

**ALABAMA'S 1985 ECONOMIC OUTLOOK AND LONGER TERM
PROSPECTS FOR DEVELOPMENT**

Remarks of Ms. Sheila Tschinkel
Senior Vice President & Director of Research
Federal Reserve Bank of Atlanta
at the Seminar on Economic Development and the
Future of Alabama Communities
Birmingham, Alabama
March 18, 1985

I am pleased to be with you today to participate in your discussions of Alabama's economy and its potential for growth and development. The enhanced awareness of opportunities and the sharpened focus gained from this kind of program can be a useful step in making the most effective use of resources in development efforts. Sharing information on what helps and what doesn't is what we need to do. I thank you for inviting me to participate in an event which promises to be of great importance to Alabama's future.

A good starting point for considering Alabama's potential for longer term economic growth and diversification is to examine the economy's current structure and near-term outlook. I'd like to begin my remarks by addressing recent and prospective economic developments in the state and its major subregions.

Outlook in 1985

Alabama's 1985 outlook, as you know, will depend heavily upon both national and international economic developments. The likelihood of slower but still quite healthy U.S. macroeconomic growth in 1985 gives us cause for some optimism regarding Alabama's growth as well. Even so, lingering weaknesses in agriculture, mining, apparel, and textiles are likely to retard the overall pace of Alabama's expansion compared with that of some of its neighbors. Alabama's economy is closely linked to international trade because it is based on a concentration of industries susceptible to import competition and others heavily dependent on export markets. This linkage has been

an important reason for Alabama's relative weakness within the nation during the recovery and expansion of the last two years. A recent report prepared by Data Resources, Incorporated, estimates that Alabama has lost 37,700 jobs, two-thirds of these in manufacturing, as a result of the substantial rise in the dollar since 1980. Georgia had even higher losses, in fact, the highest among Sixth Federal Reserve District states because of its concentration of textile and apparel industries. However, unlike Georgia, Alabama has had smaller gains in other sectors of its economy to offset this attrition of jobs in industries sensitive to foreign trade. That is the reason we are here today.

On the positive side, I expect construction, the production of machinery and equipment, defense-related manufacturing, and state and local spending on public works to contribute to statewide advances in employment, income, and consumer spending. At the same time, weaker recoveries abroad as well as the high foreign exchange value of the dollar will probably constrain growth in industries that compete with foreign manufactured goods or that rely substantially on export markets. Still, the strengths are likely to outweigh weaknesses, giving rise to a continuing moderate expansion in Alabama's economy in 1985.

Performance in 1984

Nineteen Hundred Eighty-Four was actually a good year for Alabama. The state's unemployment rate remains a relatively high 10.5 percent, but it is down appreciably from the 16 percent rate which it reached at the trough of the last recession. In fact, Alabama's progress in reducing its jobless rate during the past two years of expansion has been just as good, in relative terms, as the nation's, since the U.S. unemployment rate was never as high as Alabama's. The national rate currently stands at 7.3 percent. Employment in the state grew by 3.6 percent from the previous year

while the labor force increased by only 2.5 percent. Yet, as many of you know, employment conditions vary considerably across Alabama.

Economic conditions improved last year in all eight of the state's major metropolitan areas, but Huntsville, Montgomery, Tuscaloosa, and Birmingham experienced expansions strong enough to reduce their unemployment rates to the single-digit level by December. On the other hand, Florence, Gadsden, Mobile, and Anniston still were suffering with double-digit rates by year's end (see Table 1).

Continuing strong office and other commercial construction reduced Birmingham's jobless rate. Montgomery's growth was fueled by the healthiness of state government and the military, which constitute a large portion of Montgomery's work force and contributed a nearly three percent increase in employment in Alabama's capital city last year. Commercial, office, and highway construction in and around Birmingham boosted local employment 3.6 percent and helped cut the jobless rate there to 9.6 percent.

