



# STATE OF WEST VIRGINIA

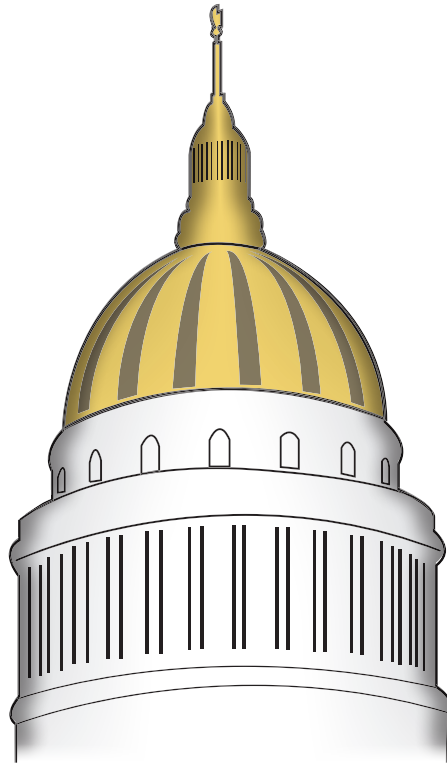
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**EXECUTIVE BUDGET: VOLUME I BUDGET REPORT**  
**FISCAL YEAR 2021**

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**JIM JUSTICE**  
**GOVERNOR**





*Jim Justice*  
*Governor of West Virginia*

January 8, 2020

To the Members of the 84th Legislature of the State of West Virginia:

In accordance with the Constitution of the State of West Virginia, presented herewith is the Executive Budget document for the fiscal year ending June 30, 2021. It details a complete plan for proposed expenditures and estimated revenues for the fiscal year. The document includes statements of the following:

- 1) Bonded Indebtedness of the State of West Virginia;
- 2) Cash and investment balances of all funds of the State of West Virginia;
- 3) Revenues for all funds of the State of West Virginia; and
- 4) Revenues, expenditures, and changes in fund balances for Fiscal Year 2021.

The budget presented is a balanced budget with a maximum spending level for the General Revenue Fund of \$4,585,000,000; for the Lottery Fund of \$127,808,000; for the State Excess Lottery Revenue Fund of \$340,257,000; for the State Road Fund of \$1,357,926,103; for Appropriated Special Revenue funds of \$1,508,712,095; for Appropriated Federal funds of \$5,780,834,841; for Nonappropriated Federal funds of \$219,295,157; and for Nonappropriated Special Revenue funds of \$14,596,626,914, for a grand total of \$28,516,460,110.

I look forward to working with the 84th Legislature of the State of West Virginia to meet the continuing challenges and opportunities so together we can move West Virginia forward in a rapidly changing international economy.

Yours in service,

A handwritten signature in blue ink, reading "Jim Justice".

Jim Justice  
Governor

State Capitol | 1900 Kanawha Blvd., East, Charleston, WV 25305 | (304) 558-2000

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GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**State of West Virginia**

For the Fiscal Year Beginning

**July 1, 2019**

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the State of West Virginia for its annual budget for the fiscal year beginning July 1, 2019.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

# State Budget Office Staff

**Dave Hardy**  
Cabinet Secretary  
Department of Revenue

**Mark Muchow**  
Deputy Cabinet Secretary  
Department of Revenue

**Michael T. Cook**  
Director

**Misty Reese**  
Deputy Director  
of Budget and Finance

**Tammy Scruggs**  
Deputy Director of Budget  
HRM/Position Control

**Heather L. Greenfield**  
Budget Analyst I

**Sara Stonestreet**  
Budget Analyst I

**Jeffrey R. Conley**  
Budget Analyst II

**Jerri Rucker**  
Administrative Services Assistant III

**Sharon K. Sommerville**  
Human Resources Generalist II

**Joey Belcher**  
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# Reader's Guide to the Executive Budget

## ***The Executive Budget***

The Governor is mandated by the West Virginia Constitution to submit the upcoming fiscal year's budget to the Legislature and the citizens of the state. The *Executive Budget* presents a complete plan of estimated revenues and proposed expenditures for the upcoming fiscal year, any recommendations the Governor may desire to make as to the important features of the budget, and any suggestions as to methods for reduction or increase of the state's revenues.

In essence, the budget document is the means by which the Governor presents a continuous and timely flow of accurate information relative to the financial condition of the state. In addition, the document features relevant information concerning the needs and operations of the various agencies and departments of the state through narrative and financial detail.

The budget is presented in four separate documents:

The ***Budget Bill*** includes the language required to legally enact the budget or appropriations bill. Upon passage by the Legislature, the Budget Bill becomes the Budget Act and appropriates by spending unit the expenditures necessary for the economical and efficient discharge of the duties and responsibilities of the state and its agencies during the upcoming fiscal year.

***Volume I Budget Report*** contains:

“Financial Statements”—an overview of available revenues, expenditures, bonded indebtedness, and fund balances

“Budget Planning”—items such as:

- \* “Long-Range Issues”—an overview of how the state is addressing major long-range issues and concerns
- \* “Budget Overview”—the budget process, including the budget calendar and financial policies
- \* Schedules of budgeted, full-time equivalent permanent positions

“Revenue Sources”—a detailed explanation of major revenue sources and the distribution of funds

“Debt Summary”—information relating to the general, special, and moral obligations of the state, including a summary of general long-term debt and debt service requirements

“Economic Forecast”—a forecast and analysis of the economy as it relates to West Virginia and to the nation

“Appendices”—a glossary of budgetary terms and a list of the commonly used acronyms

***Volume II Operating Detail*** contains narrative and financial information on all appropriated departments, bureaus, commissions, agencies, divisions, and programs of state government. (It also includes major component agencies [e.g., BRIM, CPRB, etc.] that may not normally have appropriated accounts.) *Volume II Operating Detail* also contains:

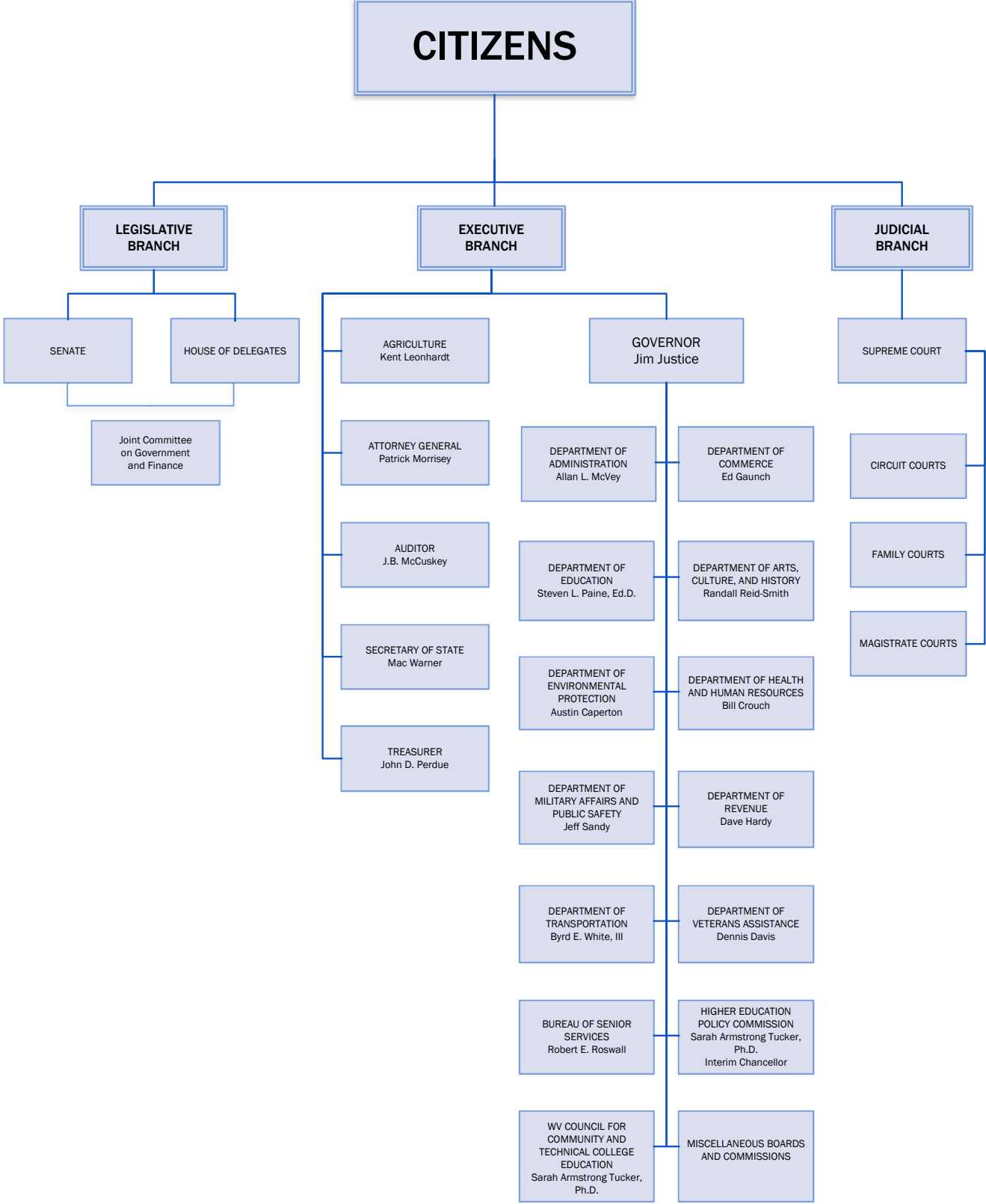
“State Profile”—presents relevant historical, statistical, geographical, demographical, and interesting information about West Virginia

“Capital Projects”—projects/programs currently budgeted in FY 2020, recommended for FY 2021, and projected for FY 2022 through FY 2025

“Appendices”—a glossary of commonly used budgetary terms; a glossary of acronyms

The ***Volume III Account Detail*** provides the detailed budgetary information for FY 2019 Actual expenditures, FY 2020 Budgeted expenditures, FY 2021 Current-Level Request, and the Governor's FY 2021 Recommendation for all funds.

# State of West Virginia Organizational Chart





# SUMMARY FINANCIAL STATEMENTS



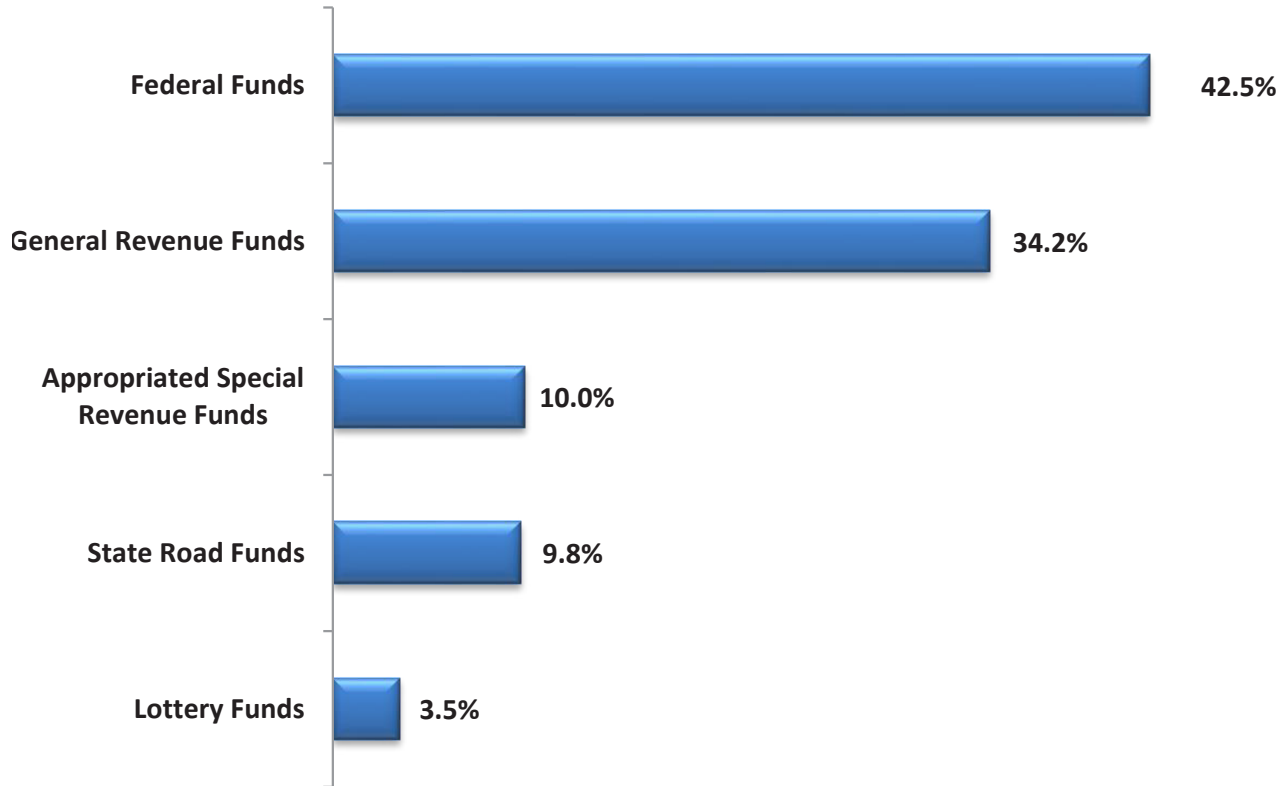


# Financial Statements

The following pages contain financial information and statements related to all funds of the state. Included are:

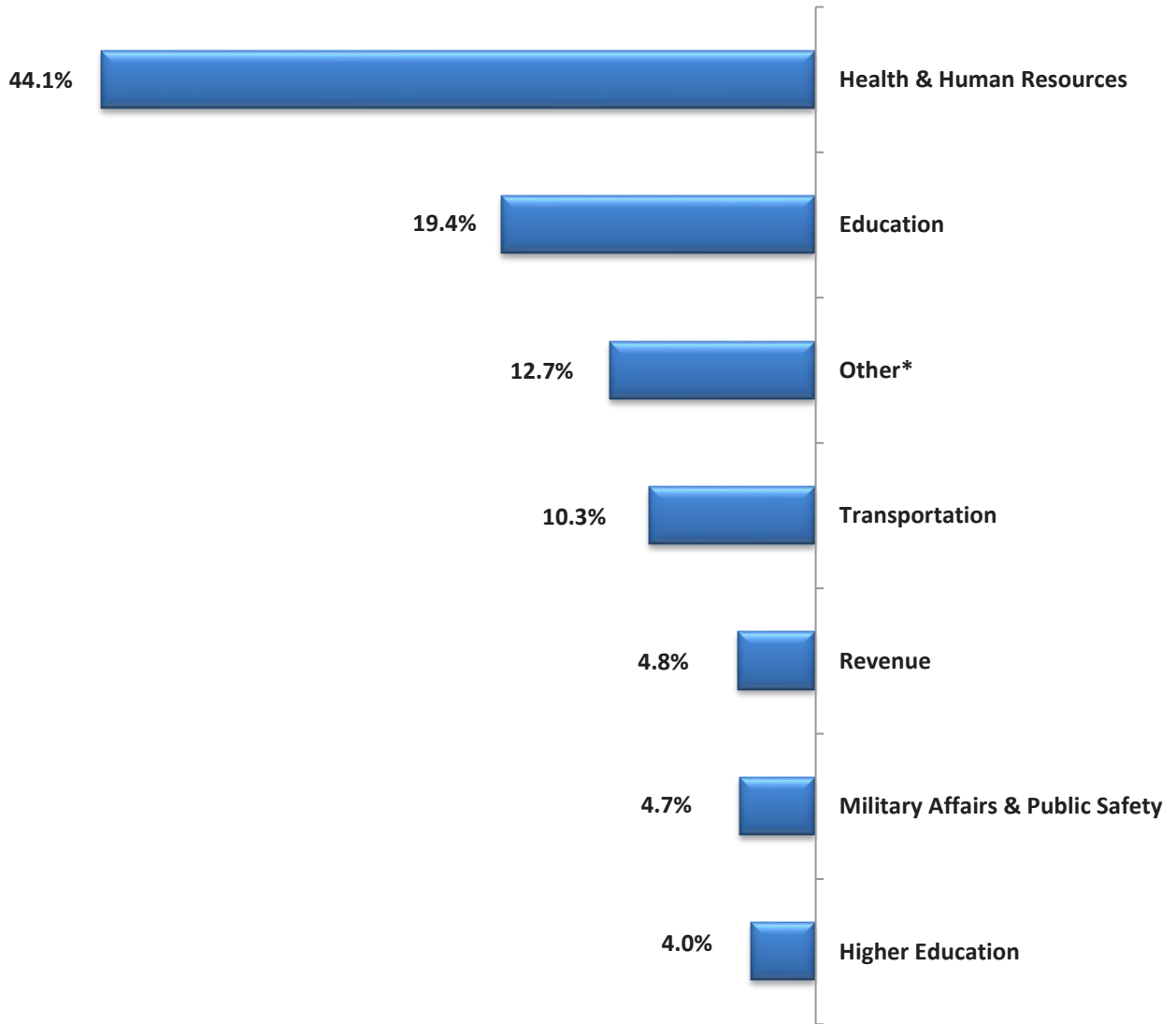
- Graphics of the Total FY 2021 Budget – Where the State Dollar Comes From and Where the State Dollar Goes
- Combined Statement of Revenues, Expenditures, and Changes in Fund Balances for All Funds (narrative and statement)
- Cash and Investment Balances of All Funds Fiscal Year Ending June 30, 2019
- Detailed Investments Fund 13 Fiscal Year Ending June 30, 2019
- General Revenue Fund – Statement of Revenues by Source FY 2017 through FY 2025
- General Revenue Fund – Statement of Revenues, Expenditures, and Changes in Cash Balance
- General Revenue Fund – Overview by Functional Category FY 2019 through FY 2021
- General Revenue Fund – Recommended Surplus Supplemental Appropriations FY 2020
- Lottery Net Profits – Recommended Supplemental Appropriations FY 2020
- Lottery Fund – Statement of Revenues, Expenditures, and Changes in Cash Balance
- Lottery Fund – Overview by Functional Category FY 2019 through FY 2021
- Excess Lottery Fund – Overview by Functional Category FY 2019 through FY 2021
- Excess Lottery Fund – Statement of Revenues, Expenditures, and Changes in Cash Balance
- State Road Fund – Statement of Revenues by Source FY 2017 through FY 2025
- State Road Fund – Statement of Revenues, Expenditures, and Changes in Cash Balance
- Summary of Primary Government Long Term Debt Outstanding as of June 30, 2019
- Major Reserve/Stabilization Accounts
- Six Year Financial Plan

# Where The State Dollar Comes From (FY 2021 Estimate)



**TOTAL REVENUE**  
**\$13.4 Billion**  
(Appropriated Funding Sources)

# Where The State Dollar Goes (Governor's Recommended FY 2021 Budget)



<b>*Other</b>	<b>12.8%</b>
Legislature	0.2%
Judicial	1.0%
Executive	1.1%
Administration	2.2%
Commerce	4.2%
Arts Culture and History	0.3%
Environment	1.9%
Senior Services	0.7%
Veterans Assistance	0.2%
Misc. Boards & Commissions	1.0%

**TOTAL EXPENDITURES**  
**\$13.7 Billion**  
(Appropriated Funding Sources)

# Combined Statement of Revenues, Expenditures, and Changes in Fund Balances for All Funds

The following Combined Statement of Revenues, Expenditures, and Changes in Fund Balances for All Funds reflects actual, budgeted, and recommended revenues and expenditures for FY 2019, FY 2020, and FY 2021, respectively, for all funds. The revenues and the disbursements are listed at the department/bureau level. See the “Revenue Sources” chapter for a more detailed explanation of each source of funds.

All revenues (Actual, Budgeted, and Recommended) reflect the revenues actually collected or estimated to be collected from July 1 to June 30 of each fiscal year. All expenditures (Actual, Budgeted, and Recommended) reflect the disbursements actually made or estimated to be made during the fiscal year. For appropriations that expire at the end of the fiscal year, expenditures would be included through July 31 (13th month/31-day closeout period). For unexpended amounts that are reappropriated to the next fiscal year, expenditures are included through June 30—there is no 13th month/31-day closeout period for reappropriations. Any unexpended amounts remaining in nonexpiring appropriations are carried forward to the next fiscal year as of July 1.

Each fund on the Statement is made up of multiple accounts from approximately 20 individual appropriations for the State Road Fund to hundreds of individual appropriations for the General Revenue Fund.

The General Revenue Fund and the State Road Fund are true financial funds and must maintain positive fund balances in the respective “bottom lines” in order to process payments for obligations when due. State law requires sufficient funds to be available, both in the individual appropriation and the total fund, before payments may be released. Therefore, the total fund “cash flow” is carefully monitored to ensure funds are available, as required, throughout the fiscal year.

The Federal Funds and the Special Revenue Funds are comprised of hundreds of individual, stand-alone, self-supporting, self-balancing accounts. Each account is part of a larger fund for financial reporting purposes only. Each account must have sufficient funds and an appropriation balance available to pay obligations of that specific account when due and may not expend any funds from the “bottom line” of the total fund.

The Lottery and Excess Lottery funds are separate fund classes. Revenue is collected by the Lottery Commission and appropriated by the Legislature to individual self-balancing agency funds. The Beginning Balance for the Lottery and Excess Lottery funds do not include the balances available in the agency funds.

State law requires funds to be available prior to releasing payments; however, none of the funds are required to maintain a minimum balance. All funds and accounts are closely monitored to ensure adequate cash is available to pay obligations when due.

**FY 2019 Actuals** are the total actual revenues and expenditures for all funds including expenditures from regular, supplemental, surplus appropriations, and reappropriated amounts.

**The FY 2020 Budgeted revenue estimate** the General Revenue Fund and the State Road Fund reflects the Governor’s revised official revenue estimate as submitted to the Legislature on January 8, 2020. The Governor provides the official revenue estimates for the budget, and those estimates do not require legislative approval.

**FY 2020 Budgeted expenditures** reflect the amounts budgeted for FY 2020 prior to the beginning of the 2020 Legislative session and includes a separate line for reappropriations available for expenditure from previous fiscal years.

## *Combined Statement of Revenues, Expenditures, and Changes in Fund Balances for All Funds*

FY 2021 Recommendations are the amounts that the Governor is proposing on January 8, 2020 to the Legislature for appropriation. The recommendations do not include any amounts that will ultimately be available for expenditure as a reappropriated or surplus expenditure.

### ***Why Budgeted Expenditures Appear Significantly Different from Actual and Recommended Expenditures***

While the Actual FY 2019 amounts include reappropriated expenditures along with current year appropriations spent during the fiscal year, the Recommended FY 2021 expenditures do not reflect any anticipated reappropriations being available during FY 2021. Although the FY 2020 Budgeted amounts are available to spend during the fiscal year, the likelihood of expending the entire amount is extremely remote. Generally, a significant amount of the authorized expenditures remains unspent at the end of each fiscal year and is reappropriated to the next ensuing fiscal year. The available reappropriated balance is included as a separate line.

For General Revenue funds, the prior year reappropriated amounts are significant. The General Revenue Fund budgeted FY 2020 expenditures include \$397.8 million, Lottery Fund includes \$43.6 million, the Excess Lottery Fund includes \$28.9 million, and the Special Appropriated includes \$5.4 million in reappropriated amounts. Details about the amounts available to each agency can be found in the “Overview by Functional Category” spreadsheets. Although the unexpended/reappropriated amounts cannot be determined in advance of the close of the fiscal year, the actual expenditures for FY 2020 will be less than the total authorized budgeted amounts.

# Combined Statement of Revenues, Expenditures, and Changes in Fund Balances for All Funds (Expressed in Thousands)

	General Fund			State Road Fund		
	Actuals FY 2019	Budgeted FY 2020	Recommended FY 2021	Actuals FY 2019	Budgeted FY 2020	Recommended FY 2021
Beginning Fund Balance	\$377,650	\$517,820	\$129	\$141,408	\$173,592	\$29,758
Net 13th month activity	(42,889)	(\$79,358)				
Transfer to Rainy Day Fund	(18,014)	(18,429)	-	-	-	-
Transfer from Rainy Day Fund	-	-	-	-	-	-
Transfer from Special Revenue	4,705	-	-	-	-	-
Prior Year Refunds/Redeposits	744	131	-	-	-	-
Cash Flow/Contingencies	-	-	-	-	-	-
Recom. Expirations to General Revenue	-	-	-	-	-	-
Recom. Expirations to General Revenue Surplus	-	48,953	-	-	-	-
<b>Revenues</b>						
Revenue Collections/Estimate	4,756,336	4,693,640	4,585,000	1,339,607	1,345,435	1,335,617
Legislature	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Executive	-	-	-	-	-	-
Administration	-	-	-	-	-	-
Commerce	-	-	-	-	-	-
Education	-	-	-	-	-	-
Art, Culture and History*	-	-	-	-	-	-
Environment	-	-	-	-	-	-
Health and Human Resources	-	-	-	-	-	-
Military Affairs & Public Safety	-	-	-	-	-	-
Revenue	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Veterans Assistance	-	-	-	-	-	-
Senior Services	-	-	-	-	-	-
Higher Education	-	-	-	-	-	-
Misc. Boards & Commissions	-	-	-	-	-	-
<b>Total Revenues</b>	<b>4,756,336</b>	<b>4,693,640</b>	<b>4,585,000</b>	<b>1,339,607</b>	<b>1,345,435</b>	<b>1,335,617</b>
<b>Expenditures</b>						
Legislature	21,952	25,240	26,597	-	-	-
Judicial	128,631	124,322	135,500	-	-	-
Executive	44,318	41,099	55,595	-	-	-
Administration	95,821	108,046	105,046	-	-	-
Commerce	69,283	78,974	85,974	-	-	-
Education	1,989,494	2,084,121	2,057,758	-	-	-
Arts, Culture and History*	8,317	10,747	10,747	-	-	-
Environment	5,765	6,688	6,688	-	-	-
Health and Human Resources	1,151,493	1,283,203	1,133,122	-	-	-
Military Affairs & Public Safety	362,676	431,026	445,354	-	-	-
Revenue	131,309	31,255	32,472	-	-	-
Transportation	110,619	5,159	7,959	1,307,863	1,489,269	1,357,927
Veterans Assistance	15,953	12,012	12,012	-	-	-
Senior Services	29,951	29,951	29,951	-	-	-
Higher Education	397,563	440,224	440,225	-	-	-
Misc. Boards & Commissions	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>4,563,145</b>	<b>4,712,067</b>	<b>4,585,000</b>	<b>1,307,863</b>	<b>1,489,269</b>	<b>1,357,927</b>
Reappropriations Available	-	397,852	-	-	-	-
Recommended Supplemental	-	-	-	-	-	-
Recommended Surplus Supplemental	-	48,953	-	-	-	-
Mid-Year Budget Adjustments	-	-	-	-	-	-
Adjustments**	(2,433)	3,756	-	(440)	-	-
<b>Ending Fund Balance</b>	<b>\$517,820</b>	<b>\$129</b>	<b>\$129</b>	<b>\$173,592</b>	<b>\$29,758</b>	<b>\$7,448</b>
* FY 19 Actuals reflect former Department of Education and the Arts.						
** Includes OASIS accruals, cash not needed for appropriation, and differences in appropriations available and expended.						
*** Some revenue and expenditures are double counted.						



Appropriated Special Revenue Funds			Appropriated Lottery Fund			Appropriated Excess Lottery Fund		
Actuals FY 2019	Budgeted FY 2020	Recommended FY 2021	Actuals FY 2019	Budgeted FY 2020	Recommended FY 2021	Actuals FY 2019	Budgeted FY 2020	Recommended FY 2021
\$2,470,184	\$2,542,616	\$2,234,084	\$57,880	\$39,115	\$0	\$62,928	\$47,658	\$0
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	(40,000)	-	-	(36,103)	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	157,892	127,808	127,808	337,492	290,257	340,257
1,502	1,264	1,308	-	-	-	-	-	-
930	1,350	1,350	-	-	-	-	-	-
47,503	56,268	54,216	-	-	-	-	-	-
135,813	177,180	179,512	-	-	-	-	-	-
28,856	39,829	39,911	-	-	-	-	-	-
1,726	3,642	2,271	-	-	-	-	-	-
414	1,744	3,488	-	-	-	-	-	-
55,655	84,564	65,830	-	-	-	-	-	-
396,175	424,087	441,851	-	-	-	-	-	-
31,393	40,546	37,888	-	-	-	-	-	-
266,585	289,838	362,240	-	-	-	-	-	-
8,516	10,574	10,356	-	-	-	-	-	-
2,654	2,700	2,500	-	-	-	-	-	-
10,500	10,510	10,510	-	-	-	-	-	-
42,448	44,826	68,132	-	-	-	-	-	-
47,457	59,597	55,761	-	-	-	-	-	-
<b>1,078,127</b>	<b>1,248,519</b>	<b>1,337,124</b>	<b>157,892</b>	<b>127,808</b>	<b>127,808</b>	<b>337,492</b>	<b>290,257</b>	<b>340,257</b>
1,395	2,637	2,637	-	-	-	-	-	-
851	1,350	1,350	-	-	-	-	-	-
40,222	64,099	62,321	-	-	-	-	-	-
103,566	179,503	184,064	9,996	10,000	10,000	18,425	-	-
26,489	51,622	40,188	9,154	10,176	10,176	5,029	1,505	1,505
36,345	39,535	39,535	34,202	36,883	36,883	18,988	19,000	19,000
414	1,218	1,218	15,447	15,699	15,629	-	-	-
34,391	65,747	65,747	-	-	-	-	-	-
335,271	457,502	449,281	-	-	-	36,202	33,303	66,303
25,450	46,137	43,678	-	-	-	-	-	-
332,123	505,899	488,132	-	-	-	126,478	138,022	138,022
8,006	11,221	10,121	-	-	-	-	-	-
2,323	2,414	1,964	-	-	-	-	-	-
10,353	10,510	10,510	45,160	60,606	42,856	-	-	-
41,532	49,906	49,579	12,151	12,264	12,264	44,000	44,000	44,000
41,844	62,267	58,387	-	-	-	67,019	71,427	71,427
<b>1,040,575</b>	<b>1,551,567</b>	<b>1,508,712</b>	<b>126,110</b>	<b>145,628</b>	<b>127,808</b>	<b>316,141</b>	<b>307,257</b>	<b>340,257</b>
-	5,484	-	-	43,664	-	-	28,956	-
-	-	-	-	21,295	-	-	30,658	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
(34,880)	-	-	10,547	(43,664)	-	518	(28,956)	-
<b>\$2,542,616</b>	<b>\$2,234,084</b>	<b>\$2,062,496</b>	<b>\$39,115</b>	<b>\$0</b>	<b>\$0</b>	<b>\$47,658</b>	<b>\$0</b>	<b>\$0</b>

## Combined Statement of Revenues, Expenditures, and Changes in Fund Balances for All Funds (Expressed in Thousands)

	Appropriated Federal Funds			Total Appropriated Funds		
	Actuals FY 2019	Budgeted FY 2020	Recommended FY 2021	Actuals FY 2019	Budgeted FY 2020	Recommended FY 2021
Beginning Fund Balance	\$68,598	\$61,846	\$74,495	\$3,178,648	\$3,382,647	\$2,338,466
Transfer to Rainy Day Fund	-	-	-	(18,014)	(18,429)	-
Transfer from Rainy Day Fund	-	-	-	-	-	-
Transfer from Special Revenue	-	-	-	4,705	-	-
Prior Year Refunds/Redeposits	-	-	-	744	131	-
Cash Flow/Contingencies	-	-	-	(76,103)	-	-
Recom. Expirations to General Revenue	-	-	-	-	-	-
Recom. Expirations to General Revenue	-	-	-	-	48,953	-
<b>Revenues</b>						
Revenue Collections/Estimate	-	-	-	6,591,327	6,457,140	6,388,682
Legislature	-	2,000	1,400	1,502	3,264	2,708
Judicial	3,546	4,500	4,000	4,476	5,850	5,350
Executive	6,731	28,366	24,999	54,234	84,634	79,215
Administration	-	-	-	135,813	177,180	179,512
Commerce	120,867	429,627	424,311	149,723	469,456	464,222
Education	371,790	506,396	506,396	373,516	510,038	508,667
Education and the Arts*	8,062	11,034	11,624	8,476	12,778	15,112
Environment	90,538	189,283	190,705	146,193	273,847	256,535
Health and Human Resources	3,808,023	4,355,556	4,337,499	4,204,198	4,779,643	4,779,350
Military Affairs & Public Safety	63,846	187,495	158,599	95,239	228,041	196,487
Revenue	186	3,000	3,000	266,771	292,838	365,240
Transportation	16,793	21,139	19,739	25,309	31,713	30,095
Veterans Assistance	7,323	8,400	7,730	9,977	11,100	10,230
Senior Services	12,334	14,582	14,582	22,834	25,092	25,092
Higher Education	-	-	-	42,448	44,826	68,132
Misc. Boards & Commissions	2,701	3,518	3,518	50,158	63,115	59,279
<b>Total Revenues</b>	<b>4,512,740</b>	<b>5,764,896</b>	<b>5,708,102</b>	<b>12,182,194</b>	<b>13,470,555</b>	<b>13,433,908</b>
<b>Expenditures</b>						
Legislature	-	2,000	1,400	23,347	29,877	30,634
Judicial	3,546	4,500	4,000	133,028	130,172	140,850
Executive	10,866	29,021	29,021	95,406	134,219	146,937
Administration	-	-	-	227,808	297,549	299,110
Commerce	122,031	431,363	431,013	231,986	573,640	568,856
Education	371,719	516,396	506,396	2,450,748	2,695,935	2,659,572
Arts, Culture and History*	7,091	10,961	10,960	31,269	38,625	38,554
Environment	93,148	192,358	191,890	133,304	264,793	264,325
Health and Human Resources	3,809,063	4,352,515	4,398,083	5,332,029	6,126,523	6,046,789
Military Affairs & Public Safety	63,829	162,090	159,590	451,955	639,253	648,622
Revenue	186	3,000	3,000	590,096	678,176	661,626
Transportation	16,783	20,739	19,739	1,443,271	1,526,388	1,395,746
Veterans Assistance	7,362	9,401	7,839	25,638	23,827	21,815
Senior Services	12,352	14,582	14,582	97,816	115,649	97,899
Higher Education	-	-	-	495,246	546,394	546,068
Misc. Boards & Commissions	1,516	3,321	3,321	110,379	137,015	133,135
<b>Total Expenditures</b>	<b>4,519,492</b>	<b>5,752,247</b>	<b>5,780,834</b>	<b>11,873,326</b>	<b>13,958,035</b>	<b>13,700,538</b>
Reappropriations Available	-	-	-	-	475,956	-
Recommended Supplemental	-	-	-	-	51,953	-
Recommended Surplus Supplemental	-	-	-	-	48,953	-
Mid-Year Budget Reduction	-	-	-	-	-	-
Adjustments**	-	-	-	(26,688)	(68,864)	-
<b>Ending Fund Balance</b>	<b>\$61,846</b>	<b>\$74,495</b>	<b>\$1,763</b>	<b>\$3,425,536</b>	<b>\$2,417,824</b>	<b>\$2,071,836</b>
* FY 19 Actuals reflect former Department of Education and the Arts						
** Includes OASIS accruals, cash not needed for appropriation, and differences in appropriations available and expended.						

Nonappropriated Federal Funds			Nonappropriated Special Revenue Funds			Total All Funds***		
Actuals FY 2019	Budgeted FY 2020	Recommended FY 2021	Actuals FY 2019	Budgeted FY 2020	Recommended FY 2021	Actuals FY 2019	Budgeted FY 2020	Recommended FY 2021
\$91,070	\$101,582		\$36,709,246	\$36,885,933	\$41,379,202	\$39,978,964	\$40,370,162	\$43,717,668
-	-	-	-	-	-	(18,014)	(18,429)	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	4,705	-	-
-	-	-	-	-	-	744	131	-
-	-	-	-	-	-	(76,103)	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	48,953	-
-	-	-	-	-	-	6,591,327	6,457,140	6,388,682
-	-	-	-	-	4	1,502	3,264	2,712
-	-	-	1,161	2,050	1,490	5,637	7,900	6,840
-	-	-	806,747	512,688	416,555	860,981	597,322	495,770
-	-	-	2,707,820	8,638,932	8,737,426	2,843,633	8,816,112	8,916,938
21,649	33,869	32,511	74,778	96,079	91,151	246,150	599,404	587,884
-	-	-	16,841	158,763	46,498	390,357	668,801	555,165
-	-	-	7,172	16,929	27,043	15,648	29,707	42,155
11,864	24,084	14,023	143,408	186,844	189,177	301,465	484,775	459,735
-	-	-	4,824,972	5,566,384	5,490,081	9,029,170	10,346,027	10,269,431
21,060	126,083	49,551	133,801	191,453	182,194	250,100	545,577	428,232
-	-	-	1,058,865	681,423	714,769	1,325,636	974,261	1,080,009
718	68,500	102,500	305,351	979,087	1,683,998	331,378	1,079,300	1,816,593
-	-	-	1,378	1,650	1,750	11,355	12,750	11,980
-	-	-	2,297	1,900	1,900	25,131	26,992	26,992
32,086	40,931	44,322	1,335,689	1,909,131	2,011,912	1,410,223	1,994,888	2,124,366
-	-	-	169,526	291,491	296,488	219,684	354,606	355,767
<b>87,377</b>	<b>293,467</b>	<b>242,907</b>	<b>11,589,806</b>	<b>19,234,804</b>	<b>19,892,436</b>	<b>23,859,377</b>	<b>32,998,826</b>	<b>33,569,251</b>
-	-	-	1	13	13	23,348	29,890	30,647
-	-	-	1,098	2,050	1,860	134,126	132,222	142,710
-	-	-	763,120	432,246	423,168	858,526	566,465	570,105
-	-	-	2,674,388	3,698,591	3,683,800	2,902,196	3,996,140	3,982,910
21,692	31,887	31,887	70,452	115,831	113,586	324,130	721,358	714,329
-	-	-	14,025	268,790	68,672	2,464,773	2,964,725	2,728,244
-	-	-	7,507	15,201	15,191	38,776	53,826	53,745
1,533	4,619	4,619	107,136	281,427	278,707	241,973	550,839	547,651
-	-	-	4,889,389	5,289,833	5,577,640	10,221,418	11,416,356	11,624,429
20,508	84,804	84,804	134,463	198,719	191,284	606,926	922,776	924,710
-	-	-	1,004,257	877,976	706,907	1,594,353	1,556,152	1,368,533
-	57,500	61,500	233,441	1,338,047	1,330,047	1,676,712	2,921,935	2,787,293
-	-	-	1,334	1,658	1,658	26,972	25,485	23,473
-	-	-	2,236	1,900	1,900	100,052	117,549	99,799
32,391	44,218	36,485	1,361,224	1,959,049	1,941,734	1,888,861	2,549,661	2,524,287
-	-	-	149,048	260,204	260,459	259,427	397,219	393,594
<b>76,124</b>	<b>223,028</b>	<b>219,295</b>	<b>11,413,119</b>	<b>14,741,535</b>	<b>14,596,626</b>	<b>23,362,569</b>	<b>28,922,598</b>	<b>28,516,459</b>
-	-	-	-	-	-	-	475,956	-
-	-	-	-	-	-	-	51,953	-
-	-	-	-	-	-	-	48,953	-
-	-	-	-	-	-	-	-	-
741	-	-	-	-	-	(25,947)	(68,864)	-
<b>\$101,582</b>	<b>\$172,021</b>	<b>\$23,612</b>	<b>\$36,885,933</b>	<b>\$41,379,202</b>	<b>\$46,675,012</b>	<b>\$40,413,051</b>	<b>\$43,969,047</b>	<b>\$48,770,460</b>

# Cash and Investment Balances of All Funds

## Fiscal Year Ending June 30, 2019

(Nearest Dollar)

	<u>Fund No.</u>	<u>Cash Balance</u>	<u>Investments</u>	<u>Total Balance</u>
General Revenue	01	\$517,820,466	\$0	\$517,820,466
State Road Fund	02	\$86,597,744	\$98,310,053	\$184,907,797
Natural Resources Fund	03	\$1,941,003	\$131,462,547	\$133,403,550
Consolidated Investment Pool	09	-\$1,984,068,718	\$2,259,549,541	\$275,480,823
Consolidated Federal Funds (Special Revenue)	12	\$58,901,567	\$881,012	\$59,782,579
Special Revenue	13	\$2,344,180,028	\$7,379,164,832	\$9,723,344,860
Special Revenue Higher Education	14	\$66,598,869	\$273,312,578	\$339,911,447
Department of Welfare	16	\$178,135,653	\$83,175,053	\$261,310,706
Public Employees' Retirement	17	\$61,453	\$6,605,228,738	\$6,605,290,191
Teachers' Retirement Fund	18	\$3,747,841	\$7,509,587,863	\$7,513,335,704
WVU Medical School	20	\$760,699	\$221,417	\$982,116
<b>Total</b>		<u>\$1,274,676,605</u>	<u>\$24,340,893,634</u>	<u>\$25,615,570,240</u>

# Detailed Investments Fund 13

## Fiscal Year Ending June 30, 2019

(Nearest Dollar)

Attorney General	\$757,228.46
Auditor's Office	8,891,692
Board of Risk and Insurance Management	201,940,835
Court of Claims	4,834,313
CPRB	1,296,958,790
Culture and History	914,885
Secretary of State	38,288
Department of Administration	1,147,549,144
Department of Education	16,708,522
Division of Financial Institutions	113,704
Department of Education and the Arts	110,251
Secretary of Revenue	682,739,232
Department of Transportation	1,218,419,306
WV Economic Development Authority	70,480,433
Division of Health and Human Resources	22,919,384
Division of Labor	2,269,213
Division of Natural Resources	13,476,575
Department of Environmental Protection	424,755,091
Division of Forestry	1,561,019
Insurance Commissioner	1,417,609,414
Lottery Commission	176,905,489
Municipal Bond Commission	190,466,925
Municipal Pension Oversight Board	30,905,396
Public Employees Insurance Agency	264,364,815
Regional Jail Authority	16,839,241
State Police	1,448,347
State Rail Authority	7,686,567
Treasurer's Office	122,279,943
Water Development Authority	35,220,790
<b>Total Detail Fund 13</b>	<b>\$7,379,164,832</b>

# General Revenue Fund

## Statement of Revenues by Source

### FY 2017 Through FY 2025

(Expressed in Thousands)

Source of Revenue	FY 2017 Actual Collections	FY 2018 Actual Collections	FY 2019 Actual Collections	FY 2020 Revised Estimate	FY 2021 Estimate	FY 2022 Estimate	FY 2023 Estimate	FY 2024 Estimate	FY 2025 Estimate
Business and Occupation Tax	\$111,885	\$115,003	\$124,523	\$123,000	\$126,900	\$127,900	\$127,900	\$128,900	\$128,900
Consumers Sales and Use Tax	1,222,283	1,247,031	1,370,157	1,390,260	1,422,100	1,456,400	1,496,500	1,538,300	1,572,100
Personal Income Tax	1,813,867	1,919,570	2,096,807	2,154,880	2,156,150	2,239,900	2,296,600	2,379,700	2,469,900
Liquor Profit Transfers	26,317	21,120	23,039	21,000	23,000	23,000	23,000	23,000	23,000
Beer Tax and Licenses	8,000	7,463	7,628	7,600	7,550	7,500	7,500	7,500	7,500
Tobacco Products Tax (Cigarette & Other)	194,647	177,839	171,224	177,000	155,400	152,000	147,000	142,000	137,000
Estate Tax	0	0	0	0	0	0	0	0	0
Business Franchise Fees	666	698	767	680	700	700	700	700	700
Charter Tax	16	11	10	0	0	0	0	0	0
Property Transfer Tax	11,988	12,036	12,853	12,300	12,300	12,400	13,000	13,300	13,500
Property Tax	7,248	7,315	7,039	7,200	7,600	7,900	8,100	8,300	8,500
Insurance Tax	120,163	124,230	129,111	131,800	131,300	132,900	135,800	138,900	142,000
Departmental Collections	19,134	22,554	22,756	24,000	24,200	24,300	24,500	24,600	24,600
Corporate Income/Business Franchise Tax	116,306	110,068	198,032	136,980	144,500	163,000	153,000	158,100	171,400
Miscellaneous Transfers	1,587	2,513	2,124	1,700	2,000	2,000	2,000	2,000	2,000
Interest Income	6,045	7,846	27,776	30,000	21,500	25,700	29,500	30,000	30,000
Severance Tax	321,031	345,914	462,451	360,240	253,800	256,700	283,300	302,300	328,200
Miscellaneous Receipts <sup>1</sup>	10,071	22,195	8,096	11,000	11,000	11,000	11,000	11,000	11,000
HB102 - Lottery Transfers	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
Video Lottery Transfers	465	457	364	0	0	0	0	0	0
Liquor License Renewal	0	0	0	29,000	10,000	776	776	776	776
Senior Citizen Tax Credit Reimbursement	10,000	10,000	9,456	10,000	10,000	10,000	10,000	10,000	10,000
Special Revenue Transfer	99,793	26,395	17,123	0	0	0	0	0	0
<b>Total</b>	<b>\$4,166,510</b>	<b>\$4,245,258</b>	<b>\$4,756,336</b>	<b>\$4,693,640</b>	<b>\$4,585,000</b>	<b>\$4,719,076</b>	<b>\$4,835,176</b>	<b>\$4,984,376</b>	<b>\$5,146,076</b>

<sup>1</sup> Includes \$7 million in transfers from the Abandoned and Unclaimed Property Fund in FY 2020 and each year, thereafter.

