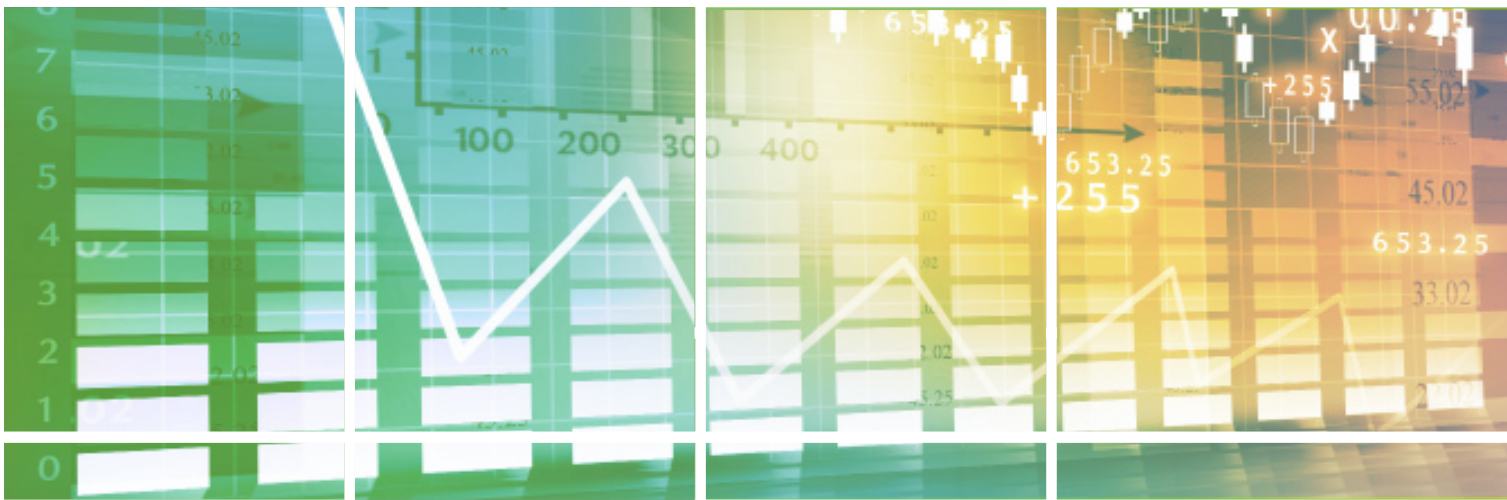


Report to the Governor and the General Assembly of Virginia

State Spending: 2026 Update



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Abbreviations

ABC	Virginia Alcoholic Beverage Control Authority
CNU	Christopher Newport University
CSA	Children's Services Act
CSP	Commonwealth Savers Plan
CWM	College of William & Mary
DBHDS	Department of Behavioral Health & Developmental Services
DBVI	Department for the Blind and Vision Impaired
DEQ	Department of Environmental Quality
DCJS	Department of Criminal Justice Services
DCR	Department of Conservation and Recreation
DHR	Department of Historic Resources
DGS	Department of General Services
DHCD	Department of Housing & Community Development
DHRM	Department of Human Resource Management
DMAS	Department of Medical Assistance Services
DOA	Department of Accounts
DOC	Department of Corrections
DOE	Department of Education
DOLI	Department of Labor and Industry
DPB	Department of Planning & Budget
DRPT	Department of Rail & Public Transportation
DSS	Department of Social Services
DVS	Department of Veterans Services
ELECT	Department of Elections
EVMS	Eastern Virginia Medical School
GMU	George Mason University
JMU	James Madison University
LU	Longwood University
NSU	Norfolk State University
ODU	Old Dominion University

RURadford University
SBSD Department of Small Business & Supplier Diversity
SCHEVState Council of Higher Education for Virginia
UMW University of Mary Washington
UVA University of Virginia
UVA-WUniversity of Virginia's College at Wise
Va Tech Virginia Tech
VCCSVirginia Community College System
VCU Virginia Commonwealth University
VDACS.....Virginia Department of Agriculture and Consumer Services
VDEMVirginia Department of Emergency Management
VDH.....Virginia Department of Health
VDOT Virginia Department of Transportation
VEC Virginia Employment Commission
VEDPVirginia Economic Development Partnership
VIPA Virginia Innovation Partnership Authority
VITA..... Virginia Information Technologies Agency
VMI Virginia Military Institute
VPA..... Virginia Port Authority
VRS Virginia Retirement System
VSP Virginia State Police
VSU Virginia State University

State Spending: 2026 Update – Summary

WHAT WE FOUND

- Virginia’s total operating budget, including general and non-general funds, was \$94.3 billion in FY26, which is 1.6% (\$1.5 billion) more than the previous year. Most of this growth occurred at DMAS because appropriations grew to cover increased costs of Medicaid utilization and inflation.
- Three agencies—DMAS, DOE, and VDOT—received over half of total appropriations in FY26, which is similar to recent years. These three agencies administer some of the largest programs in the state budget: Medicaid, K–12 education, and highway construction and maintenance. Two of these agencies—DOE and DMAS—also received over half of general fund appropriations.
- Over the past 10 years, Virginia’s total operating budget grew 7% per year, on average, not adjusted for inflation. The non-general fund budget grew at a faster rate (8%), primarily because of Medicaid expansion starting in FY18.
- The general fund budget grew 6% on average, not adjusted for inflation, over this time period. Between FY21 and FY25, the general fund grew at a significantly faster rate (13–15%), reflecting large increases in state revenue. However, in FY26 the general fund budget decreased 3% from the previous year. This decrease occurred because much of the funding and spending increase in FY25 was nonrecurring and directed to one-time expenditures.
- Adjusted for population growth and inflation, the total budget grew an average of 3% per year during the 10-year period, with the non-general fund budget increasing an average of 4% per year, and the general fund budget growing by an average of 2% per year.
- The majority of budget growth was concentrated in a few agencies and programs between FY17 and FY26. Ten agencies (out of 158) accounted for 77% of total budget growth, with DMAS and DOE alone accounting for 68%. Ten budget programs, mostly within the core functions of health care, education, and transportation, accounted for 74% of total budget growth.
- Non-general fund growth was even more concentrated than total fund growth, with 10 agencies accounting for 82% of growth between FY17 and FY26. DMAS alone accounted for about half of non-general fund growth, reflecting Medicaid expansion, increased costs from Medicaid utilization, and inflation.

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 FY25. This report is the 26th in the series and focuses on trends in the state’s operating budget during the past 10 years, from FY17 through FY26.

- General fund budget growth was also slightly more concentrated than total fund growth between FY17 and FY26, with 10 agencies accounting for 79% of growth. DOE and DMAS accounted for nearly 60% of general fund growth.
- State expenditures received per tax dollar paid by residents and businesses vary widely across Virginia localities, from a high of approximately \$4.75 in one locality to a low of approximately \$0.23 in another. Differences in state expenditures per tax dollar largely reflect funding formulas that direct a greater proportion of resources to localities with lower fiscal capacity or higher concentrations of low-income residents.
- In absolute terms, localities that contribute the most state revenue generally also receive the most state spending.

State Spending: 2026 Update

FY17–FY26

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

The Joint Legislative Audit and Review Commission (JLARC) produces a report each year on Virginia's state spending over the previous 10-year period. (See Appendix A.) The report identifies the largest and fastest-growing agencies and programs (out of 158 agencies and 197 programs) in the state budget and analyzes long-term state spending changes. This year's report focuses on state budget trends from FY17 to FY26 and identifies factors influencing these trends.

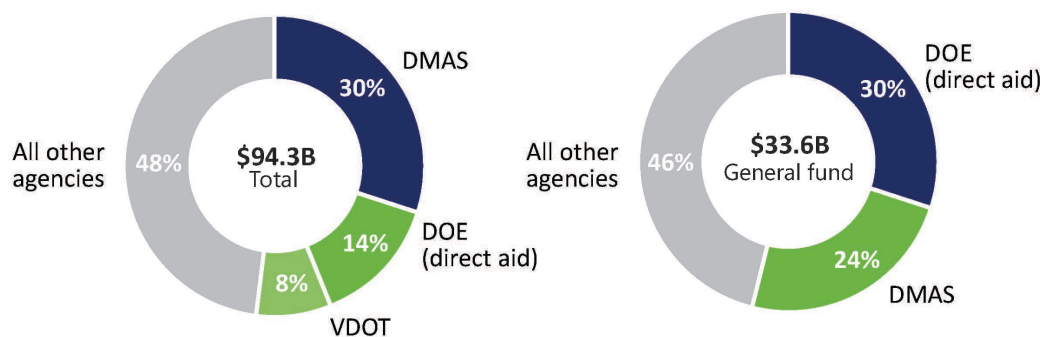
This report does not address the merits or adequacy of funding for government agencies or programs. Budget growth may change for several reasons. The growth reported here reflects the budget from economic, policy, historical, and technical perspectives during the 10-year period.

Virginia's budget was \$94.3 billion in FY26

In FY26, Virginia's total budget was \$94.3 billion. This amount is 1.6% more (\$1.5 billion) than Virginia's total budget in FY25. Most of this growth was attributable to DMAS because of increased appropriations to cover increased Medicaid utilization and inflation. Like previous years, most appropriations in FY26 were to a small number of agencies that are responsible for core government services, such as Medicaid, K–12 education, and highway construction and maintenance. Three agencies received over half of total appropriations in FY26, and two agencies received over half of general fund appropriations (Figure 1).

FIGURE 1

A small number of agencies receive about half of total and general fund appropriations (FY26)



SOURCE: Chapters 6 and 7, 2026 Acts of Assembly.

NOTE: See Appendix C for more information on the top 10 agencies that received appropriations (total, general fund, and non-general fund) in FY26. Numbers may not sum because of rounding.

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.

Appropriations also were concentrated in a small number of programs. Ten programs received 68% of total appropriations in FY26 (Table 1). All but one of the programs (personnel management services) focus on the core services of education, health care, and transportation.

TABLE 1
10 programs with the largest total and general fund appropriations (FY26)

Total appropriations			
Rank	Program name	Total (\$M)	% of total
1	Medicaid program services	\$27,477.5	29%
2	State education assistance programs	10,755.0	11
3	Higher ed: Education & general (E&G) services	7,314.5	8
4	State health services ^a	4,030.5	4
5	Highway construction programs	2,937.5	3
6	Personnel management services ^b	2,736.1	3
7	Highway system maintenance and operations	2,706.0	3
8	Higher ed: Financial assistance for E&G services	2,218.6	2
9	Higher ed: auxiliary enterprises	2,046.2	2
10	Financial assist. to localities for ground transportation	1,685.9	2
Top 10 programs, subtotal		\$63,907.7	68%
Other programs, subtotal		\$30,353.4	32%
Total operating budget		\$94,261.2	100%
General fund appropriations			
Rank	Program name	Total (\$M)	% of total
1	State education assistance programs	\$9,519.8	28%
2	Medicaid program services	7,649.3	23
3	Higher ed: E&G services	2,665.8	8
4	Bond and loan retirement and redemption ^c	993.0	3
5	Personal property tax relief program	950.0	3
6	Operation of secure correctional facilities	907.6	3
7	Higher ed: Student financial assistance	854.8	3
8	Financial assistance for health services ^d	703.9	2
9	Financial services for sheriff's offices and regional jails	634.5	2
10	Compensation and benefit adjustments	554.1	2
Top 10 programs, subtotal		\$25,432.7	76%
Other programs, subtotal		\$8,152.7	24%
Total general fund budget		\$33,585.4	100%

SOURCE: Chapters 6 and 7, 2026 Acts of Assembly.

^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.

General fund appropriations were more concentrated among programs than the total budget, with two programs accounting for 51% of general fund appropriations, and 10 programs accounting for 76%. Many of these programs focus on the core services of education, health care, and public safety. Compensation and benefit adjustments is among the top 10 programs for general fund spending in FY26 because of appropriations for a 3 percent salary increase and a one-time bonus for state employees.

Virginia's budget has grown 7% per year since FY17

Virginia's total budget grew 7% per year, on average, between FY17 and FY26, not adjusted for inflation (Figure 2). This equated to a total growth rate of 81% over the 10-year period. A majority of this growth was in the non-general fund budget, which grew 8% per year, on average, or 89% over the 10-year period. The non-general fund budget's largest annual growth was between FY21 and FY22 (28% or \$12.6 billion), primarily because of the federal ARPA funds appropriation in FY22. When excluding federal ARPA and other COVID-19 relief funds, the non-general fund budget still grew about 7.4% per year, on average. Both rates (annual average and total growth) are higher than the typical non-general fund growth rates reported in prior *State Spending* reports before the COVID-19 pandemic, primarily because of the implementation of Medicaid expansion in FY18.

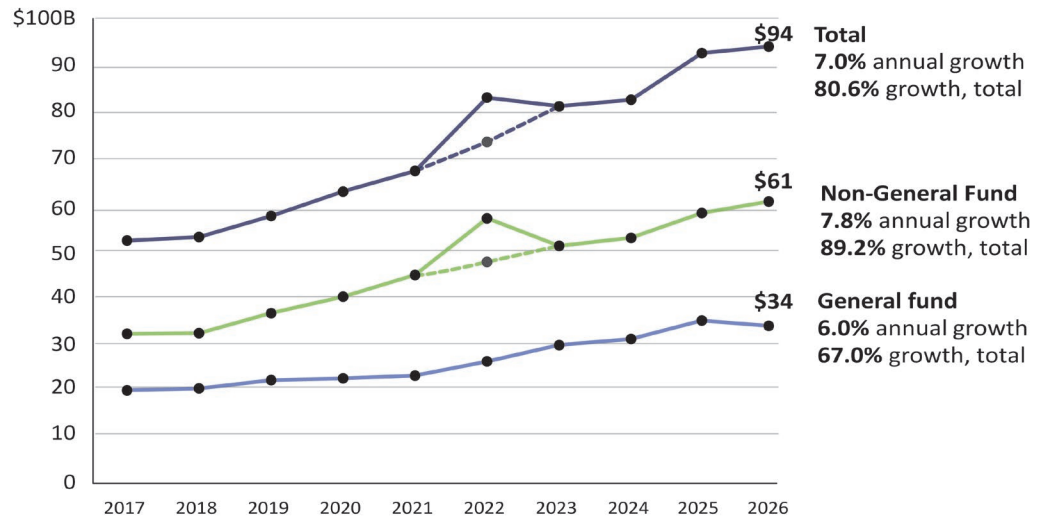
The state general fund budget grew at slower rates than the total and non-general fund budgets during the 10-year period, growing 6% per year, on average (67% total growth). In some years during the 10-year period, the general fund budget grew at historically high rates (14% in FY22, 15% in FY23, and 13% in FY25) because of large increases in state revenue that were used for one-time spending initiatives. However, the general fund decreased 3.4% from FY 25 to FY26. The decrease occurred because FY25 had an unusually large starting balance (\$4.5 billion) from unappropriated funds and a surplus in FY24 and increased revised revenue projections for FY25. Much of this additional funding was used for one-time spending items in the FY25 operating budget.

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.

