

State Spending: 2022 Update

Study mandate

- JLARC to annually review state spending for previous 10 fiscal years (FY13–FY22)
 - Identify largest & fastest-growing agencies and programs
 - Identify causes of expenditure growth

Code of Virginia § 30-58.3

Virginia's total operating budget was \$83 billion in FY22, 23% larger than FY21

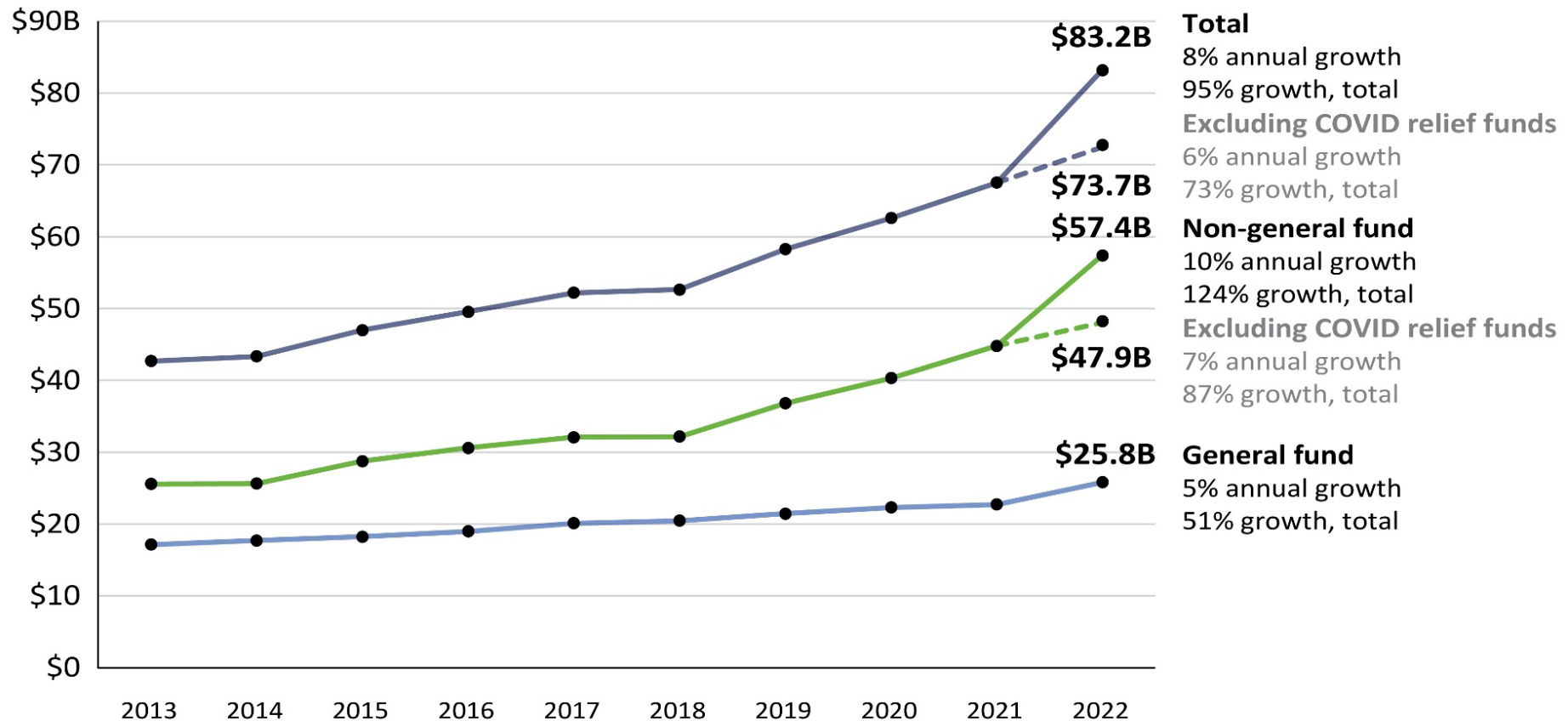
- Substantial growth occurred in both the non-general fund and general fund budgets
- Non-general fund budget grew 28% from the prior year from appropriations of federal COVID-19 relief funds
 - \$9.2 billion in federal ARPA funds
 - \$0.3 billion in other federal funds

ARPA = American Rescue Plan Act of 2021. Prior allocations or appropriations of federal COVID-19 relief funds (\$18 billion) were not included in FY20 and FY21 operating budget totals. (See Appendix D of written report.)

