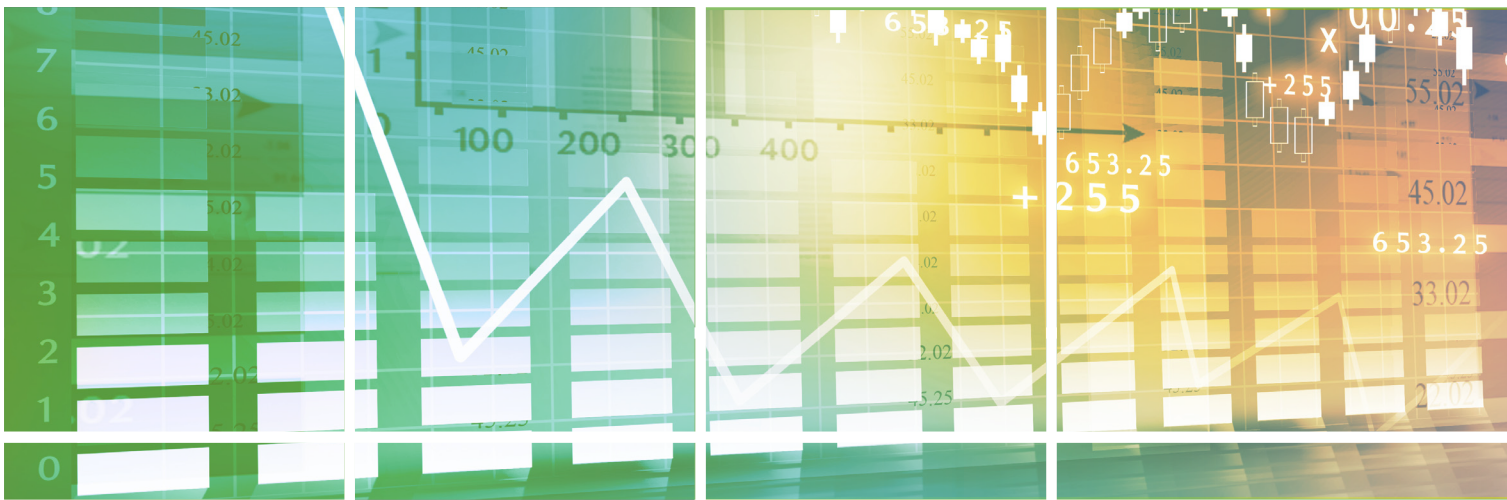


Report to the Governor and the General Assembly of Virginia

State Spending: 2021 Update



COMMISSION DRAFT

Joint Legislative Audit and Review Commission

Delegate Kenneth R. Plum, Chair
Senator Janet D. Howell, Vice Chair

Delegate Terry L. Austin
Delegate Betsy B. Carr
Delegate M. Kirkland Cox
Delegate Eileen Filler-Corn
Delegate Charniele L. Herring
Senator Mamie E. Locke
Senator Jeremy S. McPike
Senator Thomas K. Norment, Jr.
Delegate Robert D. Orrock, Sr.
Delegate Mark D. Sickles
Senator Lionell Spruill, Sr.
Delegate Luke E. Torian
Staci Henshaw, Auditor of Public Accounts

JLARC staff

Hal E. Greer, Director
Kimberly Sarte, Associate Director for Ongoing Oversight and Fiscal Analysis
Ellen Miller, Chief Economic Development and Quantitative Analyst
Information graphics: Nathan Skreslet
Managing Editor: Jessica Sabbath

Contents

Summary	i
----------------	---

State Spending: 2021 Update

Virginia's budget was \$67.5 billion in FY21	1
Virginia's budget has grown 6% per year since FY12	3
Majority of budget growth was concentrated in a few agencies and programs	9
Non-general fund appropriations continue to drive budget growth	14
Some agencies have had very large percentage increases in appropriations since FY12	16
General fund appropriations declined or grew slower than inflation for a few state agencies	19

Appendixes

A: Study mandate	21
B: Research methods and activities	22
C: 10 agencies with largest appropriations	23
D: Virginia's operating appropriations, FY12–FY21	25
E: Virginia's appropriations for internal services, FY15–FY21	27
F: Higher education funding in Virginia's budget	28
G: Virginia's appropriations by category of use	34
H: Total federal funding in Virginia's budget	36

Appendixes, online-only – jlarc.virginia.gov/state-spending.asp

I: The basis of Virginia's budget	
J: 10 largest annual general fund increases, 2012–2021 biennial totals	
K: State expenditures by governmental function	
L: Final legislative operating appropriations by fund	
M: Major uses of non-general funds, FY21	
N: Total, general fund, and non-general fund appropriations for the 10 agencies with the most growth in total appropriations, FY12–FY21	

Tables and figures

Table 1: 10 programs with the largest total and general fund appropriations (FY21)

Table 2: Key demographic and economic changes in Virginia, 2012–2021

Table 3: 10 agencies with the highest growth amount in total appropriations

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

Table 5: 10 programs with the highest growth amount in total appropriations

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

Table 7: Non-general fund growth by category

Table 8: 10 agencies with the highest growth amount in non-general fund appropriations

Table 9: 10 agencies with the fastest growth rate in general fund appropriations

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

Figure 1: A small number of agencies received half of total and general fund appropriations (FY21)

Figure 2: Total appropriations grew by 6% per year, but general fund appropriations grew more slowly

Figure 3: Average annual change in appropriations adjusted for inflation and population growth

Figure 4: Adjusted for inflation and population, Virginia's total budget generally increased each year, with the largest increase between FY18 and FY19

Figure 5: Revenue in reserves totaled \$1.5 billion as of FY21

Abbreviations

ABC	Virginia Alcoholic Beverage Control Authority
CNU	Christopher Newport University
CSA	Children's Services Act
CWM	College of William & Mary
DARS	Department of Aging & Rehabilitative Services
DBHDS.....	Department of Behavioral Health & Developmental Services
DBVI.....	Department for the Blind & Vision Impaired
DEQ.....	Department of Environmental Quality
DCJS	Department of Criminal Justice Services
DCR.....	Department of Conservation and Recreation
DFS.....	Department of Forensic Science
DGS.....	Department of General Services
DHCD	Department of Housing & Community Development
DHRM	Department of Human Resource Management
DJJ	Department of Juvenile Justice
DLS.....	Division of Legislative Services
DMA	Department of Military Affairs
DMAS.....	Department of Medical Assistance Services
DMV	Department of Motor Vehicles
DOA.....	Department of Accounts
DOC	Department of Corrections
DOE.....	Department of Education
DPB	Department of Planning & Budget
DRPT.....	Department of Rail & Public Transportation
DSS.....	Department of Social Services
DVS	Department of Veterans Services
ELECT	Department of Elections
EVMS.....	Eastern Virginia Medical School
GMU	George Mason University
JMU.....	James Madison University

LU..... Longwood University
NSU..... Norfolk State University
OAGOffice of the Attorney General
ODU Old Dominion University
RURadford University
SBSD Department of Small Business & Supplier Diversity
SCC..... State Corporation Commission
SCHEVState Council of Higher Education for Virginia
UMW University of Mary Washington
UVA..... University of Virginia
UVA-W.....University of Virginia’s College at Wise
Virginia529..... Virginia 529 College Savings Plan
VA Tech..... Virginia Tech
VECVirginia Employment Commission
VEDPVirginia Economic Development Partnership
VDEMVirginia Department of Emergency Management
VITA.....Virginia Information Technologies Agencies
VMRC Virginia Marine Resources Commission
VCCS.....Virginia Community College System
VCU Virginia Commonwealth University
VDACS.....Virginia Department of Agriculture and Consumer Services
VDH.....Virginia Department of Health
VDOT Virginia Department of Transportation
VMFA..... Virginia Museum of Fine Arts
VMI Virginia Military Institute
VPA..... Virginia Port Authority
VRS Virginia Retirement System
VSP Virginia State Police
VSU..... Virginia State University

State Spending: 2021 Update – Summary

WHAT WE FOUND

- Virginia’s budget was \$67.5 billion in FY21. Three agencies—DMAS, DOE, and VDOT—received half of total appropriations, and two agencies—DOE and DMAS—received half of general fund appropriations because these agencies also administer the largest programs in terms of total appropriations (Medicaid, state education assistance, and highway construction) and general fund appropriations (state education assistance and Medicaid).
- Over the past decade, Virginia’s operating budget increased by 5.9% per year, on average. This equated to a total growth rate of 67% between FY12 and FY21. A majority of this growth was in non-general fund appropriations (7.3% per year, on average). The non-general fund budget grew the most between FY18 and FY21, primarily because of Medicaid expansion and additional funds for road construction and repair projects. The general fund budget grew at a slower rate (3.7% per year, on average).
- Adjusted for growth in population and inflation, the total budget grew by an average of 3.3% per year during the 10-year period, with the non-general fund budget increasing by 4.7% per year and the general fund budget increasing by 1.2% per year, on average.
- The majority of budget growth was concentrated in a few agencies and programs between FY12 and FY21. Ten agencies (out of 147) accounted for 72% of total budget growth with DMAS and VDOT accounting for 48%. Nine budget programs within the core functions of health care, education, and transportation accounted for 66% of total budget growth.
- General fund budget growth was even more concentrated by agency and program. Two agencies—DMAS and DOE—were responsible for nearly half (49%) of general fund budget growth.
- Some agencies have had very large percentage increases in general fund appropriations since FY12, but—with the exception of DBHDS—these agencies are quite small.

WHY WE DID THIS STUDY

The Code of Virginia requires the Joint Legislative Audit and Review Commission (JLARC) to produce an annual report on growth in state spending over the previous 10 years, identify the largest and fastest-growing functions and programs in the budget, and analyze long-term trends and causes of spending in these programs. (See Appendix A.)

Prior reports reviewed spending and budget growth for all the previous 10-year periods between FY1981 and FY20. This report is the 21st in the series and focuses on trends in the state’s operating budget during the past 10 years, from FY12 through FY21.

State Spending: 2021 Update

FY12–FY21

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

The Joint Legislative Audit and Review Commission (JLARC) produces a report each year on Virginia state spending over the previous 10-year period. (See Appendix A.) The report identifies the largest- and fastest-growing agencies and programs in the state budget and analyzes long-term state spending changes. This year's report focuses on state budget trends from FY12 to FY21 and identifies factors influencing these trends.

