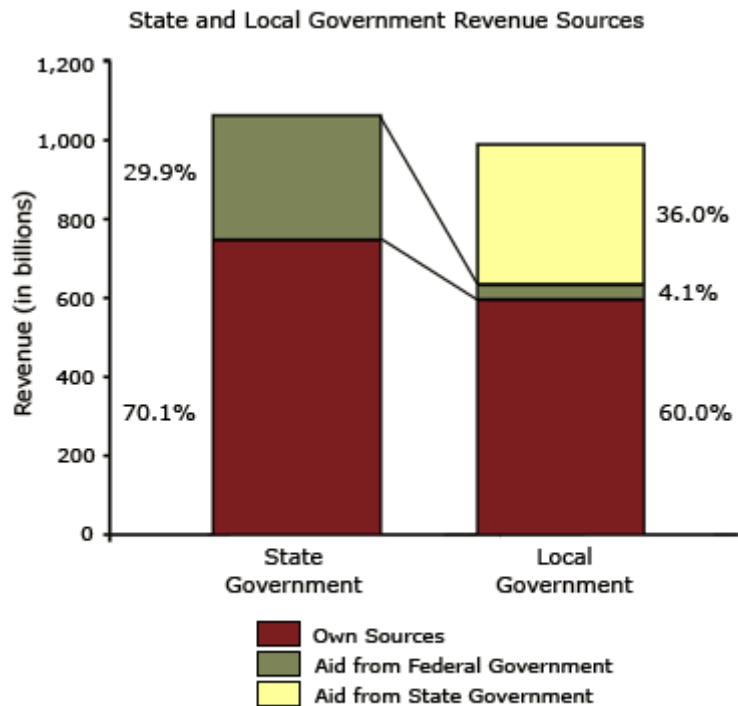


State Governments Rely Heavily on Federal Grants and Local Governments Rely Heavily on State Grants



State governments rely heavily on revenues from their own taxes, fees and other charges as well as on federal grants:

- Over two-thirds, or \$727 billion, of state government revenue is from *own source revenues*.
- Almost one-third, or \$318 billion, of state government revenue is from the *federal government*.

Local governments rely heavily on revenues from their own taxes, fees and other charges as well as on state grants:

- Almost two-thirds, or \$593 billion, of local government revenue is from *own source revenues*.
- Over one-third, or \$356 billion, of local government revenue is from *state governments*.

The federal government relies exclusively on revenues from its own sources:

- Federal government own source revenue was \$1,853 billion in federal fiscal year 2002.
- Federal government own-source revenue was by 29 percent, or \$667 billion, more than the state and local government own-source revenue combined.

Own source revenue includes money from:

- Taxes
- Various fees and charges such as hospitals, education, highways, etc.
- Miscellaneous general sources such as interest earnings, sale of property, etc.

Federal, State, and Local Government Revenues (\$ billions)

Revenue Source	Federal Government	State Government	Local Government
Own Sources	\$1,853	\$745	\$593
Federal Government Aid	-	318	40
State Government Aid	-	-	356
Total Revenue	\$1,853	\$1,062	\$989

Notes:

1. Data for state and local government units is for state fiscal year 2001-02, and for federal government is for federal fiscal year 2002.

2. Total revenue for state and local governments includes own source revenue and intergovernmental revenue, but excludes other sources of revenue such as utility, liquor store and insurance trust revenue.

3. State government own source revenue includes \$17.8 billion intergovernmental revenue from local governments.

4. Data is based on 50 states and excludes District of Columbia data.

Sources:

U.S. Census Bureau, State and Local Government Finances, 2002 Census of Governments.

<http://www.census.gov/govs/www/estimate02.html>

Congressional Budget Office

<http://www.cbo.gov/showdoc.cfm?index=1821&sequence=0#table3>