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STATE EXPENDITURE REPORT

2002

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NATIONAL ASSOCIATION OF STATE BUDGET OFFICERS

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TABLE OF CONTENTS

Preface	vii
Executive Summary	1
General Notes	11
Elementary & Secondary Education	13
Elementary & Secondary Education Notes	20
Higher Education	21
Higher Education Notes	27
Public Assistance	29
Other Cash Assistance	33
Public Assistance Notes	44
Medicaid Expenditures	45
Medicaid Notes	52
Corrections Expenditures	55
Corrections Notes	63
Transportation	65
Transportation Notes	72
All Other Expenditures	73
All Other Expenditure Notes	79
Capital Expenditures	81
Capital Spending Notes	91
Revenue Sources in the General Fund	93
Revenue Sources in the General Fund	97
Appendix	99
Child Health Insurance Block Grants	102
Methodology	103

TABLES

1. Total State Expenditures – Capital Inclusive	6
2. Annual Percentage Change in Total State Expenditures	7
3. Comparison of Shares of State Spending With Fund Sources, Fiscal 1993 to 2003	8
4. Regional Percentage Change in Expenditures, Fiscal 2002 and 2003	9
5. State Spending by Function As a Percent of Total State Expenditures, Fiscal 2002	10
6. Regional Percentage Change in State Elementary and Secondary Education Expenditures, Fiscal 2002 and 2003	15
7. Elementary and Secondary Education Expenditures	16

TABLE OF CONTENTS (CONTINUED)

8. Elementary and Secondary Education Expenditures As a Percent of Total Expenditures	17
9. Annual Percentage Change in Elementary and Secondary Education Expenditures	18
10. Items Excluded from Elementary and Secondary Education Expenditures	19
11. Regional Percentage Change in State Higher Education Expenditures, Fiscal 2002 and 2003	22
12. Higher Education Expenditures – Capital Inclusive	23
13. Higher Education Expenditures As a Percent of Total Expenditures	24
14. Annual Percentage Change in Higher Education Expenditures	25
15. Items Excluded from Higher Education Expenditures	26
16. Regional Percentage Change in State Total Public Assistance Expenditures, Fiscal 2002 and 2003	30
17. Regional Percentage Change in State TANF Expenditures, Fiscal 2002 and 2003	31
18. Total Public Assistance Expenditures	35
19. Total Public Assistance Expenditures As a Percent of Total State Expenditures	36
20. Annual Percentage Change in Total Public Assistance Expenditures	37
21. Cash Expenditures under Temporary Assistance to Needy Families Expenditures (TANF)	38
22. TANF Expenditures for Cash Assistance As a Percent of Total Expenditures	39
23. Annual Percentage Change in TANF Cash Assistance Expenditures	40
24. Other Cash Assistance Expenditures	41
25. Other Cash Assistance Expenditures As a Percent of Total Expenditures	42
26. Annual Percentage Change in Other Cash Assistance Expenditures	43
27. Regional Percentage Change in State Medicaid Expenditures, Fiscal 2002 and 2003	48
28. Medicaid Expenditures	49
29. Medicaid Expenditures As a Percent of Total Expenditures	50
30. Annual Percentage Change in Medicaid Expenditures	51
31. Regional Percentage Change in State Corrections Expenditures, Fiscal 2002 and 2003	56
32. Corrections Expenditures – Capital Inclusive	58
33. Corrections Expenditures As a Percent of Total Expenditures	59
34. Corrections General Fund Expenditures As a Percent of Total General Fund Expenditures	60
35. Annual Percentage Change in Corrections Expenditures	61
36. Items Excluded from Corrections Expenditures	62
37. Regional Percentage Change in State Transportation Expenditures, Fiscal 2002 and 2003	67
38. Transportation Expenditures – Capital Inclusive	68
39. Transportation Expenditures As a Percent of Total Expenditures	69

TABLE OF CONTENTS (CONTINUED)

40.	Annual Percentage Change in Transportation Expenditures	70
41.	Items Excluded from Transportation Expenditures	71
42.	Regional Percentage Change in State All Other Expenditures, Fiscal 2002 and 2003	74
43.	All Other Expenditures – Capital Inclusive	75
44.	All Other Expenditures As a Percent of Total Expenditures	76
45.	Annual Percentage Change in All Other Expenditures	77
46.	Items Excluded from All Other Expenditures	78
47.	Total Capital Expenditures	84
48.	Higher Education Capital Expenditures	85
49.	Corrections Capital Expenditures	86
50.	Transportation Capital Expenditures	87
51.	Environmental Projects Capital Expenditures	88
52.	Housing Capital Expenditures	89
53.	All Other Capital Expenditures	90
54.	Revenue Sources in the General Fund	95
55.	Items Excluded from Revenue Sources	96
A-1.	Total State Expenditures By Fund Source (Excludes Bonds)	100
A-2.	Child Health Insurance Block Grants	101

FIGURES

1.	Total State Spending by Fund Source, Fiscal 1987 to 2002	2
2.	All Funds Percent Changes From Previous Fiscal Year For Major Spending Categories, Fiscal 2002 and 2003	2
3.	Total State Expenditures By Funding Source, Fiscal 2002	3
4.	Total State Expenditures By Function, Fiscal 2002	4
5.	Composition of Total State Expenditures By Function, Fiscal 1987 to 2002	4
6.	General Fund Expenditures, Fiscal 2002	4
7.	Percent Change in General Fund, Fiscal 2002 to 2003	5
8.	Federal Fund Expenditures, Fiscal 2002	5
9.	Regional Percent Change in State Funds, Fiscal 2002 and 2003	9
10.	State Expenditures for Elementary and Secondary Education by Fund Source, Fiscal 2002	14
11.	State Expenditures for Higher Education by Fund Source, Fiscal 2002	22
12.	State Expenditures for Total Public Assistance by Fund Source, Fiscal 2002	30
13.	State Expenditures for Temporary Assistance for Needy Families by Fund Source, Fiscal 2002	31
14.	Actual and Projected Total Medicaid Spending, 1970 to 2003	47

TABLE OF CONTENTS (CONTINUED)

- 15. Actual and Projected State Medicaid Spending, 1970 to 2003 48
- 16. State Expenditures for Medicaid by Fund Source, Fiscal 2002 48
- 17. State Expenditures For Corrections by Fund Source, Fiscal 2002 56
- 18. State Expenditures for Transportation by Fund Source, Fiscal 2002 67
- 19. State Expenditures for All Other Programs by Fund Source, Fiscal 2002 74
- 20. Capital Expenditures by Type, Fiscal 1991 to 2002 82
- 21. Annual Percentage Change in Total Capital Expenditures 83
- 22. Total Capital Expenditures by Funding Source, Fiscal 2002 83
- 23. Revenue Sources in the General Fund 94

PREFACE

Since its inception 15 years ago, the State Expenditure Report has developed into a definitive baseline for the analysis of state spending. Expenditures reflected in this report represent over 99 percent of total state spending.

Expenditure data are provided by program area so that trends in state spending can be evaluated. The funding sources for state expenditures also are identified. In addition to state data sources, data were drawn from other organizations to highlight emerging policy issues.

Readers are cautioned that a more complete understanding of service levels within a given state would require comparisons of spending by both state and local government, which is not the purpose of this report. In addition, the data are self-reported by the states. Further information on report methodology is provided in the Appendix.

ACKNOWLEDGEMENTS

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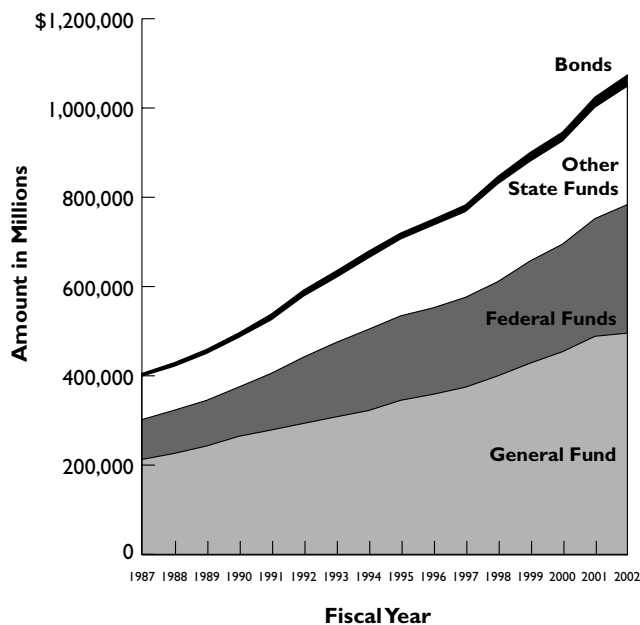
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EXECUTIVE SUMMARY

State Spending Trends, Fiscal 2002

Total state spending in fiscal 2002 was just more than \$1 trillion. Reflecting both operating and capital expenditures, that figure is a 5.7 percent increase over fiscal 2001. Of the components of total state spending, state funds increased by 3.8 percent, while federal funds increased by 10.7 percent. The estimates of fiscal 2003 spending in this report indicate that between fiscal 2002 and fiscal 2003, state spending increased by 4.8 percent, to just more than \$1.1 trillion (see Tables 1 and 2). However, those figures largely do not reflect the sweeping rounds of budget cuts states made throughout the 2003 fiscal year. Based on trends in state general funds, from which states finance most broad-based services, growth in total state spending is not expected to be that high when it is calculated in the next edition of the *State Expenditure Report*. It should be noted that 23 states use a biennial budget cycle, and that in most cases, funds are not expended evenly in the two-year cycle. This may affect total expenditures in some states from year to year.

Figure 1
TOTAL STATE SPENDING BY FUND SOURCE,
FISCAL 1987 TO 2002

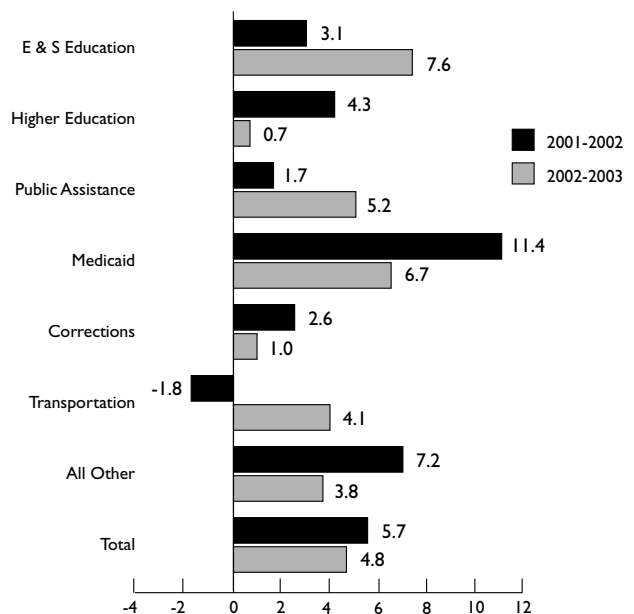


Elementary and secondary education is the largest state expenditure, accounting for 21.6 percent of total state spending and 35.4 of general fund spending in fiscal 2002. Medicaid continues to dominate growth in state spending. In fiscal 2002, it grew by 11.4 percent over the previous year and accounts for 20.8 percent of all state expenditures, and as it becomes a larger share of state spending, other categories necessarily are forced decrease. Amid

severe fiscal strain in nearly every state, budgets were slashed and many programs scaled back. At least partly reflecting that trend, total state transportation spending decreased in fiscal 2002 by 1.8 percent, the net decline attributed entirely to a drop off in state funds. Other details of state expenditures include:

- General funds accounted for 46.2 percent of total state spending in fiscal 2002, federal funds for 26.9 percent, other state funds for 24.7 percent, and bonds for 2.3 percent. Figure 1 reflects fiscal 1987 through 2002 state spending by fund source.
- Medicaid spending grew by 11.4 percent between fiscal 2001 and fiscal 2002, twice the rate of total state spending.
- Elementary and secondary education spending grew at 3.1 percent and higher education spending at 4.3 percent between fiscal years 2001 and 2002. Expenditures for elementary and secondary education are more than one-third of all general fund spending.
- After decreasing between fiscal 2000 and fiscal 2001, state public assistance expenditures increased by 1.7 percent in fiscal 2002. Reflecting the economic climate, states estimate that it will increase by another 5.2 percent in fiscal 2003.
- Total corrections spending increased by 2.6 percent in fiscal 2002, while its share of the general fund decreased slightly to 6.9 percent.

Figure 2
ALL FUNDS PERCENT CHANGES FROM PREVIOUS FISCAL YEAR
FOR MAJOR SPENDING CATEGORIES, FISCAL 2002 AND 2003



- *Transportation spending decreased by 1.8 percent in fiscal 2002. State spending for transportation comes mostly from "other state funds," which comprise 58.2 percent of the total. General funds, which reflect only 3.7 percent of state transportation expenditures, decreased by 42.5 percent between fiscal 2001 and fiscal 2002.*

Components of State Expenditures

This report reflects three years of data: actual fiscal 2001, actual fiscal 2002, and estimated fiscal 2003. The text of this report focuses on actual fiscal 2002 and examines the seven main functional categories of state spending: elementary and secondary education, higher education, public assistance, Medicaid, corrections, transportation, and all other—which includes state functions not tracked individually in this report, such as hospitals, economic development, housing, environmental programs, health programs (including the State Child Health Insurance Program), parks and recreation, natural resources, air transportation, and water transport and terminals. Capital spending is included with operating expenditures within each functional category, unless noted otherwise. Capital expenditures also have been collected separately in the following categories: corrections, environmental projects, higher education, housing, transportation and all other.

State governments have specific functional responsibilities that vary among states depending on the role of local governments in providing services. For example, elementary and secondary education often is considered a primarily local function with states' financial support nearing, on average, half of total spending in this area. However, there are exceptions, such as Hawaii, where the state government fully funds elementary and secondary education. A more complete understanding of programs and service levels within a given state would require comparisons of spending by both state and local government, which is beyond the scope of this report. In addition, because the data are self-reported by the states, some may be incomplete. These omissions can affect aggregate and regional tables.

While state balanced budget requirements are diverse, and governors are given significant powers to ensure a balanced budget, states operate within stricter revenue/expenditure limitations than the federal government. Governors in 45 states must submit a balanced budget; in 41 states, the legislature must pass a balanced budget. States are required to make spending choices within available resources and must reduce spending when revenues come in under estimates. For the most part, states cannot incur a long-term operating deficit, and must monitor their debt financing in order to avoid jeopardizing their bond ratings.

Definitions

General funds: The predominant fund for financing a state's operations. Revenues are received from broad-based state taxes. There are differences in how specific functions are financed from state to state, however.

Federal funds: Funds received directly from the federal government.

Other state funds: Expenditures from revenue sources that are restricted by law for particular governmental functions or activities. For example, a gasoline tax dedicated to a highway trust fund would appear in the "Other State Funds" column. For Medicaid, other state funds include provider taxes, fees, donations, assessments, and local funds.

Bonds: Expenditures from the sale of bonds, generally for capital projects.

State funds: General funds plus other state fund spending, excluding state spending from bonds.

Fiscal 2002 spending by fund source is broken down in Figure 3. Spending sourced from state general ranges from 48.1 percent of total in fiscal 2001 to 46.2 percent in fiscal 2002, and is estimated to be 44.2 percent of total in fiscal 2003. The share of state spending from federal funds ranges from 25.7 percent, 26.9 percent and 28.6 percent of total in fiscal 2001, fiscal 2002, and estimated fiscal 2003, respectively.

Figure 3
TOTAL STATE EXPENDITURES BY FUNDING SOURCE,
FISCAL 2002

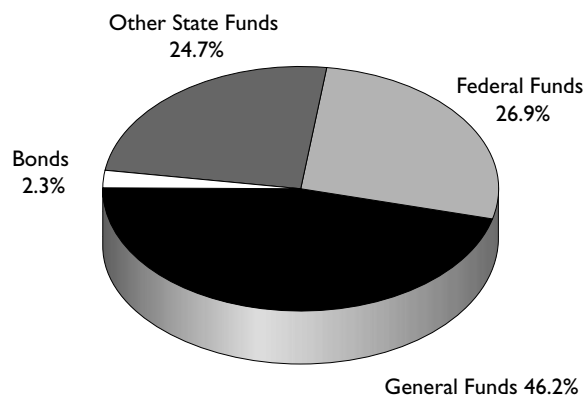


Figure 4 reflects total state expenditures by functional areas. For fiscal 2002, state spending shares are as follows: 21.6 percent for elementary and secondary education, 20.8 percent for Medicaid, 11.2 percent for higher education, 8.1 percent for transportation, 3.6 percent for corrections and 2.1 percent for public assistance.

Figure 4
TOTAL STATE EXPENDITURES BY FUNCTION,
FISCAL 2002

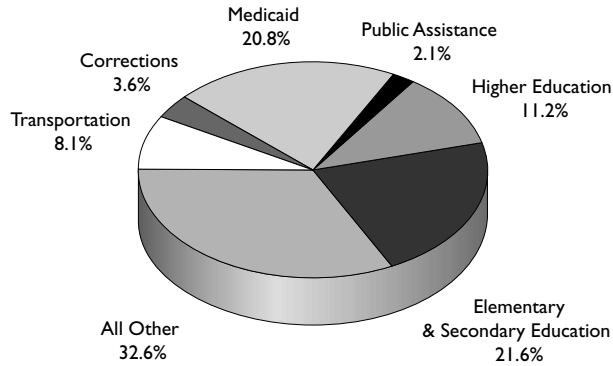
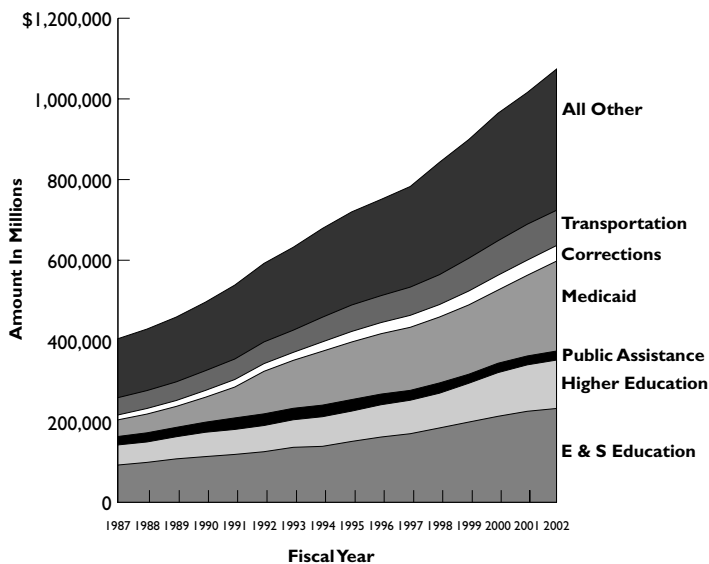


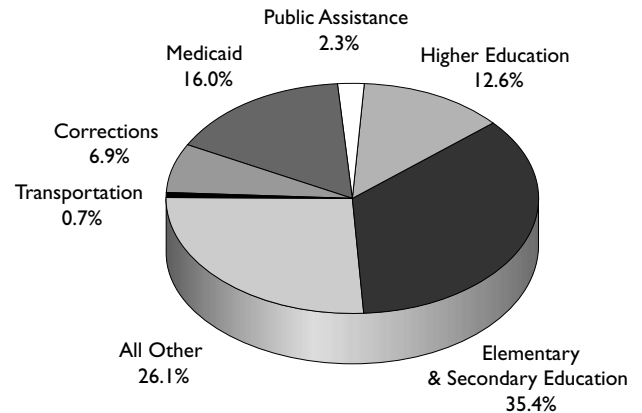
Figure 5
COMPOSITION OF TOTAL STATE EXPENDITURES BY FUNCTION,
FISCAL 1987 TO 2002



The shares of state spending for functional areas have shifted since 1987, when this report was initiated. For example, Medicaid surpassed higher education as the second largest state program in 1990 and has remained in this position throughout the 1990s. Of the functional areas of state spending, Medicaid, elementary and secondary education and corrections represent a larger share of total state spending in fiscal 2002 than they represented in 1987. Figure 5 charts these changes. Table 3 reflects shares of state spending on functional areas, by fund source, from 1992 to 2003. Also, Table 5, at the end of the Executive Summary, highlights the share of each state's budget represented by various programs in fiscal 2002 and shows the wide variation among states in their spending patterns.

General Fund Expenditures

Figure 6
GENERAL FUND EXPENDITURES,
FISCAL 2002



Elementary and secondary education constitute the largest share of the general fund. As Figure 6 shows, in fiscal 2002 35.4 percent of the general fund spending went to elementary and secondary education. Higher education accounted for 12.6 percent and Medicaid accounted for 16 percent of general fund spending. Figure 7 reflects the percentage change for general fund spending in each of the functional categories.

Other State Funds Expenditures

At 19.2 percent, transportation accounts for the second largest portion of other state funds spending, second only to the "all other" category. For transportation, these funds largely represent receipts from gasoline taxes earmarked for highways. Both elementary and secondary and higher education functions also accounted for significant portions of the spending from other state funds: elementary and secondary education at 9 percent, and higher education at 14.7 percent.

Federal Fund Expenditures

As reflected in Figure 8, Medicaid accounts for the largest portion of state spending from federal funds at 43.1 percent. Elementary and secondary education and transportation, at 10.3 and 8.9 percent respectively, follow. Since 1993, Medicaid's share of spending from federal funds has been fairly level in the 40 to 43 percent range (see Table 3). Expansions to the Medicaid program, increasing caseloads, and the increased use of provider taxes and voluntary contributions to secure matching federal funds all help to explain these increases.

Figure 8
FEDERAL FUND EXPENDITURES,
FISCAL 2002

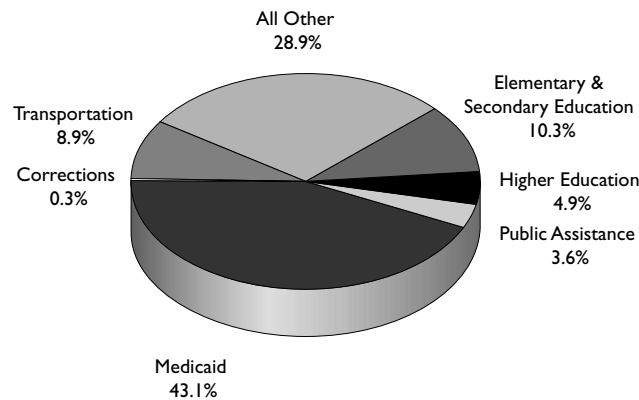


Figure 7
PERCENT CHANGE IN GENERAL FUND,
FISCAL 2002 AND 2003

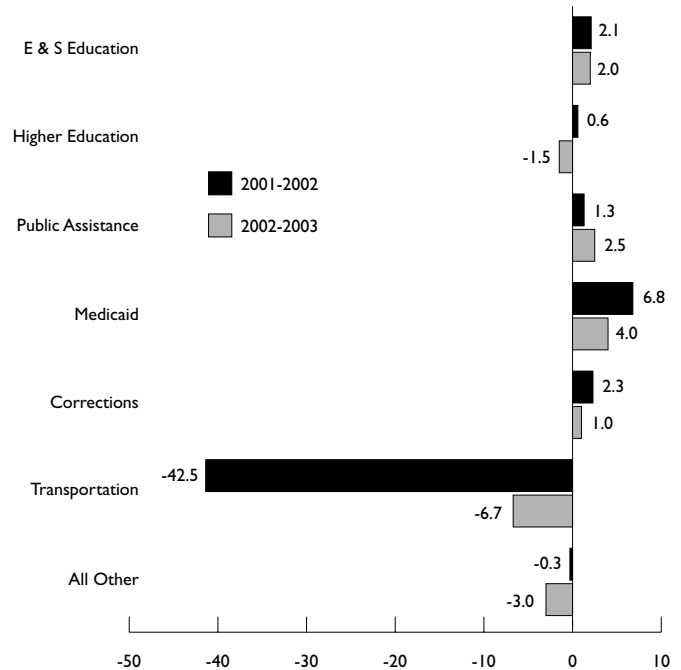


Table I

TOTAL STATE EXPENDITURES—CAPITAL INCLUSIVE (\$ IN MILLIONS)

Region/State	Actual Fiscal 2001					Actual Fiscal 2002					Estimated Fiscal 2003				
	General Fund	Federal Funds	Other State Funds	Bonds	Total	General Fund	Federal Funds	Other State Funds	Bonds	Total	General Fund	Federal Funds	Other State Funds	Bonds	Total
NEW ENGLAND															
Connecticut	\$11,883	\$3,338	\$2,861	\$1,196	\$19,278	\$12,187	\$3,427	\$3,101	\$1,714	\$20,429	\$12,092	\$3,637	\$3,515	\$1,697	\$20,941
Maine	2,571	1,540	1,158	54	5,323	2,584	1,685	1,384	64	5,717	2,546	1,905	1,155	113	5,719
Massachusetts	22,133	1,024	137	2,679	25,973	22,800	1,119	127	2,732	26,778	22,411	1,106	126	2,950	26,593
New Hampshire	1,070	1,000	1,318	38	3,426	1,174	1,104	1,427	46	3,751	1,211	1,177	1,486	68	3,942
Rhode Island	2,483	1,429	833	128	4,873	2,650	1,477	986	151	5,264	2,701	1,708	974	153	5,536
Vermont	867	866	891	40	2,664	881	960	1,008	40	2,889	N/A	N/A	N/A	N/A	N/A
MID-ATLANTIC															
Delaware	2,429	810	2,077	100	5,416	2,454	867	2,111	252	5,684	2,503	907	2,115	175	5,700
Maryland	10,238	4,344	5,483	0	20,065	10,572	4,838	6,033	0	21,443	10,478	5,680	7,001	0	23,159
New Jersey	20,811	6,609	3,931	918	32,269	21,997	7,138	4,565	1,243	34,943	22,913	8,357	3,498	1,042	35,810
New York	36,840	25,570	15,417	1,927	79,754	38,324	28,065	16,894	1,760	85,043	37,444	31,985	19,042	2,424	90,895
Pennsylvania	19,862	12,000	8,057	775	40,694	20,429	13,320	9,223	756	43,728	20,714	15,334	10,272	960	47,280
GREAT LAKES															
Illinois	17,961	8,188	10,294	1,574	38,017	17,831	8,418	11,082	2,206	39,537	18,145	8,329	12,037	1,949	40,460
Indiana	10,018	4,840	2,297	128	17,283	9,708	5,649	2,693	264	18,314	10,316	6,164	2,665	151	19,296
Michigan	9,859	8,950	18,469	683	37,961	9,298	9,548	20,232	662	39,740	8,800	11,276	19,240	485	39,801
Ohio	21,143	5,400	14,649	1,104	42,296	21,627	6,286	16,102	1,183	45,198	22,805	7,825	16,645	1,205	48,480
Wisconsin	11,078	5,050	11,964	0	28,092	11,259	5,797	14,121	0	31,177	11,092	5,688	6,723	0	23,503
PLAINS															
Iowa	4,887	2,982	4,450	0	12,319	4,605	3,556	4,864	129	13,154	4,468	3,441	5,110	175	13,194
Kansas	4,429	2,585	1,695	140	8,849	4,466	2,849	2,339	149	9,803	4,358	3,086	2,579	159	10,182
Minnesota	12,755	4,157	3,242	308	20,462	12,333	4,708	3,044	524	20,609	13,930	5,433	4,030	495	23,888
Missouri	6,610	4,675	4,046	322	15,653	6,626	5,261	4,663	263	16,813	6,640	5,947	4,955	339	17,881
Nebraska	2,479	1,586	1,993	0	6,058	2,599	1,754	2,214	0	6,567	2,622	1,830	2,330	0	6,782
North Dakota	819	888	576	14	2,297	862	960	607	10	2,439	893	1,027	783	28	2,731
South Dakota	793	923	620	0	2,336	848	965	631	0	2,444	868	1,011	605	6	2,490
SOUTHEAST															
Alabama	5,213	4,868	5,336	73	15,490	5,325	5,296	5,994	130	16,745	5,476	6,906	7,926	34	20,342
Arkansas	3,242	3,155	4,678	81	11,156	3,213	3,460	5,346	49	12,068	3,317	3,926	6,239	75	13,557
Florida	19,779	13,351	18,312	1,064	52,506	19,044	14,282	12,675	1,437	47,438	20,645	15,535	12,791	1,356	50,327
Georgia	14,644	8,401	1,132	713	24,890	15,014	9,143	1,847	1,332	27,336	15,481	11,398	1,102	667	28,648
Kentucky	6,969	5,118	4,568	0	16,655	7,082	5,730	4,411	0	17,223	7,179	5,897	4,545	0	17,621
Louisiana	6,280	4,714	5,450	116	16,560	6,484	5,422	5,573	129	17,608	6,649	6,057	6,146	48	18,900
Mississippi	3,398	2,947	2,956	296	9,597	3,304	3,498	3,306	413	10,521	3,547	4,034	3,552	0	11,133
North Carolina	13,446	7,574	5,250	689	26,959	13,741	8,141	3,942	605	26,429	13,833	7,676	4,271	712	26,492
South Carolina	5,422	4,455	4,031	549	14,457	5,179	5,085	4,182	448	14,894	5,437	4,978	4,645	0	15,060
Tennessee	7,293	6,338	3,553	98	17,282	7,779	6,941	3,808	21	18,549	8,239	7,732	3,862	127	19,960
Virginia	11,270	4,131	8,764	276	24,441	11,129	4,892	10,230	324	26,575	11,043	5,100	10,243	462	26,848
West Virginia	2,547	2,650	1,967	349	7,513	2,817	2,585	2,494	254	8,150	3,111	2,881	2,259	298	8,549
SOUTHWEST															
Arizona	6,372	3,751	5,936	293	16,352	6,339	4,691	7,616	337	18,983	6,031	5,565	7,656	279	19,531
New Mexico	3,595	2,989	2,478	231	9,293	3,918	2,606	2,079	378	8,981	3,920	2,955	1,813	269	8,957
Oklahoma	4,770	3,257	3,769	181	11,977	4,882	3,883	4,083	205	13,053	4,647	4,385	4,521	259	13,812
Texas	28,427	15,580	8,239	101	52,347	29,890	17,826	8,926	72	56,714	29,920	19,176	9,767	186	59,049
ROCKY MOUNTAIN															
Colorado	5,641	2,601	4,345	161	12,748	5,742	2,791	4,770	357	13,660	6,104	3,051	4,699	191	14,045
Idaho	1,829	1,279	872	5	3,985	1,980	1,414	842	5	4,241	1,952	1,659	1,010	4	4,625
Montana	1,268	1,141	658	0	3,067	1,353	1,278	605	0	3,236	1,283	1,441	784	0	3,508
Utah	3,906	1,847	1,945	0	7,698	3,625	1,723	1,704	196	7,248	3,436	1,829	1,754	343	7,362
Wyoming	368	265	911	0	1,544	390	295	919	0	1,604	414	332	925	0	1,671
FAR WEST															
Alaska	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
California	78,053	41,273	13,972	4,357	137,655	76,752	46,623	19,448	3,020	145,843	75,461	54,566	19,203	14,725	163,955
Hawaii	3,365	1,087	2,756	313	7,521	3,656	1,160	2,630	412	7,858	3,806	1,351	2,617	856	8,630
Nevada	1,691	1,143	1,876	70	4,780	1,817	1,136	1,081	100	4,134	1,899	1,501	2,216	276	5,892
Oregon	4,825	3,006	7,087	0	14,918	5,822	3,473	9,594	0	18,889	3,804	4,073	10,527	0	18,404
Washington	10,827	4,892	6,619	726	23,064	11,214	5,371	7,214	573	24,372	11,198	4,935	7,750	599	24,482
TOTAL*	\$488,458	\$260,567	\$243,918	\$22,870	\$1,015,813	\$495,605	\$288,496	\$264,770	\$24,945	\$1,073,816	\$497,782	\$321,792	\$269,709	\$36,340	\$1,125,623

Note: See General Notes at the end of this chapter.

Source: National Association of State Budget Officers, 2002 State Expenditure Report

Table 2

ANNUAL PERCENTAGE CHANGE IN TOTAL STATE EXPENDITURES

Region/State	Fiscal 2001 to 2002			Fiscal 2002 to 2003		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
NEW ENGLAND						
Connecticut	3.7 %	2.7 %	6.0%	2.1 %	6.1 %	2.5 %
Maine	6.4	9.4	7.4	-6.7	13.1	0.0
Massachusetts	3.0	9.3	3.1	-1.7	-1.2	-0.7
New Hampshire	8.9	10.4	9.5	3.7	6.6	5.1
Rhode Island	9.7	3.4	8.0	1.1	15.6	5.2
Vermont	7.5	10.9	8.4	N/A	N/A	N/A
MID-ATLANTIC						
Delaware	1.3	7.0	4.9	1.2	4.6	0.3
Maryland	5.6	11.4	6.9	5.3	17.4	8.0
New Jersey	7.4	8.0	8.3	-0.6	17.1	2.5
New York	5.7	9.8	6.6	2.3	14.0	6.9
Pennsylvania	6.2	11.0	7.5	4.5	15.1	8.1
GREAT LAKES						
Illinois	2.3	2.8	4.0	4.4	-1.1	2.3
Indiana	0.7	16.7	6.0	4.7	9.1	5.4
Michigan	4.2	6.7	4.7	-5.0	18.1	0.2
Ohio	5.4	16.4	6.9	4.6	24.5	7.3
Wisconsin	10.1	14.8	11.0	-29.8	-1.9	-24.6
PLAINS						
Iowa	1.4	19.2	6.8	1.2	-3.2	0.3
Kansas	11.1	10.2	10.8	1.9	8.3	3.9
Minnesota	-3.9	13.3	0.7	16.8	15.4	15.9
Missouri	5.9	12.5	7.4	2.7	13.0	6.4
Nebraska	7.6	10.6	8.4	2.9	4.3	3.3
North Dakota	5.3	8.1	6.2	14.1	7.0	12.0
South Dakota	4.7	4.6	4.6	-0.4	4.8	1.9
SOUTHEAST						
Alabama	7.3	8.8	8.1	18.4	30.4	21.5
Arkansas	8.1	9.7	8.2	11.6	13.5	12.3
Florida	-16.7	7.0	-9.7	5.4	8.8	6.1
Georgia	6.9	8.8	9.8	-1.6	24.7	4.8
Kentucky	-0.4	12.0	3.4	2.0	2.9	2.3
Louisiana	2.8	15.0	6.3	6.1	11.7	7.3
Mississippi	4.0	18.7	9.6	7.4	15.3	5.8
North Carolina	-5.4	7.5	-2.0	2.4	-5.7	0.2
South Carolina	-1.0	14.1	3.0	7.7	-2.1	1.1
Tennessee	6.8	9.5	7.3	4.4	11.4	7.6
Virginia	6.6	18.4	8.7	-0.3	4.3	1.0
West Virginia	17.7	-2.5	8.5	1.1	11.5	4.9
SOUTHWEST						
Arizona	13.4	25.1	16.1	-1.9	18.6	2.9
New Mexico	-1.3	-12.8	-3.4	-4.4	13.4	-0.3
Oklahoma	5.0	19.2	9.0	2.3	12.9	5.8
Texas	5.9	14.4	8.3	2.2	7.6	4.1
ROCKY MOUNTAIN						
Colorado	5.3	7.3	7.2	2.8	9.3	2.8
Idaho	4.5	10.6	6.4	5.0	17.3	9.1
Montana	1.7	12.0	5.5	5.6	12.8	8.4
Utah	-8.9	-6.7	-5.8	-2.6	6.2	1.6
Wyoming	2.3	11.3	3.9	2.3	12.5	4.2
FAR WEST						
Alaska	—	—	—	—	—	—
California	4.5	13.0	5.9	-1.6	17.0	12.4
Hawaii	2.7	6.7	4.5	2.2	16.5	9.8
Nevada	-18.8	-0.6	-13.5	42.0	32.1	42.5
Oregon	29.4	15.5	26.6	-7.0	17.3	-2.6
Washington	5.6	9.8	5.7	2.8	-8.1	0.5
TOTAL*	3.8 %	10.7 %	5.7 %	0.9 %	11.5 %	4.8 %

Note: State funds are defined as general funds and other state funds (bonds are excluded).
 *See General Notes for explanation.

Source: National Association of State Budget Officers, 2002 State Expenditure Report

Table 3

COMPARISON OF SHARES OF STATE SPENDING WITH FUND SOURCES, FISCAL 1993 TO 2003

Fund Type & Year	Elementary & Secondary Education	Higher Education	Public Assistance	Medicaid	Corrections	Transportation	All Other	Total
FY 1993:								
General Funds	34.8	13.1	5.1	13.3	5.7	0.9	27.2	100
Other State Funds	6.5	15.1	0.5	7.1	0.6	23.1	47.2	100
Federal Funds	10.2	2.6	7.3	40.8	0.1	9.5	29.6	100
Bond Funds	21.1	14.6	0.0	0.0	9.4	22.3	32.6	100
Total Funds	21.5	10.8	4.5	18.8	3.1	8.7	32.5	100
FY 1994:								
General Funds	33.9	13.0	4.9	14.2	6.2	0.9	27.0	100
Other State Funds	6.7	14.3	0.4	6.5	0.7	23.8	47.6	100
Federal Funds	9.8	2.7	6.7	42.5	0.1	9.5	28.6	100
Bond Funds	5.7	26.7	0.0	0.0	12.1	20.6	34.9	100
Total Funds	20.4	10.8	4.2	19.7	3.4	9.0	32.4	100
FY 1995:								
General Funds	33.4	12.9	4.4	14.4	6.7	0.7	27.4	100
Other State Funds	9.5	13.3	0.5	6.9	0.8	23.8	45.2	100
Federal Funds	9.8	2.7	6.5	42.7	0.1	9.8	28.3	100
Bond Funds	4.9	20.8	0.0	0.0	10.2	26.3	37.7	100
Total Funds	21.0	10.4	4.0	19.8	3.6	9.1	32.1	100
FY 1996:								
General Funds	34.4	12.9	3.9	14.7	6.9	0.7	26.1	100
Other State Funds	9.2	13.7	0.4	6.8	0.8	22.9	46.2	100
Federal Funds	9.9	2.9	5.9	43.5	0.2	9.5	28.0	100
Bond Funds	15.2	21.4	0.0	0.0	6.5	26.1	30.8	100
Total Funds	21.5	10.7	3.5	19.9	3.7	8.1	31.8	100
FY 1997:								
General Funds	34.5	13	3.6	14.6	6.8	0.8	26.7	100
Other State Funds	10.1	13.8	0.4	6.4	0.9	23.0	44.6	100
Federal Funds	9.8	2.9	5.1	44.1	0.4	8.8	28.9	100
Bond Funds	12.5	20.2	0.0	0.0	6.6	26.5	34.2	100
Total Funds	21.7	10.7	3.1	20.0	3.7	9.0	31.8	100
FY 1998:								
General Funds	35.2	13.1	3.0	14.8	6.9	0.7	26.4	100
Other State Funds	9.4	11.3	1.0	6.3	0.8	22.2	49.1	100
Federal Funds	10.5	3.4	5.0	43.3	0.4	8.7	28.8	100
Bond Funds	12.4	18.4	0.0	0.0	6.0	33.4	29.8	100
Total Funds	22.0	10.3	2.9	19.6	3.7	8.8	32.8	100
FY 1999:								
General Funds	35.7	12.4	2.7	14.4	7.0	0.9	26.7	100
Other State Funds	9.0	13.0	0.6	6.5	1.0	23.4	46.5	100
Federal Funds	10.2	5.2	4.3	42.9	0.4	9.3	27.7	100
Bond Funds	21.0	17.2	0.0	0.0	6.5	25.6	29.8	100
Total Funds	22.3	10.8	2.6	19.5	3.9	9.1	31.8	100
FY 2000:								
General Funds	35.7	12.8	2.7	14.4	7.0	0.9	26.7	100
Other State Funds	8.6	14.2	0.8	4.2	0.9	22.9	48.4	100
Federal Funds	10.3	5.3	4.2	42.8	0.4	9.3	27.7	100
Bond Funds	20.2	18.1	0.0	0.0	5.7	26.2	29.8	100
Total Funds	22.3	11.4	2.6	19.5	3.9	9.1	31.8	100
FY 2001:								
General Funds	35.2	12.7	2.3	15.2	6.9	1.2	26.6	100
Other State Funds	9.2	15.0	0.2	5.9	0.9	21.1	47.0	100
Federal Funds	10.3	4.8	4.0	42.7	0.3	9.5	28.3	100
Bond Funds	18.9	17.5	0.0	0.0	4.0	31.3	28.4	100
Total Funds	22.2	11.3	2.2	19.7	3.7	8.8	32.1	100
FY 2002:								
General Funds	35.4	12.6	2.3	16	6.9	0.7	26.1	100
Other State Funds	9.0	14.7	0.2	7.3	0.9	19.2	48.6	100
Federal Funds	10.3	4.9	3.6	43.1	0.3	8.9	28.9	100
Bond Funds	13.6	18.4	0.0	0.0	3.6	30.6	33.7	100
Total Funds	21.6	11.2	2.1	20.8	3.6	8.1	32.6	100
FY 2003:								
General Funds	36.0	12.4	2.3	16.5	7.0	0.6	25.2	100
Other State Funds	9.3	14.8	0.2	7.9	1.0	19.6	47.1	100
Federal Funds	11.0	4.6	3.5	41.7	0.3	8.6	30.4	100
Bond Funds	29.0	12.7	0.0	0.0	1.9	21.4	35.0	100
Total Funds	22.2	10.7	2.1	21.1	3.5	8.1	32.3	100
FY 1993-03 Combined Total:								
General Funds	34.9	12.8	3.4	14.8	6.7	0.8	26.6	100
Other State Funds	8.8	13.9	0.5	6.5	0.8	22.3	47.1	100
Federal Funds	10.2	3.8	5.1	42.7	0.3	9.2	28.7	100
Bond Funds	15.9	18.7	0.0	0.0	6.6	26.4	32.4	100
Total Funds	21.7	10.8	3.1	19.9	3.6	8.7	32.2	100

Source: National Association of State Budget Officers, 2002 State Expenditure Report

Regional Spending Trends

Table 4 shows growth rates for each region of the United States, separated by state funds (general fund plus other state funds, not including bond funds) and federal funds. The 2001-2002 growth rates for all funds for the Southeast and Rocky Mountain states were below the national average, the Plains were on par with it, while spending in all other regions grew at a higher-than-average rate.