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

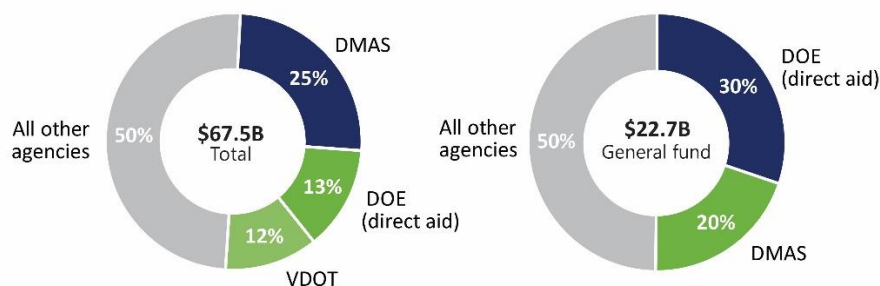
Virginia's budget was \$67.5 billion in FY21

In FY21, Virginia's budget totaled \$67.5 billion and included 147 agencies and 202 programs. Appropriation amounts were concentrated in a small number of agencies that focus on core government activities, such as Medicaid, K–12 education, and highway construction and maintenance. Three agencies received half of total appropriations in FY21, and two agencies received half of general fund appropriations (Figure 1). Appropriations also were concentrated in a small number of programs. Ten programs received 67% of total appropriations in FY21 (Table 1). General fund appropriations were even more concentrated, with two programs accounting for 49% of general fund appropriations, and 10 programs accounting for 76%. The top three programs in general fund appropriations were also the top three programs for total appropriations.

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

FIGURE 1

A small number of agencies received half of total and general fund appropriations (FY21)



SOURCE: Chapter 552, 2021 Acts of Assembly, Special Session I.

NOTE: See Appendix C for more information on the top 10 agencies that received appropriations (total, general fund, and non-general fund) in FY21. Numbers may not sum because of rounding.

TABLE 1
10 programs with the largest total and general fund appropriations (FY21)

Total appropriations			
Rank	Program name	Total (\$M)	% of total
1	Medicaid program services	\$16,311.2	24%
2	State education assistance programs	7,743.8	11
3	Higher ed: Education & general (E&G) services	5,587.5	8
4	Highway construction programs	3,650.9	5
5	State health services ^a	2,744.4	4
6	Personnel management services ^b	2,456.0	4
7	Highway system maintenance and operations	2,029.5	3
8	Higher ed: auxiliary enterprises	1,858.9	3
9	Higher ed: Financial assistance for E&G services	1,828.8	3
10	Financial assistance to localities (transportation)	1,128.6	2
Top 10 programs, subtotal		\$45,339.6	67%
Other programs, subtotal		\$22,155.3	33%
Total operating budget		\$67,494.9	100%

General fund appropriations			
Rank	Program name	Total (\$M)	% of total
1	State education assistance programs	\$6,817.9	30%
2	Medicaid program services	4,344.0	19
3	Higher ed: E&G services	1,880.2	8
4	Personal property tax relief program	950.0	4
5	Operation of secure correctional facilities	835.3	4
6	Bond and loan retirement and redemption ^c	815.6	4
7	Financial assistance for sheriffs' offices and regional jails	485.8	2
8	Pre-trial, trial, and appellate processes	447.2	2
9	Financial assistance for health services ^d	419.9	2
10	Higher ed: Student financial services	353.8	2
Top 10 programs, subtotal		\$17,349.6	76%
Other programs, subtotal		\$5,370.8	24%
Total operating budget		\$22,720.5	100%

SOURCE: Chapter 552, 2021 Acts of Assembly, Special Session I.

NOTE: Total appropriation amounts exclude appropriations of federal COVID-19 relief funds.

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

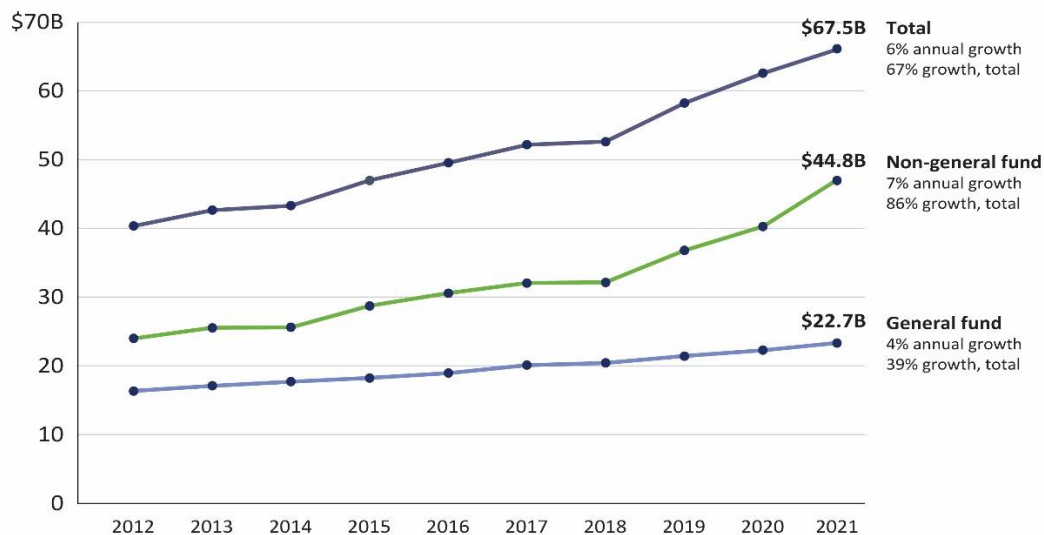
Virginia's budget has grown 6% per year since FY12

Virginia's total budget grew 5.9% per year, on average, between FY12 and FY21 (Figure 2). This equated to a total growth rate of 67% over the 10-year period. A majority of this growth was in the non-general fund budget, which grew by 7.3% per year, on average, or 86% over the 10-year period. The non-general fund budget grew the most between FY18 and FY21 (39% or \$12.6 billion) primarily because of Medicaid expansion and additional funds for road construction and repair projects. Some of the changes to the total and non-general fund budgets also reflect a policy decision to include a specific appropriation for internal service funds in the non-general fund budget starting in FY15.

The state general fund budget grew at a slower rate than the total and non-general fund budgets, growing 3.7% per year, on average (39% total growth) between FY12 and FY21. The general fund budget grew at a much slower rate than the non-general fund budget over the past two fiscal years (8% versus 25%).

FIGURE 2

Total appropriations grew by 6% per year, but general fund appropriations grew more slowly (FY12–FY21)



SOURCE: DPB data on appropriations, 2012–2021.

NOTE: See Appendix D for more detail on spending and growth by year. Appropriations not adjusted for inflation. FY20 and FY21 amounts exclude appropriations of federal COVID-19 relief funds.

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

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

Adjusted for inflation and population, total budget grew 3.3% per year

Economic and demographic factors, such as inflation and population, affect the budget and should be accounted for in assessing Virginia's budget growth. Inflation increased by 1.9% per year, on average, between FY12 and FY21 (Table 2), which means that Virginia's budget needed to grow by at least that amount per year to have the same purchasing power over time. Adjusted for inflation using the consumer price index, Virginia's total operating

budget increased 4.0% per year between FY12 and FY21. The general fund budget increased 1.8% per year, and the non-general fund budget increased 5.3% per year, on average, between FY12 and FY21 (Figure 3).

TABLE 2
Key demographic and economic changes in Virginia, 2012–2021

Indicator	2012	2021	% change 2012–2021	
			Total	Annual average
Population				
Total	8,185,867	8,628,367 ^a	5.4%	0.6%
Ages 65 and over	1,062,186	1,447,109 ^a	36.2	3.5
Under 18 years old	1,862,624	1,865,060 ^a	0.1	<0.1
Living in poverty ^g	931,805	822,775 ^{a,e}	-11.7	-0.6
Economy				
Inflation (Consumer Price Index) ^b	100.0	118.6	18.6	1.9
Virginia GDP (\$B)	\$440.6	\$579.9	31.6	3.1
Total Virginia employment (non-farm, June)	3,725,600	3,894,200	4.5	0.6
Total state personal income (\$B)	\$402.0	\$550.8	37.0	3.6
Median Virginia home sales price (June)	\$249,500	\$372,000	49.3	4.7
Average weekly wages in Virginia	\$993	\$1,253 ^f	26.2	3.0
State finances ^c				
State operating budget (\$B)	\$40.4	\$67.5	67.3	5.9
State general fund budget (\$B)	\$16.3	\$22.7	39.0	3.7
Total number of state employees (salaried) ^d	103,445	105,456	1.9	0.2
Median state employee salary ^d	\$39,147	\$50,231	28.3	6.3
Taxable sales (\$B) ^g	\$93.3	\$104.4 ^f	11.9	1.4

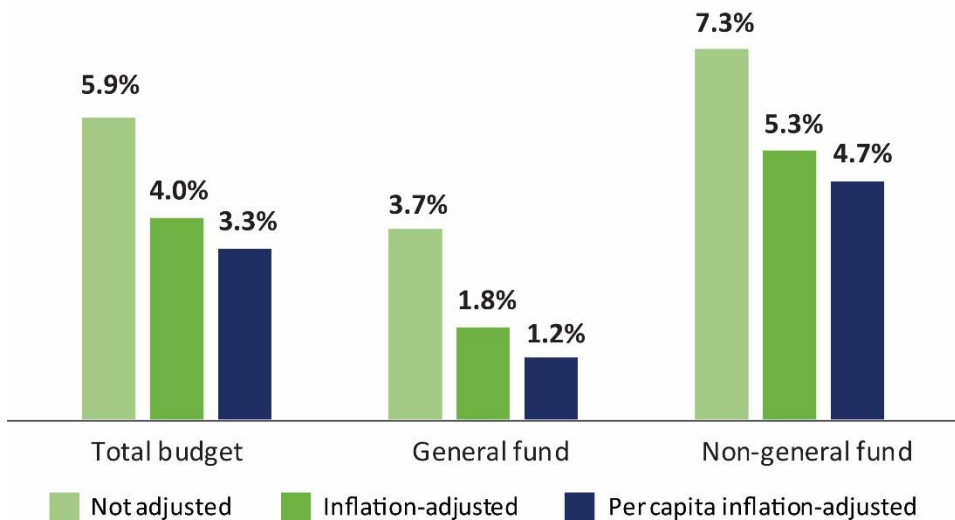
SOURCE: U.S. Census Bureau; Bureau of Economic Analysis; Bureau of Labor Statistics; various state agencies; Virginia Association of Realtors.
NOTE: Dollars not adjusted for inflation.

^a Estimated. ^b 2012 Consumer Price Index rebased to 100. ^c On a fiscal year basis unless otherwise noted. ^d Includes salaried faculty at higher education institutions. ^e 2019. ^f 2020. ^g Calendar year.

As the population grows so does the need for some state services. Adjusted for both inflation and population growth, the total budget increased by 3.3% per year; general fund appropriations increased by 1.2% per year; and non-general fund appropriations increased by 4.7% per year, on average (Figure 3). Changes in certain population groups, such as older residents, can affect the demand for state services and state spending because these groups typically require more services than the general population. The number of Virginians ages 65 years and older grew six times faster annually than the general population between FY12 and FY21 (Table 2). In contrast, the number of Virginians under 18 years old remained about the same.

