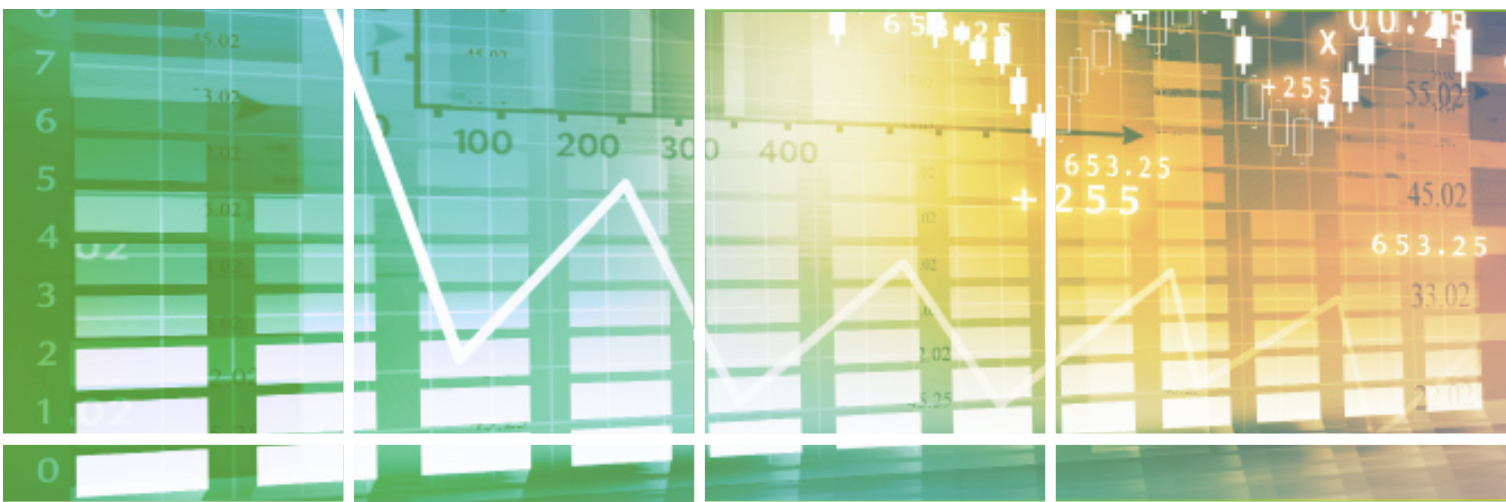


Report to the Governor and the General Assembly of Virginia

State Spending: 2018 Update



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Contents

Summary	i
State Spending: 2018 Update	1
Virginia’s budget was \$52.6 billion in FY18	1
Virginia’s budget has grown 4% per year since FY09	3
Majority of budget growth was concentrated in a few agencies and programs	9
Non-general funds continue to drive budget growth	12
Some agencies had very large percentage increases in appropriations since FY09	14
General fund appropriations declined or grew slower than inflation for some state agencies	17
Appendixes	
A: Study mandate	19
B: Research methods and activities	20
C: 10 agencies with largest appropriations	21
D: Virginia’s operating appropriations, FY09-FY18	23
E: Higher education funding in Virginia’s budget	24
F: Total federal funding in Virginia’s budget	30
Appendixes, online-only – jlarc.virginia.gov/state-spending.asp	
G: The basis of Virginia’s budget	
H: 10 largest annual general fund increases, 2009–2018 biennial totals	
I: State expenditures by governmental function	
J: Final legislative operating appropriations by fund	
K: Major uses of non-general funds, FY18	
L: Total, general fund, and non-general fund appropriations for the 10 agencies with the most growth in total appropriations, FY09–FY18	

Tables and figures

Table 1: 10 programs with the largest appropriations, total and general fund (FY18)

Table 2: Key demographic and economic changes in Virginia, 2009-2018

Table 3: Revenue stabilization fund deposits and withdrawals

Table 4: 10 agencies with the highest growth amount in total appropriations

Table 5: 10 agencies with the highest growth amount in general fund appropriations

Table 6: 10 programs with the highest growth amount in total appropriations

Table 7: 10 programs with the highest growth amount in general fund appropriations

Table 8: Non-general fund growth by category

Table 9: 10 agencies with the highest growth amount in non-general fund appropriations

Table 10: 10 agencies with the fastest growth rate in general fund appropriations

Table 11: 10 agencies with the fastest growth rate in non-general fund appropriations

Table 12: The 8 agencies with declines in general fund appropriations of 10% or more

Figure 1: A few agencies received half of appropriations, total and general fund (FY18)

Figure 2: Total appropriations grew by 4% per year, but general fund appropriations grew more slowly

Figure 3: Change in appropriations adjusted for inflation and population growth

Figure 4: Appropriations decreased between FY17 and FY18, adjusted for inflation and population

Abbreviations

ABC	Department of Alcoholic Beverage Control
CNU	Christopher Newport University
CWM	College of William & Mary
DARS	Department of Aging and Rehabilitative Services
DBHDS	Department of Behavioral Health & Developmental Services
DBVI	Department for the Blind & Vision Impaired
DCJS	Department of Criminal Justice Services
DCR	Department of Conservation and Recreation
DEM	Department of Emergency Management
DEQ	Department of Environmental Quality
DGS	Department of General Services
DHR	Department of Historic Resources
DHRM	Department of Human Resource Management
DJJ	Department of Juvenile Justice
DMA	Department of Military Affairs
DMAS	Department of Medical Assistance Services
DOA	Department of Accounts
DOC	Department of Corrections
DOE	Department of Education
DPB	Department of Planning & Budget
DRPT	Department of Rail and Public Transportation
DSS	Department of Social Services
DVS	Department of Veterans Services
EVMS	Eastern Virginia Medical School
FAMIS	Family Access to Medical Insurance Security
GMU	George Mason University
HERI	Higher Education Research Initiative
IEIA	Innovation and Entrepreneurship Investment Authority
JMU	James Madison University
JDRDC	Juvenile and Domestic Relations District Courts

LU..... Longwood University
NSU..... Norfolk State University
ODU..... Old Dominion University
RU..... Radford University
SCHEV..... State Council of Higher Education for Virginia
UMW..... University of Mary Washington
UVA..... University of Virginia
UVA-W..... University of Virginia's College at Wise
Virginia529..... Virginia 529 College Savings Plan
VA Tech..... Virginia Tech
VEC..... Virginia Employment Commission
VEDP..... Virginia Economic Development Partnership
VCCS..... Virginia Community College System
VCU..... Virginia Commonwealth University
VDH..... Virginia Department of Health
VDOT..... Virginia Department of Transportation
VMFA..... Virginia Museum of Fine Arts
VMI..... Virginia Military Institute
VPA..... Virginia Port Authority
VRS..... Virginia Retirement System
VSDB..... Virginia School for the Deaf & Blind
VSP..... Virginia State Police
VSU..... Virginia State University

State Spending: 2018 Update – Summary

WHAT WE FOUND

- Virginia’s budget was \$52.6 billion in FY18. Three agencies—DMAS, DOE, and VDOT—received nearly half of total appropriations and two agencies—DMAS and DOE—received half of general fund appropriations.
- Over the past decade, Virginia’s operating budget increased by 4.0% per year, on average. This equated to a total growth rate of 42% between FY09 and FY18. This growth was primarily due to growth in non-general fund appropriations (5.0% per year on average). The general fund budget grew at a slower rate (2.7% per year, on average).
- Adjusted for growth in population and inflation, the total budget grew by an average of 1.4% per year during the 10-year period, with the non-general fund budget increasing by 2.4% per year and the general fund budget increasing by 0.1% per year, on average.
- The majority of budget growth was concentrated in a few agencies and programs between FY09 and FY18. Ten agencies (out of 148) accounted for 65% of total budget growth with DMAS and VDOT accounting for 43%. Eight budget programs within the areas of health care, education, and transportation accounted for 58% of total budget growth.
- General fund budget growth was even more concentrated by agency and program. One agency—DMAS—was responsible for 57% of general fund budget growth due to growth in appropriations for Medicaid program services.
- Some agencies have had very large percentage increases in general fund appropriations since FY09, but—with the exception of DMAS and DBHDS—many of these agencies are quite small.

WHY WE DID THIS STUDY

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. (See Appendix A.)

Prior reports reviewed spending and budget growth for all the previous 10-year periods between FY 1981 and FY17. This report is the 18th in the series and focuses on trends in the state’s operating budget during the past 10 years, from FY09 through FY18.

State Spending: 2018 Update

FY09–FY18

Through the budget, the General Assembly directs money from different sources to a variety of state functions and programs. Virginia’s budget is perhaps the state’s single most important statement of policies and priorities. State spending can only occur through appropriations made by the General Assembly. Factors that affect the budget include the state’s fiscal condition, population growth, inflation, and other economic changes.

The Joint Legislative Audit and Review Commission (JLARC) produces a report each year on Virginia state spending over the previous 10-year period. (See Appendix A.) The report identifies the largest and fastest growing agencies and programs in the state budget, and analyzes long-term changes in state spending. This year’s report focuses on trends in the state’s operating budget from FY09 to FY18 and identifies factors that appear to influence these trends.

