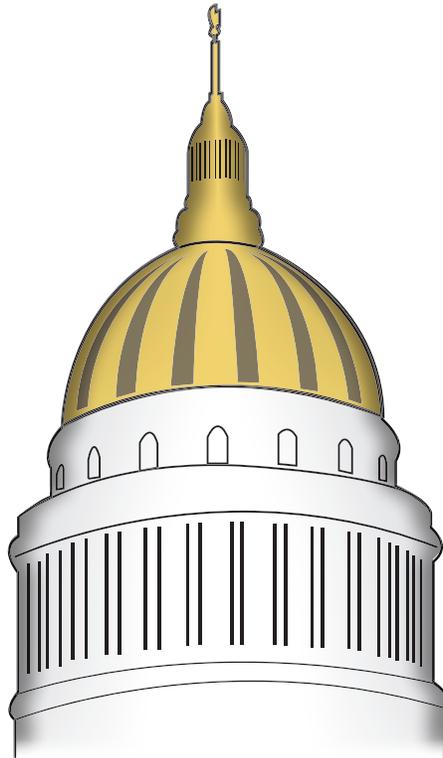




STATE OF WEST VIRGINIA

EXECUTIVE BUDGET: BUDGET REPORT FISCAL YEAR 2024



JIM JUSTICE
GOVERNOR



Jim Justice
Governor of West Virginia

January 11, 2023

To the Members of the 86th 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, 2024. 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 2024.

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
West Virginia**

For the Fiscal Year Beginning

July 01, 2022

Christopher P. Morrill

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, 2022.

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

Grant White
Budget Analyst

Susanne Shrewsbury
Budget Analyst

Jeffrey R. Conley
Budget Analyst

Jerri Rucker
Administrative Services Assistant

Joey Belcher
Human Resources Generalist

Lisa Vaughan
Human Resources Generalist

State Budget Office
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1900 Kanawha Boulevard, East
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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.

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

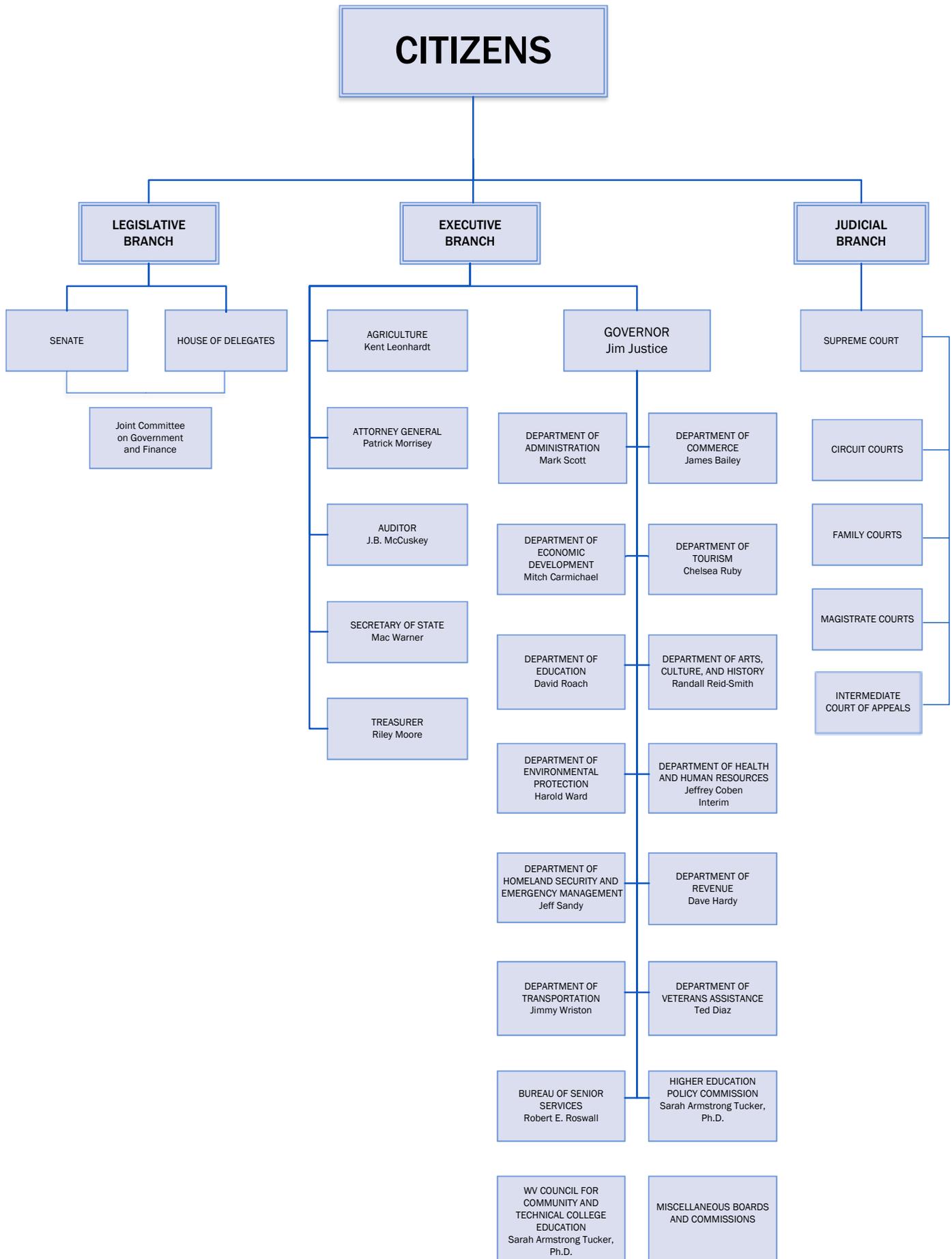
Operating Detail contains narrative and financial information on all appropriated departments, bureaus, commissions, agencies, divisions, and programs of state government. (It also includes major component agencies [e.g., BRIM, CPRB, etc.] that may not normally have appropriated accounts.) *Volume II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

“Capital Projects”—projects currently budgeted in FY 2023, recommended for FY 2024, and projected for FY 2025 through FY 2028

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

Account Detail provides the detailed budgetary information for FY 2022 Actual expenditures, FY 2023 Budgeted expenditures, FY 2024 Current-Level Request, and the Governor’s FY 2024 Recommendation for all funds.

State of West Virginia Organizational Chart



SUMMARY FINANCIAL STATEMENTS



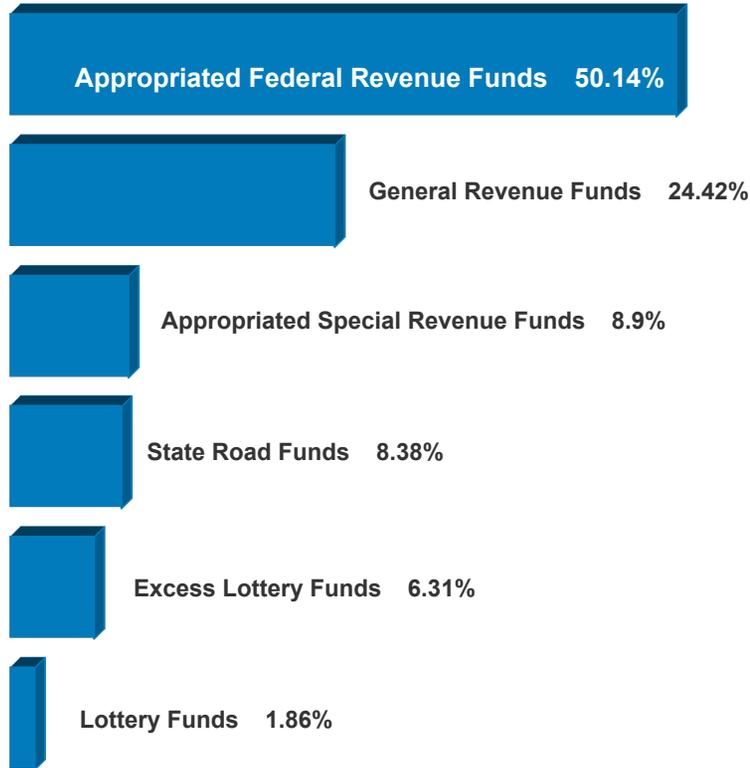
Financial Statements

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

- Graphics of the Total FY 2024 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)
- General Revenue Fund – Statement of Revenues by Source FY 2020 through FY 2028
- General Revenue Fund – Statement of Revenues, Expenditures, and Changes in Cash Balance
- General Revenue Fund – Overview by Functional Category FY 2022 through FY 2024
- Lottery Fund – Statement of Revenues, Expenditures, and Changes in Cash Balance
- Lottery Fund – Overview by Functional Category FY 2022 through FY 2024
- Excess Lottery Fund – Statement of Revenues, Expenditures, and Changes in Cash Balance
- Excess Lottery Fund – Overview by Functional Category FY 2022 through FY 2024
- State Road Fund – Statement of Revenues by Source FY 2020 through FY 2028
- State Road Fund – Statement of Revenues, Expenditures, and Changes in Cash Balance
- Cash and Investment Balances of All Funds Fiscal Year Ending June 30, 2022
- Detailed Investments Special Revenue Funds for Fiscal Year Ending June 30, 2022
- Summary of Primary Government Long Term Debt Outstanding as of June 30, 2022
- Major Reserve/Stabilization Accounts

Where The State Dollar Comes From

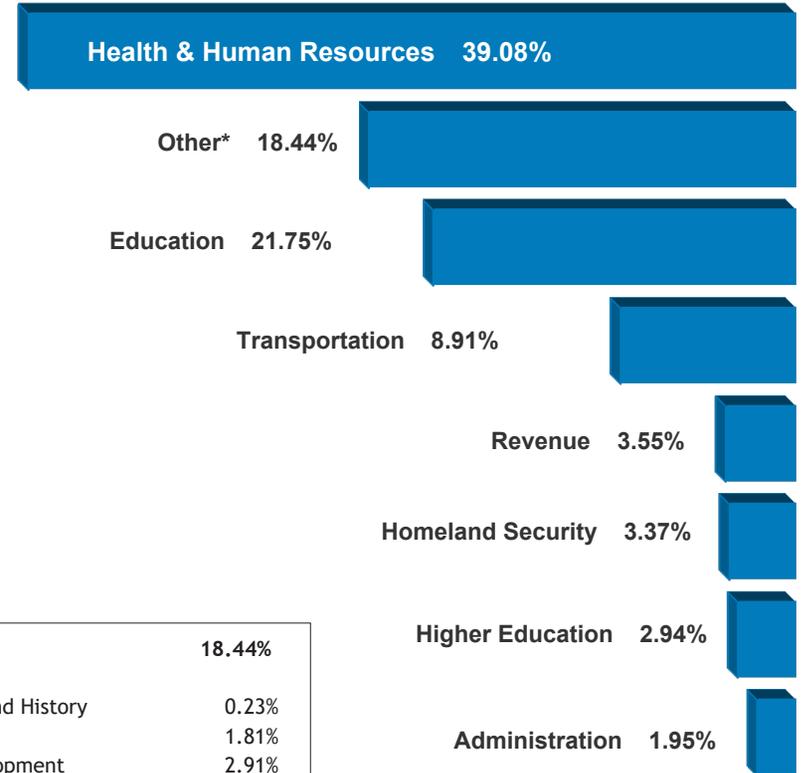
(FY 2024 Estimate)



TOTAL REVENUE
\$20.0 Billion
 (Appropriated Funding Sources)

Where The State Dollar Goes

(Governor's Recommended FY 2024 Budget)



Other*	18.44%
Arts, Culture, And History	0.23%
Commerce	1.81%
Economic Development	2.91%
Environment	2.39%
Executive	7.81%
Judicial	0.83%
Legislature	0.16%
Misc. Boards & Commissions	1.44%
Seniors	0.51%
Tourism	0.10%
Veterans' Assistance	0.26%

TOTAL EXPENDITURES
\$19.4 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 2022, FY 2023, and FY 2024, 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 19 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 2022 Actuals are the total actual revenues and expenditures for all funds including expenditures from regular, supplemental, surplus appropriations, and reappropriated amounts.

The FY 2023 Budgeted revenue estimates for the General Revenue Fund and the State Road Fund reflects the Governor’s revised official revenue estimate as submitted to the Legislature the first day of the Legislative Session. The Governor provides the official revenue estimates for the budget and those estimates do not require legislative approval.

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

FY 2023 Budgeted expenditures reflect the amounts budgeted for FY 2023 prior to the beginning of the 2023 Legislative Session and includes a separate line for reappropriations available for expenditure from previous fiscal years.

FY 2024 Recommendations are the amounts that the Governor is proposing on the first day of Session 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 2022 amounts include reappropriated expenditures along with current year appropriations spent during the fiscal year, the Recommended FY 2024 expenditures do not reflect any anticipated reappropriations being available during FY 2024. Although the FY 2023 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 2023 expenditures include approximately \$597 million in reappropriated amounts. The Lottery Fund includes approximately \$42 million and the Excess Lottery Fund includes \$18 million. Appropriated Special Revenue Funds include \$3.7 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 2023 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			Appropriated Special Revenue Funds			Appropriated Lottery Fund			Appropriated Excess Lottery Fund		
	Actuals FY 2022	Budgeted FY 2023	Recommended FY 2024	Actuals FY 2022	Budgeted FY 2023	Recommended FY 2024	Actuals FY 2022	Budgeted FY 2023	Recommended FY 2024	Actuals FY 2022	Budgeted FY 2023	Recommended FY 2024	Actuals FY 2022	Budgeted FY 2023	Recommended FY 2024
Beginning Fund Balance	\$679,107	\$1,994,018	\$116,116	\$175,975	\$128,465	\$98,910	\$2,856,396	\$2,753,162	\$2,796,000	\$72,971	\$58,201	\$16,815	\$93,923	\$105,332	\$17,889
Net 13th month activity	(44,065)	(\$52,862)	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to Rainy Day Fund	(15,401)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from Rainy Day Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from Special Revenue/Lottery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prior Year Refunds/Redeposits	138	172	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Flow/Contingencies	-	-	-	-	-	-	-	-	-	(40,000)	-	-	(36,600)	-	-
Expirations to General Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Expirations to General Revenue Surplus	182,125	52,050	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenues															
Revenue Collections/Estimate	5,887,899	4,636,024	4,884,000	1,348,158	1,692,700	1,577,500	-	-	-	168,205	134,546	144,545	377,543	300,651	334,671
Legislature	-	-	-	-	-	-	861	1,198	1,115	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	1,056	1,850	1,900	-	-	-	-	-	-
Executive	-	-	-	-	-	-	40,586	78,949	55,174	-	-	-	-	-	-
Administration	-	-	-	-	-	-	155,783	184,469	187,175	-	-	-	-	-	-
Commerce	-	-	-	-	-	-	29,696	44,121	43,761	-	-	-	-	-	-
Tourism	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-	592	558,140	244,165	-	-	-	-	-	-
Education	-	-	-	-	-	-	56,448	76,866	107,834	-	-	-	-	-	-
Arts, Culture and History	-	-	-	-	-	-	670	1,744	1,754	-	-	-	-	-	-
Environment	-	-	-	-	-	-	41,764	94,425	70,101	-	-	-	-	-	-
Health and Human Resources	-	-	-	-	-	-	513,220	555,110	568,428	-	-	-	-	-	-
Department of Homeland Security	-	-	-	-	-	-	21,379	35,599	35,665	-	-	-	-	-	-
Revenue	-	-	-	-	-	-	119,371	450,032	312,601	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	7,462	5,537	10,293	-	-	-	-	-	-
Veterans Assistance	-	-	-	-	-	-	3,051	3,113	3,141	-	-	-	-	-	-
Senior Services	-	-	-	-	-	-	10,552	10,515	10,521	-	-	-	-	-	-
Higher Education	-	-	-	-	-	-	42,658	54,216	54,887	-	-	-	-	-	-
Misc. Boards & Commissions	-	-	-	-	-	-	49,769	70,291	71,670	-	-	-	-	-	-
Total Revenues	5,887,899	4,636,024	4,884,000	1,348,158	1,692,700	1,577,500	1,094,918	2,226,175	1,780,185	168,205	134,546	144,545	377,543	300,651	334,671
Expenditures															
Legislature	28,231	26,115	26,857	-	-	-	481	2,637	2,637	-	-	-	-	-	-
Judicial	143,826	149,928	155,222	-	-	-	726	1,850	1,850	-	-	-	-	-	-
Executive	66,568	153,021	54,397	-	-	-	37,393	67,243	67,380	-	-	-	-	-	-
Administration	125,799	113,378	167,293	-	-	-	147,108	191,801	200,828	9,998	10,000	10,000	-	-	-
Commerce	59,317	66,316	71,552	-	-	-	18,588	49,024	50,313	2,920	3,591	3,803	104	1,505	1,505
Tourism	13,861	14,000	7,000	-	-	-	-	-	-	3,676	6,844	6,978	-	-	-
Economic Development	353,546	612,647	12,289	-	-	-	395	242,083	242,109	-	-	-	-	-	-
Education	1,926,094	2,010,943	2,173,054	-	-	-	36,447	65,272	107,805	25,405	32,372	32,388	18,987	19,000	19,000
Arts, Culture and History	9,885	11,158	10,914	-	-	-	543	1,228	1,238	14,338	15,787	15,799	-	-	-
Environment	6,472	56,782	6,985	-	-	-	56,061	128,449	66,724	-	-	-	-	-	-
Health and Human Resources	1,140,542	1,179,086	1,160,257	-	-	-	429,314	647,170	636,593	-	-	-	16,303	26,698	60,717
Department of Homeland Security	290,676	494,801	500,983	-	-	-	19,642	47,314	46,018	-	-	-	-	-	-
Revenue	31,606	32,811	33,752	-	-	-	301,344	581,806	503,912	-	-	-	135,141	138,022	138,022
Transportation	4,917	155,249	5,265	1,391,797	1,642,255	1,675,826	10,071	13,417	11,983	-	-	-	-	-	-
Veterans Assistance	12,529	21,730	13,972	-	-	-	1,931	1,964	1,964	-	-	-	-	-	-
Senior Services	29,951	19,613	10,840	-	-	-	7,153	10,515	10,520	43,304	53,200	62,730	-	-	-
Higher Education	435,065	441,838	454,651	-	-	-	43,039	59,038	59,544	10,516	12,351	12,447	44,000	44,000	44,000
Misc. Boards & Commissions	17,726	19,655	18,485	-	-	-	40,539	72,526	74,653	-	-	-	71,409	71,427	71,427
Total Expenditures	4,696,610	5,579,072	4,883,768	1,391,797	1,642,255	1,675,826	1,150,775	2,183,337	2,086,071	110,157	134,145	144,145	285,944	300,652	334,671
Reappropriations Available	-	597,408	-	-	-	-	-	-	-	-	-	-	-	-	-
Recommended Supplemental	-	122	-	-	80,000	-	-	-	-	16,875	41,400	-	40,300	87,500	-
Recommended Surplus Supplemental	-	451,810	-	-	-	-	-	-	2,000	-	-	16,750	-	-	17,800
Mid-Year Budget Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments*	(824)	(452)	-	3,871	-	-	47,377	-	-	15,943	387	400	3,290	(58)	-
Ending Fund Balance	\$1,994,018	\$116,116	\$116,348	\$128,465	\$98,910	\$584	\$2,753,162	\$2,796,000	\$2,488,114	\$58,201	\$16,815	\$65	\$105,332	\$17,889	\$89

