

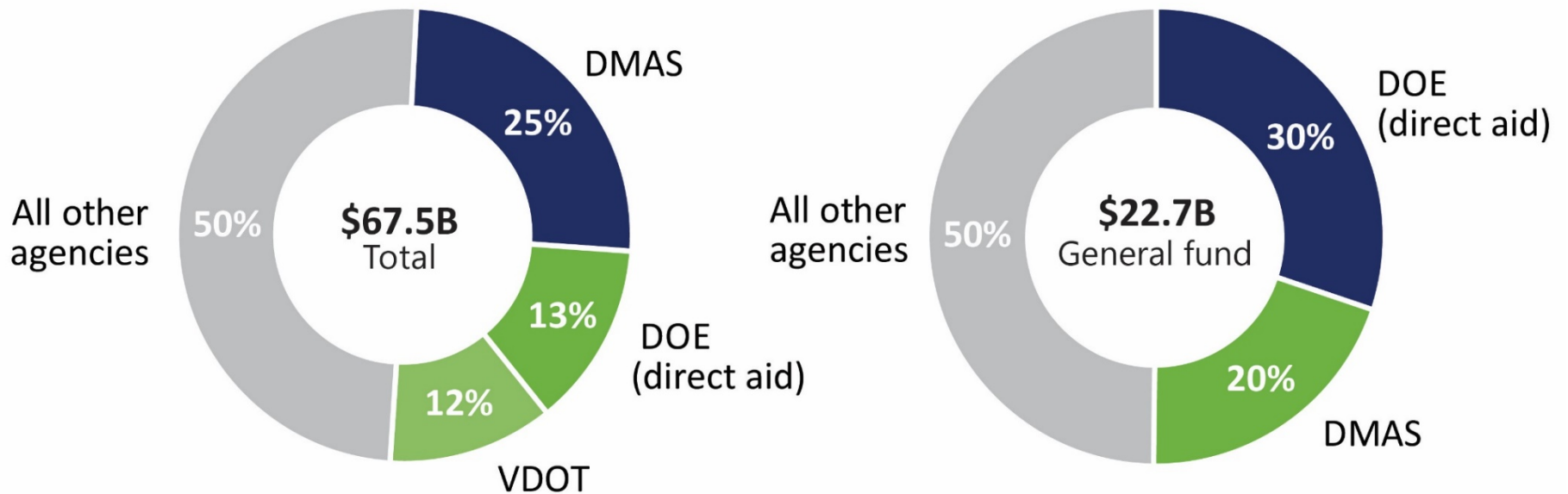
State Spending: 2021 Update

Study mandate

- JLARC to annually review state spending for previous 10 fiscal years (FY12–FY21)
 - Identify largest & fastest-growing agencies and programs
 - Identify causes of expenditure growth

