

CAPITAL OUTLAY IN RELATION TO TOTAL STATE-LOCAL EXPENDITURE

Capital outlay has made up about one-fourth of all expenditures of State and local governments during recent years. For example, total expenditure of these governments in their fiscal years that ended between July 1964 and June 1965 amounted to \$87.0 billion. Of this sum, \$20.8 billion, or 23.9 percent, was for capital outlay, including \$16.4 billion for new construction, \$2.5 billion for the purchase of land and existing structures, and \$1.8 billion for the purchase of equipment.

Also included in the 1964-65 expenditure total was \$5.0 billion of benefit and withdrawal payments by "insurance trust systems" of State and local governments, principally employee retirement systems and State unemployment compensation systems. Because of the special nature of such expenditures, and especially the strong responsiveness of unemployment compensation payments to business cycle changes, insurance trust amounts are best omitted when one reviews trends in the relation of capital outlays to aggregates of State-local expenditure, as summarized in table 2, which is based on appendix table A.

TABLE 2.—Capital outlay of State and local governments in relation to total State and local government expenditures, 1946 to 1964-65

Fiscal year ¹	Capital outlay (millions of dollars)			Percent of total expenditures (excluding insurance trust amounts)		
	State and local governments	States	Local governments	State and local governments	States ²	Local governments ²
1964-65	20,771	9,175	11,596	25.3	22.2	21.0
1963-64	19,087	8,820	10,267	25.3	23.1	20.3
1963	17,946	8,110	9,836	25.4	23.0	20.7
1962	16,791	7,214	9,577	25.6	22.4	21.5
1961	16,091	6,865	9,226	26.1	22.9	21.9
1960	15,104	6,607	8,497	26.5	23.5	22.1
1959	15,351	7,059	8,292	28.5	26.3	23.2
1958	13,988	5,946	8,040	28.2	24.4	24.0
1957	12,616	5,163	7,454	28.2	23.6	24.3
1956	11,407	4,564	6,843	28.0	23.2	24.5
1955	10,706	3,992	6,713	28.5	22.2	25.9
1954	9,125	3,347	5,778	26.7	20.2	24.6
1953	7,905	2,847	5,058	25.3	18.4	23.7
1952	7,436	2,658	4,778	25.5	18.4	24.0
1950	6,047	2,237	3,810	23.7	17.3	22.6
1948	3,725	1,456	2,269	18.6	14.3	17.2
1946	1,305	368	937	10.2	6.2	10.5

¹ For the periods shown up to "1963," these data relate to fiscal years of State and local governments that ended during the calendar year indicated. Beginning with "1963-64," the local government amounts are for local fiscal years ended between July and June of the respective designated years.

² Computed for each level of government by reference to expenditure totals which include payments to other levels of government (State-to-local and local-to-State).

Wartime restrictions caused a drastic cut in State-local capital outlay during World War II, from a prewar annual level of about \$2.5 billion to a low of \$0.7 billion in 1944. By 1948, such expenditure had revived to a new annual high (in current dollar terms) of \$3.7 billion. The subsequent rate of growth has been less striking, but with only one exception (1959 to 1960), Census Bureau surveys have each year indicated a material rise in State-local capital outlay. The annual rate of increase averaged 8.5 percent between 1953 and 1963.

This strong upward trend in capital outlay has roughly paralleled the rate of growth in State and local government expenditure as a