

FISCAL YEAR

# 2005

## STATE EXPENDITURE REPORT

NATIONAL ASSOCIATION OF STATE BUDGET OFFICERS

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# PREFACE

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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 2004, actual fiscal 2005, and estimated fiscal 2006. 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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# EXECUTIVE SUMMARY

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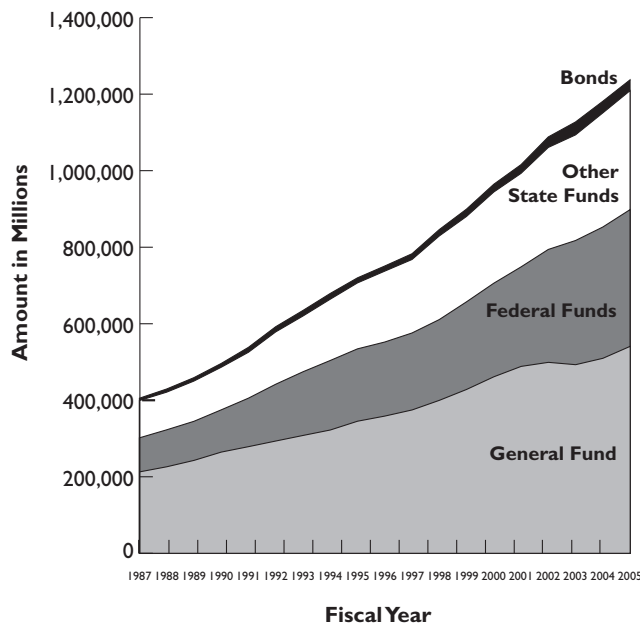


## State Spending Trends, Fiscal 2005

During fiscal 2005, states continued their revenue recovery from the fiscal downturn of the early 2000's. Both revenue and spending totals have increased for states in almost all categories. Total state spending in fiscal 2005 was over \$1.2 trillion, including both operating and capital expenditures. Compared to the previous year, that figure reflects an increase in state spending from all sources of 4.7 percent, with state funds growing by 5.4 percent and federal funds by 4.1 percent (see Tables 1 and 2). Estimates for fiscal 2006 reflect an 8.1 percent increase in total state expenditures, with state funds up by 8.5 percent and federal funds 5.6 percent higher. Since 1987, total state expenditures have increased by an average of 6.5 percent. It should be noted that twenty-three states use a biennial budget cycle, and 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.

Fiscal 2006 is estimated to have a 5.0 percent revenue increase, somewhat lower than the increases in fiscal 2005, which saw a 9 percent revenue increase, and fiscal 2004, which saw a 10.4 percent increase. The yearly revenue increases are in contrast to the difficult fiscal situation states faced in fiscal 2002 and 2003. In fiscal 2002, states saw their revenue decline 1.3 percent from the prior year, and in fiscal 2003, states revenue declined 1.4 percent. Even though states have experienced strong revenue growth as of late, spending pressures in areas such as health care, education, pensions, and transportation infrastructure are expected to rise.

**Figure 1**  
**TOTAL STATE SPENDING BY FUND SOURCE,**  
**FISCAL 1987 TO 2005**

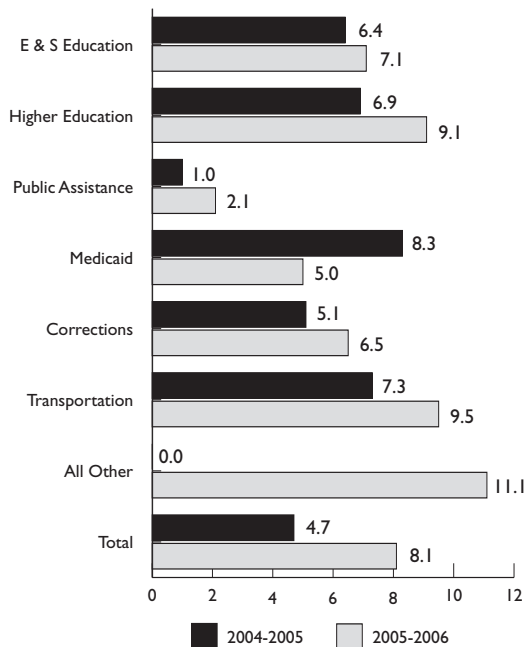


Medicaid is the largest category of state spending, accounting for 22.9 percent of total fiscal 2005 expenditures, with elementary and secondary education the second largest category at 21.8 percent. However, when looking at only general fund spending, elementary and secondary education is the largest category at 35.8 percent, with Medicaid second at 16.9 percent. Overall, Medicaid grew by 8.3 percent in fiscal 2005, with state funds growing by 13.5 percent and federal funds growing by 4.7 percent. Medicaid is estimated to grow by 5.0 percent in fiscal 2006, with state funds growing by 7.7 percent, and federal funds growing by 2.9 percent.

Other details of state expenditures include:

- General funds accounted for 43.7 percent of total fiscal 2005 state spending, federal funds were 28.9 percent, other state funds were 25.1 percent, and bonds reflected 2.3 percent of the total. Figure 1 displays state spending by source from fiscal 1987 through fiscal 2005.
- Total elementary and secondary education spending grew by 6.4 percent and higher education spending by 6.9 percent in fiscal 2005. Those two functions, combined with Medicaid, account for nearly two-thirds of general fund spending. Fiscal 2006 estimates are that total K-12 spending will increase by 7.1 percent and higher education spending by 9.1 percent.
- Total public assistance grew by only 1.0 percent in fiscal 2005, and is 2.0 percent of total expenditures. Additionally, TANF spending decreased by .7 percent in fiscal 2005.
- Total corrections expenditures rose by 5.1 percent in fiscal 2005, and reflects 3.5 percent of total state spending.
- Transportation spending—8.6 percent of total state expenditures in fiscal 2005—increased by 7.3 percent in fiscal 2005. State spending for transportation comes mostly from “other state funds,” which in fiscal 2005 comprised 59.5 percent of the total. General funds reflect only 2.3 percent of state transportation expenditures.
- State spending on capital projects grew by 5.2 percent in fiscal 2005, which is also the average annual rate of growth since 1993. However, capital spending is estimated to grow by 15.6 percent in fiscal 2006.

**Figure 2**  
**ALL FUNDS PERCENT CHANGES FROM PREVIOUS FISCAL YEAR**  
**FOR MAJOR SPENDING CATEGORIES, FISCAL 2005 AND 2006**



## Components of State Expenditures

This report includes three years of state expenditure data: actual fiscal 2004, actual fiscal 2005, and estimated fiscal 2006. The text focuses on actual fiscal 2005 and examines the seven main functional categories of state spending: elementary and secondary education, higher education, public assistance, Medicaid, corrections, transportation, and “all other.” (“All other” is a broad category that includes state functions not tracked individually in this report, such as hospitals, economic development, housing, environmental programs, health programs and 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, in many states, the funding of

elementary and secondary education is considered a primarily local function. Some states, such as Hawaii, are exceptions; in Hawaii 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 2005 spending by fund source is broken down in Figure 3. Spending sourced from state general funds ranges from 43.1 percent of total in fiscal 2004 to 43.7 percent in fiscal 2005, and is estimated to be 43.7 percent of total in fiscal 2006. The share of state spending from federal funds ranges from 29.1 percent, 28.9 percent and 28.2 percent of the total in fiscal 2004, fiscal 2005, and estimated fiscal 2006, respectively.

**Figure 3**  
**TOTAL STATE EXPENDITURES BY FUNDING SOURCE,**  
**FISCAL 2005**

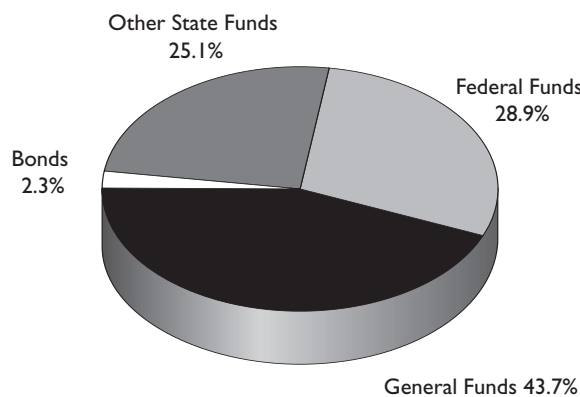
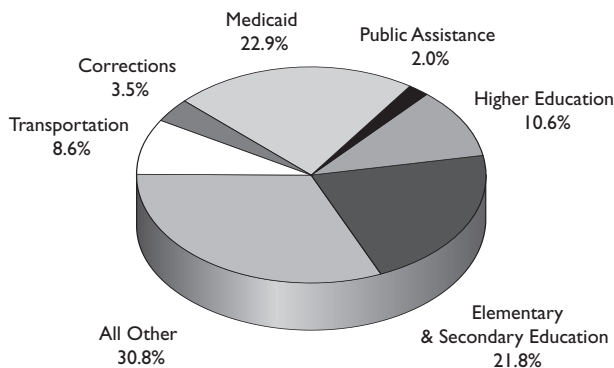
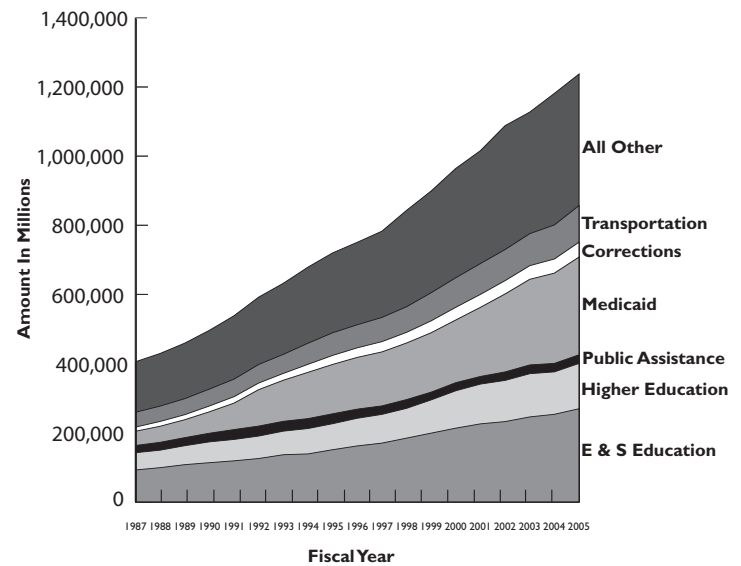


Figure 4 reflects total state expenditures by functional areas. For fiscal 2005, state spending shares are as follows: 22.9 percent for Medicaid; 21.8 percent for elementary and secondary education; 10.6 percent for higher education; 8.6 percent for transportation; 3.5 percent for corrections; 2.0 percent for public assistance; and 30.8 percent for all other.

**Figure 4**  
**TOTAL STATE EXPENDITURES BY FUNCTION,**  
**FISCAL 2005**



**Figure 5**  
**COMPOSITION OF TOTAL STATE EXPENDITURES BY FUNCTION,**  
**FISCAL 1987 TO 2005**

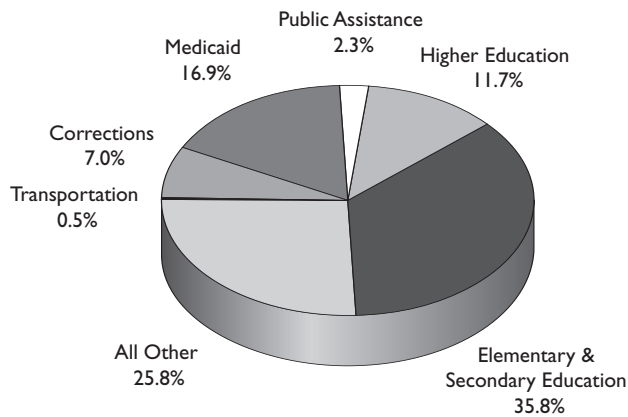


The shares of state spending for the seven functional areas tracked in the *State Expenditure Report* have shifted since 1987, when it was first published. For example, Medicaid surpassed higher education as the second largest state program in 1990, and in 2003 it became the largest, displacing elementary and secondary education. Figure 5 charts the changes in state expenditures by category since 1987. Table 3 reflects shares of state spending on functional areas, by fund source, from 1995 to 2006. Also, Table 5, at the end of the Executive Summary, highlights the share of each state's budget represented by various programs in fiscal 2005 and shows the wide variation among states in their spending patterns.

## General Fund Expenditures

Expenditures for elementary and secondary education constitute the largest share of the general fund. As Figure 6 shows, in fiscal 2005 35.8 percent of general fund spending went to elementary and secondary education. Medicaid accounted for 16.9 percent and Higher Education accounted for 11.7 percent of general fund spending.

**Figure 6**  
**GENERAL FUND EXPENDITURES,**  
**FISCAL 2005**



**Figure 7**  
**PERCENT CHANGE IN GENERAL FUND,**  
**FISCAL 2005 AND 2006**

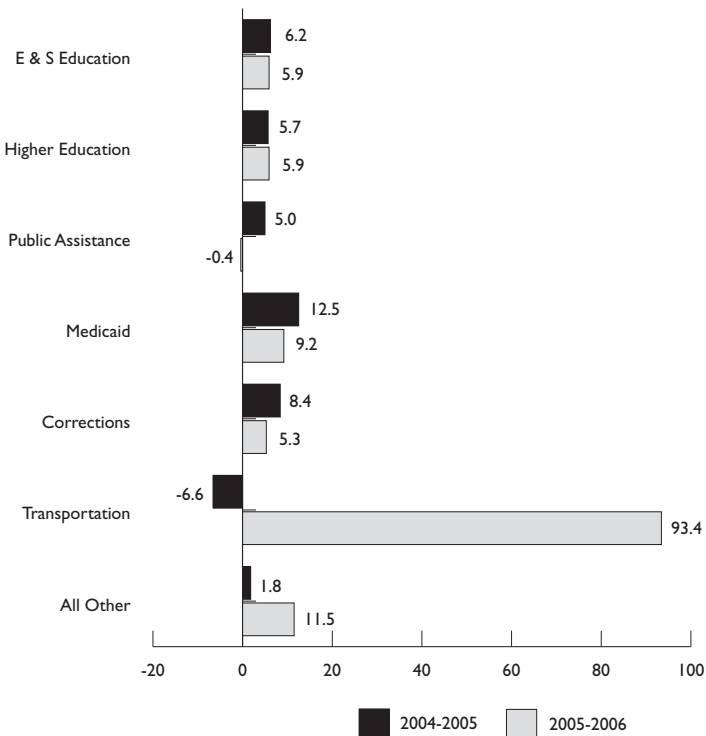


Figure 7 reflects the percentage change for general fund spending in each of the functional categories. It should be noted that while the percent change in general fund transportation expenditures for fiscal 2006 is rather large (93.4 percent), total transportation expenditures (capital inclusive) increased by a more modest 9.5 percent. The difference is because general funds only account for a relatively minor 4.0 percent of total transportation expenditures in fiscal 2006 (see Table 38).

## Other State Funds Expenditures

At 20.3 percent, transportation accounts for the second largest portion of other state funds spending for fiscal 2005, 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 8.6 percent, and higher education at 14.5 percent (see Table 3).



Table 2

## ANNUAL PERCENTAGE CHANGE IN TOTAL STATE EXPENDITURES

Region/State	Fiscal 2004 to 2005			Fiscal 2005 to 2006		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
<b>NEW ENGLAND</b>						
Connecticut	11.0 %	-1.6 %	8.8%	5.5 %	0.1 %	5.5 %
Maine	7.3	-3.8	3.1	0.1	17.9	5.9
Massachusetts	6.1	-4.1	5.9	5.3	14.9	6.8
New Hampshire	2.1	2.5	2.4	3.4	0.4	2.5
Rhode Island	4.1	1.3	3.2	11.9	10.3	12.7
Vermont	22.2	-3.5	14.2	21.9	4.5	16.8
<b>MID-ATLANTIC</b>						
Delaware	39.2	9.9	30.1	8.7	-22.0	2.5
Maryland	8.8	0.6	6.1	10.9	9.2	10.2
New Jersey	14.1	-0.3	11.5	-0.1	15.7	2.8
New York	4.7	2.0	3.4	9.1	-5.7	3.6
Pennsylvania	7.2	7.8	6.9	8.5	2.7	7.0
<b>GREAT LAKES</b>						
Illinois	-17.2	-9.0	-16.8	12.5	5.3	11.2
Indiana	0.4	-4.8	-1.9	-1.2	1.0	-0.4
Michigan	1.6	4.4	2.1	-1.3	14.0	3.2
Ohio	4.7	9.7	5.2	6.3	14.9	9.3
Wisconsin	-6.1	8.9	-3.2	5.7	2.7	5.1
<b>PLAINS</b>						
Iowa	7.4	-3.0	4.1	7.5	8.5	7.8
Kansas	-0.7	15.8	3.8	20.2	-5.8	11.7
Minnesota	6.6	-0.3	4.9	8.0	6.6	7.5
Missouri	8.2	8.5	6.4	-1.4	11.5	4.2
Nebraska	5.5	4.4	5.1	20.8	24.9	22.1
North Dakota	9.2	4.6	8.8	24.0	8.5	17.6
South Dakota	14.0	-1.0	8.4	-13.3	15.7	-2.6
<b>SOUTHEAST</b>						
Alabama	9.6	9.2	8.6	13.4	15.6	13.1
Arkansas	6.5	0.2	4.5	21.1	35.3	25.2
Florida	10.1	24.0	12.5	13.9	7.1	12.2
Georgia	2.4	-0.7	1.3	8.6	-8.5	1.3
Kentucky	2.8	-0.5	1.7	13.0	18.1	14.6
Louisiana	4.0	2.4	3.1	0.2	-3.9	-1.0
Mississippi	11.9	0.6	5.7	3.3	9.8	5.1
North Carolina	15.0	7.6	14.2	-2.6	-2.5	-5.0
South Carolina	9.6	10.2	9.5	0.2	1.2	-0.1
Tennessee	11.6	6.8	10.7	7.7	5.7	6.6
Virginia	15.4	-1.0	12.4	-0.6	4.9	0.7
West Virginia	7.4	-0.4	6.4	16.3	-3.3	11.1
<b>SOUTHWEST</b>						
Arizona	1.6	12.8	5.0	8.5	-4.2	3.6
New Mexico	5.9	1.8	4.5	9.9	6.3	10.1
Oklahoma	2.8	18.8	7.3	37.4	-4.9	24.4
Texas	8.0	5.2	7.1	7.3	10.5	7.9
<b>ROCKY MOUNTAIN</b>						
Colorado	3.6	1.5	4.3	9.3	8.9	7.6
Idaho	5.7	2.9	4.8	13.9	15.0	14.3
Montana	6.2	0.5	4.0	18.1	17.7	18.0
Utah	10.3	8.2	8.0	10.2	3.5	6.7
Wyoming	33.5	34.7	33.8	-0.1	-0.8	-0.3
<b>FAR WEST</b>						
Alaska	17.3	18.5	18.7	21.7	-5.1	14.1
California	4.9	-0.6	2.0	13.4	9.3	15.5
Hawaii	10.5	11.2	10.7	5.7	11.9	9.6
Nevada	10.8	7.1	8.9	19.3	21.5	19.2
Oregon	0.1	11.8	2.5	2.9	-0.3	2.2
Washington	5.5	4.1	5.9	18.1	4.8	18.0
<b>TOTAL*</b>	<b>5.4 %</b>	<b>4.1 %</b>	<b>4.7 %</b>	<b>8.5 %</b>	<b>5.6 %</b>	<b>8.1 %</b>

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, 2005 State Expenditure Report

Table 3

## COMPARISON OF SHARES OF STATE SPENDING WITH FUND SOURCES, FISCAL 1995 TO 2006

Fund Type & Year	Elementary & Secondary Education	Higher Education	Public Assistance	Medicaid	Corrections	Transportation	All Other	Total
<b>FY 1995:</b>								
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
<b>Total Funds</b>	<b>21.0</b>	<b>10.4</b>	<b>4.0</b>	<b>19.8</b>	<b>3.6</b>	<b>9.1</b>	<b>32.1</b>	<b>100.0</b>
<b>FY 1996:</b>								
General Funds	34.4	12.9	3.9	14.7	6.9	0.6	25.6	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
<b>Total Funds</b>	<b>21.5</b>	<b>10.7</b>	<b>3.5</b>	<b>19.9</b>	<b>3.7</b>	<b>8.0</b>	<b>31.8</b>	<b>100.0</b>
<b>FY 1997:</b>								
General Funds	34.5	13.0	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
<b>Total Funds</b>	<b>21.7</b>	<b>10.7</b>	<b>3.1</b>	<b>20.0</b>	<b>3.7</b>	<b>9.0</b>	<b>31.8</b>	<b>100.0</b>
<b>FY 1998:</b>								
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
<b>Total Funds</b>	<b>22.0</b>	<b>10.3</b>	<b>2.9</b>	<b>19.6</b>	<b>3.7</b>	<b>8.8</b>	<b>32.8</b>	<b>100.0</b>
<b>FY 1999:</b>								
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
<b>Total Funds</b>	<b>22.3</b>	<b>10.8</b>	<b>2.6</b>	<b>19.5</b>	<b>3.9</b>	<b>9.1</b>	<b>31.8</b>	<b>100.0</b>
<b>FY 2000:</b>								
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
<b>Total Funds</b>	<b>22.3</b>	<b>11.4</b>	<b>2.6</b>	<b>19.5</b>	<b>3.9</b>	<b>9.1</b>	<b>31.8</b>	<b>100.0</b>
<b>FY 2001:</b>								
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	42.0	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
<b>Total Funds</b>	<b>22.2</b>	<b>11.3</b>	<b>2.2</b>	<b>19.7</b>	<b>3.7</b>	<b>8.8</b>	<b>32.1</b>	<b>100.0</b>
<b>FY 2002:</b>								
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	25.0	38.5	100.0
<b>Total Funds</b>	<b>21.3</b>	<b>10.9</b>	<b>2.3</b>	<b>20.7</b>	<b>3.6</b>	<b>8.3</b>	<b>32.9</b>	<b>100.0</b>
<b>FY 2003:</b>								
General Funds	35.8	12.5	2.3	17.2	7.2	0.6	24.5	100.0
Other State Funds	9.2	14.3	0.3	7.5	0.9	20.0	47.9	100.0
Federal Funds	10.6	5.7	4.1	43.8	0.3	8.6	26.9	100.0
Bond Funds	28.3	16.9	0.0	0.0	2.5	19.1	33.1	100.0
<b>Total Funds</b>	<b>21.8</b>	<b>11.1</b>	<b>2.2</b>	<b>22.0</b>	<b>3.5</b>	<b>8.2</b>	<b>31.2</b>	<b>100.0</b>
<b>FY 2004:</b>								
General Funds	35.8	11.7	2.3	16.9	7.0	0.5	25.8	100.0
Other State Funds	8.5	13.6	0.2	7.4	0.7	19.9	49.8	100.0
Federal Funds	11.3	4.7	3.6	44.6	0.7	8.4	26.9	100.0
Bond Funds	20.9	21.2	0.0	0.0	2.6	26.8	28.4	100.0
<b>Total Funds</b>	<b>21.4</b>	<b>10.4</b>	<b>2.1</b>	<b>22.1</b>	<b>3.5</b>	<b>8.3</b>	<b>32.2</b>	<b>100.0</b>
<b>FY 2005:</b>								
General Funds	35.8	11.7	2.3	17.9	7.2	0.4	24.7	100.0
Other State Funds	8.6	14.5	0.1	8.3	0.7	20.3	47.5	100.0
Federal Funds	11.9	4.7	3.3	44.8	0.3	9.0	26.1	100.0
Bond Funds	22.8	23.0	0.0	0.0	3.3	29.9	21.1	100.0
<b>Total Funds</b>	<b>21.8</b>	<b>10.6</b>	<b>2.0</b>	<b>22.9</b>	<b>3.5</b>	<b>8.6</b>	<b>30.8</b>	<b>100.0</b>
<b>FY 2006:</b>								
General Funds	35.1	11.4	2.1	18.1	7.0	0.8	25.5	100.0
Other State Funds	8.5	15.0	0.1	7.8	0.7	19.5	48.3	100.0
Federal Funds	11.8	4.5	3.3	43.7	0.3	9.7	26.7	100.0
Bond Funds	27.0	22.7	0.0	0.0	3.5	22.5	24.3	100.0
<b>Total Funds</b>	<b>21.5</b>	<b>10.7</b>	<b>1.9</b>	<b>22.2</b>	<b>3.4</b>	<b>8.7</b>	<b>31.6</b>	<b>100.0</b>
<b>FY 1995-06 Combined Total:</b>								
General Funds	35.1	12.5	2.8	15.7	7.0	0.7	26.0	100.0
Other State Funds	9.1	13.8	0.4	6.7	0.8	21.5	47.5	100.0
Federal Funds	10.5	4.3	4.5	43.5	0.3	9.1	27.6	100.0
Bond Funds	18.1	19.8	0.0	0.0	5.1	26.6	30.5	100.0
<b>Total Funds</b>	<b>21.7</b>	<b>10.8</b>	<b>2.6</b>	<b>20.7</b>	<b>3.6</b>	<b>8.7</b>	<b>31.9</b>	<b>100.0</b>

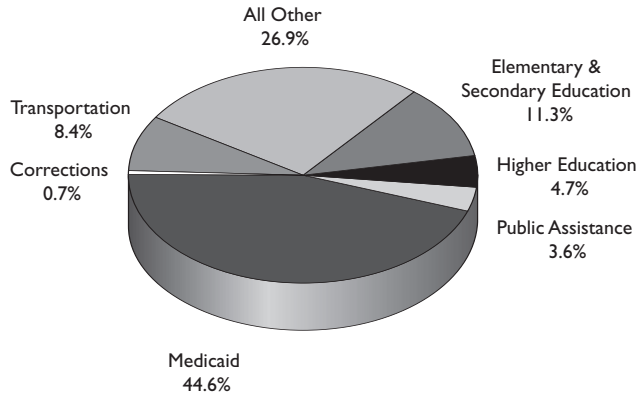
Source: National Association of State Budget Officers, 2005 State Expenditure Report



## Federal Fund Expenditures

As reflected in Figure 8, Medicaid accounts for the largest portion of state spending from federal funds at 44.6 percent. Elementary and secondary education at 11.3 percent, and transportation, at 8.4 percent are the next largest categories.

**Figure 8**  
**FEDERAL FUND EXPENDITURES,**  
**FISCAL 2005**



## 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 2004-2005 growth rates for all funds for the Rocky Mountain and Southeast states are well above the national average, while the New England, Mid-Atlantic, Plains, Southwest, and Far West states are close to the national average, and the Great Lakes states are well below the national average.

**Table 4**  
**REGIONAL PERCENTAGE CHANGE IN TOTAL EXPENDITURES,**  
**FISCAL 2005 AND 2006**

Region	Fiscal 2004 to 2005			Fiscal 2005 to 2006		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
New England	8.1%	-2.2%	6.4%	6.2%	10.2%	7.1%
Mid-Atlantic	8.5	3.1	6.5	7.2	-0.1	5.0
Great Lakes	-3.9	1.5	-3.4	5.1	8.4	6.4
Plains	6.4	4.2	5.3	8.0	8.7	8.6
Southeast	9.5	7.1	8.6	7.7	5.2	6.4
Southwest	5.8	8.0	6.4	11.5	5.0	9.3
Rocky Mountain	9.5	6.7	8.8	9.4	8.7	8.2
Far West	5.3	1.8	3.5	13.1	7.9	14.5
<b>ALL STATES</b>	<b>5.4%</b>	<b>4.1%</b>	<b>4.7%</b>	<b>8.5%</b>	<b>5.6%</b>	<b>8.1%</b>

Source: National Association of State Budget Officers, 2005 State Expenditure Report

Figure 9 shows the percentage change in state spending from state funds for 2004-2005 and 2005-2006. The Great Lakes region experienced negative growth from fiscal 2004 to fiscal 2005, but is estimated to see positive growth between fiscal 2005 and 2006. Total state expenditure data can be found in Tables I-5, along with related footnotes at the end of this chapter.

**Figure 9**  
**REGIONAL PERCENT CHANGE IN STATE FUNDS,**  
**FISCAL 2005 AND 2006**

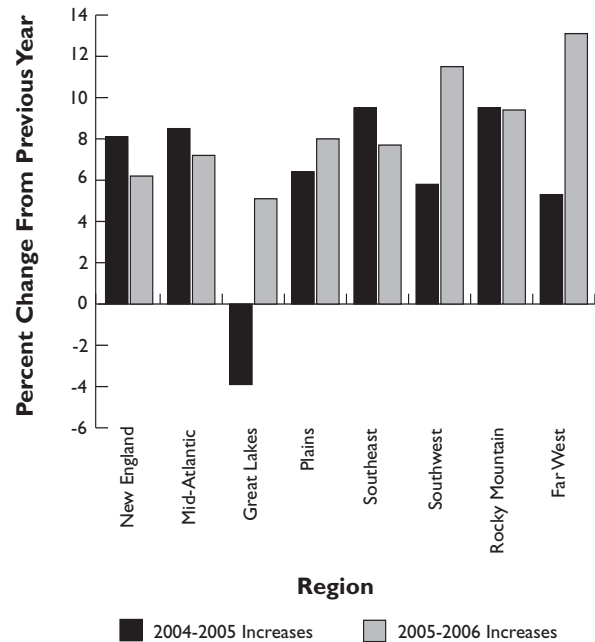


Table 5

## STATE SPENDING BY FUNCTION AS A PERCENT OF TOTAL STATE EXPENDITURES, FISCAL 2005

Region/State	Elementary & Secondary Education	Higher Education	Public Assistance	Medicaid	Corrections	Transportation	All Other	Total
<b>NEW ENGLAND</b>								
Connecticut	14.6 %	11.6 %	2.3 %	17.6 %	2.9 %	7.1 %	44.0 %	100.0 %
Maine	17.4	3.6	2.4	31.1	2.0	7.7	35.9	100.0
Massachusetts	20.3	3.7	3.9	22.8	3.9	5.5	39.9	100.0
New Hampshire	21.9	4.5	1.7	27.6	1.8	10.3	32.2	100.0
Rhode Island	16.2	10.6	4.3	27.5	6.1	6.0	29.2	100.0
Vermont	35.5	3.3	2.1	23.1	2.8	8.9	24.3	100.0
<b>MID-ATLANTIC</b>								
Delaware	26.6	5.1	0.4	14.8	3.3	11.5	38.3	100.0
Maryland	18.4	14.5	1.9	20.9	4.3	13.4	26.5	100.0
New Jersey	23.6	7.5	1.0	18.2	3.5	9.3	36.9	100.0
New York	19.7	6.8	3.4	29.2	2.9	5.0	33.0	100.0
Pennsylvania	18.7	4.0	2.2	32.4	3.4	9.1	30.2	100.0
<b>GREAT LAKES</b>								
Illinois	21.4	6.5	0.4	28.3	3.1	8.7	31.7	100.0
Indiana	20.6	6.7	1.2	17.7	2.9	6.5	44.5	100.0
Michigan	30.8	5.4	1.3	21.4	5.1	8.3	27.6	100.0
Ohio	19.0	5.4	0.7	24.8	3.8	7.9	38.4	100.0
Wisconsin	18.9	13.0	0.8	13.8	3.3	6.3	44.0	100.0
<b>PLAINS</b>								
Iowa	23.3	20.5	0.8	18.9	2.6	11.9	22.1	100.0
Kansas	26.3	17.4	0.8	20.4	3.1	11.2	20.7	100.0
Minnesota	28.4	9.6	1.4	21.6	1.7	9.9	27.4	100.0
Missouri	24.3	5.2	0.9	34.3	2.8	9.2	23.3	100.0
Nebraska	14.1	21.8	0.9	19.2	2.4	8.7	33.0	100.0
North Dakota	14.6	22.2	0.3	16.1	1.7	11.8	33.3	100.0
South Dakota	9.8	18.1	0.9	18.5	2.7	13.6	36.5	100.0
<b>SOUTHEAST</b>								
Alabama	23.4	18.1	0.3	23.3	2.6	7.1	25.2	100.0
Arkansas	19.3	14.9	2.3	21.0	1.8	6.4	34.3	100.0
Florida	19.7	7.9	0.4	23.8	3.5	12.9	31.9	100.0
Georgia	26.6	10.5	1.9	22.2	4.4	8.0	26.4	100.0
Kentucky	20.1	20.5	1.0	22.0	2.4	7.8	26.1	100.0
Louisiana	24.9	15.5	0.9	33.3	4.6	15.6	5.2	100.0
Mississippi	22.1	17.2	0.4	30.4	2.3	8.5	18.9	100.0
North Carolina	21.6	14.1	1.5	23.9	3.2	11.2	24.5	100.0
South Carolina	17.8	19.1	0.4	24.0	2.7	12.4	23.7	100.0
Tennessee	16.0	12.0	0.6	35.7	2.4	6.7	26.5	100.0
Virginia	17.1	13.8	0.5	13.6	3.9	11.2	40.0	100.0
West Virginia	12.4	8.5	0.5	11.8	1.0	5.6	60.2	100.0
<b>SOUTHWEST</b>								
Arizona	19.6	14.3	0.8	19.5	4.0	10.1	31.8	100.0
New Mexico	27.9	20.2	0.8	23.0	2.2	8.2	17.6	100.0
Oklahoma	21.6	16.8	1.8	19.5	2.9	7.3	30.1	100.0
Texas	27.3	13.2	1.2	27.3	5.5	10.4	15.1	100.0
<b>ROCKY MOUNTAIN</b>								
Colorado	24.2	12.5	0.9	17.6	3.9	9.0	31.9	100.0
Idaho	25.4	9.0	0.3	21.9	3.9	11.9	27.6	100.0
Montana	18.0	11.2	1.2	17.3	3.1	13.3	35.9	100.0
Utah	25.3	12.9	1.4	16.4	3.4	9.9	30.7	100.0
Wyoming	10.3	5.0	2.0	7.7	1.8	15.3	57.9	100.0
<b>FAR WEST</b>								
Alaska	12.5	8.7	1.2	11.8	2.6	18.1	45.1	100.0
California	25.7	11.2	6.1	20.6	4.1	5.9	26.3	100.0
Hawaii	22.0	10.3	0.8	10.4	2.1	10.4	44.0	100.0
Nevada	16.0	9.6	0.7	16.2	3.9	9.7	43.9	100.0
Oregon	14.8	13.7	0.2	16.1	3.3	8.2	43.7	100.0
Washington	22.7	17.3	1.4	22.4	3.1	7.9	25.2	100.0
<b>ALL STATES</b>	<b>21.8 %</b>	<b>10.6 %</b>	<b>2.0 %</b>	<b>22.9 %</b>	<b>3.5 %</b>	<b>8.6 %</b>	<b>30.8 %</b>	<b>100.0 %</b>

Note: Percentages may not add to 100.

Source: National Association of State Budget Officers, 2005 State Expenditure Report

## General Notes

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### 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.

**Connecticut:** Fiscal 2004 and fiscal 2005 actual bond fund data is based on bond allocations by the Bond Commission, due to the unavailability of actual expenditure data as of April 27, 2006. In addition, actual fiscal 2005 total state expenditure data reflects estimates used due to the unavailability of certain actual expenditure data as of April 27, 2006.