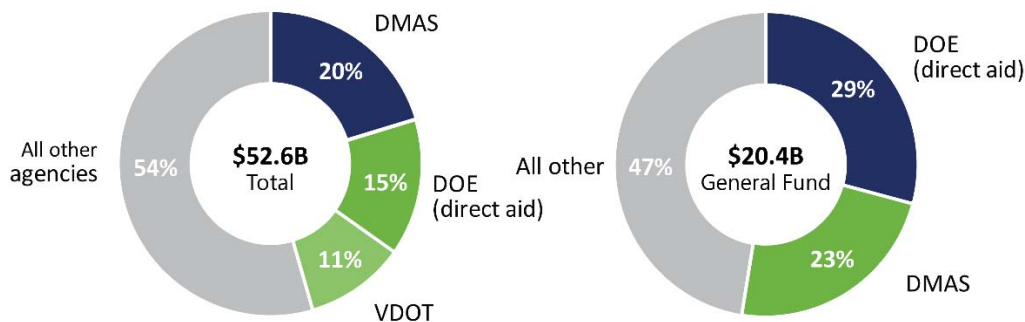
Virginia’s budget was \$52.6 billion in FY18

In FY18, Virginia’s budget totaled \$52.6 billion and included 148 agencies and 215 programs. Appropriation amounts were concentrated in a small number of agencies that focus on core government activities such as Medicaid, K-12 education, and highway construction and maintenance. Three agencies received nearly half of total appropriations in FY18, and two agencies received half of general fund appropriations (Figure 1). Appropriations were also concentrated in a small number of programs. Ten programs received 60% of total appropriations in FY18 (Table 1). General fund appropriations were even more concentrated, with 10 programs accounting for 77% of general fund appropriations. Four of the top 10 programs in general fund appropriations were also among the top 10 programs for total appropriations.

This report does not address the merits or adequacy of funding for government agencies or programs. Budget growth may change for a variety of reasons. The growth reported here reflects the budget climate from economic, policy, historical, and technical perspectives during the 10-year period.

All state appropriations are also classified according to Virginia’s **program budget structure**. The program classification is designed for planning and analysis of the state budget by activity or function. Some programs fall under a single agency, and others are distributed across multiple agencies. Through analysis of program categories, policymakers can develop a broader understanding of how funds are spent, regardless of which agency spends them.

FIGURE 1
A few agencies received half of appropriations, total and general fund (FY18)



SOURCE: Chapter 1, 2018 Acts of Assembly, Special Session I.
 NOTE: See Appendix C for more information on the top 10 agencies that received appropriations (total, general fund, and non-general fund) in FY18. Numbers may not sum due to rounding.

TABLE 1
10 programs with the largest appropriations, total and general fund (FY18)

Total appropriations			
Rank	Program name	Total (\$M)	% of total
1	Medicaid program services	\$10,003.9	19%
2	State education assistance programs	6,728.5	13
3	Higher ed: Education & general (E&G) services	2,480.2	5
4	State health services ^a	2,407.3	5
5	Highway construction programs	2,211.5	4
6	Personnel management services ^b	2,020.7	4
7	Higher ed: Auxiliary enterprises	1,744.2	3
8	Highway system maintenance & operations	1,689.4	3
9	Higher ed: Financial assistance for E&G services	1,482.1	3
10	Operation of secure correctional facilities	1,034.6	2
Top 10 programs, subtotal		\$31,802.4	60%
Other programs, subtotal		20,811.1	40
Total operating budget		\$52,613.6	100%

General fund appropriations			
Rank	Program name	Total(\$M)	% of total
1	State education assistance programs	\$5,935.2	29%
2	Medicaid program services	4,651.4	23
3	Operation of secure correctional facilities	977.4	5
4	Personal property tax relief program	950.0	5
5	Higher ed: E&G services	869.1	4
6	Bond and loan retirement and redemption ^c	739.5	4
7	Financial assist. for sheriffs' offices and regional jails	452.4	2
8	Pre-trial, trial, and appellate processes	421.8	2
9	Financial assistance for health services ^d	350.4	2
10	Higher ed: student financial assistance	298.1	1
Top 10 programs, subtotal		\$15,645.4	77%
Other programs, subtotal		4,804.6	23
Total operating budget		\$20,449.9	100%

SOURCE: Chapter 1, 2018 Acts of Assembly, Special Session I.

^a Includes activities at VDH, UVA Medical Center, and at facilities operated by DBHDS and DVS. ^b Includes services for employee compensation, health benefits, insurance, retirement, and other human resource services. ^c Includes debt service payments for capital lease payments and general obligation and other bonds. ^d Includes funding for services provided by community services boards.

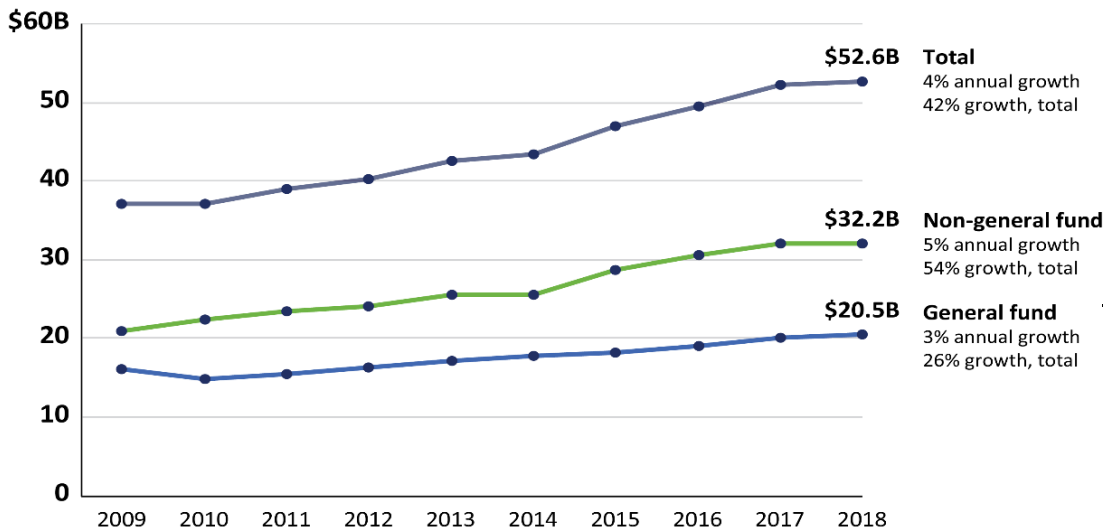
Virginia’s budget has grown 4% per year since FY09

Virginia’s total budget grew 4.0% per year, on average, between FY09 and FY18 (Figure 2). This equated to a total growth rate of 42% during the time period. This growth was primarily due to growth in the non-general fund budget, which grew by 5.0% per year, on average (54% total). The state general fund budget grew at a slower rate, growing 2.7% per year, on average (26% total). Some of the changes to the total and non-general fund budgets reflect a policy decision to include a specific appropriation for internal service funds in the non-general fund budget starting in FY15.

Unlike the total or non-general fund budget, the general fund budget declined in FY09 and FY10 because state revenue declined during the Great Recession. The total budget did not decline, though, because state revenue losses were offset by federal funding.

Some agencies operate **internal service funds** to recoup costs incurred when performing services or procuring goods for other agencies. In FY15, the budget was changed so that ISF agencies began receiving appropriations for the cost of goods and services provided to other agencies. This change was implemented to improve transparency.

FIGURE 2
Total appropriations grew by 4% per year, but general fund appropriations grew more slowly



SOURCE: Appropriation Acts, 2009-2018.

NOTE: See Appendix D for more detail on spending and growth by year. Appropriations not adjusted for inflation. Changes to the total and non-general fund budgets reflect a budgetary decision, starting in FY15, to include specific appropriations for internal service funds.

General fund revenues and appropriations are intended for the general purposes of government and are not dedicated or restricted to a specific use. These funds are of particular interest to the public and budget decision makers as they come primarily from statewide taxes, such as income and sales taxes.

Adjusted for inflation and population, budget grew 1.4% per year

Because economic and demographic factors such as inflation and population affect Virginia’s budget, it is important to account for these factors to obtain a truer representation of Virginia’s budget growth. Inflation increased by 1.7% per year, on average, between FY09 and FY18 (Table 2), which means that Virginia’s budget needed to grow by at least that amount per year to have the same purchasing power over time. Adjusted for inflation using the consumer price index (CPI), Virginia’s total budget increased by 2.2% per year between FY09 and FY18. The general fund budget increased by 1.0% per year, and the non-general fund by 3.2% per year, on average, between FY09 and FY18 (Figure 3).

General fund appropriations have declined five times since FY1981: FY1992, FY2002, and FY2008–FY2010

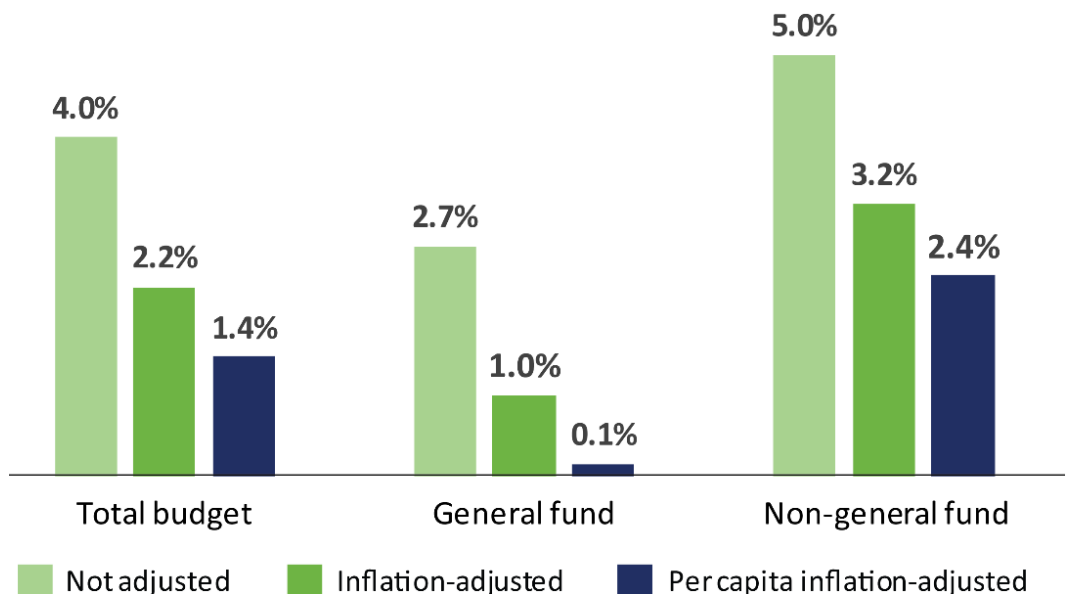
FY2008–FY2010 was the first time since the early 1960s that the general fund declined in two or more consecutive years.

