



Review of State Spending: 2013 Update



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COMMONWEALTH of VIRGINIA

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November 26, 2013

The Honorable John M. O'Bannon III, Chair
Joint Legislative Audit and Review Commission
General Assembly Building
Richmond, Virginia 23219

Dear Delegate O'Bannon:

The Code of Virginia requires JLARC to produce an annual report on the growth of state spending (§ 30-58.3). This report, thirteenth in the series, covers the ten-year period from FY 2004 to FY 2013. The findings of this review were presented to the Commission on November 12, 2013.

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

Sincerely,

A handwritten signature in cursive script that reads "Hal E. Greer".

Hal E. Greer
Director

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Abbreviations Used in This Report

ABC	Department of Alcoholic Beverage Control
CHIP	Children’s Health Insurance Program
CNU	Christopher Newport University
CSA	Comprehensive Services for At-Risk Youth and Families
CWM	College of William and Mary
DARS	Department of Aging and Rehabilitative Services
DBHDS	Department of Behavioral Health and Developmental Services
DBVI	Department for the Blind and Vision Impaired
DCJS	Department of Criminal Justice Services
DCR	Department of Conservation and Recreation
DEQ	Department of Environmental Quality
DGS	Department of General Services
DHCD	Department of Housing and Community Development
DHRM	Department of Human Resource Management
DMAS	Department of Medical Assistance Services
DOA	Department of Accounts
DOC	Department of Corrections
DOE	Department of Education
DRPT	Department of Rail and Public Transportation
DSS	Department of Social Services
DVS	Department of Veterans Services
E&G	Educational and General Programs (Higher Education)
EVMS	Eastern Virginia Medical School
FAMIS	Family Access to Medical Insurance Security
GMU	George Mason University
IDC	Indigent Defense Commission
IEIA	Innovation and Entrepreneurship Investment Authority (formerly Innovative Technology Authority)
JMU	James Madison University
LVA	Library of Virginia
NSU	Norfolk State University
ODU	Old Dominion University
RU	Radford University
SBE	State Board of Elections
SCHEV	State Council of Higher Education for Virginia
SOQ	Standards of Quality
UMW	University of Mary Washington
UVA	University of Virginia
UVA-Wise	University of Virginia’s College at Wise
Va Tech	Virginia Tech
VCCS	Virginia Community College System
VCSP	Virginia College Savings Plan
VCU	Virginia Commonwealth University
VDEM	Virginia Department of Emergency Management
VDH	Virginia Department of Health
VDOT	Virginia Department of Transportation
VEC	Virginia Employment Commission
VITA	Virginia Information Technologies Agency
VMFA	Virginia Museum of Fine Arts
VMI	Virginia Military Institute
VPA	Virginia Port Authority
VSDBH	Virginia School for the Deaf and Blind–Hampton
VSP	Virginia State Police
VSU	Virginia State University
VTA	Virginia Tourism Authority

KEY FINDINGS

Review of State Spending: 2013 Update (FY 2004–FY 2013)

- Over the past decade, Virginia’s operating budget increased by \$16.3 billion (62%)—a 38% increase in general funds and an 82% increase in non-general funds. When controlling for growth in population and inflation, budget growth was 20% over the 10-year period (pages 3–5).
 - A variety of economic and policy factors contributed to this growth. With population growth of 10% from 2004 to 2012, Virginia had approximately 717,000 more residents. Virginians had a 46% increase in personal income over the period, although inflation increased by 23% (pages 4–7).
 - Budget growth was largely the result of growth in non-general funds from FY 2008 to FY 2011, led by growth in higher education operating funds and federal stimulus funds in FY 2010 and FY 2011 (pages 7–10).
 - The 10 largest State agencies (of 147) accounted for 68% of the entire State budget in FY 2013 and 72% of all budget growth between FY 2004 and FY 2013 (pages 10–11).
 - Growth in general fund appropriations is concentrated in a few large State agencies. The general fund appropriations for 29 agencies grew more slowly than inflation or declined (pages 11–15).
 - Several agencies experienced substantial growth in general and non-general fund appropriations over the past 10 years (pages 11–15).
 - Budget growth was concentrated in a few large programs: eight programs (of 207) in health care, education, and transportation accounted for 75% of total budget growth (page 16).
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Overview of Virginia's Budget

The 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 amount representing all State government activities, and is perhaps the single most important statement of policies and priorities for Virginia.

In FY 2013, Virginia's budget totaled \$42.7 billion and included 147 agencies and 207 programs.

Virginia's overall fiscal condition is driven by numerous factors:

- **Population:** Virginia is a fast-growing state in terms of population (12th fastest growing in 2012), and each year more residents are paying taxes and requiring public services.
- **Economic factors:** Personal income in Virginia outpaced the nation during the FY 2004 to FY 2013 period, and unemployment remained below the national average.
- **State spending:** Overall budget growth slowed dramatically in FY 2008 as a result of the nationwide economic downturn, but increased by 4.9% in FY 2011, 3.5% in FY 2012, and 5.8% in FY 2013, due in part to an infusion of federal stimulus funds and growth in other non-general funds. The overall budget continued to grow even though most State agency budgets were reduced during the period.

Annual Reports on State Spending

The Code of Virginia requires the Joint Legislative Audit and Review Commission (JLARC) to produce an annual report on growth in State spending over the prior five biennia, identify the largest and fastest growing functions and programs in the budget, and analyze long-term trends and causes of spending in these programs (Appendix A).

Prior reports reviewed spending and budget growth for all the previous 10-year periods between FY 1981 and FY 2012. This report is the 13th in the series and focuses on trends in the State's operating budget during the past 10 years, from FY 2004 through FY 2013. The report excludes capital spending.

As in prior editions, this report does not evaluate the merits or adequacy of funding for government functions, agencies, or programs. An inherent limitation in an analysis of spending and budget growth is that it does not address the appropriateness of the expenditure amount in either the base or end year. For example, a rate of growth that might be appropriate for a program that was inadequately funded in its first year might be excessive for a program that was adequately funded. This report identifies 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, key economic, policy, historical, and technical factors are considered.

Virginia's Budget Growth Has Slowed in Recent Years

Virginia's budget has been growing for many years. As noted in the first JLARC report on State spending issued in January 2002, Virginia's total operating appropriations grew by an average of 7.9% annually from FY 1981 to FY 2000. Even in years of national recession and decline in the State general fund, the total State budget continued to increase due to growth in non-general funds.

During the general fund's "down" years over the past decade (FY 2008–FY 2010), growth in non-general funds continued to increase total appropriations. Overall annual budget growth from FY 2004 to FY 2013 averaged 5.6%, with non-general fund growth increasing by 6.9% on average. General fund growth, however, averaged 3.9% over the 10-year period.

General funds are derived from broad-based taxes like income and sales taxes. They 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 limited by statute to specific purposes, such as college tuition or gasoline taxes.

Growth in total appropriations continued through the 2000s but slowed considerably from FY 2008 through FY 2010 only to resume in FY 2011 (Table 1). Total appropriations grew by about 6% in FY 2004, and the nearly 11% growth in FY 2005 stemmed not only from a healthy economy but also from State tax policy changes adopted in 2004, which contributed to three years of above-average budget growth.

