

Census: State government revenues decline 31%

Total state government revenue dropped to \$1.1 trillion in 2009, a decline of 30.8 percent from \$1.6 trillion in 2008, according to the latest findings from the U.S. Census Bureau.

The large decrease in total revenue was mainly caused by the substantial decrease in social insurance trust revenue. Social insurance trust revenue is made up of four categories – public employee retirement, unemployment compensation, workers compensation and other insurance trusts (i.e., Social Security, Medicare, veteran's life insurance).

State governments received nearly \$1.5 trillion in general revenues in 2009, a decrease of 1.4 percent from 2008. General revenue does not include utility, liquor store or insurance trust revenue.

Total taxes collected in 2009 (\$715.1 billion), which accounted for 47.9 percent of general revenue, fell by 8.5 percent from \$781.6 billion in 2008. This is the first year-to-year decline in tax revenue since 2002.

Federal grants (\$477.7 billion) increased 12.9 percent from 2008 to 2009 and accounted for nearly one-third of general revenue.

This annual survey began in 1951. Current findings come from the 2009 Annual Survey of State Government Finances, which reports revenues, expenditures, debt, and cash and security holdings for each state as well as a national summary.

While tax revenue declined substantially, total federal grants to states increased 12.9 percent to \$477.7 billion. Federal grants for welfare programs made up 59.3 percent of all federal grants received in 2009 and increased 16.3 percent to

\$283.3 billion over 2008, compared with 4.3 and 4 percent year-to-year increases in 2008 and 2007, respectively.

General expenditures by state governments rose 3 percent in 2009 over 2008. These expenditures totaled more than \$1.5 trillion, with expenditures for education (\$562.1 billion), public welfare (\$437.5 billion) and health and hospitals (\$119.1 billion) representing the top three activities.

State government spending on education totaled more than 40 percent of general expenditures in 15 states led by Georgia (46.1 percent), Utah (45.6 percent) and Alabama (45.3 percent).

State government spending on public welfare was greater than 30 percent of general expenditures in 11 states, led by Minnesota (37.5 percent), Rhode Island (36.5 percent) and Maine (36.1 percent).

The leading states in spending for highways, as a percentage of general expenditures, were Alaska (13.5 percent), North Dakota (13.4 percent) and South Dakota (12.9 percent).

Hawaii (12.3 percent) led the states in spending on public health and hospitals as a percentage of general expenditures, followed by Connecticut (11.4 percent) and Virginia (10.9 percent).