



Where are State Funds Spent? The Distribution of Spending Across California Regions

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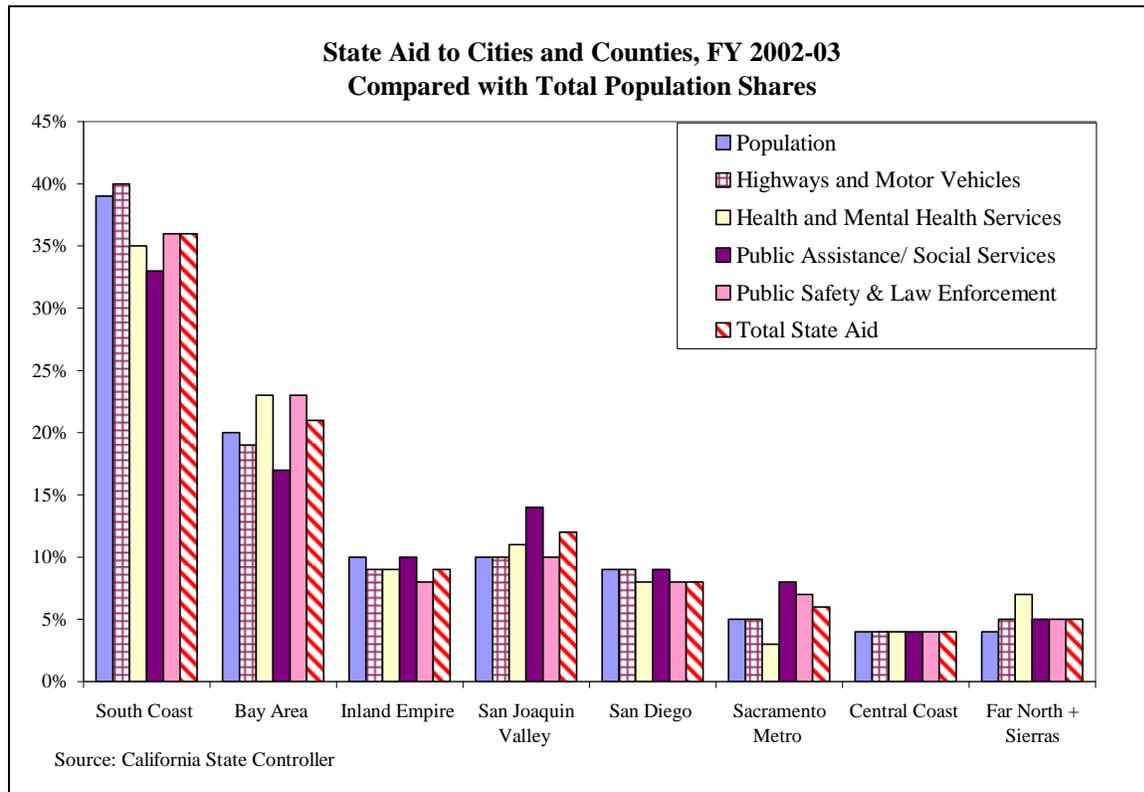
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What does the geographic distribution of state spending look like? Are there regions of the state that receive more than their “fair share” of state funds? How is a region’s “fair share” defined and calculated? This report examines the geographic distribution of state spending across nine regions: the San Francisco Bay Area, Central Coast, Far North, Inland Empire, San Joaquin Valley, Sacramento Metro, San Diego, Sierras and South Coast. State expenditures are presented for major program areas such as health, education, public assistance, social services, and transportation. (The same fiscal year, FY 2002-03, is used wherever possible.) The many detailed tables provide a new perspective on state expenditures, one that has not been previously analyzed.