Table 4
REGIONAL PERCENTAGE CHANGE IN TOTAL EXPENDITURES,
FISCAL 2002 AND 2003

Region	Fiscal 2001 to 2002			Fiscal 2002 to 2003		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
New England	4.4%	6.3%	5.3%	-4.2%	-2.4%	-3.2%
Mid-Atlantic	6.0	9.9	7.1	2.5	14.8	6.3
Great Lakes	4.9	10.1	6.3	-4.1	10.0	-1.4
Plains	2.6	12.7	5.7	6.8	8.6	7.4
Southeast	-1.0	10.0	2.5	4.6	10.3	5.7
Southwest	6.5	13.4	8.6	0.8	10.6	3.7
Rocky Mountain	0.9	5.2	3.3	2.0	10.8	4.1
Far West	6.2	12.4	7.0	-0.5	15.0	10.1
ALL STATES	3.8%	10.7%	5.7%	0.9%	11.5%	4.8%

Source: National Association of State Budget Officers, 2002 State Expenditure Report

Figure 9 shows the percentage change in state spending from state funds for 2001-2002 and 2002-2003. The Rocky Mountain states experienced below average growth between 2001-2002, while state funds declined in the Southeast. Total state expenditure data can be found in Tables 1-5, along with related footnotes at the end of this chapter.

Figure 9
REGIONAL PERCENT CHANGE IN STATE FUNDS,
FISCAL 2002 AND 2003

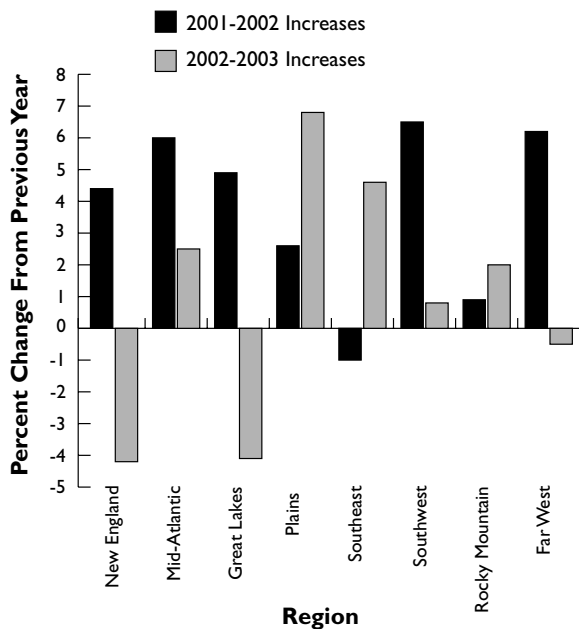


Table 5

STATE SPENDING BY FUNCTION AS A PERCENT OF TOTAL STATE EXPENDITURES, FISCAL 2002

Fund Type & Year	Elementary & Secondary Education	Higher Education	Public Assistance	Medicaid	Corrections	Transportation	All Other	Total
NEW ENGLAND								
Connecticut	13.2 %	9.5 %	2.5 %	24.1 %	2.9 %	6.4 %	41.4 %	100 %
Maine	18.5	3.9	2.7	25.2	2.0	8.1	39.5	100
Massachusetts	17.9	4.3	4.8	19.6	2.2	7.5	43.6	100
New Hampshire	28.3	4.3	1.3	26.3	2.0	12.2	25.5	100
Rhode Island	15.6	11.2	4.8	26.1	2.6	4.7	34.9	100
Vermont	30.9	2.8	2.2	22.6	2.9	12.5	26.2	100
MID-ATLANTIC								
Delaware	24.0	5.1	1.3	11.3	3.4	8.4	46.6	100
Maryland	17.9	15.8	0.6	17.9	5.0	13.2	29.6	100
New Jersey	22.3	7.1	0.8	20.5	3.6	7.9	37.8	100
New York	20.3	6.8	2.2	25.7	3.1	5.2	36.8	100
Pennsylvania	18.4	5.1	2.2	28.5	3.7	10.6	31.6	100
GREAT LAKES								
Illinois	20.2	7.6	0.5	22.5	3.6	10.4	35.2	100
Indiana	24.2	8.0	0.8	21.6	4.5	8.4	32.6	100
Michigan	31.1	6.3	1.2	19.1	4.8	8.3	29.2	100
Ohio	18.9	6.2	0.8	21.4	4.0	7.7	41.1	100
Wisconsin	17.9	11.2	0.9	11.7	3.1	6.8	48.5	100
PLAINS								
Iowa	18.6	24.5	1.0	18.9	2.3	8.8	25.9	100
Kansas	27.0	17.4	0.6	15.0	3.4	11.8	24.9	100
Minnesota	24.7	7.7	2.0	20.4	2.0	9.9	33.4	100
Missouri	25.4	5.6	1.1	31.1	3.0	10.7	23.1	100
Nebraska	16.4	21.9	0.9	18.9	2.8	8.5	30.8	100
North Dakota	16.7	11.7	0.6	18.1	1.9	14.6	36.5	100
South Dakota	18.0	15.5	0.5	22.9	2.8	16.7	23.6	100
SOUTHEAST								
Alabama	23.3	24.0	0.2	19.6	2.1	7.4	23.5	100
Arkansas	17.3	16.0	2.3	19.0	1.8	8.6	35.0	100
Florida	18.8	11.4	0.5	20.0	3.5	12.2	33.6	100
Georgia	28.6	16.0	0.0	22.5	3.6	6.5	22.9	100
Kentucky	20.1	17.9	1.1	21.5	2.7	10.9	25.8	100
Louisiana	20.0	13.5	0.8	26.8	3.6	5.7	29.6	100
Mississippi	20.9	17.3	0.7	26.0	2.5	9.1	23.6	100
North Carolina	25.1	14.2	2.1	24.9	3.4	12.6	17.6	100
South Carolina	20.2	17.1	0.3	22.6	3.3	6.9	29.6	100
Tennessee	16.9	12.2	0.7	32.9	2.5	7.0	27.7	100
Virginia	18.0	13.5	0.5	13.8	4.1	9.3	40.7	100
West Virginia	22.0	16.0	2.6	19.8	1.3	12.7	25.7	100
SOUTHWEST								
Arizona	18.0	12.5	0.7	19.0	3.6	10.4	35.8	100
New Mexico	24.1	14.6	1.8	19.4	2.3	9.0	28.8	100
Oklahoma	22.0	17.6	1.1	17.9	3.4	8.4	29.6	100
Texas	27.8	14.2	1.5	22.0	6.2	9.2	19.2	100
ROCKY MOUNTAIN								
Colorado	20.9	13.6	0.9	17.0	4.0	9.9	33.7	100
Idaho	26.8	9.4	0.3	17.7	4.2	11.8	29.9	100
Montana	20.4	10.1	1.0	16.7	3.3	14.2	34.4	100
Utah	27.4	12.4	1.5	13.7	3.7	12.1	29.2	100
Wyoming	35.3	14.9	1.2	18.0	4.7	25.9	0.0	100
FAR WEST								
Alaska	—	—	—	—	—	—	—	—
California	23.0	11.9	6.4	18.5	4.1	4.4	31.8	100
Hawaii	21.7	11.4	1.8	8.9	2.0	9.2	45.0	100
Nevada	23.1	13.0	1.4	17.6	4.8	6.5	33.6	100
Oregon	16.2	10.6	1.3	13.3	4.1	4.4	50.0	100
Washington	22.9	16.1	4.8	13.1	2.9	7.6	32.5	100
ALL STATES	21.6 %	11.2 %	2.1 %	20.8 %	3.6 %	8.1 %	32.6 %	100 %

Note: Percentages may not add to 100.

Source: National Association of State Budget Officers, 2002 State Expenditure Report

General Notes

In reviewing the tables, please note the following:

- *Small dollar amounts, when rounded, cause an aberration in the percentage increase. In these instances, the actual dollar amounts should be consulted to determine the exact percentage increase.*
- *“State funds” refers to general funds plus other state fund spending. State spending from bonds is excluded.*
- *“Total funds” refers to funding from all sources—general fund, federal funds, other state funds, and bonds.*
- *The report methodology is detailed in the Appendix.*

All States: Medicaid reflects provider taxes, fees, assessments, donations, and local funds in Other State Funds.

Indiana: In 2002, there was a major restructuring of the tax system that increased the sales tax by 1 percent, the cigarette tax by 40 cents a pack and the gas tax by 3 cents per gallon. Revenue also was enhanced through an increase in the tax imposed on riverboats. In all, a total of \$1.5 billion in taxes was raised, and \$1 billion of that was earmarked for property tax relief. In response, lawmakers reduced schools' reliance on local property taxes. With the restructuring, 67 percent of the property taxes levied for a school's general fund will be paid through a state property tax replacement credit. This will result in the state being responsible for 85 percent of the funding of the school general fund. Therefore, the increase in the property tax relief appropriation for fiscal 2003 caused the total General Fund estimate for that year to increase by 6.3 percent over fiscal 2002.

Kentucky: Unemployment Insurance benefit expenditures are included in the Federal Funds information.

Montana: Principal and interest payments on bonds are included in total expenditures.

New Jersey: Figures include pension, post retirement medical, debt service on pension bonds, payroll taxes, and health benefits expenditures which total \$712 million in General Funds in fiscal 2002 and \$837 million in fiscal 2003 spread across Education, Transportation, Corrections and All Other.

New York: While New York budgets most employer contributions to employees' benefits centrally, contributions have been estimated for each expenditure category and distributed accordingly. The portion of employer contributions to employees' benefits not distributed by expenditure category have been included in the All Other Expenditures category.

Ohio: Certain federal reimbursements and block grants for certain human services programs (Medicaid, etc.) are deposited into the state's General Revenue Fund. Expenditures of these federal funds are contained in the General Fund number in this report to be consistent with other portrayals of Ohio's general fund. This amounts to \$4,550.7 million fiscal 2001 and \$4,334.2 million in fiscal 2002. This has an impact on percentage of total general fund expenditure calculations as well as on comparisons of Ohio's federal funding levels.

Also, inherent in Ohio's budgetary accounting environment are significant overstatements of total spending due to two phenomena. First, fiduciary fund expenditures represent the distribution of funds collected by the state on behalf of other entities. These are not operating, program, or subsidy expenditures for the state. These expenditures total \$5,441.7 million in fiscal 2001 and \$5,362.1 million in fiscal 2002.

Additionally, “double counting” of revenue and expenditures related to intrastate transactions overstates overall state expenditure activity. The overstatement is primarily found in general services and intergovernmental service funds. Expenditure activity from these funds totals \$840.0 million in fiscal 2001 and \$1,081.3 million in fiscal 2002. This results in Ohio's “All Other” expenditures as a percentage of the total being overstated, and consequently other areas being understated.

Ohio appropriates capital appropriations on a biennial basis rather than an annual basis, therefore, the amounts shown for fiscal 2003 are estimates.

Rhode Island: Other State Funds includes other funds and restricted receipts. All fiscal 2003 values reflect the fiscal 2003 enacted budget. All fiscal 2001 data reflect the previous edition of the State Expenditure Report.

South Carolina: The state no longer prepares an Annual Projects Improvement Plan. South Carolina has adopted a five-year Capital Project Improvement Plan with annual updates for new projects only. As result of moving to this new system, the state no longer collects estimated expenditure data on existing projects. However, actual data is still available and is reported.

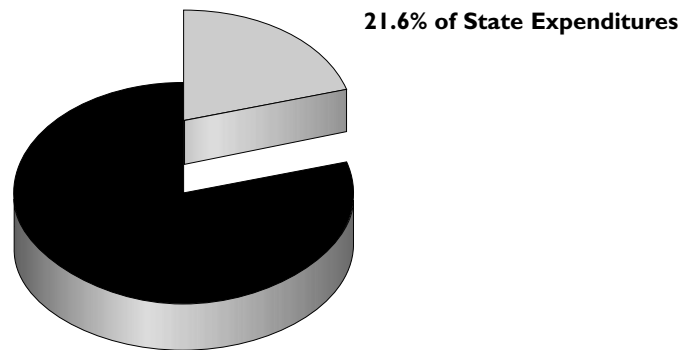
Tennessee: Tennessee collects personal income tax on income from dividends on stocks and interest on certain bonds.

Tax revenue estimates do not include federal funds and other departmental revenues. However, federal funds and other departmental revenues are included in the budget as funding sources for the general fund, along with state tax revenues.

Texas: Total fiscal 2003 general fund expenditures include budget reductions of \$1.267 billion adopted by the Legislature and exclude \$503 million in supplemental appropriations made from the Rainy Day Fund. These supplemental appropriations are included in Other Funds. Bond funds include expenditures made from bond proceeds, to the extent that agencies reported bond proceeds as a method of finance.

West Virginia: West Virginia has the following appropriated fund types: General Revenue, Federal Revenue, State Road, and Appropriated Special Revenue Funds. The state also has a non-appropriated special revenue budgetary fund type. In determining the state's total expenditures, all appropriated expenditures are included; however, only the governmental fund types and higher education's non-appropriated special revenue expenditures are included in the capital inclusive tables.

CHAPTER ONE ELEMENTARY & SECONDARY EDUCATION



Elementary and secondary education is the largest functional category of state spending—21.6 percent of the total—amounting to \$232.5 billion in fiscal 2002. Total elementary and secondary education spending increased by 3.1 percent between fiscal 2001 and fiscal 2002, accounting for 35.4 percent of state general fund spending. Ten states had double-digit increases in their total elementary and secondary education spending between fiscal 2001 and fiscal 2002, while six states had decreases. Even amid the budgetary pain endemic among states currently, elementary and secondary education largely has been exempt from budget cuts. Estimates for fiscal 2003 show substantial increases in federal funds, largely reflecting the funds available under the No Child Left Behind Act.

Besides maintaining basic educational services, states dedicate substantial funds to teacher training, reduction of classroom size, technology training, and toward ensuring accountability. Physical infrastructure also is a major issue for states: they must provide adequate funds for school construction, renovation and repairs.

No Child Left Behind Act

The No Child Left Behind Act, enacted in January 2002, reflects new federal interaction with states' elementary and secondary education efforts. Among its requirements are that states provide public school choice and supplemental services for students in failing schools; integrate scientifically-based reading research into comprehensive reading instruction for young children; set and monitor annual progress based on baseline 2001-2002 data; issue annual report cards on school performance and statewide test results by 2002-2003; implement annual standards-based assessments in reading and math for grades 3-8 by 2005-2006; and assure that all classes are taught by qualified teachers by 2005-2006.

By July 2003, all 50 states, the District of Columbia, and Puerto Rico had established plans to improve student achievement, test reading and math skills from grades 3-8, use public school choice, as well as tutoring and supplemental services to increase children's skills. The Teacher Assistance Corps also was introduced, a voluntary program designed to assist states and educators to meet the Act's teacher requirements. The Teacher Assistance Corps consists of education experts, researchers, and practitioners who perform onsite reviews for state officials. Their goals include guidance and feedback for state efforts, addressing specific state challenges, and useful information from other states about promising practices in the field. A new

web-based tool for parents and teachers also was introduced this year, created through a public-private partnership between the U.S. Department of Education, Broad Foundation, National Center for Education Accountability, and Standard & Poor's School Evaluation Services. This will aid parents, states and schools with the Act's basic data analysis and reporting requirements. The initiative will invest more than \$50 million to provide data analysis and reporting services to state education agencies, state officials, parents, and teachers. The U.S. Department of Education also is releasing a teacher "tool kit" that provides information on the No Child Left Behind Act, information on loan forgiveness programs for teachers; tax credits and liability protection for teachers, links to web sites, and information for understanding federal, state, and local roles within the Act.

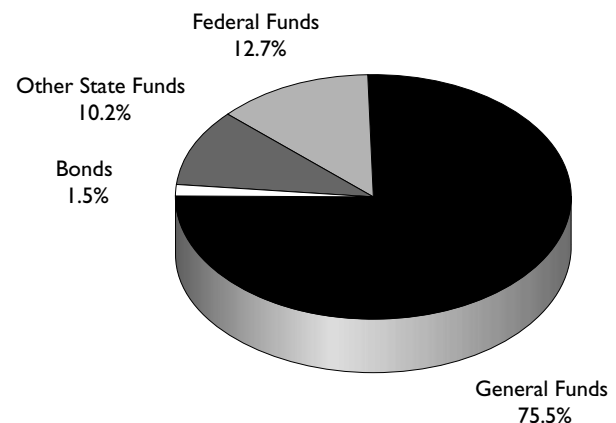
Sources of Funding

As a percentage of total funding, in fiscal 2002 state funds for education range from 92.7 percent in New Jersey to 74.1 percent in Connecticut. A number of states have moved toward increasing their share of funding for elementary and secondary education by substituting state funds for local funds, often in order to reduce the reliance on local property taxes. Funds are distributed to schools as both general funds on a per-pupil basis and as categorical grants to support specific programs or needs. The federal share is a source of supplemental funding for poor school districts and also helps pay the cost of educating handicapped children.

Fund Shares

Relative fund shares for 2002 are shown in the figure below.

Figure 10
STATE EXPENDITURES FOR ELEMENTARY AND SECONDARY EDUCATION BY FUND SOURCE, FISCAL 2002



Regional Expenditures

The following table shows percentage changes in expenditures for elementary and secondary education for fiscal 2001-2002 and 2002-2003. For 2002, states in the Rocky Mountain states and New England were substantially above the national average, while the Great Lakes and the Southwest were below the national average. The Far West states recorded no increase in total elementary and secondary education spending between 2001 and 2002.

Table 6
REGIONAL PERCENTAGE CHANGE IN STATE ELEMENTARY AND SECONDARY
EDUCATION EXPENDITURES, FISCAL 2002 AND 2003

Region	Fiscal 2001 to 2002			Fiscal 2002 to 2003		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
New England	2.4%	11.6%	6.1%	-7.9%	4.8%	-5.3%
Mid-Atlantic	5.8	8.1	5.9	4.9	12.0	6.1
Great Lakes	0.9	4.6	2.3	3.9	17.6	5.0
Plains	2.8	11.7	4.3	9.4	24.5	11.4
Southeast	1.6	12.7	3.1	3.2	19.4	4.2
Southwest	1.2	8.8	2.3	3.6	25.6	7.3
Rocky Mountain	7.8	13.6	8.4	3.2	17.7	5.0
Far West	2.6	14.7	0.0	-2.7	24.9	17.5
ALL STATES	2.6%	10.4%	3.1%	2.4%	19.3%	7.6%

Elementary and Secondary Education— Expenditure Exclusions

When comparing resources spent on elementary and secondary education, it is important to understand the types of programs states include in these figures. For this report, 47 states wholly or partially included employer contributions for teacher pensions and 40 states wholly or partially included contributions for health benefits. Among the states reporting, items that are excluded or partially excluded are: day care programs (40), school health care (38), Head Start (31), and libraries (23). Summary expenditure data can be found in Tables 7-9, accompanied by explanatory notes. Table 10 lists programs excluded from the expenditure data.

Table 7

ELEMENTARY AND SECONDARY EDUCATION EXPENDITURES (\$ IN MILLIONS)

Region/State	Actual Fiscal 2001					Actual Fiscal 2002					Estimated Fiscal 2003				
	General Fund	Federal Funds	Other State Funds	Bonds	Total	General Fund	Federal Funds	Other State Funds	Bonds	Total	General Fund	Federal Funds	Other State Funds	Bonds	Total
NEW ENGLAND															
Connecticut	\$2,170	\$272	\$3	\$134	\$2,579	\$1,996	\$295	\$6	\$405	\$2,702	\$1,991	\$368	\$3	\$500	\$2,862
Maine	953	118	1	1	1,073	924	126	2	5	1,057	948	110	8	7	1,073
Massachusetts	3,884	551	0	0	4,435	4,155	642	0	0	4,797	4,085	675	0	0	4,760
New Hampshire	57	107	826	6	996	66	108	883	6	1,063	83	121	905	6	1,115
Rhode Island	669	101	1	1	772	707	108	1	7	823	744	167	2	13	926
Vermont	273	83	462	9	827	287	96	497	12	892	N/A	N/A	N/A	N/A	N/A
MID-ATLANTIC															
Delaware	807	87	323	52	1,269	853	97	349	64	1,363	875	105	370	55	1,405
Maryland	2,947	597	79	0	3,623	3,081	670	91	0	3,842	3,261	734	134	0	4,129
New Jersey	6,770	496	17	0	7,283	7,208	572	26	0	7,806	7,803	739	29	0	8,571
New York	12,765	2,118	1,454	66	16,403	13,516	2,158	1,629	0	17,303	13,694	2,156	1,932	160	17,942
Pennsylvania*	6,480	1,155	2	0	7,637	6,711	1,316	3	0	8,030	6,991	1,656	4	0	8,651
GREAT LAKES															
Illinois	5,842	1,374	193	361	7,770	5,908	1,323	117	647	7,995	6,255	1,365	142	400	8,162
Indiana	4,161	472	49	0	4,682	3,878	533	13	0	4,424	4,166	651	65	0	4,882
Michigan	428	956	10,869	0	12,253	232	1,098	11,036	0	12,366	230	1,443	11,169	0	12,842
Ohio	5,495	998	1,174	265	7,932	6,064	1,018	1,100	353	8,535	6,286	1,313	1,092	462	9,153
Wisconsin	4,891	419	57	0	5,367	5,061	441	64	0	5,566	5,287	418	72	0	5,777
PLAINS															
Iowa	1,997	298	51	0	2,346	1,888	329	194	34	2,445	1,934	390	195	32	2,551
Kansas	2,268	261	39	0	2,568	2,333	289	28	0	2,650	2,332	320	31	0	2,683
Minnesota	4,347	547	35	15	4,944	4,440	569	38	39	5,086	5,610	736	37	30	6,413
Missouri	2,373	537	1,149	0	4,059	2,440	649	1,174	0	4,263	2,547	895	1,152	0	4,594
Nebraska	735	179	46	0	960	826	208	40	0	1,074	840	223	30	0	1,093
North Dakota	281	80	32	0	393	287	86	34	0	407	301	98	42	0	441
South Dakota	325	92	2	0	419	341	97	2	0	440	340	111	2	0	453
SOUTHEAST															
Alabama	2,762	524	393	0	3,679	2,847	580	467	0	3,894	2,918	942	473	0	4,333
Arkansas	1,549	258	221	0	2,028	1,576	301	214	0	2,091	1,625	348	269	0	2,242
Florida*	7,462	1,240	482	0	9,184	7,099	1,286	555	0	8,940	7,644	1,921	585	0	10,150
Georgia	5,639	795	395	104	6,933	5,964	953	274	633	7,824	6,086	1,105	245	201	7,637
Kentucky	2,940	412	12	0	3,364	2,979	468	11	0	3,458	3,044	480	17	0	3,541
Louisiana	2,379	585	179	0	3,143	2,437	741	347	0	3,525	2,515	794	350	0	3,659
Mississippi	1,398	390	358	0	2,146	1,402	423	370	0	2,195	1,503	512	388	0	2,403
North Carolina	5,672	618	60	395	6,745	5,815	701	65	55	6,636	5,870	607	34	0	6,511
South Carolina*	1,875	357	584	250	3,066	1,847	425	585	150	3,007	1,919	406	586	N/A	2,911
Tennessee	2,537	498	20	0	3,055	2,591	530	16	0	3,137	2,713	667	20	0	3,400
Virginia	4,015	283	348	0	4,646	3,926	342	521	0	4,789	4,005	245	394	0	4,644
West Virginia	1,415	247	33	58	1,753	1,444	248	47	52	1,791	1,523	327	64	108	2,022
SOUTHWEST															
Arizona	2,463	459	94	0	3,016	2,646	465	309	0	3,420	2,628	667	374	0	3,669
New Mexico	1,661	247	7	49	1,964	1,866	246	4	51	2,167	1,809	346	12	120	2,287
Oklahoma	1,942	342	562	0	2,846	1,929	388	553	0	2,870	1,853	511	578	0	2,942
Texas	12,790	2,326	718	0	15,834	12,372	2,572	794	1	15,739	13,042	3,085	924	11	17,062
ROCKY MOUNTAIN															
Colorado	2,140	241	138	0	2,519	2,269	302	284	0	2,855	2,353	372	410	0	3,135
Idaho	896	121	78	0	1,095	933	132	72	0	1,137	943	163	77	0	1,183
Montana*	513	83	2	0	598	564	94	2	0	660	521	134	58	0	713
Utah	1,626	236	11	0	1,873	1,706	253	29	0	1,988	1,648	261	51	0	1,960
Wyoming	52	68	441	0	561	54	70	443	0	567	56	72	445	0	573
FAR WEST															
Alaska	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
California*	28,489	3,610	59	2,547	34,705	28,455	4,139	60	886	33,540	27,685	5,348	59	8,440	41,532
Hawaii*	1,282	129	28	0	1,439	1,514	160	31	0	1,705	1,425	127	42	0	1,594
Nevada	590	129	129	0	848	662	139	154	0	955	694	120	189	0	1,003
Oregon	2,137	283	156	0	2,576	2,623	332	114	0	3,069	1,470	394	903	0	2,767
Washington	4,843	441	2	0	5,286	4,902	499	175	0	5,576	4,967	594	230	0	5,791
TOTAL	\$171,985	\$26,820	\$22,374	\$4,313	\$225,492	\$175,624	\$29,617	\$23,823	\$3,400	\$232,464	\$179,062	\$35,342	\$25,193	\$10,545	\$250,142

Source: National Association of State Budget Officers, 2002 State Expenditure Report

Table 8
ELEMENTARY AND SECONDARY EDUCATION EXPENDITURES
AS A PERCENT OF TOTAL EXPENDITURES

Region/State	Fiscal 2001	Fiscal 2002	Fiscal 2003
NEW ENGLAND			
Connecticut	13.4 %	13.2 %	13.7 %
Maine	20.2	18.5	18.8
Massachusetts	17.1	17.9	17.9
New Hampshire	29.1	28.3	28.3
Rhode Island	15.8	15.6	16.7
Vermont	31.0	30.9	N/A
MID-ATLANTIC			
Delaware	23.4	24.0	24.6
Maryland	18.1	17.9	17.8
New Jersey	22.6	22.3	23.9
New York	20.6	20.3	19.7
Pennsylvania	18.8	18.4	18.3
GREAT LAKES			
Illinois	20.4	20.2	20.2
Indiana	27.1	24.2	25.3
Michigan	32.3	31.1	32.3
Ohio	18.8	18.9	18.9
Wisconsin	19.1	17.9	24.6
PLAINS			
Iowa	19.0	18.6	19.3
Kansas	29.0	27.0	26.4
Minnesota	24.2	24.7	26.8
Missouri	25.9	25.4	25.7
Nebraska	15.8	16.4	16.1
North Dakota	17.1	16.7	16.1
South Dakota	17.9	18.0	18.2
SOUTHEAST			
Alabama	23.8	23.3	21.3
Arkansas	18.2	17.3	16.5
Florida	17.5	18.8	20.2
Georgia	27.9	28.6	26.7
Kentucky	20.2	20.1	20.1
Louisiana	19.0	20.0	19.4
Mississippi	22.4	20.9	21.6
North Carolina	25.0	25.1	24.6
South Carolina	21.2	20.2	19.3
Tennessee	17.7	6.9	17.0
Virginia	19.0	18.0	17.3
West Virginia	23.3	22.0	23.7
SOUTHWEST			
Arizona	18.4	18.0	18.8
New Mexico	21.1	24.1	25.5
Oklahoma	23.8	22.0	21.3
Texas	30.2	27.8	28.9
ROCKY MOUNTAIN			
Colorado	19.8	20.9	22.3
Idaho	27.5	26.8	25.6
Montana	19.5	20.4	20.3
Utah	24.3	27.4	26.6
Wyoming	36.3	35.3	34.3
FAR WEST			
Alaska	—	—	—
California	25.2	23.0	25.3
Hawaii	19.1	21.7	18.5
Nevada	17.7	23.1	17.0
Oregon	17.3	16.2	15.0
Washington	22.9	22.9	23.7
ALL STATES	22.2 %	21.6 %	22.2 %

Source: National Association of State Budget Officers, 2002 State Expenditure Report

Table 9

ANNUAL PERCENTAGE CHANGE IN ELEMENTARY AND SECONDARY EDUCATION EXPENDITURES

Region/State	Fiscal 2001 to 2002			Fiscal 2002 to 2003		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
NEW ENGLAND						
Connecticut	-7.9 %	8.5 %	4.8 %	0.4 %	24.7 %	5.9 %
Maine	-2.9	6.8	-1.5	3.2	-12.7	1.5
Massachusetts	7.0	16.5	8.2	-1.7	5.1	-0.8
New Hampshire	7.5	0.9	6.7	4.1	12.0	4.9
Rhode Island	5.7	6.9	6.6	5.4	54.6	12.5
Vermont	6.7	15.7	7.9	N/A	N/A	N/A
MID-ATLANTIC						
Delaware	6.4	11.5	7.4	3.6	8.2	3.1
Maryland	4.8	12.2	6.0	7.0	9.6	7.5
New Jersey	6.6	15.3	7.2	8.3	29.2	9.8
New York	6.5	1.9	5.5	3.2	-0.1	3.7
Pennsylvania	3.6	13.9	5.1	4.2	25.8	7.7
GREAT LAKES						
Illinois	-0.2	-3.7	2.9	6.2	3.2	2.1
Indiana	-7.6	12.9	-5.5	8.7	22.1	10.4
Michigan	-0.3	14.9	0.9	1.2	31.4	3.8
Ohio	7.4	2.0	7.6	3.0	29.0	7.2
Wisconsin	3.6	5.3	3.7	4.6	-5.2	3.8
PLAINS						
Iowa	1.7	10.4	4.2	2.3	18.5	4.3
Kansas	2.3	10.7	3.2	0.1	10.7	1.2
Minnesota	2.2	4.0	2.9	26.1	29.3	26.1
Missouri	2.6	20.9	5.0	2.4	37.9	7.8
Nebraska	10.9	16.2	11.9	0.5	7.2	1.8
North Dakota	2.6	7.5	3.6	6.9	14.0	8.4
South Dakota	4.9	5.4	5.0	-0.3	14.4	3.0
SOUTHEAST						
Alabama	5.0	10.7	5.8	2.3	62.4	11.3
Arkansas	1.1	16.7	3.1	5.8	15.6	7.2
Florida	-3.7	3.7	-2.7	7.5	49.4	13.5
Georgia	3.4	19.9	12.9	1.5	15.9	-2.4
Kentucky	1.3	13.6	2.8	2.4	2.6	2.4
Louisiana	8.8	26.7	12.2	2.9	7.2	3.8
Mississippi	0.9	8.5	2.3	6.7	21.0	9.5
North Carolina	2.6	13.4	-1.6	0.4	-13.4	-1.9
South Carolina	-1.1	19.0	-1.9	3.0	-4.5	-3.2
Tennessee	2.0	6.4	2.7	4.8	25.8	8.4
Virginia	1.9	20.8	3.1	-1.1	-28.4	-3.0
West Virginia	3.0	0.4	2.2	6.4	31.9	12.9
SOUTHWEST						
Arizona	15.6	1.3	13.4	1.6	43.4	7.3
New Mexico	12.1	-0.4	10.3	-2.6	40.7	5.5
Oklahoma	-0.9	13.5	0.8	-2.1	31.7	2.5
Texas	-2.5	10.6	-0.6	6.1	19.9	8.4
ROCKY MOUNTAIN						
Colorado	12.1	25.3	13.3	8.2	23.2	9.8
Idaho	3.2	9.1	3.8	1.5	23.5	4.0
Montana	9.9	13.3	10.4	2.3	42.6	8.0
Utah	6.0	7.2	6.1	-2.1	3.2	-1.4
Wyoming	0.8	2.9	1.1	0.8	2.9	1.1
FAR WEST						
Alaska	—	—	—	—	—	—
California*	-0.1	14.7	-3.4	-2.7	29.2	23.8
Hawaii	17.9	24.0	18.5	-5.0	-20.6	-6.5
Nevada	13.5	7.8	12.6	8.2	-13.7	5.0
Oregon	19.4	17.3	19.1	-13.3	18.7	-9.8
Washington	4.8	13.2	5.5	2.4	19.0	3.9
ALL STATES	2.6 %	10.4 %	3.1 %	2.4 %	19.3 %	7.6 %

Note: State funds are defined as general funds and other state funds (bonds are excluded).
Source: National Association of State Budget Officers, 2002 State Expenditure Report

Table 10
ITEMS EXCLUDED FROM ELEMENTARY & SECONDARY
EDUCATION EXPENDITURES

Region/State	Employer Contributions to Pensions	Employer Contributions to Health Benefits	Head Start	Libraries	Day Care Programs	School Health Care/ Immunization
NEW ENGLAND						
Connecticut	X	X		X	X	P
Maine						
Massachusetts	X	X	P	P	P	P
New Hampshire			X	X	X	
Rhode Island			X	X	X	
Vermont			X	X	X	X
MID-ATLANTIC						
Delaware						
Maryland						
New Jersey		P	X		X	P
New York					X	X
Pennsylvania			X	X	X	X
GREAT LAKES						
Illinois		P		P	X	X
Indiana	P	P	X			X
Michigan	P	P	X	X	X	X
Ohio				X	X	X
Wisconsin					X	X
PLAINS						
Iowa			X			
Kansas		P	X	X	X	X
Minnesota		X				
Missouri	X	X	X	X	X	X
Nebraska			X	X	X	X
North Dakota			X	X	X	X
South Dakota					X	X
SOUTHEAST						
Alabama			X	X	X	X
Arkansas	P	P	X		X	X
Florida	P	P	X		X	X
Georgia					X	X
Kentucky				X	X	
Louisiana			X	X	X	X
Mississippi						
North Carolina					X	X
South Carolina			X	X		X
Tennessee					P	P
Virginia			X		X	
West Virginia			X	X	X	X
SOUTHWEST						
Arizona			X		X	X
New Mexico						
Oklahoma			X		X	X
Texas			X	P	P	P
ROCKY MOUNTAIN						
Colorado	P	P		P	X	P
Idaho			X		X	X
Montana	P	P	X		X	X
Utah			X		X	X
Wyoming					X	P
FAR WEST						
Alaska						
California			X		X	X
Hawaii			X		X	X
Nevada			X	P	P	P
Oregon			X	P	P	X
Washington	P	P	X	X	X	X
ALL STATES	10	14	31	23	40	38

Excluded=X

Partially Excluded=P

Source: National Association of State Budget Officers, 2002 State Expenditure Report

Elementary and Secondary Education Notes

Small dollar amounts, when rounded, cause an aberration in the percentage increase. In these instances, the actual dollar amounts should be consulted to determine the exact percentage increase.

California: The large variance in federal funds between actual fiscal 2002 and estimated fiscal 2003 reflects No Child Left Behind Act funding. The recent passage of the Kindergarten-University Public Facilities Bond Act of 2002, a \$13.1 billion general obligation bond proposal, results in increased expenditures in the 2003 estimated fiscal year.

Connecticut: In fiscal 2001, approximately \$296 million of school construction projects were funded from surplus funds, rather than through general obligation bonds.

Florida: All state bond expenditures are for fixed capital outlay projects and therefore not included in this section. Previous surveys inadvertently included bond expenditures in this section.

Hawaii: Beginning in fiscal 2001, elementary and secondary education expenditures include employer contributions to current employees' pension plans and employer contributions to employee health benefits.

Michigan: Figures reflect K-12 education, the Michigan Department of Education, adult education and pre-school. Employer contributions to current employees' pensions and health

benefits are reported for Department of Education employees but excluded for employees of K-12 schools. Expenditure fluctuations are due to the anticipated increase of federal funding for fiscal 2003.

Montana: In fiscal 2002, state general fund aid to schools increases by \$66 million as school district shares of vehicle fees and taxes, corporate income taxes, video gaming taxes, and alcoholic beverage taxes are replaced with direct payments from the state.

In fiscal 2003, \$52 million of state aid to schools is shifted from the general fund to other state funds as state lands revenues are earmarked.

Ohio: See General Notes for Ohio for discussion of double counting issues that affect percentage of total expenditure amounts.

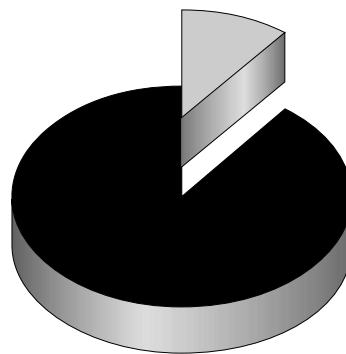
Pennsylvania: Figures reflect funding in support of K-12 education and the operation of the Pennsylvania Department of Education.

South Carolina: The state no longer prepares an Annual Projects Improvement Plan. South Carolina has adopted a five-year Capital Project Improvement Plan with annual updates for new projects only. As result of moving to this new system, the state no longer collects estimated expenditure data on existing projects. However, actual data is still available and is reported.

South Dakota: Includes vocational education.

CHAPTER TWO

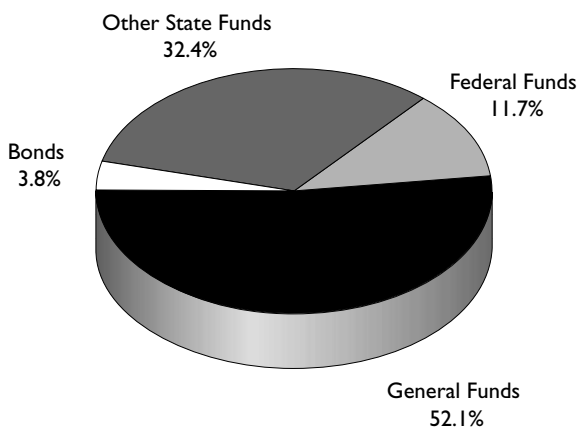
HIGHER EDUCATION



11.2% of State Expenditures

Higher education expenditures reflect state support of state university systems, community colleges, and vocational education institutions. In 2002 states spent \$120 billion on higher education, accounting for 11.2 percent of total state spending. General funds account for 52.1 percent of total state higher education spending, other state funds 32.4 percent, federal funds 11.7 percent, and bonds 3.8 percent (see Table 12 and Figure 11). Forty-two states include tuition and fees and 39 states include student loan programs in the state expenditures reported here (see Table 15).

Figure 11
STATE EXPENDITURES FOR HIGHER EDUCATION BY FUND SOURCE, FISCAL 2002



Between fiscal 2001 and fiscal 2002, total state spending on higher education grew 4.3 percent, roughly 1 percent less than the growth in total state spending for the same period. State funds for higher education grew by 2.9 percent from fiscal 2001 to fiscal 2002 and federal funds increased by 11.6 percent. States estimate that between fiscal 2002 and fiscal 2003, growth in higher education expenditures slowed dramatically to only 0.7 percent, with growth in state funds of only 0.1 percent and federal funds increasing by 4.9 percent.

