



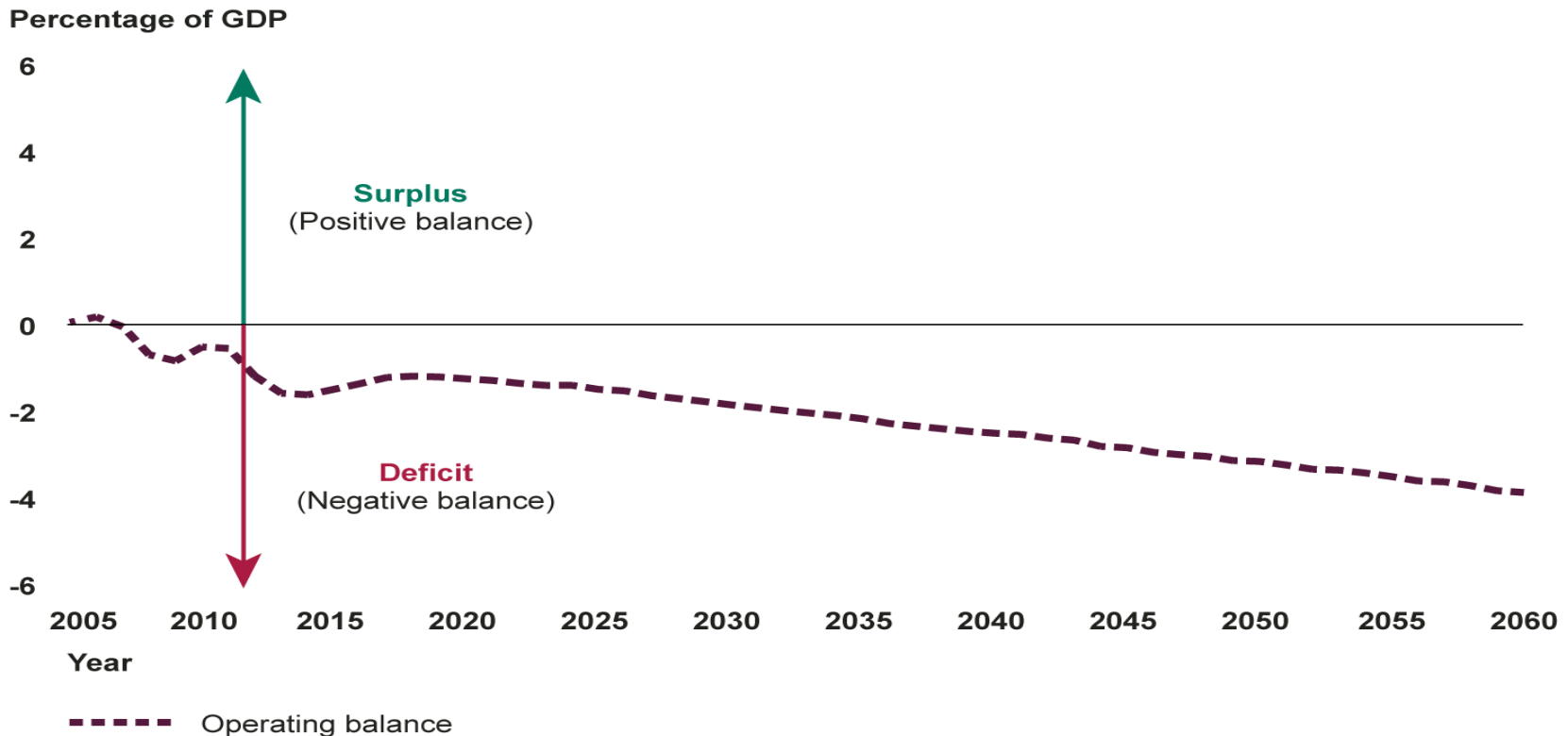
UNITED STATES GOVERNMENT ACCOUNTABILITY OFFICE

State and Local Fiscal Condition

2014



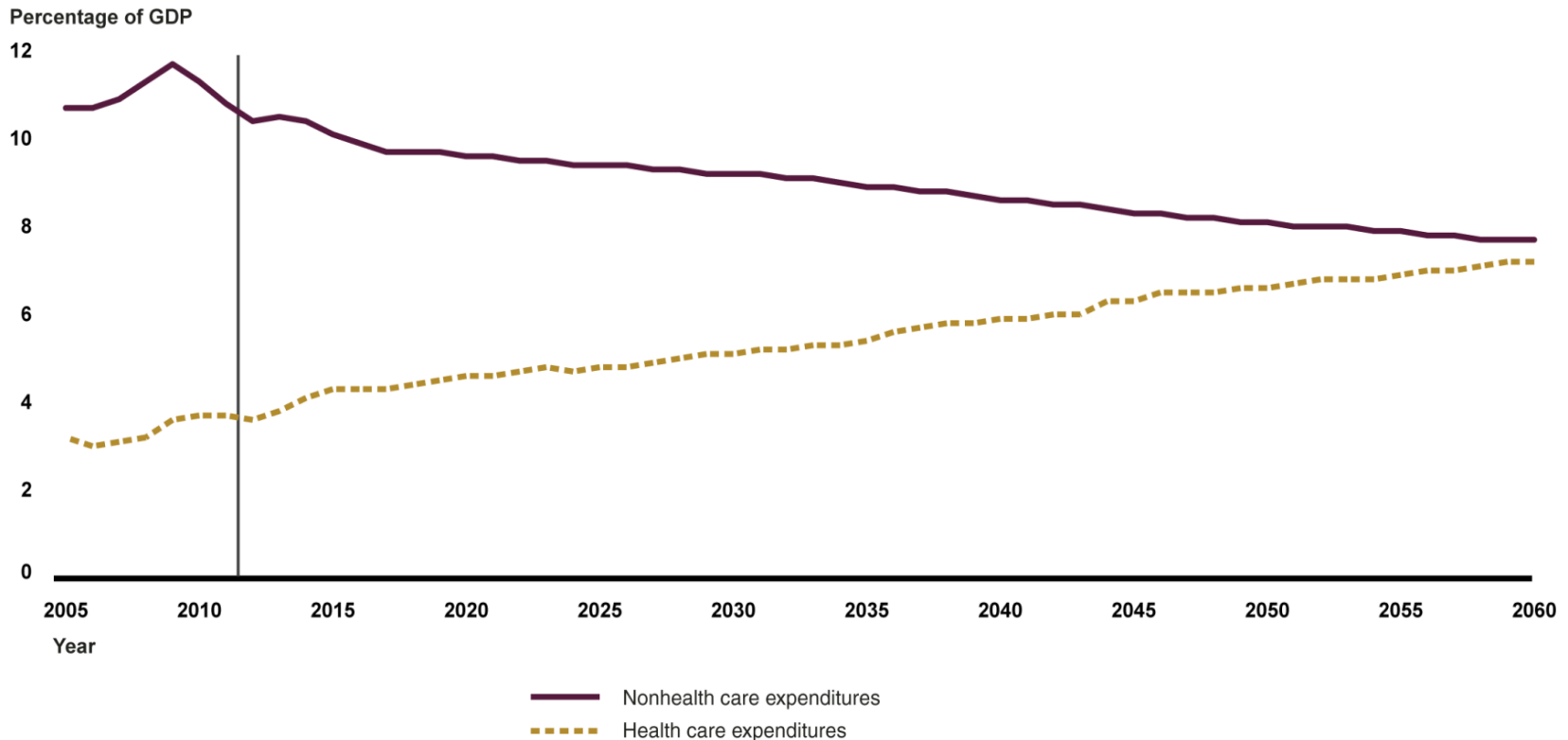
State and Local Governments Face Increasing Fiscal Challenges



