

**REPORT OF THE
JOINT LEGISLATIVE AUDIT AND REVIEW COMMISSION**

Review of State Spending: December 2005 Update

**TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA**



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In Brief...

Review of State Spending: December 2005 Update

The Joint Legislative Audit and Review Commission is required by §30-58.3 of the *Code of Virginia* to develop an annual report on State spending growth over the prior ten years – from FY 1996 through FY 2005.

Over the past decade, Virginia's operating budget has increased by 80 percent, growing from \$16.3 billion in FY 1996 to \$29.3 billion in FY 2005. When adjusted for inflation, the budget increased by 45 percent. When adjusted for inflation and population growth, the budget increased by 30 percent, an average annual increase of three percent.

The ten-year period under review included the period of economic growth of the late 1990s, reflected in three consecutive years of double-digit growth in Virginia's general fund revenues. The period also includes the downturn of FY 2002, when the general fund actually decreased 3.8 percent.

A variety of factors influence State spending, including economic conditions, federal mandates, State initiatives, agency workload changes, and policy choices.

Budget growth is highly concentrated in the largest State agencies and programs. In fact, 20 agencies (out of more than 140) accounted for 91 percent of the budget growth over the period. Three agencies accounted for nearly half the appropriations growth: the Departments of Education, Medical Assistance Services, and Transportation.

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Preface

Section 30-58.3 of the *Code of Virginia* requires the Joint Legislative Audit and Review Commission (JLARC) to develop an annual report on State spending growth over the prior ten years – from FY 1996 through FY 2005. This report is the fifth in JLARC's series on State spending.

Over the past decade, Virginia's operating budget increased by 80 percent, growing from \$16.3 billion in FY 1996 to \$29.3 billion in FY 2005. When adjusted for inflation, the budget increased by 45 percent. When inflation and population growth are taken into account, the budget increased by 30 percent, an average annual increase of three percent.

The ten-year period under review included the period of economic growth of the late 1990s, reflected in three consecutive years of double-digit growth in Virginia's general fund revenues. The period also includes the downturn of FY 2002, when the general fund actually decreased 3.8 percent.

A variety of factors influence State spending, including economic conditions, federal mandates, State initiatives, agency workload changes, and policy choices. The primary factors driving State spending growth over the ten-year period were inflation, population growth, and economic growth.

Budget growth is highly concentrated in the largest State agencies and programs, which constitute the traditional core services of State government. In fact, 20 agencies (out of more than 140) accounted for 91 percent of the budget growth over the period. Three agencies accounted for nearly half the appropriations growth: the Departments of Education, Medical Assistance Services, and Transportation.

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



Philip A. Leone
Director

January 24, 2006



JLARC Report Summary

Review of State Spending:

December 2005 Update

Section 30-58.3 of the *Code of Virginia* requires JLARC to develop an annual report on State spending growth, and to identify the largest and fastest growing functions and programs in the State budget. This report is the fifth in JLARC's series on State spending. The first four reports reviewed spending and budget growth over varying periods between FY 1981 and FY 2004. This report focuses on trends during the time period specified in the study mandate: the last five biennia, or the period from FY 1996 through FY 2005.

Virginia's Operating Budget Has Increased

Over the past decade, Virginia's total operating budget has increased by 80 percent, from \$16 billion in FY 1996 to \$29 billion in FY 2005. The average annual growth in the budget over this time period was seven percent. However, when adjusted for inflation, the operating budget increased by only 45 percent, with an annual inflation-adjusted growth rate of four percent. (See figure, next page.)

While inflation explains some of the growth in the budget over this period, population growth is also part of the explanation because more people were paying taxes and consuming State services in 2005 than in 1996. Over the past decade, Virginia's population increased an estimated 12 percent. After controlling for the effects of inflation and population growth, Virginia's total appropriations increased by 30 percent between FY 1996 and FY 2005, which is an average annual increase of three percent.

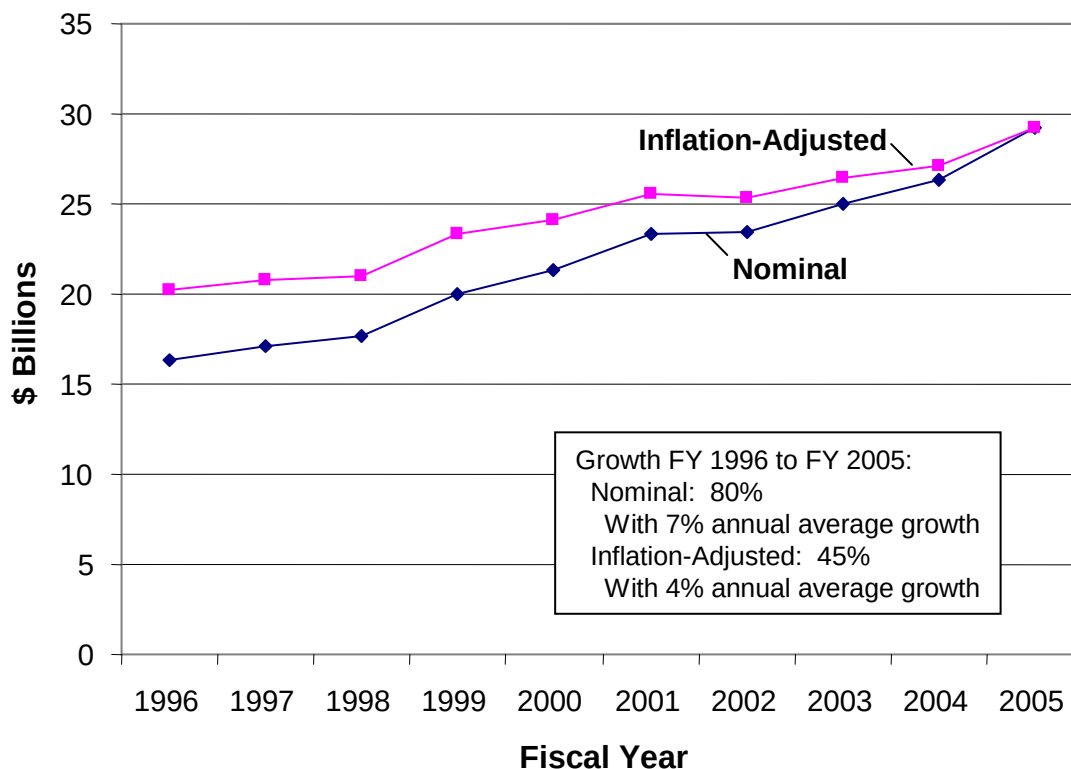
Several other factors also influenced the State's finances during the ten-year period covered by this report. Virginia became more prosperous as both per-capita personal income and gross State product increased. In addition, the period of this report encompasses the terms of three Virginia governors, each of whom had a variety of budget initiatives.

Growth Was Concentrated in Several Large Agencies and Programs

A small number of agencies and programs accounted for much of the \$13 billion budget growth over the ten-year period

Total Appropriations (FY 1996 to FY 2005)

Source: JLARC staff analysis of data from the Department of Planning and Budget.
Note: Excludes capital appropriations.



from FY 1996 to FY 2005. In fact, 20 agencies (out of more than 140 total agencies) accounted for 91 percent of the budget growth. The agencies with the most growth in total appropriations were the Departments of Education (\$2.4 billion), Medical Assistance Services (\$2.4 billion), and Transportation (\$1.3 billion). These three agencies alone accounted for nearly half the total appropriations growth.

General fund and non-general fund budget growth was also concentrated among a few large agencies. The Department of Education was responsible for nearly one-third of the \$6.2 billion in general fund growth. When including the Department of Medical Assistance Services (DMAS) and the personal property tax relief program, 60 percent of the general fund budget growth is accounted for. The personal property tax relief program began in 1999, and is now the sixth largest item in the budget at \$890 million. DMAS had the most growth in non-general fund appropriations (\$1.5 billion), and was followed by VDOT (\$1.0 billion) and the University of Virginia (\$772 million). These three agencies accounted for nearly half of the \$6.8 billion in non-general fund growth.

Similar to agency budget growth, a handful of large programs also accounted for much of the growth in total appropriations. Budget increases in 20 programs accounted for 78 percent of total appropriations growth. The Medicaid program had the most growth (\$2.1 billion), and was followed by financial assistance for public education (\$1.2 billion) and higher education instruction and support (\$1.0 billion).

The figure below shows the components of budget growth between FY 1996 and FY 2005, in terms of broad governmental functions. Individual and Family Services (which includes Medicaid and child support enforcement) and Education (which includes K-12 and higher education) accounted for more than 60 percent of the growth. The General Government function (which includes personal property tax relief and debt service) accounted for an additional 15 percent of the total growth in the State operating budget.

Composition of State Appropriations Growth by Government Function (FY 1996 to FY 2005)

Source: JLARC staff analysis of the respective Appropriation Acts.

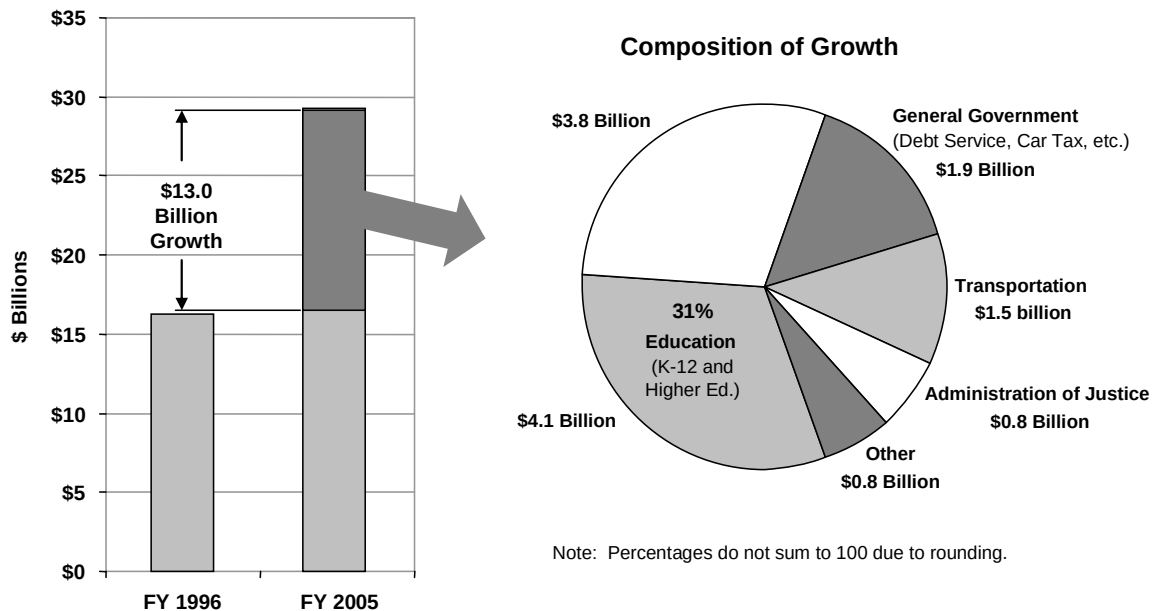


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Overview of Virginia's Budget Growth

In Summary...

Over the past decade, Virginia's operating budget has increased by 80 percent. When adjusted for inflation, the budget increased by 45 percent, and when adjusted for both inflation and population, the budget increased by 30 percent, which is an average annual increase of three percent. In addition to inflation and population growth, a number of other factors helped shape Virginia's budget over the past decade. These include substantial State economic growth, federal mandates which required additional State spending, and various State initiatives and policy choices, such as decisions to provide tax relief and to improve government programs.

Section 30-58.3 of the *Code of Virginia* (Appendix A) requires the Joint Legislative Audit and Review Commission (JLARC) to develop an annual report on State spending growth over the prior five biennia – from FY 1996 through FY 2005. The statute requires JLARC to identify the largest and fastest growing functions and programs in the State budget, and analyze the long-term trends and causes of spending in these programs.

Other recent reports have addressed aspects of this requirement. A series of JLARC Special Reports in 2002-2003 identified opportunities for efficiencies, savings, and revenue enhancements, many of which were implemented. The work of the HJR 159 Joint Subcommittee on Boards and Commissions, assisted by research conducted by JLARC staff, recommended the elimination of 60 boards, commissions, and collegial bodies; 58 of these entities were subsequently eliminated.

This report is the fifth in JLARC's series on State spending. The first four reports reviewed spending and budget growth over different periods between FY 1981 through FY 2004. This report focuses on trends during the time period specified in the study mandate, the period from FY 1996 through FY 2005. A brief review of the methods used in compiling this report is included in Appendix B. The definitions of terms used in Virginia's budget are discussed in Appendix C. Appendixes D through H show different budget and demographic trends.

OVERVIEW OF BUDGET GROWTH

Virginia's budget has increased since FY 1996, the starting point for this review. The State operating budget increased 80 percent between FY 1996 and FY 2005, growing from \$16 billion to \$29 billion (Table 1). The average annual growth in the budget was seven percent. However, when adjusted for inflation, the operating budget increased by only 45 percent over this time period, with an annual average inflation-adjusted growth rate of four percent (Figure 1).

