

Part 3

Spending

As with state revenue, there are various ways to look at state spending. *Total state expenditures*, obviously, encompass every dollar spent by state government, irrespective of its source.

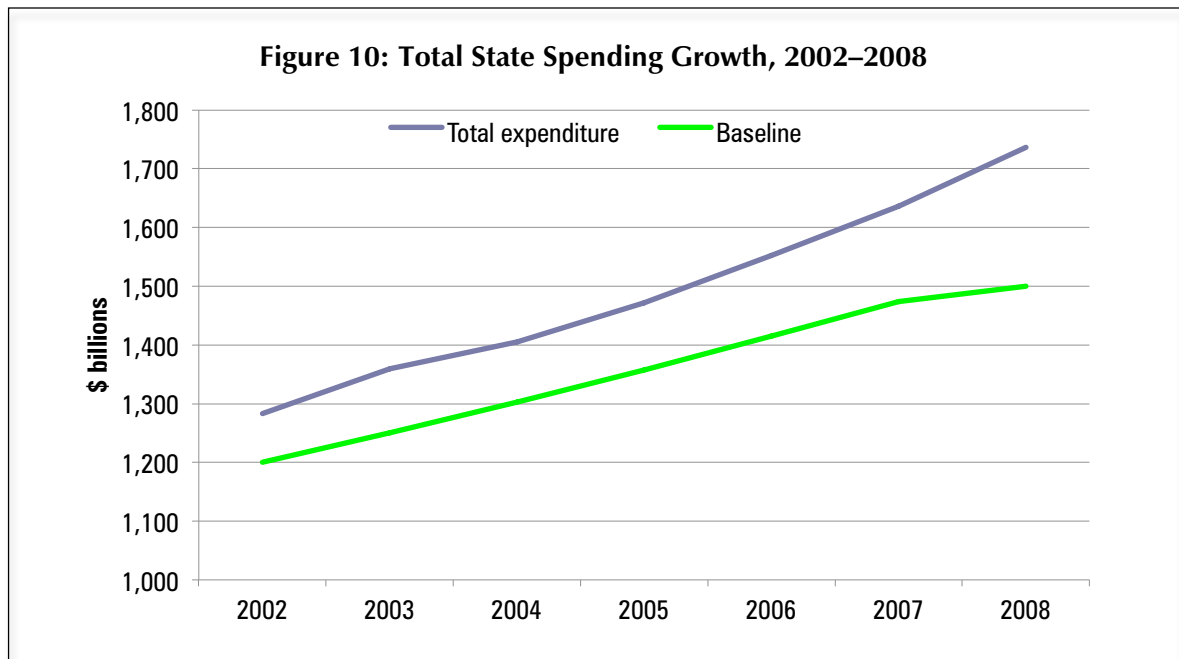


Table 13: Individual State Total Spending and Total Spending Per Capita, 2008

| Rank | State | 2008 Total Spending (\$ thousand) | 2008 Total Spending Per Capita (\$ thousand) |
|------|---------------|-----------------------------------|--|
| 1 | Alaska | 10,115,914 | 14,740 |
| 2 | Wyoming | 5,081,586 | 9,540 |
| 3 | Delaware | 7,151,941 | 8,192 |
| 4 | Hawaii | 10,533,869 | 8,177 |
| 5 | Vermont | 5,070,156 | 8,161 |
| 6 | New York | 157,397,509 | 8,076 |
| 7 | New Mexico | 15,793,049 | 7,959 |
| 8 | Louisiana | 33,003,929 | 7,483 |
| 9 | Rhode Island | 7,495,870 | 7,134 |
| 10 | Massachusetts | 45,634,948 | 7,023 |
| 11 | New Jersey | 58,539,173 | 6,742 |
| 12 | Connecticut | 23,528,530 | 6,720 |

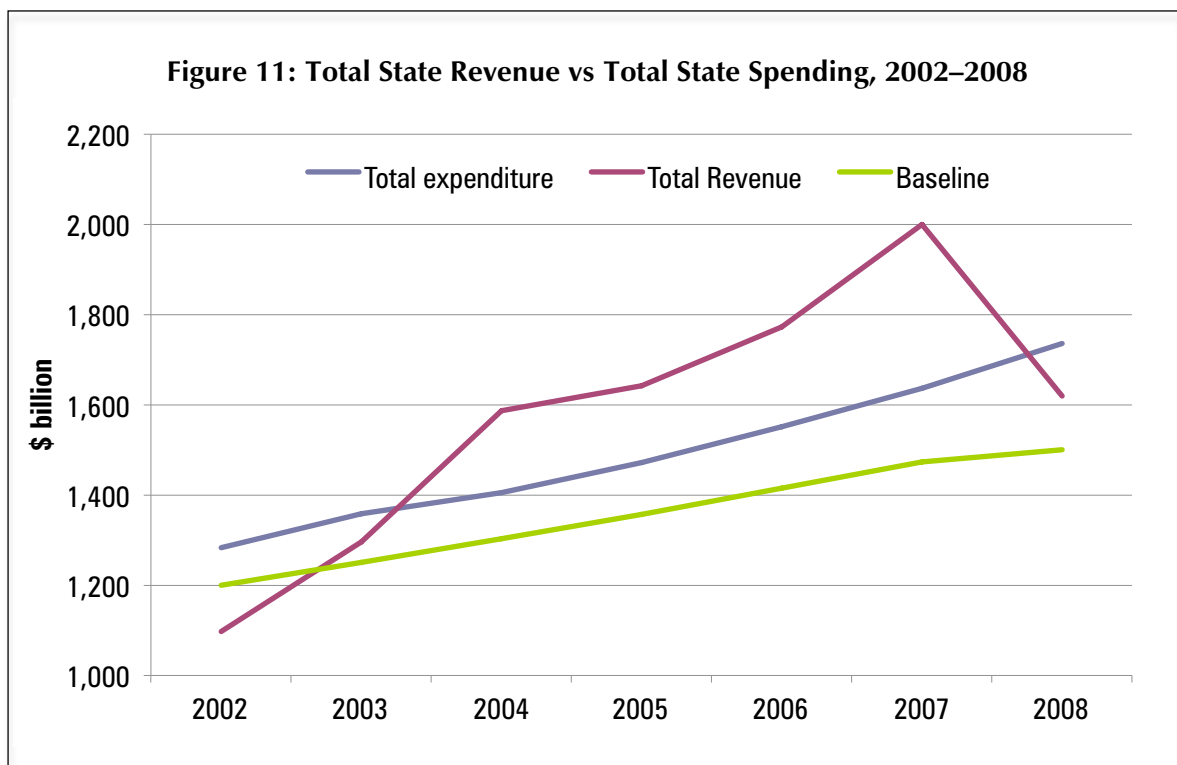
| Rank | State | 2008 Total Spending (\$ thousand) | 2008 Total Spending Per Capita (\$ thousand) |
|-------------|----------------|--|---|
| 13 | California | 246,683,951 | 6,711 |
| 14 | Minnesota | 34,283,510 | 6,567 |
| 15 | North Dakota | 4,125,920 | 6,432 |
| 16 | Mississippi | 18,642,916 | 6,344 |
| 17 | Montana | 6,137,669 | 6,344 |
| 18 | Maine | 8,175,152 | 6,210 |
| 19 | South Carolina | 27,593,614 | 6,160 |
| 20 | Washington | 39,689,815 | 6,060 |
| 21 | Maryland | 34,029,818 | 6,041 |
| 22 | Kentucky | 25,421,531 | 5,955 |
| 23 | Oregon | 22,386,883 | 5,907 |
| 24 | Ohio | 67,788,590 | 5,902 |
| 25 | Wisconsin | 32,649,254 | 5,801 |
| 26 | Pennsylvania | 71,940,224 | 5,779 |
| | United States | 1,735,949,390 | 5,755 |
| 27 | Michigan | 56,869,012 | 5,685 |
| 28 | West Virginia | 10,139,699 | 5,588 |
| 29 | Iowa | 16,522,737 | 5,503 |
| 30 | Arkansas | 15,655,753 | 5,483 |
| 31 | Alabama | 24,892,739 | 5,379 |
| 32 | Oklahoma | 19,517,639 | 5,359 |
| 33 | Kansas | 14,968,811 | 5,342 |
| 34 | Utah | 14,293,669 | 5,223 |
| 35 | Virginia | 39,879,609 | 5,133 |
| 36 | North Carolina | 46,994,653 | 5,096 |
| 37 | Idaho | 7,675,083 | 5,037 |
| 38 | New Hampshire | 6,601,654 | 5,017 |
| 39 | Illinois | 63,368,160 | 4,912 |
| 40 | Indiana | 30,783,257 | 4,827 |
| 41 | Arizona | 30,778,930 | 4,735 |
| 42 | Nebraska | 8,443,129 | 4,734 |
| 43 | Colorado | 22,856,848 | 4,702 |
| 44 | South Dakota | 3,698,335 | 4,599 |
| 45 | Missouri | 26,788,804 | 4,532 |
| 46 | Georgia | 41,165,128 | 4,250 |
| 47 | Tennessee | 26,403,221 | 4,248 |
| 48 | Florida | 76,972,938 | 4,200 |
| 49 | Nevada | 10,845,375 | 4,171 |
| 50 | Texas | 100,938,886 | 4,149 |

| Table 14: Individual State Total Spending Growth, 2002–2008 | | | | |
|--|----------------|------------------------------------|------------------------------------|-------------------|
| Rank | State | 2002 Spending (\$ thousand) | 2008 Spending (\$ thousand) | Difference |
| 1 | Louisiana | 17,993,401 | 33,003,929 | 83% |
| 2 | Wyoming | 2,948,182 | 5,081,586 | 72% |
| 3 | Arizona | 18,606,630 | 30,778,930 | 65% |
| 4 | New Mexico | 10,083,987 | 15,793,049 | 57% |
| 5 | Delaware | 4,644,236 | 7,151,941 | 54% |
| 6 | Florida | 51,838,351 | 76,972,938 | 48% |
| 7 | Idaho | 5,234,047 | 7,675,083 | 47% |
| 8 | Nevada | 7,410,738 | 10,845,375 | 46% |
| 9 | Mississippi | 12,742,438 | 18,642,916 | 46% |
| 10 | Maryland | 23,317,261 | 34,029,818 | 46% |
| 11 | Vermont | 3,511,510 | 5,070,156 | 44% |
| 12 | Texas | 70,036,258 | 100,938,886 | 44% |
| 13 | Montana | 4,265,076 | 6,137,669 | 44% |
| 14 | Virginia | 28,044,327 | 39,879,609 | 42% |
| 15 | North Carolina | 33,123,528 | 46,994,653 | 42% |
| 16 | Hawaii | 7,445,512 | 10,533,869 | 41% |
| 17 | Utah | 10,107,055 | 14,293,669 | 41% |
| 18 | Kansas | 10,591,633 | 14,968,811 | 41% |
| 19 | New Jersey | 41,987,647 | 58,539,173 | 39% |
| 20 | Massachusetts | 32,847,974 | 45,634,948 | 39% |
| 21 | Indiana | 22,205,168 | 30,783,257 | 39% |
| 22 | Alabama | 17,996,418 | 24,892,739 | 38% |
| 23 | Kentucky | 18,424,584 | 25,421,531 | 38% |
| 24 | South Carolina | 20,009,040 | 27,593,614 | 38% |
| 25 | New Hampshire | 4,822,727 | 6,601,654 | 37% |
| 26 | Alaska | 7,402,469 | 10,115,914 | 37% |
| 27 | North Dakota | 3,020,393 | 4,125,920 | 37% |
| 28 | Arkansas | 11,550,140 | 15,655,753 | 36% |
| | United States | 1,282,852,187 | 1,735,949,390 | 35% |
| 29 | South Dakota | 2,771,705 | 3,698,335 | 33% |
| 30 | California | 184,927,602 | 246,683,951 | 33% |
| 31 | Oklahoma | 14,727,332 | 19,517,639 | 33% |
| 32 | New York | 119,198,996 | 157,397,509 | 32% |
| 33 | Colorado | 17,324,984 | 22,856,848 | 32% |
| 34 | Tennessee | 20,029,048 | 26,403,221 | 32% |
| 35 | Georgia | 31,352,991 | 41,165,128 | 31% |
| 36 | Washington | 30,378,008 | 39,689,815 | 31% |
| 37 | Maine | 6,264,883 | 8,175,152 | 30% |
| 38 | Pennsylvania | 55,170,768 | 71,940,224 | 30% |
| 39 | Rhode Island | 5,766,687 | 7,495,870 | 30% |
| 40 | Iowa | 12,720,752 | 16,522,737 | 30% |
| 41 | Nebraska | 6,536,970 | 8,443,129 | 29% |
| 42 | Illinois | 49,131,377 | 63,368,160 | 29% |
| 43 | Missouri | 20,840,783 | 26,788,804 | 29% |
| 44 | Minnesota | 26,692,608 | 34,283,510 | 28% |

Table 14: Individual State Total Spending Growth, 2002–2008

| Rank | State | 2002 Spending (\$ thousand) | 2008 Spending (\$ thousand) | Difference |
|------|---------------|-----------------------------|-----------------------------|------------|
| 45 | Ohio | 53,473,400 | 67,788,590 | 27% |
| | Baseline | N/A | N/A | 25% |
| 46 | Oregon | 18,029,157 | 22,386,883 | 24% |
| 47 | Wisconsin | 26,749,270 | 32,649,254 | 22% |
| 48 | Connecticut | 20,117,270 | 23,528,530 | 17% |
| 49 | Michigan | 49,027,432 | 56,869,012 | 16% |
| 50 | West Virginia | 9,409,434 | 10,139,699 | 8% |

Notice in Figure 11 how both total revenue and total expenditures greatly exceed the baseline. More interesting is that revenues exceeded expenditures for many years. Where did that extra revenue go? These data do not show the answer. One would think the states would have had massive rainy day funds to use to weather the recession. They certainly did not give the excess revenue back to the taxpayers.