The upward trend in State general fund appropriations ceased in FY 2007, although the total budget continued to grow slowly in subsequent years. Prior to FY 2008, there had been only two years when the general fund declined (FY 1992 and FY 2002). FY 2008 through FY 2010 had general fund appropriations decline by \$2.2 billion, or 13%, an average decline of more than 4% per year. This was the first time since the early 1960s that the general fund declined in two or more consecutive years. The general fund experienced positive budget growth in FY 2011, FY 2012, and FY 2013. In FY 2013, there was a 4.7% increase in general funds and a 6.5% increase in non-general funds for a total average increase in the operating budget of 5.8%.

Table 1: Virginia's Operating Appropriations, FY 2004–FY 2013 (\$ in Millions)

Fiscal year	General fund		Non-general fund		Total	
	Amount	% change	Amount	% change	Amount	% change
2004	\$12,370	---	\$14,009	---	\$26,379	---
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	19,044	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
2011	15,457	4.5	23,525	5.1	38,983	4.9
2012	16,342	5.7	24,009	2.1	40,351	3.5
2013	17,116	4.7	25,559	6.5	42,675	5.8
2004 to 2013	\$4,746	38.4%	\$11,550	82.4%	\$16,296	61.8%
Average annual change		3.9%		6.9%		5.6%

Note: Operating funds only; excludes central and capital appropriations.

Source: Appropriation Acts.

Non-general funds continued to grow for several reasons, including increases in federal funds, tuition payments at colleges and universities, and child 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 past decade: the general fund declined as a portion of the total State budget. Starting in FY 2003, non-general funds represented a majority of the State's budget. By FY 2013, non-general funds represented 60% of operating appropriations, compared to just 40% 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 more the consequence of policy choices that affect the sources of revenue for these funds—such as decisions about college tuition, gasoline taxes, and the unemployment trust fund—and federal decisions about funding for states and localities.

Growth in Population, the Economy, and Inflation Contribute to Budget Trends

Changes in population and demographics drive public sector budgets. Virginia's population increased by 10% from 2004 to 2012, the most recent year for which data are available (Table 2). 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—older resi-

On a per capita inflation-adjusted basis, general fund appropriations peaked in FY 2007 and have declined 15% since then.

dents and school-age children—influence the provision of State services and funding. Between 2004 and 2012, the number of Virginians 65 years of age and older grew more than twice as much as the overall population and the number of Virginians under the age of 18 grew more slowly than the overall population.

Inflation also explains some of the increase in Virginia's budget. As measured by the change in the consumer price index from FY 2004 through FY 2013, inflation increased by 23%. This means that the State budget would have had to increase by that percentage just to maintain the same service levels as in FY 2004. Controlling for the effects of inflation, Virginia's total appropriations increased by 31% over the period, the non-general fund budget increased by 48%, and the general fund budget increased by 12% (Figure 1).

Adjusting for inflation by converting the amount appropriated in FY 2004 into FY 2013 dollars helps explain underlying budget changes. Taking into account both inflation and population growth, general fund appropriations varied by small amounts throughout most of the period, remaining close to the 10-year per capita average of \$2,149 (Figure 2). Unlike general fund appropriations, non-general fund and total appropriations for FY 2013 were somewhat higher than the 10-year per capita averages of \$2,739 and \$4,888, respectively.

Table 2: Key Demographic and Economic Changes in Virginia (2004–2013)

Indicator	2004 (except as noted)	2013 (except as noted)	Percent change
Population^a			
Total	7,468,914	8,185,867 (2012)	10%
Ages 65 and over	846,385	1,062,505 (2012)	26
Under 18 years old	1,806,991	1,856,737 (2012)	3
Economy			
Inflation (Consumer Price Index)	189.7	233.5	23
Total employment (non-farm, June)	3,629,200	3,767,200	4
Total State personal income	\$275.6 billion	\$403.3 billion	46
Median home sales price (June)	\$193,371 ^a	\$269,000	39
Average price per acre of farm land	\$3,200	\$4,700	47
Total taxable property	\$716.3 billion	\$1,069.7 billion (2011)	49
Average weekly wages	\$779	\$993 (2012) ^a	27
State Finance^b			
State operating budget	\$26.4 billion	\$42.7 billion	62
State general fund budget	\$12.4 billion	\$17.1 billion	38
Total number of State employees (salaried) ^c	102,736 (2003)	104,053	1
Average State employee salary	\$35,353	\$44,278	25
Taxable sales	\$81.3 billion	\$89.1 billion (2011)	10

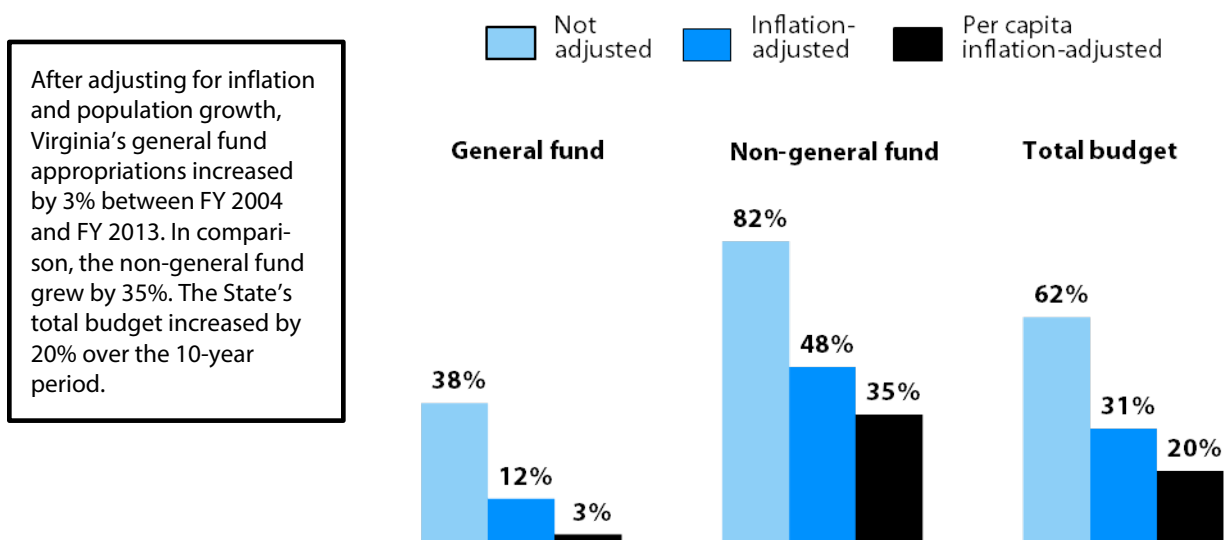
Note: Dollars not adjusted for inflation.

^a Estimated.

^b On a fiscal year basis.

