

Unused Funds in DOSH Budget Held as a Reserve

It appears that DIR is holding a substantial amount of DOSH funds as a “reserve for economic uncertainties” year after year. I am not sure whether there is a state law or financial protocol that requires this reserve, but it represents significant resources that are being held as cash and not used to protect workers in the state of California.

The following information comes from the Governor’s annual budget proposal in January, which includes the previous budget year, the current year, and projections for the next fiscal year (starting on July 1st through June 30th of the following year).

Budget Year 2019-2020 (completed on June 30, 2020)

Reserve at the end of the year: \$50,066,000

Reserve as a percentage of the revenue for the year: 47%

Reserve as a percentage of the expenditures of the year: 47.5%

Budget Year 2020-2021 (completed on June 30, 2021)

Reserve at the end of the year: \$54,299,000

Reserve as a percentage of the revenue for the year: 55%

Reserve as a percentage of the expenditures of the year: 54%

Budget Year 2021-22 (currently in progress, projections for the year)

Reserve at the end of the year: \$49,083,000

Reserve as a percentage of the revenue for the year: 44%

Reserve as a percentage of the expenditures of the year: 42%

Budget Year 2022-23 (projections for year starting July 1st)

Reserve at the end of the year: \$42,312,000

Reserve as a percentage of the revenue for the year: 38%

Reserve as a percentage of the expenditures of the year: 35.6%

The end-of-year reserve is rolled over to the next year, but oddly, is not the exact figure used to start the next cycle (see the charts referenced below). Also future projections tend to undercount the actual reserve held at the end of the fiscal year. So the figures for the completed budget years are more reliable than the projections for in-progress or future years.

The charts indicate that DIR held unused as a reserve at the end of the year 47% of the revenue DOSH received in fiscal year 2019-20; and 55% of the revenue DOSH received in fiscal year 2020-21 (when the Covid pandemic began).

Sources:

Fund Condition statement for OSH Fund 3121 in Governor's 2021-22 budget
<https://www.ebudget.ca.gov/2021-22/pdf/GovernorsBudget/7000/7350FCS.pdf>
page 5 and 6

Fund Condition statement for OSH Fund 3121 in Governor's 2022-23 budget
<https://www.ebudget.ca.gov/2022-23/pdf/GovernorsBudget/7000/7350FCS.pdf>
pages 5 and 6

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