

2003

STATE EXPENDITURE REPORT

NATIONAL ASSOCIATION OF STATE BUDGET OFFICERS

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PREFACE

Since its inception in 1987, the State Expenditure Report has developed into a definitive baseline for the analysis of state spending. This edition of the report includes data from actual fiscal 2002, actual fiscal 2003, and estimated fiscal 2004. Expenditures reflected in this report represent more than 99 percent of total state spending.

Expenditure data are detailed by program area so that trends in state spending can be evaluated. The funding sources for state expenditures also are identified. 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 governments, which is not the purpose of this report. In addition, the data are self-reported by the states. Further information on the report's methodology is provided in the Appendix.

ACKNOWLEDGEMENTS

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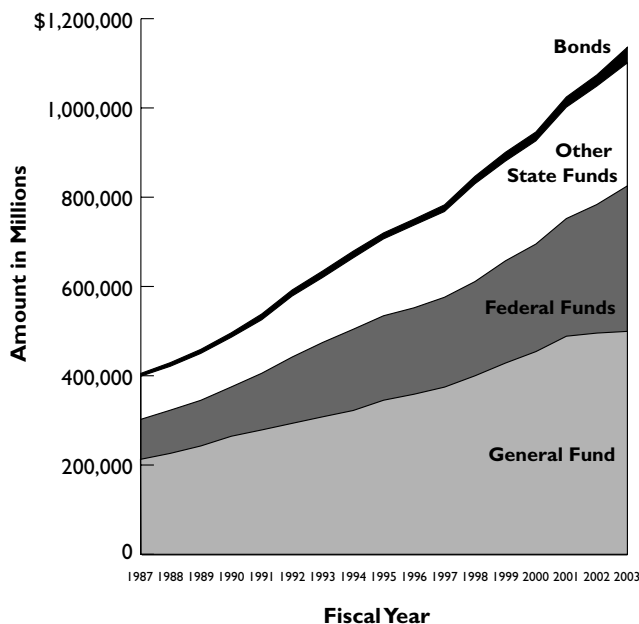
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EXECUTIVE SUMMARY

State Spending Trends, Fiscal 2003

State spending totaled \$1.1 trillion in fiscal 2003, including both operating and capital expenditures. Compared to the previous year, that figure reflects a total spending increase of 4.5 percent, with state funds rising by 1.4 percent and federal funds by 10.3 percent (see Tables 1 and 2). Estimates of fiscal 2004 expenditures also indicate 4.5 percent growth in total spending, with state funds growing by 2.4 percent and federal funds by 9.9 percent. The low growth in spending from state funds reflects the exceptionally tight fiscal conditions that states have struggled with recently. Indeed, between fiscal 2002 and fiscal 2003, spending from state funds declined in 17 states, and estimates show that between fiscal 2003 and fiscal 2004 it declined in 11 states. Additionally, 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 2003



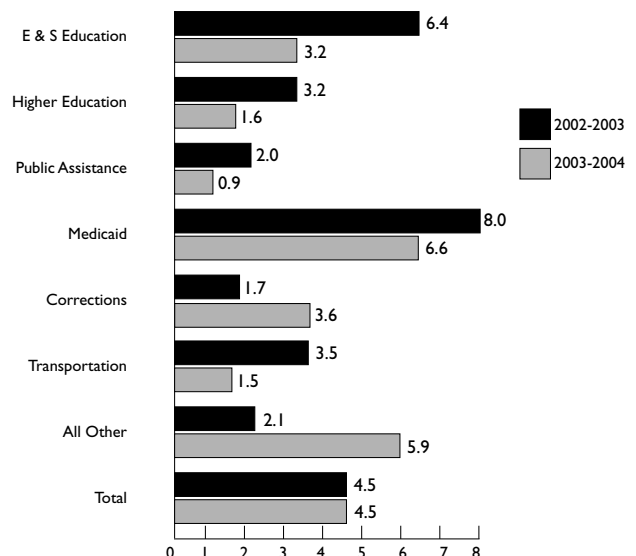
Elementary and secondary education is the largest category of state spending, accounting for 21.7 percent of fiscal 2003 total state expenditures, and 35.5 percent of general fund spending. Medicaid growth continues to outpace every other functional category of state expenditure, increasing by 8 percent in fiscal 2003; Medicaid now totals 21.4 percent of all state spending. Indicative of the fiscal stress states faced, state-sourced spending for public assistance and

the "all other" category of expenditures decreased in fiscal 2003, although both recorded net increases in spending from all fund sources.

Other details of state expenditures include:

- In fiscal 2003, general funds accounted for 43.9 percent of total state spending, federal funds for 28.7 percent, other state funds for 24.3 percent, and bonds for 3.1 percent. Figure 1 displays state spending by source from fiscal 1987 through fiscal 2003.
- Total elementary and secondary education spending grew by 6.4 percent and higher education spending by 3.2 percent. Expenditures for the two functions account for nearly half of all general fund spending. Fiscal 2004 estimates show that growth in higher education slowed further, to 1.6 percent, with state funds increasing by only 0.7 percent.
- Based on estimates, total state public assistance expenditures in fiscal 2004 increased by only 0.9 percent.
- Total corrections expenditures rose by 1.7 percent in fiscal 2003, and reflects 3.5 percent of total state spending. The federal funds share of state corrections spending in fiscal 2003 decreased by 13.8 percent.
- Transportation spending increased by 3.5 percent in fiscal 2003. State spending for transportation comes mostly from

Figure 2
ALL FUNDS PERCENT CHANGES FROM PREVIOUS FISCAL YEAR
FOR MAJOR SPENDING CATEGORIES, FISCAL 2003 AND 2004



“other state funds,” which comprise 58.7 percent of the total. General funds, which reflect only 3.2 percent of state transportation expenditures, decreased by 11.6 percent between fiscal 2002 and fiscal 2003.

Components of State Expenditures

This report reflects three years of data: actual fiscal 2002, actual fiscal 2003, and estimated fiscal 2004. The text of this report focuses on actual fiscal 2003 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 not the purpose 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 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 2003 spending by fund source is broken down in Figure 3. Spending sourced from state general funds ranges from 45.9 percent of total in fiscal 2002 to 43.9 percent in fiscal 2003, and is estimated to be 43.5 percent of total in fiscal 2004. The share of state spending from federal funds ranges from 27.2 percent, 28.7 percent and 30.2 percent of total in fiscal 2002, fiscal 2003, and estimated fiscal 2004, respectively.

Figure 3
TOTAL STATE EXPENDITURES BY FUNDING SOURCE,
FISCAL 2003

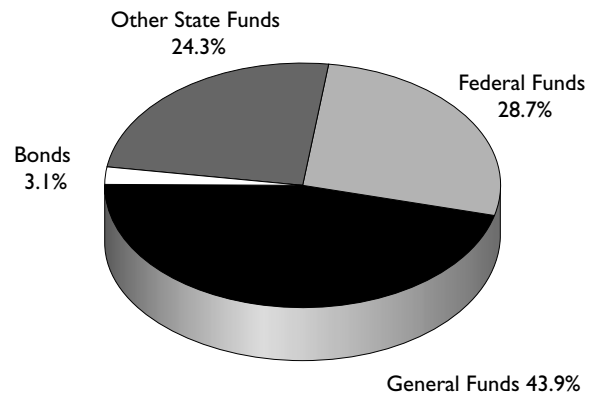


Figure 4 reflects total state expenditures by functional areas. For fiscal 2003, state spending shares are as follows: 21.7 percent for elementary and secondary education; 21.4 percent for Medicaid; 10.8 percent for higher education; 8.2 percent for transportation; 3.5 percent for corrections; 2.2 percent for public assistance; and 32.2 percent for all other.

Figure 4
TOTAL STATE EXPENDITURES BY FUNCTION,
FISCAL 2003

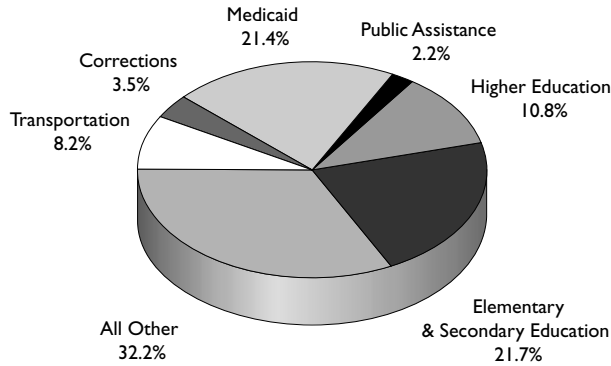
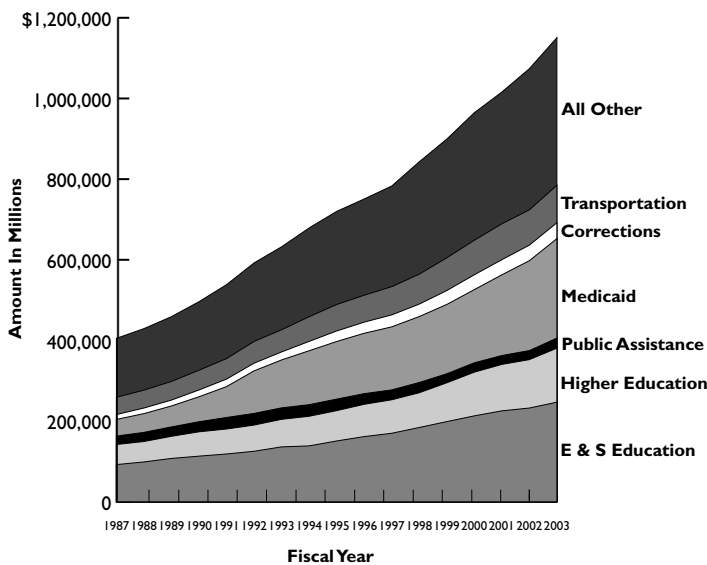


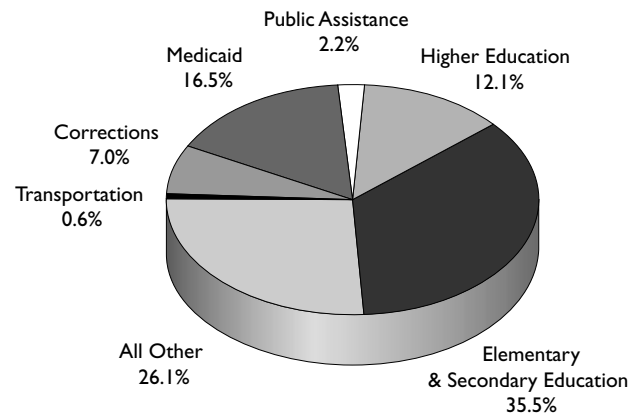
Figure 5
COMPOSITION OF TOTAL STATE EXPENDITURES BY FUNCTION,
FISCAL 1987 TO 2003



The shares of state spending for functional areas have shifted since 1987, when this report was first published. For example, Medicaid surpassed higher education as the second largest state program in 1990 and has remained in that position since then. Of the functional areas of state spending, Medicaid, elementary and secondary education and corrections represent a larger share of total state spending in fiscal 2003 than they represented in 1987. Figure 5 charts these changes. Table 3 reflects shares of state spending on functional areas, by fund source, from 1994 to 2004. Also, Table 5, at the end of the Executive Summary, highlights the share of each state's budget represented by various programs in fiscal 2003 and shows the wide variation among states in their spending patterns.

General Fund Expenditures

Figure 6
GENERAL FUND EXPENDITURES,
FISCAL 2003

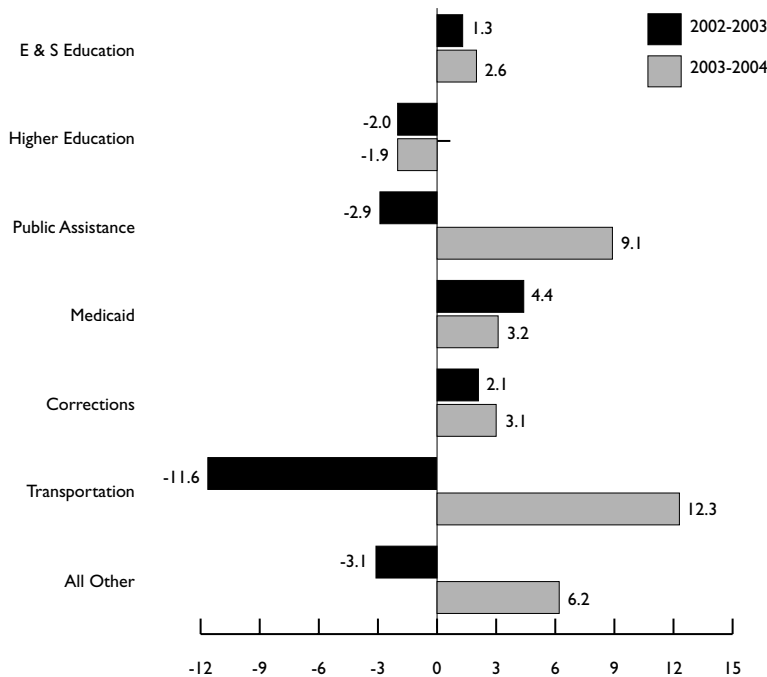


Elementary and secondary education constitutes the largest share of the general fund. As Figure 6 shows, in fiscal 2003 35.5 percent of general fund spending went to elementary and secondary education. Higher education accounted for 12.1 percent and Medicaid accounted for 16.5 percent of general fund spending. Figure 7 reflects the percentage change for general fund spending in each of the functional categories.

Other State Funds Expenditures

At 19.8 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. Elementary and secondary and higher education also account for significant portions of spending from other state funds: elementary and secondary education at 9.2 percent, and higher education at 14.4 percent.

Figure 7
PERCENT CHANGE IN GENERAL FUND,
FISCAL 2003 AND 2004



Federal Fund Expenditures

As reflected in Figure 8, Medicaid accounts for the largest portion of state spending from federal funds at 43.5 percent. Elementary and secondary education and transportation, at 10.6 and 8.7 percent respectively, follow. Since 1994, Medicaid’s share of spending from federal funds has been fairly level, roughly 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 2003

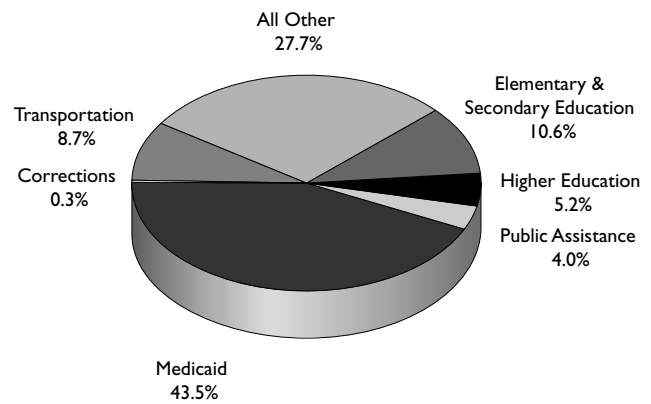


Table I

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

Region/State	Actual Fiscal 2002					Actual Fiscal 2003					Estimated Fiscal 2004				
	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	\$12,187	\$3,326	\$3,101	\$1,714	\$20,328	\$12,092	\$3,702	\$3,100	\$1,639	\$20,533	\$12,530	\$4,321	\$3,452	\$1,645	\$21,948
Maine	2,584	1,686	1,383	64	5,717	2,533	1,996	1,434	101	6,064	2,556	2,233	1,205	122	6,116
Massachusetts	19,869	4,112	511	1,995	26,487	19,407	4,260	665	1,726	26,058	20,287	4,876	423	1,786	27,372
New Hampshire	1,174	1,104	1,427	46	3,751	1,245	1,236	1,492	92	4,065	1,313	1,240	1,452	90	4,095
Rhode Island	2,652	1,465	1,073	165	5,355	2,682	1,587	1,129	111	5,509	2,796	1,927	1,182	241	6,146
Vermont	874	943	988	39	2,844	872	858	902	42	2,674	901	991	962	42	2,896
MID-ATLANTIC															
Delaware	2,454	867	2,111	252	5,684	2,454	918	2,168	285	5,825	2,545	990	2,304	306	6,145
Maryland	10,572	4,838	6,033	1,078	22,521	10,364	5,373	6,717	583	23,037	10,275	5,852	6,733	1,246	24,106
New Jersey	21,997	7,139	4,568	1,271	34,975	23,568	7,451	4,231	967	36,217	23,855	8,702	3,928	966	37,451
New York	41,222	28,066	13,996	1,760	85,044	37,613	33,303	16,209	1,931	89,056	42,065	35,995	17,329	1,938	97,327
Pennsylvania	20,429	13,320	9,223	756	43,728	20,400	14,745	10,931	1,216	47,292	21,462	16,740	9,927	623	48,752
GREAT LAKES															
Illinois	17,831	8,418	11,082	2,206	39,537	18,938	7,997	8,521	2,197	37,653	19,027	10,403	10,250	1,610	41,290
Indiana	9,708	5,648	2,693	264	18,313	10,235	5,766	3,054	233	19,288	11,323	6,239	2,534	163	20,259
Michigan	9,298	9,548	20,232	738	39,816	9,000	10,142	20,155	547	39,844	8,813	11,806	18,368	437	39,424
Ohio	21,628	6,285	16,419	1,210	45,542	22,652	6,923	16,014	1,316	46,905	24,076	8,216	14,706	1,777	48,775
Wisconsin	11,259	5,795	14,121	0	31,175	11,032	6,493	14,245	0	31,770	10,852	6,416	6,573	0	23,841
PLAINS															
Iowa	4,605	3,556	3,864	129	12,154	4,532	3,757	5,077	114	13,480	4,489	3,805	5,204	143	13,641
Kansas	4,466	2,849	2,339	149	9,803	4,138	2,997	2,795	153	10,083	4,332	2,719	3,007	151	10,209
Minnesota	12,333	4,708	3,055	524	20,620	13,476	5,155	3,990	478	23,099	13,387	5,700	4,012	440	23,539
Missouri	6,601	5,261	4,986	263	17,111	6,379	5,619	5,171	291	17,460	6,786	6,462	5,061	356	18,665
Nebraska	2,599	1,947	2,037	0	6,583	2,619	2,053	2,137	0	6,809	2,674	2,380	2,595	0	7,649
North Dakota	862	960	608	10	2,440	860	966	681	13	2,520	884	1,018	723	21	2,646
South Dakota	897	1,016	1,329	0	3,242	882	1,067	912	0	2,861	904	1,222	689	0	2,815
SOUTHEAST															
Alabama	5,320	5,494	4,056	443	15,313	5,468	5,957	4,320	267	16,012	5,523	7,880	6,341	178	19,922
Arkansas	3,214	3,461	5,346	49	12,070	3,238	3,797	5,543	53	12,631	3,526	5,070	5,665	316	14,577
Florida	19,007	14,315	12,193	1,437	46,952	20,249	14,614	12,419	1,278	48,560	21,615	15,985	14,504	1,846	53,950
Georgia	14,955	9,245	884	1,332	26,416	14,589	12,333	810	249	27,981	15,446	11,824	876	524	28,670
Kentucky	7,082	5,730	4,411	0	17,223	7,047	5,966	5,363	0	18,376	7,236	6,683	5,615	0	19,534
Louisiana	6,400	5,401	5,582	31	17,414	6,462	5,401	4,997	129	16,989	6,536	6,371	6,478	80	19,465
Mississippi	3,757	3,549	3,271	95	10,672	3,454	4,054	3,630	570	11,708	3,477	4,756	3,819	0	12,052
North Carolina	13,740	8,141	5,650	605	28,136	13,856	8,337	5,875	712	28,780	14,700	8,466	4,650	1,503	29,319
South Carolina	5,192	5,093	4,745	449	15,479	5,009	5,595	5,627	473	16,704	4,954	5,543	4,928	0	15,425
Tennessee	7,779	6,941	3,808	21	18,549	8,150	8,176	3,825	124	20,275	8,656	8,706	4,209	210	21,781
Virginia	11,129	4,892	10,230	324	26,575	10,974	5,129	10,325	497	26,925	11,299	5,756	10,344	590	27,989
West Virginia	2,817	2,585	8,275	254	13,931	2,936	3,027	9,380	335	15,678	2,959	3,454	9,598	197	16,208
SOUTHWEST															
Arizona	5,989	4,435	7,615	375	18,414	6,078	5,405	7,656	411	19,550	6,474	6,454	7,359	477	20,764
New Mexico	3,909	3,242	2,882	585	10,618	4,052	3,669	3,058	685	11,464	4,502	3,807	2,685	785	11,779
Oklahoma	4,882	3,883	4,083	205	13,053	4,409	4,151	4,330	32	12,922	4,287	4,711	4,814	174	13,986
Texas	30,006	17,813	6,855	1,946	56,620	30,656	19,178	7,630	1,593	59,057	29,434	19,814	8,209	1,812	59,269
ROCKY MOUNTAIN															
Colorado	5,614	2,721	4,070	342	12,747	5,417	2,993	4,492	311	13,213	5,580	3,201	4,517	74	13,372
Idaho	1,980	1,415	842	5	4,242	1,926	1,548	880	5	4,359	1,994	1,860	1,042	5	4,901
Montana	1,349	1,284	605	0	3,238	1,264	1,442	943	0	3,649	1,333	1,559	1,085	0	3,977
Utah	3,778	1,805	1,736	196	7,515	3,544	1,934	1,721	343	7,542	3,582	2,065	2,030	253	7,930
Wyoming	1,200	831	1,921	0	3,952	1,261	897	2,043	0	4,201	1,307	941	2,181	0	4,429
FAR WEST															
Alaska	2,585	2,338	957	151	6,031	2,542	2,482	1,001	471	6,496	2,331	2,792	2,397	58	7,578
California	76,752	46,623	19,448	3,020	145,843	77,482	54,733	18,282	11,015	161,512	78,028	57,972	19,406	10,444	165,850
Hawaii	3,656	1,087	2,756	313	7,812	3,806	1,181	2,630	412	8,029	3,823	1,467	1,931	378	7,599
Nevada	1,822	1,727	2,217	102	5,868	1,951	1,513	2,219	73	5,756	2,260	1,663	2,204	144	6,271
Oregon	5,822	3,473	7,087	0	16,382	4,298	2,834	7,954	0	15,086	5,720	3,564	10,401	0	19,685
Washington	11,214	5,371	7,214	573	24,372	11,334	5,529	7,371	903	25,137	11,381	5,800	7,714	1,160	26,055
TOTAL*	\$499,051	\$295,752	\$265,918	\$27,486	\$1,088,207	\$499,425	\$326,239	\$276,054	\$34,976	\$1,136,694	\$516,095	\$358,417	\$277,621	\$35,311	\$1,187,444

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

Source: National Association of State Budget Officers, 2003 State Expenditure Report

Table 2

ANNUAL PERCENTAGE CHANGE IN TOTAL STATE EXPENDITURES

Region/State	Fiscal 2002 to 2003			Fiscal 2003 to 2004		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
NEW ENGLAND						
Connecticut	-0.6 %	11.3 %	1.0%	5.2 %	16.7 %	6.9 %
Maine	0.0	18.4	6.1	-5.2	11.9	0.9
Massachusetts	-1.5	3.6	-1.6	3.2	14.5	5.0
New Hampshire	5.2	12.0	8.4	1.0	0.3	0.7
Rhode Island	2.3	8.3	2.9	4.4	21.4	11.6
Vermont	-4.7	-9.0	-6.0	5.0	15.5	8.3
MID-ATLANTIC						
Delaware	1.2	5.9	2.5	4.9	7.8	5.5
Maryland	2.9	11.1	2.3	-0.4	8.9	4.6
New Jersey	4.6	4.4	3.6	-0.1	16.8	3.4
New York	-2.5	18.7	4.7	10.4	8.1	9.3
Pennsylvania	5.7	10.7	8.2	0.2	13.5	3.1
GREAT LAKES						
Illinois	-5.0	-5.0	-4.8	6.6	30.1	9.7
Indiana	7.2	2.1	5.3	4.3	8.2	5.0
Michigan	-1.3	6.2	0.1	-6.8	16.4	-1.1
Ohio	1.6	10.2	3.0	0.3	18.7	4.0
Wisconsin	-0.4	12.0	1.9	-31.1	-1.2	-25.0
PLAINS						
Iowa	13.5	5.7	10.9	0.9	1.3	1.2
Kansas	1.9	5.2	2.9	5.9	-9.3	1.2
Minnesota	13.5	9.5	12.0	-0.4	10.6	1.9
Missouri	-0.3	6.8	2.0	2.6	15.0	6.9
Nebraska	2.6	5.4	3.4	10.8	15.9	12.3
North Dakota	4.8	0.6	3.3	4.3	5.4	5.0
South Dakota	-19.4	5.0	-11.8	-11.2	14.5	-1.6
SOUTHEAST						
Alabama	4.4	8.4	4.6	21.2	32.3	24.4
Arkansas	2.6	9.7	4.6	4.7	33.5	15.4
Florida	4.7	2.1	3.4	10.6	9.4	11.1
Georgia	-2.8	33.4	5.9	6.0	-4.1	2.5
Kentucky	8.0	4.1	6.7	3.6	12.0	6.3
Louisiana	-4.4	0.0	-2.4	13.6	18.0	14.6
Mississippi	0.8	14.2	9.7	3.0	17.3	2.9
North Carolina	1.8	2.4	2.3	-1.9	1.5	1.9
South Carolina	7.0	9.9	7.9	-7.1	-0.9	-7.7
Tennessee	3.3	17.8	9.3	7.4	6.5	7.4
Virginia	-0.3	4.8	1.3	1.6	12.2	4.0
West Virginia	11.0	17.1	12.5	2.0	14.1	3.4
SOUTHWEST						
Arizona	1.0	21.9	6.2	0.7	19.4	6.2
New Mexico	4.7	13.2	8.0	1.1	3.8	2.7
Oklahoma	-2.5	6.9	-1.0	4.1	13.5	8.2
Texas	3.9	7.7	4.3	-1.7	3.3	0.4
ROCKY MOUNTAIN						
Colorado	2.3	10.0	3.7	1.9	6.9	1.2
Idaho	-0.6	9.4	2.8	8.2	20.2	12.4
Montana	12.9	12.3	12.7	9.6	8.1	9.0
Utah	-4.5	7.1	0.4	6.6	6.8	5.1
Wyoming	5.9	7.9	6.3	5.6	4.9	5.4
FAR WEST						
Alaska	0.0	6.2	7.7	33.4	12.5	16.7
California	-0.5	17.4	10.7	1.7	5.9	2.7
Hawaii	0.4	8.6	2.8	-10.6	24.2	-5.4
Nevada	3.2	-12.4	-1.9	7.1	9.9	8.9
Oregon	-5.1	-18.4	-7.9	31.6	25.8	30.5
Washington	1.5	2.9	3.1	2.1	4.9	3.7
TOTAL*	1.4 %	10.3 %	4.5 %	2.4 %	9.9 %	4.5 %

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, 2003 State Expenditure Report

Table 3

COMPARISON OF SHARES OF STATE SPENDING WITH FUND SOURCES, FISCAL 1994 TO 2004

Fund Type & Year	Elementary & Secondary Education	Higher Education	Public Assistance	Medicaid	Corrections	Transportation	All Other	Total
FY 1994:								
General Funds	33.9	13.0	4.9	14.2	6.2	0.9	27.0	100.0
Other State Funds	6.7	14.3	0.4	6.5	0.7	23.8	47.6	100.0
Federal Funds	9.8	2.7	6.7	42.5	0.1	9.5	28.6	100.0
Bond Funds	5.7	26.7	0.0	0.0	12.1	20.6	34.9	100.0
Total Funds	20.4	10.8	4.2	19.7	3.4	9.0	32.4	100.0
FY 1995:								
General Funds	33.4	12.9	4.4	14.4	6.7	0.7	27.4	100.0
Other State Funds	9.5	13.3	0.5	6.9	0.8	23.8	45.2	100.0
Federal Funds	9.8	2.7	6.5	42.7	0.1	9.8	28.3	100.0
Bond Funds	4.9	20.8	0.0	0.0	10.2	26.3	37.7	100.0
Total Funds	21.0	10.4	4.0	19.8	3.6	9.1	32.1	100.0
FY 1996:								
General Funds	34.4	12.9	3.9	14.7	6.9	0.6	25.1	100.0
Other State Funds	9.2	13.7	0.4	6.8	0.8	22.9	46.2	100.0
Federal Funds	9.9	2.9	5.9	43.5	0.2	9.5	28.0	100.0
Bond Funds	15.2	21.4	0.0	0.0	6.5	26.1	30.8	100.0
Total Funds	21.5	10.7	3.5	19.9	3.7	8.2	31.8	100.0
FY 1997:								
General Funds	34.5	13	3.6	14.6	6.8	0.8	26.7	100.0
Other State Funds	10.1	13.8	0.4	6.4	0.9	23.0	44.6	100.0
Federal Funds	9.8	2.9	5.1	44.1	0.4	8.8	28.9	100.0
Bond Funds	12.5	20.2	0.0	0.0	6.6	26.5	34.2	100.0
Total Funds	21.7	10.7	3.1	20.0	3.7	9.0	31.8	100.0
FY 1998:								
General Funds	35.2	13.1	3.0	14.8	6.9	0.7	26.4	100.0
Other State Funds	9.4	11.3	1.0	6.3	0.8	22.2	49.1	100.0
Federal Funds	10.5	3.4	5.0	43.3	0.4	8.7	28.8	100.0
Bond Funds	12.4	18.4	0.0	0.0	6.0	33.4	29.8	100.0
Total Funds	22.0	10.3	2.9	19.6	3.7	8.8	32.8	100.0
FY 1999:								
General Funds	35.7	12.4	2.7	14.4	7.0	0.9	26.7	100.0
Other State Funds	9.0	13.0	0.6	6.5	1.0	23.4	46.5	100.0
Federal Funds	10.2	5.2	4.3	42.9	0.4	9.3	27.7	100.0
Bond Funds	21.0	17.2	0.0	0.0	6.5	25.6	29.8	100.0
Total Funds	22.3	10.8	2.6	19.5	3.9	9.1	31.8	100.0
FY 2000:								
General Funds	35.7	12.8	2.7	14.4	7.0	0.9	26.7	100.0
Other State Funds	8.6	14.2	0.8	4.2	0.9	22.9	48.4	100.0
Federal Funds	10.3	5.3	4.2	42.8	0.4	9.3	27.7	100.0
Bond Funds	20.2	18.1	0.0	0.0	5.7	26.2	29.8	100.0
Total Funds	22.3	11.4	2.6	19.5	3.9	9.1	31.8	100.0
FY 2001:								
General Funds	35.2	12.7	2.3	15.2	6.9	1.2	26.6	100.0
Other State Funds	9.2	15.0	0.2	5.9	0.9	21.1	47.0	100.0
Federal Funds	10.3	4.8	4.0	42.7	0.3	9.5	28.3	100.0
Bond Funds	18.9	17.5	0.0	0.0	4.0	31.3	28.4	100.0
Total Funds	22.2	11.3	2.2	19.7	3.7	8.8	32.1	100.0
FY 2002:								
General Funds	35.1	12.4	2.3	15.8	6.9	0.7	25.9	100.0
Other State Funds	8.9	13.8	0.3	6.6	0.9	19.4	49.8	100.0
Federal Funds	10.1	5.0	4.2	43.7	0.4	9.2	27.4	100.0
Bond Funds	12.7	20.4	0.0	0.0	3.4	24.9	33.8	100.0
Total Funds	21.3	10.9	2.3	20.7	3.6	8.3	32.9	100.0
FY 2003:								
General Funds	35.5	12.1	2.2	16.5	7.0	0.6	26.1	100.0
Other State Funds	9.2	14.4	0.3	7.1	0.9	19.8	48.4	100.0
Federal Funds	10.6	5.2	4.0	43.5	0.3	8.7	27.7	100.0
Bond Funds	27.3	16.4	0.0	0.0	2.2	20.2	33.8	100.0
Total Funds	21.7	10.8	2.2	21.4	3.5	8.2	32.2	100.0
FY 2004:								
General Funds	35.2	11.5	2.3	16.5	7.0	0.7	26.8	100.0
Other State Funds	9.2	15.0	0.3	7.3	0.8	19.4	48.0	100.0
Federal Funds	11.2	4.8	3.4	43.1	0.4	8.2	28.8	100.0
Bond Funds	20.7	18.4	0.0	0.0	2.7	21.1	37.0	100.0
Total Funds	21.5	10.5	2.1	21.9	3.4	7.9	32.6	100.0
FY 1994-04 Combined Total:								
General Funds	34.9	12.6	3.1	15.0	6.8	0.8	26.7	100.0
Other State Funds	9.0	13.8	0.5	6.4	0.9	22.0	47.3	100.0
Federal Funds	10.2	4.1	4.9	43.2	0.3	9.1	28.2	100.0
Bond Funds	15.6	19.6	0.0	0.0	6.0	25.7	33.2	100.0
Total Funds	21.6	10.8	2.9	20.2	3.6	8.7	32.2	100.0

Source: National Association of State Budget Officers, 2003 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 2002–2003 growth rates for all funds for the New England and Great Lakes states were well below the national average, the Mid-Atlantic, Southeast, Southwest, and Rocky Mountain states were close to the average, while spending in the Plains and Far West grew at a higher-than-average rate.