Table 1
Virginia Operating Appropriations
(Not Adjusted for Inflation, Dollars in Millions)

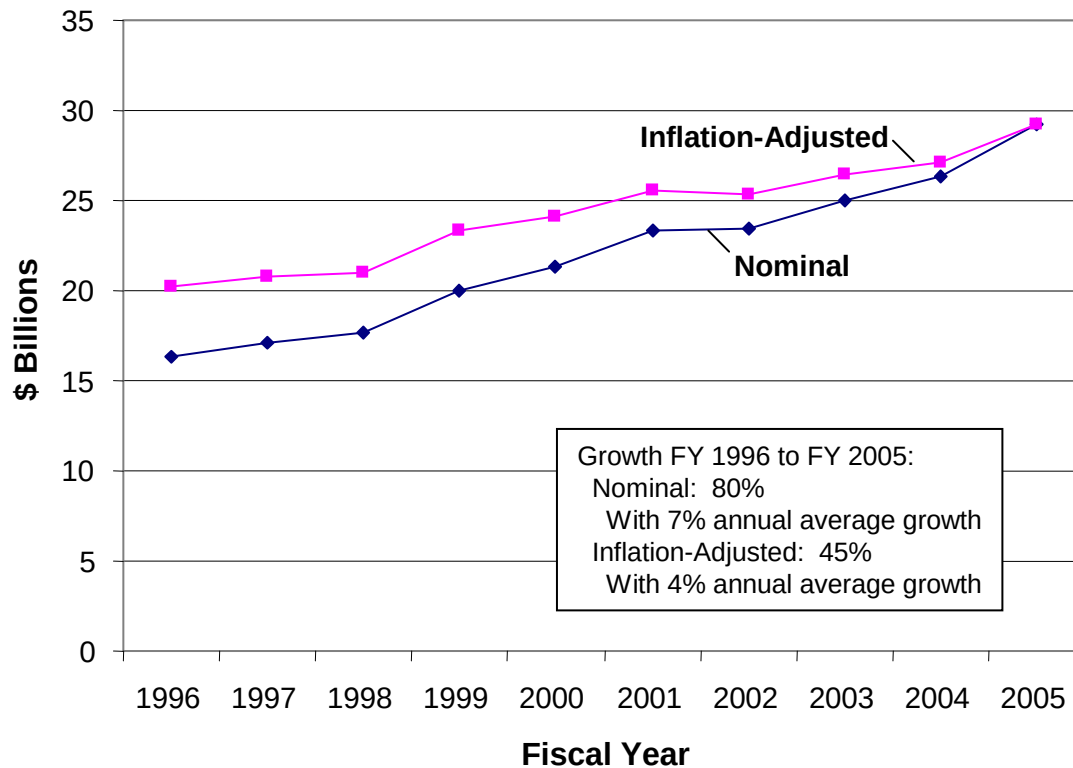
Source: JLARC staff analysis of final Appropriation Act for each biennium.
Note: Excludes capital appropriations.

<u>Fiscal Year</u>	<u>General Fund</u>	<u>Percent Change</u>	<u>Non-General Funds</u>	<u>Percent Change</u>	<u>Total</u>	<u>Percent Change</u>
1996	\$7,597	--	\$8,694	--	\$16,291	--
1997	8,134	7%	8,997	4%	17,131	5%
1998	8,715	7	8,905	-1	17,621	3
1999	9,967	14	9,995	12	19,962	13
2000	11,093	11	10,276	3	21,369	7
2001	12,284	11	11,039	7	23,323	9
2002	12,014	-2	11,469	4	23,483	1
2003	12,105	1	12,878	12	24,983	6
2004	12,370	2	14,009	9	26,379	6
2005	\$13,782	11	\$15,476	10	\$29,258	11
1996-2005		81		78		80
Average Annual Change		7%		7%		7%

The ten-year period under review includes the periods of economic growth of the late 1990s, reflected in three consecutive years of double-digit growth in Virginia's general fund revenues (Figure 2). The national recession that began in 2001 quickly affected Virginia's budget, reflected in the decrease of \$270 million in the FY 2002 general fund budget. General funds derive from general tax revenues, such as the personal income tax, and may be used for general governmental purposes. Most of the growth in Virginia's overall budget in the years immediately following FY 2001 was in non-general funds. Non-general funds are earmarked by law for specific purposes and are from sources such as college tuition payments or gasoline taxes.

Figure 1
Total Appropriations, FY 1996 to FY 2005

Source: JLARC staff analysis of data from the Department of Planning and Budget.
 Note: Excludes capital appropriations.



By FY 2004, general fund appropriations had returned to their FY 2001 level after a year of decline and two more years of below-average growth (FY 2002 saw a decline of two percent). In FY 2005, the effects of an improved economy along with tax policy changes adopted during the 2004 Special Session resulted in a double-digit rate of increase in general fund appropriations. In fact, the 11-percent increase in general fund appropriations in FY 2005 was the second largest increase over the past decade.

Figure 1 indicates that inflation explains some of the growth in the budget over the past ten years, but population growth is also part of the explanation because there were more people paying taxes and consuming State services in 2005 than in 1996 (Table 2). Once the effects of inflation are removed, growth in State appropriations drops from 80 percent to 45 percent over the period, or four percent on an average annual basis.

Figure 2
General Fund Appropriation Growth Has Varied Significantly

Source: JLARC staff analysis of data from the Department of Planning and Budget.

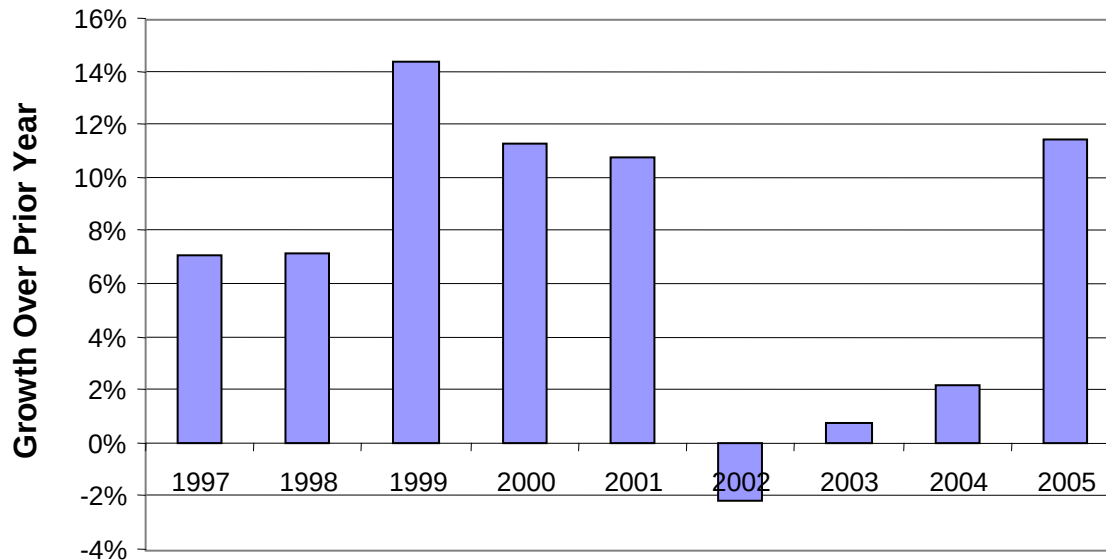


Table 2
Effects of Inflation and Population Growth on Appropriations, FY 1996 to FY 2005

Source: JLARC staff analysis.

	<u>10-Year Cumulative Percent Change</u>	<u>Average Annual Percent Change</u>
Final Legislative Appropriations (Unadjusted)	80%	7%
Inflation-Adjusted	45	4
Per Capita, Inflation-Adjusted	30	3

After controlling for the effects of inflation and population growth, Virginia's total appropriations increased 30 percent, an average annual increase of three percent.

Many other factors also influenced the State's finances during the ten-year period covered by this report. Virginia became more prosperous as both per-capita personal income and gross State product increased over this period. However, growth was not uniformly distributed across the State, as several localities experienced declines in both population and per-

sonal income during the period, while other localities greatly exceeded the statewide rates. The period of this review also encompasses the terms of three Virginia governors, each of whom had a variety of budget initiatives.

MAJOR BUDGET DRIVERS

There are several ways of explaining State budget trends. National factors such as inflation must be considered in understanding long-term growth. Economic and population growth also has important impacts on State revenue and spending. Certain “budget drivers” – which include major trends or significant events that promote State budget growth, as well as large-budget State agencies and programs – also account for significant budget trends. Other important factors include State initiatives, federal mandates, and changes in the populations served and workloads managed by State agencies and programs.

Another factor in understanding Virginia’s budget is the requirement in the *Constitution of Virginia* that all State spending may occur only as provided by appropriations made by the General Assembly. Therefore, funds as varied as child support payments, college tuition, fines paid pursuant to criminal and civil proceedings, and payments by State employees for health insurance, must first be appropriated by the General Assembly. In the case of many of these funding sources, the State budget serves merely as a conduit for money earmarked by statute for specific purposes. Growth in these funding sources nevertheless helps drive up the State budget.

It should also be noted that this report does not address the adequacy of funding in governmental functions, agencies, or programs. Consistent with the legislative mandate for this report, this report attempts only to identify long-term trends and factors that appear to underlie the trends.

Inflation Increased 24 Percent

As already noted, inflation, which is a general increase in the level of prices, explains some of the increase in the State budget. As measured by the consumer price index, inflation increased by 24 percent between FYs 1996 and 2005, the period of this review. This means, in general terms, that the State budget would have had to increase by that percentage just to maintain the same service levels. Controlling for the effects of inflation, Virginia’s total appropriations increased 45 percent over the period (Table 2), instead of the unadjusted 80 percent.

Adjusting for inflation can help better explain underlying budget changes. The inflation measure most widely used is the consumer price index for all urban consumers, which is used in this report to adjust total appropriations and expenditures for inflation. There are also measures of program-specific inflation. Any given program may experience faster or slower rates of inflation depending on the particular mix of goods and services purchased by that program. For instance, medical care inflation (as reported by the U.S. Bureau of Labor Statistics) increased 41 percent over the 10 years between 1996 and 2005. After controlling for medical care inflation, Virginia's Medicaid spending increased 37 percent over the period.

Virginia's Population Grew 12 Percent

Virginia became more populous over the period under review. Virginia's population increased an estimated 12 percent between 1996 and 2005, from 6.8 million to 7.6 million people (Table 3), according to the Weldon Cooper Center at the University of Virginia. The U.S. Census Bureau indicates that Virginia was the 17th fastest-growing state between 1990 and 2000. As previously indicated, after controlling for the effects of inflation and population growth, Virginia's total appropriations increased 30 percent, or an average annual increase of three percent.

While total population increased over the period, and most localities gained population, there were some areas of population loss. Thirty localities (13 counties and 17 cities) are estimated to have lost population between 1996 and 2004 (Appendix E). Localities that are gaining population tend to have different public sector priorities than localities that are losing population – perhaps emphasizing school construction, for example, more than economic development.

Changes in population levels and demographics can drive budget increases. Not only do localities that are gaining or losing significant numbers of people tend to have different needs and expectations for public services, there are two age groups in particular that may influence the provision of State services and State funding: older residents and the school-age population. For instance, the number of older Virginians (over 65 years of age) increased 15 percent over the past decade, faster than the 12-percent increase in the overall population. At the same time, public school enrollment grew at a rate of ten percent, slightly below that of the overall population. Other indicators of change in the economy and population during the period are shown in Table 3.

Table 3
The Context of Change in Virginia
Selected Indicators, 1996 to 2005
(Dollar Changes Not Adjusted for Inflation)

Source: JLARC staff analysis of data from various agencies.

	<u>1996</u>	<u>2005</u>	<u>Percent Change</u>
Population			
Population (Estimated)	6,759,800	7,552,581	12%
Economy			
Total Employment in Virginia (June; Non-Farm)	3,129,100	3,637,600	16
Total State Personal Income (Millions)	\$169,001	\$269,862 ¹	60
Per-Capita Personal Income	\$25,034	\$36,175 ¹	45
State Finance			
State Operating Budget (Millions)	\$16,291	\$29,258	80
State General Fund Operating Budget (Millions)	\$7,597	\$13,782	81
Maximum State Employment Level	107,993	112,099	4
Average State Employee Salary	\$26,949	\$36,848	37
State Workloads/Populations Served			
Elementary & Secondary Education Enrollment	1,069,907	1,175,734	10
Enrollment, 4-Year Colleges & Universities	167,503	189,824 ²	13
Undergraduate Tuition & Fees (Public 4-Year)	\$2,717	\$3,812 ³	40
Medicaid-Eligible Recipients	724,604	764,415 ¹	5
AFDC/TANF average monthly paid cases	66,177	33,149 ¹	-50
Child Support Enforcement Collections (Millions)	\$250.4	\$534.1 ¹	113
State-Responsible Inmate Population	28,743	35,899	25
Probation & Parole Caseload	34,820	48,690	40
MHMR Institutional Daily Average Census	4,354	3,031	-30
Registered Vehicles	5,636,956	7,037,698 ¹	25
Vehicle Miles Traveled (Billions of Miles)	71.3	78.9 ¹	11
State Park Visitors (Millions)	4.7	6.3 ⁴	34
Nursing Home Beds	31,104	32,494	4%

¹ 2004 data.

² 2004-2005 school year.

³ 2005-2006 school year.

⁴ 2003 data.

Virginia's growing population suggests a demand for higher service levels in some State programs, such as education (elementary, secondary, and higher) and transportation. Areas with declining population may have greater need for other State activities, such as economic development. Other populations served by State programs such as Temporary Assistance for Needy Families (TANF), unemployment insurance, and Medicaid expand or contract at least partly in response to Virginia's economic performance.

Virginia's Economic Growth Has Been Substantial

The Virginia economy grew over the period, as indicated by several commonly used measures of economic activity: personal income, employment, and gross State product. The importance of a growing economy and greater wealth is that, on the supply side, a wealthier population generates increasing revenues. On the demand side, new business and population centers require additional public sector services from roads to schools and public safety.

Many Virginians became more prosperous during the period covered in this report. Real per-capita personal income (adjusted for inflation) grew 20 percent from 1996 to 2004, according to the most recent data from the U.S. Bureau of Economic Analysis. This rate of growth placed Virginia 6th among the 50 states in terms of real per-capita growth in personal income during the period.

Although personal income increased in Virginia over the period from 1996 to 2004, like population, it did not increase uniformly across the State. Growth at rates more than the statewide level in per-capita inflation-adjusted personal income occurred in 28 localities over the period. Income growth was geographically concentrated, as more than half the personal income growth in Virginia during the eight-year period occurred in just ten localities in Northern Virginia, the Richmond area, and Virginia Beach.

Economic growth has been driven in part by increases in the workforce. Employment in the non-farm workforce grew 16 percent between 1996 and 2005, from 3.1 million to 3.6 million employees. The portion of the population participating in the workforce also increased from 46 percent of the population in 1996 to 48 percent in 2005.