**Missouri:** Total expenditures exclude refunds. Fiscal 2004 expenditures exclude refunds of \$1,118 million, including \$1,075 million general revenue. Fiscal 2005 expenditures exclude refunds of \$1,119 million, including \$1,071 million general revenue. Fiscal 2006 estimates exclude refunds of \$1,222 million, including \$1,179 million 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 2006 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. Fiscal 2006 appropriations include a one-time-only general fund transfer to state retirement programs of \$125 million. Other one-time-only general fund appropriations for fiscal 2006 total approximately \$43 million. 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.

**Nebraska:** Fiscal 2005-06 amounts shown are equal to appropriations for the year. It is assumed that some level of appropriations will not be expended this fiscal year.

**New Jersey:** Figures include pension, post retirement medical, debt service on pension bonds, payroll taxes, and health benefits expenditures which total \$1.13 billion in State General Fund in fiscal 2005 and \$1.25 billion in State General Fund in fiscal 2006 spread across Education, Corrections, Transportation and All Other.

**New York:** New York budgets most employer contributions to employees' benefits and pensions centrally. The portion of employer contributions to employees' benefits not distributed to an expenditure category has 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 \$5,521.1 million in fiscal 2004 and \$5,646.6 million in fiscal 2005, which includes a payment of \$193.0 million made to the state as part of the Jobs and Growth Reconciliation Tax Package of 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 \$5,569.0 million in fiscal 2004 and \$5,690.9 million in fiscal 2005. Second, “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 \$1,295.2 million in fiscal 2004 and \$1,404.7 million in fiscal 2005. 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 2006 are estimates.

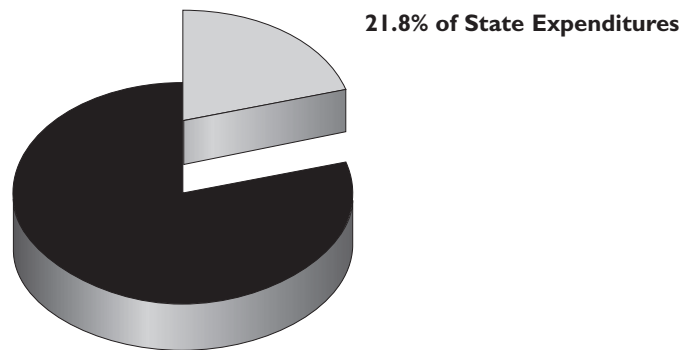
**Tennessee:** Tennessee collects personal income tax on income from dividends on stocks and interest on certain bonds. Tax revenue estimates do not include federal funds and other

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.

**Wisconsin:** Funds for fiscal 2006 are updated to reflect preliminary actuals.

# CHAPTER ONE ELEMENTARY & SECONDARY EDUCATION

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State elementary and secondary education expenditures totaled \$269.2 billion in fiscal 2005, a 6.4 percent increase over the previous year. While historically the largest category of total state spending, K-12 education is now second to Medicaid. In fiscal 2004, elementary and secondary education comprised 21.4 percent of total state spending (Medicaid was 22.1 percent), in fiscal 2005 it was 21.8 percent (Medicaid was 22.9 percent), and in fiscal 2006 is estimated to be 21.5 percent (Medicaid is estimated to be 22.2 percent).

General funds comprise 71.9 percent of state elementary and secondary education spending, federal funds are 15.8 percent, other states funds comprise 9.9 percent, and bonds are 2.4 percent.

According to the Department of Education, the president's proposed fiscal 2007 federal budget would provide \$54.4 billion in discretionary funding for the U.S. Department of Education, a decrease of 5.5 percent from fiscal 2006 levels. House and Senate Appropriations Committees have recommended discretionary fund totals for the Department of Education that are slightly higher than the president's recommendation, but still below fiscal 2006 levels. As of publication, Congress has yet to approve the 2007 Department of Education budget.

Besides maintaining basic educational services, states dedicate substantial funds to teacher training, reduction of classroom size, technology training, and facility construction, renovation and repair.

## **No Child Left Behind Law (NCLB)**

The No Child Left Behind Act (NCLB) was signed into law on January 8, 2002, and will be up for reauthorization in 2007. The law increases federal resources to states to help improve education standards, but in some places the law has been controversial. Among its provisions, the act requires states to: 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; assure that all classes are taught by qualified teachers; and ensure that all students achieve a proficient level of education by the 2014-2015 school year.

## **Extending NCLB to Secondary Education**

The president's fiscal 2007 request includes a *High School Reform Proposal* that seeks to improve the quality of secondary education, expand high school assessment testing, and improve achievement among the most at-risk high school students. The president's recommended budget for this initiative is nearly \$1.5 billion. It should be noted that House and Senate Appropriations Committees have recommended not funding the *High School Reform Proposal*.

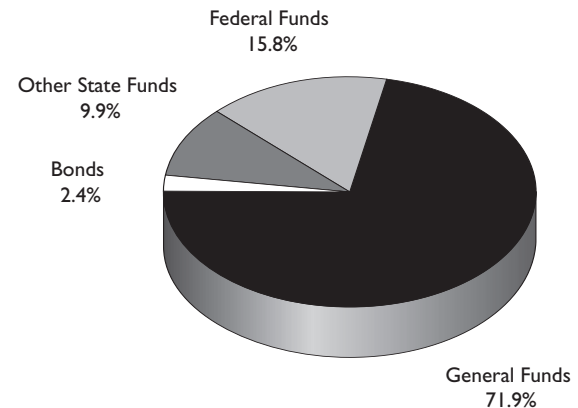
## **Sources of Funding**

State-sourced funds for education as a percentage of total state education spending in fiscal 2005 (excluding bonds) range from 100 percent in South Dakota to 66.3 percent in Oklahoma. 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 both as 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 special needs children.

## **Fund Shares**

Relative fund shares for 2005 are shown in the figure below.

**Figure 10**  
**STATE EXPENDITURES FOR ELEMENTARY AND SECONDARY EDUCATION BY FUND SOURCE, FISCAL 2005**



## Regional Expenditures

The following table shows percentage changes in expenditures for elementary and secondary education for fiscal 2004-2005 and 2005-2006 by region. For 2005, the Southeast region saw the greatest percentage increase in elementary and secondary education, while the Great Lakes, Southwest and Rocky Mountain regions experienced increases below the national average.

## 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, eleven states wholly or partially excluded employer contributions to teacher pensions, and 13 states wholly or partially excluded contributions to health benefits. Among the states, other items that are wholly or partially excluded include: day care programs (42), school health care (40), Head Start (33), and libraries (27). Summary expenditure data can be found in Tables 7-9, accompanied by explanatory notes. Table 10 lists programs excluded from the expenditure data.

**Table 6**  
**REGIONAL PERCENTAGE CHANGE IN STATE ELEMENTARY AND SECONDARY EDUCATION EXPENDITURES, FISCAL 2005 AND 2006**

Region	Fiscal 2004 to 2005			Fiscal 2005 to 2006		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
New England	2.0 %	5.7 %	7.1 %	3.5 %	4.3 %	5.3 %
Mid-Atlantic	7.1	4.4	6.8	5.7	6.7	5.7
Great Lakes	2.2	8.3	2.6	3.5	7.6	4.2
Plains	6.8	5.4	6.6	7.7	15.5	8.8
Southeast	7.8	9.2	8.1	6.6	5.5	6.0
Southwest	2.4	18.1	5.4	7.9	-7.9	4.8
Rocky Mountain	3.4	7.5	4.0	4.2	9.9	5.0
Far West	9.5	9.7	7.8	7.3	5.0	12.8
<b>ALL STATES</b>	<b>6.0 %</b>	<b>9.1 %</b>	<b>6.4 %</b>	<b>6.1 %</b>	<b>4.7 %</b>	<b>7.1 %</b>

Table 7

## ELEMENTARY AND SECONDARY EDUCATION EXPENDITURES (\$ IN MILLIONS)

Region/State	Actual Fiscal 2004					Actual Fiscal 2005					Estimated Fiscal 2006				
	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
<b>NEW ENGLAND</b>															
Connecticut	\$2,000	\$368	\$4	\$436	\$2,808	\$2,091	\$391	\$4	\$603	\$3,089	\$2,181	\$391	\$4	\$760	\$3,336
Maine	925	168	12	10	1,115	977	176	11	8	1,172	1,048	179	3	14	1,244
Massachusetts	4,225	839	0	0	5,064	4,076	862	0	396	5,334	4,245	925	0	489	5,659
New Hampshire	63	140	848	9	1,060	63	153	748	6	970	0	159	847	3	1,009
Rhode Island	776	152	2	0	930	794	183	3	0	980	835	180	4	0	1,019
Vermont	13	103	894	6	1,016	14	106	1,180	4	1,304	17	117	1,130	5	1,269
<b>MID-ATLANTIC</b>															
Delaware	857	121	402	135	1,515	916	135	446	152	1,649	966	0	490	163	1,619
Maryland	3,417	760	8	0	4,185	3,736	813	8	0	4,557	4,141	878	9	0	5,028
New Jersey	8,299	770	16	0	9,085	8,963	822	20	0	9,805	9,475	837	18	0	10,330
New York	13,677	3,176	1,934	41	18,828	14,171	3,321	2,317	71	19,880	14,992	3,687	2,390	5	21,074
Pennsylvania	7,282	1,696	16	0	8,994	7,867	1,722	9	0	9,598	8,144	1,869	9	0	10,022
<b>GREAT LAKES</b>															
Illinois*	6,288	1,710	40	474	8,512	6,758	1,895	19	288	8,960	6,794	1,996	40	247	9,077
Indiana	4,401	692	12	0	5,105	4,488	726	25	0	5,239	4,558	781	17	0	5,356
Michigan*	407	1,353	10,686	0	12,446	173	1,417	10,925	0	12,515	73	1,521	11,329	0	12,923
Ohio*	6,523	1,354	981	465	9,323	6,736	1,525	912	477	9,650	6,934	1,684	1,225	601	10,444
Wisconsin	5,268	591	99	0	5,958	5,298	612	125	0	6,035	5,669	661	69	0	6,399
<b>PLAINS</b>															
Iowa	2,108	363	286	1	2,758	2,215	371	287	4	2,877	2,342	399	322	6	3,069
Kansas	2,175	352	100	0	2,627	2,324	380	80	0	2,784	2,597	383	106	0	3,086
Minnesota*	5,714	557	29	17	6,317	6,319	612	29	5	6,965	6,881	611	32	8	7,532
Missouri	2,447	787	1,163	0	4,397	2,569	866	1,201	0	4,636	2,559	956	1,338	0	4,853
Nebraska	819	222	4	0	1,045	807	240	3	0	1,050	912	518	2	0	1,432
North Dakota	309	118	36	0	463	317	112	37	0	466	324	114	37	0	475
South Dakota	274	50	0	0	324	333	0	0	0	333	342	0	4	0	346
<b>SOUTHEAST</b>															
Alabama*	2,901	712	143	0	3,756	3,148	778	140	0	4,066	3,513	1,000	138	0	4,651
Arkansas	1,627	384	222	0	2,233	1,628	429	707	0	2,764	1,701	578	764	0	3,043
Florida*	8,038	2,046	585	0	10,669	8,619	2,261	609	0	11,489	9,663	2,419	476	0	12,558
Georgia*	5,917	1,353	52	174	7,496	6,056	1,483	46	176	7,761	6,611	1,109	41	134	7,895
Kentucky	3,053	609	15	0	3,677	3,275	602	12	0	3,889	3,654	692	17	0	4,363
Louisiana	2,720	893	0	0	3,613	2,924	871	0	0	3,795	2,980	1,276	0	0	4,256
Mississippi	1,502	469	352	0	2,323	1,687	572	387	0	2,646	1,842	571	396	0	2,809
North Carolina	6,167	940	119	0	7,226	6,483	1,067	147	0	7,697	6,608	888	46	0	7,542
South Carolina	1,738	579	702	74	3,093	1,835	618	752	0	3,205	2,005	585	667	0	3,257
Tennessee	2,799	722	11	0	3,532	3,012	816	16	0	3,844	3,160	854	47	0	4,061
Virginia	4,154	485	123	0	4,762	4,758	522	137	0	5,417	5,030	570	130	0	5,730
West Virginia	1,563	270	50	76	1,959	1,600	311	37	244	2,192	1,670	358	46	62	2,136
<b>SOUTHWEST</b>															
Arizona	2,959	680	446	0	4,085	3,184	769	524	0	4,477	3,380	865	696	0	4,941
New Mexico	1,975	309	30	144	2,458	2,385	325	32	169	2,911	2,270	39	9	248	2,566
Oklahoma	1,427	484	1,082	0	2,993	1,586	1,019	423	0	3,028	1,566	576	1,207	0	3,349
Texas	12,101	3,584	1,453	0	17,138	11,783	3,858	2,062	0	17,703	12,692	4,017	1,892	0	18,601
<b>ROCKY MOUNTAIN</b>															
Colorado	2,418	381	476	0	3,275	2,515	413	506	0	3,434	2,698	499	402	0	3,599
Idaho	966	172	64	0	1,202	988	180	51	0	1,219	1,019	192	54	0	1,265
Montana	518	135	49	0	702	513	139	61	0	713	563	146	52	0	761
Utah*	1,679	311	24	0	2,014	1,788	345	13	0	2,146	1,873	348	71	0	2,292
Wyoming	103	14	464	0	581	91	12	468	0	571	91	12	468	0	571
<b>FAR WEST</b>															
Alaska	740	162	87	0	989	790	199	93	0	1,082	884	212	106	0	1,202
California	27,283	5,388	56	4,152	36,879	31,434	5,925	36	3,717	41,112	32,936	6,151	63	6,926	46,076
Hawaii	1,467	223	44	144	1,878	1,559	235	47	87	1,928	1,817	232	50	233	2,332
Nevada	749	207	146	0	1,102	786	196	148	0	1,130	942	262	145	0	1,349
Oregon	2,554	408	517	0	3,479	2,112	438	376	0	2,926	2,525	528	266	0	3,319
Washington	5,021	585	530	0	6,136	5,149	658	401	35	6,243	5,383	652	950	119	7,104
<b>TOTAL</b>	<b>\$182,406</b>	<b>\$38,947</b>	<b>\$25,414</b>	<b>\$6,358</b>	<b>\$253,125</b>	<b>\$193,693</b>	<b>\$42,481</b>	<b>\$26,620</b>	<b>\$6,442</b>	<b>\$269,236</b>	<b>\$205,105</b>	<b>\$44,477</b>	<b>\$28,624</b>	<b>\$10,023</b>	<b>\$288,229</b>

Source: National Association of State Budget Officers, 2005 State Expenditure Report



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

Region/State	Fiscal 2004	Fiscal 2005	Fiscal 2006
<b>NEW ENGLAND</b>			
Connecticut	14.4 %	14.6 %	14.9 %
Maine	17.0	17.4	17.4
Massachusetts	20.4	20.3	20.1
New Hampshire	24.6	21.9	22.3
Rhode Island	15.9	16.2	15.0
Vermont	31.6	35.5	29.6
<b>MID-ATLANTIC</b>			
Delaware	31.8	26.6	25.5
Maryland	18.0	18.4	18.5
New Jersey	24.4	23.6	24.2
New York	19.3	19.7	20.2
Pennsylvania	18.7	18.7	18.2
<b>GREAT LAKES</b>			
Illinois	16.9	21.4	19.5
Indiana	19.7	20.6	21.1
Michigan	31.3	30.8	30.9
Ohio	19.4	19.0	18.9
Wisconsin	18.1	18.9	19.1
<b>PLAINS</b>			
Iowa	23.2	23.3	23.0
Kansas	25.8	26.3	26.1
Minnesota	27.0	28.4	28.5
Missouri	24.5	24.3	24.4
Nebraska	14.7	14.1	15.7
North Dakota	15.8	14.6	12.7
South Dakota	10.3	9.8	10.4
<b>SOUTHEAST</b>			
Alabama	23.4	23.4	23.6
Arkansas	16.3	19.3	17.0
Florida	20.6	19.7	19.2
Georgia	26.0	26.6	26.7
Kentucky	19.3	20.1	19.7
Louisiana	24.5	24.9	28.2
Mississippi	20.5	22.1	22.4
North Carolina	23.2	21.6	22.3
South Carolina	18.8	17.8	18.1
Tennessee	16.3	16.0	15.9
Virginia	16.9	17.1	17.9
West Virginia	11.8	12.4	10.8
<b>SOUTHWEST</b>			
Arizona	18.8	19.6	20.9
New Mexico	24.6	27.9	22.4
Oklahoma	22.9	21.6	19.2
Texas	28.3	27.3	26.5
<b>ROCKY MOUNTAIN</b>			
Colorado	24.0	24.2	23.5
Idaho	26.2	25.4	23.1
Montana	18.5	18.0	16.3
Utah	25.6	25.3	25.3
Wyoming	14.0	10.3	10.3
<b>FAR WEST</b>			
Alaska	13.5	12.5	12.1
California	23.5	25.7	25.0
Hawaii	23.7	22.0	24.3
Nevada	17.0	16.0	16.0
Oregon	18.0	14.8	16.4
Washington	23.6	22.7	21.9
<b>ALL STATES</b>	<b>21.4 %</b>	<b>21.8 %</b>	<b>21.5 %</b>

Source: National Association of State Budget Officers, 2005 State Expenditure Report

Table 9

## ANNUAL PERCENTAGE CHANGE IN ELEMENTARY AND SECONDARY EDUCATION EXPENDITURES

Region/State	Fiscal 2004 to 2005			Fiscal 2005 to 2006		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
<b>NEW ENGLAND</b>						
Connecticut	4.5 %	6.3 %	10.0 %	4.3 %	0.0 %	8.0 %
Maine	5.4	4.8	5.1	6.4	1.7	6.1
Massachusetts	-3.5	2.7	5.3	4.1	7.3	6.1
New Hampshire	-11.0	9.3	-8.5	4.4	3.9	4.0
Rhode Island	2.4	20.4	5.4	5.3	-1.6	4.0
Vermont	31.6	2.9	28.3	-3.9	10.4	-2.7
<b>MID-ATLANTIC</b>						
Delaware	8.2	11.6	8.8	6.9	-100.0	-1.8
Maryland	9.3	7.0	8.9	10.8	8.0	10.3
New Jersey	8.0	6.8	7.9	5.7	1.8	5.4
New York	5.6	4.6	5.6	5.4	11.0	6.0
Pennsylvania	7.9	1.5	6.7	3.5	8.5	4.4
<b>GREAT LAKES</b>						
Illinois	7.1	10.8	5.3	0.8	5.3	1.3
Indiana	2.3	4.9	2.6	1.4	7.6	2.2
Michigan	0.0	4.7	0.6	2.7	7.3	3.3
Ohio	1.9	12.6	3.5	6.7	10.4	8.2
Wisconsin	1.0	3.6	1.3	5.8	8.0	6.0
<b>PLAINS</b>						
Iowa	4.5	2.2	4.3	6.5	7.5	6.7
Kansas	5.7	8.0	6.0	12.4	0.8	10.8
Minnesota	10.5	9.9	10.3	8.9	-0.2	8.1
Missouri	4.4	10.0	5.4	3.4	10.4	4.7
Nebraska	-1.6	8.1	0.5	12.8	115.8	36.4
North Dakota	2.6	-5.1	0.6	2.0	1.8	1.9
South Dakota	21.5	-100.0	2.8	3.9	—	3.9
<b>SOUTHEAST</b>						
Alabama	8.0	9.3	8.3	11.0	28.5	14.4
Arkansas	26.3	11.7	23.8	5.6	34.7	10.1
Florida	7.0	10.5	7.7	9.9	7.0	9.3
Georgia	2.2	9.6	3.5	9.0	-25.2	1.7
Kentucky	7.1	-1.1	5.8	11.7	15.0	12.2
Louisiana	7.5	-2.5	5.0	1.9	46.5	12.1
Mississippi	11.9	22.0	13.9	7.9	-0.2	6.2
North Carolina	5.5	13.5	6.5	0.4	-16.8	-2.0
South Carolina	6.0	6.7	3.6	3.3	-5.3	1.6
Tennessee	7.8	13.0	8.8	5.9	4.7	5.6
Virginia	14.4	7.6	13.8	5.4	9.2	5.8
West Virginia	1.5	15.2	11.9	4.8	15.1	-2.6
<b>SOUTHWEST</b>						
Arizona	8.9	13.1	9.6	9.9	12.5	10.4
New Mexico	20.5	5.2	18.4	-5.7	-88.0	-11.9
Oklahoma	-19.9	110.5	1.2	38.0	-43.5	10.6
Texas	2.1	7.6	3.3	5.3	4.1	5.1
<b>ROCKY MOUNTAIN</b>						
Colorado	4.4	8.4	4.9	2.6	20.8	4.8
Idaho	0.9	4.7	1.4	3.3	6.7	3.8
Montana	1.2	3.0	1.6	7.1	5.0	6.7
Utah	5.8	10.9	6.6	7.9	0.9	6.8
Wyoming	-1.4	-14.3	-1.7	0.0	0.0	0.0
<b>FAR WEST</b>						
Alaska	6.8	22.8	9.4	12.1	6.5	11.1
California*	15.1	10.0	11.5	4.9	3.8	12.1
Hawaii	6.3	5.4	2.7	16.3	-1.3	21.0
Nevada	4.4	-5.3	2.5	16.4	33.7	19.4
Oregon	-19.0	7.4	-15.9	12.2	20.5	13.4
Washington	0.0	12.5	1.7	14.1	-0.9	13.8
<b>ALL STATES</b>	<b>6.0 %</b>	<b>9.1 %</b>	<b>6.4 %</b>	<b>6.1 %</b>	<b>4.7 %</b>	<b>7.1 %</b>

Note: State funds are defined as general funds and other state funds (bonds are excluded).  
Source: National Association of State Budget Officers, 2005 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
<b>NEW ENGLAND</b>						
Connecticut	X	X		X	X	P
Maine						
Massachusetts						
New Hampshire			X	X	X	
Rhode Island			X	X	X	P
Vermont			X	X	X	X
<b>MID-ATLANTIC</b>						
Delaware					X	P
Maryland				X	P	X
New Jersey		P	X		X	P
New York	P	P	X		X	X
Pennsylvania				X	X	X
<b>GREAT LAKES</b>						
Illinois			X			
Indiana	P	P	X	P	P	X
Michigan	P	P	X	X	X	X
Ohio			X	X	X	X
Wisconsin	X	X				X
<b>PLAINS</b>						
Iowa			X			
Kansas		X	X	X	X	X
Minnesota	X	X				X
Missouri	X	X	X	X	X	X
Nebraska	X	X	X	X	X	X
North Dakota			X	X	X	X
South Dakota					X	X
<b>SOUTHEAST</b>						
Alabama			X	X	X	X
Arkansas			X		X	P
Florida			X		X	X
Georgia			X	X	X	P
Kentucky				X	X	
Louisiana			X	X	X	X
Mississippi					X	
North Carolina					X	X
South Carolina			X	X		X
Tennessee					P	P
Virginia					X	
West Virginia			X	X	X	X
<b>SOUTHWEST</b>						
Arizona			X		X	X
New Mexico				P		P
Oklahoma			X		X	X
Texas			X	P	P	P
<b>ROCKY MOUNTAIN</b>						
Colorado	P	P	X	P	X	P
Idaho			X		X	X
Montana	P	P	X	P	X	X
Utah			X		X	X
Wyoming					X	
<b>FAR WEST</b>						
Alaska				X	X	
California			X		X	X
Hawaii			X		X	X
Nevada			X	X	X	X
Oregon			X	P	P	X
Washington	P	P	X	X	X	X
<b>ALL STATES</b>	<b>11</b>	<b>13</b>	<b>33</b>	<b>27</b>	<b>42</b>	<b>40</b>

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

Source: National Association of State Budget Officers, 2005 State Expenditure Report

## Elementary and Secondary Education Notes

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*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:** Federal funds received directly at the local school system level are not reported at the state budget level.

**Florida:** The increase in General Funds and Other State Funds is attributable to the implementation of a Constitutional amendment which limits the number of children per classroom. State appropriations to school districts for operational costs include funding intended to be expended by school districts for contributions to current employees' pensions, employee health benefits, and for operational costs of libraries.

**Georgia:** Expenditures for libraries are included in Higher Education.

**Illinois:** Direct appropriations to the Illinois State Board of Education for Pre-Kindergarten through 12th grade education increased by \$357 million from fiscal 2005 to fiscal 2006. Due to structural changes in the retirement system, contributions to the Teachers' Retirement System decreased by \$322 million. The combination of these actions results in the General Fund net increase of \$35.3 million. Thus, a third consecutive year of increasing direct appropriations for Pre-K through 12th grade education by more than \$300 million is not readily apparent in the net reporting of education and retirement figures.

**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.

**Minnesota:** School districts pay for Employer Contributions to Pensions, Employer Contributions to Health Benefits, and School Health Care/Immunization with their general operating funds, which are comprised of both state and local sources, depending on the district. Funding for these activities is marked as "excluded" because while state funds are often used to pay for these functions, state law does not require it or set aside specific amounts or funding streams for those purposes.

Day care programs (subsidized child care) are funded in the budget base, but in the health and human services portion of the budget and not the elementary and secondary education numbers.

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

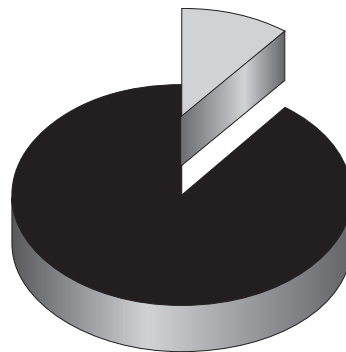
In fiscal 2004, a new state special revenue fund was created to implement the Head Start Plus program. The new fund more appropriately reflects the funding sources for the program. Previously, funding was appropriated to the General Revenue Fund and was reimbursed by TANF dollars.

**Utah:** Included with General Fund is Education Fund (income tax revenue) which in Utah is restricted by the Utah 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: for fiscal 2004, \$18 million in General Fund and Education Fund, \$33 million in federal funds, and \$1 million in other state funds; for fiscal 2005, \$19 million in General Fund and Education Fund, \$34 million in federal funds, and \$1 million in other state funds; for fiscal 2006, \$21 million in General Fund and Education Fund, \$36 million in federal funds, and \$1 million in other state funds.

# CHAPTER TWO

# HIGHER EDUCATION

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10.6% of State Expenditures



State higher education spending reflects support of public university systems, community college and vocational education institutions. In fiscal 2005, states spent \$131.2 billion on higher education, 10.6 percent of total state spending, and 6.9 percent more than they spent in the previous fiscal year. General funds account for 48.2 percent of state spending on higher education, other state funds for 34.2 percent, federal funds for 12.7 percent, and bonds 4.9 percent (see Figure 11 and Table 12). Eleven states include tuition and fees and 16 states include student loan programs, either wholly or partially, in the expenditures reported here (see Table 15).

Overall state higher education spending grew by 6.9 percent in fiscal 2005. This contrasts with fiscal 2004 which witnessed a 1.9 percent decline in overall state higher education spending. Additionally, overall state higher education spending is estimated to grow by 9.1 percent in fiscal 2006. In fiscal 2005, state funds (general

funds plus other state funds) for higher education grew by 7.7 percent, while federal funds for higher education grew by 4.1 percent.

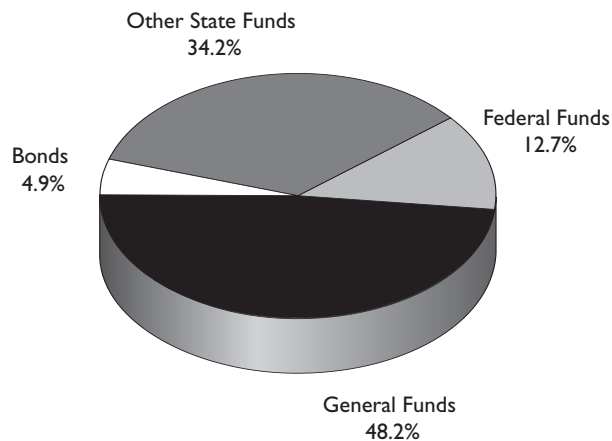
### Capital Spending

State expenditures for higher education-related construction, renovation and other capital projects increased by 6.1 percent in fiscal 2005. Because of the nature of capital spending, including long construction timetables that mean that available funds might not all be spent in a single year; large increases or decreases often follow one another. For example, while capital spending for higher education increased 6.1 percent in fiscal 2005, it is estimated to increase by 22.3 percent in fiscal 2006 (See Table 48).

### Financing Issues

During the recent state fiscal crisis, higher education was one of the first categories of spending to be cut. One rationale for this is that in most states higher education institutions have the ability to raise tuition and fees when state funding decreases and they have the discretion to make other reductions and budget adjustments on their own. According to The College Board, as the economy has improved, tuition increases have begun to slow. Tuition and fees at four-year public institutions averaged \$365 more in the 2005-2006 school year than in the 2004-2005 school year (\$5,491 versus \$5,126, a 7.1 percent increase). Total costs of four-year public institutions averaged \$12,127 for the 2005-2006 school year, \$751 more than 2004-2005, or a 6.6 percent increase.

**Figure 11**  
**STATE EXPENDITURES FOR HIGHER EDUCATION BY FUND SOURCE, FISCAL 2005**



**Table 11**  
**REGIONAL PERCENTAGE CHANGE IN STATE HIGHER EDUCATION EXPENDITURES, FISCAL 2005 AND 2006**

Region	Fiscal 2004 to 2005			Fiscal 2005 to 2006		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
New England	8.2%	-0.8%	9.6%	4.4%	0.8%	2.9%
Mid-Atlantic	9.1	-29.6	6.3	3.0	-9.6	3.9
Great Lakes	3.6	4.0	2.7	1.1	3.6	5.5
Plains	3.9	15.3	4.6	7.4	8.8	7.8
Southeast	9.8	8.4	10.8	12.6	5.7	9.7
Southwest	12.4	-0.5	7.7	14.1	2.1	12.4
Rocky Mountain	7.3	11.4	6.9	20.8	7.7	19.8
Far West	4.6	4.3	4.0	8.0	-0.8	11.1
<b>ALL STATES</b>	<b>7.7%</b>	<b>4.1%</b>	<b>6.9%</b>	<b>9.0%</b>	<b>1.8%</b>	<b>9.1%</b>

Table 12

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

Region/State	Actual Fiscal 2004					Actual Fiscal 2005					Estimated Fiscal 2006				
	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
<b>NEW ENGLAND</b>															
Connecticut	\$556	\$221	\$1,202	\$171	<b>\$2,150</b>	\$607	\$226	\$1,333	\$289	<b>\$2,455</b>	\$607	\$235	\$1,411	\$229	<b>\$2,482</b>
Maine	208	0	1	22	<b>231</b>	214	0	1	25	<b>240</b>	219	0	2	14	<b>235</b>
Massachusetts	827	8	0	77	<b>912</b>	915	0	0	72	<b>987</b>	982	0	0	54	<b>1,036</b>
New Hampshire	111	19	42	26	<b>198</b>	110	19	48	24	<b>201</b>	115	12	51	34	<b>212</b>
Rhode Island	171	2	442	15	<b>630</b>	173	3	456	8	<b>640</b>	179	3	496	47	<b>725</b>
Vermont	109	0	1	7	<b>117</b>	114	0	1	5	<b>120</b>	82	0	1	3	<b>86</b>
<b>MID-ATLANTIC</b>															
Delaware	207	26	50	6	<b>289</b>	228	30	54	1	<b>313</b>	222	0	0	0	<b>222</b>
Maryland	1,140	197	1,812	262	<b>3,411</b>	1,176	216	1,961	236	<b>3,589</b>	1,266	221	2,145	206	<b>3,838</b>
New Jersey	1,851	23	976	0	<b>2,850</b>	2,043	22	1,038	0	<b>3,103</b>	2,215	28	1,095	0	<b>3,338</b>
New York	2,671	402	3,083	204	<b>6,360</b>	3,089	185	3,369	192	<b>6,835</b>	2,895	162	3,514	366	<b>6,937</b>
Pennsylvania	1,814	5	29	170	<b>2,018</b>	1,884	7	29	109	<b>2,029</b>	1,904	5	64	186	<b>2,159</b>
<b>GREAT LAKES</b>															
Illinois*	2,307	180	44	163	<b>2,694</b>	2,190	201	181	133	<b>2,705</b>	2,215	219	119	158	<b>2,711</b>
Indiana	1,471	3	8	174	<b>1,656</b>	1,522	3	2	174	<b>1,701</b>	1,568	5	5	307	<b>1,885</b>
Michigan	1,942	20	99	110	<b>2,171</b>	2,060	20	91	38	<b>2,209</b>	1,989	20	155	13	<b>2,177</b>
Ohio*	2,410	14	2	254	<b>2,680</b>	2,442	10	10	260	<b>2,722</b>	2,467	20	3	701	<b>3,191</b>
Wisconsin	1,165	923	1,822	0	<b>3,910</b>	1,218	952	1,959	0	<b>4,129</b>	1,262	965	2,017	0	<b>4,244</b>
<b>PLAINS</b>															
Iowa	657	351	1,410	33	<b>2,451</b>	660	388	1,443	37	<b>2,528</b>	652	411	1,508	28	<b>2,599</b>
Kansas	674	346	658	33	<b>1,711</b>	706	468	626	43	<b>1,843</b>	749	490	714	40	<b>1,993</b>
Minnesota*	2,112	4	26	159	<b>2,301</b>	2,207	4	18	124	<b>2,353</b>	2,443	5	26	123	<b>2,597</b>
Missouri	815	3	136	30	<b>984</b>	835	4	150	0	<b>989</b>	856	6	184	0	<b>1,046</b>
Nebraska	501	150	875	0	<b>1,526</b>	513	159	956	0	<b>1,628</b>	555	176	1,092	0	<b>1,823</b>
North Dakota	206	155	286	14	<b>661</b>	207	151	326	21	<b>705</b>	229	174	394	66	<b>863</b>
South Dakota	158	79	315	2	<b>554</b>	166	81	363	5	<b>615</b>	185	104	271	13	<b>573</b>
<b>SOUTHEAST</b>															
Alabama*	1,163	826	989	0	<b>2,978</b>	1,210	847	1,094	0	<b>3,151</b>	1,403	877	1,104	0	<b>3,384</b>
Arkansas	620	4	1,461	5	<b>2,090</b>	601	1	1,528	0	<b>2,130</b>	644	2	3,066	0	<b>3,712</b>
Florida*	2,639	14	594	371	<b>3,618</b>	3,483	106	589	425	<b>4,603</b>	3,715	141	1,537	537	<b>5,930</b>
Georgia	1,924	530	173	151	<b>2,778</b>	1,967	529	200	379	<b>3,075</b>	2,148	529	203	193	<b>3,073</b>
Kentucky	1,151	461	2,014	0	<b>3,626</b>	1,153	567	2,249	0	<b>3,969</b>	1,245	635	2,606	0	<b>4,486</b>
Louisiana	1,052	173	1,090	0	<b>2,315</b>	1,051	132	1,179	0	<b>2,362</b>	1,048	251	1,338	0	<b>2,637</b>
Mississippi	589	142	1,211	42	<b>1,984</b>	596	144	1,303	14	<b>2,057</b>	596	179	1,413	10	<b>2,198</b>
North Carolina	2,465	41	1,444	565	<b>4,515</b>	2,698	41	1,597	665	<b>5,001</b>	2,949	42	1,561	300	<b>4,852</b>
South Carolina	748	467	1,752	70	<b>3,037</b>	709	508	2,094	119	<b>3,430</b>	718	528	1,839	0	<b>3,085</b>
Tennessee	1,103	143	1,163	5	<b>2,414</b>	1,269	164	1,247	195	<b>2,875</b>	1,407	176	1,329	163	<b>3,075</b>
Virginia	1,282	639	1,730	397	<b>4,048</b>	1,426	694	1,836	409	<b>4,365</b>	1,574	591	1,712	445	<b>4,322</b>
West Virginia	338	192	718	114	<b>1,362</b>	424	204	790	98	<b>1,516</b>	391	210	813	101	<b>1,515</b>
<b>SOUTHWEST</b>															
Arizona	896	510	1,301	174	<b>2,881</b>	955	534	1,471	293	<b>3,253</b>	1,010	481	2,118	237	<b>3,846</b>
New Mexico	658	451	907	102	<b>2,118</b>	691	487	919	12	<b>2,109</b>	721	500	1,012	148	<b>2,381</b>
Oklahoma	812	254	501	195	<b>1,762</b>	762	188	1,319	94	<b>2,363</b>	856	263	1,903	225	<b>3,247</b>
Texas	5,032	170	2,011	1,155	<b>8,368</b>	5,117	169	2,389	895	<b>8,570</b>	5,475	163	2,447	752	<b>8,837</b>
<b>ROCKY MOUNTAIN</b>															
Colorado*	606	19	1,082	0	<b>1,707</b>	594	25	1,156	0	<b>1,775</b>	683	20	1,723	7	<b>2,433</b>
Idaho	288	3	118	0	<b>409</b>	299	3	125	5	<b>432</b>	310	3	190	5	<b>508</b>
Montana	141	39	217	0	<b>397</b>	137	40	266	0	<b>443</b>	158	50	294	0	<b>502</b>
Utah*	618	9	351	47	<b>1,025</b>	704	10	349	29	<b>1,092</b>	722	11	363	0	<b>1,096</b>
Wyoming	221	0	1	0	<b>222</b>	274	0	4	0	<b>278</b>	274	0	4	0	<b>278</b>
<b>FAR WEST</b>															
Alaska	215	119	294	0	<b>628</b>	231	232	290	0	<b>753</b>	295	139	425	0	<b>859</b>
California	8,307	7,269	1,053	819	<b>17,448</b>	8,694	7,476	1,135	593	<b>17,898</b>	9,485	7,533	1,239	2,055	<b>20,312</b>
Hawaii	460	17	263	32	<b>772</b>	488	31	267	118	<b>904</b>	592	11	282	129	<b>1,014</b>
Nevada	434	2	158	61	<b>655</b>	456	0	171	49	<b>676</b>	504	3	196	20	<b>723</b>
Oregon	656	345	1,713	0	<b>2,714</b>	551	351	1,810	0	<b>2,712</b>	698	337	1,869	0	<b>2,904</b>
Washington	1,318	8	2,878	217	<b>4,421</b>	1,383	7	3,082	293	<b>4,765</b>	1,443	8	3,012	521	<b>4,984</b>
<b>TOTAL</b>	<b>\$59,819</b>	<b>\$15,978</b>	<b>\$40,506</b>	<b>\$6,454</b>	<b>\$122,757</b>	<b>\$63,202</b>	<b>\$16,639</b>	<b>\$44,874</b>	<b>\$6,481</b>	<b>\$131,196</b>	<b>\$66,920</b>	<b>\$16,944</b>	<b>\$50,865</b>	<b>\$8,436</b>	<b>\$143,165</b>

