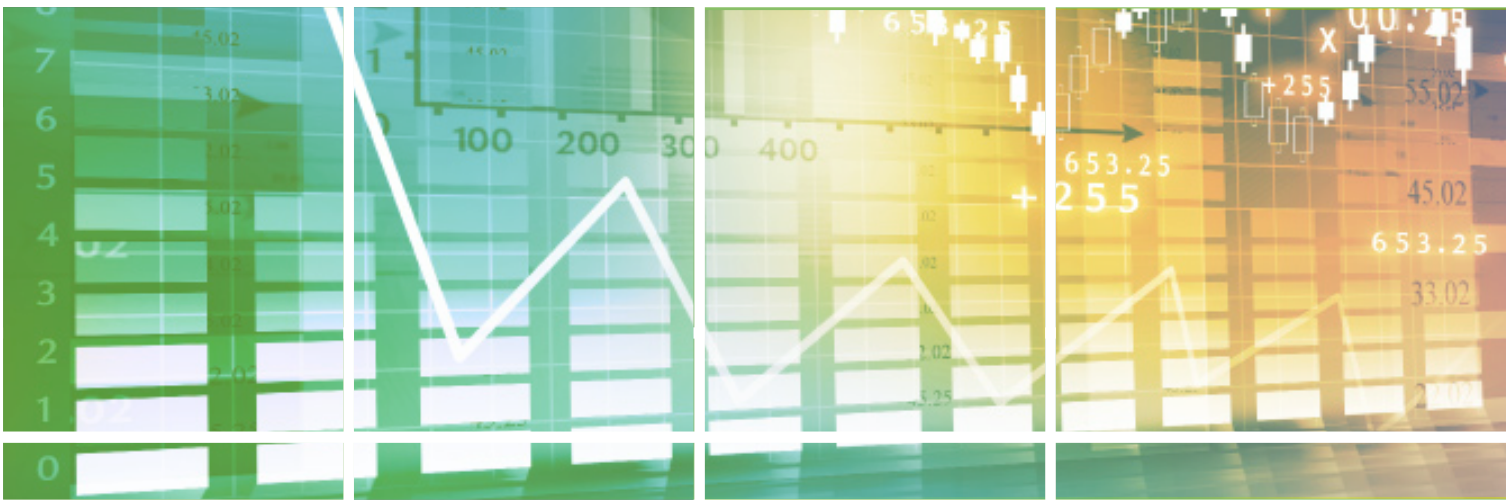


Report to the Governor and the General Assembly of Virginia

# State Spending: 2023 Update



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## Abbreviations

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ABC .....	Virginia Alcoholic Beverage Control Authority
CNU .....	Christopher Newport University
CSA .....	Children's Services Act
CWM .....	College of William & Mary
DBHDS.....	Department of Behavioral Health & Developmental Services
DEQ.....	Department of Environmental Quality
DCJS .....	Department of Criminal Justice Services
DCR.....	Department of Conservation and Recreation
DHR .....	Department of Historic Resources
DGS.....	Department of General Services
DHCD .....	Department of Housing & 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
DOLI.....	Department of Labor and Industry
DPB .....	Department of Planning & Budget
DRPT.....	Department of Rail & Public Transportation
DSS.....	Department of Social Services
DVS .....	Department of Veterans Services
ELECT .....	Department of Elections
EVMS.....	Eastern Virginia Medical School
GMU .....	George Mason University
JMU.....	James Madison University
LU .....	Longwood University
NSU.....	Norfolk State University
ODU.....	Old Dominion University
RU.....	Radford University
SBSD .....	Department of Small Business & Supplier Diversity

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  
Va Tech.....Virginia Tech  
VCCS.....Virginia Community College System  
VCU.....Virginia Commonwealth University  
VDACS.....Virginia Department of Agriculture and Consumer Services  
VDEM .....Virginia Department of Emergency Management  
VDH.....Virginia Department of Health  
VDOT .....Virginia Department of Transportation  
VEC.....Virginia Employment Commission  
VEDP .....Virginia Economic Development Partnership  
VIPA .....Virginia Innovation Partnership Authority  
Virginia529.....Virginia 529 College Savings Plan  
VITA.....Virginia Information Technologies Agencies  
VMI.....Virginia Military Institute  
VRS.....Virginia Retirement System  
VSP .....Virginia State Police  
VSU.....Virginia State University

# State Spending: 2023 Update – Summary

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## WHAT WE FOUND

- Virginia’s total operating budget, including general and non-general funds, was \$81.8 billion in FY23, which is 2.5% (\$2.1 billion) less than the previous year. The decrease is because of a large decline in the amount of federal COVID-19 relief funds appropriated in FY23 compared with FY22.
- **Non-general fund** appropriations (about 64% of the total operating budget) declined 10 percent (\$6 billion) in FY23 because of the decrease in COVID-19 relief funds from the American Rescue Plan Act (ARPA) of 2021. Appropriations of federal COVID-19 relief funds were \$1.4 billion in FY23 compared with \$9.2 billion in FY22.
- **General fund** appropriations (about 36% of the total operating budget) were 15 percent (\$3.9 billion) larger in FY23 than the previous year, in part, because of above-average revenue growth. DOE and DMAS had substantial increases in general fund appropriations (\$2.0 billion and \$1.2 billion, respectively). In addition, deposits of “surplus” general fund revenue were made into the Revenue Stabilization Fund, the Water Quality Improvement Fund, and the state’s retirement fund.
- Three agencies—DMAS, DOE, and VDOT—received half of total appropriations in FY23, similar to recent years. Two agencies—DOE and DMAS—received half of general fund appropriations. These three agencies administer some of the largest programs in the state budget: Medicaid, K–12 education, and highway construction and maintenance.
- Over the past 10 years, Virginia’s operating budget grew 7% per year, on average, not adjusted for inflation. Non-general funds grew 8% per year, and general funds grew 6% per year. These average growth rates are slightly higher than in prior 10-year periods measured. A majority of total budget growth is because of growth in the non-general fund budget, primarily implementation of Medicaid expansion. The large amount of federal COVID-19 funds provided in FY22 does not overly influence the 10-year averages because it was only for one year.
- Adjusted for growth in population and inflation, the total budget grew an average of 4% per year during the 10-year period; the non-general fund budget increased an average of 5% per year; and the general fund budget increased an average of 3% per year. The adjusted general fund growth is higher than in previous 10-year periods because of “surplus” general fund revenues in FY22 and FY23.

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## 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 previous 10 years, 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 FY1981 and FY22. This report is the 23rd the series and focuses on trends in the state’s operating budget during the past 10 years, from FY14 through FY23.

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- The majority of budget growth was concentrated in a few agencies and programs between FY14 and FY23. Ten agencies (out of 149) accounted for 67% of total budget growth, with DMAS and DOE accounting for 43%. Ten budget programs, mostly within the core functions of health care, education, and transportation, accounted for 65% of total budget growth. These largest agencies and programs have a higher share of total budget growth than reported last year because a substantially smaller amount of federal ARPA funds were appropriated to central appropriation in FY23 compared with FY22.
- General fund budget growth was even more concentrated by agency and program. Ten agencies accounted for 71% of general fund budget growth with two agencies—DOE and DMAS—accounting for more than half of general fund growth.
- Some agencies have had very large percentage increases in general fund appropriations since FY14. Most of these agencies are relatively small so their growth made up a small proportion of total general fund budget growth. Though a relatively small agency, DCR made up 3.2% of general fund growth because of sizable mandatory deposits to the Water Quality Improvement Fund.



# State Spending: 2023 Update

## FY14–FY23

Virginia’s budget is perhaps the state’s most important statement of policies and priorities. Through the budget, the General Assembly directs money from different sources to a variety of state functions and programs. State spending can occur only 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’s state spending over the previous 10-year period. (See Appendix A.) The report identifies the largest and fastest-growing agencies and programs (out of 149 agencies and 221 programs) in the state budget and analyzes long-term state spending changes. This year’s report focuses on state budget trends from FY14 to FY23 and identifies factors influencing these trends.

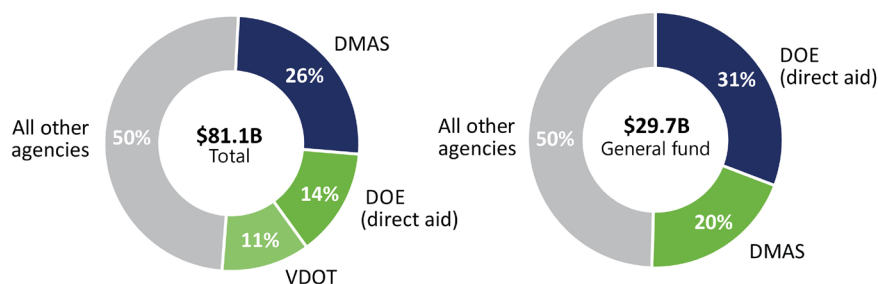
This report does not address the merits or adequacy of funding for government agencies or programs. Budget growth may change for a variety of reasons. The growth reported here reflects the budget from economic, policy, historical, and technical perspectives during the 10-year period.

### Virginia’s budget was \$81.1 billion in FY23

In FY23, Virginia’s total budget was \$81.1 billion. This amount is 2.5% less (\$2.1 billion) than Virginia’s total budget in FY22. The total budget decreased because appropriations of federal COVID-19 relief funds, primarily from the American Rescue Plan Act (ARPA) of 2021, dropped from FY22 to FY23. Appropriations of federal COVID-19 relief funds were far less in FY23 (\$1.4 billion) than in FY22 (\$9.2 billion). (See Appendix D for more information about Virginia’s appropriation of federal COVID-19 funds.) Like previous years, appropriation amounts in FY23 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 half of total appropriations in FY23, and two agencies received half of general fund appropriations (Figure 1).

The state’s budget classification system classifies all state appropriations by **program**. 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 small number of agencies received almost half of total and general fund appropriations (FY23)



SOURCE: Chapter 2, 2022 Acts of Assembly, Special Session I; Chapter 769, 2023 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 FY23. Numbers may not sum because of rounding.

Appropriations also were concentrated in a small number of programs. Ten programs received 65% of total appropriations in FY23 (Table 1). All but one of the programs focus on the core services of education, health care, and transportation, and nearly all of them were on the same list last year. Financial assistance to localities for ground transportation makes the top 10 list again this year. Last year it dropped to number 11, because disaster planning and operations—the program to which \$9.2 million in ARPA funds were appropriated—was included in the table.

General fund appropriations were more concentrated among programs, with two programs accounting for 49% of general fund appropriations, and 10 programs accounting for 75%. Many of these programs focus on the core services of education, health care, and public safety. The Revenue Stabilization Fund is among the 10 programs with largest general fund appropriations again this year because of general fund revenue surpluses. Financial assistance for health services and higher education student financial assistance are both among the top 10 programs for general fund appropriations this year. They were not on this list last year because of large deposits to the Revenue Cash Reserve fund and to the retirement fund.

**TABLE 1**  
**10 programs with the largest total and general fund appropriations (FY23)**

<b>Total appropriations</b>			
<b>Rank</b>	<b>Program name</b>	<b>Total (\$M)</b>	<b>% of total</b>
1	Medicaid program services	\$19,770.8	24%
2	State education assistance programs	9,772.3	12
3	Higher ed: Education & general (E&G) services	6,075.7	7
4	Highway construction programs	4,374.3	5
5	State health services <sup>a</sup>	2,974.8	4
6	Personnel management services <sup>b</sup>	2,720.5	3
7	Highway system maintenance and operations	2,165.2	3
8	Higher ed: Financial assistance for E&G services	1,921.1	2
9	Higher ed: auxiliary enterprises	1,879.4	2
10	Financial assist. to localities - ground transportation	1,426.2	2
<b>Top 10 programs, subtotal</b>		<b>\$53,080.5</b>	<b>65%</b>
<b>Other programs, subtotal</b>		<b>\$27,984.9</b>	<b>35%</b>
<b>Total operating budget</b>		<b>\$81,065.4</b>	<b>100%</b>

General fund appropriations			
Rank	Program name	Total (\$M)	% of total
1	State education assistance programs	\$8,935.4	30%
2	Medicaid program services	5,540.8	19
3	Higher ed: E&G services	2,216.9	7
4	Revenue Stabilization Fund	1,127.7	4
5	Bond and loan retirement and redemption <sup>c</sup>	954.2	3
6	Personal property tax relief program	950.0	3
7	Operation of secure correctional facilities	886.6	3
8	Financial assist. for sheriff's offices and regional jails	565.7	2
9	Financial assistance for health services	497.2	2
10	Higher ed: Student financial assistance	482.6	2
<b>Top 10 programs, subtotal</b>		<b>\$22,157.3</b>	<b>75%</b>
<b>Other programs, subtotal</b>		<b>\$7,527.1</b>	<b>25%</b>
<b>Total operating budget</b>		<b>\$29,684.4</b>	<b>100%</b>

SOURCE: Chapter 1, 2023 Acts of Assembly, Special Session I.

<sup>a</sup> Includes activities at VDH, UVA Medical Center, and facilities operated by DBHDS and DVS. <sup>b</sup> Includes services for employee compensation, health benefits, insurance, retirement, and other human resource services. <sup>c</sup> Includes debt service payments for capital lease payments and general obligation and other bonds.