FIGURE 2

Total appropriations grew 7% per year, with general fund appropriations growing at a slower rate (FY17–FY26)

The total budget for FY25 and FY26 includes appropriations that were vetoed by the governor. Because these amounts were technically appropriated by the General Assembly (Chapter 725), the Department of Planning and Budget unallotted the vetoed amounts from the affected agencies, and these appropriations reverted to the general fund at the end of the fiscal year. See Appendix D for more detail on vetoed amounts.



SOURCE: DPB data on appropriations, 2017–2026.

NOTE: See Appendix D for more details on spending and growth by year. Appropriations not adjusted for inflation. FY20 and FY21 amounts exclude appropriations of federal COVID-19 relief funds, including nearly \$65M included in operating budget totals in each year because these funds did not follow the normal appropriations process. FY22 amounts include \$9.2B of federal ARPA funds appropriated to central appropriations and \$282.5M of other federal COVID-19 relief funds appropriated to other agencies. FY23 includes a substantially lower amount of ARPA or other federal COVID-19 relief funds (\$1.4B) followed by an even lower amount in FY24.

Adjusted for inflation and population, total budget grew 3% per year

Economic and demographic factors, such as inflation and population, affect the budget and should be accounted for when assessing Virginia’s budget growth. Inflation increased 3.5% per year, on average, between FY17 and FY26 (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 3.4% per year between FY17 and FY26, with the general fund budget increasing at a slower rate (2.4%), and the non-general fund budget increasing at a faster rate (4.1%) per year, on average, during that time (Figure 3).

As the population grows, so does the need for some state services. Adjusted for both inflation and population growth, the total budget increased 2.7% per year; general fund appropriations increased 1.8% per year; and non-general fund appropriations increased 3.5% per year, on average, during the 10-year period (Figure 3). The annual average growth rates for all three budgets, adjusted for both inflation and population growth, are lower than the growth rates in last year’s *State Spending* report, particularly the growth rate for the general fund budget. The annual average growth rate for the general fund budget, adjusted for both inflation and population growth, is smaller than the growth rates reported in the last three *State Spending* reports.

TABLE 2
Key demographic and economic changes in Virginia, 2017–2026

Indicator	2017	2026	% change 2017–2026	
			Total	Annual average
Population				
Total (M)	8.5	8.9 ^a	5.6%	0.6%
Ages 65 and over (M)	1.3	1.6 ^a	23.7	2.4
Under 18 years old (M)	1.9	1.9 ^a	0.7	0.2
Living in poverty (M) ^g	0.9	0.8 ^{a,e}	-4.5	-0.7
Economy				
Inflation (Consumer Price Index) ^b	100.0	136.2	36.2	3.5
Virginia GDP (\$B)	\$508.2	\$818.2	61.1	5.5
Total Virginia employment (M, non-farm, June)	4.0	4.2	7	0.8
Total state personal income (\$B)	\$456.2	\$722.4	58.3	5.3
Median Virginia home sales price (June)	\$288,000	\$460,000	59.7	5.4
Average weekly wages in Virginia	\$1,077	\$1,542 ^f	43.2	4.6
State finances ^c				
State operating budget (\$B)	\$52.2	\$94.3	80.6	7.0
State general fund budget (\$B)	\$20.1	\$33.6	67.0	6.0
Total number of state employees (salaried) ^d	106,190	116,258	9.5	1.0
Average state employee salary ^d	\$48,576	\$73,057	50.4	4.7
Taxable sales (\$B) ^g	\$103.70	\$139.8 ^f	34.8	3.9

SOURCE: Weldon Cooper Center for Public Services, U.S. Census Bureau; Bureau of Economic Analysis; Bureau of Labor Statistics; various state agencies; Virginia Association of Realtors.

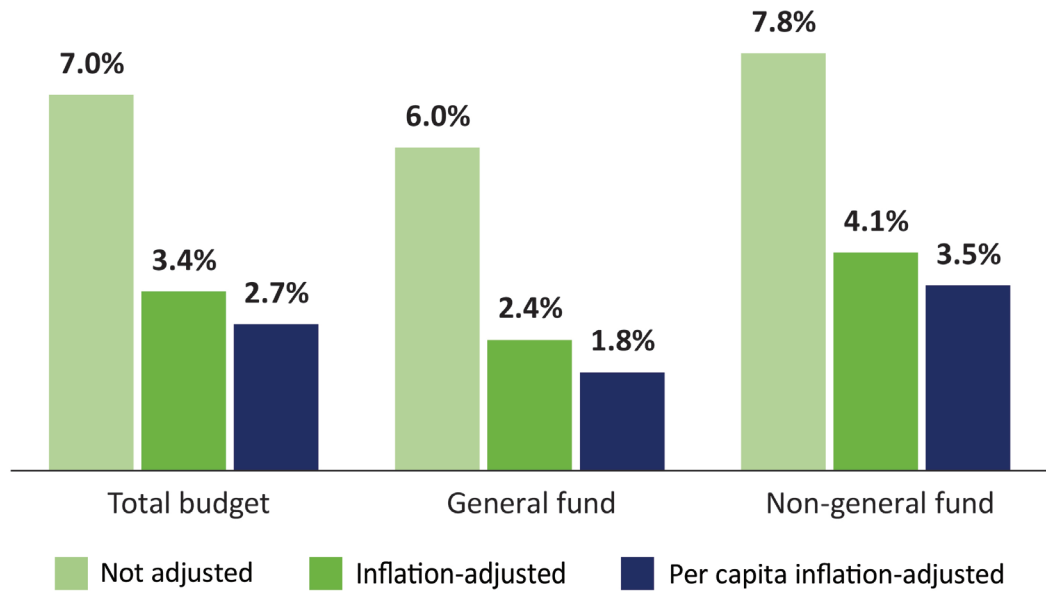
NOTE: Dollars not adjusted for inflation.

^a Estimated. ^b 2017 Consumer Price Index rebased to 100. ^c On a fiscal year basis unless otherwise noted. ^d Includes salaried faculty at higher education institutions. ^e 2024. ^f 2025. ^g Calendar year.

Adjusted for population and inflation, Virginia’s total budget generally increased over the 10-year period between FY17 and FY26, but declined in FY18, FY23, and FY26 (Figure 4). The largest increases occurred after FY18 (because of the implementation of Medicaid expansion), in FY22 (because of federal ARPA funds for COVID-19 relief), and in FY25 (because of increases in both the non-general fund and general fund budget). The decline in FY26 was because of the decrease in the general fund budget.

FIGURE 3

Average annual change in appropriations adjusted for inflation and population growth, FY17–FY26



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

The trend for the non-general fund budget, adjusted for population and inflation, is similar to the total budget for the same reasons. *Excluding* federal ARPA and other COVID-19 relief funds, the non-general fund budget, adjusted for population and inflation, remained relatively flat between FY21 and FY24. Between FY21 and FY22 the non-general fund budget (unadjusted, excluding federal COVID-19 relief funds) grew less than inflation.

Adjusted for population and inflation, the general fund budget also increased in most years, and generally at a slower rate than the total budget. The adjusted general fund budget grew much faster than the total budget in FY23 (grew 11% versus a decrease of 6%) and FY25 (grew 10% versus 8%), reflecting increases in general fund revenue in those years.

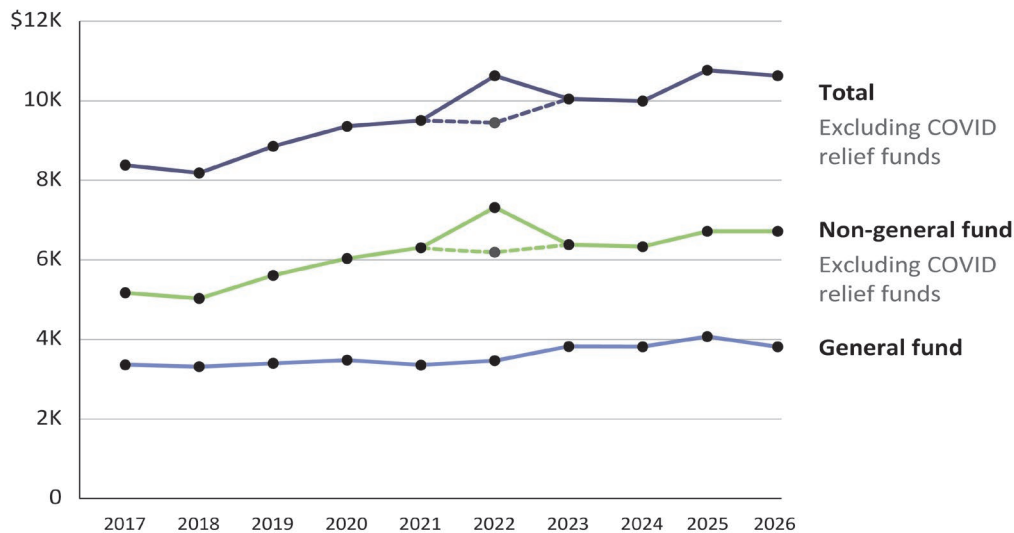
Virginia ranked 5th for state per capita spending growth (inflation-adjusted and including capital spending) between FY15 and FY24, the most recent years for which comparable data is available (*Virginia Compared with the Other States*, JLARC 2026). Virginia's total growth rate (3.2%) for this measure was higher than all other states in the Southeast region during the same time period.

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

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

FIGURE 4

Adjusted for inflation, Virginia's total budget per capita generally increased since FY17



SOURCE: DPB data on appropriations, 2017–2026; Weldon Cooper Center; and U.S. Bureau of Labor Statistics.

NOTE: Average annual growth.

Economic growth affects revenue available for the budget

Virginia's GDP, total personal income, and employment levels increased between FY17 and FY26 (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 remained at about 3.9% of Virginia GDP, on average, from FY1997 until FY25, when it increased to 4.4% of Virginia GDP. General fund appropriations declined to about 4.1% of Virginia GDP in FY26.

Virginia's economic growth between FY17 and FY26 was similar to national economic growth, though slightly lower on three key economic measures.

- **Virginia GDP** grew 2.3% per year, on average, compared to 2.5% national GDP growth, adjusted for inflation.
- **Virginia's labor force** grew 1.1% per year, on average, compared to 1.2% national labor force growth.
- **Virginia's personal income per capita** grew 1.3% per year, on annual average, compared to 1.6% national income per capita growth, adjusted for inflation.

Previous *State Spending* reports indicated Virginia's economic growth had been lower than the nation's, particularly between FY09 and FY13, because the state did not recover as quickly from the Great Recession. Since 2017, Virginia's growth rates have more closely mirrored national growth rates. However, Virginia GDP grew at a slower rate than national GDP between 2025 and 2026 (1.2% growth versus 2.7% growth).

Labor force statistics reflect the annual average change from June 2017 to June 2026. Statistics for GDP and personal income per capita reflect the annual average change from the first quarter of 2017 to the first quarter of 2026.

In total **federal spending** per capita, Virginia ranked 8th among the states in federal fiscal year 2024, the most recent year for which data is available.

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

Policy decisions and program growth affect budget trends

State policy decisions affect Virginia's budget growth and 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, which increased non-general fund appropriations for the Medicaid program beginning in FY19. In addition, the General Assembly provided \$382 million in general funds in FY15 and FY16, \$750 million in FY22, and \$250 million in FY23, to help pay down unfunded liabilities in the Virginia Retirement System (VRS), which will lead to significant savings for the retirement plans over the long term. Other funding, such as the state's share of the Standards of Quality payments to public schools, is set through formulas in the Virginia Constitution or statute.

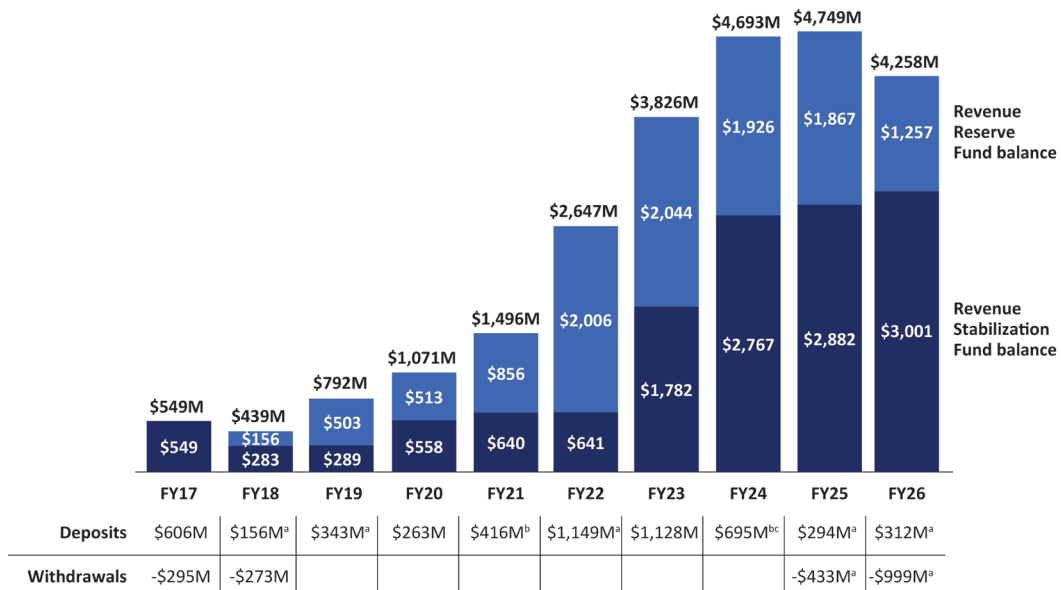
Virginia's policy decision to reserve revenue in years of above-average revenue growth also affects the general fund budget. Each year, the legislature appropriates surplus revenues to two reserve funds—the Revenue Stabilization (rainy day) Fund and the Revenue Reserve Fund—if surplus revenues exist and certain requirements are met. Funds can also be withdrawn from the reserve funds under certain conditions. As of FY26, \$4.3 billion was in the reserve funds (Figure 5). In FY25 and FY26, both deposits and withdrawals were made to the Revenue Reserve Fund, to ensure the total amounts in both funds do not exceed a cap that was established in the Appropriation Act.

Chapter 7 of the 2026 Appropriation Act set the **cap for the amounts in both reserve funds** at 17.53% (FY25) and 15% (FY26) of average annual tax revenues from state income and retail sales taxes for the prior three fiscal years.

Program growth also affects budget growth and can occur for several reasons, including policy changes and changes to the population served. For example, Medicaid and Children's Health Insurance Program (CHIP) enrollment grew 61% (from 1.1 million to 1.8 million average monthly enrollees) between FY17 and FY26, which has driven some of the spending growth in the Medicaid program.

Federal funding affects state budget trends

Federal funding trends and policy decisions can affect state spending. Federal trust funds have grown as a portion of Virginia's budget over time, from an average of 14% of Virginia's annual budget in the 1990s to an average of 24% between FY17 and FY26. Federal trust funds grew 74% between FY21 and FY22, primarily because of federal ARPA funding. The policy decision to expand Medicaid eligibility beginning in FY19 increased federal funding as a portion of Virginia's total budget to 25% since FY18, on average.