TABLE 2
Key demographic and economic changes in Virginia, 2009–2018

Indicator	2009	2018	% change 2009-2018	
			Total	Annual average
Population				
Total	7,925,537	8,521,684 ^a	7.5%	0.8%
Ages 65 and over	956,921	1,315,169 ^a	37.4	3.6
Under 18 years old	1,845,132	1,870,319 ^a	1.4	0.2
Living in poverty	802,578	938,439	16.9	1.8
Economy				
Inflation (Consumer Price Index) ^b	100.0	116.9	16.9	1.7
Virginia GDP (\$B)	\$403,278	\$523,758	29.9	3.0
Total employment (non-farm, June)	3,686,100	4,045,900	9.8	1.0
Total state personal income (\$B)	\$348.8	\$470.4	34.9	2.5
Median home sales price (June)	\$234,000	\$306,945	31.2	3.1
Average weekly wages	\$928	\$1,087 ^{a,e}	17.1	2.0
State finances^c				
State operating budget (\$B)	\$37.1	\$52.6	42.0	4.0
State general fund budget (\$B)	\$16.2	\$20.5	26.3	2.7
Total number of state employees (salaried) ^d	104,607	106,685	2.0	0.2
Average state employee salary	\$42,032	\$50,633	20.5	2.1
Taxable sales (\$B)	\$85.9	\$103.7 ^e	20.7	2.1

SOURCE: U.S. Census Bureau; Bureau of Economic Analysis; Bureau of Labor Statistics; various state agencies; Virginia Association of Realtors.
NOTE: Dollars not adjusted for inflation.
^a Estimated. ^b 2009 CPI rebased to 100. ^c On a fiscal year basis unless otherwise noted. ^d Includes salaried faculty at higher education institutions. ^e 2017.

FIGURE 3
Change in appropriations adjusted for inflation and population growth, FY09-FY18

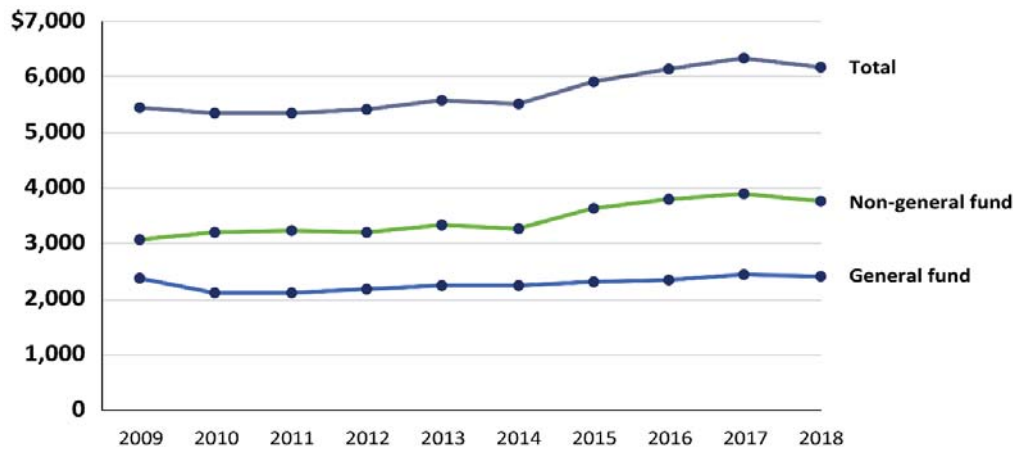


SOURCE: Appropriation Acts, 2009–2018; U.S. Census Bureau; Bureau of Labor Statistics.
NOTE: Annual average changes.

As the population grows the need for state services also often grows. Adjusted for both inflation and population growth (0.8% per year on average), the total budget increased by 1.4% per year; general fund appropriations increased by 0.1% per year; and non-general fund appropriations increased by 2.4% per year, on average. Changes in the number of older residents, school-age children, and low-income residents particularly affect the demand for state services and state spending because these groups typically require more services than the general population. The number of Virginians 65 years of age and older grew more than four times faster than the general population between FY09 and FY18 (Table 2).

While Virginia’s total budget increased each year during the 10-year period, and the general fund budget has increased each year since FY10 (Figure 2), per capita inflation-adjusted appropriations decreased between FY17 and FY18 (Figure 4). This decrease was because of higher-than-average growth in inflation (2.8%) and lower-than-average growth in total (0.8%), general fund (1.7%), and non-general fund (0.3%) appropriations between FY17 and FY18.

FIGURE 4
Appropriations decreased between FY17 and FY18, adjusted for inflation and population



SOURCE: Appropriation Acts, 2009-2018; U.S. Bureau of Economic Analysis; and U.S. Bureau of Labor Statistics.
 NOTE: Average annual growth. Changes to the total and non-general fund budgets reflect a budgetary decision, starting in FY15, to include specific appropriations for internal service funds.

Virginia’s spending growth was above the 50-state average between FY07 and FY16. Virginia ranked 14th among the 50 states in per capita inflation-adjusted spending growth but was within the range of other states in the mid-Atlantic region (*Virginia Compared to the Other States*, JLARC 2018).

Economic growth affects budget growth

Economic growth affects budget growth, and a strong economy drives revenue upward. Virginia’s GDP, total personal income, and employment levels increased between FY09 and FY18 (Table 2). Annual general fund appropriations, in particular, have very closely

This **Virginia state spending report**, published annually by JLARC, focuses on final operating appropriations, excluding capital spending.

JLARC also publishes *Virginia Compared to the Other States*, which features comparisons of expenditures, including capital spending. jlarc.virginia.gov/va-compared.asp

In total federal spending per capita, Virginia ranked 11th among the states in federal fiscal year 2016, the most recent year for which data is available.

A disproportionate share of federal government spending occurs in Virginia because of its proximity to Washington, D.C., and the large military presence in the state.

mirrored annual Virginia GDP over time. Since FY1997, general fund appropriations have been 3.9% of Virginia GDP, on average. This percentage has decreased slightly to 3.8% since FY09.

Virginia's economic growth was lower than the nation's growth between FY09 and FY18 for several key economic measures. The lower economic growth in Virginia, which has affected growth in general fund spending, is due in part to reductions in federal spending over time and lower growth in the labor force.

- **Virginia GDP** grew at a slower rate (1.2% annual average) than national GDP (1.9% annual average) between 2009 and 2018, adjusted for inflation.
- **Virginia's labor force** grew less (1.0% annual average) than the national average (1.4% annual average) between 2009 and 2018.
- **Virginia's personal income per capita** grew less (0.8% annual average) than the national average (1.3% annual average) between 2009 and 2018, adjusted for inflation.

Policy decisions and agency workload affect budget trends

State policy decisions affect how Virginia's budget is allocated across agencies and budget programs. For example, in FY12, the legislature appropriated \$200 million in general funds to support the goals of the higher education "Top Jobs" legislation. In addition, \$382 million in general funds was provided over FY15 and FY16 to help pay down unfunded pension liabilities in the Virginia Retirement System. Other funding, such as the state's share of the Standards of Quality payments to public schools, is driven by a formula set in the Virginia Constitution or statute.

Some policy decisions that were major drivers in budget growth in certain areas in the past are no longer major drivers or were not major drivers between FY09 and FY18. The personal property tax ("car tax") relief program adopted in FY1999 is still one of the largest programs in terms of general fund appropriations, but its annual appropriation has been capped at \$950 million since FY07.

The policy decision to reserve revenue in years of above-average revenue growth can also affect budget growth depending on the size of the deposits to the reserve accounts. The revenue stabilization (rainy day) fund was established in the early 1990s to provide a reserve of funds in the event of deficiencies in state revenue collection in a given year. Each year a portion of surplus general fund revenue is obligated to the fund based on a formula (Constitution of Virginia, Article X Section 8; Code of Virginia § 2.2-1829). In some years, no appropriations are made.

Five deposits to the revenue stabilization fund occurred between FY09 and FY18 (Table 3), based on surplus revenues in prior years. The largest deposit totaled \$606 million in FY17. These deposits, which required appropriations of general funds, were not large enough to be a major driver of budget growth during the 10-year period. Six withdrawals from the fund were made to offset general revenue declines in those years, reducing the amount of spending reductions that would otherwise have been necessary.

TABLE 3
Revenue stabilization fund deposits and withdrawals, FY09 to FY18

Fiscal year	Deposits (\$M)	Withdrawals (\$M)	Fund balance (\$M)
FY09	21	490	575
FY10		295	295
FY11			299
FY12			304
FY13	133		440
FY14	245		688
FY15	243	468	468
FY16		235	236
FY17	606	295	549
FY18		273	283

SOURCE: Secretary of Finance presentations to the Senate Finance, House Appropriations, and House Finance Committees; Appropriation Acts, 2009-2018.

NOTE: Fund balance figures are adjusted for deposits, withdrawals, and interest earned at end of fiscal year.

In 2018, the General Assembly appropriated funds to an additional cash reserve fund for excess revenue that does not have to be committed to the revenue stabilization fund or other funds. The general fund appropriation to this fund was \$156 million in FY18, representing nearly half of the growth in general fund appropriations between FY17 and FY18.

Changes to agency workloads, which also affect budget growth, occur over time for a variety of reasons, including policy changes and changes to the population served. For example, the DMAS workload is driven by Medicaid enrollment, which grew 49% (from 789,952 to 1,178,241 enrollees) between FY09 and FY18.

Federal funding affects budget trends

Federal funds and policy decisions can affect state spending. Federal trust funds grew slightly as a portion of Virginia’s budget during the 10-year period under review. At the beginning of the period, federal trust funds accounted for \$5.7 billion or 15% of the state budget. By FY18, Virginia’s federal trust funds increased to \$8.4 billion or 16% of the state budget.

