

State Spending: 2023 Update

Study mandate

- JLARC to annually review state spending for previous 10 fiscal years (FY14–FY23)
 - Identify largest & fastest-growing agencies and programs
 - Identify causes of expenditure growth

Code of Virginia § 30-58.3

Virginia's total operating budget was \$81 billion in FY23, 2.5% less than FY22

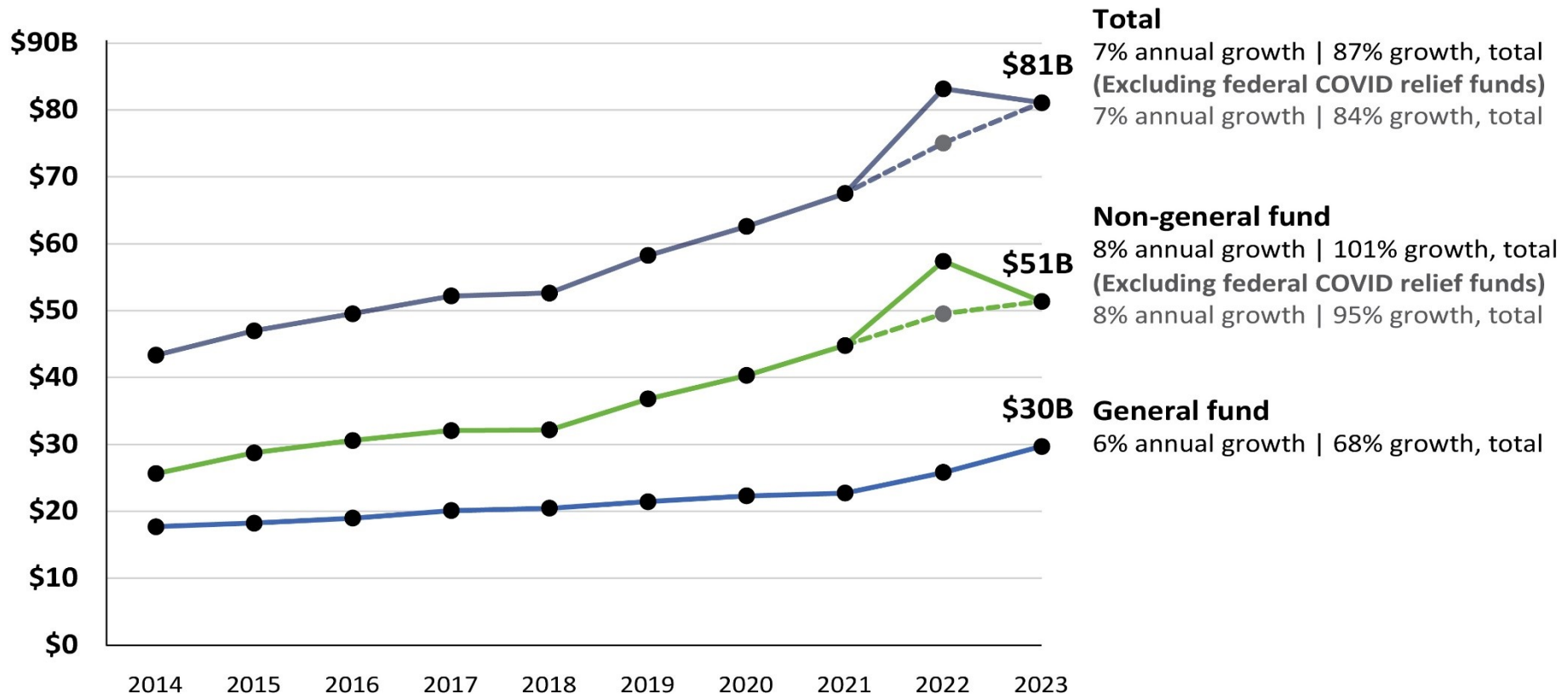
- Federal COVID-19 relief funds appropriated in FY23 were much less than in FY22 (\$1.4B vs \$9.2B)
- Non-general fund budget declined 10%, mostly because of decline in COVID-19 relief funds