Source: GAO simulations, updated April 2013.

Note: Historical data are from BEA's National Income and Product Accounts. Data in 2012 are GAO estimates aligned with published data where available. GAO simulations are from 2013 to 2060, using many CBO projections and assumptions, particularly for the next 10 years.

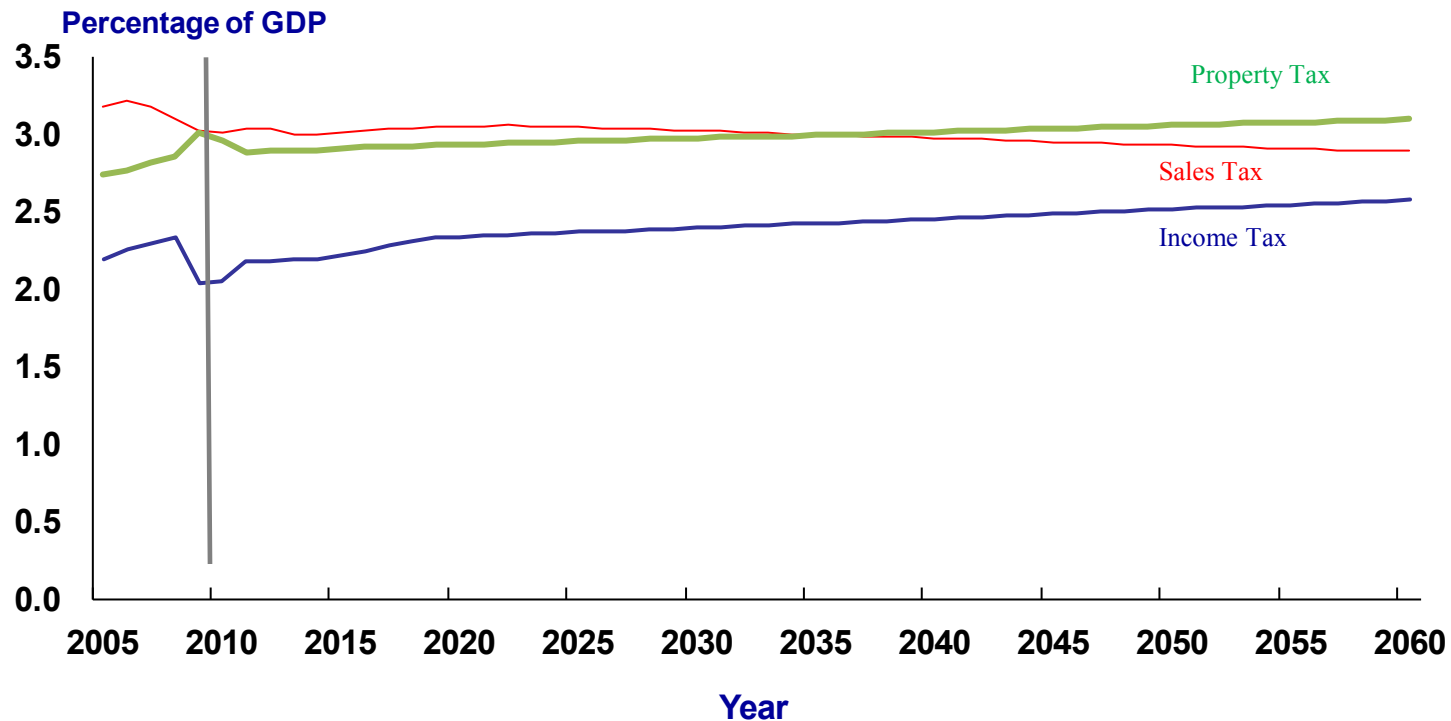
Health and Nonhealth Expenditures of State and Local Governments



Source: GAO simulations, updated April 2013.

Note: Historical data are from BEA's National Income and Product Accounts. Data in 2012 are GAO estimates aligned with published data where available. GAO simulations are from 2013 to 2060, using many CBO projections and assumptions, particularly for the next 10 years.

Own-Source Revenue for State and Local Governments



Source: GAO simulations.