Most federal funding requires a state funding match, which varies by program. In some cases, continued participation in a federal program requires substantial state funding. Medicaid is the largest federal program in the Virginia budget, with \$4.9 billion in federal funds (59% of all federal trust funds in Virginia’s budget) and a total budget of \$10 billion in FY18. The state match rate for Medicaid was about 50% for most of the decade under review.

Mandatory enhancements to some federal programs, such as some Medicaid-funded services and early intervention services for children, have increased state spending. Other state spending increases are attributable to agency compliance with federal regulatory changes designed to achieve goals such as workplace safety and environmental protection.

About \$6.3 billion in Recovery Act funds were received by Virginia and its localities between FY09 and FY11, leading to a large increase in federal funds for those years.

General obligation bonds are authorized by a majority vote of each house of the General Assembly and approved in a referendum by the voting citizens to finance capital projects. The state general fund pays the principal and interest for this debt.

Decisions to issue debt affect budget trends

When the state issues debt, the budget is affected by the debt service that is required to pay off the debt. Tax-supported debt service, which does not have a designated funding source, is funded through the Treasury Board and VDOT. The state issues two types of tax-supported debt: general obligation bonds and other appropriation-supported obligations. The top uses of tax-supported debt over the past decade were for higher education (52%) capital projects and teaching and research equipment and transportation projects (22%) funded through the transportation trust fund. Other uses of tax-supported debt include correctional facilities, local and regional jail reimbursements, and parks, conservation, and recreation facilities.

The state's outstanding tax-supported debt increased 88% (from \$5.9 billion to \$11.1 billion) between FY08 and FY17, with the largest issuances of debt occurring between FY10 and FY12. Expenditures to cover tax-supported debt service increased 85% (from \$533 million to \$988 million) between FY08 and FY17. To ensure that tax-supported debt service does not consume too much of the state's operating budget, the Debt Capacity Advisory Committee has established a target level of debt service as a percentage of blended revenues to fund tax-supported debt, and it is not to exceed 5%. Debt service was 3.04% of blended revenues in FY08 and 4.68% of blended revenues in FY17.

Blended revenues

comprise general fund revenues, state revenues in the Transportation Trust Fund, certain non-general fund transfers including ABC profits, the relevant portion of sales tax, the Virginia Health Care Fund, and certain recurring non-general fund Appropriation Act transfers.

Majority of budget growth was concentrated in a few agencies and programs

The majority of budget growth between FY09 and FY18 was concentrated in a few agencies. Half of total budget growth (49%) occurred in DMAS, VDOT, and UVA (Table 4). These three agencies and four others among the 10 agencies with the highest total budget growth are also among the 10 largest agencies in terms of FY18 total appropriations. (See Appendix C, Table C-1.)

TABLE 4
10 agencies with the highest growth amount in total appropriations, FY09-FY18 (\$M)

Rank	Agency	Total appropriation		Average annual growth		% of total growth
		FY09	FY18	\$	%	
1	DMAS ^a	\$5,992.5	\$10,678.5	\$520.7	7%	30%
2	VDOT	3,658.6	5,624.0	218.4	6	13
3	UVA ^b	2,032.8	3,071.1	115.4	5	7
4	DOE (Direct aid)	7,104.0	7,643.2	59.9	1	3
5	Va Tech	943.9	1,347.2	44.8	4	3
6	GMU	633.4	1,011.7	42.0	5	2
7	Treasury Board	463.2	789.6	36.3	6	2
8	VCU	871.7	1,128.9	28.6	3	2
9	DSS	1,798	2,052	28.3	2	2
10	ABC	498.0	698.3	22.3	4	1
Top 10 agencies, subtotal		\$23,995.8	\$34,044.5	\$1,116.52	4%	65%
Other agencies, subtotal		13,061.5	18,569.1	611.96	4%	35
Total operating budget		\$37,057.2	\$52,613.6	\$1,728.49	4%	100%

SOURCE: Appropriation Acts, 2009-2018.

NOTE: Excludes capital appropriations and DOA transfer payments. Agencies that operate internal service funds are also excluded because increases are largely due to the budget including specific appropriations to these funds beginning in FY15. Appropriations not adjusted for inflation. Numbers may not sum due to rounding. See Appendix E for alternate rankings, in which the 21 higher education agencies are grouped as a single line item.

^a Includes \$5,857.5 million in FY09 and \$10,326.2 million in FY18 for Medicaid Services and CHIP. ^b Excludes UVA-Wise but includes the medical center.

More than half of total general fund budget growth (57%) occurred in one agency—DMAS (Table 5). Excluding the 10 agencies with the highest general fund growth, the remaining agencies account for only 15% of the total general fund growth over the 10-year period. This is partly attributable to large general fund declines in several agencies, including DCJS and CSA.

The majority of budget growth was concentrated in a few programs. Of all budget growth during the 10-year period, 63% occurred in just 10 programs (Table 6). Eight of the 10 programs are in the core functions of health care, education, and transportation.

TABLE 5
10 agencies with the highest growth amount in general fund appropriations, FY09-FY18 (\$M)

Rank	Agency	General fund appropriation		Average annual growth		% of total growth
		FY09	FY18	\$	%	
1	DMAS ^a	\$2,338.1	\$4,785.8	\$272.0	8%	57%
2	DOE (Direct aid)	5,607.6	5,963.0	39.5	1	8
3	Treasury Board	452.0	739.5	31.9	6	7
4	DBHDS	562.4	773.9	23.5	4	5
5	DOC	1,000.8	1,147.5	16.3	2	3
6	VSP	218.5	276.0	6.4	3	1
7	DHCD	40.8	81.0	4.5	10	1
8	DSS	380.3	420.2	4.4	1	1
9	Compensation Board	648.7	675.4	3.0	1	1
10	ODU	121.7	146.0	2.7	2	1
Top 10 agencies, subtotal		\$11,370.8	\$15,008.2	\$404.2	3%	85%
Other agencies, subtotal		4,821.65	5,441.68	68.9	2%	15
Total general fund budget		\$16,192.5	\$20,449.9	\$473.1	3%	100%

SOURCE: Appropriation Acts, 2009-2018.

NOTE: Excludes capital appropriations and central appropriations. Appropriations not adjusted for inflation. Numbers may not sum due to rounding. See Appendix E for alternate rankings, in which the 21 higher education agencies are grouped as a single line item.

^a Includes \$2,272.6 million in FY09 and \$4,677.7 million in FY18 for Medicaid Services and CHIP.

TABLE 6
10 programs with the highest growth amount in total appropriations, FY09-FY18 (\$M)

Rank	Program	Total appropriation		Average annual growth		% total growth
		FY09	FY18	\$	%	
1	Medicaid program services	\$5,646.3	\$10,003.9	\$484.2	7%	28%
2	Higher ed: Educational & general services	3,693.6	4,751.9	117.6	3	7
3	State health services ^a	1,596.6	2,407.3	90.1	5	5
4	Highway construction programs	1,487.1	2,211.5	80.5	11	5
5	Financial assistance to localities (transportation)	351.9	949.0	66.3	15	4
6	Higher ed: Auxiliary enterprises	1,162.3	1,744.2	64.6	5	4
7	Financial assistance to localities (general)	354.2	835.1	53.4	20	3
8	State education assistance programs ^b	6,263.0	6,728.5	51.7	1	3
9	Highway system maintenance & operations	1,327.6	1,689.4	40.2	3	2
10	Bond and loan retirement & redemption	452.2	789.6	37.5	6	2
Top 10 programs, subtotal		\$22,334.8	\$32,110.2	\$1,086.2	4%	63%
Other programs, subtotal		14,722.4	20,503.4	642.3	4%	37
Total operating budget		\$37,057.2	\$52,613.6	\$1,728.49	4%	100%

SOURCE: Appropriation Acts, 2009-2018.

NOTE: Excludes capital appropriations and programs that operate internal service funds. Appropriations not adjusted for inflation. Numbers may not sum due to rounding. See Appendix E for alternate rankings, in which the 21 higher education agencies are grouped as a single line item.

^a Includes activities at VDH, UVA Medical Center, and at facilities operated by DBHDS and DVS. ^b Excludes federal funds because they are accounted for in a separate program code.

By program, general fund budget growth was even more concentrated. One program (Medicaid program services) was responsible for 57% of the growth, and 10 programs were responsible for 83% of the growth (Table 7). Nearly all these programs focus on health care, education, and public safety.

TABLE 7
10 programs with the highest growth amount in general fund appropriations, FY09-FY18 (\$M)

Rank	Program	General fund appropriation		Avg. annual growth		% total growth
		FY09	FY18	\$	%	
1	Medicaid program services	\$2,211.2	\$4,651.4	\$271.1	9%	57%
2	State education assistance programs	5,600.7	5,935.2	37.2	1	8
3	Bond and loan retirement and redemption	440.9	739.5	33.2	6	7
4	Financial assistance for health services ^a	249.4	350.4	11.2	4	2
5	Higher ed: Student financial assistance	205.7	298.1	10.3	4	2
6	Pre-trial, trial, and appellate processes	354.8	421.8	7.4	2	2
7	Administrative and support services ^b	127.9	180.3	5.8	4	1
8	Operation of secure correctional facilities	927.7	977.4	5.5	1	1
9	State health services ^c	165.9	214.5	5.4	3	1
10	Fin. assistance for sheriffs' offices & regional jails	406.1	452.4	5.1	4	1
Top 10 programs, subtotal		\$10,690.3	\$14,221.1	\$392.3	3%	83%
Other programs, subtotal		5,502.2	6,228.8	80.7	2%	17
Total general fund budget		\$16,192.5	\$20,449.9	\$473.1	3%	100%

SOURCE: Appropriation Acts, 2009-2018.

NOTE: Excludes capital appropriations and programs that operate internal service funds. Appropriations not adjusted for inflation. Numbers may not sum due to rounding. See Appendix E for alternate rankings, in which the 21 higher education agencies are grouped as a single line item.