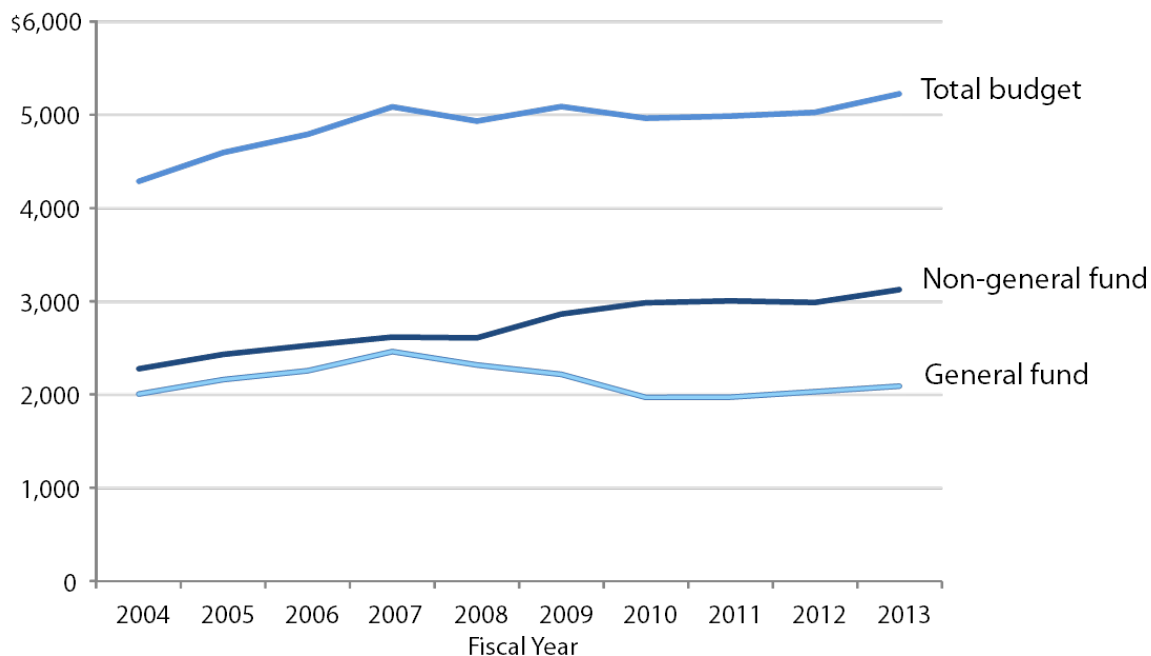
^c Includes salaried faculty at institutions of higher education.

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

Figure 1: Effects of Inflation and Population Growth on Appropriations (FY 2004–FY 2013)

Source: Appropriation Acts; U.S. Census Bureau; U.S. Bureau of Labor Statistics.

Figure 2: Non-General Fund Growth Has Become an Important Driver of Overall Budget Growth (Per Capita, Inflation-Adjusted, FY 2004–FY 2013)



Source: Appropriation Acts; U.S. Census Bureau; U.S. Bureau of Labor Statistics.

Virginia's per capita inflation-adjusted budget growth of 20% from FY 2004 through FY 2013 resembled the 50-state average spending growth over a similar 10-year period. Appropriation data for the 50 states are unavailable, but data on state expenditures collected by the National Association of State Budget Officers (NASBO) from FY 2002 through FY 2011 show that Virginia's spending growth of 14% ranked 23rd among the 50 states, after adjusting for inflation and population growth. In comparison, West Virginia's per capita inflation-adjusted spending growth was 102% and North Carolina's rate was 33% during that period. (The NASBO report focused on expenditures, including capital outlay and the expenditure of bond proceeds, while this report focuses on final operating appropriations, excluding capital.)

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

Several key economic indicators point to Virginia's strong performance between 2004 and 2013:

- Virginia's share of the gross domestic product (GDP) outperformed that of the nation. Virginia's GDP rose by 10%, adjusted for inflation, compared to the U.S. GDP, which grew at the inflation-adjusted rate of 6% during the same period.
- Personal income in Virginia increased. Adjusted for inflation, personal income grew by 19%, compared to the nationwide inflation-adjusted increase of 16% during the same period.

- Virginia experienced growth in its labor force. Total employment grew by approximately 4%, totaling over 3.8 million employed in June 2013. The nationwide employment rate increased by only 2.7% during the same period.

Agency Workloads, Policy Decisions, Federal Funding, and National Programs Contribute to Budget Trends

While inflation, population growth, and economic growth help explain State budget growth over the past decade, additional factors are also at work. Policy decisions that establish and change programs and services for specific populations are reflected in the budgets for those programs. Virginia's budget fluctuated with federal, State, and in some cases, local decisions to expand or diminish programs and activities.

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, and the link between measurable workloads and an agency or program budget is not always clear or consistent. The main reason for this inconsistency is that agency budgets are driven by an array of factors, including changes in workload and the adequacy of the budget and policy decisions to change programs, staffing, and funding. An agency's changing use of technology can also affect costs.

Federal funds grew as a portion of Virginia's budget during the period under review. At the beginning of the period, federal funds accounted for \$4 billion or 15% of the State budget. By FY 2013, Virginia's federal funds increased to \$6.7 billion and their share of the State budget had risen to 16%. Part of this growth was a result of the federal government's response to the recession that began in FY 2008. The 2009 American Recovery and Reinvestment Act (Recovery Act) provided federal stimulus funds to states. Virginia and its localities received approximately \$6.3 billion from FY 2009 through FY 2011. Of this total, the General Assembly appropriated approximately \$1.54 billion in FY 2010 and \$1 billion in FY 2011 (Table 3). Virginia did not receive any stimulus funds after FY 2011.

Most federal funding requires a state funding match. The match rate varies between programs. 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

Table 3: Federal Recovery Act Funds Were Provided to Various Agencies and Programs, FY 2010 and FY 2011 (\$ in Millions)

State agency or program	FY 2010	FY 2011
DMAS (Medicaid)	\$746.4	\$713.6
Direct aid to public education (K-12)	584.2	122.9
Flexible spending	109.5	0.0
Higher education	75.0	201.7
Justice Assistance Grant (Sheriffs)	23.3	0.0
Total	\$1,538.4	\$1,038.2

Note: No federal Recovery Act funds were appropriated to Virginia in FY 2012 or FY 2013. Totals for FY 2010 and FY 2011 do not include all Recovery Act funding. For example, VDOT received \$695 million in Recovery Act funds for various transportation projects; this table focuses on stimulus funding that impacted the general fund. Federal stimulus funds for Virginia under the Recovery Act totaled \$6.33 billion from 2009 to 2011, only some of which was required to be appropriated through the State budget process.

Source: 2009 Summary of 2008-2010 Budget Actions and 2010 Summary of 2010-2012 Budget Actions (prepared jointly by the staff of the House Appropriations and Senate Finance Committees); www.recovery.gov.

budget, with \$3.8 billion in federal funds (56% of all federal funds in Virginia's budget) and a total budget of \$7.6 billion in FY 2013. The State's match rate for Medicaid was about 50% for most of the decade under review except during FY 2010 and FY 2011, when the Recovery Act enhanced the federal share to 65%, lowering the state-required match to 35% of program spending.

Virginia has accommodated a variety of mandatory federal enhancements to the Medicaid program over the years. Examples of federally required spending increases include rate increases for certain Medicaid-funded services and early intervention services for certain young children. In addition, State agencies 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 they still add to State government's costs of doing business.

A disproportionate share of federal government spending occurs in Virginia due to its proximity to Washington, D.C., and the large military presence in the State. Virginia has the second highest number of full-time federal civilian employees, behind California. In federal fiscal year (FFY) 2011 (the most recent year for which data are available), Virginia ranked fifth among the states in total federal spending per capita. In that year, the federal government spent \$117.1 billion in Virginia (down from \$136 billion in FFY 2010), which included \$60 billion in contracts. Although Virginia receives and appropriates a substantial amount of federal funds, the State is not a large recipient of federal grant funds on a per capita basis. Since FFY 1995, Virginia has ranked between 45th and 50th among the states in terms of per capita receipt of federal grant awards. In 2011, Virginia ranked 45th.