# General Revenue Fund

## Statement of Revenues, Expenditures, and Changes in Cash Balance

(Nearest Dollar)

	Actual Beginning Cash Balance July 1, 2019	\$517,820,466
Less:	31 Day Disbursements (July 1, 2019 - July 31, 2019)	(79,360,440)
Plus:	Prior Year Reimbursements (July 1, 2019 - July 31, 2019)	3,898
Less:	Prior Year Appropriations Forwarded	(397,852,036)
Less:	Cash Balance - Adjustments and Accruals	<u>(3,753,819)</u>
	Accumulated Surplus from FY 2019 @ July 31, 2019	\$36,858,069
Less:	Transfer to Revenue Shortfall Reserve Fund (Statutory)	(18,429,035)
Less:	FY 2020 Surplus Appropriation in FY 2020 Budget Bill	(18,429,035)
Plus:	Prior Year Reimbursements and adjustments (August 1, 2019 - December 31, 2019)	<u>127,424</u>
	Unappropriated Surplus Balance @ December 31, 2019	127,424
Plus:	<b>Recommended</b> FY 2020 Surplus Supplemental Appropriations -	
	Expiration of State Excess Lottery Funds to General Revenue Surplus (2020 Regular Session)	30,658,000
	Expiration of Lottery Net Profits to General Revenue Surplus (2020 Regular Session)	18,294,868
Less:	<b>Recommended</b> FY 2020 Surplus Supplemental Appropriations (2020 Regular Session)	<u>(48,952,868)</u>
	Estimated Unappropriated Surplus Balance @ June 30, 2020	<b>\$127,424</b>
Plus:	Revised - FY 2020 Revenue Estimate	\$4,693,640,000
Less:	FY 2020 Appropriations (FY 2020 Budget Bill) (2019 Regular Session)	(4,635,887,842)
Plus:	FY 2020 Appropriations (FY 2020 Budget Bill) veto	5,372,000
Less:	FY 2020 Supplementary Appropriations (2019 1st Extraordinary Session)	<u>(63,122,345)</u>
	Estimated Unappropriated Balance from FY 2020 Activity @ June 30, 2020	<b>\$1,813</b>
Plus:	FY 2021 Revenue Estimate	\$4,585,000,000
Less:	FY 2021 Appropriations (FY 2021 Budget Bill) (2020 Regular Session)	<u>(4,585,000,000)</u>
	Estimated Unappropriated Balance from FY 2021 Activity @ June 30, 2021	<u><b>\$0</b></u>
	Total Estimated Unappropriated Balance @ June 30, 2021	<u><u><b>\$129,237</b></u></u>

# General Revenue Fund

## Overview by Functional Category

### FY 2019 through FY 2021

(Nearest Dollar)

DEPARTMENT/Agency	Fund #	Actual Expenditures FY 2019	Total Appropriations FY 2020*
<b>LEGISLATURE</b>			
Senate	0165	\$4,752,061	\$5,952,206
House of Delegates	0170	7,650,307	9,404,031
Joint Expenses/Claims against State	0175	9,549,154	9,883,274
<b>Subtotal</b>		<b>21,951,522</b>	<b>25,239,511</b>
<b>JUDICIAL</b>			
Supreme Court	0180	<b>128,630,783</b>	<b>124,322,344</b>
<b>EXECUTIVE</b>			
Office of the Governor	0101	8,245,871	4,466,829
Custodial Fund	0102	416,591	569,451
Civil Contingent Fund	0105	5,149,711	0
State Auditor's Office	0116	4,337,960	2,823,095
State Treasurer's Office	0126	2,998,991	3,635,352
Department of Agriculture	0131	9,519,207	11,750,083
WV Conservation Agency	0132	7,856,508	11,023,235
Meat Inspection	0135	718,932	757,725
Agricultural Awards	0136	28,945	54,250
WV Agricultural Land Protection Auth	0607	96,588	100,497
Attorney General's Office	0150	3,244,629	4,953,457
Secretary of State	0155	1,703,815	957,594
State Election Commission	0160	592	7,508
<b>Subtotal</b>		<b>44,318,340</b>	<b>41,099,076</b>
<b>ADMINISTRATION</b>			
Office of the Secretary	0186	13,839,155	15,740,252
Public Employees Insurance Agency	0200	21,000,000	21,000,000
Division of Finance	0203	1,062,469	753,000
General Services Division	0230	6,324,773	30,769,219
Purchasing Division	0210	938,704	1,064,477
Travel Management	0615	1,049,735	1,260,842
Comm on Uniform State Laws	0214	36,677	45,550
Public Employees Grievance Board	0220	1,111,143	1,124,712
Ethics Commission	0223	657,280	719,844
Public Defender Services	0226	48,791,632	34,485,646
Comm Purchase for Handicapped	0233	282	4,055
WV Prosecuting Attorneys Institute	0557	245,597	246,653
Real Estate Division	0610	763,680	831,866
Office of Technology	0611	0	0
<b>Subtotal</b>		<b>95,821,127</b>	<b>108,046,116</b>



*General Revenue Fund  
Overview by Functional Category  
(Continued)*

Plus: Reappropriated FY 2020	Total Available FY 2020	Total Request FY 2021 **	Governor's Recommendation FY 2021	Percentage of Total
\$6,861,368	\$12,813,574	\$5,952,206	\$5,952,206	0.13%
8,109,229	17,513,260	\$9,404,031	9,404,031	0.21%
4,652,434	14,535,708	\$9,883,274	11,240,457	0.25%
<b>19,623,031</b>	<b>44,862,542</b>	<b>25,239,511</b>	<b>26,596,694</b>	<b>0.58%</b>
<b>34,227,215</b>	<b>158,549,559</b>	<b>135,500,000</b>	<b>135,500,000</b>	<b>2.96%</b>
410,598	4,877,427	6,216,829	6,312,986	0.14%
352,422	921,873	569,451	569,451	0.01%
69,732,596	69,732,596	12,000,000	12,000,000	0.26%
85,549	2,908,644	2,823,095	2,823,095	0.06%
157,971	3,793,323	3,635,352	3,635,352	0.08%
875,501	12,625,584	26,822,083	12,400,083	0.27%
2,827,433	13,850,668	11,023,235	11,023,235	0.24%
0	757,725	757,725	757,725	0.02%
0	54,250	54,250	54,250	0.00%
0	100,497	100,497	100,497	0.00%
5,849,246	10,802,703	5,203,457	4,953,457	0.11%
2,131,695	3,089,289	957,594	957,594	0.02%
0	7,508	7,508	7,508	0.00%
<b>82,423,011</b>	<b>123,522,087</b>	<b>70,171,076</b>	<b>55,595,233</b>	<b>1.21%</b>
140,806	15,881,058	15,740,252	15,740,252	0.34%
0	21,000,000	21,000,000	21,000,000	0.46%
197,321	950,321	753,000	753,000	0.02%
20,347,877	51,117,096	27,769,219	27,769,219	0.61%
0	1,064,477	1,064,477	1,064,477	0.02%
300	1,261,142	1,260,842	1,260,842	0.03%
0	45,550	45,550	45,550	0.00%
0	1,124,712	1,124,712	1,124,712	0.02%
0	719,844	719,844	719,844	0.02%
2,269,251	36,754,897	34,485,646	34,485,646	0.75%
0	4,055	4,055	4,055	0.00%
27,846	274,499	246,653	246,653	0.01%
0	831,866	831,866	831,866	0.02%
0	0	0	0	0.00%
<b>22,983,401</b>	<b>131,029,517</b>	<b>105,046,116</b>	<b>105,046,116</b>	<b>2.29%</b>

*General Revenue Fund  
Overview by Functional Category  
(Continued)*

DEPARTMENT/Agency	Fund #	Actual Expenditures FY 2019	Total Appropriations FY 2020*
<b>COMMERCE</b>			
Office of the Secretary	0606	573,717	1,107,461
Tourism Office	0246	2,500,000	7,000,000
Forestry	0250	3,284,219	3,422,658
Geological & Economic Survey	0253	2,327,907	2,917,247
Development Office	0256	13,386,472	11,363,525
Division of Labor	0260	1,712,227	1,843,176
Division of Natural Resources	0265	19,823,148	23,248,350
Miners' Health, Safety & Training	0277	9,397,054	11,525,820
Board of Coal Mine Health & Safety	0280	205,155	355,599
Division of Rehabilitation Services	0310	14,166,688	14,886,464
WorkForce West Virginia	0572	19,619	59,363
Division of Energy	0612	1,010,528	1,244,267
<b>Subtotal</b>		<b>68,406,734</b>	<b>78,973,930</b>
<b>EDUCATION</b>			
School Lunch Program	0303	1,886,904	2,466,907
State Department of Education	0313	76,071,777	89,903,137
Aid for Exceptional Children	0314	30,394,833	32,364,379
State Aid to Schools	0317	1,833,001,956	1,904,849,098
School Building Authority	0318	0	0
State Board of Ed-Vocational Division	0390	34,614,280	39,859,817
WV Schools for the Deaf & the Blind	0320	13,524,625	14,677,888
<b>Subtotal</b>		<b>1,989,494,375</b>	<b>2,084,121,226</b>
<b>EDUCATION AND THE ARTS</b>			
Office of the Secretary	0294	65,671	0
<b>ARTS, CULTURE, AND HISTORY</b>			
Culture and History	0293	4,621,122	5,275,381
Library Commission	0296	1,312,201	1,640,790
Educational Broadcasting Authority	0300	3,194,265	3,830,691
<b>Subtotal</b>		<b>9,127,588</b>	<b>10,746,862</b>
<b>ENVIRONMENTAL PROTECTION</b>			
Environmental Quality Board	0270	104,377	113,483
Environmental Protection	0273	5,586,005	6,498,479
Air Quality Board	0550	74,551	76,053
<b>Subtotal</b>		<b>5,764,933</b>	<b>6,688,015</b>

*General Revenue Fund  
Overview by Functional Category  
(Continued)*

Plus: Reappropriated FY 2020	Total Available FY 2020	Total Request FY 2021 **	Governor's Recommendation FY 2021	Percentage of Total
0	1,107,461	1,107,461	1,107,461	0.02%
7,000,000	14,000,000	14,000,000	14,000,000	0.31%
0	3,422,658	3,422,658	3,422,658	0.07%
916,391	3,833,638	2,952,247	2,917,247	0.06%
7,087,759	18,451,284	11,363,525	11,363,525	0.25%
0	1,843,176	1,843,176	1,843,176	0.04%
2,750,202	25,998,552	23,248,350	23,248,350	0.51%
0	11,525,820	11,525,820	11,525,820	0.25%
0	355,599	355,599	355,599	0.01%
0	14,886,464	14,886,464	14,886,464	0.32%
0	59,363	59,363	59,363	0.00%
0	1,244,267	1,244,267	1,244,267	0.03%
<b>17,754,352</b>	<b>96,728,282</b>	<b>86,008,930</b>	<b>85,973,930</b>	<b>1.88%</b>
0	2,466,907	2,466,907	2,466,907	0.05%
18,507,184	108,410,321	97,179,481	102,679,481	2.24%
1,840,676	34,205,055	33,275,599	32,223,599	0.70%
0	1,904,849,098	1,840,541,588	1,840,541,588	40.14%
0	0	24,000,000	24,000,000	0.52%
9,819,708	49,679,525	40,769,034	41,169,034	0.90%
509,643	15,187,531	14,677,888	14,677,888	0.32%
<b>30,677,211</b>	<b>2,114,798,437</b>	<b>2,052,910,497</b>	<b>2,057,758,497</b>	<b>44.88%</b>
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>
831,882	6,107,263	5,984,049	5,275,381	0.12%
0	1,640,790	1,640,790	1,640,790	0.04%
563,314	4,394,005	4,705,691	3,830,691	0.08%
<b>1,395,196</b>	<b>12,142,058</b>	<b>12,330,530</b>	<b>10,746,862</b>	<b>0.23%</b>
0	113,483	113,483	113,483	0.00%
0	6,498,479	6,498,479	6,498,479	0.14%
0	76,053	76,053	76,053	0.00%
<b>0</b>	<b>6,688,015</b>	<b>6,688,015</b>	<b>6,688,015</b>	<b>0.15%</b>

*General Revenue Fund  
Overview by Functional Category  
(Continued)*

DEPARTMENT/Agency	Fund #	Actual Expenditures FY 2019	Total Appropriations FY 2020*
<b>HEALTH AND HUMAN RESOURCES</b>			
Office of the Secretary	0400	512,287	667,244
Division of Health-Central Office	0407	59,240,521	78,483,981
Consolidated Medical Service Fund	0525	200,147,500	228,083,154
WV Drinking Water Treatment	0561	647,500	647,500
Human Rights Commission	0416	1,074,217	1,419,645
Human Services	0403	889,871,007	973,902,261
<b>Subtotal</b>		<b>1,151,493,032</b>	<b>1,283,203,785</b>
<b>MILITARY AFFAIRS &amp; PUBLIC SAFETY</b>			
Office of the Secretary	0430	1,623,529	1,953,843
Adjutant General - State Militia	0433	13,958,073	15,934,268
Adjutant General - Military Fund	0605	51,147	157,775
Parole Board	0440	966,582	1,386,282
Homeland Security Emergency Mgmt	0443	4,771,385	4,332,952
Corrections Central Office	0446	510,828	722,366
Correctional Units	0450	199,235,344	239,385,451
WV State Police	0453	88,881,017	107,091,475
Fire Commission	0436	16,109	64,021
Justice and Community Services	0546	10,811,960	10,466,605
Juvenile Services	0570	39,061,913	43,774,795
Protective Services Division	0585	2,788,008	3,579,704
Administrative Services	0619	0	2,176,255
<b>Subtotal</b>		<b>362,675,895</b>	<b>431,025,792</b>
<b>REVENUE</b>			
Office of the Secretary	0465	479,897	614,099
Tax Division	0470	24,648,397	29,354,291
State Budget Office	0595	105,640,124	696,141
Athletic Commission	0523	36,811	36,811
Office of Tax Appeals	0593	503,593	553,445
<b>Subtotal</b>		<b>131,308,822</b>	<b>31,254,787</b>
<b>TRANSPORTATION</b>			
State Rail Authority	0506	1,465,743	2,120,894
Public Transit	0510	2,298,799	2,262,989
Public Port Authority	0581	1,422,709	0
Aeronautics Commission	0582	1,230,506	775,117
Highways	0620	104,200,917	0
<b>Subtotal</b>		<b>110,618,674</b>	<b>5,159,000</b>
<b>VETERANS ASSISTANCE</b>			
Veterans Affairs	0456	14,968,406	10,748,094
Veterans Home	0460	984,136	1,263,855
<b>Subtotal</b>		<b>15,952,542</b>	<b>12,011,949</b>

*General Revenue Fund  
Overview by Functional Category  
(Continued)*

Plus: Reappropriated FY 2020	Total Available FY 2020	Total Request FY 2021 **	Governor's Recommendation FY 2021	Percentage of Total
51,030	718,274	667,244	667,244	0.01%
27,936,975	106,420,956	77,366,007	74,928,981	1.63%
39,323,093	267,406,247	247,923,154	233,418,154	5.09%
0	647,500	647,500	647,500	0.01%
0	1,419,645	1,509,598	1,419,645	0.03%
2,421,913	976,324,174	1,059,325,295	822,040,347	17.93%
<b>69,733,011</b>	<b>1,352,936,796</b>	<b>1,387,438,798</b>	<b>1,133,121,871</b>	<b>24.71%</b>
2,913,728	4,867,571	1,953,843	1,953,843	0.04%
6,932,883	22,867,151	19,234,268	19,234,268	0.42%
0	157,775	157,775	157,775	0.00%
0	1,386,282	1,386,282	1,386,282	0.03%
1,339,741	5,672,693	6,149,915	6,149,915	0.13%
0	722,366	562,366	578,977	0.01%
52,166,988	291,552,439	248,450,451	238,721,691	5.21%
5,813,834	112,905,309	117,521,441	115,407,475	2.52%
0	64,021	64,021	64,021	0.00%
4,818,082	15,284,687	11,591,982	10,466,605	0.23%
9,097,449	52,872,244	43,679,795	45,041,897	0.98%
2,153,720	5,733,424	3,667,298	3,579,704	0.08%
0	2,176,255	2,611,255	2,611,255	0.06%
<b>85,236,425</b>	<b>516,262,217</b>	<b>457,030,692</b>	<b>445,353,708</b>	<b>9.71%</b>
217,221	831,320	614,099	614,099	0.01%
18,480,606	47,834,897	34,239,291	30,339,291	0.66%
602,462	1,298,603	923,591	923,591	0.02%
0	36,811	36,811	36,811	0.00%
3,271	556,716	575,140	558,045	0.01%
<b>19,303,560</b>	<b>50,558,347</b>	<b>36,388,932</b>	<b>32,471,837</b>	<b>0.71%</b>
925,160	3,046,054	2,120,894	4,920,894	0.11%
2,581,952	4,844,941	2,262,989	2,262,989	0.05%
0	0	0	0	0.00%
1,003,675	1,778,792	995,117	775,117	0.02%
0	0	0	0	0.00%
<b>4,510,787</b>	<b>9,669,787</b>	<b>5,379,000</b>	<b>7,959,000</b>	<b>0.17%</b>
1,768,979	12,517,073	43,763,596	10,748,094	0.23%
0	1,263,855	1,263,855	1,263,855	0.03%
<b>1,768,979</b>	<b>13,780,928</b>	<b>45,027,451</b>	<b>12,011,949</b>	<b>0.26%</b>

*General Revenue Fund  
Overview by Functional Category  
(Continued)*

DEPARTMENT/Agency	Fund #	Actual Expenditures FY 2019	Total Appropriations FY 2020*
<b>HIGHER EDUCATION</b>			
HEPC-Administration	0589	72,486,139	73,400,433
WVNET	0551	1,681,744	1,747,826
WVU-School of Medicine	0343	22,520,709	20,946,037
West Virginia University	0344	106,292,930	110,742,558
Marshall University-School of Medicine	0347	12,187,987	13,648,213
Marshall University	0348	45,443,565	49,232,632
WV School of Osteopathic Medicine	0336	7,355,943	9,596,404
Bluefield State College	0354	5,600,993	6,383,221
Concord University	0357	8,552,843	10,476,415
Fairmont State University	0360	15,111,777	18,600,341
Glenville State College	0363	5,885,700	6,446,942
Shepherd University	0366	9,671,542	12,683,829
West Liberty University	0370	7,823,727	9,102,662
West Virginia State University	0373	11,143,325	14,292,704
Council for C&T College Education	0596	8,997,455	18,792,838
Mountwest C&T College	0599	5,505,121	6,489,307
New River C&T College	0600	5,452,515	5,864,886
Pierpont C&T College	0597	7,244,243	7,820,129
Blue Ridge C&T College	0601	5,099,246	7,830,842
WVU at Parkersburg	0351	9,495,037	10,319,284
Southern WV C&T College	0380	7,944,214	8,241,823
WV Northern C&T College	0383	6,833,499	7,285,825
Eastern WV C&T College	0587	1,812,537	2,179,912
BridgeValley C&T College	0618	7,420,648	8,098,811
<b>Subtotal</b>		<b>397,563,439</b>	<b>440,223,874</b>
<b>TOTAL GENERAL REVENUE</b>		<b>\$4,563,144,432</b>	<b>\$4,712,067,222</b>

\* Total Appropriations FY 2020 include surplus appropriations of \$18,429,035.

\*\* Total Request FY 2021 is Current-Level Request plus General Revenue Improvement Requests.

*General Revenue Fund  
Overview by Functional Category  
(Continued)*

Plus: Reappropriated FY 2020	Total Available FY 2020	Total Request FY 2021 **	Governor's Recommendation FY 2021	Percentage of Total
2,971,756	76,372,189	84,932,373	73,401,892	1.60%
0	1,747,826	1,747,826	1,747,826	0.04%
0	20,946,037	20,946,037	20,946,037	0.46%
0	110,742,558	110,742,558	110,742,558	2.42%
508,320	14,156,533	13,648,213	13,648,213	0.30%
413,186	49,645,818	49,232,632	49,232,632	1.07%
44,331	9,640,735	9,596,404	9,596,404	0.21%
0	6,383,221	6,383,221	6,383,221	0.14%
0	10,476,415	10,476,415	10,476,415	0.23%
0	18,600,341	18,600,341	18,600,341	0.41%
500,000	6,946,942	6,446,942	6,446,942	0.14%
500,000	13,183,829	12,683,829	12,683,829	0.28%
0	9,102,662	9,102,662	9,102,662	0.20%
0	14,292,704	14,292,704	14,292,704	0.31%
1,778,263	20,571,101	24,792,838	18,792,838	0.41%
0	6,489,307	6,489,307	6,489,307	0.14%
0	5,864,886	5,864,886	5,864,886	0.13%
0	7,820,129	7,820,129	7,820,129	0.17%
500,000	8,330,842	7,830,842	7,830,842	0.17%
500,000	10,819,284	10,319,284	10,319,284	0.23%
0	8,241,823	8,241,823	8,241,823	0.18%
0	7,285,825	7,285,825	7,285,825	0.16%
500,000	2,679,912	2,179,912	2,179,912	0.05%
0	8,098,811	8,098,811	8,098,811	0.18%
<b>8,215,856</b>	<b>448,439,730</b>	<b>457,755,814</b>	<b>440,225,333</b>	<b>9.60%</b>
<b>\$397,852,035</b>	<b>\$5,109,919,257</b>	<b>\$4,912,866,317</b>	<b>\$4,585,000,000</b>	<b>100.00%</b>

**General Revenue Fund**  
**Recommended Surplus Supplemental Appropriations**  
**FY 2020**  
**(Nearest Dollar)**

Public Defender Services - Appointed Counsel Fees (billings exceeding FY 2020 appropriations)	\$20,000,000
Veterans Assistance - Veterans Nursing Home	5,500,000
DHHR - Office of Medical Cannabis	920,500
DHHR - Institutional Facilities Operations	10,000,000
DHHR - Capital Outlay, Repairs and Equipment	714,368
DHHR - Medical Services	<u>11,818,000</u>
<b>Recommended General Revenue Surplus Supplementals - Increases - FY 2020</b>	<b><u><u>\$48,952,868</u></u></b>

**Lottery Net Profits**  
**Recommended Supplemental Appropriations**  
**FY 2020**  
**(Nearest Dollar)**

Senior Services - In- Home Services and Nutrition for Senior Citizens	<u>\$3,000,000</u>
<b>Recommended Lottery Net Profit Supplemental - Increase - FY 2020</b>	<b><u><u>\$3,000,000</u></u></b>



# Lottery Fund

## Statement of Revenues, Expenditures, and Changes in Cash Balance

(Nearest Dollar)

	Balance @ July 1, 2018	\$57,880,145
Less:	Reserve for Cash Flow / Contingencies	(40,000,000)
Plus:	FY 2019 Actual Revenue	158,392,574
Less:	Veterans Fund - Actual Transfers	(500,000)
Less:	FY 2019 Appropriations (FY 2019 Budget Bill)	(123,308,000)
Plus:	FY 2019 Appropriations (FY 2019 Budget Bill) vetoes	0
Less:	FY 2019 Surplus Appropriation (FY 2019 Budget Bill)	(6,000,000)
Less:	FY 2019 Surplus Appropriation (2019 Regular Session)	(7,358,890)
Plus:	Cash not needed for FY 2019 Appropriations	<u>9,350</u>
	Unappropriated Balance @ July 1, 2019	\$39,115,179
Plus:	FY 2020 Revenue Estimate	\$128,208,000
Less:	Veterans Fund	<u>(400,000)</u>
	Revenue Available for FY 2020 Appropriations	166,923,179
Less:	FY 2020 Appropriations (FY 2020 Budget Bill)	(127,808,000)
Plus:	FY 2020 Appropriations (FY 2020 Budget Bill) vetoes	0
Less:	FY 2020 Surplus Appropriation (FY 2020 Budget Bill)	(17,750,000)
Less:	FY 2020 Supplemental Appropriations (2019 First Extraordinary Session)	(70,000)
Plus:	Cash not needed for FY 2020 Appropriations	0
Less:	<b>Recommended</b> FY 2020 Supplemental Appropriations - Expiration to General Revenue Surplus (2020 Regular Session)	(18,294,868)
Less:	<b>Recommended</b> FY 2020 Supplemental Appropriations (2020 Regular Session)	<u>(3,000,000)</u>
	Estimated Unappropriated Balance @ June 30, 2020	\$311
Plus:	FY 2021 Revenue Estimate	\$128,208,000
Less:	Veterans Fund	<u>(400,000)</u>
	Revenue Available for FY 2021 Appropriations	\$127,808,000
Less:	<b>Recommended</b> FY 2021 Appropriations (FY 2021 Budget Bill)	<u>(127,808,000)</u>
	Estimated Unappropriated Balance @ June 30, 2021	<u><b>\$311</b></u>

Note: The Governor recommends any surplus balance remaining at the end of FY 2020 be appropriated for Medicaid (\$16,000,000) and Senior Nutrition (\$750,000).

# Lottery Fund

## Overview by Functional Category

### FY 2019 through FY 2021

(Nearest Dollar)

DEPARTMENT/Agency Description	Fund #	Actual Expenditures FY 2019	Total Appropriations FY 2020 *
<b>ADMINISTRATION</b>			
Education, Arts, Sciences, & Tourism Debt Service Fund	2252	<b>\$9,995,837</b>	<b>\$10,000,000</b>
<b>COMMERCE</b>			
Division of Tourism	3067	5,783,540	6,732,425
Division of Natural Resources	3267	3,370,463	3,443,151
<b>Subtotal</b>		<b>9,154,003</b>	<b>10,175,576</b>
<b>EDUCATION</b>			
State Department of Education	3951	18,968,049	18,883,375
School Building Authority	3963	15,233,863	18,000,000
<b>Subtotal</b>		<b>34,201,912</b>	<b>36,883,375</b>
<b>ARTS, CULTURE, AND HISTORY</b>			
Office of the Secretary	3508	51,818	0
<b>Subtotal</b>		<b>51,818</b>	<b>0</b>
<b>ARTS, CULTURE, AND HISTORY</b>			
Culture and History	3534	3,851,934	4,185,157
Library Commission	3559	11,543,010	11,513,700
Educational Broadcasting Authority	3587	-	-
<b>Subtotal</b>		<b>15,394,944</b>	<b>15,698,857</b>
<b>SENIOR SERVICES</b>			
Bureau of Senior Services	5405	<b>45,160,329</b>	<b>60,606,387</b>
<b>HIGHER EDUCATION</b>			
CTC - Capital Improvement Fund	4908	5,133,025	5,000,000
Higher Education Policy Commission	4925	2,871,180	3,018,744
West Virginia University	4185	3,580,943	3,646,625
Marshall-School of Medicine	4896	566,283	598,436
<b>Subtotal</b>		<b>12,151,431</b>	<b>12,263,805</b>
<b>TOTAL LOTTERY</b>		<b>\$126,110,274</b>	<b>\$145,628,000</b>

\* Total Appropriations FY 2020 include surplus appropriations of \$17,750,000.

\*\*Total Request FY 2021 is Current-Level Request plus Improvement Requests.

Plus: Reappropriated FY 2020	Total Available FY 2020	Total Request FY 2021 **	Governor's Recommendation FY 2021	Percentage of Total
<b>\$0</b>	<b>\$10,000,000</b>	<b>\$10,000,000</b>	<b>\$10,000,000</b>	<b>8%</b>
5,445,023	12,177,448	6,732,425	6,732,425	5.27%
0	3,443,151	3,443,151	3,443,151	2.69%
<b>5,445,023</b>	<b>15,620,599</b>	<b>10,175,576</b>	<b>10,175,576</b>	<b>7.96%</b>
22,796,135	41,679,510	18,883,375	18,883,375	14.77%
0	18,000,000	18,000,000	18,000,000	14.08%
<b>22,796,135</b>	<b>59,679,510</b>	<b>36,883,375</b>	<b>36,883,375</b>	<b>28.86%</b>
0	0	0	0	0.00%
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>
1,326,425	5,511,582	4,115,157	4,115,157	3.22%
374,233	11,887,933	11,513,700	11,513,700	9.01%
7,358,890	0	0	0	0.00%
<b>9,059,548</b>	<b>17,399,515</b>	<b>15,628,857</b>	<b>15,628,857</b>	<b>12.23%</b>
<b>642,563</b>	<b>61,248,950</b>	<b>42,856,387</b>	<b>42,856,387</b>	<b>33.53%</b>
2,530,449	7,530,449	5,000,000	5,000,000	3.91%
1,313,392	4,332,136	3,018,744	3,018,744	2.36%
532,253	4,178,878	3,646,625	3,646,625	2.85%
60,442	658,878	598,436	598,436	0.47%
<b>4,436,536</b>	<b>16,700,341</b>	<b>12,263,805</b>	<b>12,263,805</b>	<b>9.60%</b>
<b>\$42,379,805</b>	<b>\$180,648,915</b>	<b>\$127,808,000</b>	<b>\$127,808,000</b>	<b>100%</b>

# Excess Lottery Fund

## Overview by Functional Category

### FY 2019 through FY 2021

(Nearest Dollar)

DEPARTMENT/Agency Description	Fund #	Actual Expenditures FY 2019	Total Appropriations FY 2020 *
<b>STATUTORY APPROPRIATIONS:</b>			
<b>DEBT SERVICE AND CAPITAL PROJECTS (State Parks Improvements, Public Education Facilities, and Infrastructure Projects)</b>			
Economic Development Authority	9065	\$18,988,904	\$19,000,000
Higher Education Improvement Fund	4297	15,000,000	15,000,000
School Building Authority	3514	18,988,746	19,000,000
Division of Natural Resources	3277	3,345,857	1,505,000
Cacapon & Beech Fork Debt Service Fund	9067	2,030,805	2,032,000
State Parks Debt Service Fund	9068	0	4,395,000
Infrastructure Council	3390	46,000,000	46,000,000
<b>Subtotal</b>		<b>104,354,312</b>	<b>106,932,000</b>
<b>TRANSFERS</b>			
Refundable Credit	7207	9,456,073	10,000,000
General Revenue	7206	65,000,000	65,000,000
PROMISE Scholarship	4295	29,000,000	29,000,000
Racing Commission-Special Breeders Compensation	7308	2,000,000	2,000,000
<b>Subtotal</b>		<b>105,456,073</b>	<b>106,000,000</b>
<b>TOTAL STATUTORY APPROPRIATIONS:</b>		<b>209,810,385</b>	<b>212,932,000</b>
<b>APPROPRIATIONS ABOVE EXCESS LOTTERY STATUTORY REQUIREMENTS:</b>			
Office of Technology	2532	0	0
Office of the Governor	1046	0	0
Distributions to Statutory Funds and Purposes	7213	50,022,040	61,022,040
WV Development Office	3170	0	0
Division of Corrections-Capital	6283	0	0
Human Services-Medical Services	5365	0	33,302,960
Higher Education-Advanced Technology Centers	4932	114,943	0
<b>TOTAL APPROPRIATIONS ABOVE STATUTORY REQUIREMENTS:</b>		<b>50,136,983</b>	<b>94,325,000</b>
<b>TOTAL EXCESS LOTTERY</b>		<b>\$259,947,368</b>	<b>\$307,257,000</b>

\* Total Appropriations FY 2020 include surplus appropriations of \$17,000,000.

\*\* Total Request FY 2021 is Current-Level Request plus Improvement Requests.

Plus: Reappropriated FY 2020	Total Available FY 2020	Total Request FY 2021 **	Governor's Recommendation FY 2021	Percentage of Total
\$0	\$19,000,000	\$19,000,000	\$19,000,000	5.58%
0	15,000,000	15,000,000	15,000,000	4.41%
0	19,000,000	19,000,000	19,000,000	5.58%
9,214,613	10,719,613	1,505,000	1,505,000	0.44%
0	2,032,000	2,032,000	2,032,000	0.60%
0	4,395,000	4,395,000	4,395,000	1.29%
0	46,000,000	46,000,000	46,000,000	13.52%
<b>9,214,613</b>	<b>116,146,613</b>	<b>106,932,000</b>	<b>106,932,000</b>	<b>31.43%</b>
0	10,000,000	10,000,000	10,000,000	2.94%
0	65,000,000	65,000,000	65,000,000	19.10%
0	29,000,000	29,000,000	29,000,000	8.52%
0	2,000,000	2,000,000	2,000,000	0.59%
<b>0</b>	<b>106,000,000</b>	<b>106,000,000</b>	<b>106,000,000</b>	<b>31.15%</b>
<b>9,214,613</b>	<b>222,146,613</b>	<b>212,932,000</b>	<b>212,932,000</b>	<b>62.58%</b>
18,425,000	0	0	0	0.00%
80,626	80,626	0	0	0.00%
0	61,022,040	61,022,040	61,022,040	17.93%
887,548	887,548	0	0	0.00%
210,968	210,968	0	0	0.00%
0	33,302,960	16,302,960	66,302,960	19.49%
137,440	137,440	0	0	0.00%
<b>19,741,582</b>	<b>95,641,582</b>	<b>77,325,000</b>	<b>127,325,000</b>	<b>37.42%</b>
<b>\$28,956,195</b>	<b>\$317,788,195</b>	<b>\$290,257,000</b>	<b>\$340,257,000</b>	<b>100.00%</b>

# Excess Lottery Fund

## Statement of Revenues, Expenditures, and Changes in Cash Balance

(Nearest Dollar)

	Balance @ July 1, 2018	\$62,927,546
Less:	Reserve for Cash Flow / Contingencies	(6,103,080)
Less:	Catastrophic Event Contingency	(30,000,000)
Plus:	FY 2019 Actual Revenue	337,491,999
Less:	FY 2019 Appropriations (FY 2019 Budget Bill)	(290,257,000)
Plus:	FY 2019 Appropriations (FY 2019 Budget Bill) vetoes	0
Less:	FY 2019 Surplus Appropriation (FY 2019 Budget Bill)	(8,000,000)
Less:	FY 2019 Supplemental Appropriation (2019 Regular Legislative Session - SB678)	(18,425,000)
Plus:	Cash not needed for FY 2019 Appropriations	<u>23,545</u>
	Unappropriated Balance @ June 30, 2019	\$47,658,010
Plus:	FY 2020 Revenue Estimate	<u>290,257,000</u>
	Available for FY 2020 Appropriations	337,915,010
Less:	FY 2020 Appropriations (FY 2020 Budget Bill)	(290,257,000)
Plus:	FY 2020 Appropriations (FY 2020 Budget Bill) vetoes	0
Less:	FY 2020 Surplus Appropriation (FY 2020 Budget Bill)	(17,000,000)
Less:	<b>Recommended</b> FY 2020 Supplemental Appropriation - Expiration to General Revenue Surplus (2020 Regular Session)	<u>(30,658,000)</u>
	Estimated Unappropriated Balance @ June 30, 2020	\$10
Plus:	FY 2021 Revenue Estimate	340,257,000
Less:	<b>Recommended</b> FY 2021 Appropriations (FY 2021 Budget Bill)	<u>(340,257,000)</u>
	Estimated Unappropriated Balance @ June 30, 2021	<u><u><b>\$10</b></u></u>

Note: The Governor recommends \$17,000,000 of any surplus balance remaining at the end of FY 2020 be appropriated for Medicaid.

# State Road Fund

## Statement of Revenues by Source

### FY 2017 Through FY 2023

(Expressed in Thousands)

Source of Revenue	FY 2017 Actual Collections	FY 2018 Actual Collections	FY 2019 Actual Collections	FY 2020 Estimate	FY 2021 Estimate	FY 2022 Estimate	FY 2023 Estimate
Motor Carrier Road Tax	\$381,304	\$419,645	\$443,428	\$450,000	\$440,000	\$440,000	\$435,000
Registration Fees	104,354	148,546	168,785	169,279	169,357	142,415	143,259
Registration Fee: Highway Litter Control	1,876	1,480	1,666	1,700	1,671	1,719	1,719
Sales Tax	204,111	227,418	236,137	231,061	231,194	233,427	234,593
Less Transfer to Industrial Access Road Fund	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)
Miscellaneous Income	26,208	52,471	122,671	28,995	28,995	23,995	23,995
Federal Reimbursement:	442,121	391,058	366,920	467,400	467,400	479,700	479,700
<b>Total</b>	<b>\$1,156,974</b>	<b>\$1,237,618</b>	<b>\$1,336,607</b>	<b>\$1,345,435</b>	<b>\$1,335,617</b>	<b>\$1,318,256</b>	<b>\$1,315,266</b>

# State Road Fund

## Statement of Revenues, Expenditures, and Changes in Cash Balance

(Nearest Dollar)

	Cash and Investment Balance - July 1, 2019	\$173,591,503
Plus:	<b>Revised</b> - Revenue Estimate - FY 2020	<u>1,345,435,000</u>
	Total Estimated Receipts and Balance	\$1,519,026,503
Less:	FY 2020 Appropriations (FY 2020 Budget Bill - 2019 Regular Session):	
	Division of Highways	(1,334,315,083)
	Division of Motor Vehicles	(46,077,719)
	Office of Administrative Hearings	(2,065,530)
	Claims Against the State Road Fund	(1,703,146)
Less:	FY 2020 Supplementary Appropriation (2019 1st Extraordinary Session 5/20/2019) Division of Highways	(54,000,000)
Less:	FY 2020 Supplementary Appropriation (2019 1st Extraordinary Session 6/17/2019) Division of Highways	(50,200,917)
Less:	<b>Recommended</b> FY 2020 Supplementary Appropriation (2020 Regular Session) - Division of Highways - Claims Against the State Road Fund	<u>(906,653)</u>
	Estimated Unappropriated Balance @ June 30, 2020	<b>\$29,757,455</b>
Plus:	Revenue Estimate - FY 2021	1,335,617,000
Less:	<b>Recommended</b> FY 2021 Appropriations (FY 2021 Budget Bill - 2020 Regular Session):	
	Division of Highways	(1,308,582,854)
	Division of Motor Vehicles	(46,077,719)
	Office of Administrative Hearings	(2,065,530)
	Claims Against the State Road Fund	(1,200,000)
	Estimated Unappropriated Balance @ June 30, 2021	<u><u><b>\$7,448,352</b></u></u>



# Summary of Primary Government Long-Term Debt Outstanding as of June 30, 2019

(Expressed in Thousands)

	Actual 6/30/17*	Actual 6/30/18*	Actual 6/30/19*	Estimated 6/30/20*	Estimated 6/30/21*
<b>General Obligation Debt</b>					
Safe Road Bonds	\$151,160	\$135,175	\$118,390	\$100,830	\$82,460
Roads to Prosperity	-	800,000	782,305	764,455	745,795
Infrastructure Bonds	171,745	156,966	147,020	128,914	110,871
SUBTOTAL	322,905	1,092,141	1,047,715	994,199	939,126
<b>Revenue Bonds</b>					
School Building Authority	72,105	22,265	-	-	-
School Building Authority (Lottery)	104,930	137,875	129,105	119,965	110,375
School Building Authority (Excess Lottery)	88,990	83,490	77,760	71,800	65,550
School Building Authority, QSCBs (Excess Lottery)	150,480	150,480	150,480	150,480	150,480
Tobacco Settlement Finance Authority	850,612	850,238	851,495	840,137	827,211
Highways, Commissioner of	53,380	219,985	283,485	265,720	246,745
2010 EAST Fund (Lottery)	135,940	141,560	141,560	133,780	129,595
Economic Development Authority (Excess Lottery)	133,415	147,195	190,165	176,850	162,850
WV Infrastructure and Jobs Development Council	168,855	162,795	157,280	151,545	145,560
SUBTOTAL	1,758,707	1,915,883	1,981,330	1,910,277	1,838,366
<b>Capital Leases &amp; Notes Payable</b>					
Governmental Funds	213,761	201,204	186,939	160,265	133,591
Internal Service**	58,050	56,760	55,030	53,300	51,570
Notes Payable**	14,589	18,469	16,211	14,000	14,000
SUBTOTAL	286,400	276,433	258,180	227,565	199,161
<b>TOTAL</b>	<b>\$2,368,012</b>	<b>\$3,284,457</b>	<b>\$3,287,225</b>	<b>\$3,132,041</b>	<b>\$2,976,653</b>

\*Actual and Estimated balances do not include unamortized discounts/premiums/issuance costs.

\*\*6/30/19 figures are estimated for those items.

# Major Reserve/Stabilization Accounts

## ***Revenue Shortfall Reserve Fund (Rainy Day Fund)***

The state established a Revenue Shortfall Reserve Fund (Rainy Day Fund) that began with surplus funds available at the close of FY 1994. (W.Va. Code §11B-2-20 was passed March 11, 1994 and amended August 5, 2011.) Funds may be used for revenue shortfalls, emergency needs caused by acts of God or natural disasters, or for other fiscal needs.

Current West Virginia Code requires the first 50% of all surplus General Revenue funds accrued during the fiscal year just ended be deposited into the fund until the aggregate amount of the fund is equal to 13% of the total appropriations from the General Revenue Fund for the fiscal year just ended. The first \$100 million in the fund is invested by the West Virginia Board of Treasury Investments and any amounts over \$100 million are invested by the West Virginia Investment Management Board.

Since the fund was created in 1994, \$895.4 million has been deposited into the fund, which includes transfers in and interest, \$225 million has been used for flood (including \$55 million appropriated during the 2016 2nd Legislative Special Session for costs related to the June 2016 flood) and drought victim assistance, infrastructure, snow removal, and other projects. For the first time, in FY 2015, the fund was accessed to help balance the budget, transferring \$100 million to the Medical Services Trust Fund to be used as state matching funds for West Virginia's Medicaid Program. In the FY 2016 Budget Bill, \$14.8 million was appropriated for transfer to the Medical Services Trust Fund. To help close the FY 2016 general revenue shortfall, an additional \$83.8 million was transferred to the General Fund. In the FY 2017 Budget Bill, \$70 million was appropriated for transfer to the Medical Services Trust Fund, \$21.3 million for FY 2017 surplus supplemental appropriations, and \$40.4 million for helping in balancing the FY 2017 budget. The FY 2018, FY 2019, and FY 2020 budget used no Rainy Day funding, and the Governor recommends no transfer in his FY 2021 budget from the Rainy Day Fund.

The Governor, by executive order, is allowed to borrow funds (prior to October 31st each year) from the Rainy Day Fund when revenues are inadequate to make timely payments of the state's obligations. The amount borrowed may not exceed 1.5% of the General Revenue Fund estimate for the fiscal year in which the funds are borrowed and shall be repaid to the fund within 90 days of its withdrawal.

Because of an expected cash flow shortfall experienced each year in the first quarter of the fiscal year, the Governor is authorized to borrow from the fund at the beginning of each fiscal year, and since August 1996, has done so in order to pay obligations in a timely manner. All loans were repaid within the 90-day limit allowed by law. On December 31, 2019, the balance in the Rainy Day Fund was \$363.4 million, 8% of FY 2020 appropriations.

## ***Revenue Shortfall Reserve Fund - Part B (Rainy Day Fund—Part B)***

The state established a Revenue Shortfall Reserve Fund—Part B (Rainy Day Fund—Part B) that began with the cash balance of the West Virginia Tobacco Settlement Medical Trust Fund on June 9, 2006 (W.Va. Code §11B-2-20 amended August 5, 2011). The fund is invested by the West Virginia Investment Management Board.

