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Texas State and Local Government Expenditures: A Comparison with Other States for 1997

by

Judith I. Stallmann
judystal@tamu.edu

Department of Agricultural Economics
2124 TAMU
Texas A&M University
College Station, Texas 77843-2124

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Associate Professor and
Extension Economist

Texas Agricultural Extension Service
Department of Agricultural Economics
Texas A&M University System

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2124 TAMU
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College Station, Texas 77843-2124

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Executive Summary

Texas Expenditures at a Glance

For both the state and local governments in Texas, education is the single largest expenditure.

Texas state and local governments rank:

- C 44th in total state and local expenditures per capita. Texas spent \$4,556 per capita in fiscal 1997, below the national median of \$5,097.
- C 41st in state and local expenditures per \$1,000 of personal income. For every \$1,000 of personal income, Texas state and local governments spent approximately \$190. This is below the national median of \$214.
- C 24th in property education expenditures per capita, \$1,582, and 25th in education expenditures per \$1000 of personal income, \$66.
- C 47th in transportation expenditures per capita, \$285. The national median is \$403
- C 35th in social services expenditures per capita, \$956. The national median is \$1,125.
- C 23rd in public safety expenditures per capita, \$375.
- C 48th in administrative expenditures per capita, \$175. The national median is \$243.

In general Texas ranks low on most expenditures. This is not surprising because Texas is also a low-tax state.

Texas State and Local Government Expenditures: A Comparison with Other States for 1997

Judith I. Stallmann

ABSTRACT: This report is part of an educational series on Texas state and local taxes and public expenditures. State and local government expenditures per capita and per \$1,000 of personal income in Texas are compared with those of the fifty states and the District of Columbia. For each expenditure the national average, median, maximum and minimum are given along with the corresponding expenditure for Texas and Texas's rank nationally. For all state and local expenditures, Texas ranks 44th per capita and 41st per \$1,000 of personal income. Texas ranks above the median on education and public safety. It ranks below the median on social services and interest expenditures. It ranks in the lowest 20% nationally on transportation, housing, environment and natural resources, and administrative expenditures.

Taxation and budget issues are continuing concerns in Texas. The level of expenditures is a perennial concern for two reasons: 1) expenditures affect the taxes that Texans pay, 2) citizens also have views on the types of expenditures that government should or should not make and how high those expenditures should be. In addition, devolution of federal programs to state and local government has increased interest in the allocation of state and local expenditures. This report provides basic information about the level and allocation of public budgets, and the implications of that allocation. Such information may allow citizens and state and local decision-makers to better compare alternative spending proposals.

Given the ongoing nature of budget debates, at both the national and state levels, a comparison of the Texas state and local expenditure systems with those of other states may be helpful. This publication is the fourth in a series of documents about state and local public finances in Texas. The first document of this series provided basic information on the major state and local taxes in Texas (Jones,

Stallmann and Tanyeri-Abur). The second explained the constitutional amendment on property taxes that citizens passed by voter referendum in August, 1997 (Stallmann). The third compared the major state and local taxes of Texas with those of other states and analyzed the impact of the system on the state (Stallmann and Jones). This report examines how public monies are used at the state and local level.

The report begins with a general description of trends in state expenditures from 1985 to 1999. Unfortunately, similar data are not readily available for local government expenditures. The paper then compares major state and local expenditures in Texas with those of other states. The expenditure information is for fiscal year 1997, from the Census of Government that was released by the Census Bureau in December 2000. This is the most recent and most complete set of data available. While the dollar amount of expenditures has changed since 1997, in most cases the relative ranking of states has remained fairly stable.

State Expenditures

Before comparing expenditures across states, this section reviews the history of expenditures at the state level in Texas. Similar data are not readily available for local governments. Net state expenditures have increased from approximately \$16.5 billion in 1985 to approximately \$45.7 billion in 1999 (Texas Comptroller's Website). This increase is due to three factors: 1)inflation, 2)rapid population increase requiring increased expenditures, and 3) increased demands for some public services.

Not only have state expenditures increased over the last 15 years, but also how the state uses its public monies has changed (Figure 1). Health and human services are now a larger percentage of state expenditures than they were in 1985, increasing

from approximately 20% of state expenditures to 34% percent. While state spending on education has increased from \$8.6 billion in 1985 to \$17.2 billion in 1999, education accounted for approximately 52% of state expenditures in 1985 and now is approximately 38% of state expenditures. State spending on transportation has declined from a high of 13-14% of the state budget from 1986-88 to 8% in 1999. Public safety and corrections have increased from 3.8% of state expenditures in 1985 to 6.3% in 1999. It should be noted that the expenditures above are reported in more detailed categories than will be used below.

Analysis Methods

To compare expenditures among states, a basis of comparison must be established (see next section). This report compares expenditures among states by:

- comparing the expenditure per resident (or per capita) of each state, and
- comparing the expenditure per \$1,000 of personal income in each state.

The national per capita expenditure was calculated by summing the total expenditures across all states and dividing by the national population. To calculate the national expenditure per \$1,000 of personal income, expenditures were summed as above and divided by national personal income. The median expenditure and the state with that expenditure are also presented. The median is defined as the halfway point. Half of the states have an expenditure higher than the median and half have an expenditure lower than the median. Because the comparisons include the District of Columbia, the median state is the state that ranks twenty-sixth. The table for each expenditure also reports the highest and lowest expenditures per capita and per \$1000 of personal income among the states. In addition, the dollar value of the expenditure for

Texas and the relative rank of Texas among the fifty states and the District of Columbia is reported.

Establishing a Basis of Comparison

Comparing expenditures across states may seem straightforward, but specific types of expenditures are not uniform from state to state. To compare expenditures among states requires establishing a basis of comparison:

- **State and local expenditures are reported together rather than separately.**

In some states an expenditure is the responsibility of the state government, in others of the local government, and in still others it is a shared responsibility. For example, in Virginia roads are the responsibility of state government, while in Texas the responsibility is shared between state and local governments. To meaningfully compare highway expenditures across states, all such expenditures, both state and local, must be included. Any federal dollars administered by the state or local governments are counted as expenditures.

- **Expenditures are measured per resident.**

Because state populations vary, comparing total expenditures of each state is not useful. Instead, the average expenditure for an individual resident of the state—a per capita expenditure—is a better way to compare expenditures across states. The per capita calculation does not, however, reflect the distribution of expenditures among different groups within the state, such as low, medium and high income groups. It also does not imply that every citizen is a recipient of this expenditure, it is an average.

In addition, states with large populations may have economies of scale in some public services. In this case, their costs per capita would be lower. Texas is the second

most populous state, so that it has the potential for some economies of scale.

- **Expenditures are also measured per \$1,000 of personal income.**

Another way of comparing expenditures among states is by the amount of expenditures per \$1,000 of personal income. This comparison is useful because average incomes vary among states. A state with low per capita income may have higher expenditures on some categories and lower on others. Texas ranks 30th in the nation in per capita income (Table 1). As shown in Figure 2, the poorest states in the nation are found surrounding Texas and in the upper plains. The second poorest tier of states are in the southeast and the mid-plains areas.

Table 1: Per Capita Income, Fiscal 1997

	Income Per Capita and State
United States Average	\$25,924
Median	24,594 Georgia
Maximum	35,636 Connecticut
Minimum	18,873 Mississippi
Texas and Rank	23,998 30

Source: BEA

- **Similar expenditures are aggregated.**

Similar expenditures are aggregated. For example, regulatory expenditures in Texas are aggregated into public safety expenditures along with police, fire and corrections (Census Bureau, 1992). Water and soil conservation, fish and wildlife and parks and recreation are aggregated into natural resources.

- **Expenditures on individuals and businesses are aggregated.**

Some expenditures directly benefit individuals, some directly benefit businesses, and some benefit both. Highways benefit both individuals and businesses. It might seem that only expenditures that benefit individuals should be included in the per capita calculation and that expenditures that benefit businesses should be calculated separately, as an average per business. All expenditures, however, ultimately benefit individuals because businesses are owned by individuals (proprietors and stockholders). In addition, data are not available to separate expenditures by business and individual.

- **All expenditures are counted as benefitting residents of that state.**

All expenditures by state and local governments within a state are counted as benefitting residents of that state. In fact, many expenditures benefit people and businesses who are out-of-state residents. For example, highway expenditures benefit not only Texans, but also people traveling through Texas and out-of state-businesses shipping products into or through Texas. These benefits will not be reflected in this report due to lack of information on out-of-state benefits.

Factors that Influence Expenditures

There are many factors that affect the level of expenditures within a state. For example, low expenditures may be the result of several positive factors. It may indicate that the state is a very careful administrator of public monies. Particularly for large states there may be economies of scale in some public services, resulting in lower costs per capita. There are also cases where the particular state has lower costs for other reasons (Stiglitz). For example, Texas might have lower costs of building highways per

mile than does Colorado because of its climate and terrain.

Low expenditures might also be because citizens prefer fewer government services, incomes of citizens are too low to pay for more services, or the state and local governments may be ignoring the needs of some citizens.

All governments have limited budgets. In the case of specific expenditures, the trade-off may have been made to spend less on that item in order to spend more on another deemed more important to citizens.

Total State and Local Expenditures in the United States

While there are many similarities in the structure of expenditures among states, there are some important differences also. Two states with similar total spending may allocate that spending very differently to match the needs and the mix of services that their citizens desire. In addition, citizens of one state may want higher overall levels of spending by government than do citizens of another state. It is fairly clear that citizens of California want more and different services from state and local government than do Texans.

State and local expenditures per capita in Texas were \$4556 per capita in fiscal 1997, ranking the state 44th nationally (Table 2). In fiscal 1993 the state ranked 40th with per capita expenditures of \$3972 (Fleenor). State and local expenditures per capita in the United States were \$5455, up from \$4697 in fiscal 1993 (Fleenor). Alaska had the highest expenditure per capita, \$12,361; and Arkansas the lowest, \$4156 (Figure 3).

In fiscal 1997 state and local expenditures per \$1000 of personal income in the United States were \$210, this is slightly lower than the \$221 spent in fiscal 1993

(Fleenor). When compared by expenditures per \$1000 of personal income, Alaska again had the highest expenditures, \$458 per \$1000 of personal income (Figure 4). New Hampshire spent the least, \$168 per \$1000 of personal income. Texas spent \$190 per \$1000 of personal income, ranking 41st in the nation. This is less than the \$204 per \$1000 of personal income that Texas spent in fiscal 1993 when it ranked 38th in the nation (Fleenor).

Table 2: Total State and Local Expenditures, Fiscal 1997

	Expenditure Per Capita and State	Expenditure Per \$1000 of Personal Income and State
United States Average	\$5455	\$210.42
Median	5097 Maine	213.81 Kentucky
Maximum	12,361 Alaska ¹	457.99 Alaska ²
Minimum	4156 Arkansas	167.81 New Hampshire
Texas Expenditure and Rank	4556 44	189.84 41

Source: Census of Governments and BEA

¹ Washington, D.C. ranks second at \$11,346, New York third at \$8,284. Then there is another large drop to fourth ranked Wyoming at \$6,565.

² Washington, D.C. ranks second at \$322. Then there is a drop to third ranked Wyoming at \$278.

A comparative analysis of state and local taxes showed that in general Texas is a low tax state (Stallmann and Jones). Thus, it is not surprising that Texas also ranks low in total expenditures. Texas ranks second in population so there may be some economies of scale that could result in lower costs for public services.

Education Expenditures

Approximately 35% of state and local expenditures in Texas in 1997 were for education. Education expenditures include K-12 (72% of education expenditures), higher education (25%), other education expenditures (1%), educational assistance and subsidy programs (1%) and public libraries (1%). Education is the major expenditure at the local level in Texas. As shown above, it is also a major expenditure for the state. In some states, the state finances the majority of K-12 education while in others, as in Texas, the majority of K-12 educational expenditures are local. In Texas, community colleges are also financed locally while other higher education is financed solely by the state. Texas spent \$1582 per capita on education in fiscal 1997 (Table 3). It ranked 24th in educational expenditures per capita, just above the median. In 1993 Texas spent \$1350 per capita and ranked 23rd. The United States average was \$1588 and expenditures ranged from \$2654 per capita in Alaska to \$1290 in Tennessee (Figure 5).

Texas spent \$66 per \$1000 of personal income on education and ranked 25th, just above the national median. This is a decrease from 1993 when Texas spent \$69 per \$1000 of personal income and ranked 24th. Expenditures ranged from \$98 per \$1000 of personal income in Alaska to \$37 in Washington, D.C., with a national average of \$61 per \$1000 of personal income (Figure 6).

Table 3: Education Expenditures, Fiscal 1997

	Expenditure Per Capita and State	Expenditure Per \$1000 of Personal Income and State
United States Average	\$1588	\$61.27
Median	1572 Virginia	65.76 Kansas
Maximum	2654	98.34

	Alaska ¹	Alaska
Minimum	1290 Tennessee	37.30 Washington, D.C. ²
Texas Expenditure and Rank	1582 24	65.92 25

Source: Census of Governments and BEA

¹ Washington, D.C. ranks second at \$2,097.

