

Joint Legislative Audit and Review Commission



**Review of State Spending
2009 Update**

Commission Briefing

November 9, 2009

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

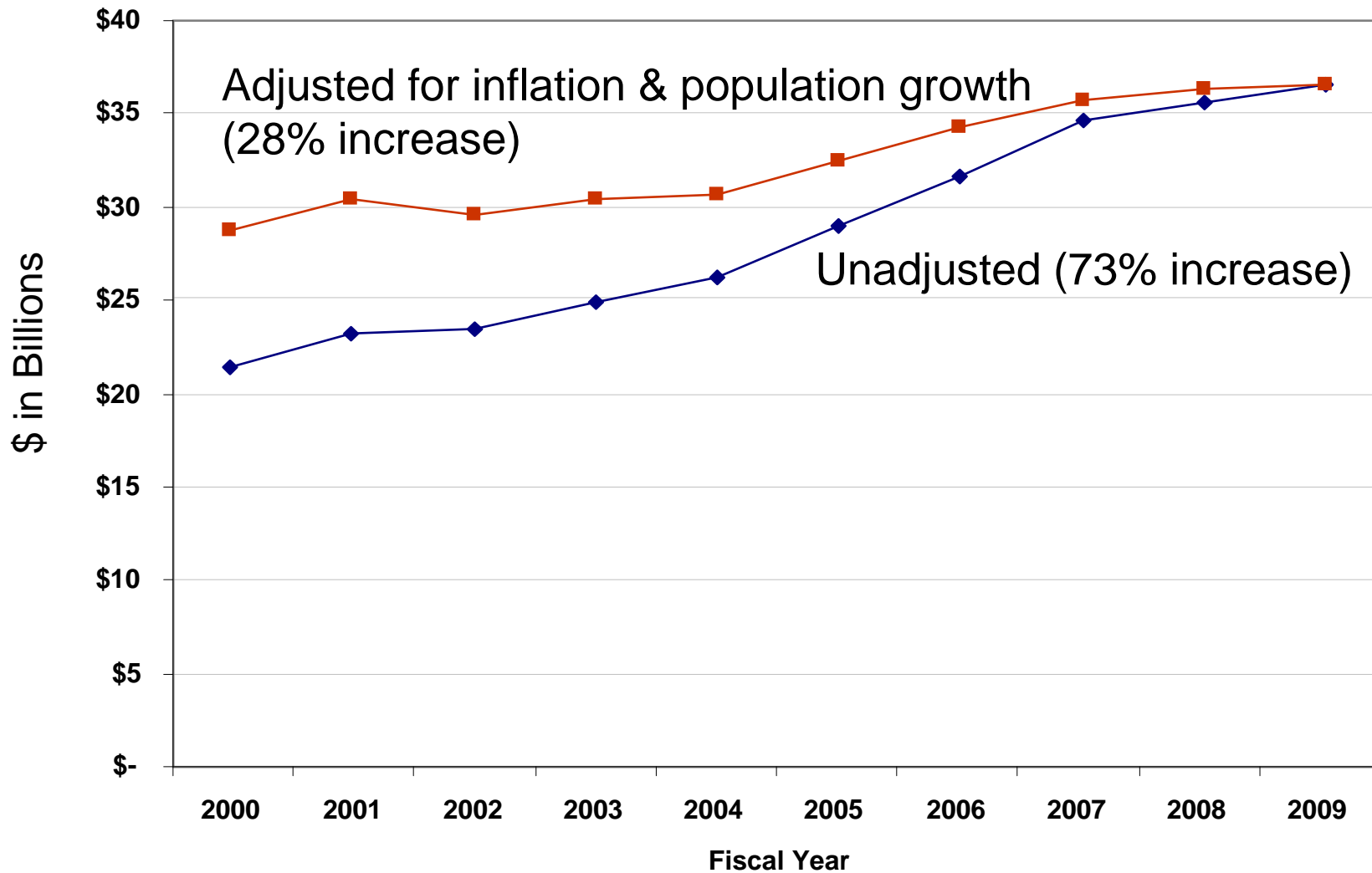
In This Presentation

- 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

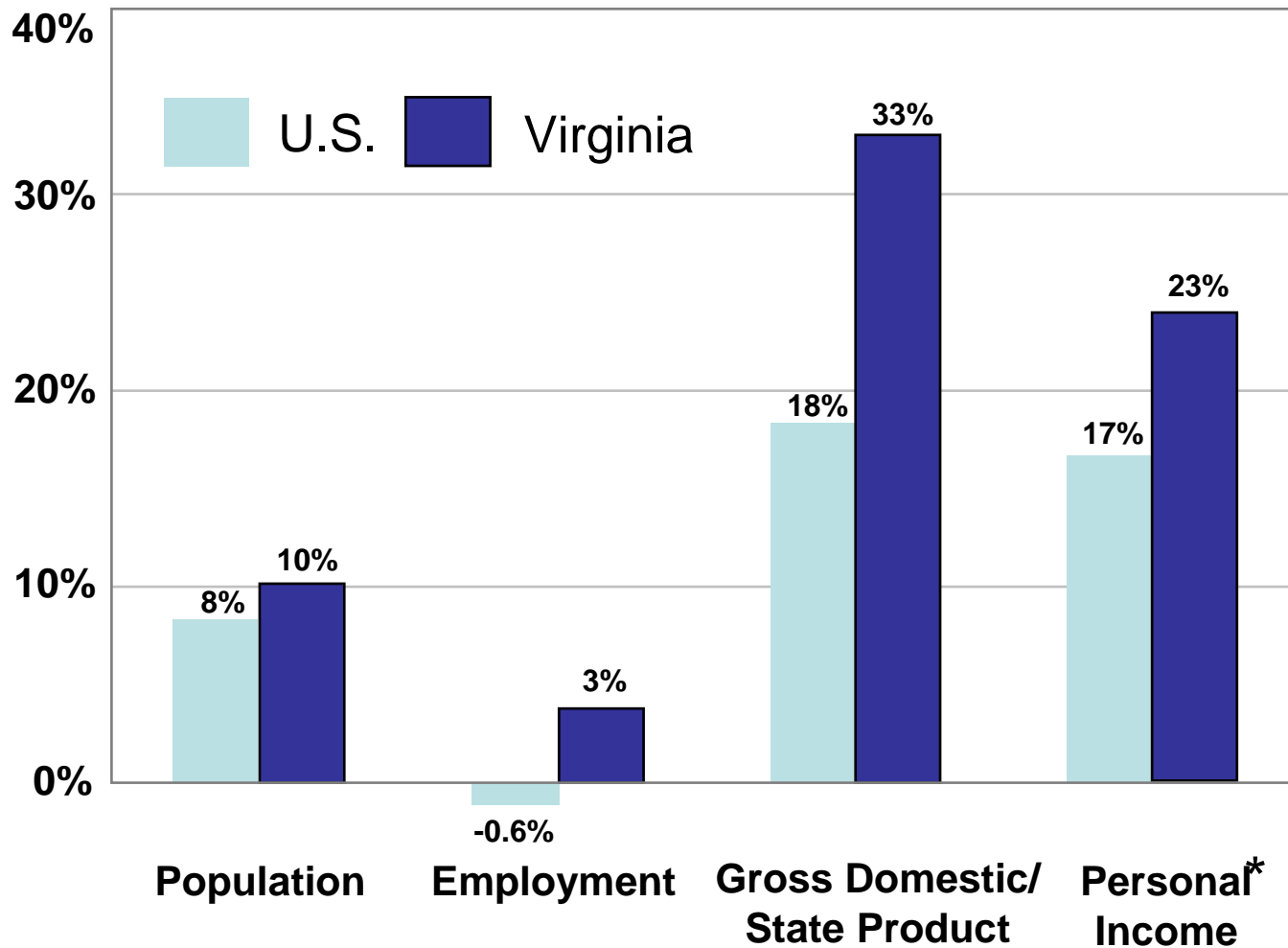
Many Factors Contribute to Budget Growth

