

South Carolina

From 2002 to 2008, South Carolina's spending increased the most in the administration (95%), hospitals (86%), and parks and recreation (85%) categories. The increase in administration spending was the third-largest in the nation in terms of percentage. South Carolina reduced spending in three categories, including police (-6%), debt service (-9%) and highways (-21%). Each of these declines ranked among the bottom three in the country. The state's overall general spending increase of 35% was about the same as the state average, ranking 28th-highest.

South Carolina's total overall revenue growth of 39% ranked 35th for the period, and its total tax revenue growth of 39% ranked 37th. Corporate income taxes were the fastest growing tax revenue category, increasing 100% and ranking 27th-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	424,031	39	514,479	42	-3	21%	37
Education	5,656,159	26	8,151,202	28	-2	44%	21
Government Administration	561,369	29	1,094,646	14	+15	95%	3
Health	721,138	18	1,051,239	15	+3	46%	17
Highways	1,348,549	24	1,064,541	45	-21	-21%	49
Hospitals	904,894	8	1,684,779	5	+3	86%	9
Interest on Debt	652,074	11	590,974	27	-16	-9%	49
Natural Resources	231,871	31	299,956	31	0	29%	20
Parks and Recreation	65,008	29	120,343	19	+10	85%	12
Police Protection	221,406	9	208,518	21	-12	-6%	48
Public Welfare	4,373,330	15	5,477,881	29	-14	25%	42
Salaries and Wages	2,643,426	26	3,639,952	26	0	38%	17
Direct Expenditures	12,807,304	15	17,269,097	20	-5	35%	28
General Expenditures	17,048,314	20	22,988,332	23	-3	35%	28
Total Expenditures	20,009,040	19	27,593,614	19	0	38%	24
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	2,349,195	32	3,339,935	34	-2	42%	28
General Sales Tax ²	2,335,170	29	3,051,608	30	-1	31%	27
Corporate Income Tax ³	159,837	44	320,378	44	0	100%	27
Total Taxes	6,087,792	45	8,455,463	44	+1	39%	37
Total Revenue	16,996,797	19	23,595,393	28	-9	39%	35

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 South Carolina’s population increased by 9%. This yields a “baseline” growth of 29% for the period. The figure below compares the difference in South Carolina’s expenditures and revenue for the period to this baseline for 15 spending and five revenue categories.

