



Research Brief

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State and Local Revenue and Spending: How Louisiana Compares Post-Katrina

Executive Summary

A national comparison of state and local budgets highlights the impact of Hurricane Katrina on Louisiana's relative revenue and spending levels. Louisiana experienced extraordinary budget growth due to the economic effects of recovery spending and exceeded the national and Southern averages for per-capita revenues and expenditures by 2007.

This report examines the most recent 10-year period for which U.S. Census Bureau data are available – 1998 to 2007. The 2007 data were released in late 2009. PAR periodically publishes reports and analysis of the census of governments data to add context to public debate surrounding Louisiana's taxing and spending levels. These data capture the effects of the first two years of disaster recovery revenue and spending, but do not show Louisiana's relative position for more recent years as recovery spending slowed, oil prices fell, and the effects of the national recession began to be felt.

The expenditure data show that Louisiana's 2007 per-capita expenditures were higher than the Southern averages in the areas of public welfare, hospitals, housing and community development, highways, police, corrections and interest on general debt. Louisiana's per-capita spending levels were below average in health care (excluding hospitals), higher education, and elementary and secondary education. At five times the national average, the state's housing and community development expenditures alone, which directly relate to federally funded recovery spending, accounted for more than the \$404 gap between the Louisiana and U.S. overall per-capita spending rates in 2007.

A major element of state and local government spending is public employment. Louisiana had a higher rate of public employment than the national average. However, the pay levels were lower - although catching up. The average pay rate grew more quickly in Louisiana than it did elsewhere over the decade between 1999 and 2008. The state's high public employment levels combined with rising pay contribute to high spending in categories like hospitals and corrections.

On the revenue side, Louisiana's total state and local general revenues per capita rose at about the same rate as elsewhere until Hurricane Katrina. After Katrina, Louisiana's per-capita revenues began growing faster than the national and Southern averages and even exceeded the U.S. average. Similar to the comparative rise in the state's spending rate, overall per-capita revenue rose due to recovery-related spending and an influx of federal disaster aid. The state's revenue rate from federal sources rose from 103 percent of the national rate in 1998 to 196 percent of the national rate in 2007. Louisiana's per-capita tax collections were above the Southern average in the general sales, individual income and corporate income categories, and below the South in the property tax category.

These data reflect significant growth in Louisiana's public sector due to the effects of spending and revenue collections related to disaster recovery. However, it is unlikely the state will sustain the high spending and revenue levels evident in the 2007 data. The back-to-back crises of hurricane disaster and economic recession have presented both new challenges and new opportunities in public finance that are continuing to evolve. It remains to be seen whether the state will resume the per-capita spending trend line that placed it squarely between the Southern and national averages for most of the decade prior to Katrina.

Introduction

The U.S. Census Bureau regularly conducts a survey of state and local government revenue and expenditure data. The latest data available were released in September 2009 and are for fiscal year 2007. Despite this lag, comparing state and local budgets is useful to place government spending in a Southern and national context and to track departures from trends and priorities over time.

For a meaningful comparison of government revenues and expenditures by state, it is necessary to combine state and local amounts, because a given budget category can be a state, local or shared responsibility.

This report covers the most recent 10-year period for which data are available – 1998 to 2007. These data capture the initial fiscal impact of the storms of 2005, which triggered an extraordinarily high level of non-recurring revenues and expenditures. As more data become available, they will reflect the impact of dwindling recovery spending and other budget shifts due to the national recession.

The decade under study ends just prior to the current recession that is affecting state and local budgets nationwide. The current position of Louisiana among the states on various budgetary measures cannot be determined and the latest data available precede Louisiana’s state budget contraction that began in 2009. Declining mineral revenues, income taxes and sales taxes combined with the implementation of significant personal income tax breaks have required major cuts to the higher education and health care budgets. The effect of these changes combined with the massive influx (and impending withdrawal) of federal economic stimulus funding will certainly affect the state’s relative position among the states as comparative data for more recent years become available.

It will be at least two years before the Census data catch up to the recession period and a reliable comparison can be made across the 50 states. However, it is certain that Louisiana’s budget growth has been interrupted and the state will likely face a

few years of declining budgets. It remains to be seen how those declines and the state’s response to them will compare to other states.

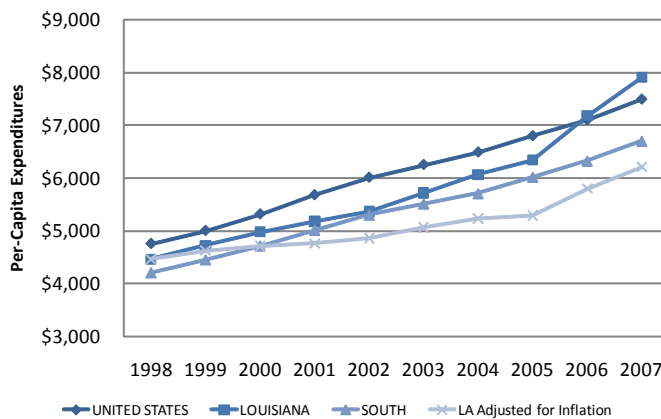
It should be noted that Louisiana was one of only three states to lose population over the decade under study. With a population decline of just over 67,000 residents, the state suffered a 2 percent decrease, which is a special circumstance to consider when evaluating the per-capita comparisons. All else being equal, the population drop relative to growth elsewhere would lead to inflated per-capita measures for Louisiana. The Southern region gained almost 12.5 million residents (13 percent growth) and the nation gained nearly 25.5 million residents (9 percent growth).

