

APPENDIX D

SIGNIFICANCE OF STATE AND LOCAL GOVERNMENTS

By any measure of size, state and local governments are a substantial part of the U.S. economy. According to the 2002 Census of Governments, there are 87,525 local governments in the United States. Revenue collected by state and local governments totals \$1.8 trillion—\$6,433 for every person in the United States. Expenditures, taking into account capital outlays often financed through borrowings (which are not reported as revenues in these statistics), of state and local governments are even larger, at \$2.0 trillion—\$7,287 per capita. For comparison purposes, these state and local government expenditures represent almost 20 percent of the 2002 U.S. gross domestic product of \$10.5 trillion as reported by the Bureau of Economic Analysis of the U.S. Department of Commerce. Debt outstanding owed by state and local governments totals \$1.7 trillion—\$6,000 per capita. The 2002 Census of Governments reports that the labor force of state and local governments totaled 15.6 million employees on a full-time-equivalent basis, or 12 percent of total employment of 127.5 million for the United States as reported by the Bureau of Labor Statistics of the U.S. Department of Labor for 2002.

Not only do state and local governments constitute a significant proportion of the U.S. economy, they also have a pervasive effect on society because they provide a broad variety of vital services, including education, public safety, transportation, social services, environmental services, housing, utility services, and administrative services. Education includes primary, secondary, and higher education. Public safety includes police and fire protection, correctional facilities, and regulation and licensing of businesses. Transportation includes highways, airports, ports, parking facilities, and transit systems. Social services include income maintenance and healthcare. Environmental services include protection of natural resources and park and recreation services. Utilities include electric power, gas, water, sewer, and solid waste disposal. Administrative services include judicial and legal services, financial administration, and governance.