FIGURE 3

Average annual change in appropriations adjusted for inflation and population growth, FY12–FY21



SOURCE: DPB data on appropriations, 2012–2021; U.S. Census Bureau; Bureau of Labor Statistics.

Adjusted for population and inflation, Virginia’s budget generally increased each year during the 10-year period (Figure 4). The largest increases occurred after FY18, primarily because of non-general fund budget growth. Between FY18 and FY19, non-general fund budget growth (14.4% unadjusted) was higher than average and was substantially higher than inflation (1.7%). Since FY19, non-general fund budget growth remained higher than average (unadjusted growth of 9.5% between FY19 and FY20 and 11.1% between FY20 and FY21). Inflation was below average in FY20 because of the COVID-19 pandemic’s economic impact in the last quarter of that fiscal year.

In contrast, the general fund budget experienced modest increases between FY18 and FY20 and experienced a decrease between FY20 and FY21, adjusted for population and inflation. This decrease occurred primarily because the federal government lowered state funding match rates during the COVID-19 pandemic, which resulted in a decline in general fund appropriations for Medicaid between FY20 and FY21. Medicaid—which is the second-largest program in general fund appropriations—had an 8% decline in general fund appropriations between FY20 and FY21. Inflation, however, increased by 5.3%.

Virginia ranked 14th for state per capita inflation-adjusted spending growth between FY10 and FY19, the most recent years for which comparable data is available (*Virginia Compared with the Other States*, JLARC 2021). Virginia’s total growth rate (9%) for state per capita inflation-adjusted spending during this timeframe was higher than most other states in the Southeast region, with the exception of Alabama (17%) and Kentucky (11%).

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

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

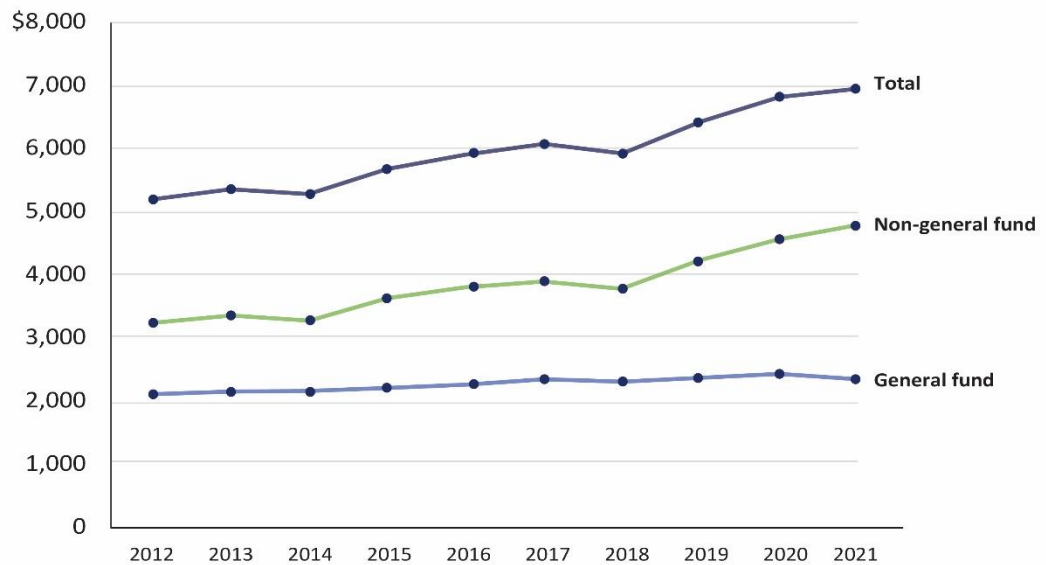
Statistics for labor force and personal income per capita reflect the annual average change from the second quarter of 2012 to the second quarter of 2021. Statistics for GDP reflect the annual average change from the first quarter of 2012 to the first quarter of 2021.

In total federal spending per capita, Virginia ranked 10th among the states in federal fiscal year 2018, the most recent year for which data is available.

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

FIGURE 4

Adjusted for inflation and population, Virginia's total budget generally increased each year, with the largest increase between FY18 and FY19



SOURCE: DPB data on appropriations, 2012–2021; U.S. Census Bureau; and U.S. Bureau of Labor Statistics.

NOTE: Average annual growth. Changes to the total and non-general fund budgets reflect a budgetary decision, starting in FY15, to include specific appropriations for internal service funds.

Economic growth affects revenue available for the budget

Virginia's GDP, total personal income, and employment levels increased between FY12 and FY21 (Table 2). As Virginia's employment and personal income levels grow, state general fund revenues, comprising mostly income and sales tax revenues, also grow. Annual general fund appropriations have also closely mirrored annual Virginia GDP over time and have been 3.9% of Virginia GDP, on average, since FY1997.

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

- **Virginia GDP** grew at a slower rate (1.2% annual average) than national GDP (1.9% annual average) between 2012 and 2021, adjusted for inflation.
- **Virginia's labor force** grew less (0.6% annual average) than the nation's (1.0% annual average) between 2012 and 2021.
- **Virginia's personal income per capita** grew less (1.1% annual average) than the nation's (1.9% annual average) between 2012 and 2021, adjusted for inflation.

Virginia's economic growth was lower, particularly early during the 10-year period, because it did not recover as quickly from the Great Recession as the rest of the nation. Prior to 2017, Virginia's GDP growth was 1 to 3 percentage points lower than U.S. GDP growth. Since 2017, Virginia's GDP growth rates have more closely mirrored

national growth rates, and Virginia's GDP growth between 2019 and 2021 slightly exceeded the nation's GDP growth. Virginia's labor force and income growth rates more closely mirrored U.S. labor force and income growth rates during the 10-year period, though they are generally slightly lower.

Policy decisions and program growth affect budget trends

State policy decisions affect Virginia's budget growth and budget allocations across agencies and budget programs. For example, in 2018 the state authorized the expansion of Medicaid to parents and childless adults with income up to 138 percent of the federal poverty level. This expansion increased total appropriations for the Medicaid program by \$1.1 billion in FY19 and by another \$2.3 billion in FY20. Non-general fund appropriations increased because Virginia received increased federal funding and began collecting a provider assessment on hospitals to fund expansion. Medicaid expansion did not become effective until January 1, 2019, therefore Medicaid expansion's full impact on the state budget was not realized until FY20.

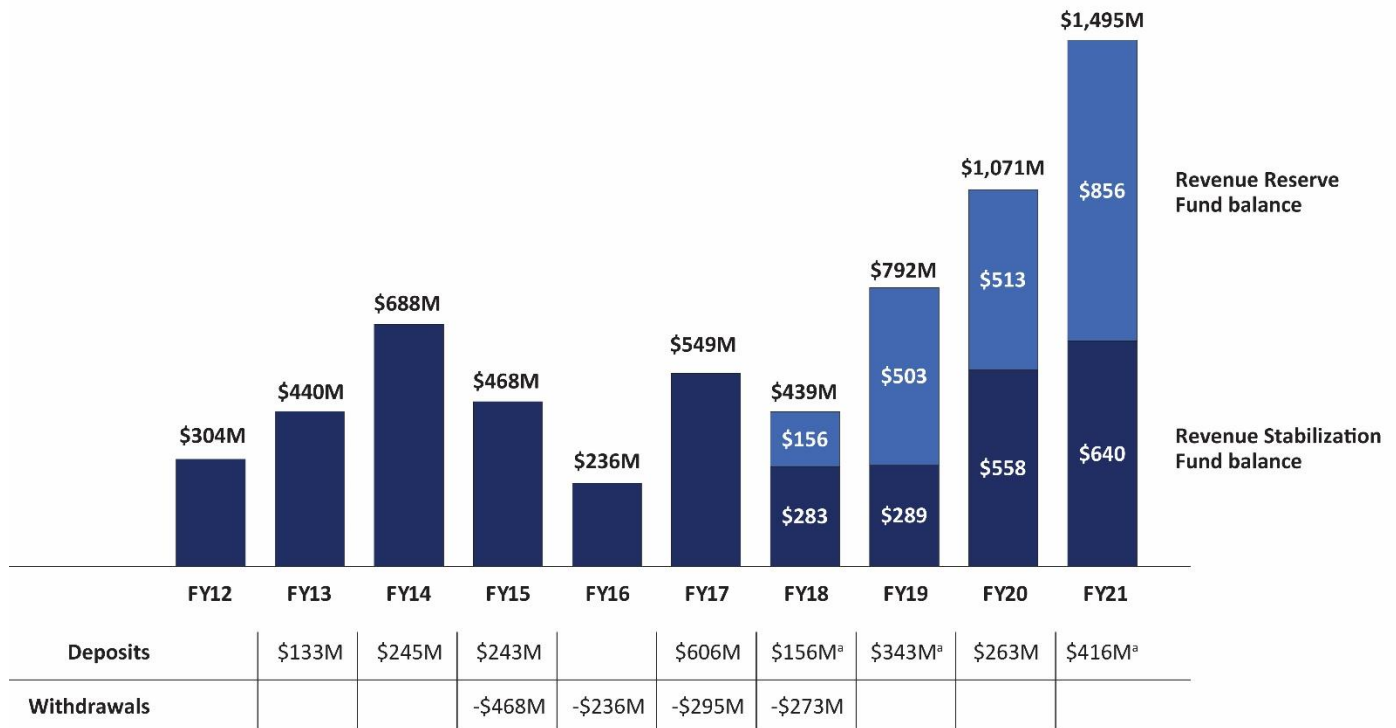
Several major policy decisions affected the general fund budget. For example, the General Assembly provided \$382 million in general funds in FY15 and FY16 to help pay down unfunded pension liabilities in the Virginia Retirement System. Other funding, such as the state's share of the Standards of Quality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

Virginia's policy decision to reserve revenue in years of above-average revenue growth affects the general fund budget because the legislature appropriates set amounts to two reserve funds. As of FY21, the total amount in reserves was \$1.5 billion (Figure 5). The Revenue Stabilization (rainy day) Fund was established in the early 1990s to provide a reserve of funds that can be used in years when state revenue collections are less than projected. Each year general fund revenue collections are evaluated to determine if surplus revenues exist, and if so, the portion to be obligated to the fund based on a formula in Virginia's constitution. In some years, no appropriations from the general fund are made.

Six deposits to the Revenue Stabilization Fund occurred between FY12 and FY21 (Figure 5), based on surplus revenues in previous years. The largest deposit totaled \$606 million in FY17, representing more than half the growth in general fund appropriations between FY16 and FY17. The General Assembly made four withdrawals from the fund to offset general revenue deficiencies between FY12 and FY21, reducing the amount of spending reductions that otherwise would have been necessary.

