



# Review of State Spending: 2010 Update



## In Brief...

Virginia's operating budget increased by 59 percent between fiscal years 2001 and 2010—a 20 percent growth in general funds and a 103 percent growth in non-general funds. These longer term budget trends mask the 13 percent decline in the general fund over the last three fiscal years.

Adjusting for the effects of inflation and population growth, the general fund declined ten percent over the ten-year period while the non-general fund and the total budget increased by 51 percent and 19 percent, respectively. The State's budget has also become more dependent on non-general funds as the share of the budget derived from such funds increased from 47 percent (\$11.0 billion) in FY 2001 to 60 percent (\$22.3 billion) in FY 2010.

Most of the ten-year, \$13.8 billion growth remains concentrated in core functions of State government: health care, education, and transportation. For example, 53 percent of all budget growth occurred in just four agencies: the Department of Medical Assistance Services, Department of Education, University of Virginia (including the Medical Center), and the Department of Social Services.

General fund growth was also concentrated in a few core State agencies, largely reflecting policy choices and initiatives of the Governor and General Assembly.

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## COMMONWEALTH of VIRGINIA

Glen S. Tittermary  
Director

*Joint Legislative Audit and Review Commission*  
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December 1, 2010

The Honorable Charles J. Colgan  
Chair  
Joint Legislative Audit and Review Commission  
General Assembly Building  
Richmond, Virginia 23219

Dear Senator Colgan:

Section 30-58.3 of the *Code of Virginia* requires the Joint Legislative Audit and Review Commission to develop an annual report on State spending growth over the prior ten years. This report covers the period from FY 2001 to FY 2010 and is the tenth report in the series.

The findings of this report were presented to the Commission on November 8, 2010.

On behalf of the Commission staff, I would like to express our appreciation for the assistance provided by staff of the Departments of Accounts and Planning and Budget and by the Secretary of Finance.

Sincerely,

A handwritten signature in black ink, reading "Glen S. Tittermary".

Glen S. Tittermary  
Director

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# JLARC Report Summary:

## Review of State Spending: 2010 Update

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### Key Findings

- Over the past decade, Virginia's total operating budget has increased 59 percent—a 20 percent increase in general funds and a 103 percent increase in non-general funds. However, Virginia's budget growth has slowed as a result of the State's general fund experiencing a decline over the last three fiscal years. (Chapter 1)
- Adjusting for the effects of inflation (which increased 23 percent between 2001 and 2010) and population growth (Virginia's population grew ten percent over the period), the total budget and the non-general fund increased by 19 percent and 51 percent, respectively. In comparison, the State's general fund experienced a decline of ten percent on this basis over the ten-year period. (Chapter 1)
- Budget growth over the last decade remains concentrated in a few State agencies and programs. Eight of the 156 agencies accounted for nearly 70 percent of all budget growth over the past ten years. Of the 207 budget programs, three—in health care, education, and transportation—accounted for nearly 60 percent of all budget growth during the period. (Chapter 2)
- The general fund growth rates of 23 agencies exceeded the overall general fund growth rate of 20 percent from FY 2001 to FY 2010. General fund budget growth during the ten-year period was dominated by a few large agencies, reflecting policy decisions and initiatives of the Governor and General Assembly during the period. The general fund appropriation of 51 agencies grew more slowly than inflation or decreased over the ten-year period. (Chapter 2)

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The Virginia budget is a complex instrument that channels money from many different sources to a wide variety of functions and programs. It incorporates numerous trends and changes into a single dollar figure, representing all State government activities, and is perhaps the single most important statement of policies and priorities for Virginia. In fiscal year (FY) 2010, Virginia's budget totaled \$37.2 billion and included 156 agencies and 207 programs.

This report is the tenth in the series on State spending. Section 30-58.3 of the *Code of Virginia* requires the Joint Legislative Audit and Review Commission (JLARC) to develop an annual report on State spending growth and to identify the largest and fastest growing functions and programs in the State budget. The previous nine reports reviewed spending and budget growth over varying periods

between FY 1981 and FY 2009. This report focuses on trends during the ten-year period from FY 2001 through FY 2010.

## **VIRGINIA'S BUDGET GROWTH HAS SLOWED IN RECENT YEARS**

Virginia's budget consists of general and non-general funds. The general fund is comprised of unrestricted revenues from broad statewide sources such as the income and sales taxes, and is of particular interest to budget decision-makers and the public. Non-general funds are included in the State budget through a policy derived from a requirement in the State Constitution. The use of non-general funds is governed mainly by statute. For example, gasoline taxes are dedicated to transportation, college tuition payments are dedicated to covering the cost of higher education, and child support payments pass through the State budget to support specific families.

Virginia has experienced strong long-term budget growth for many years, which has largely been a result of the persistent growth of non-general funds, which include federal funds. Even during the years of national recession and decline in the State's general fund, the total State budget grew due to the continued growth in non-general funds. From FY 2008 to FY 2010, however, the State's general fund experienced a \$2.2 billion (13 percent) decline (see table), which equates to an average decrease of more than four percent per year. This was the first time since at least the early 1960s that Virginia's general fund decreased in two or more consecutive years. When non-general funds are included, Virginia's total annual operating budget increased 59 percent between FY 2001

### **Virginia Operating Appropriations, FY 2001 to FY 2010 (\$ in Millions)**

Fiscal Year	General Fund		Non-General Fund		Total	
	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change
2001	\$12,284	---	\$11,039	---	\$23,323	---
2002	12,014	-2.2%	11,469	3.9%	23,483	0.7%
2003	12,105	0.8	12,878	12.3	24,983	6.4
2004	12,370	2.2	14,009	8.8	26,379	5.6
2005	13,782	11.4	15,476	10.5	29,258	10.9
2006	15,111	9.6	16,881	9.1	31,991	9.3
2007	17,033	12.7	18,062	7.0	35,095	9.7
2008	16,960	-0.4	19,043	5.4	36,004	2.6
2009	16,192	-4.5	20,865	9.6	37,057	2.9
2010	14,785	-8.7	22,380	7.3	37,165	0.3
<b>2001-2010</b>		<b>20.4%</b>		<b>102.7%</b>		<b>59.3%</b>
<i>Average Annual Change</i>		2.3%		8.2%		5.4%

Note: Operating funds only; excludes capital.

Source: Appropriation Acts.

and FY 2010, growing from approximately \$23.3 billion to \$37.2 billion.

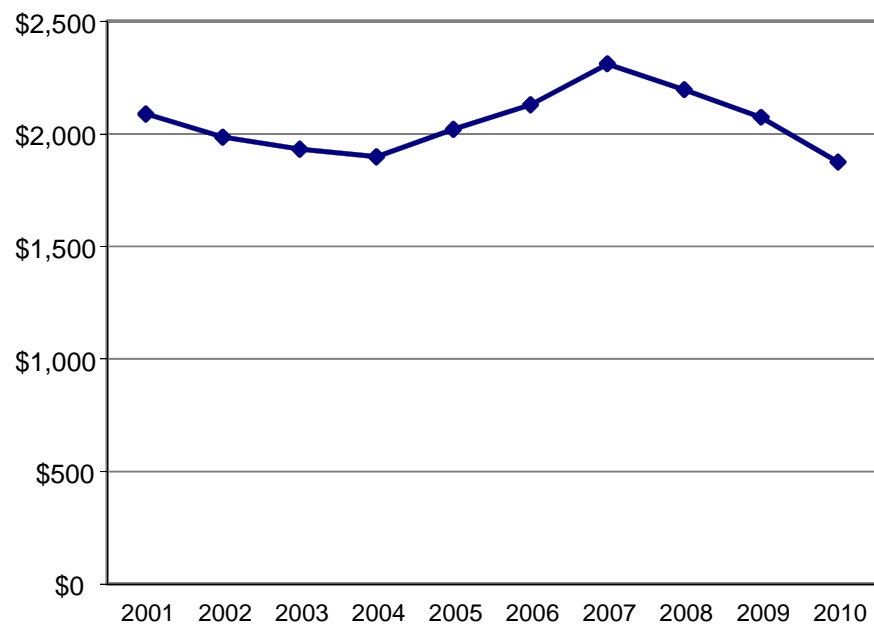
The percentage of non-general funds in Virginia's budget has increased from 47 percent (\$11.0 billion) of the State's total budget in FY 2001 to 60 percent (\$22.3 billion) in FY 2010. In addition, non-general funds grew faster than the general fund over the last decade: 103 percent growth for non-general funds compared to 20 percent for general funds. The growth of certain non-general funds exceeded the 103 percent. The higher education operating fund, for example, grew 123 percent (from \$2.6 billion to \$5.8 billion) from FY 2001 to FY 2010.

The overall average annual budget growth from FY 2001 to FY 2010 was 5.4 percent, although year-to-year growth (shown in the preceding table) varied from as low as 0.3 percent to as much as 10.9 percent. When adjusting for inflation (which was 23 percent over the period) and population growth (there were an estimated 691,300 more residents requiring more State services over the period), Virginia's total budget and the non-general fund increased by 19 percent and 51 percent, respectively. In comparison, on a per capita inflation-adjusted basis (see figure), the State's general fund experienced a decline of ten percent over the ten-year period. On this basis, general fund appropriations declined by 21 percent since the peak in FY 2007.

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#### **General Fund Appropriations Trending Down on a Per Capita Inflation-Adjusted Basis**

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Source: Appropriation Acts.

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Several other factors influenced the State's finances during the decade covered by this report. Virginia became more prosperous as both per capita personal income and gross State product increased. Federal, State, and in some cases, local decisions to expand, change, or diminish programs and activities also affected the budget. One example is the personal property tax relief program that began in FY 1999, receiving an initial appropriation of \$220 million and growing to a capped \$950 million annual appropriation by FY 2007.

### **MOST OF VIRGINIA'S BUDGET GROWTH REMAINS CONCENTRATED IN CORE STATE GOVERNMENT FUNCTIONS**

Much of the ten-year, \$13.8 billion growth in the State budget was concentrated in core functions of State government: education, health care, transportation, and social services. More than half (53 percent) of all budget growth occurred in four agencies: the Departments of Medical Assistance Services (DMAS), Education-Direct Aid to Education, the University of Virginia (including the Medical Center), and the Department of Social Services (DSS). Adding only three more agencies—the Virginia Community College System, the Virginia Employment Commission, and the Virginia Department of Transportation (VDOT)—accounts for almost two-thirds of the ten-year growth in Virginia's budget.

A few large agencies received most of the new general fund dollars between FY 2001 and FY 2010. The growth in general funds of eight agencies each receiving more than \$100 million in new general funds during the period was 121 percent more than the overall general fund growth. (This growth is partly offset by 29 agencies whose general fund appropriation decreased from FY 2001 to FY 2010.) DMAS, the Department of Education-Direct Aid to Education, the personal property tax relief program, the Department of Corrections, and the Treasury Board each received more than \$225 million in new general funds during the period.

There were only 23 agencies with general fund growth rates that exceeded the overall general fund growth rate of 20 percent during the period (table, next page). Not all high-dollar growth agencies had high general fund growth rates; the University of Virginia (including the Medical Center), for example, the fourth single largest item in the State budget with the third greatest growth in total appropriations, actually experienced a decline of 14 percent in general funds over the period (\$173.6 million to \$148.9 million). In fact, several relatively small State agencies display above-average rates of general fund growth.

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**Twenty-three Agencies Had General Fund Growth Rates That Exceeded the Overall General Fund Growth Rate of 20 Percent, FY 2001 to FY 2010 (\$ in Millions)**

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Rank	Agency	FY 2001 General Fund Appropriation	FY 2010 General Fund Appropriation	Percentage Increase
1	Comprehensive Services for At-Risk Youth and Families	\$105.5	\$279.2	165%
2	Indigent Defense Commission	18.4	43.1	134
3	Treasury Board	243.1	479.4	97
4	Supreme Court	16.7	31.2	87
5	Department of Medical Assistance Services	1,449.5	2,416.9	67
6	Personal Property Tax Relief Program	572.4	950.0	66
7	Juvenile and Domestic Relations District Courts	47.6	75.9	59
8	Magistrate System	18.3	28.2	54
9	Court of Appeals	5.6	8.3	50
10	Department of Taxation	58.0	86.5	49
11	Virginia School for the Deaf and Blind (Staunton)	6.3	9.2	47
12	Combined District Courts	15.2	22.1	45
13	General District Courts	66.9	95.9	43
14	Department of Social Services	272.4	387.2	42
15	Circuit Court	71.6	101.6	42
16	Department of Corrections	726.1	952.6	31
17	Virginia State University	28.0	35.2	26
18	Longwood University	21.8	27.6	26
19	Department of Military Affairs	7.4	9.2	25
20	Department of Behavioral Health and Developmental Services	430.2	534.7	24
21	Department of Education—Direct Aid to Education	3,942.4	4,769.8	21
22	State Council of Higher Education for Virginia	64.7	78.2	21
23	Virginia Museum of Fine Arts	8.4	10.2	21

Note: Table based on agencies with general fund appropriations of at least \$5 million in FY 2001.

Source: 2002 and 2010 Appropriation Acts.

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Just as some agencies experienced above-average growth in their general fund appropriations, others saw their general funds grow more slowly. In fact, 51 agencies' general fund appropriation grew more slowly than the 23 percent rate of inflation or decreased over the ten-year period. (This is up from 28 agencies with general fund growth rates below inflation from FY 2000 to FY 2009, as reported in the 2009 JLARC review of State spending.) Several of these agencies had revenue from non-general fund sources that offset their slow general fund growth. Many experienced budget reductions, workload changes, or other circumstances that help account for their slow budget growth.

Similar to growth in State agencies, budget growth in government programs was also focused in a few large programs relating to three core activities of State government: health care, education, and transportation. Twelve of the top 20 programs fell into these core functions and accounted for more than 80 percent of Virginia's budget growth over the last ten years.



# Chapter 1: Overview of Virginia's Budget Growth

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## In Summary

Over the last decade, Virginia's operating budget increased by 59 percent—a 20 percent increase in general funds and a 103 percent increase in non-general funds. A variety of economic and policy factors contributed to this growth. With a population growth of ten percent from 2001 to 2009, Virginia has an estimated 691,286 more residents than at the start of the decade. Virginians saw a 45 percent increase in personal income over the period, although inflation increased by 23 percent. State spending increased due to an infusion of federal “stimulus” funds and growth in other non-general funds. The overall State budget continued to grow at a slow rate, as most agencies saw budget reductions during the period.

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The Virginia budget is a complex instrument that channels money from many different sources to a variety of functions and programs. It incorporates numerous trends and changes into a single dollar figure representing all State government activities, and is perhaps the single most important statement of policies and priorities for Virginia. In fiscal year (FY) 2010, Virginia's budget totaled \$37.2 billion and included 156 agencies and 207 programs.

Virginia's overall fiscal health is driven by numerous factors. As a fast-growing State in terms of population (16<sup>th</sup> fastest, as of 2009), each year there are more residents paying taxes and requiring public services. Economic factors are also at work—wages and personal income in Virginia, for example, outpaced the nation's growth during the FY 2001 to FY 2010 period, and unemployment remained below the national average. As for State spending, overall budget growth slowed dramatically by the end of the period but remained positive overall, due in part to an infusion of federal stimulus funds and growth in other non-general funds. The overall State budget continued to grow even though most agencies saw budget reductions during the period.

Section 30-58.3 of the *Code of Virginia* (Appendix A) requires the Joint Legislative Audit and Review Commission (JLARC) to develop an annual report on State spending growth over the prior five biennia. The statute requires JLARC to identify the largest and fastest growing functions and programs in the State budget, as well as analyze long-term trends and causes of spending in these programs. Prior JLARC reports reviewed spending and budget growth over different periods between FY 1981 and FY 2009. This report is the tenth in the series and focuses on trends during the past ten years, from FY 2001 through FY 2010.

As in prior editions, this report does not address the merits or adequacy of funding for governmental functions, agencies, or programs. An inherent limitation in such a trend analysis is that it does not address the appropriateness of the expenditure amount in either the base year or the end year. A rate of growth that might be appropriate for a program that was inadequately funded in the first year might, on the other hand, be excessive for a program that was adequately funded. This report does, however, identify potential underlying long-term factors that appear to provide some explanation for budget growth. Of the numerous perspectives from which budget growth can be examined, this report considers key economic, policy, historical, and technical factors. The report focuses on the State's operating budget and therefore excludes capital spending.

The appendixes in this report provide additional information, such as a brief review of the methods used in compiling this report (Appendix B), an explanation of budget terminology (Appendix C), various budget trends (Appendixes D through G), major uses of non-general funds (Appendix H), the 20 agencies with the most growth in non-general fund appropriations (Appendix I), and a general versus non-general fund breakdown for the 20 agencies with the most growth in total appropriations (Appendix J).

## **VIRGINIA'S BUDGET GROWTH HAS SLOWED IN RECENT YEARS**

Virginia has had strong long-term budget growth for many years. As noted in the first JLARC report on State spending, issued in January 2002, Virginia's total operating appropriations grew an average of 7.9 percent over the 20 years between FY 1981 and FY 2000. Even in years of national recession and decline in the State general fund, such as FY 1992, the total State budget continued to grow due to continued growth in non-general funds.

