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THE VICE PRESIDENT  
WASHINGTON

March 11, 1976

MEMORANDUM FOR BILL BAROODY

Attached is a copy of the Weekly Briefing Notes special report entitled State and Local Government Finances.

The regular weekly report will be sent tomorrow.

A handwritten signature in cursive script, likely reading "L. R. Ford", written in dark ink.



# ***STATE AND LOCAL GOVERNMENT FINANCES***

***Prepared for the President  
and the Vice President***

**February 27, 1976**

**COMPILED BY THE FEDERAL STATISTICAL SYSTEM**

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Coordinated by the Bureau of the Census  
at the request of the Statistical Policy Division,  
Office of Management and Budget

Vincent P. Barabba, Director  
Bureau of the Census

Joseph W. Duncan,  
Deputy Associate Director  
for Statistical Policy  
Office of Management and Budget





# ***SOURCES OF DATA***

U.S. Department of Commerce, Bureau of the Census

## **Governmental Finances**

"Governmental Finances in 1963-64" through  
"Governmental Finances in 1973-74"

Census of Governments, 1972, vol. 4, Governmental Finances, No. 5:  
"Compendium of Government Finances"

Census of Governments, 1972, vol. 6, Topical Studies, No. 4:  
"Historical Statistics on Governmental Finances and Employment"

## **State Government Finances**

"State Government Finances in 1974"

## **Finances of Municipalities**

"City Government Finances in 1973-74"

Census of Governments, 1972, vol. 4, Governmental Finances, No. 4:  
"Finances of Municipalities and Township Governments"

## **County Finances**

"County Government Finances in 1973-74"

Census of Governments, 1972, vol. 4, Governmental Finances, No. 3:  
"Finances of County Governments"

## **Special District Finances**

Census of Governments, 1972, vol. 4, Governmental Finances, No. 2:  
"Finances of Special Districts"

## **School District Finances**

Census of Governments, 1972, vol. 4, Governmental Finances, No. 1:  
"Finances of School Districts"

## **Employment**

"Public Employment in 1974"

Census of Governments, 1972, vol. 3, Public Employment, No. 2:  
"Compendium of Public Employment"

## **Government Organization**

Census of Governments, 1972, vol. 1:  
"Governmental Organization"



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For further information, please contact Sherman Landau, Chief, Governments Division,  
Bureau of the Census, 763-7366.

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## Explanatory Notes

1. All years displayed in the charts or cited in the accompanying narrative are fiscal years. For local governments, the financial statistics for each year relate to fiscal years which ended sometime in the 12-month period ending June 30 of the year cited. All State governments except Alabama, Texas, and New York have fiscal years which end June 30. These three States are treated as though they were part of the June 30 group.
2. Total revenue and expenditure comprise actual receipts and payments (net of such correcting transactions as recoveries or refunds) of a government and its agencies, including government-operated enterprises, utilities, and public trust funds. Transactions excluded are debt issuance and retirement, loans and investments, agency and private trust transactions, and internal transfers between government funds.

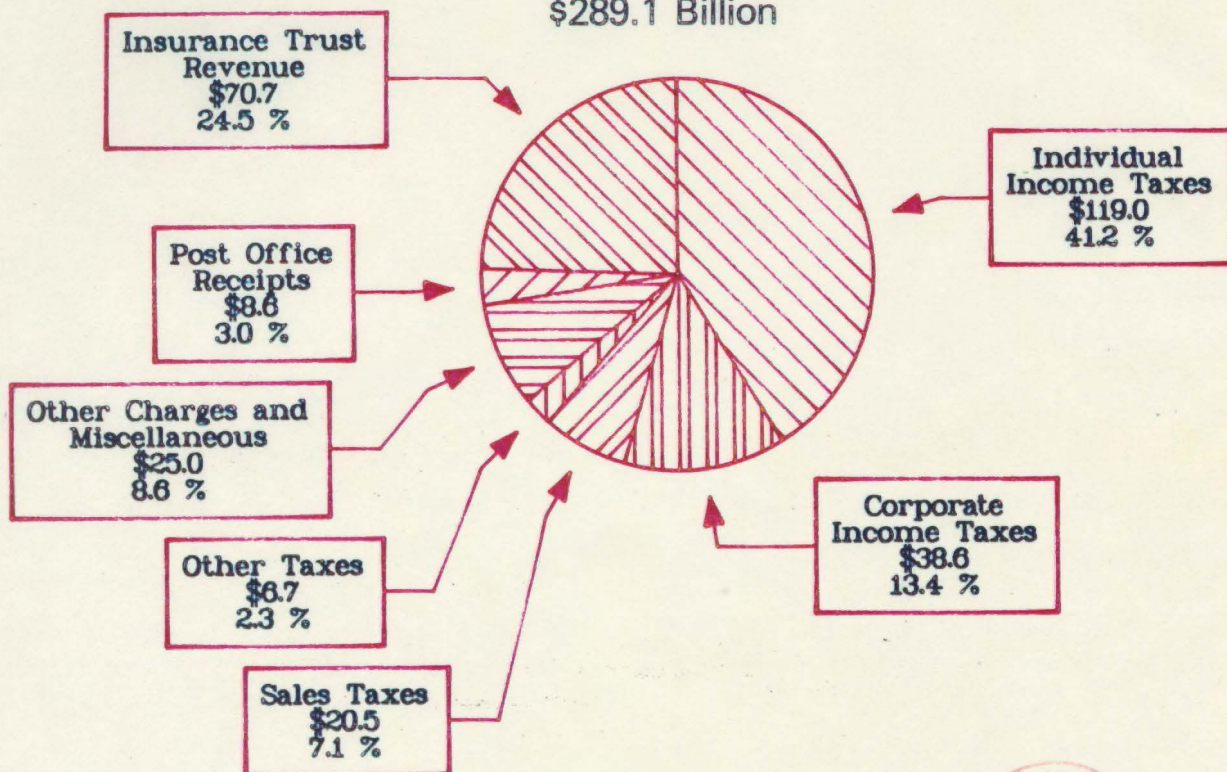
Aggregates for groups of governments exclude intergovernmental transactions between the governments involved.

3. The percentages in the pie charts that display components of governmental revenue and expenditure in 1974 are calculated on the basis of total government revenue and expenditures, which include utility, liquor store, and insurance trust revenue and expenditure (except contributions from governments to insurance funds they administer; see definitions). The percentages for components of revenue and expenditure displayed in the line charts will vary slightly from the pie charts because they are computed as percentages of general revenue and expenditure which exclude utility, liquor store, and insurance trust revenue and expenditure (see definitions).
4. Long-term indebtedness amounts that are displayed in the various charts include both full faith and credit obligations which are secured by the government's power of taxation, and nonguaranteed debt, which is payable solely from earnings of revenue-producing activities (see definitions).
5. Other measures of Federal Grants-in-Aid calculated on slightly different conceptual bases are shown in Special Analysis 0 of the Budget of the United States: Fiscal Year 1977.

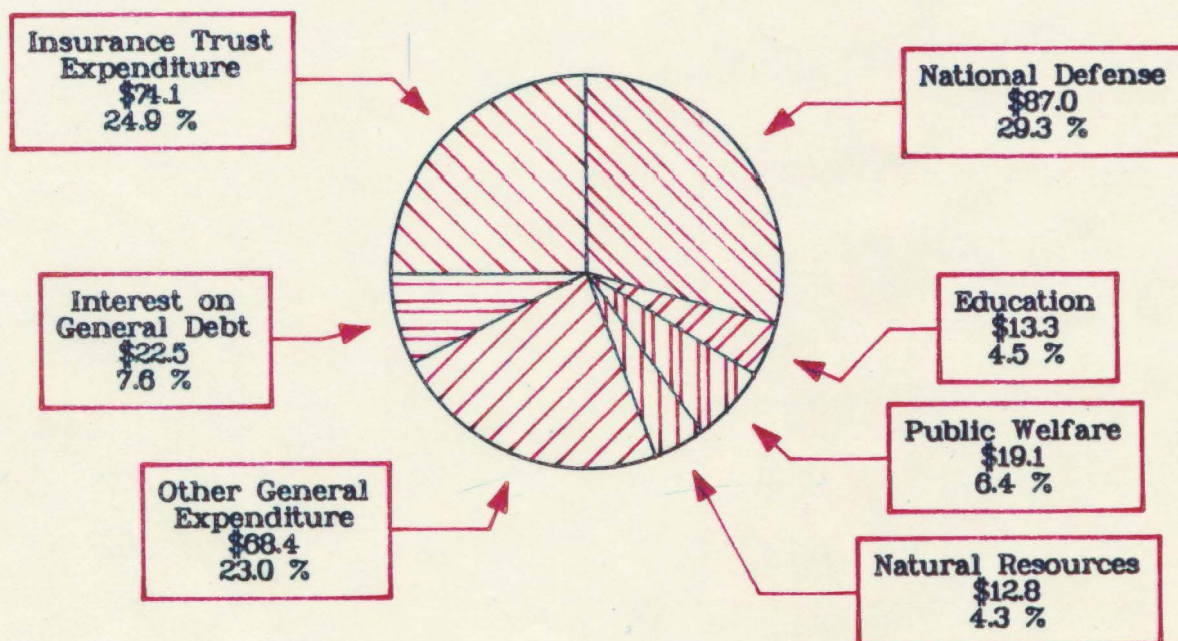
# A.1 - Total Revenue and Expenditure by Financial Sectors: 1974

## Federal Government

Total Revenue  
\$289.1 Billion



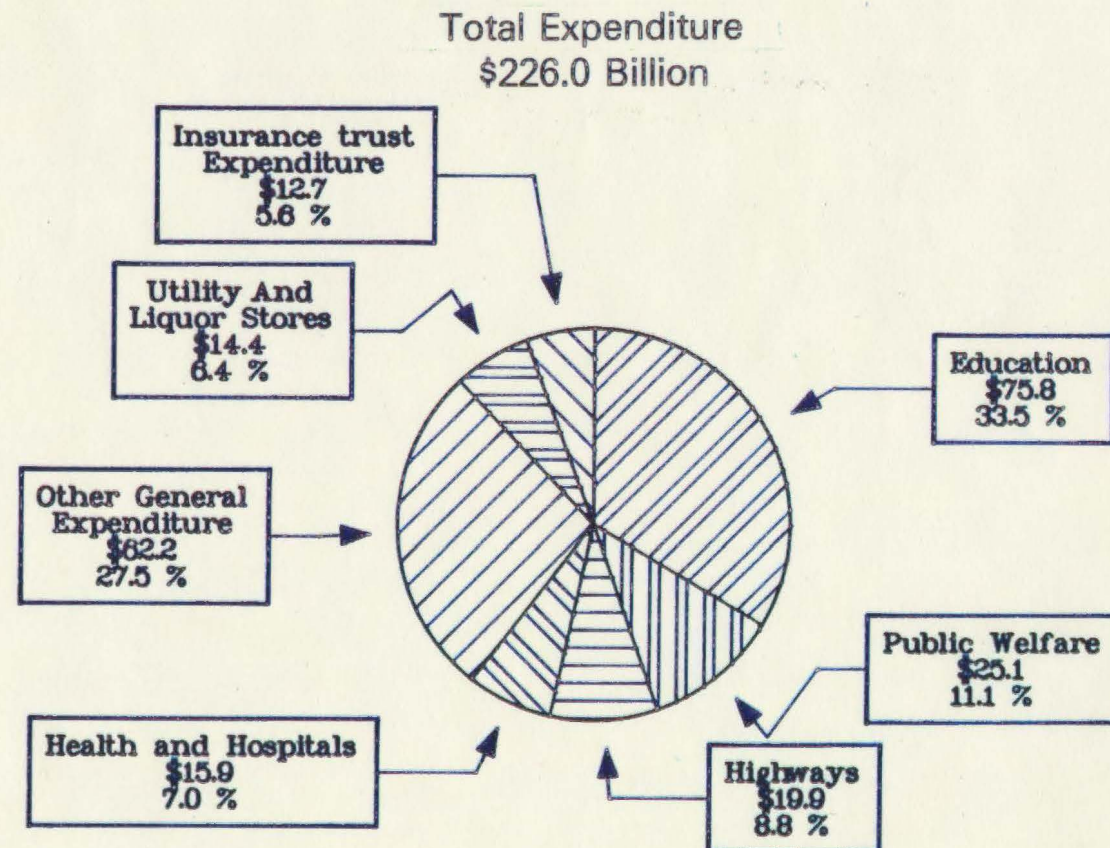
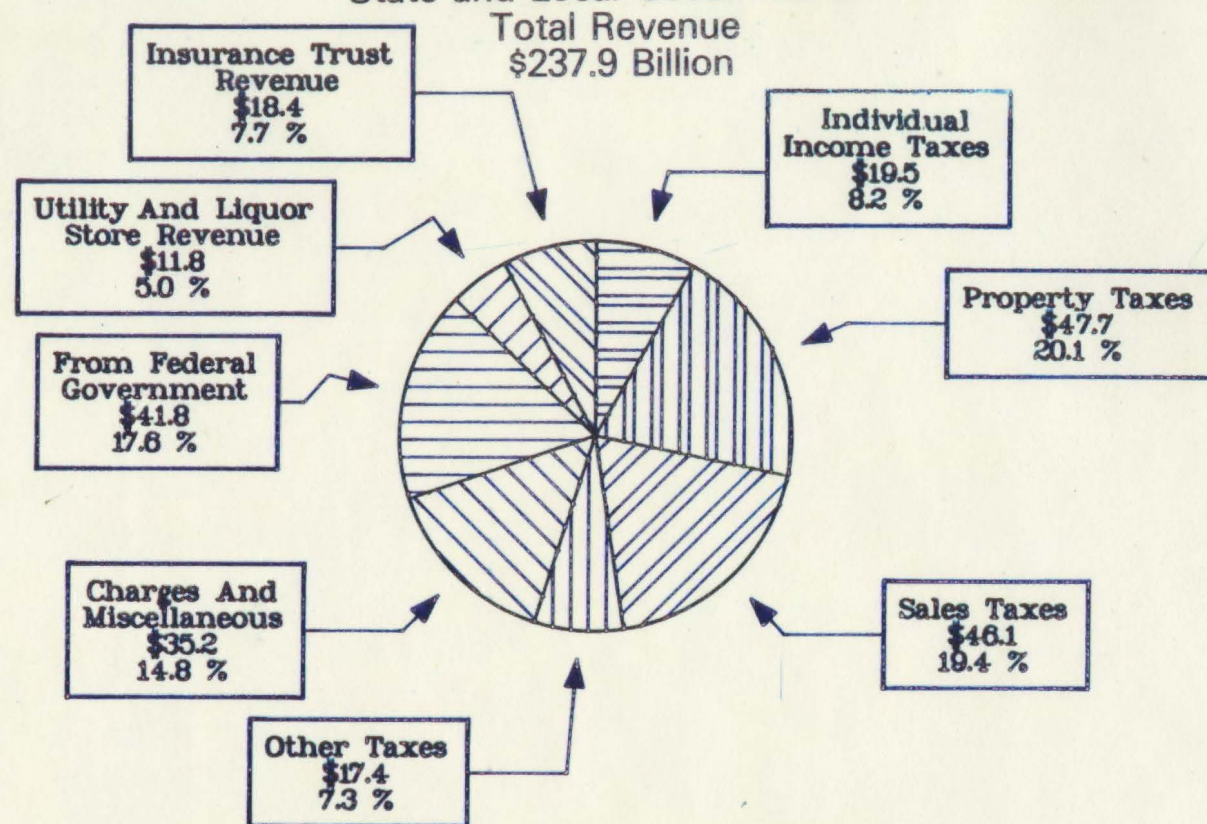
Total Expenditure  
\$297.2 Billion





# A.1-Total Revenue and Expenditure by Financial Sectors: 1974

## State and Local Governments



Source: Bureau of the Census  
27 February 1976

• The different patterns of revenue and expenditure of the Federal Government compared to State and local governments reflect their different functions and roles.

• Federal, State, and local governments receive most of their tax revenues from different sources.

• Individual and Corporate Income Taxes comprise 54.6 percent of the Federal Government's income.

• Local governments rely on property tax, while State governments depend upon a combination of general and selective sales taxes.

• The Federal Insurance Trust Programs (primarily Old Age, Survivor's, Disability, and Health Insurance) accounted for nearly one-fourth of all Federal revenue and expenditure.

• Insurance Trust Programs at the State and local government level accounted for only 7.7 percent of revenue and 5.6 percent of total expenditure.

• State and local governments disburse three-fourths of total governmental expenditures for delivery of public services such as Education, Public Welfare, Health and Hospitals, etc.

