

JANUARY 5, 2023

# How Program Spending Grew in Recent Years

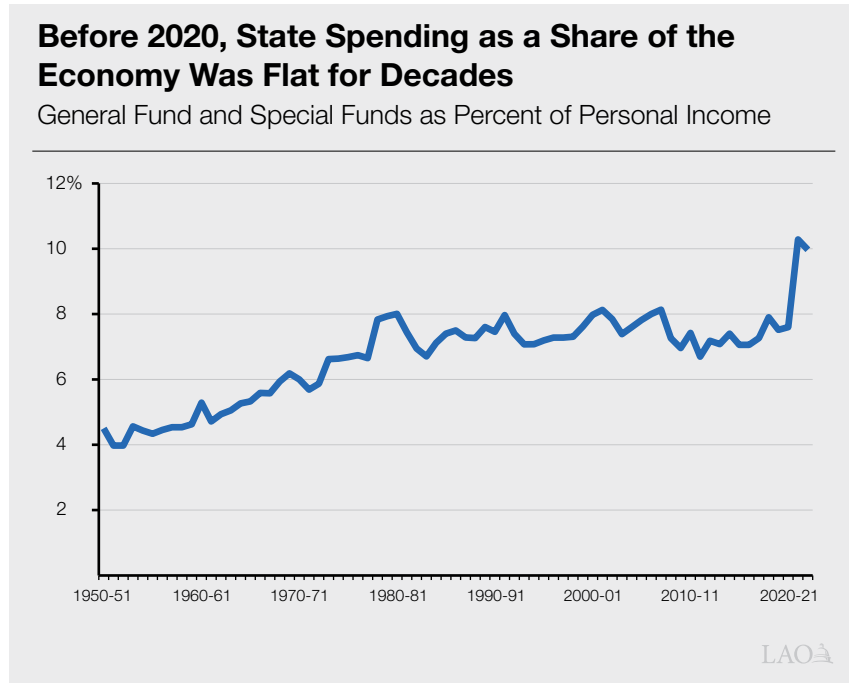
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LEGISLATIVE ANALYST'S OFFICE

## State Spending Increased Significantly in Recent Years

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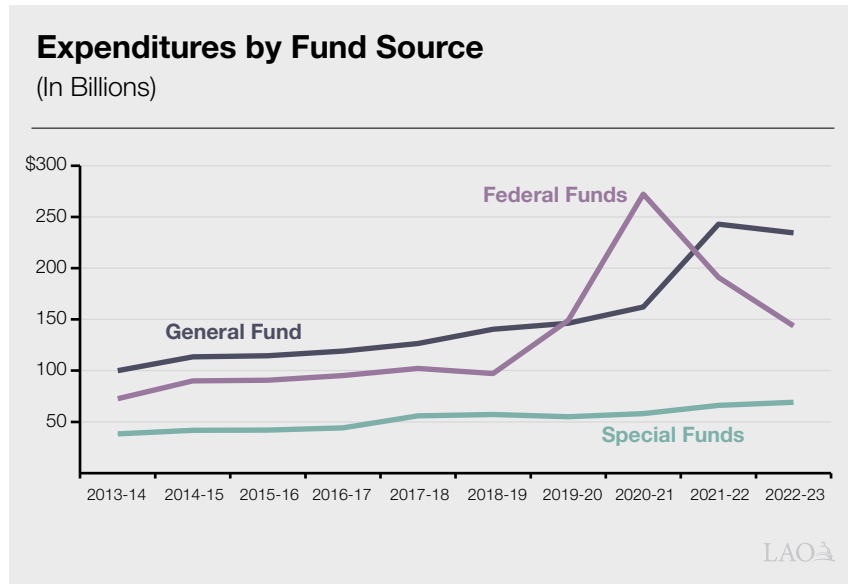


- As a share of the economy, total state spending was largely flat since the late 1980s.
- Following historic revenue increases in 2020 and after, total state spending has increased substantially.
- Recent revenue increases also have implicated the state appropriations limit, as we discuss in [The 2022-23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