Expenditures may not be made from the Rainy Day Fund—Part B unless all money in the Rainy Day Fund have been first expended. After June 30, 2025, interest and other return earned on money in the Rainy Day Fund—Part B may be appropriated by the Legislature for continued support of the programs offered by the Public Employees Insurance Agency; funding for expansion of the federal-state Medicaid program; funding for public health program services and agencies; funding for any state-owned or operated health facilities; or in instances of revenue shortfalls or fiscal emergencies of an extraordinary nature. On December 31, 2019, the balance in the Rainy Day Fund—Part B was \$479.3 million, 10% of FY 2020 appropriations.

## Major Reserve/Stabilization Accounts

### Income Tax Refund Reserve Fund

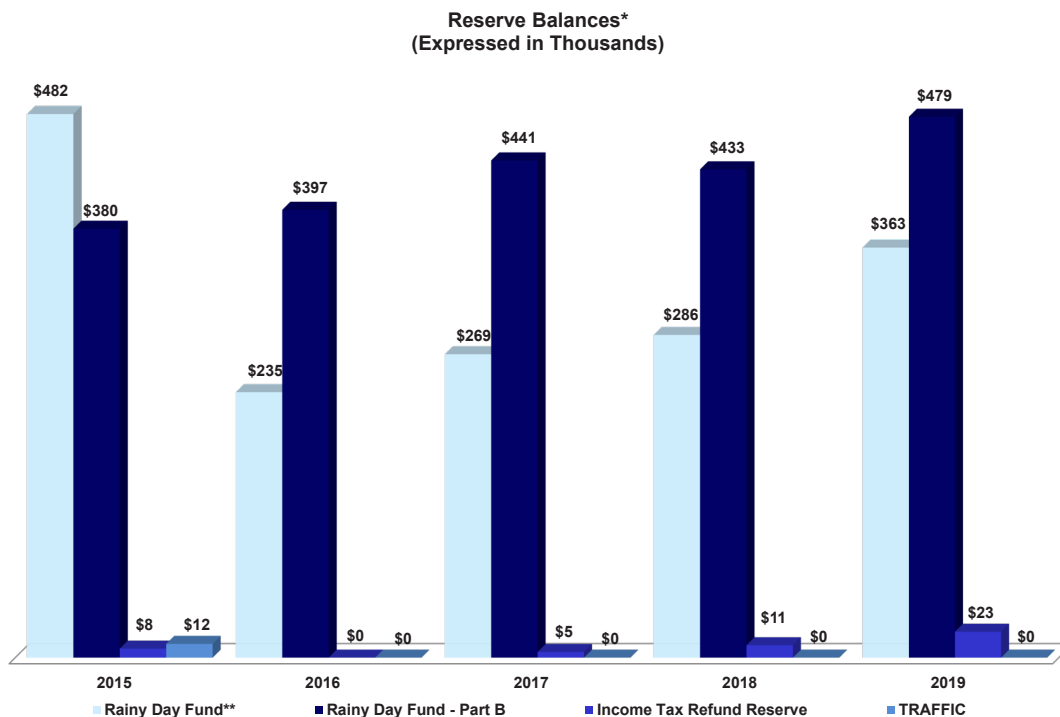
An Income Tax Refund Reserve Fund was established during FY 1990 (W.Va. Code §11-21-93) to pay personal income tax refunds, interest, and penalties to taxpayers in a timely manner. It may also be used by the Legislature to make appropriations from the fund to address other items as the Legislature so desires. The state tax commissioner is responsible for determining the balance needed in the fund to ensure timely income tax refunds.

The balance in the Income Tax Refund Reserve Fund at the beginning of FY 2019 was \$5 million. As of December 31, 2019, the balance of the Income Tax Refund Reserve Fund is \$23 million.

### Tax Reduction and Federal Funding Increased Compliance (TRAFFIC)

During the 1995 session of the West Virginia Legislature, the initial appropriation was made to the account titled Tax Reduction and Federal Funding Increased Compliance (TRAFFIC). This appropriation was made to the Joint Expense account of the legislative branch and was intended for possible general state tax reductions to offset any reductions in federal funding for state programs, or to have funds available for other unanticipated needs. It was not intended as an operational appropriation for expenditure by the Legislature.

Since the inception of the TRAFFIC account, \$156.7 million has been deposited into the account and \$81.0 million has been appropriated from the account (mostly for meeting shortfalls in Medicaid match funds, for flood victim assistance, or additional payments to unfunded liabilities in the state retirement systems). In FY 2014, an additional \$55.1 million was expired to the General Revenue Unappropriated and Surplus balances to help fund supplemental appropriations. In FY 2015, \$7.5 million was expired to the General Revenue Unappropriated balance to help in balancing FY 2015's budget. In FY 2016, an additional \$12.2 million was expired to the General Revenue Unappropriated and Surplus balances to help fund supplemental appropriations and in balancing FY 2016's budget. As of December 31, 2019, no funds remain.



\*Balances of December 31 each year

\*\*2015 balance includes \$60 million on loan to General Revenue fund for cash flow purposes that was repaid in January 2016.

2016 balance includes \$50 million on loan to the Unemployment Compensation Trust Fund that was repaid in May 2017.

## *Executive Summary*

# Six Year Financial Plan

While we have seen our share of decreasing revenue and difficult budget decisions being made over the last few years in the short term, over the past two decades, we have made and continue to make significant improvements in our underfunded pension systems and other postemployment benefits (OPEB) liabilities of the state for the long term. Forward thinking and conservative budget proposals have placed us on a path to solvency. We again funded 100% of our required retirement contributions.

West Virginia fully intends to continue the fiscally responsible process of disciplined financial management as evidenced in this year's Six Year Financial Plan.

The Six Year Financial Plan contains only the combined funding for the General Revenue Fund, Regular Lottery Fund, and the Excess Lottery Fund.

The General Revenue Fund has maintained a strong cash flow over the past few years. We continue an ongoing fiscally conservative approach to revenue projections and expenditure recommendations. West Virginia's Rainy Day funds (Revenue Shortfall Reserve Fund and Revenue Shortfall Reserve Fund Part B) are among the best in the country. The balance of the funds as of December 31, 2019 was \$842.7 million. West Virginia continues to stay on track with the funding of its financial obligations while at the same time, is able to save money for future needs.

FY 2019 General Revenue actual collections exceeded the original revenue estimate by \$316.4 million.

We continue to approach current and future challenges that includes increases to state appropriations for the state's social programs, PEIA, education, continued retirement contributions, and deferred maintenance for state owned property. Keeping an eye toward out-year budgets, which are affected by budget decisions made today, the Governor's FY 2021 budget recommendations continue to address the largest budget drivers on the expenditure side of the ledger—Medicaid, PEIA, social programs, and public employers' retirement contributions.

The ability to deal with these budgetary challenges is the result of many tough decisions made over the last two decades, including maintaining a strong level of budgetary reserves, limiting the growth rate of the major retirement systems, and a commitment to addressing long-term liabilities. The use of long-term budget planning through the state's Six Year Financial Plan highlights the need for continued conservative budget planning.

The "Six Year Financial Plan" is used as a planning tool for analyzing future budgets, and any future budget year gaps shown that would have to be addressed and balanced in the out years. This year's "Six Year Financial Plan" includes information on anticipated revenues and expenditures through FY 2025. As part of the plan, the basic revenue assumptions and the major expenditure drivers and planning processes are included, along with other smaller, yet consistent items that continue to drive up expenditures over time.

The goal of the "Six Year Financial Plan" is to provide the West Virginia Legislature and citizens a clear understanding of not only the FY 2021 budget, but also the larger, long-term implications of the decisions made today on the state's future fiscal outlook.

## Executive Summary Six Year Financial Plan

The “Six Year Financial Plan” includes revenue and recommended expenditures from the General Revenue Fund and Lottery Revenue Funds. It does not reflect Special or Federal funds, although the funding and planning processes of these types of funds definitely impact total state revenue and spending. This plan is developed with extensive review of the major financial implications of Special and Federal cash flows. Using this plan, it is easy to see where the projected ongoing base expenditures outpace projected available revenues, and it becomes obvious that any surplus revenues from upcoming fiscal years should be used mostly for onetime needs or held for use to assist in offsetting possible future requirements.

### Six-Year Financial Plan Through 2025 General and Lottery Revenues (in thousands)

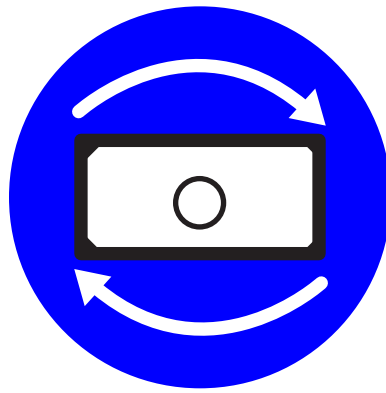
	Actual FY 2019	Budgeted FY 2020	Recommended FY 2021	Projected FY 2022	Projected FY 2023	Projected FY 2024	Projected FY 2025
<b>Estimated Revenue</b>							
General Revenue	\$4,756,336	\$4,693,640	\$4,585,000	\$4,719,076	\$4,835,176	\$4,984,376	\$5,146,076
General Revenue - (Surplus used / available from previous FYs)	4,731	85,811					
Lottery	157,892	127,808	127,808	127,808	127,808	127,808	127,808
Lottery - (Surplus used / available from previous FYs)	(21,226)	20,820	16,000				
Excess Lottery	272,492	225,257	275,257	225,257	225,257	225,257	225,257
Excess Lottery - (Surplus used / available from previous FYs)	(20,810)	17,000	17,000				
<b>Total Available</b>	<b>\$5,149,415</b>	<b>\$5,170,336</b>	<b>\$5,021,065</b>	<b>\$5,072,141</b>	<b>\$5,188,241</b>	<b>\$5,337,441</b>	<b>\$5,499,141</b>
<b>Estimated Expenditures</b>							
Previous Years' Base Budget			\$5,094,758	\$5,186,436	\$5,268,431	\$5,341,934	\$5,515,802
<b>(Base Budget FY19 &amp; FY20) and (Base Budget Growth for out-years):*</b>							
Legislature	24,750	25,239	1,357	0	0	0	0
Supreme Court	139,760	124,322	11,178	0	0	0	0
Public Defender	31,634	34,486	0	20,000	0	0	0
PERS Employer Contribution	47,627	38,553	0	0	0	0	0
PEIA Premiums	345,730	339,342	22,070	31,200	33,800	36,400	39,000
Teachers' Retirement Savings Realized	35,000	37,582	4,561	2,000	2,000	2,000	2,000
Teachers' Retirement System	426,359	407,693	7,991	0	0	0	0
State Aid to Schools (excludes PEIA and TRS in above lines)	1,173,840	1,262,479	(22,492)	(9,000)	(10,000)	(11,000)	(12,000)
Public Education - All Other	179,627	197,201	4,257	1,500	1,500	1,500	1,500
DHHR- Medicaid	732,278	686,490	19,788	0	0	106,749	51,690
DHHR- All Other	638,896	695,088	23,516	13,295	14,203	15,219	20,000
Correctional Facilities	236,003	278,723	5,460	12,000	2,000	12,000	2,000
State Police	82,307	86,900	0	4,000	0	4,000	0
Public Safety Retirement Plan A / State Police Plan B	21,000	20,191	8,316	0	0	0	0
Higher Education	454,332	496,488	1	0	0	0	0
All Other Items (net)	302,538	363,981	5,675	2,000	2,000	2,000	2,000
Salary Enhancements			0	0	23,000	0	24,000
Unanticipated Expenditures			0	5,000	5,000	5,000	5,000
<b>Total Ongoing Base Budget</b>	<b>\$4,871,681</b>	<b>\$5,094,758</b>	<b>\$5,186,436</b>	<b>\$5,268,431</b>	<b>\$5,341,934</b>	<b>\$5,515,802</b>	<b>\$5,650,992</b>
Onetime Expenditures	426,766	11,603	7,592	5,000	38,000	5,000	12,471
Recommended Supplementals (2020 regular session)		51,953					
Onetime Reductions	(138,726)	(6,409)	(172,963)	(31,200)	(33,800)	(11,920)	
Expirations	(28,447)						
Surplus Transferred to Rainy Day Fund	18,014	18,429					
<b>Estimated Balance (Gaps)</b>	<b>\$127</b>	<b>\$2</b>	<b>\$0</b>	<b>(\$170,090)</b>	<b>(\$157,893)</b>	<b>(\$171,441)</b>	<b>(\$164,322)</b>

**Note: This six-year financial plan is a tool for analyzing future budgets.**

\* "Base Budget Growth for out-years" is the additional amount required annually to fund existing programs as shown in FY2021-FY2025.



# BUDGET PLANNING







# Long-Range Issues

## ***Introduction***

At the beginning of the last decade, the state was faced with several major issues that had immediate and long-term implications. The Governor and Legislature continue to remain focused on the state's highway infrastructure, correctional facilities, water and sewer systems, school facilities, unfunded liabilities in the state's retirement systems, and more recently the drug epidemic that has impacted so many lives.

A Continued emphasis on both judicial reform and a commitment to properly pay our correctional facilities employees; the state's continued support of improving water and sewer systems throughout the state; recently passed Education Reform allowing greater flexibility and additional tools to help our schools excel to their fullest potential; our plan of dedicated funding to the Old Fund Workers' Compensation Fund Debt that has been nearly resolved; and a maintained commitment to continuing the required payments to the unfunded liabilities of our retirement systems combined with legislation that changes the liabilities of the state in the future have all been part of our success story. We continue to work with multiple state agencies to address and tackle the drug epidemic through a multi-pronged approach using the resources from state, local, and federal levels. And, while we have made great strides in addressing those issues, to name a few, they are a part of the building blocks of West Virginia's economy that continue to require attention as we move forward.

## ***Infrastructure Projects/Improvements***

### **Highway Infrastructure**

The Department of Transportation utilizes revenues from the State Road Fund to fund and operate the Division of Highways, Division of Motor Vehicles, and the Office of Administrative Hearings. The State Road Fund receives its revenue almost entirely from dedicated tax revenues. Those tax revenues increased between FY 2018 and FY 2019 in total \$52.7 million (6.62%). Motor Fuel Excise Tax collections increased during FY 2019 by \$23.8 million (5.7%). Registration Fee collections increased in FY 2019 by \$20.2 million (13.62%) from the previous year. Privilege Tax collections also showed an increase for FY 2019 of \$8.7 million (3.83%). Highway Litter Fee collections showed an increase in FY 2019 of \$0.18 million (12.5%).

With the passage of Senate Bill 1006 (2017), the average wholesale price for motor fuel increased, as well as rates of the Motor Vehicle Sales tax and registration fees. This has enhanced revenue collections in the short term. After FY 2020, neither the Department of Revenue nor the Department of Transportation projects any substantial growth in revenues through FY 2024. The long-term forecast provided by the Department of Revenue predicts a small decline in motor fuel consumption over time related to fuel efficiency gains. Therefore, any increase in fuel prices would be offset in the long run.

The additional revenues generated as a result of the passage of SB 1006 will allow the Division of Highways to be able to complete certain activities which have been deferred due to lack of funding. Past revenues were inadequate to permit the Division of Highways to satisfactorily achieve its mission of maintaining a safe and efficient highway system. System preservation needs were not being met and, as a result, highways were deteriorating. The cost of replacing all state-maintained bridges that are more than 60 years old is approximately \$3 billion, and highway slips and slides totaling tens of millions of dollars have been identified. The Division's current goal of resurfacing roadways on a 12-year average cycle requires approximately 1,880 miles to be paved annually. Based on an average cost of \$220,000 per mile, nearly \$414 million will need to be committed annually to achieve this goal. Purchases of equipment used by maintenance forces has historically been underfunded each year. Finally, the Division had identified over \$16 billion in new construction that could not be undertaken due to a lack of funds. Since it is more important to maintain existing infrastructure than to build new highways, it appeared most of these projects would never be constructed.

In addition, West Virginia Code 17-17A-1 was revised to authorize that notes, in an aggregate amount of outstanding notes not to exceed \$500 million, can be issued. These notes are known as GARVEE bonds and are paid for by utilizing anticipated reimbursements from federal apportionment from the Federal Highway Administration. Additionally, on October 7, 2017, the citizens of West Virginia voted to pass a referendum which allows the Division to sell \$1.6 billion dollars in General Obligation bonds as well as the sale of West Virginia Turnpike revenue bonds. All of these increased

## *Long-Range Issues (Continued)*

revenue sources and financing options are a result of the “Roads to Prosperity” initiative. Not only will these options allow the Division of Highways to carry out its mission to provide safe and efficient roads, but it will allow the Division to address projects and equipment needs which in years past would not have had adequate funding.

On December 4, 2015, the President signed into law the “Fixing America’s Surface Transportation Act,” or FAST Act, which is a five-year surface transportation program authorizing funding for highway and public transportation investments. The FAST Act is the first long-term transportation legislation to pass Congress in 10 years and provides stability to the Department in planning its transportation investments. The FAST Act provides a gradual increase in funding each year to the states and the following apportioned funds to the Department. In Federal Fiscal Year 2016, the apportionment was \$443.3 million. This amount increases each year until it reaches \$484.0 million by Federal Fiscal Year 2020.

The FAST Act continues existing programs but also provides policy changes, including an emphasis on freight movement with the creation of the National Highway Freight Program and the Nationally Significant Freight and Highway Projects Program. It includes provisions to help accelerate the delivery of highway improvements through streamlining the environmental review process. The FAST Act also includes provisions to enhance the transparency of the federal investment to the public. The FAST Act, however, does not fully address the long-term revenue needs of the Highway Trust Fund.

### **Public Transportation**

Public transportation systems that serve all individuals are critical to the state’s citizens who are elderly, ill, economically disadvantaged, or for other reasons cannot or choose not to drive a vehicle. Nearly 5.7 million rides, more than three times the state’s population, were provided on West Virginia public transit systems in FY 2019, making public transit an often used, reliable, and safe alternative transportation option.

As the state’s population continues to age and remain active, but is limited in its ability to drive, mobility issues loom as a major concern. The U.S. Census Bureau estimates that by the year 2030, 20% of the U.S. population will be 65 or older. A United States Government Accountability Office report (GAO-04-971) on transportation-disadvantaged seniors indicates that state governments must plan for alternatives to driving as seniors age and must work toward accommodating seniors’ varied mobility needs.

The future of public transit and maintenance/addition of service areas in West Virginia are heavily dependent upon the investments made by the state and federal government. Public transit funding is provided under the same federal legislation that funds highways. During the MAP-21 and subsequent FAST Act federal transportation legislation implementation, significant changes have occurred in the federal transit programs with programs repealed, consolidated, and streamlined. Flat or reduced federal transit funding remains a possibility.

These federal transit funds require state or local matching dollars. While the local programs have been creative in reducing costs and securing matching funds, increasing costs make reductions, rather than expansions, of public transit service a continuing possibility. Preserving the state’s contribution to this essential service must be a priority.

### **Public Education**

#### **School Building Authority**

The School Building Authority of West Virginia (SBA) was created in 1989 to provide state funds and aid in the construction and maintenance of safe school facilities to meet the educational needs of the citizens of West Virginia in an efficient and economical manner.

Since then, the number of requests for construction has exceeded \$2.5 billion due to the continued rise in construction costs and the deterioration of buildings. The SBA’s goal is to provide grants each year for projects which, along with local school district funding, will average approximately a \$100 million investment in our state annually. West Virginia

## *Long-Range Issues (Continued)*

schools have benefitted greatly by having more funding available for improvements; however, there is a tremendous funding gap.

The West Virginia Legislature authorized the SBA to issue additional bonds secured by the net profits of the Regular Lottery and Excess Lottery Funds. However, the goal going forward is to develop sustainability which includes eliminating “Debt Service” to fund school construction. Legislation was passed in FY 2017 which directed the SBA to cease selling bonds for school construction once the bonds matured and use the General Revenue Funds for school construction through the SBA “Pay-As-You-Go” program.

The SBA receives approximately \$59 million annually for school construction, which includes funding for the Needs Grants and 3% Grants. In the past five years, the requests have exceeded this amount by \$100 million annually. Each year the demand for grant funding and cost of construction continues to increase, while the funding does not.

The SBA staff and the Authority have worked on updating the Agency’s “Investment Policies” to aggressively maximize the amount of funds available annually for capital improvement projects. In addition, the SBA continues to work with The State Department of Education and local Boards of Education to develop funding sustainability and funded depreciation. The long-term financial commitment to the economic future of our state must begin with viable solutions to support and maintain the facilities essential to continue providing quality education to the students of the State of West Virginia.

### ***Health Care***

The State of West Virginia faces many challenges and obstacles in health care. Nationally, medical costs are increasing significantly and the prices for prescription drugs are increasing even more. An aging population, new and more-costly medical technologies, and expensive new generation drugs are all contributing factors to rising health care costs.

In addition to these national trends, West Virginia faces other obstacles unique to the Mountain State. According to the most recent report of resident deaths reported to the Centers for Disease Control and Prevention (CDC), National Center for Health Statistics by the West Virginia Health Statistics Center, in 2017 West Virginia had the highest age-adjusted mortality rate per 100,000 people of all states including the District of Columbia for all causes. West Virginia also had the highest age-adjusted mortality rates for all accidental deaths, diabetes, and drug overdose deaths (regardless of intent). West Virginia also ranked 3rd in mortality from cancer, 4th in chronic lower respiratory disease (CLRD), and 8th in influenza/pneumonia, nephritis, nephrotic syndrome, and nephrosis, as well as suicides. Finally, West Virginia ranked 9th in accidental motor vehicle deaths, 10th in deaths attributed to heart disease, and 12th in cerebrovascular disease by rate during 2017. Along with known risk factors, age is a factor in many types of death. West Virginia’s population has the 4th oldest median age in the nation and the 3rd highest percentage population aged 65 and older.

West Virginia has an ongoing problem with drug overdose deaths. In 2001, there were 212 drug overdose deaths in West Virginia, climbing steadily to a then-record peak of 656 in 2011. There was a drop off in 2012, thought largely due to the closing down of “pill mills.” Overdose deaths, first led by heroin and later combined with fentanyl, climbed much higher in 2017, peaking at 1,017 occurrences (preliminary figure).

According to the West Virginia Health Statistics Center, which collects data for the Behavioral Risk Factor Surveillance System (BRFSS) in conjunction with CDC, 2018 data indicates that West Virginia ranks high among all states in the adult prevalence of several chronic diseases and risk factors for disease. West Virginia had the highest prevalence in the nation of arthritis (40.1%), cardiovascular disease (15.3%), chronic obstructive pulmonary disease (15.3%), coronary heart disease (8.3%), depression (26.6%), heart attack (8.6%), high cholesterol (39.7% - 2017 data), obesity (39.5%), asthma (12.3%), current smoking (25.2%), diabetes (16.2%), and kidney disease (4.6%). West Virginia had the second highest prevalence in the nation of fair or poor health (26.3%), overweight or obese (72.0%), and hypertension (43.5% - 2017 data). The prevalence of smokeless tobacco use (8.3%) was 3rd highest, and the prevalence of stroke (4.8%) was 4th highest in the nation. The prevalence of cancer (14.1%) was 6th highest, and the prevalence of physical inactivity

## *Long-Range Issues (Continued)*

(28.2%) was 10th highest in the nation. On a positive note, the state's heavy drinking prevalence was 4.2%, the 3rd lowest in the nation; and the prevalence of binge drinking was 12.1%, the 2nd lowest in the nation.

For 2018, approximately 19.2% of West Virginia adults reported poor physical health for at least 14 days in the past 30 days, and 18.9% reported poor mental health at least 14 days in the past 30 days. Additionally, the prevalence of reporting poor physical health in the past 14 days was significantly higher in West Virginia (19.2%) than the U.S. (12.6%) and was the highest among all 53 BRFSS participants. The prevalence of reporting poor mental health in the past 14 days was significantly higher in West Virginia (18.9%) than the national prevalence (12.7%) and was the highest among all 53 BRFSS participants. West Virginia also had the highest prevalence of hearing impairment (14.8%) in the nation as well as the 2nd highest prevalence of and cognitive impairment (17.9%) and vision impairment (9.0%).

In terms of prevalence of chronic diseases and disabilities, the median age of the population must also be considered. The older a person, the more likely that they will or have developed coronary heart disease, arthritis, another type of chronic disease, or some physical impairment. West Virginia's generally older population contributes to these higher percentages of chronic diseases and impairments, when compared to other states, but it is not the sole factor.

Focusing on two particularly problematic areas in West Virginia's poor population health statistics, smoking rates and obesity significantly impair our citizens' quality of life and cost West Virginians billions of dollars each year. The West Virginia Department of Health and Human Resources, through the leadership of the Bureau for Public Health (BPH) in partnership with a broad array of stakeholders, has set goals to mitigate these problems. If successful, West Virginians could save millions of dollars annually.

In 2018, approximately 355,000 West Virginians smoked cigarettes. BPH estimates that our extraordinarily high smoking rates cost West Virginia in excess of \$1 billion each year.

A George Washington University School of Public Health and Health Services Department of Health Policy study (Dor, Cost Per Person, 2010), estimates that if obesity in West Virginia is reduced by 1%, the state could save \$52,613,430 (2009 dollars) in direct and indirect expenses annually. BPH's 2020 state obesity rate target is 35.5% which would result in a 4.0% decrease from 2018.

### **Medicaid**

The West Virginia Medicaid Program provides insurance coverage to approximately 550,000 West Virginians over the course of a year and approximately 500,000 at any point in time. Children comprise 36% of the Medicaid population, while 16% are categorized as blind and disabled, 41% as adults, and the remaining 6% defined as elderly. Effective January 1, 2014, the West Virginia Medicaid Program expanded coverage under the Affordable Care Act. In FY 2019, there were approximately 166,000 additional members due to expansion (included in the total above). The expansion population consists of individuals aged 19 to 64 who earn up to 138% of the Federal Poverty Level (FPL). The expansion population represents the working poor, with over 60% of the expansion households having income. The Federal Medical Assistance Percentages (FMAP) for the expansion population will gradually decrease from 100% to 90% during calendar years 2017 through 2020.

To the state's poorest and most disabled citizens, Medicaid offers a benefit package that includes access to prescription drug coverage, long-term care options including community-based care, mental health services, primary care services, nonemergency medical transportation, as well as other benefits that are not traditionally offered through private insurance plans.

Financial support for this program comes from federal and state revenue. The majority of the Medicaid program is financed at an approximate 26% state and 74% federal match, meaning that every dollar the state invests is matched that with approximately three federal dollars. The non-expansion FMAP readjusts annually based on economic indicators in the state relative to other states.

## *Long-Range Issues (Continued)*

State Medicaid funding is dependent primarily on four funding sources: General Revenue, Lottery, Medical Services Trust Fund, and the Provider Tax. State Medicaid appropriated funding will be approximately \$1,162 million in 2020.

The cost of the Medicaid program is determined by the number of eligible individuals, how often they utilize health care services, and the cost of those services; therefore, the state must budget for all program costs that are incurred by the clients. The Medicaid program has been able to operate below national health care inflationary trends and has been able to control cost much more successfully than other payers in West Virginia. DHHR will continue these aggressive cost containment strategies. Program benefits, provider reimbursement, and utilization parameters continue to be judiciously managed for state dollar savings.

It is currently estimated that without any program changes, the cost for the Medicaid program will increase at a rate of approximately 4% per year. A few noteworthy long-term budgetary risks to the Medicaid program relate to inflationary health care costs, scenarios where increased utilization of services is unavoidable (pandemic flu), increased prescription drug costs, continued deterioration of the West Virginia economy resulting in more impoverished West Virginians, additional unfunded mandates by the judicial system, and changes in federal regulations that become unfunded mandates. Assuming that the Provider Tax, trust fund, and lottery sources of state match remain relatively constant, the General Revenue fund will have to supply the additional funds to cover future increases in cost. Any future increase or decrease in non-General Revenue funding sources will impact the amount of General Revenue required to cover the total state match cost. DHHR leadership will maintain vigilance to ensure fiscal integrity and optimization of member benefits.

### **West Virginia Children's Health Insurance Program (WVCHIP)**

WVCHIP provides full-range health insurance coverage to children of working families with incomes up to 300% of the FPL. As of September 30, 2019, 22,751 children were enrolled. Average monthly enrollment increased 3.2% in FY 2019 compared to FY 2018. The WVCHIP Premium group that includes children in households with incomes between 211% and 300% FPL has shown the highest increase in enrollment, around 10% and is now 28% of the total enrolled population. The West Virginia Children's Health Insurance Board oversees WVCHIP's benefit plan and finances to ensure that funding is sufficient to support the services covered by the insurance program.

On January 22, 2018, Congress passed a Continuing Resolution (CR) that included the Helping Ensure Access for Little Ones, Toddlers, and Hopeful Youth by Keeping Insurance Delivery Stable (HEALTHY KIDS) Act which funded CHIP for six years through 2023. On February 8, 2018, Congress passed another CR that included the Advancing Chronic Care, Extenders, and Social Services (ACCESS) Act that funded CHIP an additional four years through 2027. The 23% "bump" to FMAP remains in place through Federal Fiscal Year (FFY) 2019 and is reduced to an 11.5% "bump" in FFY 2020. In FFY 2021, the CHIP FMAP returns to its normal enhanced level, around 82%.

WVCHIP estimates it will need \$2.8 million in state matching funds for FY 2020 that it can fund using its reserve balance. The projected state share increases to around \$7.1 million in FY 2021. WVCHIP plans to transition to managed care on July 1, 2020.

In addition, CHIP funding is used to cover expenses for certain children on Medicaid. State funds for this population is estimated to be \$1.3 million in FY 2020 and \$4.2 million in FY 2021.

### **Public Employees Insurance Agency**

The Public Employees' Insurance Agency (PEIA) was established by the Legislature in 1971 to provide a program of health, life, and prescription drug insurance for its member agencies. In accordance with W.Va. Code §5-16, PEIA provides coverage for all state employers, including institutions of higher education and county boards of education. In addition, political subdivisions in the state and certain other charitable and public service organizations may request to be covered by PEIA.

## *Long-Range Issues (Continued)*

In 1991, a Finance Board was created by the Legislature to bring fiscal stability through the development of an annual financial plan designed to meet the agency’s estimated total financial requirements. The annual financial plan considers all projected revenues and apportions costs equitably among participating employers, active and retired employees, and providers of health care services.

The Finance Board must submit a prospective financial plan encompassing five fiscal years. The finance board must develop annual financial plans that generate revenues sufficient to fund a reserve of at least 10% of projected total plan costs. The financial plan must be submitted to the Governor and the Legislature by January 1 of the preceding year with an effective date for the financial plan of July 1 of each plan year.

PEIA and its Finance Board continue to manage the plan amid the rising costs of health care. Increasing health care costs continue in all aspects of health care, most significantly in the specialty drug classification. However, the most recent trend report indicates positive results warranting a reduction to the prescription and medical drug trend assumptions by a half percent. The current financial plan assumes health care costs to increase annually by the following rates:

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
<b>Medical</b>	8.0%	8.5%	9.0%	9.5%	10.0%
<b>Drug</b>	12.0%	12.5%	13.0%	13.5%	14.0%

These trend assumptions, in conjunction with benefit changes, will result in the following increases/(decreases) in claims expenses:

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
<b>Medical</b>	\$36 million	\$36 million	\$41 million	\$47 million	\$54 million
<b>Drug</b>	\$18 million	\$19 million	\$22 million	\$26 million	\$31 million

These assumed increases will require the board to raise premiums, modify benefits, or utilize prior year gains to fulfill plan obligations and maintain the required minimum reserves. The current financial plan assumes premium increases, benefit changes, or prior year gain utilization to offset these increases, resulting in the following reserve levels that do meet the required levels:

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
<b>Reserve</b>	\$218 million	\$163 million	\$146 million	\$160 million	\$177 million

PEIA continues to pursue the development of effective, cost-efficient programs to give its members the most benefits for their premiums. Benefit design, provider reimbursement, wellness, and disease management programs are continuously reviewed and modified in this pursuit. Although health care cost trends persist, PEIA will be vigilant in maintaining an affordable, quality health care insurance.

### **Retiree Health Benefits Trust Fund**

The Legislature passed House Bill 4654 during the 2006 session. This bill created the West Virginia Retiree Health Benefits Trust Fund (Trust) and charged PEIA with its administration. The fund was created to account for the West Virginia Other Postemployment Benefits (OPEB) and otherwise comply with GASB Statements 74 and 75.

Rising drug and health care costs, state budget constraints, plan funding, and the OPEB liability reporting requirement are all issues the PEIA Finance Board must consider in preparing the agency’s five-year financial plan.

The retiree plan must be subsidized by the active policy premiums. The rate of subsidization estimated for FY 2021 is approximately 55%. Continuing the current solution to the West Virginia OPEB Plan’s unfunded liability is of utmost importance. The PEIA Finance Board took steps in December 2011 to control the state’s share contributed to retiree



## Long-Range Issues (Continued)

premium subsidies, allowing increases in subsidies of no more than 3% per year. Additionally, the 2012 regular session of the West Virginia Legislature passed Senate Bill 469 to provide supplemental funding to the OPEB liability. These changes resulted in a reduction in the unfunded liability by approximately \$4 billion.

Not including the annual required contribution to fully fund OPEB, the current financial plan projects net asset growth through FY 2024. The trust completed FY 2019 with total net assets of \$1.0 billion, total claims expense of \$80 million, and capitations of \$122 million. Current claim expense trend assumptions for FY 2020 through FY 2024 go from 8.0% for medical and 12.0% for drugs to 10% for medical and 14% for drugs. These trend assumptions result in increases of \$87 million in expenses for the trust over the next four fiscal years. Fiscal year results remain positive, however, as the board anticipates interest revenue, benefit changes, and premium increases to offset these increases. The trust is forecast to have an ending reserve of \$1.7 billion by the end of FY 2024. This represents a 46% funded status of the OPEB Accrued Actuarial Liability (AAL).

## Pensions

### State Retirement Systems

The Consolidated Public Retirement Board (CPRB) was created by legislation passed in 1990 and effective July 1, 1991, to administer all of the state's public retirement plans. In 1992, CPRB completed actuarial studies on the various retirement systems of the state of West Virginia to determine the amount of the systems' unfunded liabilities. At the time, the Public Employees Retirement System (PERS) was found to be well-funded, but the Teachers' Retirement System (TRS), Judges' Retirement System (JRS), and Public Safety Retirement System (Plan A) were found to have unfunded liabilities of \$2.89 billion, \$23.16 million, and \$107.25 million, respectively. As of July 1, 1993, PERS was found to have a relatively small unfunded liability of \$180 million. In 1994, Plan A was closed to new entrants and all new state troopers are members of the State Police Retirement System (Plan B). The State has committed to a plan to increase the funding of the underfunded plans. Contributions to the various retirement plans are made in such a manner as to satisfy the unfunded liabilities as follows:

- Public Employees Retirement System—Instituted a 30-year payment plan to be completed by June 30, 2035. Legislation passed in 2005 prohibited any increases to benefits for active members if the most recent actuarial valuation shows the Actuarial Accrued Liability of the plan to not be at least 85% funded, required any increase in active member benefits to be amortized over no more than 10 years, limited any benefit increases for retirees to be less than 1% of the Actuarial Accrued Liability as of the most recent valuation, and required any increase in retiree benefits to be amortized over no more than 6 years.
- Teachers' Retirement System—Instituted a 40-year payment plan to be completed by June 30, 2034. The payment plan was revised in 1999 to provide that all improvements be funded over seven years from the improvement date. Legislation passed in 2005 further prohibited any increases to benefits for active members and required any increases for retirees to be less than 1% of the Actuarial Accrued Liability as of the most recent valuation, to be amortized over no more than 6 years. Those restrictions expire on July 1, 2034.
- Judges' Retirement System—Instituted a 30-year payment plan to be completed by June 30, 2018. The 30-year payment plan was completed July 1, 2007, 11 years ahead of schedule. The plan again developed a small unfunded liability as of July 1, 2009, but had again fully funded its actuarial accrued liability on July 1, 2010 and has remained "fully funded" since that date. Legislation passed in 2005 further prohibited any increases to benefits for active members, and required any increases for retirees to be less than 1% of the Actuarial Accrued Liability as of the most recent valuation, to be amortized over no more than 6 years. Those restrictions expired on July 1, 2019.
- Public Safety Retirement System (Plan A)—Instituted a 30-year payment plan to be completed by June 30, 2025. Legislation passed in 2005 further prohibited any increases to benefits for active members and required any increases for retirees to be less than 1% of the Actuarial Accrued Liability as of the most recent valuation, and to be amortized over no more than 6 years. Those restrictions will expire on July 1, 2025.
- State Police Retirement System (Plan B)—Instituted a 30-year payment plan to be completed by June 30, 2030. The 30-year payment plan was completed July 1, 2014, 16 years ahead of schedule. The plan again developed an unfunded liability as of July 1, 2016, to be amortized over a period of 10 years. The plan was fully funded as of July 1, 2018 but is estimated to have an unfunded liability as of July 1, 2019, to be amortized over a 10-year period. Legislation passed in 2005 acted to prohibit any increases to benefits for active members if the most recent

## Long-Range Issues (Continued)

actuarial valuation shows the Actuarial Accrued Liability of the plan to not be at least 85% funded, required any increase in active member benefits to be amortized over no more than 10 years, limited any benefit increases for retirees to be less than 1% of the Actuarial Accrued Liability as of the most recent valuation, and required any increase in retiree benefits to be amortized over no more than 6 years.

The unfunded actuarial liability for each plan is as follows:

	July 1, 2018, Actuarial Valuation Unfunded Actuarial Liability		July 1, 2019, Actuarial Valuation Unfunded Actuarial Liability (Estimated)	
PERS	\$494,831,000	(92.9% funded) <sup>1</sup>	\$470,906,000	(93.5% funded)
TRS	\$3,280,137,000	(69.6% funded) <sup>1</sup>	\$3,273,329,000	(70.3% funded)
JRS	\$(94,273,000)	(185.5% funded) <sup>1</sup>	\$(94,541,000)	(180.9% funded)
Public Safety—Plan A	\$72,166,000	(90.4% funded) <sup>1</sup>	\$77,322,000	(89.9% funded)
State Police—Plan B	\$(3,274,000)	(101.8% funded) <sup>1</sup>	\$16,016,000	(92.8% funded)

### PERS Settlement with Federal Government

The State of West Virginia settled a lawsuit with the U.S. Department of Health and Human Services in 2011 to resolve a decades old employer contribution issue. The agreement calls for the state to contribute \$20 million per year for nine years (\$180 million total) to the Public Employees Retirement System. As of January 1, 2020, \$165 million has been applied to this settlement. The state's contribution is in addition to the statutorily required employer contributions that the state is otherwise required to make under state law. The state's contributions under this agreement shall be made from general revenue or special revenue and not from any federal funds. Funding of this agreement will be completed no later than July 2020.

### Summary

Over the last two decades, the groundwork has been laid for an infrastructure geared toward economic development:

- Imposed fiscal discipline in funding the state's retirement systems, health care plans, and workers' compensation costs;
- Replaced the state's old accounting and payroll systems with a new, integrated financial system.

Continued progress is needed. West Virginia must continue the transition to jobs based on technology and education. Improvements to all facets of the infrastructure (roads, schools, workforce, and health care systems) are the key to accomplishing that transition. The Governor and Legislature share a continued commitment to make these improvements.

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<sup>1</sup> Per plan, funded percentage of actuarial value of plan assets as a percent of actuarial accrued liabilities, including projected salary increases. The actuarial value of assets is equal to market value for all plans except PERS and TRS. PERS adopted an actuarial value of assets with asset smoothing over four years starting prospectively on July 1, 2009. TRS adopted the same asset smoothing method starting prospectively on July 1, 2016.



# Budget Overview

## *The Executive Budget Process Policy*

The budget process begins approximately one year prior to the beginning of the fiscal year for which appropriations are being made. The state fiscal year begins July 1 and ends on June 30 (W.Va. Code §2-2-4).

The Secretary of Revenue, along with the Governor's Office and the State Budget Office, develops guidelines to be used by the various spending units when submitting their appropriation (budget) requests that are due each year (W.Va. Code §11B-2-3) on September 1. These guidelines establish a "current level" or base budget for each department/bureau/commission/division. The FY 2021 budget requests were submitted electronically using the state's accounting system wvOASIS.

For all appropriated accounts, the "current level" is defined as the same amount of funds the department/bureau/commission/division has for the current fiscal year (FY 2020) less any onetime appropriations. For the FY 2021 budget request, the department/bureau/commission/division is permitted to move funds between appropriations, programs, or agencies within the department. However, there can be no increase in the total request over the current year's appropriation with the exception of the legislative and judicial budgets and statutory increases (such as for the Department of Education). The "current level" request allows department/bureau/commission/division heads to redirect their limited resources to the highest priority areas without an increase in their total budget. Consistent with our commitment to provide a balanced budget and long-term fiscal stability, we as a state must take measures to minimize the overall FY 2021 expenditure growth, and position the state to structurally balance budgets in the years that follow. For the FY 2021 budget, the Governor has recommended most agencies be funded at the FY 2020 base funding level. In addition to these adjustments, some accounts are recommended at higher funding levels to help improve economic development programs, social services, and building maintenance projects.

All appropriation requests that are above the FY 2020 "current level" must be submitted as a separate "improvement package" stating the purpose, benefits, and needs of the additional funding. Each improvement above the "current level" is considered individually. For FY 2021, agencies were asked that any requests for improvements or requests for FY 2020 supplemental appropriations be submitted only after careful review. Due to funding constraints, only in rare cases were improvement requests included in the Governor's FY 2021 budget.

Appropriation requests are reviewed by the Secretary of Revenue, the State Budget Office, and the Governor's Office. Budget hearings are generally held with the departments/bureaus/commissions/divisions to discuss their requests. During these budget hearings, the departments/bureaus/commissions/divisions have the opportunity to provide the Governor's Office and the Department of Revenue with additional information to support their requests, answer questions, and bring to the forefront any specific needs such as legislative and federal mandates or court-ordered funding.

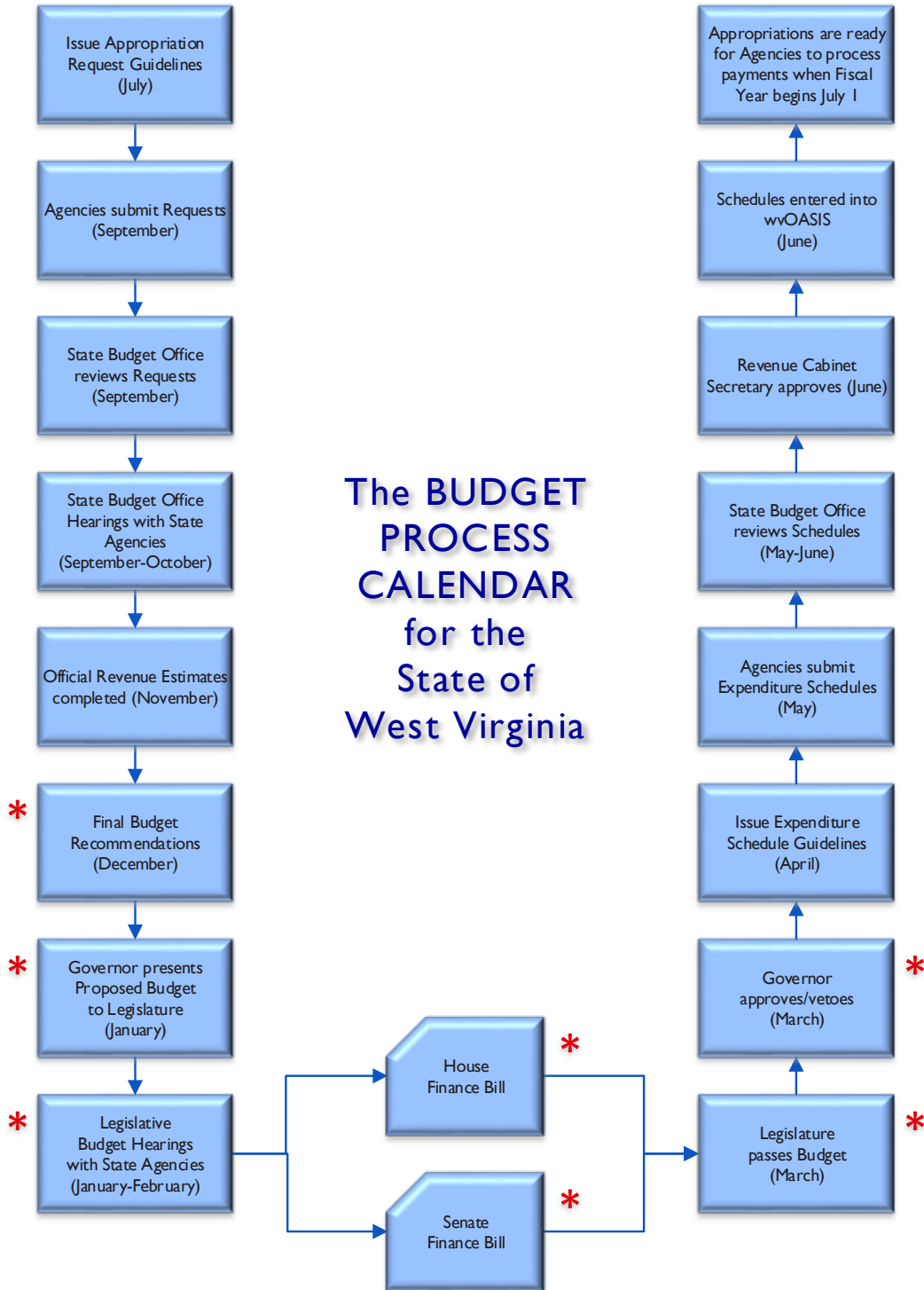
The budget hearings also provide the time to discuss, in general terms, any future capital projects and funding options. All the departments/bureaus/commissions/divisions are required to submit capital expenditure plans with their appropriation requests. These plans summarize projects budgeted for the current fiscal year, requested for the next fiscal year, and estimated for future years. This allows the state to apply sound financial planning for future capital needs.

