

MONEY MATTERS...\$...\$...\$

FOR KIDS, FOR COMMUNITIES, FOR KENTUCKY

A Fiscal and Budget Policy
Research Brief

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CHECKS AND IMBALANCE: UNEQUAL SPENDING GROWTH AMONG KENTUCKY'S THREE BRANCHES OF GOVERNMENT

- Purpose** To illustrate the spending trends of each branch of state government.
- Kids Matter** As a result of recent budget shortfalls, services for children have been cut, and may face continued spending cuts. These services are largely funded through the executive branch general fund (e.g., children's health insurance).
- Summary** The executive branch had the smallest expenditure increase between fiscal years 1996 and 2004. The Judicial Branch had the largest expenditure increase during that time. Legislative branch spending grew at about the same rate as the executive branch, but showed the largest spending increase of all branches between fiscal years 2001 and 2002, when the budget problems began.

State government critics often complain of excessive government spending, particularly within the General Fund of the executive budget. In recent years, revenue shortfalls and budget deficits has forced state government to make budget cuts and conscious efforts to reduce expenditures.

When talking about "the budget" people typically mean the executive branch budget. Thus, the executive branch is often at the center of attention when talk turns to expenditures. Very little attention, however, is given to the expenditures of the legislative and judicial branch budgets.

Analysis

Among Kentucky's three branches of government—executive, legislative, and judicial—the legislative and executive branches have consistently had the smallest change in expenditures from

year-to-year for fiscal years 1996-2004¹. The judicial branch budget grew the most between fiscal years 1996-2004.

According to the 2002-2004 enacted budgets for each branch, the legislative branch will have the largest increase in expenditures between 2003 and 2004—11.4 percent. Comparatively, the enacted budget for the judicial branch will increase by 7.3 percent and the enacted budget for the executive branch will increase by 1.6 percent. It is important to note, however, that the legislative branch expenditures decreased by 7.8 percent between 2002 and 2003, primarily due to 2003 having fewer legislative session days. Thus, the legislative enacted budget of \$40.7 million for 2004 is only three percent higher than its expenditures from 2002, \$39.5 million. The expenditure fluctuations for the legislative branch are linked to the length of the legislative session².