^a Includes funding for services provided by community services boards. ^b Includes administrative and other support activities within agencies that provide individual and family services such as DMAS, DBHDS, DVS, and DSS. Similar services for other functional areas are classified separately. ^c Includes activities at VDH, UVA Medical Center, and at facilities operated by DBHDS and DVS.

Non-general fund appropriations continue to drive budget growth

The use of **non-general funds** is governed by statute and requires fewer decisions than the use of general funds. Non-general funds—which include a variety of pass-through payments such as child support, college tuition, lottery and ABC sales, and payments from the federal governments—are still appropriated because the Virginia Constitution requires that state spending occur only through appropriations made by the General Assembly.

Virginia's non-general fund budget grew 5.0% per year, on average, outpacing general fund growth of 2.7% per year, over the 10-year period. The state budget draws upon hundreds of sources of revenue that are grouped into 10 broad categories, nine of which are non-general fund revenue sources. The special revenue fund, which declined slightly per year, on average, over the 10-year period, was the one non-general fund category that did not exceed general fund growth (Table 8).

The non-general fund categories with the largest growth amounts in appropriations over the past decade were higher education operating, federal trust, and highway maintenance and construction. A technical change to the budgeting of internal service funds, starting with FY15, appeared as a large increase to non-general funds. Collectively, these four funds account for 59% of the increase in non-general fund appropriations between FY09 and FY18. Although these funds constitute the majority of the non-general fund increase, several smaller funds experienced much faster growth rates (Table 8). DMAS, VDOT, and several universities are among the 10 agencies with the largest increases in non-general fund appropriations (Table 9).

TABLE 8
Non-general fund growth by category, FY09–FY18 (\$M)

Non-general fund category	Total appropriation		Avg annual growth		% of total growth
	FY09	FY18	\$	%	
Dedicated Special Revenue	\$861.0	\$1,900.4	\$115.5	11.0%	7%
Enterprise	940.9	1,684.2	82.6	7.0	5
Higher Education Operating	5,517.8	8,249.0	303.5	5.0	18
Highway Maintenance & Construction	3,751.3	5,591.8	204.5	5.0	12
Federal Trust	5,732.4	8,399.2	296.3	5.0	17
Debt Service	261.4	337.5	8.5	3.0	<1
Trust and Agency	1,965.8	2,245.1	31.0	3.0	2
Special Revenue	1,834.2	1,781.3	(5.9)	<-0.1	<0
Internal Service	--	1,975.2	219.5	---	13
Non-general funds	\$20,864.7	\$32,163.6	\$1,255.4	5.0%	73%
General fund	16,192.5	20,449.9	473.1	2.7%	27
Total (all funds)	\$37,057.2	\$52,613.6	\$1,728.5	4.0%	100%

SOURCE: Appropriation Acts, 2009–2018; Commonwealth Accounting Policies and Procedures Manual.

NOTE: Appropriations not adjusted for inflation. Numbers may not sum due to rounding.

Non-general fund categories

Dedicated Special Revenue – Funds appropriated from fees and payments restricted to the related activity (e.g., the state’s safe drinking water revolving fund, permit fees for game protection, Northern Virginia and Hampton Roads transportation funds, and the Virginia communication sales and use tax).

Enterprise – Funds for self-supporting governmental activities that provide goods and services to the general public (e.g., lottery tickets, alcoholic beverages at ABC stores, and prepaid tuition contracts sold by Virginia529).

Higher Education Operating – Funds from tuition and fees paid by students at Virginia’s colleges and universities, revenues generated by campus activities, university hospital revenue, and federal funds for college or university operations.

Highway Maintenance & Construction – All revenues designated for highway operations, maintenance, construction, and related activities generated from fuel and motor vehicle taxes, excluding toll facilities. Includes federal funding for highway construction.

Federal Trust – All federal funds received except those received by VDOT, VEC, and higher education institutions, which are budgeted separately. (See Appendix F.)

Debt Service – Funds to service debt primarily issued by or on behalf of higher education institutions. Examples of fund sources include student fees for housing, dining, and athletic services.

Trust and Agency – Funds held by the state as custodian or trustee for individuals and organizations (e.g., unemployment insurance, tobacco settlement funds, and lottery and literary funds earmarked for public education).

Special Revenue – Revenues derived from restricted taxes and other special (non-general) revenue sources (e.g., child support, Medicaid and Medicare reimbursement, and operating income transferred from Virginia International Terminals to VPA).

Internal Service – Funds from customer agency budgets to reimburse costs incurred by an agency that performs services or procures goods on behalf of other agencies (e.g., DGS leasing office space, VITA providing IT services to other agencies, and DHRM administering the state employees’ health plan).

TABLE 9

10 agencies with the highest growth amount in non-general fund appropriations, FY09-FY18 (\$M)

Rank	Agency	Non-general fund appropriation		Average annual growth		% total growth
		FY09	FY18	\$	%	
1	DMAS ^a	\$3,654.5	\$5,892.7	\$248.7	6%	20%
2	VDOT	3,618.6	5,584.0	218.4	6	17
3	UVA ^b	1,882.4	2,925.6	115.9	5	9
4	Va Tech	752.4	1,163.0	45.6	5	4
5	GMU	490.1	855.7	40.6	7	3
6	VCU	660.7	914.8	28.2	4	2
7	DSS	1,417.5	1,631.8	23.8	2	2
8	ABC	498.0	698.3	22.3	4	2
9	DOE (direct aid)	1,496.4	1,680.3	20.4	2	2
10	JMU	299.9	474.5	19.4	2	2
Top 10 agencies, subtotal		\$14,770.4	\$21,820.7	\$801.6	5%	64%
Other agencies, subtotal		6,094.4	10,342.9	453.9	6%	36
Total non-general fund budget		\$20,864.7	\$32,163.6	\$1,255.4	5%	100%

SOURCE: Appropriation Acts, 2009-2018.

NOTE: Excludes capital appropriations and central appropriations. Appropriations not adjusted for inflation. Numbers may not sum due to rounding. See Appendix E for alternate rankings, in which the 21 higher education agencies are grouped as a single line item.

^aIncludes \$3,584.9 million in FY09 and \$5,648.5 million in FY18 for Medicaid Services and CHIP. ^bExcludes UVA-Wise but includes the medical center.

For major uses of non-general funds, see Appendix K (online only): jlarc.virginia.gov/state-spending2018.asp.

The growth in non-general funds in the past decade has resulted in sustained growth in the state budget even in years when the general fund declined. Throughout the 1980s and 1990s, the split between general fund and non-general fund appropriations hovered at around 50%. Starting in FY03, non-general funds consistently constituted a majority of the state's budget, and their share of the budget has continued to increase. Non-general funds now account for about 61% of the total state budget (Table 6).

Some agencies had very large percentage increases in appropriations since FY09

Some agencies experienced very large growth rates between FY09 and FY18. These agencies, however, did not necessarily experience the largest growth in appropriations. In total, 25 agencies had general fund growth rates that exceeded the total general fund growth rate of 26% over the 10-year period. The 10 fastest growing state agencies each had total general fund growth rates of 32% or more, exceeding the total general fund growth rate of 26% over the 10-year period (Table 10). With the exception of DMAS and DBHDS, these agencies are relatively small. Therefore, even though they experienced high rates of growth, their growth made up a very small proportion of total general fund budget growth—less than 1% each in several cases—over the 10-year period.

TABLE 10
10 agencies with the fastest growth rate in general fund appropriations, FY09–FY18 (\$M)

Rank	Agency	General fund appropriation		General fund growth		
		FY09	FY18	\$M	%	% of total
1	DVS	\$8.0	\$19.7	\$11.7	146%	<1%
2	IEIA	5.3	11.2	5.9	111	<1
3	DMAS	2,338.1	4,785.8	2,447.7	105	57
4	DHCD	40.8	81.0	40.2	99	1
5	Treasury Board	452.0	739.5	287.5	64	7
6	VEDP	16.1	26.0	10.0	62	<1
7	EVMS	16.6	24.5	7.9	47	<1
8	VTA	13.7	19.8	6.1	45	<1
9	DBHDS	562.4	773.9	211.5	38	5
10	UMW	23.5	31.1	7.6	32	<1
Top 10 agencies, subtotal		\$3,476.4	\$6,512.4	\$3,036.1	87%	71%
Other agencies, subtotal		12,716.1	13,937.5	1,221.4	10%	29
Total general fund budget		\$16,192.5	\$20,449.9	\$4,257.5	26%	100%

SOURCE: Appropriation Acts, 2009 and 2018.

NOTE: Includes agencies with general fund appropriations of at least \$5 million in FY09. Excludes capital appropriations and central appropriations. Appropriations not adjusted for inflation. Numbers may not sum due to rounding. See Appendix E for alternate rankings, in which the 21 higher education agencies are grouped as a single line item.

Explanation of general fund growth in Table 10

DVS – This increase was for the establishment of new programs and facilities—including eight new field offices, the Virginia Veteran and Family Support program, and a third cemetery—and increases in staff and facility support for the Virginia War Memorial.

IEIA – Over half of this change, which is not an increase but a change in budgetary allocation, is from the Commonwealth Research and Commercialization Fund to the Center for Innovative Technology under IEIA. These funds were previously appropriated to Economic Development Incentive Payments under the Secretary of Commerce and Trade.

DMAS – Almost all of this increase was because of increasing enrollment following the Great Recession and passage of the Patient Protection and Affordable Care Act, increased use of services, and increased costs.

DHCD – The majority of this increase was appropriated to establish the Virginia Growth and Opportunity Fund (GO Virginia) to encourage regional cooperation on strategic economic and workforce development efforts.

Treasury Board – Almost all of this increase was due to an increase in debt service payments related to debt authorizations and issuances for public buildings and higher education buildings.

VEDP – Growth is due to appropriations for expansion and rebranding of the Virginia Jobs Investment Program to implement recommendations of the Virginia Sustained Growth Study and support Virginia exporters through the Going Global Defense Initiative, the Virginia International Trade Alliance, and the State Trade and Export Promotion grant programs.

