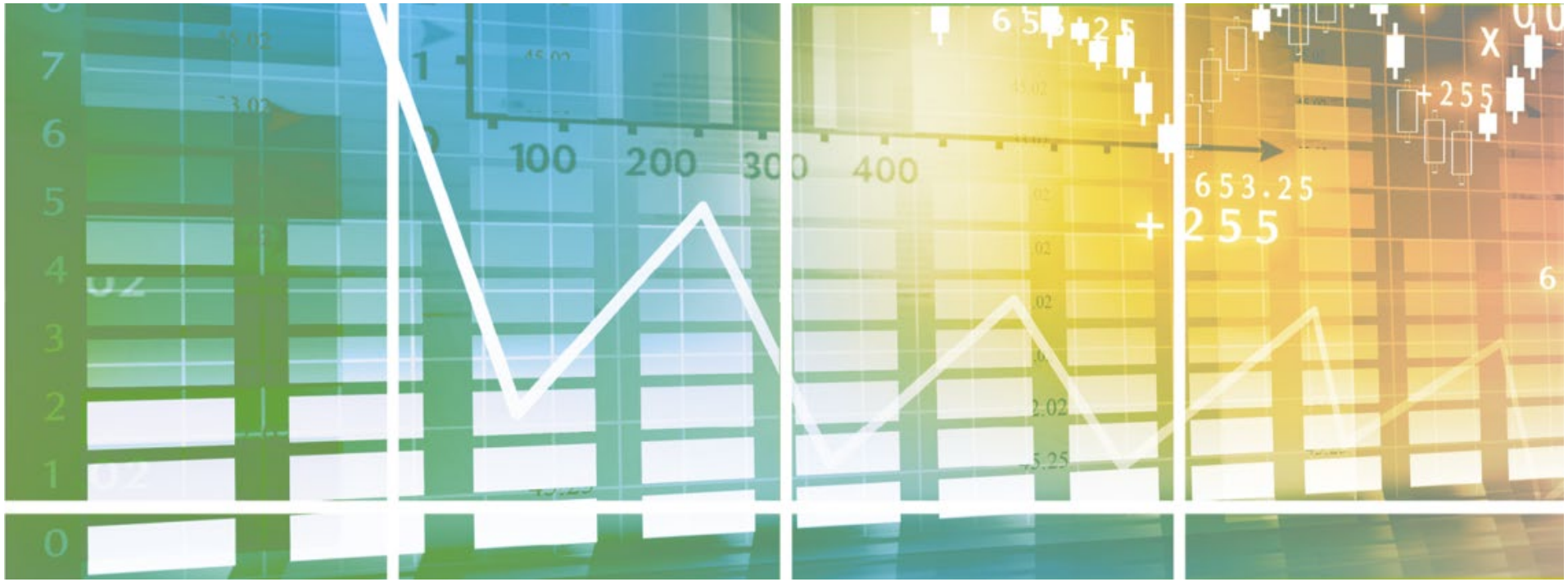
JLARC
JOINT LEGISLATIVE AUDIT AND REVIEW COMMISSION

October 13, 2026



State Spending: 2026 Update

Commission Briefing

Study mandate

- JLARC to annually review state spending for previous 10 fiscal years (FY17–FY26)
  - Identify largest & fastest-growing agencies and programs
  - Identify causes of expenditure growth
- JLARC to assess flow of state revenues and expenditures between the state and localities

Code of Virginia § 30-58.3

In Brief

- Total budget growth over the past decade was driven primarily by Medicaid, K–12 education, and higher education spending
  - Non-general funds accounted for most of the budget growth
  - Budget growth was modest after adjusting for inflation and population
- State spending per tax dollar paid is generally higher in Southwest and Southern Virginia than in Northern Virginia and the Richmond region
- Large revenue-generating localities are also major recipients of state funding though they may receive a low return per tax dollar paid

In this presentation

Section 1	State spending (FY17–FY26)
Section 2	Flow of state revenues and expenditures (FY25)