* Includes OASIS accruals, cash not needed for appropriation, and differences in appropriations available and expended.

** Some revenue and expenditures are double counted.

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

	Appropriated Federal Funds			Total Appropriated Funds			Nonappropriated Federal Funds			Nonappropriated Special Revenue Funds			Total All Funds***		
	Actuals FY 2022	Budgeted FY 2023	Recommended FY 2024	Actuals FY 2022	Budgeted FY 2023	Recommended FY 2024	Actuals FY 2022	Budgeted FY 2023	Recommended FY 2024	Actuals FY 2022	Budgeted FY 2023	Recommended FY 2024	Actuals FY 2022	Budgeted FY 2023	Recommended FY 2024
Beginning Fund Balance	\$745,050	\$762,533	\$853,650	\$4,575,912	\$5,801,711	\$3,899,380	\$783,867	\$154,461	\$94,378	\$40,140,025	\$39,457,640	\$39,760,214	\$45,499,804	\$45,413,812	\$43,753,972
Transfer to Rainy Day Fund	-	-	-	(15,401)	(15,401)	-	-	-	-	-	-	-	-	(15,401)	(15,401)
Transfer from Rainy Day Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from Special Revenue/Lottery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prior Year Refunds/Redeposits	-	-	-	138	172	-	-	-	-	-	-	-	138	172	-
Cash Flow/Contingencies	-	-	-	(76,600)	-	-	-	-	-	-	-	-	(76,600)	-	-
Expirations to General Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Expirations to General Revenue	-	-	-	182,125	182,125	-	-	-	-	-	-	-	182,125	182,125	-
Revenues															
Revenue Collections/Estimate				7,781,805	6,763,921	6,940,716	-	-	-	-	-	-	7,781,805	6,763,921	6,940,716
Legislature	887	1,100	900	29,979	2,298	2,015	-	-	-	-	-	10	29,979	2,298	2,025
Judicial	2,341	4,000	4,000	147,223	5,850	5,900	-	-	-	1,603	1,860	2,150	148,826	7,710	8,050
Executive	688,284	1,391,556	1,390,039	795,438	1,470,505	1,445,213	77,283	7,060	-	785,583	633,590	538,268	1,658,304	2,111,155	1,983,481
Administration	-	-	-	281,582	184,469	187,175	-	-	-	2,653,885	7,025,193	7,061,091	2,935,467	7,209,662	7,248,266
Commerce	87,456	190,897	204,142	176,469	235,018	247,903	50,917	53,806	43,856	59,838	72,364	95,291	287,224	361,188	387,050
Tourism	-	4,148	5,148	13,861	4,148	5,148	-	-	-	7,803	7,808	7,808	21,664	11,956	12,956
Economic Development	56,002	328,060	328,060	410,140	886,200	572,225	-	-	-	445,701	34,136	264,616	855,841	920,336	836,841
Education	676,046	1,884,254	1,884,254	2,658,588	1,961,120	1,992,088	-	-	-	72,781	347,099	350,322	2,731,369	2,308,219	2,012,898
Arts, Culture and History	8,270	17,218	17,139	18,825	18,962	18,893	-	-	-	7,736	17,629	20,810	26,561	36,591	234,887
Environment	76,560	191,036	189,798	124,796	285,461	259,899	(5,427)	18,200	5,400	129,378	271,604	215,994	248,747	575,265	481,293
Health and Human Resources	5,391,827	5,923,830	5,699,721	7,045,589	6,478,940	6,268,149	-	-	-	6,353,319	6,848,535	6,696,361	13,398,908	13,327,475	12,964,510
Department of Homeland Security*	28,116	107,334	106,956	340,171	142,933	142,621	97,882	311,184	265,000	186,898	274,573	282,206	624,951	728,690	689,827
Revenue	563	3,000	3,000	151,540	453,032	315,601	-	-	-	974,949	746,343	791,928	1,126,489	1,199,375	1,107,529
Transportation	21,494	32,508	32,608	33,873	38,045	42,901	-	45,500	39,500	19,967	75,300	627,389	53,840	158,845	709,790
Veterans Assistance	7,428	7,549	31,375	23,008	10,662	34,516	-	-	-	1,465	1,716	1,738	24,473	12,378	36,254
Senior Services	17,513	31,007	18,270	58,016	41,522	28,791	-	-	-	2,121	2,948	2,948	60,137	44,470	31,739
Higher Education	-	-	-	477,723	54,216	54,887	136,741	112,912	62,697	1,455,783	2,010,794	1,893,225	2,070,247	2,177,922	2,010,809
Misc. Boards & Commissions	50,859	111,954	111,954	118,354	182,245	183,624	9,472	10,340	10,340	446,283	1,551,112	945,943	574,109	1,743,697	1,139,907
Total Revenues	7,113,646	10,229,451	10,027,364	20,686,980	19,219,547	18,748,265	366,868	559,002	426,793	13,605,093	19,922,604	19,798,098	34,658,941	39,701,153	38,838,828
Expenditures															
Legislature	887	1,100	900	29,599	29,852	30,394	-	-	-	2	17	17	29,601	29,869	30,411
Judicial	2,341	4,000	4,000	146,893	155,778	161,072	-	-	-	1,557	1,860	2,150	148,450	157,638	163,222
Executive	674,398	1,391,556	1,392,908	778,359	1,611,820	1,514,685	725,007	94,245	-	852,734	600,288	537,201	2,356,100	2,306,353	2,051,887
Administration	-	-	-	282,905	315,179	378,121	-	-	-	2,896,106	4,105,484	4,185,284	3,179,011	4,420,663	4,563,406
Commerce	90,373	188,830	224,638	171,302	309,266	351,812	32,508	35,602	35,602	56,552	113,011	114,910	260,362	457,879	502,323
Tourism	-	5,148	5,148	17,537	25,992	19,126	-	-	-	7,065	10,154	10,154	24,602	36,146	29,280
Economic Development	53,329	309,608	309,762	407,270	1,164,338	564,160	-	-	-	152,509	364,685	264,958	559,779	1,529,023	829,118
Education	675,520	1,884,254	1,888,293	2,682,453	4,011,841	4,220,540	-	-	-	69,575	343,311	345,389	2,752,028	4,355,152	4,565,930
Arts, Culture and History	9,101	17,328	16,539	33,867	45,501	44,490	-	-	-	5,804	16,197	16,165	39,671	61,698	60,655
Environment	79,045	388,253	390,351	141,578	573,484	464,060	1,240	10,619	10,619	104,536	326,122	292,627	247,354	910,225	767,306
Health and Human Resources	5,385,357	5,655,898	5,725,034	6,971,516	7,508,852	7,582,602	-	-	-	6,360,066	6,814,216	6,524,966	13,331,582	14,323,068	14,107,568
Department of Homeland Security*	25,779	107,450	107,060	336,097	649,565	654,061	96,512	311,184	265,000	160,072	281,943	261,383	592,681	1,242,692	1,180,445
Revenue	563	3,000	3,000	468,654	755,639	678,666	-	-	-	1,035,739	1,263,818	1,131,922	1,504,393	2,019,457	1,810,609
Transportation	20,317	32,508	33,534	1,427,102	1,843,429	1,726,608	-	40,500	44,500	358,089	1,606,581	1,280,624	1,785,191	3,490,510	3,051,733
Veterans Assistance	7,406	11,510	34,198	21,866	35,204	50,134	-	-	-	1,393	1,667	1,667	23,259	36,871	51,802
Senior Services	15,446	31,007	14,633	95,854	114,335	98,723	-	-	-	2,057	2,348	2,348	97,911	116,683	101,071
Higher Education	-	-	-	532,620	557,227	570,641	131,835	116,595	59,889	1,403,718	2,024,172	2,000,044	2,068,173	2,697,994	2,630,575
Misc. Boards & Commissions	46,964	106,884	112,837	176,638	270,492	277,401	9,187	10,340	10,340	171,918	1,744,156	1,131,341	357,743	2,024,988	1,419,082
Total Expenditures	7,086,826	10,138,334	10,262,835	14,722,110	19,977,794	19,387,317	996,289	619,085	425,950	13,639,492	19,620,030	18,103,153	29,357,891	40,216,909	37,916,421
Reappropriations Available	-	-	-	-	604,045	-	-	-	-	-	-	-	-	597,408	-
Recommended Supplemental	-	-	-	57,175	30,658	-	-	-	-	-	-	-	57,175	209,022	-
Recommended Surplus Supplemental	-	-	-	-	451,810	36,550	-	-	-	-	-	-	-	451,810	36,550
Mid-Year Budget Reduction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments**	9,337	-	-	78,994	(28,956)	400	(15)	-	-	647,986	-	-	726,965	(123)	400
Ending Fund Balance	\$762,533	\$853,650	\$618,179	\$10,494,875	\$4,152,803	\$3,223,378	\$154,461	\$94,378	\$95,221	\$39,457,640	\$39,760,214	\$41,455,159	\$50,106,976	\$43,806,835	\$44,639,429

* Includes OASIS accruals, cash not needed for appropriation, and differences in appropriations available and expended.

** Some revenue and expenditures are double counted

General Revenue Fund

Revenues, Expenditures, and Changes in Cash Balance

(Nearest Dollar)

Actual Beginning Cash Balance July 1, 2022	\$	1,994,018,233	
Less: 31 Day Disbursements (July 1, 2022 - July 31, 2022)		(52,861,583)	
Plus: Prior Year Reimbursements (July 1, 2022 - July 31, 2022)		137,305	
Less: Prior Year Appropriations Forwarded		(597,407,798)	
Less: Cash Balance - Adjustments and Accruals		<u>(451,758)</u>	
Accumulated Surplus from FY 2022 @ July 31, 2022	\$	1,343,434,399	
Less: Transfer to Revenue Shortfall Reserve Fund (Statutory)	\$	<u>-</u>	
Less: FY 2023 Surplus Appropriations (FY 2022 Surplus) (Senate Bill 250) 2022 Regular Session		(\$793,370,787)	
Less: FY 2023 Surplus Supplemental Appropriation to the Division of Highways (SB 4002) (2022 4th EX)		(\$150,000,000)	
Plus: Prior Year Reimbursements (August 1, 2022 - December 31, 2022)		\$34,582	
Plus: Recommended FY 2023 Surplus Supplemental Appropriation -			
Expiration of State Excess Lottery Funds to General Revenue Surplus Balance (2023 Regular Session)		\$30,500,000	
Plus: Recommended FY 2023 Surplus Supplemental Appropriation -			
Expiration of Lottery Funds to General Revenue Surplus Balance (2023 Regular Session)		\$21,550,000	
Less: FY 2023 Recommended Various Surplus Supplemental Appropriations (2023 Regular Session)		<u>(\$451,810,251)</u>	
Unappropriated Surplus Balance @ December 31, 2022	\$		337,943
Plus: FY 2023 Revenue Estimate (<i>as revised</i>)	\$	4,636,024,000	
Less: FY 2023 Appropriations (FY 2023 Budget Bill) (SB 250) (2022 Regular Session)		(4,635,701,389)	
Plus: FY 2023 Recommended Supplemental Appropriation (Education) (School Aid Formula) (2023 Regular Session)		4,559,900	
Less: FY 2023 Recommended Supplemental Appropriation Various Supplemental Appropriations (2023 Regular Session)		<u>(4,681,766)</u>	
Total Estimated Unappropriated Balance @ June 30, 2023	\$		200,745
Plus: FY 2024 Revenue Estimate		4,884,000,000	
FY 2024 Appropriations (FY 2024 Budget Bill) (2023 Regular Session)		<u>(4,883,768,346)</u>	
Total Estimated Unappropriated Balance @ June 30, 2024	\$		231,654
	\$		770,342

Note: The Governor recommends that up to \$1.5B be appropriated from any General Revenue Surplus remaining at the end of FY 2023.

General Revenue Fund

Statement of Revenues by Source

FY 2020 Through FY 2028

(Expressed in Thousands)

Sources of Revenue	FY 2020 Actual Collections	FY 2021 Actual Collections	FY 2022 Actual Collections	FY 2023 Estimate	FY 2024 Estimate	FY 2025 Estimate	FY 2026 Estimate	FY 2027 Estimate	FY 2028 Estimate
Business and Occupation Tax	137,346	133,128	110,502	100,000	110,000	117,800	116,000	115,000	115,000
Consumers Sales and Use Tax	1,386,571	1,537,245	1,655,483	1,510,488	1,702,300	1,739,000	1,769,000	1,802,600	1,837,800
Personal Income Tax *	1,947,946	2,253,788	2,502,828	2,190,000	2,209,500	2,838,500	2,956,600	3,075,200	3,186,900
Liquor Profit Transfers	25,727	25,587	29,474	26,500	26,500	30,800	31,000	31,000	31,000
Beer Tax and Licenses	7,336	7,877	7,571	7,500	7,200	7,200	7,200	7,200	7,200
Tobacco Products Tax (Cigarette & Other)	168,750	171,187	165,066	162,200	158,000	156,900	154,600	152,300	150,000
Business Franchise Fees	697	797	1,076	800	750	750	750	750	750
Charter Tax	10	12	2	-	-	-	-	-	-
Property Transfer Tax	12,187	15,943	17,856	12,000	10,000	11,700	10,200	8,400	6,600
Property Tax	7,392	8,121	7,908	8,300	8,000	8,800	9,100	9,400	9,600
Insurance Tax	129,358	118,061	135,847	92,600	122,000	128,300	132,700	137,300	141,200
Departmental Collections	23,484	23,880	26,344	24,900	25,114	26,000	26,400	26,900	26,900
Corporate Net Income Tax	151,988	320,487	366,316	150,000	152,000	334,300	339,000	345,700	359,500
Miscellaneous Transfers	59,106	1,710	16,740	2,000	2,000	2,000	2,000	2,000	2,000
Interest Income	39,208	9,661	-1,706	5,970	10,000	82,000	63,000	55,000	55,000
Severance Tax	267,049	274,256	768,794	250,000	250,000	609,100	634,800	716,200	751,000
Miscellaneous Receipts	23,405	8,568	2,467	3,000	2,000	2,700	2,700	2,700	2,700
HB102 - Lottery Transfers	52,323	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
Video Lottery Transfers	377	317	554	-	-	-	-	-	-
Liquor License Renewal	44,688	1,951	766	766	736	736	100	-	-
Senior Citizen Tax Credit Reimbursement	9,909	10,000	9,009	10,000	10,000	10,000	10,000	10,000	10,000
Soft Drink Excise Tax	-	-	-	14,000	12,900	1,000	-	-	-
Special Revenue Transfer	-	-	-	-	-	-	-	-	-
Total	4,494,857	4,987,577	5,887,899	4,636,024	4,884,000	6,172,586	6,330,150	6,562,650	6,758,150

* Projected revenues do not reflect any potential tax changes.

