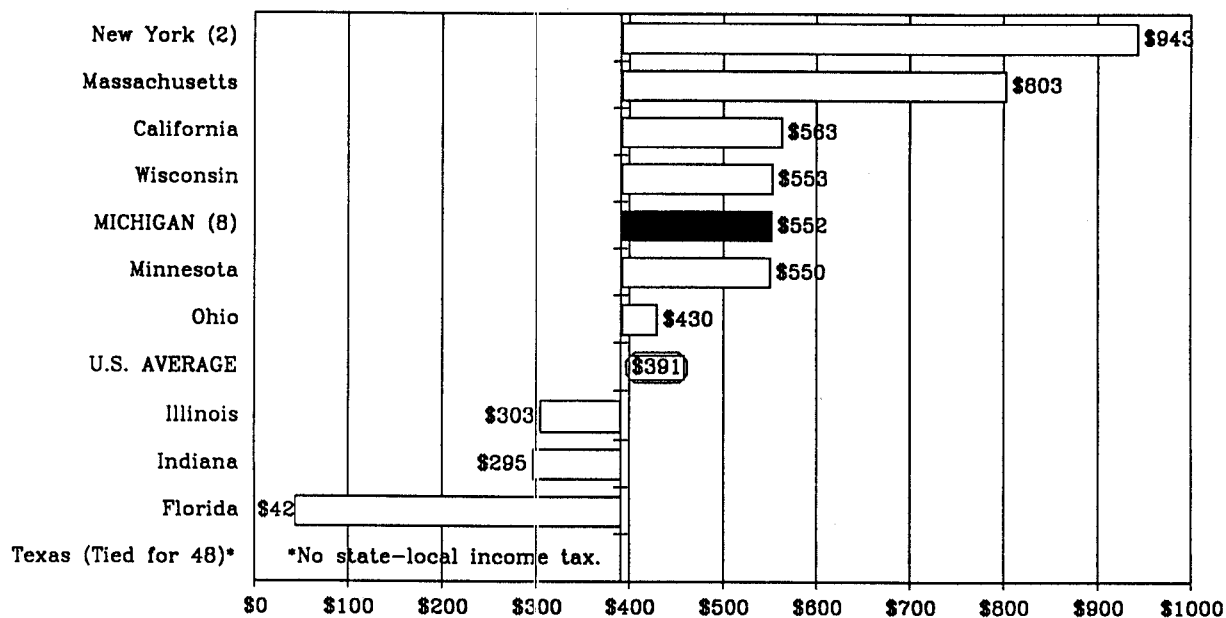
**EXHIBIT 15**  
**PER CAPITA STATE-LOCAL PROPERTY TAX**



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



