

Presentation

Local Government Expenditures and Revenues

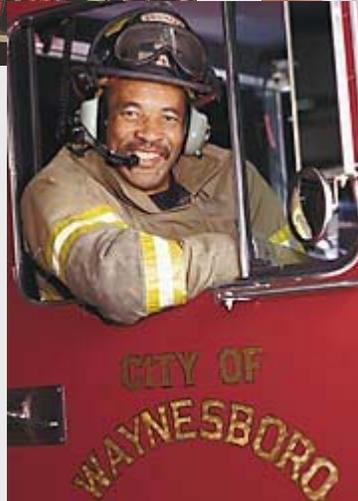
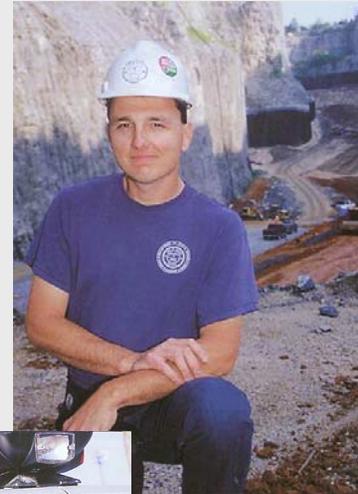
September 25, 2003



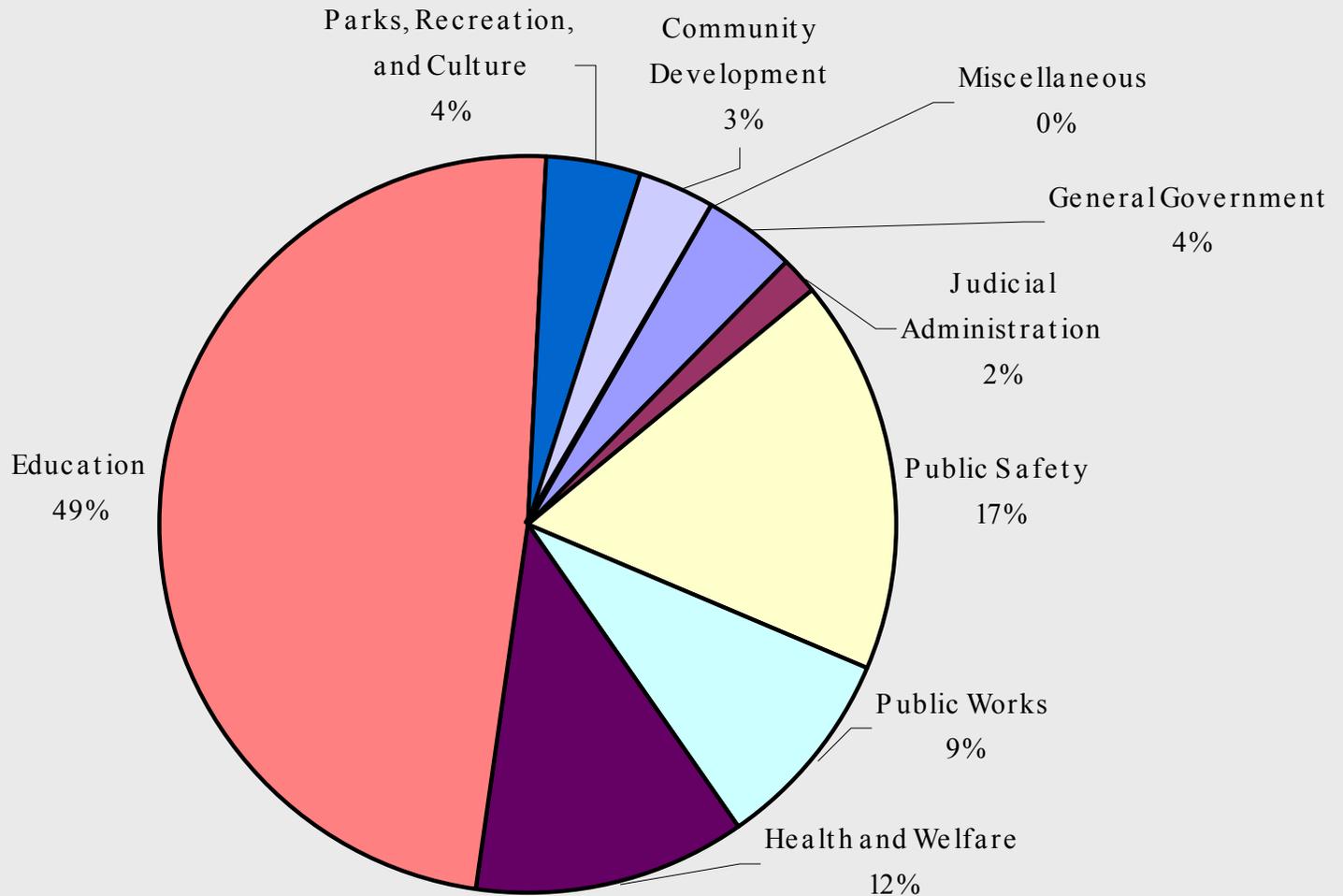
Overview

- Local Government Expenditures
- Local Government Revenues