² Second lowest is Massachusetts at \$46.74.

Transportation Expenditures

Transportation accounted for approximately 6% of state and local expenditures in 1997. Transportation expenditures include highways (89% of transportation expenditures), airports (8%), water transport and terminals (3%), parking facilities and transit subsidies combined were less than 1%. Texas ranked 47th in transportation expenditures per capita (Table 4). Texas ranked 32nd in 1993 and spent \$293 per capita compared with \$285 in 1997. The median expenditure per capita was \$403, by Florida, and the national per capita expenditure was \$359 (Figure 7). Expenditures ranged from \$1362 in Alaska to \$227 in Washington, D.C. Alaska's expenditure was nearly twice that of second-ranked Wyoming's \$725.

Alaska and Washington D.C. also ranked highest and lowest in expenditures per \$1000 of personal income (Figure 8). Texas, with expenditures of \$12 per \$1000 of personal income, ranked 42nd. This is less than the \$15 per \$1000 of personal income the state spent in 1993 when it ranked 32nd in the nation. The median was \$16.

The low expenditure in Washington, D.C. is not surprising, given that it is a small city. The high expenditure by Alaska also is not surprising given its size and low population density. Not only are roads costly, but also many small airports are a part of its transportation system. Wyoming, also a large state with low population density,

ranks second on both measures. On the other hand, given its size, rapid population growth, and two major airports, it is surprising that Texas ranks below the median on both measures of transportation spending. Alternatively, the low expenditures, and the population growth. If the low expenditures are not the result of such economies, then, given both the increased population and increased truck traffic entering the state as a decrease in expenditures per capita, might indicate efficiency in road building, lower

Table 4: Transportation Expenditures, Fiscal 1997

	Expenditure Per Capita and State	Expenditure Per \$1000 of Personal Income and State
United States Average	\$359	\$13.85
Median	403 Florida	15.97 Louisiana
Maximum	1362 Alaska ¹	50.45 Alaska ²
Minimum	227 Washington, D.C.	6.45 Washington, D.C. ³
Texas Expenditure and Rank	285 47	11.87 42

Source: Census of Governments and BEA

¹ Wyoming ranks second at \$724.

² Wyoming ranks second at \$31.

³ Second lowest is New Jersey at \$9.60.

costs per mile of road, or economies of scale in road or airport use because of rapid result of the North American Free Trade Agreement (NAFTA), low transportation expenditures may cause a severe bottleneck in the state's transportation system and hamper the ability of the state to profit from the increased trade. It might also affect national benefits from NAFTA, as much trade passes through Texas.

Social Services Expenditures

Social service expenditures were 21% of state and local spending in 1997.

Social services expenditures include traditional assistance programs (14%), hospitals and medical care (85%), employment security programs (1%), and veterans services (less than 1%). Spending is both a function of the level of benefits provided and the percentage of population eligible to participate in the programs. Social services expenditures ranged from \$3105 per capita in Washington, D.C. to a low of \$756 in South Dakota (Table 5). Expenditures by Washington, D.C. are \$1000 higher per capita than second-ranked New York (Figure 9). With per capita expenditures of \$956, Texas ranked 35th in the nation. In 1993 Texas ranked 34th with per capita expenditures of \$843. The median was \$1125 spent by Ohio, and the national average was \$1147.

Social services expenditures per \$1000 of personal income ranged from \$88 in Washington, D.C. (nearly \$20 higher than second-ranked Mississippi) to \$28 in Maryland (Figure 10). The median was \$44 per \$1000 of personal income and the national average was \$47. Texas ranked 36th with expenditures of \$40 per \$1000 of personal income. In 1993 Texas spent \$43 and ranked 33rd. As social services are devolved to the states, and as states set their own rules for eligibility, there may be even larger differences among states in the future.

Table 5: Social Services Expenditures, Fiscal 1997

	Expenditure Per Capita and State	Expenditure Per \$1000 of Personal Income and State
United States Average	\$1189	\$45.86
Median	1125 Ohio	44.36 Montana
Maximum	3105 Washington, D.C. ¹	88.12 Washington, D.C. ²

Minimum	756 South Dakota	28.35 Maryland
Texas Expenditure and Rank	956 35	39.81 36

Source: Census of Governments and BEA

¹ New York ranks second at \$2,076.

² Mississippi ranks second at \$69.02.

Poverty is a severe problem in some areas of Texas. The U.S. Department of Agriculture classifies 71 rural counties as persistent poverty counties. The percentage of population below the poverty level in these counties has been 20 percent or more since 1960. The low spending on social services may suggest either that Texas is very efficient at targeting services to the needy, or that the state is not meeting the needs of some of the poorer citizens.

Housing Programs Expenditures

Approximately 3% of state and local expenditures were devoted to housing and related programs in 1997. Housing includes housing and community development programs (27% of expenditures), sewerage (50%) and other sanitation (23%). Texas ranked 40th in the nation with expenditures on housing of \$155 per capita. The national minimum was \$120 per capita in Mississippi. Washington, D.C. had the highest

Table 6: Housing Expenditures, Fiscal 1997

	Expenditure Per Capita and State	Expenditure Per \$1000 of Personal Income and State
United States Average	\$242	\$9.33
Median	197 Michigan	8.31 Illinois
Maximum	547 Washington, D.C. ¹	16.92 Alaska

Minimum	120 Mississippi	5.83 Kansas
Texas Expenditure and Rank	155 40	6.48 41

Source: Census of Governments and BEA.

¹ Alaska ranks second at \$457.

expenditures per capita, \$547 (Figure 11). National average expenditures were \$242 and the median was \$197, by the state of Michigan. Data for 1993 combine housing and national resources, so they are not comparable with 1997 data.

Texas ranked 41st in housing expenditures per \$1000 of personal income, similar to its per capita ranking. The maximum expenditure is nearly \$17 per \$1000 of personal income in Alaska, and the minimum is under \$6 in Kansas (Figure 12). The median is \$8.30 in Illinois.

Environment and Natural Resources Expenditures

The state and local governments devote approximately 2% of their budgets to environmental and natural resource programs. Agricultural programs, which include state spending on the extension service and the agricultural experiment stations, promotion of agriculture, and regulation, are 13% of expenditures (Census Bureau, 1992). Parks and recreation are 54%, other environmental spending, which includes flood control, soil and water conservation, environmental protection, etc. is 32% of expenditures (Census Bureau, 1992).

With expenditures of \$87 per capita, Texas ranks 46th in the nation in environment and natural resource expenditures (Table 7). This compares with the median expenditures of \$127 by the state of Kansas and the national average of \$139 (Figure 13). Alaska spends the most, \$562 per capita, \$200 more per capita than

second-ranked Wyoming. New Hampshire spends the least per capita on environmental and natural resource programs, \$72.

Texas ranks 43rd in environment and natural resource spending per \$1000 of personal income, \$3.63. Connecticut has the lowest expenditures, \$2.17 (Figure 14). Alaska's expenditure of \$20.83 per \$1000 of personal income is over \$4 higher than

Table 7: Environment and Natural Resources Expenditures, Fiscal 1997

	Expenditure Per Capita and State	Expenditure Per \$1000 of Personal Income and State
United States Average	\$139	\$5.38
Median	137 Kansas	5.63 Maine
Maximum	562 Alaska ¹	20.83 Alaska ²
Minimum	72 New Hampshire	2.17 Connecticut
Texas Expenditure and Rank	87 46	3.63 43

Source: Census of Governments and BEA

¹ Wyoming ranks second at \$357.

² North Dakota ranks second at \$16.80.

second-ranked North Dakota's \$16.80. The median and average are similar, \$5.63 and \$5.38 respectively.

Public Safety Expenditures

Public safety expenditures are approximately 8% of state and local budgets. Public safety includes fire and ambulance (15% of public safety expenditures), police protection (35%), corrections (43%), and protective inspections and regulatory functions (4%). With expenditures of \$375 per capita Texas ranked 23rd in the nation, above the

median. Expenditures have increased over \$80 per capita since 1993 when the state ranked 26th and spent \$291 (Table 8). The median was \$366 and the national average was \$426. The \$1323 expenditure by Washington, D.C. was more than twice as high as that of second-ranked New York, \$642 (Figure 15). The minimum expenditure was \$187 by West Virginia.

Table 8: Public Safety Expenditures, Fiscal 1997

	Expenditure Per Capita and State	Expenditure Per \$1000 of Personal Income and State
United States Average	\$426	\$16.51
Median	366 Wyoming	14.87 New Jersey
Maximum	1323 Washington, D.C. ¹	37.54 Washington, D.C. ³
Minimum	187 West Virginia ²	9.66 West Virginia
Texas Expenditure and Rank	375 23	15.62 16

Source: Census of Governments and BEA

¹ New York ranks second at \$643.

² Second-lowest is Iowa at \$253.

³ Alaska ranks second at \$23.61.

Texas ranked 16th in expenditures on public safety per \$1000 of personal income. Texas ranked 21st in 1993 with a similar level of expenditure. Texas spent less than \$16 compared with the median of \$15 by New Jersey and the national average of \$16.51 (Figure 16). Washington, D.C. ranked highest and West Virginia lowest.

Administrative Expenditures

The state and local governments use approximately 4% of their budgets for administrative expenditures that generally cannot be attributed to a specific program.

These range from courts, to the legislature, tax collecting and assessing, auditing, and maintaining the courthouse (Census Bureau, 1992). Administrative expenses include financial administration (37%), judicial and legal expenditures (33%), public buildings (12%), and other administrative costs (17%).

Texas ranked 48th in the nation with per capita administrative expenditures of \$175 (Table 9). In 1993 the state ranked 42nd and spent \$158. Median expenditures were \$243 by the state of Virginia, close to the national average of \$249 (Figure 17). Alaska ranked highest with administrative expenditures of \$810, followed by Washington, D.C. with expenditures per capita of \$576.

With expenditures of \$7.27 Texas ranked lowest in the nation on administrative expenditures per \$1000 of personal income. This is similar to the state's expenditure in 1993 when the state ranked 43rd. The median expenditure, by the state of Washington was \$10.00 and the national average was \$9.60 (Figure 18). Alaska once again ranked highest and was \$13.00 higher than second-ranked Wyoming.

Table 9: Administration Expenditures, Fiscal 1997

	Expenditure Per Capita and State	Expenditure Per \$1000 of Personal Income and State
United States Average	\$249	\$9.60
Median	243 Virginia	9.62 Washington
Maximum	810 Alaska ¹	30.00 Alaska ²
Minimum	169 Alabama	7.00 North Carolina
Texas Expenditure	175	7.27

and Rank	48	50
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Source: Census of Governments and BEA

¹ Washington, D.C. ranks second at \$576, Delaware third at \$424.

² Wyoming ranks second at \$17.26.

Ranking low on general administrative expenditures may indicate an efficient governmental administrative system and/or economies of scale in administration. Or it may simply reflect low public expenditures in general, which require less administration.

Interest Expenditures

State and local governments have three major sources of revenues—taxes and fees, revenues from other governments, and debt. Governments may issue bonds especially for capital outlays. The capital and the interest on the bonds are later repaid from taxes and fees. Thus interest is an additional expenditure for governments.

Texas ranked 31st in interest expenditures at \$193 per capita (Table 10). This is the same level as in 1993 when the state ranked 30th. The median was \$216, by the state of Washington and the national average was \$233 (Figure 19). Alaska paid the most interest per capita, \$735, nearly \$150 more than second-ranked Washington, D.C.

Table 10: Interest Expenditures, Fiscal 1997

	Expenditure Per Capita and State	Expenditure Per \$1000 of Personal Income and State
United States Average	\$233	\$8.99
Median	216 Washington	8.60 Maryland
Maximum	735 Alaska ¹	27.22 Alaska ²
Minimum	113 Nebraska	4.56 Nebraska
	193	8.02

Texas Expenditure and Rank	31	33
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Source: Census of Governments and BEA

¹ Washington, D.C. ranks second at \$573, New York third at \$453.

² Washington, D.C. ranks second at \$16.28.

(\$573) and nearly \$280 more than third-ranked New York (\$453). Nebraska paid the lowest interest per capita, \$113.

Texas ranked 33rd with interest expenditures of \$8 per \$1000 of personal income. This is lower than in 1993 when the state ranked 32nd and spent \$10 per \$1000 of personal income. The median was \$8.60, by Maryland, and the national average was \$9 (Figure 20). Alaska again ranked highest at \$27, nearly \$11 higher than second-ranked Washington, D.C. with \$16.