FIGURE 5**Revenue in reserves totaled \$4.3 billion as of FY26**

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

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

^a Revenue Reserve Fund deposit or withdrawal. ^b Revenue Stabilization Fund and Revenue Reserve Fund deposits. All other deposits and withdrawals were to/from the Revenue Stabilization Fund. ^c Amount excludes the \$498.7M that was transferred from the Revenue Reserve Fund to the Revenue Stabilization Fund for the \$905M deposit to the Revenue Stabilization Fund.

Participation in federal programs generally requires a state funding match, which also affects the state budget. The state match is substantial for some programs like Medicaid, the largest federal program in Virginia's budget. Virginia's general fund state match rate for individuals enrolled in the base Medicaid program has historically been around 50%. However, the federal Families First Coronavirus Response Act temporarily lowered the state's match rate to 43.8% for the second half of FY20 through May 2023, which decreased required general fund appropriations for Medicaid services during that time.

Mandatory enhancements to some federal programs, such as early intervention services for children, and agency compliance with federal regulatory changes, such as improving workplace safety, can also affect state spending.

Decisions to issue debt affect the state budget

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 largest uses of tax-supported debt over the past decade were for higher education capital projects and teaching and research equipment (56%) and transportation projects funded through the Transportation Trust Fund (21%).

The state's outstanding tax-supported debt increased 25% (from \$11.3 billion to \$14.1 billion) between FY16 and FY25 (the most recent year available). Expenditures to cover tax-supported debt service increased 39% (from \$904 million to \$1.26 billion) between FY16 and FY25.

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

The majority of budget growth between FY17 and FY26 was concentrated in a few agencies. Over half (58%) of total budget growth occurred in two agencies: DMAS and DOE (direct aid) (Table 3). DSS, SCC, and VCU are new to this year's list of the 10 agencies with the highest growth amounts of total appropriations. DSS joined the list because of expanded self-sufficiency programs in FY26, such as the summer food assistance program for children, and steady increases in spending for local social services staff during the 10-year period. SCC joined because of FY25 and FY26 reimbursements to individual health insurance market carriers in the Commonwealth Health Reinsurance Program, while VCU's growth stems from increased student financial assistance and educational and general (E&G) services funding since FY24.

All but one of these 10 agencies with the highest growth amounts in total appropriations were also among the 10 largest agencies in terms of FY26 total appropriations. SCC was the exception. (See Appendix C, Table C-1.)

TABLE 3

10 agencies with the highest growth amount in total appropriations, FY17–FY26 (\$M)

Rank	Agency	Total appropriation		Average annual growth		% of total growth
		FY17	FY26	\$	%	
1	DMAS ^a	\$9,923.4	\$28,732.0	\$2,089.8	13%	45%
2	DOE (Direct aid)	7,373.9	12,879.9	611.8	7	13
3	UVA ^b	2,973.3	5,730.4	306.3	8	7
4	VDOT	5,780.1	7,473.3	188.1	3	4
5	DBHDS	1,092.9	1,845.2	83.6	6	2
6	Va Tech	1,321.1	1,979.0	73.1	5	2
7	GMU	986.5	1,594.7	67.6	6	1
8	DSS	2,023.0	2,625.8	67.0	3	1
9	SCC	99.4	698.3	66.5	33	1
10	VCU	1,112.9	1,567.0	50.4	4	1
Top 10 agencies, subtotal		\$32,686.5	\$65,125.7	\$3,604.4	8%	77%
Other agencies, subtotal		\$19,500.3	\$29,135.5	\$1,070.6	6%	23%
Total operating budget		\$52,186.9	\$94,261.2	\$4,674.9	7%	100%

SOURCE: DPB data on appropriations, 2017–2026.

NOTE: Excludes capital appropriations. Top 10 list excludes administration of health insurance. Appropriations not adjusted for inflation. Numbers may not sum because of rounding. Average annual growth is the average of the nine year-to-year growth rates in the 10-year period. See Appendix F for alternative rankings, in which the 21 higher education agencies are grouped as a single line item.

^aIncludes \$9,616.2M in FY17 and \$28,324.5M in FY26 for Medicaid Services and CHIP. ^bExcludes UVA-Wise but includes the medical center.

Like total appropriation growth, the majority of general fund budget growth between FY17 and FY26 was concentrated in a few agencies. More than half of general fund budget growth (59%) occurred in DOE and DMAS (Table 4). SCHEV, VSP, and CSA are new to the list of agencies with the highest growth in general fund appropriations this year. SCHEV made this year's list because of increased spending for student financial assistance, particularly the Virginia Military Survivors and Dependents Program. VSP joined primarily because of spending growth to increase state trooper salaries and address pay compression. Finally, CSA is on the list because of increased caseload and service costs since FY24, particularly for private day special education services.

TABLE 4

10 agencies with the highest growth amount in general fund appropriations, FY17–FY26 (\$M)

Rank	Agency	General fund appropriation		Average annual growth		% of total growth
		FY17	FY26	\$	%	
1	DOE (Direct aid)	\$5,675.3	\$10,033.3	\$484.2	7%	32%
2	DMAS ^a	4,450.9	8,038.5	398.6	7	27
3	DBHDS	749.1	1,584.0	92.8	9	6
4	DOC	1,129.4	1,512.4	42.6	3	3
5	VCCS	436.6	712.3	30.6	6	2
6	Treasury Board	722.1	993.0	30.1	4	2
7	Compensation Board	667.5	925.6	28.7	4	2
8	VSP	268.3	487.7	24.4	7	2
9	SCHEV	91.0	310.1	24.3	16	2
10	CSA	278.9	464.7	20.6	6	1
Top 10 agencies, subtotal		\$14,469.2	\$25,061.6	\$1,176.9	6%	79%
Other agencies, subtotal		\$5,644.6	\$8,523.9	\$319.9	6%	21%
Total general fund budget		\$20,113.7	\$33,585.4	\$1,496.9	6%	100%

SOURCE: DPB data on appropriations, 2017–2026.

NOTE: Excludes capital appropriations. Top 10 list excludes agency central appropriations, Department of Accounts transfer payments (including funding for the Revenue Reserve Fund and Revenue Stabilization Fund), and other financial activities. Appropriations not adjusted for inflation. Numbers may not sum because of rounding. Average annual growth is the average of the nine year-to-year growth rates in the 10-year period. See Appendix F for alternative rankings, in which the 21 higher education agencies are grouped as a single line item.

^a Includes \$4,354.3M in FY17 and \$7,921.0M in FY26 for Medicaid Services and CHIP.

Except for SCHEV, the agencies with the highest growth amount in general fund appropriations were also among the 10 largest agencies in terms of FY26 general fund appropriations. (See Appendix C, Table C-2.)

The majority of total budget growth was also concentrated in a few programs. Nearly three-fourths of the budget growth during the 10-year period occurred in 10 programs (Table 5). Two programs (Medicaid program services and state education assistance programs) were responsible for over half of this growth (53%). All of these programs are in the core functions of health care, education, and transportation.

TABLE 5

10 programs with the highest growth amount in total appropriations, FY17–FY26 (\$M)

Rank	Program	Total appropriation		Average annual growth		% total growth
		FY17	FY26	\$	%	
1	Medicaid program services	\$9,320.2	\$27,477.5	2,017.5	13%	43%
2	State education assistance programs ^a	6,459.9	10,755.0	477.2	6	10
3	Higher ed: E&G services	4,736.3	7,314.5	286.5	5	6
4	State health services ^b	2,308.1	4,030.5	191.4	7	4
5	Highway system maintenance and operations	1,674.4	2,706.0	114.6	6	2
6	Higher ed: Financial assistance for E&G services	1,475.0	2,218.6	82.6	5	2
7	Fin. assist. to localities: ground transportation	949.0	1,685.9	81.9	7	2
8	Federal education assistance programs	887.1	1,480.0	65.9	6	1
9	Plan management ^c	0.2	557.1	61.9	349	1
10	Highway construction programs	2,382.4	2,937.5	61.7	4	1
Top 10 programs, subtotal		\$30,192.5	\$61,162.5	3,441.1	8%	74%
Other programs, subtotal		\$21,994.4	\$33,098.7	1,233.8	6%	26%
Total operating budget		\$52,186.9	\$94,261.2	4,674.9	7%	100%

SOURCE: DPB data on appropriations, 2017–2026.

NOTE: Excludes capital appropriations. Appropriations not adjusted for inflation. Numbers may not sum because of rounding. Average annual growth is the average of the nine year-to-year growth rates in the 10-year period. 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, federal education assistance programs, which is also included in this table. ^b Includes activities at VDH, UVA Medical Center, and at facilities operated by DBHDS and DVS.^c Includes activities at SCC for the Commonwealth Health Reinsurance Program.

By program, general fund budget growth was slightly more concentrated than total budget growth, with 10 programs responsible for 76% of budget growth. Again, state education assistance programs and Medicaid program services were responsible for more than half (54%) of the growth. Seven of the 10 programs with the highest general fund budget growth provide services in education and health care (Table 6). Protective services—the program for CSA services—joined the list because of increased caseload and service costs since FY24, particularly for private day special education services. Administrative and support services for public safety agencies was added primarily because administrative costs at DOC doubled. Finally, Children’s Health Insurance Program delivery joined the list because of steadily growing costs associated with increased service utilization and inflation.

TABLE 6

10 programs with the highest growth amount in general fund appropriations, FY17–FY26 (\$M)

Rank	Program	General fund appropriation		Avg. annual growth		% total growth
		FY17	FY26	\$	%	
1	State education assistance programs ^a	\$5,648.4	\$9,519.8	\$430.2	6%	29%
2	Medicaid program services	4,332.8	7,649.3	368.5	7	25
3	Higher ed: E&G services	1,563.8	2,665.8	122.4	6	8
4	Higher education student financial assistance	293.8	854.8	62.3	13	4
5	Financial assistance for health services ^b	330.8	703.9	41.5	9	3
6	Bond and loan retirement and redemption	722.1	993.0	30.1	4	2
7	Financial assist.: sheriff's offices and regional jails	446.7	634.5	20.9	4	1
8	Protective services ^c	277.1	461.7	20.5	6	1
9	Public safety: admin. and support services ^d	165.0	332.7	18.6	9	1
10	Children's Health Insurance Program delivery	5.1	166.1	17.9	54	1
Top 10 programs, subtotal		\$13,785.7	\$23,981.7	1,132.9	6%	76%
Other programs, subtotal		\$6,328.1	\$9,603.8	364.0	6%	24%
Total general fund budget		\$20,113.7	\$33,585.4	1,496.9	6%	100%

SOURCE: DPB data on appropriations, 2017–2026.

NOTE: Excludes capital appropriations. Excludes central appropriations and the revenue reserve funds, which are addressed elsewhere. Appropriations not adjusted for inflation. Numbers may not sum because of rounding. Average annual growth is the average of the nine year-to-year growth rates in the 10-year period. 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 services for children provided through CSA. ^d Administrative services mostly for DOC operations.

State appropriations are also classified by their designated use, such as salaries or IT services. Appendix G provides detailed information about the largest categories for FY26 appropriations and the categories with the largest appropriation growth amounts.

Non-general fund appropriations continue to drive total budget growth

The state budget draws upon hundreds of revenue sources that are grouped into 10 broad categories, nine of which are non-general fund revenue sources. Statute governs the use of non-general funds and requires fewer decisions than general funds because they are generally restricted to specific purposes or governed by federal requirements. 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 occurs only through appropriations made by the General Assembly. These non-general funds are responsible for 68% of total budget growth over the 10-year period (Table 7). Three non-general fund categories exceeded average annual general fund growth (6%) over this period.

The non-general fund categories with the largest growth amounts in appropriations over the past decade were federal trust, higher education operating, dedicated special revenue, and commonwealth transportation. These funds constitute 61% of the total increase in non-general fund appropriations between FY17 and FY26. The federal trust fund and dedicated special revenue funds also experienced the fastest growth rate, at an average annual *rate* of 15% and 13%, respectively, over the last decade (Table 7). The federal trust fund has a high average annual growth rate because of increases in federal funds for Medicaid expansion and ARPA funds for COVID-19 relief. Dedicated special revenue funds have a high average annual growth rate because of increasing fees and payments collected for the health-care provider assessment fund (which is used to fund Virginia's state match for Medicaid expansion) and for various regional transportation funds. The federal trust fund is usually the non-general fund category with the largest growth *amount*.

TABLE 7
Non-general fund growth by category, FY17–FY26 (\$M)

Non-general fund category	Total appropriation		Avg annual growth		% of total growth
	FY17	FY26	\$	%	
Federal Trust	\$7,928.97	\$22,956.7	\$1,669.7	15%	36%
Higher Education Operating	8,541.2	12,450.7	434.4	4	9
Dedicated Special Revenue	1,885.2	5,685.3	422.2	13	9
Commonwealth Transportation	5,586.0	8,457.4	319.1	5	7
Enterprise	1,565.9	2,904.4	148.7	7	3
Special	1,767.2	2,415.5	72.0	4	2
Internal Service	2,077.1	2,661.5	64.9	3	1
Trust and Agency	2,392.2	2,831.3	48.8	2	1
Debt Service	329.5	312.9	(1.8)	<0	<0
Non-general funds	\$32,073.2	\$60,675.7	\$3,178.1	8%	68%
General fund	\$20,113.7	\$33,585.4	\$1,496.9	6%	32%
Total all funds	\$52,186.9	\$94,261.2	\$4,674.9	7%	100%

SOURCE: DPB data on appropriations, 2017–2026; Commonwealth Accounting Policies and Procedures Manual.

NOTE: Excludes capital appropriations. Appropriations not adjusted for inflation. Numbers may not sum because of rounding. Average annual growth is the average of the nine year-to-year growth rates in the 10-year period.

Non-general fund categories

Federal Trust – All federal funds except those received by VDOT, VEC, and higher education institutions, which are budgeted separately. Includes federal ARPA funds (FY22–FY24) and most other federal COVID-relief funds (FY20–FY24). (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 communications sales and use tax).

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

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

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 three universities are among the 10 agencies with the largest increases in non-general fund appropriations (Table 8). DMAS by far had the largest growth because of Medicaid expansion, the enhanced federal match rate during the COVID-19 pandemic, and increased costs for utilization and inflation. DMAS accounted for just over half (53%) 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, FY17–FY26(\$M)

Rank	Agency	Non-general fund appropriation		Average annual growth		% total growth
		FY17	FY26	\$	%	
1	DMAS ^a	\$5,472.5	\$20,693.5	\$1,691.2	16%	53%
2	UVA ^b	2,822.8	5,480.1	295.3	8	9
3	VDOT	5,740.1	7,449.3	189.9	3	6
4	DOE (direct aid)	1,698.6	2,846.7	127.6	7	4
5	SCC	99.2	677.7	64.3	35	2
6	Va Tech	1,130.9	1,666.0	59.5	4	2
7	ABC	680.3	1,134.3	50.4	6	2
8	GMU	827.8	1,259.5	48.0	5	2
9	DSS	1,607.2	2,025.6	46.5	3	1
10	VPA	201.1	606.7	45.1	17	1
Top 10 agencies, subtotal		\$20,280.5	\$43,839.4	\$2,617.7	9%	82%
Other agencies, subtotal		\$11,792.6	\$16,836.3	\$560.4	7%	18%
Total non-general fund budget		\$32,073.2	\$60,675.7	\$3,178.1	8%	100%

SOURCE: DPB data on appropriations, 2017–2026.