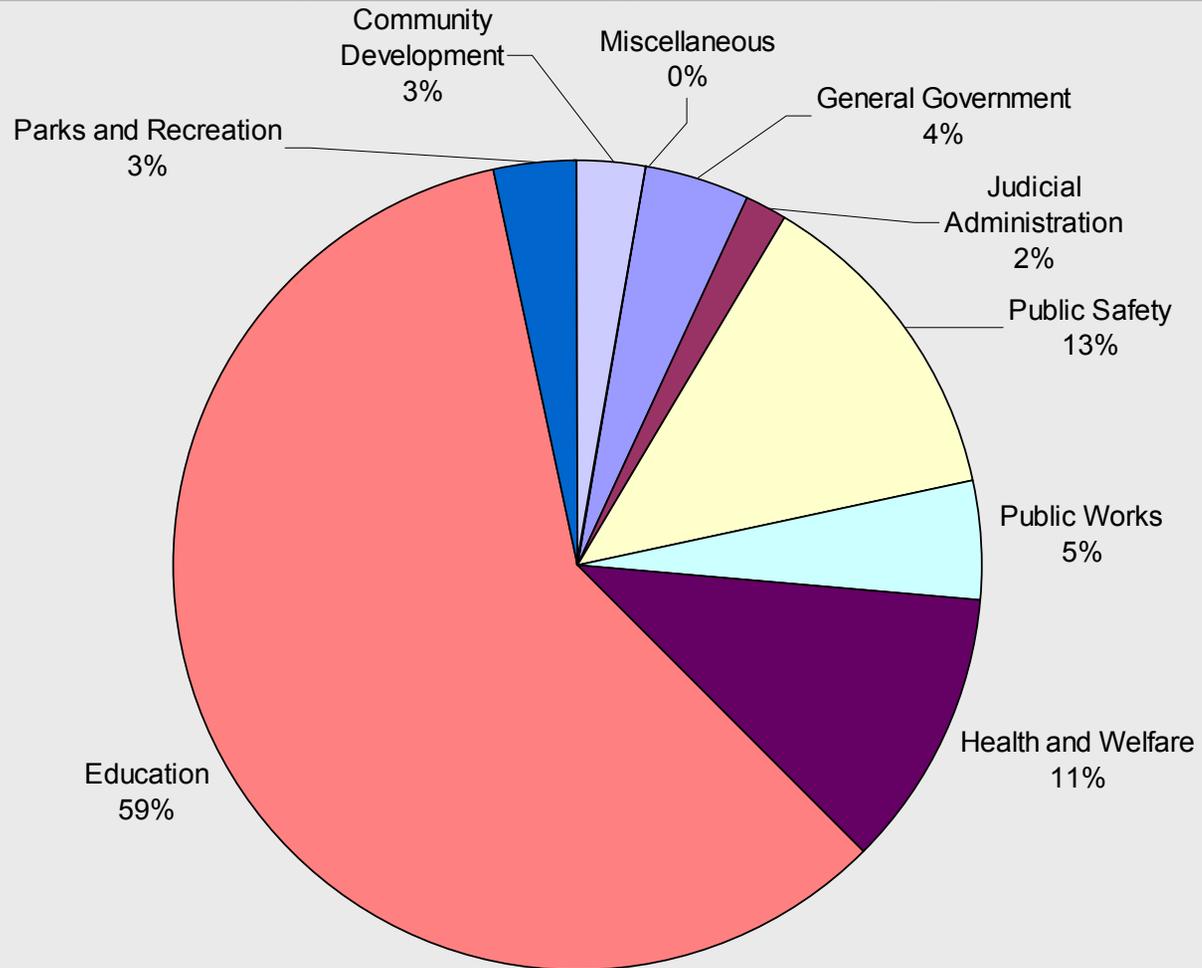
Local Government Expenditures



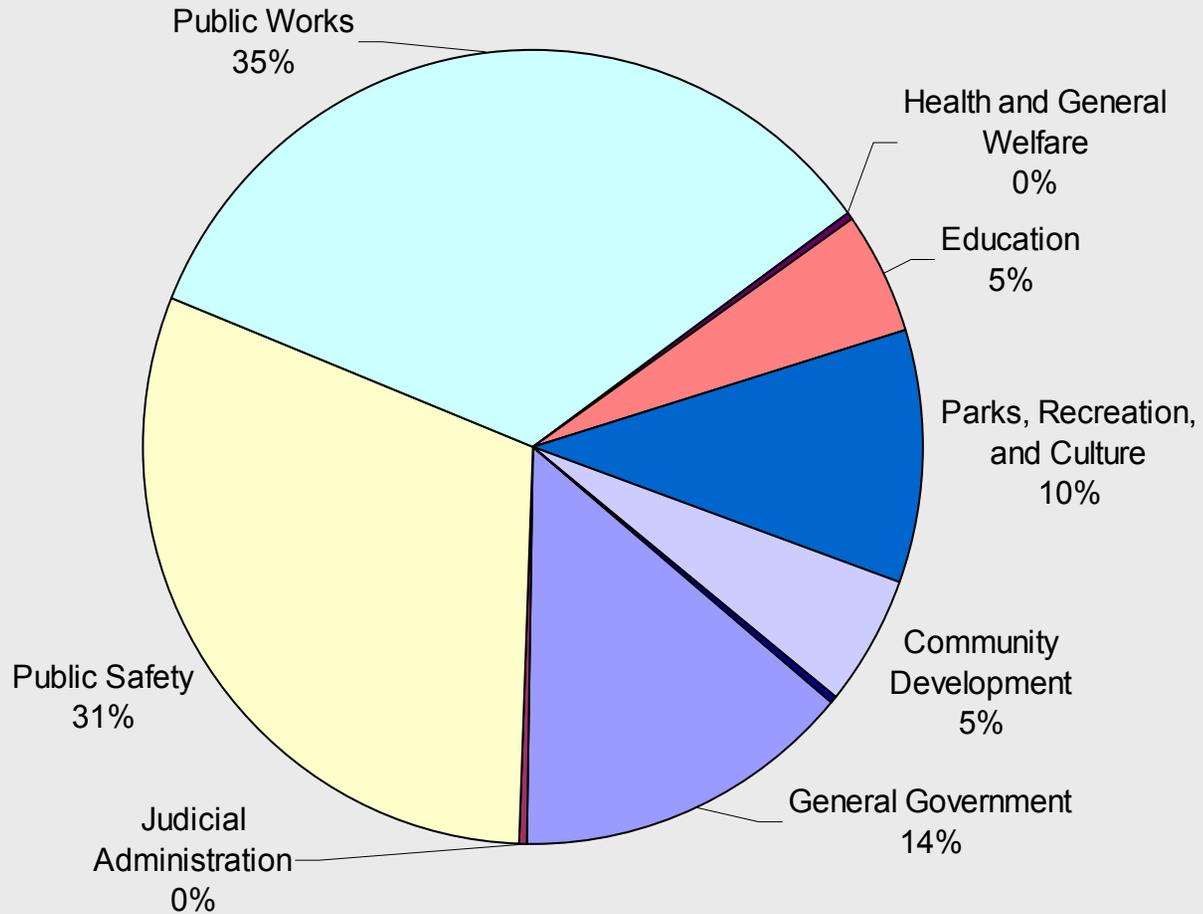
Cities' Spending FY 2002