Taking *total expenditures* and excluding spending on state liquor stores (in states where this anachronism still exists), utilities and many social insurance programs, including state employee retirement benefits, gives us *general expenditures*. This number also includes monies states receive from the federal government to support a variety of programs from highway construction to Medicaid. Excluding money from the federal government gives us *direct expenditures*, which encompass current operations, interest on debt, assistance and subsidies and capital outlays, among others.

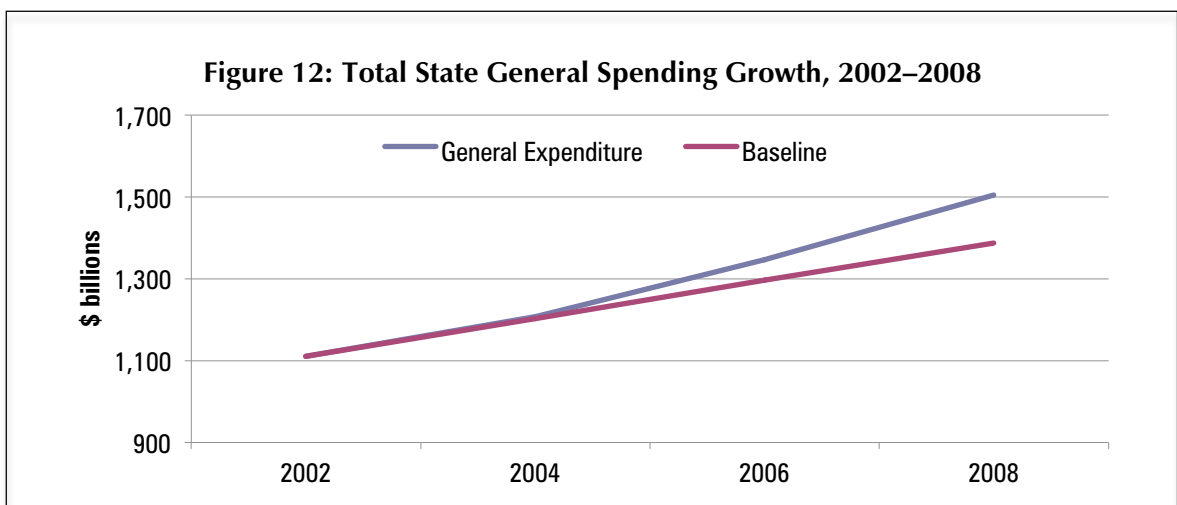
When evaluating how states managed their fiscal affairs, it can be argued that *direct expenditure* is the best measure. Direct expenditure spending is most directly controlled by state elected officials. *General expenditure*, on the other hand, gives us a fuller picture of state spending. States receive around 30% of their revenue from the federal government. This is because many federal policies and programs use grants to the states as funding mechanisms, incentives and instruments of control. Federal grants to transportation, education and welfare alone give the federal government tremendous influence over how states spend in those areas.

State lawmakers often like to complain about “federal mandates” on certain programs. Left unsaid, however, is that states are subjected to these mandates only because they choose to accept federal funds. For example, many state officials have complained about the testing requirements in the *No Child Left Behind* law. They had to comply with these requirements because of the education dollars they received from the federal government—about 8.3 cents on the dollar of total education spending. If states had turned down the federal money—again only pennies on the dollar—they would be free of not only the *NCLB* mandates, but every other federal mandate on education policy. But states don't seem willing to turn away from federal funds no matter how much it distorts their decisions.

Taking all of this into account, we choose to focus on *general expenditures*, so as to capture state spending including federal funds to reflect that bargain that states choose to accept. We also look at specific categories of spending defined by the Census Department. These don't perfectly match up with categories defined by state-level groups like the National Governors Association or the National Association of State Budget Officers but they provide a consistent view of actual spending.

A. General Expenditures

In 2008, general expenditures in the states totaled just over \$1.5 trillion, a 35% increase over 2002, when general expenditures were just over \$1.1 trillion, and well above the baseline of inflation and population growth at 25%.



| Rank | State | 2002 Spending (\$ thousand) | 2008 Spending (\$ thousand) | Difference |
|-------------|----------------|------------------------------------|------------------------------------|-------------------|
| 1 | Louisiana | 15,836,393 | 29,983,212 | 89% |
| 2 | Wyoming | 2,608,940 | 4,564,285 | 75% |
| 3 | Arizona | 16,734,370 | 27,568,941 | 65% |
| 4 | New Mexico | 9,213,597 | 14,412,908 | 56% |
| 5 | Delaware | 4,231,092 | 6,561,474 | 55% |
| 6 | Nevada | 6,304,874 | 9,319,965 | 48% |
| 7 | Texas | 61,532,766 | 90,576,780 | 47% |
| 8 | Idaho | 4,624,686 | 6,806,589 | 47% |
| 9 | Maryland | 20,704,431 | 30,328,008 | 46% |
| 10 | Mississippi | 11,461,763 | 16,776,821 | 46% |
| 11 | Florida | 47,291,632 | 69,155,854 | 46% |
| 12 | Montana | 3,784,702 | 5,423,506 | 43% |
| 13 | Hawaii | 6,683,606 | 9,567,007 | 43% |
| 14 | Vermont | 3,291,008 | 4,707,185 | 43% |
| 15 | North Carolina | 29,537,271 | 42,107,428 | 43% |
| 16 | Virginia | 25,545,848 | 36,415,455 | 43% |
| 17 | New Jersey | 32,935,974 | 46,810,441 | 42% |
| 18 | Massachusetts | 28,470,834 | 40,398,126 | 42% |
| 19 | Kansas | 9,617,322 | 13,645,502 | 42% |
| 20 | Utah | 9,142,538 | 12,966,773 | 42% |
| 21 | Indiana | 20,584,712 | 28,417,734 | 38% |
| 22 | Alabama | 16,160,326 | 22,170,605 | 37% |
| 23 | Alaska | 6,702,256 | 9,148,545 | 36% |
| 24 | Kentucky | 16,394,058 | 22,363,052 | 36% |
| 25 | New Hampshire | 4,176,687 | 5,672,446 | 36% |
| | United States | 1,110,668,889 | 1,504,529,418 | 35% |
| 26 | Washington | 25,160,311 | 34,091,969 | 35% |
| 27 | Arkansas | 10,634,159 | 14,354,884 | 35% |
| 28 | South Carolina | 17,048,314 | 22,988,332 | 35% |
| 29 | North Dakota | 2,812,686 | 3,789,848 | 35% |
| 30 | Oklahoma | 12,904,144 | 17,208,905 | 33% |
| 31 | South Dakota | 2,554,212 | 3,400,145 | 33% |
| 32 | Tennessee | 18,489,355 | 24,565,001 | 33% |
| 33 | New York | 96,528,968 | 128,221,439 | 33% |
| 34 | California | 158,235,437 | 208,782,657 | 32% |
| 35 | Maine | 5,670,144 | 7,449,178 | 31% |
| 36 | Colorado | 14,795,822 | 19,341,732 | 31% |
| 37 | Iowa | 11,435,526 | 14,830,301 | 30% |
| 38 | Nebraska | 6,219,242 | 8,024,395 | 29% |
| 39 | Pennsylvania | 47,147,270 | 60,791,234 | 29% |
| 40 | Minnesota | 23,477,924 | 30,255,260 | 29% |
| 41 | Ohio | 42,361,985 | 54,580,967 | 29% |
| 42 | Rhode Island | 4,842,611 | 6,228,442 | 29% |
| 43 | West Virginia | 7,560,308 | 9,681,035 | 28% |
| 44 | Illinois | 42,678,167 | 54,310,201 | 27% |

| Rank | State | 2002 Spending (\$ thousand) | 2008 Spending (\$ thousand) | Difference |
|------|-------------|-----------------------------|-----------------------------|------------|
| 45 | Georgia | 28,465,937 | 36,164,925 | 27% |
| 46 | Missouri | 18,707,684 | 23,621,358 | 26% |
| | Baseline | N/A | N/A | 25% |
| 47 | Oregon | 14,884,121 | 18,076,076 | 21% |
| 48 | Wisconsin | 23,118,991 | 28,019,994 | 21% |
| 49 | Connecticut | 17,536,472 | 20,057,458 | 14% |
| 50 | Michigan | 43,827,413 | 49,825,040 | 14% |

This spending above baseline adds up. By 2008 states were spending \$117 billion per year more than if they had stuck to the baseline. And this spending occurred when welfare and unemployment rolls were *declining*. Unemployment, for example, fell from around 6% in 2002 to around 4.6% in 2007, before rising again to 5.8% in 2008 as the recession began. Yet as the section below on welfare spending shows, states massively expanded spending on welfare during this period. How ironic that the \$117 billion *per year* in spending above the baseline by states was more than they requested in bailouts from the federal government at the height of the recession.

And look again at Table 15. Notice that five states (LA, WY, AZ, NM, DE) grew spending by more than 50%—more than *twice the rate of growth of the baseline*. And six more states grew their spending by more than 45% (NV, TX, ID, MD, MS, FL)—a spending spree. Two of these states, Louisiana and Mississippi, experienced devastating storms in 2005, which accounts for much of their increased spending. A few other states experienced faster population growth than the nation as a whole, but not twice as much, and in none of these states does this growth account for the higher spending.

B. Spending by Major Categories

The above figures cover overall spending. Looking at major categories of spending and their growth over the six years between 2002 and 2008 provides insight into the spending priorities in the states. In percentage terms, debt payments grew the fastest, while in dollar terms spending on welfare, education and salaries grew a whopping \$343 billion.

| Spending Category | 2002 Spending (\$ thousands) | 2008 Spending (\$ thousands) | Difference |
|--------------------------|------------------------------|------------------------------|------------|
| Interest on General Debt | 31,407,303 | 46,753,214 | 49% |
| Hospitals | 37,500,128 | 53,682,058 | 43% |
| Public Welfare | 288,593,877 | 412,141,472 | 43% |
| Education | 389,407,676 | 546,825,678 | 40% |
| Salaries and Wages | 167,841,309 | 229,818,658 | 37% |
| Corrections | 38,875,374 | 49,897,531 | 28% |
| Highways | 84,068,470 | 107,190,485 | 28% |
| Police Protection | 10,705,936 | 13,594,279 | 27% |
| Natural Resources | 17,821,117 | 22,522,407 | 26% |

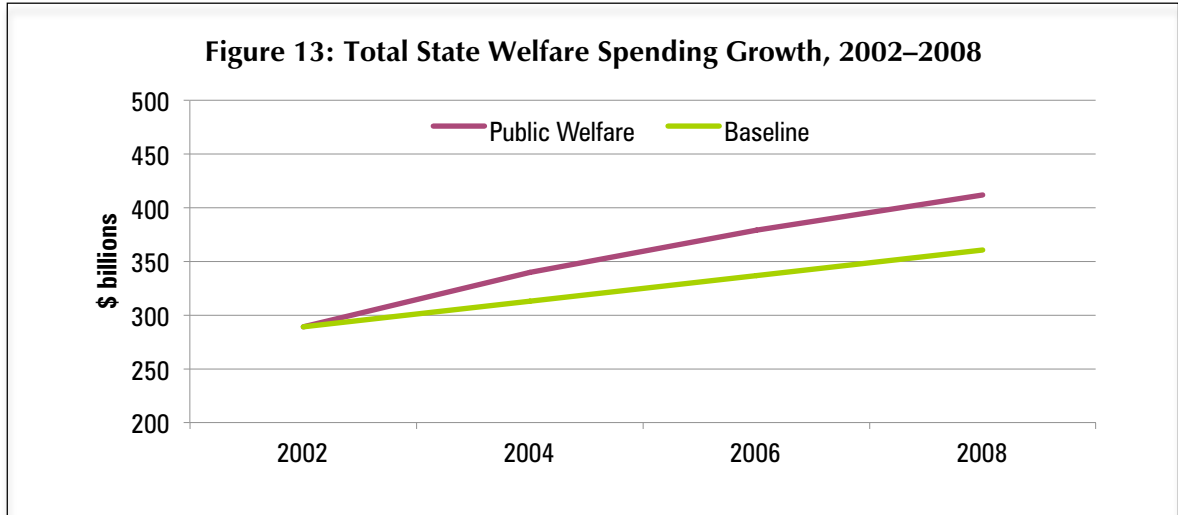
Table 16: Total State Spending Category Growth, 2002–2008

| Spending Category | 2002 Spending (\$ thousands) | 2008 Spending (\$ thousands) | Difference |
|---------------------------|------------------------------|------------------------------|------------|
| Baseline | N/A | N/A | 25% |
| Government Administration | 41,065,153 | 53,698,587 | 24% |
| Health | 50,549,676 | 60,957,320 | 21% |
| Parks and Recreation | 6,183,538 | 6,396,814 | 3% |

1) Public Welfare

In 2008, states spent over \$412 billion on public welfare, making it the second largest spending category after education. Welfare spending grew by 43% from 2002, well above the baseline. Eight states (MA, DE, AZ, LA, NJ, NM, WY and VA) expanded welfare spending by over 75%. No state decreased spending on welfare during this period.