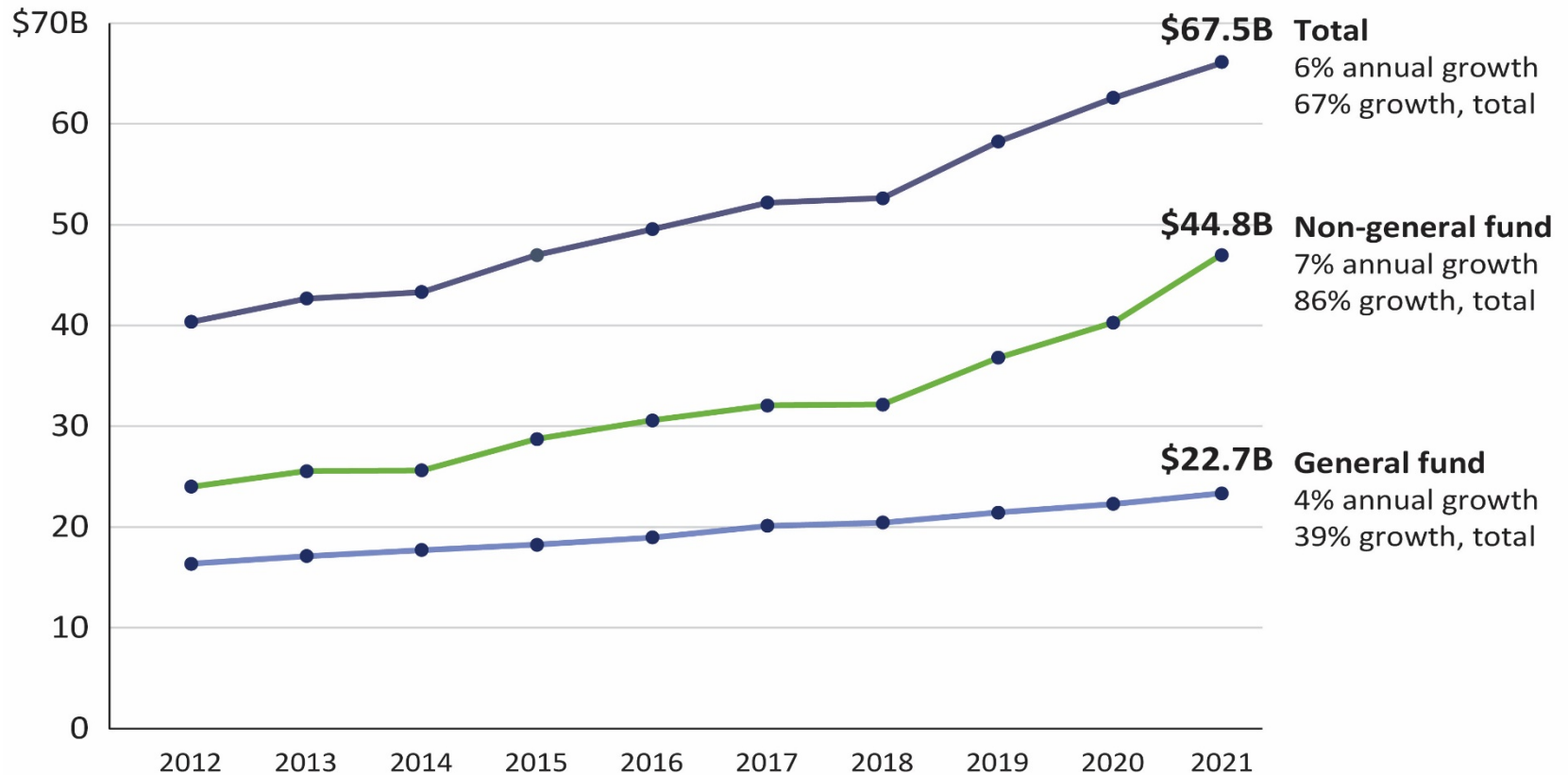
Code of Virginia § 30-58.3

A small number of agencies received half of appropriations, total and general fund (FY21)



Total = general and non-general funds.

Operating budget increased in total, general, and non-general funds (FY12–FY21)