Table 4
REGIONAL PERCENTAGE CHANGE IN TOTAL EXPENDITURES,
FISCAL 2003 AND 2004

Region	Fiscal 2002 to 2003			Fiscal 2003 to 2004		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
New England	-0.6%	7.9%	0.7%	3.2%	14.3%	5.7%
Mid-Atlantic	1.5	13.9	4.9	4.3	10.5	6.1
Great Lakes	-0.3	4.6	0.6	-5.5	15.4	-1.1
Plains	6.1	6.5	6.1	2.0	7.8	3.7
Southeast	2.8	10.1	4.8	5.4	9.8	7.0
Southwest	2.5	10.3	4.3	-0.2	7.4	2.7
Rocky Mountain	1.7	9.4	4.0	4.9	9.2	5.0
Far West	-0.5	12.6	7.6	4.8	7.3	5.0
ALL STATES	1.4%	10.3%	4.5%	2.4%	9.9%	4.5%

Source: National Association of State Budget Officers, 2003 State Expenditure Report

Figure 9 shows the percentage change in state spending from state funds for 2002–2003 and 2003–2004. The New England, Great Lakes, and Far West states experienced below average growth between 2002–2003, the Mid-Atlantic was nearly on par, while spending from state sources in all other regions increased above the national average. 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 2003 AND 2004

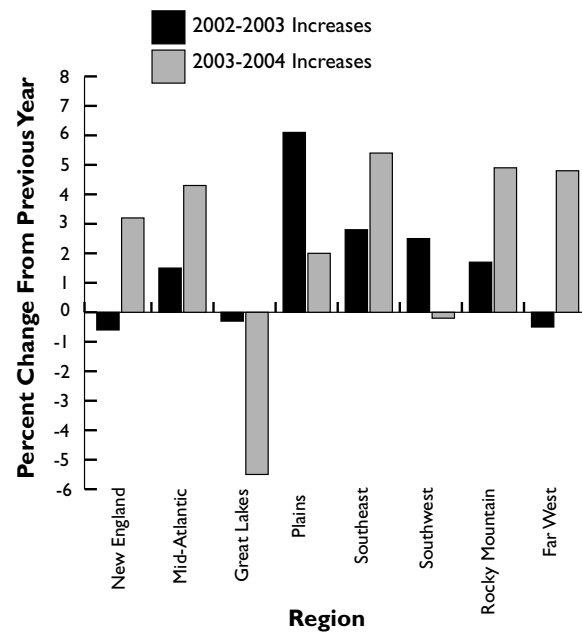


Table 5

STATE SPENDING BY FUNCTION AS A PERCENT OF TOTAL STATE EXPENDITURES, FISCAL 2003

Region/State	Elementary & Secondary Education	Higher Education	Public Assistance	Medicaid	Corrections	Transportation	All Other	Total
NEW ENGLAND								
Connecticut	13.8 %	10.4 %	2.4 %	25.3 %	2.9 %	5.9 %	39.3 %	100.0 %
Maine	17.7	3.7	2.6	28.2	2.0	8.2	37.5	100.0
Massachusetts	18.4	4.1	4.3	20.8	3.4	6.8	42.1	100.0
New Hampshire	27.5	4.8	1.3	26.4	1.9	11.0	27.0	100.0
Rhode Island	16.0	10.8	4.6	26.3	2.6	5.4	34.3	100.0
Vermont	38.0	3.0	2.8	25.8	3.3	10.9	16.3	100.0
MID-ATLANTIC								
Delaware	24.7	5.0	1.3	11.5	3.3	7.8	46.4	100.0
Maryland	18.1	15.1	0.8	17.7	4.0	13.6	30.8	100.0
New Jersey	22.7	7.3	0.7	20.6	3.6	8.0	37.1	100.0
New York	20.3	7.0	3.5	28.4	3.0	5.5	32.2	100.0
Pennsylvania	18.1	5.2	2.0	28.8	3.8	9.8	32.3	100.0
GREAT LAKES								
Illinois	22.3	7.9	0.4	25.4	3.3	11.2	29.5	100.0
Indiana	24.8	8.1	0.7	20.5	3.6	9.5	32.8	100.0
Michigan	31.5	6.1	1.2	20.0	4.7	8.1	28.5	100.0
Ohio	19.0	5.7	0.7	23.1	3.9	8.0	39.5	100.0
Wisconsin	18.3	11.6	0.9	12.6	3.2	7.2	46.2	100.0
PLAINS								
Iowa	18.3	25.3	1.0	18.1	2.2	8.7	26.4	100.0
Kansas	24.9	17.1	0.7	16.0	3.2	12.8	25.3	100.0
Minnesota	26.4	6.5	1.9	20.8	1.8	11.8	30.8	100.0
Missouri	25.0	5.6	1.1	32.6	3.0	10.4	22.3	100.0
Nebraska	16.1	21.3	0.9	18.9	2.5	8.5	31.8	100.0
North Dakota	17.5	11.7	0.6	19.0	2.1	13.5	35.6	100.0
South Dakota	15.5	16.7	0.4	14.9	2.6	14.4	35.4	100.0
SOUTHEAST								
Alabama	23.1	17.4	0.3	22.3	2.4	7.4	27.1	100.0
Arkansas	17.3	14.6	2.3	19.5	1.8	8.2	36.3	100.0
Florida	20.4	9.6	0.5	22.3	3.6	10.1	33.4	100.0
Georgia	26.9	14.9	1.8	17.6	4.5	5.7	28.5	100.0
Kentucky	19.2	19.2	1.0	20.8	2.7	10.7	26.3	100.0
Louisiana	20.0	11.9	1.4	26.2	4.2	6.7	29.6	100.0
Mississippi	19.8	16.3	0.3	25.8	2.3	8.6	27.0	100.0
North Carolina	23.4	14.8	1.6	23.4	3.1	12.2	21.5	100.0
South Carolina	18.2	18.7	0.3	22.0	2.9	9.9	28.0	100.0
Tennessee	16.4	11.6	0.7	33.9	2.5	7.7	27.3	100.0
Virginia	16.9	13.4	0.5	13.5	3.8	12.3	39.5	100.0
West Virginia	12.5	8.3	0.9	11.1	1.0	6.5	59.7	100.0
SOUTHWEST								
Arizona	18.8	13.5	0.8	20.7	3.6	8.2	34.3	100.0
New Mexico	22.7	24.2	2.8	17.8	2.2	6.8	23.5	100.0
Oklahoma	21.8	18.1	1.4	18.4	3.2	8.4	28.6	100.0
Texas	28.8	13.5	1.5	23.0	6.1	8.6	18.5	100.0
ROCKY MOUNTAIN								
Colorado	23.4	13.0	1.0	17.8	4.0	10.7	30.0	100.0
Idaho	26.6	8.6	0.3	19.6	4.0	12.2	28.8	100.0
Montana	19.1	9.5	0.9	15.6	2.9	13.7	38.4	100.0
Utah	30.5	13.3	1.7	14.5	3.7	10.8	25.4	100.0
Wyoming	14.4	3.4	0.5	7.9	2.0	12.7	59.2	100.0
FAR WEST								
Alaska	15.5	9.6	1.8	12.1	3.3	19.3	38.3	100.0
California	24.0	10.8	6.2	18.5	3.4	4.5	32.6	100.0
Hawaii	20.2	9.0	1.6	9.7	2.0	9.0	48.6	100.0
Nevada	18.6	10.1	1.1	20.2	4.0	9.2	36.8	100.0
Oregon	15.1	12.2	0.9	18.7	5.5	6.8	40.7	100.0
Washington	23.6	17.0	4.4	22.2	3.0	6.7	23.3	100.0
ALL STATES	21.7 %	10.8 %	2.2 %	21.4 %	3.5 %	8.2 %	32.2 %	100.0 %

Note: Percentages may not add to 100.

Source: National Association of State Budget Officers, 2003 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.

California: The Child Development line is subtracted out of the total K–12 education line of the Schedule 9 for all three years for both general funds and federal funds. This reflects the NASBO exclusion of “Day Care” programs from all expenditure categories.

Also excluded from the total K–12 education line of the Schedule 9 for all three years are general fund expenditures for the following school health and immunization mandated programs: Pupil Health Screenings; Immunization Records; Scoliosis Screening; and Pupil Health Exclusions.

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 estimated to be raised, and \$1 billion of that was earmarked for estimated 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 2004 caused the total General Fund estimate for fiscal 2004 to increase by 11.6 percent over fiscal 2003. It also caused an increase of 8.1 percent in the General Fund distribution to local schools in fiscal 2003.

Missouri: Total expenditures exclude refunds. Fiscal 2002 expenditures exclude refunds of \$1,156 million, including \$1,117 million in general revenue. Fiscal 2003 expenditures exclude refunds of \$1,210 million, including \$1,166 million in general revenue. Fiscal 2004 estimates exclude refunds of \$1,255 million, including \$1,202 million in general revenue. Other funds include federal reimbursements received by the Department of Highways and Transportation and the Department of Conservation which have constitutionally created funds. Federal and other funds for fiscal 2004 represent appropriations available to state agencies. These appropriations establish ceilings on what agencies may spend. The appropriations are often established at higher levels to provide agencies with appropriation authority in the event that revenues are available for various programs. Final expenditures will be lower.

Montana: Principal and interest payments on bonds are included in total expenditures. Capital expenditures are not reported separately but are included in Total Expenditures.

Nebraska: Fiscal 2003–2004 amounts shown are equal to appropriations for the year. It is assumed some level of appropriation will not be expended this fiscal year. Nebraska’s biennial budget provides that the unexpended balances of appropriations this fiscal year will automatically carryover into fiscal 2004–2005.

Nevada: Estimated fiscal 2004 expenditures are taken from agencies’ legislatively-approved fiscal 2004 budget. The Public Employees Retirement System is not included.

New Jersey: Figures include pension, post retirement medical, debt service on pension bonds, payroll taxes, and health benefits expenditures which total \$837 million in the General Fund in fiscal 2003 and \$988 million in fiscal 2004 spread across Education, Corrections, Transportation and All Other.

New York: Expenditure totals are distorted by the deferral of \$1.9 billion of payments from 2002–2003 to 2003–2004.

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 \$4,334.2 million in fiscal 2002 and \$4,771.4 million in fiscal 2003. 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 \$5,362.1 million in fiscal 2002 and \$5,613.1 million in fiscal 2003.

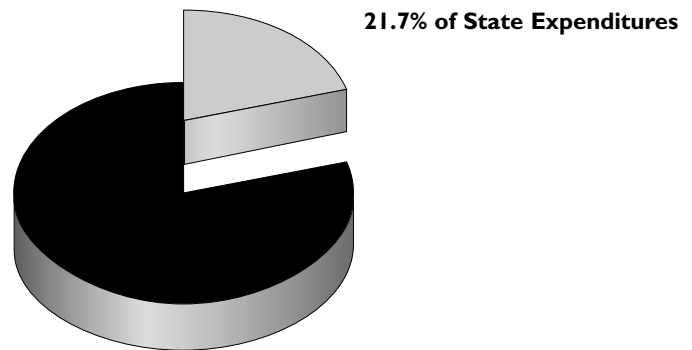
Additionally, "double counting" of revenue and expenditures related to intrastate transactions overstates overall state

expenditure activity. The overstatement is primarily found in general services. Expenditure activity from these funds totals \$1,081.3 million in fiscal 2002 and \$1,186.1 million in fiscal 2003. 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 2004 are estimates.

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.

CHAPTER ONE ELEMENTARY & SECONDARY EDUCATION



Elementary and secondary education is the largest functional category of state spending—21.7 percent of the total—amounting to \$247 billion in fiscal 2003. Total elementary and secondary education spending increased by 6.4 percent between fiscal 2002 and 2003, and accounts for 35.1 percent of state general fund spending.

According to the Department of Education, 46 percent of funding for education comes from state funds, 37 percent from local funds, and 9 percent from the federal government. Funding increases caused by the enactment in 2001 of the No Child Left Behind Act now have begun to reach the classroom level. The proposed fiscal 2005 federal budget would provide \$38.7 billion for K–12 education, with 95 percent of it distributed through states directly to local districts and schools.

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 construction, renovation and repairs.

No Child Left Behind Act

January 8, 2004 marked the second anniversary of the No Child Left Behind Act (NCLB). NCLB reflects federal interaction with states' elementary and secondary education efforts. Among its requirements are that states provide public school choice and supplemental services to 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; 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 June 10, 2003, all 50 states, the District of Columbia, and Puerto Rico had established plans to improve student achievement, to test reading and math skills from grades 3–8, to use public school choice, and to implement tutoring and supplemental services to increase children's skills. In order for schools to make "adequate yearly progress" (AYP), they must demonstrate that at least 95 percent of all students participate in testing. In calculating participation rates, states are now able to average their participation over a three-year period. Students who are unable to

take a test during the testing and make-up windows because of a "unique, significant medical emergency" will not count against the school's participation rate. A state may use data from the previous one or two years to average the participation rate data for a school. If this two or three year average meets or exceeds 95 percent, the school will meet the AYP requirement of the NCLB Act. Also, to meet the 2005–2006 deadline and ensure that their teachers are "highly qualified," the Department of Education provided three areas of flexibility that benefit teachers themselves, local and state administrators, as well as students. Under the new terms, teachers in eligible, rural districts who are highly qualified in one subject will have three years to become qualified in any other subjects they teach; states may allow science teachers to demonstrate that they are highly qualified in "broad field" science or individual fields of science such as physics, biology, or chemistry; states may develop their own method for current multi-subject teachers to demonstrate that the teachers are highly qualified and maintain the same standards in their subject.

Also recently implemented: the Teacher Assistance Corps (TAC), a volunteer program designed to assist states and educators to meet the NCLB teacher requirements; the School Information Partnership, a site that displays available data required to be publicly reported under NCLB sponsored by the Department of Education in conjunction with the Broad Foundation, National Center for Accountability, and Standard & Poor's School Evaluation Services; A teacher "tool kit" that provides information on the NCLB Act, information on the 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 with the act.

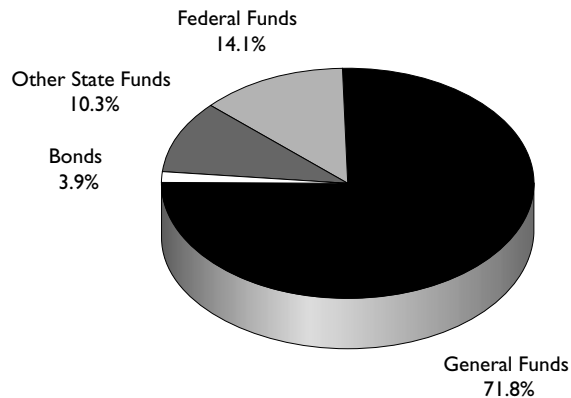
Sources of Funding

As a percentage of total funding, in fiscal 2003 state funds (excluding bonds) for education range from 91.5 percent in New Jersey to 68.5 percent in California. 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 2003 are shown in the figure below.

Figure 10
STATE EXPENDITURES FOR ELEMENTARY AND SECONDARY EDUCATION BY FUND SOURCE, FISCAL 2003



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, 12 states wholly or partially excluded employer contributions for teacher pensions and 15 states wholly or partially excluded contributions for health benefits. Among the states reporting, other items that are excluded or partially excluded are: day care programs (42), school health care (38), Head Start (31), and libraries (24). Summary expenditure data can be found in Tables 7–9, accompanied by explanatory notes. Table 10 lists programs excluded from the expenditure data.

Regional Expenditures

The following table shows percentage changes in expenditures for elementary and secondary education for fiscal 2002–2003 and 2003–2004. For 2003, states in the Far West were above the national average, while the New England and Southeast states were below the national average.

Table 6
REGIONAL PERCENTAGE CHANGE IN STATE ELEMENTARY AND SECONDARY EDUCATION EXPENDITURES, FISCAL 2003 AND 2004

Region	Fiscal 2002 to 2003			Fiscal 2003 to 2004		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
New England	1.4%	10.7%	3.2%	-1.4%	15.6%	0.9%
Mid-Atlantic	3.7	15.4	5.5	3.7	21.1	6.0
Great Lakes	2.0	14.0	3.5	0.9	11.2	2.6
Plains	6.9	10.1	7.2	1.6	21.1	4.0
Southeast	2.4	18.5	3.3	3.3	14.3	4.9
Southwest	4.5	20.8	7.2	-1.9	12.9	1.0
Rocky Mountain	2.7	14.0	4.0	4.3	9.4	4.9
Far West	-3.3	17.8	13.6	4.8	14.8	0.6
ALL STATES	2.0%	16.4%	6.4%	2.4%	15.2%	3.2%

Table 7
ELEMENTARY AND SECONDARY EDUCATION EXPENDITURES (\$ IN MILLIONS)

Region/State	Actual Fiscal 2002					Actual Fiscal 2003					Estimated Fiscal 2004				
	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	\$1,996	\$295	\$6	\$405	\$2,702	\$1,990	\$360	\$5	\$488	\$2,843	\$2,007	\$369	\$5	\$500	\$2,881
Maine	924	126	2	5	1,057	919	145	7	4	1,075	931	146	14	7	1,098
Massachusetts	4,157	659	0	0	4,816	4,103	687	0	0	4,790	3,924	834	0	0	4,758
New Hampshire	66	108	883	6	1,063	83	121	905	7	1,116	63	139	845	10	1,057
Rhode Island	707	108	1	10	826	742	128	1	11	882	777	191	4	0	972
Vermont	287	96	497	12	892	296	100	604	16	1,016	309	103	640	11	1,063
MID-ATLANTIC															
Delaware	853	97	349	64	1,363	840	103	363	130	1,436	855	120	400	130	1,505
Maryland	3,081	670	103	0	3,854	3,258	758	143	0	4,159	3,483	818	23	0	4,324
New Jersey	7,208	572	26	0	7,806	7,505	703	24	0	8,232	8,295	836	33	0	9,164
New York	13,516	2,158	1,629	0	17,303	13,664	2,429	1,936	54	18,083	13,677	3,176	1,934	41	18,828
Pennsylvania*	6,711	1,316	3	0	8,030	6,965	1,561	15	0	8,541	7,282	1,776	7	0	9,065
GREAT LAKES															
Illinois	5,908	1,323	117	647	7,995	6,135	1,590	96	568	8,389	6,288	1,617	40	474	8,419
Indiana*	3,878	533	13	0	4,424	4,193	552	34	0	4,779	4,114	626	14	0	4,754
Michigan*	232	1,098	11,028	0	12,358	412	1,220	10,911	0	12,543	360	1,443	10,759	0	12,562
Ohio*	6,064	1,018	1,279	353	8,714	6,263	1,141	988	507	8,899	6,561	1,353	1,049	791	9,754
Wisconsin	5,061	441	64	0	5,566	5,234	530	57	0	5,821	5,331	557	111	0	5,999
PLAINS															
Iowa	1,888	329	194	34	2,445	1,933	353	147	30	2,463	1,980	413	86	0	2,479
Kansas	2,333	289	28	0	2,650	2,113	318	81	0	2,512	2,170	346	97	0	2,613
Minnesota	4,419	471	36	39	4,965	5,529	515	33	31	6,108	5,722	634	34	17	6,407
Missouri	2,440	649	1,175	0	4,264	2,324	725	1,314	0	4,363	2,449	929	1,174	0	4,552
Nebraska	826	208	40	0	1,074	840	223	30	0	1,093	839	239	33	0	1,111
North Dakota	287	86	34	0	407	300	100	41	0	441	307	101	36	0	444
South Dakota	339	98	9	0	446	321	112	11	0	444	330	178	3	0	511
SOUTHEAST															
Alabama*	2,854	580	141	0	3,575	2,915	664	123	0	3,702	2,901	947	133	0	3,981
Arkansas	1,576	301	214	0	2,091	1,592	352	246	0	2,190	1,642	366	235	0	2,243
Florida	7,099	1,285	555	0	8,939	7,559	1,871	495	0	9,925	8,111	2,321	618	0	11,050
Georgia	5,934	1,048	310	633	7,925	6,030	1,253	253	0	7,536	5,921	1,106	260	174	7,461
Kentucky	2,979	468	11	0	3,458	3,041	480	16	0	3,537	3,121	530	11	0	3,662
Louisiana	2,380	652	298	0	3,330	2,446	685	271	0	3,402	2,605	813	217	0	3,635
Mississippi	1,401	423	370	0	2,194	1,501	469	351	0	2,321	1,503	541	545	0	2,588
North Carolina	5,815	701	65	55	6,636	5,873	821	49	0	6,743	6,035	914	47	0	6,996
South Carolina	1,847	425	585	150	3,007	1,795	502	641	100	3,038	1,757	475	581	0	2,813
Tennessee	2,591	530	16	0	3,137	2,696	600	22	0	3,318	2,798	818	12	0	3,628
Virginia	3,926	405	117	0	4,448	4,010	419	118	0	4,547	4,183	418	118	0	4,719
West Virginia	1,444	248	47	52	1,791	1,521	255	51	132	1,959	1,561	323	122	10	2,016
SOUTHWEST															
Arizona	2,646	436	309	0	3,391	2,664	642	366	0	3,672	2,976	758	346	0	4,080
New Mexico	1,813	361	78	147	2,399	1,908	386	111	198	2,603	2,022	382	117	295	2,816
Oklahoma	1,929	388	553	0	2,870	1,447	424	952	0	2,823	1,435	516	1,079	0	3,030
Texas	12,370	2,573	783	0	15,726	13,068	3,086	880	0	17,034	11,842	3,466	1,171	0	16,479
ROCKY MOUNTAIN															
Colorado	2,269	302	286	0	2,857	2,312	335	451	0	3,098	2,418	381	477	0	3,276
Idaho	933	132	72	0	1,137	942	154	63	0	1,159	966	172	58	0	1,196
Montana	564	94	2	0	660	525	120	53	0	698	517	143	47	0	707
Utah*	1,706	253	385	0	2,344	1,648	288	367	0	2,303	1,677	289	447	0	2,413
Wyoming	3	79	480	0	562	9	83	511	0	603	12	87	558	0	657
FAR WEST															
Alaska	790	151	51	0	992	801	151	52	0	1,004	812	159	28	0	999
California	27,438	4,139	60	886	32,523	26,514	4,980	67	7,268	38,829	27,158	5,647	66	4,798	37,669
Hawaii	1,368	129	28	0	1,525	1,428	160	31	0	1,619	1,461	199	56	37	1,753
Nevada*	656	147	141	0	944	690	191	191	0	1,072	758	284	134	0	1,176
Oregon	2,623	332	114	0	3,069	1,425	350	497	0	2,272	2,652	387	293	0	3,332
Washington	4,902	499	175	0	5,576	4,970	524	428	0	5,922	5,002	619	469	21	6,111
TOTAL	\$175,037	\$29,829	\$23,762	\$3,498	\$232,126	\$177,292	\$34,719	\$25,402	\$9,544	\$246,957	\$181,900	\$40,005	\$25,586	\$7,316	\$254,807

Source: National Association of State Budget Officers, 2003 State Expenditure Report

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

Region/State	Fiscal 2002	Fiscal 2003	Fiscal 2004
NEW ENGLAND			
Connecticut	13.3 %	13.8 %	13.1 %
Maine	18.5	17.7	18.0
Massachusetts	18.2	18.4	17.4
New Hampshire	28.3	27.5	25.8
Rhode Island	15.4	16.0	15.8
Vermont	31.4	38.0	36.7
MID-ATLANTIC			
Delaware	24.0	24.7	24.5
Maryland	17.1	18.1	17.9
New Jersey	22.3	22.7	24.5
New York	20.3	20.3	19.3
Pennsylvania	18.4	18.1	18.6
GREAT LAKES			
Illinois	20.2	22.3	20.4
Indiana	24.2	24.8	23.5
Michigan	31.0	31.5	31.9
Ohio	19.1	19.0	20.0
Wisconsin	17.9	18.3	25.2
PLAINS			
Iowa	20.1	18.3	18.2
Kansas	27.0	24.9	25.6
Minnesota	24.1	26.4	27.2
Missouri	24.9	25.0	24.4
Nebraska	16.3	16.1	14.5
North Dakota	16.7	17.5	16.8
South Dakota	13.8	15.5	18.2
SOUTHEAST			
Alabama	23.3	23.1	20.0
Arkansas	17.3	17.3	15.4
Florida	19.0	20.4	20.5
Georgia	30.0	26.9	26.0
Kentucky	20.1	19.2	18.7
Louisiana	19.1	20.0	18.7
Mississippi	20.6	19.8	21.5
North Carolina	23.6	23.4	23.9
South Carolina	19.4	18.2	18.2
Tennessee	16.9	16.4	16.7
Virginia	16.7	16.9	16.9
West Virginia	12.9	12.5	12.4
SOUTHWEST			
Arizona	18.4	18.8	19.6
New Mexico	22.6	22.7	23.9
Oklahoma	22.0	21.8	21.7
Texas	27.8	28.8	27.8
ROCKY MOUNTAIN			
Colorado	22.4	23.4	24.5
Idaho	26.8	26.6	24.4
Montana	20.4	19.1	17.8
Utah	31.2	30.5	30.4
Wyoming	14.2	14.4	14.8
FAR WEST			
Alaska	16.4	15.5	13.2
California	22.3	24.0	22.7
Hawaii	19.5	20.2	23.1
Nevada	16.1	18.6	18.8
Oregon	18.7	15.1	16.9
Washington	22.9	23.6	23.5
ALL STATES	21.3 %	21.7 %	21.5 %

Source: National Association of State Budget Officers, 2003 State Expenditure Report

Table 9

ANNUAL PERCENTAGE CHANGE IN ELEMENTARY AND SECONDARY EDUCATION EXPENDITURES

Region/State	Fiscal 2002 to 2003			Fiscal 2003 to 2004		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
NEW ENGLAND						
Connecticut	-0.3 %	22.0 %	5.2 %	0.9 %	2.5 %	1.3 %
Maine	0.0	15.1	1.7	2.1	0.7	2.1
Massachusetts	-1.3	4.2	-0.5	-4.4	21.4	-0.7
New Hampshire	4.1	12.0	5.0	-8.1	14.9	-5.3
Rhode Island	4.9	18.5	6.8	5.1	49.2	10.2
Vermont	14.8	4.2	13.9	5.4	3.0	4.6
MID-ATLANTIC						
Delaware	0.1	6.2	5.4	4.3	16.5	4.8
Maryland	6.8	13.1	7.9	3.1	7.9	4.0
New Jersey	4.1	22.9	5.5	10.6	18.9	11.3
New York	3.0	12.6	4.5	0.1	30.8	4.1
Pennsylvania	4.0	18.6	6.4	4.4	13.8	6.1
GREAT LAKES						
Illinois	3.4	20.2	4.9	1.6	1.7	0.4
Indiana	8.6	3.6	8.0	-2.3	13.4	-0.5
Michigan	0.6	11.1	1.5	-1.8	18.3	0.2
Ohio	-1.3	12.1	2.1	5.0	18.6	9.6
Wisconsin	3.2	20.2	4.6	2.9	5.1	3.1
PLAINS						
Iowa	-0.1	7.3	0.7	-0.7	17.0	0.6
Kansas	-7.1	10.0	-5.2	3.3	8.8	4.0
Minnesota	24.8	9.3	23.0	3.5	23.1	4.9
Missouri	0.6	11.7	2.3	-0.4	28.1	4.3
Nebraska	0.5	7.2	1.8	0.2	7.2	1.6
North Dakota	6.2	16.3	8.4	0.6	1.0	0.7
South Dakota	-4.6	14.3	-0.4	0.3	58.9	15.1
SOUTHEAST						
Alabama	1.4	14.5	3.6	-0.1	42.6	7.5
Arkansas	2.7	16.9	4.7	2.1	4.0	2.4
Florida	5.2	45.6	11.0	8.4	24.1	11.3
Georgia	0.6	19.6	-4.9	-1.6	-11.7	-1.0
Kentucky	2.2	2.6	2.3	2.5	10.4	3.5
Louisiana	1.5	5.1	2.2	3.9	18.7	6.8
Mississippi	4.6	10.9	5.8	10.6	15.4	11.5
North Carolina	0.7	17.1	1.6	2.7	11.3	3.8
South Carolina	0.2	18.1	1.0	-4.0	-5.4	-7.4
Tennessee	4.3	13.2	5.8	3.4	36.3	9.3
Virginia	2.1	3.5	2.2	4.2	-0.2	3.8
West Virginia	5.4	2.8	9.4	7.1	26.7	2.9
SOUTHWEST						
Arizona	2.5	47.2	8.3	9.6	18.1	11.1
New Mexico	6.8	6.9	8.5	5.9	-1.0	8.2
Oklahoma	-3.3	9.3	-1.6	4.8	21.7	7.3
Texas	6.0	19.9	8.3	-6.7	12.3	-3.3
ROCKY MOUNTAIN						
Colorado	8.1	10.9	8.4	4.8	13.7	5.7
Idaho	0.0	16.7	1.9	1.9	11.7	3.2
Montana	2.1	27.7	5.8	-2.4	19.2	1.3
Utah	-3.6	13.8	-1.7	5.4	0.3	4.8
Wyoming	7.7	5.1	7.3	9.6	4.8	9.0
FAR WEST						
Alaska	1.4	0.0	1.2	-1.5	5.3	-0.5
California*	-3.3	20.3	19.4	2.4	13.4	-3.0
Hawaii	4.5	24.0	6.2	4.0	24.4	8.3
Nevada	10.5	29.9	13.6	1.2	48.7	9.7
Oregon	-29.8	5.4	-26.0	53.2	10.6	46.7
Washington	6.3	5.0	6.2	1.4	18.1	3.2
ALL STATES	2.0 %	16.4 %	6.4 %	2.4 %	15.2 %	3.2 %

Note: State funds are defined as general funds and other state funds (bonds are excluded).
Source: National Association of State Budget Officers, 2003 State Expenditure Report

Table 10

ITEMS EXCLUDED FROM ELEMENTARY AND 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	X	X
New Hampshire			X	X	X	
Rhode Island			X	X	X	P
Vermont	X	X	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	P	P	
Indiana	P	P	X	P		X
Michigan	P	P	X	X	X	X
Ohio				X	X	X
Wisconsin					X	X
PLAINS						
Iowa	X					
Kansas		X	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
Mississippi					P	P
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	
FAR WEST						
Alaska				X	X	
California			X		X	X
Hawaii	P	P	X		X	X
Nevada			X	P	P	P
Oregon			X	P	P	X
Washington	P	P	X	X	X	X
ALL STATES	12	15	31	24	42	38

Excluded=X

Partially Excluded=P

Not Applicable=N/A

Source: National Association of State Budget Officers, 2003 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: Federal Funds received directly by local school systems are not reported at state budget level.

Indiana: In fiscal 2002, the June distribution for local school aid was not paid until July of fiscal 2003. Since that time, the January payment has been delayed and made up in December of the same calendar year. This provides 12 full payments to schools in their fiscal year. This creates a slight reduction in the total distributions for K–12 education.

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.

Nevada: Headstart is not included because it is not administered by the Nevada Department of Education. Libraries are included to the extent that they are libraries within schools; state, county, and city libraries are not included. Daycare is not included except for food services for day care facilities that are provided with federal

USDA dollars. School health care and health care-related programs are included insofar as the school districts use state and federal dollars received through the Nevada Department of Education. Employer contributions to current employees' pensions and employer contributions to employee health benefits are included only for Department of Education employees.

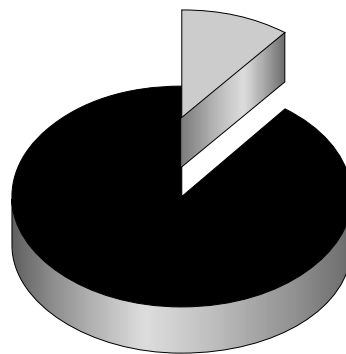
Ohio: See General Notes for Ohio for discussion of double counting issues that affect percentage of total expenditure amounts.

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

Utah: Included in the General Fund are school funds (income tax revenue) which in Utah are restricted by the state constitution for the sole use of public and higher education. Public education in Utah is organized to include the Utah State Office of Rehabilitation (USOR). The numbers reflected in this report for public education include USOR. The USOR amounts are as follows: in fiscal 2002, \$18 million in general funds, \$28 million in federal funds, and \$1 million in other state funds; in fiscal 2003, \$18 million in general funds, \$30 million in federal funds, and \$1 million in other state funds; in fiscal 2004, \$18 million in general funds, \$31 million in federal funds, and \$1 million in other state funds.

CHAPTER TWO

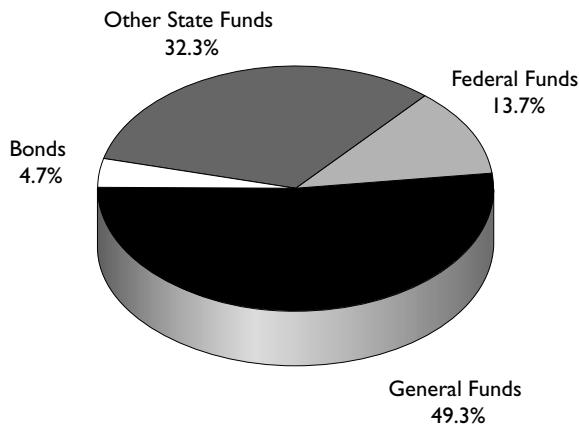
HIGHER EDUCATION



10.8% of State Expenditures

State higher education expenditures reflect support of public university systems, community colleges, and vocational education institutions. States spent \$122.9 billion on higher education in fiscal 2003, an amount that reflects 10.8 percent of total state spending. General funds account for 49.3 percent of total state higher education spending, other state funds 32.3 percent, federal funds 13.7 percent, and bonds 4.7 percent (see Table 12 and Figure 11). Thirteen states exclude tuition and fees and 14 states exclude student loan programs in the state expenditures reported here (see Table 15).

Figure 11
STATE EXPENDITURES FOR HIGHER EDUCATION BY FUND SOURCE, FISCAL 2003



Total state spending on higher education grew by 3.2 percent between fiscal 2002 and fiscal 2003, 1.3 percent less than the growth in total state spending for the same period. From fiscal 2002 to fiscal 2003, state funds (general funds plus other state funds) for higher education increased by 1.8 percent and federal funds grew by 13.1 percent. Between fiscal 2003 and fiscal 2004, states estimate that growth in higher education expenditures was only 1.6 percent.

Table 11
REGIONAL PERCENTAGE CHANGE IN STATE HIGHER EDUCATION EXPENDITURES, FISCAL 2003 AND 2004

Region	Fiscal 2002 to 2003			Fiscal 2003 to 2004		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
New England	1.0%	68.9%	5.1%	-3.2%	4.0%	-2.6%
Mid-Atlantic	3.1	51.3	6.7	4.4	-6.3	2.1
Great Lakes	-0.1	11.0	0.6	-1.9	-7.4	-2.5
Plains	4.9	-21.2	2.3	1.6	40.4	4.8
Southeast	1.7	11.0	2.6	0.8	0.0	0.3
Southwest	0.1	13.8	1.4	-0.7	-6.0	1.0
Rocky Mountain	0.9	0.0	3.0	13.2	23.7	11.0
Far West	2.3	13.0	4.8	-1.4	6.2	4.0
ALL STATES	1.8 %	13.1 %	3.2 %	0.7 %	3.1 %	1.6 %

Those estimates show that during that period, state funds increased only by 0.7 percent, and federal funds by 3.1 percent.

