*Fiscal Facts by Wisconsin Policy Forum*

**Wisconsin sees slow but significant shift in state and local spending**

In recent decades, the distribution of spending between state and local government in Wisconsin has undergone a slow but profound shift, with the gap between the local and state shares nearly erased.

Still, both amounts now are below national per capita spending averages, according to a new report from the Wisconsin Policy Forum: “Dollar for Dollar: Where Does Wisconsin Rank in Local Government Spending?” This report, which looks at state and local spending in Wisconsin and nationally through 2017, was commissioned by the League of Wisconsin Municipalities, the Wisconsin Realtors Association, and the Greater Milwaukee Committee.

While the state accounted for only 37% 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.

In combined state and local government spending, Wisconsin ranks 20th in the country on state-local spending at $9,301 per capita, which is slightly below the national average.

State government here spent $4,420 per capita, which is below the average of $4,472 across the country and ranks Wisconsin 31st. Meanwhile, local governments in Wisconsin in 2017 spent $4,881 per capita, slightly below the national average of $5,065 but ranking in the top third (15th) of all states. It’s important to note that Wisconsin leans more heavily than most states on its local governments to provide some key services.

As the state-local spending gap 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 Forum’s report offers potential options for ensuring that these essential — and in some cases, life-saving — services are funded adequately and delivered efficiently.

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.

This information is provided to Wisconsin Newspaper Association members as a service of the Wisconsin Policy Forum, the state’s leading resource for nonpartisan state and local government research and civic education. Learn more at wispolicyforum.org.