## **Balanced Budget**

After the budget hearings, the official revenue estimates for the upcoming FY 2021 budget are finalized. The Governor then makes budget recommendations based upon program priorities, requirements, court orders, and the availability of funds. The Governor, under the authority of the Constitution of West Virginia, has the sole responsibility to establish the official revenue estimates of the state. The budget is developed on a cash basis, including only revenues and expenditures expected to be realized during the fiscal year plus any surplus balance from the previous fiscal year available for appropriation. The Governor is not legally required to submit a balanced budget; however, as a matter of practice, the Governor submits a budget that is balanced. A "balanced budget" recommends and appropriates only those revenues recognized in the "official revenue estimates" as provided by the Governor, and may also include any unappropriated surplus balances available from the prior year.

## Budget Overview (Continued)

The Constitution of West Virginia requires the Governor to submit a proposed budget to the Legislature on the second Wednesday of January of each year, except the year following a regular gubernatorial election, at which time the budget is to be submitted on the second Wednesday of February.



\* Following a regular gubernatorial election, these steps in the budget process are delayed by one month.

## *Budget Overview (Continued)*

The budget is presented in four separate documents. The Budget Report contains the executive message; financial statements that include the official revenue estimates for the state along with available fund balances, actual prior year expenditures, current year budgeted amounts, and the Governor's recommendations for the next fiscal year; an economic forecast; and the budget plan. The Operating Detail contains organizational charts; descriptive narrative information for every department/bureau/commission, division, and program; summarized financial information related to actual expenditures, current budget, and requested appropriations by program and by fund; a profile of the state; and capital projects. The Budget Bill includes the language required to legally enact the budget or appropriations bill. The Account Detail provides the detailed budgetary information for FY 2019 Actual Expenditures, FY 2020 Budgeted Expenditures, FY 2021 Current-Level Request, and the Governor's FY 2021 Recommendation for all funds.

### ***The Legislative Budget Process Policy***

After the Executive Budget is presented by the Governor to the Legislature, it is referred to the House of Delegates and Senate Finance Committees for review and consideration. Each finance committee holds budget hearings with the departments/bureaus/commissions/divisions to determine their recommended level of funding for the upcoming fiscal year. The House and Senate Finance Committees will each pass a Budget Bill and present it to their respective legislative bodies for full approval. Once the House and Senate have passed their individual bills, they are compared with each other and the differences are noted. The Budget Bills are then referred to the Budget Conference Committee which is made up of members appointed from the House and Senate Finance Committees. The Conference Committee works out any differences, agrees to a single budget and, once again, presents it to their respective legislative bodies for full approval.

The Legislature is legally required to pass a balanced budget, meaning that estimated revenues and unappropriated fund balances must be equal to or greater than the appropriations.

If the budget has not been passed by the Legislature three days before the expiration of its regular 60-day session, the Governor shall issue a proclamation extending the session for such further period as may, in his or her judgment, be necessary for the passage of the Budget Bill. The extended session begins immediately following the expiration of the regular 60-day session. During the extended session, no bills or matters other than the budget may be considered, except a bill to provide for the cost of the extended session.

The Budget Bill must be passed by a majority of the members of each legislative body and presented to the Governor. The Governor may veto the bill or disapprove or reduce items or parts of items. If approved, it becomes law. Items or parts disapproved or reduced by the Governor are returned, stating the objections, to each house of the Legislature.

Any Budget Act items, or parts thereof, that have been vetoed by the Governor may be restored by two-thirds vote of each house of the Legislature. A bill, item, or part thereof, that is not returned by the Governor within five days (Sundays excepted) after the bill has been presented to him shall become a law in like manner as if he had signed the bill, unless the Legislature, by adjournment, prevents such return, in which case it shall be filed in the office of the Secretary of State, within five days after such adjournment, and shall become a law; or it shall be so filed within such five days with the objections of the Governor, in which case it shall become law to the extent not disapproved by the Governor. Should the Governor fail to approve or disapprove it within the allotted five-day period, the Budget Act will become law as if the Governor had signed it.

Upon passage by the Legislature, the Budget Bill becomes the Budget Act and appropriates, by spending unit, the funds required to operate state government for the next fiscal year.

## *Budget Overview (Continued)*

### **Budget Amendment Policy**

#### **Supplemental Appropriation Bills**

The Budget Act may be amended at a later date by the Legislature by the introduction of a supplementary appropriation bill. Each supplementary appropriation bill must be for a single purpose or object and shall provide the source of revenue necessary to pay the appropriation, unless there is sufficient revenue currently available.

A supplementary appropriation bill will generally be introduced in either the House or Senate Finance Committees by a member or members of the committee. The Governor may also request a member of the Legislature to introduce a supplementary appropriation bill "By Request of the Executive." A supplementary appropriation bill may increase or decrease the current appropriation, create a new appropriation, or otherwise amend the Budget Act by changing or correcting language that directs the expenditure of appropriations. A supplementary appropriation bill must follow the same procedures and requirements necessary to adopt the original budget.

#### **Budget Act Specific Transfer Language**

The Budget Act contains specific language allowing:

- Department secretaries the authority to transfer not more than 5% of any General Revenue appropriation between various agencies within the department or bureau.
- Any spending unit to transfer "personal services and employee benefits" to other appropriations (not unclassified) within the same account.
- Any spending unit in any fund to transfer between "current expenses," "repairs and alterations," "buildings," "land," "equipment," and "other assets."
- The Budget Bill also requires the payment for the Board of Risk and Insurance Management (BRIM) premiums and payments for employee benefits to be paid or transferred from various sources should the appropriations be insufficient.

The director of Public Defender Services has specific authority to transfer funds from the Public Defender Corporations to Appointed Counsel Fees.

The commissioner of the Division of Corrections and Rehabilitation has specific authority to transfer funds between the individual correctional facilities and from the correctional units to make payments to Federal, County, and/or Regional Jails or for Inmate Medical Expenses. The commissioner also has specific authority to transfer funds between individual juvenile centers and from the individual juvenile centers to make payments for Resident Medical Expenses.

The Adjutant General has specific authority to transfer funds between items of appropriation.

The cabinet secretary of the Department of Health and Human Resources may also transfer up to 5% of funds appropriated to one item to another item(s) within the Division of Human Services, provided, however, that funding for "Personal Services" (salaries) may not be increased.

#### **Legislative and Judicial Amendments**

The Legislative and Judicial branches of government may make budget transfers as adopted in the joint rules of the Legislature and the rules of the Supreme Court.

#### **Governor's Increased Spending Authority Authorization**

Appropriated Special Revenue accounts and Federal Fund accounts may be increased by the Governor as authorized by the West Virginia Code.

## *Budget Overview (Continued)*

### *Special Revenue*

W.Va. Code §11B-2-18 authorizes the Governor to increase the spending authority for accounts that are funded “from collections” (Special Revenue) provided the amount actually collected exceeds the amount authorized for expenditure by the Legislature.

The spending officer must submit a plan of expenditure showing the purpose for which the funds are to be expended and a justification statement showing the reasons why the additional expenditure is necessary and desirable.

If the Governor approves the plan of expenditure and justification statement and is satisfied the expenditure is required to defray the additional cost of the service or activity of the spending unit, the Governor may authorize the use of the additional funds. If the Governor intends to authorize the additional spending, notification of the intent is provided to the President of the Senate, the Speaker of the House, and the Chairmen of the Senate and the House Finance committees, providing them a three-week opportunity for review and concurrence. If there are any questions or issues regarding the need for additional spending authority, all parties work together to reach a mutual agreement on the issue. If the agreement is to proceed with the authorization, notices of such authorization are sent to the State Auditor, the State Treasurer, and the Legislative Auditor.

### *Federal Revenue*

W.Va. Code §4-11-5 authorizes the Governor to increase the spending authority for federal accounts.

If additional Federal Funds become available to the spending unit while the Legislature is not in session and the availability of such funds could not reasonably have been anticipated and included in the budget approved by the Legislature, the Governor may authorize, in writing, the expenditure of such funds in the same manner as Special Revenue funds described above. However, the Governor may not authorize the expenditure of such funds received for the creation of a new program or for a significant alteration of an existing program. A mere new source of funding of federal money for a program that has been approved by legislation is not considered a new program or a significant alteration of an existing program, and the Governor may authorize the expenditure of such funds.

The Governor submits to the Legislative Auditor two copies of a statement describing the proposed expenditure of such funds in the same manner as it would be described in the state budget and explains why the availability of such Federal Funds and the necessity of their expenditure could not have been anticipated in time for such expenditures to have been approved as part of the adopted budget.

## ***Financial Related Policies***

### **Accounting and Auditing Procedures**

The financial activities of the state are accounted for in individual funds. A fund is a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein. For financial reporting purposes, the reporting entity is divided into the primary government and the discretely presented component units.

The modified cash basis of accounting is the budgetary basis of accounting followed for the General Revenue Fund. The major modification from the cash basis is that a 31-day carry-over period is provided at the end of each fiscal year for the payment of obligations incurred in that year. All balances of the General Revenue Fund appropriations for each fiscal year expire on the last day of such fiscal year and revert to the unappropriated surplus of the fund from which the appropriations were made, except that expenditures encumbered prior to the end of the fiscal year may be paid up to 31 days after the fiscal year end; however, appropriations for buildings, land, and capital outlays remain in effect until three years after the passage of the act by which the appropriations were made. The State Auditor reviews all transactions of all funds to ensure that an appropriation for expenditures has been made, there is a balance in the appropriation sufficient to cover the expenditure, and evidence of services rendered or materials received supports the claim against the state.

## *Budget Overview (Continued)*

The West Virginia Code requires an annual audit by independent certified public accountants. In addition to meeting the requirements set forth in West Virginia Code, the audit is also designed to meet the requirements of the Federal Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, as amended. Auditors use Generally Accepted Auditing Standards set forth in the General Accounting Office's Governmental Auditing Standards to conduct the engagement.

The Legislative Auditor compiles fiscal information for the Legislature; makes a continuous audit and analysis of the state budget, revenues, and expenditures; makes periodic postaudits of the revenues and expenditures of the spending units of the state government; reports any misapplication of state funds or erroneous, extravagant, or unlawful expenditures by any spending unit; and makes recommendations to the Legislature concerning the postaudit findings, the revenues, and expenditures of the state and the organization and functions of the state and its spending units. A copy of each audit report, when completed and certified by the Legislative Auditor, is filed with the Department of Administration as a public record and with the Attorney General for any action they may deem necessary.

### **Basis for Budgeting All Funds**

The state's annual budget is prepared on a cash basis, a statutory basis of accounting not in conformity with Generally Accepted Accounting Principles (GAAP), modified only at year-end to allow for a 31-day period for the payment of obligations incurred in that fiscal year. The cash basis means that all revenue is recognized when actually received and that expenditures are recognized when paid.

Budgeted general government activities are summarized into the following budgetary funds: General Revenue Fund, State Road Fund, Federal Funds, and Special Revenue Funds. As required by W.Va. Code §11B-2-4, the budget for each department/bureau/commission/division shall show all funds including those from regular and supplementary appropriations, federal funds, private contributions, transfers, allotments from an emergency or contingency fund, and any other expenditure made by or for the spending unit.

Because all funds available to a department/bureau/commission/division are included and presented as part of their total budgets, enterprise funds and other transfers may be "double-counted" in the budgets of several different spending units. Since the budgetary basis differs from GAAP, this causes the budgetary figures to exceed the amounts contained in the state's Comprehensive Annual Financial Report (CAFR).

The Governor's Executive Budget documents do not include quasigovernmental entities (e.g., West Virginia Parkways, Economic Development, and Tourism Authority; West Virginia Investment Management Board; West Virginia Housing Development Fund) along with certain other financial information that would be included in the West Virginia CAFR for reporting purposes but not directly appropriated by the Legislature.

The state's CAFR presents the state's finances in conformity with GAAP for governments. GAAP requires that the state's Proprietary Funds apply GAAP in a similar manner as applied to business activities in the private sector. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental and financial accounting.

### **Cash Management and Investment Procedures**

The State Treasurer's Office is the bank of state government. The office maintains modern and efficient systems for the collection and disbursement of state money. These services include paper and electronic lockboxes, electronic funds transfer, and credit card collections through web-based systems and points-of-sale.

The State Treasurer's Office manages the state's banking relationships including the establishment of approved depositories, ensuring that all bank accounts are properly collateralized, and general safekeeping through the use of a custodian. A reverse positive pay system is used to manage the state's disbursement account and to assist in the establishment of daily liquidity.



## ***Budget Overview (Continued)***

The West Virginia Constitution was amended during a special election held on September 27, 1997 to authorize investment of state and public funds in equities. Legislation specifies various restrictions and limitations on the investments and places the authority for long-term investment trusts with the West Virginia Investment Management Board.

The West Virginia Board of Treasury Investments (BTI) is responsible for investing the operating funds (short-term funds) of the state referred to as the Consolidated Fund. The State Treasurer is chairperson of the five-member board. The BTI maintains eight investment pools. Three main pools are utilized for investing excess state cash and local government money. The West Virginia Money Market Pool and the West Virginia Government Money Market Pool are both rated AAAM by Standard and Poor's. The West Virginia Short-Term Bond Pool is a bond mutual fund used for investments that have a perceived longer investment horizon.

The board contracts with professional investment advisors to manage portfolios within the board approved investment policy guidelines. The BTI staff is responsible for investment accounting and reporting as well as estimating the daily amount available to invest. The board also employs an internal auditor and contracts with a custodian and an investment consultant who provide performance reporting, policy guidance, due diligence assistance, and manager searches.

### **Evaluation and Monitoring Procedures**

In addition to the evaluation undertaken as part of the budgetary process, the State Budget Office conducts special analyses of the operations of state agencies. There are also reviews undertaken by the Legislative Auditor, who is appointed by the Legislature, and by internal programs within departments that monitor the achievement of budget objectives.

The budget is predicated on estimates of revenues by sources that are evaluated on a monthly basis. Subsequent to the passage of the Budget Act, the Department of Revenue monitors and forecasts revenues to evaluate their flow and the accuracy of the estimates that have been made. The State Budget Office issues monthly revenue reports that reflect collections compared to the estimate and to the prior fiscal year. Various monitoring techniques, such as daily cash flow review, are used to ensure the revenue collections are sufficient to support the appropriations made by the Legislature. If the Governor believes the revenues may fall short of estimates, he may direct the State Budget Office to reduce all General Revenue appropriations to the degree necessary to prevent a deficit, or he may convene the Legislature to request a supplementary appropriation from the Revenue Shortfall Reserve Fund. In addition, the Governor can, by executive action, institute certain other selective spending reduction measures as may be necessary to prevent a deficit.

Upon final approval of the budget, state agencies undertake the process of preparing expenditure schedules that must be filed with the State Budget Office and Legislative Auditor's Office. The expenditure schedules provide a detail of expenditure planning and include a request for quarterly releases of funds to meet such plans. Several large appropriations, such as the State Aid to Schools and Human Services, are controlled on a monthly or daily basis for cash flow and control purposes. After review and approval, the schedules become the basis for expenditures by each agency during the upcoming fiscal year. The State Budget Office is responsible during the year for evaluating all proposed payroll changes, encumbering all planned expenditures, and preventing expenditures from exceeding appropriations for each agency. The State Auditor and State Treasurer are prohibited by law from issuing a state check that exceeds the amount appropriated for any particular account. They also maintain accounts of the revenue collected and expenditures made pursuant to appropriation and reconcile their accounts on a monthly basis. Because of these records, the State Budget Office's encumbrance control is extended to cash control by the Auditor and Treasurer.

### **Risk Management**

The State of West Virginia is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omission; injuries to and illnesses of employees; and natural disasters.

## *Budget Overview (Continued)*

### *Workers Compensation*

The state has obtained coverage for job-related injuries of employees by its participation in the private insurance market. In exchange for the payment of premiums, the state has transferred its risk related to job-related injuries for employees. The state retains a specific portion of its worker's compensation risk, as it has a high deductible arrangement with the insurance carrier.

### *Public Employees Health Insurance*

The state has obtained health coverage for its employees through its participation in West Virginia Public Employees Insurance Agency (PEIA) which provides the following basic employee benefit coverage to all participants: hospital, surgical, group major medical, basic group life, accidental death, and prescription drug coverage for active and retired employees of the State of West Virginia and various related state and non-state agencies. In exchange for the payment of premiums, the state has transferred its risk-related health coverage for employees.

### *Casualty Insurance*

The state participates in the West Virginia Board of Risk and Insurance Management (BRIM) to obtain casualty insurance coverage for all state agencies. This includes protection from lawsuits and other liability claims resulting from incidents due to automobile accidents, employment practices, property, flood, general liability, and medical professional liability at the respective teaching institutions. Coverage is offered in exchange for an annual premium.

### **Asset Inventory Management**

Agencies are responsible for all property under its jurisdiction, regardless of its state (removable or fixed), origin, or acquisition cost. Agencies are responsible for maintaining equipment from date of purchase to date of retirement, ensuring that equipment is secure, entering asset information into the wvOASIS Fixed Assets Module, conducting physical inventories, submitting annual certification, and retiring assets properly.

Removable property is defined as equipment, machinery, furniture, and fixtures that are not attached to the land, building, or improvements and is capable of being removed. Fixed property is defined as fixtures attached to land, buildings, or improvements in such a way that removal alters the intended use of the facility or site.

Reportable property has been established at a capitalization figure of \$1,000 and useful life of one year or more. Assets such as firearms (any cost) and computers (greater than \$500) also must be entered in the wvOASIS Fixed Assets Module.

All agencies are required to take a physical inventory once every three years, and shall have completed such physical inventory by June 30.

### **Compensated Absences**

Accumulated leave is recorded as an expense and a liability as the benefits accrue to employees. State employees earn sick leave benefits that accumulate, but do not vest. When separated from employment with the state, an employee's sick leave benefits are considered ended, and no reimbursement is provided. At the time of retirement, however, any employee enrolled in the West Virginia Public Employees Retirement System prior to June 30, 2001, may convert any unused or accumulated sick leave to pay a portion of that employee's postemployment health care insurance premiums. If this option is not selected, the leave amount may be applied toward an increase in that employee's retirement benefits, with such sick leave counting as additional credited service in computation of such benefits. Any employee enrolled in the West Virginia Public Employees Retirement System after June 30, 2001 may not apply accumulated sick leave toward the cost of premiums for extended insurance coverage.

### **Performance Measurement in the Budget Process**

State agencies are required to submit division-level performance measures as part of the appropriation request process. Performance measures are a tool used by all levels of management, as well as the public, to determine whether a program is accomplishing its mission efficiently and effectively. Although every effort is made to provide services at the lowest possible unit, it is most important to ensure that an agency provides a measurable benefit to the citizens it is designed to serve.



## *Budget Overview (Continued)*

The focus for the FY 2021 performance measures is to show the trend of the agency's performance for the three most current fiscal years (FY 2017 to FY 2019) and the performance-level objectives the program is trying to achieve in FY 2020 and FY 2021 based on current level funding. For the most recently completed year, both projected and actual performance data is shown to provide information on the success of the agency in meeting their goals.

Although the performance measure data is generally expressed in terms of the state fiscal year (July 1 through June 30), occasionally the data is in either calendar year (January 1 through December 31), school or academic year, federal fiscal year (October 1 through September 30), or federal program year (depending upon the established guidelines for the program). If the performance measurement data is not in the state fiscal year, then only two years of the most recent data is shown rather than three years.

During the appropriation request process, the intent of performance measurement is to encourage cabinet secretaries/ agency heads to internally review their programs and make their recommendations to the State Budget Office and the Governor regarding the best use of limited funds. The performance measurement process is not intended to provide information to a central organization (i.e., the State Budget Office or the Governor's Office) for the purpose of making recommendations on behalf of the agency.

Many grants, federal revenue, and other sources currently require the use of performance measures as a condition to receive grant funds.

### **Legislative Performance Review**

The Legislature's Performance Evaluation and Research Division (PERD), within the Office of the Legislative Auditor, operates under the authority of the West Virginia Performance Review Act, W.Va. Code §4-10-1. PERD also conducts performance reviews under the authority of W.Va. Code §4-2-5, which gives the Legislative Auditor discretionary authority to examine the performance of every spending unit of the state. In addition to performance evaluations of state agencies, PERD also conducts legislative research at the request of the Legislative Auditor or legislative leadership. PERD follows Generally Accepted Government Auditing Standards (GAGAS) in its evaluation of state agencies. PERD's reports are generally reported to the Joint Committee on Government Operations, the Joint Committee on Government Organization, and other appropriate legislative committees during interim sessions of the Legislature.

The schedule of departments to be reviewed by PERD and the year in which they are to be conducted is mandated in statute by the Legislature (§4-10-8 and §4-10-10). There are three basic types of reviews under the Performance Review Act: 1) agency reviews, 2) compliance reviews, and 3) regulatory board reviews.

**Agency reviews** are conducted on the agencies or divisions within specific departments. PERD uses discretion and prioritization to determine which agencies within departments will be reviewed. Agency reviews of departments are required by law to be conducted at least once every seven years. PERD may address several areas of performance such as:

- Does the agency effectively and efficiently carry out its statutory duties?
- Does the agency's performance measures reflect good performance?
- Does the agency have adequate internal control?
- Do activities of the agency duplicate or overlap those of other agencies?
- Is there a continued need for the agency?

**Regulatory board reviews** are conducted on regulatory boards established under Chapter 30 of the West Virginia Code that regulates certain professions. A regulatory board must be reviewed at least once every 12 years. PERD's review makes several determinations including the following:

- Does the board comply with general provisions of Chapter 30 of the West Virginia Code and other applicable laws, such as financial self-sufficiency, having proper disciplinary procedures, and requiring continuing education?
- Does the board comply with state purchasing requirements?
- Is there a continued need for the regulatory board?

## *Budget Overview (Continued)*

**Compliance reviews** determine the progress an agency has made in responding to recommendations made in previous reviews. By statute (W.Va. Code §4-10-11), compliance reviews must be requested in writing by the Joint Standing Committee on Government Operations explaining the reasons for the compliance review and its expected completion date.

Upon receiving the evaluation report from PERD, the Joint Committee on Government Operations expects the agency to respond to the findings of the report and indicate what corrective action, if necessary, will be taken. Depending on the findings of a review, the Joint Committee on Government Operations may request a compliance review be conducted.

Departments subject to performance reviews in upcoming years are listed below.

- \* 2019, Department of Health and Human Resources
- \* 2019, Bureau of Senior Services
- \* 2020, Department of Transportation
- \* 2021, Department of Administration
- \* 2022, Department of Education
- \* 2022, Higher Education Policy Commission
- \* 2022, West Virginia Council for Community and Technical College Education
- \* 2023, Department of Veterans' Assistance
- \* 2023, Department of Arts, Culture and History

Regulatory boards subject to review in upcoming years are listed below.

- \* 2019, Board of Acupuncture
- \* 2019, Board of Barbers and Cosmetologists
- \* 2019, Board of Examiners in Counseling
- \* 2020, Board of Hearing Aid Dealers
- \* 2020, Board of Licensed Dietitians
- \* 2020, Nursing Home Administrators Board
- \* 2021, Board of Dental Examiners
- \* 2021, Board of Medicine
- \* 2021, Board of Pharmacy
- \* 2022, Board of Chiropractic Examiners
- \* 2022, Board of Osteopathy
- \* 2022, Board of Physical Therapy
- \* 2023, Board of Occupational Therapy
- \* 2023, Board of Examiners for Speech-Language Pathology and Audiology
- \* 2023, Medical Imaging and Radiation Therapy Board of Examiners
- \* 2024, Board of Professional Surveyors
- \* 2024, Board of Registration for Foresters
- \* 2024, Board of Registration for Professional Engineers
- \* 2025, Board of Examiners for Licensed Practical Nurses
- \* 2025, Board of Examiners for Registered Professional Nurses
- \* 2025, Massage Therapy Licensure Board
- \* 2026, Board of Architects
- \* 2026, Board of Embalmers and Funeral Directors
- \* 2026, Board of Landscape Architects
- \* 2027, Board of Registration for Sanitarians
- \* 2027, Real Estate Appraiser Licensure and Certification Board
- \* 2027, Real Estate Commission

# Human Resources

As of November 30, 2019, the state had approximately 36,697 filled, permanent, full-time equivalent employees, including approximately 10,984 employed by the Higher Education Policy Commission and approximately 1,249 employed by the Council for Community and Technical College Education. Public school teachers and school service personnel for grades K-12 are not included in these totals, as they are considered county school board employees.

The Division of Personnel was created in 1989 by the Legislature in West Virginia Code §29-6-1 et seq. to provide leadership in personnel management for state government. The division's services touch all aspects of employment from application and hiring through separation or retirement.

A comprehensive system of personnel management is achieved through the integration of five functional areas. The major responsibilities of each section in the Division of Personnel are summarized below. In addition to these functional responsibilities, the division serves as liaison and coordinator to the State Personnel Board and directs regular and emergency rule-making processes.

The Classification and Compensation section is responsible for the development, maintenance, and revision of the classification and compensation plans for all positions in the classified and classified-exempt services. The classification and compensation plan organizes job classifications into related and meaningful groups to comply with legally required hiring standards and pay relationships. This section also has the responsibility of reviewing and processing temporary upgrade and discretionary increase transactions, as well as developing and updating various Division of Personnel policies. Further, the section assists agencies with recruitment, retention, and reorganization initiatives.

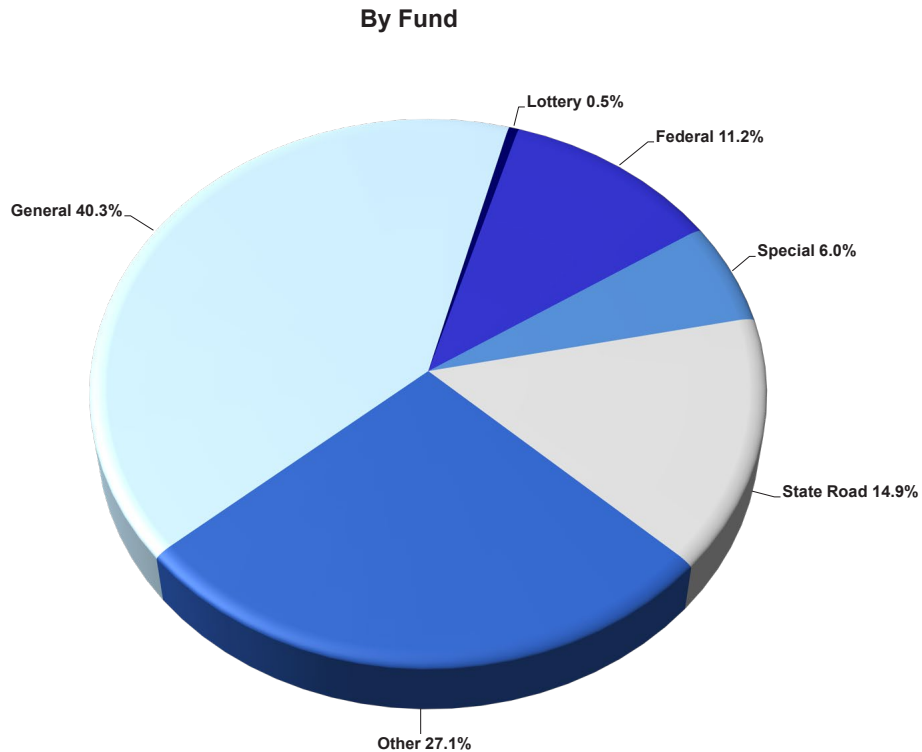
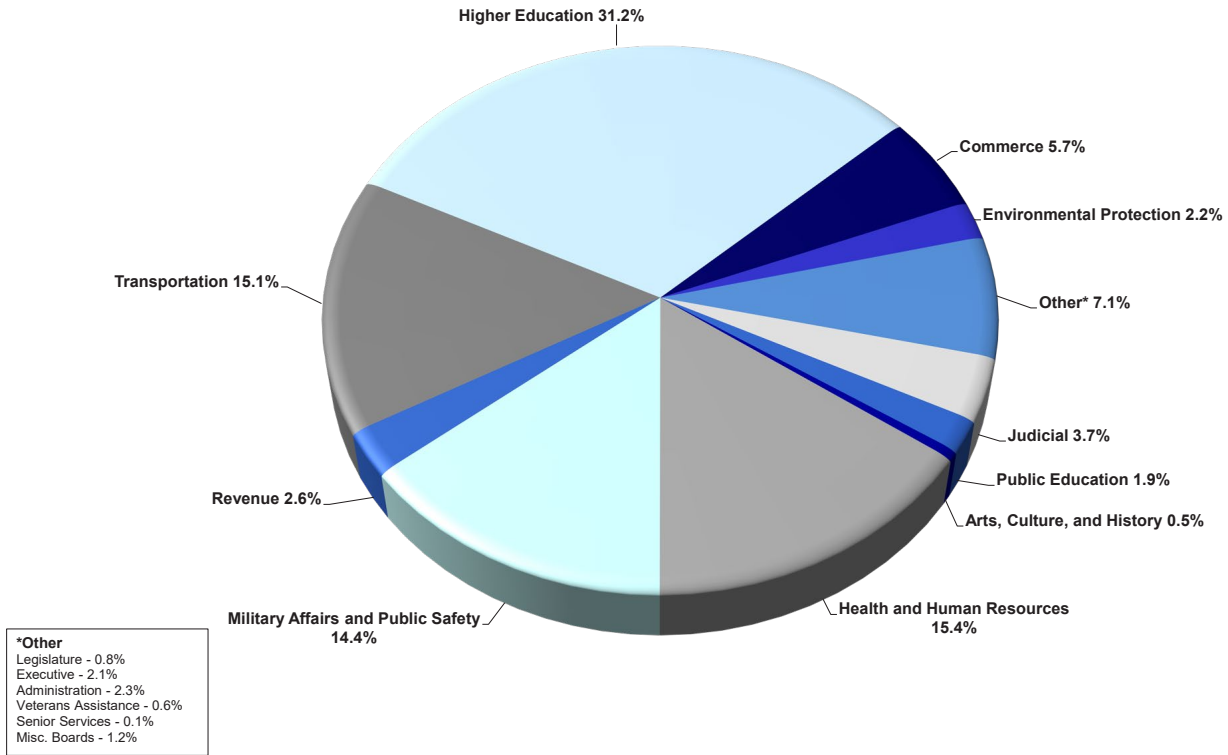
The Personnel Transaction Review section establishes and maintains employee information systems and historical records for all state employees and most county health departments. Staff of the section certify personnel transactions and assure that all transactions are in compliance with applicable state statutes, regulations, policies, procedures, and compensation plans. The section verifies back wage calculations associated with settlement agreements and assists agencies in verifying employee tenure. Biannually, this section prepares the federal EEO-4 report on behalf of the State of West Virginia.

The Employee Relations section works broadly with all levels of government, providing comprehensive guidance and technical assistance to promote awareness and compliance in the application of law, rule, and policies that impact personnel administration. The section promulgates policy and human resources programs that support the current and emerging needs of agencies across the executive branch of state government and most local health departments.

The Organization and Human Resource Development section works to increase the effectiveness and efficiency of state government through the development of a skilled workforce. To support this mission, the section provides face-to-face and online training programs, certification programs, individual development plans and strategies, executive coaching, and consulting services to those working in covered agencies.

The Staffing Services section administers the hiring system for the classified service by establishing valid and reliable selection methods for recruiting and evaluating applicants, generating lists of the most qualified applicants, and providing these lists to state agencies for appointment consideration. In addition, this section is responsible for research, development, and implementation of job-related employment examination procedures.

# Schedule of Recommended Budgeted Full-Time Equivalents (FTE) Permanent Positions FY 2021 By Department



# Schedule of Budgeted Full-Time Equivalents All Funds Permanent Positions FY 2019 through FY 2021

Department/Agency	FY 2019 11-30-2018	FY 2020 11-30-2019	FY 2021 Recommended
<b>TOTAL BUDGETED FTE PERMANENT POSITIONS<sup>1</sup></b>	<b>41,898.11</b>	<b>40,449.60</b>	<b>40,386.77</b>
<p><sup>1</sup> Through a Governor's initiative in February 2019, approximately 1,600 positions identified as vacant for more than 14 months (since November 30, 2017) were inactivated across various departments. As of November 30, 2019, 300 of those inactivated positions were reactivated on a case-by-case basis, with the majority being for public health and safety. The net reduction of approximately 1,300 FTEs related to this project are reflected in the approved November 30, 2019 Budgeted FTE counts below.</p>			
<b>LEGISLATURE</b>			
Senate	59.68	58.66	58.66
House of Delegates	107.00	108.47	108.00
Joint Expenses	131.49	132.49	134.50
<b>TOTAL - LEGISLATURE</b>	<b>298.17</b>	<b>299.62</b>	<b>301.16</b>
<b>TOTAL - JUDICIAL</b>	<b>1,509.00</b>	<b>1,506.00</b>	<b>1,506.00</b>
<b>EXECUTIVE</b>			
Governor's Office	43.75	43.25	43.75
State Auditor's Office	181.00	181.00	180.69
Treasurer's Office	133.80	138.80	139.00
Agriculture, Department of <sup>1</sup>	357.00	354.00	354.00
Attorney General's Office <sup>2</sup>	184.60	196.60	222.26
Secretary of State	59.00	57.00	61.00
<b>TOTAL - EXECUTIVE</b>	<b>959.15</b>	<b>970.65</b>	<b>1,000.70</b>
<p><sup>1</sup> FY 2021 adds 4 FTEs to the Department of Agriculture for Hemp Program.  <sup>2</sup> FY 2020 moved 25 FTEs from the Division of Human Services to the Attorney General for the Medicaid Fraud Unit.</p>			
<b>DEPARTMENT OF ADMINISTRATION</b>			
Office of the Secretary	7.50	7.50	7.50
Consolidated Public Retirement Board	100.00	100.00	100.00
Finance, Division of <sup>1</sup>	21.00	36.00	36.00
Information Services & Communications, Division of <sup>1</sup>	326.50	260.50	260.50
General Services, Division of	116.00	116.00	116.00
Purchasing, Division of	43.00	38.00	38.00
Surplus Property	15.00	13.00	13.00
Travel Management	11.00	9.00	9.00
Fleet Management Division	8.00	8.00	8.00
Board of Risk and Insurance Management	27.00	26.00	26.00
Education & State Employees' Grievance Board	12.00	12.00	12.00
Ethics Commission	8.00	7.00	7.00
Public Defender Services <sup>2</sup>	26.00	29.00	29.00
Personnel, Division of	74.00	69.00	69.00
Public Employees Insurance Agency	57.70	54.70	54.70
Prosecuting Attorneys Institute	6.00	4.00	4.00
Office of Technology	4.00	4.00	4.00
Retiree Health Benefits Trust Fund	3.00	2.00	2.00
Real Estate Division	21.00	21.00	21.00
<b>TOTAL - ADMINISTRATION</b>	<b>886.70</b>	<b>816.70</b>	<b>816.70</b>
<p><sup>1</sup> FY 2020 moved 18 FTEs from the Division of Information Services &amp; Communications to the Division of Finance for the Shared Services Division due to Senate Bill 271; moved 13 FTEs from Library Commission.  <sup>2</sup> FY 2020 added 5 FTEs for the Habeas Division.</p>			

*FTE Schedule of All Funds (Continued)*

Department/Agency	FY 2019 11-30-2018	FY 2020 11-30-2019	FY 2021 Recommended
<b>DEPARTMENT OF COMMERCE</b>			
Office of the Secretary <sup>1</sup>	20.00	28.00	26.00
Tourism, Office of	50.00	47.00	47.00
Forestry, Division of	92.75	92.75	88.95
Geological and Economic Survey	40.80	34.00	33.80
Development Office	114.00	112.00	112.00
Labor, Division of	101.00	91.00	91.00
Natural Resources, Division of	815.00	805.00	805.00
Miners' Health, Safety and Training, Division of	143.00	134.00	131.00
Board of Coal Mine Health and Safety	2.00	2.00	2.00
WorkForce West Virginia	468.40	425.20	425.20
Energy, Office of	6.00	4.00	4.00
Rehabilitation Services, Division of	638.50	538.50	538.50
<b>TOTAL - COMMERCE</b>	<b>2,491.45</b>	<b>2,313.45</b>	<b>2,304.45</b>
<sup>1</sup> FY 2020 additional positions for the Commerce Marketing and Communications Office.			
<b>DEPARTMENT OF EDUCATION</b>			
Education, State Department of <sup>1</sup>	578.00	577.00	582.00
WV Schools for the Deaf & the Blind <sup>2</sup>	165.55	183.65	180.65
School Building Authority	11.00	11.00	11.00
<b>TOTAL - EDUCATION</b>	<b>754.55</b>	<b>771.65</b>	<b>773.65</b>
<sup>1</sup> FY 2020 added 10 FTEs for Institutional Educators.			
<sup>2</sup> FY 2020 wvOASIS FTE change related to conversion of less than 12 month public school employee from a .77 FTE to 1 FTE to give credit for a full year for less than a year of service (based on school year).			
<b>DEPARTMENT OF ARTS, CULTURE, AND HISTORY</b>			
Culture and History, Division of	121.00	116.00	116.50
Library Commission <sup>1</sup>	46.00	29.00	29.00
Educational Broadcasting Authority	66.00	63.00	60.00
<b>TOTAL - ARTS, CULTURE, AND HISTORY</b>	<b>233.00</b>	<b>208.00</b>	<b>205.50</b>
<sup>1</sup> FY 2020 13 FTEs transferred to Information Services & Communications.			

*FTE Schedule of All Funds (Continued)*

Department/Agency	FY 2019 11-30-2018	FY 2020 11-30-2019	FY 2021 Recommended
<b>DEPARTMENT OF ENVIRONMENTAL PROTECTION</b>			
Environmental Protection, Division of	912.70	889.70	889.70
Environmental Quality Board	2.20	2.00	2.00
Solid Waste Management Board	11.00	10.00	10.00
Oil and Gas Conservation Commission	2.00	1.00	1.00
<b>TOTAL - ENVIRONMENTAL PROTECTION</b>	<b>927.90</b>	<b>902.70</b>	<b>902.70</b>

<b>DEPARTMENT OF HEALTH AND HUMAN RESOURCES</b>			
Office of the Secretary	6.00	5.00	5.00
Health, Division of <sup>1</sup>	2,742.29	2,575.79	2,522.79
Health Care Authority <sup>2</sup>	22.00	9.00	9.00
Human Rights Commission	30.00	27.00	27.00
Human Services, Division of <sup>3</sup>	3,717.30	3,646.40	3,738.40
<b>TOTAL - HEALTH AND HUMAN RESOURCES</b>	<b>6,517.59</b>	<b>6,263.19</b>	<b>6,302.19</b>

<sup>1</sup> FY 2020 added 9 FTEs for the Office of Drug Control Policy; added 21 FTEs for the Chief Medical Examiner; added 14 FTEs for the Office of Medical Cannabis; and added 3 FTEs for the Take Back Our Health Initiative.

<sup>2</sup> FY 2020 abolished 10 positions per legislation.

<sup>3</sup> FY 2020 moved 25 FTEs from the Division of Human Services to the Attorney General for the Medicaid Fraud Unit; 43 FTEs added for CPS Senior positions; 34 FTEs added for CPS Case Coordinators; 5 FTEs added for CPS Supervisors; 1 FTE added for SS Coordinator; and 4 FTEs added for Adoption Workers (SSW III).

<b>DEPARTMENT OF MILITARY AFFAIRS AND PUBLIC SAFETY</b>			
Office of the Secretary <sup>1</sup>	14.00	15.00	11.00
Adjutant General <sup>2,3</sup>	569.00	650.50	609.00
WV Board of Parole	10.00	10.00	10.00
Homeland Security and Emergency Management <sup>3</sup>	66.00	31.50	31.50
Corrections and Rehabilitation, Division of	4,067.00	3,963.00	3,963.00
WV State Police	1,095.50	1,085.50	1,081.50
Fire Commission <sup>4</sup>	58.00	59.00	61.00
Justice and Community Services, Division of	44.00	0.00	0.00
Protective Services, Division of	57.00	55.00	55.00
Administrative Services, Division of <sup>5</sup>	0.00	41.00	40.29
<b>TOTAL - MILITARY AFFAIRS AND PUBLIC SAFETY</b>	<b>5,980.50</b>	<b>5,910.50</b>	<b>5,862.29</b>

<sup>1</sup> FY 2021 Homeland State Security Administrative Agency positions eliminated.

<sup>2</sup> FY 2021 adds 55 FTEs to expand the Mountaineer Challenge Academy.

<sup>3</sup> FY 2020 moved positions from Homeland Security and Emergency Management, added positions for flood recovery and Jobs and Hope.

<sup>4</sup> FY 2020 added 2 FTEs for Assistant Fire Marshals.

<sup>5</sup> FY 2020 moved FTEs from the Division of Justice and Community Services to the Division of Administrative Services per legislation.