General Revenue Fund: Overview by Functional Category

FY 2022 through FY 2024

(Nearest Dollar)

DEPARTMENT/Agency	Fund #	Actual Expenditures FY 2022	Total Appropriations FY 2023*	Plus: Reappropriated FY 2023	Total Available FY 2023	Total Request FY 2024**	Governor's Recommendation FY 2024	Percentage of Total
LEGISLATURE								
Senate	0165	5,040,969	5,952,206	9,263,875	15,216,081	5,952,206	5,952,206	0.12%
House of Delegates	0170	7,807,045	9,904,031	12,439,135	22,343,166	9,904,031	9,904,031	0.20%
Joint Expenses/Claims Against State	0175	13,420,965	10,258,381	5,496,679	15,755,060	11,000,457	11,000,457	0.23%
	Subtotal	26,268,979	26,114,618	27,199,688	53,314,306	26,856,694	26,856,694	0.55%
JUDICIAL								
Supreme Court	0180	120,309,646	149,928,338	35,260,866	185,189,204	155,221,601	155,221,601	3.18%
	Subtotal	120,309,646	149,928,338	35,260,866	185,189,204	155,221,601	155,221,601	3.18%
EXECUTIVE								
Office of the Governor	0101	5,103,266	6,403,753	2,695,376	9,099,129	6,403,753	6,505,719	0.13%
Custodial Fund	0102	362,094	584,579	471,303	1,055,882	584,579	600,893	0.01%
Civil Contingent Fund	0105	2,042,871	108,500,000	139,308,119	247,808,119	3,500,000	8,500,000	0.17%
State Auditor's Office	0116	2,390,626	2,487,115	114,089	2,601,204	2,487,115	2,589,211	0.05%
State Treasurer's Office	0126	2,870,550	3,514,380	704,266	4,218,646	3,514,380	3,589,165	0.07%
Department of Agriculture	0131	10,793,119	12,906,141	1,294,107	14,200,248	88,706,141	13,374,324	0.27%
WV Conservation Agency	0132	8,790,480	11,228,779	4,072,957	15,301,736	12,828,779	11,440,866	0.23%
Meat Inspection	0135	755,118	1,084,955	-	1,084,955	1,084,955	1,129,233	0.02%
Agricultural Awards	0136	47,350	54,250	-	54,250	54,250	54,250	0.00%
Attorney General's Office	0150	3,354,735	5,203,194	4,372,178	9,575,372	5,203,194	5,555,911	0.11%
Secretary of State	0155	878,978	943,230	331,570	1,274,800	943,230	943,230	0.02%
State Elections Commission	0160	2,207	7,508	-	7,508	7,508	7,508	0.00%
WV Agriculture Land Protection Authority-0607	0607	99,733	103,523	-	103,523	103,523	106,786	0.00%
	Subtotal	37,491,127	153,021,407	153,363,964	306,385,371	125,421,407	54,397,096	1.11%
TOURISM								
Department of Tourism	0246	3,395,820	14,000,000	21,576,974	35,576,974	14,000,000	7,000,000	0.14%
	Subtotal	3,395,820	14,000,000	21,576,974	35,576,974	14,000,000	7,000,000	0.14%
ECONOMIC DEVELOPMENT								
Office of the Secretary	0256	348,649,191	612,647,273	2,567,276	615,214,549	12,647,273	12,288,556	0.25%
Office of Energy	0612	881,007	-	-	-	0	0	0%
	Subtotal	349,530,199	612,647,273	2,567,276	615,214,549	12,647,273	12,288,556	0.25%

General Revenue Fund Overview by Functional Category (Continued)

DEPARTMENT/Agency	Fund #	Actual Expenditures FY 2022	Total Appropriations FY 2023*	Plus: Reappropriated FY 2023	Total Available FY 2023	Total Request FY 2024**	Governor's Recommendation FY 2024	Percentage of Total
EDUCATION								
School Lunch Program	0303	1,743,860	2,479,009	-	2,479,009	2,479,009	2,488,798	0.05%
State Dept of Education Fund-0313	0313	82,673,738	127,481,369	17,809,082	145,290,451	224,400,106	142,818,900	2.92%
Aid for Exceptional Children	0314	30,139,017	33,229,590	2,316,557	35,546,147	38,609,058	34,050,530	0.70%
State Aid to Schools	0317	1,752,579,362	1,791,791,997	-	1,791,791,997	1,822,530,265	1,937,289,016	39.67%
WV Schools for the Deaf & Blind Seaton Hall Renov	0320	9,858,134	15,021,801	4,952,028	19,973,829	15,021,801	15,382,221	0.31%
State Board of Education-Vocational Division	0390	32,086,594	40,939,685	1,394,880	42,334,565	41,077,795	41,024,847	0.84%
Subtotal		1,909,080,704	2,010,943,451	26,472,547	2,037,415,998	2,144,118,034	2,173,054,312	44.50%
ARTS, CULTURE, AND HISTORY								
Culture and History	0293	4,732,221	5,545,479	2,430,692	7,976,171	5,496,145	5,119,129	0.10%
Library Commission	0296	1,224,544	1,557,068	-	1,557,068	1,557,068	1,599,485	0.03%
Educational Broadcasting Authority	0300	3,614,434	4,055,133	12,186	4,067,319	4,575,133	4,195,437	0.09%
Subtotal		9,571,199	11,157,680	2,442,878	13,600,558	11,628,346	10,914,051	0.22%
DEPARTMENT OF HOMELAND SECURITY								
Office of the Secretary - Homeland Security	0430	1,974,388	4,066,079	5,468,942	9,535,021	4,152,499	4,210,965	0.09%
Fire Commission	0436	59,465	63,061	-	63,061	63,061	63,061	0.00%
Board of Probation & Parole Fund-0440	0440	560,894	1,395,744	-	1,395,744	1,395,744	1,428,373	0.03%
Emergency Management	0443	4,759,353	6,254,637	2,460,167	8,714,804	9,054,637	6,390,047	0.13%
Corrections Central Office	0446	47,161	378,977	-	378,977	378,977	382,240	0.01%
Correctional Units	0450	153,551,035	293,098,219	71,684,835	364,783,054	319,648,219	293,968,729	6.02%
WV State Police	0453	70,731,806	112,082,357	8,903,381	120,985,738	125,134,200	127,111,573	2.60%
Justice and Community Services	0546	12,752,729	22,557,924	4,170,055	26,727,979	20,442,383	10,400,433	0.21%
Juvenile Services	0570	24,633,203	45,406,587	5,805,011	51,211,598	63,656,587	47,051,077	0.96%
Protective Services Division	0585	2,933,864	3,737,034	2,188,242	5,925,276	7,060,034	3,890,389	0.08%
Division of Administrative Services-0619	0619	4,422,974	5,760,206	-	5,760,206	5,877,786	6,086,610	0.12%
Subtotal		276,426,872	494,800,825	100,680,633	595,481,458	556,864,127	500,983,497	10.26%
BUREAU OF SENIOR SERVICES								
Bureau Of Senior Services	0420	29,950,955	19,612,957	-	19,612,957	19,612,957	10,839,825	0.22%
Subtotal		29,950,955	19,612,957	-	19,612,957	19,612,957	10,839,825	0.22%

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

DEPARTMENT/Agency	Fund #	Actual Expenditures FY 2022	Total Appropriations FY 2023*	Plus: Reappropriated FY 2023	Total Available FY 2023	Total Request FY 2024**	Governor's Recommendation FY 2024	Percentage of Total
HIGHER EDUCATION								
WV School of Osteopathic Medicine	0336	8,626,618	5,972,974	183,077	6,156,051	5,972,974	6,167,822	0.13%
WVU-School of Medicine	0343	20,652,360	21,488,856	-	21,488,856	21,488,856	22,063,413	0.45%
West Virginia University	0344	92,742,558	113,398,048	-	113,398,048	113,398,048	116,475,682	2.38%
Marshall University-School of Medicine	0347	12,542,694	8,691,589	1,001,296	9,692,885	8,691,589	9,268,471	0.19%
Marshall University	0348	37,399,845	51,547,701	1,019,708	52,567,409	51,547,701	54,018,453	1.11%
Bluefield State University	0354	6,287,473	6,648,770	-	6,648,770	6,648,770	6,896,271	0.14%
Concord University	0357	10,319,269	10,836,709	-	10,836,709	10,836,709	11,235,643	0.23%
Fairmont State University	0360	18,600,341	19,273,190	-	19,273,190	19,273,190	20,095,933	0.41%
Glenville State University	0363	6,350,238	6,768,535	-	6,768,535	6,768,535	7,131,116	0.15%
Shepherd University	0366	12,167,251	13,026,830	-	13,026,830	13,026,830	13,442,915	0.28%
West Liberty University	0370	8,953,881	9,552,600	-	9,552,600	9,552,600	10,044,953	0.21%
West Virginia State University	0373	14,122,566	16,130,290	-	16,130,290	16,130,290	16,513,270	0.34%
WV Net General Administration Fund-0551	0551	1,747,826	1,817,992	-	1,817,992	1,817,992	1,884,202	0.04%
HEPC Administration-0589	0589	73,946,311	74,249,283	2,701,892	76,951,175	127,017,978	74,325,993	1.52%
Subtotal		324,459,231	359,403,367	4,905,973	364,309,340	412,172,062	369,564,137	7.57%
C&T COLLEGES								
WVU at Parkersburg	0351	10,164,495	10,799,686	-	10,799,686	10,799,686	11,270,884	0.23%
Southern WV C&T College	0380	8,118,196	8,557,086	-	8,557,086	8,557,086	8,906,898	0.18%
WV Northern C&T College	0383	7,176,538	7,580,697	-	7,580,697	7,580,697	7,864,519	0.16%
Eastern WV C&T College	0587	2,147,213	2,264,340	-	2,264,340	2,264,340	2,366,588	0.05%
WV Council For Comm & Tech Coll Counc-Control A	0596	12,816,723	15,804,928	8,700,665	24,505,593	15,804,928	15,821,228	0.32%
Pierpont C&T College	0597	7,820,129	8,119,152	-	8,119,152	8,119,152	8,420,252	0.17%
Mountwest C&T College	0599	6,391,967	6,716,176	-	6,716,176	6,716,176	6,940,235	0.14%
New River C&T College	0600	5,776,913	6,088,539	-	6,088,539	6,088,539	6,343,922	0.13%
Blue Ridge C&T College	0601	7,713,379	8,139,835	-	8,139,835	8,139,835	8,470,541	0.17%
BridgeValley C&T College	0618	7,977,329	8,364,587	-	8,364,587	8,364,587	8,681,302	0.18%
Subtotal		76,102,882	82,435,026	8,700,665	91,135,691	82,435,026	85,086,369	1.74%

General Revenue Fund Overview by Functional Category (Continued)

DEPARTMENT/Agency	Fund #	Actual Expenditures FY 2022	Total Appropriations FY 2023*	Plus: Reappropriated FY 2023	Total Available FY 2023	Total Request FY 2024**	Governor's Recommendation FY 2024	Percentage of Total
Department of Health & Human Resources								
Office of the Secretary - DHHR	0400	428,416	673,296	-	673,296	673,296	681,780	0.01%
Human Services	0403	871,986,137	871,905,511	1,291,416	873,196,927	875,642,506	846,387,409	17.33%
Division of Health-Central Office	0407	64,367,928	77,425,716	26,235,198	103,660,914	79,056,365	80,005,964	1.64%
Human Rights Commission	0416	1,175,693	1,462,003	-	1,462,003	1,462,003	1,510,946	0.03%
Consolidated Medical Services Fund	0525	168,286,571	226,972,222	57,086,036	284,058,258	240,254,018	231,023,893	4.73%
WV Drinking Water Treatment	0561	647,500	647,500	-	647,500	647,500	647,500	0.01%
Subtotal		1,106,892,245	1,179,086,248	84,612,650	1,263,698,898	1,197,735,688	1,160,257,492	23.76%
Department of Administration								
Office Of The Secretary General Administration Fun	0186	15,399,744	15,603,867	25,606	15,629,473	15,603,867	15,618,550	0.32%
Public Employees Insurance Agency	0200	21,000,000	21,000,000	-	21,000,000	40,000,000	80,000,000	1.64%
Division Of Finance	0203	639,435	773,423	42,896	816,319	773,423	795,448	0.02%
WV Office of Technology-0204	0204	2,000,000	-	-	-	-	-	0%
Division Of Personnel	0206	500,000	1,500,000	-	1,500,000	-	-	0%
Purchasing Division	0210	932,417	1,081,298	-	1,081,298	1,081,298	1,120,779	0.02%
Commission On Uniform State Laws	0214	38,141	45,550	-	45,550	45,550	45,550	0.00%
Public Employees Grievance Board	0220	1,022,747	1,154,968	-	1,154,968	1,154,968	1,187,597	0.02%
Ethics Commission	0223	610,210	737,544	-	737,544	737,544	756,142	0.02%
Public Defender Services	0226	46,592,552	37,181,108	9,036,934	46,218,042	59,155,108	37,261,048	0.76%
General Services Division	0230	6,281,140	31,906,883	30,068,171	61,975,054	41,906,883	28,056,975	0.57%
Comm For Purch Of Commod/Serv From Handicapp	0233	275	4,055	-	4,055	4,055	4,055	0.00%
WV Prosecutors Institute Association Gen Adm Func	0557	219,809	252,704	33,159	285,863	252,704	259,230	0.01%
Real Estate Division	0610	763,652	854,255	-	854,255	854,255	882,642	0.02%
Travel Management	0615	987,543	1,282,021	400	1,282,421	1,282,021	1,304,861	0.03%
Subtotal		96,987,664	113,377,676	39,207,167	152,584,843	162,851,676	167,292,877	3.43%
Department of Transportation								
Multimodal - State Rail Authority	0506	1,454,622	2,129,971	454,802	2,584,773	3,229,971	2,139,760	0.04%
Division of Public Transit General Operating Fund-05	0510	-	2,292,989	4,575,708	6,868,697	3,292,989	2,292,989	0.05%
Multimodal - Public Port Authority	0581	30,000	-	-	-	0	0	0%
Multimodal - Aeronautics Commission	0582	358,078	826,168	1,131,683	1,957,851	1,026,168	832,694	0.02%
Division of Highways General Fund-0620	0620	-	150,000,000	-	150,000,000	-	-	0%
Subtotal		1,842,700	155,249,128	6,162,193	161,411,321	7,549,128	5,265,443	0.11%

General Revenue Fund Overview by Functional Category (Continued)

DEPARTMENT/Agency	Fund #	Actual Expenditures FY 2022	Total Appropriations FY 2023*	Plus: Reappropriated FY 2023	Total Available FY 2023	Total Request FY 2024**	Governor's Recommendation FY 2024	Percentage of Total
Miscellaneous Boards & Commissions								
Adjutant General - State Militia	0433	14,593,132	19,496,742	5,374,698	24,871,440	20,076,742	18,327,005	0.38%
HEPC Administration-0589	0589	-	-	-	-	552,220	-	0%
Adjutant General - Military Fund	0605	51,147	157,775	-	157,775	157,775	157,775	0.00%
Subtotal		14,644,280	19,654,517	5,374,698	25,029,215	20,786,737	18,484,780	0.38%
Department of Environmental Protection								
Environmental Quality Board	0270	110,179	119,534	-	119,534	119,534	126,060	0.00%
Environmental Protection	0273	6,288,254	56,586,199	-	56,586,199	6,586,199	6,782,398	0.14%
Air Quality Board	0550	73,920	76,053	-	76,053	76,053	76,053	0.00%
Subtotal		6,472,352	56,781,786	-	56,781,786	6,781,786	6,984,511	0.14%
Department of Commerce								
Forestry	0250	5,328,880	5,668,145	-	5,668,145	7,472,345	5,893,969	0.12%
Geological & Economic Survey	0253	2,128,304	2,980,156	1,419,861	4,400,017	2,980,156	3,074,779	0.06%
Division of Labor	0260	1,731,298	1,885,116	-	1,885,116	1,885,116	1,956,899	0.04%
DNR General Administration Fund-0265	0265	22,380,459	25,395,470	45,078,963	70,474,433	29,901,870	30,378,059	0.62%
Miners' Health, Safety, & Training	0277	8,994,436	11,744,301	-	11,744,301	11,744,301	12,064,063	0.25%
Boards of Coal Mine Health & Safety	0280	219,722	361,650	-	361,650	361,650	368,176	0.01%
Division of Rehabilitation Services	0310	14,653,453	15,340,300	-	15,340,300	15,340,300	15,823,206	0.32%
Workforce WV Fund-0572	0572	36,078	58,473	-	58,473	58,473	58,473	0.00%
Office of the Secretary	0606	2,338,832	2,882,479	-	2,882,479	2,882,479	1,934,685	0.04%
Subtotal		57,811,465	66,316,090	46,498,824	112,814,914	72,626,690	71,552,309	1.47%
Department of Revenue								
Office of The Secretary General Administration Fnd-0	0465	524,969	623,827	187,221	811,048	623,827	636,879	0.01%
Tax Division	0470	25,577,425	30,029,628	14,151,134	44,180,762	30,029,628	30,903,263	0.63%
Athletic Commission	0523	36,501	36,811	-	36,811	36,811	36,811	0.00%
Office of Tax Appeals-0593	0593	499,241	1,173,406	99,953	1,273,359	1,173,406	1,189,720	0.02%
State Budget Office	0595	614,738	947,796	705,414	1,653,210	947,796	985,764	0.02%
Subtotal		27,252,873	32,811,468	15,143,723	47,955,191	32,811,468	33,752,437	0.69%

General Revenue Fund Overview by Functional Category (Continued)

DEPARTMENT/Agency	Fund #	Actual Expenditures FY 2022	Total Appropriations FY 2023*	Plus: Reappropriated FY 2023	Total Available FY 2023	Total Request FY 2024**	Governor's Recommendation FY 2024	Percentage of Total
Department of Veteran's Assistance								
Veterans' Affairs	0456	9,191,658	20,033,949	17,146,666	37,180,615	11,997,170	12,261,037	0.25%
Veteran's Home	0460	1,362,494	1,696,372	90,414	1,786,786	1,776,372	1,711,322	0.04%
	Subtotal	10,554,152	21,730,321	17,237,080	38,967,401	13,773,542	13,972,359	0.29%
TOTAL GENERAL REVENUE		\$4,485,045,344	\$5,579,072,176	\$597,407,798	\$6,176,479,974	\$5,075,894,242	\$4,883,768,346	100.00%

* Total Appropriations FY 2023 include surplus and supplemental appropriations from 2022 4th Special Session.