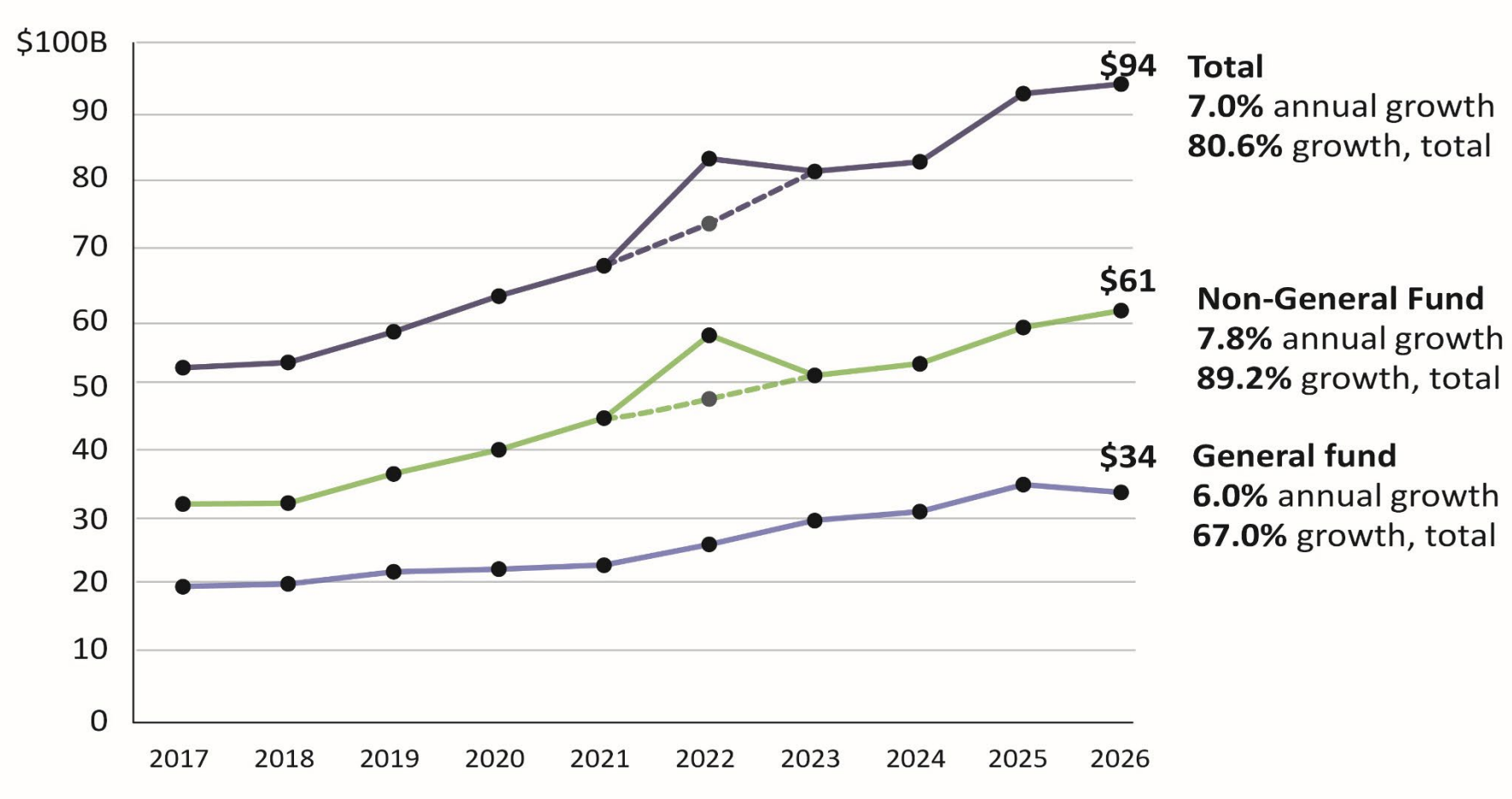
Section 1

State spending (FY17–FY26)

Virginia's total operating budget was $94 billion in FY26, 2 percent more than in FY25

