

**FOURTH INTERIM REPORT
OF THE
COMMISSION ON STATE GOVERNMENTAL MANAGEMENT
A STUDY OF STATE GOVERNMENT
EXPENDITURES 1959 - 1973
REPORTED TO
THE GOVERNOR
AND
THE GENERAL ASSEMBLY
OF VIRGINIA**



SENATE DOCUMENT NO. 41

**COMMONWEALTH OF VIRGINIA
Department of Purchases and Supply
Richmond
1975**



COMMONWEALTH OF VIRGINIA
COMMISSION ON STATE GOVERNMENTAL MANAGEMENT
SIX NORTH SIXTH STREET / RICHMOND, VIRGINIA 23219 / TELEPHONE:(804) 770-1426

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December 30, 1974

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Deputy Director

The Honorable Mills E. Godwin, Jr.
Governor of Virginia
Members of the Virginia
General Assembly

Dear Governor Godwin and Members of the General Assembly:

It is my privilege to submit to you the fourth interim report of the Commission on State Governmental Management.

The report presents a study of state government expenditures from 1959 to 1973 and recommendations relating to a Secretary of Administration and Finance, his powers and duties, and the agencies for which he is responsible.

Sincerely,

William B. Hopkins
Chairman

WBH/spn

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EXPENDITURES 1959-1973

RECOMMENDATIONS RELATING TO
THE SECRETARY OF ADMINISTRATION AND FINANCE

PRESENTED TO
THE GOVERNOR AND THE GENERAL ASSEMBLY
OF THE COMMONWEALTH OF VIRGINIA

December, 1974

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William D. Van Stavoren, Budget and Management Advisor

* H. Dunlop Dawbarn, a Gubernatorial Appointee, resigned effective September 16, 1974.

Respectfully submitted,

William B. Hopkins

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Carl E. Bain

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House of Delegates

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Senate

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INTRODUCTION TO A STUDY OF STATE GOVERNMENT
EXPENDITURES 1959-1973

Expenditures at all levels of government have increased dramatically in the last decade. In 1971, for example, the Gross National Product was at \$1,047 billion and total government purchases of goods and services had risen to \$233 billion a year,¹ indicating that government in that year claimed almost 25% of the GNP. In the same year, state governments spent \$66.2 billion--approximately three times the total net income of the 500 largest industrial corporations in the nation (\$23.4 billion).

While per capita income roughly doubled from \$2,219 in 1960, to \$4,918 in 1973, federal government expenditures, excluding national defense and international affairs and finance, increased fourfold, from \$40 billion to \$164 billion.

In Virginia alone, though per capita income has more than doubled from the 1960 level of \$1,841 to the 1973 level of \$4,715, total state expenditures have increased almost fourfold, from \$656 million in 1960 to \$2,447 million in 1973.²

At the same time, employment in federal, state, and local governments has increased to 14.5 million, so that now 1 out of every 6 workers is on the public payroll, as opposed to 1 out of 7 a decade ago. As U.S. News and World Report recently noted: "In terms of numbers, most of the recent growth in bureaucracies has taken place in state and local governments, which account for more than four-fifths of all civil servants."³

While government took 1 out of every 4 new jobs created in the past decade, only 5 of every 100 government jobs created were federal.⁴ In Virginia state government, employment has risen from 49,628 in January 1966 to 79,814 in January 1974. Over 16,000 of these new employees were in higher education alone.

Along with the general growth of government in all areas, and particularly in state and local governments, there has also been increasing financial dependence of state and local governments on federal monies. In 1949, Virginia received \$21.3 million in federal aid, as opposed to \$108.9 million in 1959 and \$571.9 million in 1971.

¹Unless otherwise noted, numerical data in this introduction came from the U.S. Department of Commerce, Bureau of the Census, Statistical Abstract of the United States, selected editions, and the Tax Foundation, Inc., Facts and Figures on Government Finance, 1969 and 1973.

²Report of the Comptroller to Governor of Virginia, 1960 and 1973.

³U.S. News and World Report, Nov. 4, 1974, p. 38.

⁴Id., p. 39.

The following study is an analysis of the growth in operating expenditures by the executive branch of Virginia state government. Its purpose is to illustrate and explain growth trends not only in the executive branch as a whole, but also by area of expenditure, i.e., Administration, Transportation, Education, Human Affairs, Public Safety, and Commerce and Resources.

The report consists of three sections: First, a summary table illustrating gross expenditure changes in each functional area from 1966 to 1973. The second part of the analysis is a series of graphic presentations of expenditure trends first for the executive branch as a whole, and then by functional area, with descriptive notes. The third section illustrates trends in legislative operating expenditures.

All figures are expressed in both current dollars and constant dollars, with inflationary bias removed. Both numbers are shown to enable the reader to trace changes in cost to the citizens of Virginia for the various types of programs (current dollars) and also to see the change in the value of goods and services that these expenditures purchased (constant dollars).⁵

It should be noted that all expenditure information has been drawn from the Report of Comptroller to the Governor of Virginia for the appropriate years, and is subject to those errors included in these reports. There are a number of sizeable contradictions in the earlier reports of the Comptroller, especially in administrative accounts, with no way to determine which figures are correct. For example, in some cases the general fund operating expenditure for an account is greater than the total expenditure figure given for the same account. In all such cases our report assumes that the more specific figure is correct. This feature of the reports caused particular difficulty in figures for the 1973 fiscal year, as in this instance the totaled, detailed expenditures in the Report exceed the total reported expenditures by \$2,959,621.

Further problems arose from the fact that in a number of cases the same account number is used to designate several different account names over the years under study, with nothing to alert the researcher that a change has occurred. By checking the expenditures to the organizational units attached to each number year-by-year, we have corrected for these changes whenever possible.

In addition, some expenditure accounts for recent years, especially 1971 through 1973, show credit balances. As these were impossible to correct, they were credited as indicated.

⁵The conversion from current to constant dollars was done by using the U.S. Department of Labor, Bureau of Labor Statistics' consumer price index for various types of goods and services as published in selected issues of the Monthly Labor Review. The base year from which the value of the dollar is determined is 1967.

In some instances, particularly in the Commerce and Resources area, expenditures for operation as noted in the Comptroller's Report are not in agreement with appropriations, or with expenditure statements in the Budget Document. It appears that this distortion may be a result of a procedure which allows monies appropriated for capital outlay to be expended through operating accounts when these monies are granted to localities for capital purposes, e.g., acquisition of parks and park land.

In all, however, the greatest difficulty resulted from the fact that the Comptroller's office has a primitive data retrieval system. For this reason, any study of expenditure trends must begin with the plodding process of copying data by hand from a series of yearly Comptroller's reports, account-by-account, for each functional area. With approximately 300 major account codes, this becomes extremely time-consuming. This situation can and should be corrected by yearly storage of fiscal information in an automated data bank from which it could be readily recalled, in any form, at any time. Until that is done, information of considerable importance to the Commonwealth's decisionmakers will not be available to them. What the unavailability of such data has cost Virginia already is impossible to calculate.

Finally, there is no means to determine what portion of special fund expenditures consist of federal monies. The Commission strongly recommends that this situation be corrected in light of the impact of federal funding, especially in the areas of transportation, education, and human affairs.

The principal staff effort in producing this expenditure report was provided by Jane S. Cromartie, Ph.D., and Joanne Palmore.

SUMMARY OF OPERATING EXPENDITURES BY FUNCTIONAL AREA
EXECUTIVE BRANCH

FUNCTIONAL AREA	1966		1973		CURRENT DOLLAR DOLLARS	INCREASE PERCENT	CONSTANT DOLLAR DOLLARS	INCREASE PERCENT
	CURRENT \$	CONSTANT \$	CURRENT \$	CONSTANT \$				
Administration	58,588,375	60,276,105	163,641,550	122,946,320	105,053,175	179%	62,670,215	104%
Transportation	118,498,350	121,911,880	237,639,402	191,954,280	119,141,052	101%	70,042,400	57%
Education	311,043,268	320,003,360	944,273,300	709,446,513	633,230,032	204%	389,443,153	122%
Elementary and Secondary	191,423,934	196,938,200	551,910,834	414,658,780	360,486,900	188%	217,720,580	111%
Higher Education	112,449,903	115,689,200	339,134,166	254,796,520	226,684,263	202%	139,107,320	120%
Community Colleges	2,430,020	2,500,020	42,919,790	32,246,273	40,489,770	1666%	29,746,253	1190%
Other Education	4,739,411	4,875,940	10,308,510	7,744,940	5,569,099	118%	2,869,000	59%
Human Affairs	105,088,340	110,524,511	443,826,832	327,651,820	338,738,492	322%	217,127,309	196%
Welfare	41,791,558	42,995,430	161,250,153	121,149,620	119,458,595	286%	78,154,190	182%
Vocational Rehabilitation	7,994,751	8,319,200	30,846,317	23,691,490	22,851,566	286%	15,372,290	185%
Health	23,004,692	24,630,291	179,074,298	130,046,690	156,069,606	678%	105,416,399	428%
Mental Health	32,297,339	34,579,590	72,656,064	52,764,020	40,358,725	125%	18,184,430	53%
Public Safety	35,626,351	36,652,610	106,568,270	80,066,312	70,941,919	199%	43,413,702	118%
Public Protection	18,584,861	19,120,220	51,755,299	38,884,522	33,170,438	178%	19,764,302	103%
Corrections	17,041,490	17,532,390	54,812,971	41,181,790	37,771,481	222%	23,649,400	135%
Commerce and Resources	41,973,261	43,063,028	108,107,362	80,719,156	66,134,101	158%	37,656,128	87%
Agriculture	6,050,247	6,105,190	11,416,888	8,074,170	5,366,641	89%	1,968,980	32%
Commerce	23,731,174	24,414,788	52,894,614	39,740,506	29,163,440	123%	15,325,718	63%
Resources	12,191,840	12,543,050	43,795,860	32,904,480	31,604,020	259%	20,361,430	162%
TOTAL EXECUTIVE BRANCH	670,817,945	692,431,494	2,004,056,716	1,512,784,401	1,333,238,771	199%	820,352,907	118%

EXECUTIVE BRANCH

The figures for the total Executive Branch are the sums of operating expenditures for all accounts listed under the Comptroller's Executive Department heading. However, for the purpose of this study three exceptions are made: (1) the Department of Alcoholic Beverage Control was deleted to avoid a distortion in any single functional grouping, (2) also deleted were the Retirement Funds for Judges and Commissioners, the Clerks of the Senate and House of Delegates and County Court Judges, and (3) the Department of Law, which includes the Attorney General's office and the Division of War Veterans' Claims, was included in Executive Branch expenditures. Although the Crime Commission and the Revenue Resources and Economic Study Commission are legislative rather than executive, both accounts have been left in the grouping of Executive Branch accounts made by the Comptroller.