- 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*

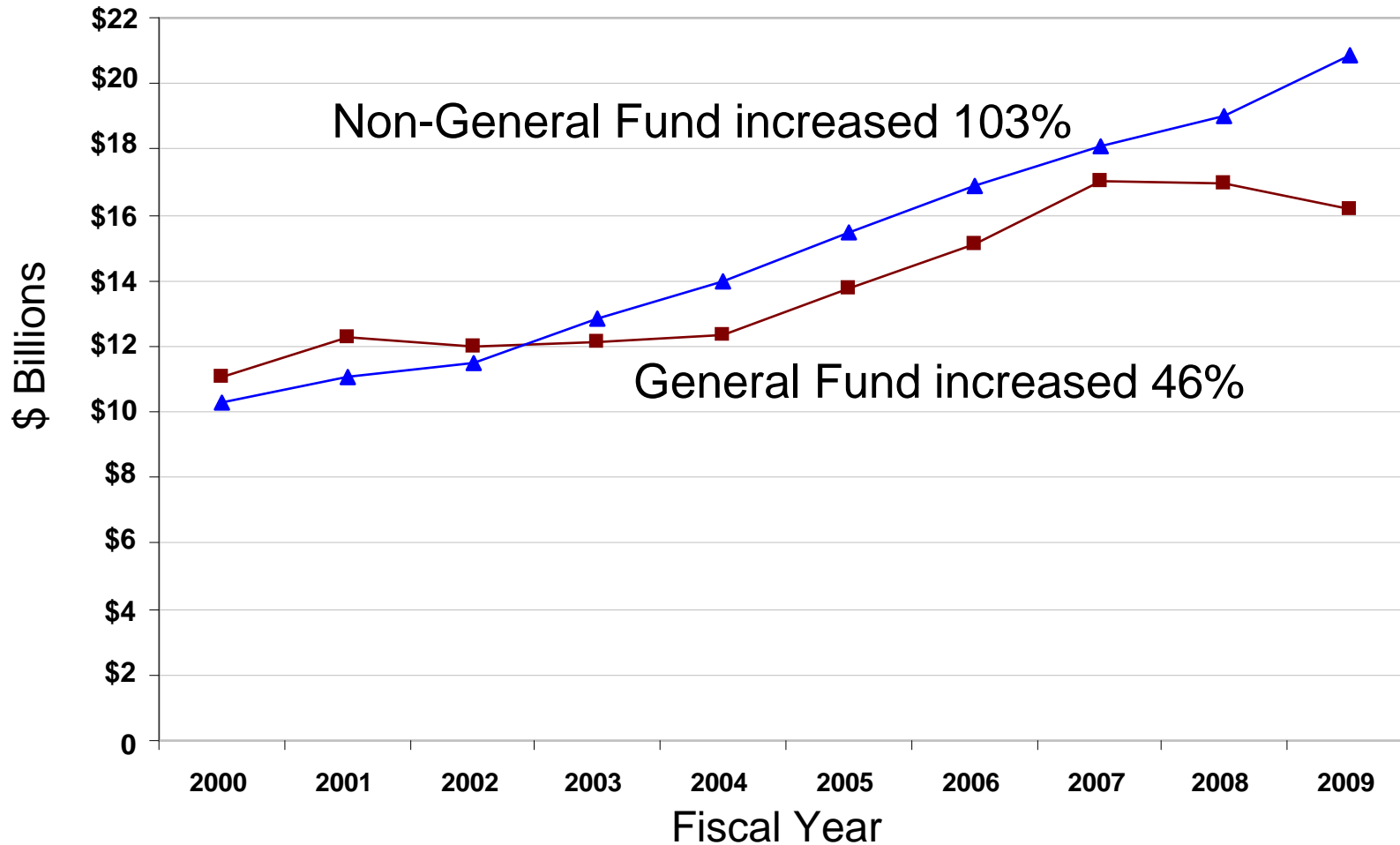
*FY 2000 - FY 2008

**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

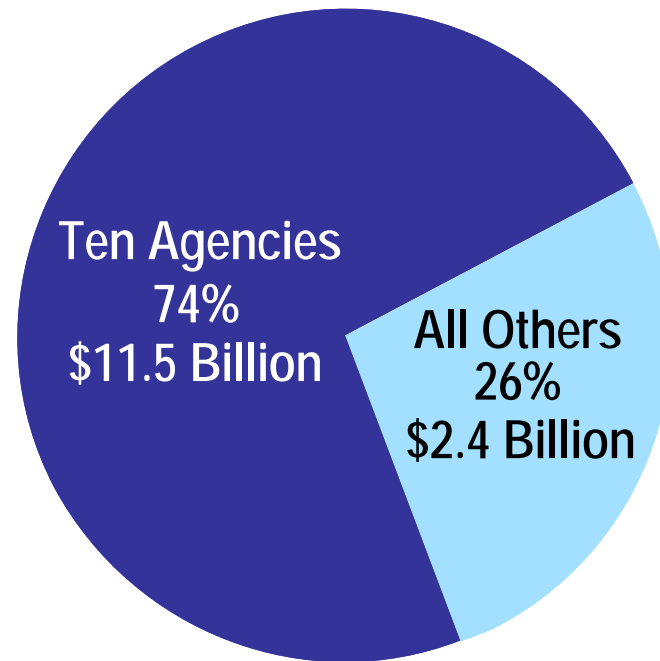


Note: Dollars not adjusted for inflation or population growth

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

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

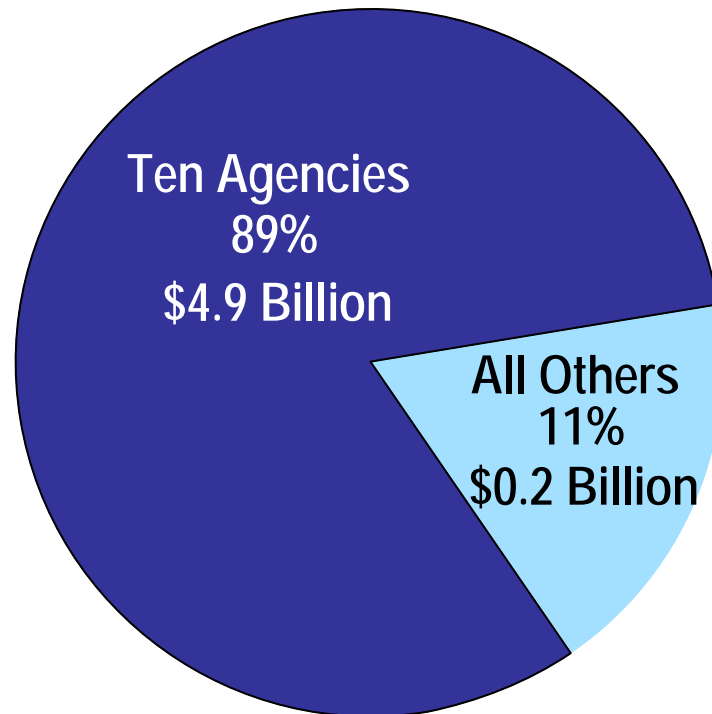


**Total Appropriations Growth
= \$15.7 Billion**

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
	Subtotal	\$11,479	74%

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
	Subtotal	\$4,906	89%