# Federal Funding Increased Significantly During the Pandemic

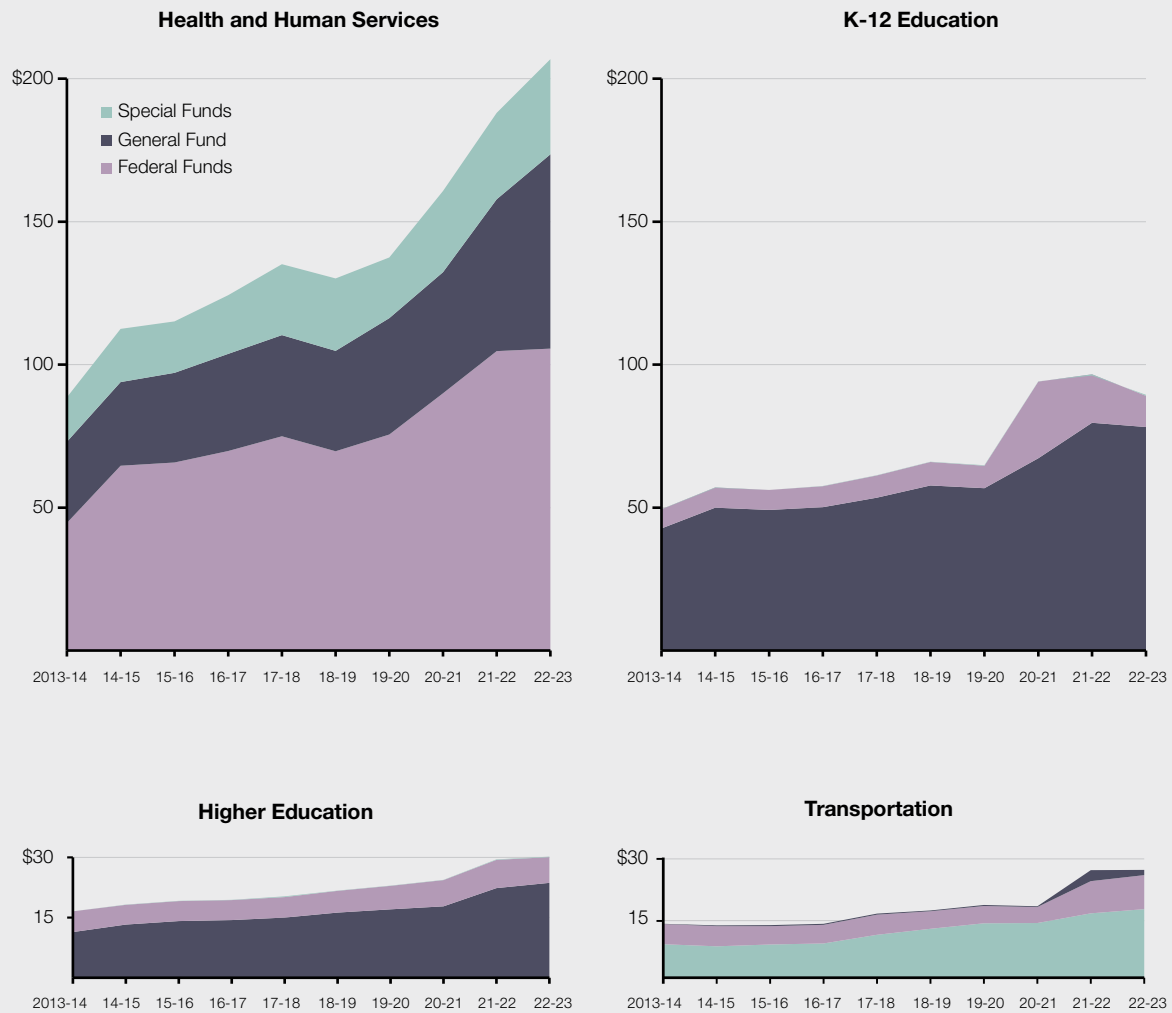
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# Overall Spending Increased During the Pandemic

## Funding by Area and Fund Type Over Time

(In Billions)