In 2018, the General Assembly appropriated general funds to an additional reserve fund, the Revenue Reserve Fund, for excess revenue that does not have to be committed to the Revenue Stabilization Fund or other funds. As of FY21, the General Assembly has made three deposits to this fund, which is now the larger of the two funds with a balance of \$856 million.

FIGURE 5
Revenue in reserves totaled \$1.5 billion as of FY21



SOURCE: Secretary of finance presentations to the Senate Finance and Appropriations, House Appropriations, and House Finance Committees; Department of Accounts Preliminary General Fund Annual Reports; and DPB data on appropriations, 2012–2021.

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

^a Revenue Reserve Fund deposits. ^b Revenue Stabilization Fund (\$77M) and Revenue Reserve Fund (\$339M) deposits. All other deposits and all withdrawals were to/from the Revenue Stabilization Fund.

Virginia received **\$18 billion in federal COVID-19 relief funds** in FY20 and FY21 that are not included in the FY20 and FY21 operating budget amounts pursuant to Chapter 1283 (2020) and Chapter 552 (2021). (See Appendix D for more information about the relief funds and the agencies and programs that received funding.)

Program growth, which also affects budget growth, can occur over time for several reasons, including policy changes and changes to the population served. For example, Medicaid and CHIP enrollment grew 84% (from 946,358 to 1,740,361 average monthly enrollees) between FY12 and FY21. Funding for the programs is largely enrollment driven, and the Medicaid program grew by the largest amount in total appropriations during the 10-year period.

Federal funding affects state budget trends

Federal funding trends and policy decisions can affect state spending. Federal trust funds have grown as a portion of Virginia's budget over time, from an average of 14% of Virginia's annual budget between FY1990 and FY1999 to an average of 17% between FY12 and FY21. The policy decision to expand Medicaid eligibility beginning in FY19 increased federal funding as a portion of Virginia's budget from about 15% to 16% between FY12 and FY18 to 22% of Virginia's total budget in FY21.

Participation in federal programs generally requires a state funding match, which varies by program. The state match is substantial for some programs like Medicaid, the largest federal program in the Virginia budget, with \$10.6 billion in federal funds (71% of

all federal trust funds in Virginia's budget) in FY21. Virginia's state match rate for individuals enrolled in the base Medicaid program has historically been 50%. The federal Families First Coronavirus Response Act temporarily increased the federal match for the base Medicaid population, lowering the state's match rate for the second half of FY20 through the end of the public health emergency, which is still ongoing, to 43.8%. The lower state match rate resulted in a decrease in required general fund appropriations for Medicaid services. Virginia's state match rate for individuals enrolled under Medicaid expansion (which is unaffected by the law) was 7% in 2019 and 10% thereafter, and is funded by the new provider assessment on hospitals rather than state general funds.

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

Decisions to issue debt affect budget trends

When the state issues debt, the debt service required to pay off that debt affects the state's budget. Tax-supported debt service, which does not have a designated funding source, is funded through appropriations to the Treasury Board and VDOT. The state issues two types of tax-supported debt: general obligation bonds and other appropriation-supported obligations. The largest uses of tax-supported debt over the past decade were for higher education capital projects and teaching and research equipment (52%) and transportation projects funded through the Transportation Trust Fund (24%). Tax-supported debt also financed capital projects for correctional facilities; local and regional jails; and parks, conservation, and recreation facilities.

The state's outstanding tax-supported debt increased 35% (from \$8.9 billion to \$12.0 billion) between FY11 and FY20 (the most recent year available), with the largest issuances of debt occurring in FY11 and FY12. Expenditures to cover tax-supported debt service increased 50% (from \$694 million to \$1 billion) between FY11 and FY20. To ensure that tax-supported debt service does not consume too much of the state's operating budget, the Debt Capacity Advisory Committee has established a target debt service level. The committee has determined tax-supported debt service should not exceed 5% of blended revenues. Debt service was 4.1% of blended revenues in FY11 and 4.3% of blended revenues in FY20.

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

The majority of budget growth between FY12 and FY21 was concentrated in a few agencies. About half of total budget growth (48%) occurred in just two agencies: DMAS and VDOT (Table 3). Only two of the agencies on this year's list of 10 agencies with the highest growth amount in total appropriations—DRPT and ABC—were not on the same list in last year's report, *State Spending: 2020 Update*. These two agencies

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

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

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

replaced DSS and DBHDS. DRPT's appropriations increased significantly in FY21 because appropriations for the Washington Metropolitan Area Transit Authority were transferred from VDOT to DRPT. ABC has experienced substantial growth in retail sales and received increased appropriations to cover the cost of new merchandise. All but three (DRPT, ABC, and GMU) of the 10 agencies with the highest growth amount in total appropriations were also among the 10 largest agencies in terms of FY21 total appropriations. (See Appendix C, Table C-1.)

TABLE 3
10 agencies with the highest growth amount in total appropriations, FY12–FY21 (\$M)

Rank	Agency	Total appropriation		Average annual growth		% of total growth
		FY12	FY21	\$	%	
1	DMAS ^a	\$7,412.7	\$17,072.7	\$1,073.3	10%	36%
2	VDOT	4,777.6	7,954.3	353.0	6	12
3	DOE (Direct aid)	6,331.6	8,850.0	279.8	4	9
4	UVA ^b	2,326.6	3,853.5	169.7	6	6
5	Va Tech	969.8	1,533.7	62.6	5	2
6	DRPT	376.4	862.3	54.0	11	2
7	GMU	738.0	1,199.2	51.2	6	2
8	VCU	908.0	1,313.2	45.0	4	1
9	ABC	532.0	904.8	41.4	6	1
10	DOC	1,017.0	1,382.4	40.6	3	1
Top 10 agencies, subtotal		\$25,389.6	\$44,925.9	\$2,170.7	7%	72%
Other agencies, subtotal		\$14,961.5	\$22,568.9	\$845.3	5%	28%
Total operating budget		\$40,351.2	\$67,494.9	\$3,016.0	6%	100%

SOURCE: DPB data on appropriations, 2012–2021.

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

^a Includes \$7,236.4M in FY12 and \$16,756.7M in FY21 for Medicaid Services and CHIP. ^b Excludes UVA-Wise but includes the medical center.

Nearly half of total general fund budget growth (49%) occurred in DOE and DMAS (Table 4). The top 10 agencies with the highest general fund growth amounts in this year's report were also in the top 10 in last year's report. All but two (DHCD and DCR) of the 10 agencies with the highest growth amount in general fund appropriations were also among the 10 largest agencies in terms of FY21 general fund appropriations. (See Appendix C, Table C-2.)

TABLE 4

10 agencies with the highest growth amount in general fund appropriations, FY12–FY21 (\$M)

Rank	Agency	General fund appropriation		Average annual growth		% of total growth
		FY12	FY21	\$	%	
1	DOE (Direct aid)	\$4,891.2	\$6,857.6	\$218.5	4%	31%
2	DMAS ^a	3,367.2	4,545.3	130.9	4	18
3	DBHDS	578.0	987.0	45.5	6	6
4	DOC	934.2	1,311.7	41.9	4	6
5	Treasury Board	570.7	815.6	27.2	4	4
6	DHCD	48.9	208.1	17.7	20	2
7	VCCS	353.0	475.4	13.6	3	2
8	Compensation Board	598.8	718.5	13.3	2	2
9	VSP	219.4	326.9	11.9	5	2
10	DCR	43.5	133.1	10.0	26	1
Top 10 agencies, subtotal		\$11,604.7	\$16,379.2	\$530.5	4%	75%
Other agencies, subtotal		\$4,737.6	\$6,341.3	\$178.2	3%	25%
Total general fund budget		\$16,342.3	\$22,720.5	\$708.7	4%	100%

SOURCE: DPB data on appropriations, 2012–2021.

NOTE: Excludes capital appropriations. Top 10 list excludes agency central appropriations and transfer payments. Appropriations not adjusted for inflation. Numbers may not sum because of rounding. See Appendix F for alternative rankings, in which the 21 higher education agencies are grouped as a single line item.

^a Includes \$3,308.4M in FY12 and \$4,449.8M in FY21 for Medicaid Services and CHIP.

The majority of budget growth was also concentrated in a few programs. Of all budget growth during the 10-year period, 69% occurred in 10 programs (Table 5). All but one of the 10 programs are in the core functions of health care, education, and transportation.

TABLE 5
10 programs with the highest growth amount in total appropriations, FY12–FY21 (\$M)

Rank	Program	Total appropriation		Average annual growth		% total growth
		FY12	FY21	\$	%	
1	Medicaid program services	\$6,979.7	\$16,311.2	\$1,036.8	10%	34%
2	State education assistance programs ^a	5,490.1	7,743.8	250.4	4	8
3	Higher ed: E&G services	3,719.4	5,587.5	207.6	5	7
4	Highway construction programs	2,385.0	3,650.9	140.7	7	5
5	State health services ^b	1,785.9	2,744.4	106.5	5	4
6	Financial assistance to localities (transportation)	379.7	1,128.6	83.2	16	3
7	Financial assistance to localities (general)	271.5	989.8	79.8	24	3
8	Highway system maintenance and operations	1,412.6	2,029.5	68.5	4	2
9	Higher ed: financial assistance for E & G services	1,265.3	1,828.8	62.6	4	2
10	Higher ed: Auxiliary enterprises	1,345.7	1,858.9	57.0	4	2
Top 10 programs, subtotal		\$25,034.7	\$43,873.4	\$2,093.2	6%	69%
Other programs, subtotal		\$15,316.4	\$23,621.4	\$922.8	5%	31%
Total operating budget		\$40,351.2	\$67,494.9	\$3,016.0	6%	100%

SOURCE: DPB data on appropriations, 2012–2021.

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

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

By program, general fund budget growth was even more concentrated, with three programs (Medicaid program services, state education assistance programs, and higher education E&G services) responsible for 57% of the growth. All but one of the 10 programs with the highest general fund budget growth (responsible for 73% of growth) provide services in health care, education, and public safety (Table 6).

TABLE 6

10 programs with the highest growth amount in general fund appropriations, FY12–FY21 (\$M)

Rank	Program	General fund appropriation		Avg. annual growth		% total growth
		FY12	FY21	\$	%	
1	State education assistance programs ^a	\$4,883.7	\$6,817.9	214.9	4%	30%
2	Medicaid program services	3,234.6	4,344.0	123.3	3	17
3	Higher ed: E&G services	1,264.5	1,880.2	68.4	5	10
4	Bond and loan retirement and redemption	568.1	815.6	27.5	4	4
5	Financial assistance for health services ^b	269.0	419.9	16.8	5	2
6	State health services ^c	148.5	286.9	15.4	8	2
7	Higher ed: Student financial services	225.4	353.8	14.3	5	2
8	Administrative & support services: public safety	136.4	264.0	14.2	8	2
9	Fin. assist. for sheriff's offices and regional jails	396.9	485.8	9.9	2	1
10	Pre-trial, trial, and appellate processes	358.3	447.2	9.9	3	1
Top 10 programs, subtotal		\$11,485.3	\$16,115.4	\$514.4	4%	73%
Other programs, subtotal		\$4,856.9	\$6,605.1	\$194.2	4%	27%
Total general fund budget		\$16,342.3	\$22,720.5	\$708.7	4%	100%

SOURCE: DPB data on appropriations, 2012–2021.