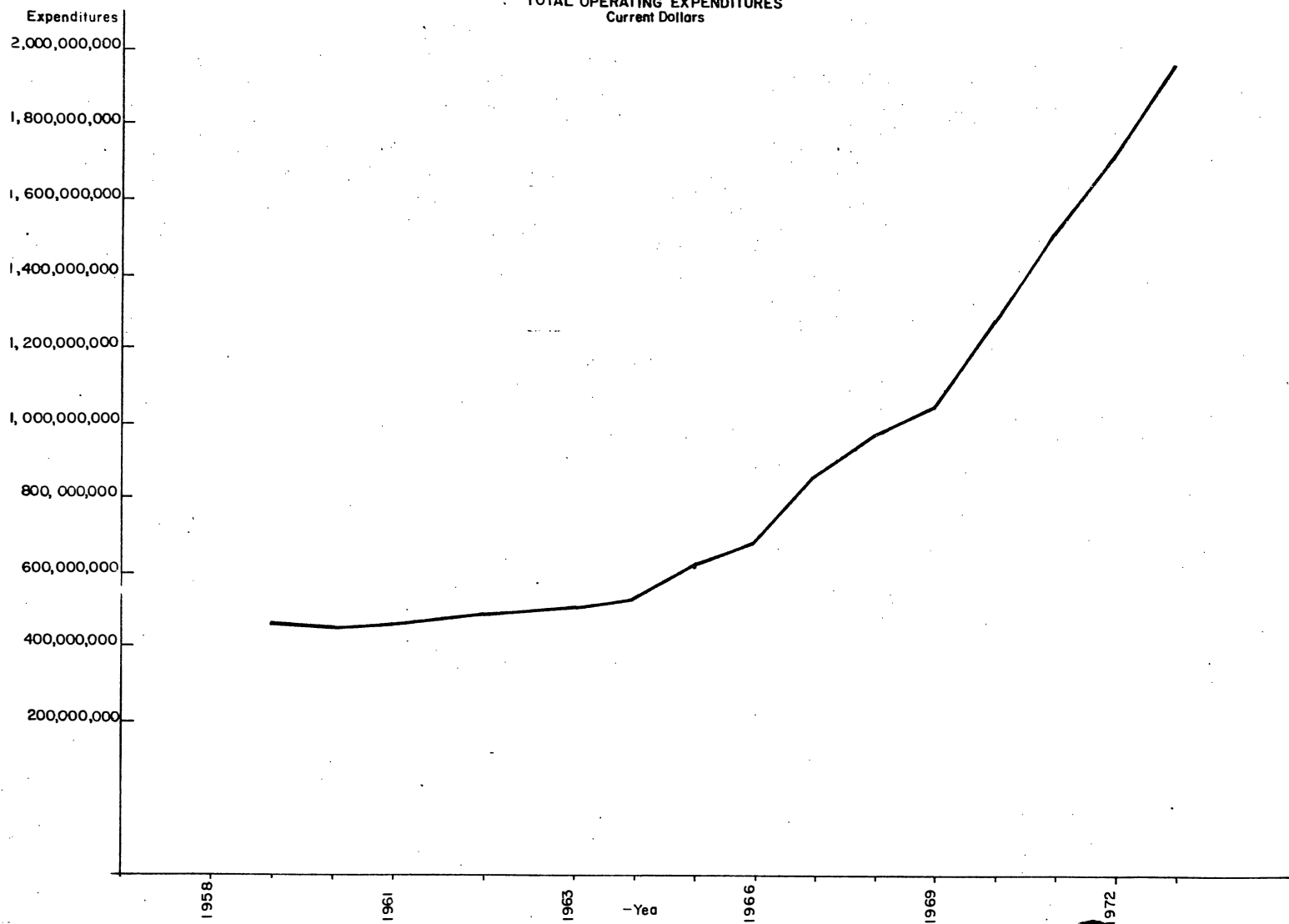
The Executive Branch expenditures increased from \$441,705,444 in 1959 to \$2,004,056,716 in 1973. Growth followed a fairly steady upward curve, although there was one decrease in 1960. The greatest rate of increase occurred in 1968, due primarily to the initiation of the state sales tax.

Between 1966 and 1973, Executive Branch expenditures increased 199% in terms of "current dollars" and 118% in "constant dollars." In comparison, the Legislative Branch increased 151% in "current dollar" expenditures and 84% in "constant dollars."

Functional Category: Executive Branch
Total Operating Expenditures

Year	Expenditures	Expenditure in Constant Dollars	Change in Constant Dollars Expenditures
1959	441,705,444	507,809,230	
1960	434,728,489	493,932,210	-13,877,020
1961	436,796,400	491,128,750	-2,803,460
1962	472,692,934	524,248,560	33,119,810
1963	495,644,470	542,746,650	18,498,090
1964	526,960,447	569,178,332	26,431,682
1965	609,552,078	646,346,536	77,168,204
1966	670,817,945	692,431,494	46,084,958
1967	830,000,121	830,000,121	137,568,627
1968	953,564,626	914,969,378	84,969,257
1969	1,084,232,224	987,901,616	72,932,238
1970	1,285,992,928	1,105,955,272	118,053,656
1971	1,536,809,626	1,263,310,423	157,355,151
1972	1,743,808,026	1,390,063,503	126,753,080
1973	2,004,056,716	1,512,784,401	122,720,898

EXECUTIVE BRANCH
TOTAL OPERATING EXPENDITURES
Current Dollars



1. ADMINISTRATION

The Administration category is a grouping of all the general administrative accounts such as the Governor's office, the Lieutenant Governor's office and the Attorney General's office. It also includes major staff offices such as the Divisions of the Budget, Personnel, Engineering and Buildings, Automated Data Processing, and State Planning and Community Affairs, as well as those accounts which go to support the operations of state government, such as the Departments of the Treasury, Accounts, Purchases and Supply, and Taxation. Also included are the Virginia Supplemental Retirement System and certain private organizations that receive state support.

Expenditures for Administration increased from \$40,986,774 in 1959 to \$163,641,550 in 1973. The growth from 1959 to 1966 reflected a very gradual upward trend. The exception to this trend occurred in 1961 as a result of a large decrease in the Virginia Supplemental Retirement account. In 1967 and 1968 the imposition of the sales tax caused a large increase in expenditures. The Department of Accounts had been given the responsibility of distributing the money to localities and in doing so listed these transfers as expenditures. However, in 1969 the accounting procedure changed and the expenditure totals dropped back.

The large jumps in each of the last four years were caused by increased expenditures in one or several of the large accounts such as the Department of Accounts, the Treasury Board, Compensation Board and the Virginia Supplemental Retirement System. For instance, in 1971 an \$11 million jump occurred in the overall administration account. The very large increases in the Treasury Board, the Compensation Board and the Virginia Supplemental Retirement System were great enough to compensate for a \$22 million decrease in expenditures by the Department of Accounts. This substantial drop in Accounts was due to a shift in the responsibility for handling expenditures for the defense of indigent persons in criminal cases. In 1973 one of the reasons for the sizeable increase in administration expenditures was the use of funds by the Department of Accounts to cover hospitalization for state employees.

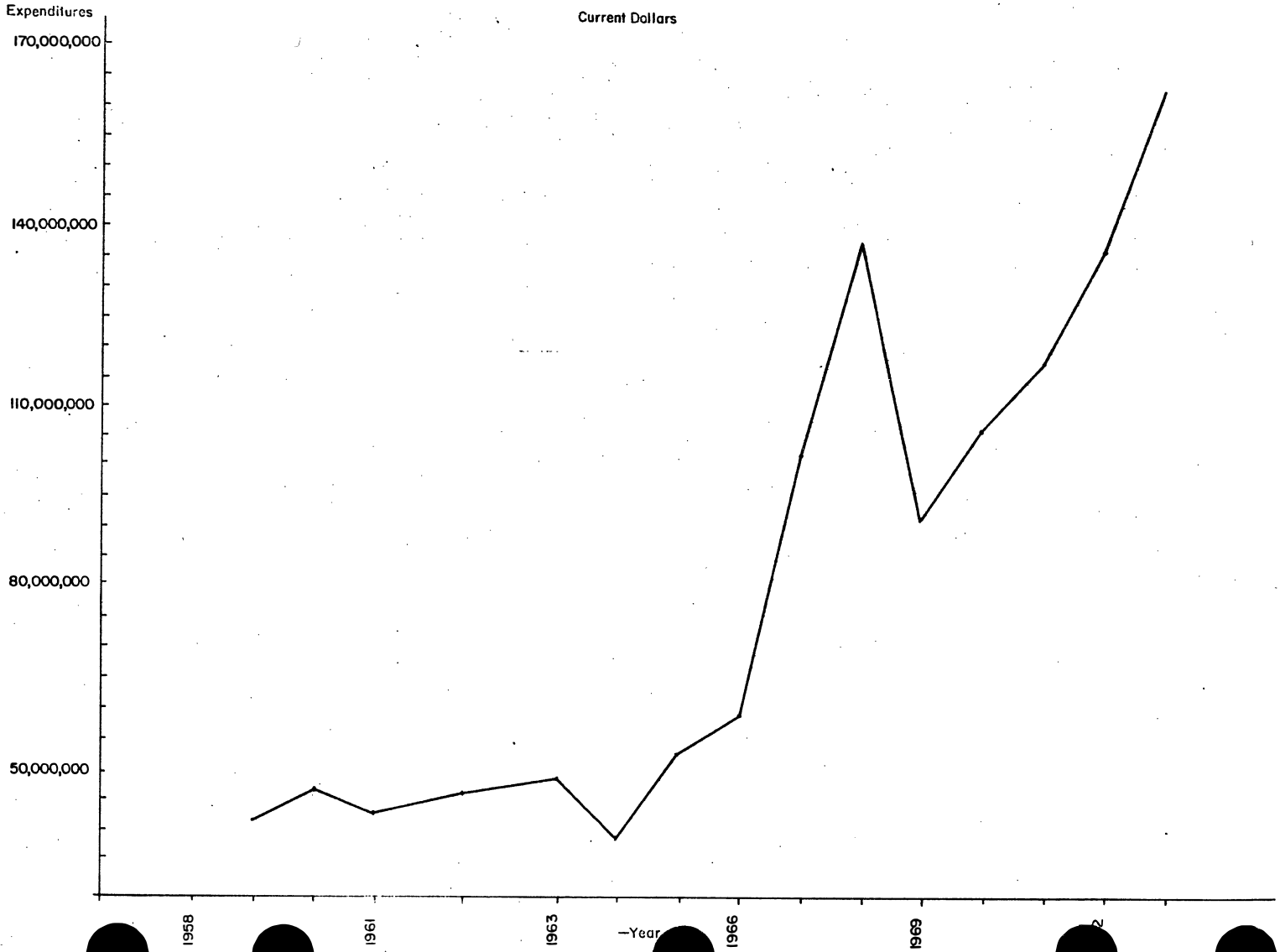
Administrative expenditures in general increased 179% from 1966 to 1973 as compared to the 199% increase in the Executive Branch as a whole. When these expenditures were converted to reflect actual buying power, however, the increase was only 104%.

Functional Category: Administration
Operating Expenditures

<u>Year</u>	<u>Expenditures</u>	<u>Expenditure in Constant Dollars</u>	<u>Change in Constant Dollars Expenditures</u>
1959	40,986,774	46,949,330	
1960	45,915,900	51,765,390	4,816,060
1961	41,756,685	46,603,440	-5,161,950
1962	45,053,762	49,728,210	3,124,770
1963	47,571,322	51,877,120	2,148,910
1964	38,780,547	41,744,390	-10,132,730
1965	53,702,173	56,827,690	15,083,300
1966	58,588,375	60,276,105	3,448,415
1967	102,899,522	102,899,522	42,625,417
1968	137,774,805	132,221,501	29,321,979
1969	91,362,502	83,208,107	-49,013,394
1970	106,362,691	91,455,450	8,247,343
1971	117,623,644	96,969,200	5,513,750
1972	135,528,270	108,163,020	11,193,820
1973	163,641,550	122,946,320	14,783,300

ADMINISTRATION

Current Dollars



2. COMMERCE AND RESOURCES

Commerce and Resources has been divided into the three major concerns of this general area. The subcategories are:

- (1) Agriculture
- (2) Commerce
- (3) Resources

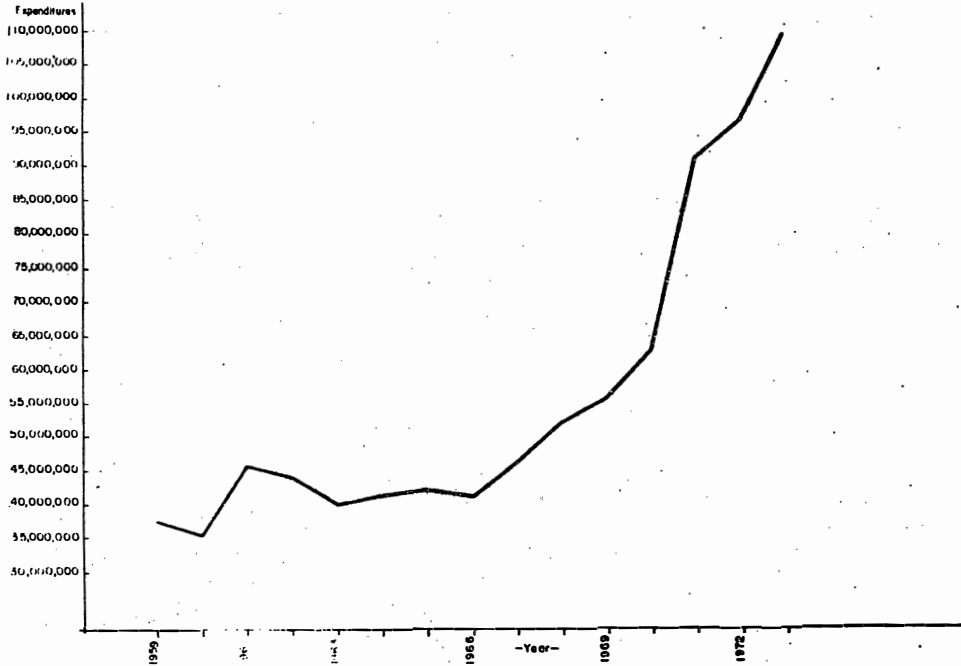
Expenditures for Commerce and Resources increased at a relatively low rate, being second lowest among the six functional areas. It increased 158% between 1966 and 1973, which is considerably lower than the 199% rate of increase seen in the Executive Branch as a whole. This increase is only 87% when the figures are converted to "constant dollars." The Resources area however has a very large increase, one of the highest for any of the subcategories. Agriculture had comparatively little growth and showed the very lowest percentage increase for any of the subcategories. Commerce also increased at a low rate, even though it had the highest yearly expenditures within this category.