Source: National Association of State Budget Officers, 2005 State Expenditure Report

**Table 13**  
**HIGHER EDUCATION EXPENDITURES AS A PERCENT OF**  
**TOTAL EXPENDITURES**

Region/State	Fiscal 2004	Fiscal 2005	Fiscal 2006
<b>NEW ENGLAND</b>			
Connecticut	11.0 %	11.6 %	11.1 %
Maine	3.5	3.6	3.3
Massachusetts	3.7	3.7	3.7
New Hampshire	4.6	4.5	4.7
Rhode Island	10.8	10.6	10.7
Vermont	3.6	3.3	2.0
<b>MID-ATLANTIC</b>			
Delaware	6.1	5.1	3.5
Maryland	14.6	14.5	14.1
New Jersey	7.7	7.5	7.8
New York	6.5	6.8	6.6
Pennsylvania	4.2	4.0	3.9
<b>GREAT LAKES</b>			
Illinois	5.4	6.5	5.8
Indiana	6.4	6.7	7.4
Michigan	5.5	5.4	5.2
Ohio	5.6	5.4	5.8
Wisconsin	11.9	13.0	12.7
<b>PLAINS</b>			
Iowa	20.7	20.5	19.5
Kansas	16.8	17.4	16.9
Minnesota	9.8	9.6	9.8
Missouri	5.5	5.2	5.3
Nebraska	21.5	21.8	20.0
North Dakota	22.6	22.2	23.1
South Dakota	17.6	18.1	17.3
<b>SOUTHEAST</b>			
Alabama	18.6	18.1	17.2
Arkansas	15.3	14.9	20.8
Florida	7.0	7.9	9.1
Georgia	9.6	10.5	10.4
Kentucky	19.1	20.5	20.2
Louisiana	15.7	15.5	17.5
Mississippi	17.5	17.2	17.5
North Carolina	14.5	14.1	14.4
South Carolina	18.5	19.1	17.2
Tennessee	11.1	12.0	12.0
Virginia	14.3	13.8	13.5
West Virginia	8.2	8.5	7.7
<b>SOUTHWEST</b>			
Arizona	13.3	14.3	16.3
New Mexico	21.2	20.2	20.8
Oklahoma	13.5	16.8	18.6
Texas	13.8	13.2	12.6
<b>ROCKY MOUNTAIN</b>			
Colorado	12.5	12.5	15.9
Idaho	8.9	9.0	9.3
Montana	10.4	11.2	10.8
Utah	13.0	12.9	12.1
Wyoming	5.3	5.0	5.0
<b>FAR WEST</b>			
Alaska	8.6	8.7	8.7
California	11.1	11.2	11.0
Hawaii	9.8	10.3	10.6
Nevada	10.1	9.6	8.6
Oregon	14.1	13.7	14.4
Washington	17.0	17.3	15.4
<b>ALL STATES</b>	<b>10.4 %</b>	<b>10.6 %</b>	<b>10.7 %</b>

Source: National Association of State Budget Officers, 2005 State Expenditure Report



Table 14

## ANNUAL PERCENTAGE CHANGE IN HIGHER EDUCATION EXPENDITURES

Region/State	Fiscal 2004 to 2005			Fiscal 2005 to 2006		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
<b>NEW ENGLAND</b>						
Connecticut	10.4 %	2.3 %	14.2 %	4.0 %	4.0 %	1.1 %
Maine	2.9	—	3.9	2.8	—	-2.1
Massachusetts	10.6	-100.0	8.2	7.3	—	5.0
New Hampshire	3.3	0.0	1.5	5.1	-36.8	5.5
Rhode Island	2.6	50.0	1.6	7.3	0.0	13.3
Vermont	4.5	—	2.6	-27.8	—	-28.3
<b>MID-ATLANTIC</b>						
Delaware	9.7	15.4	8.3	-21.3	-100.0	-29.1
Maryland	6.3	9.6	5.2	8.7	2.3	6.9
New Jersey	9.0	-4.3	8.9	7.4	27.3	7.6
New York	12.2	-54.0	7.5	-0.8	-12.4	1.5
Pennsylvania	3.8	40.0	0.5	2.9	-28.6	6.4
<b>GREAT LAKES</b>						
Illinois	0.9	11.7	0.4	-1.6	9.0	0.2
Indiana	3.0	0.0	2.7	3.2	66.7	10.8
Michigan	5.4	0.0	1.8	-0.3	0.0	-1.4
Ohio	1.7	-28.6	1.6	0.7	100.0	17.2
Wisconsin	6.4	3.1	5.6	3.2	1.4	2.8
<b>PLAINS</b>						
Iowa	1.7	10.5	3.1	2.7	5.9	2.8
Kansas	0.0	35.3	7.7	9.8	4.7	8.1
Minnesota	4.1	0.0	2.3	11.0	25.0	10.4
Missouri	3.6	33.3	0.5	5.6	50.0	5.8
Nebraska	6.8	6.0	6.7	12.1	10.7	12.0
North Dakota	8.3	-2.6	6.7	16.9	15.2	22.4
South Dakota	11.8	2.5	11.0	-13.8	28.4	-6.8
<b>SOUTHEAST</b>						
Alabama	7.1	2.5	5.8	8.8	3.5	7.4
Arkansas	2.3	-75.0	1.9	74.3	100.0	74.3
Florida	26.0	657.1	27.2	29.0	33.0	28.8
Georgia	3.3	-0.2	10.7	8.5	0.0	-0.1
Kentucky	7.5	23.0	9.5	13.2	12.0	13.0
Louisiana	4.1	-23.7	2.0	7.0	90.2	11.6
Mississippi	5.5	1.4	3.7	5.8	24.3	6.9
North Carolina	9.9	0.0	10.8	5.0	2.4	-3.0
South Carolina	12.1	8.8	12.9	-8.8	3.9	-10.1
Tennessee	11.0	14.7	19.1	8.7	7.3	7.0
Virginia	8.3	8.6	7.8	0.7	-14.8	-1.0
West Virginia	15.0	6.3	11.3	-0.8	2.9	-0.1
<b>SOUTHWEST</b>						
Arizona	10.4	4.7	12.9	28.9	-9.9	18.2
New Mexico	2.9	8.0	-0.4	7.6	2.7	12.9
Oklahoma	58.5	-26.0	34.1	32.6	39.9	37.4
Texas	6.6	-0.6	2.4	5.5	-3.6	3.1
<b>ROCKY MOUNTAIN</b>						
Colorado	3.7	31.6	4.0	37.5	-20.0	37.1
Idaho	4.4	0.0	5.6	17.9	0.0	17.6
Montana	12.6	2.6	11.6	12.2	25.0	13.3
Utah	8.7	11.1	6.5	3.0	10.0	0.4
Wyoming	25.2	—	25.2	0.0	—	0.0
<b>FAR WEST</b>						
Alaska	2.4	95.0	19.9	38.2	-40.1	14.1
California	5.0	2.8	2.6	9.1	0.8	13.5
Hawaii	4.4	82.4	17.1	15.8	-64.5	12.2
Nevada	5.9	-100.0	3.2	11.6	—	7.0
Oregon	-0.3	1.7	-0.1	8.7	-4.0	7.1
Washington	6.4	-12.5	7.8	-0.2	14.3	4.6
<b>ALL STATES</b>	<b>7.7 %</b>	<b>4.1 %</b>	<b>6.9 %</b>	<b>9.0 %</b>	<b>1.8 %</b>	<b>9.1 %</b>

Note: State funds are defined as general funds and other state funds (bonds are excluded).  
Source: National Association of State Budget Officers, 2005 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
<b>NEW ENGLAND</b>							
Connecticut	X	X				X	
Maine	P	P	X	P			X
Massachusetts							
New Hampshire	P	P	P	P	X		X
Rhode Island				P		P	X
Vermont	X	X	X	X	X	X	
<b>MID-ATLANTIC</b>							
Delaware			X		X	X	X
Maryland					P		
New Jersey					X	X	
New York	P	P			X		
Pennsylvania	X	X		P	X	P	
<b>GREAT LAKES</b>							
Illinois		P	P	P	P	P	P
Indiana	P	P	X		X		X
Michigan	X	X	X	X	P		
Ohio			X	P	P	X	
Wisconsin					P		
<b>PLAINS</b>							
Iowa							
Kansas							
Minnesota	X	X			X	X	X
Missouri	X	X	X		X	X	
Nebraska					X		
North Dakota						X	X
South Dakota							X
<b>SOUTHEAST</b>							
Alabama							
Arkansas					P		X
Florida					P		
Georgia				X			
Kentucky							
Louisiana					X		
Mississippi					X		X
North Carolina					X		
South Carolina							
Tennessee					X		
Virginia				X			
West Virginia				X	P	P	
<b>SOUTHWEST</b>							
Arizona							X
New Mexico							
Oklahoma							X
Texas			P		X	X	
<b>ROCKY MOUNTAIN</b>							
Colorado				X	X		
Idaho				X	X		X
Montana				X	X		
Utah					X		X
Wyoming							X
<b>FAR WEST</b>							
Alaska						X	X
California			P				
Hawaii				X	X	X	X
Nevada				X	X		X
Oregon					P		
Washington							X
<b>ALL STATES</b>	<b>10</b>	<b>11</b>	<b>11</b>	<b>16</b>	<b>30</b>	<b>15</b>	<b>20</b>

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

Source: National Association of State Budget Officers, 2005 State Expenditure Report

## Higher Education Notes

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*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 include tuition and fees.

**Colorado:** Fiscal 2005-2006 Other State Funds includes a \$540 million operating transfer due to Senate Bill 04-189; this double-count is the reason for the significant increase in total funds from the previous year.

**Florida:** The increase in Other State Funds from fiscal 2004-05 to fiscal 2005-06 is due to the Florida legislature appropriating student fees in fiscal 2005-2006. State appropriations to public institutions of higher education for operational costs include funding intended to be expended by institutions for contributions to current employees' pensions, and employee health benefits. State university tuition and fees were not appropriated in fiscal 2003-04 or fiscal 2004-05. The fees collected were \$658.5 million in fiscal 2003-04 and \$780.4 million in fiscal 2004-05. Fiscal 2005-06 data includes estimated fee collections of \$884.1 million. Community College student fees are not appropriated. The fees collected were \$435.9 million in fiscal 2003-04, \$456.9 million in fiscal 2004-05, and estimated to be \$465.6 million in fiscal 2005-06. State appropriations for the University of Florida's Institute of Food and Agricultural Sciences are included in the data reported.

**Illinois:** Public Act 94-0004, effective June 1, 2005, capped the state's contribution to the State Universities Retirement System.

**Minnesota:** Higher education institutions pay for these activities with their general operating funds, which are composed of both state appropriations and tuition receipts. Funding for these activities is marked as "excluded" because while state funds are often used to pay for these functions, state law does not require it or set aside specific amounts or funding streams for those purposes. State law implicitly recognizes a tuition contribution for higher education funding, but does not set tuition rates.

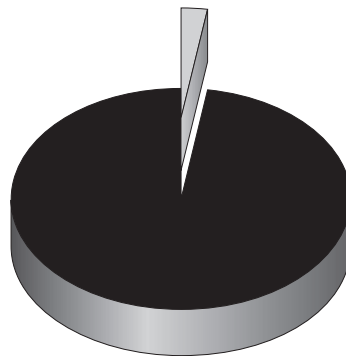
**Ohio:** See General Notes for Ohio for discussion of double counting issues that affect percentage of total expenditure amounts.

**Utah:** Included with General Fund is Education Fund (income tax revenue) which in Utah is restricted by the Utah state constitution for the sole use of public and higher education. No revenue bonds were authorized for Higher Education for fiscal 2004. Not included in the fiscal 2005 numbers were two items funded through authorized revenue bonds including: 1) \$3.6 million for a Board of Regents office building purchase and 2) \$35.5 million for a Utah State University Student Living Center and Parking Terrace. Not included in the fiscal 2006 numbers were three items funded through authorized revenue bonds including: 1) \$90 million for a University of Utah Hospital West Wing and Parking Expansion 2) \$20 million for a Weber State University Shepherd Union Building renovation, and 3) \$3.3 million for a Utah College of Applied Technology Spanish Fork facility.

# CHAPTER THREE

## PUBLIC ASSISTANCE

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2.0% 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 \$24.7 billion in fiscal 2005 and represented 2.0 percent of total state expenditures. State spending for total public assistance increased by 1.0 percent from 2004 to 2005.

The primary sources of public assistance funding for fiscal 2005 are general funds, providing 50.0 percent, followed by federal funds at 48.3 percent. This contrasts with fiscal 2004 which saw federal funds as the primary source at 49.7 percent, while general funds provided 47.6 percent (See Figure 12).

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.

### Reauthorization of TANF

The Temporary Assistance for Needy Families (TANF) program was reauthorized under the Deficit Reduction Act (DRA) in February 2006. The TANF block grant is funded at \$16.57 billion each year through 2010. Although the program retains the work participation rates of 50 percent for all families and 90 percent for two-parent families, adjusting the base year for the caseload reduction credit effectively increases the work requirements from the prior levels. The reauthorized program also includes specific definitions of work, work verification requirements, and penalties if states do not meet the requirements.

Since welfare reform was passed in 1996, states have focused on providing supportive services for families to achieve self-sufficiency rather than cash assistance. Since 1996, caseloads have declined significantly. 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.

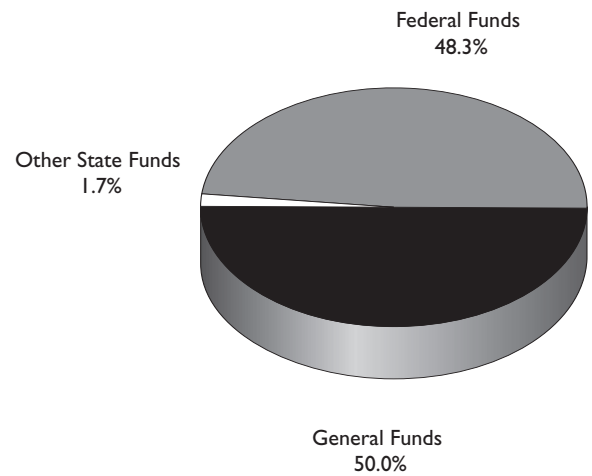
This report has information only on the cash assistance benefit levels within the program which represents approximately 36 percent of total program costs and does not reflect total TANF spending.

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 2005.

**Figure 12**  
**STATE EXPENDITURES FOR TOTAL PUBLIC ASSISTANCE BY FUND SOURCE, FISCAL 2005**



### Regional Expenditures

The following table shows regional percentage changes in expenditures for total cash assistance for fiscal 2004-2005 and 2005-2006 by region.

**Table 16**  
**REGIONAL PERCENTAGE CHANGE IN STATE TOTAL PUBLIC ASSISTANCE EXPENDITURES, FISCAL 2005 AND 2006**

Region	Fiscal 2004 to 2005			Fiscal 2005 to 2006		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
New England	12.5 %	1.6 %	7.8 %	3.9 %	3.8 %	3.9 %
Mid-Atlantic	1.9	2.4	2.2	-3.8	1.5	-0.7
Great Lakes	11.3	16.4	13.5	-2.3	8.9	2.7
Plains	3.8	-6.0	-2.4	-3.1	11.1	5.5
Southeast	-2.4	0.9	-0.4	4.0	7.0	5.9
Southwest	2.5	-1.3	-0.2	-0.7	4.3	2.7
Rocky Mountain	6.4	1.0	2.4	-0.9	-3.0	-2.4
Far West	3.9	-10.3	-1.9	0.7	4.1	2.0
<b>ALL STATES</b>	<b>4.3 %</b>	<b>-2.3 %</b>	<b>1.0 %</b>	<b>0.1 %</b>	<b>4.2 %</b>	<b>2.1 %</b>

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

State and federal funds for TANF cash assistance expenditures totaled \$16.1 billion in fiscal 2005, a decrease of 0.7 percent from 2004 to 2005 (see Table 23). According to the most recent data, cash assistance expenditures from state and federal funds accounted for about 36 percent of total TANF spending in fiscal 2004 while child care accounted for about 18 percent of all funds used that year.

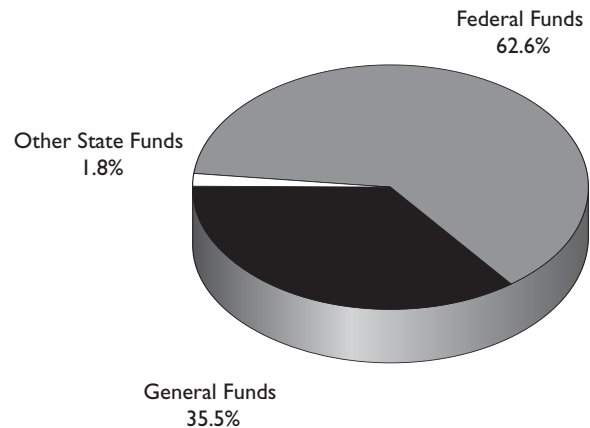
States have provided funding for programs to address childcare services, training and education, transportation needs, transitional rental assistance, substance abuse, job readiness and job retention training, and domestic violence. As cash assistance has declined, these supportive services have gained 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 2005.

**Figure 13**  
**STATE EXPENDITURES FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BY FUND SOURCE, FISCAL 2005**



## Regional Expenditures

The following table shows percentage changes in expenditures for TANF cash assistance for fiscal 2004-2005 and 2005-2006 by region.

**Table 17**  
**REGIONAL PERCENTAGE CHANGE IN STATE TANF EXPENDITURES, FISCAL 2005 AND 2006**

Region	Fiscal 2004 to 2005			Fiscal 2005 to 2006		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
New England	21.0%	1.5%	10.3%	4.6%	2.4%	3.5%
Mid-Atlantic	0.2	0.1	0.1	-10.2	1.4	-2.1
Great Lakes	-5.1	2.2	-1.2	-5.9	4.1	-0.3
Plains	4.4	-5.9	-3.2	-9.0	10.9	5.4
Southeast	-2.8	1.8	0.0	-4.8	5.1	1.5
Southwest	3.1	-1.3	-0.1	-1.9	4.3	2.5
Rocky Mountain	5.4	1.0	2.0	0.0	-3.0	-2.3
Far West	-0.7	-6.2	-4.0	-3.4	2.2	-0.1
<b>ALL STATES</b>	<b>1.5%</b>	<b>-2.0%</b>	<b>-0.7%</b>	<b>-4.0%</b>	<b>3.0%</b>	<b>0.4%</b>

# OTHER CASH ASSISTANCE

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The second component of cash assistance for public welfare 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-six 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 fiscal 2005. States spent \$8.6 billion for other cash assistance, with 77 percent of that amount funded from state general funds. California accounted for over half of the total 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 2004				Actual Fiscal 2005				Estimated Fiscal 2006			
	General Fund	Federal Funds	Other State Funds	Total	General Fund	Federal Funds	Other State Funds	Total	General Fund	Federal Funds	Other State Funds	Total
<b>NEW ENGLAND</b>												
Connecticut*	\$223	\$267	\$0	\$490	\$222	\$267	\$0	\$489	\$230	\$267	\$0	\$497
Maine	34	41	104	179	30	46	86	162	33	51	119	203
Massachusetts	550	316	0	866	716	320	0	1,036	720	330	0	1,050
New Hampshire	41	26	6	73	36	30	7	73	33	37	6	76
Rhode Island	102	160	0	262	101	160	0	261	97	170	0	267
Vermont	30	46	2	78	29	47	2	78	34	48	5	87
<b>MID-ATLANTIC</b>												
Delaware	6	16	1	23	7	16	1	24	8	16	1	25
Maryland	60	378	16	454	49	407	17	473	45	376	16	437
New Jersey	178	187	0	365	218	183	0	401	299	155	0	454
New York	1,467	2,018	0	3,485	1,440	1,998	0	3,438	1,251	2,097	0	3,348
Pennsylvania	483	507	26	1,016	524	577	23	1,124	546	585	27	1,158
<b>GREAT LAKES</b>												
Illinois	86	61	0	147	87	78	0	165	93	75	0	168
Indiana	24	114	0	138	124	192	0	316	121	223	0	344
Michigan	278	186	48	512	282	190	45	517	274	195	59	528
Ohio	155	166	24	345	155	162	24	341	129	207	23	359
Wisconsin	177	90	1	268	165	96	1	262	163	82	1	246
<b>PLAINS</b>												
Iowa	46	40	14	100	45	40	12	97	47	35	11	93
Kansas	38	43	0	81	39	46	0	85	39	50	0	89
Minnesota	109	261	0	370	123	233	0	356	105	279	0	384
Missouri	43	119	20	182	43	117	21	181	43	121	23	187
Nebraska	25	43	0	68	29	36	0	65	31	40	0	71
North Dakota	4	3	7	14	0	6	5	11	2	4	6	12
South Dakota	9	20	0	29	10	19	0	29	10	23	0	33
<b>SOUTHEAST</b>												
Alabama	10	26	10	46	11	30	7	48	9	38	8	55
Arkansas	120	186	8	314	122	194	7	323	141	250	13	404
Florida	197	0	27	224	195	13	0	208	187	32	0	219
Georgia	168	336	0	504	147	402	0	549	135	404	0	539
Kentucky	72	133	0	205	72	114	0	186	72	132	0	204
Louisiana	11	197	1	209	15	128	0	143	10	106	0	116
Mississippi	0	65	0	65	0	50	0	50	0	48	0	48
North Carolina	96	247	96	439	97	339	97	533	97	339	97	533
South Carolina	20	28	19	67	26	28	11	65	71	26	10	107
Tennessee	25	119	6	150	44	101	3	148	37	114	3	154
Virginia	51	120	0	171	61	109	0	170	63	115	0	178
West Virginia	28	107	0	135	27	70	0	97	27	85	0	112
<b>SOUTHWEST</b>												
Arizona	56	121	0	177	68	105	0	173	60	98	0	158
New Mexico	16	60	1	77	16	63	0	79	19	58	2	79
Oklahoma	82	182	0	264	81	172	0	253	81	170	0	251
Texas	251	542	0	793	251	553	0	804	251	605	0	856
<b>ROCKY MOUNTAIN</b>												
Colorado	0	110	26	136	1	102	26	129	1	105	26	132
Idaho	8	7	0	15	8	7	0	15	8	7	0	15
Montana	15	35	0	50	14	34	0	48	14	35	0	49
Utah	30	95	0	125	30	86	0	116	29	73	0	102
Wyoming	30	53	0	83	37	74	0	111	37	74	0	111
<b>FAR WEST</b>												
Alaska	82	20	21	123	75	12	19	106	72	15	19	106
California	5,863	4,008	0	9,871	6,140	3,660	0	9,800	6,145	3,752	0	9,897
Hawaii	37	44	0	81	42	26	0	68	42	50	0	92
Nevada	31	22	0	53	31	19	0	50	32	21	0	53
Oregon	29	104	0	133	9	34	0	43	47	75	4	126
Washington	258	139	0	397	253	138	0	391	252	136	0	388
<b>TOTAL</b>	<b>\$11,754</b>	<b>\$12,214</b>	<b>\$484</b>	<b>\$24,452</b>	<b>\$12,347</b>	<b>\$11,929</b>	<b>\$414</b>	<b>\$24,690</b>	<b>\$12,292</b>	<b>\$12,429</b>	<b>\$479</b>	<b>\$25,200</b>

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

Source: National Association of State Budget Officers, 2005 State Expenditure Report

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

Region/State	Fiscal 2004	Fiscal 2005	Fiscal 2006
<b>NEW ENGLAND</b>			
Connecticut	2.5 %	2.3 %	2.2 %
Maine	2.7	2.4	2.8
Massachusetts	3.5	3.9	3.7
New Hampshire	1.7	1.7	1.7
Rhode Island	4.5	4.3	3.9
Vermont	2.4	2.1	2.0
<b>MID-ATLANTIC</b>			
Delaware	0.5	0.4	0.4
Maryland	1.9	1.9	1.6
New Jersey	1.0	1.0	1.1
New York	3.6	3.4	3.2
Pennsylvania	2.1	2.2	2.1
<b>GREAT LAKES</b>			
Illinois	0.3	0.4	0.4
Indiana	0.5	1.2	1.4
Michigan	1.3	1.3	1.3
Ohio	0.7	0.7	0.6
Wisconsin	0.8	0.8	0.7
<b>PLAINS</b>			
Iowa	0.8	0.8	0.7
Kansas	0.8	0.8	0.8
Minnesota	1.6	1.4	1.5
Missouri	1.0	0.9	0.9
Nebraska	1.0	0.9	0.8
North Dakota	0.5	0.3	0.3
South Dakota	0.9	0.9	1.0
<b>SOUTHEAST</b>			
Alabama	0.3	0.3	0.3
Arkansas	2.3	2.3	2.3
Florida	0.4	0.4	0.3
Georgia	1.7	1.9	1.8
Kentucky	1.1	1.0	0.9
Louisiana	1.4	0.9	0.8
Mississippi	0.6	0.4	0.4
North Carolina	1.4	1.5	1.6
South Carolina	0.4	0.4	0.6
Tennessee	0.7	0.6	0.6
Virginia	0.6	0.5	0.6
West Virginia	0.8	0.5	0.6
<b>SOUTHWEST</b>			
Arizona	0.8	0.8	0.7
New Mexico	0.8	0.8	0.7
Oklahoma	2.0	1.8	1.4
Texas	1.3	1.2	1.2
<b>ROCKY MOUNTAIN</b>			
Colorado	1.0	0.9	0.9
Idaho	0.3	0.3	0.3
Montana	1.3	1.2	1.1
Utah	1.6	1.4	1.1
Wyoming	2.0	2.0	2.0
<b>FAR WEST</b>			
Alaska	1.7	1.2	1.1
California	6.3	6.1	5.4
Hawaii	1.0	0.8	1.0
Nevada	0.8	0.7	0.6
Oregon	0.7	0.2	0.6
Washington	1.5	1.4	1.2
<b>ALL STATES</b>	<b>2.1 %</b>	<b>2.0 %</b>	<b>1.9 %</b>

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

Table 20

## ANNUAL PERCENTAGE CHANGE IN TOTAL PUBLIC ASSISTANCE EXPENDITURES

Region/State	Fiscal 2004 to 2005			Fiscal 2005 to 2006		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
<b>NEW ENGLAND</b>						
Connecticut	-0.4 %	0.0 %	-0.2 %	3.6 %	0.0 %	1.6 %
Maine	-15.9	12.2	-9.5	31.0	10.9	25.3
Massachusetts	30.2	1.3	19.6	0.6	3.1	1.4
New Hampshire	-8.5	15.4	0.0	-9.3	23.3	4.1
Rhode Island	-1.0	0.0	-0.4	-4.0	6.3	2.3
Vermont	-3.1	2.2	0.0	25.8	2.1	11.5
<b>MID-ATLANTIC</b>						
Delaware	14.3	0.0	4.3	12.5	0.0	4.2
Maryland	-13.2	7.7	4.2	-7.6	-7.6	-7.6
New Jersey	22.5	-2.1	9.9	37.2	-15.3	13.2
New York	-1.8	-1.0	-1.3	-13.1	5.0	-2.6
Pennsylvania	7.5	13.8	10.6	4.8	1.4	3.0
<b>GREAT LAKES</b>						
Illinois	1.2	27.9	12.2	6.9	-3.8	1.8
Indiana	416.7	68.4	129.0	-2.4	16.1	8.9
Michigan	0.3	2.2	1.0	1.8	2.6	2.1
Ohio	0.0	-2.4	-1.2	-15.1	27.8	5.3
Wisconsin	-6.7	6.7	-2.2	-1.2	-14.6	-6.1
<b>PLAINS</b>						
Iowa	-5.0	0.0	-3.0	1.8	-12.5	-4.1
Kansas	2.6	7.0	4.9	0.0	8.7	4.7
Minnesota	12.8	-10.7	-3.8	-14.6	19.7	7.9
Missouri	1.6	-1.7	-0.5	3.1	3.4	3.3
Nebraska	16.0	-16.3	-4.4	6.9	11.1	9.2
North Dakota	-54.5	100.0	-21.4	60.0	-33.3	9.1
South Dakota	11.1	-5.0	0.0	0.0	21.1	13.8
<b>SOUTHEAST</b>						
Alabama	-10.0	15.4	4.3	-5.6	26.7	14.6
Arkansas	0.8	4.3	2.9	19.4	28.9	25.1
Florida	-12.9	—	-7.1	-4.1	146.2	5.3
Georgia	-12.5	19.6	8.9	-8.2	0.5	-1.8
Kentucky	0.0	-14.3	-9.3	0.0	15.8	9.7
Louisiana	25.0	-35.0	-31.6	-33.3	-17.2	-18.9
Mississippi	—	-23.1	-23.1	—	-4.0	-4.0
North Carolina	1.0	37.2	21.4	0.0	0.0	0.0
South Carolina	-5.1	0.0	-3.0	118.9	-7.1	64.6
Tennessee	51.6	-15.1	-1.3	-14.9	12.9	4.1
Virginia	19.6	-9.2	-0.6	3.3	5.5	4.7
West Virginia	-3.6	-34.6	-28.1	0.0	21.4	15.5
<b>SOUTHWEST</b>						
Arizona	21.4	-13.2	-2.3	-11.8	-6.7	-8.7
New Mexico	-5.9	5.0	2.6	31.3	-7.9	0.0
Oklahoma	-1.2	-5.5	-4.2	0.0	-1.2	-0.8
Texas	0.0	2.0	1.4	0.0	9.4	6.5
<b>ROCKY MOUNTAIN</b>						
Colorado	3.8	-7.3	-5.1	0.0	2.9	2.3
Idaho	0.0	0.0	0.0	0.0	0.0	0.0
Montana	-6.7	-2.9	-4.0	0.0	2.9	2.1
Utah	0.0	-9.5	-7.2	-3.3	-15.1	-12.1
Wyoming	23.3	39.6	33.7	0.0	0.0	0.0
<b>FAR WEST</b>						
Alaska	-8.7	-40.0	-13.8	-3.2	25.0	0.0
California	4.7	-8.7	-0.7	0.1	2.5	1.0
Hawaii	13.5	-40.9	-16.0	0.0	92.3	35.3
Nevada	0.0	-13.6	-5.7	3.2	10.5	6.0
Oregon	-69.0	-67.3	-67.7	466.7	120.6	193.0
Washington	-1.9	-0.7	-1.5	-0.4	—	-0.8
<b>ALL STATES</b>	<b>4.3 %</b>	<b>-2.3 %</b>	<b>1.0 %</b>	<b>0.1 %</b>	<b>4.2 %</b>	<b>2.1 %</b>

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, 2005 State Expenditure Report

