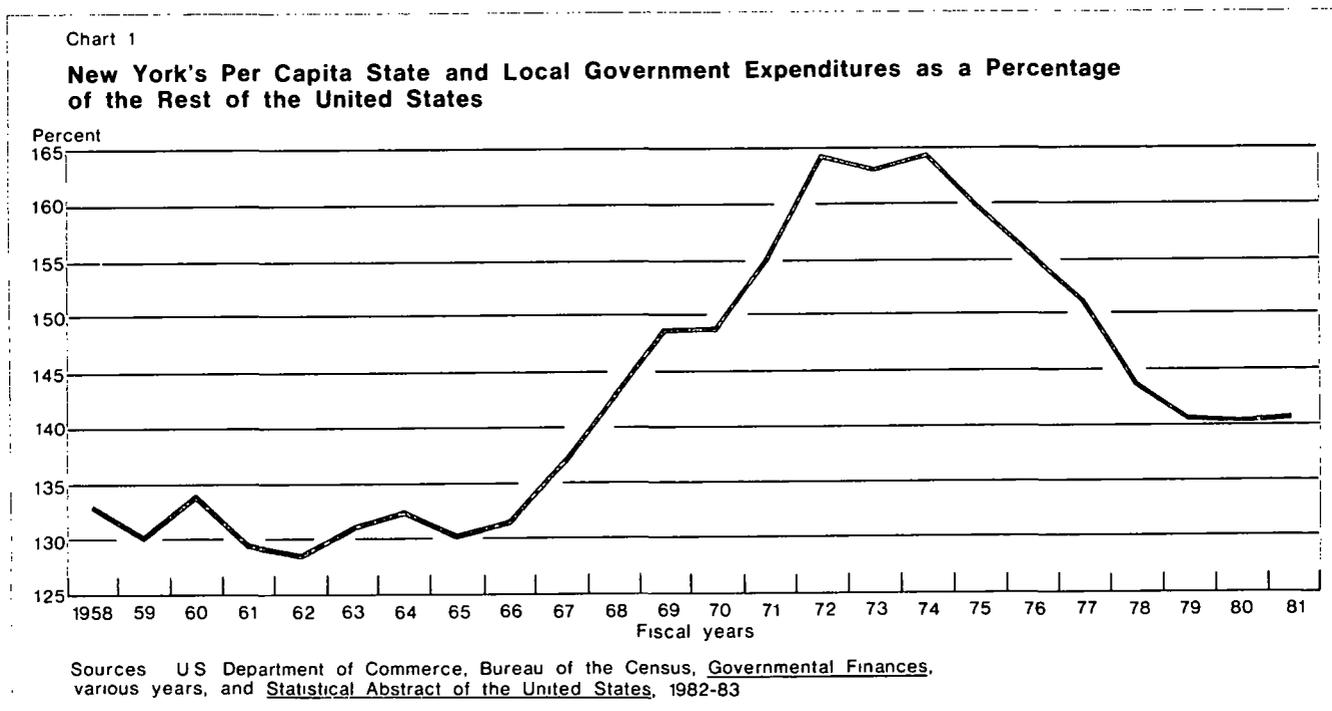


Charts on New York State and Local Government Spending

Per capita spending by state and local governments in New York has long exceeded the average in the rest of the United States. In 1969, for example, state and local governments in New York spent \$1.49 for every dollar spent elsewhere. Moreover, before the fis-

cal crisis in 1975, New York's expenditures grew faster than the average so that by 1974 it was spending \$1.64 for each dollar spent in the rest of the nation. Since the fiscal crisis, however, the gap has narrowed appreciably.