** Total Request FY 2024 is Current-Level Request plus General Revenue Improvement Requests submitted by state agencies through the normal appropriation request process.

Lottery Fund

Revenues, Expenditures, and Changes in Cash Balance

(Nearest Dollar)

	Balance @ July 1, 2021	\$	72,970,614
Less:	Reserve for Cash Flow / Contingencies		(40,000,000)
Plus:	FY 2022 Actual Revenue		168,205,192
Less:	Veterans Fund - Actual Transfers		(676,700)
Less:	FY 2022 Appropriations (FY 2022 Budget Bill) (HB 2022)		(125,433,000)
Less:	FY 2022 Surplus Appropriation (FY 2022 Budget Bill) <i>FY 2021 Surplus</i>		(16,750,000)
Less:	FY 2022 Surplus Appropriation (FY 2022 1st Regular Session SB 525)		(125,000)
Plus:	Cash not needed for FY 2022 Appropriations (Debt Service Actual)		10,350
	Unappropriated Balance @ July 1, 2022	\$	58,201,456
Plus:	FY 2023 Revenue Estimate	\$	134,545,880
Less:	Veterans' Fund		(400,000)
	Revenue Available for FY 2023 Appropriations		192,347,336
Less:	FY 2023 Appropriations (FY 2023 Budget Bill) (SB 250)		(134,145,880)
Less:	FY 2023 Surplus Appropriation (FY 2023 Budget Bill) (SB 250) <i>FY 2022 Surplus</i>		(19,850,000)
Plus:	Cash not needed for FY 2023 Appropriations (Debt Service Actual)		13,850
Less:	Recommended FY 2023 Supplemental Appropriation		
	Expiration to General Revenue Surplus (2023 Regular Session)		(21,550,000)
	Estimated Unappropriated Balance @ June 30, 2023	\$	16,815,306
Plus:	FY 2024 Revenue Estimate	\$	144,544,756
Less:	Veterans Fund		(400,000)
	Revenue Available for FY 2024 Appropriations		\$160,960,062
Less:	Recommended FY 2024 Appropriations (FY 2024 Budget Bill)		(144,144,756)
Less:	Recommended FY 2024 Surplus Appropriations (FY 2024 Budget Bill) <i>FY 2023 Surplus</i>		(16,750,000)
	Estimated Unappropriated Balance @ June 30, 2024	\$	65,306

Lottery Fund: Overview by Functional Category

FY 2022 through FY 2024

(Nearest Dollar)

DEPARTMENT/Agency	Fund #	Actual Expenditures FY 2022	Total Appropriations FY 2023*	Plus: Reappropriated FY 2023	Total Available FY 2023	Total Request FY 2024**	Governor's Recommendation FY 2024	Percentage of Total
TOURISM								
WV Development Office Lottery	3067	3,675,955	6,844,371	8,172,162	15,016,533	6,844,371	6,978,149	0.14%
	Subtotal	3,675,955	6,844,371	8,172,162	15,016,533	6,844,371	6,978,149	4.84%
EDUCATION								
State Department of Education	3951	7,405,375	14,371,893	19,985,021	34,356,914	14,371,893	14,388,208	0.29%
School Building Authority	3963	18,000,000	18,000,000	-	18,000,000	18,000,000	18,000,000	0.37%
	Subtotal	25,405,375	32,371,893	19,985,021	52,356,914	32,371,893	32,388,208	22.47%
ARTS, CULTURE, AND HISTORY								
Culture & History	3534	3,376,840	7,373,727	1,997,429	6,271,156	4,273,727	4,285,311	0.09%
Library Commission	3559	10,960,890	11,513,700	-	11,513,700	11,513,700	11,513,700	0.24%
Educational Broadcasting Authority	3587	-	-	4,197,988	4,197,988	-	-	0%
	Subtotal	14,337,730	18,887,427	6,195,417	25,082,844	15,787,427	15,799,011	10.96%
BUREAU OF SENIOR SERVICES								
Bureau of Senior Services	5405	60,053,843	69,950,238	6,513	53,206,751	53,200,238	62,729,897	1.28%
	Subtotal	60,053,843	69,950,238	6,513	69,956,751	53,200,238	62,729,897	43.52%
HIGHER EDUCATION								
West Virginia University	4185	2,688,471	3,718,367	1,204,218	4,922,585	3,718,367	3,794,964	0.08%
Marshall-School of Medicine	4896	319,484	609,019	288,124	897,143	609,019	623,618	0.01%
CTC - Capital Improvement Fund	4908	4,994,500	5,000,000	2,530,449	7,530,449	5,000,000	5,000,000	0.10%
Lottery Education - HEPC	4925	2,513,947	3,023,161	1,249,244	4,272,405	3,023,161	3,027,923	0.06%
	Subtotal	10,516,402	12,350,547	5,272,034	17,622,581	12,350,547	12,446,505	8.63%
Department of Administration								
Education, Arts, Sciences, & Tourism								
Debt Service Fund	2252	9,997,675	10,000,000	-	10,000,000	10,000,000	10,000,000	0.20%
	Subtotal	9,997,675	10,000,000	-	10,000,000	10,000,000	10,000,000	6.94%

Lottery Fund Overview by Functional Category (Continued)

DEPARTMENT/Agency	Fund #	Actual Expenditures FY 2022	Total Appropriations FY 2023*	Plus: Reappropriated FY 2023	Total Available FY 2023	Total Request FY 2024**	Governor's Recommendation FY 2024	Percentage of Total
Department of Commerce								
Division Of Natural Resources	3267	2,919,927	3,591,404	2,550,719	6,142,123	3,656,157	3,802,986	0.08%
	Subtotal	2,919,927	3,591,404	2,550,719	6,142,123	3,656,157	3,802,986	2.64%
TOTAL LOTTERY REVENUE		\$126,906,908	\$153,995,880	\$42,181,866	\$196,177,746	\$134,210,633	\$144,144,756	100.00%

* Total Appropriations FY 2023 include surplus appropriations of \$19,850,000.

** Total Request FY 2024 is Current-Level Request plus Improvement Requests.

Excess Lottery Fund

Revenues, Expenditures, and Changes in Cash Balance

(Nearest Dollar)

	Balance @ July 1, 2022	93,923,017.00
Less:	Reserve for Cash Flow / Contingencies	(6,600,000)
Less:	Catastrophic Event Contingency	(30,000,000)
Plus:	FY 2022 Actual Revenue	377,543,085
Less:	FY 2022 Appropriations (FY 2022 Budget Bill)	(290,257,000)
Less:	FY 2022 Surplus Appropriation (FY 2022 Budget Bill)	(17,800,000)
Less:	FY 2022 Surplus Appropriation (FY 2022 Regular Session SB 517)	(22,500,000)
Plus:	Cash not needed for FY 2022 Appropriations (Debt Service Actual)	31,496
Plus:	Cash not needed for FY 2022 Appropriations (Reimursable Credit)	<u>991,354</u>
	Unappropriated Balance @ June 30, 2022	105,331,952
Plus:	FY 2023 Revenue Estimate	<u>300,651,123</u>
	Available for FY 2023 Appropriations	405,983,075
Less:	FY 2023 Appropriations (FY 2023 Budget Bill) (SB 250)	(300,652,000)
Less:	FY 2023 Surplus Appropriation (FY 2023 Budget Bill) (SB 250) FY 2022 Surplus	(17,000,000)
Less:	Recommended FY 2023 Supplemental Appropriation	
	Expiration to General Revenue Surplus (2023 Regular Session)	(30,500,000)
Less:	Recommended FY 2023 Supplemental Appropriation (SBA) (Construction) (2023 Regular Session)	(40,000,000)
Plus:	Cash not needed for FY 2023 Appropriations (Debt Service Actual)	<u>57,541</u>
	Estimated Unappropriated Balance @ June 30, 2023	\$17,888,616
Plus:	FY 2024 Revenue Estimate	334,670,790
Less:	Recommended FY 2024 Appropriations (2024 Budget Bill)	(334,670,790)
Less:	FY 2023 Surplus Appropriation (FY 2024 Budget Bill)	<u>(17,800,000)</u>
	Estimated Unappropriated Balance @ June 30, 2024	<u><u>\$88,616</u></u>

Excess Lottery Fund: Overview by Functional Category

FY 2022 through FY 2024

(Nearest Dollar)

DEPARTMENT/Agency	Fund #	Actual Expenditures FY 2022	Total Appropriations FY 2023*	Plus: Reappropriated FY 2023	Total Available FY 2023	Total Request FY 2024**	Governor's Recommendation FY 2024	Percentage of Total
APPROPRIATIONS ABOVE EXCESS LOTTERY STATUTORY REQUIREMENTS								
Office of the Governor	1046	-	-	65,575	65,575	-	-	0%
Office of Technology	2532	-	-	7,799,458	7,799,458	-	-	0%
Higher Education-Advanced Technology Centers	4932	-	-	111,323	111,323	-	-	0%
Human Services-Medical Services	5365	33,302,960	42,897,960	-	42,897,960	26,697,960	60,716,750	1.24%
Division of Corrections-Capital	6283	-	-	210,968	210,968	-	-	0%
Subtotal		33,302,960	42,897,960	8,187,324	51,085,284	26,697,960	60,716,750	18.14%
Cacapon and Beech Fork State Parks Lottery Revenue Debt Svc								
Cacapon and Beech Fork State Parks Lottery Revenue Debt Svc	9067	2,029,500	2,032,000	-	2,032,000	2,032,000	2,032,000	0.04%
Subtotal		2,029,500	2,032,000	-	2,032,000	2,032,000	2,032,000	0.61%
Lottery Comm Distributions To Statutory Funds and Purposes								
Lottery Comm Distributions To Statutory Funds and Purposes	7213	61,022,040	61,022,040	-	61,022,040	61,022,040	61,022,040	1.25%
Subtotal		61,022,040	61,022,040	-	61,022,040	61,022,040	61,022,040	18.23%
STATUTORY APPROPRIATIONS								
Division of Natural Resources	3277	103,718	1,505,000	9,165,133	10,670,133	1,505,000	1,505,000	0.03%
Infrastructure Council	3390	46,000,000	46,000,000	-	46,000,000	46,000,000	46,000,000	0.94%
School Building Authority	3514	18,986,946	19,000,000	-	19,000,000	19,000,000	19,000,000	0.39%
Higher Education Improvement Fund	4297	15,000,000	15,000,000	-	15,000,000	15,000,000	15,000,000	0.31%
Economic Development Authority	9065	18,986,058	19,000,000	-	19,000,000	19,000,000	19,000,000	0.39%
State Parks Debt Service Fund	9068	4,393,000	4,395,000	-	4,395,000	4,395,000	4,395,000	0.09%
Subtotal		103,469,722	104,900,000	9,165,133	114,065,133	104,900,000	104,900,000	31.34%
TRANSFERS								
PROMISE Scholarship	4295	29,000,000	29,000,000	-	29,000,000	29,000,000	29,000,000	0.59%
General Revenue	7206	65,000,000	65,000,000	-	65,000,000	65,000,000	65,000,000	1.33%
Refundable Credit	7207	9,008,646	10,000,000	-	10,000,000	10,000,000	10,000,000	0.20%
Racing Commission-Special Breeders Compensation	7308	910,000	2,800,000	-	2,800,000	2,000,000	2,000,000	0.04%
Subtotal		103,918,646	106,800,000	-	106,800,000	106,000,000	106,000,000	31.67%
WV Development Office Lottery Fund								
WV Development Office Lottery Fund	3170	-	-	887,548	887,548	-	-	0%
Subtotal				887,548	887,548			-
TOTAL EXCESS LOTTERY		\$303,742,868	\$317,652,000	\$18,240,005	\$335,892,005	\$300,652,000	\$334,670,790	100.00%

* Total Appropriations FY 2023 include surplus appropriations of \$17,000,000.

** Total Request FY 2024 is Current-Level Request plus Improvement Requests.

State Road Fund

Revenues, Expenditures, and Changes in Cash Balance

(Nearest Dollar)

	Cash and Investment Balance - July 1, 2022	\$ 128,465,074
Plus:	Original Revenue Estimate - FY 2023	<u>1,445,700,000</u>
	Total Estimated Receipts and Balance:	\$ 1,574,165,074
Less:	FY 2023 Appropriations (FY 2023 Budget Bill - Regular Session):	
	Division of Highways	\$ (1,428,674,537)
	Division of Motor Vehicles	(63,147,244)
	Claims Against the State Road Fund	(433,232)
Plus:	FY 2023 Revision to Revenue Estimate (SB 4002) (2022 4th Extraordinary Session)	150,000,000
Less:	Division of Highways (SB 4003) (2022 4th Extraordinary Session)	(150,000,000)
Plus:	FY 2023 Revision to Revenue Estimate (Additional Federal Funding from Infrastructure Investment and Jobs Act)	97,000,000
Less:	Recommended Supplemental Appropriations - 2023 Regular Session	<u>(80,000,000)</u>
	Estimated Unappropriated Balance @ June 30, 2023	\$ 98,910,061
Plus	Revenue Estimate - FY 2024	\$ 1,577,500,000
Less:	Recommended FY 2024 Appropriations (FY 2024 Budget Bill) - Highways	(1,608,314,738)
Less:	Recommended FY 2024 Appropriations (FY 2024 Budget Bill) - Motor Vehicles	(66,990,991)
Less:	Claims Against the State Road Fund (FY 2024 Budget Bill)	<u>(520,000)</u>
	Estimated Unappropriated Balance @ June 30, 2024	<u><u>\$ 584,332</u></u>

State Road Fund
Statement of Revenues by Source
FY 2020 Through FY 2028
(Expressed in Thousands)

Sources of Revenue	FY 2020 Actual Collections	FY 2021 Actual Collections	FY 2022 Actual Collections	FY 2023 Estimate	FY 2024 Estimate	FY 2025 Estimate	FY 2026 Estimate	FY 2027 Estimate	FY 2028 Estimate
Motor Carrier Fuel Tax	427,273	399,542	419,593	430,000	437,500	435,000	435,000	435,000	430,000
Registration Fees	122,724	136,484	136,234	174,000	155,000	155,000	162,500	162,500	162,500
Registration Fee: Highway Litter Control	1,483	1,879	1,593	1,700	1,700	1,700	1,800	1,800	1,800
Sales Tax	265,516	300,975	300,583	300,000	285,000	300,000	300,000	300,000	300,000
Less: Transfer to Industrial Access Road Fund	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)
Miscellaneous Income	33,861	223,090	15,731	200,000	60,000	60,000	30,000	30,000	30,000
Federal Reimbursement	405,496	374,422	474,424	587,000	641,300	641,300	590,000	590,000	540,000
Total	1,253,353	1,433,392	1,345,158	1,689,700	1,577,500	1,590,000	1,516,300	1,516,300	1,461,300

