SUMMARY OF HISTORICAL EXPENDITURE LOOK BACK

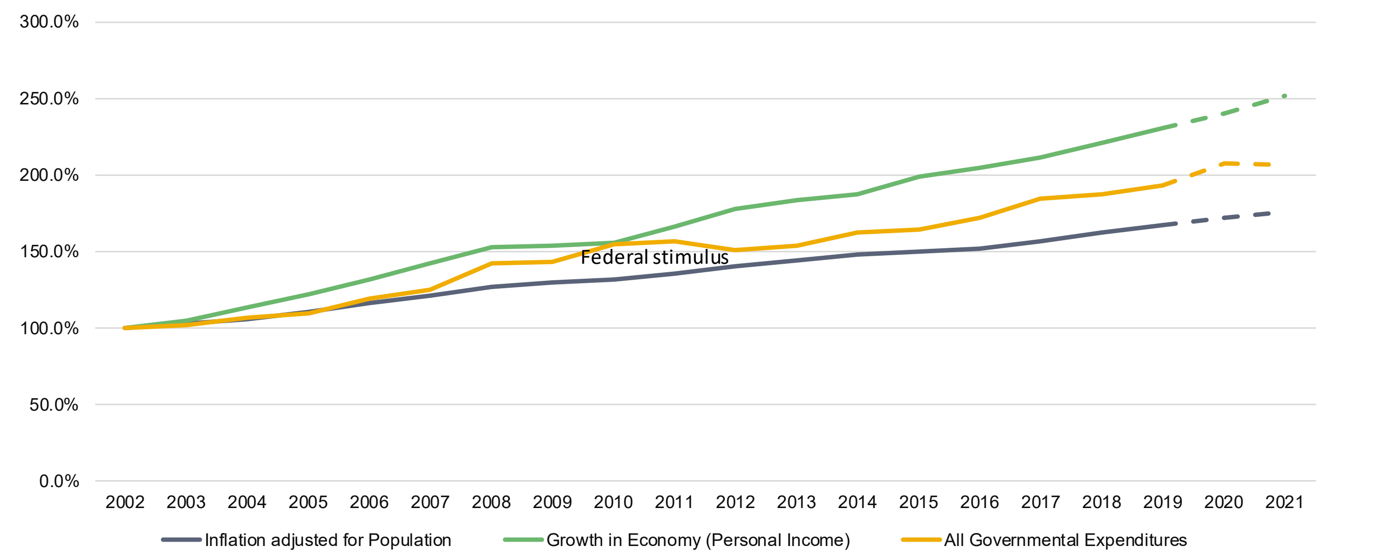
The purpose of this report is to present a history of agency expenditures, as well as explain any significant changes to the budgeted appropriations in the 2021 biennium. Expenditures are shown compared to inflation adjusted for population growth and growth in personal income. Financial planners use these comparisons to track expenditure growth. At times, important fiscal policy reasons dictate spending above or below the growth in economy.

The following chart shows all funds growth nearly exceeding the growth in the economy during the recession years FY 2010 and FY 2011. Economists often recommend government stimulus expenditures during and after a recession to spur the economy, as was done with the American Reinvestment and Recovery Act (ARRA). Likewise, when the economy gets going after the stimulus, a pullback of government expenditures may be warranted to keep government in tandem with the economy. This can be seen in the chart when governmental expenditures dipped back down in FY 2012 to FY 2015.

In more recent years, legislators anticipated revenue shortfalls for FY 2017 - FY 2018, and reduced appropriations during the 2017 regular session and during a special session in November 2017. The all funds growth flattened during this period. Since the revenue shortfall was short-term, appropriations were increased in FY 2019 - FY 2021.

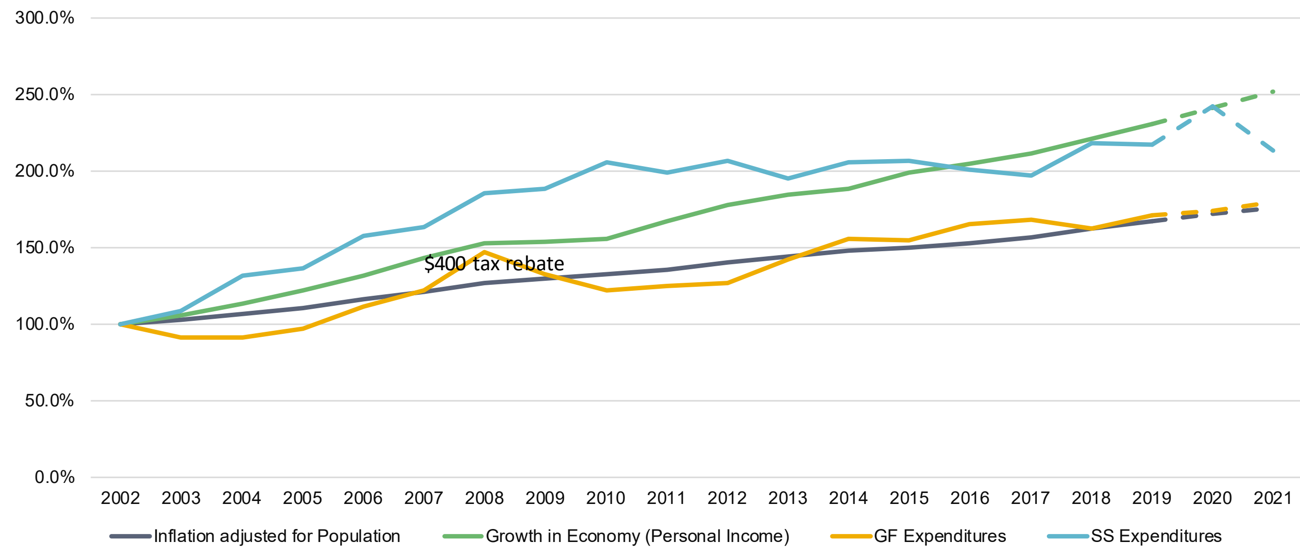
All Agencies

This chart shows the **all funds growth** in total expenditures compared to **growth in inflation** and to the **growth in the economy** since fiscal year 2002.



All Agencies **GF and SS ONLY**

This chart shows the **general fund growth** and **state special revenue growth** in total expenditures compared to **growth in inflation** and to the **growth in the economy** since fiscal year 2002.



The above chart shows general fund growth below the growth in inflation until FY 2008 when the state provided a one-time-only $400 tax rebate. Then it dips below growth in inflation during the recession years when the federal government provided stimulus funding allowing the state to use federal dollars instead of general fund.

The chart also shows that the most significant change in historical expenditures is general fund growth relatively consistent with inflation adjusted for population, and an increase in state special funds relatively consistent with the economy. The primary reasons for the shift away from general fund are the following:

1) An increase in state special resources for Medicaid benefits and the Children's Health Insurance Program. Higher tobacco taxes and increased taxes from certain industry groups were designated as state special funds to provide health and human services benefits. Increases in the hospital utilization bed tax and the nursing facility bed tax in FY 2004, and a new outpatient hospital fee in FY 2020 that will provide additional state special funding for Medicaid services.

2) Guarantee account funding used to support K-12 schools moved from school trusts to a state special fund, rather than into the general fund.

3) An increase in the state special funding to local governments from oil and gas revenues and revenue sharing with the tribes (this accounts for the population between the early 2000s and 2015).