Although the Virginia Port Authority may just as well have been included in the Commerce subcategory, for the purpose of this report it has been included in Resources. Expenditures for this account alone increased from \$493,344 in 1959 to \$1,427,113 in 1966 and \$9,659,983 in 1973, accounting for approximately one-fourth of the increase in expenditures in the Resources area between 1966 and 1973. Had this expenditure been included in the Commerce subcategory, that area would have increased 149% rather than 123% between 1966 and 1973. This shift would leave the percentage increase in Resources between 1966 and 1973 at 217% as opposed to 259% with port expenditures included. It should be noted that the increase in operating expenditures in the Port Authority account is distorted by the inclusion of monies transferred to localities for the purchase of ports.

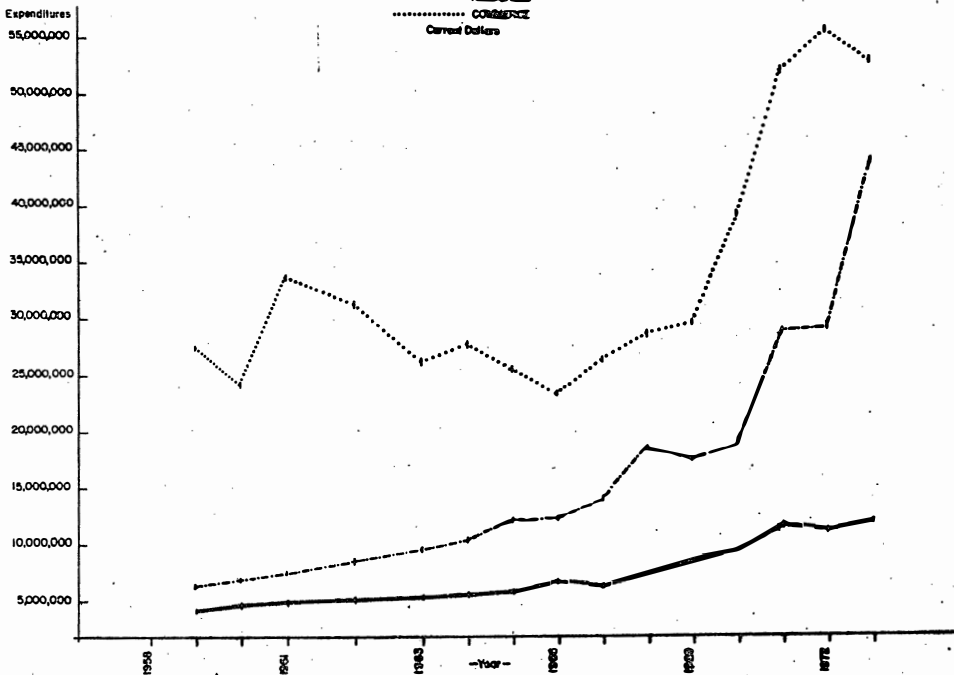
Functional Category: Commerce and Resources Total Operating Expenditures

Year	Expenditure	Expenditure in Constant Dollars	Change in Constant Dollars Expenditures
1959	37,317,780	42,756,700	
1960	35,152,909	39,668,830	-3,087,870
1961	46,034,370	51,406,560	11,737,730
1962	44,695,801	49,375,590	-2,030,970
1963	40,896,315	44,628,430	-4,747,160
1964	42,906,280	46,215,970	1,587,540
1965	43,440,947	45,975,530	-240,440
1966	41,973,261	43,063,028	-2,912,502
1967	46,899,512	46,899,512	3,836,484
1968	53,964,255	51,830,375	4,930,863
1969	55,771,963	50,858,925	-971,450
1970	66,890,633	57,164,927	6,306,002
1971	92,862,059	76,786,802	19,621,875
1972	95,636,063	76,456,207	-330,595
1973	108,107,362	80,719,156	4,262,949

COMMERCE AND RESOURCES
TOTAL OPERATORS EXPENDITURES
Current Dollars



COMMERCE AND RESOURCES
AGRICULTURE
MINING
COMMERCE
Current Dollars



2.1. AGRICULTURE

The subcategory for Agriculture includes all accounts for agencies concerned with the promotion, regulation and assistance of agriculture and agricultural products. The Department of Agriculture and Commerce, the Milk Commission, and the Virginia Peanut Commission are examples of the agencies included.

Expenditures increased from \$3,845,609 in 1959 to \$11,416,888 in 1973. Growth followed a fairly steady, although gradual, upward curve throughout the fifteen years. The only exceptions to this trend occurred in 1970 when there was a substantial jump resulting from increased spending in the Department of Agriculture and Commerce. This increase lasted only one year; consequently, there was a slight decrease in 1972 and a return to the previous trend in expenditure. When the figures are converted into "constant dollars" in order to remove the inflationary bias, the last three years had sizeable decreases because the rate of increase in "current dollar" expenditures was not high enough to compensate for inflation.

In terms of percentage growth, Agriculture was the lowest among all subcategories. The increase between 1966 and 1973 was only 89% as compared to the 158% increase for the functional area of Commerce and Resources and the 199% for the Executive Branch. The increase for Agriculture in "constant dollars" was 32%.

Functional Category: Commerce and Resources
Subgroup: Agriculture
Operating Expenditures

Year	Expenditures	Expenditure in Constant Dollars	Change in Constant Dollars Expenditures
1959	3,845,609	4,415,160	
1960	4,192,250	4,763,920	348,760
1961	4,619,695	5,184,840	420,920
1962	4,943,070	5,498,410	313,570
1963	5,099,064	5,591,080	92,670
1964	5,240,953	5,672,030	80,950
1965	5,597,593	5,929,650	257,620
1966	6,050,247	6,105,190	175,540
1967	6,659,414	6,659,414	554,224
1968	7,423,951	7,165,980	506,566
1969	8,607,808	7,904,320	738,340
1970	9,481,488	8,251,950	347,630
1971	11,445,703	9,666,970	1,415,020
1972	11,222,087	9,086,710	-580,260
1973	11,416,888	8,074,170	-1,012,540

2.2. COMMERCE

The Commerce area includes the State Corporation Commission accounts, the Department of Professional and Occupational Regulation, the Division of Industrial Development, and agencies involved in the development or regulation of commerce in Virginia.

Expenditures for Commerce increased from \$27,031,428 in 1959 to \$52,894,614 in 1973. The highest expenditure for these years was in 1972 at \$55,418,821. Although there was an overall increase in most accounts in this area, expenditures for the Virginia Employment Commission fluctuated substantially each year, causing large increases in 1961, 1970, and 1971 and also moderate decreases in 1960, 1962, 1964, 1965, and 1973.

Between 1966 and 1973 Commerce increased 123% as compared to the 158% increase for the functional area of Commerce and Resources. After converting the expenditures into "constant dollars," thus removing the inflationary bias, the increase was only 63%.

Functional Category: Commerce and Resources
 Subgroup: Commerce
 Operating Expenditures

Year	Expenditure	Expenditure in Constant Dollars	Change in Constant Dollars Expenditures
1959	27,031,428	30,963,830	
1960	24,180,278	27,260,740	-3,703,090
1961	33,933,684	37,872,410	10,611,670
1962	31,248,695	34,490,830	-3,381,580
1963	26,209,077	28,581,330	-5,909,500
1964	27,452,382	29,550,460	969,130
1965	25,731,431	27,229,030	-2,321,430
1966	23,731,174	24,414,788	-2,814,242
1967	26,053,485	26,053,485	1,638,697
1968	28,278,500	27,138,675	1,085,190
1969	29,585,386	26,944,795	-193,880
1970	38,971,011	33,059,037	6,114,242
1971	52,519,482	43,297,182	10,238,145
1972	55,418,821	44,228,907	931,725
1973	52,894,614	39,740,506	-4,488,401

2.3. RESOURCES

The Resources subcategory is made up of all accounts concerned with the use, regulation and preservation of the state's natural resources. The Marine Resources Commission, the Division of Forestry, the Commission of Outdoor Recreation, and the State Water Control Board are examples. Also included are private organizations dedicated to the preservation of Virginia antiquities, which receive state funds.

Expenditures for Resources rose from \$6,440,743 in 1959 to \$43,795,860 in 1973. Growth during the sixties was relatively steady, with only a moderate overall increase. In 1971 a very sharp jump occurred, due in part to significant increases in expenditures by the Commission of Outdoor Recreation and the Virginia Port Authority. The large increase in 1973 also resulted from sizeable jumps in these agencies, plus increases in the Water Control Board.

Percentage growth in the Resources area was substantial. Between 1966 and 1973 expenditures increased 259%, one of the highest rates of increase in any category. After removing the inflationary bias, the increase was still high at 162%. The rate of increase for Resources was considerably larger than the 199% increase in "current dollar" and the 118% "constant dollar" increase seen in the executive branch as a whole.

Functional Category: Commerce and Resources
Subgroup: Resources
Operating Expenditures

Year	Expenditure	Expenditure in Constant Dollars	Change in Constant Dollars Expenditures
1959	6,440,743	7,377,710	
1960	6,780,381	7,644,170	266,460
1961	7,480,991	8,349,310	705,140
1962	8,504,036	9,386,350	1,037,040
1963	9,588,174	10,456,020	1,069,670
1964	10,212,945	10,993,480	537,460
1965	12,111,923	12,816,850	1,823,370
1966	12,191,840	12,543,050	-273,800
1967	14,186,613	14,186,613	1,643,563
1968	18,261,804	17,525,720	3,339,107
1969	17,578,769	16,009,810	-1,515,910
1970	18,438,134	15,853,940	-155,870
1971	28,896,874	23,822,650	7,968,710
1972	28,995,155	23,140,590	-682,060
1973	43,795,860	32,904,480	9,763,890

3. EDUCATION

In order to show more specifically the various trends in expenditures, the Education area is divided into four separate subcategories that reflect the different types of state-supported educational activities. The subcategories are:

- (1) Elementary and Secondary Education
- (2) Higher Education
- (3) Community Colleges
- (4) "Other" activities such as research or special education

Total Education expenditures were much higher in all years than in any other functional area. The overall rate of increase was the second largest between the years 1966 to 1973. This increase, 204%, was slightly more than the percentage increase for the entire Executive Branch. When the inflationary bias was removed the increase was still 122%. The greatest percentage growth within this area was in the Community College System, but the largest actual sums were expended on Elementary and Secondary Education. Higher Education also increased at a relatively high rate, but the "Other" subcategory increased at a low rate, the third lowest among all subcategories in the Executive Branch.

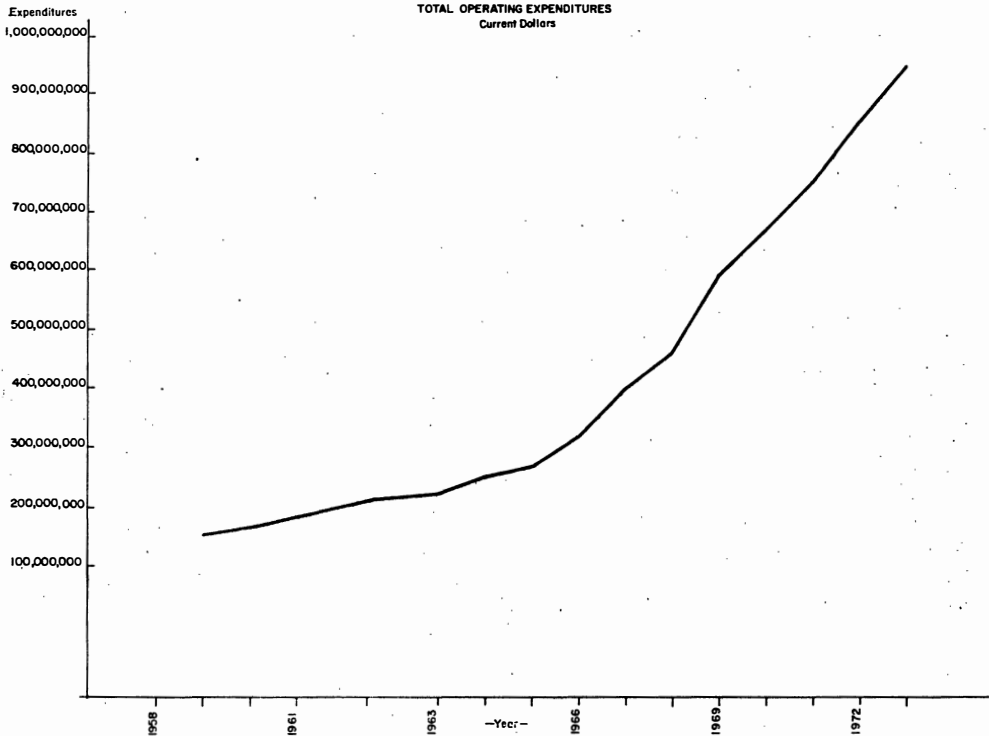
Functional Category: Education
Total Operating Expenditures

Year	<u>Expenditure</u>	<u>Expenditure in Constant Dollars</u>	<u>Change in Constant Dollar Expenditure</u>
1959	155,521,240	178,145,730	
1960	156,044,185	175,923,540	-2,222,190
1961	185,550,629	207,087,740	31,164,200
1962	204,883,814	226,141,070	19,053,330
1963	224,312,912	244,616,030	18,474,960
1964	246,077,940	264,884,752	20,268,722
1965	272,453,924	288,311,016	23,426,264
1966	311,043,268	320,003,360	31,692,344*
1967	397,938,874	397,938,874	77,935,514
1968	445,731,507	427,765,370	29,826,496
1969	589,285,909	536,690,270	108,924,900
1970	659,160,890	566,776,345	30,086,075
1971	746,403,100	615,335,533	48,559,188
1972	843,611,865	673,273,635	57,938,102
1973	944,273,300	709,446,513	36,172,878

*1966 is the first year of operation for the Community College System.

