

## New Jersey

From 2002 to 2008, New Jersey's spending increased the most in the salaries and wages (389%), welfare (85%), and debt service (71%) categories. The increase in salaries and wages spending was the largest in the nation in terms of percentage, and the spending per capita increased from last in the nation in 2002 to ninth in 2008. New Jersey's spending growth ranked among the top 25 states in 10 of 12 categories. The spending categories that saw the least growth were corrections (+25%), highways (+21%), and parks and recreation (-3%). The state's overall general spending increase of 42% ranked 17<sup>th</sup>-highest, and the 52% increase in direct spending, over which the legislature has the most control, was among the highest in the nation (sixth).

New Jersey's total overall revenue growth of 68% ranked seventh for the period, and its total tax revenue growth of 67% ranked sixth. Corporate income taxes were the fastest growing tax revenue category, increasing 156% (11<sup>th</sup>), and were the fifth highest per capita in 2008. The 84% increase in personal income tax revenue was the third-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	1,193,432	18	1,496,976	19	-1	25%	29
Education	10,243,518	39	15,432,044	31	+8	51%	11
Government Administration	1,359,144	23	1,861,067	20	+3	37%	25
Health	919,358	35	1,327,893	29	+6	44%	18
Highways	2,256,707	40	2,736,419	38	+2	21%	25
Hospitals	1,342,955	15	2,062,211	16	-1	54%	19
Interest on Debt	1,198,998	16	2,053,045	10	+6	71%	13
Natural Resources	431,832	36	613,651	29	+7	42%	15
Parks and Recreation	515,824	2	502,611	5	-3	-3%	35
Police Protection	347,190	19	510,798	13	+6	47%	16
Public Welfare	6,703,300	36	12,420,936	15	+21	85%	5
Salaries and Wages	2,024,907	50	9,891,720	9	+41	389%	1
Direct Expenditures	23,615,617	26	35,882,870	16	+10	52%	6
General Expenditures	32,935,974	27	46,810,441	18	+9	42%	17
Total Expenditures	41,987,647	17	58,539,173	11	+6	39%	19

<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>	6,836,992	14	12,605,545	6	+8	84%	3
General Sales Tax <sup>2</sup>	5,996,839	14	8,915,515	8	+6	49%	11
Corporate Income Tax <sup>3</sup>	1,101,296	6	2,819,906	5	+1	156%	11
Total Taxes	18,328,814	12	30,616,510	7	+5	67%	6
Total Revenue	32,709,241	27	55,046,270	13	+14	68%	7

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