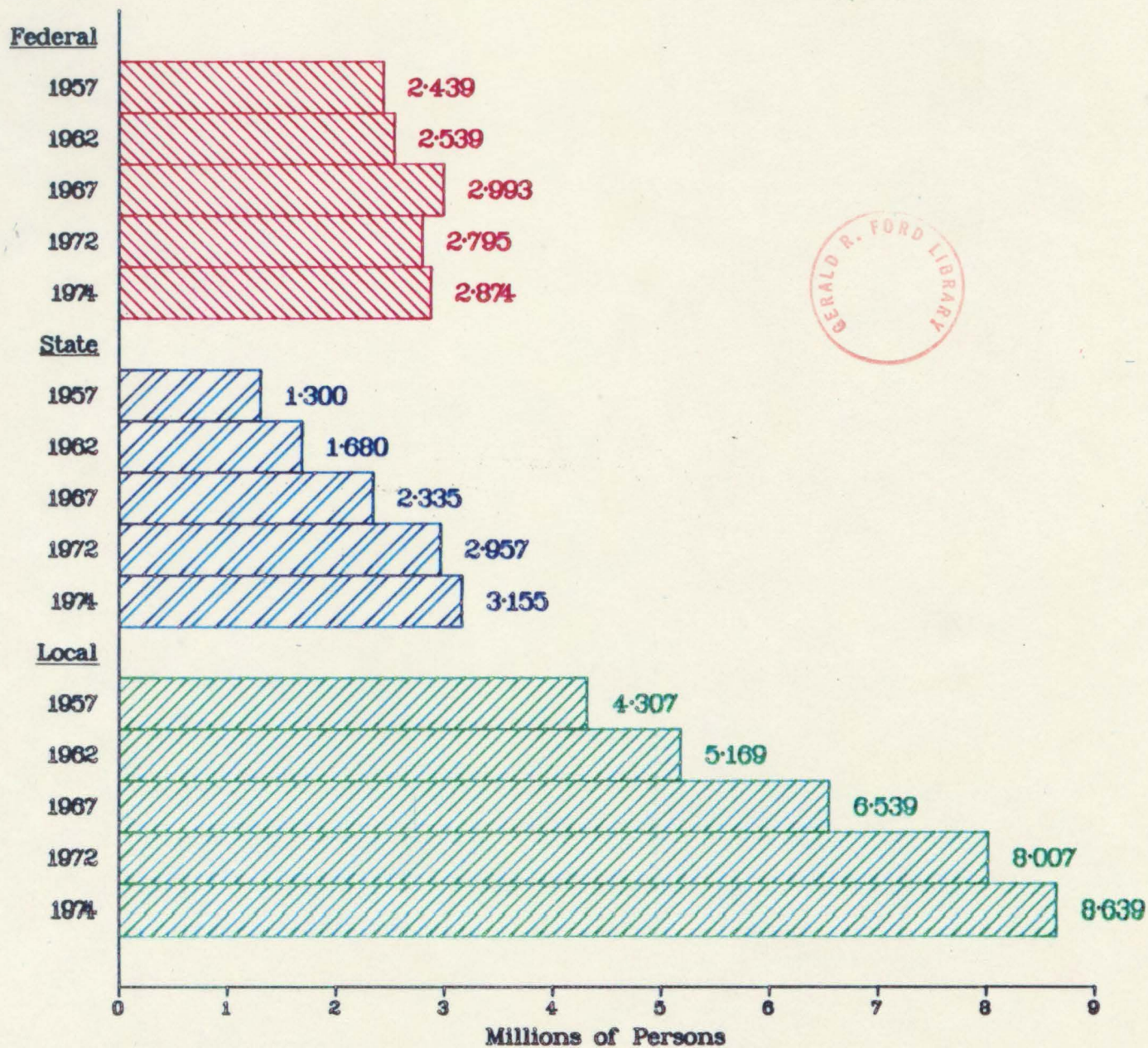
• Education and Public Welfare account for about 45 percent of State and local government outlays, compared to only 11 percent for the Federal Government.

• Federal payments to State and local governments (\$41.8 billion in 1974) have increased from 12.6 percent to 17.6 percent of total State and local revenue since 1965.





## A.2 - Number of Public Employees by Level of Government: 1957, 1962, 1967, 1972, and 1974



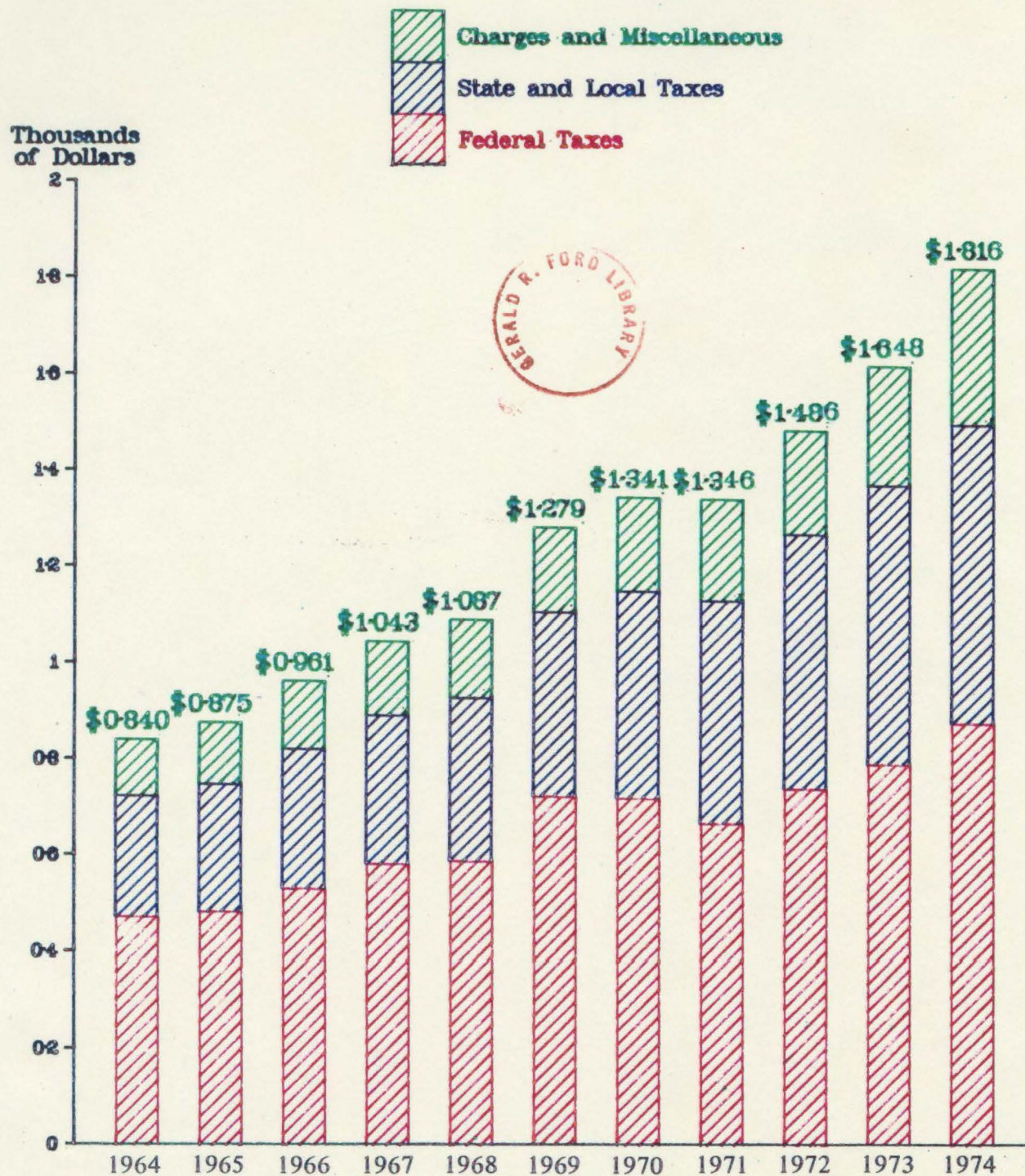
Source: Bureau of the Census  
27 February 1976



- The number of Public Employees of State and local governments has more than doubled between 1957 and 1974.
- The increase at the Federal level was only 18 percent over the same period.



### A.3 - Per Capita Governmental General Revenue: 1964 to 1974



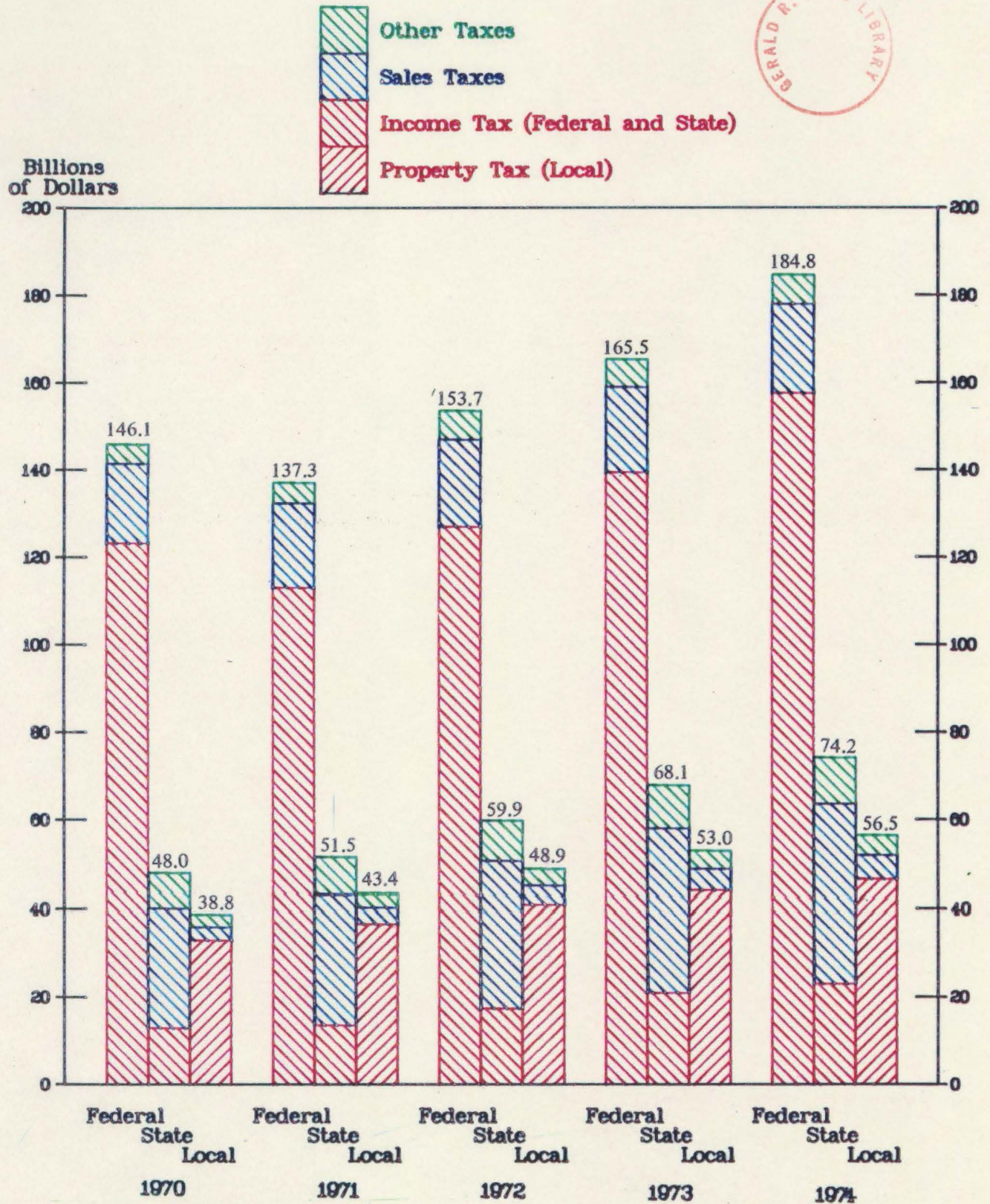
Source: Bureau of the Census  
27 February 1976

- Total Per Capita General Revenue has risen nearly as much in the 3 years between 1971 and 1974 as in the 7-year period from 1964 to 1971.
- Between 1964 and 1974, the Federal Tax share of per capita revenue of all governments has decreased from 56.3 percent to 48.2 percent.
- The State and Local Tax share has increased from 29.8 percent in 1964 to 34.0 percent in Fiscal 1974.
- Combined Federal, State, and local revenue from Charges and Miscellaneous sources increased from 13.9 percent to 17.8 percent of per capita General Revenue.





## A.4 - Tax Revenue by Level of Government: 1970 to 1974



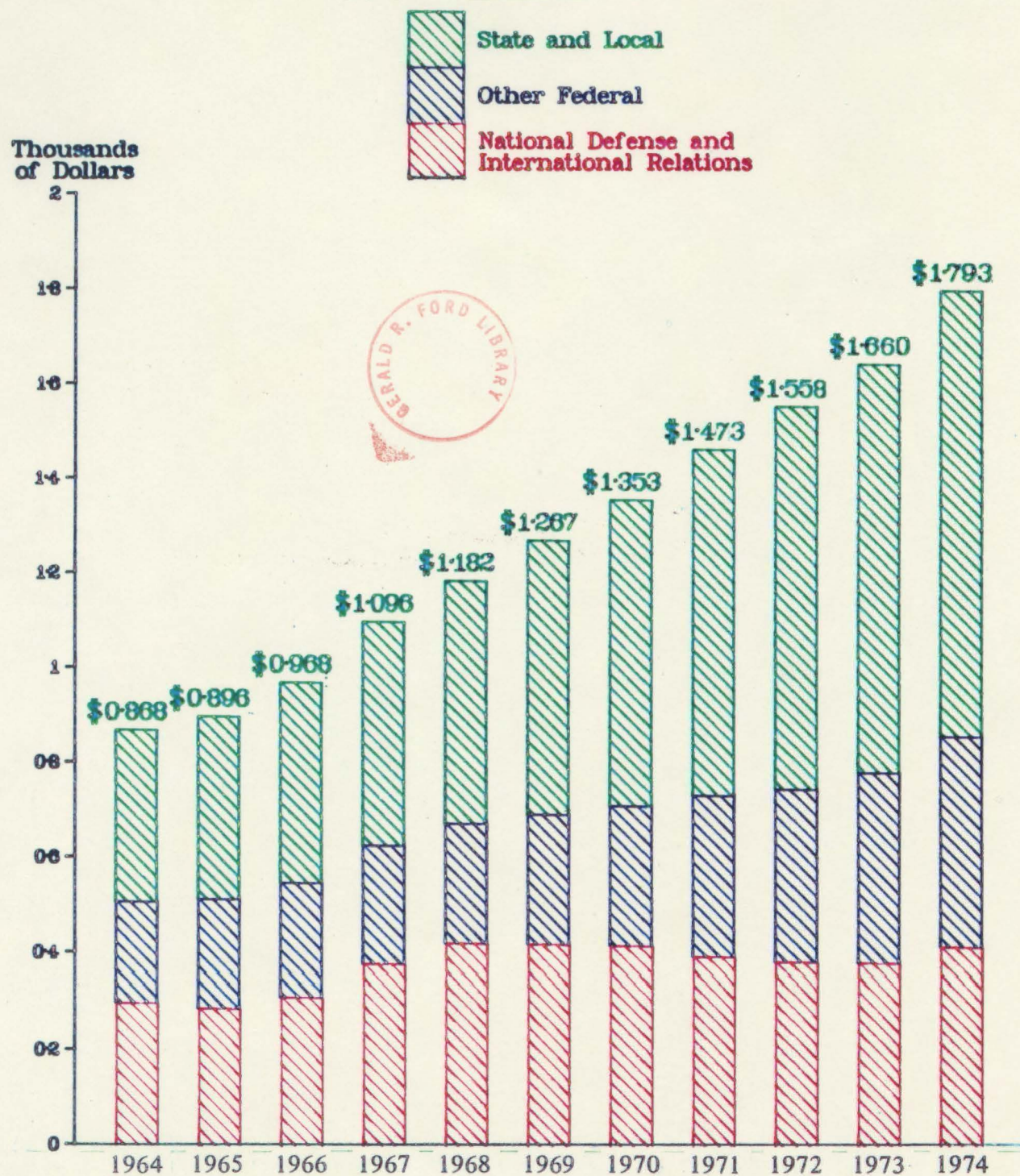
Source: Bureau of the Census  
27 February 1976



- During the 1970's, State and Local Tax Revenues were expanding at a rate nearly twice that of Federal Tax Revenues.
- Between 1970 and 1974 Federal tax revenue rose 26.7 percent to \$184.8 billion, while State and local tax revenues combined increased 50.6 percent to a total of \$130.7 billion.
- While the absolute dollar amounts of total tax revenue have been increasing, the proportions of revenue from various types of taxes at each level of government have remained relatively constant.



## A.5 - Per Capita Governmental General Expenditure: 1964 to 1974



Source: Bureau of the Census  
27 February 1976

- On a per capita basis, State and local General Expenditure now accounts for more than half (52.4 percent) of all governmental spending, up from 41.7 percent in 1964.
- Excluding National Defense and International Relations, State and local government spending comprise more than two-thirds of total expenditure.
- Federal expenditure for National Defense and International Relations as a share of total per capita governmental expenditure has decreased sharply from 34.5 percent to 23.0 percent between 1964 and 1974.
- All other Federal Expenditure has remained relatively unchanged at approximately 24 percent of Total General Expenditure.





# A.6 - Federal Intergovernmental Expenditure by Function: 1962 to 1974



HIGHWAYS - - -

PUBLIC WELFARE

ALL OTHER

EDUCATION - - -

GENERAL REVENUE SHARING

THIS  
PERIOD

CHANGE  
LAST PER.