A favorable mix of automobile parts, high technology, defense, and space-related manufacturing benefited Huntsville's economy. The metro area continues to post record advances in residential housing units. Nine new plants and expansions in a large number of other industries contributed over \$100 million in new investment in Huntsville during the past year. Expansions at Alabama's Space and Rocketry Center and the Boeing Aircraft plant have also stimulated the area's economy and helped the local unemployment rate to drop to 7.8 percent. Huntsville's strong growth attracted many workers and spurred an 8 1/2 percent increase in the city's labor force, a dramatically higher rate than the 2 1/2 percent that occurred elsewhere in the state.

In contrast, economic conditions in the other northern areas of the state are far from exuberant. Florence, with an economy heavily reliant on electrical wiring used in building, suffered the highest jobless rate in the state throughout 1984. In addition, management of the Reynolds Metals Company plant implemented substantial cutbacks

and threatens further reductions. High production costs and losses of international market share in the aluminum industry are blamed for these actions. Other manufacturers in the area also report strong pressures from import competition. Without the advantage of relatively low electrical power rates, northern Alabama seems to be less attractive to some manufacturing industries. Continuing uncertainty over the future of Gadsden's steelmaking facility has worked to keep economic conditions depressed in that area as well. As of January 1985, Gadsden's unemployment rate was 14.2 percent. Anniston was only a little better off at 11.2 percent.

Why the Poor Performance? Economic Structure and Outdated Skills

Alabama's weak and often volatile performance is due largely to its economic structure. Compared with the national economy, proportionately more of Alabama's workers earn a living from cyclically sensitive goods production. Nearly a third of the state's nonfarm jobs involved goods production in contrast to slightly more than a fourth in the nation. The services sector, generally a less volatile source of income and employment, is less important in Alabama's economy. While services account for 22 percent of national employment, only 17 percent of Alabama's nonfarm jobs are in services.

Greater reliance on goods production is attributable to the more important role of manufacturing in Alabama, where factories account for almost 26 percent of all nonfarm jobs compared to 21 percent for the nation (see Tables 2 and 3). Contrary to popular perceptions, however, the state's economy is not more dependent on heavy industry than is the nation's. Durable goods manufacturers account for only 12.6 percent of the state's nonfarm jobs, about the same share as the nation's. It is nondurables that are relatively more important in Alabama. Slightly more than 13 percent of Alabamians are employed in nondurable manufacturing; just over 8 percent of Americans

are so employed. Textile and apparel manufacturing accounts for nearly half of Alabama's nondurable jobs. As you know, these industries are highly cyclical and sensitive to international competition.

Thus, the orientation of Alabama's economy to goods production, especially of nondurables, makes the state more vulnerable to downturns in the national economy and to the high exchange value of the dollar. Declines in consumer spending affect the goods-producing sector more adversely than they do the service sector. As orders for consumer products decline nationally, production cutbacks and layoffs affect a large portion of Alabama's work force than of the nation's. Movements in the dollar's value also strike a sharper blow to goods-producing establishments, which must compete more directly with low-cost imports than service-producing firms.

Since durable goods, textiles, apparel, and agriculture have been important sources of employment over the years, the skills of Alabama's work force are based in large measure on those economic activities. Changes in industrial technologies and structural shifts in the economy have left a large proportion of the state's work force without the skills and experience necessary for today's industries. Moreover, higher wages in manufacturing relative to services have encouraged many workers to postpone occupational shifts despite widespread and extended joblessness. Others have moved out of the state in order to find good jobs elsewhere. Alabama's population grew more slowly than that of any state in the Southeast from 1980 to 1983, and, in contrast to the 1970s, Alabama's population increased by a smaller margin than did the nation's in this period. Net out-migration contributed to the slow population growth. Alabama lost 19,000 people in the 1980-83 period. This figure is three times the number lost in Mississippi, the only other regional state to suffer a migration loss. The inflexibility of wages, at least in a downward direction, has also been an important factor behind the disproportionate incidence of unemployment in the state.

