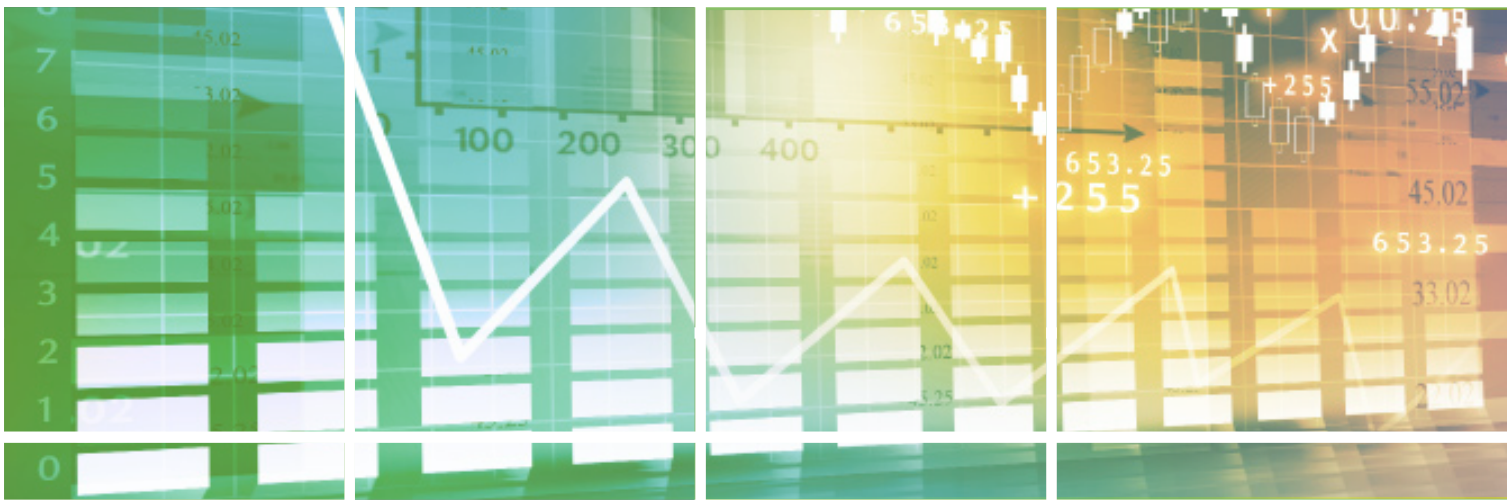


Report to the Governor and the General Assembly of Virginia

State Spending: 2025 Update



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Abbreviations

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

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

State Spending: 2025 Update – Summary

WHAT WE FOUND

- Virginia’s total operating budget, including general and non-general funds, was \$92.8 billion in FY25, which is 11% (\$9.5 billion) more than the previous year. Nearly all this growth was in four agencies—DMAS (increased Medicaid costs), DOE (increased SOQ costs), UVA (increased services at the medical center), and Virginia Tax (income tax rebate).
- Three agencies—DMAS, DOE, and VDOT—received approximately half of total appropriations in FY25, which is similar to recent years. These three agencies administer some of the largest programs in the state budget: Medicaid, K–12 education, and highway construction and maintenance. Two of these agencies—DOE and DMAS—also received approximately half of general fund appropriations.
- Over the past 10 years, Virginia’s total operating budget grew 7% per year, on average, not adjusted for inflation, and the general fund budget grew at about the same rate. The non-general fund budget grew at a faster rate (8%), primarily because of Medicaid expansion starting in FY18. The general fund budget has grown at a significantly faster rate (e.g., 13–15%) in recent years, reflecting large increases in state revenue.
- Adjusted for population growth and inflation, the total budget and general fund budget grew an average of 3% per year during the 10-year period, and the non-general fund budget increased an average of 4% per year.
- The majority of budget growth was concentrated in a few agencies and programs between FY16 and FY25. Ten agencies (out of 160) accounted for 75% of total budget growth, with DMAS and DOE accounting for about half. Ten budget programs, mostly within the core functions of health care, education, and transportation, accounted for 72% of total budget growth.
- Non-general fund growth was even more concentrated than total fund growth, with 10 agencies accounting for 84% of growth between FY16 and FY25. DMAS alone accounted for about half of non-general fund growth reflecting Medicaid expansion, increased costs from Medicaid utilization and inflation, and the enhanced federal match during the COVID-19 pandemic.
- General fund budget growth was somewhat less concentrated between FY16 and FY25, with 10 agencies accounting for 72% of growth. DOE and DMAS were responsible for almost half of general fund growth.

WHY WE DID THIS STUDY

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

Prior reports reviewed spending and budget growth for all the previous 10-year periods between FY1981 and FY24. This report is the 25th in the series and focuses on trends in the state’s operating budget during the past 10 years, from FY16 through FY25.

State Spending: 2025 Update

FY16–FY25

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

The Joint Legislative Audit and Review Commission (JLARC) produces a report each year on Virginia’s state spending over the previous 10-year period. (See Appendix A.) The report identifies the largest and fastest-growing agencies and programs (out of 160 agencies and 197 programs) in the state budget and analyzes long-term state spending changes. This year’s report focuses on state budget trends from FY16 to FY25 and identifies factors influencing these trends.

Virginia’s budget was \$92.8 billion in FY25

In FY25, Virginia’s total budget was \$92.8 billion. This amount is 11.4% more (\$9.5 billion) than Virginia’s total budget in FY24. Nearly all of this growth (79%) was in four agencies because of substantial increases to programs or funds they administer.

- DMAS’s appropriation increased by \$3.6 billion, primarily because of appropriations to cover increased costs of Medicaid utilization and inflation;
- DOE’s appropriation for direct aid increased by \$1.7 billion, primarily for the state share of the salary increases for teachers;
- UVA’s appropriation increased by \$1.1 billion, primarily because of increases in services at the medical center; and
- Virginia Tax’s appropriations increased by \$1.1 billion, primarily because of the \$978 million one-time general fund appropriation to the income tax rebate fund to provide tax rebates (\$200 for single filers and \$400 for married filers) in fall 2025.

Like previous years, most appropriations in FY25 were to a small number of agencies that are responsible for core government services, such as Medicaid, K–12 education, and highway construction and maintenance. Three agencies received over half of total appropriations in FY25, and two agencies received nearly half of general fund appropriations (Figure 1).

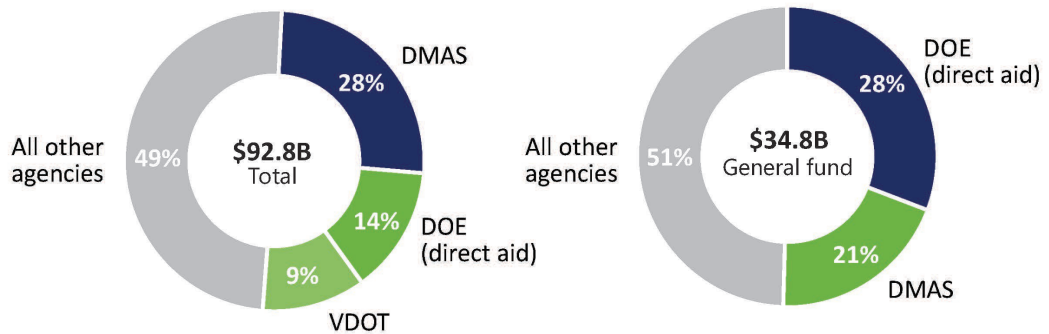
This report does not address the merits or adequacy of funding for government agencies or programs. Budget growth may change for several reasons. The growth reported here reflects the budget from economic, policy, historical, and technical perspectives during the 10-year period.

The total budget for FY25 includes \$148 million in appropriations that were vetoed by the governor. Because these amounts were technically appropriated by the General Assembly (Chapter 725), the Department of Planning and Budget unallotted the vetoed amounts from the affected agencies, and these appropriations reverted to the general fund at the end of the fiscal year. See Appendix D for more detail on vetoed amounts.

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

FIGURE 1

A small number of agencies receive about half of total and general fund appropriations (FY25)



SOURCE: Chapter 725, 2025 Acts of Assembly.

NOTE: See Appendix C for more information on the top 10 agencies that received appropriations (total, general fund, and non-general fund) in FY25. Numbers may not sum because of rounding.

Appropriations also were concentrated in a small number of programs. Ten programs received 67% of total appropriations in FY25 (Table 1), and all of these programs last year were also on the list of programs with the largest total appropriations. All but one of the programs (personnel management services) focus on the core services of education, health care, and transportation.

TABLE 1

10 programs with the largest total and general fund appropriations (FY25)

Total appropriations			
Rank	Program name	Total (\$M)	% of total
1	Medicaid program services	\$25,146.7	27%
2	State education assistance programs	10,581.6	11
3	Higher ed: Education & general (E&G) services	7,241.5	8
4	Highway construction programs	4,230.4	5
5	State health services ^a	3,788.3	4
6	Personnel management services ^b	2,660.4	3
7	Highway system maintenance and operations	2,572.0	3
8	Higher ed: Financial assistance for E&G services	2,052.4	2
9	Higher ed: auxiliary enterprises	1,949.7	2
10	Financial assistance to localities for ground transportation	1,518.6	2
Top 10 programs, subtotal		\$61,741.6	67%
Other programs, subtotal		\$31,038.9	33%
Total operating budget		\$92,780.5	100%

General fund appropriations			
Rank	Program name	Total (\$M)	% of total
1	State education assistance programs	\$9,385.3	27%
2	Medicaid program services	6,857.7	20
3	Higher ed: E&G services	2,783.5	8
4	Revenue administration services ^c	1,042.1	3
5	Bond and loan retirement and redemption ^d	1,006.9	3
6	Personal property tax relief program	950.0	3
7	Operation of secure correctional facilities	943.4	3
8	Higher ed: Student financial assistance	841.2	2
9	Financial assistance for health services ^e	682.9	2
10	Financial services for sheriff's offices and regional jails	641.6	2
Top 10 programs, subtotal		\$25,134.6	72%
Other programs, subtotal		\$9,622.5	28%
Total general fund budget		\$34,757.0	100%

SOURCE: Chapter 725, 2025 Acts of Assembly.

^a Includes activities at VDH, UVA Medical Center, and facilities operated by DBHDS and DVS. ^b Includes services for employee compensation, health benefits, insurance, retirement, and other human resource services. In subsequent budgets, "compensation and benefits adjustments" are reflected here. ^c Includes appropriations for income tax rebates. ^d Includes debt service payments for capital lease payments and general obligation and other bonds. ^e Includes funding for services provided by community services boards.

General fund appropriations were more concentrated among programs than the total budget, with two programs accounting for nearly half (47%) of general fund appropriations, and 10 programs accounting for 72%. Many of these programs focus on the core services of education, health care, and public safety. Revenue administration services—which typically has annual appropriations of about \$70 million to \$80 million—is on this year's list because of the \$978 million general fund appropriation in FY25 to cover income tax rebates in fall 2025.