## Virginia's budget has grown 7% per year since FY14

Virginia's total budget grew 7% per year, on average, between FY14 and FY23 (Figure 2). This equated to a total growth rate of 87% over the 10-year period, not adjusted for inflation. A majority of this growth was in the non-general fund budget, which grew 8% per year, on average, or 101% over the 10-year period. The non-general fund budget's largest annual growth was between FY21 and FY22 (28% or \$12.6 billion), primarily because of the federal ARPA funds appropriation in FY22. When excluding federal ARPA and other COVID-19 relief funds, the non-general fund budget still grew at about 8% per year, on average, but total growth was only 95% over the 10-year period. Both rates (annual average and total growth) are slightly higher than the typical non-general fund growth rates reported in prior *State Spending* reports, primarily because of implementation of Medicaid expansion.

The state general fund budget grew at a slower rate than the total and non-general fund budgets during the 10-year period, growing 6% per year, on average (68% total growth). However, the general fund budget has grown at a faster rate since FY21, growing 14% in FY22 and 15% in FY23. These growth rates are more than twice as large as the average annual general fund growth rate over the past decade, and the annual general fund growth rate has not been 14% or more since FY99.

The faster growth rates over the past two years are concentrated in a few areas. Most of the general fund budget growth in FY22 was because "surplus" general fund revenue was deposited in the state's revenue reserve funds (\$1.1 billion) and retirement fund (\$750 million). Most of the FY23 growth came from increased appropriations

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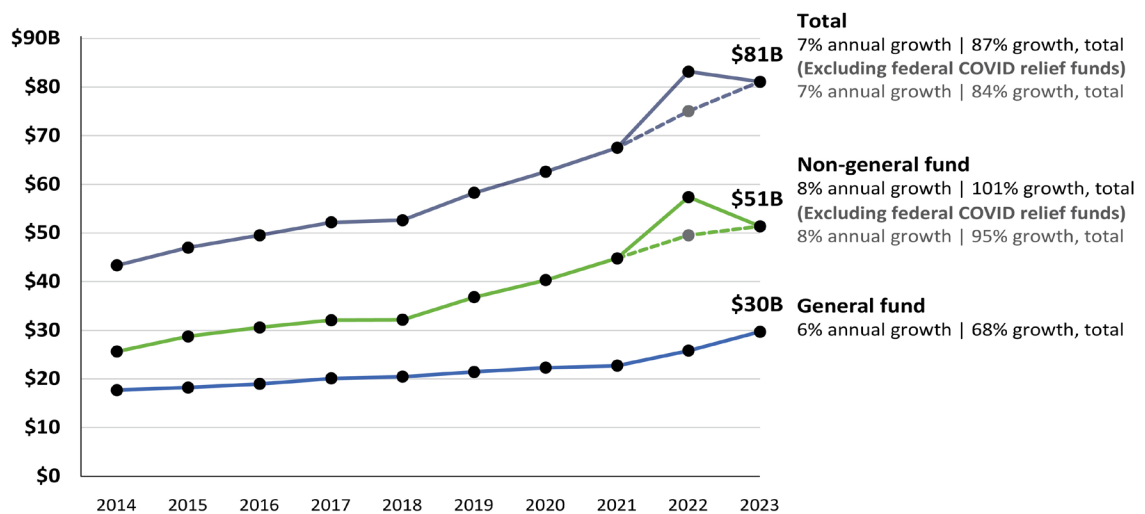
**General fund revenues and appropriations** are intended for the general purposes of government and are not dedicated or restricted to a specific use. These funds are of particular interest to the public and budget decision makers as they come primarily from statewide taxes, such as income and sales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

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for DOE (\$2.0 billion) and DMAS (\$1.2 billion), in addition to deposits of “surplus” general fund revenue into revenue reserves (\$1.1 billion), the Water Quality Improvement Fund (\$313 million), and the state’s retirement fund (\$250 million). Increased appropriations for DOE were primarily for school construction and modernization grants to school divisions, teacher and support staff salary increases, and “hold harmless” funding related to enrollment declines during the COVID-19 pandemic. Increased appropriations for DMAS were primarily to cover Medicaid program inflation and utilization increases and increases in provider reimbursement rates.

**FIGURE 2**

**Total appropriations grew 7% per year, with general fund appropriations growing at a slower rate (FY14–FY23)**



SOURCE: DPB data on appropriations, 2014–2023.

NOTE: See Appendix D for more detail on spending and growth by year. Appropriations not adjusted for inflation. FY20 and FY21 amounts exclude appropriations of federal COVID-19 relief funds, including nearly \$65M included in operating budget totals in each year because these funds did not follow the normal appropriations process. FY22 amounts include \$9.2B of federal ARPA funds appropriated to central appropriations and \$282.5M of other federal COVID-19 relief funds appropriated to other agencies. FY23 includes a substantially lower amount of ARPA or other federal COVID-19 relief funds (\$1.4B).

### **Adjusted for inflation and population, total budget grew 3.9% per year**

Economic and demographic factors, such as inflation and population, affect the budget and should be accounted for when assessing Virginia’s budget growth. Inflation increased 2.8% per year, on average, between FY14 and FY23 (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, Virginia’s total operating budget increased 4.4% per year between FY14 and FY23. The general fund budget increased 3.1% per year, and the non-general fund budget increased 5.5% per year, on average, between FY14 and FY23 (Figure 3).

As the population grows, so does the need for some state services. Adjusted for both inflation and population growth, the total budget increased 3.9% per year; general fund

appropriations increased 2.6% per year; and non-general fund appropriations increased 4.9% per year, on average, during the 10-year period (Figure 3). The annual average growth rates for total and non-general fund budget growth, adjusted for both inflation and population growth, are lower than those reported in last year's *State Spending* report, because operating budget totals in FY22 included substantial federal ARPA funds. The growth rate for the general fund budget, however, is higher than it has been in past *State Spending* reports because of larger than average increases in the general fund budget since FY21.

**TABLE 2**  
**Key demographic and economic changes in Virginia, 2014–2023**

Indicator	2014	2023	% change 2014–2023	
			Total	Annual average
Population				
Total (M)	8.3	8.7 <sup>a</sup>	5.0%	0.5%
Ages 65 and over (M)	1.1	1.4 <sup>a</sup>	24.1	2.4
Under 18 years old (M)	1.9	1.9 <sup>a</sup>	2.1	0.2
Living in poverty <sup>f</sup> (M)	953,395	891,390 <sup>a,e</sup>	-6.5	-1.5
Economy				
Inflation (Consumer Price Index) <sup>b</sup>	100.0	128.1	28.1	2.8
Virginia GDP (\$B)	\$458.1	\$676.7	47.7	4.4
Total Virginia employment (M, non-farm, June)	3.8	4.1	9.4	1.1
Total state personal income (\$B)	\$411.1	\$613.9	49.3	4.6
Median Virginia home sales price (June)	\$267,000	\$411,000	53.9	5.0
Average weekly wages in Virginia	\$1,050	\$1,365 <sup>e</sup>	30.0	3.4
State finances <sup>c</sup>				
State operating budget (\$B)	\$43.3	\$81.1	87.1	7.4
State general fund budget (\$B)	\$17.7	\$29.7	67.7	6.0
Total number of state employees (salaried) <sup>d</sup>	104,435	108,091 <sup>e</sup>	3.5	0.4
Average state employee salary <sup>d</sup>	\$46,041	\$61,934 <sup>e</sup>	34.5	3.8
Taxable sales (\$B) <sup>f</sup>	\$94.6	\$118.7 <sup>e</sup>	34.1	3.8

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.

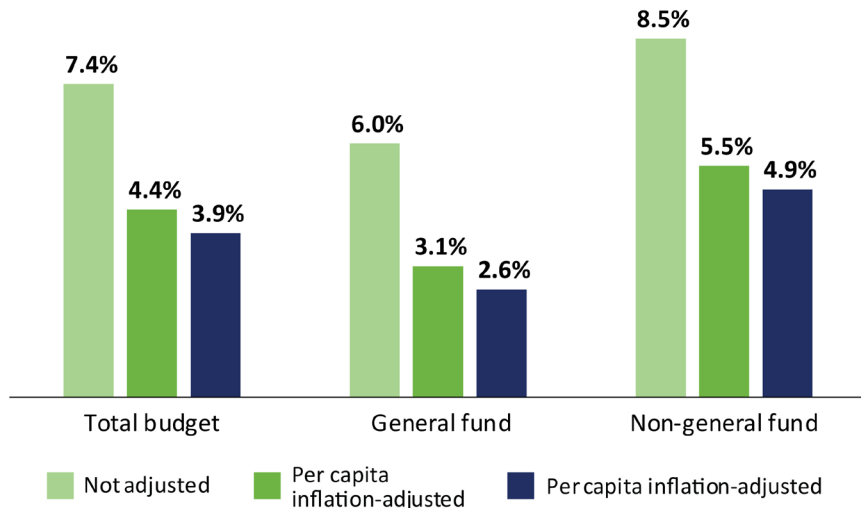
<sup>a</sup> Estimated. <sup>b</sup> 2013 Consumer Price Index rebased to 100. <sup>c</sup> On a fiscal year basis unless otherwise noted. <sup>d</sup> Includes salaried faculty at higher education institutions. <sup>e</sup> 2022. <sup>f</sup> Calendar year.

Adjusted for population and inflation, Virginia's budget generally increased each year during the 10-year period and grew fastest between FY18 and FY22 before declining in FY23 (Figure 4). The largest increases occurred after FY18 and again in FY22, primarily because of non-general fund budget growth for implementation of Medicaid expansion (after FY18) and federal COVID-19 relief, primarily from ARPA funds (in FY22). Non-general fund budget growth between FY18 and FY22 was higher than average (15.8% per year on average, unadjusted) and was substantially higher than in-

flation (4.2% per year, on average). The total budget, adjusted for population and inflation, declined in FY23 because substantially less federal COVID-19 relief funds were appropriated.

**FIGURE 3**

**Average annual change in appropriations adjusted for inflation and population growth, FY14–FY23**



SOURCE: DPB data on appropriations; Weldon Cooper Center; Bureau of Labor Statistics.

Excluding federal ARPA and other COVID-19 relief funds, the total budget, adjusted for population and inflation, remained flat between FY21 and FY22 but grew in FY23. Growth was flat between FY21 and FY22 because the non-general fund budget (unadjusted, excluding federal COVID-19 relief funds) grew less than inflation. Growth increased in FY23 primarily because of substantial growth in general fund appropriations that far exceeded inflation.

Adjusted for population and inflation, the general fund budget also increased in most years but at a slower rate than the total budget. The adjusted general fund budget grew the most in FY23 (11%) because of the increases in DOE and DMAS appropriations and the deposits of surplus revenue.

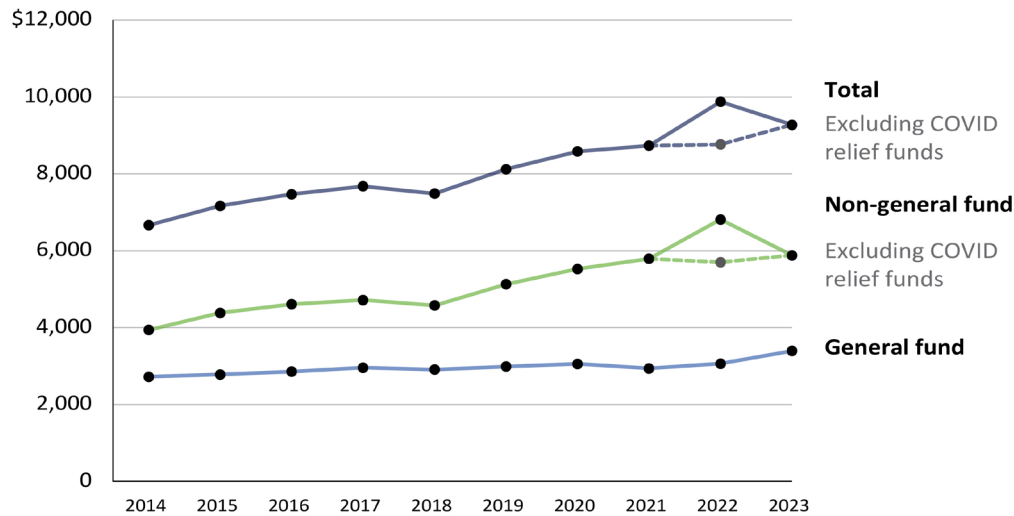
Virginia ranked 11th for state per capita spending growth (inflation-adjusted and including capital spending) between FY12 and FY21, the most recent years for which comparable data is available (*Virginia Compared with the Other States*, JLARC 2021). Virginia's total growth rate (4.2%) for this measure was higher than all other states in the Southeast region during the same time period.

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

JLARC'S *Virginia Compared with the Other States* features comparisons of expenditures, including capital spending. <http://jlarc.virginia.gov/va-compared-landing.asp>

**FIGURE 4**

**Adjusted for inflation, Virginia's total budget per capita generally increased each year, with the largest increase between FY21 and FY22**



SOURCE: DPB data on appropriations, 2014–2023; Weldon Cooper Center; 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.