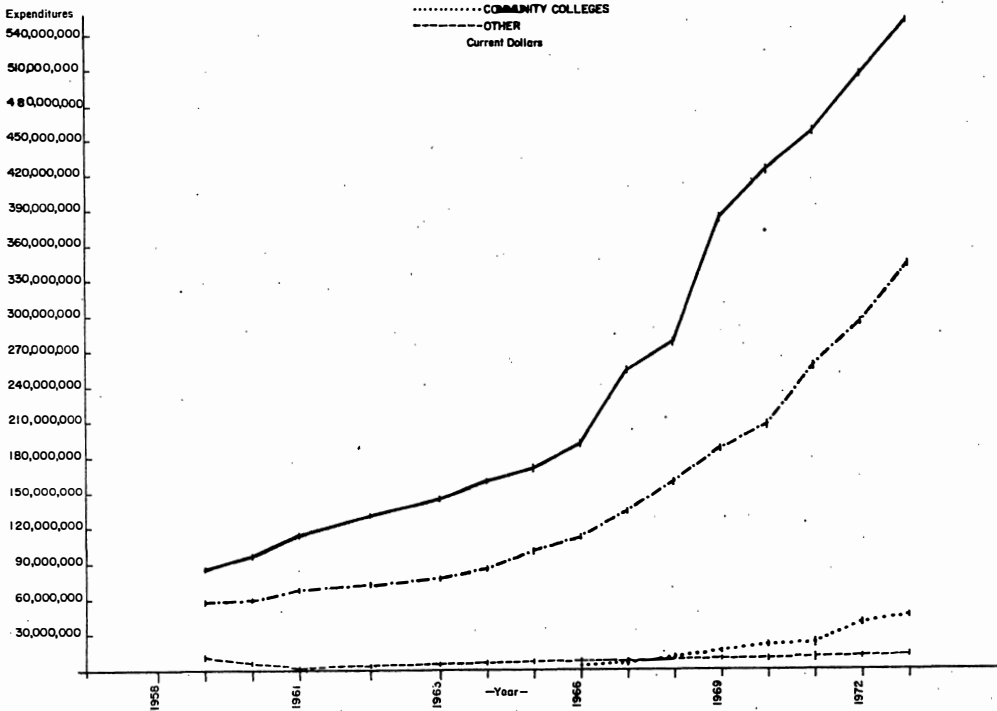
EDUCATION

TOTAL OPERATING EXPENDITURES
Current Dollars



EDUCATION

— ELEMENTARY AND SECONDARY
- - - HIGHER EDUCATION
..... COMMUNITY COLLEGES
- - - OTHER
Current Dollars



3.1. ELEMENTARY AND SECONDARY EDUCATION

The State Board of Education is the only account included in the Elementary and Secondary category. Expenditures by this agency increased from \$86,463,691 in 1959 to \$551,910,834 in 1973. Growth in this area followed a fairly steady, gradual upward curve through 1966, but jumped considerably in 1967 and again in 1969. The last three years were again marked by a regular upward curve, but with a steeper rate of increase because of inflation. Between 1966 and 1973, expenditures increased 188% as compared to the 204% increase seen in the Education category as a whole. Converting the expenditures into "constant dollars" to remove the inflation factor, there was a 111% increase in Elementary and Secondary Education spending.

Functional Category: Education
Subgroup: Elementary and Secondary Education
Operating Expenditures

Year	Expenditure	Expenditure in Constant Dollars	Change in Constant Dollars <u>Expenditures</u>
1959	86,463,691	99,042,020	
1960	92,963,029	104,806,120	5,764,100
1961	117,222,929	130,829,160	26,023,040
1962	130,628,241	144,181,280	13,352,120
1963	142,263,115	155,139,710	10,958,430
1964	155,996,958	167,919,220	12,779,510
1965	168,476,723	178,282,240	10,363,020
1966	191,423,934	196,938,200	18,655,960
1967	255,381,469	255,381,469	58,443,269
1968	276,001,058	264,876,260	9,494,791
1969	381,783,370	347,707,990	82,831,730
1970	421,625,753	362,532,891	14,824,901
1971	455,103,043	375,187,100	12,654,209
1972	508,353,256	405,708,900	30,521,800
1973	551,910,834	414,658,780	8,949,880

3.2. HIGHER EDUCATION

The Higher Education subcategory is made up of all the state colleges and universities, except for the community colleges, and all accounts that deal specifically with the promotion of higher learning, for instance, the Virginia Commission on Higher Education and the Virginia College Building Authority.

Expenditures in this area increased from \$58,155,397 in 1959 to \$339,134,166 in 1973. Throughout these years, growth in spending was consistently upward and increased at fairly regular intervals each year. The higher rate of increase in the last few years was a result of inflation and disappears when the expenditures are converted into "constant dollars."

The growth was nevertheless substantial during these years as seen by the 202% increase between 1966 and 1973. The Education category as a whole increased almost the same amount at 204% for the same time period. When the inflationary bias was removed, the amount of increase for Higher Education drops to only 120%.

Functional Category: Education
Subgroup: Higher Education
Operating Expenditures

Year	Expenditure	Expenditure in Constant Dollars	Change in Constant Dollars Expenditures
1959	58,155,397	66,615,570	
1960	59,000,033	66,516,380	-99,190
1961	65,471,559	73,070,930	6,554,550
1962	71,219,566	78,608,790	5,537,860
1963	78,829,785	85,964,860	7,356,070
1964	86,627,301	93,247,900	7,283,040
1965	99,540,996	105,334,380	12,086,480
1966	112,449,903	115,689,200	10,354,820
1967	132,166,834	132,166,834	16,477,634
1968	154,844,058	148,602,740	16,435,906
1969	183,542,976	167,161,180	18,558,440
1970	209,778,716	180,377,230	13,216,050
1971	257,460,334	212,250,893	31,873,663
1972	291,532,449	232,667,560	20,416,667
1973	339,134,166	254,796,520	22,128,960

3.3. COMMUNITY COLLEGES

The Community College subcategory includes the accounts for the Department of Community Colleges and the twenty-three community colleges across the state. Since 1966 was the first year of the community college system and the number of schools has increased greatly since that time, there was tremendous increase in these eight years. The growth followed a consistently steep rate of increase throughout, with the largest single increases occurring in 1969 and 1972. In terms of percentage growth, the increase was 1,666% between 1966 and 1973, as compared to the 204% increase seen in Education as a whole. Even in terms of deflated dollars, the increase for Community Colleges was still 1,190%.

Functional Category: Education
Subgroup: Community Colleges
Operating Expenditures

Year	Expenditure	Expenditure in Constant Dollars	Change in Constant Dollars Expenditures
1966	2,430,020	2,500,020	
1967	4,764,068	4,764,068	2,264,048
1968	8,909,557	8,550,440	3,786,372
1969	16,690,861	15,201,150	6,650,710
1970	20,136,172	17,313,990	2,112,840
1971	24,878,633	20,510,000	3,196,010
1972	34,762,504	27,743,420	7,233,420
1973	42,919,790	32,246,273	4,502,853

3.4. "OTHER" EDUCATION

This subcategory is made up of other educational accounts not included under Elementary and Secondary Education, Higher Education, or Community Colleges. They are the special schools, such as the Virginia School for the Deaf and Blind, the State Library, and certain museums, such as the Virginia Museum of Fine Arts. Special research facilities and educational boards, for instance, the Jamestown Foundation and Gunston Hall, are also included.

Expenditures for this area of Education went down from \$10,902,152 in 1959 to \$2,856,141 in 1961 and up to \$10,308,510 in 1973. The unusually high expenditures in 1959 and in 1960 were a result of the large sums expended by the Literary Fund. After 1961 the Literary Fund account was no longer carried as an expenditure account. Expenditures took on a gradual, fairly consistent rate of increase throughout the following years. The decreases on the "constant dollar" table reflect the fact that "current dollar" expenditures, even though they were increasing, were not enough to compensate for inflation in 1970 and 1972.

Between 1966 and 1973 the expenditures increased 118%, but in "constant dollars" the increase was only 59%. The Education area as a whole, on the other hand, increased 204% in "current dollars" and 122% in "constant dollars."

Functional Category: Education
 Subgroup: Other
 Operating Expenditures

Year	<u>Expenditure</u>	<u>Expenditure in Constant Dollars</u>	<u>Change in Constant Dollars Expenditures</u>
1959	10,902,152	12,488,140	
1960	4,081,123	4,601,040	-7,887,100
1961	2,856,141	3,187,650	-1,413,390
1962	3,036,007	3,351,000	163,350
1963	3,220,012	3,511,460	160,460
1964	3,453,681	3,717,632	206,172
1965	4,436,205	4,694,396	976,764
1966	4,739,411	4,875,940	181,544
1967	5,626,503	5,626,503	750,563
1968	5,976,834	5,735,930	109,427
1969	7,268,702	6,619,950	884,020
1970	7,620,249	6,552,234	-67,716
1971	8,961,090	7,387,540	835,306
1972	8,963,656	7,153,755	-233,785
1973	10,308,510	7,744,940	591,185

4. HUMAN AFFAIRS

To facilitate understanding of the Human Affairs area, the category has been divided into four major subcategories:

- (1) Welfare
- (2) Vocational Rehabilitation
- (3) Health
- (4) Mental Health

Each are dealt with separately in this report.

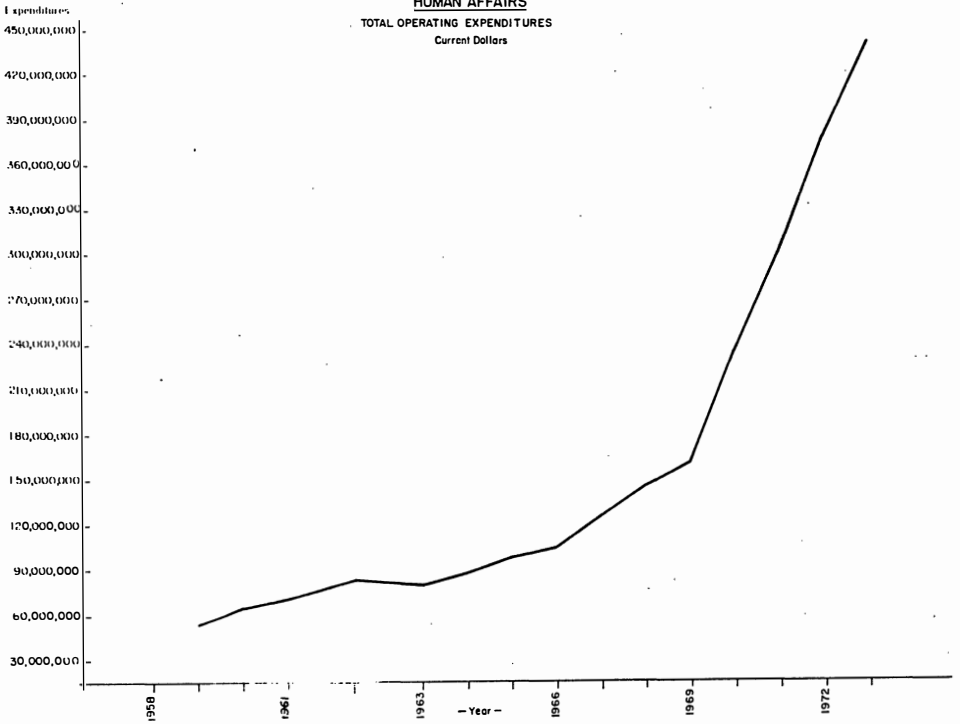
Expenditures for Human Affairs activities had the highest rate of increase among all of the six functional areas of state government, increasing 322% between 1966 and 1973. Even after the inflationary bias was removed by conversion into "constant dollars" the increase was 196%. The tremendous growth in the Health field was largely responsible for this steep climb. Welfare and Vocational Rehabilitation also increased at a rate far above the average for the other functional areas. Mental Health, on the other hand, had one of the lowest rates of increase.