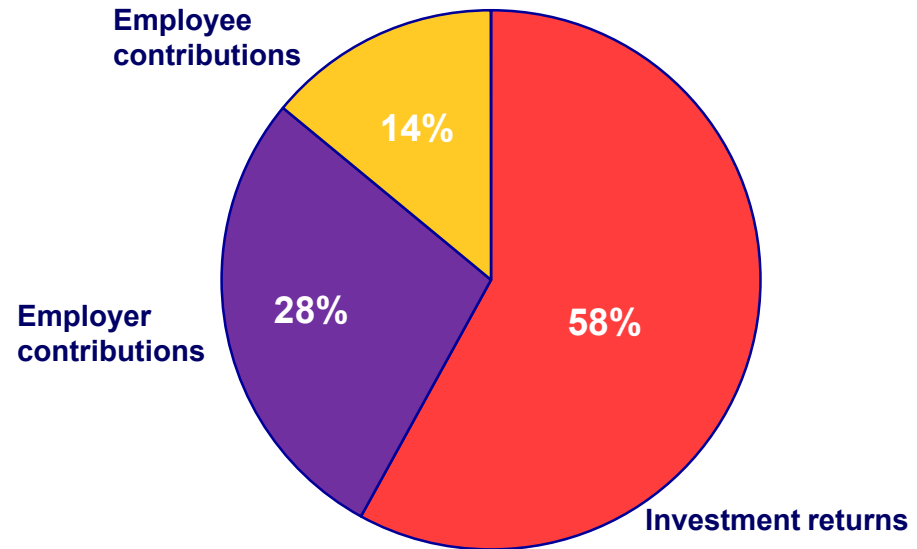
Note: Historical data are from the Bureau of Economic Analysis's National Income and Product Accounts from 2005 to 2010. Data in 2011 are GAO estimates aligned with published data where available. GAO simulations are from 2012 to 2060, using many Congressional Budget Office projections and assumptions, particularly for the next 10 years. Simulations are based on current policy.

Pension Plan Funding Sources

Three Sources of Revenue

- Investment earnings
- Employer contributions
- Employee contributions

Cumulative percentage distribution of pension fund revenue sources nationwide, 1982-2009



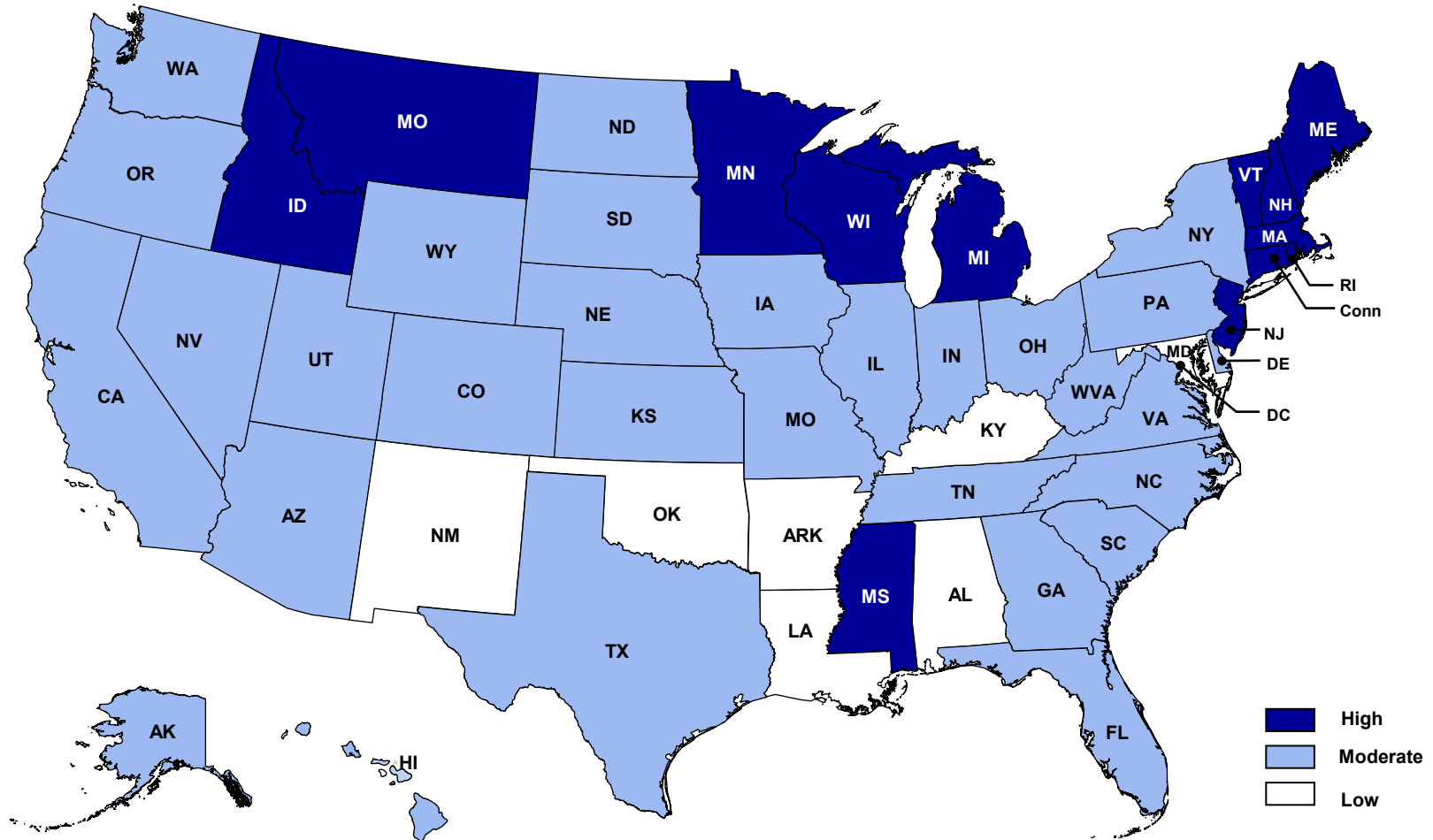
Source: National Association of State Retirement Administrators, 2011 (based on Census data).