State and local governments as well as the private business community are shouldering the responsibility of easing the hardships of industrial restructuring, and improvements have been made. In the last two decades, the proportion of the state's adult population with college degrees has more than doubled from 5.7 percent in 1960 to 12.2 percent in 1980 (see Table 4). Substantial progress also has been made in the area of vocational training. Ten years ago 18 percent of Alabama's adults had completed vocational training. Today, the proportion is 27 percent.

Yet, room for improvement in education remains. In spite of the vast gains since 1960, about one-fifth of Alabama's population has eight or fewer years of formal education; less than 15 percent of the U.S. population has such limited schooling (see Table 5). The proportion of Alabama's population with no more than four years of formal schooling is nearly double that of the U.S. as a whole. Obviously, the need to improve the educational level of its citizens remains one of Alabama's chief prerequisites to achieving more rapid economic growth and a more flexible labor force. Retraining the work force to fill the requirements of tomorrow's industries will be difficult and costly, but the returns to the state should be well worth the effort.

Sources of Future Improvement and Growth

Natural Resources. Alabama's rich deposits of minerals have traditionally been an attraction to industry. Coal, iron ore, limestone, and, more recently, oil and natural gas are the most important. In early 1985, the state's mining industry provided employment for 15,000 workers. However, the industry has been weak in recent years as slower recoveries abroad and excess supplies have softened worldwide demand for energy. In contrast, demand for limestone used in cement making has been strong, owing to brisk growth of construction. This sector of mining along with construction

will probably remain strong in 1985 and 1986. On the other hand, demand for coal, crude oil, and natural gas could remain soft over the next several years.

Abundant forest products and water are additional resources that place Alabama in good stead for a wide range of potential developments. The forest products industry has already recognized Alabama's advantages in this area. Only four states in the nation have more acreage devoted to forestry than does Alabama. Abundant supplies of fresh water and navigable streams combined with the state's relatively cheap land also represent resources of growing national scarcity and prime importance in attracting industries.

Role of the Public Sector. The Alabama Industrial Development Office (AIDO) has been aggressively promoting the positive attributes of the state domestically as well as abroad. In 1983, the AIDO claimed responsibility for luring 69 new plants and 5,500 new jobs. Recent industrial developments include a \$300-million expansion by the Scott Paper Company in Mobile. This capital investment is expected to generate 1,000 construction jobs and some power plant expansion. The Huntsville economy will be stimulated by a new defense contract at the Boeing Aircraft plant and an expansion at GM's Saginaw steering wheels division. In that same year, the AIDO was directly involved in 808 expansions that eventually created 15,000 new jobs.

The Alabama Industrial Development Training program, sponsored by the Department of Education, trained 4,421 persons on a budget of \$1.6 million. Funded with \$70 million from the Jobs Partnership Training Act, this program trained or retrained over 36,000 persons throughout the state, and 85 percent of those succeeded in finding jobs in the private sector.

While these efforts are certainly commendable, the level of funding for AIDO will need to be increased if significant new accomplishments are to be achieved. The \$3.4 million requested for fiscal 1986 is the same level of funding the agency received

in 1985 (see Table 6). By comparison, the Georgia Department of Industry and Trade is requesting \$18 million for fiscal 1986 after receiving \$10 million in fiscal 1984. Even factoring out funding for the World Congress Center, which is included in Georgia's economic development budget, Alabama still falls noticeably behind its neighbor. The Mississippi Research and Development Center expects to spend about \$5 million in fiscal 1986.

Alabama's potential for increased funding for development purposes hinges heavily on its budget position and its capacity for generating additional revenue. The primary sources of state-generated revenue in 1984 were individual income taxes and sales and use taxes, which together accounted for over half of Alabama's funds (see Table 7). The state also derives a significant amount of revenue from its energy resources. The 8 percent oil and gas privilege tax generated \$97.5 million in 1984. Another \$16.8 million was obtained from the 2 percent oil production tax. These collections do not include state revenues from interest on securities held by the \$450-million trust fund established with money from prior leases of offshore property for oil and gas drilling.