Functional Category: Human Affairs Total Operating Expenditures

Year	Expenditures	Expenditure in Constant Dollars	Change in Constant Dollars Expenditures
1959	58,375,987	72,447,490	
1960	62,993,383	76,053,200	3,605,710
1961	70,365,714	82,975,600	6,922,400
1962	78,085,468	90,327,770	7,352,170
1963	77,442,295	87,850,490	-2,477,280
1964	83,689,388	93,367,660	5,517,170
1965	95,027,802	103,621,950	10,254,290
1966	105,088,340	110,524,511	6,902,561
1967	123,486,358	123,486,358	12,961,847
1968	144,864,303	137,633,512	14,147,154
1969	161,018,038	144,049,074	6,415,562
1970	230,590,131	194,435,430	50,386,356
1971	298,286,505	238,174,250	43,738,820
1972	378,725,371	293,299,520	55,125,270
1973	443,826,832	327,651,820	34,352,300

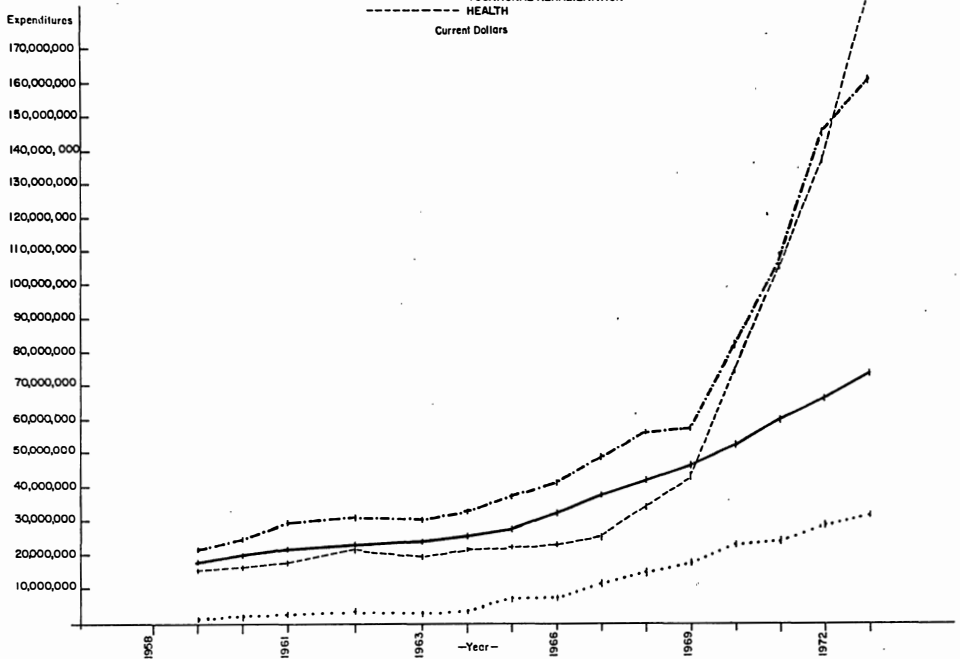
HUMAN AFFAIRS

TOTAL OPERATING EXPENDITURES
Current Dollars



HUMAN AFFAIRS

MENTAL HEALTH
WELFARE
VOCATIONAL REHABILITATION
HEALTH
Current Dollars



4.1. WELFARE

The Welfare subcategory includes expenditures for all welfare activities listed under the old Department of Welfare and Institutions, the primary account in this area. Also included are all other general welfare and assistance programs administered by the state. The Commission on Aging and the Division of War Veterans' Claims are examples.

Expenditures in this area increased from \$22,959,883 in 1959 to \$161,250,153 in 1973. Between 1959 and 1969 there was gradual growth but it increased dramatically in 1970. A steep rate of increase continued throughout the following years nearly tripling what expenditures were in 1969. This overwhelming increase over the last four years was a result of state government's assumption of the administration of various federally funded programs, particularly Aid to Dependent Children, Aid to the Partially and Totally Disabled, and Old Age Assistance. Just before this great surge in 1970, there had been a slowdown significant enough to cause a decrease in "constant dollars." This meant that even though expenditures went up slightly in 1970, they were not great enough to compensate for inflation.

Between 1966 and 1973 Welfare expenditures increased 286%, which is high, yet considerably lower than the 678% increase for Health and the overall 322% increase for Human Affairs. After removing the inflationary bias, expenditures for Welfare reflect only a 182% increase as compared to the 196% increase for Human Affairs in "constant dollars."

Functional Category: Human Affairs
 Subgroup: Welfare
 Operating Expenditures

Year	<u>Expenditure</u>	<u>Expenditure in Constant Dollars</u>	<u>Change in Constant Dollars Expenditures</u>
1959	22,959,883	26,299,980	
1960	24,642,499	27,781,840	1,481,860
1961	29,073,176	32,447,740	4,665,900
1962	31,855,317	35,160,390	2,712,650
1963	31,656,298	34,521,590	-638,800
1964	33,731,053	36,308,990	1,787,400
1965	37,950,781	40,159,550	3,850,560
1966	41,791,558	42,995,430	2,835,880
1967	48,192,986	48,192,986	5,197,556
1968	55,683,996	53,439,530	5,246,544
1969	55,850,144	50,865,340	-2,574,190
1970	82,394,489	70,846,500	19,981,160
1971	107,136,625	88,323,680	17,477,180
1972	147,024,216	117,337,760	29,014,080
1973	161,250,153	121,149,620	3,811,860

4.2. VOCATIONAL REHABILITATION

This area consists primarily of expenditures for the Virginia Department of Vocational Rehabilitation. It also includes other agency accounts that deal with some phase of vocational rehabilitation, such as the Woodrow Wilson Rehabilitation Center and the Commission for the Visually Handicapped.

Expenditures increased from \$2,004,523 in 1959 to \$30,846,317 in 1973. Very little growth was seen in the earlier years. In 1967 there was a significant step up in spending by the Department of Vocational Rehabilitation, and the rate of increase each year thereafter went up considerably. The one exception occurred in 1971 when the rate of increase dropped due to a cutback in the Department of Vocational Rehabilitation.

Growth between 1966 and 1973 increased 286%, which was very high but still lower than the 322% overall increase in the Human Affairs area as a whole. When the figures for Vocational Rehabilitation are converted into "constant dollars," the increase is 185%.

Functional Category: Human Affairs
Subgroup: Vocational Rehabilitation
Operating Expenditures

Year	Expenditures	Expenditure in Constant Dollars	Change in Constant Dollars Expenditures
1959	2,004,523	2,415,080	
1960	2,386,102	2,803,880	388,800
1961	2,663,990	3,072,650	268,770
1962	2,983,574	3,375,080	302,430
1963	2,791,009	3,101,120	-273,960
1964	2,980,737	3,246,990	145,870
1965	6,661,655	7,132,390	3,885,400
1966	7,994,751	8,319,200	1,186,810
1967	10,828,686	10,828,686	2,509,486
1968	14,271,693	13,592,090	2,763,404
1969	17,878,375	16,208,860	2,616,770
1970	22,516,934	19,377,740	3,168,880
1971	24,799,708	20,294,360	916,620
1972	28,533,619	22,627,770	2,333,410
1973	30,846,317	23,691,490	1,063,720

4.3. HEALTH

The Department of Health accounts for most of the expenditures in the Health subcategory. The several sanatoriums across the state and all other health related facilities such as the Consolidated Laboratories are also included in this area.

Between 1959 and 1973 expenditures increased from \$15,925,858 to \$179,074,298. Growth in the first ten years was relatively small with only a slight overall increase. Expenditures jumped dramatically, though, in the last four years, more than quadrupling what the figure was in 1969. This significant growth is explained by the state takeover of local health programs, and by the inception of Medicaid.

The fact that expenditures increased 678% from 1966 to 1973 underlines the immensity of this change. Even after deflating the dollars, the increase was still 428%.

Functional Category: Human Affairs
Subgroup: Health
Operating Expenditures

Year	Expenditures	Expenditure in Constant Dollars	Change in Constant Dollars Expenditures
1959	15,925,858	20,845,360	
1960	16,511,676	20,874,430	
1961	18,175,013	22,328,020	29,070
1962	20,711,227	24,803,860	1,453,590
1963	19,465,546	22,740,120	2,475,840
1964	21,671,134	24,823,750	-2,063,740
1965	22,890,631	25,576,120	2,083,630
1966	23,004,692	24,630,291	752,370
1967	27,756,662	27,756,662	-945,829
1968	34,463,182	32,481,792	3,126,371
1969	42,221,887	37,232,704	4,725,130
1970	74,193,758	61,520,520	4,750,912
1971	106,659,910	83,068,470	24,287,816
1972	137,913,374	104,085,570	21,547,950
1973	179,074,298	130,046,690	21,017,100
			25,961,120

4.4. MENTAL HEALTH

The Mental Health subcategory includes expenditures for the Department of Mental Health and Mental Retardation and all the state mental hospitals and treatment facilities, such as the Virginia Treatment Center for Children and the Petersburg Training School.

Between 1959 and 1973 expenditures increased from \$17,485,723 to \$72,656,064. The growth followed a fairly steady upward curve with a significantly higher rate of increase after 1965. The largest jumps occurred in 1971 and 1972 as a result of increased spending reflected in the accounts of the Department of Mental Health and Mental Retardation and the Petersburg Training Center and Hospital.

In terms of percentage growth, the expenditures rose 125% between 1966 and 1973 as compared to the 322% increase for the Human Affairs area. After converting the money into "constant dollars" there was only a 53% increase for the Mental Health field.

Functional Category: Human Affairs
Subgroup: Mental Health
Operating Expenditures

Year	Expenditure	Expenditure in Constant Dollars	Change in Constant Dollars <u>Expenditures</u>
1959	17,485,723	22,887,070	
1960	19,453,106	24,593,050	1,705,980
1961	20,453,535	25,127,190	534,140
1962	22,535,350	26,988,440	1,861,250
1963	23,529,442	27,487,660	499,220
1964	25,306,464	28,987,930	1,500,270
1965	27,524,735	30,753,890	1,765,960
1966	32,297,339	34,579,590	3,825,700
1967	36,708,024	36,708,024	2,128,434
1968	40,445,432	38,120,100	1,412,076
1969	45,067,632	39,742,170	1,622,070
1970	51,484,950	42,690,670	2,948,500
1971	59,690,262	46,487,740	3,797,070
1972	65,254,162	49,248,420	2,760,680
1973	72,656,064	52,764,020	3,515,600

5. PUBLIC SAFETY

The Public Safety area is made up of activities relating to the provision of protection to persons and property. This category is divided into two areas to facilitate understanding of the expenditure trends. The two subcategories are:

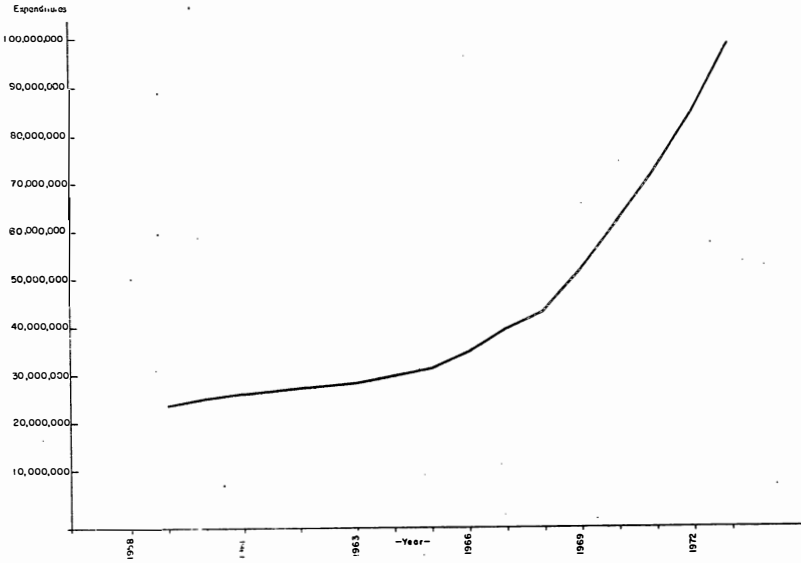
- (1) Public Protection
- (2) Corrections

Expenditures for this area increased at a rate of 199% which is equal to the 199% increase for the Executive Branch as a whole. The "constant dollar" increase was 118%. Corrections increased considerably more than Public Protection.