Virginia's budget has grown 7% per year since FY16

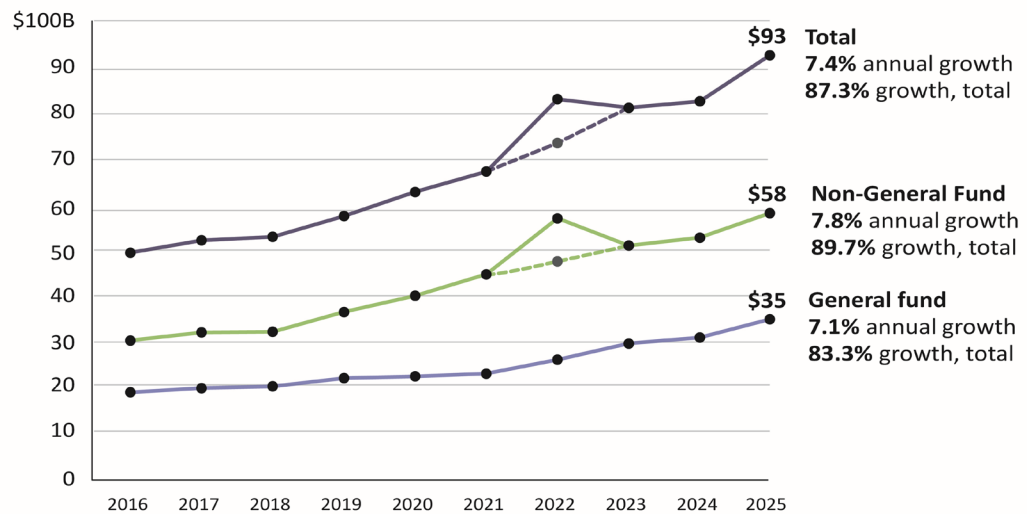
Virginia's total budget grew 7% per year, on average, between FY16 and FY25, not adjusted for inflation (Figure 2). This equated to a total growth rate of 87% over the 10-year period. A majority of this growth was in the non-general fund budget, which grew 8% per year, on average, or 90% over the 10-year period. The non-general fund budget's largest annual growth was between FY21 and FY22 (28% or \$12.6 billion), primarily because of the federal ARPA funds appropriation in FY22. When excluding federal ARPA and other COVID-19 relief funds, the non-general fund budget still grew about 7.5% per year, on average. Both rates (annual average and total growth) are higher than the typical non-general fund growth rates reported in prior *State Spending* reports before the COVID-19 pandemic, primarily because of the implementation of Medicaid expansion in FY18.

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

The state general fund budget grew at about the same rate as the total budget and at a slightly slower rate than the non-general fund budget during the 10-year period, growing 7% per year, on average (83% total growth). The general fund budget has generally grown at a faster rate since FY21, growing 14% in FY22, 15% in FY23, and 13% in FY25. These growth rates are twice as large (or nearly) as the average annual general fund growth rate over the past decade. In the 30 years between FY90 and FY21, the annual general fund growth rate had reached 13% or more only twice.

FIGURE 2

Total appropriations and general fund appropriations grew 7% per year, with non-general fund appropriations growing at a faster rate (FY16–FY25)



SOURCE: DPB data on appropriations, 2016–2025.

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

The larger general fund growth rates in FY22, FY23, and FY25 occurred for varying reasons each year, and reflect large increases in state revenue for those years.

- FY22: most of the growth was because “surplus” general fund revenue was deposited in the state’s revenue reserve funds (\$1.1 billion) and retirement fund (\$750 million).
- FY23: most of the growth was from increased appropriations for DOE (\$2.0 billion) and DMAS (\$1.2 billion), in addition to deposits of “surplus” general fund revenue into revenue reserves (\$1.1 billion), the Water Quality Improvement Fund (\$313 million), and the state’s retirement fund (\$250 million).

- FY25: most of the growth was from increased appropriations for DMAS and Virginia Tax (for the income tax rebate).

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

Economic and demographic factors, such as inflation and population, affect the budget and should be accounted for when assessing Virginia's budget growth. Inflation increased 3.3% per year, on average, between FY16 and FY25 (Table 2), which means that Virginia's budget needed to grow by at least that amount per year to have the same purchasing power over time. Adjusted for inflation using the consumer price index, Virginia's total operating budget increased 4.0% per year between FY16 and FY25, with the general fund budget increasing at a slower rate (3.7%) and the non-general fund budget increasing at a faster rate (4.3%) per year, on average, during that time (Figure 3).

TABLE 2
Key demographic and economic changes in Virginia, 2016–2025

Indicator	2016	2025	% change 2016–2025	
			Total	Annual average
Population				
Total (M)	8.4	8.9 ^a	5.4%	0.6%
Ages 65 and over (M)	1.2	1.6 ^a	26.7	2.7
Under 18 years old (M)	1.9	1.9 ^a	0.9	0.1
Living in poverty ^f	896,440	835,556 ^{a,e}	-6.8	-0.9
Economy				
Inflation (Consumer Price Index) ^b	100.0	133.8	33.8	3.3
Virginia GDP (\$B)	\$490.2	\$786.9	60.5	5.4
Total Virginia employment (M, non-farm, June)	3.9	4.3	9.2	1.1
Total state personal income (\$B)	\$439.2	\$703.6	60.2	5.5
Median Virginia home sales price (June)	\$279,000	\$446,144	59.9	5.4
Average weekly wages in Virginia	\$1,044	\$1,493 ^e	43.0	4.6
State finances ^c				
State operating budget (\$B)	\$49.5	\$92.8	87.3	7.4
State general fund budget (\$B)	\$19.0	\$34.8	83.3	7.1
Total number of state employees (salaried) ^d	105,043	114,871	9.4	1.0
Average state employee salary ^d	\$48,203	\$72,552	50.5	4.7
Taxable sales (\$B) ^f	\$101.7	\$136.4 ^e	34.1	3.8

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

NOTE: Dollars not adjusted for inflation.

^a Estimated. ^b 2016 Consumer Price Index rebased to 100. ^c On a fiscal year basis unless otherwise noted. ^d Includes salaried faculty at higher education institutions. ^e 2024. ^f Calendar year.

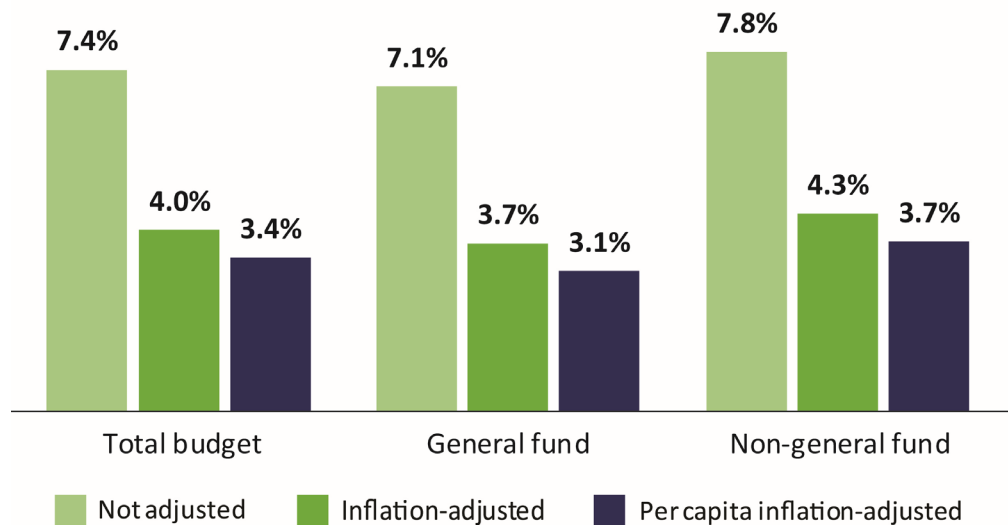
As the population grows, so does the need for some state services. Adjusted for both inflation and population growth, the total budget increased 3.4% per year; general fund appropriations increased 3.1% per year; and non-general fund appropriations increased 3.7% per year, on average, during the 10-year period (Figure 3). The annual average growth rates for all three budgets, adjusted for both inflation and population

growth, are higher than the growth rates in last year's *State Spending* report, particularly the growth rate for the general fund budget. The annual average growth rate for the general fund budget, adjusted for both inflation and population growth, is larger than the growth rates reported in the last five *State Spending* reports.

Adjusted for population and inflation, Virginia's total budget generally increased between FY16 and FY22 (with the exception of FY18) and declined in FY23. It then remained relatively flat in FY24 before increasing in FY25 (Figure 4). The largest increases occurred after FY18 (because of the implementation of Medicaid expansion), in FY22 (because of federal ARPA funds for COVID-19 relief), and in FY25 (because of increases in both the non-general fund and general fund budget).

FIGURE 3

Average annual change in appropriations adjusted for inflation and population growth, FY16–FY25



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

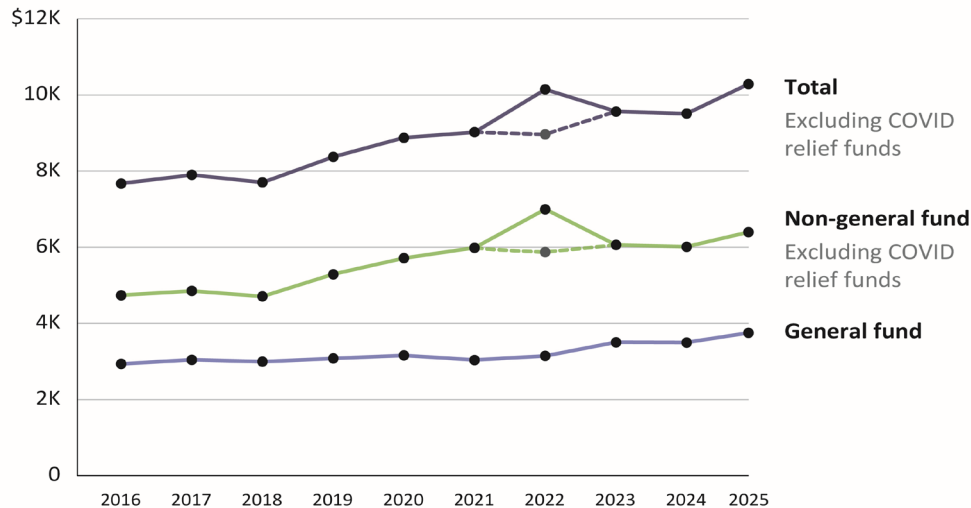
The trend for the non-general fund budget, adjusted for population and inflation, is similar to the total budget for the same reasons. *Excluding* federal ARPA and other COVID-19 relief funds, the non-general fund budget, adjusted for population and inflation, remained relatively flat between FY21 and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

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

Virginia ranked 9th for state per capita spending growth (inflation-adjusted and including capital spending) between FY14 and FY23, the most recent years for which comparable data is available (*Virginia Compared with the Other States*, JLARC 2025). Virginia's total growth rate (3.2%) for this measure was higher than all other states in the Southeast region during the same time period.

FIGURE 4

Adjusted for inflation, Virginia's total budget per capita generally increased each year, with the largest increase between FY21 and FY22



SOURCE: DPB data on appropriations, 2016–2025; Weldon Cooper Center; and U.S. Bureau of Labor Statistics.

NOTE: Average annual growth.

Economic growth affects revenue available for the budget

Virginia's economy affects the budget, and Virginia's GDP, total personal income, and employment levels increased between FY16 and FY25 (Table 2). As Virginia's employment and personal income levels grow, state general fund revenues, comprising mostly income and sales tax revenues, also grow. Annual general fund appropriations had remained at about 3.9% of Virginia GDP, on average, since FY1997 until FY25 when it increased to 4.4 percent of Virginia GDP.