CHANGE  
YEAR AGO

\$4.6

N/A

-5.2%

\$12.8

N/A

6.1%

\$11.9

N/A

8.4%

\$7.5

N/A

10.4%

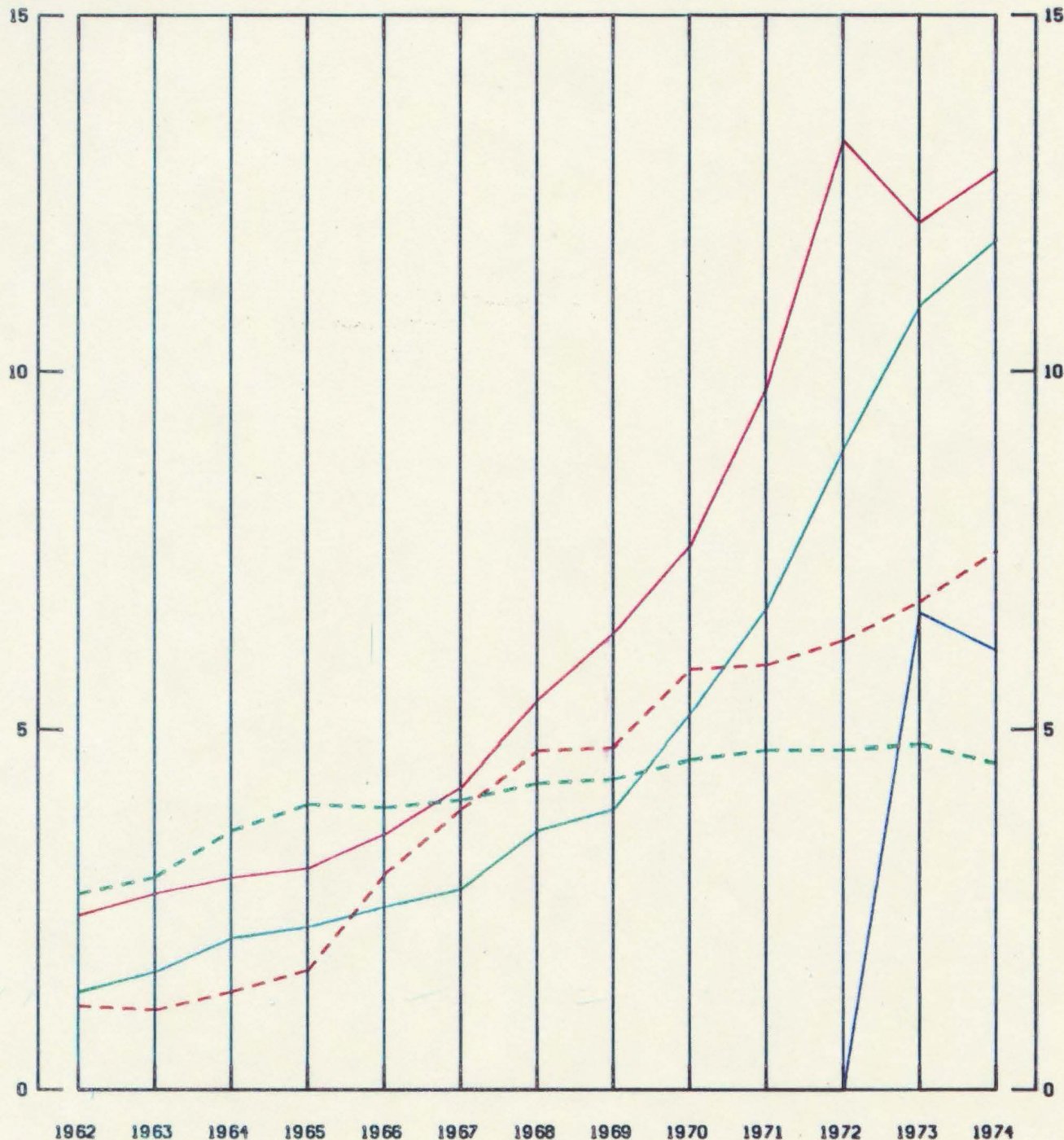
\$6.1

N/A

-8.0%

BILLIONS  
OF DOLLARS

BILLIONS  
OF DOLLARS



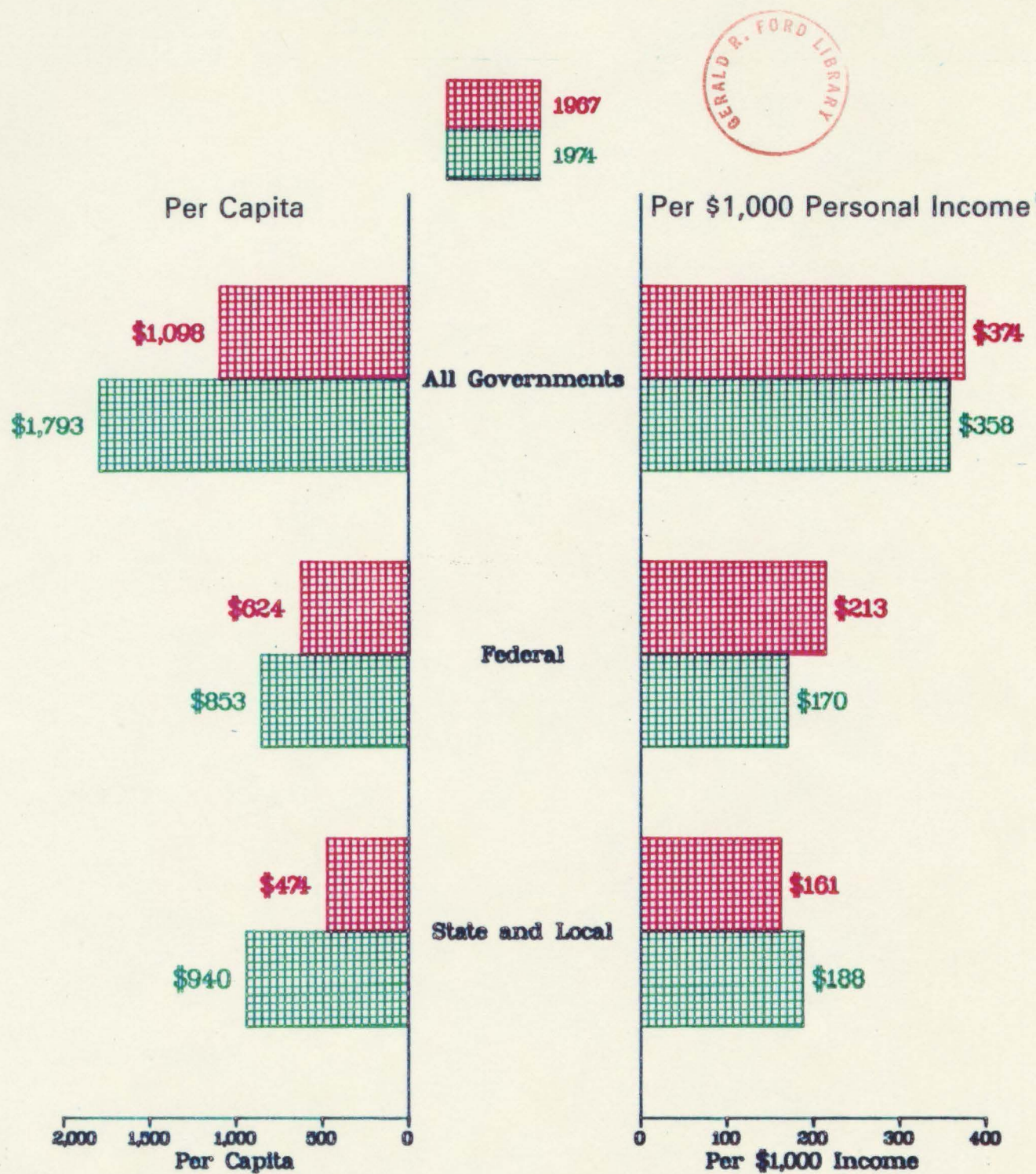
Source: Bureau of the Census  
27 February 1976



- The Federal Government distributed a total of \$42 billion to State and local governments in 1974, a four-fold increase over the past 10 years.
- Following a 3-year period, 1970 to 1973, of accelerating growth averaging 21 percent, Federal intergovernmental expenditure leveled off, increasing only 3.8 percent in 1974.
- About 30 percent of this total, or \$12.8 billion, was earmarked for Public Welfare programs, which, in 1967, became the largest intergovernmental expenditure.
- The sharp rise in Public Welfare Expenditure in 1972 and subsequent decline the following year, was due to a large 1973 advance payment made in 1972.
- Another \$7.5 billion, or 18 percent, was disbursed for Education, an increase of 10.4 percent from 1973.
- Grants-in-Aid to local schools amounted to \$6.4 billion, or 86 percent of the total.
- Upon inception in 1973, General Revenue Sharing became the third largest intergovernmental outlay.
- Of the \$6.1 billion distributed in 1974, \$2.0 billion was transferred to the States with \$4.1 billion going to local governments.
- Housing and Urban Renewal, Health and Hospitals, and Waste Water Treatment Facilities are the primary components contributing to the sharp rise in the "All Other" category since 1969.
- Federal payments for Highway programs have remained relatively stable since 1962, dropping from the largest single component of Intergovernmental Expenditure.



# A.7 - General Expenditure by Level of Government: 1967 and 1974



Source: Bureau of the Census  
 27 February 1976

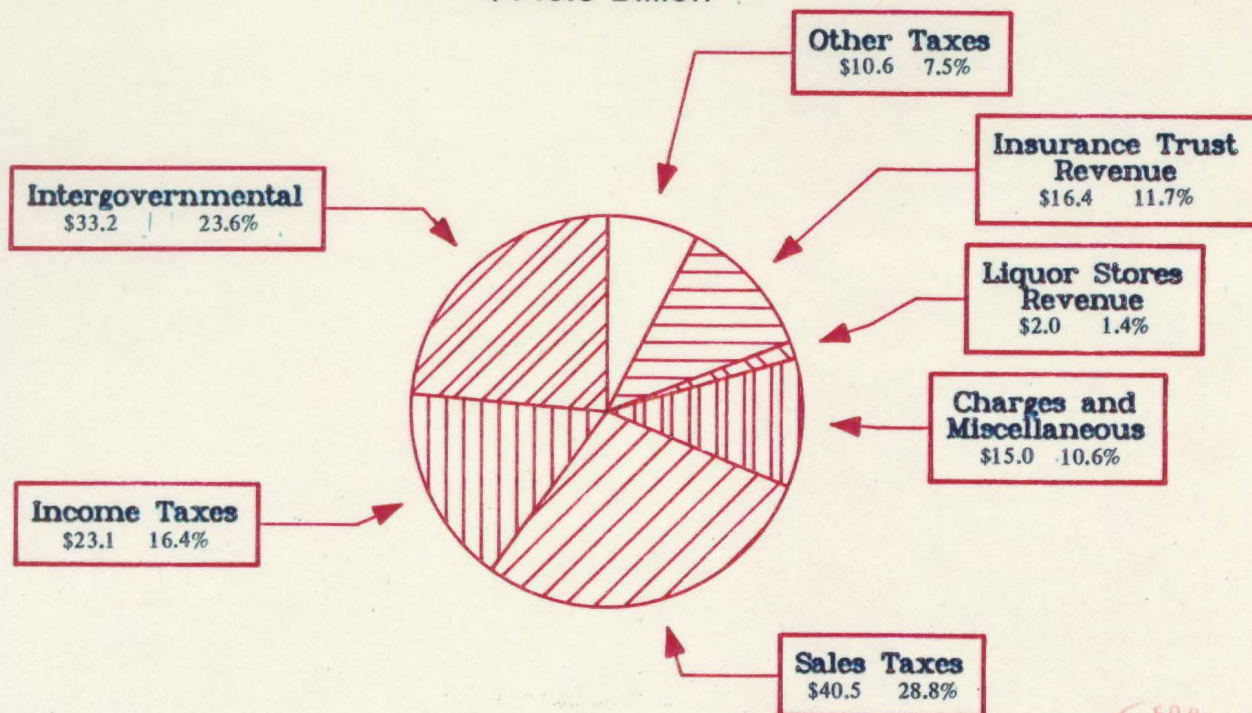


- In 1974, General Expenditure of All Governments amounted to \$1,793 for each person in the U.S., 63 percent above the \$1,098 expended in 1967.
- Conversely, relative to personal income, Total Governmental Expenditure has actually declined over the same period.
  - \$358 per \$1,000 of personal income in 1974 compared to \$374 in 1967.
  - A 20-percent decline in Federal Expenditures (excluding amounts transferred to State and local governments) per \$1,000 of personal income was responsible for the overall decrease.
  - State and local expenditures per \$1,000 of personal income rose 17 percent.

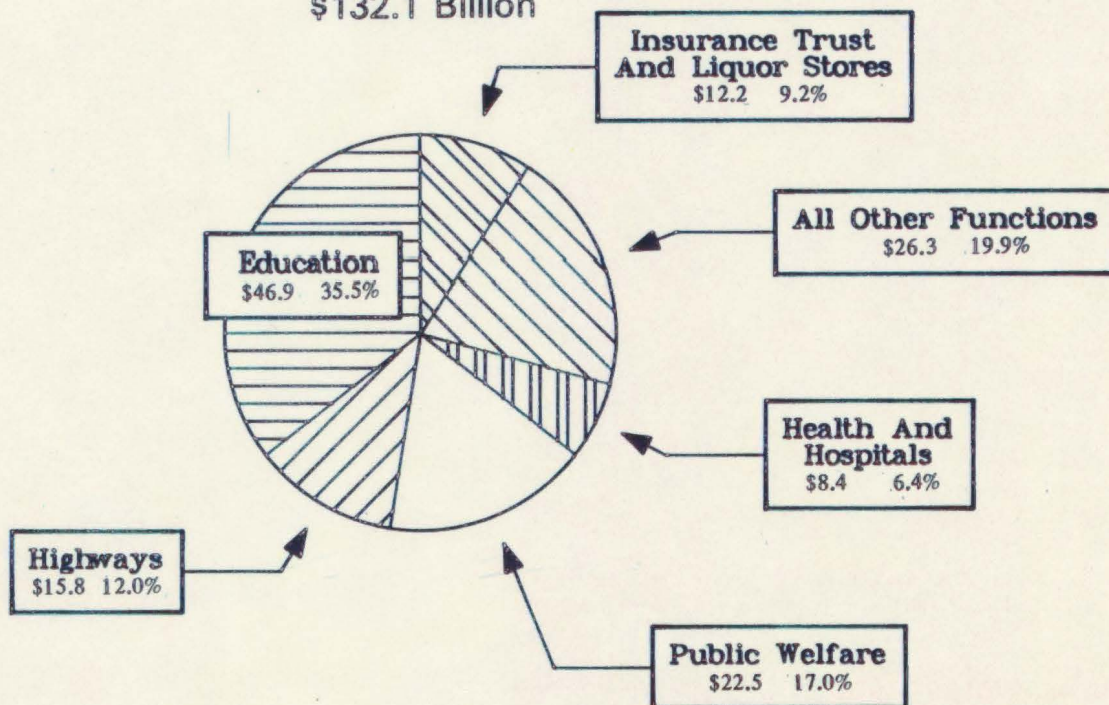


# B.1 - State Government Revenue and Expenditure: 1974

Total Revenue  
\$140.8 Billion



Total Expenditure  
\$132.1 Billion





- In 1974 Total State Revenue exceeded Total Expenditure by \$8.7 billion, considerably lower than the \$11.0 billion excess in 1973.

- Total Revenue of \$140.8 billion (including Insurance Trust and Liquor Store Revenue) was 8.5 percent above 1973.

- Tax Revenue from all sources provided 52.7 percent (\$74.2 billion) of Total Revenue.

- 95 percent of the \$33.2 billion in Intergovernmental Revenue came from the Federal Government.

- Total Expenditure, including payments to local governments, amounted to \$132.1 billion, an 11.2-percent rise from 1973.

- At \$46.9 billion, a 12.6-percent increase from 1973, Education continued to account for a larger fraction of State spending than any other function.

- Public Welfare, totaling \$22.5 billion, or 17.0 percent of the total, was the second largest single expenditure.

- Spending on Health and Hospitals was up 14.9 percent, the largest annual change among the major functions.



## B.2 - Trends in State Government Revenue, Expenditure, and Long-Term Indebtedness: 1965 to 1974

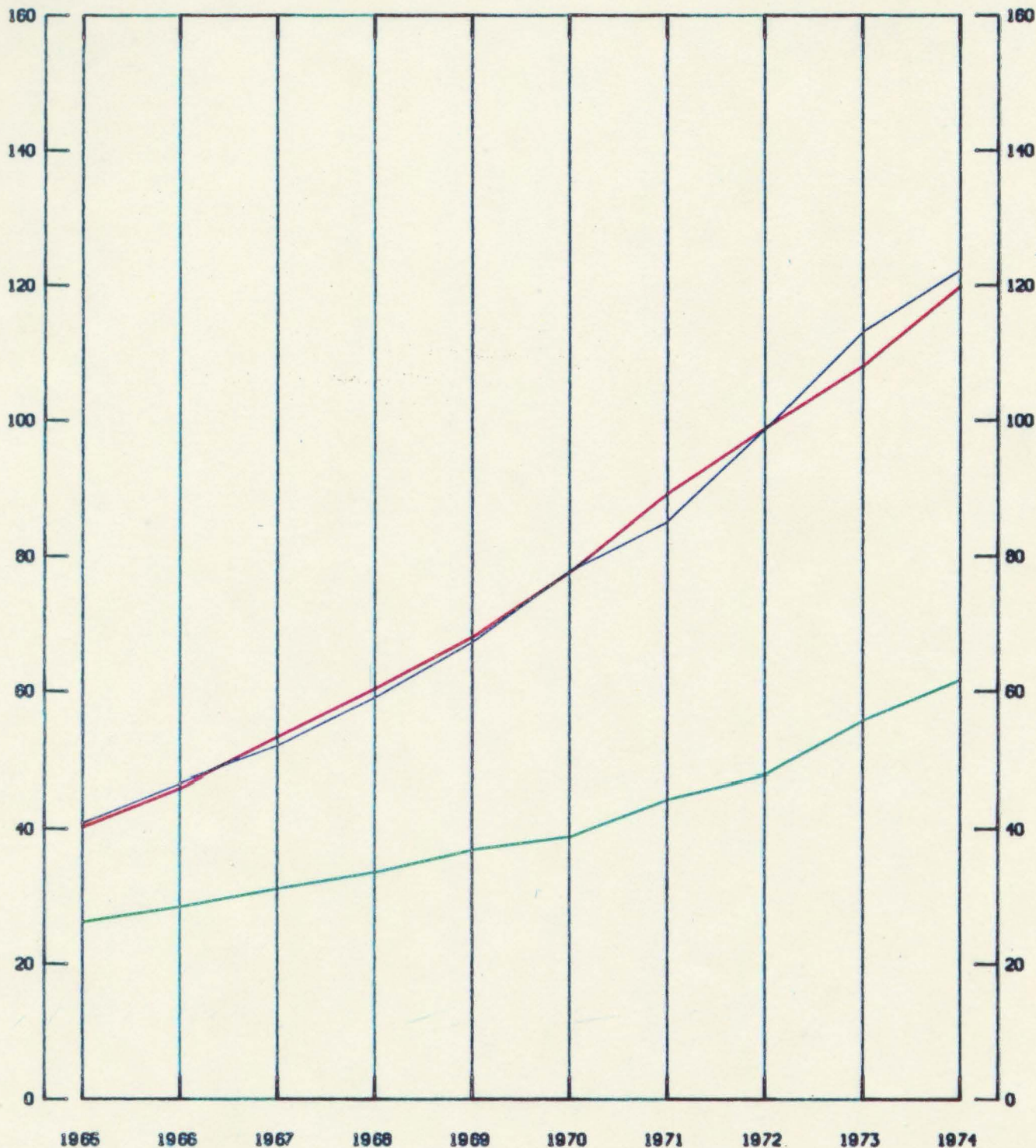


BILLIONS  
OF DOLLARS

GENERAL REVENUE  
GENERAL EXPENDITURE  
LONG-TERM INDEBTEDNESS

THIS PERIOD	CHANGE LAST PER.	CHANGE YEAR AGO
\$122.3	N/A	8.1%
<b>\$119.9</b>	<b>N/A</b>	<b>10.9%</b>
\$61.7	N/A	11.4%

BILLIONS  
OF DOLLARS



Source: Bureau of the Census  
27 February 1976



- Both State General Revenue and Expenditure have tripled since 1965.
- Long-Term Indebtedness has increased at a slower pace.
- The ratio of General Revenue to Long-Term Indebtedness has risen from 1.54 in 1965 to 1.98 in 1974.