EVMS – Nearly all of this increase was for medical education.

VTA – Nearly all of this increase was for promotion of state tourism through radio and television advertising and other electronic marketing and for grants to local and regional tourism authorities.

DBHDS – The vast majority of this increase was for financial assistance for health services (\$101 million) and state health services (\$50 million) due to efforts to bolster community mental health services.

UMW – The majority of this increase was for E&G programs to implement the Virginia Higher Education Opportunity Act of 2011 (Top Jobs Act) and for student financial assistance.

The non-general fund budgets of 22 agencies grew faster than the overall non-general fund budget of 54% during the 10-year period, and five agencies experienced non-general fund growth rates of over 100% (Table 11). The combined growth of these fastest growing agencies, with the exception of DMAS, made up only a small percentage of total non-general fund growth during the time period.

TABLE 11
10 agencies with the fastest growth rate in non-general fund appropriations, FY09–FY18 (\$M)

Rank	Agency	Non-general fund appropriation		Non-general fund growth		
		FY09	FY18	\$	%	% of total
1	Treasury Board	\$11.3	\$50.1	\$38.8	345%	<1%
2	VPA	75.0	207.2	132.2	176	1
3	VMFA	10.7	25.9	15.2	141	<1
4	Virginia529	137.5	277.3	139.8	102	1
5	DVS	30.3	60.7	30.5	101	<1
6	DBVI	37.5	68.2	30.7	82	<1
7	DMA	31.5	57.1	25.6	81	<1
8	GMU	490.1	855.7	365.6	75	3
9	LU	60.3	103.6	43.3	72	<1
10	DMAS	3,654.5	5,892.7	2,238.2	61	20
Top 10 agencies, subtotal		\$4,538.6	\$7,598.6	\$3,060.0	67%	27%
Other agencies, subtotal		16,326.1	24,565.0	8,238.9	50	73
Total non-general fund budget		\$20,864.7	\$32,163.6	\$11,298.9	54%	100%

SOURCE: Appropriation Acts, 2009 and 2018.

NOTE: Includes agencies with non-general fund appropriations of at least \$5 million in FY09. Excludes executive offices, capital appropriations, central appropriations, and DOA and DMV transfer payments. Agencies that operate internal service funds are also excluded because increases are largely due to the budget including specific appropriations to these funds beginning in FY15. Appropriations not adjusted for inflation. Numbers may not sum due to rounding. See Appendix E for alternate rankings, in which the 21 higher education agencies are grouped as a single line item.

Explanation of non-general fund growth in Table 11

Treasury Board – This increase was due to an increase in the capital fee charged to out-of-state students to offset debt service payments for higher education buildings, and federal interest rate subsidies related to the issuance of bonds under the federal American Recovery and Reinvestment Act (2009).

VPA – This increase was due to an increase in special revenue funds used to manage port facilities (\$91 million), as well as highway maintenance and construction funds to acquire, construct, and maintain facilities (\$23 million).

VMFA – This increase was mostly due to admissions fees and other revenue increases to VMFA's enterprise fund (\$5 million) and private donations to support collections management, education and extension services, and operational and support services (\$7 million).

Virginia529 – This increase was mostly due to increased tuition payments on behalf of Prepaid529 program beneficiaries.

DVS – This increase was mostly due to additional non-general funded positions to operate nursing homes for veterans. In FY09, DVS had 488 non-general fund positions within state health services, and by FY18, the number of non-general fund positions had risen to 576. Revenues supporting the increase include funds from the U.S. Department of Veterans Affairs, Medicaid and Medicare, and insurance providers.

DBVI – This growth was primarily due to increased sales and contract revenue to the Virginia Industries for the Blind (\$27 million), as well as greater federal funding through Rehabilitation Services Agency Vocational Rehabilitation Grants (\$3 million), in accordance with the Workforce Innovation and Opportunity Act.

DMA – This growth was primarily due to increases in federal funds for defense preparedness (\$22 million), including operations and maintenance of armories and other facilities. DMA currently operates 42 armories that serve as central locations for training and recruiting service members into the Virginia National Guard.

GMU – This growth was primarily due to an increase in E&G programs funded through student tuition and fees (\$161 million) and an increase in financial assistance to support E&G services (\$98 million).

LU – This growth was partly due to an increase in E&G programs funded through student tuition and fees (\$21 million). Auxiliary services (goods and services provided to students, faculty, and staff such as dining, housing, books, health services, and athletics) also increased over the 10-year period (\$22 million).

DMAS – Almost all of this increase was because of increasing enrollment following the Great Recession and passage of the Patient Protection and Affordable Care Act, increased use of services, and increased costs.

General fund appropriations declined or grew slower than inflation for some state agencies

Thirty-one agencies had general fund appropriations that declined over the 10-year period, eight by 10% or more (Table 12). The appropriations of another 49 agencies grew slower than inflation (17%). Some of these agencies still experienced total budget growth in excess of inflation because their total budgets included non-general fund appropriations that grew by more than their general fund appropriation over the period.

TABLE 12
Eight agencies with declines in general fund appropriations of 10% or more
FY09–FY18 (\$M)

Agency	FY09	FY18	\$ change	% change
Sec. of Commerce and Trade	\$24.7	\$0.7	-\$24.0	-97%
Sec. of Administration	7.3	1.3	-6.0	-82
DSBSD	11.2	4.2	-7.0	-63
DHR	9.0	4.4	-4.6	-51
Va Commission for the Arts	5.3	3.4	-1.9	-35
VSDB	14.6	10.3	-4.3	-29
DHRM	5.6	4.8	-0.8	-15
DGS	23.2	19.9	-3.3	-14

SOURCE: Appropriation Acts, 2009 and 2018.

NOTE: Includes agencies with general fund appropriations of at least \$5 million in FY09. Excludes executive offices, state grants to non-state agencies, capital appropriations, and DOA transfer payments. Appropriations not adjusted for inflation. Numbers may not sum due to rounding.

Explanation of general fund declines in Table 12

Sec. of Commerce and Trade – This change is not a decline but a budgetary reallocation—the transfer of economic development incentive payments as a budget program within the secretary’s office to its own agency for budgeting purposes.

Sec. of Administration – This decline reflects the elimination of financial assistance to regional non-commercial entities to provide educational, economic, and cultural programming through public television and radio. Financial assistance for educational telecommunications and financial assistance for radio reading services were also eliminated.

DSBSD – This decline reflects savings that resulted from the merger of the Department of Business Assistance and the Department of Minority Business Enterprise into the Department of Small Business and Supplier Diversity in FY15, and the transfer of the Virginia Jobs Investment Program (Department of Business Assistance) to the Virginia Economic Development Partnership.

DHR – This decline reflects reductions in general fund revenues to the fund designated for battlefield restorations, which was first funded in FY07 (\$500,000). The most significant appropriation to the fund was in FY09 (\$5.2 million).

Va Commission for the Arts – This decline is largely a result of budget reductions following the Great Recession; additional reductions were made in FY17, in response to state budget shortfalls, to arts grants and funds for touring arts groups.

VSDB – This decline is primarily from a \$2.7 million reduction in administrative and support services between FY09 and FY10 after the closure of the VSDB at Hampton and consolidation with VSDB at Staunton (2008).

DHRM – Appropriations declined due to a variety of factors: reductions during the recession, converting the Personnel Management Information System (PMIS) to an internal service fund, using non-general funds instead of general funds to cover certain costs, and eliminating the training office. DHRM received an additional \$2.7 million in both FY15 and FY16 to migrate PMIS to a server-based platform, but this additional funding was no longer appropriated once the migration was completed.

DGS – Appropriations declined due to a variety of factors: reductions during the recession, using non-general funds instead of general funds to cover certain costs, shifting responsibilities to other agencies, and eliminating positions.

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

For this review, 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 FY1981. For this report, economic and demographic data are obtained annually from federal agencies such as the Census Bureau and the Bureau of Economic Analysis.

There are several constraints on collection and analysis of state appropriation and expenditure data. Because agencies are not required to keep budget records longer than five years, older information is often unavailable. Changes to the structure and staffing of agencies further complicate the collection and analysis of data. JLARC staff supplement the information provided by agencies by referring to a variety of alternative sources, as 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 FY1981 onward. (Online-only supplemental Appendixes E–K 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, governors' executive budget documents, and summaries of General Assembly budget actions prepared jointly by staff of the House Appropriations and Senate Finance committees, all from the 10-year period under review. 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: 10 agencies with largest appropriations

TABLE C-1
10 agencies with largest total appropriations, FY09 and FY18 (\$M)

FY09				FY18			
Rank	Agency	Total	% of total	Rank	Agency	Total	% of total
1	DOE (Direct aid)	\$7,104.0	14%	1	DMAS ^a	\$10,678.5	20%
2	DMAS ^a	5,992.5	11	2	DOE (Direct aid)	7,643.2	15
3	VDOT	3,658.6	7	3	VDOT	5,624.0	11
4	UVA ^b	2,032.8	4	4	UVA ^b	3,071.1	6
5	DSS	1,797.8	3	5	DSS	2,052.0	4
6	DOC	1,059.0	2	6	Va Tech	1,347.2	3
7	VCCS	1,009.9	2	7	DOC	1,209.9	2
8	DBHDS	947.0	2	8	VCCS	1,206.7	2
9	Va Tech	943.9	2	9	VCU	1,128.9	2
10	VCU	871.7	2	10	DBHDS	1,120.4	2
Top 10 agencies, subtotal		\$25,417.1	69%	Top 10 agencies, subtotal		\$35,081.9	67%
Other agencies, subtotal		11,640.1	31	Other agencies, subtotal		17,531.7	33
Total operating budget		\$37,057.2	100%	Total operating budget		\$52,613.6	100%

SOURCE: 2009 and 2018 Appropriation Acts.