Growth in total appropriations continued through the 2000s, but slowed to a near stop by the decade's end (Table 1). Rebounding from the 2001-02 recession, appropriations grew five to six percent in FYs 2003 and 2004. The nearly 11 percent growth in FY 2005 stemmed not only from a healthy economy but also from tax policy changes adopted in 2004, leading to three years of above-average budget growth. By FY 2008, total budget growth slowed to less than three percent, and in FY 2010 it grew just 0.3 percent. Only the persistent growth of non-general funds kept the total budget growth positive.

### **General and Non-General Funds**

General funds derive from broad-based taxes like income and sales taxes, are not restricted as to their use, and so are available for the general purposes of government. Non-general funds are taxes, fees, and revenues statutorily limited to specific purposes, such as college tuition or gasoline taxes.

**Table 1: Virginia Operating Appropriations, FY 2001 to FY 2010 (\$ in Millions)**

Fiscal Year	General Fund		Non-General Fund		Total	
	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change
2001	\$12,284	---	\$11,039	---	\$23,323	---
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2004	12,370	2.2	14,009	8.8	26,379	5.6
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2009	16,192	-4.5	20,865	9.6	37,057	2.9
2010	14,785	-8.7	22,380	7.3	37,165	0.3
<b>2001-2010</b>		<b>20.4%</b>		<b>102.7%</b>		<b>59.3%</b>
<i>Average Annual Change</i>		2.3%		8.2%		5.4%

Note: Operating funds only; excludes capital.

Source: Appropriation Acts.

The long upwards trend in State general fund appropriations stopped in FY 2007, although the total budget continued to grow slowly. Prior to that year, there had been only two “down” years for the general fund (FY 1992 and FY 2002) since the modern budget system was adopted. The final three years of the decade (FY 2008 through FY 2010) saw general fund appropriations decline \$2.2 billion, or 13 percent, an average decline of more than four percent per year. This was the first time since at least the early 1960s that Virginia’s general fund declined in two or more consecutive years.

In the general fund’s “down” years of the last decade (FY 2002 and FYs 2008-2010), growth in non-general funds continued to push total appropriations up. Overall budget growth from FY 2001 to FY 2010 averaged 5.4 percent, with non-general fund growth increasing 8.2 percent on average (Table 1). General fund growth, however, averaged just 2.3 percent.

Non-general funds continued to grow for several reasons, including increases in federal funds, tuition payments at colleges and universities, and support enforcement payments. Some of this shift was expressly to offset the decline in general funds. For example, the federal government provided an infusion of funds to states in FY 2010 to offset declines in state funding for education, health care, and other activities.

Another important change occurred during the last decade—the general fund declined as a proportion of the total State budget. In FY 2001, for example, general funds totaled 53 percent of operating appropriations. Starting in FY 2003, however, non-general funds became a majority of the budget. By FY 2010 non-general

funds represented 60 percent of operating appropriations, compared to just 40 percent for general funds.

The dominance of non-general funds in the budget means that the size and growth of the State budget may be less reflective of the State's economic activity and population growth, and may depend more on choices about specific non-general fund revenue sources—such as State decisions about college tuition, gasoline taxes, the unemployment trust fund, and federal decisions about funding for the State and localities.

## **POPULATION GROWTH, INFLATION, AND THE STATE'S ECONOMY CONTRIBUTED TO BUDGET TRENDS**

### **Virginia's Population Grew an Estimated Ten Percent**

Virginia became more populous over the period under review. Statewide population increased an estimated ten percent, from 7,191,304 in 2001 to 7,882,590 in 2009, the most recent year for which estimates are available from the Weldon Cooper Center at the University of Virginia and the U.S. Census Bureau.

Virginia's population growth was very uneven across the State. Seven of the 100 fastest growing counties in the United States from 2000 to 2009 were in Virginia (Loudoun, King George, Culpeper, Prince William, New Kent, Stafford, and Spotsylvania). During the same period, 11 Virginia cities and 26 counties lost population, according to the U.S. Census Bureau—two (Buchanan and Bath counties) by more than ten percent. Localities that are gaining population tend to have different public sector priorities—emphasizing school construction and infrastructure, for example, more than economic development—than localities that are losing population.

Changes in population levels and demographics can drive public sector budgets. Not only do localities that are gaining or losing significant numbers of people tend to have different needs and expectations for public services, two age groups in particular may influence the provision of State services and State funding: older residents and the school-age population. For instance, the number of Virginians 65 years of age and over increased three percent more than the overall population between 2000 and 2008, according to the Census Bureau (Table 2). Over the same period, the school-age population grew more slowly than the overall population.

**Table 2: Key Demographic and Economic Changes in Virginia, FY 2001 to FY 2010**

Indicator	2001 (except as noted)	2010 (except as noted)	Percent Change
<b>Population</b>			
Total (estimated)	7,191,304	7,882,590 (2009)	10%
Ages 65 and over	792,333 (2000)	896,747 (2008)	13
Ages five through 19	1,475,104 (2000)	1,566,250 (2008)	6
<b>Economy</b>			
Inflation (Consumer Price Index)	181.8	217.6	23
Total Employment (Non-Farm, June)	3,489,300	3,641,800	4
Total State Personal Income	\$239.1 billion	\$345.8 billion (2009)	45
Average Home Sales Price (June)	\$157,008	\$221,837	41
Average Price Per Acre of Farm Land	\$2,300	\$4,600	100
Total Taxable Property	\$534.4 billion	\$1,141.8 billion (2008)	113
Average Weekly Wages	\$706	\$928 (2009)	31
<b>State Finance</b>			
State Operating Budget	\$23.3 billion	\$37.2 billion	59
State General Fund Budget	\$12.3 billion	\$14.8 billion	20
Maximum State Employment Level	112,685	116,694	4
Total Number of State Employees (salaried) <sup>a</sup>	103,426	101,516	-2
Average State Employee Salary	\$34,382	\$41,812	22
Taxable Sales	\$68.7 billion	\$90.1 billion (2008)	31

Note: Dollars not adjusted for inflation.

<sup>a</sup> Includes salaried faculty at institutions of higher education.

Sources: Weldon Cooper Center; U.S. Bureau of Economic Analysis; U.S. Bureau of Labor Statistics; U.S. Department of Agriculture; various State agencies; Virginia Realtors' Association.

### Inflation Increased by 23 Percent Over the Last Ten Years

Inflation explains some of the increase in Virginia's budget. As measured by the change in the consumer price index (CPI) over the ten-year period from FY 2001 through FY 2010, inflation increased 23 percent. This means that the State budget would have had to increase by that percentage just to maintain the same service levels as in FY 2001.

Controlling for the effects of inflation, Virginia's total appropriations increased 30 percent over the period, instead of the unadjusted 59 percent (Table 3). The general fund budget decreased two percent and the non-general fund budget increased 65 percent, after adjusting for inflation.

**After controlling for inflation, the general fund budget decreased two percent over the ten-year period.**

Adjusting for inflation can help better explain underlying budget changes because the procedure can convert (in this case) FY 2001 appropriations into FY 2010 dollars. For example, just to keep up with inflation since 2001, an additional \$1.1 billion would have been required for direct State aid to public education.

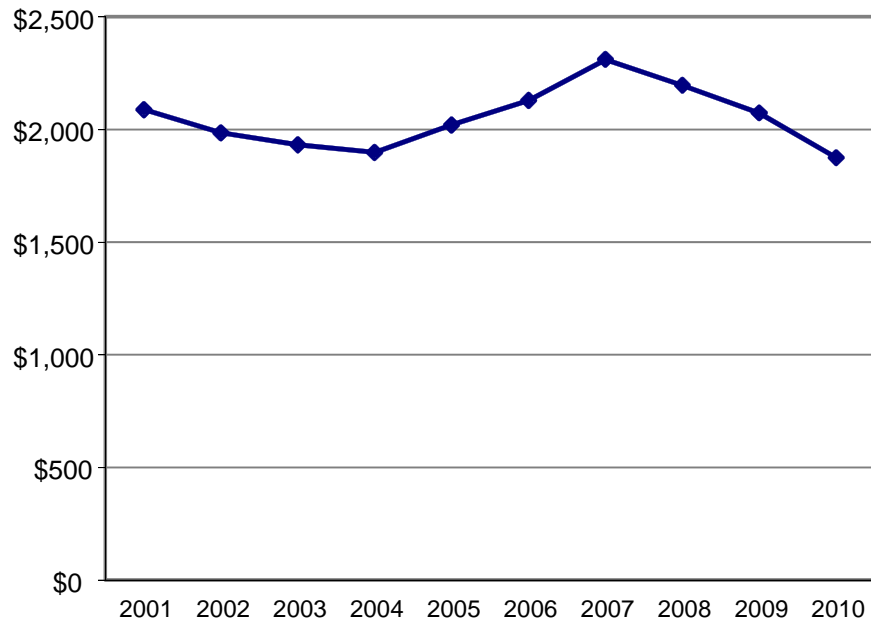
**Table 3: Effects of Inflation and Population Growth on Appropriations, FY 2001 to FY 2010**

	10-Year Cumulative Percent Change		
	Overall	General Fund	Non-General Fund
Final Legislative Appropriations	59%	20%	103%
Inflation Adjusted	30%	-2%	65%
Per Capita Inflation Adjusted	19%	-10%	51%

Source: Appropriation Acts; Weldon Cooper Center; U.S. Bureau of Labor Statistics.

Taking into account both inflation and population growth, general fund appropriations varied by only small amounts throughout most of the period, running fairly close to the ten-year per capita average of \$2,046 (Figure 1). On a per capita basis, general fund appropriations have declined 21 percent since the peak in FY 2007.

**Figure 1: General Fund Appropriations Trending Down on a Per Capita Inflation-Adjusted Basis**



Source: Appropriation Acts.

Any given State agency or program may experience faster or slower rates of inflation depending on the particular mix of goods and services purchased. For example, Virginia's Medicaid budget increased 122 percent over the ten-year period from FY 2001 to FY 2010, more than five times the rate of inflation. After taking medical care inflation into account, however (which, according to the

#### **Appropriations and Expenditures**

The term "budget" in this report generally refers to operating appropriations. An "appropriation" is a statutory limit on spending authorized by the legislature and approved by the governor. "Expenditures" refers to the outlay of cash and usually includes capital (construction) spending as well as spending of bond proceeds, which may have been appropriated in prior years. A fuller discussion of terms is found in Appendix C.

U.S. Bureau of Labor Statistics, ran 42 percent over the period), the Medicaid budget increased 53 percent over the same period.

#### **Virginia's State Spending Growth Was Slower Than Most States, on a Per Capita Inflation-Adjusted Basis**

Virginia's per capita inflation-adjusted overall budget growth of 19 percent from FY 2001 through FY 2010 equaled the 50-state average spending growth over a similar ten-year period. Appropriation data for the 50 states is unavailable, but data collected on state expenditures by the National Association of State Budget Officers (NASBO) over the ten years from FY 1999 through FY 2008 shows that Virginia's spending growth of 13 percent ranked 38<sup>th</sup> among the 50 states. In comparison, Colorado, West Virginia, and Alabama saw per capita inflation-adjusted spending growth that exceeded 100 percent during that period. The NASBO study focused on expenditures, including capital outlay and the expenditure of bond proceeds. This JLARC report, by contrast, focuses on final legislative operating appropriations (excluding capital).

#### **Virginia Experienced Economic Growth Over the Last Ten Years**

Virginia's economic growth outpaced the nation's for most of the period under review. A growing economy means an increasing, wealthier population that generates increasing revenues as well as expectations of additional public sector services, from roads to schools and public safety. It is important to note, however, that economic growth favored some regions of the State more than others.

Several key economic indicators point to Virginia's strong performance during the period under review. For example, Virginia's share of the gross domestic product (GDP) outperformed that of the nation as a whole between 2001 and 2008 (the most recent year for which data is available, according to the U.S. Bureau of Economic Analysis), rising 11.4 percent compared to the national rate of 9.8 percent. When adjusted for inflation, Virginia's GDP increased 17 percent between 2001 and 2008. This growth compares favorably to the 15 percent inflation-adjusted increase in the U.S. GDP.

Virginia's personal income also increased over the last decade. On an inflation-adjusted basis, personal income in Virginia rose 18 percent between 2001 and 2008 compared to personal income nationwide, which increased 11 percent. Controlling for population growth as well as inflation, per capita personal income in Virginia increased 11 percent over the period, compared to nine percent for the nation. Virginia's rank among the 50 states in per capita personal income moved from 12<sup>th</sup> in 2001 to 7<sup>th</sup> in 2008. In 2008, six counties in Virginia (Loudoun, Fairfax, Prince William, Arlington,

Stafford, and Fauquier) were among the 20 counties in the United States with the highest median income, according to the Census Bureau.

Virginia also experienced growth in its labor force over the last ten years. The statewide unemployment rate ranked 39<sup>th</sup> (12<sup>th</sup> lowest) among the United States in July 2010. Total employment in Virginia grew approximately three percent over the ten-year period under review, totaling 3.6 million employed in July 2010, according to the U.S. Bureau of Labor Statistics. Comparatively, nationwide employment actually decreased by 1.3 percent during the ten-year period, reflecting the nationwide recession in 2008 to 2010.

Job growth from 2001 to 2010 was strongest in Virginia's professional and business services sector, with a 15 percent increase in the number of service-providing jobs in the ten years ending in 2010. Virginia's manufacturing sector, on the other hand, saw a 31 percent decline in employment between 2001 and 2010.

## **AGENCY WORKLOADS, FEDERAL POLICY DECISIONS, AND VIRGINIA INITIATIVES CONTRIBUTED TO BUDGET GROWTH**

While inflation, population growth, and economic growth help explain State budget growth over the last decade, additional factors are also at work. The legacy of policy decisions establishing programs and services for specific populations means that the respective budgets will reflect changes in these populations. Virginia's budget also fluctuated with federal, State, and in some cases, local decisions to expand or diminish programs and activities.

### **Key Workload Indicators of Major State Agencies Have Generally, but Not Uniformly, Increased**

The broad demographic and economic changes described above influenced the workload of State agencies although there is no consistent trend. Some agency workloads grew significantly while others declined. The link between measurable workloads and an agency or program budget is not always clear or consistent, as illustrated in Table 4.

The main reason for this inconsistency is that agency budgets are driven by an array of factors, including not only changes in workload but also, in the case of trend analysis such as is presented here, the adequacy and appropriateness of the base year budget and policy decisions to change programs, staffing, and funding levels. The increased use of technology can also affect costs. The impact of these other factors can perhaps be seen most clearly in

**Table 4: Agency Workloads and Inflation-Adjusted Agency Budgets Do Not Always Move in Tandem (FY 2001 to FY 2010, Except as Noted)**

<b>Workload Indicator and Specific Budget</b>	<b>Percent Change</b>
<b><i>Elementary and Secondary Education</i></b>	
Enrollment (average daily membership)	10%
Instructional Personnel Positions	13
Department of Education—Direct Aid to Education Budget	26
<b><i>Four-Year Public Colleges &amp; Universities</i></b>	
Enrollment (FTEs)	21
Mandatory Tuition & Fees (in-State, adjusted for inflation)	86
Instructional Faculty (FTEs) <sup>a</sup>	13
Budget (adjusted for inflation)	43
<b><i>Medicaid / Health Insurance</i></b>	
Medicaid-Eligible Recipients	45
Children's Health Insurance Program Enrollment (SCHIP/FAMIS) <sup>b</sup>	106
Department of Medical Assistance Services (Medicaid) Budget (adjusted for medical care inflation)	59
<b><i>Transportation</i></b>	
Registered Vehicles (through 2009)	16
Vehicular Mileage (through 2009)	-7
Lane-Miles of State-Maintained Roads (through 2009)	3
Bridges Rated Deficient or Obsolete (through 2008)	1
Department of Transportation Budget	8
<b><i>Temporary Assistance for Needy Families (TANF)</i></b>	
Average monthly paid cases (through FY 2009)	23
Department of Social Services—TANF Program Budget	-6
<b><i>Corrections</i></b>	
State-Responsible Inmate Population	12
Probation & Parole Caseload	45
Department of Corrections Budget	1

<sup>a</sup> Data collected from higher education institutions by the State Council of Higher Education for Virginia.

<sup>b</sup> Program commenced in FY 2000.

Source: Various State agencies and Appropriation Act data.

agencies where growth in workload or service population increased more slowly than the real (inflation-adjusted) growth in the agency or program budget.

Increases in agency budgets do not appear to result primarily from excessive increases in employee compensation. As displayed in Table 2 (page 5), the average State employee salary increased 22 percent from 2001 to 2010, whereas inflation increased 23 percent.