Region	California Counties
Bay Area	Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, Sonoma
Central Coast	Monterey, San Benito, San Luis Obispo, Santa Barbara, Santa Cruz
Far North	Butte, Colusa, Del Norte, Glenn, Humboldt, Lake, Lassen, Mendocino, Modoc, Nevada, Plumas, Shasta, Sierra, Siskiyou, Sutter, Tehama, Trinity, Yuba
Inland Empire	Riverside, San Bernardino
San Joaquin Valley	Fresno, Kern, Kings, Madera, Merced, San Joaquin, Stanislaus, Tulare
Sac Metro	El Dorado, Placer, Sacramento, Yolo
San Diego	Imperial, San Diego
Sierras	Alpine, Amador, Calaveras, Inyo, Mariposa, Mono, Tuolumne
South Coast	Los Angeles, Orange, Ventura

In general, regions with state aid shares that were higher than their population shares: include the Bay Area, San Joaquin Valley, Sacramento Metro and Far North/Sierras. Regions with lower state aid shares are: South Coast, Inland Empire, and San Diego. The program area that varies

the most across regions relative to population is public assistance/social services. The South Coast and the Bay Area receive a significantly lower share of social services than their total population share; the San Joaquin Valley and Sacramento Metro receive a higher social services share.



In order to gain a comprehensive picture of state spending by region, this report uses three approaches. The first approach examines state appropriations (as reported by the state); the second examines local revenues from state sources (as reported by local jurisdictions); and the third considers state expenditures for major program areas as reported by individual state departments.

Examining state appropriation formulas used by the State Controller (Approach #1) provides insight into why regional shares of funding vary widely. Although many funds are distributed on a per capita basis, other payment factors also are used, such as assessed valuation, number of registered vehicles, maintained road mileage, number of acres, and number of students.

There is a lack of county-level expenditure data for many spending categories. The aggregate expenditure total from state sources published in the *Governor's Budget* was \$106.8 billion for FY 2002-03. We obtained county-level data for state expenditures of about \$62.4 billion, or only 60 percent of the total amount spent. Of the \$62.4 billion that the California Research Bureau (CRB) was able to track by county, education spending totaled \$42 billion and state aid to local jurisdictions and capital outlay (available from the State Controller's local jurisdiction *Annual Reports*) totaled \$20.4 billion (Approach #2). County-level data also were separately collected from state departments for health, social services and transportation expenditures (Approach #3). The expenditure categories used by the State Controller's Office do not tie back to the *Governor's Budget* in an obvious way.

One way to get a rough idea whether a particular region is getting its “fair share” of state spending is to compare per capita spending across regions. An equivalent method is to calculate regional shares for different funding streams and then compare funding shares with the region’s share of the state population. These two methods tell the same story: if an expenditure share for a particular region is below its population share, then that region’s per capita spending amount will be less than the state average per capita amount. We present both funding shares and per capita funding amounts.

In some cases, however, population shares or per capita amounts are not the best measure of a region’s “fair share.” For spending on program areas like public assistance and public health, calculations are also provided per person below poverty or per program recipient. For spending on education, per student amounts are used.

We found county-level state expenditure data availability and comprehensiveness to be problematic:

- In general, county-level state expenditure data were not readily available for research purposes in machine-readable format. Most of the data provided for this report were obtained through special requests to the State Controller and various state departments. Salary, wage, benefit and retirement payments data also were obtained through special data requests and were not always available for FY 2002-03. The exception was education data: most state expenditure data for K-12 education, community colleges and public universities were available online.
- State data systems are not set up to comprehensively track the geographic distribution of state expenditures across counties. As mentioned earlier, the CRB was not able to obtain county-level data for all state expenditures; this report analyzes the geographic distribution of only about 60 percent of total state spending in FY 2002-03. Moreover, in many cases, expenditures reported by various methods were not found to be comparable and where the differences lie has not been determined or documented. A comparison of data obtained from the State Controller’s local jurisdiction *Annual Reports* with data from state departments showed that spending totals from various sources often did not agree with each other, and furthermore did not agree with totals published in the *Governor’s Budget*. This was particularly true in the area of health expenditures.
- The CRB was able to obtain only limited information on the regional shares of state procurement spending. According to the Department of Government Services Procurement Division, only about ten percent of California’s procurement contracts of \$7.5 billion in FY 2003-04 can be tracked geographically. The Purchasing Division’s Purchasing Information System database indicates that about \$770 million was spent by state agencies on goods in calendar year 2004.
- In contrast with the unavailability of county-level data for California state expenditures, the federal government has federal expenditure data online by county. One example is the U.S. Census Bureau, *Consolidated Federal Funds Reports*.¹ The CRB attempted to collect state expenditure data comparable to the federal expenditure categories but found this task to be very difficult. In some categories, such as procurement, it was not possible.