NOTE: Excludes capital appropriations. Top 10 list excludes central appropriations (which includes federal ARPA funds), transfer payments (such as DOA transfer payments), and administration of health insurance. Top 10 list also excludes the Virginia Lottery, which received a \$350 million increase in appropriations in FY19 because of the technical change to appropriate lottery prizes. Appropriations not adjusted for inflation. Numbers may not sum because of rounding. Average annual growth is the average of the nine year-to-year growth rates in the 10-year period. See Appendix F for alternative rankings, in which the 21 higher education agencies are grouped as a single line item.

^a Includes \$5,261.9M in FY17 and \$20,403.5M in FY26 for Medicaid Services and CHIP. ^b Excludes UVA-Wise but includes the medical center.

The growth in non-general funds in the past decade has resulted in sustained growth in the state budget even in years when the general fund declined. Throughout the 1980s and 1990s, the split between general fund and non-general fund appropriations was around 50%. Starting in FY03, non-general funds consistently constituted a majority of the state's budget, and their share of the budget has continued to increase. Non-general funds now account for about 64% of the total state budget (Table 7).

For major uses of non-general funds, see Appendix J.

Some agencies have had very large percentage increases in appropriations since FY17

Some agencies experienced very large total growth *rates* between FY17 and FY26. These agencies, however, did not necessarily experience the largest growth in appropriation *amounts*.

Forty agencies had total general fund growth rates that exceeded the general fund growth rate over the 10-year period. The 10 fastest-growing state agencies each had general fund growth rates of 133% or more (Table 9), far exceeding the total general fund growth rate of 67% over the 10-year period. Most of these agencies are relatively

General fund appropriations have declined six times since FY1981: FY1992, FY02, FY08–FY10, and FY26. FY08–FY10 was the first time since the early 1960s that the general fund declined in two or more consecutive years.

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

TABLE 9

10 agencies with the fastest growth rates in general fund appropriations, FY17–FY26 (\$M)

Rank	Agency	General fund appropriation		General fund growth		
		FY17	FY26	\$M	%	% of total
1	VIPA	\$11.1	\$42.5	\$31.4	282%	0.2%
2	ELECT	9.3	35.3	26.0	280	0.2
3	SCHEV	91.0	310.1	219.0	241	1.6
4	DHCD	57.2	181.3	124.1	217	0.9
5	EVMS	24.5	65.8	41.4	169	0.3
6	VSU	42.2	104.0	61.8	146	0.5
7	DVS	17.0	41.7	24.7	146	0.2
8	Richard Bland	7.1	17.0	9.9	140	0.1
9	DEQ	40.8	96.9	56.1	138	0.4
10	VEDP	25.5	59.5	33.9	133	0.3
Top 10 agencies, subtotal		\$325.7	\$954.0	\$628.3	193%	5%
Other agencies, subtotal		\$19,788.0	\$32,631.4	\$12,843.4	65%	95%
Total general fund budget		\$20,113.7	\$33,585.4	\$13,471.7	67%	100%

SOURCE: DPB data on appropriations, 2017 and 2026.

NOTE: Excludes capital appropriations. Top 10 list includes agencies with general fund appropriations of at least \$5 million in FY17 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

VIPA – Growth was primarily because of funding for new initiatives that began in FY21, when VIPA was created from the consolidation of other entities.

ELECT– Growth was primarily for appropriations to replace federal funds for improving voting systems and voter access with state funds, voter education and notification of district changes, and for costs associated with the April 21, 2026, special election.

SCHEV – Growth was primarily for appropriations to support the Virginia Military Survivors and Dependents Education Program.

DHCD – Growth was primarily because of increased funding for community development and housing assistance services over time.

EVMS – Growth was primarily to support the merger of EVMS with ODU and establishment of the Eastern Virginia Health Sciences Center.

VSU – Growth is primarily because of appropriations to minimize in-state undergraduate tuition increases, improve retention and graduation, and increase degree attainment in high demand programs.

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

Richard Bland – Funding has increased throughout the study period because increased enrollment resulted in increased funding for E&G services and student financial aid.

DEQ – Growth was primarily because of appropriations for the Richmond combined sewer overflow project.

VEDP – Growth was for funding to develop and fund the Business Ready Sites program, customized workforce recruitment and training incentive program, and the Virginia internship program, and fund the Virginia International Trade Strategic Plan.

The non-general fund budgets of 12 agencies grew as fast, or faster, than the overall non-general fund budget growth of 89% during the 10-year period. The combined growth of the 10 fastest-growing agencies, except for DMAS, made up only a small percentage of total non-general fund growth during the time period (Table 10).

TABLE 10
10 agencies with the fastest growth rate in non-general fund appropriations,
FY17–FY26 (\$M)

Rank	Agency	<u>Non-general fund appropriation</u>		<u>Non-general fund growth</u>		
		FY17	FY26	\$	%	% of total
1	DHRM	\$11.1	\$114.5	\$103.5	935%	0.4%
2	SCC	99.2	677.7	578.5	583	2.0
3	Treasury	13.8	73.0	59.2	428	0.2
4	DOE (central office)	44.3	210.1	165.7	374	0.6
5	DHCD	57.9	235.5	177.6	307	0.6
6	DMAS	5,472.5	20,693.5	15,221.0	278	53.2
7	VPA	201.1	606.7	405.6	202	1.4
8	DCR	50.3	149.4	99.1	197	0.3
9	DCJS	50.1	109.3	59.2	118	0.2
10	UVA	2,822.8	5,480.1	2,657.3	94	9.3
Top 10 agencies, subtotal		\$8,823.1	\$28,349.8	\$19,526.7	221%	68.3%
Other agencies, subtotal		\$23,250.1	\$32,325.9	\$9,075.8	39%	31.7%
Total non-general fund budget		\$32,073.2	\$60,675.7	\$28,602.6	89%	100.0%

SOURCE: DPB data on appropriations, 2017 and 2026.

NOTE: Excludes capital appropriations. Top 10 list excludes central appropriations (which includes federal ARPA funds), transfer payments (such as DOA transfer payments), and administration of health insurance. Top 10 list also excludes the Virginia Lottery, which received a \$350 million increase in appropriations beginning in FY19 because of the technical change to appropriate lottery prizes. 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

DHRM – The increase was primarily because of appropriations beginning in FY19 for workers’ compensation risk management claims and administrative costs in accordance with the federal Department of Health and Human Services guidelines for recording internal service funds.

SCC – The increase was primarily from appropriation of federal funds for the Commonwealth Health Reinsurance Program (created in 2023), which reimburses insurance carriers participating in the Affordable Care Act individual market for a percentage of an enrollee’s annual claims costs exceeding a specified threshold.

Treasury – The increase was primarily for establishing an appropriation for risk management claims and administrative costs for state insurance trust funds, in accordance with federal guidelines for recording internal service fund expenditures (FY19) and increased premiums for aircraft and watercraft insurance (FY23–FY26).

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

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

DMAS – The increase was because of the upward adjustment of federal funding to account for increased Medicaid utilization and inflation.

VPA – The increase was primarily for VPA to issue bonds and amend its lease for the Virginia International Gateway Terminal to effectuate the purchase of the terminal at the end of the current lease in 2065.

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

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

UVA – This increase was primarily due to increases in patient care revenue at the medical center.

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

General fund appropriations declined for only three agencies over the 10-year period, not adjusted for inflation: Combined District Courts (-1%), DCR (-9%), and VDOT (-40%). DCR's and VDOT's general fund appropriation decreases are attributable to typical annual fluctuations. VDOT primarily receives non-general fund appropriations but has recently received general fund appropriations because of surplus revenues. DCR's appropriations for the Water Quality Improvement Fund also are dependent on surplus general fund revenue.

The appropriations of 14 other agencies grew slower than inflation (36.2%), including

- Institute for Advanced Learning and Research,
- Department of Taxation,
- Department of Corrections,
- Virginia Cooperative Extension and Agricultural Experiment Station,
- Juvenile and Domestic Relations District Courts,
- Magistrate System,
- Auditor of Public Accounts,
- Department of Energy,
- Department of Juvenile Justice,
- Virginia Tourism Authority,
- Circuit Courts,
- Department of Human Resource Management (DHRM),
- Department of Planning and Budget, and
- Economic Development Incentive Payments.

All but two of these agencies (Department of Energy and DHRM) 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 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.

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, FY17 and FY26 (\$M)

FY17				FY26			
Rank	Agency	Total	% of total	Rank	Agency	Total	% of total
1	DMAS ^a	\$9,923.4	19%	1	DMAS ^a	\$28,732.0	30%
2	DOE (Direct aid)	7,373.9	14	2	DOE (Direct aid)	12,879.9	14
3	VDOT	5,780.1	11	3	VDOT	7,473.3	8
4	UVA ^b	2,973.3	6	4	UVA ^b	5,730.4	6
5	DSS	2,023.0	4	5	DSS	2,625.8	3
6	VCCS	1,740.5	3	6	Va Tech	1,979.0	2
7	Va Tech	1,321.1	3	7	DBHDS	1,845.2	2
8	DOC	1,192.5	2	8	GMU	1,594.7	2
9	VCU	1,112.9	2	9	DOC	1,588.2	2
10	DBHDS	1,092.9	2	10	VCU	1,567.0	2
Top 10 agencies, subtotal		\$34,533.7	66%	Top 10 agencies, subtotal		\$66,015.7	70%
Other agencies, subtotal		\$17,653.2	34%	Other agencies, subtotal		\$28,245.5	30%
Total operating budget		\$52,186.9	100%	Total operating budget		\$94,261.2	100%

SOURCE: DPB data on appropriations, 2017 and 2026.

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 sum because of rounding.

^a Includes \$9,616.2M in FY17 and \$28,324.5M in FY26 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, FY17 and FY26 (\$M)

FY17				FY26			
Rank	Agency	Total	% of total	Rank	Agency	Total	% of total
1	DOE (Direct aid)	\$5,675.3	28%	1	DOE (Direct aid)	\$10,033.3	30%
2	DMAS ^a	4,450.9	22	2	DMAS ^a	8,038.5	24
3	DOC	1,129.4	6	3	DBHDS	1,584.0	5
4	DBHDS	749.1	4	4	DOC	1,512.4	5
5	Treasury Board	722.1	4	5	Treasury Board	993.0	3
6	Compensation Board	667.5	3	6	Compensation Board	925.6	3
7	VCCS	436.6	2	7	VCCS	712.3	2
8	DSS	415.8	2	8	DSS	600.2	2
9	CSA	278.9	1	9	VSP	487.7	1
10	VSP	268.3	1	10	CSA	464.7	1
Top 10 agencies, subtotal		\$14,793.9	74%	Top 10 agencies, subtotal		\$25,351.7	75%
Other agencies, subtotal		\$5,319.8	26%	Other agencies, subtotal		\$8,233.7	25%
Total general fund budget		\$20,113.7	100%	Total general fund budget		\$33,585.4	100%

SOURCE: DPB data on appropriations, 2017 and 2026.

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 sum because of rounding.

^a Includes \$4,354.3M in FY17 and \$7,921.0M in FY26 for Medicaid Services and CHIP.

TABLE C-3
10 agencies with largest non-general fund appropriations, FY17 and FY26 (\$M)

FY17				FY26			
Rank	Agency	Total	% of total	Rank	Agency	Total	% of total
1	VDOT	\$5,740.1	18%	1	DMAS ^a	\$20,693.5	34%
2	DMAS ^a	5,472.5	17%	2	VDOT	7,449.3	12
3	UVA ^b	2,822.8	9%	3	UVA ^b	5,480.1	9
4	DOE (Direct aid)	1,698.6	5%	4	DOE (Direct aid)	2,846.7	5
5	DSS	1,607.2	5%	5	DSS	2,025.6	3
6	VCCS	1,303.9	4%	6	Va Tech	1,666.0	3
7	Va Tech	1,130.9	4%	7	GMU	1,259.5	2
8	VCU	893.1	3%	8	VCU	1,182.5	2
9	GMU	827.8	3%	9	ABC	1,134.3	2
10	ABC	680.3	2%	10	DRPT	975.3	2
Top 10 agencies, subtotal		\$22,177.3	69%	Top 10 agencies, subtotal		\$44,712.8	74%
Other agencies, subtotal		\$9,895.8	31%	Other agencies, subtotal		\$15,962.9	26%
Total non-general fund budget		\$32,073.2	100%	Total non-general fund budget		\$60,675.7	100%

SOURCE: DPB data on appropriations, 2017 and 2026.

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

^a Includes \$5,261.9M in FY17 and \$20,403.5M in FY26 for Medicaid Services and CHIP. ^b Excludes UVA-Wise but includes the medical center.

Appendix D: Virginia's operating appropriations, FY17–FY26

Virginia's operating budget appropriations totaled \$94.3 billion in FY26 (Table D-1). The total operating budget grew 7 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, FY17–FY26 (\$M)

Fiscal year	<u>General fund</u>		<u>Non-general fund</u>		<u>Total</u>	
	Amount	% change	Amount	% change	Amount	% change
2017	\$20,114		\$32,073		\$52,187	
2018	20,450	1.7%	32,164	0.3%	52,614	0.8
2019	21,443	4.9	36,799	14.4	58,242	10.7
2020	22,283	3.9	40,288	9.5	62,572	7.4
2021	22,720	2.0	44,774	11.1	67,495	7.9
2022	25,802	13.6	57,363	28.1	83,165	23.2
2023	29,684	15.0	51,381	-10.4	81,065	-2.5
2024	30,639	3.2	52,663	2.5	83,302	2.8
2025	34,757	13.4	58,024	10.2	92,781	11.4
2026	33,585	-3.4	60,676	4.6	94,261	1.6
Change 2017–2026	\$13,472	67.0%	\$28,603	89.2%	\$42,074	80.6%
Average annual change		6.0%		7.8%		7.0%

SOURCE: DPB data on appropriations, 2017–2026.

NOTE: Operating funds only; excludes capital appropriations. Virginia received federal COVID-19 relief funds in FY20–FY24. See Appendix D in State Spending 2025 for information on the appropriation of these funds.

FY25 and FY26 budgets include appropriations vetoed by the governor

FY25 appropriations include \$147.9 million across 13 agencies that were vetoed by the governor (Table D-2). The majority of the vetoed items were related to flood prevention, housing assistance, and a child care pilot program. FY26 also included \$82 million in spending that the governor vetoed, most (84%) of which was related to Medicaid (nursing facility rate increase and expanded coverage for weight loss drugs). These vetoes are listed in Chapter 725, but the corresponding appropriations are not removed from appropriated amounts. DPB unallotted the vetoed amounts from the affected agencies when the budget was executed, and the appropriations reverted to the general fund at the end of the fiscal year.