Summary

Among states Texas ranks low for state and local expenditures per capita and per \$1000 of personal income. The two areas in which Texas ranks highest are education, where it ranks just above the median, and public safety where it ranks 23rd per capita and 16th per \$1000 of personal income. On social services and interest expenditures Texas ranks in the lowest 40% of the nation. Texas ranks in the lowest 20% nationally in expenditures on transportation, environmental and housing, natural resources, and administration. Texas ranks 48th in the nation on administrative expenditures per capita and lowest in the nation on administrative expenses per \$1000 of personal income.

The low rank on most expenditures may be the result of any one or more of the following factors: 1) the state may be very efficient in its management; 2) the state may

have lower costs than other states for certain reasons, for example topography; 3) given the population of the state, there may be economies of scale in some public services; 4) Texans may prefer lower taxes and/or lower levels of certain public services than do citizens of other states; 5) Texans may be neglecting needed public investments in the short-run and ignoring the long-run problems this may create; 6) Texans may be ignoring the needs of certain citizens whose votes do not reach a majority which would allow them to vote for the programs they need.

Low expenditures may be the result of any one or any combination of the above factors. The first four factors might be viewed as positive reasons for low expenditures, while the latter two might be indicators of future problems because of low expenditures. The focus of this report was to clarify to citizens and policy makers whether state and local public expenditures were high or low compared with those of other states. The factors influencing the level of expenditures would need to be the subject of further research.

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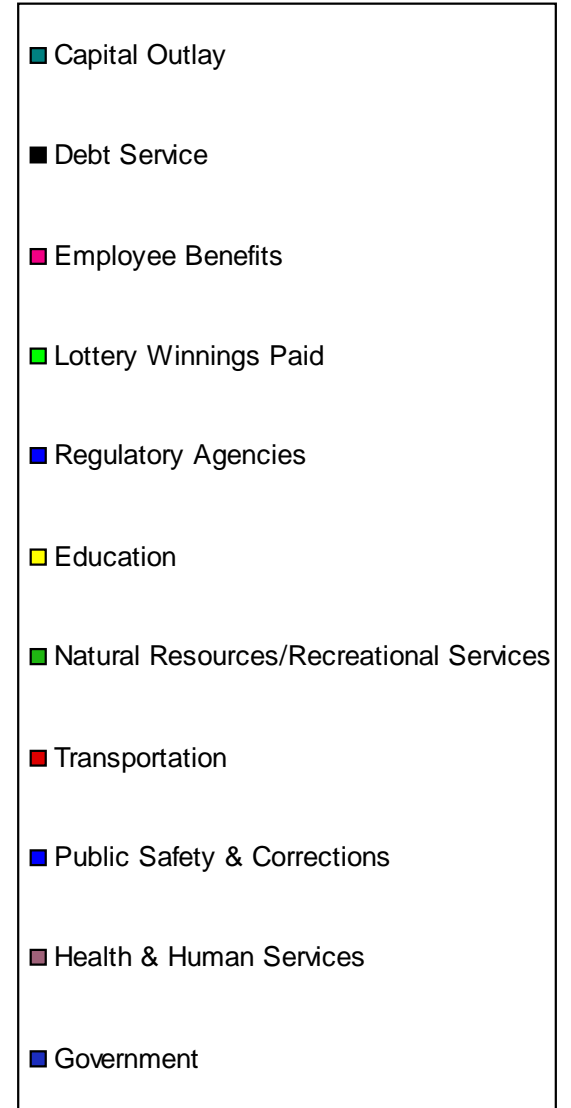
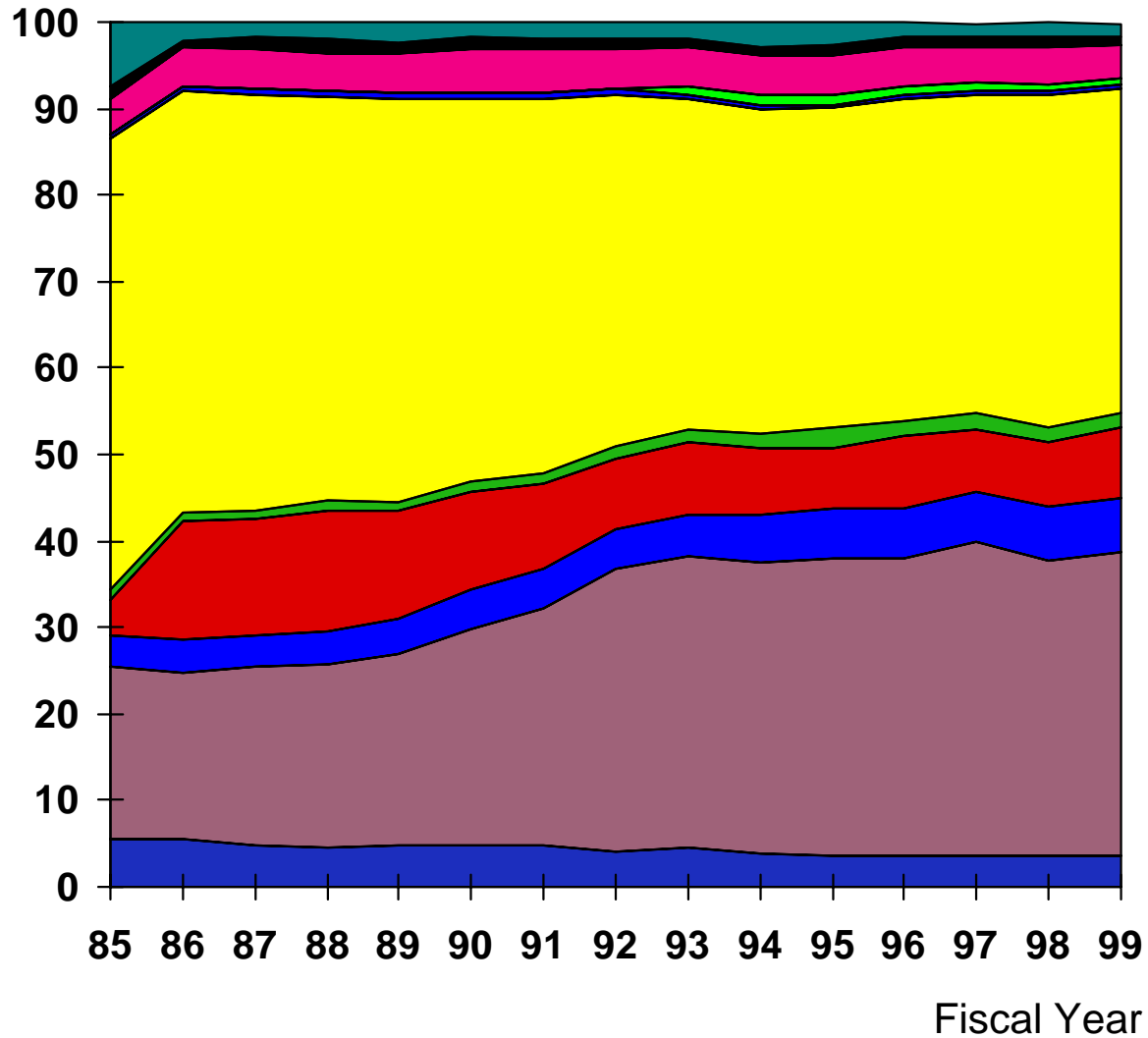
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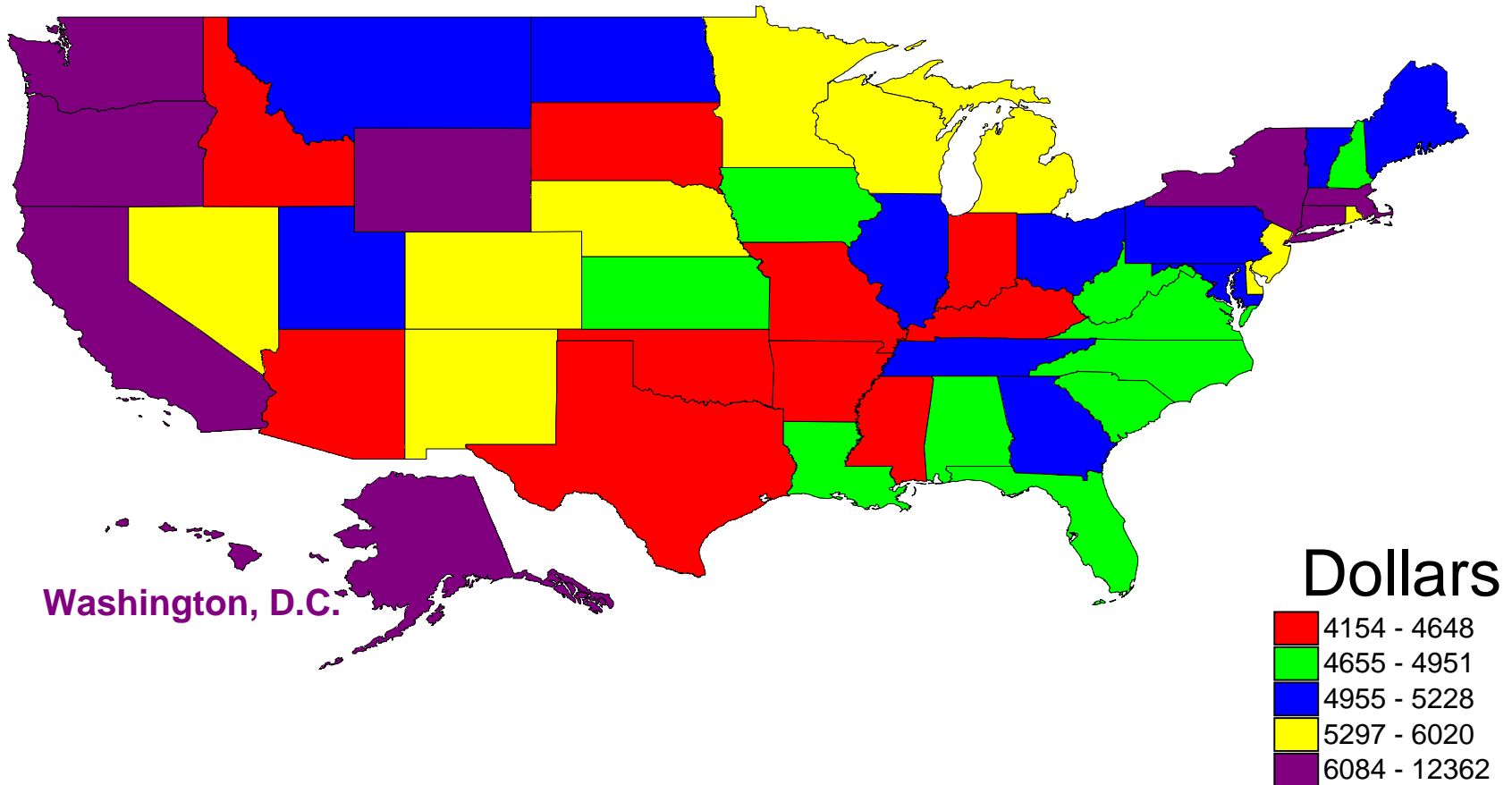
Percentage of Net Expenditures by Function