Expenditures

The most reliable and uniformly collected data available show that Louisiana spent more than the nation and the South on a per-capita basis in 2007 and that this extraordinary growth trend is due to the effects of Hurricane Katrina.

Louisiana ranked first in the South and 14th highest in the nation (including the District of Columbia) in state and local spending per resident in 2007 (see Table 1). The state’s ranking 10 years prior, in 1998, was second in the South and 29th in the nation. The expenditure categories outlined in Table 1 include direct general spending and other categories that

Figure 1. State/Local Per-Capita Spending Trend



NOTE: Census data are unavailable for 2001 and 2003, so the amounts for those years are interpolated.

SOURCE: U.S. Census Bureau data and PAR calculations

Table 1. State/Local Expenditures Per Capita, 2007

Rank	Direct General Expenditures ^a	Higher Education	Elementary and Secondary Education	Public Welfare	Hospitals	Health	Housing and Community Development	Highways	Police	Fire	Corrections	Interest on General Debt Payments
1	AK 1,192.56	VT 1,145.83	AK 2,787.62	DC 3,676.51	WY 1,240.43	DC 657.82	DC 763.42	AK 2,056.31	DC 851.20	DC 306.11	DC 383.94	AK 648.06
2	DC 14,426.75	ND 1,119.26	NJ 2,734.22	NY 2,297.56	MS 898.14	WY 561.65	LA 753.74	WY 1,136.44	NY 393.33	RI 235.36	AK 353.24	DC 638.59
3	WY 11,546.25	WY 1,027.78	WY 2,636.34	AK 2,094.99	SC 888.54	HI 494.76	AK 397.64	ND 938.52	NV 385.50	NV 183.35	CA 347.06	MA 612.40
4	NY 10,497.48	DE 999.75	NY 2,468.07	RI 1,955.87	AL 789.23	DE 450.89	MA 264.07	SD 925.37	CA 381.44	CA 179.06	WY 327.74	NY 489.93
5	DE 8,991.03	NY 997.78	DC 2,421.03	VT 1,939.01	IA 723.30	ME 382.99	NY 249.09	MT 762.81	DE 358.83	FL 178.86	DE 308.53	HI 475.45
6	CA 8,685.25	UT 969.32	CT 2,280.06	ME 1,867.90	LA 651.94	MT 382.68	CA 238.77	VT 703.29	NJ 353.39	AK 166.27	MD 295.64	RI 429.87
7	NJ 8,664.62	IA 948.07	VT 2,116.54	MA 1,833.22	NY 594.59	WA 371.10	VT 196.46	NY 700.65	AK 347.02	IL 152.39	NY 291.36	CT 418.11
8	HI 8,558.92	NC 922.88	RI 1,968.36	MI 1,814.86	NC 545.96	CA 342.90	CT 195.50	GA 676.13	FL 345.49	WY 152.03	OR 265.10	NJ 383.71
9	VT 8,498.13	AK 918.29	DE 1,936.70	PA 1,653.63	WA 543.85	OH 342.33	ME 190.81	MS 673.53	WY 335.07	MA 151.11	NV 259.06	IL 369.84
10	MA 8,347.59	AL 865.60	MD 1,896.94	PA 1,639.43	GA 501.27	MI 329.72	MD 184.68	MS 642.90	AZ 322.07	WA 151.08	VA 252.32	DE 366.22
11	CT 8,285.42	KS 862.56	MI 1,884.47	DE 1,526.56	ID 485.18	NC 304.81	OH 170.70	IA 624.57	MD 317.12	NY 149.57	PA 245.47	PA 361.69
12	NM 8,256.85	WI 861.67	CA 1,881.26	OH 1,500.27	CA 473.42	PA 304.06	RI 170.20	MN 618.50	IL 316.63	MD 142.08	WA 245.12	CA 353.04
13	RI 8,156.52	NE 844.06	MA 1,866.63	IN 1,391.20	IN 471.87	NY 290.85	HI 169.17	KS 599.34	RI 310.67	CT 135.59	LA 244.73	NH 352.19
14	LA 7,907.28	MI 839.54	VA 1,848.09	MS 1,383.44	TN 463.69	MD 283.51	WA 165.68	WV 582.37	MA 304.23	AZ 135.33	VA 243.94	CO 350.38
15	MN 7,899.81	HI 806.95	PA 1,845.05	CT 1,365.26	NE 457.51	AK 270.19	MN 163.03	WI 572.75	MA 282.12	CO 135.25	AZ 243.20	LA 323.75
16	WA 7,740.17	OR 797.35	NH 1,825.56	NY 1,360.39	NM 433.65	WI 269.77	IL 148.44	NE 571.74	CO 277.81	OR 134.93	CO 242.87	ND 322.96
17	ME 7,636.64	WA 794.34	OH 1,796.86	MO 1,320.16	MO 410.07	AZ 255.02	CO 144.01	PA 561.44	LA 277.06	OH 133.25	NM 238.53	WA 312.60
18	MS 7,626.92	MS 789.19	MN 1,786.91	WV 1,320.35	TX 397.99	OR 253.88	PA 142.54	DE 557.90	MI 272.47	WA 130.97	MI 235.90	TX 313.50
19	MD 7,576.57	MT 788.24	GA 1,782.04	CA 1,289.79	CO 369.09	NM 252.60	OR 137.47	KY 555.95	WI 266.84	NH 129.74	NJ 234.53	WI 312.38
20	PA 7,527.97	OK 784.65	TX 1,722.55	AR 1,285.67	CT 367.94	VT 252.21	DE 136.88	ME 552.48	CT 261.22	NM 121.34	FL 232.40	KY 310.24
21	OH 7,428.50	VA 775.00	NE 1,712.42	ND 1,248.09	FL 361.92	SC 250.95	NH 133.25	WA 541.74	OR 258.89	HI 112.33	GA 232.04	VT 307.17
22	OH 7,387.53	MD 770.07	WI 1,705.09	TN 1,239.21	VA 359.56	TN 249.69	SD 128.84	FL 538.99	OH 257.52	LA 108.93	RI 209.26	MN 303.97