In which areas did New York's spending grow faster than the rest of the nation's before the fiscal crisis, and in which areas has New York's expenditure growth slowed since then? The five main categories in which New York's state and local government spending most exceeded the per capita average elsewhere in fiscal year 1969 were public welfare, local schools, health and hospitals, police protection, and interest on the general debt. Prior to the 1975 fiscal crisis, a major reason New York's total spending expanded faster than the rest of the nation's was much more rapid growth of its state and local government expenditures on health

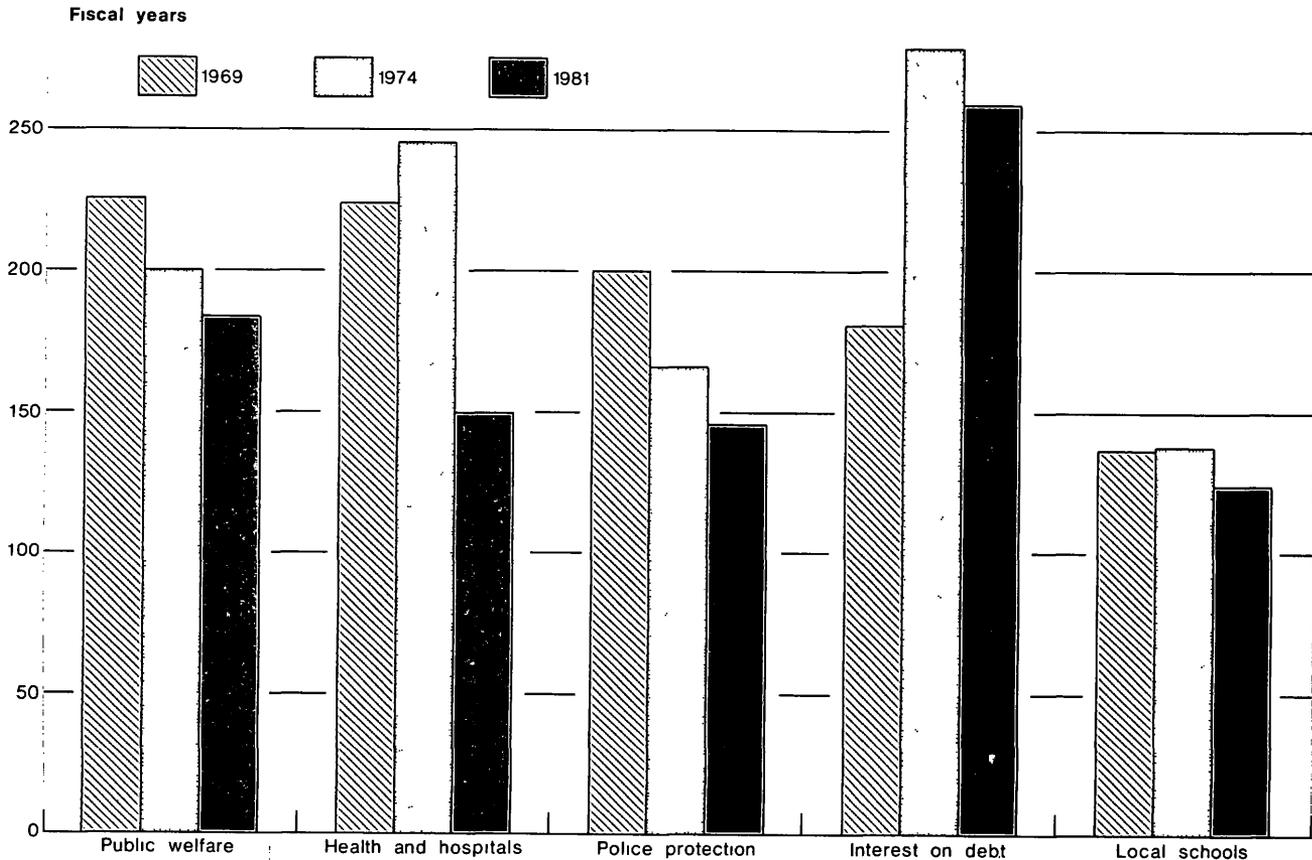
and hospitals and interest payments on the debt.