Federal revenue provides a healthy supplement—about one-third of the combined total—to state-generated funds, but the volume of federal funds has remained flat or even declined in the early 1980s (see Table 8). Federal funds are used primarily to finance public welfare, education, highways, housing and urban renewal, and health and hospitals. As you know, the state may soon have to pick up an increasing share of the tab for some of these items. Still, Alabamians appear to have considerable capacity for generating additional revenue if they so choose. On a per capita basis, Alabama ranks near the bottom among all states in both property taxes and state and local taxes. It also ranks relatively low in its share of state-issued debt per capita (see Table 9).

The lion's share of Alabama's expenditures goes for educational services, social services and income maintenance, and transportation. In recent years, Alabama exceeded the national average in the proportion of revenue spent for educational services and transportation (see Table 10). Education and infrastructure expenditures are likely to continue growing rapidly in order to allow Alabama to catch up with national norms of economic performance.

The state government has a fairly ambitious budget for 1985. Expenditures are projected to increase by 19 percent, to \$2.3 billion, in fiscal year 1985. Since Alabama began its 1984-85 fiscal year last July with a \$136 million surplus, total resources are expected to match expenditures, leaving the state government budget in balance at the end of its 1985 fiscal year (see Table 11). A good part of the expected 14 percent increase in tax revenue apparently is being used to rebuild the state government's work force, which already constitutes a higher percentage of employment than in most states. State and local government personnel numbered almost 225,100 in November 1984. This level was 2,600 higher than in the previous year.

Many municipalities are spending heavily on public works. The dollar value of permits for such public projects as water and sewage treatment plants, bridges, public utilities, and public office buildings more than doubled in 1984. The actual construction of many of these projects is to begin in 1985. Revenue for these projects derives primarily from state and local bond issues and from Alabama's share of the nickel-a-gallon federal excise tax on gasoline, which was imposed in April 1983. In sum, Alabama's public sector at the state and local level seems likely to continue playing a stimulative role in 1985.

The public sector will influence Alabama's longer term outlook as well. The most noteworthy venture that promises to affect the future course of economic development probably is the recently completed Tennessee-Tombigbee Waterway project.

Extending from the northwestern section of the state to the Gulf Coast, the Tenn-Tom should offer less costly transportation for coal, grain, poultry, and other heavy manufacturing products to foreign markets. In the short run, the waterway is not expected to be heavily used since the high value of the dollar and sluggish foreign economies have reduced demand for U.S. exports. Over the long run, however, the waterway should help lure economic development to the largely rural counties in the western portion of Alabama.

A second major infrastructural investment that is sure to affect the future course of Alabama's economy is the decision to build a horse-racing track in Birmingham. The \$60-million facility is likely to lure tourists to the city from many areas of the Southeast, create an estimated 4,500 new jobs, enhance Birmingham's image as a well-rounded city, and augment the state's small service sector. The public sector role in this development is significant even though its nature will be less financial than supervisory. The track will probably generate an expansion of horse farms, training facilities, and other related businesses in the vicinity as well.

Policy Implications

The activities I have mentioned are good, but will they suffice to carry Alabama across the threshold from cyclical volatility and lingering weakness to diversification and lasting growth? The major obstacles at this point are the relatively low educational level of Alabama's work force and its lack of flexibility, the state's remoteness from national markets, and deficiencies in infrastructure that make outsiders reluctant to move to many sections of the state. Moreover, Alabama suffers from a negative or nonexistent image that discourages businesses from exploring opportunities in the state. The state and its municipalities have made a substantial commitment to improvements. Alabama can point with pride to progress toward overcoming many of these difficult

problems. Concerted actions growing out of seminars such as this can speed up the rate of progress and lead to a brighter economic environment in the future. I congratulate you on making the effort to search for and carefully consider alternatives that will produce the greatest long-run benefits.