Virginia's economic growth between FY16 and FY25 was similar to national economic growth, though slightly lower on three key economic measures.

- **Virginia GDP** grew 2.5% per year, on average, compared to 2.6% growth for national GDP, adjusted for inflation.
- **Virginia's labor force** grew 1.1% per year, on average, compared to 1.2% national labor force growth.
- **Virginia's personal income per capita** grew 1.6% per year, on annual average, compared to 2.8% national income per capita growth, adjusted for inflation.

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

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

Labor force **statistics** reflect the annual average change from June 2015 to June 2024. Statistics for GDP and personal income per capita reflect the annual average change from the second quarter of 2016 to the second quarter of 2025.

In total **federal spending** per capita, Virginia ranked 8th among the states in federal fiscal year 2023, the most recent year for which data is available.

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

Previous *State Spending* reports indicated Virginia’s economic growth had been lower than the nation’s, particularly between FY09 and FY13, because the state did not recover as quickly from the Great Recession. Since 2017, Virginia’s annual growth rates on these three measures have more closely mirrored national growth rates. In FY23 and FY24, Virginia experienced higher growth rates for per capita personal income and labor force employment than the nation.

Policy decisions and program growth affect budget trends

State policy decisions affect Virginia’s budget growth and allocations across agencies and budget programs. For example, in 2018 the state authorized the expansion of Medicaid to parents and childless adults with income up to 138 percent of the federal poverty level, which increased non-general fund appropriations for the Medicaid program beginning in FY19. In addition, the General Assembly provided \$382 million in general funds in FY15 and FY16, \$750 million in FY22, and \$250 million in FY23, to help pay down unfunded liabilities in the Virginia Retirement System. Other funding, such as the state’s share of the Standards of Quality payments to public schools, is set through formulas in the Virginia Constitution or statute.

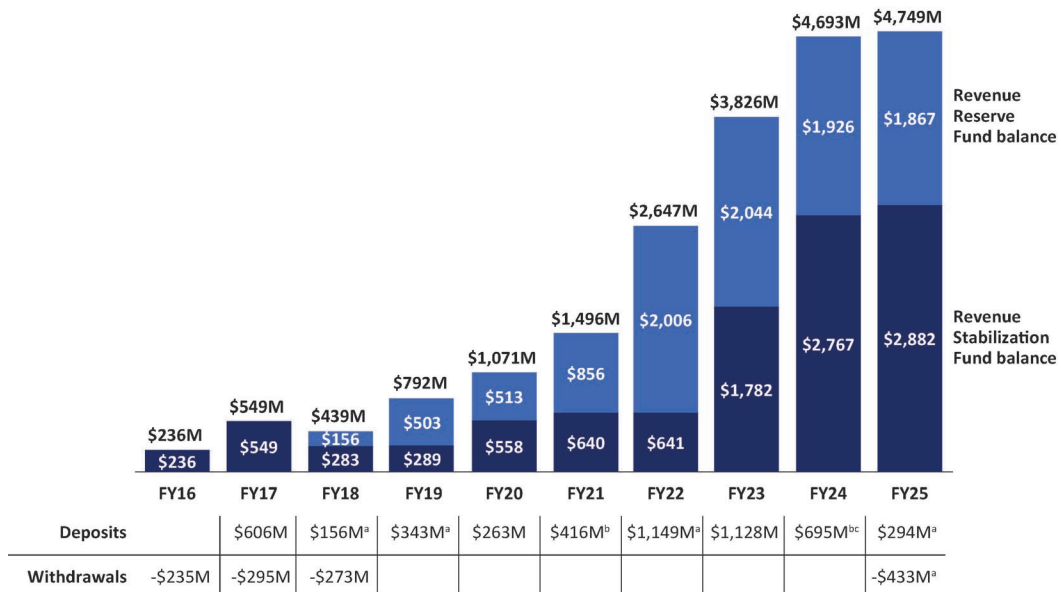
Virginia’s policy decision to reserve revenue in years of above-average revenue growth also affects the general fund budget. Each year, the legislature appropriates surplus revenues to two reserve funds—the Revenue Stabilization (rainy day) Fund and the Revenue Reserve Fund—if surplus revenues exist and certain requirements are met. Funds can also be withdrawn from the reserve funds under certain conditions. As of FY25, \$4.7 billion was in the reserve funds (Figure 5). In FY25, a deposit was made to the Revenue Reserve Fund, as well as a withdrawal, to ensure the total amounts in both funds do not exceed a cap that was established in the Appropriation Act.

Program growth also affects budget growth and can occur for several reasons, including policy changes and changes to the population served. For example, Medicaid and Children’s Health Insurance Program (CHIP) enrollment grew 77% (from 1.1 million to 2.0 million average monthly enrollees) between FY16 and FY25, which has driven growth in the Medicaid program.

Federal funding affects state budget trends

Federal funding trends and policy decisions can affect state spending. Federal trust funds have grown as a portion of Virginia’s budget over time, from an average of 14% of Virginia’s annual budget in the 1990s to an average of 21% between FY16 and FY25. Federal trust funds grew 74% between FY21 and FY22, primarily because of federal ARPA funding. The policy decision to expand Medicaid eligibility beginning in FY19 increased federal funding as a portion of Virginia’s total budget to 22% since FY18, on average.

Chapter 725 of the 2025 Appropriation Act sets the **cap for the amounts in both reserve funds** at 17.53% of average annual tax revenues derived from the certified taxes on income and retail sales for the prior three fiscal years. The cap is set at 15 percent for FY26.

FIGURE 5**Revenue in reserves totaled \$4.7 billion as of FY25**

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

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

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

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

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

Decisions to issue debt affect the state budget

When the state issues debt, the debt service required to pay off that debt affects the state's budget. Tax-supported debt service, which does not have a designated funding

source, is funded through appropriations to the Treasury Board and VDOT. The largest uses of tax-supported debt over the past decade were for higher education capital projects and teaching and research equipment (58%) and transportation projects funded through the Transportation Trust Fund (21%).

The state's outstanding tax-supported debt increased 33% (from \$11.0 billion to \$14.6 billion) between FY15 and FY24 (the most recent year available). Expenditures to cover tax-supported debt service increased 42% (from \$897 million to \$1.23 billion) between FY15 and FY24.

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

The majority of budget growth between FY16 and FY25 was concentrated in a few agencies. Over half (52%) of total budget growth occurred in two agencies: DMAS and DOE (direct aid) (Table 3). Virginia Tax and GMU are the only two agencies new to this year's list of the 10 agencies with the highest growth amounts of total appropriations. Virginia Tax is on the list because \$977.8 million was appropriated to the income tax rebate fund in FY25. GMU is on the list because of steady increases to education and general (E&G) funding over time, particularly in FY25.

TABLE 3
10 agencies with the highest growth amount in total appropriations, FY16–FY25 (\$M)

Rank	Agency	Total appropriation		Average annual growth		% of total growth
		FY16	FY25	\$	%	
1	DMAS ^a	\$9,340.4	\$26,272.8	\$1,881.4	12%	39%
2	DOE (Direct aid)	7,307.2	12,737.9	603.4	7	13
3	VDOT	5,385.2	8,639.2	361.6	6	8
4	UVA ^b	2,656.9	5,310.0	294.8	8	6
5	Virginia Tax	106.5	1,245.7	126.6	103	3
6	DBHDS	1,053.7	1,836.6	87.0	6	2
7	Va Tech	1,244.9	1,854.2	67.7	5	1
8	GMU	936.8	1,530.7	66.0	6	1
9	DCR	139.0	668.3	58.8	29	1
10	VDH	646.1	1,169.5	58.2	7	1
Top 10 agencies, subtotal		\$28,816.6	\$61,265.0	\$3,605.4	9%	75%
Other agencies, subtotal		\$20,730.2	\$31,515.5	\$1,198.4	6%	25%
Total operating budget		\$49,546.8	\$92,780.5	\$4,803.7	7%	100%

SOURCE: DPB data on appropriations, 2016–2025.

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

^a Includes \$9,120.8M in FY16 and \$ 25,906.4M in FY25 for Medicaid Services and CHIP. ^b Excludes UVA-Wise but includes the medical center.

Seven of these 10 agencies with the highest growth amounts in total appropriations were also among the 10 largest agencies in terms of FY25 total appropriations. Three were not (Virginia Tax, DCR, and VDH). (See Appendix C, Table C-1.)

Like total appropriation growth, the majority of general fund budget growth between FY16 and FY25 was concentrated in a few agencies. Slightly less than half of general fund budget growth (46%) occurred in DOE and DMAS (Table 4). Virginia Tax and the Compensation Board are the only agencies new to the list of agencies with the highest growth in general fund appropriations this year. Virginia Tax is on the list this year because the appropriation to the income tax rebate fund was from general fund revenue, and the Compensation Board is on the list because of salary increases, particularly for local commonwealth's attorneys, sheriff's deputies, and regional jail officers.

TABLE 4
10 agencies with the highest growth amount in general fund appropriations, FY16–FY25 (\$M)

Rank	Agency	<u>General fund appropriation</u>		<u>Average annual growth</u>		% of total growth
		FY16	FY25	\$	%	
1	DOE (Direct aid)	\$5,521.0	\$9,867.7	\$483.0	7%	28%
2	DMAS ^a	4,266.7	7,209.9	327.0	6	19
3	Virginia Tax	92.6	1,232.3	126.6	115	7
4	DBHDS	701.9	1,576.7	97.2	10	6
5	DOC	1,102.1	1,505.8	44.9	4	3
6	DCR	59.0	456.6	44.2	42	3
7	Treasury Board	675.0	1,006.9	36.9	5	2
8	VCCS	405.7	724.2	35.4	7	2
9	DHCD	46.5	362.2	35.1	28	2
10	Compensation Board	652.3	922.6	30.0	4	2
Top 10 agencies, subtotal		\$13,522.8	\$24,864.8	\$1,260.2	7%	72%
Other agencies, subtotal		\$5,437.9	\$9,892.2	\$494.9	7%	28%
Total general fund budget		\$18,960.7	\$34,757.0	\$1,755.1	7%	100%

SOURCE: DPB data on appropriations, 2016–2025.

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

^a Includes \$4,193.4M in FY16 and \$7,100.9M in FY25 for Medicaid Services and CHIP.

Except for DHCD, the agencies with the highest growth amount in general fund appropriations were also among the 10 largest agencies in terms of FY25 general fund appropriations. (See Appendix C, Table C-2.)

The majority of total budget growth was also concentrated in a few programs. Nearly three-fourths of the budget growth during the 10-year period occurred in 10 programs (Table 5). Two programs (Medicaid program services and state education assistance

programs) were responsible for almost half of this growth (48%). All but two of the 10 programs are in the core functions of health care, education, and transportation.