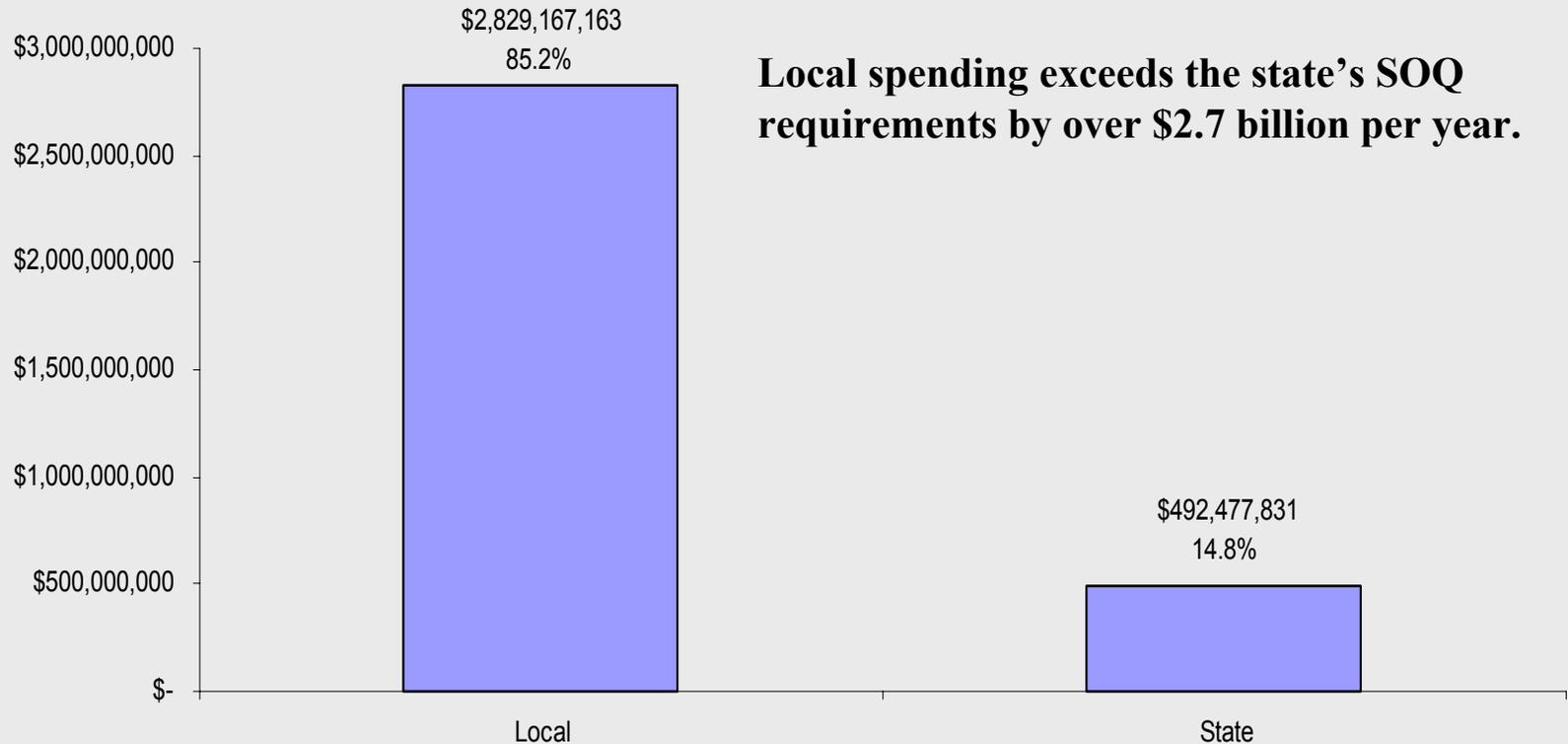
Counties' Spending FY 2002



Towns' Spending FY 2002 (More than 3,500 population)