**EXHIBIT 17**  
**PER CAPITA STATE-LOCAL INCOME TAX**



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

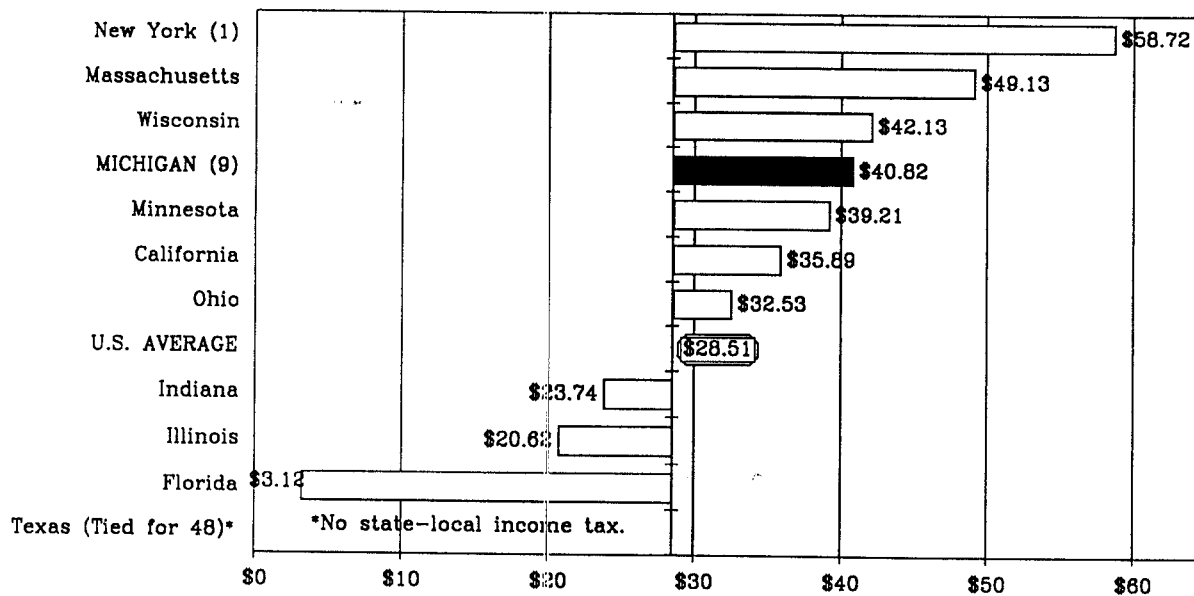


EXHIBIT 19  