TABLE D-2

Appropriations for FY25 include \$147.9 million vetoed by the governor

Agency	Vetoed amount
DHCD	(\$59.2M)
DCR	(52.3)
DOE (Direct aid)	(25.0)
DSS	(4.0)
DEQ	(2.3)
VEDP	(1.5)
VTC	(1.3)
House of Delegates	(0.5)
Senate of Virginia	(0.5)
New College Institute	(0.5)
DCJS	(0.4)
VDOT	(0.3)
DRPT	(0.2)
Total	(\$147.9M)

SOURCE: DPB data.

Appendix E: Virginia's appropriations for internal services FY17–FY26

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. Starting in FY15, agencies with internal service funds began receiving non-general fund appropriation amounts for the cost of goods and services provided to other agencies. Prior to FY15, they received a sum sufficient appropriation to account for the goods and services provided.

TABLE E-1

Virginia's appropriations for internal services grew at slower rate than the non-general fund budget, FY17–FY26 (\$M)

Agency	Services provided to other agencies	Total appropriations		Avg annual growth		% of total growth
		FY17	FY26	\$	%	
DHRM	Administration of health insurance	\$1,515.2	\$1,933.2	\$46.4	2.9%	1.5%
VITA	IT services	364.4	475.1	12.3	3.6	0.4
DOA	Payroll and other financial services	26.7	50.1	2.6	8.3	0.1
DGS	Real estate, procurement, transportation	170.9	187.7	1.9	1.1	0.1
DHRM	Personnel management services ^a	-	15.4	1.7	12.0	0.1
Total non-general fund budget, internal services		\$2,077.1	\$2,661.5	\$64.9	2.9%	2.0%
Total non-general fund budget		\$32,073.2	\$60,675.7	\$3,178.1	7.8%	100.0%

SOURCE: DPB data on appropriations, 2017 to 2026.

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

^a Management and administration of Cardinal financial system.

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, FY17–FY26 (\$M)

Rank	Agency	Total appropriation		Average annual growth		% total growth
		FY17	FY26	\$	%	
1	DMAS	\$9,923.4	\$28,732.0	\$2,089.8	13%	45%
2	Higher education	10,711.0	16,288.3	619.7	5	13
3	DOE (direct aid)	7,373.9	12,879.9	611.8	7	13
4	VDOT	5,780.1	7,473.3	188.1	3	4
5	DBHDS	1,092.9	1,845.2	83.6	6	2
6	DSS	2,023.0	2,625.8	67.0	3	1
7	SCC	99.4	698.3	66.5	33	1
8	ABC	680.3	1,134.3	50.4	6	1
9	VPA	202.1	608.2	45.1	16	1
10	DOC	1,192.5	1,588.2	44.0	3	1
Top 10 agencies, subtotal		\$39,078.7	\$73,873.6	\$3,866.1	7%	83%
Other agencies, subtotal		\$13,108.2	\$20,387.6	\$808.8	8%	17%
Total operating budget		\$52,186.9	\$94,261.2	\$4,674.9	7%	100%

TABLE F-2 (Table 4 with higher education agencies grouped)
10 agencies with the highest growth amount in general fund appropriations, FY17–FY26 (\$M)

Rank	Agency	General fund appropriation		Average annual growth		% total growth
		FY17	FY26	\$	%	
1	DOE (Direct aid)	\$5,675.3	\$10,033.3	\$484.2	7%	32%
2	DMAS	4,450.9	8,038.5	398.6	7	27
3	Higher education	1,878.6	3,583.5	189.4	8	13
4	DBHDS	749.1	1,584.0	92.8	9	6
5	DOC	1,129.4	1,512.4	42.6	3	3
6	Treasury Board	722.1	993.0	30.1	4	2
7	Compensation Board	667.5	925.6	28.7	4	2
8	VSP	268.3	487.7	24.4	7	2
9	CSA	278.9	464.7	20.6	6	1
10	DSS	415.8	600.2	20.5	4	1
Top 10 agencies, subtotal		\$16,236.0	\$28,222.9	\$1,331.9	6%	89%
Other agencies, subtotal		\$3,877.8	\$5,362.5	\$165.0	6%	11%
Total general fund budget		\$20,113.7	\$33,585.4	\$1,496.9	6%	100%

TABLE F-3 (Table 8 with higher education agencies grouped)
 10 agencies with the highest growth amount in non-general fund appropriations, FY17–FY26 (\$M)

Rank	Agency	Non-general fund appropriation		Average annual growth		% total growth
		FY17	FY26	\$	%	
1	DMAS	\$5,472.5	\$20,693.5	\$1,691.2	16%	53%
2	Higher education	8,832.5	12,704.8	430.3	4	14
3	VDOT	5,740.1	7,449.3	189.9	3	6
4	DOE (direct aid)	1,698.6	2,846.7	127.6	7	4
5	SCC	99.2	677.7	64.3	35	2
6	ABC	680.3	1,134.3	50.4	6	2
7	DSS	1,607.2	2,025.6	46.5	3	1
8	VPA	201.1	606.7	45.1	17	1
9	DRPT	582.0	975.3	43.7	7	1
10	VDH	529.1	763.5	26.0	5	1
Top 10 agencies, subtotal		\$25,442.5	\$49,877.4	\$2,715.0	8%	85%
Other agencies, subtotal		\$6,630.6	\$10,798.3	\$463.1	11%	15%
Total non-general fund budget		\$32,073.2	\$60,675.7	\$3,178.1	8%	100%

TABLE F-4 (Table 9 with higher education agencies grouped)
 10 agencies with the fastest growth rate in general fund appropriations, FY17–FY26 (\$M)

Rank	Agency	General fund appropriation		General fund growth		
		FY17	FY26	\$	%	% of total
1	VIPA	\$11.1	\$42.5	\$31.4	282%	0.2%
2	ELECT	9.3	35.3	26.0	280	0.2
3	DHCD	57.2	181.3	124.1	217	0.9
4	DVS	17.0	41.7	24.7	146	0.2
5	DEQ	40.8	96.9	56.1	138	0.4
6	VEDP	25.5	59.5	33.9	133	0.3
7	Court of Appeals	9.6	21.9	12.4	129	0.1
8	DBHDS	749.1	1,584.0	834.8	111	6.2
9	Capitol Police	8.2	16.9	8.7	106	0.1
10	Office of the Governor	5.1	10.6	5.4	106	0.0
Top 10 agencies, subtotal		\$933.0	\$2,090.6	\$1,157.6	124%	8.6%
17	Higher education	\$1,878.6	\$3,583.5	\$1,704.9	91%	12.7%
Other agencies, subtotal		\$19,180.8	\$31,494.9	\$12,314.1	64%	91.4%
Total general fund budget		\$20,113.7	\$33,585.4	\$13,471.7	67%	100.0%

TABLE F-5 (Table 10 with higher education agencies grouped)
10 agencies with the fastest growth rate in non-general fund appropriations, FY17–FY26 (\$M)

Rank	Agency	Non-general fund appropriation		Non-general fund growth		
		FY17	FY26	\$	%	% total
1	DHRM	\$11.1	\$114.5	\$103.5	935%	0.4%
2	SCC	99.2	677.7	578.5	583	2.0
3	Treasury	13.8	73.0	59.2	428	0.2
4	DOE (central office)	44.3	210.1	165.7	374	0.6
5	DHCD	57.9	235.5	177.6	307	0.6
6	DMAS	5,472.5	20,693.5	15,221.0	278	53.2
7	VPA	201.1	606.7	405.6	202	1.4
8	DCR	50.3	149.4	99.1	197	0.3
9	DCJS	50.1	109.3	59.2	118	0.2
10	VSP	63.4	120.5	57.1	90	0.2
Top 10 agencies, subtotal		\$6,063.6	\$22,990.2	\$16,926.6	279%	59.2%
26	Higher education	8,832.5	12,704.8	3,872.3	44%	13.5%
Other agencies, subtotal		\$26,009.5	\$37,685.5	\$11,676.0	45%	40.8%
Total non-general fund budget		\$32,073.2	\$60,675.7	\$28,602.6	89%	100.0%

TABLE F-6 (Table 5 with higher education agencies grouped)
10 largest program increases in total appropriations, FY17–FY26 (\$M)

Rank	Program	Total appropriation		Avg. annual growth		% total growth
		FY17	FY26	\$	%	
1	Medicaid program services	\$9,320.2	\$27,477.5	\$2,017.5	13%	43%
2	State education assistance programs ^a	6,459.9	10,755.0	477.2	6	10
3	Higher education	8,936.7	12,968.3	448.0	4	10
4	State health services ^b	2,308.1	4,030.5	191.4	7	4
5	Highway system maintenance and operation	1,674.4	2,706.0	114.6	6	2
6	Fin. assist. to localities for ground transportation	949.0	1,685.9	81.9	7	2
7	Personnel management services ^c	2,012.9	2,736.1	80.4	4	2
8	Federal education assistance programs	887.1	1,480.0	65.9	6	1
9	Plan management ^d	0.2	557.1	61.9	349	1
10	Highway construction programs	2,382.4	2,937.5	61.7	4	1
Top 10 programs, subtotal		\$34,930.8	\$67,333.8	\$3,600.3	8%	77%
Other programs, subtotal		\$17,256.1	\$26,927.3	\$1,074.6	7%	23%
Total operating budget		\$52,186.9	\$94,261.2	\$4,674.9	7%	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, FY17–FY26 (\$M)

Rank	Program	<u>General fund appropriation</u>		<u>Avg. annual growth</u>		<u>% total growth</u>
		FY17	FY26	\$	%	
1	State education assistance programs ^a	\$5,648.4	\$9,519.8	\$430.2	6%	29%
2	Medicaid program services	4,332.8	7,649.3	368.5	7	25
3	Higher education	1,951.0	3,731.0	197.8	8	13
4	Financial assistance for health services	330.8	703.9	41.5	9	3
5	Bond and loan retirement and redemption	722.1	993.0	30.1	4	2
6	Fin. assist. for sheriffs' offices and regional jails	446.7	634.5	20.9	4	1
7	Protective services	277.1	461.7	20.5	6	1
8	Admin. and support services: public safety	165.0	332.7	18.6	9	1
9	Children's Health Insurance Program delivery	0.0	166.1	17.9	54	1
10	Central office managed community and individual health services	6.9	156.5	16.6	46	1
Top 10 programs, subtotal		\$13,886.0	\$24,348.6	\$1,162.5	7%	78%
Other programs, subtotal		\$6,227.7	\$9,236.8	\$334.3	5%	22%
Total general fund budget		\$20,113.7	\$33,585.4	\$1,496.9	6%	100%

Tables F-1 through F-7.

SOURCE: DPB data on appropriations, 2017–2026.

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

^a Excludes federal funds for K–12 education, which has a separate program code. Accounts for state funding for K–12 education only and includes appropriations to "State Education Programs," a temporary program code used in the 2022–2024 budget ^b Includes activities at VDH, UVA Medical Center, and at facilities operated by DBHDS and DVS. ^c Includes the state internal services fund for employee health benefits. ^d Includes activities at SCC for the Commonwealth Health Reinsurance Program.

TABLE F-8
Growth of higher education agencies, FY17–FY26 (\$M)

Rank	Agency	Total appropriation		Average annual growth		% total growth	Overall rank
		FY17	FY26	\$	%		
1	UVA	\$2,973.3	\$5,730.4	\$306.3	8%	7%	3
2	Va Tech	1,321.1	1,979.0	73.1	5	2	6
3	GMU	986.5	1,594.7	67.6	6	1	7
4	VCU	1,112.9	1,567.0	50.4	4	1	10
5	JMU	549.0	814.6	29.5	5	1	19
6	SCHEV	98.3	322.7	24.9	15	1	23
7	ODU	431.1	604.0	19.2	4	0	27
8	CWM	383.1	537.8	17.2	4	0	28
9	VSU	163.5	275.6	12.5	6	0	29
10	NSU	157.2	268.7	12.4	6	0	30
11	RU	204.0	292.0	9.8	4	0	35
12	UMW	125.4	180.1	6.1	4	0	42
13	CNU	152.0	206.4	6.0	4	0	43
14	LU	133.1	180.1	5.2	3	0	47
15	EVMS	24.5	65.8	4.6	13	0	50
16	UVA-Wise	43.1	79.1	4.0	7	0	54
17	VMI	81.0	106.7	2.9	3	0	64
18	Richard Bland	16.2	28.6	1.4	7	0	84
19	SW Va Higher Ed Ctr	3.1	5.6	0.3	23	0	106
20	West Piedmont Higher Ed Ctr ^a	3.5	4.7	0.1	4	0	123
21	SO Va Higher Ed Ctr	8.6	8.9	0.0	1	0	139
22	VCCS	1,740.5	1,435.7	(33.9)	-1	-1	164
Total higher ed agencies		\$10,711.0	\$16,288.3	\$619.7	4%	13%	
Total operating budget		\$52,186.9	\$94,261.2	\$4,674.9	7%	100%	

SOURCE: DPB data on appropriations, 2017–2026.

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

^a Formerly the New College Institute.

TABLE F-9
Changes in enrollment and tuition of higher education agencies, FY17–FY26

Rank (growth) ^c	Agency	<u>Undergraduate enrollment</u> ^a			<u>Tuition</u> ^b		
		FY17	FY26	Avg annual change	FY17	FY26	Avg annual change
19	JMU	19,548	21,358	1.0%	\$10,390	\$14,300	3.8%
43	CNU	4,930	4,474	-1.0	13,054	17,219	3.3
42	UMW	4,357	3,531	-2.2	11,570	15,364	3.2
47	LU	4,386	3,847	-1.1	12,240	16,250	3.2
84	Richard Bland	2,203	3,032	4.0	7,140	9,332	3.1
10	VCU	23,999	21,750	-1.1	13,130	17,240	3.1
27	ODU	19,793	17,504	-1.3	10,046	13,320	3.0
7	GMU	24,009	29,522	2.3	11,300	14,316	2.9
35	RU	8,453	6,206	-3.2	10,081	12,952	2.8
6	VT	25,791	31,536	2.3	12,852	16,526	2.7
3	UVA	16,298	17,835	1.0	15,714	20,038	2.7
54	UVA-W	2,221	2,209	0.2	9,539	11,780	2.7
28	CWM	6,276	6,951	1.2	21,234	26,456	2.5
64	VMI	1,713	1,496	-1.4	17,492	21,366	2.3
29	VSU	4,155	5,202	2.8	8,472	10,418	2.2
30	NSU	4,739	5,828	2.4	8,738	10,456	1.9
Total (without VCCS)		172,871	179,894	0.6%	n.a.	n.a.	n.a.
Average (without VCCS)		10,804	11,393	0.6%	\$12,062	\$15,458	2.8%
164	VCCS	170,869	165,712	-0.3%	\$4,387	\$5,049	1.8%

SOURCE: SCHEV website.

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

^a Includes a headcount of all in-state and out-of-state undergraduate students enrolled in the fall of the 2016–2017 and 2025–2026 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.)