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 internal service fund agencies began receiving appropriations for the cost of goods and services provided to other agencies. This change was implemented to improve transparency. See Appendix E for information on growth in internal service fund appropriations since FY15.

## Economic growth affects revenue available for the budget

Virginia's GDP, total personal income, and employment levels increased between FY14 and FY23 (Table 2). As Virginia's employment and personal income levels grow, state general fund revenues, comprising mostly income and sales tax revenues, also grow. Annual general fund appropriations have consistently remained the same proportion of Virginia GDP over time and have been 3.9% of Virginia GDP, on average, since FY1997.

Virginia's economic growth, however, was lower than the nation's growth during the 10-year period for several key economic measures.

- **Virginia GDP** grew at a slower rate (1.7% annual average) than national GDP (2.2% annual average) between 2014 and 2023, adjusted for inflation.
- **Virginia's labor force** grew less (1.1% annual average) than the nation's (1.4% annual average) between 2014 and 2023.
- **Virginia's personal income per capita** grew less (1.3% annual average) than the nation's (1.7% annual average) between 2014 and 2023, adjusted for inflation.

Previous *State Spending* reports indicated Virginia's economic growth had been lower than the nation's, particularly between FY09 and FY13, because the state did not recover as quickly from the Great Recession. Since 2016, Virginia's growth rates on these three measures have more closely mirrored national growth rates.

**Labor force statistics** reflect the annual average change from June 2014 to June 2023. Statistics for personal income per capita and GDP reflect the annual average change from the second quarter of 2013 to the second quarter of 2022.

In **total federal spending** per capita, Virginia ranked 11th among the states in federal fiscal year 2021, the most recent year for which data is available.

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

## **Policy decisions and program growth affect budget trends**

State policy decisions affect Virginia's budget growth and budget allocations across agencies and budget programs. For example, in 2018 the state authorized the expansion of Medicaid to parents and childless adults with income up to 138 percent of the federal poverty level. Medicaid expansion, which is mostly federally funded, increased non-general fund appropriations and therefore total appropriations for the Medicaid program beginning in FY19.

Several major policy decisions also affect the general fund budget. For example, the General Assembly provided \$382 million in general funds in FY15 and FY16, \$750 million in FY22, and \$250 million in FY23 to help pay down unfunded liabilities in the Virginia Retirement System. Other funding, such as the state's share of the Standards of Quality payments to public schools, is set through formulas in the Virginia Constitution or statute.

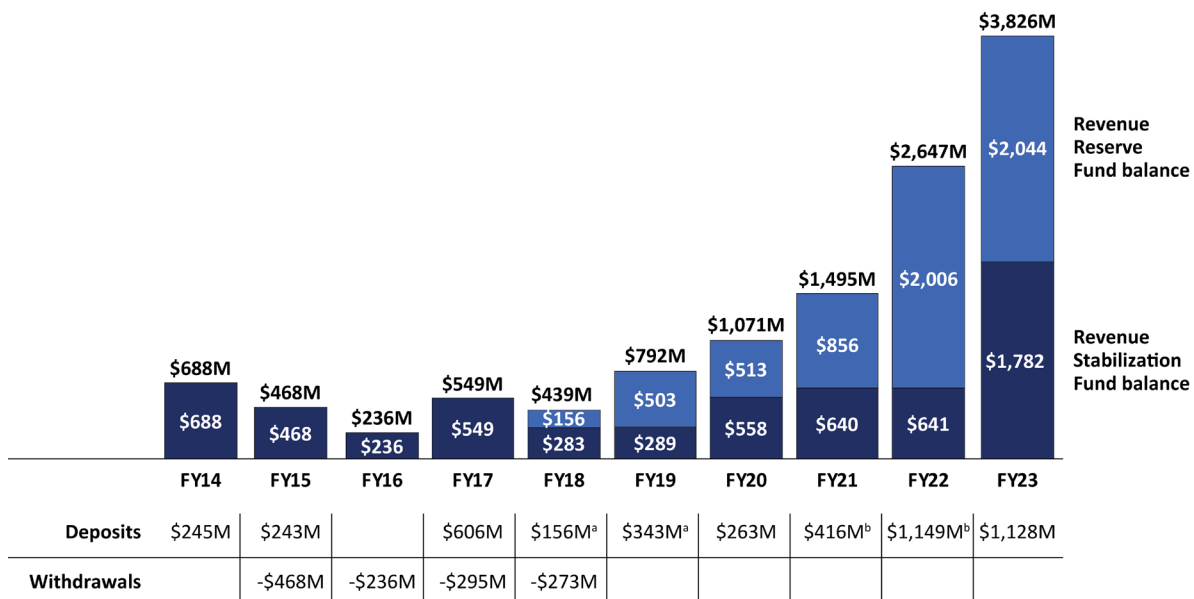
Virginia's policy decision to reserve revenue in years of above-average revenue growth also affects the general fund budget. Each year, the legislature appropriates surplus revenues to two reserve funds if there are surplus revenues and certain requirements are met. As of FY23, the total amount in the reserves was \$3.8 billion (Figure 5). The Revenue Stabilization (rainy day) Fund was established in the early 1990s to reserve funds that can be used in years when state revenue collections are less than projected. Each year general fund revenue collections are evaluated to determine if surplus revenues exist, and if so, the portion to be obligated to the fund based on a formula in Virginia's constitution. In some years, no appropriations are made from the general fund.

Six deposits to the Revenue Stabilization Fund occurred between FY14 and FY23 (Figure 5), based on surplus revenues in previous years. The largest deposit totaled \$1.1 billion in FY23, representing nearly one-third of the growth in general fund appropriations between FY22 and FY23. The General Assembly appropriated \$499 million to the Revenue Stabilization Fund in FY22, as an advance reserve for the estimated \$905 million mandatory deposit in FY24. These funds, however, were deposited into the state's second reserve fund—the Revenue Reserve Fund (discussed below)—and will be transferred to the Revenue Stabilization Fund in FY24. The General Assembly made four withdrawals from the fund to offset general fund revenue deficiencies during the 10-year period, reducing the amount of spending reductions that otherwise would have been necessary. No withdrawals have been made since FY18.

In 2018, the General Assembly created an additional reserve fund, the Revenue Reserve Fund, for excess revenue that does not have to be committed to the Revenue Stabilization Fund or other funds. As of FY23, the General Assembly has made four deposits to this fund, which is now the larger of the two funds with a balance just over \$2 billion, including the funds held for future deposit into the Revenue Stabilization Fund. No deposit to this fund was made in FY23.



**FIGURE 5**  
**Revenue in reserves totaled \$3.8 billion as of FY23**



SOURCE: Secretary of finance presentations to the Senate Finance and Appropriations, House Appropriations, and House Finance committees; Department of Accounts Preliminary General Fund Annual Reports and other documents; and information from DPB.

NOTE: Fund balance figures are adjusted for deposits, withdrawals, and interest earned at end of fiscal year. Part (\$498.7 million) of the FY22 appropriation to the Revenue Reserve Fund is being held for deposit to the Revenue Stabilization Fund in FY24.

<sup>a</sup> Revenue Reserve Fund deposits. <sup>b</sup> Revenue Stabilization Fund and Revenue Reserve Fund deposits. All other deposits and all withdrawals were to/from the Revenue Stabilization Fund.

Program growth, which also affects budget growth, can occur over time for several reasons, including policy changes and changes to the population served. For example, Medicaid and Children’s Health Insurance Program (CHIP) enrollment grew 111% (from 1.0 million to 2.1 million average monthly enrollees) between FY14 and FY23. Funding for these programs is largely enrollment driven, and the Medicaid program had the largest growth amount in total appropriations during the 10-year period.

### Federal funding affects state budget trends

Federal funding trends and policy decisions can affect state spending. Federal trust funds have grown as a portion of Virginia’s budget over time, from an average of 14% of Virginia’s annual budget in the 1990s to an average of 19% between FY14 and FY23. Federal trust funds grew 74% between FY21 and FY22, primarily because of federal ARPA funding. The policy decision to expand Medicaid eligibility beginning in FY19 increased federal funding as a portion of Virginia’s total budget to 23% since FY18, on average.

Participation in federal programs generally requires a state funding match, which varies by program. The state match is substantial for some programs like Medicaid, the largest federal program in Virginia’s budget, with \$12.6 billion in federal funds (67% of all

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**The Families First Coronavirus Response Act**

was enacted in March 2020 in response to the economic impacts of the ongoing COVID-19 pandemic. The act includes several provisions such as expanded nutrition assistance, enhanced unemployment insurance coverage, and a temporary increase of 6.2 percentage points to federal Medicaid matching rates.

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**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.

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**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.

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federal trust funds in Virginia's budget) in FY23. Virginia's state match rate for individuals enrolled in the base Medicaid program has historically been 50%. The federal Families First Coronavirus Response Act temporarily increased the federal match for the base Medicaid population, which lowered the state's match rate to 43.8% for the second half of FY20 through May 2023. The lower state match rate resulted in a decrease in required general fund appropriations for Medicaid services. Virginia's state match rate for individuals enrolled under Medicaid expansion (which is unaffected by the law) was 7% in 2019 and 10% thereafter, and is funded by the new provider assessment on hospitals rather than state general funds.

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, such as improving workplace safety and environmental protections.

## Decisions to issue debt affect budget trends

When the state issues debt, the debt service required to pay off that debt affects the state's budget. Tax-supported debt service, which does not have a designated funding source, is funded through appropriations to the Treasury Board and VDOT. The state issues two types of tax-supported debt: general obligation bonds and other appropriation-supported obligations. The largest uses of tax-supported debt over the past decade were for higher education capital projects and teaching and research equipment (57%) and transportation projects funded through the Transportation Trust Fund (20%). Tax-supported debt also financed capital projects for correctional facilities; local and regional jails; and parks, conservation, and recreation facilities.

The state's outstanding tax-supported debt increased 40% (from \$10.1 billion to \$14.2 billion) between FY13 and FY22 (the most recent year available), with the largest issuance of debt occurring in FY21. Expenditures to cover tax-supported debt service increased 34% (from \$821 million to \$1.10 billion) between FY13 and FY22. 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 debt service level. The committee has determined tax-supported debt service should not exceed 5% of blended revenues. Debt service was 4.4% of blended revenues in FY13 and 3.4% of blended revenues in FY22.

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

The majority of budget growth between FY14 and FY23 was concentrated in a few agencies. Nearly half (43%) of total budget growth occurred in two agencies: DMAS and DOE (direct aid) (Table 3). These two agencies are responsible for a higher share of total budget growth than the 10-year period measured in last year's spending report (33%), and their average annual growth rate is slightly higher. The difference is primarily because federal ARPA funds were appropriated to central appropriations in FY22

rather than directly to the agencies that ultimately received the funds. (Central appropriations is excluded from the “top 10 list” in Table 3). DCR is the only agency on this year’s list of 10 agencies with the highest growth amount in total appropriations that was not on the list last year. Most of DCR’s growth occurred in FY23, when surplus general funds were appropriated to the Water Quality Improvement Fund.

**TABLE 3**  
**10 agencies with the highest growth amount in total appropriations, FY14–FY23 (\$M)**

Rank	Agency	Total appropriation		Average annual growth		% of total growth
		FY14	FY23	\$	%	
1	DMAS <sup>a</sup>	\$8,498.7	\$20,682.9	\$1,353.8	11%	32%
2	DOE (Direct aid)	6,791.8	11,104.3	479.2	6	11
3	VDOT	3,988.8	8,098.9	456.7	9	11
4	UVA <sup>b</sup>	2,514.5	4,143.0	180.9	6	4
5	VDH	627.0	1,227.0	66.7	8	2
6	Va Tech	1,120.5	1,638.3	57.5	4	1
7	DCR	123.4	603.6	53.4	30	1
8	DRPT	380.0	858.4	53.2	11	1
9	ABC	564.7	1,012.2	49.7	7	1
10	DOC	1,058.6	1,489.2	47.8	4	1
<b>Top 10 agencies, subtotal</b>		<b>\$25,668.0</b>	<b>\$50,857.7</b>	<b>\$2,798.9</b>	<b>8%</b>	<b>67%</b>
<b>Other agencies, subtotal</b>		<b>\$17,655.7</b>	<b>\$30,207.6</b>	<b>\$1,394.7</b>	<b>7%</b>	<b>33%</b>
<b>Total operating budget</b>		<b>\$43,323.7</b>	<b>\$81,065.4</b>	<b>\$4,193.5</b>	<b>7%</b>	<b>100%</b>

SOURCE: DPB data on appropriations, 2014–2023.

NOTE: Excludes capital appropriations. Top 10 list excludes central appropriations (to which federal ARPA funds were appropriated in FY22 and FY23), transfer payments (such as DOA transfer payments), and administration of health insurance. Top 10 list also excludes the Virginia Lottery, which received a \$350 million increase in appropriations beginning in FY19 because of the technical change to appropriate lottery prizes, and agencies that operate internal service funds. (The budget began including specific appropriations to these funds beginning in FY15, causing an increase in appropriations). Appropriations not adjusted for inflation. Numbers may not sum because of rounding. See Appendix F for alternative rankings, in which the 21 higher education agencies are grouped as a single line item.