This category covers a range of spending, but Medicaid and nursing home care accounts for the overwhelming majority. In recent years, this has been one of the fastest rising areas of state spending. Add in federal spending on Medicaid and this has emerged as the single largest item in states' budgets. In the coming years it will consume ever larger shares of state budgets, crowding out other priorities. Some of this crowding out is evidenced in other categorical spending that is detailed below.

**Table 17: Individual State Welfare Spending Growth, 2002–2008**

| Rank | State | 2002 Spending (\$ thousand) | 2008 Spending (\$ thousand) | Difference |
|------|---------------|-----------------------------|-----------------------------|------------|
| 1 | Massachusetts | 5,987,846 | 12,682,783 | 112% |
| 2 | Delaware | 702,892 | 1,451,463 | 106% |
| 3 | Arizona | 3,998,137 | 7,927,027 | 98% |
| 4 | Louisiana | 3,080,895 | 5,828,886 | 89% |
| 5 | New Jersey | 6,703,300 | 12,420,936 | 85% |
| 6 | New Mexico | 2,028,295 | 3,558,863 | 75% |
| 7 | Wyoming | 374,206 | 656,176 | 75% |
| 8 | Virginia | 4,199,553 | 7,354,674 | 75% |

| Table 17: Individual State Welfare Spending Growth, 2002–2008 | | | | |
|--|----------------|------------------------------------|------------------------------------|-------------------|
| Rank | State | 2002 Spending (\$ thousand) | 2008 Spending (\$ thousand) | Difference |
| 9 | North Carolina | 6,845,986 | 11,652,949 | 70% |
| 10 | Vermont | 766,092 | 1,253,623 | 64% |
| 11 | Idaho | 1,003,118 | 1,614,703 | 61% |
| 12 | Kansas | 1,986,407 | 3,167,907 | 59% |
| 13 | New Hampshire | 974,600 | 1,544,997 | 59% |
| 14 | Illinois | 10,940,019 | 17,167,067 | 57% |
| 15 | Indiana | 5,124,522 | 8,034,079 | 57% |
| 16 | Connecticut | 3,599,348 | 5,621,038 | 56% |
| 17 | Maryland | 4,625,705 | 7,118,659 | 54% |
| 18 | Florida | 11,878,904 | 18,063,299 | 52% |
| 19 | Nevada | 1,040,294 | 1,580,454 | 52% |
| 20 | Texas | 15,270,585 | 23,048,973 | 51% |
| 21 | Oklahoma | 3,202,402 | 4,821,034 | 51% |
| 22 | Iowa | 2,617,128 | 3,904,781 | 49% |
| 23 | Arkansas | 2,577,745 | 3,771,732 | 46% |
| 24 | Colorado | 3,131,520 | 4,557,057 | 46% |
| | United States | 288,593,877 | 412,141,472 | 43% |
| 25 | Michigan | 9,524,431 | 13,430,826 | 41% |
| 26 | California | 42,965,482 | 60,191,685 | 40% |
| 27 | Ohio | 11,504,467 | 16,113,757 | 40% |
| 28 | Utah | 1,580,580 | 2,203,414 | 39% |
| 29 | Hawaii | 1,125,980 | 1,563,961 | 39% |
| 30 | Maine | 1,801,953 | 2,492,721 | 38% |
| 31 | South Dakota | 592,754 | 811,709 | 37% |
| 32 | Montana | 659,976 | 888,748 | 35% |
| 33 | Minnesota | 6,741,114 | 9,045,789 | 34% |
| 34 | Rhode Island | 1,690,087 | 2,230,969 | 32% |
| 35 | New York | 34,598,240 | 44,763,366 | 29% |
| 36 | Kentucky | 4,796,130 | 6,198,814 | 29% |
| 37 | Mississippi | 3,412,798 | 4,405,435 | 29% |
| 38 | Alaska | 1,150,533 | 1,477,255 | 28% |
| 39 | Nebraska | 1,661,269 | 2,099,052 | 26% |
| 40 | Pennsylvania | 15,118,232 | 19,032,829 | 26% |
| 41 | Tennessee | 6,896,284 | 8,664,226 | 26% |
| | Baseline | N/A | N/A | 25% |
| 42 | South Carolina | 4,373,330 | 5,477,881 | 25% |
| 43 | Washington | 6,174,456 | 7,612,755 | 23% |
| 44 | North Dakota | 627,303 | 773,278 | 23% |
| 45 | Georgia | 7,825,282 | 9,644,769 | 23% |
| 46 | West Virginia | 2,135,874 | 2,565,426 | 20% |
| 47 | Wisconsin | 5,514,657 | 6,524,417 | 18% |
| 48 | Missouri | 5,496,624 | 6,231,774 | 13% |
| 49 | Oregon | 3,856,484 | 4,311,257 | 12% |
| 50 | Alabama | 4,110,058 | 4,582,199 | 11% |

2) Education

Education is the single biggest category of state spending. In 2008, states spent \$547 billion on education, a 40% increase from 2002, far above the baseline rate of 25%. Eleven states (WY, MA, NV, MD, TX, DE, AL, NY, VT, ID, NJ) expanded education spending by over 50%, twice the baseline rate of growth. No states decreased spending on education during this period.

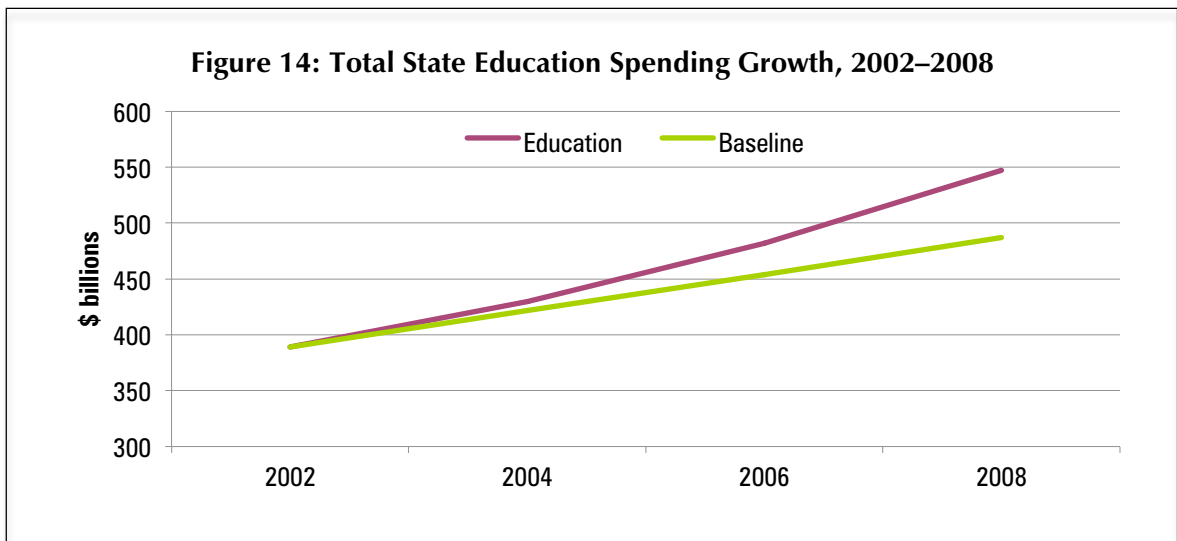


Table 18: Individual State Education Spending Growth, 2002–2009

| Rank | State | 2002 Spending (\$ thousand) | 2008 Spending (\$ thousand) | Difference |
|------|----------------|-----------------------------|-----------------------------|------------|
| 1 | Wyoming | 865,530 | 1,537,792 | 78% |
| 2 | Massachusetts | 6,553,103 | 10,714,000 | 63% |
| 3 | Nevada | 2,523,220 | 4,069,362 | 61% |
| 4 | Maryland | 6,891,617 | 10,991,254 | 59% |
| 5 | Texas | 25,763,230 | 40,672,485 | 58% |
| 6 | Delaware | 1,433,753 | 2,263,320 | 58% |
| 7 | Alabama | 6,811,434 | 10,658,472 | 56% |
| 8 | New York | 25,562,251 | 39,764,174 | 56% |
| 9 | Vermont | 1,340,246 | 2,062,824 | 54% |
| 10 | Idaho | 1,829,520 | 2,774,669 | 52% |
| 11 | New Jersey | 10,243,518 | 15,432,044 | 51% |
| 12 | Hawaii | 2,257,402 | 3,393,565 | 50% |
| 13 | Louisiana | 6,047,120 | 9,083,468 | 50% |
| 14 | Arizona | 6,326,736 | 9,408,525 | 49% |
| 15 | Kentucky | 5,870,554 | 8,718,692 | 49% |
| 16 | Florida | 15,643,056 | 23,192,406 | 48% |
| 17 | West Virginia | 2,495,321 | 3,676,900 | 47% |
| 18 | North Carolina | 11,956,287 | 17,438,492 | 46% |
| 19 | Arkansas | 4,375,237 | 6,311,833 | 44% |
| 20 | Kansas | 3,987,803 | 5,750,358 | 44% |
| 21 | South Carolina | 5,656,159 | 8,151,202 | 44% |
| 22 | New Mexico | 3,514,151 | 5,024,928 | 43% |
| 23 | Virginia | 9,848,113 | 14,053,415 | 43% |

| Table 18: Individual State Education Spending Growth, 2002–2009 | | | | |
|--|---------------|------------------------------------|------------------------------------|-------------------|
| Rank | State | 2002 Spending (\$ thousand) | 2008 Spending (\$ thousand) | Difference |
| 24 | Montana | 1,289,328 | 1,839,799 | 43% |
| 25 | Minnesota | 8,819,706 | 12,424,773 | 41% |
| 26 | North Dakota | 942,956 | 1,325,310 | 41% |
| | United States | 389,407,676 | 546,825,678 | 40% |
| 27 | Mississippi | 3,922,172 | 5,471,275 | 39% |
| 28 | Utah | 4,327,496 | 6,036,050 | 39% |
| 29 | Pennsylvania | 13,775,297 | 19,199,292 | 39% |
| 30 | Tennessee | 6,094,892 | 8,479,938 | 39% |
| 31 | Alaska | 1,566,815 | 2,165,387 | 38% |
| 32 | South Dakota | 798,769 | 1,103,636 | 38% |
| 33 | Colorado | 5,798,172 | 7,985,963 | 38% |
| 34 | Washington | 10,298,100 | 14,109,473 | 37% |
| 35 | California | 53,610,067 | 73,276,865 | 37% |
| 36 | Maine | 1,505,432 | 2,018,539 | 34% |
| 37 | Indiana | 7,930,896 | 10,616,678 | 34% |
| 38 | Oklahoma | 5,268,719 | 7,046,621 | 34% |
| 39 | Georgia | 12,154,631 | 16,179,676 | 33% |
| 40 | Nebraska | 2,191,323 | 2,909,668 | 33% |
| 41 | New Hampshire | 1,530,290 | 2,019,883 | 32% |
| 42 | Oregon | 5,207,933 | 6,768,386 | 30% |
| 43 | Ohio | 15,625,913 | 20,120,162 | 29% |
| 44 | Missouri | 6,717,220 | 8,604,958 | 28% |
| 45 | Rhode Island | 1,343,682 | 1,702,825 | 27% |
| 46 | Iowa | 4,576,530 | 5,790,799 | 27% |
| | Baseline | N/A | N/A | 25% |
| 47 | Wisconsin | 8,299,045 | 10,329,906 | 24% |
| 48 | Connecticut | 4,785,884 | 5,850,358 | 22% |
| 49 | Illinois | 14,098,492 | 16,342,627 | 16% |
| 50 | Michigan | 19,132,555 | 21,962,651 | 15% |

3) Interest on Debt

In 2008, states spent just over \$47 billion to service their debt, a 49% increase over 2002, almost twice the baseline rate of growth. At the end of FY 2008, general state debt stood at just over \$1 trillion, 58% higher than in 2002. So, during years when both revenue and expenditures were greatly exceeding the baseline, *and* when general revenues were exceeding general expenditures, the states were more than doubling their debt burden. Thus some of their expenditure growth was debt-fueled, meaning there was even more excess revenue than the data shows.

Seven states (IA, AZ, KS, IN, CO, NM, OK) went on a rampage of borrowing, driving up their debt payments by over 100%—four times the baseline. At the same time, while not growing debt by as much, California's debt in 2008 was \$123 billion, a huge share of its 2008 general revenues of \$194 billion, and New York's \$133 billion debt was well over its annual general revenue of \$114 billion. Only three states (NE, HI, WY) reduced their spending on debt during this period.