PER CAPITA STATE-LOCAL SALES TAX

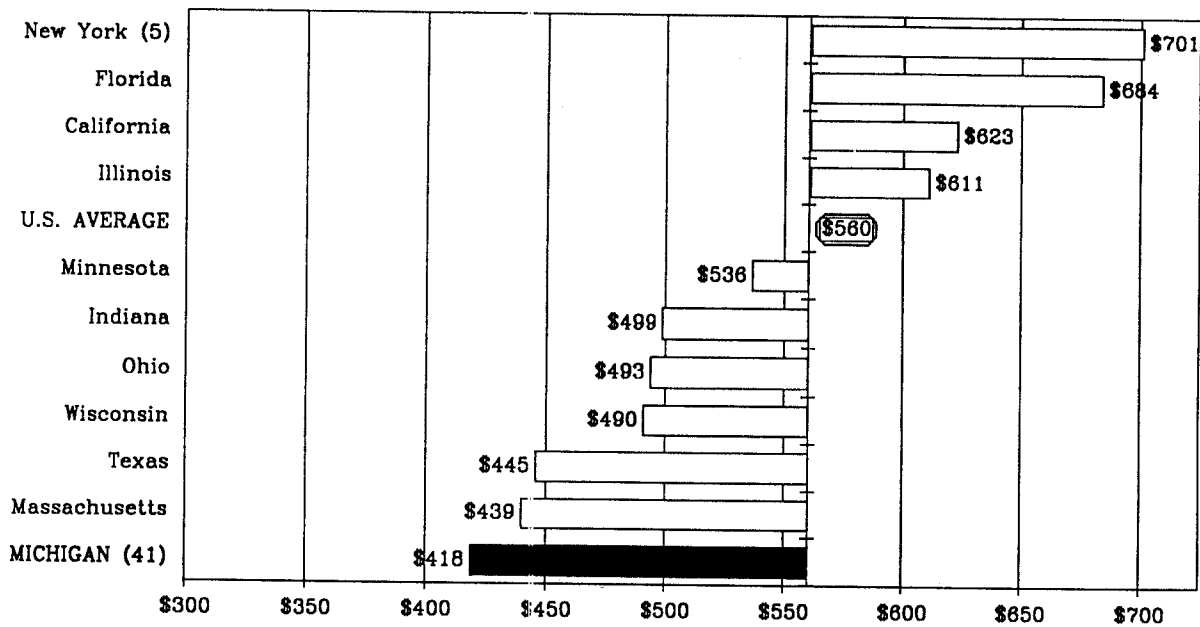


EXHIBIT 20  
STATE-LOCAL SALES TAX  
PER \$1,000 PERSONAL INCOME

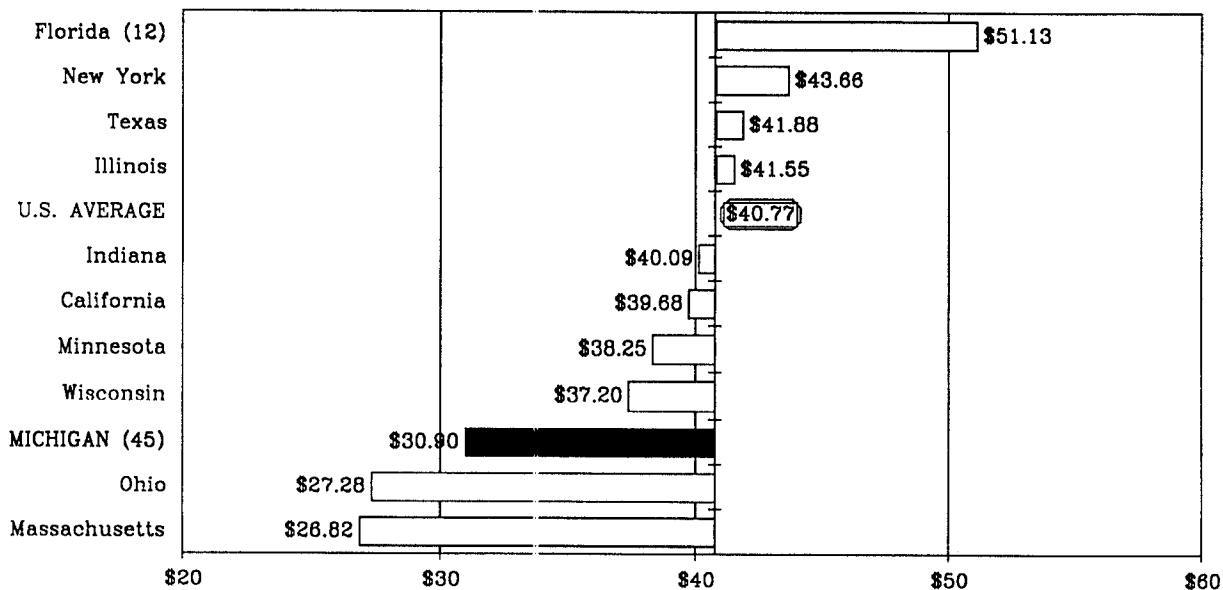