The inflation-adjusted budget for direct aid to education is an example of how an agency budget is affected by many factors. This budget grew 26 percent during the period—faster than both elementary and secondary education enrollment and the number of instructional personnel positions. An increase in the number of teachers or other staff, with salaries that increase over time, tends to increase the budget for direct State aid to localities for public education. This happens in part because the State's direct aid

budget is “re-benchmarked” on a biennial basis to take into account the higher prevailing (typical) school division costs in providing programs to meet the State Standards of Quality (SOQ). Some examples of policy decisions during this time period with an impact on State costs include

- funding for new standards for elementary resource teachers (physical education, art, music);
- funding of costs associated with providing a planning period for secondary teachers;
- correcting funding to cover the State share of costs for certain positions mistakenly dropped from State SOQ funding in the 1990s; and
- funding for more children to participate in the State's at-risk preschool program, the Virginia Preschool Initiative (VPI).

There are often other reasons for budget change embedded within workload and budget trends. In some cases, a program's performance or funding may have been judged to be inadequate at some point during the period under review, leading the State to make a concerted effort to enhance or otherwise adjust the program. Adding funding for elementary resource teachers reflected one such judgment.

For the four-year public colleges and universities (excluding the University of Virginia Medical Center), appropriations grew from \$3.34 billion in FY 2001 to \$5.66 billion in FY 2010, representing growth of 69 percent (not adjusted for inflation), ten percent higher than the overall State budget growth of 59 percent. Almost all of this growth was due to increasing non-general fund appropriations, which grew 103 percent over the period. (General funds for the institutions increased 4.8 percent, well below the statewide general fund growth rate of 20 percent.) Growth in tuition revenues (which combines the 29 percent average growth in tuition with the 16 percent enrollment growth over the period) and auxiliary enterprises accounts for 72 percent of the institutions' budget growth.

Over the ten-year period, the sustained effort to enroll children in the Medicaid program through FAMIS (Family Access to Medical Insurance Security) continued, as shown in Table 4. FAMIS started in FY 2000 enrolling children who qualified at up to 200 percent of the federal poverty level and by FY 2010 had more than 100,000 children enrolled and a budget of \$135 million. Of this amount, \$33 million was State general funds.

Other agencies experienced a decline in their budget over the past ten years, although their service population increased over this

same period. A good example of this is the inflation-adjusted appropriation for Temporary Assistance for Needy Families (TANF), a program operated by the Department of Social Services. The budget for TANF decreased by six percent (on this basis) from FY 2001 to FY 2010, while the number of TANF cases increased by 23 percent over the period. The decline in the program's budget stemmed from Virginia's welfare reform initiative in the 1990s and subsequent federal program changes. The number of cases increased by about 15 percent from FY 2008 to FY 2009, which appears to be a result of the recent recession.

In other cases, such as the inmate population for which the State is responsible, the population served by the Department of Corrections increased by 12 percent, whereas the agency's budget grew by only one percent (inflation-adjusted). The probation and parole caseload, also overseen by the Department of Corrections, grew at a higher rate (45 percent) than both the inmate population and the Department of Correction's budget, which is indicative of the compounding pressures on the agency's budget.

### **Federal Funding Increases and Nationwide Programs Also Helped Drive Virginia's Budget Growth**

Over the decade from FY 2001 to FY 2010, federal funds grew as a portion of Virginia's budget. At the beginning of the period, federal funds accounted for \$3.1 billion or 13.3 percent of the State budget. By FY 2010, Virginia's federal funds more than doubled to \$6.8 billion, and their share of the State budget had risen to 18.8 percent.

Part of this growth came in the last year of the period as a result of the federal government's response to the severe economic downturn of 2008-2009. The American Recovery and Reinvestment Act of 2009 (ARRA) provided additional federal funds to the states. The total amount provided to Virginia and its localities is estimated to be \$4.8 billion from FY 2009 through FY 2011. Of this total, the 2009 General Assembly appropriated \$1.59 billion in FY 2010 (Table 5).

Most federal funding requires a State funding match under federal law. The match rate varies from program to program. In some cases, simply to continue participating in a federal program requires substantial State funding. For example, Medicaid is the largest federal program in the Virginia budget, with \$4.0 billion in federal funds (59 percent of all federal funds in Virginia's budget) and a total budget of \$6.8 billion in FY 2010. The State "match rate" for Medicaid was about 50 percent for most of the decade under review. ARRA enhanced the federal share to 65 percent for FY 2010, lowering the State-required match to 35 percent of program spending.

**Table 5: Federal ARRA Funds Appropriated in Virginia's FY 2010 Budget**

State Agency or Program	\$ in Millions
Department of Medical Assistance Services (Medicaid)	\$962.5
Direct Aid to Public Education (K-12)	365.2
Institutions of Higher Education	126.7
Capital Outlay Projects	46.7
Justice Assistance Grant (sheriffs)	23.3
Base Realignment and Closure Commission	19.5
Other	43.3
<b>Total</b>	<b>\$1,587.2</b>

Source: 2009 Summary of 2008-2010 Budget Actions, pages 107-8, prepared jointly by the staffs of the House Appropriations and Senate Finance Committees.

Virginia has accommodated a variety of mandatory federal enhancements of the Medicaid program over the years. Examples of federally required spending increases include rate increases for certain Medicaid-funded services (requiring \$17 million in State general funds in FY 2005), early intervention services for certain young children (\$8 million in general funds in FY 2005), and State funding to implement the federal Medicare Part D prescription drug benefit (\$18 million in general funds in FY 2007).

Additional federal mandates funded in the budget include

- the No Child Left Behind Act and special education funding requirements, administered by the Department of Education;
- environmental programs such as the Clean Water Act, administered by the Department of Environmental Quality;
- enforcement of court-ordered child support payments, administered by the Department of Social Services;
- the 2002 Help America Vote Act, which required a State match for more than \$58 million in federal funds for election equipment and other improvements at the State and local levels; and
- the Real ID Act, administered by the Department of Motor Vehicles.

In addition, State agencies, in the course of operations, are required to comply with various federal regulations designed to achieve goals such as workplace safety and environmental protection. These requirements may not always be considered mandated services, but still add to State government's costs of doing business.

Virginia enjoys a disproportionate share of federal government spending due to its geographic proximity to Washington, D.C., and

the large military presence in the State. For instance, in federal FY 2009, Virginia ranked second among the states in total federal spending per capita. In that year, the federal government spent \$155.6 billion in Virginia (up from \$118.5 billion in federal FY 2008), according to data from the U.S. Census Bureau. The largest share of federal spending in Virginia (\$82 billion or 47 percent) was for procurement of goods and services, including services provided by federal contractors based in Virginia.

Although Virginia receives a substantial amount of federal funds, the Commonwealth is not a large federal grant recipient in per capita terms. Since federal FY 1995, Virginia has ranked between 47<sup>th</sup> and 50<sup>th</sup> among the states in terms of per capita receipt of federal grant awards. In FY 2008 (the most recent data available), Virginia ranked 49<sup>th</sup>. These issues are discussed more fully in the 2003 JLARC report, *Review of Virginia's Activity in Maximizing Federal Grant Funding*.

Other programs that are nationwide in scope also contribute to State budget growth, as in examples noted earlier—FAMIS and Medicare Part D—and programs such as the Tobacco Master Settlement Agreement. Virginia has awarded \$764 million in grants since the latter program began in FY 2001.

### **Virginia Initiatives Triggered Appropriations and Impacted the State's Budget**

State initiatives and policy choices also drive growth in the State's budget. During the ten-year period of this review, Virginia embarked on several initiatives that helped shape the State's overall pattern of spending. These included changes in how the State manages information technology, tax changes adopted in 2004, and the use of general funds for transportation purposes. Several initiatives adopted in the 1990s, including personal property tax reform and the revenue stabilization fund, continue to impact the State budget.

These budgetary initiatives may stem from promises made during a gubernatorial campaign, such as eliminating the personal property tax on vehicles. In other cases, the initiatives stem from legislative or other sources. Once enacted, however, these initiatives tend to remain in the budget as significant sources of spending, even if their growth is uneven.

***Virginia Information Technologies Agency (VITA).*** In 2003, Virginia adopted a new approach to information technology and oversight which also had a significant budget impact. This initiative involved centralizing the planning, oversight, procurement, and service provision of much executive branch information technology into

the newly established VITA. A recent JLARC review of VITA concluded that this initiative appeared to generate some savings (\$72 million by renegotiating contracts between 2003 and 2006, for example) while also tying the State to a ten-year, \$2 billion contract with Northrop Grumman for services. This contract was subsequently renegotiated and extended.

**2004 Tax Changes.** A Special Session of the 2004 General Assembly adopted a package of changes to Virginia's tax code resulting in total additional revenue estimated at \$678 million in FY 2005 and \$780 million in FY 2006. Some of the new money went into special funds, leaving a general fund share of \$401 million in FY 2005 and \$370 million in FY 2006. Subsequent years have seen similar amounts of new revenue attributable to the 2004 tax changes.

**Revenue Stabilization Fund.** The revenue stabilization (or "rainy day") fund was a 1991 JLARC recommendation adopted by the General Assembly and subsequently approved by Virginia voters as an amendment to the *Constitution of Virginia*. The fund acts as a savings account for the Commonwealth and can be used only under the very limited conditions specified in the *Constitution*, when general fund revenues fall short of forecasts. The first appropriation to the fund occurred in FY 1995.

This mechanism has been important to Virginia's budget. Withdrawals from the fund ranging from \$128 million to \$490 million were made in five out of the past ten years (FYs 2002, 2003, 2004, 2009, and 2010), and deposits were made in six years (FYs 2001, 2002, 2005, 2006, 2008, and 2009). In two years (FYs 2002 and 2009), both deposits and withdrawals were made, a peculiarity of the formulas used to manage the fund. In FY 2010, \$293.4 million was transferred out of the revenue stabilization fund and deposited into the general fund as part of the State's action to close the budget shortfall.

**Personal Property Tax Relief Program.** The personal property tax relief program provides tax relief for individuals who own and are taxed on vehicles up to \$20,000 in value. The program was approved by the 1998 General Assembly and was initially designed so that the tax would be phased out over a period of five years. In FY 1999, the program received its first appropriation of \$220 million, which was based on a 12.5 percent phase-out of the tax. Due to fiscal difficulties faced by the State starting in FY 2002, the phase-out was capped at 70 percent of assessed taxes. By FY 2007, the program had grown to \$950 million and has remained capped at that level.

**General Funds for Transportation.** A significant funding initiative over the past decade was the appropriation of State general funds

for transportation, which in the past had been principally funded with non-general funds such as gasoline tax revenues. Through the 1990s, an average of less than three percent (from \$15 million to \$45 million per year) of Virginia Department of Transportation's (VDOT) appropriation was general funds.

Due to declining transportation funds and increasing needs, the 2000 General Assembly provided \$326 million in general funds (11 percent of the agency's budget that year) to stabilize and update the six-year highway construction program, marking the first major infusion of general funds into VDOT's budget. This was followed by the 2001 General Assembly's establishment of the Priority Transportation Fund, with an initial deposit of \$147 million in general funds. From FY 2003 through FY 2008, the general fund portion of VDOT's budget varied from \$73 million (FY 2004) to \$643 million (FY 2007). By FY 2010 it had dropped to \$26.8 million.

### **NON-GENERAL FUND GROWTH AND A MULTIPLIER EFFECT ALSO CONTRIBUTED TO VIRGINIA'S BUDGET GROWTH**

Historical and technical factors also help explain budget growth. For example, in the 1960s and 1970s, State-level decisions were made to include all non-general funds in the budget. The uses of these funds are governed by statute, and the funds now account for 60 percent of the total budget.

In addition, a multiplier effect stemming from separate but inter-related decisions also affects increases in the State's budget growth. Two examples of this include decisions to (1) increase the number of employees in a particular agency or program and (2) provide all State employees with a cost of living salary adjustment.

#### **Non-General Funded Agencies**

Twenty-three State agencies were funded entirely with non-general funds in FY 2010. Nine had an appropriation of less than \$5 million. The largest were the Virginia Employment Commission, Department of Rail & Public Transportation, Department of Alcoholic Beverage Control, and Department of Motor Vehicles.

### **Non-General Funds Continue to Grow Faster Than the General Fund**

A key reason for consistent growth in the State budget, even in FYs 2002, 2009, and 2010 when the general fund declined, has been the steadier, less volatile growth of non-general funds. As shown in Table 6, non-general funds grew 103 percent over the last ten years, outpacing the 20 percent growth in the general fund.

The inclusion of earmarked non-general funds in the budget can be traced to the requirement in the *Constitution of Virginia* that all State spending can occur only as provided by appropriations made by the General Assembly. Although the general fund budget tends to receive more attention than the non-general fund portion (in part because there are fewer annual decisions to make about non-

**Table 6: Non-General Funds Grew Faster Than the General Fund (\$ in Millions)**

<b>Fund Category</b>	<b>FY 2001</b>	<b>FY 2010</b>	<b>Percent Change</b>
General Fund	\$12,284	\$14,785	20%
<b>Non-General Funds</b>			
Trust & Agency	\$614	\$2,347	282%
Dedicated Special Revenue	245	847	246
Enterprise	429	982	129
Higher Education Operating	2,616	5,837	123
Federal Trust	3,074	6,814	122
Debt Service	119	213	79
Special Revenue	1,156	1,872	62
Highway Maintenance and Construction	2,785	3,469	25
<b>Non-General Funds Subtotal</b>	<b>\$11,039</b>	<b>\$22,380</b>	<b>103%</b>
<b>Total (All Funds)</b>	<b>\$23,322</b>	<b>\$37,165</b>	<b>59%</b>

Note: Totals may not add due to rounding.

Source: 2002 and 2010 Appropriation Acts.

general funds), funds from all sources must be included in the budget and appropriated before they may be spent.

The Commonwealth draws upon more than 1,600 sources of revenue, according to the Department of Accounts. The State accounting system groups monies from all these sources into just nine broad categories of funds, shown in Table 6. (Major uses of non-general funds are listed in Appendix H.)

As illustrated in Table 6, growth in all categories of non-general funds exceeded the general fund's overall growth rate of 20 percent from FY 2001 to FY 2010. To a large extent, growth in non-general funds reflects trends in the specific activities that generate the money, such as the issuance of bonds, increased product sales (in the case of the Department of Alcoholic Beverage Control or the lottery, for example), increasing college tuition payments, increased child support payments, and funds paid by local governments and by the federal government. Growth in these sources helps drive the State budget.

Some of the non-general funds with the highest growth rates are relatively small as a percentage of the State's total budget. Trust and agency funds grew at the fastest rate, 282 percent (six percent of the FY 2010 budget). These funds are used to account for money held by the State as custodian or trustee for individuals and certain organizations. Examples include unemployment insurance, tobacco settlement funds, and various types of interest payments.

Dedicated special revenue funds, which grew 246 percent to \$847 million (one percent of the FY 2010 budget), consist of money from specific fees and payments that are restricted to the related activi-

ty. Examples include the State's revolving funds (such as the safe drinking water revolving fund), the game protection fund, the solid waste management permit fee fund, and the nursing scholarship and loan repayment fund.

Enterprise funds, used to account for self-supporting governmental activities that provide goods and services to the general public, also outpaced general fund growth. Enterprise funds grew 129 percent to \$982 million (three percent of the FY 2010 budget). Major components of enterprise funds include revenue from the sale of lottery tickets, alcoholic beverage sales at Virginia's ABC stores, and the Virginia College Savings Plan.

Two other non-general funds with high growth rates together account for 34 percent of the FY 2010 budget—the higher education operating fund, which grew 123 percent to \$5.8 billion (15.7 percent of the FY 2010 budget), and federal trust funds, which grew 122 percent to \$6.8 billion in FY 2010.

The higher education operating fund consists of tuition and fee payments by students at Virginia's colleges and universities, revenues generated by campus-related activities, and university hospital revenues at, for example, the University of Virginia Medical Center. This increase may be explained by a combination of enrollment growth, increased tuition and fees, and increased revenues at university hospitals, among other factors.

Growth in federal funds in the State budget occurred due to new federal programs during the decade under review, and to ARRA, which infused more than \$1.5 billion into the FY 2010 State budget (Table 5).

### **Multiplier Effect From Separate but Interrelated Decisions Also Impacts Budget Growth**

Budget growth is also affected by a multiplier effect from separate but interrelated decisions, as illustrated in Exhibit 1. This multiplier effect explains how the total budget can at times grow at a faster rate than the increases of its individual components.

The multiplier effect illustrated in Exhibit 1 stems from more employees making more money over time. While the real world is more complex than this example, the multiplier effect impacts growth in personal services spending. This category of spending includes salaries, benefits, and related expenditures, as well as other factors such as payments to wage employees (whose numbers are not tracked in the State budget) and disability payments.

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## Exhibit 1: The Multiplier Effect – Separate but Interrelated Decisions Interact to Cause Rapid Budget Increase

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### ***Example: Interaction between salary increases and staffing levels***

An agency initially has 100 employees, each receiving \$40,000 per year.  
(Note: The average salary for State employees in 2010 was \$41,812.)

**Total salaries:** 100 employees X \$40,000 salary = \$4,000,000

The agency opens new programs or facilities over a five-year period, adding 100 more employees—a 100% increase in staffing levels. Over the same period, the employees receive annual cost of living adjustments of 3%, and new employees receive the same salary as existing employees (a typical practice).