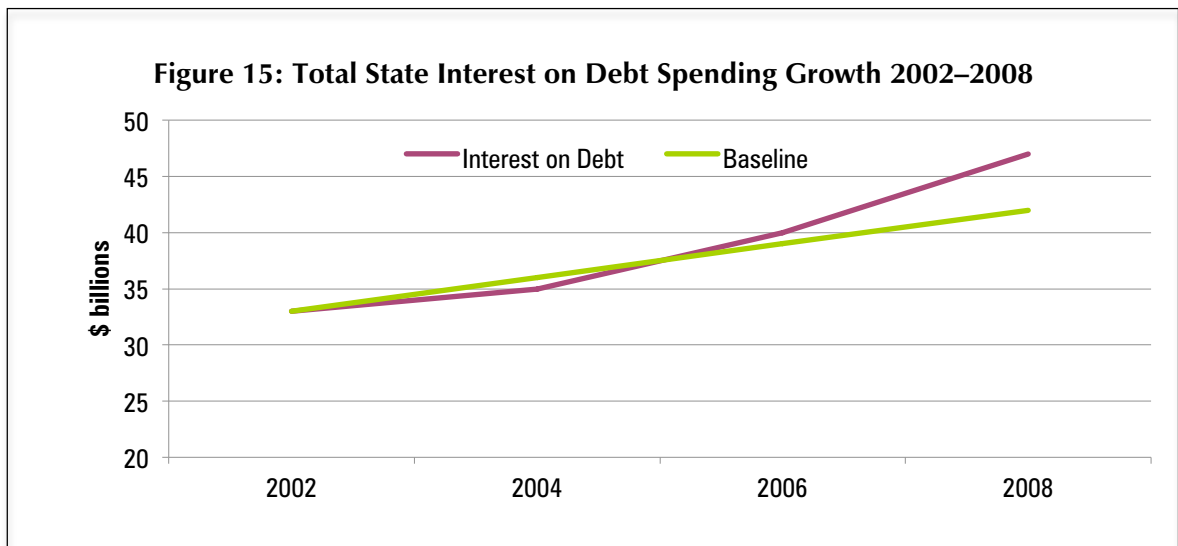


Table 19: Individual State Interest on Debt Spending Growth, 2002–2008

| Rank | State | 2002 Spending (\$ thousand) | 2008 Spending (\$ thousand) | Difference |
|------|--------------|-----------------------------|-----------------------------|------------|
| 1 | Iowa | 123,134 | 391,988 | 218% |
| 2 | Arizona | 185,777 | 493,484 | 166% |
| 3 | Kansas | 126,813 | 334,469 | 164% |
| 4 | Indiana | 397,443 | 967,653 | 143% |
| 5 | Colorado | 352,320 | 848,776 | 141% |
| 6 | New Mexico | 192,180 | 392,772 | 104% |
| 7 | Oklahoma | 258,281 | 517,306 | 100% |
| 8 | North Dakota | 86,602 | 164,425 | 90% |
| 9 | Pennsylvania | 1,073,026 | 1,984,366 | 85% |
| 10 | Missouri | 567,965 | 1,045,801 | 84% |
| 11 | Oregon | 250,533 | 450,490 | 80% |
| 12 | California | 3,404,946 | 6,084,752 | 79% |
| 13 | Louisiana | 505,717 | 903,661 | 79% |
| 14 | New Jersey | 1,198,998 | 2,057,817 | 72% |

| Table 19: Individual State Interest on Debt Spending Growth, 2002–2008 | | | | |
|---|----------------------|------------------------------------|------------------------------------|-------------------|
| Rank | State | 2002 Spending (\$ thousand) | 2008 Spending (\$ thousand) | Difference |
| 15 | Rhode Island | 256,511 | 419,869 | 64% |
| 16 | Illinois | 1,846,927 | 2,867,051 | 55% |
| 17 | Washington | 673,936 | 1,039,159 | 54% |
| 18 | Florida | 1,051,981 | 1,604,312 | 53% |
| | United States | 31,407,303 | 46,753,214 | 49% |
| 19 | Maryland | 710,689 | 1,046,312 | 47% |
| 20 | Utah | 187,591 | 275,837 | 47% |
| 21 | Montana | 142,663 | 209,308 | 47% |
| 22 | Wisconsin | 736,856 | 1,060,901 | 44% |
| 23 | Minnesota | 354,370 | 496,677 | 40% |
| 24 | Arkansas | 138,389 | 193,767 | 40% |
| 25 | Nevada | 149,556 | 206,948 | 38% |
| 26 | Massachusetts | 2,687,146 | 3,716,517 | 38% |
| 27 | Georgia | 433,247 | 598,122 | 38% |
| 28 | New York | 3,647,059 | 4,974,321 | 36% |
| 29 | Alabama | 241,867 | 328,836 | 36% |
| 30 | Vermont | 134,013 | 181,054 | 35% |
| 31 | Texas | 904,260 | 1,189,733 | 32% |
| 32 | Ohio | 1,134,954 | 1,440,693 | 27% |
| | <i>Baseline</i> | N/A | N/A | 25% |
| 33 | Michigan | 1,063,637 | 1,309,650 | 23% |
| 34 | Virginia | 721,485 | 882,679 | 22% |
| 35 | South Carolina | 652,074 | 784,661 | 20% |
| 36 | New Hampshire | 321,832 | 381,127 | 18% |
| 37 | North Carolina | 582,690 | 676,360 | 16% |
| 38 | Alaska | 275,884 | 317,643 | 15% |
| 39 | Idaho | 141,541 | 162,233 | 15% |
| 40 | South Dakota | 120,082 | 136,008 | 13% |
| 41 | Mississippi | 210,862 | 238,668 | 13% |
| 42 | Kentucky | 449,740 | 503,054 | 12% |
| 43 | Connecticut | 1,137,938 | 1,265,952 | 11% |
| 44 | Maine | 238,184 | 257,910 | 8% |
| 45 | Tennessee | 198,272 | 214,413 | 8% |
| 46 | West Virginia | 237,521 | 255,121 | 7% |
| 47 | Delaware | 255,396 | 269,560 | 6% |
| 48 | Nebraska | 109,795 | 107,999 | -2% |
| 49 | Hawaii | 462,296 | 441,026 | -5% |
| 50 | Wyoming | 72,324 | 61,973 | -14% |

4) Hospitals

States spent just over \$54 billion on hospitals in 2008, a 43% increase over 2002, far above the baseline rate of growth of 25%. This category generally provides for the management, construction and upkeep of government-owned hospitals, chiefly those run by public universities. Five states (KS, FL, HI, KY, VT) increased hospital spending over 100%—four times the baseline. Eleven states (AZ, OR, TN, DE, MA, MT, RI, IN, LA, ND, WY) reduced hospital spending during this period.

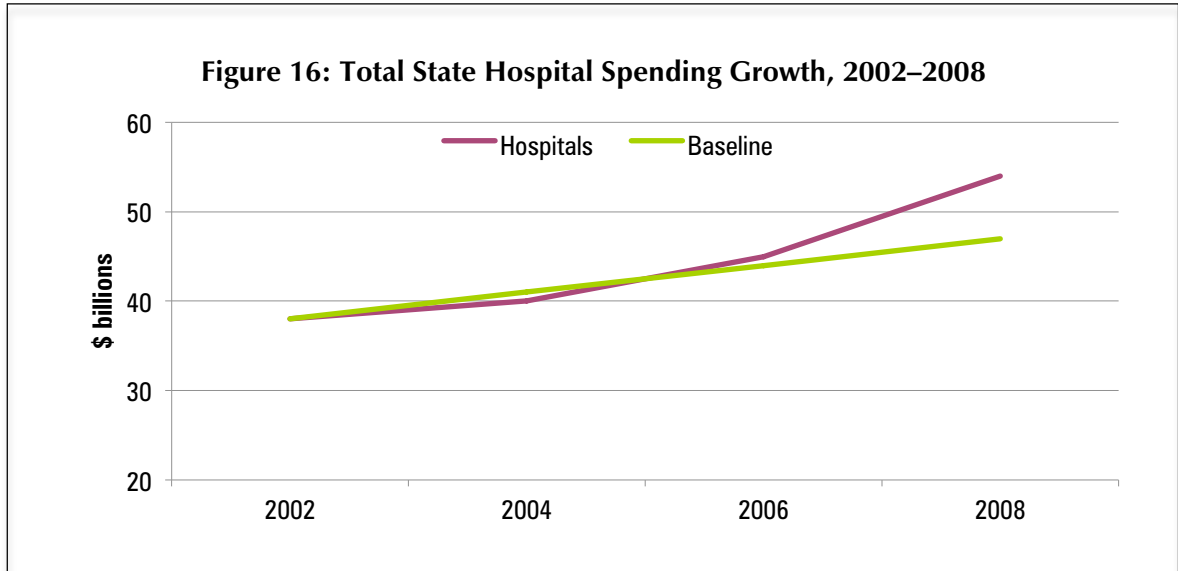


Table 20: Individual State Hospital Spending Growth 2002–2008

| Rank | State | 2002 Spending (\$ thousand) | 2008 Spending (\$ thousand) | Difference |
|------|----------------|-----------------------------|-----------------------------|------------|
| 1 | Kansas | 104,270 | 973,004 | 833% |
| 2 | Florida | 180,226 | 831,028 | 361% |
| 3 | Hawaii | 184,789 | 531,055 | 187% |
| 4 | Kentucky | 493,083 | 1,100,758 | 123% |
| 5 | Vermont | 9,469 | 20,092 | 112% |
| 6 | Minnesota | 206,749 | 404,712 | 96% |
| 7 | Washington | 916,540 | 1,743,784 | 90% |
| 8 | New Mexico | 399,073 | 749,990 | 88% |
| 9 | South Carolina | 904,894 | 1,684,779 | 86% |
| 10 | Arkansas | 454,503 | 810,637 | 78% |
| 11 | Nevada | 131,858 | 234,044 | 77% |
| 12 | Colorado | 253,652 | 437,822 | 73% |
| 13 | Wisconsin | 657,460 | 1,106,220 | 68% |
| 14 | Utah | 493,631 | 823,297 | 67% |
| 15 | Virginia | 1,718,084 | 2,849,911 | 66% |
| 16 | Ohio | 1,265,901 | 2,089,571 | 65% |
| 17 | Alabama | 1,118,262 | 1,808,175 | 62% |
| 18 | California | 4,356,641 | 6,888,770 | 58% |
| 19 | New Jersey | 1,342,955 | 2,062,211 | 54% |
| 20 | Iowa | 724,555 | 1,092,682 | 51% |

| Table 20: Individual State Hospital Spending Growth 2002–2008 | | | | |
|--|----------------|------------------------------------|------------------------------------|-------------------|
| Rank | State | 2002 Spending (\$ thousand) | 2008 Spending (\$ thousand) | Difference |
| 21 | Missouri | 888,708 | 1,322,145 | 49% |
| 22 | New York | 3,393,257 | 4,896,242 | 44% |
| | United States | 37,500,128 | 53,682,058 | 43% |
| 23 | Mississippi | 665,019 | 953,339 | 43% |
| 24 | Michigan | 1,630,410 | 2,299,233 | 41% |
| 25 | Nebraska | 171,234 | 239,294 | 40% |
| 26 | South Dakota | 44,001 | 60,769 | 38% |
| 27 | Maryland | 400,821 | 541,820 | 35% |
| 28 | New Hampshire | 45,600 | 60,361 | 32% |
| 29 | Oklahoma | 172,039 | 227,554 | 32% |
| 30 | Georgia | 634,079 | 805,443 | 27% |
| 31 | Pennsylvania | 2,233,567 | 2,821,303 | 26% |
| | Baseline | N/A | N/A | 25% |
| 32 | Maine | 46,493 | 56,286 | 21% |
| 33 | North Carolina | 1,289,041 | 1,460,906 | 13% |
| 34 | Texas | 3,238,451 | 3,570,780 | 10% |
| 35 | Illinois | 922,299 | 1,004,573 | 9% |
| 36 | Alaska | 32,869 | 35,054 | 7% |
| 37 | West Virginia | 101,720 | 106,482 | 5% |
| 38 | Idaho | 45,326 | 47,310 | 4% |
| 39 | Connecticut | 1,354,754 | 1,395,751 | 3% |
| 40 | Arizona | 73,430 | 71,539 | -3% |
| 41 | Oregon | 1,190,151 | 1,154,493 | -3% |
| 42 | Tennessee | 436,774 | 407,688 | -7% |
| 43 | Delaware | 68,578 | 63,435 | -7% |
| 44 | Massachusetts | 513,301 | 466,869 | -9% |
| 45 | Montana | 50,060 | 44,955 | -10% |
| 46 | Rhode Island | 113,599 | 87,528 | -23% |
| 47 | Indiana | 268,447 | 198,120 | -26% |
| 48 | Louisiana | 1,489,729 | 1,021,434 | -31% |
| 49 | North Dakota | 44,311 | 16,426 | -63% |
| 50 | Wyoming | 25,465 | 2,384 | -91% |

5) Salaries and Wages

State employees took home just over \$230 billion in salaries and wages in 2008, a 37% increase over 2002, well above the baseline 25%. This represents the third biggest line item in state budgets, although it is rarely reported as such. Note that this figure does not include the costs of benefits, such as health care and pensions. Eight states (NJ, DE, KS, SD, TX, UT, IL, ND) increased their spending on salaries and wages by over 50%—twice the baseline rate of growth. Only three states (MI, IA, ME) reduced spending on salaries and wages during this period.