<sup>a</sup>Includes \$8,310.7M in FY14 and \$ 20,336.0M in FY32 for Medicaid Services and CHIP. <sup>b</sup>Excludes UVA-Wise but includes the medical center.

Six of these 10 agencies with the highest growth amount in total appropriations were also among the 10 largest agencies in terms of FY23 total appropriations. Four were not (VDH, DCR, DRPT, and ABC). (See Appendix C, Table C-1.)

Slightly more than half of general fund budget growth (51%) occurred in DOE and DMAS (Table 4), which accounted for a larger share of growth than the 10-year period measured in last year’s spending report (36%). Their average annual growth rate is also larger. This is because general fund appropriations to DOE and DMAS grew significantly in FY23 (\$2.0 billion and \$1.2 billion, respectively).

DCR is the only agency on this year’s list of agencies with the largest growth in general fund appropriations that did not appear on the list in last year’s report. DCR is on this year’s list because of the substantial deposit to the Water Quality Improvement Fund

in FY23. All but one (DHCD) of the 10 agencies with the highest growth amount in general fund appropriations were also among the 10 largest agencies in terms of FY23 general fund appropriations. (See Appendix C, Table C-2.)

**TABLE 4**

**10 agencies with the highest growth amount in general fund appropriations, FY14–FY23 (\$M)**

Rank	Agency	General fund appropriation		Average annual growth		% of total growth
		FY14	FY23	\$	%	
1	DOE (Direct aid)	\$5,240.3	\$9,144.0	\$433.7	7%	33%
2	DMAS <sup>a</sup>	3,669.4	5,824.9	239.5	6	18
3	DBHDS	572.0	1,151.8	64.4	8	5
4	DOC	989.6	1,420.6	47.9	4	4
5	DCR	44.3	431.1	43.0	46	3
6	Treasury Board	608.5	954.2	38.4	5	3
7	DHCD	57.8	264.0	22.9	21	2
8	VCCS	388.5	590.1	22.4	5	2
9	Compensation Board	619.8	810.0	21.1	3	2
10	VSP	233.1	388.4	17.3	6	1
<b>Top 10 agencies, subtotal</b>		<b>\$12,423.3</b>	<b>\$20,979.1</b>	<b>\$950.6</b>	<b>6%</b>	<b>71%</b>
<b>Other agencies, subtotal</b>		<b>\$5,281.9</b>	<b>\$8,705.3</b>	<b>\$380.4</b>	<b>6%</b>	<b>29%</b>
<b>Total general fund budget</b>		<b>\$17,705.2</b>	<b>\$29,684.4</b>	<b>\$1,331.0</b>	<b>6%</b>	<b>100%</b>

SOURCE: DPB data on appropriations, 2014–2023.

NOTE: Excludes capital appropriations. Top 10 list excludes agency central appropriations (including funding for unfunded pension liabilities), transfer payments such as Department of Accounts transfer payments (including funding for the Revenue Reserve Fund), and appropriations to the Revenue Stabilization Fund. Appropriations not adjusted for inflation. Numbers may not sum because of rounding. See Appendix F for alternative rankings, in which the 21 higher education agencies are grouped as a single line item.

<sup>a</sup> Includes \$3,609.6M in FY14 and \$5,719.7M in FY23 for Medicaid Services and CHIP.

The majority of total budget growth was also concentrated in a few programs. Nearly two-thirds of the budget growth during the 10-year period occurred in 10 programs (Table 5). Two programs (state education assistance programs and Medicaid program services) were responsible for almost half of this growth (41%). All but two of the 10 programs are in the core functions of health care, education, and transportation.

TABLE 5

10 programs with the highest growth amount in total appropriations, FY14–FY23 (\$M)

Rank	Program	Total appropriation		Average annual growth		% total growth
		FY14	FY23	\$	%	
1	Medicaid program services	\$8,013.8	\$19,770.8	\$1,306.3	11%	31%
2	State education assistance programs <sup>a</sup>	5,909.6	9,772.3	429.2	6	10
3	Highway construction programs	1,388.0	4,374.3	331.8	15	8
4	Higher ed: E&G services	4,238.4	6,075.7	204.1	4	5
5	Financial assistance to localities (transportation)	427.3	1,426.2	111.0	17	3
6	State health services <sup>b</sup>	1,981.8	2,974.8	110.3	5	3
7	Highway system maintenance and operations	1,523.3	2,165.2	71.3	4	2
8	Higher ed: financial assistance for E & G services	1,319.5	1,921.1	66.8	4	2
9	Alcoholic beverage merchandising	546.7	985.3	48.7	7	1
10	Land and resource management	58.4	484.0	47.3	54	1
<b>Top 10 programs, subtotal</b>		<b>\$25,406.8</b>	<b>\$49,949.8</b>	<b>\$2,727.0</b>	<b>8%</b>	<b>65%</b>
<b>Other programs, subtotal</b>		<b>\$17,916.9</b>	<b>\$31,115.6</b>	<b>\$1,466.5</b>	<b>7%</b>	<b>35%</b>
<b>Total operating budget</b>		<b>\$43,323.7</b>	<b>\$81,065.4</b>	<b>\$4,193.5</b>	<b>7%</b>	<b>100%</b>

SOURCE: DPB data on appropriations, 2014–2023.

NOTE: Excludes capital appropriations. Top 10 list excludes programs that operate internal service funds, the Revenue Cash Reserve, and appropriation of ARPA funds for disaster preparedness. Appropriations not adjusted for inflation. Numbers may not sum because of rounding. See Appendix F for alternative rankings, in which the 21 higher education agencies are grouped as a single line item.

<sup>a</sup> Includes state funding for K–12 education only. The federal program has a separate program code. <sup>b</sup> Includes activities at VDH, UVA Medical Center, and at facilities operated by DBHDS and DVS.

By program, general fund budget growth was slightly more concentrated, with 10 programs responsible for 69% of budget growth. Again, state education assistance programs and Medicaid program services were responsible for nearly half (48%) of the growth. Six of the 10 programs with the highest general fund budget growth provide services in education and health care (Table 6). Land and resource management is new to this list because of deposits to the Water Quality Improvement Fund. Personnel management services—a program that relies mostly on non-general funds—is in the table again this year because of large appropriations in FY22 and FY23 to pay down unfunded pension liabilities.

TABLE 6

10 programs with the highest growth amount in general fund appropriations, FY14–FY23 (\$M)

Rank	Program	General fund appropriation		Avg. annual growth		% total growth
		FY14	FY23	\$	%	
1	State education assistance programs <sup>a</sup>	\$5,228.9	\$8,935.4	\$411.8	6%	31%
2	Medicaid program services	3,519.8	5,540.8	224.6	6	17
3	Higher ed: E&G services	1,377.7	2,216.9	93.3	6	7
4	Bond and loan retirement and redemption	608.4	954.2	38.4	5	3
5	Land and resource management	14.8	353.2	37.6	96	3
6	Personnel management services	5.1	260.3	28.4	230	2
7	Higher ed: Student financial services	249.8	482.6	25.9	8	2
8	Financial assistance for health services <sup>b</sup>	269.3	497.2	25.3	7	2
9	Economic development services	126.5	312.0	20.6	12	2
10	State health services	149.3	304.7	17.3	8	1
<b>Top 10 programs, subtotal</b>		<b>\$11,549.6</b>	<b>\$19,857.4</b>	<b>\$923.1</b>	<b>6%</b>	<b>69%</b>
<b>Other programs, subtotal</b>		<b>\$6,155.6</b>	<b>\$9,827.0</b>	<b>\$407.9</b>	<b>6%</b>	<b>31%</b>
<b>Total general fund budget</b>		<b>\$17,705.2</b>	<b>\$29,684.4</b>	<b>\$1,331.0</b>	<b>6%</b>	<b>100%</b>

SOURCE: DPB data on appropriations, 2014–2023.

NOTE: Excludes capital appropriations. Excludes central appropriations and the revenue reserve funds, which are addressed elsewhere. Appropriations not adjusted for inflation. Numbers may not sum because of rounding. See Appendix F for alternative rankings, in which the 21 higher education agencies are grouped as a single line item.

<sup>a</sup> Includes state funding for K–12 education only. The federal program has a separate program code. <sup>b</sup> Includes funding for services provided by community services boards.

State appropriations are also classified by their designated use, such as salaries or IT services. Appendix G provides detailed information about the largest categories for FY22 and FY23 appropriations and the categories with the largest appropriation growth amounts.

## Non-general fund appropriations continue to drive total budget growth

The state budget draws upon hundreds of revenue sources that are grouped into 10 broad categories, nine of which are non-general fund revenue sources. Statute governs the use of non-general funds 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 government—are still appropriated because the Virginia Constitution requires that state spending occur only through appropriations made by the General Assembly. These non-general funds are responsible for 68% of total budget growth over the 10-year period (Table 7). Four non-general fund categories exceeded average annual general fund growth (6.0%) over this period.

The non-general fund categories with the largest growth amounts in appropriations over the past decade were federal trust, commonwealth transportation, dedicated special revenue, and higher education operating. These funds constitute 57% of the total increase in non-general fund appropriations between FY14 and FY23. The federal trust fund and dedicated special revenue funds also experienced the fastest growth rate, at an average annual *rate* of 14% each over the last decade (Table 7). The federal trust fund has a high average annual growth rate because of increases in federal funds for Medicaid expansion and ARPA funds for COVID-19 relief. Dedicated special revenue funds have a high average annual growth rate because of increasing fees and payments collected for the health-care provider assessment fund and for the various regional transportation funds. The federal trust fund is usually the non-general fund category with the largest growth *amount*.

**TABLE 7**  
**Non-general fund growth by category, FY14–FY23 (\$M)**

Non-general fund category	Total appropriation		Avg annual growth		% of total growth
	FY14	FY23	\$	%	
Federal Trust	\$6,971.29	\$18,311.5	\$1,260.0	14%	30%
Commonwealth Transportation	3,972.3	8,598.3	514.0	9	12
Dedicated Special Revenue	1,424.2	4,255.3	314.6	14	8
Higher Education Operating	7,509.1	10,125.4	290.7	3	7
Internal Service	0.3	2,404.4	267.1	---	6
Enterprise	1,402.8	2,535.6	125.9	7	3
Trust and Agency	2,249.3	2,868.1	68.8	3	2
Special	1,775.9	1,918.8	15.9	1	<1
Debt Service	313.4	363.6	5.6	2	<1
<b>Non-general funds</b>	<b>\$25,618.5</b>	<b>\$51,381.0</b>	<b>\$2,862.5</b>	<b>8%</b>	<b>68%</b>
<b>General fund</b>	<b>\$17,705.2</b>	<b>\$29,684.4</b>	<b>\$1,331.0</b>	<b>6%</b>	<b>32%</b>
<b>Total all funds</b>	<b>\$43,323.7</b>	<b>\$81,065.4</b>	<b>\$4,193.5</b>	<b>7%</b>	<b>100%</b>

SOURCE: DPB data on appropriations, 2014–2023; Commonwealth Accounting Policies and Procedures Manual.

NOTE: Excludes capital appropriations. Appropriations not adjusted for inflation. Numbers may not sum because of rounding. SCHEV received an internal service fund appropriation of \$290,000 annually between FY14 and FY16. This appropriation started prior to the technical change in FY15 to appropriate all internal service funds, resulting in an artificially high average annual growth rate.

### **Non-general fund categories**

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**Federal Trust** – All federal funds except those received by VDOT, VEC, and higher education institutions, which are budgeted separately. Includes federal ARPA funds (FY22 and FY23) and most other federal COVID-relief funds (FY20–FY23). (See Appendix H.)

**Commonwealth Transportation** – All revenues designated for highway operations, maintenance, construction, and related activities generated from fuel, motor vehicle, and general sales taxes, excluding toll facilities. Includes federal funding for highway construction.

**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.

**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, health-care provider assessment fund, and the Virginia communication sales and use tax).

**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).

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

**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** – 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 the Virginia Port Authority).

DMAS, VDOT, and several universities are among the 10 agencies with the largest increases in non-general fund appropriations (Table 8). DMAS by far had the largest growth because of Medicaid expansion and the enhanced federal match rate during the COVID-19 pandemic. DMAS accounted for 39 percent of total non-general fund growth during the 10-year period.