Table 1. Employment Gains Exceeded Labor Force Growth in
Alabama's MSAs during 1984
(Employment in thousands)

<u>SMSA</u>	<u>January 1984</u>	<u>January 1985</u>	<u>Absolute Change</u>	<u>Percent Change</u>
Alabama				
Labor Force	1,745.9	1,789.5	43.6	2.5
Employment	1,532.4	1,587.3	54.9	3.6
Unemployment	213.5	202.2	-11.3	-5.3
Rate (percent)	12.2	11.3		
Anniston				
Labor Force	46.0	48.0	2.0	4.3
Employment	40.4	42.5	2.1	5.2
Unemployment	5.5	5.4	-0.1	-1.8
Rate (percent)	11.9	11.2		
Birmingham				
Labor Force	396.8	402.9	6.1	1.5
Employment	351.3	364.0	12.7	3.6
Unemployment	45.5	38.9	-6.6	-14.5
Rate (percent)	11.4	9.6		
Florence				
Labor Force	57.6	59.0	1.4	2.4
Employment	47.9	49.8	1.9	3.9
Unemployment	9.6	9.3	-0.3	-3.1
Rate (percent)	16.6	15.7		
Gadsden				
Labor Force	41.8	42.3	0.5	1.2
Employment	35.8	36.3	0.5	1.4
Unemployment	6.0	6.0	0	0
Rate (percent)	14.3	14.2		
Huntsville				
Labor Force	112.8	122.4	9.6	8.5
Employment	103.4	112.8	9.4	9.1
Unemployment	9.4	9.6	0.2	2.1
Rate (percent)	8.3	7.8		
Mobile				
Labor Force	194.5	200.9	6.4	3.3
Employment	167.3	178.2	10.9	6.5
Unemployment	27.2	22.6	-4.6	-17.0
Rate (percent)	14.0	12.2		

Montgomery				
Labor Force	129.0	131.1	2.1	1.6
Employment	116.6	120.0	3.4	2.9
Unemployment	12.4	11.1	-1.3	-10.4
Rate (percent)	9.6	8.4		
Tuscaloosa				
Labor Force	56.7	57.9	1.2	2.1
Employment	50.8	52.6	1.8	3.5
Unemployment	5.8	5.3	-0.5	-8.6
Rate (percent)	10.2	9.1		

Source: Alabama Department of Industrial Relations, Research and Statistics Unit.

Table 2

Greater Reliance on Goods Production Makes
Alabama's Economy More Volatile
(Employment in thousands)
(January 1985)

Sector	United States		Alabama	
	Employment	Percent	Employment	Percent
Total Nonfarm Employment	94,594	100.0	1,370.1	100.0
Goods Producing	24,703	26.1	429.8	31.4
Manufacturing	19,603	20.7	352.5	25.7
Durables	11,734	12.4	172.4	12.6
Nondurables	7,869	8.3	180.1	13.1
Construction	4,115	4.4	62.6	4.6
Mining	985	1.0	14.7	1.1
Service Producing	69,891	73.9	940.3	68.6
Trade	22,148	23.4	290.8	21.2
FIRE	5,724	6.0	63.7	4.7
TCPU	5,172	5.5	71.2	5.2
Government	16,056	17.0	286.5	20.9
Services	20,791	22.0	228.1	16.6

Source: U.S. Department of Labor, Bureau of Labor Statistics, and Alabama Department of Industrial Relations.

Table 3

Alabama's Recovery Has Been Weaker Than the Nation's
(Employment in thousands, except absolute changes)

<u>Industry</u>	<u>Alabama</u>				<u>U.S.</u>
	<u>Jan.</u> <u>1984</u>	<u>Jan.</u> <u>1985</u>	<u>Absolute</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Percent</u> <u>Change</u>
Total Nonfarm Employment	1,345.7	1,370.1	24.4	1.8	3.9
Goods Producing	422.5	429.8	7.7	1.8	3.9
Manufacturing	350.5	352.5	2.0	0.6	3.0
Durables	165.6	172.4	6.8	4.1	4.6
Nondurables	184.9	180.1	-4.8	-2.6	0.8
Construction	57.8	62.6	4.8	8.3	8.9
Mining	13.8	14.7	.9	6.5	1.8
Service Producing	923.6	940.3	16.7	1.8	3.9
Trade	278.1	290.8	12.7	4.6	5.2
Finance and Banking	60.9	63.7	2.8	4.6	3.4
Transportation	70.3	71.2	.9	1.3	3.0
Government	292.9	286.5	-6.4	-2.2	1.3
Services	221.4	228.1	6.7	3.0	4.9

Source: U.S. Department of Labor, Bureau of Labor Statistics, and the Federal Reserve Bank of Atlanta.