Percent of Total



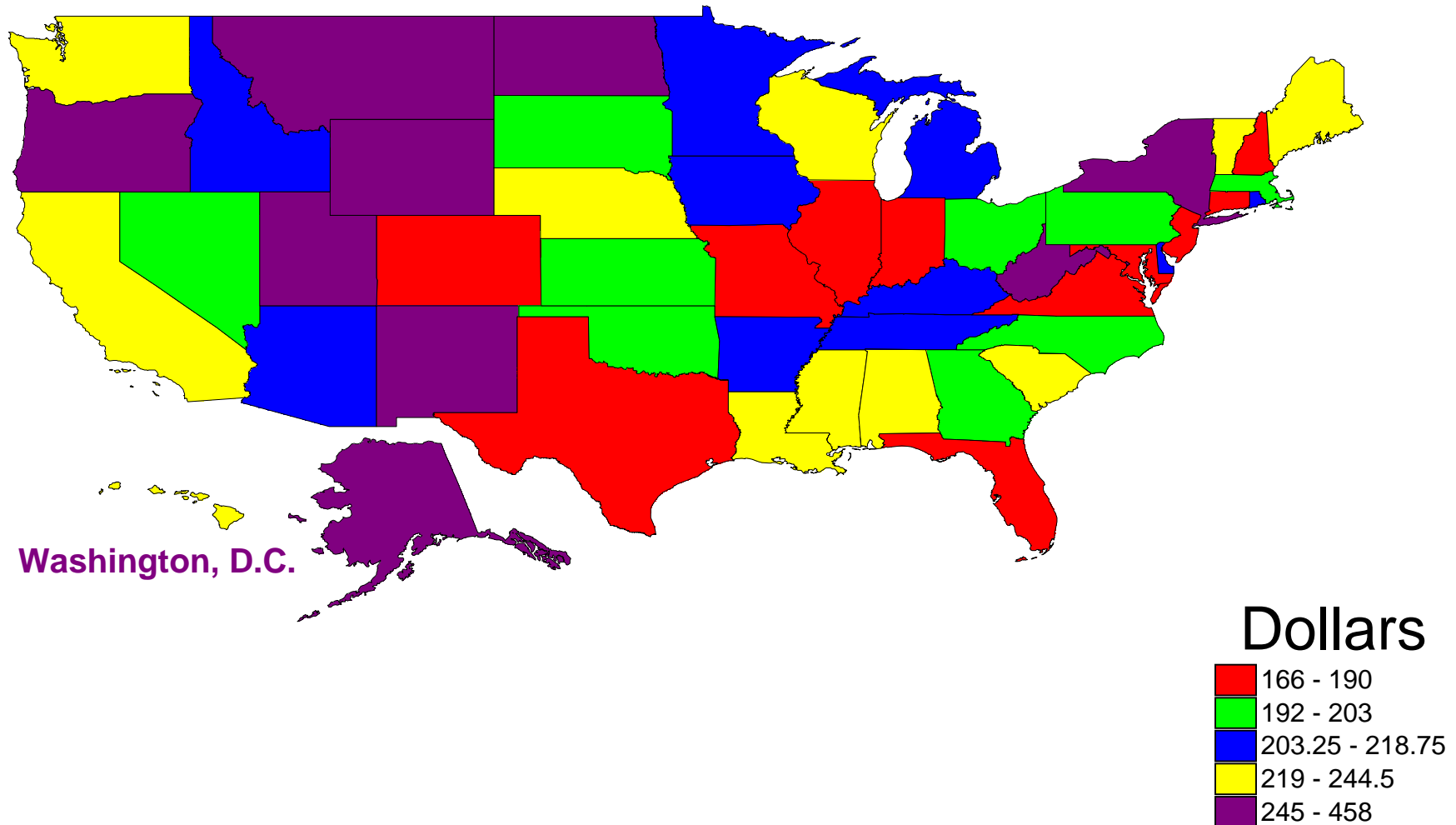
Total Expenditures

Per Capita, 1997



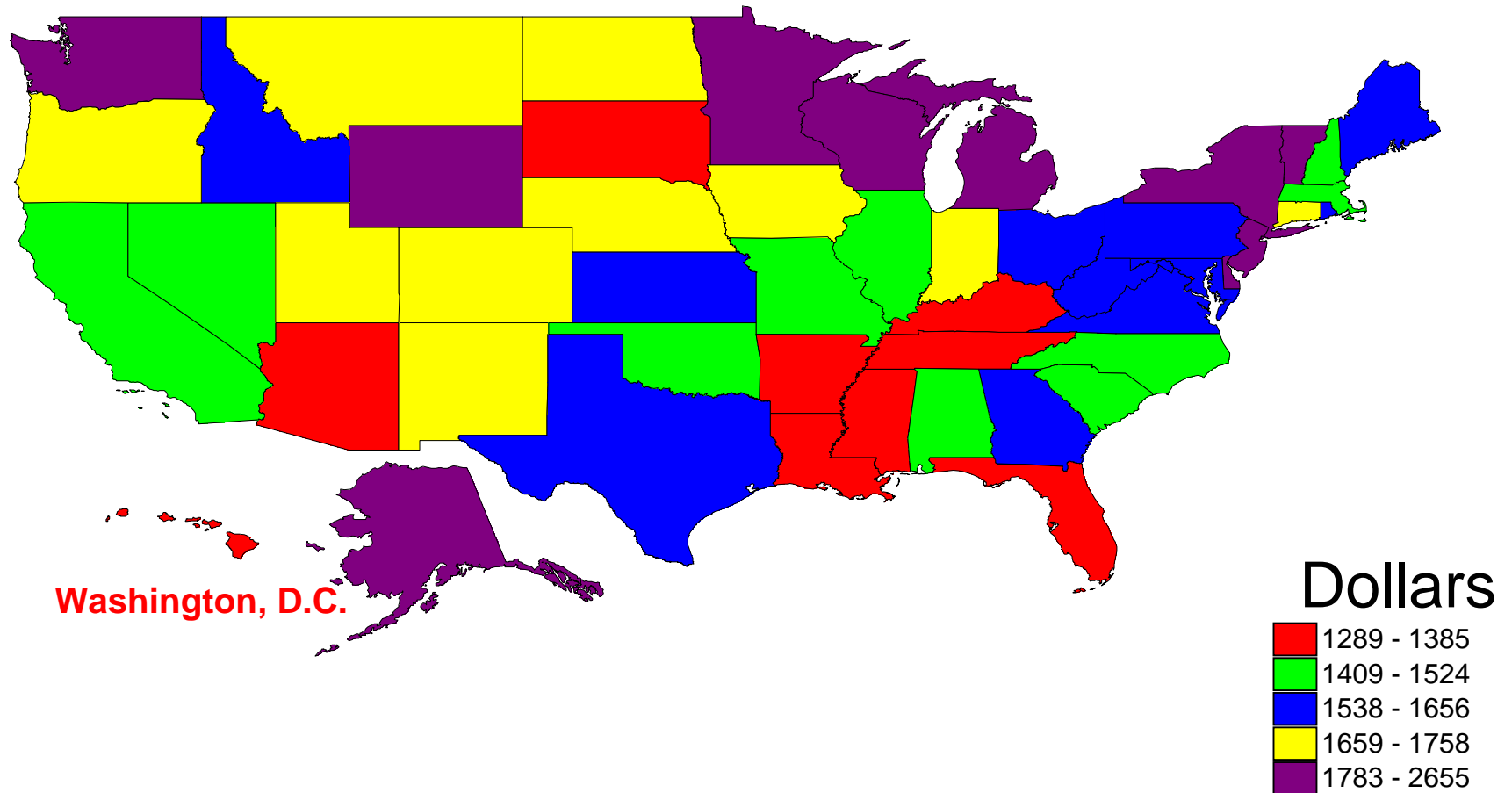
Total Expenditures

Per \$1000, 1997



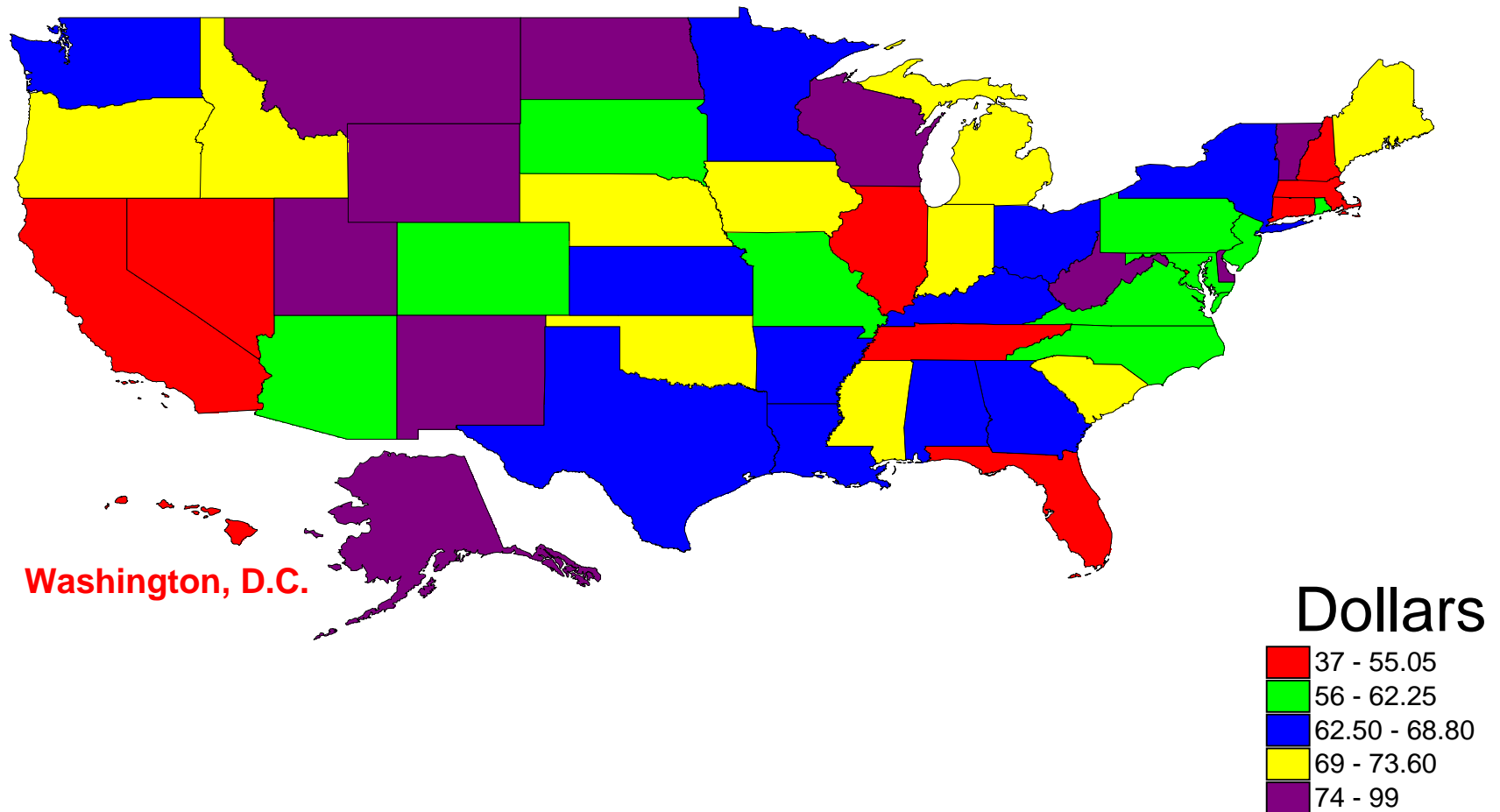
Education Expenditures

Per Capita, 1997



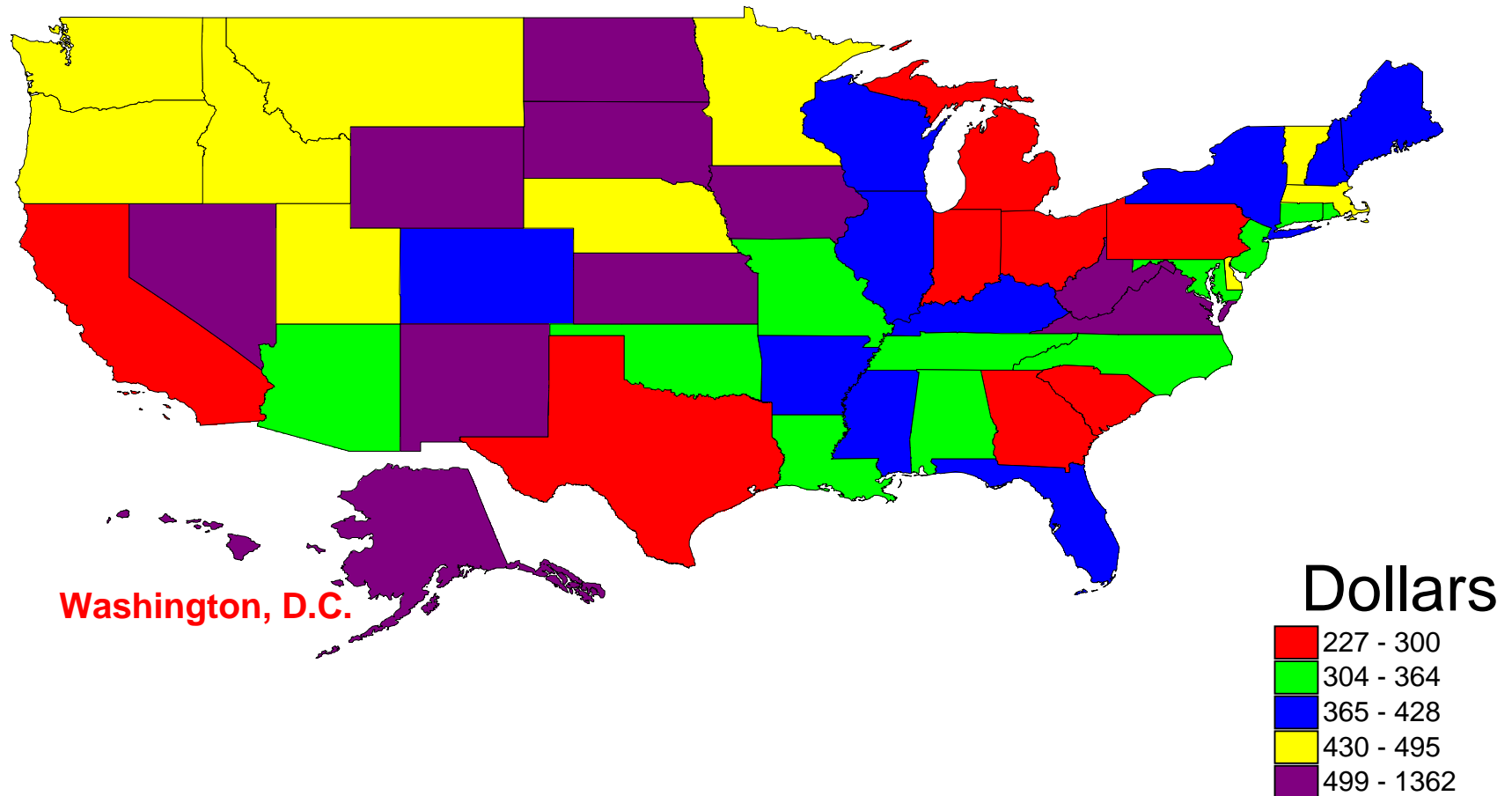