NOTE: Excludes capital appropriations, the Personal Property Tax Relief program, and the Administration of Health Insurance program. Appropriations not adjusted for inflation. Numbers may not add due to rounding.

^a Includes \$5857.5 million in FY09 and \$10,326.2 million in FY18 for Medicaid Services and Children's Health Insurance Program (CHIP).

^b Excludes UVA-Wise, but includes medical center.

TABLE C-2
10 agencies with largest general fund appropriations, FY09 and FY18 (\$M)

FY09				FY18			
Rank	Agency	Total	% of total	Rank	Agency	Total	% of total
1	DOE (Direct aid)	\$5,607.6	35%	1	DOE (Direct aid)	\$5,963.0	29%
2	DMAS ^a	2,338.1	14	2	DMAS ^a	4,785.8	23
3	DOC	1,000.8	6	3	DOC	1,147.5	6
4	Compensation Board	648.7	4	4	DBHDS	773.9	4
5	DBHDS	562.4	3	5	Treasury Board	739.5	4
6	Treasury Board	452.0	3	6	Compensation Board	675.4	3
7	VCCS	402.1	2	7	VCCS	425.5	2
8	DSS	380.3	2	8	DSS	420.2	2
9	CSA	299.7	2	9	CSA	279.9	1
10	DCJS	238.2	1	10	VSP	276.0	1
Top 10 agencies, subtotal		\$11,929.8	74%	Top 10 agencies, subtotal		\$15,486.7	76%
Other agencies, subtotal		4,262.7	26	Other agencies, subtotal		4,963.3	24
Total general fund budget		\$16,192.5	100%	Total general fund budget		\$20,449.9	100%

SOURCE: 2009 and 2018 Appropriation Acts.

NOTE: Excludes capital appropriations, the Personal Property Tax Relief program, and the Administration of Health Insurance program. Appropriations not adjusted for inflation. Numbers may not add due to rounding.

^a Includes \$2,272.6 million in FY09 and \$4,677.7 million in FY18 for Medicaid Services and CHIP.

TABLE C-3
10 agencies with largest non-general fund appropriations, FY09 and FY18 (\$M)

FY09				FY18			
Rank	Agency	Total	% of total	Rank	Agency	Total	% of total
1	DMAS ^a	\$3,654.5	18%	1	DMAS ^a	\$5,892.7	18%
2	VDOT	3,618.6	17	2	VDOT	5,584.0	17
3	UVA ^b	1,882.4	9	3	UVA ^b	2,925.6	9
4	DOE (direct aid)	1,496.4	7	4	DOE (direct aid)	1,680.3	5
5	DSS	1,417.5	7	5	DSS	1,631.8	5
6	Va Tech	752.4	4	6	Va Tech	1,163.0	4
7	VCU	660.7	3	7	VCU	914.8	3
8	VCCS	607.9	3	8	GMU	855.7	3
9	VEC	580.2	3	9	VCCS	781.2	2
10	DRPT	556.0	3	10	ABC	698.3	2
Top 10 agencies, subtotal		\$15,226.5	73%	Top 10 agencies, subtotal		\$22,127.5	69%
Other agencies, subtotal		5,638.3	27	Other agencies, subtotal		10,036.2	31
Total non-general fund budget		\$20,864.7	100%	Total non-general fund budget		\$32,163.6	100%

SOURCE: 2009 and 2018 Appropriation Acts.

NOTE: Excludes capital appropriations, the Personal Property Tax Relief program, and the Administration of Health Insurance program. Appropriations not adjusted for inflation. Numbers may not add due to rounding.

^a Includes \$3,584.9 million in FY09 and \$5,648.5 million in FY18 for Medicaid Services and CHIP. ^b Excludes UVA-Wise, but includes the medical center.

Appendix D: Virginia's operating appropriations, FY09-FY18

TABLE D-1

Virginia's operating appropriations, FY09–FY18 (\$M)

Fiscal year	General fund		Non-general fund		Total	
	Amount	% change	Amount	% change	Amount	% change
2009	\$16,192	---	\$20,865	---	\$37,057	---
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
2014	17,705	3.4	25,619	0.2	43,324	1.5
2015	18,240	3.0	28,740 ^a	12.2	46,979	8.4
2016	18,961	4.0	30,586	6.4	49,547	5.5
2017	20,114	6.1	32,073	4.9	52,187	5.3
2018	20,450	1.7	32,164	0.3	52,614	0.8
Change 2009–2018	\$4,257	26.3%	\$11,299	54.2%	\$16,183	42.0%
Average annual change		2.7%		5.0%		4.0%

SOURCE: Appropriation Acts.

NOTE: Operating funds only; excludes capital appropriations.

^a \$1.8 billion of this increase reflects the non-general fund budget including a specific appropriation amount for internal service funds starting in FY15.

Appendix E: Higher education funding in Virginia's budget

In the tables that follow, the 21 higher education agencies are grouped as a single "higher education" line item. This offers additional insight on state higher education spending in Virginia.

TABLE E-1 (Table 4 with higher education agencies grouped)
10 agencies with the highest growth amount in total appropriations, FY09-FY18 (\$M)

Rank	Agency	Total appropriation		Average annual growth		% total growth
		FY09	FY18	\$	%	
1	DMAS	\$5,992.5	\$10,678.5	\$520.7	7%	30%
2	Higher education	7,405.4	10,389.6	331.6	4	19
3	VDOT	3,658.6	5,624.0	218.4	6	13
4	DOE (Direct aid)	7,104.0	7,643.2	59.9	1	3
5	Treasury Board	463.2	789.6	36.3	6	2
6	DSS	1,797.8	2,052.0	28.3	2	2
7	ABC	498.0	698.3	22.3	4	1
8	DBHDS	947.0	1,120.4	19.3	2	1
9	DOC	1,059.0	1,209.9	16.8	2	1
10	VA529	137.5	277.3	15.5	12	1
Top 10 agencies, subtotal		\$29,062.8	\$40,482.8	\$1,268.9	4%	73%
Other agencies, subtotal		7,994.4	12,130.8	459.6	5%	27
Total operating budget		\$37,057.2	\$52,613.6	\$1,728.5	4%	100%

TABLE E-2 (Table 5 with higher education agencies grouped)
10 agencies with the highest growth amount GF appropriations, FY09-FY18 (\$M)

Rank	Agency	General fund appropriation		Average annual growth		% total growth
		FY09	FY18	\$	%	
1	DMAS	\$2,338.1	\$4,785.8	\$272.0	8%	57%
2	DOE (Direct aid)	5,607.6	5,963.0	39.5	1	8
3	Treasury Board	452.0	739.5	31.9	6	7
4	DBHDS	562.4	773.9	23.5	4	5
5	DOC	1,000.8	1,147.5	16.3	2	3
6	Higher education	1,732.8	1,844.1	12.4	1	3
7	VSP	218.5	276.0	6.4	3	1
8	DHCD	40.8	81.0	4.5	10	1
9	DSS	380.3	420.2	4.4	1	1
10	Compensation Board	648.7	675.4	3.0	1	1
Top 10 agencies, subtotal		\$12,981.9	\$16,706.4	\$413.8	3%	87%
Other agencies, subtotal		3,210.6	3,743.6	59.2	2%	13
Total general fund budget		\$16,192.5	\$20,449.9	\$473.1	3%	100%

TABLE E-3 (Table 9 with higher education agencies grouped)
 10 agencies with the highest growth amount in non-GF appropriations, FY09-FY18 (\$M)

Rank	Agency	<u>Non-general fund appropriation</u>		<u>Average annual growth</u>		% total growth
		FY09	FY18	\$	%	
1	Higher education	\$5,672.6	\$8,545.4	\$319.2	5%	25%
2	DMAS	3,654.5	5,892.7	248.7	6	20
3	VDOT	3,618.6	5,584.0	218.4	6	17
4	DSS	1,417.5	1,631.8	23.8	2	2
5	ABC	498.0	698.3	22.3	4	2
6	DOE (Direct aid)	1,496.4	1,680.3	20.4	2	2
7	Virginia529	137.5	277.3	15.5	12	1
8	VPA	75.0	207.2	14.7	13	1
9	VDH	412.6	532.7	13.3	3	1
10	DMV	214.5	258.8	4.9	2	0
Top 10 agencies, subtotal		\$17,197.0	\$25,308.5	\$901.3	4%	72%
Other agencies, subtotal		3,667.7	6,855.1	354.2	8%	28
Total non-general fund budget		\$ 20,864.7	\$32,163.6	\$1,255.4	5%	100%

TABLE E-4 (Table 10 with higher education agencies grouped)
 10 agencies with the fastest growth rate in GF appropriations, FY09-FY18 (\$M)

Rank	Agency	<u>General fund appropriation</u>		<u>General fund growth</u>		
		FY09	FY18	\$	%	% of total
1	DVS	\$8.0	\$19.7	\$11.7	146%	<1%
2	IEIA	5.3	11.2	5.9	111	<1%
3	DMAS	2,338.1	4,785.8	2,447.7	105	57
4	DHCD	40.8	81.0	40.2	99	1
5	Treasury Board	452.0	739.5	287.5	64	7
6	VEDP	16.1	26.0	10.0	62	<1%
7	VTA	13.7	19.8	6.1	45	<1%
8	DBHDS	562.4	773.9	211.5	38	5
9	VDEM	5.1	6.8	1.6	32	<1%
10	Dept. of Treasury	6.9	8.8	1.9	27	<1%
Top 10 agencies, subtotal		\$3,448.3	\$6,472.5	\$3,024.1	88%	71%
39	Higher education	\$1,732.8	\$1,844.1	\$111.3	6%	3%
Other agencies, subtotal		\$11,011.4	\$12,133.3	\$1,122.0	10%	26%
Total general fund budget		\$16,192.5	\$20,449.9	\$4,257.5	26%	100%

TABLE E-5 (Table 11 with higher education agencies grouped)
10 agencies with the fastest growth rate in non-GF appropriations, FY09-FY18 (\$M)