Actions by State and Local Governments Toward Pension Plan Sustainability



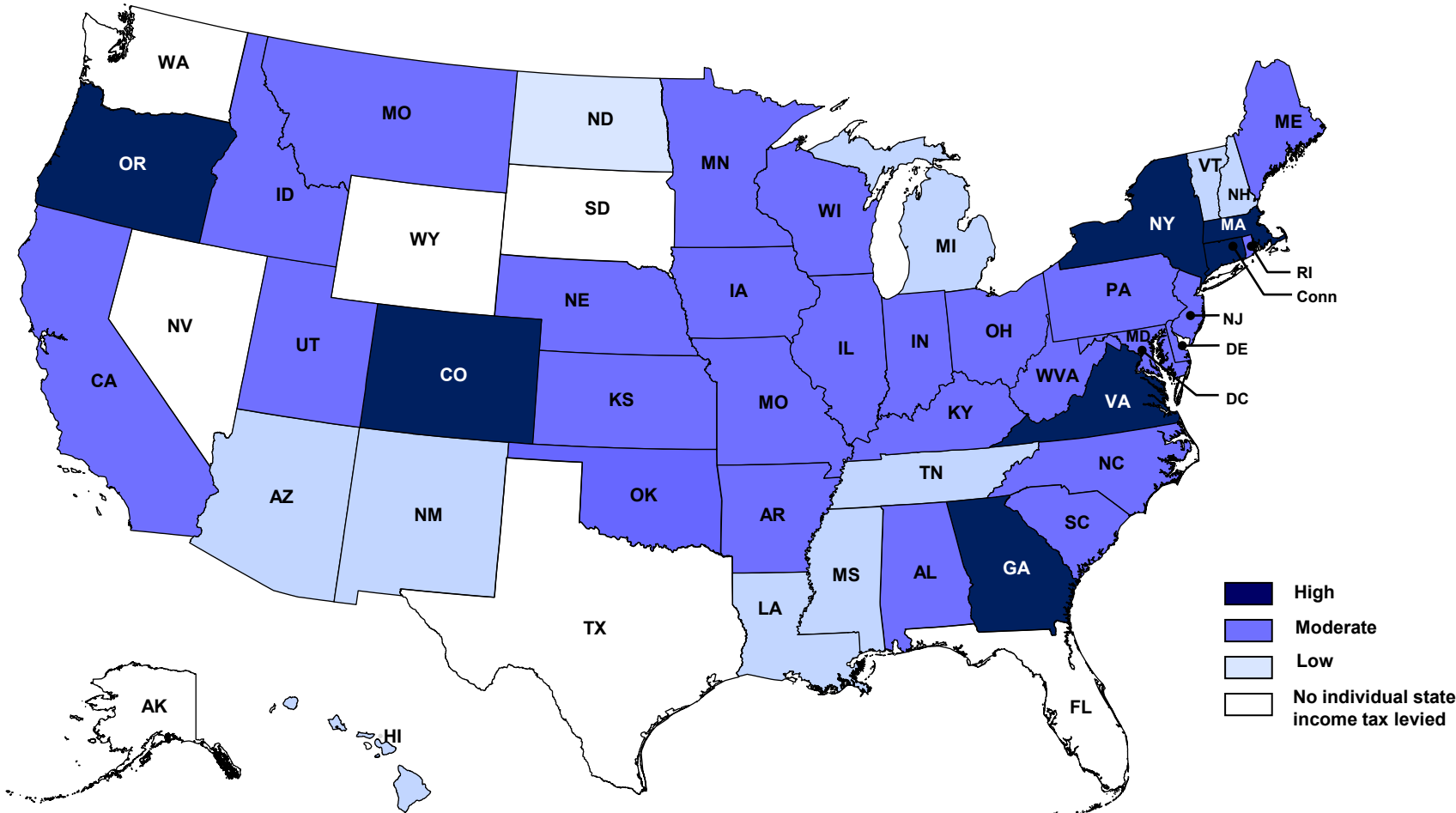
Source: GAO analysis of annual NCSL reports.

Local Property Tax as a Share of Local Tax Revenue, 2010



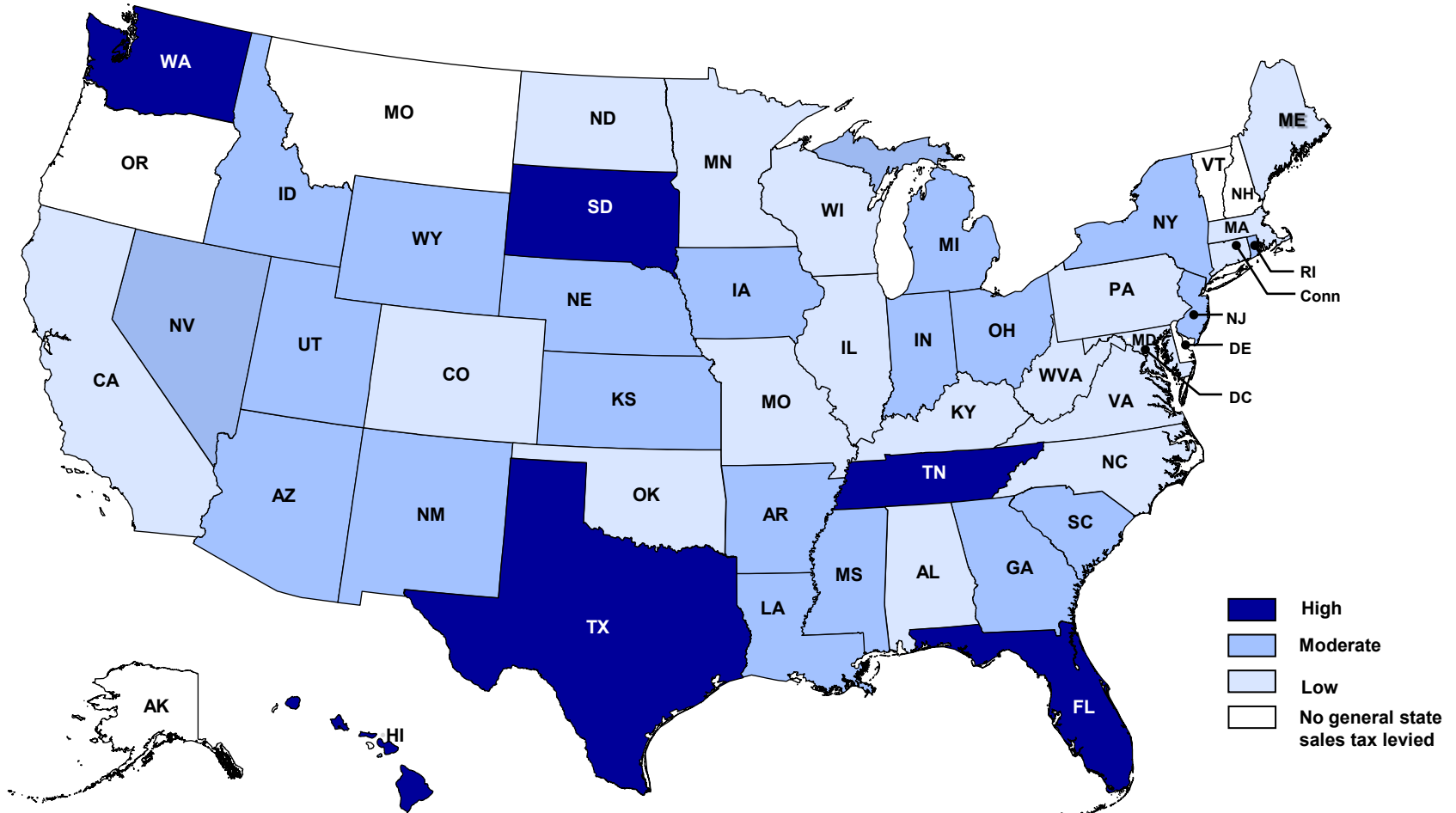
Source: Tax Facts, The Tax Policy Center, The Brookings Institution and the Urban Institute, based on data from U.S Census Bureau, 2011 State Government Tax Collections, April 2012.

