



# House Finance Budget Rolls Back Post-COVID Growth in State Spending

April 09, 2025

*Note: This analysis based on the Legislative Budget Assistant's Surplus Statement published on April 3. Any adjustments made after that date will not be accounted for in this policy brief.*

A decade's worth of state revenue growth, primarily from rising business tax collections, has fueled significant state spending increases since 2015, with a particularly large jump coming in the 2024-25 budget. When writing that budget, lawmakers included more than \$850 million in new revenues. That pushed state budget growth well above the rate of inflation and necessitated spending reductions in the following budget cycle should revenues level off.

And revenues have leveled off. Though revenues are only \$6.6 million below budget through March of this year, House budget writers expect them to be lower in FY 2027 than in FY 2025. High levels of current economic disruption suggest that such cautious estimates are warranted.

With that in mind, House budget writers have sought to balance the 2026-27 state budget by clawing back state spending increases of the last few years. The budget presented last Thursday by the House Finance Committee does that and more.

The House Finance Committee budget lowers state General and Education Trust Fund spending to almost the same level as the 2020-21 budget, erasing most of the post-pandemic state spending spree.

The proposed budget appropriates \$5.62 billion in General and Education Trust Fund spending. (That's the portion of the budget funded by state taxes and some additional state revenues.) It then dedicates \$546.85 million from lottery revenues to state adequate education spending. (More about this below.)

The \$5.62 billion is not just lower than the current state General and Education Trust Fund budget. It's also lower than the previous one and nearly as low as the one before that.

The 2020-21 budget spent \$5.57 billion from the General and Education Trust Funds, according to state annual financial reports. The House Finance Committee's \$5.62 billion in General and Education Trust Fund appropriations is just 0.9% more than that.

The House Finance Committee adds in \$546.85 million in lottery revenue, earmarked for adequate education grants. That lifts the total state spend from \$5.62 billion to \$6.2 billion. On paper, that is the same as the original appropriation for the 2024-25 budget. But actual spending has been higher. Based on actual expenditures, the House Finance Committee proposal spends less in General and Education Trust Funds than either the 2022-23 or 2024-25 budgets, effectively wiping out post-Covid state spending increases.