

Joint Legislative Audit and Review Commission

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**Review of State Spending  
2009 Update**

Commission Briefing

November 9, 2009

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## Study Mandate: *Code of Virginia §30-58.3*

- Requires annual JLARC review of State spending over prior ten fiscal years and identify
  - Largest and fastest growing agencies and programs
  - Causes of expenditure growth
  
- Ninth report in the series

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# In This Presentation

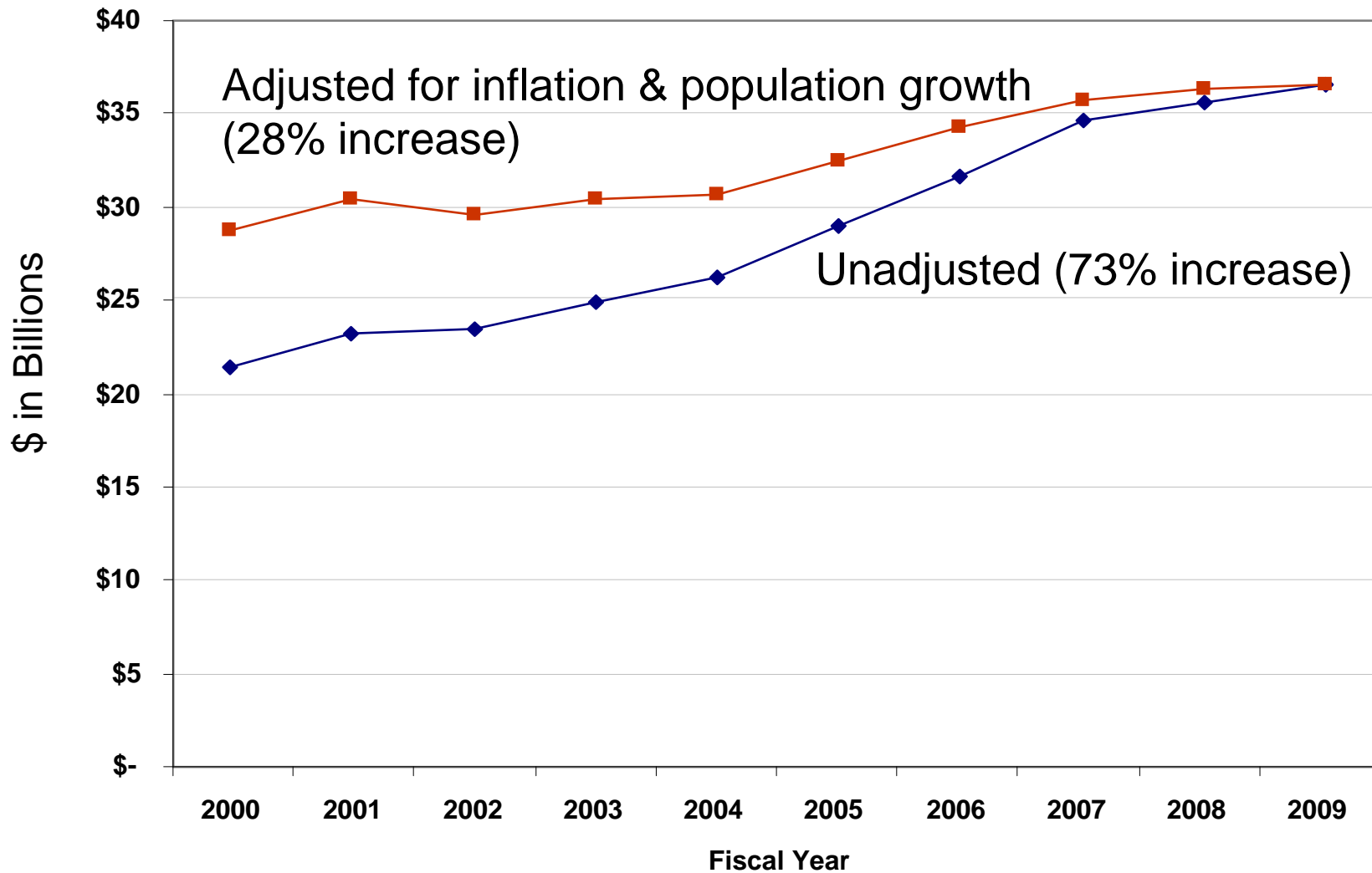
- Factors that contribute to Virginia's budget growth from FY 2000 to FY 2009
- Agencies that accounted for most of the growth in
  - Total appropriations
  - General fund appropriations
- Agencies with general fund growth rates that
  - Exceeded the overall general fund growth rate
  - Grew more slowly than inflation or decreased
- Programs that accounted for most of the growth in total appropriations