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

^a Includes state funding for K–12 education only. The federal program has a separate program code. ^b Includes funding for services provided by community services boards. ^c Includes activities at VDH, UVA Medical Center, and at facilities operated by DBHDS and DVS.

State appropriations are also classified based on their designated use, such as salaries or IT services. Appendix G provides detailed information about the largest categories for FY21 appropriations and the categories with the largest appropriation growth amounts.

Non-general fund appropriations continue to drive budget growth

The state budget draws upon hundreds of revenue sources that are grouped into 10 broad categories, nine of which are non-general fund revenue sources. The use of non-general funds is governed by statute and requires fewer decisions than the use of general funds. Non-general funds—which include a variety of pass-through payments such as child support, college tuition, lottery and ABC sales, and payments from the federal government—are still appropriated because the Virginia Constitution requires that state spending occur only through appropriations made by the General Assembly. These non-general funds are responsible for 77% of total budget growth (Table 7). Six non-general fund categories exceeded average annual general fund growth (3.7%) over the 10-year period.

The non-general fund categories with the largest growth amounts in appropriations over the past decade were federal trust, commonwealth transportation, higher education operating, and dedicated special revenue. These funds constitute over three-quarters of the total increase in non-general fund appropriations between FY12 and FY21. The fund for dedicated special revenue experienced the fastest growth rate, at an average annual rate of 20% during the period (Table 7).

TABLE 7
Non-general fund growth by category, FY12–FY21 (\$M)

Non-general fund category	Total appropriation		Avg annual growth		% of total growth
	FY12	FY21	\$	%	
Federal Trust	\$6,292.33	\$14,820.9	\$947.6	10%	31%
Commonwealth Transportation	3,883.5	7,452.2	396.5	8	13
Higher Education Operating	6,671.9	9,675.9	333.8	4	11
Dedicated Special Revenue	806.7	3,616.0	312.1	20	10
Internal Service	0.3	2,127.5	236.4	--	8
Enterprise	1,173.6	2,401.6	136.4	9	5
Debt Service	249.7	358.1	12.0	4	<1
Special	1,795.2	1,779.8	(1.7)	<0	<0
Trust and Agency	3,135.5	2,542.5	(65.9)	<0	<0
Non-general funds	\$24,008.9	\$44,774.4	\$2,307.3	7%	77%
General fund	\$16,342.3	\$22,720.5	\$708.7	4%	23%
Total all funds	\$40,351.2	\$67,494.9	\$3,016.0	6%	100%

SOURCE: DPB data on appropriations, 2012–2021; Commonwealth Accounting Policies and Procedures Manual.

NOTE: Appropriations not adjusted for inflation. Numbers may not sum because of rounding. SCHEV received an internal service fund appropriation of \$290,000 annually between FY12 and FY16. This appropriation started prior to the technical change in FY15 to appropriate all internal service funds, resulting in an artificially high average annual growth rate.

Non-general fund categories

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

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

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

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

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

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

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

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

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

DMAS, VDOT, and several universities are among the 10 agencies with the largest increases in non-general fund appropriations (Table 8). DMAS by far has had the largest growth because of Medicaid expansion and the enhanced federal match rate during the COVID-19 pandemic. DMAS accounted for 41 percent of total non-general fund growth during the 10-year period.

TABLE 8

10 agencies with the highest growth amount in non-general fund appropriations, FY12–FY21 (\$M)

Rank	Agency	Non-general fund appropriation		Average annual growth		% total growth
		FY12	FY21	\$	%	
1	DMAS ^a	\$4,045.5	\$12,527.4	\$942.4	14%	41%
2	VDOT	4,642.3	7,954.3	368.0	7	16
3	UVA ^b	2,204.1	3,688.7	165.0	6	7
4	DOE (Direct aid)	1,440.5	1,992.4	61.3	4	3
5	Va Tech	816.7	1,322.2	56.2	6	2
6	DRPT	376.4	862.3	54.0	11	2
7	GMU	615.4	1,000.0	42.7	6	2
8	ABC	532.0	904.8	41.4	6	2
9	VCU	736.9	1,063.7	36.3	4	2
10	DSS	1,521.1	1,819.4	33.1	2	1
Top 10 agencies, subtotal		\$16,930.8	\$33,135.1	\$1,800.5	8%	78%
Other agencies, subtotal		\$7,078.0	\$11,639.3	\$506.8	6%	22%
Total non-general fund budget		\$24,008.9	\$44,774.4	\$2,307.3	7%	100%

SOURCE: DPB data on appropriations, 2012–2021.

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

^a Includes \$3,928.0M in FY12 and \$ 12,306.9 in FY21 for Medicaid Services and CHIP. ^b Excludes UVA-Wise but includes the medical center.

For major uses of non-general funds, see Appendix M (online only): jlarc.virginia.gov/state-spending2021.asp.

The growth in non-general funds in the past decade has resulted in sustained growth in the state budget even in years when the general fund declined. Throughout the 1980s and 1990s, the split between general fund and non-general fund appropriations was around 50%. Starting in FY03, non-general funds consistently constituted a majority of the state's budget, and their share of the budget has continued to increase. Non-general funds now account for about 66% of the total state budget (Table 7).

Some agencies have had very large percentage increases in appropriations since FY12

Some agencies experienced very large total growth *rates* between FY12 and FY21. These agencies, however, did not necessarily experience the largest growth in appropriation amounts.

Twenty-two agencies had total general fund growth rates that exceeded the total general fund growth rate over the 10-year period. The 10 fastest-growing state agencies each had general fund growth rates of 67% or more (Table 9), far exceeding the total general fund growth rate of 39% over the 10-year period. With the exception of DBHDS, these agencies are relatively small. Therefore, even though they experienced high growth rates, their growth made up a small proportion of total general fund

General fund appropriations have declined five times since FY1981:

FY1992, FY02, and FY08–FY10. FY08–FY10 was the first time since the early 1960s that the general fund declined in two or more consecutive years.

budget growth. Each of these small agencies made up 1 percent or less of the total general fund appropriations growth from FY12–FY21. DMAS has historically been among the 10 fastest-growing state agencies but is not in this year’s report because its general fund appropriations have declined two years in a row because of the enhanced federal match during the pandemic.

TABLE 9
10 agencies with the fastest growth rate in general fund appropriations, FY12–FY21 (\$M)

Rank	Agency	<u>General fund appropriation</u>		<u>General fund growth</u>		
		FY12	FY21	\$M	%	% of total
1	ELECT	\$8.4	\$38.8	30.4	363%	<1%
2	DHCD	48.9	208.1	159.3	326	2
3	DCR	43.5	133.1	89.6	206	1
4	DVS	8.5	22.7	14.2	166	<1
5	VMRC	8.3	16.1	7.7	93	<1
6	VEDP	18.7	34.8	16.1	86	<1
7	Richard Bland	5.3	9.8	4.5	85	<1
8	VMI	11.2	19.4	8.2	73	<1
9	DBHDS	578.0	987.0	409.1	71	6
10	UVA-Wise	13.2	22.1	8.9	67	<1
Top 10 agencies, subtotal		\$744.0	\$1,491.9	\$747.9	101%	12%
Other agencies, subtotal		\$15,598.2	\$21,228.6	\$5,630.3	36%	88%
Total general fund budget		\$16,342.3	\$22,720.5	\$6,378.2	39%	100%

SOURCE: DPB data on appropriations, 2012 and 2021.

NOTE: Excludes capital appropriations. Top 10 list includes agencies with general fund appropriations of at least \$5 million in FY12 and excludes central appropriations. Appropriations not adjusted for inflation. Numbers may not sum because of rounding. See Appendix F for alternative rankings, in which the 21 higher education agencies are grouped as a single line item.

Explanation of general fund growth in Table 9

ELECT– Growth is primarily for appropriations to improve the voter registration system (VERIS) and to replace federal funds for improving voting systems and voter access with state funds.

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

DCR – Most of this increase is because of mandatory deposits to the Water Quality Improvement Fund, which is administered by DCR (and DEQ) and used to implement agricultural best management practices and other nonpoint source pollution prevention strategies.

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

VMRC – The majority of the increase is for oyster restoration and replenishment.

VEDP – Growth is due to funding to expand and rebrand the Virginia Jobs Investment Program; support Virginia exporters through several grant programs; increase site development activities in the Business Ready Sites Program; and develop a customized workforce recruitment and training incentive program.

Richard Bland – Growth is primarily for increased appropriations for instruction and student financial aid.

VMI – Growth is primarily for increased appropriations for instruction and unique military activities.

DBHDS – The vast majority of this increase was for financial assistance to (1) expand services provided by community services boards because of the implementation of STEP-VA and increased crisis and housing services pursuant to the Department of Justice settlement and (2) supplant federal funding at certain state mental health institutions as a result of Medicaid decertification.

UVA-Wise – Growth is primarily for appropriations to enhance and expand academic programs to attract and retain students.

The non-general fund budgets of nine agencies grew faster than the overall non-general fund budget of 86% during the 10-year period, and six agencies experienced non-general fund growth rates of over 100% (Table 10). The combined growth of these fastest-growing agencies, with the exception of DMAS, made up only a small percentage of total non-general fund growth during the time period. VDOT historically is among the 10 fastest-growing agencies but its non-general fund budget grew by only 71% over the 10-year period.

TABLE 10
10 agencies with the fastest growth rate in non-general fund appropriations, FY12–FY21 (\$M)

Rank	Agency	<u>Non-general fund appropriation</u>		<u>Non-general fund growth</u>		
		FY12	FY21	\$	%	% of total
1	Treasury	\$10.8	\$42.0	\$31.2	290%	<1%
2	DMAS	4,045.5	12,527.4	8,481.9	210	41
3	DBVI	39.6	95.7	56.1	142	<1
4	DRPT	376.4	862.3	485.9	129	2
5	DVS	41.4	87.6	46.2	112	<1
6	VDEM	39.2	82.2	43.0	110	<1
7	DCJS	53.1	104.4	51.3	96	<1
8	VRS	53.8	105.6	51.8	96	<1
9	VMFA	17.3	32.7	15.3	88	<1
10	OAG	16.5	30.4	13.9	84	<1
Top 10 agencies, subtotal		\$4,693.7	\$13,970.2	\$9,276.4	198%	45%
Other agencies, subtotal		\$19,315.1	\$30,804.2	\$11,489.1	59%	55%
Total non-general fund budget		\$24,008.9	\$44,774.4	\$20,765.5	86%	100%

SOURCE: DPB data on appropriations, 2012 and 2021.