Table 21

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

Region/State	Actual Fiscal 2004				Actual Fiscal 2005				Estimated Fiscal 2006			
	General Fund	Federal Funds	Other State Funds	Total	General Fund	Federal Funds	Other State Funds	Total	General Fund	Federal Funds	Other State Funds	Total
<b>NEW ENGLAND</b>												
Connecticut	\$128	\$267	\$0	\$395	\$128	\$267	\$0	\$395	\$132	\$267	\$0	\$399
Maine	20	40	104	164	19	45	86	150	23	49	119	191
Massachusetts	287	316	0	603	444	320	0	764	443	330	0	773
New Hampshire	34	26	0	60	28	30	0	58	26	37	0	63
Rhode Island	19	60	0	79	15	59	0	74	13	54	0	67
Vermont	16	27	2	45	16	26	2	44	14	28	2	44
<b>MID-ATLANTIC</b>												
Delaware	2	16	1	19	3	16	1	20	3	16	1	20
Maryland	23	90	10	123	15	91	10	116	13	85	10	108
New Jersey	3	131	0	134	3	139	0	142	56	84	0	140
New York	817	2,018	0	2,835	783	1,998	0	2,781	586	2,097	0	2,683
Pennsylvania	223	242	0	465	266	255	0	521	302	253	0	555
<b>GREAT LAKES</b>												
Illinois	49	58	0	107	49	75	0	124	53	72	0	125
Indiana	24	114	0	138	14	102	0	116	15	100	0	115
Michigan	172	172	43	387	176	176	40	392	164	178	50	392
Ohio	134	166	0	300	132	162	0	294	106	207	0	313
Wisconsin	46	33	0	79	33	40	0	73	30	21	0	51
<b>PLAINS</b>												
Iowa	27	40	14	81	27	40	12	79	29	35	11	75
Kansas	30	43	0	73	30	46	0	76	30	50	0	80
Minnesota	54	261	0	315	65	233	0	298	42	279	0	321
Missouri	17	119	0	136	17	117	0	134	17	121	0	138
Nebraska	18	42	0	60	22	36	0	58	24	39	0	63
North Dakota	4	3	7	14	0	6	5	11	2	4	6	12
South Dakota	9	20	0	29	10	19	0	29	10	23	0	33
<b>SOUTHEAST</b>												
Alabama	10	26	10	46	11	30	7	48	9	38	8	55
Arkansas	18	39	1	58	18	47	0	65	13	72	0	85
Florida	197	0	27	224	195	13	0	208	187	32	0	219
Georgia	168	336	0	504	147	402	0	549	135	404	0	539
Kentucky	72	133	0	205	72	114	0	186	72	132	0	204
Louisiana	11	197	1	209	15	128	0	143	10	106	0	116
Mississippi	0	65	0	65	0	50	0	50	0	48	0	48
North Carolina	96	247	96	439	97	339	97	533	97	339	97	533
South Carolina	12	28	0	40	12	28	0	40	11	26	0	37
Tennessee	25	119	6	150	44	101	3	148	37	114	3	154
Virginia	40	71	0	111	50	70	0	120	51	67	0	118
West Virginia	27	107	0	134	26	70	0	96	26	85	0	111
<b>SOUTHWEST</b>												
Arizona	52	120	0	172	64	104	0	168	56	97	0	153
New Mexico	11	60	1	72	11	63	0	74	12	58	0	70
Oklahoma	43	182	0	225	43	172	0	215	43	170	0	213
Texas*	251	542	0	793	251	553	0	804	251	605	0	856
<b>ROCKY MOUNTAIN</b>												
Colorado	0	110	26	136	1	102	26	129	1	105	26	132
Idaho	0	7	0	7	0	7	0	7	0	7	0	7
Montana	15	35	0	50	14	34	0	48	14	35	0	49
Utah	21	95	0	116	19	86	0	105	19	73	0	92
Wyoming	30	53	0	83	37	74	0	111	37	74	0	111
<b>FAR WEST</b>												
Alaska	27	12	2	41	24	11	3	38	18	14	2	34
California	2,064	3,084	0	5,148	2,054	2,964	0	5,018	1,958	2,966	0	4,924
Hawaii	17	44	0	61	25	26	0	51	11	50	0	61
Nevada	25	22	0	47	25	19	0	44	25	21	0	46
Oregon	29	99	0	128	8	31	0	39	47	71	4	122
Washington	147	137	0	284	156	136	0	292	153	134	0	287
<b>TOTAL</b>	<b>\$5,564</b>	<b>\$10,274</b>	<b>\$351</b>	<b>\$16,189</b>	<b>\$5,714</b>	<b>\$10,072</b>	<b>\$292</b>	<b>\$16,078</b>	<b>\$5,426</b>	<b>\$10,372</b>	<b>\$339</b>	<b>\$16,137</b>

Source: National Association of State Budget Officers, 2005 State Expenditure Report

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

Region/State	Fiscal 2004	Fiscal 2005	Fiscal 2006
<b>NEW ENGLAND</b>			
Connecticut	2.0 %	1.9 %	1.8 %
Maine	2.5	2.2	2.7
Massachusetts	2.4	2.9	2.8
New Hampshire	1.4	1.3	1.4
Rhode Island	1.4	1.2	1.0
Vermont	1.4	1.2	1.0
<b>MID-ATLANTIC</b>			
Delaware	0.4	0.3	0.3
Maryland	0.5	0.5	0.4
New Jersey	0.4	0.3	0.3
New York	2.9	2.8	2.6
Pennsylvania	1.0	1.0	1.0
<b>GREAT LAKES</b>			
Illinois	0.2	0.3	0.3
Indiana	0.5	0.5	0.5
Michigan	1.0	1.0	0.9
Ohio	0.6	0.6	0.6
Wisconsin	0.2	0.2	0.2
<b>PLAINS</b>			
Iowa	0.7	0.6	0.6
Kansas	0.7	0.7	0.7
Minnesota	1.3	1.2	1.2
Missouri	0.8	0.7	0.7
Nebraska	0.8	0.8	0.7
North Dakota	0.5	0.3	0.3
South Dakota	0.9	0.9	1.0
<b>SOUTHEAST</b>			
Alabama	0.3	0.3	0.3
Arkansas	0.4	0.5	0.5
Florida	0.4	0.4	0.3
Georgia	1.7	1.9	1.8
Kentucky	1.1	1.0	0.9
Louisiana	1.4	0.9	0.8
Mississippi	0.6	0.4	0.4
North Carolina	1.4	1.5	1.6
South Carolina	0.2	0.2	0.2
Tennessee	0.7	0.6	0.6
Virginia	0.4	0.4	0.4
West Virginia	0.8	0.5	0.6
<b>SOUTHWEST</b>			
Arizona	0.8	0.7	0.6
New Mexico	0.7	0.7	0.6
Oklahoma	1.7	1.5	1.2
Texas	1.3	1.2	1.2
<b>ROCKY MOUNTAIN</b>			
Colorado	1.0	0.9	0.9
Idaho	0.2	0.1	0.1
Montana	1.3	1.2	1.1
Utah	1.5	1.2	1.0
Wyoming	2.0	2.0	2.0
<b>FAR WEST</b>			
Alaska	0.6	0.4	0.3
California	3.3	3.1	2.7
Hawaii	0.8	0.6	0.6
Nevada	0.7	0.6	0.5
Oregon	0.7	0.2	0.6
Washington	1.1	1.1	0.9
<b>ALL STATES</b>	<b>1.4 %</b>	<b>1.3 %</b>	<b>1.2 %</b>

Source: National Association of State Budget Officers,  
2005 State Expenditure Report

Table 23

## ANNUAL PERCENTAGE CHANGE IN TANF CASH ASSISTANCE EXPENDITURES

Region/State	Fiscal 2004 to 2005			Fiscal 2005 to 2006		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
<b>NEW ENGLAND</b>						
Connecticut	0.0 %	0.0 %	0.0 %	3.1 %	0.0 %	1.0 %
Maine	-15.3	12.5	-8.5	35.2	8.9	27.3
Massachusetts	54.7	1.3	26.7	-0.2	3.1	1.2
New Hampshire	-17.6	15.4	-3.3	-7.1	23.3	8.6
Rhode Island	-21.1	-1.7	-6.3	-13.3	-8.5	-9.5
Vermont	0.0	-3.7	-2.2	-11.1	7.7	0.0
<b>MID-ATLANTIC</b>						
Delaware	33.3	0.0	5.3	0.0	0.0	0.0
Maryland	-24.2	1.1	-5.7	-8.0	-6.6	-6.9
New Jersey	0.0	6.1	6.0	1,766.7	-39.6	-1.4
New York	-4.2	-1.0	-1.9	-25.2	5.0	-3.5
Pennsylvania	19.3	5.4	12.0	13.5	-0.8	6.5
<b>GREAT LAKES</b>						
Illinois	0.0	29.3	15.9	8.2	-4.0	0.8
Indiana	-41.7	-10.5	-15.9	7.1	-2.0	-0.9
Michigan	0.5	2.3	1.3	-0.9	1.1	0.0
Ohio	-1.5	-2.4	-2.0	-19.7	27.8	6.5
Wisconsin	-28.3	21.2	-7.6	-9.1	-47.5	-30.1
<b>PLAINS</b>						
Iowa	-4.9	0.0	-2.5	2.6	-12.5	-5.1
Kansas	0.0	7.0	4.1	0.0	8.7	5.3
Minnesota	20.4	-10.7	-5.4	-35.4	19.7	7.7
Missouri	0.0	-1.7	-1.5	0.0	3.4	3.0
Nebraska	22.2	-14.3	-3.3	9.1	8.3	8.6
North Dakota	-54.5	100.0	-21.4	60.0	-33.3	9.1
South Dakota	11.1	-5.0	0.0	0.0	21.1	13.8
<b>SOUTHEAST</b>						
Alabama	-10.0	15.4	4.3	-5.6	26.7	14.6
Arkansas	-5.3	20.5	12.1	-27.8	53.2	30.8
Florida	-12.9	—	-7.1	-4.1	146.2	5.3
Georgia	-12.5	19.6	8.9	-8.2	0.5	-1.8
Kentucky	0.0	-14.3	-9.3	0.0	15.8	9.7
Louisiana	25.0	-35.0	-31.6	-33.3	-17.2	-18.9
Mississippi	—	-23.1	-23.1	—	-4.0	-4.0
North Carolina	1.0	37.2	21.4	0.0	0.0	0.0
South Carolina	0.0	0.0	0.0	-8.3	-7.1	-7.5
Tennessee	51.6	-15.1	-1.3	-14.9	12.9	4.1
Virginia	25.0	-1.4	8.1	2.0	-4.3	-1.7
West Virginia	-3.7	-34.6	-28.4	0.0	21.4	15.6
<b>SOUTHWEST</b>						
Arizona	23.1	-13.3	-2.3	-12.5	-6.7	-8.9
New Mexico	-8.3	5.0	2.8	9.1	-7.9	-5.4
Oklahoma	0.0	-5.5	-4.4	0.0	-1.2	-0.9
Texas	0.0	2.0	1.4	0.0	9.4	6.5
<b>ROCKY MOUNTAIN</b>						
Colorado	3.8	-7.3	-5.1	0.0	2.9	2.3
Idaho	—	0.0	0.0	—	0.0	0.0
Montana	-6.7	-2.9	-4.0	0.0	2.9	2.1
Utah	-9.5	-9.5	-9.5	0.0	-15.1	-12.4
Wyoming	23.3	39.6	33.7	0.0	0.0	0.0
<b>FAR WEST</b>						
Alaska	-6.9	-8.3	-7.3	-25.9	27.3	-10.5
California	-0.5	-3.9	-2.5	-4.7	0.1	-1.9
Hawaii	47.1	-40.9	-16.4	-56.0	92.3	19.6
Nevada	0.0	-13.6	-6.4	0.0	10.5	4.5
Oregon	-72.4	-68.7	-69.5	537.5	129.0	212.8
Washington	6.1	-0.7	2.8	-1.9	-1.5	-1.7
<b>ALL STATES</b>	<b>1.5 %</b>	<b>-2.0 %</b>	<b>-0.7 %</b>	<b>-4.0 %</b>	<b>3.0 %</b>	<b>0.4 %</b>

Note: State funds are defined as general funds and other state funds (bonds are excluded).  
Source: National Association of State Budget Officers, 2005 State Expenditure Report

Table 24

## OTHER CASH ASSISTANCE EXPENDITURES (\$ IN MILLIONS)

Region/State	Actual Fiscal 2004				Actual Fiscal 2005				Estimated Fiscal 2006			
	General Fund	Federal Funds	Other State Funds	Total	General Fund	Federal Funds	Other State Funds	Total	General Fund	Federal Funds	Other State Funds	Total
<b>NEW ENGLAND</b>												
Connecticut*	\$95	\$0	\$0	\$95	\$94	\$0	\$0	\$94	\$98	\$0	\$0	\$98
Maine	14	1	0	15	11	1	0	12	10	2	0	12
Massachusetts	263	0	0	263	272	0	0	272	277	0	0	277
New Hampshire	7	0	6	13	8	0	7	15	7	0	6	13
Rhode Island	83	100	0	183	86	101	0	187	84	115	0	199
Vermont	14	19	0	33	13	21	0	34	20	20	3	43
<b>MID-ATLANTIC</b>												
Delaware	4	0	0	4	4	0	0	4	5	0	0	5
Maryland	37	288	6	331	34	316	7	357	32	291	6	329
New Jersey	175	56	0	231	215	44	0	259	243	71	0	314
New York	650	0	0	650	657	0	0	657	665	0	0	665
Pennsylvania	260	265	26	551	258	322	23	603	244	332	27	603
<b>GREAT LAKES</b>												
Illinois	37	3	0	40	38	3	0	41	40	3	0	43
Indiana	0	0	0	0	111	91	0	202	106	124	0	230
Michigan*	106	14	5	125	106	14	5	125	110	17	9	136
Ohio	21	0	24	45	23	0	24	47	23	0	23	46
Wisconsin	131	57	1	189	132	56	1	189	133	62	1	196
<b>PLAINS</b>												
Iowa	19	0	0	19	18	0	0	18	18	0	0	18
Kansas	8	0	0	8	9	0	0	9	9	0	0	9
Minnesota	55	0	0	55	58	0	0	58	63	0	0	63
Missouri	26	0	20	46	26	0	21	47	26	0	23	49
Nebraska	7	1	0	8	7	1	0	8	8	1	0	9
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
<b>SOUTHEAST</b>												
Alabama	0	0	0	0	0	0	0	0	0	0	0	0
Arkansas	102	148	7	257	104	146	7	257	129	178	13	320
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	8	0	19	27	14	0	11	25	60	0	10	70
Tennessee	0	0	0	0	0	0	0	0	0	0	0	0
Virginia	10	50	0	60	11	39	0	50	12	47	0	59
West Virginia	1	0	0	1	1	0	0	1	1	0	0	1
<b>SOUTHWEST</b>												
Arizona	4	1	0	5	4	1	0	5	4	1	0	5
New Mexico	5	0	0	5	5	0	0	5	7	0	2	9
Oklahoma	39	0	0	39	38	0	0	38	38	0	0	38
Texas	0	0	0	0	0	0	0	0	0	0	0	0
<b>ROCKY MOUNTAIN</b>												
Colorado	0	0	0	0	0	0	0	0	0	0	0	0
Idaho	8	0	0	8	8	0	0	8	8	0	0	8
Montana	0	0	0	0	0	0	0	0	0	0	0	0
Utah	9	0	0	9	11	0	0	11	10	0	0	10
Wyoming	0	0	0	0	0	0	0	0	0	0	0	0
<b>FAR WEST</b>												
Alaska	55	8	19	82	51	1	16	68	54	1	17	72
California	3,799	924	0	4,723	4,086	696	0	4,782	4,187	786	0	4,973
Hawaii	20	0	0	20	17	0	0	17	31	0	0	31
Nevada	6	0	0	6	6	0	0	6	7	0	0	7
Oregon	0	5	0	5	1	3	0	4	0	4	0	4
Washington	111	2	0	113	97	2	0	99	99	2	0	101
<b>TOTAL</b>	<b>\$6,189</b>	<b>\$1,942</b>	<b>\$133</b>	<b>\$8,264</b>	<b>\$6,634</b>	<b>\$1,858</b>	<b>\$122</b>	<b>\$8,614</b>	<b>\$6,868</b>	<b>\$2,057</b>	<b>\$140</b>	<b>\$9,065</b>

Source: National Association of State Budget Officers, 2005 State Expenditure Report

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

Region/State	Fiscal 2004	Fiscal 2005	Fiscal 2006
<b>NEW ENGLAND</b>			
Connecticut	0.5 %	0.4 %	0.4 %
Maine	0.2	0.2	0.2
Massachusetts	1.1	1.0	1.0
New Hampshire	0.3	0.3	0.3
Rhode Island	3.1	3.1	2.9
Vermont	1.0	0.9	1.0
<b>MID-ATLANTIC</b>			
Delaware	0.1	0.1	0.1
Maryland	1.4	1.4	1.2
New Jersey	0.6	0.6	0.7
New York	0.7	0.7	0.6
Pennsylvania	1.1	1.2	1.1
<b>GREAT LAKES</b>			
Illinois	0.1	0.1	0.1
Indiana	0.0	0.8	0.9
Michigan	0.3	0.3	0.3
Ohio	0.1	0.1	0.1
Wisconsin	0.6	0.6	0.6
<b>PLAINS</b>			
Iowa	0.2	0.1	0.1
Kansas	0.1	0.1	0.1
Minnesota	0.2	0.2	0.2
Missouri	0.3	0.2	0.2
Nebraska	0.1	0.1	0.1
North Dakota	0.0	0.0	0.0
South Dakota	0.0	0.0	0.0
<b>SOUTHEAST</b>			
Alabama	0.0	0.0	0.0
Arkansas	1.9	1.8	1.8
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	0.2	0.1	0.4
Tennessee	0.0	0.0	0.0
Virginia	0.2	0.2	0.2
West Virginia	0.0	0.0	0.0
<b>SOUTHWEST</b>			
Arizona	0.0	0.0	0.0
New Mexico	0.1	0.0	0.1
Oklahoma	0.3	0.3	0.2
Texas	0.0	0.0	0.0
<b>ROCKY MOUNTAIN</b>			
Colorado	0.0	0.0	0.0
Idaho	0.2	0.2	0.1
Montana	0.0	0.0	0.0
Utah	0.1	0.1	0.1
Wyoming	0.0	0.0	0.0
<b>FAR WEST</b>			
Alaska	1.1	0.8	0.7
California	3.0	3.0	2.7
Hawaii	0.3	0.2	0.3
Nevada	0.1	0.1	0.1
Oregon	0.0	0.0	0.0
Washington	0.4	0.4	0.3
<b>ALL STATES</b>	<b>0.7 %</b>	<b>0.7 %</b>	<b>0.7 %</b>

Source: National Association of State Budget Officers, 2005 State Expenditure Report



Table 26

## ANNUAL PERCENTAGE CHANGE IN OTHER CASH ASSISTANCE EXPENDITURES

Region/State	Fiscal 2004 to 2005			Fiscal 2005 to 2006		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
<b>NEW ENGLAND</b>						
Connecticut	-1.1 %	— %	-1.1 %	4.3 %	— %	4.3 %
Maine	-21.4	0.0	-20.0	-9.1	100.0	0.0
Massachusetts	3.4	—	3.4	1.8	—	1.8
New Hampshire	15.4	—	15.4	-13.3	—	-13.3
Rhode Island	3.6	1.0	2.2	-2.3	13.9	6.4
Vermont	-7.1	10.5	3.0	76.9	-4.8	26.5
<b>MID-ATLANTIC</b>						
Delaware	0.0	—	0.0	25.0	—	25.0
Maryland	-4.7	9.7	7.9	-7.3	-7.9	-7.8
New Jersey	22.9	-21.4	12.1	13.0	61.4	21.2
New York	1.1	—	1.1	1.2	—	1.2
Pennsylvania	-1.7	21.5	9.4	-3.6	3.1	0.0
<b>GREAT LAKES</b>						
Illinois	2.7	0.0	2.5	5.3	0.0	4.9
Indiana	—	—	—	-4.5	36.3	13.9
Michigan	0.0	0.0	0.0	7.2	21.4	8.8
Ohio	4.4	—	4.4	-2.1	—	-2.1
Wisconsin	0.8	-1.8	0.0	0.8	10.7	3.7
<b>PLAINS</b>						
Iowa	-5.3	—	-5.3	0.0	—	0.0
Kansas	12.5	—	12.5	0.0	—	0.0
Minnesota	5.5	—	5.5	8.6	—	8.6
Missouri	2.2	—	2.2	4.3	—	4.3
Nebraska	0.0	0.0	0.0	14.3	0.0	12.5
North Dakota	—	—	—	—	—	—
South Dakota	—	—	—	—	—	—
<b>SOUTHEAST</b>						
Alabama	—	—	—	—	—	—
Arkansas	1.8	-1.4	0.0	27.9	21.9	24.5
Florida	—	—	—	—	—	—
Georgia	—	—	—	—	—	—
Kentucky	—	—	—	—	—	—
Louisiana	—	—	—	—	—	—
Mississippi	—	—	—	—	—	—
North Carolina	—	—	—	—	—	—
South Carolina	-7.4	—	-7.4	180.0	—	180.0
Tennessee	—	—	—	—	—	—
Virginia	10.0	-22.0	-16.7	9.1	20.5	18.0
West Virginia	0.0	—	0.0	0.0	0.0	0.0
<b>SOUTHWEST</b>						
Arizona	0.0	0.0	0.0	0.0	0.0	0.0
New Mexico	0.0	—	0.0	80.0	—	80.0
Oklahoma	-2.6	—	-2.6	0.0	—	0.0
Texas	—	—	—	—	—	—
<b>ROCKY MOUNTAIN</b>						
Colorado	—	—	—	—	—	—
Idaho	0.0	—	0.0	0.0	—	0.0
Montana	—	—	—	—	—	—
Utah	22.2	—	22.2	-9.1	—	-9.1
Wyoming	—	—	—	—	—	—
<b>FAR WEST</b>						
Alaska	-9.5	-87.5	-17.1	6.0	0.0	5.9
California	7.6	-24.7	1.2	2.5	12.9	4.0
Hawaii	-15.0	—	-15.0	82.4	—	82.4
Nevada	0.0	—	0.0	16.7	—	16.7
Oregon	—	-40.0	-20.0	-100.0	33.3	0.0
Washington	-12.6	0.0	-12.4	2.1	0.0	2.0
<b>ALL STATES</b>	<b>6.9 %</b>	<b>-4.3 %</b>	<b>4.2 %</b>	<b>3.7 %</b>	<b>10.7 %</b>	<b>5.2 %</b>

Note: State funds are defined as general funds and other state funds (bonds are excluded).  
Source: National Association of State Budget Officers, 2005 State Expenditure Report

## **Public Assistance Notes**

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*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:** Figures excludes medical assistance under the State Administered General Assistance Program. Amounts for that purpose were \$123 million in fiscal 2004, \$122 million in fiscal 2005, and \$134 million in fiscal 2006.

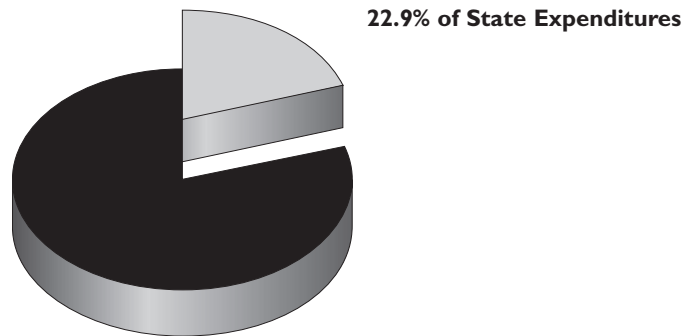
**Michigan:** Other Cash Assistance figures do not include expenditures for day care, a large part of Michigan's public assistance program. Day care expenditures totaled \$490.0 million in fiscal 2004; \$478.0 million in fiscal 2005; and are estimated at \$465.0 million in fiscal 2006.

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

# CHAPTER FOUR

## MEDICAID EXPENDITURES

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Total Medicaid spending in fiscal 2005 excluding administrative costs was \$283.0 billion, representing an 8.3 percent increase over fiscal 2004. Medicaid accounted for 22.9 percent of total state spending in fiscal 2005 and is the single largest portion of total state spending.

Medicaid is a means-tested entitlement program financed by the states and the federal government that provides comprehensive and long-term medical care for more than 59 million low-income individuals.

Although approximately 25 percent of all Medicaid beneficiaries are elderly and disabled and 75 percent are children and non-disabled adults, the costs are not similarly distributed. Approximately 70 percent of Medicaid costs are for the elderly and the disabled and 30 percent are for children and non-disabled adults according to the Kaiser Commission on Medicaid and the Uninsured.

Figures 14 and 15 provide actual and projected Medicaid costs for total spending and for state spending from 1970 to 2005. In addition to Medicaid, state spending on other health services accounts for another 9 percent of total state spending based on data from NASBO's 2002-2003 State Health Expenditure Report.

**Medicaid growth rates.** With its dominance in state spending, Medicaid continues to be a major budget issue for states. The percentage increases in Medicaid for state and federal funds differ significantly for fiscal 2005 due to the impact of the state fiscal relief in the Jobs and Growth Tax Relief Reconciliation Act of 2003 which temporarily increased the Federal Medical Assistance Percentage (FMAP) by 2.95 percent from April 2003 through June 2004.

Medicaid spending is estimated to increase by 5.0 percent in fiscal 2006, with state funds increasing by 7.7 percent and federal funds increasing by 2.9 percent. State funds are estimated to increase more than the federal share in fiscal 2006 for the majority of states. Some of the reasons for the higher growth rates of state funds versus federal funds are attributable to factors such as a change in the amount of federal funds individual states will receive as part of the FMAP formula in current law and phasing out of special financing.

A significant factor affecting Medicaid growth rates and historical comparisons is the change in the financing of prescription drug benefits for the dual eligibles, those who are eligible for both Medicaid and Medicare. Beginning in January 2006, the prescription drug costs for the dual eligibles are no longer part of the Medicaid program. Instead these costs are now part of Medicare Part D. States finance these benefits by providing a payment to the federal Medicare trust fund, known as the clawback. The amount that will be paid by states to the federal government represents about 5 percent of state Medicaid expenditures. At the federal level, lower Medicaid spending will be offset by an increase in Medicare spending on prescription

drugs for the dual eligibles. Other costs for the dual eligibles, such as for long-term care, remain within the Medicaid program.

States have been aggressive over the past five years in pursuing cost containment measures. According to the Kaiser Commission on Medicaid and the Uninsured, every state instituted cost containment measures during this period with the majority centered on freezing or reducing provider payments and managing prescription drug costs. Long range projections for national health spending are approximately 7.2 percent, according to the Centers for Medicaid and Medicaid Services and will continue to rise as a percentage of the nation's gross domestic product.

**Medicaid Shortfalls.** States have experienced Medicaid expenditures exceeding the amount that had been originally budgeted for the program. Eighteen states experienced Medicaid shortfalls in fiscal 2005 and 16 states anticipated shortfalls in fiscal 2006. The shortfalls as a percentage of the total Medicaid program in fiscal 2005 ranged from 1.7 percent to 17.2 percent of the program costs, averaging 5.4 percent. The combined amount of the shortfalls in fiscal 2005 and fiscal 2006 totals over \$5.2 billion. While the number of states with shortfalls has decreased since the peak of thirty-one states in fiscal 2001, there still remains about one quarter to one-third of states with Medicaid shortfalls. States have taken a variety of measures to cover the shortfalls including supplemental funding, transferring resources from other parts of the state budget, as well as implementing additional cost containment measures (See National Association of State Budget Officers June 2006 Fiscal Survey of the States, Table 6).

**Medicaid Enrollment.** Enrollment increased by 4.0 percent in fiscal 2005 and is estimated to increase by 3.1 percent in fiscal 2006, according to the Kaiser Commission on Medicaid and the Uninsured. These enrollment increases have slowed from the height of the recession when enrollment increased by 9.9 percent in fiscal 2002. The average cost per recipient varies greatly in Medicaid with the elderly and the disabled costing about six times the amount per recipient as children and adults.

**Federal Budget and Medicaid.** The Deficit Reduction Act (DRA) enacted in February 2006 affected entitlement programs, including Medicaid. Through the DRA, states have been provided new flexibilities to tailor benefits for certain populations and to enforce cost sharing within limits. Another major provision of the DRA affects asset transfer rules for long-term care programs. Savings to the Medicaid program from all of the changes in the DRA are estimated at \$4.8 billion over 5 years by the U.S. Congressional Budget Office.

**Medicare Prescription Drug Benefit.** The enactment of the prescription drug benefit under the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA) has a significant effect on the Medicaid program. Since the program went into effect in January 2006, states are assessing the fiscal impact on overall state budgets. The most significant fiscal impact centers on the phased down state contribution or “clawback”. These are the payments made by states to the federal Medicare trust fund to finance prescription drug benefits for the dual eligibles.

Under the clawback, states pay 90 percent of the baseline costs in 2006, declining to 75 percent in 2015 and thereafter. The baseline for the clawback payments is based on per beneficiary cost of coverage for Medicare covered drugs in 2003. The cost is multiplied by the number of dual eligibles in the state to create a baseline that is inflated each year by national health inflators for prescription drug costs.

Other aspects of the MMA will result in savings for most states such as the savings for states that had offered state funded pharmacy assistance programs and the provision in the MMA that provides employers, including states, a subsidy for providing retirees prescription drug coverage that at least equals the new Medicare Part D benefit.

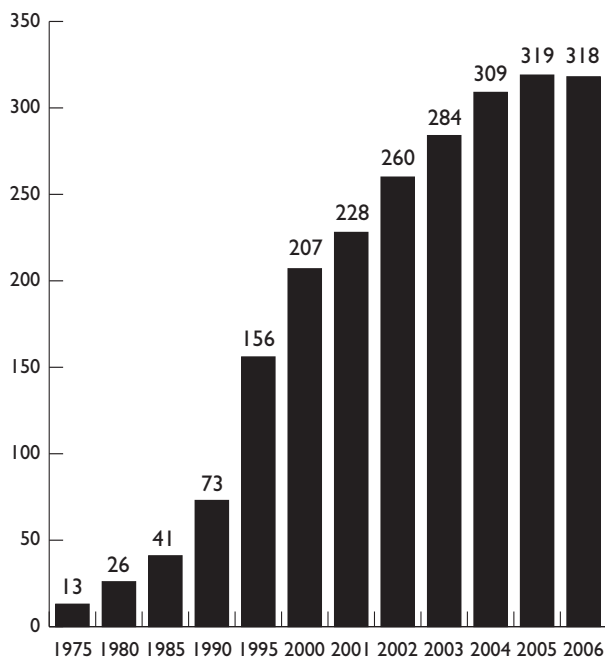
**Significant Health Issues.** States face a number of challenges in funding health care both within the Medicaid program and

throughout state government. States are concerned about a range of issues in providing health care. Among the issues of the greatest concern for states include health care cost increases and greater utilization of services, rising state employee health insurance costs, the number of uninsured, the aging population and the impact on long-term care financing, and changes at the federal level affecting Medicaid. Even with more moderate growth rates in health care spending from the height of the recent downturn, projections over the next decade remain at an average annual rate of growth of 8 percent according to the most recent estimates by the Congressional Budget Office. With Medicaid comprising approximately 23 percent of state budgets, these long-term growth rates, along with growth in overall state health care costs generally, will continue to strain state budgets.

Figure 14, based on projections by the Congressional Budget Office (CBO) in August 2006, assumes a 57 percent federal share of total Medicaid costs. Figures for 1990 and prior years are from the Federal Funds Information for States Issue Brief 94-14, Recent Trends in Medicaid Spending.

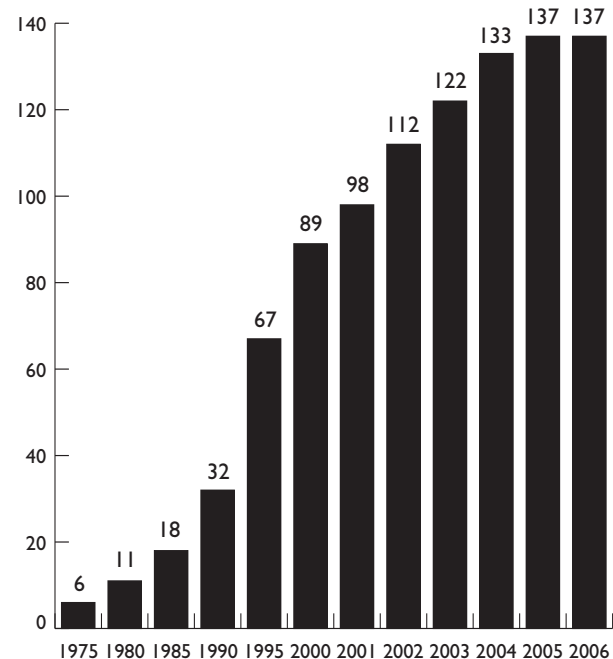
Figure 15, also based on projections by the CBO in August 2006, assumes a 57 percent federal share of total Medicaid costs. Figures for 1990 and prior years are from the Federal Funds Information for States Issue Brief 94-14, Recent Trends in Medicaid Spending.

**Figure 14**  
**ACTUAL AND PROJECTED TOTAL MEDICAID SPENDING, 1975 TO 2006 (IN BILLIONS)**



Source: Congressional Budget Office and Federal Funds Information for States

**Figure 15**  
**ACTUAL AND PROJECTED STATE MEDICAID SPENDING, 1975 TO 2006 (IN BILLIONS)**



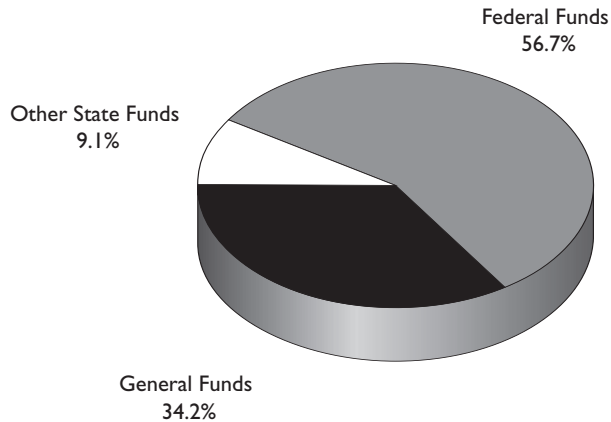
Source: Congressional Budget Office and Federal Funds Information for States

## Fund Shares

The figure below provides fund shares for 2005.