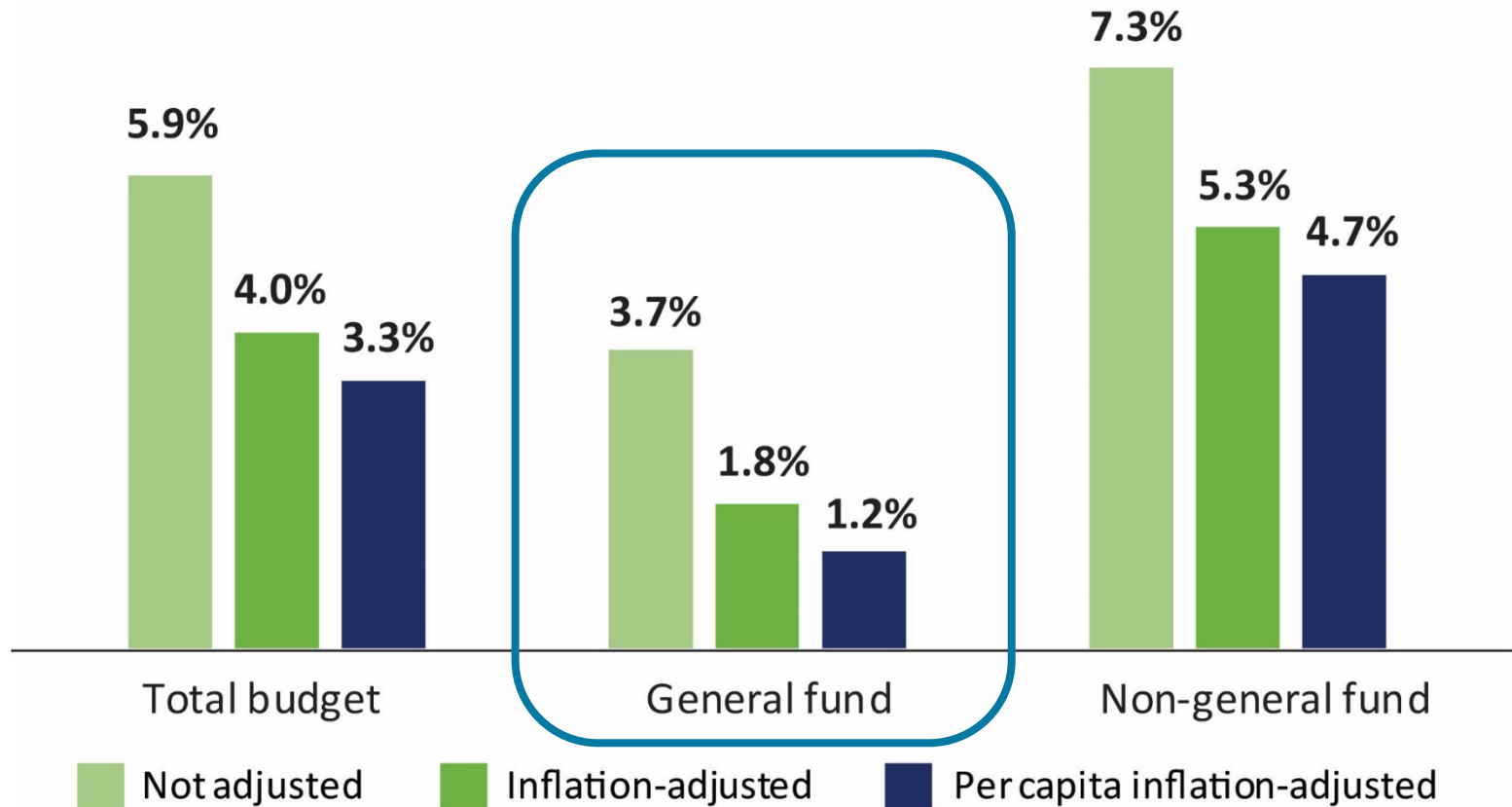


Not adjusted for inflation.

Many factors affect budget growth

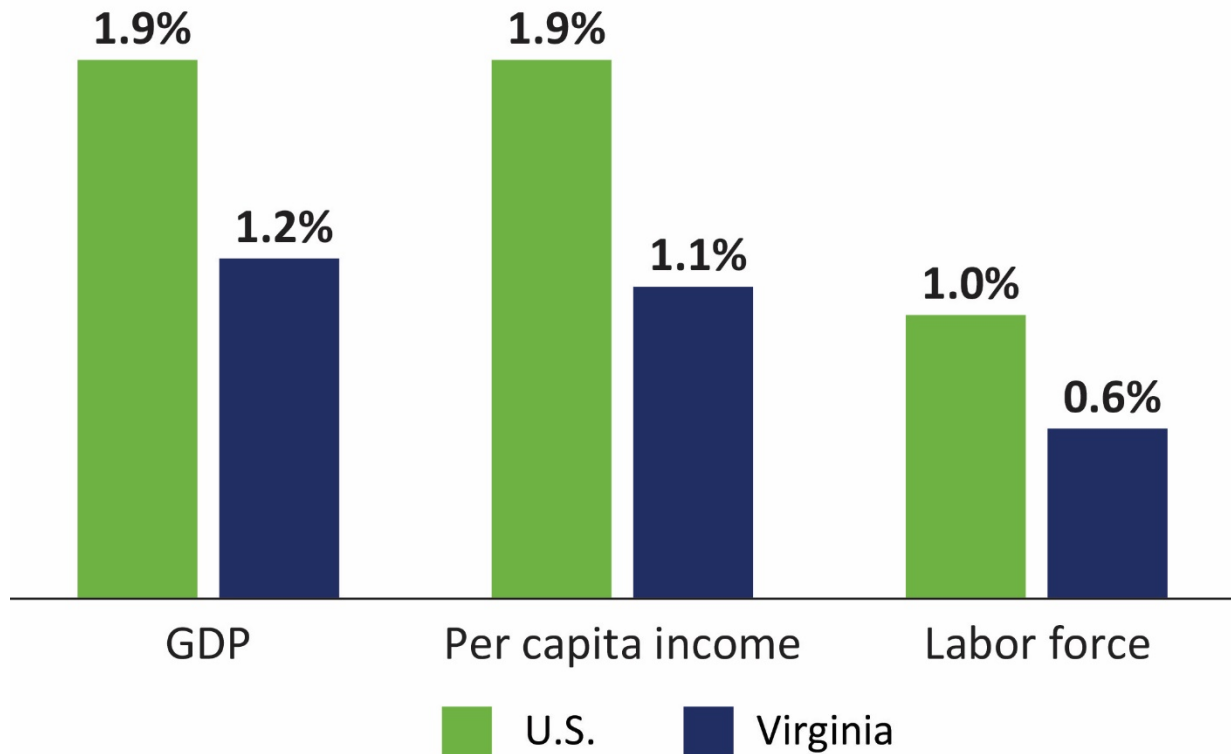
- Changes in Virginia's population and economy
- Changes in program enrollment and costs
- Trends in general fund and non-general fund revenue collections
- Policy decisions to initiate or change state government programs and activities

