

Nebraska

From 2002 to 2008, Nebraska's spending increased the most in the hospitals (40%), education (33%), police (27%) and welfare (26%) categories. The spending categories that saw the least growth were natural resources (+9%), debt service (-2%), and parks and recreation (-10%). The decrease in debt service spending was the fourth-highest in the nation in terms of percentage. The state's overall general spending increase of 29% ranked 38th-highest, although its 37% increase in direct spending, over which the legislature has the most control, was significantly greater, ranking 25th.

Nebraska's total revenue growth of 40% ranked 33rd for the period, and its total tax revenue growth of 41% ranked 31st. Corporate income taxes were the fastest growing tax revenue category, increasing 116%, ranking in the middle of all states (24th highest). The 50% increase in personal income tax revenue and 43% increase in general sales tax revenue also ranked among the top half of states (22nd and 17th, respectively).

Spending (Spending and revenue numbers are in thousands of dollars)	2002	2002 Per Capita Rank	2008	2008 Per Capita Rank	Difference in Rank	2002–2008 Increase/Decrease	2002–2008 Increase/Decrease Rank
Corrections	176,533	40	219,278	40	0	24%	33
Education	2,191,323	35	2,909,668	38	-3	33%	40
Government Administration	164,848	41	204,921	43	-2	24%	31
Health	363,668	13	415,172	16	-3	14%	36
Highways	526,457	29	631,028	27	-1	20%	26
Hospitals	171,234	26	239,294	26	0	40%	25
Interest on Debt	109,795	41	107,999	48	-7	-2%	47
Natural Resources	165,308	12	180,968	16	-4	9%	35
Parks and Recreation	32,191	27	28,868	34	-7	-10%	39
Police Protection	66,750	24	84,698	19	+5	27%	27
Public Welfare	1,661,269	22	2,099,052	33	-11	26%	39
Salaries and Wages	1,835,657	4	2,076,389	8	-4	13%	43
Direct Expenditures	4,399,105	31	6,042,455	28	+3	37%	25
General Expenditures	6,219,242	33	8,024,395	37	-4	29%	38
Total Expenditures	6,536,970	40	8,443,129	41	-1	29%	41

Taxes (Spending and revenue numbers are in thousands of dollars)	2002	2002 Per Capita Rank	2008	2008 Per Capita Rank	Difference in Rank	2002–2008 Increase/Decrease	2002–2008 Increase/Decrease Rank
Personal Income Tax ¹	1,153,444	21	1,726,145	19	+2	50%	22
General Sales Tax ²	1,069,185	23	1,534,134	19	+4	43%	17
Corporate Income Tax ³	107,628	29	232,852	28	+1	116%	24
Total Taxes	2,992,522	30	4,228,800	29	+1	41%	31
Total Revenue	6,001,930	36	8,387,599	35	+1	40%	33

¹ Personal income tax per capita rankings are out of 43 since seven states do not collect personal income taxes.

² General sales tax per capita rankings are out of 45 since five states do not collect general sales taxes.

³ Corporate income tax per capita rankings are out of 46 since four states do not collect corporate income taxes.

Comparison to Baseline Growth

One sound rule of thumb is that government expenditures should not increase more than the combined increase in population and inflation growth. This allows the government to maintain service levels and accommodate increased costs due to an expanding population and rises in the cost of living. For the 2002–2008 period, the Consumer Price Index, used to measure inflation, increased approximately 20% and Nebraska’s population increased by 3%. This yields a “baseline” growth of 23% for the period. The figure below compares the difference in Nebraska’s expenditures and revenue for the period to this baseline for 15 spending and five revenue categories.