**Figure 16**

### STATE EXPENDITURES FOR MEDICAID BY FUND SOURCE, FISCAL 2005



## Regional Expenditures

The following table shows percentage changes in expenditures for Medicaid for fiscal 2004-2005 and 2005-2006 by region. For 2005, the Far West and Southwest regions are well above the national average while New England and the Great Lakes region are 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 2005 AND 2006

Region	Fiscal 2004 to 2005			Fiscal 2005 to 2006		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
New England	7.9 %	1.1 %	5.0 %	10.4 %	10.2 %	10.3 %
Mid-Atlantic	10.1	4.6	6.7	16.2	-0.6	6.1
Great Lakes	7.3	3.1	5.5	4.7	1.9	3.5
Plains	18.8	4.0	9.5	3.0	1.8	2.3
Southeast	18.4	4.2	8.8	4.0	4.0	4.0
Southwest	21.4	5.0	10.4	-0.5	3.0	1.7
Rocky Mountain	16.6	2.4	7.6	8.7	6.5	7.4
Far West	16.7	8.5	12.3	9.7	5.0	7.3
<b>ALL STATES</b>	<b>13.5 %</b>	<b>4.7 %</b>	<b>8.3 %</b>	<b>7.7 %</b>	<b>2.9 %</b>	<b>5.0 %</b>

Table 28

## MEDICAID EXPENDITURES (\$ IN MILLIONS)

Region/State	Actual Fiscal 2004				Actual Fiscal 2005				Estimated Fiscal 2006			
	General Fund	Federal Funds	Other State Funds	Total	General Fund	Federal Funds	Other State Funds	Total	General Fund	Federal Funds	Other State Funds	Total
<b>NEW ENGLAND</b>												
Connecticut*	\$2,849	\$0	\$692	\$3,541	\$2,995	\$0	\$721	\$3,716	\$3,290	\$0	\$760	\$4,050
Maine	529	1,454	64	2,047	609	1,383	107	2,099	703	1,633	145	2,481
Massachusetts	2,908	2,908	0	5,816	2,999	2,999	0	5,998	3,449	3,449	0	6,898
New Hampshire	374	599	168	1,141	438	612	169	1,219	396	553	153	1,102
Rhode Island	607	902	0	1,509	746	916	0	1,662	798	922	0	1,720
Vermont	138	499	117	754	152	519	178	849	184	529	187	900
<b>MID-ATLANTIC</b>												
Delaware	372	427	0	799	450	467	0	917	472	490	0	962
Maryland*	2,097	2,579	174	4,850	2,442	2,606	119	5,167	2,597	2,811	165	5,573
New Jersey	3,556	4,023	50	7,629	3,722	3,796	50	7,568	4,416	4,477	50	8,943
New York*	6,061	18,729	2,772	27,562	6,953	19,778	2,624	29,355	8,291	18,687	3,231	30,209
Pennsylvania	5,054	8,441	1,553	15,048	5,450	9,120	2,068	16,638	6,007	9,087	2,528	17,622
<b>GREAT LAKES</b>												
Illinois	3,277	5,539	1,684	10,500	3,588	5,886	2,360	11,834	3,997	6,028	2,467	12,492
Indiana	1,485	2,808	10	4,303	1,667	2,833	10	4,510	1,680	2,899	14	4,593
Michigan*	1,960	4,803	1,492	8,255	1,892	4,944	1,851	8,687	2,234	4,854	1,478	8,566
Ohio*	9,858	1,702	934	12,494	9,731	1,792	1,041	12,564	9,991	1,987	1,461	13,439
Wisconsin	733	2,684	840	4,257	1,656	2,618	110	4,384	1,335	2,646	370	4,351
<b>PLAINS</b>												
Iowa	353	1,538	342	2,233	438	1,521	375	2,334	591	1,761	378	2,730
Kansas	549	1,103	80	1,732	767	1,294	101	2,162	812	1,368	85	2,265
Minnesota	2,283	2,831	0	5,114	2,533	2,779	0	5,312	2,703	2,845	0	5,548
Missouri*	1,097	3,691	957	5,745	1,352	4,029	1,180	6,561	1,232	3,712	1,066	6,010
Nebraska	457	895	25	1,377	539	874	18	1,431	611	968	20	1,599
North Dakota	136	356	0	492	162	351	0	513	174	355	0	529
South Dakota	175	423	0	598	204	424	0	628	224	471	0	695
<b>SOUTHEAST</b>												
Alabama*	326	2,731	716	3,773	443	2,871	748	4,062	515	2,905	767	4,187
Arkansas	459	2,101	150	2,710	540	2,236	231	3,007	553	2,466	321	3,340
Florida*	3,686	8,180	1,214	13,080	4,297	8,266	1,327	13,890	4,569	8,608	1,529	14,706
Georgia	1,806	3,635	607	6,048	1,938	3,846	686	6,470	2,112	4,194	620	6,926
Kentucky	740	3,003	377	4,120	836	2,969	444	4,249	973	3,091	403	4,467
Louisiana	723	3,614	541	4,878	723	3,816	527	5,066	791	3,710	265	4,766
Mississippi	223	2,618	353	3,194	205	2,644	788	3,637	292	2,797	533	3,622
North Carolina	1,983	5,163	235	7,381	2,351	5,608	530	8,489	2,510	5,897	628	9,035
South Carolina	496	2,903	602	4,001	659	3,024	635	4,318	679	3,154	636	4,469
Tennessee*	2,108	4,857	666	7,631	2,539	5,196	835	8,570	2,649	5,024	626	8,299
Virginia	1,812	1,977	37	3,826	2,147	2,091	71	4,309	2,085	2,377	311	4,773
West Virginia	228	1,554	211	1,993	295	1,561	232	2,088	349	1,662	273	2,284
<b>SOUTHWEST</b>												
Arizona	674	2,781	359	3,814	914	3,142	387	4,443	1,050	3,302	0	4,352
New Mexico	404	1,856	96	2,356	469	1,798	134	2,401	547	1,829	151	2,527
Oklahoma	596	1,852	125	2,573	674	1,869	192	2,735	796	2,099	290	3,185
Texas*	5,912	10,065	0	15,977	7,147	10,566	0	17,713	7,034	10,668	0	17,702
<b>ROCKY MOUNTAIN</b>												
Colorado	1,095	1,270	41	2,406	1,193	1,225	90	2,508	1,247	1,321	129	2,697
Idaho	225	650	77	952	287	685	81	1,053	317	729	88	1,134
Montana	127	493	20	640	155	501	27	683	165	516	39	720
Utah	192	915	163	1,270	252	964	177	1,393	300	1,059	191	1,550
Wyoming	122	245	0	367	142	285	0	427	136	273	0	409
<b>FAR WEST</b>												
Alaska	230	669	83	982	276	688	63	1,027	280	710	80	1,070
California	11,009	15,459	3,018	29,486	12,269	16,576	4,062	32,907	14,769	17,654	3,513	35,936
Hawaii	322	530	8	860	361	548	3	912	401	583	10	994
Nevada	429	626	109	1,164	344	683	116	1,143	393	708	114	1,215
Oregon	731	1,731	262	2,724	806	1,967	419	3,192	896	1,942	307	3,145
Washington	2,420	2,750	0	5,170	3,003	3,158	0	6,161	3,072	3,198	0	6,270
<b>ALL STATES</b>	<b>\$85,986</b>	<b>\$153,162</b>	<b>\$22,024</b>	<b>\$261,172</b>	<b>\$96,750</b>	<b>\$160,324</b>	<b>\$25,887</b>	<b>\$282,961</b>	<b>\$105,667</b>	<b>\$165,008</b>	<b>\$26,382</b>	<b>\$297,057</b>

Source: National Association of State Budget Officers, 2005 State Expenditure Report

**Table 29**  
**MEDICAID EXPENDITURES AS A PERCENT OF**  
**TOTAL EXPENDITURES**

Region/State	Fiscal 2004	Fiscal 2005	Fiscal 2006
<b>NEW ENGLAND</b>			
Connecticut	18.2 %	17.6 %	18.1 %
Maine	31.3	31.1	34.7
Massachusetts	23.4	22.8	24.5
New Hampshire	26.4	27.6	24.3
Rhode Island	25.8	27.5	25.3
Vermont	23.5	23.1	21.0
<b>MID-ATLANTIC</b>			
Delaware	16.8	14.8	15.1
Maryland	20.8	20.9	20.5
New Jersey	20.5	18.2	21.0
New York	28.3	29.2	29.0
Pennsylvania	31.3	32.4	32.1
<b>GREAT LAKES</b>			
Illinois	20.9	28.3	26.8
Indiana	16.6	17.7	18.1
Michigan	20.8	21.4	20.5
Ohio	25.9	24.8	24.3
Wisconsin	12.9	13.8	13.0
<b>PLAINS</b>			
Iowa	18.8	18.9	20.5
Kansas	17.0	20.4	19.2
Minnesota	21.8	21.6	21.0
Missouri	32.0	34.3	30.2
Nebraska	19.4	19.2	17.5
North Dakota	16.8	16.1	14.1
South Dakota	19.1	18.5	21.0
<b>SOUTHEAST</b>			
Alabama	23.5	23.3	21.3
Arkansas	19.8	21.0	18.7
Florida	25.2	23.8	22.5
Georgia	21.0	22.2	23.4
Kentucky	21.7	22.0	20.2
Louisiana	33.0	33.3	31.6
Mississippi	28.2	30.4	28.8
North Carolina	23.7	23.9	26.7
South Carolina	24.3	24.0	24.9
Tennessee	35.2	35.7	32.4
Virginia	13.6	13.6	15.0
West Virginia	12.0	11.8	11.6
<b>SOUTHWEST</b>			
Arizona	17.6	19.5	18.4
New Mexico	23.6	23.0	22.0
Oklahoma	19.7	19.5	18.3
Texas	26.3	27.3	25.2
<b>ROCKY MOUNTAIN</b>			
Colorado	17.6	17.6	17.6
Idaho	20.8	21.9	20.7
Montana	16.8	17.3	15.4
Utah	16.1	16.4	17.1
Wyoming	8.8	7.7	7.4
<b>FAR WEST</b>			
Alaska	13.4	11.8	10.8
California	18.8	20.6	19.5
Hawaii	10.9	10.4	10.4
Nevada	18.0	16.2	14.5
Oregon	14.1	16.1	15.5
Washington	19.9	22.4	19.3
<b>ALL STATES</b>	<b>22.1 %</b>	<b>22.9 %</b>	<b>22.2 %</b>

Source: National Association of State Budget Officers,  
2005 State Expenditure Report



**Table 30**  
**ANNUAL PERCENTAGE CHANGE IN MEDICAID EXPENDITURES**

Region/State	Fiscal 2004 to 2005			Fiscal 2005 to 2006		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
<b>NEW ENGLAND</b>						
Connecticut	4.9 %	— %	4.9 %	9.0 %	— %	9.0 %
Maine	20.7	-4.9	2.5	18.4	18.1	18.2
Massachusetts	3.1	3.1	3.1	15.0	15.0	15.0
New Hampshire	12.0	2.2	6.8	-9.6	-9.6	-9.6
Rhode Island	22.9	1.6	10.1	7.0	0.7	3.5
Vermont	29.4	4.0	12.6	12.4	1.9	6.0
<b>MID-ATLANTIC</b>						
Delaware	21.0	9.4	14.8	4.9	4.9	4.9
Maryland	12.8	1.0	6.5	7.8	7.9	7.9
New Jersey	4.6	-5.6	-0.8	18.4	17.9	18.2
New York	8.4	5.6	6.5	20.3	-5.5	2.9
Pennsylvania	13.8	8.0	10.6	13.5	-0.4	5.9
<b>GREAT LAKES</b>						
Illinois	19.9	6.3	12.7	8.7	2.4	5.6
Indiana	12.2	0.9	4.8	1.0	2.3	1.8
Michigan	8.4	2.9	5.2	-0.8	-1.8	-1.4
Ohio	-0.2	5.3	0.6	6.3	10.9	7.0
Wisconsin	12.3	-2.5	3.0	-3.5	1.1	-0.8
<b>PLAINS</b>						
Iowa	17.0	-1.1	4.5	19.2	15.8	17.0
Kansas	38.0	17.3	24.8	3.3	5.7	4.8
Minnesota	11.0	-1.8	3.9	6.7	2.4	4.4
Missouri	23.3	9.2	14.2	-9.2	-7.9	-8.4
Nebraska	15.6	-2.3	3.9	13.3	10.8	11.7
North Dakota	19.1	-1.4	4.3	7.4	1.1	3.1
South Dakota	16.6	0.2	5.0	9.8	11.1	10.7
<b>SOUTHEAST</b>						
Alabama	14.3	5.1	7.7	7.6	1.2	3.1
Arkansas	26.6	6.4	11.0	13.4	10.3	11.1
Florida	14.8	1.1	6.2	8.4	4.1	5.9
Georgia	8.7	5.8	7.0	4.1	9.0	7.0
Kentucky	14.6	-1.1	3.1	7.5	4.1	5.1
Louisiana	-1.1	5.6	3.9	-15.5	-2.8	-5.9
Mississippi	72.4	1.0	13.9	-16.9	5.8	-0.4
North Carolina	29.9	8.6	15.0	8.9	5.2	6.4
South Carolina	17.9	4.2	7.9	1.6	4.3	3.5
Tennessee	21.6	7.0	12.3	-2.9	-3.3	-3.2
Virginia	20.0	5.8	12.6	8.0	13.7	10.8
West Virginia	20.0	0.5	4.8	18.0	6.5	9.4
<b>SOUTHWEST</b>						
Arizona	25.9	13.0	16.5	-19.3	5.1	-2.0
New Mexico	20.6	-3.1	1.9	15.8	1.7	5.2
Oklahoma	20.1	0.9	6.3	25.4	12.3	16.5
Texas	20.9	5.0	10.9	-1.6	1.0	-0.1
<b>ROCKY MOUNTAIN</b>						
Colorado	12.9	-3.5	4.2	7.2	7.8	7.5
Idaho	21.9	5.4	10.6	10.1	6.4	7.7
Montana	23.8	1.6	6.7	12.1	3.0	5.4
Utah	20.8	5.4	9.7	14.5	9.9	11.3
Wyoming	16.4	16.3	16.3	-4.2	-4.2	-4.
<b>FAR WEST</b>						
Alaska	8.3	2.8	4.6	6.2	3.2	4.2
California	16.4	7.2	11.6	11.9	6.5	9.
Hawaii	10.3	3.4	6.0	12.9	6.4	9.
Nevada	-14.5	9.1	-1.8	10.2	3.7	6.
Oregon	23.4	13.6	17.2	-1.8	-1.3	-1.5
Washington	24.1	14.8	19.2	2.3	1.3	1.8
<b>ALL STATES</b>	<b>13.5 %</b>	<b>4.7 %</b>	<b>8.3 %</b>	<b>7.7 %</b>	<b>2.9 %</b>	<b>5.0 %</b>

Note: State funds are defined as general funds and other state funds (bonds are excluded).  
Source: National Association of State Budget Officers, 2005 State Expenditure Report

## Medicaid Notes

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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 (PL 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.

**Alabama:** Fiscal 2004 through fiscal 2006 Other State Funds include provider taxes in the amount of \$42 million, \$54 million, and \$59 million, respectively.

**Colorado:** Expenditures include Medical Services Premiums, Medicaid Mental Health Community Programs, DHS Child Welfare, Mental Health, Developmental Disability, Alcohol and Drug Abuse Services, and Youth Corrections.

In 2004, Other State Funds include \$28 million in local funds used to draw a federal match through UPL financing. The remainder is a cash funds exempt transfer from funds that are appropriated elsewhere in the budget. This is essentially a double count. For example, General Funds and Federal Funds for anti-psychotic pharmaceutical is appropriated in Medical Services Premiums but recounted as CFE in Mental Health for tracking purposes. In 2005, \$31 million is local funds, the remainder is CFE transfer. In 2006, \$67 million is local funds, the remainder is CFE transfer.

There were also one-time data issues. Enhanced FMAP of 52.95% applied in fiscal 2003-04. This resulted in a decrease of \$70 million

General Funds and an equal increase to Federal Funds. \$48 million of fiscal 2002-2003 expenses were booked in fiscal 2003-04 to avoid an over-expenditure. As a result, fiscal 2003-04 reported figures are overstated by \$24 million in General Funds and Federal Funds.

**Connecticut:** Medicaid Appropriation is "gross funded"—Federal Funds are deposited directly to the State Treasury. The state's FMAP is currently at 50 percent of Medicaid benefit costs.

**Florida:** For fiscal 2003-04, Other State Funds include provider assessments of \$300 million, cigarette taxes of \$110 million, tobacco settlement funds of \$72 million, state drug rebates of \$238 million, other non-general funds transferred as matching funds of \$25 million, state fraud recoupments of \$18 million, and local county funds of \$451 million. For fiscal 2004-05, Other State Funds include provider assessments of \$299 million, cigarette taxes of \$109 million, tobacco settlement funds of \$82 million, state drug rebates of \$273 million, other non-general funds transferred as matching of \$30 million, state fraud recoupments of \$32 million, and local county funds of \$502 million. For fiscal 2005-06, Other State Funds include provider assessments of \$370 million, cigarette taxes of \$136 million, tobacco settlement funds of \$83 million, state drug rebates of \$310 million, other non-general funds transferred as matching of \$39 million, state fraud recoupments of \$18 million, and local county funds of \$572 million.

**Maryland:** 2004 Medicaid totals include \$108.3 million in tobacco settlement funds and \$65.9 million in local funds. 2005 Medicaid totals include \$52.5 million in tobacco settlement funds, \$3.5 million in funds from a provider tax on HMOs/MCOs, and \$62.5 million in local funds. 2006 Medicaid totals include \$66.8 million in tobacco settlement funds, \$28.4 million in funds from a provider tax on HMOs/MCOs, and \$69.3 million in local funds. All Medicaid totals are recorded on a cash basis, not an accrual basis.

**Michigan:** Other State Funds include local funds of \$671.3 million, and provider taxes of \$324.2 million for fiscal 2004; local funds of \$432.3 million and provider taxes of \$510.3 million for fiscal 2005; and local funds of \$120.8 million and provider taxes of \$627.3 million for fiscal 2006. Public health and community and institutional care for mentally and developmentally disabled persons are partially reported in the 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 \$415 million for fiscal 2004, \$418 million for fiscal 2005, and \$404 million for fiscal 2006.

**New York:** Medicaid spending does not include administrative costs or local government shares.

**Ohio:** Federal funds deposited to the state General Fund and shown as General Fund expenditures for Medicaid amount to \$5,275.5 million in fiscal 2004 and \$5,593.7 million in fiscal 2005. See General Notes for Ohio on this issue.

Local dollars may be 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 in fiscal 2004 and 2005. Figures for fiscal 2004 and 2005 do not include Federal Fiscal Relief, Title IVE, or Foodstamp EBT contract.

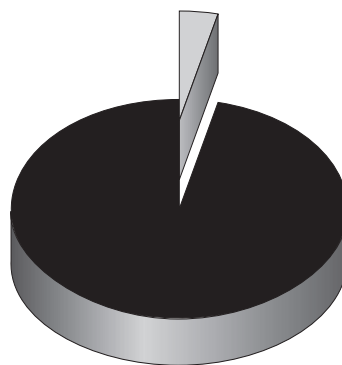
**Tennessee:** Regarding premium revenue: fiscal 2004 totals \$65 million, fiscal 2005 totals \$58 million, and fiscal 2006 totals \$60 million. Regarding Certified Public Expenditures—Local fund from Hospitals: fiscal 2004 totals \$236 million, fiscal 2005 totals \$204 million, and fiscal 2006 totals \$197 million. Regarding Nursing Home Tax: fiscal 2004 totals \$85 million, fiscal 2005 totals \$85 million, and fiscal 2006 totals \$85 million. Regarding the ICF/MR 6 percent Gross Receipts Tax: fiscal 2004 totals \$15 million, fiscal 2005 totals \$15 million, and fiscal 2006 totals \$15 million. Regarding Intergovernmental Transfers: fiscal 2004 totals \$52 million, fiscal 2005 totals \$0 million, and fiscal 2006 totals \$0 million.

**Texas:** Medicaid expenditures are reported from the Medicaid History Report (11/2004), which does not distinguish other funds from state funds.

# CHAPTER FIVE

## CORRECTIONS EXPENDITURES

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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. State spending for corrections totaled \$42.9 billion in fiscal 2005, a 5.1 percent increase compared to the previous year. The largest increase in corrections spending was in 1990, when it grew by nearly 19 percent. Since then, growth in state corrections expenditures has averaged about 7 percent.

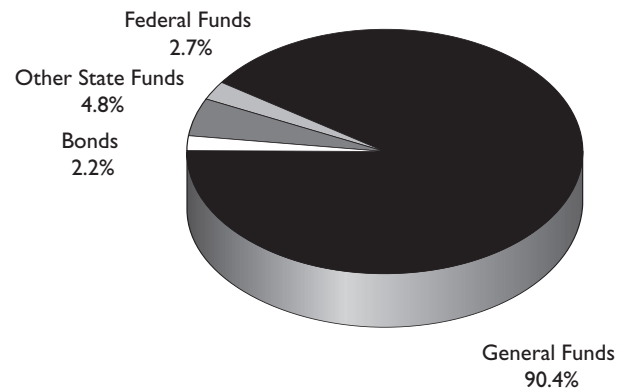
In fiscal 2005, corrections spending represented 3.5 percent of total state spending and 7.2 percent of general fund spending. General fund dollars are used primarily to fund state corrections spending and account for nearly \$38.7 billion or 90.4 percent of all fiscal 2005 state corrections spending. State funds (general funds and other state funds combined, but excluding bonds) accounted for slightly more than 95 percent of total state corrections spending in fiscal 2005. Federal funds accounted for 2.7 percent. In fiscal 2005,

federal funds decreased by 49.9 percent and are expected to decrease by 4.0 percent in fiscal 2006. Total state corrections spending is estimated to be \$45.7 billion in fiscal 2006, 3.4 percent of total state spending, and an estimated increase of 6.5 percent over the fiscal 2005 level.

According to the Bureau of Justice Statistics, admissions to state prisons continue to outpace the number of prisoners released. Between June 2004 and June 2005, the state prison population rose by 15,858 or 1.2 percent. This is slightly lower than the 2003-2004 population increase of 1.3 percent. Montana, South Dakota, Minnesota, and Kentucky experienced the largest prison population increases, while twelve states experienced decreases in their state prison populations.

Data on capital expenditures for corrections are displayed in Chapter Eight (Table 49).

**Figure 17**  
**STATE EXPENDITURES FOR CORRECTIONS BY FUND SOURCE, FISCAL 2005**



## Regional Expenditures

Table 31 shows changes in corrections expenditures by region between fiscal 2004 and fiscal 2005, and between fiscal 2005 and estimated fiscal 2006. Fiscal 2005 corrections spending in the Far West region increased by 9.0 percent, well above the national average. Although corrections expenditures didn't decrease in any of the states, the Plains region experienced only a .7 percent growth.

## Corrections Expenditures Exclusions

Some states exclude certain items when reporting correction expenditures. Twenty-two states wholly or partially excluded juvenile delinquency counseling from their corrections figures and fifteen states wholly or partially excluded spending on juvenile institutions. Seventeen states wholly or partially excluded spending on drug abuse rehabilitation centers and thirty-eight wholly or partially excluded spending for institutions for the criminally insane. Twenty-one states wholly excluded aid to local governments for jails. For details, see Table 36.

**Table 31**  
**REGIONAL PERCENTAGE CHANGE IN STATE CORRECTIONS EXPENDITURES,**  
**FISCAL 2005 AND 2006**

Region	Fiscal 2004 to 2005			Fiscal 2005 to 2006		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
New England	5.8%	-63.9%	2.6%	5.0%	100.0%	8.1%
Mid-Atlantic	6.8	-3.2	4.6	2.5	-28.6	2.0
Great Lakes	4.0	-12.8	3.0	1.7	21.3	4.0
Plains	2.7	-42.4	0.7	9.1	24.5	10.7
Southeast	4.2	-41.8	5.2	6.1	26.6	6.6
Southwest	4.3	40.9	5.0	5.4	-13.7	4.5
Rocky Mountain	5.2	-5.0	5.0	8.3	0.0	8.3
Far West	24.2	-80.4	9.0	11.8	-14.0	11.9
<b>ALL STATES</b>	<b>8.2%</b>	<b>-49.9%</b>	<b>5.1%</b>	<b>6.0%</b>	<b>-4.0%</b>	<b>6.5%</b>

Table 32

## CORRECTIONS EXPENDITURES—CAPITAL INCLUSIVE (\$ IN MILLIONS)

Region/State	Actual Fiscal 2004					Actual Fiscal 2005					Estimated Fiscal 2006				
	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
<b>NEW ENGLAND</b>															
Connecticut	\$587	\$3	\$2	\$2	\$594	\$599	\$3	\$2	\$5	\$609	\$607	\$3	\$5	\$8	\$623
Maine	118	3	2	0	123	128	4	3	0	135	132	7	3	0	142
Massachusetts	967	16	0	49	1,032	994	0	0	36	1,030	1,036	0	0	61	1,097
New Hampshire	76	0	3	0	79	76	0	5	0	81	88	0	3	0	91
Rhode Island	281	35	14	10	340	294	31	14	28	367	322	66	22	39	449
Vermont	41	51	5	0	97	96	1	6	0	103	103	2	6	0	111
<b>MID-ATLANTIC</b>															
Delaware	190	1	3	0	194	202	1	3	0	206	209	1	3	0	213
Maryland	861	25	53	88	1,027	923	26	67	53	1,069	942	27	107	23	1,099
New Jersey	1,189	38	90	0	1,317	1,337	20	96	0	1,453	1,421	19	100	0	1,540
New York	2,262	285	30	185	2,762	2,396	306	34	180	2,916	2,394	151	39	250	2,834
Pennsylvania	1,505	62	60	123	1,750	1,537	45	72	79	1,733	1,552	86	67	134	1,839
<b>GREAT LAKES</b>															
Illinois	1,183	0	73	45	1,301	1,198	0	87	24	1,309	1,170	0	74	71	1,315
Indiana	679	1	63	0	743	663	1	67	0	731	613	0	54	0	667
Michigan*	1,749	122	74	2	1,947	1,890	103	78	4	2,075	1,956	107	94	2	2,159
Ohio*	1,622	32	152	62	1,868	1,671	30	153	46	1,900	1,720	56	188	140	2,104
Wisconsin	855	1	130	0	986	905	2	129	0	1,036	956	2	133	0	1,091
<b>PLAINS</b>															
Iowa	266	2	31	5	304	274	1	37	9	321	294	2	56	22	374
Kansas	267	9	39	6	321	276	8	33	15	332	301	18	36	12	367
Minnesota*	383	15	15	14	427	377	6	17	9	409	407	7	17	12	443
Missouri*	492	35	32	3	562	508	5	31	0	544	528	11	43	0	582
Nebraska	140	10	26	0	176	149	8	26	0	183	162	5	37	0	204
North Dakota	39	7	4	0	50	45	6	3	0	54	50	5	8	2	65
South Dakota	61	14	6	0	81	67	19	6	0	92	71	18	7	12	108
<b>SOUTHEAST</b>															
Alabama	350	4	63	0	417	378	2	73	0	453	407	3	89	0	499
Arkansas	208	2	35	0	245	216	1	34	0	251	253	1	45	0	299
Florida	1,792	78	37	0	1,907	1,961	36	26	0	2,023	2,042	31	39	0	2,112
Georgia	1,239	25	10	19	1,293	1,243	13	1	35	1,292	1,260	44	22	35	1,361
Kentucky	387	16	79	0	482	407	15	48	0	470	431	17	46	0	494
Louisiana	617	12	47	7	683	644	2	52	5	703	652	5	83	5	745
Mississippi	214	34	41	0	289	228	0	49	0	277	209	0	75	0	284
North Carolina	1,078	3	52	0	1,133	995	3	46	98	1,142	1,030	0	92	0	1,122
South Carolina	368	15	89	7	479	364	10	103	6	483	387	20	98	0	505
Tennessee	479	4	22	0	505	519	10	28	31	588	566	16	34	73	689
Virginia	942	46	34	19	1,041	1,078	47	27	76	1,228	1,166	38	19	173	1,396
West Virginia	127	0	17	25	169	150	0	9	21	180	154	1	10	16	181
<b>SOUTHWEST</b>															
Arizona	710	12	96	0	818	752	54	117	0	923	800	34	96	1	931
New Mexico	201	2	19	0	222	205	3	20	0	228	232	4	26	2	264
Oklahoma	367	1	34	0	402	389	1	22	0	412	445	2	48	0	495
Texas	3,191	78	145	31	3,445	3,321	73	141	35	3,570	3,412	73	176	14	3,675
<b>ROCKY MOUNTAIN</b>															
Colorado	471	4	64	0	539	498	2	58	0	558	536	2	57	2	597
Idaho	139	8	27	3	177	147	8	27	3	185	163	9	36	3	211
Montana	105	2	7	0	114	111	3	8	0	122	120	2	9	0	131
Utah*	248	3	32	0	283	261	3	29	0	293	291	3	30	0	324
Wyoming	77	3	5	0	85	91	3	6	0	100	91	3	6	0	100
<b>FAR WEST</b>															
Alaska	186	6	25	0	217	194	6	23	2	225	210	8	25	0	243
California	4,917	1,079	2	9	6,007	6,431	117	2	3	6,553	7,134	166	2	3	7,305
Hawaii	156	2	9	2	169	165	2	10	5	182	179	1	11	3	194
Nevada	172	2	34	61	269	185	2	37	49	273	203	2	41	20	266
Oregon	505	58	19	0	582	496	83	65	0	644	641	13	94	0	748
Washington	685	17	26	27	755	721	18	39	66	844	778	6	38	181	1,003
<b>TOTAL</b>	<b>\$35,744</b>	<b>\$2,283</b>	<b>\$1,977</b>	<b>\$804</b>	<b>\$40,808</b>	<b>\$38,755</b>	<b>\$1,143</b>	<b>\$2,069</b>	<b>\$923</b>	<b>\$42,890</b>	<b>\$40,826</b>	<b>\$1,097</b>	<b>\$2,449</b>	<b>\$1,319</b>	<b>\$45,691</b>

Source: National Association of State Budget Officers, 2005 State Expenditure Report

**Table 33**  
**CORRECTIONS EXPENDITURES AS A PERCENT OF**  
**TOTAL EXPENDITURES**

Region/State	Fiscal 2004	Fiscal 2005	Fiscal 2006
<b>NEW ENGLAND</b>			
Connecticut	3.1 %	2.9 %	2.8 %
Maine	1.9	2.0	2.0
Massachusetts	4.2	3.9	3.9
New Hampshire	1.8	1.8	2.0
Rhode Island	5.8	6.1	6.6
Vermont	3.0	2.8	2.6
<b>MID-ATLANTIC</b>			
Delaware	4.1	3.3	3.4
Maryland	4.4	4.3	4.0
New Jersey	3.5	3.5	3.6
New York	2.8	2.9	2.7
Pennsylvania	3.6	3.4	3.3
<b>GREAT LAKES</b>			
Illinois	2.6	3.1	2.8
Indiana	2.9	2.9	2.6
Michigan	4.9	5.1	5.2
Ohio	3.9	3.8	3.8
Wisconsin	3.0	3.3	3.3
<b>PLAINS</b>			
Iowa	2.6	2.6	2.8
Kansas	3.1	3.1	3.1
Minnesota	1.8	1.7	1.7
Missouri	3.1	2.8	2.9
Nebraska	2.5	2.4	2.2
North Dakota	1.7	1.7	1.7
South Dakota	2.6	2.7	3.3
<b>SOUTHEAST</b>			
Alabama	2.6	2.6	2.5
Arkansas	1.8	1.8	1.7
Florida	3.7	3.5	3.2
Georgia	4.5	4.4	4.6
Kentucky	2.5	2.4	2.2
Louisiana	4.6	4.6	4.9
Mississippi	2.6	2.3	2.3
North Carolina	3.6	3.2	3.3
South Carolina	2.9	2.7	2.8
Tennessee	2.3	2.4	2.7
Virginia	3.7	3.9	4.4
West Virginia	1.0	1.0	0.9
<b>SOUTHWEST</b>			
Arizona	3.8	4.0	3.9
New Mexico	2.2	2.2	2.3
Oklahoma	3.1	2.9	2.8
Texas	5.7	5.5	5.2
<b>ROCKY MOUNTAIN</b>			
Colorado	4.0	3.9	3.9
Idaho	3.9	3.9	3.8
Montana	3.0	3.1	2.8
Utah	3.6	3.4	3.6
Wyoming	2.0	1.8	1.8
<b>FAR WEST</b>			
Alaska	3.0	2.6	2.5
California	3.8	4.1	4.0
Hawaii	2.1	2.1	2.0
Nevada	4.2	3.9	3.2
Oregon	3.0	3.3	3.7
Washington	2.9	3.1	3.1
<b>ALL STATES</b>	<b>3.5 %</b>	<b>3.5 %</b>	<b>3.4 %</b>

Source: National Association of State Budget Officers,  
2005 State Expenditure Report



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

Region/State	Fiscal 2004	Fiscal 2005	Fiscal 2006
<b>NEW ENGLAND</b>			
Connecticut	4.7 %	4.3 %	4.1 %
Maine	4.6	4.7	4.6
Massachusetts	5.3	4.9	4.8
New Hampshire	5.8	5.4	6.5
Rhode Island	10.3	10.0	10.3
Vermont	7.3	14.3	9.2
<b>MID-ATLANTIC</b>			
Delaware	7.7	5.5	5.1
Maryland	8.4	8.2	7.6
New Jersey	4.9	4.8	5.2
New York	5.4	5.5	5.1
Pennsylvania	6.9	6.7	6.3
<b>GREAT LAKES</b>			
Illinois	6.8	6.7	6.0
Indiana	6.0	5.7	5.1
Michigan	20.1	21.5	21.8
Ohio	6.8	6.7	6.8
Wisconsin	8.0	7.6	7.7
<b>PLAINS</b>			
Iowa	6.5	6.6	6.5
Kansas	6.2	5.9	5.8
Minnesota	2.7	2.5	2.5
Missouri	7.4	7.1	7.3
Nebraska	5.4	5.5	5.3
North Dakota	4.4	5.0	5.1
South Dakota	7.0	6.8	6.5
<b>SOUTHEAST</b>			
Alabama	6.3	6.3	5.9
Arkansas	5.9	6.0	6.6
Florida	8.5	8.1	7.7
Georgia	8.2	8.1	7.5
Kentucky	5.4	5.4	5.2
Louisiana	12.0	12.0	11.9
Mississippi	6.8	6.8	5.8
North Carolina	7.3	6.0	6.0
South Carolina	7.6	7.0	6.9
Tennessee	5.7	5.5	5.5
Virginia	8.4	8.7	8.6
West Virginia	4.2	4.4	4.5
<b>SOUTHWEST</b>			
Arizona	9.4	10.0	9.6
New Mexico	4.9	4.7	4.9
Oklahoma	8.9	9.0	9.2
Texas	11.0	11.1	10.5
<b>ROCKY MOUNTAIN</b>			
Colorado	8.4	8.6	8.5
Idaho	7.0	7.0	7.3
Montana	8.3	8.3	7.6
Utah	6.9	6.6	6.9
Wyoming	5.7	5.1	5.1
<b>FAR WEST</b>			
Alaska	8.2	7.9	7.0
California	6.3	8.1	7.9
Hawaii	4.1	3.9	3.8
Nevada	8.2	8.0	7.5
Oregon	9.1	11.0	10.5
Washington	6.0	5.9	5.7
<b>ALL STATES</b>	<b>7.0 %</b>	<b>7.2 %</b>	<b>7.0 %</b>

Source: National Association of State Budget Officers,  
2005 State Expenditure Report

Table 35

## ANNUAL PERCENTAGE CHANGE IN CORRECTIONS EXPENDITURES

Region/State	Fiscal 2004 to 2005			Fiscal 2005 to 2006		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
<b>NEW ENGLAND</b>						
Connecticut	2.0 %	0.0 %	2.5 %	1.8 %	0.0 %	2.3 %
Maine	9.2	33.3	9.8	3.1	75.0	5.2
Massachusetts	2.8	-100.0	-0.2	4.2	—	6.5
New Hampshire	2.5	—	2.5	12.3	—	12.3
Rhode Island	4.4	-11.4	7.9	11.7	112.9	22.3
Vermont	121.7	-98.0	6.2	6.9	100.0	7.8
<b>MID-ATLANTIC</b>						
Delaware	6.2	0.0	6.2	3.4	0.0	3.4
Maryland	8.3	4.0	4.1	6.0	3.8	2.8
New Jersey	12.0	-47.4	10.3	6.1	-5.0	6.0
New York	6.0	7.4	5.6	0.1	-50.7	-2.8
Pennsylvania	2.8	-27.4	-1.0	0.6	91.1	6.1
<b>GREAT LAKES</b>						
Illinois	2.3	—	0.6	-3.2	—	0.5
Indiana	-1.6	0.0	-1.6	-8.6	-100.0	-8.8
Michigan	8.0	-15.6	6.6	4.2	3.9	4.0
Ohio	2.8	-6.3	1.7	4.6	86.7	10.7
Wisconsin	5.0	100.0	5.1	5.3	0.0	5.3
<b>PLAINS</b>						
Iowa	4.7	-50.0	5.6	12.5	100.0	16.5
Kansas	1.0	-11.1	3.4	9.1	125.0	10.5
Minnesota	-1.0	-60.0	-4.2	7.6	16.7	8.3
Missouri	2.9	-85.7	-3.2	5.9	120.0	7.0
Nebraska	5.4	-20.0	4.0	13.7	-37.5	11.5
North Dakota	11.6	-14.3	8.0	20.8	-16.7	20.4
South Dakota	9.0	35.7	13.6	6.8	-5.3	17.4
<b>SOUTHEAST</b>						
Alabama	9.2	-50.0	8.6	10.0	50.0	10.2
Arkansas	2.9	-50.0	2.4	19.2	0.0	19.1
Florida	8.6	-53.8	6.1	4.7	-13.9	4.4
Georgia	-0.4	-48.0	-0.1	3.1	238.5	5.3
Kentucky	-2.4	-6.3	-2.5	4.8	13.3	5.1
Louisiana	4.8	-83.3	2.9	5.6	150.0	6.0
Mississippi	8.6	-100.0	-4.2	2.5	—	2.5
North Carolina	-7.9	0.0	0.8	7.8	-100.0	-1.8
South Carolina	2.2	-33.3	0.8	3.9	100.0	4.6
Tennessee	9.2	150.0	16.4	9.7	60.0	17.2
Virginia	13.2	2.2	18.0	7.2	-19.1	13.7
West Virginia	10.4	—	6.5	3.1	—	0.6
<b>SOUTHWEST</b>						
Arizona	7.8	350.0	12.8	3.1	-37.0	0.9
New Mexico	2.3	50.0	2.7	14.7	33.3	15.8
Oklahoma	2.5	0.0	2.5	20.0	100.0	20.1
Texas	3.8	-6.4	3.6	3.6	0.0	2.9
<b>ROCKY MOUNTAIN</b>						
Colorado	3.9	-50.0	3.5	6.7	0.0	7.0
Idaho	4.8	0.0	4.5	14.4	12.5	14.1
Montana	6.3	50.0	7.0	8.4	-33.3	7.4
Utah	3.6	0.0	3.5	10.7	0.0	10.6
Wyoming	18.3	0.0	17.6	0.0	0.0	0.0
<b>FAR WEST</b>						
Alaska	2.8	0.0	3.7	8.3	33.3	8.0
California	30.8	-89.2	9.1	10.9	41.9	11.5
Hawaii	6.1	0.0	7.7	8.6	-50.0	6.6
Nevada	7.8	0.0	1.5	9.9	0.0	-2.6
Oregon	7.1	43.1	10.7	31.0	-84.3	16.1
Washington	6.9	5.9	11.8	7.4	-66.7	18.8
<b>ALL STATES</b>	<b>8.2 %</b>	<b>-49.9 %</b>	<b>5.1 %</b>	<b>6.0 %</b>	<b>-4.0 %</b>	<b>6.5 %</b>

Note: State funds are defined as general funds and other state funds (bonds are excluded).  
Source: National Association of State Budget Officers, 2005 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
<b>NEW ENGLAND</b>							
Connecticut	X	X	X		X		X
Maine							X
Massachusetts						X	X
New Hampshire			X	X	X		
Rhode Island			X	X	X		X
Vermont			X	X	X		X
<b>MID-ATLANTIC</b>							
Delaware			X	X	X		X
Maryland					X	X	X
New Jersey							X
New York	P	P	P	X	X		X
Pennsylvania							
<b>GREAT LAKES</b>							
Illinois			P				X
Indiana					X	P	X
Michigan			P			X	X
Ohio						P	P
Wisconsin							
<b>PLAINS</b>							
Iowa							
Kansas							
Minnesota			P		X	P	X
Missouri	X	X	X	X	X	P	X
Nebraska						P	X
North Dakota						X	X
South Dakota					X		X
<b>SOUTHEAST</b>							
Alabama					X	P	X
Arkansas			X	X			X
Florida			X	X	X	P	X
Georgia							
Kentucky							
Louisiana							X
Mississippi			X	X			X
North Carolina					X		
South Carolina					X	X	X
Tennessee			X	X			P
Virginia							
West Virginia					N/A		N/A
<b>SOUTHWEST</b>							
Arizona							P
New Mexico			X	X			X
Oklahoma			X	X	X	X	N/A
Texas							
<b>ROCKY MOUNTAIN</b>							
Colorado			X	X	X		X
Idaho							X
Montana						X	
Utah			X			X	X
Wyoming			X				X
<b>FAR WEST</b>							
Alaska			P			P	
California							X
Hawaii	P	P	X	X	X		X
Nevada			X	X	X		X
Oregon							P
Washington					X	X	X
<b>ALL STATES</b>	<b>4</b>	<b>4</b>	<b>22</b>	<b>15</b>	<b>21</b>	<b>17</b>	<b>38</b>

Excluded=X Partially Excluded=P Not Applicable=N/A  
 Source: National Association of State Budget Officers, 2005 State Expenditure Report

## **Corrections Notes**

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*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:** Figures include adult inmate and juvenile justice expenditures.