TABLE 5

10 programs with the highest growth amount in total appropriations, FY16–FY25 (\$M)

Rank	Program	Total appropriation		Average annual growth		% total growth
		FY16	FY25	\$	%	
1	Medicaid program services	\$8,850.9	\$25,146.7	\$1,810.7	12%	38%
2	State education assistance programs ^a	6,398.0	10,581.6	464.8	6	10
3	Higher ed: E&G services	4,455.0	7,241.5	309.6	6	6
4	Highway construction programs	2,197.8	4,230.4	225.8	8	5
5	State health services ^b	2,069.6	3,788.3	191.0	7	4
6	Highway system maintenance and operations	1,574.0	2,572.0	110.9	6	2
7	Revenue administration services	69.8	1,065.1	110.6	138	2
8	Personnel management services	1,822.9	2,660.4	93.1	5	2
9	Higher ed: Financial assistance for E&G services	1,394.7	2,052.4	73.1	4	2
10	Fin. assistance to localities: ground transportation	923.9	1,518.6	66.1	6	1
Top 10 programs, subtotal		\$29,756.6	\$60,857.0	\$3,455.6	8%	72%
Other programs, subtotal		\$19,790.3	\$31,923.5	\$1,348.1	7%	28%
Total operating budget		\$49,546.8	\$92,780.5	\$4,803.7	7%	100%

SOURCE: DPB data on appropriations, 2016–2025.

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

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

By program, general fund budget growth was slightly less concentrated than total budget growth, with 10 programs responsible for 70% of budget growth. Again, state education assistance programs and Medicaid program services were responsible for nearly half (42%) of the growth. Five of the 10 programs with the highest general fund budget growth provide services in education and health care (Table 6). Revenue administration services is new to the list this year because of the large appropriation to the income tax rebate fund, and financial assistance to sheriffs' offices for operating regional and local jails is on the list because of salary increases.

TABLE 6

10 programs with the highest growth amount in general fund appropriations, FY16–FY25 (\$M)

Rank	Program	General fund appropriation		Avg. annual growth		% total growth
		FY16	FY25	\$	%	
1	State education assistance programs ^a	5,498.8	\$9,385.3	431.8	6%	25%
2	Medicaid program services	4,159.5	6,857.7	299.8	6	17
3	Higher ed: E&G services	1,444.3	2,783.5	148.8	8	8
4	Revenue administration services	49.0	1,042.1	110.4	189	6
5	Higher education student financial services	259.3	841.2	64.6	14	4
6	Financial assistance for health services ^b	318.0	682.9	40.5	9	2
7	Land and resource management	24.2	383.3	39.9	85	2
8	Bond and loan retirement and redemption	675.0	1,006.9	36.9	5	2
9	Economic development services	148.5	399.1	27.8	16	2
10	Fin. assistance: sheriffs' offices and regional jails	436.0	641.6	22.8	4	1
Top 10 programs, subtotal		\$13,012.7	\$24,023.7	\$1,223.4	7%	70%
Other programs, subtotal		\$5,948.0	\$10,733.3	\$531.7	7%	30%
Total general fund budget		\$18,960.7	\$34,757.0	\$1,755.1	7%	100%

SOURCE: DPB data on appropriations, 2016–2025.

NOTE: Excludes capital appropriations. Excludes central appropriations and the revenue reserve funds, which are addressed elsewhere. Appropriations not adjusted for inflation. Numbers may not sum because of rounding. Average annual growth is the average of the nine year-to-year growth rates in the 10-year period. See Appendix F for alternative rankings, in which the 21 higher education agencies are grouped as a single line item.

^a Includes state funding for K–12 education only. The federal program has a separate program code. ^b Includes funding for services provided by community services boards.

State appropriations are also classified by their designated use, such as salaries or IT services. Appendix G provides detailed information about the largest categories for FY25 appropriations and the categories with the largest appropriation growth amounts.

Non-general fund appropriations continue to drive total budget growth

The state budget draws upon hundreds of revenue sources that are grouped into 10 broad categories, nine of which are non-general fund revenue sources. Statute governs the use of non-general funds and requires fewer decisions than general funds. Non-general funds—which include a variety of pass-through payments such as child support, college tuition, lottery and ABC sales, and payments from the federal government—are still appropriated because the Virginia Constitution requires that state spending occurs through only appropriations made by the General Assembly. These non-general funds are responsible for 63% of total budget growth over the 10-year period (Table 7). Two non-general fund categories exceeded average annual general fund growth (7.1%) over this period.

The non-general fund categories with the largest growth amounts in appropriations over the past decade were federal trust, commonwealth transportation, higher education operating, and dedicated special revenue. These funds constitute 58% of the total increase in non-general fund appropriations between FY16 and FY25. The federal trust fund and dedicated special revenue funds also experienced the fastest growth rate, at an average annual *rate* of 15% and 13%, respectively, over the last decade (Table 7). The federal trust fund has a high average annual growth rate because of increases in federal funds for Medicaid expansion and ARPA funds for COVID-19 relief. Dedicated special revenue funds have a high average annual growth rate because of increasing fees and payments collected for the health-care provider assessment fund (which is used to fund Virginia's state match for Medicaid expansion) and for various regional transportation funds. The federal trust fund is usually the non-general fund category with the largest growth *amount*.

TABLE 7
Non-general fund growth by category, FY16–FY25 (\$M)

Non-general fund category	Total appropriation		Avg annual growth		% of total growth
	FY16	FY25	\$	%	
Federal Trust	\$7,660.40	\$21,575.9	\$1,546.2	15%	32%
Commonwealth Transportation	4,975.8	9,234.1	473.1	7	10
Higher Education Operating	8,029.6	11,681.0	405.7	4	8
Dedicated Special Revenue	1,835.4	5,187.9	372.5	13	8
Enterprise	1,443.2	2,626.4	131.5	7	3
Internal Service	1,908.5	2,548.4	71.1	3	1
Special	1,752.8	2,076.3	35.9	2	1
Trust and Agency	2,652.2	2,784.8	14.7	1	0
Debt Service	328.2	308.8	(2.2)	-1	0
Non-general funds	\$30,586.1	\$58,023.5	\$3,048.6	8%	63%
General fund	\$18,960.7	\$34,757.0	\$1,755.1	7%	37%
Total all funds	\$49,546.8	\$92,780.5	\$4,803.7	7%	100%

SOURCE: DPB data on appropriations, 2016–2025; Commonwealth Accounting Policies and Procedures Manual.

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

Non-general fund categories

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

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

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

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

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

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

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

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

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

DMAS, VDOT, and three universities are among the 10 agencies with the largest increases in non-general fund appropriations (Table 8). DMAS by far had the largest growth because of Medicaid expansion, the enhanced federal match rate during the COVID-19 pandemic, and increased costs for utilization and inflation. DMAS accounted for just over half (51%) of total non-general fund growth during the 10-year period.

TABLE 8

10 agencies with the highest growth amount in non-general fund appropriations, FY16–FY25(\$M)

Rank	Agency	Non-general fund appropriation		Average annual growth		% total growth
		FY16	FY25	\$	%	
1	DMAS ^a	\$5,073.7	\$19,062.9	\$1,554.4	16%	51%
2	VDOT	5,317.0	8,317.0	333.3	5	11
3	UVA ^b	2,519.5	5,053.6	281.6	8	9
4	DOE (direct aid)	1,786.2	2,870.2	120.4	6	4
5	Va Tech	1,070.3	1,527.4	50.8	4	2
6	ABC	652.3	1,086.2	48.2	6	2
7	SCC	94.4	519.4	47.2	32	2
8	GMU	793.9	1,182.7	43.2	5	1
9	DRPT	592.4	963.1	41.2	6	1
10	VDH	480.6	842.9	40.3	7	1
Top 10 agencies, subtotal		\$18,380.4	\$41,425.5	\$2,560.6	10%	84%
Other agencies, subtotal		\$12,205.7	\$16,598.0	\$488.0	6%	16%
Total non-general fund budget		\$30,586.1	\$58,023.5	\$3,048.6	8%	100%

SOURCE: DPB data on appropriations, 2016–2025.

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

^a Includes \$4,927.4M in FY16 and \$18,805.5M in FY25 for Medicaid Services and CHIP. ^b Excludes UVA-Wise but includes the medical center.

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

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

The growth in non-general funds in the past decade has resulted in sustained growth in the state budget even in years when the general fund declined. Throughout the 1980s and 1990s, the split between general fund and non-general fund appropriations was around 50%. Starting in FY03, non-general funds consistently constituted a majority of the state's budget, and their share of the budget has continued to increase. Non-general funds now account for about 63% of the total state budget (Table 7).

Some agencies have had very large percentage increases in appropriations since FY16

Some agencies experienced very large total growth *rates* between FY16 and FY25. These agencies, however, did not necessarily experience the largest growth in appropriation *amounts*.

Forty-two agencies had total general fund growth rates that exceeded the general fund growth rate over the 10-year period. The 10 fastest-growing state agencies each had general fund growth rates of 249% or more (Table 9), far exceeding the total general fund growth rate of 83% over the 10-year period. Most of these agencies are relatively small or primarily receive non-general fund appropriations (e.g., VDOT). Therefore, even though these agencies experienced high general fund growth rates, their growth made up a small proportion of total general fund budget growth.

TABLE 9

10 agencies with the fastest growth rates in general fund appropriations, FY16–FY25 (\$M)

Rank	Agency	General fund appropriation		General fund growth		
		FY16	FY25	\$M	%	% of total
1	VIPA	\$8.2	\$132.5	\$124.3	1,510%	0.8%
2	Virginia Tax	92.6	1,232.3	1,139.8	1,231	7.2
3	DHR	6.1	56.9	50.8	832	0.3
4	DHCD	46.5	362.2	315.6	678	2.0
5	DCR	59.0	456.6	397.6	674	2.5
6	DEQ	43.3	215.5	172.2	398	1.1
7	VDOT	68.1	322.3	254.1	373	1.6
8	DVS	14.1	61.7	47.6	338	0.3
9	ELECT	8.8	31.3	22.5	257	0.1
10	SCHEV	82.8	288.9	206.1	249	1.3
Top 10 agencies, subtotal		\$429.5	\$3,160.2	\$2,730.7	636%	17%
Other agencies, subtotal		\$18,531.2	\$31,596.8	\$13,065.7	71%	83%
Total general fund budget		\$18,960.7	\$34,757.0	\$15,796.3	83%	100%

SOURCE: DPB data on appropriations, 2016 and 2025.

NOTE: Excludes capital appropriations. Top 10 list includes agencies with general fund appropriations of at least \$5 million in FY16 and excludes central appropriations. Appropriations not adjusted for inflation. Numbers may not sum because of rounding. See Appendix F for alternative rankings, in which the 21 higher education agencies are grouped as a single line item.

Explanation of general fund growth in Table 9

VIPA – Growth was primarily because of increased funding to support hiring researchers across four higher education institutions (UVA, VCU, Virginia Tech, and ODU) to enhance Virginia’s life sciences research capacity.

Virginia Tax – Growth was primarily because of the one-time general fund appropriation to the income tax rebate fund to provide tax rebates (\$200 for single filers and \$400 for married filers) in fall 2025.

DHR – Growth was primarily because of increased funding for battlefield preservation and preservation of historic sites, particularly for the country’s 250th anniversary, and flood protection for the Jamestown Settlement.

DHCD – The majority of this increase was for appropriations to the Virginia Housing Trust Fund and for relief for Hurricane Helene. About \$59.2 million in general funds for DHCD was vetoed by the governor; most of the vetoed amounts were related to housing assistance.