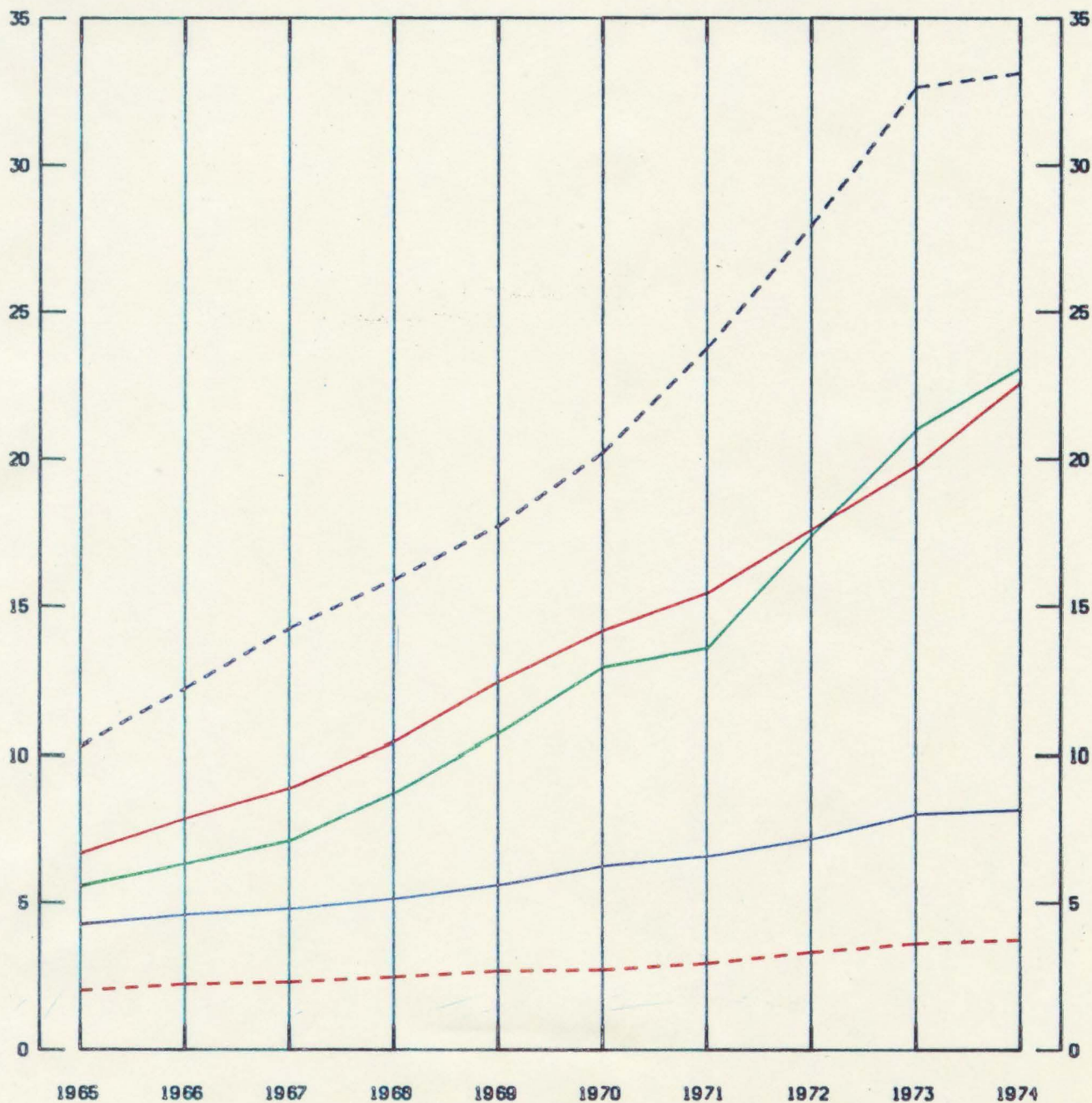
# B.3 - Selected Components of State General Revenue: 1965 to 1974



	THIS PERIOD	CHANGE LAST PER.	CHANGE YEAR AGO
INTERGOVERNMENTAL REVENUE - - -	\$33.2	N/A	1.4%
GENERAL SALES TAXES	\$22.6	N/A	14.2%
* INCOME TAXES	\$23.1	N/A	9.9%
MOTOR FUEL SALES TAXES	\$8.2	N/A	1.8%
MOTOR VEHICLE AND OPERATORS' LICENSES - - -	\$3.8	N/A	3.3%

BILLIONS  
OF DOLLARS

BILLIONS  
OF DOLLARS



Source: Bureau of the Census  
27 February 1976

\* Includes both individual and corporate net income taxes.



- After increasing at an average annual rate of 17.3 percent between 1970 and 1973, State Intergovernmental Revenue began to level off, rising only 1.4 percent in 1974.
- Sales and Income Taxes became an increasingly important source of funds, accounting for 52 percent of General Revenue in 1974 compared to 50.4 percent in 1965.



## B.4 - Selected Components of State General Expenditure: 1965 to 1974



EDUCATION

HIGHWAYS - - -

PUBLIC WELFARE

HEALTH AND HOSPITALS

INTEREST ON DEBT - - -

THIS  
PERIOD

CHANGE  
LAST PER.

CHANGE  
YEAR AGO

\$46.9

N/A

12.6%

\$15.8

N/A

5.5%

\$22.5

N/A

4.0%

\$8.4

N/A

14.9%

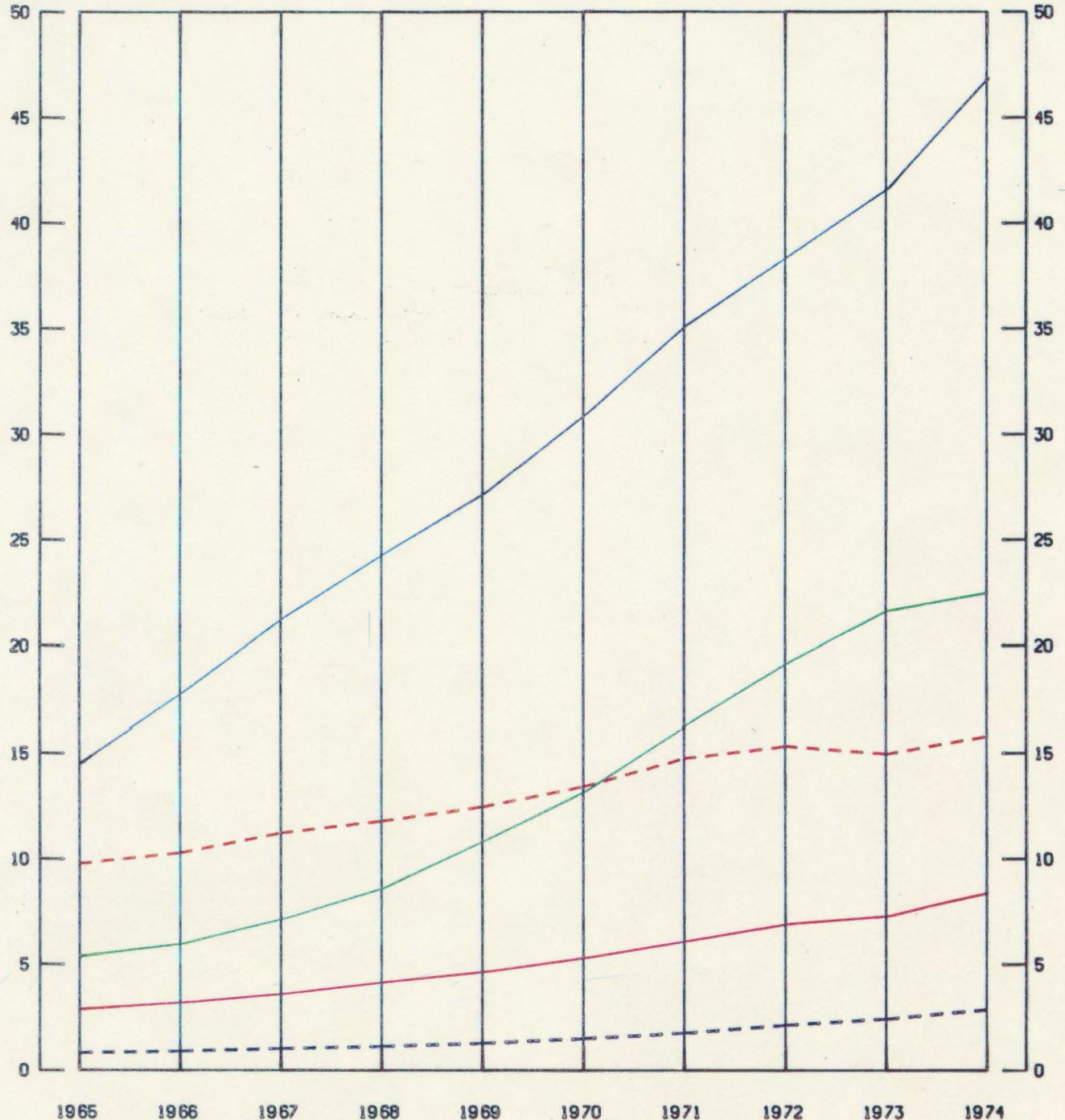
\$2.9

N/A

17.6%

BILLIONS  
OF DOLLARS

BILLIONS  
OF DOLLARS



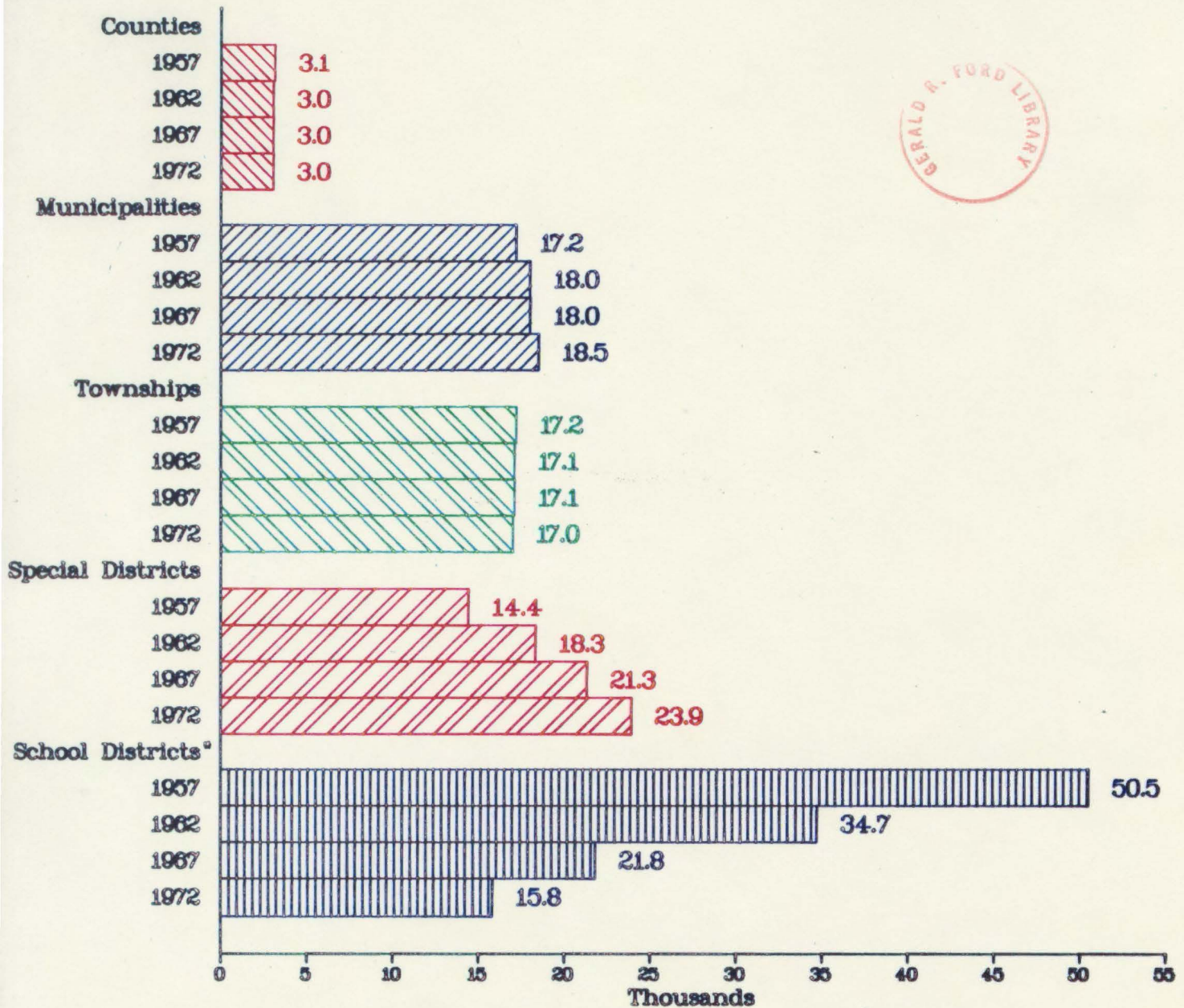
Source: Bureau of the Census  
27 February 1976



- Over the 10-year period 1965 to 1974, Public Welfare expenditures have shown a four-fold increase to become the second largest State expenditure.
- Public Welfare now accounts for 18.8 percent of State General Expenditure compared to 13.5 percent in 1965.
- Education has shown a three-fold increase from 1965 to 1974.
- In 1974, Education accounted for 39.1 percent of State General Expenditure, an increase of 3.1 percentage points over the 36.0 percent in 1965.
- Of the total \$46.9 billion State expenditure for Education in 1974, \$27.1 billion, or 57.8 percent, was State fiscal aid to local governments for support of public schools.



# C.1 - Local Governments by Type: 1957, 1962, 1967, and 1972



\* Does Not Include School Systems  
Dependent on Other Governments.

Source: Bureau of the Census  
27 February 1976

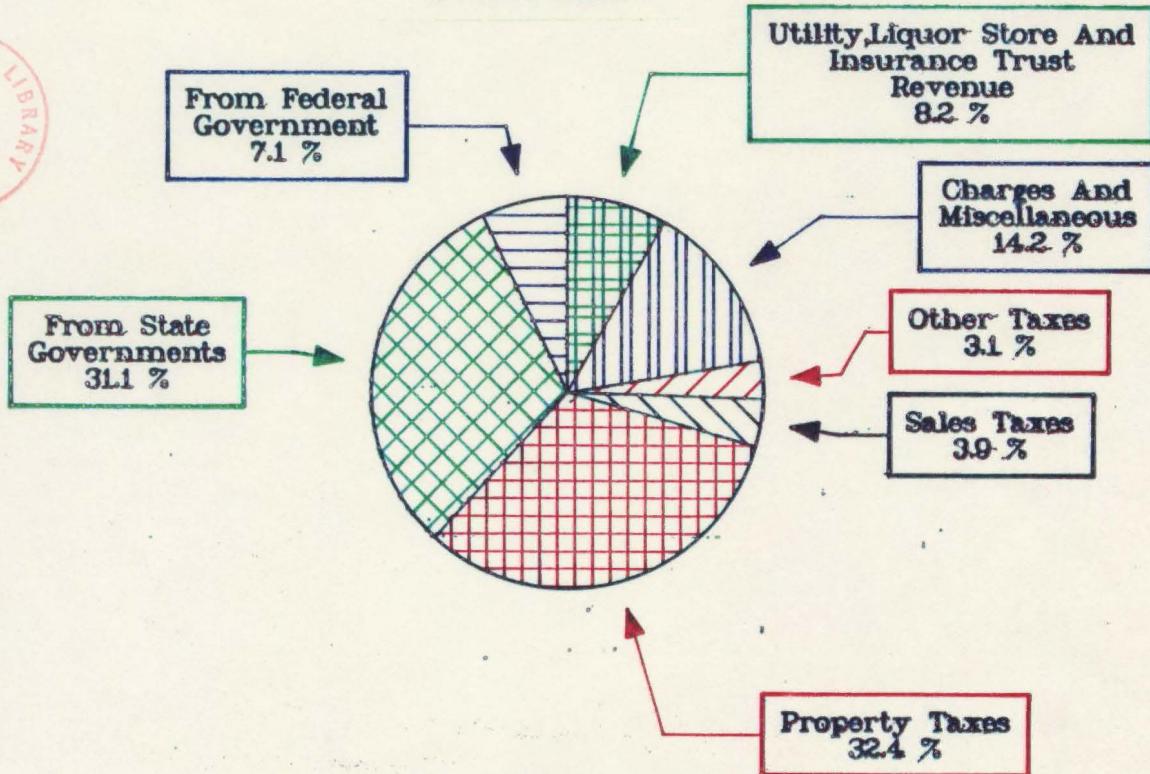


- Between 1957 and 1972, the overall number of local governments decreased by 24,072, or 23.6 percent.
- There have been only small changes in the number of townships, municipalities, and counties.
- However, the number of school districts decreased nearly 70 percent.
  - The decrease in the number of school districts has been taking place over the last 30 years, primarily as a result of school district consolidation and reorganization.
  - Four States--California, Illinois, Nebraska, and Texas--account for nearly one-third of all school districts in the United States.
- During the same period, the number of special districts rose 79 percent.
  - In part, the increasing number of special districts reflects the increased public demand for the provision of specialized services either not offered or not performed on a satisfactory scale by existing governments.
  - Also, debt and tax rate limits applicable to counties and municipalities are further stimulants to creating districts for raising funds for both capital construction and operation expenditure.