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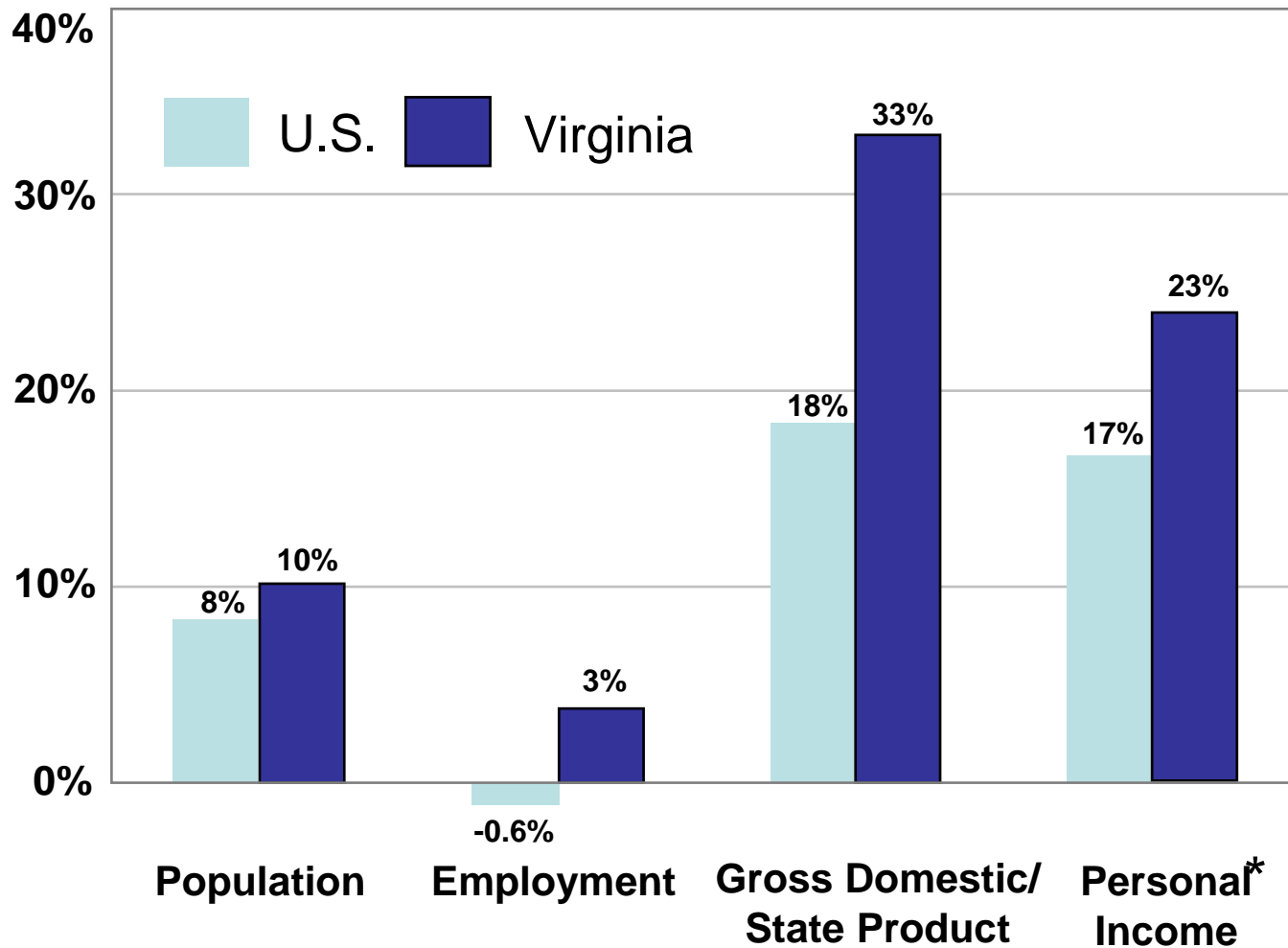
# Many Factors Contribute to Budget Growth