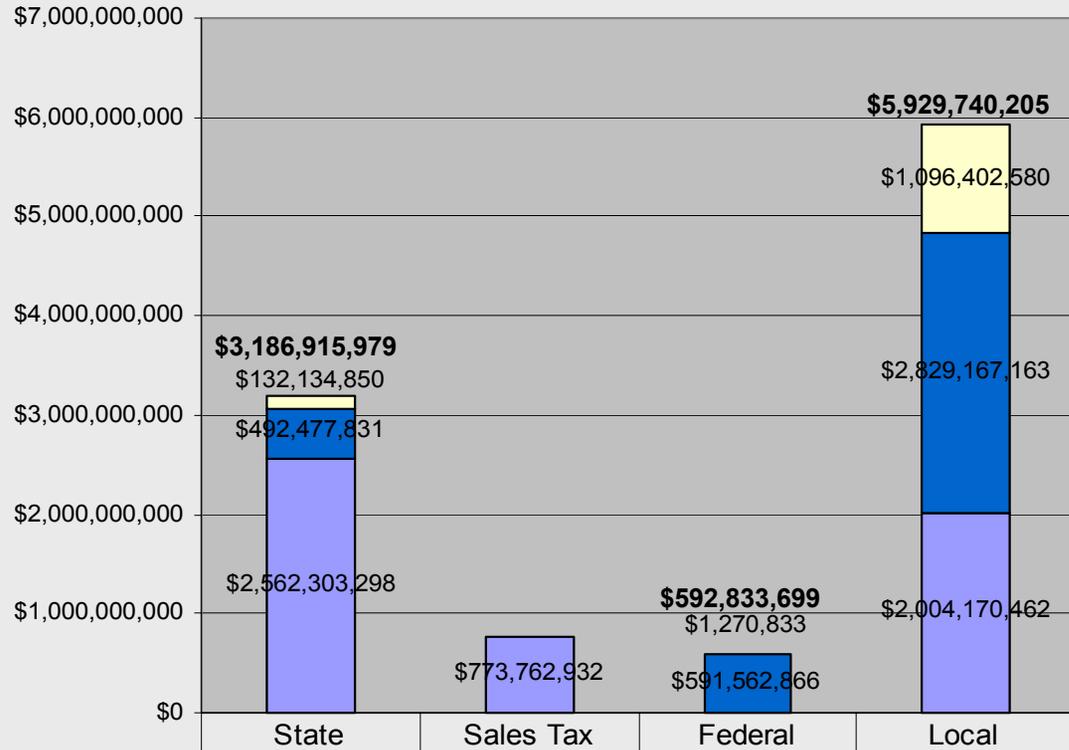
FY02 Education Operating Funds Beyond the SOQ



*State funds beyond the SOQ include incentive based programs, such as dropout prevention, early reading intervention, and at-risk programs, and categorical programs such as special education in jails, electronic classroom, and vocational education.