Shifts to higher paying service industries also characterize Virginia's recent economic growth. Employment in manufacturing, for example, declined 19 percent between 1996 and 2005, while employment in education and health services and professional and business services increased 32 percent. Total government employment (federal, state, local, and other) grew more slowly, increasing ten percent over the nine-year period.

Related to the general increases in employment, Virginia's gross State product also increased over the past decade. When adjusted for inflation, gross State product increased 32 percent between 1997 and 2004.

Key Workload Indicators of Government Programs Have Generally, But Not Uniformly, Increased

The broad demographic and economic changes described above influenced the workload of several major State government programs, although there is no consistent trend (Table 4). Some grew significantly while others declined. Potential inadequacies or inefficiencies in the base year of FY 1996 can be a factor. Specific policy choices and other factors also help explain budget changes.

The link between agency workloads and their respective State agency budgets is not always clear or consistent, as illustrated in Table 4. In many cases an array of factors is at work, including not only changes in workload but also policy decisions to make changes in programs and funding levels. In some cases, growth in the service population increased more slowly than real (inflation-adjusted) growth in the agency's budget. This is because the budgets for many agencies are driven by more than just the service population or workload measures. The increase in the public education budget, for example, can be partly explained through increased enrollments. However, costs were also re-benchmarked to take into account higher prevailing (typical) school division costs in providing programs

Table 4
Selected Workload Indicators and Inflation Adjusted Budget Change
(Total Operating Budget, FY 1996 to FY 2005)

Source: JLARC staff analysis of agency and budget data.

Note: Agency appropriations adjusted for changes in CPI-U except as indicated.

<u>Workload Indicator</u>	<u>Percent Change in Workload or Budget</u>
Elementary and Secondary Education Enrollment (Average Daily Membership)	10%
Direct Aid to Public Education Budget	42
4-Year Public College & University Enrollment (Fall Headcount)	13
4-Year Public College & University Budgets	44
Medicaid-Eligible Recipients ¹	5
Medical Assistance Services (Medicaid) Budget Adjusted for Medical Inflation	37
TANF Average Paid Cases ¹	-50
Temporary Income Supplemental Services Program Budget	-49
Registered Vehicles ¹	25
Vehicle Miles Traveled ¹	11
Department of Transportation Budget	37
State-Responsible Inmate Population	25
Probation and Parole Caseload	40
Department of Corrections Budget	29

¹ FY 1996 to FY 2004.

to meet the State Standards of Quality (SOQ). In addition, incentive-based accounts were established and other funding initiatives undertaken to address perceived funding inadequacies and to enhance the level of support for public education.

In other cases, such as the State-responsible inmate population and the probation and parole caseload, the populations served by the agency increased at roughly the same rate as the real growth in the agency's budget. In still other agencies, both budget levels and service populations declined over the past decade. A good example is the appropriation for temporary income assistance (TANF) and the TANF average paid cases, both of which decreased by nearly 50 percent over the past decade.

Additional background on these trends may be found in the agency profiles included in *Interim Report: Review of State Spending* (House Document 30 (2002)). Federal mandates, discussed in the following section, also account for some of the budget growth during this ten-year period.

Federal Mandates Help Drive State Spending

Federal legislation often requires the State to provide matching funds in order to receive federal funds. In some cases, simply to continue participating in a federal program requires substantial State funding.

In most cases the federal government provides some funding for federal mandates and incentive programs. These funds provide states an opportunity to pursue programs they might not otherwise attempt. The largest federal programs in Virginia are the Medicaid and highway construction programs. The ten largest federal programs, including Medicaid and highway construction, represented \$4.8 billion in federal spending in Virginia in federal fiscal year (FFY) 2003. The matching rate Virginia is required to provide for federal programs varies from program to program. Many of these programs also impose substantial administrative or regulatory requirements on the State to maintain its eligibility.

The Medicaid program, which pays for health care for certain eligible individuals, is such an example. Medicaid is the largest federal program in the Virginia budget with \$2.1 billion in federal funds and a total budget of \$4.3 billion in FY 2005. In the case of Medicaid, the State "match rate" changes annually and is set by a formula. In FY 2005, the formula specified an even split of 50-percent federal funds and 50-percent State funds for Virginia. On average, the state share nationally is 43 percent. During the ten-year period under review, the State share for Medicaid has been as low as 48.19 percent (FY

2002). Even a small percentage change can have a substantial effect in a program with a budget in the billions of dollars.

A variety of mandatory program expansions have occurred over the years that Virginia has accommodated in order to continue receiving available federal funds. Examples of Medicaid expansions by the federal government include raising the resource levels individuals may maintain and still be eligible, and expanding services provided to Medicaid-eligible children. The State's Medicaid agency, the Department of Medical Assistance Services (DMAS), has estimated the initial costs of federally-mandated changes to the program at \$107 million through 2002. This amount includes only the first-time implementation costs, not the recurring spending that resulted from increases in enrollment and services provided.

Other federal mandates include environmental programs such as the Clean Water Act, administered by the Department of Environmental Quality; enforcement of court-ordered child support payments, administered by the Department of Social Services; higher staffing requirements at State mental health facilities; the "motor voter" law, administered by the Department of Motor Vehicles; and the No Child Left Behind Act and special education funding requirements, administered by the Department of Education. In addition, State agencies, in the course of operations, are required to comply with various federal regulations designed to achieve goals such as workplace safety and environmental protection. These requirements may not always be considered mandated services but still add to the costs of doing business for State government.

Although Virginia receives a substantial amount of federal funds, the Commonwealth is not a large federal grant recipient in per-capita terms. Since FFY 1995, Virginia has ranked between forty-seventh and fiftieth among the states in terms of per-capita receipt of federal grant awards. Most recently in FY 2003, Virginia ranked forty-eighth in federal grants per capita. At the same time, Virginia enjoys a disproportionate share of total federal spending due to the large military presence in the State and the geographic proximity to Washington, D.C. For instance, in FY 2003 Virginia ranked second in total federal spending per capita. These issues are discussed more fully in the 2003 JLARC report, *Review of Virginia's Activity in Maximizing Federal Grant Funds*.

Virginia Initiatives Triggered Spending

In addition to overall population and economic growth, and changes in major service populations, State initiatives and policy choices have also driven spending. During the ten-year period of this review, Virginia embarked on several policy and

programmatic initiatives that helped shape the State's overall pattern of spending. In some cases, the initiatives were proposed by a governor and may have been key campaign issues. In other cases, the initiatives stemmed from federal, legislative, or other sources. Once enacted, however, these initiatives tended to remain in the budget as significant sources of expenditure, even if their growth was uneven.

Examples of the recurring impact of prior initiatives, and the impact of new initiatives, are discussed below. These initiatives alone had general fund appropriations totaling \$1.3 billion in FY 2005. Background information on several of these initiatives, and others, is described more fully in prior JLARC reviews of State spending. Appendix D of this report also includes a listing of the ten largest general fund increases made by each General Assembly between 1996 and 2005.

Personal Property Tax Relief Program. The purpose of the Personal Property Tax Relief program is to provide tax relief for individuals who own and are taxed on vehicles up to \$20,000 in value. The program was approved by the 1998 General Assembly and was initially designed to phase out the personal property tax over a period of five years. However, due to fiscal difficulties faced by the State starting in FY 2002, the phase-out was capped at 70 percent of assessed taxes. In FY 1999, the program received its first appropriation of \$219.9 million, which was based on a 12.5 percent phase-out of the tax. By FY 2005, the program had grown to \$890.1 million and remained capped at the 70 percent phase-out rate.

Revenue Stabilization Fund. The revenue stabilization (or "rainy day") fund was a 1991 JLARC recommendation adopted by the General Assembly and subsequently approved by Virginia voters as an amendment to the *Constitution of Virginia*. The fund acts as a savings account for the Commonwealth and can be accessed only under very limited conditions specified in the *Constitution*. The first appropriation to the fund of \$79 million occurred in FY 1995. Over the past decade, there have only been three years in which withdrawals have been made from the fund, FYs 2002 through 2004. FY 2005 marked the State's return to depositing money into the fund with an appropriation of \$134.5 million.

Transportation Initiatives. Several major transportation funding initiatives occurred during the period of this review, resulting in a significant infusion of general funds into a traditionally non-general funded activity. The 2000 General Assembly provided \$307 million in general funds to stabilize the highway construction program, and the 2002 General Assembly provided an additional \$147 million for the Priority Transportation Fund.

The 2005 transportation initiative dedicated \$348 million in general funds to various transportation activities. Among other things, the initiative funded a new Transportation Partnership Opportunity Fund, provided for the purchase of transit capital equipment, supported a local partnership fund, and paid off project deficits.

Budget Growth in State Agencies and Programs

In Summary...

Total appropriations grew by nearly \$13 billion over the ten-year period from FY 1996 to FY 2005, which represents an 80 percent growth rate. The operating budget grew by \$2.9 billion in the final year alone, as a result of the increase in the tax revenue base and strong economic performance in the Commonwealth. Growth was concentrated in just a few large agencies and programs. The Departments of Education, Medical Assistance Services, and Transportation (in addition to the personal property tax relief program) accounted for 54 percent of the total growth during the period. General fund growth was even more concentrated, with the Departments of Education, Medical Assistance Services, and Corrections (in addition to the personal property tax relief program) accounting for nearly two-thirds of the growth.

This chapter examines budget growth in State government among agencies, programs, secretarial areas, and government functions over the past ten years. While Chapter I of this report examined trends in overall State appropriations, this chapter identifies the largest and fastest growing areas within State government, in terms of final budget appropriations and employment levels. Budget growth within the agencies is further broken down between general and non-general funds. Also, because of increased revenue resulting from the actions of the General Assembly's 2004 Special Session, budget growth from FY 2004 to FY 2005 will also be examined.

AGENCY BUDGET GROWTH FROM FY 1996 TO FY 2005

The State budget has grown by about 80 percent (in nominal terms) since 1995. However, much of this growth has occurred among a handful of agencies. In fact, 20 agencies (out of more than 140) accounted for more than 90 percent of the growth in the State budget. Approximately 60 percent of total State budget growth occurred in only five agencies. The reason why much of the growth is accounted for by only a few agencies is that these agencies represent a large portion of the State budget. Total operating appropriations in FY 1996 and FY 2005 are shown in Table 6 and Table 7, respectively. In each of these years, the 20 largest agency appropriations represented approximately 85 percent of the total State budget.

Table 6
Largest Agency Appropriations, FY 1996 (\$ in Millions)

Source: JLARC staff analysis of 1996 Appropriation Act.
Note: Excludes capital appropriations.

<u>Rank</u>	<u>Agency</u>	<u>Total Appropriation FY 1996</u>	<u>Percentage of Total</u>
1	Department of Education	\$3,155	19.4%
2	Department of Medical Assistance Services	2,179	13.4
3	Department of Transportation	1,877	11.5
4	University of Virginia	847	5.2
5	Department of Social Services	846	5.2
6	Department of Mental Health, Mental Retarda- tion and Substance Abuse Services	575	3.5
7	Department of Corrections	522	3.2
8	Virginia Tech	480	2.9
9	Medical College of Virginia Hospitals Authority*	413	2.5
10	Virginia Employment Commission	370	2.3
11	Virginia Community College System	356	2.2
12	Virginia Commonwealth University	341	2.1
13	Compensation Board	339	2.1
14	Department of Health	323	2.0
15	Department of Alcoholic Beverage Control	239	1.5
16	George Mason University	218	1.3
17	Supreme Court	172	1.1
18	Central Appropriations	152	0.9
19	The College of William and Mary	152	0.9
20	James Madison University	142	0.9
Total for 20 Largest Appropriations		\$13,696	84.1%
Total for All Appropriations		\$16,291	100.0%

* Became independent of the State in FY 1998.

With few exceptions, the largest agency appropriations in FY 1996 were also the largest agency appropriations in FY 2005. Only three agencies among the 20 largest appropriations in 1996 were no longer among the 20 largest by 2005. One of these agencies was the College of William and Mary, which ranked twenty-third in 2005. The Medical College of Virginia Hospitals Authority ceased receiving State funding in FY 1998, and thus was no longer among the 20 largest appropriations in 2005. The final “agency” no longer among the 20 largest by 2005 was central appropriations, which serves as a holding account for contingent funds, salary increases, and unallocated cost increases and decreases. The composition of central appropriations causes large fluctuations in its budget from year to year. The new items among the largest appropriations include the personal property tax relief program (defined here as an agency), the Department of the Treasury, and the Department of Criminal Justice Services. The personal property tax relief program began in 1999 and is now the sixth largest

Table 7
Largest Agency Appropriations, FY 2005 (\$ in Millions)

Source: JLARC staff analysis of Chapter 951, 2005 Acts of Assembly.
 Note: Excludes capital appropriations.

<u>Rank</u>	<u>Agency</u>	<u>Total Appropriation FY 2005</u>	<u>Percentage of Total</u>
1	Department of Education	\$5,570	19.0%
2	Department of Medical Assistance Services	4,563	15.6
3	Department of Transportation	3,197	10.9
4	Department of Social Services	1,655	5.7
5	University of Virginia	1,642	5.6
6	Personal Property Tax Relief*	890	3.0
7	Department of Corrections Central Activities	837	2.9
8	Virginia Tech	797	2.7
9	Department of Mental Health, Mental Retar- dation and Substance Abuse Services	781	2.7
10	Virginia Community College System	667	2.3
11	Virginia Commonwealth University	616	2.1
12	Virginia Employment Commission	597	2.0
13	Compensation Board	521	1.8
14	Department of Health	477	1.6
15	George Mason University	446	1.5
16	Department of Alcoholic Beverage Control	392	1.3
17	Department of the Treasury	309	1.1
18	Department of Criminal Justice Services	279	1.0
19	Supreme Court	276	0.9
20	James Madison University	269	0.9
Total for 20 Largest Appropriations		\$24,782	84.7%
Total for All Appropriations		\$29,258	100.0%

recipient of State appropriations, representing three percent of the budget in FY 2005.