- Growing population and economy
- Increasing agency workloads and costs
- Public policy decisions to initiate, expand, change, or diminish State government programs and activities
- Inclusion of non-general funds in State budget

# Inflation and Population Growth Explain Part of Virginia's Budget Growth



# Virginia's Population and Economic Growth Outpaced National Trends (FY 2000 – FY 2009)



\*Through FY 2008, inflation adjusted

# Workload Changes Over 10 Years

	Percentage Growth (FY 2000 – FY 2009)
K-12 Enrollment	8%
K-12 Personnel Positions	18
4-Year College Enrollment	19
Medicaid-Eligible Recipients	35
TANF Caseload	-6
State-Responsible Inmates	24
Probation & Parole Caseload	57
Consumers Served by Community Services Boards	21*
MHMR Institutional Population	-16**
Registered Vehicles	19*

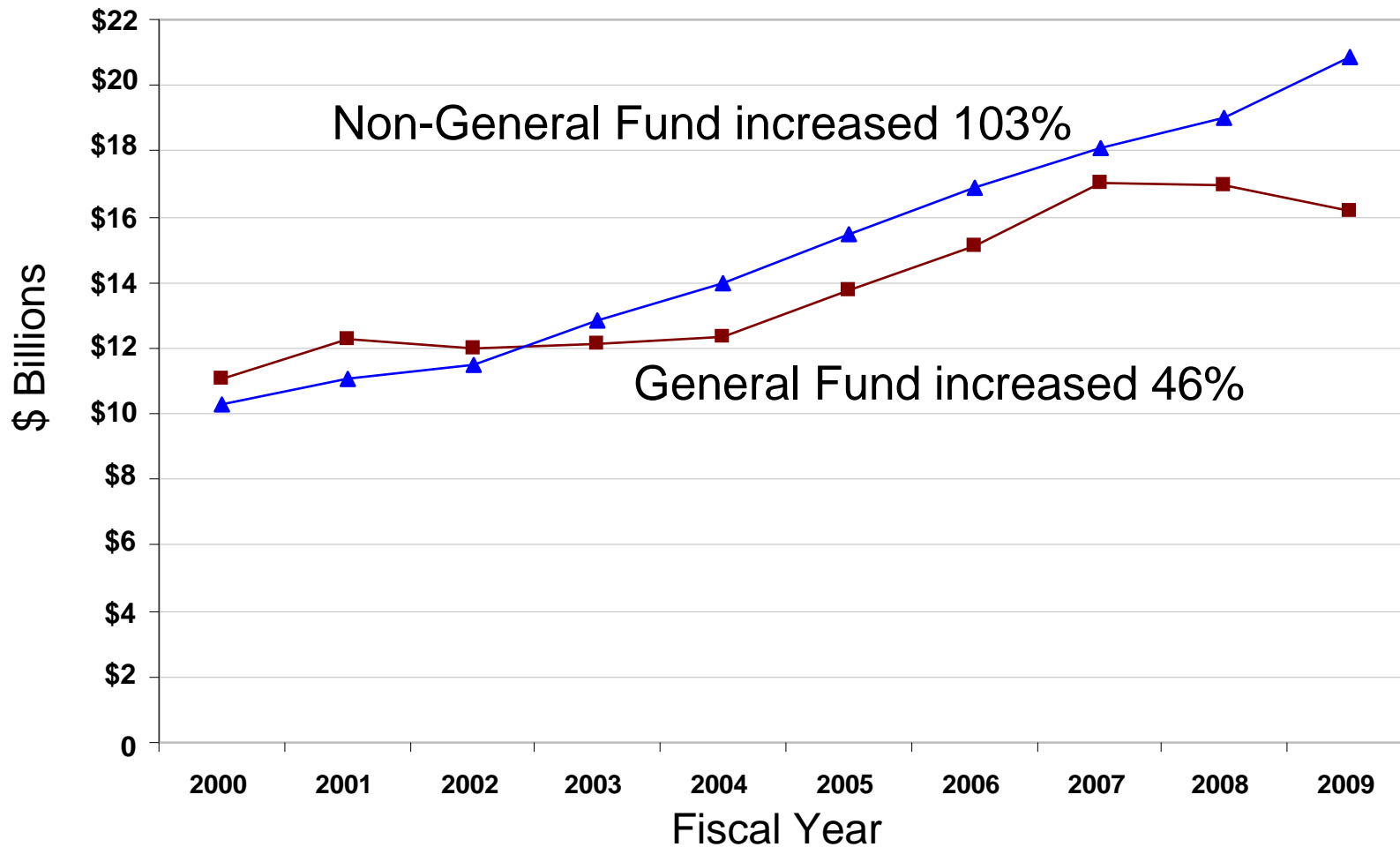
\*FY 2000 - FY 2008

\*\*FY 2001 - FY 2009

## Policies Had Lasting Impact on Virginia's Budget

	FY Initiated	FY 2009 Spending (\$ millions)	FY 2009 Transfers/ Revenues (\$ millions)
Revenue stabilization fund	1995	\$21	\$490
Personal Property Tax Relief	1999	950	--
