

COMMUNITY INDICATORS

## It's Tax Time: Do you Know where you're Federal Tax Dollars are Going?

*Community Indicators are intended to stimulate thoughtful dialogue about your community. They can help identify potential issues, opportunities and problems facing your community. This communication piece is also intended to increase use and understanding of readily accessible demographic data on the web.*

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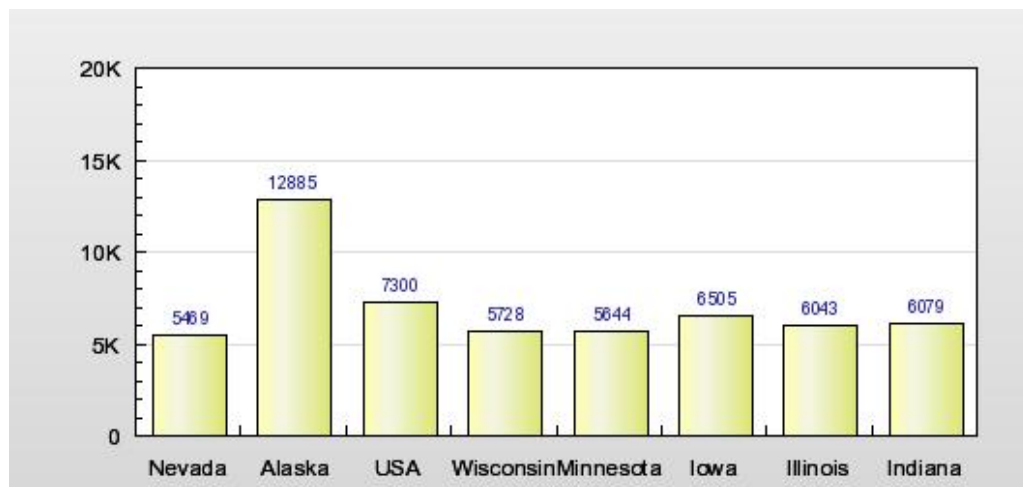
County and state data on federal expenditures and obligations is available on the DataPlace web site at:  
[www.dataplace.org](http://www.dataplace.org)

Just click on the "key indicators" tab at the top of the page. In the "key indicator Tool" box on the right hand side, scroll down and select "federal expenditures". In the text box at the top of the page, type in the County or State that you are interested in. By clicking on the "data & charts" tab, you can chart out the data for numerous counties/states.

A significant portion of many communities' income comes from the payments received from the federal government. Individuals receive payments such as social security, veterans benefits, aid for dependent children, and retirement income. Businesses receive agricultural land conservation payments, military contracts and service contracts. Local units of government receive aids for the provision of local public services.

As outlined by Pulver and Shafer in the Community Economic Analysis process (See: <http://www.ncrcrd.iastate.edu/pubs/contents/rrd186-readonly.pdf>), communities can try to improve their local economy by devoting attention to this stream of revenue and trying to capture additional dollars.

### Total federal direct expenditures and obligations per capita in 2004



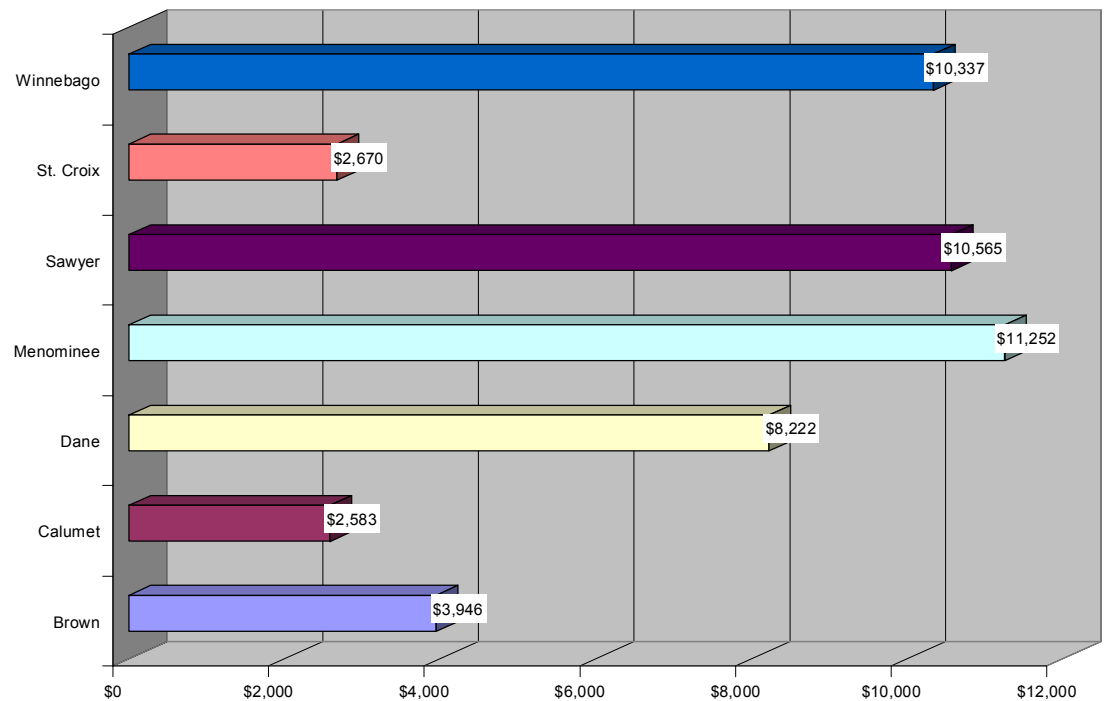
Source: DataPlace, [www.dataplace.org](http://www.dataplace.org)

