

2004

STATE EXPENDITURE REPORT

NATIONAL ASSOCIATION OF STATE BUDGET OFFICERS

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PREFACE

Since its inception in 1987, the State Expenditure Report has developed into a definitive baseline for the analysis of state spending. This edition of the report includes data from actual fiscal 2003, actual fiscal 2004, and estimated fiscal 2005. 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

The State Expenditure Report was produced by Nick Samuels with Kevin Bradley, Stacey Mazer and Greg Von Behren. In addition, the report represents substantial work by state budget office staff throughout the United States. NASBO thanks these individuals for their assistance in providing state data for this report:

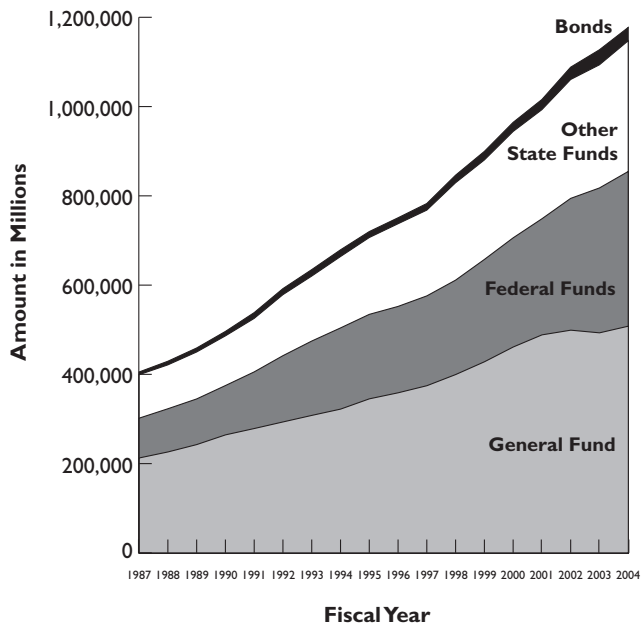
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EXECUTIVE SUMMARY

State Spending Trends, Fiscal 2004

State spending totaled nearly \$1.2 trillion in fiscal 2004, including both operating and capital expenditures. Compared to the previous year, that figure reflects an increase in state spending from all sources of 4.4 percent, with state funds growing by 4.2 percent and federal funds by 6.8 percent (see Tables 1 and 2). Estimates for fiscal 2005 reflect a 7 percent increase in total state expenditures, with state funds up by 6.3 percent and federal funds 6.9 percent higher. After one of the worst fiscal downturns ever experienced by states and severe budget cuts, the figures reported here reflect a modest increase in state spending. After a period of more austere growth, even small increases can result in larger percentage changes. Indeed, while the growth in spending from state-sourced funds was 4.2 percent in fiscal 2004, eight states report negative growth for that year and 19 states had growth of 3 percent or less. One state reported no increase in spending from state funds. 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.

Figure 1
TOTAL STATE SPENDING BY FUND SOURCE,
FISCAL 1987 TO 2004



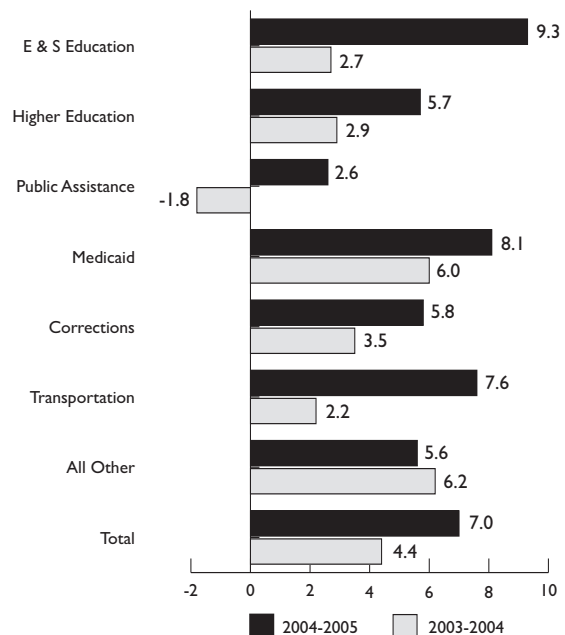
Medicaid is the largest category of state spending, accounting for 22.3 percent of total fiscal 2004 expenditures (it is 16.9 percent of general fund spending). Total state Medicaid spending increased by 6 percent between fiscal 2003 and fiscal 2004 (2.5 percent in state

funds and 8.7 in federal funds) and outpaces the growth of every other functional category of state spending except "all other" (a 6.2 percent increase in fiscal 2004). Expenditures for public assistance decreased by 1.8 percent between fiscal 2003 and fiscal 2004.

Other details of state expenditures include:

- General funds accounted for 43.1 percent of total fiscal 2004 state spending, federal funds were 29.5 percent, other state funds were 24.8 percent and bonds reflected 2.5 percent of the total. Figure 1 displays state spending by source from fiscal 1987 through fiscal 2004.
- Total elementary and secondary education spending grew by 2.7 percent and higher education spending by 2.9 percent in fiscal 2004. Those two functions, combined with Medicaid, account for more than three-fifths of general fund spending. Fiscal 2005 estimates are that total K-12 spending increased by 9.3 percent and higher education spending by 5.7 percent.
- Total corrections expenditures rose by 3.5 percent in fiscal 2004, and reflects 3.5 percent of total state spending.
- Transportation spending—8 percent of total state expenditures in fiscal 2004—increased by 2.2 percent in fiscal 2004. State spending for transportation comes mostly from "other state funds," which in fiscal 2004 comprised 59.6 percent of the total. General funds, which reflect only 3.2 percent of state transportation expenditures.

Figure 2
ALL FUNDS PERCENT CHANGES FROM PREVIOUS FISCAL YEAR
FOR MAJOR SPENDING CATEGORIES, FISCAL 2004 AND 2005



Components of State Expenditures

This report includes three years of state expenditure data: actual fiscal 2003, actual fiscal 2004, and estimated fiscal 2005. The text focuses on actual fiscal 2004 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, elementary and secondary education often is considered a primarily local function with states' financial support nearing, on average, half of total spending in this area. Some states, such as Hawaii, are exceptions; 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 2004 spending by fund source is broken down in Figure 3. Spending sourced from state general funds ranges from 43.7 percent of total in fiscal 2003 to 43.1 percent in fiscal 2004, and is estimated to be 42.5 percent of total in fiscal 2005. The share of state spending from federal funds ranges from 28.8 percent, 29.5 percent and 29.4 percent of the total in fiscal 2003, fiscal 2004, and estimated fiscal 2005, respectively.

Figure 3
TOTAL STATE EXPENDITURES BY FUNDING SOURCE,
FISCAL 2004

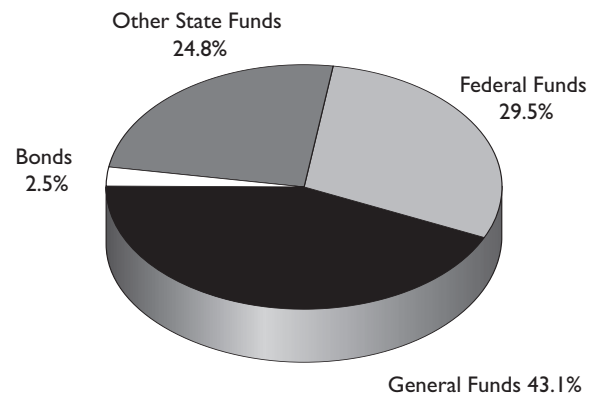
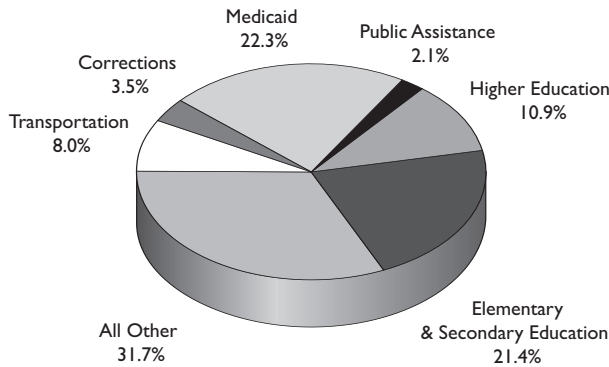


Figure 4 reflects total state expenditures by functional area. For fiscal 2004, total state spending shares are as follows: 22.3 percent for Medicaid; 21.4 percent for elementary and secondary education; 10.9 percent for higher education; 8 percent for transportation; 3.5 percent for corrections; 2.1 percent for public assistance; and 31.7 percent for all other.

Figure 4
TOTAL STATE EXPENDITURES BY FUNCTION, FISCAL 2004



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. Of the functional areas of state spending, Medicaid, elementary and secondary education and corrections represent a larger share of total state spending in fiscal 2003 than they represented in 1987. Figure 5 charts these changes. Table 3 reflects shares of state spending on functional areas, by fund source, from 1995 to 2005. Also, Table 5, at the end of the Executive Summary, highlights the share of each state's budget represented by various programs in fiscal 2004 and shows the wide variation among states in their spending patterns.

General Fund Expenditures

Figure 6
GENERAL FUND EXPENDITURES, FISCAL 2004

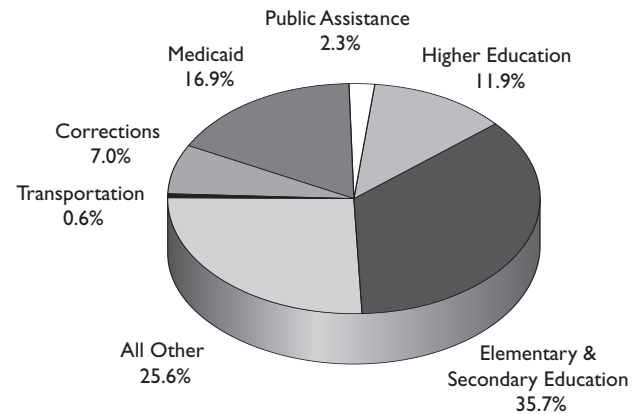
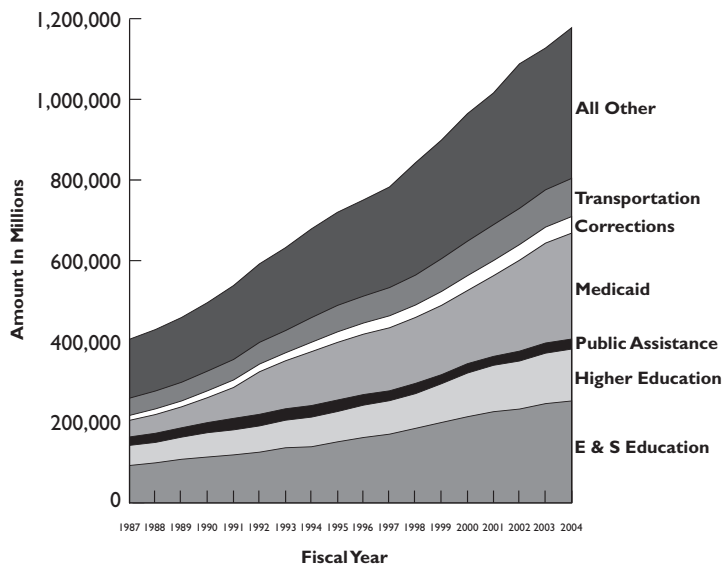


Figure 5
COMPOSITION OF TOTAL STATE EXPENDITURES BY FUNCTION, FISCAL 1987 TO 2004

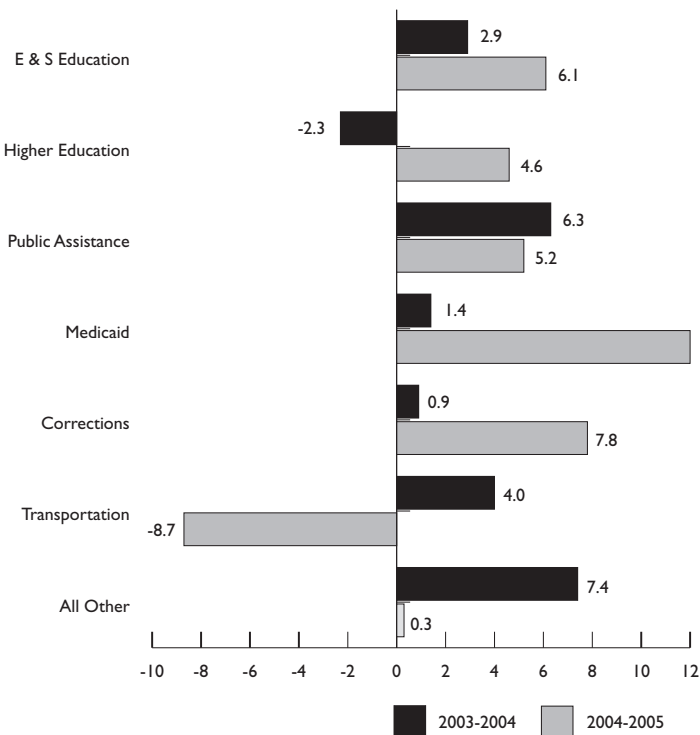


Expenditures for elementary and secondary education constitute the largest share of the general fund. As Figure 6 shows, in fiscal 2004 35.7 percent of general fund spending went to elementary and secondary education. Higher education accounted for 11.9 percent and Medicaid accounted for 16.9 percent of general fund spending. Figure 7 reflects the percentage change for general fund spending in each of the functional categories.

Other State Funds Expenditures

At 19.3 percent, transportation accounts for the second largest portion of other state funds spending, second only to the "all other" category. For transportation, these funds largely represent receipts from gasoline taxes earmarked for highways. Elementary and secondary and higher education also account for significant portions of spending from other state funds: elementary and secondary education at 8.7 percent, and higher education at 14.6 percent.

Figure 7
PERCENT CHANGE IN GENERAL FUND,
FISCAL 2004 AND 2005



Federal Fund Expenditures

As reflected in Figure 8, Medicaid accounts for the largest portion of state spending from federal funds at 44.5 percent. Elementary and secondary education and transportation, at 11.4 and 8 percent respectively, follow. Since 1995, Medicaid's share of spending from federal funds has been fairly level, roughly in the 40 to 44 percent range (see Table 3). Expansions to the Medicaid program, increasing caseloads, and the increased use of provider taxes and voluntary contributions to secure matching federal funds all help to explain these increases.

Figure 8
FEDERAL FUND EXPENDITURES,
FISCAL 2004

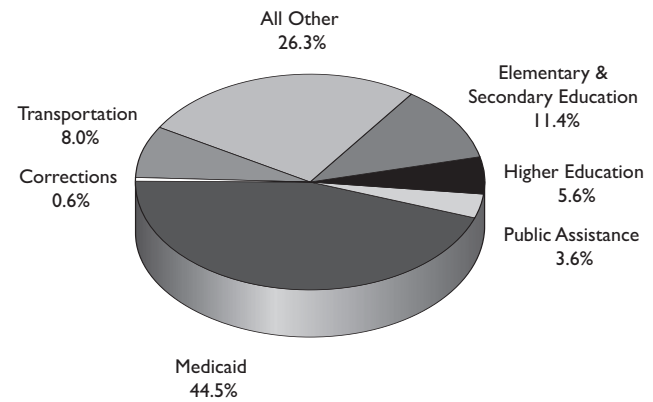


Table I

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

Region/State	Actual Fiscal 2003					Actual Fiscal 2004					Estimated Fiscal 2005				
	General Fund	Federal Funds	Other State Funds	Bonds	Total	General Fund	Federal Funds	Other State Funds	Bonds	Total	General Fund	Federal Funds	Other State Funds	Bonds	Total
NEW ENGLAND															
Connecticut	\$12,092	\$3,344	\$2,899	\$1,631	\$19,966	\$12,547	\$3,502	\$3,240	\$1,025	\$20,314	\$13,361	\$3,603	\$3,567	\$201	\$20,732
Maine	2,533	1,996	1,434	101	6,064	2,584	2,346	1,502	117	6,549	2,710	2,545	1,526	172	6,953
Massachusetts	19,412	4,260	812	1,579	26,063	18,311	4,710	1,314	1,348	25,683	19,311	4,849	691	1,834	26,685
New Hampshire	1,244	1,237	1,499	91	4,071	1,265	1,381	1,602	69	4,317	1,293	1,439	1,551	68	4,351
Rhode Island	2,690	1,601	1,141	111	5,543	2,729	1,760	1,187	84	5,760	2,963	1,932	1,181	170	6,246
Vermont	588	893	1,533	41	3,055	561	1,007	1,604	41	3,213	673	972	1,972	53	3,670
MID-ATLANTIC															
Delaware	2,454	945	653	486	4,538	2,454	1,000	744	488	4,686	2,883	1,093	807	590	5,373
Maryland	7,176	4,366	3,429	77	15,048	7,486	4,790	4,364	262	16,902	8,294	5,060	4,878	236	18,468
New Jersey	23,172	7,451	4,231	899	35,753	24,180	8,006	3,937	908	37,031	27,177	8,581	4,309	910	40,977
New York	37,612	33,303	16,209	1,931	89,055	42,066	35,995	17,329	1,938	97,328	43,619	36,697	18,561	1,791	100,668
Pennsylvania	20,400	14,576	11,015	1,216	47,207	21,885	16,075	9,439	623	48,022	23,031	17,950	11,118	400	52,499
GREAT LAKES															
Illinois	18,128	7,549	13,142	2,059	40,878	17,436	9,126	21,737	2,037	50,336	17,743	8,220	19,671	1,255	46,889
Indiana	10,235	5,766	3,054	233	19,288	11,652	6,908	2,761	174	21,495	11,723	6,758	2,666	139	21,286
Michigan	9,000	10,142	20,155	557	39,854	8,723	10,868	19,798	368	39,757	8,498	12,710	19,098	312	40,618
Ohio	22,653	6,923	15,780	1,443	46,799	23,839	7,294	15,622	1,399	48,154	25,020	9,147	19,154	1,718	55,039
Wisconsin	11,033	6,492	14,245	0	31,770	10,660	6,408	15,843	0	32,911	11,860	6,976	13,033	0	31,869
PLAINS															
Iowa	4,526	3,760	4,683	164	13,133	4,510	4,236	4,573	137	13,456	4,519	4,107	5,400	151	14,177
Kansas	4,137	2,997	2,800	148	10,082	4,316	2,945	2,714	222	10,197	4,680	2,987	2,987	159	10,813
Minnesota	14,216	5,155	4,068	478	23,917	14,087	5,533	3,479	438	23,537	15,145	5,805	3,747	450	25,147
Missouri	6,379	5,619	5,171	291	17,460	6,660	5,060	5,861	364	17,945	7,172	5,972	5,848	54	19,046
Nebraska	2,619	2,053	2,137	0	6,809	2,575	2,250	2,278	0	7,103	2,854	2,705	2,884	0	8,443
North Dakota	860	1,102	842	20	2,824	894	1,164	832	35	2,925	920	1,335	996	115	3,366
South Dakota	866	1,014	637	8	2,525	847	1,173	633	9	2,662	971	1,233	703	25	2,932
SOUTHEAST															
Alabama	5,467	5,870	4,115	250	15,702	5,513	5,980	4,219	370	16,082	6,075	7,276	5,070	236	18,657
Arkansas	3,238	3,797	5,543	53	12,631	3,505	4,234	5,869	66	13,674	3,689	5,277	6,895	339	16,200
Florida	20,257	13,997	13,115	1,197	48,566	21,119	16,016	12,869	1,834	51,838	24,392	18,035	14,810	1,342	58,579
Georgia	14,929	11,955	848	249	27,981	14,449	12,840	857	524	28,670	14,633	13,992	933	810	30,368
Kentucky	7,047	5,966	5,355	0	18,368	7,206	6,344	5,457	0	19,007	7,640	6,795	5,802	0	20,237
Louisiana	6,670	5,937	5,865	354	18,826	6,501	6,967	6,399	350	20,217	6,865	6,468	11,070	352	24,755
Mississippi	3,255	3,821	2,939	0	10,015	3,262	4,230	3,307	0	10,799	3,490	4,358	3,687	0	11,535
North Carolina	13,856	8,337	5,875	712	28,780	14,704	9,506	6,224	1,662	32,096	15,918	8,967	4,847	1,079	30,811
South Carolina	4,995	5,570	4,882	477	15,924	4,901	5,649	5,148	171	15,869	4,996	5,726	5,229	0	15,951
Tennessee	8,150	7,933	3,941	47	20,071	8,432	8,796	4,257	210	21,695	9,758	9,685	4,774	494	24,711
Virginia	10,974	5,129	10,325	497	26,925	11,238	5,740	10,609	644	28,231	12,328	5,682	12,887	816	31,713
West Virginia	2,936	3,027	9,449	335	15,747	3,012	3,411	9,996	250	16,669	3,165	3,471	9,843	223	16,702
SOUTHWEST															
Arizona	5,955	6,169	6,235	394	18,753	7,589	6,857	6,684	599	21,729	7,486	7,737	6,993	569	22,785
New Mexico	3,851	3,282	1,711	440	9,284	4,032	3,492	1,727	340	9,591	4,417	3,894	1,849	874	11,034
Oklahoma	4,409	4,151	4,330	32	12,922	4,116	4,596	4,099	258	13,069	5,027	5,153	3,694	336	14,210
Texas	29,911	19,691	9,692	1,465	60,759	29,360	21,654	10,472	1,934	63,420	29,015	21,851	11,955	2,344	65,165
ROCKY MOUNTAIN															
Colorado	5,483	3,018	4,824	301	13,626	5,594	3,222	4,757	60	13,633	5,799	3,227	4,771	0	13,797
Idaho	1,926	1,548	880	5	4,359	1,988	1,719	873	4	4,584	2,114	1,965	1,069	10	5,158
Montana	1,264	1,442	943	0	3,649	1,269	1,491	1,181	0	3,941	1,351	1,804	1,377	0	4,532
Utah	3,536	1,934	1,720	343	7,533	3,574	2,076	2,002	253	7,905	3,978	2,179	2,253	5	8,415
Wyoming	749	556	892	0	2,197	750	534	891	0	2,175	762	538	901	0	2,201
FAR WEST															
Alaska	2,540	2,482	1,043	594	6,659	2,413	2,805	2,432	0	7,650	2,383	3,409	3,929	66	9,787
California	77,482	54,733	18,282	11,015	161,512	78,345	52,420	18,892	6,986	156,643	80,283	56,686	22,091	15,116	174,176
Hawaii	3,336	1,181	2,221	477	7,215	3,840	1,416	2,344	349	7,949	4,166	1,678	2,388	775	9,007
Nevada	1,952	1,880	2,302	100	6,234	2,268	1,986	2,243	272	6,769	2,721	1,794	2,726	283	7,524
Oregon	3,467	3,622	9,094	0	16,183	5,214	3,731	8,189	0	17,134	4,995	4,564	8,973	0	18,532
Washington	11,334	5,530	7,371	903	25,138	11,452	5,858	8,034	622	25,966	11,788	6,188	8,271	1,137	27,384
TOTAL*	\$492,994	\$325,102	\$275,361	\$33,804	\$1,127,261	\$507,913	\$347,107	\$292,424	\$29,844	\$1,177,288	\$535,654	\$371,075	\$315,435	\$38,009	\$1,260,173

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

Source: National Association of State Budget Officers, 2004 State Expenditure Report

Table 2
ANNUAL PERCENTAGE CHANGE IN TOTAL STATE EXPENDITURES

Region/State	Fiscal 2003 to 2004			Fiscal 2004 to 2005		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
NEW ENGLAND						
Connecticut	5.3 %	4.7 %	1.7 %	7.2 %	2.9 %	2.1 %
Maine	3.0	17.5	8.0	3.7	8.5	6.2
Massachusetts	-3.0	10.6	-1.5	1.9	3.0	3.9
New Hampshire	4.5	11.6	6.0	-0.8	4.2	0.8
Rhode Island	2.2	9.9	3.9	5.8	9.8	8.4
Vermont	2.1	12.8	5.2	22.2	-3.5	14.2
MID-ATLANTIC						
Delaware	2.9	5.8	3.3	15.4	9.3	14.7
Maryland	11.7	9.7	12.3	11.2	5.6	9.3
New Jersey	2.6	7.4	3.6	12.0	7.2	10.7
New York	10.4	8.1	9.3	4.7	2.0	3.4
Pennsylvania	-0.3	10.3	1.7	9.0	11.7	9.3
GREAT LAKES						
Illinois	25.3	20.9	23.1	-4.5	-9.9	-6.8
Indiana	8.5	19.8	11.4	-0.2	-2.2	-1.0
Michigan	-2.2	7.2	-0.2	-3.2	16.9	2.2
Ohio	2.7	5.4	2.9	11.9	25.4	14.3
Wisconsin	4.8	-1.3	3.6	-6.1	8.9	-3.2
PLAINS						
Iowa	-1.4	12.7	2.5	9.2	-3.0	5.4
Kansas	1.3	-1.7	1.1	9.1	1.4	6.0
Minnesota	-3.9	7.3	-1.6	7.5	4.9	6.8
Missouri	8.4	-9.9	2.8	4.0	18.0	6.1
Nebraska	2.0	9.6	4.3	18.2	20.2	18.9
North Dakota	1.4	5.6	3.6	11.0	14.7	15.1
South Dakota	-1.5	15.7	5.4	13.1	5.1	10.1
SOUTHEAST						
Alabama	1.6	1.9	2.4	14.5	21.7	16.0
Arkansas	6.8	11.5	8.3	12.9	24.6	18.5
Florida	1.8	14.4	6.7	15.3	12.6	13.0
Georgia	-3.0	7.4	2.5	1.7	9.0	5.9
Kentucky	2.1	6.3	3.5	6.2	7.1	6.5
Louisiana	2.9	17.3	7.4	39.0	-7.2	22.4
Mississippi	6.1	10.7	7.8	9.3	3.0	6.8
North Carolina	6.1	14.0	11.5	-0.8	-5.7	-4.0
South Carolina	1.7	1.4	-0.3	1.8	1.4	0.5
Tennessee	4.9	10.9	8.1	14.5	10.1	13.9
Virginia	2.6	11.9	4.9	15.4	-1.0	12.3
West Virginia	5.0	12.7	5.9	0.0	1.8	0.2
SOUTHWEST						
Arizona	17.1	11.2	15.9	1.4	12.8	4.9
New Mexico	3.5	6.4	3.3	8.8	11.5	15.0
Oklahoma	-6.0	10.7	1.1	6.2	12.1	8.7
Texas	0.6	10.0	4.4	2.9	0.9	2.8
ROCKY MOUNTAIN						
Colorado	0.4	6.8	0.1	2.1	0.2	1.2
Idaho	2.0	11.0	5.2	11.3	14.3	12.5
Montana	11.0	3.4	8.0	11.3	21.0	15.0
Utah	6.1	7.3	4.9	11.7	5.0	6.5
Wyoming	0.0	-4.0	-1.0	1.3	0.7	1.2
FAR WEST						
Alaska	35.2	13.0	14.9	30.3	21.5	27.9
California	1.5	-4.2	-3.0	5.3	8.1	11.2
Hawaii	11.3	19.9	10.2	6.0	18.5	13.3
Nevada	6.0	5.6	8.6	20.7	-9.7	11.2
Oregon	6.7	3.0	5.9	4.2	22.3	8.2
Washington	4.2	5.9	3.3	2.9	5.6	5.5
TOTAL*	4.2 %	6.8 %	4.4 %	6.3 %	6.9 %	7.0 %

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, 2004 State Expenditure Report

Table 3

COMPARISON OF SHARES OF STATE SPENDING WITH FUND SOURCES, FISCAL 1995 TO 2005

Fund Type & Year	Elementary & Secondary Education	Higher Education	Public Assistance	Medicaid	Corrections	Transportation	All Other	Total
FY 1995:								
General Funds	33.4	12.9	4.4	14.4	6.7	0.7	27.4	100.0
Other State Funds	9.5	13.3	0.5	6.9	0.8	23.8	45.2	100.0
Federal Funds	9.8	2.7	6.5	42.7	0.1	9.8	28.3	100.0
Bond Funds	4.9	20.8	0.0	0.0	10.2	26.3	37.7	100.0
Total Funds	21.0	10.4	4.0	19.8	3.6	9.1	32.1	100.0
FY 1996:								
General Funds	34.4	12.9	3.9	14.7	6.9	0.6	25.6	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
Total Funds	21.5	10.7	3.5	19.9	3.7	8.0	31.8	100.0
FY 1997:								
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
Total Funds	21.7	10.7	3.1	20.0	3.7	9.0	31.8	100.0
FY 1998:								
General Funds	35.2	13.1	3.0	14.8	6.9	0.7	26.4	100.0
Other State Funds	9.4	11.3	1.0	6.3	0.8	22.2	49.1	100.0
Federal Funds	10.5	3.4	5.0	43.3	0.4	8.7	28.8	100.0
Bond Funds	12.4	18.4	0.0	0.0	6.0	33.4	29.8	100.0
Total Funds	22.0	10.3	2.9	19.6	3.7	8.8	32.8	100.0
FY 1999:								
General Funds	35.7	12.4	2.7	14.4	7.0	0.9	26.7	100.0
Other State Funds	9.0	13.0	0.6	6.5	1.0	23.4	46.5	100.0
Federal Funds	10.2	5.2	4.3	42.9	0.4	9.3	27.7	100.0
Bond Funds	21.0	17.2	0.0	0.0	6.5	25.6	29.8	100.0
Total Funds	22.3	10.8	2.6	19.5	3.9	9.1	31.8	100.0
FY 2000:								
General Funds	35.7	12.8	2.7	14.4	7.0	0.9	26.7	100.0
Other State Funds	8.6	14.2	0.8	4.2	0.9	22.9	48.4	100.0
Federal Funds	10.3	5.3	4.2	42.8	0.4	9.3	27.7	100.0
Bond Funds	20.2	18.1	0.0	0.0	5.7	26.2	29.8	100.0
Total Funds	22.3	11.4	2.6	19.5	3.9	9.1	31.8	100.0
FY 2001:								
General Funds	35.2	12.7	2.3	15.2	6.9	1.2	26.6	100.0
Other State Funds	9.2	15.0	0.2	5.9	0.9	21.1	47.0	100.0
Federal Funds	10.3	4.8	4.0	42.7	0.3	9.5	28.3	100.0
Bond Funds	18.9	17.5	0.0	0.0	4.0	31.3	28.4	100.0
Total Funds	22.2	11.3	2.2	19.7	3.7	8.8	32.1	100.0
FY 2002:								
General Funds	35.1	12.4	2.3	15.8	6.9	0.7	25.9	100.0
Other State Funds	8.9	13.8	0.3	6.6	0.9	19.4	49.8	100.0
Federal Funds	10.1	5.0	4.2	43.7	0.4	9.2	27.4	100.0
Bond Funds	12.7	20.4	0.0	0.0	3.4	25.0	38.5	100.0
Total Funds	21.3	10.9	2.3	20.7	3.6	8.3	32.9	100.0
FY 2003:								
General Funds	35.8	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
Total Funds	21.8	11.1	2.2	22.0	3.5	8.2	31.2	100.0
FY 2004:								
General Funds	35.7	11.9	2.3	16.9	7.0	0.6	25.6	100.0
Other State Funds	8.7	14.6	0.2	7.5	0.7	19.3	48.9	100.0
Federal Funds	11.4	5.6	3.6	44.5	0.6	8.0	26.3	100.0
Bond Funds	19.5	20.9	0.0	0.0	3.5	24.4	31.1	100.0
Total Funds	21.4	10.9	2.1	22.3	3.5	8.0	31.7	100.0
FY 2005:								
General Funds	35.9	11.8	2.3	18.0	7.2	0.5	24.3	100.0
Other State Funds	8.6	14.5	0.2	8.1	0.8	18.5	49.3	100.0
Federal Funds	11.5	5.4	3.4	43.6	0.4	8.8	26.9	100.0
Bond Funds	34.1	19.2	0.0	0.0	2.6	21.2	22.9	100.0
Total Funds	21.9	10.8	2.0	22.5	3.4	8.1	31.3	100.0
FY 1995-05 Combined Total:								
General Funds	35.1	12.6	2.9	15.5	6.9	0.8	26.0	100.0
Other State Funds	9.1	13.8	0.4	6.6	0.9	21.5	47.5	100.0
Federal Funds	10.4	4.4	4.6	43.4	0.4	9.0	27.7	100.0
Bond Funds	18.2	19.2	0.0	0.0	5.2	25.9	31.5	100.0
Total Funds	21.8	10.8	2.7	20.5	3.7	8.6	31.9	100.0

Source: National Association of State Budget Officers, 2004 State Expenditure Report

Regional Spending Trends

Table 4 shows growth rates for each region of the United States, separated by state funds (general fund plus other state funds, not including bond funds) and federal funds. The 2003-2004 growth rates for all funds for the New England, Plains and Far West states were well below the national average, the Southeast, Southwest, and Rocky Mountain states were close to the average, while spending in the Mid-Atlantic and Great Lakes states increase at a higher-than-average rate.