Table 11
REGIONAL PERCENTAGE CHANGE IN STATE HIGHER EDUCATION EXPENDITURES, FISCAL 2002 AND 2003

Region	Fiscal 2001 to 2002			Fiscal 2002 to 2003		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
New England	3.7%	31.7%	5.9%	-1.4%	2.3%	0.0%
Mid-Atlantic	4.6	19.6	5.1	2.4	51.1	5.0
Great Lakes	0.4	7.3	1.7	-0.4	-4.6	-2.5
Plains	-4.8	-1.1	-3.8	4.4	-4.0	3.8
Southeast	3.4	8.2	4.4	-2.0	-1.0	-1.9
Southwest	3.8	21.3	5.5	0.8	1.2	0.8
Rocky Mountain	0.8	0.0	2.0	-1.6	22.2	0.9
Far West	6.2	14.1	7.8	0.5	5.7	2.6
ALL STATES	2.9%	11.6%	4.3%	0.1%	4.9%	0.7%

Capital Spending

States' spending on construction, renovation, and other capital projects continued to increase dramatically in fiscal 2002, topping fiscal 2001 levels by 20.5 percent. Much of the funding is from an increase in the issuance of state debt for capital. The increase in capital expenditures is attributable to several factors, including historically low interest rates, and cash-strapped states turning to debt for projects that in recent years they might have financed on a pay-as-you-go basis.

Financing Issues

Higher education spending is tied closely to the economy. As one of the only functional categories within state budgets that still is discretionary, higher education is vulnerable to funding cuts during an economic downturn. Because in many states higher education institutions have the discretion to decide on what reductions or adjustments to make, and because they have the ability to raise tuition when state funding goes down, higher education is often the first category of state spending to be cut when the fiscal picture dims. With states making widespread cuts to their fiscal 2002 budgets, including funds for higher education, publicly supported colleges and universities in many states raised tuition and fees again. Indeed, amidst the current state fiscal crisis, average tuition and fees at four year public institutions of higher education increased by 14.1 percent, according to The College Board. In constant dollar terms, those figures indicate that since 1976 average tuition and fees have increased by 142.8 percent, at an average annual rate of 3.3 percent. The average tuition increase between 2001 and 2002 may be extraordinary.

Table 12

HIGHER EDUCATION EXPENDITURES—CAPITAL INCLUSIVE (\$ IN MILLIONS)

Region/State	Actual Fiscal 2001					Actual Fiscal 2002					Estimated Fiscal 2003				
	General Fund	Federal Funds	Other State Funds	Bonds	Total	General Fund	Federal Funds	Other State Funds	Bonds	Total	General Fund	Federal Funds	Other State Funds	Bonds	Total
NEW ENGLAND															
Connecticut	\$580	\$81	\$1,026	\$87	\$1,774	\$601	\$97	\$1,123	\$118	\$1,939	\$577	\$104	\$1,198	\$178	\$2,057
Maine	239	0	1	0	240	222	0	1	0	223	222	0	2	0	224
Massachusetts	1,102	8	0	57	1,167	1,030	8	0	106	1,144	968	8	0	60	1,036
New Hampshire	102	6	35	12	155	108	16	35	4	163	110	19	35	27	191
Rhode Island	173	6	299	19	497	174	12	396	9	591	170	5	428	29	632
Vermont	70	0	0	5	75	71	0	0	9	80	N/A	N/A	N/A	N/A	N/A
MID-ATLANTIC															
Delaware	219	18	42	3	282	214	21	43	11	289	217	20	45	10	292
Maryland	1,177	433	1,440	0	3,050	1,283	530	1,575	0	3,388	1,217	569	1,725	0	3,511
New Jersey	1,761	16	624	0	2,401	1,782	21	681	0	2,484	1,891	22	762	2	2,677
New York	2,747	137	2,350	341	5,575	2,963	161	2,404	263	5,791	2,725	531	2,656	215	6,127
Pennsylvania*	1,860	80	157	96	2,193	1,875	85	128	153	2,241	1,887	94	129	179	2,289
GREAT LAKES															
Illinois	2,473	191	33	160	2,857	2,586	185	58	193	3,022	2,496	206	75	185	2,962
Indiana*	1,405	2	12	61	1,480	1,318	2	1	136	1,457	1,400	4	13	56	1,473
Michigan*	2,100	17	142	188	2,447	2,133	20	175	171	2,499	2,049	21	124	166	2,360
Ohio	2,518	6	2	294	2,820	2,456	7	2	320	2,785	2,422	10	3	175	2,610
Wisconsin	1,264	673	1,477	0	3,414	1,201	740	1,541	0	3,482	1,244	669	1,597	0	3,510
PLAINS															
Iowa	930	290	1,904	0	3,124	851	299	2,047	30	3,227	791	313	2,281	45	3,430
Kansas	673	241	630	26	1,570	704	293	675	29	1,701	671	215	750	28	1,664
Minnesota*	1,888	42	28	137	2,095	1,395	4	13	169	1,581	1,411	4	21	165	1,601
Missouri	955	2	137	0	1,094	799	3	144	0	946	854	7	214	0	1,075
Nebraska	540	176	721	0	1,437	532	132	771	0	1,435	530	151	770	0	1,451
North Dakota	176	0	81	11	268	185	0	95	5	285	186	0	101	3	290
South Dakota	127	53	166	0	346	132	64	183	0	379	138	73	185	6	402
SOUTHEAST															
Alabama*	1,095	644	2,065	0	3,804	1,124	656	2,243	0	4,023	1,154	645	2,277	0	4,076
Arkansas	542	2	1,148	24	1,716	548	3	1,373	9	1,933	559	3	1,510	7	2,079
Florida*	3,195	69	1,553	402	5,219	2,940	109	1,758	606	5,413	3,216	105	628	401	4,350
Georgia	2,075	1,348	319	308	4,050	2,072	1,570	389	342	4,373	2,062	1,442	380	220	4,104
Kentucky	1,175	375	1,725	0	3,275	1,123	398	1,563	0	3,084	1,128	410	1,612	0	3,150
Louisiana	980	126	852	48	2,006	1,016	159	1,167	29	2,371	1,024	120	940	9	2,093
Mississippi	695	103	935	0	1,733	599	118	1,099	0	1,816	586	123	1,150	0	1,859
North Carolina	2,392	38	1,022	250	3,702	2,251	38	1,162	300	3,751	2,326	40	1,162	565	4,093
South Carolina*	845	345	1,185	129	2,504	871	357	1,229	90	2,547	851	383	1,315	N/A	2,549
Tennessee	1,061	117	919	67	2,164	1,104	134	1,018	9	2,265	1,162	142	1,051	41	2,396
Virginia	1,657	381	1,249	135	3,422	1,673	435	1,289	188	3,585	1,368	516	1,512	277	3,673
West Virginia*	372	274	584	99	1,329	377	158	652	116	1,303	377	163	678	120	1,338
SOUTHWEST															
Arizona	917	349	890	0	2,156	919	388	1,060	0	2,367	875	396	1,143	0	2,414
New Mexico	565	1	1,125	25	1,716	600	1	610	100	1,311	616	1	619	6	1,242
Oklahoma	842	145	1,018	45	2,050	872	225	1,107	91	2,295	835	226	1,310	184	2,555
Texas	4,657	121	2,603	0	7,381	5,175	133	2,749	0	8,057	5,053	133	2,749	0	7,935
ROCKY MOUNTAIN															
Colorado*	901	24	904	0	1,829	855	21	978	0	1,854	804	20	894	0	1,718
Idaho	273	2	100	1	376	299	2	96	1	398	283	3	127	0	413
Montana	133	42	131	0	306	139	45	142	0	326	135	60	164	0	359
Utah*	598	9	288	0	895	646	7	198	45	896	617	8	269	118	1,012
Wyoming	171	4	58	0	233	173	6	60	0	239	175	8	60	0	243
FAR WEST															
Alaska	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
California	9,149	5,467	727	593	15,936	9,645	6,251	773	624	17,293	9,447	6,613	807	717	17,584
Hawaii*	478	11	210	82	781	510	11	253	121	895	437	11	270	178	896
Nevada	320	18	145	43	526	355	2	154	26	537	364	2	182	45	593
Oregon	590	58	1,185	0	1,833	599	73	1,335	0	2,007	535	75	1,543	0	2,153
Washington	1,322	11	2,225	246	3,804	1,364	13	2,382	177	3,936	1,370	10	2,501	209	4,090
TOTAL	\$62,079	\$12,562	\$36,472	\$3,994	\$115,107	\$62,464	\$14,013	\$38,930	\$4,600	\$120,007	\$61,535	\$14,703	\$39,967	\$4,626	\$120,831

Source: National Association of State Budget Officers, 2002 State Expenditure Report

Table 13
HIGHER EDUCATION EXPENDITURES AS A PERCENT OF
TOTAL EXPENDITURES

Region/State	Fiscal 2001	Fiscal 2002	Fiscal 2003
NEW ENGLAND			
Connecticut	9.2 %	9.5 %	9.8 %
Maine	4.5	3.9	3.9
Massachusetts	4.5	4.3	3.9
New Hampshire	4.5	4.3	4.8
Rhode Island	10.2	11.2	11.4
Vermont	2.8	2.8	N/A
MID-ATLANTIC			
Delaware	5.2	5.1	5.1
Maryland	15.2	15.8	15.2
New Jersey	7.4	7.1	7.5
New York	7.0	6.8	6.7
Pennsylvania	5.4	5.1	4.8
GREAT LAKES			
Illinois	7.5	7.6	7.3
Indiana	8.6	8.0	7.6
Michigan	6.4	6.3	5.9
Ohio	6.7	6.2	5.4
Wisconsin	12.2	11.2	14.9
PLAINS			
Iowa	25.4	24.5	26.0
Kansas	17.7	17.4	16.3
Minnesota	10.2	7.7	6.7
Missouri	7.0	5.6	6.0
Nebraska	23.7	21.9	21.4
North Dakota	11.7	11.7	10.6
South Dakota	14.8	15.5	16.1
SOUTHEAST			
Alabama	24.6	24.0	20.0
Arkansas	15.4	16.0	15.3
Florida	9.9	11.4	8.6
Georgia	16.3	16.0	14.3
Kentucky	19.7	17.9	17.9
Louisiana	12.1	13.5	11.1
Mississippi	18.1	17.3	16.7
North Carolina	13.7	14.2	15.4
South Carolina	17.3	17.1	16.9
Tennessee	12.5	12.2	12.0
Virginia	14.0	13.5	13.7
West Virginia	17.7	16.0	15.7
SOUTHWEST			
Arizona	13.2	12.5	12.4
New Mexico	18.5	14.6	13.9
Oklahoma	17.1	17.6	18.5
Texas	14.1	14.2	13.4
ROCKY MOUNTAIN			
Colorado	14.3	13.6	12.2
Idaho	9.4	9.4	8.9
Montana	10.0	10.1	10.2
Utah	11.6	12.4	13.7
Wyoming	15.1	14.9	14.5
FAR WEST			
Alaska	—	—	—
California	11.6	11.9	10.7
Hawaii	10.4	11.4	10.4
Nevada	11.0	13.0	10.1
Oregon	12.3	10.6	11.7
Washington	16.5	16.1	16.7
ALL STATES	11.3 %	11.2 %	10.7 %

Source: National Association of State Budget Officers, 2002 State Expenditure Report

Table 14

ANNUAL PERCENTAGE CHANGE IN HIGHER EDUCATION EXPENDITURES

Region/State	Fiscal 2001 to 2002			Fiscal 2002 to 2003		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
NEW ENGLAND						
Connecticut	7.3 %	19.8 %	9.3 %	3.0 %	7.2 %	6.1 %
Maine	-7.1	—	-7.1	0.4	—	0.4
Massachusetts	-6.5	0.0	-2.0	-6.0	0.0	-9.4
New Hampshire	4.4	166.7	5.2	1.4	18.8	17.2
Rhode Island	20.8	100.0	18.9	4.9	-58.3	6.9
Vermont	1.4	—	6.7	N/A	N/A	N/A
MID-ATLANTIC						
Delaware	-1.5	16.7	2.5	1.9	-4.8	1.0
Maryland	9.2	22.4	11.1	2.9	7.4	3.6
New Jersey	3.3	31.3	3.5	7.7	4.8	7.8
New York	5.3	17.5	3.9	0.3	229.8	5.8
Pennsylvania	-0.7	6.3	2.2	0.6	10.6	2.1
GREAT LAKES						
Illinois	5.5	-3.1	5.8	-2.8	11.4	-2.0
Indiana	-6.9	0.0	-1.6	7.1	100	1.1
Michigan	2.9	17.6	2.1	-5.8	5.0	-5.6
Ohio	-2.5	16.7	-1.2	-1.3	42.9	-6.3
Wisconsin	0.0	10.0	2.0	3.6	-9.6	0.8
PLAINS						
Iowa	2.3	3.1	3.3	6.0	4.7	6.3
Kansas	5.8	21.6	8.3	3.0	-26.6	-2.2
Minnesota	-26.5	-90.5	-24.5	1.7	0.0	1.3
Missouri	-13.6	50.0	-13.5	13.3	133.3	13.6
Nebraska	3.3	-25.0	-0.1	-0.2	14.4	1.1
North Dakota	8.9	—	6.3	2.5	—	1.8
South Dakota	7.5	20.8	9.5	2.5	14.1	6.1
SOUTHEAST						
Alabama	6.6	1.9	5.8	1.9	-1.7	1.3
Arkansas	13.7	50.0	12.6	7.7	0.0	7.6
Florida	-1.1	58.0	3.7	-18.2	-3.7	-19.6
Georgia	2.8	16.5	8.0	-0.8	-8.2	-6.2
Kentucky	-7.4	6.1	-5.8	2.0	3.0	2.1
Louisiana	19.2	26.2	18.2	-10.0	-24.5	-11.7
Mississippi	4.2	14.6	4.8	2.2	4.2	2.4
North Carolina	0.0	0.0	1.3	2.2	5.3	9.1
South Carolina	3.4	3.5	1.7	3.1	7.3	0.1
Tennessee	7.2	14.5	4.7	4.3	6.0	5.8
Virginia	1.9	14.2	4.8	-2.8	18.6	2.5
West Virginia	7.6	-42.3	-2.0	2.5	3.2	2.7
SOUTHWEST						
Arizona	9.5	11.2	9.8	2.0	2.1	2.0
New Mexico	-28.4	0.0	-23.6	2.1	0.0	-5.3
Oklahoma	6.4	55.2	12.0	8.4	0.4	11.3
Texas	9.1	9.9	9.2	-1.5	0.0	-1.5
ROCKY MOUNTAIN						
Colorado	1.6	-12.5	1.4	-7.4	-4.8	-7.3
Idaho	5.9	0.0	5.9	3.8	50.0	3.8
Montana	6.4	7.1	6.5	6.4	33.3	10.1
Utah	-4.7	-22.2	0.1	5.0	14.3	12.9
Wyoming	1.7	50.0	2.6	0.9	33.3	1.7
FAR WEST						
Alaska	—	—	—	—	—	—
California	5.5	14.3	8.5	-1.6	5.8	1.7
Hawaii	10.9	0.0	14.6	-7.3	0.0	0.1
Nevada	9.5	-88.9	2.1	7.3	0.0	10.4
Oregon	9.0	25.9	9.5	7.4	2.7	7.3
Washington	5.6	18.2	3.5	3.3	-23.1	3.9
ALL STATES	2.9 %	11.6 %	4.3 %	0.1 %	4.9 %	0.7 %

Note: State funds are defined as general funds and other state funds (bonds are excluded).
Source: National Association of State Budget Officers, 2002 State Expenditure Report

Table 15

ITEMS EXCLUDED FROM HIGHER EDUCATION EXPENDITURES

Region/State	Employer Contributions to Pensions	Employer Contributions to Health Benefits	Tuition and Fees	Student Loan Programs	University Research Grants	Vocational Education	Assistance To Private Colleges & Universities
NEW ENGLAND							
Connecticut	X	X				X	
Maine	P	P	X	P			X
Massachusetts	X	X	P	X	X	X	X
New Hampshire	P	P	P	P	X		X
Rhode Island			X	X			X
Vermont	X	X			X	X	X
MID-ATLANTIC							
Delaware			P	P			X
Maryland							
New Jersey					X	X	
New York					X	X	
Pennsylvania	X	X			X	P	
GREAT LAKES							
Illinois		P	X	P	X		P
Indiana	X	X	X		X		X
Michigan	X	X	X	X	P		
Ohio			X	P	P	X	
Wisconsin							
PLAINS							
Iowa							
Kansas		X					
Minnesota		X	X		P	P	P
Missouri	P	P	X		X	X	
Nebraska					X		
North Dakota				X	X	X	
South Dakota						X	X
SOUTHEAST							
Alabama							
Arkansas					P		X
Florida	P	P			P	P	
Georgia							
Kentucky						P	
Louisiana					X		
Mississippi					X		
North Carolina					X		
South Carolina				X			
Tennessee					X		
Virginia				X			
West Virginia				X	P	P	
SOUTHWEST							
Arizona							X
New Mexico*					P	X	X
Oklahoma							X
Texas			P		P	P	
ROCKY MOUNTAIN							
Colorado					X		P
Idaho				X	X		X
Montana				X	X		
Utah					X		X
Wyoming				X			X
FAR WEST							
Alaska							
California					X		
Hawaii					X		X
Nevada				X		X	X
Oregon							X
Washington							X
ALL STATES	10	13	12	16	29	17	22

Excluded=X

Partially Excluded=P

Not Applicable=N/A

Source: National Association of State Budget Officers, 2002 State Expenditure Report

Higher Education Notes

Small dollar amounts, when rounded, cause an aberration in the percentage increase. In these instances, the actual dollar amounts should be consulted to determine the exact percentage increase.

Alabama: Capital expenditures are not tracked at the state level.

Colorado: Employer contributions to current employees' pensions are included as part of block grants. Assistance to private colleges and universities includes only financial aid.

Florida: Beginning in fiscal 2003, institutions in the State University System became local entities; therefore trust funds and student fees are no longer appropriated through the state legislature.

Hawaii: Beginning in fiscal 2001, higher education expenditures include employer contributions to current employees' pension plans and employer contributions to employee health benefits.

Indiana: Bond figures include project appropriations approved during the fiscal year.

Michigan: Higher education capital expenditures made from non-state funds are excluded.

Minnesota: Beginning in fiscal 2002, tuition is excluded and is reported as an enterprise fund.

Ohio: See General Notes for Ohio for discussion of double counting issues that affect percentage of total expenditure amounts.

Pennsylvania: Figures include state funding for a student financial assistance program that helps students pay tuition and fees. Funding for vocational education is also included in Elementary and Secondary Education.

South Carolina: The state no longer prepares an Annual Projects Improvement Plan. South Carolina has adopted a five-year Capital Project Improvement Plan with annual updates for new projects only. As result of moving to this new system, the state no longer collects estimated expenditure data on existing projects. However, actual data is still available and is reported.

Utah: Included in general funds are school funds (income tax revenue) which in Utah is restricted by the state constitution for the sole use of public and higher education.

Not included in the fiscal 2001 numbers are two items funded through authorized revenue bonds for a Board of Regents Office building (\$8 million) and a Student Center Addition at Utah Valley State College (\$13.5 million).

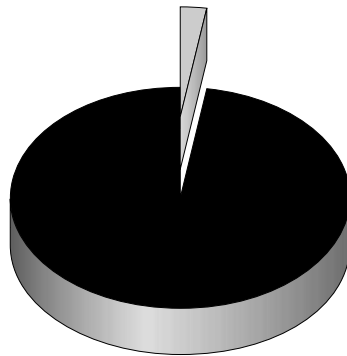
Not included in the fiscal 2002 numbers are four items funded through authorized revenue bonds including: \$100 million for a University of Utah Huntsman Cancer Institute expansion; \$1.5 million for a student center expansion at Dixie State College; \$6 million for a cafeteria remodel at Salt Lake Community College; and \$25 million for a hospital expansion at the University of Utah.

Not included in the fiscal 2003 numbers are four items funded through authorized revenue bonds including: \$2.5 million for a multi-event center at Snow College (Richfield campus); \$9 million for a student housing complex at Southern Utah University; \$33 million for an east campus central plant at the University of Utah; and \$19 million for research park facilities at Utah State University.

West Virginia: Fiscal 2001 amounts are \$61 million higher than reported in the 2001 State Expenditure Report. Those figures included only capital expenditures; figures in this report include both capital expenditures and other expenditures related to bond funds.

CHAPTER THREE

PUBLIC ASSISTANCE



2.1% of State Expenditures

This report contains data on cash assistance provided through the Temporary Assistance for Needy Families (TANF) and other programs. Spending for these categories totaled \$22.1 billion in 2002 and represented 2.1 percent of total state expenditures. State spending for total cash assistance increased by 1.7 percent from 2001 to 2002.

The primary source of public assistance funding is general funds, providing 50.6 percent, followed by federal funds at 46.7 percent (See Figure 12).

In general, states reported TANF expenditures for cash assistance. However, one state reported total TANF expenditures.

The "other cash assistance" category, which includes optional state programs for Supplemental Security Income (SSI) and General Assistance, are not funded in all states, and when funded, are relatively small programs.

Welfare Reform

The Temporary Assistance for Needy Families program expired on September 30, 2002. The program has been extended through continuing resolutions until September 30, 2003. Major issues that have been debated during efforts to reauthorize the program center around work requirements, the level of funding for the block grant, and the amount of child care funding.

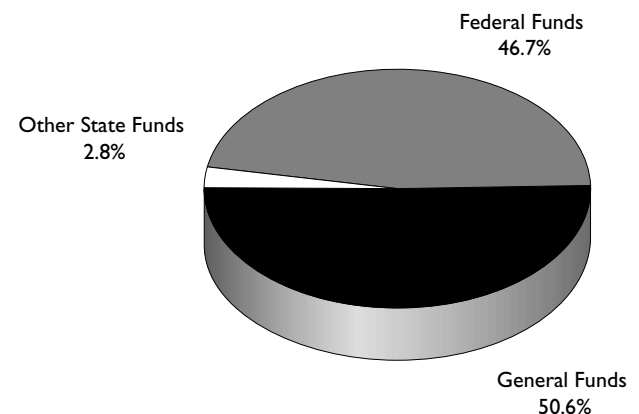
According to the U.S. Department of Health and Human Services (HHS) figures, the average monthly number of TANF recipients fell from 12.8 million prior to the enactment of TANF to 5.0 million at the end of fiscal 2002, a decrease of 59 percent.

Expenditure data on total cash assistance, TANF cash assistance, and other cash assistance can be found on Tables 18-26, accompanied by explanatory notes.

FUND SHARES

The figure below provides fund shares for 2002.

Figure 12
STATE EXPENDITURES FOR TOTAL PUBLIC ASSISTANCE BY FUND SOURCE, FISCAL 2002



Regional Expenditures

The following table shows regional percentage changes in expenditures for total cash assistance for fiscal 2001-2002 and 2002-2003.

Table 16
REGIONAL PERCENTAGE CHANGE IN STATE TOTAL PUBLIC ASSISTANCE EXPENDITURES, FISCAL 2002 AND 2003

Region	Fiscal 2001 to 2002			Fiscal 2002 to 2003		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
New England	5.3 %	1.1 %	3.5 %	-2.1 %	-4.7 %	-3.2 %
Mid-Atlantic	3.7	-12.4	-2.6	1.9	4.6	2.8
Great Lakes	-16.8	42.5	1.1	0.6	3.8	2.0
Plains	-8.5	2.0	-2.1	-5.0	12.5	6.0
Southeast	-3.3	2.4	0.1	2.6	10.0	7.1
Southwest	-2.1	-4.0	-3.4	0.5	9.0	6.1
Rocky Mountain	-1.4	13.9	9.8	8.2	31.9	26.2
Far West	5.6	1.5	3.7	5.1	9.5	7.1
ALL STATES	2.0 %	1.3 %	1.7 %	2.8 %	8.0 %	5.2 %

Expenditures for Cash Assistance under the Temporary Assistance for Needy Families Program

State and federal funds for TANF cash assistance expenditures totaled \$14.3 billion in fiscal 2002, a decrease of 0.3 percent from 2001 to 2002 (see Table 23). According to the most recent data, cash assistance expenditures from state and federal funds accounted for about 38 percent of total TANF spending in fiscal 2001 while child care and other supportive services accounted for about 30 percent of total spending.

Even in light of difficult fiscal conditions, some states continue to increase the cash assistance benefit level under TANF. Six states proposed to increase cash assistance benefit levels in fiscal 2004, with increases ranging from 1.3 to 5 percent, while seven states increased cash assistance benefit levels under TANF in fiscal 2003.

Under the Aid to Families with Dependent Children program that TANF replaced, declining caseloads would have resulted in automatic declines in federal and state spending. Yet while caseloads and cash assistance expenditures have declined, the amount of federal TANF funding remains constant. The authorizing legislation specified that the annual TANF block grant allocations to states would be based on 1994 federal funding levels. A total of \$16.5 billion was authorized annually for TANF through federal fiscal year 2002.

In order for states to receive their full allotment of the TANF block grant, they must meet a maintenance of effort (MOE) requirement and therefore do not realize proportionate savings from the declining caseloads. Under the MOE requirement, states must continue to spend state funds at a level equal to at least 80 percent of state spending for AFDC-related programs in 1994.

Taking advantage of the financial resources available because of declining welfare caseloads, many states are expending federal

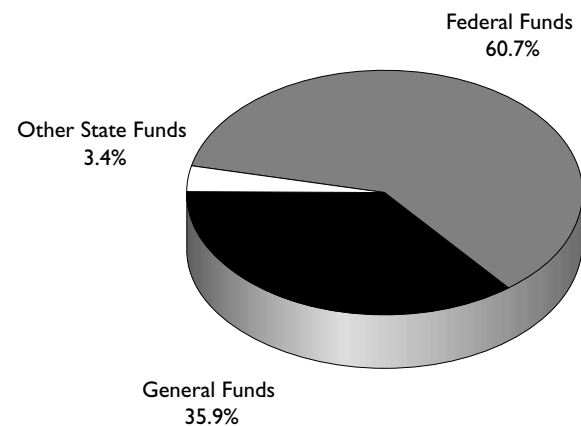
TANF funds and their MOE funds on a variety of services and benefits. States have provided funding for programs to address childcare services, training and education, transportation needs, transitional rental assistance, substance abuse, job readiness and job retention training, and domestic violence. As cash assistance has declined, these supportive services have gained greater importance in the program.

Expenditure data for TANF cash assistance can be found on Tables 21-23.

Fund Shares

The figure below provides fund shares for 2002.

Figure 13
STATE EXPENDITURES FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BY FUND SOURCE, FISCAL 2002



Regional Expenditures

The following table shows percentage changes in expenditures for TANF cash assistance for fiscal 2001-2002 and 2002-2003.

Table 17
REGIONAL PERCENTAGE CHANGE IN STATE TANF EXPENDITURES, FISCAL 2002 AND 2003

Region	Fiscal 2001 to 2002			Fiscal 2002 to 2003		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
New England	7.8%	0.6%	4.0%	-1.3%	-5.6%	-3.5%
Mid-Atlantic	0.1	-11.0	-6.5	3.9	-2.9	0.0
Great Lakes	-26.1	50.6	0.7	-1.7	5.2	1.9
Plains	-16.9	1.8	-3.8	-13.5	12.5	5.8
Southeast	-2.7	5.8	2.4	2.0	10.0	7.0
Southwest	-2.8	-3.8	-3.5	0.8	9.0	6.4
Rocky Mountain	-3.4	13.9	10.0	14.3	31.9	28.4
Far West	-1.0	0.4	-0.1	2.9	13.0	9.1
ALL STATES	-3.4%	1.7%	-0.3%	1.3%	8.6%	5.7%

OTHER CASH ASSISTANCE

The second component of cash assistance for public welfare reported is other cash assistance, including state participation in the Supplemental Security Income (SSI) program, General Assistance (GA), and emergency assistance. Each state determines the structure of its own program, resulting in significant variations in programs and funding. Some have statewide uniform eligibility rules while others simply require some form of county participation. Thirty-one states spend some amount on this category of other cash assistance.

Other cash assistance programs accounted for only 0.8 percent of total state spending in 2002. States spent \$8.2 billion for other cash assistance, with 76.2 percent funded from state general funds. Two states (New York and California) accounted for more than two-thirds of total general fund spending on other cash assistance.

Expenditure data for other cash assistance can be found on Tables 24-26.

Table 18

TOTAL PUBLIC ASSISTANCE EXPENDITURES (\$ IN MILLIONS)

Region/State	Actual Fiscal 2001				Actual Fiscal 2002				Estimated Fiscal 2003			
	General Fund	Federal Funds	Other State Funds	Total	General Fund	Federal Funds	Other State Funds	Total	General Fund	Federal Funds	Other State Funds	Total
NEW ENGLAND												
Connecticut	\$253	\$267	\$0	\$520	\$241	\$267	\$0	\$508	218	267	0	485
Maine	36	32	76	144	28	26	103	157	29	48	118	195
Massachusetts	643	463	125	1,231	703	467	127	1,297	720	423	126	1,269
New Hampshire	17	18	8	43	11	28	9	48	11	30	9	50
Rhode Island	100	151	0	251	103	152	0	255	97	158	0	255
Vermont	29	30	2	61	29	32	3	64	N/A	N/A	N/A	N/A
MID-ATLANTIC												
Delaware	34	35	1	70	35	39	1	75	35	40	1	76
Maryland	45	100	10	155	80	49	10	139	74	85	12	171
New Jersey	145	148	0	293	134	138	0	272	141	129	0	270
New York	1,350	514	0	1,864	1,391	439	0	1,830	1,406	466	0	1,872
Pennsylvania	423	529	27	979	432	497	28	957	454	495	28	977
GREAT LAKES												
Illinois	99	145	0	244	99	99	0	198	100	89	0	189
Indiana	20	86	13	119	18	119	8	145	15	113	12	140
Michigan*	286	129	32	447	273	151	48	472	262	183	56	501
Ohio	315	0	39	354	165	135	40	340	163	139	42	344
Wisconsin	177	64	1	242	165	100	1	266	171	103	1	275
PLAINS												
Iowa	56	63	15	134	54	61	22	137	55	71	17	143
Kansas	35	27	0	62	36	19	0	55	37	25	0	62
Minnesota	140	292	0	432	106	306	0	412	96	351	0	447
Missouri	51	122	16	189	53	121	17	191	47	118	24	189
Nebraska	25	32	0	57	20	37	0	57	20	43	0	63
North Dakota	1	4	8	13	4	5	5	14	0	9	6	15
South Dakota	6	3	0	9	6	5	0	11	5	6	0	11
SOUTHEAST												
Alabama	0	31	1	32	0	32	1	33	0	48	1	49
Arkansas	108	179	11	298	99	168	15	282	112	204	7	323
Florida	220	0	1	221	200	0	27	227	197	0	59	256
Georgia	0	0	0	0	0	0	0	0	0	0	0	0
Kentucky	69	125	5	199	66	126	6	198	72	110	0	182
Louisiana	25	121	0	146	10	129	0	139	6	255	0	261
Mississippi	35	40	0	75	36	41	0	77	36	41	0	77
North Carolina	108	360	93	561	108	360	93	561	108	360	93	561
South Carolina	24	29	1	54	24	22	1	47	24	34	1	59
Tennessee	0	116	6	122	0	123	7	130	0	120	6	126
Virginia	69	62	0	131	58	73	0	131	51	84	0	135
West Virginia	34	158	0	192	32	176	0	208	30	119	0	149
SOUTHWEST												
Arizona	62	59	0	121	56	80	0	136	57	104	0	161
New Mexico	36	146	0	182	32	129	0	161	33	131	0	164
Oklahoma	87	62	0	149	88	54	0	142	88	54	0	142
Texas*	251	605	0	856	251	574	0	825	251	623	0	874
ROCKY MOUNTAIN												
Colorado	0	93	27	120	0	98	27	125	0	139	35	174
Idaho	10	5	0	15	9	5	0	14	8	7	0	15
Montana	9	24	0	33	9	23	0	32	9	24	0	33
Utah	28	61	0	89	28	83	0	111	27	110	0	137
Wyoming	0	18	0	18	0	20	0	20	0	22	0	22
FAR WEST												
Alaska	—	—	—	—	—	—	—	—	—	—	—	—
California	5,033	3,860	0	8,893	5,405	3,896	0	9,301	5,736	4,423	0	10,159
Hawaii	100	71	0	171	92	52	0	144	87	55	0	142
Nevada	19	18	0	37	31	25	0	56	33	27	0	60
Oregon	110	183	0	293	75	169	0	244	96	132	0	228
Washington	472	647	16	1,135	449	709	18	1,176	411	677	17	1,105
TOTAL	\$11,195	\$10,327	\$534	\$22,056	\$11,344	\$10,459	\$617	\$22,420	\$11,628	\$11,294	\$671	\$23,593

Note: This table reflects TANF and other cash assistance expenditures.

Source: National Association of State Budget Officers, 2002 State Expenditure Report

Table 19
TOTAL PUBLIC ASSISTANCE EXPENDITURES AS A
PERCENT OF TOTAL EXPENDITURES

Region/State	Fiscal 2001	Fiscal 2002	Fiscal 2003
NEW ENGLAND			
Connecticut	2.7 %	2.5 %	2.3 %
Maine	2.7	2.7	3.4
Massachusetts	4.7	4.8	4.8
New Hampshire	1.3	1.3	1.3
Rhode Island	5.2	4.8	4.6
Vermont	2.3	2.2	N/A
MID-ATLANTIC			
Delaware	1.3	1.3	1.3
Maryland	0.8	0.6	0.7
New Jersey	0.9	0.8	0.8
New York	2.3	2.2	2.1
Pennsylvania	2.4	2.2	2.1
GREAT LAKES			
Illinois	0.6	0.5	0.5
Indiana	0.7	0.8	0.7
Michigan	1.2	1.2	1.3
Ohio	0.8	0.8	0.7
Wisconsin	0.9	0.9	1.2
PLAINS			
Iowa	1.1	1.0	1.1
Kansas	0.7	0.6	0.6
Minnesota	2.1	2.0	1.9
Missouri	1.2	1.1	1.1
Nebraska	0.9	0.9	0.9
North Dakota	0.6	0.6	0.5
South Dakota	0.4	0.5	0.4
SOUTHEAST			
Alabama	0.2	0.2	0.2
Arkansas	2.7	2.3	2.4
Florida	0.4	0.5	0.5
Georgia	0.0	0.0	0.0
Kentucky	1.2	1.1	1.0
Louisiana	0.9	0.8	1.4
Mississippi	0.8	0.7	0.7
North Carolina	2.1	2.1	2.1
South Carolina	0.4	0.3	0.4
Tennessee	0.7	0.7	0.6
Virginia	0.5	0.5	0.5
West Virginia	2.6	2.6	1.7
SOUTHWEST			
Arizona	0.7	0.7	0.8
New Mexico	2.0	1.8	1.8
Oklahoma	1.2	1.1	1.0
Texas	1.6	1.5	1.5
ROCKY MOUNTAIN			
Colorado	0.9	0.9	1.2
Idaho	0.4	0.3	0.3
Montana	1.1	1.0	0.9
Utah	1.2	1.5	1.9
Wyoming	1.2	1.2	1.3
FAR WEST			
Alaska	—	—	—
California	6.5	6.4	6.2
Hawaii	2.3	1.8	1.6
Nevada	0.8	1.4	1.0
Oregon	2.0	1.3	1.2
Washington	4.9	4.8	4.5
ALL STATES	2.2 %	2.1 %	2.1 %

Note: This table reflects TANF and other cash assistance expenditures.

Table 20

ANNUAL PERCENTAGE CHANGE IN TOTAL PUBLIC ASSISTANCE EXPENDITURES

Region/State	Fiscal 2001 to 2002			Fiscal 2002 to 2003		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
NEW ENGLAND						
Connecticut	-4.7 %	0.0 %	-2.3 %	-9.5 %	0.0 %	-4.5 %
Maine	17.0	-18.8	9.0	12.2	84.6	24.2
Massachusetts	8.1	0.9	5.4	1.9	-9.4	-2.2
New Hampshire	-20.0	55.6	11.6	0.0	7.1	4.2
Rhode Island	3.0	0.7	1.6	-5.8	3.9	0.0
Vermont	3.2	6.7	4.9	N/A	N/A	N/A
MID-ATLANTIC						
Delaware	2.9	11.4	7.1	0.0	2.6	1.3
Maryland	63.6	-51.0	-10.3	-4.4	73.5	23.0
New Jersey	-7.6	-6.8	-7.2	5.2	-6.5	-0.7
New York	3.0	-14.6	-1.8	1.1	6.2	2.3
Pennsylvania	2.2	-6.0	-2.2	4.8	-0.4	2.1
GREAT LAKES						
Illinois	0.0	-31.7	-18.9	1.0	-10.1	-4.5
Indiana	-21.2	38.4	21.8	3.8	-5.0	-3.4
Michigan	0.9	17.1	5.6	-0.9	21.2	6.1
Ohio	-42.1	—	-4.0	0.0	3.0	1.2
Wisconsin	-6.7	56.3	9.9	3.6	3.0	3.4
PLAINS						
Iowa	7.0	-3.2	2.2	-5.3	16.4	4.4
Kansas	2.9	-29.6	-11.3	2.8	31.6	12.7
Minnesota	-24.3	4.8	-4.6	9.4	14.7	8.5
Missouri	4.5	-0.8	1.1	1.4	-2.5	-1.0
Nebraska	-20.0	15.6	0.0	0.0	16.2	10.5
North Dakota	0.0	25.0	7.7	-33.3	80.0	7.1
South Dakota	0.0	66.7	22.2	-16.7	20.0	0.0
SOUTHEAST						
Alabama	0.0	3.2	3.1	0.0	50.0	48.5
Arkansas	-4.2	-6.1	-5.4	4.4	21.4	14.5
Florida	2.7	—	2.7	12.8	—	12.8
Georgia	—	—	—	—	—	—
Kentucky	-2.7	0.8	-0.5	0.0	-12.7	-8.1
Louisiana	-60.0	6.6	-4.8	-40.0	97.7	87.8
Mississippi	2.9	2.5	2.7	0.0	0.0	0.0
North Carolina	0.0	0.0	0.0	0.0	0.0	0.0
South Carolina	0.0	-24.1	-13.0	0.0	54.5	25.5
Tennessee	16.7	6.0	6.6	-14.3	-2.4	-3.1
Virginia	-15.9	17.7	0.0	-12.1	15.1	3.1
West Virginia	-5.9	11.4	8.3	-6.3	-32.4	-28.4
SOUTHWEST						
Arizona	-9.7	35.6	12.4	1.8	30.0	18.4
New Mexico	-11.1	-11.6	-11.5	3.1	1.6	1.9
Oklahoma	1.1	-12.9	-4.7	0.0	0.0	0.0
Texas	0.0	-5.1	-3.6	0.0	8.5	5.9
ROCKY MOUNTAIN						
Colorado	0.0	5.4	4.2	29.6	41.8	39.2
Idaho	-10.0	0.0	-6.7	-11.1	40.0	7.1
Montana	0.0	-4.2	-3.0	0.0	4.3	3.1
Utah	0.0	36.1	24.7	-3.6	32.5	23.4
Wyoming	—	11.1	11.1	—	10.0	10.0
FAR WEST						
Alaska	—	—	—	—	—	—
California	7.4	0.9	4.6	6.1	13.5	9.2
Hawaii	-8.0	-26.8	-15.8	-5.4	5.8	-1.4
Nevada	63.2	38.9	51.4	6.5	8.0	7.1
Oregon	-31.8	-7.7	-16.7	28.0	-21.9	-6.6
Washington	-4.3	9.6	3.6	-8.4	-5.6	-6.0
ALL STATES	2.0 %	1.3 %	1.7 %	2.8 %	8.0 %	5.2 %

Notes: State funds are defined as general funds and other state funds (bonds are excluded).

This table reflects TANF and other cash assistance expenditures.

