**Benchmarking Quick Hits: Per Capita figures and Comparability**

**Why do we use per capita figures?**

The per capita figure has long been used to adjust raw data to make comparisons more meaningful. The general idea is that a figure that is divided across a population makes the raw data on an equal or comparable basis. For example, one city of 10,000 spends $10,000,000 on police and another city of 100,000 spends $100,000,000. At first glance, these figures seem incomparable. However, if a per capita figure is used, the amount spent becomes comparable; both cities spend $1,000 per person for police service.

**What are some pitfalls of using per capita or per person figures?**

There are several potential problems with this approach. For one, these figures do not adjust for different demographics or populations within a community that may have different service needs. One community with an older population and an older building stock may have a greater demand on fire and rescue services. Thus, two communities who spend the same amount per person may not be in effect providing the same level of service to citizens. A second problem is that some communities may have high levels of in-commuters or tourists. A per capita figure would not adjust for these differences.

**What might be a consequence of using per capita figures when communities differ?**

While a per capita figure may be calculated, these figures will not be fully comparable. It may appear that a community is spending a lot compared to another community but that may be an artifact of a different set of demographics that require different service levels to meet citizens’ needs.

**When is it best to use a per capita figure?**

Given what was discussed above, the best use of a per capita or per person figure is when two communities are similar in regards to demographic and socio economic characteristics.

**Which demographic or socio economic characteristics should be similar?**

Which characteristics should be similar depends on what type of local government service you are comparing. For example, fire and police services may require the analyst to look at building condition and age, poverty and income status, crime rates and possibly population age. If one were comparing transportation services, the important factors to compare may be commuting patterns, residents who own vehicles and geographic size. The key is to ensure that the main difference is total population and these other characteristics are as similar as possible.

**Where can this type of data be found?**

The best spot to find comparable demographic data is at the Census Bureau at factfinder2.census.gov. The Michigan Local Government Benchmarking Consortium provides a structured setting where local governments can find and compare themselves against peers within the state.