

Ohio

From 2002 to 2008, Ohio's spending increased the most in the hospitals (65%), welfare (40%) and health (33%) categories. The spending categories that saw the least growth were police (+3%), highways (+2%), natural resources (-7%) and administration (-8%). Spending growth ranked in the bottom 10 states in five of 12 categories (corrections, education, administration, natural resources and police). The state's overall general spending increase of 29% also ranked in the bottom 10 (41st).

Ohio's total overall revenue growth of 50% ranked 21st for the period, and its total tax revenue growth of 31% ranked 44th. While corporate income taxes were the fastest growing tax revenue category in most states, revenue actually declined 1% in Ohio, ranking 45th of the 46 states that collected corporate income taxes. The 18% increase in personal income taxes ranked 42nd of the 43 states that collected personal income taxes. (In both cases, the state ranked above only Michigan.) General sales taxes were the fastest growing tax revenue category, increasing 23% and ranking 32nd highest.

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	1,440,803	26	1,668,729	28	-2	16%	41
Education	15,625,913	27	20,120,162	32	-5	29%	43
Government Administration	1,961,432	18	1,797,276	34	-16	-8%	47
Health	1,862,440	23	2,470,691	17	+6	33%	27
Highways	3,138,661	37	3,215,512	41	-4	2%	39
Hospitals	1,265,901	24	2,089,571	23	+1	65%	16
Interest on Debt	1,134,954	28	1,440,693	31	-3	27%	31
Natural Resources	389,217	46	362,226	47	-1	-7%	46
Parks and Recreation	114,814	40	136,211	41	-1	19%	26
Police Protection	256,546	46	264,055	49	-3	3%	43
Public Welfare	11,504,467	19	16,113,757	17	+2	40%	27
Salaries and Wages	6,095,515	41	7,883,170	36	+5	29%	31
Direct Expenditures	27,309,907	39	36,475,341	37	+2	34%	32
General Expenditures	42,361,985	30	54,580,967	32	-2	29%	41
Total Expenditures	53,473,400	23	67,788,590	24	-1	27%	45

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	8,335,554	18	9,847,506	26	-8	18%	42
General Sales Tax ²	6,391,475	32	7,865,674	29	+3	23%	32
Corporate Income Tax ³	761,050	24	754,633	45	-21	-1%	45
Total Taxes	20,130,415	26	26,373,813	36	-10	31%	44
Total Revenue	43,787,987	24	65,860,064	18	+6	50%	21

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

