

## Iowa

From 2002 to 2008, Iowa's spending increased the most in the debt service (218%), parks and recreation (140%), hospitals (51%) and welfare (49%) categories. The increase in debt service spending was the highest in the nation in terms of percentage, and the increase in parks and recreation spending was the fourth-highest. The spending categories that saw the least growth were health (+3%), highways (+2), corrections (+1%), and salaries and wages (-4%). The slight increase in corrections spending ranked 49<sup>th</sup> in the nation, and the decrease in salaries and wages spending was the second-greatest in the nation. The state's overall general spending increase of 30% ranked 37<sup>th</sup>-highest.

Iowa's total overall revenue growth of 43% ranked 27<sup>th</sup> for the period, and its total tax revenue growth of 38% ranked 39<sup>th</sup>. Corporate income taxes were the fastest growing tax revenue category, increasing 293% and ranking third-highest. By contrast, general sales tax revenue increased only 5%, ranked 44<sup>th</sup>.

<b>Spending</b> (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	288,666	42	291,406	47	-5	1%	49
Education	4,576,530	12	5,790,799	22	-10	27%	46
Government Administration	497,392	19	554,993	27	-8	12%	41
Health	233,740	49	240,951	50	-1	3%	40
Highways	1,360,300	9	1,381,730	12	-3	2%	42
Hospitals	724,555	5	1,092,682	7	-2	51%	20
Interest on Debt	123,134	47	391,988	29	+18	218%	1
Natural Resources	267,444	14	288,799	21	-7	8%	36
Parks and Recreation	25,468	43	61,112	29	+14	140%	4
Police Protection	86,461	34	96,991	41	-7	12%	36
Public Welfare	2,617,128	30	3,904,781	24	+6	49%	22
Salaries and Wages	2,402,008	12	2,301,969	30	-18	-4%	49
Direct Expenditures	8,109,027	25	10,687,341	24	+1	32%	36
General Expenditures	11,435,526	26	14,830,301	27	-1	30%	37
Total Expenditures	12,720,752	28	16,522,737	29	-1	30%	40

  

<b>Taxes</b> (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>	1,769,347	28	2,848,393	20	+8	61%	11
General Sales Tax <sup>2</sup>	1,747,016	25	1,840,862	35	-10	5%	44
Corporate Income Tax <sup>3</sup>	88,310	45	347,248	36	+9	293%	3
Total Taxes	5,006,251	31	6,892,026	37	-6	38%	39
Total Revenue	11,130,351	29	15,939,920	26	+3	43%	27

<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 Iowa’s population increased by 2%. This yields a “baseline” growth of 22% for the period. The figure below compares the difference in Iowa’s expenditures and revenue for the period to this baseline for 15 spending and five revenue categories.