HB 599 financial "catch-up" assistance to localities	1999	197	--
National tobacco settlement	2000	91	--
Initiative: Use general funds for transportation	2000	40	--

# Non-General Funds Grew Faster Than General Fund Over the Last Ten Years



Note: Dollars not adjusted for inflation or population growth

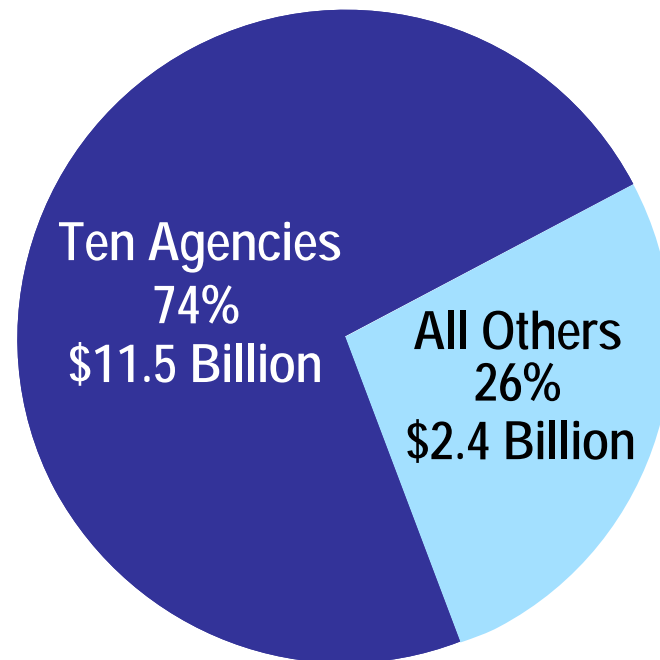
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## Non-General Fund Revenues Appropriated Through the State Budget Process

- Federal funds
- Revenues from motor vehicle and gasoline taxes
- Hunting and fishing license fees
- Fees for professional registration and licensing
- Court-ordered fines, fees, forfeitures
- Unemployment compensation payroll tax
- Child support payments from non-custodial parents
- College tuition payments made by students and parents
- College savings plan
- ABC and Lottery ticket sales
- Payments by State employees for health insurance
- Fees for State hospital services

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## A Few Agencies Accounted for Most Growth in Total Appropriations (FY 2000 – FY 2009)