Source: National Association of State Budget Officers, 2002 State Expenditure Report

Table 21

CASH EXPENDITURES UNDER TEMPORARY ASSISTANCE TO NEEDY FAMILIES EXPENDITURES (TANF) (\$ IN MILLIONS)

Region/State	Actual Fiscal 2001				Actual Fiscal 2002				Estimated Fiscal 2003			
	General Fund	Federal Funds	Other State Funds	Total	General Fund	Federal Funds	Other State Funds	Total	General Fund	Federal Funds	State Funds	Total
NEW ENGLAND												
Connecticut	\$148	\$267	\$0	\$415	\$138	\$267	\$0	\$405	\$113	\$267	\$0	\$380
Maine	23	32	76	131	15	26	103	144	15	47	118	180
Massachusetts	384	463	125	972	442	467	127	1,036	463	423	126	1,012
New Hampshire	11	18	3	32	5	28	3	36	5	30	3	38
Rhode Island	17	76	0	93	16	72	0	88	14	68	0	82
Vermont	16	24	2	42	16	25	3	44	N/A	N/A	N/A	N/A
MID-ATLANTIC												
Delaware	2	16	1	19	2	15	1	18	2	15	1	18
Maryland	20	96	5	121	48	45	5	98	43	80	6	129
New Jersey	1	148	0	149	0	138	0	138	3	129	0	132
New York	471	514	0	985	463	439	0	902	459	466	0	925
Pennsylvania	197	255	0	452	178	279	1	458	210	199	1	410
GREAT LAKES												
Illinois	62	140	0	202	62	94	0	156	62	84	0	146
Indiana	20	86	13	119	18	119	8	145	15	113	12	140
Michigan	181	114	28	323	173	136	42	351	158	168	50	376
Ohio	298	0	0	298	146	135	0	281	138	139	0	277
Wisconsin	37	4	0	41	23	34	0	57	29	41	0	70
PLAINS												
Iowa	36	63	15	114	35	61	21	117	35	71	17	123
Kansas	30	27	0	57	30	19	0	49	30	25	0	55
Minnesota	96	292	0	388	57	306	0	363	41	351	0	392
Missouri	20	121	0	141	20	120	0	140	18	117	0	135
Nebraska	19	32	0	51	14	36	0	50	14	42	0	56
North Dakota	1	4	8	13	4	5	5	14	0	9	6	15
South Dakota	6	3	0	9	6	5	0	11	5	6	0	11
SOUTHEAST												
Alabama	0	31	0	31		032	1	33	0	48	1	49
Arkansas	11	70	4	85	8	45	10	63	14	71	2	87
Florida	220	0	1	221	200	0	27	227	197	0	59	256
Georgia	0	0	0	0	0	0	0	0	0	0	0	0
Kentucky	69	125	5	199	66	126	6	198	72	110	0	182
Louisiana	25	121	0	146	10	129	0	139	6	255	0	261
Mississippi	35	40	0	75	36	41	0	77	36	41	0	77
North Carolina	108	360	93	561	108	360	93	561	108	360	93	561
South Carolina	9	29	0	38	9	22	0	31	9	34	0	43
Tennessee	0	116	6	122	0	123	7	130	0	120	6	126
Virginia	62	30	0	92	49	44	0	93	42	50	0	92
West Virginia	31	116	0	147	31	176	0	207	29	119	0	148
SOUTHWEST												
Arizona	56	57	0	113	49	80	0	129	51	104	0	155
New Mexico	36	146	0	182	32	129	0	161	33	131	0	164
Oklahoma	49	62	0	111	49	54	0	103	49	54	0	103
Texas*	251	605	0	856	251	574	0	825	251	623	0	874
ROCKY MOUNTAIN												
Colorado	0	93	27	120	0	98	27	125	0	139	35	174
Idaho	1	5	0	6	1	5	0	6	0	7	0	7
Montana	9	24	0	33	9	23	0	32	9	24	0	33
Utah	21	61	0	82	19	83	0	102	20	110	0	130
Wyoming	0	18	0	18	0	20	0	20	0	22	0	22
FAR WEST												
Alaska	—	—	—	—	—	—	—	—	—	—	—	—
California	1,966	3,250	0	5,216	2,016	3,229	0	5,245	2,082	3,725	0	5,807
Hawaii	12	71	0	83	18	52	0	70	13	55	0	68
Nevada	13	10	0	23	21	21	0	42	23	23	0	46
Oregon	110	183	0	293	75	169	0	244	96	132	0	228
Washington	204	82	0	286	152	141	0	293	134	146	0	280
TOTAL	\$5,394	\$8,500	\$412	\$14,306	\$5,120	\$8,647	\$490	\$14,257	\$5,146	\$9,393	\$536	\$15,075

Source: National Association of State Budget Officers, 2002 State Expenditure Report

Table 22
TANF EXPENDITURES FOR CASH ASSISTANCE AS A
PERCENT OF TOTAL EXPENDITURES

Region/State	Fiscal 2001	Fiscal 2002	Fiscal 2003
NEW ENGLAND			
Connecticut	2.2 %	2.0 %	1.8 %
Maine	2.5	2.5	3.1
Massachusetts	3.7	3.9	3.8
New Hampshire	0.9	1.0	1.0
Rhode Island	1.9	1.7	1.5
Vermont	1.6	1.5	N/A
MID-ATLANTIC			
Delaware	0.4	0.3	0.3
Maryland	0.6	0.5	0.6
New Jersey	0.5	0.4	0.4
New York	1.2	1.1	1.0
Pennsylvania	1.1	1.0	0.9
GREAT LAKES			
Illinois	0.5	0.4	0.4
Indiana	0.7	0.8	0.7
Michigan	0.9	0.9	0.9
Ohio	0.7	0.6	0.6
Wisconsin	0.1	0.2	0.3
PLAINS			
Iowa	0.9	0.9	0.9
Kansas	0.6	0.5	0.5
Minnesota	1.9	1.8	1.6
Missouri	0.9	0.8	0.8
Nebraska	0.8	0.8	0.8
North Dakota	0.6	0.6	0.5
South Dakota	0.4	0.5	0.4
SOUTHEAST			
Alabama	0.2	0.2	0.2
Arkansas	0.8	0.5	0.6
Florida	0.4	0.5	0.5
Georgia	0.0	0.0	0.0
Kentucky	1.2	1.1	1.0
Louisiana	0.9	0.8	1.4
Mississippi	0.8	0.7	0.7
North Carolina	2.1	2.1	2.1
South Carolina	0.3	0.2	0.3
Tennessee	0.7	0.7	0.6
Virginia	0.4	0.3	0.3
West Virginia	2.0	2.5	1.7
SOUTHWEST			
Arizona	0.7	0.7	0.8
New Mexico	2.0	1.8	1.8
Oklahoma	0.9	0.8	0.7
Texas	1.6	1.5	1.5
ROCKY MOUNTAIN			
Colorado	0.9	0.9	1.2
Idaho	0.2	0.1	0.2
Montana	1.1	1.0	0.9
Utah	1.1	1.4	1.8
Wyoming	1.2	1.2	1.3
FAR WEST			
Alaska	—	—	—
California	3.8	3.6	3.5
Hawaii	1.1	0.9	0.8
Nevada	0.5	1.0	0.8
Oregon	2.0	1.3	1.2
Washington	1.2	1.2	1.1
ALL STATES	1.4 %	1.3 %	1.3 %

Source: National Association of State Budget Officers, 2002 State Expenditure Report

Table 23

ANNUAL PERCENTAGE CHANGE IN TANF CASH ASSISTANCE EXPENDITURES

Region/State	Fiscal 2001 to 2002			Fiscal 2002 to 2003		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
NEW ENGLAND						
Connecticut	-6.8 %	0.0 %	-2.4 %	-18.1 %	0.0 %	-6.2 %
Maine	19.2	-18.8	9.9	12.7	80.8	25.0
Massachusetts	11.8	0.9	6.6	3.5	-9.4	-2.3
New Hampshire	-42.9	55.6	12.5	0.0	7.1	5.6
Rhode Island	-5.9	-5.3	-5.4	-12.5	-5.6	-6.8
Vermont	5.6	4.2	4.8	N/A	N/A	N/A
MID-ATLANTIC						
Delaware	0.0	-6.3	-5.3	0.0	0.0	0.0
Maryland	112.0	-53.1	-19.0	-7.5	77.8	31.6
New Jersey	-100.0	-6.8	-7.4	—	-6.5	-4.3
New York	-1.7	-14.6	-8.4	-0.9	6.2	2.5
Pennsylvania	-9.1	9.4	1.3	17.9	-28.7	-10.5
GREAT LAKES						
Illinois	0.0	-32.9	-22.8	0.0	-10.6	-6.4
Indiana	-21.2	38.4	21.8	3.8	-5.0	-3.4
Michigan	2.9	19.3	8.7	-3.3	23.5	7.1
Ohio	-51.0	—	-5.7	-5.5	3.0	-1.4
Wisconsin	-37.8	750.0	39.0	26.1	20.6	22.8
PLAINS						
Iowa	9.8	-3.2	2.6	-7.1	16.4	5.1
Kansas	0.0	-29.6	-14.0	0.0	31.6	12.2
Minnesota	-40.6	4.8	-6.4	-28.1	14.7	8.0
Missouri	0.0	-0.8	-0.7	-10.0	-2.5	-3.6
Nebraska	-26.3	12.5	-2.0	0.0	16.7	12.0
North Dakota	0.0	25.0	7.7	-33.3	80.0	7.1
South Dakota	0.0	66.7	22.2	-16.7	20.0	0.0
SOUTHEAST						
Alabama	—	3.2	6.5	0.0	50.0	48.5
Arkansas	20.0	-35.7	-25.9	-11.1	57.8	38.1
Florida	2.7	—	2.7	12.8	—	12.8
Georgia	—	—	—	—	—	—
Kentucky	-2.7	0.8	-0.5	0.0	-12.7	-8.1
Louisiana	-60.0	6.6	-4.8	-40.0	97.7	87.8
Mississippi	2.9	2.5	2.7	0.0	0.0	0.0
North Carolina	0.0	0.0	0.0	0.0	0.0	0.0
South Carolina	0.0	-24.1	-18.4	0.0	54.5	38.7
Tennessee	16.7	6.0	6.6	-14.3	-2.4	-3.1
Virginia	-21.0	46.7	1.1	-14.3	13.6	-1.1
West Virginia	0.0	51.7	40.8	-6.5	-32.4	-28.5
SOUTHWEST						
Arizona	-12.5	40.4	14.2	4.1	30.0	20.2
New Mexico	-11.1	-11.6	-11.5	3.1	1.6	1.9
Oklahoma	0.0	-12.9	-7.2	0.0	0.0	0.0
Texas	0.0	-5.1	-3.6	0.0	8.5	5.9
ROCKY MOUNTAIN						
Colorado	0.0	5.4	4.2	29.6	41.8	39.2
Idaho	0.0	0.0	0.0	-100.0	40.0	16.7
Montana	0.0	-4.2	-3.0	0.0	4.3	3.1
Utah	-9.5	36.1	24.4	5.3	32.5	27.5
Wyoming	—	11.1	11.1	—	10.0	10.0
FAR WEST						
Alaska	—	—	—	—	—	—
California	2.5	-0.6	0.6	3.3	15.4	10.7
Hawaii	50.0	-26.8	-15.7	-27.8	5.8	-2.9
Nevada	61.5	110.0	82.6	9.5	9.5	9.5
Oregon	-31.8	-7.7	-16.7	28.0	-21.9	-6.6
Washington	-25.5	72.0	2.4	-11.8	3.5	-4.4
ALL STATES	-3.4 %	1.7 %	-0.3 %	1.3 %	8.6 %	5.7 %

Note: State funds are defined as general funds and other state funds (bonds are excluded).
Source: National Association of State Budget Officers, 2002 State Expenditure Report

Table 24

OTHER CASH ASSISTANCE EXPENDITURES (\$ IN MILLIONS)

Region/State	Actual Fiscal 2001				Actual Fiscal 2002				Estimated Fiscal 2003			
	General Fund	Federal Funds	Other State Funds	Total	Fund	General Funds	Other Federal Funds	State Total	Fund	General Funds	Other Federal Funds	State Total
NEW ENGLAND												
Connecticut	\$105	\$0	\$0	\$105	\$103	\$0	\$0	\$103	\$105	\$0	\$0	\$105
Maine	13	0	0	13	13	1	0	14	15	1	0	16
Massachusetts	259	0	0	259	261	0	0	261	257	0	0	257
New Hampshire	6	0	5	11	6	0	6	12	6	0	6	12
Rhode Island	83	75	0	158	87	80	0	167	83	89	0	172
Vermont	13	6	0	19	13	7	0	20	N/A	N/A	N/A	N/A
MID-ATLANTIC												
Delaware	32	19	0	51	33	24	0	57	33	25	0	58
Maryland	25	4	5	34	32	4	5	41	31	5	6	42
New Jersey	144	0	0	144	134	0	0	134	138	0	0	138
New York	879	0	0	879	928	0	0	928	947	0	0	947
Pennsylvania	226	274	27	527	254	218	27	499	244	296	27	567
GREAT LAKES												
Illinois	37	5	0	42	37	5	0	42	38	5	0	43
Indiana	0	0	0	0	0	0	0	0	0	0	0	0
Michigan*	105	15	4	124	100	15	5	120	104	15	5	124
Ohio	17	0	39	56	19	0	40	59	25	0	42	67
Wisconsin	140	60	1	201	142	66	1	209	142	62	1	205
PLAINS												
Iowa	20	0	0	20	19	0	1	20	20	0	0	20
Kansas	5	0	0	5	6	0	0	6	7	0	0	7
Minnesota	44	0	0	44	49	0	0	49	55	0	0	55
Missouri	31	1	16	48	33	1	17	51	29	1	24	54
Nebraska	0	0	0	0	6	1	0	7	6	1	0	7
North Dakota	0	0	0	0	0	0	0	0	0	0	0	0
South Dakota	0	0	0	0	0	0	0	0	0	0	0	0
SOUTHEAST												
Alabama	0	0	1	1	0	0	0	0	0	0	0	0
Arkansas	97	109	7	213	91	123	5	219	98	13	5	236
Florida	0	0	0	0	0	0	0	0	0	0	0	0
Georgia	0	0	0	0	0	0	0	0	0	0	0	0
Kentucky	0	0	0	0	0	0	0	0	0	0	0	0
Louisiana	0	0	0	0	0	0	0	0	0	0	0	0
Mississippi	0	0	0	0	0	0	0	0	0	0	0	0
North Carolina	0	0	0	0	0	0	0	0	0	0	0	0
South Carolina	15	0	1	16	15	0	1	16	15	0	1	16
Tennessee	0	0	0	0	0	0	0	0	0	0	0	0
Virginia	8	32	0	40	9	29	0	38	9	35	0	44
West Virginia	3	42	0	45	1	0	0	1	1	0	0	1
SOUTHWEST												
Arizona	6	2	0	8	7	1	0	8	5	1	0	6
New Mexico	0	0	0	0	0	0	0	0	0	0	0	0
Oklahoma	38	0	0	38	39	0	0	39	39	0	0	39
Texas	0	0	0	0	0	0	0	0	0	0	0	0
ROCKY MOUNTAIN												
Colorado	0	0	0	0	0	0	0	0	0	0	0	0
Idaho	9	0	0	9	8	0	0	8	8	0	0	8
Montana	0	0	0	0	0	0	0	0	0	0	0	0
Utah	7	0	0	7	9	0	0	9	7	0	0	7
Wyoming	0	0	0	0	0	0	0	0	0	0	0	0
FAR WEST												
Alaska	—	—	—	—	—	—	—	—	—	—	—	—
California	3,067	610	0	3,677	3,389	667	0	4,056	3,654	698	0	4,352
Hawaii	88	0	0	88	74	0	0	74	74	0	0	74
Nevada	6	8	0	14	10	4	0	14	10	4	0	14
Oregon	0	0	0	0	0	0	0	0	0	0	0	0
Washington	268	565	16	849	297	568	18	883	277	531	17	825
TOTAL	\$5,802	\$1,827	\$122	\$7,751	\$6,224	\$1,814	\$126	\$8,164	\$6,482	\$1,902	\$134	\$8,518

Source: National Association of State Budget Officers, 2002 State Expenditure Report

Table 25
OTHER CASH ASSISTANCE EXPENDITURES AS A
PERCENT OF TOTAL EXPENDITURES

Region/State	Fiscal 2001	Fiscal 2002	Fiscal 2003
NEW ENGLAND			
Connecticut	0.5 %	0.5 %	0.5 %
Maine	0.2	0.2	0.3
Massachusetts	1.0	1.0	1.0
New Hampshire	0.3	0.3	0.3
Rhode Island	3.2	3.2	3.1
Vermont	0.7	0.7	N/A
MID-ATLANTIC			
Delaware	0.9	1.0	1.0
Maryland	0.2	0.2	0.2
New Jersey	0.4	0.4	0.4
New York	1.1	1.1	1.0
Pennsylvania	1.3	1.1	1.2
GREAT LAKES			
Illinois	0.1	0.1	0.1
Indiana	0.0	0.0	0.0
Michigan	0.3	0.3	0.3
Ohio	0.1	0.1	0.1
Wisconsin	0.7	0.7	0.9
PLAINS			
Iowa	0.2	0.2	0.2
Kansas	0.1	0.1	0.1
Minnesota	0.2	0.2	0.2
Missouri	0.3	0.3	0.3
Nebraska	0.1	0.1	0.1
North Dakota	0.0	0.0	0.0
South Dakota	0.0	0.0	0.0
SOUTHEAST			
Alabama	0.0	0.0	0.0
Arkansas	1.9	1.8	1.7
Florida	0.0	0.0	0.0
Georgia	0.0	0.0	0.0
Kentucky	0.0	0.0	0.0
Louisiana	0.0	0.0	0.0
Mississippi	0.0	0.0	0.0
North Carolina	0.0	0.0	0.0
South Carolina	0.1	0.1	0.1
Tennessee	0.0	0.0	0.0
Virginia	0.2	0.1	0.2
West Virginia	0.6	0.0	0.0
SOUTHWEST			
Arizona	0.0	0.0	0.0
New Mexico	0.0	0.0	0.0
Oklahoma	0.3	0.3	0.3
Texas	0.0	0.0	0.0
ROCKY MOUNTAIN			
Colorado	0.0	0.0	0.0
Idaho	0.2	0.2	0.2
Montana	0.0	0.0	0.0
Utah	0.1	0.1	0.1
Wyoming	0.0	0.0	0.0
FAR WEST			
Alaska	—	—	—
California	2.7	2.8	2.7
Hawaii	1.2	0.9	0.9
Nevada	0.3	0.3	0.2
Oregon	0.0	0.0	0.0
Washington	3.7	3.6	3.4
ALL STATES	0.8 %	0.8 %	0.8 %

Source: National Association of State Budget Officers, 2002 State Expenditure Report

Table 26

ANNUAL PERCENTAGE CHANGE IN OTHER CASH ASSISTANCE EXPENDITURES

Region/State	Fiscal 2001 to 2002			Fiscal 2002 to 2003		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
NEW ENGLAND						
Connecticut	-1.9 %	— %	-1.9 %	1.9 %	— %	1.9 %
Maine	0.0	—	7.7	15.4	0.0	14.3
Massachusetts	0.8	—	0.8	-1.5	—	-1.5
New Hampshire	9.1	—	9.1	0.0	—	0.0
Rhode Island	4.8	6.7	5.7	-4.6	11.3	3.0
Vermont	0.0	16.7	5.3	N/A	N/A	N/A
MID-ATLANTIC						
Delaware	3.1	26.3	11.8	0.0	4.2	1.8
Maryland	23.3	0.0	20.6	0.0	25.0	2.4
New Jersey	-6.9	—	-6.9	3.0	—	3.0
New York	5.6	—	5.6	2.0	—	2.0
Pennsylvania	11.1	-20.4	-5.3	-3.6	35.8	13.6
GREAT LAKES						
Illinois	0.0	0.0	0.0	2.7	0.0	2.4
Indiana	—	—	—	—	—	—
Michigan	-3.7	0.0	-3.2	3.8	0.0	3.3
Ohio	5.4	—	5.4	13.6	—	13.6
Wisconsin	1.4	10.0	4.0	0.0	-6.1	-1.9
PLAINS						
Iowa	0.0	—	0.0	0.0	—	0.0
Kansas	20.0	—	20.0	16.7	—	16.7
Minnesota	11.4	—	11.4	12.2	—	12.2
Missouri	6.4	0.0	6.3	6.0	0.0	5.9
Nebraska	0.0	—	16.7	0.0	0.0	0.0
North Dakota	—	—	—	—	—	—
South Dakota	—	—	—	—	—	—
SOUTHEAST						
Alabama	-100.0	—	-100.0	—	—	—
Arkansas	-7.7	12.8	2.8	7.3	8.1	7.8
Florida	—	—	—	—	—	—
Georgia	—	—	—	—	—	—
Kentucky	—	—	—	—	—	—
Louisiana	—	—	—	—	—	—
Mississippi	—	—	—	—	—	—
North Carolina	—	—	—	—	—	—
South Carolina	0.0	—	0.0	0.0	—	0.0
Tennessee	—	—	—	—	—	—
Virginia	12.5	-9.4	-5.0	0.0	20.7	15.8
West Virginia	-66.7	-100.0	-97.8	0.0	0.0	0.0
SOUTHWEST						
Arizona	16.7	-50.0	0.0	-28.6	0.0	-25.0
New Mexico	—	—	—	—	—	—
Oklahoma	2.6	—	2.6	0.0	—	0.0
Texas	—	—	—	—	—	—
ROCKY MOUNTAIN						
Colorado	—	—	—	—	—	—
Idaho	-11.1	—	-11.1	0.0	—	0.0
Montana	—	—	—	—	—	—
Utah	28.6	—	28.6	-22.2	—	-22.2
Wyoming	—	—	—	—	—	—
FAR WEST						
Alaska	—	—	—	—	—	—
California	10.5	9.3	10.3	7.8	4.6	7.3
Hawaii	-15.9	—	-15.9	0.0	—	0.0
Nevada	66.7	-50.0	0.0	0.0	0.0	0.0
Oregon	—	—	—	—	—	—
Washington	10.9	0.5	4.0	-6.7	-6.5	-6.6
ALL STATES	7.2 %	-0.7 %	5.3 %	4.2 %	4.9 %	4.3 %

Note: State funds are defined as general funds and other state funds (bonds are excluded).
Source: National Association of State Budget Officers, 2002 State Expenditure Report

Public Assistance Notes

Small dollar amounts, when rounded, cause an aberration in the percentage increase. In these instances, the actual dollar amounts should be consulted to determine the exact percentage increase.

Michigan: Other cash assistance figures do not include expenditures for day care, a large part of Michigan's public assistance program. Day care expenditures for the survey are estimated at the following levels: \$436 million for fiscal 2001; \$477 million for fiscal 2002; and \$487 million for fiscal 2003.

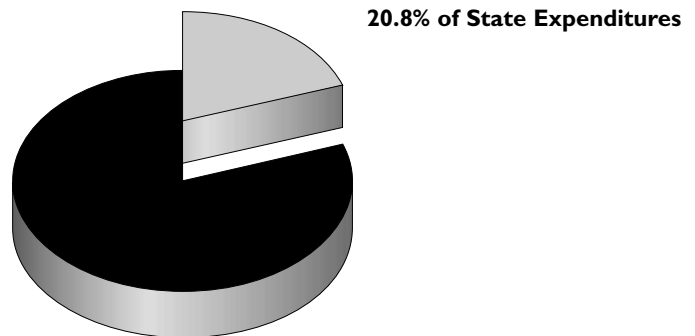
Ohio: Federal funds deposited to the state General Fund and shown as General Fund expenditures for TANF amount to \$579.4

million in fiscal 2001. Amounts shown for TANF represent all TANF costs, not just cash assistance. TANF cash assistance was \$337.3 million in fiscal 2001 and \$320.7 million in fiscal 2002. Also, see General Notes for Ohio on this issue and for discussion of double counting issues that affect percentage of total expenditure amounts. Beginning in FY 2002, the appropriation for the federal TANF Block Grant is moved from General Fund to a federal revenue fund.

Texas: General fund expenditures represent TANF maintenance of effort. Federal funds include all TANF federal fund expenditures including administration.

CHAPTER FOUR

MEDICAID EXPENDITURES



Total Medicaid spending in fiscal 2002 excluding administrative costs was \$222.9 billion, or 11.4 percent more than fiscal 2001. Based on those amounts, in fiscal 2002 Medicaid accounted for 20.8 percent of total state spending.

Growth in Medicaid expenditures, coupled with the downturn in state revenue collections, continues to place severe strain on state budgets. Medicaid is a means-tested entitlement program financed by the states and the federal government that provides medical care for about 47 million low-income individuals.

Of all Medicaid beneficiaries, approximately one-quarter are elderly and disabled and three-quarters are children and non-disabled adults, while the costs of Medicaid services are approximately three-quarters for the elderly and the disabled and one-quarter for children and non-disabled adults.

Figures 14 and 15 provide actual and projected Medicaid costs for total spending and for state spending from 1970 to 2003. In addition to Medicaid, state spending on other health services accounts for another 9.0 percent of general fund spending. For details on other state health care spending, see NASBO's *2000-2001 State Health Care Expenditure Report*.

Growth in Medicaid Spending. Growth rates for the state share of Medicaid were estimated to be 4.9 percent in governors' proposed budgets for fiscal 2004. The decline in the growth rate from fiscal 2002 is indicative of the extensive cost containment measures states are undertaking in Medicaid.

Medicaid cost increases stem primarily from increased spending for health care services, especially pharmaceuticals, according to the Kaiser Commission on Medicaid and the Uninsured report, *Medicaid Spending Growth: Results from a 2002 Survey*. Spending on outpatient prescription drugs, which increased an average of 18 percent annually over the past three years, is continuing to be a significant component in rising Medicaid costs. Enrollment, estimated to rise by 6.2 percent in fiscal 2003 after increasing by 8.6 percent in fiscal 2002, is the second most cited reason by states for increased Medicaid costs, according to the Kaiser Commission report.

According to the Department of Health and Human Services (HHS), prescription drug spending, nursing home, community-based long-term care costs and payments to health plans have been significant contributors to the recent expenditure growth and are expected to continue to do so in the future. The federal share of Medicaid spending is expected to increase 8.9 percent over the estimated fiscal 2003 level. Over the next five years, Medicaid

spending is projected to increase at an average annual rate of 8.7 percent, according to HHS.

As the costs have increased, states have experienced Medicaid expenditures exceeding the amount that had been originally budgeted for the program. Twenty-five states experienced Medicaid shortfalls in fiscal 2002 and 28 states anticipated shortfalls in fiscal 2003. The shortfalls as a percentage of the total Medicaid program in fiscal 2002 ranged from less than one percent to 23 percent of the program costs, averaging 5.9 percent. The combined amount of the shortfalls in fiscal 2002 and fiscal 2003 totals about \$6.6 billion.

After Medicaid, spending for employees' health is the next major category of health care spending by state governments. According to an analysis by the Center for Studying Health System Change, employer-sponsored health insurance increased by 15 percent in 2002. State governments are experiencing similar cost pressures in providing health benefits to employees.

Medicaid Cost Containment Actions. With the escalating growth in Medicaid expenditures coupled with the dramatic revenue slowdown in states, states have been forced to seriously review cost containment options. Every state has either implemented changes or is considering changes in their Medicaid programs. The majority of the changes are centered on prescription drug costs followed by reductions in reimbursement rates and elimination and reductions in optional services and populations. States also are reducing eligibility often through such practices as limiting continuous eligibility or increasing asset tests. The following are examples of cost containment measures underway as well as governors' proposed cost containment proposals for fiscal 2004.

Pharmacy reduction. States are continuing to pursue cost containment in pharmaceuticals by a variety of methods. Examples include:

- Requiring prior authorization of additional classes of pharmaceuticals;
- Developing and/or expanding preferred drug lists;
- Instituting co-payments;
- Reducing reimbursements to pharmacies by increasing the discount from the average wholesale price;
- Reducing dispensing fees paid to pharmacists;
- Limiting the number of prescriptions;
- Developing a maximum allowable cost pricing system;
- Seeking additional rebates for drugs; and
- Promoting the use of generics.

Freezing or reducing reimbursements to providers.

Reimbursements include payments to hospitals, home health services, nursing homes, mental health services, medical transportation, managed care organizations, ambulatory surgical centers, durable medical equipment suppliers, and payments for uncompensated care.

Eliminating or reducing benefits. Examples of these actions include:

- Eliminating medical coverage for certain adults;
- Eliminating coverage for non-custodial parents; and
- Eliminating dental, chiropractic, optometry, and podiatry services.

Reducing or eliminating eligibility. Examples include:

- Eliminating coverage for caretaker relatives;
- Increasing asset tests;
- Modifying "spend-down" provisions to restrict eligibility; and
- Changing continuous eligibility.

Program management. Examples of improved program management include:

- Increasing fraud and abuse efforts;
- Contracting for services;
- Using cost recovery initiatives including third-party liability;
- Encouraging the use of public transportation;
- Reviewing high cost clients; and
- Using a primary care case management system.

Other reductions include eliminating payments for graduate medical education and downsizing facilities, such as centers for the developmentally disabled. In addition to the cutbacks, many states are also delaying or rescinding plans for expansions of services.

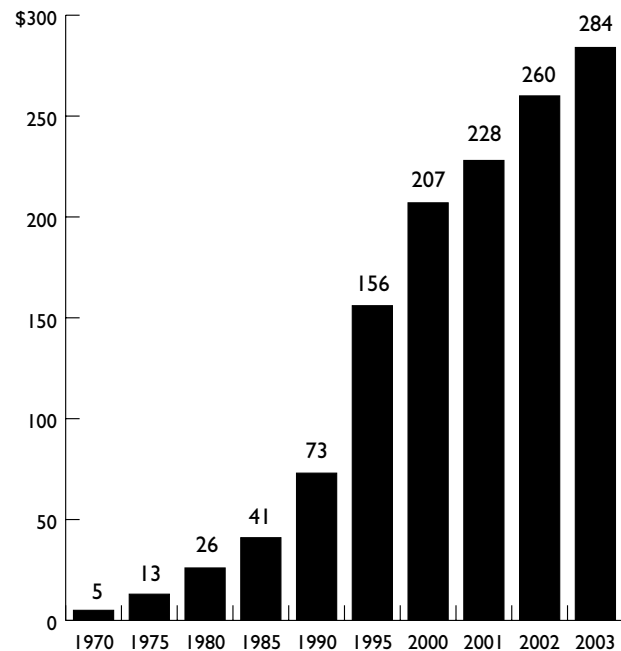
Generating Additional Revenues for Medicaid. While virtually every state is implementing or proposing some type of cost-containment measure, about one-half of the states proposed to generate additional revenues for Medicaid. Most of the measures that rely on additional resources involve fees or taxes placed on health care providers. States that are seeking additional revenues to fund the Medicaid program are using some of the following proposed strategies:

- Reallocating tobacco settlement funds;
- Increasing a hospital tax;
- Increasing cigarette taxes;

- Adding a quality assurance fee for nursing facilities;
- Using the Medicare upper payment limit;
- Implementing a tax on nursing home providers;
- Increasing a casino revenue tax;
- Implementing participation fees for intermediate care facilities for persons with mental retardation;
- Implementing a pharmacy provider tax; and
- Implementing Medicaid managed care provider fees and using a supplemental drug rebate.

Escalating Medicaid costs coupled with states dire fiscal conditions continues to place Medicaid in the forefront of state budget issues. The Jobs and Growth Reconciliation Act, enacted in May 2003, which includes state fiscal relief, has helped states by providing a temporary increase in the federal Medicaid matching rate, which is expected to provide \$10 billion in fiscal relief to states during fiscal 2003 and fiscal 2004. This relief, however, will not change the need to rein in soaring health care costs.

Figure 14
ACTUAL AND PROJECTED TOTAL MEDICAID SPENDING, 1970 TO 2003 (IN BILLIONS)

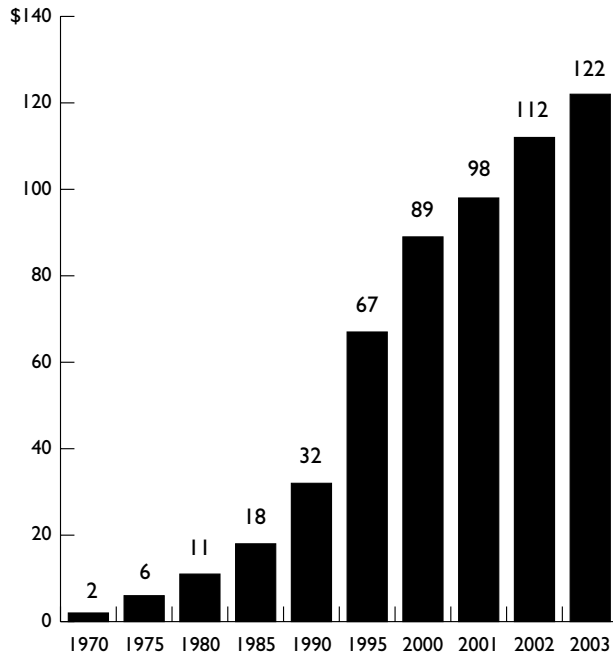


Source: Congressional Budget Office and Federal Funds Information for States

Figure 14, based on projections by the Congressional Budget Office (CBO) in August 2003, assumes a 57 percent federal share of total Medicaid costs. Figures for 1990 and prior years are from the Federal Funds Information for States Issue Brief 94-14, Recent Trends in Medicaid Spending.

Figure 15, also based on projections by the CBO in August 2003, assumes a 57 percent federal share of total Medicaid costs. Figures for 1990 and prior years are from the Federal Funds Information for States Issue Brief 94-14, Recent Trends in Medicaid Spending.

Figure 15
ACTUAL AND PROJECTED STATE MEDICAID SPENDING, 1970 TO 2003 (IN BILLIONS)

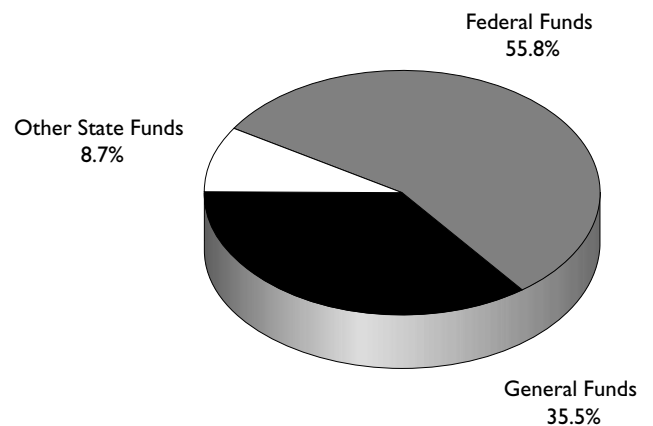


Source: Congressional Budget Office and Federal Funds Information for States

Fund Shares

The figure below provides fund shares for 2002.

Figure 16
STATE EXPENDITURES FOR MEDICAID BY FUND SOURCE, FISCAL 2002



Regional Expenditures

The following table shows percentage changes in expenditures for Medicaid for fiscal 2001-2002 and 2002-2003. For 2002, the Southwest region is well above the national average and New England is well below the national average.

Additional expenditure data on Medicaid can be found on Tables 28-30, accompanied by explanatory notes.

Table 27
REGIONAL PERCENTAGE CHANGE IN STATE MEDICAID EXPENDITURES, FISCAL 2002 AND 2003

Region	Fiscal 2001 to 2002			Fiscal 2002 to 2003		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
New England	1.0%	3.2%	1.6%	2.0%	0.7%	1.6%
Mid-Atlantic	6.2	9.1	7.9	10.2	7.8	8.8
Great Lakes	11.6	7.3	9.7	7.9	7.7	7.8
Plains	15.3	15.2	15.2	3.3	5.0	4.3
Southeast	19.9	12.7	15.2	0.8	4.8	3.4
Southwest	23.0	18.7	20.2	-2.3	16.1	9.4
Rocky Mountain	10.4	10.1	10.2	8.4	9.6	9.1
Far West	8.1	12.8	10.7	7.1	11.5	9.6
ALL STATES	11.2%	11.6%	11.4%	5.1%	8.0%	6.7%

Table 28

MEDICAID EXPENDITURES (\$ IN MILLIONS)

Region/State	Actual Fiscal 2001				Actual Fiscal 2002				Estimated Fiscal 2003			
	General Fund	Federal Funds	Other State Funds	Total	General Fund	Federal Funds	Other State Funds	Total	General Fund	Federal Funds	Other State Funds	Total
NEW ENGLAND												
Connecticut	\$2,373	\$1,747	\$599	\$4,719	\$2,601	\$1,656	\$671	\$4,928	\$2,705	\$1,866	\$740	\$5,311
Maine	443	867	4	1,314	476	948	18	1,442	476	1,040	26	1,542
Massachusetts	5,642	0	0	5,642	5,259	0	0	5,259	5,496	0	0	5,496
New Hampshire	318	466	139	923	302	494	190	986	312	540	222	1,074
Rhode Island	568	669	0	1,237	639	733	0	1,372	633	823	0	1,456
Vermont	124	359	91	574	133	410	110	653	N/A	N/A	N/A	N/A
MID-ATLANTIC												
Delaware	255	291	21	567	295	322	23	640	306	340	23	669
Maryland	1,787	1,720	0	3,507	1,899	1,932	0	3,831	2,121	2,002	0	4,123
New Jersey	3,599	3,509	23	7,131	3,618	3,533	23	7,174	3,741	3,636	23	7,400
New York	5,722	13,347	1,134	20,203	6,204	14,505	1,157	21,866	5,946	15,808	2,505	24,259
Pennsylvania*	4,184	5,925	1,073	11,182	4,215	6,767	1,468	12,450	4,123	7,374	2,049	13,546
GREAT LAKES												
Illinois	3,221	4,161	1,011	8,393	3,372	4,268	1,242	8,882	3,222	4,622	1,583	9,427
Indiana	1,099	2,158	256	3,513	1,132	2,441	388	3,961	1,240	2,569	334	4,143
Michigan*	2,033	4,081	1,135	7,249	1,716	4,286	1,586	7,588	1,612	4,383	1,765	7,760
Ohio	6,931	1,178	361	8,470	7,625	1,351	685	9,661	8,604	1,771	802	11,177
Wisconsin	1,057	2,030	53	3,140	1,341	2,249	60	3,650	1,429	2,370	60	3,859
PLAINS												
Iowa*	401	1,097	338	1,836	404	1,408	670	2,482	387	1,181	313	1,881
Kansas	432	808	61	1,301	411	903	155	1,469	485	957	122	1,564
Minnesota	1,872	1,915	0	3,787	2,005	2,196	0	4,201	2,319	2,465	0	4,784
Missouri*	762	2,840	1,023	4,625	862	3,208	1,156	5,226	948	3,529	1,272	5,749
Nebraska	418	686	7	1,111	446	765	27	1,238	453	823	13	1,289
North Dakota	120	290	0	410	130	311	0	441	153	329	0	482
South Dakota	122	347	15	484	139	405	16	560	158	374	8	540
SOUTHEAST												
Alabama	305	2,145	628	3,078	297	2,299	683	3,279	281	2,373	716	3,370
Arkansas	368	1,351	134	1,853	370	1,663	256	2,289	383	1,778	241	2,402
Florida*	2,768	4,776	865	8,409	3,099	5,385	1,012	9,496	3,850	6,468	877	11,195
Georgia*	1,494	2,829	418	4,741	1,322	3,636	1,184	6,142	1,779	3,323	477	5,579
Kentucky	696	2,346	292	3,334	736	2,593	369	3,698	732	2,691	392	3,815
Louisiana	861	2,891	292	4,044	898	3,348	478	4,724	851	3,088	346	4,285
Mississippi	192	1,674	317	2,183	207	2,047	480	2,734	245	2,246	427	2,918
North Carolina	1,520	4,006	420	5,946	1,968	4,239	382	6,589	2,027	4,412	391	6,830
South Carolina	405	2,090	482	2,977	427	2,332	602	3,361	470	2,563	654	3,687
Tennessee*	1,624	3,530	277	5,431	1,902	3,865	339	6,106	1,901	3,780	290	5,971
Virginia	1,465	1,568	0	3,033	1,517	1,660	501	3,678	1,788	1,879	53	3,720
West Virginia	183	1,206	199	1,588	193	1,212	210	1,615	175	1,338	232	1,745
SOUTHWEST												
Arizona	536	1,888	328	2,752	692	2,382	536	3,610	545	3,026	598	4,169
New Mexico	320	1,077	53	1,450	403	1,289	50	1,742	434	1,462	54	1,950
Oklahoma	375	1,402	224	2,001	519	1,630	192	2,341	488	1,681	317	2,486
Texas*	4,113	6,419	33	10,565	4,929	7,504	36	12,469	4,031	8,698	722	13,451
ROCKY MOUNTAIN												
Colorado	969	1,073	109	2,151	1,023	1,151	143	2,317	1,106	1,266	168	2,540
Idaho	200	489	0	689	215	535	0	750	239	594	0	833
Montana	116	355	8	479	132	401	8	541	127	423	11	561
Utah	153	589	123	865	180	668	144	992	198	728	141	1,067
Wyoming	87	165	0	252	103	185	0	288	121	212	0	333
FAR WEST												
Alaska	—	—	—	—	—	—	—	—	—	—	—	—
California	9,191	13,447	1,708	24,346	9,769	15,408	1,853	27,030	10,597	16,677	1,892	29,166
Hawaii	311	299	10	620	293	393	10	696	335	472	10	817
Nevada	351	365	22	738	208	402	118	728	258	559	120	937
Oregon	820	1,511	212	2,543	1,021	1,303	196	2,520	845	1,910	376	3,131
Washington	1,216	1,409	0	2,625	1,499	1,705	0	3,204	1,600	1,800	0	3,400
ALL STATES	\$74,122	\$111,391	\$14,498	\$200,011	\$79,146	\$124,326	\$19,427	\$222,899	\$82,275	\$134,249	\$21,365	\$237,889