### **The budget effects:**

- 100 original employees + 100 new employees = 200 employees
- \$40,000 initial salary X 3% cost of living adjustment each year for 5 years = \$46,371 (16% increase)

**Total salaries (6 years later):** 200 employees X \$46,371 salary = \$9,274,193 (132% increase)

### **The Multiplier Effect:**

- 100% increase in the number of employees
  - 16% increase in salaries, but a 132% increase in the total personnel budget
-

# Chapter 2: Most Budget Growth Remains Concentrated in a Few Agencies and Programs

## In Summary

Most of the State budget, as well as most budget growth, is concentrated in a handful of agencies and programs representing core activities of State government. The 20 largest State agencies (of 156 agencies) accounted for 84 percent of the entire State budget in FY 2010 and 88 percent of all budget growth between FYs 2001 and 2010. Eight agencies accounted for nearly 70 percent of the ten-year budget growth. Furthermore, growth in general fund appropriations is also concentrated in a few large State agencies, although the general fund appropriation of 51 agencies grew more slowly than inflation or even declined. Finally, growth in budget programs was also concentrated in a few large core programs: 12 (of 207) programs in education, health care, and transportation accounted for about three-fourths of all budget growth.

This chapter describes budget growth in State government among agencies, programs, government functions, and secretarial areas over the past ten years, and identifies the largest and fastest growing areas within State government. Budget growth within the agencies is further broken down between general and non-general funds.

### MOST BUDGET GROWTH OCCURS IN A FEW STATE AGENCIES

While the overall State budget (including general and non-general funds) grew 59 percent (unadjusted for inflation) between FY 2001 and FY 2010, a few large agencies dominated the budget throughout the period. With few exceptions, the largest agencies in FY 2001 in terms of appropriations were also the largest in FY 2010 (Tables 7 and 8, next two pages). Among the 20 largest agencies in FY 2001, two agencies—the Departments of Criminal Justice Services and Juvenile Justice—did not grow as fast as the others and were no longer among the 20 largest by FY 2010. As shown by the rank of each agency’s total appropriation in FY 2001 (Table 7) and FY 2010 (Table 8), the largest agencies have remained consistent from one year to the next.

#### Small Agencies

In FY 2010, 48 agencies had annual appropriations of less than \$5 million, up from 47 agencies in FY 2009. The smallest was the \$184,284 appropriation to the Chippokes Plantation Farm Foundation.

Two agencies appear among the 20 largest agency appropriations in FY 2010, which were not in the top 20 for FY 2001—the Department of Rail and Public Transportation (DRPT) and the Comprehensive Services for At-Risk Youth and Families (CSA). DRPT received a specific appropriation to boost public transportation activities toward the end of the ten-year period, and CSA’s FY 2008 budget saw the addition of \$54.3 million in general funds to

**Table 7: Largest Agency Appropriations, FY 2001**

<b>FY 2001 Rank</b>	<b>Agency</b>	<b>Appropriation FY 2001 (\$ in Millions)</b>	<b>Percentage of State Budget</b>
1	Department of Education—Direct Aid to Education	\$4,356.8	19%
2	Department of Medical Assistance Services	3,053.7	13
3	Virginia Department of Transportation	2,840.7	12
4	Department of Social Services	1,221.0	5
5	University of Virginia (including Medical Center)	1,151.8	5
6	Department of Corrections	824.0	4
7	Department of Behavioral Health and Developmental Services	756.9	3
8	Personal Property Tax Relief Program	572.4	2
9	Virginia Tech	547.8	2
10	Virginia Commonwealth University	529.1	2
11	Compensation Board	522.9	2
12	Virginia Community College System	491.6	2
13	Virginia Department of Health	420.8	2
14	Virginia Employment Commission	411.6	2
15	George Mason University	308.6	1
16	Department of Criminal Justice Services	284.8	1
17	Department of Alcoholic Beverage Control	272.6	1
18	Treasury Board	249.8	1
19	Department of Juvenile Justice	236.6	1
20	James Madison University	215.1	1
<b>Total, 20 Largest Agencies</b>		<b>\$19,268.6</b>	<b>83%</b>
<b>Total, All Operating Appropriations</b>		<b>\$23,322.7</b>	<b>100%</b>

Note: Excludes central and capital appropriations. Totals may not add due to rounding.

Source: 2002 Appropriation Act (Chapter 814).

fund anticipated caseload increases and rising program costs. The CSA caseload was projected to increase by eight percent in FY 2008 compared to recent historical growth of about four percent, and costs were expected to increase by 12 percent. However, the number of children who qualified for CSA services in FY 2010 was lower than originally projected, which resulted in a general fund reduction of \$36.6 million in FY 2010 to reflect the decline in utilization of services. Despite this decrease, CSA remains among the 20 largest agency appropriations for FY 2010.

As illustrated in Tables 7 and 8, the personal property tax relief program (defined here as an agency), which began in 1999, ranked eighth in FY 2001 and actually dropped to the tenth largest recipient of State funding in FY 2010, representing three percent of the State's budget (six percent of the general fund budget).

The Department of Education (DOE) had the largest budget at the beginning of the ten-year period and dropped to the second largest agency budget by FY 2010 at 17 percent of the total State budget. The Department of Medical Assistance Services (DMAS) and the Department of Transportation (VDOT) ranked second and third, respectively, throughout the period. Over the last ten years, the

**Table 8: Largest Agency Appropriations, FY 2010**

<b>FY 2010 Rank</b>	<b>Agency</b>	<b>Appropriation FY 2010 (\$ in Millions)</b>	<b>Percentage of State Budget</b>
1	Department of Medical Assistance Services	\$6,768.8	18%
2	Department of Education—Direct Aid to Education	6,461.1	17
3	Virginia Department of Transportation	3,317.8	9
4	University of Virginia (including Medical Center)	2,136.3	6
5	Department of Social Services	1,837.1	5
6	Virginia Community College System	1,054.5	3
7	Department of Corrections	1,020.9	3
8	Virginia Employment Commission	953.8	3
9	Virginia Tech	953.3	3
10	Personal Property Tax Relief Program	950.0	3
11	Department of Behavioral Health and Developmental Services	919.0	2
12	Virginia Commonwealth University	871.7	2
13	George Mason University	648.1	2
14	Compensation Board	604.7	2
15	Virginia Department of Health	567.7	2
16	Department of Rail & Public Transportation	560.8	2
17	Department of Alcoholic Beverage Control	512.5	1
18	Treasury Board	500.6	1
19	James Madison University	396.2	1
20	Comprehensive Services for At-Risk Youth and Families	332.8	1
<b>Total, 20 Largest Agencies</b>		<b>\$31,367.6</b>	<b>84%</b>
<b>Total, All Operating Appropriations</b>		<b>\$37,165.4</b>	<b>100%</b>

Note: Excludes central and capital appropriations. Totals may not add due to rounding.

Source: 2010 Appropriation Act (Chapter 872).

proportion of the total budget allocated to VDOT has remained relatively stable and DMAS's budget more than doubled in size.

Rounding out the five largest appropriations at the beginning and end of the ten-year period were the Department of Social Services (DSS) and the University of Virginia (UVA) although they traded places during the period, with UVA moving into fourth place by FY 2010. The five largest agencies accounted for a total of 55 percent of Virginia's budget in FY 2010.

### **Twenty Agencies Accounted for 87 Percent of Virginia's Total Budget Growth From FY 2001 to FY 2010**

Virginia's budget grew \$13.8 billion between FY 2001 and FY 2010. The vast majority of this growth was concentrated in a handful of agencies; the 20 agencies shown in Table 9 accounted for 87 percent of this growth.

Budget growth was concentrated among the traditional core agencies of State government, along with the personal property tax relief program. Fifty-three percent of all budget growth occurred in just four agencies: DMAS, DOE, UVA, and DSS. (In the JLARC

**Table 9: Twenty Agencies With the Most Growth in Total Appropriations, FY 2001 to FY 2010**

Rank	Agency	Change in Total Appropriation (\$ in Millions)	Percentage of Total Budget Growth
1	Department of Medical Assistance Services	\$3,715.1	27%
2	Department of Education—Direct Aid to Education	2,104.3	15
3	University of Virginia (including Medical Center)	984.5	7
4	Department of Social Services	616.1	4
5	Virginia Community College System	562.9	4
6	Virginia Employment Commission	542.3	4
7	Virginia Department of Transportation	477.1	3
8	Department of Rail & Public Transportation	427.4	3
9	Virginia Tech	405.5	3
10	Personal Property Tax Relief Program	377.6	3
11	Virginia Commonwealth University	342.6	2
12	George Mason University	339.5	2
13	Treasury Board	250.8	2
14	Department of Alcoholic Beverage Control	239.8	2
15	Department of Corrections	196.9	1
16	James Madison University	181.1	1
17	Comprehensive Services for At-Risk Youth and Families	178.2	1
18	Department of Behavioral Health and Developmental Services	162.0	1
19	Virginia College Savings Plan	159.7	1
20	Virginia Department of Health	146.9	1
<b>Total for 20 Agencies With the Most Growth</b>		<b>\$12,410.4</b>	<b>87%</b>
<b>Total Operating Budget Growth, All Agencies</b>		<b>\$13,842.6</b>	<b>100%</b>

Note: Not adjusted for inflation. Operating appropriations only; excludes central and capital appropriations. Table is based on agencies with at least \$5 million in appropriations in FY 2001. Totals may not add due to rounding. Additional detail may be found in Appendix J.

Source: 2002 and 2010 Appropriation Acts.

report *Review of State Spending: 2009 Update*, these four agencies also ranked among the top five agencies with the largest growth from FY 2000 to FY 2009.) Adding only three more agencies—the Virginia Community College System (VCCS), the Virginia Employment Commission (VEC), and VDOT—accounts for almost two-thirds of the ten-year growth in Virginia’s budget.

Agencies with the largest dollar increases are generally those with the largest appropriations. Four of the top five agencies in Table 9 are also among the top five in Table 8 (largest appropriations in FY 2010), and there is considerable overlap in the remaining 16 agencies in each table. The top two agencies in Table 9 each experienced growth of more than \$2 billion over the ten-year period.

Two other areas experienced high growth in appropriations. First, institutions of higher education (including the community college system) comprised six of the 20 agencies with the most growth between FY 2001 and FY 2010. These six accounted for about \$2.8 billion or 20 percent of the \$13.8 billion increase across all State agencies. Second, the personal property tax relief program had the

tenth largest increase in appropriation growth over the period. This program began in FY 1999 with a general fund appropriation of about \$220 million, and increased to a capped total of \$950 million in FY 2007 and has remained at this level.

Table 9 also includes two State agencies that experienced notable growth in total appropriations from FY 2001 to FY 2010: VEC and the Virginia College Savings Plan (VCSP). Ranked sixth in Table 9, VEC's total appropriation more than doubled from FY 2001 to FY 2010, which was a result of the growth in the agency's non-general funds from \$411.4 million in FY 2001 to approximately \$953.8 million by FY 2010. (VEC does not receive a general fund appropriation.) In the JLARC report *Review of State Spending: 2009 Update*, VEC ranked 17<sup>th</sup> among State agencies with the most growth in total appropriations from FY 2000 to FY 2009. In addition, VCSP moved up from 22<sup>nd</sup> (FY 2000 to FY 2009) to 19<sup>th</sup> (FY 2001 to FY 2010). In FY 2001, VCSP's total budget, which is comprised only of enterprise funds, was \$3.7 million and grew to \$163.5 million by FY 2010.

### **Twenty Agencies Accounted for Virginia's General Fund Appropriation Growth Over the Last Ten Years**

General fund revenues and appropriations are intended for the general purposes of government and are not dedicated or restricted to a specific use. General funds come primarily from statewide taxes such as the income and sales taxes, and thus have broad public interest. The unspecified use of these revenues also means that general funds are of particular interest to budget decision-makers.

In FY 2010, Virginia appropriated approximately \$14.8 billion in general funds, which represented 40 percent of the State's total appropriations. Most of the growth in general fund appropriations was also focused in a handful of agencies.

**General Fund Appropriation Growth Is Concentrated in a Few Agencies.** A few large agencies received most new general fund dollars between FY 2001 and FY 2010. The growth in general funds of eight agencies that each received more than \$100 million in new general funds during the period was more 121 percent more than the overall fund growth. The 20 agencies with the most growth in general fund appropriations (13 percent of all State agencies) actually exceeded the net total general fund growth over the period (Table 10), offset in part by 29 agencies (among those with an appropriation of at least \$5 million in FY 2001) whose general fund appropriation decreased from FY 2001 to FY 2010. These 29 agencies are listed in Table 12 along with those whose general fund appropriation grew more slowly than inflation.

**Table 10: Agencies With the Most General Fund Growth, FY 2001 to FY 2010**

Rank	Agency	Growth in General Fund Appropriation (\$ in Millions)	Percentage of General Fund Budget Growth
1	Department of Medical Assistance Services	\$967.5	39%
2	Department of Education—Direct Aid to Education	827.4	33
3	Personal Property Tax Relief Program	377.6	15
4	Treasury Board	236.3	9
5	Department of Corrections	226.5	9
6	Comprehensive Services for At-Risk Youth and Families	173.7	7
7	Department of Social Services	114.8	5
8	Department of Behavioral Health and Developmental Services	104.4	4
9	Virginia Community College System	58.2	2
10	Circuit Court	30.0	1
11	General District Courts	29.1	1
12	Department of Taxation	28.5	1
13	Juvenile and Domestic Relations District Courts	28.2	1
14	Department of State Police	27.3	1
15	Indigent Defense Commission	24.7	1
16	Old Dominion University	16.5	1
17	Supreme Court	14.5	1
18	State Council of Higher Education for Virginia	13.5	1
19	George Mason University	12.4	<1
20	Magistrate System	9.8	<1
<b>Total for 20 Agencies With the Most General Fund Growth</b>		<b>\$3,321.0</b>	<b>132%</b>
<b>Total General Fund Operating Budget Growth<sup>a</sup></b>		<b>\$2,501.3</b>	

Note: Not adjusted for inflation. Operating appropriations only; excludes central and capital appropriations. Table is based on agencies with at least \$5 million in appropriations in FY 2001. Totals may not add due to rounding.

<sup>a</sup> Total general fund growth is less than the growth for these 20 agencies because 29 other agencies' general fund appropriation decreased from FY 2001 to FY 2010.

Source: 2002 and 2010 Appropriation Acts.

The four agencies with the most general fund budget growth—DMAS, Direct Aid to Education, the personal property tax relief program, and the Treasury Board, each receiving substantial amounts in new general funds—accounted for 96 percent of all general fund growth during the period. DMAS accounted for 39 percent of State general fund budget growth. Direct Aid to Education, ranking second on the list, accounted for 33 percent of all general fund growth during the period. In FY 2010, DMAS received about 36 percent of its funding from the general fund, in comparison with the Direct Aid to Education budget, which received 74 percent of its funding from general funds.

As discussed in Chapter 1, the personal property tax relief program reflects a policy initiative that began before the period under review. As Table 10 illustrates, the personal property tax relief program is the third fastest growing agency in terms of the increase in general fund appropriations from FY 2001 to FY 2010 despite the fact that the program was capped at a \$950 million appropriation in FY 2007.

Table 10 also includes five State agencies that were included among the top 20 agencies with the most general fund growth from FY 2000 to FY 2009 (see the JLARC report *Review of State Spending: 2009 Update*):

- Circuit Courts
- Juvenile and Domestic Relations District Courts
- General District Courts
- Department of Taxation
- Indigent Defense Commission

#### **Criminal Fund**

In FY 2010, approximately \$107 million in general funds was appropriated for Virginia's Criminal Fund, which is used to cover costs related to indigent defendants. Five agencies in Virginia's judicial branch received an appropriation for the Criminal Fund in FY 2010:

1. Circuit Courts  
\$59.1 million
2. Juvenile & Domestic Relations District Courts  
\$23.1 million
3. General District Courts  
\$14.0 million
4. Combined District Courts  
\$6.5 million
5. Supreme Court  
\$4.2 million

All of these agencies experienced an increase in their general fund appropriation from FY 2001 to FY 2010. Specifically, in FY 2009, the Circuit Court, Juvenile and Domestic Relations District Courts, and General District Courts each received an increase in their general fund appropriation for the Criminal Fund, which is divided among six judicial State agencies and is used to cover costs related to indigent defendants. The Circuit Court, Juvenile and Domestic Relations District Courts, and General District Courts received an additional \$14.1 million in FY 2009 for this purpose. In addition to the recent growth in the Criminal Fund, these three agencies also received additional general funds for managing judicial activities. Accordingly, the Circuit Court, Juvenile and Domestic Relations District Courts, and General District Courts received an additional \$22.8 million in FY 2009, which was not included in their FY 2008 appropriation. (These agencies received the same general fund appropriation in FY 2009 and FY 2010 for such judicial activities.)