DCR – Growth was because of mandatory deposits to the Water Quality Improvement Fund (WQIF), which is administered by DCR (and DEQ) and used to implement agricultural best management practices and other nonpoint source pollution prevention strategies and for community flood preparedness. About \$52.3 million in general fund appropriations for DCR was vetoed by the governor; most of the vetoed amount was for flood prevention.

DEQ – Growth was because of a mandatory deposit to the Water Quality Improvement Fund (WQIF), which is administered by DEQ (and DCR) and used for local stormwater assistance and wastewater treatment system upgrades, remediation of the City of Bristol landfill, appropriations for the Richmond combined sewer overflow project, and appropriations for pilot projects to reduce nonpoint source pollution in the Chesapeake Bay watershed.

VDOT – Growth was because of appropriations for I-81 improvements, operating support for the Washington Metropolitan Area Transit Authority, and toll relief for low-income individuals in Portsmouth and Norfolk.

DVS – Funding has increased throughout the study period because of new programs and facilities, including eight new field offices, the Virginia Veteran and Family Support program, a third cemetery, and a suicide and opiate use prevention program; increases in staff and facility support for the Virginia War Memorial; and projects within the National Museum of the United States Army in Fairfax County. In FY25, the agency received a one-time appropriation to support start-up operations of the Jones & Cabacoy and Puller Veterans Care Centers.

ELECT – Growth was primarily for appropriations to replace federal funds for improving voting systems and voter access with state funds and for voter education and notification of district changes.

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

The non-general fund budgets of 13 agencies grew as fast, or faster, than the overall non-general fund budget growth of 88% during the 10-year period. The combined growth of the 10 fastest-growing agencies, except for DMAS, made up only a small percentage of total non-general fund growth during the time period (Table 10).

TABLE 10

10 agencies with the fastest growth rate in non-general fund appropriations, FY16–FY25 (\$M)

Rank	Agency	<u>Non-general fund appropriation</u>		<u>Non-general fund growth</u>		
		FY16	FY25	\$	%	% of total
1	DHRM	\$8.1	\$114.3	\$106.2	1,311%	0.4%
2	Treasury	11.8	71.5	59.6	503	0.2
3	SCC	94.4	519.4	425.0	450	1.5
4	DOE (central office)	43.3	196.9	153.7	355	0.6
5	DMAS	5,073.7	19,062.9	13,989.2	276	51.0
6	SCHEV	9.4	27.6	18.2	193	0.1
7	DCR	80.0	211.6	131.7	165	0.5
8	DVS	47.1	111.4	64.3	136	0.2
9	DCJS	53.6	112.0	58.5	109	0.2
10	UVA	2,519.5	5,053.6	2,534.1	101	9.2
Top 10 agencies, subtotal		\$7,940.9	\$25,481.4	\$17,540.5	221%	63.9%
Other agencies, subtotal		\$22,645.2	\$32,542.1	\$9,896.9	44%	36.1%
Total non-general fund budget		\$30,586.1	\$58,023.5	\$27,437.4	90%	100.0%

SOURCE: DPB data on appropriations, 2016 and 2025.

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

Explanation of non-general fund growth in Table 10

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

Treasury – The increase was primarily for establishing an appropriation for risk management claims and administrative costs for state insurance trust funds, in accordance with federal guidelines for recording internal service fund expenditures (FY19) and increased premiums for aircraft and watercraft insurance (FY23–FY25).

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

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

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

SCHEV – The increase was for a one-time appropriation of federal funding for the Workforce Credential Grant program in FY25.

DCR – Growth was primarily because of nongeneral fund support for agricultural best management practices and technical assistance. About \$52.3 million in general fund appropriations for DCR was vetoed by the governor; most of the vetoed amount was for flood prevention. When these vetoed funds are removed from the FY25 appropriation, DCR’s growth rate is reduced from 132 percent to 99 percent.

DVS – This increase was mostly to operate and staff new veterans care facilities in FY20 and in FY22 and increases in FY25 to support the operations of the Jones and Cabacoy and Puller Veterans Care Centers.

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

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

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

General fund appropriation declined for only one agency over the 10-year period, not adjusted for inflation: DHRM (-3%). The appropriations of nine other agencies grew slower than inflation (33.8%), including

- Virginia Museum of Fine Arts,
- Institute for Advanced Learning and Research,
- Department of Planning and Budget,
- Department of Juvenile Justice,
- The Science Museum of Virginia,
- Department of Accounts,
- Circuit Courts,
- Department of Small Business and Supplier Diversity and
- Combined District Courts.

All but two of these agencies (VMFA and DOA) also experienced total budget growth that was less than inflation.

Appendix A: Study mandate

Code of Virginia

§ 30-58.3. Annual Report on State Spending.

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

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

Appendix B: Research methods and activities

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

Data collection

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

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

Key elements of the fiscal and demographic data sets are included in appendixes to this report.

Document review

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

Appendix C: 10 agencies with largest appropriations

TABLE C-1

10 agencies with largest total appropriations, FY16 and FY25 (\$M)

FY16				FY25			
Rank	Agency	Total	% of total	Rank	Agency	Total	% of total
1	DMAS	\$9,340.4	19%	1	DMAS	\$26,272.8	28%
2	DOE (Direct aid)	7,307.2	15	2	DOE (Direct aid)	12,737.9	14
3	VDOT	5,385.2	11	3	VDOT	8,639.2	9
4	UVA	2,656.9	5	4	UVA	5,310.0	6
5	DSS	1,992.7	4	5	DSS	2,495.1	3
6	VCCS	1,676.6	3	6	Va Tech	1,854.2	2
7	Va Tech	1,244.9	3	7	DBHDS	1,836.6	2
8	DOC	1,173.9	2	8	DOC	1,580.6	2
9	VCU	1,085.2	2	9	GMU	1,530.7	2
10	DBHDS	1,053.7	2	10	VCU	1,514.9	2
Top 10 agencies, subtotal		\$32,916.6	66%	Top 10 agencies, subtotal		\$63,772.0	69%
Other agencies, subtotal		\$16,630.3	34%	Other agencies, subtotal		\$29,008.5	31%
Total operating budget		\$49,546.8	100%	Total operating budget		\$92,780.5	100%

SOURCE: DPB data on appropriations, 2016 and 2025.

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

^a Includes \$9,120.8M in FY16 and \$ 25,906.4M in FY25 for Medicaid Services and the Children's Health Insurance Program (CHIP).^b Excludes UVA-Wise but includes the medical center.

TABLE C-2

10 agencies with largest general fund appropriations, FY16 and FY25 (\$M)

FY16				FY25			
Rank	Agency	Total	% of total	Rank	Agency	Total	% of total
1	DOE (Direct aid)	\$5,521.0	29%	1	DOE (Direct aid)	\$9,867.7	28%
2	DMAS ^a	4,266.7	23	2	DMAS ^a	7,209.9	21
3	DOC	1,102.1	6	3	DBHDS	1,576.7	5
4	DBHDS	701.9	4	4	DOC	1,505.8	4
5	Treasury Board	675.0	4	5	Virginia Tax	1,232.3	4
6	Compensation Board	652.3	3	6	Treasury Board	1,006.9	3
7	VCCS	405.7	2	7	Comp. Board	922.6	3
8	DSS	403.3	2	8	VCCS	724.2	2
9	VSP	250.3	1	9	DSS	581.9	2
10	CSA	237.2	1	10	DCR	456.6	1
Top 10 agencies, subtotal		\$14,215.5	75%	Top 10 agencies, subtotal		\$25,084.5	72%
Other agencies, subtotal		\$4,745.2	25%	Other agencies, subtotal		\$9,672.6	28%
Total general fund budget		\$18,960.7	100%	Total general fund budget		\$34,757.0	100%

SOURCE: DPB data on appropriations, 2016 and 2025.

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

^a Includes \$4,193.4M in FY16 and \$7,100.9M in FY25 for Medicaid Services and CHIP.

TABLE C-3
10 agencies with largest non-general fund appropriations, FY16 and FY25 (\$M)

FY16				FY25			
Rank	Agency	Total	% of total	Rank	Agency	Total	% of total
1	VDOT	\$5,317.0	17%	1	DMAS ^a	\$19,062.9	33%
2	DMAS ^a	5,073.7	17	2	VDOT	8,317.0	14
3	UVA ^b	2,519.5	8	3	UVA ^b	5,053.6	9
4	DOE (Direct aid)	1,786.2	6	4	DOE (Direct aid)	2,870.2	5
5	DSS	1,589.5	5	5	DSS	1,913.2	3
6	VCCS	1,270.8	4	6	Va Tech	1,527.4	3
7	Va Tech	1,070.3	3	7	GMU	1,182.7	2
8	VCU	886.2	3	8	VCU	1,121.5	2
9	GMU	793.9	3	9	ABC	1,086.2	2
10	ABC	652.3	2	10	DRPT	963.1	2
Top 10 agencies, subtotal		\$20,959.5	69%	Top 10 agencies, subtotal		\$43,098.0	74%
Other agencies, subtotal		\$9,626.6	31%	Other agencies, subtotal		\$14,925.6	26%
Total non-general fund budget		\$30,586.1	100%	Total non-general fund budget		\$58,023.5	100%

SOURCE: DPB data on appropriations, 2016 and 2025.

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

^a Includes \$4,927.4M in FY16 and \$18,805.5M in FY25 for Medicaid Services and CHIP. ^b Excludes UVA-Wise but includes the medical center.

Appendix D: Virginia's operating appropriations, FY16–FY25

Virginia's operating budget appropriations totaled \$92.8 billion in FY25 (Table D-1). The total operating budget grew 7.4 percent per year, on average, during the 10-year period, primarily because of growth in non-general fund appropriations.

TABLE D-1
Virginia's operating appropriations, FY16–FY25 (\$M)

Fiscal year	General fund		Non-general fund		Total	
	Amount	% change	Amount	% change	Amount	% change
2016	\$18,961		\$30,586		\$49,547	
2017	20,114	6.1%	32,073	4.9%	52,187	5.3%
2018	20,450	1.7	32,164	0.3	52,614	0.8
2019	21,443	4.9	36,799	14.4	58,242	10.7
2020	22,283	3.9	40,288	9.5	62,572	7.4
2021	22,720	2.0	44,774	11.1	67,495	7.9
2022	25,802	13.6	57,363	28.1	83,165	23.2
2023	29,684	15.0	51,381	-10.4	81,065	-2.5
2024	30,639	3.2	52,663	2.5	83,302	2.8
2025	34,757	13.4	58,024	10.2	92,781	11.4
Change 2016-2025	\$15,796	83.3%	\$27,437	89.7%	\$43,234	87.3%
Average annual change		7.1%		7.8%		7.4%

SOURCE: DPB data on appropriations, 2016–2025.

NOTE: Operating funds only; excludes capital appropriations.

FY25 budget includes appropriations vetoed by the governor

FY25 appropriations include \$147.9 million across 13 agencies vetoed by the governor (Table D-2). The majority of the vetoed items were related to flood prevention, housing assistance, and a child care pilot program. These vetoes are listed in Chapter 725, but the corresponding appropriations are not removed from appropriated amounts. DPB unallotted the vetoed amounts from the affected agencies when the budget is executed, and these appropriations reverted to the general fund at the end of the fiscal year.