Table 4
REGIONAL PERCENTAGE CHANGE IN TOTAL EXPENDITURES,
FISCAL 2004 AND 2005

Region	Fiscal 2003 to 2004			Fiscal 2004 to 2003		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
New England	1.2%	10.3%	1.7%	4.9%	4.3%	4.3%
Mid-Atlantic	6.0	8.6	6.5	8.1	5.3	6.9
Great Lakes	7.7	10.1	7.9	0.3	7.9	1.6
Plains	0.6	3.0	1.4	8.4	8.0	7.8
Southeast	2.9	10.3	5.9	11.0	6.7	9.2
Southwest	3.0	9.9	6.0	3.5	5.6	5.0
Rocky Mountain	3.0	6.4	2.8	6.5	7.4	5.8
Far West	3.7	-1.7	-0.4	6.2	8.9	10.9
ALL STATES	4.2%	6.8%	4.4%	6.3%	6.9%	7.0%

Source: National Association of State Budget Officers, 2004 State Expenditure Report

Figure 9 shows the percentage change in state spending from state funds for 2003-2004 and 2004-2005. The New England and Plains states experienced below average growth between 2003-2004 and the Great Lakes states were well above average. Total state expenditure data can be found in Tables 1-5, along with related footnotes at the end of this chapter:

Figure 9
REGIONAL PERCENT CHANGE IN STATE FUNDS,
FISCAL 2004 AND 2005

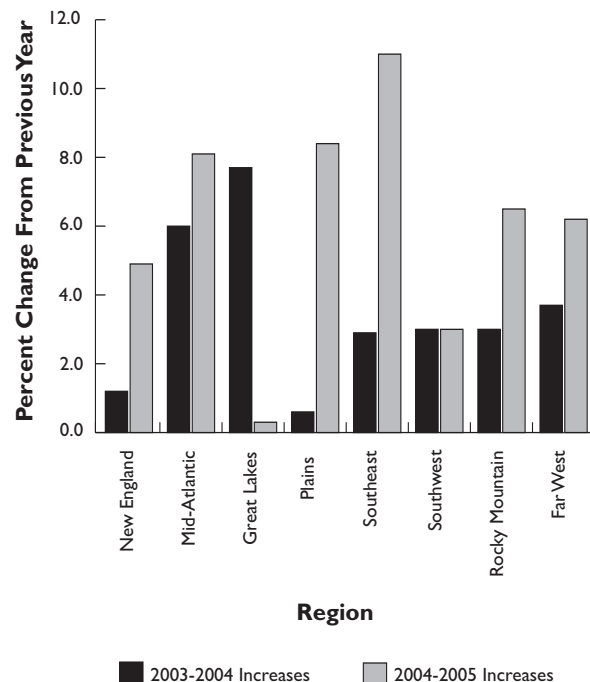


Table 5

STATE SPENDING BY FUNCTION AS A PERCENT OF TOTAL STATE EXPENDITURES, FISCAL 2004

Region/State	Elementary & Secondary Education	Higher Education	Public Assistance	Medicaid	Corrections	Transportation	All Other	Total
NEW ENGLAND								
Connecticut	11.7 %	9.8 %	2.4 %	27.0 %	2.9 %	3.3 %	42.9 %	100.0 %
Maine	17.0	3.5	2.7	31.3	1.9	7.7	35.9	100.0
Massachusetts	19.7	3.6	4.1	22.6	4.0	9.5	36.5	100.0
New Hampshire	24.6	4.6	1.7	26.4	1.8	10.0	30.9	100.0
Rhode Island	16.1	10.9	4.5	24.9	5.6	5.7	32.1	100.0
Vermont	31.6	3.6	2.4	21.5	2.6	9.4	28.9	100.0
MID-ATLANTIC								
Delaware	32.3	6.2	0.5	15.6	4.1	12.7	28.6	100.0
Maryland	24.2	22.4	2.7	27.1	5.3	18.4	0.0	100.0
New Jersey	24.6	7.6	1.0	20.6	3.6	9.5	33.2	100.0
New York	19.3	6.5	3.6	28.3	2.8	4.9	34.5	100.0
Pennsylvania	18.7	4.2	2.1	31.3	3.6	9.7	30.3	100.0
GREAT LAKES								
Illinois	16.9	5.4	0.3	20.9	2.6	8.0	46.0	100.0
Indiana	22.9	7.7	0.6	20.0	3.5	9.5	35.8	100.0
Michigan	31.3	5.5	1.3	20.8	4.9	8.1	28.2	100.0
Ohio	19.4	5.6	0.7	25.9	3.9	7.5	37.0	100.0
Wisconsin	18.1	11.9	0.9	14.6	3.0	5.9	45.6	100.0
PLAINS								
Iowa	17.4	26.6	1.0	17.8	2.4	7.5	27.3	100.0
Kansas	25.8	16.8	0.8	17.0	3.1	13.2	23.3	100.0
Minnesota	26.8	9.8	1.6	22.0	1.8	10.2	27.8	100.0
Missouri	24.5	5.5	1.0	32.0	3.1	10.2	23.7	100.0
Nebraska	14.7	21.5	0.9	19.4	2.5	8.7	32.4	100.0
North Dakota	15.8	22.6	0.5	16.8	1.7	12.2	30.3	100.0
South Dakota	17.1	16.8	0.5	21.8	2.7	14.8	26.3	100.0
SOUTHEAST								
Alabama	23.4	18.5	0.3	23.5	2.6	7.5	24.3	100.0
Arkansas	16.3	15.3	2.3	19.8	1.8	7.9	36.6	100.0
Florida	20.6	8.4	0.4	25.2	3.7	11.0	30.6	100.0
Georgia	26.6	19.0	1.8	19.0	4.3	5.8	23.5	100.0
Kentucky	19.3	19.1	1.1	21.7	2.5	10.0	26.3	100.0
Louisiana	18.5	11.8	0.3	24.1	3.5	6.4	35.4	100.0
Mississippi	23.5	18.0	0.2	32.2	2.7	9.2	14.2	100.0
North Carolina	22.5	14.2	1.4	23.0	4.7	11.9	22.3	100.0
South Carolina	19.5	19.0	0.3	24.9	3.0	8.8	24.4	100.0
Tennessee	16.3	11.1	0.7	35.2	2.3	6.7	27.7	100.0
Virginia	16.9	15.7	0.6	13.6	3.7	11.6	38.0	100.0
West Virginia	11.8	8.2	0.8	12.0	1.0	5.9	60.4	100.0
SOUTHWEST								
Arizona	18.8	13.3	0.8	17.6	3.8	11.3	34.5	100.0
New Mexico	24.6	20.4	4.0	24.4	2.3	6.9	17.5	100.0
Oklahoma	22.9	13.5	2.0	19.7	3.1	7.9	31.0	100.0
Texas	27.0	15.0	1.3	24.3	5.5	9.1	17.7	100.0
ROCKY MOUNTAIN								
Colorado	24.1	14.9	1.0	19.9	3.9	9.0	27.1	100.0
Idaho	26.2	8.9	0.3	20.8	3.9	11.7	28.2	100.0
Montana	17.8	10.1	1.3	16.2	2.9	13.2	38.4	100.0
Utah	25.5	13.0	1.6	16.1	3.6	10.1	30.2	100.0
Wyoming	25.3	9.0	1.1	4.6	3.8	2.2	53.9	100.0
FAR WEST								
Alaska	12.9	8.2	1.6	12.8	2.8	16.4	45.2	100.0
California	23.5	11.1	6.3	18.8	3.8	4.5	31.8	100.0
Hawaii	23.6	9.7	1.5	10.8	2.1	8.9	43.4	100.0
Nevada	16.9	10.8	0.8	18.2	3.2	10.0	40.2	100.0
Oregon	18.0	12.8	0.8	15.9	3.4	6.0	43.1	100.0
Washington	23.6	17.0	1.5	19.9	2.9	7.8	27.1	100.0
ALL STATES	21.4 %	10.9 %	2.1 %	22.3 %	3.5 %	8.0 %	31.7 %	100.0 %

Note: Percentages may not add to 100.

Source: National Association of State Budget Officers, 2004 State Expenditure Report

General Notes

In reviewing the tables, please note the following:

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

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

Arizona: Federal Funds are generally excluded from the General Fund. In fiscal 2004 and fiscal 2005 Arizona received approximately \$87 million (each year) which was not earmarked for any program, grant or any other stipulation and was subsequently deposited into the General Fund.

Connecticut: Fiscal 2004 actual and fiscal 2005 estimated bond fund data are unavailable due to problems associated with the implementation of a new accounting system.

Illinois: General Funds do not include federal receipts. Federal receipts were added to federal funds. This presentation differs from NASBO's Fiscal Survey of States.

Indiana: In fiscal 2003, the law was changed so that the May distribution of the property tax replacement credit was not made until July, 2003, which reduced fiscal 2003 expenditures by \$315 million. Therefore, the increase in the property tax relief appropriation for fiscal 2004 caused the total General Fund amount for fiscal 2004 to increase by 13.8 percent over fiscal 2003.

Missouri: Total expenditures exclude refunds. Fiscal 2003 expenditures exclude refunds of \$1,210 million, including \$1,166 million general revenue. Fiscal 2004 estimates exclude refunds of \$1,118 million, including \$1,075 million general revenue. Fiscal 2005 estimates exclude refunds of \$1,330 million, including \$1,287 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

2005 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.

Nebraska: Fiscal 2004-2005 amounts shown are equal to appropriations for the year and do not reflect an estimate of expenditures.

New Jersey: Figures include pension, post retirement medical, debt service on pension bonds, payroll taxes, and health benefits expenditures which total \$988 million in general funds in fiscal 2004 and \$1.1 billion in fiscal 2005, 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 have been included in the "All Other Expenditures" category.

Ohio: Certain federal reimbursements and block grants for certain human services programs (Medicaid, etc.) are deposited into the state's General Revenue Fund. Expenditures of these federal funds are contained in the General Fund number in this report to be consistent with other portrayals of Ohio's general fund. This amounts to \$4,972.4 million fiscal 2003 and \$5,516.4 million in fiscal 2004. 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 \$5,613.1 million in fiscal 2003 and \$5,569.0 million in fiscal 2004.

Additionally, "double counting" of revenue and expenditures related to intrastate transactions overstates overall state expenditure activity. The overstatement is primarily found in general services. Expenditure activity from these funds totals \$1,186.1 million in fiscal 2003 and \$1,295.2 million in fiscal 2004. This results in Ohio's "All

Other'' expenditures as a percentage of the total being overstated, and consequently other areas being understated.

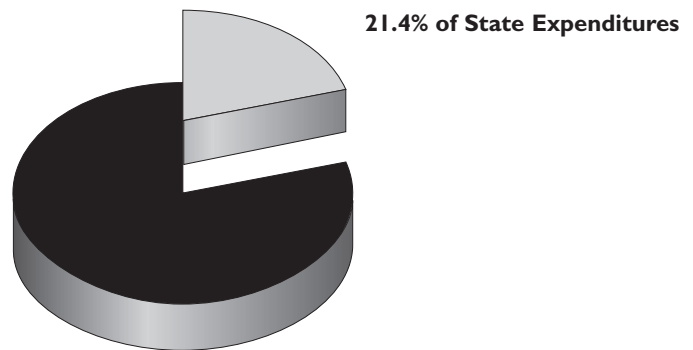
Ohio appropriates capital appropriations on a biennial basis rather than an annual basis, therefore, the amounts shown for fiscal 2005 are estimates.

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.

Texas: Fiscal 2005 does not include the supplemental funds that are expected to be necessary to complete the fiscal year. Supplemental funds have not yet been appropriated.

CHAPTER ONE ELEMENTARY & SECONDARY EDUCATION



State elementary and secondary education expenditures totaled \$252.1 billion in fiscal 2004, a 2.7 percent increase over the previous year. While historically the largest category of state spending, K-12 education now is second to Medicaid. In fiscal 2003, elementary and secondary education comprised 21.8 percent of total state spending (Medicaid was 22 percent), in fiscal 2004 it was 21.4 percent (Medicaid was 22.3 percent), and in fiscal 2005 is estimated to be 21.9 percent (Medicaid is estimated to be 22.5 percent).

General funds comprise 71.9 percent of state elementary and secondary education spending, federal funds are 15.7 percent, other states funds comprise 10.1 percent, and bonds are 2.3 percent.

According to the Department of Education, for school year 2001-2002 (the most recent year for which data are available) 49.2 percent of spending on elementary and secondary education comes from state funds, 42.9 percent from local funds, and 7.9 percent from federal funds. The Administration's proposed fiscal 2006 federal budget would provide \$56 billion in discretionary funding for the U.S. Department of Education, with 95 percent of it distributed through states directly to local districts and schools.

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

No Child Left Behind Law (NCLB)

The No Child Left Behind Act (NCLB) was signed into law on January 8, 2002 and increases federal resources to states to help improve education standards. 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 by; and ensure that all students achieve a proficient level of education by the 2014-2015 school year.

High School Initiative under the NCLB Law

The president's fiscal 2006 request includes a proposal that seeks to improve the quality of secondary education by building on the No Child Left Behind law beyond eighth grade. The president's

budget recommends nearly \$1.5 billion for his *High School Initiative*, which includes:

- \$1.24 billion to improve the academic achievement of students at risk of falling behind or dropping out;
- \$250 million to measure student performance in reading/ language arts and math in high school;
- \$200 million for the *Striving Readers* program to improve the reading skills of teenage students;
- \$120 million for the *Math and Science Partnership* to help struggling students reach grade level;
- \$125 million for a new *Community College Access* program to support "dual enrollment" by high school students who take college-level courses;
- A \$22.5 million increase for the *National Assessment of Educational Progress* to implement state-level assessments in reading and mathematics at the 12th grade in 2007;
- A \$22 million increase for the *Advanced Placement* program to expand the availability of Advanced Placement and International Baccalaureate programs in schools with large populations of low-income students and to train teachers for those programs;
- \$12 million for *State Scholars Capacity Building* to increase the number of states implementing State Scholars programs, which encourage high school students to complete a rigorous four-year course of study.

Also included in the budget request was \$500 million to support improvement efforts at all levels of schooling through a *Teacher Incentive Fund* that would reward effective teachers, create incentives to attract qualified teachers to high-need schools, and support innovative, performance-based compensation systems for the nation's teachers.

Sources of Funding

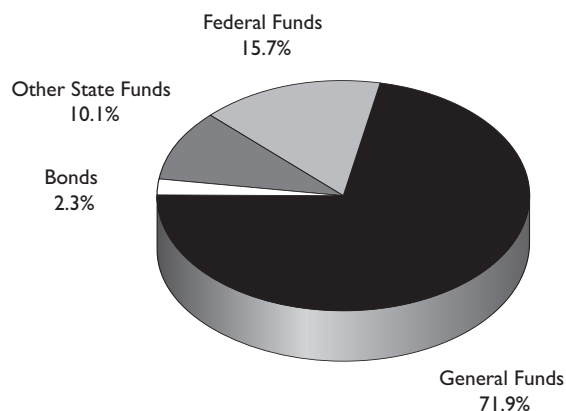
State-sourced funds for education as a percentage of total state education spending in fiscal 2004 (excluding bonds) range from 91.5 percent in New Jersey to 61.8 percent in South Dakota. A number of states have moved toward increasing their share of funding for elementary and secondary education by substituting state funds for local funds, often in order to reduce the reliance on local property taxes. Funds are distributed to schools as both general funds on a per-pupil basis and as categorical grants to

support specific programs or needs. The federal share is a source of supplemental funding for poor school districts and also helps pay the cost of educating handicapped children.

Fund Shares

Relative fund shares for 2004 are shown in the figure below.

Figure 10
STATE EXPENDITURES FOR ELEMENTARY AND SECONDARY EDUCATION BY FUND SOURCE, FISCAL 2004



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, ten states wholly or partially excluded employer contributions to teacher pensions and 14 states wholly or partially excluded contributions to health benefits. Among the states reporting, other items that are excluded or partially excluded are: day care programs (44), school health care (40), Head Start (31), 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.

Regional Expenditures

The following table shows percentage changes in expenditures for elementary and secondary education for fiscal 2003-2004 and 2004-2005. For 2004, spending for elementary and secondary education in the Mid-Atlantic states increase more than the national average, while they decreased in New England and the Far West.

Table 6
REGIONAL PERCENTAGE CHANGE IN STATE ELEMENTARY AND SECONDARY EDUCATION EXPENDITURES, FISCAL 2004 AND 2005

Region	Fiscal 2003 to 2004			Fiscal 2004 to 2005		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
New England	1.4 %	15.3 %	-1.1 %	1.7 %	6.6 %	6.7 %
Mid-Atlantic	3.7	18.2	5.7	7.4	3.9	7.0
Great Lakes	0.6	11.5	1.6	3.3	8.1	3.6
Plains	1.1	13.3	2.7	7.3	9.3	7.5
Southeast	2.5	15.5	4.8	6.4	8.9	6.7
Southwest	1.2	21.2	4.5	0.4	8.9	2.9
Rocky Mountain	3.2	12.4	4.4	4.5	8.9	5.1
Far West	5.1	10.0	-1.3	11.7	12.2	23.9
ALL STATES	2.6 %	14.7 %	2.7 %	6.2 %	8.5 %	9.3 %

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

Region/State	Actual Fiscal 2003					Actual Fiscal 2004					Estimated Fiscal 2005				
	General Fund	Federal Funds	Other State Funds	Bonds	Total	General Fund	Federal Funds	Other State Funds	Bonds	Total	General Fund	Federal Funds	Other State Funds	Bonds	Total
NEW ENGLAND															
Connecticut	\$1,990	\$360	\$5	\$488	\$2,843	\$2,000	\$368	\$4	\$0	\$2,372	\$2,102	\$391	\$4	\$0	\$2,497
Maine	919	145	7	4	1,075	925	168	12	10	1,115	975	148	15	8	1,146
Massachusetts	4,103	687	0	0	4,790	4,225	839	0	0	5,064	4,030	916	0	500	5,446
New Hampshire	83	121	905	6	1,115	63	140	848	9	1,060	62	153	750	6	971
Rhode Island	742	128	1	11	882	777	148	2	0	927	795	169	5	0	969
Vermont	14	91	858	13	976	13	103	894	6	1,016	14	106	1,180	4	1,304
MID-ATLANTIC															
Delaware	840	103	362	131	1,436	857	121	402	135	1,515	915	135	446	152	1,648
Maryland	3,146	670	125	0	3,941	3,383	698	3	0	4,084	3,702	710	2	0	4,414
New Jersey	7,505	703	24	0	8,232	8,299	770	24	0	9,093	9,091	825	32	0	9,948
New York	13,664	2,429	1,936	54	18,083	13,677	3,176	1,934	41	18,828	14,171	3,321	2,317	71	19,880
Pennsylvania*	6,965	1,561	15	0	8,541	7,282	1,696	16	0	8,994	7,867	1,724	2	0	9,593
GREAT LAKES															
Illinois	6,135	1,675	96	568	8,474	6,288	1,710	40	474	8,512	6,713	1,833	52	288	8,886
Indiana	4,193	552	34	0	4,779	4,211	692	12	0	4,915	4,291	750	18	0	5,059
Michigan*	412	1,216	10,899	0	12,527	407	1,353	10,686	0	12,446	195	1,479	11,035	0	12,709
Ohio*	6,263	1,141	988	507	8,899	6,523	1,354	981	465	9,323	6,632	1,485	1,284	536	9,937
Wisconsin	5,234	530	57	0	5,821	5,268	591	99	0	5,958	5,298	612	125	0	6,035
PLAINS															
Iowa	1,913	311	80	0	2,304	1,971	367	9	0	2,347	2,075	383	18	0	2,476
Kansas	2,113	316	81	0	2,510	2,175	352	100	0	2,627	2,316	369	80	0	2,765
Minnesota	5,528	515	32	31	6,106	5,716	557	29	17	6,319	6,329	595	32	4	6,960
Missouri	2,324	725	1,314	0	4,363	2,447	787	1,163	0	4,397	2,566	995	1,214	0	4,775
Nebraska	834	198	5	0	1,037	819	222	4	0	1,045	829	248	4	0	1,081
North Dakota	300	100	41	0	441	309	118	36	0	463	317	87	38	0	442
South Dakota	322	110	1	0	433	281	174	0	0	455	342	139	3	0	484
SOUTHEAST															
Alabama	2,921	664	123	0	3,708	2,901	712	143	0	3,756	3,148	951	159	0	4,258
Arkansas	1,592	352	246	0	2,190	1,627	384	222	0	2,233	1,655	528	671	0	2,854
Florida*	7,559	1,865	491	0	9,915	8,038	2,014	624	0	10,676	8,783	2,357	647	0	11,787
Georgia	5,749	1,374	283	0	7,406	5,484	1,677	290	174	7,625	5,483	1,792	306	176	7,757
Kentucky	3,044	480	18	0	3,542	3,053	609	15	0	3,677	3,302	626	16	0	3,944
Louisiana	2,582	719	325	0	3,626	2,530	916	295	0	3,741	2,678	693	303	0	3,674
Mississippi	1,502	469	352	0	2,323	1,503	529	508	0	2,540	1,687	556	420	0	2,663
North Carolina	5,873	821	49	0	6,743	6,167	940	119	0	7,226	6,157	915	47	0	7,119
South Carolina	1,795	502	642	103	3,042	1,738	579	702	74	3,093	1,839	524	612	0	2,975
Tennessee	2,696	600	22	0	3,318	2,799	722	11	0	3,532	3,016	856	21	0	3,893
Virginia	4,010	419	118	0	4,547	4,154	485	123	0	4,762	4,758	522	137	0	5,417
West Virginia	1,521	255	51	132	1,959	1,563	270	50	76	1,959	1,614	393	52	89	2,148
SOUTHWEST															
Arizona	2,598	638	413	0	3,649	2,959	680	446	0	4,085	3,184	769	524	0	4,477
New Mexico	1,892	240	26	30	2,188	1,975	309	30	43	2,357	2,097	266	30	266	2,659
Oklahoma	1,447	424	952	0	2,823	1,427	484	1,082	0	2,993	2,065	615	533	0	3,213
Texas	12,824	2,872	1,057	0	16,753	12,116	3,584	1,418	0	17,118	11,674	3,857	1,435	0	16,966
ROCKY MOUNTAIN															
Colorado	2,312	339	434	0	3,085	2,417	406	461	0	3,284	2,540	471	472	0	3,483
Idaho	942	154	63	0	1,159	966	172	64	0	1,202	988	182	63	0	1,233
Montana	525	120	53	0	698	518	135	49	0	702	519	153	56	0	728
Utah*	1,648	288	-2	0	1,934	1,679	311	24	0	2,014	1,788	315	44	0	2,147
Wyoming	22	88	440	0	550	22	88	440	0	550	24	90	442	0	556
FAR WEST															
Alaska	801	151	52	0	1,004	740	162	87	0	989	823	170	102	0	1,095
California	26,517	4,980	67	7,268	38,832	27,283	5,388	56	4,152	36,879	31,285	6,100	59	10,626	48,070
Hawaii	1,282	160	31	232	1,705	1,467	223	44	144	1,878	1,555	230	50	234	2,069
Nevada	690	191	148	0	1,029	776	225	141	0	1,142	896	221	147	0	1,264
Oregon	1,425	350	527	0	2,302	2,554	408	126	0	3,088	2,150	478	548	0	3,176
Washington	4,970	524	428	0	5,922	5,021	585	530	0	6,136	5,141	648	612	0	6,401
TOTAL	\$176,281	\$34,426	\$25,275	\$9,578	\$245,560	\$181,393	\$39,501	\$25,398	\$5,820	\$252,112	\$192,476	\$42,851	\$27,164	\$12,960	\$275,451

Source: National Association of State Budget Officers, 2004 State Expenditure Report

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

Region/State	Fiscal 2003	Fiscal 2004	Fiscal 2005
NEW ENGLAND			
Connecticut	14.2 %	11.7 %	12.0 %
Maine	17.7	17.0	16.5
Massachusetts	18.4	19.7	20.4
New Hampshire	27.4	24.6	22.3
Rhode Island	15.9	16.1	15.5
Vermont	31.9	31.6	35.5
MID-ATLANTIC			
Delaware	31.6	32.3	30.7
Maryland	26.2	24.2	23.9
New Jersey	23.0	24.6	24.3
New York	20.3	19.3	19.7
Pennsylvania	18.1	18.7	18.3
GREAT LAKES			
Illinois	20.7	16.9	19.0
Indiana	24.8	22.9	23.8
Michigan	31.4	31.3	31.3
Ohio	19.0	19.4	18.1
Wisconsin	18.3	18.1	18.9
PLAINS			
Iowa	17.5	17.4	17.5
Kansas	24.9	25.8	25.6
Minnesota	25.5	26.8	27.7
Missouri	25.0	24.5	25.1
Nebraska	15.2	14.7	12.8
North Dakota	15.6	15.8	13.1
South Dakota	17.1	17.1	16.5
SOUTHEAST			
Alabama	23.6	23.4	22.8
Arkansas	17.3	16.3	17.6
Florida	20.4	20.6	20.1
Georgia	26.5	26.6	25.5
Kentucky	19.3	19.3	19.5
Louisiana	19.3	18.5	14.8
Mississippi	23.2	23.5	23.1
North Carolina	23.4	22.5	23.1
South Carolina	19.1	19.5	18.7
Tennessee	16.5	16.3	15.8
Virginia	16.9	16.9	17.1
West Virginia	12.4	11.8	12.9
SOUTHWEST			
Arizona	19.5	18.8	19.6
New Mexico	23.6	24.6	24.1
Oklahoma	21.8	22.9	22.6
Texas	27.6	27.0	26.0
ROCKY MOUNTAIN			
Colorado	22.6	24.1	25.2
Idaho	26.6	26.2	23.9
Montana	19.1	17.8	16.1
Utah	25.7	25.5	25.5
Wyoming	25.0	25.3	25.3
FAR WEST			
Alaska	15.1	12.9	11.2
California	24.0	23.5	27.6
Hawaii	23.6	23.6	23.0
Nevada	16.5	16.9	16.8
Oregon	14.2	18.0	17.1
Washington	23.6	23.6	23.4
ALL STATES	21.8 %	21.4 %	21.9 %

Source: National Association of State Budget Officers, 2004 State Expenditure Report

Table 9

ANNUAL PERCENTAGE CHANGE IN ELEMENTARY AND SECONDARY EDUCATION EXPENDITURES

Region/State	Fiscal 2003 to 2004			Fiscal 2004 to 2005		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
NEW ENGLAND						
Connecticut	0.5 %	2.2 %	-16.6 %	5.1 %	6.3 %	5.3 %
Maine	1.2	15.9	3.7	5.7	-11.9	2.8
Massachusetts	3.0	22.1	5.7	-4.6	9.2	7.5
New Hampshire	-7.8	15.7	-4.9	-10.9	9.3	-8.4
Rhode Island	4.8	15.6	5.1	2.7	14.2	4.5
Vermont	4.0	13.2	4.1	31.6	2.9	28.3
MID-ATLANTIC						
Delaware	4.7	17.5	5.5	8.1	11.6	8.8
Maryland	3.5	4.2	3.6	9.4	1.7	8.1
New Jersey	10.5	9.5	10.5	9.6	7.1	9.4
New York	0.1	30.8	4.1	5.6	4.6	5.6
Pennsylvania	4.6	8.6	5.3	7.8	1.7	6.7
GREAT LAKES						
Illinois	1.6	2.1	0.4	6.9	7.2	4.4
Indiana	-0.1	25.4	2.8	2.0	8.4	2.9
Michigan	-1.9	11.3	-0.6	1.2	9.3	2.1
Ohio	3.5	18.7	4.8	5.5	9.7	6.6
Wisconsin	1.4	11.5	2.4	1.0	3.6	1.3
PLAINS						
Iowa	-0.7	18.0	1.9	5.7	4.4	5.5
Kansas	3.7	11.4	4.7	5.3	4.8	5.3
Minnesota	3.3	8.2	3.5	10.7	6.8	10.1
Missouri	-0.8	8.6	0.8	4.7	26.4	8.6
Nebraska	-1.9	12.1	0.8	1.2	11.7	3.4
North Dakota	1.2	18.0	5.0	2.9	-26.3	-4.5
South Dakota	-13.0	58.2	5.1	22.8	-20.1	6.4
SOUTHEAST						
Alabama	0.0	7.2	1.3	8.6	33.6	13.4
Arkansas	0.6	9.1	2.0	25.8	37.5	27.8
Florida	7.6	8.0	7.7	8.9	17.0	10.4
Georgia	-4.3	22.1	3.0	0.3	6.9	1.7
Kentucky	0.2	26.9	3.8	8.1	2.8	7.3
Louisiana	-2.8	27.4	3.2	5.5	-24.3	-1.8
Mississippi	8.5	12.8	9.3	4.8	5.1	4.8
North Carolina	6.1	14.5	7.2	-1.3	-2.7	-1.5
South Carolina	0.1	15.3	1.7	0.5	-9.5	-3.8
Tennessee	3.4	20.3	6.4	8.1	18.6	10.2
Virginia	3.6	15.8	4.7	14.4	7.6	13.8
West Virginia	2.6	5.9	0.0	3.3	45.6	9.6
SOUTHWEST						
Arizona	13.1	6.6	11.9	8.9	13.1	9.6
New Mexico	4.5	28.8	7.7	6.1	-13.9	12.8
Oklahoma	4.6	14.2	6.0	3.5	27.1	7.4
Texas	-2.5	24.8	2.2	-3.1	7.6	-0.9
ROCKY MOUNTAIN						
Colorado	4.8	19.8	6.5	4.7	16.0	6.1
Idaho	2.5	11.7	3.7	2.0	5.8	2.6
Montana	-1.9	12.5	0.6	1.4	13.3	3.7
Utah	3.5	8.0	4.1	7.6	1.3	6.6
Wyoming	0.0	0.0	0.0	0.9	2.3	1.1
FAR WEST						
Alaska	-3.0	7.3	-1.5	11.9	4.9	10.7
California*	2.8	8.2	-5.0	14.6	13.2	30.3
Hawaii	15.1	39.4	10.1	6.2	3.1	10.2
Nevada	9.4	17.8	11.0	13.7	-1.8	10.7
Oregon	37.3	16.6	34.1	0.7	17.2	2.8
Washington	2.8	11.6	3.6	3.6	10.8	4.3
ALL STATES	2.6 %	14.7 %	2.7 %	6.2 %	8.5 %	9.3 %

Note: State funds are defined as general funds and other state funds (bonds are excluded).
Source: National Association of State Budget Officers, 2004 State Expenditure Report

Table 10

ITEMS EXCLUDED FROM ELEMENTARY AND SECONDARY EDUCATION EXPENDITURES

Region/State	Employer Contributions to Pensions	Employer Contributions to Health Benefits	Head Start	Libraries	Day Care Programs	School Health Care/ Immunization
NEW ENGLAND						
Connecticut	X	X		X	X	P
Maine						
Massachusetts				X	X	X
New Hampshire			X	X	X	
Rhode Island			X	X	X	P
Vermont			X	X	X	X
MID-ATLANTIC						
Delaware					X	P
Maryland		X		X	X	X
New Jersey		P	X		X	P
New York					X	X
Pennsylvania				X	X	X
GREAT LAKES						
Illinois			X	X	X	X
Indiana	P	P	X	P	P	X
Michigan	P	P	X	X	X	X
Ohio				X	X	X
Wisconsin					X	X
PLAINS						
Iowa			X			
Kansas		X	X	X	X	X
Minnesota		X				
Missouri	X	X	X	X	X	X
Nebraska	X	X	X	X	X	X
North Dakota			X	X	X	X
South Dakota					X	X
SOUTHEAST						
Alabama			X	X	X	X
Arkansas	P	P	X		X	X
Florida			X		X	X
Georgia					X	X
Kentucky				X	X	
Louisiana			X	X	X	X
Mississippi						
North Carolina					X	X
South Carolina			X	X		X
Tennessee					P	P
Virginia			X		X	
West Virginia			X	X	X	X
SOUTHWEST						
Arizona			X		X	X
New Mexico						
Oklahoma			X		X	X
Texas			X	P	P	P
ROCKY MOUNTAIN						
Colorado	P	P	X	P	X	P
Idaho			X		X	X
Montana	P	P	X	X	X	X
Utah			X		X	X
Wyoming					X	
FAR WEST						
Alaska				X	X	
California			X		X	X
Hawaii	P	P	X		X	X
Nevada			X	X	X	X
Oregon			X	P	P	X
Washington	P	P	X	X	X	X
ALL STATES	10	14	31	27	44	40

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

Source: National Association of State Budget Officers, 2004 State Expenditure Report

Elementary and Secondary Education Notes

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

Florida: 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.

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.

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

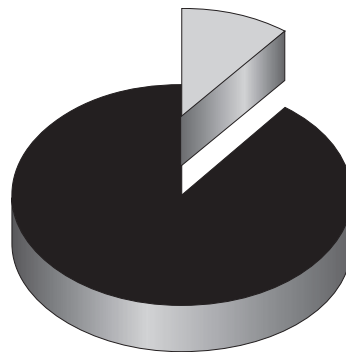
Pennsylvania: Figures reflect funding in support of pre-K-12 education and the operation of the Pennsylvania Department of Education.

South Dakota: South Dakota received \$50 million in fiscal relief payments from the Federal Jobs & Growth Tax Relief Reconciliation Act of 2003 in fiscal 2004. These funds were used to fund a portion of state aid to K-12 education and resulted in a decrease in general fund expenditures and an increase in federal fund expenditures of \$50M for fiscal 2004.

Utah: Included in the General Fund are school funds (income tax revenue) which in Utah are restricted by the state constitution for the sole use of public and higher education. Public Education in Utah is organized to include the Utah State Office of Rehabilitation (USOR). The numbers reflected in this report for Public Education include USOR. The USOR amounts are as follows: for fiscal 2003, \$18 million in general funds, \$30 million in federal funds, and \$1 million in other state funds; for fiscal 2004, \$18 million in general funds, \$33 million in federal funds, and \$1 million in other state funds; for fiscal 2005, \$19 million in general funds, \$33 million in federal funds, and \$1 million in other state funds.

CHAPTER TWO

HIGHER EDUCATION



10.9% of State Expenditures

State higher education spending reflects support of public university systems, community college and vocational education institutions. In fiscal 2004, state spent \$128.7 billion on higher education, 10.9 percent of total state spending, and 2.9 percent more than they spent in the previous fiscal year. General funds account for 46.8 percent of state spending on higher education, other state funds for 33.3 percent, federal funds for 15.1 percent, and bonds 4.8 percent (see Table 12 and Figure 11). Twelve states include tuition and fees and 17 states include student loan programs, wholly or partially, in the expenditures reported here (see Table 15).

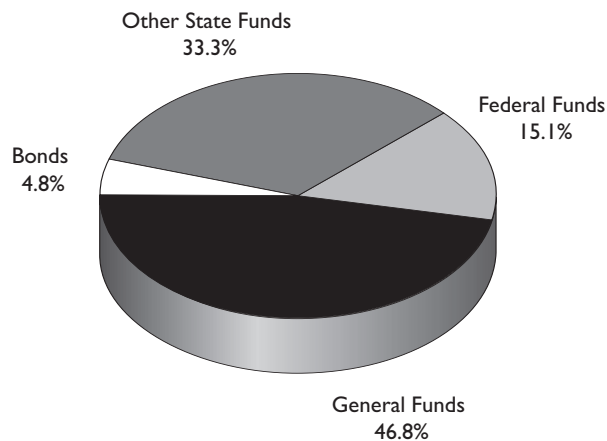
While state higher education spending grew in fiscal 2004, it was by just less than half of the growth rate of total state spending for the same period. Between fiscal 2003 and fiscal 2004, state funds (general funds plus other state funds) for higher education increase by 2.2 percent while federal funds grew by 5.1 percent. States

estimate that between fiscal 2004 and fiscal 2005, state higher education spending grew by 5.7 percent. During that period, states estimate, state funds increased by 5.5 percent and federal funds by 2.9 percent.

Capital Spending

State expenditures for higher education-related construction, renovation and other capital projects increased by 13.1 percent in fiscal 2004. 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, between fiscal 2002 and fiscal 2003, capital spending for higher education increased by 2 percent, while between the two previous years, buoyed by historically low interest rates and amid a return to debt-financed projects after several years of funding them on a pay-as-you-go basis, capital expenditures for higher education increased by 20.5 percent.

Figure 11
STATE EXPENDITURES FOR HIGHER EDUCATION BY FUND SOURCE, FISCAL 2004



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 because in most states higher education institutions have the ability to raise tuition and fees when state funding goes down and have the discretion to make other reductions and budget adjustments on their own. According to The College Board, between 2004-2005 and 2005-2006 public four-year institutions increased tuition and fees by 7.1 percent.