Capital Spending

State spending on construction, renovation, and other capital projects decreased by 14.7 percent in fiscal 2003. Decreases in capital spending often follow sizeable increases because of the nature of capital projects, including long construction timetables that mean all available funds might not be spent in a single year. Indeed, in fiscal 2002, buoyed by historically low interest rates and amid a return to debt-financed projects after several years of funding them on a pay-as-you-go basis, capital expenditures for higher education increased by 20.5 percent.

Financing Issues

When the state fiscal picture darkens, higher education often is the first category of spending to be cut. In most states, higher education institutions have the ability to raise tuition when state funding goes down and have the discretion to determine what reductions or other budget adjustments to make. Indeed, according to The College Board, between 2002–2003 and 2003–2004 tuition and fees at public four-year institutions increased by 14.1 percent in current dollars. In real terms, according to the same data, tuition and fees over the last ten years have increased by 47 percent, or an average annual rate of 3.9 percent.

Table 12

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

Region/State	Actual Fiscal 2002					Actual Fiscal 2003					Estimated Fiscal 2004				
	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	\$601	\$97	\$1,123	\$118	\$1,939	\$578	\$185	\$1,198	\$175	\$2,136	\$565	\$194	\$1,256	\$175	\$2,190
Maine	222	0	1	0	223	220	0	2	0	222	226	0	1	21	248
Massachusetts*	1,024	16	0	96	1,136	964	16	0	79	1,059	784	16	0	43	84
New Hampshire	108	16	35	4	163	112	19	39	27	197	105	19	47	25	196
Rhode Island	174	3	366	0	543	169	3	406	17	595	172	3	411	32	618
Vermont	71	0	0	4	75	75	0	0	4	79	77	0	0	4	81
MID-ATLANTIC															
Delaware	214	21	43	11	289	205	26	46	13	290	208	26	47	7	288
Maryland	1,283	530	1,575	0	3,388	1,217	543	1,714	0	3,474	1,140	607	1,885	0	3,632
New Jersey	1,721	20	684	0	2,425	1,775	19	836	0	2,630	1,912	25	917	0	2,854
New York	2,963	161	2,404	263	5,791	2,725	558	2,727	221	6,231	2,672	402	3,083	204	6,361
Pennsylvania*	1,875	85	128	153	2,241	1,863	90	178	332	2,463	1,814	98	187	169	2,268
GREAT LAKES															
Illinois	2,586	185	58	193	3,022	2,490	211	69	202	2,972	2,312	194	46	155	2,707
Indiana*	1,318	2	1	136	1,457	1,407	3	9	138	1,557	1,412	7	9	129	1,557
Michigan	2,134	19	175	171	2,499	2,049	22	139	207	2,417	1,841	21	93	111	2,066
Ohio*	2,457	7	2	320	2,786	2,410	7	2	256	2,675	2,509	10	3	364	2,886
Wisconsin	1,201	740	1,541	0	3,482	1,282	815	1,601	0	3,698	1,184	748	1,836	0	3,768
PLAINS															
Iowa	851	299	2,047	30	3,227	791	350	2,235	36	3,412	793	402	2,338	53	3,586
Kansas	704	293	675	29	1,701	670	46	979	29	1,724	675	210	854	32	1,771
Minnesota	1,395	4	14	169	1,582	1,347	5	20	129	1,501	1,288	5	25	160	1,478
Missouri	799	3	144	0	946	819	3	163	0	985	840	7	182	30	1,059
Nebraska	532	132	771	0	1,435	530	151	770	0	1,451	510	180	982	0	1,672
North Dakota*	184	0	96	5	285	185	0	102	8	295	186	0	118	0	304
South Dakota*	152	66	229	0	447	154	73	251	0	478	158	78	212	0	448
SOUTHEAST															
Alabama*	1,117	683	789	0	2,589	1,158	777	846	0	2,781	1,160	754	924	0	2,838
Arkansas	548	3	1,373	9	1,933	558	1	1,276	3	1,838	588	2	1,289	2	1,881
Florida*	2,935	114	1,710	606	5,365	3,036	98	1,182	365	4,681	3,151	105	681	367	4,304
Georgia	2,080	1,554	390	342	4,366	1,988	1,643	374	166	4,171	1,974	1,411	441	100	3,926
Kentucky	1,123	398	1,563	0	3,084	1,118	479	1,938	0	3,535	1,129	518	2,093	0	3,740
Louisiana	927	110	837	0	1,874	961	119	947	0	2,027	1,039	126	1,057	0	2,222
Mississippi	606	73	1,148	80	1,907	587	84	1,198	35	1,904	591	109	1,238	0	1,938
North Carolina	2,251	38	1,162	300	3,751	2,306	41	1,348	565	4,260	2,462	43	1,354	617	4,476
South Carolina	874	360	1,353	90	2,677	802	430	1,773	116	3,121	747	436	1,449	0	2,632
Tennessee	1,104	134	1,018	9	2,265	1,112	134	1,064	41	2,351	1,106	141	1,154	5	2,406
Virginia	1,673	435	1,289	188	3,585	1,360	513	1,463	285	3,621	1,289	666	1,741	364	4,060
West Virginia	377	158	652	116	1,303	377	186	606	131	1,300	337	192	624	135	1,288
SOUTHWEST															
Arizona	1,042	357	1,038	82	2,519	1,002	451	1,112	81	2,646	1,004	468	1,144	104	2,720
New Mexico	492	523	1,377	250	2,642	495	587	1,419	269	2,770	644	451	897	336	2,328
Oklahoma	872	225	1,107	91	2,295	894	229	1,217	3	2,343	892	269	1,503	129	2,793
Texas	5,210	130	1,920	779	8,039	5,036	139	1,901	874	7,950	5,020	133	1,882	984	8,019
ROCKY MOUNTAIN															
Colorado	876	21	835	0	1,732	754	19	942	0	1,715	592	30	1,400	0	2,022
Idaho	299	3	96	1	399	273	3	98	1	375	288	3	158	1	450
Montana	139	45	142	0	326	135	45	168	0	348	142	52	181	0	375
Utah*	646	7	198	45	896	617	9	257	118	1,001	642	9	277	47	975
Wyoming	116	0	8	0	124	134	0	8	0	142	145	0	9	0	154
FAR WEST															
Alaska	204	117	239	20	580	208	104	251	62	625	215	119	376	0	710
California	9,157	6,251	773	624	16,805	9,041	7,106	857	427	17,431	8,240	7,450	1,058	1,214	17,962
Hawaii	440	11	210	82	743	463	12	206	44	725	460	20	259	23	762
Nevada	350	2	151	26	529	372	2	170	36	580	483	2	170	38	693
Oregon	393	449	873	0	1,715	353	497	991	0	1,841	347	613	1,235	0	2,195
Washington	1,364	13	2,382	177	3,936	1,370	9	2,636	254	4,269	1,314	4	2,522	318	4,158
TOTAL	\$61,784	\$14,913	\$36,745	\$5,619	\$119,061	\$60,547	\$16,862	\$39,734	\$5,749	\$122,892	\$59,384	\$17,378	\$41,648	\$6,498	\$124,908

Source: National Association of State Budget Officers, 20023

Table 13
HIGHER EDUCATION EXPENDITURES AS A PERCENT OF
TOTAL EXPENDITURES

Region/State	Fiscal 2002	Fiscal 2003	Fiscal 2004
NEW ENGLAND			
Connecticut	9.5 %	10.4 %	10.0 %
Maine	3.9	3.7	4.1
Massachusetts	4.3	4.1	3.1
New Hampshire	4.3	4.8	4.8
Rhode Island	10.1	10.8	10.1
Vermont	2.6	3.0	2.8
MID-ATLANTIC			
Delaware	5.1	5.0	4.7
Maryland	15.0	15.1	15.1
New Jersey	6.9	7.3	7.6
New York	6.8	7.0	6.5
Pennsylvania	5.1	5.2	4.7
GREAT LAKES			
Illinois	7.6	7.9	6.6
Indiana	8.0	8.1	7.7
Michigan	6.3	6.1	5.2
Ohio	6.1	5.7	5.9
Wisconsin	11.2	11.6	15.8
PLAINS			
Iowa	26.6	25.3	26.3
Kansas	17.4	17.1	17.3
Minnesota	7.7	6.5	6.3
Missouri	5.5	5.6	5.7
Nebraska	21.8	21.3	21.9
North Dakota	11.7	11.7	11.5
South Dakota	13.8	16.7	15.9
SOUTHEAST			
Alabama	16.9	17.4	14.2
Arkansas	16.0	14.6	12.9
Florida	11.4	9.6	8.0
Georgia	16.5	14.9	13.7
Kentucky	17.9	19.2	19.1
Louisiana	10.8	11.9	11.4
Mississippi	17.9	16.3	16.1
North Carolina	13.3	14.8	15.3
South Carolina	17.3	18.7	17.1
Tennessee	12.2	11.6	11.0
Virginia	13.5	13.4	14.5
West Virginia	9.4	8.3	7.9
SOUTHWEST			
Arizona	13.7	13.5	13.1
New Mexico	24.9	24.2	19.8
Oklahoma	17.6	18.1	20.0
Texas	14.2	13.5	13.5
ROCKY MOUNTAIN			
Colorado	13.6	13.0	15.1
Idaho	9.4	8.6	9.2
Montana	10.1	9.5	9.4
Utah	11.9	13.3	12.3
Wyoming	3.1	3.4	3.5
FAR WEST			
Alaska	9.6	9.6	9.4
California	11.5	10.8	10.8
Hawaii	9.5	9.0	10.0
Nevada	9.0	10.1	11.1
Oregon	10.5	12.2	11.2
Washington	16.1	17.0	16.0
ALL STATES	10.9 %	10.8 %	10.5 %

Source: National Association of State Budget Officers, 2003 State Expenditure Report

Table 14

ANNUAL PERCENTAGE CHANGE IN HIGHER EDUCATION EXPENDITURES

Region/State	Fiscal 2002 to 2003			Fiscal 2003 to 2004		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
NEW ENGLAND						
Connecticut	3.0 %	90.7 %	10.2 %	2.5 %	4.9 %	2.5 %
Maine	-0.4	—	-0.4	2.3	—	11.7
Massachusetts	-5.9	0.0	-6.8	-18.7	0.0	-20.4
New Hampshire	5.6	18.8	20.9	0.7	0.0	-0.5
Rhode Island	6.5	0.0	9.6	1.4	0.0	3.9
Vermont	5.6	—	5.3	2.7	—	2.5
MID-ATLANTIC						
Delaware	-2.3	23.8	0.3	1.6	0.0	-0.7
Maryland	2.6	2.5	2.5	3.2	11.8	4.5
New Jersey	8.6	-5.0	8.5	8.3	31.6	8.5
New York	1.6	246.6	7.6	5.6	-28.0	2.1
Pennsylvania	1.9	5.9	9.9	-2.0	8.9	-7.9
GREAT LAKES						
Illinois	-3.2	14.1	-1.7	-7.9	-8.1	-8.9
Indiana	7.4	50.0	6.9	0.4	133.3	0.0
Michigan	-5.2	15.8	-3.3	-11.6	-4.5	-14.5
Ohio	-1.9	0.0	-4.0	4.1	42.9	7.9
Wisconsin	5.1	10.1	6.2	4.8	-8.2	1.9
PLAINS						
Iowa	4.4	17.1	5.7	3.5	14.9	5.1
Kansas	19.6	-84.3	1.4	-7.3	356.5	2.7
Minnesota	-3.0	25.0	-5.1	-4.0	0.0	-1.5
Missouri	4.1	0.0	4.1	4.1	133.3	7.5
Nebraska	-0.2	14.4	1.1	14.8	19.2	15.2
North Dakota	2.5	—	3.5	5.9	—	3.1
South Dakota	6.3	10.6	6.9	-8.6	6.8	-6.3
SOUTHEAST						
Alabama	5.1	13.8	7.4	4.0	-3.0	2.0
Arkansas	-4.5	-66.7	-4.9	2.3	100.0	2.3
Florida	-9.2	-14.0	-12.7	-9.2	7.1	-8.1
Georgia	-4.4	5.7	-4.5	2.2	-14.1	-5.9
Kentucky	13.8	20.4	14.6	5.4	8.1	5.8
Louisiana	8.2	8.2	8.2	9.9	5.9	9.6
Mississippi	1.8	15.1	-0.2	2.5	29.8	1.8
North Carolina	7.1	7.9	13.6	4.4	4.9	5.1
South Carolina	15.6	19.4	16.6	-14.7	1.4	-15.7
Tennessee	2.5	0.0	3.8	3.9	5.2	2.3
Virginia	-4.7	17.9	1.0	7.3	29.8	12.1
West Virginia	-4.5	17.7	-0.2	-2.2	3.2	-0.9
SOUTHWEST						
Arizona	1.6	26.3	5.0	1.6	3.8	2.8
New Mexico	2.4	12.2	4.8	-19.5	-23.2	-16.0
Oklahoma	6.7	1.8	2.1	13.5	17.5	19.2
Texas	-2.7	6.9	-1.1	-0.5	-4.3	0.9
ROCKY MOUNTAIN						
Colorado	-0.9	-9.5	-1.0	17.5	57.9	17.9
Idaho	-6.1	0.0	-6.0	20.2	0.0	20.0
Montana	7.8	0.0	6.7	6.6	15.6	7.8
Utah	3.6	28.6	11.7	5.1	0.0	-2.6
Wyoming	14.5	—	14.5	8.5	—	8.5
FAR WEST						
Alaska	3.6	-11.1	7.8	28.8	14.4	13.6
California	-0.3	13.7	3.7	-6.1	4.8	3.0
Hawaii	2.9	9.1	-2.4	7.5	66.7	5.1
Nevada	8.2	0.0	9.6	20.5	0.0	19.5
Oregon	6.2	10.7	7.3	17.7	23.3	19.2
Washington	6.9	-30.8	8.5	-4.2	-55.6	-2.6
ALL STATES	1.8 %	13.1 %	3.2 %	0.7 %	3.1 %	1.6 %

Note: State funds are defined as general funds and other state funds (bonds are excluded).
Source: National Association of State Budget Officers, 2003 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	X		X		
New Hampshire	P	P	P	P	X		X
Rhode Island						P	X
Vermont	X	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	P	P	P	P	P
Indiana	X	X	X		X		X
Michigan	X	X	X	X	P		
Ohio			X	P	P	X	
Wisconsin							
PLAINS							
Iowa							
Kansas							
Minnesota		X	X		P	P	P
Missouri	X	X	X		X	X	
Nebraska					X		
North Dakota			X		X	X	
South Dakota							X
SOUTHEAST							
Alabama							
Arkansas					P		X
Florida					P	P	
Georgia							
Kentucky						P	
Louisiana					X		
Mississippi							
North Carolina					X		
South Carolina				X			
Tennessee					X		
Virginia				X			
West Virginia				X	P	P	
SOUTHWEST							
Arizona							X
New Mexico							X
Oklahoma							X
Texas			P		P	P	
ROCKY MOUNTAIN							
Colorado				X	X		P
Idaho				X	X		X
Montana				X	X		
Utah					X		X
Wyoming							X
FAR WEST							
Alaska					X	X	X
California					X		
Hawaii	P	P		X	X	X	X
Nevada				X		X	X
Oregon							X
Washington							X
ALL STATES	10	12	13	14	28	18	22

Excluded=X

Partially Excluded=P

Not Applicable=N/A

Source: National Association of State Budget Officers, 2003 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: Other State Funds for Higher Education includes tuition and fees.

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

Indiana: In fiscal 2002, the June distribution to the state universities was not paid until July of fiscal 2003. Since that time, each monthly payment was delayed until the subsequent month. This creates a slight reduction in the total distributions for higher education. Bond figures include project appropriations approved during the fiscal year.

Massachusetts: Beginning in fiscal 2003, \$30 million in spending was transferred off-budget as a part of a pilot program to allow the Massachusetts College of Art and UMass Amherst to retain out-of-state tuition. These figures are not reflected in the amounts contained in this survey.

North Dakota: Student loans funded from the general fund are included.

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.

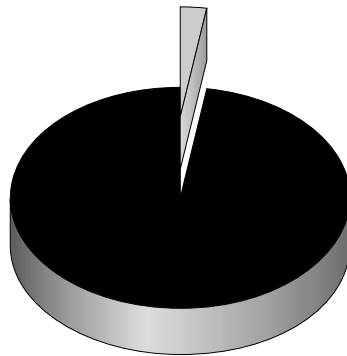
Utah: Included in the General Fund are school funds (income tax revenue) which in Utah are restricted by the state constitution for the sole use of public and higher education.

Not included in the fiscal 2002 numbers were four items funded through authorized revenue bonds including: \$100 million for a University of Utah Huntsman Cancer Institute expansion; \$2 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 were four items funded through authorized revenue bonds including: \$3 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.

No revenue bonds were authorized for Higher Education for fiscal 2004.

CHAPTER THREE PUBLIC ASSISTANCE



2.2% 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 \$24.9 billion in 2003 and represented 2.2 percent of total state expenditures. State spending for total cash assistance increased by 2 percent from 2002 to 2003.

The primary source of public assistance funding are federal funds, providing 52.7 percent, followed by general funds at 44.3 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 until September 30, 2004. 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.

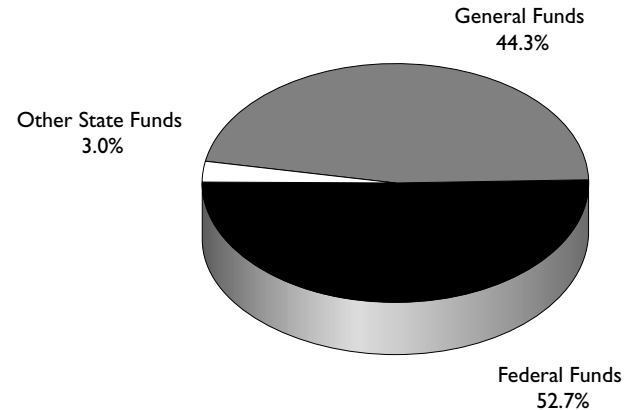
According to the U.S. Department of Health and Human Services (HHS) figures, the average monthly number of TANF recipients fell from 12.8 million prior to the enactment of TANF to 4.9 million at the end of fiscal 2003, a decrease of 60 percent.

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 2003.

Figure 12
STATE EXPENDITURES FOR TOTAL PUBLIC ASSISTANCE BY FUND SOURCE, FISCAL 2003



Regional Expenditures

The following table shows percentage changes in expenditures for TANF cash assistance for fiscal 2002-2003 and 2003-2004.

Table 16
REGIONAL PERCENTAGE CHANGE IN STATE TOTAL PUBLIC ASSISTANCE EXPENDITURES, FISCAL 2003 AND 2004

Region	Fiscal 2002 to 2003			Fiscal 2003 to 2004		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
New England	-3.3 %	2.0 %	-1.3 %	8.1 %	-3.4 %	3.5 %
Mid-Atlantic	-28.9	11.2	-6.4	49.4	-15.9	6.0
Great Lakes	-4.3	4.8	-0.4	1.0	-4.9	-1.6
Plains	-9.0	12.5	4.6	12.2	-10.6	-3.3
Southeast	-0.1	-0.8	-0.5	2.5	5.8	4.5
Southwest	-0.7	15.4	10.6	1.0	2.7	2.2
Rocky Mountain	0.0	10.7	8.3	-1.4	24.8	19.3
Far West	6.2	5.5	5.9	1.5	-7.4	-2.4
ALL STATES	-3.0 %	6.9 %	2.0 %	8.7 %	-6.1 %	0.9 %

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

State and federal funds for TANF cash assistance expenditures totaled \$17.1 billion in fiscal 2003, an increase of 0.6 percent from 2002 to 2003 (see Table 23). According to the most recent data, cash assistance expenditures from state and federal funds accounted for about 33 percent of total TANF spending in fiscal 2002 while child care accounted for about 19 percent of all funds used that year.

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. Since fiscal 2002, the program has been extended at the same level through fiscal 2004 and legislative action to reauthorize the program would continue the block grant at the \$16.5 billion level.

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

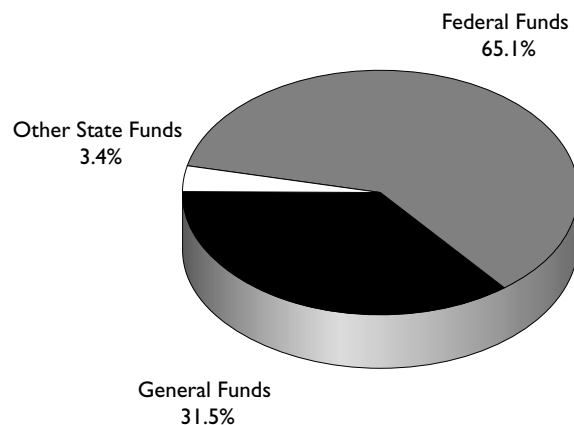
childcare services, training and education, transportation needs, transitional rental assistance, substance abuse, job readiness and job retention training, and domestic violence. As cash assistance has declined, these supportive services have gained greater importance in the program.

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

Fund Shares

The figure below provides fund shares for 2003.

Figure 13
STATE EXPENDITURES FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BY FUND SOURCE, FISCAL 2003



Regional Expenditures

The following table shows percentage changes in expenditures for TANF cash assistance for fiscal 2002–2003 and 2003–2004.

Table 17
REGIONAL PERCENTAGE CHANGE IN STATE TANF EXPENDITURES, FISCAL 2003 AND 2004

Region	Fiscal 2002 to 2003			Fiscal 2003 to 2004		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
New England	-5.8%	-0.8%	-3.4%	13.6%	-4.9%	4.7%
Mid-Atlantic	-38.8	10.6	-9.3	71.6	-19.4	5.3
Great Lakes	-9.3	4.4	-2.1	5.6	-5.9	-0.8
Plains	-19.3	12.5	4.3	25.8	-10.6	-3.4
Southeast	-1.0	-1.6	-1.4	-1.5	2.0	0.7
Southwest	-1.7	13.2	8.7	0.8	4.8	3.7
Rocky Mountain	3.8	10.7	9.5	-5.6	24.8	19.6
Far West	4.1	9.5	7.4	-1.4	-11.4	-7.7
ALL STATES	-10.4%	7.7%	0.6%	14.4%	-8.8%	-0.7%

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 0.7 percent of total state spending in 2003. States spent \$7.8 billion for other cash assistance, with 72.2 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 2002				Actual Fiscal 2003				Estimated Fiscal 2004			
	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*	\$241	\$267	\$0	\$508	\$218	\$267	\$0	\$485	224	267	0	491
Maine	28	27	103	158	29	35	94	158	34	48	114	196
Massachusetts	554	330	264	1,148	550	320	259	1,129	622	291	246	1,159
New Hampshire	11	28	9	48	12	30	9	51	20	20	10	50
Rhode Island	103	152	0	255	97	159	0	256	104	158	0	262
Vermont	29	32	3	64	30	42	2	74	29	40	2	71
MID-ATLANTIC												
Delaware	35	39	1	75	35	40	1	76	35	40	1	76
Maryland	76	81	9	166	49	105	19	173	83	65	17	165
New Jersey	134	138	0	272	162	101	0	263	180	116	0	296
New York	1,441	1,975	0	3,416	789	2,307	0	3,096	1,467	1,788	0	3,255
Pennsylvania	432	497	27	956	452	484	26	962	480	545	27	1,052
GREAT LAKES												
Illinois	99	99	0	198	88	73	0	161	80	65	0	145
Indiana	27	120	0	147	24	115	0	139	26	104	0	130
Michigan*	273	151	48	472	249	183	53	485	279	165	55	499
Ohio*	165	135	40	340	161	146	44	351	157	159	24	340
Wisconsin	165	99	1	265	163	116	1	280	169	109	1	279
PLAINS												
Iowa	54	61	22	137	55	71	14	140	56	76	16	148
Kansas	36	19	0	55	37	34	0	71	37	42	0	79
Minnesota	106	306	0	412	90	342	0	432	109	270	0	379
Missouri	53	121	17	191	44	118	24	186	43	119	21	183
Nebraska	20	37	0	57	20	43	0	63	35	37	0	72
North Dakota	4	5	5	14	0	9	5	14	2	6	6	14
South Dakota	6	5	0	11	5	6	0	11	5	7	0	12
SOUTHEAST												
Alabama	4	22	6	32	4	35	6	45	4	35	7	46
Arkansas	99	169	15	283	107	170	13	290	130	241	16	387
Florida	199	50	25	274	193	51	7	251	198	22	20	240
Georgia	170	287	0	457	190	320	0	510	170	353	0	523
Kentucky	66	126	6	198	72	110	0	182	72	133	0	205
Louisiana	10	129	0	139	9	228	0	237	6	200	0	206
Mississippi	11	18	0	29	0	34	0	34	0	33	0	33
North Carolina	108	360	93	561	109	252	94	455	105	244	91	440
South Carolina	27	26	1	54	27	27	1	55	21	27	7	55
Tennessee	0	123	7	130	18	117	6	141	21	111	6	138
Virginia	58	73	1	132	53	86	0	139	52	126	7	185
West Virginia	32	176	0	208	28	117	0	145	27	112	0	139
SOUTHWEST												
Arizona	56	81	0	137	55	105	0	160	57	121	0	178
New Mexico	13	267	0	280	16	305	1	322	17	306	1	324
Oklahoma	88	54	0	142	82	98	0	180	83	134	0	217
Texas*	251	575	0	826	251	619	0	870	251	596	0	847
ROCKY MOUNTAIN												
Colorado	0	101	23	124	0	110	22	132	0	159	22	181
Idaho	9	5	0	14	7	6	0	13	8	7	0	15
Montana	9	23	0	32	10	23	0	33	10	32	0	42
Utah	28	84	0	112	30	97	0	127	28	100	0	128
Wyoming	0	20	0	20	0	22	0	22	0	24	0	24
FAR WEST												
Alaska	79	20	19	118	82	21	16	119	82	19	22	123
California	5,405	3,896	0	9,301	5,790	4,240	0	10,030	5,913	3,898	0	9,811
Hawaii	92	52	0	144	87	41	0	128	85	58	0	143
Nevada*	28	41	0	69	31	33	0	64	31	22	0	53
Oregon	16	108	7	131	17	118	8	143	23	114	7	144
Washington	449	709	18	1,176	440	640	18	1,098	409	605	17	1,031
TOTAL	\$11,399	\$12,319	\$770	\$24,488	\$11,067	\$13,171	\$743	\$24,981	\$12,079	\$12,369	\$763	\$25,211

Note: This table reflects TANF and other cash assistance expenditures.
Source: National Association of State Budget Officers, 2003 State Expenditure Report

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

Region/State	Fiscal 2002	Fiscal 2003	Fiscal 2004
NEW ENGLAND			
Connecticut	2.5 %	2.4 %	2.2 %
Maine	2.8	2.6	3.2
Massachusetts	4.3	4.3	4.2
New Hampshire	1.3	1.3	1.2
Rhode Island	4.8	4.6	4.3
Vermont	2.3	2.8	2.5
MID-ATLANTIC			
Delaware	1.3	1.3	1.2
Maryland	0.7	0.8	0.7
New Jersey	0.8	0.7	0.8
New York	4.0	3.5	3.3
Pennsylvania	2.2	2.0	2.2
GREAT LAKES			
Illinois	0.5	0.4	0.4
Indiana	0.8	0.7	0.6
Michigan	1.2	1.2	1.3
Ohio	0.7	0.7	0.7
Wisconsin	0.9	0.9	1.2
PLAINS			
Iowa	1.1	1.0	1.1
Kansas	0.6	0.7	0.8
Minnesota	2.0	1.9	1.6
Missouri	1.1	1.1	1.0
Nebraska	0.9	0.9	0.9
North Dakota	0.6	0.6	0.5
South Dakota	0.3	0.4	0.4
SOUTHEAST			
Alabama	0.2	0.3	0.2
Arkansas	2.3	2.3	2.7
Florida	0.6	0.5	0.4
Georgia	1.7	1.8	1.8
Kentucky	1.1	1.0	1.0
Louisiana	0.8	1.4	1.1
Mississippi	0.3	0.3	0.3
North Carolina	2.0	1.6	1.5
South Carolina	0.3	0.3	0.4
Tennessee	0.7	0.7	0.6
Virginia	0.5	0.5	0.7
West Virginia	1.5	0.9	0.9
SOUTHWEST			
Arizona	0.7	0.8	0.9
New Mexico	2.6	2.8	2.8
Oklahoma	1.1	1.4	1.6
Texas	1.5	1.5	1.4
ROCKY MOUNTAIN			
Colorado	1.0	1.0	1.4
Idaho	0.3	0.3	0.3
Montana	1.0	0.9	1.1
Utah	1.5	1.7	1.6
Wyoming	0.5	0.5	0.5
FAR WEST			
Alaska	2.0	1.8	1.6
California	6.4	6.2	5.9
Hawaii	1.8	1.6	1.9
Nevada	1.2	1.1	0.8
Oregon	0.8	0.9	0.7
Washington	4.8	4.4	4.0
ALL STATES	2.3 %	2.2 %	2.1 %

Note: This table reflects TANF and other cash assistance expenditures.
Source: National Association of State Budget Officers, 2003 State
Expenditure Report

Table 20

ANNUAL PERCENTAGE CHANGE IN TOTAL PUBLIC ASSISTANCE EXPENDITURES

Region/State	Fiscal 2002 to 2003			Fiscal 2003 to 2004		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
NEW ENGLAND						
Connecticut	-9.5 %	0.0 %	-4.5 %	2.8 %	0.0 %	1.2 %
Maine	-6.1	29.6	0.0	20.3	37.1	24.1
Massachusetts	-1.1	-3.0	-1.7	7.3	-9.1	2.7
New Hampshire	5.0	7.1	6.3	42.9	-33.3	-2.0
Rhode Island	-5.8	4.6	0.4	7.2	-0.6	2.3
Vermont	0.0	31.3	15.6	-3.1	-4.8	-4.1
MID-ATLANTIC						
Delaware	0.0	2.6	1.3	0.0	0.0	0.0
Maryland	-20.0	29.6	4.2	47.1	-38.1	-4.6
New Jersey	20.9	-26.8	-3.3	11.1	14.9	12.5
New York	-45.2	16.8	-9.4	85.9	-22.5	5.1
Pennsylvania	4.1	-2.6	0.6	6.1	12.6	9.4
GREAT LAKES						
Illinois	-11.1	-26.3	-18.7	-9.1	-11.0	-9.9
Indiana	-11.1	-4.2	-5.4	8.3	-9.6	-6.5
Michigan	-5.9	21.2	2.8	10.6	-9.8	2.9
Ohio	0.0	8.1	3.2	-11.7	8.9	-3.1
Wisconsin	-1.2	17.2	5.7	3.7	-6.0	-0.4
PLAINS						
Iowa	-9.2	16.4	2.2	4.3	7.0	5.7
Kansas	2.8	78.9	29.1	0.0	23.5	11.3
Minnesota	-15.1	11.8	4.9	21.1	-21.1	-12.3
Missouri	-2.9	-2.5	-2.6	-5.9	0.8	-1.6
Nebraska	0.0	16.2	10.5	75.0	-14.0	14.3
North Dakota	-44.4	80.0	0.0	60.0	-33.3	0.0
South Dakota	-16.7	20.0	0.0	0.0	16.7	9.1
SOUTHEAST						
Alabama	0.0	59.1	40.6	10.0	0.0	2.2
Arkansas	5.3	0.6	2.5	21.7	41.8	33.4
Florida	-10.7	2.0	-8.4	9.0	-56.9	-4.4
Georgia	11.8	11.5	11.6	-10.5	10.3	2.5
Kentucky	0.0	-12.7	-8.1	0.0	20.9	12.6
Louisiana	-10.0	76.7	70.5	-33.3	-12.3	-13.1
Mississippi	-100.0	88.9	17.2	—	-2.9	-2.9
North Carolina	1.0	-30.0	-18.9	-3.4	-3.2	-3.3
South Carolina	0.0	3.8	1.9	0.0	0.0	0.0
Tennessee	242.9	-4.9	8.5	12.5	-5.1	-2.1
Virginia	-10.2	17.8	5.3	11.3	46.5	33.1
West Virginia	-12.5	-33.5	-30.3	-3.6	-4.3	-4.1
SOUTHWEST						
Arizona	-1.8	29.6	16.8	3.6	15.2	11.3
New Mexico	30.8	14.2	15.0	5.9	0.3	0.6
Oklahoma	-6.8	81.5	26.8	1.2	36.7	20.6
Texas	0.0	7.7	5.3	0.0	-3.7	-2.6
ROCKY MOUNTAIN						
Colorado	-4.3	8.9	6.5	0.0	44.5	37.1
Idaho	-22.2	20.0	-7.1	14.3	16.7	15.4
Montana	11.1	0.0	3.1	0.0	39.1	27.3
Utah	7.1	15.5	13.4	-6.7	3.1	0.8
Wyoming	—	10.0	10.0	—	9.1	9.1
FAR WEST						
Alaska	0.0	5.0	0.8	6.1	-9.5	3.4
California	7.1	8.8	7.8	2.1	-8.1	-2.2
Hawaii	-5.4	-21.2	-11.1	-2.3	41.5	11.7
Nevada	10.7	-19.5	-7.2	0.0	-33.3	-17.2
Oregon	8.7	9.3	9.2	20.0	-3.4	0.7
Washington	-1.9	-9.7	-6.6	-7.0	-5.6	-6.1
ALL STATES	-3.0 %	6.9 %	2.0 %	8.7 %	-6.1 %	0.9 %

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, 2003 State Expenditure Report

