

North Carolina

From 2002 to 2008, North Carolina's spending increased the most in the parks and recreation (121%), health (78%), welfare (70%), police (69%), and salaries and wages (53%) categories. Each of these increases ranked among the top 10 of states in terms of percentage. The spending categories that saw the least growth were debt service (16%), hospitals (13%), and natural resources (4%). The state's overall general spending increase of 43% ranked 15th-highest.

North Carolina's total overall revenue growth of 63% ranked 11th for the period, and its total tax revenue growth of 47% ranked 21st. Corporate income taxes were the fastest growing tax revenue category, increasing 81% and ranking 36th-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	923,487	32	1,324,484	29	+3	43%	12
Education	11,956,287	20	17,438,492	24	-4	46%	18
Government Administration	816,862	38	1,177,769	36	+2	44%	19
Health	930,114	34	1,653,975	24	+10	78%	4
Highways	2,629,038	25	3,253,678	28	-3	24%	22
Hospitals	1,289,041	17	1,460,906	24	-7	13%	33
Interest on Debt	582,690	38	676,360	44	-6	16%	35
Natural Resources	654,624	21	679,216	27	-6	4%	40
Parks and Recreation	126,277	31	278,930	13	+18	121%	6
Police Protection	336,111	20	567,801	12	+8	69%	7
Public Welfare	6,845,986	35	11,652,949	25	+10	70%	9
Salaries and Wages	5,292,930	28	8,084,597	21	+7	53%	9
Direct Expenditures	20,086,505	36	28,742,510	40	-4	43%	15
General Expenditures	29,537,271	34	42,107,428	36	-2	43%	15
Total Expenditures	33,123,528	34	46,994,653	36	-2	42%	15

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	7,265,242	11	10,993,927	11	0	51%	20
General Sales Tax ²	3,740,715	39	5,269,929	40	-1	41%	18
Corporate Income Tax ³	668,124	16	1,206,412	27	-11	81%	36
Total Taxes	15,537,366	21	22,781,202	27	-6	47%	21
Total Revenue	31,523,608	28	51,421,057	21	+7	63%	11

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 North Carolina’s population increased by 11%. This yields a “baseline” growth of 31% for the period. The figure below compares the difference in North Carolina’s expenditures and revenue for the period to this baseline for 15 spending and five revenue categories.