Virginia's general fund budget also had above average growth between FY21 and FY22

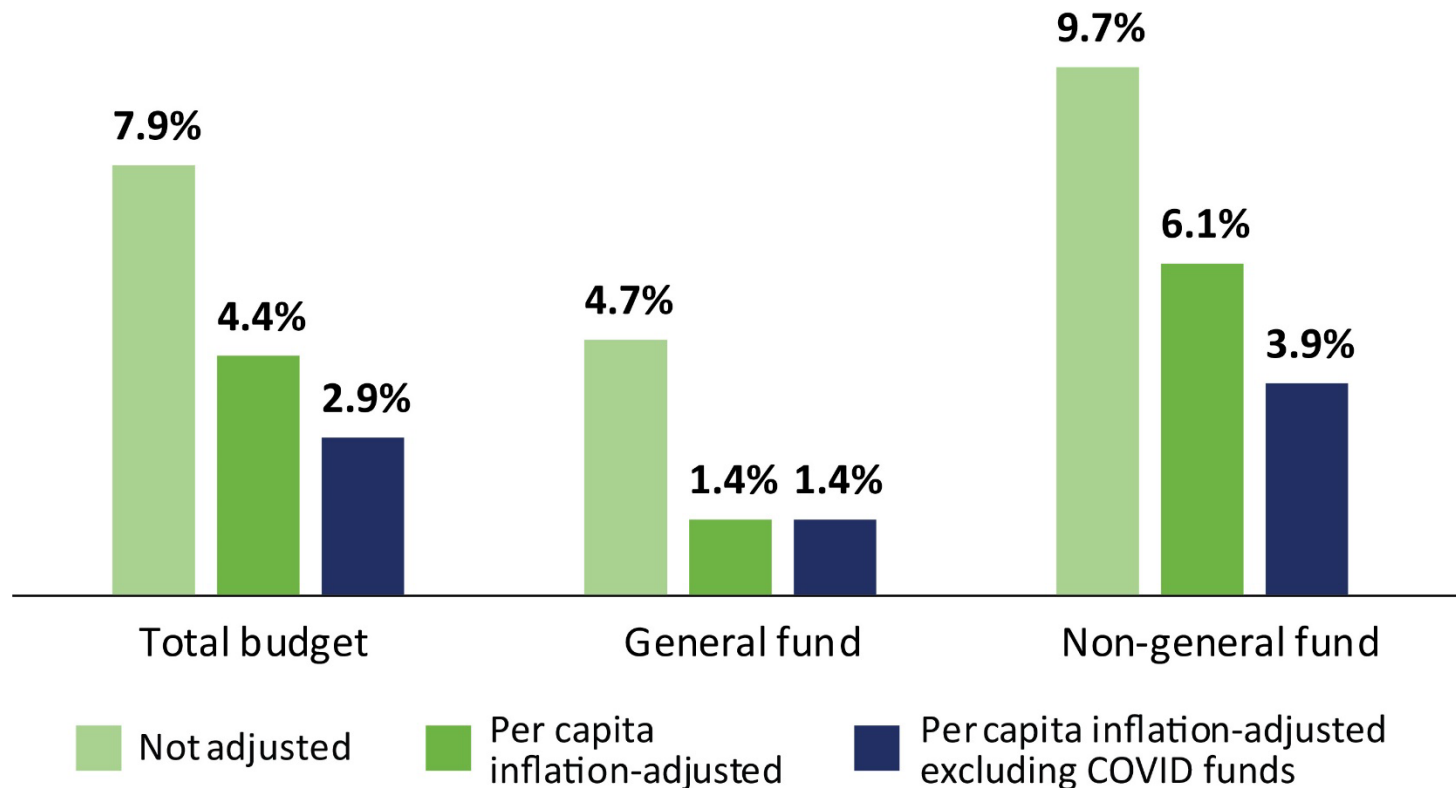
- General fund budget grew \$3 billion, or 14%
- Most of this growth was because of appropriation of surplus general fund revenue
 - \$1.1 billion to state's revenue reserve funds
 - \$750 million to state retirement fund to help pay down unfunded liabilities

Operating budget increased in total, general, and non-general funds (FY13–FY22)