23	IA 7,251.70	WV 758.58	SC 1,702.59	OK 1,224.96	HI 356.15	MO 242.90	ID 127.83	OR 536.92	VA 248.13	OK 108.54	MA 198.70	OR 300.50
24	WI 7,216.96	CA 736.85	HI 1,690.69	SC 1,218.72	NV 351.80	NE 235.22	NJ 124.12	OR 520.92	KS 244.10	AL 106.05	TX 197.62	MO 294.19
25	FL 7,172.19	CO 733.93	IL 1,676.28	IA 1,209.88	OR 341.16	FL 229.00	UT 117.43	IL 519.33	HI 239.00	MO 105.38	NC 192.83	KS 292.63
26	NE 7,076.63	AR 729.30	ME 1,663.46	WI 1,194.81	KY 338.61	CO 219.26	FL 112.77	LA 506.10	MO 238.26	WI 103.77	MT 189.49	MI 291.61
27	SC 7,075.42	IN 725.90	IA 1,644.62	WY 1,191.33	KS 337.37	IL 216.04	NE 112.06	MO 504.81	MI 232.81	IN 103.64	CT 189.13	OH 290.90
28	IL 7,070.87	KY 707.81	NM 1,644.25	NH 1,178.08	AK 335.59	GA 206.70	GA 111.48	MD 491.12	VT 227.81	NJ 100.15	OK 184.82	NV 280.04
29	OR 7,042.73	MIN 707.56	NV 1,618.54	ND 1,173.69	MN 328.78	VA 201.51	TN 108.29	TX 489.51	NH 225.36	NE 99.72	NE 184.20	MD 273.53
30	MI 6,964.66	TX 685.44	KS 1,612.89	NE 1,155.22	AR 327.37	CT 196.25	MT 107.01	NY 485.37	NC 224.81	GA 96.97	VT 182.92	SC 269.14
31	MT 6,952.15	SC 675.85	FL 1,334.19	IL 1,134.22	WI 306.55	MN 193.89	MO 104.76	OK 484.81	CA 224.38	MT 96.02	ID 180.24	IN 268.28
32	CO 6,938.08	OH 652.00	WA 1,591.96	IN 1,122.65	UT 306.49	UT 193.13	IN 101.69	NH 476.19	TN 221.05	ME 95.23	UT 178.51	ME 256.13
33	VA 6,905.40	ID 619.05	CO 1,579.92	LA 1,110.30	OH 290.42	AL 191.45	AL 97.62	UT 438.11	TX 220.01	TN 94.46	SD 175.71	NM 252.46
34	KS 6,745.80	AZ 617.85	IN 1,579.11	WA 1,100.36	OK 283.83	NJ 190.76	NC 97.60	CO 437.28	WA 219.09	MI 92.33	AL 166.24	FL 250.02
35	NV 6,743.37	LA 615.42	AR 1,548.45	MI 1,097.60	NJ 251.48	OK 186.87	NY 96.71	AZ 425.95	UT 218.62	KY 91.98	MN 161.99	MT 246.14
36	GA 6,687.28	CT 604.57	AL 1,540.15	NC 1,083.82	DC 246.51	SD 181.41	ND 94.67	AL 423.55	PA 215.39	ID 91.34	AR 158.33	VA 227.79
37	AL 6,635.49	IL 597.86	ND 1,523.40	KS 1,080.20	MA 212.63	WV 173.80	NV 88.66	OH 409.28	PA 214.91	UT 89.46	KY 155.11	SD 218.33
38	IN 6,633.33	SD 585.41	MO 1,519.22	AZ 1,035.22	WI 212.06	LA 170.29	SC 82.67	AR 408.80	AL 211.15	NC 88.19	HI 154.44	IA 215.71
39	NC 6,560.91	NH 582.92	WV 1,507.91	AL 1,027.32	IL 188.22	MA 163.23	TX 77.94	NJ 405.86	SC 204.55	TX 88.18	TN 154.40	AZ 213.17
40	WV 6,549.04	MA 571.96	OK 1,503.46	FL 1,020.07	AZ 180.46	RI 162.25	MS 74.46	HI 396.17	NE 202.01	KS 88.17	IN 153.83	AL 205.67
41	NH 6,454.21	ME 571.77	LA 1,499.32	OR 1,017.60	WV 179.56	IA 159.65	AZ 74.34	CA 391.28	UT 200.33	SC 78.20	ME 150.89	UT 186.71
42	KY 6,404.89	MO 565.24	MT 1,494.25	ID 1,010.96	PA 120.62	TX 149.26	WV 74.18	IN 382.89	IA 196.58	AR 72.45	SC 150.21	OK 190.43
43	OK 6,294.80	NY 562.14	OR 1,445.80	MO 1,002.30	SD 104.15	NV 144.41	OK 73.22	MI 376.74	MS 196.06	SD 68.43	WV 150.64	WV 179.27
44	UT 6,279.59	PA 550.35	MS 1,399.59	VA 996.52	MT 104.15	NV 144.41	OK 73.22	MI 376.74	MS 196.06	SD 68.43	MS 147.59	WY 174.69
45	SD 6,273.20	NJ 550.31	KY 1,398.02	GA 986.05	RI 95.30	ND 140.77	KS 72.65	TN 371.18	ME 176.10	MN 68.25	IA 146.27	NC 170.10
46	MO 6,234.25	NV 542.74	NC 1,392.66	SD 965.28	RI 89.25	MS 137.71	KY 67.19	NC 368.33	IN 175.11	IA 65.79	IL 145.53	TN 162.71
47	AZ 6,204.04	RI 535.91	AZ 1,339.29	MT 951.65	MD 85.52	ID 135.67	WI 61.34	MA 351.28	SD 172.14	VA 65.18	OH 141.87	AR 159.47
48	TX 6,184.80	GA 502.93	SD 1,337.11	TX 853.86	DE 73.34	KS 135.37	AR 60.36	CT 349.47	AR 169.59	ND 54.93	ND 139.87	MS 157.04
49	AR 6,026.35	TN 490.54	UT 1,324.03	UT 816.77	NH 42.86	IN 119.68	IA 55.94	RI 344.83	ND 165.72	PA 50.01	KS 137.90	NE 155.97
50	ID 5,988.35	FL 447.32	ID 1,275.94	CO 787.39	VT 29.26	NH 106.57	WY 48.17	SC 309.39	KY 148.39	WV 48.20	MO 136.26	ID 143.03
51	TN 5,853.91	DC 209.30	TN 1,245.05	NV 732.84	ND 27.83	AR 95.62	ID 31.22	DC 177.87	WV 147.99	DE 41.63	NH 124.66	GA 136.26
U.S.	\$7,503.11	\$678.32	\$1,775.43	\$1,276.17	\$393.35	\$247.32	\$152.56	\$480.62	\$279.12	\$122.26	\$226.03	\$308.60
LA as % of U.S.	105%	91%	84%	87%	166%	69%	494%	105%	99%	89%	108%	105%
South	\$6,706.29	\$662.84	\$1,617.33	\$1,062.11	\$446.68	\$203.66	\$126.84	\$486.97	\$243.49	\$108.71	\$205.95	\$237.69
LA as % of South	118%	93%	93%	105%	146%	84%	594%	104%	114%	100%	119%	136%