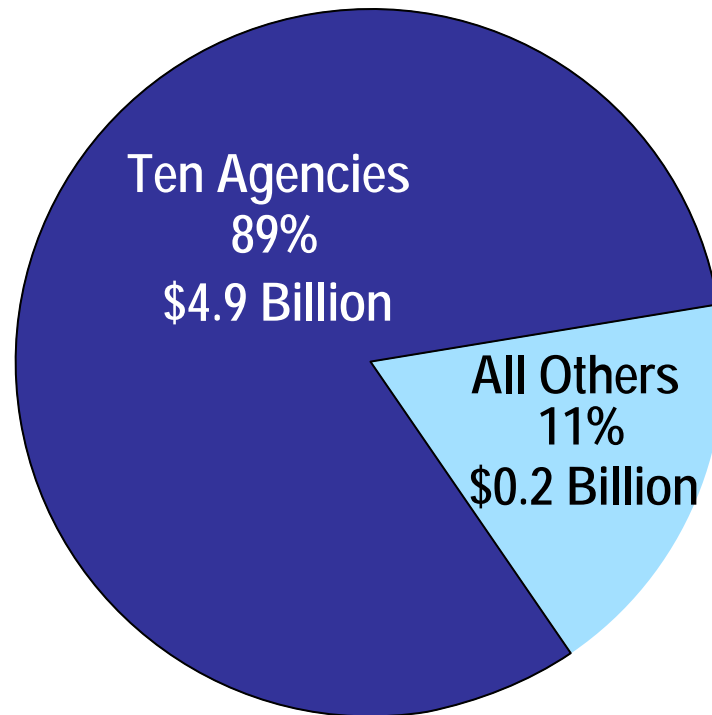
**Total Appropriations Growth  
= \$15.7 Billion**

## Ten Highest-Growth Agencies in Total Appropriations (FY 2000 – FY 2009)

		Change (\$ millions)	% of Total
1	Department of Medical Assistance Services	\$3,130	20%
2	Department of Education - Direct Aid	3,079	20
3	Department of Transportation	1,258	8
4	University of Virginia	983	6
5	Department of Social Services	676	4
6	Virginia Community College System	568	4
6	Personal Property Tax Relief	556	4
8	Dept. of Rail & Public Transportation	437	3
9	Virginia Tech	426	3
10	Virginia Commonwealth University	371	2
	<b>Subtotal</b>	<b>\$11,479</b>	<b>74%</b>

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## A Few Agencies Accounted for Most Growth in General Fund Appropriations (FY 2000 – FY 2009)



**Total General Fund Growth  
= \$5.1 Billion**

# Ten Highest-Growth Agencies in General Fund Appropriations (FY 2000 – FY 2009)

		Change (\$ millions)	% of Total
1	Department of Education-Direct Aid	\$1,989	36%
2	Department of Medical Assistance Services	967	18
3	Personal Property Tax Relief	552	10
4	Department of Corrections	374	7
5	Treasury Board	254	5
6	Compensation Board	196	4
7	Comprehensive Services for At-Risk Youth and Families	181	3
8	Department of Mental Health, Mental Retardation and Substance Abuse Services	163	3
9	Department of Social Services	118	2
10	Virginia Community College System	113	2
	<b>Subtotal</b>	<b>\$4,906</b>	<b>89%</b>

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## Agencies With High General Fund Growth Rates

*Overall GF growth rate = 46%*

% Increase

Supreme Court	159%
Indigent Defense Commission	157
Comprehensive Services for At-Risk Youth and Families	152
Personal Property Tax Relief Program	139
Treasury Board	129
Virginia School for the Deaf and Blind – Staunton	96
Juvenile and Domestic Relations District Courts	92
Department of Military Affairs	74
Department of Medical Assistance Services	71
Combined District Courts	70

## Agencies With High General Fund Growth Rates (continued)

*Overall GF growth rate = 46%*

% Increase

Magistrate System	68%
Department of Corrections	60
Department of Taxation	60
Circuit Court	57
General District Courts	57
Department of Education--Direct Aid to Public Education	55
Virginia State University	52
Longwood College	51
DOE Central Office	47
Department of State Police	47