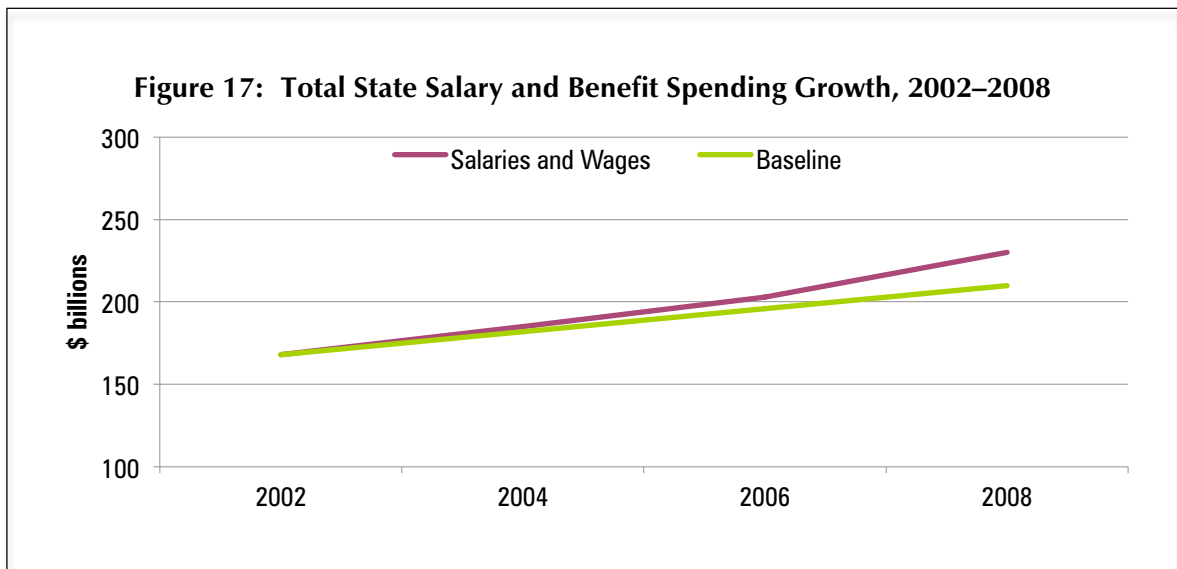


Table 21: Individual State Salary and Benefit Spending Growth, 2002–2008

| Rank | State | 2002 Spending (\$ thousand) | 2008 Spending (\$ thousand) | Difference |
|------|----------------|-----------------------------|-----------------------------|------------|
| 1 | New Jersey | 2,024,907 | 9,891,720 | 389% |
| 2 | Delaware | 1,073,747 | 2,267,018 | 111% |
| 3 | Kansas | 1,598,382 | 3,174,710 | 99% |
| 4 | South Dakota | 445,460 | 843,292 | 89% |
| 5 | Texas | 8,212,409 | 14,102,858 | 72% |
| 6 | Utah | 1,500,634 | 2,449,264 | 63% |
| 7 | Illinois | 5,332,743 | 8,486,416 | 59% |
| 8 | North Dakota | 518,629 | 816,227 | 57% |
| 9 | North Carolina | 5,292,930 | 8,084,597 | 53% |
| 10 | Hawaii | 1,733,613 | 2,563,142 | 48% |
| 11 | Oregon | 2,685,408 | 3,901,453 | 45% |
| 12 | Wyoming | 439,434 | 633,251 | 44% |
| 13 | New Mexico | 1,579,540 | 2,256,305 | 43% |
| 14 | California | 19,938,389 | 27,788,543 | 39% |
| 15 | Nevada | 1,139,044 | 1,579,819 | 39% |
| 16 | Alaska | 1,097,282 | 1,515,581 | 38% |
| 17 | South Carolina | 2,643,426 | 3,639,952 | 38% |
| 18 | Wisconsin | 3,066,228 | 4,203,579 | 37% |
| | United States | 167,841,309 | 229,818,658 | 37% |

| Table 21: Individual State Salary and Benefit Spending Growth, 2002–2008 | | | | |
|---|---------------|------------------------------------|------------------------------------|-------------------|
| Rank | State | 2002 Spending (\$ thousand) | 2008 Spending (\$ thousand) | Difference |
| 19 | Vermont | 544,324 | 733,895 | 35% |
| 20 | Connecticut | 3,182,095 | 4,287,819 | 35% |
| 21 | Alabama | 3,115,437 | 4,194,385 | 35% |
| 22 | Florida | 6,490,375 | 8,637,026 | 33% |
| 23 | Tennessee | 2,783,821 | 3,695,776 | 33% |
| 24 | Virginia | 4,682,335 | 6,214,596 | 33% |
| 25 | New Hampshire | 715,703 | 947,324 | 32% |
| 26 | Mississippi | 1,708,423 | 2,252,581 | 32% |
| 27 | Arizona | 2,539,720 | 3,343,240 | 32% |
| 28 | Montana | 672,507 | 879,718 | 31% |
| 29 | Minnesota | 3,775,469 | 4,924,638 | 30% |
| 30 | New York | 12,635,975 | 16,348,779 | 29% |
| 31 | Ohio | 6,095,515 | 7,883,170 | 29% |
| 32 | Colorado | 2,765,058 | 3,553,624 | 29% |
| 33 | Kentucky | 2,933,671 | 3,737,072 | 27% |
| 34 | Georgia | 3,951,121 | 5,008,399 | 27% |
| 35 | Washington | 4,946,594 | 6,254,115 | 26% |
| | Baseline | N/A | N/A | 25% |
| 36 | Idaho | 850,004 | 1,040,874 | 22% |
| 37 | Indiana | 3,125,020 | 3,742,390 | 20% |
| 38 | Maryland | 3,974,484 | 4,724,830 | 19% |
| 39 | Pennsylvania | 6,651,302 | 7,802,801 | 17% |
| 40 | Massachusetts | 4,294,159 | 5,010,065 | 17% |
| 41 | Louisiana | 3,709,689 | 4,262,552 | 15% |
| 42 | Missouri | 3,216,297 | 3,661,593 | 14% |
| 43 | Nebraska | 1,835,657 | 2,076,389 | 13% |
| 44 | Rhode Island | 1,022,339 | 1,093,981 | 7% |
| 45 | Arkansas | 1,755,130 | 1,855,064 | 6% |
| 46 | West Virginia | 1,368,243 | 1,441,006 | 5% |
| 47 | Oklahoma | 2,940,522 | 2,976,703 | 1% |
| 48 | Michigan | 6,038,060 | 5,974,110 | -1% |
| 49 | Iowa | 2,402,008 | 2,301,969 | -4% |
| 50 | Maine | 798,047 | 760,447 | -5% |

6) Government Administration

States spent just over \$54 billion running their government in 2008, a 24% increase over 2002, which was about the baseline rate of growth. However, 15 states increased their administrative spending more than 50%, and four (CO, WY, SC, PA) increased it more than 75%. Eight states (MO, OR, WV, IL, OH, KS, IN, VT) decreased spending on administration during this period.

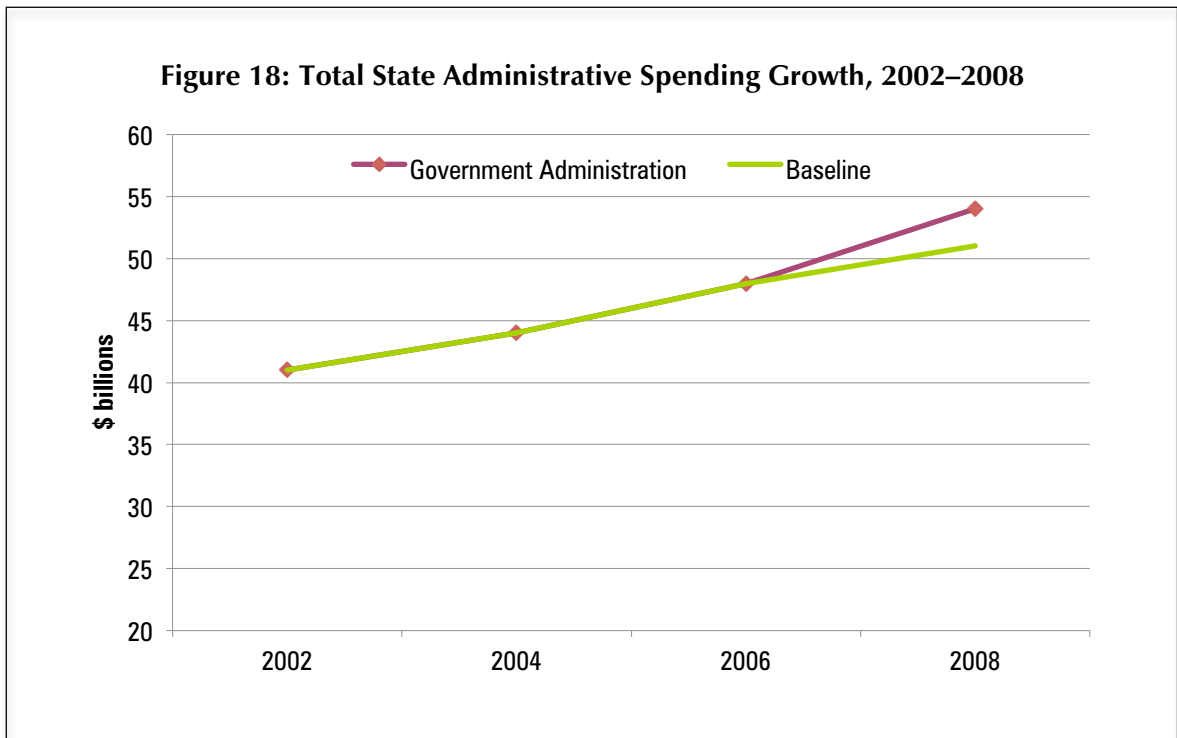


Table 22: Individual State Administrative Spending Growth, 2002–2008

| Rank | State | 2002 Spending (\$ thousand) | 2008 Spending (\$ thousand) | Difference |
|------|----------------|-----------------------------|-----------------------------|------------|
| 1 | Colorado | 422,050 | 869,746 | 106% |
| 2 | Wyoming | 100,346 | 200,990 | 100% |
| 3 | South Carolina | 561,369 | 1,094,646 | 95% |
| 4 | Pennsylvania | 1,406,324 | 2,508,325 | 78% |
| 5 | Tennessee | 459,698 | 788,765 | 72% |
| 6 | Montana | 218,190 | 362,540 | 66% |
| 7 | South Dakota | 103,417 | 169,363 | 64% |
| 8 | Idaho | 221,628 | 360,140 | 62% |
| 9 | Louisiana | 577,908 | 929,882 | 61% |
| 10 | Mississippi | 203,766 | 327,410 | 61% |
| 11 | Alaska | 364,837 | 574,841 | 58% |
| 12 | Florida | 1,932,140 | 2,982,756 | 54% |
| 13 | Utah | 463,112 | 712,868 | 54% |
| 14 | Nevada | 198,158 | 300,560 | 52% |
| 15 | New Mexico | 349,026 | 528,382 | 51% |
| 16 | Maryland | 844,086 | 1,243,982 | 47% |

| Table 22: Individual State Administrative Spending Growth, 2002–2008 | | | | |
|---|----------------|------------------------------------|------------------------------------|-------------------|
| Rank | State | 2002 Spending (\$ thousand) | 2008 Spending (\$ thousand) | Difference |
| 17 | Arizona | 522,310 | 767,263 | 47% |
| 18 | Washington | 541,929 | 785,458 | 45% |
| 19 | North Carolina | 816,862 | 1,177,769 | 44% |
| 20 | New York | 4,080,248 | 5,875,815 | 44% |
| 21 | Arkansas | 411,078 | 591,373 | 44% |
| 22 | Rhode Island | 259,607 | 362,174 | 40% |
| 23 | Alabama | 415,209 | 576,755 | 39% |
| 24 | Delaware | 349,326 | 483,562 | 38% |
| 25 | New Jersey | 1,359,144 | 1,861,067 | 37% |
| 26 | Massachusetts | 1,277,967 | 1,666,967 | 30% |
| 27 | Hawaii | 376,034 | 486,718 | 29% |
| 28 | Minnesota | 672,031 | 857,460 | 28% |
| 29 | Maine | 255,334 | 325,779 | 28% |
| 30 | California | 6,933,060 | 8,838,202 | 27% |
| | Baseline | N/A | N/A | 25% |
| 31 | Nebraska | 164,848 | 204,921 | 24% |
| | United States | 41,065,153 | 53,698,587 | 24% |
| 32 | Kentucky | 682,808 | 840,386 | 23% |
| 33 | New Hampshire | 194,141 | 237,721 | 22% |
| 34 | Connecticut | 913,121 | 1,116,120 | 22% |
| 35 | Georgia | 680,850 | 815,307 | 20% |
| 36 | North Dakota | 104,385 | 122,952 | 18% |
| 37 | Michigan | 932,106 | 1,073,964 | 15% |
| 38 | Texas | 1,363,113 | 1,563,297 | 15% |
| 39 | Oklahoma | 480,895 | 539,815 | 12% |
| 40 | Virginia | 1,099,124 | 1,233,436 | 12% |
| 41 | Iowa | 497,392 | 554,993 | 12% |
| 42 | Wisconsin | 633,302 | 673,364 | 6% |
| 43 | Missouri | 547,846 | 541,561 | -1% |
| 44 | Oregon | 901,671 | 888,704 | -1% |
| 45 | West Virginia | 429,462 | 412,403 | -4% |
| 46 | Illinois | 1,319,877 | 1,216,329 | -8% |
| 47 | Ohio | 1,961,432 | 1,797,276 | -8% |
| 48 | Kansas | 502,328 | 459,166 | -9% |
| 49 | Indiana | 767,851 | 638,989 | -17% |
| 50 | Vermont | 192,407 | 156,325 | -19% |

7) Highways

In 2008, states allocated just over \$107 billion to highway construction and maintenance, a 28% increase over 2002. This is above the 25% baseline spending, but slightly below the rate of increase in overall state spending. These are state own-source funds and do not reflect federal spending on highways. Interestingly, a number of states actually reduced their expenditures on highways from 2002. Eight states (NV, NM, CT, CO, AR, MA, SC, RI) reduced highway spending during this period.