*FTE Schedule of All Funds (Continued)*

Department/Agency	FY 2019 11-30-2018	FY 2020 11-30-2019	FY 2021 Recommended
<b>DEPARTMENT OF REVENUE</b>			
Office of the Secretary	9.00	8.00	8.00
Tax Division	452.00	428.00	428.00
State Budget Office <sup>1</sup>	10.00	8.00	10.00
Insurance Commissioner	286.00	250.00	250.00
Lottery Commission	203.00	194.00	194.00
Racing Commission	46.16	36.00	36.00
Alcohol Beverage Control Administration	107.20	81.00	81.00
Office of Tax Appeals	6.00	6.00	6.00
Municipal Bond Commission	4.00	4.00	4.00
Financial Institutions, Division of	32.00	32.00	31.00
<b>TOTAL - REVENUE</b>	<b>1,155.36</b>	<b>1,047.00</b>	<b>1,048.00</b>
<sup>1</sup> FY 2021 added 2 FTEs to restore positions inactivated during Governor's initiative.			
<b>DEPARTMENT OF TRANSPORTATION</b>			
Motor Vehicles, Division of	639.00	639.00	637.00
Highways, Division of	5,795.00	5,432.00	5,387.00
State Rail Authority	20.00	17.00	17.00
Public Transit, Division of	11.00	11.00	11.00
Public Port Authority	2.00	0.00	0.00
Aeronautics Commission	3.00	3.00	3.00
Office of Administrative Hearings	28.00	27.00	27.00
<b>TOTAL - TRANSPORTATION</b>	<b>6,498.00</b>	<b>6,129.00</b>	<b>6,082.00</b>
<b>DEPARTMENT OF VETERANS ASSISTANCE</b>			
Veterans Affairs	231.89	219.89	219.89
Veterans Home	47.00	47.00	47.00
<b>TOTAL - VETERANS ASSISTANCE</b>	<b>278.89</b>	<b>266.89</b>	<b>266.89</b>
<b>TOTAL - BUREAU OF SENIOR SERVICES</b>	<b>37.00</b>	<b>33.00</b>	<b>33.00</b>



*FTE Schedule of All Funds (Continued)*

Department/Agency	FY 2019 11-30-2018	FY 2020 11-30-2019	FY 2021 Recommended
<b>HIGHER EDUCATION POLICY COMMISSION</b>			
HEPC - Administration	68.80	72.80	68.18
West Virginia University	6,728.61	6,826.68	6,826.68
Marshall University	2,097.10	1,795.70	1,795.70
Osteopathic School of Medicine	310.43	309.00	310.83
Bluefield State College	202.83	170.64	170.64
Concord University	294.75	261.41	261.41
Fairmont State University	475.20	437.30	437.30
Glennville State College	205.43	217.59	208.43
Shepherd University	448.55	426.24	426.24
West Liberty University	321.16	317.50	317.50
West Virginia State University	331.53	335.00	335.00
WVNET	54.50	56.00	64.00
<b>TOTAL - HIGHER EDUCATION POLICY COMMISSION <sup>1</sup></b>	<b>11,538.89</b>	<b>11,225.86</b>	<b>11,221.91</b>
<sup>1</sup> Changes in FTEs for institutions related to faculty and staffing levels due to changes in enrollment.			
<b>COUNCIL FOR COMMUNITY AND TECHNICAL COLLEGE EDUCATION</b>			
Council - Administration	9.00	12.00	10.12
Mountwest Community and Technical College	127.00	119.00	119.00
New River Community and Technical College	134.00	136.00	134.00
Pierpont Community and Technical College	136.00	132.00	128.13
Blue Ridge Community and Technical College	178.92	179.92	175.73
West Virginia University at Parkersburg	174.00	218.55	218.55
Southern West Virginia Community and Technical College	141.00	173.00	166.00
West Virginia Northern Community and Technical College	37.40	142.02	142.02
West Virginia Eastern Community and Technical College	191.28	41.40	41.07
BridgeValley Community and Technical College	201.41	183.75	177.26
<b>TOTAL - COUNCIL FOR C&amp;T COLLEGE EDUCATION <sup>1</sup></b>	<b>1,330.01</b>	<b>1,337.64</b>	<b>1,311.88</b>
<sup>1</sup> Changes in FTEs for institutions related to faculty and staffing levels due to enrollment changes.			
<b>MISCELLANEOUS BOARDS AND COMMISSIONS</b>			
Barbers and Cosmetologists, Board of	8.00	8.00	8.00
Board of Medicine	16.00	16.00	16.00
Courthouse Facilities Improvement Authority	1.60	1.00	1.00
Hospital Finance Authority	1.00	1.00	1.00
Licensed Practical Nurses	5.00	5.00	4.00
Public Service Commission	311.90	269.30	269.30
Real Estate Commission	7.00	6.00	6.00
Registered Nurses	17.00	17.00	17.00
Water Development Authority	21.00	19.00	20.00
West Virginia Economic Development Authority	10.00	10.00	10.00
Enterprise Resource Planning Board	42.00	38.00	38.00
Other Boards	61.45	57.45	57.45
<b>TOTAL - MISC. BOARDS AND COMMISSIONS</b>	<b>501.95</b>	<b>447.75</b>	<b>447.75</b>

# Schedule of Budgeted Full-Time Equivalents By Source of Funds

## Permanent Positions FY 2019 through FY 2021

By Department/Funding Source	FY 2019 11-30-2018	FY 2020 11-30-2019	FY 2021 Recommended
<b>ALL DEPARTMENTS/AGENCIES</b>			
General	16,491.15	16,753.47	16,502.09
Federal	4,694.34	4,455.70	4,467.30
Lottery	230.72	210.46	220.57
Special	2,540.47	2,359.18	2,381.67
State Road Fund	6,384.00	6,018.00	5,975.00
Nonappropriated Special	11,557.43	10,652.79	10,840.14
<b>TOTAL</b>	<b>41,898.11</b>	<b>40,449.60</b>	<b>40,386.77</b>
<b>LEGISLATURE</b>			
General	293.17	294.62	294.16
Federal	0.00	0.00	0.00
Lottery	0.00	0.00	0.00
Special	5.00	5.00	7.00
Nonappropriated Special	0.00	0.00	0.00
<b>TOTAL</b>	<b>298.17</b>	<b>299.62</b>	<b>301.16</b>
<b>JUDICIAL</b>			
General	1,509.00	1506.00	1,506.00
Federal	0.00	0.00	0.00
Lottery	0.00	0.00	0.00
Special	0.00	0.00	0.00
Nonappropriated Special	0.00	0.00	0.00
<b>TOTAL</b>	<b>1,509.00</b>	<b>1,506.00</b>	<b>1,506.00</b>
<b>EXECUTIVE</b>			
General	478.74	471.38	493.94
Federal	34.84	49.89	51.74
Lottery	0.00	0.00	0.00
Special	272.82	269.67	271.77
Nonappropriated Special	172.74	179.70	183.25
<b>TOTAL</b>	<b>959.14</b>	<b>970.65</b>	<b>1,000.70</b>
<b>DEPARTMENT OF ADMINISTRATION</b>			
General	149.85	146.05	146.05
Federal	0.00	0.00	0.00
Lottery	0.00	0.00	0.00
Special	431.66	371.94	372.86
Nonappropriated Special	305.19	298.72	297.79
<b>TOTAL</b>	<b>886.70</b>	<b>816.70</b>	<b>816.70</b>
<b>DEPARTMENT OF COMMERCE</b>			
General	870.89	894.69	891.49
Federal	1,041.55	908.75	904.65
Lottery	103.00	100.00	100.00
Special	263.34	240.47	238.04
Nonappropriated Special	212.67	169.54	170.27
<b>TOTAL</b>	<b>2,491.45</b>	<b>2,313.45</b>	<b>2,304.45</b>

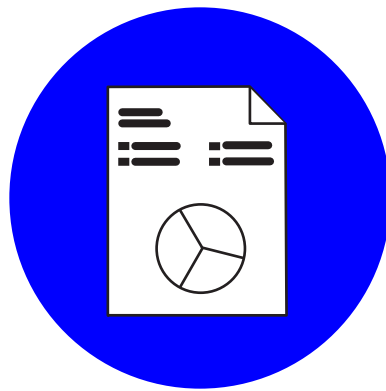
*FTE Schedule by Source of Funds (Continued)*

By Department/Funding Source	FY 2019 11-30-2018	FY 2020 11-30-2019	FY 2021 Recommended
<b>DEPARTMENT OF EDUCATION</b>			
General	547.13	565.45	560.71
Federal	96.90	97.30	100.65
Lottery	68.17	68.67	69.17
Special	11.00	11.00	11.00
Nonappropriated Special	31.35	29.23	32.12
<b>TOTAL</b>	<b>754.55</b>	<b>771.65</b>	<b>773.65</b>
<b>DEPARTMENT OF ARTS, CULTURE, AND HISTORY</b>			
General	116.86	138.22	136.12
Federal	28.46	25.20	26.20
Lottery	19.35	3.75	4.85
Special	4.08	4.08	3.08
Nonappropriated Special	64.25	36.75	35.25
<b>TOTAL</b>	<b>233.00</b>	<b>208.00</b>	<b>205.50</b>
<b>DEPARTMENT OF ENVIRONMENTAL PROTECTION</b>			
General	77.71	78.22	77.21
Federal	349.75	344.65	341.73
Lottery	0.00	0.00	0.00
Special	256.55	248.70	251.03
Nonappropriated Special	243.89	231.13	232.73
<b>TOTAL</b>	<b>927.90</b>	<b>902.70</b>	<b>902.70</b>
<b>DEPARTMENT OF HEALTH AND HUMAN RESOURCES</b>			
General	3,857.70	3,700.83	3,736.68
Federal	2,363.91	2,278.44	2,287.38
Lottery	0.00	0.00	0.00
Special	91.71	86.54	84.33
Nonappropriated Special	204.28	197.38	193.80
<b>TOTAL</b>	<b>6,517.60</b>	<b>6,263.19</b>	<b>6,302.19</b>
<b>DEPARTMENT OF MILITARY AFFAIRS AND PUBLIC SAFETY</b>			
General	4,180.25	4,086.87	4,089.73
Federal	498.23	501.71	483.32
Lottery	0.00	0.00	0.00
Special	141.30	141.75	145.66
Nonappropriated Special	1,160.72	1,180.17	1,143.58
<b>TOTAL</b>	<b>5,980.50</b>	<b>5,910.50</b>	<b>5,862.29</b>
<b>DEPARTMENT OF REVENUE</b>			
General	391.10	373.10	375.10
Federal	0.00	0.00	0.00
Lottery	0.00	0.00	0.00
Special	505.21	426.85	425.85
Nonappropriated Special	259.05	247.05	247.05
<b>TOTAL</b>	<b>1,155.36</b>	<b>1,047.00</b>	<b>1,048.00</b>

*FTE Schedule by Source of Funds (Continued)*

By Department/Funding Source	FY 2019 11-30-2018	FY 2020 11-30-2019	FY 2021 Recommended
<b>DEPARTMENT OF TRANSPORTATION</b>			
General	10.00	7.00	7.00
Federal	11.00	11.00	19.00
Lottery	0.00	0.00	0.00
Special	77.00	76.00	64.00
State Road Fund	6,384.00	6,018.00	5,975.00
Nonappropriated Special	16.00	17.00	17.00
<b>TOTAL</b>	<b>6,498.00</b>	<b>6,129.00</b>	<b>6,082.00</b>
<b>DEPARTMENT OF VETERANS ASSISTANCE</b>			
General	191.58	192.92	195.57
Federal	87.31	73.97	71.32
Lottery	0.00	0.00	0.00
Special	0.00	0.00	0.00
Nonappropriated Special	0.00	0.00	0.00
<b>TOTAL</b>	<b>278.89</b>	<b>266.89</b>	<b>266.89</b>
<b>BUREAU OF SENIOR SERVICES</b>			
General	0.00	0.00	0.00
Federal	11.49	9.64	8.30
Lottery	3.47	3.27	3.40
Special	2.30	2.10	2.50
Nonappropriated Special	19.74	17.99	18.80
<b>TOTAL</b>	<b>37.00</b>	<b>33.00</b>	<b>33.00</b>
<b>HIGHER EDUCATION POLICY COMMISSION</b>			
General	2,954.65	3,380.65	3,058.22
Federal	124.82	118.70	131.08
Lottery	36.73	34.77	43.15
Special	104.25	141.83	175.00
Nonappropriated Special	8,318.43	7,549.91	7,814.46
<b>TOTAL</b>	<b>11,538.88</b>	<b>11,225.86</b>	<b>11,221.91</b>
<b>COUNCIL FOR COMMUNITY AND TECHNICAL COLLEGE EDUCATION</b>			
General	862.52	917.47	934.11
Federal	9.58	6.05	10.53
Lottery	0.00	0.00	0.00
Special	0.00	0.00	0.00
Nonappropriated Special	457.92	414.13	367.24
<b>TOTAL</b>	<b>1,330.02</b>	<b>1,337.64</b>	<b>1,311.88</b>
<b>MISCELLANEOUS BOARDS AND COMMISSIONS</b>			
Federal	36.50	30.40	31.40
Lottery	0.00	0.00	0.00
Special	374.25	333.25	329.55
Nonappropriated Special	91.20	84.10	86.80
<b>TOTAL</b>	<b>501.95</b>	<b>447.75</b>	<b>447.75</b>

# REVENUE SOURCES





# Revenue Sources

The revenues necessary to finance state government are collected from a variety of sources. All sources are dedicated to a specific fund or account and may only be appropriated or used as prescribed by law. Some of the funds of the State of West Virginia are subject to direct appropriation by the Legislature and are specifically included in the Budget Bill submitted by the Governor to the Legislature for consideration and final passage of a budget.

All funds of the State of West Virginia fall into one of five categories and are subject to Legislative review and oversight. Other than the exceptions mentioned below, these funds are subject to appropriation by the Legislature:

- General Revenue Fund
- State Road Fund
- Lottery and Excess Lottery Funds
- Federal Funds
- Special Revenue Funds

**The General Revenue Fund** consists of taxes, fees, and licenses that are dedicated to the state fund or are not specifically directed to special or other dedicated purposes.

The General Revenue Fund (or General Fund) consists primarily of the major tax revenue of the state such as Consumer Sales Tax and Use Tax, Personal Income Tax, Business and Occupation Tax, Corporation Net Income Tax, Tobacco Products Tax, and Severance Tax. For FY 2021, these taxes comprise approximately 92.9% of the General Revenue Fund. The remaining 7.190% of the General Revenue Fund is a combination of lesser taxes along with fees such as Liquor Profit Transfers and transfers from lottery revenues.

All General Revenue Fund expenditures, except refunds or overpayments, must be specifically appropriated by the Legislature and may be appropriated for any purpose the Legislature desires. The appropriations from the General Revenue Fund expire at the end of the state's fiscal year on June 30, except as otherwise provided. Obligations may be paid through July 31 for goods and services that were incurred on or before June 30 of the expiring FY. The Legislature may reappropriate any General Revenue Fund account by adding language in the Budget Act that allows any unexpended balances to be carried forward and expended in the following FY. For capital outlay appropriations, W.Va. Code §12-3-12 states, in part, that "appropriations for buildings and land or capital outlay shall remain in effect, and shall not be deemed to have expired until the end of three years . . ."

**The State Road Fund** consists of revenues from gasoline and other motor fuel excise and license taxes, Sales Tax, Motor Vehicle Registration and License tax, and all other revenue derived from motor vehicles or motor fuel that are solely dedicated to this fund. The State Road Fund is appropriated by the Legislature and used solely for construction, reconstruction, repair, and maintenance of public highways, the payment of the interest and principal on all road bonds, and the administrative expenses of the Division of Highways, Office of Administrative Hearings, and the Division of Motor Vehicles.

All federal funds received for road construction, reconstruction, and maintenance are also deposited into and become part of the State Road Fund.

**Lottery funds** consist of revenue derived from the sale of lottery tickets or games, limited video lottery, and table games. House Bill 102 passed in 2001 provided for changes in the Lottery Act and Racetrack Video Lottery Act as well as the creation of the Limited Video Lottery Act. In addition, House Bill 102 created an Excess Lottery Fund and stipulates to which fund lottery profits are to be directed: the Lottery Fund or the Excess Lottery Fund. Also, during the 2007 Regular Legislative Session, HB 2718 was passed which allows for table games at West Virginia racetracks, if approved by local option election.

The Lottery Fund may be used to support the operation of the West Virginia Lottery, including expenses and prizes. The net revenue from the Lottery must be appropriated by the Legislature. Currently, the Lottery Fund may only be expended for education, senior citizens, and tourism.

## *Revenue Sources*

The Excess Lottery Fund may be used for a variety of purposes including but not limited to PROMISE scholarships, senior citizen tax credits, the School Building Debt Service Fund, the West Virginia Infrastructure Fund, the Economic Development Project Fund, the Higher Education Improvement Fund, the State Park Improvement Fund, and the General Purpose Account.

The Table Games Fund may be used to enable the aged and disabled citizens of West Virginia to stay in their homes through the provision of home and community-based services received from annual license fees. Table Game revenues can also be used for the purpose of accelerating the reduction of existing unfunded liabilities and existing bond indebtedness of the state.

**Federal funds** are received directly from the federal government and may only be used for the specific purpose for which they are intended. Federal funds consist of any financial assistance made directly to any state department/bureau/commission/division by the United States government, whether a loan, grant, subsidy, augmentation, reimbursement, or any other form of such assistance, including federal matching funds.

Federal Funds have become a substantial part of the operation of state government, either as part of ongoing programs or structured to institute state action. In all cases, federal funds are a significant feature of state services and the budget process.

With the following exceptions, federal funds must be included in the Budget Act and appropriated by the Legislature (as required by W.Va. Code §4-11-6):

- Federal funds received by state institutions of higher education, by students, or by faculty members of such institutions for instructional or research purposes and federal funds received for student scholarships or grants-in-aid.
- Federal nondiscretionary pass-through funds earmarked in specified amounts or appropriations for transmittal to local political subdivisions or to designated classes of organizations and individuals who do not require state-matching funds and do not permit discretion in their distribution by the receiving state spending unit.
- Federal funds made available to the state for costs and damages resulting from natural disasters, civil disobedience, or an occurrence declared by the Governor as a state of emergency.
- Federal funds received by the West Virginia Division of Highways or the West Virginia Commissioner of Highways.

**Special Revenue funds** consist of individual accounts created for a specific purpose and the revenues may be expended only for that specific purpose unless otherwise directed by the Legislature. These accounts generate revenue derived from permits, licenses, and established rates or fees for services provided either to the public, other state agencies, or non-state governmental entities. These accounts are generally “from collections” and the spending is limited to the amount collected or the amount appropriated by the Legislature, whichever is less. Proprietary funds and trust funds are included in the budget as Special Revenue funds.

Certain Special Revenue funds are specifically appropriated by the Legislature and included in the Budget Act. Other Special Revenue funds, generally referred to as “nonappropriated,” are not specifically appropriated by line item in the Budget Act. These nonappropriated Special Revenue funds derive their authority to expend funds from general law and language contained in the Budget Act for that particular fiscal year.

Special Revenue funds that are specifically appropriated in the Budget Act expire on June 30, and obligations may be paid through July 31 in the same manner as General Revenue Funds. Appropriated Special Revenue funds may also be reappropriated into the next fiscal year in the same manner as General Revenue accounts. Nonappropriated Special Revenue funds do not expire but continue forward with the next fiscal year, provided the requirements of general law are met.

### ***Revenue Estimates***

Under the guidance of the Deputy Secretary of the Department of Revenue, the Tax Research Division develops revenue estimates for the state. The estimates are derived from economic forecasts provided by IHS Markit, the West Virginia University Bureau of Business and Economic Research, and the U.S. Department of Energy. Revenue forecast simulations include changes due to economic factors and tax law changes. The forecast incorporates the results of economic modeling, trend analysis, time series modeling, and expert judgment.



## *Revenue Sources*

The final forecast for an upcoming fiscal year is derived from the November economic forecasts approximately seven months prior to the beginning of a fiscal year. The forecast is adjusted at the conclusion of each regular legislative session to incorporate any fiscal changes associated with tax law modifications. Even though numerous economic events and other changes occur seven to 19 months after the development of the final fiscal year forecast, the official revenue estimates seldom change. However, staff monitor actual revenue collections on a daily and monthly basis. If the revenue estimates ever appear to be too optimistic given tax collection trends and economic conditions, such determinations are immediately forwarded to policymakers. Projected revenue shortfalls do result in midyear budget reductions, as was the case for FY 2010, FY 2013, FY 2014, FY 2015, FY 2016, and FY 2017. Based on results over the past two decades, the probability of a revenue shortfall issue in any given year is less than 40%.

### ***Economic Development Tax Expenditure Budget - FY 2021***

In addition to expenditures authorized by the State Legislature through annual budgetary appropriations, additional expenditures are authorized pursuant to various tax preferences within the State Tax Code. These additional expenditures are commonly called “tax expenditures.” This section includes budgetary information on specific business-related economic development tax expenditures and similarly structured individual tax preferences for FY 2021.

### ***Overview of Tax Expenditures***

Tax expenditures are like regular budgetary appropriations. Instead of a direct government grant to an individual or group, a government benefit may be provided by means of a reduction in tax liability for that individual or group. The reduction in tax liability represents the tax expenditure. Tax expenditures also represent deviations from a normal, non-preferential tax structure.

Although there are gray lines, it is important to distinguish between a normal feature of the Tax Code and tax expenditures. For example, there are various broad-based exemptions from the Consumer Sales and Service Tax for purchases of tangible personal property and services “directly used in specified businesses” and for purchases for resale. There is general agreement that such exemptions are part of a normal retail sales tax structure, intended to impose the tax on the final consumer. Such utilitarian exemptions are not considered special tax expenditures. However, sales tax exemptions for items such as food, clothing, and public utility services provided to end consumers would be tax expenditures.

Except for tax credit programs, all Consumer Sales Tax and Personal Income Tax expenditures are excluded from the economic development tax expenditure budget section because such expenditures may be better classified as individual tax preferences.

Notwithstanding the similarity of the ultimate effect on the state’s financial position, there is a profound difference between an appropriation of funds and the equivalent tax expenditure to consider. The biggest difference is the loss of control over the timing and use of a tax expenditure as compared to a direct appropriation. The timing of the tax expenditure largely lies with the individual behavior of the taxpayer and not with the government entity providing such benefit.

The use of the tax expenditure is heavily dependent on the taxpayer’s tax attributes. For example, if the tax expenditure applies against income taxes, its use depends heavily upon the taxable income of the taxpayer, unless the tax expenditure is in the form of a refundable grant.

Some tax expenditures offer carryover provisions if a taxpayer is not able to fully receive the benefit within a single year. A couple tax expenditures include a policy of “transferable tax credits,” where a taxpayer can “sell” excess tax credit for some discounted amount (e.g., 90 cents on the dollar). The taxpayer receives a benefit of 90 cents, but the state incurs a tax expenditure of one full dollar when the credit is ultimately taken by the credit purchaser. The timing lag for transferable programs is even longer than the normal lag associated with many tax expenditures. Tax expenditure timing is also affected by differences in tax year versus budget year. In most cases, a taxpayer’s tax year corresponds with a calendar year as opposed to the state’s fiscal year running from July 1st to June 30th.

## Revenue Sources

Finally, the filing of tax returns documenting the actual use of tax expenditures generally occurs long after the expiration of both the FY of the tax expenditure grant and the calendar year of claim for the taxpayer. Both the uncertainty of taxpayer behavior and the timing of tax return filings related to tax expenditure claims pose significant forecasting challenges.

In many cases, the full cost of a tax expenditure program may stretch out over several fiscal years. Therefore, prospective policy changes to eliminate such a program may only gradually decrease the expenditure or gradually increase revenue freed up for other expenditure programs. For example, legislation terminated the Film Tax Credit Program effective January 26, 2018. However, due to credit carryover provisions, the FY 2021 budget still contains an allowance for this program more than a year after its expiration.

For purposes of the FY 2021 budget, economic development tax expenditure programs were grouped in the following four categories:

- Tax Credits (Programs offering a direct deduction from tax liability)
- Tax Increment Financing (Programs allocating revenue increases)
- Miscellaneous Tax Preferences (Tax Exclusions or Tax Rate Preferences)
- Previously Terminated Programs with Carryover Costs

There is no bright line separation of business economic development programs from other programs with similar characteristics. Therefore, other similar tax expenditures are listed below to provide the reader with some perspective of the relative size of various individual tax preferences in relationship with the highlighted business tax preferences. Readers need to be cognizant of the fact that the economic incidence of taxes rests with individuals. Economic development programs are in bold.

### **Tax Credits**

For purposes of the tax expenditure budget, there are 24 active tax credit programs in the State Tax Code with a total FY 2021 value of \$100.8 million. Programs classified as economic development-related account for \$54.0 million in value, an amount equal to roughly 54% of the total value of all tax credits. Some of the remaining tax credits may be classified as low-income relief programs with a combined value of \$41.4 million.

The largest single tax credit in terms of cost (27% of the total) is the Industrial Expansion and Revitalization Tax Credit for electric power producers. This tax credit is largely tied to pollution abatement investment at coal-fired generating plants in the state. More than 80% of the investment associated with this tax credit occurred prior to CY 2012. Tax credit benefits for each year of investment are prorated for use over a 10-year period beginning with the year of investment. West Virginia uniquely taxes electric power generation rather than final sales to consumers. Public utilities pass on their costs to final consumers in a rate-regulated environment. Therefore, final consumers are the principal beneficiaries of the Industrial Expansion and Revitalization Tax Credit.

The following is a list of active tax credits in Chapter 11 or Chapter 5B of the West Virginia Code. Programs in bold are tax credits that likely fit the definition of an economic development program. Several other listed programs may also be viewed by some as economic development related.

## Revenue Sources

Article	Tax Credit	Description	FY 2021 Estimate (in millions)
5B-2E	<b>Tourism Development</b>	25% of Approved Costs Over 10 Years	\$2.0
11-13D	<b>Industrial Expansion/Revitalization</b>	10% Investment Credit - Electric Power Producers	\$27.0
11-13E	<b>Coal-Loading Facilities</b>	10% Investment Credit - Coal Loading Facilities	\$0.8
11-13F	Low-Income Electric, Gas & Water	Reimburses Utility for Low-Income Resident Discount	\$6.7
11-13G	Low-Income Telephone	Reimburses Utility for Low-Income Resident Discount	\$0.0
11-13J	Neighborhood Investment Program	50% Credit for Charitable Contributions	\$3.0
11-13K	Agricultural Equipment	25% up to \$2,500 - Environmental Equipment	Minimal
11-13L	<b>Natural Gas Jobs Retention</b>	\$1,000/Job - Natural Gas Storage Tax	\$0.9
11-13Q	<b>Economic Opportunity</b>	Investment Credit - New Jobs & Select Industries	\$6.0
11-13S	<b>Manufacturing Investment</b>	5% Investment Credit - Manufacturing	\$5.0
11-13W	<b>Apprenticeship Training</b>	\$2/hour or \$2,000/year - Training Tax Credit	\$0.3
11-13Y	<b>Manufacturing Property Adjustment</b>	Manufacturing Inventory Tax Credit	\$7.0
11-13BB	<b>Mine Safety Technology</b>	50% Investment Credit - Mine Safety Equipment	Minimal
11-13CC	Energy Intensive Industrial Consumer	Up to \$20 million - Coal Severance Tax	\$0.0
11-13DD	Farm to Food Bank Tax Credit	10% value of donated, edible agriculture products up to \$2,500/year	Minimal
11-13EE	<b>Coal Severance Tax Rebate</b>	35% of Qualified Investment - 80% of Additional Tax	\$3.0
11-21-8a	<b>Rehabilitated Buildings</b>	25% of Qualified Costs	\$2.0
11-21-8g	Residential Rehabilitated Buildings	5% of Qualified Costs	\$0.3
11-21-10a	Nonfamily Adoption	\$2,000 per Qualified Adoption	\$2.0
11-21-21	Senior Citizen Homestead Credit	Local Tax paid on First \$20,000 of Taxable Valuation	\$12.2
11-21-22	Low-Income Family Tax Credit	Up to 100% of Pre-Credit Income Tax	\$20.0
11-21-23	Excess Property Tax Credit	Excess Over 4% of Gross Income Up to \$1,000	\$2.5
11-21-42 & 11-24-12	<b>Military Incentive</b>	30% of first \$5,000 of Wages Paid	Minimal
61-7-4(r)	Gun Safety Training Credit	Onetime Credit of up to \$50	\$0.1
		<i>Subtotal:</i>	<u>\$100.8</u>

### **Tax Increment Financing**

There are two active tax increment financing programs in West Virginia: Property Tax Increment Financing (TIF) and Sales Tax Increment Financing (STIF). Under these programs, increases in tax revenue above a baseline are rededicated to a specific development project.

Nearly all states utilize TIF for economic development. Property taxes are generally imposed by counties, school boards, and municipalities in the state. The total value of TIF is roughly \$20.0 million in FY 2021 with more than half of the cost absorbed by local governments and less than half absorbed by the state mainly through the state School Aid to Local Education Formula. The cost to local governments would be larger if not for the exclusion of excess levies from the calculated TIF under state law.

The STIF Program is similar in cost to the TIF Program with a shift of an estimated \$21.0 million of state sales tax from the state General Revenue Fund to local retail development projects.

## Revenue Sources

The following is a list of active tax increment financing programs (state property tax costs include calculated impact of state School Aid Formula):

Article	Tax Increment Diversion Programs	Description	FY 2021 Estimate (in millions)
7-11B	<b>Property Tax Increment Financing Economic Development District</b>	Property Increment-State portion of \$20.0 mil total	\$9.2
7-22	<b>Sales Tax Increment Financing</b>	6% State sales tax re-designated as local tax	\$21.0
		<i>Subtotal:</i>	<u>\$30.2</u>

### **Miscellaneous Tax Preferences**

Most of the major miscellaneous tax preference programs involve exclusions, special valuation provisions, or tax rate preferences involving the local property tax. These property tax preferences account for roughly 79% of the value of tax expenditures in this section.

In terms of value, the largest tax expenditures in West Virginia relate to residential property taxes. The combined value of the Homestead Exemption and 50% tax rate preferences for owner-occupied residential and farm real property is \$561 million, and the state share of this combined value, mainly reflected in the State School Aid Formula, is \$155.4 million.

Several other types of mostly tangible personal property qualify for reduced “salvage” valuation at a combined value of \$116.4 million in property tax reductions with \$33.1 million of that value allocated to the state budget

No accurate estimate is available for county-imposed Payment in Lieu of Tax (PILOT) arrangements. Based on available PILOT payment data, however, the net PILOT tax expenditure is likely similar in magnitude to the value associated with certified capital additions.

The largest non-property tax rate preference program offered in West Virginia is the Thin-Seam Coal Rates Program. Lower regular severance tax rates apply to most underground coal mines with average seam thickness of no more than 45 inches. This \$50 million tax preference is largely tied to metallurgical coal production in southern West Virginia. Thin-seam mines tend to employ more workers per unit of output than other mining operations.

The following is a brief list of some major miscellaneous tax preferences in Chapter 11 possibly tied to an economic development objective. Programs not bolded are provisions that may not necessarily fit the definition of an economic development program. State property tax costs include calculated impact of the State School Aid Formula:

Article	Tax Preference	Description	FY 2021 Estimate (in millions)
3-9	<b>PILOT-County</b>	Payment in Lieu of Tax - New Facilities	Unknown
6A	Pollution Control Salvage Value	State portion of \$72.6 million	\$20.1
6B	Homestead Exemption & Tax Rate	Over 65/Disabled - State Portion of \$101 million	\$28.0
6E	<b>Manufacturing Production Property</b>	Salvage Value - State Portion of \$2.0 million	\$0.6
6F	<b>Certified Capital Additions</b>	Salvage Value-Existing Mfg. - State Portion of \$40.0 million	\$11.9
6H	<b>Special Aircraft Property</b>	Salvage Value - State Portion of \$1.7 million	\$0.5
6J	<b>High-Technology Business Property</b>	Salvage Value - State Portion of minimal \$0.1	\$0.0
8-6b	Residential/Farm Preference	50% Tax Rate Preference - State Portion of \$460 million	\$127.4
13A-3(f)	<b>Thin-Seam Coal Rates</b>	Reduced Tax Rates on Thin-Seam Coal [60%-80%]	\$50.0
13A-3a(a)	<b>Natural Gas/Oil Exclusions</b>	Low-Volume/Shut-In Well Gross Receipt Exclusions	\$0.5
		<i>Subtotal:</i>	<u>\$239.0</u>

## Revenue Sources

### **Previously Terminated Programs with Carryover Costs**

Expired tax expenditure provisions with at least some cost in FY 2021 include costs associated with the Alternative-Fuel Motor Vehicles Tax Credit, West Virginia Film Credit, and the Strategic Research and Development Tax Credit. The following is a list of inactive tax credits in either Chapter 11 of the West Virginia Code that were generally repealed, are now inactive, or are set to sunset prior to the beginning of FY 2021 with grandfathering provisions for credit claims attributable to periods prior to termination.

Article	Tax Credit	Description	FY 2021 Estimate (in millions)
11-6D	Alternative-Fuel Motor Vehicles	35% Vehicles & 20% to 62.5% Infrastructure	Minimal
11-13X	<b>West Virginia Film</b>	27% to 31% of costs for making WV film	Minimal
11-13R	<b>Strategic Research and Development</b>	3% or 10% of Excess R&D Credit	Minimal
		<i>Subtotal:</i>	Minimal

The total sum value of all tax expenditures listed in this section is \$370.0 million, including \$147.7 million in bolded economic development tax expenditures and \$222.3 million in various other tax expenditures.

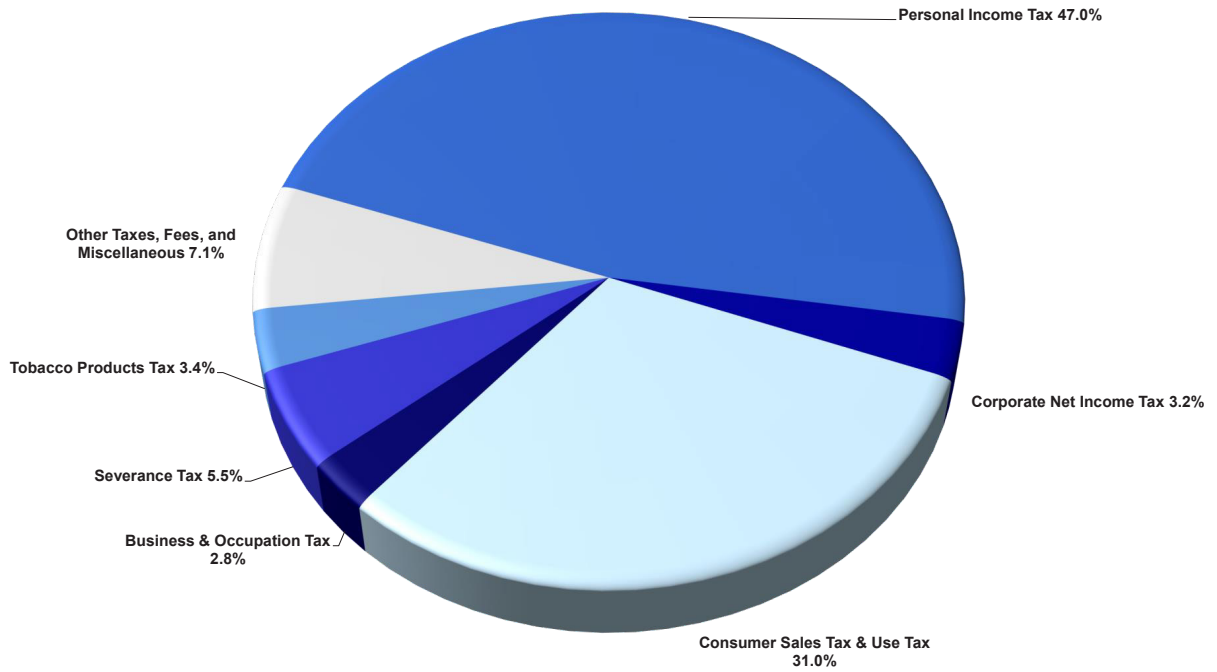
### **Additional Revenue Information**

The following pages contain graphs and explanations of the sources of estimated revenues and areas of expenditure for General, State Road, Lottery, and Federal Funds. Due to the multiple sources of revenue, only the area of estimated expenditures is depicted for the Special Revenue Funds. The Medicaid State Share Fund is included in the Special Revenue Funds section, but since it is a substantial revenue source, a separate page providing actual and estimated revenues is included.

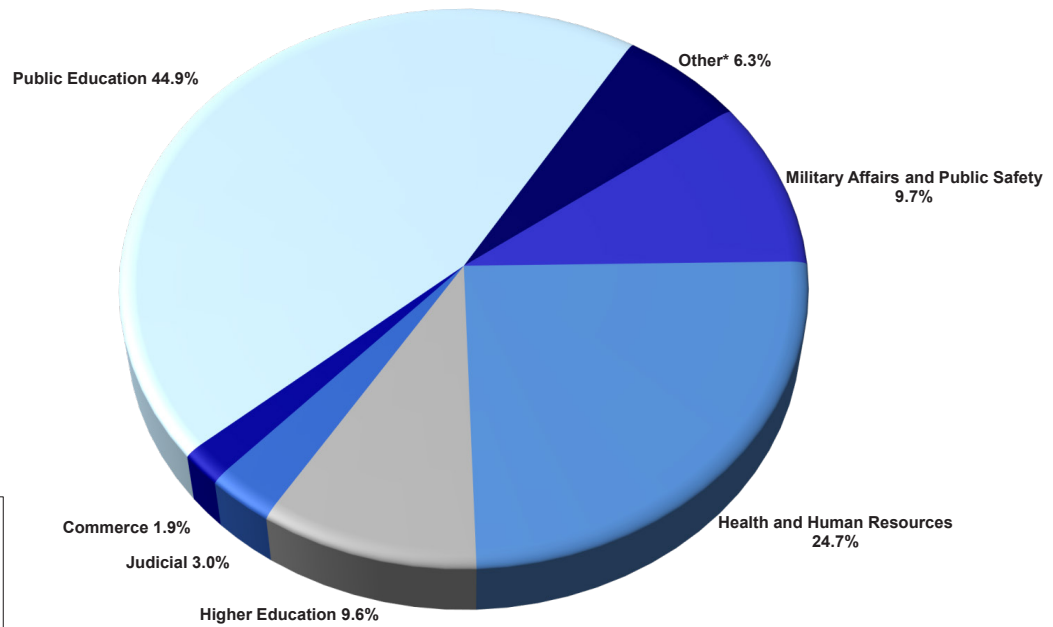
For a graphic presentation of total state revenues by source and expenditures by function, refer to “Where the State Dollar Comes From” and “Where the State Dollar Goes” in the “Summary Financial Statements” chapter.

# General Revenue Fund

**Sources of Revenue  
Fiscal Year 2021  
\$4.585 Billion  
(Estimated)**



**Recommended Expenditures  
Fiscal Year 2021  
\$4.585 Billion**



*Other	
Legislature	- 0.6%
Executive	- 1.2%
Administration	- 2.3%
Arts, Culture & Hist	- 0.2%
Environment	- 0.1%
Revenue	- 0.7%
Veterans Assistance	- 0.3%
Transportation	- 0.2%
Senior Services	- 0.7%

## General Revenue Fund

# Personal Income Tax

Personal income tax collection trends depend upon changes in population, employment, personal income, inflation rates, interest rates, and federal tax law. Employee withholding taxes account for roughly 70% of all personal income tax receipts. Income tax revenue growth improved from 1.5% in FY 2017 to 6.0% in FY 2018 and 9.9% in FY 2019 due to gains in employment and wages. Payroll employment rose by 1.5% in CY 2018 led by strong growth in construction employment and a rebound in the energy sector. Wage and salary income rose sharply between the first half of 2017 and 2018 with average quarterly growth rates in excess of 6.0% during the two-year period ending in June 2019. Wage growth and employment growth slowed during the first half of FY 2020 in response to a slowdown in the energy sector and the loss of pipeline construction employment.

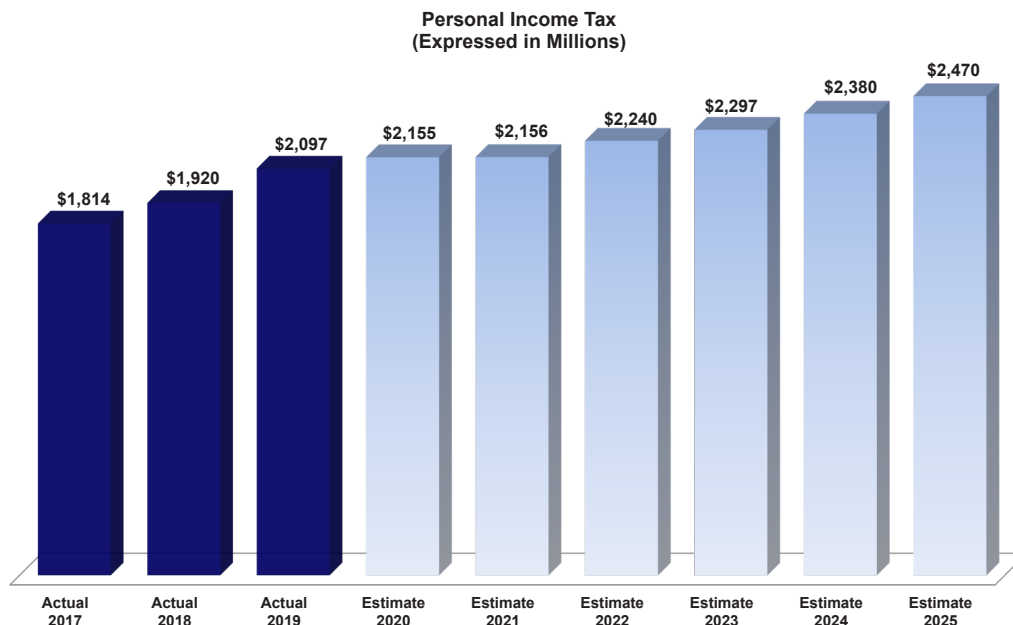
Some taxpayers shifted additional income into the 2018 tax year in response to lower federal income tax rates. This behavior contributed to a larger than usual 18.5% increase in return payments in FY 2019. A portion of the gain should be onetime with the expectation of slower growth in non-withheld tax payments in FY 2020 and beyond.

According to the most recent forecasts from IHS Markit, payroll employment is expected to grow by roughly 0.9% in 2020, and by less than 0.2% per year between 2021 and 2025. Additional employment associated with the Roads to Prosperity road construction projects will more than offset some job losses in other sectors in the short term. IHS Markit projects West Virginia personal income to increase by 3.4% in 2020, by 3.5% in 2021, and by an annual average of 3.8% between 2021 and 2025. Income tax collections are projected to rise by an average annual rate of roughly 2.6% during the FY 2019 to FY 2025 forecast period.

These estimates incorporate the recent legislation to phase-in an exemption for taxable social security benefits over three years from state income tax for lower income households beginning in tax year 2020.

### Tax on West Virginia taxable income:

- 3.0% on the first \$10,000 of taxable income.
- 4.0% on taxable income between \$10,000 and \$25,000.
- 4.5% on taxable income between \$25,000 and \$40,000.
- 6.0% on taxable income between \$40,000 and \$60,000.
- 6.5% on taxable income in excess of \$60,000.
- Accounts for roughly 47% of total General Revenue Fund.





## General Revenue Fund

# Consumer Sales Tax and Use Tax

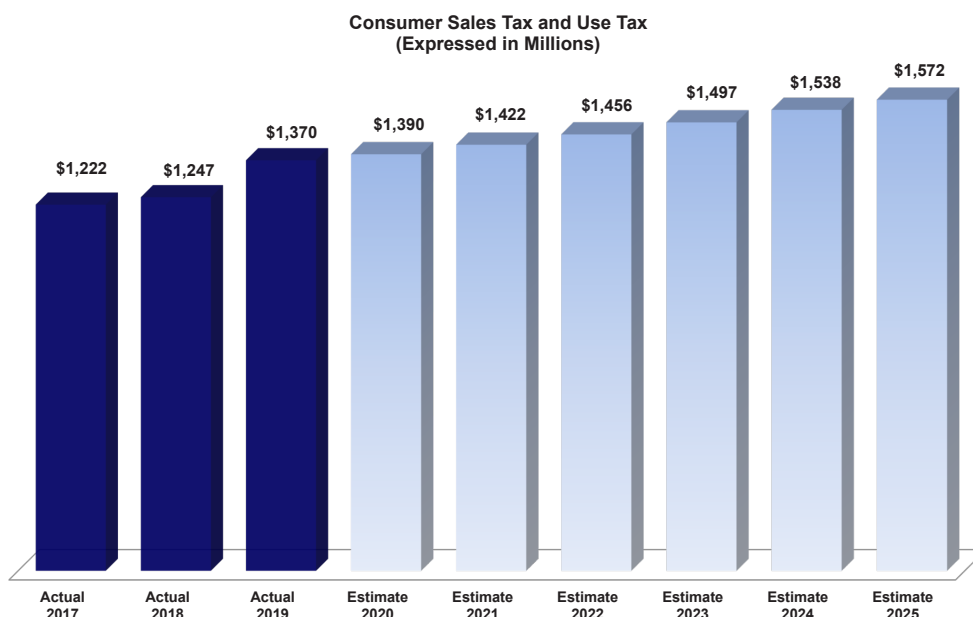
Consumer Sales and Use Tax collections depend heavily upon retail sales and taxable services activities. The tax base includes most retail sales, but some exclusions include sales of automobiles (taxed under alternative 6% Vehicle Sales Tax), gasoline (taxed under alternative 5% Wholesale Sales Tax), prescription drugs, and food for home consumption. Food for home consumption does not include sales, purchases, and uses of prepared food by consumers, food sold through vending machines, or soft drinks.

Fluctuations in retail sales are affected by several factors, including changes to population, consumer confidence and debt, inflation and interest rates, and disposable personal income. The West Virginia population has been in decline since 2012, falling an estimated 2.1% between 2012 and 2018. West Virginia disposable personal income was largely unchanged between 2015 and 2016 as compared with national average growth of 2.6%. However, disposable personal income growth rebounded to an average annual increase of roughly 3.6% between 2016 and 2018. IHS Markit forecasts West Virginia disposable personal income will grow by 3.8% per year on average from 2019 through 2024.