Two other clusters of agencies with large general fund growth should be noted. Four of the 20 largest general fund growth agencies are in higher education, including VCCS, Old Dominion University, the State Council of Higher Education for Virginia, and George Mason University. Further, two of the 20 largest general fund growth agencies are public safety-related: the Department of Corrections and the Department of State Police.

***General Fund Appropriation Growth in Agencies Reflects Policy Initiatives.*** There were 23 agencies that had general fund growth rates that exceeded the general fund growth rate of 20 percent in the overall State budget (Table 11). Interestingly, not all of the top agencies based on new general fund dollars that are listed in Table 10 also appear in Table 11. For example, VCCS, ranked ninth in Table 10, experienced an 18 percent increase in its general fund appropriation from FY 2001 to FY 2010—two percent less than the overall general fund growth rate of 20 percent.

**Table 11: Twenty-three Agencies Had General Fund Growth Rates That Exceeded the Overall General Fund Growth Rate of 20 Percent, FY 2001 to FY 2010 (\$ in Millions)**

Rank	Agency	FY 2001 General Fund Appropriation	FY 2010 General Fund Appropriation	Percentage Increase
1	Comprehensive Services for At-Risk Youth and Families	\$105.5	\$279.2	165%
2	Indigent Defense Commission	18.4	43.1	134
3	Treasury Board	243.1	479.4	97
4	Supreme Court	16.7	31.2	87
5	Department of Medical Assistance Services	1,449.5	2,416.9	67
6	Personal Property Tax Relief Program	572.4	950.0	66
7	Juvenile and Domestic Relations District Courts	47.6	75.9	59
8	Magistrate System	18.3	28.2	54
9	Court of Appeals	5.6	8.3	50
10	Department of Taxation	58.0	86.5	49
11	Virginia School for the Deaf and Blind (Staunton)	6.3	9.2	47
12	Combined District Courts	15.2	22.1	45
13	General District Courts	66.9	95.9	43
14	Department of Social Services	272.4	387.2	42
15	Circuit Court	71.6	101.6	42
16	Department of Corrections	726.1	952.6	31
17	Virginia State University	28.0	35.2	26
18	Longwood University	21.8	27.6	26
19	Department of Military Affairs	7.4	9.2	25
20	Department of Behavioral Health and Developmental Services	430.2	534.7	24
21	Department of Education—Direct Aid to Education	3,942.4	4,769.8	21
22	State Council of Higher Education for Virginia	64.7	78.2	21
23	Virginia Museum of Fine Arts	8.4	10.2	21

Note: Table based on agencies with general fund appropriations of at least \$5 million in FY 2001.

Source: 2002 and 2010 Appropriation Acts.

CSA experienced the largest proportional growth in general fund appropriations from FY 2001 to FY 2010 (165 percent). As mentioned above, CSA had an increase in its general fund appropriation in FY 2010 due to expected increases in caseload and program costs. This increase resulted in a significant growth rate, greatly exceeding that of the overall general fund (20 percent) over the ten-year period.

The second entity listed in Table 11 reflects a specific policy initiative. Legislation enacted in 2004 created the Indigent Defense Commission to provide oversight and support for all attorneys (whether public defenders or members of the private bar) who furnish indigent defense services in the Commonwealth. Additional general funds were provided in support of this action.

Growth in the Treasury Board's general fund appropriation (ranked third in Table 11) stems from the State's increased use of bonded debt and re-funding to take advantage of improved interest rates. In addition, the Supreme Court experienced an 87 percent

increase in general fund appropriations from FY 2001 to FY 2010. One reason for this increase is a result of receiving additional general funds for the Criminal Fund. As mentioned above, the Supreme Court is one of five judicial branch agencies that received an appropriation for the Criminal Fund. In FY 2010, the Supreme Court received \$4.2 million in general funds for this purpose.

As noted above, the district and circuit courts received sizable increases in their general fund appropriation between FY 2008 and FY 2010. As a result of these increases, these State agencies also had general fund growth rates that exceeded the overall general fund growth rate of 20 percent.

### **General Funds in Many State Agencies Grew More Slowly Than Inflation or Declined Over the Last Ten Years**

While some agencies saw their general fund appropriations grow at above-average rates, 51 agencies—out of 98 agencies with more than \$5 million in general fund appropriations in FY 2001—had general fund appropriations that grew more slowly than the 23 percent rate of inflation or actually declined over the ten-year period (Table 12). (This is up from 28 agencies—out of 73 agencies with more than \$5 million in general fund appropriations in FY 2000—whose appropriation either grew more slowly than inflation or declined from FY 2000 to FY 2009.) However, several of the agencies listed in Table 12 had overall budget growth in excess of inflation due to other sources of revenue that grew more rapidly. In other words, they had non-general fund revenue that increased faster than their general fund appropriation, as in the following examples:

The Virginia Department for the Blind and Vision Impaired (VDBVI) saw overall budget growth of 95 percent, although its general fund appropriation decreased by about 11 percent. Most of this difference resulted from an increase in enterprise funds from \$6.3 million in FY 2001 to \$24.0 million in FY 2010. These funds are used to account for self-supporting activities of government that render service to the general public. Specifically, VDBVI established vending stands, cafeterias, and snack bars throughout the Commonwealth that are operated by vision-impaired persons. The increase in VDBVI's enterprise funds was a result of additional proceeds at these vending facilities. In addition, VDBVI's federal funding increased from \$8 million to \$11.9 million over the ten-year period.

\* \* \*

**Table 12: Fifty-one Agencies' General Fund Appropriation Declined or Grew More Slowly Than the Inflation Rate of 23 Percent, FY 2001 to FY 2010 (\$ in Millions)**

<b>Agency</b>	<b>FY 2001 General Fund Appropriation</b>	<b>FY 2010 General Fund Appropriation</b>	<b>Percentage Change</b>
Direct Aid to Public Education	\$ 3,942.4	\$4,769.8	21%
Virginia Museum of Fine Arts	8.4	10.2	21
State Council of Higher Education for Virginia	64.7	78.2	21
Eastern Virginia Medical School	13.4	16.1	20
Department of Correctional Education	47.3	56.7	20
Virginia Community College System	315.6	373.8	18
Old Dominion University	92.5	108.9	18
Radford University	42.6	50.1	18
Department of State Police	174.8	202.1	16
Christopher Newport University	24.6	28.1	14
Attorney General and Department of Law	17.6	19.6	12
George Mason University	116.9	129.3	11
University of Mary Washington	19.3	21.3	10
Department for the Aging	16.0	17.5	9
Norfolk State University	43.1	46.8	8
Department of Planning and Budget	5.7	6.1	7
Department of the Treasury	7.9	8.3	6
Department of Health	146.0	154.2	6
Cooperative Extension & Agriculture Experiment Station	60.3	63.5	5
Department of Labor & Industry	7.6	8.0	5
James Madison University	68.7	71.4	4
Virginia Commonwealth University	184.4	184.5	0
Department of Conservation & Recreation	56.7	55.5	-2
Department of Agriculture & Consumer Services	26.8	26.0	-3
Jamestown-Yorktown Foundation	7.1	6.9	-4
Department of Education – Central Office	51.9	50.0	-4
Department of Forestry	15.9	14.7	-8
Department of Criminal Justice Services	237.5	218.5	-8
Compensation Board	518.7	473.0	-9
College of William and Mary	68.2	62.1	-9
Department of Mines, Minerals & Energy	12.7	11.5	-9
Department for the Blind and Vision Impaired	7.3	6.5	-11
Department of Rehabilitative Services	33.8	30.1	-11
Marine Resources Commission	9.8	8.6	-12
Virginia Tech	193.6	168.7	-13
Department of Juvenile Justice	227.2	196.9	-13
University of Virginia (including Medical Center)	173.6	148.9	-14
Department of General Services	23.7	19.4	-18
Virginia Military Institute	15.5	12.4	-20
State Board of Elections	12.4	9.7	-21
Department of Housing & Community Development	46.6	36.1	-23
Department of Accounts – total	82.4	63.6	-23
The Library of Virginia	36.2	27.6	-24
Virginia Tourism Authority	20.8	14.5	-30
Virginia Economic Development Partnership	22.0	15.0	-31
Department of Emergency Management	7.9	4.9	-38
Department of Environmental Quality	60.5	36.9	-39
Department of Business Assistance	19.5	10.1	-48
Innovative Technology Authority	12.8	4.1	-68
Department of Transportation	325.6	26.8	-92
Virginia School for the Deaf and Blind at Hampton <sup>a</sup>	6.5	<0.1	-99

<sup>a</sup> Effective July 1, 2008, the School for the Deaf and Blind at Hampton was consolidated with the Virginia School for the Deaf and Blind in Staunton, as approved by the Virginia Board of Education.

Note: Table based on 98 agencies with general fund appropriations of at least \$5 million in FY 2001.

Source: 2002 and 2010 Appropriation Acts.

The University of Virginia (UVA) (including the Medical Center) experienced overall budget growth of 86 percent from FY 2001 to FY 2010, well above the 23 percent rate of inflation over the period. However, its general fund appropriation decreased by 14 percent. In comparison, the university's non-general fund appropriation more than doubled over the period, increasing from \$969 million to nearly \$2 billion. Specifically, UVA's higher education operating fund appropriation increased from \$952 million to \$1.9 billion (101 percent) over the ten-year period.

\* \* \*

The Department of General Services' (DGS) general fund appropriation declined by 18 percent from FY 2001 to FY 2010; however, its overall budget grew 84 percent, well above inflation (23 percent). Two types of non-general funds accounted for the majority of this notable difference over the ten-year period. First, DGS's enterprise funds grew from approximately \$3.2 million in FY 2001 to \$25.3 million in FY 2010. These funds were obtained as a result of merging all laboratory and procurement services into DGS. Second, DGS's federal funding in FY 2010 (\$9.1 million) was more than ten times the amount received in FY 2001 (about \$902,000).

\* \* \*

The Department of Emergency Management (DEM) experienced a 38 percent decline in its general fund appropriation from FY 2001 to FY 2010. However, the composition of DEM's budget also changed significantly over the last ten years. In FY 2001, the majority of DEM's budget (56 percent) was made up of general funds, and this decreased to 11 percent by FY 2010. By FY 2010, 80 percent of DEM's budget was comprised of federal funds. Comparatively, only 27 percent of DEM's FY 2001 budget was made up of federal funding. Therefore, despite the decrease in DEM's general fund budget over the ten-year period, its overall budget (including non-general funds) more than tripled.

Other agencies in Table 12, however, did not see much growth in their non-general fund appropriations. For example, the Department of Juvenile Justice actually experienced a 14 percent decline in its overall budget, in line with the 13 percent decrease in its general fund appropriation. These declines stem largely from budget cuts in the 2002-2004 timeframe that were not restored, as well as from a 30 percent decline over the ten-year period in the average daily population of State-responsible juvenile offenders.

## **BUDGET GROWTH IN STATE GOVERNMENT PROGRAMS IS ALSO FOCUSED ON CORE ACTIVITIES**

All State appropriations are classified according to the program budget structure, which includes seven broad government functions plus capital expenditures. The program classification is designed to assist in the planning and analysis of the State budget as well as in monitoring the activities of State government. Budget programs provide information on how funds are spent, regardless of the State agency to which funds are appropriated. While some programs may be confined to a single agency, others may be distributed across multiple agencies. For example, the program called “education and general programs” may be found in the budgets of all colleges and universities. In FY 2010, Virginia’s budget of \$37 billion included 207 programs.

Like growth in State agencies, most of the growth in budget programs over the ten-year period from FY 2001 to FY 2010 remained concentrated among three large programs relating to the core functions of State government: health care, education, and transportation (Table 13). In addition, 19 of the 20 programs listed in Table 13 were also among the top 20 with the largest growth from FY 2000 to FY 2009 (see JLARC’s *Review of State Spending: 2009 Update*). Approximately 86 percent of all budget growth during the ten-year period occurred in just 20 of the programs listed in the FY 2001 and FY 2010 budgets. Twelve of these 20 fell into the three core government functions and account for nearly three-fourths of Virginia’s budget growth over the last ten years.

Five education programs accounted for \$4.7 billion or 34 percent of all budget growth over the period (Table 13). This included one elementary and secondary education program—financial assistance for public education (Standards of Quality, or SOQ)—and four higher education programs—education and general programs, education auxiliary services, financial assistance for education and general programs, and student financial assistance.

Four health-related programs are included among the 20 high-growth programs, also totaling \$4.7 billion or 34 percent of all budget growth: Medicaid, which experienced the largest appropriation growth over the period and accounted for 26 percent of total budget growth; State health services, which includes activities at the Department of Health, the University of Virginia Medical Center, and at facilities operated by the Department of Behavioral Health and Developmental Services and the Department of Corrections; personnel management services for the State employees’ health care plan; and financial assistance for community services boards.

**Table 13: Twenty Largest Program Increases in Total Appropriations, FY 2001 to FY 2010**

Rank	Program	Change in Appropriations (\$ in Millions)	Percentage of Total Budget Growth
1	Medical Program Services (Medicaid)	\$3,541.1	26%
2	Financial Assistance for Public Education (SOQ)	1,651.7 <sup>a</sup>	12
3	Higher Education: Education & General Programs	1,492.3	11
4	State Health Services	924.3	7
5	Higher Education: Auxiliary Services	621.1	4
6	Higher Education: Financial Assistance for Education & General Programs	590.3	4
7	Highway System Maintenance	555.0	4
8	Higher Education Student Financial Assistance	321.8	2
9	Child Support Enforcement Services	314.0	2
10	Bond & Loan Retirement & Redemption	250.1	2
11	Alcoholic Beverage Merchandising	242.4	2
12	Financial Assistance for Local Social Services Staff	228.6	2
13	Investment, Trust, and Insurance Services	172.3	1
14	Financial Assistance: Self Sufficiency Programs (TANF)	168.4	1
15	Financial Assistance: Public Transportation	152.4	1
16	Financial Assistance to Localities for Ground Transportation	150.0	1
17	Protective Services	146.5	1
18	Personnel Management Services (State Employees' Health Plan, etc.)	97.1	1
19	Financial Assistance for Community Services Boards	92.7	1
20	Pre-Trial, Trial, Appellate Processes	80.7	1
<b>Total for 20 Programs With the Most Growth</b>		<b>\$11,792.7</b>	<b>86%</b>
<b>Total Budget Growth</b>		<b>\$13,842.6</b>	<b>100%</b>

<sup>a</sup> This change in appropriations is based on total dollars in the funding accounts identified as part of SOQ funding in FY 2010 (totaling \$5.110 billion) minus total dollars in corresponding funding accounts from FY 2001 (totaling \$3.459 billion).

Note: Not adjusted for inflation. Includes operating appropriations only, programs funded for \$5 million or more in FY 2001 that were also funded in FY 2010, and excludes capital appropriations. Totals may not add due to rounding. Personal property tax relief (car tax) program is excluded because it is considered in this report to be an agency and is shown in Tables 10 and 11. If it were included, it would rank 8th with \$377.6 million in growth, accounting for three percent of all budget growth over the ten-year period.

Note: As a result of the implementation of the State's new budget system (Performance Budgeting System) in September 2010, there may be changes over the next year to budget program names or how certain program appropriations are allocated. Any such changes will be reflected in JLARC's 2011 update on State spending.

Source: 2002 and 2010 Appropriation Acts.

Finally, three transportation programs also appear among the 20 largest program increases: highway system maintenance, financial assistance for public transportation, and financial assistance to localities for ground transportation (which principally includes payments to cities and two counties for road maintenance). Changes in these transportation programs totaled \$857.4 million, or six percent of total budget growth over the period.

### **SOME SECRETARIAL BUDGET GROWTH IS DUE TO REALIGNMENTS OVER THE LAST TEN YEARS**

The secretarial system in Virginia was established by the General Assembly in 1972. Today, it consists of ten secretaries broadly reflecting the major functions of the executive branch.

Secretarial budgets have varied as agencies and programs have moved between secretariats. Some of the apparent growth in secretarial budgets is explained by these agency realignments. For example, the Secretary of Agriculture and Forestry was established by legislation adopted in 2004. In FY 2007, two agencies (Forestry, and Agriculture and Consumer Services) were moved in the Appropriation Act from the Secretary of Commerce and Trade to the Secretary of Agriculture and Forestry. This resulted in the reduction of \$87 million in FY 2007 from the Commerce and Trade secretariat and the addition of a like amount to the Agriculture and Forestry secretariat.

Table 14 shows the growth in the budgets by secretarial area. Education, health and human resources, and transportation continue to dominate budget growth, even when aggregated to the secretarial levels. Much of the budgetary growth in the secretariats is concentrated in a handful of areas. For example, growth in the education secretariat stems mainly from growth in the five education budget programs noted in Table 13. These five programs accounted for nearly all of the appropriation growth in the education secretariat. Likewise, the four health-related programs in Table 13 accounted for 86 percent of the appropriations growth in the health and human services secretariat, and the three transportation-related programs in Table 13 explained 87 percent of budget growth in the transportation secretariat.