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

Virginia's general fund budget has had above average growth since FY21

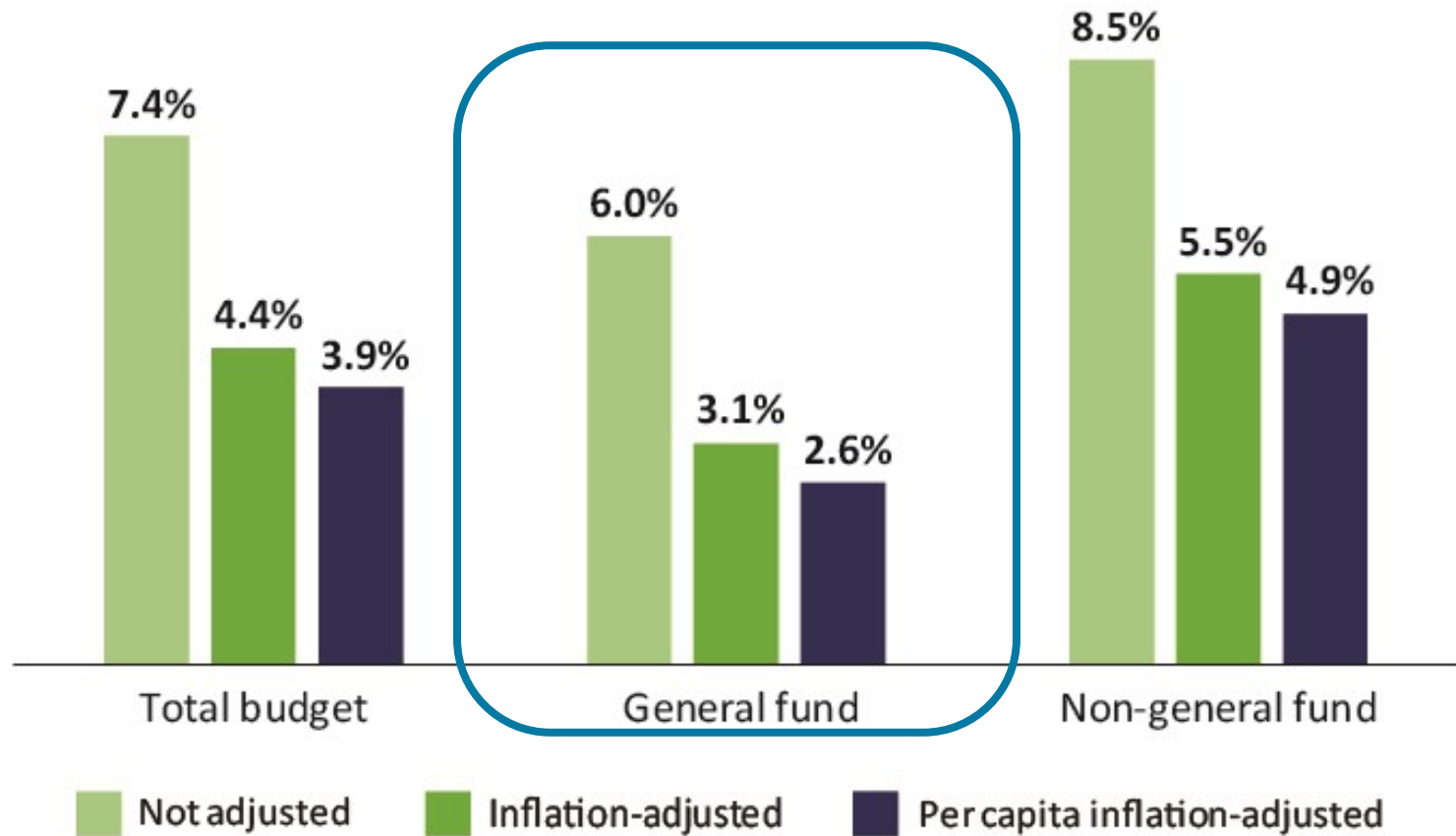
- General fund budget grew 14% (\$3 billion) in FY22 and 15% (\$4 billion) in FY23
- Most of this growth was due to increased appropriations for DOE and DMAS and appropriation of surplus general fund revenue
 - DOE = \$2.0 billion increase (FY23)
 - DMAS = \$1.2 billion increase (FY23)
 - State's revenue reserves = \$2.3 billion (FY22 and FY23)
 - State retirement fund = \$1.0 billion (FY22 and FY23)

Operating budget increased in total, general, and non-general funds (FY14–FY23)