TABLE 8

10 agencies with the highest growth amount in non-general fund appropriations, FY14–FY23 (\$M)

Rank	Agency	Non-general fund appropriation		Average annual growth		% total growth
		FY14	FY23	\$	%	
1	DMAS <sup>a</sup>	\$4,829.3	\$14,858.0	\$1,114.3	14%	39%
2	VDOT	3,948.8	8,047.4	455.4	9	16
3	UVA <sup>b</sup>	2,377.7	3,937.3	173.3	6	6
4	VDH	473.0	989.4	57.4	9	2
5	DRPT	380.0	858.4	53.2	11	2
6	ABC	564.7	1,012.2	49.7	7	2
7	Va Tech	954.1	1,387.7	48.2	4	2
8	DOE (direct aid)	1,551.5	1,960.4	45.4	3	2
9	DOE (central office)	42.6	337.8	32.8	53	1
10	GMU	736.5	1,031.2	32.7	4	1
<b>Top 10 agencies, subtotal</b>		<b>\$15,858.2</b>	<b>\$34,419.6</b>	<b>\$2,062.4</b>	<b>9%</b>	<b>72%</b>
<b>Other agencies, subtotal</b>		<b>\$9,760.4</b>	<b>\$16,961.3</b>	<b>\$800.1</b>	<b>9%</b>	<b>28%</b>
<b>Total non-general fund budget</b>		<b>\$25,618.5</b>	<b>\$51,381.0</b>	<b>\$2,862.5</b>	<b>8%</b>	<b>100%</b>

SOURCE: DPB data on appropriations, 2014–2023.

NOTE: Excludes capital appropriations. Top 10 list excludes central appropriations (which includes federal ARPA funds), transfer payments (such as DOA transfer payments), and administration of health insurance. Top 10 list also excludes the Virginia Lottery, which received a \$350 million increase in appropriations in FY19 because of the technical change to appropriate lottery prizes, and agencies that operate internal service funds. (The budget began including specific appropriations to these funds beginning in FY15 causing an increase in appropriations.) Appropriations not adjusted for inflation. Numbers may not sum because of rounding. See Appendix F for alternative rankings, in which the 21 higher education agencies are grouped as a single line item.

<sup>a</sup> Includes \$4,418.7M in FY13 and \$14,238.8M in FY22 for Medicaid Services and CHIP. <sup>b</sup> Excludes UVA-Wise but includes the medical center.

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 was 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 63% of the total state budget (Table 7).

For major uses of non-general funds, see Appendix M: [jlarc.virginia.gov/state-spending2022.asp](http://jlarc.virginia.gov/state-spending2022.asp).

## Some agencies have had very large percentage increases in appropriations since FY14

Some agencies experienced very large total growth *rates* between FY14 and FY23. These agencies, however, did not necessarily experience the largest growth in appropriation *amounts*.

Over 30 agencies had total general fund growth rates that exceeded the general fund growth rate over the 10-year period. The 10 fastest-growing state agencies each had general fund growth rates of 140% or more (Table 9), far exceeding the total general fund growth rate of 68% over the 10-year period. Most of these agencies are relatively

General fund appropriations have declined five times since FY1981: FY1992, FY02, and FY08–FY10. FY08–FY10 was the first time since the early 1960s that the general fund declined in two or more consecutive years.

small. Therefore, even though these agencies experienced high general fund growth rates, their growth made up a small proportion of total general fund budget growth.

TABLE 9

**10 agencies with the fastest growth rates in general fund appropriations, FY14–FY23 (\$M)**

Rank	Agency	General fund appropriation		General fund growth		
		FY14	FY23	\$M	%	% of total
1	DCR	\$44.3	\$431.1	\$386.9	874%	3.2%
2	DHR	5.4	36.3	31.0	578	0.3
3	VIPA	8.3	47.8	39.5	477	0.3
4	DHCD	57.8	264.0	206.2	356	1.7
5	VDEM	5.4	22.1	16.7	310	0.1
6	DVS	10.2	36.9	26.8	262	0.2
7	ELECT	8.2	28.5	20.3	248	0.2
8	Econ. Devel. Incentives	56.3	155.4	99.1	176	0.8
9	VEDP	17.8	48.5	30.7	172	0.3
10	DOLI	7.3	17.7	10.3	141	0.1
<b>Top 10 agencies, subtotal</b>		<b>\$221.1</b>	<b>\$1,088.5</b>	<b>\$867.4</b>	<b>392%</b>	<b>7%</b>
<b>Other agencies, subtotal</b>		<b>\$17,484.1</b>	<b>\$28,595.9</b>	<b>\$11,111.8</b>	<b>64%</b>	<b>93%</b>
<b>Total general fund budget</b>		<b>\$17,705.2</b>	<b>\$29,684.4</b>	<b>\$11,979.2</b>	<b>68%</b>	<b>100%</b>

SOURCE: DPB data on appropriations, 2014 and 2023.

NOTE: Excludes capital appropriations. Top 10 list includes agencies with general fund appropriations of at least \$5 million in FY14 and excludes central appropriations. Appropriations not adjusted for inflation. Numbers may not sum because of rounding. See Appendix F for alternative rankings, in which the 21 higher education agencies are grouped as a single line item. Economic development incentives payments is considered an agency for budgeting purposes; it includes appropriations for various incentive grant programs including the Commonwealth's Development Opportunity Fund, Business Ready Sites Program, and "custom" performance grants such as the performance grant for Amazon HQ2

### **Explanation of general fund growth in Table 9**

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**DCR** – Most of this increase was mandatory deposits to the Water Quality Improvement Fund, which is administered by DCR (and DEQ) and used to implement agricultural best management practices and other nonpoint source pollution prevention strategies. Deposits to this fund occurred in multiple years during the 10-year period, but the largest deposit was made in FY23 (\$313 million).

**DHR** – Growth was primarily because of one-time support for historic and cultural attractions. Includes a total of almost \$21.1 million general funds in FY23 to support 19 historic and cultural attractions and establish the Black, Indigenous, and People of Color Preservation Fund.

**VIPA** – Growth was because of consolidation of several entities, including the former IEIA, into VIPA and funding for new initiatives that began in FY21.

**DHCD** – The majority of this increase was for appropriations to the Virginia Housing Trust Fund and to expand broadband access (Virginia Telecommunication Initiative).

**VDEM** – Growth was primarily due to appropriations for emergency response services during the COVID-19 pandemic, operation of the Virginia Emergency Operations Center, and conversion of 10 federal grant funded positions to general fund positions.

**DVS** – Funding has increased throughout the study period because of the establishment of new programs and facilities, including eight new field offices, the Virginia Veteran and Family Support program, a third cemetery, and a suicide and opiate use prevention program; increases in staff and facility support for the Virginia War Memorial; and projects within the National Museum of the United States Army in Fairfax County.

**ELECT** – Growth was primarily for appropriations to replace federal funds for improving voting systems and voter access with state funds and for voter education and notification of district changes.

**Economic Development Incentive Payments** – Funding has steadily increased each year since FY21 primarily to fund “custom” grant payments for business location and expansion projects. Funding also increased in FY23 to expand the Virginia Business Ready Sites Program.

**VEDP** – Growth was for funding to expand and rebrand the Virginia Jobs Investment Program; support Virginia exporters through several grant programs; develop and fund the Business Ready Sites program and customized workforce recruitment and training incentive program; and fully fund the Virginia International Trade Plan.

**DOLI** – Growth was primarily for appropriations to upgrade the agency’s information technology systems.

The non-general fund budgets of 11 agencies (VDOT is number 11) grew as fast, or faster, than the overall non-general fund budget of 101% during the 10-year period. The combined growth of the 10 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 10).

TABLE 10

10 agencies with the fastest growth rate in non-general fund appropriations, FY14–FY23 (\$M)

Rank	Agency	<u>Non-general fund appropriation</u>		<u>Non-general fund growth</u>		
		FY14	FY23	\$	%	% of total
1	DOE (central office)	\$42.6	\$337.8	\$295.2	694%	1.1%
2	Dept. of Treasury	10.7	55.1	44.3	413	0.2
3	DHCD	57.9	235.0	177.1	306	0.7
4	DMAS	4,829.3	14,858.0	10,028.6	208	38.9
5	DRPT	380.0	858.4	478.4	126	1.9
6	DVS	46.5	101.3	54.9	118	0.2
7	DCR	79.1	172.5	93.3	118	0.4
8	VDEM	39.3	85.4	46.1	117	0.2
9	VDH	473.0	989.4	516.4	109	2.0
10	DCJS	53.0	108.6	55.6	105	0.2
<b>Top 10 agencies, subtotal</b>		<b>\$6,011.5</b>	<b>\$17,801.5</b>	<b>\$11,790.0</b>	<b>196%</b>	<b>45.8%</b>
<b>Other agencies, subtotal</b>		<b>\$19,607.1</b>	<b>\$33,579.5</b>	<b>\$13,972.4</b>	<b>71%</b>	<b>54.2%</b>
<b>Total non-general fund budget</b>		<b>\$25,618.5</b>	<b>\$51,381.0</b>	<b>\$25,762.4</b>	<b>101%</b>	<b>100.0%</b>

SOURCE: DPB data on appropriations, 2014 and 2023.

NOTE: Excludes capital appropriations. Top 10 list excludes central appropriations (which includes federal ARPA funds), transfer payments (such as DOA transfer payments), and administration of health insurance. Top 10 list also excludes the Virginia Lottery, which received a \$350 million increase in appropriations beginning in FY19 because of the technical change to appropriate lottery prizes, and agencies that operate internal service funds. (The budget began including specific appropriations to these funds beginning in FY15 causing an increase in appropriations.) Appropriations not adjusted for inflation. Numbers may not sum because of rounding. See Appendix F for alternative rankings, in which the 21 higher education agencies are grouped as a single line item.

**Explanation of non-general fund growth in Table 10**

**DOE (central office)** – Growth was primarily because responsibility for the federal Child Care Development Fund grant was transferred from DSS to DOE.

**Dept. of Treasury** – The increase was primarily for establishing an appropriation for risk management claims and administrative costs for state insurance trust funds, in accordance with federal guidelines for recording internal service fund expenditures (FY19) and increased premiums for aircraft and watercraft insurance (FY23).

**DHCD** – Growth was primarily because of the appropriation of proceeds from the Regional Greenhouse Gas Initiative for the Housing Innovations in Energy Efficiency program.

**DMAS** – The increase was primarily appropriations of federal funding to implement Medicaid expansion and enhanced federal funding (enhanced federal match) during the COVID-19 pandemic.

**DRPT** – The increase was primarily the result of (1) increased tax revenue to fund rail transportation projects because of legislative changes, (2) new passenger rail initiatives, and (3) appropriation transfers for the Washington Metropolitan Area Transit Authority from VDOT to DRPT.

**DVS** – This increase was mostly to operate and staff new veterans care facilities in FY20 and in FY22.

**DCR** – Growth was primarily because of the appropriation of proceeds from the Regional Greenhouse Gas Initiative for the Community Flood Preparedness Fund.

**VDEM** – Growth was mostly due to transferring emergency response systems development from VITA to VDEM in FY21.

**VDH** – Growth was mostly due to federal funding for various programs from federal COVID-19 grants.

**DCJS** – Growth was mostly due to additional federal funding for a grant program that provides services to victims of crime in FY19 and after.

## **General fund appropriations declined or grew slower than inflation for a few state agencies**

General fund appropriations declined for only one agency over the 10-year period: SBSB (-51%). SBSB's general fund decline reflects savings from merging the Department of Business Assistance and the Department of Minority Business Enterprise to create SBSB in FY15, and the transfer of the Virginia Jobs Investment Program (previously administered by the Department of Business Assistance) to VEDP. SBSB's general fund appropriations have increased each year since FY20. The appropriations of eight other agencies grew slower than inflation (28.1%), including

- Combined District Courts,
- Circuit Courts,
- Department of Juvenile Justice,
- Institute for Advanced Learning and Research,
- Department of Planning and Budget,
- The Science Museum of Virginia,
- Division of Legislative Services, and
- Department of Energy.

All of these agencies also experienced total budget growth that was less than inflation.



## Appendix A: Study mandate

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Code of Virginia

§ 30-58.3. Annual Report on State Spending.

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

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

## Appendix B: Research methods and activities

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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 appropriation data at the agency, program, and fund level from FY1981 through the most recent fiscal year. 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 I–N are available with this report on the JLARC website: <http://jlarc.virginia.gov/state-spending2023.asp>.)

### 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 & Appropriations committees, all from the 10-year period under review. Agency-specific and program-specific studies and documents also were 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, FY14 and FY23 (\$M)

FY14				FY23			
Rank	Agency	Total	% of total	Rank	Agency	Total	% of total
1	DMAS <sup>a</sup>	\$8,498.7	20%	1	DMAS <sup>a</sup>	\$20,682.9	26%
2	DOE (Direct aid)	6791.8	16	2	DOE (Direct aid)	11,104.3	14
3	VDOT	3988.8	9	3	VDOT	8,098.9	10
4	UVA <sup>b</sup>	2514.5	6	4	UVA <sup>b</sup>	4,143.0	5
5	DSS	1854.1	4	5	DSS	2,266.4	3
6	VCCS	1571.5	4	6	Va Tech	1,638.3	2
7	Va Tech	1120.5	3	7	DOC	1,489.2	2
8	DOC	1058.6	2	8	VCCS	1,402.1	2
9	VCU	1040.5	2	9	DBHDS	1,400.4	2
10	DBHDS	986.2	2	10	VCU	1,391.4	2
<b>Top 10 agencies, subtotal</b>		<b>\$29,425.2</b>	<b>68%</b>	<b>Top 10 agencies, subtotal</b>		<b>\$53,617.0</b>	<b>66%</b>
<b>Other agencies, subtotal</b>		<b>\$13,898.6</b>	<b>32%</b>	<b>Other agencies, subtotal</b>		<b>\$27,448.4</b>	<b>34%</b>
<b>Total operating budget</b>		<b>\$43,323.7</b>	<b>100%</b>	<b>Total operating budget</b>		<b>\$81,065.4</b>	<b>100%</b>

SOURCE: DPB data on appropriations, 2014 and 2023.