After edging slightly higher in FY 2017, overall sales tax collection growth accelerated to 2.7% in FY 2018 with most of the growth coming in the later part of the year. In FY 2019, collections were 9.9% higher than FY 2018. The implementation of federal tax reform in CY 2018 provided some spending stimulus. In addition, economic activity associated with an employment gain of roughly 1.5%, higher overall wages, and significant investment in natural gas pipeline infrastructure all contributed to the recent strong gains in sales tax collections. Collection growth slowed significantly in FY 2020 in response to the impact of an energy sector slowdown and loss of employment in pipeline construction. As of the first five months of FY 2020, cumulative collections were up 1.3 % over the same period in the previous year. Collections are expected to grow by an annual average of more than 2.3% between FY 2019 and FY 2025. The recent U.S. Supreme Court decision in *South Dakota v. Wayfair* had a sizeable impact on state tax collections from remote vendors beginning during the second half of FY 2019. These collections should contribute to overall collection growth in the short-term. Increased sales tax collections from remote sellers should also offset some decline in local sales activities due to changing consumer preferences.

In addition to the General Revenue Fund, some Consumer Sales Tax collections currently go into special revenue accounts for the benefit of Sales Tax Increment Financing Districts, school construction, and E-911 funded programs.

- 6% Sales and Use Tax on most goods and services.
- Accounts for more than 31% of total General Revenue Fund.





## General Revenue Fund Severance Tax

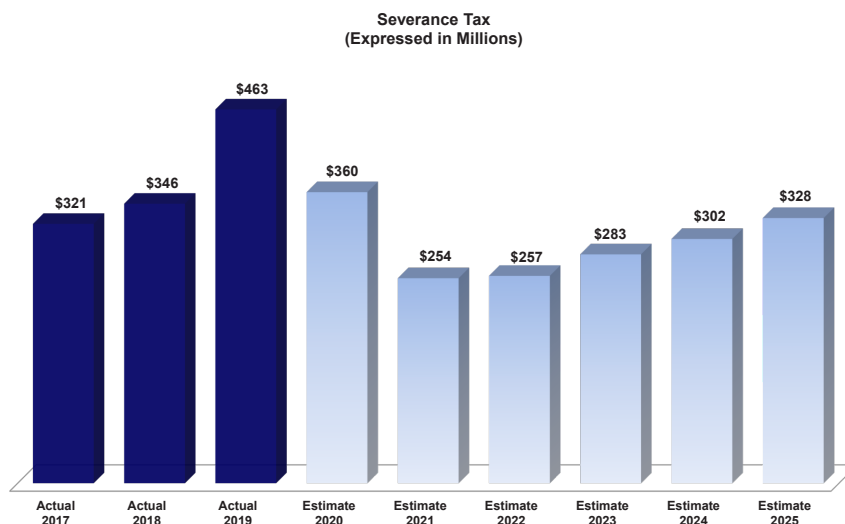
Severance tax collections are attributable to coal production, natural gas production, and the production of various other natural resource products. Other natural resources products include oil, coal-bed methane, natural gas liquids, gravel, sand, and gob (coal refuse). During FY 2019, regular severance tax receipts were deposited in the State General Revenue Fund (86.5%), the State Infrastructure Fund (3.8%), the Division of Forestry Fund (0.3%), and local government funds (9.4%). Under current law, some proceeds from the severance tax fund debt service in the Infrastructure Bond Fund of up to a maximum annual amount of roughly \$22.2 million.

Severance tax collection growth depends upon changes in coal and natural gas production and their respective prices. Recent technological advancements led to a nearly eight-fold increase in natural gas production in West Virginia over the past decade along with significantly lower natural gas prices. Natural gas has become very competitive with coal as a fuel source in the generation of electric power. After falling by nearly 34% between CY 2012 and CY 2016, coal production partially rebounded with growth of roughly 16% and 3% in CY 2017 and CY 2018, respectively. Between 2018 and 2019, coal production declined by nearly 3% and is expected to further decline by nearly 10% in 2020, due to declining domestic demand and sluggish exports. Coal prices are also declining slightly due to downward pressure on export demand, with the value of non-manufacturing exports decreasing by roughly 40% over the past year.

After rising by nearly 19% between 2017 and 2018, natural gas production is forecast to generally level out over the forecast period with average growth of 1.6% per year between 2018 and 2025. The expectation of slower future production growth is partially tied to low natural gas prices and some lack of infrastructure to move large volumes to market. Average West Virginia natural gas prices fell by more than 20% from last year, partially due to rising production from the Permian Basin and partially due to a slowdown in pipeline construction. As a result, tax collections through the first five months of this fiscal year were down by more than 30%. Average prices are anticipated to decline by an additional 10% to 15% in 2020 before gradually rebounding toward 2018 pricing levels over the next couple years.

By the end of 2018, major natural gas pipeline construction was temporarily halted by separate rulings of federal courts blocking progress on both the Atlantic Coast and Mountain Valley pipeline projects. The US Supreme Court will review the Atlantic Coast Pipeline termination decision by the 4th Circuit Court of Appeals in February 2020. The outcome of this Atlantic Coast Pipeline case in 2020 will have an impact on the forecast period.

- **Privilege tax on gross receipts with a base rate of 5.0%. (Reduced rates for underground thin seam coal, waste coal, and timber.)**
- **Applies to natural resources (coal, gas, oil, other) production.**
- **Effective July 1, 2019 the Severance Tax on limestone and sandstone was eliminated.**
- **On July 1, 2019 the Severance Tax on steam coal was reduced to 4.3%. On July 1, 2020 this tax rate will be reduced to 3.7%, and on July 1, 2021 the Severance Tax on steam coal would be reduced to 3.0%.**
- **Currently accounts for between 5% and 6% of total General Revenue Fund.**



## General Revenue Fund

# Corporation Net Income Tax

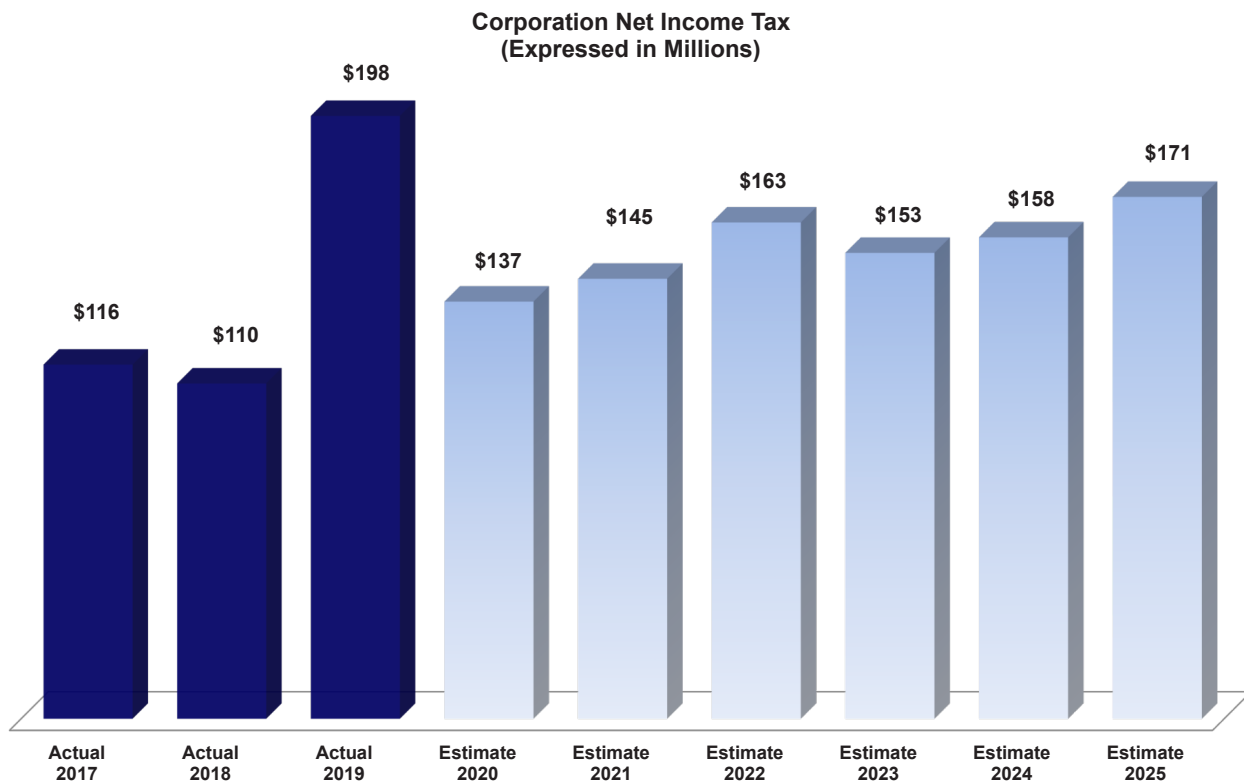
The Corporation Net Income Tax is a tax on net profits of incorporated entities doing business in West Virginia.

U.S. domestic corporate profit growth accelerated from 2.3% in 2016 to more than 10% in both 2017 and 2018. According to IHS Markit, domestic corporate profit growth is forecast to slow to roughly 3% in 2019 before declining slightly in 2020 and 2021. IHS Markit is forecasting average annual growth in domestic corporate profits of nearly 7% over the longer term between 2021 and 2025. Remittances of the Corporation Net Income Tax may lag the associated period of economic activity by up to 18 months.

Corporation Net Income Tax collections rose nearly 80% in FY 2019 partly due to federal tax policy law changes that first became effective in 2018. It is anticipated that some portion of the initial bump in tax collections associated with taxpayer behavioral changes in response to federal tax policy changes should wane beginning in the second half of FY 2020 and continuing through FY 2021.

Collection patterns tend to be very volatile because most of Corporation Net Income Tax receipts are attributable to a small number of taxpayers. A change in the financial status of just a few taxpayers can have a dramatic impact upon tax collection trends. Most large taxpayers have multistate operations.

- Corporation Net Income Tax applies to C corporations.
- The tax base is the modified federal taxable income apportioned to West Virginia with a tax rate of 6.5%.
- Accounts for 3.2% of total General Revenue Fund.



## General Revenue Fund

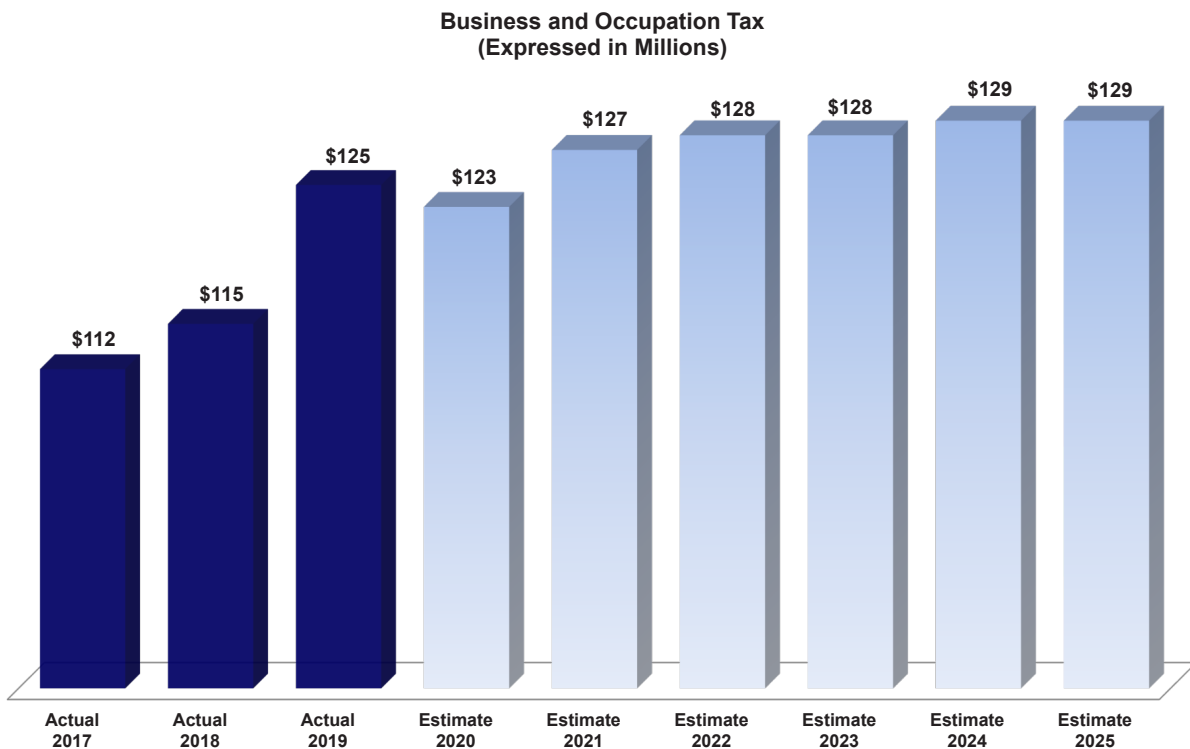
# Business and Occupation Tax

The Business and Occupation Tax (B&O Tax) consists of three distinct components: a capacity or unit-based tax on electric power generation and distribution, a gross receipts tax on nonelectric public utilities, and a per unit tax on gas storage operators.

For electric power producers, the general tax rate is \$22.78 per kilowatt of taxable capacity. Plants with flue gas desulfurization systems are subject to a lower tax rate of \$20.70 per kilowatt. An increase in investment tax credits due to environmentally-required capital investments for the installation of flue gas desulfurization systems and other pollution abatement controls, along with the retirement of older power plants, collectively resulted in a reduction in total B&O Tax collections of roughly 40% from FY 2006 to FY 2017. Collections improved in recent years mainly due to the gradual expiration of those investment tax credits. The tax on natural gas receipts applies only to public utility sales. Exempt non-utility sales represent more than 40% of natural gas sales in West Virginia. In addition to the tax on public utilities, West Virginia imposes a tax on natural gas storage activities. Revenue from this source should remain stable during the forecast period.

After rising by 8.3% in FY 2019, collections through the first half of FY 2020 were more than 20% above prior year receipts. Collection growth should greatly slow during the second half of the year and decline slightly in FY 2021 due to a change in Code. Recent legislation to exempt a merchant coal-fired power company without regulated utility customers from the capacity tax becomes effective January 1, 2020.

- Privilege tax on units of activity or gross receipts.
- Applies to public utilities, electric power generators, and natural gas storage.
- Tax rates and base vary.
- Accounts for 2.8% of total General Revenue Fund.

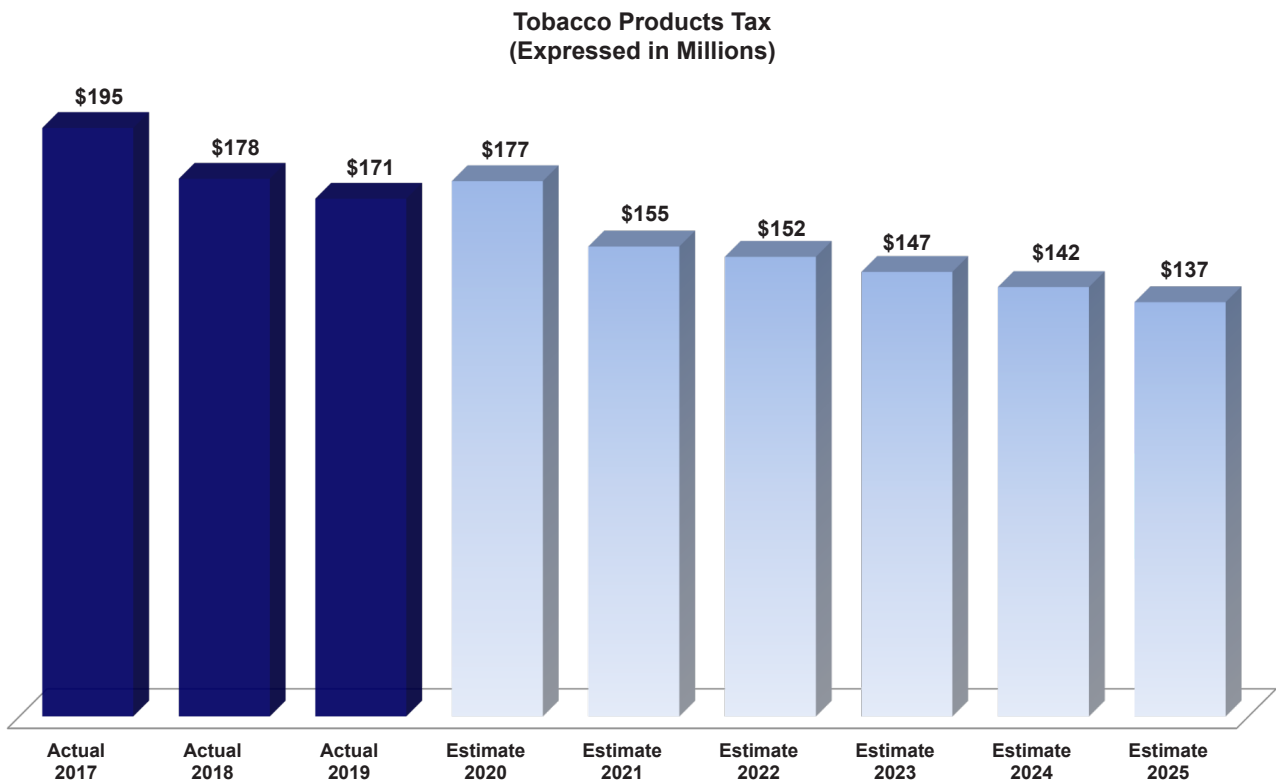


## General Revenue Fund

# Tobacco Products Tax

The Tobacco Products Tax consists of a unit excise tax per pack on cigarettes, a percentage tax on the wholesale price of other tobacco products, and a unit excise tax on e-cigarette liquid. An aging population and continuing efforts to discourage tobacco products consumption tend to create negative revenue growth for this tax over time. However, an increase in the cigarette and other tobacco products taxes and the creation of the tax on e-cigarette liquids during the 2016 special legislative session provided a temporary 94% surge in Tobacco Product Tax collections in FY 2017. FY 2018 saw a sharp decline in Tobacco Products Tax collections of 8.6% from the prior year with a further 3.7% decline in FY 2019. Through the first five months of FY 2020, cumulative collections were down nearly 5.0% from the prior year. Collections are forecast to decrease by an average annual rate of more than 3.6% between FY 2019 and FY 2025.

- Tax on cigarettes is currently \$1.20 per pack of 20.
- Tax on other tobacco products is currently 12% of the wholesale price.
- Tax on e-cigarette liquids is currently \$0.075 per milliliter.
- Accounts for 3.4% of total General Revenue Fund.

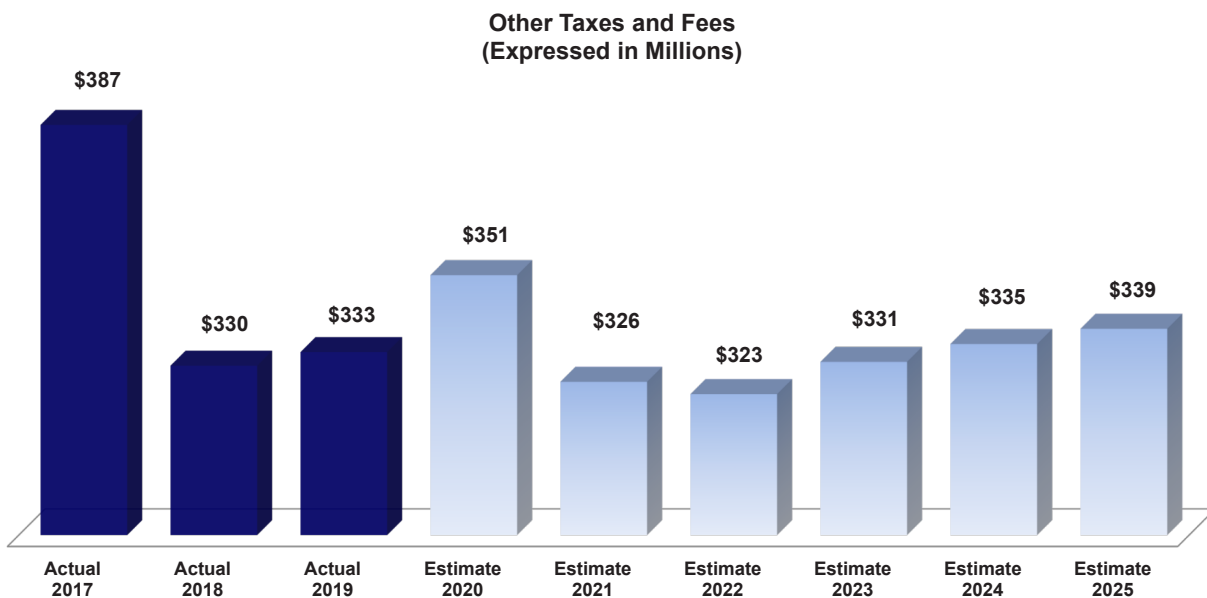


## General Revenue Fund

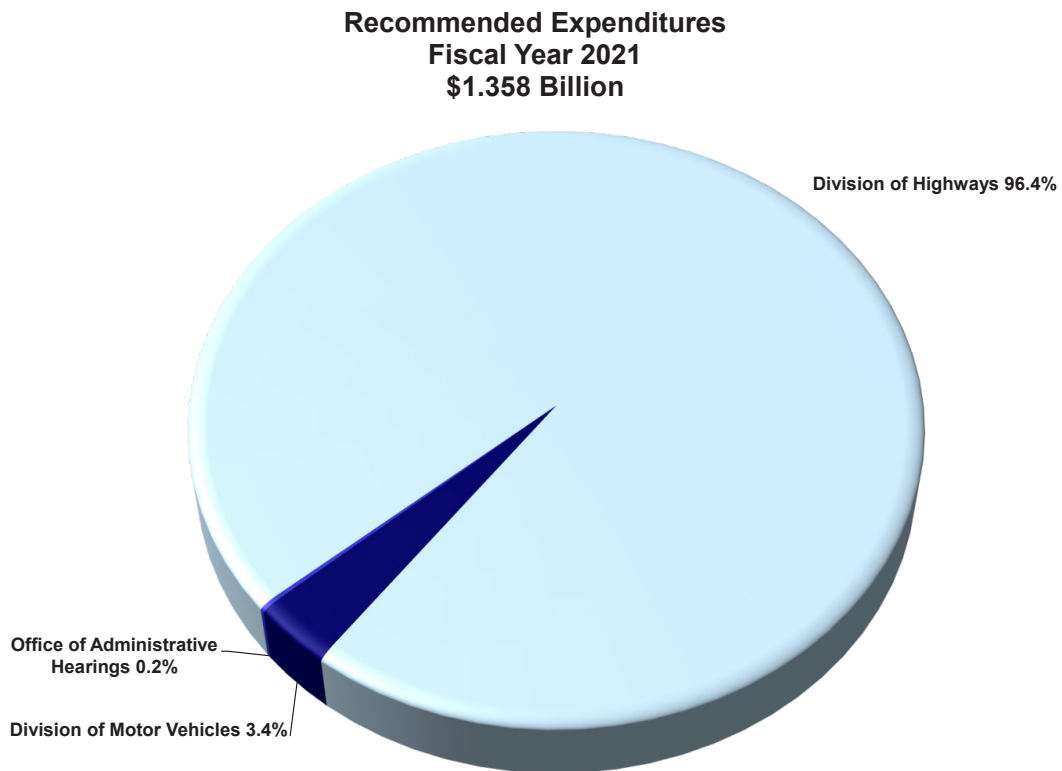
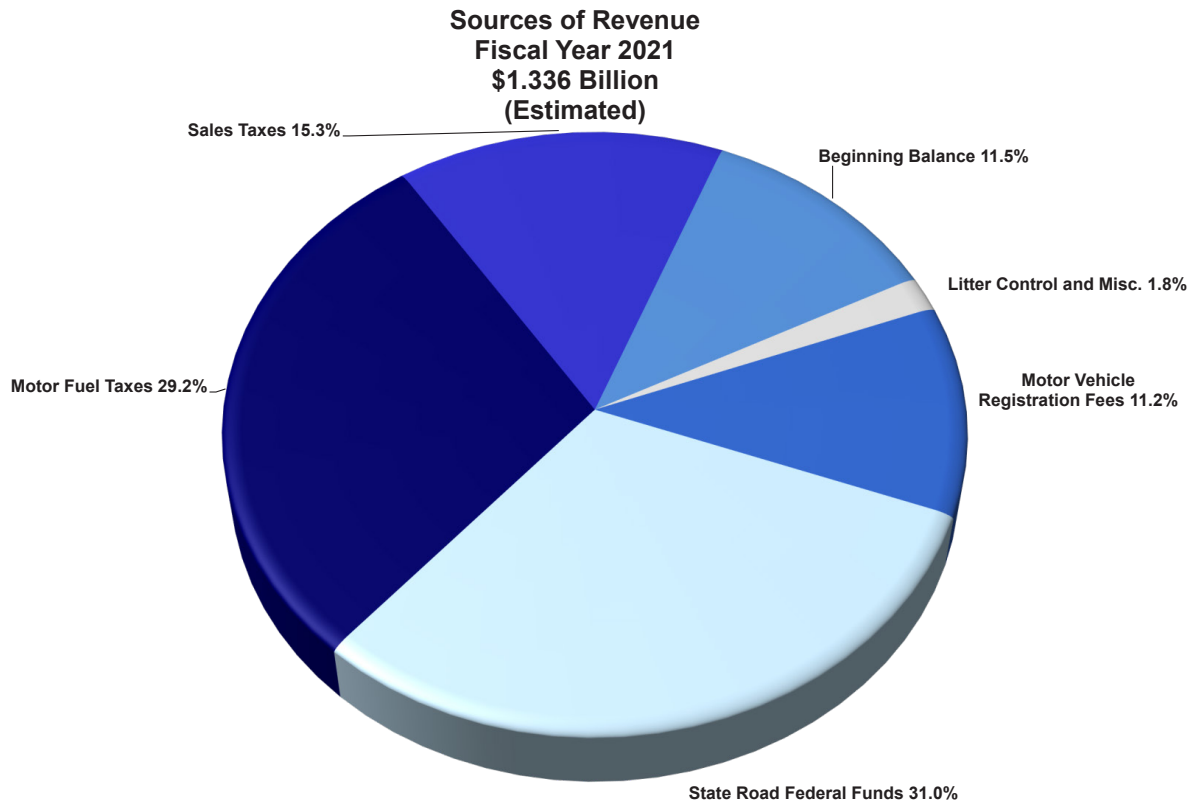
# Other Taxes and Fees

These other taxes, licenses, fees, and receipts consist of Insurance Premiums Tax, Liquor Profit Transfers, Beer Tax and Licenses, Business Franchise Registration Fees, Property Tax, Property Transfer Tax, Departmental Collections, Interest Income, Miscellaneous Receipts, Miscellaneous Transfers, Liquor License Renewal Fees, Video Gaming Revenues, and the Senior Citizen Tax Credit Reimbursement (from Excess Lottery Revenue). Most of these other taxes and fees are dependent upon population growth, other demographic trends, and changes in consumer behavior.

- Accounts for roughly 7% of total General Revenue Fund.

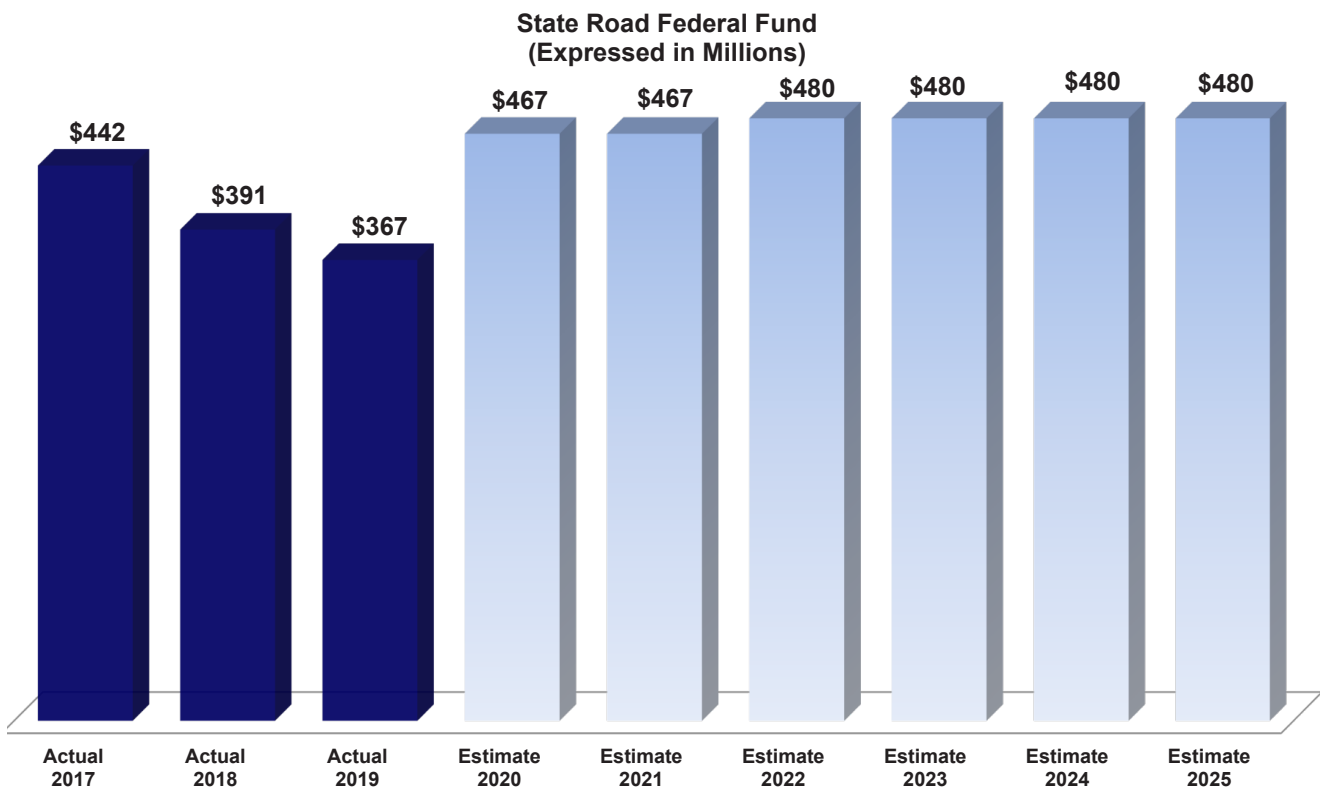


# State Road Fund



*State Road Fund*  
**State Road Federal Funds**

- Federal Funds are received by the Division of Highways for Interstate Construction, Appalachian Programs, and Other Federal Aid programs.
- These funds become part of the State Road Fund or Coal Resource Transportation Road Fund and are included in the amounts budgeted for each fund.
- Accounts for 31.0% of the total State Road Fund.



# State Road Fund

## Motor Fuel Taxes

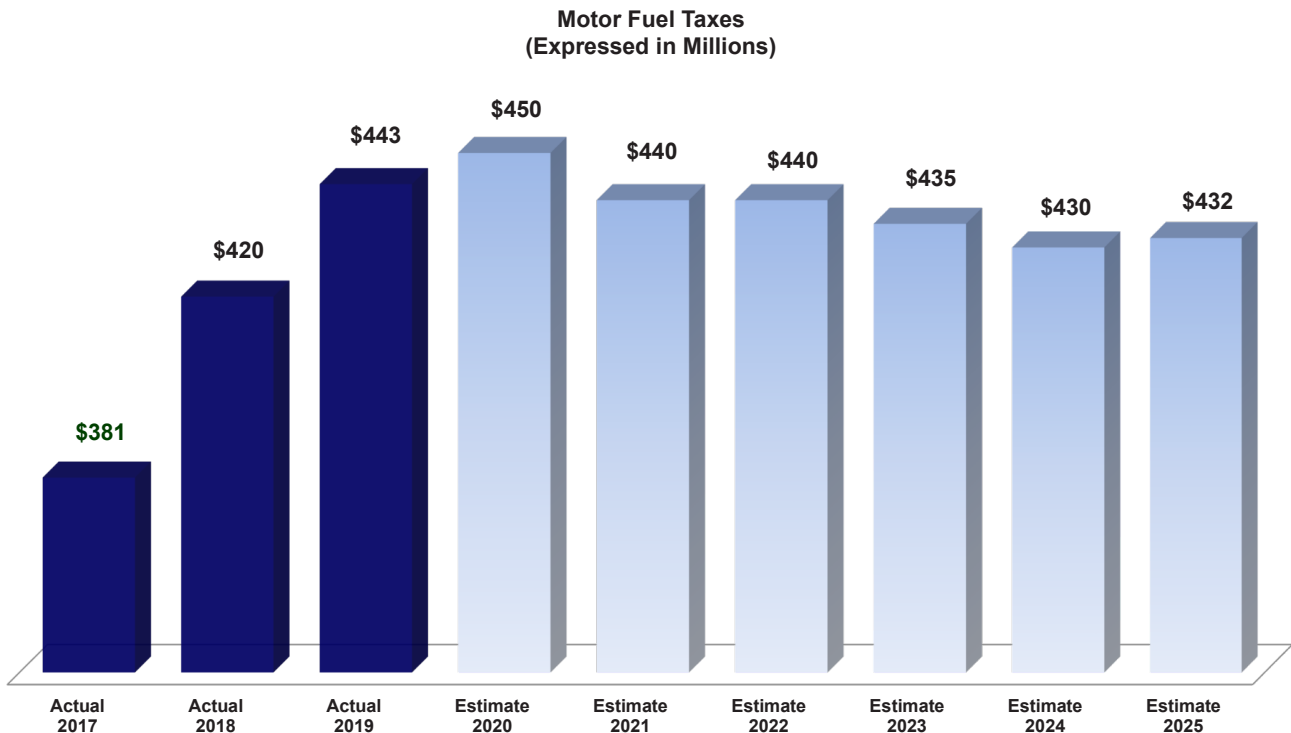
### Motor Fuel Excise Tax

- Contains a flat rate and a variable rate.
- Current flat rate is \$.205 per gallon.
- Variable rate is equal to 5% of the average wholesale price of motor fuel.
- Imposed and payable on all motor fuel upon import into this state, removal from a terminal within this state, or removal from a terminal in another state for delivery in this state.
- The average wholesale price shall not be less than \$3.04 per gallon, which generates a minimum tax rate of \$0.152 per gallon.
- By December 1st of each year, the tax commissioner must calculate the average wholesale price and variable rate from sales data from the previous July through October. Calculated rate is effective for the next calendar year. The calculated price and calculated rate may not deviate by more than 10% from the prior year.

### Motor Carrier Road Tax

- Equivalent to the Motor Fuel Excise Tax on motor fuel.
- Imposed on every motor carrier with a vehicle that is designed to transport persons or property having two or more axles with a gross vehicle weight exceeding 26,000 pounds, including road tractors and tractor trucks.
- Based upon each gallon of motor fuel used in the carrier's operations in the state.
- Carrier is entitled to a refund for fuel purchased in the state but used out of state.
- Carriers domiciled in the state are charged an annual fee of \$10 for two identification markers.

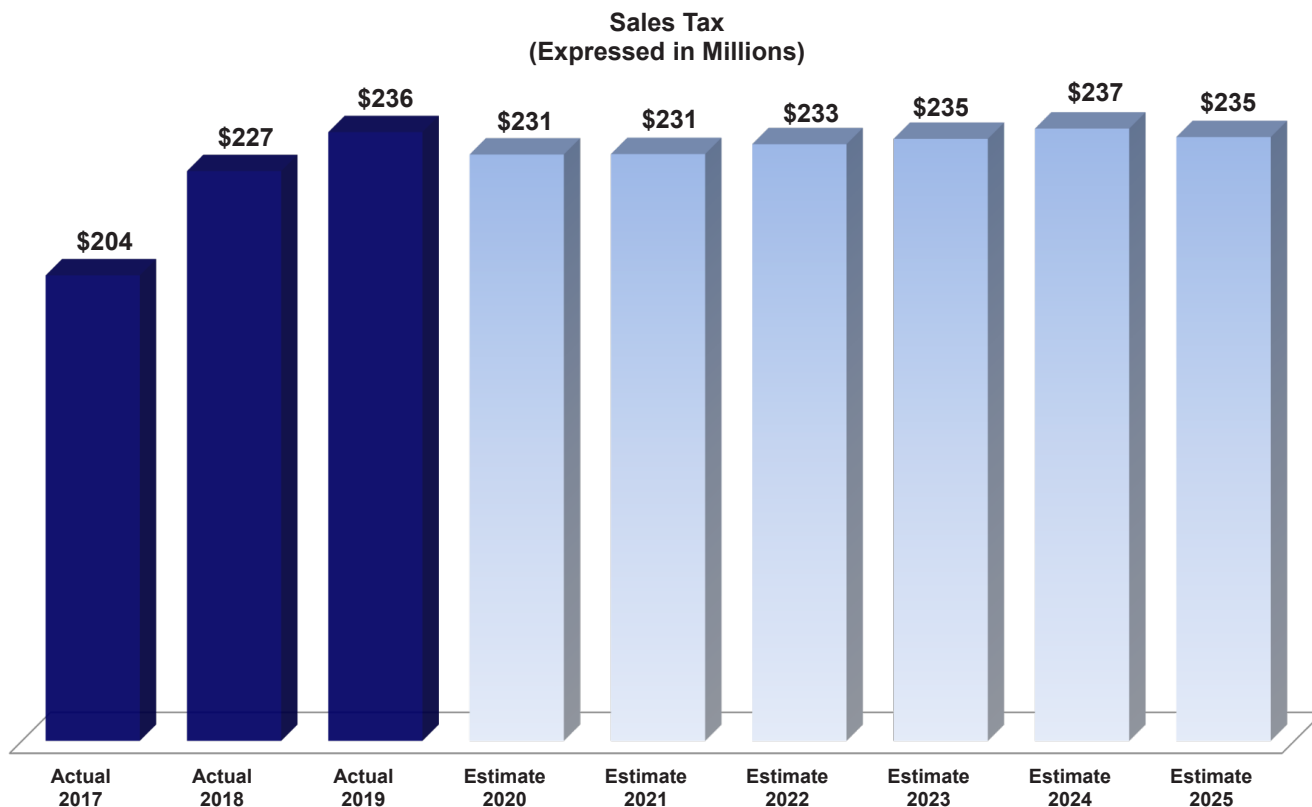
• Accounts for 29.2% of the total State Road Fund.





## State Road Fund Sales Tax

- The Sales Tax is imposed upon obtaining the Certificate of Title on a vehicle at the time of purchase or lease.
- Tax amounts to 6% of the value of the vehicle at the time of such certification.
- Accounts for 15.3% of the total State Road Fund.

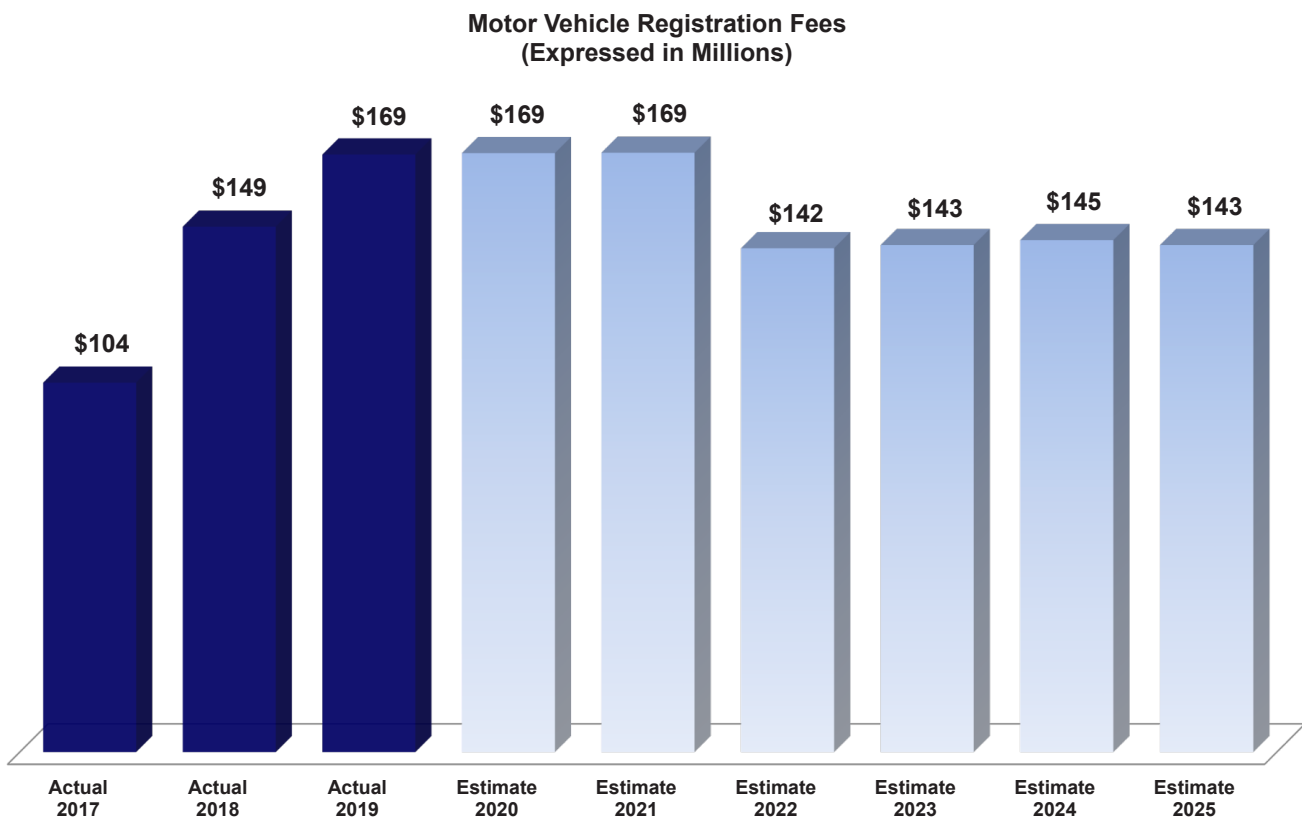


*State Road Fund*

# Motor Vehicle Registration Fees

The Division of Motor Vehicles collects numerous fees that are required to be deposited in the State Road Fund, including certificate of title, vehicle licenses (registration), dealers' and wreckers' licenses, and operator licenses and renewals.

- The Division of Motor Vehicles may adjust this fee every five years on September 1, based on the U.S. Department of Labor, Bureau of Labor Statistics most current Consumer Price Index (some stipulations apply).
- Accounts for 11.2% of the total State Road Fund.



# West Virginia Lottery

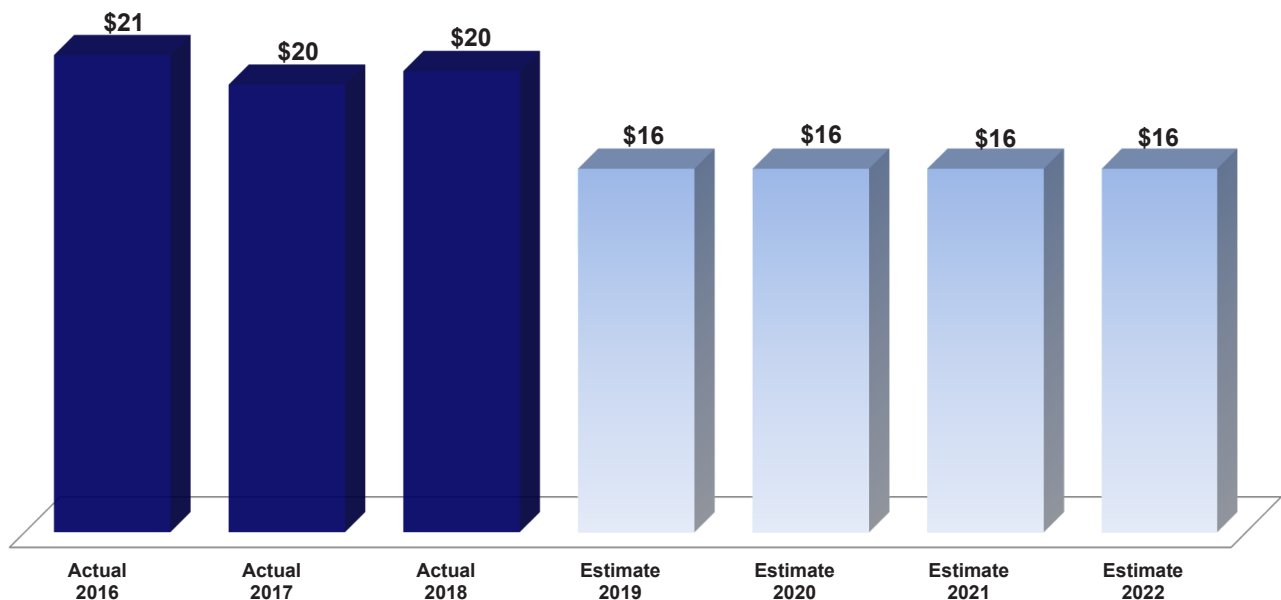
West Virginia Lottery gross revenue increased by 1.1% in FY 2018 and 4.7% in FY 2019. The increase is primarily the result of positive changes to discretionary income available as well as positive changes achieved in operating performance through the passage of House Bill 3106. Gross revenues include ticket sales of online and instant games, Racetrack Video Lottery, Limited Video Lottery revenue, table games, and Historic Resort Hotel revenues. Net revenues to the state remained relatively flat in 4.8% in FY 2018 and increased by 4.4% in FY 2019. Racetrack Video Lottery decreased 3.3% during FY 2018 and was relatively flat during FY 2019. Limited Video Lottery increased by 6.6% in FY 2019 and decreased by 5.9% in FY 2018.