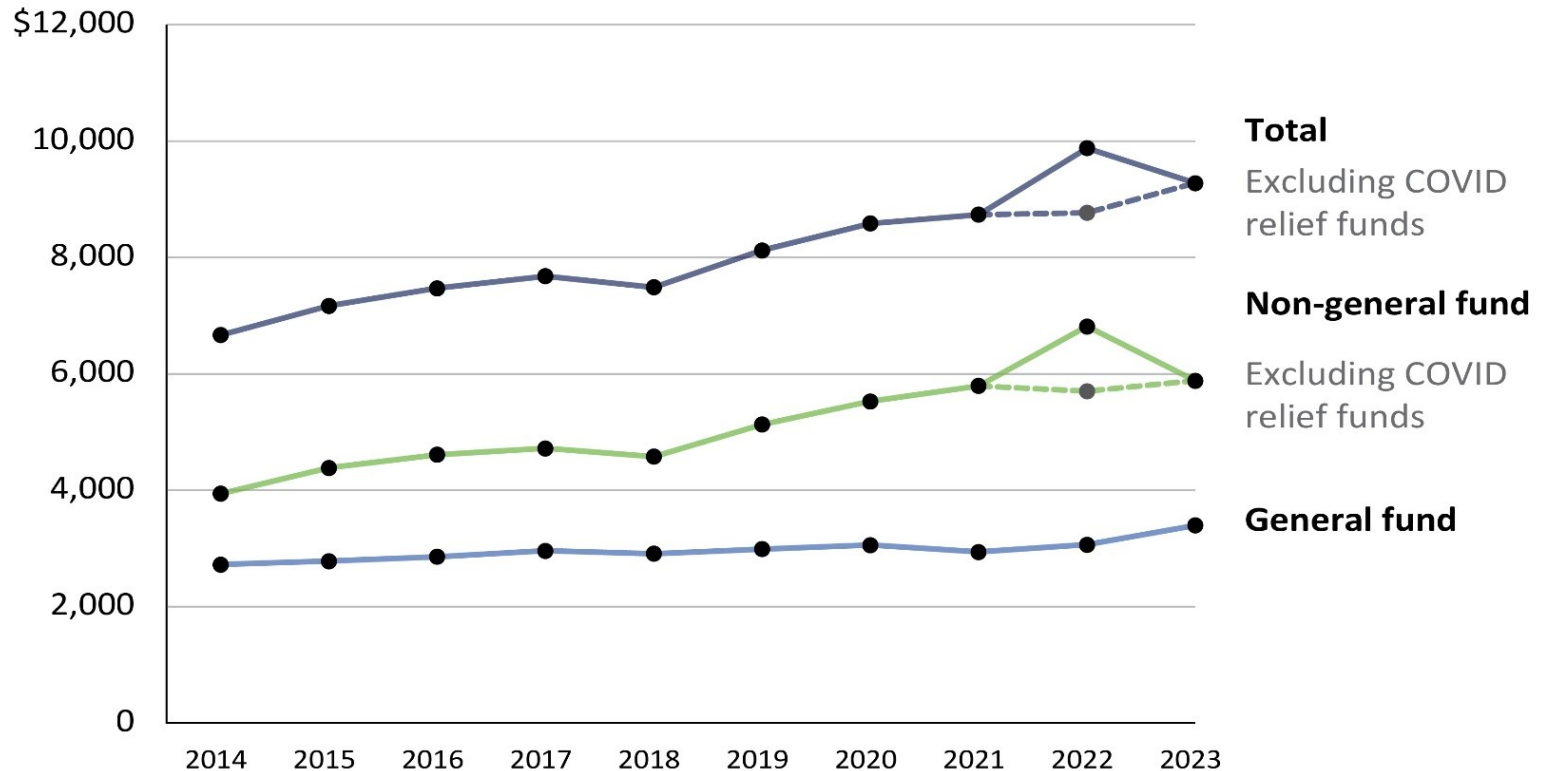


Not adjusted for inflation.

Annual general fund budget growth is 3 percent, adjusted for inflation and population (FY14–FY23)