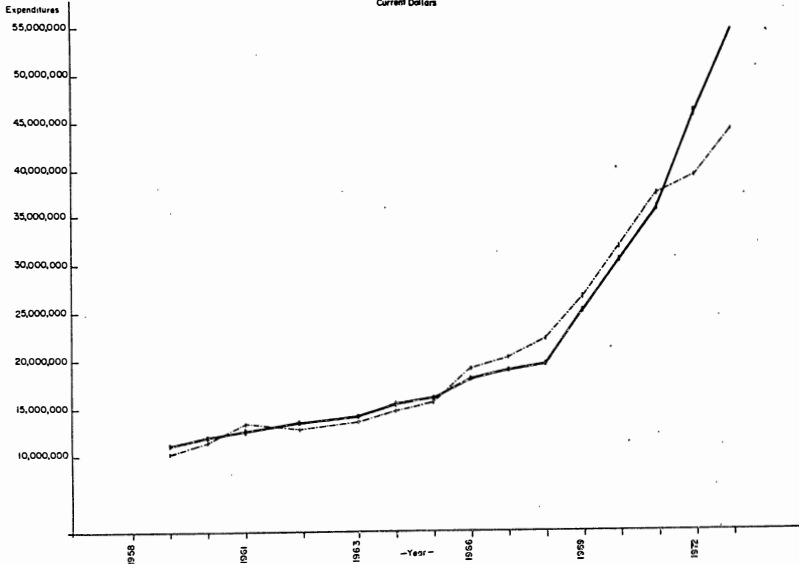
Functional Category: Public Safety Operating Expenditures

<u>Year</u>	<u>Expenditure</u>	<u>Expenditure in Constant Dollars</u>	<u>Change in Constant Dollars Expenditures</u>
1959	22,215,671	25,447,490	
1960	24,140,554	27,215,940	1,768,450
1961	25,016,887	27,920,630	704,690
1962	26,281,339	29,008,090	1,087,460
1963	27,421,166	29,903,120	895,030
1964	29,876,864	32,160,230	2,257,110
1965	31,529,469	33,364,510	1,204,280
1966	35,626,351	36,652,610	3,288,100
1967	39,557,030	39,557,030	2,904,420
1968	43,194,068	41,453,030	1,896,000
1969	52,185,197	47,527,500	6,074,470
1970	63,248,415	54,383,840	6,856,340
1971	75,716,988	62,421,258	8,037,418
1972	90,493,616	72,221,551	9,800,293
1973	106,568,270	80,066,312	7,844,761

PUBLIC SAFETY
OPERATING EXPENDITURES
Current Dollars



PUBLIC SAFETY
CORRECTIONS
PUBLIC PROTECTION
Current Dollars



5.1. PUBLIC PROTECTION

The Public Protection subcategory includes agencies whose activities involve law enforcement, civil defense, military affairs, emergency services and highway safety. The Department of State Police, the Division of Highway Safety, the Office of Emergency Services, the Division of Motor Vehicles and the Division of Justice and Crime Prevention are the primary accounts.

Expenditures in this area increased from \$10,504,258 in 1959 to \$51,755,299 in 1973. Although there was little growth during the first ten years, a sharp jump occurred in 1970 because of a large increase in the Highway Safety Division expenditures. After this time, the figures rose sharply except for a slowdown in 1972 which resulted from a decrease in the Division of Highway Safety.

In terms of percentage growth, Public Protection increased 178% in "current dollars" and 103% in "constant dollars" in contrast to the 199% increase in "current dollar" and a 118% "constant dollar" increase for the Executive Branch as a whole.

Functional Category: Public Safety
Subgroup: Public Protection
Operating Expenditures

Years	Expenditures	Expenditure in Constant Dollars	Change in Constant Dollars Expenditure
1959	10,504,258	12,032,360	
1960	11,724,249	13,217,860	1,185,500
1961	12,167,861	13,580,200	362,340
1962	12,766,525	14,091,080	510,880
1963	12,953,113	14,125,530	34,450
1964	14,512,989	15,622,160	1,496,630
1965	15,555,775	16,461,130	838,970
1966	18,584,861	19,120,220	2,659,090
1967	20,792,965	20,792,965	1,672,745
1968	23,340,586	22,399,790	1,606,825
1969	26,548,418	24,178,890	1,779,100
1970	32,395,447	27,855,070	3,676,180
1971	40,028,272	32,999,399	5,144,329
1972	44,880,996	35,818,831	2,819,432
1973	51,755,299	38,884,522	3,065,691

5.2. CORRECTIONS

The Corrections category includes all accounts for the state penitentiaries and youth correctional facilities. In addition, it includes those correctional activities that until 1974 were administered by the Department of Welfare and Institutions.

Expenditures for Corrections increased from \$11,711,413 in 1959 to \$54,812,971 in 1973. Most of this growth occurred in the last five years when expenditures more than doubled. This sizeable growth was due in part to increases in penitentiary expenses, but most of it was a result of increased services and expenditures by the Department of Welfare and Institutions for corrections.

Between 1966 and 1973 these expenditures rose 222%, which is one of the higher rates of increase among all subcategories. Even in terms of deflated dollars, the increase was 135%.

Functional Category: Public Safety
Subgroup: Corrections
Operating Expenditures

Year	<u>Expenditure</u>	<u>Expenditure in Constant Dollars</u>	<u>Change in Constant Dollars Expenditures</u>
1959	11,711,413	13,415,130	
1960	12,416,305	13,998,080	582,950
1961	12,849,026	14,340,430	342,350
1962	13,514,814	14,917,010	576,580
1963	14,468,053	15,777,590	860,580
1964	15,363,875	16,538,070	760,480
1965	15,973,694	16,903,380	365,310
1966	17,041,490	17,532,390	629,010
1967	18,764,065	18,764,065	1,231,675
1968	19,853,482	19,053,240	289,175
1969	25,636,779	23,348,610	4,295,370
1970	30,852,968	26,528,770	3,180,160
1971	35,688,716	29,421,859	2,893,089
1972	45,612,620	36,402,720	6,980,861
1973	54,812,971	41,181,790	4,779,070

6. TRANSPORTATION

The Transportation category consists primarily of the Department of Highways and Transportation. Other agencies, such as the Virginia Airports Authority and the Washington Metropolitan Area Transit Authority, which are concerned with the regulation or promotion of transportation activities, are also included in this area.

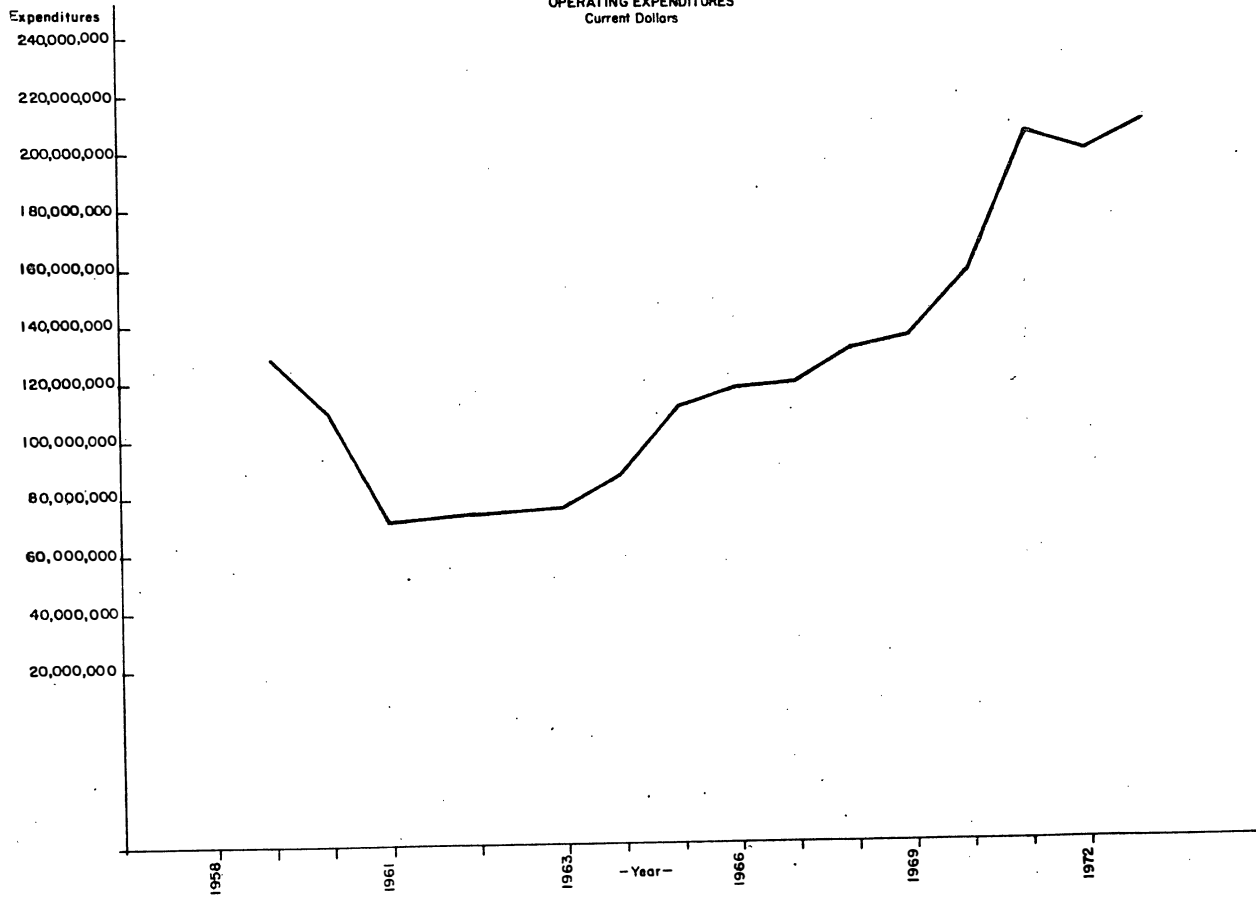
Expenditures for Transportation went from \$127,287,992 in 1959 to \$237,639,402 in 1973. Although there were drops in 1960 and 1961, growth after 1962 was gradual and fairly consistent until 1970 when the rate of increase jumped considerably. The \$6 million decrease in 1972 and the other fluctuations seen earlier are, at least in part, a result of funds in the Department of Highways and Transportation being committed in one fiscal year, but expended in another.

From 1966 to 1973 expenditures for Transportation increased 101%, whereas expenditures for the entire Executive Branch went up 199%. After converting the money into "constant dollars" to remove the inflationary bias, expenditures for Transportation reflects only a 57% increase. This is the lowest rate of increase seen among the six functional areas.

Functional Category: Transportation
Operating Expenditures

Year	<u>Expenditure</u>	<u>Expenditure in Constant Dollars</u>	<u>Change in Constant Dollars Expenditures</u>
1959	127,287,992	142,062,490	
1960	110,481,558	123,305,310	-18,757,180
1961	68,072,115	75,134,780	-48,170,530
1962	73,692,750	79,667,830	4,533,050
1963	78,000,460	83,871,460	4,203,630
1964	85,629,428	90,805,330	6,933,870
1965	113,397,763	118,245,840	27,440,510
1966	118,498,350	121,911,880	3,666,040
1967	119,218,825	119,218,825	-2,693,055
1968	128,035,688	124,065,590	4,846,765
1969	134,608,615	125,567,740	1,502,150
1970	159,740,168	141,739,280	16,171,540
1971	205,917,330	173,623,380	31,884,100
1972	199,812,841	166,649,570	-6,973,810
1973	237,639,402	191,954,280	25,304,710

TRANSPORTATION
OPERATING EXPENDITURES
Current Dollars



LEGISLATIVE BRANCH

The Legislative Branch accounts include the General Assembly, the Virginia Advisory Legislative Council, the Division of Legislative Services, the Auditor of Public Accounts and various legislative study commissions.