The following are some of the requirements, federal programs, and initiatives that also contribute to State budget growth:

- No Child Left Behind Act, which required "highly qualified" teachers and standardized statewide annual testing of all students;
- Clean Water Act, the multi-state Chesapeake Clean Water Blueprint, and other environmental programs;
- Base Realignment and Closing Commission (BRAC) requirements, which led to State spending on infrastructure to accommodate realignment;
- Help America Vote Act, which required a state match for more than \$58 million in federal funds for election equipment and other improvements;
- Family Access to Medical Insurance Security (FAMIS) and Children's Health Insurance Program (CHIP) Medicaid Expansion, for which Virginia enrollment grew from 55,094 in 2004 to 115,177 in 2013;
- Real ID Act of 2005, which required state-issued driver's licenses and identification cards to meet federal standards;
- Medicare Part D prescription drug benefit, which required a state match for certain Medicaid participants; and
- Tobacco Master Settlement Agreement and the securitization of its annual revenue stream.

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

A central reason for consistent growth in the State budget, even in years when the general fund declined, has been the steady growth of non-general funds. The uses of these funds are governed by statute and now account for 60% of the total budget. Non-general funds grew by 82% over the past 10 years, outpacing the 38% growth in the general fund (Table 4).

The inclusion of non-general funds in the budget can be traced to the requirement in the Constitution of Virginia that 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 fewer decisions are made about non-general funds during each year's General Assembly session), funds from all sources must be included in the budget and appropriated before they may be spent.

Table 4: Most Non-General Funds Grew Faster Than the General Fund, FY 2004–FY 2013 (\$ in Millions)

Non-general fund category	FY 2004	FY 2013	% of FY 2013 budget	% Growth
Dedicated special revenue ^a	\$258.5	\$1,425.8	3.3%	452%
Trust and agency ^b	893.2	2,751.5	6.5	208
Enterprise ^c	589.7	1,318.6	3.1	124
Higher education operating ^d	3,574.6	7,279.5	17.1	104
Debt service ^e	170.9	292.9	0.7	71
Federal trust ^f	3,976.1	6,707.3	15.7	69
Special revenue ^g	1,352.5	1,794.7	4.2	33
Highway maintenance and construction ^h	3,193.9	3,988.0	9.4	25
Non-general funds	\$14,009	\$25,559	59.9%	82%
General fund	12,370	17,116	40.1	38%
Total (all funds)	\$26,379	\$42,675	100.0%	62%

Note: Numbers may not add due to rounding.

Source: 2004 and 2013 Appropriation Acts and DOA.

^a Money from fees and payments restricted to the related activity, e.g., the State's revolving funds (such as the safe drinking water revolving fund) and game protection, solid waste management permit fee, and nursing scholarship and loan repayment funds.

^b Held by the State as custodian or trustee for individuals and certain organizations, e.g., unemployment insurance, tobacco settlement funds, and the lottery and literary funds earmarked for public education.

^c Money for self-supporting governmental activities that provide goods and services to the general public, e.g., the sale of lottery tickets, alcoholic beverage sales at Virginia's ABC stores, and the Virginia College Savings Plan.

^d Money from tuition and fees paid by students at Virginia's colleges and universities, revenues generated by campus activities, university hospital revenue, and federal funds used for college or university operations.

^e Money for all debt-related activities, such as proceeds from the sale of bonds and payments of principal and interest to retire the bonds. All appropriations for principal and interest payments are made to this fund.

^f All federal moneys received except those received by VDOT, VEC, and higher education institutions, which are budgeted separately.

^g Revenues derived from restricted taxes and other special (non-general) revenue sources.

^h All revenues designated for highway operations, maintenance, construction and related activities, excluding toll facilities. Includes federal funding for highway construction.

The State draws upon more than 1,600 sources of revenue. The State accounting system groups funds from all these sources into nine broad categories (Table 4). (See Appendix I: Major Uses of Non-General Funds, FY 2013, online-only supplement, available to view or download with this report on the JLARC website: <http://jlarc.virginia.gov>).

As illustrated in Table 4, growth in most categories of non-general funds exceeded the general fund's growth rate of 38% from FY 2004 to FY 2013, except the special revenue fund (33%) and the highway maintenance and construction fund (25%). To a large extent, growth in non-general funds reflects trends in the specific activities that generate money, such as the issuance of bonds, increased product sales (in the case of the Department of Alcoholic Beverage Control or the Virginia Lottery, for example), college tuition payments, child support payments, and funds paid by local governments and by the federal government. Growth in these sources helps drive increases in the State budget. However, some of the non-general funds with the highest growth rates remain relatively small as a percentage of the State's total budget.

Most Budget Growth Occurs in a Few State Agencies

The overall State budget grew by 62% (not adjusted for inflation) between FY 2004 and FY 2013. A few large agencies accounted for most of the budget throughout this period, evidenced by the fact that the largest agencies in FY 2004 as measured by total appropriations were also the largest in FY 2013 (Table 5). The four largest agencies accounted for approximately half of Virginia's budget in both years.

Table 5: Ten Largest Agency Appropriations, FY 2004 and FY 2013 (\$ in Millions)

FY 2004				FY 2013			
Rank	Agency	Total	% of budget	Rank	Agency	Total	% of budget
1	DOE (Direct Aid)	\$4,816.0	18 %	1	DMAS	\$8,072.9	19 %
2	DMAS	4,030.3	15	2	DOE (Direct Aid)	6,686.1	16
3	VDOT	2,991.1	11	3	VDOT	4,441.3	10
4	UVA	1,522.5	6	4	UVA	2,424.4	6
5	DSS	1,489.9	6	5	DSS	1,880.2	4
6	DOC	791.6	3	6	VCCS	1,558.0	4
7	DBHDS	728.1	3	7	Va Tech	1,093.2	3
8	Va Tech	640.5	2	8	DOC	1,027.5	2
9	VCU	569.3	2	9	VCU	1,008.9	2
10	VCCS	567.4	2	10	DBHDS	1,007.2	2
Top 10 agencies, subtotal		\$18,146.8	69 %	Top 10 agencies, subtotal		\$29,199.7	68 %
Other agencies, subtotal		8,232.6	31	Other agencies, subtotal		13,475.0	32
Total operating budget		\$26,379.4	100 %	Total operating budget		\$42,674.7	100 %

Note: Excludes the Personal Property Tax Relief program, which is discussed on page 18. Excludes central and capital appropriations. Data for UVA excludes UVA-Wise. Numbers may not add due to rounding.

Source: 2004 and 2013 Appropriation Acts.

The majority of Virginia's budget growth was concentrated in a few agencies: 57% of all budget growth occurred in DMAS, DOE (direct aid to local school divisions), VDOT, VCCS, and UVA. Agencies with the largest growth generally are also those with the largest appropriations. Four of the top five agencies with the most growth (Table 6) are also among the top five in total appropriations (Table 5), and there is considerable overlap among all the large agencies.

Ten agencies accounted for 72% of total budget growth and more than 78% of general fund growth.

Table 6: Top 10 Agencies With the Highest Growth Amount in Total Appropriations, FY 2004–FY 2013 (\$ in Millions)

Rank	Agency	Total appropriation		Total growth		
		FY 2004	FY 2013	\$	%	% of Total
1	DMAS	\$4,030.3	\$8,072.9	\$4,042.6	100%	25%
2	DOE (Direct Aid)	4,816.0	6,686.1	1,870.1	39	11
3	VDOT	2,991.1	4,441.3	1,450.1	48	9
4	VCCS	567.4	1,558.0	990.6	175	6
5	UVA	1,522.5	2,424.4	901.9	59	6
6	DOA	67.6	658.5	590.8	874	4
7	GMU	354.0	824.5	470.5	133	3
8	Va Tech	640.5	1,093.2	452.8	71	3
9	VCU	569.3	1,008.9	439.6	77	3
10	DSS	1,490.0	1,880.2	390.3	26	2
Top 10 agencies, subtotal		\$17,048.7	\$28,648.0	\$11,599.4	68%	72%
Other agencies, subtotal		9,330.7	14,026.7	4,695.9	50%	28
Total operating budget		\$26,379.4	\$42,674.7	\$16,295.3	62%	100%

Note: Excludes central and capital appropriations. Numbers may not add due to rounding. Appendix C includes additional tables with higher education agencies aggregated. Data for UVA excludes UVA-Wise.