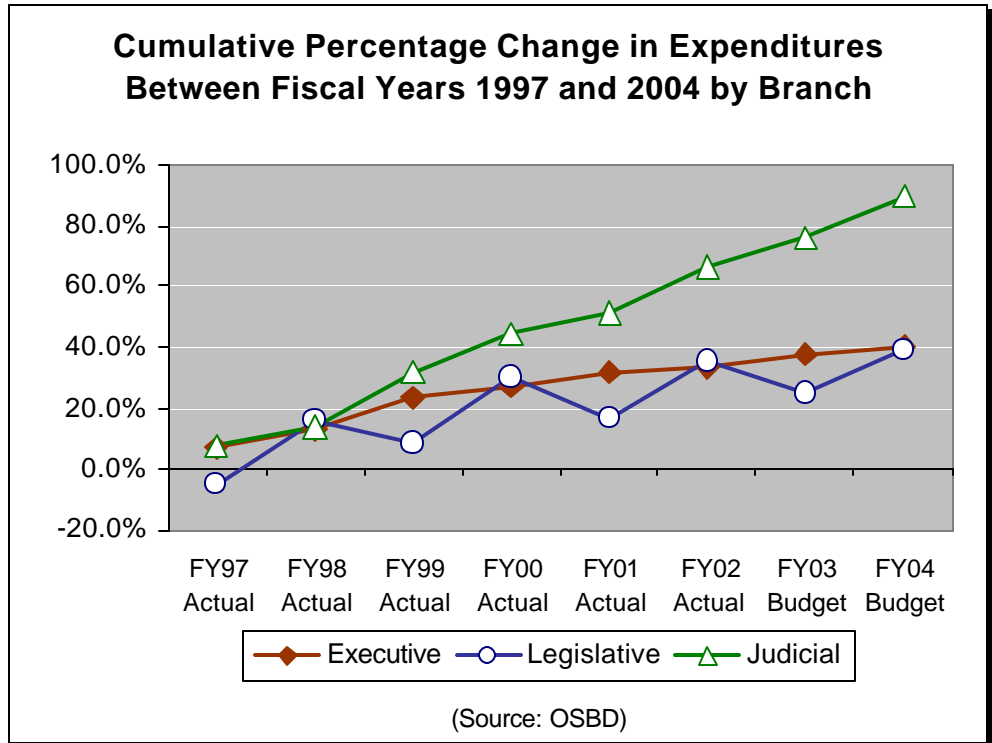


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Graphs 1 and 2

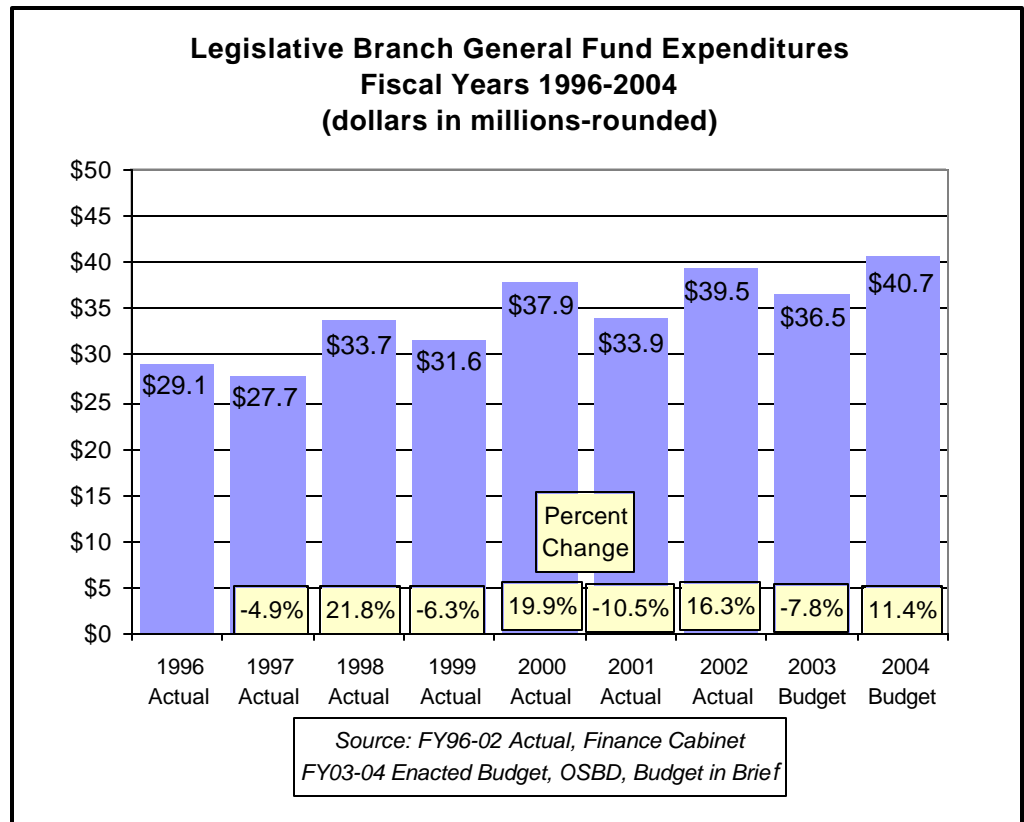
The percent increase for each branch between 1996-2004 is as follows:

- Judicial: 89 percent
- Executive: 40 percent
- Legislative: 39 percent

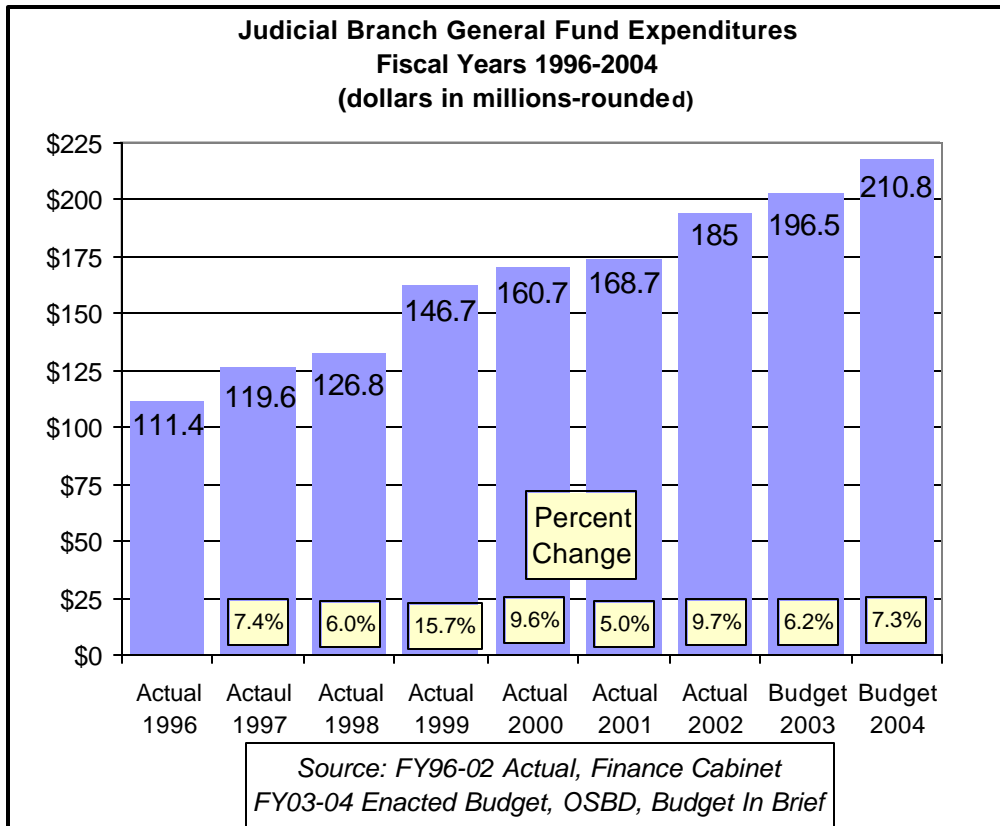


Up-and-down spending by the legislative branch corresponds to the length of the General Assembly session—higher spending in even-numbered years when the legislature meets for 60 days, lower in the odd-numbered years when they meet for 30 days (prior to 2001 they did not have regular session days in odd-numbered years).

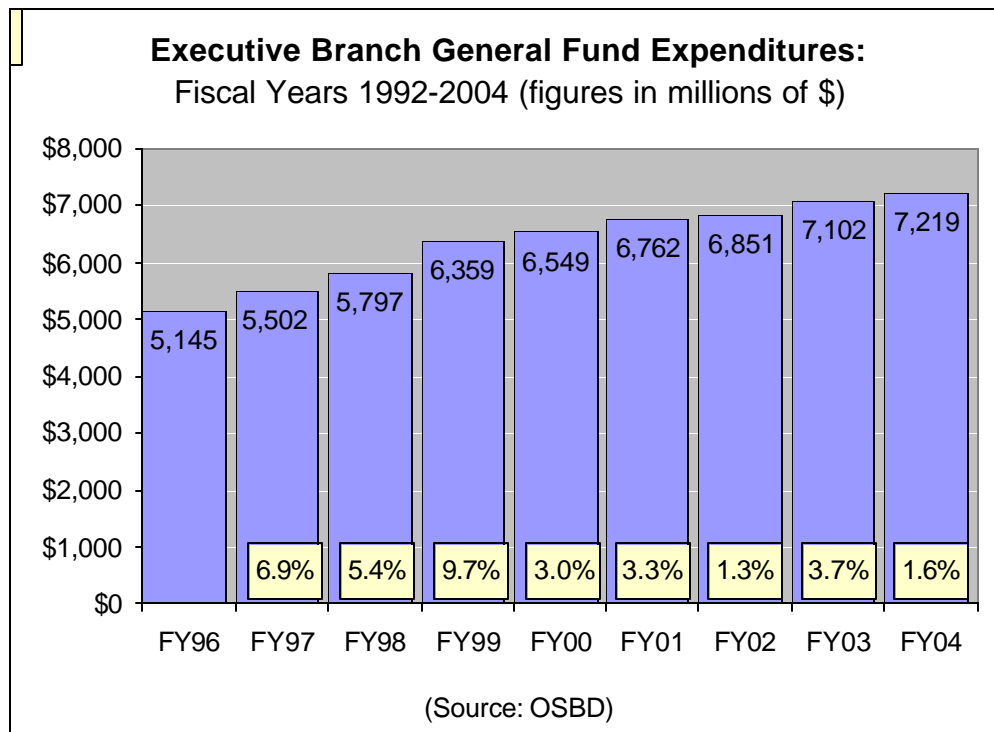
The legislative branch had the largest increase in expenditures between fiscal years 2001 and 2002³.



Graphs 3 and 4



A portion of the growth in judicial branch expenditures is due to higher caseloads and the establishment of new judgeships, including family courts.



Due to budget shortfalls, the executive branch budget has been cut by more than \$200 million since fiscal year 2001.

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Children"*



Endnotes

1. Kentucky's fiscal years begin on July 1st and end on June 30th.
2. The Kentucky Legislature holds a 30-day session in odd-numbered years and a "full" 60-day session in even-numbered years.
2. During fiscal year 2002, Kentucky had a \$687 million budget deficit. The deficit was largely created by a \$617 million revenue shortfall. This prompted several rounds of budget cuts and exhausted the state's rainy-day fund. For more information on this and other facts regarding the state's budget, see KYA's Money Matters reports "Making Ends Meet: Fiscal Year 2002 Budget and Fiscal Year 2003 Spending Plan", October 2002 and "No More Rabbits Left in the Hat: Kentucky's Revenue Problems Continue." October 2003.
4. Actual expenditure data for the legislative and judicial branches was obtained through the Kentucky Finance Cabinet. Actual expenditure data for the executive branch and the enacted budgets for fiscal years 2003 and 2004 of all three branches was obtained from the Office of the State Budget Director and can be accessed at the following website: http://www.osbd.state.ky.us/budgets_of_the_commonwealth.htm

