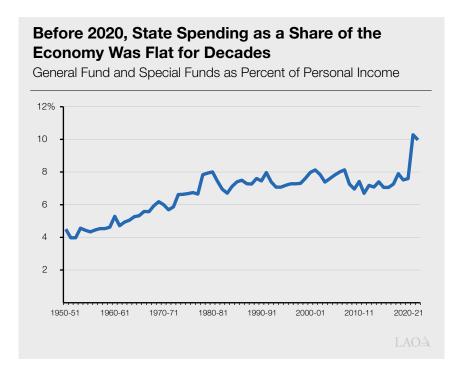
# **How Program Spending Grew in Recent Years**



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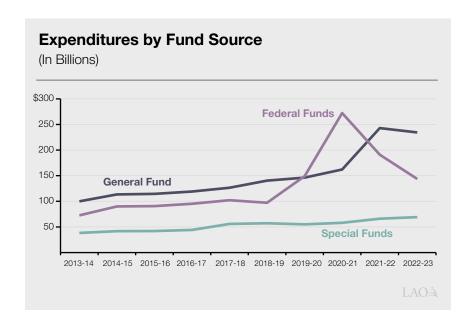
### **State Spending Increased Significantly in Recent Years**



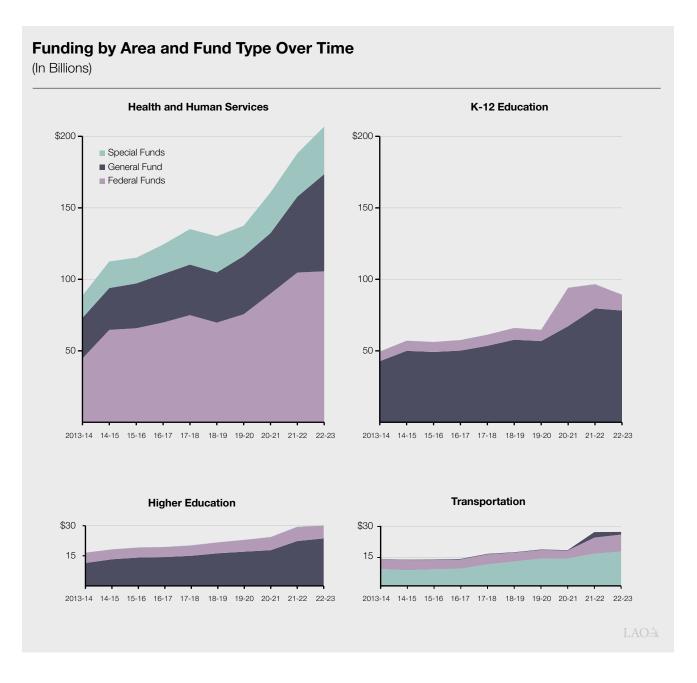
- As a share of the economy, total state spending was largely flat since the late 1980s.
- Following historic revenue increases in 2020 and after, total state spending has increased substantially.
- Recent revenue increases also have implicated the state appropriations limit, as we discuss in *The 2022-23 Budget: State Appropriations Limit Implications*.



# **Federal Funding Increased Significantly During the Pandemic**



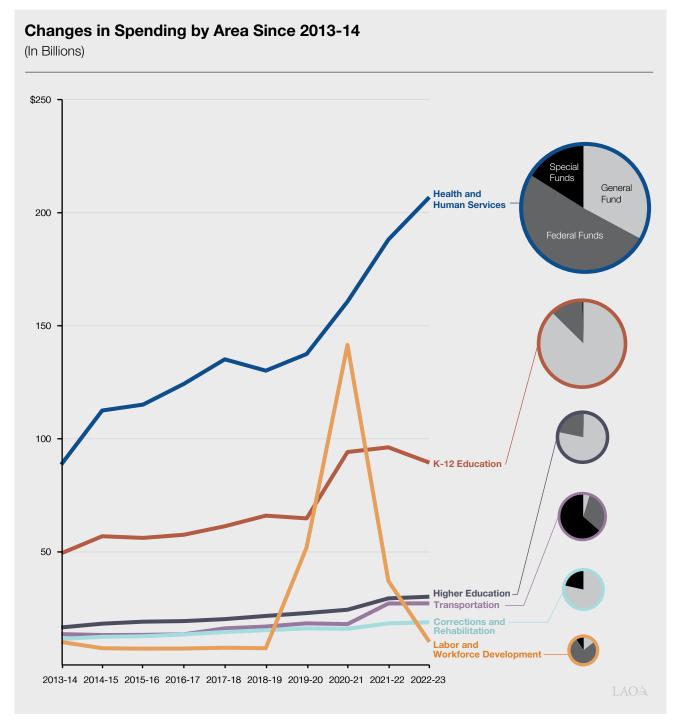
### **Overall Spending Increased During the Pandemic**



■ Federal spending on health and human services (HHS) contributed to significant increases in spending on those programs for over a decade.