Table 21

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

Region/State	Actual Fiscal 2002				Actual Fiscal 2003				Estimated Fiscal 2004			
	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	\$138	\$267	\$0	\$405	\$114	\$267	\$0	\$381	\$128	\$267	\$0	\$395
Maine	15	26	103	144	15	34	94	143	20	47	114	181
Massachusetts	289	330	264	883	281	320	259	860	350	291	246	887
New Hampshire	5	28	3	36	5	30	3	38	13	20	4	37
Rhode Island	16	72	0	88	14	68	0	82	19	60	0	79
Vermont	16	25	3	44	16	23	2	41	16	21	2	39
MID-ATLANTIC												
Delaware	2	15	1	18	2	16	1	19	2	16	1	19
Maryland	42	75	5	122	10	101	14	125	47	64	11	122
New Jersey	0	138	0	138	1	101	0	102	3	116	0	119
New York	1,441	1,975	0	3,416	789	2,307	0	3,096	1,467	1,788	0	3,255
Pennsylvania	178	279	0	457	205	219	0	424	223	227	0	450
GREAT LAKES												
Illinois	62	94	0	156	51	70	0	121	44	60	0	104
Indiana	27	119	0	146	24	114	0	138	26	103	0	129
Michigan	173	136	42	351	149	164	48	361	172	148	50	370
Ohio	146	135	0	281	137	146	0	283	134	159	0	293
Wisconsin	23	34	0	57	20	47	0	67	27	39	0	66
PLAINS												
Iowa	35	61	21	117	35	71	14	120	36	76	16	128
Kansas	30	19	0	49	30	34	0	64	30	42	0	72
Minnesota	57	306	0	363	36	342	0	378	54	270	0	324
Missouri	20	120	0	140	16	117	0	133	17	119	0	136
Nebraska	14	36	0	50	14	42	0	56	29	35	0	64
North Dakota	4	5	5	14	0	9	5	14	2	6	6	14
South Dakota	6	5	0	11	5	6	0	11	5	7	0	12
SOUTHEAST												
Alabama	4	22	6	32	4	35	6	45	4	35	7	46
Arkansas	8	45	10	63	15	39	1	55	15	72	1	88
Florida	199	50	25	274	193	51	7	251	198	22	20	240
Georgia	170	287	0	457	190	320	0	510	170	353	0	523
Kentucky	66	126	6	198	72	110	0	182	72	133	0	205
Louisiana	10	129	0	139	9	228	0	237	6	200	0	206
Mississippi	11	18	0	29	0	34	0	34	0	33	0	33
North Carolina	108	360	93	561	109	252	94	455	105	244	91	440
South Carolina	12	26	0	38	12	27	0	39	11	27	0	38
Tennessee	0	123	7	130	18	117	6	141	21	111	6	138
Virginia	49	44	0	93	44	54	0	98	42	69	0	111
West Virginia	31	176	0	207	27	117	0	144	26	112	0	138
SOUTHWEST												
Arizona	49	80	0	129	51	104	0	155	53	120	0	173
New Mexico	13	117	0	130	11	114	0	125	11	130	0	141
Oklahoma	49	54	0	103	43	98	0	141	44	134	0	178
Texas*	251	575	0	826	251	619	0	870	251	596	0	847
ROCKY MOUNTAIN												
Colorado	0	101	23	124	0	110	22	132	0	159	22	181
Idaho	1	5	0	6	0	6	0	6	0	7	0	7
Montana	9	23	0	32	10	23	0	33	10	32	0	42
Utah	19	84	0	103	22	97	0	119	19	100	0	119
Wyoming	0	20	0	20	0	22	0	22	0	24	0	24
FAR WEST												
Alaska	27	19	3	49	27	20	0	47	27	18	3	48
California	2,016	3,229	0	5,245	2,078	3,607	0	5,685	2,060	3,158	0	5,218
Hawaii	18	52	0	70	22	41	0	63	18	56	0	74
Nevada	22	37	0	59	25	33	0	58	25	22	0	47
Oregon	14	103	7	124	15	113	8	136	23	107	7	137
Washington	152	141	0	293	176	108	0	284	155	114	0	269
TOTAL	\$6,047	\$10,346	\$627	\$17,020	\$5,393	\$11,147	\$584	\$17,124	\$6,230	\$10,169	\$607	\$17,006

Source: National Association of State Budget Officers, 2003 State Expenditure Report

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

Region/State	Fiscal 2002	Fiscal 2003	Fiscal 2004
NEW ENGLAND			
Connecticut	2.0 %	1.9 %	1.8 %
Maine	2.5	2.4	3.0
Massachusetts	3.3	3.3	3.2
New Hampshire	1.0	0.9	0.9
Rhode Island	1.6	1.5	1.3
Vermont	1.5	1.5	1.3
MID-ATLANTIC			
Delaware	0.3	0.3	0.3
Maryland	0.5	0.5	0.5
New Jersey	0.4	0.3	0.3
New York	4.0	3.5	3.3
Pennsylvania	1.0	0.9	0.9
GREAT LAKES			
Illinois	0.4	0.3	0.3
Indiana	0.8	0.7	0.6
Michigan	0.9	0.9	0.9
Ohio	0.6	0.6	0.6
Wisconsin	0.2	0.2	0.3
PLAINS			
Iowa	1.0	0.9	0.9
Kansas	0.5	0.6	0.7
Minnesota	1.8	1.6	1.4
Missouri	0.8	0.8	0.7
Nebraska	0.8	0.8	0.8
North Dakota	0.6	0.6	0.5
South Dakota	0.3	0.4	0.4
SOUTHEAST			
Alabama	0.2	0.3	0.2
Arkansas	0.5	0.4	0.6
Florida	0.6	0.5	0.4
Georgia	1.7	1.8	1.8
Kentucky	1.1	1.0	1.0
Louisiana	0.8	1.4	1.1
Mississippi	0.3	0.3	0.3
North Carolina	2.0	1.6	1.5
South Carolina	0.2	0.2	0.2
Tennessee	0.7	0.7	0.6
Virginia	0.3	0.4	0.4
West Virginia	1.5	0.9	0.9
SOUTHWEST			
Arizona	0.7	0.8	0.8
New Mexico	1.2	1.1	1.2
Oklahoma	0.8	1.1	1.3
Texas	1.5	1.5	1.4
ROCKY MOUNTAIN			
Colorado	1.0	1.0	1.4
Idaho	0.1	0.1	0.1
Montana	1.0	0.9	1.1
Utah	1.4	1.6	1.5
Wyoming	0.5	0.5	0.5
FAR WEST			
Alaska	0.8	0.7	0.6
California	3.6	3.5	3.1
Hawaii	0.9	0.8	1.0
Nevada	1.0	1.0	0.7
Oregon	0.8	0.9	0.7
Washington	1.2	1.1	1.0
ALL STATES	1.6 %	1.5 %	1.4 %

Source: National Association of State Budget Officers, 2003 State Expenditure Report

Table 23

ANNUAL PERCENTAGE CHANGE IN TANF CASH ASSISTANCE EXPENDITURES

Region/State	Fiscal 2002 to 2003			Fiscal 2003 to 2004		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
NEW ENGLAND						
Connecticut	-17.4 %	0.0 %	-5.9 %	12.3 %	0.0 %	3.7 %
Maine	-7.6	30.8	-0.7	22.9	38.2	26.6
Massachusetts	-2.4	-3.0	-2.6	10.4	-9.1	3.1
New Hampshire	0.0	7.1	5.6	112.5	-33.3	-2.6
Rhode Island	-12.5	-5.6	-6.8	35.7	-11.8	-3.7
Vermont	-5.3	-8.0	-6.8	0.0	-8.7	-4.9
MID-ATLANTIC						
Delaware	0.0	6.7	5.6	0.0	0.0	0.0
Maryland	-48.9	34.7	2.5	141.7	-36.6	-2.4
New Jersey	—	-26.8	-26.1	200.0	14.9	16.7
New York	-45.2	16.8	-9.4	85.9	-22.5	5.1
Pennsylvania	15.2	-21.5	-7.2	8.8	3.7	6.1
GREAT LAKES						
Illinois	-17.7	-25.5	-22.4	-13.7	-14.3	-14.0
Indiana	-11.1	-4.2	-5.5	8.3	-9.6	-6.5
Michigan	-8.4	20.6	2.8	12.7	-9.8	2.5
Ohio	-6.2	8.1	0.7	-2.2	8.9	3.5
Wisconsin	-13.0	38.2	17.5	35.0	-17.0	-1.5
PLAINS						
Iowa	-12.5	16.4	2.6	6.1	7.0	6.7
Kansas	0.0	78.9	30.6	0.0	23.5	12.5
Minnesota	-36.8	11.8	4.1	50.0	-21.1	-14.3
Missouri	-20.0	-2.5	-5.0	6.3	1.7	2.3
Nebraska	0.0	16.7	12.0	107.1	-16.7	14.3
North Dakota	-44.4	80.0	0.0	60.0	-33.3	0.0
South Dakota	-16.7	20.0	0.0	0.0	16.7	9.1
SOUTHEAST						
Alabama	0.0	59.1	40.6	10.0	0.0	2.2
Arkansas	-11.1	-13.3	-12.7	0.0	84.6	60.0
Florida	-10.7	2.0	-8.4	9.0	-56.9	-4.4
Georgia	11.8	11.5	11.6	-10.5	10.3	2.5
Kentucky	0.0	-12.7	-8.1	0.0	20.9	12.6
Louisiana	-10.0	76.7	70.5	-33.3	-12.3	-13.1
Mississippi	-100.0	88.9	17.2	—	-2.9	-2.9
North Carolina	1.0	-30.0	-18.9	-3.4	-3.2	-3.3
South Carolina	0.0	3.8	2.6	-8.3	0.0	-2.6
Tennessee	242.9	-4.9	8.5	12.5	-5.1	-2.1
Virginia	-10.2	22.7	5.4	-4.5	27.8	13.3
West Virginia	-12.9	-33.5	-30.4	-3.7	-4.3	-4.2
SOUTHWEST						
Arizona	4.1	30.0	20.2	3.9	15.4	11.6
New Mexico	-15.4	-2.6	-3.8	0.0	14.0	12.8
Oklahoma	-12.2	81.5	36.9	2.3	36.7	26.2
Texas	0.0	7.7	5.3	0.0	-3.7	-2.6
ROCKY MOUNTAIN						
Colorado	-4.3	8.9	6.5	0.0	44.5	37.1
Idaho	-100.0	20.0	0.0	—	16.7	16.7
Montana	11.1	0.0	3.1	0.0	39.1	27.3
Utah	15.8	15.5	15.5	-13.6	3.1	0.0
Wyoming	—	10.0	10.0	—	9.1	9.1
FAR WEST						
Alaska	-10.0	5.3	-4.1	11.1	-10.0	2.1
California	3.1	11.7	8.4	-0.9	-12.4	-8.2
Hawaii	22.2	-21.2	-10.0	-18.2	36.6	17.5
Nevada	13.6	-10.8	-1.7	0.0	-33.3	-19.0
Oregon	9.5	9.7	9.7	30.4	-5.3	0.7
Washington	15.8	-23.4	-3.1	-11.9	5.6	-5.3
ALL STATES	-10.4 %	7.7 %	0.6 %	14.4 %	-8.8 %	-0.7 %

Note: State funds are defined as general funds and other state funds (bonds are excluded).
Source: National Association of State Budget Officers, 2003 State Expenditure Report

Table 24

OTHER CASH ASSISTANCE EXPENDITURES (\$ IN MILLIONS)

Region/State	Actual Fiscal 2002				Actual Fiscal 2003				Estimated Fiscal 2004			
	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*	\$103	\$0	\$0	\$103	\$104	\$0	\$0	\$104	\$96	\$0	\$0	\$96
Maine	13	1	0	14	14	1	0	15	14	1	0	15
Massachusetts	265	0	0	265	269	0	0	269	272	0	0	272
New Hampshire	6	0	6	12	7	0	6	13	7	0	6	13
Rhode Island	87	80	0	167	83	91	0	174	85	98	0	183
Vermont	13	7	0	20	14	19	0	33	13	19	0	32
MID-ATLANTIC												
Delaware	33	24	0	57	33	24	0	57	33	24	0	57
Maryland	34	6	4	44	39	4	5	48	36	1	6	43
New Jersey	134	0	0	134	161	0	0	161	177	0	0	177
New York	0	0	0	0	0	0	0	0	0	0	0	0
Pennsylvania	254	218	27	499	247	265	26	538	257	318	27	602
GREAT LAKES												
Illinois	37	5	0	42	37	3	0	40	35	5	0	40
Indiana	0	1	0	1	0	1	0	1	0	1	0	1
Michigan*	100	15	5	120	101	18	5	124	107	17	5	129
Ohio	19	0	40	59	24	0	44	68	23	0	24	47
Wisconsin	142	66	1	209	143	68	1	212	142	70	1	213
PLAINS												
Iowa	19	0	1	20	20	0	0	20	20	0	0	20
Kansas	6	0	0	6	7	0	0	7	8	0	0	8
Minnesota	49	0	0	49	54	0	0	54	55	0	0	55
Missouri	33	1	17	51	28	1	24	53	26	0	21	47
Nebraska	6	1	0	7	6	1	0	7	6	2	0	8
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	0	0	0	0	0	0	0	0	0	0
Arkansas	91	123	5	219	91	131	11	233	115	169	14	298
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	10	0	7	17
Tennessee	0	0	0	0	0	0	0	0	0	0	0	0
Virginia	9	29	1	39	9	32	0	41	10	58	7	75
West Virginia	1	0	0	1	1	0	0	1	1	0	0	1
SOUTHWEST												
Arizona	7	1	0	8	4	1	0	5	4	1	0	5
New Mexico	0	150	0	150	5	191	1	197	6	176	1	183
Oklahoma	39	0	0	39	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	8	0	0	8	7	0	0	7	8	0	0	8
Montana	0	0	0	0	0	0	0	0	0	0	0	0
Utah	9	0	0	9	8	0	0	8	9	0	0	9
Wyoming	0	0	0	0	0	0	0	0	0	0	0	0
FAR WEST												
Alaska	52	1	16	69	55	1	16	72	55	1	19	75
California	3,389	667	0	4,056	3,712	633	0	4,345	3,853	740	0	4,593
Hawaii	74	0	0	74	65	0	0	65	68	2	0	70
Nevada*	6	4	0	10	6	0	0	6	6	0	0	6
Oregon	2	5	0	7	2	5	0	7	0	7	0	7
Washington	297	568	18	883	264	532	18	814	254	491	17	762
TOTAL	\$5,352	\$1,973	\$142	\$7,467	\$5,674	\$2,022	\$158	\$7,854	\$5,850	\$2,201	\$155	\$8,206

Source: National Association of State Budget Officers, 2003 State Expenditure Report

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

Region/State	Fiscal 2002	Fiscal 2003	Fiscal 2004
NEW ENGLAND			
Connecticut	0.5 %	0.5 %	0.4 %
Maine	0.2	0.2	0.2
Massachusetts	1.0	1.0	1.0
New Hampshire	0.3	0.3	0.3
Rhode Island	3.1	3.2	3.0
Vermont	0.7	1.2	1.1
MID-ATLANTIC			
Delaware	1.0	1.0	0.9
Maryland	0.2	0.2	0.2
New Jersey	0.4	0.4	0.5
New York	0.0	0.0	0.0
Pennsylvania	1.1	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	0.1	0.1
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	1.8	1.8	2.0
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	0.1	0.2	0.3
West Virginia	0.0	0.0	0.0
SOUTHWEST			
Arizona	0.0	0.0	0.0
New Mexico	1.4	1.7	1.6
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	1.1	1.1	1.0
California	2.8	2.7	2.8
Hawaii	0.9	0.8	0.9
Nevada	0.2	0.1	0.1
Oregon	0.0	0.0	0.0
Washington	3.6	3.2	2.9
ALL STATES	0.7 %	0.7 %	0.7 %

Source: National Association of State Budget Officers, 2003 State Expenditure Report

Table 26

ANNUAL PERCENTAGE CHANGE IN OTHER CASH ASSISTANCE EXPENDITURES

Region/State	Fiscal 2002 to 2003			Fiscal 2003 to 2004		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
NEW ENGLAND						
Connecticut	1.0 %	— %	1.0 %	-7.7 %	— %	-7.7 %
Maine	7.7	0.0	7.1	0.0	0.0	0.0
Massachusetts	1.5	—	1.5	1.1	—	1.1
New Hampshire	8.3	—	8.3	0.0	—	0.0
Rhode Island	-4.6	13.8	4.2	2.4	7.7	5.2
Vermont	7.7	171.4	65.0	-7.1	0.0	-3.0
MID-ATLANTIC						
Delaware	0.0	0.0	0.0	0.0	0.0	0.0
Maryland	15.8	-33.3	9.1	-4.5	-75.0	-10.4
New Jersey	20.1	—	20.1	9.9	—	9.9
New York	—	—	—	—	—	—
Pennsylvania	-2.8	21.6	7.8	4.0	20.0	11.9
GREAT LAKES						
Illinois	0.0	-40.0	-4.8	-5.4	66.7	0.0
Indiana	—	0.0	0.0	—	0.0	0.0
Michigan	1.0	20.0	3.3	5.7	-5.6	4.0
Ohio	15.3	—	15.3	-30.9	—	-30.9
Wisconsin	0.7	3.0	1.4	-0.7	2.9	0.5
PLAINS						
Iowa	0.0	—	0.0	0.0	—	0.0
Kansas	16.7	—	16.7	14.3	—	14.3
Minnesota	10.2	—	10.2	1.9	—	1.9
Missouri	4.0	0.0	3.9	-9.6	-100.0	-11.3
Nebraska	0.0	0.0	0.0	0.0	100.0	14.3
North Dakota	—	—	—	—	—	—
South Dakota	—	—	—	—	—	—
SOUTHEAST						
Alabama	—	—	—	—	—	—
Arkansas	6.3	6.5	6.4	26.5	29.0	27.9
Florida	—	—	—	—	—	—
Georgia	—	—	—	—	—	—
Kentucky	—	—	—	—	—	—
Louisiana	—	—	—	—	—	—
Mississippi	—	—	—	—	—	—
North Carolina	—	—	—	—	—	—
South Carolina	0.0	—	0.0	6.3	—	6.3
Tennessee	—	—	—	—	—	—
Virginia	-10.0	10.3	5.1	88.9	81.3	82.9
West Virginia	0.0	—	0.0	0.0	0.0	0.0
SOUTHWEST						
Arizona	-42.9	0.0	-37.5	0.0	0.0	0.0
New Mexico	—	27.3	31.3	16.7	-7.9	-7.1
Oklahoma	0.0	—	0.0	0.0	—	0.0
Texas	—	—	—	—	—	—
ROCKY MOUNTAIN						
Colorado	—	—	—	—	—	—
Idaho	-12.5	—	-12.5	14.3	—	14.3
Montana	—	—	—	—	—	—
Utah	-11.1	—	-11.1	12.5	—	12.5
Wyoming	—	—	—	—	—	—
FAR WEST						
Alaska	4.4	0.0	4.3	4.2	0.0	4.2
California	9.5	-5.1	7.1	3.8	16.9	5.7
Hawaii	-12.2	—	-12.2	4.6	—	7.7
Nevada	0.0	-100.0	-40.0	0.0	—	0.0
Oregon	0.0	0.0	0.0	-100.0	40.0	0.0
Washington	-10.5	-6.3	-7.8	-3.9	-7.7	-6.4
ALL STATES	6.2 %	2.5 %	5.2 %	3.0 %	8.9 %	4.5 %

Note: State funds are defined as general funds and other state funds (bonds are excluded).
Source: National Association of State Budget Officers, 2003 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.

Connecticut: Other Cash Assistance excludes medical assistance under the State Administered General Assistance Program (\$89 million in fiscal 2002, \$104 million in fiscal 2003 and \$107 million in fiscal 2004).

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: \$477.3 million for fiscal 2002; \$499.2 million for fiscal 2003; and \$502.1 million for fiscal 2004.

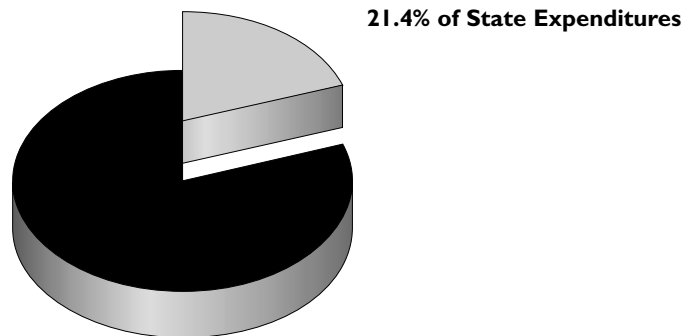
Nevada: Other Cash Assistance does not include information on administrative costs.

Ohio: Amounts shown for TANF represent all TANF costs, not just cash assistance. TANF cash assistance was \$320.7 million in fiscal 2002 and \$325.9 million in fiscal 2003. 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 fiscal 2002, the appropriation for the federal TANF Block Grant was 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 2003 excluding administrative costs was \$243.6 billion, or 8 percent more than fiscal 2002. Based on those amounts, Medicaid accounted for 21.4 percent of total state spending in fiscal 2003.

Medicaid is a means-tested entitlement program financed by the states and the federal government that provides medical care for more than 50 million low-income individuals.

While approximately one-quarter of Medicaid beneficiaries are elderly and disabled and three-quarters are children and non-disabled adults, roughly three-quarters of Medicaid costs are 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 2004. In addition to Medicaid, state spending on other health services accounts for another 9 percent of general fund spending.

Growth in Medicaid Spending

For governors' proposed fiscal 2005 budgets, states estimated growth rates of 12.1 percent in state funds and 3.9 percent in federal funds. The large variance in rates of growth for the federal and state shares are attributable to the temporary increase of 2.95 percent in the Federal Medical Assistance Percentage (FMAP) that was in effect from April 2003 through June 2004 as part of state fiscal relief.

Even with extensive cost containment efforts and the federal fiscal relief, states' Medicaid expenditures have exceeded the amounts originally budgeted for the program. Twenty-three states experienced Medicaid shortfalls in fiscal 2003 and 18 states anticipated shortfalls in fiscal 2004. The shortfalls as a percentage of the total Medicaid program in fiscal 2003 ranged from less than 1 percent to 16.4 percent of the program costs, averaging 4.6 percent. The combined amount of the shortfalls in fiscal 2003 and fiscal 2004 totaled nearly \$7 billion.

Medicaid Cost Containment Actions

By undertaking a variety of cost containment actions, states have maintained a growth rate below private insurance levels. Over the past three years the number of states that have implemented policies to control Medicaid costs between fiscal 2002 and fiscal 2004, according to the Kaiser Commission on Medicaid and the Uninsured, are as follows:

- 50 states reduced or froze provider payments;
- 50 states implemented policies to control prescription drug costs, such as prior authorization and preferred drug lists;
- 34 states reduced or restricted eligibility;
- 35 states reduced benefits; and
- 32 states increased co-payments.

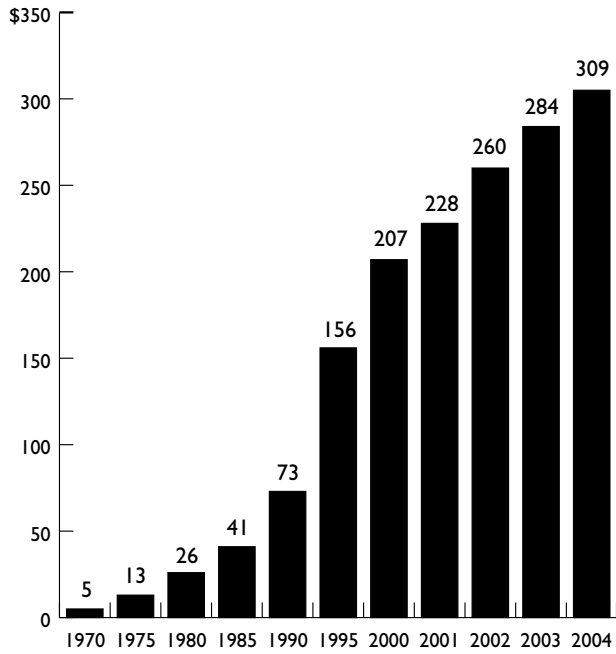
States are faced with the same cost pressures that affect private insurance, such as double-digit increases in prescription drug costs and expanding medical services. Enrollment increases also have played a major role in the rise of Medicaid spending, growing by 8.8 percent in fiscal 2003 and an additional 5.5 percent estimated in fiscal 2004, according to the Kaiser Commission on Medicaid and the Uninsured.

In addition to cost containment measures to limit spending, about one-half of the states planned to generate additional revenues for Medicaid, mostly from fees or taxes placed on health care providers. Other measures include reallocating tobacco settlement funds and increasing cigarette taxes.

The Jobs and Growth Tax Relief Reconciliation Act of 2003, which included state fiscal relief, helped states by providing a temporary increase in the federal Medicaid matching rate, amounting to \$10 billion in fiscal relief to states during fiscal 2003 and fiscal 2004. The fiscal relief funds were used in a variety of ways to assist Medicaid programs. About three-fourths of the states used the funds to avoid, minimize, or postpone Medicaid cost containment measures and/or to resolve a shortfall in the Medicaid budget. The remainder of states held the funds in reserve, have yet to make a decision on some or all of the funds, or increased programs.

States continue to be squeezed by Medicaid spending pressure. Their extensive cost containment efforts combined with the state fiscal relief provided by the federal government largely has helped states avoid further cuts to Medicaid services in the current year. However, over the long run, projections for Medicaid spending by both the Congressional Budget Office and the Office of Management and Budget range from between 8 percent and 9 percent. Even after a full economic recovery is underway for state budgets, increases in Medicaid costs will far outstrip the growth in state revenues into the future.

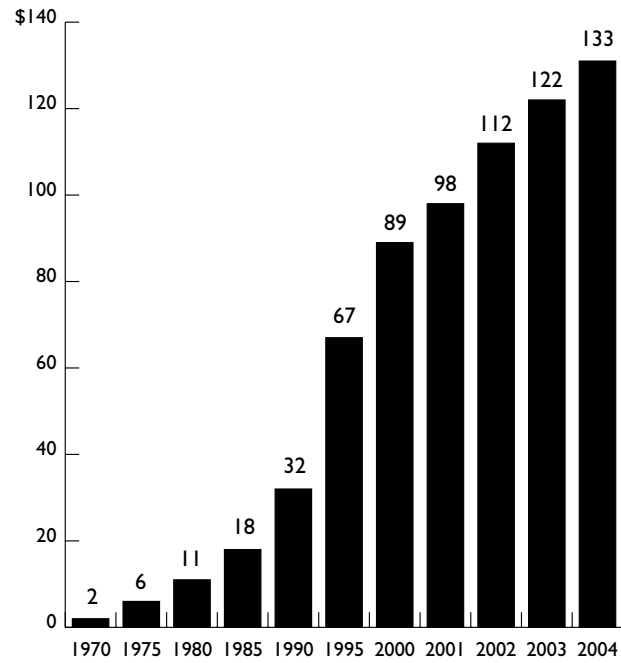
Figure 14
ACTUAL AND PROJECTED TOTAL MEDICAID SPENDING,
1970 TO 2004 (IN BILLIONS)



Source: Congressional Budget Office and Federal Funds Information for States

Figure 14, based on projections by the Congressional Budget Office (CBO) in September 2004, 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 2004 (IN BILLIONS)



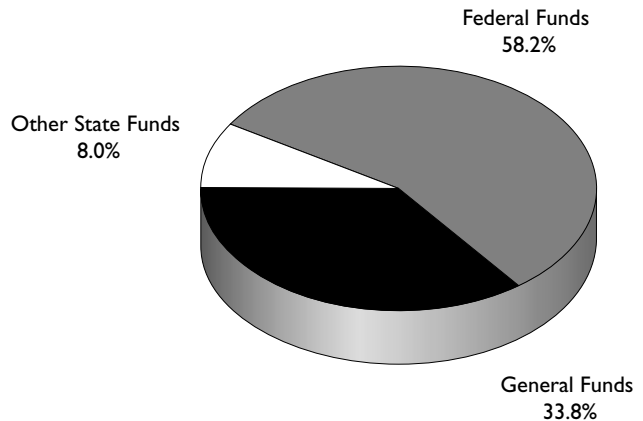
Source: Congressional Budget Office and Federal Funds Information for States

Figure 15, also based on projections by the CBO in September 2004, 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.

Fund Shares

The figure below provides fund shares for 2003.

Figure 16
STATE EXPENDITURES FOR MEDICAID BY
FUND SOURCE, FISCAL 2003



Regional Expenditures

The following table shows percentage changes in expenditures for Medicaid for fiscal 2002-2003 and 2003-2004. For 2003, the Mid-Atlantic region is well above the national average and Rocky Mountain 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 2003 AND 2004

Region	Fiscal 2002 to 2003			Fiscal 2003 to 2004		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
New England	4.2%	10.2%	7.0%	1.3%	11.7%	6.3%
Mid-Atlantic	10.5	13.2	12.1	2.9	10.4	7.4
Great Lakes	8.1	7.9	8.0	8.2	17.1	12.0
Plains	6.4	8.8	7.8	-4.7	5.2	1.2
Southeast	2.8	8.0	6.2	5.4	8.5	7.5
Southwest	2.0	13.7	9.4	8.9	13.0	11.6
Rocky Mountain	0.6	8.9	5.5	8.0	16.6	13.2
Far West	3.2	7.5	5.6	-3.2	-0.3	-1.5
ALL STATES	5.7%	9.7%	8.0%	3.3%	9.0%	6.6%

Table 28

MEDICAID EXPENDITURES (\$ IN MILLIONS)

Region/State	Actual Fiscal 2002				Actual Fiscal 2003				Estimated Fiscal 2004			
	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*	\$2,601	\$1,555	\$671	\$4,827	\$2,758	\$1,778	\$649	\$5,185	\$2,794	\$1,952	\$698	\$5,444
Maine	486	981	18	1,485	513	1,177	22	1,712	467	1,288	17	1,772
Massachusetts	2,601	2,601	0	5,202	2,712	2,712	0	5,424	2,755	3,101	0	5,856
New Hampshire	302	494	190	986	312	540	222	1,074	315	540	225	1,080
Rhode Island	639	733	0	1,372	631	819	0	1,450	639	929	0	1,568
Vermont	127	407	111	645	129	439	123	691	124	531	140	795
MID-ATLANTIC												
Delaware	295	322	23	640	317	328	25	670	348	354	26	728
Maryland	1,752	1,793	0	3,545	1,984	2,086	0	4,070	2,216	2,497	0	4,713
New Jersey	3,605	3,505	23	7,133	3,726	3,709	23	7,458	3,699	3,816	23	7,538
New York*	6,204	14,505	1,157	21,866	5,952	16,902	2,462	25,316	6,061	18,729	2,772	27,562
Pennsylvania*	4,215	6,767	1,468	12,450	3,960	7,410	2,253	13,623	4,397	8,218	1,760	14,375
GREAT LAKES												
Illinois	3,372	4,268	1,242	8,882	3,580	4,533	1,454	9,567	3,244	6,082	2,264	11,590
Indiana	1,453	2,350	12	3,815	1,495	2,451	11	3,957	1,515	2,853	10	4,378
Michigan*	1,743	4,286	1,559	7,588	1,665	4,560	1,730	7,955	2,206	4,908	1,344	8,458
Ohio*	7,625	1,351	685	9,661	8,377	1,620	822	10,819	9,318	1,840	915	12,073
Wisconsin	1,341	2,249	60	3,650	1,456	2,483	55	3,994	1,461	2,632	55	4,148
PLAINS												
Iowa*	404	1,408	670	2,482	429	1,497	510	2,436	358	1,329	437	2,124
Kansas	411	903	155	1,469	490	1,011	115	1,616	558	1,114	55	1,727
Minnesota	2,005	2,196	0	4,201	2,327	2,473	0	4,800	2,217	2,766	0	4,983
Missouri*	1,098	3,151	898	5,147	1,190	3,529	974	5,693	1,079	3,644	1,002	5,725
Nebraska	446	765	27	1,238	453	823	13	1,289	454	841	22	1,317
North Dakota	128	311	2	441	111	337	30	478	139	363	6	508
South Dakota	138	396	16	550	156	263	8	427	161	395	1	557
SOUTHEAST												
Alabama	297	2,261	652	3,210	289	2,572	709	3,570	318	2,644	672	3,634
Arkansas	370	1,663	256	2,289	368	1,823	276	2,467	457	2,055	248	2,760
Florida*	3,099	5,385	1,012	9,496	3,598	6,407	816	10,821	3,983	7,210	966	12,159
Georgia	1,305	3,636	0	4,941	1,609	3,323	0	4,932	1,785	3,715	0	5,500
Kentucky	736	2,593	369	3,698	732	2,691	392	3,815	740	2,927	342	4,009
Louisiana	898	3,331	478	4,707	789	3,241	420	4,450	716	3,533	523	4,772
Mississippi	207	2,047	480	2,734	200	2,342	474	3,016	196	2,564	415	3,175
North Carolina	1,968	4,239	382	6,589	2,039	4,381	320	6,740	1,967	4,692	352	7,011
South Carolina	431	2,375	600	3,406	455	2,597	620	3,672	495	2,713	600	3,808
Tennessee*	1,902	3,865	339	6,106	2,057	4,483	324	6,864	2,248	4,583	415	7,246
Virginia	1,517	1,660	501	3,678	1,737	1,836	71	3,644	1,827	2,051	18	3,896
West Virginia	193	1,212	210	1,615	179	1,321	239	1,739	232	1,484	207	1,923
SOUTHWEST												
Arizona	919	2,379	287	3,585	859	2,812	378	4,049	914	3,574	519	5,007
New Mexico	381	1,259	48	1,688	451	1,557	38	2,046	454	1,792	41	2,287
Oklahoma	519	1,630	192	2,341	543	1,664	168	2,375	640	1,635	120	2,395
Texas	4,978	7,540	1	12,519	5,038	8,527	0	13,565	5,454	9,449	0	14,903
ROCKY MOUNTAIN												
Colorado	1,050	1,188	134	2,372	993	1,200	162	2,355	1,092	1,431	177	2,700
Idaho	201	492	67	760	224	569	60	853	226	642	60	928
Montana	127	407	8	542	124	435	11	570	120	488	26	634
Utah*	180	668	144	992	199	764	133	1,096	192	911	162	1,265
Wyoming	103	165	0	268	121	211	0	332	134	234	0	368
FAR WEST												
Alaska	196	477	0	673	212	574	0	786	98	457	83	638
California	10,005	16,206	1,995	28,206	10,554	17,470	1,792	29,816	9,765	17,354	2,010	29,129
Hawaii	306	427	18	751	303	446	29	778	349	530	32	911
Nevada*	392	407	118	917	490	560	110	1,160	501	595	76	1,172
Oregon	926	1,676	232	2,834	734	1,650	442	2,826	755	1,600	349	2,704
Washington	2,639	2,740	0	5,379	2,702	2,880	0	5,582	2,800	2,983	0	5,783
ALL STATES	\$78,836	\$129,225	\$17,510	\$225,571	\$82,322	\$141,816	\$19,485	\$243,623	\$84,983	\$154,568	\$20,185	\$259,736

