

## West Virginia

From 2002 to 2008, West Virginia's spending increased the most in the health (70%), education (47%) and corrections (42%) categories. West Virginia reduced spending in three categories: natural resources (-3%), administration (-4%), and parks and recreation (-16%). Spending growth ranked in the bottom quartile of states in eight of 12 categories. The state's overall general spending increase of 28% was among the smallest in the nation, ranking 43<sup>rd</sup>-highest, and its total spending increase of only 8% was the lowest in the country.

West Virginia's overall total revenue growth of 19% ranked 47<sup>th</sup> for the period, and its total tax revenue growth of 37% ranked 40<sup>th</sup>. Corporate income taxes were the fastest growing tax revenue category, increasing 145% and ranking 15<sup>th</sup>. West Virginia's corporate tax revenue was the seventh-highest per capita in 2008.

<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	170,305	44	241,996	33	+11	42%	14
Education	2,495,321	25	3,676,900	18	+7	47%	17
Government Administration	429,462	9	412,403	18	-9	-4%	45
Health	209,521	32	356,647	21	+11	70%	8
Highways	986,477	5	1,015,587	6	-1	3%	38
Hospitals	101,720	37	106,482	39	-2	5%	37
Interest on Debt	237,521	19	255,121	26	-7	7%	44
Natural Resources	175,910	11	170,496	22	-11	-3%	43
Parks and Recreation	68,248	10	57,347	12	-2	-16%	40
Police Protection	47,790	39	65,468	36	+3	37%	21
Public Welfare	2,135,874	11	2,565,426	16	-5	20%	46
Salaries and Wages	1,368,243	16	1,441,006	28	-12	5%	46
Direct Expenditures	6,106,601	11	7,549,935	14	-3	24%	47
General Expenditures	7,560,308	18	9,681,035	20	-2	28%	43
Total Expenditures	9,409,434	12	10,139,699	28	-16	8%	50

<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>	1,034,665	31	1,518,746	27	+4	47%	24
General Sales Tax <sup>2</sup>	962,756	33	1,109,822	36	-3	15%	40
Corporate Income Tax <sup>3</sup>	220,158	8	538,839	7	+1	145%	15
Total Taxes	3,551,756	17	4,879,151	17	0	37%	40
Total Revenue	9,130,217	6	10,853,751	14	-8	19%	47

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