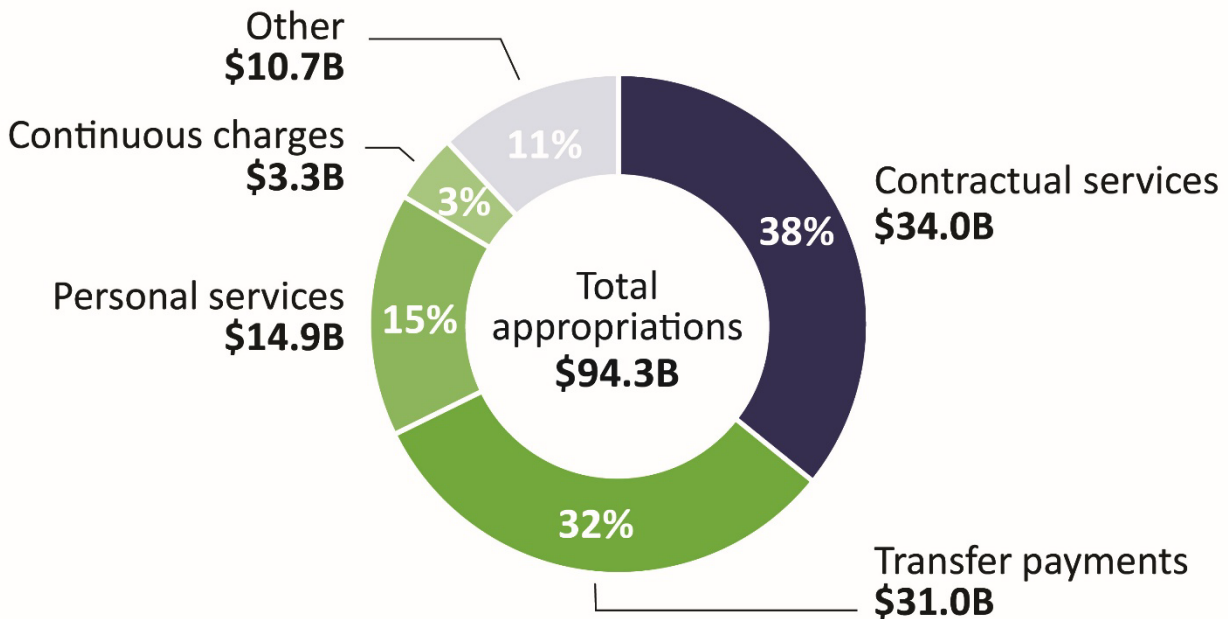
n.a.: not applicable.

Appendix G: Virginia's appropriations by category of use

The majority of Virginia's appropriations are for contractual services (38%), such as health care, IT, and road construction and maintenance, and for transfer payments (32%), such as payments to local governments for schools, courts, and constitutional officers (Figure G-1). Another 15% of total appropriations are for personal services such as employee salaries, wages, and benefits.

FIGURE G-1

Majority of Virginia's appropriations are for contractual services and transfer payments (FY26)



SOURCE: DPB data on 2026 appropriations by major object code from Chapter 7, 2026 Acts of Assembly.

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

A majority of budget growth is also concentrated in a handful of specific uses (Table G-1), which are classified in the budget under “subobject” codes. Most subobject codes are distributed across multiple programs and agencies. Thirty-three percent of total budget growth between FY17 and FY26 was for contractual payments for health-care services provided through Medicaid and CHIP. Salaries and employee health benefits contributed to 9% of budget growth during the period.

TABLE G-1

10 subobject areas with the highest growth amount in total appropriations, FY17–FY26 (\$M)

Rank	Subobject	Total appropriation		Avg. annual growth		% total growth
		FY17	FY26	\$	%	
1	Insurance premiums for health services for individuals ^a	\$-14.6	\$13,797.0	\$1,534.6	29,497%	33%
2	Hospital services	-33.5	3,478.7	390.2	13,486	8
3	Medical services	137.7	3,498.6	373.4	165	8
4	Employee health benefits	1,150.9	3,481.6	259.0	17	6
5	Employee salaries, classified	3,240.6	4,650.3	156.6	4	3
6	Supplies and materials	1,782.6	2,786.9	111.6	5	2
7	Salaries, teaching and research faculty	1,406.0	2,140.7	81.6	5	2
8	Salaries, other officials ^b	437.4	1,058.0	69.0	12	1
9	Contractual health care services - UVA medical	249.3	830.5	64.6	15	1
10	Contractual services - higher education	767.9	1,336.4	63.2	7	1
Top 10 subobject areas, subtotal		\$9,124.3	\$37,058.5	\$3,103.8	21%	66%
Other subobject areas, subtotal		\$43,062.6	\$57,202.6	1,571.1	4%	34%
Total operating budget		\$52,186.9	\$94,261.2	4,674.9	7%	100%

SOURCE: DPB data on appropriations, 2017–2026.

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

^a Most of the appropriations in this subobject code were reported under a different subobject code previously and were categorized as contractual services for Medicaid and CHIP (and included in this table in prior reports). ^b Compensation, severance pay, and incentives to positions exempt from the Virginia Personnel Act such as gubernatorial appointees, legislative staff, judicial staff, and staff of certain agencies.

Appendix H: Total federal funding in Virginia's budget

The majority of federal funding Virginia receives and appropriates is accounted for in the federal trust fund category. However, nearly all of the federal funds for VDOT, DRPT, VEC, and Virginia's higher education institutions, and some of the federal grant funds for DCJS and ELECT, are budgeted separately. The table below identifies the federal funds that have been appropriated by the General Assembly during the 10-year period under review. Federal funds for COVID-19 relief are included in FY20 through FY24 as noted in Appendix D.

TABLE H-1
Federal funding in Virginia's budget, by agency, FY17–FY26 (\$M)

Agency	Fund category	Appropriation		Average annual growth	
		FY17	FY26	\$M	%
DRPT	Commonwealth Transportation	\$82.0	\$82.2	<\$0.10	<1%
VDOT	Commonwealth Transportation	1,172.9	1,534.8	40.2	4
Higher education institutions	Higher Education Operating	1,461.7	1,266.4	-21.7	-1
VEC	Trust and Agency	135.4	586.3	50.1	33
DCJS, ELECT	Trust and Agency	12.0	7.3	-0.5	-37
	Federal Trust	7,929.0	22,956.7	1,669.7	15
Total federal funds		\$10,793.0	26,433.7	\$1,737.9	13%
Total non-general funds		32,073.2	60,675.7	\$3,178.1	8%

SOURCE: DPB data on appropriations, 2017–2026.

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

Appendix I: The basis of Virginia's budget

Virginia's budget operates within a legal framework that includes the Constitution of Virginia, the Code of Virginia, and the Appropriation Act. The governor proposes the budget through a budget bill, which is amended and approved by the General Assembly. The final budget bill is approved and signed into law by the governor. Everything in the state budget stems from this process by the state's elected officials.

Budget cycle

Virginia's budget operates on a two-year cycle known as a biennium. Each biennial budget is passed and amended by the General Assembly three times. The General Assembly approves the initial budget act for the upcoming biennium in even numbered years along with amendments and adjustments to the prior biennial budget (known as the caboose bill). During odd-numbered years, the General Assembly approves amendments for the first and second fiscal years of the biennium. JLARC's state spending report covers the last six biennial budgets, with each budget cycle spanning three General Assembly sessions (Table I-1).

Budget terminology

Appropriations

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. In addition, appropriations are payable in full only if sufficient revenues are available to pay all appropriations in full. A non-general funded program or agency must have both an appropriation and sufficient cash within the state treasury 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 and the governor. This includes all legislative changes made to appropriations during a biennium, such as second year changes to first year amounts and the caboose bill. Administrative adjustments made to appropriations after the adoption of the Appropriation Act are not included. The Appropriation Act authorizes the governor, under certain conditions, to make limited adjustments to appropriations.

Expenditures

Expenditures are actual amounts spent or transferred by state agencies and certified by the Department of Accounts. In addition to agency spending, expenditures include financial assistance to localities for personal property tax relief and deposits made to the Revenue Stabilization Fund. Expenditures also include payments made on capital projects each year, regardless of when appropriations were made to the projects. Expenditures may vary from appropriations because of administrative adjustments to the legislative appropriation amount, as authorized in the Appropriation

To learn more about Virginia's budget, visit the official state budget websites:

Legislative information: Virginia State Budget
budget.lis.virginia.gov

Virginia Department of Planning and Budget
dpb.virginia.gov/budget/budget.cfm

Act, and because of changes in the amount of revenue collected from what was assumed in the Appropriation Act.

TABLE I-1
Virginia's biennial budget cycle over the past six biennia

FYs covered by budget	Session year	Budget bill
2024–2026 biennium budget		
FY25–FY26	2026	Final caboose bill amendments to FY26
	2025	Mid-cycle biennial budget amendments to FY25 and FY26
	2024	Initial biennial budget
2022–2024 biennium budget		
FY23–FY24	2024	Final caboose bill amendments to FY24
	2023	Mid-cycle biennial budget amendments to FY23 and FY24
	2022	Initial biennial budget
2020–2022 biennium budget		
FY21–FY22	2022	Final caboose bill amendments to FY22
	2021	Mid-cycle biennial budget amendments to FY21 and FY22
	2020	Initial biennial budget
2018–2020 biennium budget		
FY19–FY20	2020	Final caboose bill amendments to FY20
	2019	Mid-cycle biennial budget amendments to FY19 and FY20
	2018	Initial biennial budget

2016–2018 biennium budget

FY17–FY18	2018	Final caboose bill amendments to FY18
	2017	Mid-cycle biennial budget amendments to FY17 and FY18
	2016	Initial biennial budget

NOTE: FY26 appropriations are primarily from Chapter 7 of the 2026 Acts of Assembly, with additional \$5.2 million (primarily for the April 21, 2026, special election) from Chapter 6.

Functions and programs

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

Functions represent the broadest categories of state government activities. Virginia government activities are grouped by the following seven broad operating functions:

- education,
- administration of justice,
- individual and family services,
- resource and economic development,
- transportation,
- general government, and
- enterprises.

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

Programs are more specific than the broad government functions and may appear in several agencies. For example, the budget program “state health services” within the broad individual and family services function includes the provision of 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, intellectual disabilities, 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, the Department of Behavioral Health and Developmental Services, and the Department of Veterans Services. The “administrative and support services” program combines a wide variety of discrete services, including architectural and engineering services, food and dietary services, physical

plant services, human resources, information technology services, and others. Administrative and support services can be found across many different agencies. As of 2026, Virginia had 197 budget programs.

State “agency” defined

An agency represents the major unit of operational and budgetary control and administration of state services. Agencies are generally thought of as including a set of programs under the purview of an agency head who is typically appointed by the governor, along with staff, who implement the agency’s programs.

There are, however, differing notions about what constitutes a state agency and how many there are in Virginia. 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 example, appropriations for agency codes 720 (central office), 790 (grants to localities), 792 (mental health treatment centers), 793 (intellectual disability training centers), and 794 (Virginia Center for Behavioral Rehabilitation) must be combined to arrive at a budget total for the Department of Behavioral Health and Developmental Services.

Agency codes are sometimes used to enter a new program or activity into the state financial system and ensure budget control. For example, “central appropriations” is assigned an agency code of 995 even though it is not an actual agency. For purposes of this report, the number of agency codes in the 2026 Appropriation Act (180 agency codes with appropriations) was adjusted for duplication and to exclude various financial accounts (Table I-2). The resulting count was 158 agencies.

TABLE I-2
Number of state agencies, FY26

Unique agency codes in 2026 Appropriation Act	180
Codes assigned to DBHDS facilities & programs	5
Codes assigned to UVA Academic Division (207) & Medical Center (209)	2
Codes assigned to William & Mary (204) and VIMS (268)	2
Codes assigned to Department for Aging and Rehabilitative Services (262) and Woodrow Wilson Rehab Center (203)	2
Codes assigned to Department for the Blind and Vision Impaired (702) and Rehab Center for the Blind and Vision Impaired (263)	2
Codes assigned to councils, commissions and boards under the Division of Legislative Services	9

Codes assigned to various financial activities ^a	3
DOA transfer payments (162) ^b	
Central appropriations (995)	
Interstate Organization Contributions (921)	

Total number of state agencies	158
---------------------------------------	------------

SOURCE: 2026 Appropriation Act (Chapter 7); Department of Planning and Budget.

NOTE: Total number of state agencies is calculated by subtracting the number of codes assigned from the number of unique agency codes, ensuring that the principal agency is correctly counted. (For example, from 180, subtract 5 for DBHDS facilities and programs and add back 1 for the overall agency.) Many prior agency codes that were assigned to councils, commissions, and boards under the Division of Legislative Services no longer exist or were assigned directly to the division and are no longer separate.

^aThe three agency codes assigned to various financial activities were not included in the total number of state agencies for FY26.

^bThe Department of Accounts has a separate line item for transfer payments, such as the Revenue Stabilization Fund (program 735).

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 is not restricted in any way and is used for the widely varied purposes of government. Non-general funds derive from many diverse sources and are restricted to certain specified uses.

General and non-general funds comprised 36 and 64 percent, respectively, of the FY26 Virginia budget. The expenditure of non-general funds is controlled by their authorizing statute—thus, more than half the state budget is determined by statute rather than through the appropriation process. This ensures that child support payments, for example, are spent for child support and not another purpose. It also means that growth in more than half the budget is determined by factors other than the annual appropriation process.

Appendix J: Major uses of non-general funds, FY26

The eight categories of non-general funds are listed below, along with the five largest budget programs (by dollar amount) that receive appropriations from each fund.

Agency	Programmatic purpose	\$(M)
Dedicated Special Revenue Funds		
DMAS	Medicaid program services	\$2,669.3
VDOT	Financial assistance to localities for ground transportation	1,024.3
DOA – transfer payments	Financial assistance to localities - general	415.0
VDOT	Highway construction programs	244.8
DOE (direct aid)	Financial assistance for public transportation	159.4
Total, top 5		\$4,512.9
Top 5 as percentage of this non-general fund category		79%
Debt Service Funds		
GMU	Higher education: auxiliary enterprises	\$54.1
JMU	Higher education: auxiliary enterprises	44.4
ODU	Higher education: auxiliary enterprises	26.5
UVA	Financial assistance for educational and general (E&G) services	25.8
CNU	Higher education: auxiliary enterprises	19.7
Total, top 5		\$170.5
Top 5 as percentage of this non-general fund category		54%
Trust & Agency Funds		
DOE (direct aid)	State education assistance programs	\$1,122.6
VEC	Workforce systems services	586.3
VDOT	Non-toll supported transportation debt service	262.8
VDOT	Highway construction programs	181.0
DHRM	Personnel management services	92.2
Total, top 5		\$2,244.9
Top 5 as percentage of this non-general fund category		79%
Enterprise Funds		
ABC	Alcoholic beverage merchandising	\$1,099.9
Admin. of Health Insurance	Personnel management services	587.5
Virginia Lottery	Disbursement of lottery prize payments	550.0
Commonwealth Savers	Investment, trust, and insurance services	250.0
Virginia Lottery	State lottery operations	195.0
Total, top 5		\$2,682.4
Top 5 as percentage of this non-general fund category		92%

Agency	Programmatic purpose	\$(M)
Higher Education Operating Funds		
UVA	State health services	\$3,304.5
UVA	Educational and general programs	1,214.5
Va Tech	Educational and general programs	798.6
GMU	Educational and general programs	580.4
UVA	Financial assistance for educational and general services	568.0
Total, top 5		\$6,466.0
Top 5 as percentage of this non-general fund category		52%
Federal Trust Funds		
DMAS	Medicaid program services	\$17,144.5
DOE (direct aid)	Federal education assistance programs	1,480.0
DSS	Financial assistance for local social services staff	493.8
SCC	Plan management	481.9
DMAS	Children's health insurance program delivery	349.8
Total, top 5		\$19,950.1
Top 5 as percentage of this non-general fund category		87%
Commonwealth Transportation Funds		
VDOT	Highway system maintenance and operations	\$2,706.0
VDOT	Highway construction programs	2,511.6
DRPT	Financial assistance for public transportation	700.1
VDOT	Financial assistance to localities for ground transportation	661.6
VDOT	Administrative and support services	384.2
Total, top 5		\$6,963.5
Top 5 as percentage of this non-general fund category		82%
Special revenue		
DSS	Child support enforcement services	\$674.2
VPA	Port facilities planning, maintenance, acquisition	341.3
VPA	Administrative and support services	174.3
VDH	Community health services	126.4
DHCD	Housing assistance services	95.4
Total, top 5		\$1,411.6
Top 5 as percentage of this non-general fund category		58%

SOURCE: 2026 Appropriation Act (Chapter 7) data from Department of Planning & Budget.