**Minnesota:** Institutions for the Criminally Insane is partially funded in Health and Human Services.

**Missouri:** In fiscal 2006 funds for community-based drug abuse rehabilitation programs for offenders on probation or parole were

transferred to the Department of Mental Health. Funds for institution-based drug abuse rehabilitation programs remain in the Department of Corrections.

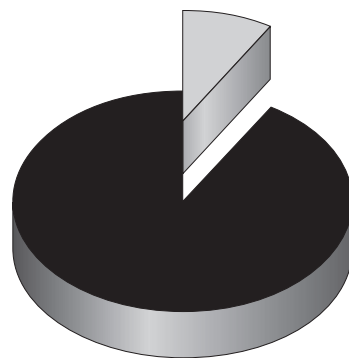
**Ohio:** See General Notes for Ohio for discussion of double counting issues that affect percentage of total expenditure amounts.

**Utah:** Expenditure amounts for Corrections do not include any amounts for Prison Industries. In Utah, Prison Industries is operated as an enterprise fund and does not receive support from state appropriations. The Prison Industry Program has been self-sufficient for the last 10 to 15 years.

# CHAPTER SIX

# TRANSPORTATION

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8.6% of State Expenditures



Transportation expenditures totaled \$105.8 billion in fiscal 2005, 8.6 percent of total state spending and an increase of 7.3 percent over the previous year. Since 1988, total state transportation expenditures have increased each year by an average of 5.5 percent. State-sourced funds for transportation (general funds and other state funds, excluding bonds) increased by 5.9 percent between fiscal 2004 and fiscal 2005, while federal funds increased by 11.6 percent.

During the state fiscal downturn that began in 2000, states reduced spending for transportation projects. As budgets have recovered, states have begun to restore transportation funding, in response both to pent-up demand from years of fiscal crisis in which spending was cut, and the need for new transportation priorities. In fiscal 2006, total state transportation spending is estimated to grow by 9.5 percent.

Approximately 59.5 percent of transportation expenditures are funded from earmarked revenues placed in special transportation trust funds, captured in the "Other State Funds" category in this report. The major earmarked revenue source is the gasoline excise tax. Some states also apply a sales tax to the purchase of gasoline.

While motor fuels taxes are a stable revenue source, they are tied to federal motor fuels tax rates and may be affected by the reauthorization of the federal surface transportation law. If the federal tax rate decreases, four states (California, Nevada, Oklahoma and Tennessee) have statutory provisions that will automatically trigger increases in their motor fuels tax rates, while other states require legislative action to adjust them. Currently, eleven states have variable motor fuels taxes that are adjusted at specific intervals to sustain funding levels.

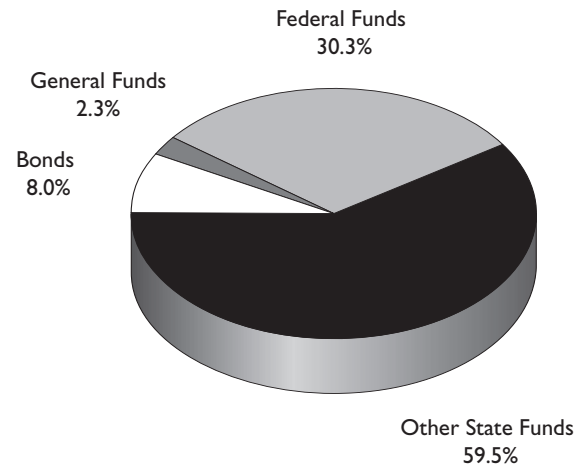
## SAFETEA-LU

A new surface transportation law was enacted in August 2005. The new law, the Safe, Accountable, Flexible, and Efficient Transportation Equity Act-A Legacy for Users (SAFETEA-LU) replaces the Transportation Equity Act for the 21st Century (TEA-21). The new law sets total surface transportation guaranteed spending authority for federal fiscal years 2004-2009 at \$286.4 billion, with contract authority set at \$295 billion. The new funding includes approximately \$228 billion for highways, \$52 billion for transit, and nearly \$6 billion for highway safety. Additionally, the law raises the minimum rate of return on state contributions to the Highway Trust fund from 90.5 percent in 2005 to 92 percent by 2008.

## Fund Shares

The figure below provides fund shares for 2005.

**Figure 18**  
**STATE EXPENDITURES FOR TRANSPORTATION BY FUND SOURCE, FISCAL 2005**



## Regional Expenditures

Table 37 shows percentage changes in transportation expenditures by region between fiscal 2004 and fiscal 2005 and between fiscal 2005 and estimated fiscal 2006. The largest growth in fiscal 2005 occurred in the Far West states, increasing by 17.3 percent, while in the New England states transportation spending decreased by 20.7 percent. It should be noted that from fiscal 2003 to fiscal 2004, the New England states increased their transportation expenditures by 46.3 percent, demonstrating the erratic nature of transportation spending.

## Transportation-Expenditure Exclusions

Thirty-nine states wholly or partially excluded state police and highway patrols from the transportation expenditures reported here. Additionally, thirty-nine states exclude port authority operations, seventeen omit motor vehicle licensing, seventeen exclude gasoline tax and fee collections, and sixteen states exclude truck enforcement regulation programs. For details, see Table 41.

**Table 37**  
**REGIONAL PERCENTAGE CHANGE IN STATE TRANSPORTATION EXPENDITURES,**  
**FISCAL 2005 AND 2006**

Region	Fiscal 2004 to 2005			Fiscal 2005 to 2006		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
New England	-28.6%	-20.2%	-20.7%	9.3%	19.3%	8.7%
Mid-Atlantic	6.7	6.3	7.0	14.6	7.6	8.8
Great Lakes	-0.2	10.4	-0.2	8.2	18.0	9.5
Plains	4.6	10.7	1.9	2.0	-5.7	5.0
Southeast	8.0	17.9	11.7	6.1	25.0	11.1
Southwest	4.9	12.0	13.5	8.8	8.2	7.2
Rocky Mountain	12.7	6.9	10.6	6.9	-0.1	-2.4
Far West	16.5	22.5	17.3	9.4	13.9	14.1
<b>ALL STATES</b>	<b>5.9%</b>	<b>11.6%</b>	<b>7.3%</b>	<b>8.3%</b>	<b>14.5%</b>	<b>9.5%</b>

Table 38

## TRANSPORTATION EXPENDITURES—CAPITAL INCLUSIVE (\$ IN MILLIONS)

Region/State	Actual Fiscal 2004					Actual Fiscal 2005					Estimated Fiscal 2006				
	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
<b>NEW ENGLAND</b>															
Connecticut	\$6	\$558	\$441	\$775	\$1,780	\$2	\$421	\$480	\$604	\$1,507	\$4	\$433	\$528	\$645	\$1,610
Maine	4	200	254	48	506	4	187	298	33	522	0	195	343	24	562
Massachusetts	94	623	1,126	591	2,434	136	336	293	671	1,436	171	485	298	582	1,536
New Hampshire	2	178	254	0	434	2	192	262	0	456	1	211	318	0	530
Rhode Island	0	163	158	41	362	0	199	133	32	364	0	244	106	43	393
Vermont	0	122	178	1	301	0	137	187	2	326	0	188	195	0	383
<b>MID-ATLANTIC</b>															
Delaware*	0	94	509	0	603	0	118	596	0	714	19	140	623	0	782
Maryland	0	703	2,329	0	3,032	0	823	2,484	0	3,307	0	956	2,695	0	3,651
New Jersey	1,172	1,204	238	801	3,415	1,253	1,214	285	1,101	3,853	1,240	1,249	277	1,079	3,845
New York	161	1,289	2,382	900	4,732	113	1,610	2,500	785	5,008	149	1,437	3,446	445	5,477
Pennsylvania	312	1,493	2,697	135	4,637	335	1,321	2,886	150	4,692	325	1,689	3,207	150	5,371
<b>GREAT LAKES</b>															
Illinois	61	125	3,340	497	4,023	54	144	3,016	419	3,633	107	154	3,460	237	3,958
Indiana	3	489	1,121	288	1,901	2	430	1,138	80	1,650	2	561	1,155	0	1,718
Michigan	0	941	2,121	166	3,228	0	1,104	2,149	124	3,377	0	1,384	2,150	149	3,683
Ohio*	30	818	2,468	294	3,610	34	995	2,694	301	4,024	24	1,107	2,999	472	4,602
Wisconsin	0	654	1,303	0	1,957	0	669	1,340	0	2,009	41	736	1,346	0	2,123
<b>PLAINS</b>															
Iowa	8	358	979	3	1,348	0	392	1,080	2	1,474	0	277	1,055	3	1,335
Kansas	0	290	881	179	1,350	0	394	691	103	1,188	0	265	1,118	123	1,506
Minnesota	73	262	1,849	104	2,288	75	213	2,004	147	2,439	97	313	1,964	153	2,527
Missouri	11	43	1,509	264	1,827	12	52	1,688	0	1,752	11	57	1,285	372	1,725
Nebraska	1	248	369	0	618	1	276	370	0	647	1	268	465	0	734
North Dakota	0	209	149	0	358	0	227	147	0	374	0	270	207	0	477
South Dakota	0	237	159	0	396	0	269	195	0	464	0	269	183	0	452
<b>SOUTHEAST</b>															
Alabama	0	550	564	87	1,201	0	649	534	59	1,242	0	1,057	526	0	1,583
Arkansas	0	464	615	0	1,079	0	330	586	0	916	1	529	647	0	1,177
Florida*	1	1,402	3,901	403	5,707	59	1,924	5,125	401	7,509	576	2,715	4,970	606	8,867
Georgia*	18	955	699	474	2,146	20	1,240	770	297	2,327	14	1,744	1,014	149	2,921
Kentucky	5	491	1,404	0	1,900	4	459	1,053	0	1,516	7	872	1,598	0	2,477
Louisiana	3	968	954	272	2,197	2	1,157	948	270	2,377	0	1,266	913	372	2,551
Mississippi	0	411	583	58	1,052	0	431	532	58	1,021	0	458	464	33	955
North Carolina	11	983	2,421	0	3,415	12	1,054	2,601	300	3,967	0	890	2,731	0	3,621
South Carolina	0	531	1,417	0	1,948	0	830	1,394	1	2,225	0	725	1,097	0	1,822
Tennessee*	0	535	775	0	1,310	0	777	684	159	1,620	0	996	707	156	1,859
Virginia*	0	650	2,498	115	3,263	0	536	2,861	145	3,542	0	527	2,920	80	3,527
West Virginia	8	404	531	35	978	7	453	530	0	990	9	517	605	0	1,131
<b>SOUTHWEST</b>															
Arizona	0	828	1,203	425	2,456	0	915	1,107	276	2,298	0	454	999	241	1,694
New Mexico	13	92	490	103	698	33	121	511	194	859	52	165	516	164	897
Oklahoma	8	488	532	0	1,028	7	447	565	0	1,019	7	641	705	46	1,399
Texas	1	2,743	2,390	323	5,457	0	3,168	2,639	958	6,765	1	3,772	3,012	958	7,743
<b>ROCKY MOUNTAIN</b>															
Colorado	0	493	739	60	1,292	0	444	607	222	1,273	0	334	488	0	822
Idaho	0	226	309	0	535	0	245	327	0	572	0	369	378	0	747
Montana	5	257	262	0	524	6	279	240	0	525	6	332	309	0	647
Utah	60	193	358	188	799	60	265	469	50	844	120	197	582	0	899
Wyoming	21	32	474	0	527	34	51	767	0	852	34	51	767	0	852
<b>FAR WEST</b>															
Alaska	156	688	412	0	1,256	105	1,104	306	58	1,573	227	761	332	195	1,515
California	289	2,398	5,456	108	8,251	0	2,610	6,772	18	9,400	1,345	3,462	6,851	60	11,718
Hawaii	0	95	582	49	726	0	173	704	31	908	0	222	627	20	869
Nevada	0	215	250	187	652	0	205	303	175	683	0	225	405	219	849
Oregon	4	24	1,008	0	1,036	0	26	1,601	0	1,627	5	27	1,240	0	1,272
Washington	25	304	1,535	174	2,038	24	443	1,508	201	2,176	39	498	1,317	598	2,452
<b>TOTAL</b>	<b>\$2,566</b>	<b>\$28,721</b>	<b>\$59,176</b>	<b>\$8,148</b>	<b>\$98,611</b>	<b>\$2,396</b>	<b>\$32,059</b>	<b>\$62,960</b>	<b>\$8,427</b>	<b>\$105,842</b>	<b>\$4,635</b>	<b>\$36,694</b>	<b>\$66,143</b>	<b>\$8,374</b>	<b>\$115,846</b>

Source: National Association of State Budget Officers, 2005 State Expenditure Report



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

Region/State	Fiscal 2004	Fiscal 2005	Fiscal 2006
<b>NEW ENGLAND</b>			
Connecticut	9.1 %	7.1 %	7.2 %
Maine	7.7	7.7	7.9
Massachusetts	9.8	5.5	5.5
New Hampshire	10.1	10.3	11.7
Rhode Island	6.2	6.0	5.8
Vermont	9.4	8.9	8.9
<b>MID-ATLANTIC</b>			
Delaware	12.7	11.5	12.3
Maryland	13.0	13.4	13.4
New Jersey	9.2	9.3	9.0
New York	4.9	5.0	5.2
Pennsylvania	9.7	9.1	9.8
<b>GREAT LAKES</b>			
Illinois	8.0	8.7	8.5
Indiana	7.3	6.5	6.8
Michigan	8.1	8.3	8.8
Ohio	7.5	7.9	8.3
Wisconsin	5.9	6.3	6.3
<b>PLAINS</b>			
Iowa	11.4	11.9	10.0
Kansas	13.2	11.2	12.7
Minnesota	9.8	9.9	9.6
Missouri	10.2	9.2	8.7
Nebraska	8.7	8.7	8.0
North Dakota	12.2	11.8	12.7
South Dakota	12.6	13.6	13.6
<b>SOUTHEAST</b>			
Alabama	7.5	7.1	8.0
Arkansas	7.9	6.4	6.6
Florida	11.0	12.9	13.6
Georgia	7.4	8.0	9.9
Kentucky	10.0	7.8	11.2
Louisiana	14.9	15.6	16.9
Mississippi	9.3	8.5	7.6
North Carolina	11.0	11.2	10.7
South Carolina	11.9	12.4	10.1
Tennessee	6.0	6.7	7.3
Virginia	11.6	11.2	11.0
West Virginia	5.9	5.6	5.7
<b>SOUTHWEST</b>			
Arizona	11.3	10.1	7.2
New Mexico	7.0	8.2	7.8
Oklahoma	7.9	7.3	8.0
Texas	9.0	10.4	11.0
<b>ROCKY MOUNTAIN</b>			
Colorado	9.5	9.0	5.4
Idaho	11.7	11.9	13.6
Montana	13.8	13.3	13.9
Utah	10.2	9.9	9.9
Wyoming	12.7	15.3	15.4
<b>FAR WEST</b>			
Alaska	17.2	18.1	15.3
California	5.3	5.9	6.4
Hawaii	9.2	10.4	9.1
Nevada	10.1	9.7	10.1
Oregon	5.4	8.2	6.3
Washington	7.8	7.9	7.6
<b>ALL STATES</b>	<b>8.3 %</b>	<b>8.6 %</b>	<b>8.7 %</b>

Source: National Association of State Budget Officers,  
2005 State Expenditure Report

Table 40

## ANNUAL PERCENTAGE CHANGE IN TRANSPORTATION EXPENDITURES

Region/State	Fiscal 2004 to 2005			Fiscal 2005 to 2006		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
<b>NEW ENGLAND</b>						
Connecticut	7.8 %	-24.6 %	-15.3 %	10.4 %	2.9 %	6.8 %
Maine	17.1	-6.5	3.2	13.6	4.3	7.7
Massachusetts	-64.8	-46.1	-41.0	9.3	44.3	7.0
New Hampshire	3.1	7.9	5.1	20.8	9.9	16.2
Rhode Island	-15.8	22.1	0.6	-20.3	22.6	8.0
Vermont	5.1	12.3	8.3	4.3	37.2	17.5
<b>MID-ATLANTIC</b>						
Delaware	17.1	25.5	18.4	7.7	18.6	9.5
Maryland	6.7	17.1	9.1	8.5	16.2	10.4
New Jersey	9.1	0.8	12.8	-1.4	2.9	-0.2
New York	2.8	24.9	5.8	37.6	-10.7	9.4
Pennsylvania	7.0	-11.5	1.2	9.7	27.9	14.5
<b>GREAT LAKES</b>						
Illinois	-9.7	15.2	-9.7	16.2	6.9	8.9
Indiana	1.4	-12.1	-13.2	1.5	30.5	4.1
Michigan	1.3	17.3	4.6	0.0	25.4	9.1
Ohio	9.2	21.6	11.5	10.8	11.3	14.4
Wisconsin	2.8	2.3	2.7	3.5	10.0	5.7
<b>PLAINS</b>						
Iowa	9.4	9.5	9.3	-2.3	-29.3	-9.4
Kansas	-21.6	35.9	-12.0	61.8	-32.7	26.8
Minnesota	8.2	-18.7	6.6	-0.9	46.9	3.6
Missouri	11.8	20.9	-4.1	-23.8	9.6	-1.5
Nebraska	0.3	11.3	4.7	25.6	-2.9	13.4
North Dakota	-1.3	8.6	4.5	40.8	18.9	27.5
South Dakota	22.6	13.5	17.2	-6.2	0.0	-2.6
<b>SOUTHEAST</b>						
Alabama	-5.3	18.0	3.4	-1.5	62.9	27.5
Arkansas	-4.7	-28.9	-15.1	10.6	60.3	28.5
Florida	32.9	37.2	31.6	7.0	41.1	18.1
Georgia	10.2	29.8	8.4	30.1	40.6	25.5
Kentucky	-25.0	-6.5	-20.2	51.8	90.0	63.4
Louisiana	-0.7	19.5	8.2	-3.9	9.4	7.3
Mississippi	-8.7	4.9	-2.9	-12.8	6.3	-6.5
North Carolina	7.4	7.2	16.2	4.5	-15.6	-8.7
South Carolina	-1.6	56.3	14.2	-21.3	-12.7	-18.1
Tennessee	-11.7	45.2	23.7	3.4	28.2	14.8
Virginia	14.5	-17.5	8.6	2.1	-1.7	-0.4
West Virginia	-0.4	12.1	1.2	14.3	14.1	14.2
<b>SOUTHWEST</b>						
Arizona	-8.0	10.5	-6.4	-9.8	-50.4	-26.3
New Mexico	8.2	31.5	23.1	4.4	36.4	4.4
Oklahoma	5.9	-8.4	-0.9	24.5	43.4	37.3
Texas	10.4	15.5	24.0	14.2	19.1	14.5
<b>ROCKY MOUNTAIN</b>						
Colorado	-17.9	-9.9	-1.5	-19.6	-24.8	-35.4
Idaho	5.8	8.4	6.9	15.6	50.6	30.6
Montana	-7.9	8.6	0.2	28.0	19.0	23.2
Utah	26.6	37.3	5.6	32.7	-25.7	6.5
Wyoming	61.8	59.4	61.7	0.0	0.0	0.0
<b>FAR WEST</b>						
Alaska	-27.6	60.5	25.2	36.0	-31.1	-3.7
California	17.9	8.8	13.9	21.0	32.6	24.7
Hawaii	21.0	82.1	25.1	-10.9	28.3	-4.3
Nevada	21.2	-4.7	4.8	33.7	9.8	24.3
Oregon	58.2	8.3	57.0	-22.2	3.8	-21.8
Washington	-1.8	45.7	6.8	-11.5	12.4	12.7
<b>ALL STATES</b>	<b>5.9 %</b>	<b>11.6 %</b>	<b>7.3 %</b>	<b>8.3 %</b>	<b>14.5 %</b>	<b>9.5 %</b>

Note: State funds are defined as general funds and other state funds (bonds are excluded).  
Source: National Association of State Budget Officers, 2005 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
<b>NEW ENGLAND</b>									
Connecticut				X					X
Maine			X	P	X				X
Massachusetts			X	X					
New Hampshire								X	X
Rhode Island			X		X	X	X	X	X
Vermont			X						P
<b>MID-ATLANTIC</b>									
Delaware			X						X
Maryland				X	X				X
New Jersey			X						X
New York	P	P	N/A	X					X
Pennsylvania			P	P					X
<b>GREAT LAKES</b>									
Illinois			N/A						X
Indiana			X						X
Michigan			X						X
Ohio									
Wisconsin			X						
<b>PLAINS</b>									
Iowa			X						
Kansas			X		X			X	X
Minnesota			X						
Missouri				X			X	X	X
Nebraska			X	X			X		X
North Dakota			X		X				X
South Dakota			X	X	X	X		X	X
<b>SOUTHEAST</b>									
Alabama			X		P	X	X	X	X
Arkansas			X			X		X	X
Florida			X	X		X			X
Georgia			X		P			X	X
Kentucky			X						X
Louisiana			P		P	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	X		N/A	N/A		X
<b>SOUTHWEST</b>									
Arizona			P						
New Mexico									
Oklahoma			X						X
Texas	X	X	X		P				X
<b>ROCKY MOUNTAIN</b>									
Colorado			X	X	X	X	X	X	X
Idaho					X				X
Montana			X						X
Utah						X	P	P	X
Wyoming			X						
<b>FAR WEST</b>									
Alaska			X	X		X	X	X	X
California			X	P					
Hawaii			X		X	X	X	X	X
Nevada			X	X	X	X	X	X	X
Oregon			X						X
Washington			X						
<b>ALL STATES</b>	<b>2</b>	<b>2</b>	<b>39</b>	<b>17</b>	<b>16</b>	<b>14</b>	<b>11</b>	<b>17</b>	<b>39</b>

Excluded=X Partially Excluded=P Not Applicable=N/A  
 Source: National Association of State Budget Officers, 2005 State Expenditure Report

## **Transportation Notes**

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*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.*

**Delaware:** Other State Funds in Transportation include bond funds.

**Florida:** The increase in General Revenue funding in fiscal 2004-05 is due to a legislative appropriation that was transferred to the State Transportation Trust Fund for the Florida Motor Fuel Tax Relief Act of 2004. The increase in General Revenue funding in fiscal 2005-06 is due to the implementation of growth management legislation which provided a one-time infusion of General Revenue of \$575 million. The increase in federal funding from fiscal 2003-04 to fiscal 2004-05 is due to an increase in gas tax receipts as well as federal earmarks. The increase in federal funding from fiscal 2004-05 to fiscal 2005-06 is due to the passage of the Federal Reauthorization Bill, SAFETEA-LU. SAFETEA-LU provided a guaranteed minimum

increase in funding of the prior act, TEA-21, of 18% beginning in fiscal 2006. The increase in bonds from fiscal 2004-05 to fiscal 2005-06 is due to additional construction projects resulting from the passage of Senate Bill 360. The increase in bond expenditures is directly related to additional right-of-way needs for construction projects associated with the growth management legislation.

**Georgia:** Motor Vehicle Licensing and State Police/Highway Patrol are not DOT functions.

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

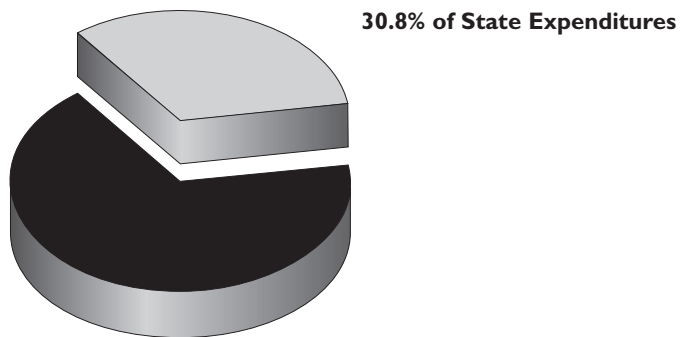
**Tennessee:** Bond estimates represent bond authorizations, while actual bonds represent bond proceeds utilized.

**Virginia:** State Police and Highway Patrol funding comes from Public Safety.

# CHAPTER SEVEN

## ALL OTHER EXPENDITURES

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The "All Other" category reflects a substantial amount of state spending not included in the categories described in previous chapters. "All Other" spending in states might include the State Children's Health Insurance Program (SCHIP), institutional and community care for the mentally ill and developmentally disabled, 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 the items excluded from the "All Other" category is displayed in Table 46).

The "All Other" category of expenditures totaled \$380.6 billion for fiscal 2005, or 30.8 percent of total state spending. Compared to fiscal 2004, "All Other" spending did increase from the previous year but by only .04 percent in fiscal 2005. In comparison, "All Other" spending increased 8.2 percent from fiscal 2003 to fiscal 2004. Tables 43-46 and the accompanying notes describe the "All Other" category in more detail.

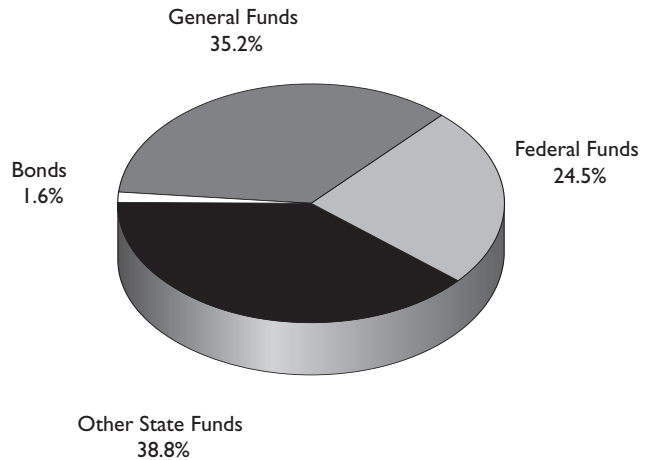
### State Children's Health Insurance Program

Enacted as part of the Balanced Budget Act of 1997, the State Children's Health Insurance Program (SCHIP) has expanded health coverage for previously uninsured children. The program is targeted toward 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. According to the Center for Medicare and Medicaid Services, approximately 6.1 million children were enrolled in SCHIP during fiscal 2005. Fiscal 2005 state SCHIP spending totaled \$6.8 billion. For state specific information, see Table A-2.

### Fund Shares

The figure below illustrates fund shares for fiscal 2005.

**Figure 19**  
**STATE EXPENDITURES FOR ALL OTHER PROGRAMS BY FUND SOURCE, FISCAL 2005**



### Regional Expenditures

The following table shows percentage changes for all other expenditures for fiscal 2004-2005 and 2005-2006 by region. For 2005, the New England and Rocky Mountain regions are well above the national average while the Great Lakes region is well below the national average.