NOTES: The 15 Southern states are shaded to allow for regional comparisons; ^a Includes amounts not shown separately; SOURCE: U.S. Census Bureau (December 2009 Revision) and PAR calculations

make up 79 percent of Louisiana’s direct general spending total.

Figure 1 compares the trend line for state and local per-capita expenditures for Louisiana, the U.S. and the South. Over most of the decade between fiscal years 1998 and 2007, Louisiana’s budget growth kept a fairly steady pace with the other states, and its spending rate consistently fell between the Southern and U.S. per-capita averages. Hurricane Katrina hit just after the start of the 2006 fiscal year, which is when public spending in Louisiana first exceeded the national average.

Direct general spending per capita for Louisiana had been 94 percent of the national average in 1998, but rose to 105 percent by 2007. These data reflect expenditures from all sources of revenue, including federal disaster aid. At the mid-point of the decade under study, 2002, Louisiana’s direct general expenditure growth was slowing and had dropped to 89 percent of the national per-capita average and almost as low as the Southern average.

The real-dollar trend line for Louisiana per-capita spending is also shown on Figure 1. Fifty-one percent of the expenditure growth from 1998 to 2007 is explained by consumer price inflation.

Louisiana’s overall per-capita spending was 118 percent of the Southern average in 2007. The state exceeded the South in spending for public welfare, hospitals, housing and community development, highways, police, corrections and interest on general

Table 2. Per-Capita Spending on Housing and Community Development, 1998 – 2007

	LA Per-Capita Amount	U.S. Per-Capita Amount	LA as % of U.S.
1998	\$ 49.47	\$ 89.53	55%
1999	57.01	90.43	63%
2000	67.65	94.23	72%
2002	82.75	109.91	75%
2004	107.42	127.13	84%
2005	114.63	135.38	85%
2006	124.26	140.82	88%
2007	753.74	152.56	494%

NOTE: Data for 2001 and 2003 are unavailable.

SOURCE: U.S. Census Bureau data and PAR calculations

debt. Louisiana’s comparative spending levels were below the Southern and national averages in health care (excluding hospitals), higher education, and elementary and secondary education.

The state’s per-capita spending on housing and community development stands out as being almost five times higher than the national average. At \$601 above the national average, this expenditure category alone more than explains the entire \$404 gap between Louisiana and the national average. One of the main conduits for this non-recurring infusion of federal disaster aid was through the state and local offices of community development. Table 2 shows that housing and community development spending had been growing but still was well below the national level prior to 2007, when much of the Road Home homeowner recovery grant funding was paid out.