COVID-19 relief funds in the budget

Virginia received \$18 billion in federal COVID-19 relief funds in FY20 and FY21 through the Coronavirus Preparedness and Response Supplemental Appropriations Act; the Families First Coronavirus Response Act; and the Coronavirus Aid, Relief, and Economic Security Act. These funds were appropriated or allocated to various state agencies and programs but are not included in the FY20 and FY21 operating budget amounts in the appropriations act (Table D-1) because an atypical process was used to appropriate these funds. The General Assembly authorized the governor to appropriate funds to state agencies, institutions of higher education, and other permissible entities in the 2020 Appropriation Act (Chapter 1289) and directed the governor how to appropriate remaining federal relief funds in the 2021 Appropriation Act (Chapter 552, Special Session I). The vast majority of the funds were provided to 10 programs each year (Table D-3).

TABLE D-2**Appropriations for FY25 include \$147.9 million vetoed by the governor**

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

SOURCE: DPB data.

The General Assembly included \$9.2 billion in appropriations of federal COVID-19 relief funds from the American Rescue Plan Act of 2021 (ARPA) in the FY22 operating budget (\$83.2 billion in total) in Item 479.20 (central appropriations). Like prior COVID-19 relief funding distributions, local school divisions and the unemployment assistance program were among the top recipients of ARPA funds (Table D-4).

The General Assembly included \$1.1 billion in appropriations of federal COVID-19 relief ARPA funds in the FY23 operating budget (\$81.1 billion in total) in Item 486 (central appropriations). Like prior COVID-19 relief funding distributions, sewer and wastewater treatment facilities, local school divisions, and the unemployment assistance program were among the top recipients of ARPA funds (Table D-5).

The General Assembly appropriated the remaining federal COVID-19 relief ARPA funds in FY24 (\$143 million in appropriations) in Item 486 (central appropriations). The vast majority of the funding was for grants to VDH (\$51 million), public health initiatives (\$50 million), small community drinking water systems (\$25 million), and direct aid to public education (\$10 million).

TABLE D-3
10 programs or services with largest federal COVID-19 relief appropriations, FY20 and FY21

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

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

SOURCE: DPB website.

NOTE: FY20 and FY21 amounts exclude funds that were legislatively appropriated through a general appropriation act (Chapter 1289 or 552) and included in operating budget totals.

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

TABLE D-4
10 service categories with largest federal ARPA appropriations, FY22

Rank	Service category	Total (\$M)	% of total
1	Direct aid to public education	\$1,974.27	21%
2	Unemployment assistance services	1,456.12	16
3	Child care grants	794.10	9
4	Broadband initiatives	709.24	8
5	Higher education emergency relief	667.28	7
6	Emergency rental assistance	465.51	5
7	Grants to localities	316.88	3
8	Sewer and wastewater treatment facilities	305.75	3
9	Education – local school division ventilation systems	257.00	3
10	Rebuild VA	250.00	3
Top 10 service categories, subtotal		\$6,661.6	72%
Other service categories, subtotal		\$2,537.1	28%
Total federal ARPA appropriations		\$9,198.7	100%

SOURCE: DPB website.

NOTE: Of the ARPA funds appropriated, \$3.2 billion were from the State and Local Recovery Fund, \$222 million were from the Capital Project Fund, and \$5.7 billion were Elementary & Secondary School Emergency Relief and other grants. The FY22 total operating budget also included another \$282.5 million in federal COVID-19 relief funds appropriated directly to DOE and VDH that are not included in this table.

TABLE D-5
10 service categories with largest federal ARPA appropriations, FY23

Rank	Service category	Total (\$M)	% of total
1	Sewer and wastewater treatment facilities	\$298.2	28%
2	Direct aid to public education	147.6	14
3	Grants to VDH ^a	144.7	14
4	Public health initiatives ^b	109.0	10
5	DBHDS mental health services ^c	103.6	10
6	Law enforcement grants	75.0	7
7	Medicaid and DSS redeterminations	38.1	4
8	Expand DHCD Main Street and derelict structures program	31.6	3
9	Small community drinking water systems	25.2	2
10	Unemployment assistance	17.6	2
Top 10 service categories, subtotal		\$990.5	94%
Other service categories, subtotal		\$67.8	6%
Total federal ARPA appropriations		\$1,058.3	100%

SOURCE: DPB.

NOTE: The total is \$4.65 million higher than the appropriation for disaster planning and operations (Item 486) because the DPB director authorized the transfer of \$4.65 million from FY24 to FY23 pursuant to the authority granted in Section 4-1.03 c.5. of the Appropriation Act. The FY23 total operating budget (\$82 billion) also included another \$380 million in federal COVID-19 relief funds appropriated directly to agencies such as VDH and DOE that are not included in this table.

^a Includes various funding from grants other than the State and Local Recovery fund to VDH primarily for crisis response, epidemiology and lab testing, and vaccine preparedness. ^b Primarily includes funds for DMAS to pay hospitals for COVID-19 related expenses and for health and human services agencies to modernize information systems and digitize health records. ^c Primarily includes funds for mental health treatment centers and community-based services.

Appendix E: Virginia's appropriations for internal services FY16–FY25

Agencies that centrally provide services, such as IT (VITA), property management (DGS), and financial services (DOA), operate internal service funds to recoup costs incurred for performing services for other agencies. Starting in FY15, agencies with internal service funds began receiving non-general fund appropriation amounts for the cost of goods and services provided to other agencies. Prior to FY15, they received a sum sufficient appropriation to account for the goods and services provided.

TABLE E-1

Virginia's appropriations for internal services grew at slower rate than the non-general fund budget, FY16–FY25 (\$M)

Agency	Services provided to other agencies	Total appropriations		Avg annual growth		% of total growth
		FY16	FY25	\$	%	
DHRM	Administration of health insurance	\$1,368.2	\$1,873.5	\$56.1	3.7%	1.8%
VITA	IT services	349.8	432.5	9.2	3.0	0.3
DOA	Payroll and other financial services	24.4	49.5	2.8	9.2	0.1
DGS	Real estate, procurement, transportation	165.8	187.6	2.4	1.4	0.1
Sec. of administration	Commonwealth data sharing platform	--	5.3	0.7	23.1	--
Total non-general fund budget, internal services		\$1,908.5	\$2,548.4	\$71.1	3.4%	2.3%
Total non-general fund budget		\$30,586.13	\$58,023.51	\$3,048.60	7.8%	100.0%

SOURCE: DPB data on appropriations, 2016 to 2025.

NOTE: FY16 total non-general fund appropriations, internal services include \$290,000 fund for SCHEV, which received appropriations between FY12 and FY16. In FY21, total non-general fund appropriations, internal services began including funding for the secretary of administration. Appropriations not adjusted for inflation. Numbers may not sum because of rounding.

Appendix F: Higher education funding in Virginia's budget

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

TABLE F-1 (Table 3 with higher education agencies grouped)
10 agencies with the highest growth amount in total appropriations, FY16–FY25 (\$M)

Rank	Agency	Total appropriation		Average annual growth		% total growth
		FY16	FY25	\$	%	
1	DMAS	\$9,340.4	\$26,272.8	\$1,881.4	12%	39%
2	Higher education	10,038.2	15,642.5	622.7	5	13
3	DOE (direct aid)	7,307.2	12,737.9	603.4	7	13
4	VDOT	5,385.2	8,639.2	361.6	6	8
5	Virginia Tax	106.5	1,245.7	126.6	103	3
6	DBHDS	1,053.7	1,836.6	87.0	6	2
7	DCR	139.0	668.3	58.8	29	1
8	VDH	646.1	1,169.5	58.2	7	1
9	DRPT	592.4	1,100.2	56.4	8	1
10	DSS	1,992.7	2,495.1	55.8	3	1
Top 10 agencies, subtotal		\$36,601.4	\$71,807.9	\$3,911.8	7%	81%
Other agencies, subtotal		\$12,945.5	\$20,972.7	\$891.9	8%	19%
Total operating budget		\$49,546.8	\$92,780.5	\$4,803.7	7%	100%

TABLE F-2 (Table 4 with higher education agencies grouped)
10 agencies with the highest growth amount in general fund appropriations, FY16–FY25 (\$M)

Rank	Agency	General fund appropriation		Average annual growth		% total growth
		FY16	FY25	\$	%	
1	DOE (Direct aid)	\$5,521.0	\$9,867.7	\$483.0	7%	28%
2	DMAS	4,266.7	7,209.9	327.0	6	19
3	Higher education	1,717.8	3,697.5	220.0	9	13
4	Virginia Tax	92.6	1,232.3	126.6	115	7
5	DBHDS	701.9	1,576.7	97.2	10	6
6	DOC	1,102.1	1,505.8	44.9	4	3
7	DCR	59.0	456.6	44.2	42	3
8	Treasury Board	675.0	1,006.9	36.9	5	2
9	DHCD	46.5	362.2	35.1	28	2
10	Compensation Board	652.3	922.6	30.0	4	2
Top 10 agencies, subtotal		\$14,834.9	\$27,838.1	\$1,444.8	7%	82%
Other agencies, subtotal		\$4,125.8	\$6,918.9	\$310.4	7%	18%
Total general fund budget		\$18,960.7	\$34,757.0	\$1,755.1	7%	100%

TABLE F-3 (Table 8 with higher education agencies grouped)
 10 agencies with the highest growth amount in non-general fund appropriations, FY16–FY25 (\$M)

Rank	Agency	Non-general fund appropriation		Average annual growth		% total growth
		FY16	FY25	\$	%	
1	DMAS	\$5,073.7	\$19,062.9	\$1,554.4	16%	51%
2	Higher education	8,320.4	11,945.1	402.7	4	13
3	VDOT	5,317.0	8,317.0	333.3	5	11
4	DOE (direct aid)	1,786.2	2,870.2	120.4	6	4
5	Virginia Lottery	97.3	595.1	55.3	44	2
6	ABC	652.3	1,086.2	48.2	6	2
7	SCC	94.4	519.4	47.2	32	2
8	DRPT	592.4	963.1	41.2	6	1
9	VDH	480.6	842.9	40.3	7	1
10	DSS	1,589.5	1,913.2	36.0	2	1
Top 10 agencies, subtotal		\$24,003.8	\$48,115.1	\$2,679.0	8%	88%
Other agencies, subtotal		\$6,582.4	\$9,908.4	\$369.6	11%	12%
Total non-general fund budget		\$30,586.1	\$58,023.5	\$3,048.6	8%	100%

TABLE F-4 (Table 9 with higher education agencies grouped)
 10 agencies with the fastest growth rate in general fund appropriations, FY16–FY25 (\$M)

Rank	Agency	General fund appropriation		General fund growth		
		FY16	FY25	\$	%	% of total
1	VIPA	\$8.2	\$132.5	\$124.3	1510%	1%
2	Virginia Tax	92.6	1,232.3	1,139.8	1231	7
3	DHR	6.1	56.9	50.8	832	0
4	DHCD	46.5	362.2	315.6	678	2
5	DCR	59.0	456.6	397.6	674	3
6	DEQ	43.3	215.5	172.2	398	1
7	VDOT	68.1	322.3	254.1	373	2
8	DVS	14.1	61.7	47.6	338	0
9	ELECT	8.8	31.3	22.5	257	0
10	VEDP	19.3	54.5	35.2	182	0
Top 10 agencies, subtotal		\$366.0	\$2,925.7	\$2,559.7	699%	16%
17	Higher education	1,717.8	3,697.5	1,979.6	115%	13%
Other agencies, subtotal		\$18,594.7	\$31,831.3	\$13,236.6	71%	84%
Total general fund budget		\$18,960.7	\$34,757.0	\$15,796.3	83%	100%