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

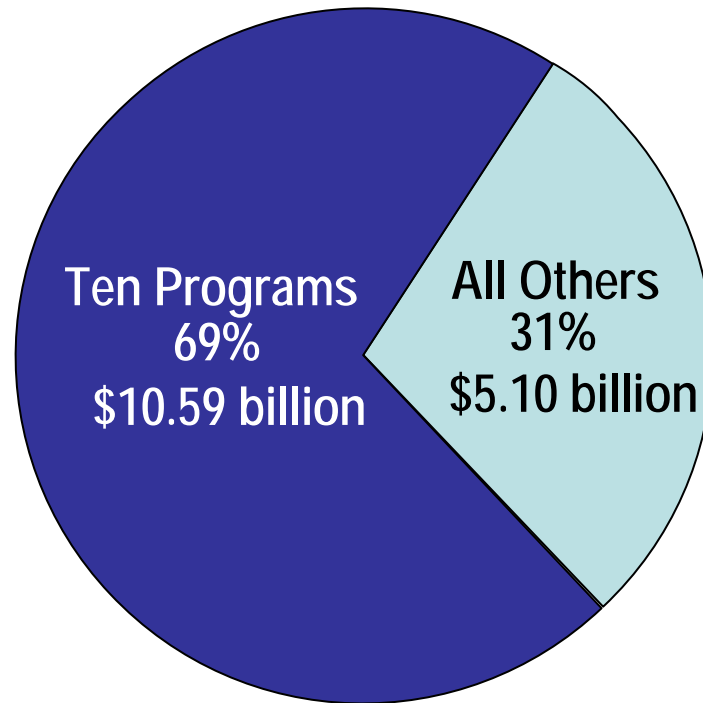
Marine Resources Commission	16%
Department of Labor & Industry	15
Department of Mines, Minerals & Energy	15
Virginia Cooperative Extension & Agriculture Experiment Station (VPI)	15
Department of Juvenile Justice	12
Virginia Museum of Fine Arts	12
Department of Rehabilitative Services	11
College of William 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

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
	Subtotal	\$10,590	69%

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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and on the table by the door.