The Department of Education continued to have the largest agency budget over the period, and its share of the total State budget held steady at 19 percent. The Department of Medical Assistance Services (DMAS) and the Department of Transportation (VDOT) continued to rank second and third, respectively, in both years. However, the share of the budget going to DMAS increased over the period from 13.4 percent to 15.6 percent, while the share going to VDOT decreased slightly from 11.5 percent to 10.9 percent. The Department of Social Services and the University of Virginia switched between fourth and fifth places on the list. The University of Virginia was one of six State institutions of higher education among the 20 largest appropriations in FY 2005.

Agencies with the Largest Increases in Total Funding

Overall budget growth was concentrated among the traditional core agencies of State government, in addition to the personal property tax relief program. Over 50 percent of the total increase in the State budget was accounted for by only three agencies (the Departments of Medical Assistance Services, Education, and Transportation) and the personal property tax relief program. When the next two agencies (the Department of Social Services and the University of Virginia) are included, nearly two-thirds of the ten-year budget growth between FY 1996 and FY 2005 is explained. Table 8 lists the agencies that grew the most over the past ten years.

Budget growth in 20 agencies accounted for \$11.8 billion of the \$13.0 billion in total appropriations growth between FY 1996 and FY 2005, which was 91 percent of total growth. The

Table 8
Agencies with the Most Growth in Total Operating Appropriations
FY 1996 to FY 2005 (\$ in Millions)

Source: JLARC staff analysis of the respective Appropriation Acts.

Note: Excludes capital appropriations.

<u>Rank</u>	<u>Agency</u>	<u>Change in Total Appropriation</u>
1	Department of Education	\$2,415
2	Department of Medical Assistance Services	2,385
3	Department of Transportation	1,320
4	Personal Property Tax Relief ¹	890
5	Department of Social Services	809
6	University of Virginia	795
7	Virginia Tech	318
8	Department of Corrections	315
9	Virginia Community College System	311
10	Virginia Commonwealth University	275
11	Comprehensive Services for At-Risk Youth and Families ²	243
12	George Mason University	229
13	Virginia Employment Commission	228
14	Department of Mental Health, Mental Retardation and Substance Abuse Services	206
15	Department of Accounts Transfer Payments ³	194
16	Compensation Board	182
17	Department of the Treasury	173
18	Department of Criminal Justice Services	166
19	Department of Health	154
20	Department of Alcoholic Beverage Control	153
Total for 20 Agencies with the Most Growth		\$11,759
Total Growth for All Agencies		\$12,967

¹ First funded in FY 1999.

² First established as an agency in FY 1997.

³ Created as a new sub-agency in FY 2005.

agencies with the largest dollar increases are generally those with the largest appropriations. For example, the three largest agencies in total appropriations in both 1996 and 2005 also had the largest dollar increases over the period, as each grew by more than \$1 billion.

Five of the 20 agencies with the most growth during the period were institutions of higher education. These institutions accounted for \$1.9 billion or 15 percent of the nearly \$13 billion increase for all agencies. All colleges and universities combined accounted for \$2.4 billion, or 19 percent, of the total increase in the State budget.

Three additional agencies that ranked among the top 20 in total appropriations warrant further discussion. The personal property tax relief program, which began in 1999 in order to provide tax relief to Virginia residents, was responsible for the fourth largest increase in appropriations growth over the past ten years at nearly \$900 million. The Comprehensive Services for At-Risk Youth and Families (CSA) first received an appropriation of \$104 million in FY 1997 to address the needs of children with special educational or correctional needs. Prior to 1997, these services were funded through several agencies, including the Departments of Education; Juvenile Justice; Mental Health, Mental Retardation, and Substance Abuse Services; and Social Services. Since 1997, the budget for CSA has increased by 134 percent to \$243 million. Finally, the Department of Accounts Transfer Payments was separated out from the Department of Accounts beginning in FY 2005. This “agency” includes such programs as Financial Assistance to Localities, the Virginia Education Loan Authority Reserve Fund, the Revenue Stabilization Fund, and Line of Duty payments.

While most of the agencies with the largest dollar growth in appropriations were also the largest agencies in terms of total appropriations, some of the smaller agencies had higher growth rates in percentage terms. Table 9 shows the nominal and inflation-adjusted percentage increases for agencies with the highest growth rates. All agencies with appropriations of at least \$5 million in FY 1996 were included in this analysis.

Several of these agencies are not large, and thus modest dollar growth increases may result in large percentage increases. One example of this is the Jamestown-Yorktown Foundation, which has received increased appropriations in recent years in preparation for the 2007 quadricentennial celebration of the Jamestown settlement.

Table 9
Agencies with Highest Rates of Growth in Total Operating Appropriations
FY 1996 to FY 2005

Source: JLARC staff analysis of the respective Appropriation Acts.

Note: Includes only agencies with at least \$5 million in appropriations in FY 1996. Excludes capital appropriations. Personal property tax relief program not included because it received initial funding in FY 1999, precluding calculation of percentage.

<u>Rank</u>	<u>Agency</u>	<u>Percent Nominal Increase</u>	<u>Percent Inflation- Adjusted Increase</u>
1	Department of Human Resource Management	2,491%	1,998%
2	State Board of Elections	665	519
3	Virginia Information Technologies Agency*	385	293
4	Jamestown-Yorktown Foundation	218	158
5	Department of Conservation and Recreation	172	121
6	Department of Fire Programs	156	107
7	Virginia Retirement System	152	104
8	Department of Criminal Justice Services	146	99
9	Department of Military Affairs	137	92
10	Public Defender Commission	129	86
11	Department of the Treasury	128	85
12	Department of Medical Assistance Services	109	70
13	Christopher Newport University	108	69
14	Virginia Port Authority	106	67
15	George Mason University	105	66
16	Department of Correctional Education	102	63
17	Department of Social Services	96	58
18	Virginia Department for the Visually Handicapped	95	58
19	Department of Health Professions	94	57
20	Virginia Workers Compensation Commission	94	57

* Did not exist in 1995. Growth based on appropriations to predecessor agencies.

The Department of Human Resource Management (DHRM) had by far the largest percentage growth rate due to the addition of the administration of health insurance for State employees to the agency's budget beginning in FY 2003. The appropriation to DHRM for the administration of health insurance was \$135 million in FY 2005. Discounting the added function of DHRM, the agency's budget grew 44 percent, from \$5.5 million in FY 1996 to \$7.9 million in FY 2005.

The State Board of Elections had the second largest growth rate, due to the Help America Vote Act (HAVA) passed by Congress in 2002. HAVA provided \$45.5 million in non-general funds in FY 2005 to upgrade election equipment and to implement election reforms. An additional \$15 million will be provided through HAVA in FY 2006. The Virginia Information Technologies Agency (VITA), which was created in 2002 from the consolidation of several previous technology agencies, had the third largest growth rate. The large growth rate of VITA was primarily the result of consolidating IT personnel

for 90 State agencies, in addition to appropriations for emergency communication systems management.

Explaining agency-by-agency causes for budget growth is key to understanding total budget growth. In the 2002 and 2003 reports on State spending, JLARC staff analyzed spending growth in several of the larger agencies. The 2002 *Interim Report: Review of State Spending* profiles the nine largest agencies, and the *Review of State Spending: December 2003 Update* also discusses factors affecting budget growth in several large agencies.

Agencies with the Most Growth in General Funds

General fund revenues and appropriations are intended for the general purposes of government and are not dedicated or restricted to a specific use. General funds stem primarily from broad statewide taxes such as the income and sales tax, and have broad public interest. The unrestricted nature of these revenues also means that general funds are of particular interest to budget decision-makers. In 2005, the State appropriated \$13.8 billion in general funds, which represented slightly less than half of total appropriations.

General fund budget growth between FY 1996 and FY 2005 was dominated by a few large agencies. In fact, the 20 agencies with the most growth in general fund appropriations (14 percent of all State agencies) accounted for 96 percent of all general fund budget growth over the period (Table 10). The three agencies with the greatest general fund budget growth – the Department of Education, the Department of Medical Assistance Services (DMAS), and the Personal Property Tax Relief program – accounted for 60 percent of total general fund budget growth. The Department of Education alone accounted for 32 percent of State general fund budget growth. DMAS, which ranked second on the list, had less than half the growth of the Department of Education. Nearly half the funding for DMAS comes from federal sources.

The Department of Transportation (VDOT), which receives most of its appropriation through designated highway funds, ranked fifth in general fund growth. This is due to the 2005 Transportation Initiative, which provided \$240 million to the department for priority transportation projects, local partnership funding, and an expanded revenue sharing program.

Five public safety-related agencies appear among the 20 largest in terms of general fund budget growth. These agencies include: the Departments of Corrections, Criminal Justice Ser-

Table 10
Agencies with the Most General Fund Appropriations Growth
FY 1996 to FY 2005 (\$ in Millions)

Source: JLARC staff analysis of the respective Appropriation Acts.
Note: Excludes capital appropriations.

<u>Rank</u>	<u>Agency</u>	<u>Change in Total Appropriation</u>
1	Department of Education	\$1,961
2	Department of Medical Assistance Services	890
3	Personal Property Tax Relief ¹	890
4	Department of Corrections	312
5	Department of Transportation	276
6	Department of Accounts Transfer Payments ²	192
7	Comprehensive Services for At-Risk Youth and Families ³	187
8	Compensation Board	177
9	Department of the Treasury	167
10	Department of Criminal Justice Services	143
11	Department of Mental Health, Mental Retardation and Substance Abuse Services	139
12	Virginia Community College System	121
13	Supreme Court	104
14	Department of Juvenile Justice	70
15	Department of Social Services	63
16	Department of State Police	53
17	Virginia Tech	52
18	George Mason University	45
19	Virginia Commonwealth University	44
20	Department of Health	35
Total for 20 Agencies with the Most General Fund Growth		\$5,920
Total General Fund Budget Growth		\$6,185

¹ First funded in FY 1999.

² Created as a new sub-agency in FY 2005.

³ First established as an agency in FY 1997.

vices, Juvenile Justice, State Police, and the Compensation Board, which provides funding for local sheriffs and other constitutional officers as well as local and regional jails.

Three institutions of higher education rank among the largest 20 general fund growth agencies – the Virginia Community College System (twelfth), Virginia Tech (seventeenth), and George Mason University (eighteenth). The University of Virginia, which ranked sixth in total appropriation growth, experienced only \$23 million in general fund appropriation growth over the ten-year period (compared to \$795 million in total appropriation growth).

Table 11 lists the agencies with at least \$5 million in general fund appropriations in FY 1996 that had the highest percentage growth rates over the ten-year period. Because

Table 11
Agencies with Largest General Fund Appropriation Growth Rates
FY 1996 to FY 2005

Source: JLARC staff analysis of the respective Appropriation Acts.

Note: Includes only agencies with at least \$5 million in general fund appropriations in FY 1996. Excludes capital appropriations.

<u>Rank</u>	<u>Agency</u>	<u>Percent Nominal Increase</u>	<u>Percent Inflation- Adjusted Increase</u>
1	Department of Transportation	661%	516%
2	Department of Criminal Justice Services	164	114
3	Department of Conservation and Recreation	163	113
4	Department of the Treasury	132	87
5	Public Defender Commission	129	86
6	Department of Correctional Education	107	68
7	Virginia State University	101	63
8	Christopher Newport University	97	60
9	Department of Environmental Quality	90	54
10	Department of Medical Assistance Services	84	49
11	Norfolk State University	82	47
12	James Madison University	77	43
13	George Mason University	72	40
14	Longwood College	72	39
15	Department of Education	71	39
16	Department for the Aging	70	38
17	State Council of Higher Education for Virginia	68	36
18	Department of Corrections Central Activities	67	35
19	Old Dominion University	64	33
20	Virginia Community College System	62	31

VDOT had just \$42 million in general funds in its FY 1996 budget, and because of several mainly general-funded transportation initiatives over the period, VDOT had by far the highest rate of growth with a 661 percent nominal increase (516-percent inflation-adjusted increase). VDOT's FY 2005 appropriation included a total of \$317 million in general funds.

The Department of Criminal Justice Services (DCJS) had the second highest general fund appropriation growth rate at 164 percent (114-percent inflation-adjusted growth). Much of the increase at DCJS occurred in FY 2000, when financial assistance to localities in the "HB 599 program" increased by nearly \$100 million over the previous fiscal year. This higher level of assistance continued through FY 2005. Another agency in the public safety area – the Department of Correctional Education – ranked sixth in percentage growth in general funds. Appropriations for instruction at correctional facilities increased from \$18 million in FY 1996 to \$44 million in FY 2005, which was likely the result of increased inmate populations. The Department of Corrections also ranked among the largest at eighteenth.

The Department of Conservation and Recreation had the third highest general fund growth rate, increasing from \$20 million in FY 1996 to \$53 million in FY 2005. Most of this growth occurred in FY 2005 as a result of deposits to the Water Quality Improvement Fund and the Virginia Land Conservation Fund. One-half of the appropriations to these funds also went to the Department of Environmental Quality, which had the ninth largest increase.

The Department of the Treasury had the fourth highest general fund appropriation growth rate. This is due to bond and loan retirement and redemption, which grew from \$108 million in FY 1996 to \$274 million in FY 2005.

Eight institutions of higher education ranked among the largest 20 general fund growth rate agencies. Virginia's public colleges and universities were appropriated a net increase of more than \$300 million for base adequacy, faculty salary increases, and student financial aid. Base adequacy funding needs were identified by the Joint Subcommittee Studying Higher Education Funding Policies.

Agencies with the Most Growth in Non-General Funds

Non-general funds are earmarked for a specific program or objective. Non-general funds typically originate from specific taxes or fees paid by the users of a service, such as motor fuel taxes for highway construction and maintenance, or tuition payments for higher education. Federal funds, which are provided only for specific purposes, also account for a large share of non-general funds. Non-general funds accounted for more than 50 percent of total State appropriations in FY 2005. (A table showing historical appropriations by fund is included as Appendix G.)

Similar to general fund budget growth, non-general fund budget growth was also concentrated among a few agencies. Table 12 lists the agencies with the most non-general fund budget growth between FY 1996 and FY 2005. The three largest agencies – DMAS, VDOT, and the University of Virginia – were responsible for nearly half of the total non-general fund growth. The 20 agencies with the most growth accounted for 96 percent of the \$6.8 billion in non-general fund growth.