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

Explanation of non-general fund growth in Table 10

Dept. of Treasury – The increase was primarily for establishing an appropriation for risk management claims and administrative costs for state insurance trust funds, in accordance with federal guidelines for recording internal service fund expenditures.

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

DBVI – This growth was primarily due to increases in appropriations for the Virginia Industries for the Blind enterprise fund, including a \$25 million non-general fund increase in FY21 to reflect increased business because of the COVID-19 pandemic. Virginia Industries for the Blind has been providing personal protective equipment for federal and state entities, as a designated partner in the emergency supply chain.

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

DVS – This increase was mostly due to additional non-general funding for veterans care centers, nursing homes, and construction of the Virginia Veteran's Parade Field at the National Museum of the United States Army.

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

DCJS – Growth was mostly due to additional federal funding for a grant program that provides services to victims of crime in FY19 and in FY21.

VRS – Growth was mostly due to additional non-general funding for upgrading its technology systems and business processes.

VMFA – This increase was mostly due to admissions fees and other revenue increases to VMFA's enterprise fund (\$7 million) and private donations to support collections management, education and extension services, and operational and support services (\$9 million).

OAG – This growth was primarily due to increasing the size of the Medicaid fraud unit, which is funded through settlement proceeds.

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

Only two agencies had general fund appropriations that declined over the 10-year period: VDOT (-100%) and SBSD (-72%). VDOT's general fund decline occurred because general fund infusions into the transportation infrastructure bank (in FY11 and FY12) have not recurred, and general fund appropriations for debt service payments—the only general fund appropriations that VDOT received the last several years—were replaced with appropriations from the Commonwealth Transportation Fund in FY21. SBSD's general fund decline reflects savings that resulted from merging the Department of Business Assistance and the Department of Minority Business Enterprise to create SBSD in FY15, and the transfer of the Virginia Jobs Investment Program (previously administered by the Department of Business Assistance) to VEDP. The appropriations of nine other agencies grew slower than inflation (18.6%). Many of these agencies, with the exception of four (Department of Treasury, VDOT, VMFA, and DJJ) also experienced total budget growth that was less than inflation.

Appendix A: Study mandate

Code of Virginia

§ 30-58.3. Annual Report on State Spending.

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

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

Appendix B: Research methods and activities

For this review, JLARC staff collected appropriation and expenditure data from a variety of sources, including the Department of Planning and Budget (DPB), the Department of Accounts (DOA), and various other agencies. In addition, JLARC staff reviewed previous reports and documents pertaining to state spending.

Data collection

JLARC staff receive annual updates of budget and spending data from DPB and DOA and maintain a database with appropriation data at the agency, program, and fund level from FY1981 through the most recent fiscal year. For this report, economic and demographic data are obtained annually from federal agencies such as the Census Bureau and the Bureau of Economic Analysis.

There are several constraints on collection and analysis of state appropriation and expenditure data. Because agencies are not required to keep budget records longer than five years, older information is often unavailable. Changes to the structure and staffing of agencies further complicate the collection and analysis of data. JLARC staff supplement the information provided by agencies by referring to a variety of alternative sources, as noted below.

Key elements of the fiscal and demographic data sets are included in appendixes to this report. The following supplemental materials are available online only: selected historical financial data, appropriations information for the largest state agencies, and general fund and non-general fund appropriations information from FY1981 onward. (Online-only supplemental Appendixes I–N are available with this report on the JLARC website: <http://jlarc.virginia.gov/state-spending2021.asp>.)

Document review

JLARC staff utilized a variety of documents for this review. These included Appropriation Acts, governors' executive budget documents, and summaries of General Assembly budget actions prepared jointly by staff of the House Appropriations and Senate Finance & Appropriations committees, all from the 10-year period under review. Agency-specific and program-specific studies and documents also were reviewed. State spending reports compiled by the National Association of State Budget Officers were consulted, as were a variety of other documents, such as agency annual reports and statistical publications.

Appendix C: 10 agencies with largest appropriations

TABLE C-1

10 agencies with largest total appropriations, FY12 and FY21 (\$M)

FY12				FY21			
Rank	Agency	Total	% of total	Rank	Agency	Total	% of total
1	DMAS ^a	\$7,412.7	18%	1	DMAS ^a	\$17,072.7	25%
2	DOE (Direct aid)	6,331.6	16	2	DOE (Direct aid)	8,850.0	13
3	VDOT	4,777.6	12	3	VDOT	7,954.3	12
4	UVA ^b	2,326.6	6	4	UVA ^b	3,853.5	6
5	DSS	1,902.4	5	5	DSS	2,253.5	3
6	VCCS	1,397.6	3	6	Va Tech	1,533.7	2
7	DOC	1,017.0	3	7	DOC	1,382.4	2
8	DBHDS	972.2	2	8	VCU	1,313.2	2
9	Va Tech	969.8	2	9	DBHDS	1,258.8	2
10	VCU	908.0	2	10	VCCS	1,253.0	2
Top 10 agencies, subtotal		\$28,015.5	69%	Top 10 agencies, subtotal		\$46,725.0	69%
Other agencies, subtotal		\$12,335.7	31%	Other agencies, subtotal		\$20,769.9	31%
Total operating budget		\$40,351.2	100%	Total operating budget		\$67,494.9	100%

SOURCE: DPB data on appropriations, 2012 and 2021.

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

^a Includes \$7,236.4M in FY12 and \$16,756.7M in FY21 for Medicaid Services and the Children's Health Insurance Program (CHIP).^b Excludes UVA-Wise but includes the medical center.

TABLE C-2

10 agencies with largest general fund appropriations, FY12 and FY21 (\$M)

FY12				FY21			
Rank	Agency	Total	% of total	Rank	Agency	Total	% of total
1	DOE (Direct aid)	\$4,891.2	30%	1	DOE (Direct aid)	\$6,857.6	30%
2	DMAS ^a	3,367.2	21	2	DMAS ^a	4,545.3	20
3	DOC	934.2	6	3	DOC	1,311.7	6
4	Compensation Board	598.8	4	4	DBHDS	987.0	4
5	DBHDS	578.0	4	5	Treasury Board	815.6	4
6	Treasury Board	570.7	3	6	Compensation Board	718.5	3
7	DSS	381.3	2	7	VCCS	475.4	2
8	VCCS	353.0	2	8	DSS	434.1	2
9	CSA	245.2	2	9	VSP	326.9	1
10	VSP	219.4	1	10	CSA	319.0	1
Top 10 agencies, subtotal		\$12,138.9	74%	Top 10 agencies, subtotal		\$16,791.1	74%
Other agencies, subtotal		\$4,203.4	26%	Other agencies, subtotal		\$5,929.4	26%
Total general fund budget		\$16,342.3	100%	Total general fund budget		\$22,720.5	100%

SOURCE: DPB data on appropriations, 2012 and 2021.

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

^a Includes \$3,308.4M in FY12 and \$4,449.8M in FY21 for Medicaid Services and CHIP.

TABLE C-3
10 agencies with largest non-general fund appropriations, FY12 and FY21 (\$M)

FY12				FY21			
Rank	Agency	Total	% of total	Rank	Agency	Total	% of total
1	DMAS ^a	\$4,642.3	19%	1	DMAS ^a	\$12,527.4	28%
2	VDOT	4,045.5	17	2	VDOT	7,954.3	18
3	UVA ^b	2,204.1	9	3	UVA ^b	3,688.7	8
4	DSS	1,521.1	6	4	DOE (Direct aid)	1,992.4	4
5	DOE (Direct aid)	1,440.5	6	5	DSS	1,819.4	4
6	VCCS	1,044.7	4	6	Va Tech	1,322.2	3
7	VEC	825.6	3	7	VCU	1,063.7	2
8	Va Tech	816.7	3	8	GMU	1,000.0	2
9	VCU	736.9	3	9	ABC	904.8	2
10	GMU	615.4	3	10	DRPT	862.3	2
Top 10 agencies, subtotal		\$17,892.7	75%	Top 10 agencies, subtotal		\$33,135.1	74%
Other agencies, subtotal		\$6,116.2	25%	Other agencies, subtotal		\$11,639.3	26%
Total non-general fund budget		\$24,008.9	100%	Total non-general fund budget		\$44,774.4	100%

SOURCE: DPB data on appropriations, 2012 and 2021.

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

^a Includes \$3,928.0M in FY12 and \$ 12,306.9 in FY21 for Medicaid Services and CHIP. ^b Excludes UVA-Wise, but includes the medical center.

Appendix D: Virginia's operating appropriations, FY12–FY21

Virginia's total operating budget appropriations totaled \$67.5 billion in FY21 (Table D-1). The total operating budget grew 5.9 percent per year, on average, during the 10-year period, primarily because of growth in non-general fund appropriations.

TABLE D-1
Virginia's operating appropriations, FY12–FY21 (\$M)

Fiscal year	General fund		Non-general fund		Total	
	Amount	% change	Amount	% change	Amount	% change
2012	\$16,342	--	\$24,009	--	\$40,351	--
2013	17,116	4.7%	25,559	6.5%	42,675	5.8%
2014	17,705	3.4	25,619	0.2	43,324	1.5
2015	18,240	3.0	28,740	12.2	46,980	8.4
2016	18,961	4.0	30,586	6.4	49,547	5.5
2017	20,114	6.1	32,073	4.9	52,187	5.3
2018	20,450	1.7	32,164	0.3	52,614	0.8
2019	21,443	4.9	36,799	14.4	58,242	10.7
2020	22,283	3.9	40,288	9.5	62,572	7.4
2021	22,720.5	2.0	44,774	11.1	67,495	7.9
Change 2012–2021	\$6,378	39.0%	\$20,766	86.5%	\$27,144	67.3%
Average annual change		3.7%		7.3%		5.9%

SOURCE: DPB data on appropriations, 2012–2021.

NOTE: Operating funds only; excludes capital appropriations.

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

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

TABLE D-2

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

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

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

SOURCE: DPB website.

NOTE: FY20 amount excludes \$66 million that was provided to DSS for at-risk child care subsidies because this amount was legislatively appropriated through a general appropriation act (Chapter 1289).

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

Appendix E: Virginia's appropriations for internal services FY15–FY21

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

TABLE E-1

Virginia's appropriations for internal services grew at slower rate than the non-general fund budget, FY15–FY21 (\$M)

Agency	Services provided to other agencies	Total appropriations		Avg annual growth		% of total growth
		FY15	FY21	\$	%	
DHRM	Administration of health insurance	\$1,236.5	\$1,574.2	\$56.3	4.3%	2.8%
DGS	Real estate, procurement, transportation	164.0	178.6	2.4	1.4	0.1
DHRM	Personnel management	--	7.1	1.8	0.1	0.1
DOA	Payroll and other financial services	24.1	28.8	0.8	3.1	0.1
VITA	IT services	347.1	336.2	-1.8	-0.2	-0.1
Total non-general fund budget, internal services		\$1,771.9	\$2,127.5	\$59.3	3.3%	2.2%
Total non-general fund budget		\$28,739.5	\$44,774.40	\$2,672.5	7.8%	100.0%

SOURCE: DPB data on appropriations, 2015 to 2021.

