

State & Local Government Finance Snapshot

LOCAL EVENTS REFLECTED IN THE SURVEY DATA

When forming a picture of the entire U.S. economy, you may think of the unemployment rate or industries, like retail and manufacturing. However, there is another major part of the economy—the public sector.

The public sector, consisting of national, state, and local governments, along with their chartered bodies, accounts for 17.7 percent of the total U.S. economy.

What happens if a city goes into bankruptcy? How does a major storm affect local and state budgets? The U.S. Census Bureau's State and Local Government Finance Survey answers these questions by measuring this critical part of the economy.

The Census Bureau's 2013 fiscal year data tells a number of important stories. While education funding remains the largest share (35.5 percent) of local government spending, there are more unique stories that tell us how major events impact local governments.

State and local governments pulled in \$215.4 billion more than they spent in 2013. A good deal of their revenue came from earnings on investments, which include unrealized gains (i.e., increases in the value of stocks and bonds held by public-employee pension funds). These pieces would be hard to put together if not for our local and state government finance data.

With the release of the State and Local Government Finance Survey, we can put together the overall national story and understand the individual city and state economic levels. When a state's economy and its population boom, unemployment rates may drop and revenue may rise, rapid growth can strain state and local government budgets.

Following the 2006 discovery of the Parshall Oil Field in North Dakota, thousands of people relocated to Williams County, making it the fastest growing county in 2013 (according to the Resident Population Estimates for the 100 Fastest Growing U.S. Counties With 10,000 or More Population in 2010: April 1, 2010, to July 1, 2013). This rapid population growth may have contributed to a rapid expansion infrastructure to accommodate the sudden population boom, indicated by:

- Increased general revenue for local governments in North Dakota (up 13.4 percent, reaching \$3.6 billion in 2013).
- Increased highway spending at the local level (up 32.8 percent, summing to \$584.3 million in 2013). During the same period, the U.S. local-level spending on highways only increased 3.0 percent.
- Increased educational spending from the previous year (up 10.0 percent, adding up to \$1.4 billion in 2013). In comparison, U.S. local spending on education was relatively flat (up 0.6 percent).

A major snowstorm can have a large impact on a city's budget. In 2013, Massachusetts experienced one of its snowiest winters ever; Boston had 34 inches of snow in February. The recovery efforts took weeks and contributed to an increase in spending on highways by the local governments to move snow and ice that did not fully melt until August.

These stories are examples of how this survey's data reflect historical events, as well as public policy changes. Whatever the story, the Local and State Government Finance Survey is an important part of what we do at the Census Bureau, and just one example of what we mean when we say, "We measure America."

Selected Events From 2013 Reflected in the Data



New Airport in Nevada

Local air transportation revenue jumped 35.7 percent to \$541.1 million in 2013.



Record Snow in Massachusetts

Local-level highway spending up 25.1 percent to \$988.5 million in 2013.



New "Rain Tax" in Maryland

"Other taxes" for local governments up 24.3 percent to \$853.2 million in 2013.