Much of the non-general fund budget growth in these agencies is outside of the direct control of budget decision-makers, which is characteristic of non-general funds. DMAS received approximately \$2.6 billion in federal funds in FY 2005, which was more than twice the amount of federal funds it received in FY 1996. Much of this growth in federal appropriations can be

Table 12
Agencies with the Most Non-General Fund Appropriations Growth
FY 1996 to FY 2005 (\$ in Millions)

Source: JLARC staff analysis of the respective Appropriation Acts.
Note: Excludes capital appropriations.

<u>Rank</u>	<u>Agency</u>	<u>Change in Total Appropriation</u>
1	Department of Medical Assistance Services	\$1,495
2	Department of Transportation	1,044
3	University of Virginia	772
4	Department of Social Services	746
5	Department of Education	454
6	Virginia Tech	266
7	Virginia Commonwealth University	231
8	Virginia Employment Commission	228
9	Virginia Community College System	190
10	George Mason University	184
11	Department of Alcoholic Beverage Control	153
12	Department of Human Resource Management	137
13	Department of Health	119
14	Department of Motor Vehicles	118
15	James Madison University	99
16	Department of Mental Health, Mental Retardation and Substance Abuse Services	67
17	Department of Rail and Public Transportation	66
18	The College of William and Mary	58
19	Comprehensive Services for At-Risk Youth and Families*	56
20	State Board of Elections	46
Total for the 20 Agencies with Most Non-General Fund Growth		\$6,528
Total Non-General Fund Budget Growth		\$6,782

* First established as an agency in FY 1997.

explained by federally-mandated program expansions, prescription drug increases, and other health care cost increases, all of which drive the required State matching funds. VDOT also experienced an increase over the period in excess of \$1 billion.

Growth in VDOT's non-general fund budget reflects growth in revenues from motor fuels taxes as well as increasing federal transportation funds. The University of Virginia ranked third with \$772 million in non-general fund growth and was among seven institutions of higher education in the top 20. Non-general funds within the colleges and universities consist mainly of tuition and fee payments by students, sponsored (federal) research, and auxiliary enterprise revenue.

Turning to the percentage growth in non-general fund appropriations, six agencies experienced inflation-adjusted growth rates in excess of 100 percent (Table 13). The Virginia Port

Table 13
Agencies with Highest Growth Rates in Non-General Fund Appropriations
FY 1996 to FY 2005

Source: JLARC staff analysis of the respective Appropriation Acts.

Note: Includes only agencies with at least \$5 million in non-general fund appropriations in FY 1996. Excludes capital appropriations.

<u>Rank</u>	<u>Agency</u>	<u>Percent Nominal Increase</u>	<u>Percent Inflation- Adjusted Increase</u>
1	Virginia Port Authority	243%	178%
2	Department of State Police	216	156
3	Department of Conservation and Recreation	198	142
4	Department of Military Affairs	180	127
5	Department of Fire Programs	153	105
6	Virginia Retirement System	151	103
7	Virginia Department for the Visually Handicapped	140	95
8	Department of Medical Assistance Services	133	89
9	Department of General Services	130	87
10	Department of Social Services	123	81
11	Virginia Community College System	118	77
12	George Mason University	118	77
13	Christopher Newport University	115	74
14	Department of Education	115	74
15	University of Virginia	105	66
16	Virginia Commonwealth University	103	64
17	Department of Health Professions	94	57
18	Virginia Workers Compensation Commission	94	57
19	James Madison University	93	56
20	Department of Motor Vehicles	90	54

Authority had the highest percentage increase. Much of the growth at the Port Authority came from transportation funds and special funds to help expand commerce in the Commonwealth, and also for security improvements. The Department of State Police had the second highest increase, with a 156 percent inflation-adjusted increase over the past ten years. Much of this increase was the result of new federal and special funds for crime detection and investigation, as well as for ground transportation system safety (that is, patrolling Virginia's highways).

The Departments of Conservation and Recreation (DCR), Military Affairs, and Fire Programs had the third through fifth largest increases. The increase at DCR stems mainly from increased collections in fees from park facilities and increased federal assistance for land management. The increase at the Department of Military Affairs is largely due to increased security efforts at Fort Pickett and Camp Pendleton. Most of the growth at the Department of Fire Programs began in FY 2005 with an increase in the assistance to localities through the Fire

Programs Fund. This fund is financed by a one-percent tax on fire insurance premiums.

Six institutions of higher education also were among the fastest growing agencies in terms of non-general fund appropriations.

BUDGET GROWTH BY PROGRAM

All State appropriations are classified according to the program budget structure, which includes eight broad government functions. The program classification is designed to assist in the planning and analysis of the State budget and to monitor the activities of State government. Budget programs provide information on how funds are spent, regardless of the State agency to which funds are appropriated. While some programs may be confined to a single agency, other programs may be distributed across multiple agencies. For example, the Higher Education Instruction and Support program is distributed across all colleges and universities.

Growth in budget programs, similar to growth in State agencies, was concentrated among a few large programs dealing with the core activities of State government. Namely, the core activities of health care, education, and transportation experienced the most growth over the period between FY 1996 and FY 2005 (Table 14). Of the total appropriation growth in the State budget, 78 percent resulted from increases in 20 programs.

The Medicaid program experienced the largest appropriation growth over the period and was responsible for 16 percent of total state budget growth. Six education programs (Standards of Quality, higher education instruction and support, financial assistance for special state revenue sharing, higher education – financial assistance for education and general services, higher education auxiliary enterprises, and financial assistance for public education (K-12) were among the 20 largest programs in total appropriation growth. These education programs accounted for nearly one-third of total growth.

Transportation programs were another major factor in budget growth over the period. Highway system maintenance, highway system construction through bond proceeds, the 2005 transportation initiative, and administrative and support services accounted for nine percent of the total budget growth. Beginning in FY 2005, VDOT's budget was restructured to separate out highway bond programs and construction management from the overall construction program. The existing

Table 14
20 Largest Program Increases
Total Operating Appropriations, FY 1996 to FY 2005 (\$ in Millions)

Source: JLARC staff analysis of Chapter 951, 2005 Acts of Assembly.
Note: Excludes capital appropriations.

<u>Rank</u>	<u>Agency</u>	<u>Change in Appropriations</u>	<u>Percentage of Total</u>
1	Medical Assistance Services (Medicaid)	\$2,096	16%
2	Financial Assistance for Public Education (Standards of Quality)	1,166	9
3	Higher Education Instruction and Support	1,002	8
4	Personal Property Tax Relief Program*	890	7
5	Financial Assistance for Special State Revenue Sharing (Local Share of Sales Tax)	870	7
6	Higher Education - Financial Assistance for Educational and General Services	519	4
7	Child Support Enforcement Services	420	3
8	Highway System Maintenance	368	3
9	Highway System Acquisition and Construction Through Bond Proceeds*	339	3
10	Higher Education Auxiliary Enterprises	328	3
11	Protective Services	290	2
12	Employment Assistance Services	242	2
13	Transportation Initiative	240	2
14	Executive Management	233	2
15	Transportation Administrative and Support Services	215	2
16	Crime Detection Investigation and Apprehension	211	2
17	Financial Assistance for Public Education (Categorical)	199	2
18	Financial Assistance for Individual and Family Services	191	1
19	Secure Confinement	190	1
20	Bond and Loan Retirement and Redemption	168	1
Total for 20 Programs with the Most Growth		\$10,176	78%
Total Growth		\$12,967	100%

* Program newly established during the period.

highway acquisition and construction program decreased from \$1.6 billion in FY 2004 to \$984 million in FY 2005.

The personal property tax relief program had the fourth largest appropriation increase. As this program was newly established in 1999, the \$890 million in appropriation growth simply represents the program appropriation in FY 2005. The local share of the sales tax had the fifth largest program increase. This program represents the portion of the sales tax (one percent) that is dedicated to local school funding.

Child support enforcement services grew by \$420 million over the period, which ranked sixth among all programs. The vast majority of this growth was in "special" funds (that is, child support payments by individuals). Because the State collects and distributes child support enforcement through the Depart-

ment of Social Services, these payments are considered to be State non-general funds. Growth in child support enforcement over the period reflects the State's increased ability to collect child support payments.

One final program that warrants further discussion is the executive management program, with \$233 million growth since FY 1996. This program is primarily used as an account by the Department of Planning and Budget to show savings resulting from budget reduction initiatives. In FY 1996, this program showed savings of \$233 million. Because this program had zero appropriations in FY 2005, the program grew by \$233 million during the period, although it is a bookkeeping artifact.

BUDGET GROWTH BY GOVERNMENTAL FUNCTION

Figure 3 shows budget growth by broad government function. Given the individual program increases shown in Table 14, it is not surprising that the functions of Education and Individual and Family Services experienced the most growth during the decade. Combined, these two functions accounted for more than 60 percent of the total growth in the State operating budget. Most of the growth in the education function resulted from re-benchmarking the Standards of Quality for K-12 education, base adequacy increases for the colleges and universities, teacher and professor salary increases, enrollment growth, and tuition and fee increases. Growth in the individual and family services function resulted primarily from increases in Medicaid costs, child support enforcement, child protective services, and employment assistance services.

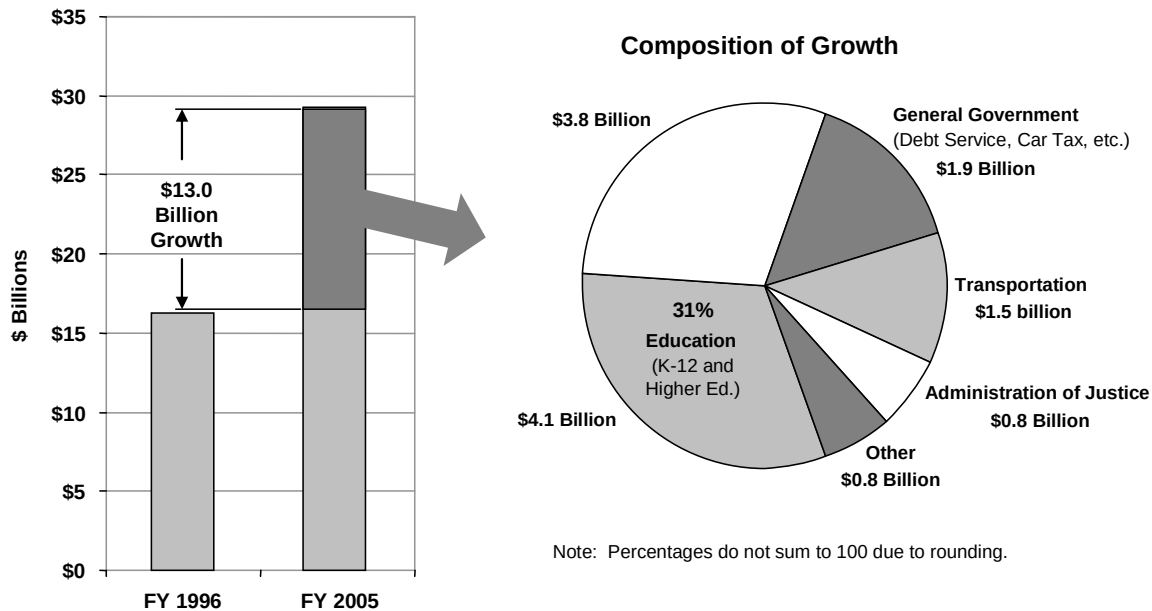
General Government ranked third in total growth, and it had by far the highest growth rate. This function includes the Personal Property Tax Relief, Executive Management, and Bond and Loan Retirement and Redemption programs. The Personal Property Tax Relief program did not exist in FY 1996, and the Executive Management program went from negative \$233 million in FY 1996 to \$0 in FY 2005, as previously discussed.

GROWTH IN SECRETARIAL BUDGETS

The secretarial system in Virginia was established by the General Assembly in 1972 and consisted of six secretariats broadly reflecting the major functions of the executive branch. The system was set in place to improve the Governor's ability to manage the size and scope of State government. Over the

Figure 3
Composition of State Appropriations Growth by Government Function
(FY 1996 to FY 2005)

Source: JLARC staff analysis of the respective Appropriation Acts.



years, the responsibilities of the secretaries have been amplified by statute and executive orders. Each Governor has had broad latitude to define the secretaries' roles and responsibilities. The General Assembly has also altered the structure and alignment of the secretarial system by merging, separating, and creating secretariats.

All but one of the secretaries have broad budgetary duties, with statutory language requiring them to direct the formulation of a comprehensive budget for their respective areas and agencies. The Secretary of Education has more limited budgetary responsibilities, with no statutory role over the budgets of the institutions of higher education, community colleges, or other education agencies. Instead, the statutes state that the Education Secretary "may direct the preparation of alternative policies, plans and budgets for education," and is to formulate a comprehensive budget for cultural affairs.

While the alignment of agencies within secretariats has changed over time, this review compares budget growth across the secretariats as they exist in 2005. By keeping the secretariats static over time, budget growth over the period can be measured among the broad sectors as they are currently defined. For example, even though the Department of Information Technology was transferred from the Administra-

tion secretariat to the Technology secretariat before being incorporated into the Virginia Information Technologies Agency, appropriations for these services are counted within Technology appropriations regardless of how they were classified in previous years. However, there still exist some limitations to this analysis, as it does not capture sub-agency programs that have been transferred from one agency to another. For example, when fleet management responsibilities were transferred from VDOT to the Department of General Services, appropriation growth in the Transportation secretariat would be reduced while growth in the Administration secretariat would increase. (A table showing historical appropriations by secretariat is included as Appendix H.)

Keeping in mind that some of the budgetary changes by secretarial area are due to the realignment of agencies, Table 16 shows the budget growth by secretary from FY 1996 to FY 2005. The Technology secretariat, while being the smallest secretariat except for the newly-established Agriculture and Forestry, had the most percentage growth. Because the Technology secretariat is relatively small, a modest dollar growth resulted in a large percentage growth. Also, as noted previously in this chapter, much of this growth was primarily the result of consolidating IT personnel and appropriations.