Individual Income Tax, as a Share of Total State Tax Revenue, 2011



Source: Tax Facts, The Tax Policy Center, The Brookings Institution and the Urban Institute, based on data from U.S Census Bureau, 2011 State Government Tax Collections, April 2012.

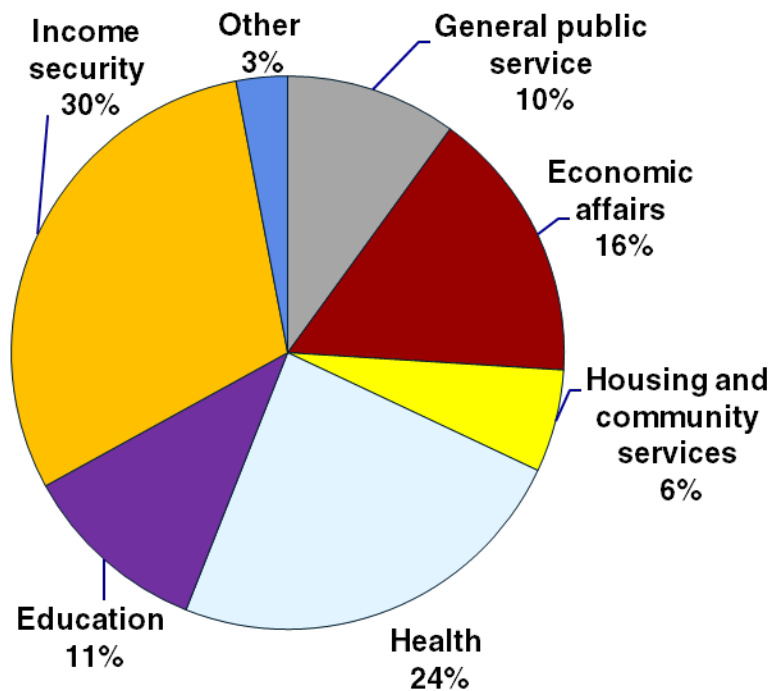
General Sales Tax as a Share of Total State Tax Revenue, 2011



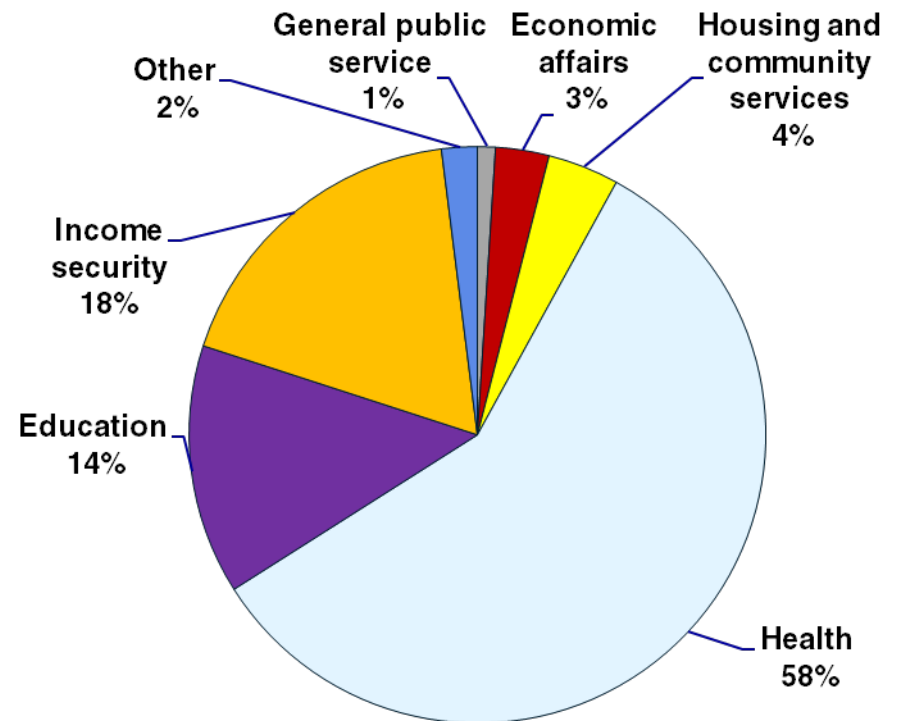
Source: *Tax Facts*, The Tax Policy Center, The Brookings Institution and the Urban Institute, based on data from U.S. Census Bureau, 2011 State Government Tax Collections, April 2012.

