Where the Money Goes: State-by-State General Expenditures by Function

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Tuesday, August 21, 2012 at 04:05 PM

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State government general expenditures totaled $1.59 trillion in 2010, an increase of 2.4 percent over 2009. When adjusted for inflation, however, the increase from 2009 to 2010 is less than one-half of a percent. On a per capita basis, state general expenditures in 2010 were $5,150, little changed from 2009 when per capita spending was $5,068. When per capita spending is adjusted for inflation, expenditures actually decreased from 2009 to 2010 by 0.4 percent.

Collectively, nearly 73 percent of state general expenditures go to three major categories by function: education, public welfare, public health and hospitals, with education and public welfare making up nearly 65 percent of spending in 2010. The next three largest areas for spending were health and hospitals (7.8 percent), highways (7 percent) and governmental administration (3.4 percent).

While the percentage of total general expenditures going toward education has remained approximately the same over the past decade (around 36 percent), the percent spent on public welfare—which includes programs like Temporary Assistance for Needy Families and assistance for the elderly—has increased by five percentage points, moving from 24.8 percent in 2000 to 29 percent in 2010. Other categories like health and hospitals and highways have also remained relatively stable on a national level since 2000, although within states there is a lot more movement in how funding is distributed across categories.

Education

- Education is the largest functional spending category of state governments. States spent $571 billion in 2010 on education.
- The biggest component of education spending is transfers to local governments and independent school districts, which totaled $316.8 billion in 2010, a decrease of 2.4 percent over 2009.
- Education expenditures have decreased slightly from 36.5 percent in 2009 to 35.8 percent in 2010—close to the 35.9 percent spent in 2000.
- In 2010, Indiana spent the most on education as a percentage of general expenditures at 46.6 percent, followed by Georgia (46.3 percent) and Texas (45.6 percent). Fourteen states spent 40 percent or more on education.
- Six states—Alaska, Illinois, Maine, Massachusetts, New York and Rhode Island—spent less than 30 percent on education.
• In 2000, Massachusetts spent the smallest percentage on education, 23.7 percent, and Oklahoma spent the largest percentage, 49.6 percent.

Public Welfare

• Public welfare is the second largest functional spending category of state governments. States spent $426.7 billion on this category in 2010, a 5.6 percent increase over 2009 levels.
• Nationally, the percentage of general expenditures going toward the public welfare category has increased significantly, moving from 24.8 percent in 2000 to 29 percent in 2010.
• State government spending on public welfare was the highest in Tennessee at 38.1 percent of general expenditures, followed by Rhode Island (36.7 percent) and Maine (36.7 percent).
• Twelve states spent 30 percent or more of general expenditures on public welfare in 2010, while four states—Alaska, North Dakota, Utah and Wyoming—spent less than 20 percent on public welfare.
• In 2000, Oklahoma spent, as a percent of total general expenditures, the least on public welfare at 10 percent, while New York spent the most, 38.1 percent. Thirteen states spent 20 percent or less on public welfare in 2000.

Health and Hospitals

• Nationally, state general fund expenditures for health and hospitals totaled 7.8 percent in 2010—a slight increase from 2000, when that figure stood at 7.7 percent.
• In 2010, Hawaii led in spending on public health and hospitals as a percentage of general expenditures with 11.9 percent. Only two other states—Alabama and Missouri—spent 11 percent or more in this category. In 2000, three states—Alabama, Connecticut and Louisiana—spent more than 11 percent, with Louisiana leading the way at 12.5 percent.
• Three states—Indiana, Minnesota and New Hampshire—spent less than 3 percent on health and hospitals in 2010. In 2000, only two states—Alaska and Vermont—spent less than 3 percent.

Highways

• Nationally, states used 7 percent of total general expenditures on highways, up slightly from 2009 (6.89 percent) and down from 2000 (7.71 percent).
• In 2010, Alaska used 14.87 percent on highways, making it the state with the highest percentage of its general expenditures dedicated to this category. Ten states spent 10 percent or more on highways in 2010.
• New York spent the least of any state on highways, 3.37 percent, followed by Rhode Island, Massachusetts and Hawaii, each of which spent less than 5 percent on highways in 2010.
• In 2000, South Dakota spent the most (16.6 percent) on highways, making it one of three states that spent 16 percent or more in this category; Kansas and Wyoming were the other two. Hawaii spent the least on highways in 2000—3.8 percent.

Major Spending Category Definitions:

Education:
Includes schools, colleges, other educational institutions, and educational programs for adults, veterans and other special classes. State institutions of higher education include activities of institutions operated by the state, except agricultural extension services and experiment stations, which are classified under natural resources, and public university hospitals, which are classified under hospitals.
Public Welfare:
Includes support of and assistance to needy people including:

- Cash assistance paid directly to needy persons under the categorical programs, such as assistance to the elderly, Temporary Assistance for Needy Families (TANF) and any other welfare programs.
- Vendor payments made directly to private purveyors for medical care, burials, and other commodities and services provided under welfare programs; and provision and operation by the government of welfare institutions.
- Payments to other governments for welfare purposes, amounts for administration, support of private welfare agencies and other public welfare services.

Note that expenditures on Medicaid may fall across a number of functional categories, including public welfare and health and hospitals.

Other and Unallocable:
General expenditures for purposes and activities not falling within any standard functional category and unallocated amounts relating to two or more functions.

Health and Hospitals:
Health includes outpatient health services, other than hospital care. Hospitals include financing, construction, acquisition, maintenance or operation of hospital facilities, provision of hospital care and support of public or private hospitals, including those operated by public universities.

Highways:
Includes construction, maintenance, and operation of highways, streets and related structures, including toll highways, bridges, tunnels, ferries, street lighting, and snow and ice removal. Highway policing and traffic control are classed under police protection.

Governmental Administration:
Includes the functions of financial administration, judicial and legal, and general public buildings; and activities of the governing body, office of the chief executive, and central staff services and agencies concerned with personnel administration, recording, planning, zoning, etc.

Source: Excerpted from U.S. Census Bureau, “State Government Finances: Definitions.”
http://www.census.gov/govs/state/definitions.html [4].

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Major Areas of State Spending: Categories As Percent of State General Expenditures in 2000, 2005 and 2010

*Includes corrections, interest on general debt, natural resources, police protection and parks and recreation.

SOURCE: Author’s calculations of data from U.S. Census Bureau’s Annual Survey of State Government
Finances ([http://www.census.gov/govs/state/index.html](http://www.census.gov/govs/state/index.html) [5]) and CSG’s Book of the States ([www.csg.org/bookofthestates](http://www.csg.org/bookofthestates) [6]).

**NOTE:**

1 All data and information used throughout this document are the author’s calculations using data from the U.S. Census Bureau’s Annual Survey of State Government Finances ([http://www.census.gov/govs/state/index.html](http://www.census.gov/govs/state/index.html) [5]). More detail can be found in CSG’s Book of the States, Chapter 7 ([www.csg.org/bookofthestates](http://www.csg.org/bookofthestates) [6]).


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