Source: National Association of State Budget Officers, 2002 State Expenditure Report

Table 29
MEDICAID EXPENDITURES AS A PERCENT OF
TOTAL EXPENDITURES

Region/State	Fiscal 2001	Fiscal 2002	Fiscal 2003
NEW ENGLAND			
Connecticut	24.5 %	24.1 %	25.4 %
Maine	24.7	25.2	27.0
Massachusetts	21.7	19.6	20.7
New Hampshire	26.9	26.3	27.2
Rhode Island	25.4	26.1	26.3
Vermont	21.5	22.6	N/A
MID-ATLANTIC			
Delaware	10.5	11.3	11.7
Maryland	17.5	17.9	17.8
New Jersey	22.1	20.5	20.7
New York	25.3	25.7	26.7
Pennsylvania	27.5	28.5	28.7
GREAT LAKES			
Illinois	22.1	22.5	23.3
Indiana	20.3	21.6	21.5
Michigan	19.1	19.1	19.5
Ohio	20.0	21.4	23.1
Wisconsin	11.2	11.7	16.4
PLAINS			
Iowa	14.9	18.9	14.3
Kansas	14.7	15.0	15.4
Minnesota	18.5	20.4	20.0
Missouri	29.5	31.1	32.2
Nebraska	18.3	18.9	19.0
North Dakota	17.8	18.1	17.6
South Dakota	20.7	22.9	21.7
SOUTHEAST			
Alabama	19.9	19.6	16.6
Arkansas	16.6	19.0	17.7
Florida	16.0	20.0	22.2
Georgia	19.0	22.5	19.5
Kentucky	20.0	21.5	21.7
Louisiana	24.4	26.8	22.7
Mississippi	22.7	26.0	26.2
North Carolina	22.1	24.9	25.8
South Carolina	20.6	22.6	24.5
Tennessee	31.4	32.9	29.9
Virginia	12.4	13.8	13.9
West Virginia	21.1	19.8	20.4
SOUTHWEST			
Arizona	16.8	19.0	21.3
New Mexico	15.6	19.4	21.8
Oklahoma	16.7	17.9	18.0
Texas	20.2	22.0	22.8
ROCKY MOUNTAIN			
Colorado	16.9	17.0	18.1
Idaho	17.3	17.7	18.0
Montana	15.6	16.7	16.0
Utah	11.2	13.7	14.5
Wyoming	16.3	18.0	19.9
FAR WEST			
Alaska	—	—	—
California	17.7	18.5	17.8
Hawaii	8.2	8.9	9.5
Nevada	15.4	17.6	15.9
Oregon	17.0	13.3	17.0
Washington	11.4	13.1	13.9
ALL STATES	19.7 %	20.8 %	21.1 %

Source: National Association of State Budget Officers, 2002 State Expenditure Report

Table 30

ANNUAL PERCENTAGE CHANGE IN MEDICAID EXPENDITURES

Region/State	Fiscal 2001 to 2002			Fiscal 2002 to 2003		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
NEW ENGLAND						
Connecticut	10.1 %	-5.2 %	4.4 %	5.3 %	12.7 %	7.8 %
Maine	10.5	9.3	9.7	1.6	9.7	6.9
Massachusetts	-6.8	—	-6.8	4.5	—	4.5
New Hampshire	7.7	6.0	6.8	8.5	9.3	8.9
Rhode Island	12.5	9.6	10.9	-0.9	12.3	6.1
Vermont	13.0	14.2	13.8	N/A	N/A	N/A
MID-ATLANTIC						
Delaware	15.2	10.7	12.9	3.5	5.6	4.5
Maryland	6.3	12.3	9.2	11.7	3.6	7.6
New Jersey	0.5	0.7	0.6	3.4	2.9	3.2
New York	7.4	8.7	8.2	14.8	9.0	10.9
Pennsylvania	8.1	14.2	11.3	8.6	9.0	8.8
GREAT LAKES						
Illinois	9.0	2.6	5.8	4.1	8.3	6.1
Indiana	12.2	13.1	12.8	3.6	5.2	4.6
Michigan	4.2	5.0	4.7	2.3	2.3	2.3
Ohio	14.0	14.7	14.1	13.2	31.1	15.7
Wisconsin	26.2	10.8	16.2	6.3	5.4	5.7
PLAINS						
Iowa	45.3	28.4	35.2	-34.8	-16.1	-24.2
Kansas	14.8	11.8	12.9	7.2	6.0	6.5
Minnesota	7.1	14.7	10.9	15.7	12.2	13.9
Missouri	13.1	13.0	13.0	10.0	10.0	10.0
Nebraska	11.3	11.5	11.4	-1.5	7.6	4.1
North Dakota	8.3	7.2	7.6	17.7	5.8	9.3
South Dakota	13.1	16.7	15.7	7.1	-7.7	-3.6
SOUTHEAST						
Alabama	5.0	7.2	6.5	1.7	3.2	2.8
Arkansas	24.7	23.1	23.5	-0.3	6.9	4.9
Florida	13.2	12.8	12.9	15.0	20.1	17.9
Georgia	31.1	28.5	29.6	-10	-8.6	-9.2
Kentucky	11.8	10.5	10.9	1.7	3.8	3.2
Louisiana	19.3	15.8	16.8	-13	-7.8	-9.3
Mississippi	35.0	22.3	25.2	-2.2	9.7	6.7
North Carolina	21.1	5.8	10.8	2.9	4.1	3.7
South Carolina	16.0	11.6	12.9	9.2	9.9	9.7
Tennessee	17.9	9.5	12.4	-2.2	-2.2	-2.2
Virginia	37.7	5.9	21.3	-8.8	13.2	1.1
West Virginia	5.5	0.5	1.7	1.0	10.4	8.0
SOUTHWEST						
Arizona	42.1	26.2	31.2	-6.9	27.0	15.5
New Mexico	21.4	19.7	20.1	7.7	13.4	11.9
Oklahoma	18.7	16.3	17.0	13.2	3.1	6.2
Texas	19.8	16.9	18.0	-4.3	15.9	7.9
ROCKY MOUNTAIN						
Colorado	8.2	7.3	7.7	9.3	10.0	9.6
Idaho	7.5	9.4	8.9	11.2	11.0	11.1
Montana	12.9	13.0	12.9	-1.4	5.5	3.7
Utah	17.4	13.4	14.7	4.6	9.0	7.6
Wyoming	18.4	12.1	14.3	17.5	14.6	15.6
FAR WEST						
Alaska	—	—	—	—	—	—
California	6.6	14.6	11.0	7.5	8.2	7.9
Hawaii	-5.6	31.4	12.3	13.9	20.1	17.4
Nevada	-12.6	10.1	-1.4	16.0	39.1	28.7
Oregon	17.9	-13.8	-0.9	0.3	46.6	24.2
Washington	23.3	21.0	22.1	6.7	5.6	6.1
ALL STATES	11.2 %	11.6 %	11.4 %	5.1 %	8.0 %	6.7 %

Note: State funds are defined as general funds and other state funds (bonds are excluded).
Source: National Association of State Budget Officers, 2002 State Expenditure Report

Medicaid Notes

States were asked to report Medicaid expenditures as follows:

General funds: all general funds appropriated to the Medicaid agency and any other agency which are used for direct Medicaid matching purposes under Title XIX.

Other state funds: other funds and revenue sources used as Medicaid match, such as local funds and provider taxes, fees, donations, assessments (as defined by the Health Care Finance Administration).

Federal Funds: all federal matching funds provided pursuant to Title XIX.

As noted above, the figures reported as Other State Funds reflect the amounts reported as provider taxes, fees, donations, assessments and local funds by states. State Medicaid agencies report these amounts to the Health Care Financing Administration (HCFA) on form 37, as defined by the Medicaid Voluntary Contribution and Provider-specific Tax Amendments of 1991 (P.L. 102-234). However, some state budget offices are unable to align their financial reporting to separate these costs for the NASBO State Expenditure Report. Thus this report does not capture 100 percent of state provider taxes, fees, donations, assessments and local funds. Small dollar amounts, when rounded, cause an aberration in the percentage increase. In these instances, the actual dollar amounts should be consulted to determine the exact percentage increase.

The states were asked to separately detail the amount of provider taxes, fees, donations, assessments and local funds reported as other state funds.

Connecticut: Medicaid appropriations are "gross funded": federal funds are deposited directly into the state treasury.

Florida: For fiscal 2001, Other State Funds include provider assessments of \$257 million, cigarette taxes of \$113 million, tobacco settlement funds of \$269 million, tobacco non-general funds transferred as matching funds of \$23 million, other non-general funds transferred as matching funds of \$8 million, state fraud recoupments of \$22 million, and local county funds of \$173 million. For fiscal 2002, Other State Funds include provider assessments of \$283 million, cigarette taxes of \$110 million, tobacco settlement funds of \$131 million, tobacco non-general funds transferred as matching funds of \$26 million, other non-general funds transferred as matching funds of \$4 million, state fraud recoupments of \$22 million, and local county funds of \$436 million. The large increase in local county funds is due to increased

funding opportunities utilized by the Florida Legislature in the Federal Upper Payment Limit and Disproportionate Share for Hospitals programs. For fiscal 2003, Other State Funds include provider assessments of \$254 million, cigarette taxes of \$111 million, tobacco settlement funds of \$74 million, state fraud recoupments of \$22 million, and local county funds of \$416 million. The overall decrease in fiscal 2002 Other State Funds is due to reductions in tobacco appropriations and decreased projections in provider assessments.

Georgia: Fiscal 2002 figures reflect the beginning of the state's effort to maximize Medicaid funding. The state received additional Medicaid funding by ensuring that state agencies were claiming Medicaid-eligible expenditures for all Medicaid eligible recipients, or by converting previously 100 percent state funded programs to Medicaid programs. In fiscal 2002, federal regulation changes allowed the state to earn a significant amount of additional federal funding through upper payment limit credits for nursing homes and hospitals. This was reflected in fiscal 2002 benefit payments. The state matching fund source was intergovernmental transfers from non-state, public facilities (reflected as other funds). For fiscal 2003, additional federal regulation changes have reduced the amount the state expects to earn.

Iowa: Other State Funds includes \$71 million of local funds in fiscal 2001, and \$83 million in fiscal 2002. In fiscal 2003, Other State Funds includes \$77 million in local funds and \$3.7 million in provider taxes.

Michigan: Other state funds include local funds in the following amounts: \$1,471.5 million for fiscal 2001; \$1,378.2 million for fiscal 2002 and \$1,103.8 million for fiscal 2003. Public health and community and institutional care for mentally and developmentally disabled persons are partially reported in the Medicaid totals.

Missouri: Data are from the CMS 64 report used for federal reporting of Medicaid expenditures. The split between the General Revenue Fund and Other State Funds is an estimate. Medicaid does not track the General Revenue Fund versus Other State Funds in its reporting.

Ohio: Federal funds deposited to the state General Fund and shown as General Fund expenditures for Medicaid amount to \$4,200.4 million in fiscal 2002 and \$4,807.9 million in fiscal 2003. See General Notes for Ohio on this issue.

Local dollars are used as state match for Medicaid services and administration. Dollars that are generated at the local level that are then used to draw down federal match are not included in Ohio's

numbers for purposes of making the numbers reported here consistent with other reports for Ohio General Fund and All Fund spending.

Pennsylvania: Intergovernmental transfer (IGT) funds are included in the Other State Funds category and total \$1,049 million in fiscal 2001, \$1,416 million in fiscal 2002 and \$1,993 million in fiscal 2003. State expenditures for Medicaid match are not accounted for separately from the state's overall medical assistance program. Therefore, the state match has been derived based upon federal reimbursement rates for individual programs. These figures include some payments on behalf of general assistance clients who do not qualify under Title XIX. A portion of the IGT funds provide the 10 percent local match required by Pennsylvania law for Medicaid clients in nursing homes. Other local funds used as match are not included in this report.

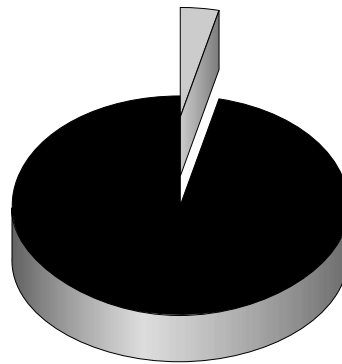
Tennessee: Regarding premium revenue: fiscal 2001 totals \$53 million, fiscal 2002 totals \$53 million and fiscal 2003 totals \$53

million. Regarding Certified Public Expenditures-Local fund from Hospitals: fiscal 2001 totals \$199 million, fiscal 2002 totals \$155 million and fiscal 2003 totals \$179 million. Regarding Nursing Home Tax: fiscal 2001 totals \$102 million, fiscal 2002 totals \$87 million and fiscal 2003 totals \$88 million. Regarding the ICF/MR 6 percent Gross Receipts Tax: fiscal 2001 totals \$14 million, fiscal 2002 totals \$14 million and fiscal 2003 totals \$15 million. Regarding Intergovernmental Transfers: fiscal 2001 totals \$147 million, fiscal 2002 totals \$119 million and fiscal 2003 totals \$60 million.

Texas: Other Funds include: Early Childhood Intervention Medicaid, with eligible local provider services used as match, equaling \$3 million in fiscal 2001, \$7 million in fiscal 2002, and \$7 million in fiscal 2003; \$224 million in hospital contributions in fiscal 2003 used to match Medicaid, including \$49 million in Upper Payment Limit funds; and third-party fees for mental health patients of \$19 million in fiscal 2001, \$18 million in fiscal 2002, and \$17 million in fiscal 2003.

CHAPTER FIVE

CORRECTIONS EXPENDITURES



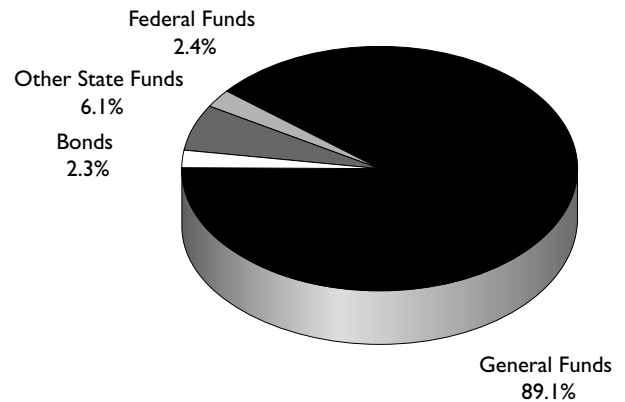
3.6% of State Expenditures

State spending for corrections in fiscal 2002 totaled nearly \$38.5 billion, a 2.6 percent increase from the prior year—the lowest increase since 1993 when spending grew at the same annual rate. The largest increase in state corrections spending was in 1990 when it grew by nearly 19 percent. Since 1990, state corrections spending has increased an average of 7.5 percent annually. State corrections spending reflects the costs to build and operate prison systems and may include spending on juvenile justice programs and alternatives to incarceration such as probation and parole.

Spending for corrections as a percentage of total state expenditures and general fund expenditures has remained relatively constant over the years. In fiscal 2002, corrections spending represented 3.6 percent of total expenditures and 7 percent of general fund spending. State spending for corrections primarily has been in the form of general fund dollars, averaging 88 percent of all corrections spending since fiscal 1990. State general fund shares for corrections in fiscal 2002 are 89.1 percent, or \$34.3 billion. Since 1990, the federal share of states' corrections spending has averaged about 1.5 percent, and totaled \$937 billion in state corrections spending in fiscal 2002.

The growth in state corrections expenditures is expected to continue to decline fiscal 2003, increasing only 1 percent over the prior year—the lowest rate of corrections growth since the State Expenditure Report first was published in 1987. The low rate can be attributed to slow economic growth that continues to pressure states to reduce program budgets. Additionally, while the pressure to control expenditures has increased, state prison populations have continued to grow—further straining corrections spending. According to the Bureau of Justice Statistics, 17 states reported increases of at least 5 percent in their prison populations during

Figure 17
STATE EXPENDITURES FOR CORRECTIONS BY FUND SOURCE, FISCAL 2002



2002. The increase in prison populations can be attributed partly to tough mandatory sentencing laws for nonviolent drug offenders and the “three strikes” laws that can put repeat offenders behind bars for life. As pressures mount, some states have diverted drug offenders to treatment programs and have instituted a variety other innovations.

Also according to the Bureau of Justice Statistics, state prisons continued to operate over capacity by between 1 percent and 16 percent at the end of 2002, causing further stress to state corrections budgets. State capital expenditure data for corrections can be found in Chapter Eight and indicate that in fiscal 2001 about \$1.7 billion was spent, most of it (\$941 million) financed by bond proceeds. Corrections capital spending decreased by 12.1 percent in fiscal 2002 and is expected to decrease by 24.1 percent in fiscal 2003—the largest decrease in capital expenditures for corrections since 1993 when capital spending decreased by 53.8 percent.

Table 31
REGIONAL PERCENTAGE CHANGE IN STATE CORRECTIONS EXPENDITURES, FISCAL 2002 AND 2003

Region	Fiscal 2001 to 2002			Fiscal 2002 to 2003		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
New England	3.1%	0.0%	4.3%	2.3%	12.5%	1.3%
Mid-Atlantic	-0.8	-16.1	-0.6	2.7	-8.9	-0.1
Great Lakes	1.3	-2.1	0.6	-0.8	75.3	-1.6
Plains	0.8	108.1	3.2	5.4	-2.6	5.3
Southeast	0.3	36.4	0.6	3.5	-17.0	3.4
Southwest	4.3	-3.2	4.2	0.0	-27.5	-0.3
Rocky Mountain	6.1	25.0	6.6	3.7	11.4	4.4
Far West	7.9	30.8	7.6	1.3	-29.4	1.2
ALL STATES	2.6%	8.3%	2.6%	1.8%	-5.7%	1.0%

Regional Expenditures

The following table shows percentage changes in expenditures for corrections for fiscal 2001 to 2002 and 2002 to 2003. Between fiscal 2001 and fiscal 2002, the Far West and Rocky Mountain regions showed the largest increases, of 7.6 percent and 6.6 percent, respectively.

By comparison, both the Great Lakes and Southeast regions had the lowest increase—.6 percent—while the Mid-Atlantic decreased corrections expenditures by .6 percent.

Corrections Expenditures Exclusions

Eighteen states wholly or partially excluded juvenile delinquency counseling from their corrections figures and 14 states wholly or partially excluded spending on juvenile institutions. Twenty states wholly or partially excluded spending on drug abuse rehabilitation centers, 23 states excluded spending for local jails, and 36 excluded spending for institutions for the criminally insane.

Corrections expenditure data and a table listing programs excluded from the expenditure figures can be found on Tables 32-36, accompanied by explanatory notes. Also see Chapter Eight for details on corrections capital expenditure data.

Table 32

CORRECTIONS EXPENDITURES—CAPITAL INCLUSIVE (\$ IN MILLIONS)

Region/State	Actual Fiscal 2001					Actual Fiscal 2002					Estimated Fiscal 2003				
	General Fund	Federal Funds	Other State Funds	Bonds	Total	General Fund	Federal Funds	Other State Funds	Bonds	Total	General Fund	Federal Funds	Other State Funds	Bonds	Total
NEW ENGLAND															
Connecticut	\$522	\$2	\$0	\$19	\$543	\$548	\$3	\$1	\$35	\$587	\$576	\$3	\$1	\$27	\$607
Maine	95	5	2	0	102	109	6	2	0	117	108	6	6	0	120
Massachusetts	529	2	12	21	564	558	2	0	23	583	625	0	0	20	645
New Hampshire	67	1	5	3	76	72	0	4	0	76	74	0	4	0	78
Rhode Island	149	6	6	0	161	128	5	4	0	137	136	9	8	0	153
Vermont	70	0	1	1	72	76	0	1	6	83	N/A	N/A	N/A	N/A	N/A
MID-ATLANTIC															
Delaware	189	5	2	7	203	179	5	2	6	192	180	3	2	5	190
Maryland	878	24	103	0	1,005	929	26	111	0	1,066	959	23	113	0	1,095
New Jersey	1,146	32	89	2	1,269	1,122	41	83	2	1,248	1,154	29	85	3	1,271
New York	2,275	183	30	213	2,701	2,196	160	36	206	2,598	2,161	151	41	188	2,541
Pennsylvania	1,354	79	51	92	1,576	1,357	39	51	164	1,611	1,476	41	57	38	1,612
GREAT LAKES															
Illinois	1,178	0	81	159	1,418	1,221	0	96	96	1,413	1,150	0	80	90	1,320
Indiana*	605	1	60	67	733	644	1	55	128	828	631	1	57	0	689
Michigan*	1,758	60	82	49	1,949	1,752	60	82	17	1,911	1,717	96	91	3	1,907
Ohio	1,574	29	169	81	1,853	1,576	21	154	74	1,825	1,612	63	175	90	1,940
Wisconsin	804	5	153	0	962	819	11	151	0	981	829	3	157	0	989
PLAINS															
Iowa	253	3	44	0	300	242	10	40	7	299	236	2	50	10	298
Kansas	267	8	55	2	332	271	13	47	1	332	281	15	31	1	328
Minnesota	390	5	13	6	414	373	15	16	11	415	405	12	17	10	444
Missouri	429	4	31	8	472	471	7	25	0	503	506	11	43	0	560
Nebraska	137	4	24	0	165	141	16	26	0	183	148	18	21	0	187
North Dakota	33	7	5	0	45	36	5	5	0	46	41	6	6	3	56
South Dakota	49	6	6	0	61	52	11	5	0	68	54	11	5	0	70
SOUTHEAST															
Alabama	266	5	66	0	337	276	2	71	0	349	285	3	77	4	369
Arkansas	165	3	39	0	207	180	4	36	0	220	183	3	49	0	235
Florida	1,564	38	73	0	1,675	1,562	84	18	0	1,664	1,616	20	131	0	1,767
Georgia	883	9	0	29	921	925	27	0	24	976	957	8	0	62	1,027
Kentucky	357	21	63	0	441	393	20	60	0	473	372	17	114	0	503
Louisiana	552	3	44	2	601	578	10	42	3	633	610	12	68	2	692
Mississippi	231	0	28	0	259	230	2	30	0	262	238	0	15	0	253
North Carolina	900	1	28	0	929	878	7	25	0	910	858	0	11	0	869
South Carolina*	445	18	78	22	563	377	11	91	15	494	372	32	92	N/A	496
Tennessee	406	15	26	21	468	434	1	37	0	472	491	37	24	0	552
Virginia	974	31	89	3	1,097	971	31	90	2	1,094	939	33	62	5	1,039
West Virginia	95	7	10	0	112	86	7	11	1	105	88	6	10	6	110
SOUTHWEST															
Arizona	645	23	43	0	711	603	38	51	0	692	644	5	74	0	723
New Mexico	172	1	17	0	190	186	0	17	0	203	197	1	21	0	219
Oklahoma	370	1	56	0	427	393	1	47	0	441	384	1	42	0	427
Texas	3,050	99	151	36	3,336	3,175	81	227	40	3,523	3,114	80	225	54	3,473
ROCKY MOUNTAIN															
Colorado	435	5	52	0	492	453	15	74	0	542	497	5	64	0	566
Idaho	125	9	26	3	163	141	8	25	3	177	138	10	30	3	181
Montana	95	1	6	0	102	98	2	7	0	107	97	3	9	0	109
Utah*	247	7	19	0	273	245	2	23	0	270	242	11	27	5	285
Wyoming	58	6	5	0	69	60	8	7	0	75	62	10	9	0	81
FAR WEST															
Alaska	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
California	5,499	41	18	1	5,559	5,827	78	18	0	5,923	5,907	37	20	0	5,964
Hawaii	133	2	9	2	146	145	1	10	2	158	141	1	17	23	182
Nevada	160	1	16	0	177	173	2	24	1	200	173	4	35	3	215
Oregon	500	19	102	0	621	548	16	210	0	774	468	21	269	0	758
Washington	493	28	126	55	702	536	22	119	24	701	568	21	112	28	729
TOTAL	\$33,571	\$865	\$2,214	\$904	\$37,554	\$34,345	\$937	\$2,367	\$891	\$38,540	\$34,700	\$884	\$2,657	\$683	\$38,924

Source: National Association of State Budget Officers, 2002 State Expenditure Report

Table 33
CORRECTIONS EXPENDITURES AS A PERCENT OF
TOTAL EXPENDITURES

Region/State	Fiscal 2001	Fiscal 2002	Fiscal 2003
NEW ENGLAND			
Connecticut	2.8 %	2.9 %	2.9 %
Maine	1.9	2.0	2.1
Massachusetts	2.2	2.2	2.4
New Hampshire	2.2	2.0	2.0
Rhode Island	3.3	2.6	2.8
Vermont	2.7	2.9	N/A
MID-ATLANTIC			
Delaware	3.7	3.4	3.3
Maryland	5.0	5.0	4.7
New Jersey	3.9	3.6	3.5
New York	3.4	3.1	2.8
Pennsylvania	3.9	3.7	3.4
GREAT LAKES			
Illinois	3.7	3.6	3.3
Indiana	4.2	4.5	3.6
Michigan	5.1	4.8	4.8
Ohio	4.4	4.0	4.0
Wisconsin	3.4	3.1	4.2
PLAINS			
Iowa	2.4	2.3	2.3
Kansas	3.8	3.4	3.2
Minnesota	2.0	2.0	1.9
Missouri	3.0	3.0	3.1
Nebraska	2.7	2.8	2.8
North Dakota	2.0	1.9	2.1
South Dakota	2.6	2.8	2.8
SOUTHEAST			
Alabama	2.2	2.1	1.8
Arkansas	1.9	1.8	1.7
Florida	3.2	3.5	3.5
Georgia	3.7	3.6	3.6
Kentucky	2.6	2.7	2.9
Louisiana	3.6	3.6	3.7
Mississippi	2.7	2.5	2.3
North Carolina	3.4	3.4	3.3
South Carolina	3.9	3.3	3.3
Tennessee	2.7	2.5	2.8
Virginia	4.5	4.1	3.9
West Virginia	1.5	1.3	1.3
SOUTHWEST			
Arizona	4.3	3.6	3.7
New Mexico	2.0	2.3	2.4
Oklahoma	3.6	3.4	3.1
Texas	6.4	6.2	5.9
ROCKY MOUNTAIN			
Colorado	3.9	4.0	4.0
Idaho	4.1	4.2	3.9
Montana	3.3	3.3	3.1
Utah	3.5	3.7	3.9
Wyoming	4.5	4.7	4.8
FAR WEST			
Alaska	—	—	—
California	4.0	4.1	3.6
Hawaii	1.9	2.0	2.1
Nevada	3.7	4.8	3.6
Oregon	4.2	4.1	4.1
Washington	3.0	2.9	3.0
ALL STATES	3.7 %	3.6 %	3.5 %

Source: National Association of State Budget Officers, 2002 State Expenditure Report

Table 34
CORRECTIONS GENERAL FUND EXPENDITURES AS A
PERCENT OF TOTAL GENERAL FUND EXPENDITURES

Region/State	Fiscal 2001	Fiscal 2002	Fiscal 2003
NEW ENGLAND			
Connecticut	4.4 %	4.5 %	4.8 %
Maine	3.7	4.2	4.2
Massachusetts	2.4	2.4	2.8
New Hampshire	6.3	6.1	6.1
Rhode Island	6.0	4.8	5.0
Vermont	8.1	8.6	N/A
MID-ATLANTIC			
Delaware	7.8	7.3	7.2
Maryland	8.6	8.8	9.2
New Jersey	5.5	5.1	5.0
New York	6.2	5.7	5.8
Pennsylvania	6.8	6.6	7.1
GREAT LAKES			
Illinois	6.6	6.8	6.3
Indiana	6.0	6.6	6.1
Michigan	17.8	18.8	19.5
Ohio	7.4	7.3	7.1
Wisconsin	7.3	7.3	7.5
PLAINS			
Iowa	5.2	5.3	5.3
Kansas	6.0	6.1	6.4
Minnesota	3.1	3.0	2.9
Missouri	6.5	7.1	7.6
Nebraska	5.5	5.4	5.6
North Dakota	4.0	4.2	4.6
South Dakota	6.2	6.1	6.2
SOUTHEAST			
Alabama	5.1	5.2	5.2
Arkansas	5.1	5.6	5.5
Florida	7.9	8.2	7.8
Georgia	6.0	6.2	6.2
Kentucky	5.1	5.5	5.2
Louisiana	8.8	8.9	9.2
Mississippi	6.8	7.0	6.7
North Carolina	6.7	6.4	6.2
South Carolina	8.2	7.3	6.8
Tennessee	5.6	5.6	6.0
Virginia	8.6	8.7	8.5
West Virginia	3.7	3.1	2.8
SOUTHWEST			
Arizona	10.1	9.5	10.7
New Mexico	4.8	4.7	5.0
Oklahoma	7.8	8.0	8.3
Texas	10.7	10.6	10.4
ROCKY MOUNTAIN			
Colorado	7.7	7.9	8.1
Idaho	6.8	7.1	7.1
Montana	7.5	7.2	7.6
Utah	6.3	6.8	7.0
Wyoming	15.8	15.4	15.0
FAR WEST			
Alaska	—	—	—
California	7.0	7.6	7.8
Hawaii	4.0	4.0	3.7
Nevada	9.5	9.5	9.1
Oregon	10.4	9.4	12.3
Washington	4.6	4.8	5.1
ALL STATES	6.9 %	6.9 %	7.0 %

Source: National Association of State Budget Officers, 2002 State Expenditure Report

Table 35

ANNUAL PERCENTAGE CHANGE IN CORRECTIONS EXPENDITURES

Region/State	Fiscal 2001 to 2002			Fiscal 2002 to 2003		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
NEW ENGLAND						
Connecticut	5.2 %	50.0 %	8.1 %	5.1 %	0.0 %	3.4 %
Maine	14.4	20.0	14.7	2.7	0.0	2.6
Massachusetts	3.1	0.0	3.4	12.0	-100.0	10.6
New Hampshire	5.6	-100.0	0.0	2.6	—	2.6
Rhode Island	-14.8	-16.7	-14.9	9.1	80.0	11.7
Vermont	8.5	—	15.3	N/A	N/A	N/A
MID-ATLANTIC						
Delaware	-5.2	0.0	-5.4	0.6	-40.0	-1.0
Maryland	6.0	8.3	6.1	3.1	-11.5	2.7
New Jersey	-2.4	28.1	-1.7	2.8	-29.3	1.8
New York	-3.2	-12.6	-3.8	-1.3	-5.6	-2.2
Pennsylvania	0.2	-50.6	2.2	8.9	5.1	0.1
GREAT LAKES						
Illinois	4.6	—	-0.4	-6.6	—	-6.6
Indiana	5.1	0.0	13.0	-1.6	0.0	-16.8
Michigan	-0.3	0.0	-1.9	-1.4	60.0	-0.2
Ohio	-0.7	-27.6	-1.5	3.3	200.0	6.3
Wisconsin	1.4	120.0	2.0	1.6	-72.7	0.8
PLAINS						
Iowa	-5.1	233.3	-0.3	1.4	-80.0	-0.3
Kansas	-1.2	62.5	0.0	-1.9	15.4	-1.2
Minnesota	-3.5	200.0	0.2	8.5	-20.0	7.0
Missouri	7.8	75.0	6.6	10.7	57.1	11.3
Nebraska	3.7	300.0	10.9	1.2	12.5	2.2
North Dakota	7.9	-28.6	2.2	14.6	20.0	21.7
South Dakota	3.6	83.3	11.5	3.5	0.0	2.9
SOUTHEAST						
Alabama	4.5	-60.0	3.6	4.3	50.0	5.7
Arkansas	5.9	33.3	6.3	7.4	-25.0	6.8
Florida	-3.5	121.1	-0.7	10.6	-76.2	6.2
Georgia	4.8	200.0	6.0	3.5	-70.4	5.2
Kentucky	7.9	-4.8	7.3	7.3	-15.0	6.3
Louisiana	4.0	233.3	5.3	9.4	20.0	9.3
Mississippi	0.4	—	1.2	-2.7	-100.0	-3.4
North Carolina	-2.7	600.0	-2.0	-3.8	-100.0	-4.5
South Carolina	-10.5	-38.9	-12.3	-0.9	190.9	0.4
Tennessee	9.0	-93.3	0.9	9.3	3,600.0	16.9
Virginia	-0.2	0.0	-0.3	-5.7	6.5	-5.0
West Virginia	-7.6	0.0	-6.3	1.0	-14.3	4.8
SOUTHWEST						
Arizona	-4.9	65.2	-2.7	9.8	-86.8	4.5
New Mexico	7.4	-100.0	6.8	7.4	—	7.9
Oklahoma	3.3	0.0	3.3	-3.2	0.0	-3.2
Texas	6.3	-18.2	5.6	-1.9	-1.2	-1.4
ROCKY MOUNTAIN						
Colorado	8.2	200.0	10.2	6.5	-66.7	4.4
Idaho	9.9	-11.1	8.6	1.2	25.0	2.3
Montana	4.0	100.0	4.9	1.0	50.0	1.9
Utah	0.8	-71.4	-1.1	0.4	450.0	5.6
Wyoming	6.3	33.3	8.7	6.0	25.0	8.0
FAR WEST						
Alaska	—	—	—	—	—	—
California	5.9	90.2	6.5	1.4	-52.6	0.7
Hawaii	9.2	-50.0	8.2	1.9	0.0	15.2
Nevada	11.9	100.0	13.0	5.6	100.0	7.5
Oregon	25.9	-15.8	24.6	-2.8	31.3	-2.1
Washington	5.8	-21.4	-0.1	3.8	-4.5	4.0
ALL STATES	2.6 %	8.3 %	2.6 %	1.8 %	-5.7 %	1.0 %

Note: State funds are defined as general funds and other state funds (bonds are excluded).
Source: National Association of State Budget Officers, 2002 State Expenditure Report

Table 36

ITEMS EXCLUDED FROM CORRECTIONS EXPENDITURES

Region/State	Employer Contributions to Pensions	Employer Contributions to Health Benefits	Juvenile Delinquency Counseling	Juvenile Institutions	Aid to Local Govts. for Jails	Drug Abuse Rehab. Centers	Institutions for the Criminally Insane
NEW ENGLAND							
Connecticut	X	X	X		X		X
Maine							X
Massachusetts	X	X	X	X	P	P	
New Hampshire			X	X	X		
Rhode Island				X	X		X
Vermont			X		X	X	X
MID-ATLANTIC							
Delaware			X	X	X		
Maryland			X	X		X	X
New Jersey							X
New York						X	X
Pennsylvania							
GREAT LAKES							
Illinois		P			P		P
Indiana					X	P	X
Michigan			P			X	X
Ohio						P	P
Wisconsin					X		X
PLAINS							
Iowa					X		
Kansas							
Minnesota		X	P	P	X	P	
Missouri	X	X	X	X	X		X
Nebraska						X	X
North Dakota						X	X
South Dakota					X	X	X
SOUTHEAST							
Alabama					X	X	X
Arkansas			X	X			X
Florida			X		X	P	X
Georgia							
Kentucky							
Louisiana							X
Mississippi			X	X			X
North Carolina					X		
South Carolina					X	X	X
Tennessee			X	X			P
Virginia							
West Virginia					N/A		N/A
SOUTHWEST							
Arizona							P
New Mexico			X	X	X	P	X
Oklahoma			X	X	X	X	X
Texas							
ROCKY MOUNTAIN							
Colorado			X	P			
Idaho							X
Montana						P	X
Utah			X			X	X
Wyoming							P
FAR WEST							
Alaska							
California							X
Hawaii	P	P			X		X
Nevada			N/A	N/A	N/A	X	N/A
Oregon							P
Washington					X	X	X
ALL STATES	4	6	18	14	23	20	36

Excluded=X

Partially Excluded=P

Not Applicable=N/A

Source: National Association of State Budget Officers, 2002 State Expenditure Report

Corrections Notes

Small dollar amounts, when rounded, cause an aberration in the percentage increase. In these instances, the actual dollar amounts should be consulted to determine the exact percentage increase.

Indiana: Bond figures include project appropriations approved during the fiscal year.

Michigan: Figures include adult inmate and juvenile justice expenditures. Expenditure fluctuations are due to anticipated increase of federal funding in fiscal 2003 for juvenile justice programs.

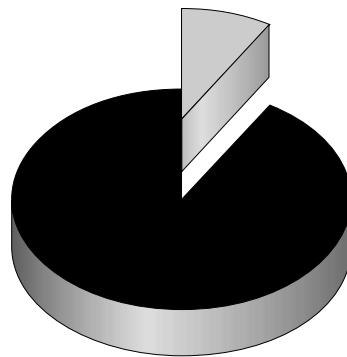
Ohio: See General Notes for Ohio for discussion of double counting issues that affect percentage of total expenditure amounts.

South Carolina: The state no longer prepares an Annual Projects Improvement Plan. South Carolina has adopted a five-year Capital Project Improvement Plan with annual updates for new projects only. As result of moving to this new system, the state no longer collects estimated expenditure data on existing projects. However, actual data is still available and is reported.

Utah: Expenditure amounts for corrections do not include any amounts for prison industries. In Utah, prison industries are operated as an enterprise fund and do not receive support from state appropriations. The prison industry program has been self-sufficient for the last 10 to 15 years. The bond figures for corrections for fiscal 2000 do not include a \$6.5 million revenue bond issued for the construction of an administrative building for the Utah Department of Corrections. This bond will be financed from the revenue of current leases within the Department of Corrections.

CHAPTER SIX

TRANSPORTATION



8.1% of State Expenditures

In fiscal 2002, transportation expenditures represented 8.1 percent of total state expenditures, totaling \$87.5 billion, a decline of 1.8 percent from fiscal 2001 levels. Capital spending for transportation was \$40.8 billion in fiscal 2002, 2 percent less than the previous year. Based on estimates for fiscal 2003, total transportation spending will increase by 4.1 percent, and transportation capital spending will grow by 1.6 percent. Following the plodding economy, budget shortfalls in most states have weighed heavily on transportation expenditures. Capital projects continue to be delayed or scaled back and new projects have been put on hold—freeing up resources for states to supplement current operations.

State transportation expenditures are funded primarily from earmarked revenues placed in special transportation trust funds, captured in the “Other State Funds” category. The major earmarked revenue source is the gasoline tax. Additionally, some states apply a sales tax to the purchase of gasoline.

A stable source of revenue, state motor fuel tax collections are not anticipated to increase dramatically, unless drastic changes in federal motor fuel tax rates occur as part of the reauthorization of the Transportation Equity Act for the 21st Century (TEA-21). If the federal tax rate decreases, four states (California, Nevada, Oklahoma, and Tennessee) have statutory provisions that automatically will trigger increases in their motor fuel tax rates, while other states require legislation to adjust them. Currently, 11 states have variable rate motor fuel taxes that are adjusted at specific intervals to sustain funding levels.

TEA-21

The Transportation Equity Act for the 21st Century (TEA-21), enacted in 1998, authorized \$215 billion in budget authority for highway, transit, research and motor carrier programs over six years (1998-2003). The funding included \$175 billion in highway programs, of which \$165 billion is guaranteed funding, and provides \$2.2 billion for highway safety and \$650 million for motor carrier safety grants. TEA-21 is a major revision of the former Intermodal Surface Transportation and Efficiency Act of 1991 (ISTEA) and is the result of months of negotiations and compromises between Congress, the executive branch and the states. Prior to TEA-21, transportation funds were appropriated annually as part of the federal discretionary budget. Also, payments from the federal highway trust fund to the states were determined by separate formulas under individual programs and administered by the U.S. Department of Transportation. Under this funding scheme, the disparity between those states that collected more in motor fuel

taxes than they received in federal funding, dubbed “donor” states, and states that receive more federal funding than they collected in fuel taxes, termed “donee” states, was considerable. This created criticism because many states received as little as 63 percent of what they contributed to federal gas taxes in federal transportation funding.

To address this issue, TEA-21 was altered to establish a 90 percent minimum level of transportation funding for each state. This was designed to eliminate the wide disparity between the “donor” and “donee” states under ISTEA. It guaranteed “donor” states a minimum level of transportation funding by establishing budgetary “firewalls” between highway and transit programs and other discretionary programs. In addition to the “firewalls,” TEA-21 also removed the ability of Congress to shift reductions in total transportation spending to other federal discretionary programs. The result of these changes is an average increase or more than 40 percent in transportation funding. TEA-21 was set to expire in September 2003, when Congress extended it until February 2004, when it will consider a six-year reauthorization.

