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Wisconsin's State and Local Governments Spend Slightly Below National Averages
State ranks 20th in state-local spending per capita

As a global pandemic and economic turmoil underscore the value of critical local government services, a new report from the nonpartisan Wisconsin Policy Forum finds that Wisconsin ranks 15th in the nation in local spending but 3.6% below the national average on a per capita basis. At the same time, Wisconsin leans more heavily than most states on its local governments to provide certain key services and has a lower ranking in both state and overall spending.

The report, "[Dollar for Dollar: Where Does Wisconsin Rank in Local Government Spending?](#)" looks at municipal expenditures in Wisconsin and across the U.S., as well as local spending more broadly in key categories such as education, public health, public safety, and infrastructure. It was commissioned by the League of Wisconsin Municipalities, the Wisconsin Realtors Association, and the Greater Milwaukee Committee.

In 2019, the Forum published "[Dollars and Sense](#)," a report that took a comprehensive look at the revenue side of the municipal finance equation. The report found Wisconsin municipalities lean much more heavily on the property tax than the vast majority of states and have perhaps the tightest state-imposed limits on annual property tax increases among the states that are highly reliant on that tax.

"Ironically, Wisconsin's heavy reliance on the property tax to fund its cities and villages has been a [benefit for local governments](#) during the pandemic because of its relative stability," said Forum President Rob Henken. "However, our past research indicates that this heavy reliance on one form of taxation is adding to local governments' financial challenges and may not be sustainable over the long term."

To broaden its review of local government finances in Wisconsin, the Forum made local spending in general and municipal spending in particular the focus of this report. The topic has gained greater urgency in light of new demands created by COVID-19, an emergency unlike any other faced by local governments in the modern era.

The Forum's extensive study of local spending found:

- **Average spending.** Local governments in Wisconsin in 2017 spent \$4,881 per capita, below the national average of \$5,065 but ranking in the top third (15th) of all states. State government here spent \$4,420 per capita, below the average of \$4,472 across the country and ranking 31st. Combined spending is the most important metric and Wisconsin ranks 20th in the country on state-local spending at \$9,301 per capita, which is also below the national average.

- **State-local shift.** While the state accounted for only 37.0% of combined state and local spending in 1977, it was responsible for nearly half (47.5%) by 2017. This trend likely reflects a variety of factors, including lagging state aid to local governments; state limits on local property tax levies and school district revenues; growth in state revenues such as the income tax; and upward pressure on state spending in areas such as Medicaid health care for the needy.
- **Whose responsibility?** The national rankings reflect the duties and responsibilities that local governments in Wisconsin and other states are assigned, not merely how efficient they are. In Wisconsin, local governments tend to rank higher in spending on certain key services such as police, libraries, and health and public welfare, while the state does not rank as highly. For example, while Wisconsin's local governments rank 12th highest in the country for spending on police, state-level spending is dead last, and the state ranks 23rd when the two are combined.
- **Abundance of local governments.** Another factor to consider is that Wisconsin has more local governments than most states. This is due in part to how the state was settled in the 19th century, but also reflects a more recent increase in the number of special districts statewide. Given that many services are delivered at the local level in Wisconsin, that may place a special value on collaboration between the many local entities.
- **The cold reality.** Some spending may be dictated by factors such as climate, geography, and population that are outside the control of elected officials. For example, Wisconsin's comparatively high level of spending on roads and highways may be affected by the state's harsh winter conditions in the state, as well as its relatively large road network.

As the state-local spending gap already has narrowed, the report finds policymakers may wish to consider the impacts that continued strict property tax levy limits and stagnant state aids may have on local government service levels. The report offers potential options for ensuring that these essential – and in some cases, life-saving – services are funded adequately and delivered efficiently.

In these extraordinary times, “a renewed spirit of partnership between state and local officials would certainly appear to be in order,” the report reads.

Some measures, such as enhanced local revenue options or changes that would lower personnel costs, could be implemented relatively quickly. Longer-term initiatives could include service consolidation between localities or revisiting the state-local partnership by increasing state aid or having the state assume some responsibilities now delegated to the local level.

“Wisconsin has a long and proud history of local services and local control,” the report concludes. “In charting a path forward, policymakers should not necessarily feel bound by that tradition any more than they should be indifferent to it. Yet understanding Wisconsin’s unique approach may help them both to preserve and improve on it.”

Go here to read [Dollar for Dollar: Where Does Wisconsin Rank in Local Government Spending?](#)