Aggregate Shifts in State and Local Intergovernmental Grants

Federal Grant Revenues, 1980



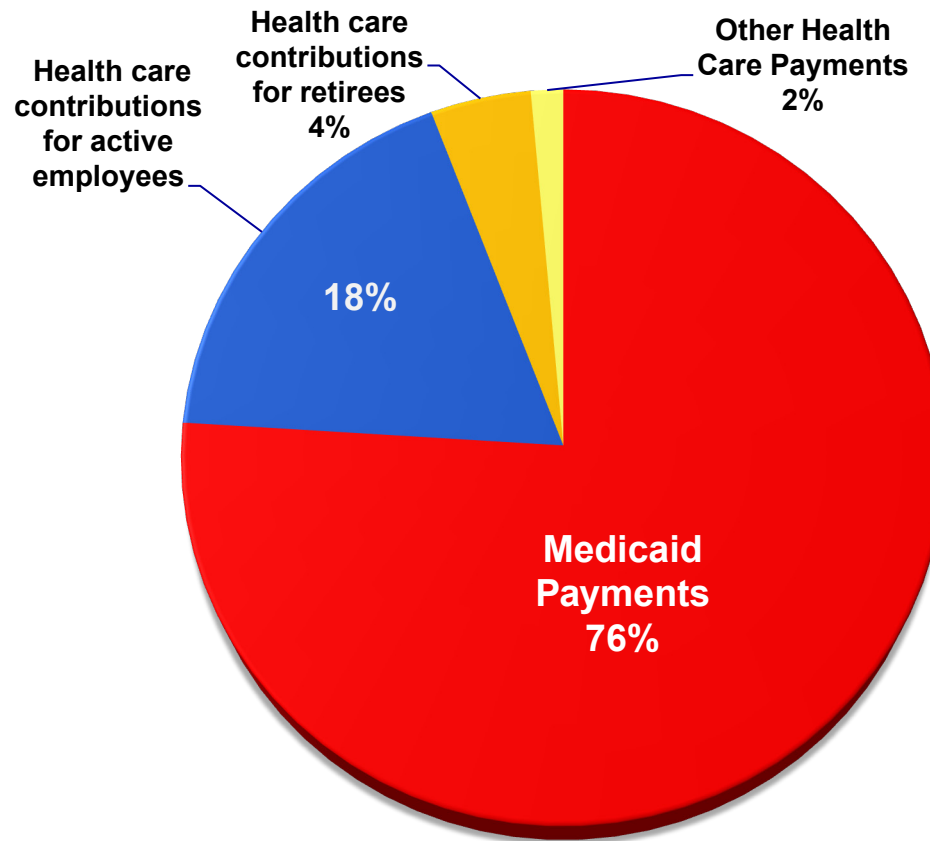
Federal Grant Revenues, 2010



Source: GAO analysis of historical data from the Bureau of Economic Analysis's National Income and Product Accounts.

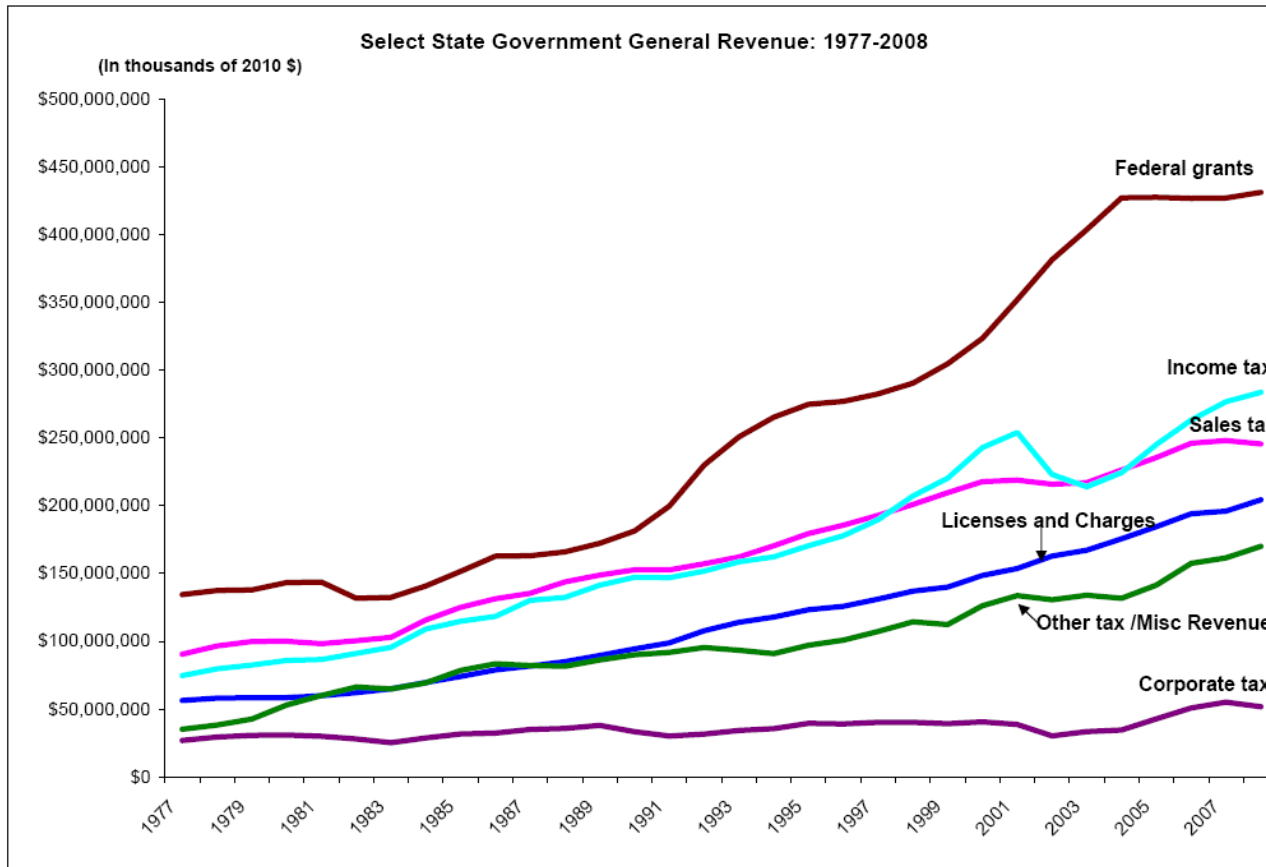
Note: Medicaid grants comprised 91 percent of health grants in 2010. 'Other' includes national defense, public order and safety, and recreation and culture.

State and Local Health Care Spending By Category, 2013



Source: GAO analysis of historical data from the Bureau of Economic Analysis's National Income and Product Accounts.