Table 11
REGIONAL PERCENTAGE CHANGE IN STATE HIGHER EDUCATION EXPENDITURES, FISCAL 2004 AND 2005

Region	Fiscal 2003 to 2004			Fiscal 2004 to 2005		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
New England	-1.0%	11.6%	-4.5%	6.9%	2.8%	6.7%
Mid-Atlantic	9.9	-10.9	7.8	9.6	-16.0	6.8
Great Lakes	-2.8	7.8	-2.2	2.9	5.1	3.2
Plains	0.1	26.8	3.0	11.2	-6.6	8.9
Southeast	3.8	8.9	4.5	4.7	5.0	5.7
Southwest	-2.8	11.5	1.5	3.8	7.7	4.5
Rocky Mountain	14.0	6.5	11.4	-0.1	35.4	-0.4
Far West	0.4	0.3	1.4	4.6	3.7	6.4
ALL STATES	2.2%	5.1%	2.9%	5.5%	2.9%	5.7%

Table 12

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

Region/State	Actual Fiscal 2003					Actual Fiscal 2004					Estimated Fiscal 2005				
	General Fund	Federal Funds	Other State Funds	Bonds	Total	General Fund	Federal Funds	Other State Funds	Bonds	Total	General Fund	Federal Funds	Other State Funds	Bonds	Total
NEW ENGLAND															
Connecticut	\$578	\$185	\$1,116	\$175	\$2,054	\$566	\$221	\$1,202	\$0	\$1,989	\$581	\$227	\$1,331	\$0	\$2,139
Maine	220	0	2	18	240	208	0	1	22	231	214	0	2	26	242
Massachusetts	969	16	0	82	1,067	827	8	0	77	912	882	8	0	72	962
New Hampshire	112	20	39	27	198	111	19	42	26	198	113	19	48	24	204
Rhode Island	169	3	406	17	595	171	2	442	15	630	175	3	472	32	682
Vermont	104	0	1	10	115	109	0	1	7	117	114	0	1	5	120
MID-ATLANTIC															
Delaware	205	26	46	13	290	207	26	50	6	289	228	29	54	1	312
Maryland	1,217	543	744	77	2,581	1,140	570	1,814	262	3,786	1,176	616	2,015	236	4,043
New Jersey	1,754	19	836	0	2,609	1,824	23	976	0	2,823	2,039	25	1,035	0	3,099
New York	2,725	558	2,727	221	6,231	2,671	402	3,083	204	6,360	3,089	185	3,369	192	6,835
Pennsylvania*	1,863	5	262	332	2,462	1,814	5	29	170	2,018	1,884	7	26	109	2,026
GREAT LAKES															
Illinois	2,490	211	69	145	2,915	2,307	180	44	163	2,694	2,074	200	169	114	2,557
Indiana*	1,407	3	9	138	1,557	1,471	3	8	174	1,656	1,531	3	2	139	1,675
Michigan	2,190	22	139	207	2,558	1,942	21	101	110	2,174	2,070	19	97	46	2,232
Ohio*	2,410	7	2	256	2,675	2,410	14	2	254	2,680	2,471	25	3	444	2,943
Wisconsin	1,282	815	1,601	0	3,698	1,165	923	1,822	0	3,910	1,218	952	1,959	0	4,129
PLAINS															
Iowa	790	348	2,237	37	3,412	793	568	2,201	19	3,581	800	377	2,480	42	3,699
Kansas	670	312	728	29	1,739	674	346	658	33	1,711	708	391	754	34	1,887
Minnesota	2,087	5	20	129	2,241	2,112	4	26	159	2,301	2,301	5	24	136	2,466
Missouri	819	3	163	0	985	815	3	136	30	984	860	6	181	0	1,047
Nebraska	530	151	770	0	1,451	501	150	875	0	1,526	520	185	1,085	0	1,790
North Dakota*	213	136	263	15	627	206	155	286	14	661	201	166	425	37	829
South Dakota	154	73	189	8	424	159	78	200	9	446	167	88	218	20	493
SOUTHEAST															
Alabama	1,155	777	846	0	2,778	1,163	826	989	0	2,978	1,206	791	1,043	0	3,040
Arkansas	558	1	1,276	3	1,838	620	4	1,461	5	2,090	639	2	1,636	6	2,283
Florida*	3,036	91	1,578	365	5,070	3,036	92	850	398	4,376	3,504	107	724	424	4,759
Georgia	1,789	2,827	412	166	5,194	1,861	3,058	441	100	5,460	1,625	3,228	501	358	5,712
Kentucky	1,119	479	1,937	0	3,535	1,151	461	2,014	0	3,626	1,172	542	2,271	0	3,985
Louisiana	1,006	126	961	84	2,177	1,056	173	1,090	69	2,388	1,069	125	1,217	65	2,476
Mississippi	590	121	1,163	0	1,874	589	142	1,211	0	1,942	597	158	1,310	0	2,065
North Carolina	2,306	41	1,348	565	4,260	2,465	41	1,444	617	4,567	2,571	42	1,370	665	4,648
South Carolina	795	421	1,609	116	2,941	745	456	1,752	70	3,023	688	484	1,641	0	2,813
Tennessee	1,112	134	1,064	41	2,351	1,103	143	1,163	5	2,414	1,353	169	1,217	195	2,934
Virginia	1,360	513	1,463	285	3,621	1,282	639	2,120	397	4,438	1,426	694	2,240	409	4,769
West Virginia	377	186	675	131	1,369	338	192	718	114	1,362	358	198	723	118	1,397
SOUTHWEST															
Arizona	896	462	1,159	132	2,649	896	510	1,301	174	2,881	955	534	1,471	293	3,253
New Mexico	603	395	852	0	1,850	615	451	889	0	1,955	691	500	1,007	0	2,198
Oklahoma	894	229	1,217	3	2,343	812	254	501	195	1,762	926	289	341	172	1,728
Texas	5,090	157	2,907	899	9,053	5,018	171	3,201	1,153	9,543	5,025	170	3,320	1,174	9,689
ROCKY MOUNTAIN															
Colorado*	692	20	1,005	0	1,717	592	31	1,402	0	2,025	592	39	1,242	0	1,873
Idaho	273	3	98	1	375	288	3	118	0	409	298	3	169	5	475
Montana*	135	45	168	0	348	141	39	217	0	397	130	60	255	0	445
Utah*	617	9	257	118	1,001	618	9	351	47	1,025	704	9	329	0	1,042
Wyoming	194	0	2	0	196	194	0	2	0	196	196	0	4	0	200
FAR WEST															
Alaska	208	104	251	62	625	215	119	294	0	628	230	241	350	0	821
California	9,085	7,106	857	427	17,475	8,307	7,269	1,053	819	17,448	8,715	7,405	1,148	1,381	18,649
Hawaii	478	12	206	62	758	460	17	263	32	772	509	29	282	89	909
Nevada	376	3	149	60	588	499	2	166	61	728	507	3	183	57	750
Oregon	566	776	777	0	2,119	658	616	919	0	2,193	549	646	1,005	0	2,200
Washington	1,370	9	2,636	254	4,269	1,318	8	2,878	217	4,421	1,380	4	2,962	179	4,525
TOTAL	\$61,638	\$18,508	\$39,242	\$5,710	\$125,098	\$60,243	\$19,447	\$42,807	\$6,227	\$128,724	\$63,031	\$20,008	\$45,711	\$7,299	\$136,049

Source: National Association of State Budget Officers, 2004 State Expenditure Report

Table 13
HIGHER EDUCATION EXPENDITURES AS A PERCENT OF
TOTAL EXPENDITURES

Region/State	Fiscal 2003	Fiscal 2004	Fiscal 2005
NEW ENGLAND			
Connecticut	10.3 %	9.8 %	10.3 %
Maine	4.0	3.5	3.5
Massachusetts	4.1	3.6	3.6
New Hampshire	4.9	4.6	4.7
Rhode Island	10.7	10.9	10.9
Vermont	3.8	3.6	3.3
MID-ATLANTIC			
Delaware	6.4	6.2	5.8
Maryland	17.2	22.4	21.9
New Jersey	7.3	7.6	7.6
New York	7.0	6.5	6.8
Pennsylvania	5.2	4.2	3.9
GREAT LAKES			
Illinois	7.1	5.4	5.5
Indiana	8.1	7.7	7.9
Michigan	6.4	5.5	5.5
Ohio	5.7	5.6	5.3
Wisconsin	11.6	11.9	13.0
PLAINS			
Iowa	26.0	26.6	26.1
Kansas	17.2	16.8	17.5
Minnesota	9.4	9.8	9.8
Missouri	5.6	5.5	5.5
Nebraska	21.3	21.5	21.2
North Dakota	22.2	22.6	24.6
South Dakota	16.8	16.8	16.8
SOUTHEAST			
Alabama	17.7	18.5	16.3
Arkansas	14.6	15.3	14.1
Florida	10.4	8.4	8.1
Georgia	18.6	19.0	18.8
Kentucky	19.2	19.1	19.7
Louisiana	11.6	11.8	10.0
Mississippi	18.7	18.0	17.9
North Carolina	14.8	14.2	15.1
South Carolina	18.5	19.0	17.6
Tennessee	11.7	11.1	11.9
Virginia	13.4	15.7	15.0
West Virginia	8.7	8.2	8.4
SOUTHWEST			
Arizona	14.1	13.3	14.3
New Mexico	19.9	20.4	19.9
Oklahoma	18.1	13.5	12.2
Texas	14.9	15.0	14.9
ROCKY MOUNTAIN			
Colorado	12.6	14.9	13.6
Idaho	8.6	8.9	9.2
Montana	9.5	10.1	9.8
Utah	13.3	13.0	12.4
Wyoming	8.9	9.0	9.1
FAR WEST			
Alaska	9.4	8.2	8.4
California	10.8	11.1	10.7
Hawaii	10.5	9.7	10.1
Nevada	9.4	10.8	10.0
Oregon	13.1	12.8	11.9
Washington	17.0	17.0	16.5
ALL STATES	11.1 %	10.9 %	10.8 %

Source: National Association of State Budget Officers, 2004 State Expenditure Report

Table 14

ANNUAL PERCENTAGE CHANGE IN HIGHER EDUCATION EXPENDITURES

Region/State	Fiscal 2003 to 2004			Fiscal 2004 to 2005		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
NEW ENGLAND						
Connecticut	4.4 %	19.5 %	-3.2 %	8.1 %	2.7 %	7.5 %
Maine	-5.9	—	-3.8	3.3	—	4.8
Massachusetts	-14.7	-50.0	-14.5	6.7	0.0	5.5
New Hampshire	1.3	-5.0	0.0	5.2	0.0	3.0
Rhode Island	6.6	-33.3	5.9	5.5	50.0	8.3
Vermont	4.8	—	1.7	4.5	—	2.6
MID-ATLANTIC						
Delaware	2.4	0.0	-0.3	9.7	11.5	8.0
Maryland	50.6	5.0	46.7	8.0	8.1	6.8
New Jersey	8.1	21.1	8.2	9.8	8.7	9.8
New York	5.5	-28.0	2.1	12.2	-54.0	7.5
Pennsylvania	-13.3	0.0	-18.0	3.6	40.0	0.4
GREAT LAKES						
Illinois	-8.1	-14.7	-7.6	-4.6	11.1	-5.1
Indiana	4.4	0.0	6.4	3.7	0.0	1.1
Michigan	-12.3	-4.5	-15.0	6.1	-9.5	2.7
Ohio	0.0	100.0	0.2	2.6	78.6	9.8
Wisconsin	3.6	13.3	5.7	6.4	3.1	5.6
PLAINS						
Iowa	-1.1	63.2	5.0	9.6	-33.6	3.3
Kansas	-4.7	10.9	-1.6	9.8	13.0	10.3
Minnesota	1.5	-20.0	2.7	8.7	25.0	7.2
Missouri	-3.2	0.0	-0.1	9.5	100.0	6.4
Nebraska	5.8	-0.7	5.2	16.6	23.3	17.3
North Dakota	3.4	14.0	5.4	27.2	7.1	25.4
South Dakota	4.7	6.8	5.2	7.2	12.8	10.5
SOUTHEAST						
Alabama	7.5	6.3	7.2	4.5	-4.2	2.1
Arkansas	13.5	300.0	13.7	9.3	-50.0	9.2
Florida	-15.8	1.1	-13.7	8.8	16.3	8.8
Georgia	4.6	8.2	5.1	-7.6	5.6	4.6
Kentucky	3.6	-3.8	2.6	8.8	17.6	9.9
Louisiana	9.1	37.3	9.7	6.5	-27.7	3.7
Mississippi	2.7	17.4	3.6	5.9	11.3	6.3
North Carolina	7.0	0.0	7.2	0.8	2.4	1.8
South Carolina	3.9	8.3	2.8	-6.7	6.1	-6.9
Tennessee	4.1	6.7	2.7	13.4	18.2	21.5
Virginia	20.5	24.6	22.6	7.8	8.6	7.5
West Virginia	0.4	3.2	-0.5	2.4	3.1	2.6
SOUTHWEST						
Arizona	6.9	10.4	8.8	10.4	4.7	12.9
New Mexico	3.4	14.2	5.7	12.9	10.9	12.4
Oklahoma	-37.8	10.9	-24.8	-3.5	13.8	-1.9
Texas	2.8	8.9	5.4	1.5	-0.6	1.5
ROCKY MOUNTAIN						
Colorado	17.5	55.0	17.9	-8.0	25.8	-7.5
Idaho	9.4	0.0	9.1	15.0	0.0	16.1
Montana	18.2	-13.3	14.1	7.5	53.8	12.1
Utah	10.9	0.0	2.4	6.6	0.0	1.7
Wyoming	0.0	—	0.0	2.0	—	2.0
FAR WEST						
Alaska	10.9	14.4	0.5	13.9	102.5	30.7
California	-5.9	2.3	-0.2	5.4	1.9	6.9
Hawaii	5.7	41.7	1.8	9.4	70.6	17.7
Nevada	26.7	-33.3	23.8	3.8	50.0	3.0
Oregon	17.4	-20.6	3.5	-1.5	4.9	0.3
Washington	4.7	-11.1	3.6	3.5	-50.0	2.4
ALL STATES	2.2 %	5.1 %	2.9 %	5.5 %	2.9 %	5.7 %

Note: State funds are defined as general funds and other state funds (bonds are excluded).
Source: National Association of State Budget Officers, 2004 State Expenditure Report

Table 15

ITEMS EXCLUDED FROM HIGHER EDUCATION EXPENDITURES

Region/State	Employer Contributions to Pensions	Employer Contributions to Health Benefits	Tuition and Fees	Student Loan Programs	University Research Grants	Vocational Education	Assistance To Private Colleges & Universities
NEW ENGLAND							
Connecticut	X	X				X	
Maine	P	P	X	P			X
Massachusetts	X	X	P				
New Hampshire	P	P	P	P	X		X
Rhode Island				P		P	X
Vermont	X	X	X	X	X	X	
MID-ATLANTIC							
Delaware			X	X	X	X	X
Maryland							
New Jersey					X	X	
New York					X	X	
Pennsylvania	X	X		P	X	P	
GREAT LAKES							
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							
PLAINS							
Iowa							
Kansas							
Minnesota		X			P	P	P
Missouri	X	X	X		X	X	
Nebraska					X		
North Dakota						X	X
South Dakota							X
SOUTHEAST							
Alabama							
Arkansas					P		X
Florida							
Georgia							
Kentucky						P	
Louisiana					X		
Mississippi							X
North Carolina					X		
South Carolina				X			
Tennessee					X		
Virginia				X			
West Virginia				X	P	P	
SOUTHWEST							
Arizona							X
New Mexico							X
Oklahoma							X
Texas			P		P	P	
ROCKY MOUNTAIN							
Colorado				X	X		P
Idaho				X	X		X
Montana				X	X		
Utah					X		X
Wyoming							X
FAR WEST							
Alaska					X	X	X
California			X				
Hawaii	P	P		X	X	X	X
Nevada				X	X		N/A
Oregon							
Washington							X
ALL STATES	10	12	12	17	26	17	22

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

Source: National Association of State Budget Officers, 2004 State Expenditure Report

Higher Education Notes

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

Colorado: For assistance to private colleges and universities, only financial aid is included.

Florida: The decrease in Other State Funds from fiscal 2002-2003 to fiscal 2003-2004 reflects state universities transitioning off of the state budget and accounting systems. Universities now retain the tuition and fees in local bank accounts. 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 health benefits. The fiscal 2002-2003 higher education data include \$610.5 million from student tuition and fee revenue at state universities. State university tuition and fees were not appropriated in fiscal 2003-2004 or fiscal 2004-2005. The fees collected were \$658.5 million in fiscal 2003-2004 and are estimated to be \$780.4 million in fiscal 2004-2005. Community College student fees are not appropriated. The fees collected were \$431.7 million in fiscal 2002-2003, \$453.1 million in fiscal 2003-2004, and are estimated to be \$475.8 million in fiscal 2004-2005. State appropriations for the University of Florida's Institute of Food and Agricultural Sciences are included in the data reported.

Illinois: The change in Other State Funds change from fiscal 2004 to fiscal 2005 is due to the shift in pension obligation funding.

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

Montana: The budget for the University System Group Health Insurance Program was changed from an Internal Service Fund (not previously reported) to an Enterprise Fund (now reported). 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.

North Dakota: For fiscal 2003 and fiscal 2004, operating expenditures include all sources that were reported in the audited financial statements. Federal research grants have not been excluded as they are not identified separately (from other federal funds) in the financial statements. Fiscal 2005 estimates are based on the annual budgets for 2004-2005. Actual expenditures, especially in "other state funds," could vary significantly from what was budgeted a year ago. "Other State Funds" include all sources other than general funds, federal funds and bond funds. Examples include expenditures paid from tuition and fees, auxiliary services, other institutional sales, etc. "Bond funds" include expenditures from state and revenue bonds. "All Other" includes debt service totals.

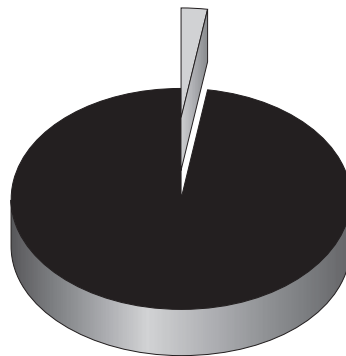
Ohio: See General Notes for Ohio for discussion of double counting issues that affect percentage of total expenditure amounts.

Pennsylvania: Figures include state funding for a student financial assistance program that helps students pay tuition and fees. Federal loan programs are no longer reflected. Funding for vocational education is included in Elementary and Secondary Education.

Utah: Included in the General Fund are school funds (income tax revenue) which in Utah are restricted by the state constitution for the sole use of public and higher education. Not included in the fiscal 2003 numbers were four items funded through authorized revenue bonds including: \$3 million for a multi-event center at Snow College (Richfield campus); \$9 million for a student housing complex at Southern Utah University; \$33 million for an east campus central plant at the University of Utah; and \$19 million for research park facilities at Utah State University. No revenue bonds were authorized for Higher Education for fiscal 2004 or fiscal 2005.

CHAPTER THREE

PUBLIC ASSISTANCE



2.1% of State Expenditures

This report contains data on cash assistance provided through the Temporary Assistance for Needy Families (TANF) and other programs. Spending for these categories totaled \$24.8 billion in 2004 and represented 2.1 percent of total state expenditures. State spending for total cash assistance decreased by 1.8 percent from 2003 to 2004.

The primary sources of public assistance funding are federal funds, providing 49.7 percent, followed by general funds at 47.6 percent (See Figure 12).

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

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

Welfare Reform

The Temporary Assistance for Needy Families (TANF) program had an original expiration date of September 30, 2002. The program has been extended since the authorization expired. The current extension continues the TANF program through December 31, 2005 at fiscal 2002 levels until the program is reauthorized. Major issues that have been debated during efforts to reauthorize the program center on work requirements, the level of funding for the block grant, and the amount of child care funding.

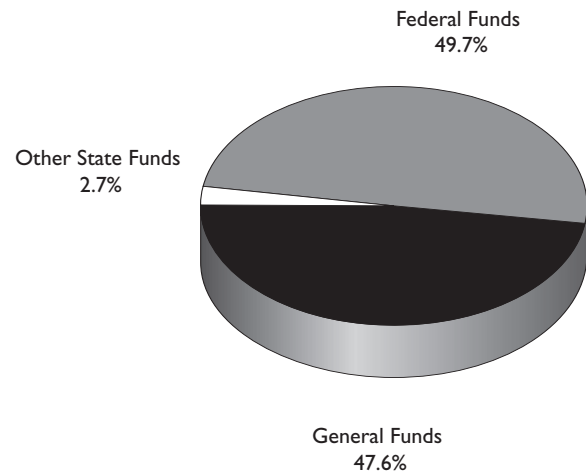
According to the U.S. Department of Health and Human Services (HHS) figures, the average monthly number of TANF recipients fell from 12.8 million prior to the enactment of TANF to 4.9 million at the end of fiscal 2003, a decrease of 60 percent.

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

Fund Shares

The figure below provides fund shares for 2004.

Figure 12
STATE EXPENDITURES FOR TOTAL PUBLIC ASSISTANCE BY FUND SOURCE, FISCAL 2004



Regional Expenditures

The following table shows regional percentage changes in expenditures for total cash assistance for fiscal 2003-2004 and 2004-2005.

Table 16
REGIONAL PERCENTAGE CHANGE IN STATE TOTAL PUBLIC ASSISTANCE EXPENDITURES, FISCAL 2004 AND 2005

Region	Fiscal 2003 to 2004			Fiscal 2004 to 2005		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
New England	-4.3%	-7.6%	-5.7%	-2.0%	-4.2%	-2.9%
Mid-Atlantic	48.7	-7.0	10.3	3.0	1.1	1.9
Great Lakes	2.2	0.6	1.5	0.5	-1.6	-0.4
Plains	9.5	-13.3	-6.0	8.7	0.2	3.4
Southeast	-1.8	5.9	2.7	0.0	10.1	6.0
Southwest	2.4	1.8	1.9	3.5	2.3	2.6
Rocky Mountain	14.1	-3.7	0.3	-1.1	5.7	4.0
Far West	-2.0	-14.8	-7.6	7.3	-2.0	3.5
ALL STATES	5.0%	-7.8%	-1.8%	4.4%	0.7%	2.6%

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

State and federal funds for TANF cash assistance expenditures totaled \$16.8 billion in fiscal 2004, a decrease of 0.9 percent from 2003 to 2004 (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.

Under the Aid to Families with Dependent Children program that TANF replaced, declining caseloads would have resulted in automatic declines in federal and state spending. Yet while caseloads and cash assistance expenditures have declined, the amount of federal TANF funding remains constant. The authorizing legislation specified that the annual TANF block grant allocations to states would be based on 1994 federal funding levels. A total of \$16.5 billion was authorized annually for TANF through federal fiscal year 2002. Since fiscal 2002, the program has been extended at the same level through December 31, 2005 and legislative action to reauthorize the program would continue the block grant at the \$16.5 billion level.

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

Taking advantage of the financial resources available because of declining welfare caseloads, many states are expending federal TANF funds and their MOE funds on a variety of services and benefits. States have provided funding for programs to address childcare services, training and education, transportation needs,

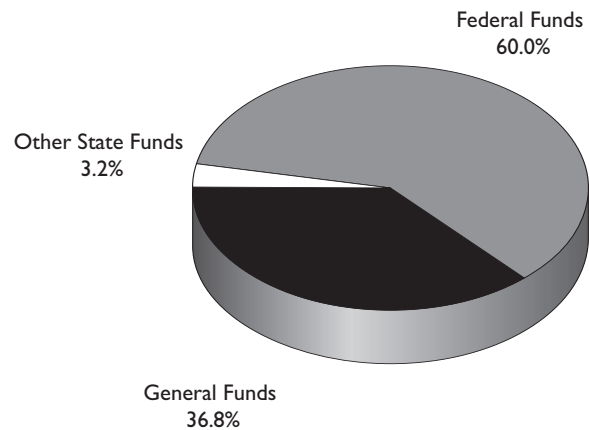
transitional rental assistance, substance abuse, job readiness and job retention training, and domestic violence. As cash assistance has declined, these supportive services have gained greater importance in the program.

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

Fund Shares

The figure below provides fund shares for 2004.

Figure 13
STATE EXPENDITURES FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BY FUND SOURCE, FISCAL 2004



Regional Expenditures

The following table shows percentage changes in expenditures for TANF cash assistance for fiscal 2003-2004 and 2004-2005.

Table 17
REGIONAL PERCENTAGE CHANGE IN STATE TANF EXPENDITURES, FISCAL 2004 AND 2005

Region	Fiscal 2003 to 2004			Fiscal 2004 to 2005		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
New England	-3.6 %	-3.0 %	-3.3 %	-5.1 %	-4.8 %	-5.0 %
Mid-Atlantic	69.3	-10.4	11.0	1.7	-0.5	0.4
Great Lakes	8.3	0.9	4.2	-1.3	-3.1	-2.3
Plains	20.0	-13.0	-6.4	10.8	0.0	2.8
Southeast	-3.6	3.9	0.8	-0.5	9.8	5.7
Southwest	4.0	2.2	2.7	3.3	-0.4	0.6
Rocky Mountain	14.3	-3.7	-0.3	-4.2	5.7	3.6
Far West	-1.7	-13.4	-9.0	4.2	0.2	1.8
ALL STATES	11.6 %	-7.8 %	-0.9 %	1.6 %	0.7 %	1.1 %

OTHER CASH ASSISTANCE

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

Other cash assistance programs accounted for only 0.7 percent of total state spending in 2004. States spent \$7.9 billion for other cash assistance, with 70.2 percent funded from state general funds. California accounted for about two-thirds of 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 2003				Actual Fiscal 2004				Estimated Fiscal 2005			
	General Fund	Federal Funds	Other State Funds	Total	General Fund	Federal Funds	Other State Funds	Total	General Fund	Federal Funds	Other State Funds	Total
NEW ENGLAND												
Connecticut*	218	267	0	485	223	267	0	490	225	267	0	492
Maine	29	35	94	158	34	41	104	179	32	0	119	151
Massachusetts	550	320	259	1,129	550	316	188	1,054	568	319	129	1,016
New Hampshire	39	44	6	89	41	26	6	73	40	30	7	77
Rhode Island	111	227	0	338	102	160	0	262	104	159	0	263
Vermont	29	32	3	64	30	45	2	77	29	44	2	75
MID-ATLANTIC												
Delaware	7	16	0	23	7	16	0	23	8	16	0	24
Maryland	49	347	20	416	60	378	16	454	76	323	17	416
New Jersey	162	183	0	345	178	185	0	363	213	223	0	436
New York	788	2307	0	3,095	1,467	2,018	0	3,485	1,440	1,998	0	3,438
Pennsylvania	452	484	26	962	483	507	26	1,016	522	578	27	1,127
GREAT LAKES												
Illinois	91	70	0	161	86	61	0	147	81	64	0	145
Indiana	24	115	0	139	24	114	0	138	26	103	0	129
Michigan*	250	182	53	485	278	185	48	511	282	185	55	522
Ohio*	161	146	44	351	155	166	24	345	156	167	24	347
Wisconsin	163	115	1	279	188	106	1	295	183	103	1	287
PLAINS												
Iowa	55	71	14	140	56	65	15	136	58	70	13	141
Kansas	37	34	0	71	38	43	0	81	39	46	0	85
Minnesota	90	342	0	432	109	261	0	370	124	250	0	374
Missouri	44	118	24	186	43	119	20	182	44	123	22	189
Nebraska	20	43	0	63	25	42	0	67	40	38	0	78
North Dakota*	0	9	5	14	4	3	7	14	0	6	5	11
South Dakota	5	6	0	11	5	7	0	12	5	8	0	13
SOUTHEAST												
Alabama	15	23	8	46	17	22	6	45	19	24	5	48
Arkansas	107	170	13	290	120	186	8	314	132	266	3	401
Florida	197	0	30	227	197	0	27	224	195	32	3	230
Georgia	190	320	0	510	168	351	0	519	166	394	0	560
Kentucky	72	110	0	182	72	133	0	205	72	132	0	204
Louisiana	0	66	0	66	0	61	0	61	0	50	0	50
Mississippi	0	34	0	34	0	26	0	26	0	0	0	0
North Carolina	103	252	100	455	96	247	96	439	95	283	96	474
South Carolina	27	27	1	55	20	28	7	55	27	28	0	55
Tennessee	18	117	6	141	25	119	6	150	44	114	3	161
Virginia	53	86	0	139	51	120	7	178	61	109	2	172
West Virginia	28	117	0	145	28	107	0	135	28	110	0	138
SOUTHWEST												
Arizona	46	113	0	159	56	121	0	177	68	105	0	173
New Mexico	38	341	0	379	38	343	0	381	41	378	0	419
Oklahoma	82	98	0	180	82	182	0	264	82	194	0	276
Texas*	251	641	0	892	251	568	0	819	251	565	0	816
ROCKY MOUNTAIN												
Colorado	0	110	22	132	0	110	27	137	0	125	27	152
Idaho	7	6	0	13	8	7	0	15	8	8	0	16
Montana	10	23	0	33	15	35	0	50	15	38	0	53
Utah	30	97	0	127	30	95	0	125	29	89	0	118
Wyoming	9	37	0	46	9	16	0	25	9	18	0	27
FAR WEST												
Alaska	82	21	16	119	82	20	21	123	78	18	23	119
California	5,790	4,240	0	10,030	5,863	4,008	0	9,871	6,307	3,927	0	10,234
Hawaii	87	41	0	128	76	44	0	120	85	42	0	127
Nevada	31	33	0	64	31	22	0	53	32	26	0	58
Oregon	17	118	8	143	29	104	0	133	17	124	10	151
Washington	440	640	18	1,098	258	139	0	397	270	113	0	383
TOTAL	11,104	13,394	771	25,269	11,808	12,345	662	24,815	12,426	12,432	593	25,451

Note: This table reflects TANF and other cash assistance expenditures.
Source: National Association of State Budget Officers, 2004 State Expenditure Report

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

Region/State	Fiscal 2003	Fiscal 2004	Fiscal 2005
NEW ENGLAND			
Connecticut	2.4 %	2.4 %	2.4 %
Maine	2.6	2.7	2.2
Massachusetts	4.3	4.1	3.8
New Hampshire	2.2	1.7	1.8
Rhode Island	6.1	4.5	4.2
Vermont	2.1	2.4	2.0
MID-ATLANTIC			
Delaware	0.5	0.5	0.4
Maryland	2.8	2.7	2.3
New Jersey	1.0	1.0	1.1
New York	3.5	3.6	3.4
Pennsylvania	2.0	2.1	2.1
GREAT LAKES			
Illinois	0.4	0.3	0.3
Indiana	0.7	0.6	0.6
Michigan	1.2	1.3	1.3
Ohio	0.8	0.7	0.6
Wisconsin	0.9	0.9	0.9
PLAINS			
Iowa	1.1	1.0	1.0
Kansas	0.7	0.8	0.8
Minnesota	1.8	1.6	1.5
Missouri	1.1	1.0	1.0
Nebraska	0.9	0.9	0.9
North Dakota	0.5	0.5	0.3
South Dakota	0.4	0.5	0.4
SOUTHEAST			
Alabama	0.3	0.3	0.3
Arkansas	2.3	2.3	2.5
Florida	0.5	0.4	0.4
Georgia	1.8	1.8	1.8
Kentucky	1.0	1.1	1.0
Louisiana	0.4	0.3	0.2
Mississippi	0.3	0.2	0.0
North Carolina	1.6	1.4	1.5
South Carolina	0.3	0.3	0.3
Tennessee	0.7	0.7	0.7
Virginia	0.5	0.6	0.5
West Virginia	0.9	0.8	0.8
SOUTHWEST			
Arizona	0.8	0.8	0.8
New Mexico	4.1	4.0	3.8
Oklahoma	1.4	2.0	1.9
Texas	1.5	1.3	1.3
ROCKY MOUNTAIN			
Colorado	1.0	1.0	1.1
Idaho	0.3	0.3	0.3
Montana	0.9	1.3	1.2
Utah	1.7	1.6	1.4
Wyoming	2.1	1.1	1.2
FAR WEST			
Alaska	1.8	1.6	1.2
California	6.2	6.3	5.9
Hawaii	1.8	1.5	1.4
Nevada	1.0	0.8	0.8
Oregon	0.9	0.8	0.8
Washington	4.4	1.5	1.4
ALL STATES	2.2 %	2.1 %	2.0 %

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

Table 20

ANNUAL PERCENTAGE CHANGE IN TOTAL PUBLIC ASSISTANCE EXPENDITURES

Region/State	Fiscal 2003 to 2004			Fiscal 2004 to 2005		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
NEW ENGLAND						
Connecticut	2.3 %	0.0 %	1.0 %	0.9 %	0.0 %	0.4 %
Maine	12.2	17.1	13.3	9.4	-100.0	-15.6
Massachusetts	-8.8	-1.3	-6.6	-5.6	0.9	-3.6
New Hampshire	4.4	-40.9	-18.0	0.0	15.4	5.5
Rhode Island	-8.1	-29.5	-22.5	2.0	-0.6	0.4
Vermont	0.0	40.6	20.3	-3.1	-2.2	-2.6
MID-ATLANTIC						
Delaware	0.0	0.0	0.0	14.3	0.0	4.3
Maryland	10.1	8.9	9.1	22.4	-14.6	-8.4
New Jersey	9.9	1.1	5.2	19.7	20.5	20.1
New York	86.2	-12.5	12.6	-1.8	-1.0	-1.3
Pennsylvania	6.5	4.8	5.6	7.9	14.0	10.9
GREAT LAKES						
Illinois	-5.5	-12.9	-8.7	-5.8	4.9	-1.4
Indiana	0.0	-0.9	-0.7	8.3	-9.6	-6.5
Michigan	7.6	1.6	5.4	3.4	0.0	2.2
Ohio	-12.7	13.7	-1.7	0.6	0.6	0.6
Wisconsin	15.2	-7.8	5.7	-2.6	-2.8	-2.7
PLAINS						
Iowa	2.9	-8.5	-2.9	0.0	7.7	3.7
Kansas	2.7	26.5	14.1	2.6	7.0	4.9
Minnesota	21.1	-23.7	-14.4	13.8	-4.2	1.1
Missouri	-7.4	0.8	-2.2	4.8	3.4	3.8
Nebraska	25.0	-2.3	6.3	60.0	-9.5	16.4
North Dakota	120.0	-66.7	0.0	-54.5	100.0	-21.4
South Dakota	0.0	16.7	9.1	0.0	14.3	8.3
SOUTHEAST						
Alabama	0.0	-4.3	-2.2	4.3	9.1	6.7
Arkansas	6.7	9.4	8.3	5.5	43.0	27.7
Florida	-1.3	—	-1.3	-11.6	—	2.7
Georgia	-11.6	9.7	1.8	-1.2	12.3	7.9
Kentucky	0.0	20.9	12.6	0.0	-0.8	-0.5
Louisiana	—	-7.6	-7.6	—	-18.0	-18.0
Mississippi	—	-23.5	-23.5	—	-100.0	-100.0
North Carolina	-5.4	-2.0	-3.5	-0.5	14.6	8.0
South Carolina	-3.6	3.7	0.0	0.0	0.0	0.0
Tennessee	29.2	1.7	6.4	51.6	-4.2	7.3
Virginia	9.4	39.5	28.1	8.6	-9.2	-3.4
West Virginia	0.0	-8.5	-6.9	0.0	2.8	2.2
SOUTHWEST						
Arizona	21.7	7.1	11.3	21.4	-13.2	-2.3
New Mexico	0.0	0.6	0.5	7.9	10.2	10.0
Oklahoma	0.0	85.7	46.7	0.0	6.6	4.5
Texas	0.0	-11.4	-8.2	0.0	-0.5	-0.4
ROCKY MOUNTAIN						
Colorado	22.7	0.0	3.8	0.0	13.6	10.9
Idaho	14.3	16.7	15.4	0.0	14.3	6.7
Montana	50.0	52.2	51.5	0.0	8.6	6.0
Utah	0.0	-2.1	-1.6	-3.3	-6.3	-5.6
Wyoming	0.0	-56.8	-45.7	0.0	12.5	8.0
FAR WEST						
Alaska	5.1	-4.8	3.4	-1.9	-10.0	-3.3
California	1.3	-5.5	-1.6	7.6	-2.0	3.7
Hawaii	-12.6	7.3	-6.3	11.8	-4.5	5.8
Nevada	0.0	-33.3	-17.2	3.2	18.2	9.4
Oregon	16.0	-11.9	-7.0	-6.9	19.2	13.5
Washington	-43.7	-78.3	-63.8	4.7	—	-3.5
ALL STATES	5.0 %	-7.8 %	-1.8 %	4.4 %	0.7 %	2.6 %

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, 2004 State Expenditure Report

Table 21

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

Region/State	Actual Fiscal 2003				Actual Fiscal 2004				Estimated Fiscal 2005			
	General Fund	Federal Funds	Other State Funds	Total	General Fund	Federal Funds	Other State Funds	Total	General Fund	Federal Funds	State Funds	Total
NEW ENGLAND												
Connecticut	\$114	\$267	\$0	\$381	\$128	\$267	\$0	\$395	\$130	\$267	\$0	\$397
Maine	15	34	94	143	20	40	104	164	19	0	119	138
Massachusetts	281	320	259	860	287	316	188	791	295	319	129	743
New Hampshire	32	44	0	76	34	26	0	60	32	30	0	62
Rhode Island	14	68	0	82	19	60	0	79	15	59	0	74
Vermont	16	25	3	44	16	26	2	44	16	25	2	43
MID-ATLANTIC												
Delaware	3	16	0	19	3	16	0	19	3	16	0	19
Maryland	10	101	14	125	23	90	10	123	44	69	11	124
New Jersey	1	141	0	142	3	129	0	132	3	145	0	148
New York	788	2,307	0	3,095	1,467	2,018	0	3,485	1,440	1,998	0	3,438
Pennsylvania	205	219	0	424	223	242	0	465	258	255	0	513
GREAT LAKES												
Illinois	54	67	0	121	49	58	0	107	45	61	0	106
Indiana	24	114	0	138	24	114	0	138	26	103	0	129
Michigan	149	164	48	361	172	172	43	387	169	168	50	387
Ohio	137	146	0	283	134	166	0	300	133	167	0	300
Wisconsin	20	47	0	67	46	33	0	79	39	27	0	66
PLAINS												
Iowa	35	71	14	120	37	65	14	116	39	70	12	121
Kansas	30	34	0	64	30	43	0	73	30	46	0	76
Minnesota	36	342	0	378	54	261	0	315	65	250	0	31
Missouri	16	117	0	133	17	119	0	136	17	123	0	140
Nebraska	14	42	0	56	18	42	0	60	33	37	0	70
North Dakota	0	9	5	14	4	3	7	14	0	6	5	11
South Dakota	5	6	0	11	5	7	0	12	5	8	0	13
SOUTHEAST												
Alabama	15	23	8	46	17	22	6	45	19	24	5	48
Arkansas	15	39	1	55	18	39	1	58	17	85	0	102
Florida	197	0	30	227	197	0	27	224	195	32	3	230
Georgia	190	320	0	510	168	351	0	519	166	394	0	560
Kentucky	72	110	0	182	72	133	0	205	72	132	0	204
Louisiana	0	66	0	66	0	61	0	61	0	50	0	50
Mississippi	0	34	0	34	0	26	0	26	0	0	0	0
North Carolina	103	252	100	455	96	247	96	439	95	283	96	474
South Carolina	12	27	0	39	12	28	0	40	12	28	0	40
Tennessee	18	117	6	141	25	119	6	150	44	114	3	161
Virginia	44	54	0	98	40	71	0	111	50	70	0	120
West Virginia	27	117	0	144	27	107	0	134	27	110	0	137
SOUTHWEST												
Arizona	42	112	0	154	52	120	0	172	64	104	0	168
New Mexico	10	56	0	66	14	57	0	71	14	60	0	74
Oklahoma	43	98	0	141	43	182	0	225	43	194	0	237
Texas*	251	641	0	892	251	568	0	819	251	565	0	816
ROCKY MOUNTAIN												
Colorado	0	110	22	132	0	110	27	137	0	125	27	152
Idaho	0	6	0	6	0	7	0	7	0	8	0	8
Montana	10	23	0	33	15	35	0	50	15	38	0	53
Utah	22	97	0	119	21	95	0	116	18	89	0	107
Wyoming	9	37	0	46	9	16	0	25	9	18	0	27
FAR WEST												
Alaska	27	20	0	47	27	12	2	41	24	17	3	44
California	2,078	3,607	0	5,685	2,064	3,084	0	5,148	2,146	3,092	0	5,238
Hawaii	22	41	0	63	18	44	0	62	27	42	0	69
Nevada	25	33	0	58	25	22	0	47	25	26	0	51
Oregon	15	113	8	136	29	99	0	128	17	118	10	145
Washington	176	108	0	284	147	137	0	284	157	111	0	268
TOTAL	\$5,422	\$10,962	\$612	\$16,996	\$6,200	\$10,105	\$533	\$16,838	\$6,363	\$10,178	\$475	\$17,016