**Table 14: Budget Growth by Secretarial Area, FY 2001 to FY 2010**

Rank	Secretarial Area	Change in Total Appropriations (\$ in Millions)	Percentage of Total Budget Growth
1	Education	\$5,582.4	40.3%
2	Health and Human Resources	5,384.6	38.9
3	Transportation	989.6	7.2
4	Public Safety	580.1	4.2
5	Commerce and Trade	554.9	4.0
6	Administration	326.7	2.4
7	Finance	204.0	1.5
8	Natural Resources	139.3	1.0
9	Technology	38.7	0.3
10	Agriculture and Forestry	11.1	0.1
	<b>Total for Secretarial Areas</b>	<b>\$13,811.5</b>	<b>99.8%</b>
	<b>Total Budget Growth</b>	<b>\$13,842.6</b>	<b>100.0%</b>

Note: Based on agency alignments shown in respective Appropriation Acts. Excludes legislative and judicial departments, central appropriations, independent agencies, and executive offices. Appropriations not adjusted for inflation. Operating appropriations only; excludes capital appropriations. Totals may not add due to rounding.

Source: 2002 and 2010 Appropriation Acts.

# Appendix A: Study Mandate

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*Code of Virginia § [30-58.3](#). Annual Report on State Spending.*

A. No later than November 15 of each year, the Commission shall provide to the Governor and the General Assembly an annual report on state spending that shall include, among other things, (i) an identification and analysis of spending functions and programs that could be consolidated with other programs without diminishing the quality of the services provided to the citizens of the Commonwealth; (ii) an identification and analysis of those spending functions or programs which no longer have a distinct and discernible mission or are not performing their missions efficiently; (iii) an identification and analysis of the state programs that have had the largest impact on the growth of state spending over the prior five biennia, in dollar terms; (iv) an identification and analysis of the programs growing the fastest in percentage terms; (v) for the programs identified as the largest or fastest-growing, comparisons of the growth in spending on those programs to the rate of increase in inflation and the growth in populations served by those programs over a comparable time period; (vi) an analysis of the causes for the growth in spending on the largest and fastest-growing programs and whether the growth in spending appears rationally related to the rates of increase in inflation, tax relief measures, mandated expenditures, populations served, or any other related matter; and (vii) such other related issues as it deems appropriate.

B. All agencies of the Commonwealth shall provide assistance to the Commission in the preparation of this report, upon request.



# Appendix B: Research Activities and Methods

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To conduct this review of State spending, JLARC staff collected appropriation and expenditure data from a variety of sources, including the Department of Planning and Budget (DPB), the Department of Accounts (DOA), and various other agencies. In addition, JLARC staff also reviewed previous reports and documents pertaining to State spending.

## DATA COLLECTION

JLARC staff receive annual updates of budget and spending data from DPB and DOA. JLARC staff currently maintain a database with appropriation data at the agency, program, and fund level from FY 1983, and appropriation data at the agency and fund level from FY 1981. Data on agency workload and populations served were also collected from various State agencies. Finally, economic and demographic data were obtained from federal agencies such as the Census Bureau and the Bureau of Economic Analysis, and from the Weldon Cooper Center at the University of Virginia.

Key constraints in collecting information about budget changes over time are the limited historical data maintained by various State agencies and staff turnover within the agencies over this long period of time. Virginia's records retention policy does not require that appropriations and expenditure data be retained for more than five years. Consequently, useful information about budget changes during the 1990s, for example, is unavailable from many agencies. Turnover among budget staff and in other key positions within agencies also limits the amount of information available for historical purposes. Agency reorganizations, consolidations, eliminations, and additions of agencies, as well as changes in program structure or services further constrain analysis. JLARC staff attempted to supplement information provided by agencies by referring to a variety of documentation noted in the next section.

Key elements of the fiscal and demographic data sets are included in appendixes to this report. To facilitate access to the data developed in this review, selected historical financial data have been placed on the JLARC website. Currently, the online information includes most of the tables in the appendixes, as well as appropriations for the largest State agencies, and general fund and non-general fund appropriations from FY 1981. This information is

available on JLARC's website (<http://jlarc.virginia.gov>) under Fiscal Analysis.

## **DOCUMENT REVIEW**

JLARC staff utilized a variety of documents for this review. These included Appropriation Acts from FY 2001 to the present, Governor's executive budget documents over the same period, and summaries of General Assembly budget actions prepared jointly by staff of the House Appropriations and Senate Finance committees from 2001 to the present. Agency-specific and program-specific studies and documents were also reviewed, as were reports from legislative and gubernatorial study commissions and panels. State spending reports compiled by the National Association of State Budget Officers were consulted, as were a variety of other documents such as agency annual reports and statistical publications.

# Appendix C: The Basis of Virginia's Budget

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Virginia's budget operates within a legal framework including the *Constitution of Virginia*, the *Code of Virginia*, and the Appropriation Act. It is proposed by the Governor in the form of the budget bill, is amended and approved by the General Assembly, and covers a two-year period (a biennium). Everything in the State budget stems from this review and approval process by the State's elected officials. The JLARC report *Interim Report: Review of State Spending* (House Document 30 (2002)) described Virginia's budget process, including discussions of the program budget structure, revenue forecasting process, and performance measures. Additional discussion of Virginia's budget processes may be found in the 2008 JLARC report, *The Potential for Improving Budget Review in Virginia*.

Data used in assessing Virginia budget growth come from several sources and are available at several levels of aggregation. Financial data are available in the form of appropriations and expenditures, at the function, program, and agency levels of aggregation. The time periods vary for which various levels of data are available and are noted, where relevant, throughout this report.

## BUDGET TERMINOLOGY USED IN THE BUDGET

There are several specialized terms used in the Virginia budget process. This section explains them and how they are used.

### Appropriations

An *appropriation* can be considered a limit on spending, or a spending ceiling, that is authorized by the General Assembly and approved by the Governor. Expenditures may be made only if the agency or program has an appropriation (legal authority) to do so. Appropriations are maximum limits that expenditures cannot exceed. In addition, appropriations are payable in full only if sufficient revenues are available to pay all appropriations in full. A non-general funded program or agency must have both an appropriation and sufficient cash on deposit in the State treasury in order to expend the funds.

This report primarily focuses on appropriations. Unless otherwise noted, appropriations used in this report are the final appropriations approved (voted on and adopted) by the General Assembly and approved by the Governor. This includes all legislative changes made to appropriations during a biennium, such as second year

changes to first year amounts and “caboose bill” (a third and final Appropriation Act during a biennium) changes to second year amounts. Administrative adjustments made to appropriations subsequent to the adoption of the Appropriations Act are not included. The Appropriations Act authorizes the Governor, under certain conditions, to make limited adjustments to appropriations.

## **Expenditures**

*Expenditures* are actual amounts spent or transferred by State agencies and certified by the Department of Accounts. Expenditures include financial assistance to localities for personal property tax relief as well as deposits made to the revenue stabilization fund. Expenditures also include payments made on capital projects in a given year, regardless of when appropriations were made to the projects. Expenditures may vary from appropriations because of administrative adjustments to the legislative appropriation amount, as authorized in the Appropriation Act.

## **Functions and Programs**

Virginia’s budget is based on a *program structure*, a mechanism intended to conveniently and uniformly identify and organize the State’s activities and services. Under this structure, services that the State provides are classified into three levels of detail: functions, programs, and agencies.

*Functions* represent the broadest categories of State government activities. Virginia government is grouped into seven broad operating functions, such as “administration of justice” and “individual and family services.”

Budget *programs* include funding directed toward specific objectives such as developing or preserving a public resource, preventing or eliminating a public problem, or improving or maintaining a service or condition affecting the public. Programs are grouped by function, and may appear in several agencies. First adopted by Virginia in the mid-1970s, program budgeting is an attempt to avoid the excessive detail of line-item budgets by combining logical groupings of governmental activities into broader “programs.”

Programs are more specific than the broad governmental functions and may appear in several agencies. For example,

The budget program “State health services” within the broad individual and family services function includes efforts to provide direct health care services to individuals and families through State-operated facilities, including services relating to child development, drug and alcohol

abuse, geriatric care, inpatient medical, maternal and child health, mental health, mental retardation, outpatient medical, technical support and administration, and other services. This program is included in several agencies, including the University of Virginia Medical Center, Virginia Commonwealth University, Department of Behavioral Health and Developmental Services, Department of Corrections, and others.

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The budget program “administration and support services” within the broad function of administration of justice combines a wide variety of discrete services, including computer services, architectural and engineering services, food and dietary services, housekeeping, personnel services, power plant operation, nursing and medical management, and others. This program is included in several agencies under the Secretary of Public Safety, including the Departments of Corrections and Juvenile Justice.

## STATE “AGENCY” DEFINED

An *agency* represents the major unit of operational and budgetary control and administration of State services. Agencies are generally thought of as including a set of programs under the purview of an agency head who is typically appointed by the Governor, along with a staff who implement the agency’s programs.

There are, however, differing notions about what constitutes a State agency and how many there are in Virginia. The 2010 Appropriation Act (Chapter 872) provided funding to entities identified by 189 unique agency codes, and the Department of Planning and Budget assigned 207 agencies to its budget analysts in 2010. In 2003, 144 State agencies were identified in the JLARC report, *Review of State Spending: June 2002 Update* (House Document 3). In 2008, JLARC staff and the Department of Human Resource Management identified 145 agencies with classified employees.

The State accounting and budgeting system essentially regards anything assigned an agency code to be equivalent to a State agency, although such codes are often merely a matter of administrative convenience. For instance, appropriations for agency codes 720 (central office), 790 (grants to localities), 792 (mental health treatment centers), 793 (mental retardation training centers, and 794 (Virginia Center for Behavioral Rehabilitation) must be combined to arrive at a budget total for the Department of Behavioral Health and Developmental Services (formerly the Department of

Mental Health, Mental Retardation and Substance Abuse Services).

Agency codes are sometimes used as a way of entering a new program or activity into the State financial system and ensuring budget control. Thus, the “personal property tax relief program” (746), interstate organization contributions (921), and “compensation supplements” (757) are examples of programs (just financial accounts, in reality), which have been assigned a program budget code for administrative convenience.

This report uses the Appropriation Act as a basis for identifying State agencies. The 189 unique agency budget codes are then adjusted for situations where multiple codes are assigned to a single agency, and to exclude various financial accounts (Table C-1).

**Table C-1: Counting State Agencies, FY 2010**

Unique Agency Codes in 2009 Appropriation Act	189
Codes assigned to DBHDS Facilities & Programs	5
Codes assigned to UVA Academic Division (207), Medical Center (209), and UVA at Wise (246)	3
Codes assigned to William & Mary (204) and VIMS (268)	2
Codes assigned to DRS (262) & Woodrow Wilson Rehab Center (203)	2
Codes assigned to Department for the Blind and Vision Impaired (702) and Rehab Center for the Blind and Vision Impaired (263)	2
Codes assigned to Councils, Commissions and Boards under the Division of Legislative Services <sup>a</sup>	23
Codes assigned to various financial activities <sup>b</sup> :	6
DOA transfer payments (162)	
Central appropriations (995)	
Towing and Recovery operations (507)	
State Grants to Non-State Agencies (986)	
Legislative Department Reversion Clearing Account (102)	
Contributions to Interstate Organizations (921)	
<b>Total Number of State Agencies<sup>c</sup></b>	<b>156</b>

<sup>a</sup> There were 23 agency codes in FY 2010 under the Division of Legislative Services.

<sup>b</sup> The six agency codes assigned to various financial activities were not included in the total number of State agencies for FY 2010.

<sup>c</sup> The personal property tax relief program, defined as an agency in this report, falls under agency code 995 and program 746. Also, the Department of Accounts had a separate line item, which included transfer payments but excluded the Revenue Stabilization Fund (program 735). Note: Total number of State agencies is calculated by subtracting the number of codes assigned from the number of unique agency codes, ensuring that the principal agency is correctly counted—e.g., from 189, subtract 5 for DBHDS facilities and programs and add back 1 for the overall agency.

Source: 2010 Appropriation Act (Chapter 872); Department of Planning and Budget.

This process identified 156 State agencies, which is the number used throughout this report. While this approach consolidates DBHDS programs and facilities into a single agency, it counts each of the courts—Circuit Courts, the various types of district courts, and the Magistrate System, as separate agencies, as does the Appropriation Act.

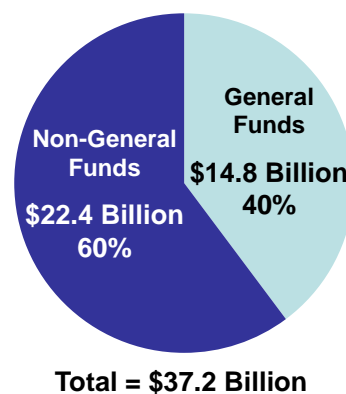
Similar to the Appropriation Act, this report treats the personal property tax relief program as a separate agency. The size of this item (\$950 million) is larger than all but six agencies, and thus, warrants such treatment and permits it to be compared to other State spending priorities. Other entities and activities are assigned an agency code in the budget, and are included in the agency count for this report. This includes entities such as the Virginia College Building Authority, the Treasury Board, and various other boards and commissions that receive funding but are not necessarily typical State agencies, with offices, an appointed agency head, and staff.

## GENERAL AND NON-GENERAL FUNDS

State revenues and appropriations are grouped into two categories, depending on their origin: general and non-general funds. The State's general fund consists primarily of revenue from income and sales taxes that are not restricted in any way, and are used for the widely varied purposes of government. Non-general funds, as noted earlier, derive from many diverse sources and are restricted to certain specified uses.

General and non-general funds comprised 40 and 60 percent, respectively, of the FY 2010 Virginia budget (Figure C-1). This is important because the expenditure of non-general funds is controlled by their authorizing statute—thus, more than half the State budget is determined by statute more than by the appropriation process. This ensures that child support payments, for example, are spent for child support and not some other purpose. It also means that growth in more than half the budget is determined by factors other than the annual budget decision-making process.

**Figure C-1: FY 2010 General and Non-General Fund Appropriations**



Source: 2010 Appropriation Act.



# Appendix D: Ten Largest Annual General Fund Increases, 2001–2010 Biennial Totals (\$ in Millions)

Note: In the following tables, the number labeled “Largest Ten as a Percentage of Total” reflects only new funds added to the budget but does not reflect funds reduced elsewhere that offset additions. These off-sets vary from year to year.

## Acronyms used in the tables below:

CSA: Comprehensive Services for At-Risk Youth and Families  
DOA: Department of Accounts  
DCR: Department of Conservation and Recreation  
DOC: Department of Corrections  
DCJS: Department of Criminal Justice Services  
DOE: Department of Education  
DEQ: Department of Environmental Quality  
DGS: Department of General Services  
DHCD: Department of Housing and Community Development  
DMAS: Department of Medical Assistance Services  
DBHDS: Department of Behavioral Health and Developmental Services  
DSS: Department of Social Services  
SOQ: Standards of Quality  
VDOT: Virginia Department of Transportation

## Ten Largest Increases in 2008-2010 Budget Made by 2010 General Assembly

Source: Analysis of “Summary of 2008-2010 Budget Actions” (2010 Session) prepared jointly by the staffs of the House Appropriations Committee and Senate Finance Committee.

Rank	Agency	Program	General Fund
1.	DMAS	Add funding for Medicaid utilization and inflation	\$80.1
2.	Department of Conservation and Recreation	Provide funding for agricultural best management practices	15.2
3.	Direct Aid to Public Education	Update student enrollment projections	14.5
4.	DMAS	Adjust funding for Virginia Health Care Fund	9.8
5.	Central Appropriations	Add supplemental funding for VITA rate charges	9.7
6.	Secretary of Commerce and Trade	Rolls Royce incentive payments (HB 29 ARRA Swap)	9.4
7.	Department of Social Services	Fund Unemployed Parents Cash Assistance Program growth	5.5
8.	DMAS	Fund medical assistance services for low-income children (SCHIP)	3.1
9.	DMAS	Fund medical services for involuntary mental commitments	3.1
10.	Treasury Board	Restore jail reimbursement (Arlington & Chesapeake)	2.6
Subtotal, Ten Largest			\$153.0
Total of All General Fund Adjustments, 2010 Session			\$256.6
Ten Largest as a Percentage of Total			60%

### Ten Largest Increases in 2008-2010 Budget Made by 2009 General Assembly

Source: Analysis of "Summary of 2008-2010 Budget Actions" (2009 Session) prepared jointly by the staffs of the House Appropriations Committee and Senate Finance Committee.

Rank	Agency	Program	General Fund
1.	DMAS	Add funding for Medicaid utilization and inflation	\$451.7
2.	Treasury Board	Provide debt service on proposed new debt	14.7
3.	Compensation Board	Restoration of Constitutional officer funding reductions	14.3
4.	Colleges and Universities	Provide additional student financial aid for all institutions	10.0
5.	Circuit Courts	Provide additional funding for the Criminal Fund	8.8
6.	DMAS	Fund FAMIS utilization and inflation	8.4
7.	Colleges and Universities	Increase interest earnings & credit card rebate (Central Accounts)	8.3
8.	Central Appropriations	Add funding for interest earnings and credit card rebates for institutions of higher education	8.3
9.	Public Education	Correct special education data	6.8
10.	DMAS	Adjust funding for the Virginia Health Care Fund	6.7
Subtotal, Ten Largest			\$538.0
Total of All General Fund Adjustments, 2009 Session			\$614.5
Ten Largest as a Percentage of Total			88%

### Ten Largest Increases in 2006-2008 Budget Made by 2008 General Assembly

Source: Analysis of "Summary of 2006-2008 Budget Actions" (2008 Session) prepared jointly by the staffs of the House Appropriations Committee and Senate Finance Committee.