Table 3. Per-Capita Spending Change by Category, Pre-Katrina and Post-Katrina

	1998		2005		2007	
	Per-Capita Amount	LA as % of U.S.	Per-Capita Amount	LA as % of U.S.	Per-Capita Amount	LA as % of U.S.
Direct General Expenditures	\$ 4,473.46	94%	\$ 6,347.75	93%	\$ 7,907.28	105%
Higher Education	382.07	93%	528.77	86%	615.42	91%
Elementary and Secondary Education	965.39	84%	1,306.18	81%	1,499.32	84%
Public Welfare	661.28	89%	999.18	82%	1,110.30	87%
Hospitals	564.34	224%	701.69	200%	651.94	166%
Health	100.57	62%	154.49	69%	170.29	69%
Highways	316.46	100%	396.97	93%	506.10	105%
Police	173.15	95%	235.76	94%	277.06	99%
Fire	57.06	78%	94.80	91%	108.93	89%
Corrections	121.93	79%	210.38	105%	244.73	108%
Interest on General Debt Payments	214.13	92%	269.21	98%	323.75	105%
Housing and Community Development	49.47	55%	114.63	85%	753.74	494%

SOURCE: U.S. Census Bureau data and PAR calculations

Table 3 shows the 10-year change in per-capita spending for the major expenditure categories. Calculations of the Louisiana spending rate as a percentage of the national average are shown for each category. The pre-Katrina changes from 1998 to 2005 and the post-Katrina changes from 2005 to 2007 are shown. In the top five highest spending categories (higher education, elementary and secondary education, public welfare, hospitals and highways) the state's per-capita spending had been falling in comparison to the national average until 2005. Spending surpassed the national average between 2005 and 2007 in four categories – highways, corrections, interest on debt and housing.

Public Employment

One major element in government spending is public employment. The latest data available from the U.S. Census Bureau are for FY 08. Louisiana ranked 10th nationally in 2008 for its number of state and local employees per 10,000 citizens. Table 4 presents a comparison of Louisiana and national public employment levels by category. Louisiana's higher ratio of public employees to residents can be attributed to a high level of employment in the education and hospitals categories, and, to a lesser degree, police and corrections categories.

Nationally, 548 full-time equivalent (FTE) employees for every 10,000 residents worked for state and local governments, while the rate in Louisiana was 640. Trend data show that the Louisiana public employment rate ranged between 11 percent and 20 percent above the national rate during the decade between 1999 and 2008. State-only public employment grew by 9 percent from 2007 to 2008.

It should be noted that the U.S. Census Bureau has added a cautionary note to the 2006 data that says, "In certain areas, the 2005 weather disasters in Louisiana and Mississippi resulted in response rates for the local governments that compromised the statistical accuracy in those areas."

While Louisiana had a higher rate of public employment, the pay levels were low compared to other states - but catching up. In 2008, the state's average FTE monthly salary was \$3,314 compared

to the national average of \$4,067 and the Southern average of \$3,536. The state and local pay rates in Louisiana were 94 percent of the Southern average and 81 percent of the national average (see Table 5). Data show that the average pay rate in Louisiana grew more quickly than it did elsewhere over the decade between 1999 and 2008. The state's high public employment levels combined with rising pay contribute to high spending in categories like hospitals and corrections.

Table 4. State/Local Government FTE Employment per 10,000 Population, March 2008

Function	U.S.	LA	Difference LA - U.S.
All Functions	548	640	92
Education			
Education Total	293	318	25
Elementary & Secondary Education Total	226	237	12
Elem & Sec Instructional Employees	157	165	8
Elem & Sec Other Employees	68	72	4
Higher Education Total	65	67	3
Higher Ed Instructional Employees	22	23	1
Higher Ed Other Employees	43	44	2
Other Education	3	13	10
Other Functions			
Financial Administration	13	14	1
Other Government Administration	10	12	3
Judicial and Legal	14	16	2
Police Protection Total	31	42	11
Police Officers Only	23	32	9
Other Police Employees	8	10	2
Fire Protection Total	11	13	2
Firefighters Only	11	13	2
Other Fire Employees	1	0	(1)
Corrections	25	33	8
Highways	18	23	6
Air Transportation	2	1	(1)
Water Transport and Terminals	0	1	1
Public Welfare	17	16	(2)
Health	15	13	(2)
Hospitals	33	73	40
Social Insurance Administration	3	2	(1)
Solid Waste Management	4	3	(1)
Sewerage	4	5	0
Parks and Recreation	9	12	3
Housing and Community Development	4	2	(2)
Natural Resources	6	13	7
Water Supply	6	5	(1)
Electric Power	3	2	(1)
Gas Supply	0	1	0
Transit	8	1	(7)
Local Libraries	4	5	1
State Liquor Stores	0	-	(0)
All Other and Unallocable	15	14	(1)

SOURCE: U.S. Census Bureau data and PAR calculations

Table 5. Average Monthly FTE Employee Pay, 1999 and 2008

	1999	2008	10-year % change
LA	\$ 2,302	\$ 3,314	44%
SOUTH	2,541	3,536	39%
US	2,976	4,067	37%
LA as % of South	91%	94%	
LA as % of U.S.	77%	81%	

SOURCE: U.S. Census Bureau data and PAR calculations

Revenue

Trend data show Louisiana’s total state and local general revenues per capita rising at about the same rate as elsewhere until Hurricane Katrina when the state’s per-capita revenues jumped quickly above the South and the U.S. (see Figure 2).