Source: 2004 and 2013 Appropriation Acts.

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 income and sales taxes, and thus are of particular interest to the public and budget decision makers. Most of the new general fund appropriations were directed to a few large agencies (Table 7). Seven agencies that each received more than \$100 million in new general funds during the period accounted for 74% of the overall general fund growth. However, nine agencies' general fund appropriations decreased from FY 2004 to FY 2013 (among those with a general fund appropriation of at least \$5 million in FY 2004) (Table 10).

Why Did Some Agency Appropriations Grow Faster Than Others?

The fastest growing State agencies, based on the change in general fund appropriations between FY 2004 and FY 2013, had general fund growth rates over 59%, far exceeding the overall general fund growth rate of 38% for that period. The agencies that experienced the highest growth in the *amount* of general funds received (Table 7) did not necessarily grow at the fastest *rates*. For example, DOE (Direct Aid) received the second largest increase in general funds (\$1.1 billion over the past decade) but was not among the 10 fastest growing agencies over the period (Table 8).

**Table 7: Top 10 Agencies With the Highest Growth Amount in General Funds,
FY 2004–FY 2013 (\$ in Millions)**

Rank	Agency	General fund appropriation		General fund growth		
		FY 2004	FY 2013	\$	%	% of Total
1	DMAS	\$1,877.7	\$3,547.8	\$ 1,670.1	89%	35%
2	DOE (Direct Aid)	4,069.9	5,172.2	1,102.3	27	23
3	DOC	731.2	953.3	222.0	30	5
4	DBHDS	407.5	589.7	182.2	45	4
5	Compensation Board	492.1	613.5	121.5	25	3
6	VCCS	276.0	377.7	101.7	37	2
7	DSS	276.9	377.0	100.1	36	2
8	DEQ	34.1	118.8	84.7	248	2
9	VSP	162.4	230.6	68.1	42	1
10	CSA	167.9	225.4	57.5	34	1
Top 10 agencies, subtotal		\$8,495.8	\$12,205.9	\$3,710.1	44%	78%
Other agencies, subtotal		3,874.4	4,910.1	1,035.8	27%	22
Total general fund budget		\$12,370.2	\$17,116.0	\$4,745.9	38%	100%

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

Source: 2004 and 2013 Appropriation Acts.

**Table 8: Top 10 Agencies With Highest Growth Rate in General Fund Appropriations,
FY 2004–FY 2013 (\$ in Millions)**

Rank	Agency	General fund appropriation		General fund growth		
		FY 2004	FY 2013	\$	% of Total	%
1	DEQ	\$34.1	\$118.8	\$84.7	2%	248%
2	DCR	27.3	66.4	39.1	1	143
3	EVMS	11.8	24.1	12.3	<1	104
4	DHCD	23.5	47.7	24.3	1	103
5	IDC	22.7	43.0	20.3	<1	90
6	DMAS	1,877.7	3,547.8	1,670.1	35	89
7	VTA	10.4	19.4	9.0	<1	87
8	Supreme Court	17.4	31.9	14.5	<1	83
9	UMW	14.6	23.5	8.9	<1	61
10	VMFA	6.2	9.8	3.7	<1	59
Top 10 agencies, subtotal		\$2,045.6	\$3,932.4	\$1,886.8	39%	92%
Other agencies, subtotal		10,324.6	13,183.6	2,859.1	61	28%
Total general fund operating budget		\$12,370.2	\$17,116.0	\$4,745.9	100%	38%

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

Source: 2004 and 2013 Appropriation Acts.

Explanation of General Fund Growth in Table 8

DEQ	This growth is due to an increase in general funds from \$6 million in FY 2004 to \$90 million in FY 2013 to provide environmental financial assistance to localities for natural resources projects, in particular, water quality improvement.
DCR	This growth was primarily due to the expansion of land and resource management programs, which grew approximately \$22 million from FY 2012 to FY 2013. Of this \$22 million, 66% was new funding for agricultural best practices cost share assistance to incentivize reductions in watershed pollution.
Eastern Virginia Medical School	The majority of this increase was an appropriation for a new education and research building, which opened in the fall of 2011 and was funded by the State and other donors. In addition, EVMS received a 90% increase in FY 2013 for medical education.
DHCD	The majority of this increase was due to a \$12.5 million increase for economic development services, primarily the Virginia Enterprise Zone Program, which offers grants to specific geographic areas targeted for job creation and property investment. These services account for approximately one-third of DHCD's general fund budget. In addition, community development programs grew by \$7 million and housing assistance programs by \$6 million from FY 2004 to FY 2013.
IDC	In FY 2004, the Public Defender Commission was renamed the Indigent Defense Commission pursuant to Virginia Code § 19.2-163.01, and there were new requirements for the certification of legal counsel for indigent defendants. By FY 2013, IDC had 540 full-time positions and \$43 million in general fund appropriations, up from 346 positions and \$22.7 million in FY 2004.
DMAS	This increase is primarily due to budget adjustments for increasing enrollment, use of services, cost increases, and additional federal program requirements. For example, enrollment for FAMIS and CHIP Medicaid Expansion increased from approximately 55,094 children in 2004 to more than 115,177 in 2013. The recent recession and Virginia's aging population also contributed to an increase in Medicaid-eligible recipients.
VTA	VTA received an additional \$9 million in general funds to increase promotion of Virginia as a major travel destination and to manage services and facilities providing information to tourists.
Supreme Court	In FY 2013, the Criminal Fund (a pass-through account used to pay for court-appointed counsel and certain court-ordered services for indigent defendants) was \$4.2 million compared to \$10,900 in FY 2004. Increases also include \$3.2 million in pass-through drug court funding to district and circuit courts. These state funds replace funds previously provided by federal grants.
UMW	Although undergraduate enrollment increased by only 7% at UMW between FY 2004 and FY 2013, general fund allocations grew to accommodate opening the Stafford and Dahlgren locations.
VMFA	Most of the increase provided additional staff required for new gallery space in FY 2010.

Several Agencies Experienced Notable Growth in Non-General Funds

Non-general funds grew by 82% from FY 2004 to FY 2013 and comprised 60% of the State budget in FY 2013. The 10 agencies whose non-general fund appropriations grew the most over the period are identified in Table 9, along with some reasons for that growth. Two of these 10 agencies are in the higher education system and accounted for about \$1.3 billion (12 percent) of the \$11.5 billion increase in non-general funds across all State agencies over the past decade.