Cash and Investment Balances of All Funds

Fiscal Year Ending June 30, 2022

(Nearest Dollar)

	Fund No.	Cash Balance	Investments	Total Balance
General Revenue	01	\$ 2,118,752,446	\$ -	\$ 2,118,752,446
State Road Fund	02	36,316,299	110,660,729	\$146,977,028
Natural Resources Fund	03	4,365,612	139,079,735	\$143,445,347
Consolidated Investment Pool	09	(4,107,912,017)	4,782,648,210	\$674,736,193
Consolidated Federal Funds (Special Revenue)	12	81,159,505	694,320,709	\$775,480,213
Special Revenue Department	13	1,819,113,821	9,363,622,710	\$11,182,736,531
Special Revenue Higher Education	14	128,569,613	324,017,165	\$452,586,777
Health and Human Resources	16	396,007,316	11,791,707	\$407,799,023
Public Employees' Retirement	17	(5,238,848)	8,407,426,167	\$8,402,187,319
Teachers' Retirement Fund	18	13,285,501	9,427,379,824	\$9,440,665,325
WVU Medical School	20	324,729	2,164	\$326,893
Total		\$ 484,743,976	\$ 33,260,949,119	\$ 33,745,693,094

Detailed Investments - Special Revenue

Fiscal Year Ending June 30, 2022

(Nearest Dollar)

Attorney General	\$	786,981.08
Auditor's Office		9,031,782.89
Board of Risk and Insurance Management		207,511,051.98
Budget Office		114,172,393.44
Court of Claims		6,571,877.27
CPRB		1,861,932,170.49
Culture and History		766,538.45
Secretary of State		39,138.83
Department of Administration		1,672,627,573.46
Department of Education		1,935,494.70
Division of Financial Institutions		116,229.94
Secretary of Revenue		887,251,798.02
Department of Transportation		1,466,102,596.19
WV Economic Development Authority		85,860,518.90
Health and Human Services		14,125,598.58
Division of Labor		1,759,442.38
Division of Natural Resources		37,119,764.45
Department of Environmental Protection		563,396,252.68
Division of Forestry		1,745,856.55
Insurance Commission		1,249,971,007.95
Lottery Commission		250,410,761.14
Municipal Bond Commission		220,300,929.43
Municipal Pension Oversight Board		30,595,117.56
Public Employees Insurance Agency		177,731,590.30
Regional Jail Authority		35,793,804.42
State Police		728,025.10
State Rail Authority		6,751,901.07
Treasurer's Office		151,628,805.78
Water Development Authority		306,857,707.00
Total Detail Special Revenue		\$ 9,363,622,710.03

Summary of Primary Government Long-Term Debt Outstanding as of June 30, 2022

(Expressed in Thousands)

	Actual 6/30/20*	Actual 6/30/21*	Actual 6/30/22*	Estimated 6/30/23*	Estimated 6/30/24*
General Obligation Debt					
Safe Road Bonds	\$100,830	\$67,570	\$55,650	\$43,130	\$22,090
Roads to Prosperity	1,364,455	1,559,880	1,533,690	1,490,735	1,450,755
Infrastructure Bonds	131,721	115,723	98,887	79,389	59,580
SUBTOTAL	1,597,006	1,743,173	1,688,227	1,613,254	1,532,425
Revenue Bonds					
School Building Authority	-	-	-	-	-
School Building Authority (Lottery)	119,965	110,375	100,335	89,805	78,730
School Building Authority (Excess Lottery)	71,800	65,550	59,005	52,135	44,925
School Building Authority, QSCBs (Excess Lottery)	150,480	150,480	150,480	150,480	150,480
Tobacco Settlement Finance Authority	805,067	783,939	752,669	752,669	752,669
Highways, Commissioner of	265,720	246,745	226,815	205,895	183,930
2010 EAST Fund (Lottery)	133,780	129,595	125,200	120,585	115,740
Economic Development Authority (Excess Lottery)	176,850	161,165	144,670	127,290	108,885
WV Infrastructure and Jobs Development Council	151,545	145,560	131,012	124,447	117,597
SUBTOTAL	1,875,207	1,793,409	1,690,186	1,623,306	1,552,956
Other Financing Obligations & Notes Payable					
Governmental Funds	156,768	166,960	129,423	129,423	129,423
Internal Service**	53,255	51,435	49,570	47,650	47,650
Notes Payable**	21,472	21,111	21,244	10,956	10,956
SUBTOTAL	231,495	239,506	200,237	188,029	188,029
TOTAL	\$3,703,708	\$3,776,088	\$3,578,650	\$3,424,589	\$3,273,410

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

**FY 2022 balances are estimates.

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.V. Code §11B-2-20 was passed March 11, 1994, and amended in 2011 and March 2022.) Funds may be used for revenue shortfalls, emergency needs caused by acts of God or natural disasters, or for other fiscal needs.

Prior to FY 2023, West Virginia Code required 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 was 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 was invested by the West Virginia Board of Treasury Investments and any amounts over \$100 million were invested by the West Virginia Investment Management Board.

With the passage of SB 487 during the 2022 Regular Session, effective July 1, 2022, 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 both Rainy Day Fund-Part A and Rainy Day Fund-Part B is equal to 20% of the total appropriations from the General Revenue Fund for the fiscal year just ended.

Since the fund was created in 1994, \$981.2 million has been deposited into the fund, which includes transfers in, surplus appropriations, 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. FY 2015 was the first time 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 through FY 2023 budgets used no Rainy Day funding. The Governor recommends no transfer in his FY 2024 budget from the Rainy Day Fund.

By executive order, the Governor 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, 2022, the balance in the Rainy Day Fund - Part A was \$425.9 million, 7.63% of FY 2023 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.V. Code §11B-2-20 amended August 5, 2011 and March 2022). 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 returns 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

Major Reserve/Stabilization Accounts

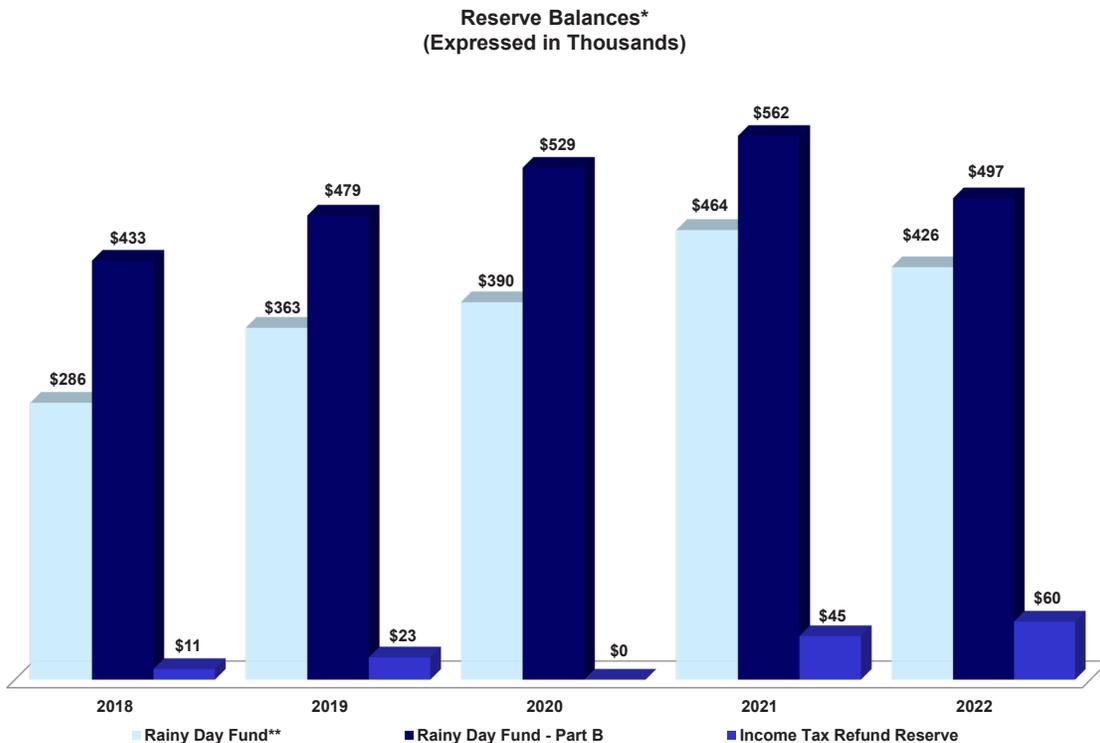
Agency; funding for expansion of the federal-state Medicaid program; funding for public health program services and agencies; funding for any state-owned or operated health facilities; or in instances of revenue shortfalls or fiscal emergencies of an extraordinary nature.

On December 31, 2022, the balance in the Rainy Day Fund—Part B was \$497.1 million, 8.91% of FY 2023 appropriations.

Income Tax Refund Reserve Fund

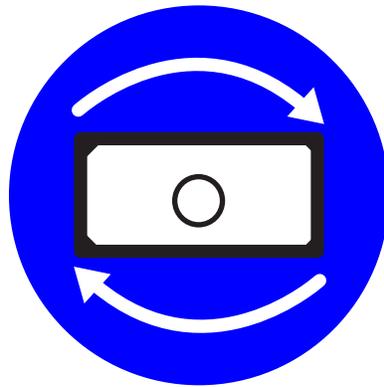
An Income Tax Refund Reserve Fund was established during FY 1990 (W.V. Code §11-21-93) to pay personal income tax refunds, interest, and penalties to taxpayers in a timely manner. It may also be used by the Legislature to make appropriations from the fund to address other items as the Legislature so 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 end of FY 2022 was \$60 million. As of December 31, 2022, the balance of the Income Tax Refund Reserve Fund remains at \$60 million.



*Balances as of December 31 each year

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 State has been focused on its highway infrastructure, school facilities, health care cost and access, insurance reform, and unfunded liabilities in retirement systems. These building blocks of West Virginia's economy continue to require attention.

Infrastructure Projects/Improvements

The Department of Transportation (DOT) uses revenue from the State Road Fund to operate the Division of Highways (DOH) and the Division of Motor Vehicles (DMV). The State Road Fund receives its revenue from dedicated tax sources. Overall, tax revenues increased during FY 2022 by \$19.2 million (2.28%). Motor Fuel Excise Tax collections increased by \$20.1 million (5.02%). Registration Fee collections decreased by \$250,000 (-0.18%). Privilege Tax collections decreased by \$392,000 (-0.13%) and Highway Litter Fee collections decreased by \$286,000 (-15.22%).

In addition to tax and fee collections, the State Road Fund secures revenue from the Federal Highway Administration (FHWA) in the form of expense reimbursement. The DOT collected \$474.4 million in FHWA reimbursements for FY 2022.

The automobile industry has been volatile over the last two years. A major upswing in vehicle sales and prices resulted in FY 2022 Privilege Tax collections of \$300.5 million, \$40.6 million (15.6%) over the initial estimate. Receipts are now trending downward due to supply chain issues, inflation, and higher interest rates. Many consumers are retreating from the automobile market until there is more inventory and prices stabilize. Current predictions show the market coming back in late 2023 (calendar year).

The FY 2024 estimate for sales (privilege tax) is \$285 million. This estimate considers the correction of the supply chain in 2023. However, there are many uncontrollable factors that could affect the industry and consumer behavior.

The five-year actual collection average for motor fuel tax is \$434.5 million. This has fluctuated from \$443 million collected in FY 2019 to \$399 million collected in FY 2021. The pandemic had a negative effect on fuel consumption and driver behavior. Receipts were beginning to stabilize and begin what is referred to as a "V-Shaped" recovery, but the recent spike in fuel prices has weakened the expected rebound. The FY 2024 estimate is set at \$437.5 million.

The five-year average for federal reimbursement is \$402 million. The five-year recovery rate is 77.97%, but the rate over the last three years has been closer to 85% due to more efficient internal processes. This means DOT has been reimbursed 85% percent of its federal expenses since FY 2020. This rate includes the standard reimbursement percentage plus any collections from prior year expenses. For FY 2024, there is additional federal funding available via the Infrastructure Investment and Jobs Act (IIJA). The IIJA provides funding for a broad list of projects including new infrastructure, bridge repair, bridge replacement, and bridge rehabilitation. The DOH projects potential expenses of \$700 million in FY 2024 with a 91.6% reimbursement rate. This results in a federal reimbursement estimate of \$641.3 million.

In addition to dedicated revenue collections, the DOH has issued \$1.6 billion in General Obligation (GO) Bonds since FY 2018. The final sale of the GO Bonds occurred in FY 2021. These resources have allowed the Division to address large construction projects that have improved transportation infrastructure statewide. The projects financed from the proceeds will continue for many years.

The DOH has been tasked with special initiatives over the last several years including the Medical Access Road Project (MARP) while also carrying out normal core maintenance operations, right of way acquisitions, and engineering, planning, and construction activities. The cost of these activities continues to increase due to inflation and ongoing supply chain issues. More expensive items such as fuel and construction materials affect the DOH directly and indirectly through the rising rates of consultants and contractors.

Long-Term Issues (Continued)

The purchase of equipment has also been affected by rising costs and available supply. Each year the DOH Equipment Division develops a 'Buy Plan' that prioritizes equipment needs within the allocated budget. Equipment has been difficult to purchase and receive over the last two and a half years because supply chain issues have continued to push the delivery dates back for vehicles and heavy equipment currently under contract. It is difficult to estimate the delivery and time of payment for equipment purchases. This adds uncertainty to budget planning when items are ordered in one fiscal year, but not received or paid for until the following fiscal year.

It is critical to the DOT to secure the appropriate spending authority for the State Road Fund and have the flexibility to use available resources where they are needed most; for example, to carry out more maintenance projects when the purchase of new equipment is postponed due to available inventory or to allow for available cash to go towards additional paving or snow and ice removal when large projects are put on hold for legal or environmental reasons.

Multimodal Facilities

The State Rail Authority's properties have expanded by an additional 14 miles of track and five bridges with the addition of Cass in 2015 and Buffalo Creek and Gauley Railroad in 2020. The assets will increase further by the end of FY 2023 with the section of track from Durbin to Cass which includes an additional 9.5 miles of track and six bridges. This will result in more obligations for bridge inspections, routine maintenance, and unexpected projects or repairs. The State Rail Authority must have the appropriate funding to maintain the additional property.

The IIJA provided 25% more funding for transit for FFY 2022 with an additional increase of 5% every year until FFY 2026. This increase in federal funding needs to be matched to ensure that the Division can take full advantage of the federal transit funds allocated to West Virginia. This will allow the Division to adapt to the rising cost of rural transit operations and capital equipment.

The Department of Transportation anticipates the issues outlined in this document to persist for the next several years. The Department's revenue stream will continue to face uncertainty and the increased cost of operations will strain available resources. However, the Department has successfully navigated these challenges since the onset of the pandemic and will continue to carry out its mission without interruption for the foreseeable future.

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 the State annually. West Virginia 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. The SBA has been working with financial advisors to develop a schedule of issuing additional bonds in the future due to the increase in construction costs. However, these issuances will only result in availability of approximately 35% of total estimated annual requests.

The SBA receives approximately \$51 million annually for school construction, which includes funding for the Needs Grant awards and Multi-County Statewide 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.

Long Range Issues (Continued)

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 on funding sustainability and funded depreciation. The long-term financial commitment to the economic future of the 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 in West Virginia

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 to the Centers for Disease Control and Prevention (CDC), National Center for Health Statistics by the West Virginia Health Statistics Center, in 2020 West Virginia had the third highest age-adjusted mortality rate per 100,000 people of all states, including the District of Columbia, for all causes. West Virginia had the highest age-adjusted mortality rates for all accidental deaths, diabetes, and drug overdose deaths (regardless of intent). West Virginia also ranked second in mortality from cancer as well as nephritis, nephrotic syndrome, and nephrosis; third in chronic lower respiratory diseases; fifth in influenza/pneumonia; 10th in heart disease and suicide; 12th in chronic liver disease and cirrhosis; 16th in motor vehicle accidents; 21st in Alzheimer’s Disease; and 27th in cerebrovascular disease mortality. Finally, West Virginia ranked 43rd in COVID-19 deaths by rate during 2020. Along with known risk factors, age is a factor in many types of death. West Virginia’s population has the fourth oldest median age in the nation and the third highest percentage population aged 65 and older.

