Louisiana

From 2002 to 2008, Louisiana’s spending increased the most in the highways (103%), welfare (89%), debt service (79%), parks and recreation (76%), and natural resources (74%) categories. The increase in highways spending was the highest in the nation in terms of percentage. The spending categories that saw the least growth were corrections (+23%), salaries and wages (+15%), and hospitals (-31%). The decrease in hospitals spending was the third-greatest in the nation, although, on a per-capita basis, the state’s spending was still in the upper half of all states (17th) in 2008. The state’s overall general spending increase of 89% and direct spending increase of 105% were each the highest in the nation.

Louisiana’s total revenue growth of 68% ranked eighth for the period, and its total tax revenue growth of 50% ranked 16th. Corporate income taxes were the fastest growing tax revenue category, increasing 166% and ranking 10th-highest. The state’s 77% increase in personal income tax revenue was the fourth-largest in the nation.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Corrections</td>
<td>627,743</td>
<td>17</td>
<td>773,076</td>
<td>17</td>
<td>0</td>
<td>23%</td>
<td>35</td>
</tr>
<tr>
<td>Education</td>
<td>6,047,120</td>
<td>31</td>
<td>9,083,468</td>
<td>14</td>
<td>+17</td>
<td>50%</td>
<td>13</td>
</tr>
<tr>
<td>Government Administration</td>
<td>577,908</td>
<td>32</td>
<td>929,882</td>
<td>21</td>
<td>+11</td>
<td>61%</td>
<td>9</td>
</tr>
<tr>
<td>Health</td>
<td>444,648</td>
<td>39</td>
<td>640,753</td>
<td>33</td>
<td>+6</td>
<td>44%</td>
<td>20</td>
</tr>
<tr>
<td>Highways</td>
<td>1,052,837</td>
<td>44</td>
<td>2,132,077</td>
<td>11</td>
<td>+33</td>
<td>103%</td>
<td>1</td>
</tr>
<tr>
<td>Hospitals</td>
<td>1,489,729</td>
<td>3</td>
<td>1,021,434</td>
<td>17</td>
<td>-14</td>
<td>-31%</td>
<td>48</td>
</tr>
<tr>
<td>Interest on Debt</td>
<td>505,717</td>
<td>21</td>
<td>903,661</td>
<td>13</td>
<td>+8</td>
<td>79%</td>
<td>11</td>
</tr>
<tr>
<td>Natural Resources</td>
<td>332,754</td>
<td>26</td>
<td>579,131</td>
<td>8</td>
<td>+18</td>
<td>74%</td>
<td>3</td>
</tr>
<tr>
<td>Parks and Recreation</td>
<td>211,102</td>
<td>4</td>
<td>371,160</td>
<td>1</td>
<td>+3</td>
<td>76%</td>
<td>15</td>
</tr>
<tr>
<td>Police Protection</td>
<td>250,114</td>
<td>8</td>
<td>349,563</td>
<td>6</td>
<td>+2</td>
<td>40%</td>
<td>20</td>
</tr>
<tr>
<td>Public Welfare</td>
<td>3,080,895</td>
<td>47</td>
<td>5,828,886</td>
<td>22</td>
<td>+25</td>
<td>89%</td>
<td>4</td>
</tr>
<tr>
<td>Salaries and Wages</td>
<td>3,709,689</td>
<td>11</td>
<td>4,262,552</td>
<td>15</td>
<td>-4</td>
<td>15%</td>
<td>41</td>
</tr>
<tr>
<td>Direct Expenditures</td>
<td>11,668,103</td>
<td>30</td>
<td>23,960,421</td>
<td>4</td>
<td>+26</td>
<td>105%</td>
<td>1</td>
</tr>
<tr>
<td>General Expenditures</td>
<td>15,836,393</td>
<td>36</td>
<td>29,983,212</td>
<td>7</td>
<td>+29</td>
<td>89%</td>
<td>1</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>17,993,401</td>
<td>32</td>
<td>33,003,929</td>
<td>8</td>
<td>+24</td>
<td>83%</td>
<td>1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Income Tax(^1)</td>
<td>1,788,733</td>
<td>38</td>
<td>3,169,686</td>
<td>35</td>
<td>+3</td>
<td>77%</td>
<td>4</td>
</tr>
<tr>
<td>General Sales Tax(^2)</td>
<td>2,326,873</td>
<td>36</td>
<td>3,459,383</td>
<td>25</td>
<td>+11</td>
<td>49%</td>
<td>10</td>
</tr>
<tr>
<td>Corporate Income Tax(^2)</td>
<td>264,419</td>
<td>32</td>
<td>703,196</td>
<td>18</td>
<td>+14</td>
<td>166%</td>
<td>10</td>
</tr>
<tr>
<td>Total Taxes</td>
<td>7,356,936</td>
<td>37</td>
<td>11,003,870</td>
<td>24</td>
<td>+13</td>
<td>50%</td>
<td>16</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>18,093,632</td>
<td>20</td>
<td>30,307,726</td>
<td>9</td>
<td>+11</td>
<td>68%</td>
<td>8</td>
</tr>
</tbody>
</table>

\(^1\) 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 Louisiana’s population decreased by 2%. This yields a “baseline” growth of 18% for the period. The figure below compares the difference in Louisiana’s expenditures and revenue for the period to this baseline for 15 spending and five revenue categories.