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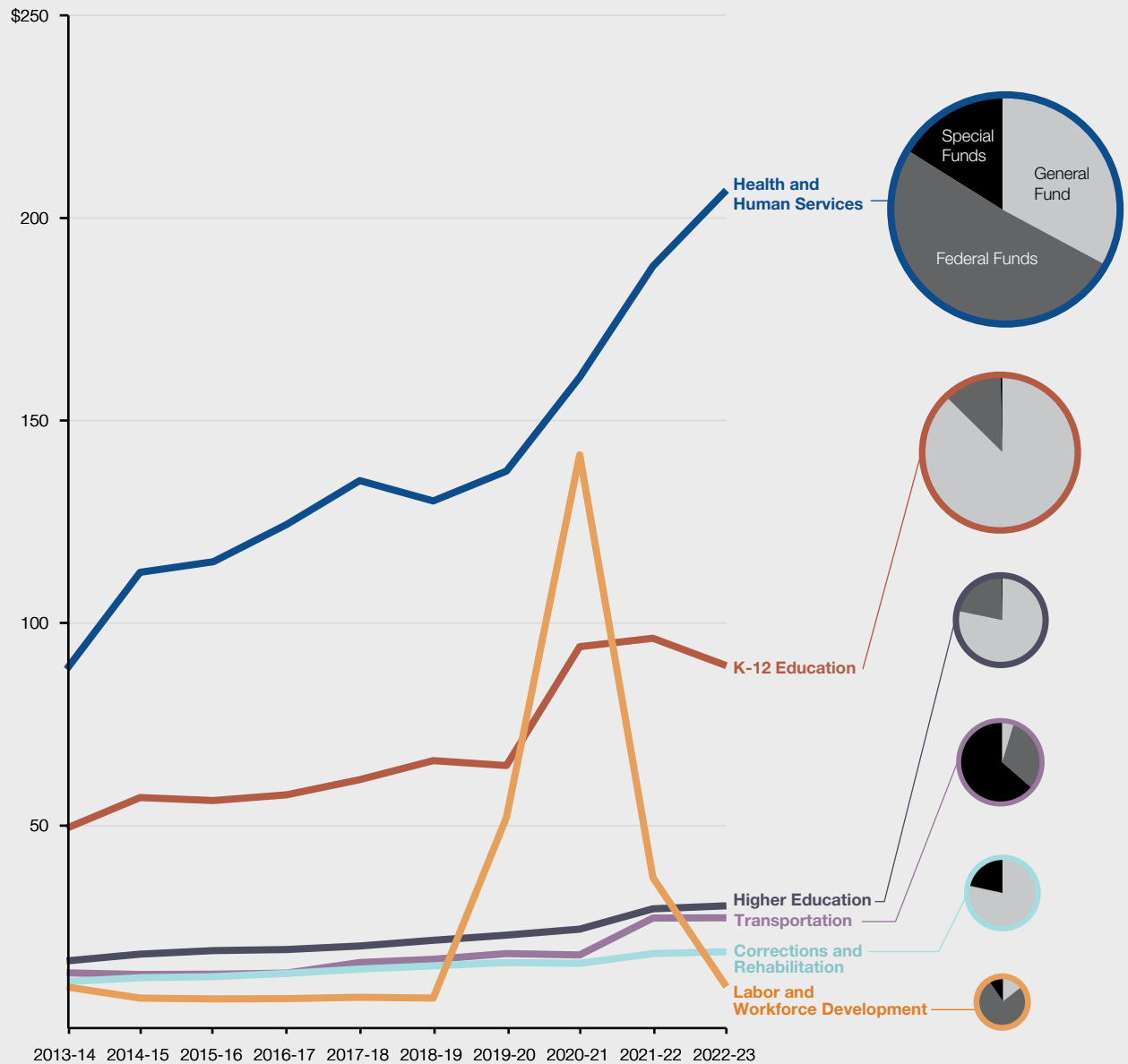
- Federal spending on health and human services (HHS) contributed to significant increases in spending on those programs for over a decade.