TIFIA

A new federal finance program, the Transportation Infrastructure Finance and Innovation Act (TIFIA), also was authorized under TEA-21 in 1998. Under the direction of the Department of Transportation (DOT), the program provides three forms of credit assistance for surface transportation projects of national or regional significance. TIFIA awards federal credit assistance rather than grants in the form of secured loans, loan guarantees, and standby lines of credit to public and private sponsors of major transportation projects. Sponsors consist of state departments of transportation, private entities, transit operators, local governments, and special authorities.

Since TIFIA's inception, the DOT has selected 11 projects at a federal government budgetary cost of \$183 million and has provided \$3.5 billion in credit assistance supporting transportation investments worth nearly \$15.4 billion.

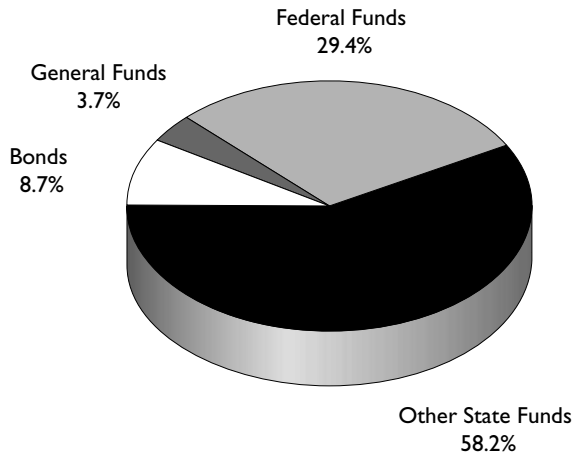
AIR-21

The Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (AIR-21) was enacted in 2000, increasing to \$40 billion funding for airport improvement programs to enhance facilities and equipment, airport operations, and research between 2001 and 2003. Of that funding, \$33 billion is guaranteed from the Aviation Trust Fund.

Fund Shares

The figure below provides fund shares for 2002.

Figure 18
STATE EXPENDITURES FOR TRANSPORTATION BY FUND SOURCE, FISCAL 2002



Transportation—Expenditure Exclusions

Of the states reporting in this survey, 14 wholly or partially excluded gas tax and fee collections from their transportation expenditure figures. Thirty-five states wholly or partially excluded port authority operations, 21 wholly or partially excluded motor vehicle licensing, and 42 wholly or partially excluded state police/highway patrol.

Expenditure data on transportation can be found on Tables 37-41, accompanied by explanatory notes. Table 41 lists programs excluded from the expenditure figures. Details on capital expenditures for transportation can be found in Chapter Eight.

Regional Expenditures

The following table shows percentage changes in expenditures for transportation from fiscal 2001 to fiscal 2002 and from fiscal 2002 to fiscal 2003. While state transportation spending decreased overall in fiscal 2002 by 1.8 percent, it grew in the Southwest and the Plains by 8.9 and 7.9 percent, respectively. In the Far West, transportation spending decreased by 25.6 percent, while in the Southeast, it declined by 3 percent.

Table 37
REGIONAL PERCENTAGE CHANGE IN STATE TRANSPORTATION EXPENDITURES, FISCAL 2002 AND 2003

Region	Fiscal 2001 to 2002			Fiscal 2002 to 2003		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
New England	-12.1%	6.4%	-2.8%	-12.0%	-12.7%	-4.0%
Mid-Atlantic	2.4	3.9	3.4	6.3	15.6	8.8
Great Lakes	4.8	4.3	5.8	0.4	10.5	3.0
Plains	5.1	23.1	7.9	26.7	-3.5	20.2
Southeast	-9.6	12.7	-3.0	-1.8	6.0	0.4
Southwest	5.5	8.5	8.9	-10.5	5.2	-4.8
Rocky Mountain	-7.4	0.9	4.7	-8.0	9.3	-5.8
Far West	-26.7	-22.2	-25.6	10.9	9.3	10.8
ALL STATES	-5.1%	3.5%	-1.8%	3.1%	7.1%	4.1%

Table 38

TRANSPORTATION EXPENDITURES—CAPITAL INCLUSIVE (\$ IN MILLIONS)

Region/State	Actual Fiscal 2001					Actual Fiscal 2002					Estimated Fiscal 2003				
	General Fund	Federal Funds	Other State Funds	Bonds	Total	General Fund	Federal Funds	Other State Funds	Bonds	Total	General Fund	Federal Funds	Other State Funds	Bonds	Total
NEW ENGLAND															
Connecticut	\$35	\$561	\$431	\$184	\$1,211	\$38	\$581	\$447	\$242	\$1,308	\$9	\$524	\$482	\$207	\$1,222
Maine	6	143	276	31	456	12	158	281	12	463	4	207	275	37	523
Massachusetts	288	0	0	1,990	2,278	108	0	0	1,908	2,016	113	0	0	2,028	2,141
New Hampshire	3	145	261	10	419	2	193	263	1	459	2	200	264	2	468
Rhode Island	0	211	95	32	338	3	182	11	53	249	0	196	37	75	308
Vermont	0	153	139	0	292	0	177	183	0	360	N/A	N/A	N/A	N/A	N/A
MID-ATLANTIC															
Delaware	0	127	323	0	450	0	111	280	87	478	0	115	310	50	475
Maryland	0	622	2,008	0	2,630	0	753	2,079	0	2,832	0	744	2,295	0	3,039
New Jersey	1,081	796	195	601	2,673	1,109	694	172	782	2,757	1,183	808	243	693	2,927
New York	404	1,133	1,983	880	4,400	156	1,136	2,383	716	4,391	164	1,273	2,466	947	4,850
Pennsylvania*	307	1,334	2,652	138	4,431	307	1,474	2,683	157	4,621	320	1,877	2,770	149	5,116
GREAT LAKES															
Illinois	64	113	3,010	363	3,550	64	158	3,432	463	4,117	55	113	3,845	576	4,589
Indiana	2	390	1,209	0	1,601	3	425	1,102	0	1,530	3	480	1,198	0	1,681
Michigan	17	989	1,924	222	3,152	12	945	2,009	321	3,287	0	1,117	1,273	254	2,644
Ohio	45	803	2,179	264	3,291	50	913	2,235	263	3,461	42	983	2,489	296	3,810
Wisconsin	0	664	1,444	0	2,108	0	644	1,462	0	2,106	0	716	1,501	0	2,217
PLAINS															
Iowa	18	280	839	0	1,137	12	378	764	3	1,157	8	307	838	4	1,157
Kansas	62	286	378	111	837	94	351	598	114	1,157	0	275	1,099	124	1,498
Minnesota	204	183	1,782	38	2,207	204	242	1,500	86	2,032	234	266	2,164	90	2,754
Missouri	17	28	1,185	260	1,490	16	23	1,546	209	1,794	11	40	1,829	255	2,135
Nebraska	1	3	500	0	504	1	3	552	0	556	1	3	573	0	577
North Dakota	0	163	135	0	298	0	215	140	0	355	0	272	185	0	457
South Dakota	0	227	215	0	442	0	228	180	0	408	0	227	161	0	388
SOUTHEAST															
Alabama	0	688	417	0	1,105	0	761	479	0	1,240	0	1,070	502	0	1,572
Arkansas	0	358	499	0	857	0	302	730	0	1,032	0	338	803	0	1,141
Florida	200	1,119	5,714	325	7,358	25	1,149	4,335	269	5,778	0	1,309	3,683	250	5,242
Georgia	678	953	0	89	1,720	664	960	0	143	1,767	657	960	0	105	1,722
Kentucky	5	525	1,223	0	1,753	8	536	1,331	0	1,875	7	509	1,493	0	2,009
Louisiana	0	412	669	10	1,091	4	403	593	10	1,010	4	408	698	2	1,112
Mississippi	0	322	564	0	886	19	406	534	0	959	20	459	639	0	1,118
North Carolina	15	775	1,846	9	2,645	8	1,101	2,216	0	3,325	11	825	1,762	0	2,598
South Carolina*	1	400	499	119	1,019	2	437	425	160	1,024	1	475	607	N/A	1,083
Tennessee*	0	485	777	0	1,262	0	515	784	0	1,299	0	773	675	77	1,525
Virginia*	32	563	2,041	61	2,697	16	938	1,479	48	2,481	0	716	1,864	92	2,672
West Virginia	7	438	499	192	1,136	3	423	520	85	1,031	10	564	486	64	1,124
SOUTHWEST															
Arizona	37	401	897	293	1,628	4	532	1,094	337	1,967	0	502	886	279	1,667
New Mexico	2	621	320	7	950	1	337	311	163	812	0	432	233	111	776
Oklahoma	55	305	693	0	1,053	39	350	710	0	1,099	39	421	660	0	1,120
Texas	25	1,888	2,818	0	4,731	27	2,268	2,930	1	5,226	24	2,312	2,737	33	5,106
ROCKY MOUNTAIN															
Colorado	197	314	647	161	1,319	35	329	637	357	1,358	0	303	520	191	1,014
Idaho	0	187	299	0	486	0	181	318	0	499	0	309	385	0	694
Montana	9	253	169	0	431	8	285	165	0	458	2	296	190	0	488
Utah	138	243	415	0	796	159	209	381	126	875	61	188	374	159	782
Wyoming	0	4	407	0	411	0	6	409	0	415	0	8	411	0	419
FAR WEST															
Alaska	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
California	1,659	3,517	3,595	486	9,257	1	2,703	3,500	171	6,375	0	2,888	3,660	93	6,641
Hawaii	0	123	1,013	37	1,173	0	103	570	48	721	0	182	645	121	948
Nevada	0	167	269	27	463	0	77	136	55	268	0	123	218	217	558
Oregon	15	17	789	0	821	10	25	792	0	827	7	45	1,122	0	1,174
Washington	27	406	1,146	225	1,804	28	382	1,200	250	1,860	41	357	1,225	189	1,812
TOTAL	\$5,656	\$24,838	\$51,388	\$7,165	\$89,047	\$3,252	\$25,702	\$50,881	\$7,640	\$87,475	\$3,033	\$27,515	\$52,775	\$7,770	\$91,093

Source: National Association of State Budget Officers, 2002 State Expenditure Report

Table 39
TRANSPORTATION EXPENDITURES AS A PERCENT
OF TOTAL EXPENDITURES

Region/State	Fiscal 2001	Fiscal 2002	Fiscal 2003
NEW ENGLAND			
Connecticut	6.3 %	6.4 %	5.8 %
Maine	8.6	8.1	9.1
Massachusetts	8.8	7.5	8.1
New Hampshire	12.2	12.2	11.9
Rhode Island	6.9	4.7	5.6
Vermont	11.0	12.5	N/A
MID-ATLANTIC			
Delaware	8.3	8.4	8.3
Maryland	13.1	13.2	13.1
New Jersey	8.3	7.9	8.2
New York	5.5	5.2	5.3
Pennsylvania	10.9	10.6	10.8
GREAT LAKES			
Illinois	9.3	10.4	11.3
Indiana	9.3	8.4	8.7
Michigan	8.3	8.3	6.6
Ohio	7.8	7.7	7.9
Wisconsin	7.5	6.8	9.4
PLAINS			
Iowa	9.2	8.8	8.8
Kansas	9.5	11.8	14.7
Minnesota	10.8	9.9	11.5
Missouri	9.5	10.7	11.9
Nebraska	8.3	8.5	8.5
North Dakota	13.0	14.6	16.7
South Dakota	18.9	16.7	15.6
SOUTHEAST			
Alabama	7.1	7.4	7.7
Arkansas	7.7	8.6	8.4
Florida	14.0	12.2	10.4
Georgia	6.9	6.5	6.0
Kentucky	10.5	10.9	11.4
Louisiana	6.6	5.7	5.9
Mississippi	9.2	9.1	10.0
North Carolina	9.8	12.6	9.8
South Carolina	7.0	6.9	7.2
Tennessee	7.3	7.0	7.6
Virginia	11.0	9.3	10.0
West Virginia	15.1	12.7	13.1
SOUTHWEST			
Arizona	10.0	10.4	8.5
New Mexico	10.2	9.0	8.7
Oklahoma	8.8	8.4	8.1
Texas	9.0	9.2	8.6
ROCKY MOUNTAIN			
Colorado	10.3	9.9	7.2
Idaho	12.2	11.8	15.0
Montana	14.1	14.2	13.9
Utah	10.3	12.1	10.6
Wyoming	26.6	25.9	25.1
FAR WEST			
Alaska	—	—	—
California	6.7	4.4	4.1
Hawaii	15.6	9.2	11.0
Nevada	9.7	6.5	9.5
Oregon	5.5	4.4	6.4
Washington	7.8	7.6	7.4
ALL STATES	8.8 %	8.1 %	8.1 %

Source: National Association of State Budget Officers, 2002 State Expenditure Report

Table 40

ANNUAL PERCENTAGE CHANGE IN TRANSPORTATION EXPENDITURES

Region/State	Fiscal 2001 to 2002			Fiscal 2002 to 2003		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
NEW ENGLAND						
Connecticut	4.1 %	3.6 %	8.0 %	1.2 %	-9.8 %	-6.6 %
Maine	3.9	10.5	1.5	-4.8	31.0	13.0
Massachusetts	-62.5	—	-11.5	4.6	—	6.2
New Hampshire	0.4	33.1	9.5	0.4	3.6	2.0
Rhode Island	-85.3	-13.7	-26.3	164.3	7.7	23.7
Vermont	31.7	15.7	23.3	N/A	N/A	N/A
MID-ATLANTIC						
Delaware	-13.3	-12.6	6.2	10.7	3.6	-0.6
Maryland	3.5	21.1	7.7	10.4	-1.2	7.3
New Jersey	0.4	-12.8	3.1	11.3	16.4	6.2
New York	6.4	0.3	-0.2	3.6	12.1	10.5
Pennsylvania	1.0	10.5	4.3	3.3	27.3	10.7
GREAT LAKES						
Illinois	13.7	39.8	16.0	11.6	-28.5	11.5
Indiana	-8.8	9.0	-4.4	8.7	12.9	9.9
Michigan	4.1	-4.4	4.3	-37	18.2	-19.6
Ohio	2.7	13.7	5.2	10.8	7.7	10.1
Wisconsin	1.2	-3.0	-0.1	2.7	11.2	5.3
PLAINS						
Iowa	-9.5	35.0	1.8	9.0	-18.8	0.0
Kansas	57.3	22.7	38.2	58.8	-21.7	29.5
Minnesota	-14.2	32.2	-7.9	40.7	9.9	35.5
Missouri	30.0	-17.9	20.4	17.8	73.9	19.0
Nebraska	10.4	0.0	10.3	3.8	0.0	3.8
North Dakota	3.7	31.9	19.1	32.1	26.5	28.7
South Dakota	-16.3	0.4	-7.7	-10.6	-0.4	-4.9
SOUTHEAST						
Alabama	14.9	10.6	12.2	4.8	40.6	26.8
Arkansas	46.3	-15.6	20.4	10.0	11.9	10.6
Florida	-26.3	2.7	-21.5	-15.5	13.9	-9.3
Georgia	-2.1	0.7	2.7	-1.1	0.0	-2.5
Kentucky	9.0	2.1	7.0	12.0	-5.0	7.1
Louisiana	-10.8	-2.2	-7.4	17.6	1.2	10.1
Mississippi	-2.0	26.1	8.2	19.2	13.1	16.6
North Carolina	19.5	42.1	25.7	-20.3	-25.1	-21.9
South Carolina	-14.6	9.3	0.5	42.4	8.7	5.8
Tennessee	0.9	6.2	2.9	-13.9	50.1	17.4
Virginia	-27.9	66.6	-8.0	24.7	-23.7	7.7
West Virginia	3.4	-3.4	-9.2	-5.2	33.3	9.0
SOUTHWEST						
Arizona	17.6	32.7	20.8	-19.3	-5.6	-15.3
New Mexico	-3.1	-45.7	-14.5	-25.3	28.2	-4.4
Oklahoma	0.1	14.8	4.4	-6.7	20.3	1.9
Texas	4.0	20.1	10.5	-6.6	1.9	-2.3
ROCKY MOUNTAIN						
Colorado	-20.4	4.8	3.0	-22.6	-7.9	-25.3
Idaho	6.4	-3.2	2.7	21.1	70.7	39.1
Montana	-2.8	12.6	6.3	11.0	3.9	6.6
Utah	-2.4	-14.0	9.9	-19.4	-10.0	-10.6
Wyoming	0.5	50.0	1.0	0.5	33.3	1.0
FAR WEST						
Alaska	—	—	—	—	—	—
California	-33.4	-23.1	-31.1	4.5	6.8	4.2
Hawaii	-43.7	-16.3	-38.5	13.2	76.7	31.5
Nevada	-49.4	-53.9	-42.1	60.3	59.7	108.2
Oregon	-0.2	47.1	0.7	40.8	80.0	42.0
Washington	4.7	-5.9	3.1	3.1	-6.5	-2.6
ALL STATES	-5.1 %	3.5 %	-1.8 %	3.1 %	7.1 %	4.1 %

Note: State funds are defined as general funds and other state funds (bonds are excluded).
Source: National Association of State Budget Officers, 2002 State Expenditure Report

Table 41

ITEMS EXCLUDED FROM TRANSPORTATION EXPENDITURES

Region/State	Employer Contributions to Pensions	Employer Contributions to Health Benefits	Port Authority Operations	Gasoline Tax & Fee Collections	Truck Enforcement Reg. Programs	Train/Railroad Subsidy Programs	Road Assist. Subsidy Prog. for Local Govts.	Motor Vehicle Licensing	State Police/ Highway Patrol
NEW ENGLAND									
Connecticut				X					X
Maine			X	P	X				X
Massachusetts	X	X	P		X	P		X	X
New Hampshire							X	X	X
Rhode Island			X			X	X	X	X
Vermont			X						X
MID-ATLANTIC									
Delaware			X		X			X	X
Maryland				X	P				X
New Jersey			X						X
New York			N/A	X					X
Pennsylvania			P	P					X
GREAT LAKES									
Illinois		P	X	P				X	X
Indiana			X						X
Michigan			X						X
Ohio									
Wisconsin									
PLAINS									
Iowa			X						X
Kansas			X		X			X	X
Minnesota		X	X						
Missouri				X	X		X	X	X
Nebraska			X				X		X
North Dakota			X		X				X
South Dakota			X	X	X	X		X	X
SOUTHEAST									
Alabama			X		P	X	X	X	X
Arkansas			X			X		X	X
Florida			X	X		X		X	X
Georgia			P					X	X
Kentucky			X						X
Louisiana			X					X	X
Mississippi				P	P	X		X	X
North Carolina			X						
South Carolina			X		X	X	X	X	X
Tennessee				X	X			X	X
Virginia									
West Virginia			P			N/A	N/A		X
SOUTHWEST									
Arizona			P						X
New Mexico				P		X		X	X
Oklahoma			X						X
Texas	X	X	X		P				X
ROCKY MOUNTAIN									
Colorado			X	X	X	X	X	X	X
Idaho					X				X
Montana					X				X
Utah						X	P	P	X
Wyoming						X			P
FAR WEST									
Alaska									
California			X						X
Hawaii			X	X		X	X	X	X
Nevada			N/A			X	X	X	X
Oregon			X						
Washington			X						
ALL STATES	2	4	35	14	16	15	11	21	42

Excluded=X

Partially Excluded=P

Not Applicable=N/A

Source: National Association of State Budget Officers, 2002 State Expenditure Report

Transportation Notes

Small dollar amounts, when rounded, cause an aberration in the percentage increase. In these instances, the actual dollar amounts should be consulted to determine the exact percentage increase.

Pennsylvania: Gasoline taxes are collected by the Department of Revenue.

Ohio: See General Notes for Ohio for discussion of double counting issues that affect percentage of total expenditure amounts.

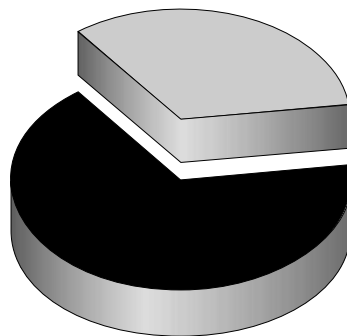
South Carolina: The state no longer prepares an Annual Projects Improvement Plan. South Carolina has adopted a five-year Capital Project Improvement Plan with annual updates for new projects only. As result of moving to this new system, the state no longer collects estimated expenditure data on existing projects. However, actual data is still available and is reported.

Tennessee: Bond estimates represent bond authorizations, while actual bonds represent bond proceeds utilized.

Virginia: Transportation accounts for less than 3 percent of state police funds: most comes from public safety.

CHAPTER SEVEN

ALL OTHER EXPENDITURES



32.6% of State Expenditures

While most state spending can be tracked neatly by functional area, a considerable amount of state spending occurs in categories other than the ones discussed in the previous chapters. In some states, such spending might include the State Children's Health Insurance Program (SCHIP), institutional and community care for mentally ill and developmentally disable persons, public health programs, employer contributions to pensions and health benefits, economic development, environmental projects, state police, parks and recreation, housing, and general aid to local government. A list of items *excluded* from All Other Expenditures is shown in Table 46.

Spending on the items included in the All Other category was \$350 billion in fiscal 2002, or 32.6 percent of total state expenditures. Based on fiscal 2001 All Other expenditures of \$326.6 billion, fiscal 2002 spending increased by 7.2 percent. See Tables 43-45 and the accompanying notes for more details of the All Other category.

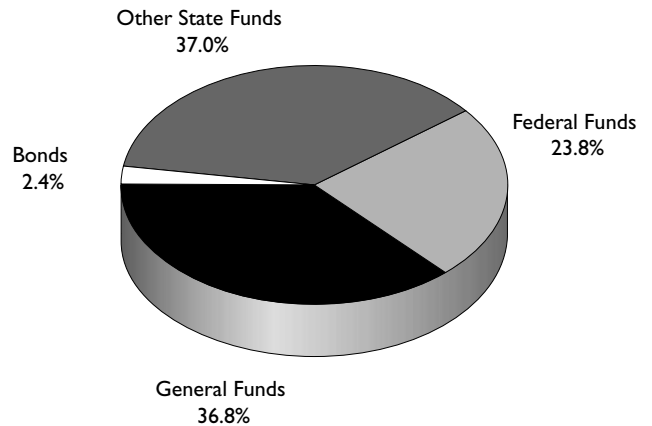
State Children's Health Insurance Program

The enactment of the State Children's Health Insurance Program (SCHIP) as part of the Balanced Budget Act of 1997 has increased health coverage for previously uninsured children. SCHIP is targeted to children whose families have income too high to qualify for Medicaid but too low to afford private insurance. States receive a federal match for their SCHIP programs ranging from 65 percent to 85 percent within a capped allotment. During fiscal 2002, approximately 5.3 million children enrolled in SCHIP, representing a 38 percent increase over fiscal 2000 levels. In fiscal 2002 state SCHIP spending totaled \$4.5 billion. For more details, see Table A-2. A special NASBO report, *Medicaid and Other State Healthcare Issues: The Current Situation*, also contains details of state SCHIP actions.

Fund Shares

The figure below illustrates fund shares for 2002.

Figure 19
STATE EXPENDITURES FOR ALL OTHER PROGRAMS BY FUND SOURCE, FISCAL 2002



Regional Expenditures

The following table shows percentage changes for all other expenditures for fiscal 2001-2002 and 2002-2003. For 2002, the Far West and Southwest states are well above the national average and the Southeast and Rocky Mountain states are well below the national average.

Table 42
REGIONAL PERCENTAGE CHANGE IN STATE ALL OTHER EXPENDITURES, FISCAL 2002 AND 2003

Region	Fiscal 2001 to 2002			Fiscal 2002 to 2003		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
New England	8.3%	11.4%	9.1%	-6.0%	-7.2%	-5.7%
Mid-Atlantic	8.0	16.0	9.9	-2.5	26.7	5.2
Great Lakes	7.1	16.8	9.0	-15.8	11.0	-10.7
Plains	1.8	9.5	4.8	-0.1	12.7	3.8
Southeast	-9.4	4.4	-4.8	13.9	20.9	14.6
Southwest	10.7	11.3	10.1	2.3	-2.1	0.9
Rocky Mountain	-5.3	-1.9	-4.2	3.6	7.9	5.1
Far West	15.4	23.5	18.2	-4.1	21.7	9.6
ALL STATES	4.8%	13.1%	7.2%	-2.1%	17.2%	3.8%

Table 43

ALL OTHER EXPENDITURES - CAPITAL INCLUSIVE (\$ IN MILLIONS)

Region/State	Actual Fiscal 2001					Actual Fiscal 2002					Estimated Fiscal 2003				
	General Fund	Federal Funds	Other State Funds	Bonds	Total	General Fund	Federal Funds	Other State Funds	Bonds	Total	General Fund	Federal Funds	Other State Funds	Bonds	Total
NEW ENGLAND															
Connecticut	\$5,950	\$408	\$802	\$772	\$7,932	\$6,162	\$528	\$853	\$914	\$8,457	\$6,016	\$505	\$1,091	\$785	\$8,397
Maine	800	375	800	23	1,998	813	421	976	47	2,257	760	495	720	69	2,044
Massachusetts	10,045	0	0	611	10,656	10,987	0	0	695	11,682	10,404	0	0	842	11,246
New Hampshire	506	257	44	7	814	613	265	43	35	956	619	267	47	33	966
Rhode Island	824	285	432	76	1,617	896	285	574	82	1,837	922	351	499	36	1,808
Vermont	301	241	196	25	763	285	245	214	13	757	N/A	N/A	N/A	N/A	N/A
MID-ATLANTIC															
Delaware	925	247	1,365	38	2,575	878	272	1,413	84	2,647	890	284	1,364	55	2,593
Maryland	3,404	848	1,843	0	6,095	3,300	878	2,167	0	6,345	2,846	1,523	2,722	0	7,091
New Jersey	6,309	1,612	2,983	315	11,219	7,024	2,139	3,580	459	13,202	7,000	2,994	2,356	344	12,694
New York	11,577	8,138	8,466	427	28,608	11,898	9,506	9,285	575	31,264	11,348	11,600	9,442	914	33,304
Pennsylvania*	5,254	2,898	4,095	449	12,696	5,532	3,142	4,862	282	13,818	5,463	3,797	5,235	594	15,089
GREAT LAKES															
Illinois	5,084	2,205	5,967	531	13,787	4,581	2,385	6,138	807	13,911	4,867	1,934	6,312	698	13,811
Indiana	2,726	1,731	698	0	5,155	2,715	2,128	1,126	0	5,969	2,861	2,346	986	95	6,288
Michigan	3,237	2,718	4,285	224	10,464	3,180	2,989	5,296	153	11,618	2,930	4,033	4,763	62	11,788
Ohio	4,265	2,386	10,725	200	17,576	3,691	2,841	11,886	173	18,591	3,676	3,546	12,042	182	19,446
Wisconsin	2,885	1,195	8,779	0	12,859	2,672	1,612	10,842	0	15,126	2,132	1,409	3,335	0	6,876
PLAINS															
Iowa	1,232	951	1,259	0	3,442	1,154	1,071	1,127	55	3,407	1,057	1,177	1,416	84	3,734
Kansas	692	954	532	1	2,179	617	981	836	5	2,439	552	1,279	546	6	2,383
Minnesota	3,914	1,173	1,384	112	6,583	3,810	1,376	1,477	219	6,882	3,855	1,599	1,791	200	7,445
Missouri*	2,023	1,142	505	54	3,724	1,985	1,250	601	54	3,890	1,727	1,347	421	84	3,579
Nebraska	623	506	695	0	1,824	633	593	798	0	2,024	630	569	923	0	2,122
North Dakota	208	344	315	3	870	220	338	328	5	891	212	313	443	22	990
South Dakota	164	194	216	0	574	176	155	245	0	576	172	210	244	0	626
SOUTHEAST															
Alabama*	786	831	1,767	73	3,457	782	965	2,051	130	3,928	837	1,826	3,879	30	6,572
Arkansas	510	1,004	2,626	57	4,197	440	1,019	2,722	40	4,221	455	1,252	3,360	68	5,135
Florida*	4,370	6,109	9,624	337	20,440	4,119	6,269	4,970	562	15,920	4,122	5,712	6,828	705	17,367
Georgia	3,875	2,467	0	183	6,525	4,067	1,997	0	190	6,254	3,940	4,560	0	79	8,579
Kentucky*	1,727	1,314	1,248	0	4,289	1,777	1,589	1,071	0	4,437	1,824	1,680	917	0	4,421
Louisiana	1,483	576	3,414	56	5,529	1,541	632	2,946	87	5,206	1,639	1,380	3,744	35	6,798
Mississippi	847	418	754	296	2,315	811	461	793	413	2,478	919	653	933	0	2,505
North Carolina	2,839	1,776	1,781	35	6,431	2,712	1,695	0	250	4,657	2,634	1,433	819	147	5,033
South Carolina*	1,827	1,216	1,202	29	4,274	1,631	1,501	1,249	33	4,414	1,800	1,085	1,390	N/A	4,275
Tennessee	1,665	1,577	1,528	10	4,780	1,748	1,773	1,607	12	5,140	1,972	2,213	1,796	9	5,990
Virginia	3,058	1,244	5,038	76	9,416	2,968	1,414	6,350	86	10,818	2,891	1,627	6,359	88	10,965
West Virginia	441	320	642	0	1,403	682	361	1,054	0	2,097	908	364	789	0	2,061
SOUTHWEST															
Arizona	1,712	572	3,684	0	5,968	1,418	806	4,567	0	6,791	1,283	863	4,581	0	6,727
New Mexico	839	896	956	150	2,841	830	604	1,087	64	2,585	831	582	874	32	2,319
Oklahoma	1,099	1,000	1,216	136	3,451	1,042	1,235	1,474	114	3,865	960	1,491	1,614	75	4,140
Texas	3,540	4,123	1,916	65	9,644	3,960	4,693	2,191	30	10,874	4,405	4,245	2,410	88	11,148
ROCKY MOUNTAIN															
Colorado	999	851	2,467	0	4,317	1,107	876	2,627	0	4,610	1,344	946	2,608	0	4,898
Idaho	325	466	369	1	1,161	383	551	331	1	1,266	341	573	391	1	1,306
Montana*	393	383	342	0	1,118	403	428	281	0	1,112	392	501	352	0	1,245
Utah	1,116	702	1,089	0	2,907	661	501	929	25	2,116	643	523	892	61	2,119
Wyoming	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FAR WEST															
Alaska	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
California*	19,033	11,331	7,865	730	38,959	17,650	14,148	13,244	1,339	46,381	16,089	18,580	12,765	5,475	52,909
Hawaii	1,061	452	1,486	192	3,191	1,102	440	1,756	241	3,539	1,381	503	1,633	534	4,051
Nevada	251	445	1,295	0	1,991	388	489	495	18	1,390	378	666	1,472	11	2,527
Oregon	654	936	4,643	0	6,233	946	1,555	6,946	0	9,447	383	1,496	6,315	0	8,194
Washington	2,454	1,950	3,104	200	7,708	2,436	2,041	3,320	122	7,919	2,241	1,476	3,665	173	7,555
TOTAL	\$129,852	\$73,767	\$116,442	\$6,494	\$326,555	\$129,426	\$83,443	\$128,728	\$8,414	\$350,011	\$125,551	\$97,808	\$127,084	\$12,716	\$363,159

Source: National Association of State Budget Officers, 2002 State Expenditure Report

Table 44
ALL OTHER EXPENDITURES AS A PERCENT OF
TOTAL EXPENDITURES

Region/State	Fiscal 2001	Fiscal 2002	Fiscal 2003
NEW ENGLAND			
Connecticut	41.1 %	41.4 %	40.1 %
Maine	37.5	39.5	35.7
Massachusetts	41.0	43.6	42.3
New Hampshire	23.8	25.5	24.5
Rhode Island	33.2	34.9	32.7
Vermont	28.6	26.2	N/A
MID-ATLANTIC			
Delaware	47.5	46.6	45.5
Maryland	30.4	29.6	30.6
New Jersey	34.8	37.8	35.4
New York	35.9	36.8	36.6
Pennsylvania	31.2	31.6	31.9
GREAT LAKES			
Illinois	36.3	35.2	34.1
Indiana	29.8	32.6	32.6
Michigan	27.6	29.2	29.6
Ohio	41.6	41.1	40.1
Wisconsin	45.8	48.5	29.3
PLAINS			
Iowa	27.9	25.9	28.3
Kansas	24.6	24.9	23.4
Minnesota	32.2	33.4	31.2
Missouri	23.8	23.1	20.0
Nebraska	30.1	30.8	31.3
North Dakota	37.9	36.5	36.3
South Dakota	24.6	23.6	25.1
SOUTHEAST			
Alabama	22.3	23.5	32.3
Arkansas	37.6	35.0	37.9
Florida	38.9	33.6	34.5
Georgia	26.2	22.9	29.9
Kentucky	25.8	25.8	25.1
Louisiana	33.4	29.6	36.0
Mississippi	24.1	23.6	22.5
North Carolina	23.9	17.6	19.0
South Carolina	29.6	29.6	28.4
Tennessee	27.7	27.7	30.0
Virginia	38.5	40.7	40.8
West Virginia	18.7	25.7	24.1
SOUTHWEST			
Arizona	36.5	35.8	34.4
New Mexico	30.6	28.8	25.9
Oklahoma	28.8	29.6	30.0
Texas	18.4	19.2	18.9
ROCKY MOUNTAIN			
Colorado	33.9	33.7	34.9
Idaho	29.1	29.9	28.2
Montana	36.5	34.4	35.5
Utah	37.8	29.2	28.8
Wyoming	0.0	0.0	0.0
FAR WEST			
Alaska	—	—	—
California	28.3	31.8	32.3
Hawaii	42.4	45.0	46.9
Nevada	41.7	33.6	42.9
Oregon	41.8	50.0	44.5
Washington	33.4	32.5	30.9
ALL STATES	32.1 %	32.6 %	32.3 %

Source: National Association of State Budget Officers, 2002 State Expenditure Report

Table 45

ANNUAL PERCENTAGE CHANGE IN ALL OTHER EXPENDITURES

Region/State	Fiscal 2001 to 2002			Fiscal 2002 to 2003		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
NEW ENGLAND						
Connecticut	3.9 %	29.4 %	6.6 %	1.3 %	-4.4 %	-0.7 %
Maine	11.8	12.3	13.0	-17.3	17.6	-9.4
Massachusetts	9.4	—	9.6	-5.3	—	-3.7
New Hampshire	19.3	3.1	17.4	1.5	0.8	1.0
Rhode Island	17.0	0.0	13.6	-3.3	23.2	-1.6
Vermont	0.4	1.7	-0.8	N/A	N/A	N/A
MID-ATLANTIC						
Delaware	0.0	10.1	2.8	-1.6	4.4	-2.0
Maryland	4.2	3.5	4.1	1.8	73.5	11.8
New Jersey	14.1	32.7	17.7	-11.8	40.0	-3.8
New York	5.7	16.8	9.3	-1.9	22.0	6.5
Pennsylvania	11.2	8.4	8.8	2.9	20.8	9.2
GREAT LAKES						
Illinois	-3.0	8.2	0.9	4.3	-18.9	-0.7
Indiana	12.2	22.9	15.8	0.2	10.2	5.3
Michigan	12.7	10.0	11.0	-9.2	34.9	1.5
Ohio	3.9	19.1	5.8	0.9	24.8	4.6
Wisconsin	15.9	34.9	17.6	-59.5	-12.6	-54.5
PLAINS						
Iowa	-8.4	12.6	-1.0	8.4	9.9	9.6
Kansas	18.7	2.8	11.9	-24.4	30.4	-2.3
Minnesota	-0.2	17.3	4.5	6.8	16.2	8.2
Missouri	2.3	9.5	4.5	-16.9	7.8	-8.0
Nebraska	8.6	17.2	11.0	8.5	-4.0	4.8
North Dakota	4.8	-1.7	2.4	19.5	-7.4	11.1
South Dakota	10.8	-20.1	0.3	-1.2	35.5	8.7
SOUTHEAST						
Alabama	11.0	16.1	13.6	66.5	89.2	67.3
Arkansas	0.8	1.5	0.6	20.7	22.9	21.7
Florida	-35.1	2.6	-22.1	20.5	-8.9	9.1
Georgia	5.0	-19.1	-4.2	-3.1	128.3	37.2
Kentucky	-4.3	20.9	3.5	-3.8	5.7	-0.4
Louisiana	-8.4	9.7	-5.8	20.0	118.4	30.6
Mississippi	0.2	10.3	7.0	15.5	41.6	1.1
North Carolina	-41.3	-4.6	-27.6	27.3	-15.5	8.1
South Carolina	-4.9	23.4	3.3	10.8	-27.7	-3.1
Tennessee	5.1	12.4	7.5	12.3	24.8	16.5
Virginia	15.1	13.7	14.9	-0.7	15.1	1.4
West Virginia	60.3	12.8	49.5	-2.2	0.8	-1.7
SOUTHWEST						
Arizona	10.9	40.9	13.8	-2.0	7.1	-0.9
New Mexico	6.8	-32.6	-9.0	-11.1	-3.6	-10.3
Oklahoma	8.7	23.5	12.0	2.3	20.7	7.1
Texas	12.7	13.8	12.8	10.8	-9.5	2.5
ROCKY MOUNTAIN						
Colorado	7.7	2.9	6.8	5.8	8.0	6.2
Idaho	2.9	18.2	9.0	2.5	4.0	3.2
Montana	-6.9	11.7	-0.5	8.8	17.1	12.0
Utah	-27.9	-28.6	-27.2	-3.5	4.4	0.1
Wyoming	—	—	—	—	—	—
FAR WEST						
Alaska	—	—	—	—	—	—
California	14.9	24.9	19.1	-6.6	31.3	14.1
Hawaii	12.2	-2.7	10.9	5.5	14.3	14.5
Nevada	-42.9	9.9	-30.2	109.5	36.2	81.8
Oregon	49.0	66.1	51.6	-15.1	-3.8	-13.3
Washington	3.6	4.7	2.7	2.6	-27.7	-4.6
ALL STATES	4.8 %	13.1 %	7.2 %	-2.1 %	17.2 %	3.8 %

Note: State funds are defined as general funds and other state funds (bonds are excluded).
Source: National Association of State Budget Officers, 2002 State Expenditure Report

Table 46

ITEMS EXCLUDED FROM ALL OTHER EXPENDITURES

Region/State	Employers Contribution to Pensions	Employer Contributions to Health Benefits	Child Health Insurance Program	Public Health	Community and Institutional for Mental Health	Community and Institutional for Dev. Disabled	Environmental Programs	Parks and Recreation	Housing	General Aid to Local Government
NEW ENGLAND										
Connecticut										
Maine										
Massachusetts							P	P	P	
New Hampshire										
Rhode Island										
Vermont										
MID-ATLANTIC										
Delaware										
Maryland										
New Jersey										
New York*	P	P								
Pennsylvania									P	
GREAT LAKES										
Illinois		P							P	P
Indiana										
Michigan*				P	P	P				
Ohio										
Wisconsin										
PLAINS										
Iowa										
Kansas							N/A		N/A	
Minnesota		X		P	P					
Missouri										
Nebraska								X		
North Dakota										
South Dakota										X
SOUTHEAST										
Alabama									X	X
Arkansas*								X		
Florida			X							
Georgia										
Kentucky										
Louisiana								X		
Mississippi								P		
North Carolina										
South Carolina										P
Tennessee			X							X
Virginia										
West Virginia										
SOUTHWEST										
Arizona										
New Mexico			X						X	X
Oklahoma										
Texas										
ROCKY MOUNTAIN										
Colorado			X					P		
Idaho									X	X
Montana										
Utah										
Wyoming										
FAR WEST										
Alaska										
California										
Hawaii*	P	P								
Nevada										X
Oregon										
Washington				P						
ALL STATES	2	4	4	3	2	1	2	2	11	8

Excluded=X Partially Excluded=P Not Applicable=N/A

Source: National Association of State Budget Officers, 2002 State Expenditure Report

All Other Expenditure Notes

Small dollar amounts, when rounded, cause an aberration in the percentage increase. In these instances, the actual dollar amounts should be consulted to determine the exact percentage increase.

Alabama: Capital expenditures made from Federal and Other State Funds are not reported separately.

California: A large portion of the variance from actual 2001 to actual 2002 to estimate 2003 is in the Employment Development Department, which oversees the Unemployment and Disability Insurance Programs. As a result of the downturn in the economy, unemployment claims have risen dramatically. The recent passage of two Environmental and one Housing general obligation bonds results in increased expenditures in the 2003 estimated fiscal year.