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

Appendix F: Higher education funding in Virginia's budget

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

TABLE F-1 (Table 3 with higher education agencies grouped)
10 agencies with the highest growth amount in total appropriations, FY12–FY21 (\$M)

Rank	Agency	Total appropriation		Average annual growth		% total growth
		FY12	FY21	\$	%	
1	DMAS	\$7,412.7	\$17,072.7	\$1,073.3	10%	36%
2	Higher education	8,374.1	12,154.9	420.1	4	14
3	VDOT	4,777.6	7,954.3	353.0	6	12
4	DOE (Direct aid)	6,331.6	8,850.0	279.8	4	9
5	DRPT	376.4	862.3	54.0	11	2
6	ABC	532.0	904.8	41.4	6	1
7	DOC	1,017.0	1,382.4	40.6	3	1
8	DSS	1,902.4	2,253.5	39.0	2	1
9	DBHDS	972.2	1,258.8	31.9	3	1
10	Treasury Board	621.4	854.2	25.9	4	1
Top 10 agencies, subtotal		\$32,317.3	\$53,547.8	\$2,358.9	6%	78%
Other agencies, subtotal		\$8,033.9	\$13,947.1	\$657.0	6%	22%
Total operating budget		\$40,351.2	\$67,494.9	\$3,016.0	6%	100%

TABLE F-2 (Table 4 with higher education agencies grouped)
10 agencies with the highest growth amount general fund appropriations, FY12–FY21 (\$M)

Rank	Agency	General fund appropriation		Average annual growth		% total growth
		FY12	FY21	\$	%	
1	DOE (Direct aid)	\$4,891.2	\$6,857.6	\$218.5	4%	31%
2	DMAS	3,367.2	4,545.3	130.9	4	18
3	Higher education	1,484.2	2,168.2	76.0	4	11
4	DBHDS	578.0	987.0	45.5	6	6
5	DOC	934.2	1,311.7	41.9	4	6
6	Treasury Board	570.7	815.6	27.2	4	4
7	DHCD	48.9	208.1	17.7	20	2
8	Compensation Board	598.8	718.5	13.3	2	2
9	VSP	219.4	326.9	11.9	5	2
10	DCR	43.5	133.1	10.0	26	1
Top 10 agencies, subtotal		\$12,735.9	\$18,072.0	\$592.9	4%	84%
Other agencies, subtotal		\$3,606.3	\$4,648.5	\$115.8	3%	16%
Total general fund budget		\$16,342.3	\$22,720.5	\$708.7	4%	100%

TABLE F-3 (Table 8 with higher education agencies grouped)
 10 agencies with the highest growth amount in non-general fund appropriations, FY12–FY21 (\$M)

Rank	Agency	Non-general fund appropriation		Average annual growth		% total growth
		FY12	FY21	\$	%	
1	DMAS	\$4,045.5	\$12,527.4	\$942.4	14%	41%
2	VDOT	4,642.3	7,954.3	368.0	7	16
3	Higher education	6,889.9	9,986.7	344.1	4	15
4	DOE (Direct aid)	1,440.5	1,992.4	61.3	4	3
5	DRPT	376.4	862.3	54.0	11	2
6	ABC	532.0	904.8	41.4	6	2
7	DSS	1,521.1	1,819.4	33.1	2	1
8	VDH	420.6	604.3	20.4	4	1
9	VPA	135.2	246.8	12.4	7	1
10	DMV	217.5	315.5	10.9	4	0
Top 10 agencies, subtotal		\$20,221.0	\$37,213.8	\$1,888.1	7%	82%
Other agencies, subtotal		\$3,787.9	\$7,560.6	\$419.2	9%	18%
Total non-general fund budget		\$24,008.9	\$44,774.4	\$2,307.3	7%	100%

TABLE F-4 (Table 9 with higher education agencies grouped)
 10 agencies with the fastest growth rate in general fund appropriations, FY12–FY21 (\$M)

Rank	Agency	General fund appropriation		General fund growth		
		FY12	FY21	\$	%	% of total
1	ELECT	\$8.4	\$38.8	\$30.4	363%	<1%
2	DHCD	48.9	208.1	159.3	326	2
3	DCR	43.5	133.1	89.6	206	1
4	DVS	8.5	22.7	14.2	166	<1
5	VMRC	8.3	16.1	7.7	93	<1
6	VEDP	18.7	34.8	16.1	86	<1
7	DBHDS	578.0	987.0	409.1	71	6%
8	Jamestown-Yorktown Found.	6.4	10.7	4.3	67	<1
9	DFS	34.3	52.6	18.4	54	<1
10	VDACS	28.7	43.9	15.1	53	<1
Top 10 agencies, subtotal		\$783.7	\$1,547.8	\$764.1	97%	12%
15	Higher education	1,484.2	2,168.2	684.0	46%	11%
Other agencies, subtotal		\$15,558.6	\$21,172.7	\$5,614.1	36%	88%
Total general fund budget		\$16,342.3	\$22,720.5	\$6,378.2	39%	100%

TABLE F-5 (Table 10 with higher education agencies grouped)
10 agencies with the fastest growth rate in non-general fund appropriations, FY12–FY21 (\$M)

Rank	Agency	Non-general fund appropriation		Non-general fund growth		
		FY12	FY21	\$	%	% of total
1	Dept. of Treasury	\$10.8	\$42.0	\$31.2	290%	<1%
2	DMAS	4,045.5	12,527.4	8,481.9	210	41
3	DBVI	39.6	95.7	56.1	142	<1
4	DRPT	376.4	862.3	485.9	129	2
5	DVS	41.4	87.6	46.2	112	<1
6	VDEM	39.2	82.2	43.0	110	<1
7	DCJS	53.1	104.4	51.3	96	<1
8	VRS	53.8	105.6	51.8	96	<1
9	VMFA	17.3	32.7	15.3	88	<1
10	OAG	16.5	30.4	13.9	84	<1
Top 10 agencies, subtotal		\$4,693.7	\$13,970.2	\$9,276.4	198%	45%
18	Higher education	6,889.9	9,986.7	3,096.8	45%	15%
Other agencies, subtotal		\$19,315.1	\$30,804.2	\$11,489.1	59%	55%
Total non-general fund budget		\$24,008.9	\$44,774.4	\$20,765.5	86%	100%

TABLE F-6 (Table 5 with higher education agencies grouped)
10 largest program increases in total appropriations, FY12–FY21 (\$M)

Rank	Program	Total appropriation		Avg. annual growth		% total growth
		FY12	FY21	\$	%	
1	Medicaid program services	\$6,979.7	\$16,311.2	\$1,036.8	10%	34%
2	Higher education	7,124.6	10,016.6	321.3	4	11
3	State education assistance programs ^a	5,490.1	7,743.8	250.4	4	8
4	Highway construction programs	2,385.0	3,650.9	140.7	7	5
5	State health services ^b	1,785.9	2,744.4	106.5	5	4
6	Financial assistance to localities (transportation)	379.7	1,128.6	83.2	16	3
7	Financial assistance to localities (general)	271.5	989.8	79.8	24	3
8	Highway systems maintenance and operations	1,412.6	2,029.5	68.5	4	2
9	Financial assistance for public transportation	317.2	699.8	42.5	10	1
10	Alcoholic beverage merchandising	514.5	882.6	40.9	6	1
Top 10 programs, subtotal		\$26,660.7	\$46,197.2	\$2,170.7	6%	72%
Other programs, subtotal		\$13,690.5	\$21,297.6	\$845.2	5%	28%
Total operating budget		\$40,351.2	\$67,494.9	\$3,016.0	6%	100%

NOTE: See Table F-7 for Table notes.

TABLE F-7 (Table 6 with higher education agencies grouped)
10 largest program increases in general fund appropriations, FY12–FY21 (\$M)

Rank	Program	<u>General fund appropriation</u>		<u>Avg. annual growth</u>		% total growth
		FY12	FY21	\$	%	
1	State education assistance programs ^a	\$4,883.7	\$6,817.9	\$214.9	4%	30%
2	Medicaid program services	3,234.6	4,344.0	123.3	3	17
3	Higher education	1,551.7	2,341.5	87.8	5	12
4	Bond and loan retirement and redemption	568.1	815.6	27.5	4	4
5	Financial assistance for health services ^c	269.0	419.9	16.8	5	2
6	State health services ^b	148.5	286.9	15.4	8	2
7	Admin & support services: public safety	136.4	264.0	14.2	8	2
8	Financial assistance: sheriffs' offices & regional jails	396.9	485.8	9.9	2	1
9	Pre-trial, trial, and appellate processes	358.3	447.2	9.9	3	1
10	Admin. & support services: indiv. & family svcs ^d	116.2	198.4	9.1	6	1
Top 10 programs, subtotal		\$11,663.3	\$16,421.2	\$528.7	4%	75%
Other programs, subtotal		\$4,679.0	\$6,299.2	\$180.0	3%	25%
Total general fund budget		\$16,342.3	\$22,720.5	\$708.7	4%	100%

Tables F-1 through F-7.

SOURCE: DPB data on appropriations, 2012–2021.

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

^a Excludes federal funds. Accounts for state funding for K–12 education only; federal funds for state public education assistance are accounted for in a separate program code. ^b Includes activities at VDH, UVA Medical Center, and at facilities operated by DBHDS and DVS. ^c Individual and family services functional area only; these services for other functional areas are classified separately. ^d Includes funding for services provided by community services boards.

TABLE F-8
Growth of higher education agencies, FY12–FY21 (\$M)

Rank	Agency	<u>Total appropriation</u>		<u>Average annual growth</u>		% total growth	Overall rank
		FY12	FY21	\$	%		
1	UVA	\$2,326.6	\$3,853.5	\$169.7	6%	6%	4
2	Va Tech	969.8	1,533.7	62.6	5	2	5
3	GMU	738.0	1,199.2	51.2	6	2	6
4	VCU	908.0	1,313.2	45.0	4	1	8
5	JMU	426.6	650.9	24.9	5	1	14
6	ODU	335.8	498.0	18.0	4	1	17
7	CWM	294.8	450.0	17.3	5	1	18
8	RU	159.4	249.0	9.9	5	<1	25
9	CNU	110.5	173.7	7.0	5	<1	29
10	LU	100.1	151.2	5.7	5	<1	35
11	VSU	133.1	183.8	5.6	4	<1	36
12	UMW	97.6	143.6	5.1	4	<1	37
13	NSU	143.8	180.1	4.0	3	<1	40
14	SCHEV	86.3	117.1	3.4	3	<1	46
15	VMI	61.7	91.1	3.3	4	<1	49
16	UVA-W	38.0	51.7	1.5	4	<1	62
17	EVMS	20.6	30.4	1.1	5	<1	70
18	Richard Bland	12.8	20.5	0.9	5	<1	77
19	SO Va Higher Ed Ctr	4.0	7.9	0.4	10	<1	89
20	SW Va Higher Ed Ctr	9.0	3.4	(0.6)	10	<1	151
21	VCCS	1,397.6	1,253.0	(16.1)	0	-1	155
Total higher ed agencies		\$8,374.1	\$12,154.9	\$420.1	4%	14%	
Total operating budget		\$40,351.2	\$67,494.9	\$3,016.0	6%	100%	

SOURCE: DPB data on appropriations, 2012–2021.