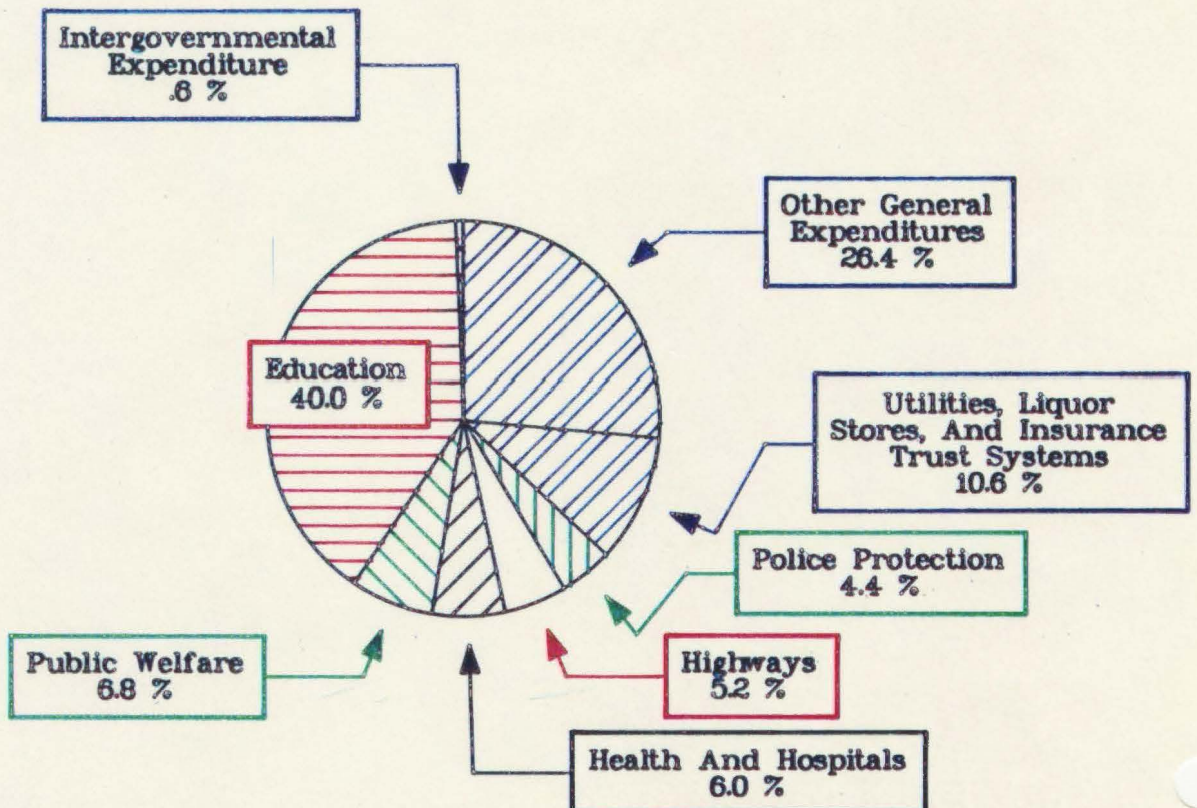


## C.2 - Local Government Revenue and Expenditure: 1974

Total Revenue  
\$143.2 Billion



Total Expenditure  
\$140.4 Billion





- In 1974, local government Revenue exceeded Expenditure by \$2.8 billion.

- Total Revenue amounted to \$143.2 billion.

- Intergovernmental Revenue was the largest source of funds, a total of \$54.8 billion, or 38.2 percent of all revenues.

- State Governments contributed the major portion, \$44.6 billion, which includes Federal funds routed through the States. Federal payments made directly to local governments amounted to \$10.2 billion.

- Property Taxes were the next most important source of funds, accounting for 32.4 percent of Total Revenue.

- Sales and Other Taxes contributed only 7 percent.

- Total Expenditure amounted to \$140.4 billion.

- Education was by far the largest single expenditure, constituting 40 percent of all spending.

- Other General Expenditure, 26.4 percent of the total, mainly consisted of Fire Protection (\$3.0 billion), Sewerage (\$4.1 billion), Sanitation Other Than Sewerage (\$1.9 billion), Local Parks and Recreation (\$3.0 billion), Housing and Urban Renewal (\$3.1 billion, and Interest on General Debt (\$4.8 billion).



# C.3 - Trends in Local Government General Revenue, Expenditure, Long-Term Indebtedness: 1965 to 1974

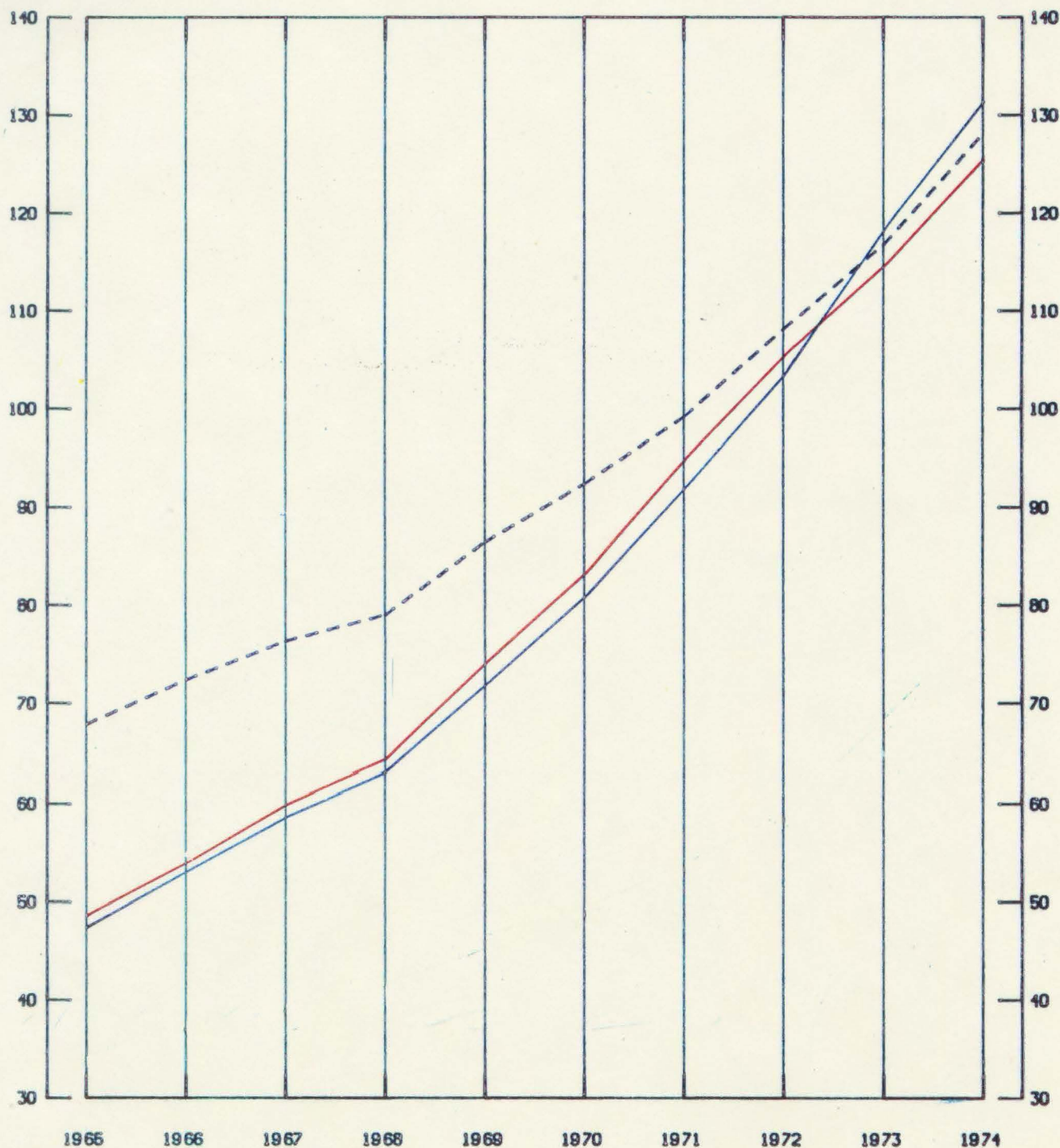


LONG-TERM INDEBTEDNESS- - -  
 GENERAL EXPENDITURE  
 GENERAL REVENUE

THIS PERIOD	CHANGE LAST PER.	CHANGE YEAR AGO
\$128.3	N/A	9.7%
\$125.6	N/A	9.5%
\$131.5	N/A	11.1%

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



Source: Bureau of the Census  
 27 February 1976



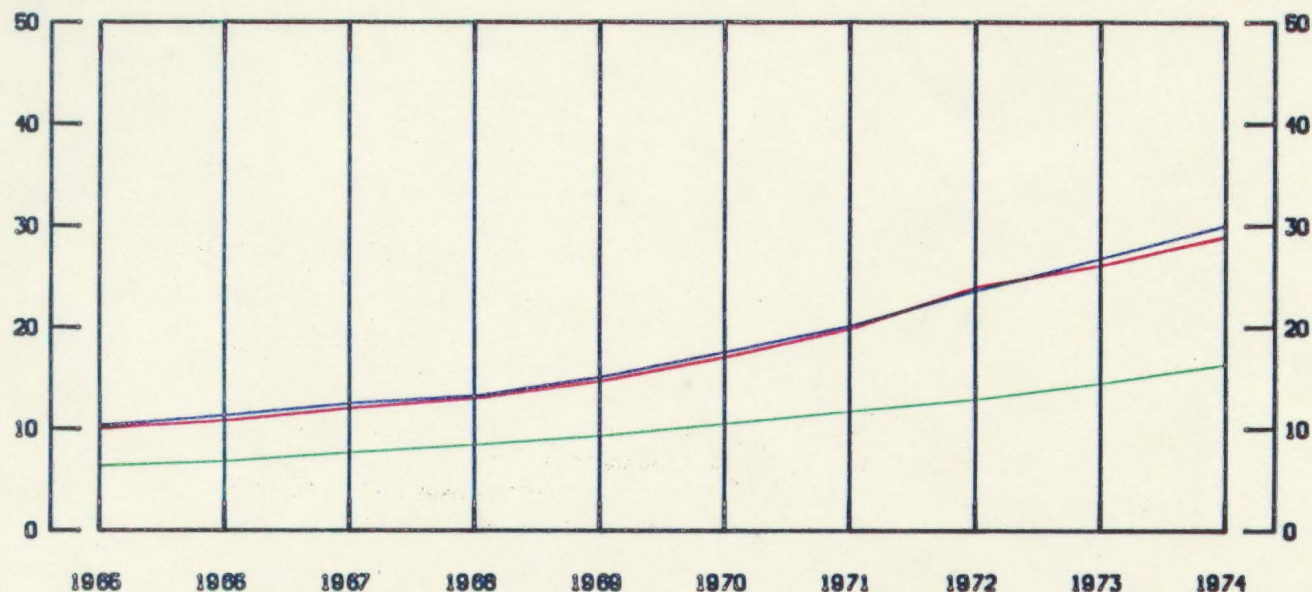
- In 1973, local government General Revenue exceeded General Expenditure for the first time in the 10-year period from 1965 to 1974.
- This is partly a result of the Federal Government's Revenue Sharing Program: Federal funds were channeled into local governments which, for various reasons, have not been spending the new funds pending the establishment of priorities.
- Over the period 1965 to 1974, General Expenditure and Revenue have increased at a faster rate than Indebtedness.
- General Revenue has increased 174.3 percent while Long-Term Indebtedness has increased by 88.7 percent.
- All three components have increased more rapidly between 1970 and 1974 than between 1965 and 1970.



## C.4 - Trends in General Revenue, General Expenditure, and Long-Term Indebtedness of County Governments: 1965 to 1974

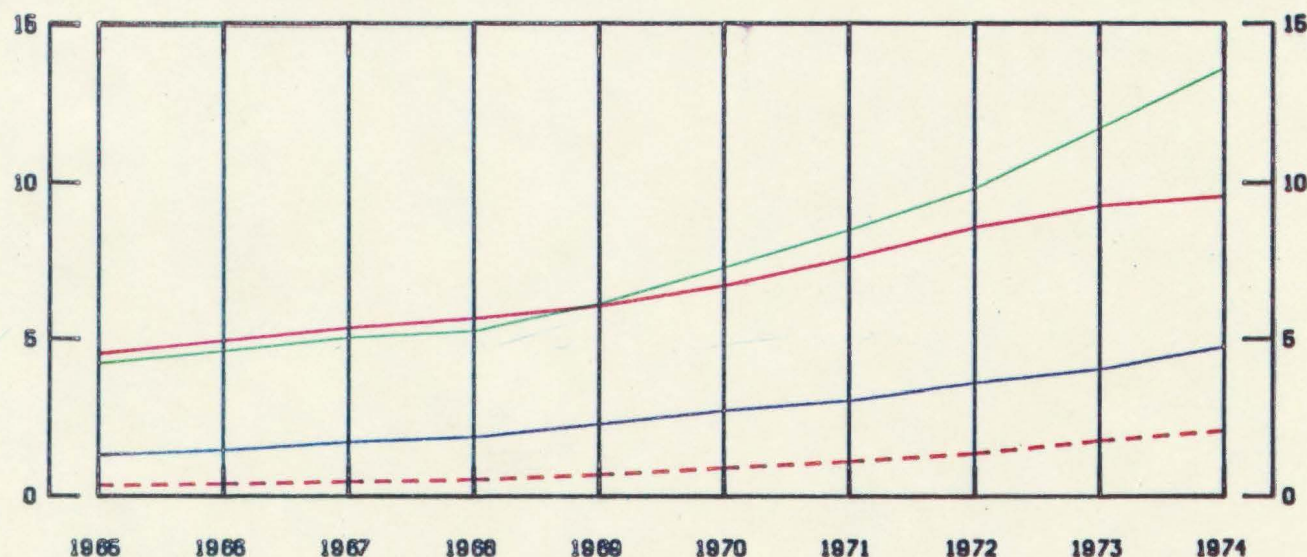


	THIS PERIOD	CHANGE LAST PER.	CHANGE YEAR AGO	
GENERAL REVENUE	\$30.1	N/A	12.0%	BILLIONS OF DOLLARS
GENERAL EXPENDITURE	\$28.9	N/A	10.5%	
LONG-TERM INDEBTEDNESS	\$16.4	N/A	12.8%	



## C.5 - Selected Components of County General Revenue: 1965 to 1974

	THIS PERIOD	CHANGE LAST PER.	CHANGE YEAR AGO	
PROPERTY TAX	\$9.6	N/A	3.1%	BILLIONS OF DOLLARS
INTERGOVERNMENTAL	\$13.8	N/A	17.6%	
CHARGES AND MISCELLANEOUS	\$4.7	N/A	14.0%	
OTHER TAXES - - -	\$2.1	N/A	17.4%	

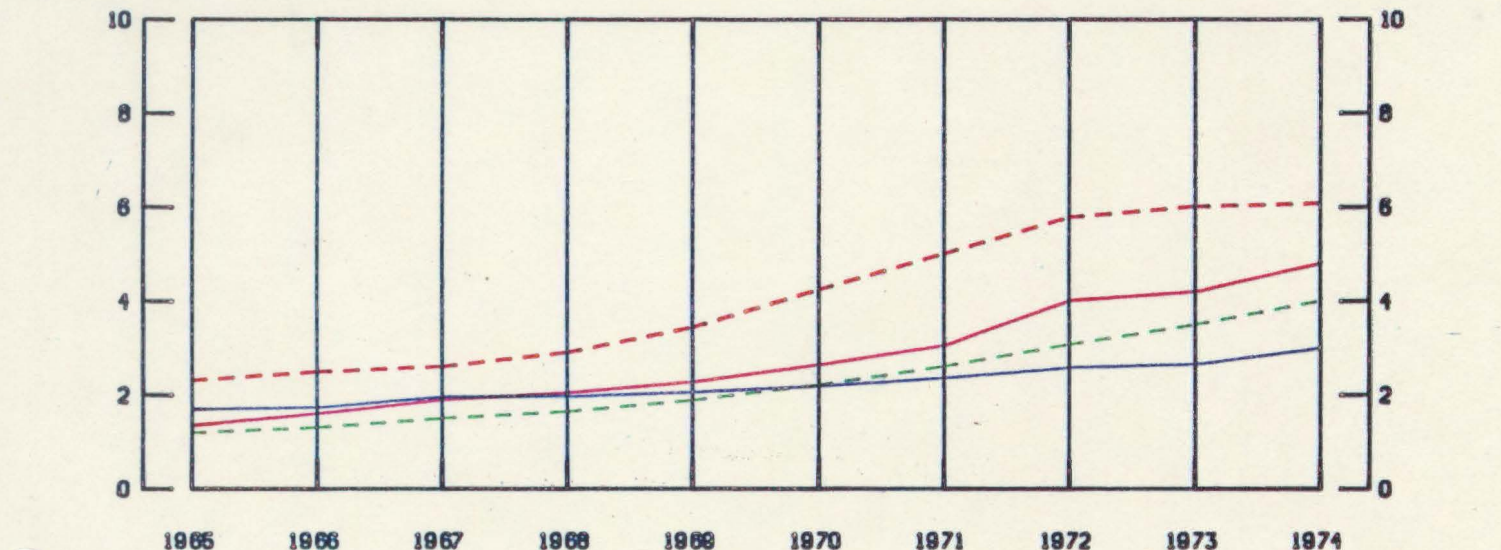


Source: Bureau of the Census  
27 February 1976



## C.6 - Selected Components of County General Expenditure: 1965 to 1974

	THIS PERIOD	CHANGE LAST PER.	CHANGE YEAR AGO
PUBLIC WELFARE - - -	\$6.3	N/A	1.8%
HIGHWAYS	\$3.1	N/A	12.7%
EDUCATION	\$4.8	N/A	12.1%
HEALTH AND HOSPITALS - - -	\$4.0	N/A	10.1%



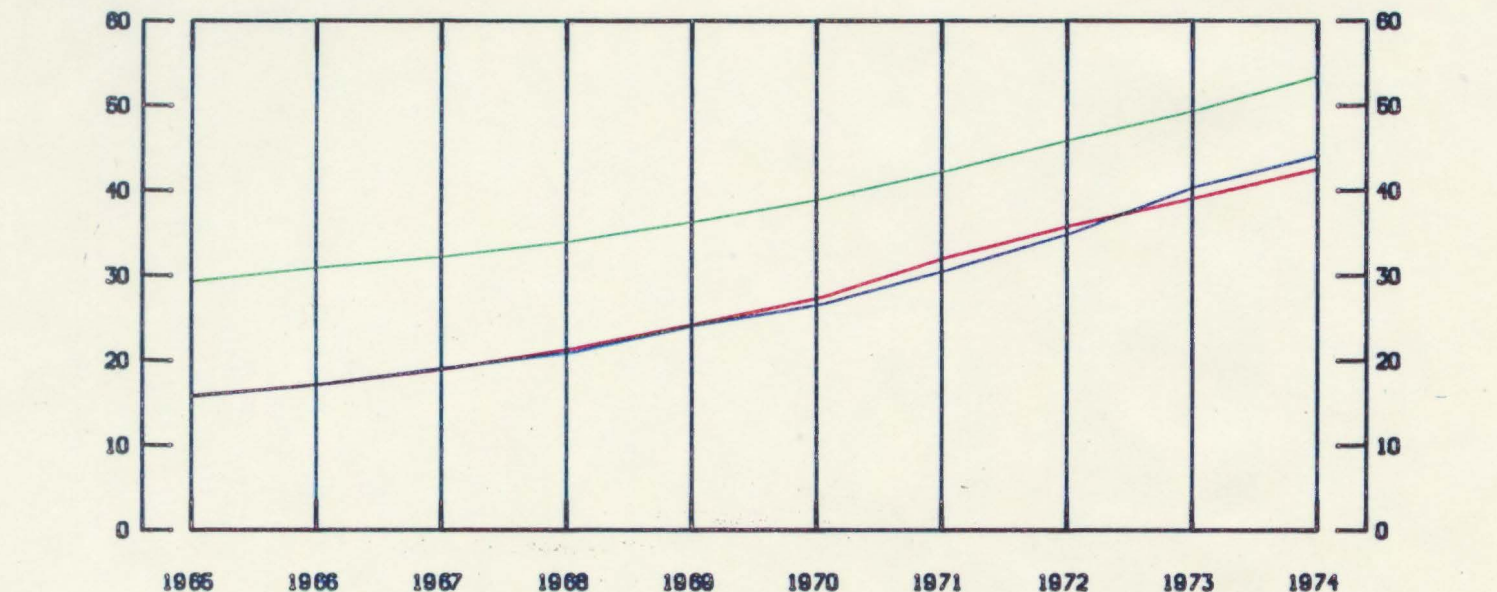
Source: Bureau of the Census  
27 February 1976

- Sixty percent of the rise in County General Revenue since 1972 is accounted for by the rise in Intergovernmental Revenue.
- Intergovernmental Revenue provided \$13.8 billion, or 45.8 percent of the 1974 total General Revenue of counties.
- Property Tax as a proportion of total county General Revenue, has declined from 43.4 percent in 1965 to 31.8 percent in 1974.
- From 1965 to 1974, Total General Expenditure has nearly tripled.
- Sharply higher outlays for Public Welfare, Education, and Health and Hospitals were the major factor.
- Highway Expenditures rose more moderately, increasing 80 percent over this period.