EXHIBIT 21  
PER CAPITA STATE-LOCAL FEDERAL AID

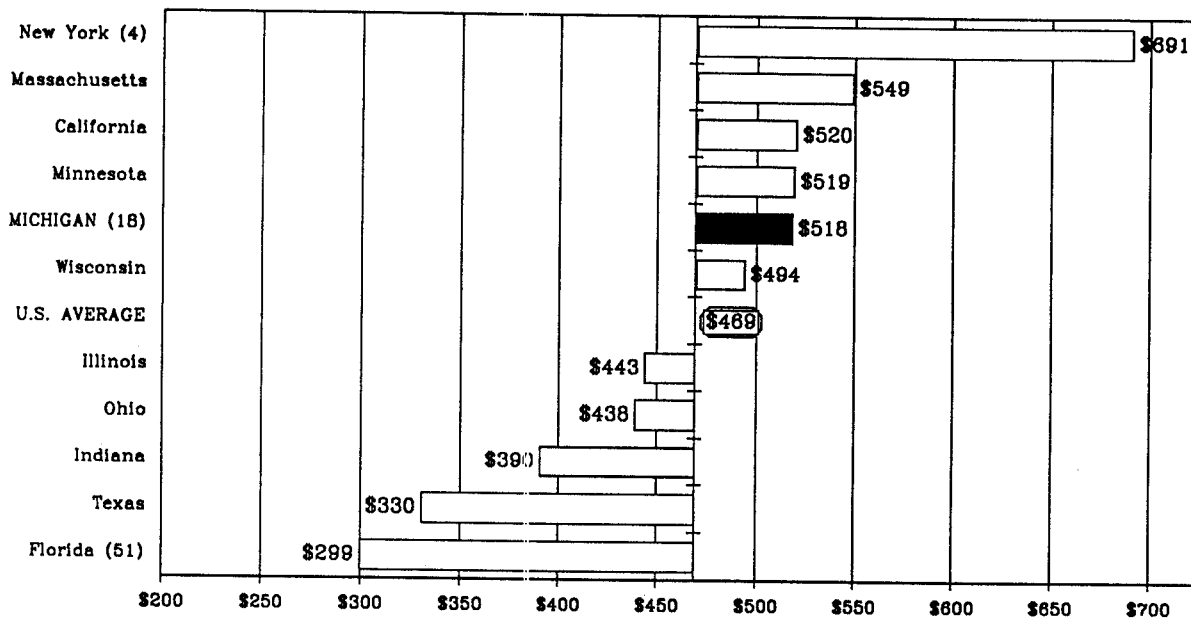
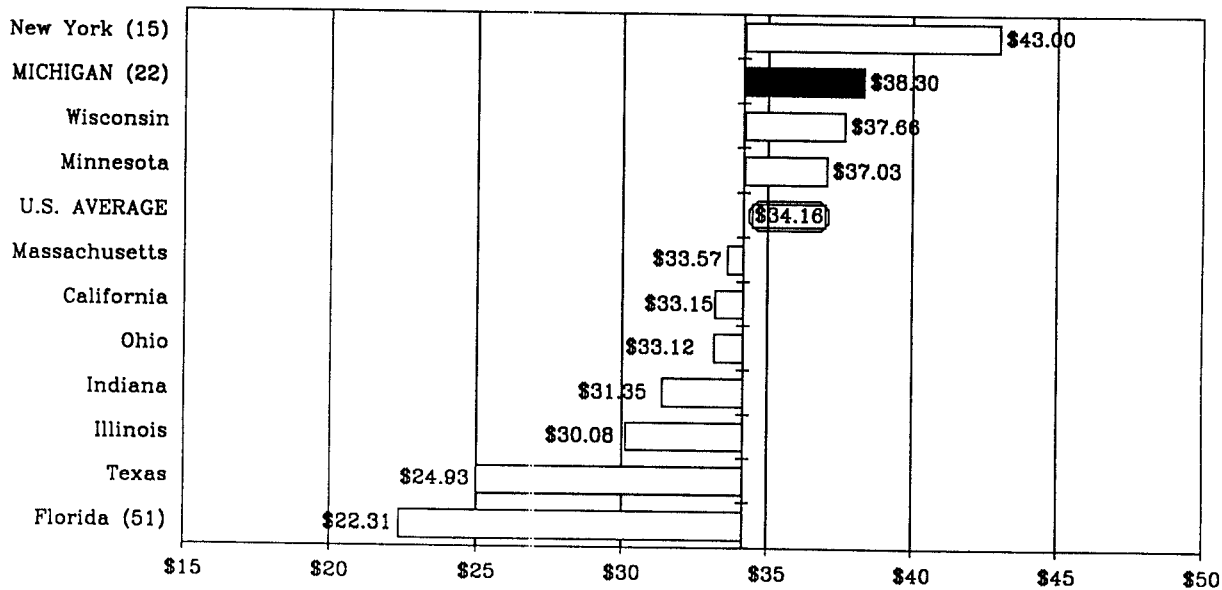
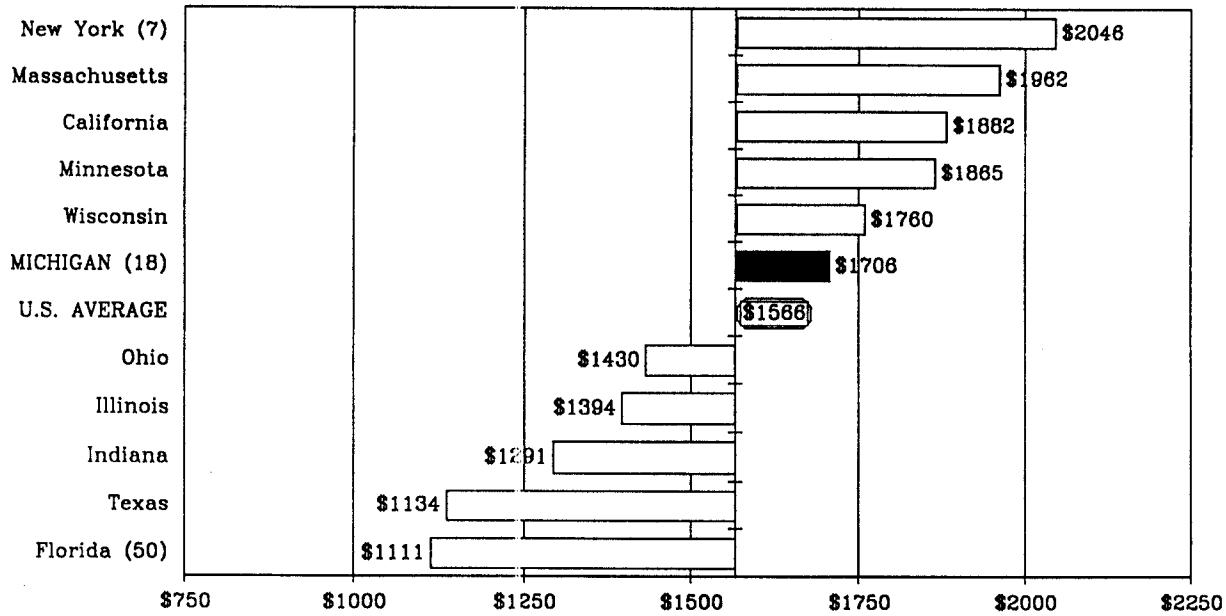