Source: National Association of State Budget Officers, 2004 State Expenditure Report

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

Region/State	Fiscal 2003	Fiscal 2004	Fiscal 2005
NEW ENGLAND			
Connecticut	1.9 %	1.9 %	1.9 %
Maine	2.4	2.5	2.0
Massachusetts	3.3	3.1	2.8
New Hampshire	1.9	1.4	1.4
Rhode Island	1.5	1.4	1.2
Vermont	1.4	1.4	1.2
MID-ATLANTIC			
Delaware	0.4	0.4	0.4
Maryland	0.8	0.7	0.7
New Jersey	0.4	0.4	0.4
New York	3.5	3.6	3.4
Pennsylvania	0.9	1.0	1.0
GREAT LAKES			
Illinois	0.3	0.2	0.2
Indiana	0.7	0.6	0.6
Michigan	0.9	1.0	1.0
Ohio	0.6	0.6	0.5
Wisconsin	0.2	0.2	0.2
PLAINS			
Iowa	0.9	0.9	0.9
Kansas	0.6	0.7	0.7
Minnesota	1.6	1.3	1.3
Missouri	0.8	0.8	0.7
Nebraska	0.8	0.8	0.8
North Dakota	0.5	0.5	0.3
South Dakota	0.4	0.5	0.4
SOUTHEAST			
Alabama	0.3	0.3	0.3
Arkansas	0.4	0.4	0.6
Florida	0.5	0.4	0.4
Georgia	1.8	1.8	1.8
Kentucky	1.0	1.1	1.0
Louisiana	0.4	0.3	0.2
Mississippi	0.3	0.2	0.0
North Carolina	1.6	1.4	1.5
South Carolina	0.2	0.3	0.3
Tennessee	0.7	0.7	0.7
Virginia	0.4	0.4	0.4
West Virginia	0.9	0.8	0.8
SOUTHWEST			
Arizona	0.8	0.8	0.7
New Mexico	0.7	0.7	0.7
Oklahoma	1.1	1.7	1.7
Texas	1.5	1.3	1.3
ROCKY MOUNTAIN			
Colorado	1.0	1.0	1.1
Idaho	0.1	0.2	0.2
Montana	0.9	1.3	1.2
Utah	1.6	1.5	1.3
Wyoming	2.1	1.1	1.2
FAR WEST			
Alaska	0.7	0.5	0.4
California	3.5	3.3	3.0
Hawaii	0.9	0.8	0.8
Nevada	0.9	0.7	0.7
Oregon	0.8	0.7	0.8
Washington	1.1	1.1	1.0
ALL STATES	1.5 %	1.4 %	1.4 %

Source: National Association of State Budget Officers,
2004 State Expenditure Report

Table 23

ANNUAL PERCENTAGE CHANGE IN TANF CASH ASSISTANCE EXPENDITURES

Region/State	Fiscal 2003 to 2004			Fiscal 2004 to 2005		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
NEW ENGLAND						
Connecticut	12.3 %	0.0 %	3.7 %	1.6 %	0.0 %	0.5 %
Maine	13.8	17.6	14.7	11.3	-100.0	-15.9
Massachusetts	-12.0	-1.3	-8.0	-10.7	0.9	-6.1
New Hampshire	6.3	-40.9	-21.1	-5.9	15.4	3.3
Rhode Island	35.7	-11.8	-3.7	-21.1	-1.7	-6.3
Vermont	-5.3	4.0	0.0	0.0	-3.8	-2.3
MID-ATLANTIC						
Delaware	0.0	0.0	0.0	0.0	0.0	0.0
Maryland	37.5	-10.9	-1.6	66.7	-23.3	0.8
New Jersey	200.0	-8.5	-7.0	0.0	12.4	12.1
New York	86.2	-12.5	12.6	-1.8	-1.0	-1.3
Pennsylvania	8.8	10.5	9.7	15.7	5.4	10.3
GREAT LAKES						
Illinois	-9.3	-13.4	-11.6	-8.2	5.2	-0.9
Indiana	0.0	0.0	0.0	8.3	-9.6	-6.5
Michigan	9.1	4.9	7.2	1.9	-2.3	0.0
Ohio	-2.2	13.7	6.0	-0.7	0.6	0.0
Wisconsin	130.0	-29.8	17.9	-15.2	-18.2	-16.5
PLAINS						
Iowa	4.1	-8.5	-3.3	0.0	7.7	4.3
Kansas	0.0	26.5	14.1	0.0	7.0	4.1
Minnesota	50.0	-23.7	-16.7	20.4	-4.2	0.0
Missouri	6.3	1.7	2.3	0.0	3.4	2.9
Nebraska	28.6	0.0	7.1	83.3	-11.9	16.7
North Dakota	120.0	-66.7	0.0	-54.5	100.0	-21.4
South Dakota	0.0	16.7	9.1	0.0	14.3	8.3
SOUTHEAST						
Alabama	0.0	-4.3	-2.2	4.3	9.1	6.7
Arkansas	18.8	0.0	5.5	-10.5	117.9	75.9
Florida	-1.3	—	-1.3	-11.6	—	2.7
Georgia	-11.6	9.7	1.8	-1.2	12.3	7.9
Kentucky	0.0	20.9	12.6	0.0	-0.8	-0.5
Louisiana	—	-7.6	-7.6	—	-18.0	-18.0
Mississippi	—	-23.5	-23.5	—	-100.0	-100.0
North Carolina	-5.4	-2.0	-3.5	-0.5	14.6	8.0
South Carolina	0.0	3.7	2.6	0.0	0.0	0.0
Tennessee	29.2	1.7	6.4	51.6	-4.2	7.3
Virginia	-9.1	31.5	13.3	25.0	-1.4	8.1
West Virginia	0.0	-8.5	-6.9	0.0	2.8	2.2
SOUTHWEST						
Arizona	23.8	7.1	11.7	23.1	-13.3	-2.3
New Mexico	40.0	1.8	7.6	0.0	5.3	4.2
Oklahoma	0.0	85.7	59.6	0.0	6.6	5.3
Texas	0.0	-11.4	-8.2	0.0	-0.5	-0.4
ROCKY MOUNTAIN						
Colorado	22.7	0.0	3.8	0.0	13.6	10.9
Idaho	—	16.7	16.7	—	14.3	14.3
Montana	50.0	52.2	51.5	0.0	8.6	6.0
Utah	-4.5	-2.1	-2.5	-14.3	-6.3	-7.8
Wyoming	0.0	-56.8	-45.7	0.0	12.5	8.0
FAR WEST						
Alaska	7.4	-40.0	-12.8	-6.9	41.7	7.3
California	-0.7	-14.5	-9.4	4.0	0.3	1.7
Hawaii	-18.2	7.3	-1.6	50.0	-4.5	11.3
Nevada	0.0	-33.3	-19.0	0.0	18.2	8.5
Oregon	26.1	-12.4	-5.9	-6.9	19.2	13.3
Washington	-16.5	26.9	0.0	6.8	-19.0	-5.6
ALL STATES	11.6 %	-7.8 %	-0.9 %	1.6 %	0.7 %	1.1 %

Note: State funds are defined as general funds and other state funds (bonds are excluded).
Source: National Association of State Budget Officers, 2004 State Expenditure Report

Table 24

OTHER CASH ASSISTANCE EXPENDITURES (\$ IN MILLIONS)

Region/State	Actual Fiscal 2003				Actual Fiscal 2004				Estimated Fiscal 2005			
	General Fund	Federal Funds	Other State Funds	Total	General Fund	Federal Funds	Other State Funds	Total	General Fund	Federal Funds	Other State Funds	Total
NEW ENGLAND												
Connecticut*	\$104	\$0	\$0	\$104	\$95	\$0	\$0	\$95	\$95	\$0	\$0	\$95
Maine	14	1	0	15	14	1	0	15	13	0	0	13
Massachusetts	269	0	0	269	263	0	0	263	273	0	0	273
New Hampshire	7	0	6	13	7	0	6	13	8	0	7	15
Rhode Island	97	159	0	256	83	100	0	183	89	99	0	188
Vermont	13	7	0	20	14	19	0	33	13	19	0	32
MID-ATLANTIC												
Delaware	4	0	0	4	4	0	0	4	5	0	0	5
Maryland	39	246	6	291	37	288	6	331	32	254	6	292
New Jersey	161	42	0	203	175	56	0	231	210	78	0	288
New York	0	0	0	0	0	0	0	0	0	0	0	0
Pennsylvania	247	265	26	538	260	265	26	551	264	323	27	614
GREAT LAKES												
Illinois	37	3	0	40	37	3	0	40	36	3	0	39
Indiana	0	1	0	1	0	0	0	0	0	0	0	0
Michigan*	101	18	5	124	106	13	5	124	113	17	5	135
Ohio	24	0	44	68	21	0	24	45	23	0	24	47
Wisconsin	143	68	1	212	142	73	1	216	144	76	1	221
PLAINS												
Iowa	20	0	0	20	19	0	1	20	19	0	1	20
Kansas	7	0	0	7	8	0	0	8	9	0	0	9
Minnesota	54	0	0	54	55	0	0	55	59	0	0	59
Missouri	28	1	24	53	26	0	20	46	27	0	22	49
Nebraska	6	1	0	7	7	1	0	8	7	1	0	8
North Dakota	0	0	0	0	0	0	0	0	0	0	0	0
South Dakota	0	0	0	0	0	0	0	0	0	0	0	0
SOUTHEAST												
Alabama	0	0	0	0	0	0	0	0	0	0	0	0
Arkansas	91	131	11	233	102	148	7	257	115	181	3	299
Florida	0	0	0	0	0	0	0	0	0	0	0	0
Georgia	0	0	0	0	0	0	0	0	0	0	0	0
Kentucky	0	0	0	0	0	0	0	0	0	0	0	0
Louisiana	0	0	0	0	0	0	0	0	0	0	0	0
Mississippi	0	0	0	0	0	0	0	0	0	0	0	0
North Carolina	0	0	0	0	0	0	0	0	0	0	0	0
South Carolina	15	0	1	16	8	0	7	15	15	0	0	15
Tennessee	0	0	0	0	0	0	0	0	0	0	0	0
Virginia	9	32	0	41	10	50	7	67	11	39	2	52
West Virginia	1	0	0	1	1	0	0	1	1	0	0	1
SOUTHWEST												
Arizona	4	1	0	5	4	1	0	5	4	1	0	5
New Mexico	28	285	0	313	24	286	0	310	27	318	0	345
Oklahoma	39	0	0	39	39	0	0	39	39	0	0	39
Texas	0	0	0	0	0	0	0	0	0	0	0	0
ROCKY MOUNTAIN												
Colorado	0	0	0	0	0	0	0	0	0	0	0	0
Idaho	7	0	0	7	8	0	0	8	8	0	0	8
Montana	0	0	0	0	0	0	0	0	0	0	0	0
Utah	8	0	0	8	9	0	0	9	11	0	0	11
Wyoming	0	0	0	0	0	0	0	0	0	0	0	0
FAR WEST												
Alaska	55	1	16	72	55	8	19	82	54	1	20	75
California	3,712	633	0	4,345	3,799	924	0	4,723	4,161	835	0	4,996
Hawaii	65	0	0	65	58	0	0	58	58	0	0	58
Nevada*	6	0	0	6	6	0	0	6	7	0	0	7
Oregon	2	5	0	7	0	5	0	5	0	6	0	6
Washington	264	532	18	814	111	2	0	113	113	2	0	115
TOTAL	\$5,681	\$2,432	\$158	\$8,271	\$5,607	\$2,243	\$129	\$7,979	\$6,063	\$2,253	\$118	\$8,434

Source: National Association of State Budget Officers, 2004 State Expenditure Report

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

Region/State	Fiscal 2003	Fiscal 2004	Fiscal 2005
NEW ENGLAND			
Connecticut	0.5 %	0.5 %	0.5 %
Maine	0.2	0.2	0.2
Massachusetts	1.0	1.0	1.0
New Hampshire	0.3	0.3	0.3
Rhode Island	4.6	3.2	3.0
Vermont	0.7	1.0	0.9
MID-ATLANTIC			
Delaware	0.1	0.1	0.1
Maryland	1.9	2.0	1.6
New Jersey	0.6	0.6	0.7
New York	0.0	0.0	0.0
Pennsylvania	1.1	1.1	1.2
GREAT LAKES			
Illinois	0.1	0.1	0.1
Indiana	0.0	0.0	0.0
Michigan	0.3	0.3	0.3
Ohio	0.1	0.1	0.1
Wisconsin	0.7	0.7	0.7
PLAINS			
Iowa	0.2	0.1	0.1
Kansas	0.1	0.1	0.1
Minnesota	0.2	0.2	0.2
Missouri	0.3	0.3	0.3
Nebraska	0.1	0.1	0.1
North Dakota	0.0	0.0	0.0
South Dakota	0.0	0.0	0.0
SOUTHEAST			
Alabama	0.0	0.0	0.0
Arkansas	1.8	1.9	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	0.1	0.1	0.1
Tennessee	0.0	0.0	0.0
Virginia	0.2	0.2	0.2
West Virginia	0.0	0.0	0.0
SOUTHWEST			
Arizona	0.0	0.0	0.0
New Mexico	3.4	3.2	3.1
Oklahoma	0.3	0.3	0.3
Texas	0.0	0.0	0.0
ROCKY MOUNTAIN			
Colorado	0.0	0.0	0.0
Idaho	0.2	0.2	0.2
Montana	0.0	0.0	0.0
Utah	0.1	0.1	0.1
Wyoming	0.0	0.0	0.0
FAR WEST			
Alaska	1.1	1.1	0.8
California	2.7	3.0	2.9
Hawaii	0.9	0.7	0.6
Nevada	0.1	0.1	0.1
Oregon	0.0	0.0	0.0
Washington	3.2	0.4	0.4
ALL STATES	0.7 %	0.7 %	0.7 %

Source: National Association of State Budget Officers,
2004 State Expenditure Report

Table 26

ANNUAL PERCENTAGE CHANGE IN OTHER CASH ASSISTANCE EXPENDITURES

Region/State	Fiscal 2003 to 2004			Fiscal 2004 to 2005		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
NEW ENGLAND						
Connecticut	-8.7 %	— %	-8.7 %	0.0 %	— %	0.0 %
Maine	0.0	0.0	0.0	-7.1	-100.0	-13.3
Massachusetts	-2.2	—	-2.2	3.8	—	3.8
New Hampshire	0.0	—	0.0	15.4	—	15.4
Rhode Island	-14.4	-37.1	-28.5	7.2	-1.0	2.7
Vermont	7.7	171.4	65.0	-7.1	0.0	-3.0
MID-ATLANTIC						
Delaware	0.0	—	0.0	25.0	—	25.0
Maryland	-4.4	17.1	13.7	-11.6	-11.8	-11.8
New Jersey	8.7	33.3	13.8	20.0	39.3	24.7
New York	—	—	—	—	—	—
Pennsylvania	4.8	0.0	2.4	1.7	21.9	11.4
GREAT LAKES						
Illinois	0.0	0.0	0.0	-2.7	0.0	-2.5
Indiana	—	-100.0	-100.0	—	—	—
Michigan	4.7	-27.8	0.0	6.3	30.8	8.9
Ohio	-33.8	—	-33.8	4.4	—	4.4
Wisconsin	-0.7	7.4	1.9	1.4	4.1	2.3
PLAINS						
Iowa	0.0	—	0.0	0.0	—	0.0
Kansas	14.3	—	14.3	12.5	—	12.5
Minnesota	1.9	—	1.9	7.3	—	7.3
Missouri	-11.5	-100.0	-13.2	6.5	—	6.5
Nebraska	16.7	0.0	14.3	0.0	0.0	0.0
North Dakota	—	—	—	—	—	—
South Dakota	—	—	—	—	—	—
SOUTHEAST						
Alabama	—	—	—	—	—	—
Arkansas	6.9	13.0	10.3	8.3	22.3	16.3
Florida	—	—	—	—	—	—
Georgia	—	—	—	—	—	—
Kentucky	—	—	—	—	—	—
Louisiana	—	—	—	—	—	—
Mississippi	—	—	—	—	—	—
North Carolina	—	—	—	—	—	—
South Carolina	-6.3	—	-6.3	0.0	—	0.0
Tennessee	—	—	—	—	—	—
Virginia	88.9	56.3	63.4	-23.5	-22.0	-22.4
West Virginia	0.0	—	0.0	0.0	0.0	0.0
SOUTHWEST						
Arizona	0.0	0.0	0.0	0.0	0.0	0.0
New Mexico	-14.3	0.4	-1.0	12.5	11.2	11.3
Oklahoma	0.0	—	0.0	0.0	—	0.0
Texas	—	—	—	—	—	—
ROCKY MOUNTAIN						
Colorado	—	—	—	—	—	—
Idaho	14.3	—	14.3	0.0	—	0.0
Montana	—	—	—	—	—	—
Utah	12.5	—	12.5	22.2	—	22.2
Wyoming	—	—	—	—	—	—
FAR WEST						
Alaska	4.2	700.0	13.9	0.0	-87.5	-8.5
California	2.3	46.0	8.7	9.5	-9.6	5.8
Hawaii	-10.8	—	-10.8	0.0	—	0.0
Nevada	0.0	—	0.0	16.7	—	16.7
Oregon	-100.0	0.0	-28.6	—	20.0	20.0
Washington	-60.6	-99.6	-86.1	1.8	0.0	1.8
ALL STATES	-1.8 %	-7.8 %	-3.5 %	7.8 %	0.4 %	5.7 %

Note: State funds are defined as general funds and other state funds (bonds are excluded).
Source: National Association of State Budget Officers, 2004 State Expenditure Report

Public Assistance Notes

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

Connecticut: Figures exclude medical assistance under the State Administered General Assistance Program. Amounts for that purpose were \$104 million in fiscal 2003, \$123 million in fiscal 2004 and \$124 million in fiscal 2005.

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 \$499.2 million for fiscal 2003; \$490.1 million for fiscal 2004; and are estimated at \$478.0 million for fiscal 2005.

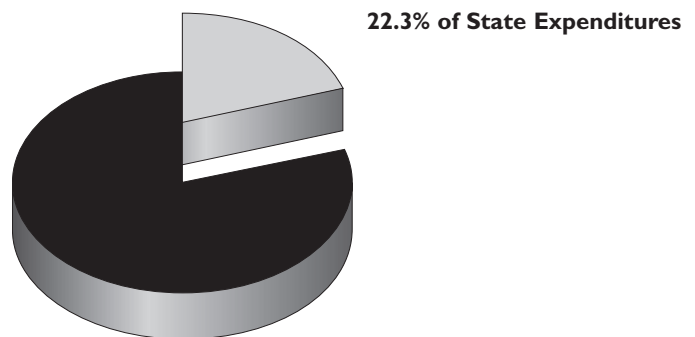
North Dakota: Cash assistance includes only the direct cash benefit payments made to TANF recipients. It does not include other grant payments funded with the federal TANF grant.

Ohio: Amounts shown for TANF represent all TANF costs, not just cash assistance. TANF cash assistance was \$325.9 million in fiscal 2003 and \$324.8 million in fiscal 2004. Also, see General Notes for Ohio on this issue and for discussion of double counting issues that affect percentage of total expenditure amounts. Beginning in FY 2002, the appropriation for the federal TANF Block Grant was moved from General Fund to a federal revenue fund.

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

CHAPTER FOUR

MEDICAID EXPENDITURES



Total Medicaid spending in fiscal 2004 excluding administrative costs was \$262.6 billion, or 6 percent more than fiscal 2003. Based on those amounts, Medicaid accounted for 22.3 percent of total state spending in fiscal 2004.

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 53 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.

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 10 percent of total state spending.

Medicaid growth rates. Medicaid continues to exert pressure on state budgets. The percentage increases for state and federal funds differ significantly during fiscal 2004 and fiscal 2005. This is due to the impact of the state fiscal relief in the Jobs and Growth Tax Relief Reconciliation Act of 2003 which increased the Federal Medical Assistance Percentage (FMAP) by 2.95 percent from April 2003 through June 2004.

Based on governor's estimated fiscal 2006 budgets, Medicaid is estimated to increase by 5 percent, with state funds increasing by 7.1 percent and federal funds increasing by 3.7 percent. Among the reasons for the higher growth rates of state funds versus federal funds are 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 the phase-out of special financing.

Medicaid Shortfalls. Even with extensive cost containment and fiscal relief, states have experienced Medicaid expenditures exceeding the amount that had been originally budgeted for the program. Twenty-two states experienced Medicaid shortfalls in fiscal 2004 and 26 states anticipated shortfalls in fiscal 2005. The shortfalls as a percentage of the total Medicaid program in fiscal 2004 ranged from 0.2 percent to 11 percent of the program costs, averaging 4 percent. The combined amount of the shortfalls in fiscal 2004 and fiscal 2005 totals more than \$5.9 billion. States have taken a variety of measures to cover the shortfalls including supplemental funding as well as implementing additional cost containment measures.

Medicaid Enrollment. Enrollment increases have played a major role in the increase in Medicaid spending, with enrollment increases of 4.2 percent in fiscal 2004, 4.1 percent estimated in fiscal 2005, and 3.8 percent estimated for fiscal 2006. While children and families are most often the group contributing most to the enrollment change over this period of time, the elderly and disabled are most often the group contributing most to the increased costs from enrollment changes. The average cost per recipient varies greatly in Medicaid with the elderly and the disabled costing about seven times the amount per recipient as children and adults.

New Medicare Prescription Drug Benefit. The enactment of a new prescription drug benefit under the Medicare Prescription Drug Improvement and Modernization Act of 2003 (MMA) has impacted the Medicaid program significantly. The biggest change for states is that those individuals who are dually eligible for both Medicare and Medicaid, and who currently receive their prescription drugs through Medicaid, will instead receive their prescriptions drugs under the new Medicare Part D program beginning 2006. Although they represent less than 7 million of the 53 million Medicaid beneficiaries, dual eligibles account for approximately 50 percent of all Medicaid drug spending.

While such a change normally would create significant savings for Medicaid, they will be minimized by a certain provision of the new law. The phased-down state contribution or "clawback" is a mechanism by which states will continue to finance the vast majority of the costs of drugs for dual eligibles despite the fact that the drugs will be provided through Medicare. The factor set for the state contribution is 90 percent in 2006, declining to 75 percent for 2015 and thereafter.

As determined by statute, the baseline for the clawback payments will be based on the per-beneficiary cost of coverage for Medicare covered drugs in 2003. The costs are multiplied by the number of dual eligibles in the state to create a baseline that will then be inflated by a series of national growth factors.

States are in the process of assessing the financial impact of the clawback formula and how it will affect state budgets overall. Because of the base year and the application of national growth factors, about half of the states assume that the clawback payments will be a net cost to them. However, there is a great deal of uncertainty about the financial impact of the MMA on states.

Other costs are evident, too: CMS notes that states will have new administrative costs and that the new coverage and outreach are expected to increase Medicaid enrollment.

Some aspects of the MMA will be more beneficial to states, such as the savings in states that currently offer state-funded pharmacy assistance programs and the provision in the MMA that will provide employers, including states, a subsidy for providing retirees prescription drug coverage that at least equals the new Medicare Part D benefit.

The first phase-down contribution to the Centers for Medicare and Medicaid (CMS) is due by February 25, 2006.

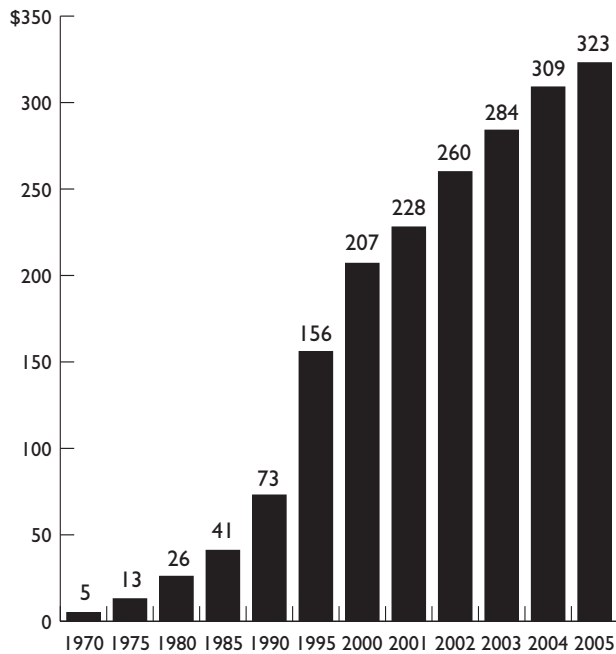
Significant health issues. The challenges in funding health care are among the greatest concerns states are facing even with a recovery in state revenues. States are concerned about a range of issues in providing health care. With long-range projections of Medicaid growth between 8 and 9 percent, states are concerned that health care cost increases exceed state revenue growth. States are also concerned about the increase of the uninsured population and the impact on public programs such as Medicaid. Other concerns that states are grappling with include demographic pressures and the costs of providing long term care.

Uncertainty and concern about the impact of the new Medicare Part D benefit on Medicaid programs, federal reductions in Medicaid, and the waiver process under Medicaid are also cited as significant issues by many states. States also noted concerns about employee health insurance, unfunded liabilities in state retiree benefit programs, staff shortages in medical personnel, enrollment increases, and costs and access of mental health services.

Figure 14, based on projections by the Congressional Budget Office (CBO) in August 2005, 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.

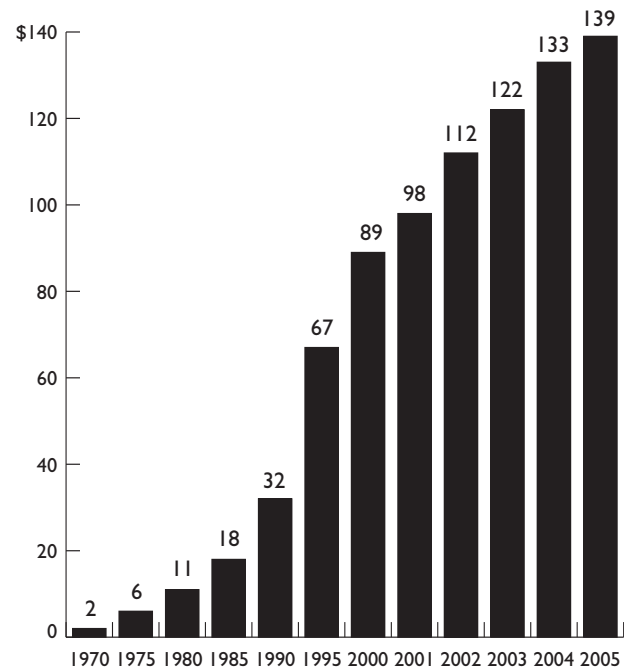
Figure 15, also based on projections by the CBO in August 2005, assumes a 57 percent federal share of total Medicaid costs. Figures for 1990 and prior years are from the Federal Funds Information for States Issue Brief 94-14, Recent Trends in Medicaid Spending.

Figure 14
ACTUAL AND PROJECTED TOTAL MEDICAID SPENDING, 1970 TO 2005 (IN BILLIONS)



Source: Congressional Budget Office and Federal Funds Information for States

Figure 15
ACTUAL AND PROJECTED STATE MEDICAID SPENDING, 1970 TO 2005 (IN BILLIONS)



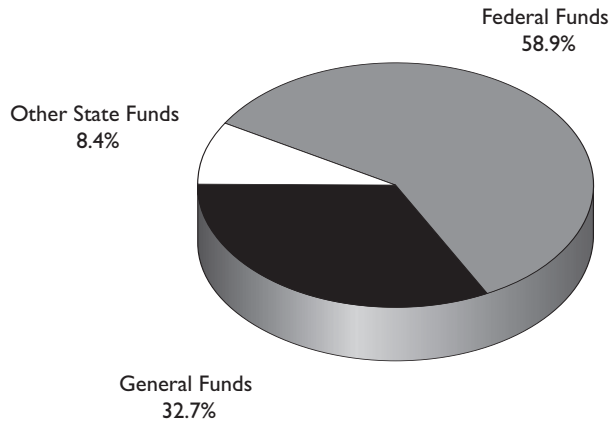
Source: Congressional Budget Office and Federal Funds Information for States

Fund Shares

The figure below provides fund shares for 2004.

Figure 16

STATE EXPENDITURES FOR MEDICAID BY FUND SOURCE, FISCAL 2004



Regional Expenditures

The following table shows percentage changes in expenditures for Medicaid for fiscal 2003-2004 and 2004-2005. For 2004, the New England region, the Great Lakes region, and the Rocky Mountain region are well above the national average while the Far West region is well below the national average.

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

Table 27

REGIONAL PERCENTAGE CHANGE IN STATE MEDICAID EXPENDITURES, FISCAL 2004 AND 2005

Region	Fiscal 2003 to 2004			Fiscal 2004 to 2005		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
New England	5.6 %	10.2 %	7.8 %	8.1 %	5.3 %	6.7 %
Mid-Atlantic	2.3	9.8	6.8	13.0	4.9	8.1
Great Lakes	10.0	12.0	10.9	5.2	4.4	4.8
Plains	-2.4	7.1	3.3	10.1	2.3	5.3
Southeast	4.2	11.8	9.3	17.4	3.8	8.1
Southwest	1.9	8.8	6.4	7.7	0.3	2.8
Rocky Mountain	9.0	17.5	14.2	16.9	3.1	8.2
Far West	-6.7	-1.7	-4.1	21.8	11.0	16.0
ALL STATES	2.5 %	8.7 %	6.0 %	12.8 %	4.7 %	8.1 %

Table 28

MEDICAID EXPENDITURES (\$ IN MILLIONS)

Region/State	Actual Fiscal 2003				Actual Fiscal 2004				Estimated Fiscal 2005			
	General Fund	Federal Funds	Other State Funds	Total	General Fund	Federal Funds	Other State Funds	Total	General Fund	Federal Funds	Other State Funds	Total
NEW ENGLAND												
Connecticut	\$2,758	\$1,857	\$649	\$5,264	\$2,849	\$1,938	\$692	\$5,479	\$3,027	\$1,992	\$740	\$5,759
Maine	513	1,177	40	1,730	529	1,454	64	2,047	576	1,579	157	2,312
Massachusetts	2,712	2,712	0	5,424	2,908	2,908	0	5,816	3,093	3,093	0	6,186
New Hampshire	292	449	144	885	374	599	168	1,141	438	612	169	1,219
Rhode Island	631	819	0	1,450	592	845	0	1,437	657	844	0	1,501
Vermont	133	410	110	653	60	439	191	690	69	499	185	753
MID-ATLANTIC												
Delaware	346	357	0	703	346	384	0	730	397	429	0	826
Maryland	1,984	2,086	0	4,070	2,142	2,432	0	4,574	2,544	2,548	0	5,092
New Jersey	3,831	3,994	48	7,873	3,556	4,023	50	7,629	3,759	4,080	50	7,889
New York	5,952	16,902	2,462	25,316	6,061	18,729	2,772	27,562	6,953	19,778	2,624	29,355
Pennsylvania*	4,179	7,633	2,254	14,066	5,054	8,441	1,553	15,048	5,415	8,857	2,594	16,866
GREAT LAKES												
Illinois	3,618	4,583	1,468	9,669	3,277	5,539	1,684	10,500	3,655	5,858	2,447	11,960
Indiana*	1,495	2,451	11	3,957	1,488	2,808	11	4,307	1,697	2,878	0	4,575
Michigan*	1,665	4,560	1,730	7,955	1,960	4,803	1,492	8,255	1,827	4,803	1,852	8,482
Ohio*	8,377	1,620	822	10,819	9,858	1,702	934	12,494	9,575	2,060	1,100	12,735
Wisconsin	1,456	2,483	55	3,994	778	2,728	1,291	4,797	1,529	2,759	268	4,556
PLAINS												
Iowa	419	1,471	511	2,401	332	1,509	556	2,397	353	1,308	475	2,136
Kansas	607	1,083	87	1,777	549	1,103	80	1,732	703	1,240	90	2,033
Minnesota	2,327	2,473	0	4,800	2,341	2,831	0	5,172	2,284	2,775	0	5,059
Missouri*	1,190	3,529	974	5,693	1,097	3,691	957	5,745	1,385	4,029	1,147	6,561
Nebraska	453	823	13	1,289	457	895	25	1,377	556	891	18	1,465
North Dakota	109	336	2	447	136	356	0	492	171	369	0	540
South Dakota	170	362	0	532	169	410	0	579	193	426	0	619
SOUTHEAST												
Alabama	289	2,645	764	3,698	326	2,731	716	3,773	436	2,760	676	3,872
Arkansas	368	1,823	276	2,467	459	2,101	150	2,710	533	2,291	258	3,082
Florida*	3,700	7,115	817	11,632	3,711	8,330	1,038	13,079	4,530	8,761	1,047	14,338
Georgia	1,609	3,533	18	5,160	1,716	3,669	53	5,438	1,816	3,946	53	5,815
Kentucky	732	2,691	392	3,815	740	3,003	377	4,120	834	2,949	448	4,231
Louisiana	789	3,241	420	4,450	723	3,614	541	4,878	714	3,767	625	5,106
Mississippi	237	2,402	474	3,113	258	2,674	541	3,473	247	2,709	788	3,744
North Carolina	2,039	4,381	320	6,740	1,983	5,163	235	7,381	2,360	5,096	432	7,888
South Carolina	449	2,590	620	3,659	487	2,868	602	3,957	641	2,954	595	4,190
Tennessee*	2,057	4,483	324	6,864	2,108	4,857	666	7,631	2,540	5,297	853	8,690
Virginia	1,737	1,836	71	3,644	1,812	1,977	37	3,826	2,147	2,091	71	4,309
West Virginia	179	1,321	239	1,739	228	1,554	211	1,993	298	1,549	212	2,059
SOUTHWEST												
Arizona	589	2,345	344	3,278	674	2,781	359	3,814	914	3,142	387	4,443
New Mexico	428	1,595	25	2,048	418	1,886	34	2,338	490	1,892	42	2,424
Oklahoma	543	1,664	168	2,375	596	1,852	125	2,573	637	1,913	164	2,714
Texas*	5,773	9,245	0	15,018	5,811	9,631	0	15,442	6,003	9,254	0	15,257
ROCKY MOUNTAIN												
Colorado	989	1,202	165	2,356	1,127	1,442	148	2,717	1,259	1,422	194	2,875
Idaho	224	569	60	853	225	650	77	952	288	696	77	1,061
Montana	124	435	11	570	127	493	20	640	149	499	28	676
Utah*	199	764	133	1,096	192	915	163	1,270	253	996	184	1,433
Wyoming	36	64	0	100	36	64	0	100	40	60	0	100
FAR WEST												
Alaska	212	574	58	844	230	669	83	982	225	673	78	976
California*	11,983	15,981	2,984	30,948	11,009	15,459	3,018	29,486	13,635	17,599	3,959	35,193
Hawaii	309	456	10	775	322	530	8	860	363	529	10	902
Nevada	490	560	110	1,160	524	624	86	1,234	532	653	89	1,274
Oregon	734	1,686	442	2,862	731	1,731	262	2,724	751	1,872	425	3,048
Washington	2,702	2,880	0	5,582	2,420	2,750	0	5,170	2,708	2,829	0	5,537
ALL STATES	\$84,737	\$142,25	\$20,625	\$247,613	\$85,906	\$154,585	\$22,070	\$262,56	\$96,199	\$161,906	\$25,611	\$283,716