Per-capita general revenue rankings (see Table 6) place Louisiana sixth in the nation (up from 30th in 1998) and first in the South (up from second in 1998). But, similar to the comparative rise in the state’s spending rate, the overall per-capita revenues rose due to an influx of federal disaster dollars. State and local revenue from federal sources rose from 103 percent of the national average in 1998 to 196 percent in 2007. The rise in per-capita revenues from the general sales tax and individual and corporate income taxes can also be explained by economic activity related to storm recovery.

Own-source revenue includes the major categories of taxes and charges and miscellaneous general revenue. Charges and miscellaneous general revenue include, for example, public hospital patient fees and college tuition.

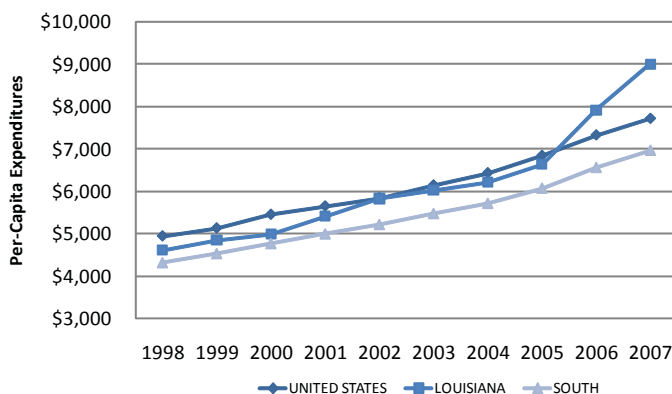
The growth in Louisiana’s own-source revenue is mostly due to a rise in tax collections. State and local per-capita tax collections nearly doubled over the course of the decade under study, and they rose above the Southern average. The per-capita tax collection rate was 96 percent of the Southern average in 1998 and rose to 111 percent in 2007. Louisiana’s per-capita taxes remained below the

national average, but rose from 81 percent in 1998 to 95 percent in 2007.

The tax category includes, but is not limited to, property, general sales, motor fuel, individual income and corporate income taxes. Table 6 shows that Louisiana was above the Southern rate in general sales, individual income and corporate income taxes, and the state was below the Southern rate in property taxes. Despite being above the Southern per-capita rate on both, the state ranked high on the sales tax (first in the South, fourth in the nation) and low (10th in the South, 35th in the nation) on the individual income tax. Note, however, that Florida and Texas do not collect an individual income tax so the Southern average is depressed by those high-population states.

Sales tax collections per capita over the decade rose by 77 percent in Louisiana, a much faster rate than elsewhere. An even larger distinction is evident in the income tax growth rates. Individual income tax collections rose by 125 percent in Louisiana compared to 49 percent in the South and 51 percent nationally. Louisiana’s departure from the averages is related to recovery-related spending and happened only after 2005. The 2008 and 2009 reversal of the Stelly Plan tax swap, combined with the effects of the sharply reduced disaster recovery spending and the national economic recession, has slowed the growth of the tax collections and will be evident when newer data become available.

Figure 2. State/Local Per-Capita Revenue Collections, 1998 - 2007



SOURCE: U.S. Census Bureau data and PAR calculations

NOTE: Census data are unavailable for 2001 and 2003, so the amounts for those years are interpolated.