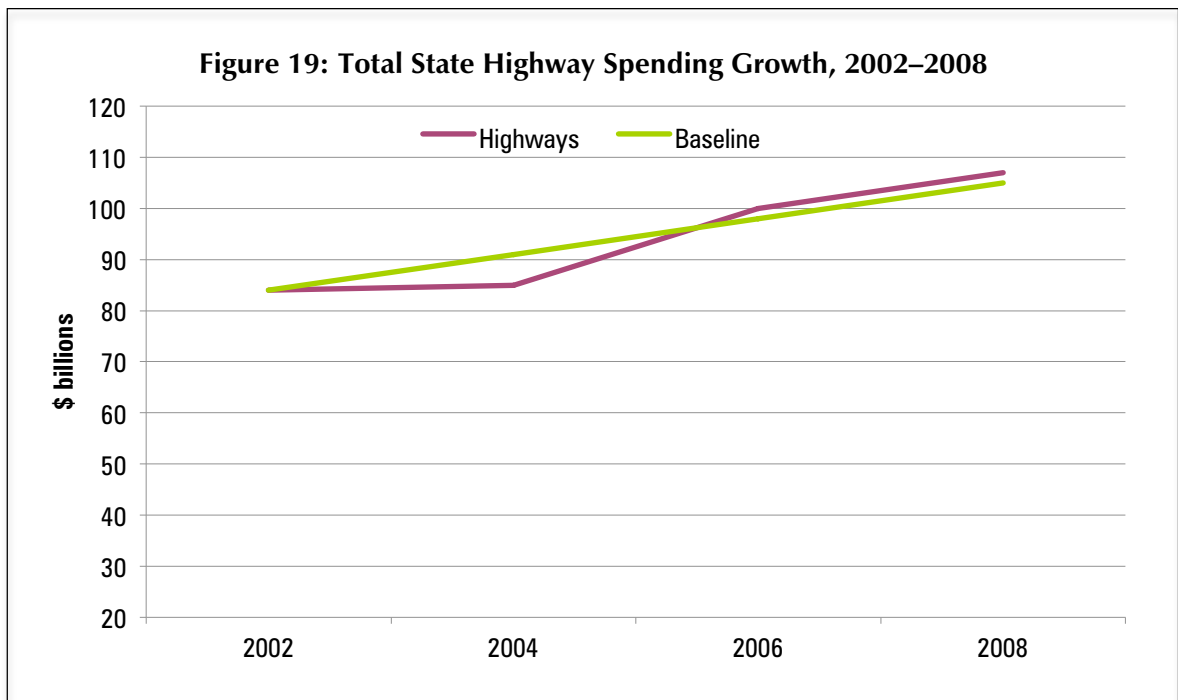


Table 23: Individual State Highway Spending Growth, 2002–2008

| Rank | State | 2002 Spending (\$ thousand) | 2008 Spending (\$ thousand) | Difference |
|------|--------------|-----------------------------|-----------------------------|------------|
| 1 | Louisiana | 1,052,837 | 2,132,077 | 103% |
| 2 | Alaska | 687,407 | 1,315,648 | 91% |
| 3 | Oregon | 817,455 | 1,528,591 | 87% |
| 4 | Hawaii | 235,699 | 407,711 | 73% |
| 5 | Washington | 1,795,486 | 2,924,464 | 63% |
| 6 | Texas | 5,026,554 | 7,915,817 | 57% |
| 7 | California | 7,898,554 | 12,173,649 | 54% |
| 8 | Maryland | 1,642,654 | 2,510,419 | 53% |
| 9 | Florida | 4,825,770 | 7,163,763 | 48% |
| 10 | Wyoming | 356,733 | 521,164 | 46% |
| 11 | Pennsylvania | 4,566,041 | 6,570,331 | 44% |
| 12 | Arizona | 1,679,641 | 2,367,086 | 41% |
| 13 | Idaho | 499,916 | 696,062 | 39% |

| Table 23: Individual State Highway Spending Growth, 2002–2008 | | | | |
|--|----------------|------------------------------------|------------------------------------|-------------------|
| Rank | State | 2002 Spending (\$ thousand) | 2008 Spending (\$ thousand) | Difference |
| 14 | Montana | 452,804 | 617,439 | 36% |
| 15 | Delaware | 369,702 | 496,382 | 34% |
| 16 | New York | 3,295,118 | 4,380,808 | 33% |
| 17 | Mississippi | 968,774 | 1,284,377 | 33% |
| 18 | Kentucky | 1,730,952 | 2,241,275 | 29% |
| 19 | Minnesota | 1,665,910 | 2,136,933 | 28% |
| | United States | 84,068,470 | 107,190,485 | 28% |
| 20 | Indiana | 1,569,976 | 1,996,582 | 27% |
| | Baseline | N/A | N/A | 25% |
| 21 | Utah | 856,014 | 1,061,364 | 24% |
| 22 | North Carolina | 2,629,038 | 3,253,678 | 24% |
| 23 | Illinois | 3,655,570 | 4,510,194 | 23% |
| 24 | North Dakota | 376,668 | 458,616 | 22% |
| 25 | New Jersey | 2,256,707 | 2,736,419 | 21% |
| 26 | Nebraska | 526,457 | 631,028 | 20% |
| 27 | New Hampshire | 377,200 | 440,079 | 17% |
| 28 | Oklahoma | 1,263,088 | 1,472,367 | 17% |
| 29 | Georgia | 2,004,684 | 2,287,471 | 14% |
| 30 | Virginia | 2,822,839 | 3,146,902 | 11% |
| 31 | Wisconsin | 1,716,735 | 1,901,463 | 11% |
| 32 | Vermont | 296,473 | 324,868 | 10% |
| 33 | Alabama | 1,255,800 | 1,373,098 | 9% |
| 34 | Tennessee | 1,533,906 | 1,668,715 | 9% |
| 35 | Missouri | 1,871,062 | 2,034,235 | 9% |
| 36 | Kansas | 1,130,728 | 1,213,980 | 7% |
| 37 | Maine | 462,147 | 479,580 | 4% |
| 38 | West Virginia | 986,477 | 1,015,587 | 3% |
| 39 | Ohio | 3,138,661 | 3,215,512 | 2% |
| 40 | South Dakota | 420,346 | 429,629 | 2% |
| 41 | Michigan | 2,716,985 | 2,763,775 | 2% |
| 42 | Iowa | 1,360,300 | 1,381,730 | 2% |
| 43 | Nevada | 630,771 | 609,250 | -3% |
| 44 | New Mexico | 938,380 | 895,994 | -5% |
| 45 | Connecticut | 851,493 | 795,191 | -7% |
| 46 | Colorado | 1,421,381 | 1,281,596 | -10% |
| 47 | Arkansas | 1,078,784 | 915,510 | -15% |
| 48 | Massachusetts | 2,743,702 | 2,245,666 | -18% |
| 49 | South Carolina | 1,348,549 | 1,064,541 | -21% |
| 50 | Rhode Island | 259,542 | 201,869 | -22% |

8) Natural Resources

In 2008, states spent just over \$22 billion on natural resources, a 26% increase since 2002, just about the baseline rate of growth. Eleven states (TN, WY, LA, CO, NH, NM, AZ, NY, WI, CA, MT) increased spending in this area by over 50%—twice the baseline rate of growth. Eight states (WV, GA, MN, OH, RI, I, CT, IL) reduced spending on natural resources during this period.

Broadly speaking, “natural resources” covers state spending on land, forestry and rivers management. It also covers the costs of enforcing environmental and land use laws and regulations.

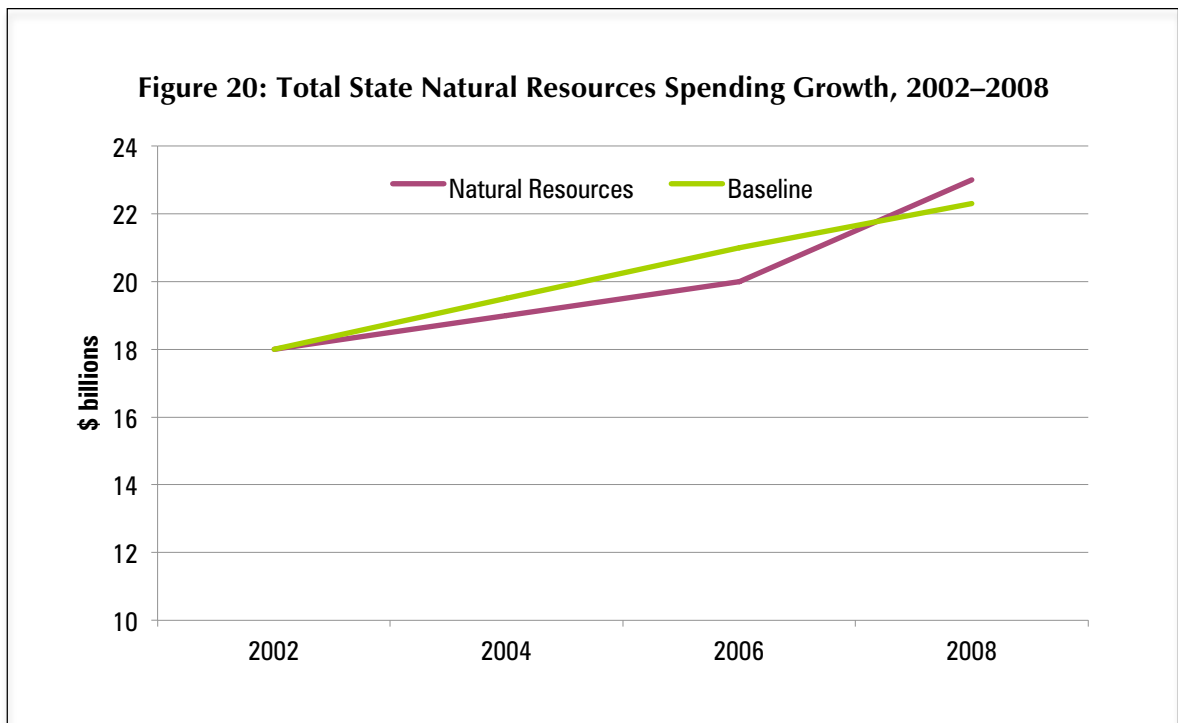


Table 24: Individual State Natural Resources Spending Growth, 2002–2008

| Rank | State | 2002 Spending (\$ thousand) | 2008 Spending (\$ thousand) | Difference |
|------|---------------|-----------------------------|-----------------------------|------------|
| 1 | Tennessee | 234,901 | 458,161 | 95% |
| 2 | Wyoming | 159,625 | 310,037 | 94% |
| 3 | Louisiana | 332,754 | 579,131 | 74% |
| 4 | Colorado | 193,235 | 323,226 | 67% |
| 5 | New Hampshire | 42,571 | 68,642 | 61% |
| 6 | New Mexico | 138,367 | 221,810 | 60% |
| 7 | Arizona | 203,588 | 321,173 | 58% |
| 8 | New York | 351,875 | 547,896 | 56% |
| 9 | Wisconsin | 420,295 | 646,438 | 54% |
| 10 | California | 3,184,490 | 4,885,087 | 53% |
| 11 | Montana | 182,521 | 279,698 | 53% |
| 12 | North Dakota | 111,226 | 166,129 | 49% |
| 13 | Nevada | 92,729 | 137,372 | 48% |

| Table 24: Individual State Natural Resources Spending Growth, 2002–2008 | | | | |
|--|----------------|------------------------------------|------------------------------------|-------------------|
| Rank | State | 2002 Spending (\$ thousand) | 2008 Spending (\$ thousand) | Difference |
| 14 | Mississippi | 198,375 | 285,285 | 44% |
| 15 | New Jersey | 431,832 | 613,651 | 42% |
| 16 | Delaware | 69,728 | 94,329 | 35% |
| 17 | Alabama | 230,519 | 309,369 | 34% |
| 18 | Florida | 1,397,333 | 1,833,040 | 31% |
| 19 | Idaho | 164,520 | 213,597 | 30% |
| 20 | South Carolina | 231,871 | 299,956 | 29% |
| 21 | Oregon | 329,956 | 424,465 | 29% |
| | United States | 17,821,117 | 22,522,407 | 26% |
| 22 | South Dakota | 98,029 | 123,365 | 26% |
| | Baseline | N/A | N/A | 25% |
| 23 | Texas | 687,014 | 839,527 | 22% |
| 24 | Kentucky | 310,703 | 373,489 | 20% |
| 25 | Pennsylvania | 554,723 | 666,752 | 20% |
| 26 | Missouri | 293,627 | 347,965 | 19% |
| 27 | Alaska | 240,427 | 284,520 | 18% |
| 28 | Massachusetts | 287,026 | 338,037 | 18% |
| 29 | Maryland | 478,073 | 562,098 | 18% |
| 30 | Hawaii | 98,076 | 113,560 | 16% |
| 31 | Virginia | 185,871 | 214,336 | 15% |
| 32 | Kansas | 179,368 | 205,394 | 15% |
| 33 | Washington | 650,231 | 738,520 | 14% |
| 34 | Maine | 149,602 | 167,216 | 12% |
| 35 | Nebraska | 165,308 | 180,968 | 9% |
| 36 | Iowa | 267,444 | 288,799 | 8% |
| 37 | Vermont | 68,102 | 73,300 | 8% |
| 38 | Arkansas | 234,315 | 249,560 | 7% |
| 39 | Oklahoma | 202,183 | 215,089 | 6% |
| 40 | North Carolina | 654,624 | 679,216 | 4% |
| 41 | Utah | 178,944 | 185,613 | 4% |
| 42 | Indiana | 285,590 | 293,931 | 3% |
| 43 | West Virginia | 175,910 | 170,496 | -3% |
| 44 | Georgia | 539,051 | 516,792 | -4% |
| 45 | Minnesota | 542,161 | 511,888 | -6% |
| 46 | Ohio | 389,217 | 362,226 | -7% |
| 47 | Rhode Island | 46,840 | 41,480 | -11% |
| 48 | Michigan | 507,993 | 363,826 | -28% |
| 49 | Connecticut | 193,955 | 123,842 | -36% |
| 50 | Illinois | 454,399 | 272,110 | -40% |

9) Police Protection

In 2008, states spent almost \$14 billion on state law enforcement agencies, a 27% increase over 2002, slightly above the baseline. Fourteen states (ND, TX, OK, KS, MS, MN, NC, NV, AZ, DE, NM, MA, NY, VT) increased state police spending by over 50%—twice the baseline rate. It is interesting that during the boom years between the recession, total state spending was mostly below the baseline on what is arguably the most core government service of police protection. It bears noting that the period 2002–2008 showed a general reduction in the rate of crime. Three states (SC, PA, WY) reduced spending on state police during this period.