Rank	Agency	Program	General Fund
1.	CSA	Mandatory caseload and cost increases	\$54.3
2.	Supreme Court	Increase Criminal Fund	15.0
3.	Compensation Board	Constitutional officer retirement rate adjustment shortfall	12.3
4.	Compensation Board	Increased per diem payments to local and regional jails	11.9
5.	Central Appropriations	Reduce the impact of the savings requirement for information technology related operational efficiencies	4.9
6.	Central Appropriations	Provide funding for an unbudgeted increase in information technology rates	4.7
7.	Central Appropriations	Provide funding to cover FY 2007 shortfall for interest earnings and credit card rebates at the institutions of higher education	4.0
8.	DSS	Offset loss of federal funds for child welfare services	3.9
9.	Central Appropriations	Fund the cost of the 2008 presidential primary	2.5
10.	State Police	Increased gasoline costs for State police vehicles	2.4
Subtotal, Ten Largest			\$115.8
Total of All General Fund Adjustments, 2008 Session			\$124.1
Ten Largest as a Percentage of Total			93%

### Ten Largest Increases in 2006-2008 Budget Made by 2007 General Assembly

Source: Analysis of "Summary of 2006-2008 Budget Actions" (2007 Session) prepared jointly by the staffs of the House Appropriations Committee and Senate Finance Committee.

Rank	Agency	Program	General Fund
1.	VDOT	Transportation initiatives	\$161.0
2.	Capital Outlay	Project cost overruns and supplements	123.1
3.	DMAS	Virginia Health Care Fund shortfall	58.2
4.	DOE	3% salary increase for SOQ positions	41.9
5.	Capital Outlay	Equipment for previously approved projects	38.5
6.	Non-State Agencies	Grants	26.7
7.	DEQ	Water Quality Improvement Fund-Point Source	21.6
8.	Capital Outlay	Project planning	20.1
9.	DSS	Costs to comply with federal TANF requirements	19.9
10.	Central Appropriations	Second year employee salary increase: additional 1%	16.9
Subtotal, Ten Largest			\$527.9
Total of All General Fund Adjustments, 2007 Session			\$929.0
Ten Largest as a Percentage of Total			57%

### Ten Largest Increases in 2006-2008 Budget Made by 2006 General Assembly

Source: Analysis of "Summary of 2006-2008 Budget Actions" (2006 Session) prepared jointly by the staffs of the House Appropriations Committee and Senate Finance Committee.

Rank	Agency	Program	General Fund (biennial)
1.	DOE	Re-benchmarking SOQ & technical updates	\$941.9
2.	DMAS	Medicaid funding for utilization & inflation	483.5
3.	Capital outlay (various agencies)	New construction	437.1
4.	VDOT	Transportation initiatives	567.9
5.	General government	State & local employees salary & benefits increase	389.9
6.	DOE	Teacher & support staff salary & benefits increase	244.8
7.	Colleges & universities	Enrollment growth, base adequacy	237.3
8.	DEQ	Wastewater treatment improvements	216.6
9.	General government	Revenue Stabilization (Rainy Day) Fund deposit	138.3
10.	DOC	Operating costs of new prisons	130.8
Subtotal, Ten Largest			\$3,788.1
Total of All General Fund Adjustments, 2006 Session			\$4,853.5
Ten Largest as a Percentage of Total			78%

### Ten Largest Increases in 2004-2006 Budget Made by 2006 General Assembly

Source: Analysis of "Summary of 2004-2006 Budget Actions" (2006 Session) prepared jointly by the staffs of the House Appropriations Committee and Senate Finance Committee.

Rank	Agency	Program	General Fund
1.	DOA	Revenue Stabilization (Rainy Day) Fund deposit	\$402.2
2.	DEQ	Water Quality Improvement Fund	56.6
3.	DMAS	Tobacco tax shortfall	9.0
4.	Various	Energy and utility costs	8.2
5.	CSA	Special education	7.5
6.	DBHDS	Pharmaceutical costs/Medicare Part D program	5.7
7.	State Police	70 State trooper positions	5.4
8.	Supreme Court	Criminal Fund	5.1
9.	DGS	Property and casualty insurance	4.7
10.	DOE	SOQ adjustments (ADM/sales tax/technical)	4.7
Subtotal, Ten Largest			\$509.1
Total of All General Fund Adjustments, 2006 Session			\$508.1
Ten Largest as a Percentage of Total			~100%

### Ten Largest Increases in 2004-2006 Budget Made by 2005 General Assembly

Source: Analysis of "Summary of 2004-2006 Budget Actions" (2005 Session) prepared jointly by the staffs of the House Appropriations Committee and Senate Finance Committee.

Rank	Agency	Program	General Fund
1.	VDOT	Transportation initiatives	\$347.6
2.	DOA	Revenue Stabilization (Rainy Day) Fund Deposit	229.4
3.	DMAS	Medicaid funding for utilization, inflation, and initiatives	212.2
4.	Various	Capital outlay and building maintenance	163.9
5.	Various	Employee salary increases (State & local)	131.7
6.	DEQ, DCR	Water quality improvements	86.4
7.	DOE	Increased lottery & sales tax revenue; other actions	68.8
8.	Various	Non-State agencies	34.1
9.	DHCD	Economic development, workforce consortia	27.3
10.	DBHDS	Community crisis, aftercare, early intervention, other actions	20.1
Subtotal, Ten Largest			\$1,321.5
Total of All General Fund Adjustments, 2005 Session			\$1,512.5
Ten Largest as a Percentage of Total			87%

### Ten Largest Increases in 2004-2006 Budget Made by 2004 General Assembly

Source: Analysis of "Summary of 2004-2006 Budget Actions" (2004 Session) prepared jointly by the staffs of the House Appropriations Committee and Senate Finance Committee.

Rank	Agency	Program	General Fund
1.	DOE	Changes to SOQ funding	\$839.4
2.	DOE	SOQ funding revisions (Chapters 939 and 955, 2004 <i>Acts of Assembly</i> )	326.1
3.	Colleges and Universities	Provide base adequacy funding for colleges and universities	175.8
4.	DOE	Update benefit contribution rates for SOQ-related positions	168.0
5.	DOE	Increase in direct aid due to net increase of 1/8 cent sales tax and other sales tax adjustments	148.7
6.	Treasury	Additional FY 2006 Revenue Stabilization Fund deposit	87.0
7.	DMAS	Medicaid utilization and inflation	84.8
8.	Central Accounts	3% salary increase for State employees	79.4
9.	DOE	Finish phase-in of support positions, fix rollover of fringe costs	66.9
10.	Central Accounts	Fund increased health benefit premiums for State employees	66.0
Subtotal, Ten Largest			\$2,042.1
Total of All General Fund Adjustments, 2004 Session			\$2,561.0
Ten Largest as a Percentage of Total			80%

### Ten Largest Increases in 2002-2004 Budget Made by 2003 General Assembly

Source: Analysis of "Summary of 2002-2004 Budget Actions" (2003 Session) prepared jointly by the staffs of the House Appropriations Committee and Senate Finance Committee.

Rank	Agency	Program	General Fund
1.	DMAS	Medicaid funding for utilization and inflation	\$142.4
2.	Central Accounts	Maintain personal property tax relief reimbursement at 70%	127.6
3.	DOE	Provide additional lottery proceeds to school divisions	44.6
4.	Central Accounts	2.25% salary increase for State employees, faculty and State-supported local employees	38.5
5.	CSA	Fund mandated foster care and special education services	35.7
6.	DOE	Update costs of the SOQ programs	31.7
7.	DOE	2.25% teacher salary increase	27.5
8.	Central Accounts	Technical-spread Central Accounts reduction	26.8
9.	DOC	Replace out-of-State inmate revenue with general fund revenue	24.0
10.	DMAS	Fund indigent health care at teaching hospitals	18.4
Subtotal, Ten Largest			\$517.2
Total of All General Fund Adjustments, 2003 Session			\$717.9
Ten Largest as a Percentage of Total			72%

### Ten Largest Increases in 2002-2004 Budget Made by 2002 General Assembly

Source: Analysis of "Summary of 2002-2004 Budget Actions" (2002 Session) prepared jointly by the staffs of the House Appropriations Committee and Senate Finance Committee.

Rank	Agency	Program	General Fund
1.	DMAS	Medicaid funding for utilization and inflation	\$609.1
2.	DOE	Update costs of the SOQ programs	379.9
3.	VDOT	Deposit general fund revenue into Priority Transportation Fund	146.6
4.	CSA	Fund mandated foster care and special education services	137.7
5.	Central Accounts	FY 2004 compensation reserve for all State and State-supported local employees	101.4
6.	Central Accounts	Increase health benefit premiums for State employees (11% average increase)	82.6
7.	DOE	End deduction of locally generated revenues (JLARC Tier 1)	74.8
8.	Central Accounts	2.5% bonus or paid vacation for State classified employees and equivalent for faculty (August 2001)	63.4
9.	Compensation Board	Provide funding for local and regional jail per diem payments	62.7
10.	DOE	Phase-in State share of administrative positions	58.3
Subtotal, Ten Largest			\$1,716.5
Total of All General Fund Adjustments, 2002 Session			\$2,213.0
Ten Largest as a Percentage of Total			78%

### No Budget Changes Made by 2001 General Assembly

### Ten Largest Increases in 2000-2002 Budget Made by 2000 General Assembly

Source: Analysis of "Summary of 2000-2002 Budget Actions" (2000 Session) prepared jointly by the staffs of the House Appropriations Committee and Senate Finance Committee.

Rank	Agency	Program	General Fund
1.	Central Accounts	Personal property tax relief program	\$878.0
2.	DOE	Fully fund direct aid (SOQ, incentive funds, categoricals)	497.7
3.	VDOT	Stabilize & update 6-year construction program	307.3
4.	Treasury	Revenue Stabilization Fund (FY01 & FY02)	266.4
5.	DMAS	Medicaid funding for utilization & inflation	173.8
6.	Central Accounts	3.25% salary increase for State employees	127.3
7.	Capital Outlay	Maintenance reserve	100.0
8.	DOE	2.4% teacher salary increase	88.9
9.	Capital Outlay	Infrastructure / life safety projects	63.7
10.	Colleges & Universities	Maintain faculty salaries at 60% of peers	59.7
Subtotal, Ten Largest			\$2,562.8
Total of All General Fund Adjustments, 2000 Session			\$3,672.8
Ten Largest as a Percentage of Total			70%

## Appendix E: State Expenditures by Governmental Function Including Capital (\$ in Millions, Unadjusted for Inflation)

Fiscal Year	Education	Administration of Justice	Individual and Family Services	Resource and Economic Development	Transportation	General Government	Enterprises	Capital Projects	Total Expenditures
1981	\$1,916	\$339	\$1,853	\$145	\$924	\$290	\$285	\$158	\$5,909
1982	2,049	430	1,992	156	732	284	306	148	6,095
1983	2,170	481	2,044	165	830	230	432	178	6,530
1984	2,357	502	2,058	174	903	232	453	171	6,849
1985	2,633	549	2,191	200	1,064	269	485	146	7,536
1986	2,961	626	2,387	224	1,331	296	508	170	8,502
1987	3,256	692	2,573	267	1,494	349	576	198	9,405
1988	3,539	763	2,837	290	1,716	370	607	256	10,378
1989	3,878	857	3,095	348	1,825	390	726	271	11,389
1990	4,169	964	3,389	402	1,913	417	765	280	12,298
1991	4,333	1,020	3,989	405	1,907	397	885	190	13,126
1992	4,325	1,034	4,439	389	1,812	382	941	208	13,530
1993	4,599	1,070	4,860	381	1,670	398	957	167	14,102
1994	4,758	1,143	5,047	419	1,833	893	1,012	277	15,382
1995	5,067	1,250	5,316	501	2,265	1,037	1,034	355	16,825
1996	5,195	1,326	5,445	480	2,330	1,008	1,065	332	17,181
1997	5,568	1,387	5,562	482	2,449	1,088	1,085	460	18,081
1998	5,941	1,550	5,594	539	2,573	1,174	1,140	553	19,064
1999	6,622	1,745	5,888	624	2,867	1,514	1,198	444	20,902
2000	7,058	1,914	6,385	673	2,797	1,880	1,230	428	22,365
2001	7,570	2,091	6,897	790	3,158	2,198	1,286	451	24,441
2002	7,742	2,069	8,275	743	3,359	2,546	1,375	466	26,575
2003	7,875	2,021	8,608	659	3,209	2,625	1,397	532	26,926
2004	8,363	2,034	8,814	693	3,147	2,969	1,499	710	28,231
2005	9,327	2,170	9,288	734	3,366	3,003	1,689	890	30,467
2006	10,144	2,338	9,904	844	3,454	3,008	1,853	1,179	32,724
2007	11,318	2,401	10,175	818	3,424	3,564	1,839	1,294	34,833
2008	10,793	2,611	10,084	887	4,151	3,885	1,727	1,192	35,330
2009	12,428	2,618	11,960	983	4,099	4,031	2,008	1,898	40,025
2010	12,236	2,466	13,683	1,048	3,719	4,101	2,140	1,381	40,774

Note: Expenditures are on a budgetary or cash basis. Includes all operating and capital spending as well as expenditure of bond proceeds.

Source: Comprehensive Annual Financial Reports; Department of Accounts' correspondence for FY 2001–FY 2010 data.



# Appendix F: Final Legislative Operating Appropriations by Fund (\$ in Millions, Unadjusted for Inflation)

Fiscal Year	Total	General	Special Revenue	Higher Education Operating	Commonwealth Transportation	Enterprise	Trust and Agency	Debt Service	Dedicated Special Revenue	Federal Trust	Total Non-General
1981	\$5,713	\$2,687	\$189	\$549	\$982	\$206	\$133	\$22	\$15	\$930	\$3,026
1982	6,033	2,904	212	614	968	217	181	24	15	898	3,129
1983	6,477	3,111	249	748	949	248	219	22	24	908	3,366
1984	6,841	3,268	271	834	971	254	235	31	25	952	3,573
1985	7,682	3,753	251	911	1,092	214	339	37	29	1,057	3,929
1986	8,269	4,032	299	984	1,174	217	393	44	31	1,097	4,237
1987	9,351	4,599	333	1,144	1,384	219	405	100	31	1,135	4,751
1988	10,021	4,932	423	1,203	1,618	218	333	84	33	1,178	5,089
1989	11,383	5,619	575	1,386	1,673	227	487	77	44	1,296	5,765
1990	11,836	5,989	668	1,464	1,598	228	428	39	46	1,377	5,847
1991	12,620	6,315	676	1,631	1,553	294	401	80	58	1,612	6,305
1992	12,858	6,140	775	1,806	1,600	296	380	42	59	1,760	6,717
1993	13,927	6,402	842	2,087	1,728	300	467	34	64	2,004	7,526
1994	14,686	6,777	878	2,228	1,906	303	386	34	68	2,105	7,909
1995	15,854	7,356	937	2,395	1,948	359	419	104	76	2,260	8,498
1996	16,291	7,597	915	2,487	1,919	371	449	108	78	2,368	8,694
1997	17,131	8,134	918	2,570	1,953	365	447	87	134	2,522	8,997
1998	17,621	8,715	940	2,219	2,106	366	463	92	123	2,596	8,905
1999	19,962	9,967	938	2,471	2,706	391	486	104	142	2,757	9,995
2000	21,369	11,093	1,029	2,489	2,597	399	486	108	140	3,028	10,276
2001	23,323	12,284	1,156	2,616	2,785	429	614	119	245	3,074	11,039
2002	23,483	12,014	1,202	2,704	2,876	428	767	121	250	3,120	11,469
2003	24,983	12,105	1,324	3,240	2,680	566	898	167	285	3,718	12,878
2004	26,379	12,370	1,352	3,575	3,194	590	893	171	258	3,976	14,009
2005	29,258	13,782	1,430	4,014	3,213	650	1,085	164	585	4,333	15,476
2006	31,991	15,111	1,402	4,387	3,978	700	1,110	170	614	4,519	16,881
2007	35,095	17,033	1,603	4,853	3,929	850	1,083	234	638	4,872	18,062
2008	36,003	16,960	1,766	5,147	3,884	879	1,360	244	718	5,046	19,043
2009	37,057	16,192	1,834	5,518	3,751	941	1,966	261	861	5,732	20,865
2010	37,165	14,785	1,872	5,837	3,469	982	2,347	213	847	6,814	22,380

Source: Final Appropriation Act for each biennium (typically, "Caboose" bills), Acts of Assembly, Department of Planning and Budget.



