

Highlights of Spending Trends of County Governments in Arkansas, 1999-2014¹

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Overview

County governments provide the infrastructure and services needed for local residents and businesses to better compete in a global economy. Because the Arkansas Constitution requires that counties maintain balanced budgets, spending is constrained by the ability of county governments to generate revenue to pay for expenditures. Along with the requirement of a balanced budget comes a list of services that all 75 counties are mandated to provide, including:

- justice through courts,
- law enforcement protection and custody of persons accused or convicted of crimes,
- real and personal property tax administration and
- court and public records administration.

While these are the only services required by law, a variety of other services are typically funded by county governments. Many of these non-mandated services are critical for local residents and businesses (e.g., highways and streets, transportation, water, sewer and other utilities, solid waste, emergency services, community and rural development and agricultural assistance).

In the full report, the authors examine trends in county government spending during the 15-year period spanning 1999 to 2014. They also observe how counties adjust to increasing or decreasing populations, which may place an additional burden on taxpayers. Expenditures are

compared among counties in a) absolute terms, b) on a per capita basis and c) as shares per \$1,000 of personal income. Spending comparisons are made between metro and non-metro counties and among rural regions of the state and economic dependency classifications. This fact sheet highlights key findings.

Trends in County Government Spending

- While total county government expenditures increased 37% from 1999 to 2014, spending changes among counties ranged from an increase of 184% in Van Buren County to a decrease of 26% in St. Francis County (Figure 1).²
 - Ten of eleven counties with a decline in total spending were rural.
 - Spending in urban counties grew at a faster rate (45%) than in rural counties (31%).
 - Of rural regions in Arkansas, the Highlands saw the greatest growth in spending at 37%. Spending grew 26% in the Coastal Plains and 21% in the Delta.
 - Recreation-dependent counties saw the greatest increase in total spending (142%) of any economic dependency group between 1999 and 2014. Mining-dependent counties saw the least growth in total spending (13%) during the same period.

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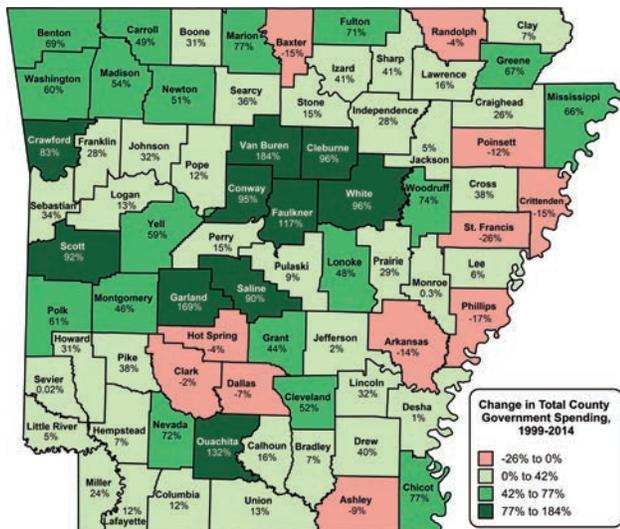
¹The full report, MP513, *Spending Trends of County Governments in Arkansas, 1999-2014*, is available online at <http://www.uaex.edu/business-communities/government-policy/local-government-finance.aspx>

²All dollar values are reported in 2014 constant (real) dollars unless otherwise specified. The South Urban (SU) consumer price index (CPI) was used to adjust revenues for inflation.

- On a per capita basis, total spending increased 23%, from \$295 in 1999 to \$362 in 2014.
 - Per capita spending was higher in non-metro counties (\$453) than in metro counties (\$296) in 2014.
 - Per capita spending increased by a greater percentage in non-metro counties (32%) than in metro counties (18%) from 1999 to 2014.
 - Of the rural regions in Arkansas, the Coastal Plains experienced the largest growth in per capita spending at 39% compared to 35% in the Delta and 29% in the Highlands.
 - Of the economic dependence categories, recreation-dependent counties experienced the greatest growth in per capita spending (120%) while state/local government-dependent counties saw the least growth (12%).
- Total county spending per \$1,000 of personal income increased by 1% during the study period, from \$9.50 to \$9.64.

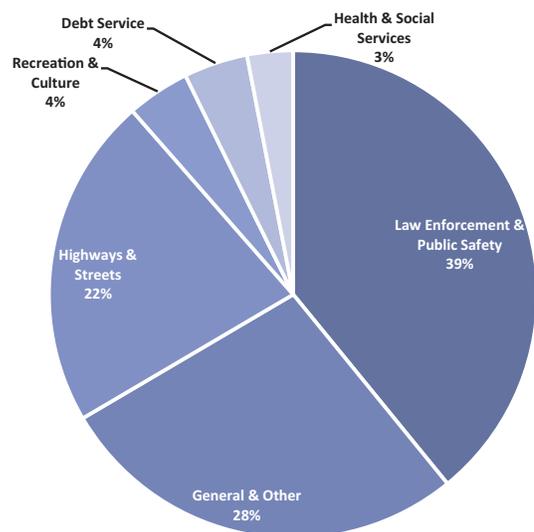
- Law enforcement and public safety spending accounted for the largest share of total spending in metro (47%) and non-metro (32%) counties in 2014.
- Law enforcement and public safety spending accounted for the largest share of spending in the Highlands (33%).
- General and other expenditures accounted for the largest share of total county spending in the Delta (34%) and the Coastal Plains (29%).
- Highways and streets expenditures as a share of total spending was greatest in the Highlands (29%).
- The increase in law enforcement and public safety spending from 1999 to 2014 was greater than for any other major budget category.
 - Law enforcement and public safety spending increased 61%, from \$261.2 million to \$420.5 million.
 - The increase in spending for law enforcement and public safety varied greatly among rural regions of the state, ranging from a low of 41% growth in the Delta to a high of 69% growth in the Highlands.
- Total county general and other spending increased 48%, from \$198.6 million in 1999 to \$294.7 million in 2014.
- During the same time span, total county highway and streets spending increased 35%, from \$173.1 million to \$236.7 million.

Figure 1. Change in Total County Government Spending, 1999-2014



Sources: Legislative Audit Reports, Arkansas Legislative Audit; South Urban CPI, Bureau of Labor Statistics

Figure 2. County Government Spending by Source in Arkansas, 2014



Source: Legislative Audit Reports, Arkansas Legislative Audit

County Government Spending by Category

- County governments spent the largest share of their budgets in 2014 on law enforcement and public safety at 39%, compared to 28% for general and other and 22% for highways and streets (Figure 2).

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