Education Expenditures

Per \$1000, 1997



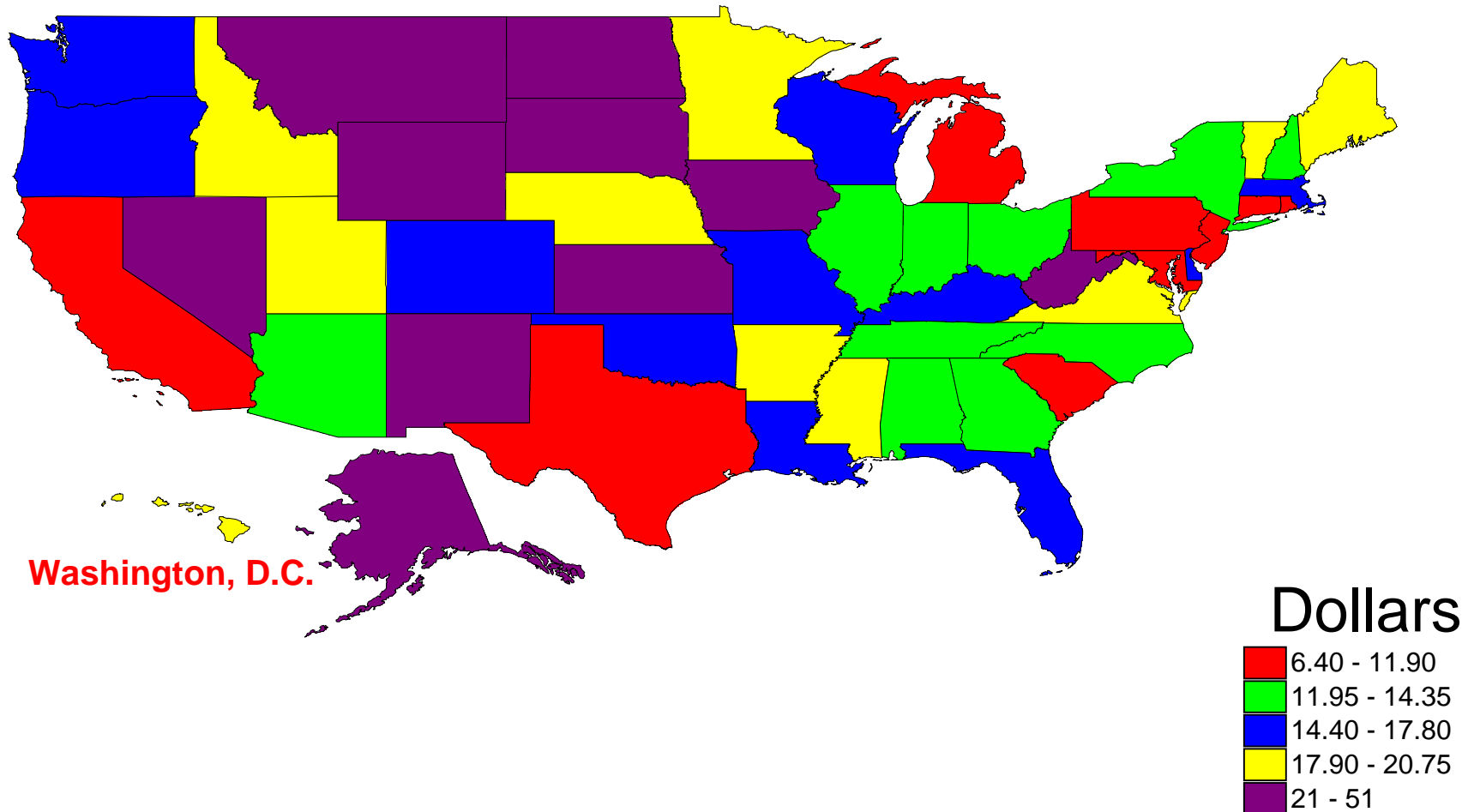
Transportation Expenditures

Per Capita, 1997



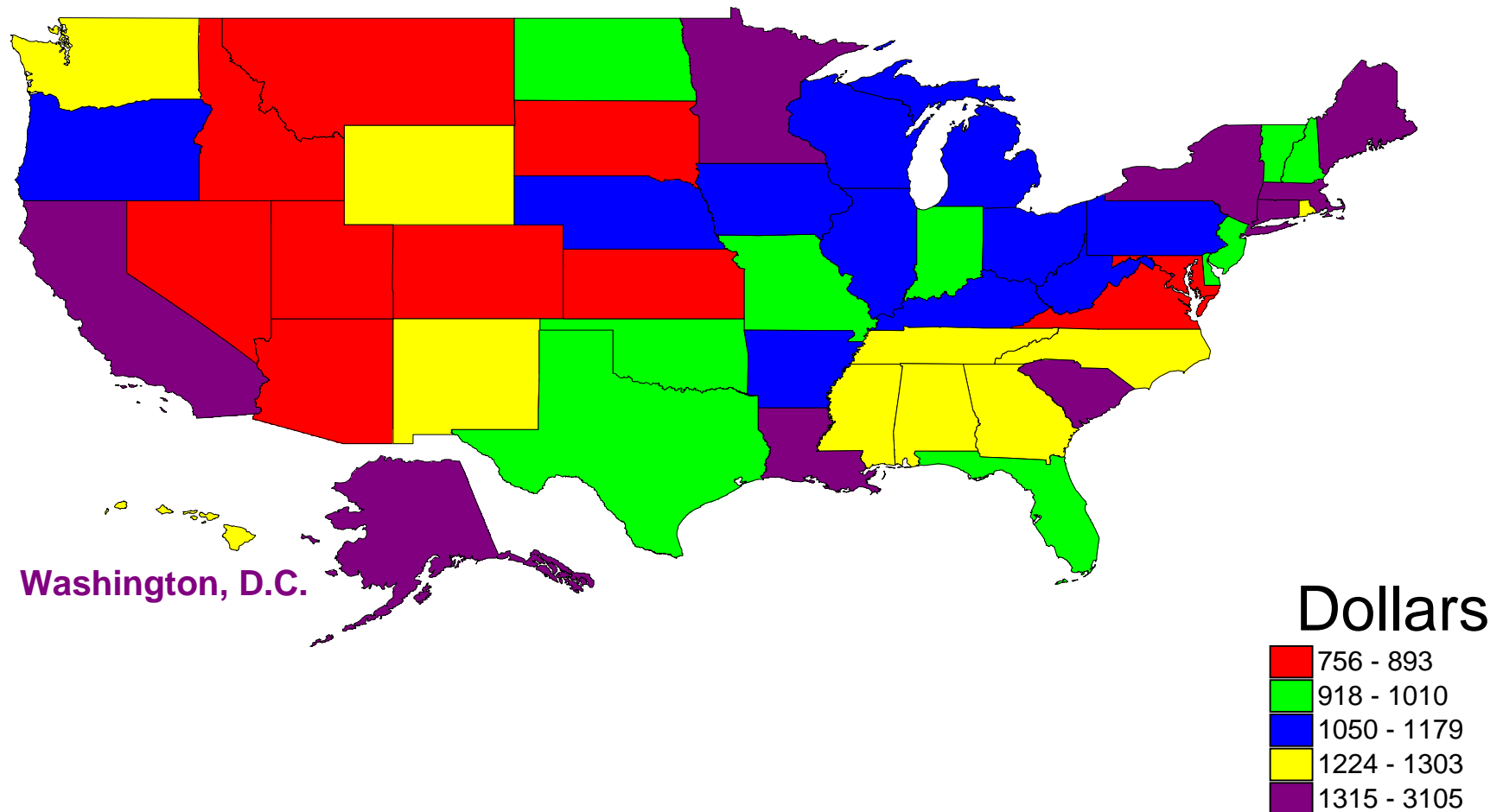
Transportation Expenditures

Per \$1000, 1997



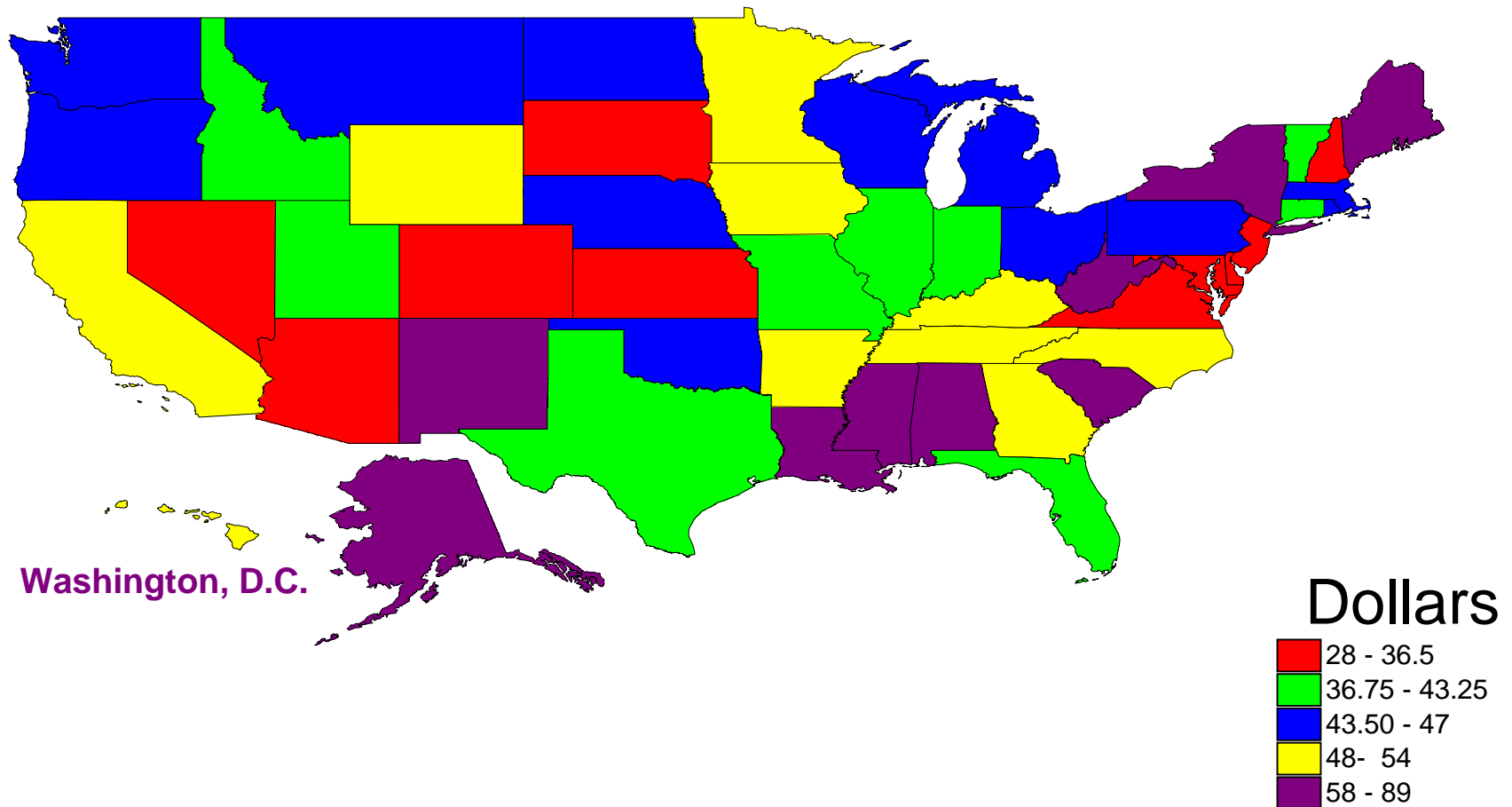
Social Services Expenditures

Per Capita, 1997