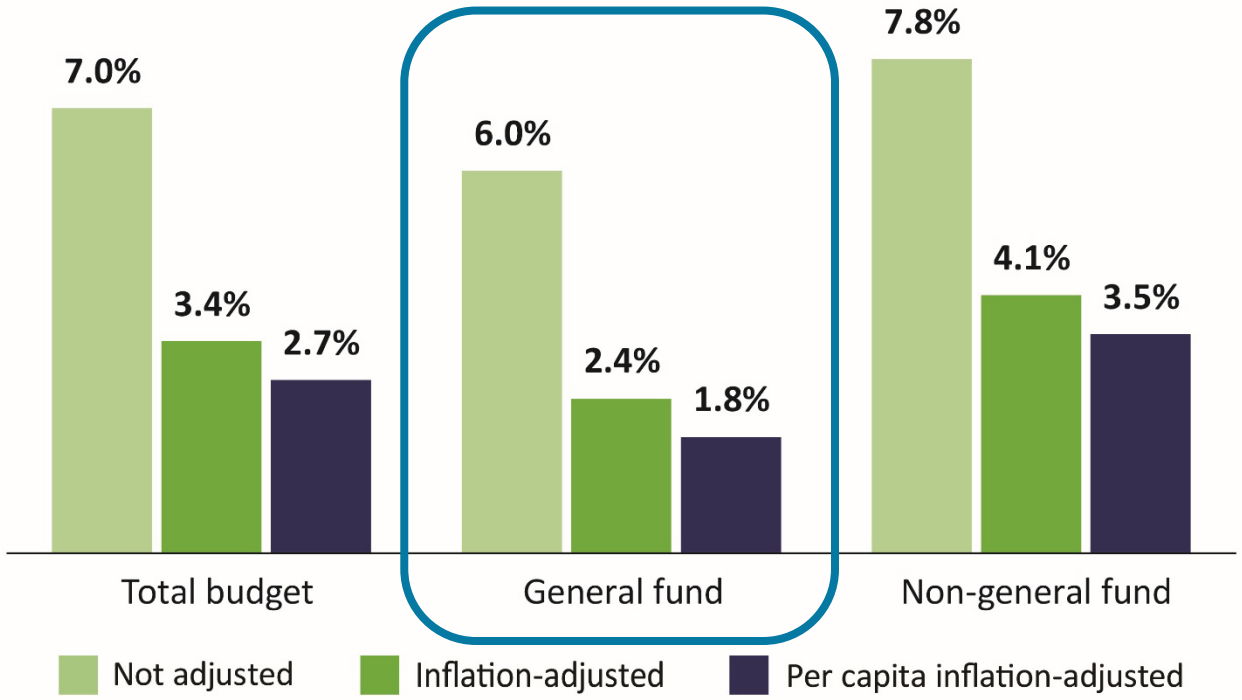
- Most of the budget growth was attributable to DMAS appropriations for increased Medicaid utilization and inflation
- Total budget growth was moderated by a 3.4% decrease in FY26 general fund appropriations compared with FY25
  - FY25 had an unusually large starting balance ($4.5 billion) from unappropriated funds and a surplus in FY24
  - Revenue projections for FY25 were increased, and actual FY25 revenue exceeded initial and revised projections
  - Additional revenue available in FY25 was used for one-time expenditures

Operating budget increased in total, general, and non-general funds (FY17–FY26)



Not adjusted for inflation. Dashed lines exclude federal COVID-19 relief funds.

Annual general fund budget growth is 2 percent, adjusted for inflation and population (FY17–FY26)



Total appropriations (FY17–FY26)
10 *agencies* with highest growth amount

Rank	Agency	Average annual growth amount ($M)	Average annual growth rate	% of total growth
1	DMAS	$2,090	13%	45%
2	DOE (direct aid)	612	7	13
3	UVA [a]	306	8	7
4	VDOT	188	3	4
5	DBHDS	84	6	2
6	Va Tech	73	5	2
7	GMU	68	6	1
8	DSS	67	3	1
9	SCC	67	33	1
10	VCU	50	4	1
	Total, top 10	**$3,604**	**8%**	**77%**

Not adjusted for inflation. Numbers may not sum because of rounding. [a] Includes the medical center.