The substance use epidemic in West Virginia increases health risks such as infectious diseases. Substance use, particularly intravenous drug use, increases the risk of infectious diseases including hepatitis and human immunodeficiency virus (HIV). Nationally, West Virginia ranks first for rates of hepatitis B and hepatitis C, both of which can lead to severe liver disease. Risk factors for hepatitis also increases the risk for infection with HIV. The CDC has identified 220 counties in the U.S. as “at-risk” for HIV and/or hepatitis C outbreaks resulting from the substance use epidemic. West Virginia counties alone make up 28 (14%) of the nation’s 220 top “at-risk” counties and in recent years, West Virginia has seen HIV clusters emerge. If undiagnosed or untreated, HIV can lead to a range of infections and other health complications.

West Virginia has an ongoing problem with drug overdose deaths. In 2001, there were 212 drug overdose deaths in West Virginia, which climbed 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 1,019. Overdose deaths fell to 909 occurrences in 2018 and continued to decline with 884 deaths in 2019. A surge in overdoses in West Virginia resulted in 1,336 deaths in 2020 and 1,516 deaths in 2021 (preliminary figures for 2020 and 2021).

According to the West Virginia Health Statistics Center, which collects data for the Behavioral Risk Factor Surveillance System (BRFSS) in conjunction with CDC, 2021 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 overweight or obese (73.5%), obesity (40.6%), arthritis (37.4%), depression (27.5%), current smoking (22.0%), cardiovascular disease (14.2%), chronic obstructive pulmonary disease (13.1%), smokeless tobacco use (8.8%), and kidney disease (4.6%). West Virginia had the second highest prevalence in the nation of high blood pressure (43.4%), high cholesterol (41.0%), fair/poor health (22.9%), and diabetes (15.9%). The prevalence of current asthma (12.1%) was fourth highest. The prevalence of physical inactivity (30.5%) was fifth highest. The prevalence of cancer (14.1%) was the sixth highest, and the prevalence of no flu vaccination among those 65 and older (36.3%) was 12th highest in the nation. On a positive note, the State’s heavy drinking prevalence was 5.0%, the eighth lowest in the nation; and the prevalence of binge drinking was 11.6%, the lowest in the nation.

Long Range Issues (Continued)

For 2021, approximately 16.0% of West Virginia adults reported poor physical health for at least 14 days in the past 30 days and 19.3% 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 (16.0%) than the U.S. (11.0%) 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 (19.3%) than the national prevalence (14.7%) and was also the highest among all 53 BRFSS participants.

In terms of prevalence of chronic diseases and disabilities, the median age of the population must also be considered. According to the 2021 BRFSS, West Virginia has the 2nd highest prevalence of difficulty walking (21.1%), compared to the national prevalence of 13.6%. The older a person, the more likely 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 residents' quality of life and cost West Virginians billions of dollars each year. The West Virginia Department of Health and Human Resources (DHHR), through the leadership of the Bureau for Public Health (BPH) in partnership with a broad array of partners, has set goals to mitigate these problems. If successful, West Virginians could save millions of dollars annually.

In 2021, nearly 305,000 West Virginia adults smoked cigarettes. As concerning, nearly 14% of high school students in West Virginia smoke and 35% report using e-cigarettes. BPH estimates the extraordinarily high smoking rates cost West Virginia more than \$1 billion each year.

West Virginia's youth are suffering from tobacco use and nicotine dependency. An estimated 13.5% (11,600) of West Virginia's high school students are projected to smoke according to the Campaign for Tobacco Free Kids with 700 kids (under 18) who become new daily smokers each year. According to the Campaign for Tobacco Free Kids, the annual health care costs in West Virginia directly caused by smoking is \$1.17 billion dollars. Additionally, the Campaign for Tobacco Free Kids reports that smoking-caused productivity losses in West Virginia totaling \$2.4 billion dollars and is associated with 4,300 deaths in the Mountain State.

Families First Coronavirus Response Act (FFCRA)

In response to the COVID-19 Public Health Emergency (PHE), FFCRA authorizes state Medicaid programs to qualify for a temporary 6.2% Federal Medical Assistance Percentage (FMAP) increase contingent upon the continuous enrollment of Medicaid and the Children's Health Insurance Program (CHIP) members. The enhanced FMAP is effective as of March 18, 2020 until the COVID-19 PHE expires. The 6.2% enhanced FMAP would end in the last month of the quarter in which the PHE expires. States will receive 60 days' notice from the Centers for Medicare and Medicaid Services (CMS) before the PHE ends.

BMS has been collaborating with sister agencies, vendors, and MCOs for more than a year to develop the PHE unwinding plan. The PHE "unwinding playbook" details steps that will be implemented upon the PHE expiration notice from CMS. A comprehensive communication strategy is a key component of the playbook.

The table below provides details on Medicaid's projected enrollment impacts assuming the PHE expires in January 2023.

Long Range Issues (Continued)

Eligibility Group ¹	Members Subject to Renewal	Projected Disenrolled Members	
		Low	High
Expansion Adults and Parent/Caretaker Adults	87,741	50,012	77,212
Medicaid Children	13,788	7,859	12,133
Pregnant Women	2,199	2,199	2,199
FFS Non-MCO (Medicare Premium Payment and LTSS members)	14,039	1,404	2,808
Foster Children	6,092	6,092	6,092
Total	123,859	67,566	100,444
Share of Members Subject to Renewal and Disenrolled		55%	81%
Unwind Churn – MHP members move to MHT Medicaid²		3,692	3,912
Share of Unwind Members Churning in SFY23 and SFY24		3.0%	3.2%
Net Disenrollment Changes		63,874	96,532
¹⁾ Does not include WVCHIP members subject to PHE Unwind Process. ²⁾ Comprised of children and pregnant women. Does not include disenrolled Medicaid children who move to CHIP. In addition, Medicaid enrollment projection includes a growth factor to reflect normal churn.			

West Virginia Medicaid

The West Virginia Medicaid Program provides insurance coverage to approximately 630,000 West Virginians over the course of a year and approximately 605,000 at any point in time. Children comprise 35% of the Medicaid population, while 13% are categorized as blind and disabled, 47% as adults, and the remaining percentage as elderly. Effective January 1, 2014, the West Virginia Medicaid Program expanded coverage under the Affordable Care Act. In FY 2020, there were approximately 163,000 members due to expansion (included in the total above). The expansion population consists of individuals aged 19 to 64, representing the working poor, who earn up to 138% of the Federal Poverty Level (FPL). The FMAP for the expansion population gradually decreased from 100% to 90% during calendar years 2017 through 2020.

West Virginia 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. In addition, Medicaid offers two new benefits:

- An adult dental benefit of \$1,000 per member per year was implemented on January 1, 2021. The dental benefit provides diagnostic, preventative, and restorative dental coverage to adults aged 21 and older.
- In accordance with West Virginia Code §9-5-12, Medicaid and the West Virginia Children’s Health Insurance Program provide services to pregnant women and newborns up to one year postpartum, effective July 1, 2021.

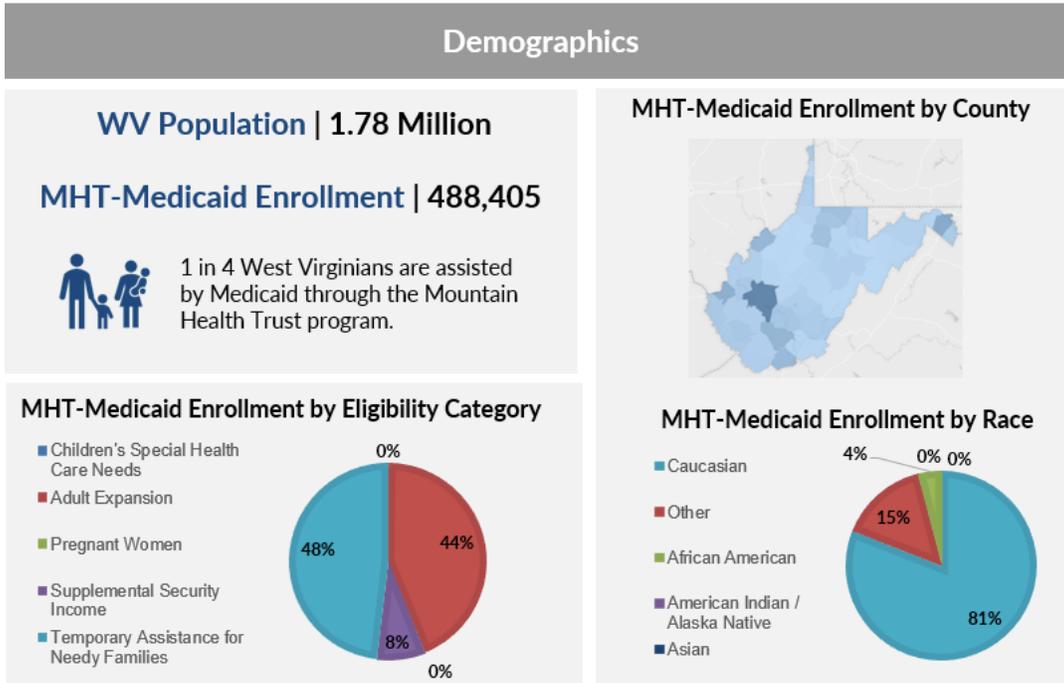
West Virginia Medicaid provides services for the fee-for-service and Medicaid managed care populations. Approximately 85% of the Medicaid population is enrolled in the Medicaid managed care programs. BMS currently operates the Mountain Health Trust (MHT) and Mountain Health Promise (MHP) programs. MHT and MHP are overseen by the Office of Managed Care within BMS. Medicaid members are currently enrolled with one of the State’s three Managed Care Organizations (MCOs): Aetna Better Health of West Virginia, The Health Plan, and UniCare of West Virginia. MHP is a full risk managed care program that serves approximately 30,000 children and youth across the State. Members eligible for the Children with Serious Emotional Disorder Waiver (CSEDW) are automatically enrolled in MHP.

Medicaid Managed Care Demographics

The following depicts the demographics for the Mountain Health Trust and Mountain Health Promise programs.

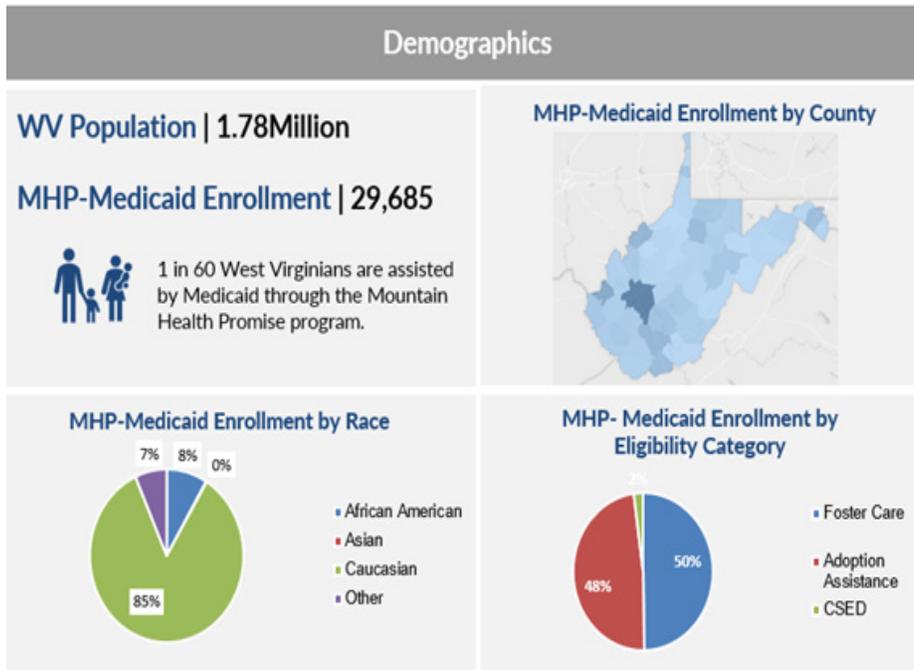
Long Range Issues (Continued)

Mountain Health Trust



Note: The metrics above reflect MHT eligibility via Medicaid only. West Virginia Children's Health Insurance Program (WVCHIP) is not included in this report. Data Sources: WV Census; MHT encounter data through June 30, 2022 as of September 2022

Mountain Health Promise



Data Sources: WV Census, MHP encounter data through June 30, 2022 as of September 2022

Long Range Issues (Continued)

Medicaid Funding

Medicaid is a federal and state government partnership that shares the cost of covering eligible individuals. The Centers for Medicare and Medicaid Services (CMS) establishes an FMAP rate each year for every state. This FMAP rate is based on a formula which considers the average per capita income for each state relative to the national income average. States like West Virginia, with lower average incomes, receive larger reimbursement rates from the federal government to help with Medicaid program costs. In Federal Fiscal Year (FFY) 2022, West Virginia's starting FMAP rate was 74.68%. This means that the federal government reimbursed West Virginia approximately \$0.75 of every eligible dollar spent on Medicaid. During the COVID-19 PHE, FMAP increased by 6.2%. West Virginia's enhanced FMAP is 80.88%. The non-expansion FMAP readjusts annually based on economic indicators in West Virginia relative to other states.

State Medicaid funding is dependent primarily on four funding sources: General Revenue, Lottery, Medical Services Trust Fund, and the Provider Tax.

Medicaid Spending

The cost of the Medicaid program is determined by the number of eligible individuals, how often they use 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.

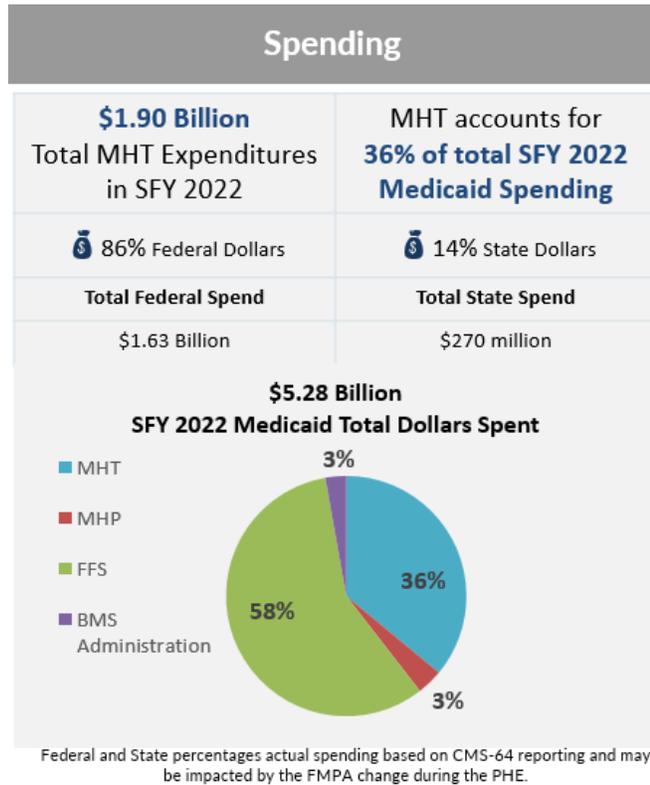
It is currently estimated that without any program changes, the cost for the Medicaid program will increase at a rate of approximately 2% per year. A few noteworthy long-term budgetary risks to the Medicaid program relate to inflationary healthcare costs, scenarios where increased utilization of services 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, a projected decrease in the FMAP for FY 2023, and changes in federal regulations that become unfunded mandates. Assuming 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.

Medicaid Managed Care Spending

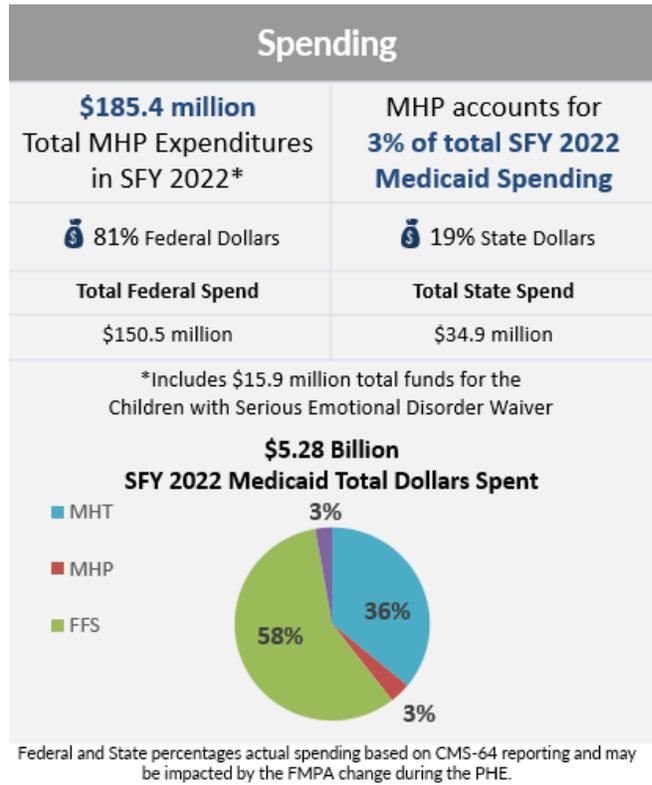
The following graphics provide details on the Mountain Health Trust and Mountain Health Promise programs.