EXHIBIT 22  
STATE-LOCAL FEDERAL AID  
PER \$1,000 PERSONAL INCOME



**EXHIBIT 23**  
**PER CAPITA STATE GENERAL EXPENDITURES**



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

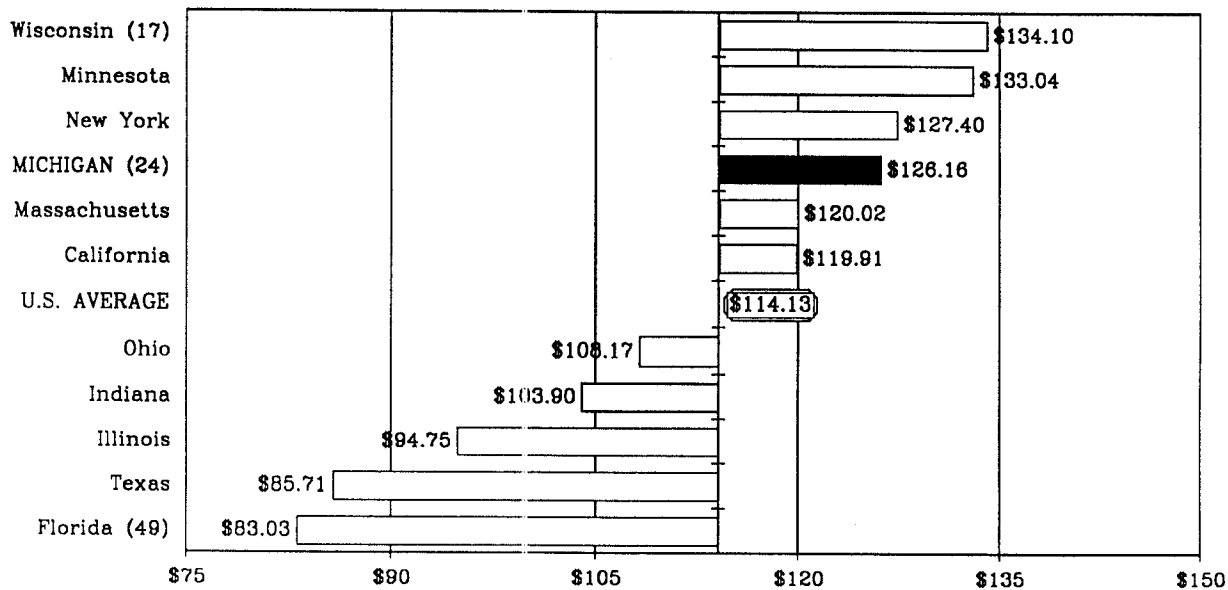


EXHIBIT 25  
PER CAPITA STATE GENERAL REVENUE

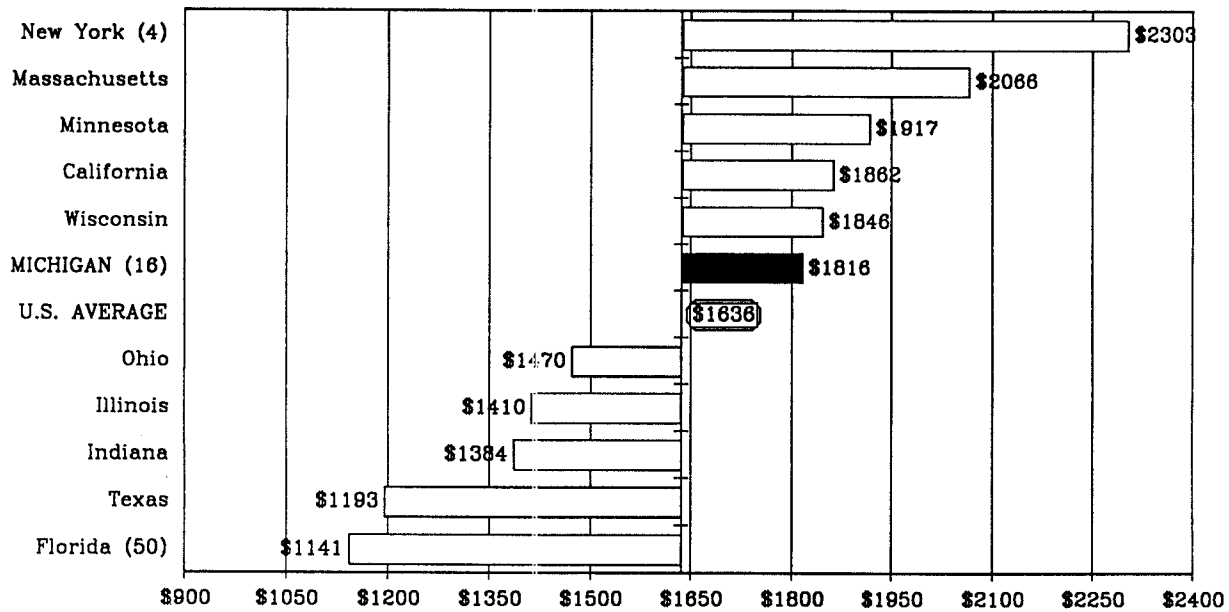


EXHIBIT 26  
STATE GENERAL REVENUE  
PER \$1,000 PERSONAL INCOME