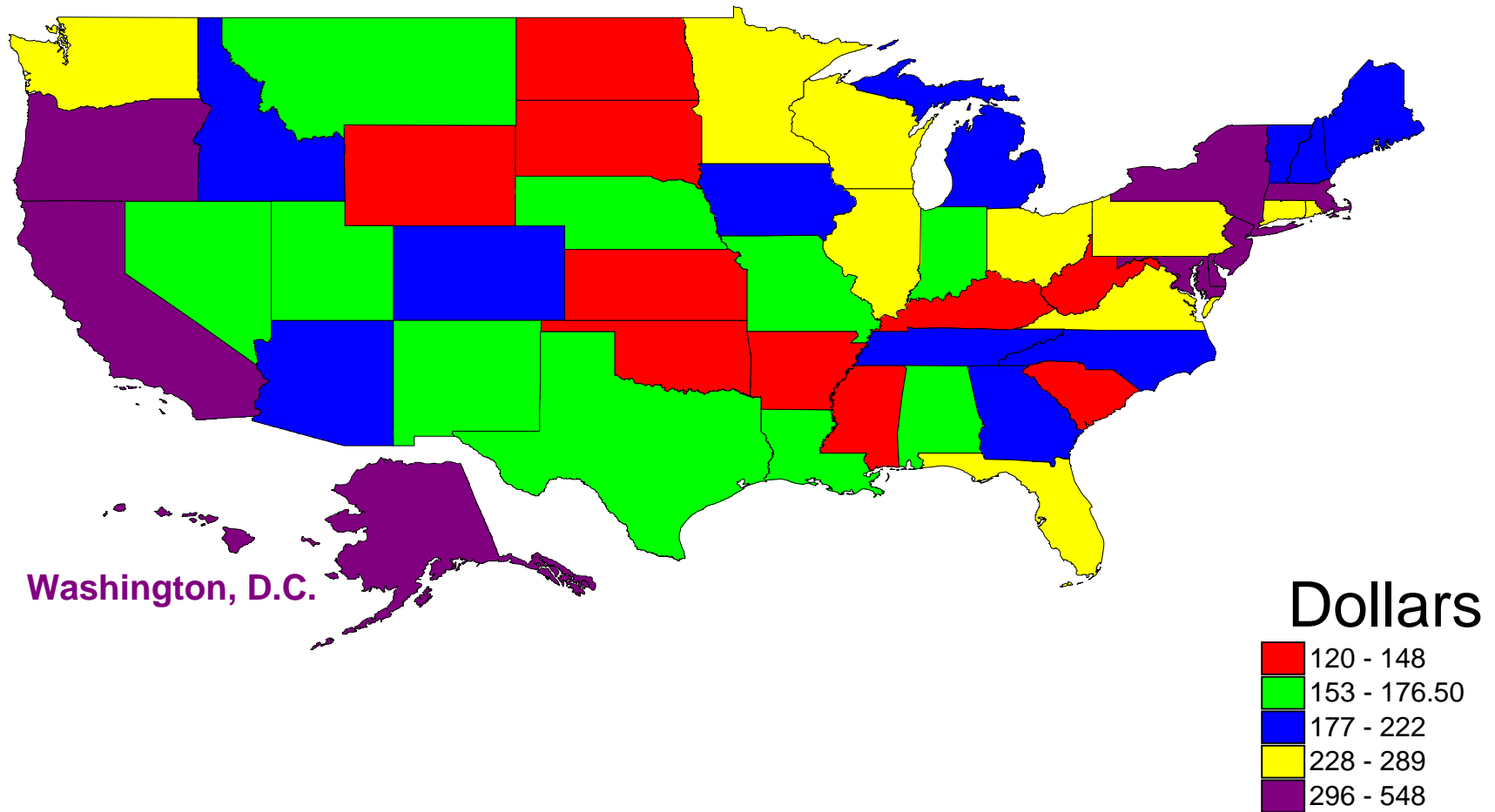
Social Services Expenditures

Per \$1000, 1997



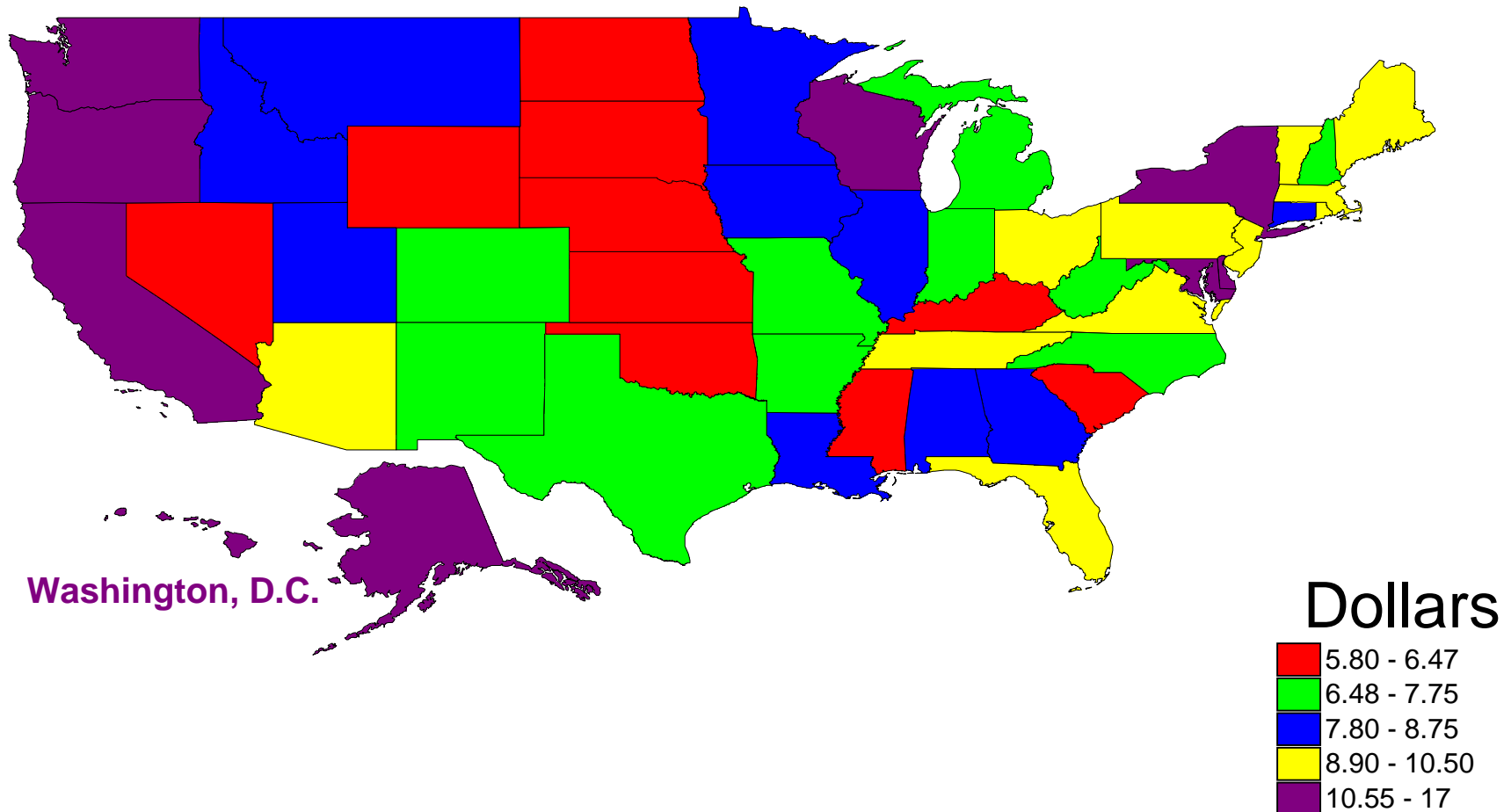
Housing Expenditures

Per Capita, 1997



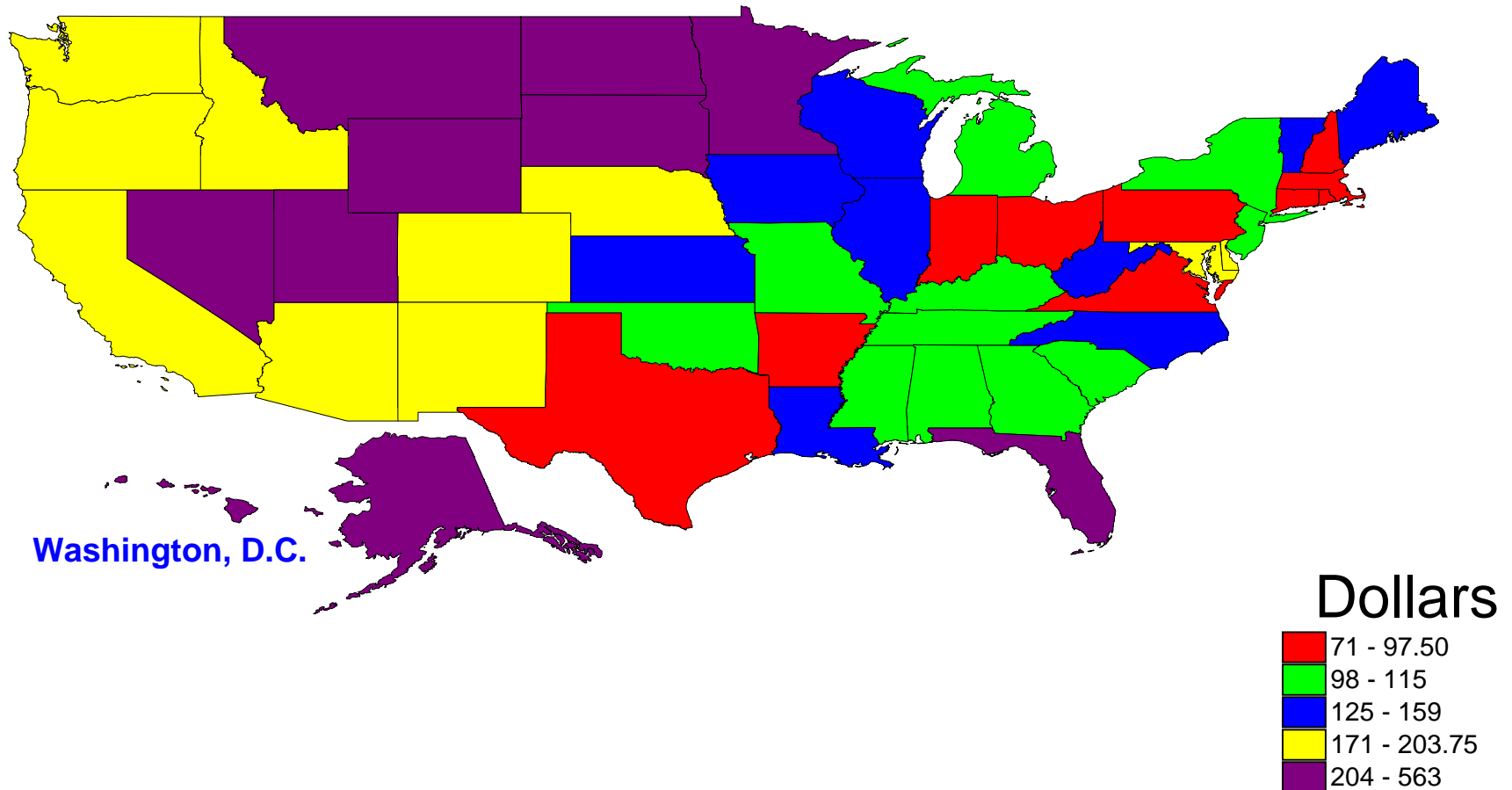
Housing Expenditures

Per \$1000, 1997



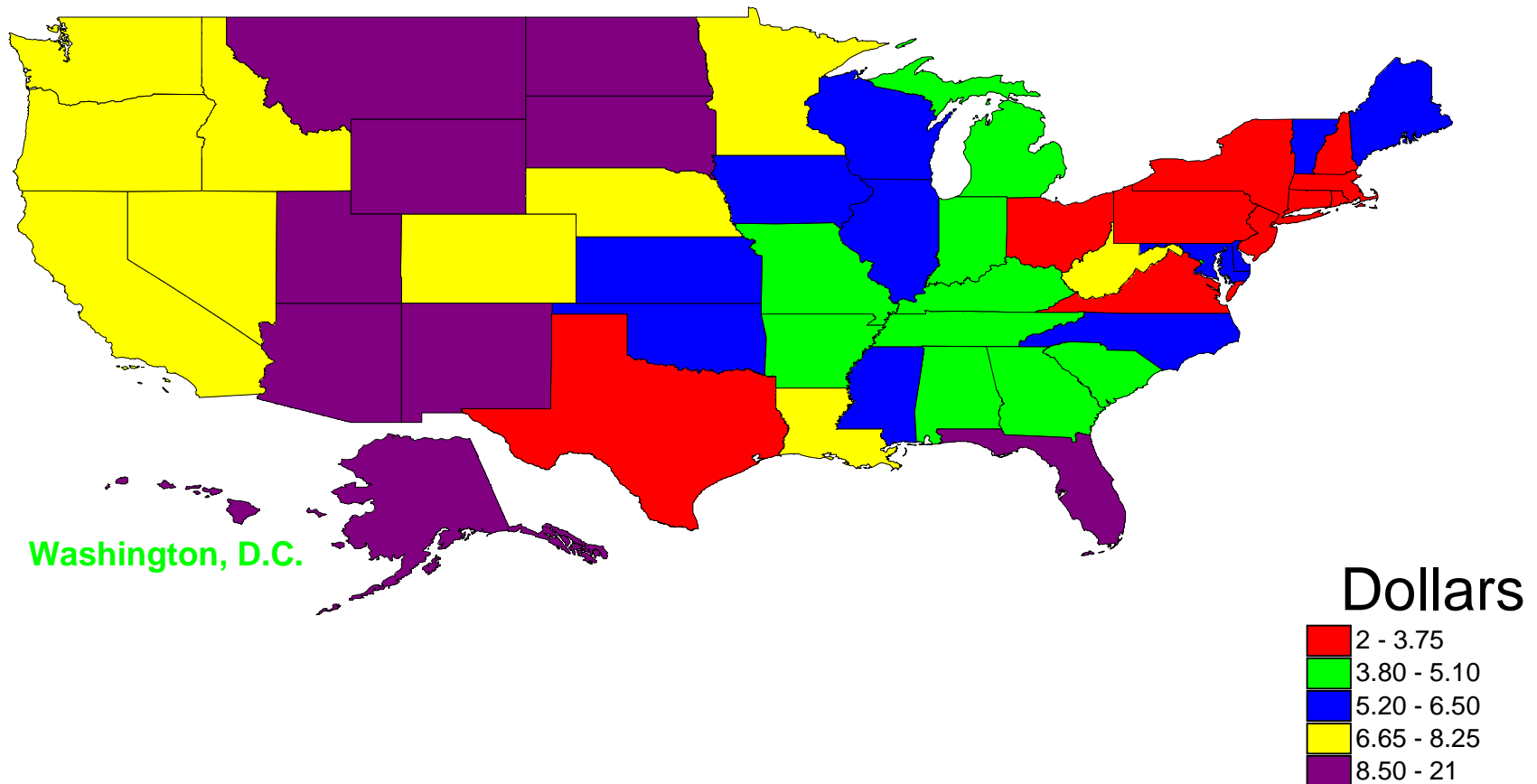
Natural Resources Expenditures