NOTE: Operating appropriations only. Numbers may not sum because of rounding.

Appendix K: Flow of state revenue and expenditures

This appendix, which shows the flow of revenue and expenditures between the localities and the state, is provided in response to two mandates.

- JLARC directed staff in fall 2025 to assess the flow of funds between the localities and the state for inclusion in the 2026 *State Spending* report, and
- Item 25 K of the 2026 Appropriation Act directs JLARC to include an analysis of state spending for aid to localities as part of its *State Spending* report at least every five years.

The appendix focuses on *general fund* revenues paid to the state through resident and business taxes, broken down by locality, and *general fund* operating expenditures to localities, either paid directly to the local governments (e.g., aid to localities such as K–12 education funding to school divisions, car tax reimbursements, and funding for constitutional officers) or provided on behalf of their residents (e.g., spending on Medicaid services and higher education). This analysis includes approximately \$30 billion in state general fund revenues collected from residents and businesses, by locality, in FY25 and \$26 billion in general fund expenditures to localities. (See the last section for the methodology used in this analysis.)

State general fund expenditures per tax dollar vary widely across Virginia localities

One way to compare the amount paid to the state from a locality versus what it receives is to calculate how much in state expenditures is received for every tax dollar paid to the state. An amount above \$1 indicates the locality receives more from the state than it pays in taxes, while an amount below \$1 indicates it receives less.

State expenditures per tax dollar vary widely across Virginia localities, ranging from a high of about \$4.75 in Richmond County to a low of about \$0.23 in Goochland County (Figure K-1). The median Virginia locality received about \$1.39 in state expenditures for every \$1 in taxes paid by residents and businesses, meaning that most localities received more in expenditures than they paid in taxes. Localities receiving the largest net returns were concentrated in Southwest and Southern Virginia, while localities receiving the smallest net returns were concentrated in Northern Virginia and the Richmond metropolitan region.

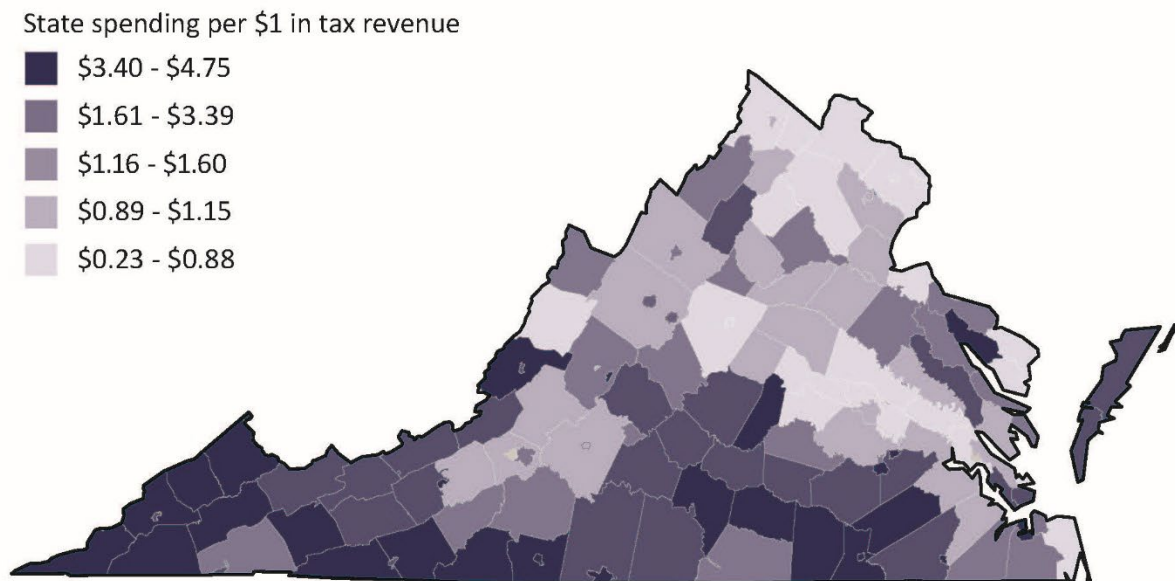
Differences in state general fund spending per tax dollar largely reflect funding formulas that direct a greater proportion of resources to localities with lower fiscal capacity or a higher proportion of low-income residents. K–12 education funding accounts for most general fund aid-to-localities (74%) and uses the Local Composite Index (LCI) to determine the state and local shares of educational costs. Consequently, localities with lower fiscal capacity receive more state support per capita than localities with greater fiscal capacity. For example, Lee County receives approximately \$1,675 per capita in state K–12 funding, compared with \$421 per capita in Alexandria.

State Medicaid spending (27% of total general fund spending) follows a similar pattern. Localities with higher shares of Medicaid recipients—who are typically low income—have substantially higher state Medicaid expenditures per resident. Cities such as Danville, Petersburg, Martinsville, and Franklin

receive more than \$2,000 per capita in Medicaid-related spending, while Arlington, Loudoun, Falls Church, and Goochland receive less than \$450 per capita.

FIGURE K-1

State expenditures for every \$1 in taxes paid tend to be higher in Southwest and Southern Virginia and lower in Northern Virginia and the Richmond metropolitan area (FY25)



SOURCE: JLARC staff analysis of state general fund revenue collections from Virginia Tax (2025) Annual Report and Governor's Advisory Council on Revenue Estimates (2025), The Economic Outlook and Revenue Forecast through Fiscal Year 2028, and FY25 appropriations from DPB Expendwise and state agencies.

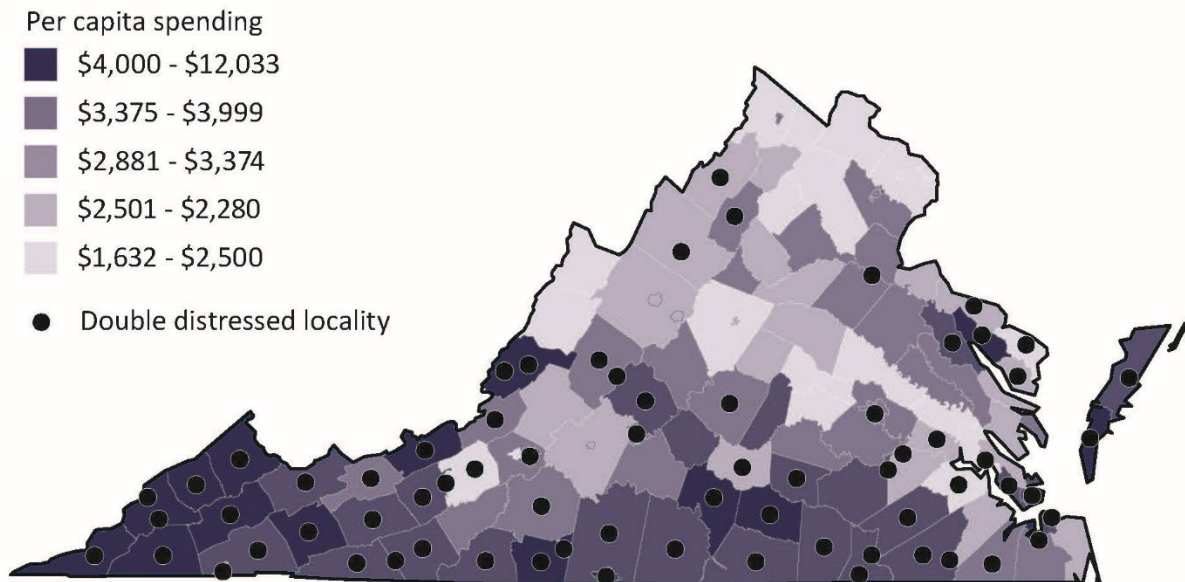
NOTE: See Table K-2 for state spending for every \$1 in taxes paid for each locality.

State general fund spending for some programs, however, is not disproportionately allocated to fiscally stressed localities or low-income residents. For example, state general fund spending on higher education, including education and general expenditures and financial aid, accounts for about 13% of general fund spending and is concentrated in localities with high college attendance rates. Nine of the 10 localities with the highest general fund higher education spending per capita are cities in Northern Virginia or cities near colleges (like Radford and Salem), all of which have large undergraduate populations. By contrast, the 10 localities with the lowest higher education spending per capita are all rural, economically distressed counties with relatively small undergraduate populations.

Though not all general fund spending programs allocate funds disproportionately to fiscally stressed localities or low-income residents, these localities receive more per capita spending when considering overall general fund expenditures (Figure K-2). While the median locality received about \$3,200 in state general fund expenditures per resident in FY25, spending varied substantially across localities. Per capita state spending ranged from less than \$2,000 in several affluent Northern Virginia localities to approximately \$6,000 or more in some economically distressed localities.

Figure K-2

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



SOURCE: JLARC staff analysis of FY25 appropriations from DPB Expendwise and state agencies, and VEDP data on double-distressed localities.

NOTE: See Table K-2 for the per capita general fund spending in each locality. Double-distressed localities are those with both poverty rates and unemployment rates higher than the statewide average rates.

Localities that contribute the most state revenue often also receive the most spending in total dollars

Although localities in Northern Virginia and the Richmond metropolitan area tend to receive lower returns per state taxes paid, they remain among the largest contributors to and beneficiaries of state funds in total spending because of their high income levels and dense populations. Eight of the 10 localities generating the most state general fund revenue are in Northern Virginia or the Richmond metropolitan area, and these 10 localities accounted for 60% of all general fund revenue collections in FY25.

Several of these localities are also among the largest recipients of state general fund expenditures. Six of the 10 largest spending recipients are in Northern Virginia or Central Virginia, with the 10 largest recipient localities receiving 45% of all state general fund expenditures. Except for Norfolk and Newport News, every locality among the top 10 spending recipients was also among the 10 largest contributors to state revenue (Table K-1), demonstrating that localities can receive a relatively low return per tax dollar while still receiving substantial state funding in absolute terms.

TABLE K-1

Ten localities were responsible for majority of state general fund revenues, and eight of those 10 received almost half of general fund spending, FY25

General fund revenue contributed				General fund expenditures received			
Rank	Locality	Amount (\$M)	Percent	Rank	Locality	Amount (\$M)	Percent
1	Fairfax	\$6,496.1	21.6%	1	Fairfax	\$2,572.6	9.9%
2	Loudoun	2,366.4	7.9	2	Prince William	1,537.7	5.9
3	Prince William	1,564.2	5.2	3	Virginia Beach	1,213.6	4.7
4	Arlington	1,558.6	5.2	4	Chesterfield	1,166.0	4.5
5	Virginia Beach	1,416.1	4.7	5	Loudoun	1,072.0	4.1
6	Henrico	1,233.4	4.1	6	Henrico	1,065.1	4.1
7	Chesterfield	1,186.6	3.9	7	Norfolk	827.7	3.2
8	Alexandria	888.9	3.0	8	Chesapeake	804.8	3.1
9	Richmond City	818.1	2.7	9	Richmond City	768.0	3.0
10	Chesapeake	684.6	2.3	10	Newport News	671.9	2.6
Top 10, total		\$18,213.0	60.5%	Top 10, total		\$11,591.9	44.9%
All others, total		\$11,869.3	39.5%	All others, total		\$14,244.9	55.1%
Total GF revenue		\$30,082.3	100.0%	Total GF expenditures		\$25,836.8	100.0%

SOURCE: JLARC staff analysis of state general fund revenue collections from Virginia Tax (2025) Annual Report and Governor's Advisory Council on Revenue Estimates (2025), The Economic Outlook and Revenue Forecast through Fiscal Year 2028.

NOTE: Expenditures included here are less than total general fund expenditures in FY25 because not all expenditures could be attributed to a locality or its residents. See Table K-2 for total general fund revenues collected from the total amount of general fund spending in each locality.

