

## Pennsylvania

From 2002 to 2008, Pennsylvania's spending increased the most in the debt service (85%), administration (78%), and parks and recreation (74%) categories. The increase in administration spending was the fourth-largest in the nation in terms of percentage. The spending categories that saw the least growth were salaries and wages (+17%), corrections (+15%), health (-2%) and police (-10%). The decrease in police spending was the second-biggest in the nation, although Pennsylvania's police expenditures were still the 10<sup>th</sup>-highest per capita in 2008. The state's overall general spending increase of 29% ranked 39<sup>th</sup>-highest, and the increase in direct spending, over which the legislature has the most control, was an even more modest 24% (46<sup>th</sup>).

Pennsylvania's total revenue growth of 55% ranked 17<sup>th</sup> for the period, and its total tax revenue growth of 45% ranked 25<sup>th</sup>. Corporate income taxes were the fastest growing tax revenue category, increasing 83%, although that was less than the growth of most states (ranking 34<sup>th</sup>-highest). By contrast, the 55% increase in personal income tax revenue ranked 17<sup>th</sup>-highest in the nation.

<i>Spending</i> (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	1,521,611	27	1,744,264	31	-4	15%	42
Education	13,775,297	46	19,199,292	42	+4	39%	29
Government Administration	1,406,324	36	2,508,325	24	+12	78%	4
Health	1,917,062	26	1,871,255	30	-4	-2%	43
Highways	4,566,041	17	6,570,331	8	+9	44%	11
Hospitals	2,233,567	11	2,821,303	19	-8	26%	31
Interest on Debt	1,073,026	31	1,984,366	22	+9	85%	8
Natural Resources	554,723	38	666,752	36	+2	20%	25
Parks and Recreation	149,121	35	259,267	27	+8	74%	16
Police Protection	906,273	5	816,191	10	-5	-10%	49
Public Welfare	15,118,232	8	19,032,829	12	-4	26%	40
Salaries and Wages	6,651,302	40	7,802,801	40	0	17%	39
Direct Expenditures	34,359,680	24	42,725,796	27	-3	24%	46
General Expenditures	47,147,270	28	60,791,234	28	0	29%	39
Total Expenditures	55,170,768	25	71,940,224	26	-1	30%	38

<i>Taxes</i> (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 <sup>1</sup>	6,734,729	35	10,408,439	28	+7	55%	17
General Sales Tax <sup>2</sup>	7,330,422	26	8,873,309	28	-2	21%	35
Corporate Income Tax <sup>3</sup>	1,198,438	13	2,191,420	15	-2	83%	34
Total Taxes	22,135,537	23	32,123,740	21	+2	45%	25
Total Revenue	46,164,524	32	71,492,127	16	+16	55%	17

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

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

<sup>3</sup> 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 Pennsylvania’s population increased by 1%. This yields a “baseline” growth of 21% for the period. The figure below compares the difference in Pennsylvania’s expenditures and revenue for the period to this baseline for 15 spending and five revenue categories.