**Table 42**  
**REGIONAL PERCENTAGE CHANGE IN STATE ALL OTHER EXPENDITURES, FISCAL 2005 AND 2006**

Region	Fiscal 2004 to 2005			Fiscal 2005 to 2006		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
New England	15.6%	-1.5%	13.5%	6.0%	10.8%	6.6%
Mid-Atlantic	9.6	0.3	6.7	5.1	-3.4	3.5
Great Lakes	-13.7	-6.8	-13.3	7.1	16.5	9.4
Plains	3.3	1.4	3.0	13.8	24.9	16.1
Southeast	8.9	8.6	7.4	8.2	-1.4	5.4
Southwest	-2.5	8.0	0.3	26.3	17.0	24.1
Rocky Mountain	13.5	11.3	13.2	9.6	14.5	10.5
Far West	-6.9	-5.1	-6.9	25.3	15.2	24.3
<b>ALL STATES</b>	<b>0.7%</b>	<b>1.1%</b>	<b>0.0%</b>	<b>11.2%</b>	<b>8.4%</b>	<b>11.1%</b>



**Table 44**  
**ALL OTHER EXPENDITURES AS A PERCENT OF**  
**TOTAL EXPENDITURES**

Region/State	Fiscal 2004	Fiscal 2005	Fiscal 2006
<b>NEW ENGLAND</b>			
Connecticut	41.6 %	44.0 %	43.6 %
Maine	35.9	35.9	31.9
Massachusetts	35.2	39.9	38.5
New Hampshire	30.8	32.2	33.3
Rhode Island	31.1	29.2	32.8
Vermont	26.5	24.3	33.8
<b>MID-ATLANTIC</b>			
Delaware	28.1	38.3	39.8
Maryland	27.2	26.5	27.9
New Jersey	33.7	36.9	33.3
New York	34.5	33.0	33.0
Pennsylvania	30.3	30.2	30.5
<b>GREAT LAKES</b>			
Illinois	46.0	31.7	36.2
Indiana	46.7	44.5	42.6
Michigan	28.2	27.6	28.3
Ohio	37.0	38.4	38.4
Wisconsin	47.3	44.0	44.9
<b>PLAINS</b>			
Iowa	22.5	22.1	23.4
Kansas	23.3	20.7	21.3
Minnesota	28.2	27.4	27.9
Missouri	23.7	23.3	27.7
Nebraska	32.3	33.0	35.7
North Dakota	30.3	33.3	35.3
South Dakota	36.8	36.5	33.4
<b>SOUTHEAST</b>			
Alabama	24.1	25.2	27.0
Arkansas	36.6	34.3	33.0
Florida	32.1	31.9	32.2
Georgia	29.7	26.4	23.1
Kentucky	26.3	26.1	25.6
Louisiana	5.9	5.2	0.1
Mississippi	21.2	18.9	21.1
North Carolina	22.6	24.5	21.0
South Carolina	23.2	23.7	26.3
Tennessee	28.4	26.5	29.2
Virginia	39.4	40.0	37.6
West Virginia	60.4	60.2	62.7
<b>SOUTHWEST</b>			
Arizona	34.5	31.8	32.6
New Mexico	20.5	17.6	24.0
Oklahoma	31.0	30.1	31.6
Texas	15.6	15.1	18.1
<b>ROCKY MOUNTAIN</b>			
Colorado	31.4	31.9	32.8
Idaho	28.2	27.6	29.3
Montana	36.2	35.9	39.8
Utah	29.9	30.7	30.9
Wyoming	55.1	57.9	58.1
<b>FAR WEST</b>			
Alaska	42.7	45.1	49.6
California	31.1	26.3	28.8
Hawaii	43.3	44.0	42.7
Nevada	39.8	43.9	47.0
Oregon	44.7	43.7	43.1
Washington	27.1	25.2	31.6
<b>ALL STATES</b>	<b>32.2 %</b>	<b>30.8 %</b>	<b>31.6 %</b>

Source: National Association of State Budget Officers,  
2005 State Expenditure Report



Table 45

## ANNUAL PERCENTAGE CHANGE IN ALL OTHER EXPENDITURES

Region/State	Fiscal 2004 to 2005			Fiscal 2005 to 2006		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
<b>NEW ENGLAND</b>						
Connecticut	17.2 %	13.8 %	14.9 %	4.7 %	-3.1 %	4.7 %
Maine	4.6	-4.2	3.2	-14.4	29.3	-5.8
Massachusetts	20.1	—	20.1	3.1	—	3.1
New Hampshire	9.9	-2.4	6.8	5.2	9.3	6.2
Rhode Island	-0.1	-13.0	-2.9	24.6	26.4	26.5
Vermont	7.7	-12.9	4.7	86.7	-18.5	62.9
<b>MID-ATLANTIC</b>						
Delaware	123.3	6.9	77.0	16.3	-32.1	6.5
Maryland	9.5	-18.0	3.3	15.9	16.6	16.3
New Jersey	24.2	9.5	22.0	-12.2	28.3	-7.3
New York	1.2	-5.9	-1.1	9.1	-11.6	3.7
Pennsylvania	3.9	17.3	6.5	10.6	-1.2	8.0
<b>GREAT LAKES</b>						
Illinois	-37.9	-93.1	-42.8	23.7	168.3	27.0
Indiana	-3.8	-14.3	-6.6	-3.5	-8.6	-4.6
Michigan	-1.5	3.7	0.0	-9.6	35.9	5.8
Ohio	9.8	8.7	9.1	6.5	18.4	9.2
Wisconsin	-15.1	38.4	-10.0	8.1	2.3	7.2
<b>PLAINS</b>						
Iowa	14.4	-18.2	1.9	13.9	16.4	14.3
Kansas	-14.9	2.2	-7.7	37.2	-22.2	15.1
Minnesota	0.9	4.1	1.8	10.4	9.1	9.7
Missouri	4.3	9.1	4.4	5.9	201.2	23.9
Nebraska	6.0	10.8	7.4	34.2	26.9	32.0
North Dakota	15.5	15.2	19.4	42.7	9.3	24.7
South Dakota	11.0	-0.3	7.4	-28.3	30.5	-11.0
<b>SOUTHEAST</b>						
Alabama	15.2	19.9	13.5	25.6	23.5	21.3
Arkansas	-1.7	-3.7	-2.1	4.1	81.6	20.6
Florida	-0.9	76.8	11.9	19.4	0.3	13.1
Georgia	-0.9	-22.2	-9.8	8.8	-52.2	-11.3
Kentucky	3.1	-2.8	1.1	5.5	26.9	12.2
Louisiana	20.0	-10.0	-9.8	33.3	-99.5	-98.5
Mississippi	4.4	-10.3	-5.8	13.1	35.5	17.1
North Carolina	34.8	-0.8	24.0	-20.5	-9.3	-18.8
South Carolina	15.7	8.1	11.9	16.1	3.4	10.7
Tennessee	12.1	-3.6	3.6	18.0	18.2	17.1
Virginia	17.8	-7.6	14.1	-7.0	3.4	-5.4
West Virginia	7.5	-9.5	6.0	20.5	-43.1	15.7
<b>SOUTHWEST</b>						
Arizona	-9.8	15.2	-3.4	10.1	-1.8	6.4
New Mexico	-19.2	4.6	-10.2	48.1	52.9	50.2
Oklahoma	-8.3	32.0	4.2	52.4	-18.3	30.9
Texas	13.1	-2.6	3.7	25.4	35.9	29.2
<b>ROCKY MOUNTAIN</b>						
Colorado	4.4	12.0	6.0	7.3	20.9	10.4
Idaho	6.9	-1.8	2.5	28.8	13.1	21.2
Montana	8.7	-5.2	3.3	27.7	35.8	30.6
Utah	10.9	4.4	11.0	9.4	10.5	7.4
Wyoming	40.7	40.6	40.7	0.0	0.0	0.0
<b>FAR WEST</b>						
Alaska	42.2	-5.7	25.5	23.2	21.8	25.3
California	-16.6	-6.3	-13.7	28.7	15.7	26.5
Hawaii	12.5	10.7	12.5	0.6	18.6	6.4
Nevada	20.6	16.1	20.0	23.3	42.7	27.6
Oregon	-3.2	18.3	0.1	1.5	-2.3	0.8
Washington	4.4	-18.5	-1.9	59.9	13.0	48.3
<b>ALL STATES</b>	<b>0.7 %</b>	<b>1.1 %</b>	<b>0.0 %</b>	<b>11.2 %</b>	<b>8.4 %</b>	<b>11.1 %</b>

Note: State funds are defined as general funds and other state funds (bonds are excluded).  
Source: National Association of State Budget Officers, 2005 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
<b>NEW ENGLAND</b>										
Connecticut										
Maine										
Massachusetts							P	P	P	
New Hampshire										
Rhode Island										
Vermont										
<b>MID-ATLANTIC</b>										
Delaware										
Maryland										
New Jersey										
New York*	P	P								
Pennsylvania										
<b>GREAT LAKES</b>										
Illinois	P	P		P	P	P	P	P	X	X
Indiana										
Michigan*				P	P	P				
Ohio										
Wisconsin										
<b>PLAINS</b>										
Iowa										
Kansas							N/A		N/A	
Minnesota										
Missouri										
Nebraska									X	
North Dakota										
South Dakota										X
<b>SOUTHEAST</b>										
Alabama									P	P
Arkansas*									X	
Florida										
Georgia			X							
Kentucky										
Louisiana										
Mississippi									P	
North Carolina										
South Carolina										P
Tennessee			X							X
Virginia										
West Virginia										
<b>SOUTHWEST</b>										
Arizona										
New Mexico										
Oklahoma									N/A	
Texas										
<b>ROCKY MOUNTAIN</b>										
Colorado					P			P		
Idaho									X	X
Montana										
Utah										
Wyoming										
<b>FAR WEST</b>										
Alaska							X		X	
California										
Hawaii*	P	P				P				
Nevada										X
Oregon										
Washington				P						
<b>ALL STATES</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>3</b>	<b>10</b>	<b>7</b>

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

Source: National Association of State Budget Officers, 2005 State Expenditure Report

## **All Other Expenditure Notes**

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*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.*

**Colorado:** Medicaid Community Mental Health is excluded.

**Connecticut:** As it pertains to federal funds and Other State Funds for actual fiscal 2005, 2005 estimates were used due to the unavailability of actual expenditure data as of April 27, 2006.

**Delaware:** Federal fund and Other State Fund estimates are not available for Housing.

**Florida:** The decrease in bond dollars from fiscal 2003-04 to fiscal 2004-05 is due to the Legislature appropriating certain items from the General Revenue Fund rather than financing through bonding, and a slight decrease in the rate of growth in the Gross Receipts Tax. The increase from fiscal 2004-05 to fiscal 2005-06 is due to the fact that the prior year funding for K-12 school construction from bond proceeds was significantly less than historical averages.

**Georgia:** Community and Institutional for Mental Health and Community and Institutional for the Developmentally Disabled are partially included in Medicaid. Public Health is not included in Medicaid.

**Hawaii:** Regarding employer contributions to pensions and health benefits, general fund amounts are budgeted centrally (except for Elementary and Secondary Education and Higher Education) and reported in All Other State Expenditures. For non-general funds, employer contributions are shown in each functional area.

**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.

**New Mexico:** New Mexico only tracks general funds and total funds by fiscal year. To calculate Federal Funds totals and Other State Funds totals, General Fund was subtracted from the Total category, and the remaining amount was distributed to the Federal Funds category and Other State Funds category based upon a ratio of 65:35.

# CHAPTER EIGHT

# CAPITAL EXPENDITURES

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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. This is because 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 the report *Capital Budgeting in the States*, available in the publications section of NASBO's website at [www.nasbo.org](http://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 \$73.0 billion in fiscal 2005, an increase of 5.2 percent compared to the previous year. Likewise, between 1993 and 2005, capital spending also increased at an average annual rate of 5.2 percent. However, fiscal 2006 estimates of capital spending are \$84.4 billion, a 15.6 percent increase over fiscal 2005.

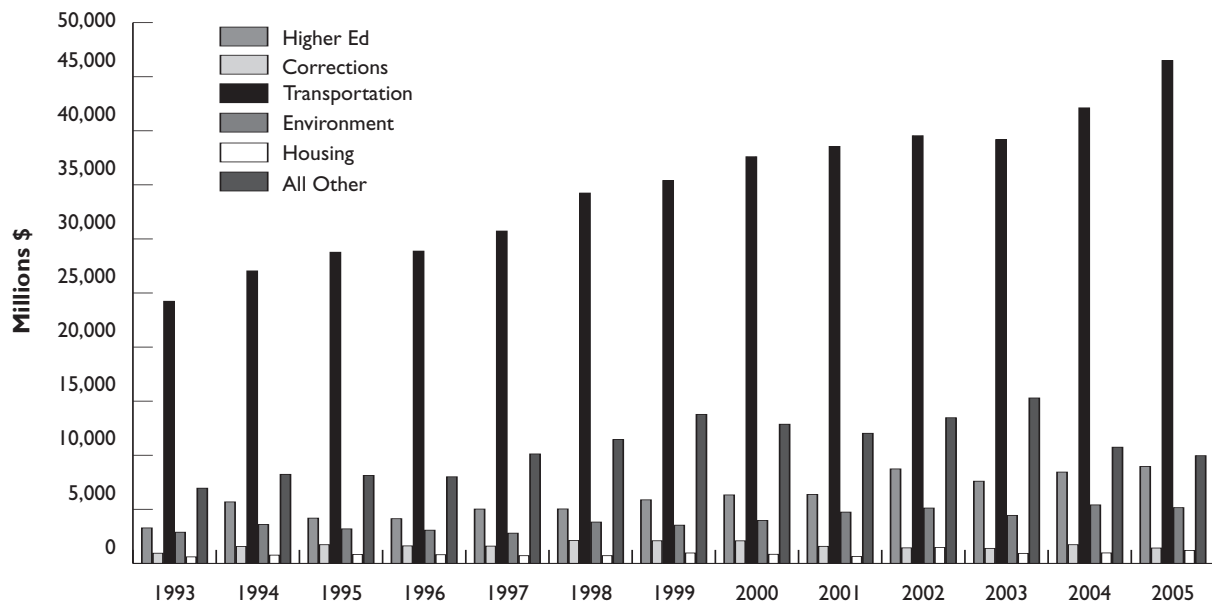
### Capital Fund Sources

State spending on capital projects traditionally has come from non-general fund sources, mainly other state funds such as dedicated fees and fund surpluses (36.8 percent in fiscal 2005) and bonds (31.6 percent). Federal funds (27.2 percent) and state general funds (4.4 percent) also contribute to capital spending.

### Capital Funds by Use

Comprising 63.8 percent (\$46.5 billion) of all capital expenditures in fiscal 2005, **transportation** is the largest category of state capital expenditures. Based on estimated fiscal 2006 figures, transportation-related capital spending is expected to increase by 7.9 percent.

**Figure 20**  
**CAPITAL EXPENDITURES BY TYPE, FISCAL 1993 TO 2005**



**Higher education** capital expenditures increased by 6.1 percent in fiscal 2005, totaling \$9.0 billion. In fiscal 2006, higher education capital spending is estimated to increase by 22.3 percent. In fiscal 2005, higher education accounted for 12.3 percent of total state capital outlays.

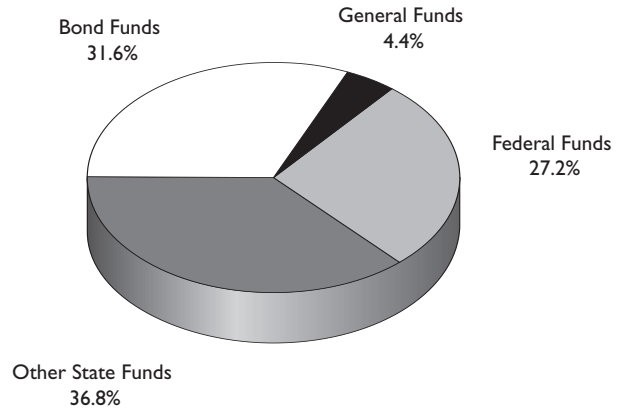
**Corrections** capital spending experienced a reduction in fiscal 2005, declining by 17.8% from fiscal 2004. Corrections capital spending totaled \$1.4 billion, accounting for just 1.9 percent of total state capital expenditures. Fiscal 2006 estimates indicate spending of \$2.0 billion, a 38.7 percent increase.

State capital spending for **environmental** purposes in fiscal 2005 totaled \$5.2 billion, 7.1 percent of total capital spending and a 4.6 percent decrease from fiscal 2004.

**Housing** capital expenditures account for just 1.6 percent of total fiscal 2005 capital spending, at approximately \$1.2 billion.

State spending for **all other** purposes totaled \$10.0 billion, or 13.6 percent of total capital spending. This includes capital expenditures not easily classified into one of the other categories. Examples of expenditures in **all other** may include items such as public school facilities, zoo improvements, health care infrastructure, or sports facilities.

**Figure 22**  
**TOTAL CAPITAL EXPENDITURES BY FUNDING SOURCE,**  
**FISCAL 2005**



**Figure 21**  
**ANNUAL PERCENTAGE CHANGE IN TOTAL CAPITAL EXPENDITURES**

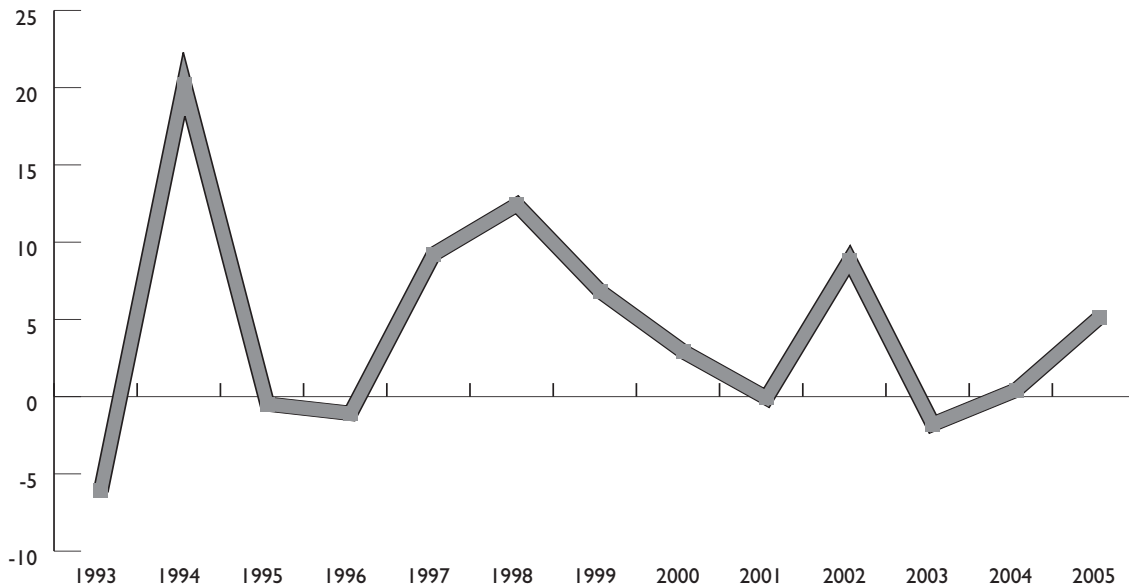


Table 47

## TOTAL CAPITAL EXPENDITURES (\$ IN MILLIONS)

Region/State	Actual Fiscal 2004					Actual Fiscal 2005					Estimated Fiscal 2006				
	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
<b>NEW ENGLAND</b>															
Connecticut	\$5	\$558	\$20	\$1,741	\$2,324	\$1	\$421	\$20	\$1,746	\$2,188	\$3	\$433	\$28	\$1,945	\$2,409
Maine	3	174	43	50	270	2	147	67	35	251	4	165	139	36	344
Massachusetts	0	615	315	1,285	2,215	0	336	357	1,850	2,543	0	485	312	1,755	2,552
New Hampshire	0	30	147	65	243	0	32	159	76	268	0	35	176	84	294
Rhode Island	5	177	20	84	285	6	188	47	87	327	3	197	72	216	488
Vermont	0	99	28	41	168	0	109	34	53	196	0	133	29	45	207
<b>MID-ATLANTIC</b>															
Delaware*	71	94	224	8	397	96	118	291	1	506	164	140	266	4	574
Maryland*	10	687	881	751	2,329	1	803	849	663	2,316	6	953	1,227	679	2,865
New Jersey	1,117	1,144	5	908	3,174	1,106	1,177	5	1,218	3,506	1,118	1,210	5	1,149	3,482
New York	0	1,473	1,125	1,938	4,536	0	1,817	1,088	1,791	4,696	0	1,706	1,571	1,855	5,132
Pennsylvania	0	0	0	623	623	0	0	0	401	401	0	0	0	680	680
<b>GREAT LAKES</b>															
Illinois	7	128	2,004	1,673	3,812	1	146	1,592	1,034	2,773	0	153	2,042	936	3,131
Indiana	186	460	666	496	1,808	205	423	693	254	1,575	210	554	724	307	1,795
Michigan*	255	734	394	345	1,728	250	907	409	225	1,791	250	845	546	326	1,967
Ohio	4	823	631	1,399	2,857	5	999	716	1,354	3,074	5	1,112	838	2,307	4,262
Wisconsin	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>PLAINS</b>															
Iowa	0	359	127	78	564	0	393	122	69	584	0	277	181	66	524
Kansas	16	289	634	91	1,030	18	385	372	87	862	15	247	804	92	1,158
Minnesota	27	58	671	439	1,195	60	33	995	443	1,531	31	66	824	446	1,367
Missouri*	37	80	1,564	364	2,045	6	43	1,777	55	1,881	21	79	1,335	414	1,849
Nebraska	21	268	471	0	760	22	297	457	0	775	25	325	639	0	989
North Dakota	7	183	97	35	322	12	203	96	81	392	14	312	132	85	543
South Dakota	2	3	27	2	34	4	35	103	5	147	3	14	68	25	110
<b>SOUTHEAST</b>															
Alabama*	1	362	251	384	998	0	355	209	285	849	0	653	252	124	1,030
Arkansas	0	4	37	3	44	0	5	34	12	51	1	59	37	12	109
Florida*	82	1,638	5,508	1,954	9,182	484	2,143	6,962	1,291	10,880	270	2,918	7,178	1,756	12,122
Georgia	3	735	369	979	2,086	4	1,112	429	1,006	2,551	3	1,504	431	697	2,635
Kentucky	0	0	575	0	575	0	0	551	0	551	0	0	503	0	503
Louisiana	25	538	359	350	1,272	17	574	372	344	1,307	13	612	374	579	1,578
Mississippi	22	316	375	320	1,033	20	339	297	186	841	19	323	262	113	717
North Carolina	122	0	0	1,536	1,658	99	0	0	1,105	1,204	183	0	0	370	553
South Carolina	5	54	761	171	991	4	25	813	130	972	N/A	N/A	N/A	N/A	N/A
Tennessee*	28	552	510	136	1,226	59	787	352	469	1,667	69	1,029	397	413	1,908
Virginia	18	20	158	515	711	25	22	171	675	893	82	24	234	754	1,094
West Virginia	16	458	363	81	918	16	500	482	119	1,117	15	542	540	117	1,214
<b>SOUTHWEST</b>															
Arizona	16	423	205	599	1,242	17	521	310	569	1,418	14	457	437	479	1,387
New Mexico*	71	90	267	438	866	253	79	211	323	866	501	120	129	666	1,416
Oklahoma	19	516	674	253	1,462	44	551	688	120	1,403	66	698	839	649	2,252
Texas*	0	0	0	1,936	1,936	0	0	0	2,122	2,122	0	0	0	1,973	1,973
<b>ROCKY MOUNTAIN</b>															
Colorado*	33	22	118	0	173	13	28	133	0	174	99	10	251	7	367
Idaho	0	203	83	4	290	0	222	81	9	312	0	345	115	9	469
Montana*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Utah*	130	157	204	253	744	238	211	295	137	881	260	161	409	5	835
Wyoming	88	77	305	0	470	100	67	249	0	416	100	67	249	0	416
<b>FAR WEST</b>															
Alaska	85	969	277	14	1,345	9	1,445	107	95	1,656	340	1,098	203	308	1,949
California	372	894	834	1,590	3,690	45	991	1,955	1,023	4,014	1,476	1,624	643	3,042	6,785
Hawaii*	0	106	93	349	548	0	172	111	386	669	0	256	360	655	1,270
Nevada	5	142	198	271	616	3	209	157	253	622	10	238	230	292	770
Oregon	13	4	179	0	196	0	6	298	0	304	15	5	247	0	267
Washington	0	376	1,392	622	2,390	0	507	1,305	839	2,651	0	612	1,631	1,789	4,031
<b>TOTAL*</b>	<b>\$2,926</b>	<b>\$17,092</b>	<b>\$24,189</b>	<b>\$25,173</b>	<b>\$69,380</b>	<b>\$3,245</b>	<b>\$19,883</b>	<b>\$26,821</b>	<b>\$23,026</b>	<b>\$72,975</b>	<b>\$5,407</b>	<b>\$22,795</b>	<b>\$27,908</b>	<b>\$28,261</b>	<b>\$84,371</b>

Source: National Association of State Budget Officers, 2005 State Expenditure Report

Table 48

## HIGHER EDUCATION CAPITAL EXPENDITURES (\$ IN MILLIONS)

Region/State	Actual Fiscal 2004					Actual Fiscal 2005					Estimated Fiscal 2006				
	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
<b>NEW ENGLAND</b>															
Connecticut	\$0	\$0	\$0	\$171	\$171	\$0	\$0	\$0	\$289	\$289	\$0	\$0	\$0	\$229	\$229
Maine	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Massachusetts	0	0	0	77	77	0	0	0	72	72	0	0	0	54	54
New Hampshire	0	0	0	26	26	0	0	0	24	24	0	0	0	34	34
Rhode Island	0	0	11	15	26	0	0	14	8	22	0	0	30	47	77
Vermont	0	0	0	7	7	0	0	0	5	5	0	0	0	8	8
<b>MID-ATLANTIC</b>															
Delaware	3	0	0	6	9	0	0	0	1	1	0	0	0	3	3
Maryland	0	0	33	262	295	0	0	25	236	261	2	0	25	206	233
New Jersey	0	0	0	2	2	0	0	0	1	1	0	0	0	0	0
New York	0	0	65	204	269	0	0	69	192	261	0	0	59	366	425
Pennsylvania	0	0	0	170	170	0	0	0	109	109	0	0	0	186	186
<b>GREAT LAKES</b>															
Illinois	0	0	0	163	163	0	0	0	133	133	0	0	0	158	158
Indiana	6	0	0	174	180	6	0	0	174	180	28	0	0	307	335
Michigan*	109	0	0	110	219	119	0	0	38	157	129	0	0	13	142
Ohio	0	0	0	254	254	0	0	0	260	260	0	0	0	700	700
Wisconsin	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>PLAINS</b>															
Iowa	0	0	23	22	45	0	0	27	27	54	0	0	26	18	44
Kansas	4	0	25	18	47	5	6	20	28	59	2	8	33	25	68
Minnesota	0	0	0	159	159	0	0	0	124	124	0	0	0	123	123
Missouri	0	0	0	30	30	0	0	1	0	1	0	0	0	0	0
Nebraska	8	10	104	0	122	8	6	102	0	116	8	13	113	0	134
North Dakota	4	0	21	14	39	5	0	15	21	41	5	0	5	66	76
South Dakota	0	0	0	2	2	0	0	0	5	5	0	0	0	13	13
<b>SOUTHEAST</b>															
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	17	3	20	0	0	7	0	7	0	0	7	0	7
Florida	1	0	77	371	449	40	0	76	425	541	69	0	57	537	663
Georgia	0	0	0	151	151	0	0	0	379	379	0	0	0	193	193
Kentucky	0	0	202	0	202	0	0	239	0	239	0	0	172	0	172
Louisiana	12	48	57	69	186	7	5	74	68	154	4	30	103	66	203
Mississippi	15	6	55	42	118	14	4	46	14	78	14	5	67	10	96
North Carolina	48	0	0	617	665	67	0	0	665	732	76	0	0	300	376
South Carolina	3	11	171	70	255	0	2	166	119	287	N/A	N/A	N/A	N/A	N/A
Tennessee	16	0	2	5	23	24	0	0	195	219	36	0	12	163	211
Virginia	13	1	123	391	528	18	3	114	404	539	58	2	161	439	660
West Virginia	0	0	98	46	144	0	0	241	98	339	0	0	248	101	349
<b>SOUTHWEST</b>															
Arizona	15	10	52	174	251	15	10	87	293	405	13	13	31	237	294
New Mexico*	13	0	11	102	126	19	0	6	12	37	15	0	0	148	163
Oklahoma	0	4	23	195	222	14	11	74	93	192	16	12	25	225	278
Texas	0	0	0	1,155	1,155	0	0	0	895	895	0	0	0	752	752
<b>ROCKY MOUNTAIN</b>															
Colorado*	15	0	45	0	60	6	5	64	0	75	46	0	191	7	244
Idaho	0	0	9	0	9	0	0	8	5	13	0	0	9	5	14
Montana	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Utah	0	0	0	47	47	52	0	0	29	81	31	0	0	0	31
Wyoming	8	0	1	0	9	15	0	1	0	16	15	0	1	0	16
<b>FAR WEST</b>															
Alaska	1	6	44	0	51	0	116	27	0	143	48	1	83	0	132
California	33	0	0	818	851	0	0	0	589	589	6	0	0	2,022	2,028
Hawaii	0	0	0	32	32	0	0	0	118	118	0	3	26	160	189
Nevada	0	0	7	61	68	0	0	7	49	56	6	0	20	20	46
Oregon	12	0	132	0	144	0	0	199	0	199	15	0	113	0	128
Washington	0	0	144	217	361	0	0	155	293	448	0	0	149	521	670
<b>TOTAL</b>	<b>\$339</b>	<b>\$96</b>	<b>\$1,552</b>	<b>\$6,452</b>	<b>\$8,439</b>	<b>\$434</b>	<b>\$168</b>	<b>\$1,864</b>	<b>\$6,490</b>	<b>\$8,956</b>	<b>\$642</b>	<b>\$87</b>	<b>\$1,766</b>	<b>\$8,462</b>	<b>\$10,957</b>

Source: National Association of State Budget Officers, 2005 State Expenditure Report



Table 49

## CORRECTIONS CAPITAL EXPENDITURES (\$ IN MILLIONS)

Region/State	Actual Fiscal 2004					Actual Fiscal 2005					Estimated Fiscal 2006				
	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
<b>NEW ENGLAND</b>															
Connecticut	\$0	\$0	\$0	\$2	\$2	\$0	\$0	\$0	\$5	\$5	\$0	\$0	\$0	\$8	\$8
Maine	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Massachusetts	0	0	0	49	49	0	0	0	36	36	0	0	0	61	61
New Hampshire	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Rhode Island	0	1	1	10	12	1	0	3	28	32	1	10	8	39	58
Vermont	0	0	0	1	1	0	0	0	1	1	0	0	0	1	1
<b>MID-ATLANTIC</b>															
Delaware	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Maryland	0	2	0	88	90	0	0	0	53	53	3	0	38	23	64
New Jersey	4	0	0	1	5	2	0	0	0	2	3	0	0	0	3
New York	0	0	4	185	189	0	0	3	180	183	0	4	3	250	257
Pennsylvania	0	0	0	123	123	0	0	0	79	79	0	0	0	134	134
<b>GREAT LAKES</b>															
Illinois	0	0	0	47	47	0	0	0	24	24	0	0	0	70	70
Indiana	53	0	16	0	69	66	0	13	0	79	60	0	10	0	70
Michigan	79	0	5	2	86	75	0	5	4	84	65	0	0	2	67
Ohio	0	0	0	62	62	0	0	0	46	46	0	0	0	139	139
Wisconsin	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>PLAINS</b>															
Iowa	0	0	5	5	10	0	0	10	9	19	0	0	30	22	52
Kansas	7	0	5	4	16	7	0	0	9	16	4	0	2	8	14
Minnesota	4	10	0	14	28	9	0	1	9	19	5	1	0	12	18
Missouri*	0	30	1	3	34	0	0	0	0	0	0	3	0	0	3
Nebraska	1	3	2	0	6	1	0	0	0	1	1	0	2	0	3
North Dakota	1	0	0	0	1	0	0	1	0	1	0	0	1	2	3
South Dakota	1	0	0	0	1	0	26	0	0	26	0	0	0	12	12
<b>SOUTHEAST</b>															
Alabama	1	2	0	0	3	0	1	0	0	1	0	0	0	0	0
Arkansas	0	1	4	0	5	0	1	5	0	6	0	0	7	0	7
Florida*	49	59	0	0	108	98	12	0	0	110	38	3	0	0	41
Georgia	0	0	0	19	19	0	0	0	35	35	0	0	0	35	35
Kentucky	0	0	55	0	55	0	0	22	0	22	0	0	15	0	15
Louisiana	0	9	1	7	17	0	0	0	5	5	0	0	0	5	5
Mississippi	1	0	1	0	2	1	0	1	0	2	1	0	1	0	2
North Carolina	0	0	0	377	377	0	0	0	99	99	0	0	0	0	0
South Carolina	0	4	3	7	14	1	4	0	6	11	N/A	N/A	N/A	N/A	N/A
Tennessee	0	0	7	0	7	10	8	13	31	62	0	0	18	73	91
Virginia	2	13	1	19	35	4	6	4	76	90	8	11	2	173	194
West Virginia	1	0	9	0	10	2	0	1	21	24	1	0	0	16	17
<b>SOUTHWEST</b>															
Arizona	0	0	12	0	12	1	0	25	0	26	0	0	1	1	2
New Mexico*	0	0	11	102	113	0	0	6	12	18	8	2	0	148	158
Oklahoma	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Texas	0	0	0	31	31	0	0	0	35	35	0	0	0	14	14
<b>ROCKY MOUNTAIN</b>															
Colorado	2	0	1	0	3	1	1	0	0	2	3	1	0	0	4
Idaho	0	0	4	3	7	0	0	3	3	6	0	0	4	3	7
Montana	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Utah	2	0	0	0	2	2	0	1	0	3	13	0	2	0	15
Wyoming	3	1	1	0	5	16	1	1	0	18	16	1	1	0	18
<b>FAR WEST</b>															
Alaska	2	0	0	0	2	0	0	0	2	2	2	0	2	0	4
California	7	0	0	9	16	26	0	0	3	29	49	0	0	3	52
Hawaii	0	0	0	2	2	0	0	0	5	5	0	0	0	3	3
Nevada	1	0	0	10	11	0	0	0	6	6	0	0	0	4	4
Oregon	1	0	5	0	6	0	0	21	0	21	0	0	60	0	60
Washington	0	5	1	27	33	0	8	1	66	75	0	1	1	181	183
<b>TOTAL</b>	<b>\$222</b>	<b>\$140</b>	<b>\$155</b>	<b>\$1,209</b>	<b>\$1,726</b>	<b>\$323</b>	<b>\$68</b>	<b>\$140</b>	<b>\$888</b>	<b>\$1,419</b>	<b>\$281</b>	<b>\$37</b>	<b>\$208</b>	<b>\$1,442</b>	<b>\$1,968</b>

Source: National Association of State Budget Officers, 2005 State Expenditure Report

Table 50

## TRANSPORTATION CAPITAL EXPENDITURES (\$ IN MILLIONS)

Region/State	Actual Fiscal 2004					Actual Fiscal 2005					Estimated Fiscal 2006				
	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
<b>NEW ENGLAND</b>															
Connecticut	\$5	\$558	\$20	\$775	\$1,358	\$1	\$421	\$20	\$604	\$1,046	\$3	\$433	\$28	\$645	\$1,109
Maine	0	142	38	34	214	0	134	63	22	219	0	133	131	12	276
Massachusetts	0	615	196	647	1,458	0	336	293	671	1,300	0	485	298	582	1,365
New Hampshire	0	30	147	0	177	0	32	159	0	191	0	35	176	0	211
Rhode Island	0	132	4	41	177	0	181	8	32	221	0	134	10	43	187
Vermont	0	99	28	1	128	0	109	34	2	145	0	133	29	0	162
<b>MID-ATLANTIC</b>															
Delaware*	0	94	224	0	318	0	118	291	0	409	0	140	266	0	406
Maryland*	0	627	716	0	1,343	0	743	717	0	1,460	0	881	869	0	1,750
New Jersey	805	1,134	5	801	2,745	805	1,167	5	1,101	3,078	805	1,200	5	1,079	3,089
New York	0	1,239	769	900	2,908	0	1,567	772	785	3,124	0	1,393	1,210	445	3,048
Pennsylvania	0	0	0	135	135	0	0	0	150	150	0	0	0	150	150
<b>GREAT LAKES</b>															
Illinois	5	124	2,000	497	2,626	1	140	1,390	419	1,950	0	148	1,781	237	2,166
Indiana	3	460	639	288	1,390	2	423	662	80	1,167	2	554	696	0	1,252
Michigan	0	592	250	143	985	0	748	327	108	1,183	0	671	324	149	1,144
Ohio	3	818	596	294	1,711	4	995	660	301	1,960	3	1,107	746	472	2,328
Wisconsin	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>PLAINS</b>															
Iowa	0	358	3	0	361	0	392	1	0	393	0	277	14	0	291
Kansas	0	279	590	67	936	0	376	347	38	761	0	226	760	47	1,033
Minnesota	0	36	639	105	780	0	13	950	147	1,110	0	36	760	153	949
Missouri	0	0	1,509	264	1,773	0	0	1,688	0	1,688	0	0	1,285	372	1,657
Nebraska	0	245	335	0	580	0	272	329	0	601	0	261	421	0	682
North Dakota	0	168	57	0	225	0	186	52	0	238	0	222	106	0	328
South Dakota	0	0	9	0	9	0	2	36	0	38	0	0	9	0	9
<b>SOUTHEAST</b>															
Alabama	0	360	225	87	672	0	354	178	59	591	0	653	230	0	883
Arkansas	0	0	2	0	2	0	0	2	0	2	0	0	2	0	2
Florida	0	1,402	3,106	403	4,911	0	1,924	4,283	401	6,608	0	2,715	4,095	606	7,416
Georgia	3	735	369	474	1,581	4	1,112	429	297	1,842	3	1,504	431	149	2,087
Kentucky	0	0	36	0	36	0	0	11	0	11	0	0	8	0	8
Louisiana	1	457	275	136	869	1	543	285	135	964	1	572	260	372	1,205
Mississippi	0	287	259	58	604	0	315	210	58	583	0	277	138	33	448
North Carolina	0	0	0	400	400	0	0	0	300	300	0	0	0	0	0
South Carolina	0	0	558	0	558	0	0	608	1	609	N/A	N/A	N/A	N/A	N/A
Tennessee	0	535	484	0	1,019	0	777	332	159	1,268	0	996	366	156	1,518
Virginia	0	0	29	59	88	0	0	44	92	136	0	0	49	41	90
West Virginia	4	392	197	35	628	4	447	189	0	640	6	509	239	0	754
<b>SOUTHWEST</b>															
Arizona	0	413	141	425	979	0	509	198	276	983	0	442	404	241	1,087
New Mexico*	13	65	104	103	285	33	56	112	194	395	52	97	114	164	427
Oklahoma	8	488	532	0	1,028	7	447	565	0	1,019	7	641	705	46	1,399
Texas*	0	0	0	323	323	0	0	0	958	958	0	0	0	958	958
<b>ROCKY MOUNTAIN</b>															
Colorado	0	0	0	0	0	0	0	0	0	0	10	0	0	0	10
Idaho	0	203	54	0	257	0	222	59	0	281	0	345	94	0	439
Montana	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Utah	60	153	180	188	581	60	207	280	50	597	120	155	385	0	660
Wyoming	10	15	233	0	258	8	12	187	0	207	8	12	187	0	207
<b>FAR WEST</b>															
Alaska	60	685	144	0	889	2	1,102	12	58	1,174	57	757	70	195	1,079
California	289	877	843	30	2,039	0	966	1,907	0	2,873	1,345	1,589	516	42	3,492
Hawaii	0	89	51	28	168	0	160	53	31	244	0	201	120	92	413
Nevada	0	139	184	187	510	0	206	139	175	520	0	225	189	219	633
Oregon	0	0	2	0	2	0	0	3	0	3	0	0	3	0	3
Washington	0	275	642	174	1,091	0	402	655	201	1,258	0	395	369	598	1,362
<b>TOTAL</b>	<b>\$1,269</b>	<b>\$15,320</b>	<b>\$17,424</b>	<b>\$8,102</b>	<b>\$42,115</b>	<b>\$932</b>	<b>\$18,116</b>	<b>\$19,545</b>	<b>\$7,905</b>	<b>\$46,498</b>	<b>\$2,422</b>	<b>\$20,554</b>	<b>\$18,898</b>	<b>\$8,298</b>	<b>\$50,172</b>