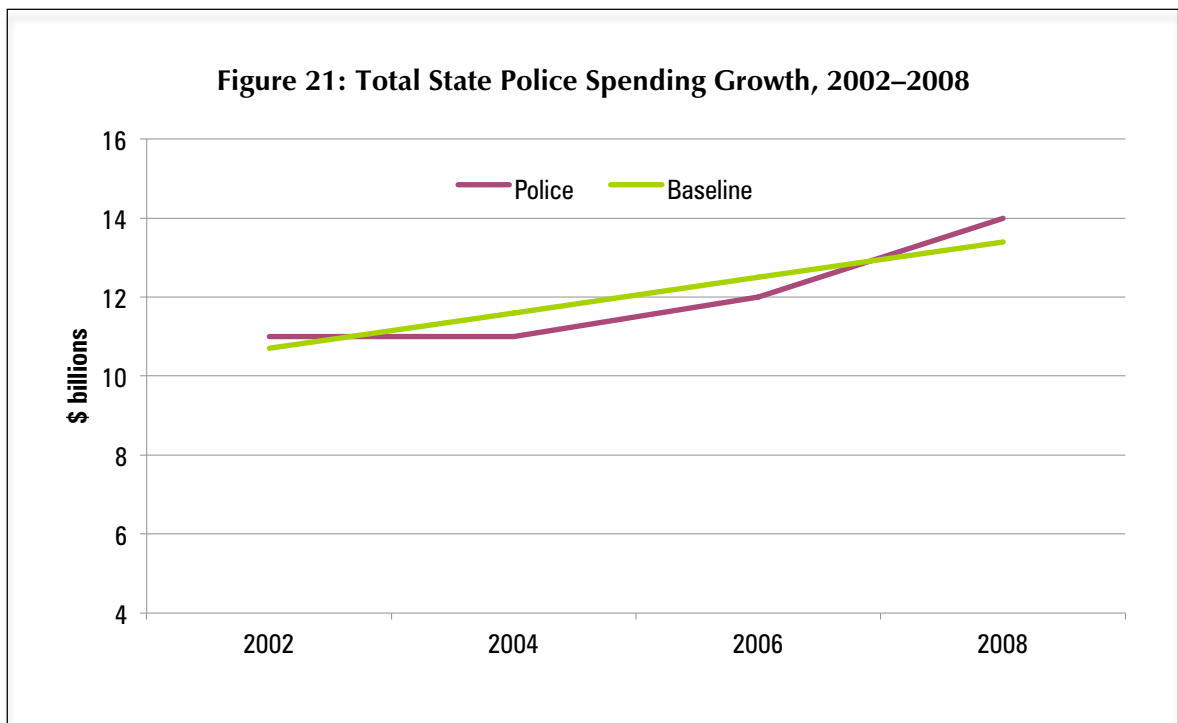


Table 25: Individual State Police Spending Growth, 2002–2008

| Rank | State | 2002 Spending (\$ thousand) | 2008 Spending (\$ thousand) | Difference |
|------|----------------|-----------------------------|-----------------------------|------------|
| 1 | North Dakota | 13,903 | 27,949 | 101% |
| 2 | Texas | 395,399 | 720,014 | 82% |
| 3 | Oklahoma | 91,636 | 161,213 | 76% |
| 4 | Kansas | 63,403 | 110,231 | 74% |
| 5 | Mississippi | 67,902 | 117,202 | 73% |
| 6 | Minnesota | 202,552 | 343,342 | 70% |
| 7 | North Carolina | 336,111 | 567,801 | 69% |
| 8 | Nevada | 63,671 | 105,594 | 66% |
| 9 | Arizona | 166,831 | 273,533 | 64% |
| 10 | Delaware | 70,807 | 113,596 | 60% |
| 11 | New Mexico | 88,817 | 140,759 | 58% |
| 12 | Massachusetts | 362,699 | 569,777 | 57% |

| Table 25: Individual State Police Spending Growth, 2002–2008 | | | | |
|---|----------------|------------------------------------|------------------------------------|-------------------|
| Rank | State | 2002 Spending (\$ thousand) | 2008 Spending (\$ thousand) | Difference |
| 13 | New York | 623,391 | 958,637 | 54% |
| 14 | Vermont | 50,868 | 77,177 | 52% |
| 15 | Hawaii | 9,228 | 13,808 | 50% |
| 16 | New Jersey | 347,190 | 510,798 | 47% |
| 17 | Alabama | 128,801 | 182,955 | 42% |
| 18 | New Hampshire | 36,800 | 52,148 | 42% |
| 19 | South Dakota | 22,400 | 31,514 | 41% |
| 20 | Louisiana | 250,114 | 349,563 | 40% |
| 21 | West Virginia | 47,790 | 65,468 | 37% |
| 22 | Colorado | 103,053 | 140,723 | 37% |
| 23 | Washington | 241,022 | 319,335 | 32% |
| 24 | Connecticut | 164,226 | 216,795 | 32% |
| 25 | Wisconsin | 102,421 | 132,283 | 29% |
| 26 | Indiana | 200,006 | 254,012 | 27% |
| | United States | 10,705,936 | 13,594,279 | 27% |
| 27 | Nebraska | 66,750 | 84,698 | 27% |
| 28 | Virginia | 547,206 | 689,989 | 26% |
| | Baseline | N/A | N/A | 25% |
| 29 | Utah | 103,937 | 129,182 | 24% |
| 30 | Rhode Island | 47,946 | 57,953 | 21% |
| 31 | Maine | 60,455 | 72,231 | 19% |
| 32 | California | 1,376,082 | 1,642,063 | 19% |
| 33 | Tennessee | 131,690 | 156,050 | 18% |
| 34 | Georgia | 272,130 | 317,358 | 17% |
| 35 | Arkansas | 71,768 | 81,440 | 13% |
| 36 | Iowa | 86,461 | 96,991 | 12% |
| 37 | Idaho | 45,973 | 51,314 | 12% |
| 38 | Illinois | 392,153 | 437,448 | 12% |
| 39 | Montana | 43,257 | 47,166 | 9% |
| 40 | Florida | 425,266 | 453,620 | 7% |
| 41 | Alaska | 77,758 | 82,585 | 6% |
| 42 | Maryland | 387,251 | 405,655 | 5% |
| 43 | Ohio | 256,546 | 264,055 | 3% |
| 44 | Michigan | 336,613 | 346,258 | 3% |
| 45 | Kentucky | 189,524 | 193,185 | 2% |
| 46 | Oregon | 171,170 | 173,661 | 1% |
| 47 | Missouri | 211,894 | 214,579 | 1% |
| 48 | South Carolina | 221,406 | 208,518 | -6% |
| 49 | Pennsylvania | 906,273 | 816,191 | -10% |
| 50 | Wyoming | 25,386 | 15,862 | -38% |

10) Corrections

In 2008, states spent just over \$50 billion on their correctional system, a 28% increase over 2002, which is just ahead of baseline. Nine states (WY, WA, NV, ND, AL, MT, CA, NM, VT) increased their spending on corrections more than 50%—twice the baseline rate of growth. Only Illinois reduced its correctional spending during this period. . It is interesting that during the boom years between the recession, total state spending was mostly below the baseline.



Table 26: Individual State Corrections Spending Growth, 2002–2008

| Rank | State | 2002 Spending (\$ thousand) | 2008 Spending (\$ thousand) | Difference |
|------|----------------|-----------------------------|-----------------------------|------------|
| 1 | Wyoming | 83,268 | 164,617 | 98% |
| 2 | Washington | 735,214 | 1,205,895 | 64% |
| 3 | Nevada | 226,554 | 367,241 | 62% |
| 4 | North Dakota | 38,522 | 61,368 | 59% |
| 5 | Alabama | 331,476 | 525,281 | 58% |
| 6 | Montana | 106,311 | 168,127 | 58% |
| 7 | California | 5,596,427 | 8,829,940 | 58% |
| 8 | New Mexico | 241,454 | 376,627 | 56% |
| 9 | Vermont | 79,771 | 120,328 | 51% |
| 10 | South Dakota | 74,880 | 110,268 | 47% |
| 11 | Tennessee | 529,747 | 768,711 | 45% |
| 12 | North Carolina | 923,487 | 1,324,484 | 43% |
| 13 | Idaho | 171,684 | 244,504 | 42% |
| 14 | West Virginia | 170,305 | 241,996 | 42% |
| 15 | New Hampshire | 79,500 | 112,265 | 41% |

| Table 26: Individual State Corrections Spending Growth, 2002–2008 | | | | |
|--|----------------|------------------------------------|------------------------------------|-------------------|
| Rank | State | 2002 Spending (\$ thousand) | 2008 Spending (\$ thousand) | Difference |
| 16 | Alaska | 173,844 | 243,961 | 40% |
| 17 | Arizona | 734,167 | 1,023,693 | 39% |
| 18 | Hawaii | 157,286 | 219,070 | 39% |
| 19 | Delaware | 202,270 | 280,710 | 39% |
| 20 | Mississippi | 272,024 | 369,248 | 36% |
| 21 | Colorado | 734,457 | 996,266 | 36% |
| 22 | Maine | 105,580 | 141,982 | 34% |
| 23 | Maryland | 1,059,972 | 1,366,211 | 29% |
| 24 | Minnesota | 417,273 | 536,760 | 29% |
| | United States | 38,875,374 | 49,897,531 | 28% |
| 25 | Arkansas | 284,600 | 361,537 | 27% |
| 26 | Rhode Island | 157,531 | 199,394 | 27% |
| 27 | Florida | 2,199,630 | 2,770,179 | 26% |
| 28 | New York | 2,492,277 | 3,135,187 | 26% |
| | Baseline | N/A | N/A | 25% |
| 29 | New Jersey | 1,193,432 | 1,496,976 | 25% |
| 30 | Virginia | 1,243,090 | 1,547,571 | 24% |
| 31 | Massachusetts | 1,070,950 | 1,332,960 | 24% |
| 32 | Utah | 267,607 | 332,828 | 24% |
| 33 | Nebraska | 176,533 | 219,278 | 24% |
| 34 | Georgia | 1,271,639 | 1,571,961 | 24% |
| 35 | Louisiana | 627,743 | 773,076 | 23% |
| 36 | Missouri | 619,674 | 754,740 | 22% |
| 37 | South Carolina | 424,031 | 514,479 | 21% |
| 38 | Kentucky | 435,206 | 527,311 | 21% |
| 39 | Oklahoma | 520,912 | 616,933 | 18% |
| 40 | Oregon | 616,568 | 720,504 | 17% |
| 41 | Ohio | 1,440,803 | 1,668,729 | 16% |
| 42 | Pennsylvania | 1,521,611 | 1,744,264 | 15% |
| 43 | Connecticut | 637,897 | 723,346 | 13% |
| 44 | Texas | 3,157,124 | 3,565,217 | 13% |
| 45 | Wisconsin | 965,801 | 1,084,127 | 12% |
| 46 | Kansas | 326,372 | 361,648 | 11% |
| 47 | Michigan | 1,690,175 | 1,863,464 | 10% |
| 48 | Indiana | 640,711 | 676,633 | 6% |
| 49 | Iowa | 288,666 | 291,406 | 1% |
| 50 | Illinois | 1,359,318 | 1,244,230 | -8% |

11) Health

In 2008 states spent \$61 billion on health, a 21% increase over 2002, below the baseline rate of growth. Fourteen states increased health spending more than 50%—twice the baseline rate—and three states (WY, MO, VT) increased it over 100%. Eight states (PA, AL, AR, IL, OR, MA, KS, MI) reduced their spending on health over this period.