Between fiscal 1974 and 1981, however, New York's per capita expenditures converged toward the national average in each of the five categories. This accounted for much of the lessening of the gap between total per capita expenditures in New York and elsewhere in the nation from 1974 to 1981. Despite the slower growth in recent years, however, New York's per capita spending in 1981 for these five categories still exceeded the average in the rest of the country by amounts ranging from 24 percent more for local schools to more than double for interest payments.

Chart 2

Spending Categories in which New York was Highest, Compared with the Rest of the United States

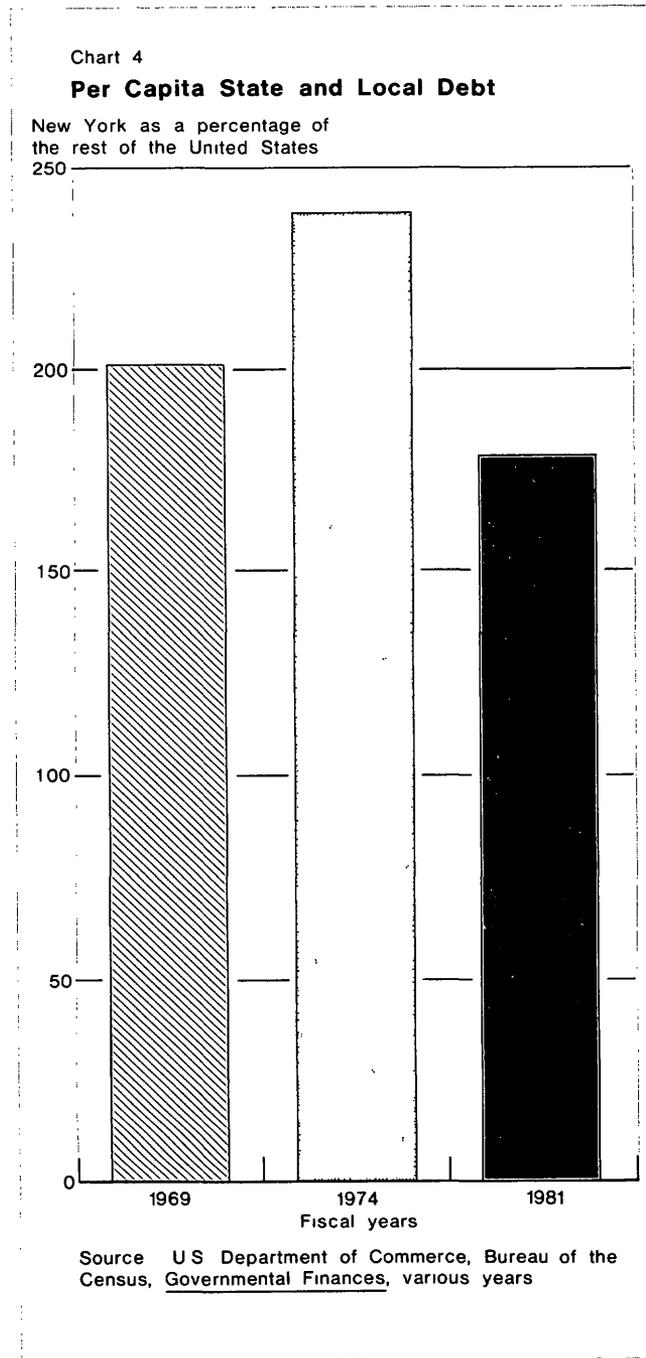
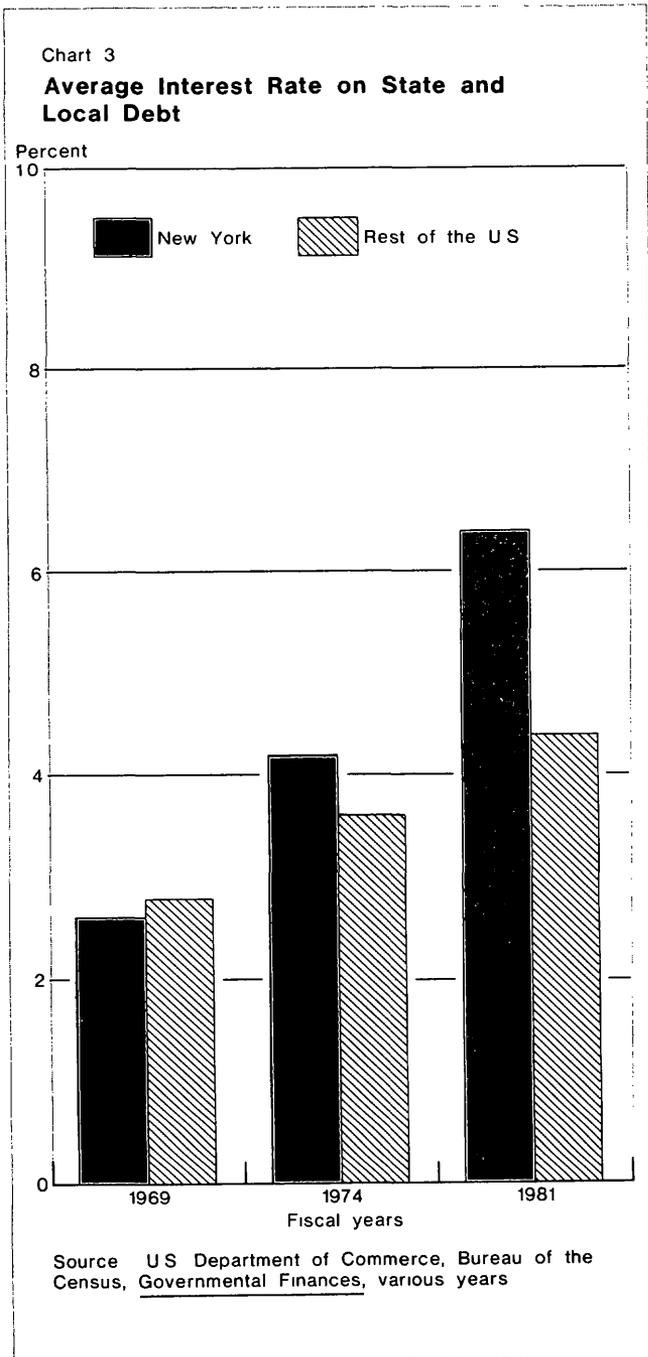
New York as a percentage of the rest of the United States
300