For FY 2020, the official estimate reflects a decrease in gross revenue of 14.0% from FY 2019. Racetrack Video Lottery is projected to decrease 12.4% due to continuing competition in bordering states. Limited Video Lottery is projected to decrease by 10.9%. Online sales are projected to decrease 28.5%, and instant ticket sales are projected to decrease 22.1%. Table games revenue is projected to decrease 17.5% again due to competition in bordering states. Historic Resort Hotel revenue is projected to decrease 40.1%.

In FY 2021, the gross revenue estimate is expected to remain level. Sales from all game types are projected to remain level.

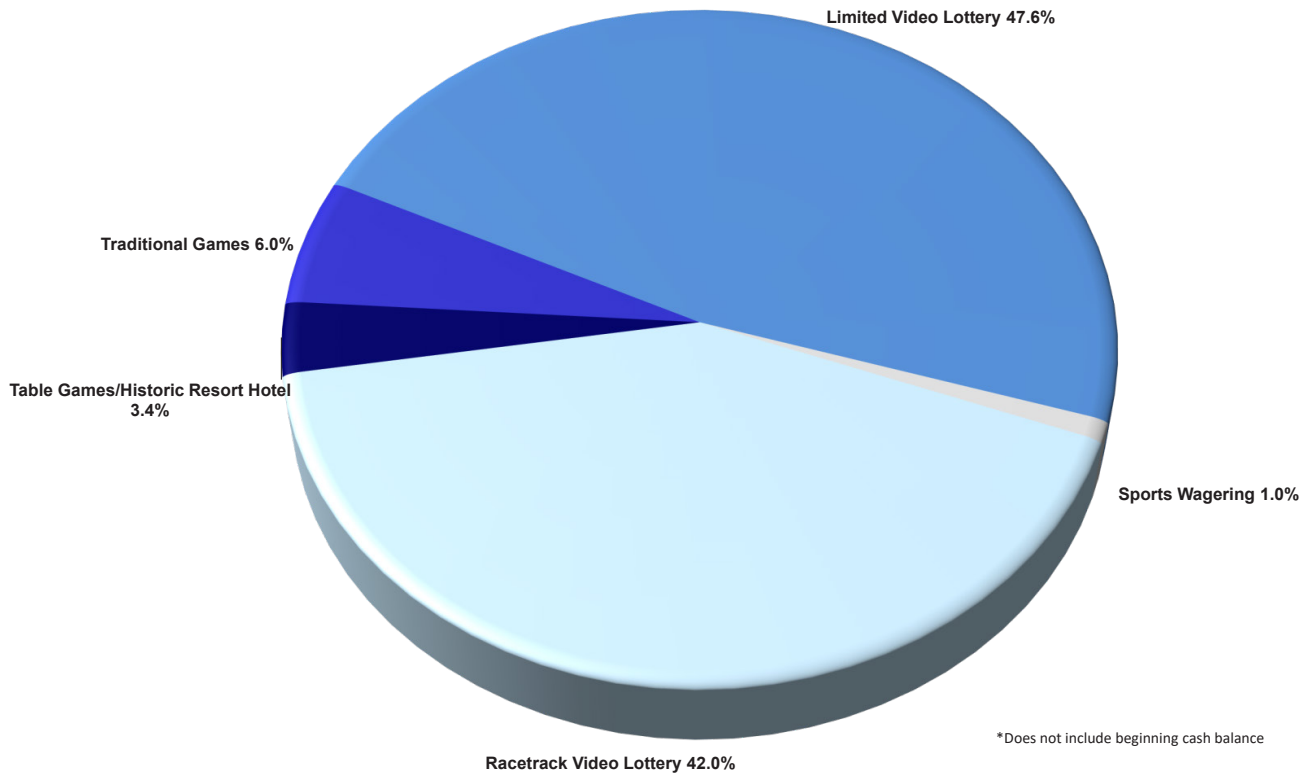
Net revenue, as indicated on the following pages, does not include the portion of lottery profits earmarked by statute for other purposes and not available for appropriation.

**West Virginia Lottery  
Table Games and Historic Resort Hotel Revenue Dedicated to State Debt Reduction  
(Expressed in Millions)**

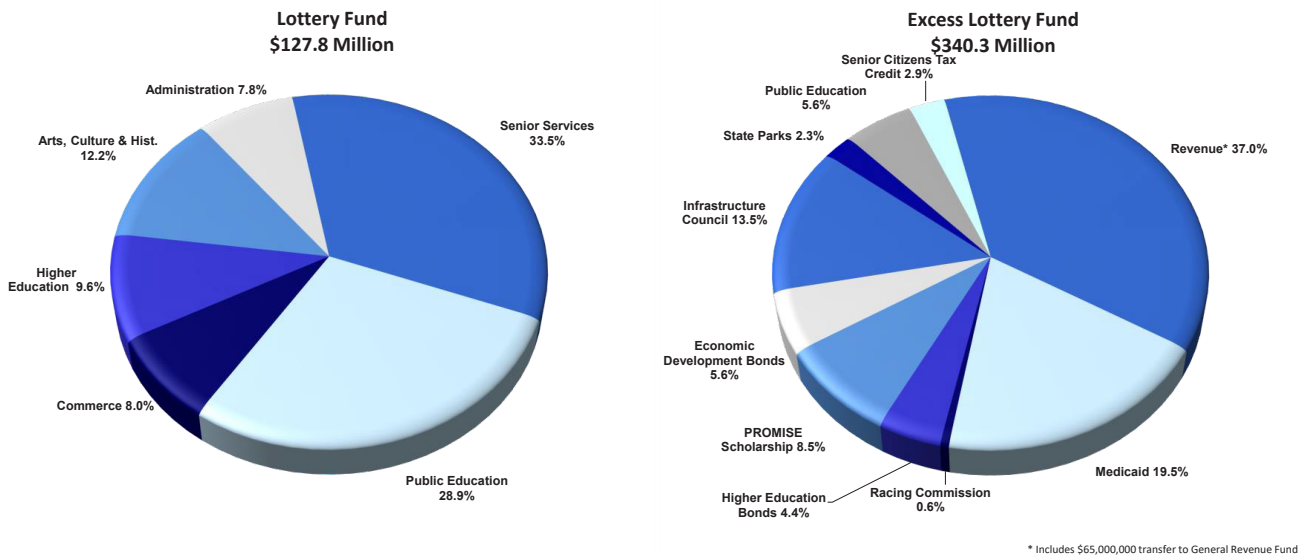


# West Virginia Lottery

**Sources of Revenue  
Fiscal Year 2021  
\$468.5 Million\*  
(Estimated)**

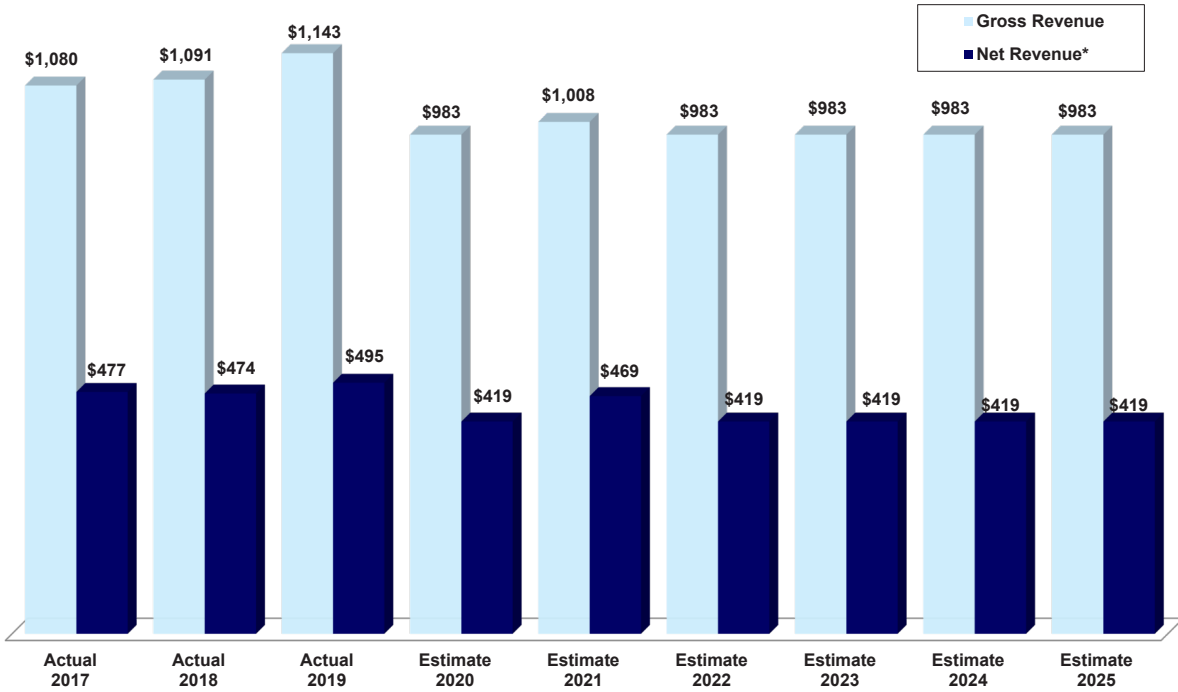


**Recommended Expenditures  
Fiscal Year 2021  
\$468.1 Million**

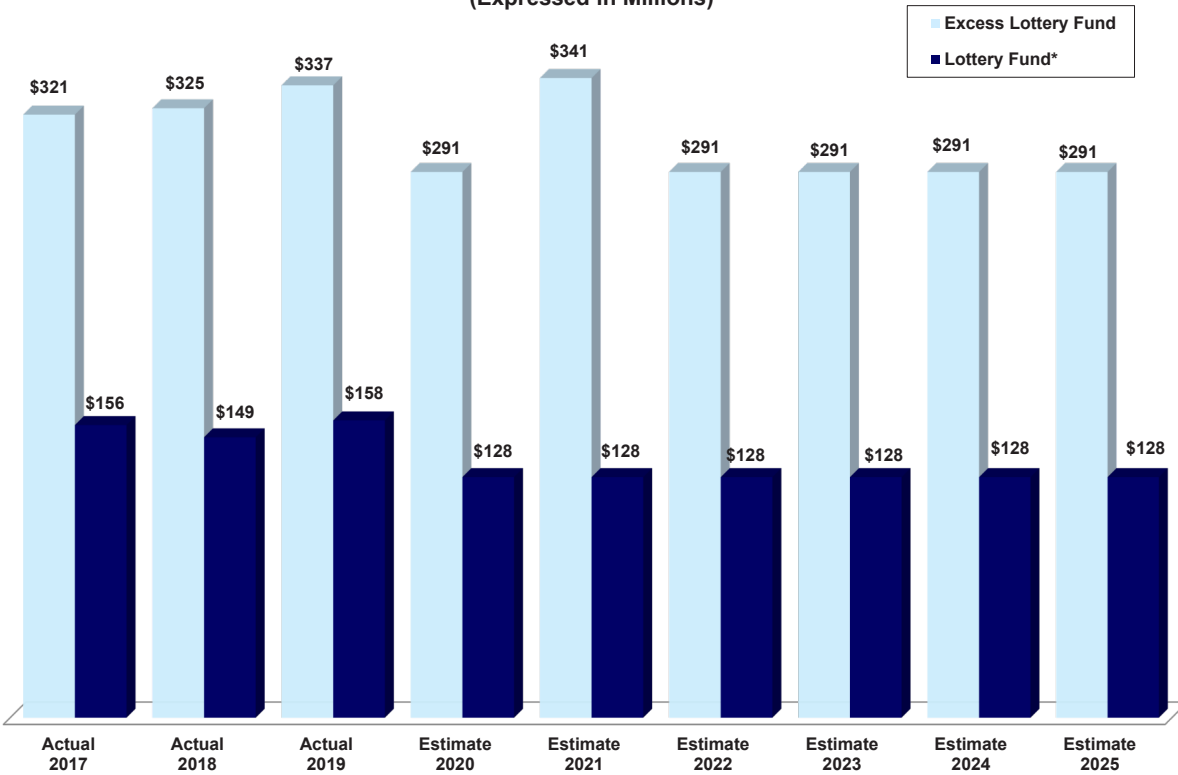


# West Virginia Lottery

**West Virginia Lottery  
Gross and Net Revenue  
(Expressed in Millions)**



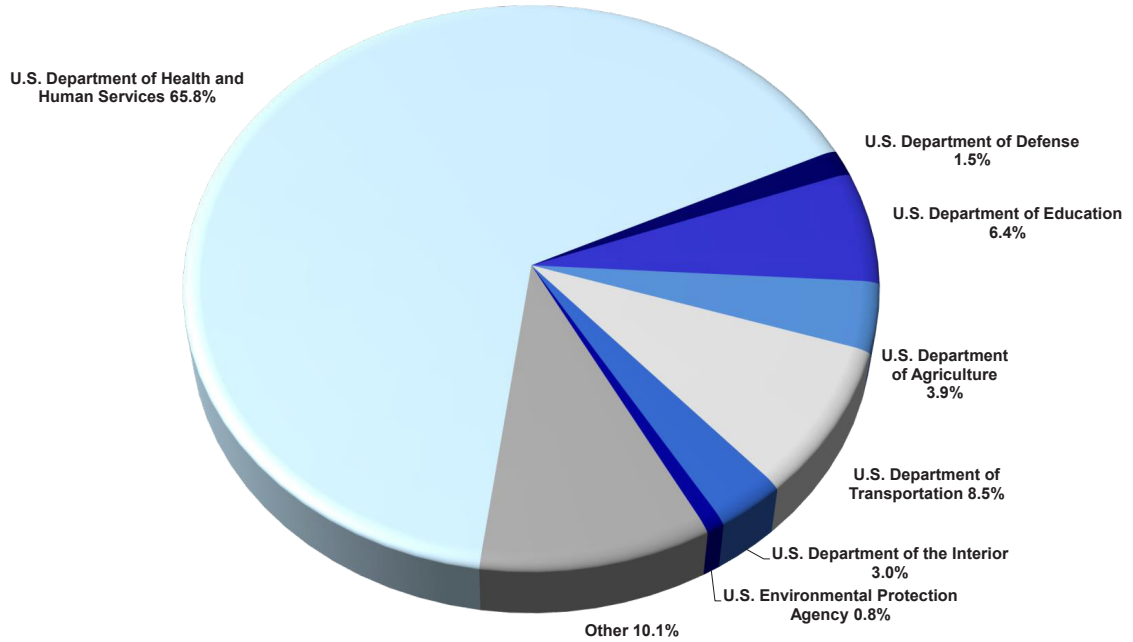
**West Virginia Lottery  
Net Revenue Distribution  
(Expressed in Millions)**



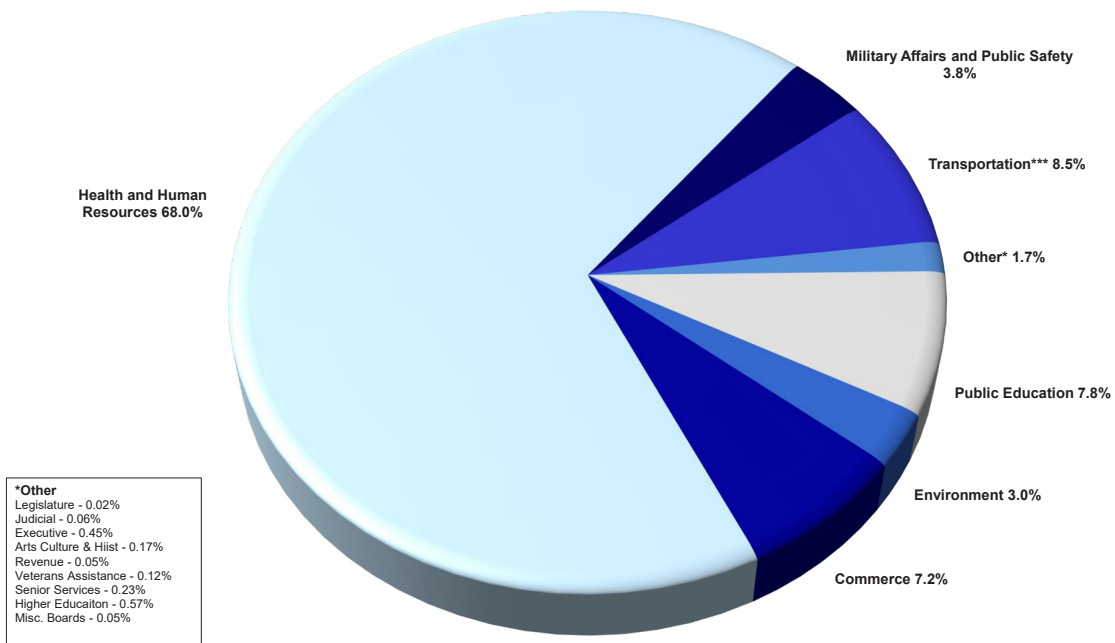
\*Includes Veterans Lottery Fund

# Federal Funds

**Sources of Revenue**  
**Fiscal Year 2021**  
**\$6.537 Billion**  
**(Estimated)**



**Recommended Expenditures\*\***  
**Fiscal Year 2021**  
**\$6.467 Billion**



\*\*Expenditures include FY 2021 revenue and beginning balances.  
 \*\*\*Includes Federal Funds that are appropriated as part of the State Road Fund.

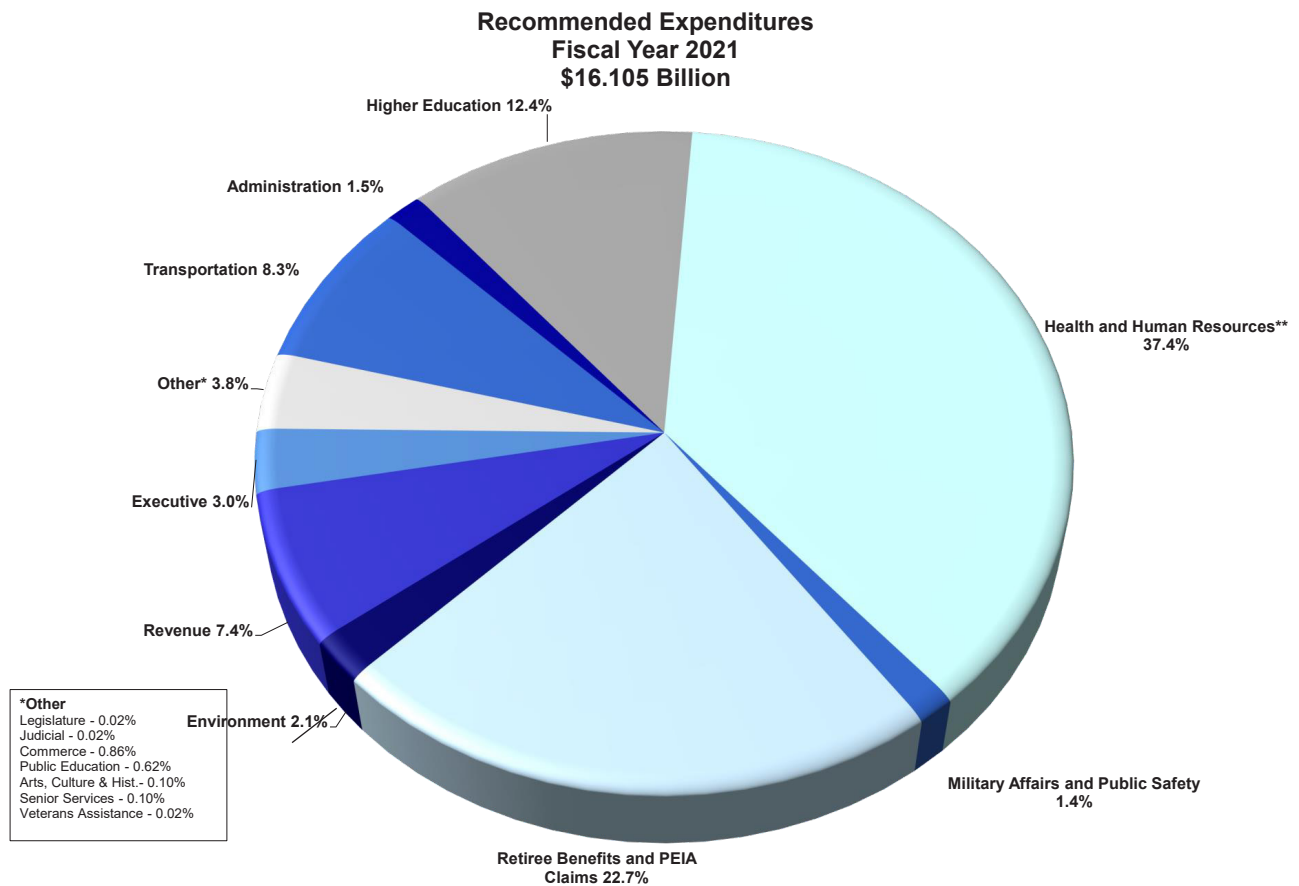
# Special Revenue Funds

**Includes:**

- Payments of claims from the Insurance Commissioner Workers' Compensation Trust Funds.
- Payments of retiree benefits from the Consolidated Public Retirement Board.
- Payments of claims from the Public Employees Insurance Agency.
- Payments of claims from the West Virginia Retiree Health Benefit Trust Fund.

**Does not include:**

- Appropriated Lottery Funds and State Road Fund which are depicted separately.



## Special Revenue Funds

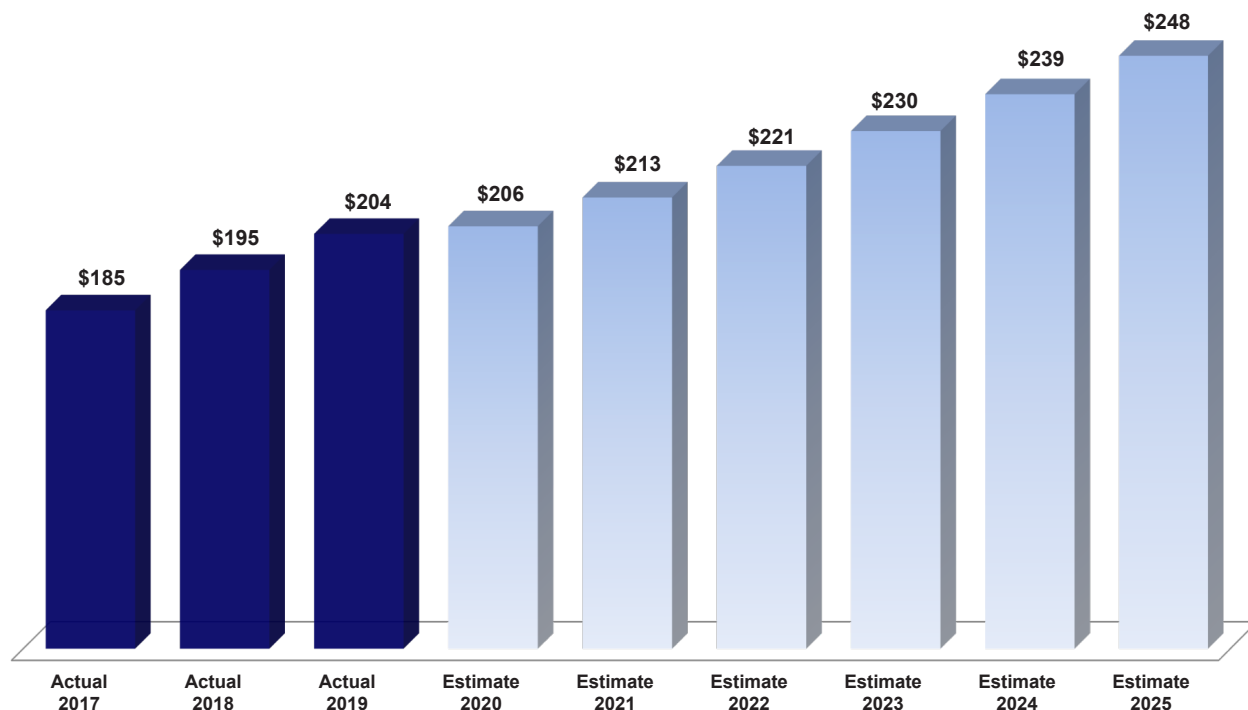
# Medicaid State Share Fund

The Medicaid State Share Fund consists of provider taxes, paid by the various health care providers, to be utilized as matching funds for the Federal-State Medicaid Program. The provider taxes were initially enacted in 1993 as a funding mechanism to help supplement the State General Revenue Fund appropriation for the Medicaid Program. Current provider taxes apply to services of ambulatory surgical centers, independent laboratory and x-ray facilities, inpatient and outpatient hospitals, intermediate care facilities for mentally handicapped, and nursing homes.

The estimates for FY 2020 through FY 2025 assume that current federal regulations will remain largely unchanged for the forecast period. The Federal Medical Assistance Percentage (FMAP) of 74.34% in Federal FY (FFY) 2019 increased to 74.94% in FFY 2020 and is scheduled to increase to 74.99% in FFY 2021. In FY 2019, the Medicaid State Share Fund generated \$203.8 million, more than 19% of the state matching funds for the Medicaid Program. As of November 2019, year-to-date collections were 0.7% below last year. From FY 2020 through FY 2025, the Medicaid State Share Fund is expected to increase by an average annual rate of roughly 4.0%. The state imposes an additional temporary tax on acute care hospitals that provide inpatient or outpatient services with proceeds dedicated to the implementation of a hospital Medicaid upper payment limit program (this additional tax is scheduled to expire June 30, 2021). In 2019, the West Virginia Legislature imposed a contingent rate increase on certain eligible acute care hospitals of 0.13% of gross receipts which is currently set to become effective on January 1, 2020.

- 1.75% to 5.50% tax on gross receipts from various medical service providers in West Virginia.
- 0.75% tax on gross receipts of acute care hospitals (expires June 30, 2021).
- Tax on gross receipts of acute care hospitals will increase to 0.88% effective January 1, 2020.
- Accounts for 20% of state match for Medicaid Program.

**Medicaid State Share Fund  
Health Care Provider Tax  
(Expressed in Millions)**





# DEBT SUMMARY





# Debt Summary

More than 20 State of West Virginia spending units, including agencies, authorities, boards, and departments have the authority to issue debt. The Legislature, through the Debt Management Act, created the Division of Debt Management in 1991 within the State Treasurer's Office. The Legislature created this division to maintain the strong financial management of the state, to meet the fiscal needs of state government and to facilitate financing essential capital projects at the lowest possible cost to the citizens of the state. Additionally, the Division is charged with regularly monitoring the amount of debt issued by the state and its spending units, ensuring the state and its spending units meet all debt service requirements, monitoring the credit rating of the state and analyzing the acceptance of debt issued by the state and its spending units. The Debt Management Act is codified in W. Va. Code at §12-6a, et. seq.

The Division of Debt Management within the State Treasurer's Office acts as the central repository of information on debt issued by the state and its spending units. Among its duties, the division is authorized to evaluate debt service requirements and cash flow projections for existing debt and proposed issues, act as a liaison with the Legislature, assist in the issuance of debt, monitor continuing disclosure requirements and post-issuance compliance, and issue debt position and capacity reports.<sup>1</sup>

## State Indebtedness

In 1997, the Division of Debt Management began issuing the annual debt capacity report to provide necessary information to the Governor and the Legislature so these entities may prudently manage the state's financial resources by attempting to keep within an average-to-low range of nationally recognized debt limits. The debt capacity report annually reviews the size and condition of the state's tax-supported debt, estimates the maximum amount of new tax-supported debt that prudently may be authorized for the next fiscal year, and explains the basis for the estimate. The division is also authorized to conduct ongoing reviews of the amount of bonds, notes, and other security obligations of the state's spending units.

## Approval of State Bond Issues

W. Va. Code § 5-1-28 provides that on and after February 1, 2005, bonds may not be issued or refunded by the state or any of its agencies, boards, or commissions without the express written direction of the Governor if either the ultimate user of the proceeds of the bonds is the state or its agencies, boards, commissions, or departments, or the issuance or refunding of the bonds affects the state's credit rating.

The State of West Virginia's commitment to fiscal integrity and economic development should enable it to continue experiencing positive growth and to continue meeting the needs of its citizens. At the same time, the state is committed to maintaining its moderate debt levels and debt management practices.

## Ratings and Ratios

As of June 30, 2019, the State of West Virginia's general obligation bond rating is Aa2/AA-/AA by Moody's Investors Service, Standard & Poor's, and Fitch Ratings, respectively.

On June 3, 2019, Moody's Investors Service released its "2019 State Debt Medians Report" comparing states on various debt ratios. The following tables compare West Virginia with other states of the same rating. These states, of course, differ from West Virginia in their fiscal composition, debt issuance practices, population, income levels, and other economic indicators; however, a comparison of debt ratios of the states demonstrates that West Virginia is currently within a moderate range of these key indicators.

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<sup>1</sup> For additional information, see the debt position reports and the annual debt capacity reports on the Treasurer's website at <http://www.wvtreasury.com/Banking-Services/Debt-Management>.

## Debt Summary

Net Tax Supported Debt as a Percentage of Personal Income and Per Capita  
of Similarly Rated States (Rated Aa2 by Moody's Investors Service)  
(taken from Moody's Investors Service, 2019 State Debt Medians, June 2019)

% of Personal Income		Per Capita	
Oklahoma	0.7%	Oklahoma	\$320
Arizona	1.4%	Arizona	\$559
Nevada	1.4%	Nevada	\$630
Maine	1.8%	Maine	\$842
New Mexico	3.0%	New Mexico	\$1,192
Kansas	3.1%	West Virginia	\$1,437
West Virginia	3.7%	Kansas	\$1,518
Rhode Island	4.2%	Mississippi	\$1,782
Mississippi	4.9%	Rhode Island	\$2,216

### Debt Limits

#### Short-Term Debt

The State Constitution does not permit the issuance of short-term general obligation debt except for ordinary expenses.

#### Long-Term Debt

The state has a constitutional limitation on its ability to incur debt as provided in Article X, Section 4, its Constitution:

“No debt shall be contracted by the State, except to meet casual deficits in the revenue, to redeem a previous liability of the State, to suppress insurrection, repel invasion or defend the State in time of war; but the payment of any liability other than that for the ordinary expenses of the State shall be equally distributed over a period of at least twenty years.”

General obligation debt for other state purposes may only be authorized by constitutional amendment. Two-thirds of the members of both the Senate and House of Delegates must approve a proposed amendment before it can be submitted to the voters for ratification or rejection. Upon approval of a constitutional amendment authorizing the issuance of general obligation debt, specific enabling legislation must be passed by both houses of the Legislature providing for the issuance of such debt.

#### Debt Policy

The State of West Virginia has various debt policies set forth in West Virginia Code. However, there is currently no centralized debt management policy for all state entities; instead, each bonding authority has individual policies.

Neither the West Virginia Constitution nor the laws of West Virginia establish a general limit on all types of debt. For general obligation bonds, the limits are established in the amendment authorizing the debt. For revenue bonds, mortgages, and other debt obligations, limits are established at the individual issuer level either by establishing a dollar ceiling on the total outstanding principal or setting the amount of the appropriation for debt-service.

## *Debt Summary*

### State of West Virginia Bond Issuing Authorities

<b>Issuing Authority</b>	<b>Debt Limit (Cap)</b>
Governor	Per constitutional amendment
Armory Board	Per available revenues
Community Infrastructure Authority	Per available revenues
Division of Natural Resources, Director	Per available revenues
Economic Development Authority	N/A
Economic Development Authority Grant Committee	Per authorized projects
Education, Board of	Per available revenues
Governing Board of Higher Education	Per available revenues
Hatfield-McCoy Regional Recreation Authority	Per available revenues
Higher Education Policy Commission	Various—Per available revenues
Highway Commissioner	Per available revenues
Hospital Finance Authority	N/A
Housing Development Fund	N/A
Independent Higher Education Loan Bond Program	\$30 million
Infrastructure and Jobs Development Council	Per available revenues
Outdoor Heritage Conservation Board	Per available revenues
Parkway Authority	Per available revenues
Public Energy Authority	N/A
Public Port Authority	Per available revenues
Rail Authority	Per available revenues
Regional Jail and Correctional Facilities Authority	Various—per project and available revenues
Solid Waste Management Board	\$100 million
School Building Authority	Per appropriation and available revenues
Tobacco Settlement Finance Authority	Per available revenues
Water Development Authority	Per available revenues

## Debt Summary

# General Obligation Bonds

General obligation bonds pledging the full faith and credit of the state may be authorized only by constitutional amendment. Each amendment must be approved by two-thirds of both houses of the Legislature before submission to the voters for ratification or rejection. Enabling legislation is then required for amendments receiving voter approval. As of June 30, 2019, \$1,047,715,000 (net of advance refunded bonds) is outstanding in general obligation bonds.

### General Obligation Bonds Outstanding June 30, 2019

Amendment	Principal Outstanding June 30, 2019 (in thousands)	Payable From
Infrastructure Improvement Amendment of 1994	(net) \$147,020	Severance Tax
Safe Roads Amendment of 1996	(net) \$118,390	Road Fund
Roads to Prosperity Amendment of 2017	(net) \$782,305	Road Fund

### **Issued General Obligation Bonds**

#### **1950 Veterans Bonus Amendment**

The 1950 amendment authorized general obligation bonds to be issued in an amount not to exceed \$90 million for the purpose of paying a bonus to veterans of World War I and World War II. In 1951 and 1952, \$67.5 million were sold and have been retired.

#### **1956 Korean Veterans Bonus Amendment**

The 1956 amendment authorized general obligation bonds to be issued in an amount not to exceed \$90 million for the purpose of paying a bonus to veterans of the Korean Conflict. In 1957 and 1958, \$21.652 million were sold, and \$11 million were refunded in 1962. All outstanding bonds have been retired.

#### **1972 Better School Building Amendment**

The 1972 amendment authorized \$200 million in general obligation bonds to be distributed to the county boards of education for the construction, renovation, remodeling, and equipping of elementary and secondary public school buildings or facilities. All outstanding bonds have been retired.

#### **1973 Better Highways Amendment**

General obligation bonds were authorized to be issued in an amount not to exceed \$500 million, with \$230 million for bridge replacement and improvement, \$130 million for completion of the Appalachian Highway System, \$50 million for upgrading sections of trunkline and feeder systems, \$50 million for upgrading West Virginia Route 2, \$100 million for upgrading state and local service roads, and \$50 million for construction, reconstruction, improving, and upgrading of U.S. Route 52 between Huntington and Bluefield. All outstanding bonds have been retired.

#### **1994 Infrastructure Improvement Amendment**

The 1994 amendment authorized \$300 million in general obligation bonds for construction, repair, and improvement of water supply and sewage treatment systems and for the acquisition, preparation, construction, and improvement of economic development sites. Severance taxes have been dedicated to fund repayment of the bonds. Enabling legislation was enacted in 1995. Litigation challenging the passage of the amendment was decided on December 14, 1995 with the West Virginia Supreme Court of Appeals validating the amendment. The initial issue of \$60 million was

## Debt Summary General Obligation Bonds

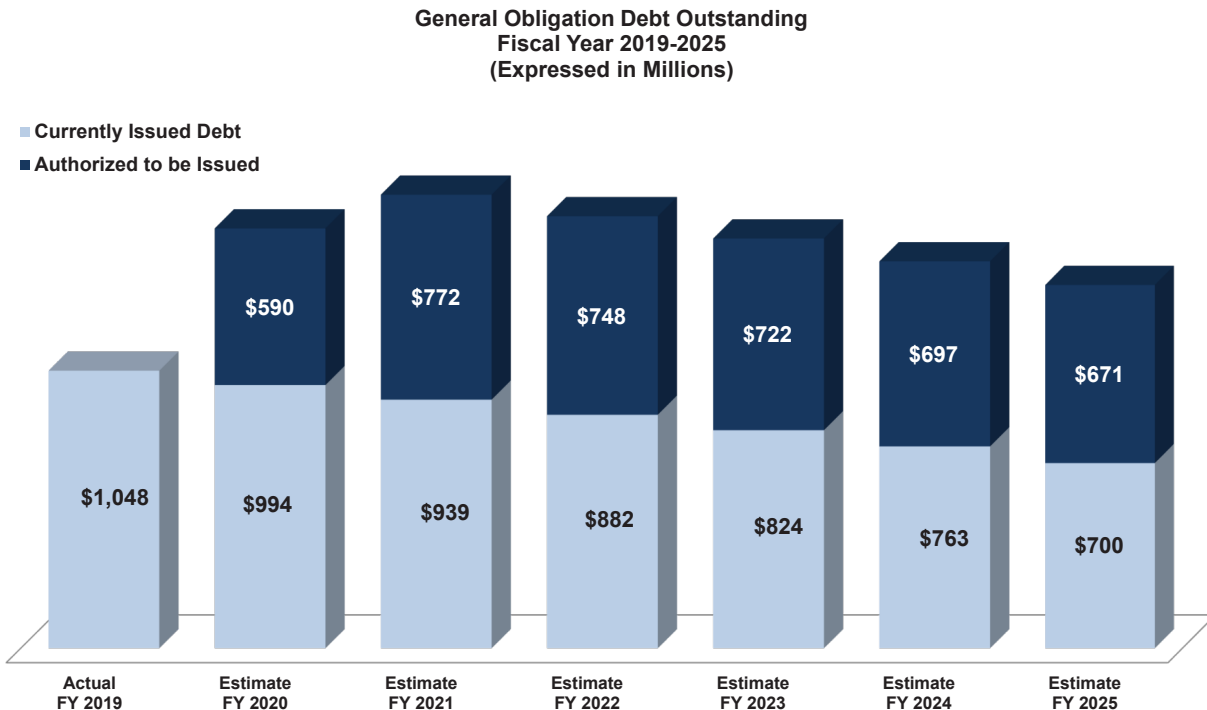
sold May 22, 1996 and the second issue of \$57 million was sold December 10, 1996. An issuance of approximately \$92 million occurred in February 1998. The final issue of approximately \$91 million was in May 1999, bringing the aggregate amount of bonds to the authorized \$300 million amount. By structuring one of the issues with capital appreciation bonds to minimize debt service over the next six years, an additional \$50 million was available for projects.

### 1996 Safe Roads Amendment

The 1996 amendment authorized \$550 million in general obligation bonds to match available federal funds for highway construction or improvements in each of the state’s 55 counties. The legislation authorizing the amendment specified the bonds to be sold over a five-year period in increments of \$110 million each. The bonds are payable from the State Road Fund. Enabling legislation passed during the 1997 legislative session. The first issuance of \$220 million in Road Bonds occurred in July 1998; additionally, three separate issuances of \$110 million occurred in July of 1999, 2000, and 2001, respectively. In May 2005, the state issued \$321.4 million of refunding bonds of approximately \$320 million of the previously issued bonds. In July 2010, the state refunded another \$37 million of Safe Road bonds providing the state with a net present value savings of more than \$4 million. The state issued more than \$133 million of refunding bonds in April 2015 in light of favorable interest rates at this time. The most recent refunding provided the state with a net present value savings of more than 13.9% of the refunded bonds. At June 30, 2019, \$118,390,000 is outstanding. The bonds will be fully retired by 2025.

### 2017 Roads to Prosperity Amendment

The Roads to Prosperity Amendment of 2017 authorized bonds in the aggregate amount of \$1.6 billion to be issued over a four year period, as follows: July 1, 2017, (FY 2018) an amount not to exceed \$800 million; July 1, 2018, (FY 2019) an amount not to exceed \$400 million; July 1, 2019, (FY 2020) an amount not to exceed \$200 million; and July 1, 2020, (FY 2021) an amount not to exceed \$200 million. Bonds not issued may be carried forward and issued in any subsequent year before July 1, 2021. Proceeds are to be used to match federal funds for highway and bridge construction as well as for general highway, secondary road and bridge construction and improvements in each of the state’s 55 counties. The initial \$800 million occurred on June 7, 2018. Recently, House Concurrent Resolution 104 passed both legislative chambers providing for the issuance of \$600 million during FY 2020, allowing the unissued \$400 million to be carried forward. As of June 30, 2019, \$782,305,000 is outstanding. Debt service on the issued bonds is approximately \$55.4 million for FY 2020 through the final maturity in 2043.



*Debt Summary*  
*General Obligation Bonds*

***Authorized But Unissued General Obligation Bonds***

**1973 Vietnam Veterans Bonus Amendment**

This amendment authorized general obligation bonds to be issued in an amount not to exceed \$40 million to pay a bonus to veterans of the Vietnam Conflict. However, General Revenue Funds were appropriated to pay the bonuses in lieu of the issuance of bonds.

**1992 Veterans Bonus Amendment**

This amendment authorized general obligation bonds to be issued in an amount not to exceed \$4 million to pay a bonus to veterans who served in conflicts in the Persian Gulf, Lebanon, Grenada, and Panama. However, General Revenue Funds were appropriated to pay the bonuses in lieu of the issuance of the bonds.

**2004 Veterans Bonus Amendment**

This amendment authorized general obligation bonds to be issued in an amount not to exceed \$8 million to pay a bonus to veterans who served in Kosovo, Afghanistan, and Iraq. However, General Revenue Funds were appropriated to pay the bonuses in lieu of the issuance of the bonds.



*Debt Summary*  
**General Obligation Debt**  
**Outstanding at June 30, 2019**  
 (Expressed in Thousands)

	Final Maturity Date	Interest Rate(s)%	06/30/19 Balance*
<b>Road Bonds</b>			
(Payable from State Road Fund)			
Issued Under:			
1996 Amendment	2025	4.00 - 5.00	118,390
2017 Amendment	2043	2.00 - 5.00	782,305
<b>Infrastructure Bonds</b>			
(Payable from dedicated Severance Tax revenues)			
Issued Under:			
1994 Amendment (net)	2027	2.00 - 7.625	147,020
<b>TOTAL</b>			<b>\$1,047,715</b>

### Summary of Debt Service Requirements

Future amounts required to pay principal and interest on general obligation debt at June 30, 2019, were as follows (expressed in thousands):

Year Ending June 30	Principal	Interest	Amount to be accrued	Total
2020	53,516	46,896	154	100,566
2021	55,072	44,876	603	100,551
2022	56,647	42,889	1,038	100,574
2023	58,595	40,522	1,440	100,557
2024	60,810	38,039	1,970	100,819
2025-2029	201,740	157,022	8,155	366,917
2030-2034	157,995	119,110	-	277,105
2035-2039	202,095	75,010	-	277,105
2040-2043	201,245	20,438	-	221,683
<b>TOTAL</b>	<b>\$1,047,715</b>	<b>\$584,802</b>	<b>\$13,360</b>	<b>\$1,645,877</b>

\* Balances do not include unamortized discounts/premiums/issuance costs.

# Revenue Bonds

Revenue bonds are issued by various state spending units, including departments, agencies, and authorities part of the primary government pursuant to specific statutory provisions enacted by the Legislature. Principal and interest payments are made from specifically dedicated fees and other revenues. Revenue bonds do not constitute general debt of the state.

Certain revenue bonds have call provisions providing for redemption at the option of the state, beginning 10 years following the date of issuance, in whole or in part, and in inverse order of maturity. Certain revenue bonds pay a redemption price not exceeding 103% of par value.

Approximately \$1.9 billion in revenue bonds are outstanding at June 30, 2019. The information provided below is a brief review of each issuer.

## **Tobacco Settlement Finance Authority**

The Tobacco Settlement Finance Authority was created to issue special revenue obligation bonds payable from, and secured by, the State of West Virginia's right, title, and interest to tobacco settlement revenue. This revenue is received under the terms of the master settlement agreement between participating tobacco product manufacturers, 46 states, and six other U.S. jurisdictions. In June 2007, the authority issued \$1.1 billion (accrued value) in two different series of bonds anticipated to mature in 2029. The proceeds of the first two series of bonds were directed to the West Virginia Teachers' Retirement System. At June 30, 2019, the principal outstanding on the bonds totaled approximately \$851 million.

