

Virginia

From 2002 to 2008, Virginia's spending increased the most in the parks and recreation (94%), welfare (75%) and hospitals (66%) categories. The spending categories that saw the least growth were natural resources (15%), administration (12%) and highways (11%). Virginia's per capita natural resources spending remained among the lowest in the nation (49th) in 2008. The state's overall general spending increase of 43% ranked 16th-highest, and its 48% increase in direct spending, over which the legislature has the most control, was even greater, ranking ninth.

Virginia's total overall revenue growth of 54% ranked 19th for the period, and its total tax revenue growth of 44% ranked 26th. Corporate income taxes were the fastest growing tax revenue category, increasing 155% and ranking 12th-highest. Personal income tax revenue increased 51% (21st), and was the eighth-highest per capita in 2008.

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	1,243,090	7	1,547,571	9	-2	24%	30
Education	9,848,113	30	14,053,415	29	+1	43%	23
Government Administration	1,099,124	27	1,233,436	33	-6	12%	40
Health	726,489	38	958,002	39	-1	32%	28
Highways	2,822,839	15	3,146,902	20	-5	11%	30
Hospitals	1,718,084	6	2,849,911	6	0	66%	15
Interest on Debt	721,485	29	882,679	36	-7	22%	33
Natural Resources	185,871	49	214,336	49	0	15%	31
Parks and Recreation	76,498	39	148,721	30	+9	94%	10
Police Protection	547,206	4	689,989	4	0	26%	28
Public Welfare	4,199,553	49	7,354,674	46	+3	75%	8
Salaries and Wages	4,682,335	27	6,214,596	27	0	33%	24
Direct Expenditures	17,176,535	41	25,363,397	33	+8	48%	9
General Expenditures	25,545,848	37	36,415,455	35	+2	43%	16
Total Expenditures	28,044,327	38	39,879,609	35	+3	42%	14
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	6,710,771	7	10,114,833	8	-1	51%	21
General Sales Tax ²	2,799,526	44	3,656,789	44	0	31%	28
Corporate Income Tax ³	308,554	43	787,229	39	+4	155%	12
Total Taxes	12,781,149	28	18,408,276	30	-2	44%	26
Total Revenue	23,576,891	43	36,233,002	36	+7	54%	19

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 Virginia’s population increased by 7%. This yields a “baseline” growth of 27% for the period. The figure below compares the difference in Virginia’s expenditures and revenue for the period to this baseline for 15 spending and five revenue categories.