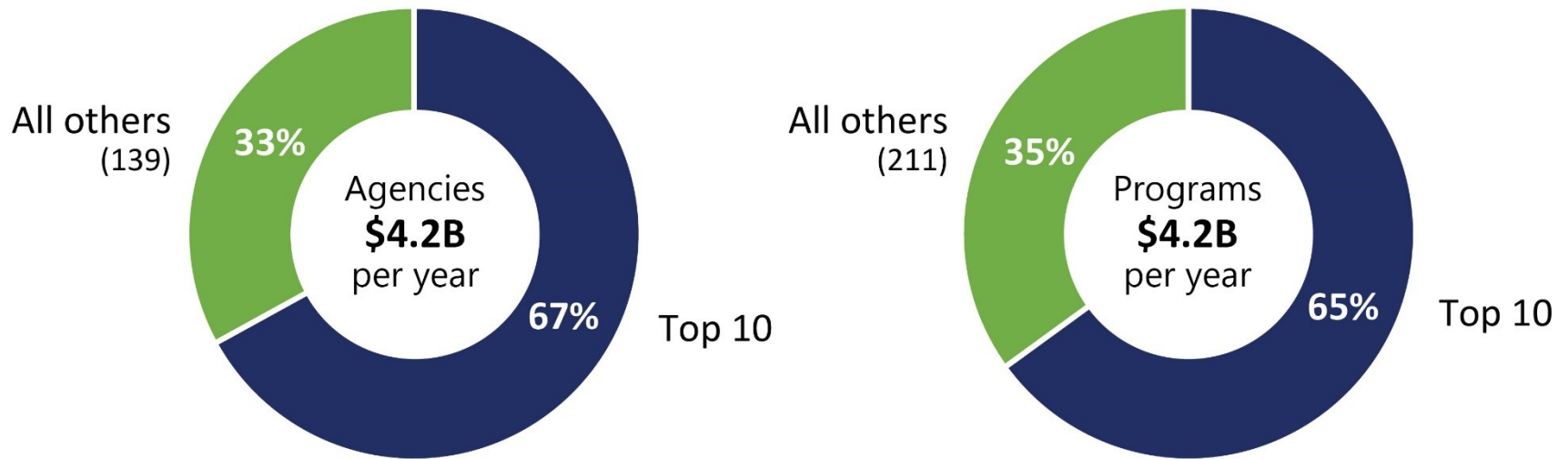


Adjusted for inflation, Virginia's total budget per capita generally increased each year, with the largest increase between FY21 and FY22



*Adjusted for inflation and population.

Majority of total budget growth occurred in 10 agencies and programs (FY14–FY23)



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

Total appropriations (FY14–FY23)

10 agencies with highest growth amount

Agency	Avg annual growth amount (\$M)	Avg annual growth rate	% of total growth
1 DMAS	\$1,354	11%	32%
2 DOE (direct aid)	479	6	11
3 VDOT	457	9	11
4 UVA	181	6	4
5 VDH	67	8	2
6 Va Tech	58	4	1
7 DCR	53	30	1
8 DRPT	53	11	1
9 ABC	50	7	1
10 DOC	48	4	1
Total, top 10	\$2,799	8%	67%

Not adjusted for inflation. Numbers may not sum because of rounding.

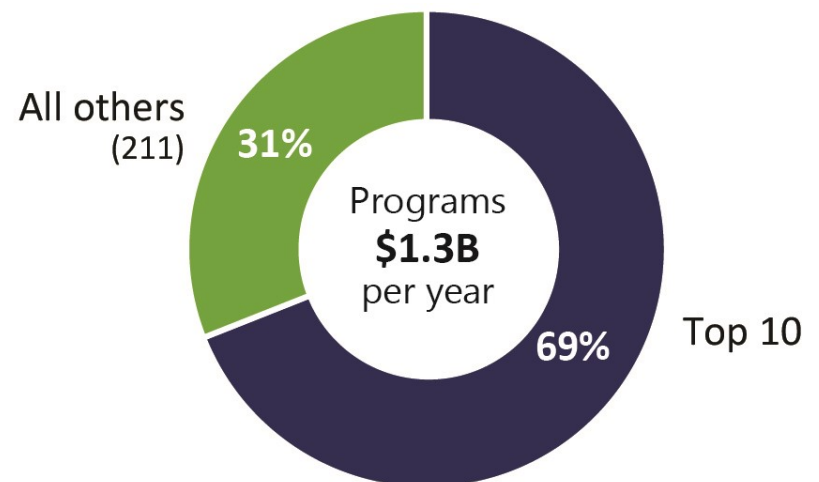
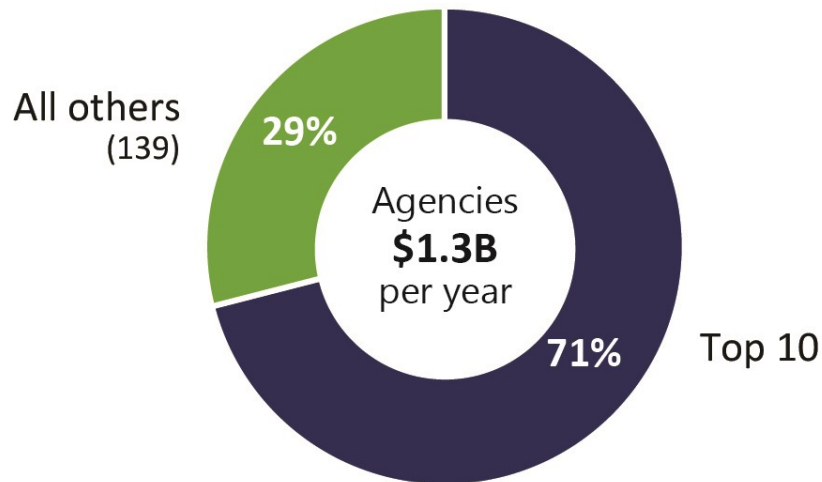
Total appropriations (FY14–FY23)