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

TABLE F-9
Changes in enrollment and tuition of higher education agencies, FY12–FY21

Rank (growth) ^c	Agency	<u>Undergraduate enrollment</u> ^a			<u>Tuition</u> ^b		
		FY12	FY21	Avg annual change	FY12	FY21	Avg annual change
18	Richard Bland	1,624	2,314	4.9%	\$4,183	\$8,100	8.2%
7	CWM	6,071	6,236	0.3	13,132	23,628	6.9
12	UMW	4,464	3,993	-1.2	8,806	13,574	5.6
4	VCU	23,519	22,183	-0.6	9,517	14,710	5.4
1	UVA	15,733	17,274	1.1	11,576	17,296	5.0
9	CNU	4,837	4,758	-0.2	10,084	14,924	4.9
5	JMU	17,900	19,727	1.1	8,448	12,330	4.6
15	VMI	1,605	1,698	0.6	13,184	19,210	4.6
13	NSU	6,264	4,992	-2.2	6,700	9,622	4.5

Rank (growth) ^c	Agency	<u>Undergraduate enrollment</u> ^a			<u>Tuition</u> ^b		
		FY12	FY21	Avg annual change	FY12	FY21	Avg annual change
16	UVA-Wise	2,067	1,906	-0.6%	\$7,721	\$10,837	4.2%
3	GMU	20,720	27,528	3.2	9,266	13,014	4.1
8	RU	8,350	7,307	-1.4	8,320	11,416	4.0
6	ODU	19,367	19,622	0.2	8,144	11,160	3.8
2	Va Tech	23,700	30,020	2.7	10,509	13,749	3.7
10	LU	4,237	3,940	-0.7	10,530	13,910	3.5
11	VSU	5,301	3,656	-3.9	7,090	9,154	3.4
Total (without VCCS)		165,759	177,154	0.7%	n.a.	n.a.	n.a.
Average (without VCCS)		10,360	11,072	0.7%	\$9,201	\$14,194	5.2%
21	VCCS	197,226	150,761	-2.9%	\$3,570	\$4,620	3.5%

SOURCE: SCHEV website.

NOTE: Data for UVA excludes UVA-Wise. The following institutions are not listed because data is not available or the institution is a graduate school: the Southwest Virginia Higher Education Center, the Southern Virginia Higher Education Center, and the Eastern Virginia Medical School.

^a Includes a headcount of all in-state and out-of-state undergraduate students enrolled in the fall of the 2010–2011 and 2019–2020 school years. ^b Tuition includes mandatory education and general (E&G) fees as well as mandatory non-E&G fees for full-time, in-state students. ^c Rank based on the total budget growth in millions of dollars. (See Table F-8.)

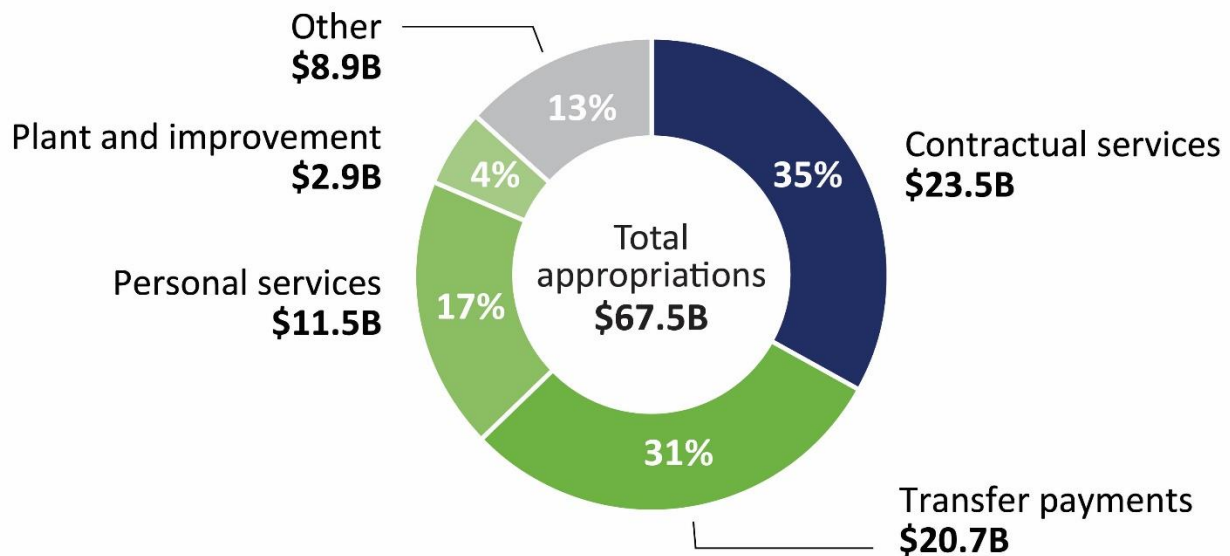
n.a., not applicable.

Appendix G: Virginia's appropriations by category of use

The majority of Virginia's appropriations are for contractual services (35%) such as health care, IT, and road construction and maintenance and for transfer payments (31%), such as payments to local governments for schools, courts, and constitutional officers (Figure G-1). Another 17% of total appropriations are for personal services such as employee salaries, wages, and benefits.

FIGURE G-1

Majority of Virginia's appropriations are for transfer payments and contractual services (FY21)



SOURCE: DPB data on 2021 appropriations by major object code.

NOTE: Plant and improvement includes operating funds for construction and acquisition of buildings, highways, and water ports. Other includes supplies and materials; equipment; continuous charges for lease and insurance payments; utility charges; and debt service payments. Contractual services are not inclusive of funding for all contractual services. Funding for private contractors for building and highway construction is included in the plant and improvement category.

A majority of budget growth is also concentrated in a handful of specific uses (Table G-1), which are classified in the budget under “subobject” codes. Most subobject codes are distributed across multiple programs and agencies. Thirty-five percent of total budget growth between FY12 and FY21 was for contractual payments for health-care services provided through Medicaid and CHIP. Another 30% of total budget growth was for categorical aid to localities and constitutional officers. Salaries and employee health benefits contributed to 15% of budget growth during the period.

TABLE G-1

10 subobject areas with the highest growth amount in total appropriations, FY12–FY21 (\$M)

Rank	Subobject	Total appropriation		Avg. annual growth		% total growth
		FY12	FY21	\$	%	
1	Contractual services: Medicaid and CHIP	\$7,056.9	\$16,497.7	\$1,049.0	10%	35%
2	Categorical aid: local governments & const. officers	2,621.7	10,864.3	915.8	39	30
3	Employee salaries	5,531.4	7,319.3	198.7	3	7
4	Contractual services: transportation	602.6	2,176.7	174.9	22	6
5	Payments to substate entities	613.9	1,906.7	143.6	17	5
6	Supplies and materials	1,172.1	2,348.5	130.7	9	4
7	Employee health benefits	1,838.4	2,993.2	128.3	6	4
8	Building rentals: non-state owned facilities	23.1	682.8	73.3	160	2
9	Plant and equipment: transportation	2,221.5	2,653.4	48.0	4	2
10	Employee retirement & other benefits	1,314.8	1,742.3	47.5	3	2
Top 10 subobject areas, subtotal		\$22,996.4	\$49,184.9	\$2,909.8	9%	96%
Other subobject areas, subtotal		\$17,354.7	\$18,309.9	\$106.1	1%	4%
Total operating budget		\$40,351.2	\$67,494.9	\$3,016.0	6%	100%

SOURCE: DPB data on appropriations, 2012–2021.

NOTE: Appropriations not adjusted for inflation. Numbers may not sum because of rounding. Total appropriations by subobject code may not account for changes to the budget made by the General Assembly.

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

Appendix H: Total federal funding in Virginia's budget

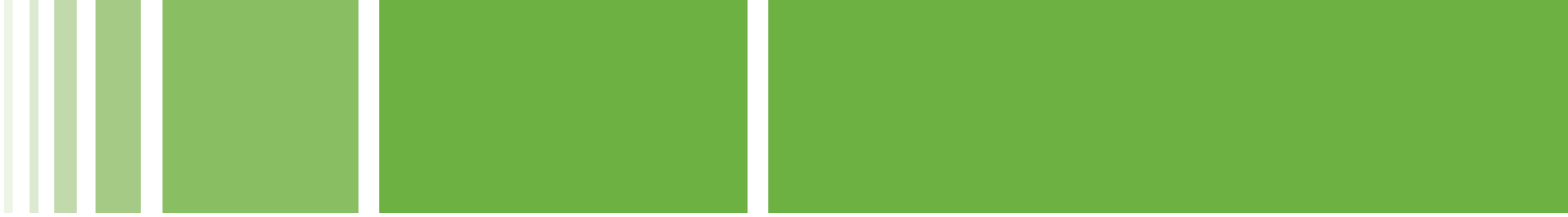
The majority of federal funding received and appropriated by Virginia is accounted for in the federal trust fund category. (This does not include the federal COVID-19 relief funds received in FY21.) However, federal funds for the Virginia Department of Transportation, Virginia's higher education institutions, and the Virginia Employment Commission are budgeted separately. The table below identifies the federal funds that have been appropriated by the General Assembly during the 10-year period under review. These federal funds exclude the federal COVID-19 relief funds.

TABLE H-1
Federal funding in Virginia's budget, by agency, FY12–FY21 (\$M)

Agency	Fund category	Appropriation		Average annual growth	
		FY12	FY21	\$	%
VDOT	Commonwealth Transportation	\$961.8	\$1,072.7	\$12.3	2%
VEC	Trust and Agency	110.2	119.2	1.0	1
Higher education institutions	Higher Education Operating	1,296.8	1,058.0	(26.5)	-1
All others	Federal Trust	6,292.3	14,820.9	947.6	10
Total federal funds		\$8,661.2	\$17,070.8	\$934.4	8%
Total non-general funds		\$24,008.9	\$44,774.4	\$2,307.3	7%

SOURCE: DPB data on appropriations, 2012–2021.

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



JLARC.VIRGINIA.GOV

919 East Main Street Suite 2101 Richmond, VA 23219