**Federal funding contributes an additional \$591,562,866 in operating funds.

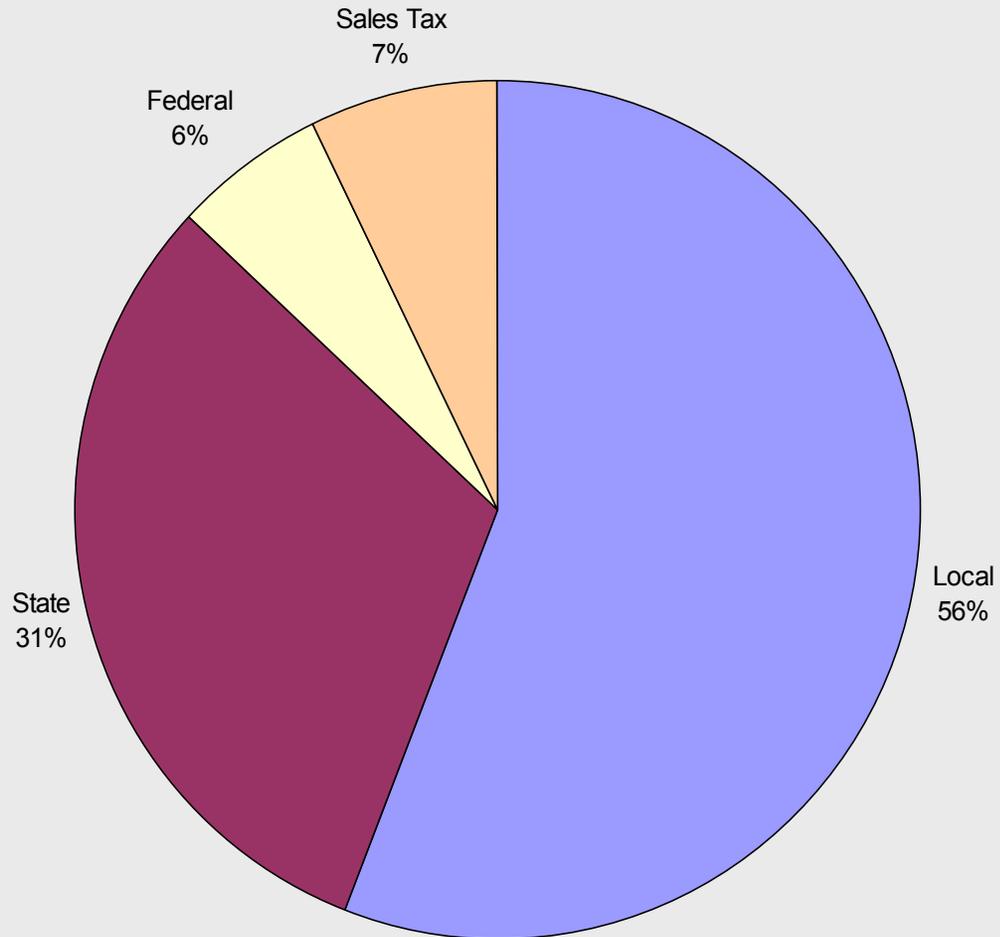
Total FY02 Education Funding: SOQ, Non-SOQ and Capital



Capital Outlay & Debt Service
 Non SOQ
 SOQ

	State	Sales Tax	Federal	Local
Capital Outlay & Debt Service	\$132,134,850	\$0	\$1,270,833	\$1,096,402,580
Non SOQ	\$492,477,831	\$0	\$591,562,866	\$2,829,167,163
SOQ	\$2,562,303,298	\$773,762,932	0	\$2,004,170,462

Total FY02 Education Funding (Operating and Capital Expenditures)



Real Estate Tax Revenues Don't Cover Local Education Costs

FY 2002

Local Education Spending:

◆ Operations	\$4.8 billion
◆ Capital Outlay	\$.975 billion
◆ Debt Service	\$.252 billion
◆ Total Local Education Spending	<hr/> <u>\$ 6.0 billion</u>
Total Local Real Estate Taxes (Revenue)	<hr/> <u>\$4.5 billion</u>
Difference	<hr/> <u>\$1.5 billion</u>