General fund budget grew an average of 1% per year, adjusted for inflation and population growth



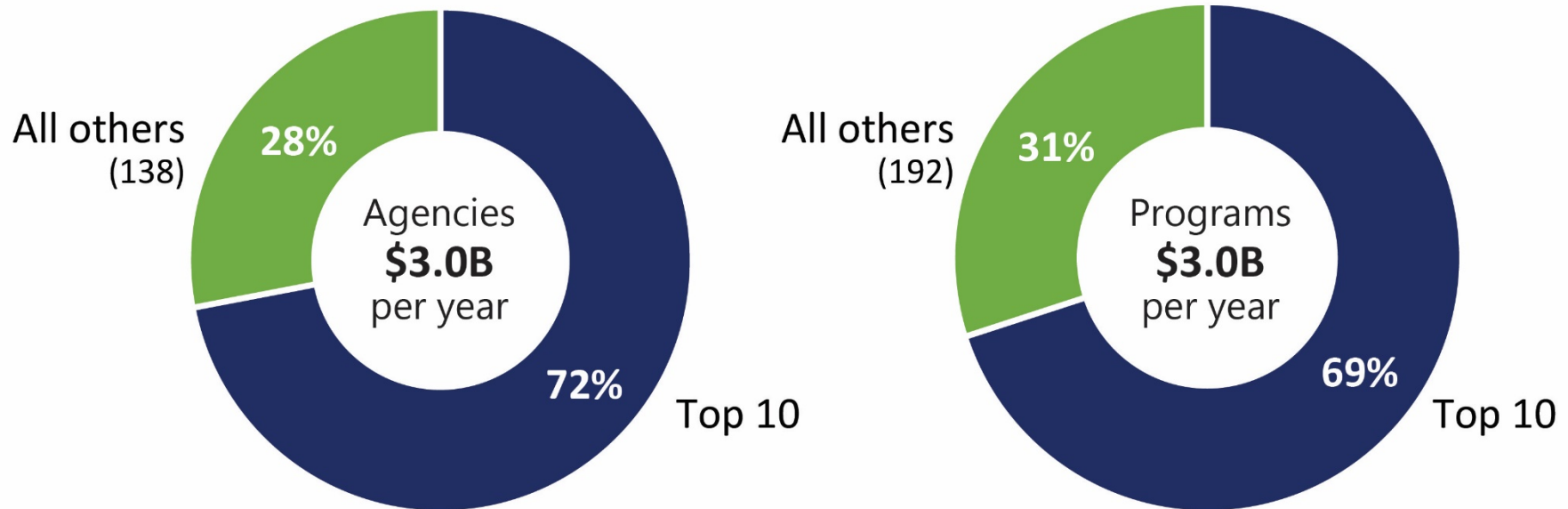
FY12–FY21.

Virginia economy grew slower than the nation's, which contributed to lower general fund growth



Average annual growth FY12–FY21. GDP and per capita income are adjusted for inflation. GDP is through the first quarter of FY21; income and labor force are through the second quarter.

