

## Vermont

From 2002 to 2008, Vermont's spending increased the most in the health (131%), hospitals (112%), and welfare (64%) categories. The increases in health and hospitals spending each ranked among the top five in the nation in terms of percentage. Vermont had the highest per capita spending on education and the second-highest per capita spending on police in the country in 2008. The spending categories that saw the least growth were highways (+10%), natural resources (+8%), parks and recreation (-4%), and administration (-19%). The decrease in administration spending was the biggest in the nation, although it still ranked 12<sup>th</sup> on a per capita basis in 2008 (down from third-highest in 2002). The state's overall general spending increase of 43% ranked 14<sup>th</sup>-highest.

Vermont's total overall revenue growth of 58% ranked 16<sup>th</sup> for the period, and its total tax revenue growth of 68% was the fifth-highest. Corporate income taxes were the fastest growing tax revenue category, increasing 127% and ranking 19<sup>th</sup>. The 58% increase in general sales tax revenue was the fifth-largest in the nation.

<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	79,771	23	120,328	10	+13	51%	9
Education	1,340,246	2	2,062,824	1	+1	54%	9
Government Administration	192,407	3	156,325	12	-9	-19%	50
Health	72,310	31	167,140	10	+21	131%	3
Highways	296,473	8	324,868	10	-2	10%	32
Hospitals	9,469	48	20,092	45	+3	112%	5
Interest on Debt	134,013	8	181,054	7	+1	35%	28
Natural Resources	68,102	8	73,300	10	-2	8%	37
Parks and Recreation	15,008	20	14,370	23	-3	-4%	37
Police Protection	50,868	3	77,177	2	+1	52%	14
Public Welfare	766,092	6	1,253,623	4	-2	64%	10
Salaries and Wages	544,324	7	733,895	7	0	35%	19
Direct Expenditures	2,372,150	5	3,366,430	5	0	42%	18
General Expenditures	3,291,008	3	4,707,185	3	0	43%	14
Total Expenditures	3,511,510	7	5,070,156	5	+2	44%	11
<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>	407,835	22	623,019	18	+4	53%	18
General Sales Tax <sup>2</sup>	214,746	45	338,941	42	+3	58%	5
Corporate Income Tax <sup>3</sup>	37,306	30	84,783	25	+5	127%	19
Total Taxes	1,518,479	5	2,544,163	2	+3	68%	5
Total Revenue	3,259,608	5	5,148,584	3	+2	58%	16

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