# Appendix G: Final Legislative Operating Appropriations by Secretarial Area (\$ in Millions, Unadjusted for Inflation)

FY	Administration & Finance	Administration	Agriculture & Forestry	Commerce & Resources	Economic Dev./ Commerce & Trade	Education	Finance	Health & Human Resources	Natural Resources	Technology	Transportation & Public Safety	Public Safety	Transportation
1981	\$182			\$110		\$2,211		\$1,449				\$455	\$1,072
1982	182			107		2,378		1,500				490	1,064
1983	223			124		2,665		1,576				580	1,049
1984	217			131		2,918		1,677				594	1,080
1985		\$203		472		3,214	\$91	1,586			\$1,750		
1986		209		485		3,552	89	1,691			1,873		
1987		247			\$446	4,013	103	1,844	\$82		2,261		
1988		253			450	4,240	107	1,927	84		2,584		
1989		313			543	4,721	120	2,355	125		2,814		
1990		327			552	5,051	126	2,560	161		2,738		
1991		363			522	5,271	137	2,957	160			987	1,783
1992		343			524	5,317	143	3,220	172			1,005	1,769
1993		366			602	5,721	152	3,620	174			1,003	1,892
1994		379			555	5,954	196	3,828	181			1,038	2,077
1995		402			611	6,497	318	4,083	153			1,126	2,148
1996		403			634	6,727	328	4,150	196			1,186	2,121
1997		426			614	6,747	403	4,397	178			1,280	2,188
1998		453			639	7,042	423	4,504	208			1,348	2,358
1999		499			670	7,908	527	4,811	265	\$17		1,519	2,855
2000		530			668	8,325	574	5,360	275	19		1,690	2,751
2001		596			720	8,780	555	5,830	288	20		1,928	3,222
2002		578			713	8,968	659	6,079	246	22		1,911	3,034
2003		708			737	9,553	468	6,752	254	64		1,898	2,955
2004		701			736	9,970	564	7,131	254	43		1,899	3,404
2005		786	\$0.1		866	11,205	631	7,984	312	45		2,042	3,697
2006		779	0.1		864	12,054	1,106	8,409	445	44		2,149	4,408
2007		873	87		849	13,658	662	9,009	543	66		2,402	4,918
2008		940	82		852	14,178	794	9,551	345	63		2,506	4,706
2009		941	87		831	14,857	746	9,988	422	58		2,615	4,603
2010		909	83		1,202	14,361	759	10,736	425	52		2,508	4,211

Note: This table reflects the varying organizational structure and agency assignments of the Governor's Secretaries over the period. Details will not sum to total appropriations because of omissions. For example, the Judicial and Legislative departments are independent of the executive branch and thus are not shown. The independent agencies, central accounts, and the Executive Offices also are not under Secretaries and thus are not shown. The revenue stabilization fund is budgeted under the Finance secretariat. The personal property tax relief program is not budgeted under a Secretary (although it is administered through Finance) but under "central appropriations," and thus is not included. The amounts shown average about 95 percent of the total appropriation each year.

Source: Final Appropriation Act for each biennium (typically, "Caboose" bills), Acts of Assembly, Department of Planning and Budget.



## Appendix H: Major Uses of Non-General Funds, FY 2010

Note: The tables identify, for each class of non-general funds, the five largest (by dollar amount) budget programs that receive appropriations from the fund. The tables also indicate the sum of the five largest program appropriations for each fund class, and the percentage that sum represents of the respective non-general funds.

<b>Dedicated Special Revenue Funds</b>		
<b>Agency</b>	<b>Programmatic Purpose</b>	<b>\$ in Millions</b>
Department of Medical Assistance Services	Medical Program Services: Reimbursements to State-Owned Mental Health Facilities	\$303.8
Virginia Department of Health	State Health Services (local health departments)	79.9
Department of Accounts	General Financial Assistance to Localities (599 & taxes)	71.1
Department of Environmental Quality	Environmental Financial Assistance	55.7
Virginia Information Technology Agency		40.1
<b>Total, Top 5</b>		<b>\$550.7</b>
<i>Top 5 as Percentage of This Non-General Fund</i>		<i>65%</i>

<b>Debt Service Funds</b>		
<b>Agency</b>	<b>Programmatic Purpose</b>	<b>\$ in Millions</b>
Department of Transportation	Commonwealth Toll Facilities	\$89.2
Old Dominion University	Higher Education Auxiliary Enterprises	22.6
James Madison University		21.6
Virginia Commonwealth University	Higher Education Auxiliary Enterprises	20.0
University of Virginia (including Medical Center)	Higher Education Auxiliary Enterprises	19.2
<b>Total, Top 5</b>		<b>\$172.4</b>
<i>Top 5 as Percentage of This Non-General Fund</i>		<i>81%</i>

### Trust & Agency Funds

Agency	Programmatic Purpose	\$ in Millions
Virginia Employment Commission	Workforce Systems Services (Unemployment Benefits, Job Placement Services, etc.)	\$945.2
Direct Aid to Education	Financial Assistance for Public Education (SOQ)	635.2
	Highway System Acquisition and Construction	258.4
VDOT	Non-Toll Supported Debt Service (FRANS, Transportation Improvement District debt)	217.1
Central Appropriations	Distribution of Tobacco Settlement	91.6
<b>Total, Top 5</b>		<b>\$2,147.5</b>
<i>Top 5 as Percentage of This Non-General Fund</i>		<i>92%</i>

### Enterprise Funds

Agency	Programmatic Purpose	\$ in Millions
Department of Alcoholic Beverage Control		\$495.0
DHRM Administration of Health Insurance	Personnel Management Services (Health Benefits Administration)	165.0
Virginia College Savings Plan	Investment Services	156.4
State Lottery Department	Lottery Operations	80.0
Department for the Blind & Vision Impaired		24.0
<b>Total, Top 5</b>		<b>\$920.3</b>
<i>Top 5 as Percentage of This Non-General Fund</i>		<i>94%</i>

### Higher Education Operating Funds

Agency	Programmatic Purpose	\$ in Millions
University of Virginia Medical Center		\$1,102.1
Virginia Community College System	Educational & General Programs (Instruction, Research Public Services, Student Services, etc.)	363.2
University of Virginia Academic Division	Educational & General Programs (Instruction, Research Public Services, Student Services, etc.)	350.6
Virginia Tech	Educational & General Programs (Instruction, Research Public Services, Student Services, etc.)	322.2
Virginia Commonwealth University	Educational & General Programs (Instruction, Research Public Services, Student Services, etc.)	296.0
<b>Total, Top 5</b>		<b>\$2,434.0</b>
<i>Top 5 as Percentage of This Non-General Fund</i>		<i>42%</i>

## Federal Funds

Agency	Programmatic Purpose	\$ in Millions
Department of Medical Assistance Services		\$3,817.8
Department of Education: Direct Aid to Education	Federal Education Assistance	1,053.1
	Financial Assistance for Local Social Services Staff (Eligibility Determination, Social Work Services)	241.7
Department of Social Services	Financial Assistance for Self-Sufficiency Programs (TANF, etc.)	190.7
	Federal Assistance	109.5
<b>Total, Top 5</b>		<b>\$5,412.8</b>
<i>Top 5 as Percentage of This Non-General Fund</i>		<i>79%</i>

## Commonwealth Transportation (Highway Maintenance & Construction) Funds

Agency	Programmatic Purpose	\$ in Millions
VDOT	Highway System Maintenance & Operations	\$1,376.4
VDOT	Highway System Acquisition & Construction	1,176.8
	Financial Assistance to Localities for Ground Transportation	365.6
Department of Rail & Public Transportation	Financial Assistance for Public Transportation	274.5
VDOT	Administration & Support Services	248.5
<b>Total, Top 5</b>		<b>\$3,441.9</b>
<i>Top 5 as Percentage of This Non-General Fund</i>		<i>99%</i>

## Special Revenue

Agency	Programmatic Purpose	\$ in Millions
Department of Social Services	Child Support Enforcement Services	\$704.6
Department of Behavioral Health and Developmental Services	State Health Services	195.4
Department of Rail & Public Transportation	Public Transportation System Acquisition & Construction (Dulles Corridor Metrorail Project)	158.6
Department of Health	Community Health Services	99.3
Department of Behavioral Health and Developmental Services	Facility Administration & Support Services	84.4
<b>Total, Top 5</b>		<b>\$1,242.4</b>
<i>Top 5 as Percentage of This Non-General Fund</i>		<i>66%</i>

Note: Operating appropriations only; excludes central and capital appropriations. Totals may not add due to rounding.

Source: Chapter 872 data from Department of Planning & Budget (2010 Appropriation Act).



# Appendix I: 20 Agencies With the Most Growth in Non-General Fund Appropriations

Rank	Agency	FY 2001 Non-General Fund Appropriation	FY 2010 Non-General Fund Appropriation	Growth in Non-General Fund Appropriations	Percentage of Non-General Fund Budget Growth
1	Department of Medical Assistance Services	\$1,604.2	\$4,351.9	\$2,747.7	24%
2	Direct Aid to Public Education	414.3	1,691.3	1,276.9	11
3	University of Virginia (including Medical Center)	978.2	1,987.3	1,009.1	9
4	Department of Transportation	2,515.1	3,291.0	775.9	7
5	Virginia Employment Commission	411.4	953.8	542.4	5
6	Virginia Community College System	176.0	680.7	504.7	4
7	Department of Social Services	948.6	1,449.9	501.3	4
8	Virginia Polytechnic Institute and State University	354.1	784.6	430.5	4
9	Department of Rail & Public Transportation	133.4	561.2	427.9	4
10	Virginia Commonwealth University	344.8	687.2	342.5	3
11	George Mason University	191.7	518.8	327.1	3
12	Department of Alcoholic Beverage Control	272.6	512.5	239.8	2
13	James Madison University	146.4	324.8	178.3	2
14	Administration of Health Insurance	0.0	165.4	165.4	1
15	The Virginia College Savings Plan	3.7	163.4	159.7	1
16	Department of Health	274.8	413.5	138.8	1
17	Compensation Board	4.2	131.7	127.5	1
18	Old Dominion University	96.5	208.1	111.6	1
19	College of William and Mary	110.3	217.8	107.5	1
20	Department of Environmental Quality	86.5	176.9	90.4	1
<b>Top 20 Agencies With the Most Non-General Fund Growth</b>		<b>\$9,066.8</b>	<b>\$19,271.7</b>	<b>\$10,204.9</b>	<b>90%</b>
<b>Total Non-General Fund Growth</b>		<b>\$11,039.1</b>	<b>\$22,380.4</b>	<b>\$11,341.3</b>	<b>103%</b>

Source: 2002 and 2010 Appropriation Acts.



# Appendix J: Total, General, and Non-General Funds for the 20 Agencies With the Most Growth in Total Appropriations

**Table J-1: 20 Agencies With the Most Growth in Total Appropriations, FY 2001 to FY 2010 (\$ in Millions)**

Rank	Agency	FY 2001 Total Appropriation	FY 2010 Total Appropriation	Growth in Total Appropriations	Percentage of Total Budget Growth
1	Department of Medical Assistance Services	\$3,053.7	\$6,768.8	\$3,715.1	27%
2	Direct Aid to Public Education	4,356.8	6,461.1	2,104.3	15
3	University of Virginia (including Medical Center)	1,151.8	2,136.3	984.5	7
4	Department of Social Services	1,221.0	1,837.1	616.1	4
5	Virginia Community College System	491.6	1,054.5	562.9	4
6	Virginia Employment Commission	411.6	953.8	542.3	4
7	Department of Transportation	2,840.7	3,317.8	477.1	3
8	Department of Rail & Public Transportation	133.4	560.8	427.4	3
9	Virginia Polytechnic Institute and State University	547.8	953.3	405.5	3
10	Personal Property Tax Relief	572.4	950.0	377.6	3
11	Virginia Commonwealth University	529.1	871.7	342.6	2
12	George Mason University	308.6	648.1	339.5	2
13	Treasury Board	249.8	500.6	250.8	2
14	Department of Alcoholic Beverage Control	272.6	512.5	239.8	2
15	Department of Corrections	824.0	1,020.9	196.9	1
16	James Madison University	215.1	396.2	181.1	1
17	Comprehensive Services for At-Risk Youth and Families	154.6	332.8	178.2	1
18	Department of Behavioral Health and Developmental Services	756.9	919.0	162.0	1
19	The Virginia College Savings Plan	3.7	163.5	159.7	1
20	Department of Health	420.8	567.7	146.9	1
	<b>Top 20 Agencies With the Most Growth (Overall)</b>	<b>\$18,516.0</b>	<b>\$30,926.4</b>	<b>\$12,410.4</b>	<b>87%</b>
	<b>Total Appropriations</b>	<b>\$23,322.7</b>	<b>\$37,165.4</b>	<b>\$13,842.6</b>	

Note: Operating appropriations only; excludes central and capital appropriations. Totals may not add due to rounding.

Source: 2002 and 2010 Appropriation Acts.

**Table J-2: General Fund Growth for the 20 Agencies With the Most Growth in Total Appropriations, FY 2001 to FY 2010 (\$ in Millions)**

Rank	Agency	FY 2001 General Fund Appropriation	FY 2010 General Fund Appropriation	Growth in General Fund Appropriations	Percentage of General Fund Budget Growth
1	Department of Medical Assistance Services	\$1,449.5	\$2,516.9	\$967.5	39%
2	Direct Aid to Public Education	3,942.4	4,769.8	827.4	33
3	University of Virginia (including Medical Center)	173.6	148.9	-24.6	-1
4	Department of Social Services	272.4	387.2	114.8	5
5	Virginia Community College System	315.6	373.8	58.2	2
6	Virginia Employment Commission	No General Funds			
7	Department of Transportation	325.6	26.8	-298.8	-12
8	Department of Rail & Public Transportation	No General Funds			
9	Virginia Polytechnic Institute and State University	193.6	168.7	-24.9	-1
10	Personal Property Tax Relief	572.4	950.0	377.6	15
11	Virginia Commonwealth University	184.4	184.5	-0.1	<0
12	George Mason University	116.9	129.3	12.4	<1
13	Treasury Board	243.1	479.4	236.3	9
14	Department of Alcoholic Beverage Control	No General Funds			
15	Department of Corrections	726.1	952.6	226.5	9
16	James Madison University	68.7	71.4	2.8	<1
17	Comprehensive Services for At-Risk Youth and Families	105.5	279.2	173.7	7
18	Department of Behavioral Health and Developmental Services	430.2	534.7	104.4	4
19	The Virginia College Savings Plan	No General Funds			
20	Department of Health	146.0	154.2	8.1	<1
<b>Total Appropriation</b>		<b>\$12,283.6</b>	<b>\$14,785.0</b>	<b>\$2,501.3</b>	<b>20%</b>

Note: Operating appropriations only; excludes central and capital appropriations. Totals may not add due to rounding.

Note: Total general fund growth is less than the growth for these 20 agencies because 29 other agencies' general fund appropriation decreased from FY 2001 to FY 2010.

Source: 2002 and 2010 Appropriation Acts.

**Table J-3: Non-General Fund Growth for the 20 Agencies With the Most Growth in Total Appropriations, FY 2001 to FY 2010 (\$ in Millions)**

Rank	Agency	FY 2001 Non-General Fund Appropriation	FY 2010 Non-General Fund Appropriation	Growth in Non-General Fund Appropriations	Percentage of Non-General Fund Budget Growth
1	Department of Medical Assistance Services	\$1,604.2	\$4,351.9	\$2,747.7	20%
2	Direct Aid to Public Education	414.3	1,691.3	1,276.9	9
3	University of Virginia (including Medical Center)	978.2	1,987.3	1,009.1	7
4	Department of Social Services	948.6	1,449.9	501.3	4
5	Virginia Community College System	176.0	680.7	504.7	4
6	Virginia Employment Commission	411.4	953.8	542.4	4
7	Department of Transportation	2,515.1	3,290.9	775.9	6
8	Department of Rail & Public Transportation	133.4	560.8	427.4	3
9	Virginia Polytechnic Institute and State University	354.1	784.6	430.5	3
10	Personal Property Tax Relief	<i>No Non-General Funds</i>			
11	Virginia Commonwealth University	344.8	687.2	342.5	2
12	George Mason University	191.7	518.8	327.1	2
13	Treasury Board	6.7	21.6	14.6	<1
14	Department of Alcoholic Beverage Control	272.6	512.5	239.8	2
15	Department of Corrections	98.0	68.3	-29.7	<0
16	James Madison University	146.4	324.9	178.3	1
17	Comprehensive Services for At-Risk Youth and Families	49.1	53.6	4.5	<1
18	Department of Behavioral Health and Developmental Services	326.7	384.3	57.6	<1
19	The Virginia College Savings Plan	3.7	163.5	159.7	1
20	Department of Health	274.8	413.5	138.8	1
<b>Total Appropriation</b>		<b>\$11,039.1</b>	<b>\$22,380.4</b>	<b>\$11,341.3</b>	<b>103%</b>

Note: Operating appropriations only; excludes central and capital appropriations. Totals may not add due to rounding.

Source: 2002 and 2010 Appropriation Acts.



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