¹ <http://www.census.gov/govs/www/cffr.html>.

Finally, there seems to be a growing disconnect concerning the amount of local assistance reported by the state in the *Governor's Budget* compared with the amount of state or federal aid reported as received by local jurisdictions. Over time, this report examines how much the state reports it is giving local jurisdictions in aid ("local assistance spending," as reported in the *Governor's Budget*) with how much the cities and counties report receiving in aid from the state ("state aid" as reported in city and county annual reports). Similarly, local assistance expenditures from federal funds (as reported in the *Governor's Budget*) are compared with "federal aid" to cities and counties (as reported in local jurisdiction annual reports). For cities and counties, "state aid" as a percentage of "local assistance" dropped from 67 percent in FY 1969-70 to about 50 percent in FY 2002-03; "federal aid" as a percentage of federal "local assistance" dropped from 66 percent to 30 percent over the same period. Perhaps in the case of "state aid," the shifts might be partially due to property tax shifts such as the Educational Revenue Augmentation Fund (ERAF).

Key factors influencing the amount of State aid to counties include personal income and poverty status.

Table J.1

Personal Income (\$ millions), 2003			
Region	Income	% Share	Per Capita
Bay Area	\$306,190	26%	\$43,814
Central Coast	\$45,840	4%	\$32,733
Far North	\$29,296	2%	\$25,097
Inland Empire	\$89,307	8%	\$25,018
S J Valley	\$83,649	7%	\$23,585
Sac Metro	\$62,857	5%	\$32,225
San Diego	\$107,201	9%	\$34,314
Sierras	\$4,904	0.4%	\$26,207
South Coast	\$455,021	38%	\$33,076
California	\$1,184,265	100%	\$33,181
Data Source: U.S. Department of Commerce, Bureau of Economic Analysis. As reported in the <i>California Statistical Abstract, 2006</i> , Released January 2007 by the Department of Finance, Economic Research Unit. Table D-8, Personal Income by County, California, 1994-2004. http://www.dof.ca.gov/HTML/FS_DATA/STAT-ABS/tables/d8.xls Personal income at the state level was revised in March 27, 2007 to \$1,187,040.			

Table J.2

Poverty Status for Individuals, California, 2000					
Region	% Indivi- duals living below poverty	% Children under age 18 below poverty	% 65+ below poverty	% Individuals who are below 50% of the poverty line	% Individuals who are below 200% of the poverty line
Bay Area	8.6%	10.5%	6.9%	4.3%	20.6%
Central Coast	13.2%	15.6%	6.4%	6.0%	32.4%
Far North	16.9%	22.6%	7.3%	6.9%	39.3%
Inland Empire	15.0%	20.1%	7.9%	6.5%	36.2%
S J Valley	20.5%	28.1%	9.9%	8.5%	44.8%
Sac Metro	12.7%	17.3%	6.1%	5.6%	29.2%
San Diego	12.9%	17.6%	7.1%	5.5%	31.5%
Sierras	11.6%	16.1%	5.7%	4.8%	30.0%
South Coast	15.8%	21.5%	9.3%	7.0%	36.2%
California	14.2%	19.5%	8.1%	6.3%	33.1%

Source: U.S. Census Bureau, *Census 2000*, SF3.

Table J.3

Poverty Status for Individuals and Citizenship, California, 2000			
Region	Among individuals below the poverty level, what percentage are non- citizens?	Among citizens, what percentage is below poverty?	Among non- citizens, what percentage is below poverty?
Bay Area	25.5%	7.6%	14.6%
Central Coast	25.8%	11.5%	23.2%
Far North	9.9%	16.1%	32.8%
Inland Empire	19.9%	13.7%	25.0%
S J Valley	24.5%	18.0%	36.0%
Sac Metro	18.3%	11.4%	27.4%
San Diego	26.1%	11.0%	25.3%
Sierras	4.6%	11.3%	25.0%
South Coast	34.8%	13.0%	25.9%
California	27.8%	12.2%	24.5%

Source: U.S. Census Bureau, *Census 2000*, SF3.