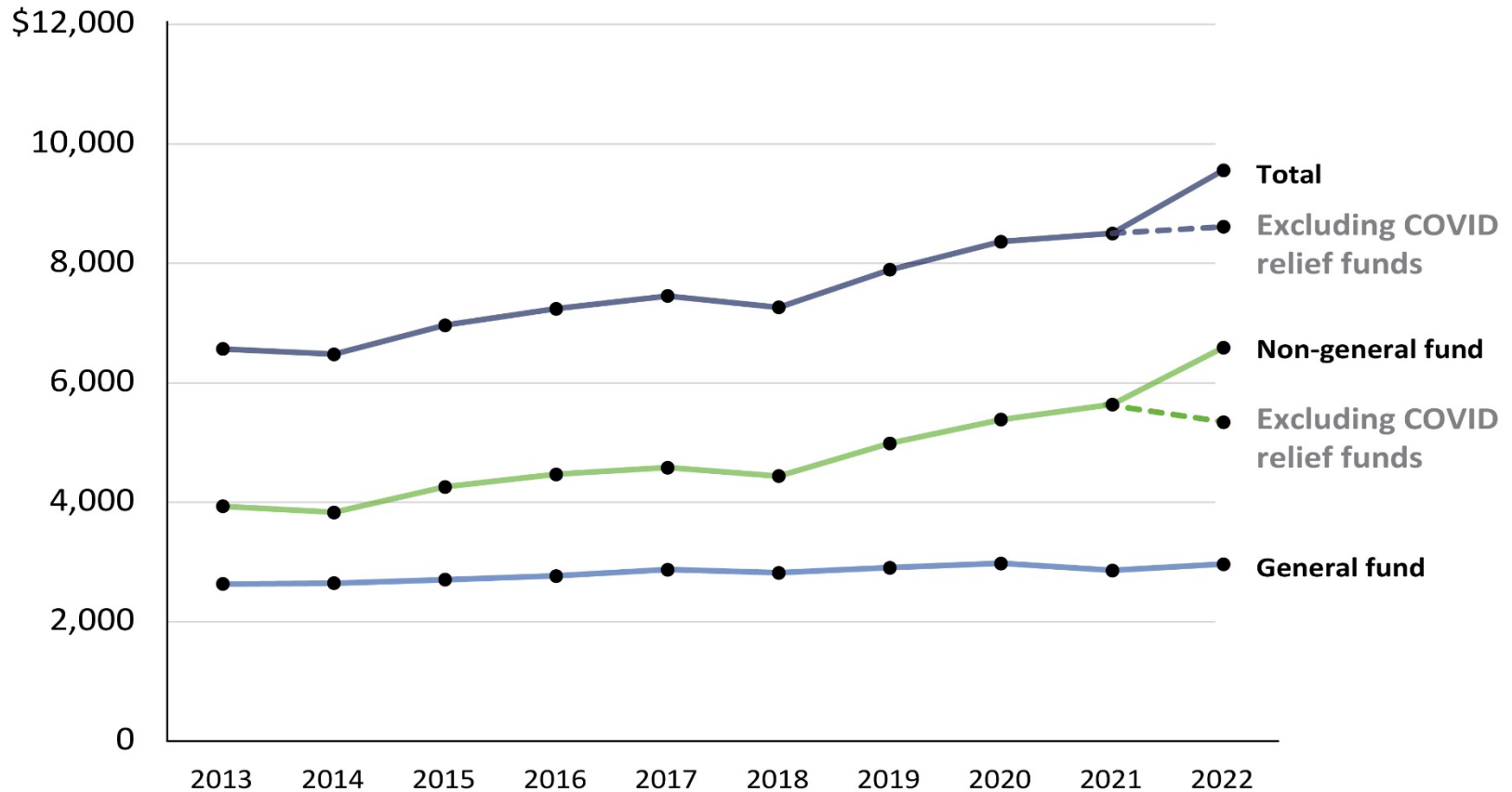
Not adjusted for inflation.

Total annual budget growth, adjusted for inflation and population, is much lower when excluding COVID-19 funds (FY13–FY22)