NOTE: Excludes capital appropriations. Top 10 list excludes the Personal Property Tax Relief program and the Administration of Health Insurance program. Appropriations not adjusted for inflation. Numbers may not add because of rounding.

<sup>a</sup> Includes \$8,310.7M in FY14 and \$ 20,336.0M in FY23 for Medicaid Services and the Children's Health Insurance Program (CHIP).<sup>b</sup> Excludes UVA-Wise but includes the medical center.

TABLE C-2

10 agencies with largest general fund appropriations, FY14 and FY23 (\$M)

FY14				FY23			
Rank	Agency	Total	% of total	Rank	Agency	Total	% of total
1	DOE (Direct aid)	\$5,240.3	30%	1	DOE (Direct aid)	\$9,144.0	31%
2	DMAS <sup>a</sup>	3,669.4	21	2	DMAS <sup>a</sup>	5,824.9	20
3	DOC	989.6	6	3	DOC	1,420.6	5
4	Compensation Board	619.8	4	4	DBHDS	1,151.8	4
5	Treasury Board	608.5	3	5	Treasury Board	954.2	3
6	DBHDS	572.0	3	6	Compensation Board	810.0	3
7	DSS	388.9	2	7	VCCS	590.1	2
8	VCCS	388.5	2	8	DSS	521.8	2
9	VSP	233.1	1	9	DCR	431.1	1
10	CSA	217.2	1	10	VSP	388.4	1
<b>Top 10 agencies, subtotal</b>		<b>\$12,927.3</b>	<b>73%</b>	<b>Top 10 agencies, subtotal</b>		<b>\$21,236.8</b>	<b>72%</b>
<b>Other agencies, subtotal</b>		<b>\$4,777.9</b>	<b>27%</b>	<b>Other agencies, subtotal</b>		<b>\$8,447.6</b>	<b>28%</b>
<b>Total general fund budget</b>		<b>\$17,705.2</b>	<b>100%</b>	<b>Total general fund budget</b>		<b>\$29,684.4</b>	<b>100%</b>

SOURCE: DPB data on appropriations, 2014 and 2023.

NOTE: Excludes capital appropriations. Top 10 list excludes 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.

<sup>a</sup> Includes \$3,609.6M in FY14 and \$5,719.7M in FY23 for Medicaid Services and CHIP.

**TABLE C-3**  
**10 agencies with largest non-general fund appropriations, FY14 and FY23 (\$M)**

FY14				FY23			
Rank	Agency	Total	% of total	Rank	Agency	Total	% of total
1	DMAS	\$4,829.3	19%	1	DMAS	\$14,858.0	29%
2	VDOT	3,948.8	15%	2	VDOT	8,047.4	16%
3	UVA <sup>b</sup>	2,377.7	9%	3	UVA <sup>b</sup>	3,937.3	8%
4	DOE (Direct aid)	1,551.5	6%	4	DOE (Direct aid)	1,960.4	4%
5	DSS	1,465.2	6%	5	DSS	1,744.7	3%
6	VCCS	1,183.0	5%	6	Va Tech	1,387.7	3%
7	Va Tech	954.1	4%	7	VCU	1,082.5	2%
8	VCU	851.3	3%	8	GMU	1,031.2	2%
9	GMU	736.5	3%	9	ABC	1,012.2	2%
10	VEC	612.7	2%	10	VDH	989.4	2%
<b>Top 10 agencies, subtotal</b>		<b>\$18,510.1</b>	<b>72%</b>	<b>Top 10 agencies, subtotal</b>		<b>\$36,050.6</b>	<b>70%</b>
<b>Other agencies, subtotal</b>		<b>\$7,108.4</b>	<b>28%</b>	<b>Other agencies, subtotal</b>		<b>\$15,330.3</b>	<b>30%</b>
<b>Total non-general fund budget</b>		<b>\$25,618.5</b>	<b>100%</b>	<b>Total non-general fund budget</b>		<b>\$51,381.0</b>	<b>100%</b>

SOURCE: DPB data on appropriations, 2014 and 2023.

NOTE: Excludes capital appropriations. Top 10 list excludes the Administration of Health Insurance program. Appropriations not adjusted for inflation. Numbers may not add because of rounding.

<sup>a</sup> Includes \$4,418.7M in FY13 and \$14,238.8M in FY22 for Medicaid Services and CHIP. <sup>b</sup> Excludes UVA-Wise, but includes the medical center.

## Appendix D: Virginia's operating appropriations, FY14–FY23

Virginia's total operating budget appropriations totaled \$81.1 billion in FY23 (Table D-1). The total operating budget grew 7.4 percent per year, on average, during the 10-year period, primarily because of growth in non-general fund appropriations.

**TABLE D-1**  
Virginia's operating appropriations, FY14–FY23 (\$M)

Fiscal year	<u>General fund</u>		<u>Non-general fund</u>		<u>Total</u>	
	Amount	% change	Amount	% change	Amount	% change
2014	\$17,705	---	\$25,619	---	\$43,324	---
2015	18,240	3.0%	28,740 <sup>a</sup>	12.2%	46,980	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%
2019	21,443	4.9%	36,799	14.4%	58,242	10.7%
2020	22,283	3.9%	40,288	9.5%	62,572	7.4%
2021	22,720	2.0%	44,774	11.1%	67,495	7.9%
2022	25,802	13.6%	57,363	28.1%	83,165	23.2%
2023	29,684.4	15.0%	51,381	-10.4%	81,065	-2.5%
<b>Change 2014-2023</b>	<b>\$11,979</b>	<b>67.7%</b>	<b>\$25,762</b>	<b>100.6%</b>	<b>\$37,742</b>	<b>87.1%</b>
<b>Average annual change</b>		<b>6.0%</b>		<b>8.5%</b>		<b>7.4%</b>

SOURCE: DPB data on appropriations, 2014–2023.

NOTE: Operating funds only; excludes capital appropriations.

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

Virginia received \$18 billion in federal COVID-19 relief funds in FY20 and FY21 through the Coronavirus Preparedness and Response Supplemental Appropriations Act; the Families First Coronavirus Response Act; and the Coronavirus Aid, Relief, and Economic Security Act. These funds were appropriated or allocated to various state agencies and programs but are not included in the FY20 and FY21 operating budget amounts in the appropriations act (Table D-1) because a different process was used to appropriate these funds than is typical. The General Assembly authorized the governor to appropriate funds to state agencies, institutions of higher education, and other permissible entities in the 2020 Appropriation Act (Chapter 1289) and directed the governor how to appropriate remaining federal relief funds in the 2021 Appropriation Act (Chapter 552, Special Session I). The vast majority of the funds were provided to 10 programs each year (Table D-2).

**TABLE D-2**  
**10 programs or services with largest federal COVID-19 relief appropriations, FY20 and FY21**

<b>Federal COVID-19 relief appropriations, FY20</b>			
<b>Rank</b>	<b>Program or service name</b>	<b>Total (\$M)</b>	<b>% of total</b>
1	Unemployment insurance services	4,088.8	76%
2	Financial assistance to localities: pandemic response	644.6	12
3	Federal assistance to local education programs	299.7	6
4	Higher ed: financial assistance for E&G services	76.3	1
5	Emergency response and recovery <sup>a</sup>	56.4	1
6	Higher education: auxiliary enterprises	39.0	1
7	State health services <sup>b</sup>	38.7	1
8	Higher ed: student financial assistance	29.8	1
9	Housing assistance services	15.5	0
10	Higher ed: institutional support	15.1	0
<b>Top 10 programs/services, subtotal</b>		<b>\$5,304.0</b>	<b>98%</b>
<b>Other programs/services, subtotal</b>		<b>\$107.2</b>	<b>2%</b>
<b>Total federal COVID-19 relief appropriations</b>		<b>\$5,411.2</b>	<b>100%</b>

<b>Federal COVID-19 relief appropriations, FY21</b>			
<b>Rank</b>	<b>Program or service name</b>	<b>Total (\$M)</b>	<b>% of total</b>
1	Unemployment insurance services	\$8,392.0	67%
2	Financial assistance to localities: pandemic response	1,047.9	8
3	Federal assistance to local education programs	606.9	5
4	Housing assistance services	579.9	5
5	Higher ed: Financial assistance for E&G services	367.2	3
6	Emergency response and recovery <sup>a</sup>	260.4	2
7	Payments for special/unanticipated expenditures <sup>c</sup>	206.2	2
8	Financial assistance for self-sufficiency programs/services	157.4	1
9	Rebuild Virginia	145.0	1
10	Communicable disease prevention and control	144.7	1
<b>Top 10 programs/services, subtotal</b>		<b>\$11,907.5</b>	<b>95%</b>
<b>Other programs/services, subtotal</b>		<b>\$677.4</b>	<b>5%</b>
<b>Total federal COVID-19 relief appropriations</b>		<b>\$12,584.9</b>	<b>100%</b>

SOURCE: DPB website.

NOTE: FY20 and FY21 amounts exclude funds that were legislatively appropriated through a general appropriation act (Chapter 1289 or 552) and included in operating budget totals.

<sup>a</sup> Emergency response efforts by VDEM. <sup>b</sup> Includes COVID-19 response activities at VDH, UVA Medical Center, and at facilities operated by DBHDS and DVS. <sup>c</sup> Includes additional expenditures primarily for hazard pay and PPE for personal care attendants and reimbursing hospitals and nursing homes for COVID-19 related costs.

The General Assembly included \$9.2 billion in appropriations of federal COVID-19 relief funds from the American Rescue Plan Act of 2021 (ARPA) in the FY22 operating budget (\$83.2 billion in total) in Item 479.20 (central appropriations). Like prior COVID-19 relief funding distributions, local school divisions and the unemployment assistance program were among the top recipients of ARPA funds (Table D-3).

**TABLE D-3**  
**10 service categories with largest federal ARPA appropriations, FY22**

<b>Rank</b>	<b>Service category</b>	<b>Total (\$M)</b>	<b>% of total</b>
<b>1</b>	Direct aid to public education	\$1,974.27	21%
<b>2</b>	Unemployment assistance services	1,456.12	16
<b>3</b>	Child care grants	794.10	9
<b>4</b>	Broadband initiatives	709.24	8
<b>5</b>	Higher education emergency relief	667.28	7
<b>6</b>	Emergency rental assistance	465.51	5
<b>7</b>	Grants to localities	316.88	3
<b>8</b>	Sewer and wastewater treatment facilities	305.75	3
<b>9</b>	Education – local school division ventilation systems	257.00	3
<b>10</b>	Rebuild VA	250.00	3
<b>Top 10 service categories, subtotal</b>		<b>\$6,661.6</b>	<b>72%</b>
<b>Other service categories, subtotal</b>		<b>\$2,537.1</b>	<b>28%</b>
<b>Total federal ARPA appropriations</b>		<b>\$9,198.7</b>	<b>100%</b>

SOURCE: DPB website.

NOTE: Of the ARPA funds appropriated, \$3.2 billion were from the State and Local Recovery Fund, \$222 million were from the Capital Project Fund, and \$5.7 billion were Elementary & Secondary School Emergency Relief and other grants. The FY22 total operating budget also included another \$282.5 million in federal COVID-19 relief funds appropriated directly to DOE and VDH that are not included in this table.

The General Assembly included \$1.1 billion in appropriations of federal COVID-19 relief funds from the American Rescue Plan Act of 2021 (ARPA) in the FY23 operating budget (\$81.1 billion in total) in Item 486 (central appropriations). Like prior COVID-19 relief funding distributions, sewer and waste water treatment facilities, local school divisions, and the unemployment assistance program were among the top recipients of ARPA funds (Table D-4).

**TABLE D-4**  
**10 service categories with largest federal ARPA appropriations, FY23**

<b>Rank</b>	<b>Service category</b>	<b>Total (\$M)</b>	<b>% of total</b>
<b>1</b>	Sewer and wastewater treatment facilities	\$298.2	28%
<b>2</b>	Direct aid to public education	147.6	14
<b>3</b>	Grants to VDH <sup>a</sup>	144.7	14
<b>4</b>	Public health initiatives <sup>b</sup>	109.0	10
<b>5</b>	DBHDS mental health services <sup>c</sup>	103.6	10
<b>6</b>	Law enforcement grants	75.0	7
<b>7</b>	Medicaid and DSS redeterminations	38.1	4
<b>8</b>	Expand DHCD Main Street and derelict structures program	31.6	3
<b>9</b>	Small community drinking water systems	25.2	2
<b>10</b>	Unemployment assistance	17.6	2
<b>Top 10 service categories, subtotal</b>		<b>\$990.5</b>	<b>94%</b>
<b>Other service categories, subtotal</b>		<b>\$67.8</b>	<b>6%</b>
<b>Total federal ARPA appropriations</b>		<b>\$1,058.3</b>	<b>100%</b>

SOURCE: DPB.