Rank	Agency	<u>Non-general fund appropriation</u>		<u>Non-general fund growth</u>		
		FY09	FY18	\$	%	% of total
1	Treasury Board	\$11.3	50.1	38.8	345%	<1%
2	VPA	75.0	207.2	132.2	176	1
3	VMFA	10.7	25.9	15.2	141	<1
4	DHRM	5.5	12.5	7.0	128	<1
5	Virginia529	137.5	277.3	139.8	102	1
6	DVS	30.3	60.7	30.5	101	<1
7	DBVI	37.5	68.2	30.7	82	<1
8	DMA	31.5	57.1	25.6	81	<1
9	DMAS	3,654.5	5,892.7	2,238.2	61	20
10	Dept. of Treasury	9.2	14.4	5.3	58	<1
Top 10 agencies, subtotal		\$4,002.9	\$6,66.2	\$2,663.3	67%	24%
14	Higher education	5,672.6	8,545.4	2,872.9	51%	25
Other agencies, subtotal		11,189.3	16,952.0	5,762.7	52%	51
Total non-general fund budget		\$20,864.7	\$32,163.6	\$11,298.9	54%	100%

TABLE E-6 (Table 6 with higher education agencies grouped)
10 largest program increases in total appropriations, FY09-FY18 (\$M)

Rank	Program	<u>Total appropriation</u>		<u>Avg. annual growth</u>		<u>% total growth</u>
		FY09	FY18	\$	%	
1	Medicaid program services	\$5,646.3	\$10,003.9	\$484.2	7%	28%
2	Higher education	6,453.4	8,499.6	227.4	3	13
3	State health services ^a	1,596.6	2,407.3	90.1	5	5
4	Highway construction programs	1,487.1	2,211.5	80.5	11	5
5	Financial assistance to localities (transportation)	351.9	949.0	66.3	15	4
6	Financial assistance to localities (general)	354.2	835.1	53.4	20	3
7	State education assistance programs ^b	6,263.0	6,728.5	51.7	1	3
8	Highway system maintenance and operations	1,327.6	1,689.4	40.2	3	2
9	Bond and loan retirement and redemption	452.2	789.6	37.5	6	2
10	Administrative and support services ^c	272.3	484.0	23.5	7	1
Top 10 programs, subtotal		\$24,204.5	\$34,597.8	\$1,154.8	4%	67%
Other programs, subtotal		12,852.8	18,015.8	573.7	4%	33
Total operating budget		\$37,057.2	\$52,613.6	\$1,728.5	4%	100%

TABLE E-7 (Table 7 with higher education agencies grouped)
10 largest programs increases in GF appropriations, FY09-FY18 (\$M)

Rank	Program	GF appropriation		Avg. annual growth		% total growth
		FY09	FY18	\$	%	
1	Medicaid program services	\$2,211.2	\$4,651.4	\$ 271.1	9%	57%
2	State education assistance programs ^b	5,600.7	5,935.2	37.2	1	8
3	Bond and loan retirement and redemption	440.9	739.5	33.2	6	7
4	Financial assistance for health services	249.4	350.4	11.2	4	2
5	Pre-trial, trial, and appellate processes	354.8	421.8	7.4	2	2
6	Administrative and support services ^c	127.9	180.3	5.8	4	1
7	Operation of secure correctional facilities	927.7	977.4	5.5	1	1
8	State health services ^a	165.9	214.5	5.4	3	1
9	Fin. assistance for sheriffs' offices and regional jails	406.1	452.4	5.1	4	1
10	Economic development services	88.0	124.2	4.0	5	1
Top 10 programs, subtotal		\$10,572.6	\$14,047.2	\$403.6	4%	85%
37	Higher education	\$1,906.2	\$1,909.4	\$0.4	<1	<1
Other programs, subtotal		3,713.6	4,493.4	69.1	4%	15%
Total general fund budget		\$16,192.5	\$20,449.9	\$473.1	4%	100%

Tables E-1 through E7.

SOURCE: Appropriation Acts, 2009-2018.

NOTE: Excludes central and capital appropriations. Appropriations not adjusted for inflation. Numbers may not add due to rounding.

^a Includes activities at VDH, UVA Medical Center, and at facilities operated by DBHDS and DVS. ^b Excludes federal funds. Federal funds for state public education assistance are accounted for in a separate program code. ^c Individual and family services functional area only; these services for other functional areas are classified separately.

TABLE E-8
Growth of higher education agencies, FY09-FY18 (\$M)

Rank	Agency	Total appropriations		Average annual growth		% total growth	Overall rank
		FY09	FY18	\$	%		
1	UVA	\$2,032.8	\$3,071.1	\$115.4	5%	6%	3
2	Va Tech	943.9	1,347.2	44.8	4	3	5
3	GMU	633.4	1,011.7	42.0	5	2	6
4	VCU	871.7	1,128.9	28.6	3	2	8
5	VCCS	1,009.9	1,206.7	21.9	3	2	11
6	JMU	378.7	563.0	20.5	5	1	12
7	ODU	313.7	440.4	14.1	4	1	17
8	CWM	284.7	390.4	11.7	4	1	19
9	CNU	109.5	159.2	5.5	4	<1	20
10	VSU	117.5	164.0	5.2	4	<1	21
11	RU	158.3	203.4	5.0	3	<1	22
12	LU	90.4	135.2	5.0	5	<1	23
13	UMW	91.6	128.5	4.1	4	<1	30
14	VMI	60.0	83.0	2.6	4	<1	38
15	NSU	147.6	158.6	1.2	1	<1	49
16	SCHEV	89.7	100.8	1.2	1	<1	50
17	UVA-W	33.1	43.9	1.2	4	<1	51
18	EVMS	16.6	24.5	0.9	5	<1	61
19	SO Va Higher Ed Ctr	2.2	9.4	0.8	20	<1	62
20	Richard Bland	10.8	16.9	0.7	5	<0	68
21	SW Va Higher Ed Ctr	9.1	3.1	(0.7)	-7	<0	148
Total higher ed agencies		\$7,405.4	\$10,389.6	\$331.6	4%	20%	
Total operating budget		\$37,057.2	\$52,613.6	\$1,728.49	4%	100%	

SOURCE: Appropriation Acts, 2009-2018.

NOTE: Excludes central and capital appropriations. Appropriations not adjusted for inflation. Numbers may not add due to rounding.

TABLE E-9
Changes in enrollment and tuition of higher education agencies, FY09-FY18

Rank ^c	Agency	Undergraduate enrollment ^a			Tuition ^b		
		FY09	FY18	Avg annual change	FY09	FY18	Avg annual change
20	Richard Bland	1,634	2,148	3.9%	\$3,048	\$7,823	11.4%
8	CWM	5,850	6,285	0.8	10,246	22,044	9.0
4	VCU	22,792	24,012	0.6	6,779	13,624	8.3
9	CNU	4,763	4,954	0.5	7,550	13,654	6.8
13	UMW	4,231	4,398	0.5	6,774	12,128	6.7
1	UVA	15,207	16,655	1.0	9,490	16,853	6.7
14	VMI	1,428	1,722	2.1	10,556	18,214	6.3
11	RU	8,155	8,418	0.4	6,536	10,627	5.6
15	NSU	5,653	4,689	-1.8	5,560	9,036	5.6

Rank ^c	Agency	Undergraduate enrollment ^a			Tuition ^b		
		FY09	FY18	Avg annual change	FY09	FY18	Avg annual change
10	VSU	4,489	4,302	-0.2	8,198	13,230	5.5
3	GMU	18,809	25,323	3.4	7,512	11,924	5.3
6	JMU	16,916	19,975	1.9	6,964	10,830	5.0
17	UVA-W	1,964	2,095	1.0	6,439	9,825	4.8
12	LU	4,024	4,471	1.2	8,499	12,720	4.6
7	ODU	17,330	19,540	1.4	6,720	10,050	4.6
2	Va Tech	23,566	27,193	1.6	5,904	8,726	4.5
Total (without VCCS)		156,811	176,180	1.3%	\$116,775	\$201,308	6.3%
Average (without VCCS)		9,801	11,011	1.3%	\$7,298	\$12,582	6.3%
5	VCCS	177,121	169,034	-0.5%	\$2,524	\$4,773	7.4%

SOURCE: SCHEV and National Center for Education Statistics (IPEDS) websites.

NOTE: Data for UVA excludes UVA-Wise. The following institutions are not listed because data is 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.

^a Includes a headcount of all in-state and out-of-state undergraduate students enrolled in the fall of the 2008-2009 and 2017-2018 school years. ^b Tuition includes mandatory education and general (E&G) fees as well as mandatory non-E&G fees for full-time, in-state students. ^c Rank based on the total budget growth in millions of dollars. (See Table E-8.)

Appendix F: Total federal funding in Virginia's budget

The majority of federal funding received and appropriated by Virginia is accounted for in the federal trust fund category. However, federal funds for the Virginia Department of Transportation, Virginia's higher education institutions, and the Virginia Employment Commission are budgeted separately. The table below identifies the federal funds that have been appropriated by the General Assembly during the 10-year period under review.

TABLE F-1
Federal funding in Virginia's budget, by agency, FY09–FY18 (\$M)

Agency	Fund category	Appropriation		Average annual growth	
		FY09	FY18	\$	%
VDOT	Highway Maintenance & Construction	\$920.3	\$1,288.1	\$40.9	4.5%
Higher education institutions	Higher Education Operating	922.5	963.8	4.6	1.7
VEC	Trust and Agency	118.6	135.4	1.9	2.0
All others	Federal Trust	5,732.4	8,399.2	296.3	4.6
Total federal funds		\$7,693.7	\$10,786.6	\$343.7	4.0%
Total non-general funds		\$20,865.0	\$32,164.0	\$1,255.0	5.0%

SOURCE: 2009 and 2018 Appropriation Acts.

NOTE: Appropriations not adjusted for inflation. Numbers may not add due to rounding.



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