# Largest Spending Increases in HHS, Education, and Labor



## Largest Spending Increases in HHS, Education, and Labor

#### (Continued)

- Federal spending on unemployment insurance contributed to the dramatic rise (and fall) in labor and workforce development spending in 2020.
- Federal funding for HHS increased mainly due to the enhanced federal match for Medicaid programs.
- Pandemic-related federal funding and higher revenues contributed to higher total spending on K-12 education.

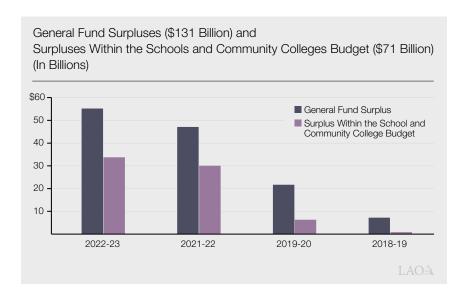


### **Growth Has Varied Substantially by Program**

#### **Program Growth by Area, 2013-14 to 2022-23** General Fund and Special Funds **Average Growth Rate** K-12 Education<sup>a</sup> **Education and Child Care** Child Care and Preschool CSAC Community Colleges SWRCB O CARB CalRecycle ( CalFire DSH IHSS **Health and Human Services** SSI/SSP Medi-Cal Retiree Health DDS **Debt Repayments** Judicial Branchi Caltrans Transportation 5 10 15 20 25 30 35% <sup>a</sup> Also includes local property taxes. CSAC = California Student Aid Commission; CPUC = California Public Utilities Commission; SWRCB = State Water Resources Control Board; CARB = California Air Resources Board; CalFire = California Department of Forestry and Fire Protection; DSH = Department of State Hospitals; IHSS = In-Home Supportive Services; CDPH = California Department of Public Health; GO Bonds = general obligation bonds; DDS = Department of Developmental Services; CDCR = California Department of Corrections and Rehabilitation; CHP = California Highway Patrol; and DMV = Department of Motor Vehicles.



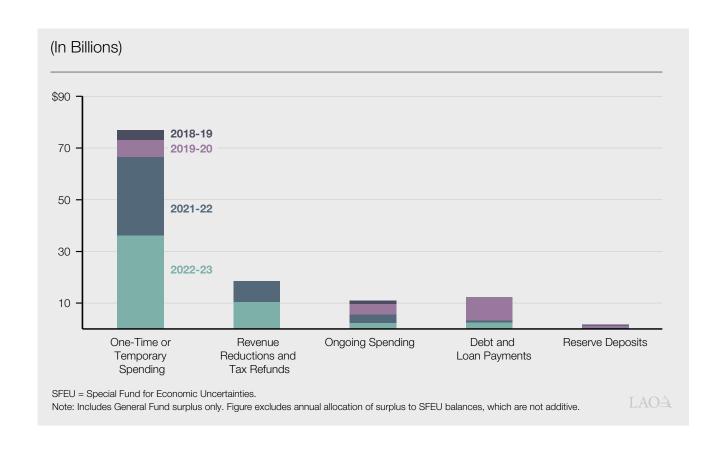
### Recent Budgets Have Allocated \$202 Billion in Surpluses



- The overall General Fund surplus is the amount of revenue available for new spending commitments after paying for the costs of programs under current law. It is available to allocate to any public purpose.
- The surplus within the schools and community colleges budget occurs when the minimum funding requirement for K-14 education exceeds the cost of existing programs. This amount is separate from the overall General Fund surplus and must be allocated to school and community college programs.



# **Legislature Dedicated General Fund Surpluses Mostly to One-Time and Temporary Spending**





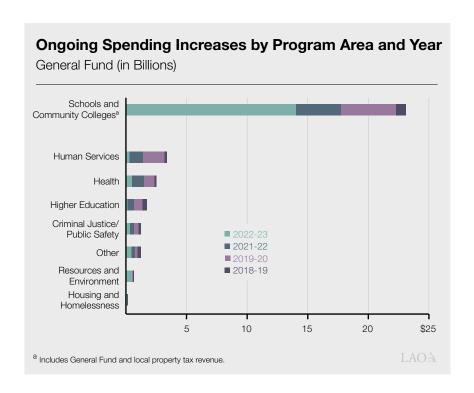
### **Surplus Spending**

#### **How Recent Surpluses Have Been Spent** General Fund Surpluses (\$131 Billion) and Surpluses Within the Schools and Community Colleges Budget (\$71 Billion) (In Billions) Schools and Community Colleges<sup>a</sup> Resources and Environment Other Housing and Homelessness Transportation Health 2022-23 ■ 2021-22 **2**019-20 Human Services ■ 2018-19 Higher Education Criminal Justice/ Public Safety School Facilities 10 20 30 40 50 60 70 \$80 $^{\rm a}$ Includes General Fund and local property tax revenue.



### **Surplus Spending**

(Continued)



### **Ongoing Spending Augmentations**