NOTE: The total is \$4.65 million higher than the appropriation for disaster planning and operations (Item 486) because the DPB Director authorized the transfer of \$4.65 million from FY24 to FY23 pursuant to the authority granted in Section 4-1.03 c.5. of the Appropriation Act. The FY23 total operating budget (\$82 billion) also included another \$380 million in federal COVID-19 relief funds appropriated directly to agencies such as VDH and DOE that are not included in this table.

<sup>a</sup> Includes various funding from grants other than the State and Local Recovery fund to VDH primarily for crisis response, epidemiology and lab testing, and vaccine preparedness. <sup>b</sup> Primarily includes funds for DMAS to pay hospitals for COVID-19 related expenses and for health and human services agencies to modernize information systems and digitize health records. <sup>c</sup> Primarily includes funds for mental health treatment centers and community based services.

## Appendix E: Virginia's appropriations for internal services FY15–FY23

Agencies that centrally provide services, such as IT (VITA), property management (DGS), and financial services (DOA), operate internal service funds to recoup costs incurred for performing services for other agencies. In FY15, the budget was changed so that agencies with internal service funds began receiving non-general fund appropriations for the cost of goods and services provided to other agencies.

TABLE E-1

Virginia's appropriations for internal services grew at slower rate than the non-general fund budget, FY15–FY23 (\$M)

Agency	Services provided to other agencies	Total appropriations		Avg annual growth		% of total growth
		FY15	FY23	\$	%	
DHRM	Administration of health insurance	\$1,236.5	\$1,688.9	\$ 56.6	4.1%	1.4%
VITA	IT services	347.1	470.9	15.5	4.4	0.4
DOA	Payroll and other financial services	24.1	53.2	3.6	11.3	0.1
DGS	Real estate, procurement, transportation	164.0	186.8	2.8	1.6	0.1
Sec. of Administration	Commonwealth data sharing platform	--	4.7	1.0	39.4	--
<b>Total non-general fund budget, internal services</b>		<b>\$1,771.9</b>	<b>\$2,404.4</b>	<b>\$79.1</b>	<b>4.0%</b>	<b>1.9%</b>
<b>Total non-general fund budget</b>		<b>\$28,739.5</b>	<b>\$51,381.0</b>	<b>\$4,089.1</b>	<b>10.7%</b>	<b>100.0%</b>

SOURCE: DPB data on appropriations, 2015 to 2023.

NOTE: FY15 total non-general fund appropriations, internal services includes \$290,000 fund for SCHEV, which received appropriations between FY12 and FY16. In FY21, total non-general fund appropriations, internal services began including \$2.6 million for the secretary of administration. Appropriations not adjusted for inflation. Numbers may not add because of rounding.

## Appendix F: 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 F-1 (Table 3 with higher education agencies grouped)  
10 agencies with the highest growth amount in total appropriations, FY14–FY23 (\$M)

Rank	Agency	Total appropriation		Average annual growth		% total growth
		FY14	FY23	\$	%	
1	DMAS	\$8,498.7	\$20,682.9	\$1,353.8	11%	32%
2	DOE (Direct aid)	6,791.8	11,104.3	479.2	6	11
3	VDOT	3,988.8	8,098.9	456.7	9	11
4	Higher education	9,428.5	13,198.6	418.9	4	10
5	VDH	627.0	1,227.0	66.7	8	2
6	DCR	123.4	603.6	53.4	30	1
7	DRPT	380.0	858.4	53.2	11	1
8	ABC	564.7	1,012.2	49.7	7	1
9	DOC	1,058.6	1,489.2	47.8	4	1
10	DBHDS	986.2	1,400.4	46.0	4	1
Top 10 agencies, subtotal		\$32,447.7	\$59,675.5	\$3,025.3	7%	72%
Other agencies, subtotal		\$10,876.1	\$21,389.8	\$1,168.2	10%	28%
Total operating budget		\$43,323.7	\$81,065.4	\$4,193.5	7%	100%

TABLE F-2 (Table 4 with higher education agencies grouped)  
10 agencies with the highest growth amount in general fund appropriations, FY14–FY23 (\$M)

Rank	Agency	General fund appropriation		Average annual growth		% total growth
		FY14	FY23	\$	%	
1	DOE (Direct aid)	\$5,240.3	\$9,144.0	\$433.7	7%	33%
2	DMAS	3,669.4	5,824.9	239.5	6	18
3	Higher education	1,641.7	2,750.6	123.2	6	9
4	DBHDS	572.0	1,151.8	64.4	8	5
5	DOC	989.6	1,420.6	47.9	4	4
6	DCR	44.3	431.1	43.0	46	3
7	Treasury Board	608.5	954.2	38.4	5	3
8	DHCD	57.8	264.0	22.9	21	2
9	Compensation Board	619.8	810.0	21.1	3	2
10	VSP	233.1	388.4	17.3	6	1
Top 10 agencies, subtotal		\$13,676.5	\$23,139.7	\$1,051.5	6%	79%
Other agencies, subtotal		\$4,028.7	\$6,544.7	\$279.6	7%	21%
Total general fund budget		\$17,705.2	\$29,684.4	\$1,331.0	6%	100%



TABLE F-3 (Table 8 with higher education agencies grouped)  
 10 agencies with the highest growth amount in non-general fund appropriations, FY14–FY23 (\$M)

Rank	Agency	Non-general fund appropriation		Average annual growth		% total growth
		FY14	FY23	\$	%	
1	DMAS	\$4,829.3	\$14,858.0	\$1,114.3	14%	39%
2	VDOT	3,948.8	8,047.4	455.4	9	16
3	Higher education	7,786.7	10,448.0	295.7	3	10
4	VDH	473.0	989.4	57.4	9	2
5	DRPT	380.0	858.4	53.2	11	2
6	ABC	564.7	1,012.2	49.7	7	2
7	DOE (direct aid)	1,551.5	1,960.4	45.4	3	2
8	DOE (central office)	42.6	337.8	32.8	53	1
9	DSS	1,465.2	1,744.7	31.1	2	1
10	DHCD	57.9	235.0	19.7	44	1
Top 10 agencies, subtotal		\$21,099.7	\$40,491.2	\$2,154.6	8%	75%
Other agencies, subtotal		\$4,518.8	\$10,889.8	\$707.9	16%	25%
Total non-general fund budget		\$25,618.5	\$51,381.0	\$2,862.5	8%	100%

TABLE F-4 (Table 9 with higher education agencies grouped)  
 10 agencies with the fastest growth rate in general fund appropriations, FY14–FY23 (\$M)

Rank	Agency	General fund appropriation		General fund growth		
		FY14	FY23	\$	%	% of total
1	DCR	\$44.3	\$431.1	\$386.9	874%	3%
2	DHR	5.4	36.3	31.0	578%	0%
3	VIPA	8.3	47.8	39.5	477%	0%
4	DHCD	57.8	264.0	206.2	356%	2%
5	VDEM	5.4	22.1	16.7	310%	0%
6	DVS	10.2	36.9	26.8	262%	0%
7	ELECT	8.2	28.5	20.3	248%	0%
8	Econ. dev. incentive payments	56.3	155.4	99.1	176%	1%
9	VEDP	17.8	48.5	30.7	172%	0%
10	DOLI	7.3	17.7	10.3	141%	0%
Top 10 agencies, subtotal		\$221.1	\$1,088.5	\$867.4	392%	7%
25	Higher education	1,641.7	2,750.6	123.2	8%	1%
Other agencies, subtotal		\$17,484.1	\$28,595.9	\$11,111.8	64%	93%
Total general fund budget		\$17,705.2	\$29,684.4	\$11,979.2	68%	100%

TABLE F-5 (Table 10 with higher education agencies grouped)  
10 agencies with the fastest growth rate in non-general fund appropriations, FY14–FY23 (\$M)

Rank	Agency	Non-general fund appropriation		Non-general fund growth		
		FY14	FY23	\$	%	% of total
1	DOE (central office)	\$42.6	\$337.8	\$295.2	694%	1%
2	Dept. of Treasury	10.7	55.1	44.3	413	0
3	DHCD	57.9	235.0	177.1	306	1
4	DMAS	4,829.3	14,858.0	10,028.6	208	39
5	DRPT	380.0	858.4	478.4	126	2
6	DVS	46.5	101.3	54.9	118	0
7	DCR	79.1	172.5	93.3	118	0
8	VDEM	39.3	85.4	46.1	117	0
9	VDH	473.0	989.4	516.4	109	2
10	DCJS	53.0	108.6	55.6	105	0
<b>Top 10 agencies, subtotal</b>		<b>\$6,011.5</b>	<b>\$17,801.5</b>	<b>\$11,790.0</b>	<b>196%</b>	<b>46%</b>
29	Higher education	7,786.7	10,448.0	295.7	4%	1%
<b>Other agencies, subtotal</b>		<b>\$19,607.1</b>	<b>\$33,579.5</b>	<b>\$13,972.4</b>	<b>71%</b>	<b>54%</b>
<b>Total non-general fund budget</b>		<b>\$25,618.5</b>	<b>\$51,381.0</b>	<b>\$25,762.4</b>	<b>101%</b>	<b>100%</b>

TABLE F-6 (Table 5 with higher education agencies grouped)  
10 largest program increases in total appropriations, FY14–FY23 (\$M)

Rank	Program	Total appropriation		Avg. annual growth		% total growth
		FY14	FY23	\$	%	
1	Medicaid program services	\$8,013.8	\$19,770.8	\$1,306.3	11%	31%
2	State education assistance programs <sup>a</sup>	5,909.6	9,772.3	429.2	6%	10%
3	Highway construction programs	1,388.0	4,374.3	331.8	15%	8%
4	Higher education	7,990.7	10,788.8	310.9	3%	7%
5	Financial assistance to localities (transportation)	427.3	1,426.2	111.0	17%	3%
6	State health services <sup>b</sup>	1,981.8	2,974.8	110.3	5%	3%
7	Highway systems maintenance and operations	1,523.3	2,165.2	71.3	4%	2%
8	Alcoholic beverage merchandising	546.7	985.3	48.7	7%	1%
9	Land and resource management	58.4	484.0	47.3	54%	1%
10	Financial assistance for public transportation	321.5	745.0	47.1	11%	1%
<b>Top 10 programs, subtotal</b>		<b>\$28,161.1</b>	<b>\$53,486.8</b>	<b>\$2,814.0</b>	<b>7%</b>	<b>67%</b>
<b>Other programs, subtotal</b>		<b>\$15,162.6</b>	<b>\$27,578.6</b>	<b>\$1,379.6</b>	<b>8%</b>	<b>33%</b>
<b>Total operating budget</b>		<b>\$43,323.7</b>	<b>\$81,065.4</b>	<b>\$4,193.5</b>	<b>7%</b>	<b>100%</b>

NOTE: See Table F-7 for Table notes.

**TABLE F-7 (Table 6 with higher education agencies grouped)**  
**10 largest program increases in general fund appropriations, FY14–FY23 (\$M)**

Rank	Program	<u>General fund appropriation</u>		<u>Avg. annual growth</u>		% total growth
		FY14	FY23	\$	%	
1	State education assistance programs <sup>a</sup>	\$5,228.9	\$8,935.4	\$411.8	6%	31%
2	Medicaid program services	3,519.8	5,540.8	224.6	6	17
3	Higher education	1,701.6	2,857.0	128.4	6	10
4	Bond and loan retirement and redemption	608.4	954.2	38.4	5	3
5	Land and resource management	14.8	353.2	37.6	96	3
6	Personnel management services <sup>c</sup>	5.1	260.3	28.4	230	2
7	Financial assistance for health services <sup>d</sup>	269.3	497.2	25.3	7	2
8	Economic development services	126.5	312.0	20.6	12	2
9	State health services <sup>b</sup>	149.3	304.7	17.3	8	1
10	Fin. assist. for sheriff's offices and regional jails	411.3	565.7	17.2	4	1
<b>Top 10 programs, subtotal</b>		<b>\$12,035.0</b>	<b>\$20,580.6</b>	<b>\$949.5</b>	<b>6%</b>	<b>71%</b>
<b>Other programs, subtotal</b>		<b>\$5,670.2</b>	<b>\$9,103.8</b>	<b>\$381.5</b>	<b>6%</b>	<b>29%</b>
<b>Total general fund budget</b>		<b>\$17,705.2</b>	<b>\$29,684.4</b>	<b>\$1,331.0</b>	<b>6%</b>	<b>100%</b>

Tables F-1 through F-7.

SOURCE: DPB data on appropriations, 2014–2023.

NOTE: Excludes capital appropriations. Top 10 list excludes central appropriations and transfer payments. Top 10 list also excludes the Virginia Lottery, which received a \$350 million increase in appropriations in FY19 because of the technical change to appropriate lottery prizes, and agencies that operate internal service funds. (The budget began including specific appropriations to these funds beginning in FY15 causing an increase in appropriations.) Appropriations not adjusted for inflation. Numbers may not add because of rounding.