# Largest Spending Increases in HHS, Education, and Labor

## Changes in Spending by Area Since 2013-14

(In Billions)



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

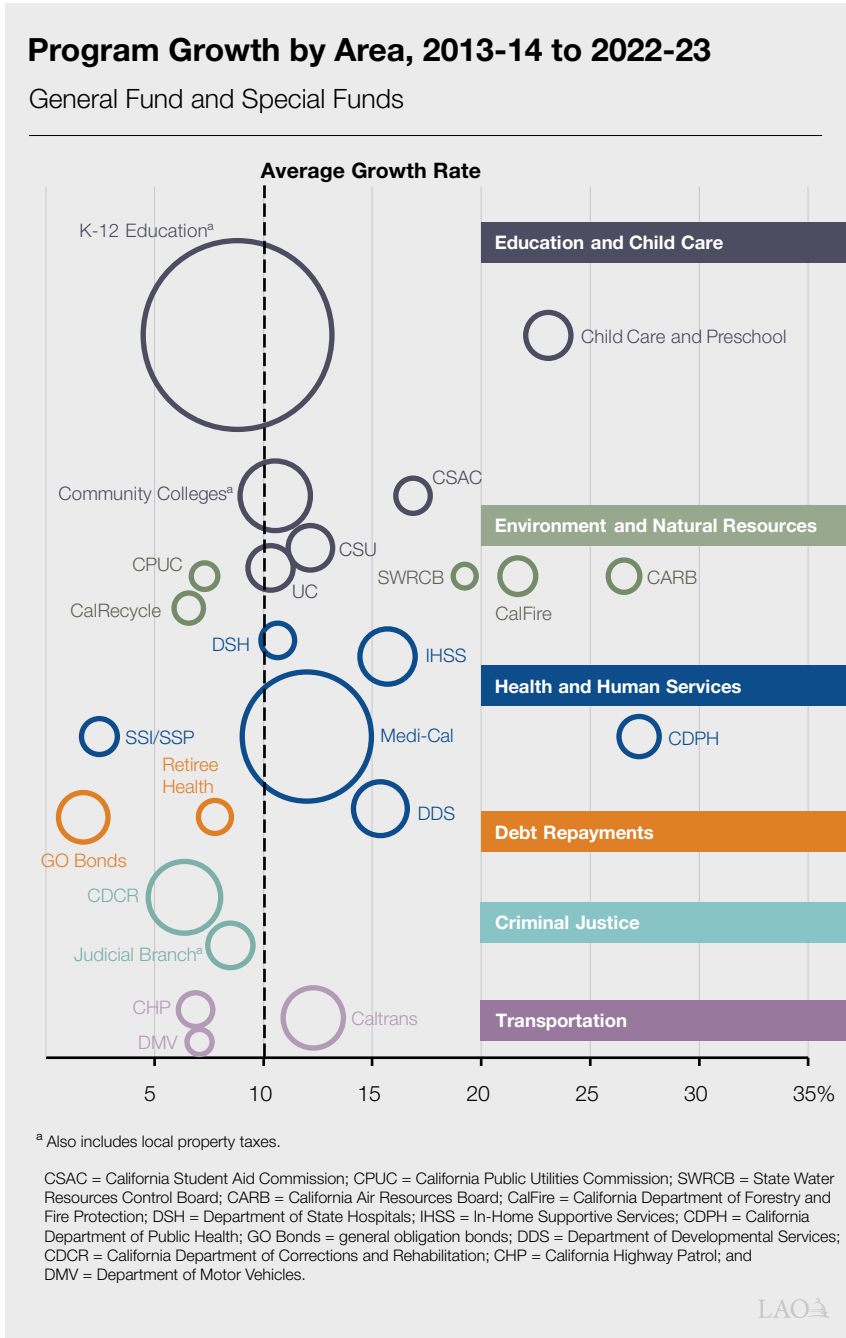
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*(Continued)*

- 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.