Total appropriations (FY17–FY26)
10 *programs* with highest growth amount

Rank	Program	Average annual growth amount ($M)	Average annual growth rate	% of total growth
1	Medicaid program services	$2,017	13%	43%
2	State education assistance programs	477	6	10
3	Higher ed: Education & general (E&G) services	286	5	6
4	State health services	191	7	4
5	Highway system maintenance & operations	115	6	2
6	Higher ed: financial assist. for E&G services	83	5	2
7	Fin. assist. to localities: ground transportation	82	7	2
8	Federal education assistance programs	66	6	1
9	Plan management	62	349	1
10	Highway construction programs	62	4	1
	Total, top 10	**$3,441**	**8%**	**74%**

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

General fund appropriations (FY17–FY26)
10 *agencies* with highest growth amount

Rank	Agency	Average annual growth amount ($M)	Average annual growth rate	% of total growth
1	DOE (Direct aid)	$484	7%	32%
2	DMAS	399	7	27
3	DBHDS	93	9	6
4	DOC	43	3	2
5	VCCS	31	6	2
6	Treasury Board	30	4	2
7	Compensation Board	29	4	2
8	VSP	24	7	2
9	SCHEV	24	16	2
10	CSA	21	6	1
	Total, Top 10	**$1,177**	**6%**	**79%**

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

General fund appropriations (FY17–FY26)
10 *programs* with highest growth amount

Rank	Program	Average annual growth amount ($M)	Average annual growth rate	% of total growth
1	State education assistance programs	$430	6%	29%
2	Medicaid program services	368	7	25
3	Higher ed: E & G services	122	6	8
4	Higher ed: student financial assistance	62	113	4
5	Financial assistance for health services	41	9	3
6	Bond & loan retirement and redemption	30	4	2
7	Fin. assistance: sheriffs' offices, regional jails	21	4	1
8	Protective services (CSA)	21	6	1
9	Public safety: admin and support services	19	9	1
10	Children's Health Insurance Program delivery	18	54	1
	Total, Top 10	**$1,133**	**6%**	**76%**

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

Non-general funds contributed to majority of total budget growth (FY17–FY26)

Non-general fund category	Avg annual growth amount ($M)	Avg annual growth rate	% of total growth
Federal Trust	$1,670	15%	36%
Higher Education Operating	434	4	9
Dedicated Special Revenue	422	13	9
Commonwealth Transportation	319	5	7
Enterprise	149	7	3
Special	72	4	2
Internal Service	65	3	1
Trust and Agency	49	2	1
Debt Service	(2)	<0	<0
Non-general funds	**$3,178**	**8%**	**68%**
General fund	**$1,497**	**6%**	**32%**

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

Non-general fund appropriations (FY17–FY26)
10 agencies with highest growth amount