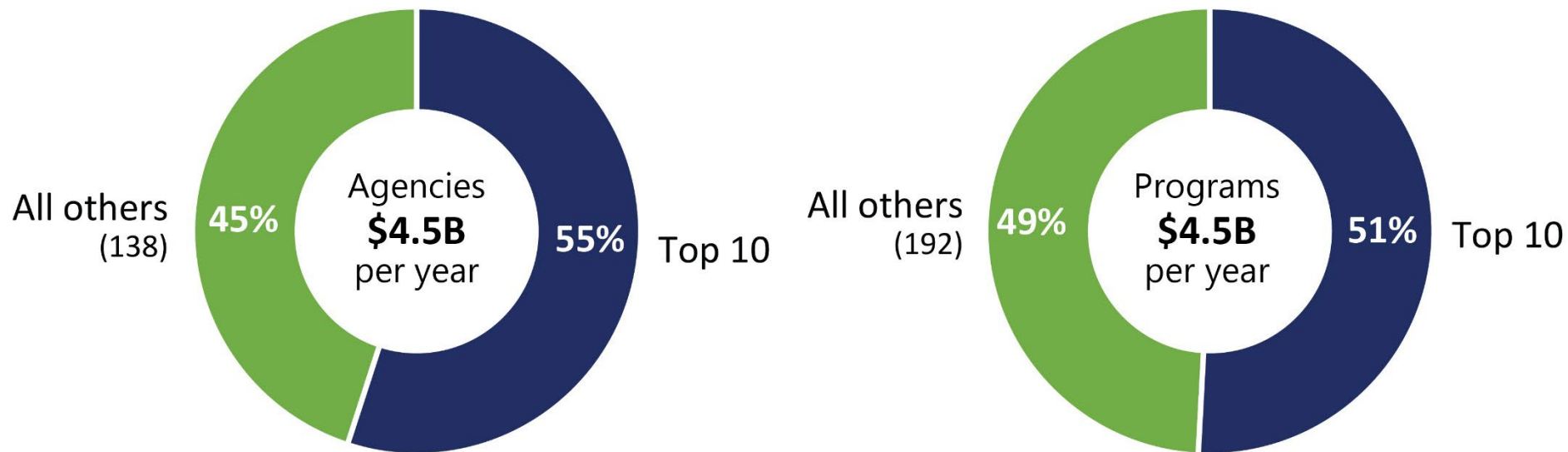


FY13–FY22.

Virginia's total budget per capita was flat from FY21 to FY22, adjusted for inflation and excluding federal COVID-19 relief funds



Majority of total budget growth occurred in 10 agencies and programs (FY13–FY22)



Total budget growth per year on average, not adjusted for inflation.

Total appropriations (FY13–FY22)

10 agencies with highest growth amount

Agency	Avg annual growth amount (\$M)	Avg annual growth rate	% of total growth
1 DMAS	\$1,228	10%	27%
2 VDOT	513	9	11
3 DOE (direct aid)	278	4	6
4 UVA	174	6	4
5 DRPT	62	12	1
6 Va Tech	49	4	1
7 ABC	47	7	1
8 GMU	43	4	1
9 DOC	43	4	1
10 VDH	35	5	1
Total, top 10	\$2,470	7%	55%

Not adjusted for inflation. Numbers may not sum because of rounding. Excludes central appropriations, the agency account to which federal ARPA funds were appropriated.

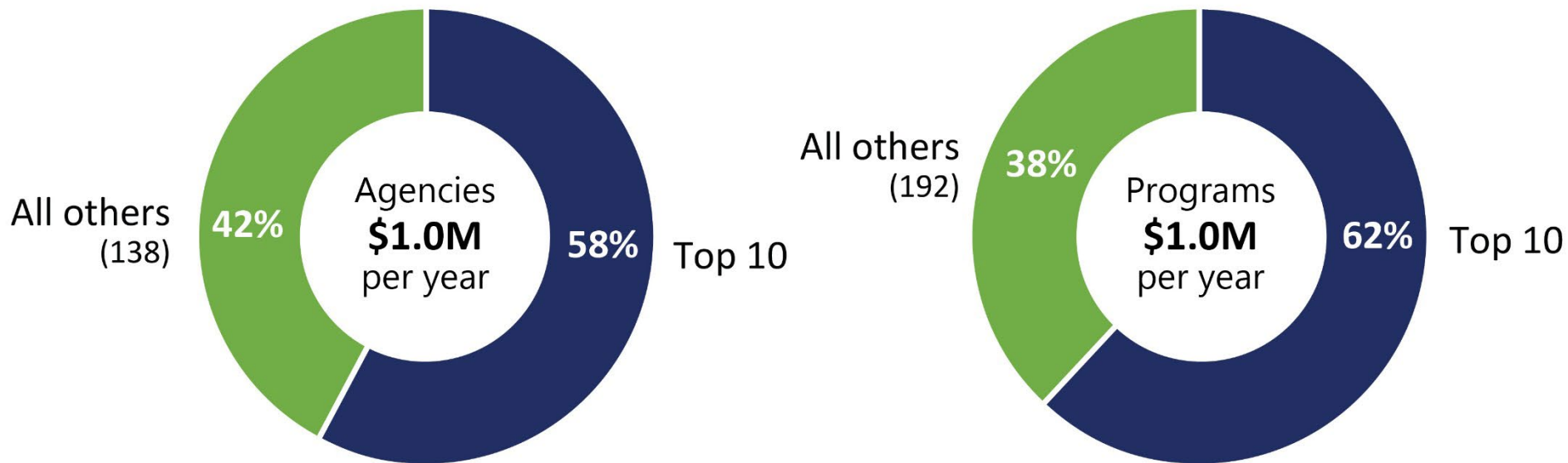
Total appropriations (FY13–FY22)