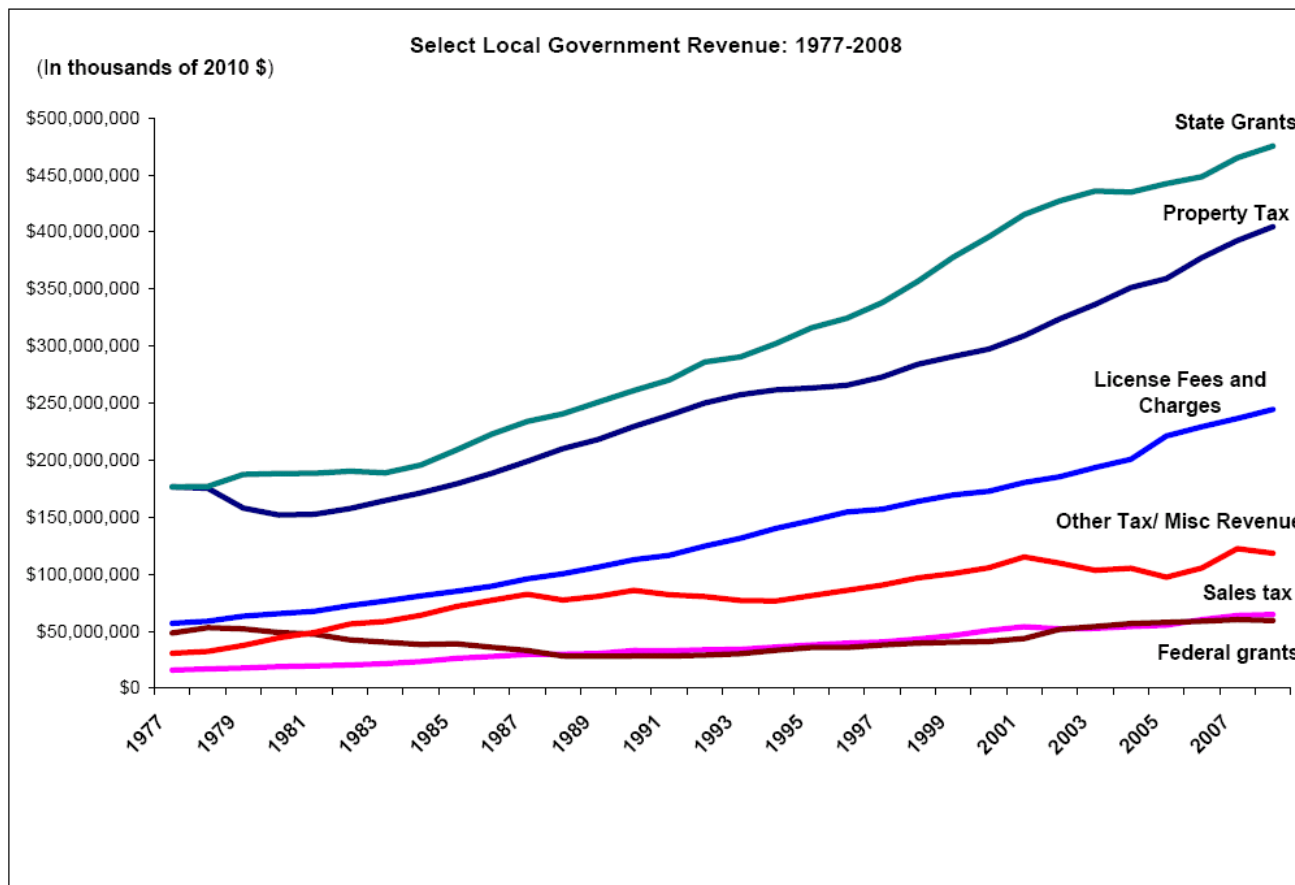
State Revenues: Key and Increasing Role of Federal Grants



Source: GAO Analysis of U.S. Census Bureau Government Finance Statistics.

Note: The components of general revenue are own-source revenues (taxes, charges, miscellaneous revenues, etc.) and intergovernmental revenues (revenues received from federal and local government). These data represent aggregates for the sector. State revenue sources vary considerably by state. For example, seven states have no state income tax: Alaska, Florida, Nevada, South Dakota, Texas, Washington and Wyoming. Two others, New Hampshire and Tennessee, tax only dividend and interest income.

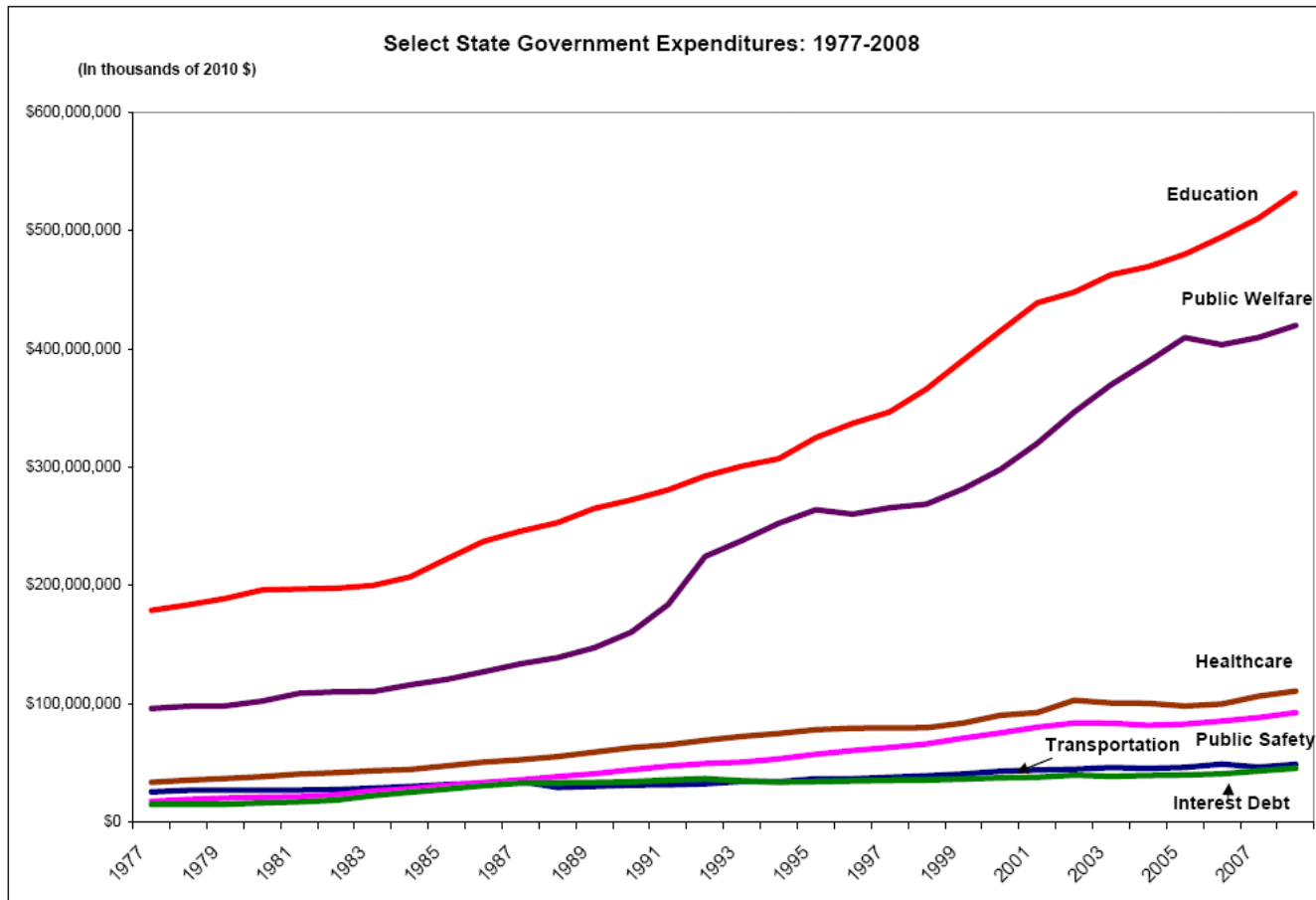
Local Revenues: Largest Source are State Grants (Which Include Federal Pass-Through Dollars)