10 *programs* with highest growth amount

Program	Avg annual growth amount (\$M)	Avg annual growth rate	% of total growth
1 Medicaid program services	\$1,306	11%	31%
2 State education assistance programs	429	6	10
3 Highway construction programs	332	15	8
4 Higher ed: Educ. & gen. (E&G) services	204	4	5
5 Fin. assist. to localities (transportation)	111	17	3
6 State health services	110	5	3
7 Highway system maint. & operations	71	4	2
8 Higher ed: Fin. assist. for E&G services	67	4	2
9 Alcoholic beverage merchandising	49	7	1
10 Land and resource management	47	54	1
Total, top 10	\$2,727	8%	65%

Not adjusted for inflation. Numbers may not sum because of rounding.

Majority of general fund budget growth occurred in 10 agencies and programs (FY14–FY23)



General fund appropriations (FY14–FY23)

10 agencies with highest growth amount

Agency	Avg annual growth amount (\$M)	Avg annual growth rate	% of total growth
1 DOE (Direct aid)	\$434	7%	33%
2 DMAS	239	6	18
3 DBHDS	64	8	5
4 DOC	48	4	4
5 DCR	43	46	3
6 Treasury Board	38	5	3
7 DHCD	23	21	2
8 VCCS	22	5	2
9 Compensation Board	21	3	2
10 VSP	17	6	1
Total, Top 10	\$951	6%	71%

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

General fund appropriations (FY14–FY23)

10 *programs* with highest growth amount

Program	Avg annual growth amount (\$M)	Avg annual growth rate	% of total growth
1 State education assistance programs	\$412	6%	31%
2 Medicaid program services	225	6	17
3 Higher ed: Education & general services	93	6	7
4 Bond & loan retirement & redemption	38	5	3
5 Land and resource management	38	96	3
6 Personnel management services	28	230	2
7 Higher ed: student financial services	26	8	2
8 Financial assistance for health services	25	7	2
9 Economic development services	21	12	2
10 State health services	17	8	1
Total, Top 10	\$923	6%	69%

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

Non-general funds were responsible for majority of total budget growth (FY14–FY23)

Non-general fund category	Avg annual growth amount (\$M)	Avg annual growth rate	% of total growth
Federal Trust	\$1,260	14%	30%
Commonwealth Transportation	514	9	12
Dedicated Special Revenue	315	14	8
Higher Education Operating	291	3	7
Internal Service	267	---	6
Enterprise	126	7	3
Trust and Agency	69	3	2
Special	16	1	<1
Debt Service	6	2	<1
Non-general funds	\$2,862	8%	68%
General fund	\$1,331	6%	32%

Not adjusted for inflation. Numbers may not sum because of rounding.

Examples of non-general fund revenues collected and appropriated through state budget process

- Federal funding for Medicaid and K–12 education and periodic funding infusions for specific purposes*
- College tuition payments made by students and parents
- Revenues from motor vehicle and gasoline taxes
- Child support payments
- State employee payments for health insurance
- Hunting and fishing license fees

*Federal COVID-19 relief funds.

Non-general fund appropriations (FY14–FY23)

10 agencies with highest growth amount

Agency	Avg annual growth amount (\$M)	Avg annual growth rate	% of total growth
1 DMAS	\$1,114	14%	39%
2 VDOT	455	9	16
3 UVA	173	6	6
4 VDH	57	9	2
5 DRPT	53	11	2
6 ABC	50	7	2
7 Va Tech	48	4	2
8 DOE (direct aid)	45	3	2
9 DOE (central office)	33	53	1
10 GMU	33	4	1
Total, top 10	\$2,062	9%	72%

Not adjusted for inflation. Numbers may not sum because of rounding.

Key findings

- Virginia's total budget grew 7% per year, on average, over the last 10 years (4% when adjusted*)
- General fund budget grew 6% per year, on average, over the last 10 years (3% when adjusted*)
- General fund budget had above-average growth since FY21 mostly because of increased spending for DOE and DMAS and one-time appropriation of surplus general fund revenue

*Adjusted for population and inflation.

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