Long Range Issues (Continued)

Mountain Health Trust



Mountain Health Promise



Key Considerations for Medicaid Managed Care Programs

West Virginia’s Medicaid managed care program requires the MCOs to monitor and improve health care outcomes for the enrolled populations. BMS monitors the performance and compliance of each MCO to ensure access and availability of health care services, quality of care, and continued improvement in health outcomes.

Quality Measures

- Healthcare Effectiveness Data and Information Set (HEDIS) is a comprehensive set of standardized performance measures designed to provide consumers with information they need to compare health plan performance. The HEDIS performance measures included in the External Quality Review Organization (EQRO) report include select 2021 (Measurement Year 2020) results for each managed care plan in West Virginia. The MCOs, based on weighted averages, performed better than the national average benchmark for 69% of HEDIS measures. West Virginia’s weighted averages were compared to the NCQA Quality Compass Medicaid HMO benchmarks.
- The Consumer Assessment of Healthcare Providers and Systems (CAHPS) survey assesses health care quality by asking patients to report their experiences with care. The MCOs, based on weighted averages, performed better than national average benchmarks in 54% of CAHPS survey measures, as reported by the State’s EQRO, Qlarant.

Waivers, Grants and Other Programs

- The Drug Free Mom and Babies (DFMB) program is a comprehensive maternity and behavioral health care program for pregnant and postpartum individuals with an opioid use disorder diagnosis or a history of opioid use. The program supports these individuals with opioid use disorder by coordinating treatment and recovery plans throughout pregnancy and up to one year postpartum. DFMB staff refer enrollees to services for any identified social service needs, including but not limited to the Women, Infant and Children (WIC) program, housing assistance, food pantries, and transportation services.

Long Range Issues (Continued)

- The Children with Serious Emotional Disorder Waiver (CSEDW) is a Medicaid Home And Community-Based Services (HCBS) waiver program authorized under 1915(c). Section 1915(c) of the Social Security Act (SSA) allows states to furnish an array of HCBS programs that assist Medicaid beneficiaries to live in the community and avoid institutionalization. Members eligible for the CSEDW are automatically enrolled in MHP.
- The 1915(c) waiver is anticipated to reduce the number of children in both in-state and out-of-state Psychiatric Residential Treatment Facilities (PRTFs) and shorten the length of stay for those in acute care. This CSEDW will permit the State to provide HCBS that would allow children from ages 3-21 to remain in their homes and communities.
- The State's Section 1115 Substance Use Disorder (SUD) waiver is designed to provide a continuum of care designed to treat members with substance use issues.
- The mobile crisis intervention services grant is in the planning phase and is being designed to provide statewide mobile crisis services to members/families in need.

Value-Added (Extra) Services

- Each MCO offers an array of Value-Added Services as an adjunct to the benefits and services covered under the Medicaid program. These "extra" services incentivize members to engage in their health care, including 24-hour help lines, support services for pregnant women, asthma education services, educational programs and equipment for members with diabetes, and incentives for wellness visits, dental care, smoking cessation, mammograms and certain age-specific vaccines.

MCO Commitment to the Medicaid Community

The MCOs demonstrate their commitment to the Medicaid community that they serve as evidenced by the following:

- Significant financial donations/grants to community health care programs and health care providers to enhance health care outcomes.
- Providing staffing to support member navigation of the health care system, including specialized care coordination activities and transitioning of health care services, as needed.

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. WVCHIP also provides coverage to pregnant women over the age of 19 up to 300% of the FPL. WVCHIP transitioned to managed care on January 1, 2021. Approximately 91% of WVCHIP's monthly membership is enrolled in managed care. As of September 26, 2022, 18,539 children and 252 pregnant women were enrolled. Average monthly enrollment decreased 8.1% in FY 2022 compared to FY 2021. The WVCHIP Premium group that includes children and pregnant women in households with incomes between 211% and 300% FPL decreased 4.9% in enrollment and represents 33% of the total enrolled population. Enrollment decreases were due to enrollment being frozen under the COVID-19 PHE. During the PHE, members are only disenrolled due to aging out of the program, moving out of state, or voluntary closures. Only WVCHIP members that reported changes in circumstances that made them Medicaid eligible were disenrolled from WVCHIP. These WVCHIP members moving to Medicaid resulted in the decrease of WVCHIP enrollment throughout FY 2022.

COVID-19 impacted both enrollment and finances. WVCHIP, along with Medicaid, suspended program disenrollment to help address the pandemic. Once the PHE ends, all Medicaid and WVCHIP members will have eligibility redetermined and some current Medicaid members may move back to WVCHIP or disenrolled if no longer eligible. Any significant changes to WVCHIP enrollment (1,000 additional members or more) will impact the WVCHIP budget projections for FY 2023 and FY 2024.

The West Virginia Children's Health Insurance Board oversees WVCHIP's benefit plan and finances to ensure funding is sufficient to support the services covered by the insurance program. Effective July 1, 2022, WVCHIP was incorporated into the Bureau for Medical Services and the Board moves into an advisory role.

BMS is engaged in planning and implementation activities to ensure an efficient transfer and significant stakeholder communications. As BMS prepares to undertake administration of WVCHIP, it is considering the transition of WVCHIP

Long Range Issues (Continued)

benefits to mirror Medicaid covered benefits. The intent of this change is to promote administrative efficiencies for BMS program operations. Currently, the WVCHIP covered benefits are based on the West Virginia Public Employees Insurance Agency (PEIA) benefits package, while Medicaid has its own benefits package. Benefits in both programs cover a full range of similar health care services including doctor visits, check-ups, vision and dental visits, immunizations, prescriptions, hospital stays, mental health, and special needs services. Participants in both programs receive services through the Mountain Health Trust (MHT) managed care program and can enroll in any one of the three MHT managed care plans. While similar, there are key differences between Medicaid and WVCHIP coverage, such as variances in benefits administration and levels of coverage. It should be noted that provider reimbursement also differs between Medicaid and WVCHIP. BMS will conduct a comparative analysis of the two provider rate structures and determine the final provider fees.

The table below summarizes the projected fiscal impact of moving WVCHIP to the Medicaid covered benefits package. The analysis assumes the transition is effective January 1, 2023, due to the timing associated with the administrative requirements, including federal approval necessary for BMS and the MCOs to transition WVCHIP to the Medicaid benefits package. Other administrative activities that must occur during the transition include member and provider communications, claims system updates, MCO contract changes, and a review of other vendor contracts that will need to be addressed to transition to BMS.

Estimated Cost of WVCHIP using Medicaid Covered Benefits		
	SFY 2023 Cost ¹ (1/1/23 Effective Date)	SFY 2024 Cost ²
Total Cost - No Copays	\$5,640,746	\$11,913,255
Premium Adjustment ³	\$(504,068)	\$(1,028,299)
Co-Pay Adjustment ⁴	\$(83,310)	\$(166,620)
Total Cost	\$5,053,368	\$10,718,336
Federal Share	\$4,194,927	\$8,778,317
State Share	\$858,441	\$1,940,019

1) SFY 2023 CHIP FMAP: .8301

2) SFY 2024 CHIP FMAP: .8190

3) WVCHIP requires premium payments by members with incomes from 200% to 300% FPL.

4) WVCHIP requires copayments for certain medical benefits.

In FY 2023, the estimated total cost of WVCHIP moving to the Medicaid covered benefit package, after accounting for required member cost sharing, is \$56 million and the state cost is \$0.9 million. In FY 2024, the estimated total cost of WVCHIP moving to the Medicaid covered benefit package, after accounting for required member cost sharing, is \$11.9 million and the state cost is \$1.9 million

WVCHIP Funding

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 remained in place through Federal Fiscal Year (FFY) 2019 and was reduced to an 11.5% “bump” in FFY 2020.

On March 18, 2020, the President signed H.R. 6021, the “Families First Coronavirus Response Act” (FFCRA), into law. Section 6008 of the FFCRA provides a 6.2% increase in FMAP to each qualifying state and territory. This increase was effective retroactively to January 1, 2020 and extends through the end of the quarter in which the COVID-19 public health emergency ends. This 6.2% increase in FMAP indirectly increased the CHIP FMAP to 85.0% throughout SFY 2022. Beginning October 1, 2022, the CHIP FMAP is 85% and will continue through the end of the public health emergency that has been extended through October 2022. The first day of the quarter after the public health emergency ends, the CHIP FMAP will return to its normal amount, which is 81.81% through September 30, 2023.

Long Range Issues (Continued)

WVCHIP estimates it needs \$10.1 million in State matching funds for FY 2023 and \$13.1 million in FY 2024. These estimates are based on current program enrollment and the expectation that enrollment levels will remain stable at current levels.

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.V. 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.

In 1991, Legislature created a Finance board 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 1st of the preceding year with an effective date for the financial plan of July 1st 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. The current financial plan assumes health care costs to increase annually by the rates listed below.

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Medical	7.0%	7.5%	8.0%	8.5%	8.5%
Drug	14.0%	14.5%	15.0%	15.5%	16.0%

These trend assumptions, in conjunction with benefit changes, will result in the following increases/(decreases) in claims expenses (FY 2023 has reduced expense due to new PBM Contract):

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Medical	\$32 million	\$39 million	\$45 million	\$52 million	\$59 million
Drug	(\$2) million	\$27 million	\$33 million	\$40 million	\$49 million

These assumed increases will require the board to raise premiums, modify benefits, or use 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:

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Reserve	\$102 million	\$66 million	\$60 million	\$62 million	\$87 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, and 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 affordable, quality health care insurance.

Long Range Issues (Continued)

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 2024 is approximately 40%. 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 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. The OPEB liability is now nearing the status of fully funded.

Not including the annual required contribution to fully fund OPEB, the current financial plan projects net asset growth through FY 2027. The Trust completed FY 2022 with total net assets of \$1.6 billion, total claims expense of \$79 million, and capitations of \$42 million. Current claim expense trend assumptions for FY 2023 through FY 2027 go from 6.0% for medical and 13.5% for drugs to 9.0% for medical and 16.0% for drugs. These trend assumptions result in increases of \$65 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 forecasted to have an ending reserve of \$2 billion by fiscal year end 2027. This represents a 116% funded status of the OPEB Accrued Actuarial Liability (AAL).

Insurance Reform

Workers' Compensation

From 1913 until January 1, 2006, West Virginia was one of five states operating an exclusive, state-managed workers' compensation insurance system. The Workers' Compensation Commission (including its predecessors) was an agency of state government that operated through the Workers' Compensation Fund, a special revenue fund. Pursuant to the passage of Senate Bill 1004 in January 2005, the system of providing workers' compensation was altered, and the system transitioned into a private workers' compensation system.

The Workers' Compensation Commission ceased to exist on December 31, 2005 as a state agency that was the sole provider of workers' compensation insurance in West Virginia. The State retained all liabilities incurred prior to July 1, 2005, and those liabilities, as well as certain assets, were transferred into the Workers' Compensation Old Fund ("Old Fund"). The custodian of the Old Fund is the Treasurer's Office, and the Insurance Commissioner serves as the administrator.

As of June 30, 2022, the fund deficit in the Old Fund was estimated to be \$61 million with liabilities discounted at 3%. The Old Fund sustained significant investment losses during FY 2022. Prior to the privatization, the unfunded liability for the former Workers' Compensation Fund exceeded \$3 billion.

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 actuarial 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)

Long Range Issues (Continued)

were found to have unfunded actuarial 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 actuarial 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 actuarial 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 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 liability as of the most recent valuation, and required any increase in retiree benefits to be amortized over no more than six 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 liability as of the most recent valuation, and 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 actuarial liability as of July 1, 2009 but had again fully funded its actuarial 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 liability as of the most recent valuation, and 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 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. The CPRB Board has approved a new amortization policy for Plan A in which the unfunded actuarial liability, as of July 1, 2022, is amortized on a level-dollar basis over five years and gains or losses and assumption changes going forward are amortized separately on a level-dollar basis over ten years.
- **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 actuarial 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 developed an unfunded actuarial liability as of July 1, 2019, to be amortized over a 10-year period. As of July 1, 2021 the plan is fully funded. Legislation passed in 2005 prohibited any increases to benefits for active members if the most recent actuarial valuation shows the actuarial 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 liability as of the most recent valuation, and required any increase in retiree benefits to be amortized over no more than six years. The CPRB Board has approved a new amortization policy for Plan B in which the unfunded actuarial liability, as of July 1, 2022, is amortized on a level-dollar basis over ten years and gains or losses and assumption changes going forward are amortized separately on a level-dollar basis over 15 years.
- **Natural Resources Police Officers Retirement System (NRPORS)** - During the 2020 Legislative Session, the West Virginia Legislature passed the West Virginia Natural Resources Police Officers Retirement System Act (the Act). The Act created a new Natural Resources Police Officers Retirement System (NRPORS) for the Division of Natural Resources (DNR) Police Officers effective January 2, 2021. Per the Act, NRPORS must have at least 100 members on July 1, 2022, or the membership in NRPORS will be merged into PERS. West Virginia Statute sets the contribution rate, as a percentage of covered payroll, 9.5% for NRPORS members and 12% for the employer. The CPRB can set

Long Range Issues (Continued)

the employer rate below 12% based upon the actuarially determined employer contribution for a given fiscal year, but currently the employer contribution rate cannot exceed 12% of covered payroll. Effective July 1, 2021, the unfunded actuarial liability will be amortized over a 30-year payment period on a level-dollar basis. The CPRB adopted a four-year asset smoothing method, effective with the July 1, 2022 funding valuation for NRPORS.

The unfunded actuarial liability for each plan is as follows:

	July 1, 2021, Actuarial Valuation Unfunded Actuarial Liability		July 1, 2022, Actuarial Valuation Unfunded Actuarial Liability (Estimated)	
PERS	\$196,389,000	(97.5% funded) ¹	\$239,206,000	(97.1% funded)
TRS	\$2,754,980,000	(76.0% funded) ¹	\$2,653,102,000	(77.4% funded)
JRS	\$(173,978,000)	(263.1% funded) ¹	\$(121,834,000)	(188.4% funded)
Public Safety—Plan A	\$(48,854,000)	(106.1% funded) ¹	\$39,321,000	(95.1% funded)
State Police—Plan B	\$(11,413,000)	(103.9% funded) ¹	\$60,410,000	(82.8% funded)
NRPORS	\$2,847,000	(89.8% funded) ¹	\$3,491,000	(88.6% funded)

¹ Per plan, funded percentage of actuarial value of plan assets as a percent of actuarial 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. The July 1, 2021 unfunded actuarial liability and corresponding funded percentage for NRPORS uses market value of assets, however, the July 1, 2022 estimated unfunded actuarial liability and corresponding funded percentage for NRPORS uses actuarial value of assets with asset smoothing over four years starting prospectively on July 1, 2022.

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.V. 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.V. Code §11B-2-3) on September 1. These guidelines establish a "current level" or base budget for each department/bureau/commission/division. The FY 2024 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 2023) less any one-time appropriations. For the FY 2024 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 the commitment to provide a balanced budget and long-term fiscal stability, the State must take measures to minimize the overall FY 2024 expenditure growth, and position the State to structurally balance budgets in the years that follow. For the FY 2024 budget, the Governor has recommended most agencies be funded at the FY 2023 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 2023 "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 2024, agencies were asked that any requests for improvements or requests for FY 2023 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 2024 budget.