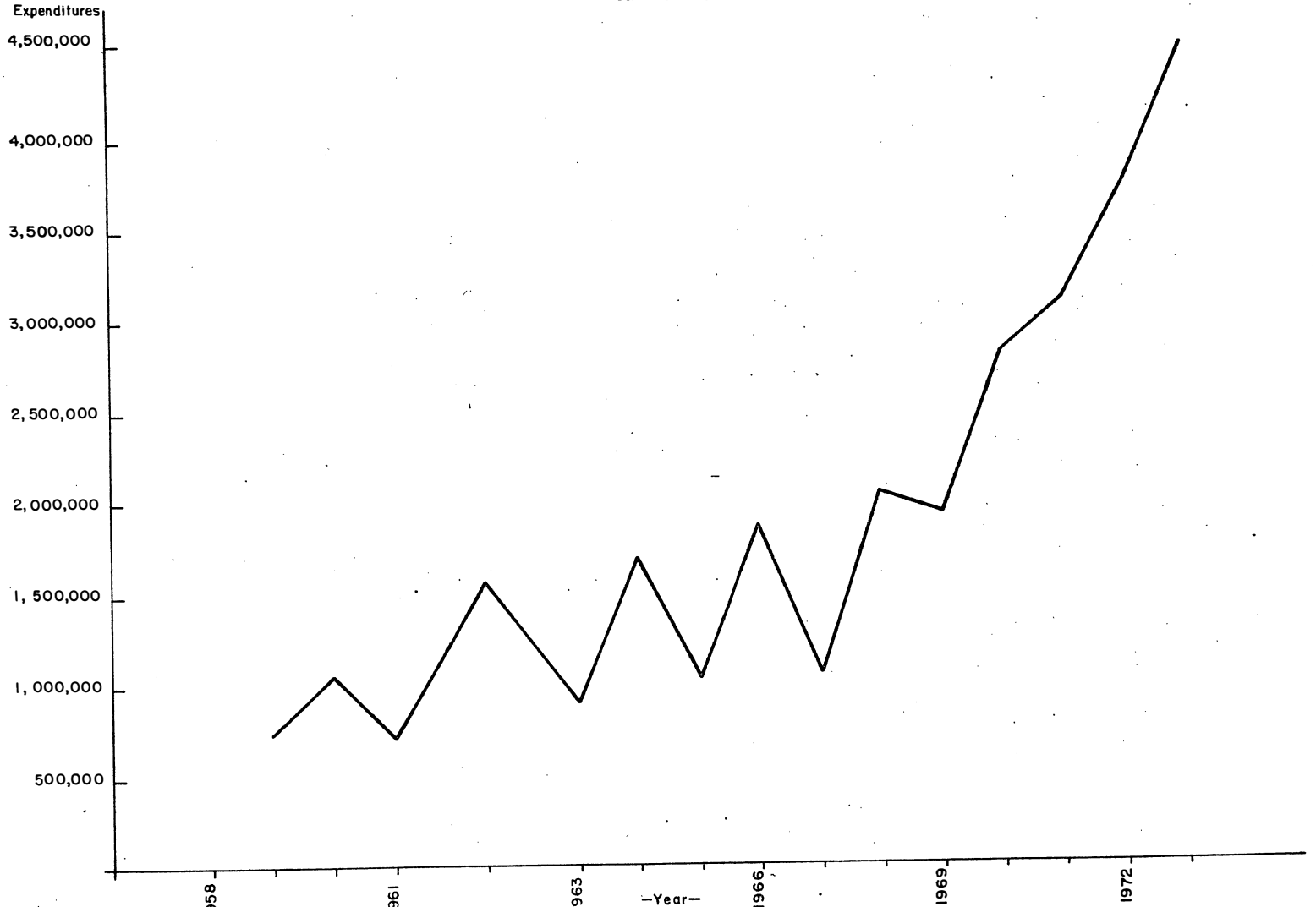
Expenditures increased from \$1,147,507 in 1960 to \$4,465,511 in 1973. Growth for legislative expenditures resulted in two different curves between 1959 and 1969, due to the large difference between even- and odd-numbered years of the General Assembly, with regular sessions occurring in the even-numbered years. Both curves reflect a consistent increase between biennial periods. The curves join in 1970 with a substantial jump and follow a single, steeply-increasing curve for the next three years.

Between 1966 and 1973 total expenditures for legislative accounts increased 151%. When the figures are converted into "constant dollars" the increase is only 84%.

Functional Category: Legislative
Operating Expenditures

Year	<u>Expenditure</u>	Expenditure in Constant Dollars	<u>Change in Constant Dollars Expenditures</u>
1959	786,704	901,140	
1960	1,147,507	1,293,690	392,550
1961	732,456	817,470	-476,220
1962	1,431,287	1,579,780	762,310
1963	853,552	930,800	-648,980
1964	1,533,015	1,650,170	719,370
1965	1,050,207	1,111,320	-538,850
1966	1,776,225	1,827,390	716,070
1967	1,143,222	1,143,222	-684,168
1968	2,020,489	1,939,050	795,828
1969	1,973,575	1,797,420	-141,630
1970	2,761,089	2,374,100	576,680
1971	3,160,429	2,605,460	231,360
1972	3,775,759	3,013,380	407,920
1973	4,465,511	3,355,000	341,620

LEGISLATIVE
OPERATING EXPENDITURES
Current Dollars



RECOMMENDED LEGISLATION RELATING TO
THE SECRETARY OF ADMINISTRATION AND FINANCE

The Governor issued a series of executive orders on May 22, 1974, relating to the Secretaries' powers and duties. Executive Order No. 7, dealing with the Secretary of Administration, assigned to that Secretary those agencies which previously had been assigned to a Secretary of Finance. The Commission had recommended that the positions of Secretary of Administration and Secretary of Finance be consolidated and suggested that, until the General Assembly could act upon the recommendation, this might be accomplished by not filling the vacancy in the Office of Secretary of Finance and assigning the agencies originally in the Office of Finance to the Office of Administration. The Governor is empowered to do so under the provisions of Section 2.1-51.9 of the Code of Virginia. Because this is a significant policy decision and not a mere housekeeping matter, this action should properly be ratified by the General Assembly.

In addition, Executive Order No. 7 highlighted a statutory ambiguity which was created when the 1972 legislation establishing the various Secretaries (Acts 1972, c. 641) was enacted. Without explicitly amending other provisions of the Code, Section 2.1-51.8 authorizes the Governor to delegate his powers and duties to the Secretaries. The Director of the Budget and the Director of Personnel, however, occupy positions originally established by statute immediately below the Governor. The Director of the Budget was to be the deputy budget officer of the Commonwealth; the Director of Personnel was to be the deputy personnel officer.

The Office of Commissioner of Administration was established in 1966 and the statutes concerning the Director of the Budget and the Director of Personnel were amended to provide that those two directors were to function under the direction of the Governor "acting through the Commissioner of Administration." The Commission has concluded that the engrafting--either directly or indirectly--of the 1966 and 1972 legislation upon the provisions relating to these two directors has created an undesirable vagueness and ambiguity which should be addressed at this point in order to make the Secretary of Administration and Finance clearly responsible for achieving the results contemplated in the Commission's third interim report and any administrative improvements in the Office of Administration and Finance that the Governor considers necessary.

The proposed legislation which follows would give legislative effect to the Commission's recommendation in its second interim report concerning consolidation of the Office of Finance and the Office of Administration, and designates the Secretary of Administration and Finance as the deputy budget officer and the deputy personnel officer. There is no need to treat the other agencies in the Office of Administration and Finance in the same fashion because no other agency therein is headed by an officer who depends upon the Governor's delegation of powers and duties. The heads of other agencies in that office receive their powers and duties directly from the General Assembly. For example, the Governor has not been made the chief planning officer or the chief data processing officer of the Commonwealth, but is empowered to direct and supervise the directors of those functions.

For reasons expressed in his separate statement in the third interim report, Delegate Owen B. Pickett is not in agreement with that part of the proposal which would consolidate the Office of Administration and the Office of Finance.

APPENDIX

A BILL to amend and reenact Sections 2.1-51.7, 2.1-51.9, 2.1-52, 2.1-53, and 2.1-113, as severally amended, of the Code of Virginia relating to a Secretary of Administration and Finance, his powers and duties, and the agencies for which he is responsible.

A BILL to amend and reenact Sections 2.1-51.7, 2.1-51.9, 2.1-52, 2.1-53, and 2.1-113, as severally amended, of the Code of Virginia relating to a Secretary of Administration and Finance, his powers and duties, and the agencies for which he is responsible.

Be it enacted by the General Assembly of Virginia:

1. That Section 2.1-51.7 is amended and reenacted as follows:

§ 2.1-51.7. Positions established; appointment; term; oath.--There are hereby created in the Governor's office the following positions: ~~Secretary of Administration, Secretary of Finance,~~ Secretary of Administration and Finance, Secretary of Education, Secretary of Human Affairs, Secretary of Commerce and Resources, and Secretary of Transportation and Public Safety.

Each secretary shall be appointed by the Governor, subject to confirmation by the General Assembly if in session when the appointment is made, and if not in session then at its next succeeding session. He shall hold office at the pleasure of the Governor for a term coincident with that of the Governor making the appointment or until his successor shall be appointed and qualified. Before entering upon the discharge of his duties, he shall take an oath that he will faithfully execute the duties of his office.

Any reference in this Code to the Commissioner of Administration or Secretary of Administration shall hereafter be deemed a reference to the Secretary of Administration and Finance.

2. That Section 2.1-51.9 is amended and reenacted as follows:

§ 2.1-51.9. Agencies for which responsible.-- Each secretary shall be responsible to the Governor for the following agencies:

(a) ~~Administration--Division of the Budget, Division of Personnel, Division of Engineering and Buildings, Division of Automated Data Processing, Division of Justice and Crime Prevention, Division of State Planning and Community Affairs and Art Commission.--Any reference in this Code to the Commissioner of Administration shall hereafter be deemed a reference to the Secretary of Administration.~~

(b) ~~Finance--Department of Taxation, Department of the Treasury, Department of Accounts, Compensation Board, Department of Property Records and Insurance, Virginia Supplemental Retirement System, Department of Purchases and Supply and Virginia Alcoholic Beverage Control Board.~~

(a) Administration and Finance--Division of the Budget, Division of Personnel, Division of

Engineering and Buildings, Division of Automated Data Processing, Division of Justice and Crime Prevention, Division of State Planning and Community Affairs, Art Commission, Department of Taxation, Department of the Treasury, Department of Accounts, Compensation Board, Department of Property Records and Insurance, Virginia Supplemental Retirement System, Department of Purchases and Supply, Virginia Alcoholic Beverage Control Board, Department of Corrections, Treasury Board, Housing Development Authority, Virginia Public Telecommunications Council, Virginia Public School Authority, Virginia Education Loan Authority, Office of Housing, Office of Special Programs, State Education Assistance Authority, Virginia College Building Authority, Board of Elections, and State Commission on Local Debt.

(e) (b) Education--State Department of Education, State Council of Higher Education, Education-Assistance-Authority, Virginia Commission on Higher Education Facilities, Advisory-Council-on-Educational-Television, Department of Community Colleges, state-supported institutions of higher education, Virginia State Library and , Virginia-College Building-Authority, Virginia Truck and Ornamentals Research Station, Virginia Museum of Fine Arts, The Science Museum of Virginia, Virginia School for the Deaf and Blind, Virginia School at Hampton, Gunston Hall and Jamestown Foundation.

(d) (c) Human Affairs--Department of Mental Health and Mental Retardation, Department of Health, Department of Welfare, Probation-and-Parole-Board, Department of Vocational Rehabilitation, Commission for the Visually Handicapped, Commission for Children and Youth,-and-schools-for-the-deaf-and-blind,-Department-of-Corrections and the Office on Aging. , Virginia Developmental Disabilities Planning and Advisory Council, Virginia Drug Abuse Council, Division of Drug Abuse Control, Virginia Council for the Deaf, Division of Consolidated Laboratories, and Commission on the Status of Women.

(e) (d) Commerce and Resources--Department of Conservation and Economic Development, Department of Labor and Industry, Department of Professional and Occupational Registration Regulation,

Milk Commission, ~~Virginia-Truck-and-Ornamentals~~
~~Research-Station~~, Department of Agriculture and
Commerce, Commission on the Industry of
Agriculture, Virginia Soil and Water Conservation
Commission, Marine Resources Commission, Virginia
Institute of Marine Science, Water Control Board,
Air Pollution Control Board, Commission of Game
and Inland Fisheries, Virginia Historic
Landmarks Commission, ~~Virginia-Museum-of-Fine~~
~~Arts,-Gunston-Hall,-Jamestown-Foundation~~,
Commission on Outdoor Recreation, ~~Commission-on~~
~~Arts-and-Humanities~~, Virginia Independence
Bicentennial Commission, Virginia World War II
Memorial Commission, Virginia Employment Commission
and , the Council on the Environment, Virginia
Agricultural Foundation, Division of Industrial
Development, Virginia Port Authority, Athletic
Commission, Virginia Outdoors Foundation,
Virginia Apprenticeship Council, Health and
Safety Codes Commission, State Board of Pharmacy,
State Board of Medicine, State Registration
Board for Contractors, Virginia Board of
Dentistry, Virginia Board of Funeral Directors
and Embalmers, Virginia State Board of Nursing,
and Virginia State Board of Examiners in
Optometry.

