

Connecticut

From 2002 to 2008, Connecticut's spending increased the most in the welfare (56%), health (52%), salaries and wages (35%), and police (32%) categories. The increase in health spending was the 13th-highest in the nation in terms of percentage. Spending fell during the period in three categories: highways (-7%), natural resources (-36%), and parks and recreation (-59%). Relative to other states, the declines in parks and recreation and natural resources spending were the second-highest in the nation, and the state's 22% increase in education spending ranked 48th. The state's overall general spending increase of 14% was the second-lowest of all states, and its 15% increase in direct expenditures, the aggregate spending category over which the legislature has the most control, was the lowest in the nation. Despite modest increases in spending on corrections, government administration, hospitals, interest on debt, and salaries and wages, Connecticut's per capita spending in each of these categories remained among the top seven in the nation in 2008.

Connecticut's total overall revenue growth of 23% ranked 44th for the period, although its total tax revenue growth of 48% put it above the median (18th). Corporate income taxes were the fastest growing tax revenue category, increasing 257%, fifth-highest in the nation. General sales tax revenue was held flat, but personal income tax revenue increased 90%, second-highest in the nation, and was the highest per capita in the nation by 2008.

<i>Spending</i> (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	637,897	4	723,346	6	-2	13%	43
Education	4,785,884	24	5,850,358	34	-10	22%	48
Government Administration	913,121	5	1,116,120	7	-2	22%	34
Health	592,071	19	901,164	11	+8	52%	13
Highways	851,493	42	795,191	48	-6	-7%	45
Hospitals	1,354,754	1	1,395,751	2	-1	3%	39
Interest on Debt	1,137,938	4	1,265,952	4	0	11%	41
Natural Resources	193,955	32	123,842	45	-13	-36%	49
Parks and Recreation	146,497	6	60,090	32	-26	-59%	49
Police Protection	164,226	14	216,795	11	+3	32%	24
Public Welfare	3,599,348	16	5,621,038	11	+5	56%	16
Salaries and Wages	3,182,095	6	4,287,819	5	+1	35%	20
Direct Expenditures	13,801,510	4	15,826,426	12	-8	15%	50
General Expenditures	17,536,472	6	20,057,458	13	-7	14%	49
Total Expenditures	20,117,270	5	23,528,530	12	-7	17%	48

<i>Taxes</i> (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	3,685,244	4	7,000,225	1	+3	90%	2
General Sales Tax ²	3,043,971	5	3,178,903	13	-8	4%	45
Corporate Income Tax ³	149,454	41	534,201	20	+21	257%	5
Total Taxes	9,032,787	4	13,367,631	5	-1	48%	18
Total Revenue	16,993,167	7	20,929,756	15	-8	23%	44

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