Majority of total budget growth was concentrated in 10 agencies and programs



Total budget growth per year on average (FY12–FY21), not adjusted for inflation.

Total appropriations (FY12–FY21)

10 agencies with highest growth amount

Agency	Avg annual growth amount (\$M)	Avg annual growth rate	% of total growth
1 DMAS	\$1,073	10%	36%
2 VDOT	353	6	12
3 DOE (direct aid)	280	4	9
4 UVA	170	6	6
5 Va Tech	63	5	2
6 DRPT	54	11	2
7 GMU	51	6	2
8 VCU	45	4	1
9 ABC	41	6	1
10 DOC	41	3	1
Total, top 10	\$2,171	7%	72%

Not adjusted for inflation. Numbers may not sum because of rounding.

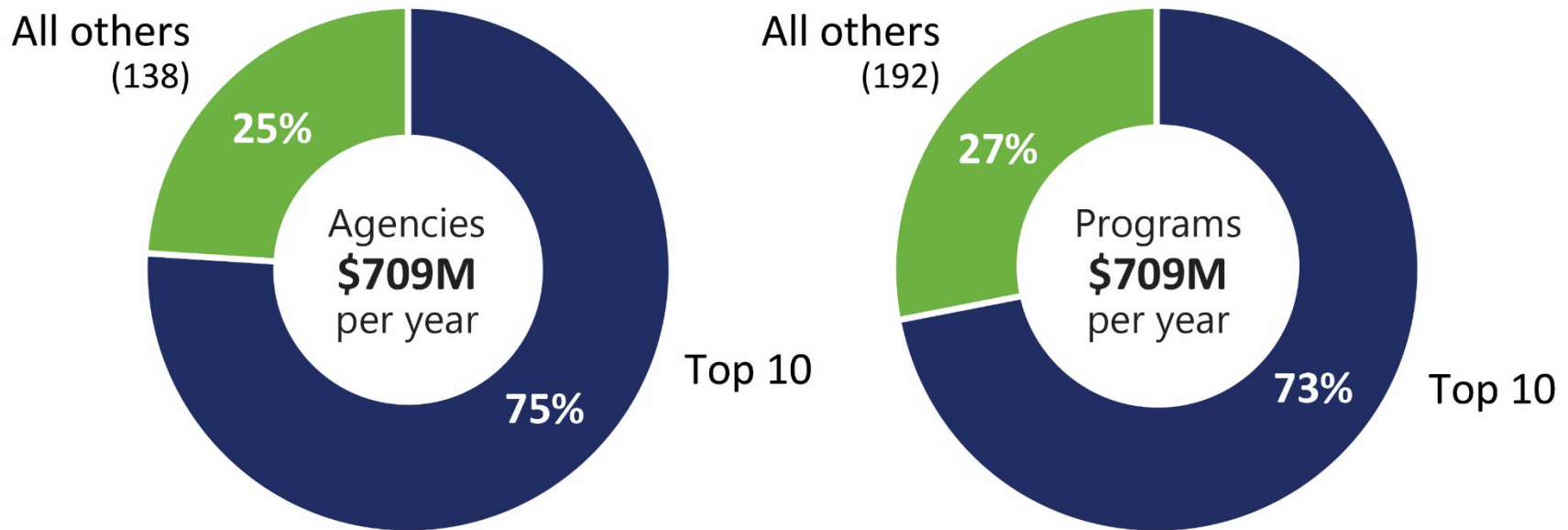
Total appropriations (FY12–FY21)

10 *programs* with highest growth amount

Program	Avg annual growth amount (\$M)	Avg annual growth rate	% of total growth
1 Medicaid program services	\$1,037	10%	34%
2 State education assistance programs	250	4	8
3 Higher ed: Education & general services	208	5	7
4 Highway construction programs	141	7	5
5 State health services	107	5	4
6 Fin. assist. to localities (transportation)	83	16	3
7 Fin. assistance to localities (general)	80	24	3
8 Highway system maint. & operations	69	4	2
9 Higher ed: Fin. assist. for E&G services	63	4	2
10 Higher ed: Auxiliary enterprises	57	4	2
Total, top 10	\$2,093	6%	69%

Not adjusted for inflation. Numbers may not sum because of rounding.

Most general fund budget growth was concentrated in 10 agencies and programs



General fund budget growth per year on average (FY12–FY21), not adjusted for inflation.