Source: National Association of State Budget Officers, 2004 State Expenditure Report

Table 29
MEDICAID EXPENDITURES AS A PERCENT OF
TOTAL EXPENDITURES

Region/State	Fiscal 2003	Fiscal 2004	Fiscal 2005
NEW ENGLAND			
Connecticut	26.4 %	27.0 %	27.8 %
Maine	28.5	31.3	33.3
Massachusetts	20.8	22.6	23.2
New Hampshire	21.7	26.4	28.0
Rhode Island	26.2	24.9	24.0
Vermont	21.4	21.5	20.5
MID-ATLANTIC			
Delaware	15.5	15.6	15.4
Maryland	27.0	27.1	27.6
New Jersey	22.0	20.6	19.3
New York	28.4	28.3	29.2
Pennsylvania	29.8	31.3	32.1
GREAT LAKES			
Illinois	23.7	20.9	25.5
Indiana	20.5	20.0	21.5
Michigan	20.0	20.8	20.9
Ohio	23.1	25.9	23.1
Wisconsin	12.6	14.6	14.3
PLAINS			
Iowa	18.3	17.8	15.1
Kansas	17.6	17.0	18.8
Minnesota	20.1	22.0	20.1
Missouri	32.6	32.0	34.4
Nebraska	18.9	19.4	17.4
North Dakota	15.8	16.8	16.0
South Dakota	21.1	21.8	21.1
SOUTHEAST			
Alabama	23.6	23.5	20.8
Arkansas	19.5	19.8	19.0
Florida	24.0	25.2	24.5
Georgia	18.4	19.0	19.1
Kentucky	20.8	21.7	20.9
Louisiana	23.6	24.1	20.6
Mississippi	31.1	32.2	32.5
North Carolina	23.4	23.0	25.6
South Carolina	23.0	24.9	26.3
Tennessee	34.2	35.2	35.2
Virginia	13.5	13.6	13.6
West Virginia	11.0	12.0	12.3
SOUTHWEST			
Arizona	17.5	17.6	19.5
New Mexico	22.1	24.4	22.0
Oklahoma	18.4	19.7	19.1
Texas	24.7	24.3	23.4
ROCKY MOUNTAIN			
Colorado	17.3	19.9	20.8
Idaho	19.6	20.8	20.6
Montana	15.6	16.2	14.9
Utah	14.5	16.1	17.0
Wyoming	4.6	4.6	4.5
FAR WEST			
Alaska	12.7	12.8	10.0
California	19.2	18.8	20.2
Hawaii	10.7	10.8	10.0
Nevada	18.6	18.2	16.9
Oregon	17.7	15.9	16.4
Washington	22.2	19.9	20.2
ALL STATES	22.0 %	22.3 %	22.5 %

Source: National Association of State Budget Officers,
2004 State Expenditure Report

Table 30
ANNUAL PERCENTAGE CHANGE IN MEDICAID EXPENDITURES

Region/State	Fiscal 2003 to 2004			Fiscal 2004 to 2005		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
NEW ENGLAND						
Connecticut	3.9 %	4.4 %	4.1 %	6.4 %	2.8 %	5.1 %
Maine	7.2	23.5	18.3	23.6	8.6	12.9
Massachusetts	7.2	7.2	7.2	6.4	6.4	6.4
New Hampshire	24.3	33.4	28.9	12.0	2.2	6.8
Rhode Island	-6.2	3.2	-0.9	11.0	-0.1	4.5
Vermont	3.3	7.1	5.7	1.2	13.7	9.1
MID-ATLANTIC						
Delaware	0.0	7.6	3.8	14.7	11.7	13.2
Maryland	8.0	16.6	12.4	18.8	4.8	11.3
New Jersey	-7.0	0.7	-3.1	5.6	1.4	3.4
New York	5.0	10.8	8.9	8.4	5.6	6.5
Pennsylvania	2.7	10.6	7.0	21.2	4.9	12.1
GREAT LAKES						
Illinois	-2.5	20.9	8.6	23.0	5.8	13.9
Indiana	-0.5	14.6	8.8	13.2	2.5	6.2
Michigan	1.7	5.3	3.8	6.6	0.0	2.7
Ohio	17.3	5.1	15.5	-1.1	21.0	1.9
Wisconsin	36.9	9.9	20.1	-13.1	1.1	-5.0
PLAINS						
Iowa	-4.5	2.6	-0.2	-6.8	-13.3	-10.9
Kansas	-9.4	1.8	-2.5	26.1	12.4	17.4
Minnesota	0.6	14.5	7.8	-2.4	-2.0	-2.2
Missouri	-5.1	4.6	0.9	23.3	9.2	14.2
Nebraska	3.4	8.7	6.8	19.1	-0.4	6.4
North Dakota	22.5	6.0	10.1	25.7	3.7	9.8
South Dakota	-0.6	13.3	8.8	14.2	3.9	6.9
SOUTHEAST						
Alabama	-1.0	3.3	2.0	6.7	1.1	2.6
Arkansas	-5.4	15.2	9.9	29.9	9.0	13.7
Florida	5.1	17.1	12.4	17.4	5.2	9.6
Georgia	8.7	3.8	5.4	5.7	7.5	6.9
Kentucky	-0.6	11.6	8.0	14.8	-1.8	2.7
Louisiana	4.5	11.5	9.6	5.9	4.2	4.7
Mississippi	12.4	11.3	11.6	29.5	1.3	7.8
North Carolina	-6.0	17.8	9.5	25.9	-1.3	6.9
South Carolina	1.9	10.7	8.1	13.5	3.0	5.9
Tennessee	16.5	8.3	11.2	22.3	9.1	13.9
Virginia	2.3	7.7	5.0	20.0	5.8	12.6
West Virginia	5.0	17.6	14.6	16.2	-0.3	3.3
SOUTHWEST						
Arizona	10.7	18.6	16.4	25.9	13.0	16.5
New Mexico	-0.2	18.2	14.2	17.7	0.3	3.7
Oklahoma	1.4	11.3	8.3	11.1	3.3	5.5
Texas	0.7	4.2	2.8	3.3	-3.9	-1.2
ROCKY MOUNTAIN						
Colorado	10.5	20.0	15.3	14.0	-1.4	5.8
Idaho	6.3	14.2	11.6	20.9	7.1	11.4
Montana	8.9	13.3	12.3	20.4	1.2	5.6
Utah	6.9	19.8	15.9	23.1	8.9	12.8
Wyoming	0.0	0.0	0.0	11.1	-6.3	0.0
FAR WEST						
Alaska	15.9	16.6	16.4	-3.2	0.6	-0.6
California	-6.3	-3.3	-4.7	25.4	13.8	19.4
Hawaii	3.4	16.2	11.0	13.0	-0.2	4.9
Nevada	1.7	11.4	6.4	1.8	4.6	3.2
Oregon	-15.6	2.7	-4.8	18.4	8.1	11.9
Washington	-10.4	-4.5	-7.4	11.9	2.9	7.1
ALL STATES	2.5 %	8.7 %	6.0 %	12.8 %	4.7 %	8.1 %

Note: State funds are defined as general funds and other state funds (bonds are excluded).
Source: National Association of State Budget Officers, 2004 State Expenditure Report

Medicaid Notes

States were asked to report Medicaid expenditures as follows: General funds: all general funds appropriated to the Medicaid agency and any other agency which are used for direct Medicaid matching purposes under Title XIX. Other state funds: other funds and revenue sources used as Medicaid match, such as local funds and provider taxes, fees, donations, assessments (as defined by the Health Care Finance Administration). Federal Funds: all federal matching funds provided pursuant to Title XIX.

As noted above, the figures reported as Other State Funds reflect the amounts reported as provider taxes, fees, donations, assessments and local funds by states. State Medicaid agencies report these amounts to the Health Care Financing Administration (HCFA) on form 37, as defined by the Medicaid Voluntary Contribution and Provider-specific Tax Amendments of 1991 (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.

California: Other State Funds includes local government matching funds for Disproportionate Share Hospitals, Voluntary Governmental Transfers, Targeted Case Management, Local Education Agencies, Medi-Cal Administrative Activities, Los Angeles Co. Medicaid Demonstration Project, Hospital Outpatient Supplemental Payments, Teaching Hospitals, mental health services, and personal care services.

Medi-Cal changed from accrual to cash-based budgeting in fiscal 2003-2004.

Connecticut: Medicaid appropriations are "gross funded": federal funds are deposited directly to the State Treasury.

Florida: For fiscal 2003, Other State Funds include provider assessments of \$275 million, cigarette taxes of \$109 million, tobacco settlement funds of \$50 million, tobacco non-general funds transferred for matching funds of \$71 million, other non-general funds transferred as matching funds of \$2 million, state

recoupments of \$22 million, and local county funds of \$287 million. For fiscal 2004, Other State Funds include provider assessments of \$268 million, cigarette taxes of \$113 million, tobacco settlement funds of \$72 million, tobacco non-general funds transferred for matching funds of \$28 million, state recoupments of \$21 million, and local county funds of \$536 million. The decrease from the previous year in tobacco non-general funds transferred for matching funds is due to a shortfall in tobacco settlement funds. The increase in local county funds from the previous year is due to a funding increase at the local level. For fiscal 2005, Other State Funds include provider assessments of \$295 million, cigarette taxes of \$113 million, tobacco settlement funds of \$82 million, tobacco non-general funds transferred for matching funds of \$33 million, state recoupments of \$18 million, and local county funds of \$506 million.

Indiana: Indiana received \$130.9 million from the Federal Jobs & Growth Tax Relief Reconciliation Act of 2003 in fiscal 2004. This enhanced match understates General Fund expenditures and overstates Federal expenditures by \$130.9 for fiscal 2004.

Michigan: Other State Funds include local funds of \$38.3 million and provider taxes of \$169.6 million for fiscal 2003; local funds of \$38.3 million and provider taxes of \$324.2 million for fiscal 2004; and local funds of \$40.5 million and provider taxes of \$486.4 million for fiscal 2005. 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 \$389 million for fiscal 2003, \$415 million for fiscal 2004, and \$418 million for fiscal 2005.

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 \$4,710.4 million in fiscal 2003 and \$5,270.2 million in fiscal 2004. See General Notes for Ohio on this issue. Local dollars are used as state match for Medicaid services and administration. Dollars that are generated at the local level that are then used to draw down federal match are not included in Ohio's numbers for purposes of making the numbers reported here consistent with other reports for Ohio General Fund and All Fund spending.

Pennsylvania: Intergovernmental transfer (IGT) funds are included in the Other State Funds category and total in \$1.902 billion in 2003, \$1.432 billion in 2004, and \$1.009 billion in 2005. State expenditures for Medicaid match are not accounted for separately from the state's overall medical assistance program. Therefore, the state match has been derived based upon federal reimbursement rates for individual clients who do not qualify under Title XIX. A portion of the IGT funds provide the 10 percent local match required by Pennsylvania law for Medicaid clients | nursing homes. Other local funds used as match are not included in this report.

South Dakota: The enhanced FMAP from the Federal Jobs & Growth Tax Relief Reconciliation Act of 2003 resulted in a decrease in general fund expenditures of \$16.3 million and an increase in federal fund expenditures by the same amount for fiscal 2004.

Tennessee: Regarding premium revenue: fiscal 2003 totals \$53 million, fiscal 2004 totals \$65 million and fiscal 2005 totals \$65

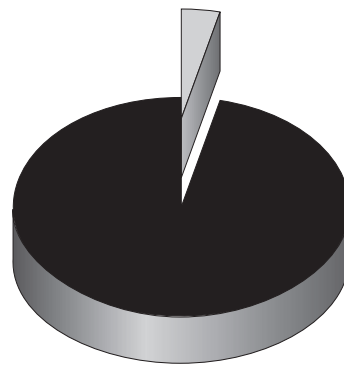
million. Regarding Certified Public Expenditures—Local fund from Hospitals: fiscal 2003 totals \$248 million, fiscal 2004 totals \$236 million and fiscal 2005 totals \$207 million. Regarding Nursing Home Tax: fiscal 2003 totals \$87 million, fiscal 2004 totals \$85 million and fiscal 2005 totals \$85 million. Regarding the ICF/MR 6 percent Gross Receipts Tax: fiscal 2003 totals \$15 million, fiscal 2004 totals \$15 million and fiscal 2005 totals \$15 million. Regarding Intergovernmental Transfers: fiscal 2003 totals \$57 million, fiscal 2004 totals \$52 million and fiscal 2005 totals \$50 million.

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

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

CHAPTER FIVE

CORRECTIONS EXPENDITURES



3.5% of State Expenditures

State spending on corrections reflects the costs to build and operate prison systems and may include spending on juvenile justice programs and alternatives to incarceration such as probation and parole. State spending for corrections totaled \$41 billion in fiscal 2004, a 3.5 percent increase compared to the previous year. In fiscal 2003, state corrections spending increased by only 1.7 percent—the lowest rate of growth since the State Expenditure Report was first published in 1987. 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.

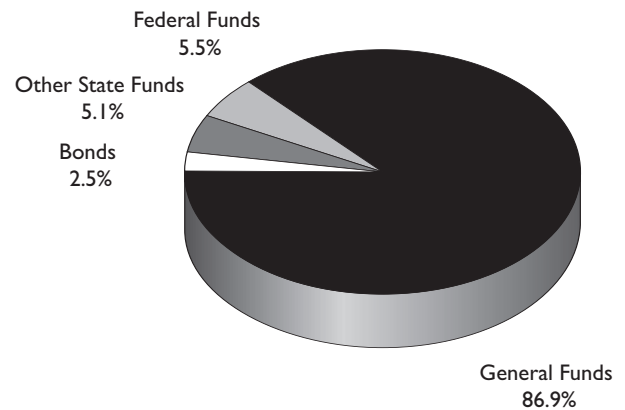
In fiscal 2004, corrections spending represented 3.5 percent of total state spending and 7 percent of general fund spending. General fund dollars are used primarily to fund state corrections spending and account for nearly \$35.6 billion or 86.9 percent of all fiscal 2004 state corrections spending. State funds (general funds and other state funds combined, but excluding bonds) accounted for 92 percent of total

state corrections spending in fiscal 2004. Federal funds accounted for 5.1 percent. Total state corrections spending is estimated to be \$43.4 billion in fiscal 2005, 3.4 percent of total state spending, and an estimated increase of 5.8 percent over the fiscal 2004 level.

According to the Bureau of Justice Statistics, admissions to state prisons continue to outpace the number of prisoners released. Between June 2003 and June 2004, the state prison population rose by 15,375 or 1.3 percent. Among the causes of the growth of the incarcerated population are tough mandatory sentencing laws for nonviolent drug offenders and the “three strikes” laws that return repeat offenders to prison for life. Additionally, new court commitments have increased more rapidly than returning parole violators since 1998.

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

Figure 17
STATE EXPENDITURES FOR CORRECTIONS BY
FUND SOURCE, FISCAL 2004



Regional Expenditures

Table 31 shows changes in corrections expenditures by region between actual fiscal 2003 and fiscal 2004 and actual 2004 and estimated fiscal 2005. Fiscal 2004 corrections spending in the New England states increased by 16.1 percent, substantially above average. Corrections expenditures decreased slightly in the Southwest during this period. States in the Great Lakes region recorded no change in corrections spending.

Corrections Expenditures Exclusions

Some states exclude certain items when reporting correction expenditures. Eighteen states wholly or partially exclude juvenile delinquency counseling from their corrections figures and 13 states wholly or partially exclude spending on juvenile institutions. Fourteen states wholly or partially excluded spending on drug abuse rehabilitation centers and 36 excluded spending for institutions for the criminally insane. Twenty-two states wholly excluded spending for local jails.

Table 31
REGIONAL PERCENTAGE CHANGE IN STATE CORRECTIONS EXPENDITURES,
FISCAL 2004 AND 2005

Region	Fiscal 2003 to 2004			Fiscal 2004 to 2005		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
New England	17.9%	103.6%	16.1%	2.0%	135.1%	6.1%
Mid-Atlantic	1.0	40.1	0.8	5.6	-3.3	4.1
Great Lakes	0.3	27.9	0.0	4.9	20.5	5.9
Plains	1.6	93.6	4.6	6.3	-30.8	5.1
Southeast	2.6	58.0	8.7	4.9	-21.7	1.2
Southwest	-2.0	5.6	-2.1	1.9	38.3	4.4
Rocky Mountain	3.9	-32.1	2.6	4.7	36.8	5.2
Far West	-9.5	580.7	3.8	28.5	-79.5	13.3
ALL STATES	-0.3%	139.6%	3.5%	8.7%	-38.9%	5.8%

Table 32

CORRECTIONS EXPENDITURES—CAPITAL INCLUSIVE (\$ IN MILLIONS)

Region/State	Actual Fiscal 2003					Actual Fiscal 2004					Estimated Fiscal 2005				
	General Fund	Federal Funds	Other State Funds	Bonds	Total	General Fund	Federal Funds	Other State Funds	Bonds	Total	General Fund	Federal Funds	Other State Funds	Bonds	Total
NEW ENGLAND															
Connecticut	\$566	\$3	\$3	\$28	\$600	\$587	\$3	\$2	\$1	\$593	\$600	\$3	\$2	\$2	\$607
Maine	114	6	2	0	122	118	3	2	0	123	126	6	3	0	135
Massachusetts	821	16	0	65	902	967	16	0	49	1,032	1,005	16	0	36	1,057
New Hampshire	74	0	4	0	78	76	0	3	0	79	76	0	5	0	81
Rhode Island	136	3	1	2	142	269	32	14	10	325	284	57	17	38	396
Vermont	76	0	1	6	83	79	3	3	0	85	38	52	7	0	97
MID-ATLANTIC															
Delaware	186	2	3	0	191	190	1	3	0	194	202	1	4	0	207
Maryland	780	9	121	0	910	761	9	126	0	896	796	8	146	0	950
New Jersey	1,172	42	86	0	1,300	1,189	38	95	0	1,322	1,281	19	96	0	1,396
New York	2,261	190	38	193	2,682	2,262	285	30	185	2,762	2,396	306	34	180	2,916
Pennsylvania	1,453	39	57	240	1,789	1,505	62	60	123	1,750	1,545	48	68	79	1,740
GREAT LAKES															
Illinois	1,162	0	83	90	1,335	1,183	0	73	45	1,301	1,194	0	86	17	1,297
Indiana*	639	1	58	0	698	679	1	63	0	743	675	1	77	0	753
Michigan*	1,797	91	71	5	1,964	1,749	122	74	2	1,947	1,875	114	101	4	2,094
Ohio*	1,601	29	143	73	1,846	1,622	32	152	62	1,868	1,681	71	179	140	2,071
Wisconsin	853	1	151	0	1,005	855	1	130	0	986	905	2	129	0	1,036
PLAINS															
Iowa	243	1	43	7	294	264	2	47	5	318	272	2	48	19	341
Kansas	263	11	41	3	318	267	9	39	6	321	277	9	43	6	335
Minnesota	399	6	16	3	424	383	15	15	14	427	377	10	20	13	420
Missouri	481	5	31	0	517	492	35	32	3	562	523	8	43	0	574
Nebraska	140	6	22	0	168	140	10	26	0	176	159	13	34	0	206
North Dakota	39	7	5	3	54	39	7	4	0	50	45	9	6	2	62
South Dakota	53	11	3	0	67	57	13	3	0	73	67	12	8	0	87
SOUTHEAST															
Alabama	309	5	66	0	380	350	4	63	0	417	378	5	71	0	454
Arkansas	179	2	46	0	227	208	2	35	0	245	215	2	42	0	259
Florida*	1,614	15	121	0	1,750	1,792	78	37	0	1,907	1,971	40	36	0	2,047
Georgia	1,227	34	0	3	1,264	1,173	52	0	20	1,245	1,113	44	0	35	1,192
Kentucky	371	17	114	0	502	387	16	79	0	482	406	18	58	0	482
Louisiana	588	12	89	9	698	617	13	72	7	709	650	7	88	3	748
Mississippi	234	1	33	0	268	215	34	41	0	290	217	1	49	0	267
North Carolina	981	1	30	0	1,012	1,078	3	52	377	1,510	1,081	0	19	57	1,157
South Carolina	369	15	89	6	479	368	15	88	7	478	356	20	104	0	480
Tennessee	459	23	24	0	506	479	4	22	0	505	550	24	28	31	633
Virginia	928	44	54	6	1,032	942	46	34	19	1,041	1,078	47	27	76	1,228
West Virginia	116	0	28	14	158	127	0	17	25	169	135	1	10	16	162
SOUTHWEST															
Arizona	699	5	57	0	761	710	12	96	0	818	752	54	117	0	923
New Mexico	194	4	17	0	215	201	3	17	0	221	206	2	19	0	227
Oklahoma	372	1	46	0	419	367	1	34	0	402	406	1	0	51	458
Texas	3,357	79	154	46	3,636	3,198	78	176	31	3,483	3,214	73	176	69	3,532
ROCKY MOUNTAIN															
Colorado*	455	5	65	0	525	470	4	63	0	537	493	4	57	0	554
Idaho	135	9	26	3	173	140	8	27	3	178	148	10	30	3	191
Montana	96	1	7	0	104	105	2	7	0	114	112	5	11	0	128
Utah*	242	11	22	5	280	248	3	32	0	283	261	3	31	0	295
Wyoming	79	2	2	0	83	79	2	2	0	83	81	4	4	0	89
FAR WEST															
Alaska	187	6	22	0	215	184	5	25	0	214	190	7	23	0	222
California	5,365	125	18	1	5,509	4,917	1,079	2	9	6,007	6,397	125	2	4	6,528
Hawaii	133	1	9	2	145	156	2	9	2	169	166	1	11	30	208
Nevada	176	2	21	5	204	171	3	33	11	218	193	4	38	11	246
Oregon	461	17	359	0	837	505	58	19	0	582	507	89	378	0	974
Washington	650	20	40	35	745	685	17	26	27	755	710	13	34	65	822
TOTAL	\$35,285	\$936	\$2,542	\$853	\$39,616	\$35,605	\$2,243	\$2,104	\$1,043	\$40,995	\$38,385	\$1,371	\$2,619	\$987	\$43,362

Source: National Association of State Budget Officers, 2004 State Expenditure Report

Table 33
CORRECTIONS EXPENDITURES AS A PERCENT OF
TOTAL EXPENDITURES

Region/State	Fiscal 2003	Fiscal 2004	Fiscal 2005
NEW ENGLAND			
Connecticut	3.0 %	2.9 %	2.9 %
Maine	2.0	1.9	1.9
Massachusetts	3.5	4.0	4.0
New Hampshire	1.9	1.8	1.9
Rhode Island	2.6	5.6	6.3
Vermont	2.7	2.6	2.6
MID-ATLANTIC			
Delaware	4.2	4.1	3.9
Maryland	6.0	5.3	5.1
New Jersey	3.6	3.6	3.4
New York	3.0	2.8	2.9
Pennsylvania	3.8	3.6	3.3
GREAT LAKES			
Illinois	3.3	2.6	2.8
Indiana	3.6	3.5	3.5
Michigan	4.9	4.9	5.2
Ohio	3.9	3.9	3.8
Wisconsin	3.2	3.0	3.3
PLAINS			
Iowa	2.2	2.4	2.4
Kansas	3.2	3.1	3.1
Minnesota	1.8	1.8	1.7
Missouri	3.0	3.1	3.0
Nebraska	2.5	2.5	2.4
North Dakota	1.9	1.7	1.8
South Dakota	2.7	2.7	3.0
SOUTHEAST			
Alabama	2.4	2.6	2.4
Arkansas	1.8	1.8	1.6
Florida	3.6	3.7	3.5
Georgia	4.5	4.3	3.9
Kentucky	2.7	2.5	2.4
Louisiana	3.7	3.5	3.0
Mississippi	2.7	2.7	2.3
North Carolina	3.5	4.7	3.8
South Carolina	3.0	3.0	3.0
Tennessee	2.5	2.3	2.6
Virginia	3.8	3.7	3.9
West Virginia	1.0	1.0	1.0
SOUTHWEST			
Arizona	4.1	3.8	4.1
New Mexico	2.3	2.3	2.1
Oklahoma	3.2	3.1	3.2
Texas	6.0	5.5	5.4
ROCKY MOUNTAIN			
Colorado	3.9	3.9	4.0
Idaho	4.0	3.9	3.7
Montana	2.9	2.9	2.8
Utah	3.7	3.6	3.5
Wyoming	3.8	3.8	4.0
FAR WEST			
Alaska	3.2	2.8	2.2
California	3.4	3.8	3.7
Hawaii	2.0	2.1	2.3
Nevada	3.3	3.2	3.3
Oregon	5.2	3.4	5.3
Washington	3.0	2.9	3.0
ALL STATES	3.5 %	3.5 %	3.4 %

Source: National Association of State Budget Officers,
2004 State Expenditure Report

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

Region/State	Fiscal 2003	Fiscal 2004	Fiscal 2005
NEW ENGLAND			
Connecticut	4.7 %	4.7 %	4.5 %
Maine	4.5	4.6	4.6
Massachusetts	4.2	5.3	5.2
New Hampshire	5.9	6.0	5.9
Rhode Island	5.1	9.9	9.6
Vermont	12.9	14.1	5.6
MID-ATLANTIC			
Delaware	7.6	7.7	7.0
Maryland	10.9	10.2	9.6
New Jersey	5.1	4.9	4.7
New York	6.0	5.4	5.5
Pennsylvania	7.1	6.9	6.7
GREAT LAKES			
Illinois	6.4	6.8	6.7
Indiana	6.2	5.8	5.8
Michigan	20.0	20.1	22.1
Ohio	7.1	6.8	6.7
Wisconsin	7.7	8.0	7.6
PLAINS			
Iowa	5.4	5.9	6.0
Kansas	6.4	6.2	5.9
Minnesota	2.8	2.7	2.5
Missouri	7.5	7.4	7.3
Nebraska	5.3	5.4	5.6
North Dakota	4.5	4.4	4.9
South Dakota	6.1	6.7	6.9
SOUTHEAST			
Alabama	5.7	6.3	6.2
Arkansas	5.5	5.9	5.8
Florida	8.0	8.5	8.1
Georgia	8.2	8.1	7.6
Kentucky	5.3	5.4	5.3
Louisiana	8.8	9.5	9.5
Mississippi	7.2	6.6	6.2
North Carolina	7.1	7.3	6.8
South Carolina	7.4	7.5	7.1
Tennessee	5.6	5.7	5.6
Virginia	8.5	8.4	8.7
West Virginia	4.0	4.2	4.3
SOUTHWEST			
Arizona	11.7	9.4	10.0
New Mexico	5.0	5.0	4.7
Oklahoma	8.4	8.9	8.1
Texas	11.2	10.9	11.1
ROCKY MOUNTAIN			
Colorado	8.3	8.4	8.5
Idaho	7.0	7.0	7.0
Montana	7.6	8.3	8.3
Utah	6.8	6.9	6.6
Wyoming	10.5	10.5	10.6
FAR WEST			
Alaska	7.4	7.6	8.0
California	6.9	6.3	8.0
Hawaii	4.0	4.1	4.0
Nevada	9.0	7.5	7.1
Oregon	13.3	9.7	10.2
Washington	5.7	6.0	6.0
ALL STATES	7.2 %	7.0 %	7.2 %

Source: National Association of State Budget Officers,
2004 State Expenditure Report

Table 35

ANNUAL PERCENTAGE CHANGE IN CORRECTIONS EXPENDITURES

Region/State	Fiscal 2003 to 2004			Fiscal 2004 to 2005		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
NEW ENGLAND						
Connecticut	3.5 %	0.0 %	-1.2 %	2.2 %	0.0 %	2.4 %
Maine	3.4	-50.0	0.8	7.5	100.0	9.8
Massachusetts	17.8	0.0	14.4	3.9	0.0	2.4
New Hampshire	1.3	—	1.3	2.5	—	2.5
Rhode Island	106.6	966.7	128.9	6.4	78.1	21.8
Vermont	6.5	—	2.4	-45.1	1,633.3	14.1
MID-ATLANTIC						
Delaware	2.1	-50.0	1.6	6.7	0.0	6.7
Maryland	-1.6	0.0	-1.5	6.2	-11.1	6.0
New Jersey	2.1	-9.5	1.7	7.2	-50.0	5.6
New York	-0.3	50.0	3.0	6.0	7.4	5.6
Pennsylvania	3.6	59.0	-2.2	3.1	-22.6	-0.6
GREAT LAKES						
Illinois	0.9	—	-2.5	1.9	—	-0.3
Indiana	6.5	0.0	6.4	1.3	0.0	1.3
Michigan	-2.4	34.1	-0.9	8.4	-6.6	7.6
Ohio	1.7	10.3	1.2	4.8	121.9	10.9
Wisconsin	-1.9	0.0	-1.9	5.0	100.0	5.1
PLAINS						
Iowa	8.7	100.0	8.2	2.9	0.0	7.2
Kansas	0.7	-18.2	0.9	4.6	0.0	4.4
Minnesota	-4.1	150.0	0.7	-0.3	-33.3	-1.6
Missouri	2.3	600.0	8.7	8.0	-77.1	2.1
Nebraska	2.5	66.7	4.8	16.3	30.0	17.0
North Dakota	-2.3	0.0	-7.4	18.6	28.6	24.0
South Dakota	7.1	18.2	9.0	25.0	-7.7	19.2
SOUTHEAST						
Alabama	10.1	-20.0	9.7	8.7	25.0	8.9
Arkansas	8.0	0.0	7.9	5.8	0.0	5.7
Florida	5.4	420.0	9.0	9.7	-48.7	7.3
Georgia	-4.4	52.9	-1.5	-5.1	-15.4	-4.3
Kentucky	-3.9	-5.9	-4.0	-0.4	12.5	0.0
Louisiana	1.8	8.3	1.6	7.1	-46.2	5.5
Mississippi	-4.1	3,300.0	8.2	3.9	-97.1	-7.9
North Carolina	11.8	200.0	49.2	-2.7	-100.0	-23.4
South Carolina	-0.4	0.0	-0.2	0.9	33.3	0.4
Tennessee	3.7	-82.6	-0.2	15.4	500.0	25.3
Virginia	-0.6	4.5	0.9	13.2	2.2	18.0
West Virginia	0.0	—	7.0	0.7	—	-4.1
SOUTHWEST						
Arizona	6.6	140.0	7.5	7.8	350.0	12.8
New Mexico	3.3	-25.0	2.8	3.2	-33.3	2.7
Oklahoma	-4.1	0.0	-4.1	1.2	0.0	13.9
Texas	-3.9	-1.3	-4.2	0.5	-6.4	1.4
ROCKY MOUNTAIN						
Colorado	2.5	-20.0	2.3	3.2	0.0	3.2
Idaho	3.7	-11.1	2.9	6.6	25.0	7.3
Montana	8.7	100.0	9.6	9.8	150.0	12.3
Utah	6.1	-72.7	1.1	4.3	0.0	4.2
Wyoming	0.0	0.0	0.0	4.9	100.0	7.2
FAR WEST						
Alaska	0.0	-16.7	-0.5	1.9	40.0	2.8
California	-8.6	763.2	9.0	30.1	-88.4	8.7
Hawaii	16.2	100.0	16.6	7.3	-50.0	23.1
Nevada	3.6	50.0	6.9	13.2	33.3	12.8
Oregon	-36.1	241.2	-30.5	68.9	53.4	67.4
Washington	3.0	-15.0	1.3	4.6	-23.5	8.9
ALL STATES	-0.3 %	139.6 %	3.5 %	8.7 %	-38.9 %	5.8 %

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

Source: National Association of State Budget Officers, 2004 State Expenditure Report

Table 36

ITEMS EXCLUDED FROM CORRECTIONS EXPENDITURES

Region/State	Employer Contributions to Pensions	Employer Contributions to Health Benefits	Juvenile Delinquency Counseling	Juvenile Institutions	Aid to Local Govts. for Jails	Drug Abuse Rehab. Centers	Institutions for the Criminally Insane
NEW ENGLAND							
Connecticut	X	X	X		X		X
Maine							X
Massachusetts	X	X					
New Hampshire			X	X	X		
Rhode Island			X	X	X		X
Vermont							
MID-ATLANTIC							
Delaware			X	X	X		X
Maryland			X	X			X
New Jersey							X
New York						X	X
Pennsylvania							
GREAT LAKES							
Illinois							X
Indiana					X	P	X
Michigan			P			X	X
Ohio						P	P
Wisconsin					X		X
PLAINS							
Iowa					X		
Kansas							
Minnesota		X	P	P	X	P	X
Missouri	X	X	X	X	X		X
Nebraska						X	X
North Dakota					X		X
South Dakota					X		X
SOUTHEAST							
Alabama					X	X	X
Arkansas			X	X			X
Florida			X		X	P	X
Georgia							
Kentucky							
Louisiana							X
Mississippi			X	X			X
North Carolina					X		
South Carolina					X	X	X
Tennessee			X	X			P
Virginia							
West Virginia					N/A		N/A
SOUTHWEST							
Arizona							P
New Mexico					X		
Oklahoma			X	X	X	X	
Texas							
ROCKY MOUNTAIN							
Colorado			X	X	X		X
Idaho							X
Montana						P	
Utah			X			X	X
Wyoming							X
FAR WEST							
Alaska			P			P	X
California							X
Hawaii	P	P	X	X	X		X
Nevada			X	X	X		X
Oregon							P
Washington					X	X	X
ALL STATES	4	5	18	13	22	14	36

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

Source: National Association of State Budget Officers, 2004 State Expenditure Report

Corrections Notes

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

Colorado: Regarding aid to local governments for jails, the Colorado Department of Corrections purchases services from local jails for inmates who have been adjudicated and are under the jurisdiction of the Department of Corrections, but for various reasons, cannot be transferred to a Colorado Department of Corrections prison, but must stay for some length of time in a local jail facility. Therefore, the Colorado Department of Corrections reimburses the local jails for those inmates. However, there is no "aid" given, it is all payment for services rendered. Regarding institutions for the criminally insane, people judged criminally insane are hospitalized at the Colorado Mental Health Institute in Pueblo. This facility is funded by the Colorado Department for Human Services. The Colorado Department of Corrections provides mental health services to its inmates, and has a 250-bed facility specifically for those inmates with developmental disabilities or for inmates with severe mental illness; however, those inmates have not been found criminally insane.

Florida: The increase in funding from fiscal 2002-2003 to fiscal 2003-2004 is due to additional federal funding received for prison beds.

Indiana: Indiana received \$103.4 million from the Federal Jobs & Growth Tax Relief Reconciliation Act of 2003 in fiscal 2003 and in fiscal 2004.

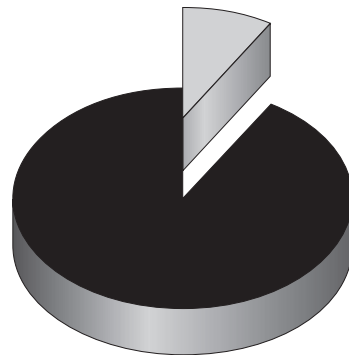
Michigan: Figures include adult inmate and juvenile justice expenditures.