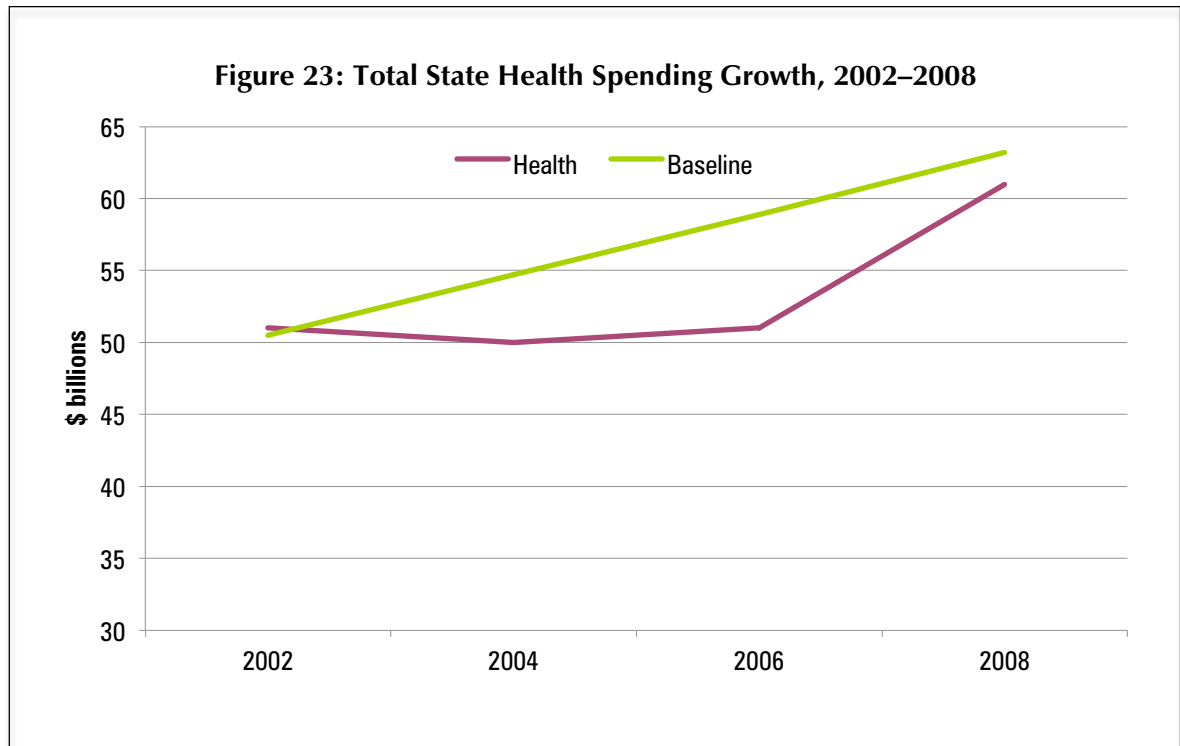


Table 27: Individual State Health Spending Growth, 2002–2008

| Rank | State | 2002 Spending (\$ thousand) | 2008 Spending (\$ thousand) | Difference |
|------|----------------|-----------------------------|-----------------------------|------------|
| 1 | Wyoming | 113,368 | 281,247 | 148% |
| 2 | Missouri | 485,805 | 1,163,167 | 139% |
| 3 | Vermont | 72,310 | 167,140 | 131% |
| 4 | North Carolina | 930,114 | 1,653,975 | 78% |
| 5 | Arizona | 913,302 | 1,620,620 | 77% |
| 6 | Oklahoma | 445,552 | 780,680 | 75% |
| 7 | Alaska | 160,168 | 279,028 | 74% |
| 8 | West Virginia | 209,521 | 356,647 | 70% |
| 9 | Tennessee | 800,515 | 1,282,165 | 60% |
| 10 | Utah | 239,515 | 383,324 | 60% |
| 11 | Georgia | 808,960 | 1,258,721 | 56% |
| 12 | South Dakota | 81,294 | 126,093 | 55% |
| 13 | Connecticut | 592,071 | 901,164 | 52% |
| 14 | Delaware | 260,745 | 393,259 | 51% |
| 15 | Hawaii | 453,500 | 677,693 | 49% |

| Table 27: Individual State Health Spending Growth, 2002–2008 | | | | |
|---|----------------|------------------------------------|------------------------------------|-------------------|
| Rank | State | 2002 Spending (\$ thousand) | 2008 Spending (\$ thousand) | Difference |
| 16 | Maryland | 1,341,846 | 1,958,191 | 46% |
| 17 | South Carolina | 721,138 | 1,051,239 | 46% |
| 18 | New Jersey | 919,358 | 1,327,893 | 44% |
| 19 | New Mexico | 340,031 | 490,852 | 44% |
| 20 | Louisiana | 444,648 | 640,753 | 44% |
| 21 | Nevada | 185,956 | 261,957 | 41% |
| 22 | Mississippi | 267,921 | 368,652 | 38% |
| 23 | Florida | 2,667,466 | 3,600,529 | 35% |
| 24 | Maine | 366,293 | 491,007 | 34% |
| 25 | Idaho | 112,840 | 150,626 | 33% |
| 26 | Minnesota | 492,480 | 653,688 | 33% |
| 27 | Ohio | 1,862,440 | 2,470,691 | 33% |
| 28 | Virginia | 726,489 | 958,002 | 32% |
| 29 | New York | 5,444,260 | 7,088,181 | 30% |
| 30 | Montana | 253,857 | 329,501 | 30% |
| 31 | North Dakota | 50,333 | 64,749 | 29% |
| | Baseline | N/A | N/A | 25% |
| 32 | Texas | 1,818,755 | 2,248,068 | 24% |
| 33 | California | 9,714,786 | 11,992,534 | 23% |
| | United States | 50,549,676 | 60,957,320 | 21% |
| 34 | Kentucky | 530,081 | 626,189 | 18% |
| 35 | Washington | 1,396,500 | 1,605,753 | 15% |
| 36 | Nebraska | 363,668 | 415,172 | 14% |
| 37 | Indiana | 557,640 | 627,263 | 12% |
| 38 | Wisconsin | 637,922 | 703,266 | 10% |
| 39 | New Hampshire | 147,828 | 158,845 | 7% |
| 40 | Iowa | 233,740 | 240,951 | 3% |
| 41 | Colorado | 792,620 | 809,170 | 2% |
| 42 | Rhode Island | 181,541 | 180,822 | 0% |
| 43 | Pennsylvania | 1,917,062 | 1,871,255 | -2% |
| 44 | Alabama | 718,443 | 699,309 | -3% |
| 45 | Arkansas | 268,398 | 249,653 | -7% |
| 46 | Illinois | 2,573,875 | 2,336,890 | -9% |
| 47 | Oregon | 580,917 | 407,430 | -30% |
| 48 | Massachusetts | 1,908,195 | 1,068,262 | -44% |
| 49 | Kansas | 503,625 | 252,179 | -50% |
| 50 | Michigan | 2,939,984 | 1,232,875 | -58% |

12) Parks and Recreation

In 2008 states spent a bit over \$6 billion on parks and recreation, virtually unchanged from 2002. Interestingly, 20 states increased spending on parks and recreation by over 50%—twice the baseline rate of 25%—and eight (KS, NV, NH, IA, MT, NC, AL, AZ) increased spending in this area by over 100%. Meanwhile 16 states reduced their spending on parks and recreation during this period.

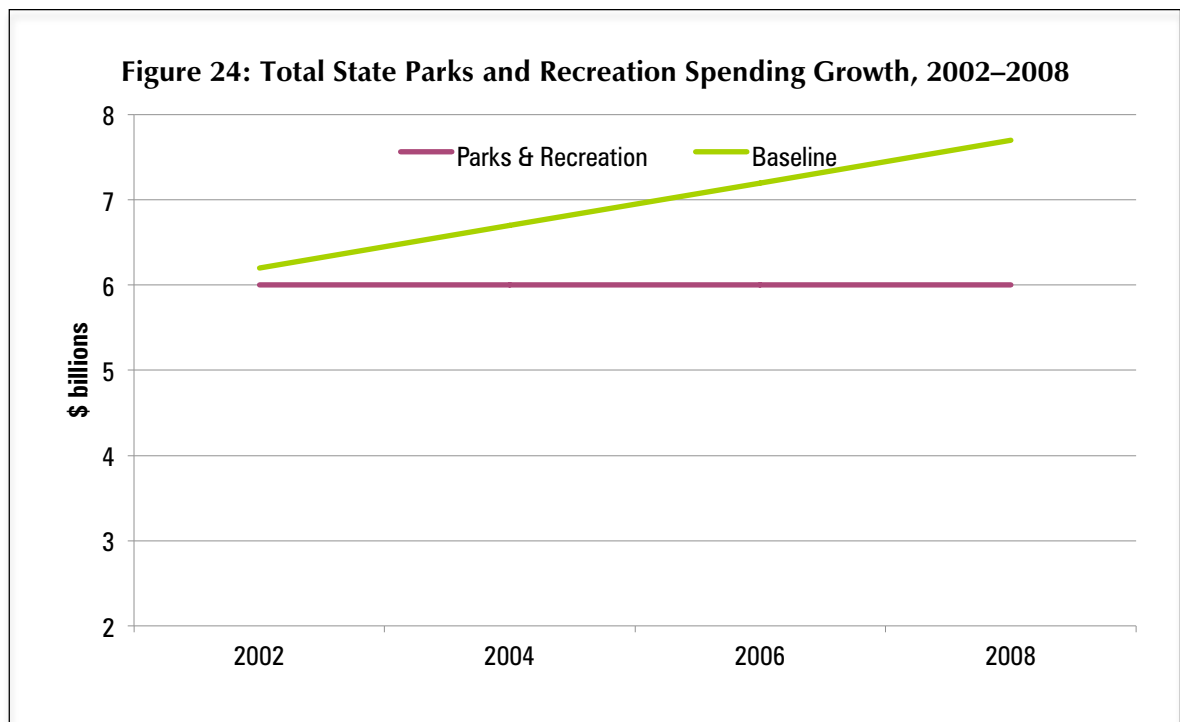


Table 28: Individual State Parks and Recreation Spending Growth, 2002–2008

| Rank | State | 2002 Spending (\$ thousand) | 2008 Spending (\$ thousand) | Difference |
|------|----------------|-----------------------------|-----------------------------|------------|
| 1 | Kansas | 5,416 | 37,074 | 585% |
| 2 | Nevada | 17,053 | 46,373 | 172% |
| 3 | New Hampshire | 6,300 | 16,713 | 165% |
| 4 | Iowa | 25,468 | 61,112 | 140% |
| 5 | Montana | 6,468 | 14,950 | 131% |
| 6 | North Carolina | 126,277 | 278,930 | 121% |
| 7 | Alabama | 23,155 | 50,268 | 117% |
| 8 | Arizona | 62,661 | 132,563 | 112% |
| 9 | Oregon | 52,244 | 103,461 | 98% |
| 10 | Virginia | 76,498 | 148,721 | 94% |
| 11 | North Dakota | 13,638 | 25,730 | 89% |
| 12 | South Carolina | 65,008 | 120,343 | 85% |
| 13 | New Mexico | 49,804 | 91,671 | 84% |
| 14 | Alaska | 9,625 | 17,274 | 79% |

| Table 28: Individual State Parks and Recreation Spending Growth, 2002–2008 | | | | |
|---|---------------|------------------------------------|------------------------------------|-------------------|
| Rank | State | 2002 Spending (\$ thousand) | 2008 Spending (\$ thousand) | Difference |
| 15 | Louisiana | 211,102 | 371,160 | 76% |
| 16 | Pennsylvania | 149,121 | 259,267 | 74% |
| 17 | South Dakota | 26,193 | 42,124 | 61% |
| 18 | Hawaii | 49,595 | 78,920 | 59% |
| 19 | Wyoming | 21,640 | 34,369 | 59% |
| 20 | Indiana | 47,645 | 71,753 | 51% |
| 21 | Tennessee | 105,004 | 148,163 | 41% |
| 22 | Oklahoma | 72,160 | 99,929 | 38% |
| 23 | Minnesota | 140,020 | 192,704 | 38% |
| 24 | Georgia | 163,060 | 209,191 | 28% |
| 25 | New York | 460,646 | 583,040 | 27% |
| | Baseline | N/A | N/A | 25% |
| 26 | Ohio | 114,814 | 136,211 | 19% |
| 27 | Colorado | 69,307 | 79,099 | 14% |
| 28 | Utah | 59,692 | 65,910 | 10% |
| 29 | Mississippi | 37,484 | 39,960 | 7% |
| 30 | Florida | 184,632 | 195,516 | 6% |
| 31 | Delaware | 52,147 | 54,763 | 5% |
| 32 | Texas | 125,784 | 130,316 | 4% |
| | United States | 6,183,538 | 6,396,814 | 3% |
| 33 | Idaho | 40,872 | 41,137 | 1% |
| 34 | Maryland | 268,944 | 269,711 | 0% |
| 35 | New Jersey | 515,824 | 502,611 | -3% |
| 36 | Maine | 11,540 | 11,159 | -3% |
| 37 | Vermont | 15,008 | 14,370 | -4% |
| 38 | Massachusetts | 263,913 | 238,203 | -10% |
| 39 | Nebraska | 32,191 | 28,868 | -10% |
| 40 | West Virginia | 68,248 | 57,347 | -16% |
| 41 | Kentucky | 150,157 | 120,502 | -20% |
| 42 | Missouri | 50,672 | 37,236 | -27% |
| 43 | Illinois | 443,212 | 276,560 | -38% |
| 44 | Arkansas | 76,783 | 46,533 | -39% |
| 45 | Washington | 235,314 | 139,378 | -41% |
| 46 | Wisconsin | 61,972 | 35,926 | -42% |
| 47 | California | 949,480 | 483,692 | -49% |
| 48 | Michigan | 197,888 | 88,249 | -55% |
| 49 | Connecticut | 146,497 | 60,090 | -59% |
| 50 | Rhode Island | 25,362 | 7,664 | -70% |