10 *programs* with highest growth amount

Program	Avg annual growth amount (\$M)	Avg annual growth rate	% of total growth
1 Medicaid program services	\$1,186	10%	26%
2 Highway construction programs	275	11	6
3 State education assistance programs	248	4	6
4 Higher ed: Educ. & gen. (E&G) services	179	4	4
5 Fin. assist. to localities (transportation)	107	18	2
6 State health services	106	5	2
7 Highway system maint. & operations	66	4	1
8 Higher ed: Fin. assist. for E&G services	60	4	1
9 Alcoholic beverage merchandising	46	7	1
10 Fin. assistance for public transportation	44	11	1
Total, top 10	\$2,316	7%	51%

Not adjusted for inflation. Numbers may not sum because of rounding. Excludes disaster planning and operations, the program to which ARPA funds were appropriated.

Majority of general fund budget growth occurred in 10 agencies and programs (FY13–FY22)



General fund budget growth per year on average, not adjusted for inflation.

General fund appropriations (FY13–FY22)

10 agencies with highest growth amount

Agency	Avg annual growth amount (\$M)	Avg annual growth rate	% of total growth
1 DOE (Direct aid)	\$223	4%	23%
2 DMAS	122	3	13
3 DBHDS	54	7	6
4 DOC	43	4	4
5 VDOT	34	31	3
6 Treasury Board	27	4	3
7 DHCD	17	21	2
8 VCCS	15	4	2
9 VSP	13	5	1
10 Compensation Board	13	2	1
Total, Top 10	\$563	4%	58%

Not adjusted for inflation. Numbers may not sum because of rounding. Excludes DOA transfer payments, the agency to which the revenue reserves and retirement fund deposits were appropriated.

General fund appropriations (FY13–FY22)

10 *programs* with highest growth amount

Program	Avg annual growth amount (\$M)	Avg annual growth rate	% of total growth
1 State education assistance programs	\$219	4%	23%
2 Medicaid program services	112	3	12
3 Personnel management services	84	239	9
4 Higher ed: Education & general services	69	4	7
5 Bond & loan retirement & redemption	28	4	3
6 Higher ed: student financial services	22	7	2
7 Financial assistance for health services	20	6	2
8 State health services	16	8	2
9 Admin & support: admin. of justice	15	8	2
10 Economic development services	13	9	1
Total, Top 10	\$597	5%	62%

Not adjusted for inflation. Numbers may not sum because of rounding. Excludes the Revenue Stabilization Fund and Revenue Reserve programs (which are discussed on pages 8–9 of the report).

Non-general funds were responsible for majority of total budget growth (FY13–FY22)

Non-general fund category	Avg annual growth amount (\$M)	Avg annual growth rate	% of total growth
Federal Trust	\$2,126	18%	47%
Commonwealth Transportation	447	8	10
Dedicated Special Revenue	307	13	7
Higher Education Operating	283	4	6
Internal Service	255	---	6
Enterprise	124	7	3
Debt Service	7	2	<1
Special	(6)	<0	<0
Trust and Agency	(10)	<0	<0
Non-general funds	\$3,534	10%	79%
General fund	\$965	5%	21%

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 and periodic funding infusions for specific purposes*
- 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

*Recovery Act stimulus funds (FY09–FY11) and COVID-19 relief funds (FY22).

Non-general fund appropriations (FY13–FY22)

10 agencies with highest growth amount

Agency		Avg annual growth amount (\$M)	Avg annual growth rate	% of total growth
1	DMAS	\$1,105	14%	31%
2	VDOT	480	8	14
3	UVA	169	6	5
4	DRPT	62	12	2
5	DOE (direct aid)	54	3	2
6	ABC	47	7	1
7	Va Tech	43	4	1
8	GMU	34	4	1
9	DOE (central office)	29	51	1
10	VDH	29	5	1
Total, top 10		\$2,052	9%	58%

Not adjusted for inflation. Numbers may not sum because of rounding. Excludes central appropriations, the “agency” account to which federal ARPA funds were appropriated.

Key findings

- Virginia's budget grew 8% per year, on average, over the last 10 years, and grew 23% in FY22
 - Non-general fund budget growth (FY22): mostly from appropriation of federal COVID-19 relief funds
 - General fund budget growth (FY22): mostly from deposit of surplus revenues to the state's revenue reserves and retirement fund
- Virginia's total budget grew 4% per year, on average, over the last 10 years, adjusted for inflation and population (and 3% *excluding* federal COVID-relief funds)

JLARC staff for this report

Kimberly Sarte, Associate Director

Ellen Miller, Chief Legislative Analyst