Source: National Association of State Budget Officers, 2003 State Expenditure Report

Table 29
MEDICAID EXPENDITURES AS A PERCENT OF
TOTAL EXPENDITURES

Region/State	Fiscal 2002	Fiscal 2003	Fiscal 2004
NEW ENGLAND			
Connecticut	23.7 %	25.3 %	24.8 %
Maine	26.0	28.2	29.0
Massachusetts	19.6	20.8	21.4
New Hampshire	26.3	26.4	26.4
Rhode Island	25.6	26.3	25.5
Vermont	22.7	25.8	27.5
MID-ATLANTIC			
Delaware	11.3	11.5	11.8
Maryland	15.7	17.7	19.6
New Jersey	20.4	20.6	20.1
New York	25.7	28.4	28.3
Pennsylvania	28.5	28.8	29.5
GREAT LAKES			
Illinois	22.5	25.4	28.1
Indiana	20.8	20.5	21.6
Michigan	19.1	20.0	21.5
Ohio	21.2	23.1	24.8
Wisconsin	11.7	12.6	17.4
PLAINS			
Iowa	20.4	18.1	15.6
Kansas	15.0	16.0	16.9
Minnesota	20.4	20.8	21.2
Missouri	30.1	32.6	30.7
Nebraska	18.8	18.9	17.2
North Dakota	18.1	19.0	19.2
South Dakota	17.0	14.9	19.8
SOUTHEAST			
Alabama	21.0	22.3	18.2
Arkansas	19.0	19.5	18.9
Florida	20.2	22.3	22.5
Georgia	18.7	17.6	19.2
Kentucky	21.5	20.8	20.5
Louisiana	27.0	26.2	24.5
Mississippi	25.6	25.8	26.3
North Carolina	23.4	23.4	23.9
South Carolina	22.0	22.0	24.7
Tennessee	32.9	33.9	33.3
Virginia	13.8	13.5	13.9
West Virginia	11.6	11.1	11.9
SOUTHWEST			
Arizona	19.5	20.7	24.1
New Mexico	15.9	17.8	19.4
Oklahoma	17.9	18.4	17.1
Texas	22.1	23.0	25.1
ROCKY MOUNTAIN			
Colorado	18.6	17.8	20.2
Idaho	17.9	19.6	18.9
Montana	16.7	15.6	15.9
Utah	13.2	14.5	16.0
Wyoming	6.8	7.9	8.3
FAR WEST			
Alaska	11.2	12.1	8.4
California	19.3	18.5	17.6
Hawaii	9.6	9.7	12.0
Nevada	15.6	20.2	18.7
Oregon	17.3	18.7	13.7
Washington	22.1	22.2	22.2
ALL STATES	20.7 %	21.4 %	21.9 %

Source: National Association of State Budget Officers, 2003 State Expenditure Report

Table 30

ANNUAL PERCENTAGE CHANGE IN MEDICAID EXPENDITURES

Region/State	Fiscal 2002 to 2003			Fiscal 2003 to 2004		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
NEW ENGLAND						
Connecticut	4.1 %	14.3 %	7.4 %	2.5 %	9.8 %	5.0 %
Maine	6.2	20.0	15.3	-9.5	9.4	3.5
Massachusetts	4.3	4.3	4.3	1.6	14.3	8.0
New Hampshire	8.5	9.3	8.9	1.1	0.0	0.6
Rhode Island	-1.3	11.7	5.7	1.3	13.4	8.1
Vermont	5.9	7.9	7.1	4.8	21.0	15.1
MID-ATLANTIC						
Delaware	7.5	1.9	4.7	9.4	7.9	8.7
Maryland	13.2	16.3	14.8	11.7	19.7	15.8
New Jersey	3.3	5.8	4.6	-0.7	2.9	1.1
New York	14.3	16.5	15.8	5.0	10.8	8.9
Pennsylvania	9.3	9.5	9.4	-0.9	10.9	5.5
GREAT LAKES						
Illinois	9.1	6.2	7.7	9.4	34.2	21.1
Indiana	2.8	4.3	3.7	1.3	16.4	10.6
Michigan	2.8	6.4	4.8	4.6	7.6	6.3
Ohio	10.7	19.9	12.0	11.2	13.6	11.6
Wisconsin	7.9	10.4	9.4	0.3	6.0	3.9
PLAINS						
Iowa	-12.6	6.3	-1.9	-15.3	-11.2	-12.8
Kansas	6.9	12.0	10.0	1.3	10.2	6.9
Minnesota	16.1	12.6	14.3	-4.7	11.8	3.8
Missouri	8.4	12.0	10.6	-3.8	3.3	0.6
Nebraska	-1.5	7.6	4.1	2.1	2.2	2.2
North Dakota	8.5	8.4	8.4	2.8	7.7	6.3
South Dakota	6.5	-33.6	-22.4	-1.2	50.2	30.4
SOUTHEAST						
Alabama	5.2	13.8	11.2	-0.8	2.8	1.8
Arkansas	2.9	9.6	7.8	9.5	12.7	11.9
Florida	7.4	19.0	14.0	12.1	12.5	12.4
Georgia	23.3	-8.6	-0.2	10.9	11.8	11.5
Kentucky	1.7	3.8	3.2	-3.7	8.8	5.1
Louisiana	-12.1	-2.7	-5.5	2.5	9.0	7.2
Mississippi	-1.9	14.4	10.3	-9.3	9.5	5.3
North Carolina	0.4	3.3	2.3	-1.7	7.1	4.0
South Carolina	4.3	9.3	7.8	1.9	4.5	3.7
Tennessee	6.2	16.0	12.4	11.8	2.2	5.6
Virginia	-10.4	10.6	-0.9	2.0	11.7	6.9
West Virginia	3.7	9.0	7.7	5.0	12.3	10.6
SOUTHWEST						
Arizona	2.6	18.2	12.9	15.8	27.1	23.7
New Mexico	14.0	23.7	21.2	1.2	15.1	11.8
Oklahoma	0.0	2.1	1.5	6.9	-1.7	0.8
Texas	1.2	13.1	8.4	8.3	10.8	9.9
ROCKY MOUNTAIN						
Colorado	-2.4	1.0	-0.7	9.9	19.3	14.6
Idaho	6.0	15.7	12.2	0.7	12.8	8.8
Montana	0.0	6.9	5.2	8.1	12.2	11.2
Utah	2.5	14.4	10.5	6.6	19.2	15.4
Wyoming	17.5	27.9	23.9	10.7	10.9	10.8
FAR WEST						
Alaska	8.2	20.3	16.8	-14.6	-20.4	-18.8
California	2.9	7.8	5.7	-4.6	-0.7	-2.3
Hawaii	2.5	4.4	3.6	14.8	18.8	17.1
Nevada	17.6	37.6	26.5	-3.8	6.3	1.0
Oregon	1.6	-1.6	-0.3	-6.1	-3.0	-4.3
Washington	2.4	5.1	3.8	3.6	3.6	3.6
ALL STATES	5.7 %	9.7 %	8.0 %	3.3 %	9.0 %	6.6 %

Note: State funds are defined as general funds and other state funds (bonds are excluded).
 Source: National Association of State Budget Officers, 2003 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.

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: The Medicaid Appropriation is "gross funded." Federal Funds are deposited directly to the State Treasury.

Florida: 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 for matching funds of \$26 million, other non-general funds transferred for matching funds of \$4 million, state fraud recoupments of \$22 million, and local county funds of \$436 million. For fiscal 2003, Other State Funds include provider assessments of \$275 million, cigarette taxes of \$109 million, tobacco settlement funds of \$50 million, tobacco non-general funds transferred for matching funds of \$71 million, other non-general funds transferred for matching funds of \$2 million, state fraud recoupments of \$22 million, and local county funds of \$287 million. The decrease in tobacco settlement funds compared to fiscal 2002 is due to a shortfall in tobacco settlement funds. The decrease in local county funds compared to fiscal 2002 is due to a decrease in need at the local level. For fiscal 2003, Other State Funds include provider assessments of \$267 million, cigarette taxes of \$110 million, tobacco settlement funds of \$95 million, tobacco non-general funds transferred for matching funds of \$33 million, state fraud recoupments of \$27 million, and local county funds of \$433 million.

Iowa: Other State Funds includes local funds of \$83 million in fiscal 2002, \$90 million of local funds and \$3 million of provider taxes in fiscal 2003, and \$83 million of local funds and \$3 million of provider taxes in fiscal 2004.

Massachusetts: In fiscal 2003, \$282 million in Medicaid expenditures were transferred off-budget, and in fiscal 2004, an additional \$160 million in expenditures were transferred off-budget. These figures are not reflected in the amounts contained in this survey.

Michigan: Other State Funds include local funds of \$13 million for fiscal 2002; local funds of \$13 million and provider taxes of \$167 million for fiscal 2003; and local funds of \$13 million and provider taxes of \$277.9 million for fiscal 2004. Public health and community and institutional care for mentally and developmentally disabled persons are partially reported in Medicaid totals.

Missouri: Medicaid and CHIP data are from the CMS-64 report used for federal reporting of Medicaid expenditures. The split between the General Revenue Fund and Other Funds is an estimate. Medicaid does not track the General Revenue Fund versus Other State/Local Funds in its reporting. Other Funds include estimated local funds of \$359 million for fiscal 2002, \$389

million for fiscal 2003 and \$415 million for fiscal 2004.

Nevada: Local funds are included. Fees, donations and assessments are not used or included in the reported figures.

New York: Medicaid spending does not include local funds.

Ohio: Federal funds deposited to the state General Fund and shown as General Fund expenditures for Medicaid are \$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 \$1,416 million in fiscal 2002, \$1,902 million in fiscal 2003 and \$1,375 million in fiscal 2004. 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

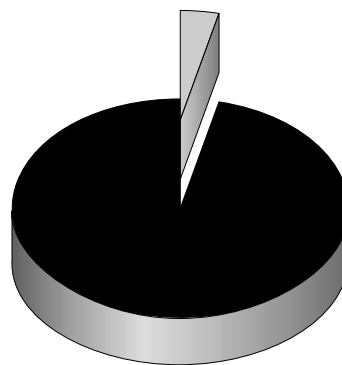
include some payments on behalf of general assistance clients who do not qualify under Title XIX. A portion of the IGT funds provide the 10 percent local match required by Pennsylvania law for Medicaid clients in nursing homes. Other local funds used as match are not included in this report.

Tennessee: Regarding premium revenue: fiscal 2002 totals \$53 million, fiscal 2003 totals \$53 million and fiscal 2004 totals \$53 million. Regarding Certified Public Expenditures: Local fund from Hospitals: fiscal 2002 totals \$155 million, fiscal 2003 totals \$248 million and fiscal 2004 totals \$209 million. Regarding Nursing Home Tax: fiscal 2002 totals \$87 million, fiscal 2003 totals \$87 million and fiscal 2004 totals \$87 million. Regarding the ICF/MR 6 percent Gross Receipts Tax: fiscal 2002 totals \$14 million, fiscal 2003 totals \$15 million and fiscal 2004 totals \$15 million. Regarding Intergovernmental Transfers: fiscal 2002 totals \$119 million, fiscal 2003 totals \$57 million and fiscal 2004 totals \$60 million.

Utah: The slight reduction in General Funds between fiscal 2003 and fiscal 2004 is a result of the temporary increase in federal sharing in the Medicaid program funded in the Jobs and Growth Tax Relief Reconciliation Act of 2003.

CHAPTER FIVE

CORRECTIONS EXPENDITURES



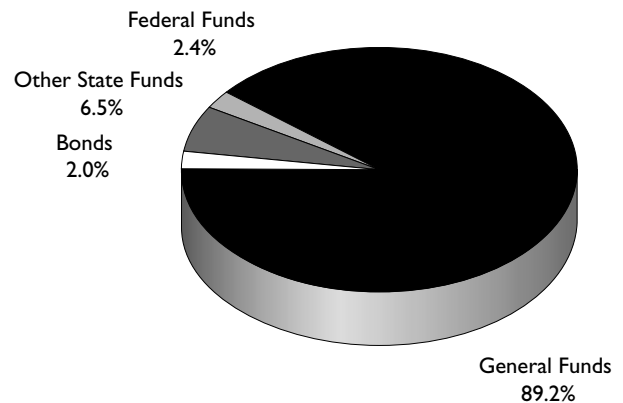
3.5% of State Expenditures

State spending on corrections 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 state corrections in fiscal 2003 totaled nearly \$39.4 billion, a 1.7 percent increase from the prior year—the lowest rate of corrections growth since the State Expenditure Report first was published in 1987. The largest increase in state corrections spending occurred in 1990 when it grew by nearly 19 percent. Since then, corrections spending has increased by an average of 7.1 percent annually.

In fiscal 2003, corrections spending represented 3.5 percent of total expenditures and 7 percent of general fund spending. State spending for corrections primarily is in the form of general fund dollars, which account for \$35.1 billion or 89.2 percent of all fiscal 2003 corrections expenditures. General funds and other state funds combined (excluding bonds) account for 95.6 percent of total fiscal 2003 corrections expenditures. Federal funds—\$940 billion in fiscal 2003—account for 2.4 percent of state spending on corrections.

After increasing by 4.9 percent in fiscal year 2001 and 3.9 percent in fiscal year 2002, growth in corrections expenditures slowed to 1.7 in fiscal 2003, attributable to the economic slowdown and tight state budgets. Pressure to control expenditures is expected to persist as states continue to deal with structural budget problems, pent-up demands, and growing state prison populations. Estimates of fiscal 2004 spending indicate growth of 3.6 percent.

Figure 17
STATE EXPENDITURES FOR CORRECTIONS BY FUND SOURCE, FISCAL 2003



According to the Bureau of Justice Statistics, admissions to state prisons outpaced the number of prisoners released in 2003, causing the highest increase in the state prison population since 1999. Between June 2002 and June 2003, the state prison population rose by 2.6 percent. Among the cause of this increase are tough mandatory sentencing laws for nonviolent drug offenders and the “three strikes” laws that return repeat offenders to prison for life. As budgetary pressures have mounted, some states have diverted nonviolent drug offenders to treatment programs and instituted a variety of other innovations.

Data on capital expenditures for corrections are displayed in Chapter Eight.

Table 31
REGIONAL PERCENTAGE CHANGE IN STATE CORRECTIONS EXPENDITURES, FISCAL 2003 AND 2004

Region	Fiscal 2002 to 2003			Fiscal 2003 to 2004		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
New England	2.2%	-19.4%	3.2%	1.4%	196.6%	4.0
Mid-Atlantic	6.2	9.3	6.5	1.4	31.6	1.7
Great Lakes	-1.7	31.2	-4.6	3.6	43.4	4.7
Plains	3.5	-26.6	2.2	5.6	97.9	8.1
Southeast	3.2	-23.2	2.3	2.9	45.6	6.7
Southwest	0.0	-15.1	0.0	-0.7	2.2	-0.9
Rocky Mountain	1.3	21.7	2.1	4.5	-17.9	3.5
Far West	5.0	-40.3	3.5	1.6	55.5	2.7
ALL STATES	2.6 %	-13.8 %	1.7 %	2.1 %	44.1 %	3.6 %

Regional Expenditures

Table 31 shows changes in corrections expenditures by region between actual fiscal 2002 and fiscal 2003 and actual 2003 and estimated fiscal 2004. While fiscal 2003 corrections spending in the Mid-Atlantic states increased by substantially more than the national average, it decreased significantly in the Great Lakes. The Southwest recorded no change in corrections spending between 2002 and 2003.

Corrections Expenditures Exclusions

Nineteen states wholly or partially exclude juvenile delinquency counseling from their corrections figures and 13 states wholly or partially exclude spending on juvenile institutions. Nineteen states wholly or partially excluded spending on drug abuse rehabilitation centers and 36 excluded spending for institutions for the criminally insane. Twenty-two states wholly excluded spending for local jails.

Table 32

CORRECTIONS EXPENDITURES—CAPITAL INCLUSIVE (\$ IN MILLIONS)

Region/State	Actual Fiscal 2002					Actual Fiscal 2003					Estimated Fiscal 2004				
	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	\$548	\$3	\$1	\$35	\$587	\$566	\$3	\$1	\$28	\$598	\$602	\$2	\$1	\$28	\$633
Maine	109	6	2	0	117	114	6	2	0	122	119	6	4	0	129
Massachusetts	815	16	0	22	853	821	16	0	57	894	830	18	0	37	885
New Hampshire	72	0	4	0	76	74	0	4	1	79	77	0	2	0	79
Rhode Island	128	5	4	0	137	136	3	1	2	142	146	8	5	20	179
Vermont	75	6	6	6	93	79	1	5	3	88	36	52	7	0	95
MID-ATLANTIC															
Delaware	179	5	2	6	192	186	2	2	5	195	192	1	3	4	200
Maryland	768	13	123	40	944	780	9	123	18	930	777	8	139	83	1,007
New Jersey	1,005	41	83	2	1,131	1,172	42	86	0	1,300	1,185	23	87	0	1,295
New York	2,196	160	36	206	2,598	2,261	190	38	193	2,682	2,264	288	30	185	2,767
Pennsylvania	1,357	39	51	164	1,611	1,453	39	57	240	1,789	1,506	51	62	123	1,742
GREAT LAKES															
Illinois	1,221	0	96	96	1,413	1,162	0	83	0	1,245	1,197	0	100	0	1,297
Indiana*	674	1	55	128	858	639	1	58	0	698	651	1	80	0	732
Michigan*	1,752	60	82	17	1,911	1,709	91	71	5	1,876	1,743	108	95	3	1,949
Ohio*	1,576	21	154	74	1,825	1,601	29	143	73	1,846	1,671	63	171	103	2,008
Wisconsin	819	11	151	0	981	853	1	151	0	1,005	856	3	138	0	997
PLAINS															
Iowa	242	10	40	7	299	243	1	49	7	300	265	3	47	10	325
Kansas	271	13	47	1	332	263	11	41	3	318	268	8	47	2	325
Minnesota	373	15	16	11	415	399	6	16	3	424	394	11	17	5	427
Missouri	460	7	25	0	492	481	5	31	0	517	523	39	44	3	609
Nebraska	136	3	25	0	164	140	6	22	0	168	161	13	22	0	196
North Dakota	36	5	5	0	46	39	7	5	3	54	37	6	2	0	45
South Dakota	52	11	5	0	68	57	11	7	0	75	59	13	7	0	79
SOUTHEAST															
Alabama	276	2	71	0	349	309	5	66	0	380	339	10	78	0	427
Arkansas	180	4	36	0	220	179	2	46	0	227	213	1	44	0	258
Florida*	1,562	84	17	0	1,663	1,614	15	121	0	1,750	1,797	86	56	0	1,939
Georgia	1,200	41	0	24	1,265	1,230	34	0	3	1,267	1,178	28	0	20	1,226
Kentucky	393	20	60	0	473	371	17	114	0	502	384	19	84	0	487
Louisiana	579	7	74	8	668	589	10	98	9	706	619	8	93	9	729
Mississippi	230	2	31	0	263	234	1	36	0	271	215	0	13	0	228
North Carolina	878	7	25	0	910	856	1	24	0	881	945	0	10	218	1,173
South Carolina	379	14	93	15	501	370	17	90	6	483	345	32	97	0	474
Tennessee	434	1	37	0	472	459	23	24	0	506	506	16	22	0	544
Virginia	971	31	90	2	1,094	928	44	54	6	1,032	964	45	37	18	1,064
West Virginia	86	7	11	1	105	116	0	28	14	158	124	1	21	17	163
SOUTHWEST															
Arizona	603	22	51	0	676	638	5	62	0	705	670	6	69	0	745
New Mexico	216	2	18	0	236	222	4	23	0	249	231	4	21	1	257
Oklahoma	393	1	47	0	441	372	1	46	0	419	382	1	44	0	427
Texas	3,398	81	123	33	3,635	3,377	80	111	46	3,614	3,211	81	188	32	3,512
ROCKY MOUNTAIN															
Colorado	449	9	49	0	507	455	5	65	0	525	470	5	62	0	537
Idaho	141	8	25	3	177	135	9	26	3	173	140	10	32	3	185
Montana	98	2	7	0	107	96	1	7	0	104	108	3	8	0	119
Utah*	245	2	23	0	270	242	11	22	5	280	248	3	29	0	280
Wyoming	75	2	2	0	79	77	2	3	0	82	79	2	3	0	84
FAR WEST															
Alaska	182	10	20	0	212	189	6	22	0	217	185	8	27	0	220
California	5,115	236	18	1	5,370	5,344	125	18	11	5,498	5,708	173	2	0	5,883
Hawaii	145	2	9	2	158	151	1	10	0	162	154	1	12	5	172
Nevada*	188	4	25	1	218	195	4	31	2	232	199	3	46	5	253
Oregon	548	16	210	0	774	461	17	359	0	837	543	65	22	0	630
Washington	536	22	119	24	701	650	20	40	35	745	656	19	34	35	744
TOTAL	\$34,364	\$1,090	\$2,304	\$929	\$38,687	\$35,087	\$940	\$2,542	\$781	\$39,350	\$36,172	\$1,355	\$2,264	\$969	\$40,760

Source: National Association of State Budget Officers, 2003 State Expenditure Report

Table 33
CORRECTIONS EXPENDITURES AS A PERCENT OF
TOTAL EXPENDITURES

Region/State	Fiscal 2002	Fiscal 2003	Fiscal 2004
NEW ENGLAND			
Connecticut	2.9 %	2.9 %	2.9 %
Maine	2.0	2.0	2.1
Massachusetts	3.2	3.4	3.2
New Hampshire	2.0	1.9	1.9
Rhode Island	2.6	2.6	2.9
Vermont	3.3	3.3	3.3
MID-ATLANTIC			
Delaware	3.4	3.3	3.3
Maryland	4.2	4.0	4.2
New Jersey	3.2	3.6	3.5
New York	3.1	3.0	2.8
Pennsylvania	3.7	3.8	3.6
GREAT LAKES			
Illinois	3.6	3.3	3.1
Indiana	4.7	3.6	3.6
Michigan	4.8	4.7	4.9
Ohio	4.0	3.9	4.1
Wisconsin	3.1	3.2	4.2
PLAINS			
Iowa	2.5	2.2	2.4
Kansas	3.4	3.2	3.2
Minnesota	2.0	1.8	1.8
Missouri	2.9	3.0	3.3
Nebraska	2.5	2.5	2.6
North Dakota	1.9	2.1	1.7
South Dakota	2.1	2.6	2.8
SOUTHEAST			
Alabama	2.3	2.4	2.1
Arkansas	1.8	1.8	1.8
Florida	3.5	3.6	3.6
Georgia	4.8	4.5	4.3
Kentucky	2.7	2.7	2.5
Louisiana	3.8	4.2	3.7
Mississippi	2.5	2.3	1.9
North Carolina	3.2	3.1	4.0
South Carolina	3.2	2.9	3.1
Tennessee	2.5	2.5	2.5
Virginia	4.1	3.8	3.8
West Virginia	0.8	1.0	1.0
SOUTHWEST			
Arizona	3.7	3.6	3.6
New Mexico	2.2	2.2	2.2
Oklahoma	3.4	3.2	3.1
Texas	6.4	6.1	5.9
ROCKY MOUNTAIN			
Colorado	4.0	4.0	4.0
Idaho	4.2	4.0	3.8
Montana	3.3	2.9	3.0
Utah	3.6	3.7	3.5
Wyoming	2.0	2.0	1.9
FAR WEST			
Alaska	3.5	3.3	2.9
California	3.7	3.4	3.5
Hawaii	2.0	2.0	2.3
Nevada	3.7	4.0	4.0
Oregon	4.7	5.5	3.2
Washington	2.9	3.0	2.9
ALL STATES	3.6 %	3.5 %	3.4 %

Source: National Association of State Budget Officers, 2003 State Expenditure Report

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

Region/State	Fiscal 2002	Fiscal 2003	Fiscal 2004
NEW ENGLAND			
Connecticut	4.5 %	4.7 %	4.8 %
Maine	4.2	4.5	4.7
Massachusetts	4.1	4.2	4.1
New Hampshire	6.1	5.9	5.9
Rhode Island	4.8	5.1	5.2
Vermont	8.6	9.1	4.0
MID-ATLANTIC			
Delaware	7.3	7.6	7.5
Maryland	7.3	7.5	7.6
New Jersey	4.6	5.0	5.0
New York	5.3	6.0	5.4
Pennsylvania	6.6	7.1	7.0
GREAT LAKES			
Illinois	6.8	6.1	6.3
Indiana	6.9	6.2	5.7
Michigan	18.8	19.0	19.8
Ohio	7.3	7.1	6.9
Wisconsin	7.3	7.7	7.9
PLAINS			
Iowa	5.3	5.4	5.9
Kansas	6.1	6.4	6.2
Minnesota	3.0	3.0	2.9
Missouri	7.0	7.5	7.7
Nebraska	5.2	5.3	6.0
North Dakota	4.2	4.5	4.2
South Dakota	5.8	6.5	6.5
SOUTHEAST			
Alabama	5.2	5.7	6.1
Arkansas	5.6	5.5	6.0
Florida	8.2	8.0	8.3
Georgia	8.0	8.4	7.6
Kentucky	5.5	5.3	5.3
Louisiana	9.0	9.1	9.5
Mississippi	6.1	6.8	6.2
North Carolina	6.4	6.2	6.4
South Carolina	7.3	7.4	7.0
Tennessee	5.6	5.6	5.8
Virginia	8.7	8.5	8.5
West Virginia	3.1	4.0	4.2
SOUTHWEST			
Arizona	10.1	10.5	10.3
New Mexico	5.5	5.5	5.1
Oklahoma	8.0	8.4	8.9
Texas	11.3	11.0	10.9
ROCKY MOUNTAIN			
Colorado	8.0	8.4	8.4
Idaho	7.1	7.0	7.0
Montana	7.3	7.6	8.1
Utah	6.5	6.8	6.9
Wyoming	6.3	6.1	6.0
FAR WEST			
Alaska	7.0	7.4	7.9
California	6.7	6.9	7.3
Hawaii	4.0	4.0	4.0
Nevada	10.3	10.0	8.8
Oregon	9.4	10.7	9.5
Washington	4.8	5.7	5.8
ALL STATES	6.9 %	7.0 %	7.0 %

Source: National Association of State Budget Officers, 2003 State Expenditure Report

Table 35

ANNUAL PERCENTAGE CHANGE IN CORRECTIONS EXPENDITURES

Region/State	Fiscal 2002 to 2003			Fiscal 2003 to 2004		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
NEW ENGLAND						
Connecticut	3.3 %	0.0 %	1.9%	6.3 %	-33.3 %	5.9 %
Maine	4.5	0.0	4.3	6.0	0.0	5.7
Massachusetts	0.7	0.0	4.8	1.1	12.5	-1.0
New Hampshire	2.6	—	3.9	1.3	—	0.0
Rhode Island	3.8	-40.0	3.6	10.2	166.7	26.1
Vermont	3.7	-83.3	-5.4	-48.8	5,100.0	8.0
MID-ATLANTIC						
Delaware	3.9	-60.0	1.6	3.7	-50.0	2.6
Maryland	1.3	-30.8	-1.5	1.4	-11.1	8.3
New Jersey	15.6	2.4	14.9	1.1	-45.2	-0.4
New York	3.0	18.8	3.2	-0.2	51.6	3.2
Pennsylvania	7.2	0.0	11.0	3.8	30.8	-2.6
GREAT LAKES						
Illinois	-5.5	—	-11.9	4.2	—	4.2
Indiana	-4.4	0.0	-18.6	4.9	0.0	4.9
Michigan	-2.9	51.7	-1.8	3.3	18.7	3.9
Ohio	0.8	38.1	1.2	5.6	117.2	8.8
Wisconsin	3.5	-90.9	2.4	-1.0	200.0	-0.8
PLAINS						
Iowa	3.5	-90.0	0.3	6.8	200.0	8.3
Kansas	-4.4	-15.4	-4.2	3.6	-27.3	2.2
Minnesota	6.7	-60.0	2.2	-1.0	83.3	0.7
Missouri	5.6	-28.6	5.1	10.7	680.0	17.8
Nebraska	0.6	100.0	2.4	13.0	116.7	16.7
North Dakota	7.3	40.0	17.4	-11.4	-14.3	-16.7
South Dakota	12.3	0.0	10.3	3.1	18.2	5.3
SOUTHEAST						
Alabama	8.1	150.0	8.9	11.2	100.0	12.4
Arkansas	4.2	-50.0	3.2	14.2	-50.0	13.7
Florida	9.9	-82.1	5.2	6.8	473.3	10.8
Georgia	2.5	-17.1	0.2	-4.2	-17.6	-3.2
Kentucky	7.1	-15.0	6.1	-3.5	11.8	-3.0
Louisiana	5.2	42.9	5.7	3.6	-20.0	3.3
Mississippi	3.4	-50.0	3.0	-15.6	-100.0	-15.9
North Carolina	-2.5	-85.7	-3.2	8.5	-100.0	33.1
South Carolina	-2.5	21.4	-3.6	-3.9	88.2	-1.9
Tennessee	2.5	2,200.0	7.2	9.3	-30.4	7.5
Virginia	-7.4	41.9	-5.7	1.9	2.3	3.1
West Virginia	48.5	-100.0	50.5	0.7	—	3.2
SOUTHWEST						
Arizona	7.0	-77.3	4.3	5.6	20.0	5.7
New Mexico	4.7	100.0	5.5	2.9	0.0	3.2
Oklahoma	-5.0	0.0	-5.0	1.9	0.0	1.9
Texas	-0.9	-1.2	-0.6	-2.6	1.3	-2.8
ROCKY MOUNTAIN						
Colorado	4.4	-44.4	3.6	2.3	0.0	2.3
Idaho	-3.0	12.5	-2.3	6.8	11.1	6.9
Montana	-1.9	-50.0	-2.8	12.6	200.0	14.4
Utah	-1.5	450.0	3.7	4.9	-72.7	0.0
Wyoming	3.9	0.0	3.8	2.5	0.0	2.4
FAR WEST						
Alaska	4.5	-40.0	2.4	0.5	33.3	1.4
California	4.5	-47.0	2.4	6.5	38.4	7.0
Hawaii	4.5	-50.0	2.5	3.1	0.0	6.2
Nevada	6.1	0.0	6.4	8.4	-25.0	9.1
Oregon	8.2	6.3	8.1	-31.1	282.4	-24.7
Washington	5.3	-9.1	6.3	0.0	-5.0	-0.1
ALL STATES	2.6 %	-13.8 %	1.7 %	2.1 %	44.1 %	3.6 %

Note: State funds are defined as general funds and other state funds (bonds are excluded).
Source: National Association of State Budget Officers, 2003 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							
New Hampshire			X	X	X		
Rhode Island			X	X	X		X
Vermont			X		X	X	X
MID-ATLANTIC							
Delaware			X	X	X		X
Maryland			X	X		X	X
New Jersey							X
New York						X	X
Pennsylvania							
GREAT LAKES							
Illinois							X
Indiana					X	P	X
Michigan			P			X	X
Ohio						P	P
Wisconsin					X		X
PLAINS							
Iowa					X		
Kansas							
Minnesota		X	P	P	X	P	X
Missouri	X	X	X	X	X		X
Nebraska						X	X
North Dakota						X	X
South Dakota					X		X
SOUTHEAST							
Alabama					X	X	X
Arkansas			X	X			X
Florida			X		X	P	X
Georgia							
Kentucky							
Louisiana							
Mississippi			P	X	X	P	P
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		
Oklahoma			X	X	X	X	X
Texas							
ROCKY MOUNTAIN							
Colorado			X	X			
Idaho							X
Montana						P	X
Utah			X			X	X
Wyoming							X
FAR WEST							
Alaska			P			P	
California							X
Hawaii	P	P	X	X	X		X
Nevada			X	X	X	X	X
Oregon							P
Washington					X	X	X
ALL STATES	3	4	19	13	22	19	36

Excluded=X

Partially Excluded=P

Not Applicable=N/A

Source: National Association of State Budget Officers, 2003 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.

Florida: The increase in funding from fiscal 2003 to fiscal 2004 is due to additional federal funding received for prison beds.

Indiana: Indiana received \$103.4 million from the Federal Jobs & Growth Relief Reconciliation Act of 2003 in fiscal 2003 and again in fiscal 2004. These amounts were used to partially fund the Department of Correction, and are reflected as General Funds in the Total Expenditures report.

Bond figures include project appropriations approved during the fiscal year. Because no bonding projects were approved in fiscal 2003, there was an 18.6 percent reduction in the total funds for corrections.

Michigan: Figures include adult inmate and juvenile justice expenditures.

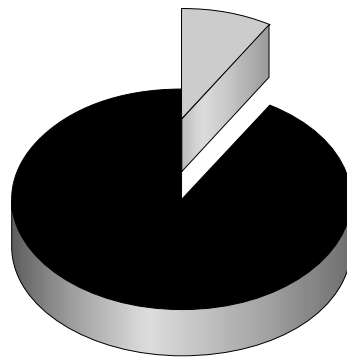
Nevada: Figures do not include aid to local government for jails, or institutions for the criminally insane.

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

Utah: Expenditure amounts 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.