Source: GAO Analysis of U.S. Census Bureau Government Finance Statistics.

Note: The components of general revenue are own-source revenues (taxes, charges, miscellaneous revenues, etc.) and intergovernmental revenues (revenues received from federal and state government). These data represent aggregates for the sector. Local governments receive a wide variety of revenues from diverse sources. For example, Boston's major revenue source is property tax, while Philadelphia's largest source is a wage tax and Phoenix's is sales tax.

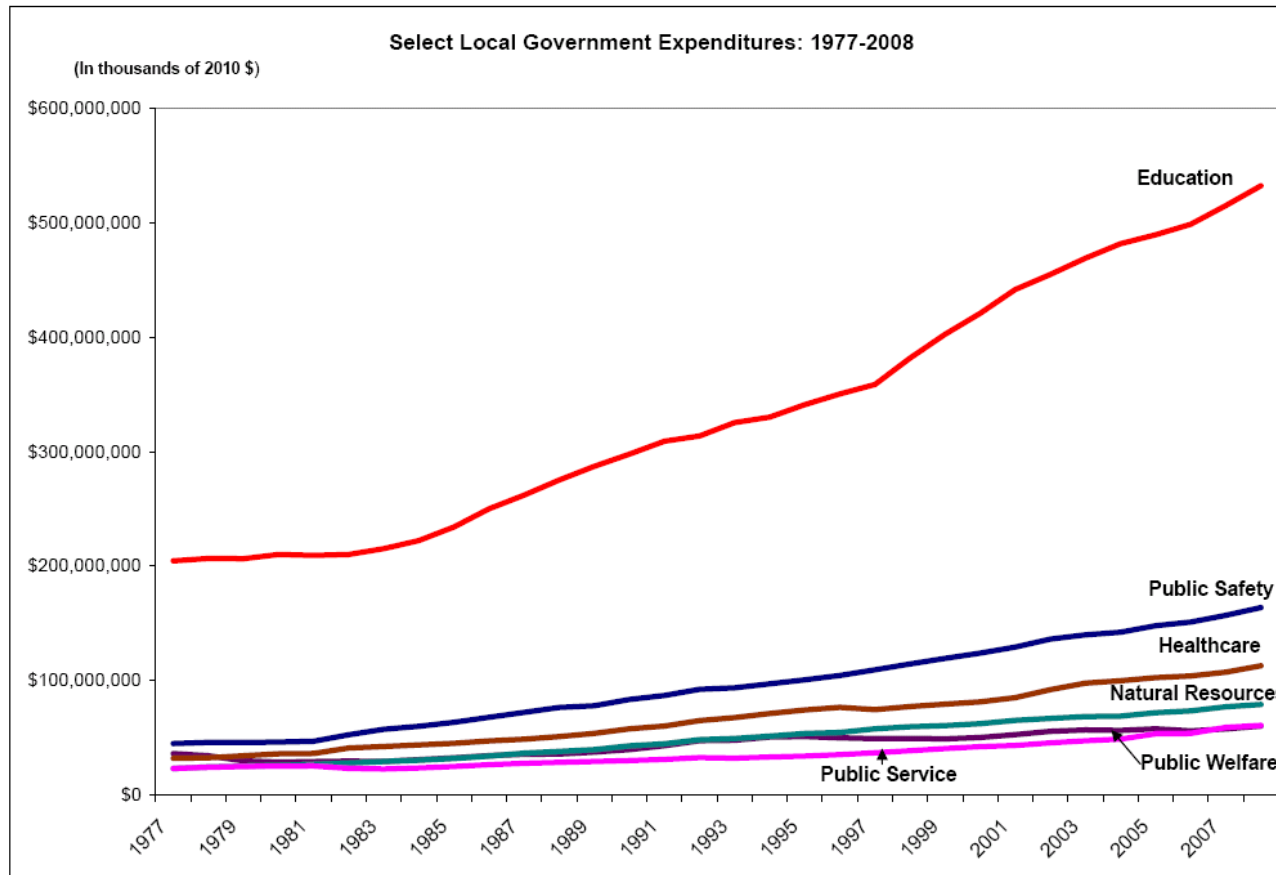
State Expenditures: Education and Public Welfare Are the Key Drivers



Source: GAO Analysis of U.S. Census Bureau Government Finance Statistics.

Note: The components of general current expenditure include current operations, interest on debt, assistance and subsidies, and intergovernmental expenditures.

Local Expenditures: Education is Largest and Fastest Growing



Source: GAO Analysis of U.S. Census Bureau Government Finance Statistics.

Note: The components of general current expenditure include current operations, interest on debt, assistance and subsidies, and intergovernmental expenditures.

GAO on the Web

General Web site: <http://www.gao.gov/>

ARRA Oversight: <http://www.gao.gov/recovery/>

Long Term Federal and State/Local Fiscal Outlook: <http://www.gao.gov/special.pubs/longterm/>

Contact

Stanley J. Czerwinski, Director, Strategic Issues, czerwinskis@gao.gov, (202) 512-6806

Chuck Young, Managing Director, Public Affairs, youngc1@gao.gov, (202) 512-4800

U.S. Government Accountability Office

441 G Street NW, Room 7149, Washington, D.C. 20548

Copyright

This is a work of the U.S. government and is not subject to copyright protection in the United States. The published product may be reproduced and distributed in its entirety without further permission from GAO. However, because this work may contain copyrighted images or other material, permission from the copyright holder may be necessary if you wish to reproduce this material separately.