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



8% of State Expenditures

Transportation expenditures totaled \$94.6 billion in fiscal 2004, 8 percent of total state spending and an increase of 2.2 percent over the previous year. Since 1988, total state transportation expenditures have increased each year by an average of 4.5 percent. State-sourced funds for transportation (general funds and other state funds, excluding bonds) increased by 2.5 percent between fiscal 2003 and fiscal 2004, while federal funds decreased by 0.8 percent.

During the state fiscal downturn that began in 2000, states constrained spending for transportation projects. As budgets have recovered, states have begun to restore transportation funding, in response both to pent-up demand from years during the fiscal crisis in which spending was cut and for new transportation priorities. In fiscal 2005, total state transportation spending is estimated to have grown by 7.6 percent, with state funds increasing by 2.9 percent and federal funds by 16.9 percent.

Approximately 59.6 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 automatically will trigger increases in their motor fuels tax rates, while other states require legislative action to adjust them. Currently, 11 states have variable motor fuels taxes that are adjusted at specific intervals to sustain funding levels.

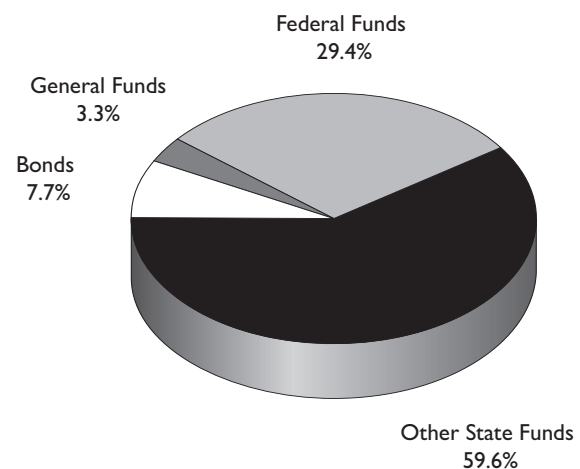
SAFETEA-LU

A new surface transportation law was enacted in August 2005. The new law, the Safe, Accountable, Flexible, and Efficient Transportation Equity Act-Logistics Unlimited (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 new bill 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 2004.

Figure 18
STATE EXPENDITURES FOR TRANSPORTATION BY FUND SOURCE, FISCAL 2004



Regional Expenditures

Table 37 shows percentage changes in transportation expenditures by region between fiscal 2003 and fiscal 2004 and between fiscal 2004 and fiscal 2005. The largest growth occurred in the New England states, increasing by 17.6 percent, while in the Plains states transportation spending decreased by 5 percent.

Transportation-Expenditure Exclusions

Forty-one states wholly or partially exclude state police and highway patrols from the transportation expenditures reported here. Thirty-seven states exclude port authority operations, 19 omit motor vehicle licensing, 16 exclude truck enforcement regulation and 15 states exclude gasoline tax and fee collections. For details, see Table 41.

Table 37
REGIONAL PERCENTAGE CHANGE IN STATE TRANSPORTATION EXPENDITURES,
FISCAL 2004 AND 2005

Region	Fiscal 2003 to 2004			Fiscal 2004 to 2005		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
New England	30.4%	8.2%	17.6%	-17.6%	1.5%	-10.1%
Mid-Atlantic	0.7	-2.0	0.4	6.8	15.9	8.6
Great Lakes	-3.2	1.8	0.8	-4.4	14.8	0.3
Plains	-9.0	4.6	-5.0	5.5	8.4	1.9
Southeast	2.7	1.1	4.0	3.5	15.9	7.9
Southwest	3.0	0.2	3.3	17.7	17.4	22.3
Rocky Mountain	15.6	-0.1	0.6	0.1	3.6	-6.5
Far West	13.0	-10.8	2.7	2.6	35.0	16.3
ALL STATES	2.5%	-0.8%	2.2%	2.9%	16.9%	7.6%

Table 38

TRANSPORTATION EXPENDITURES—CAPITAL INCLUSIVE (\$ IN MILLIONS)

Region/State	Actual Fiscal 2003					Actual Fiscal 2004					Estimated Fiscal 2005				
	General Fund	Federal Funds	Other State Funds	Bonds	Total	General Fund	Federal Funds	Other State Funds	Bonds	Total	General Fund	Federal Funds	Other State Funds	Bonds	Total
NEW ENGLAND															
Connecticut	\$6	\$87	\$356	\$196	\$645	\$5	\$80	\$341	\$249	\$675	\$1	\$80	\$372	\$199	\$652
Maine	4	180	280	36	500	4	200	254	48	506	4	213	345	48	610
Massachusetts	83	509	553	635	1,780	94	623	1,126	591	2,434	136	497	562	573	1,768
New Hampshire	3	192	254	3	452	2	178	250	0	430	2	192	262	1	457
Rhode Island	0	150	125	22	297	0	137	151	41	329	0	207	107	37	351
Vermont	0	121	181	0	302	0	122	178	1	301	0	171	190	2	363
MID-ATLANTIC															
Delaware*	0	0	242	289	531	0	0	289	305	594	0	0	303	424	727
Maryland	0	711	2,419	0	3,130	0	703	2,405	0	3,108	0	855	2,698	0	3,553
New Jersey	1,205	1,125	238	708	3,276	1,172	1,204	368	769	3,513	1,271	1,197	319	760	3,547
New York	165	1,451	2,448	870	4,934	161	1,289	2,382	900	4,732	113	1,610	2,501	785	5,009
Pennsylvania*	315	1,500	2,683	150	4,648	312	1,493	2,697	135	4,637	335	1,774	2,908	150	5,167
GREAT LAKES															
Illinois	65	136	3,444	0	3,645	61	125	3,340	497	4,023	57	124	2,919	534	3,634
Indiana	4	425	1,395	0	1,824	3	489	1,542	0	2,034	2	506	1,449	0	1,957
Michigan	0	866	2,123	227	3,216	0	941	2,121	166	3,228	0	1,331	1,831	163	3,325
Ohio*	36	859	2,569	307	3,771	30	818	2,468	294	3,610	26	844	2,762	334	3,966
Wisconsin	0	688	1,595	0	2,283	0	654	1,304	0	1,958	0	669	1,340	0	2,009
PLAINS															
Iowa	10	331	697	0	1,038	9	358	637	0	1,004	0	277	733	0	1,010
Kansas	0	388	792	115	1,295	0	290	881	179	1,350	0	302	779	111	1,192
Minnesota	112	187	2,463	147	2,909	73	262	1,958	104	2,397	75	365	2,041	134	2,615
Missouri	10	29	1,573	207	1,819	11	43	1,509	264	1,827	12	53	1,688	0	1,753
Nebraska*	1	206	371	0	578	1	248	369	0	618	1	284	385	0	670
North Dakota	0	205	136	0	341	0	209	149	0	358	0	245	187	0	432
South Dakota	0	227	161	0	388	0	236	159	0	395	0	259	171	0	430
SOUTHEAST															
Alabama	0	612	577	0	1,189	0	550	564	87	1,201	0	1,032	492	35	1,559
Arkansas	0	450	588	0	1,038	0	464	615	0	1,079	0	464	629	0	1,093
Florida*	4	1,120	3,739	201	5,064	1	1,402	4,048	256	5,707	59	1,731	4,482	419	6,691
Georgia	604	1,464	0	35	2,103	604	984	0	70	1,658	525	1,017	0	122	1,664
Kentucky	6	505	1,461	0	1,972	5	491	1,404	0	1,900	5	615	1,356	0	1,976
Louisiana	10	392	594	118	1,114	2	511	640	136	1,289	2	624	671	128	1,425
Mississippi	19	450	513	0	982	0	411	583	0	994	0	463	601	0	1,064
North Carolina	11	924	2,574	0	3,509	11	983	2,421	400	3,815	11	890	2,435	300	3,636
South Carolina	0	421	481	206	1,108	0	531	862	0	1,393	0	704	572	0	1,276
Tennessee*	0	530	821	0	1,351	0	711	659	74	1,444	0	777	684	159	1,620
Virginia	0	717	2,500	107	3,324	0	650	2,498	115	3,263	0	536	2,861	145	3,542
West Virginia	7	420	536	58	1,021	8	404	531	35	978	9	527	600	0	1,136
SOUTHWEST															
Arizona	0	861	1,123	262	2,246	0	828	1,203	425	2,456	0	915	1,107	276	2,298
New Mexico	1	182	455	140	778	2	92	488	77	659	3	121	509	171	804
Oklahoma	56	407	624	0	1,087	7	488	533	0	1,028	7	670	600	27	1,304
Texas	26	2,690	2,517	264	5,497	1	2,742	2,713	323	5,779	0	3,168	3,598	958	7,724
ROCKY MOUNTAIN															
Colorado	0	391	533	301	1,225	0	493	680	60	1,233	0	300	617	0	917
Idaho	0	212	319	0	531	0	226	309	0	535	0	325	358	0	683
Montana	1	314	184	0	499	5	257	260	0	522	6	392	289	0	687
Utah	61	253	342	159	815	60	193	358	188	799	60	194	341	0	595
Wyoming	0	0	48	0	48	0	0	48	0	48	0	0	50	0	50
FAR WEST															
Alaska	150	711	292	103	1,256	156	688	412	0	1,256	101	1,115	294	58	1,568
California	2	2,787	4,344	113	7,246	289	2,388	4,286	108	7,071	0	3,006	4,531	108	7,645
Hawaii	0	103	570	49	722	0	95	582	28	705	0	228	627	126	981
Nevada	0	185	298	24	507	0	215	274	187	676	0	206	278	194	678
Oregon	8	23	1,003	0	1,034	4	24	1,008	0	1,036	0	45	1,703	0	1,748
Washington	14	356	901	414	1,685	25	304	1,535	174	2,038	25	414	1,238	573	2,250
TOTAL	\$2,999	\$28,053	\$55,035	\$6,466	\$92,553	\$3,118	\$27,827	\$56,392	\$7,286	\$94,623	\$2,848	\$32,534	\$58,375	\$8,054	\$101,811

Source: National Association of State Budget Officers, 2004 State Expenditure Report

Table 39
TRANSPORTATION EXPENDITURES AS A PERCENT
OF TOTAL EXPENDITURES

Region/State	Fiscal 2003	Fiscal 2004	Fiscal 2005
NEW ENGLAND			
Connecticut	3.2 %	3.3 %	3.1 %
Maine	8.2	7.7	8.8
Massachusetts	6.8	9.5	6.6
New Hampshire	11.1	10.0	10.5
Rhode Island	5.4	5.7	5.6
Vermont	9.9	9.4	9.9
MID-ATLANTIC			
Delaware	11.7	12.7	13.5
Maryland	20.8	18.4	19.2
New Jersey	9.2	9.5	8.7
New York	5.5	4.9	5.0
Pennsylvania	9.8	9.7	9.8
GREAT LAKES			
Illinois	8.9	8.0	7.8
Indiana	9.5	9.5	9.2
Michigan	8.1	8.1	8.2
Ohio	8.1	7.5	7.2
Wisconsin	7.2	5.9	6.3
PLAINS			
Iowa	7.9	7.5	7.1
Kansas	12.8	13.2	11.0
Minnesota	12.2	10.2	10.4
Missouri	10.4	10.2	9.2
Nebraska	8.5	8.7	7.9
North Dakota	12.1	12.2	12.8
South Dakota	15.4	14.8	14.7
SOUTHEAST			
Alabama	7.6	7.5	8.4
Arkansas	8.2	7.9	6.7
Florida	10.4	11.0	11.4
Georgia	7.5	5.8	5.5
Kentucky	10.7	10.0	9.8
Louisiana	5.9	6.4	5.8
Mississippi	9.8	9.2	9.2
North Carolina	12.2	11.9	11.8
South Carolina	7.0	8.8	8.0
Tennessee	6.7	6.7	6.6
Virginia	12.3	11.6	11.2
West Virginia	6.5	5.9	6.8
SOUTHWEST			
Arizona	12.0	11.3	10.1
New Mexico	8.4	6.9	7.3
Oklahoma	8.4	7.9	9.2
Texas	9.0	9.1	11.9
ROCKY MOUNTAIN			
Colorado	9.0	9.0	6.6
Idaho	12.2	11.7	13.2
Montana	13.7	13.2	15.2
Utah	10.8	10.1	7.1
Wyoming	2.2	2.2	2.3
FAR WEST			
Alaska	18.9	16.4	16.0
California	4.5	4.5	4.4
Hawaii	10.0	8.9	10.9
Nevada	8.1	10.0	9.0
Oregon	6.4	6.0	9.4
Washington	6.7	7.8	8.2
ALL STATES	8.2	8.0	8.1 %

Source: National Association of State Budget Officers,
2004 State Expenditure Report

Table 40

ANNUAL PERCENTAGE CHANGE IN TRANSPORTATION EXPENDITURES

Region/State	Fiscal 2003 to 2004			Fiscal 2004 to 2005		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
NEW ENGLAND						
Connecticut	-4.4 %	-8.0 %	4.7 %	7.8 %	0.0 %	-3.4 %
Maine	-9.2	11.1	1.2	35.3	6.5	20.6
Massachusetts	91.8	22.4	36.7	-42.8	-20.2	-27.4
New Hampshire	-1.9	-7.3	-4.9	4.8	7.9	6.3
Rhode Island	20.8	-8.7	10.8	-29.1	51.1	6.7
Vermont	-1.7	0.8	-0.3	6.7	40.2	20.6
MID-ATLANTIC						
Delaware	19.4	—	11.9	4.8	—	22.4
Maryland	-0.6	-1.1	-0.7	12.2	21.6	14.3
New Jersey	6.7	7.0	7.2	3.2	-0.6	1.0
New York	-2.7	-11.2	-4.1	2.8	24.9	5.9
Pennsylvania	0.4	-0.5	-0.2	7.8	18.8	11.4
GREAT LAKES						
Illinois	-3.1	-8.1	10.4	-12.5	-0.8	-9.7
Indiana	10.4	15.1	11.5	-6.1	3.5	-3.8
Michigan	-0.1	8.7	0.4	-13.7	41.4	3.0
Ohio	-4.1	-4.8	-4.3	11.6	3.2	9.9
Wisconsin	-18.2	-4.9	-14.2	2.8	2.3	2.6
PLAINS						
Iowa	-8.6	8.2	-3.3	13.5	-22.6	0.6
Kansas	11.2	-25.3	4.2	-11.6	4.1	-11.7
Minnesota	-21.1	40.1	-17.6	4.2	39.3	9.1
Missouri	-4.0	48.3	0.4	11.8	23.3	-4.1
Nebraska	-0.5	20.4	6.9	4.3	14.5	8.4
North Dakota	9.6	2.0	5.0	25.5	17.2	20.7
South Dakota	-1.2	4.0	1.8	7.5	9.7	8.9
SOUTHEAST						
Alabama	-2.3	-10.1	1.0	-12.8	87.6	29.8
Arkansas	4.6	3.1	3.9	2.3	0.0	1.3
Florida	8.2	25.2	12.7	12.2	23.5	17.2
Georgia	0.0	-32.8	-21.2	-13.1	3.4	0.4
Kentucky	-4.0	-2.8	-3.7	-3.4	25.3	4.0
Louisiana	6.3	30.4	15.7	4.8	22.1	10.6
Mississippi	9.6	-8.7	1.2	3.1	12.7	7.0
North Carolina	-5.9	6.4	8.7	0.6	-9.5	-4.7
South Carolina	79.2	26.1	25.7	-33.6	32.6	-8.4
Tennessee	-19.7	34.2	6.9	3.8	9.3	12.2
Virginia	-0.1	-9.3	-1.8	14.5	-17.5	8.6
West Virginia	-0.7	-3.8	-4.2	13.0	30.4	16.2
SOUTHWEST						
Arizona	7.1	-3.8	9.3	-8.0	10.5	-6.4
New Mexico	7.5	-49.5	-15.3	4.5	31.5	22.0
Oklahoma	-20.6	19.9	-5.4	12.4	37.3	26.8
Texas	6.7	1.9	5.1	32.6	15.5	33.7
ROCKY MOUNTAIN						
Colorado	27.6	26.1	0.7	-9.3	-39.1	-25.6
Idaho	-3.1	6.6	0.8	15.9	43.8	27.7
Montana	43.2	-18.2	4.6	11.3	52.5	31.6
Utah	3.7	-23.7	-2.0	-4.1	0.5	-25.5
Wyoming	0.0	—	0.0	4.2	—	4.2
FAR WEST						
Alaska	28.5	-3.2	0.0	-30.5	62.1	24.8
California	5.3	-14.3	-2.4	-1.0	25.9	8.1
Hawaii	2.1	-7.8	-2.4	7.7	140.0	39.1
Nevada	-8.1	16.2	33.3	1.5	-4.2	0.3
Oregon	0.1	4.3	0.2	68.3	87.5	68.7
Washington	70.5	-14.6	20.9	-19.0	36.2	10.4
ALL STATES	2.5 %	-0.8 %	2.2 %	2.9 %	16.9 %	7.6 %

Note: State funds are defined as general funds and other state funds (bonds are excluded).
Source: National Association of State Budget Officers, 2004 State Expenditure Report

Table 41

ITEMS EXCLUDED FROM TRANSPORTATION EXPENDITURES

Region/State	Employer Contributions to Pensions	Employer Contributions to Health Benefits	Port Authority Operations	Gasoline Tax & Fee Collections	Truck Enforcement Reg. Programs	Train/Railroad Subsidy Programs	Road Assist. Subsidy Prog. for Local Govts.	Motor Vehicle Licensing	State Police/ Highway Patrol
NEW ENGLAND									
Connecticut				X					X
Maine			X	P	X				X
Massachusetts	X	X	X	X	X	X	X	X	X
New Hampshire								X	X
Rhode Island			X		X	X	X	X	X
Vermont									X
MID-ATLANTIC									
Delaware			X						X
Maryland				X	P				X
New Jersey			X						X
New York			N/A	X					X
Pennsylvania			P	P					X
GREAT LAKES									
Illinois			X					X	X
Indiana			X						X
Michigan			X						X
Ohio									
Wisconsin									
PLAINS									
Iowa			X						
Kansas			X		X			X	X
Minnesota		X	X						
Missouri				X	X		X	X	X
Nebraska			X	X			X		X
North Dakota			X		X				X
South Dakota			X	X	X	X		X	X
SOUTHEAST									
Alabama			X		P	X	X	X	X
Arkansas			X			X		X	X
Florida			X	X		X			X
Georgia			P					X	X
Kentucky			X						X
Louisiana			X					X	X
Mississippi			X					X	X
North Carolina			X						
South Carolina			X		X	X	X	X	X
Tennessee				X	X			X	X
Virginia									
West Virginia			P			N/A	N/A		X
SOUTHWEST									
Arizona			P						X
New Mexico									
Oklahoma			X						X
Texas	X	X	X		P				X
ROCKY MOUNTAIN									
Colorado			X	X	X	X	X	X	X
Idaho					X				X
Montana									X
Utah						X	P	P	X
Wyoming			X						
FAR WEST									
Alaska			X	X		X	X	X	X
California			X	P					X
Hawaii			X		X	X	X	X	X
Nevada			N/A	X	X	N/A	X	X	X
Oregon			X						X
Washington			X						
ALL STATES	2	3	37	15	16	13	12	19	41

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

Source: National Association of State Budget Officers, 2004 State Expenditure Report

Transportation Notes

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

Delaware: Motor vehicle licensing is included only for fiscal years 2004 and 2005.

Florida: The increase in general revenue funding in fiscal 2004-2005 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 federal funding from fiscal 2002-2003 to fiscal 2003-2004 is due to additional funding for the Mobility 2000 Program and other economic stimulus initiatives, and

the increase in federal funding from fiscal 2003-2004 to fiscal 2004-2005 is due to an increase in gas tax receipts as well as federal earmarks.

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

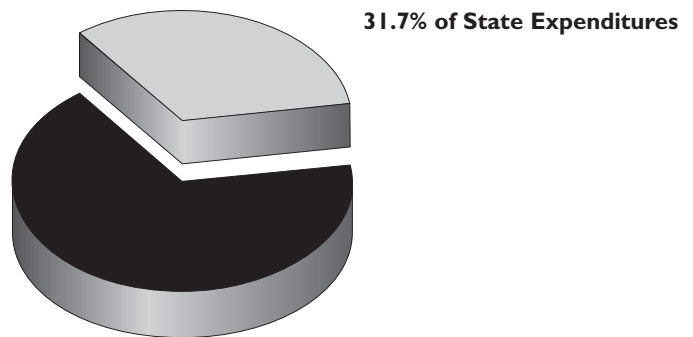
Pennsylvania: Gasoline taxes are collected by the Department of Revenue.

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

Virginia: State police funding comes from public safety.

CHAPTER SEVEN

ALL OTHER EXPENDITURES



The "All Other" category reflects a substantial amount of state spending not included in the ones described in previous chapters. "All Other" spending in some states might include the State Children's Health Insurance Program (SCHIP), institutional and community care for mentally ill and developmentally disabled person, 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).

"All Other" expenditures totaled \$373.5 billion in fiscal 2004, or 31.7 percent of total state spending. Compared to fiscal 2003, "All Other" spending increased by 6.2 percent. Tables 43-45 and the accompanying notes describe the "All Other" category in more detail.

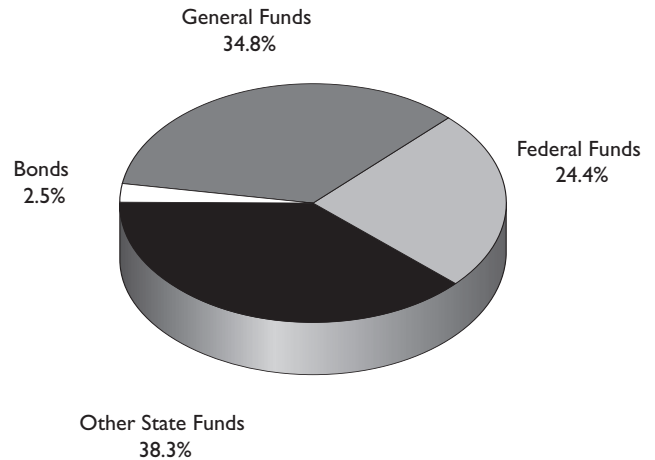
State Children's Health Insurance Program

Enacted as part of the Balanced Budget Act of 1997, the State Children's Health Insurance Program has expanded health coverage for previously uninsured children. The program is targeted towards children from families with incomes too high to qualify for Medicaid but too low to afford private insurance. States receive a federal match for their SCHIP programs that range from 65 percent to 85 percent within a capped allotment. During fiscal 2004, approximately 3.9 million children were enrolled in SCHIP. Fiscal 2004 state SCHIP spending totaled \$5.5 billion. For state specific information, see Table A-2.

Fund Shares

The figure below illustrates fund shares for 2004.

Figure 19
STATE EXPENDITURES FOR ALL OTHER PROGRAMS BY FUND SOURCE, FISCAL 2004



Regional Expenditures

The following table shows percentage changes for all other expenditures for fiscal 2003-2004 and 2004-2005. For 2004, the Great Lakes and Southwest states were well above the national average and the New England and Rocky Mountain states are well below the national average.

Table 42
REGIONAL PERCENTAGE CHANGE IN STATE ALL OTHER EXPENDITURES, FISCAL 2004 AND 2005

Region	Fiscal 2003 to 2004			Fiscal 2004 to 2005		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
New England	-3.7%	15.2%	-2.7%	8.0%	0.5%	4.2%
Mid-Atlantic	8.9	10.5	8.5	6.6	6.0	6.0
Great Lakes	17.3	9.6	14.7	-3.4	11.7	-1.7
Plains	5.8	-11.0	0.6	8.3	23.6	12.4
Southeast	2.4	9.2	5.3	18.7	8.6	14.7
Southwest	14.5	12.4	14.1	1.1	7.5	3.1
Rocky Mountain	-6.3	-3.3	-5.8	11.0	13.1	11.5
Far West	10.0	-5.4	2.0	-6.0	10.2	0.9
ALL STATES	7.9%	4.1%	6.2%	4.7%	9.7%	5.6%

Table 43

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

Region/State	Actual Fiscal 2003					Actual Fiscal 2004					Estimated Fiscal 2005				
	General Fund	Federal Funds	Other State Funds	Bonds	Total	General Fund	Federal Funds	Other State Funds	Bonds	Total	General Fund	Federal Funds	Other State Funds	Bonds	Total
NEW ENGLAND															
Connecticut*	\$5,976	\$585	\$770	\$744	\$8,075	\$6,317	\$625	\$999	\$775	\$8,716	\$6,825	\$643	\$1,118	\$0	\$8,586
Maine	734	453	1,009	43	2,239	766	480	1,065	37	2,348	783	599	885	90	2,357
Massachusetts	10,174	0	0	797	10,971	8,740	0	0	631	9,371	9,597	0	0	653	10,250
New Hampshire	641	411	148	55	1,255	597	420	285	33	1,335	561	433	311	38	1,343
Rhode Island	901	271	608	59	1,839	819	436	578	18	1,851	948	493	581	63	2,085
Vermont	232	239	379	12	862	270	295	335	27	927	409	100	407	42	958
MID-ATLANTIC															
Delaware	870	441	0	53	1,364	847	452	0	42	1,341	1,133	483	0	13	1,629
Maryland	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
New Jersey	7,543	1,385	2,999	191	12,118	7,962	1,763	2,424	139	12,288	9,523	2,212	2,777	150	14,662
New York	12,057	9,466	6,598	593	28,714	15,767	10,096	7,128	608	33,599	15,457	9,499	7,716	563	33,235
Pennsylvania	5,173	3,354	5,718	494	14,739	5,435	3,871	5,058	195	14,559	5,463	4,962	5,493	62	15,980
GREAT LAKES															
Illinois	4,567	874	7,982	1,256	14,679	4,234	1,511	16,556	858	23,159	3,969	141	13,998	302	18,410
Indiana	2,473	2,219	1,547	95	6,334	3,776	2,801	1,125	0	7,702	3,501	2,517	1,120	0	7,138
Michigan*	2,687	3,207	5,141	118	11,153	2,386	3,443	5,277	90	11,196	2,249	4,780	4,126	99	11,254
Ohio	3,805	3,121	11,212	300	18,438	3,241	3,208	11,061	324	17,834	4,479	4,495	13,802	264	23,040
Wisconsin	2,045	1,860	10,785	0	14,690	2,406	1,405	11,196	0	15,007	2,727	1,879	9,211	0	13,817
PLAINS															
Iowa	1,096	1,227	1,101	120	3,544	1,085	1,367	1,108	113	3,673	961	1,690	1,633	90	4,374
Kansas	447	853	1,071	1	2,372	613	802	956	4	2,375	637	630	1,241	8	2,516
Minnesota	3,673	1,627	1,537	168	7,005	3,353	1,603	1,451	144	6,551	3,655	1,805	1,630	163	7,253
Missouri*	1,511	1,210	1,092	84	3,897	1,755	382	2,044	67	4,248	1,782	758	1,553	54	4,147
Nebraska	641	626	956	0	2,223	633	684	981	0	2,298	750	1,046	1,358	0	3,154
North Dakota	199	309	390	2	900	200	316	350	21	887	186	453	335	76	1,050
South Dakota	163	226	283	0	672	176	254	270	0	700	198	302	303	5	808
SOUTHEAST															
Alabama	779	1,145	1,732	250	3,906	757	1,135	1,739	283	3,914	887	1,714	2,625	201	5,427
Arkansas	433	998	3,099	50	4,580	471	1,094	3,377	61	5,003	514	1,725	3,656	333	6,228
Florida*	4,147	3,791	6,339	631	14,908	4,344	4,100	6,245	1,180	15,869	5,350	5,007	7,871	499	18,727
Georgia	3,761	2,403	135	45	6,344	3,443	3,049	73	160	6,725	3,905	3,571	73	119	7,668
Kentucky	1,703	1,684	1,433	0	4,820	1,798	1,631	1,568	0	4,997	1,849	1,913	1,653	0	5,415
Louisiana	1,694	1,380	3,477	143	6,694	1,573	1,680	3,761	138	7,152	1,751	1,202	8,167	156	11,276
Mississippi	673	344	404	0	1,421	697	415	423	0	1,535	741	472	519	0	1,732
North Carolina	2,543	1,917	1,454	147	6,061	2,905	2,129	1,857	267	7,158	3,643	1,741	449	57	5,890
South Carolina	1,560	1,594	1,440	46	4,640	1,543	1,172	1,135	20	3,870	1,445	1,012	1,705	N/A	4,162
Tennessee	1,808	2,046	1,680	6	5,540	1,918	2,240	1,730	131	6,019	2,255	2,448	1,968	109	6,780
Virginia	2,887	1,515	6,120	100	10,622	2,997	1,823	5,791	113	10,724	2,858	1,685	7,550	186	12,279
West Virginia	708	728	7,920	0	9,356	720	884	8,469	0	10,073	723	693	8,246	0	9,662
SOUTHWEST															
Arizona	1,127	1,746	3,138	0	6,011	2,293	1,925	3,279	0	7,497	1,613	2,218	3,388	0	7,219
New Mexico	695	525	336	270	1,826	783	408	269	220	1,680	889	735	242	437	2,303
Oklahoma	1,015	1,328	1,323	29	3,695	825	1,335	1,824	63	4,047	904	1,471	2,056	86	4,517
Texas	2,590	4,008	3,056	256	9,910	2,966	4,880	2,964	427	11,237	2,848	4,764	3,426	143	11,181
ROCKY MOUNTAIN															
Colorado	1,035	951	2,600	0	4,586	988	736	1,976	0	3,700	915	866	2,163	0	3,944
Idaho	345	595	314	1	1,255	361	653	278	1	1,293	384	741	372	2	1,499
Montana	373	506	521	0	1,400	358	530	627	0	1,515	422	658	739	0	1,819
Utah	739	512	968	61	2,280	747	550	1,074	18	2,389	883	573	1,324	5	2,785
Wyoming	409	365	400	0	1,174	410	364	399	0	1,173	412	366	401	0	1,179
FAR WEST															
Alaska	900	915	352	429	2,596	806	1,142	1,510	0	3,458	736	1,185	3,059	8	4,988
California	18,740	19,514	10,012	3,206	51,472	20,677	16,829	10,477	1,898	49,881	13,944	18,524	12,392	2,997	47,857
Hawaii	1,047	407	1,394	132	2,980	1,360	505	1,438	143	3,446	1,488	619	1,407	295	3,809
Nevada	189	906	1,576	11	2,682	267	895	1,543	13	2,718	561	681	1,991	21	3,254
Oregon	256	652	5,978	0	6,886	733	790	5,855	0	7,378	1,021	1,310	4,904	0	7,235
Washington	1,188	1,101	3,348	200	5,837	1,725	2,055	3,065	204	7,049	1,554	2,167	3,425	320	7,466
TOTAL	\$120,952	\$87,540	\$131,875	\$11,198	\$351,565	\$129,843	\$91,163	\$142,993	\$9,466	\$373,465	\$130,288	\$99,981	\$155,369	\$8,709	\$394,347

Source: National Association of State Budget Officers, 2004 State Expenditure Report

Table 44
ALL OTHER EXPENDITURES AS A PERCENT OF
TOTAL EXPENDITURES

Region/State	Fiscal 2003	Fiscal 2004	Fiscal 2005
NEW ENGLAND			
Connecticut	40.4 %	42.9 %	41.4 %
Maine	36.9	35.9	33.9
Massachusetts	42.1	36.5	38.4
New Hampshire	30.8	30.9	30.9
Rhode Island	33.2	32.1	33.4
Vermont	28.2	28.9	26.1
MID-ATLANTIC			
Delaware	30.1	28.6	30.3
Maryland	0.0	0.0	0.0
New Jersey	33.9	33.2	35.8
New York	32.2	34.5	33.0
Pennsylvania	31.2	30.3	30.4
GREAT LAKES			
Illinois	35.9	46.0	39.3
Indiana	32.8	35.8	33.5
Michigan	28.0	28.2	27.7
Ohio	39.4	37.0	41.9
Wisconsin	46.2	45.6	43.4
PLAINS			
Iowa	27.0	27.3	30.9
Kansas	23.5	23.3	23.3
Minnesota	29.3	27.8	28.8
Missouri	22.3	23.7	21.8
Nebraska	32.6	32.4	37.4
North Dakota	31.9	30.3	31.2
South Dakota	26.6	26.3	27.6
SOUTHEAST			
Alabama	24.9	24.3	29.1
Arkansas	36.3	36.6	38.4
Florida	30.7	30.6	32.0
Georgia	22.7	23.5	25.3
Kentucky	26.2	26.3	26.8
Louisiana	35.6	35.4	45.6
Mississippi	14.2	14.2	15.0
North Carolina	21.1	22.3	19.1
South Carolina	29.1	24.4	26.1
Tennessee	27.6	27.7	27.4
Virginia	39.5	38.0	38.7
West Virginia	59.4	60.4	57.8
SOUTHWEST			
Arizona	32.1	34.5	31.7
New Mexico	19.7	17.5	20.9
Oklahoma	28.6	31.0	31.8
Texas	16.3	17.7	17.2
ROCKY MOUNTAIN			
Colorado	33.7	27.1	28.6
Idaho	28.8	28.2	29.1
Montana	38.4	38.4	40.1
Utah	30.3	30.2	33.1
Wyoming	53.4	53.9	53.6
FAR WEST			
Alaska	39.0	45.2	51.0
California	31.9	31.8	27.5
Hawaii	41.3	43.4	42.3
Nevada	43.0	40.2	43.2
Oregon	42.6	43.1	39.0
Washington	23.2	27.1	27.3
ALL STATES	31.2 %	31.7 %	31.3 %

Source: National Association of State Budget Officers,
2004 State Expenditure Report

Table 45

ANNUAL PERCENTAGE CHANGE IN ALL OTHER EXPENDITURES

Region/State	Fiscal 2003 to 2004			Fiscal 2004 to 2005		
	State Funds	Federal Funds	All Funds	State Funds	Federal Funds	All Funds
NEW ENGLAND						
Connecticut	8.4 %	6.8 %	7.9 %	8.6 %	2.9 %	-1.5 %
Maine	5.0	6.0	4.9	-8.9	24.8	0.4
Massachusetts	-14.1	---	-14.6	9.8	---	9.4
New Hampshire	11.8	2.2	6.4	-1.1	3.1	0.6
Rhode Island	-7.4	60.9	0.7	9.4	13.1	12.6
Vermont	-1.0	23.4	7.5	34.9	-66.1	3.3
MID-ATLANTIC						
Delaware	-2.6	2.5	-1.7	33.8	6.9	21.5
Maryland	---	---	---	---	---	---
New Jersey	-1.5	27.3	1.4	18.4	25.5	19.3
New York	22.7	6.7	17.0	1.2	-5.9	-1.1
Pennsylvania	-3.7	15.4	-1.2	4.4	28.2	9.8
GREAT LAKES						
Illinois	65.7	72.9	57.8	-13.6	-90.7	-20.5
Indiana	21.9	26.2	21.6	-5.7	-10.1	-7.3
Michigan	-2.1	7.4	0.4	-16.8	38.8	0.5
Ohio	-4.8	2.8	-3.3	27.8	40.1	29.2
Wisconsin	6.0	-24.5	2.2	-12.2	33.7	-7.9
PLAINS						
Iowa	-0.2	11.4	3.6	18.3	23.6	19.1
Kansas	3.4	-6.0	0.1	19.7	-21.4	5.9
Minnesota	-7.8	-1.5	-6.5	10.0	12.6	10.7
Missouri	45.9	-68.4	9.0	-12.2	98.4	-2.4
Nebraska	1.1	9.3	3.4	30.6	52.9	37.2
North Dakota	-6.6	2.3	-1.4	-5.3	43.4	18.4
South Dakota	0.0	12.4	4.2	12.3	18.9	15.4
SOUTHEAST						
Alabama	-0.6	-0.9	0.2	40.7	51.0	38.7
Arkansas	8.9	9.6	9.2	8.4	57.7	24.5
Florida	1.0	8.2	6.4	24.9	22.1	18.0
Georgia	-9.8	26.9	6.0	13.1	17.1	14.0
Kentucky	7.3	-3.1	3.7	4.0	17.3	8.4
Louisiana	3.2	21.7	6.8	85.9	-28.5	57.7
Mississippi	4.0	20.6	8.0	12.5	13.7	12.8
North Carolina	19.1	11.1	18.1	-14.1	-18.2	-17.7
South Carolina	-10.7	-26.5	-16.6	17.6	-13.7	7.5
Tennessee	4.6	9.5	8.6	15.8	9.3	12.6
Virginia	-2.4	20.3	1.0	18.4	-7.6	14.5
West Virginia	6.5	21.4	7.7	-2.4	-21.6	-4.1
SOUTHWEST						
Arizona	30.6	10.3	24.7	-10.2	15.2	-3.7
New Mexico	2.0	-22.3	-8.0	7.5	80.1	37.1
Oklahoma	13.3	0.5	9.5	11.7	10.2	11.6
Texas	5.0	21.8	13.4	5.8	-2.4	-0.5
ROCKY MOUNTAIN						
Colorado	-18.5	-22.6	-19.3	3.8	17.7	6.6
Idaho	-3.0	9.7	3.0	18.3	13.5	15.9
Montana	10.2	4.7	8.2	17.9	24.2	20.1
Utah	6.7	7.4	4.8	21.2	4.2	16.6
Wyoming	0.0	-0.3	-0.1	0.5	0.5	0.5
FAR WEST						
Alaska	85.0	24.8	33.2	63.9	3.8	44.2
California	8.4	-13.8	-3.1	-15.5	10.1	-4.1
Hawaii	14.6	24.1	15.6	3.5	22.6	10.5
Nevada	2.5	-1.2	1.3	41.0	-23.9	19.7
Oregon	5.7	21.2	7.1	-10.1	65.8	-1.9
Washington	5.6	86.6	20.8	3.9	5.5	5.9
ALL STATES	7.9 %	4.1 %	6.2 %	4.7 %	9.7 %	5.6 %

Note: State funds are defined as general funds and other state funds (bonds are excluded).
Source: National Association of State Budget Officers, 2004 State Expenditure Report

Table 46

ITEMS EXCLUDED FROM ALL OTHER EXPENDITURES

Region/State	Employers Contribution to Pensions	Employer Contributions to Health Benefits	Child Health Insurance Program	Public Health	Community and Institutional for Mental Health	Community and Institutional for Dev. Disabled	Environmental Programs	Parks and Recreation	Housing	General Aid to Local Government
NEW ENGLAND										
Connecticut										
Maine										
Massachusetts							P	P	P	
New Hampshire										
Rhode Island										
Vermont										
MID-ATLANTIC										
Delaware										
Maryland							P	P	P	
New Jersey										
New York*	P	P								
Pennsylvania									P	
GREAT LAKES										
Illinois										
Indiana										
Michigan*				P	P	P				
Ohio										
Wisconsin										
PLAINS										
Iowa										
Kansas										
Minnesota		X		P	P		N/A		N/A	
Missouri										
Nebraska									X	
North Dakota										X
South Dakota										X
SOUTHEAST										
Alabama									P	P
Arkansas*									X	
Florida										
Georgia										
Kentucky										
Louisiana										
Mississippi										
North Carolina										
South Carolina										P
Tennessee			X							X
Virginia										
West Virginia										
SOUTHWEST										
Arizona										
New Mexico										
Oklahoma										
Texas										
ROCKY MOUNTAIN										
Colorado								P		
Idaho									X	X
Montana										
Utah										
Wyoming										
FAR WEST										
Alaska							X		X	
California										
Hawaii*	P	P				P				
Nevada										X
Oregon										
Washington				P						
ALL STATES	2	3	1	3	2	2	4	3	9	7

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

Source: National Association of State Budget Officers, 2004 State Expenditure Report

All Other Expenditure Notes

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

Connecticut: Fiscal 2004 data reflect estimates because of the unavailability of certain data due to problems associated with the implementation of a new accounting system.