Table 4
 Educational Attainment in Alabama
 (1960, 1970, and 1980)

	<u>1960</u>	<u>Percent</u>	<u>1970</u>	<u>Percent</u>	<u>1980</u>	<u>Percent</u>
Number of Persons 25 Years and Older	1,669,871	100.0	1,808,798	100.0	2,217,315	100.0
<u>Elementary School</u>						
0-4 Years	272,961	16.4	193,964	10.7	141,676	6.4
5-8 Years	550,680	33.0	471,756	26.1	412,200	18.6
<u>High School</u>						
1-3 Years	339,723	20.3	396,586	21.9	410,963	18.5
4 Years	310,175	18.6	468,269	25.9	704,207	31.8
<u>College</u>						
1-3 Years	101,201	6.1	136,287	7.5	278,205	12.6
4 or More Years	95,131	5.7	141,936	7.9	270,063	12.2

Source: U.S. Department of Commerce, Bureau of the Census, Characteristics of the Population, 1960, 1970, and 1980.

Table 5
Educational Attainment in the Southeast and United States,
1960, 1970, and 1980

SOUTHEAST	<u>1960</u>	<u>Percent</u>	<u>1970</u>	<u>Percent</u>	<u>1980</u>	<u>Percent</u>
Number of Persons 25 Years and Older	11,146,107	100.0	13,182,138	100.0	17,894,497	100.0
<u>Elementary School</u>						
0-4 Years	1,721,183	15.4	1,267,785	9.6	998,033	5.6
5-8 Years	3,588,473	32.2	3,335,088	25.2	3,070,567	17.2
<u>High School</u>						
1-3 Years	2,046,857	18.4	2,683,408	20.4	3,088,630	17.3
4 Years	2,237,605	20.1	3,475,024	26.4	5,730,073	32.0
<u>College</u>						
1-3 Years	835,047	7.5	1,233,299	9.4	2,532,248	14.2
4 or More Years	716,942	6.4	1,187,534	9.0	2,474,946	13.8
 UNITED STATES						
Number of Persons 25 Years and Older	99,438,084	100.0	109,899,359	100.0	132,835,687	100.0
<u>Elementary School</u>						
0-4 Years	8,302,582	8.4	6,039,314	5.5	4,755,239	3.6
5-8 Years	31,196,760	31.4	25,045,076	22.8	19,502,444	14.7
<u>High School</u>						
1-3 Years	19,115,915	19.2	21,285,922	19.4	20,794,975	15.7
4 Years	24,455,484	24.6	34,158,051	31.1	45,947,035	34.6
<u>College</u>						
1-3 Years	8,742,070	8.8	11,650,730	10.6	20,794,975	15.7
4 or More Years	7,625,273	7.7	11,717,266	10.7	21,558,480	16.2

Source: U.S. Department of Commerce, Bureau of the Census, Characteristics of the Population, 1960, 1970, and 1980.

Table 6
Development Expenditures of Alabama and Neighboring States
(dollars)

	<u>Alabama Development Office</u>	<u>Florida Div. of Econ. Development</u>	<u>Georgia Dept. of Ind. and Trade*</u>	<u>Mississippi Research Dev. Center</u>	<u>Tennessee Dept. of Econ. & Comm. Dev.**</u>
1981	2,917,097	N.A.	N.A.	5,442,011	5,470,087
1982	3,472,552	6,119,571	N.A.	4,707,460	9,983,913
1983	2,526,273	6,353,142	13,440,874	4,894,885	18,768,463
1984	2,682,878	6,409,346	10,829,498	4,876,953	40,598,576
1985	3,453,383	6,708,380	17,963,869	N.A.	68,159,200
1986	3,453,383	7,304,327	18,235,673	N.A.	49,698,500

*Includes funding for the World Congress Center.