Table 6. State/Local Revenues Per Capita, 2007

Rank	General Revenue	From Federal Government	General Revenue from Own Sources	Taxes	Property	General Sales ^a	Motor Fuel	Individual Income ^a	Corporate Income ^a	Charges and Misc. General Revenue
1	AK \$19,072.10	DC \$5,101.53	AK \$15,331.84	DC \$8,832.24	DC \$2,578.89	WA \$2,028.46	MT \$220.25	DC \$2,233.64	AK \$1,194.76	AK \$8,064.06
2	DC 16,579.57	AK 3,740.26	AK 11,478.04	AK 7,267.79	AK 2,482.99	HI 2,002.30	ND 217.61	NY 2,195.83	DC 709.56	AK 3,811.38
3	WY 13,605.11	WY 3,588.58	WY 10,016.53	NY 6,897.68	NJ 2,312.60	WI 1,756.51	WV 193.03	MD 1,912.02	NY 638.74	DE 3,145.66
4	NY 11,458.66	MS 3,350.12	NY 9,134.06	WY 6,205.16	WY 2,287.65	LA 1,611.12	NE 181.13	CT 1,815.28	NH 454.02	DC 2,645.80
5	NJ 9,085.37	LA 3,040.73	NJ 7,242.21	CT 6,044.71	NH 2,218.85	AZ 1,474.11	NC 177.95	MA 1,762.49	DE 350.62	SC 2,372.69
6	LA 9,012.66	NY 2,324.60	CT 7,420.11	NJ 5,943.74	VT 1,992.77	DC 1,426.19	WI 177.93	OR 1,502.29	MA 333.65	CO 2,282.90
7	DE 8,856.37	VT 2,312.81	DE 7,390.31	HI 5,139.25	WY 1,959.27	WV 1,383.10	ME 175.02	CA 1,465.69	CA 325.75	OR 2,264.70
8	VT 8,824.44	NM 2,280.75	HI 7,046.63	MA 4,986.06	RI 1,864.55	TN 1,374.78	WA 175.02	MN 1,395.28	CA 306.72	NM 2,256.38
9	HI 8,797.21	MT 2,108.21	CA 6,999.95	MD 4,816.74	MA 1,707.18	NM 1,369.05	FL 172.95	NJ 1,355.25	WV 297.89	CA 2,246.10
10	CT 8,721.29	ND 2,088.59	MA 6,842.15	CA 4,753.85	IL 1,595.35	PA 1,329.55	VA 172.54	VA 1,329.94	KY 236.37	ND 2,245.61
11	CA 8,521.83	RI 1,996.88	MA 6,842.15	VT 4,722.50	ME 1,565.05	FL 1,329.45	DE 163.25	DE 1,245.14	CT 236.37	ND 2,236.38
12	MA 8,489.24	ME 1,918.13	VT 6,511.64	MN 4,566.45	AK 1,522.25	SD 1,218.08	NV 161.14	HI 1,221.51	NM 234.11	AL 2,162.87
13	ND 8,350.14	SD 1,888.47	WA 6,399.96	RI 4,545.28	WI 1,501.58	CA 1,151.82	MS 156.17	OH 1,197.27	IL 228.94	UT 2,146.40
14	RI 8,332.87	HI 1,776.84	RI 6,349.58	ME 4,278.73	FL 1,474.42	NY 1,131.82	KS 155.32	NC 1,171.14	MI 228.44	IA 2,136.08
15	NM 8,144.15	AL 1,691.05	ND 6,329.76	WA 4,289.05	TX 1,434.10	MS 1,080.60	ID 155.06	PA 1,071.20	KS 189.90	WA 2,130.91
16	MS 7,999.60	MA 1,647.08	VA 6,165.65	DE 4,244.65	NE 1,349.84	TX 1,061.70	OH 154.38	ME 1,032.62	MT 186.81	NE 2,116.63
17	ME 7,790.32	SC 1,602.35	NE 6,150.77	PA 4,205.54	VA 1,301.26	CO 1,046.35	IA 149.99	RI 1,030.83	PA 184.10	WV 2,077.48
18	MD 7,789.17	AR 1,592.19	CO 6,132.44	VA 4,202.22	KS 1,245.30	GA 1,038.09	UT 143.27	CO 990.23	TN 182.28	FL 2,075.94
19	WA 7,781.68	KY 1,587.29	FL 6,085.02	WI 4,168.68	PA 1,245.01	NJ 994.97	TN 142.18	KS 988.92	MI 177.74	MN 2,018.20
20	NE 7,684.54	OH 1,585.87	NM 6,052.12	NV 4,088.69	IA 1,212.00	UT 980.94	CO 141.36	UT 959.56	NC 173.15	IN 1,966.79
21	PA 7,510.74	NC 1,577.02	NV 6,016.23	KS 4,088.18	MN 1,180.78	NE 959.35	LA 141.00	KY 954.06	LA 172.13	LA 1,960.43
22	MT 7,462.91	OK 1,575.64	PA 5,985.04	ND 4,084.15	CO 1,168.82	OK 949.76	VT 140.75	ID 940.06	RI 170.13	VA 1,948.93
23	OH 7,409.25	NE 1,531.77	LA 5,971.93	NE 4,036.14	MD 1,165.21	ND 894.42	AL 139.33	VT 936.27	WI 164.92	MT 1,934.84
24	FL 7,347.48	IA 1,529.15	ME 5,872.19	LA 4,022.99	OH 1,163.05	MN 877.12	IN 139.03	NE 932.99	OK 155.80	NV 1,927.55
25	WV 7,337.70	PA 1,525.70	MI 5,868.02	OH 4,011.53	CA 1,157.03	AL 869.88	WY 137.67	GA 923.99	OK 155.59	HI 1,907.38
26	IA 7,330.05	CA 1,521.88	MI 5,836.06	FL 4,009.09	CA 1,146.87	CT 868.33	DE 136.30	IA 918.92	AZ 155.22	MA 1,876.09
27	CO 7,311.22	OR 1,500.23	OH 5,823.37	CO 3,847.54	WA 1,143.17	IN 856.00	KY 134.68	MO 879.19	UT 149.46	TN 1,818.00
28	MI 7,267.91	MO 1,472.02	IA 5,800.91	NM 3,795.74	WY 1,125.52	ID 855.00	MD 134.19	MT 870.68	ME 139.77	OH 1,811.84
29	OR 7,177.74	DE 1,466.06	IL 5,788.96	MI 3,691.10	ND 1,094.84	MO 854.01	TX 128.98	IN 823.73	MD 139.18	HI 1,807.98
30	WI 7,147.94	TN 1,450.01	KS 5,764.55	AZ 3,672.78	OR 1,059.53	RI 831.44	IL 127.96	OK 769.06	VT 134.29	MS 1,804.48
31	VA 7,137.68	GA 1,448.74	OR 5,677.52	IA 3,664.83	SD 1,030.96	OH 819.36	MO 126.72	AR 766.08	FL 134.21	ID 1,803.69