Florida: This category decreased from fiscal 2001 to fiscal 2002 due to budget "rebasings." This process included the removal of certain expenditures from the state's operating budget that could be managed through the nonoperating budget. The largest of these items included payments to retirees from the Florida Retirement System, distribution of taxes collected by the state and shared with cities and counties, and unemployment compensation benefit payments.

Kentucky: Includes adult literacy programs.

Michigan: Public health and community and institutional care for mentally and developmentally disabled persons are partially reported in the Medicaid totals.

Missouri: Figures exclude refunds.

Montana: State general fund reimbursements to local governments for property tax reductions were \$68 million fiscal 2001. In fiscal 2002, state reimbursements excluding schools increase to \$94 million, as local shares of vehicle fees and taxes, corporate income taxes, video gaming taxes, and alcoholic beverage taxes are replaced with entitlement payments from the state.

Fire and emergency costs in fiscal 2001 were \$64 million in general funds and \$24 million in federal funds. In fiscal 2002, general funds for fire and emergency costs fall to \$17 million, then to \$3 million in fiscal 2003.

Pennsylvania: Housing excludes the activities of the Pennsylvania Housing Finance Agency.

South Carolina: The state no longer prepares an Annual Projects Improvement Plan. South Carolina has adopted a five-year Capital Project Improvement Plan with annual updates for new projects only. As result of moving to this new system, the state no longer collects estimated expenditure data on existing projects. However, actual data is still available and is reported.

CHAPTER EIGHT

CAPITAL EXPENDITURES

Capital expenditures are expenditures made for new construction, major repairs and improvements, land purchases and the acquisition of major equipment and existing structures. Minor repairs and routine maintenance are reported as operating expenses. States often find it difficult to report capital expenditures. Given the long-term nature of capital projects, states often find it difficult to report capital expenditures: the amount of money appropriated when a project is undertaken usually will not be the amount spent in a single year. For greater detail on states' capital spending practices, see *Capital Budgeting in the States*, available in the publications section of NASBO's website at www.nasbo.org.

This chapter includes capital expenditures for higher education, corrections, transportation, environmental projects, and housing. Capital expenditures not included in these categories due to differences in states' reporting capabilities, or expenditures for items not easily classified are included in the "All Other" category. Tables 47-53 display capital expenditure data.

Total Capital Expenditures

State capital spending totaled \$69 billion in fiscal 2002, an increase of 2.3 percent from the previous year. From 1992 to 2002, capital spending has increased at an average annual rate of 5.3 percent.

Fiscal 2003 estimates reflecting capital spending on infrastructure are \$68.5 billion, a 0.8 percent decrease, in part indicative of states putting off capital projects amidst the fiscal crunch.

Because of the nature of capital spending, such as long construction timetables and unforeseen or delayed project costs, increases in state spending on capital projects are generally followed by a significant slowdown or decrease.

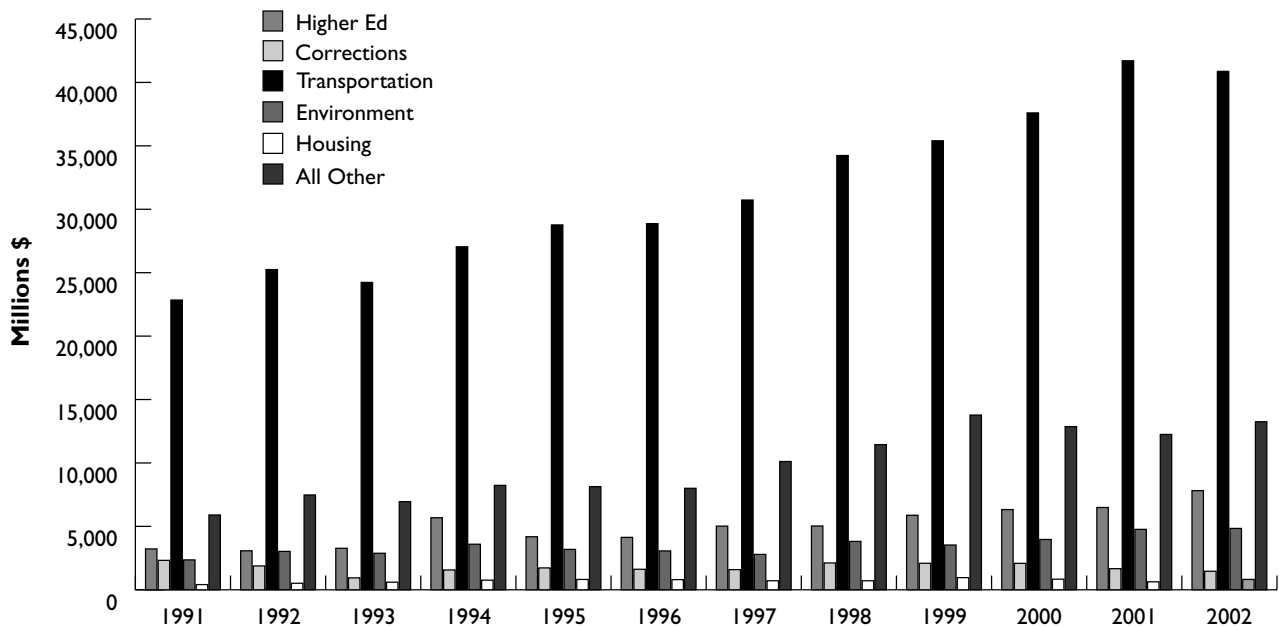
Capital Fund Sources

State spending on capital projects traditionally has come from non-general fund sources, namely bonds (33 percent in fiscal 2002) and other state funds such as fees and fund surpluses (36.9 percent in fiscal 2002). Federal funds (23.8 percent) and state general funds (6.3 percent) also contribute to capital spending.

Capital Funds by Use

The single largest state capital expenditure category is **transportation**, comprising 59.2 percent (\$40.8 billion) of all capital expenditures in fiscal 2002. Based on estimated fiscal 2003 figures, transportation-related capital spending will increase by 1.6 percent.

Figure 20
CAPITAL EXPENDITURES BY TYPE, FISCAL 1991 TO 2002



Higher education capital spending continued to increase rapidly, growing 20.4 percent over fiscal 2001 levels, totaling approximately \$7.8 billion, or 11.3 percent of fiscal 2002 total capital spending. In fiscal 2003, it is estimated to decrease by 10.5 percent.

State capital spending for **environmental** purposes in fiscal 2002 is \$4.8 billion, 7 percent of total capital spending and a 1.6 percent increase over fiscal 2001.

Housing capital expenditures account for just 1.2 percent of total fiscal 2002 capital spending.

State spending for **all other** purposes totaled \$13.3 billion, amounting to 19.2 percent of total capital spending.

Figure 22
TOTAL CAPITAL EXPENDITURES BY FUNDING SOURCE, FISCAL 2002

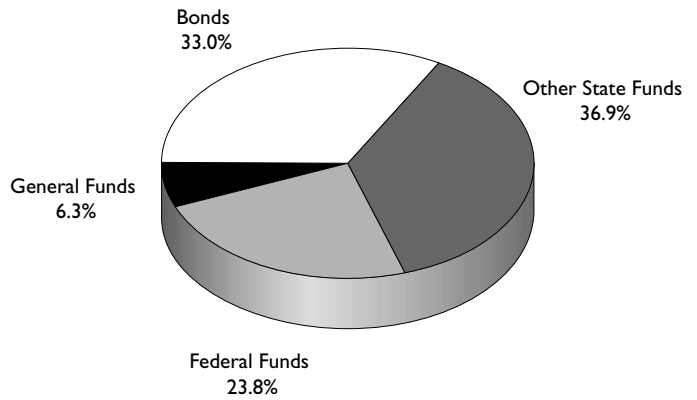


Figure 21
ANNUAL PERCENTAGE CHANGE IN TOTAL CAPITAL EXPENDITURES

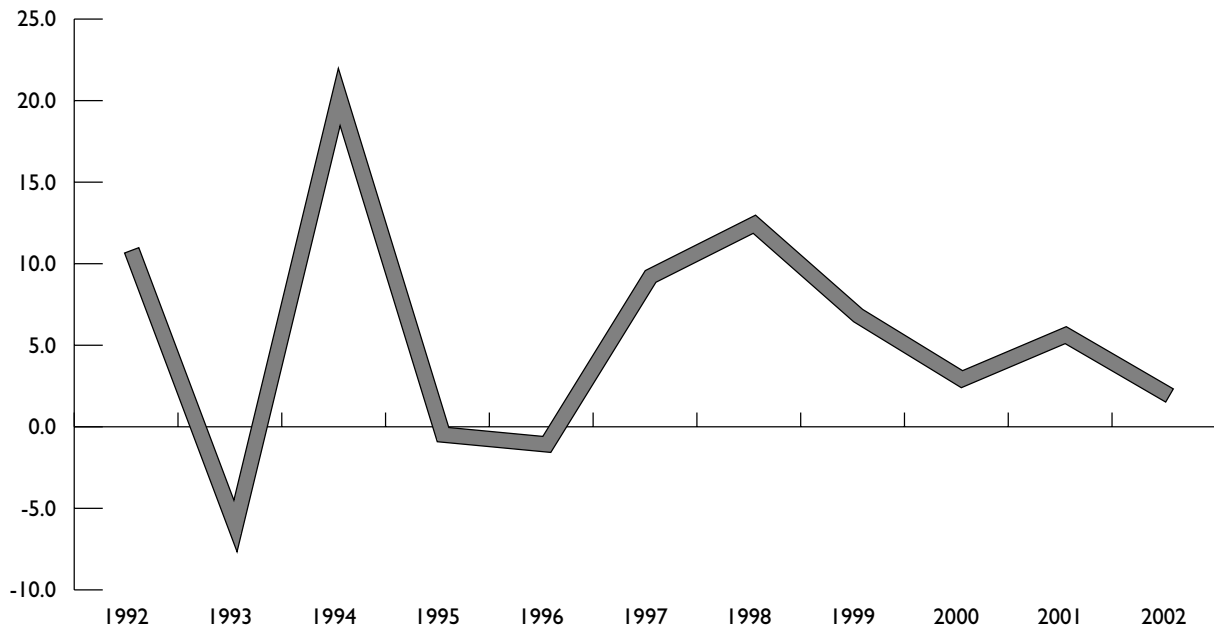


Table 47

TOTAL CAPITAL EXPENDITURES (\$ IN MILLIONS)

Region/State	Actual Fiscal 2001					Actual Fiscal 2002					Estimated Fiscal 2003				
	General Fund	Federal Funds	Other State Funds	Bonds	Total	General Fund	Federal Funds	Other State Funds	Bonds	Total	General Fund	Federal Funds	Other State Funds	Bonds	Total
NEW ENGLAND															
Connecticut	\$0	\$561	\$12	\$1,193	\$1,766	\$0	\$581	\$12	\$1,657	\$2,250	\$2	\$524	\$12	\$1,678	\$2,216
Maine	8	111	85	28	232	15	122	80	17	234	3	159	41	33	236
Massachusetts	141	460	82	1,996	2,679	195	490	52	1,995	2,732	171	694	99	1,823	2,787
New Hampshire	0	10	147	38	195	0	32	177	46	255	0	32	180	69	281
Rhode Island*	2	219	43	128	392	3	60	78	151	292	1	256	119	153	529
Vermont	0	0	0	41	41	0	0	0	40	40	N/A	N/A	N/A	N/A	N/A
MID-ATLANTIC															
Delaware	120	129	255	100	604	107	114	200	252	673	100	118	195	175	588
Maryland	469	152	549	595	1,765	443	181	594	715	1,932	50	230	634	403	1,316
New Jersey	1,183	772	0	918	2,873	1,179	688	0	1,243	3,110	1,088	760	0	1,043	2,891
New York	0	1,457	1,076	1,927	4,460	0	1,374	1,180	1,759	4,313	0	1,472	1,135	2,424	5,031
Pennsylvania*	0	0	0	775	775	0	0	0	756	756	0	0	0	960	960
GREAT LAKES															
Illinois	26	0	1,407	1,269	2,703	27	0	1,747	1,729	3,503	28	0	1,582	1,801	3,410
Indiana*	313	780	516	128	1,737	237	830	464	264	1,795	233	940	555	151	1,879
Michigan*	338	1,086	1,344	683	3,450	354	780	347	662	2,142	327	892	462	485	2,167
Ohio	64	825	587	1,105	2,581	18	917	605	1,184	2,724	15	986	694	1,204	2,899
Wisconsin	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PLAINS															
Iowa	0	0	117	0	117	0	4	68	129	201	0	6	59	175	240
Kansas	64	172	69	140	445	106	350	289	149	894	11	277	755	159	1,202
Minnesota	108	78	768	309	1,263	110	96	708	348	1,262	166	156	1,123	348	1,793
Missouri	81	3	1,239	322	1,645	36	10	1,586	263	1,895	41	10	1,863	339	2,253
Nebraska	57	6	588	0	651	39	5	622	0	666	30	11	628	0	669
North Dakota	23	142	74	14	253	17	192	73	10	292	17	246	77	28	368
South Dakota	4	216	155	0	375	1	216	123	0	340	2	208	95	0	305
SOUTHEAST															
Alabama*	1	691	312	73	1,077	0	761	434	130	1,326	0	1,070	261	34	1,366
Arkansas	0	3	119	24	146	0	3	112	9	124	0	7	171	7	185
Florida*	633	1,245	7,849	1,064	10,791	185	1,313	6,574	1,437	9,509	151	1,599	5,295	1,356	8,401
Georgia	2	1,275	164	713	2,154	1	1,670	211	1,332	3,214	0	985	124	667	1,776
Kentucky*	0	0	524	0	524	0	0	587	0	587	0	0	523	0	523
Louisiana	31	450	579	116	1,176	8	424	618	129	1,179	132	479	572	48	1,231
Mississippi	34	229	354	202	819	18	316	391	379	1,104	25	369	449	0	843
North Carolina	76	0	0	200	276	33	0	0	605	638	31	0	0	712	743
South Carolina	26	14	405	549	994	14	35	573	448	1,070	N/A	N/A	N/A	N/A	N/A
Tennessee*	25	515	512	98	1,150	16	522	526	21	1,085	28	824	381	124	1,357
Virginia	136	6	150	159	451	119	4	141	202	466	22	17	127	343	508
West Virginia*	29	465	314	367	1,175	22	462	405	307	1,196	25	568	395	295	1,283
SOUTHWEST															
Arizona	515	410	348	293	1,566	26	0	388	399	814	3	0	305	328	635
New Mexico	105	0	11	175	291	58	0	181	173	412	42	0	26	45	113
Oklahoma	71	438	558	181	1,248	51	579	799	205	1,634	62	529	714	259	1,564
Texas*	N/A	N/A	N/A	N/A	3,610	N/A	N/A	N/A	N/A	4,120	N/A	N/A	N/A	N/A	3,979
ROCKY MOUNTAIN															
Colorado	293	43	234	0	570	156	18	210	0	384	23	17	174	0	214
Idaho	0	160	80	5	245	0	159	82	5	246	0	283	132	4	419
Montana*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Utah	195	203	379	0	777	174	160	268	196	798	98	170	211	343	822
Wyoming	21	13	353	0	387	24	18	356	0	398	27	23	359	0	409
FAR WEST															
Alaska	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
California*	2,041	1,948	-997	1,147	4,139	284	1,448	625	1,066	3,423	169	1,123	1,019	2,155	4,466
Hawaii	0	117	125	313	555	0	104	114	412	630	0	187	170	856	1,213
Nevada	7	13	9	52	82	6	5	5	46	61	3	6	21	60	90
Oregon	3	8	171	0	182	2	8	218	0	228	0	0	131	0	131
Washington	0	432	956	726	2,114	0	427	1,111	573	2,111	0	396	1,185	599	2,180
TOTAL*	\$7,245	\$15,858	\$22,622	\$18,166	\$67,502	\$4,083	\$15,477	\$23,933	\$21,443	\$69,057	\$3,126	\$16,629	\$23,051	\$21,686	\$68,472

Source: National Association of State Budget Officers, 2002 State Expenditure Report

Table 48

HIGHER EDUCATION CAPITAL EXPENDITURES (\$ IN MILLIONS)

Region/State	Actual Fiscal 2001					Actual Fiscal 2002					Estimated Fiscal 2003				
	General Fund	Federal Funds	Other State Funds	Bonds	Total	General Fund	Federal Funds	Other State Funds	Bonds	Total	General Fund	Federal Funds	Other State Funds	Bonds	Total
NEW ENGLAND															
Connecticut	\$0	\$0	\$0	\$87	\$87	\$0	\$0	\$0	\$118	\$118	\$0	\$0	\$0	\$178	\$178
Maine	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Massachusetts	0	0	0	57	57	0	0	0	106	106	0	0	0	60	60
New Hampshire	0	0	0	12	12	0	0	0	4	4	0	0	0	27	27
Rhode Island	1	10	12	19	42	0	10	50	9	69	0	2	52	29	83
Vermont	0	0	0	6	6	0	0	0	9	9	N/A	N/A	N/A	N/A	
MID-ATLANTIC															
Delaware	9	0	5	3	17	10	0	5	11	26	6	0	5	10	21
Maryland	140	0	25	209	374	167	0	25	234	426	0	0	30	77	107
New Jersey	11	0	0	0	11	12	0	0	0	12	1	0	0	2	3
New York	0	0	72	341	413	0	0	58	263	321	0	0	100	215	315
Pennsylvania	0	0	0	96	96	0	0	0	153	153	0	0	0	179	179
GREAT LAKES															
Illinois	0	0	2	155	157	0	0	0	178	178	0	0	2	180	182
Indiana	74	0	10	61	145	23	0	0	136	159	35	0	0	56	91
Michigan*	0	0	0	188	188	0	0	0	171	171	0	0	0	166	166
Ohio	0	0	0	294	294	0	0	0	320	320	0	0	0	175	175
Wisconsin	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
PLAINS															
Iowa	0	0	18	0	18	0	0	8	30	38	0	0	8	45	53
Kansas	2	0	28	26	56	2	0	74	29	105	0	0	38	28	66
Minnesota	32	2	6	137	177	0	0	0	125	125	0	0	0	125	125
Missouri	30	0	6	0	36	0	0	0	0	0	0	0	0	0	
Nebraska	13	0	89	0	102	16	1	77	0	94	9	1	56	0	66
North Dakota	10	0	5	11	26	7	0	0	5	12	7	0	0	3	10
South Dakota	3	0	18	0	21	1	0	22	0	23	2	0	18	0	20
SOUTHEAST															
Alabama	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Arkansas	0	0	17	24	41	0	0	23	9	32	0	0	38	7	45
Florida	57	0	43	402	502	53	0	46	606	705	46	0	40	401	487
Georgia	0	0	141	308	449	0	0	211	342	553	0	0	124	220	344
Kentucky	0	0	192	0	192	0	0	269	0	269	0	0	226	0	226
Louisiana	20	0	108	48	176	0	2	268	29	299	62	22	295	9	388
Mississippi	20	2	68	0	90	13	2	76	0	91	16	5	41	0	62
North Carolina	0	0	0	0	0	0	0	0	300	300	0	0	0	565	565
South Carolina*	4	2	120	129	255	3	3	124	90	220	N/A	N/A	N/A	N/A	N/A
Tennessee	16	0	0	67	83	8	0	0	9	17	8	0	2	41	51
Virginia	101	1	107	133	342	91	0	107	183	381	15	1	83	273	372
West Virginia*	0	0	89	60	149	0	0	135	68	203	0	0	139	70	209
SOUTHWEST															
Arizona	9	0	0	0	9	22	0	22	62	106	0	0	20	49	69
New Mexico	0	0	0	25	25	1	0	0	100	101	1	0	1	6	8
Oklahoma	0	3	47	45	95	0	10	243	91	344	11	2	134	184	331
Texas	N/A	N/A	N/A	N/A	118	N/A	N/A	N/A	N/A	150	N/A	N/A	N/A	N/A	144
ROCKY MOUNTAIN															
Colorado	155	7	167	0	329	105	3	130	0	238	7	1	86	0	94
Idaho	0	0	19	1	20	0	0	11	1	12	0	0	8	0	8
Montana	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Utah	2	0	91	0	93	0	0	-35	45	10	0	0	-2	118	116
Wyoming	16	8	1	0	25	18	10	2	0	30	20	12	3	0	35
FAR WEST															
Alaska	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
California	23	0	0	592	615	55	0	0	623	678	42	0	0	716	758
Hawaii	0	0	0	82	82	0	0	0	121	121	0	1	2	178	181
Nevada	3	0	8	22	33	3	0	4	26	33	1	0	21	45	67
Oregon	0	0	77	0	77	0	0	130	0	130	0	0	131	0	131
Washington	0	0	108	246	354	0	0	147	177	324	0	0	163	209	372
TOTAL	\$751	\$35	\$1,699	\$3,886	\$6,489	\$610	\$41	\$2,232	\$4,783	\$7,816	\$289	\$47	\$1,864	\$4,646	\$6,990

Source: National Association of State Budget Officers, 2002 State Expenditure Report

Table 49

CORRECTIONS CAPITAL EXPENDITURES (\$ IN MILLIONS)

Region/State	Actual Fiscal 2001					Actual Fiscal 2002					Estimated Fiscal 2003				
	General Fund	Federal Funds	Other State Funds	Bonds	Total	General Fund	Federal Funds	Other State Funds	Bonds	Total	General Fund	Federal Funds	Other State Funds	Bonds	Total
NEW ENGLAND															
Connecticut	\$0	\$0	\$0	\$19	\$19	\$0	\$0	\$0	\$35	\$35	\$0	\$0	\$0	\$27	\$27
Maine	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Massachusetts	0	0	0	21	21	0	0	0	23	23	0	0	0	20	20
New Hampshire	0	0	0	3	3	0	0	0	0	0	0	0	0	0	0
Rhode Island	1	0	2	0	3	0	0	3	0	3	0	0	8	0	8
Vermont	0	0	0	1	1	0	0	0	6	6	N/A	N/A	N/A	N/A	N/A
MID-ATLANTIC															
Delaware	9	4	0	7	20	4	3	1	6	14	4	3	1	5	13
Maryland	13	0	0	55	68	3	5	6	55	69	0	0	3	17	20
New Jersey	32	0	0	2	34	20	0	0	2	22	30	0	0	3	33
New York	0	47	3	213	263	0	1	4	206	211	0	0	6	188	194
Pennsylvania	0	0	0	92	92	0	0	0	164	164	0	0	0	38	38
GREAT LAKES															
Illinois	4	0	0	159	163	3	0	0	96	99	3	0	0	90	93
Indiana	57	0	18	67	142	62	0	15	128	205	63	0	15	0	78
Michigan	9	6	0	49	64	14	1	0	17	32	4	0	0	3	7
Ohio	0	0	0	81	81	0	0	0	74	74	0	0	0	90	90
Wisconsin	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PLAINS															
Iowa	0	0	10	0	10	0	0	0	7	7	0	0	2	10	12
Kansas	7	0	9	2	18	7	0	17	1	25	7	0	7	1	15
Minnesota	14	2	1	6	23	5	10	1	8	24	7	11	0	8	26
Missouri	9	0	0	8	17	10	0	0	0	10	9	1	0	0	10
Nebraska	24	0	0	0	24	10	0	0	0	10	6	0	0	0	6
North Dakota	1	2	0	0	3	2	0	0	0	2	2	0	1	3	6
South Dakota	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0
SOUTHEAST															
Alabama	0	3	2	0	5	0	0	2	0	2	0	0	1	4	5
Arkansas	0	3	5	0	8	0	3	1	0	4	0	2	4	0	6
Florida	19	0	5	0	24	18	0	0	0	18	21	0	4	0	25
Georgia	1	5	0	29	35	1	20	0	24	45	0	0	0	62	62
Kentucky	0	0	28	0	28	0	0	29	0	29	0	0	70	0	70
Louisiana	0	5	9	2	16	0	0	0	3	3	3	5	5	2	15
Mississippi	2	0	1	0	3	1	0	1	0	2	1	0	1	0	2
North Carolina	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
South Carolina*	4	9	3	22	38	2	3	2	15	22	N/A	N/A	N/A	N/A	N/A
Tennessee	0	15	10	21	46	0	0	22	0	22	0	21	9	0	30
Virginia	9	3	2	3	17	7	2	3	2	14	3	4	2	5	14
West Virginia	0	0	1	0	1	0	0	0	1	1	0	0	0	6	6
SOUTHWEST															
Arizona	1	9	3	0	13	0	0	0	0	0	0	0	0	0	0
New Mexico	0	0	0	0	0	0	0	0	0	0	3	0	0	0	3
Oklahoma	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Texas	N/A	N/A	N/A	N/A	89	N/A	N/A	N/A	N/A	68	N/A	N/A	N/A	N/A	59
ROCKY MOUNTAIN															
Colorado	14	0	0	0	14	11	6	7	0	24	1	0	1	0	2
Idaho	0	0	1	3	4	0	0	4	3	7	0	0	2	3	5
Montana	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Utah	0	4	0	0	4	0	0	0	0	0	0	8	0	5	13
Wyoming	5	1	0	0	6	6	2	0	0	8	7	3	0	0	10
FAR WEST															
Alaska	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
California	73	0	0	2	75	74	0	0	1	75	26	0	0	4	30
Hawaii	0	0	0	2	2	0	0	0	2	2	0	0	0	23	23
Nevada	0	3	0	17	20	1	0	0	1	2	1	0	-1	3	3
Oregon	2	0	80	0	82	1	0	49	0	50	0	0	0	0	0
Washington	0	8	2	55	65	0	5	1	24	30	0	2	1	28	31
TOTAL	\$311	\$129	\$195	\$941	\$1,665	\$262	\$61	\$168	\$904	\$1,463	\$201	\$60	\$142	\$648	\$1,110

Source: National Association of State Budget Officers, 2002 State Expenditure Report

Table 50

TRANSPORTATION CAPITAL EXPENDITURES (\$ IN MILLIONS)

Region/State	Actual Fiscal 2001					Actual Fiscal 2002					Estimated Fiscal 2003				
	General Fund	Federal Funds	Other State Funds	Bonds	Total	General Fund	Federal Funds	Other State Funds	Bonds	Total	General Fund	Federal Funds	Other State Funds	Bonds	Total
NEW ENGLAND															
Connecticut	\$0	\$561	\$12	\$181	\$754	\$0	\$581	\$12	\$185	\$778	\$2	\$524	\$12	\$188	\$726
Maine	0	104	36	25	165	7	115	43	7	172	0	156	33	22	211
Massachusetts	141	460	82	1,307	1,990	195	490	52	1,171	1,908	171	694	99	901	1,865
New Hampshire	0	10	147	10	167	0	32	177	1	210	0	32	180	2	214
Rhode Island	0	209	22	32	263	3	49	11	53	116	0	196	37	75	308
Vermont	0	0	0	1	1	0	0	0	0	0	N/A	N/A	N/A	N/A	N/A
MID-ATLANTIC															
Delaware	0	125	176	0	301	0	111	130	87	328	0	115	145	50	310
Maryland	0	150	264	0	414	0	157	260	0	417	0	200	386	0	586
New Jersey	701	761	0	601	2,063	685	680	0	782	2,147	745	750	0	693	2,188
New York	0	1,102	518	880	2,500	0	1,100	850	716	2,666	0	1,236	742	947	2,925
Pennsylvania	0	0	0	138	138	0	0	0	157	157	0	0	0	149	149
GREAT LAKES															
Illinois	0	0	1,399	363	1,762	0	0	1,739	463	2,202	0	0	1,575	576	2,151
Indiana	1	390	449	0	840	2	415	411	0	828	2	470	441	0	913
Michigan	17	905	1,242	217	2,381	12	594	248	315	1,169	0	663	326	254	1,243
Ohio	13	803	565	264	1,645	8	913	577	263	1,761	7	983	658	296	1,944
Wisconsin	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PLAINS															
Iowa	0	0	3	0	3	0	0	0	3	3	0	0	4	4	8
Kansas	52	171	18	111	352	94	341	194	114	743	0	267	687	124	1,078
Minnesota	8	61	706	38	813	84	73	666	70	893	132	119	1,065	70	1,386
Missouri	0	0	1,185	260	1,445	0	0	1,546	209	1,755	0	0	1,829	255	2,084
Nebraska	0	0	484	0	484	0	0	519	0	519	0	0	543	0	543
North Dakota	0	137	53	0	190	0	175	38	0	213	0	229	64	0	293
South Dakota	0	216	137	0	353	0	216	101	0	317	0	208	77	0	285
SOUTHEAST															
Alabama	0	688	181	0	869	0	761	238	0	999	0	1,070	224	0	1,294
Arkansas	0	0	0	0	0	0	0	0	0	0	0	0	3	0	3
Florida	200	1,119	5,029	325	6,673	25	1,149	3,680	269	5,123	0	1,309	2,982	250	4,541
Georgia	1	1,270	23	89	1,383	0	1,650	0	143	1,793	0	985	0	105	1,090
Kentucky	0	0	13	0	13	0	0	20	0	20	0	0	90	0	90
Louisiana	0	409	240	10	659	1	406	292	10	709	9	336	227	2	574
Mississippi	0	205	234	0	439	0	298	246	0	544	0	313	285	0	598
North Carolina	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
South Carolina*	6	0	248	119	373	0	0	412	160	572	N/A	N/A	N/A	N/A	N/A
Tennessee	0	485	502	0	987	0	515	504	0	1,019	0	773	370	77	1,220
Virginia	0	0	33	15	48	0	0	21	3	24	0	0	29	56	85
West Virginia	4	433	176	192	805	3	419	219	85	726	7	554	235	64	860
SOUTHWEST															
Arizona	20	401	321	293	1,035	0	0	354	337	691	0	0	252	279	531
New Mexico	0	0	0	0	0	0	0	0	9	9	6	0	5	7	18
Oklahoma	46	305	430	0	781	30	350	468	0	848	31	421	417	0	869
Texas	N/A	N/A	N/A	N/A	3,153	N/A	N/A	N/A	N/A	3,560	N/A	N/A	N/A	N/A	3,340
ROCKY MOUNTAIN															
Colorado	59	0	0	0	59	0	0	0	0	0	0	0	0	0	0
Idaho	0	160	50	0	210	0	159	61	0	220	0	283	115	0	398
Montana	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Utah	137	197	239	0	573	146	158	199	126	629	60	158	190	159	567
Wyoming	0	4	352	0	356	0	6	354	0	360	0	8	356	0	364
FAR WEST															
Alaska	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
California	1,530	1,935	-1,014	348	2,799	0	1,418	593	144	2,155	0	1,057	932	66	2,055
Hawaii	0	116	58	37	211	0	98	52	48	198	0	165	51	121	337
Nevada	0	2	0	0	2	0	1	0	0	1	0	1	0	0	1
Oregon	0	0	2	0	2	0	0	2	0	2	0	0	0	0	0
Washington	0	375	652	225	1,252	0	354	764	250	1,368	0	342	759	189	1,290
TOTAL	\$2,936	\$14,269	\$15,267	\$6,081	\$41,706	\$1,295	\$13,784	\$16,053	\$6,180	\$40,872	\$1,172	\$14,617	\$16,425	\$5,981	\$41,535

Source: National Association of State Budget Officers, 2002 State Expenditure Report

Table 51

ENVIRONMENTAL PROJECTS CAPITAL EXPENDITURES (\$ IN MILLIONS)

Region/State	Actual Fiscal 2001					Actual Fiscal 2002					Estimated Fiscal 2003				
	General Fund	Federal Funds	Other State Funds	Bonds	Total	General Fund	Federal Funds	Other State Funds	Bonds	Total	General Fund	Federal Funds	Other State Funds	Bonds	Total
NEW ENGLAND															
Connecticut	\$0	\$0	\$0	\$141	\$141	\$0	\$0	\$0	\$209	\$209	\$0	\$0	\$0	\$141	\$141
Maine	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Massachusetts	0	0	0	140	140	0	0	0	156	156	0	0	0	123	123
New Hampshire	0	0	0	7	7	0	0	0	7	7	0	0	0	6	6
Rhode Island	0	0	5	12	17	0	1	2	71	74	1	20	6	47	74
Vermont	0	0	0	9	9	0	0	0	6	6	N/A	N/A	N/A	N/A	N/A
MID-ATLANTIC															
Delaware	1	0	28	1	30	6	0	26	0	32	4	0	24	0	28
Maryland	25	1	184	44	254	41	3	249	71	364	11	2	124	71	208
New Jersey	77	11	0	285	373	97	8	0	432	537	81	10	0	320	411
New York	0	258	182	296	736	0	157	147	263	567	0	145	151	365	661
Pennsylvania	0	0	0	17	17	0	0	0	20	20	0	0	0	20	20
GREAT LAKES															
Illinois	1	0	0	30	31	2	0	0	37	39	3	0	0	55	58
Indiana	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Michigan	43	93	75	48	259	26	91	79	8	204	19	105	112	3	239
Ohio	2	0	1	107	110	0	0	3	119	122	1	0	9	121	131
Wisconsin	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PLAINS															
Iowa	0	0	29	0	29	0	0	25	4	29	0	3	17	4	24
Kansas	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Minnesota	15	5	35	22	77	8	5	26	25	64	7	3	34	25	69
Missouri	0	0	0	54	54	0	0	0	54	54	0	0	0	54	54
Nebraska	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
North Dakota	0	0	4	3	7	0	3	6	0	9	0	5	9	0	14
South Dakota	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SOUTHEAST															
Alabama	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Arkansas	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Florida*	98	126	749	278	1,251	21	164	644	275	1,104	37	290	603	392	1,322
Georgia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kentucky	0	0	5	0	5	0	0	7	0	7	0	0	1	0	1
Louisiana	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mississippi	2	2	7	0	11	0	1	7	0	8	1	2	8	0	11
North Carolina	0	0	0	175	175	33	0	0	250	283	31	0	0	147	178
South Carolina*	1	2	9	0	12	1	27	11	0	39	N/A	N/A	N/A	N/A	N/A
Tennessee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Virginia	1	2	6	3	12	0	1	3	2	6	0	3	5	0	8
West Virginia	0	19	9	0	28	0	19	12	0	31	0	1	0	0	1
SOUTHWEST															
Arizona	0	0	0	0	0	1	0	1	0	2	0	0	2	0	2
New Mexico	41	0	1	0	42	0	0	7	26	33	8	0	0	14	22
Oklahoma	6	4	40	0	50	5	32	25	0	62	4	10	60	0	74
Texas	N/A	N/A	N/A	N/A	28	N/A	N/A	N/A	N/A	71	N/A	N/A	N/A	N/A	116
ROCKY MOUNTAIN															
Colorado	3	15	35	0	53	0	1	36	0	37	0	5	41	0	46
Idaho	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Montana	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Utah	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Wyoming	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FAR WEST															
Alaska	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
California	341	2	7	197	547	99	5	26	289	419	70	7	48	1,333	1,458
Hawaii	0	0	0	6	6	0	0	0	6	6	0	0	0	8	8
Nevada	0	0	0	0	0	0	0	1	1	2	0	0	1	2	
Oregon	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Washington	0	25	163	66	254	0	38	165	33	236	0	36	193	51	280
TOTAL	\$657	\$565	\$1,574	\$1,941	\$4,765	\$340	\$556	\$1,508	\$2,364	\$4,839	\$278	\$647	\$1,448	\$3,301	\$5,790

Source: National Association of State Budget Officers, 2002 State Expenditure Report

Table 52

HOUSING CAPITAL EXPENDITURES (\$ IN MILLIONS)

Region/State	Actual Fiscal 2001					Actual Fiscal 2002					Estimated Fiscal 2003				
	General Fund	Federal Funds	Other State Funds	Bonds	Total	General Fund	Federal Funds	Other State Funds	Bonds	Total	General Fund	Federal Funds	Other State Funds	Bonds	Total
NEW ENGLAND															
Connecticut	\$0	\$0	\$0	\$8	\$8	\$0	\$0	\$0	\$18	\$18	\$0	\$0	\$0	\$15	\$15
Maine	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Massachusetts	0	0	0	57	57	0	0	0	106	106	0	0	0	60	60
New Hampshire	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Rhode Island	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Vermont	0	0	0	0	0	0	0	0	3	3	N/A	N/A	N/A	N/A	N/A
MID-ATLANTIC															
Delaware	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Maryland	25	0	16	14	55	35	14	17	3	69	15	15	17	15	62
New Jersey	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
New York	0	3	1	60	64	0	3	3	95	101	0	3	4	99	106
Pennsylvania	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
GREAT LAKES															
Illinois	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Indiana	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Michigan	0	77	14	1	92	0	91	14	2	107	0	110	14	2	126
Ohio	0	22	18	0	40	0	4	22	0	26	0	3	22	0	25
Wisconsin	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PLAINS															
Iowa	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kansas	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Minnesota	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Missouri	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Nebraska	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
North Dakota	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
South Dakota	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SOUTHEAST															
Alabama	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Arkansas	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Florida	0	0	187	0	187	0	0	208	0	208	0	0	247	0	247
Georgia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kentucky	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Louisiana	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mississippi	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
North Carolina	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
South Carolina*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tennessee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Virginia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
West Virginia	7	4	0	115	126	7	18	0	153	178	13	8	0	155	176
SOUTHWEST															
Arizona	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
New Mexico	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Oklahoma	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Texas	N/A	N/A	N/A	N/A	0	N/A	N/A	N/A	N/A	1	N/A	N/A	N/A	N/A	0
ROCKY MOUNTAIN															
Colorado	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Idaho	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Montana	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Utah	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Wyoming	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FAR WEST															
Alaska	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
California	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Hawaii	0	0	0	2	2	0	0	0	1	1	0	16	0	14	30
Nevada	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Oregon	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Washington	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	\$32	\$106	\$236	\$257	\$631	\$42	\$130	\$264	\$381	\$818	\$28	\$155	\$304	\$360	\$847

Source: National Association of State Budget Officers, 2002 State Expenditure Report

Table 53

ALL OTHER CAPITAL EXPENDITURES (\$ IN MILLIONS)

Region/State	Actual Fiscal 2001					Actual Fiscal 2002					Estimated Fiscal 2003				
	General Fund	Federal Funds	Other State Funds	Bonds	Total	General Fund	Federal Funds	Other State Funds	Bonds	Total	General Fund	Federal Funds	Other State Funds	Bonds	Total
NEW ENGLAND															
Connecticut	\$0	\$0	\$0	\$757	\$757	\$0	\$0	\$0	\$1,092	\$1,092	\$0	\$0	\$0	\$1,129	\$1,129
Maine	8	7	49	3	67	8	7	37	10	62	3	3	8	11	25
Massachusetts	0	0	0	414	414	0	0	0	433	433	0	0	0	659	659
New Hampshire	0	0	0	6	6	0	0	0	34	34	0	0	0	34	34
Rhode Island	0	0	2	65	67	0	0	12	18	30	0	38	16	2	56
Vermont	0	0	0	24	24	0	0	0	16	16	N/A	N/A	N/A	N/A	N/A
MID-ATLANTIC															
Delaware	101	0	46	89	236	87	0	38	148	273	86	0	20	110	216
Maryland	267	2	60	274	603	196	2	37	351	586	25	13	73	223	334
New Jersey	362	0	0	30	392	365	0	0	27	392	231	0	0	25	256
New York	0	47	300	137	484	0	113	118	216	447	0	88	132	610	830
Pennsylvania	0	0	0	432	432	0	0	0	262	262	0	0	0	574	574
GREAT LAKES															
Illinois	21	0	7	563	591	22	0	8	955	985	22	0	5	900	927
Indiana	181	390	39	0	610	150	415	38	0	603	133	470	99	95	797
Michigan	268	4	13	181	466	301	3	6	149	459	305	15	9	57	386
Ohio	49	0	3	359	411	10	0	3	408	421	7	0	5	522	534
Wisconsin	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PLAINS															
Iowa	0	0	57	0	57	0	4	35	85	124	0	3	28	112	143
Kansas	3	1	14	1	19	3	9	4	5	21	4	10	23	6	43
Minnesota	39	8	20	106	173	13	8	15	120	156	20	23	24	120	187
Missouri	42	3	48	0	93	26	10	40	0	76	32	9	34	30	105
Nebraska	20	6	15	0	41	13	4	26	0	43	15	10	29	0	54
North Dakota	12	3	12	0	27	8	14	29	5	56	8	12	3	22	45
South Dakota	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SOUTHEAST															
Alabama	0	0	129	73	202	0	0	194	130	324	0	0	36	30	66
Arkansas	0	0	97	0	97	0	0	88	0	88	0	5	126	0	131
Florida	259	0	1,836	59	2,154	68	0	1,996	287	2,351	47	0	1,419	313	1,779
Georgia	0	0	0	287	287	0	0	0	823	823	0	0	0	280	280
Kentucky	0	0	286	0	286	0	0	262	0	262	0	0	136	0	136
Louisiana	11	36	222	56	325	7	16	58	87	168	58	116	45	35	254
Mississippi	10	20	44	202	276	4	15	61	379	459	7	49	114	0	170
North Carolina	76	0	0	25	101	0	0	0	55	55	0	0	0	0	0
South Carolina*	11	1	25	279	316	8	2	24	183	217	N/A	N/A	N/A	N/A	N/A
Tennessee	9	15	0	10	34	8	7	0	12	27	20	30	0	6	56
Virginia	26	1	2	5	34	21	2	6	12	41	4	9	7	8	28
West Virginia	18	9	39	0	66	12	6	39	0	57	5	5	21	0	31
SOUTHWEST															
Arizona	485	0	24	0	509	3	0	12	0	15	3	0	30	0	33
New Mexico	64	0	10	150	224	57	0	174	38	269	24	0	20	18	62
Oklahoma	19	126	41	136	322	16	187	63	114	380	16	96	103	75	290
Texas	N/A	N/A	N/A	N/A	221	N/A	N/A	N/A	N/A	271	N/A	N/A	N/A	N/A	320
ROCKY MOUNTAIN															
Colorado	62	21	32	0	115	40	8	37	0	85	15	11	46	0	72
Idaho	0	0	10	1	11	0	0	6	1	7	0	0	7	1	8
Montana	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Utah	56	2	49	0	107	28	2	104	25	159	38	4	23	61	126
Wyoming	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FAR WEST															
Alaska	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
California	74	11	10	8	103	56	25	6	9	96	31	59	39	36	165
Hawaii	0	1	67	184	252	0	6	62	234	302	0	5	117	512	634
Nevada	4	8	1	13	26	2	4	0	18	24	2	5	0	11	18
Oregon	1	8	12	0	21	1	8	37	0	46	0	0	0	0	0
Washington	0	24	31	134	189	0	30	34	89	153	0	16	69	122	207
TOTAL*	\$2,558	\$754	\$3,652	\$5,063	\$12,248	\$1,533	\$907	\$3,709	\$6,830	\$13,250	\$1,161	\$1,104	\$2,866	\$6,750	\$12,201

Source: National Association of State Budget Officers, 2002 State Expenditure Report

Capital Spending Notes

The totals for Total Capital Expenditures and All Other Capital Expenditures do not reflect Alabama's Federal or Other State Funds expenditures for the All Other Capital expenditure category. See the note below for greater detail.