**Includes expenditures for industrial training, community development, and certain other functions in addition to industrial development.

N.A. - Data not available.

Table 7
 Primary Sources of Revenue for State of Alabama, 1984
 (000)

<u>Source</u>	<u>Amount FY1983-84</u>	<u>Percent of Total</u>	<u>Cumulative Percent</u>
Individual Income	\$778,482	30.3	30.3
Sale and Use	739,387	28.8	59.1
Gasoline	205,221	8.0	67.1
Corporate Income	192,483	7.5	74.6
Oil and Gas Privilege	97,521	3.8	78.4
Motor Fuels (Diesel & LD)	49,411	2.0	80.3
TVA-Electric	35,565	1.4	81.7
Oil and Gas Production	16,781	0.6	82.4
Other	482,552	18.8	100.0
Total	2,567,410	100.0	100.0

Source: Alabama Department of Revenue, Research Division (September 1-September 30).

Table 8

Federal Revenue by Uses in Alabama
1979-80 to 1982-83
(\$ millions)

<u>Uses of Federal Revenue</u>	<u>1982-83</u>	<u>1981-82</u>	<u>1980-81</u>	<u>1979-80</u>
Public Welfare	427.7	376.5	366.0	389.3
Education	330.8	339.1	352.7	341.9
General Revenue Sharing	73.6	72.1	79.7	106.6
Other*	<u>586.3</u>	<u>592.0</u>	<u>698.4</u>	<u>634.5</u>
Total	1,418.3	1,379.6	1,496.8	1,472.2

*Included funds for highways, housing and urban renewal, and health and hospitals.

Table 9
Alabama's Ranking in Key Measures
(dollars)

<u>State</u>	<u>Per Capita Property Taxes (1980)</u>	<u>U.S. Rank</u>	<u>Per Capita State & Local Taxes (1982)</u>	<u>U.S. Rank</u>	<u>Per Capita Debt 1982-83</u>	<u>U.S. Rank</u>
Alabama	79	51	764	49	1,521	38
Florida	224	36	946	38	1,413	41
Georgia	199	38	946	39	1,493	39
Louisiana	111	50	1,101	28	2,649	12
Mississippi	141	46	751	50	1,028	48
Tennessee	158	43	772	48	1,606	33
North Carolina	171	40	885	42	1,308	45
South Carolina	160	42	842	47	1,648	31

Source: U.S. Bureau of the Census, Tax Features, and Federal Reserve Bank of Atlanta.

Table 10

General Expenditures of Alabama Compared
to Other States in Fiscal 1982-83
(\$ 000)

<u>Category</u>	<u>Alabama</u>		<u>U.S. Percent</u>
	<u>Amount</u>	<u>Percent</u>	
Education Services	1,182	35.3	24.4
Social Services & Income Maintenance	1,039	31.0	37.1
Transportation	448	13.4	12.0
Public Safety	138	4.1	6.0
Environment, Housing, Natural Resources, Parks, and Recreation	106	3.2	4.3
Administrative	140	4.2	4.6
Interest on General Debt	154	4.6	6.2
Other General Expenditures	146	4.4	5.5

Source: U.S. Department of Commerce, Bureau of the Census, Governmental Finances, 1982-83.

Table 11

Fiscal Status of Alabama's State Budget, 1983-85
(in millions of dollars)

	<u>Fiscal</u> <u>1983</u>	<u>Fiscal</u> <u>1984</u>	<u>Fiscal</u> <u>1985</u>
Beginning Balance	24	11	136
Plus: Revenues and Adjustments	1,922	2,072	2,179
Equals: Total Resources Available	1,946	2,083	2,315
Less: Expenditures and Transfers	1,935	1,946	2,315
Equals: Surplus (Deficit)	11	136	0

Source: Estimates and projections are from the National Governors Association and the National Association of State Budget Officers, Fiscal Survey of the States.