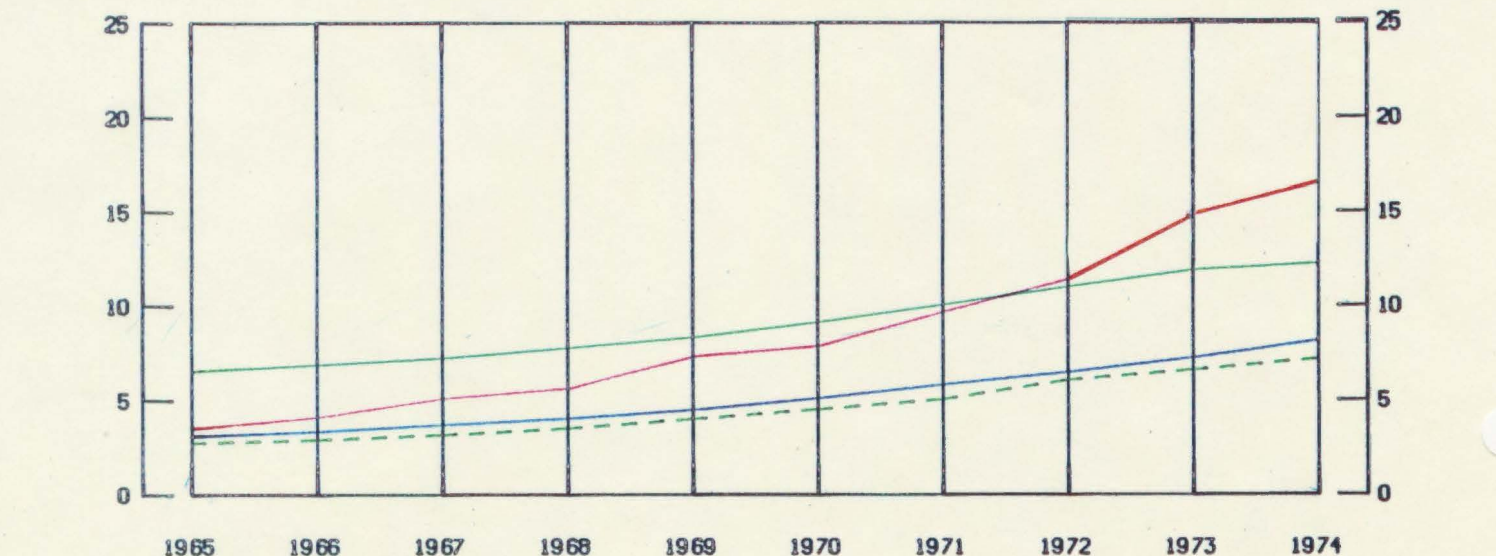
## C.7 - Trends in Municipal General Revenue, General Expenditure, and Long-Term Indebtedness: 1965 to 1974

	THIS PERIOD	CHANGE LAST PER.	CHANGE YEAR AGO
LONG-TERM INDEBTEDNESS	\$53.4	N/A	8.3%
GENERAL REVENUE	\$44.2	N/A	9.4%
GENERAL EXPENDITURE	\$42.5	N/A	9.0%



## C.8 - Selected Components of Municipal General Revenue 1965 to 1974

	THIS PERIOD	CHANGE LAST PER.	CHANGE YEAR AGO
PROPERTY TAX	\$12.2	N/A	3.1%
INTERGOVERNMENTAL	\$16.6	N/A	13.1%
CHARGES AND MISCELLANEOUS	\$8.1	N/A	17.4%
OTHER TAX - - -	\$7.2	N/A	9.0%





## C.9 - Selected Components of Municipal General Expenditure: 1965 to 1974

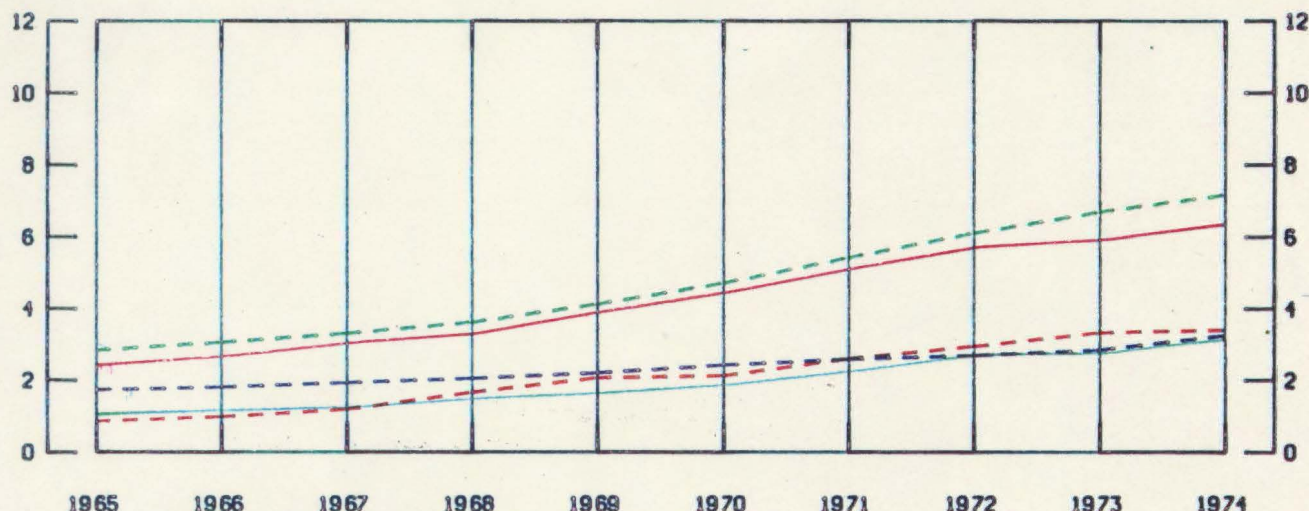


BILLIONS  
OF DOLLARS

POLICE AND FIRE PROTECTION  
EDUCATION  
HIGHWAYS  
HEALTH AND HOSPITALS  
PUBLIC WELFARE - - -

THIS PERIOD	CHANGE LAST PER.	CHANGE YEAR AGO
\$7.2	N/A	6.9%
\$6.4	N/A	7.4%
\$3.3	N/A	14.0%
\$3.1	N/A	2.3%
\$3.4	N/A	2.3%

BILLIONS  
OF DOLLARS



Source: Bureau of the Census  
27 February 1976

- As in the case of counties, Intergovernmental Revenue has become a major source of municipal funds.
- From 1965 to 1974, Intergovernmental Revenue increased from 22.2 percent to 37.6 percent of total municipal General Revenue.
- Property Taxes, another major source of municipal revenue, as a proportion of total municipal General Revenue, has declined from 41.2 to 27.7 percent.
- From 1965 to 1974, general expenditure for Public Welfare increased nearly four-fold; Police and Fire Protection rose two and one-half times; Health and Hospitals nearly tripled; and Highways rose 84 percent.
- Municipal expenditures for Education are concentrated in a small number of large cities, including New York City, that directly administer public schools. In most cities public schools are administered by independent school districts.
- Similarly, Public Welfare expenditures are concentrated in large cities.
- New York City alone accounts for nearly three-fourths of all municipal expenditures for Public Welfare.



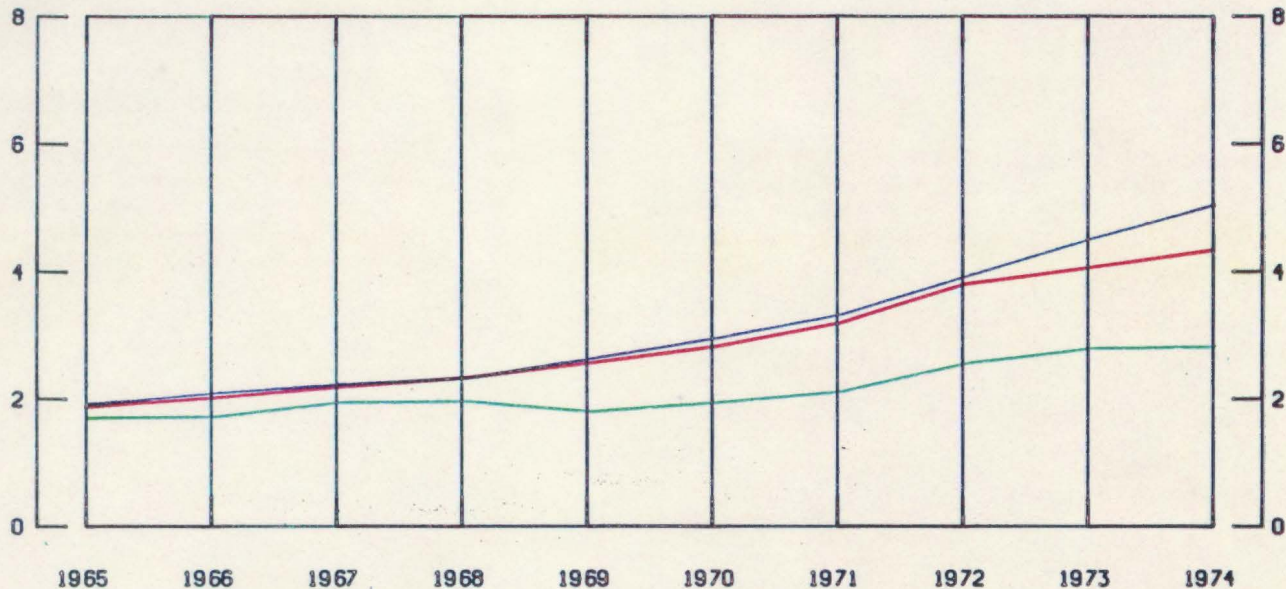
# C.10 - Trends in General Revenue, Direct General Expenditure, and Long-Term Indebtedness of Townships: 1965 to 1974



	THIS PERIOD	CHANGE LAST PER.	CHANGE YEAR AGO	
GENERAL REVENUE	\$5.1	N/A	11.9%	
DIRECT GENERAL EXPENDITURE	\$4.4	N/A	7.0%	
LONG-TERM INDEBTEDNESS	\$2.8	N/A	1.1%	

BILLIONS OF DOLLARS

BILLIONS OF DOLLARS



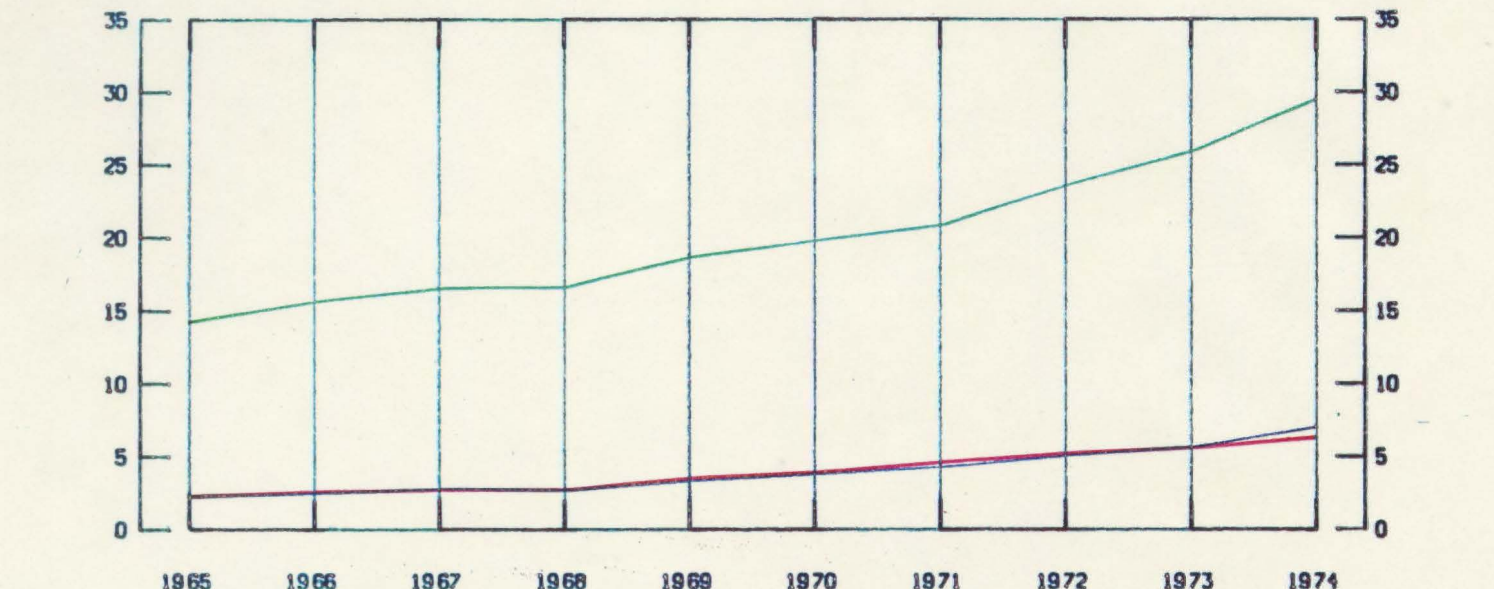
Source: Bureau of the Census  
27 February 1976

- About 90 percent of township Revenue and Expenditure are concentrated in the New England area and New Jersey, Pennsylvania, Michigan, New York, and Wisconsin. In these areas, townships are vested with relatively broad powers and perform functions usually associated with municipal governments.
- Over the past 2 years General Revenue has increased at a faster rate than Direct General Expenditure.
- Although Property Taxes remained the largest source of township Revenue, accounting for 58 percent of the total, Intergovernmental Revenue is becoming increasingly important.
- Amounts spent for Education and Highways together constituted 53 percent of total township Expenditure of \$4.4 billion in 1974.
- Another 11 percent was spent on Police and Fire Protection.



# C.11 - Trends in General Revenue, Direct General Expenditure, and Long-Term Indebtedness of Special Districts: 1965 to 1974

	THIS PERIOD	CHANGE LAST PER.	CHANGE YEAR AGO	
LONG-TERM INDEBTEDNESS	\$29.6	N/A	13.9%	
DIRECT GENERAL EXPENDITURE	\$6.4	N/A	12.7%	
GENERAL REVENUE	\$7.0	N/A	24.0%	



Source: Bureau of the Census  
27 February 1976

- Special districts comprise the most diverse group of local governments in the Nation. The services provided by these districts range from such basic social needs as hospitals and fire protection to the less conspicuous tasks of mosquito abatement and upkeep of cemeteries.
- In contrast to other local government units, the main revenue source of special districts is Charges and Miscellaneous General Revenue, which constituted half of all General Revenue in 1974. Property taxes constituted only 15 percent of all special district General Revenue, as opposed to 36.5 percent for all other local governments.
- Direct General Expenditure and General Revenue do not include utilities (including transit systems) and liquor stores. However, in contrast to other local governments, these components are a large portion of total Revenue and Expenditure (see definitions of General Revenue and General Expenditure).
  - For example, in 1974 utility and liquor store expenditure of \$4.1 billion was two-thirds as large as the \$6.4 billion in Direct General Expenditure.
- Capital outlay and interest on debt comprise slightly more than one-half of total special district expenditure, compared to one-fifth of the expenditures of all other local governments combined.