Source: National Association of State Budget Officers, 2005 State Expenditure Report

Table 51

## ENVIRONMENTAL PROJECTS CAPITAL EXPENDITURES (\$ IN MILLIONS)

Region/State	Actual Fiscal 2004					Actual Fiscal 2005					Estimated Fiscal 2006				
	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
<b>NEW ENGLAND</b>															
Connecticut	\$0	\$0	\$0	\$84	\$84	\$0	\$0	\$0	\$110	\$110	\$0	\$0	\$0	\$295	\$295
Maine	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Massachusetts	0	0	0	113	113	0	0	0	122	122	0	0	0	133	133
New Hampshire	0	0	0	4	4	0	0	0	4	4	0	0	0	5	5
Rhode Island	0	4	3	11	18	0	2	7	8	17	2	9	4	46	61
Vermont	0	0	0	7	7	0	0	0	7	7	0	0	0	11	11
<b>MID-ATLANTIC</b>															
Delaware	3	0	0	2	5	0	0	0	0	0	0	0	1	1	
Maryland	0	43	64	111	218	0	43	70	86	199	0	54	263	51	368
New Jersey	100	10	0	95	205	90	10	0	94	194	100	10	0	48	158
New York	0	154	124	288	566	0	154	99	226	479	0	137	103	247	487
Pennsylvania	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>GREAT LAKES</b>															
Illinois	2	4	0	645	651	0	6	196	359	561	0	5	250	377	632
Indiana	30	0	0	0	30	42	0	0	0	42	37	0	0	0	37
Michigan	29	14	103	56	202	5	17	50	59	131	10	17	167	4	198
Ohio	0	0	1	149	150	1	0	0	140	141	1	0	7	248	256
Wisconsin	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>PLAINS</b>															
Iowa	0	1	31	5	37	0	1	34	5	40	0	0	41	3	44
Kansas	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Minnesota	8	4	20	23	55	10	2	25	14	51	6	8	28	32	74
Missouri	0	0	9	54	63	0	0	8	54	62	0	0	7	42	49
Nebraska	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
North Dakota	1	7	10	0	18	0	6	1	60	67	1	7	19	3	30
South Dakota	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>SOUTHEAST</b>															
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	
Florida*	15	177	750	346	1,288	168	207	947	349	1,671	89	200	1,154	371	1,814
Georgia	0	0	0	20	20	0	0	0	20	20	0	0	0	56	56
Kentucky	0	0	3	0	3	0	0	4	0	4	0	0	35	0	35
Louisiana	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Mississippi	0	2	10	3	15	0	1	4	3	8	0	1	5	3	9
North Carolina	26	0	0	142	168	26	0	0	41	67	19	0	0	70	89
South Carolina	0	33	1	0	34	0	9	2	0	11	N/A	N/A	N/A	N/A	N/A
Tennessee	0	0	0	0	0	3	0	0	0	3	0	0	0	0	0
Virginia	0	1	4	8	13	0	4	5	25	34	10	3	14	39	66
West Virginia	0	22	26	0	48	0	24	18	0	42	0	17	16	0	33
<b>SOUTHWEST</b>															
Arizona	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
New Mexico*	12	0	26	17	55	55	0	5	34	94	76	0	9	28	113
Oklahoma	3	1	53	0	57	5	67	2	0	74	16	5	65	0	86
Texas*	0	0	0	135	135	0	0	0	0	0	0	0	0	25	25
<b>ROCKY MOUNTAIN</b>															
Colorado	0	0	3	0	3	0	1	3	0	4	3	0	8	0	11
Idaho	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	
Utah*	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	
<b>FAR WEST</b>															
Alaska	3	65	30	14	112	0	61	4	26	91	25	79	0	4	108
California	24	4	-9	719	738	5	4	38	419	466	50	20	93	958	1,121
Hawaii*	0	0	0	8	8	0	0	0	10	10	0	19	0	10	29
Nevada	0	0	0	0	0	0	0	0	1	1	0	0	0	0	
Oregon	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Washington	0	60	153	68	281	0	55	185	87	327	0	168	364	141	673
<b>TOTAL</b>	<b>\$256</b>	<b>\$606</b>	<b>\$1,415</b>	<b>\$3,127</b>	<b>\$5,404</b>	<b>\$410</b>	<b>\$674</b>	<b>\$1,707</b>	<b>\$2,363</b>	<b>\$5,154</b>	<b>\$445</b>	<b>\$759</b>	<b>\$2,652</b>	<b>\$3,251</b>	<b>\$7,107</b>

Source: National Association of State Budget Officers, 2005 State Expenditure Report

Table 52

## HOUSING CAPITAL EXPENDITURES (\$ IN MILLIONS)

Region/State	Actual Fiscal 2004					Actual Fiscal 2005					Estimated Fiscal 2006				
	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
<b>NEW ENGLAND</b>															
Connecticut	\$0	\$0	\$0	\$11	\$11	\$0	\$0	\$0	\$7	\$7	\$0	\$0	\$0	\$27	\$27
Maine	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Massachusetts	0	0	0	121	121	0	0	0	122	122	0	0	0	131	131
New Hampshire	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Rhode Island	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Vermont	0	0	0	1	1	0	0	0	1	1	0	0	0	0	0
<b>MID-ATLANTIC</b>															
Delaware*	4	0	0	0	4	4	0	0	0	4	4	0	0	0	4
Maryland	1	15	18	34	68	0	17	22	23	62	0	18	26	22	66
New Jersey	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
New York	0	2	1	100	103	0	0	1	119	120	0	2	2	129	133
Pennsylvania	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>GREAT LAKES</b>															
Illinois	0	0	0	0	0	0	0	0	18	18	0	0	0	13	13
Indiana	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Michigan	0	99	14	1	114	0	120	15	3	138	0	130	24	1	155
Ohio	0	5	27	0	32	0	4	37	0	41	0	5	46	0	51
Wisconsin	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>PLAINS</b>															
Iowa	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kansas	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Minnesota	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Missouri*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Nebraska	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
North Dakota	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
South Dakota	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>SOUTHEAST</b>															
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	192	0	192	0	0	193	0	193	0	0	443	0	443
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	1	1	0	0	0	1	1	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
<b>SOUTHWEST</b>															
Arizona	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
New Mexico*	0	0	0	0	0	11	0	0	0	11	0	0	0	0	0
Oklahoma	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Texas*	0	0	0	239	239	0	0	0	177	368	0	0	0	185	185
<b>ROCKY MOUNTAIN</b>															
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
<b>FAR WEST</b>															
Alaska	1	19	16	0	36	1	42	14	1	58	2	11	18	0	31
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	7	7
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	39	39	0	0	0	45	45	0	0	10	87	97
<b>TOTAL</b>	<b>\$6</b>	<b>\$140</b>	<b>\$268</b>	<b>\$549</b>	<b>\$963</b>	<b>\$16</b>	<b>\$183</b>	<b>\$282</b>	<b>\$517</b>	<b>\$1,189</b>	<b>\$6</b>	<b>\$166</b>	<b>\$569</b>	<b>\$602</b>	<b>\$1,343</b>

Source: National Association of State Budget Officers, 2005 State Expenditure Report

Table 53

## ALL OTHER CAPITAL EXPENDITURES (\$ IN MILLIONS)

Region/State	Actual Fiscal 2004					Actual Fiscal 2005					Estimated Fiscal 2006				
	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
<b>NEW ENGLAND</b>															
Connecticut	\$0	\$0	\$0	\$698	\$698	\$0	\$0	\$0	\$731	\$731	\$0	\$0	\$0	\$741	\$741
Maine	3	32	5	16	56	2	13	4	13	32	4	32	8	24	68
Massachusetts	0	0	119	278	397	0	0	64	827	891	0	0	14	794	808
New Hampshire	0	0	0	36	36	0	0	0	48	48	0	0	0	45	45
Rhode Island	5	40	0	7	52	5	5	15	11	36	0	44	21	41	106
Vermont	0	0	0	24	24	0	0	0	37	37	0	0	0	25	25
<b>MID-ATLANTIC</b>															
Delaware	61	0	0	0	61	92	0	0	0	92	160	0	0	0	160
Maryland	9	0	50	256	315	1	0	15	265	281	1	0	6	377	384
New Jersey	208	0	0	9	217	209	0	0	22	231	210	0	0	22	232
New York	0	78	162	261	501	0	96	144	289	529	0	170	194	418	782
Pennsylvania	0	0	0	195	195	0	0	0	63	63	0	0	0	210	210
<b>GREAT LAKES</b>															
Illinois	0	0	4	321	325	0	0	6	81	87	0	0	11	81	92
Indiana	94	0	11	34	139	89	0	18	0	107	83	0	18	0	101
Michigan	39	28	22	33	122	51	22	12	14	99	46	27	31	158	262
Ohio	1	0	7	640	648	0	0	19	607	626	1	0	39	748	788
Wisconsin	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>PLAINS</b>															
Iowa	0	0	65	46	111	0	0	50	28	78	0	0	70	23	93
Kansas	5	10	14	2	31	6	3	5	12	26	9	13	9	12	43
Minnesota	15	8	12	138	173	41	18	19	149	227	20	21	36	126	203
Missouri*	37	50	45	13	145	6	43	80	1	130	21	76	43	0	140
Nebraska	12	10	30	0	52	13	19	26	0	58	16	51	103	0	170
North Dakota	1	8	9	21	39	7	11	27	0	45	8	83	1	14	106
South Dakota	1	3	18	0	22	4	7	67	0	78	3	14	59	0	76
<b>SOUTHEAST</b>															
Alabama*	0	N/A	26	297	323	0	N/A	31	226	257	0	N/A	22	124	146
Arkansas	0	3	14	0	17	0	5	20	12	37	1	58	20	12	91
Florida*	17	0	1,383	834	2,234	178	0	1,463	116	1,757	74	0	1,429	242	1,745
Georgia	0	0	0	315	315	0	0	0	275	275	0	0	0	264	264
Kentucky	0	0	279	0	279	0	0	275	0	275	0	0	273	0	273
Louisiana	12	24	26	138	200	9	26	13	136	184	8	10	11	136	165
Mississippi	6	22	51	216	295	5	19	36	110	170	4	40	51	67	162
North Carolina	48	0	0	0	48	6	0	0	0	6	88	0	0	0	88
South Carolina	2	6	28	94	130	3	10	37	4	54	N/A	N/A	N/A	N/A	N/A
Tennessee	12	17	17	131	177	22	2	7	84	115	33	33	1	21	88
Virginia	3	5	3	38	49	3	9	4	78	94	7	7	8	61	83
West Virginia	11	44	33	0	88	10	29	33	0	72	8	16	37	0	61
<b>SOUTHWEST</b>															
Arizona	0	0	1	0	1	1	3	1	0	5	1	2	1	0	4
New Mexico*	33	25	115	114	287	135	23	82	71	311	350	21	6	178	555
Oklahoma	8	23	66	58	155	18	26	47	27	118	27	40	44	378	489
Texas	0	0	0	53	53	0	0	0	57	57	0	0	0	39	39
<b>ROCKY MOUNTAIN</b>															
Colorado	16	22	69	0	107	6	21	66	0	93	37	9	52	0	98
Idaho	0	0	16	1	17	0	0	11	1	12	0	0	8	1	9
Montana	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Utah	68	4	24	18	114	124	4	14	58	200	96	6	22	5	129
Wyoming	67	61	70	0	198	61	54	60	0	175	61	54	60	0	175
<b>FAR WEST</b>															
Alaska	18	194	43	0	255	6	124	50	8	188	206	250	30	109	595
California	19	13	0	14	46	14	21	10	12	57	26	15	34	17	92
Hawaii*	0	17	42	278	337	0	13	58	222	293	0	34	214	383	631
Nevada	3	3	7	13	26	3	3	12	23	41	4	13	21	50	88
Oregon	0	4	40	0	44	0	6	75	0	81	0	5	71	0	76
Washington	0	36	452	97	585	0	42	309	147	498	0	48	737	260	1,045
<b>TOTAL*</b>	<b>\$834</b>	<b>\$790</b>	<b>\$3,378</b>	<b>\$5,737</b>	<b>\$10,739</b>	<b>\$1,130</b>	<b>\$677</b>	<b>\$3,285</b>	<b>\$4,865</b>	<b>\$9,957</b>	<b>\$1,613</b>	<b>\$1,192</b>	<b>\$3,815</b>	<b>\$6,206</b>	<b>\$12,826</b>

Source: National Association of State Budget Officers, 2005 State Expenditure Report

## Capital Spending Notes

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**Alabama:** Capital expenditures for higher education are not captured/available at the state level. All other capital expenditures from Federal and Other State Funds are not reported separately; combined amounts are included in Other State Funds.

**Colorado:** Fiscal 2006 estimated amounts are based on current appropriations. However, capital appropriations are often long-term appropriations. These figures are based on best available data. Bond Funds amounts do not include expenditures of funds bonded by individual institutions of Higher Education.

**Delaware:** Transportation Other State Funds includes Bonds Funds. Federal Funds and Other State Funds estimates are not available for Housing.

**Florida:** The increase in General Revenue and Other Funding for other fixed capital outlay appropriations from fiscal 2003-04 to fiscal 2004-05 is due to hurricane related expenditures. Regarding corrections capital expenditures, the reduction in Estimated Capital Fiscal Year 2005-06 as compared to Actual Capital Fiscal Year 2004-05 is due to the Florida legislature providing only first year funding for the construction of new prison beds. Regarding environmental capital expenditures, Federal funding increased in fiscal 2004-05 and fiscal 2005-06 due to hurricane-related damages and grants. General Revenue and Trust Fund amounts increased in fiscal 2004-05 and fiscal 2005-06 due to hurricane-related damages to beaches and citrus canker. Additional increases in Trust Fund amounts in fiscal 2004-05 and fiscal 2005-06 are due to increased funding for water projects, petroleum tank clean up and growth management (alternative water supply). Note: The figures presented for Other State Funds in fiscal 2003-04 and fiscal 2004-05 on this year's survey have been corrected. These figures were calculated incorrectly on the previous year's survey. This accounts for the increase in the fiscal 2003-04 figure from \$559 million as reported previously to \$750 million as reported here, as well as the increase in the fiscal 2004-05 figure from \$617 million as reported previously to \$947 million as reported here. Regarding housing capital expenditures, the increase in Other Funds in fiscal 2005-06 is due to a legislative appropriation for Hurricane 2004 housing issues.

**Hawaii:** Unable to separate fiscal 2004 and fiscal 2005 Federal Funds and Other State Funds into the Housing and Environmental functional areas; instead, the figures are included in All Other:

**Maryland:** Transportation capital costs exclude all capital projects for Maryland Port Administration.

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

**Missouri:** Housing Capital Expenditures do not include expenditures made by the Missouri Housing Development Commission, a body corporate and politic. All Other Capital Expenditures 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.

**New Mexico:** Regarding Capital Expenditures, Transportation sums DOT and Capital Outlay Unit data by fund and fiscal year; Corrections sums Corrections and Capital Outlay Unit data by fund and fiscal year; Higher Education Bond Fund Section contains data from Capital Outlay Unit only, all other data reflects totals of Higher Education and Capital Outlay Unit data; Housing is per Capital Outlay Unit; Environmental sums NMED and Capital Outlay Unit data by fund and fiscal year; All Other is Per Capital Outlay Unit, the difference between the five categories listed and total capital expenditures.

**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.

**Utah:** All numerical information presented represents bond "authorization". All bond information included in the report is for General Obligation bonds. Not included in the report is State Building Ownership Authority (SBOA) Bonds (\$15 million in fiscal 2004, \$26 million in fiscal 2005, and \$8 million in fiscal 2006) and Board of Regents Revenue Bonds (discussed under the Higher Education footnote).

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 2004, \$5 million available in 2005, and \$6 million projected available for 2006). 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: Water Resources Construction Fund (\$6 million available in 2004, \$8 million available in 2005, and \$11 million projected available for 2006); Water Resources Cities Water Loan Fund (\$2 million available in 2004, \$0 available in 2005, and \$5 million projected available for 2006); Water Resources Conservation and Development Fund (\$16 million available in 2004, \$13 million available in 2005, and \$27 million projected available for 2006); Water Quality Loan Fund (\$24 million available in 2004, \$18 million available in 2005, and \$20 million projected available for 2006); and Drinking Water Loan Fund (\$12 million available in 2004, \$13 million available in 2005, and \$13 million projected available for 2006).

**CHAPTER NINE**  
**REVENUE SOURCES**  
**IN THE GENERAL FUND**

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General fund revenue, the source of most state expenditures, totaled \$560.4 billion in fiscal 2005. Sales and compensating use taxes, personal income taxes, and corporate income taxes are the three main sources of general fund revenue, accounting for 79.5 percent of general fund collections. Specifically, sales and compensating use taxes account for 33.4 percent of the total, personal income taxes for 39.2 percent, and corporate income taxes for 6.9 percent of total general fund revenues. Other taxes and fees represent 19.6 percent of general fund revenues, while gaming taxes are .9 percent. The major sources of general fund revenues 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 fiscal 2005, states continued their revenue recovery from the fiscal downturn of the early 2000's. In fiscal 2002, states saw their revenue decline 1.3 percent from the prior year, and in fiscal 2003, states revenue declined 1.4 percent. However, fiscal 2004 saw a 10.4 percent revenue increase from the prior year, fiscal 2005 had a 9.0 percent increase, and fiscal 2006 is estimated to have a 5.0 percent revenue increase. Additionally, in fiscal 2005, revenues exceeded original budget projections in 45 states. Partly resulting from the increased revenue, states enacted less overall tax and fee increases. While in fiscal 2003 states enacted net tax and fee increases of \$8.3 billion, and in fiscal 2004 states enacted increases of \$9.6 billion, states overall net tax and fee increases were reduced to \$3.5 billion in fiscal 2005, are estimated to be \$2.4 billion in fiscal 2006, and are recommended to be \$1.2 billion in fiscal 2007 (enacted changes in state taxes and fees are detailed in NASBO's *Fiscal Survey of States*).

**Figure 23**  
**REVENUE SOURCES IN THE GENERAL FUND**

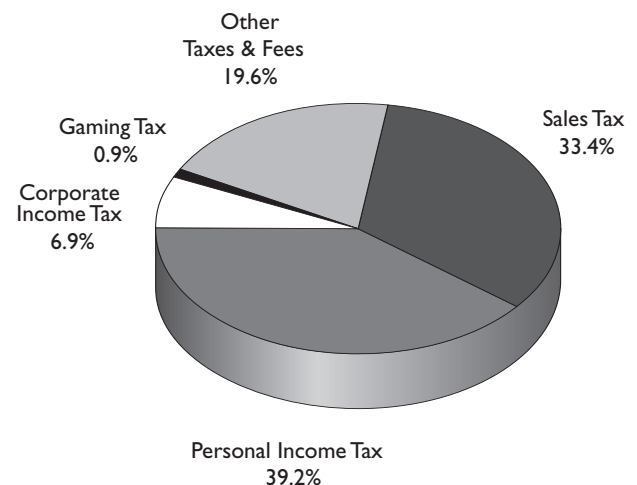




Table 55

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
<b>NEW ENGLAND</b>															
Connecticut							X			X		X		P	
Maine							P					X	P		
Massachusetts												X	X	X	
New Hampshire	X	X										X			
Rhode Island							P			X		X	X		
Vermont	P			X	X	X	X			X		X	X		
<b>MID-ATLANTIC</b>															
Delaware	N/A			N/A			X			N/A		X	X	P	
Maryland				N/A			P			X		N/A	X		
New Jersey	P		P	X		P				X	P	X	X	P	
New York					X		X			X		X	X	X	X
Pennsylvania	P			X	X	P	X		P	P		N/A	X	P	P
<b>GREAT LAKES</b>															
Illinois							P			X		X	X	P	P
Indiana					X		X			X	P	X	X		
Michigan	P	P		P	X	P	X	P		X		X	P	P	P
Ohio	P	P	P	X	X		X	P	P	X	P	X	P	P	
Wisconsin				X	X		X			X		X	X	X	
<b>PLAINS</b>															
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	P	X		P	X	X	P	X	X	P
North Dakota							X			X	X		P		
South Dakota							X			X	X		X		
<b>SOUTHEAST</b>															
Alabama					X		X						X		
Arkansas					X					X					
Florida	P	N/A		P	X	P	X	P	P	P	P	P	X	P	P
Georgia				X	X								X		
Kentucky															
Louisiana	P			P	P	P	X		P	X	P	P	X	P	P
Mississippi					N/A		P				N/A		X	X	
North Carolina				X						X	X	X			
South Carolina				X	X					X		X	X		
Tennessee				X	P					X					
Virginia				N/A	X	P	X			X	X	X	X	P	
West Virginia				N/A	P		X				X		X		
<b>SOUTHWEST</b>															
Arizona				X		P	X	P						P	
New Mexico										X				X	
Oklahoma									X	X				X	
Texas		N/A	N/A	X						X				X	
<b>ROCKY MOUNTAIN</b>															
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										
<b>FAR WEST</b>															
Alaska	X	X			X										
California	P	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		X			X	X	X	X		
Oregon				X	X	P	X	P		X	X		X		
Washington		N/A	N/A	N/A			X					X	X	P	
<b>ALL STATES</b>	<b>13</b>	<b>10</b>	<b>6</b>	<b>30</b>	<b>30</b>	<b>15</b>	<b>34</b>	<b>7</b>	<b>8</b>	<b>38</b>	<b>22</b>	<b>30</b>	<b>40</b>	<b>23</b>	<b>13</b>

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**

**Hawaii:** Does not have Gaming Taxes, Lottery Funds, Property Taxes, or Severance Taxes.

**Maryland:** "Other" revenue includes death taxes and interest.

**Michigan:** Actual fiscal 2004 and fiscal 2005 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 2006 estimates are the May 2006 consensus revenue estimates.

**Missouri:** Revenue sources exclude refunds of \$1,075 million in fiscal 2004, \$1,071 million in fiscal 2005, and \$1,179 million in fiscal 2006.

**North Dakota:** Federal fiscal relief payments are included in fiscal 2004.

**Texas:** Fiscal 2003 and fiscal 2004 partially include 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

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Table A-1

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

Region/State	Actual Fiscal 2004			Actual Fiscal 2005			Estimated Fiscal 2006		
	State Funds	Federal Funds	State & Federal Funds	State Funds	Federal Funds	State & Federal Funds	State Funds	Federal Funds	State & Federal Funds
<b>NEW ENGLAND</b>									
Connecticut	\$15,286	\$1,982	\$17,268	\$17,472	\$1,951	\$19,423	\$18,440	\$1,952	\$20,392
Maine	4,086	2,346	6,432	4,384	2,256	6,640	4,390	2,660	7,050
Massachusetts	19,437	4,710	24,147	20,630	4,517	25,147	21,729	5,189	26,918
New Hampshire	2,867	1,381	4,248	2,928	1,415	4,343	3,027	1,420	4,447
Rhode Island	3,941	1,835	5,776	4,101	1,858	5,959	4,588	2,049	6,637
Vermont	2,165	1,007	3,172	2,645	972	3,617	3,225	1,016	2,111
<b>MID-ATLANTIC</b>									
Delaware	3,444	1,137	4,581	4,794	1,250	6,044	5,213	975	6,188
Maryland	16,702	5,845	22,547	18,167	5,878	24,045	20,139	6,420	26,559
New Jersey	28,301	8,006	36,307	32,300	7,985	40,285	32,267	9,239	41,506
New York	59,394	35,995	95,389	62,180	36,697	98,877	67,868	34,618	102,486
Pennsylvania	31,324	16,075	47,399	33,589	17,331	50,920	36,441	17,805	54,246
<b>GREAT LAKES</b>									
Illinois	39,173	9,126	48,299	32,442	8,308	40,750	36,497	8,751	45,248
Indiana	18,434	7,041	25,475	18,513	6,700	25,213	18,285	6,769	25,054
Michigan	28,520	10,868	39,388	28,981	11,348	40,329	28,618	12,933	41,551
Ohio	39,460	7,294	46,754	41,309	8,002	49,311	43,892	9,192	53,084
Wisconsin	26,502	6,408	32,910	24,891	6,977	31,868	26,316	7,166	33,482
<b>PLAINS</b>									
Iowa	8,183	3,585	11,768	8,792	3,476	12,268	9,449	3,773	13,222
Kansas	7,030	2,945	9,975	6,978	3,410	10,388	8,389	3,212	11,601
Minnesota	17,445	5,533	22,978	18,596	5,515	24,111	20,076	5,879	25,955
Missouri	12,530	5,061	17,591	13,563	5,491	19,054	13,376	6,122	19,498
Nebraska	4,856	2,252	7,108	5,121	2,351	7,472	6,185	2,936	9,121
North Dakota	1,726	1,164	2,890	1,884	1,217	3,101	2,337	1,320	3,657
South Dakota	1,946	1,191	3,137	2,219	1,179	3,398	1,924	1,364	3,288
<b>SOUTHEAST</b>									
Alabama	9,691	5,954	15,645	10,618	6,503	17,121	12,038	7,517	19,555
Arkansas	9,374	4,234	13,608	9,982	4,243	14,225	12,085	5,739	17,824
Florida	34,518	15,366	49,884	37,988	19,053	57,041	43,269	20,411	63,680
Georgia	17,609	10,226	27,835	18,026	10,152	28,178	19,568	9,285	28,853
Kentucky	12,663	6,344	19,007	13,022	6,311	19,333	14,711	7,451	22,162
Louisiana	7,764	6,728	14,492	8,071	6,890	14,961	8,087	6,618	14,705
Mississippi	6,485	4,445	10,930	7,255	4,471	11,726	7,493	4,909	12,402
North Carolina	20,929	9,506	30,435	24,074	10,224	34,298	23,454	9,972	33,426
South Carolina	10,087	6,180	16,267	11,053	6,809	17,862	11,077	6,889	17,966
Tennessee	12,689	8,796	21,485	14,156	9,394	23,550	15,239	9,933	25,172
Virginia	21,841	5,740	27,581	25,214	5,682	30,896	25,069	5,961	31,030
West Virginia	13,008	3,411	16,419	13,976	3,399	17,375	16,248	3,288	19,536
<b>SOUTHWEST</b>									
Arizona	14,273	6,857	21,130	14,502	7,737	22,239	15,741	7,411	23,152
New Mexico	6,078	3,545	9,623	6,439	3,608	10,047	7,074	3,835	10,909
Oklahoma	8,215	4,596	12,811	8,448	5,458	13,906	11,604	5,191	16,795
Texas	37,466	21,260	58,726	40,481	22,361	62,842	43,454	24,699	68,153
<b>ROCKY MOUNTAIN</b>									
Colorado	10,356	3,222	13,578	10,727	3,269	13,996	11,726	3,560	15,286
Idaho	2,860	1,719	4,579	3,023	1,769	4,792	3,443	2,034	5,477
Montana	2,305	1,498	3,803	2,449	1,505	3,954	2,892	1,772	4,664
Utah	5,537	2,076	7,613	6,109	2,247	8,356	6,735	2,325	9,060
Wyoming	3,096	1,056	4,152	4,134	1,422	5,556	4,128	1,410	5,538
<b>FAR WEST</b>									
Alaska	4,548	2,773	7,321	5,334	3,287	8,621	6,489	3,119	9,608
California	97,237	52,420	149,657	101,996	52,122	154,118	115,694	56,945	172,639
Hawaii	6,145	1,416	7,561	6,793	1,574	8,367	7,177	1,762	8,939
Nevada	4,588	1,566	6,154	5,082	1,677	6,759	6,062	2,037	8,099
Oregon	15,326	3,982	19,308	15,340	4,451	19,791	15,790	4,438	20,228
Washington	19,486	5,858	25,344	20,562	6,097	26,659	24,279	6,391	30,670
<b>TOTAL</b>	<b>\$807,381</b>	<b>\$343,561</b>	<b>\$1,150,942</b>	<b>\$851,333</b>	<b>\$357,799</b>	<b>\$1,209,132</b>	<b>\$923,297</b>	<b>\$377,662</b>	<b>\$1,300,959</b>

Note: State funds are defined as general funds and other state funds (bonds are excluded).  
Source: National Association of State Budget Officers, 2005 State Expenditure Report

Table A-2

## CHILD HEALTH INSURANCE BLOCK GRANTS (\$ IN MILLIONS)

Region/state	Actual Fiscal 2004				Actual Fiscal 2005				Estimated Fiscal 2006			
	General Fund	Other State Funds	Federal Funds	Total	General Fund	Other State Funds	Federal Funds	Total	General Fund	Other State Funds	Federal Funds	Total
<b>NEW ENGLAND</b>												
Connecticut*	\$24	\$0	\$0	\$24	\$27	\$0	\$0	\$27	\$28	\$0	\$0	\$28
Maine	8	0	25	33	7	0	21	27	9	0	26	36
Massachusetts	39	0	72	111	60	0	110	170	60	0	110	170
New Hampshire	2	0	4	7	3	0	7	10	4	0	7	11
Rhode Island	15	0	33	48	14	0	31	45	26	0	56	82
Vermont	1	0	3	4	1	0	4	5	2	0	4	6
<b>MID-ATLANTIC</b>												
Delaware	2	1	5	8	3	1	6	9	3	1	7	11
Maryland*	59	0	110	170	65	0	120	185	72	2	136	210
New Jersey	96	44	221	361	61	49	192	302	57	56	202	315
New York	0	336	292	628	0	353	334	687	0	344	305	649
Pennsylvania	36	32	141	209	47	25	162	234	47	27	158	232
<b>GREAT LAKES</b>												
Illinois	146	3	273	422	132	4	246	382	146	4	274	424
Indiana	32	0	52	84	24	0	68	92	26	0	73	99
Michigan*	55	7	139	201	31	35	151	217	42	13	129	184
Ohio	67	0	167	233	68	0	173	242	69	0	177	246
Wisconsin	65	7	135	206	59	2	122	183	62	7	122	191
<b>PLAINS</b>												
Iowa	11	1	36	48	12	1	41	54	17	0	53	70
Kansas	13	1	36	50	14	2	43	59	17	2	49	68
Minnesota	2	34	66	102	12	29	76	117	7	29	67	103
Missouri	2	27	78	107	0	32	87	119	19	20	99	138
Nebraska	9	3	31	43	6	5	31	42	11	5	32	48
North Dakota	1	0	3	4	1	0	3	4	2	0	5	7
South Dakota	4	0	12	16	4	0	13	17	4	0	13	17
<b>SOUTHEAST</b>												
Alabama	13	5	77	95	17	5	86	108	19	5	91	115
Arkansas	7	0	29	36	8	0	35	42	10	0	44	54
Florida	35	87	304	426	31	76	265	372	62	88	371	521
Georgia	73	5	196	274	72	5	199	276	62	5	174	241
Kentucky	21	0	72	93	20	0	69	89	20	2	79	101
Louisiana	13	8	85	106	26	0	100	126	24	0	89	114
Mississippi	0	19	102	121	0	21	112	134	0	27	132	158
North Carolina	49	0	149	198	62	0	198	260	68	0	192	260
South Carolina	12	0	47	59	14	0	52	66	15	0	54	69
Tennessee*	0	0	0	0	0	0	0	0	0	0	0	0
Virginia	18	13	38	69	27	13	46	85	36	13	52	100
West Virginia	6	0	29	35	7	0	34	41	8	0	35	43
<b>SOUTHWEST</b>												
Arizona	71	0	237	308	66	0	225	291	49	0	164	213
New Mexico	4	0	19	23	4	0	20	24	4	0	23	27
Oklahoma	10	0	40	50	15	0	56	71	15	0	59	74
Texas	178	0	306	484	142	0	270	412	150	0	277	427
<b>ROCKY MOUNTAIN</b>												
Colorado*	1	20	41	62	3	17	41	61	2	26	58	86
Idaho	4	0	13	17	4	0	15	19	4	0	16	20
Montana	0	3	14	17	0	3	13	16	0	4	16	20
Utah	0	8	26	34	0	8	28	36	0	11	41	52
Wyoming	2	0	5	7	2	0	6	8	3	0	6	9
<b>FAR WEST</b>												
Alaska	1	2	0	3	1	2	0	3	1	2	0	3
California	263	2	492	757	279	41	545	865	310	42	638	990
Hawaii	3	0	7	10	5	0	13	18	6	0	13	19
Nevada	11	0	20	31	12	0	25	37	11	0	20	31
Oregon	1	8	24	33	1	11	24	36	2	10	33	45
Washington	0	9	17	26	0	15	28	43	0	14	25	39
<b>TOTAL</b>	<b>\$1,483</b>	<b>\$686</b>	<b>\$4,323</b>	<b>\$6,492</b>	<b>\$1,467</b>	<b>\$755</b>	<b>\$4,545</b>	<b>\$6,767</b>	<b>\$1,609</b>	<b>\$759</b>	<b>\$4,807</b>	<b>\$7,175</b>

## **Child Health Insurance Block Grants**

**Colorado:** Due to state budget conditions, the CHIP was capped to new enrollment from November 2003 through June 2004. This lowered program expenditures for the 2004 fiscal year and started the 2005 fiscal year at a much lower population. Colorado pays the majority of the state share of the CHIP with cash funds exempt from revenues received through the Tobacco Master Settlement Agreement. The General Fund is used only to backfill any shortfall in state funds. In November 2004, Colorado voters passed a Constitutional amendment that provides approximately \$78 million through a statewide tobacco tax for the purposes of health care expansion (the total tax revenue is expected to be \$178 million). This has had impacts on the CHIP starting January 1, 2006, although the changes with the greatest impact will not take effect until July 1, 2006. For instance, Colorado will be lifting the Medicaid asset test, which will cause a large percentage of children to move from CHIP to Medicaid. Additionally, the CHIP will be expanded from 185% to 200% of the FPL. This will drive significant changes to the 2007 CHIP expenditures.

**Connecticut:** SCHIP Appropriation is "gross funded": federal funds are deposited directly to the State Treasury. The states FMAP is currently at 65 percent of SCHIP benefit costs.

**Maryland:** 2006 totals include funds from a provider tax on HMOs/MCOs.

**Michigan:** Michigan received federal approval of the Adult Benefit Waiver to expand health care coverage to childless adults using SCHIP funds in fiscal 2004. Enrollment reached 85,000 and Michigan received federal approval to freeze enrollment at an annual average of 62,000 in fiscal 2005. Despite the enrollment freeze, spending continued to increase slightly over fiscal 2004 spending with 30 percent of the population covered by a fee-for-service (FFS) program. On average, FFS program expenditures are higher than the managed care program, including higher pharmacy expenditures. For fiscal 2006 enrollment is capped at 55,000.

**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 the waiver expires or if Tennessee reverts back to the Medicaid program.



## Methodology

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The 2005 State Expenditure Report reflects three years of data: actual fiscal year 2004, actual fiscal year 2005, and estimated fiscal year 2006. The text of this report focuses on actual fiscal year 2005 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**

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**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.