Table 9: Top 10 Agencies With Highest Growth Rate in Non-General Fund Appropriations, FY 2004–FY 2013 (\$ in Millions)

Rank	Agency	Non-GF appropriation		Non-GF growth		
		FY 2004	FY 2013	\$	% of Total	%
1	DOA	\$4.2	\$599.1	\$594.9	5%	14,040%
2	VCSP	3.8	325.0	321.2	3	8,426
3	VDEM	6.6	40.1	33.5	<1	505
4	Compensation Board	3.7	16.0	12.3	< 1	327
5	VCCS	291.4	1,180.3	888.9	8	305
6	DCR	21.8	85.4	63.6	1	292
7	DVS	11.8	44.4	32.6	<1	275
8	DGS	10.9	39.9	29.0	<1	268
9	VPA	49.0	142.0	93.0	1	190
10	GMU	257.3	695.1	437.9	4	170
Top 10 agencies, subtotal		\$660.5	\$3,167.5	\$2,506.9	22%	380%
Other agencies, subtotal		13,348.7	22,391.1	9,042.5	78	68%
Total non-GF operating budget		\$14,009.2	\$25,558.6	\$11,549.4	100%	82%

Note: Includes agencies with non-general fund appropriations of at least \$3 million in FY 2004. Excludes central and capital appropriations. Numbers may not add due to rounding. Appendix C includes additional tables with higher education agencies aggregated.

Source: 2004 and 2013 Appropriation Acts.

Explanation of Non-General Fund Growth in Table 9

DOA	Much of this growth in non-general funds results from transfer payments to localities, particularly the communications sales tax, which totaled \$440 million and was included for the first time in FY 2013 (previously under the Department of Taxation).
VCSP	VCSP experienced a substantial increase in program participation between FY 2004 and FY 2013. The steady growth in its non-general funds also reflects increasing higher education tuition and administrative costs. In FY 2011 and FY 2013, VCSP saw an increase in its appropriation of \$81 million and \$51 million, respectively, for estimated payments from the plan to all institutions of higher learning and other third parties.
VDEM	This increase in non-general funds was a result of additional homeland security funding over the past 10 years. In FY 2004, 31% of VDEM's budget was general funds. By FY 2013, this decreased to 15%, and 76% of its budget was federal funds (up from 44% in FY 2004).
Comp Board	Non-general funds grew from \$3.7 million to \$16 million between FY 2004 and FY 2013 due to the inclusion of Wireless 911 Fund moneys for local law enforcement dispatchers and expenses related to clerks' offices.
VCCS	VCCS enrollment (headcount) increased by 27% over the period, while operating revenue increased by more than 300%, primarily reflecting increased student financial assistance.
DCR	DCR's total budget grew by 292%, but most of the growth was in dedicated special revenue. In FY 2004, DCR's budget had \$1 million in dedicated special revenue; by FY 2013 it contained \$45.7 million in funding from specific fees (such as State park fees), licenses, and permits that support specific activities. DCR also received an additional \$13.2 million in special revenue (also generated through taxes and fees) and \$5.8 million in additional federal funds between FY 2004 and FY 2013.
DVS	Most of the growth was due to the addition of 183 non-general funded positions in 2007 to operate nursing homes that house veterans. The source of these revenues includes the U.S. Department of Veterans Affairs, Medicaid and Medicare, and insurance providers.

Explanation of Non-General Fund Growth in Table 9 (continued)

DGS	Two types of non-general funds accounted for the majority of this growth: (1) enterprise funds (specifically, the eVA procurement system) grew from \$6.8 million in FY 2004 to \$25.6 million in FY 2013; (2) federal funds for laboratory services grew from about \$940,500 in FY 2004 to \$7.8 million in FY 2013.
VPA	VPA's non-general funds nearly tripled over the past 10 years. In FY 2004, 42% of its budget was comprised of special funds. By FY 2013, VPA's special fund was five times greater and accounted for 74% of its budget. The special funds are used to manage the ports and port facilities, as well as to provide financial assistance to local governments for port activities.
GMU	GMU's enrollment increased by 21% but its operating revenue increased by 170% over the period to \$695.1 million, reflecting enrollment and tuition increases as well as increased research funding.

General Funds in Several State Agencies Declined or Grew Slower Than Inflation

While some agencies had general fund appropriations that grew at above-average rates, nine agencies had general fund appropriations that declined over the 10-year period (Table 10), and the appropriations of another 20 agencies grew slower than inflation (23%). However, several agencies listed in Table 10 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 more than their general fund appropriation over the 10-year period.

Table 10: General Fund Appropriation of Nine Agencies Declined, FY 2004–FY 2013 (\$ in Millions)

Agency	FY 2004	FY 2013	\$ change	% change
VSDBH	\$5.9	\$0	(\$5.9)	-100%
VDOT	72.9	40.0	(32.9)	-45
IEIA	7.7	5.9	(1.7)	-23
LVA	27.7	26.1	(1.6)	-6
DOA	63.4	59.4	(4.0)	-6
Dept of Treasury	9.1	8.7	(0.4)	-5
DCJS	218.4	208.3	(10.0)	-5
SBE	8.8	8.5	(0.3)	-3
VMI	12.5	12.2	(0.3)	-2

Note: Table based on agencies with general fund appropriations of at least \$5 million in FY 2004. Excludes central and capital appropriations. Numbers may not add due to rounding.

Source: 2004 and 2013 Appropriation Acts.

Explanation of General Fund Decline (greater than 20%)

VSDBH	VSDB at Hampton was closed following consolidation with VSDB in Staunton (July 1, 2008).
VDOT	VDOT is mostly non-general funded, and general funds tend to fluctuate depending on initiatives; however, the Route 58 Corridor project has consistently comprised \$40 million of general funds over the past decade.
IEIA	The 23% decrease in general funds from FY 2004 to FY 2013 reflected the General Assembly's stated intent for IEIA to rely more heavily on non-general fund revenues.

Budget Growth in Programs Is Focused on Core State Government Activities

All State appropriations are classified according to Virginia's 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 "higher education research" may be found in the budgets of several colleges and universities. In FY 2013, Virginia's \$43 billion budget included 207 programs.

Like growth in State agencies, most of the growth in budget programs over the 10-year period from FY 2004 to FY 2013 remained concentrated among programs relating to the core functions of State government: health care and education (Table 11). Of all budget growth during the 10-year period, 80% occurred in just 10 of the programs in the FY 2004 and FY 2013 budgets. Seven of these 10 are in the two core functions and account for 70% of Virginia's budget growth over the past 10 years. Five education programs accounted for \$6.6 billion or 41% of all budget growth over the period.

Table 11: Largest Program Increases in Total Appropriations, FY 2004–FY 2013 (\$ in Millions)

Rank	Program	Total appropriation		Growth		
		FY 2004	FY 2013	\$	%	% of total
1	Medical program services (Medicaid)	\$3,779.2	\$7,619.3	\$3,840.1	102%	24%
2	Financial assistance for public ed (SOQ)	2,735.5	5,805.2	3,069.7	112	19
3	Higher ed: Education and general programs	2,316.8	4,065.1	1,748.4	75	11
4	State health services ^a	929.7	1,924.2	994.5	107	6
5	Higher ed: Auxiliary enterprises	710.1	1,440.5	730.4	103	4
6	Higher ed: Student financial assistance	179.7	802.6	622.9	347	4
7	Highway system maintenance & operations	879.8	1,454.2	574.4	65	4
8	Financial assistance to localities – general	280.5	796.9	516.4	184	3
9	Higher ed: Financial assistance (E&G programs)	798.1	1,237.3	439.1	55	3
10	Bond and loan retirement and redemption	265.8	653.8	387.9	146	2
Top 10 programs, subtotal		\$12,875.1	\$25,799.0	\$12,923.8	100%	80%
Other programs, subtotal		13,504.3	16,875.7	3,371.5	25%	20
Total operating budget		\$26,379.4	\$42,674.7	\$16,295.3	62%	100%

^aIncludes activities at VDH, UVA Medical Center, and at facilities operated by DBHDS and DVS.