32	SC 7,108.75	MD 1,439.59	SC 5,506.40	NH 3,614.17	GA 999.62	ME 801.90	CT 125.99	WV 751.73	AR 128.24	OK 1,800.43
33	IL 7,107.43	MI 1,431.85	UT 5,483.71	NC 3,585.92	AZ 979.19	WI 794.35	RI 125.05	SC 735.42	MS 126.40	TX 1,798.64
34	NV 6,983.57	MN 1,414.94	WV 5,449.23	GA 3,481.25	SC 974.97	MI 794.00	HI 124.58	LA 734.96	ID 125.86	VT 1,789.14
35	KS 6,971.91	WA 1,381.72	MT 5,354.71	TX 3,440.66	IN 970.18	NC 787.09	MN 124.30	IL 733.56	OR 124.01	NJ 1,780.47
36	NC 6,888.17	AZ 1,371.41	NC 5,311.16	MT 3,419.87	MO 894.48	IA 777.87	NM 124.09	MI 687.69	NE 120.39	PA 1,777.50
37	UT 6,779.18	NJ 1,361.16	IN 5,298.83	OR 3,412.81	HI 889.92	SC 761.28	SC 121.07	AL 660.16	VA 114.25	NC 1,725.23
38	AL 6,762.55	ID 1,322.00	TX 5,239.30	WV 3,371.75	NC 808.09	PA 714.42	AZ 121.02	NM 599.63	AL 109.34	WI 1,699.34
39	OK 6,688.11	IL 1,318.47	NH 5,231.78	UT 3,337.31	UT 763.75	IL 712.86	VA 119.35	AZ 589.82	IA 108.96	KS 1,676.38
40	IN 6,591.52	CT 1,311.18	AZ 5,132.01	IN 3,332.04	MS 755.37	KY 665.12	OR 115.48	ND 496.77	GA 106.81	SD 1,666.97
41	GA 6,546.81	TX 1,301.97	OK 5,112.47	OK 3,312.04	IN 745.10	WA 630.12	GA 113.71	MS 479.90	OH 105.53	MO 1,652.51
42	TX 6,541.28	UT 1,295.47	GA 5,098.07	MO 3,264.94	TN 711.52	WV 625.17	OK 110.36	NH 81.88	CO 99.00	NH 1,617.61
43	NH 6,515.37	IN 1,292.69	AL 5,071.50	AR 3,243.04	DE 659.96	MD 613.61	MA 104.53	TN 41.20	SD 96.35	GA 1,616.81
44	AZ 6,503.42	NH 1,283.59	ID 4,987.29	KY 3,235.27	WV 627.80	MI 609.90	MI 102.93	AK -	HI -	ME 1,593.46
45	SD 6,449.87	WI 1,279.92	MO 4,917.46	ID 3,183.60	KY 609.04	VT 547.57	NH 98.44	FL -	SC -	MO 1,541.46
46	MO 6,389.47	FL 1,262.45	TN 4,804.45	SC 3,133.71	LA 596.94	AK 263.43	CA 94.36	NV -	SO -	KY 1,541.46
47	KY 6,364.02	KS 1,207.35	MS 4,794.03	SD 3,006.06	OK 535.24	DE -	NJ 64.89	SD -	NV -	IL 1,494.88
48	ID 6,309.29	CO 1,180.79	KY 4,776.73	MS 2,989.55	NM 476.51	MT -	AK 57.70	TX -	AZ -	LA 1,459.23
49	TN 6,254.46	VA 972.03	SD 4,673.03	TN 2,986.44	AR 476.51	NH -	DC 45.55	WA -	VA -	AR 1,415.39
50	AR 6,250.62	NV 967.34	AR 4,658.43	AL 2,908.62	AL 452.93	OR -	NY 26.57	WY -	WY -	CT 1,365.40
51	U.S. \$7,730.14	\$1,551.94	\$6,178.20	\$4,233.46	\$1,271.53	\$993.17	\$125.88	\$960.23	\$200.88	\$1,944.73
LA as % of U.S.	117%	196%	97%	95%	47%	162%	112%	77%	86%	100%
South	\$6,973.96	\$1,514.10	\$5,459.85	\$3,608.43	\$1,074.50	\$1,027.07	\$142.29	\$568.30	\$113.16	\$1,851.42
LA as % of South	129%	201%	109%	111%	56%	157%	99%	129%	152%	105%

NOTES: The 15 Southern states are shaded to allow for regional comparisons; ^a National and Southern rates for general sales, individual income and corporate income taxes include population counts for states where tax is not collected.; SOURCE: U.S. Census Bureau (December 2009 Revision) and PAR calculations

Conclusion

These data reflect significant growth in Louisiana's public sector due to the effects of spending and revenue collections related to disaster recovery. It is unlikely the state will sustain the relative high spending and revenue levels evident in the 2007 data. Prior to the decade under study, Louisiana's public spending and revenue collection levels were generally within the 10 percent range above the Southern average and below the national average. After 2005, those levels grew more quickly than the rest of the nation, rising above the national average and even further above the Southern average.

Growth in spending is also evident in the public employment data, which show that Louisiana state and local governments continue to employ more people and their pay rates are rising closer to the Southern and national averages.

The back-to-back crises of hurricane disaster and economic recession have presented both new challenges and new opportunities in public finance that are continuing to evolve. It remains to be seen whether the state will resume the trend line that lay between the Southern and U.S. tax and spending averages for most of the decade prior to Hurricane Katrina.

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