CHAPTER SIX

TRANSPORTATION



8.2% of State Expenditures

Transportation expenditures totaled \$92.9 billion in fiscal 2003. This represents 8.2 percent of total state expenditures and an increase of 3.5 percent from fiscal 2002 levels. By comparison, since 1988 total state transportation expenditures have increased each year by 4.5 percent on average. In fiscal 2003, state-sourced funds for transportation (general funds and other state funds, excluding bonds) increased by 3.4 percent while federal funds grew by 3.8 percent.

Following the fiscal downturn, states still are holding down spending on transportation projects. Estimates of fiscal 2004 total state transportation spending indicate growth of only 1.5 percent, with spending from state sources declining by 0.5 percent and federal funds increasing by 4.4 percent.

Approximately 58.7 percent of 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 excise tax. Additionally, some states apply a sales tax to the purchase of gasoline.

Motor fuels taxes are a stable source of revenue, but are tied to federal motor fuels tax rates, and may be affected by 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 fuels taxes that are adjusted at specific intervals to sustain funding levels.

TEA-21

Enacted in 1998, the Transportation Equity Act for the 21st Century (TEA-21) authorized \$215 billion in budget authority for highway, transit, research and motor carrier programs over six years. The funding included \$175 billion for 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. As defined by the Federal Highway Administration, the federal-aid highway program or "TEA-21" is financed from the proceeds of motor-fuels

and other highway-related excise taxes deposited into the Federal Highway Trust Fund (HTF). TEA-21 is a federally assisted, state-administered program which distributes funds for the construction and improvement of urban and rural highway systems.

TEA-21 expired on September 30, 2003. Congress continues to work on the full reauthorization bill.

TIFIA

The Transportation Infrastructure Finance and Innovation Act (TIFIA), 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 projects worth nearly \$15.4 billion.

AIR-21 & Vision 100

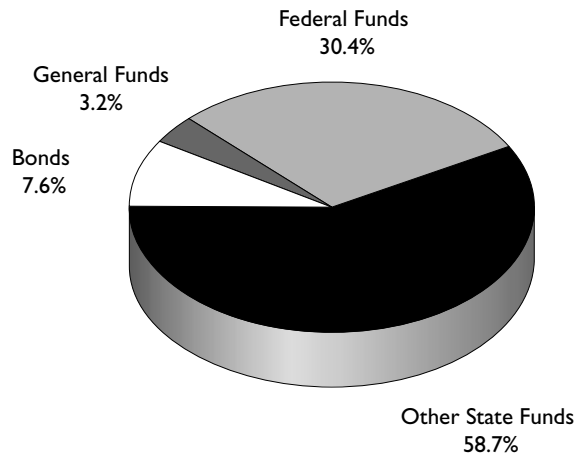
Succeeding the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (AIR-21), is Vision 100, the Century of Aviation Act. Signed into law on December 16, 2003, the Federal Aviation Administration's four-year, \$60 billion reauthorization bill will include \$14 billion through the Airport Improvement Program for airport construction projects, \$2 billion to develop more efficient security screening at airports, \$140 million to help small communities attract and retain air service, and \$308 million to ensure essential air service to isolated communities.

The bill also retains AIR-21's historic budgetary protections that ensure all Airport and Airway Trust Fund revenues are fully spent and guarantee Airport Improvement Programs (AIP) investment at the authorized levels.

Fund Shares

The figure below provides fund shares for 2003.

Figure 18
STATE EXPENDITURES FOR TRANSPORTATION BY FUND SOURCE, FISCAL 2003



Transportation—Expenditure Exclusions

Of the states reporting in this survey, 40 wholly excluded state police/highway patrol from their transportation expenditure figures. Thirty-six states wholly or partially excluded port authority operations, 18 wholly or partially excluded motor vehicle licensing and truck enforcement regulation programs, and 12 wholly or partially excluded gas tax and fee collections from their transportation expenditure figures.

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 2002 to fiscal 2003 and from fiscal 2003 to fiscal 2004. While state transportation spending increased overall in fiscal 2003 by 3.5 percent—the largest growth occurred in the Plains at 11.4 percent followed by the Far West at 6.1 percent. Transportation spending decreased in New England by 7.6 percent, and declined by 1.5 percent in the Southwest.

Table 37
REGIONAL PERCENTAGE CHANGE IN STATE TRANSPORTATION EXPENDITURES, FISCAL 2003 AND 2004

Region	Fiscal 2002 to 2003			Fiscal 2003 to 2004		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
New England	6.4%	-3.9%	-7.6%	0.1%	36.5%	18.5%
Mid-Atlantic	4.2	8.5	5.2	3.2	4.6	3.8
Great Lakes	7.0	-3.9	4.3	-12.5	10.2	-6.9
Plains	15.5	-3.0	11.4	-0.8	-1.5	-0.9
Southeast	5.1	-3.1	2.5	2.1	6.7	4.1
Southwest	-10.0	1.9	-1.5	4.3	2.3	2.2
Rocky Mountain	-1.5	8.6	1.7	-2.4	-2.9	-7.9
Far West	-5.7	25.0	6.1	6.4	-8.1	1.7
ALL STATES	3.4%	3.8%	3.5%	-0.5%	4.4%	1.5%

Table 38

TRANSPORTATION EXPENDITURES—CAPITAL INCLUSIVE (\$ IN MILLIONS)

Region/State	Actual Fiscal 2002					Actual Fiscal 2003					Estimated Fiscal 2004				
	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	\$38	\$581	\$447	\$242	\$1,308	\$6	\$524	\$477	\$204	\$1,211	\$9	\$912	\$493	\$167	\$1,581
Maine	12	158	281	12	463	4	180	280	36	500	4	211	275	31	521
Massachusetts	125	490	247	1,171	2,033	83	509	406	782	1,780	289	616	177	949	2,031
New Hampshire	2	193	263	1	459	3	199	247	0	449	3	184	256	0	443
Rhode Island	0	171	119	32	322	0	150	125	22	297	0	198	122	117	437
Vermont	0	157	157	0	314	0	120	168	3	291	0	175	173	3	351
MID-ATLANTIC															
Delaware	0	111	280	87	478	0	112	258	83	453	0	115	320	85	520
Maryland	0	753	2,253	0	3,006	0	711	2,421	0	3,132	0	838	2,501	0	3,339
New Jersey	1,109	694	172	782	2,757	1,205	750	238	693	2,886	1,192	650	362	747	2,951
New York	156	1,136	2,383	716	4,391	165	1,451	2,448	870	4,934	161	1,289	2,382	900	4,732
Pennsylvania*	307	1,474	2,683	157	4,621	315	1,500	2,682	150	4,647	316	1,839	2,814	149	5,118
GREAT LAKES															
Illinois	64	158	3,432	463	4,117	65	128	3,487	528	4,208	52	124	3,356	496	4,028
Indiana	3	425	1,219	0	1,647	4	425	1,395	0	1,824	2	485	1,392	0	1,879
Michigan	12	945	2,062	321	3,340	0	866	2,123	227	3,216	0	1,142	1,303	282	2,727
Ohio*	50	913	2,235	263	3,461	36	859	2,569	307	3,771	34	841	2,526	337	3,738
Wisconsin	0	644	1,462	0	2,106	0	688	1,595	0	2,283	0	677	1,196	0	1,873
PLAINS															
Iowa	12	378	764	3	1,157	9	331	827	0	1,167	8	262	818	0	1,088
Kansas	94	351	598	114	1,157	0	388	792	115	1,295	0	266	845	104	1,215
Minnesota	204	242	1,510	86	2,042	112	187	2,271	147	2,717	74	256	2,331	110	2,771
Missouri	16	23	1,546	209	1,794	10	29	1,573	207	1,819	12	56	1,402	256	1,726
Nebraska*	1	185	371	0	557	1	206	371	0	578	1	219	409	0	629
North Dakota	0	215	140	0	355	0	205	136	0	341	0	227	168	0	395
South Dakota	1	227	188	0	416	1	226	186	0	413	1	263	170	0	434
SOUTHEAST															
Alabama	0	761	452	27	1,240	0	588	578	23	1,189	0	640	508	0	1,148
Arkansas	0	302	730	0	1,032	0	450	588	0	1,038	0	664	697	0	1,361
Florida*	25	1,149	4,334	269	5,777	0	1,119	3,600	201	4,920	0	1,171	4,848	245	6,264
Georgia	664	1,031	0	143	1,838	639	922	0	35	1,596	665	960	0	70	1,695
Kentucky	8	536	1,331	0	1,875	6	505	1,460	0	1,971	5	524	1,282	0	1,811
Louisiana	4	446	567	22	1,039	4	506	504	120	1,134	4	493	576	71	1,144
Mississippi	19	406	534	0	959	19	450	513	20	1,002	0	568	619	0	1,187
North Carolina	8	1,101	2,216	0	3,325	11	924	2,574	0	3,509	11	866	1,923	400	3,200
South Carolina	2	437	837	161	1,437	0	0421	1,028	205	1,654	1	487	750	0	1,238
Tennessee*	0	515	784	0	1,299	0	773	705	77	1,555	0	711	659	74	1,444
Virginia*	16	938	1,479	48	2,481	0	717	2,500	107	3,324	0	699	2,473	96	3,268
West Virginia	3	423	520	85	1,031	7	420	536	58	1,021	11	536	555	35	1,137
SOUTHWEST															
Arizona	4	453	867	293	1,617	0	462	819	330	1,611	0	380	886	373	1,639
New Mexico	1	337	313	91	742	0	289	331	164	784	0	304	335	24	663
Oklahoma	39	350	710	0	1,099	56	407	624	0	1,087	7	507	568	0	1,082
Texas	27	2,265	2,865	66	5,223	23	2,312	2,490	248	5,073	1	2,359	2,732	264	5,356
ROCKY MOUNTAIN															
Colorado	35	329	659	334	1,357	0	391	718	301	1,410	0	312	476	60	848
Idaho	0	181	318	0	499	0	212	319	0	531	0	321	364	0	685
Montana	8	285	165	0	458	1	314	184	0	499	5	304	229	0	538
Utah	159	284	386	126	955	61	253	343	159	816	60	193	369	188	810
Wyoming	0	28	430	0	458	0	32	502	0	534	0	37	573	0	610
FAR WEST															
Alaska	159	669	291	14	1,133	150	711	292	103	1,256	155	692	302	0	1,149
California	1	2,703	3,485	171	6,360	0	3,710	3,527	52	7,289	289	3,294	3,452	67	7,102
Hawaii	0	123	1,013	37	1,173	0	103	570	48	721	0	140	553	122	815
Nevada	0	167	227	55	449	0	185	323	24	532	0	204	349	90	643
Oregon	10	25	792	0	827	8	23	997	0	1,028	2	31	1,126	0	1,159
Washington	5	382	1,200	250	1,837	5	356	901	414	1,676	5	314	975	552	1,846
TOTAL	\$3,403	\$27,250	\$52,317	\$6,851	\$89,821	\$3,009	\$28,299	\$54,601	\$7,063	\$92,972	\$3,379	\$29,556	\$53,970	\$7,464	\$94,369

Source: National Association of State Budget Officers, 2003 State Expenditure Report

Table 39**TRANSPORTATION EXPENDITURES AS A PERCENT
OF TOTAL EXPENDITURES**

Region/State	Fiscal 2002	Fiscal 2003	Fiscal 2004
NEW ENGLAND			
Connecticut	6.4 %	5.9 %	7.2 %
Maine	8.1	8.2	8.5
Massachusetts	7.7	6.8	7.4
New Hampshire	12.2	11.0	10.8
Rhode Island	6.0	5.4	7.1
Vermont	11.0	10.9	12.1
MID-ATLANTIC			
Delaware	8.4	7.8	8.5
Maryland	13.3	13.6	13.9
New Jersey	7.9	8.0	7.9
New York	5.2	5.5	4.9
Pennsylvania	10.6	9.8	10.5
GREAT LAKES			
Illinois	10.4	11.2	9.8
Indiana	9.0	9.5	9.3
Michigan	8.4	8.1	6.9
Ohio	7.6	8.0	7.7
Wisconsin	6.8	7.2	7.9
PLAINS			
Iowa	9.5	8.7	8.0
Kansas	11.8	12.8	11.9
Minnesota	9.9	11.8	11.8
Missouri	10.5	10.4	9.2
Nebraska	8.5	8.5	8.2
North Dakota	14.5	13.5	14.9
South Dakota	12.8	14.4	15.4
SOUTHEAST			
Alabama	8.1	7.4	5.8
Arkansas	8.6	8.2	9.3
Florida	12.3	10.1	11.6
Georgia	7.0	5.7	5.9
Kentucky	10.9	10.7	9.3
Louisiana	6.0	6.7	5.9
Mississippi	9.0	8.6	9.8
North Carolina	11.8	12.2	10.9
South Carolina	9.3	9.9	8.0
Tennessee	7.0	7.7	6.6
Virginia	9.3	12.3	11.7
West Virginia	7.4	6.5	7.0
SOUTHWEST			
Arizona	8.8	8.2	7.9
New Mexico	7.0	6.8	5.6
Oklahoma	8.4	8.4	7.7
Texas	9.2	8.6	9.0
ROCKY MOUNTAIN			
Colorado	10.6	10.7	6.3
Idaho	11.8	12.2	14.0
Montana	14.1	13.7	13.5
Utah	12.7	10.8	10.2
Wyoming	11.6	12.7	13.8
FAR WEST			
Alaska	18.8	19.3	15.2
California	4.4	4.5	4.3
Hawaii	15.0	9.0	10.7
Nevada	7.7	9.2	10.3
Oregon	5.0	6.8	5.9
Washington	7.5	6.7	7.1
ALL STATES	8.3	8.2	7.9 %

Source: National Association of State Budget Officers, 2003 State Expenditure Report

Table 40

ANNUAL PERCENTAGE CHANGE IN TRANSPORTATION EXPENDITURES

Region/State	Fiscal 2002 to 2003			Fiscal 2003 to 2004		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
NEW ENGLAND						
Connecticut	-0.4 %	-9.8 %	-7.4 %	3.9 %	74.0 %	30.6 %
Maine	-3.1	13.9	8.0	-1.8	17.2	4.2
Massachusetts	31.5	3.9	-12.4	-4.7	21.0	14.1
New Hampshire	-5.7	3.1	-2.2	3.6	-7.5	-1.3
Rhode Island	5.0	-12.3	-7.8	-2.4	32.0	47.1
Vermont	7.0	-23.6	-7.3	3.0	45.8	20.6
MID-ATLANTIC						
Delaware	-7.9	0.9	-5.2	24.0	2.7	14.8
Maryland	7.5	-5.6	4.2	3.3	17.9	6.6
New Jersey	12.6	8.1	4.7	7.7	-13.3	2.3
New York	2.9	27.7	12.4	-2.7	-11.2	-4.1
Pennsylvania	0.2	1.8	0.6	4.4	22.6	10.1
GREAT LAKES						
Illinois	1.6	-19.0	2.2	-4.1	-3.1	-4.3
Indiana	14.5	0.0	10.7	-0.4	14.1	3.0
Michigan	2.4	-8.4	-3.7	-38.6	31.9	-15.2
Ohio	14.0	-5.9	9.0	-1.7	-2.1	-0.9
Wisconsin	9.1	6.8	8.4	-25.0	-1.6	-18.0
PLAINS						
Iowa	7.7	-12.4	0.9	-1.2	-20.8	-6.8
Kansas	14.5	10.5	11.9	6.7	-31.4	-6.2
Minnesota	39.0	-22.7	33.1	0.9	36.9	2.0
Missouri	1.3	26.1	1.4	-10.7	93.1	-5.1
Nebraska	0.0	11.4	3.8	10.2	6.3	8.8
North Dakota	-2.9	-4.7	-3.9	23.5	10.7	15.8
South Dakota	-1.1	-0.4	-0.7	-8.6	16.4	5.1
SOUTHEAST						
Alabama	27.9	-22.7	-4.1	-12.1	8.8	-3.4
Arkansas	-19.5	49.0	0.6	18.5	47.6	31.1
Florida	-17.4	-2.6	-14.8	34.7	4.6	27.3
Georgia	-3.8	-10.6	-13.2	4.1	4.1	6.2
Kentucky	9.5	-5.8	5.1	-12.2	3.8	-8.1
Louisiana	-11.0	13.5	9.1	14.2	-2.6	0.9
Mississippi	-3.8	10.8	4.5	16.4	26.2	18.5
North Carolina	16.2	-16.1	5.5	-25.2	-6.3	-8.8
South Carolina	22.5	-3.7	15.1	-26.9	15.7	-25.2
Tennessee	-10.1	50.1	19.7	-6.5	-8.0	-7.1
Virginia	67.2	-23.6	34.0	-1.1	-2.5	-1.7
West Virginia	3.8	-0.7	-1.0	4.2	27.6	11.4
SOUTHWEST						
Arizona	-6.0	2.0	-0.4	8.2	-17.7	1.7
New Mexico	5.4	-14.2	5.7	1.2	5.2	-15.4
Oklahoma	-9.2	16.3	-1.1	-15.4	24.6	-0.5
Texas	-13.1	2.1	-2.9	8.8	2.0	5.6
ROCKY MOUNTAIN						
Colorado	3.5	18.8	3.9	-33.7	-20.2	-39.9
Idaho	0.3	17.1	6.4	14.1	51.4	29.0
Montana	6.9	10.2	9.0	26.5	-3.2	7.8
Utah	-25.9	-10.9	-14.6	6.2	-23.7	-0.7
Wyoming	16.7	14.3	16.6	14.1	15.6	14.2
FAR WEST						
Alaska	-1.8	6.3	10.9	3.4	-2.7	-8.5
California	1.2	37.3	14.6	6.1	-11.2	-2.6
Hawaii	-43.7	-16.3	-38.5	-3.0	35.9	13.0
Nevada	42.3	10.8	18.5	8.0	10.3	20.9
Oregon	25.3	-8.0	24.3	12.2	34.8	12.7
Washington	-24.8	-6.8	-8.8	8.2	-11.8	10.1
ALL STATES	3.4 %	3.8 %	3.5 %	-0.5 %	4.4 %	1.5 %

Note: State funds are defined as general funds and other state funds (bonds are excluded).
Source: National Association of State Budget Officers, 2003 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									
New Hampshire								X	X
Rhode Island			X		X	X	X	X	X
Vermont			X						X
MID-ATLANTIC									
Delaware			X		X				X
Maryland				X	P				X
New Jersey			X						X
New York			X	X					X
Pennsylvania			P	P					X
GREAT LAKES									
Illinois			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	P	P	X	X	X	X
Mississippi					P	X		X	X
North Carolina			X						
South Carolina			X		X	X	X	X	X
Tennessee				X	X			X	X
Virginia									X
West Virginia			P			N/A	N/A		X
SOUTHWEST									
Arizona			P						X
New Mexico									
Oklahoma			X						X
Texas	X	X	X		P				X
ROCKY MOUNTAIN									
Colorado			X	X	X	X	X	X	X
Idaho					X				X
Montana									X
Utah						X	P	P	X
Wyoming			X						
FAR WEST									
Alaska			X	X		X	X	X	X
California			X						X
Hawaii					X	X	X	X	X
Nevada			X			X	X	X	X
Oregon			X						
Washington			X						
ALL STATES	1	2	36	12	17	14	12	18	40

Excluded=X

Partially Excluded=P

Not Applicable=N/A

Source: National Association of State Budget Officers, 2003 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.

Florida: The increase in federal funding from fiscal 2003 to fiscal 2004 is due to additional funding for the Mobility 2000 program and other economic stimulus initiatives.

Nebraska: Federal reimbursement to the state for highway construction is shown as Federal Funds. In previous responses, federal reimbursement for highway construction was shown as Cash Funds as this is where State Department of Roads expenditures are coded in the State Accounting System.

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

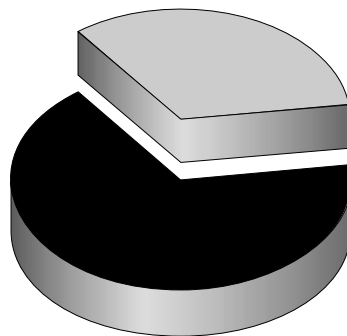
Pennsylvania: Gasoline taxes are collected by the Department of Revenue.

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

Virginia: State police funding comes from public safety.

CHAPTER SEVEN

ALL OTHER EXPENDITURES



32.2% of State Expenditures

A substantial amount of state spending is in categories other than the ones detailed in the previous chapters. Spending on these other items, detailed here in the All Other category, totaled \$366 billion in fiscal 2003, or 32.2 percent of total state expenditures. Compared to fiscal 2002 spending of \$358 billion, All Other spending increased by 2.1 percent in fiscal 2003. Tables 43–45 and the accompanying notes describe the All Other category in more detail.

All Other spending in some states might include the State Children’s Health Insurance Program (SCHIP), institutional and community care for mentally ill and developmentally disabled 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 governments. A list of items excluded from All Other Expenditures is displayed in Table 46.

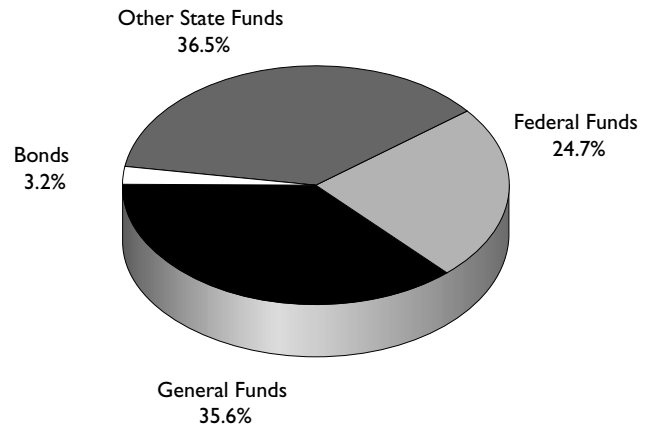
State Children’s Health Insurance Program

The State Children’s Health Insurance Program (SCHIP), enacted as part of the Balanced Budget Act of 1997, has expanded health coverage for previously uninsured children. The program is targeted towards children from families with incomes too high to qualify for Medicaid but too low to afford private insurance. States receive a federal match for their SCHIP programs that range from 65 percent to 85 percent within a capped allotment. During fiscal 2003, approximately 5.8 million children were enrolled in SCHIP. In fiscal 2003 state SCHIP spending totaled \$5.6 billion. For state specific information, see Table A-2.

Fund Shares

The figure below illustrates fund shares for 2003.

Figure 19
STATE EXPENDITURES FOR ALL OTHER PROGRAMS BY FUND SOURCE, FISCAL 2003



Regional Expenditures

The following table shows percentage changes for all other expenditures for fiscal 2002-2003 and 2003-2004. For 2003, the Southeast and Far West states are well above the national average and the New England and Great Lakes states are well below the national average.

Table 42
REGIONAL PERCENTAGE CHANGE IN STATE ALL OTHER EXPENDITURES, FISCAL 2003 AND 2004

Region	Fiscal 2002 to 2003			Fiscal 2003 to 2004		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
New England	-3.9%	7.4%	-3.3%	7.2%	9.8%	6.9%
Mid-Atlantic	-3.3	14.9	0.0	4.4	14.4	7.2
Great Lakes	-6.2	-1.5	-5.2	-16.2	19.2	-10.0
Plains	2.8	7.7	4.0	6.5	7.3	6.8
Southeast	3.0	17.1	6.9	10.7	13.3	11.8
Southwest	6.9	1.8	1.7	-2.6	-1.6	-1.4
Rocky Mountain	2.5	9.0	4.6	3.2	4.8	3.3
Far West	-1.3	17.3	6.8	10.4	21.4	13.9
ALL STATES	-1.2%	11.5%	2.1%	2.9%	14.1%	5.9%

Table 43

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

Region/State	Actual Fiscal 2002					Actual Fiscal 2003					Estimated Fiscal 2004				
	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	\$6,162	\$528	\$853	\$914	\$8,457	\$5,976	\$585	\$770	\$744	\$8,075	\$6,329	\$625	\$999	\$775	\$8,728
Maine	803	388	976	47	2,214	734	453	1,027	61	2,275	775	534	780	63	2,152
Massachusetts	10,593	0	0	707	11,300	10,174	0	0	808	10,982	11,083	0	0	757	11,840
New Hampshire	613	265	43	35	956	649	327	66	57	1,099	730	338	67	55	1,190
Rhode Island	901	293	583	123	1,900	907	325	596	59	1,887	958	440	640	72	2,110
Vermont	285	245	214	17	761	263	156	0	16	435	326	90	0	24	440
MID-ATLANTIC															
Delaware	878	272	1,413	84	2,647	871	307	1,473	54	2,705	907	334	1,507	80	2,828
Maryland	3,612	998	1,970	1,038	7,618	3,077	1,161	2,297	565	7,100	2,576	1,019	2,168	1,163	6,926
New Jersey	7,215	2,169	3,580	487	13,451	8,023	2,127	3,024	274	13,448	7,392	3,236	2,506	219	13,353
New York	14,746	7,971	6,387	575	29,679	12,057	9,466	6,598	593	28,714	15,763	10,323	7,128	608	33,822
Pennsylvania*	5,532	3,142	4,863	282	13,819	5,392	3,661	5,720	494	15,267	5,667	4,213	5,070	182	15,132
GREAT LAKES															
Illinois	4,581	2,385	6,138	807	13,911	5,417	1,462	3,332	899	11,110	5,854	2,321	4,443	484	13,102
Indiana	2,355	2,217	1,393	0	5,965	2,473	2,219	1,547	95	6,334	3,603	2,163	1,029	34	6,829
Michigan*	3,152	2,989	5,278	229	11,648	2,915	3,201	5,129	108	11,353	2,384	4,020	4,719	41	11,164
Ohio	3,691	2,840	12,024	200	18,755	3,804	3,121	11,446	173	18,544	3,826	3,950	10,018	182	17,976
Wisconsin	2,672	1,612	10,842	0	15,126	2,045	1,860	10,785	0	14,690	1,851	1,691	3,236	0	6,778
PLAINS															
Iowa	1,154	1,071	127	55	2,407	1,072	1,154	1,295	41	3,562	1,029	1,320	1,462	80	3,891
Kansas	617	981	836	5	2,439	565	1,189	786	6	2,546	624	734	1,110	13	2,481
Minnesota	3,831	1,474	1,479	219	7,003	3,672	1,627	1,650	168	7,117	3,583	1,758	1,605	148	7,094
Missouri*	1,735	1,307	1,181	54	4,277	1,511	1,210	1,092	84	3,897	1,840	1,668	1,236	67	4,811
Nebraska	638	617	803	0	2,058	635	601	931	0	2,167	674	851	1,127	0	2,652
North Dakota	223	338	326	5	892	225	308	362	2	897	213	315	387	21	936
South Dakota	210	213	882	0	1,305	189	376	449	0	1,014	191	288	296	0	775
SOUTHEAST															
Alabama	773	1,183	1,945	416	4,317	793	1,317	1,992	244	4,346	801	2,851	4,019	178	7,849
Arkansas	440	1,019	2,722	40	4,221	433	998	3,099	50	4,580	497	1,742	3,137	313	5,689
Florida	4,088	6,248	4,540	562	15,438	4,249	5,053	6,198	712	16,212	4,375	5,070	7,315	1,234	17,994
Georgia	3,602	1,648	184	190	5,624	2,903	4,838	183	45	7,969	3,753	4,251	175	160	8,339
Kentucky	1,777	1,589	1,071	0	4,437	1,707	1,684	1,443	0	4,834	1,785	2,032	1,803	0	5,620
Louisiana	1,602	726	3,329	0	5,657	1,665	611	2,757	0	5,033	1,547	1,197	4,012	0	6,756
Mississippi	1,283	580	708	16	2,587	913	674	1,058	515	3,160	972	941	989	0	2,902
North Carolina	2,712	1,695	1,707	250	6,364	2,662	1,918	1,466	147	6,193	3,174	1,707	873	267	6,021
South Carolina	1,632	1,456	1,276	33	4,397	1,560	1,601	1,474	46	4,681	1,588	1,373	1,444	N/A	4,405
Tennessee	1,748	1,773	1,607	12	5,140	1,808	2,046	1,680	6	5,540	1,977	2,326	1,941	131	6,375
Virginia	2,968	1,350	6,754	86	11,158	2,887	1,515	6,120	100	10,622	2,985	1,750	5,949	113	10,797
West Virginia	682	361	6,835	0	7,878	708	728	7,920	0	9,356	667	806	8,069	0	9,542
SOUTHWEST															
Arizona	719	707	5,063	0	6,489	860	928	4,919	0	6,707	853	1,147	4,395	0	6,395
New Mexico	993	494	1,048	97	2,632	959	541	1,136	53	2,689	1,133	569	1,274	130	3,106
Oklahoma	1,042	1,235	1,474	114	3,865	1,015	1,328	1,323	29	3,695	848	1,649	1,500	45	4,042
Texas	3,772	4,649	1,163	1,068	10,652	3,863	4,415	2,248	425	10,951	3,655	3,730	2,236	532	10,153
ROCKY MOUNTAIN															
Colorado	935	771	2,084	0	3,790	903	933	2,132	0	3,968	1,008	883	1,903	0	3,794
Idaho	397	594	264	1	1,256	345	595	314	1	1,255	366	705	370	1	1,442
Montana*	403	428	281	0	1,112	373	506	521	0	1,400	431	538	594	0	1,563
Utah	814	507	600	25	1,946	747	512	599	61	1,919	735	560	746	18	2,059
Wyoming	903	537	1,001	0	2,441	920	547	1,019	0	2,486	937	557	1,038	0	2,532
FAR WEST															
Alaska	975	894	337	117	2,323	900	915	368	306	2,489	784	1,338	1,559	58	3,739
California	19,631	13,192	13,117	1,338	47,278	20,239	17,102	12,021	3,257	52,619	20,955	20,156	12,818	4,365	58,294
Hawaii	1,305	344	1,478	192	3,319	1,375	418	1,786	321	3,900	1,315	520	1,020	191	3,046
Nevada	208	959	1,555	20	2,742	173	538	1,394	11	2,116	288	553	1,429	11	2,281
Oregon	1,306	867	4,859	0	7,032	1,300	179	4,660	0	6,139	1,398	754	7,369	0	9,521
Washington	1,319	1,006	3,320	122	5,767	1,197	1,100	3,348	200	5,845	1,195	1,256	3,697	234	6,382
TOTAL	\$134,228	\$81,127	\$132,513	\$10,582	\$358,450	\$130,103	\$90,436	\$133,553	\$11,830	\$365,922	\$138,200	\$103,192	\$133,207	\$13,049	\$387,648

Source: National Association of State Budget Officers, 2003 State Expenditure Report

Table 44
ALL OTHER EXPENDITURES AS A PERCENT OF
TOTAL EXPENDITURES

Region/State	Fiscal 2002	Fiscal 2003	Fiscal 2004
NEW ENGLAND			
Connecticut	41.6 %	39.3 %	39.8 %
Maine	38.7	37.5	35.2
Massachusetts	42.7	42.1	43.3
New Hampshire	25.5	27.0	29.1
Rhode Island	35.5	34.3	34.3
Vermont	26.8	16.3	15.2
MID-ATLANTIC			
Delaware	46.6	46.4	46.0
Maryland	33.8	30.8	28.7
New Jersey	38.5	37.1	35.7
New York	34.9	32.2	34.8
Pennsylvania	31.6	32.3	31.0
GREAT LAKES			
Illinois	35.2	29.5	31.7
Indiana	32.6	32.8	33.7
Michigan	29.3	28.5	28.3
Ohio	41.2	39.5	36.9
Wisconsin	48.5	46.2	28.4
PLAINS			
Iowa	19.8	26.4	28.5
Kansas	24.9	25.3	24.3
Minnesota	34.0	30.8	30.1
Missouri	25.0	22.3	25.8
Nebraska	31.3	31.8	34.7
North Dakota	36.6	35.6	35.4
South Dakota	40.3	35.4	27.5
SOUTHEAST			
Alabama	28.2	27.1	39.4
Arkansas	35.0	36.3	39.0
Florida	32.9	33.4	33.4
Georgia	21.3	28.5	29.1
Kentucky	25.8	26.3	28.8
Louisiana	32.5	29.6	34.7
Mississippi	24.2	27.0	24.1
North Carolina	22.6	21.5	20.5
South Carolina	28.4	28.0	28.6
Tennessee	27.7	27.3	29.3
Virginia	42.0	39.5	38.6
West Virginia	56.6	59.7	58.9
SOUTHWEST			
Arizona	35.2	34.3	30.8
New Mexico	24.8	23.5	26.4
Oklahoma	29.6	28.6	28.9
Texas	18.8	18.5	17.1
ROCKY MOUNTAIN			
Colorado	29.7	30.0	28.4
Idaho	29.6	28.8	29.4
Montana	34.3	38.4	39.3
Utah	25.9	25.4	26.0
Wyoming	61.8	59.2	57.2
FAR WEST			
Alaska	38.5	38.3	49.3
California	32.4	32.6	35.1
Hawaii	42.5	48.6	40.1
Nevada	46.7	36.8	36.4
Oregon	42.9	40.7	48.4
Washington	23.7	23.3	24.5
ALL STATES	32.9 %	32.2 %	32.6 %

Source: National Association of State Budget Officers, 2003 State Expenditure Report

Table 45

ANNUAL PERCENTAGE CHANGE IN ALL OTHER EXPENDITURES

Region/State	Fiscal 2002 to 2003			Fiscal 2003 to 2004		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
NEW ENGLAND						
Connecticut	-3.8 %	10.8 %	-4.5 %	8.6 %	6.8 %	8.1 %
Maine	-1.0	16.8	2.8	-11.7	17.9	-5.4
Massachusetts	-4.0	—	-2.8	8.9	—	7.8
New Hampshire	9.0	23.4	15.0	11.5	3.4	8.3
Rhode Island	1.3	10.9	-0.7	6.3	35.4	11.8
Vermont	-47.3	-36.3	-42.8	24.0	-42.3	1.1
MID-ATLANTIC						
Delaware	2.3	12.9	2.2	3.0	8.8	4.5
Maryland	-3.7	16.3	-6.8	-11.7	-12.2	-2.5
New Jersey	2.3	-1.9	0.0	-10.4	52.1	-0.7
New York	-11.7	18.8	-3.3	22.7	9.1	17.8
Pennsylvania	6.9	16.5	10.5	-3.4	15.1	-0.9
GREAT LAKES						
Illinois	-18.4	-38.7	-20.1	17.7	58.8	17.9
Indiana	7.3	0.1	6.2	15.2	-2.5	7.8
Michigan	-4.6	7.1	-2.5	-11.7	25.6	-1.7
Ohio	-3.0	9.9	-1.1	-9.2	26.6	-3.1
Wisconsin	-5.1	15.4	-2.9	-60.4	-9.1	-53.9
PLAINS						
Iowa	84.8	7.7	48.0	5.2	14.4	9.2
Kansas	-7.0	21.2	4.4	28.3	-38.3	-2.6
Minnesota	0.2	10.4	1.6	-2.5	8.1	-0.3
Missouri	-10.7	-7.4	-8.9	18.2	37.9	23.5
Nebraska	8.7	-2.6	5.3	15.0	41.6	22.4
North Dakota	6.9	-8.9	0.6	2.2	2.3	4.3
South Dakota	-41.6	76.5	-22.3	-23.7	-23.4	-23.6
SOUTHEAST						
Alabama	2.5	11.3	0.7	73.1	116.5	80.6
Arkansas	11.7	-2.1	8.5	2.9	74.5	24.2
Florida	21.1	-19.1	5.0	11.9	0.3	11.0
Georgia	-18.5	193.6	41.7	27.3	-12.1	4.6
Kentucky	10.6	6.0	8.9	13.9	20.7	16.3
Louisiana	-10.3	-15.8	-11.0	25.7	95.9	34.2
Mississippi	-1.0	16.2	22.1	-0.5	39.6	-8.2
North Carolina	-6.6	13.2	-2.7	-2.0	-11.0	-2.8
South Carolina	4.3	10.0	6.5	-0.1	-14.2	-5.9
Tennessee	4.0	15.4	7.8	12.3	13.7	15.1
Virginia	-7.4	12.2	-4.8	-0.8	15.5	1.6
West Virginia	14.8	101.7	18.8	1.3	10.7	2.0
SOUTHWEST						
Arizona	-0.1	31.3	3.4	-9.2	23.6	-4.7
New Mexico	2.6	9.5	2.2	14.9	5.2	15.5
Oklahoma	-7.1	7.5	-4.4	0.4	24.2	9.4
Texas	23.8	-5.0	2.8	-3.6	-15.5	-7.3
ROCKY MOUNTAIN						
Colorado	0.5	21.0	4.7	-4.1	-5.4	-4.4
Idaho	-0.3	0.2	-0.1	11.7	18.5	14.9
Montana	30.7	18.2	25.9	14.7	6.3	11.6
Utah	-4.8	1.0	-1.4	10.0	9.4	7.3
Wyoming	1.8	1.9	1.8	1.9	1.8	1.9
FAR WEST						
Alaska	-3.4	2.3	7.1	84.8	46.2	50.2
California	-1.5	29.6	11.3	4.7	17.9	10.8
Hawaii	13.6	21.5	17.5	-26.1	24.4	-21.9
Nevada	-11.1	-43.9	-22.8	9.6	2.8	7.8
Oregon	-3.3	-79.4	-12.7	47.1	321.2	55.1
Washington	-2.0	9.3	1.4	7.6	14.2	9.2
ALL STATES	-1.2	11.5	2.1	2.9	14.1	5.9

Note: State funds are defined as general funds and other state funds (bonds are excluded).
Source: National Association of State Budget Officers, 2003 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			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			P							
Georgia										
Kentucky										
Louisiana									X	
Mississippi										
North Carolina										
South Carolina										P
Tennessee			X							X
Virginia										
West Virginia										
SOUTHWEST										
Arizona										X
New Mexico										
Oklahoma										
Texas										
ROCKY MOUNTAIN										
Colorado								P		
Idaho									X	X
Montana										
Utah										
Wyoming										
FAR WEST										
Alaska							X		X	
California										
Hawaii*	P	P								
Nevada										X
Oregon										
Washington				P						
ALL STATES	2	4	2	3	3	2	3	2	10	8

Excluded=X

Partially Excluded=P

Not Applicable=N/A

Source: National Association of State Budget Officers, 2003 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.