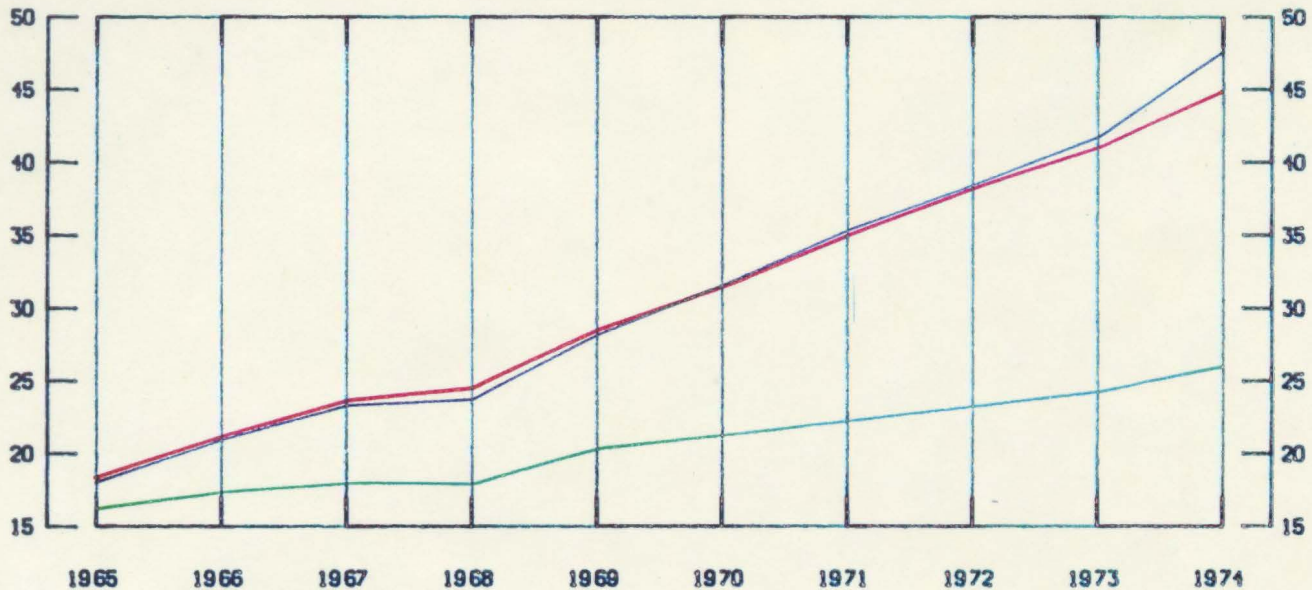
## C.12 - Trends in General Revenue, Direct General Expenditure, and Long-Term Indebtedness of School Districts: 1965 to 1974



	THIS PERIOD	CHANGE LAST PER.	CHANGE YEAR AGO	
DIRECT GENERAL EXPENDITURE	\$44.9	N/A	9.4%	
GENERAL REVENUE	\$47.6	N/A	14.1%	
LONG-TERM INDEBTEDNESS	\$26.1	N/A	7.2%	

BILLIONS  
OF DOLLARS

BILLIONS  
OF DOLLARS



Source: Bureau of the Census  
27 February 1976

- In 1972, school districts accounted for approximately 38 million pupils, or 81 percent of total public school enrollment. The remaining 19 percent were enrolled in school systems that operated as dependent agencies of county, municipal, township, or State governments.
- In 1974 Intergovernmental Revenue became the major source of school district funds, accounting for nearly half of all General Revenue.
- Property Tax Revenue amounted to \$20.6 billion, or 43.3 percent of total General Revenue.
- In 1972, current operations consumed about 87 percent of all school district expenditure.
  - About three-fourths of current expenses were for salaries and other compensation for personal services.
  - Capital Outlays accounted for approximately 13 percent of total expenditure.

## APPENDIX A. State and Local Governmental General Revenue, General Expenditure, and Indebtedness: 1967 and 1974

There is substantial interstate variation in the level of activity of each State and its local governments as measured on a per capita basis and per \$1,000 of personal income.

On a per capita basis the lowest values are found in the South, but when calculated per \$1,000 of Personal Income the North Central region is shown to have the lowest level of State and local government activity.

The highest values for both measures are generally found in the West and Northeast.

With few exceptions, Per Capita General Revenue, General Expenditure, and Total Indebtedness are up sharply from 1967 to 1974:

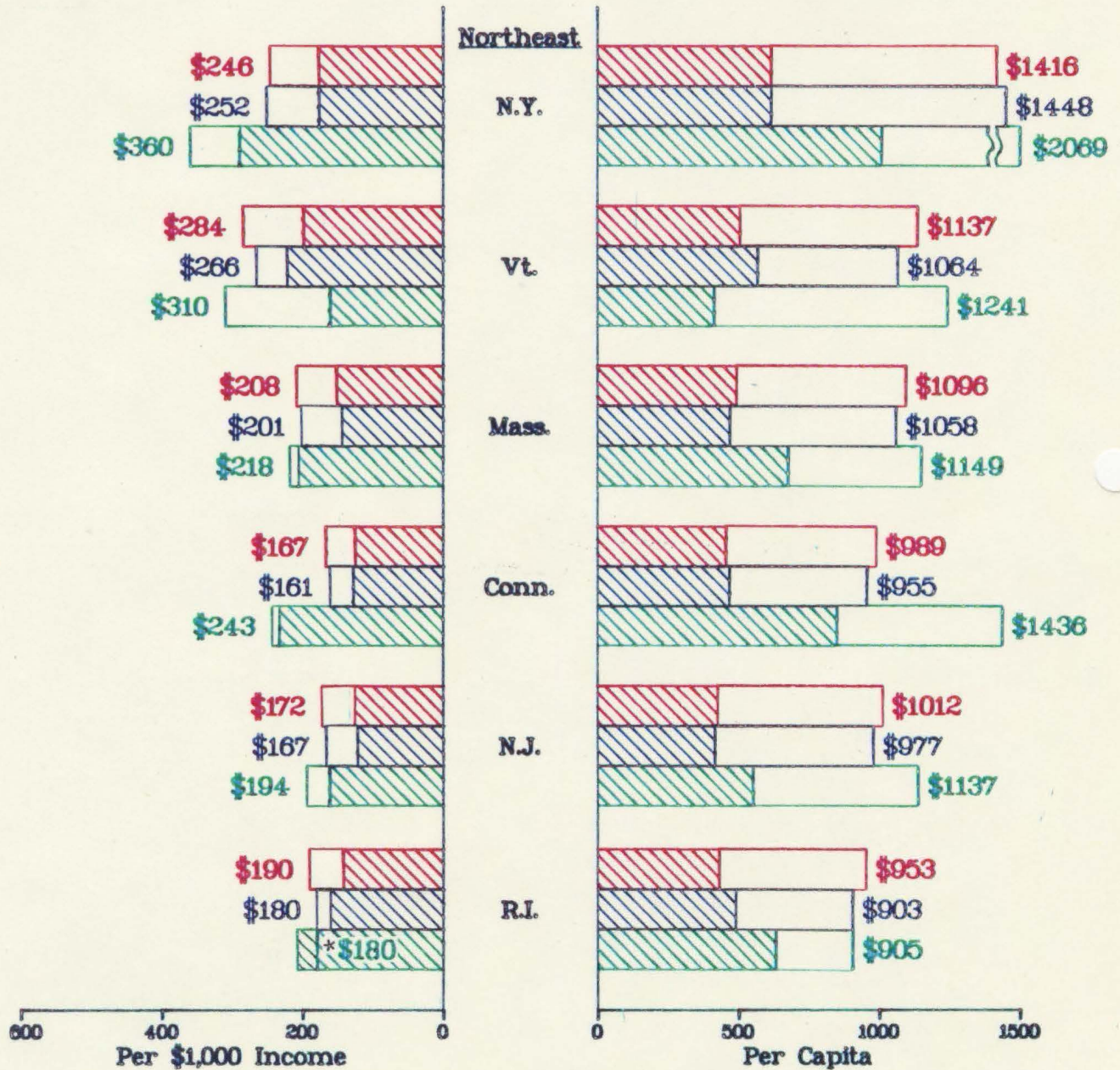
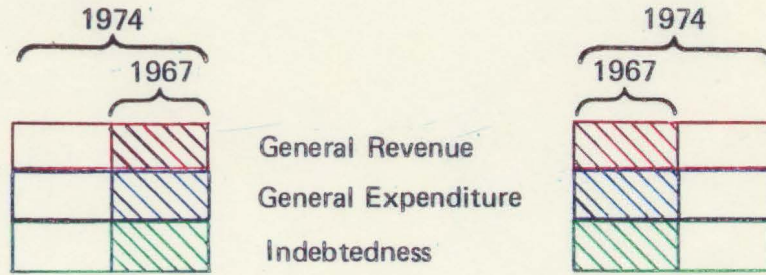
	<u>Median State Value</u>	
	<u>1967</u>	<u>1974</u>
General Revenue	\$463	\$932
General Expenditure	\$472	\$867
Indebtedness	\$489	\$788

When measured against each \$1,000 of Personal Income, the increases are less striking and many States show declines over this period.

	<u>Median State Value</u>	
	<u>1967</u>	<u>1974</u>
General Revenue	\$168	\$199
General Expenditure	\$177	\$187
Indebtedness	\$182	\$180



# APPENDIX A. State and Local Governmental General Revenue, General Expenditure, and Indebtedness: 1967 and 1974 Per \$1,000 Personal Income and Per Capita

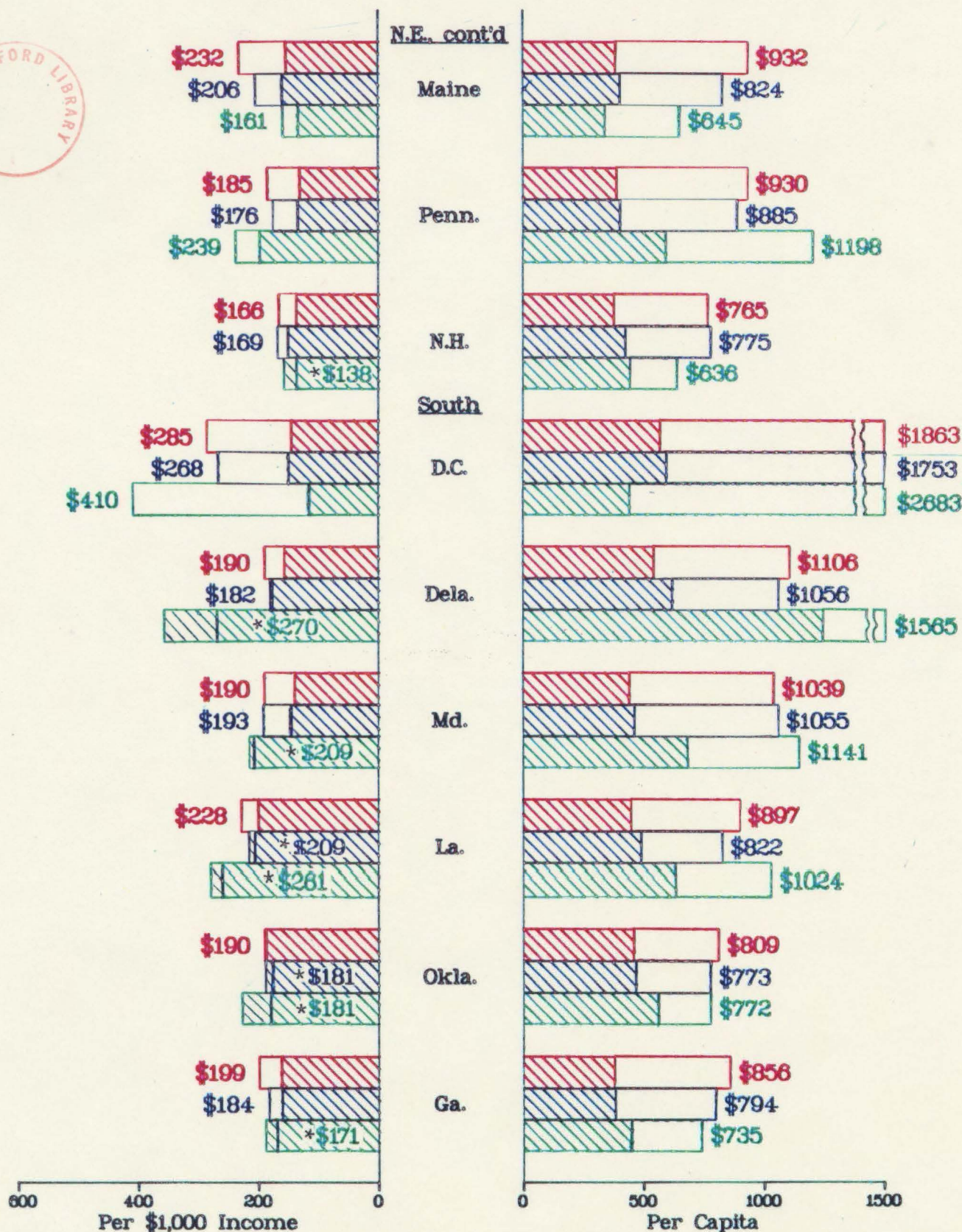


Source: Bureau of the Census  
27 February 1976

\*Decline from 1967.



# APPENDIX A. State and Local Governmental General Revenue, General Expenditure, and Indebtedness: 1967 and 1974 Per \$1,000 Personal Income and Per Capita



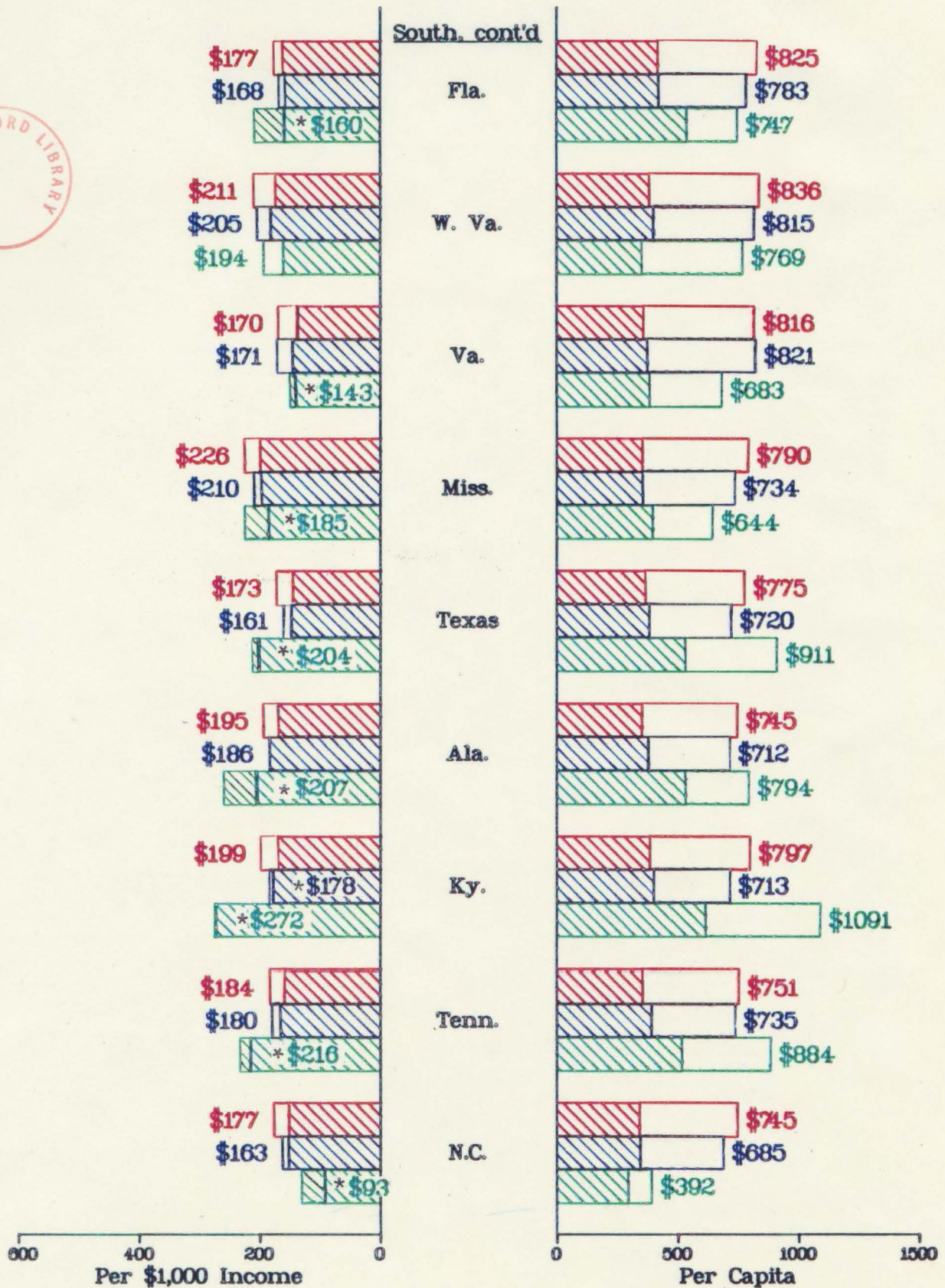
Source: Bureau of the Census  
27 February 1976

\*Decline from 1967.