The Administration secretariat had the second largest growth rate over the period. Most of this growth occurred within the Compensation Board, the Department of Human Resource Management, and the State Board of Elections. The Administration secretariat is relatively small, and the addition of \$135 million for employee health insurance and \$45.5 million for voter reforms had a large impact on the growth rate.

Growth in the Health and Human Resources secretariat is primarily explained by increases in Medicaid, child support enforcement, and the addition of the Comprehensive Services for At-Risk Youth and Families. The Education secretariat, which received by far the most appropriations in FY 2005, was sixth among the nine secretariats in terms of the rate of growth.

Table 16
Budget Growth by Secretarial Area
FY 1996 to FY 2005 (\$ in Millions)

Source: JLARC staff analysis of Appropriation Acts.

Note: Agency appropriations are aligned according to 2005 secretarial structure. Excludes capital appropriations.

<u>Secretarial Area</u>	<u>FY 2005 Appropriation</u>	<u>Percent Nominal Increase from FY 1996</u>	<u>Percent Inflation-Adjusted Increase from FY 1996</u>
Technology	\$ 44.8	184%	130%
Administration	785.9	99	61
Health and Human Resources	7,984.1	95	58
Transportation	3,890.5	81	47
Public Safety	2,041.6	72	40
Education	11,204.6	67	35
Natural Resources	311.6	59	29
Commerce and Trade	866.4	44	16
Finance	437.5	30	5
Agriculture and Forestry	0.1	-	-

BUDGET GROWTH FROM FY 2004 TO FY 2005

The State budget grew by about 80 percent over the last ten years. However, much of this growth occurred during the final year of this period, from FY 2004 to FY 2005. In fact, total appropriations increased by 22 percent in the last year. In 2004, the General Assembly enacted several tax policy changes to address core State services and to preserve the State's AAA bond rating. This net increase in the tax revenue base, in addition to strong economic performance during the period, enabled the large increase in appropriations in FY 2005.

Total operating appropriations grew by nearly \$2.9 billion from FY 2004 to FY 2005. Slightly less than half of this increase was paid for with general funds. The following three tables show the agencies that had the largest increases in appropriations for FY 2005. As can be seen from the tables, most of the increase went to support the core services of education, individual and family services, and transportation.

Table 17 shows the ten agencies with the largest total appropriations growth in FY 2005. The Departments of Education and Medical Assistance Services experienced the most growth. These two agencies accounted for over 40 percent of the total growth in the State budget. Appropriations to the Department of Education, which includes direct aid to public edu-

Table 17
Ten Agencies with Most Total Operating Appropriation Growth
FY 2004 to FY 2005 (\$ in Millions)

Source: JLARC staff analysis of Chapter 951, 2005 Acts of Assembly.
 Note: Excludes capital appropriations.

<u>Rank</u>	<u>Agency</u>	<u>Change in Total Appropriation</u>	<u>Percentage of Total</u>
1	Department of Education	\$644	22%
2	Department of Medical Assistance Services	533	19
3	Department of Transportation	206	7
4	Department of Accounts Transfer Payments*	194	7
5	Department of Social Services	165	6
6	Virginia Employment Commission	114	4
7	Virginia Community College System	99	3
8	University of Virginia	99	3
9	George Mason University	92	3
10	Virginia Tech	88	3
Total for Ten Largest Growth Agencies		\$2,234	78%
Total Operating Appropriations Growth		\$2,878	100%

* New Agency – Separated from Department of Accounts.

cation, increased by \$644 million. This money was appropriated for technical adjustments to the Standards of Quality (SOQ), increased teacher salaries, and the at-risk four-year-olds preschool program, among other initiatives. Appropriations to the Department of Medical Assistance Services (DMAS) increased by \$533 million in FY 2005. This additional money was appropriated to address Medicaid caseload and cost increases, as well as to comply with federal and State mandates.

The Department of Transportation had the third highest increase in total appropriations growth in FY 2005, due to the 2005 Transportation Initiative to address priority transportation projects. The Department of Accounts Transfer Payments is newly listed for FY 2005, and this amount of \$194 million represents a realignment of several budget programs and does not truly represent budget growth, as mentioned previously in this chapter.

The Department of Social Services had the fifth largest increase with \$165 million in total appropriations. Most of this increase went to financial assistance for individual and family services, temporary assistance to needy families (TANF), and child support enforcement. The Virginia Employment Commission had the sixth largest growth, with a \$114 million increase. The vast majority of this increase was appropriated for unemployment insurance benefits funded through the Unemployment Insurance Trust Fund. Four institutions of higher

education were also among the agencies with the largest increases.

Tables 18 and 19 show the agencies with the most growth in general and non-general fund appropriations, respectively. The Department of Education accounted for 42 percent of general fund appropriation growth from FY 2004 to FY 2005, while DMAS accounted for 32 percent of non-general fund appropriation growth. The Department of Transportation, which receives most of its funds through non-general funds, ranked second in terms of general fund growth but did not rank in the top ten in non-general fund growth. The Department of Corrections, which represents another core service of State government, received an additional \$50 million in general funds in FY 2005. This money was used to address the termination of housing out-of-state prisoners, increased inmate medical costs, the re-opening of the Nottoway Work Center, and to fund additional security staffing approved by the 2003 General Assembly.

Table 18
Agencies with Most General Fund Appropriation Growth
FY 2004 to FY 2005 (\$ in Millions)

Source: JLARC staff analysis of Chapter 951, 2005 Acts of Assembly.

Note: Excludes capital appropriations.

<u>Rank</u>	<u>Agency</u>	<u>Change in General Fund Appropriation</u>	<u>Percentage of Total</u>
1	Department of Education	\$591	42%
2	Department of Transportation	245	17
3	Department of Accounts Transfer Payments*	192	14
4	Department of Medical Assistance Services	70	5
5	Department of Corrections	50	4
6	Virginia Community College System	40	3
7	Department of Mental Health, Mental Retardation and Substance Abuse Services	37	3
8	Department of Social Services	29	2
9	Department of Conservation and Recreation	26	2
10	Compensation Board	24	2
Total for Ten Agencies with Largest General Fund Growth		\$1,303	92%
Total General Fund Budget Growth		\$1,412	100%

* New Agency – Separated from Department of Accounts.

Table 19
Agencies with Most Non-General Fund Appropriation Growth
FY 2004 to FY 2005 (\$ in Millions)

Source: JLARC staff analysis of Chapter 951, 2005 Acts of Assembly.

Note: Excludes capital appropriations.

<u>Rank</u>	<u>Agency</u>	<u>Change in Non-General Fund Appropriation</u>	<u>Percentage of Total</u>
1	Department of Medical Assistance Services	\$463	32%
2	Department of Social Services	136	9
3	Virginia Employment Commission	114	8
4	University of Virginia	89	6
5	George Mason University	82	6
6	Virginia Tech	71	5
7	Virginia Community College System	59	4
8	Department of Education	53	4
9	Department of Motor Vehicles	51	3
10	State Board of Elections	46	3
Total for Ten Agencies with Largest Non-General Fund Growth		\$1,164	79%
Total Non-General Fund Budget Growth		\$1,467	100%

* New Agency – Separated from Department of Accounts.

Appendixes

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Study Mandate

Code of Virginia § [30-58.3](#), Annual Report on State Spending.

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

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

JLARC Review

This report, the fifth in the JLARC's series on State spending, describes budget growth as stemming from several factors. These factors include inflation, population and economic growth, increases in the populations served by State programs and agencies, federal mandates, and Virginia-specific factors, such as initiatives and funding decisions, and program and policy decisions within the individual agencies and programs of the State budget.

To conduct 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, and various other agencies, and reviewed previous reports and documents pertaining to State spending.

Data Collection

JLARC staff received annual updates of budget and spending data from DPB and the Department of Accounts. JLARC staff currently maintain a database with appropriation data at the agency, program and fund level from FY 1983, appropriation data at the agency and fund level from FY 1981, and final adjusted appropriations and expenditures at the agency, program and fund level since FY 1999. Agency workload and populations served were also collected from various State agencies. Finally, several sources of economic and demographic data were obtained from various federal agencies such as the Census Bureau and the Bureau of Economic Analysis, and from the Weldon Cooper Center at the University of Virginia.

Key constraints in collecting information about budget changes over time are the limited historical data maintained by various State agencies, and staff turnover within the agencies over this long period of time. Several agencies pointed out that Virginia's records retention policy does not require that appropriations and expenditure data be retained for more than five years. Consequently, useful information about budget changes during the early to mid-1990s, for example, is unavailable from many agencies. Turnover among budget staff and in other key positions within agencies also limits the amount of information available for historical purposes. Agency reorganizations, consolidations, eliminations, and

additions of agencies, as well as changes in program structure or services further constrain analysis. JLARC staff attempted to supplement information provided by agencies by referring to a variety of documentation noted in the next section.

Key elements of the fiscal and demographic data sets are included in Appendixes to this report. Appendix D presents the ten largest general fund increases made by each General Assembly between 1996 and 2005. Appendix E lists the change in population at the locality level between 1996 and 2004. Appendix F displays State expenditures by broad governmental function from FY 1981 through FY 2005, on a cash or budgetary basis. Appendix G lists final legislative operating appropriations by fund type, over the same period. Appendix H lists final legislative operating appropriations by secretarial area from FY 1981 through FY 2004.

To facilitate access to the data developed in this review, selected historical financial data have been placed on the JLARC website at (<http://jlarc.state.va.us>).

Document Review

JLARC staff utilized a variety of documents for this review. These included Appropriation Acts from FY 1996 to the present, Governor's executive budget documents over the same period, and summaries of General Assembly budget actions prepared by staff of the House Appropriations and Senate Finance committees from 1996 to the present. "State of the Commonwealth" speeches by Virginia Governors were also collected and reviewed for the study period. Agency-specific and program-specific studies and documents were reviewed, as were reports from legislative and gubernatorial study commissions and panels. State spending reports compiled by the National Association of State Budget Officers were consulted, as were a variety of other documents.

C

The Basis of the State Budget

The State budget operates within a legal framework including the *Constitution of Virginia*, the *Code of Virginia*, and the Appropriation Act. It is proposed by the Governor in the form of the budget bill, is amended and approved by the General Assembly, and covers a two-year period (a biennium). Consequently, everything in the State budget stems from this review and approval process by the State's elected officials. The *Interim Report: Review of State Spending* (House Document 30 (2002)) described Virginia's budget process, including discussions of the program budget structure, revenue forecasting process, and performance measures.

Data used in assessing Virginia budget growth come from several sources and are available at several levels of aggregation. Financial data are available in the form of appropriations and expenditures, at the function, program and agency levels of aggregation. The time periods vary for which various levels of data are available, and will be noted where relevant throughout this report.

Terminology Used in the Budget

There are several specialized terms used in the Virginia budget process. This section explains them and how they are used.

An *appropriation* can be considered a limit on spending, or a spending ceiling, that is authorized by the General Assembly and approved by the Governor. Expenditures may be made only if the agency or program has an appropriation (legal authority) to do so. Appropriations are maximums that expenditures cannot exceed. Appropriations are payable in full only if revenues sufficient to pay all appropriations in full are available. A non-general funded program or agency must have both an appropriation and sufficient cash on deposit in the State treasury in order to expend the funds.

This report primarily focuses on appropriations. Unless otherwise noted, appropriations used in this report are the final appropriations approved (voted on and adopted) by the General Assembly. This includes all legislative changes made to appropriations during a biennium, such as second year changes to first year amounts and "caboose bill" (a third and final Appropriation Act during a biennium) changes to second

year amounts. Administrative adjustments made to appropriations subsequent to the adoption of the “caboose bill” are not included. The Appropriations Act authorizes the Governor, under certain conditions, to make limited adjustments to appropriations.

Expenditures are actual amounts spent or transferred by State agencies and certified by the Department of Accounts. Expenditures include financial assistance to localities for personal property tax relief as well as deposits made to the revenue stabilization fund. Expenditures also include payments made on capital projects in a given year, regardless of when appropriations were made to the projects. Expenditures may vary from appropriations because of administrative adjustments to the legislative appropriation.

Virginia’s budget is based on a *program structure*, a mechanism intended to conveniently and uniformly identify and organize the State’s activities and services. Under this structure, services that the State provides are classified into three levels of detail: functions, programs, and agencies.

Functions represent the broadest categories of State government activities. Virginia government is grouped into seven broad operating functions, such as “administration of justice” and “individual and family services.”

Budget *programs* include funding directed toward specific objectives such as developing or preserving a public resource, preventing or eliminating a public problem, or improving or maintaining a service or condition affecting the public. Programs are grouped by function, and may appear in several agencies. First adopted by Virginia in the mid-1970s, program budgeting tries to avoid the excessive detail of line-item budgets by combining logical groupings of governmental activities into broader “programs.”

Programs are more specific than the broad governmental functions and may appear in several agencies. For example:

The budget program “State health services” within the broad individual and family services function includes efforts to provide direct health care services to individuals and families through State-operated facilities, including services relating to child development, drug and alcohol abuse, geriatric care, inpatient medical, maternal and child health, mental health, mental retardation, outpatient medical, technical support and administration, and other services. This program is included in several agencies, including the University of Virginia Medical

Center, Virginia Commonwealth University, Department of Health, Department of Mental Health, Mental Retardation and Substance Services, Department of Corrections, and others.

** * * * **

The budget program “administration and support services” within the broad function of administration of justice combines a wide variety of discrete services, including computer services, architectural and engineering services, food and dietary services, housekeeping, personnel services, power plant operation, nursing and medical management, and others. This program is included in several agencies under the Secretary of Public Safety, including the Departments of Corrections and Juvenile Justice.

An agency represents the level of operational and budgetary control and administration of State services. Agencies usually include a set of programs, all coming under the purview of an agency head who typically is appointed by the Governor, along with a staff who implement the agency’s programs.

The State accounting and budgeting system essentially regards anything assigned an agency code to be equivalent to a State agency, although such codes are often merely a matter of administrative convenience. For instance, appropriations for agency codes 799, 767, 795, and 711 (for central office, institutions, community corrections, and correctional enterprises respectively) must be combined to arrive at a budget total for the Department of Corrections. In addition, budget codes are sometimes used as a way of entering a new program or activity into the State system and ensuring budget control. Thus, the “personal property tax relief program” (746) and “compensation supplements” (757) are examples of programs (just financial accounts, in reality), which have been assigned a program budget code for administrative convenience.