General fund appropriations (FY12–FY21)

10 agencies with highest growth amount

Agency	Avg annual growth amount (\$M)	Avg annual growth rate	% of total growth
1 DOE (Direct aid)	\$218	4%	31%
2 DMAS	131	4	18
3 DBHDS	45	6	6
4 DOC	42	4	6
5 Treasury Board	27	4	4
6 DHCD	18	20	2
7 VCCS	14	3	2
8 Compensation Board	13	2	2
9 VSP	12	5	2
10 DCR	10	26	1
Total, Top 10	\$531	4%	75%

Not adjusted for inflation. Numbers may not sum because of rounding.

General fund appropriations (FY12–FY21)

10 *programs* with highest growth amount

Program	Avg annual growth amount (\$M)	Avg annual growth rate	% of total growth
1 State education assistance programs	\$215	4%	30%
2 Medicaid program services	123	3	17
3 Higher ed: Education & general services	68	5	10
4 Bond & loan retirement & redemption	28	4	4
5 Financial assistance for health services	17	5	2
6 State health services	15	8	2
7 Higher ed: student financial services	14	5	2
8 Admin & support: public safety	14	8	2
9 Fin. assist. sheriff's offices & reg. jails	10	2	1
10 Pre-trial, trial, & appellate processes	10	3	1
Total, Top 10	\$514	4%	73%

Not adjusted for inflation. Numbers may not sum because of rounding.

Non-general funds were responsible for majority of total budget growth (FY12–FY21)

Non-general fund category	Avg annual growth amount (\$M)	Avg annual growth rate	% of total growth
Federal Trust	\$948	10%	31%
Commonwealth Transportation	397	8	13
Higher Education Operating	334	4	11
Dedicated Special Revenue	312	20	10
Internal Service	236	---	8
Enterprise	136	9	5
Debt Service	12	4	<1
Special	(2)	<0	<0
Trust and Agency	(66)	<0	<0
Non-general funds	\$2,307	7%	77%
General fund	\$709	4%	23%

Not adjusted for inflation. Numbers may not sum because of rounding.

Examples of non-general fund revenues collected and appropriated through state budget process

- Federal funding for Medicaid and K–12 education
- College tuition payments made by students and parents
- Revenues from motor vehicle and gasoline taxes
- Child support payments
- State employee payments for health insurance
- Hunting and fishing license fees

Non-general fund appropriations (FY12–FY21)

10 agencies with highest growth amount

Agency	Avg annual growth amount (\$M)	Avg annual growth rate	% of total growth
1 DMAS	\$942	14%	41%
2 VDOT	368	7	16
3 UVA	165	6	7
4 DOE (direct aid)	61	4	3
5 Va Tech	56	6	2
6 DRPT	54	11	2
7 GMU	43	6	2
8 ABC	41	6	2
9 VCU	36	4	2
10 DSS	33	2	1
Total, top 10	\$1,800	8%	78%

Not adjusted for inflation. Numbers may not sum because of rounding.

Some agencies had large percentage increases in appropriations (FY12–FY21)

- General fund: budgets of 22 agencies grew faster than overall general fund
 - ELECT budget increased 363% (\$30M), but < 1% of total general fund increase
- Non-general fund: budgets of 9 agencies grew faster than overall non-general fund
 - Treasury budget increased 290% (\$31M), but <1% of total non-general fund increase
- Most are small and did not have large increases

See pages 16–19 of the report for list of agencies.

Two agencies had declines in general fund appropriations (FY12–FY20)

- VDOT (-100%): general fund infusions in FY11 and FY12 that have not recurred; general funds for debt service replaced with non-general funds
- SBSD (-72%): two agencies merged to create SBSD, and a grant program transferred to VEDP
- General fund growth lower than inflation (18.6%) for 9 agencies

See page 19 of the report for list of agencies.

Key findings

- Virginia's budget grew 6% per year, on average, between FY12 and FY21
- Adjusted for inflation and population (per year, on average)
 - Total budget grew 3.3%
 - Non-general funds grew 4.7%
 - General fund grew 1.2%
- Budget growth was concentrated in a few agencies (such as DMAS) & program areas (such as education, health care, and transportation)

JLARC staff for this report

Kimberly Sarte, Associate Director

Ellen Miller, Chief Legislative Analyst