## **West Virginia Commissioner of Highways**

The Commissioner of Highways issued special obligation notes in the form of Grant Anticipation Revenue Vehicles ("GARVEEs") during FY 2019. The issuance of GARVEEs requires highway projects be approved as a federal aid debt-financed (bond, certificate, note, or other debt instrument) project to receive payments for eligible debt-related costs. Once a project is selected for bond financing, the project is submitted to the Federal Highway Administration for approval as an advance construction project. The advance construction designation will ensure the project follows federal aid procedures and will preserve the eligibility to reimburse debt-related costs with future federal aid funds. At June 30, 2019, the principal outstanding on the notes totaled more than \$283 million. The notes are expected to mature in September 2033.

## **West Virginia Infrastructure and Jobs Development Council**

The West Virginia Infrastructure and Jobs Development Council reviews preliminary applications for waste water facilities, water facilities, a combination of projects of waste water/water facilities, or infrastructure projects seeking state funding. The council makes written recommendations as to the infrastructure project financing in terms of the kind, amount, source of funding which the project sponsor should pursue, and which projects the state infrastructure agency or agencies should consider an appropriate investment of public funds. Alternatively, the council may make a determination including: the project or infrastructure project is not eligible for funding assistance from any state infrastructure agency, the infrastructure project is not otherwise an appropriate or prudent investment of state funds, or the project sponsor not seek funding from any state infrastructure agency. The primary source of repayment for the revenue bonds is the receipt of repayments of principal and interest on a set of loans, known as defined loans, previously made to projects from general obligation bond proceeds. The Council also issued Excess Lottery Revenue Bonds for the Chesapeake Bay and Greenbrier River projects. At June 30, 2019, the council's outstanding bonds totaled more than \$157 million.

## **Economic Development Grant Committee/Economic Development Authority**

The West Virginia Economic Development Grant Committee's purpose is to issue economic development grants throughout the State of West Virginia. During FY 2004, the Economic Development Authority issued bonds totaling more than \$249.8 million to fund the grants of the committee. The bonds are secured by an annual pledge of \$21 million

## *Debt Summary* *Revenue Bonds*

from the Excess Lottery Fund. At June 30, 2019, \$190 million in bond obligations are outstanding.

During FY 2011, the Economic Development Authority issued \$155.6 million of Lottery Revenue Bonds. The bonds were issued to finance various projects including the following:

- \* Renovations and repairs at various colleges and universities;
- \* Building renovation of the West Virginia Education, Research, and Technology Park for the Higher Education Policy Commission;
- \* Various renovations at the Capitol complex; and
- \* Various renovations at state parks throughout West Virginia.

As of June 30, 2019, approximately \$142 million in bond obligations are outstanding. The bonds have a level debt service of approximately \$9.9 million until maturity on June 15, 2040.

### **School Building Authority Capital Improvement Revenue Bonds**

The School Building Authority Capital Improvement Revenue bonds utilizing General Revenue appropriations for repayment consist of one refunding issuance. The principal outstanding on the bonds totals \$61.9 million as of June 30, 2019. No new money bonds may be issued utilizing General Revenue appropriations for repayment.

### **School Building Authority Lottery and Excess Lottery Revenue Bonds**

The West Virginia School Building Authority was the first West Virginia state agency to issue bonds backed by revenues from the West Virginia Lottery. The first Lottery Revenue Bonds occurred in 1994 in the amount of \$135.6 million, maturing in 2004. Since 2004, the Authority has issued more than five other series of bonds, with the most recent in April 2018. The proceeds of all issues fund capital improvement projects at various primary and secondary schools throughout West Virginia. The principal outstanding on all Lottery Bonds of the School Building Authority is \$129 million at June 30, 2019.

The School Building Authority also issued more than \$190 million in revenue bonds backed by certain funds from the Excess Lottery Revenue Fund. The principal outstanding on these bonds is approximately \$78 million (net) as of June 30, 2019.

Three additional series of Excess Lottery Revenue Bonds have been issued as Qualified School Construction Bonds (QSCBs). QSCBs are federal tax credit bonds, therefore, in lieu of receiving interest, purchasers of the bonds receive a tax credit in the amount established by the Internal Revenue Service. Additionally, the School Building Authority will only be repaying the principal on the bonds, not any interest. The principal outstanding on all QSCBs backed by the West Virginia Excess Lottery Revenue Fund is approximately \$64 million (net of debt service sinking funds).

*Debt Summary*  
**Revenue Bonds**  
**Outstanding at June 30, 2019**  
(Expressed in Thousands)

	Issue Date	Final Maturity Date	Interest Rate(s)%	Balance
School Building Authority	2007	2022	3.82 - 4.37	61,921
School Building Authority (Lottery)	2012, 2013, 2014, 2016 & 2018	2033	2.68 - 2.85	129,105
School Building Authority (Excess Lottery)	2008, 2010 & 2015	2030	2.52 - 4.78	77,760
School Building Authority QSCBs (Excess Lottery)	2009 & 2010	2027	-	150,480
Tobacco Settlement Finance Authority*	2007	2047	7.467 - 8.5	851,495
Highways, Commissioner of	2017	2029	2.15 - 2.21	283,485
WV Infrastructure and Jobs Development Council	2012, 2014 & 2016	2046	2.00 - 5.00	157,280
Education, Arts, Sciences, and Tourism Fund (Lottery)	2017	2040	3.02	141,560
Economic Development Authority (Excess Lottery)	2004 & 2017	2037	2.03 - 5.63	<u>190,165</u>
Subtotal				2,043,251
Less: School Building Authority Debt Service Reserve Fund				(61,921)
School Building Authority (Excess Lottery)				-
Debt Service Sinking Fund - QSCBs (Excess Lottery)				(86,048)
Economic Development Authority Debt Service Reserve Fund (Excess Lottery)				<u>(25,013)</u>
Net revenue bonds outstanding				<u><u>\$1,870,269</u></u>

**Summary of Debt Service Requirements**

Future amounts required to pay principal and interest on revenue bonds at June 30, 2019, were as follows (expressed in thousands):

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Amount to be accrued</u>	<u>Total</u>
2020	95,645	101,997	15,397	213,039
2021	97,840	94,541	16,734	209,115
2022	105,570	85,875	18,186	209,631
2023	112,265	79,920	19,765	211,950
2024	119,200	73,530	21,480	214,210
2025-2029	632,243	258,987	138,822	1,030,052
2030-2034	428,600	75,202	175,840	679,642
2035-2039	96,685	17,434	79,453	193,572
2040-2044	205,200	2,322	-	207,522
2045-2049	2,035	89	-	2,124
2050-2054	-	-	-	-
	<u>\$1,895,283</u>	<u>\$789,897</u>	<u>\$485,677</u>	<u>\$3,170,857</u>

\*Balance represents accreted value of bonds and does not include unamortized discounts/premiums/issuance costs.

# Leases and Notes Payable

The State of West Virginia depends on lease and notes payable obligations to finance projects, such as capital improvements, large purchases of computer equipment, and vehicles. Approximately \$313 million in lease obligations are outstanding as of June 30, 2019.



# ECONOMIC FORECAST







# WEST VIRGINIA ECONOMIC FORECAST

The Economic Forecast is excerpted from the  
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# 2020 West Virginia Economic Forecast

## EXECUTIVE SUMMARY

West Virginia’s economy enjoyed its strongest year of growth in nearly a decade during 2017, emerging from several years of severe economic weakness. Most of the bounce back in the state’s economy is connected to the energy sector, not only from the increased production of coal and natural gas but also as a result of a massive build-out of new natural gas pipeline infrastructure throughout the state. Growth has broadened to include more of the state’s regions over the past year or so, but the overall magnitude of gains in jobs and output have remained concentrated in just a few areas as some portions of West Virginia continue to struggle with a range of weak economic fundamentals. Overall, this report provides a broad and detailed foundation to help you understand the long-run economic challenges and opportunities facing West Virginia.

Highlights related to West Virginia’s recent economic performance are as follows:

- After losses of more than 26,000 jobs between early-2012 and late-2016, the state has seen employment growth of around 7,000 jobs since the recession’s end.
- Job growth since late-2016 has been heavily concentrated in eight counties and has been largely driven by growth in the state’s energy industries.
- The state’s unemployment rate has increased slightly over the past year and currently stands in the low 5% range; however the increase has been driven by more individuals returning to the labor market to look for work.
- Only 53% of West Virginia’s adult population is either working or looking for work. This is the lowest rate of labor force participation among all 50 states. This low rate of labor force participation represents a significant hurdle for long-run economic prosperity.
- Per capita personal income in West Virginia increased at a healthy pace in 2017, outpacing nearly all other states. Overall, per capita personal income in West Virginia stands at 75% of the national average.
- West Virginia’s real GDP grew at a healthy pace in 2017, outpacing more than 40 other states. Growth was largely driven by energy-related developments.
- Export activity from West Virginia has been quite volatile over the past decade. Exports have increased at a healthy rate since late-2016. Promoting the state’s export potential is of vital

FIGURE ES.1: West Virginia and US Forecast Summary

	West Virginia		United States	
	2007-2017	2018-2023	2007-2017	2018-2023
Population (average annual growth, %)	-0.1	-0.1	0.8	0.8
Employment (average annual growth, %)	-0.3	0.4	0.6	0.7
Real GDP (average annual growth, %)	0.9	0.9	1.4	1.9
Unemployment Rate (annual average at end of time period, %)	5.2	5.0	4.4	4.3
Real Per Capita Personal Income (average annual growth, %)	1.1	1.4	0.9	1.7

Sources: US Census Bureau; US Bureau of Labor Statistics; US Bureau of Economic Analysis; WVU BBER Econometric Model; IHS Markit

importance to economic development in West Virginia in the long run. Growth has lagged the national average in recent years, leaving the per capita income level in West Virginia at roughly 75% of the national figure.

The energy sector is an important driver of economic activity in the state:

- Coal output improved to around 93 million short tons in 2017, from around 80 million short tons in 2016. Production for 2018 is on track to fall slightly short of the 2017 level, and production is expected to remain above 80 million tons throughout the five-year forecast horizon.
- Much of the improvement in coal production over the past two years has been through increased coal exports. West Virginia coal production is becoming increasingly dependent on export markets and potential growth in production is likely to come from overseas demand.
- Natural gas output has exhibited strong growth since late-2016. Production is expected to continue to grow at a healthy rate over the five-year forecast horizon.

Highlights related to West Virginia’s economic outlook are as follows:

- Employment in West Virginia is estimated to increase 0.4% per year on average through 2023, compared to an expectation of 0.7% for the nation as a whole.

## 2020 West Virginia Economic Forecast Executive Summary

- We anticipate slightly positive growth overall in energy over the forecast horizon; this growth will be driven by the natural gas industry.
- Construction is expected to add jobs at the fastest rate going forward, with much of the job growth occurring early in the forecast horizon due to natural gas pipeline construction. In the middle part of the forecast horizon, construction employment growth will be driven in part by public infrastructure investments.
- Manufacturing is expected to add jobs at an above-average rate over the forecast horizon, in large part due gains in chemicals, automotive components, and aerospace equipment.
- The state's unemployment rate is expected to improve slightly over the forecast horizon.
- Per capita personal income is expected to grow at an average annual rate of 1.4% over the next five years, somewhat less than the national rate. The fastest growing segment of income is non-wage income, such as Social Security benefits.
- While the state overall is expected to lose population in coming years, around a dozen counties are expected to add residents and several more are expected to remain generally stable. Population gains will be heavily concentrated in North-Central West Virginia and the Eastern Panhandle.
- Policymakers should be keenly aware of significant economic differences across West Virginia and ensure that economic development strategies consider each region's specific strengths and weaknesses.

A key concern for the Mountain State moving forward relates to its underlying demographics. Consider the following:

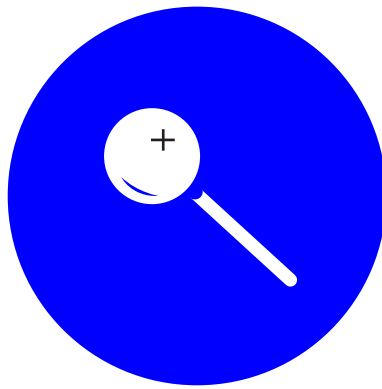
- West Virginia's population has declined by nearly 40,000 since 2012. We project slight population losses in the coming five years, with larger losses expected in the long term.
- A positive shock to encourage in-migration is essential to lessen the severity of natural population decline in which deaths outnumber births.
- The state's population is significantly older than the nation as a whole, and will continue to age in coming years.
- The state's population is relatively unhealthy and ranks at or near the bottom among the 50 states along many basic health outcome measures.
- Economic development strategies should focus on ways to improve health, drug abuse, and education outcomes in the state to make West Virginia's workforce more attractive to potential businesses.

Economic performance is expected to remain extremely variable across West Virginia's counties. Consider the following:

- Six counties are expected to lose jobs in coming years and expected growth rates among the remaining counties vary widely. However, the highest rates of job growth tend to be in the northern half of the state.



# APPENDICES





# Glossary

## A

**Accrual** - An accounting method that reports income when earned and expenses when incurred.

**Activity** - (See “Appropriation.”)

**Agency** - An organizational unit of state government, usually a department, bureau, commission, board, or a subdivision within a department or bureau.

**Annual Increment** - Funds appropriated for eligible employees and paid once annually at the rate of \$60 per full year of service with a minimum of three years of full-time equivalent service as of July 1.

**Appropriated Special Fund** - Consists of accounts that generate revenue from established rates or fees and must be expended for a specific purpose; amount authorized for expenditure is specifically contained in the budget bill.

**Appropriation** - A legal authorization to incur obligations and to make expenditures for specific purposes listed in the budget bill, such as Current Expenses, Equipment, and Capital Outlay.

## B

**Balanced Budget** - A budget in which the estimated revenues plus unappropriated fund balances are equal to or greater than the appropriations.

**Base Budget** - The amount required for ongoing expenditures for current programs—does not contain items of a onetime nature.

**Bond** - A long-term IOU or promise to pay. It is a promise to repay a specified amount of money (the face amount of the bond) on a particular date (the maturity date). Bonds (which can be general obligation or revenue bonds) are used to finance capital projects.

**Budget** - A plan of financial activity for a specified period (fiscal year or biennium) indicating all planned revenues and expenses for the budget period.

**Budget Act/Budget Bill** - The legislation that appropriates the expenditures required to operate state government for each fiscal year.

**Budgetary Basis** - The basis of accounting used to estimate financing sources and uses in the budget. West Virginia’s annual budget is prepared on a cash basis.

**Budgetary Control** - The control or management of a government in accordance with the approved budget for keeping expenditures within the limitations of available appropriations and resources.

**Buildings** - Expenditures for new construction and major alteration of existing structures, or the improvement of lands and can include shelter, support, storage, protection, or the improvement of a natural condition.

**Bureau** - An organizational unit of state government established by law and headed by a commissioner or other statutory officer of an agency within that bureau, such as the Bureau of Senior Services.

## C

**Cabinet** - An organizational unit of state government that can be headed by a department cabinet secretary or individual agencies grouped for organizational reporting purposes, such as Miscellaneous Boards and Commissions.

**Capital Improvements/Programs/Expenditures** - Related to the acquisition, expansion, or rehabilitation of an element of the government’s physical plant, sometimes referred to as infrastructure. New construction, renovation, or repairs of \$100,000 or more and major equipment purchases of like equipment of \$50,000 or more are considered to be capital improvement programs for budgetary purposes.

**Cash Basis** - A basis of accounting in which transactions are recognized only when cash is increased or decreased (revenue received and expenses paid).

**Civil Contingent Fund** - The civil contingent fund is appropriated by the Legislature to the Governor to be available for payment of expenses incurred when executing a law for which there is no specific

## Appendix A/Glossary

appropriation or any other expenses for which the Governor deems necessary or proper, such as unanticipated emergencies.

**Commission** - An organizational unit of state government established by law that is headed by a group of persons directed to perform a specific duty, such as the Higher Education Policy Commission or Public Service Commission.

**Current Expenses** - Expenditures for operating costs other than personal services or employee benefits. Equipment, repairs and alterations, buildings, other assets, or lands are not included.

**Current Level** - Normally refers to the total dollars (less onetime appropriations) in the current fiscal year which are available for the next fiscal year. For FY 2021, the “current level” is defined as 100% of the FY 2020 base budget for the General Revenue Fund and Regular Lottery fund appropriations.

## D

**Debt Service** - The cost of paying principal and interest on borrowed money according to a predetermined payment schedule.

**Department** - An organizational unit of state government established by law and headed by a cabinet secretary or department head, such as the Department of Administration, Department of Education, or Department of Revenue.

**Disbursement** - The expenditure of monies from an account.

**Division** - Each primary entity of government which receives an appropriation in the budget bill. Also may be referred to as an agency or organization.

## E

**Employee Benefits** - Expenditures for social security matching, workers’ compensation, unemployment compensation, pension and retirement contributions, public employees’ insurance matching, OPEB, personnel fees, or any other benefit normally paid by the employer as a direct cost of employment.

**Encumbrance** - The commitment of funds to purchase an item or service. To encumber funds means to set aside or commit funds for a specified future expenditure.

**Enterprise Funds** - These funds are used to account for operations of those state agencies providing goods or services to the general public on a user-charge basis, or where the State has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Examples include the West Virginia Lottery, Board of Risk and Insurance Management, Public Employees’ Insurance Agency, and the West Virginia Prepaid College Plan.

**Equipment** - Expenditures for equipment items which have an appreciable and calculable period of usefulness in excess of one year.

**Excess Lottery** - A Special Revenue fund that supports items set by statute such as the senior citizens tax credit, college scholarships for West Virginia students, capital projects and improvements for public and higher education and for state parks, bond backing for economic development endeavors, infrastructure projects (including water and sewer projects), additional transfers to General Revenue to support the ongoing operations of the General Revenue Fund (which includes an FY 2002 pay raise), and additional items as may be appropriated by the Legislature.

**Expenditure** - The payment of cash on the transfer of property or services for the purpose of acquiring an asset, service, or settling a loss.

**Expenses** - A category for the usual, ordinary, and incidental expenditures by an agency, including, but not limited to, such items as salaries, employee benefits, contractual services, commodities, and supplies of a consumable nature, current obligations, fixed charges, and capital outlay. Payments to other funds or local, state, or federal agencies may be included in this budget classification of expenditures.

## F

**Federal Fiscal Year** - October 1 through September 30.



## Appendix A/Glossary

**Federal Fund** - Consists of any financial assistance made directly to a state agency by the United States government.

**Fiscal Year** - A 12-month period designated as the operating year for accounting and budgeting purposes in an organization. West Virginia's fiscal year runs from July 1 to June 30.

**Full-time Equivalent Position (FTE)** - A part-time position converted to the decimal equivalent of a full-time position based on 2,080 hours per year. For example, a part-time typist working for 20 hours per week would be the equivalent to 0.50 of a full-time position.

**Fund** - A fiscal entity with revenues and expenses which are segregated for the purpose of carrying out a specific purpose or activity.

**Fund Balance** - The balance of cash and investments less reappropriated funds and reserves for cash flow.

## G

**GASB 34** - The Government Accounting Standards Board statement 34 (June 1999) that establishes financial reporting standards for governmental entities.

**GASB 43** - The Government Accounting Standards Board statement 43 (April 2004) titled "Financial Reporting for Postemployment Benefit Plans Other than Pension Plans."

**GASB 45** - The Government Accounting Standards Board statement 45 (June 2004) titled "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions."

**General Fund** - Consists of tax revenues collected by the state which are not dedicated to a specific purpose and require legislative appropriations for expenditure.

**General Obligation (GO) Bond** - This type of bond is backed by the full faith, credit, and taxing power of the government.

**Goals** - Established by agency/division, goals are issue-oriented statements that declare what an agency/division intends to accomplish to fulfill its mission.

**Governmental Funds** - All funds except profit and loss funds (e.g., enterprise funds, internal services funds, and trust funds).

## I

**Improvement Package (Request)** - The process of requesting additional dollars for expenditure in the upcoming fiscal year above the current level.

**Income Tax Refund Reserve Fund** - A fund established by law that may only be used to ensure payment of personal income tax refunds, interest, and penalties to taxpayers in a timely manner or to be used by the Legislature as it determines necessary, such as for unanticipated emergencies.

**Infrastructure** - The physical assets of a government (e.g., streets, water, sewer, public buildings, and parks).

**Internal Service Funds** - These funds account for the operations of those state agencies that provide goods and services to other state agencies and governmental units on a cost-reimbursed basis. Examples include the State Building Commission, Information Services and Communications, and the Travel Management Office.

## L

**Lands** - Expenditures for the purchase of real property or interest in real property.

**Long-term Debt** - Debt with a maturity of more than one year after the date of issuance.

**Lottery** - A Special Revenue fund that supports programs for senior citizens, education, and tourism and parks, as appropriated by the Legislature.

## M

**Mission** - Developed in accordance with strategic planning principles, the mission gives the reason for the agency/division's existence. The mission is a succinct account of what the agency/division is trying to achieve.

## Appendix A/Glossary

### N

**Nonappropriated Special Fund** - Consists of accounts that generate revenue from established rates or fees and must be expended for a specific purpose; amounts expended are authorized by general law.

### O

**Object of Expenditure** - An expenditure classification, referring to the lowest and most detailed level of classification, such as vehicle rental, association dues, and office equipment. **Objectives** - Detailed, quantifiable, time-specific statements of activities that are related to achieving the goals. They are targets for specific agency or program actions.

**Operations** - As used in the agency/division narratives in the *Volume II Operating Detail*, the “Operations” section details the activities of a division and may include subdivisions/units within a division.

**Other Postemployment Benefits** - Postemployment benefits that an employee receives during retirement, usually benefits other than pensions.

### P

**Performance Measures** - Tool used by all levels of management, as well as the public, to determine whether a program is accomplishing its mission efficiently and effectively.

**Personal Services** - Expenditures for salaries, wages, and other compensation paid to full-time, part-time, and temporary employees of the spending unit.

**Program** - A group of related activities performed by one or more organizational units for the purpose of accomplishing a function for which the government is responsible. A unit can be a division, a section, or a workgroup. Each program has an identifiable service or output and objectives to effectively provide the service.

**Proprietary Funds** - These funds account for the operations of state agencies that provide goods and/or services to

the general public or state agencies and governmental units. (See “Enterprise Funds” and “Internal Service Funds.”)

### R

**Rainy Day Fund** - (See “Revenue Shortfall Reserve Fund.”)

**Reappropriated Funds** - Those funds which are remaining at the end of the fiscal year which, through specific language in the budget bill, are authorized to be made available for expenditure in the next fiscal year.

**Reimbursements** - Repayments from one agency to another to properly allocate expenditures to the correct agency and adjust account ledger balances/disbursements.

**Repairs and Alterations** - Expenditures for routine maintenance and repairs to structures and minor improvements to property which do not increase the capital assets.

**Revenue** - Sources of income financing the operation of government.

**Revenue Bonds** - Bonds issued by various state departments, agencies, and authorities that are part of the primary government pursuant to specific statutory provisions enacted by the Legislature. The principal and interest payments are made from specifically dedicated fees and other revenues, but such bonds do not constitute general debt of the State.

**Revenue Shortfall Reserve Fund** - (Also known as the Rainy Day Fund.) A fund to be used by the Legislature to offset a shortfall in revenues and to allow the Governor to borrow funds when revenues are inadequate to make timely payments of the State’s obligations. The Legislature may also appropriate funds for emergencies such as natural disasters. Additional details are located in the Financial Statements chapter in *Volume I Budget Report*.

**Revenue Shortfall Reserve Fund—Part B** - A fund to be used by the Legislature to offset a shortfall in revenues or fiscal emergencies of an extraordinary nature. No moneys in the fund may be expended for any purpose unless all moneys in the Revenue

## Appendix A/Glossary

Shortfall Reserve Fund have first been expended. Additional details are located in the Financial Statements chapter in *Volume I Budget Report*.

### S

**Special Obligation Notes** - Bonds issued by entities of the primary government pursuant to specific statutory authorizations and are payable from specifically dedicated fees, other revenues, and legislative appropriations of general and special revenues.

**Special Revenue Funds** - Consists of revenues from fees, permits, licenses, services, or other purposes and may be used only for that specific purpose for which the individual account is intended unless otherwise directed by the Legislature.

**Spending Authority** - The dollar limit the Legislature authorizes an agency to spend from funds the agency collects.

**Spending Unit** - The department, bureau, division, office, board, commission, agency, or institution to which an appropriation is made.

**State Road Fund** - Consists of revenues from gasoline and other motor fuel excise and license taxes; motor vehicle registration and license tax; all other revenue derived from motor vehicles or motor fuel; and all federal funds received for road construction, reconstruction, and maintenance. Used solely for construction, reconstruction, repair, and maintenance of public highways, the payment of the interest and principal on all road bonds, and the administrative expenses of the Division of Highways, Division of Motor Vehicles, and Office of Administrative Hearings.

**Supplemental Appropriation** - An appropriation made by the governing body that is contingent upon excess funds being available after all regular appropriations have been funded.

**Surplus Appropriation** - An additional appropriation made by the governing body from excess funds generally from the prior year after the budget year has started.

### T

**Trust Funds** - A fund comprised of a variety of assets intended to provide benefits to an individual or organization at a certain age or when a specified event occurs.

### U

**Unclassified** - An appropriation that may be spent at the discretion of the department secretary/bureau commissioner. An unclassified appropriation may have no limitations, or it may be limited to current expenses, repairs and alterations, equipment, buildings, land, and other assets.

**Unencumbered Balance** - The amount of an appropriation that is neither expended nor encumbered. It is essentially the amount of money still available for future purposes.

**User Charges or User Fees** - A payment for direct receipt of a public service by the party who benefits from the service.

# Glossary of Acronyms

## A

AAL	Accrued Actuarial Liability
AAMVA	American Association of Motor Vehicle Administrators
ABCA	Alcohol Beverage Control Administration
ABE	Adult Basic Education
ACA	Affordable Care Act
	American Correctional Association
ACEP	Agricultural Conservation Easement Program
ACH	Automated Clearing House
ACP	Address Confidentiality Program
ACT	American College Test
ADA	Americans with Disabilities Act of 1990
AF-DP	Armed Forces Dental Assistance Program
AFIX	Assessment, Feedback, Initiatives, and eXchange
AgEP	Agricultural Enhancement Program
ALJ	Administrative Law Judge
AML&R	Abandoned Mine Lands and Reclamation
AP	Advanced Placement
APHIS	Animal and Plant Health Inspection Service
APSI	Advanced Placement Summer Institute
AQI	Air Quality Index
ARC	Appalachian Regional Commission
ARRA	American Recovery and Reinvestment Act
ATM	Asynchronous Transfer Mode
	Automated Teller Machine
ATV	All-Terrain Vehicle
AX	ApplicationXtender

## B

BBHFF	Bureau for Behavioral Health and Health Facilities
B&O	Business and Occupation
BCF	Bureau for Children and Families
BCSE	Bureau for Child Support Enforcement
BIG	Boating Infrastructure Grant
BMPs	Best management practices
BMRC	Biomedical Research Center
BMS	Bureau for Medical Services
BPH	Bureau for Public Health
BRFSS	Behavior Risk Factor Surveillance System
BRIM	Board of Risk and Insurance Management
BTI	West Virginia Board of Treasury Investments
BTOP	Broadband Technology Opportunities Program
BVCTC	BridgeValley Community and Technical College

## C

CABHI	Cooperative Agreement to Benefit Homeless Individuals
CACFP	Child and Adult Care Food Program
CAFO	Concentrated Animal Feeding Operations
CAFR	Comprehensive Annual Financial Report
CB-CAP	Community-Based Child Abuse Prevention
CBF	Community-Based Facilities
CCR	Coordinated Community Response
CCTCE	Council for Community and Technical College Education
CDL	Commercial Driver's License
CFWV	College Foundation of West Virginia
CHIP	Children's Health Insurance Program (federal)
CHIPRA	Children's Health Insurance Program Reauthorization Act
CJSAC	Criminal Justice Statistical Analysis Center
CLIA	Clinical Laboratory Improvement Amendments
CMIA	Cash Management Improvement Act
CMS	Centers for Medicare and Medicaid Services
CODs	Co-occurring mental and substance use disorders
COMPASS	Consolidated Multi-Plan Administration Solution System
CON	Certificate of Need
COOP	Continuity of operations plan
CPI	Consumer Price Index
CPRB	Consolidated Public Retirement Board
CPTED	Crime prevention through environmental design
CRTS	Coal Resource Transportation System
CSBG	Community Services Block Grant
CSFP	Commodity Supplemental Food Program
CSTIMS	Commercial Skills Test Information Management System
C&T	Community and Technical
CTE	Career and Technical Education
CTPs	Cooperating Technical Partners
CVISN	Commercial Vehicle Information System Network
CWA	Clean Water Act
CWSRF	Clean Water State Revolving Fund
CY	Calendar Year

## Appendix B/Glossary of Acronyms

### D

DASIS.....	Drug and Alcohol Services Information System
DCKMSVC.....	Donel C. Kinnard Memorial State Veterans Cemetery
DEP.....	Department/Division of Environmental Protection
DFIRMS.....	Digital Flood Insurance Rate Maps
DHHR.....	Department of Health and Human Resources
DJCS.....	Division of Justice and Community Services
DJS.....	Division of Juvenile Services
DMV.....	Division of Motor Vehicles
DNA.....	Deoxyribonucleic Acid
DNR.....	Division of Natural Resources
DOH.....	Division of Highways
DOR.....	Department of Revenue
DOT.....	Department of Transportation
DSRS.....	Deputy Sheriff's Retirement System
DUI.....	Driving Under The Influence
DWLRS.....	Drinking Water Lab Reporting System
DWTRF.....	Drinking Water Treatment Revolving Fund

### E

EBT.....	Electronic Benefits Transfer
eCDL.....	e-Commercial Driver's License
E & G.....	Education and General
E-Rate.....	Schools and Libraries Universal Service Program (electronic rate)
EAST.....	Education, Arts, Science, and Tourism
EBA.....	Educational Broadcasting Authority
EDGE.....	Earn A Degree-Graduate Early
EEOC.....	U.S. Equal Employment Opportunity Commission
EFT.....	Electronic Fund Transfers
EHR.....	Electronic Health Record
ELA.....	English Language Arts
EMS.....	Emergency medical services systems
EMSRS.....	Emergency Medical Services Retirement System
ENODS.....	Electronic Notice Of Deposits
EOC.....	Educational Opportunity Center
EOL.....	End Of Life
EPA.....	U.S. Environmental Protection Agency
EPICS.....	Employees Payroll Information Control System
EPSCoR.....	Experimental Program to Stimulate Competitive Research
EPSDT.....	Early and Periodic Screening, Diagnosis, and Treatment
ERC.....	Educator Resource Center

ERP.....	Enterprise Resource Planning
ESEA.....	Elementary and Secondary Education Act
ESG.....	Emergency Shelter Grants
.....	Emergency Solutions Grant

### F

FAA.....	Federal Aviation Administration
FACTS.....	Families and Children Tracking System
FAIR.....	Family Alzheimer's In-Home Respite
FARS.....	Financial Accounting and Reporting Section
FAFSAs.....	Free Application for Federal Student Aid
FCC.....	Federal Communications Commission
FDA.....	U.S. Food and Drug Administration
FEMA.....	Federal Emergency Management Agency
FERPA.....	Family Educational Rights and Privacy Act
FFA.....	Future Farmers of America
FFP.....	Federal Financial Participation
FFY.....	Federal Fiscal Year
FFS.....	Fee For Services
FHA.....	Future Homemakers of America
FMAP.....	Federal Medical Assistance Percentage
FMCSAP.....	Federal Motor Carrier Safety Administration Program
FMLA.....	Family Medical Leave Act
FNS.....	Food Nutrition Service
FOIA.....	Freedom of Information Act
FPL.....	Federal Poverty Level
FPY.....	Federal program year
FRIS.....	Foundation for Rape Information and Services
FRPP.....	Federal Farm and Ranchland Protection Program
FTE.....	Full-Time Equivalent
FTP.....	File Transfer Protocol
FTZ.....	Foreign Trade Zone
FY.....	Fiscal Year

### G

GAAP.....	Generally Accepted Accounting Principles
GAAS.....	Generally Accepted Auditing Standards
GAGAS.....	Generally Accepted Government Auditing Standards
GARVEE.....	Grant Anticipation Revenue Vehicle
GASB.....	Governmental Accounting Standards Board
GDP.....	Gross domestic product
GEAR UP.....	Gaining Early Awareness and Readiness for Undergraduate Programs
GFOA.....	Government Finance Officers Association of the United States and Canada

## Appendix B/Glossary of Acronyms

GIS ..... Geographic Information Systems  
 GLOBE ..... Global Learning and Observation to Benefit  
 the Environment  
 GO ..... General Obligation  
 GRC ..... Governance, Risk & Compliance  
 GRF ..... General Revenue Fund  
 GSD..... General Services Division

JRS ..... Judges' Retirement System

### H

HAVA ..... Help America Vote Act  
 HB ..... House Bill  
 HBCU ..... Historically Black Colleges and Universities  
 HEAPS ..... Higher Education Adult Part-time Student  
 HEPC ..... Higher Education Policy Commission  
 HHOMA..... Herbert Henderson Office of Minority  
 Affairs  
 HIPAA ..... Health Insurance Portability and  
 Accountability Act  
 HIT ..... Health Information Technology  
 HMVMT..... Hundred million vehicle miles traveled  
 HOPWA..... Housing Opportunities for Persons  
 with AIDS  
 HPSAs..... Health Professional Shortage Areas  
 HSC..... Health Science Center  
 HUD..... U.S. Housing and Urban Development  
 HVAC..... Heating, Ventilation, And Air-Conditioning

### I

ID ..... Identification  
 IDEA..... Individuals with Disabilities Education Act  
 IMB..... Investment Management Board  
 IMD ..... Institution for Mental Disease  
 IFLOWS..... Integrated Flood Observing and Warning  
 System  
 IP ..... Internet Protocol  
 IRIS ..... Integrated Regulatory Information Support  
 IRS ..... Internal Revenue Service  
 IS&C ..... Information Services and Communications  
 IT ..... Information Technology

### J

JCEBP..... Justice Center of Evidence-Based Practice

### K

K-12..... Kindergarten Through 12th grade

### L

LCAP..... Landfill Closure Assistance Program  
 LEA ..... Local Educational Agency  
 LEP ..... Limited English Proficient  
 LGA..... Local Governmental Agency  
 LHD..... Local Health Department  
 LIEAP..... Low Income Energy Assistance Program  
 LIFE..... Legislative Initiatives for the Elderly  
 LIMS..... Laboratory Information Management System  
 LONIE..... Logging Operation Notification Inspection  
 and Enforcement  
 LPN ..... Licensed Practical Nurse  
 LSTA..... Library Services and Technology Act  
 LTRA ..... Long Term Remedial Action  
 LUST ..... Leaking underground storage tank

### M

MAP-21..... Moving Ahead for Progress in the 21st Century  
 MAPP..... Matching Advertising Partnership Program  
 MCH..... Maternal And Child Health  
 MCI..... Methamphetamine Collaboration Initiative  
 MCO..... Managed Care Organization  
 MFA..... Multi-Factor Authentication  
 MHT ..... Mountain Health Trust  
 MIARRS ..... Mine and Industrial Accident Rapid Response  
 System  
 MIP ..... Major Improvements Program  
 MITA..... Medicaid Information Technology  
 Architecture  
 MMIS..... Medicaid Management Information system  
 MOE..... Maintenance Of Effort  
 MOU..... Memorandum of Understanding  
 MPFRS..... Municipal Police Officers and Firefighters  
 Retirement System



## Appendix B/Glossary of Acronyms

### N

N/A..... Not Available  
 ..... Not Applicable  
 NAEP ..... National Assessment of Educational Progress  
 NAHLN..... National Animal Health Laboratory Network  
 NAIC..... National Association of Insurance Commissioners  
 NARIP..... National Act Record Improvement Program  
 NASA..... National Aeronautics and Space Administration  
 NBCT ..... National Board Certified Teachers  
 NCA..... National Cemetery Association  
 NCRDS ..... National Coal Resources Data System  
 NEO ..... New Employee Orientation  
 NFIP ..... National Flood Insurance Program  
 NHS..... National Highway System  
 NIAID ..... National Institute of Allergy and Infectious Diseases  
 NICS..... National Instant Criminal Background Check System  
 NPDES..... National Pollutant Discharge Elimination System  
 NRAO..... National Radio Astronomy Observatory  
 NSF..... National Science Foundation  
 NSLP ..... The National School Lunch Program

### O

OAA..... Older Americans Act  
 OAH..... Office of Administrative Hearings  
 OEMS..... Office of Emergency Medical Services  
 OEO..... Office of Economic Opportunity  
 OHR ..... Office of Human Resources  
 OM&R..... Operation, Maintenance, and Repairs  
 OMB..... U.S. Office of Management and Budget  
 OPEB..... Other Postemployment Benefits  
 ORSP..... Office of Research and Strategic Planning  
 OSHA ..... Occupational Safety and Health Administration  
 OT ..... Office of Technology

### P

PAAS ..... Physician Assured Access System  
 PASS ..... Partnerships to Assure Student Success  
 PBS ..... Public Broadcasting Service

P-Card..... State Purchasing Card  
 PCIDSS ..... Payment Card Industry Data Security Standards  
 PDC..... Public Defender Corporations  
 PDS..... West Virginia Public Defender Services  
 PEIA..... Public Employees Insurance Agency  
 PERD..... Performance Evaluation and Research Division  
 PERS ..... Public Employees Retirement System  
 PHMSA ..... Pipeline and Hazardous Material Safety Administration  
 PI ..... Personal Income  
 PIECES..... Partners in Implementing an Early Care and Education System  
 PILOT..... Payment In Lieu Of Tax  
 PIMS ..... Position Information Management System  
 PIRLS ..... Progress in International Reading Literary Study  
 PISA..... Programme for International Student Assessment  
 PLC ..... Professional Learning Communities  
 PM2.5 ..... Particulate Matter Less Than 2.5 Microns In Diameter  
 PPB ..... Preferred Provider Benefit Trust  
 PPS ..... Prospective Payment System  
 PRAMS..... Pregnancy Risk Assessment Monitoring System  
 PREA ..... Prison Rape Elimination Act  
 PREP..... Personal Responsibility Education Program  
 PROMISE..... Providing Real Opportunities for Maximizing In-State Student Excellence  
 PSC..... Public Service Commission  
 ..... Potomac State College

### Q

QAT ..... Quality Assurance Team  
 Q ..... Quarter  
 QSCBs ..... Qualified school construction bonds

### R

RBA ..... Regents Bachelor of Arts  
 RCRA..... Resource Conservation Recovery Act  
 REAP ..... Rehabilitation Environmental Action Plan  
 REIS ..... Regional Economic Information System  
 RESAs..... Regional educational service agencies  
 RFA..... Resource Family Approval Program  
 RFP ..... Request For Proposals  
 RJA ..... Regional Jail Authority

## Appendix B/Glossary of Acronyms

ROMA..... Results-Oriented Management  
And Accountability  
RPCPOs/IOs ..... Regional Public Comprehensive Planning  
Organizations And Interstate Organizations

### S

SACWIS ..... Statewide Automated Child Welfare  
Information System  
SAFETEA-LU ..... Safe, Accountable, Flexible, Efficient  
Transportation Equity Act - a Legacy for  
Users  
SAFRA ..... Student Aid and Fiscal Responsibility Act  
SAMHSA ..... Substance Abuse and Mental Health Services  
Administration  
SB ..... Senate Bill  
SBA..... School Building Authority  
..... Small Business Administration  
SBVR ..... South Branch Valley Railroad  
SCALES ..... Sportfish Consumption Advisory Limit  
System  
SCC..... State Conservation Committee  
SED..... Serious Emotional Disturbance  
SEOG..... Supplemental Education Opportunity Grant  
SEOW..... State Epidemiological Outcome Workgroups  
SFMNP..... Senior Farmers’ Market Nutrition Program  
SHIP..... State Health Insurance Assistance Program  
SHPO..... State Historic Preservation Office  
SLIGP ..... State and Local Implementation Grant  
Program  
SME..... Society of Manufacturing Engineers  
SMI ..... Serious Mental Illness  
SNAP ..... Supplemental Nutrition Assistance Program  
SREB..... Southern Regional Education Board  
SRIC ..... Snow Removal And Ice Control  
S-STEM..... Scholarships in STEM  
STAG..... State and Tribal Assistance Grant  
STARBASE ..... Science and Technology Academics Reinforcing  
Basic Aviation and Space Exploration  
STD ..... Sexually Transmitted Disease  
STEAM..... Science, Technology, Engineering, Art And Math  
STEM..... Science, Technology, Engineering And Math  
STIF ..... Sales Tax Increment Financing  
SUD..... Substance Use Disorder  
SVA ..... Student Veterans of America  
SWA ..... Solid Waste Authority  
SWCAP ..... Statewide Cost Allocation Plan  
SWMB..... Solid Waste Management Board  
SY ..... School Year

### T

TAA ..... Trade Adjustment Assistance  
TAACCCT ..... Trade Adjustment Assistance community  
College and Career Training  
TANF..... Temporary Assistance for Needy Families  
TBD ..... To be determined  
TDC ..... Teachers’ Defined Contribution Retirement  
System  
TEA-21 ..... Transportation Equity Act for the 21st  
Century  
TEFAP ..... The Emergency Food Assistance Program  
TIF ..... Property Tax Increment Financing  
TIMSS ..... Trends in International Mathematics and  
Science Students  
TMDL..... Total Maximum Daily Load  
TOC ..... Total Operating Costs  
TRAFFIC ..... Tax Reduction and Federal Funding Increased  
Compliance  
TRS..... Teachers’ Retirement System

### U

U.S. .... United States  
USDA..... U.S. Department of Agriculture  
USDOT..... U.S. Department of Transportation

### V

VA ..... U.S. Department of Veterans Affairs  
VDI ..... Virtual Desktop Infrastructure  
VISTA..... Vendor Inquiry System to the Auditor  
..... Volunteers in Service to America  
VNRPS..... Voluntary National Retail Program Standards  
VoIP ..... Voice over Internet Protocol

### W

WAN..... Wide Area Network  
WDA..... Water Development Authority  
WEAPON..... West Virginia Automated Police Network  
WIA..... Workforce Investment Act  
WIC ..... Women, Infants, and Children  
WIP ..... Watershed Implementation Plan  
W.Va. .... West Virginia  
WV ..... West Virginia  
WVABCA ..... West Virginia Alcohol Beverage  
Control Administration



## Appendix B/Glossary of Acronyms

WVAWC.....	West Virginia American Water Company
WVBE.....	West Virginia Board of Education
WVCA.....	West Virginia Conservation Agency
WVCCTCE.....	West Virginia Community and Technical College System
WVCHIP.....	Children’s Health Insurance Program
WVCR.....	West Virginia Central Railroad
WVDA.....	West Virginia Department of Agriculture
WVDE.....	West Virginia Department of Education
WVDO.....	West Virginia Development Office
WVDOC.....	West Virginia Division of Corrections
WVDVA.....	West Virginia Department of Veterans Assistance
WVEBA.....	West Virginia Educational Broadcasting Authority
WVEIS.....	West Virginia Education Information System
WVFIMS.....	West Virginia Financial Information Management System
WVGSA.....	West Virginia General Summative Assessment
WVHIN.....	West Virginia Health Information Network
WVICU.....	West Virginia Independent Colleges and Universities
WVIJDC.....	West Virginia Infrastructure and Jobs Development Council
WVINBRE.....	West Virginia Idea Network of Biomedical Research Excellence
WV-MAP.....	West Virginia’s Measure of Academic Progress
WVNET.....	West Virginia Network for Educational Telecomputing
wvOASIS.....	West Virginia—Our Advanced Solution with Integrated Systems
WVOE.....	West Virginia Office of Energy
WVPPA.....	West Virginia Public Port Authority
WVROCKS.....	West Virginia’s Remote Online Collaborative Knowledge System
WVSAO.....	West Virginia State Auditor’s Office
WVSIIS.....	West Virginia Statewide Immunization Information System
WVSP.....	West Virginia State Police
WVSU.....	West Virginia State University
WVTTI.....	West Virginia Technology Transformation Initiative
WVU.....	West Virginia University
WVUIT.....	West Virginia University Institute of Technology