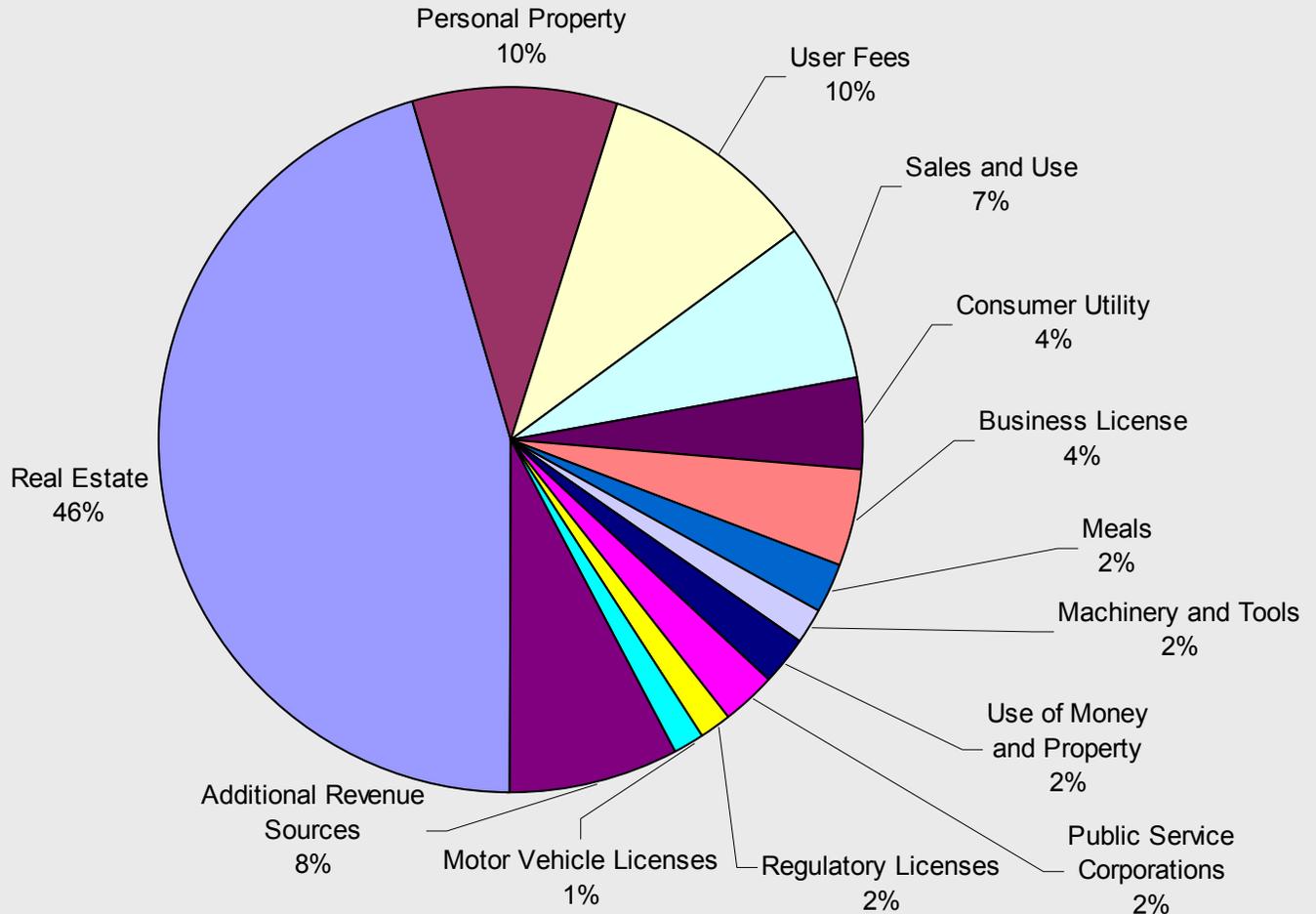
Summary Comments on Education Funding

- Education is the single largest expenditure for cities and counties.
- Local governments pay all of the costs for over 20,000 teachers, or 22% of all teachers. The state provides no support for these teachers.
- Local operating spending exceeds the state's SOQ requirements by over \$2.7 billion per year.
- In FY 2002, the state funded about 12% of capital costs. Recent budget cuts have reduced this percentage. Localities fund most capital outlay costs.

Local Government Revenues



In FY02 the Real Estate Tax Provided 46% of Local-Generated Revenue



Local Governments Rely on a Variety of Revenues Sources

FY 2002 Revenues % of Total	Cities	Counties	Towns
Real Estate	39.1%	49.1%	21.3%
Local Option Sales	8.5%	6.9%	8.1%
Personal Property	7.7%	10.6%	3.6%
User Fees	10.0%	9.7%	8.7%
Other Local Revenue*	34.7%	23.7%	58.3%

*Examples of other local revenue include machinery & tools, BPOL, consumer utility taxes, and meals.