Per Capita, 1997



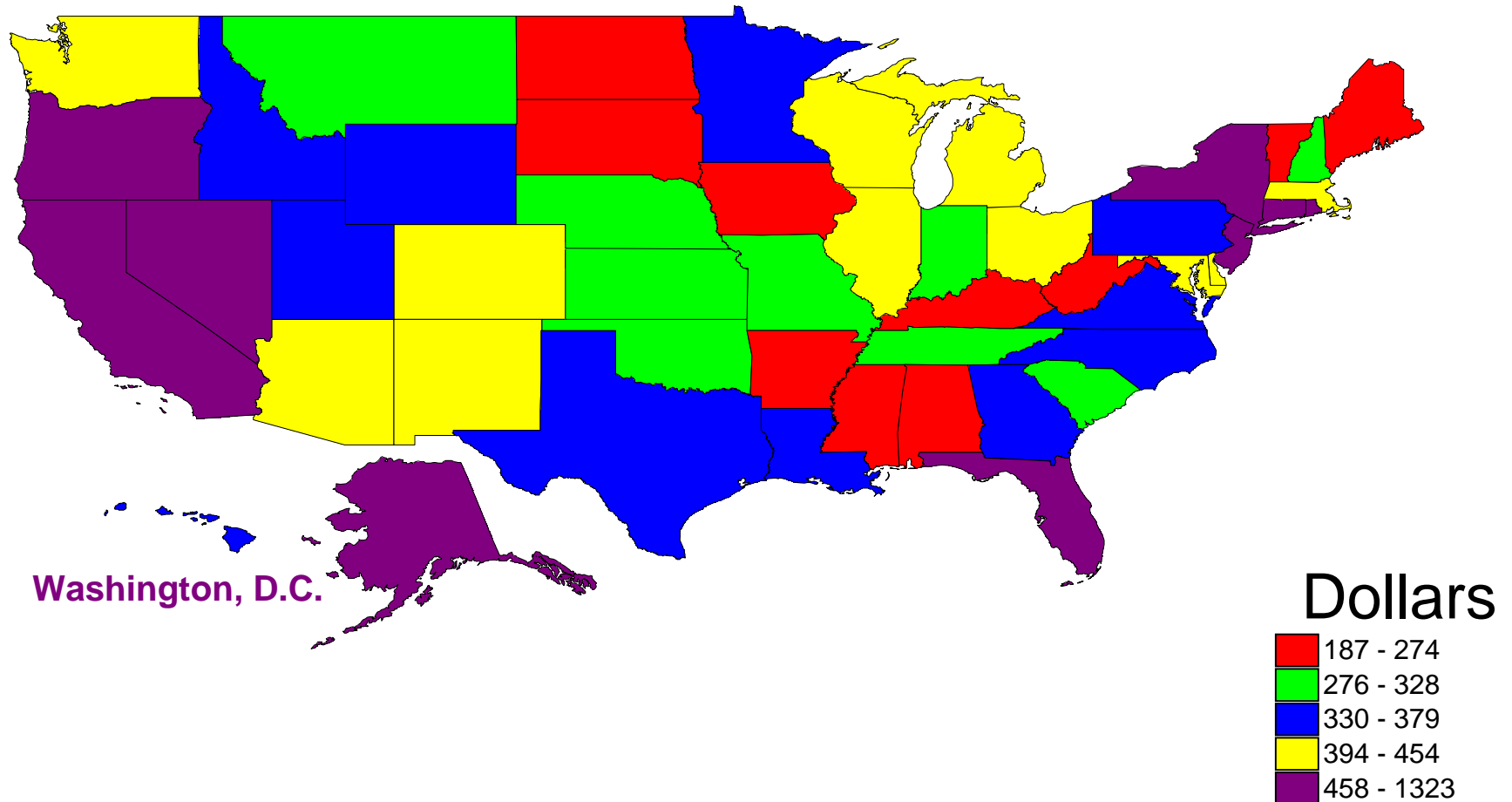
Natural Resources Expenditures

Per \$1000, 1997



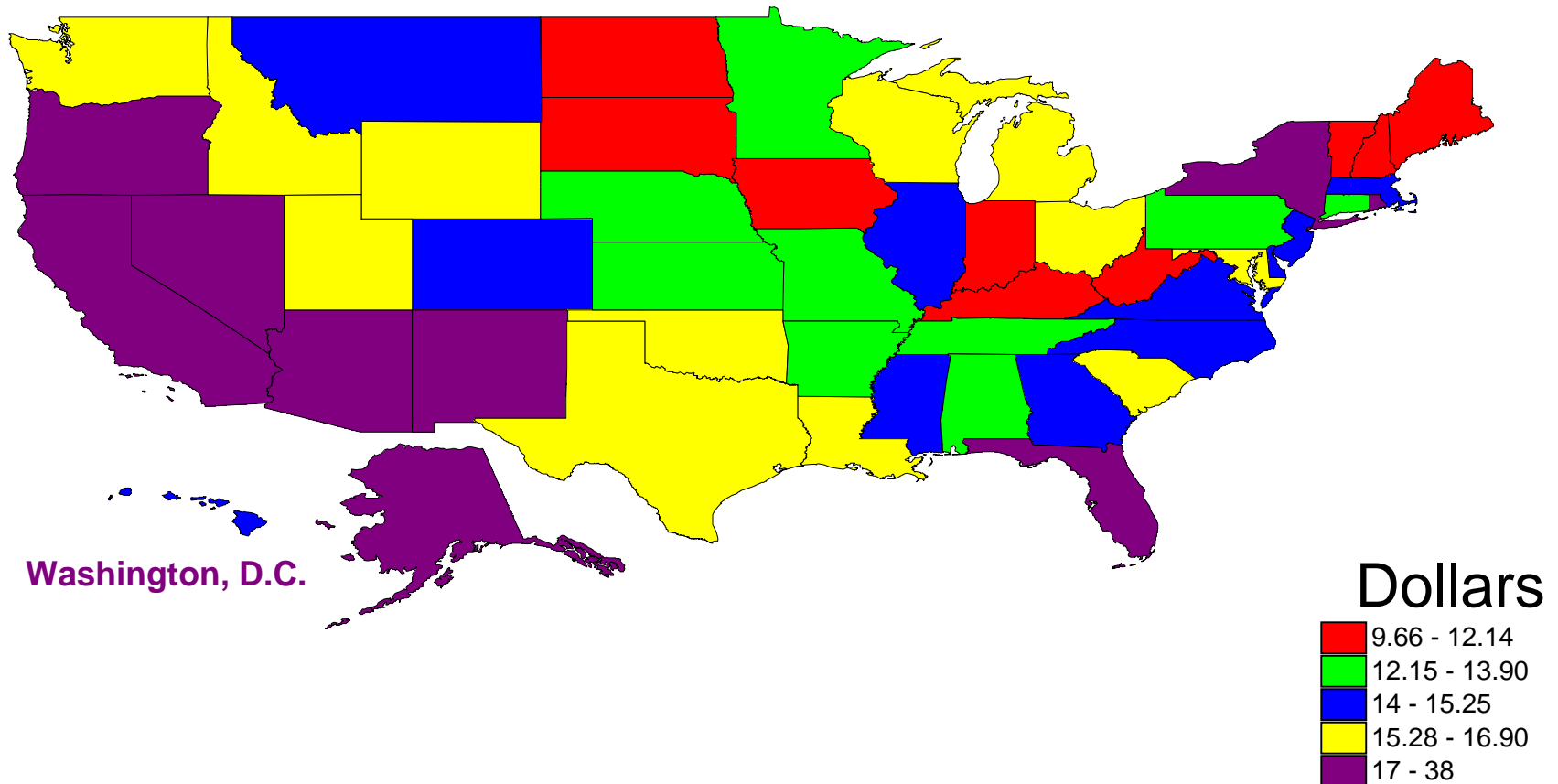
Public Safety Expenditures

Per Capita, 1997



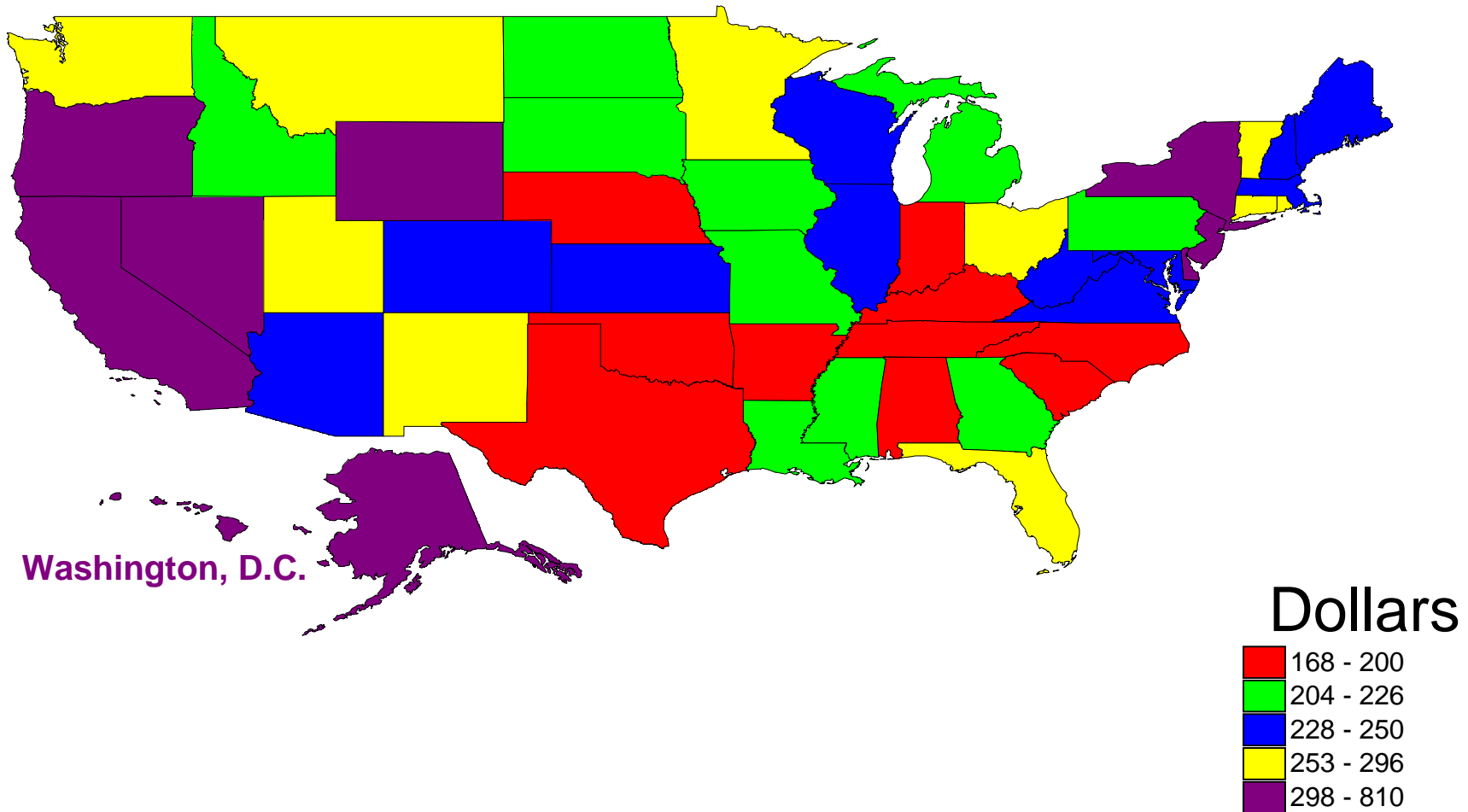
Public Safety Expenditures

Per \$1000, 1997