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

Missouri: Fringe benefits are appropriated and paid centrally and are therefore included in all other expenditures with the exception of retirement and health care costs for Transportation employees.

Figures also include capital expenditures for maintenance and repair projects at facilities operated by the Department of Corrections.

Montana: The budget for the Board of Housing program moved approximately \$30 million from federal funds to state (proprietary) funds. Fire and emergency costs in fiscal 2004 were funded by using more than \$35 million in federal funds received from the Jobs and Growth Tax Relief Reconciliation Act of 2003.

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

CHAPTER EIGHT

CAPITAL EXPENDITURES

Capital expenditures are 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. 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 initially 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, housing, and all other. 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

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. State capital spending totaled

\$65.5 billion in fiscal 2003, a decrease of 6 percent compared to the previous year. Between 1993 and 2003, capital spending increased at an average annual rate of 5.4 percent. Fiscal 2004 estimates of capital spending on infrastructure are \$71.6 billion, a 9.2 percent increase.

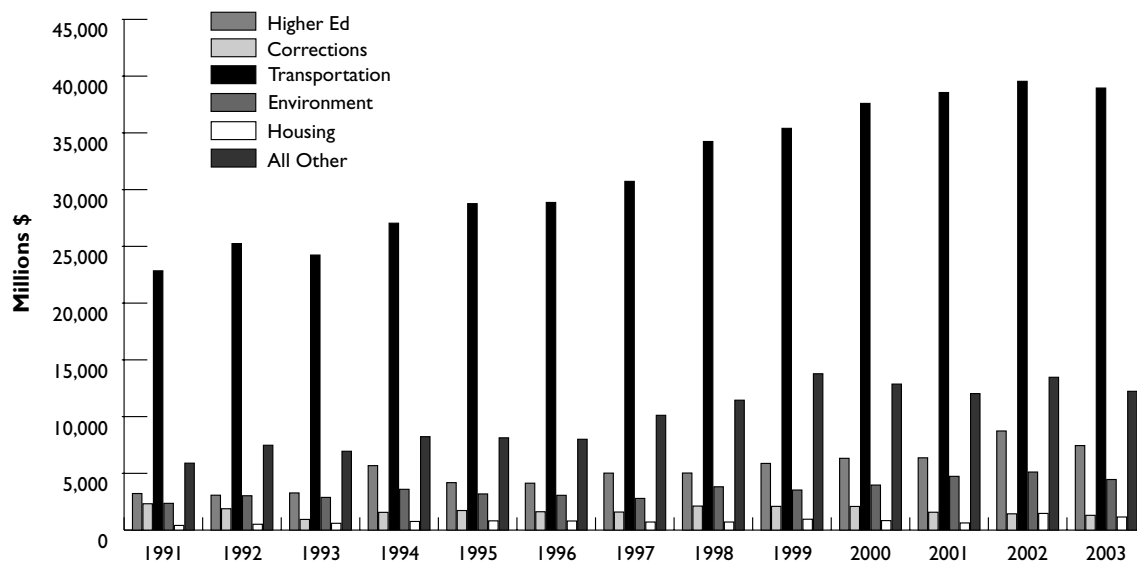
Capital Fund Sources

State spending on capital projects traditionally has come from non-general fund sources, mainly other state funds such as dedicated fees and fund surpluses (35 percent in fiscal 2003) and bonds (33.1 percent). Federal funds (27 percent) and state general funds (4.8 percent) also contribute to capital spending.

Capital Funds by Use

Comprising 59.4 percent (\$38.9 billion) of all capital expenditures in fiscal 2003, **transportation** is the largest category of state capital expenditures. Based on estimated fiscal 2004 figures, transportation-related capital spending increased by 5.9 percent.

Figure 20
CAPITAL EXPENDITURES BY TYPE, FISCAL 1991 TO 2003



Demonstrating the rapidly variable nature of capital spending, **Higher education** capital expenditures slowed considerably in fiscal 2003, decreasing by 14.7 percent compared to fiscal 2002, totaling \$7.4 billion. In fiscal 2004, higher education capital spending is estimated to have increased by 21 percent. In fiscal 2003, higher education accounted for 11.4 percent of total state capital outlays.

Corrections capital spending decreased by 9.2 percent in fiscal 2003, totaling \$1.3 billion, and accounting for 2 percent of total state capital expenditures. Fiscal 2004 estimates indicate spending of \$1.5 billion, a 16 percent increase.

State capital spending for **environmental** purposes in fiscal 2003 totaled \$4.5 billion, 6.8 percent of total capital spending and a 12.8 percent decrease over fiscal 2002.

Housing capital expenditures account for just 1.8 percent of total fiscal 2003 capital spending, at just more than \$1.1 billion.

State spending for **all other** purposes totaled \$12.2 billion, or 18.7 percent of total capital spending.

Figure 22
TOTAL CAPITAL EXPENDITURES BY FUNDING SOURCE,
FISCAL 2003

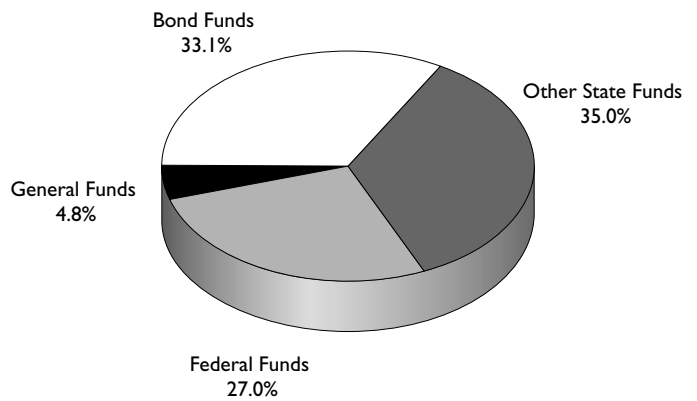


Figure 21
ANNUAL PERCENTAGE CHANGE IN TOTAL CAPITAL EXPENDITURES

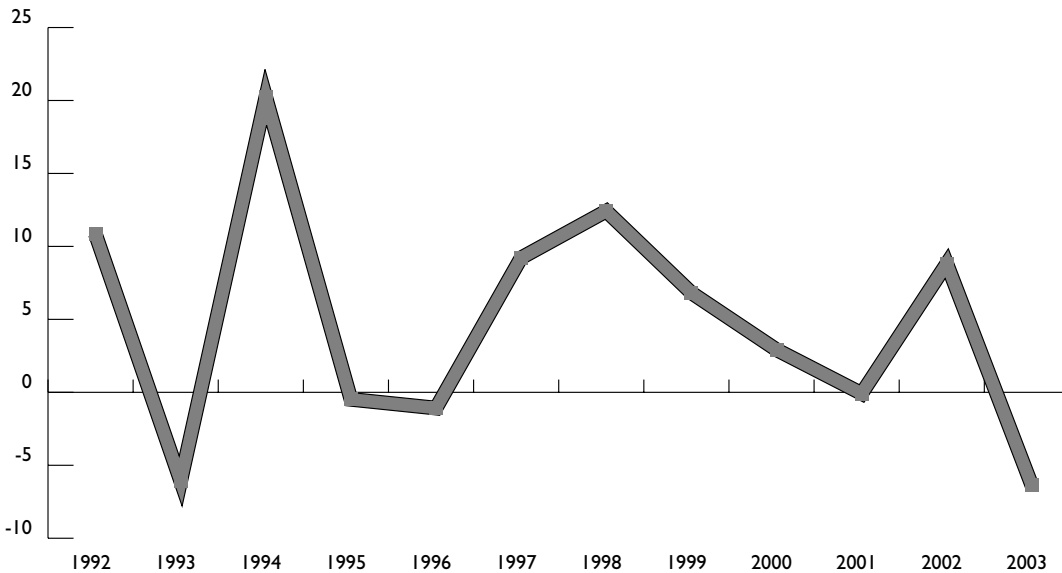


Table 47

TOTAL CAPITAL EXPENDITURES (\$ IN MILLIONS)

Region/State	Actual Fiscal 2002					Actual Fiscal 2003					Estimated Fiscal 2004				
	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	\$581	\$12	\$1,714	\$2,307	\$1	\$524	\$12	\$1,639	\$2,177	\$2	\$912	\$12	\$1,645	\$2,570
Maine	15	124	80	17	236	6	153	61	33	253	2	160	41	51	254
Massachusetts	0	490	247	1,996	2,733	0	509	406	1,706	2,621	0	616	177	1,806	2,599
New Hampshire	0	32	177	46	255	0	38	151	92	281	0	38	158	90	286
Rhode Island	0	99	78	165	342	3	135	37	111	286	6	228	56	241	530
Vermont	0	0	0	39	39	0	0	0	42	42	0	0	0	41	41
MID-ATLANTIC															
Delaware	107	114	200	252	673	100	118	195	285	698	109	113	213	283	718
Maryland	690	748	1,337	1,078	3,852	75	681	1,202	583	2,541	10	878	1,213	1,246	3,348
New Jersey	1,179	688	0	1,243	3,110	1,088	760	0	952	2,800	805	650	0	851	2,306
New York	0	1,374	1,180	1,759	4,313	0	1,673	1,046	1,931	4,650	0	1,473	1,125	1,938	4,536
Pennsylvania*	0	0	0	756	756	0	0	0	1,216	1,216	0	0	0	623	623
GREAT LAKES															
Illinois	28	0	1,747	1,729	3,504	19	3	1,100	1,677	2,799	13	130	1,809	1,588	3,539
Indiana*	237	415	464	264	1,380	183	424	686	233	1,526	202	475	552	163	1,392
Michigan*	372	700	367	738	2,177	326	682	384	547	1,938	251	810	488	437	1,986
Ohio	18	917	605	1,222	2,762	12	863	690	1,316	2,881	7	846	697	1,844	3,394
Wisconsin	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
PLAINS															
Iowa	0	4	68	129	201	0	3	47	114	164	0	5	84	143	232
Kansas	106	350	289	149	894	14	380	463	153	1,009	14	269	481	151	914
Minnesota	110	96	708	524	1,438	95	69	1,152	478	1,794	27	96	1,136	440	1,699
Missouri*	12	10	1,586	263	1,871	31	9	1,607	291	1,938	37	80	1,448	356	1,921
Nebraska	39	186	441	0	666	28	213	428	0	669	26	292	503	0	821
North Dakota	17	192	73	10	292	16	185	70	13	284	19	220	84	21	344
South Dakota	16	253	204	0	473	11	251	224	0	486	6	300	170	0	476
SOUTHEAST															
Alabama*	2	761	367	443	1,573	2	590	336	267	1,195	1	641	257	178	1,076
Arkansas	0	3	112	9	124	0	2	57	3	62	2	12	174	2	190
Florida*	185	1,314	6,573	1,437	9,509	151	1,405	5,164	1,278	7,998	81	1,462	6,302	1,846	9,691
Georgia	1	1,670	0	1,331	3,002	0	1,475	0	249	1,724	0	1,126	0	524	1,650
Kentucky	0	0	587	0	587	0	0	622	0	622	0	0	505	0	505
Louisiana	33	413	332	194	971	42	468	222	331	1,063	37	440	277	263	1,017
Mississippi	20	318	364	0	702	21	350	320	0	691	25	415	434	0	874
North Carolina	33	0	0	605	638	34	0	0	712	746	28	0	0	1,517	1,545
South Carolina	14	35	573	449	1,071	14	30	761	473	1,278	N/A	N/A	N/A	N/A	N/A
Tennessee*	16	522	526	21	1,085	28	824	392	124	1,368	28	728	349	210	1,315
Virginia	119	4	141	202	466	20	19	126	368	533	15	21	166	481	683
West Virginia	15	444	405	154	1,018	18	449	375	145	987	19	600	382	127	1,128
SOUTHWEST															
Arizona	161	0	361	445	967	129	0	327	481	937	128	0	318	564	1,010
New Mexico	73	0	8	236	317	37	0	14	88	139	165	0	52	259	476
Oklahoma	51	579	799	205	1,634	69	470	606	32	1,177	30	571	511	174	1,286
Texas*	N/A	N/A	N/A	N/A	1,946	N/A	N/A	N/A	N/A	1,593	N/A	N/A	N/A	N/A	1,812
ROCKY MOUNTAIN															
Colorado*	156	18	210	0	384	143	38	43	0	224	10	51	422	0	483
Idaho	0	159	81	5	245	0	185	92	5	282	0	293	131	5	429
Montana*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Utah*	219	242	214	196	871	131	231	145	343	850	130	157	204	253	744
Wyoming	39	38	304	0	381	19	27	282	0	328	19	27	282	0	328
FAR WEST															
Alaska	114	925	130	167	1,336	110	907	123	527	1,667	84	969	160	173	1,386
California	284	1,448	625	1,066	3,423	90	1,498	799	957	3,344	410	846	1,010	3,028	5,294
Hawaii	0	118	125	313	556	0	103	114	412	629	0	148	119	378	644
Nevada	5	100	124	102	331	4	126	214	73	417	4	134	233	144	515
Oregon	16	0	217	0	233	1	2	262	0	265	12	0	206	0	218
Washington	0	427	1,111	573	2,111	0	420	1,039	903	2,362	0	429	1,210	1,139	2,778
TOTAL*	\$4,501	\$16,911	\$24,152	\$22,246	\$69,756	\$3,071	\$17,291	\$22,395	\$21,183	\$65,533	\$2,763	\$17,659	\$24,149	\$25,182	\$71,606

Source: National Association of State Budget Officers, 2003 State Expenditure Report

Table 48

HIGHER EDUCATION CAPITAL EXPENDITURES (\$ IN MILLIONS)

Region/State	Actual Fiscal 2002					Actual Fiscal 2003					Estimated Fiscal 2004				
	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	\$118	\$118	\$0	\$0	\$0	\$175	\$175	\$0	\$0	\$0	\$175	\$175
Maine	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Massachusetts	0	0	0	96	96	0	0	0	79	79	0	0	0	43	43
New Hampshire	0	0	0	4	4	0	0	0	27	27	0	0	0	25	25
Rhode Island	0	10	50	0	60	0	1	10	17	28	0	0	18	32	50
Vermont	0	0	0	4	4	0	0	0	4	4	0	0	0	4	4
MID-ATLANTIC															
Delaware	10	0	5	11	26	6	0	5	13	24	10	0	7	7	24
Maryland	167	0	25	234	426	0	0	30	77	107	0	0	33	262	295
New Jersey	12	0	0	0	12	1	0	0	2	3	0	0	0	0	0
New York	0	0	58	263	321	0	0	73	221	294	0	0	65	204	269
Pennsylvania	0	0	0	153	153	0	0	0	332	332	0	0	0	169	169
GREAT LAKES															
Illinois	0	0	0	178	178	0	0	0	202	202	0	0	0	155	155
Indiana	23	0	0	136	159	13	0	0	138	151	13	0	0	129	142
Michigan*	0	0	0	171	171	0	0	0	207	207	0	0	0	111	111
Ohio	0	0	0	320	320	0	0	0	256	256	0	0	0	364	364
Wisconsin	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PLAINS															
Iowa	0	0	8	30	38	0	0	0	36	36	0	0	0	53	53
Kansas	2	0	74	29	105	2	0	40	29	71	0	0	33	32	65
Minnesota	0	0	0	169	169	0	0	0	129	129	0	0	0	160	160
Missouri	0	0	0	0	0	0	0	0	0	0	0	0	0	30	30
Nebraska	16	1	77	0	94	9	1	56	0	66	8	23	94	0	125
North Dakota	7	0	0	5	12	6	0	0	8	14	6	0	0	0	6
South Dakota	5	8	27	0	40	3	6	27	0	36	2	4	12	0	18
SOUTHEAST															
Alabama*	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
Arkansas	0	0	23	9	32	0	0	18	3	21	0	0	5	2	7
Florida*	53	0	549	606	1,208	46	0	51	365	462	0	0	70	367	437
Georgia	0	0	0	342	342	0	0	0	166	166	0	0	0	100	100
Kentucky	0	0	269	0	269	0	0	226	0	226	0	0	168	0	168
Louisiana	10	8	16	69	103	20	1	12	84	117	15	4	14	77	110
Mississippi	13	2	76	0	91	15	6	54	0	75	17	7	51	0	75
North Carolina	0	0	0	300	300	0	0	0	565	565	0	0	0	617	617
South Carolina	3	3	124	90	220	7	10	164	116	297	N/A	N/A	N/A	N/A	N/A
Tennessee	8	0	0	9	17	8	0	2	41	51	16	0	2	5	23
Virginia	91	0	107	183	381	14	1	85	281	381	10	0	125	357	492
West Virginia	0	0	135	68	203	0	0	106	73	179	0	0	109	75	184
SOUTHWEST															
Arizona	144	0	0	82	226	127	0	0	81	208	128	0	0	104	232
New Mexico	1	0	0	97	98	2	0	0	7	9	14	0	0	102	116
Oklahoma	0	10	243	91	344	0	0	143	3	146	18	20	87	129	254
Texas	N/A	N/A	N/A	N/A	779	N/A	N/A	N/A	N/A	874	N/A	N/A	N/A	N/A	984
ROCKY MOUNTAIN															
Colorado	105	3	130	0	238	68	0	16	0	84	1	11	363	0	375
Idaho	0	0	11	1	12	0	0	8	1	9	0	0	15	1	16
Montana	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Utah	0	0	-35	45	10	0	0	-2	118	116	0	0	0	47	47
Wyoming	16	8	1	0	25	2	0	0	0	2	2	0	0	0	2
FAR WEST															
Alaska	7	34	5	20	66	1	5	14	62	82	1	6	44	0	51
California	56	0	0	623	679	27	0	0	426	453	40	0	0	1,213	1,253
Hawaii	0	0	0	82	82	0	0	0	44	44	0	10	0	23	33
Nevada	3	0	4	26	33	1	0	12	36	49	1	0	31	38	70
Oregon	16	0	129	0	145	0	0	165	0	165	12	0	204	0	216
Washington	0	0	147	177	324	0	0	172	254	426	0	0	556	318	874
TOTAL	\$768	\$87	\$2,258	\$4,841	\$8,733	\$378	\$31	\$1,487	\$4,678	\$7,448	\$314	\$85	\$2,106	\$5,530	\$9,019

Source: National Association of State Budget Officers, 2003 State Expenditure Report

Table 49

CORRECTIONS CAPITAL EXPENDITURES (\$ IN MILLIONS)

Region/State	Actual Fiscal 2002					Actual Fiscal 2003					Estimated Fiscal 2004				
	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	\$35	\$35	\$0	\$0	\$0	\$28	\$28	\$0	\$0	\$0	\$28	\$28
Maine	0	2	0	0	2	0	1	0	0	1	0	0	0	0	0
Massachusetts	0	0	0	22	22	0	0	0	37	37	0	0	0	57	57
New Hampshire	0	0	0	0	0	0	0	0	1	1	0	0	0	0	0
Rhode Island	0	0	3	0	3	0	0	2	2	4	0	5	7	20	32
Vermont	0	0	0	6	6	0	0	0	0	0	0	0	0	1	1
MID-ATLANTIC															
Delaware	4	3	1	6	14	4	3	1	5	13	4	1	1	4	10
Maryland	3	5	6	55	69	0	0	3	17	20	0	2	0	88	90
New Jersey	20	0	0	2	22	30	0	0	3	33	0	0	0	0	0
New York	0	1	4	206	211	0	27	7	193	227	0	0	4	185	189
Pennsylvania	0	0	0	164	164	0	0	0	240	240	0	0	0	123	123
GREAT LAKES															
Illinois	3	0	0	96	99	3	0	0	88	91	3	0	0	42	45
Indiana	62	0	15	128	205	53	0	16	0	69	55	0	21	0	76
Michigan	14	1	0	17	32	5	0	0	5	10	1	0	0	3	4
Ohio	0	0	0	74	74	0	0	0	73	73	0	0	0	103	103
Wisconsin	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PLAINS															
Iowa	0	0	0	7	7	0	0	0	7	7	0	0	3	10	13
Kansas	7	0	17	1	25	8	0	9	3	20	7	0	8	2	17
Minnesota	5	10	1	11	27	7	1	1	3	12	4	10	0	5	19
Missouri	0	0	0	0	0	0	1	0	0	1	0	30	1	3	34
Nebraska	8	0	0	0	8	3	0	2	0	5	3	0	2	0	5
North Dakota	2	0	0	0	2	2	0	0	3	5	1	0	0	0	1
South Dakota	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SOUTHEAST															
Alabama	0	0	2	0	2	0	2	1	0	3	1	1	1	0	3
Arkansas	0	3	1	0	4	0	2	1	0	3	0	0	14	0	14
Florida	18	0	0	0	18	20	2	2	0	24	50	71	0	0	121
Georgia	1	20	0	24	45	0	0	0	3	3	0	0	0	20	20
Kentucky	0	0	29	0	29	0	0	70	0	70	0	0	53	0	53
Louisiana	0	0	5	8	13	3	3	12	9	27	1	2	9	8	20
Mississippi	1	0	1	0	2	1	1	0	0	2	1	0	1	0	2
North Carolina	0	0	0	0	0	0	0	0	0	0	0	0	0	218	218
South Carolina	2	3	2	15	22	1	2	1	6	10	N/A	N/A	N/A	N/A	N/A
Tennessee	0	0	22	0	22	0	21	9	0	30	0	0	7	0	7
Virginia	7	2	3	2	14	3	15	2	6	26	2	14	1	18	35
West Virginia	0	0	0	1	1	1	0	18	14	33	1	0	11	17	29
SOUTHWEST															
Arizona	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
New Mexico	0	0	0	4	4	0	0	0	0	0	2	0	1	1	4
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	33	N/A	N/A	N/A	N/A	46	N/A	N/A	N/A	N/A	32
ROCKY MOUNTAIN															
Colorado	11	6	7	0	24	7	6	1	0	14	0	0	1	0	1
Idaho	0	0	3	3	6	0	0	2	3	5	0	0	5	3	8
Montana	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Utah	0	0	0	0	0	0	8	0	5	13	2	0	0	0	2
Wyoming	5	1	0	0	6	0	0	0	0	0	0	0	0	0	0
FAR WEST															
Alaska	1	0	0	0	1	2	0	0	0	2	2	0	0	0	2
California	75	0	0	1	76	9	0	0	1	10	19	0	0	11	30
Hawaii	0	1	0	2	3	0	0	0	0	0	0	0	0	0	0
Nevada	0	0	2	1	3	1	0	5	2	8	1	0	16	5	22
Oregon	0	0	49	0	49	1	0	37	0	38	0	0	0	0	0
Washington	0	5	1	24	30	0	2	1	35	38	0	5	1	35	41
TOTAL	\$249	\$63	\$174	\$915	\$1,434	\$164	\$97	\$203	\$792	\$1,302	\$160	\$141	\$168	\$1,010	\$1,511

Source: National Association of State Budget Officers, 2003 State Expenditure Report

Table 50

TRANSPORTATION CAPITAL EXPENDITURES (\$ IN MILLIONS)

Region/State	Actual Fiscal 2002					Actual Fiscal 2003					Estimated Fiscal 2004				
	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	\$581	\$12	\$242	\$835	\$1	\$524	\$12	\$204	\$741	\$2	\$912	\$12	\$167	\$1,093
Maine	7	115	43	7	172	0	130	51	24	205	0	158	32	26	216
Massachusetts	0	490	247	1,171	1,908	0	509	406	782	1,697	0	616	177	949	1,742
New Hampshire	0	32	177	1	210	0	38	151	1	190	0	38	158	5	201
Rhode Island	0	71	11	32	114	0	78	8	22	108	0	124	9	117	250
Vermont	0	0	0	0	0	0	0	0	3	3	0	0	0	3	3
MID-ATLANTIC															
Delaware	0	111	130	87	328	0	115	145	83	343	0	112	160	85	357
Maryland	0	703	705	0	1,408	0	634	778	0	1,412	0	758	933	0	1,691
New Jersey	685	680	0	782	2,147	745	750	0	693	2,188	805	650	0	747	2,202
New York	0	1,100	850	716	2,666	0	1,403	711	870	2,984	0	1,239	769	900	2,908
Pennsylvania*	0	0	0	157	157	0	0	0	150	150	0	0	0	149	149
GREAT LAKES															
Illinois	0	0	1,739	463	2,202	8	0	1,074	401	1,483	5	124	1,766	497	2,392
Indiana	2	415	411	0	828	3	424	572	0	999	1	475	522	0	998
Michigan	12	594	248	315	1,169	0	552	267	217	1,036	0	669	382	282	1,333
Ohio	8	913	577	263	1,761	7	859	667	307	1,840	6	841	651	337	1,835
Wisconsin	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PLAINS															
Iowa	0	0	0	3	3	0	0	2	0	2	0	0	8	0	8
Kansas	94	341	194	114	743	0	376	404	115	895	0	257	430	104	791
Minnesota	84	73	666	86	909	59	58	1,107	147	1,371	0	54	1,079	110	1,243
Missouri	0	0	1,546	209	1,755	0	0	1,573	207	1,780	0	0	1,402	256	1,658
Nebraska	0	181	338	0	519	0	202	341	0	543	0	215	369	0	584
North Dakota	0	175	38	0	213	0	169	37	0	206	0	186	69	0	255
South Dakota	0	219	163	0	382	0	219	162	0	381	0	255	138	0	393
SOUTHEAST															
Alabama	0	761	211	27	999	0	588	299	23	910	0	640	231	0	871
Arkansas	0	0	0	0	0	0	0	0	0	0	0	0	3	0	3
Florida	25	1,149	3,680	269	5,123	0	1,119	2,931	201	4,251	0	1,171	4,146	245	5,562
Georgia	0	1,650	0	143	1,793	0	1,475	0	35	1,510	0	1,126	0	70	1,196
Kentucky	0	0	20	0	20	0	0	71	0	71	0	0	33	0	33
Louisiana	3	402	266	22	693	3	457	189	120	769	3	429	227	71	730
Mississippi	0	298	246	0	544	0	317	222	0	539	0	364	291	0	655
North Carolina	0	0	0	0	0	3	0	0	0	3	0	0	0	400	400
South Carolina	0	0	412	161	573	0	0	557	205	762	N/A	N/A	N/A	N/A	N/A
Tennessee	0	515	504	0	1,019	0	773	381	77	1,231	0	711	323	74	1,108
Virginia	0	0	21	3	24	0	0	27	60	87	0	0	34	55	89
West Virginia	3	419	219	85	726	5	413	187	58	663	8	529	210	35	782
SOUTHWEST															
Arizona	0	0	348	293	641	0	0	299	330	629	0	0	311	373	684
New Mexico	1	0	0	12	13	6	0	5	11	22	6	0	0	9	15
Oklahoma	30	350	468	0	848	48	407	344	0	799	0	506	276	0	782
Texas	N/A	N/A	N/A	N/A	66	N/A	N/A	N/A	N/A	248	N/A	N/A	N/A	N/A	264
ROCKY MOUNTAIN															
Colorado	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Idaho	0	159	61	0	220	0	185	75	0	260	0	293	101	0	394
Montana	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Utah	146	233	204	126	709	60	211	165	159	595	60	153	180	188	581
Wyoming	0	18	282	0	300	0	17	264	0	281	0	17	264	0	281
FAR WEST															
Alaska	62	666	57	14	799	53	708	38	103	902	59	686	35	0	780
California	0	1,418	593	144	2,155	0	1,481	758	32	2,271	289	802	901	41	2,033
Hawaii	0	116	58	37	211	0	98	52	48	198	0	119	37	122	278
Nevada	0	95	117	55	267	0	119	196	24	339	0	127	184	90	401
Oregon	0	0	2	0	2	0	0	6	0	6	0	0	2	0	2
Washington	0	354	764	250	1,368	0	332	300	414	1,046	0	299	189	552	1,040
TOTAL	\$1,162	\$15,397	\$16,628	\$6,289	\$39,542	\$1,001	\$15,740	\$15,834	\$6,126	\$38,949	\$1,244	\$15,655	\$17,044	\$7,059	\$41,266

Source: National Association of State Budget Officers, 2003 State Expenditure Report

Table 51

ENVIRONMENTAL PROJECTS CAPITAL EXPENDITURES (\$ IN MILLIONS)

Region/State	Actual Fiscal 2002					Actual Fiscal 2003					Estimated Fiscal 2004				
	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	\$209	\$209	\$0	\$0	\$0	\$139	\$139	\$0	\$0	\$0	\$140	\$140
Maine	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Massachusetts	0	0	0	156	156	0	0	0	134	134	0	0	0	98	98
New Hampshire	0	0	0	7	7	0	0	0	6	6	0	0	0	5	5
Rhode Island	0	1	2	79	82	0	18	5	12	35	0	25	10	48	83
Vermont	0	0	0	6	6	0	0	0	9	9	0	0	0	9	9
MID-ATLANTIC															
Delaware	6	0	26	0	32	4	0	24	0	28	5	0	20	2	27
Maryland	41	3	249	71	364	11	2	124	71	208	0	43	64	111	218
New Jersey	97	8	0	432	537	81	10	0	246	337	0	0	0	100	100
New York	0	157	147	263	567	0	162	108	203	473	0	154	124	288	566
Pennsylvania	0	0	0	20	20	0	0	0	33	33	0	0	0	17	17
GREAT LAKES															
Illinois	2	0	0	37	39	0	0	0	18	18	0	0	0	57	57
Indiana	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Michigan	45	11	100	84	240	28	13	96	51	188	21	17	71	6	115
Ohio	0	0	3	119	122	0	0	2	119	121	0	0	1	189	190
Wisconsin	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PLAINS															
Iowa	0	0	23	31	54	0	1	19	0	20	0	1	37	0	38
Kansas	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
Minnesota	8	5	26	26	65	9	4	28	35	76	8	5	36	25	74
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	3	6	0	9	0	3	6	1	10	0	7	11	1	19
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*	21	165	643	275	1,104	38	284	555	400	1,277	15	220	507	400	1,142
Georgia	0	0	0	18	18	0	0	0	0	0	0	0	0	20	20
Kentucky	0	0	7	0	7	0	0	1	0	1	0	0	2	0	2
Louisiana	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mississippi	0	1	8	0	9	1	2	6	0	9	0	1	12	0	13
North Carolina	33	0	0	250	283	31	0	0	64	95	28	0	0	267	295
South Carolina	1	27	11	0	39	0	5	7	0	12	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	0	1	3	2	6	0	3	5	1	9	0	1	3	8	12
West Virginia	0	19	12	0	31	0	15	19	0	34	0	24	24	0	48
SOUTHWEST															
Arizona	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
New Mexico	41	0	1	26	68	8	0	3	16	27	29	0	0	17	46
Oklahoma	5	32	25	0	62	0	27	58	0	85	2	19	60	0	81
Texas	N/A	N/A	N/A	N/A	186	N/A	N/A	N/A	N/A	57	N/A	N/A	N/A	N/A	32
ROCKY MOUNTAIN															
Colorado	0	1	36	0	37	2	1	1	0	4	0	22	3	0	25
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	1	30	7	0	38	10	62	23	1	96	3	68	30	115	216
California	99	5	26	289	419	39	2	10	485	536	37	9	84	1,734	1,864
Hawaii	0	0	0	6	6	0	0	0	0	0	0	19	0	5	24
Nevada	0	0	1	2	3	0	0	1	1	2	0	0	1	0	1
Oregon	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Washington	0	38	165	33	236	0	67	177	81	325	0	69	194	93	356
TOTAL	\$400	\$507	\$1,527	\$2,495	\$5,115	\$262	\$681	\$1,278	\$2,180	\$4,458	\$148	\$704	\$1,294	\$3,809	\$5,987