<sup>a</sup> Excludes federal funds. Accounts for state funding for K–12 education only; federal funds for state public education assistance are accounted for in a separate program code. <sup>b</sup> Includes activities at VDH, UVA Medical Center, and at facilities operated by DBHDS and DVS. <sup>c</sup> Includes funds to help pay down unfunded pension liabilities. <sup>d</sup> Includes funding for services provided by community services boards.

**TABLE F-8**  
**Growth of higher education agencies, FY14–FY23 (\$M)**

Rank	Agency	<u>Total appropriation</u>		<u>Average annual growth</u>		% total growth	Overall rank
		FY14	FY23	\$	%		
1	UVA	2,514.5	4,143.0	180.9	6	4	4
2	Va Tech	1,120.5	1,638.3	57.5	4	1	6
3	GMU	871.2	1,275.6	44.9	4	1	13
4	VCU	1,040.5	1,391.4	39.0	3	1	15
5	JMU	496.4	701.0	22.7	4	1	19
6	ODU	369.2	547.1	19.8	4	<1	22
7	CWM	335.4	481.9	16.3	4	<1	24
8	NSU	151.9	223.5	7.9	5	<1	33
9	SCHEV	90.4	157.0	7.4	6	<1	34
10	RU	191.3	257.0	7.3	3	<1	35
11	CNU	128.3	188.2	6.7	4	<1	39
12	UMW	107.6	165.1	6.4	5	<1	40
13	VSU	158.9	211.6	5.9	3	<1	42
14	LU	113.4	164.5	5.7	4	<1	44
15	VMI	71.7	105.7	3.8	5	<1	49
16	UVA-W	41.8	64.6	2.5	5	<1	59
17	Richard Bland	13.5	25.2	1.3	7	<1	74
18	EVMS	24.4	35.7	1.3	5	<1	76
19	SO Va Higher Ed Ctr	4.3	9.4	0.6	11	<1	93
20	NCI	2.6	5.5	0.3	9	<1	100
21	SW Va Higher Ed Ctr	9.2	5.3	(0.4)	15	<1	153
22	VCCS	1,571.5	1,402.1	(18.8)	-1	<1	157
<b>Total higher ed agencies</b>		<b>\$9,428.5</b>	<b>\$13,198.6</b>	<b>\$418.9</b>	<b>4%</b>	<b>9%</b>	
<b>Total operating budget</b>		<b>\$43,323.7</b>	<b>\$81,065.4</b>	<b>\$4,193.5</b>	<b>7%</b>	<b>100%</b>	

SOURCE: DPB data on appropriations, 2014–2023.

NOTE: Excludes capital appropriations. Appropriations not adjusted for inflation. Numbers may not sum because of rounding.

**TABLE F-9**  
**Changes in enrollment and tuition of higher education agencies, FY14–FY23**

Rank (growth) <sup>c</sup>	Agency	<u>Undergraduate enrollment</u> <sup>a</sup>			<u>Tuition</u> <sup>b</sup>		
		FY14	FY23	Avg annual change	FY14	FY23	Avg annual change
74	Richard Bland	1,411	2,140	-4.7%	\$4,020	\$8,847	7.8%
24	CWM	6,271	6,797	1.0	15,463	25,041	6.4
15	VCU	23,421	21,207	-1.4	12,002	16,233	5.2
40	UMW	4,383	3,493	-2.1	9,660	14,559	4.7
4	UVA	16,056	17,334	0.7	12,458	18,808	4.6
39	CNU	5,094	4,449	-1.7	11,092	16,351	4.5
19	JMU	18,431	20,346	0.8	9,176	13,576	4.5
49	VMI	1,675	1,512	-1.4	14,404	20,484	4.0

Rank (growth) <sup>c</sup>	Agency	Undergraduate enrollment <sup>a</sup>			Tuition <sup>b</sup>		
		FY14	FY23	Avg annual change	FY14	FY23	Avg annual change
22	ODU	19,819	18,375	-1.1%	\$8,820	\$12,262	3.8%
59	UVA-W	2,291	1,737	-2.7	8,509	11,779	3.8
33	NSU	6,026	5,337	0.2	7,226	9,910	3.8
13	GMU	21,933	27,519	2.7	9,908	13,815	3.7
35	RU	8,913	6,008	5.3	8,976	12,286	3.7
6	Va Tech	24,034	30,434	2.9	11,455	15,476	3.6
44	LU	4,493	3,154	-4.4	11,340	15,200	3.4
42	VSU	5,073	4,300	-0.4	7,784	9,755	2.8
<b>Total (without VCCS)</b>		<b>169,324</b>	<b>174,142</b>	<b>0.4%</b>	n.a.	n.a.	n.a.
<b>Average (without VCCS)</b>		<b>10,583</b>	<b>10,884</b>	<b>0.3%</b>	<b>\$10,143</b>	<b>\$14,649</b>	<b>4.4%</b>
157	VCCS	189,117	146,553	-0.2%	\$3,900	\$4,758	5.2%

SOURCE: SCHEV website.

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 Eastern Virginia Medical School.

<sup>a</sup> Includes a headcount of all in-state and out-of-state undergraduate students enrolled in the fall of the 2013–2014 and 2022–2023 school years. <sup>b</sup> Tuition includes mandatory education and general (E&G) fees as well as mandatory non-E&G fees for full-time, in-state students. <sup>c</sup> Rank based on the total budget growth in millions of dollars. (See Table F-8.)

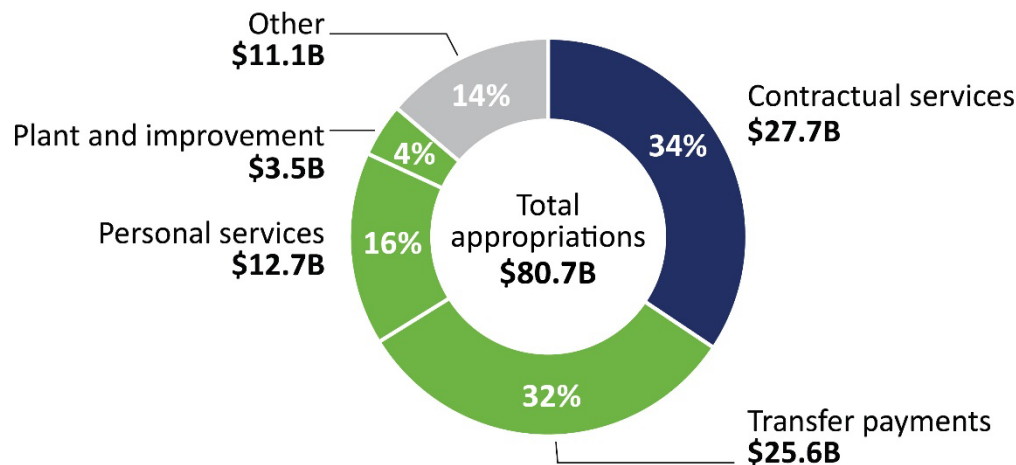
n.a., not applicable.

## Appendix G: Virginia's appropriations by category of use

The majority of Virginia's appropriations are for contractual services (34%), such as health care, IT, and road construction and maintenance, and for transfer payments (32%), such as payments to local governments for schools, courts, and constitutional officers (Figure G-1). Another 16% of total appropriations are for personal services such as employee salaries, wages, and benefits.

**FIGURE G-1**

**Majority of Virginia's appropriations are for transfer payments and contractual services (FY23)**



SOURCE: DPB data on 2023 appropriations by major object code from Chapter 2, 2022 Acts of Assembly, Special Session I.

NOTE: Excludes the \$1.6 billion appropriated in Chapter 769, 2023 Acts of Assembly because the appropriation by object code was unavailable. Plant and improvement includes operating funds for construction and acquisition of buildings, highways, and water ports. Other includes supplies and materials; equipment; continuous charges for lease and insurance payments; utility charges; and debt service payments. Contractual services do not include funding for all contractual services. Funding for private contractors for building and highway construction is included in the plant and improvement category.

A majority of budget growth is also concentrated in a handful of specific uses (Table G-1), which are classified in the budget under “subobject” codes. Most subobject codes are distributed across multiple programs and agencies. Thirty percent of total budget growth between FY14 and FY23 was for contractual payments for health-care services provided through Medicaid and CHIP. Salaries and employee health benefits contributed to 11% of budget growth during the period.

TABLE G-1

10 subobject areas with the highest growth amount in total appropriations, FY14–FY23 (\$M)

Rank	Subobject	Total appropriation		Avg. annual growth		% total growth
		FY14	FY23	\$	%	
1	Contractual services: Medicaid and CHIP	\$8,498.4	\$19,539.0	\$1,226.7	10%	30%
2	Employee salaries <sup>a</sup>	5,865.2	7,955.8	232.3	3	6
3	Plant and equipment: transportation	1,659.4	3,255.5	177.3	9	4
4	Contractual services: transportation	400.5	1,950.3	172.2	25	4
5	Payments to substate entities <sup>b</sup>	1,108.1	2,406.2	144.2	9	3
6	Supplies and materials <sup>c</sup>	1,273.3	2,566.2	143.7	9	3
7	Employee health benefits	1,875.2	3,133.8	139.8	6	3
8	Contractual services: higher education	637.6	1,457.6	91.1	10	2
9	Employee retirement & other benefits	1,281.1	1,915.1	70.5	5	2
10	Medical services	247.2	798.9	61.3	142	1
<b>Top 10 subobject areas, subtotal</b>		<b>\$22,846.0</b>	<b>\$44,978.3</b>	<b>\$2,459.1</b>	<b>8%</b>	<b>59%</b>
<b>Other subobject areas, subtotal</b>		<b>\$20,477.7</b>	<b>\$35,695.1</b>	<b>\$1,690.8</b>	<b>7%</b>	<b>41%</b>
<b>Total operating budget</b>		<b>\$43,323.7</b>	<b>\$80,673.4</b>	<b>\$4,150.0</b>	<b>7%</b>	<b>100%</b>

SOURCE: DPB data on appropriations, 2012–2023.

NOTE: Excludes the \$1.6 billion appropriated in Chapter 769, 2023 Acts of Assembly because the appropriation by subobject code was unavailable. Appropriations not adjusted for inflation. Numbers may not sum because of rounding. Total appropriations by subobject code may not account for changes to the budget made by the General Assembly.

<sup>a</sup> Excludes wages for hourly employees. <sup>b</sup> Includes payments to authorities, districts, or other entities such as the Northern Virginia Transportation Authority and Hampton Roads Transportation Commission. <sup>c</sup> Includes merchandise for resale; office supplies, gas and other fuels; and medical and laboratory, repair and maintenance, and other supplies.

## Appendix H: 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, nearly all of the federal funds for VDOT, DRPT, VEC, and Virginia's higher education institutions and some of the federal grant funds for DCJS and ELECT 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. Federal funds for COVID-19 relief are included in FY22 and FY23, but only small amounts are included in FY20 and FY21 as noted in Appendix D.

**TABLE H-1**  
**Federal funding in Virginia's budget, by agency, FY14–FY23 (\$M)**

Agency	Fund category	Appropriation		Average annual growth	
		FY14	FY23	\$	%
DRPT	Commonwealth Transportation	\$35.1	\$82.2	\$5.2	11%
VDOT	Commonwealth Transportation	1,486.8	2,458.7	108.0	6
Higher education institutions	Higher Education Operating	1,338.5	1,061.6	(30.8)	-2
VEC	Trust and Agency	152.7	153.5	0.1	1
DCJS, ELECT, VDOT	Trust and Agency	14.1	7.3	(0.8)	16
All others	Federal Trust	6,971.3	18,311.5	1,260.0	14
<b>Total federal funds</b>		<b>\$9,998.5</b>	<b>\$22,074.8</b>	<b>\$1,341.8</b>	<b>11%</b>
<b>Total non-general funds</b>		<b>\$25,618.5</b>	<b>\$51,381.0</b>	<b>\$2,862.5</b>	<b>8%</b>

SOURCE: DPB data on appropriations, 2014–2023.

NOTE: Appropriations not adjusted for inflation. Numbers may not sum because of rounding. Federal Trust includes some federal funds for VDOT.



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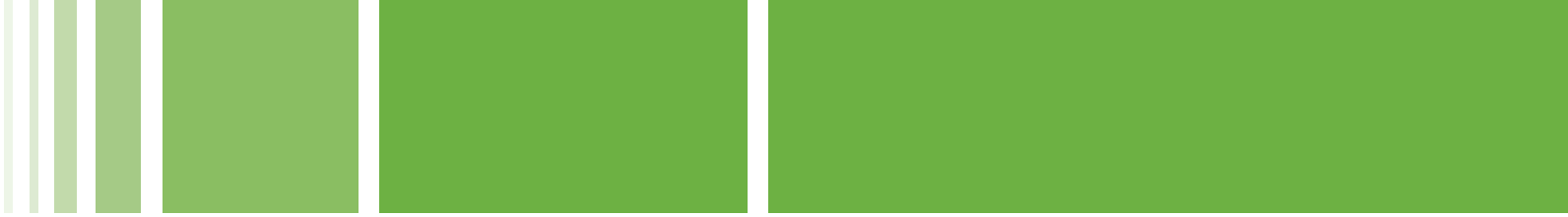
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