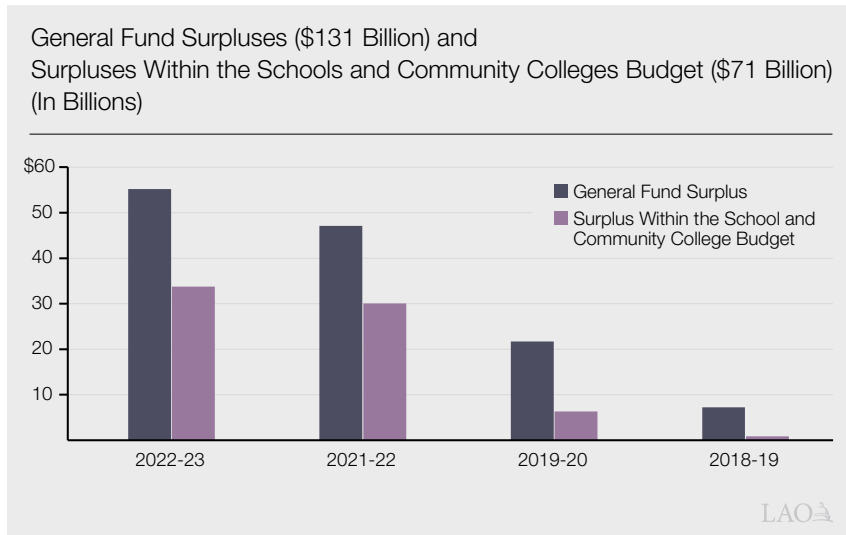


# Growth Has Varied Substantially by Program



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

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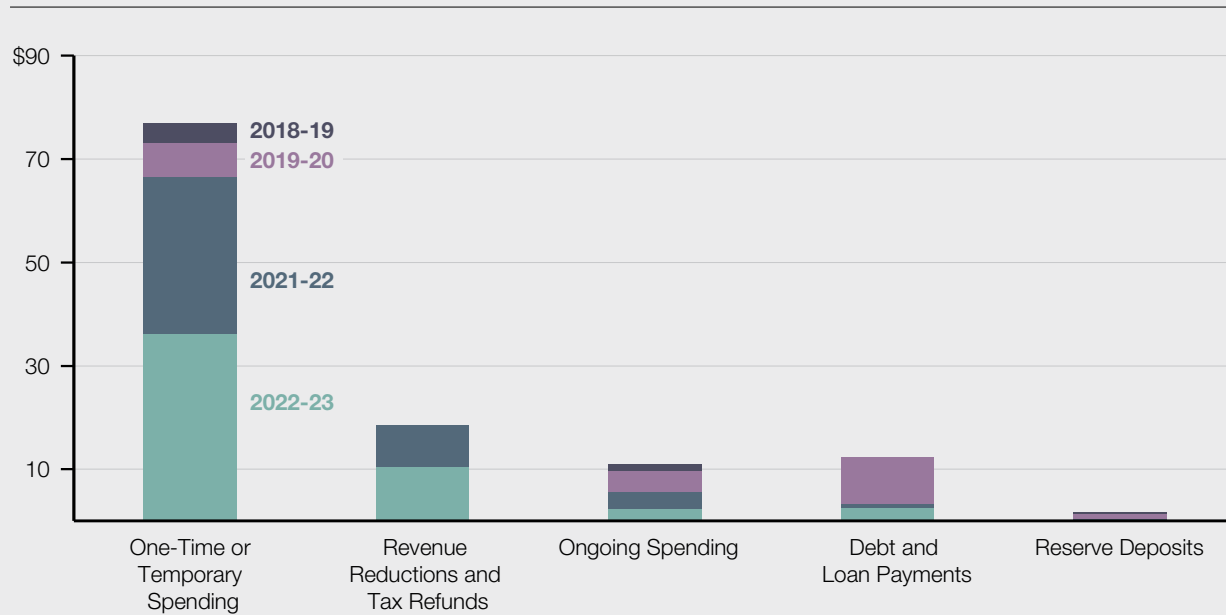
- The overall General Fund surplus is the amount of revenue available for new spending commitments after paying for the costs of programs under current law. It is available to allocate to any public purpose.
- The surplus within the schools and community colleges budget occurs when the minimum funding 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

(In Billions)



SFEU = Special Fund for Economic Uncertainties.

Note: Includes General Fund surplus only. Figure excludes annual allocation of surplus to SFEU balances, which are not additive.