Wisconsin ranks 47<sup>th</sup> among states in federal expenditures and obligations per capita (2004)

As it turns out, Wisconsin and most of the Midwestern states do not fare that well when comparing the federal direct expenditures and obligations per capita to the national average. Federal expenditures include direct payments for individuals including retirement and disability, other direct payments, grants, procurement contracts, and salaries and wages. Loans and insurance programs are excluded. In both 2000 and 2004, Wisconsin communities received about 78% of the national average (\$5,728 compared to \$7,300 per capita in 2004). In fact, Wisconsin ranked 47<sup>th</sup> among the states followed by Utah (\$5,728), Minnesota (\$5,644) and Nevada (\$5,469). States at the top of the list include: Alaska (\$12,885), Virginia (\$12,885), Maryland (\$11,645), and New Mexico (\$10,437), while Washington D.C. residents receive \$67,982 per capita.

Just as there are dramatic differences between states, there are also substantial differences between Counties.

### Total Federal Direct Expenditures and Obligations per capita (2004)



For detailed County data for the years 1993-2004, See the Consolidated Funds Report On-Line Query System on the U.S. Census Web Site:  
<http://harvester.census.gov/cffr/index.html>

Sawyer County not only ranked 2<sup>nd</sup> in the State of Wisconsin in per capita federal direct expenditures and obligations, it also increased its expenditures from \$88.6 million in 2000 to \$178.7 million in 2004 (an increase of 94% - the largest in the State of Wisconsin). Only two Wisconsin Counties decreased their per capita amounts between 2000 and 2004 – Kewaunee (-31.2%) and Marinette (-1.1%).

In the case of Sawyer County, there was a significant increase in procurement contracts by the Department of Defense. Defense contracts increased from \$4.4 million in 2000 to \$57.7 million in 2004. On the other hand, in Kewaunee County federal contracts (non-defense) decreased from \$55.9 million in 2000 to \$1.2 million in 2004.

Wisconsin has a long ways to go if it has any hopes of catching even 46<sup>th</sup> ranked Michigan. Wisconsin would need to add \$253 per capita to move up one spot in the rankings. Based on 2005 DOA population estimates, we would need to add more than \$1.4 billion dollars of federal expenditures and obligations to accomplish this.

There are a number of strategies that can be employed to increase the dollars flowing into the community from the federal government:

For detailed County data for the years 1993-2004, See the Consolidated Funds Report On-Line Query System on the U.S. Census Web Site: <http://harvester.census.gov/cffr/index.html>

For a short summary of federal funds in Wisconsin (2003 data), see the Department of Administration web site at: [http://www.doa.state.wi.us/pagesubtext\\_detail.asp?linksubcatid=315&linkcatid=107&linkid=7](http://www.doa.state.wi.us/pagesubtext_detail.asp?linksubcatid=315&linkcatid=107&linkid=7)

For a complete copy of the "Consolidated Federal Funds Report for Fiscal Year 2004", see: <http://www.census.gov/prod/2005pubs/cffr-04.pdf>

- In Dane County, the County Extension office and students at the University, assist with the Volunteer Income Tax Assistance (VITA) Program to assist low income households complete their tax returns. Trained community volunteers help with special credits, such as Earned Income Tax Credits (EITC) and the Wisconsin Homestead Credit (For more information see: <http://www.dor.state.wi.us/news/060123.html>). In a similar fashion, numerous state and local agencies promote the availability of payments to farmers for a variety of agricultural programs. Not surprisingly, Wisconsin ranks 14<sup>th</sup> in federal payments other than for individuals for agriculture in 2004.
- Wisconsin ranks 43<sup>rd</sup> in total federal procurement contracts per capita. In response, the Business Procurement Assistance Center and Wisconsin Procurement Center, offer assistance to businesses interested in expanding sales to the federal government (See: [http://www.doa.state.wi.us/pagesubtext\\_detail.asp?linksubcatid=312&linkcatid=107&linkid=7](http://www.doa.state.wi.us/pagesubtext_detail.asp?linksubcatid=312&linkcatid=107&linkid=7)).
- Many communities have stepped up their efforts to apply for federal grants. The Wisconsin department of Administration offers tips on applying for federal grants (see: [http://www.doa.state.wi.us/pagesubtext\\_detail.asp?linksubcatid=331&linkcatid=107&linkid=7](http://www.doa.state.wi.us/pagesubtext_detail.asp?linksubcatid=331&linkcatid=107&linkid=7)). The Center for Community and Economic Development offers a list of federal, state and local grant programs at: <http://www.uwex.edu/li/andy/grants.html>
- Some communities have directed their marketing efforts towards attracting retiree's and the retirement incomes they bring with them. And yet, Wisconsin ranks 40<sup>th</sup> in retirement and disability payments.
- Increase federal employment opportunities within the state. While this poses significant challenges, some federal operations could clearly be shifted to other states like Wisconsin. Wisconsin ranks dead last in terms of federal salaries and wages (\$344 per capita compared to an average of \$750 for the nation).