Note: Excludes central and capital appropriations. Numbers may not add due to rounding. Appendix C includes additional tables with higher education agencies aggregated.

Source: 2004 and 2013 Appropriation Acts.

Some Secretarial Budget Growth Is Due to Realignments

The secretarial system in Virginia was established by the General Assembly in 1972. In FY 2013, it consisted of 13 secretariats, generally reflecting the major functions of the executive branch. Over time, secretarial budgets have varied as agencies and programs moved between secretariats. Some of the apparent growth in secretarial budgets is explained by these agency realignments. For example, when the Secretary of Veterans Affairs and Homeland Security was established by legislation in FY 2011, the Department of Veterans Services moved from the Secretary of Public Safety to the Secretary of Veterans Affairs and Homeland Security.

When Virginia's budget growth is examined by secretarial area (Table 12), education and health continue to dominate overall growth. The finance secretariat grew by 347% over the 10-year period, primarily because the \$950 million personal property tax ("car tax") relief program was accounted for under the Department of Accounts in FY 2013, instead of under central appropriations as in FY 2004. Additionally, debt service grew from \$270 million in FY 2004 to \$655 million in FY 2013, which is appropriated to the Treasury Board. Independent agency appropriations grew 165%, which is mainly a result of growth in the Virginia College Savings Plan (VCSP) from \$4 million in FY 2004 to \$325 million in FY 2013.

Table 12: Budget Growth by Secretarial Area, FY 2004–FY 2013 (\$ in Millions)

Secretarial area	Total appropriation		Growth		
	FY 2004	FY 2013	\$	%	% of Total
1 Education	\$9,957.4	\$16,108.7	\$6,151.4	62%	38%
2 Health and Human Resources	7,130.5	12,198.8	5,068.2	71	31
3 Finance	563.7	2,521.8	1,958.0	347	12
4 Transportation	3,404.3	5,275.7	1,871.4	55	11
5 Public Safety	1,140.6	2,556.1	1,415.5	124	9
6 Independent agencies	224.1	594.5	370.5	165	2
7 Commerce and Trade	667.4	1,012.1	344.7	52	2
8 Administration	685.8	1,008.0	322.2	47	2
9 Natural Resources	253.0	481.4	228.4	90	1
10 Judicial agencies	305.8	456.0	150.2	49	1
11 Veterans Affairs & Homeland Security	---	55.5	55.5	100	<1
12 Agriculture and Forestry	67.3	97.0	29.6	44	<1
13 Technology	42.6	60.4	17.8	42	<1
Total operating budget	\$26,379.4	\$42,674.7	\$16,295.3	62%	100%

Note: Based on agency alignments shown in respective Appropriation Acts. Excludes legislative agencies, executive offices, and central and capital appropriations. Appropriations not adjusted for inflation. Numbers may not add due to rounding.

Source: 2004 and 2013 Appropriation Acts.

Growth Occurred in Other Areas of State Government Over the Past Decade

Over time, budget growth in Virginia has also resulted from policies adopted by the Governor and General Assembly. The personal property tax (“car tax”) relief program began in FY 1999 as a policy initiative with a general fund appropriation of \$220 million. It increased to \$892 million in FY 2004 and reached a capped total of \$950 million in general funds in FY 2007, where it has remained, for a growth rate of 6% over the 10-year period from FY 2004 to FY 2013.

Another example is debt service, funded through the Treasury Board, the primary State entity designated to issue debt and make payments on bonds as authorized by the General Assembly. The board had an increase of \$376 million in total appropriations (\$337 million of which was general funds) from FY 2004 to FY 2013. According to the 2012 report of the Debt Capacity Advisory Committee, outstanding tax-supported debt of the State increased by 165% from 2003 to 2012, with the largest increases occurring between 2009 and 2012. General obligation debt increased by 90% over the decade and had a 2012 balance outstanding of \$1.78 billion. This balance is partially a result of a \$1 billion general obligation bond referendum that was approved by voters in 2002. Bonds were issued incrementally on an as-needed basis through FY 2010. Appropriations to the Treasury Board have fluctuated over time as a result of bond payment schedules. (Details of prior bond issues are listed in the Comprehensive Annual Financial Report issued annually by the Department of Accounts.)

In the early 1990s, the General Assembly established the Revenue Stabilization Fund, or “Rainy Day Fund,” for the purpose of offsetting budget shortfalls, and each year a portion of surplus general fund revenue is obligated to the fund (Virginia Constitution, Article X Section 8; Code of Virginia § 2.2-1829). The fund was drawn down during the economic recession, and it is currently being re-capitalized. In FY 2007, the Rainy Day Fund reached a high of \$1.2 billion, but it fell to \$295 million in FY 2010 as it was used to offset declines in general fund revenues. As of August 2013, the Rainy Day Fund balance totaled \$439.9 million, approximately \$100 million more than in FY 2004.

The State has self-insured its employee health insurance program for many years. The corresponding budget program, Administration of Health Insurance, is managed by the Department of Human Resource Management. The program grew 115% over the period, from \$135 million in FY 2004 to \$290 million in FY 2013. These funds are designated as enterprise funds, essentially a mechanism to receive State employees’ health insurance premiums and State funds appropriated to the agencies for employee health care, which are then appropriated for health insurance purposes.

Appendix A: Study Mandate

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 Methods and Activities

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 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 and maintain a database with appropriation data at the agency, program, and fund level from FY 1981. For this report, economic and demographic data are obtained annually 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 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 early 2000s, for example, is unavailable from many agencies. Turnover among budget staff and in other key positions within agencies may also limit 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 below.

Key elements of the fiscal and demographic data sets are included in appendixes to this report. The following supplemental materials are available online only: selected historical financial data, appropriations information for the largest State agencies, and general fund and non-general fund appropriations information from FY 1981 onward. (Online-only supplemental Appendixes D–J are available with this report on the JLARC website: <http://jlarc.virginia.gov>.)

Document Review

JLARC staff utilized a variety of documents for this review. These included Appropriation Acts from FY 2004 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 2004 to the present. Agency-specific and program-specific studies and documents were also reviewed. 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: Additional Tables Aggregating Appropriations to Higher Education Agencies

This appendix includes three tables listing the top 10 agencies that result from grouping together the 21 higher education agencies. Also included is a table illustrating the growth of each higher education agency along with the corresponding rank based on the percentage of total budget growth. The last table highlights the changes in enrollment and tuition for each college and university from FY 2004 to FY 2013 based on data reported annually by SCHEV.