## Agencies With Lowest General Fund Growth Rates

*2000-2009 Inflation Rate Was 23%*

**% Change**

	<b>% Change</b>
Marine Resources Commission	16%
Department of Labor & Industry	15
Department of Mines, Minerals & Energy	15
Virginia Cooperative Extension & Agriculture Experiment Station (VPI)	15
Department of Juvenile Justice	12
Virginia Museum of Fine Arts	12
Department of Rehabilitative Services	11
College of William and Mary	10
Department of Conservation & Recreation	10
Department of Criminal Justice Services	8
Eastern Virginia Medical School	8
Department for the Blind and Vision Impaired	6
Virginia Tech	4
The Library of Virginia	1

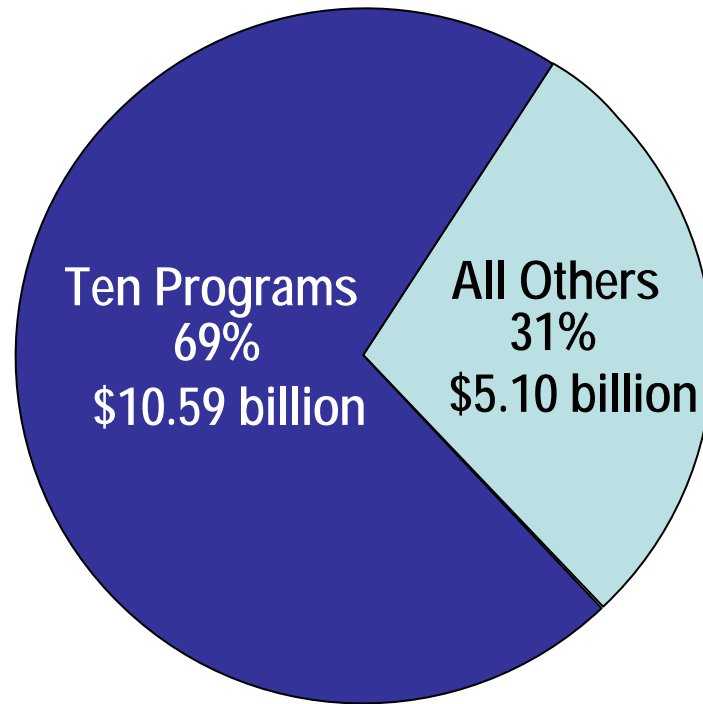
## Agencies With Lowest General Fund Growth Rates (continued)

*2000-2009 Inflation Rate Was 23%*

	% Change
Jamestown-Yorktown Foundation	0%
University of Virginia (including Medical Center)	<1
Department of Housing & Community Development	-3
State Board of Elections	-3
Virginia Military Institute	-6
Department of Transportation	-15
Department of Accounts	-18
Department of General Services	-20
Virginia Tourism Authority	-24
Virginia Economic Development Partnership	-25
Virginia School for the Deaf, Blind & Multi-Disabled	-42
Department of Business Assistance	-47
Department of Environmental Quality	-52
Innovative Technology Authority	-60

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## A Few Programs Accounted for Most Growth in Total Appropriations



**Total Appropriations Growth  
= \$15.7 Billion**

## Ten Highest-Growth Programs in Total Appropriations

		Change (\$ millions)	% of Total
1	Medical Program Services (Medicaid)	\$2,901.1	18%
2	Financial Assistance for Public Education (SOQ)	2,421.9	15
3	Higher Ed: Education & General Programs	1,530.1	10
4	State Health Services	896.4	6
5	Higher Ed: Financial Assistance for Education & General Programs	623.8	4
6	Highway System Maintenance	559.0	4
7	Higher Ed: Auxiliary Services	554.6	4
8	Child Support Enforcement Services	349.4	2
9	Bond & Loan Retirement & Redemption	258.3	2
10	Higher Education Student Financial Assistance	248.2	2
	<b>Subtotal</b>	<b>\$10,590</b>	<b>69%</b>

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## Key Findings

- Virginia's budget grew 73% in nominal terms (46% in general funds, 103% in non-general fund)
  - After adjusting for inflation and population, the State's budget grew 28% from FY 2000 to FY 2009
- Many factors contribute to budget growth
  - Population growth
  - Changes in the economy
  - Growing agency caseloads
  - Policy choices
  - Growth in non-general funds
- Growth remains concentrated in a few State agencies and programs

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## **JLARC Staff for This Report**

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## **For More Information**

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and on the table by the door.