In keeping with conventional practice in Virginia budget analysis, this report groups agency budget codes into what are logically or operationally a single agency. For example, the Department of Mental Health, Mental Retardation and Substance Abuse Services (DMHMRSAS) comprised 15 mental health and mental retardation hospitals and training centers, a central administrative component and a grants-to-localities component, each of which has a separate agency budget code. This report combines these 17 agency budget codes to analyze changes in DMHMRSAS budgets. Another example is combining the College of William and Mary with the Virginia Marine Science Institute agency code to arrive at a total for the College of William and Mary. In 2002, this

approach identified 144 State agencies, noted in Appendix D of the JLARC report, *Review of State Spending: June 2002 Update* (House Document 3 (2003)).

Like the Appropriation Act, this report treats the personal property tax relief program as a separate agency. This permits the car tax relief program to be compared to other State spending priorities, which are commonly considered in terms of agency codes.

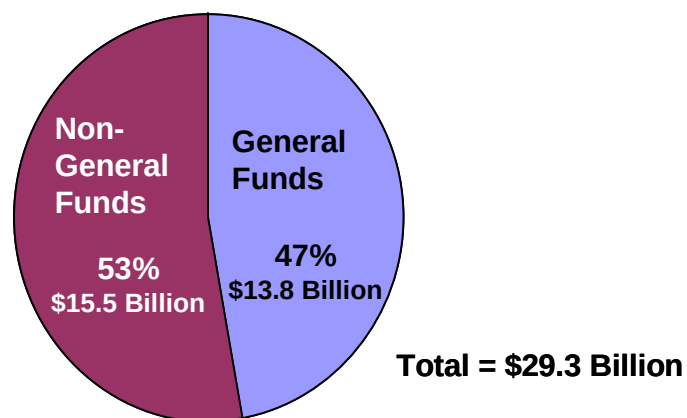
General and Non-General Funds

State revenues and appropriations are grouped into two categories, depending on their origin: general and non-general funds. The State's general fund consists primarily of revenue from income and sales taxes that are not restricted in any way, and are used for the widely varied purposes of government. Non-general funds, as noted earlier, derive from many diverse sources and are restricted to certain specified uses.

General and non-general funds comprised 47 and 53 percent, respectively, of the FY 2005 Virginia budget (Figure C1). This is important because it means that the expenditure of more than half the State budget is determined more by the source of funds than the appropriation process. This ensures that child support payments, for example, are spent for child support and not some other purpose. It also means that growth in more than half the budget is determined by factors other than the budget decision-making process.

Figure C1
FY 2005 Appropriations, by Fund

Source: JLARC staff analysis of Appropriation Act



D

Ten Largest Annual General Fund Increases, 1996-2005

Biennial Totals; \$ in Millions

Ten Largest Increases in 2004-2006 Budget Made by 2005 General Assembly

Based on Money Committee Summary of 4/29/05

<u>Rank</u>	<u>Agency</u>	<u>Program</u>	<u>GE</u>
1.	VDOT	Transportation Initiatives	\$347.6
2.	DOA	Revenue Stabilization (Rainy Day) Fund Deposit	\$229.4
3.	DMAS	Medicaid Utilization, Inflation, and Initiatives	\$212.2
4.	Various	Capital Outlay and Building Maintenance	\$163.9
5.	Various	Employee Salary Increases (State & Local)	\$131.7
6.	DEQ, DCR	Water Quality Improvements	\$ 86.4
7.	DOE	Increased Lottery & Sales Tax Revenue; Other Actions	\$ 68.8
8.	Various	Non-State Agencies	\$ 34.1
9.	DHCD, VTA	Economic Development, Workforce Consortia	\$ 27.3
10.	DMHMRSAS	Community Crisis, Aftercare, Early Intervention, Other Actions	\$ 20.1
Sub-Total, Ten Largest			\$1,321.5
Total of All General Fund adjustments, 2004 Session			\$1,512.5
Ten Largest as a Percentage of Total			87%

Ten Largest Increases in 2004-2006 Budget Made by 2004 General Assembly

Based on Money Committee Summary of 9/22/04

<u>Rank</u>	<u>Agency</u>	<u>Program</u>	<u>GF</u>
1.	DOE	Changes to SOQ Funding	\$839.4
2.	DOE	SOQ Funding Revisions (Chapters 939 and 955, 2004 <i>Acts of Assembly</i>)	\$326.1
3.	Colleges and Universities	Provide Base Adequacy Funding for Colleges and Universities	\$175.8
		Update Benefit Contribution Rates for SOQ-Related Positions	\$168.0
4.	DOE		
5.	DOE	Increase in Direct Aid Due to Net Increase of 1/8 Cent Sales Tax and Other Sales Tax Adjustments	\$148.7
6.	Treasury	Additional FY 2006 Revenue Stabilization Fund Deposit	\$87.0
7.	DMAS	Medicaid Utilization and Inflation	\$84.8
8.	Central Accounts	3% Salary Increase for State Employees	\$79.4
9.	DOE	Finish Phase-In of Support Positions, Fix Rollover of Fringe Costs	\$66.9
10.	Central Accounts	Fund Increased Health Benefit Premiums for State Employees	\$66.0
		Sub-Total, Ten Largest	\$2,042.1
		Total of All General Fund adjustments, 2004 Session	\$2,561.0
		Ten Largest as a Percentage of Total	80%

Ten Largest Increases in 2002-2004 Budget Made by 2003 General Assembly

Based on Money Committee Summary of 5/13/03

<u>Rank</u>	<u>Agency</u>	<u>Program</u>	<u>GF</u>
1.	DMAS	Medicaid Funding for Utilization and Inflation	\$142.4
2.	Central Accounts	Maintain Car Tax Reimbursement at 70%	\$127.6
3.	DOE	Provide Additional Lottery Proceeds to School Divisions	\$44.6
4.	Central Accounts	2.25% Salary Increase for State Employees, Faculty and State-Supported Local Employees	\$38.5
5.	CSA	Fund Mandated Foster Care and Special Education Services	\$35.7
6.	DOE	Update Costs of the Standards of Quality Programs	\$31.7
7.	DOE	2.25% Teacher Salary Increase	\$27.5
8.	Central Accounts	Technical-Spread Central Accounts Reduction	\$26.8
9.	DOC	Replace Out-of State Inmate Revenue with GF	\$24.0
10.	DMAS	Fund Indigent Health Care at Teaching Hospitals	\$18.4
		Sub-Total, Ten Largest	\$517.2
		Total of All General Fund Adjustments, 2003 Session	\$717.9
		Ten Largest as a Percentage of Total	72%

Ten Largest Increases in 2002-2004 Budget Made by 2002 General Assembly

Based on Money Committee Summary of 4/25/02

<u>Rank</u>	<u>Agency</u>	<u>Program</u>	<u>GF</u>
1.	DMAS	Provide Funding for Utilization and Inflation	\$609.1
2.	DOE	Update Costs of the Standards of Quality Programs	\$379.9
3.	VDOT	Deposit GF into Priority Transportation Fund	\$146.6
4.	CSA		
		Fund Mandated Foster Care and Special Education Services	\$137.7
5.	Central Accounts	FY2004 Compensation Reserve for all State and State Supported Local Employees	\$101.4
6.	Central Accounts	Increase Health Benefit Premiums for State Employees (11% Average increase)	\$82.6
7.	DOE	End Deduction of Locally-Generated Revenues (JLARC Tier 1)	\$74.8
8.	Central Accounts	2.5% Bonus or Paid Vacation for State Classified Employees and equivalent for faculty(August 2001)	\$63.4
9.	Compensation Board	Provide Funding for Local and Regional Jail Per Diem Payments	\$62.7
10.	DOE	Phase-In State Share of Administrative Positions	\$58.3
Sub-Total, Ten Largest			\$1,716.5
Total of All General Fund Adjustments, 2000 Session			\$2,213.0
Ten Largest as a Percentage of Total			78%

[No Budget Changes Made by 2001 General Assembly]

Ten Largest Increases in 2000-2002 Budget Made by 2000 General Assembly

Based on Money Committee Summary of 3/22/00

<u>Rank</u>	<u>Agency</u>	<u>Program</u>	<u>GF</u>
1.	Central Accounts	Personal Property Tax Relief Program	\$878.0
2.	DOE	Fully Fund Direct Aid (SOQ, Incentive Funds, Categoricals)	\$497.7
3.	VDOT	Stabilize & Update 6-Year Construction Program	\$307.3
4.	Treasury	Revenue Stabilization Fund FY2001 & FY2002	\$266.4
5.	DMAS	Medicaid- Increased Utilization & Inflation	\$173.8
6.	Central Accounts	Salary Increase, State Employees (3.25% @11/25/00)	\$127.3
7.	Capital Outlay	Maintenance Reserve	\$100.0
8.	DOE	2.4% Teacher Salary Increase @ 12/1/00	\$88.9
9.	Capital Outlay	Infrastructure/Life Safety Projects	\$63.7
10.	Colleges & Universities	Maintain Faculty Salaries @ 60% of Peers	\$59.7
Sub-Total, Ten Largest			\$2,562.8
Total of All General Fund Adjustments, 2000 Session			\$3,672.8
Ten Largest as a Percentage of Total			70%

Ten Largest Increases in 1998-2000 Budget Made by 1999 General Assembly

Based on Money Committee Summary of 3/8/99

<u>Rank</u>	<u>Agency</u>	<u>Program</u>	<u>GF</u>
1.	DOE	Re-Direct Lottery Profits to Localities + Hold Harmless	\$275.6
2.	DCJS	HB599	\$98.9
3.	Treasury	Revenue Stabilization Fund	\$79.1
4.	Colleges & Universities	20% Tuition Reduction for Va. Undergraduates	\$75.4
5.	DEQ	Water Quality Improvement Fund Payment	\$45.2
6.	DMHMRSAS	Community Services for Mentally Ill & Mentally Retarded	\$41.4
7.	Central Accounts	State Employee 4% Salary Increase, State-Paid Local Employees: 2.25% in FY2000	\$38.6
8.	DOE	Teacher Salary Increase, 6% @ 1/4/00	\$39.8
9.	Various	Year 2K Compliance	\$34.8
10.	Central Accounts	Replace Special Funds for Capital	\$19.9
Sub-Total, Ten Largest			\$748.7
Total of All General Fund Adjustments, 1999 Session			\$1,215.1
Ten Largest as a Percentage of Total			62%

Ten Largest Increases in 1998-2000 Budget Made by 1998 General Assembly

Based on Money Committee Summary of 3/30/98

<u>Rank</u>	<u>Agency</u>	<u>Program</u>	<u>GF</u>
1.	Central Accounts	Personal Property Tax/School Construction	\$533.0
2.	DOE	SOQ Accounts Updated/Sales Tax Revenue	\$350.2
3.	Treasury	Revenue Stabilization Fund FY99 & FY00	\$238.8
4.	Central Accounts	State & Local Employee Pay Increase Dec 98+99	\$150.0
5.	DMAS	Medicaid Utilization & Inflation	\$111.7
6.	DOE	Teacher Salaries: 2.25% each yr	\$97.1
7.	Colleges & Universities	Faculty Salaries: Move Toward 60th Percentile	\$72.5
8.	Capital Outlay	Maintenance Reserve	\$51.3
9.	Non-States	Non-State Agencies	\$46.6
10.	DOE	K-3 Reduced Class Size/Enrollment/All Schools	\$45.5
Sub-Total, Ten Largest			\$1,696.7
Total of All General Fund Appropriation Adjustments, 1998 Session			\$3,007.0
Ten Largest as a Percentage of Total			56%

Ten Largest Increases in 1996-1998 Budget Made by 1997 General Assembly

Based on Money Committee Summary of 3/5/97

<u>Rank</u>	<u>Agency</u>	<u>Program</u>	<u>GF</u>
1.	Central Accounts	State & Local Employee Pay Increase, Transition to Lag Pay	\$45.8
2.	DOC	New Prisons, Additional Probation Officers & Services	\$39.6
3.	Comp. Services Act	Caseload Increases & Cost Containment	\$27.8
4.	DOE	Teacher Salaries (4.0% @ 1/1/98)	\$19.7
5.	Colleges & Universities	Faculty Salaries (average 5.5% 1/1/98)	\$18.7
5.	DJJ	Juvenile Correctional Center Costs	\$18.7
7.	Treasury	Revenue Stabilization Fund	\$17.7
8.	Compensation Board	Jail Staffing, Per Diems, Expanded Jail Contracting	\$15.5
9.	DEQ	Water Quality Improvement Fund	\$15.0
10.	DSS	Develop & Implement ADAPT	\$10.9
Sub-Total, Ten Largest			\$229.4
Total of All General Fund Appropriation Adjustments, 1997 Session			\$439.9
Ten Largest as a Percentage of Total			52%

Ten Largest Increases in 1996-1998 Budget Made by 1996 General Assembly

Based on Money Committee Summary of 3/22/96

<u>Rank</u>	<u>Agency</u>	<u>Program</u>	<u>GF</u>
1.	DOE	State Share of SOQ	\$406.4
2.	DMAS	Medicaid Utilization & Inflation	\$123.0
3.	Treasury	Revenue Stabilization Fund (2 years)	\$107.3
4.	Colleges & Universities	Faculty Salary Increase (Yr 1: 5% average; Yr 2: 2.0%)	\$79.6
5.	Central Accounts	Classified Salary Increase (Yr 1: 4.35%; Yr 2: 2.0%)	\$73.5
6.	DOE	School Employee Salary Increase (Yr 1: 1.75%; Yr 2: 2.0%)	\$70.0
7.	Treasury	VPBA/GO Bonds/Regional Jails	\$48.1
8.	DOE/CSA	Comprehensive Services Act-Additional State Funding	\$39.9
9.	Compensation Board	Staff for New Jails	\$25.9
10.	DMAS	Rehabilitation Lawsuit	\$25.3
Sub-Total, Ten Largest			\$999.0
Total, All "Major" General Fund Increases (over \$1 Million)			\$1,537.6
Ten Largest as a Percentage of Total			65%