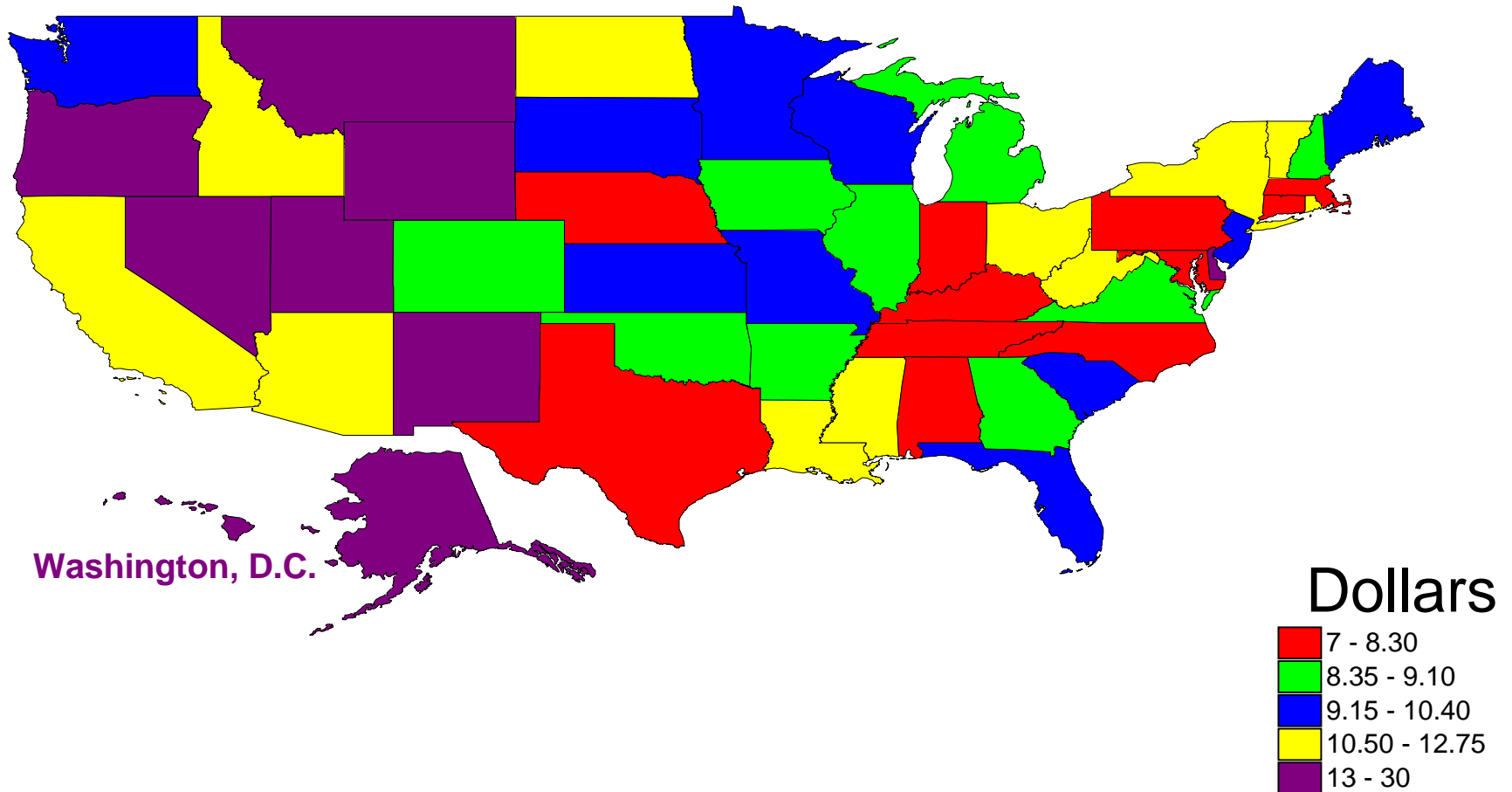
Administrative Expenditures

Per Capita, 1997



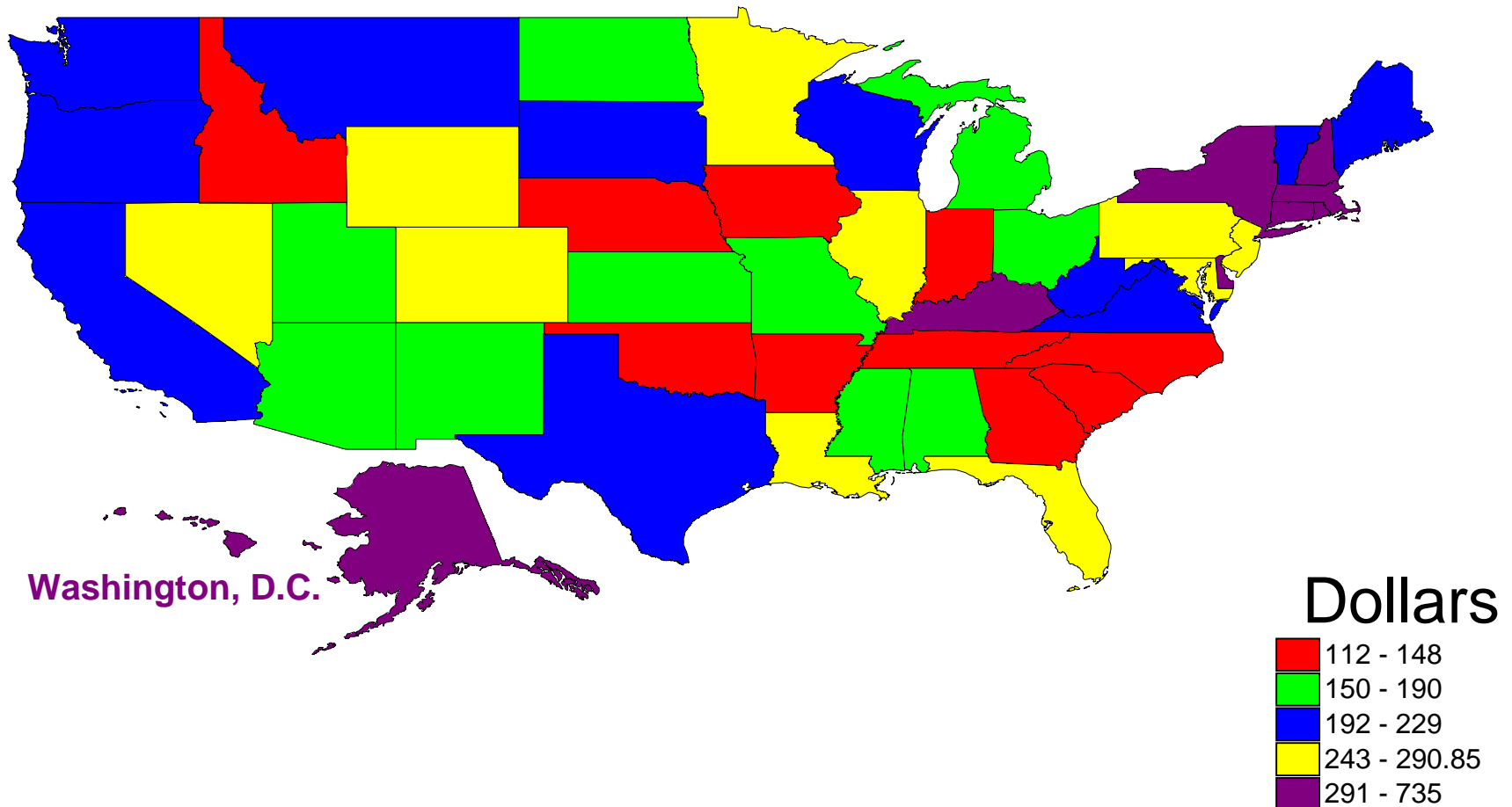
Administrative Expenditures

Per \$1000, 1997



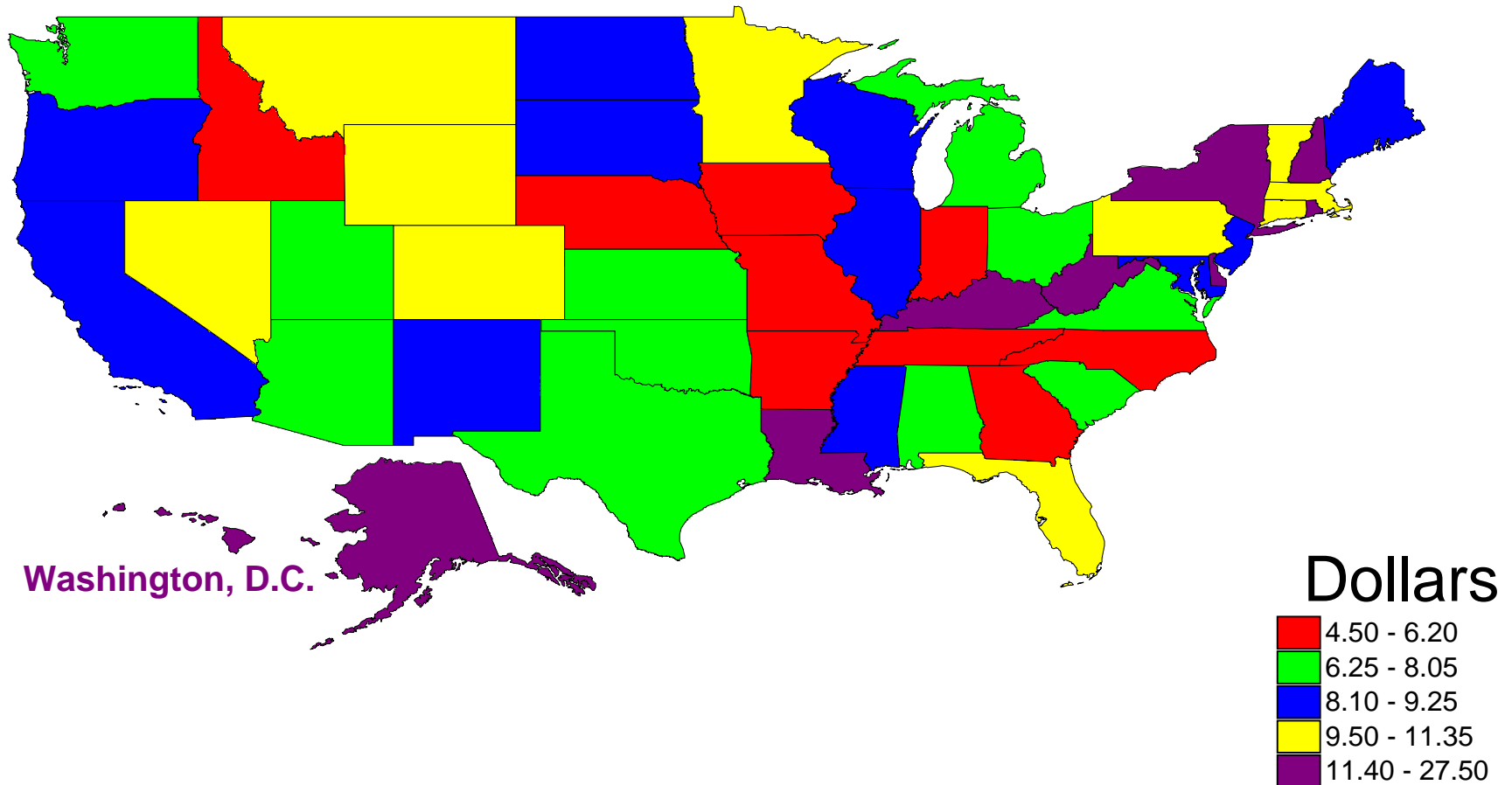
Interest Expenditures

Per Capita, 1997



Interest Expenditures

Per \$1000, 1997



Per Capita Income, 1997