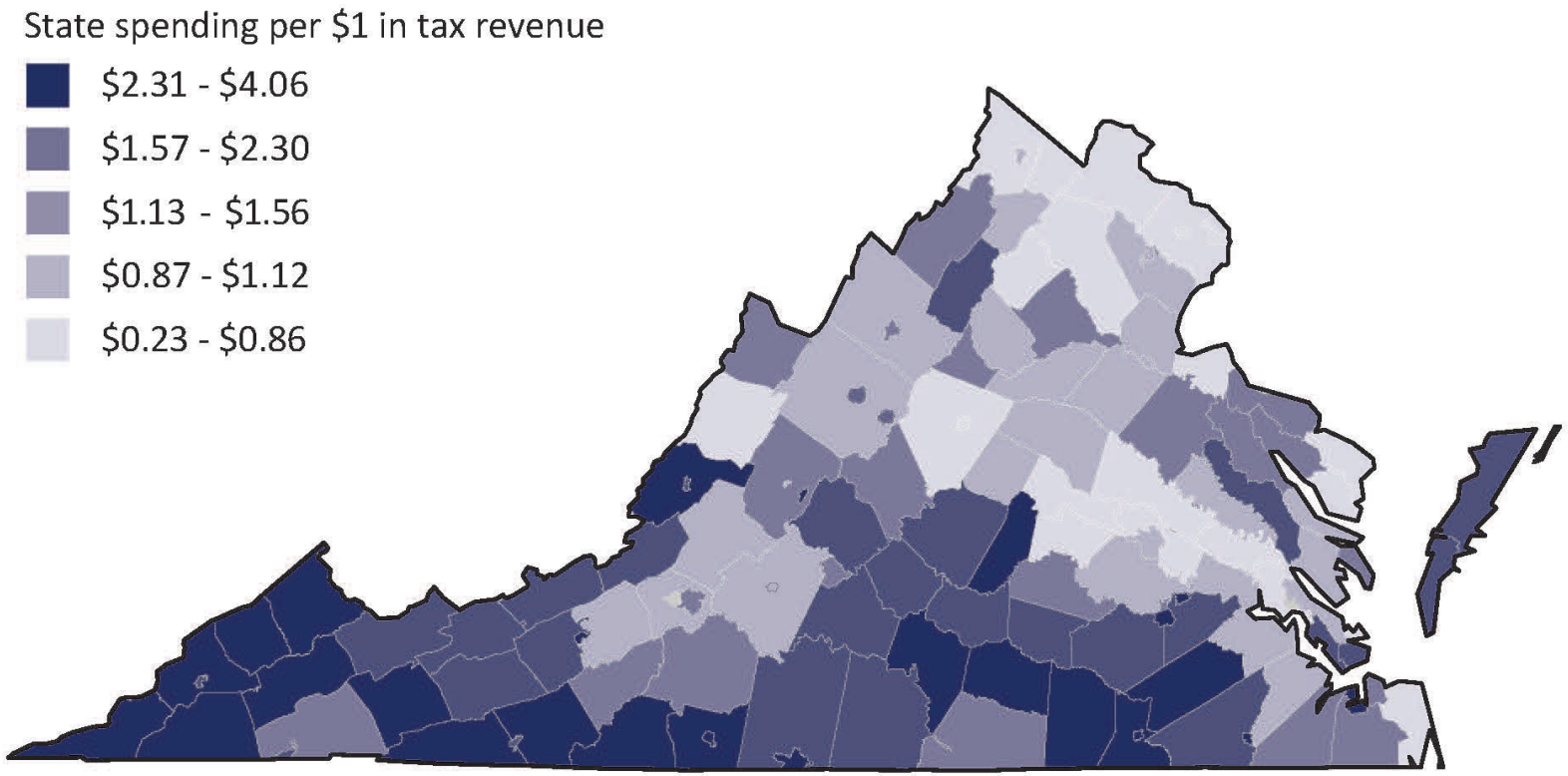
Rank	Agency	Average annual growth amount ($M)	Average annual growth rate	% of total growth
1	DMAS	$1,691	16%	53%
2	UVA [a]	295	8	9
3	VDOT	190	3	6
4	DOE (direct aid)	128	7	4
5	SCC	64	35	2
6	Va Tech	59	4	2
7	ABC	50	6	2
8	GMU	48	5	2
9	DSS	46	3	1
10	VPA	45	17	1
	Total, top 10	**$2,618**	**9%**	**82%**

Not adjusted for inflation. Numbers may not sum because of rounding. [a] Includes the medical center.

