

Arkansas

From 2002 to 2008, Arkansas's spending increased the most in the hospitals (78%), welfare (46%), education (44%), and administration (44%) categories. The increase in hospitals spending ranked 10th in the nation in terms of percentage. The state saw spending decline during the period in three spending categories, including health (-7%), highways (-15%), and parks and recreation (-39%). The state's overall general spending increase of 35% put it in the middle of the states, ranking 27th-highest.

Arkansas's total revenue growth of 47% put it in the middle of the states, ranking 22nd for the period. Corporate income taxes were the fastest growing tax revenue category, increasing 94% and ranking 33rd-highest. Relative to other states, Arkansas saw greater growth in personal income tax and general sales tax, increasing 55% (16th) and 44% (15th), respectively.

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	284,600	36	361,537	36	0	27%	25
Education	4,375,237	11	6,311,833	9	+2	44%	19
Government Administration	411,078	26	591,373	23	+3	44%	21
Health	268,398	40	249,653	49	-9	-7%	45
Highways	1,078,784	14	915,510	36	-22	-15%	47
Hospitals	454,503	13	810,637	12	+1	78%	10
Interest on Debt	138,389	44	193,767	46	-2	40%	24
Natural Resources	234,315	17	249,560	25	-8	7%	38
Parks and Recreation	76,783	15	46,533	33	-18	-39%	44
Police Protection	71,768	38	81,440	44	-6	13%	35
Public Welfare	2,577,745	23	3,771,732	23	0	46%	23
Salaries and Wages	1,755,130	24	1,855,064	39	-15	6%	45
Direct Expenditures	7,562,945	22	9,962,544	26	-4	32%	37
General Expenditures	10,634,159	25	14,354,884	24	+1	35%	27
Total Expenditures	11,550,140	30	15,655,753	30	0	36%	28
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	1,513,221	34	2,344,876	29	+5	55%	16
General Sales Tax ²	1,946,770	13	2,807,943	10	+3	44%	15
Corporate Income Tax ³	176,874	27	342,529	35	-8	94%	33
Total Taxes	5,176,050	20	7,530,504	19	+1	45%	23
Total Revenue	10,247,487	30	15,106,880	27	+3	47%	22

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 Arkansas’s population increased by 5%. This yields a “baseline” growth of 25% for the period. The figure below compares the difference in Arkansas’s expenditures and revenue for the period to this baseline for 15 spending and five revenue categories.