Source: National Association of State Budget Officers, 2003 State Expenditure Report

Table 52

HOUSING CAPITAL EXPENDITURES (\$ IN MILLIONS)

Region/State	Actual Fiscal 2002					Actual Fiscal 2003					Estimated Fiscal 2004				
	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	\$18	\$18	\$0	\$0	\$0	\$15	\$15	\$0	\$0	\$0	\$18	\$18
Maine	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Massachusetts	0	0	0	106	106	0	0	0	112	112	0	0	0	119	119
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	3	3	0	0	0	1	1	0	0	0	1	1
MID-ATLANTIC															
Delaware	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Maryland	35	14	17	3	69	15	15	18	15	63	1	15	19	34	69
New Jersey	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
New York	0	3	3	95	101	0	3	3	104	110	0	2	1	100	103
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	91	14	2	107	0	103	14	1	118	0	106	15	1	122
Ohio	0	4	22	0	26	0	4	18	0	22	0	5	40	0	45
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	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
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	208	0	208	0	0	247	0	247	0	0	192	0	192
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	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
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	807	N/A	N/A	N/A	N/A	368	N/A	N/A	N/A	N/A	500
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	1	1	4	16	22	1	23	14	55	93	1	19	16	0	36
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	0	0	0	0	0	0	0
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	5	0	5	0	0	0	0	0
TOTAL	\$36	\$113	\$268	\$245	\$1,469	\$16	\$148	\$319	\$303	\$1,154	\$2	\$147	\$283	\$273	\$1,205

Source: National Association of State Budget Officers, 2003 State Expenditure Report

Table 53

ALL OTHER CAPITAL EXPENDITURES (\$ IN MILLIONS)

Region/State	Actual Fiscal 2002					Actual Fiscal 2003					Estimated Fiscal 2004				
	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	\$1,092	\$1,092	\$0	\$0	\$0	\$1,078	\$1,078	\$0	\$0	\$0	\$1,117	\$1,117
Maine	8	7	37	10	62	6	22	10	9	47	2	2	9	25	38
Massachusetts	0	0	0	445	445	0	0	0	562	562	0	0	0	540	540
New Hampshire	0	0	0	34	34	0	0	0	57	57	0	0	0	55	55
Rhode Island	0	17	12	54	83	3	38	12	58	111	6	74	12	24	116
Vermont	0	0	0	20	20	0	0	0	25	25	0	0	0	23	23
MID-ATLANTIC															
Delaware	87	0	38	148	273	86	0	20	184	290	90	0	25	185	300
Maryland	443	24	334	715	1,516	50	30	249	403	732	9	60	165	752	986
New Jersey	365	0	0	27	392	231	0	0	8	239	0	0	0	4	4
New York	0	113	118	216	447	0	78	144	340	562	0	78	162	261	501
Pennsylvania	0	0	0	262	262	0	0	0	461	461	0	0	0	165	165
GREAT LAKES															
Illinois	22	0	8	955	985	8	3	27	969	1,007	5	5	43	837	890
Indiana	150	0	38	0	188	114	0	98	95	307	133	0	9	34	176
Michigan	301	3	6	149	459	293	13	8	66	380	229	19	20	34	302
Ohio	10	0	3	446	459	5	0	3	561	569	1	0	5	851	857
Wisconsin	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PLAINS															
Iowa	0	4	37	58	99	0	2	26	71	99	0	4	36	80	120
Kansas	3	9	4	5	21	4	4	10	6	24	6	12	10	13	41
Minnesota	13	8	15	232	268	20	6	16	164	206	15	27	21	140	203
Missouri*	12	10	40	0	62	31	8	34	30	103	37	50	45	13	145
Nebraska	15	4	26	0	45	16	10	29	0	55	15	54	38	0	107
North Dakota	8	14	29	5	56	8	13	27	1	49	12	27	4	20	63
South Dakota	11	26	14	0	51	8	26	35	0	69	4	41	20	0	65
SOUTHEAST															
Alabama*	2	N/A	154	416	572	2	N/A	36	244	282	0	N/A	24	178	202
Arkansas	0	0	88	0	88	0	0	37	0	37	2	11	152	0	165
Florida	68	0	1,493	287	1,848	47	0	1,378	312	1,737	16	0	1,387	834	2,237
Georgia	0	0	0	804	804	0	0	0	45	45	0	0	0	314	314
Kentucky	0	0	262	0	262	0	0	254	0	254	0	0	249	0	249
Louisiana	20	4	46	95	165	17	8	9	118	152	19	6	27	106	158
Mississippi	6	17	33	0	56	4	24	38	0	66	7	43	79	0	129
North Carolina	0	0	0	55	55	0	0	0	83	83	0	0	0	15	15
South Carolina	8	2	24	183	217	6	13	32	146	197	N/A	N/A	N/A	N/A	N/A
Tennessee	8	7	0	12	27	20	30	0	6	56	12	17	17	131	177
Virginia	21	2	6	12	41	2	0	8	20	30	3	5	5	44	57
West Virginia	12	6	39	0	57	12	21	45	0	78	10	47	28	0	85
SOUTHWEST															
Arizona	17	0	13	70	100	2	0	28	70	100	0	0	7	87	94
New Mexico	31	0	7	97	135	20	0	7	53	80	113	0	51	130	294
Oklahoma	16	187	63	114	380	21	36	61	29	147	10	26	88	45	169
Texas	N/A	N/A	N/A	N/A	75	N/A	N/A	N/A	N/A	0	N/A	N/A	N/A	N/A	0
ROCKY MOUNTAIN															
Colorado	40	8	37	0	85	66	31	25	0	122	9	18	55	0	82
Idaho	0	0	6	1	7	0	0	7	1	8	0	0	10	1	1
Montana	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Utah	73	9	45	25	152	71	12	-18	61	126	68	4	24	18	114
Wyoming	18	11	21	0	50	17	10	18	0	45	17	10	18	0	45
FAR WEST															
Alaska	42	194	57	117	410	43	109	34	306	492	18	190	35	58	301
California	54	25	6	9	94	15	15	31	13	74	25	35	25	29	114
Hawaii	0	1	67	184	252	0	6	62	321	389	0	1	82	228	311
Nevada	2	5	0	18	25	2	7	0	10	19	2	7	1	11	21
Oregon	0	0	37	0	37	0	2	54	0	56	0	0	0	0	0
Washington	0	30	34	89	153	0	19	384	119	522	0	56	270	141	467
TOTAL*	\$1,886	\$747	\$3,297	\$7,461	\$13,466	\$1,250	\$596	\$3,278	\$7,105	\$12,229	\$895	\$929	\$3,258	\$7,542	\$12,624

Source: National Association of State Budget Officers, 2003 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 captured at the state level. Capital expenditures from Federal and Other State Funds are not reported separately. Combined amounts are \$154.2 million in fiscal 2002, \$35.5 million in fiscal 2003, and \$24.2 million in fiscal 2004.

Colorado: Fiscal 2004 estimated amounts are based on current appropriations. However, capital appropriations are often long-term appropriations. These figures are based on the best available data.

Florida: The decrease in General Revenue funding for higher education fixed capital outlay appropriations from fiscal 2003 to fiscal 2004 is due to shifting the fund source to trust funds. Bond dollars increased in fiscal 2003 by \$125 million due to increased appropriations in the Save Our Everglades program and the Florida Forever program. The increase in all other bond dollars from fiscal 2003 to fiscal 2004 is due to a \$600 million legislative appropriation in fixed capital outlay to begin implementing a state constitutional amendment limiting the number of students in each public school classroom.

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

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

Missouri: All Other includes capital expenditures for maintenance and repair projects at facilities operated by the Department of Corrections.

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.

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

Texas: 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 construction contracts, which were not included as a capital expenditure in previous surveys.

Utah: All numerical information presented represents bond "authorizations." All bond information included in the report is for General Obligation bonds. Not included in the report is State Building Ownership Authority (SBOA) Bonds (\$23 million in fiscal 2002, \$2 million in fiscal 2003, and \$15 million in fiscal 2004) and Board of Regents Revenue Bonds (see Higher Education footnotes).

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 2002, \$5 million available in 2003, and \$4 million projected available for 2004). These funds were shown under capital for housing in previous years, but were reclassified in the 2002 expenditure report 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: the Water Resources Construction Fund (\$7 million available in 2002, \$5 million available in 2003, and \$12 million projected available for 2004); the Water Resources Cities Water Loan Fund (\$1 million available in 2002, \$2 million available in 2003, and \$2 million projected available for 2004); the Water Resources Conservation and Development Fund (\$13 million available in 2002, \$10 million available in 2003, and \$15 million projected available for 2004); the Water Quality Loan Fund (\$22 million available in 2002, \$19 million available in 2003, and \$20 million projected available for 2004); and the Drinking Water Loan Fund (\$13 million available in 2002, \$12 million available in 2003, and \$17 million projected available for 2004).

CHAPTER NINE
REVENUE SOURCES
IN THE GENERAL FUND

The source of most state expenditures, general fund revenue totaled \$491 billion in fiscal 2003.

Sales and compensating use taxes, personal income taxes, and corporate income taxes are the three main sources of general fund revenue, accounting for 75.8 percent of general fund collections. Specifically, sales and compensating use taxes account for 33.4 percent of the total, personal income taxes are 36.6 percent, and corporate income taxes are 5.8 percent of total general fund revenues. Other taxes and fees represent 23.4 percent of general fund revenues while gaming taxes are 0.9 percent. The major sources of general fund revenue are displayed by state in Table 54.

Depending on the state, "other taxes and fees" 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

During the past several grueling years for state finances, revenues suffered particularly badly. After a period of robust growth in the late 1990s and into 2000, between the summer of 2001 and spring of 2003 state revenues declined for eight straight quarters. Along with spending cuts and the use of reserve funds, states looked to tax and fee increases to plug budget holes. After cutting taxes by \$33.1 billion between fiscal 1995 and fiscal 2001, states enacted net tax and fee increases of \$8.3 billion in fiscal 2003 and \$9.6 billion in fiscal 2004 (enacted changes in state taxes and fees are detailed in NASBO's *Fiscal Survey of States*).

Figure 23
REVENUE SOURCES IN THE GENERAL FUND

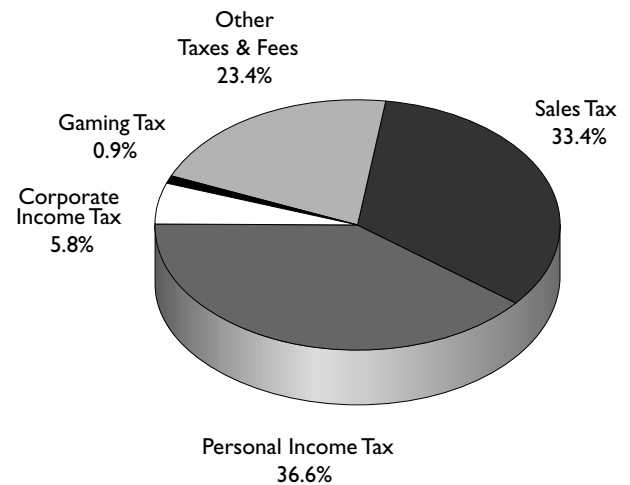


Table 54

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

Region/state	Actual Fiscal 2002						Actual Fiscal 2003						Estimated Fiscal 2004					
	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	\$2,998	\$4,266	\$381	\$647	\$2,553	\$10,845	\$3,026	\$4,263	\$508	\$650	\$3,576	\$12,023	\$3,092	\$4,600	\$525	\$675	\$3,597	\$12,489
Maine	836	1,070	77	N/A	349	2,332	857	1,072	91	N/A	375	2,395	906	1,131	104	N/A	480	2,621
Massachusetts	3,696	7,913	587	0	2,092	14,288	3,708	8,026	799	0	2,430	14,963	3,687	8,216	1,023	0	2,305	15,230
New Hampshire	N/A	N/A	383	4	1,570	1,957	N/A	N/A	393	4	1,652	2,049	N/A	N/A	409	4	1,746	2,159
Rhode Island	746	808	33	220	797	2,603	778	813	64	242	854	2,751	816	855	69	288	758	2,785
Vermont	208	435	36	N/A	188	867	218	411	28	N/A	209	866	256	430	45	N/A	220	951
MID-ATLANTIC																		
Delaware	N/A	714	133	N/A	1,579	2,426	N/A	710	66	N/A	1,660	2,436	N/A	782	67	N/A	1,768	2,617
Maryland	2,643	4,772	273	0	1,669	9,356	2,697	4,704	288	0	1,628	9,317	2,866	4,987	298	0	1,820	9,971
New Jersey	5,997	6,837	1,213	776	5,726	20,549	5,936	6,735	2,654	788	7,393	23,506	6,235	7,240	2,387	811	7,195	23,868
New York	8,175	25,574	3,616	30	2,110	39,505	8,434	22,648	3,380	29	1,897	36,388	9,508	24,647	3,413	28	1,988	39,584
Pennsylvania*	7,292	7,139	1,418	N/A	4,211	20,060	7,520	7,106	1,397	N/A	5,291	21,314	7,700	7,616	1,476	N/A	5,399	22,191
GREAT LAKES																		
Illinois	6,052	7,471	803	470	4,325	19,121	6,059	7,341	738	554	4,298	18,990	6,331	7,272	937	661	4,800	20,001
Indiana	3,761	3,541	709	0	697	8,708	4,172	3,644	729	431	904	9,880	4,716	3,780	608	594	863	10,561
Michigan*	956	4,234	1,983	0	1,254	8,427	883	3,961	1,843	0	1,272	7,959	958	3,949	1,824	0	1,135	7,866
Ohio	6,038	7,304	712	0	7,409	21,463	6,398	7,421	747	0	7,884	22,450	7,635	7,387	810	0	8,029	23,861
Wisconsin	3,696	4,980	503	0	842	10,020	3,737	5,052	527	0	883	10,199	3,900	5,220	650	0	900	10,670
PLAINS																		
Iowa	1,692	2,372	221	60	968	5,313	1,704	2,418	237	60	757	5,176	1,704	2,534	194	60	735	5,227
Kansas	1,704	1,830	94	0	480	4,108	1,794	1,750	105	0	597	4,246	1,852	1,819	110	0	666	4,447
Minnesota	3,773	5,443	529	59	2,373	12,177	3,937	5,372	589	59	2,618	12,575	4,083	5,527	646	60	2,787	13,103
Missouri*	1,761	3,754	296	0	400	6,211	1,738	3,591	228	0	363	5,920	1,840	3,794	249	0	379	6,262
Nebraska	919	1,160	108	0	179	2,366	1,029	1,130	111	0	186	2,456	1,111	1,196	143	0	160	2,610
North Dakota*	370	197	41	14	173	795	391	199	47	14	224	875	394	216	45	11	267	933
South Dakota	458	NA	NA	NA	409	867	476	NA	NA	NA	415	891	504	NA	NA	NA	435	939
SOUTHEAST																		
Alabama	1,621	1,970	193	4	1,491	5,278	1,586	1,968	215	3	1,791	5,564	1,671	2,036	236	3	1,666	5,612
Arkansas	1,682	1,790	219	4	248	3,943	1,715	1,831	226	4	267	4,043	1,787	1,942	248	4	305	4,286
Florida	14,136	0	1,219	19	3,956	19,329	14,496	0	1,228	17	4,243	19,984	15,285	0	1,319	22	4,244	20,870
Georgia	4,418	7,350	N/A	N/A	3,358	15,126	4,727	6,770	N/A	N/A	3,241	14,738	5,063	7,354	N/A	N/A	3,730	16,147
Kentucky	2,300	2,703	207	0	1,483	6,693	2,364	2,746	278	0	1,595	6,983	2,403	2,734	268	0	1,550	6,955
Louisiana	2,621	1,770	438	341	1,295	6,464	2,523	1,867	386	353	1,274	6,403	2,403	2,131	407	341	1,256	6,538
Mississippi	1,568	994	254	165	390	3,371	1,582	1,020	289	166	386	3,443	1,644	1,056	304	166	385	3,555
North Carolina*	3,706	7,135	409	0	2,260	13,510	3,923	7,089	840	0	2,394	14,246	4,057	7,427	712	0	2,498	14,694
South Carolina	2,027	1,920	111	0	872	4,930	2,042	1,859	101	0	965	4,967	2,170	1,964	107	0	713	4,954
Tennessee	4,400	93	424	0	1,747	6,664	5,210	77	487	0	1,892	7,666	5,520	92	491	0	1,991	8,094
Virginia	2,430	6,711	290	NA	1,248	10,679	2,343	6,799	301	NA	1,364	10,807	2,507	7,235	366	NA	1,486	11,594
West Virginia	852	1,021	113	0	732	2,718	894	1,056	86	0	881	2,917	937	1,091	167	0	846	3,041
SOUTHWEST																		
Arizona	3,001	1,691	353	N/A	380	5,425	3,079	1,669	389	N/A	423	5,560	3,237	1,848	475	N/A	465	6,025
New Mexico*	1,310	1,026	142	29	1,429	3,936	1,375	923	102	39	1,509	3,948	1,441	986	103	42	1,986	4,558
Oklahoma	1,315	1,988	137	10	963	4,413	1,267	1,833	50	9	1,027	4,186	1,361	1,971	96	7	1,062	4,497
Texas*	14,476	N/A	N/A	0	13,923	28,400	14,233	N/A	N/A	0	14,538	28,771	14,642	N/A	N/A	0	14,227	28,869
ROCKY MOUNTAIN																		
Colorado	1,860	3,345	178	34	420	5,837	1,820	3,122	225	38	460	5,665	1,898	3,400	223	40	417	5,977
Idaho*	657	836	76	0	131	1,700	700	838	93	0	133	1,764	884	896	100	0	196	2,076
Montana	N/A	518	68	44	633	1,263	N/A	536	44	46	618	1,244	11	558	65	45	625	1,304
Utah	1,441	1,610	119	0	252	3,422	1,444	1,575	152	0	315	3,486	1,469	1,643	161	0	309	3,582
Wyoming	322	0	0	0	752	1,074	320	0	0	0	808	1,128	325	0	0	0	330	655
FAR WEST																		
Alaska	0	0	232	3	1,426	1,661	0	0	285	3	1,746	2,034	0	0	199	3	1,958	2,160
California	21,355	33,047	5,333	3	12,501	72,239	22,415	32,710	6,804	2	18,633	80,564	23,714	35,117	7,466	2	11,340	77,639
Hawaii	1,603	1,071	45	N/A	722	3,441	1,784	1,038	8	N/A	959	3,789	1,854	1,119	21	N/A	790	3,786
Nevada*	655	N/A	N/A	655	442	1,752	694	N/A	N/A	666	470	1,830	728	N/A	N/A	755	775	2,258
Oregon	N/A	3,678	195	N/A	456	4,329	N/A	4,022	225	N/A	791	5,038	N/A	4,279	258	N/A	312	4,849
Washington	5,812	N/A	N/A	N/A	4,639	10,451	5,949	N/A	N/A	N/A	4,638	10,587	6,189	N/A	N/A	N/A	4,994	11,183
ALL STATES	\$159,337	\$184,081	\$24,903	\$3,589	\$100,500	\$472,411	\$163,976	\$179,716	\$28,384	\$4,178	\$114,725	\$490,980	\$173,294	\$190,078	\$29,823	\$4,622	\$108,888	\$506,705

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	P		
Maine							P					X	P		
Massachusetts				X	X					X		X	X	X	X
New Hampshire	X	X										X			
Rhode Island							P			X		X	X		
Vermont				X	X	X	X			X		X	X	P	P
MID-ATLANTIC															
Delaware	X			X			X			X			X		
Maryland	P		P	N/A	P		P			X		N/A	X	P	
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					X		X			X	P	X	X		
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	P	P
PLAINS															
Iowa				P			X			X			X		
Kansas				P	X		X			P			P	P	P
Minnesota					X					X	X	P			
Missouri				X	X	X	X		P	X	X	X	P	P	P
Nebraska					P	P	X		P	X	X	X	X	X	X
North Dakota							X			X	X		P		
South Dakota							X			X	X		X		
SOUTHEAST															
Alabama					X		X						X		
Arkansas					X					X					
Florida	P	N/A		P	X	P	X	P	P	P	X	P	X	P	P
Georgia				X									X		
Kentucky							X								
Louisiana										X	X		X		
Mississippi					N/A								X	P	
North Carolina				X	X					X	X	X			
South Carolina				X	X					X			X		
Tennessee				X	P					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		
Oklahoma					N/A				X	X			X		
Texas		N/A	N/A	X						X			P		
ROCKY MOUNTAIN															
Colorado				P	X		X			X	X	X	X	X	P
Idaho				X	X	P	X	P		X	X	X	P	X	
Montana	N/A					P	X	P		P	P	P	X	P	P
Utah				X	X					P					
Wyoming		X	X	X	X										
FAR WEST															
Alaska	X	X			X										
California	P			P	X	P	X			X	X	X	X	P	P
Hawaii	P			N/A	N/A	P	X		P	N/A	P	N/A	P	P	P
Nevada		X			X								X		
Oregon	X			X	X		X	P		X	X		X		
Washington		N/A	N/A	N/A			X					X	X	P	
ALL STATES	15	10	7	30	34	13	31	6	8	38	21	26	41	22	15

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 Notes

Idaho: Fiscal 2004 includes \$170 million in additional revenue generated by a two-year temporary sales tax increase and \$50 million in one-time federal flexible assistance funds.

Michigan: Actual fiscal 2002 and fiscal 2003 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 2004 estimates are the May 2004 consensus revenue estimates.

Missouri: Revenue sources exclude refunds of \$1,117 million in fiscal 2002, \$1,166 million in fiscal 2003, and \$1,202 million in fiscal 2004.

Nevada: Nevada does not have a personal income tax, a corporate income tax or a lottery. For the revenue base checklist, the items marked with an asterisk (sales and compensating use taxes, gaming taxes, cigarette and tobacco taxes, alcoholic beverage taxes and licenses fees) indicate that portions of these revenues 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.

New Mexico: 2004 estimated revenue includes \$284.7 million in revenue from an accounting policy change.

North Carolina: Fiscal 2003 and fiscal 2004 include \$136.9 of federal fiscal relief funds in each year.

North Dakota: Figures exclude only federal fiscal relief payments.

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

Texas: Fiscal 2004 partially includes state fiscal relief funds. 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.

APPENDIX

Table A-1

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

Region/State	Actual Fiscal 2002			Actual Fiscal 2003			Estimated Fiscal 2004		
	State Funds	Federal Funds	State & Federal Funds	State Funds	Federal Funds	State & Federal Funds	State Funds	Federal Funds	State & Federal Funds
NEW ENGLAND									
Connecticut	\$15,288	\$3,326	\$18,614	\$15,192	\$3,702	\$18,894	\$15,982	\$4,321	\$20,303
Maine	3,967	1,686	5,653	3,967	1,996	5,963	3,761	2,233	5,994
Massachusetts	20,380	4,112	24,492	20,072	4,260	24,332	20,710	4,876	25,586
New Hampshire	2,601	1,104	3,705	2,737	1,236	3,973	2,765	1,240	4,005
Rhode Island	3,725	1,465	5,190	3,811	1,587	5,398	3,978	1,927	5,905
Vermont	1,862	943	2,805	1,774	858	2,632	1,863	991	962
MID-ATLANTIC									
Delaware	4,565	867	5,432	4,622	918	5,540	4,849	990	5,839
Maryland	16,605	4,838	21,443	17,081	5,373	22,454	17,008	5,852	22,860
New Jersey	26,565	7,139	33,704	27,799	7,451	35,250	27,783	8,702	36,485
New York	55,218	28,066	83,284	53,822	33,303	87,125	59,394	35,995	95,389
Pennsylvania	29,652	13,320	42,972	31,331	14,745	46,076	31,389	16,740	48,129
GREAT LAKES									
Illinois	28,913	8,418	37,331	27,459	7,997	35,456	29,277	10,403	39,680
Indiana	12,401	5,648	18,049	13,289	5,766	19,055	13,857	6,239	20,096
Michigan	29,530	9,548	39,078	29,155	10,142	39,297	27,181	11,806	38,987
Ohio	38,047	6,285	44,332	38,666	6,923	45,589	38,782	8,216	46,998
Wisconsin	25,380	5,795	31,175	25,277	6,493	31,770	17,425	6,416	23,841
PLAINS									
Iowa	8,469	3,556	12,025	9,609	3,757	13,366	9,693	3,805	13,498
Kansas	6,805	2,849	9,654	6,933	2,997	9,930	7,339	2,719	10,058
Minnesota	15,388	4,708	20,096	17,466	5,155	22,621	17,399	5,700	23,099
Missouri	11,587	5,261	16,848	11,550	5,619	17,169	11,847	6,462	18,309
Nebraska	4,636	1,947	6,583	4,756	2,053	6,809	5,269	2,380	7,649
North Dakota	1,470	960	2,430	1,541	966	2,507	1,607	1,018	2,625
South Dakota	2,226	1,016	3,242	1,794	1,067	2,861	1,593	1,222	2,815
SOUTHEAST									
Alabama	9,376	5,494	14,870	9,788	5,957	15,745	11,864	7,880	19,744
Arkansas	8,560	3,461	12,021	8,781	3,797	12,578	9,191	5,070	14,261
Florida	31,200	14,315	45,515	32,668	14,614	47,282	36,119	15,985	52,104
Georgia	15,839	9,245	25,084	15,399	12,333	27,732	16,322	11,824	28,146
Kentucky	11,493	5,730	17,223	12,410	5,966	18,376	12,851	6,683	19,534
Louisiana	11,982	5,401	17,383	11,459	5,401	16,860	13,014	6,371	19,385
Mississippi	7,028	3,549	10,577	7,084	4,054	11,138	7,296	4,756	12,052
North Carolina	19,390	8,141	27,531	19,731	8,337	28,068	19,350	8,466	27,816
South Carolina	9,937	5,093	15,030	10,636	5,595	16,231	9,882	5,543	15,425
Tennessee	11,587	6,941	18,528	11,975	8,176	20,151	12,865	8,706	21,571
Virginia	21,359	4,892	26,251	21,299	5,129	26,428	21,643	5,756	27,399
West Virginia	11,092	2,585	13,677	12,316	3,027	15,343	12,557	3,454	16,011
SOUTHWEST									
Arizona	13,604	4,435	18,039	13,734	5,405	19,139	13,833	6,454	20,287
New Mexico	6,791	3,242	10,033	7,110	3,669	10,779	7,187	3,807	10,994
Oklahoma	8,965	3,883	12,848	8,739	4,151	12,890	9,101	4,711	13,812
Texas	36,861	17,813	54,674	38,286	19,178	57,464	37,643	19,814	57,457
ROCKY MOUNTAIN									
Colorado	9,684	2,721	12,405	9,909	2,993	12,902	10,097	3,201	13,298
Idaho	2,822	1,415	4,237	2,806	1,548	4,354	3,036	1,860	4,896
Montana	1,954	1,284	3,238	2,207	1,442	3,649	2,418	1,559	3,977
Utah	5,514	1,805	7,319	5,265	1,934	7,199	5,612	2,065	7,677
Wyoming	3,121	831	3,952	3,304	897	4,201	3,488	941	4,429
FAR WEST									
Alaska	3,542	2,338	5,880	3,543	2,482	6,025	4,728	2,792	7,520
California	96,200	46,623	142,823	95,764	54,733	150,497	97,434	57,972	155,406
Hawaii	6,412	1,087	7,499	6,436	1,181	7,617	5,754	1,467	7,221
Nevada	4,039	1,727	5,766	4,170	1,513	5,683	4,464	1,663	6,127
Oregon	12,909	3,473	16,382	12,252	2,834	15,086	16,121	3,564	19,685
Washington	18,428	5,371	23,799	18,705	5,529	24,234	19,095	5,800	24,895
TOTAL	\$764,969	\$295,752	\$1,060,721	\$775,479	\$326,239	\$1,101,718	\$793,716	\$358,417	\$1,152,133

Note: State funds are defined as general funds and other state funds (bonds are excluded).
Source: National Association of State Budget Officers, 2003 State Expenditure Report

Table A-2

CHILD HEALTH INSURANCE BLOCK GRANTS (\$ IN MILLIONS)

Region/state	Actual Fiscal 2002				Actual Fiscal 2003				Estimated Fiscal 2004			
	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*	\$18	\$1	\$13	\$32	\$23	\$1	\$15	\$39	\$25	\$1	\$17	\$43
Maine	5	1	16	22	6	1	21	28	7	1	24	32
Massachusetts	20	0	37	57	22	0	40	62	23	0	42	65
New Hampshire	2	0	4	6	2	0	4	6	2	2	4	8
Rhode Island	16	0	33	49	17	0	36	53	9	0	23	32
Vermont	0	0	1	1	0	0	1	1	0	0	1	1
MID-ATLANTIC												
Delaware	2	1	2	5	2	1	3	6	2	1	4	7
Maryland	61	0	113	174	73	0	135	208	64	0	119	183
New Jersey	0	36	62	98	0	38	66	104	0	41	80	121
New York	0	334	360	694	0	372	332	704	0	336	292	628
Pennsylvania	26	32	111	169	35	26	121	182	36	36	141	213
GREAT LAKES												
Illinois	15	2	30	47	21	2	39	62	25	2	52	79
Indiana	20	0	58	78	21	0	59	80	23	0	63	86
Michigan	0	8	39	47	0	8	61	69	9	11	44	64
Ohio	134	0	25	159	165	0	28	193	195	0	33	228
Wisconsin	10	1	24	35	35	86	4	125	66	144	7	217
PLAINS												
Iowa	8	0	12	20	11	1	12	24	11	0	18	29
Kansas	11	1	31	43	11	2	35	48	12	2	37	51
Minnesota	0	20	38	58	0	28	51	79	8	32	76	116
Missouri	14	7	57	78	11	14	67	92	14	15	75	104
Nebraska	0	4	12	16	0	8	20	28	10	3	35	48
North Dakota	1	0	3	4	1	0	3	4	1	0	3	4
South Dakota	2	0	7	9	3	0	9	12	3	0	11	14
SOUTHEAST												
Alabama	10	5	58	73	13	5	69	87	15	5	77	97
Arkansas	0	0	2	2	8	0	33	41	7	0	30	37
Florida	0	85	194	279	37	86	298	421	32	88	296	416
Georgia	40	0	100	140	61	5	165	231	76	5	204	285
Kentucky	13	7	70	90	20	0	69	89	21	1	84	106
Louisiana	10	6	58	74	18	3	70	91	20	2	90	112
Mississippi	0	14	70	84	0	17	89	106	0	23	116	139
North Carolina	27	0	73	100	43	0	119	162	50	0	138	188
South Carolina	9	2	39	50	9	1	40	50	10	1	40	51
Tennessee*	0	0	0	0	0	0	0	0	0	0	0	0
Virginia	3	14	33	50	12	14	50	76	19	13	60	92
West Virginia	6	0	26	32	6	0	27	33	7	0	33	40
SOUTHWEST												
Arizona	16	18	106	140	34	18	172	224	75	0	255	330
New Mexico	2	1	12	15	4	0	17	21	5	3	20	28
Oklahoma	5	0	19	24	10	0	40	50	12	0	44	56
Texas	192	7	477	676	222	0	458	680	194	0	327	521
ROCKY MOUNTAIN												
Colorado*	0	16	27	43	0	21	37	58	0	30	56	86
Idaho	3	0	14	17	3	0	13	16	3	0	13	16
Montana	3	0	11	14	3	0	12	15	3	0	12	15
Utah	0	6	24	30	0	8	22	30	0	8	29	37
Wyoming	1	0	1	2	1	0	2	3	1	0	2	3
FAR WEST												
Alaska	1	1	1	3	1	1	1	3	1	2	0	3
California	146	54	386	586	50	231	528	809	347	0	644	991
Hawaii	2	0	3	5	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Nevada	9	0	20	29	12	0	24	36	11	0	23	34
Oregon	0	7	16	23	0	7	19	26	0	7	19	26
Washington	0	4	7	11	0	4	8	12	8	7	28	42
TOTAL	\$863	\$695	\$2,935	\$4,492	\$1,026	\$1,009	\$3,544	\$5,579	\$1,462	\$822	\$3,841	\$6,124

Child Health Insurance Block Grants Notes

Colorado: Funds in the Child Health Plan Trust Fund are appropriated as cash funds exempt. Sources of these funds include the general fund, tobacco settlement funds, and client fees.

Connecticut: The CHIP Appropriation is "gross funded." Federal Funds are deposited directly to the State Treasury.

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.

Methodology

The 2003 State Expenditure Report reflects three years of data: actual fiscal year 2002, actual fiscal year 2003, and estimated fiscal year 2004. The text of this report focuses on actual fiscal year 2003 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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