Section 2

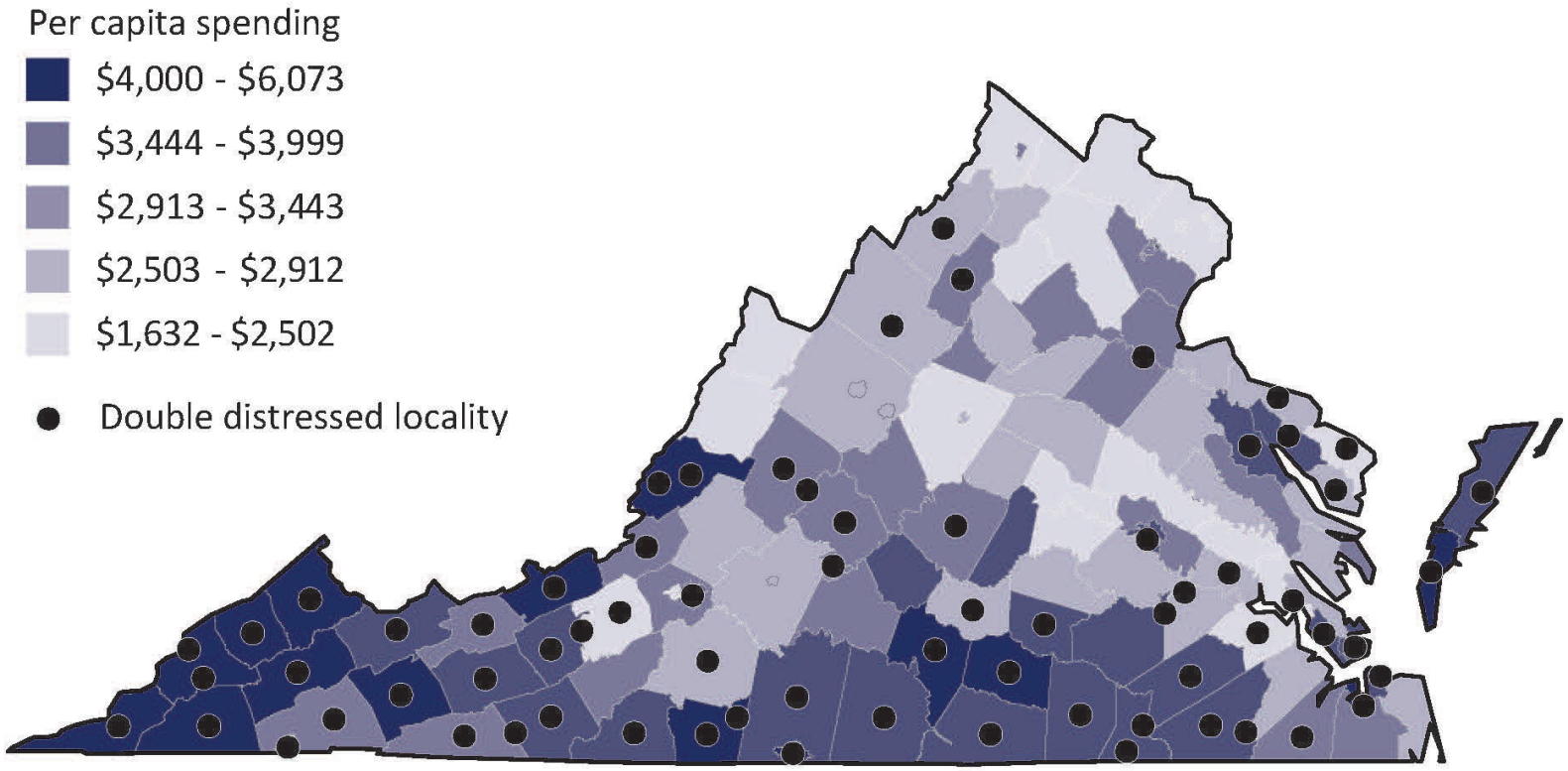
Flow of state revenues and expenditures (FY25)

State spending per tax dollar paid is highest in Southwest/ Southside, lowest in Northern Virginia and Richmond (FY26)



Includes state general fund revenue collections and general fund expenditures only.

Per capita spending tends to be higher in economically distressed areas, like Southwest and Southern Virginia (FY25)



Double distressed localities have poverty rates and unemployment rates higher than the statewide average.

Large revenue-contributing localities also receive substantial state funding

Rank	Locality	% general fund revenue contributed	Locality	% general fund spending received
1	Fairfax County	21%	Fairfax County	10%
2	Loudoun	8	Prince William	6
3	Prince William	5	Virginia Beach	5
4	Arlington	5	Chesterfield	5
5	Virginia Beach	5	Loudoun	4
6	Henrico	4	Henrico	4
7	Chesterfield	4	Richmond City	3
8	Alexandria	3	Norfolk	3
9	Richmond City	3	Chesapeake	3
10	Chesapeake	2	Newport News	3
	Top 10, total	**60%**	**Top 10, total**	**45%**

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