{#} (e) Transportation and Public Safety--
Department of Highways, and Transportation,
~~Virginia-Port-Authority~~, Virginia Airports
Authority, Division of Motor Vehicles,
Department of State Police, Highway Safety
Division, Office of Civil-Defense,
Emergency Services, and Department of Military
Affairs, , and Criminal Justice Officers
Training Standards Commission.

The Governor may, by executive order,
assign any State executive agency not enumerated
in this section, or reassign any such agency
whether or not enumerated in this section, to a
particular secretary for the purposes of this
chapter.

3. That Section 2.1-52 is amended and reenacted as follows:

§ 2.1-52. Governor chief budget officer;
appointment of Director of the Budget.--The
Governor shall be the chief budget officer of the
State. The Secretary of Administration and
Finance shall serve as the deputy budget officer.
The Governor shall appoint a Director of the
Budget, who shall hold his position at the
pleasure of the Governor.

4. That Section 2.1-53 is amended and reenacted as follows:

§ 2.1-53. Powers and duties of Director of the Budget.--The Director of the Budget shall, under the direction and control of the Governor, ~~acting through the Commissioner of Administration and the Secretary of Administration and Finance,~~ exercise such powers and perform such duties as are conferred or imposed by law upon him; and he shall perform such other duties as may be required of him by the Governor and the Commissioner of Administration. Secretary of Administration and Finance.

In addition thereto, unless the duty is otherwise assigned by the Governor, such Director shall requisition the number of and designate the quality and manner of binding of every annual or biennial report, including catalogs of state-supported institutions of higher learning, proposed by any State department, division, institution, officer or agency, to be printed out of public funds; and it shall be unlawful for any such report or catalog to be printed unless and until it shall have been submitted to such Director and a certificate thereof, signed by such Director, shall have been attached to the report or other catalog.

The Director of the Budget shall not, however, edit or change in any respect any such report or catalog.

5. That Section 2.1-113 is amended and reenacted as follows:

§ 2.1-113. Governor to be Chief Personnel Officer; Director of Personnel; assistants and employees; advisory committee; assignment of duties; expenses.--The Governor shall be the Chief Personnel Officer of the Commonwealth. He shall direct the execution of this chapter, ~~and he shall appoint a deputy personnel officer, who shall be known as Director of Personnel, who shall exercise such powers and perform such duties as may be delegated to him by the Governor, acting through the Commissioner of Administration.~~ The Secretary of Administration and Finance shall serve as the deputy personnel officer. The Governor shall appoint a Director of Personnel, who shall hold his position at the pleasure of the Governor. The Director of Personnel shall, under the direction and control of the Governor and the Secretary of Administration and Finance, exercise such powers and perform such duties as are delegated to him by the Governor or conferred or imposed by law upon him; and he shall perform

such other duties as may be required of him by the Governor and the Secretary of Administration and Finance. -He- The Governor may employ such other competent personnel assistants and employees as he may require to carry out its provisions. If he so desires, the Governor may appoint to serve at his pleasure an advisory committee on personnel administration, composed of members of the General Assembly and such other persons as he may designate. At his discretion he may assign to officers and employees of the Commonwealth such duties as he sees fit in connection with the administration of this chapter; such officers and employees shall receive no extra compensation for such duties but shall be reimbursed for necessary travel and other expenses.

ADDENDUM TO FOURTH INTERIM REPORT

The following is a complete listing of those accounts included under each functional heading. The classifications are based on the purpose of the expenditure and not necessarily on the present organizational alignment of the Secretarial areas. It should be noted that some accounts which are included and have expenditures within the study period 1959-1973, no longer exist.

It should also be noted that some agencies (e.g., the State Corporation Commission) expend in several functional areas, but as these expenditures cannot be separated from the general account for each such agency, the expenditures are all included in a single functional area.

ADMINISTRATION

Governor (including the Division of Records, the Office of Special Programs
and the Governor's Secretaries)
Lieutenant Governor
Attorney General
Executive Commissions and Committees
Division of Automated Data Processing
Division of the Budget
Virginia Supplemental Retirement System
Department of Taxation
Department of the Treasury
Treasury Board
Department of Purchases and Supply
State Board of Elections
Division of Engineering and Buildings
Division of Personnel
Division of State Planning and Community Affairs (including the Office of
Housing)
Department of Property Records and Insurance
Department of Accounts
Compensation Board
State Commission on Local Debt
Virginia Public Telecommunications Council
Art Commission
Commission for the Promotion of Uniformity of Legislation in the United States
Commission on Constitutional Government
Revenue Resources and Economic Study Commission
Commission on the Status of Women
Virginia Independence Bicentennial Commission
Southern Growth Policies Board
Governing Body of Botetourt County (for historic preservation purposes)

(The following accounts reflect state expenditures in the way of grants to
private organizations.)

Confederate Memorial Association
Virginia Historical Society
Confederate Museum
Robert E. Lee Memorial Foundation
Valentine Museum
The Virginia Home
Atlantic Rural Exposition, Inc.
Poe Foundation, Inc.
Patrick Henry Memorial Foundation
Barter Theatre
Woodrow Wilson Birthplace Foundation
James Monroe Bicentennial
Peter Francisco Memorial Foundation
U.S.S. Yorktown Foundation
Roanoke River Museum
Virginia Thanksgiving Festival, Inc.

Portsmouth Naval Shipyard Museum, Inc.
Stonewall Jackson Museum
George C. Marshall Foundation
Tobacco and Textile Museum
Virginia Sheriffs and City Sergeants Association
Virginia State Symphony Orchestra and Opera Company
Old Dominion Symphony Council

COMMERCE AND RESOURCES

Commerce

- State Corporation Commission
 - Bureau of Banking
 - Bureau of Insurance
- Department of Labor and Industry
- Virginia Employment Commission
- Industrial Commission of Virginia
- Division of Industrial Development
- Virginia Commission on Interstate Cooperation
- Department of Professional and Occupational Registration (now "Regulation")
and all state licensing boards
- Virginia World War II Memorial Commission
- Peninsula Ports Authority

Agriculture

- Department of Agriculture and Commerce
 - Division of Markets
- Commission on Industry of Agriculture
- All Commissions for Special Agricultural Products
- Virginia Agricultural Foundation
- Milk Commission

Resources

- Department of Conservation and Economic Development
 - Division of Mineral Resources
 - Division of Parks
 - Division of Forestry
 - Virginia State Travel Service
- Council on the Environment
- Virginia Historic Landmarks Commission
- Commission of Game and Inland Fisheries
- Commission of Outdoor Recreation
- Virginia Soil and Water Conservation Commission
- State Air Pollution Control Board
- Virginia Institute of Marine Science
- Virginia Port Authority
- Marine Resources Commission
- State Water Control Board
- Atlantic States Marine Fisheries Commission
- Potomac River Basin Commission of Virginia
- Ohio River Valley Water Sanitation Commission
- Potomac River Fisheries Commission
- Breaks Interstate Park Commission
- Virginia Civil War Commission
- All Branches of Committee for Preservation of Virginia Antiquities
- Alexandria Historical Restoration
- Virginia Outdoor Recreation Study Commission
- Magna Carta Commission of 1965
- Buggs Island Park Authority
- Commissions to Study and Report on Boundary Lines
- Division of Water Resources (now part of the State Water Control Board)

EDUCATION

Elementary and Secondary
State Board of Education

Higher Education
Virginia College Building Authority
State Council of Higher Education
School of Continuing Education
Virginia Commission on Higher Education Facilities
Virginia Truck and Ornamentals Research Station
Virginia Associated Research Campus and all four-year colleges and
universities in the state system*

Community Colleges
Department of Community Colleges and all institutions in the community
college system

"Other" Education
Science Museum of Virginia
Virginia Commission of the Arts and Humanities
Virginia State Library
Virginia School for the Deaf and Blind
Virginia School at Hampton
Virginia Museum of Fine Arts
Pupil Placement Board
Gunston Hall
Jamestown Foundation
State Educational Assistance Authority
Additions to State Student Loan Fund

*In 1966, several colleges previously included under higher education shifted into the newly-formed community college system, i.e., Roanoke Technical Institute, Patrick Henry College, Wythe Branch College.

HUMAN AFFAIRS

Welfare (What was until 1974 the Department of Welfare and Institutions - those expenditures concerning welfare functions and administration.)

Office on Aging

Virginia Commission for Children and Youth

Division of War Veterans' Claims

Relief of Individuals and Others (pursuant to private relief acts)

Home for Needy Confederate Women

Vocational Rehabilitation

Department of Vocational Rehabilitation

- Woodrow Wilson Rehabilitation Center

Virginia Commission for the Visually Handicapped

Virginia Rehabilitation Center for the Blind

Virginia Council for the Deaf

Health

Department of Health

Division of Consolidated Laboratory Services

Virginia Drug Abuse Advisory Council

Blue Ridge Sanatorium

Catawba Sanatorium

Piedmont Sanatorium

Mental Health

Department of Mental Health and Mental Retardation

- DeJarnette Center for Human Development

- All State Mental Hospitals, Treatment Centers and Training Schools

PUBLIC SAFETY

Public Protection

- Division of Motor Vehicles
- Highway Safety Division
- Criminal Justice Officers Training and Standards Commission
- Department of Military Affairs
- Department of State Police
- Virginia Office of Emergency Services
- Civil Air Patrol
- Virginia State Crime Commission
- Division of Justice and Crime Prevention

Corrections (What was until 1974 the Department of Welfare and Institutions those expenditures concerning corrections activities and administration.)

- Virginia Probation and Parole Board
- Virginia State Penitentiary
- State Farm
- Southampton Correctional Farm
- State Industrial Farm for Women
- Bland Correctional Farm
- Bureau of Correctional Field Units
- Bon Air Learning Center
- Beaumont Learning Center
- Barrett Learning Center
- Hanover Learning Center
- Pinecrest Learning Center
- Natural Bridge Learning Center
- Reception and Diagnostic Center for Children
- Boys and Girls Halfway Houses
- Community Corrections Center
- Pre-Release Center

TRANSPORTATION

Department of Highways and Transportation

- Central Garage

Northern Virginia Transportation Commission

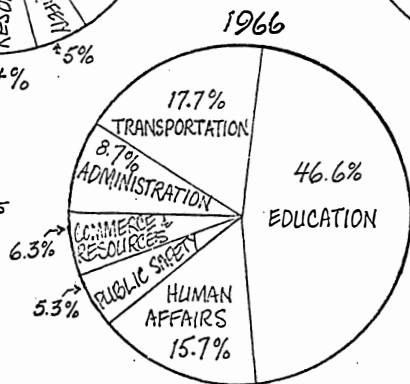
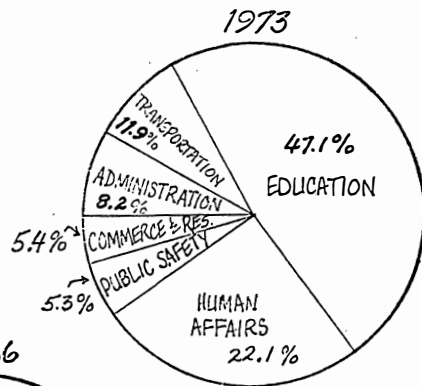
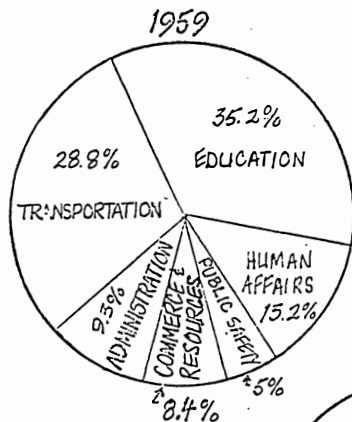
Washington Metropolitan Area Transit Authority

Joint Committee to Study Passenger Carrier Facilities in the D.C. Area

Virginia Airports Authority



COMMONWEALTH OF VIRGINIA
COMMISSION ON STATE GOVERNMENTAL MANAGEMENT
DIX NORTH SIXTH STREET / RICHMOND, VIRGINIA 23219 / TELEPHONE: (804) 770-1426



PREPARED: JANUARY 1975

NOTE: FIGURES FOR EACH YEAR MAY NOT EQUAL 100% DUE TO ROUNDING. THE FIGURES ARE BASED ON DATA CONTAINED IN THE COMMISSION'S 4TH INTERIM REPORT.

DISTRIBUTION OF EXECUTIVE BRANCH OPERATING EXPENDITURES: SELECTED YEARS