Florida: The increase in bond dollars from fiscal 2002-2003 to fiscal 2003-2004 is due to a \$600 million legislative appropriation in fixed capital outlay to begin implementing a state constitutional amendment limiting the number of students in each public school classroom. The decrease from fiscal 2003-2004 to fiscal 2004-2005 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.

Illinois: Fiscal 2004 figures include one-time pension contribution expenditures of \$7.8 billion.

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.

CHAPTER EIGHT

CAPITAL EXPENDITURES

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

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

Total Capital Expenditures

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

significant slowdown or decrease. State capital spending totaled \$70.8 billion in fiscal 2004, an increase of 2.9 percent compared to the previous year. Between 1993 and 2004, capital spending increased at an average annual rate of 4.2 percent. Fiscal 2005 estimates of capital spending on infrastructure are \$74.2 billion, a 4.8 percent increase. During the flush fiscal times of the late 1990s states could afford to fund many projects on a pay-as-you-go basis. As the economy spun downward and budgets tightened, states

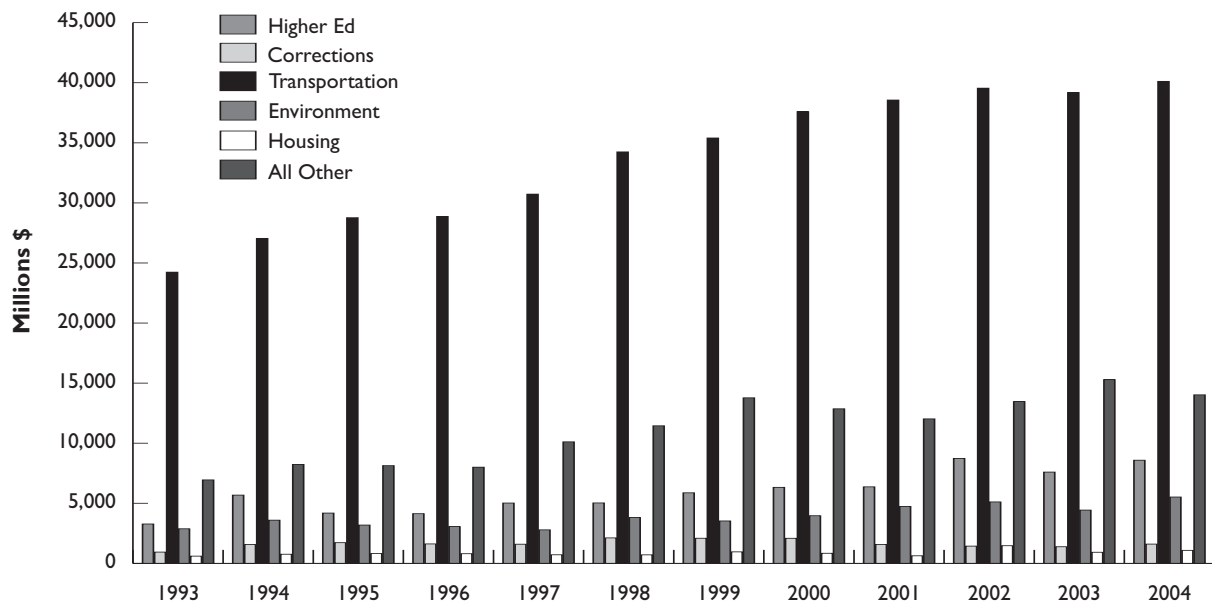
Capital Fund Sources

State spending on capital projects traditionally has come from non-general fund sources, mainly other state funds such as dedicated fees and fund surpluses (39.2 percent in fiscal 2004) and bonds (30.1 percent). Federal funds (25 percent) and state general funds (5.7 percent) also contribute to capital spending.

Capital Funds by Use

Comprising 56.6 percent (\$40.1 billion) of all capital expenditures in fiscal 2004, **transportation** is the largest category of state capital expenditures. Based on estimated fiscal 2005 figures, transportation-related capital spending increased by 6.6 percent.

Figure 20
CAPITAL EXPENDITURES BY TYPE, FISCAL 1993 TO 2004



Demonstrating the rapidly variable nature of capital spending, **higher education** capital expenditures increased by 13 percent in fiscal 2004, totaling \$8.6 billion. In fiscal 2005, higher education capital spending is estimated to have increased by 11 percent. In fiscal 2004, higher education accounted for 12.1 percent of total state capital outlays.

Corrections capital spending increased by 15.8 percent in fiscal 2004, totaling \$1.6 billion, and accounting for 2.3 percent of total state capital expenditures. Fiscal 2005 estimates indicate spending of \$1.8 billion, a 10.7 percent increase.

State capital spending for **environmental** purposes in fiscal 2004 totaled \$5.5 billion, 7.8 percent of total capital spending and a 24.5 percent decrease over fiscal 2003.

Housing capital expenditures account for just 1.5 percent of total fiscal 2004 capital spending, at approximately \$1 billion.

State spending for **all other** purposes totaled \$14 billion, or 19.8 percent of total capital spending.

Figure 22
TOTAL CAPITAL EXPENDITURES BY FUNDING SOURCE,
FISCAL 2004

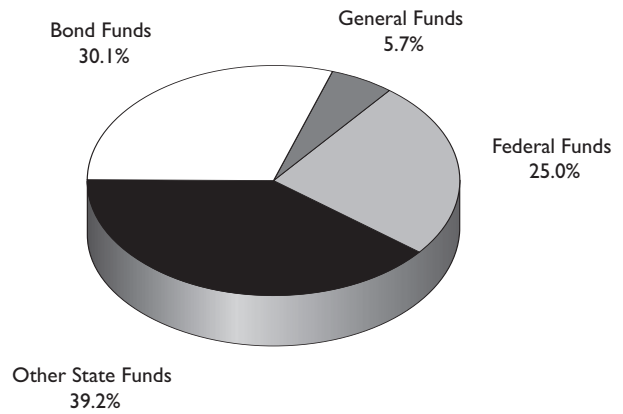


Figure 21
ANNUAL PERCENTAGE CHANGE IN TOTAL CAPITAL EXPENDITURES

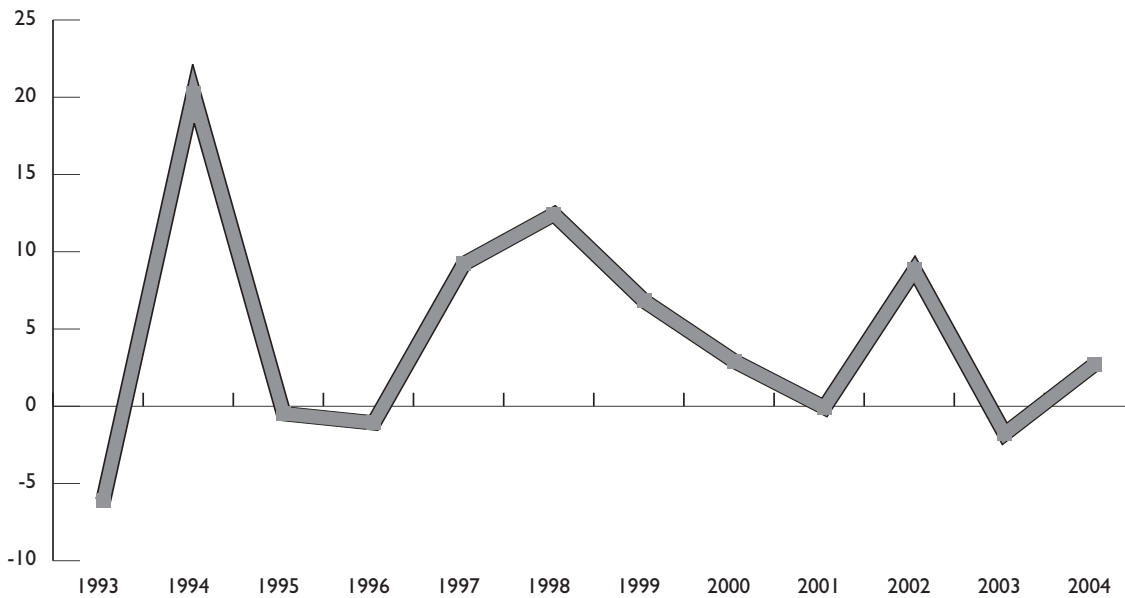


Table 47

TOTAL CAPITAL EXPENDITURES (\$ IN MILLIONS)

Region/State	Actual Fiscal 2003					Actual Fiscal 2004					Estimated Fiscal 2005				
	General Fund	Federal Funds	Other State Funds	Bonds	Total	General Fund	Federal Funds	Other State Funds	Bonds	Total	General Fund	Federal Funds	Other State Funds	Bonds	Total
NEW ENGLAND															
Connecticut	\$0	\$87	\$12	\$1,639	\$1,738	\$0	\$80	\$12	\$0	\$92	\$0	\$80	\$12	\$0	\$92
Maine	6	152	61	33	252	3	174	43	50	270	2	161	90	63	316
Massachusetts	0	509	553	1,579	2,641	0	615	252	1,348	2,215	0	487	559	1,834	2,880
New Hampshire	0	41	151	91	283	0	30	147	69	247	0	32	159	68	260
Rhode Island	4	265	37	201	507	5	178	20	84	286	7	199	47	169	422
Vermont	0	98	36	41	175	0	99	28	41	168	0	145	39	53	237
MID-ATLANTIC															
Delaware	23	137	152	16	328	68	194	209	8	479	155	118	305	1	579
Maryland	50	645	1,027	403	2,124	9	649	957	752	2,367	1	812	1,097	664	2,574
New Jersey	1,088	1,135	81	967	3,271	1,117	1,144	5	758	3,024	1,026	1,152	11	760	2,949
New York	0	1,673	1,046	1,931	4,650	0	1,473	1,125	1,938	4,536	0	1,817	1,088	1,791	4,696
Pennsylvania*	0	0	0	1,216	1,216	0	0	0	623	623	0	0	0	400	400
GREAT LAKES															
Illinois	16	3	1,027	1,621	2,667	7	128	2,004	1,673	3,812	3	119	1,573	1,185	2,880
Indiana*	183	424	686	233	1,526	181	479	665	208	1,533	229	496	568	139	1,432
Michigan*	326	682	384	547	1,938	256	733	426	345	1,760	254	932	555	312	2,053
Ohio	12	863	699	1,443	3,017	4	823	631	1,399	2,857	4	849	683	1,718	3,254
Wisconsin	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PLAINS															
Iowa	0	232	472	79	783	0	220	414	578	1,212	0	260	442	102	804
Kansas	14	383	538	74	1,009	16	289	634	91	1,030	15	302	499	67	883
Minnesota	95	69	1,152	478	1,794	27	58	741	438	1,264	33	80	1,129	450	1,692
Missouri*	31	9	1,607	291	1,938	37	80	1,555	364	2,036	6	43	1,769	45	1,863
Nebraska	28	213	428	0	669	21	268	470	0	759	23	359	539	0	921
North Dakota	17	185	92	20	314	7	183	97	35	322	8	249	181	115	553
South Dakota	10	32	65	8	115	8	34	56	9	107	8	46	48	25	126
SOUTHEAST															
Alabama	3	590	330	250	1,172	1	361	266	370	998	0	634	271	236	1,141
Arkansas	0	2	57	3	62	0	4	37	5	46	0	4	45	6	55
Florida*	151	1,324	5,326	1,197	7,998	82	1,632	5,634	1,834	9,182	411	1,925	6,043	1,342	9,721
Georgia	0	793	647	249	1,689	0	795	665	524	1,984	0	886	121	810	1,817
Kentucky	0	0	523	0	523	0	0	570	0	570	0	0	461	0	461
Louisiana	132	479	303	354	1,268	25	538	358	350	1,271	17	574	373	352	1,317
Mississippi	4	335	265	0	603	3	305	310	0	618	3	338	277	0	618
North Carolina	31	0	0	712	743	122	0	0	1,662	1,783	18	0	0	1,078	1,096
South Carolina*	14	30	760	477	1,281	5	54	759	171	988	N/A	N/A	N/A	N/A	N/A
Tennessee*	28	581	513	47	1,169	28	728	349	210	1,315	59	787	396	469	1,711
Virginia	20	19	126	368	533	18	20	158	515	711	25	22	171	675	893
West Virginia	18	449	375	145	987	16	458	363	81	918	18	576	390	48	1,032
SOUTHWEST															
Arizona	17	463	312	394	1,186	16	423	205	599	1,242	17	521	310	569	1,418
New Mexico	37	0	14	88	139	165	0	52	259	476	239	0	10	224	473
Oklahoma	69	470	606	32	1,177	11	516	383	253	1,163	24	718	476	283	1,501
Texas*	375	2	1,067	1,465	2,909	332	2	1,843	1,934	4,111	388	2	1,373	2,344	4,107
ROCKY MOUNTAIN															
Colorado*	22	19	167	0	208	9	51	426	0	486	9	27	232	0	268
Idaho	0	185	92	5	282	0	203	83	5	291	0	297	111	9	417
Montana*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Utah*	131	231	144	343	849	130	157	204	253	744	238	161	301	5	705
Wyoming	740	518	891	0	2,149	741	519	892	0	2,152	741	520	893	0	2,154
FAR WEST															
Alaska	108	906	166	649	1,830	85	969	277	14	1,345	9	1,445	107	95	1,656
California	90	1,498	799	957	3,344	372	894	834	1,590	3,690	77	618	1,190	2,663	4,548
Hawaii	0	104	114	477	695	0	106	93	350	548	0	257	285	773	1,315
Nevada	6	126	229	100	460	5	142	201	272	620	3	137	225	283	648
Oregon	9	2	224	0	235	7	4	132	0	143	7	5	223	0	235
Washington	0	420	1,039	903	2,362	0	376	1,392	622	2,390	0	529	1,358	1,137	3,024
TOTAL*	\$3,907	\$17,382	\$25,394	\$20,660	\$68,808	\$3,938	\$17,188	\$26,975	\$20,748	\$70,783	\$4,078	\$19,721	\$27,035	\$21,018	\$74,195

Source: National Association of State Budget Officers, 2004 State Expenditure Report

Table 48

HIGHER EDUCATION CAPITAL EXPENDITURES (\$ IN MILLIONS)

Region/State	Actual Fiscal 2003					Actual Fiscal 2004					Estimated Fiscal 2005				
	General Fund	Federal Funds	Other State Funds	Bonds	Total	General Fund	Federal Funds	Other State Funds	Bonds	Total	General Fund	Federal Funds	Other State Funds	Bonds	Total
NEW ENGLAND															
Connecticut	\$0	\$0	\$0	\$175	\$175	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Maine	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Massachusetts	0	0	0	82	82	0	0	0	77	77	0	0	0	72	72
New Hampshire	0	0	0	27	27	0	0	0	26	26	0	0	0	24	24
Rhode Island	0	1	10	17	28	0	0	11	15	26	0	0	17	32	49
Vermont	0	0	0	10	10	0	0	0	7	7	0	0	0	5	5
MID-ATLANTIC															
Delaware	0	0	0	13	13	0	0	0	6	6	0	0	0	1	1
Maryland	0	0	30	77	107	0	0	33	262	295	0	0	25	236	261
New Jersey	1	0	0	2	3	0	0	0	0	0	0	0	0	0	0
New York	0	0	73	221	294	0	0	65	204	269	0	0	69	192	261
Pennsylvania	0	0	0	332	332	0	0	0	170	170	0	0	0	109	109
GREAT LAKES															
Illinois	0	0	0	145	145	0	0	0	163	163	0	0	0	114	114
Indiana	13	0	0	138	151	6	0	0	174	180	6	0	0	139	145
Michigan*	140	0	0	207	347	109	0	0	110	219	121	0	0	46	167
Ohio	0	0	0	256	256	0	0	0	254	254	0	0	0	444	444
Wisconsin	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PLAINS															
Iowa	0	0	0	37	37	0	0	1	19	20	0	0	1	42	43
Kansas	2	0	52	17	71	4	0	25	18	47	2	0	35	21	58
Minnesota	0	0	0	129	129	0	0	0	159	159	0	0	0	136	136
Missouri	0	0	0	0	0	0	0	0	30	30	0	0	1	0	1
Nebraska	9	1	56	0	66	8	10	104	0	122	8	20	134	0	162
North Dakota	7	0	22	15	44	4	0	21	14	39	4	0	76	37	117
South Dakota	3	6	23	8	40	2	7	20	9	38	2	6	14	20	42
SOUTHEAST															
Alabama*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Arkansas	0	0	18	3	21	0	0	17	5	22	0	0	15	6	21
Florida*	48	0	68	371	487	1	0	276	398	675	41	0	80	424	545
Georgia	0	0	0	166	166	0	0	0	100	100	0	0	0	358	358
Kentucky	0	0	226	0	226	0	0	202	0	202	0	0	197	0	197
Louisiana	44	7	12	84	147	12	48	57	69	186	7	5	74	65	151
Mississippi	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
North Carolina	0	0	0	565	565	48	0	0	617	665	0	0	0	665	665
South Carolina	7	10	164	116	297	3	11	171	70	255	N/A	N/A	N/A	N/A	N/A
Tennessee	8	0	2	41	51	16	0	2	5	23	24	0	0	195	219
Virginia	14	1	85	281	381	13	1	123	391	528	18	3	114	404	539
West Virginia	0	0	106	73	179	0	0	98	46	144	0	0	101	48	149
SOUTHWEST															
Arizona	17	10	36	132	195	15	10	52	174	251	15	10	87	293	405
New Mexico	2	0	0	7	9	14	0	0	102	116	19	0	0	18	37
Oklahoma	0	0	143	3	146	0	4	23	195	222	0	19	131	172	322
Texas	0	0	0	899	899	0	0	0	1,153	1,153	0	0	0	1,174	1,174
ROCKY MOUNTAIN															
Colorado	7	1	86	0	94	1	12	365	0	378	4	19	183	0	206
Idaho	0	0	8	1	9	0	0	9	1	10	0	0	8	5	13
Montana	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Utah	0	0	-2	118	116	0	0	0	47	47	52	0	0	0	52
Wyoming	0	0	0	0	0	0	0	0	0	0	23	0	0	0	23
FAR WEST															
Alaska	0	5	14	62	81	1	6	44	0	51	0	116	27	0	143
California	27	0	0	426	453	33	0	0	818	851	6	0	0	1,377	1,383
Hawaii	0	0	0	62	62	0	0	0	32	32	0	18	2	89	109
Nevada	2	0	30	60	92	0	0	15	61	76	0	0	15	57	72
Oregon	8	0	127	0	135	6	0	85	0	91	6	0	134	0	140
Washington	0	0	172	254	426	0	0	144	217	361	0	0	220	179	399
TOTAL	\$359	\$42	\$1,561	\$5,632	\$7,594	\$296	\$109	\$1,963	\$6,218	\$8,586	\$358	\$216	\$1,760	\$7,199	\$9,533

Source: National Association of State Budget Officers, 2004 State Expenditure Report

Table 49

CORRECTIONS CAPITAL EXPENDITURES (\$ IN MILLIONS)

Region/State	Actual Fiscal 2003					Actual Fiscal 2004					Estimated Fiscal 2005				
	General Fund	Federal Funds	Other State Funds	Bonds	Total	General Fund	Federal Funds	Other State Funds	Bonds	Total	General Fund	Federal Funds	Other State Funds	Bonds	Total
NEW ENGLAND															
Connecticut	\$0	\$0	\$0	\$28	\$28	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Maine	0	1	0	0	1	0	0	0	0	0	0	0	0	0	0
Massachusetts	0	0	0	65	65	0	0	0	49	49	0	0	0	36	36
New Hampshire	0	0	0	1	1	0	0	0	0	0	0	0	0	0	0
Rhode Island	0	0	2	2	4	0	1	1	10	12	1	8	6	38	53
Vermont	0	0	0	2	2	0	0	0	1	1	0	0	0	1	1
MID-ATLANTIC															
Delaware	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Maryland	0	0	3	17	20	0	2	0	88	90	0	0	0	53	53
New Jersey	30	0	0	3	33	4	0	0	0	4	1	2	0	0	3
New York	0	27	7	193	227	0	0	4	185	189	0	0	3	180	183
Pennsylvania	0	0	0	240	240	0	0	0	123	123	0	0	0	79	79
GREAT LAKES															
Illinois	0	0	0	88	88	0	0	0	47	47	0	0	0	21	21
Indiana	53	0	16	0	69	60	0	12	0	72	66	0	18	0	84
Michigan	93	0	0	5	98	80	0	5	2	87	77	0	4	4	85
Ohio	0	0	0	73	73	0	0	0	62	62	0	0	0	140	140
Wisconsin	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PLAINS															
Iowa	0	0	0	7	7	0	0	0	5	5	0	0	4	19	23
Kansas	8	0	8	3	19	7	0	5	4	16	7	0	8	4	19
Minnesota	7	1	1	3	12	4	10	0	14	28	5	0	0	13	18
Missouri	0	1	0	0	1	0	30	1	3	34	0	0	0	0	0
Nebraska	3	0	2	0	5	1	3	2	0	6	2	5	2	0	9
North Dakota	2	0	0	3	5	1	0	0	0	1	3	0	0	2	5
South Dakota	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SOUTHEAST															
Alabama	1	3	0	0	4	1	2	0	0	3	0	1	0	0	1
Arkansas	0	2	1	0	3	0	1	4	0	5	0	1	5	0	6
Florida	20	2	2	0	24	49	59	0	0	108	102	12	0	0	114
Georgia	0	0	0	3	3	0	0	0	20	20	0	0	0	35	35
Kentucky	0	0	70	0	70	0	0	50	0	50	0	0	25	0	25
Louisiana	2	5	3	9	19	0	9	1	7	17	0	0	0	3	3
Mississippi	1	1	0	0	2	1	0	1	0	2	1	0	1	0	2
North Carolina	0	0	0	0	0	0	0	0	377	377	0	0	0	52	52
South Carolina	1	2	1	6	10	0	4	3	7	14	N/A	N/A	N/A	N/A	N/A
Tennessee	0	21	9	0	30	0	0	7	0	7	10	8	13	31	62
Virginia	3	15	2	6	26	2	13	1	19	35	4	6	4	76	90
West Virginia	1	0	18	14	33	1	0	9	0	10	1	0	1	0	2
SOUTHWEST															
Arizona	0	0	1	0	1	0	0	12	0	12	1	0	25	0	26
New Mexico	0	0	0	0	0	2	0	1	1	4	5	0	0	0	5
Oklahoma	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Texas	0	0	0	46	46	0	0	0	31	31	0	0	0	69	69
ROCKY MOUNTAIN															
Colorado	0	0	0	0	0	0	0	1	0	1	0	0	0	0	0
Idaho	0	0	2	3	5	0	0	4	3	7	0	0	2	3	5
Montana	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Utah	0	8	0	5	13	2	0	0	0	2	2	0	1	0	3
Wyoming	0	0	0	0	0	0	0	0	0	0	268	5	9	0	282
FAR WEST															
Alaska	2	0	0	0	2	2	0	0	0	2	0	0	0	2	2
California	9	0	0	1	10	7	0	0	9	16	39	0	0	4	43
Hawaii	0	0	0	2	2	0	0	0	2	2	0	0	0	30	30
Nevada	2	0	0	5	7	1	0	0	11	12	0	0	0	11	11
Oregon	1	0	37	0	38	1	0	5	0	6	1	0	18	0	19
Washington	0	2	1	35	38	0	5	1	27	33	0	7	2	65	74
TOTAL	\$239	\$91	\$186	\$868	\$1,384	\$226	\$139	\$130	\$1,107	\$1,602	\$596	\$55	\$151	\$971	\$1,773

Source: National Association of State Budget Officers, 2004 State Expenditure Report

Table 50

TRANSPORTATION CAPITAL EXPENDITURES (\$ IN MILLIONS)

Region/State	Actual Fiscal 2003					Actual Fiscal 2004					Estimated Fiscal 2005				
	General Fund	Federal Funds	Other State Funds	Bonds	Total	General Fund	Federal Funds	Other State Funds	Bonds	Total	General Fund	Federal Funds	Other State Funds	Bonds	Total
NEW ENGLAND															
Connecticut	\$0	\$87	\$12	\$204	\$303	\$0	\$80	\$12	\$0	\$92	\$0	\$80	\$12	\$0	\$92
Maine	0	130	51	24	205	0	142	38	34	214	0	158	83	30	271
Massachusetts	0	509	553	635	1,697	0	615	252	591	1,458	0	487	559	573	1,619
New Hampshire	0	41	151	0	192	0	30	147	0	177	0	32	159	0	191
Rhode Island	0	208	8	22	238	0	132	4	41	177	0	186	1	37	224
Vermont	0	98	36	0	134	0	99	28	1	128	0	145	39	3	187
MID-ATLANTIC															
Delaware	0	137	152	0	289	0	194	209	0	403	0	118	305	0	423
Maryland	0	615	778	0	1,393	0	589	792	0	1,381	0	752	965	0	1,717
New Jersey	745	1,125	81	708	2,659	805	1,134	5	758	2,702	805	1,130	5	760	2,700
New York	0	1,403	711	870	2,984	0	1,239	769	900	2,908	0	1,567	772	785	3,124
Pennsylvania*	0	0	0	150	150	0	0	0	135	135	0	0	0	150	150
GREAT LAKES															
Illinois	8	0	1,000	401	1,409	5	124	2,000	497	2,626	3	113	1,252	534	1,902
Indiana	3	424	572	0	999	3	479	639	0	1,121	2	496	538	0	1,036
Michigan	0	552	267	217	1,036	0	592	250	143	985	0	726	378	163	1,267
Ohio	7	859	667	307	1,840	3	818	596	294	1,711	2	844	602	334	1,782
Wisconsin	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PLAINS															
Iowa	0	232	428	0	660	0	220	375	0	595	0	244	371	0	615
Kansas	0	376	465	54	895	0	279	590	67	936	0	292	433	38	763
Minnesota	59	58	1,107	147	1,371	0	36	702	104	842	0	42	1,070	134	1,246
Missouri	0	0	1,573	207	1,780	0	0	1,509	264	1,773	0	0	1,688	0	1,688
Nebraska	0	202	341	0	543	0	245	335	0	580	0	280	336	0	616
North Dakota	0	169	38	0	207	0	168	57	0	225	0	205	88	0	293
South Dakota	0	0	11	0	11	0	0	16	0	16	0	0	13	0	13
SOUTHEAST															
Alabama	0	588	299	0	887	0	360	225	87	672	0	633	239	35	907
Arkansas	0	0	0	0	0	0	0	2	0	2	0	0	2	0	2
Florida	0	1,119	2,931	201	4,251	0	1,397	3,258	256	4,911	0	1,726	3,633	419	5,778
Georgia	0	793	647	35	1,475	0	795	665	70	1,530	0	886	121	122	1,129
Kentucky	0	0	71	0	71	0	0	36	0	36	0	0	17	0	17
Louisiana	9	343	239	118	709	1	457	275	136	869	1	543	279	128	951
Mississippi	0	317	222	0	539	0	287	259	0	546	0	311	217	0	528
North Carolina	0	0	0	0	0	0	0	0	400	400	0	0	0	300	300
South Carolina	0	0	556	206	762	0	0	556	0	556	N/A	N/A	N/A	N/A	N/A
Tennessee	0	530	502	0	1,032	0	711	323	74	1,108	0	777	376	159	1,312
Virginia	0	0	27	60	87	0	0	29	59	88	0	0	44	92	136
West Virginia	5	413	187	58	663	4	392	197	35	628	6	514	239	0	759
SOUTHWEST															
Arizona	0	454	274	262	990	0	413	141	425	979	0	509	198	276	983
New Mexico	6	0	5	11	22	6	0	0	9	15	30	0	2	23	55
Oklahoma	48	407	344	0	799	0	488	241	0	729	0	669	291	27	987
Texas	0	0	0	264	264	0	0	0	323	323	0	0	0	958	958
ROCKY MOUNTAIN															
Colorado	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Idaho	0	185	75	0	260	0	203	54	0	257	0	297	90	0	387
Montana	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Utah	60	211	164	159	594	60	153	180	188	581	60	154	160	0	374
Wyoming	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FAR WEST															
Alaska	53	708	38	103	902	60	685	144	0	889	2	1,102	12	58	1,174
California	0	1,481	779	32	2,292	289	877	843	30	2,039	0	571	1,065	11	1,647
Hawaii	0	98	52	49	199	0	89	51	28	168	0	209	50	126	385
Nevada	0	119	196	24	339	0	139	178	187	504	0	134	170	194	498
Oregon	0	0	6	0	6	0	0	2	0	2	0	0	2	0	2
Washington	0	332	300	414	1,046	0	275	642	174	1,091	0	421	574	573	1,568
TOTAL	\$1,003	\$15,323	\$16,916	\$5,942	\$39,184	\$1,236	\$14,936	\$17,626	\$6,310	\$40,108	\$911	\$17,353	\$17,450	\$7,042	\$42,756

Source: National Association of State Budget Officers, 2004 State Expenditure Report

Table 51

ENVIRONMENTAL PROJECTS CAPITAL EXPENDITURES (\$ IN MILLIONS)

Region/State	Actual Fiscal 2003					Actual Fiscal 2004					Estimated Fiscal 2005				
	General Fund	Federal Funds	Other State Funds	Bonds	Total	General Fund	Federal Funds	Other State Funds	Bonds	Total	General Fund	Federal Funds	Other State Funds	Bonds	Total
NEW ENGLAND															
Connecticut	\$0	\$0	\$0	\$139	\$139	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Maine	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Massachusetts	0	0	0	134	134	0	0	0	113	113	0	0	0	131	131
New Hampshire	0	0	0	6	6	0	0	0	4	4	0	0	0	4	4
Rhode Island	0	18	5	14	37	0	4	3	11	18	0	3	7	33	43
Vermont	0	0	0	3	3	0	0	0	7	7	0	0	0	7	7
MID-ATLANTIC															
Delaware	0	0	0	3	3	3	0	0	2	5	6	0	0	0	6
Maryland	11	2	124	71	208	0	43	64	111	218	0	43	70	86	199
New Jersey	81	10	0	246	337	100	10	0	0	110	60	10	0	0	70
New York	0	162	108	203	473	0	154	124	288	566	0	154	99	226	479
Pennsylvania	0	0	0	33	33	0	0	0	17	17	0	0	0	11	11
GREAT LAKES															
Illinois	0	0	0	18	18	2	4	0	645	651	0	6	310	381	697
Indiana	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Michigan	28	13	96	51	188	29	14	103	56	202	4	20	116	46	186
Ohio	0	0	2	119	121	0	0	1	149	150	1	0	7	175	183
Wisconsin	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PLAINS															
Iowa	0	0	20	0	20	0	0	26	509	535	0	0	32	0	32
Kansas	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Minnesota	9	4	28	35	76	8	4	20	23	55	7	5	26	14	52
Missouri	0	0	0	54	54	0	0	0	54	54	0	0	0	54	54
Nebraska	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
North Dakota	1	6	8	0	15	1	7	10	0	18	1	4	11	0	16
South Dakota	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SOUTHEAST															
Alabama	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Arkansas	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Florida*	38	203	717	319	1,277	15	176	559	346	1,096	98	187	617	383	1,285
Georgia	0	0	0	0	0	0	0	0	20	20	0	0	0	20	20
Kentucky	0	0	1	0	1	0	0	3	0	3	0	0	6	0	6
Louisiana	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mississippi	1	2	6	0	9	0	2	10	0	12	0	2	5	0	7
North Carolina	31	0	0	64	95	26	0	0	142	168	13	0	0	57	70
South Carolina	0	5	7	0	12	0	33	1	0	34	N/A	N/A	N/A	N/A	N/A
Tennessee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Virginia	0	3	5	1	9	0	1	4	8	13	0	4	5	25	34
West Virginia	0	15	19	0	34	0	22	26	0	48	0	29	20	0	49
SOUTHWEST															
Arizona	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
New Mexico	8	0	3	16	27	29	0	0	17	46	5	0	2	0	7
Oklahoma	0	27	58	0	85	3	1	53	0	57	4	7	18	40	69
Texas	0	0	0	56	56	0	0	0	135	135	0	0	0	0	0
ROCKY MOUNTAIN															
Colorado	0	0	0	0	0	0	22	3	0	25	0	0	0	0	0
Idaho	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Montana	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Utah	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Wyoming	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FAR WEST															
Alaska	10	61	23	0	94	3	65	30	14	112	0	61	4	26	91
California	39	2	10	486	537	24	4	-9	719	738	17	15	114	1,245	1,391
Hawaii	0	0	0	6	6	0	0	0	8	8	0	19	0	8	27
Nevada	0	0	2	0	2	0	0	0	0	0	0	0	13	1	14
Oregon	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Washington	0	67	177	81	325	0	60	153	68	281	0	71	219	86	376
TOTAL	\$257	\$600	\$1,419	\$2,158	\$4,434	\$243	\$626	\$1,184	\$3,466	\$5,519	\$216	\$640	\$1,701	\$3,059	\$5,616