# APPENDIX A. State and Local Governmental General Revenue, General Expenditure, and Indebtedness: 1967 and 1974

Per \$1,000 Personal Income and Per Capita



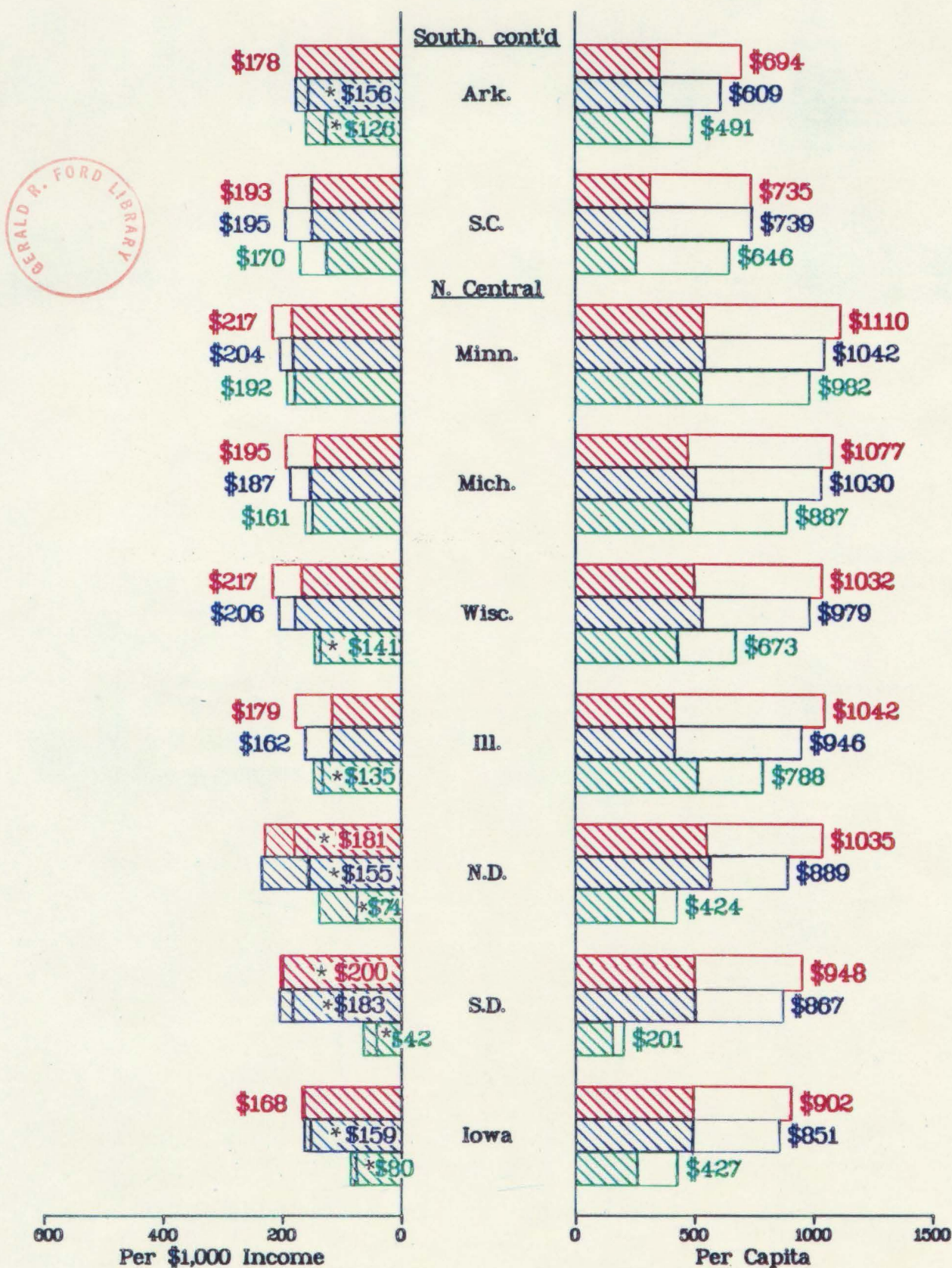
Source: Bureau of the Census  
27 February 1976

\*Decline from 1967.



# APPENDIX A. State and Local Governmental General Revenue, General Expenditure, and Indebtedness: 1967 and 1974

Per \$1,000 Personal Income and Per Capita

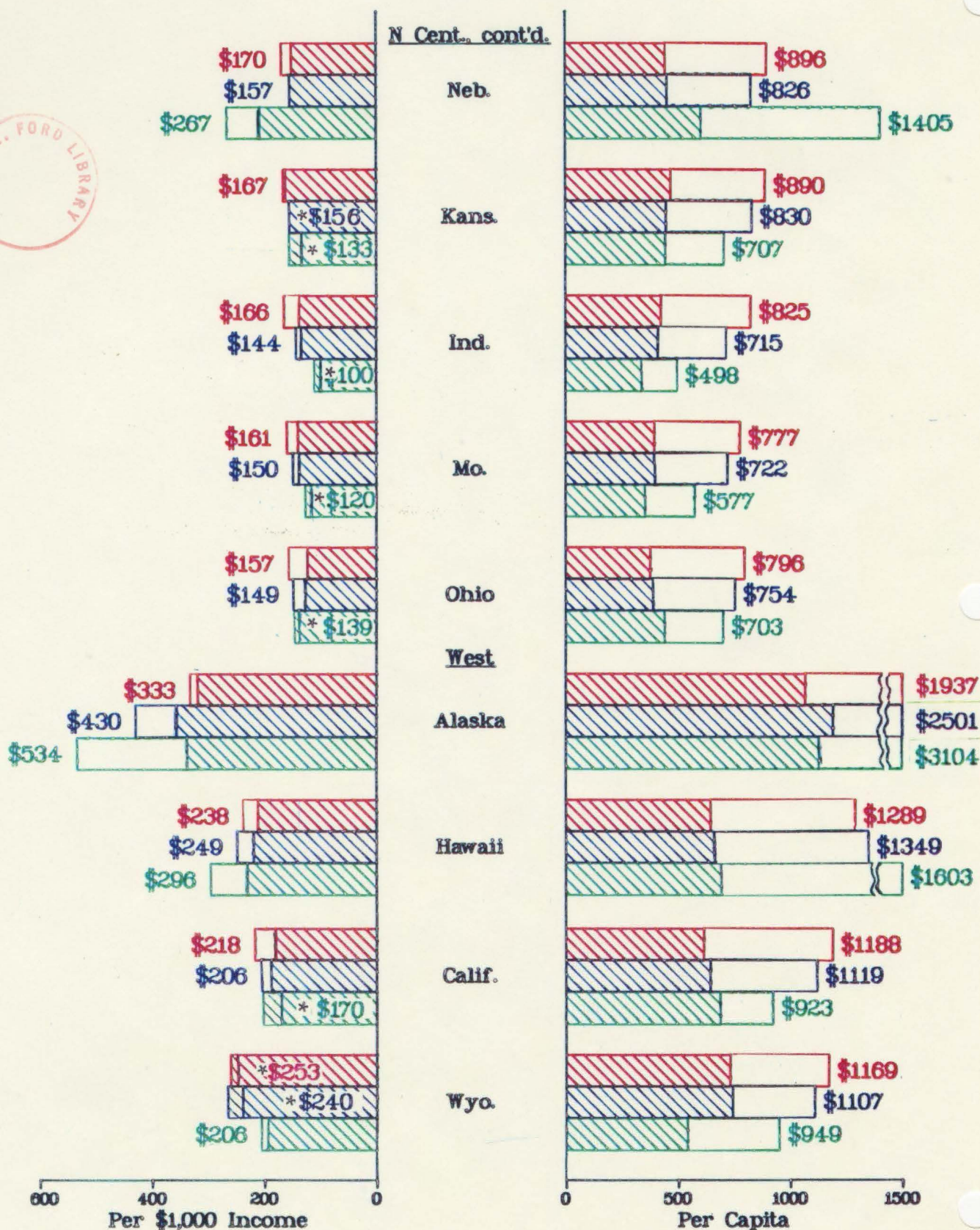


Source: Bureau of the Census  
27 February 1976

\* Decline from 1967.



# APPENDIX A State and Local Governmental General Revenue, General Expenditure, and Indebtedness: 1967 and 1974 Per \$1,000 Personal Income and Per Capita



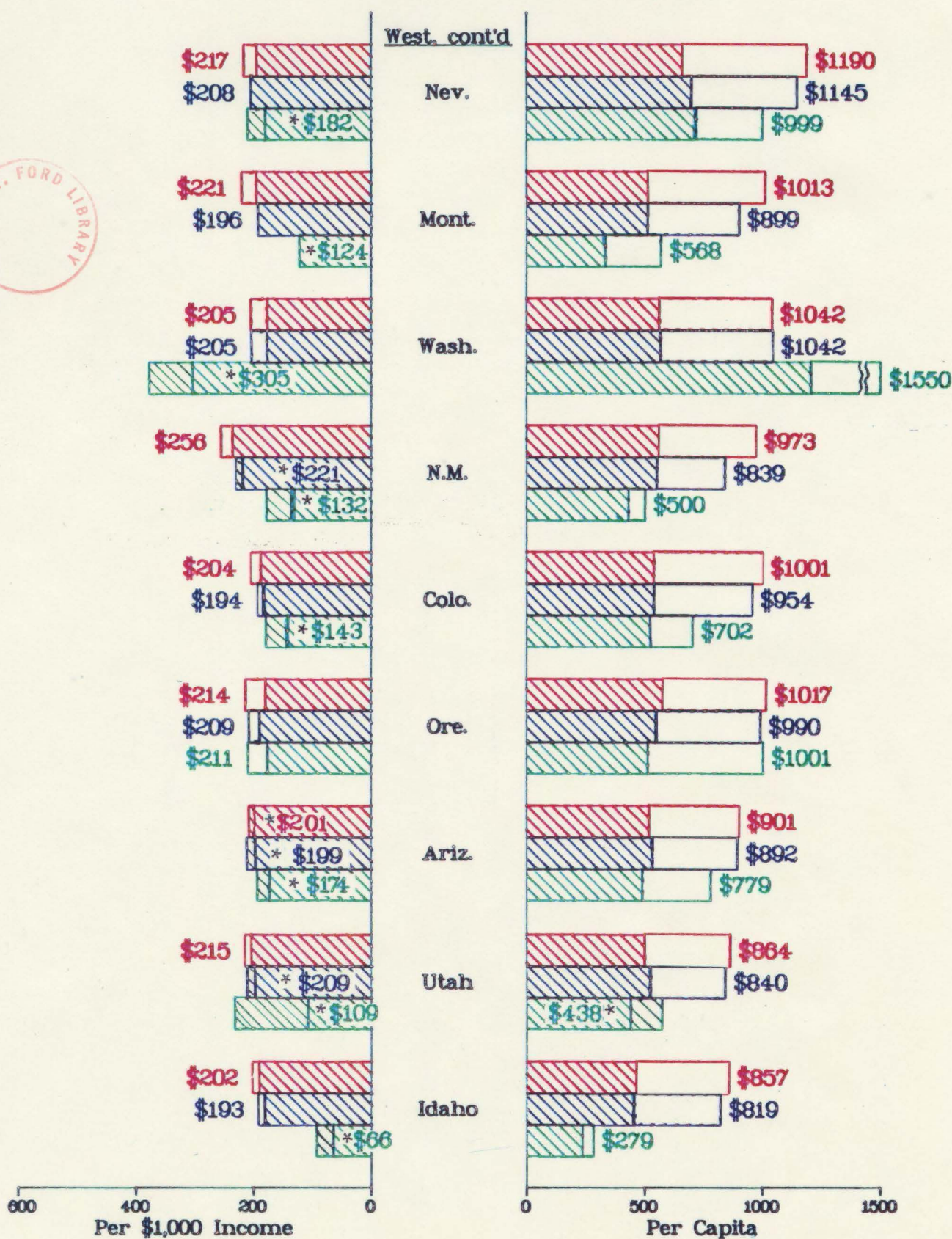
Source: Bureau of the Census  
27 February 1976

\* Decline from 1967.



# APPENDIX A. State and Local Governmental General Revenue, General Expenditure, and Indebtedness: 1967 and 1974

Per \$1,000 Personal Income and Per Capita



Source: Bureau of the Census  
27 February 1976

\*Decline from 1967.



# APPENDIX B

## Definitions of Selected Terms

**Cash and Security Holdings**—Cash and deposits (including demand and time deposits) and governmental and private securities (bonds, notes, stocks, mortgages, etc.), except holdings of agency and private trust funds.

**Charges and Miscellaneous General Revenue**—Current charges, special assessments, and all other general revenue except taxes and intergovernmental revenue. Current Charges comprise amounts received from the public for performance of specific services benefiting the person charged and from sales of commodities and services except those by liquor store systems and local utilities. Interest Earnings consist of earnings on deposits and securities, other than such earnings of insurance trust funds. Special Assessments are compulsory contributions collected from owners of property benefited by specific public improvements (paving, drainage or irrigation facilities, etc.) to defray the costs of such improvements, and apportioned according to the assumed benefits to the property affected.

**Direct General Expenditure**—Payments to employees, suppliers, contractors, beneficiaries, and other final recipients of governmental payments (i.e., expenditure other than intergovernmental) by the general government; excludes utility expenditure, liquor stores expenditure, and insurance trust expenditure.

**Education**—Provision or support of schools and other educational facilities and services. The Local Schools category comprises all direct expenditure by local governments for education, other than any direct spending for institutions of higher education, and any direct State government spending for operation of, or facilities and supplies for, elementary and secondary public schools. Institutions of Higher Education include facilities and activities of all educational institutions beyond the high school level operated by State or local governments, except that agricultural experiment stations and agricultural extension services are classed under natural resources, and university-operated hospitals serving the public are classed under hospitals. These educational categories include related services such as pupil transportation, school milk and lunch programs, cafeterias, and health and recreational programs.

**Expenditure**—All amounts of money paid out by a government—net of recoveries and other correcting transactions—other than for retirement of debt, investment in securities, extension of credit, or as agency transactions. Expenditure includes only external transactions of a government and excludes noncash transactions such as the provision of perquisites or other payments in kind. Aggregates for groups of governments exclude intergovernmental transactions among the governments involved.

**General Expenditure**—All expenditure of a government other than utility expenditure, liquor stores expenditure, and insurance-trust expenditure.

**General Revenue**—All revenue of a government except utility revenue, liquor stores revenue, and insurance-trust revenue. All tax revenue and all intergovernmental revenue even if designated for employee-retirement of local utility purposes, is classed as general revenue.

**General Revenue Sharing**—Funds distributed to States and local general purpose governments by the Federal Government under the State and Local Fiscal Assistance Act of 1972.

**Health**—Health services, other than hospital care, including health research, clinics, nursing, immunization, and other categorical, environmental, and general public health activities. School health services provided by health agencies (rather than school agencies) are included here.

**Highways**—Streets, highways, and structures necessary for their use, street lighting, snow and ice removal, toll highway and bridge facilities, and ferries.

**Hospitals**—Establishment and operation of hospital facilities, provision of hospital care, and support of public or private hospitals. However, see Public Welfare concerning vendor payments under welfare programs.

**Housing and Urban Renewal**—Housing and redevelopment projects and any promotion or support of private housing and redevelopment activities.

**Insurance Trust System**—A government-administered program for employee retirement and social insurance protection relating to unemployment compensation, workmen's compensation, Old Age, Survivors', Disability, Health Insurance, and the like. Insurance Trust Revenue comprises amounts from contributions required of employers and employees for financing these social insurance programs, and earnings on assets of such systems. Insurance Trust Expenditure comprises only cash payments to beneficiaries (including withdrawals of contributions). Insurance trust revenue and expenditure do not include any contributions of a government to a system it administers.

**Interest Expenditure**—Amounts paid for use of borrowed money. Interest, except that paid on debt incurred distinctively for local utility purposes, is classed under general expenditure. General expenditure for interest is not allocated to particular functions (education, highways, etc.) but is classed separately as interest on general debt.

**Intergovernmental Transactions**—Intergovernmental Revenue and Intergovernmental Expenditure comprise, respectively, payments from one government to another as grants-in-aid, shared revenues, payments in lieu of taxes, or reimbursements for governmental services. Excludes amounts for the purchase of commodities, property, or utility services, any tax levied as such on facilities of the payer, and employer contributions by the government for social insurance. Intergovernmental Revenue From State Government includes any amounts originating with the Federal Government but channeled through the State for distribution to local governments.

**Liquor Stores**—Alcoholic beverage distribution facilities are operated by 17 State governments and by some counties and small municipalities in a few States. Liquor Stores Expenditure comprises purchase of beverages for resale and provision and operation of liquor stores. Excludes expenditures for law enforcement and licensing activities, which are classed under

general expenditure. Liquor Stores Revenue consists of amounts received from sales of liquor stores (exclusive of any distinctive tax revenue they collect).

**Long-term indebtedness**—Comprises long-term credit obligations of the government and its agencies. Excludes all obligations repayable within one year. Full faith and credit debt is long-term debt for which the credit of the government, implying the power of taxation, is unconditionally pledged. Includes debt payable initially from specific taxes or nontax sources, but representing a liability payable from any other available resources if the pledged sources are insufficient. Nonguaranteed debt consists of long-term debt payable solely from earnings of revenue producing activities, from special assessments, or from specific nonproperty taxes.

**Property Taxes**—Taxes conditioned on ownership of property and measured by its value. Includes general property taxes relating to property as a whole, real and personal, tangible or intangible, whether taxed at a single rate or at classified rates, and taxes on selected types of property, such as motor vehicles or certain intangibles.

**Public Welfare**—Support of and assistance to needy persons contingent upon their need. Excludes pensions to former employees and other benefits not contingent on need. Expenditures under this heading include: Cash Assistance Payments directly to needy persons under categorical and other welfare programs; vendor payments made directly to private purveyors for medical care, burials, and other services provided under welfare programs; welfare institutions; and any intergovernmental or other direct expenditure for welfare purposes. Any services provided directly by the government through its Hospitals and Health agencies are classed under those headings.

**Revenue**—All amounts of money received by a government from external sources—net of refunds and other correcting transactions—other than from issue of debt, liquidation of investments, and as agency and private trust transactions. Excludes

noncash transactions such as receipts of services, commodities, or other "receipts in kind".

**Sales and Gross Receipts Taxes**—Taxes, including "licenses" at more than nominal rates, based on volume or value of transfers of goods or services, upon gross receipts therefrom, or upon gross income, and related taxes based upon use, storage, production (other than severance of natural resources), importation, or consumption of goods. General Sales or Gross Receipts Taxes comprise such taxes which are applicable with only specified exceptions to all types of goods, or of goods and services, or of all gross income. Taxes imposed distinctively upon sales of or gross receipts from selected commodities, services, or businesses are categorized as Selective Sales and Gross Receipts Taxes.

**Social Insurance Administration**—For State and local governments, consists of Employment Security Administration activities, which comprise only administration of unemployment compensation programs and employment offices. Includes also Federal administration of Old Age, Survivors', Disability, and Health Insurance and other social insurance programs.

**Taxes**—Compulsory contributions exacted by a government for public purposes. All tax revenue is classified under general revenue and comprises amounts received (including interest and penalties but excluding refunds) from taxes imposed by the recipient government. Amounts received by a government from a tax it imposes are counted as tax revenue of that government, even though initially collected by another government; in such instances, however, any amounts retained by the collecting government are treated as its tax revenue.

**Utility**—A water supply, electric light and power, gas supply, or transit system owned and operated by a local government. Utility Revenue comprises receipts from the sale of utility services or commodities to the public or to other governments. Utility Expenditure consists of capital outlay for utility facilities, interest paid on utility debt, and current operation expenditure of the utility, net of identifiable costs for providing services to the parent government (which are treated as general expenditure for the function served).

