

## CHAPTER 1

### State and Local Government Financing of Capital Outlays, 1946-65\*

#### INTRODUCTION

State and local governments have expended approximately \$220 billion for capital outlay during the past 20 years, or about \$1,135 per person of the present population of the United States. The following pages summarize trends in such expenditure, and provide some background and estimates with respect to its financing.

The data given here are mainly from annual surveys of governmental finances conducted by the Bureau of the Census, or from the 1957 or 1962 Censuses of Governments. There was no regular survey to provide comprehensive annual data on local government expenditures before 1952, although earlier Census Bureau surveys did deal with finances of State governments and of some municipalities. Accordingly, most of the historical comparisons given here are limited to the period since 1952. It should be noted that, except for the census years 1957 and 1962, the local government amounts included are estimates subject to sampling variation. (See also the concluding section, "Sources and Limitations of Data".)

The financial scale of State and local governments has increased dramatically during the past two decades. As illustrated by table 1, below, the rise in expenditure and indebtedness of these governments has markedly outpaced related trends in Federal Government finances.

TABLE 1.—Selected items of governmental finances for specified years, 1946 to 1964-65

|                                        | 1946             | 1952     | 1957     | 1962     | 1964-65  |
|----------------------------------------|------------------|----------|----------|----------|----------|
| PER CAPITA AMOUNTS                     |                  |          |          |          |          |
| Total expenditure:                     |                  |          |          |          |          |
| Federal Government.....                | 472.93           | 457.62   | 477.74   | 610.19   | 671.04   |
| State and local governments.....       | 99.99            | 197.34   | 277.78   | 379.51   | 448.68   |
| Capital outlay:                        |                  |          |          |          |          |
| Federal Government.....                | ( <sup>1</sup> ) | 111.49   | 94.93    | 99.14    | 68.15    |
| State and local governments.....       | 9.28             | 47.55    | 73.70    | 90.33    | 107.17   |
| Debt outstanding:                      |                  |          |          |          |          |
| Federal Government.....                | 1,915.06         | 1,656.76 | 1,580.30 | 1,604.18 | 1,636.97 |
| State and local governments.....       | 113.14           | 192.46   | 309.83   | 437.24   | 513.43   |
| INDEX OF PER CAPITA AMOUNTS (1952=100) |                  |          |          |          |          |
| Total expenditure:                     |                  |          |          |          |          |
| Federal Government.....                | 103              | 100      | 104      | 133      | 147      |
| State and local governments.....       | 51               | 100      | 141      | 192      | 227      |
| Capital outlay:                        |                  |          |          |          |          |
| Federal Government.....                | ( <sup>1</sup> ) | 100      | 85       | 89       | 61       |
| State and local governments.....       | 20               | 100      | 155      | 190      | 230      |
| Debt outstanding:                      |                  |          |          |          |          |
| Federal Government.....                | 116              | 100      | 95       | 97       | 99       |
| State and local governments.....       | 59               | 100      | 161      | 227      | 267      |

<sup>1</sup> Not available.

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