Source: National Association of State Budget Officers, 2004 State Expenditure Report

Table 52

HOUSING CAPITAL EXPENDITURES (\$ IN MILLIONS)

Region/State	Actual Fiscal 2003					Actual Fiscal 2004					Estimated Fiscal 2005				
	General Fund	Federal Funds	Other State Funds	Bonds	Total	General Fund	Federal Funds	Other State Funds	Bonds	Total	General Fund	Federal Funds	Other State Funds	Bonds	Total
NEW ENGLAND															
Connecticut	\$0	\$0	\$0	\$15	\$15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Maine	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Massachusetts	0	0	0	112	112	0	0	0	121	121	0	0	0	123	123
New Hampshire	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Rhode Island	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Vermont	0	0	0	1	1	0	0	0	1	1	0	0	0	1	1
MID-ATLANTIC															
Delaware	4	0	0	0	4	4	0	0	0	4	3	0	0	0	3
Maryland	15	15	18	15	63	1	15	19	34	69	0	17	22	23	62
New Jersey	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
New York	0	3	3	104	110	0	2	1	100	103	0	0	1	119	120
Pennsylvania	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
GREAT LAKES															
Illinois	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Indiana	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Michigan	0	103	14	1	118	0	99	14	1	114	0	120	15	3	138
Ohio	0	4	18	0	22	0	5	27	0	32	0	5	45	0	50
Wisconsin	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PLAINS															
Iowa	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kansas	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Minnesota	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Missouri	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Nebraska	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
North Dakota	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
South Dakota	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SOUTHEAST															
Alabama	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Arkansas	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Florida	0	0	247	0	247	0	0	192	0	192	0	0	193	0	193
Georgia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kentucky	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Louisiana	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mississippi	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
North Carolina	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
South Carolina	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tennessee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Virginia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
West Virginia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SOUTHWEST															
Arizona	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
New Mexico	0	0	0	0	0	0	0	0	0	0	11	0	0	3	14
Oklahoma	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Texas	0	0	0	133	133	0	0	0	239	368	0	0	0	121	121
ROCKY MOUNTAIN															
Colorado	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Idaho	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Montana	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Utah	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Wyoming	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FAR WEST															
Alaska	0	23	14	55	92	1	19	16	0	36	1	42	14	1	58
California	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Hawaii	0	0	0	1	1	0	0	0	2	2	0	0	0	5	5
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	5	0	5	0	0	0	39	39	0	0	0	63	63
TOTAL	\$19	\$148	\$319	\$437	\$923	\$6	\$140	\$269	\$537	\$1,081	\$15	\$184	\$290	\$462	\$951

Source: National Association of State Budget Officers, 2004 State Expenditure Report

Table 53

ALL OTHER CAPITAL EXPENDITURES (\$ IN MILLIONS)

Region/State	Actual Fiscal 2003					Actual Fiscal 2004					Estimated Fiscal 2005				
	General Fund	Federal Funds	Other State Funds	Bonds	Total	General Fund	Federal Funds	Other State Funds	Bonds	Total	General Fund	Federal Funds	Other State Funds	Bonds	Total
NEW ENGLAND															
Connecticut	\$0	\$0	\$0	\$1,078	\$1,078	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Maine	6	21	10	9	46	3	32	5	16	56	2	3	7	33	45
Massachusetts	0	0	0	551	551	0	0	0	397	397	0	0	0	899	899
New Hampshire	0	0	0	57	57	0	0	0	39	39	0	0	0	40	40
Rhode Island	4	38	12	146	200	5	41	0	7	53	6	2	16	29	53
Vermont	0	0	0	25	25	0	0	0	24	24	0	0	0	36	36
MID-ATLANTIC															
Delaware	19	0	0	0	19	61	0	0	0	61	146	0	0	0	146
Maryland	25	13	73	223	334	9	0	50	257	316	1	0	15	265	281
New Jersey	231	0	0	8	239	208	0	0	0	208	160	10	6	0	176
New York	0	78	144	340	562	0	78	162	261	501	0	96	144	289	529
Pennsylvania	0	0	0	461	461	0	0	0	178	178	0	0	0	51	51
GREAT LAKES															
Illinois	8	3	27	969	1,007	0	0	4	321	325	0	0	11	135	146
Indiana	114	0	98	95	307	112	0	14	34	160	155	0	12	0	167
Michigan	65	13	8	66	152	39	28	54	33	154	51	66	43	51	211
Ohio	5	0	12	688	705	1	0	7	640	648	1	0	29	625	655
Wisconsin	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PLAINS															
Iowa	0	0	24	35	59	0	0	12	45	57	0	16	34	41	91
Kansas	4	7	13	0	24	5	10	14	2	31	6	10	23	4	43
Minnesota	20	6	16	164	206	15	8	19	138	180	21	33	33	153	240
Missouri*	31	8	34	30	103	37	50	45	13	145	6	43	80	1	130
Nebraska	16	10	29	0	55	12	10	30	0	52	13	54	67	0	134
North Dakota	7	10	24	2	43	1	8	9	21	39	0	40	6	76	122
South Dakota	7	25	31	0	63	6	27	19	0	52	6	41	20	5	72
SOUTHEAST															
Alabama*	2	N/A	31	250	283	0	N/A	41	283	324	0	N/A	33	201	234
Arkansas	0	0	37	0	37	0	3	14	0	17	0	3	23	0	26
Florida	45	0	1,361	306	1,712	17	0	1,349	834	2,200	170	0	1,520	116	1,806
Georgia	0	0	0	45	45	0	0	0	314	314	0	0	0	275	275
Kentucky	0	0	155	0	155	0	0	279	0	279	0	0	216	0	216
Louisiana	76	124	49	143	392	12	24	26	138	200	9	26	21	156	212
Mississippi	3	15	37	0	55	2	17	41	0	60	2	26	54	0	82
North Carolina	0	0	0	83	83	48	0	0	125	173	5	0	0	5	10
South Carolina	6	13	33	149	201	2	6	28	94	130	N/A	N/A	N/A	N/A	N/A
Tennessee	20	30	0	6	56	12	17	17	131	177	25	2	7	84	118
Virginia	2	0	8	20	30	3	5	3	38	49	3	9	4	78	94
West Virginia	12	21	45	0	78	11	44	33	0	88	11	33	29	0	73
SOUTHWEST															
Arizona	0	0	1	0	1	0	0	1	0	1	1	3	1	0	5
New Mexico	20	0	7	53	80	113	0	51	130	294	168	0	6	180	354
Oklahoma	21	36	61	29	147	8	23	66	58	155	20	23	36	44	123
Texas	375	2	1,067	67	1,511	332	2	1,843	53	2,230	388	2	1,373	22	1,785
ROCKY MOUNTAIN															
Colorado	15	18	81	0	114	8	17	57	0	82	5	8	49	0	62
Idaho	0	0	7	1	8	0	0	16	1	17	0	0	11	1	12
Montana	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Utah	71	12	-18	61	126	68	4	24	18	114	124	7	140	5	276
Wyoming	740	518	891	0	2,149	741	519	892	0	2,152	450	515	884	0	1,849
FAR WEST															
Alaska	43	109	77	429	658	18	194	43	0	255	6	124	50	8	188
California	15	15	10	12	52	19	13	0	14	46	15	32	11	26	84
Hawaii	0	6	62	357	425	0	17	42	278	337	0	10	233	516	759
Nevada	2	7	1	11	21	3	3	7	13	26	3	3	27	20	53
Oregon	0	2	54	0	56	0	4	40	0	44	0	5	69	0	74
Washington	0	19	384	119	522	0	36	452	97	585	0	30	343	171	544
TOTAL*	\$2,030	\$1,179	\$4,996	\$7,088	\$15,293	\$1,931	\$1,240	\$5,809	\$5,045	\$14,025	\$1,979	\$1,275	\$5,686	\$4,640	\$13,580

Source: National Association of State Budget Officers, 2004 State Expenditure Report

Capital Spending Notes

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

Colorado: 2005 estimated amounts are based on current appropriations. However, capital appropriations are often long-term appropriations. These figures are based on best available data.

Florida: The decrease in General Revenue funding for higher education fixed capital outlay appropriations from fiscal 2002-2003 to fiscal 2003-2004 is due to shifting the fund source to trust funds. The increase in general revenue funding for environmental fixed capital outlay appropriations from fiscal 2003-2004 to fiscal 2004-2005 is due to additional appropriations provided for hurricane damaged beaches and dunes by a special session of the Legislature. The increase in general funds and other state funds for Other fixed capital outlay appropriations from fiscal 2003-2004 to fiscal 2004-2005 is due to hurricane related expenditures.

Hawaii: Actual capital expenditures for federal funds and other state funds for fiscal 2003 and fiscal 2004 for Housing and Environmental are not readily available.

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

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

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

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

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

South Carolina: Estimated fiscal 2005 expenditure information is not available and estimated expenditures are no longer collected.

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 (\$2 million in fiscal 2003, \$15 million in fiscal 2004, and \$26 million in fiscal 2005) 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 (\$5 million available in 2003, \$4 million available in 2004, and \$5 million projected available for 2005). 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 (5 million available in 2003, \$6 million available in 2004, and \$11 million projected available for 2005); Water Resources Cities Water Loan Fund (\$2 million available in 2003, \$2 million available in 2004, and \$2 million projected available for 2005); Water Resources Conservation and Development Fund (\$10 million available in 2003, \$15 million available in 2004, and \$14 million projected available for 2005); Water Quality Loan Fund (\$19 million available in 2003, \$24 million available in 2004, and \$17 million projected available for 2005); and Drinking Water Loan Fund (\$12 million available in 2003, \$12 million available in 2004, and \$13 million projected available for 2005).

CHAPTER NINE
REVENUE SOURCES
IN THE GENERAL FUND

State general fund revenue totaled \$503.4 billion in fiscal 2004. The source of most state expenditures, the main components of general fund revenue are sales and compensating use taxes, personal income taxes, and corporate income taxes; combined, these taxes account for 77.2 percent of general fund revenue. Specifically, sales and compensating use taxes account for 34.2 percent of the total, personal income taxes are 37 percent, and corporate income taxes are 6 percent of the total. Other taxes and fees represent 21.8 percent of general fund revenues while gaming taxes are 0.9 percent. The major sources of general fund revenue are displayed by state in Table 54.

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

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

Table 55 illustrates the major items that are excluded from general fund revenue sources. For example, property taxes are a mainstay of local government finance and the majority of states exclude them from both their general funds and their revenue bases. However, many states use aid to local governments or other subsidies to help reduce the amount of property taxes local governments require.

State Tax Trends

While state revenue was battered during the recent fiscal downturn, it has recovered more recently. Between the summer of 2001 and spring of 2003, state revenue declined for eight straight quarters. To close the resulting budget gaps, states responded with spending cuts, the use of reserve funds, and tax and fee increases. After cutting taxes by \$33.1 billion between fiscal 1995 and fiscal 2001, states enacted net tax and fee increases of \$8.3 billion in fiscal 2001, \$9.6 billion in fiscal 2004, and \$3.5 billion in fiscal 2005 (enacted changes in state taxes and fees are detailed in NASBO's *Fiscal Survey of States*).

Figure 23
REVENUE SOURCES IN THE GENERAL FUND

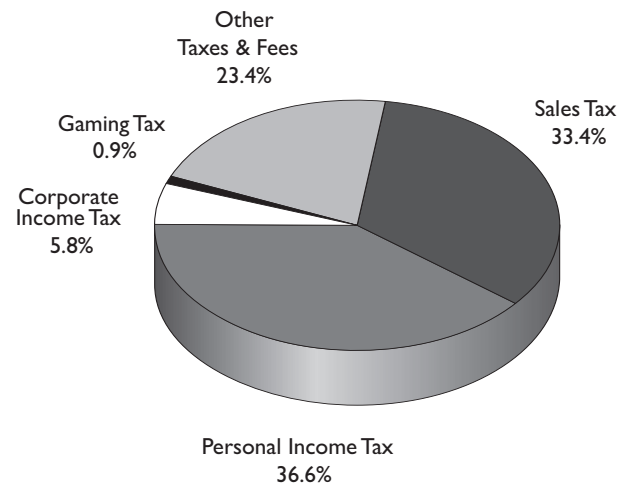


Table 54

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

Region/state	Actual Fiscal 2003						Actual Fiscal 2004						Estimated Fiscal 2005					
	Personal Sales Tax	Corp. Income Tax	Other Income Tax	Gaming Tax	Taxes & Fees	Total	Personal Sales Tax	Corp. Income Tax	Other Income Tax	Gaming Tax	Taxes & Fees	Total	Personal Sales Tax	Corp. Income Tax	Other Income Tax	Gaming Tax	Taxes & Fees	Total
NEW ENGLAND																		
Connecticut	3,026	4,263	508	650	3,577	12,023	3,134	4,943	518	689	3,689	12,973	3,279	5,370	580	687	3,811	13,727
Maine	857	1,072	91	N/A	375	2,395	917	1,157	112	N/A	498	2,684	915	1,196	123	N/A	490	2,724
Massachusetts	3,708	8,026	799	0	2,430	14,963	3,743	8,830	998	0	2,382	15,953	3,939	8,847	1,087	0	2,358	16,231
New Hampshire	N/A	N/A	393	4	1,652	2,049	N/A	N/A	408	4	1,747	2,159	N/A	N/A	458	4	1,664	2,126
Rhode Island	777	813	63	241	862	2,757	823	891	76	286	719	2,795	864	950	86	323	755	2,977
Vermont	218	369	27	0	208	822	254	434	47	0	233	968	208	499	61	0	281	1,049
MID-ATLANTIC																		
Delaware	N/A	710	66	N/A	1,659	2,436	N/A	781	81	N/A	1,874	2,736	N/A	883	114	N/A	1,882	2,878
Maryland	2,697	4,704	288	0	1,628	9,317	2,922	5,077	329	0	1,876	10,204	3,109	5,416	451	0	2,147	11,123
New Jersey	5,936	6,735	2,654	788	7,393	23,506	6,262	7,401	2,512	816	7,785	24,776	6,520	9,055	2,247	830	8,091	26,743
New York	8,434	22,648	3,380	29	1,897	36,388	9,508	24,647	3,413	28	1,988	39,584	10,587	28,100	4,069	26	2,267	45,049
Pennsylvania*	7,519	7,105	1,397	N/A	5,293	21,314	7,729	7,734	1,678	N/A	5,687	22,828	8,001	8,596	1,951	N/A	5,609	24,157
GREAT LAKES																		
Illinois	6,059	7,341	738	554	4,298	18,990	6,331	7,272	936	661	4,945	20,145	6,595	7,979	1,172	694	5,029	21,469
Indiana	4,172	3,644	729	431	904	9,880	4,721	3,808	645	602	845	10,621	4,936	4,145	802	589	819	11,291
Michigan*	883	3,960	1,843	0	1,272	7,958	980	3,978	1,828	5	1,252	8,043	1,030	3,919	1,856	43	1,022	7,870
Ohio	6,398	7,421	747	0	7,884	22,450	7,531	7,697	809	0	7,994	24,031	7,880	8,153	820	0	8,162	25,015
Wisconsin	3,737	5,052	527	0	883	10,199	3,899	5,277	650	0	912	10,738	4,025	5,740	750	0	934	11,449
PLAINS																		
Iowa	1,705	2,418	237	99	717	5,176	1,732	2,592	235	104	653	5,316	1,798	2,750	254	113	651	5,566
Kansas	1,794	1,750	105	13	584	4,246	1,827	1,888	141	18	645	4,519	1,883	1,960	152	14	622	4,631
Minnesota	3,937	5,372	589	59	2,618	12,575	4,101	5,710	628	60	2,796	13,295	4,226	6,176	829	60	2,661	13,952
Missouri*	1,738	3,597	228	0	363	5,926	1,842	3,809	304	0	391	6,346	1,913	4,107	328	0	363	6,711
Nebraska	1,029	1,130	111	0	186	2,456	1,114	1,250	167	0	187	2,719	1,220	1,348	183	0	198	2,949
North Dakota*	391	199	47	14	224	875	404	213	40	11	288	956	450	224	41	10	238	963
South Dakota	476	NA	NA	NA	415	891	508	NA	NA	NA	384	892	534	NA	NA	NA	458	992
SOUTHEAST																		
Alabama	1,586	1,968	215	3	1,791	5,564	1,723	2,178	255	3	1,595	5,754	1,796	2,306	300	3	1,713	6,118
Arkansas	1,715	1,831	226	4	267	4,043	1,803	1,972	238	4	318	4,335	1,901	2,116	278	4	310	4,609
Florida	14,496	N/A	1,228	17	4,243	19,984	15,769	N/A	1,345	24	4,687	21,825	17,606	N/A	1,647	16	5,403	24,672
Georgia	4,727	6,259	511	N/A	3,384	14,881	4,861	6,826	487	N/A	3,899	16,073	5,250	7,242	537	N/A	3,539	16,568
Kentucky	2,364	2,746	278	0	1,395	6,783	2,448	2,796	303	0	1,366	6,913	2,577	2,947	398	0	1,637	7,559
Louisiana	2,523	1,867	199	353	1,455	6,397	2,416	2,192	237	357	1,563	6,765	2,466	2,338	278	360	1,530	6,972
Mississippi	1,433	1,020	289	166	536	3,443	1,493	1,062	316	167	546	3,583	1,558	1,100	341	173	556	3,727
North Carolina	0	0	0	0	0	0	3,923	7,089	840	0	2,394	14,246	7,510	445	777	0	6,205	14,937
South Carolina	2,042	1,859	101	0	966	4,968	2,181	1,974	149	0	812	5,116	2,250	1,979	120	0	873	5,222
Tennessee	5,210	77	487	0	1,892	7,666	5,561	109	584	0	2,064	8,318	5,771	113	548	0	2,160	8,592
Virginia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
West Virginia	894	1,056	86	0	881	2,917	928	1,068	182	0	905	3,083	952	1,099	175	0	846	3,072
SOUTHWEST																		
Arizona	3,034	2,100	389	0	278	5,801	3,295	2,306	476	0	607	6,684	3,631	2,884	730	0	573	7,818
New Mexico	1,375	923	102	39	1,496	3,935	1,443	1,007	138	39	1,985	4,612	1,519	1,077	253	46	2,056	4,951
Oklahoma	1,267	1,833	50	9	1,027	4,186	1,371	2,017	105	8	1,112	4,613	1,438	2,117	144	7	1,252	4,958
Texas*	14,233	N/A	N/A	0	14,537	28,770	15,360	N/A	N/A	0	15,468	30,828	15,990	N/A	N/A	0	15,330	31,320
ROCKY MOUNTAIN																		
Colorado	1,820	3,122	225	38	460	5,665	1,908	3,450	235	40	412	6,045	1,992	3,484	313	41	372	6,202
Idaho*	700	838	93	0	133	1,764	886	902	103	0	206	2,097	933	974	121	0	128	2,156
Montana	0	536	44	46	618	1,244	12	605	68	51	646	1,382	13	615	66	53	660	1,407
Utah	1,444	1,575	152	0	315	3,486	1,502	1,700	155	0	319	3,676	1,590	1,830	190	0	302	3,912
Wyoming	300	0	0	0	0	300	326	0	0	0	0	326	351	0	0	0	0	351
FAR WEST																		
Alaska	0	0	199	3	1,746	1,948	0	0	338	3	2,005	2,346	0	0	489	3	2,455	2,947
California	22,415	32,710	6,804	2	18,633	80,564	23,847	36,399	6,926	2	9,600	76,774	25,168	39,527	8,678	2	4,844	78,219
Hawaii	1,784	1,038	8	0	959	3,789	1,894	1,169	57	0	788	3,908	2,028	1,329	63	0	864	4,284
Nevada*	694	N/A	N/A	596	536	1,825	791	N/A	N/A	715	899	2,404	873	N/A	N/A	732	1,032	2,637
Oregon	N/A	4,022	225	N/A	791	5,038	N/A	4,269	317	N/A	335	4,921	N/A	4,624	282	N/A	467	5,373
Washington	5,949	N/A	N/A	0	5,313	11,262	6,175	N/A	N/A	0	5,344	11,519	12,525	N/A	N/A	0	105	12,630
ALL STATES	157,494	165,710	27,479	4,159	110,972	465,814	172,198	186,478	30,409	4,697	109,643	503,426	191,600	195,558	35,142	4,833	105,721	532,855

Table 55

ITEMS EXCLUDED FROM REVENUE SOURCES

Region/State	Sales and Compensating Use Taxes	Personal Income Taxes	Corporate Income Taxes	Gaming Taxes	Lottery Funds	Cigarette and Tobacco Taxes	Motor Fuel Taxes	Alcoholic Beverage Taxes	Insurance Premium Taxes	Property Taxes	Utility Taxes	Severance Taxes	Federal Funds	Licenses and Fees	Other
NEW ENGLAND															
Connecticut							X			X		X			
Maine							P					X	P		
Massachusetts				N/A	X					N/A		N/A	X	X	X
New Hampshire	X	X										X			
Rhode Island							P			X		X	X		
Vermont	P			X	X	X	X			X		X			
MID-ATLANTIC															
Delaware	N/A			N/A			X			N/A		X	X	N/A	
Maryland	P		P	N/A	P		P					N/A		P	
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		X	X	P	P
GREAT LAKES															
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	P	P
PLAINS															
Iowa				P			X			X			X		
Kansas				P	X		X			P			P	P	P
Minnesota					X					X	X	P			
Missouri				X	X	X	X		P	X	X	X	P	P	P
Nebraska					P	P	X		P	X	X	X	X	X	P
North Dakota							X			X	X		P		
South Dakota							X			X	X		X		
SOUTHEAST															
Alabama					X		X						X		
Arkansas					X					X					
Florida	P	N/A		P	X	P	X	P	P	P	X	P	X	P	P
Georgia				X									X		
Kentucky															
Louisiana										X	X		X		
Mississippi					N/A		P				X		X	X	
North Carolina															
South Carolina				X	X					X			X		
Tennessee				X	P					X					
Virginia															
West Virginia				N/A	P		X				X		X		
SOUTHWEST															
Arizona				X		P	X	P					P		
New Mexico										X	X		X		
Oklahoma					N/A					X			X		
Texas		N/A	N/A	X						X			P		
ROCKY MOUNTAIN															
Colorado				P	X		X			X	X	X	X	X	P
Idaho				X	X	P	X	P		X	X	X	P	X	
Montana	N/A					P	X	P		P	P	P	X	P	P
Utah				X	X					P					
Wyoming		X	X	X	X	X									
FAR WEST															
Alaska	X	X			X										
California	P			P	X	P	X			X	X	X	X	P	P
Hawaii	P			N/A	N/A	P	X		P	N/A	P	N/A	P	P	P
Nevada		X	X		X		X			X	X	X	X		
Oregon				X	X	P	X	P		X	X		X		
Washington		N/A	N/A				X					X	X	P	
ALL STATES	13	9	7	26	30	14	32	7	6	36	21	25	37	21	14

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

Source: National Association of State Budget Officers, 2004 State Expenditure Report

Revenue Sources in the General Fund

Arizona: Tobacco and Alcohol taxes are partially excluded from the General Fund. A portion of these tax collections are deposited into other state funds.

Idaho: Federal fiscal relief payments of \$50 million are included in the Other Taxes and Fees column for fiscal 2004.

Illinois: Personal and corporate income taxes are shown net of deposits to the Income Tax Refund Fund.

Michigan: Actual fiscal 2003 and fiscal 2004 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 2005 estimates are the January 2005 consensus revenue estimates.

Missouri: Revenue sources exclude refunds of \$1,166 million in fiscal 2003, \$1,075 million in fiscal 2004 and \$1,287 million in fiscal 2005.

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

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

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

Table A-1

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

Region/State	Actual Fiscal 2003			Actual Fiscal 2004			Estimated Fiscal 2005		
	State Funds	Federal Funds	State & Federal Funds	State Funds	Federal Funds	State & Federal Funds	State Funds	Federal Funds	State & Federal Funds
NEW ENGLAND									
Connecticut	\$14,991	\$3,344	\$18,335	\$15,787	\$3,502	\$19,289	\$16,928	\$3,603	\$20,531
Maine	3,967	1,996	5,963	4,086	2,346	6,432	4,236	2,545	6,781
Massachusetts	20,224	4,260	24,484	19,625	4,710	24,335	20,002	4,849	24,851
New Hampshire	2,743	1,237	3,980	2,867	1,381	4,248	2,844	1,439	4,283
Rhode Island	3,831	1,601	5,432	3,916	1,760	5,676	4,144	1,932	6,076
Vermont	2,121	893	3,014	2,165	1,007	3,172	2,645	972	1,972
MID-ATLANTIC									
Delaware	3,107	945	4,052	3,198	1,000	4,198	3,690	1,093	4,783
Maryland	10,605	4,366	14,971	11,850	4,790	16,640	13,172	5,060	18,232
New Jersey	27,403	7,451	34,854	28,117	8,006	36,123	31,486	8,581	40,067
New York	53,821	33,303	87,124	59,395	35,995	95,390	62,180	36,697	98,877
Pennsylvania	31,415	14,576	45,991	31,324	16,075	47,399	34,149	17,950	52,099
GREAT LAKES									
Illinois	31,270	7,549	38,819	39,173	9,126	48,299	37,414	8,220	45,634
Indiana	13,289	5,766	19,055	14,413	6,908	21,321	14,389	6,758	21,147
Michigan	29,155	10,142	39,297	28,521	10,868	39,389	27,596	12,710	40,306
Ohio	38,433	6,923	45,356	39,461	7,294	46,755	44,174	9,147	53,321
Wisconsin	25,278	6,492	31,770	26,503	6,408	32,911	24,893	6,976	31,869
PLAINS									
Iowa	9,209	3,760	12,969	9,083	4,236	13,319	9,919	4,107	14,026
Kansas	6,937	2,997	9,934	7,030	2,945	9,975	7,667	2,987	10,654
Minnesota	18,284	5,155	23,439	17,566	5,533	23,099	18,892	5,805	24,697
Missouri	11,550	5,619	17,169	12,521	5,060	17,581	13,020	5,972	18,992
Nebraska	4,756	2,053	6,809	4,853	2,250	7,103	5,738	2,705	8,443
North Dakota	1,702	1,102	2,804	1,726	1,164	2,890	1,916	1,335	3,251
South Dakota	1,503	1,014	2,517	1,480	1,173	2,653	1,674	1,233	2,907
SOUTHEAST									
Alabama	9,582	5,870	15,452	9,732	5,980	15,712	11,145	7,276	18,421
Arkansas	8,781	3,797	12,578	9,374	4,234	13,608	10,584	5,277	15,861
Florida	33,372	13,997	47,369	33,988	16,016	50,004	39,202	18,035	57,237
Georgia	15,777	11,955	27,732	15,306	12,840	28,146	15,566	13,992	29,558
Kentucky	12,402	5,966	18,368	12,663	6,344	19,007	13,442	6,795	20,237
Louisiana	12,535	5,937	18,472	12,900	6,967	19,867	17,935	6,468	24,403
Mississippi	6,194	3,821	10,015	6,569	4,230	10,799	7,177	4,358	11,535
North Carolina	19,731	8,337	28,068	20,928	9,506	30,434	20,765	8,967	29,732
South Carolina	9,877	5,570	15,447	10,049	5,649	15,698	10,225	5,726	15,951
Tennessee	12,091	7,933	20,024	12,689	8,796	21,485	14,532	9,685	24,217
Virginia	21,299	5,129	26,428	21,847	5,740	27,587	25,215	5,682	30,897
West Virginia	12,385	3,027	15,412	13,008	3,411	16,419	13,008	3,471	16,479
SOUTHWEST									
Arizona	12,190	6,169	18,359	14,273	6,857	21,130	14,479	7,737	22,216
New Mexico	5,562	3,282	8,844	5,759	3,492	9,251	6,266	3,894	10,160
Oklahoma	8,739	4,151	12,890	8,215	4,596	12,811	8,721	5,153	13,874
Texas	39,603	19,691	59,294	39,832	21,654	61,486	40,970	21,851	62,821
ROCKY MOUNTAIN									
Colorado	10,307	3,018	13,325	10,351	3,222	13,573	10,570	3,227	13,797
Idaho	2,806	1,548	4,354	2,861	1,719	4,580	3,183	1,965	5,148
Montana	2,207	1,442	3,649	2,450	1,491	3,941	2,728	1,804	4,532
Utah	5,256	1,934	7,190	5,576	2,076	7,652	6,231	2,179	8,410
Wyoming	1,641	556	2,197	1,641	534	2,175	1,663	538	2,201
FAR WEST									
Alaska	3,583	2,482	6,065	4,845	2,805	7,650	6,312	3,409	9,721
California	95,764	54,733	150,497	97,237	52,420	149,657	102,374	56,686	159,060
Hawaii	5,557	1,181	6,738	6,184	1,416	7,600	6,554	1,678	8,232
Nevada	4,254	1,880	6,134	4,511	1,986	6,497	5,447	1,794	7,241
Oregon	12,561	3,622	16,183	13,403	3,731	17,134	13,968	4,564	18,532
Washington	18,705	5,530	24,235	19,486	5,858	25,344	20,059	6,188	26,247
TOTAL	\$768,355	\$325,102	\$1,093,457	\$800,337	\$347,107	\$1,147,444	\$851,089	\$371,075	\$1,222,164

Note: State funds are defined as general funds and other state funds (bonds are excluded).
Source: National Association of State Budget Officers, 2004 State Expenditure Report

Table A-2

CHILD HEALTH INSURANCE BLOCK GRANTS (\$ IN MILLIONS)

Region/state	Actual Fiscal 2003				Actual Fiscal 2004				Estimated Fiscal 2005			
	General Fund	Other State Funds	Federal Funds	Total	General Fund	Other State Funds	Federal Funds	Total	General Fund	Other State Funds	Federal Funds	Total
NEW ENGLAND												
Connecticut*	23	0	16	39	24	0	17	41	27	0	22	49
Maine	6	1	21	28	8	0	25	33	8	0	26	34
Massachusetts	22	0	40	62	39	0	72	111	36	0	68	104
New Hampshire	2	0	4	6	2	0	4	6	3	0	7	10
Rhode Island	17	0	37	54	15	0	33	48	10	0	22	32
Vermont	1	0	2	3	1	0	3	4	1	0	3	4
MID-ATLANTIC												
Delaware	2	1	3	5	2	1	6	9	3	1	8	12
Maryland	73	0	135	208	60	0	110	170	65	0	120	185
New Jersey	109	38	284	431	96	44	221	361	84	50	191	325
New York	0	372	332	704	0	336	292	628	0	353	334	687
Pennsylvania	35	26	121	182	36	32	141	209	47	31	162	240
GREAT LAKES												
Illinois	21	2	39	62	146	3	273	422	118	2	223	343
Indiana	21	0	59	80	32	0	52	84	36	0	59	95
Michigan	0	8	61	69	55	7	139	201	49	7	128	184
Ohio	56	0	138	193	64	0	156	220	69	0	170	239
Wisconsin	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PLAINS												
Iowa	11	1	12	24	11	1	13	25	12	1	16	29
Kansas	11	2	35	48	13	1	36	50	14	2	42	58
Minnesota	11	33	83	127	0	29	54	83	2	36	71	109
Missouri	11	15	69	95	2	27	78	107	0	32	87	119
Nebraska	0	8	20	28	9	3	31	43	13	5	34	52
North Dakota	1	0	3	4	1	0	3	4	1	0	4	5
South Dakota	3	0	9	12	4	0	11	15	3	0	11	14
SOUTHEAST												
Alabama	13	5	69	87	14	6	74	94	15	6	83	104
Arkansas	8	0	33	40	7	0	29	35	8	0	37	45
Florida	38	86	298	422	35	87	304	426	69	86	385	540
Georgia	61	5	165	231	76	5	204	285	75	5	207	287
Kentucky	20	0	69	89	20	1	72	93	22	0	82	104
Louisiana	18	3	70	91	13	8	85	106	19	7	104	130
Mississippi	0	17	89	106	0	19	102	121	0	23	120	143
North Carolina	43	0	119	162	49	0	149	198	62	6	198	266
South Carolina	11	0	40	51	12	0	46	58	15	0	56	71
Tennessee	0	0	0	0	0	0	0	0	0	0	0	0
Virginia	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
West Virginia	6	0	27	33	6	0	29	35	7	0	33	40
SOUTHWEST												
Arizona	0	52	172	224	71	0	237	308	66	0	225	291
New Mexico	17	0	21	38	19	0	23	42	20	0	24	44
Oklahoma	10	0	40	50	10	0	40	50	10	0	40	50
Texas	206	17	458	681	164	32	330	526	148	4	296	448
ROCKY MOUNTAIN												
Colorado*	3	21	39	63	1	20	41	62	3	20	41	64
Idaho	3	0	13	16	4	0	13	17	4	0	16	20
Montana	3	0	12	15	1	3	13	17	0	3	11	14
Utah	0	6	24	30	0	8	26	34	0	8	29	37
Wyoming	1	0	4	5	2	0	5	7	2	0	6	8
FAR WEST												
Alaska	1	1	1	3	1	2	0	3	1	2	0	3
California*	23	199	443	665	263	2	492	757	314	4	577	895
Hawaii	3	0	7	10	3	0	7	10	5	0	12	17
Nevada	12	0	24	36	11	0	20	31	13	0	22	35
Oregon	0	7	19	26	0	9	24	33	0	12	31	43
Washington	0	9	17	26	0	15	28	43	0	15	25	40
TOTAL	\$935	\$935	\$3,796	\$5,665	\$1,401	\$701	\$4,163	\$6,265	\$1,480	\$721	\$4,467	\$6,667

Child Health Insurance Block Grants

California: Actual expenditure data for 2002-2003 are based on data used in the 2004-2005 Governor's Budget. Other State Funds for 2002-2003 includes Tobacco Settlement Funds used as the match to the Title XXI SCHIP funds.

Actual expenditure data for 2003-2004 are based on data used in the 2005-2006 Governor's Budget. Other State Funds for 2003-2004 includes reimbursements received from the California Children and Families First Commission (CCFC) for the Oral Health Demonstration Projects. They also include Proposition 99 funds for the Rural Health Demonstration Projects.

Estimated expenditure data for 2004-2005 are based on the 2004 November Estimate reflected in the 2005-2006 Governor's Budget. Other State Funds for 2004-2005 includes estimated reimbursements from the CCFC for the Oral Health Demonstration Projects, Proposition 99 funds for the Rural Health Demonstration Projects and county funds for the County Health Initiative Matching Fund Program.

Colorado: The Colorado CHIP program was capped to new enrollment in November 2003 due to a statewide budget shortfall. In order to cap the program, the prenatal program also had to be discontinued. The prenatal program was reinstated and the cap was lifted on July 1, 2004. The enrollment cap caused a 30 percent decline in caseload (from a high of 52,484 in October 2003 to a low of 37,069 in June 2004). Average monthly enrollments for the three fiscal years are roughly equal: 49,216 for fiscal 2003, 46,694 for fiscal 2004, and 47,884 (est.) for fiscal 2005. The relatively flat caseload accounts for the nearly equal CHIP expenditures across the three years.

CHIP expenditures include costs for medical, dental, prenatal, and administration. All expenditures are funded from the CHIP Trust Fund. The state share of the Trust Fund is funded primarily with tobacco settlement funds but also includes some client fees and interest earnings. Any projected shortfall is backfilled with General Fund. The unspent balance at the end of the year is rolled into the following year:

Connecticut: CHIP appropriations are "gross funded": federal funds are deposited directly to the State Treasury. Fiscal 2005 includes a retroactive adjustment of \$4.4 million for past claims recently approved by CMS.

Michigan: The increased expenditures in fiscal 2004 reflect approval of a federal waiver, the Adult Benefit Waiver, to expand health care coverage to childless adults, using SCHIP funds. The estimated expenditure decline for fiscal 2005 reflects federal approval to freeze enrollments, decreasing the number of eligibles from 85,000 to 62,000.

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 our waiver expires or we revert back to the Medicaid program.

Methodology

The 2004 State Expenditure Report reflects three years of data: actual fiscal year 2003 actual fiscal year 2004, and estimated fiscal year 2005. The text of this report focuses on actual fiscal year 2004 data.

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

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

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

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

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

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

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

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

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

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

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

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

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

Definitions

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

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

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

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