Source U S Department of Commerce, Bureau of the Census, Governmental Finances, various years

New York's continuing high level of interest payments relative to other states reflects both greater per capita debt outstanding in New York and a higher average interest rate per dollar of this debt. The latter rose to 2 percentage points above the rest of the na-

tion in 1981 from 20 basis points below in 1969. This rise is, in part, a reflection of New York's higher borrowing costs following its fiscal crisis. In New York State's most recent bond offerings, however, its costs were more in line with other states' debt offerings.



While New York's state and local spending exceeded the rest of the nation's for most categories, there were a few major areas in which New York spent less. New York's per capita expenditures on highways and institutions of higher learning were lower both before and after the fiscal crisis, and in 1981 its spending on parks and recreation was also less.

Compared with five other highly urbanized states, New York's growth of state and local spending was the second fastest from 1969 to 1974. Following its fiscal crisis, however, New York dropped to last place,

based on the 1974-81 increase in spending. This was largely due to a marked slowing in New York's expenditures during fiscal 1977 and 1978. Using the budgets of New York State plus New York City as a rough indicator since complete state and local expenditures figures are not available, the growth of New York's governmental spending appears to have slowed further since fiscal 1981. Despite its slower growth in the period since 1974, however, New York still spends more than the rest of the nation on a per capita basis and also per dollar of personal income.