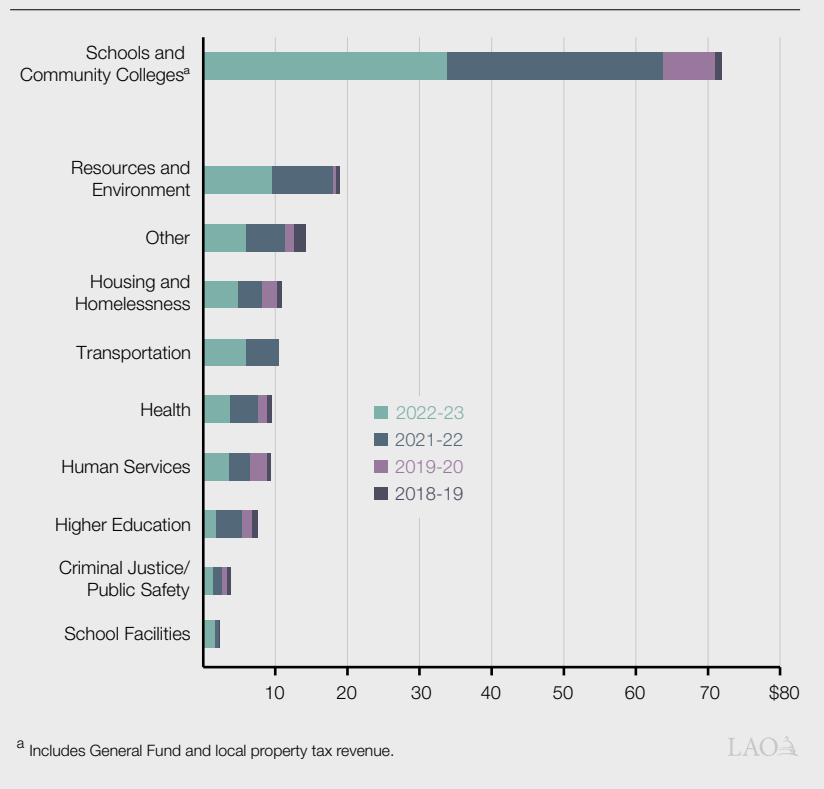
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# Surplus Spending

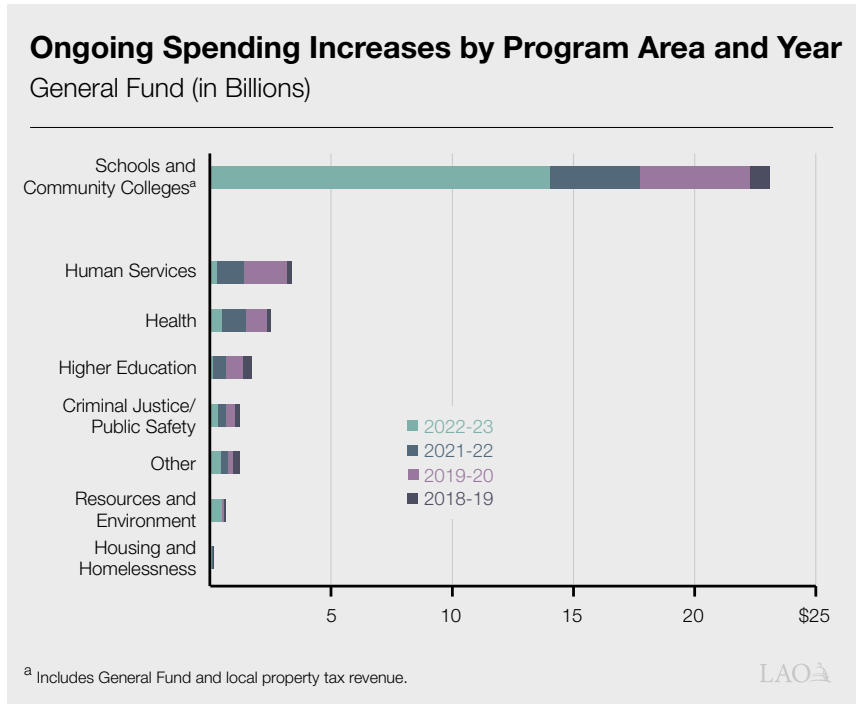
## How Recent Surpluses Have Been Spent

General Fund Surpluses (\$131 Billion) and  
 Surpluses Within the Schools and Community Colleges Budget (\$71 Billion)  
 (In Billions)



# Surplus Spending

(Continued)



# Ongoing Spending Augmentations