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Change in Population by Locality, 1996 - 2004

Change in Population

Source: Weldon Cooper Center

	1996 Population <u>Estimate</u>	2004 Population <u>Estimate</u>	<u>Change</u>
Accomack County	35,700	38,700	3,000
Albemarle County	79,300	90,100	10,800
Alleghany County	17,700	16,900	-800
Amelia County	10,400	12,000	1,600
Amherst County	30,900	31,200	300
Appomattox County	13,300	13,700	400
Arlington County	184,300	193,200	8,900
Augusta County	63,200	67,600	4,400
Bath County	5,000	4,800	-200
Bedford County	56,600	62,700	6,100
Bland County	6,900	7,000	100
Botetourt County	28,600	31,400	2,800
Brunswick County	16,900	18,300	1,400
Buchanan County	28,900	25,300	-3,600
Buckingham County	15,100	16,000	900
Campbell County	49,900	50,700	800
Caroline County	21,400	23,500	2,100
Carroll County	29,000	29,700	700
Charles City County	6,700	7,000	300
Charlotte County	12,100	12,400	300
Chesterfield County	244,800	281,300	36,500
Clarke County	12,600	13,700	1,100
Craig County	5,000	5,200	200
Culpeper County	32,000	39,100	7,100
Cumberland County	8,500	9,500	1,000
Dickenson County	17,000	16,400	-600
Dinwiddie County	23,600	25,400	1,800
Essex County	9,600	10,100	500
Fairfax County	915,000	1,007,400	92,400
Fauquier County	51,900	61,500	9,600
Floyd County	13,200	14,600	1,400
Fluvanna County	16,800	24,300	7,500
Franklin County	44,700	49,400	4,700
Frederick County	54,000	66,300	12,300
Giles County	16,300	16,300	0
Gloucester County	33,300	35,200	1,900
Goochland County	16,600	18,600	2,000
Grayson County	16,600	16,700	100
Greene County	13,300	16,700	3,400
Greensville County	11,500	11,700	200

	1996 Population <u>Estimate</u>	2004 Population <u>Estimate</u>	<u>Change</u>
Halifax County	37,700	36,300	-1,400
Hanover County	77,000	94,800	17,800
Henrico County	248,200	279,600	31,400
Henry County	57,700	55,100	-2,600
Highland County	2,600	2,400	-200
Isle of Wight County	28,200	31,300	3,100
James City County	43,100	55,200	12,100
King and Queen County	6,500	6,700	200
King George County	15,800	19,100	3,300
King William County	12,400	14,000	1,600
Lancaster County	11,400	11,300	-100
Lee County	24,000	25,400	1,400
Loudoun County	129,800	241,800	112,000
Louisa County	23,500	27,800	4,300
Lunenburg County	13,100	13,100	0
Madison County	12,300	13,300	1,000
Mathews County	9,100	9,400	300
Mecklenburg County	31,400	32,300	900
Middlesex County	9,400	10,100	700
Montgomery County	80,000	86,000	6,000
Nelson County	13,700	14,900	1,200
New Kent County	12,400	14,800	2,400
Northampton County	13,000	12,900	-100
Northumberland County	11,800	12,600	800
Nottoway County	15,500	15,500	0
Orange County	24,200	28,500	4,300
Page County	22,900	23,700	800
Patrick County	18,700	19,200	500
Pittsylvania County	58,800	61,400	2,600
Powhatan County	20,200	25,400	5,200
Prince Edward County	18,900	20,100	1,200
Prince George County	32,100	36,700	4,600
Prince William County	252,900	344,000	91,100
Pulaski County	34,600	34,100	-500
Rappahannock County	6,500	6,800	300
Richmond County	8,600	9,400	800
Roanoke County	82,600	88,200	5,600
Rockbridge County	19,900	21,200	1,300
Rockingham County	65,000	70,400	5,400
Russell County	29,300	29,400	100
Scott County	23,200	23,200	0
Shenandoah County	33,900	38,300	4,400
Smyth County	33,200	32,300	-900
Southampton County	17,500	17,800	300
Spotsylvania County	75,400	112,000	36,600
Stafford County	83,500	114,900	31,400
Surry County	6,600	6,800	200
Sussex County	10,100	12,100	2,000
Tazewell County	46,100	43,900	-2,200

	1996 Population <u>Estimate</u>	2004 Population <u>Estimate</u>	<u>Change</u>
Warren County	30,200	33,900	3,700
Washington County	49,600	51,300	1,700
Westmoreland County	16,500	16,400	-100
Wise County	40,300	41,200	900
Wythe County	26,900	27,500	600
York County	53,300	61,500	8,200
Alexandria City	120,500	134,200	13,700
Bedford City	6,000	6,300	300
Bristol City	17,600	17,200	-400
Buena Vista City	6,200	6,400	200
Charlottesville City	39,300	39,500	200
Chesapeake City	187,000	209,700	22,700
Colonial Heights City	16,700	17,000	300
Covington City	6,600	5,900	-700
Danville City	51,200	45,900	-5,300
Emporia City	5,600	5,500	-100
Fairfax City	20,800	23,300	2,500
Falls Church City	9,900	11,200	1,300
Franklin City	8,800	8,200	-600
Fredericksburg City	21,000	21,100	100
Galax City	6,800	6,800	0
Hampton City	143,200	142,800	-400
Harrisonburg City	37,100	42,700	5,600
Hopewell City	22,800	22,200	-600
Lexington City	7,000	6,900	-100
Lynchburg City	65,900	66,900	1,000
Manassas City	33,700	37,000	3,300
Manassas Park City	9,300	12,400	3,100
Martinsville City	15,800	14,700	-1,100
Newport News City	177,800	182,400	4,600
Norfolk City	237,600	233,800	-3,800
Norton City	4,000	3,900	-100
Petersburg City	34,100	31,500	-2,600
Poquoson City	11,400	11,600	200
Portsmouth City	102,100	97,800	-4,300
Radford City	15,000	15,200	200
Richmond City	197,000	192,900	-4,100
Roanoke City	97,000	92,600	-4,400
Salem City	24,700	24,600	-100
Staunton City	23,400	22,600	-800
Suffolk City	57,500	75,500	18,000
Virginia Beach City	416,800	432,300	15,500
Waynesboro City	18,600	19,800	1,200
Williamsburg City	11,900	13,600	1,700
Winchester City	23,400	25,500	2,100
Virginia	6,759,800	7,458,300	698,500



State Expenditures by Governmental Function, FY 1981 to FY 2005

State Expenditures by Governmental Function (Dollars in Millions, Unadjusted for Inflation)

Sources: Comprehensive Annual Financial Reports; Department of Accounts' correspondence for FY2002–FY2005 data.
Note: Expenditures are on a budgetary or cash basis. Includes all operating and capital spending as well as expenditure of bond proceeds.

Fiscal Year	Education	Administration of Justice	Individual and Family Services	Resource and Economic Development	Transportation	General Government	Enterprises	Capital Projects	Total Expenditures
1981	1,916	339	1,853	145	924	290	285	158	5,909
1982	2,049	430	1,992	156	732	284	306	148	6,095
1983	2,170	481	2,044	165	830	230	432	178	6,530
1984	2,357	502	2,058	174	903	232	453	171	6,849
1985	2,633	549	2,191	200	1,064	269	485	146	7,536
1986	2,961	626	2,387	224	1,331	296	508	170	8,502
1987	3,256	692	2,573	267	1,494	349	576	198	9,405
1988	3,539	763	2,837	290	1,716	370	607	256	10,378
1989	3,878	857	3,095	348	1,825	390	726	271	11,389
1990	4,169	964	3,389	402	1,913	417	765	280	12,298
1991	4,333	1,020	3,989	405	1,907	397	885	190	13,126
1992	4,325	1,034	4,439	389	1,812	382	941	208	13,530
1993	4,599	1,070	4,860	381	1,670	398	957	167	14,102
1994	4,758	1,143	5,047	419	1,833	893	1,012	277	15,382
1995	5,067	1,250	5,316	501	2,265	1,037	1,034	355	16,825
1996	5,195	1,326	5,445	480	2,330	1,008	1,065	332	17,181
1997	5,568	1,387	5,562	482	2,449	1,088	1,085	460	18,081
1998	5,941	1,550	5,594	539	2,573	1,174	1,140	553	19,064
1999	6,622	1,745	5,888	624	2,867	1,514	1,198	444	20,902
2000	7,058	1,914	6,385	673	2,797	1,880	1,230	428	22,365
2001	7,570	2,091	6,897	790	3,158	2,198	1,286	451	24,441
2002	7,742	2,069	8,275	743	3,359	2,546	1,375	466	26,575
2003	7,875	2,021	8,608	659	3,209	2,625	1,397	532	26,926
2004	8,363	2,034	8,814	693	3,147	2,969	1,499	710	28,231
2005	9,327	2,170	9,288	734	3,366	3,003	1,689	890	30,467



Final Legislative Appropriations by Fund, FY 1981 to FY 2005

Final Legislative Operating Appropriations by Secretarial Area (Dollars in Millions, Unadjusted for Inflation)

Source: Final Appropriation Act for each biennium (typically, "Caboose" bills), Acts of Assembly, Department of Planning and Budget

Fiscal Year	Total	General	Special	Higher Education Operating	Commonwealth Transportation	Enterprise	Trust and Agency	Debt Service	Dedicated Special Revenue	Federal Trust	Total Non-General
1981	5,713	2,687	189	549	982	206	133	22	15	930	3,026
1982	6,033	2,904	212	614	968	217	181	24	15	898	3,129
1983	6,477	3,111	249	748	949	248	219	22	24	908	3,366
1984	6,841	3,268	271	834	971	254	235	31	25	952	3,573
1985	7,682	3,753	251	911	1,092	214	339	37	29	1,057	3,929
1986	8,269	4,032	299	984	1,174	217	393	44	31	1,097	4,237
1987	9,351	4,599	333	1,144	1,384	219	405	100	31	1,135	4,751
1988	10,021	4,932	423	1,203	1,618	218	333	84	33	1,178	5,089
1989	11,383	5,619	575	1,386	1,673	227	487	77	44	1,296	5,765
1990	11,836	5,989	668	1,464	1,598	228	428	39	46	1,377	5,847
1991	12,620	6,315	676	1,631	1,553	294	401	80	58	1,612	6,305
1992	12,858	6,140	775	1,806	1,600	296	380	42	59	1,760	6,717
1993	13,927	6,402	842	2,087	1,728	300	467	34	64	2,004	7,526
1994	14,686	6,777	878	2,228	1,906	303	386	34	68	2,105	7,909
1995	15,854	7,356	937	2,395	1,948	359	419	104	76	2,260	8,498
1996	16,291	7,597	915	2,487	1,919	371	449	108	78	2,368	8,694
1997	17,131	8,134	918	2,570	1,953	365	447	87	134	2,522	8,997
1998	17,621	8,715	940	2,219	2,106	366	463	92	123	2,596	8,905
1999	19,962	9,967	938	2,471	2,706	391	486	104	142	2,757	9,995
2000	21,369	11,093	1,029	2,489	2,597	399	486	108	140	3,028	10,276
2001	23,323	12,284	1,156	2,616	2,785	429	614	119	245	3,074	11,039
2002	23,483	12,014	1,202	2,704	2,876	428	767	121	250	3,120	11,469
2003	24,983	12,105	1,324	3,240	2,680	566	898	167	285	3,718	12,878
2004	26,379	12,370	1,352	3,575	3,194	590	893	171	258	3,976	14,009
2005	29,258	13,782	1,430	4,014	3,213	650	1,085	164	585	4,333	15,476



Final Legislative Appropriations by Secretarial Area, FY 1981 to FY 2005

Final Legislative Operating Appropriations by Secretarial Area (Dollars in Millions, Unadjusted for Inflation)

Source: Final Appropriation Act for each biennium (typically, "Caboose" bills), Acts of Assembly, Department of Planning and Budget

Note: This table reflects the varying organizational structure and agency assignments of the Governor's Secretaries over the period. Details will not sum to total appropriations because of omissions. For example, the Judicial and Legislative departments are not shown, nor are the independent agencies, central accounts, or the Executive Offices. However, the amounts shown average about 95% of the total appropriation each year.

Fiscal Year	Admin. & Finance	Administration	Agriculture	Commerce & Resources	Economic Dev./ Commerce & Trade	Education	Finance	Health & Human Resources	Natural Resources	Technology	Transportation & Public Safety	Public Safety	Transportation
1981	182			110		2,211		1,449				455	1,072
1982	182			107		2,378		1,500				490	1,064
1983	223			124		2,665		1,576				580	1,049
1984	217			131		2,918		1,677				594	1,080
1985		203		472		3,214	91	1,586			1,750		
1986		209		485		3,552	89	1,691			1,873		
1987		247			446	4,013	103	1,844	82		2,261		
1988		253			450	4,240	107	1,927	84		2,584		
1989		313			543	4,721	120	2,355	125		2,814		
1990		327			552	5,051	126	2,560	161		2,738		
1991		363			522	5,271	137	2,957	160			987	1,783
1992		343			524	5,317	143	3,220	172			1,005	1,769
1993		366			602	5,721	152	3,620	174			1,003	1,892
1994		379			555	5,954	196	3,828	181			1,038	2,077
1995		402			611	6,497	318	4,083	153			1,126	2,148
1996		403			634	6,727	328	4,150	196			1,186	2,121
1997		426			614	6,747	403	4,397	178			1,280	2,188
1998		453			639	7,042	423	4,504	208			1,348	2,358
1999		499			670	7,908	527	4,811	265	17		1,519	2,855
2000		530			668	8,325	574	5,360	275	19		1,690	2,751
2001		596			720	8,780	555	5,830	288	20		1,928	3,222
2002		578			713	8,968	659	6,079	246	22		1,911	3,034
2003		708			737	9,553	468	6,752	254	64		1,898	2,955
2004		701			736	9,970	564	7,131	254	43		1,899	3,404
2005		786	0.1		866	11,205	631	7,984	312	45		2,042	3,697



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