TABLE F-5 (Table 10 with higher education agencies grouped)
10 agencies with the fastest growth rate in non-general fund appropriations, FY16–FY25 (\$M)

Rank	Agency	Non-general fund appropriation		Non-general fund growth		
		FY16	FY25	\$	%	% of total
1	DHRM	\$8.1	\$114.3	\$106.2	1311%	0%
2	Lottery	97.3	595.1	497.8	511	2
3	Treasury	11.8	71.5	59.6	503	0
4	SCC	94.4	519.4	425.0	450	2
5	DOE (central office)	43.3	196.9	153.7	355	1
6	DMAS	5,073.7	19,062.9	13,989.2	276	51
7	DCR	80.0	211.6	131.7	165	0
8	DVS	47.1	111.4	64.3	136	0
9	DCJS	53.6	112.0	58.5	109	0
10	DOA	25.3	50.6	25.3	100	0
Top 10 agencies, subtotal		\$5,534.6	\$21,045.8	\$15,511.3	280%	57%
29	Higher education	8,320.4	11,945.1	3,624.7	44%	13%
Other agencies, subtotal		\$25,051.6	\$36,977.7	\$11,926.1	48%	43%
Total non-general fund budget		\$30,586.1	\$58,023.5	\$27,437.4	90%	100%

TABLE F-6 (Table 5 with higher education agencies grouped)
10 largest program increases in total appropriations, FY16–FY25 (\$M)

Rank	Program	Total appropriation		Avg. annual growth		% total growth
		FY16	FY25	\$	%	
1	Medicaid program services	\$8,850.9	\$25,146.7	\$1,810.7	12%	38%
2	State education assistance programs ^a	6,398.0	10,581.6	464.8	6	10
3	Higher education	8,488.0	12,599.1	456.8	5	10
4	Highway construction programs	2,197.8	4,230.4	225.8	8	5
5	State health services ^b	2,069.6	3,788.3	191.0	7	4
6	Highway system maintenance and operation	1,574.0	2,572.0	110.9	6	2
7	Revenue administration services	69.8	1,065.1	110.6	138	2
8	Personnel management services ^c	1,822.9	2,660.4	93.1	5	2
9	Financial assistance to localities (transportation)	923.9	1,518.6	66.1	6	1
10	Alcoholic beverage merchandising	887.1	1,480.0	65.9	6	1
Top 10 programs, subtotal		\$33,282.0	\$65,642.2	\$3,595.6	8%	75%
Other programs, subtotal		\$16,264.9	\$27,138.3	\$1,208.2	7%	25%
Total operating budget		\$49,546.8	\$92,780.5	\$4,803.7	7%	100%

NOTE: See Table F-7 for Table notes.

TABLE F-7 (Table 6 with higher education agencies grouped)
10 largest program increases in general fund appropriations, FY16–FY25 (\$M)

Rank	Program	<u>General fund appropriation</u>		<u>Avg. annual growth</u>		<u>% total growth</u>
		FY16	FY25	\$	%	
1	State education assistance programs ^a	\$5,498.8	\$9,385.3	\$431.8	6%	25%
2	Medicaid program services	4,159.5	6,857.7	299.8	6	17
3	Higher education	1,781.4	3,841.8	228.9	9	13
4	Revenue administration services	49.0	1,042.1	110.4	189	6
5	Financial assistance for health services	318.0	682.9	40.5	9	2
6	Land and resource management	24.2	383.3	39.9	85	2
7	Bond and loan retirement and redemption	675.0	1,006.9	36.9	5	2
8	Economic development services	148.5	399.1	27.8	16	2
9	Fin. assist. for sheriffs' offices and regional jails	436.0	641.6	22.8	4	1
10	Housing assistance services	18.2	210.1	21.3	43	1
Top 10 programs, subtotal		\$13,108.6	\$24,450.9	\$1,260.3	7%	72%
Other programs, subtotal		\$5,852.1	\$10,306.1	\$494.9	7%	28%
Total general fund budget		\$18,960.7	\$34,757.0	\$1,755.1	7%	100%

Tables F-1 through F-7.

SOURCE: DPB data on appropriations, 2016–2025.

NOTE: Excludes capital appropriations. Top 10 list excludes central appropriations and transfer payments. Top 10 list also excludes the Virginia Lottery, which received a \$350 million increase in appropriations in FY19 because of the technical change to appropriate lottery prizes. Appropriations not adjusted for inflation. Numbers may not sum because of rounding.

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

TABLE F-8
Growth of higher education agencies, FY16–FY25 (\$M)

Rank	Agency	<u>Total appropriation</u>		<u>Average annual growth</u>		% total growth	Overall rank
		FY16	FY25	\$	%		
1	UVA	2,656.9	5,310.0	294.8	8%	6%	4
2	Va Tech	1,244.9	1,854.2	67.7	5	1	8
3	GMU	936.8	1,530.7	66.0	6	1	9
4	VCU	1,085.2	1,514.9	47.7	4	1	18
5	JMU	518.0	799.1	31.2	5	1	23
6	SCHEV	92.2	316.6	24.9	16	1	27
7	ODU	396.0	616.9	24.6	5	1	29
8	CWM	360.0	546.9	20.8	5	0	32
9	NSU	156.7	269.8	12.6	6	0	36
10	RU	194.0	296.6	11.4	5	0	40
11	VSU	171.6	258.9	9.7	5	0	43
12	UMW	112.2	185.8	8.2	6	0	44
13	CNU	142.2	213.2	7.9	5	0	46
14	LU	121.5	181.5	6.7	5	0	51
15	EVMS	24.4	70.8	5.2	14	0	56
16	VMI	76.8	107.4	3.4	4	0	63
17	UVA-Wise	44.0	71.4	3.0	6	0	68
18	Richard Bland	14.5	28.9	1.6	8	0	86
19	SW Va Higher Ed Ctr	3.0	5.6	0.3	23	0	110
20	SO Va Higher Ed Ctr	7.6	10.1	0.3	4	0	111
21	NCI	3.1	5.2	0.2	7	0	116
22	VCCS	1,676.6	1,448.1	(25.4)	-1	-1	165
Total higher ed agencies		\$10,038.2	\$15,642.5	\$622.7	4%	13%	
Total operating budget		\$49,546.8	\$92,780.5	\$4,803.7	7%	100%	

SOURCE: DPB data on appropriations, 2016–2025.

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

TABLE F-9
Changes in enrollment and tuition of higher education agencies, FY16–FY25

Rank (growth) ^c	Agency	<u>Undergraduate enrollment</u> ^a			<u>Tuition</u> ^b		
		FY16	FY25	Avg annual change	FY16	FY25	Avg annual change
51	LU	4,612	3,314	-3.4%	\$11,910	\$15,740	4.3%
8	VT	25,384	31,035	2.3	12,485	15,950	3.3%
18	VCU	23,877	21,482	-1.2	12,772	16,720	3.1%
23	JMU	19,396	21,112	1.0	10,066	13,966	3.0%
68	UVA-W	2,028	2,254	1.5	9,220	11,780	3.0%
43	VSU	4,217	5,124	2.4	8,226	10,043	2.7%
4	UVA	16,709	17,892	0.8	14,468	19,414	2.7%
44	UMW	4,320	3,660	-1.8	11,070	14,905	2.6%
40	RU	8,880	6,161	-3.8	9,809	12,548	2.2%
29	ODU	20,101	17,746	-1.4	9,768	12,750	2.1%
63	VMI	1,717	1,527	-1.2	16,536	21,046	1.8%
46	CNU	5,051	4,369	-1.6	12,526	16,828	1.7%
9	GMU	23,180	28,956	2.5	10,952	14,220	1.5%
86	Richard Bland	2,178	2,787	3.1	5,493	9,093	0.9%
32	CWM	6,301	7,063	1.3	19,372	25,734	0.7%
36	NSU	4,522	5,412	2.1	8,366	10,180	0.0%
Total (without VCCS)		\$172,473	\$179,894	0.5%	n.a.	n.a.	n.a.
Average (without VCCS)		\$10,780	\$11,243	0.5%	\$11,440	\$15,057	2.2%
160	VCCS	176,886	157,755	-1.2%	\$4,275	\$4,902	1.5%

SOURCE: SCHEV website.

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

^a Includes a headcount of all in-state and out-of-state undergraduate students enrolled in the fall of the 2015–2016 and 2024–2025 school years. ^b Tuition includes mandatory education and general (E&G) fees as well as mandatory non-E&G fees for full-time, in-state students. ^c Rank based on the total budget growth in millions of dollars. (See Table F-8.)

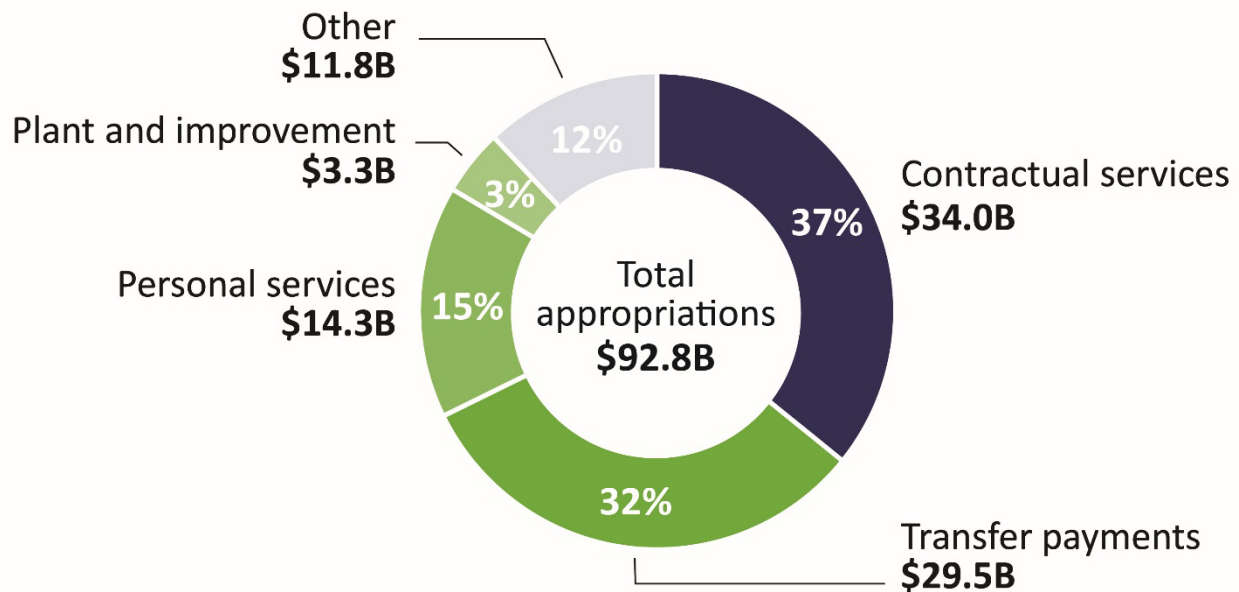
n.a.: not applicable.