Table C-1 (Table 6 With Higher Education Agencies Grouped): Top 10 Agencies With the Highest Growth in Total Appropriations, FY 2004–FY 2013 (\$ in Millions)

Rank	Agency	Total appropriation		Total growth		
		FY 2004	FY 2013	\$	%	% of total
1	Higher education	\$4,887.3	\$9,116.8	\$4,229.5	87 %	24 %
2	DMAS	4,030.3	8,072.9	4,042.6	100	25
3	DOE (Direct aid)	4,816.0	6,686.1	1,870.1	39	11
4	VDOT	2,991.1	4,441.3	1,450.1	48	9
5	DOA	67.6	658.5	590.8	874	4
6	DSS	1,489.9	1,880.2	390.3	26	2
7	VCSP	3.8	325.0	321.2	8,426	2
8	DBHDS	728.1	1,007.2	279.0	38	2
9	VEC	483.5	723.4	239.9	50	1
10	DOC	791.6	1,027.5	235.9	30	1
Top 10 agencies, subtotal		\$20,289.4	\$33,938.8	\$13,649.4	67 %	82 %
Other agencies, subtotal		6,090.0	8,735.9	2,645.9	43 %	18
Total operating budget		\$26,379.4	\$42,674.7	\$16,295.3	62 %	100 %

Table C-2 (Table 9 With Higher Education Agencies Grouped): Top 10 Agencies With Highest Growth Rate in Non-General Fund Appropriations, FY 2004–FY 2013 (\$ in Millions)

Rank	Agency	NGF appropriation		NGF growth		
		FY 2004	FY 2013	\$	% of total	%
1	DOA	\$4.2	\$599.1	\$594.9	5 %	14,040 %
2	VCSP	3.8	325.0	321.2	3	8,426
3	VDEM	6.6	40.1	33.5	<1	505
4	Compensation Board	3.7	16.0	12.3	<1	327
5	DCR	21.8	85.4	63.6	1	292
6	DVS	11.8	44.4	32.6	< 1	275
7	DGS	10.9	39.9	29.0	<1	268
8	VPA	49.0	142.0	93.0	1	190
9	DRPT	145.9	379.6	233.7	2	160
10	VMFA	7.8	19.5	11.7	< 1	151
Top 10 agencies, subtotal		\$265.5	\$1,691.1	\$1,425.5	12 %	537 %
18	Higher ed agencies	3,677.8	7,536.7	3,858.9	33	105 %
Other agencies, subtotal		10,065.9	16,330.8	6,265.0	55	62 %
Total NGF operating budget		\$14,009.2	\$25,558.6	\$11,549.4	100 %	82 %

Table C-3 (Table 11 With Higher Education Programs Grouped): Largest Program Increases in Total Appropriations, FY 2004–FY 2013 (\$ in Millions)

Rank	Program	Total appropriation		Growth		
		FY 2004	FY 2013	\$	%	% of Total
1	Medical program services (Medicaid)	\$3,779.2	\$7,619.3	\$3,840.1	102%	24%
2	Higher education programs	4,154.5	7,708.0	3,553.5	86	22
3	Financial assistance for public ed (SOQ)	2,735.5	5,805.2	3,069.7	112	19
4	State health services ^a	929.7	1,924.2	994.5	107	6
5	Highway sys. maintenance & operations	879.8	1,454.2	574.4	65	4
6	Financial assistance to localities - general	280.5	796.9	516.4	184	3
7	Bond and loan retirement and redemption	265.8	653.8	387.9	146	2
8	Investment, trust, insurance services	13.3	341.7	328.4	2,46	2
9	Highway sys. acquisition & construction	1,643.6	1,923.4	279.9	17	2
10	Financial assistance for local social services	138.4	372.1	233.6	169	1
Top 10 programs, subtotal		\$14,818.3	\$28,595.3	\$13,777.0	93%	85%
Other programs, subtotal		11,561.1	14,079.4	2,518.3	22%	15
Total operating budget		\$26,379.4	\$42,674.7	\$16,295.3	62%	100%

^aIncludes activities at VDH, UVA Medical Center, and at facilities operated by DBHDS and DVS.

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

Source: 2004 and 2013 Appropriation Acts.

Table C-4: Growth of Higher Education Agencies, FY 2004–FY 2013 (\$ in Millions)

Rank	Agency	Total appropriation		Total growth			Overall Rank
		FY 2004	FY 2013	\$	%	% of Total	
1	VCCS	\$567.4	\$1,558.0	\$990.6	175 %	6 %	4
2	UVA	1,522.5	2,424.4	901.9	59	6	5
3	GMU	354.0	824.5	470.5	133	3	7
4	Va Tech	640.5	1,093.2	452.8	71	3	8
5	VCU	569.3	1,008.9	439.6	77	3	9
6	JMU	233.8	467.7	234.0	100	1	16
7	ODU	182.3	353.8	171.6	94	1	20
8	CWM	195.0	327.3	132.3	68	1	23
9	VSU	76.0	149.0	73.0	96	<1	30
10	RU	106.4	175.3	68.9	65	<1	31
11	CNU	62.7	123.6	60.9	97	<1	32
12	Longwood	56.7	108.3	51.6	91	<1	35
13	UMW	56.9	105.9	49.1	86	<1	37
14	NSU	119.0	150.4	31.4	26	<1	42
15	VMI	40.7	68.6	27.9	69	<1	45
16	SCHEV	63.0	87.3	24.4	39	<1	51
17	UVA-Wise	20.5	39.8	19.2	94	<1	58
18	EVMS	11.8	24.1	12.3	104	<1	67
19	SW Va Higher Ed Ctr	1.8	9.0	7.2	410	<1	77
20	Richard Bland	7.1	13.2	6.1	87	<1	79
21	S. Va Higher Ed Ctr	0.0	4.2	4.2	100	<1	88
Total higher ed agencies		\$4,887.3	\$9,116.8	\$4,229.5	87 %	24 %	
Total operating budget		\$26,379.4	\$42,674.7	\$16,295.3	62 %	100 %	

Note: The 2012 JLARC State Spending Report did not include EVMS, the Southern Va. Higher Ed. Center, or UVA-Wise.

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

Source: 2004 and 2013 Appropriation Acts.

Table C-5: Changes in Enrollment and Tuition of Higher Education Agencies, FY 2004–FY 2013

Rank ^c	Agency	Undergraduate enrollment ^a			Tuition ^b		
		FY 2004	FY 2013	Percent change	FY 2004	FY 2013	Percent change
17	UVA-Wise	1,703	2,420	42 %	\$2,630	\$8,509	224 %
5	VCU	18,312	23,951	31	4,828	12,002	149
11	CNU	4,680	5,046	8	4,566	11,092	143
8	CWM	5,786	6,171	7	6,380	15,463	142
4	Va Tech	21,348	23,859	12	5,057	11,455	127
10	RU	8,167	8,610	5	4,120	8,976	118
2	UVA	13,829	15,822	14	5,919	12,458	110
13	UMW	4,220	4,515	7	4,652	9,660	108
20	Richard Bland	1,342	1,540	15	2,040	4,020	97
3	GMU	17,073	20,653	21	5,070	9,908	95
12	Longwood	3,685	4,355	18	5,833	11,340	94
15	VMI	1,333	1,664	25	7,548	14,404	91
14	NSU	6,039	6,367	5	3,810	7,226	90
6	JMU	14,991	18,107	21	5,020	9,176	83
7	ODU	14,209	19,612	38	4,885	8,820	81
9	VSU	4,033	5,570	38	4,350	7,784	79
Total (without VCCS)		140,750	168,262	20 %	\$76,708	\$162,293	112 %
Average (without VCCS)		8,797	10,516	20 %	\$4,794	\$10,143	112 %
1	VCCS	152,243	192,895	27 %	\$1,788	\$3,900	118 %

^a Includes all full-time equivalent in-state and out-of-state undergraduate students for the 2003-2004 and 2012-2013 school years.

^b Tuition includes mandatory education and general (E&G) fees as well as mandatory non-E&G fees.

^c Rank based on the total budget growth in millions of dollars (see Table C-4).

Note: Data for UVA excludes UVA-Wise. The following institutions are not listed because data are not available or the institution is a graduate school: the Southwest Virginia Higher Education Center, the Southern Virginia Higher Education Center, and the Eastern Virginia Medical School.

Source: Data reported on SCHEV's website.

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