TABLE K-2
Flow of state general fund revenues and expenditures, by locality (FY25)

Locality	Total revenue (\$M)	Total spending (\$M)	Per capita revenue	Per capita spending	State spending per tax \$1
Richmond County	\$23.7	\$112.5	\$2,531	\$12,033	\$4.75
Lee	25.0	107.1	1,155	4,945	4.28
Petersburg	47.8	197.2	1,382	5,696	4.12
Dickenson	17.4	61.0	1,300	4,564	3.51
Hopewell	32.9	113.4	1,456	5,022	3.45
Martinsville	25.1	83.3	1,829	6,074	3.32
Scott	30.6	100.6	1,437	4,719	3.28
Buena Vista	9.0	28.3	1,337	4,199	3.14
Lunenburg	15.9	48.5	1,315	4,018	3.06
Buchanan	26.8	81.5	1,410	4,288	3.04
Alleghany	24.8	74.8	1,642	4,959	3.02
Franklin City	16.9	50.2	2,021	5,995	2.97
Wise	51.1	150.9	1,473	4,347	2.95
Smyth	46.2	131.0	1,600	4,534	2.84
Russell	37.1	103.5	1,476	4,116	2.79
Radford	26.4	72.2	1,595	4,363	2.74
Danville	94.7	256.5	2,193	5,938	2.71
Henry	80.6	216.5	1,683	4,520	2.69
Grayson	19.3	51.3	1,278	3,395	2.66
Brunswick	21.3	55.8	1,348	3,531	2.62
Carroll	41.9	107.8	1,463	3,766	2.57
Emporia	12.9	32.9	2,260	5,753	2.55
Greensville	17.0	42.8	1,511	3,806	2.52
Sussex	16.4	41.2	1,499	3,771	2.52
Patrick	26.3	66.1	1,552	3,901	2.51
Charlotte	18.9	47.2	1,641	4,094	2.50
Portsmouth	163.8	400.9	1,686	4,128	2.45
Cumberland	15.0	36.4	1,488	3,609	2.43
Galax	18.0	42.3	2,537	5,977	2.36
Nottoway	24.2	56.7	1,531	3,580	2.34
Buckingham	23.0	53.7	1,372	3,203	2.34
Southampton	31.1	68.7	1,763	3,887	2.21
Giles	33.2	71.9	1,997	4,320	2.16
Pittsylvania	98.9	211.4	1,682	3,594	2.14
Halifax	61.4	128.4	1,840	3,849	2.09
Tazewell	73.6	153.4	1,887	3,931	2.08
Bristol	44.6	90.2	2,632	5,324	2.02

Appendixes

Appomattox	29.9	60.0	1,762	3,534	2.01
Hampton	253.1	505.1	1,853	3,698	2.00
Bland	10.3	20.2	1,648	3,229	1.96
Pulaski	64.2	119.1	1,920	3,563	1.86
Amherst	57.9	107.1	1,816	3,360	1.85
Norton	11.3	20.6	2,919	5,326	1.82
Wythe	57.9	104.7	2,057	3,720	1.81
Dinwiddie	55.9	100.6	1,941	3,493	1.80
Newport News	378.3	671.9	2,069	3,675	1.78
Accomack	72.1	125.8	2,143	3,738	1.74
Craig	8.2	14.0	1,736	2,956	1.70
Page	44.9	76.3	1,870	3,180	1.70
King and Queen	12.8	21.8	1,888	3,204	1.70
Northampton	31.0	52.5	2,518	4,267	1.70
Prince George	72.5	120.1	1,664	2,755	1.66
Prince Edward	38.1	62.8	1,706	2,813	1.65
Covington	12.4	20.4	2,220	3,634	1.64
Campbell	114.3	185.5	2,009	3,260	1.62
Norfolk	519.3	827.7	2,162	3,446	1.59
Roanoke City	260.9	408.8	2,606	4,085	1.57
Floyd	30.8	45.9	1,989	2,968	1.49
Manassas Park	42.6	62.9	2,425	3,580	1.48
Staunton	61.6	90.0	2,297	3,353	1.46
Caroline	68.6	99.5	1,988	2,884	1.45
Washington	125.7	180.9	2,356	3,390	1.44
Highland	3.9	5.6	1,699	2,436	1.43
Waynesboro	58.3	83.1	2,435	3,470	1.43
Amelia	27.7	38.9	2,052	2,885	1.41
Lynchburg	190.5	267.6	2,340	3,286	1.41
Essex	26.3	36.6	2,508	3,489	1.39
Mecklenburg	75.7	104.7	2,493	3,445	1.38
Greene	47.6	65.6	2,155	2,970	1.38
Suffolk	258.0	351.8	2,475	3,374	1.36
Westmoreland	40.4	54.3	2,032	2,735	1.35
Harrisonburg	115.4	151.7	2,149	2,824	1.31
Franklin	120.5	156.9	2,229	2,903	1.30
Mathews	20.2	26.1	2,429	3,141	1.29
Shenandoah	102.3	129.0	2,261	2,851	1.26
Rockbridge	52.7	65.7	2,336	2,915	1.25
Colonial Heights	54.8	68.2	3,002	3,740	1.25
Nelson	37.3	46.0	2,543	3,134	1.23

Appendixes

Chesapeake	684.6	804.8	2,672	3,141	1.18
Culpeper	150.1	175.4	2,642	3,086	1.17
King William	43.2	49.9	2,251	2,595	1.15
Gloucester	94.6	108.6	2,430	2,791	1.15
Middlesex	27.1	30.8	2,467	2,810	1.14
Roanoke	268.9	305.8	2,764	3,145	1.14
Orange	95.6	107.5	2,428	2,730	1.12
Madison	32.5	36.2	2,320	2,585	1.11
Rockingham	216.2	237.6	2,419	2,658	1.10
Stafford	486.7	531.9	2,888	3,156	1.09
Manassas	136.8	149.4	3,059	3,340	1.09
Bedford	201.2	219.4	2,465	2,687	1.09
Augusta	197.4	213.8	2,503	2,711	1.08
Fluvanna	69.7	74.8	2,424	2,602	1.07
Winchester	97.7	104.6	3,248	3,477	1.07
Spotsylvania	424.3	453.4	2,811	3,004	1.07
Louisa	105.8	112.0	2,495	2,642	1.06
Warren	106.2	112.2	2,520	2,662	1.06
Isle of Wight	107.0	111.6	2,577	2,687	1.04
Lexington	17.7	17.8	2,359	2,368	1.00
Botetourt	89.4	88.2	2,642	2,607	0.99
Prince William	1,564.2	1,537.7	3,117	3,064	0.98
Chesterfield	1,186.6	1,166.0	2,957	2,906	0.98
Fredericksburg	124.7	122.4	4,174	4,100	0.98
Surry	17.3	16.3	2,586	2,441	0.94
Richmond City	818.1	768.0	3,388	3,180	0.94
York	213.2	196.1	2,919	2,684	0.92
Montgomery	236.8	216.1	2,339	2,134	0.91
Charles City	19.0	17.0	2,797	2,503	0.89
King George	88.0	77.7	3,076	2,719	0.88
Northumberland	31.0	27.1	2,609	2,281	0.87
Bath	11.7	10.1	2,771	2,394	0.86
Henrico	1,233.4	1,065.1	3,521	3,041	0.86
Virginia Beach	1,416.1	1,213.6	3,121	2,674	0.86
Poquoson	38.2	32.5	2,872	2,445	0.85
Frederick	299.1	248.7	2,967	2,467	0.83
Salem	86.2	63.4	3,334	2,451	0.74
Lancaster	36.2	26.0	3,230	2,317	0.72
Charlottesville	184.9	132.5	3,941	2,823	0.72
New Kent	81.9	58.6	2,939	2,101	0.71
Hanover	440.6	280.9	3,797	2,421	0.64

Powhatan	112.7	69.7	3,529	2,181	0.62
Clarke	56.3	34.7	3,622	2,234	0.62
James City	289.9	170.5	3,589	2,111	0.59
Williamsburg	55.4	30.6	3,502	1,936	0.55
Fauquier	328.9	180.9	4,347	2,391	0.55
Rappahannock	31.4	16.0	4,174	2,126	0.51
Loudoun	2,366.4	1,072.0	5,298	2,400	0.45
Albemarle	568.8	231.6	4,761	1,938	0.41
Fairfax County	6,496.1	2,572.6	5,661	2,242	0.40
Alexandria	888.9	332.2	5,440	2,033	0.37
Fairfax City	156.1	50.2	6,060	1,950	0.32
Falls Church	129.0	34.6	7,564	2,028	0.27
Arlington	1,558.6	408.0	6,309	1,651	0.26
Goochland	204.3	46.7	7,187	1,643	0.23

Methods for the revenue flow analysis

As noted previously, this analysis focused on *state general fund* revenues and expenditures. General fund revenues represent the Commonwealth's primary source of discretionary funding. These funds are allocated through the biennial budget process, and state policymakers have more flexibility over how these resources are spent each year relative to other fund sources. Limiting the analysis to general fund expenditures provides the clearest picture of how discretionary state resources flow across Virginia localities.

Non-general fund revenues and expenditures were excluded from the analysis for both analytical and practical considerations. These funds include federal grants, dedicated state revenues, transportation revenues, enterprise funds, user fees, and other special-purpose funding sources. Many non-general fund revenues are restricted to specific purposes or are governed by federal requirements, limiting the state's discretion over their allocation. Including such funds would therefore provide a less direct measure of state budgetary decision-making. In addition, many non-general fund programs collect and distribute resources on a regional, statewide, or formula-driven basis that are often not aligned with local government boundaries. Allocating these expenditures to individual localities would require a series of assumptions that may not accurately reflect the beneficiaries of the spending.

State general fund revenue included in the analysis and methods for allocating across localities

Four data sources were used to allocate state revenue collections by locality (Table K-3), including the

- Governor's Advisory Council for Revenue Estimates (GACRE) 2025 report: provides official revenue collection amounts by type of tax, including major (individual and corporate income, sales and use, recordation, and insurance premium taxes) and miscellaneous taxes (ABC, bank franchise, and sports betting taxes);

- Virginia Tax Annual Report 2025: provides information on tax collections by locality for major taxes administered by Virginia Tax, like the individual income, sales and use, and recordation taxes; and
- Weldon Cooper Center population estimates (2025); and
- Bureau of Labor Statistics (BLS) nonagricultural wages (2025) by locality.

TABLE K-3**State general fund revenue in FY25 was attributed to localities using various methods**

General fund revenue source	Data source	Methods
Personal income tax	Virginia Tax Annual Report; GACRE report	Calculate the locality share from the Tax Annual report table 1.7 and apply it to the official net income tax reported in the GACRE report (adjusted for tax refunds)
Retail sales and use tax	Tax Annual report; GACRE report	Calculate the locality share from Tax Annual report table 4.3 (the 1% local option tax amount) and apply it to the official retail sales and use tax reported in the GACRE report
Corporate income tax	GACRE report; BLS data on nonagricultural wages by locality	Calculate the locality share of nonagricultural wages for Virginia and apply it to official corporate income tax collections in the GACRE report
Recordation tax	Tax Annual Report	Calculate locality share of tax from Tax annual report table 5.5 and apply it to the total tax collected in Tax Annual Report.
Miscellaneous taxes (ABC, Beer and Beverage Excise Tax, Sports Betting Tax, etc.)	GACRE report; Weldon Cooper population estimates by locality	Calculate locality share based on locality population and apply it to the miscellaneous tax collections reported in GACRE report

NOTE: Non-tax general fund revenues (interest, rent, penalties) and transfers to the general fund (ABC profits, sales tax transfers, and transfers per appropriation) are excluded from the analysis because they are difficult to attribute to a particular locality.

State general fund expenditures included in the analysis and methods for allocating expenditures across localities

Expenditures included in the analysis are either provided directly to local governments (primarily categorical aid to localities) and indirectly for locality residents (such as Medicaid or other health and human services, higher education scholarships and tuition assistance, and incarceration spending). Several data sources were used to allocate expenditures to localities, including

- DPB Expendwise: total general fund expenditures by agency, program, and subobject code (subobject code was used to identify aid to localities) from the DPB website.
- Agency-provided or other state-level data by locality.

General fund expenditures directly to local governments (aid to localities) accounted for \$12.9 billion (50%) of total state general fund expenditures in FY25. Most of the aid to localities spending was

allocated to specific localities (or FIPS codes) in the DPB Expendwise data and was identified using several subobject codes:

- 1431: Categorical Aid to Local Government and Constitutional Officers (Not Technology),
- 1432: Payments in Lieu of Taxes,
- 1433: General Revenue Sharing (car tax, etc.),
- 1434: Disaster Recovery Categorical Aid to Local Governments (\$0 expenditures in FY25),
- 1435: Special Payments to Localities, and
- 1436: Categorical Aid to Local Government and Constitutional Officers (Technology).

Several types of aid to localities, however, are not allocated to localities in the Expendwise data. These include aid for regional jail operations and community services boards. Additional agency-level data was obtained to allocate the total statewide spending amounts for these categories across localities.

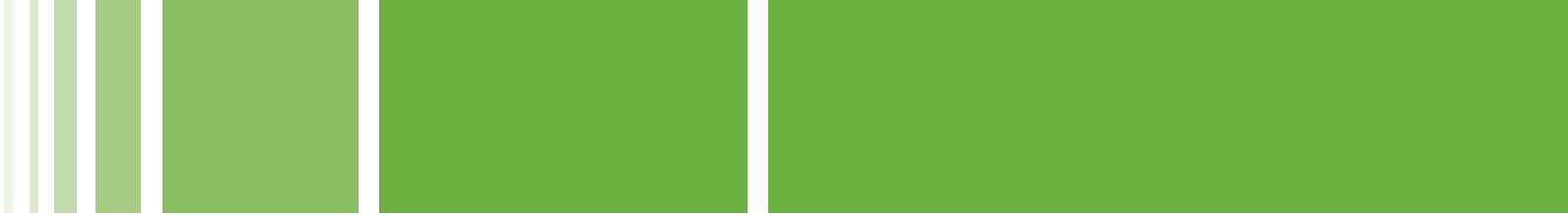
JLARC obtained additional agency specific information to determine locality allocations for other FY25 spending in DPB Expendwise (Table K-4). Only spending for other programs that exceeded \$100 million and could reasonably be allocated to specific localities was included in the remainder of the analysis. (For this reason, the analysis also excludes *capital* expenditures.) Despite the exclusions, this analysis accounts for 87% of total general fund expenditures in FY25. The largest program categories that were excluded from the analyses include bond and loan financing and administrative and support services across all agencies and programs, representing 7% of total general fund expenditures in FY25.

Table K-4
Method for allocating general fund expenditures that are generally not assigned a locality in DPB Expendwise

Program	Data source	Methods to allocate spending by locality
Medicaid Program Services and Children's Health Insurance Program (CHIP)	DPB Expendwise expenditures for Medicaid Program Services, Medical Services for Low Income Children, and CHIP DMAS expenditures by recipient locality for Medicaid and CHIP (DMAS website)	Calculate locality share of Medicaid and CHIP spending from DMAS data (includes federal spending amounts) and apply it to the Expendwise general fund spending amounts
Higher education E&G and student financial assistance	General fund spending by recipient locality provided by SCHEV for public 4- and 2-year colleges and universities	No additional analysis needed.
Operation of secure correctional facilities for adults and juveniles	DOC: Inmates incarcerated in FY25 by court that tried the most serious offense DJJ: Workload report of commitments by locality	Apportion general fund spending for DOC correctional facilities and prison medical and clinical services based on the court jurisdiction that tried the inmates' most serious offenses. Some localities share operation of a circuit court (like James City County and Williamsburg) and in these instances

Prison medical and clinical services (DOC program)		the number of inmates for those courts were further apportioned based on locality population. For DJJ facilities, spending was apportioned based on the average daily commitment population by locality.
State health services ^a	DBHDS general fund spending on mental health facilities and CSBs and costs of services by locality served by each CSB	Allocate DBHDS spending on mental health facilities based on the share of CSB costs for each locality.
Financial assistance for self-sufficiency programs (portion that is paid to individuals)	DSS: TANF payments and child care subsidies paid directly to individuals or providers by locality	Apportion general fund spending according to the locality's share of total payments.
Supervision of offenders and re-entry services	DOC: Number of probationers in FY25 by court that tried most serious offense DJJ: Workload report of number in probation/parole supervision by locality	Apportion general fund spending for DOC based on the court jurisdiction that tried probationers' most serious offenses. Some localities share operation of a circuit court (like James City County and Williamsburg) and in these instances the number of probationers for those courts were further apportioned based on locality population. For DJJ supervision, spending was apportioned based on the average daily probation/parole population by locality.
Community health services (VDH)	DPB Expendwise	Most of the general fund expenditures have FIPS codes which allows allocation by locality, and the remaining expenditures (intergovernmental grants) were apportioned based on the share of all other spending to VDH by FIPS code

^a Includes only services provided by DBHDS, which represents nearly all the general fund spending for state health services.



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