Alabama: Capital expenditures for higher education are not tracked at the state level. For All Other Expenditures, capital expenditures made from Federal and Other State Funds are not reported separately.

California: The recent passage of two Environmental general obligation bonds results in increased expenditures in the 2003 estimated fiscal year.

Connecticut: Fiscal 2002 includes a one-time open space land purchase of 15,300 acres of watershed land for \$80 million.

Florida: Environmental capital spending increased in fiscal 2003 by \$100 million due to an appropriation for the Save Our Everglades program.

Indiana: Bond figures include project appropriations approved during the fiscal year.

Kentucky: Capital expenditures are included in "Other State Funds." All fund source appropriations for capital expenditures are by law transferred to the Capital Projects Fund. Expenditures for road and bridge construction and maintenance are included in the Total Transportation expenditures category, but not reflected in the Capital only section.

Michigan: Higher education capital expenditures made from non-state funds are excluded.

Montana: Capital expenditures are not reported separately but are included in Total Expenditures.

Pennsylvania: While federal funds for transportation capital expenditures are anticipated, they are not included due to the difficulty in estimating the varying reimbursement and match requirements.

Rhode Island: Third party funding totaling \$7 million in fiscal 2002 and \$5 million in fiscal 2003 is used for capital transportation projects. Transportation includes airports and the Rhode Island Public Transit Agency but is not included as either general, federal, other state funds or bond funds. Corrections include judicial functions and in fiscal 2004 will include \$1 million within the Attorney General's office for a fingerprint identification system. The state does not provide aid to local governments for corrections.

Juvenile, drug programs and criminally insane programs are generally part of other state agency operating budgets. Private funding for higher education totaling \$10 million in fiscal 2002 and \$13 million in fiscal 2003 is used for projects but is not included as either general, federal, other state funds or bond funds. Environmental capital spending includes the Department of Environmental Management, the Coastal Resource Management Council, the Rhode Island Water Resources Board and the general obligation portion of Rhode Island Clean Water Finance Agency finance capitalization funding. The Narragansett Bay Commission is not included, along with the remainder of CWFA financing. The Rhode Island Health and Educational Building Corporation is included in the "other" category.

South Carolina: The state no longer prepares an Annual Projects Improvement Plan. South Carolina has adopted a five-year Capital Project Improvement Plan with annual updates for new projects only. As result of moving to this new system, the state no longer collects estimated expenditure data on existing projects. However, actual data is still available and is reported.

Tennessee: Bond estimates represent bond authorizations, while actual bonds represent bond proceeds utilized.

Texas: Bond funds include expenditures made from bond proceeds, to the extent that agencies reported bond proceeds as a method of finance. The method of finance for capital expenditures is not available. Housing capital expenditures do not include Private Activity Bonds and bonds issued by the Texas State Affordable Housing Corporation. Environmental totals do not include parks and wildlife. Transportation totals include highway construction contracts, which were not included as a capital expenditure in previous surveys.

Utah: Included in general funds are school funds (income tax revenue) which in Utah is restricted by the state constitution for the sole use of public and higher education.

Not included in the fiscal 2001 numbers are two items funded through authorized revenue bonds for a Board of Regents Office building (\$8 million) and a Student Center Addition at Utah Valley State College (\$13.5 million).

Not included in the fiscal 2002 numbers are four items funded through authorized revenue bonds including: \$100 million for a University of Utah Huntsman Cancer Institute expansion; \$1.5 million for a student center expansion at Dixie State College; \$6 million for a cafeteria remodel at Salt Lake Community College; and \$25 million for a hospital expansion at the University of Utah.

Not included in the fiscal 2003 numbers are four items funded through authorized revenue bonds including: \$2.5 million for a multi-event center at Snow College (Richfield campus); \$9 million for a student housing complex at Southern Utah University; \$33 million for an east campus central plant at the University of Utah; and \$19 million for research park facilities at Utah State University.

Regarding housing capital expenditures, numerous revolving loan programs have been established by the State of Utah. These loan funds are typically provided startup General Fund appropriations when established. Some loan funds receive periodic General Fund appropriations to enhance the loan programs. Once established, loan repayments generally remain within the loan programs in order to provide additional monies for future loans. One revolving loan program provides low-interest loans and grants to Utah residents for low-income housing. This loan fund is the Olene Walker Housing Trust Fund (\$4 million available in 2001, \$4 million available in 2002, and \$4 million projected available for 2003). These funds were shown under capital for housing in previous years, but have been reclassified this year to a footnote.

Regarding environmental capital expenditures, numerous revolving loan programs have been established by the State of Utah. These

loan funds are typically provided startup General Fund appropriations when established. Some loan funds receive periodic General Fund appropriations to enhance the loan programs. Once established, loan repayments generally remain within the loan programs in order to provide additional monies for future loans. Several revolving loan programs provide low-interest loans to local governments, such as cities and counties, to provide water and sewer systems. These loan funds include: 1) Water Resources Construction Fund (\$8 million available in 2001, \$7 million available in 2002, and \$9 million projected available for 2003); 2) Water Resources Cities Water Loan Fund (\$2 million available in 2001, \$1 million available in 2002, and \$2 million projected available for 2003); 3) Water Resources Conservation and Development Fund (\$20 million available in 2001, \$13 million available in 2002, and \$16 million projected available for 2003); 4) Water Quality Loan Fund (\$17 million available in 2001, \$22 million available in 2002, and \$14 million projected available for 2003); and 5) Drinking Water Loan Fund (\$10 million available in 2001, \$13 million available in 2002, and \$9 million projected available for 2003).

West Virginia: Higher education bond fund information not available for the 201 State Expenditure Report has increased this amount by \$27 million.

CHAPTER NINE
REVENUE SOURCES
IN THE GENERAL FUND

Revenue in state general funds—the main source for state expenditures—totals \$468.7 billion in fiscal 2002. Indicative of the grueling fiscal conditions states have experienced, that amount is \$10 billion less than the general fund revenues collected in fiscal 2001. General fund revenue collections in fiscal 2003 are estimated to be below fiscal 2001 levels as well. The major sources of general fund revenue are displayed in Table 54.

The three main sources of general fund revenue—sales and compensating use taxes, personal income taxes, and corporate income taxes—account for 78.2 percent of general fund revenues. Specifically, sales and use taxes represent 33.5 percent of the total, personal income taxes account for 39.4 percent, and corporate income taxes are 5.3 percent. Other taxes and fees equal 20.8 percent of general fund revenues, while gaming taxes represent 1 percent.

Depending on the state, “other taxes and fees” in the general fund may include cigarette and tobacco taxes, alcoholic beverage taxes, insurance premiums, severance taxes, licenses and fees for permits, inheritances taxes, and charges for state-provided services.

States use a variety of taxes and fees to finance programs, not all of which are reflected in the general fund. These include some gaming taxes and lottery proceeds, and motor vehicle taxes fees, which often are earmarked for special purposes or specific funds, such as education or roads.

Table 55 illustrates the major items that are excluded from general fund revenue sources. For example, property taxes are a mainstay

of local government finance and the majority of states exclude them from both their general funds and their revenue bases. However, many states use aid to local governments or other subsidies to help reduce the amount of property taxes local governments require.

State Tax Trends

Fiscal 2002 continued to be a painful one for state general fund revenues. As economic recovery crawled forward, state coffers continued to be pinched. During the late 1990s and into 2000, states benefited from the booming stock market, and as capital gains surged, state personal income tax collections in particular swelled. But capital gains peaked in 2000 at \$574 billion, falling to \$134.1 billion in 2001 and \$71.5 billion in fiscal 2002. The impact on personal income tax collections was palpable: personal income tax collections fell by 14.3 percent in the first quarter of 2002, 22.3 percent in the second quarter, 1.6 percent in the third quarter and 0.7 percent in the fourth.

To bolster their hemorrhaging revenue systems, states raised taxes and fees by \$8 billion in fiscal 2003—mostly in cigarette and tobacco taxes and sales taxes—after cutting taxes by \$33.4 billion during the previous eight years. By comparison, during the 1980s net state tax reductions occurred only twice, totaling just more than \$3 billion. Presently, nine states do not have broad-based personal income taxes: Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas, Washington, and Wyoming.

Figure 23
REVENUE SOURCES IN THE GENERAL FUND

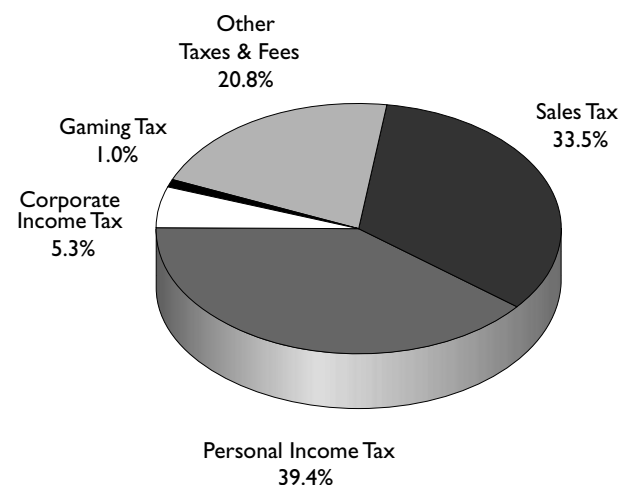


Table 54

REVENUE SOURCES IN THE GENERAL FUND (\$ IN MILLIONS)

Region/state	Actual Fiscal 2001						Actual Fiscal 2002						Estimated Fiscal 2003					
	Personal Sales Tax	Corp. Income Tax	Other Income Tax	Gaming Tax	Taxes & Fees	Total	Personal Sales Tax	Corp. Income Tax	Other Income Tax	Gaming Tax	Taxes & Fees	Total	Personal Sales Tax	Corp. Income Tax	Other Income Tax	Gaming Tax	Taxes & Fees	Total
NEW ENGLAND																		
Connecticut	3,125	4,744	551	591	2,976	11,986	2,998	4,266	381	647	2,554	10,845	3,062	4,333	561	656	3,502	12,115
Maine	818	1,168	96	N/A	309	2,391	836	1,070	77	N/A	349	2,332	868	1,070	93	N/A	351	2,382
Massachusetts	3,755	9,903	945	0	2,125	16,728	3,696	7,913	586	0	2,093	14,288	3,708	8,026	799	0	2,320	14,853
New Hampshire	N/A	N/A	354	4	1,468	1,826	N/A	N/A	383	4	1,570	1,957	N/A	N/A	393	4	1,633	2,030
Rhode Island*	713	914	69	186	683	2,564	746	808	33	220	796	2,602	778	809	64	244	855	2,750
Vermont	215	450	41	0	190	896	208	435	36	0	188	867	N/A	N/A	N/A	N/A	N/A	N/A
MID-ATLANTIC																		
Delaware	N/A	718	62	N/A	1,549	2,329	N/A	714	133	N/A	1,579	2,426	N/A	695	54	N/A	1,576	2,325
Maryland	2,626	5,134	374	385	1,282	9,801	2,642	4,772	273	414	1,255	9,356	2,709	4,731	323	432	1,222	9,417
New Jersey	5,759	7,989	1,441	713	5,083	20,985	5,997	6,837	1,213	776	5,726	20,549	6,000	6,966	2,066	806	6,918	22,756
New York	6,272	23,566	4,328	29	1,898	36,093	6,131	25,854	3,616	30	1,740	37,371	6,303	21,460	3,522	30	1,480	32,795
Pennsylvania*	7,204	7,492	1,603	0	4,263	20,562	7,292	7,139	1,418	0	4,211	20,060	7,519	7,090	1,422	0	5,175	21,206
GREAT LAKES																		
Illinois	5,958	7,996	1,036	969	3,827	19,786	6,052	7,471	803	1,029	3,766	19,121	6,400	7,760	830	1,175	3,945	20,110
Indiana	3,687	3,780	855	0	730	9,052	3,761	3,541	709	0	697	8,708	4,303	3,698	550	428	947	9,926
Michigan*	966	4,792	2,022	0	1,209	8,989	956	4,234	1,983	0	1,254	8,427	918	4,100	1,896	0	1,170	8,084
Ohio	5,936	7,263	915	0	7,195	21,309	6,038	7,304	712	0	6,874	20,928	6,362	7,501	725	0	8,072	22,660
Wisconsin*	3,610	5,157	537	0	759	10,063	3,696	4,980	503	0	841	10,020	3,760	5,120	490	0	853	10,223
PLAINS																		
Iowa	1,691	2,427	285	94	726	5,223	1,692	2,372	239	100	910	5,313	1,690	2,444	226	94	698	5,152
Kansas	1,659	1,977	212	0	567	4,415	1,704	1,830	94	0	480	4,108	1,830	1,845	125	0	352	4,152
Minnesota	3,802	5,915	729	60	1,176	11,682	3,773	5,443	529	59	2,373	12,177	3,892	5,570	542	59	2,409	12,472
Missouri*	1,754	3,976	226	0	483	6,439	1,758	3,754	290	0	409	6,211	1,730	3,658	179	0	449	6,016
Nebraska	905	1,233	138	0	181	2,457	919	1,160	108	0	179	2,366	1,029	1,130	111	0	186	2,456
North Dakota	367	206	52	8	192	825	369	197	41	14	174	795	397	192	44	13	207	853
South Dakota	452	NA	0	0	372	825	458	NA	0	0	409	867	476	NA	0	0	415	891
SOUTHEAST																		
Alabama	1,544	2,037	125	3	1,469	5,178	1,620	1,970	193	3	1,491	5,277	1,608	1,991	196	3	1,538	5,336
Arkansas	1,678	1,805	235	6	254	3,978	1,682	1,790	219	4	248	3,943	1,708	1,833	232	4	258	4,035
Florida	13,946	0	1,345	17	3,871	19,179	14,136	0	1,218	19	3,956	19,329	14,485	0	1,085	21	4,020	19,611
Georgia	4,862	7,643	N/A	N/A	3,264	15,769	4,418	7,350	N/A	N/A	3,358	15,126	4,397	7,252	N/A	N/A	3,179	14,828
Kentucky	2,248	2,779	290	0	1,443	6,760	2,300	2,703	207	0	1,483	6,693	2,364	2,746	278	0	1,526	6,914
Louisiana	2,406	1,763	542	417	1,402	6,530	2,320	1,770	438	407	1,529	6,464	2,196	1,911	400	412	1,476	6,396
Mississippi	1,458	1,120	322	170	619	3,689	1,473	1,131	293	181	556	3,634	1,437	1,141	261	171	565	3,575
North Carolina	3,436	7,391	460	0	2,165	13,452	3,706	7,135	409	0	2,260	13,510	3,916	7,089	841	0	2,246	14,091
South Carolina	2,000	2,127	180	0	773	5,080	2,027	1,920	111	0	872	4,930	2,168	2,307	168	0	802	5,445
Tennessee	4,402	130	521	0	1,802	6,855	4,400	93	424	0	1,747	6,664	5,140	92	545	0	1,825	7,602
Virginia	2,273	7,226	364	NA	1,242	11,105	2,430	6,711	290	NA	1,248	10,679	2,342	6,798	292	NA	1,333	10,765
West Virginia	852	1,021	113	0	732	2,718	1,035	886	87	0	816	2,824	907	1,089	75	0	859	2,930
SOUTHWEST																		
Arizona	2,984	2,360	549	0	289	6,181	3,001	2,113	353	0	715	6,182	3,010	2,070	310	0	697	6,087
New Mexico	1,290	906	220	23	1,555	3,994	1,310	1,025	142	136	1,322	3,935	1,358	970	120	73	1,376	3,897
Oklahoma	1,326	1,955	156	11	1,257	4,705	1,315	1,988	137	13	960	4,413	1,253	1,894	62	8	994	4,211
Texas*	14,632	N/A	N/A	0	14,731	29,363	14,476	N/A	N/A	0	13,923	28,400	14,541	N/A	N/A	0	13,783	28,324
ROCKY MOUNTAIN																		
Colorado	1,909	4,018	330	31	429	6,717	1,868	3,345	178	34	419	5,844	1,826	3,290	220	39	377	5,752
Idaho	647	1,024	142	0	172	1,985	657	836	76	0	131	1,700	697	886	86	0	122	1,791
Montana	N/A	556	104	21	588	1,269	N/A	518	68	44	633	1,263	N/A	521	47	45	615	1,228
Utah	1,431	1,713	175	0	296	3,615	1,441	1,610	119	0	252	3,422	1,445	1,599	122	0	276	3,442
Wyoming	296	0	0	0	354	650	313	0	0	0	325	638	308	0	0	0	297	605
FAR WEST																		
Alaska	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
California*	21,277	44,614	6,899	4	-1,366	71,428	21,355	33,047	5,333	3	12,501	72,239	22,349	32,880	6,452	4	11,459	73,144
Hawaii	1,625	1,105	61	N/A	651	3,442	1,603	1,071	45	N/A	722	3,441	1,755	1,031	2	N/A	847	3,635
Nevada*	646	N/A	N/A	673	415	1,734	655	N/A	N/A	660	437	1,752	689	N/A	N/A	679	446	1,814
Oregon	N/A	4,540	373	N/A	325	5,238	N/A	3,678	195	N/A	456	4,329	N/A	4,143	202	N/A	304	4,649
Washington	5,903	N/A	N/A	0	4,926	10,829	5,812	N/A	N/A	0	4,639	10,451	5,969	N/A	N/A	0	4,707	10,676
ALL STATES	156,344	204,634	30,376	4,416	82,901	478,670	157,074	184,784	24,696	4,796	97,427	468,777	161,602	181,730	27,011	5,400	100,661	476,405

Table 55

ITEMS EXCLUDED FROM REVENUE SOURCES

Region/State	Sales and Compensating Use Taxes	Personal Income Taxes	Corporate Income Taxes	Gaming Taxes	Lottery Funds	Cigarette and Tobacco Taxes	Motor Fuel Taxes	Alcoholic Beverage Taxes	Insurance Premium Taxes	Property Taxes	Utility Taxes	Severance Taxes	Federal Funds	Licenses and Fees	Other
NEW ENGLAND															
Connecticut							X			X		X			
Maine							P					X	P		
Massachusetts				N/A	X					N/A		N/A		X	
New Hampshire	X	X										X			
Rhode Island										X		X	X		
Vermont				X	X	X	X			X			X	P	P
MID-ATLANTIC															
Delaware	X			X			X			X		N/A	X		
Maryland	P		P	N/A	P		P			X		N/A	X	X	X
New Jersey	P		P	X		P				X	P	X	X	P	
New York					X		X			X		X	X	X	X
Pennsylvania	P			P	X	P	X		P	P		N/A	X	P	P
GREAT LAKES															
Illinois	P	P	P	P	P	P	X		P	X	P	X	X	P	P
Indiana				P		P	X	P	P	X	P	X	X	P	P
Michigan	P	P		X	P	P	X	P		X		X	P	P	P
Ohio	P	P	P	X	X		X	P	P	X	P	X	P	P	P
Wisconsin				X	X		X			X		X	X	X	X
PLAINS															
Iowa				P			X			X			X		
Kansas				P	X		X			P			X	P	P
Minnesota					X					X	X	P			
Missouri				X	X	X	X		P	X	X	X	P	P	P
Nebraska					X		X		P	X	X	X	X	X	X
North Dakota							X			X	X		X	P	
South Dakota							X			X	X		X		
SOUTHEAST															
Alabama					X		X						X		
Arkansas					X					X					
Florida	P	X		P	X	P	X	P	P	P	X	P	X	P	P
Georgia				X									X		
Kentucky							X								
Louisiana	P			P	X	P	X		P	X	P	P	X	P	P
Mississippi							P						X	X	
North Carolina				X	X					X	X	X			
South Carolina					X					X					
Tennessee				X	X					X					
Virginia	P			X	X	P	X			X	X	X	X	P	
West Virginia				N/A	P		X				X		X		
SOUTHWEST															
Arizona				X									X		
New Mexico					X		X			X		P	X		
Oklahoma					N/A					X			X		
Texas		X	X	X						X				P	
ROCKY MOUNTAIN															
Colorado				P	X		X			X	X	X	X	X	P
Idaho				X	X	P	X	P		X	X	X	X	X	
Montana	N/A					P	X	P		P	X	P	X	P	P
Utah				X	X					P					
Wyoming		X	X	X	X										
FAR WEST															
Alaska															
California	P			P	X	P	X			X	X	X	X	P	P
Hawaii	P			X	X		X			X		X	P	P	P
Nevada		N/A	N/A		N/A		X			X	X	X	X		
Oregon	X			X	X		X			X	X		X		
Washington		X	X	X			X					X	X	P	
ALL STATES	15	9	8	31	32	13	34	6	8	39	21	29	38	25	17

Excluded=X Partially Excluded=P Not Applicable=N/A

Source: National Association of State Budget Officers, 2001 State Expenditure Report, June 2002

Revenue Sources in the General Fund

Arizona: Figures do not include transfers to the general fund.

California: In fiscal 2001, the General Fund made a large loan for the purpose of buying electricity during the energy crisis. This is reflected in the negative amount for Other Taxes and Fees. The General Fund was repaid in fiscal 2002 when the state sold energy revenue bonds.

Michigan: Actual fiscal 2001 and fiscal 2002 amounts reflect general fund non-dedicated revenue as contained in the respective State of Michigan Comprehensive Annual Financial Reports. Revenue figures have been adjusted to put them on a basis comparable to the consensus estimates. Fiscal 2003 estimates are the May 2003 consensus revenue estimates. Revenue totals are affected by phased-in rate cuts in personal income tax and in single business tax (corporate tax).

Missouri: In fiscal 2002, corporate income taxes include corporate franchise taxes that corporations paid on their corporate income tax form with their corporate income tax. Fiscal 2003 amounts reflect revised estimates as of January 2003.

Nevada: Nevada does not have a personal income tax, a corporate income tax, or a lottery. Portions of the sales and compensating use taxes, gaming taxes, cigarette and tobacco taxes, alcoholic beverage taxes, and licenses and fees go to non-general

fund sources and/or are distributed to local governments. The dollar amounts shown for the survey are the state general fund portion only.

Pennsylvania: Other taxes and fees include non-tax revenues such as interest earnings, transfers from other funds and miscellaneous revenues.

Rhode Island: In previous years, lottery revenues were included in "other taxes and fees." This year's submission includes lottery revenues in "gaming taxes." Franchise taxes are included in "corporate income taxes." Previously, they were included in "other taxes and fees." Fiscal 2001 data reflect the previous edition of the State Expenditure Report, fiscal 2002 figures are preliminary, and fiscal 2003 data reflect the enacted budget.

Texas: The Comptroller's 2003 base revenue estimate is adjusted for legislative changes and federal flexible grant funds received in July 2003. Total revenues do not include beginning balances and adjustments. Property taxes are excluded because Texas does not have a state property tax. The corporate franchise tax is included. Although the formula for calculating this tax has an income component, the tax itself is not considered a corporate income tax.

Wisconsin: Amounts include General Purpose Revenues (GPR) only. GPR-earned, departmental revenues, and transfers are not included.

APPENDIX

Table A-1

TOTAL STATE EXPENDITURES BY FUND SOURCE (EXCLUDES BONDS) (\$ IN MILLIONS)

Region/State	Actual Fiscal 2001			Actual Fiscal 2002			Estimated Fiscal 2003		
	State Funds	Federal Funds	State & Federal Funds	State Funds	Federal Funds	State & Federal Funds	State Funds	Federal Funds	State & Federal Funds
NEW ENGLAND									
Connecticut	\$14,744	\$3,338	\$18,082	\$15,288	\$3,427	\$18,715	\$15,607	\$3,637	\$19,244
Maine	3,729	1,540	5,269	3,968	1,685	5,653	3,701	1,905	5,606
Massachusetts	22,270	1,024	23,294	22,927	1,119	24,046	22,537	1,106	23,643
New Hampshire	2,388	1,000	3,388	2,601	1,104	3,705	2,697	1,177	3,874
Rhode Island	3,316	1,429	4,745	3,636	1,477	5,113	3,675	1,708	5,383
Vermont	1,758	866	2,624	1,889	960	2,849	N/A	N/A	N/A
MID-ATLANTIC									
Delaware	4,506	810	5,316	4,565	867	5,432	4,618	907	5,525
Maryland	15,721	4,344	20,065	16,605	4,838	21,443	17,479	5,680	23,159
New Jersey	24,742	6,609	31,351	26,562	7,138	33,700	26,411	8,357	34,768
New York	52,257	25,570	77,827	55,218	28,065	83,283	56,486	31,985	88,471
Pennsylvania	27,919	12,000	39,919	29,652	13,320	42,972	30,986	15,334	46,320
GREAT LAKES									
Illinois	28,255	8,188	36,443	28,913	8,418	37,331	30,182	8,329	38,511
Indiana	12,315	4,840	17,155	12,401	5,649	18,050	12,981	6,164	19,145
Michigan	28,328	8,950	37,278	29,530	9,548	39,078	28,040	11,276	39,316
Ohio	35,792	5,400	41,192	37,729	6,286	44,015	39,450	7,825	47,275
Wisconsin	23,042	5,050	28,092	25,380	5,797	31,177	17,815	5,688	23,503
PLAINS									
Iowa	9,337	2,982	12,319	9,469	3,556	13,025	9,578	3,441	13,019
Kansas	6,124	2,585	8,709	6,805	2,849	9,654	6,937	3,086	10,023
Minnesota	15,997	4,157	20,154	15,377	4,708	20,085	17,960	5,433	23,393
Missouri	10,656	4,675	15,331	11,289	5,261	16,550	11,595	5,947	17,542
Nebraska	4,472	1,586	6,058	4,813	1,754	6,567	4,952	1,830	6,782
North Dakota	1,395	888	2,283	1,469	960	2,429	1,676	1,027	2,703
South Dakota	1,413	923	2,336	1,479	965	2,444	1,473	1,011	2,484
SOUTHEAST									
Alabama	10,549	4,868	15,417	11,319	5,296	16,615	13,402	6,906	20,308
Arkansas	7,920	3,155	11,075	8,559	3,460	12,019	9,556	3,926	13,482
Florida	38,091	13,351	51,442	31,719	14,282	46,001	33,436	15,535	48,971
Georgia	15,776	8,401	24,177	16,861	9,143	26,004	16,583	11,398	27,981
Kentucky	11,537	5,118	16,655	11,493	5,730	17,223	11,724	5,897	17,621
Louisiana	11,730	4,714	16,444	12,057	5,422	17,479	12,795	6,057	18,852
Mississippi	6,354	2,947	9,301	6,610	3,498	10,108	7,099	4,034	11,133
North Carolina	18,696	7,574	26,270	17,683	8,141	25,824	18,104	7,676	25,780
South Carolina	9,453	4,455	13,908	9,361	5,085	14,446	10,082	4,978	15,060
Tennessee	10,846	6,338	17,184	11,587	6,941	18,528	12,101	7,732	19,833
Virginia	20,034	4,131	24,165	21,359	4,892	26,251	21,286	5,100	26,386
West Virginia	4,514	2,650	7,164	5,311	2,585	7,896	5,370	2,881	8,251
SOUTHWEST									
Arizona	12,308	3,751	16,059	13,955	4,691	18,646	13,687	5,565	19,252
New Mexico	6,073	2,989	9,062	5,997	2,606	8,603	5,733	2,955	8,688
Oklahoma	8,539	3,257	11,796	8,965	3,883	12,848	9,168	4,385	13,553
Texas	36,666	15,580	52,246	38,816	17,826	56,642	39,687	19,176	58,863
ROCKY MOUNTAIN									
Colorado	9,986	2,601	12,587	10,512	2,791	13,303	10,803	3,051	13,854
Idaho	2,701	1,279	3,980	2,822	1,414	4,236	2,962	1,659	4,621
Montana	1,926	1,141	3,067	1,958	1,278	3,236	2,067	1,441	3,508
Utah	5,851	1,847	7,698	5,329	1,723	7,052	5,190	1,829	7,019
Wyoming	1,279	265	1,544	1,309	295	1,604	1,339	332	1,671
FAR WEST									
Alaska	—	—	—	—	—	—	—	—	—
California	92,025	41,273	133,298	96,200	46,623	142,823	94,664	54,566	149,230
Hawaii	6,121	1,087	7,208	6,286	1,160	7,446	6,423	1,351	7,774
Nevada	3,567	1,143	4,710	2,898	1,136	4,034	4,115	1,501	5,616
Oregon	11,912	3,006	14,918	15,416	3,473	18,889	14,331	4,073	18,404
Washington	17,446	4,892	22,338	18,428	5,371	23,799	18,948	4,935	23,883
TOTAL	\$732,376	\$260,567	\$992,943	\$760,375	\$288,496	\$1,048,871	\$767,491	\$321,792	\$1,089,283

Note: State funds are defined as general funds and other state funds (bonds are excluded).
Source: National Association of State Budget Officers, 2002 State Expenditure Report

Table A-2

CHILD HEALTH INSURANCE BLOCK GRANTS (\$ IN MILLIONS)

Region/state	Actual Fiscal 2001				Actual Fiscal 2002				Estimated Fiscal 2003			
	General Fund	Other State Funds	Federal Funds	Total	General Fund	Other State Funds	Federal Funds	Total	General Fund	Other State Funds	Federal Funds	Total
NEW ENGLAND												
Connecticut*	11	0	7	18	18	0	12	30	24	0	16	40
Maine	3	0	13	16	5	0	13	18	5	0	15	20
Massachusetts				0				0				0
New Hampshire	1	1	3	5	0	2	3	5	0	2	4	6
Rhode Island	7	0	15	22	15	0	33	48	15	0	23	38
Vermont	0	0	1	1	0	0	1	1	N/A	N/A	N/A	N/A
MID-ATLANTIC												
Delaware	2	0	2	4	2	1	2	5	2	1	2	5
Maryland	47	0	86	133	61	0	113	174	71	0	131	202
New Jersey	0	29	78	107	0	36	62	98	0	45	84	129
New York	0	267	449	716	0	334	360	694	0	397	402	799
Pennsylvania	2	45	105	152	26	32	111	169	35	31	121	187
GREAT LAKES												
Illinois	9	2	37	48	15	2	30	47	15	3	32	50
Indiana	21	59	0	80	22	60	0	82	22	61	0	83
Michigan	0	8	17	25	0	9	20	29	0	11	24	35
Ohio	112	0	15	127	134	0	25	159	176	0	27	203
Wisconsin*	8	1	20	29	10	1	24	35	14	1	28	43
PLAINS												
Iowa	4	2	9	15	8	0	12	20	11	0	17	28
Kansas	7	0	22	29	11	1	31	43	11	1	34	46
Minnesota	0	0	0	0	0	20	38	58	0	29	53	82
Missouri*	4	5	50	59	15	7	57	79	12	16	75	103
Nebraska	0	4	7	11	0	4	12	16	0	8	20	28
North Dakota	1	0	2	3	1	0	3	4	1	0	3	4
South Dakota	1	0	5	6	2	0	7	9	3	0	9	12
SOUTHEAST												
Alabama	6	5	44	55	10	5	58	73	17	5	84	106
Arkansas	1	0	2	3	0	0	2	2	1	0	2	3
Florida	16	46	143	205	0	104	236	340	34	93	313	440
Georgia	25	3	69	97	40	0	100	140	61	5	165	231
Kentucky	12	5	66	83	13	7	70	90	20	0	69	89
Louisiana	7	2	32	41	10	6	58	74	17	0	68	85
Mississippi	0	9	49	58	0	14	70	84	0	16	84	100
North Carolina	23	2	71	96	27	0	73	100	43	0	125	168
South Carolina	2	7	34	43	6	5	41	52	7	5	45	57
Tennessee*	0	0	0	0	0	0	0	0	0	0	0	0
Virginia	11	7	33	51	3	17	38	58	9	17	50	76
West Virginia	4	0	17	21	6	0	26	32	6	0	29	35
SOUTHWEST												
Arizona	0	15	45	60	0	19	52	71	0	20	67	87
New Mexico				0				0				0
Oklahoma	7	0	29	36	8	0	29	37	11	0	43	54
Texas	122	0	243	365	217	7	486	710	214	26	468	708
ROCKY MOUNTAIN												
Colorado	0	12	20	32	0	16	27	43	0	27	49	76
Idaho	3	0	11	14	3	0	13	16	3	0	13	16
Montana	3	0	10	13	3	0	11	14	3	0	12	15
Utah	0	4	20	24	0	6	24	30	0	8	22	30
Wyoming	1	0	2	3	1	0	3	4	1	0	2	3
FAR WEST												
Alaska	—	—	—	—	—	—	—	—	—	—	—	—
California	161	0	312	473	234	0	454	688	291	0	541	832
Hawaii	1	0	3	4	2	0	3	5	2	0	4	6
Nevada	7	0	13	20	9	0	20	29	12	0	24	36
Oregon	0	4	11	15	0	5	12	16	0	5	13	18
Washington	0	1	4	5	0	4	6	10	0	4	7	11
TOTAL	\$672	\$546	\$2,225	\$3,443	\$937	\$723	\$2,881	\$4,540	\$1,169	\$837	\$3,419	\$5,425
Puerto Rico				0				0				0

Child Health Insurance Block Grants

Connecticut: The SCHIP appropriation is "gross funded": federal funds are deposited directly into the state treasury.

Missouri: Data are from the CMS 64 report used for federal reporting of Medicaid expenditures. The split between the General Revenue Fund and Other State Funds is an estimate. Medicaid does not track the General Revenue Fund versus Other State Funds in its reporting.

Tennessee: Tennessee received approval for the Child Health Insurance Block Grant on September 3, 1999. Insurance for

Tennessee children is included in our TennCare waiver. Tennessee can only access these Child Health Insurance Block Grant funds if our waiver expires or we revert back to the Medicaid program.

Wisconsin: Wisconsin received a waiver for fiscal 2002 to cover adults with incomes greater than 100 percent of the federal poverty level (FPL) with the S-CHIP match. The fiscal 2002 increase represents both program/caseload growth and shifting some adults from the medical assistance (MA) budget to the S-CHIP budget.

Methodology

The 2002 State Expenditure Report reflects three years of data: actual fiscal year 2001 actual fiscal year 2002, and estimated fiscal year 2003. The text of this report focuses on actual fiscal year 2002 data.

This survey reports state expenditures in six functional categories: elementary and secondary education, higher education, public assistance including Temporary Assistance for Needy Families and other cash assistance, Medicaid, corrections, and transportation. All other expenditures make up a seventh category. The report includes expenditures from four fund sources, including general funds, federal funds, other state funds, and bonds. Data for each category include employer contributions to current employees' pensions and to employee health benefits for employees.

Elementary and secondary education spending includes state and federal fund expenditures only, and excludes local funds raised for education purposes. States also were asked to include, where applicable, state expenditures that support the state's Department of Education, transportation of school children, adult literacy programs, handicapped education programs, programs for other special populations (i.e., gifted and talented programs), anti-drug programs, and vocational education. States were asked to exclude spending for day care programs in the school system and spending for school health and immunization programs.

For higher education, states were requested to include expenditures made for capital construction, community colleges, vocational education, law, medical, veterinary, nursing and technical schools, and assistance to private colleges and universities, as well as tuition and fees and student loan programs. Higher education expenditures exclude federal research grants and endowments to universities.

Spending for public assistance includes expenditures for cash assistance under the Temporary Assistance for Needy Families (TANF) programs, and other cash assistance (i.e., state supplements to the Supplemental Security Income program, general or emergency assistance). States were asked to exclude administrative costs from reported expenditures. Medicaid spending amounts also exclude administrative costs, while including spending from state funds, federal matching funds and other funds and revenue sources used as Medicaid match such as provider taxes, fees, assessments, donations, and local funds

For corrections, states were asked to include, where applicable, expenditures for capital construction, aid to local governments for jails, parole programs, prison industries, and community corrections,

as well as expenditures made for juvenile correction programs. States were asked to exclude expenditures for drug abuse rehabilitation programs and institutions for the criminally insane.

Transportation figures include capital and operating expenditures for highways, mass transit, and airports. States were also asked to include expenditures for road assistance for local governments, the administration of the department of transportation, truck and train/railroad programs, motor vehicle licensing, and gas tax and fee collection. The data exclude spending for port authorities, state police and highway patrol.

The "all other" expenditure category includes all remaining programs not captured in the functional categories previously described, including the State Children's Health Insurance Program and any debt service for other state programs (i.e., environmental projects, housing). States with lotteries were asked to exclude prizes paid to lottery winners. States were also asked to exclude expenditures for state-owned utilities and liquor stores.

Capital spending is included with operating expenditures within each functional category, unless otherwise noted. Capital expenditures have also been collected separately in the following categories: corrections, environmental projects, higher education, housing, and transportation. Capital expenditure data can be found in Chapter Eight.

Chapter Nine illustrates the major sources of state revenue including sales taxes, personal income taxes, corporate income taxes, gaming taxes, and other taxes and fees. Readers are cautioned against comparing federal fund figures presented here with those on Federal aid which may be referred to in other documents, particularly those from the U.S. Bureau of the Census; many states have not established comprehensive statewide reporting of Federal funds and as a result the numbers in this report may understate Federal funds for any one function.

An important part of the report is tables included in four of the functional categories that reflect expenditures that states have excluded from their reported data. Each table underscores the observation that state-to-state expenditure comparisons in any functional category can be misleading. For example, one state may have included its juvenile institutions in its corrections budget, while another state may have included them in its human resources budget. Comparisons for one state over time, however, should prove accurate.

All years reported are state fiscal years unless otherwise indicated. In 46 states the fiscal year begins on July 1 and ends on June 30. The exceptions are as follows: in Alabama and Michigan the fiscal year

begins on October 1; in Texas, the fiscal year begins on September 1; and in New York, the fiscal year begins on April 1. Additionally, the length of budget cycles vary among states, with more than half of the states budgeting annually and the remainder enacting biennial budgets.

Definitions

General fund: predominant fund for financing a state's operations. Revenues are received from broad-based state taxes. There are differences in how specific functions are financed from state to state, however. Federal funds: funds received directly from the Federal government.

Other State Funds: expenditures from revenue sources, which are restricted by law for particular governmental functions or activities. For example, a gasoline tax dedicated to a highway trust fund would appear in the "Other State Funds" column. (Note: For Medicaid, other state funds include provider taxes, fees, donations, assessments and local funds.)

Bonds: expenditures from the sale of bonds, generally for capital projects.

State funds: general fund plus other state fund spending, excluding state spending from bonds.



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