Appendix G: Virginia's appropriations by category of use

The majority of Virginia's appropriations are for contractual services (37%), such as health care, IT, and road construction and maintenance, and for transfer payments (32%), such as payments to local governments for schools, courts, and constitutional officers (Figure G-1). Another 15% of total appropriations are for personal services such as employee salaries, wages, and benefits.

FIGURE G-1

Majority of Virginia's appropriations are for contractual services and transfer payments (FY25)



SOURCE: DPB data on 2025 appropriations by major object code from Chapter 725, 2025 Acts of Assembly.

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

A majority of budget growth is also concentrated in a handful of specific uses (Table G-1), which are classified in the budget under “subobject” codes. Most subobject codes are distributed across multiple programs and agencies. Thirty-three percent of total budget growth between FY16 and FY25 was for contractual payments for health-care services provided through Medicaid and CHIP. Salaries and employee health benefits contributed to 9% of budget growth during the period.

TABLE G-1

10 subobject areas with the highest growth amount in total appropriations, FY16–FY25 (\$M)

Rank	Subobject	Total appropriation		Avg. annual growth		% total growth
		FY16	FY25	\$	%	
1	Insurance premiums for health services ^a	\$4.2	\$13,797.0	\$1,532.5	29,447%	32%
2	Medical services	107.2	3,755.7	405.4	169	8
3	Hospital services	-118.1	3,478.7	399.6	13478	8
4	Categorical aid to local govts. and const. officers	2,216.3	5,518.7	366.9	44	8
5	Employee salaries ^b	6,243.7	9,150.5	323.0	4	7
6	Employee health benefits	2,370.4	3,370.1	111.1	4	2
7	Supplies and materials ^c	1,809.2	2,638.4	92.1	4	2
8	Architectural and engineering services ^d	29.6	833.9	89.4	14,657	2
9	Employee retirement & other benefits	1,373.1	2,129.8	84.1	5	2
10	Plant and equipment - transportation	2,030.6	2,713.7	75.9	5	2
Top 10 subobject areas, subtotal		\$16,066.2	\$47,386.5	\$3,480.0	17%	72%
Other subobject areas, subtotal		\$33,480.7	\$45,394.1	\$1,323.7	5%	28%
Total operating budget		\$49,546.8	\$92,780.5	\$4,803.7	7%	100%

SOURCE: DPB data on appropriations, 2016–2025.

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

^a Most of the appropriations in this subobject code were reported under a different subobject code previously and were categorized as contractual services for Medicaid and CHIP (and included in this table in prior reports). ^b Excludes wages for hourly employees. ^c Includes merchandise for resale; office supplies, gas and other fuels; and medical and laboratory, repair and maintenance, and other supplies. ^d Mostly related to highway construction.

Appendix H: Total federal funding in Virginia's budget

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

TABLE H-1
Federal funding in Virginia's budget, by agency, FY16–FY25 (\$M)

Agency	Fund category	Appropriation		Average annual growth	
		FY16	FY25	\$M	%
DRPT	Commonwealth Transportation	53.4	82.2	3.2	6%
VDOT	Commonwealth Transportation	895.3	1,679.7	87.2	8
Higher education institutions	Higher Education Operating	1,402.2	1,061.6	(37.8)	-2
VEC	Trust and Agency	135.6	576.3	49.0	33
DCJS, ELECT	Trust and Agency	17.1	7.3	(1.1)	14
	Federal Trust	7,660.4	21,575.9	1,546.2	15
Total federal funds		\$10,180.1	\$25,082.0	\$1,655.8	13%
Total non-general funds		\$30,586.1	\$58,023.5	\$3,048.6	8%

SOURCE: DPB data on appropriations, 2016–2025.

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

Appendix I: The basis of Virginia's budget

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

Budget cycle

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

Budget terminology

Appropriations

An appropriation can be considered a limit on spending, or a spending ceiling, that is authorized by the General Assembly and approved by the governor. Expenditures may be made only if the agency or program has an appropriation (legal authority) to do so. In addition, appropriations are payable in full only if sufficient revenues are available to pay all appropriations in full. A non-general funded program or agency must have both an appropriation and sufficient cash within the state treasury to expend the funds.

This report primarily focuses on appropriations. Unless otherwise noted, appropriations used in this report are the final appropriations approved (voted on and adopted) by the General Assembly and the governor. This includes all legislative changes made to appropriations during a biennium, such as second year changes to first year amounts and the caboose bill. Administrative adjustments made to appropriations after the adoption of the Appropriation Act are not included. The Appropriation Act authorizes the governor, under certain conditions, to make limited adjustments to appropriations.

Expenditures

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

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

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

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

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

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

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

2016–2018 biennium budget		
FY17–FY18	2018	Final caboose bill amendments to FY18
	2017	Mid-cycle biennial budget amendments to FY17 and FY18
	2016	Initial biennial budget
2014–2016 biennium budget		
FY15–FY16	2016	Final caboose bill amendments to FY16
	2015	Mid-cycle biennial budget amendments to FY15 and FY16
	2014	Initial biennial budget

Functions and programs

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

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

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

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

Programs are more specific than the broad government functions and may appear in several agencies. For example, the budget program “state health services” within the broad individual and family services function includes the provision of direct health-care services to individuals and families through state-operated facilities, including services relating to child development, drug and alcohol

abuse, geriatric care, inpatient medical, maternal and child health, mental health, intellectual disabilities, outpatient medical, technical support and administration, and other services. This program is included in several agencies, including the University of Virginia Medical Center, Virginia Commonwealth University, the Department of Behavioral Health and Developmental Services, and the Department of Veterans Services. The “administrative and support services” program combines a wide variety of discrete services, including architectural and engineering services, food and dietary services, physical plant services, human resources, information technology services, and others. Administrative and support services can be found across many different agencies. As of 2023, Virginia had 221 budget programs.

State “agency” defined

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

There are, however, differing notions about what constitutes a state agency and how many there are in Virginia. The state accounting and budgeting system essentially regards anything assigned an agency code to be equivalent to a state agency, although such codes are often merely a matter of administrative convenience. For example, appropriations for agency codes 720 (central office), 790 (grants to localities), 792 (mental health treatment centers), 793 (intellectual disability training centers), and 794 (Virginia Center for Behavioral Rehabilitation) must be combined to arrive at a budget total for the Department of Behavioral Health and Developmental Services.

Agency codes are sometimes used to enter a new program or activity into the state financial system and ensure budget control. For example, “central appropriations” is assigned an agency code of 995 even though it is not an actual agency. For purposes of this report, the number of agency codes in the 2025 Appropriation Act (180 agency codes with appropriations) was adjusted for duplication and to exclude various financial accounts (Table I-2). The resulting count was 160 agencies.

TABLE I-2
Number of state agencies, FY25

Unique agency codes in 2025 Appropriation Act	180
Codes assigned to DBHDS facilities & programs	5
Codes assigned to UVA Academic Division (207) & Medical Center (209)	2
Codes assigned to William & Mary (204) and VIMS (268)	2
Codes assigned to Department for Aging and Rehabilitative Services (262) and Woodrow Wilson Rehab Center (203)	2

Codes assigned to Department for the Blind and Vision Impaired (702) and Rehab Center for the Blind and Vision Impaired (263)	2
Codes assigned to councils, commissions and boards under the Division of Legislative Services	11
Codes assigned to various financial activities ^a DOA transfer payments (162) ^b Central appropriations (995) Interstate Organization Contributions (921)	3
Total number of state agencies	160

SOURCE: 2025 Appropriation Act (Chapter 725); Department of Planning and Budget.

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

^aThe three agency codes assigned to various financial activities were not included in the total number of state agencies for FY25.

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

General and non-general funds

State revenues and appropriations are grouped into two categories, depending on their origin: general and non-general funds. The state's general fund consists primarily of revenue from income and sales taxes that is not restricted in any way and is used for the widely varied purposes of government. Non-general funds derive from many diverse sources and are restricted to certain specified uses.

General and non-general funds comprised 37 and 63 percent, respectively, of the FY25 Virginia budget. The expenditure of non-general funds is controlled by their authorizing statute—thus, more than half the state budget is determined by statute rather than through the appropriation process. This ensures that child support payments, for example, are spent for child support and not another purpose. It also means that growth in more than half the budget is determined by factors other than the annual appropriation process.

Appendix J: Major uses of non-general funds, FY25

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

Agency	Programmatic purpose	\$(M)
Dedicated Special Revenue Funds		
DMAS	Medicaid program services	\$2,259.8
VDOT	Financial assistance to localities for ground transportation	.881.8
DOA – transfer payments	Financial assistance to localities - general	415.0
VDOT	Highway construction programs	222.2
DOE (direct aid)	State education assistance programs	200.0
Total, top 5		\$3,978.9
Top 5 as percentage of this non-general fund category		77%
Debt Service Funds		
GMU	Higher education: auxiliary enterprises	54.1
JMU	Higher education: auxiliary enterprises	42.5
ODU	Higher education: auxiliary enterprises	26.5
UVA	Financial assistance for educational and general (E&G) services	24.3
CNU	Higher education: auxiliary enterprises	19.7
Total, top 5		\$167.1
Top 5 as percentage of this non-general fund category		54%
Trust & Agency Funds		
DOE (direct aid)	State education assistance programs	\$993.8
VEC	Workforce systems services	576.3
VDOT	Non-toll supported transportation debt service	236.5
VDOT	Highway construction programs	220.6
DHRM	Personnel management services	92.2
Total, top 5		\$2,119.3
Top 5 as percentage of this non-general fund category		76%
Enterprise Funds		
ABC	Alcoholic beverage merchandising	\$1,049.9
Admin. of Health Insurance	Personnel management services	587.5
Virginia Lottery	Disbursement of lottery prize payments	350.0
Commonwealth Savers	Investment, trust, and insurance services	250.0
Virginia Lottery	State lottery operations	171.6
Total, top 5		\$2,408.9
Top 5 as percentage of this non-general fund category		92%

Agency	Programmatic purpose	\$(M)
Higher Education Operating Funds		
UVA	State health services	\$3,060.1
UVA	E&G programs	1,080.5
Va Tech	E&G programs	758.1
GMU	E&G programs	545.9
UVA	Financial assistance for E&G services	538.0
Total, top 5		\$5,982.6
Top 5 as percentage of this non-general fund category		51%
Federal Trust Funds		
DMAS	Medicaid program services	\$16,014.8
DOE (direct aid)	Federal education assistance programs	1,480.0
DSS	Financial assistance for local social services staff	456.6
SCC	Plan management	331.9
DMAS	Children's Health Insurance Program delivery	296.1
Total, top 5		\$18,579.4
Top 5 as percentage of this non-general fund category		86%
Commonwealth Transportation Funds		
VDOT	Highway construction programs	\$3,542.6
VDOT	Highway system maintenance and operations	2,572.0
DRPT	Financial assistance for public transportation	688.5
VDOT	Financial assistance to localities for ground transportation	636.7
VDOT	Administrative and support services	373.7
Total, top 5		\$7,813.5
Top 5 as percentage of this non-general fund category		85%
Special revenue		
DSS	Child support enforcement services	\$680.7
VPA	Administrative and support services	145.3
VDH	Community health services	126.0
DHCD	Housing assistance services	95.4
SCC	Regulation of business practices	90.3
Total, top 5		\$1,137.7
Top 5 as percentage of this non-general fund category		55%

SOURCE: 2025 Appropriation Act (Chapter 725) data from Department of Planning & Budget.

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



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