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

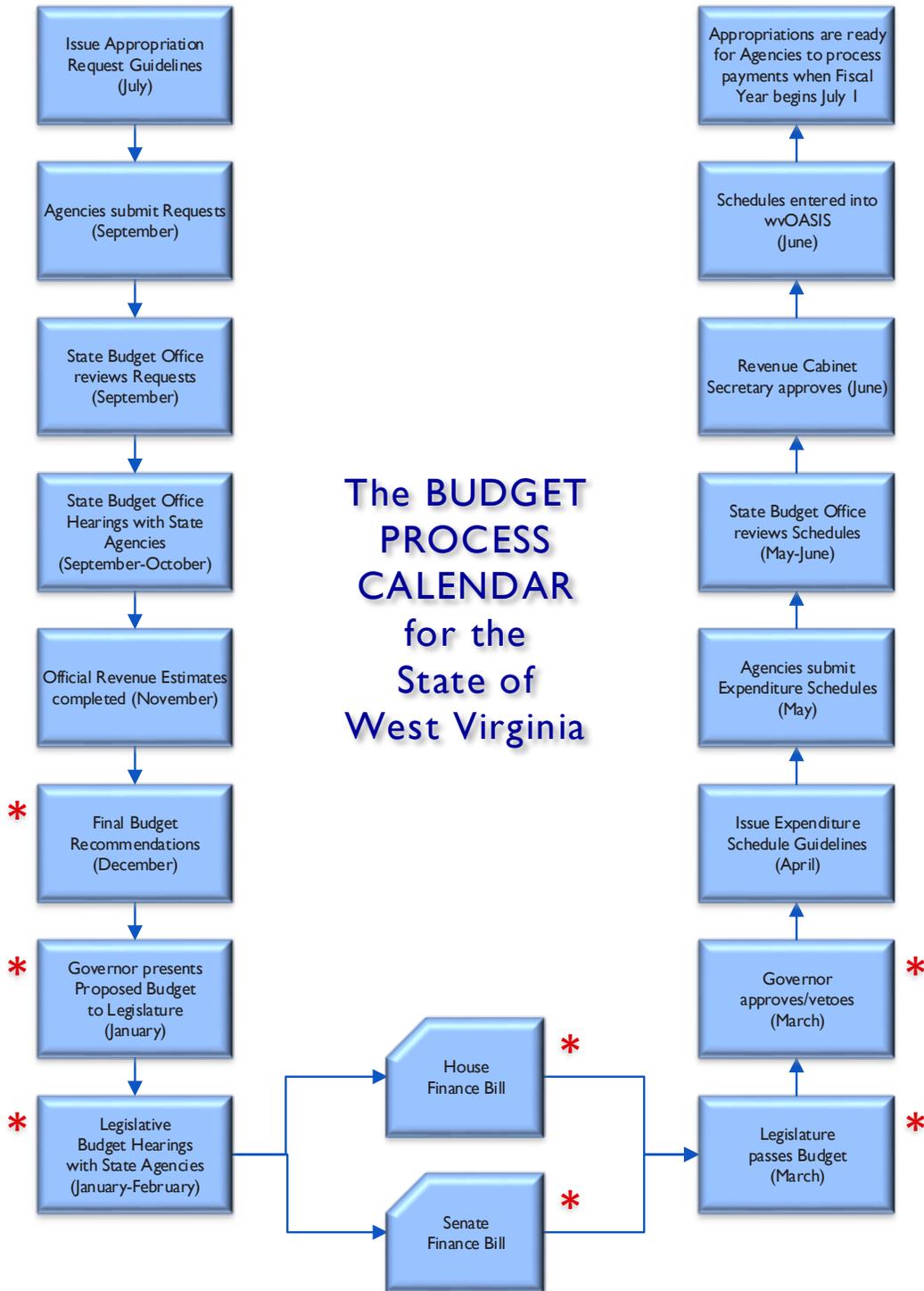
The budget meetings also provide the time to discuss, in general terms, any future capital projects and funding options. All the departments/bureaus/commissions/divisions are required to submit capital expenditure plans with the appropriation requests. These plans summarize projects budgeted for the 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 meetings, the official revenue estimates for the upcoming FY 2024 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 Bill includes the language required to legally enact the budget or appropriations bill. 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; and capital projects. The Account Detail provides the detailed budgetary information for FY 2022 Actual Expenditures, FY 2023 Budgeted Expenditures, FY 2024 Current-Level Request, and the Governor's FY 2024 Recommendation for all funds.

The Legislative Budget Process Policy

After the Executive Budget is presented by the Governor to the Legislature, the presiding officer of each house will cause the bill to be introduced therein as the "Budget Bill," where it is then 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 may then be referred to a 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 and final approval.

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.

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.

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 Amendment Policy

Supplemental Appropriation Bills

The Budget Act may be amended at a later date by the Legislature by the introduction of a supplementary

Budget Overview (Continued)

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 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.

A supplementary appropriation bill may 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”.

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.”
- During FY 2024, and upon approval from the State Budget Office, agencies with the appropriation “Salary and Benefits of Cabinet Secretary and Agency Heads” may transfer between this appropriation and the appropriation “Personal Services and Employee Benefits” an amount to cover annualized salaries and employee benefits for the fiscal year ending June 30, 2024, as provided by W.V. Code §6-7-2a.
- The Budget Act 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.

Special Revenue

W.V. Code §11B-2-18 authorizes the Governor to increase the spending authority for accounts that are funded “from

Budget Overview (Continued)

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 appropriate.

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.V. 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, along 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 used 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 to pay obligations incurred in that year. All balances of the General Revenue Fund appropriations for each fiscal year expire on the last day of that fiscal year and revert to the unappropriated surplus of the fund from which the appropriations were made, except for: expenditures encumbered before the end of the fiscal year may be paid up to 31 days after the fiscal year ends; and 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 that supports the claim against the State.

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

Budget Overview (Continued)

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 audit.

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 state government spending units; 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.V. 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 Annual Comprehensive Financial Report (ACFR).

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 ACFR 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.

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 (IMB).

Budget Overview (Continued)

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 nine investment pools and accounts. 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 State agency operations. 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 revenue source estimates which 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. 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 prepare expenditure schedules that must be filed with the State Budget Office and Legislative Auditor's Office. The expenditure schedules provide detailed 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.

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

Budget Overview (Continued)

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 their 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 are 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 post-employment 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 may submit program-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.

The focus for the FY 2024 performance measures is to show the agency's performance for the most recent fiscal year (FY 2022) and the performance-level objectives the program is trying to achieve in FY 2023 and FY 2024 based on current level funding.

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

Budget Overview (Continued)

fiscal year (October 1 through September 30), or federal program year (depending upon the established guidelines for the program).

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 W.V. Code §4-2-5, which gives the Legislative Auditor discretionary authority to examine the performance of every spending unit of the State. PERD also conducts performance reviews under the authority of the West Virginia Performance Review Act, W.V. Code §4-10-1. 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 legislative committees at their request.

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 regulate 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?
- Is the board financially self-sufficiency?
- Does the board have proper disciplinary procedures?
- Does the board have a timely complaint resolution process?
- Does the board have adequate internal control?
- Does the board comply with State purchasing requirements?
- Is there a continued need for the regulatory board?

Compliance reviews determine the progress an agency has made in responding to recommendations made in previous reviews. By statute (W.V. 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 Organization expects the agency to respond to the findings of the report and indicate what corrective action, if necessary, will be taken. Depending

Budget Overview (Continued)

on the findings of a review, the Joint Committee on Government Organization may request a compliance review be conducted.

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

- * 2022: Department of Education, Higher Education Policy Commission, and the West Virginia Council for Community and Technical College Education;
- * 2023: Department of Veterans' Assistance, and the Department of Arts, Culture, and History.

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

- * 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, Contractor Licensing Board
- * 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, 2022, the State had approximately 36,015 filled, permanent, full-time equivalent employees, including approximately 11,169 employed by the Higher Education Policy Commission and approximately 1,223 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.

Changes in FTEs for 4-year and 2-year institutions related to faculty and staffing levels due to changes in enrollment.

Notable position changes from FY 2022 to FY 2023

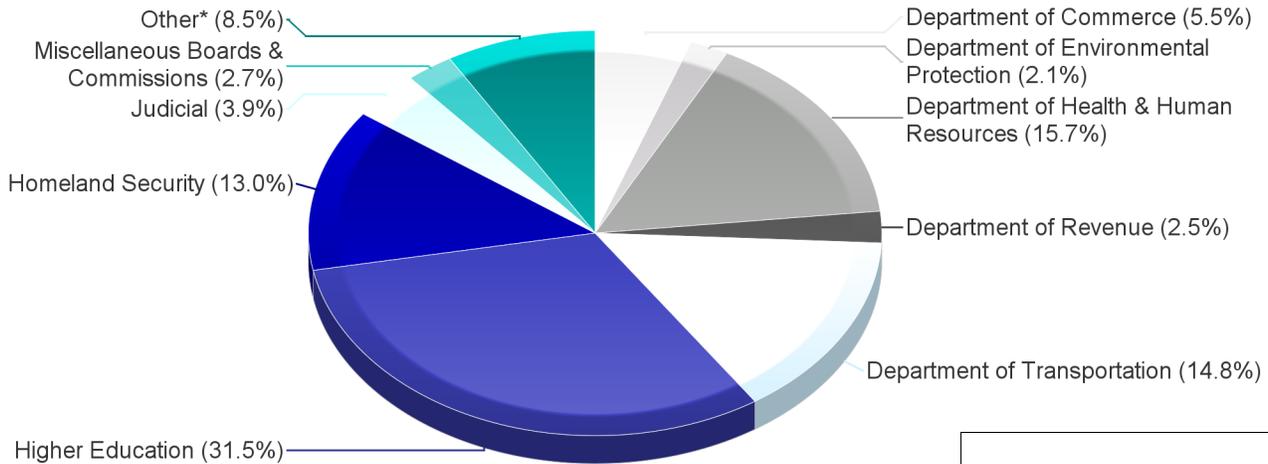
- Supreme Court - New intermediate court (added new positions over the last couple months).
- Education - Schools for the Deaf and Blind inactivated positions to stay within the FY 2023 appropriation for Personal Services.
- Commerce - Division of Rehabilitation Services and Workforce WV added several new federal funded positions.
- Office of Energy was reorganized from Commerce to the Department of Economic Development.
- The Library Commission and National Coal Heritage Area Authority were reorganized under the Division of Culture and History.
- Aeronautics Commission, State Rail Authority, and Division of Public Transit were reorganized as one new agency, the Division of Multimodal Transportation Facilities.
- Added one FTE to Public Defender Services to hire a program coordinator responsible for the implementation and oversight of PDS's abuse and neglect proceeding representation programs.
- Moved 11 FTEs from the Department of Economic Development to the Commerce Secretary's office to complete department reorganization process that began in 2021.
- Added one FTE to the Board of Medicine to eliminate paying overtime and hiring temporary staff to handle the increased licensing caseload created by COVID-19.
- Homeland Security - Office of the Secretary - 5 data analysts for Fusion Center.

Recommended position changes for FY 2024

- Veterans' Affairs: 1 FTE - Suicide Prevention Coordinator to assist in fulfilling the requirements to establish a suicide prevention program per 2022 RS SCR60.
- Division of Natural Resources - State Parks: 9 FTEs - maintenance and housekeeping staff at various state parks.
- Division of Motor Vehicles: 30 FTEs - Legislation to establish West Virginia as a title clearinghouse for non-resident businesses.
- DHHR: 2 FTEs - Department received additional federal grant money for the state drinking water program.
- Division of Emergency Management: 2 FTEs - salaries paid by federal grants.

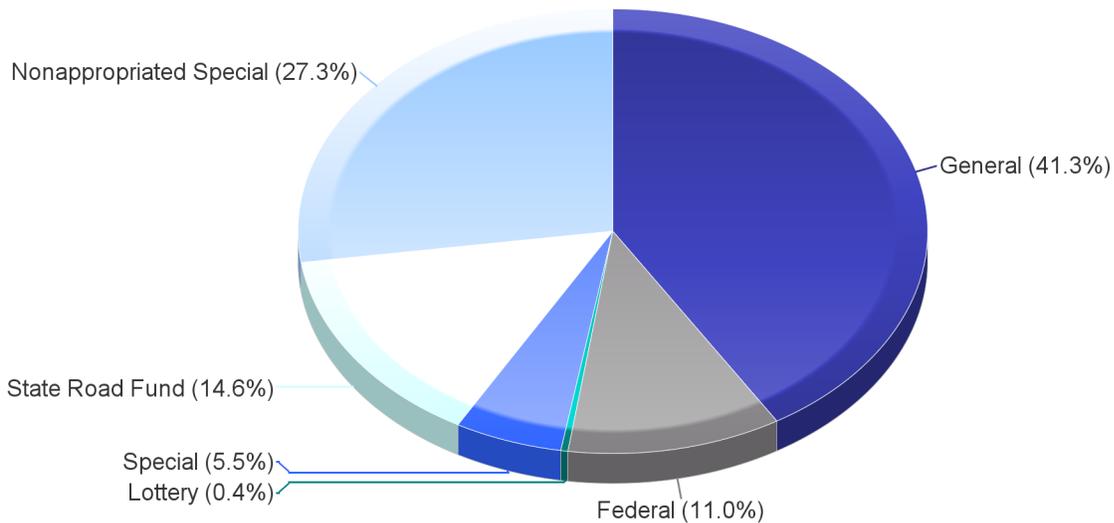
Schedule of Recommended Budgeted Full-Time Equivalents (FTE) Permanent Positions FY 2024

By Department



*Other	
Administration	2%
Arts, Culture, And History	0.5%
Economic Development	0.3%
Executive	2.3%
Legislature	0.8%
Public Education	1.8%
Senior Services	0.1%
Tourism	0.1%
Veterans' Assistance	0.6%

By Fund



Schedule of Budgeted Full-Time Equivalents All Funds Permanent Positions FY 2022 through FY 2024

DEPARTMENT/Agency	FY 2022 11-30-2021	FY 2023 11-30-2022	FY 2024 Recommended
LEGISLATURE			
House Of Delegates	107.00	107.00	107.00
Joint Expenses	143.49	144.49	144.49
Senate	58.66	58.66	58.66
TOTAL - LEGISLATURE	309.15	310.15	310.15
JUDICIAL			
Supreme Court	1,541.00	1,589.50	1,589.50
TOTAL - JUDICIAL	1,541.00	1,589.50	1,589.50
ELECTED OFFICIALS			
Attorney General	194.60	189.60	189.60
Auditors Office	179.00	177.00	177.00
Department Of Agriculture	369.00	366.00	366.00
Governors Office	46.00	44.25	44.25
Secretary Of State	52.00	52.00	52.00
Treasurers Office	135.80	135.80	135.80
TOTAL - ELECTED OFFICIALS	976.40	964.65	964.65
DEPARTMENT OF TOURISM			
Department Of Tourism	46.00	47.00	47.00
TOTAL - DEPARTMENT OF TOURISM	46.00	47.00	47.00
DEPARTMENT OF ECONOMIC DEVELOPMENT			
Office Of Energy	5.00	-	-
West Virginia Department Of Economic Development	120.00	116.00	116.00
TOTAL - DEPARTMENT OF ECONOMIC DEVELOPMENT	125.00	116.00	116.00
EDUCATION			
Department Of Education	576.00	577.00	577.00
School Building Authority	13.00	13.00	13.00
West Virginia Professional Charter School Board	-	1.00	1.00
West Virginia Schools For The Deaf And The Blind	182.87	150.43	150.43
TOTAL - EDUCATION	771.87	741.43	741.43

FTE Schedule of All Funds (Continued)

DEPARTMENT/Agency	FY 2022 11-30-2021	FY 2023 11-30-2022	FY 2024 Recommended
DEPARTMENT OF HOMELAND SECURITY			
Division Of Administrative Services	115.00	115.00	116.00
Division Of Corrections And Rehabilitation	3,895.00	3,880.00	3,880.00
Division Of Emergency Management	95.50	96.50	96.50
Division Of Protective Services	56.00	63.00	63.00
Fire Commission	58.00	58.00	58.00
Secretary Of Department Of Homeland Security	27.00	36.00	35.00
West Virginia State Police	1,099.50	1,097.50	1,097.50
TOTAL - DEPARTMENT OF HOMELAND SECURITY	5,346.00	5,346.00	5,346.00

BUREAU OF SENIOR SERVICES			
Bureau Of Senior Services	34.00	34.00	34.00
TOTAL - BUREAU OF SENIOR SERVICES	34.00	34.00	34.00

HIGHER EDUCATION POLICY COMMISSION			
Bluefield State University	205.98	208.32	208.32
Concord University	257.74	274.65	274.65
Fairmont State University	446.07	454.97	454.97
Glenville State University	212.00	221.00	221.00
Higher Education Policy Commission - Administration	68.00	71.51	71.51
Higher Education Policy Commission - System	5.00	5.00	5.00
Marshall University	1,844.14	1,829.06	1,829.06
Shepherd University	423.65	426.07	426.07
West Liberty University	330.58	331.58	331.58
West Virginia Network For Educational Telecomputing	55.53	51.00	51.00
West Virginia School Of Osteopathic Medicine	320.00	325.00	325.00
West Virginia State University	322.00	320.77	320.77
West Virginia University	6,913.48	7,122.64	7,122.64
TOTAL - HIGHER EDUCATION POLICY COMMISSION	11,404.17	11,641.57	11,641.57

COUNCIL FOR C&T COLLEGE EDUCATION			
Blue Ridge Community And Technical College	195.06	214.59	214.59
Bridgevalley Community And Technical College	184.75	175.66	175.66
Council For Community And Technical College Education	15.00	12.00	12.00
Eastern West Virginia Community And Technical College	37.80	41.26	41.26
Mountwest Community And Technical College	111.00	104.00	104.00
New River Community And Technical College	141.00	142.00	142.00
Pierpont Community And Technical College	123.80	117.80	117.80
Southern West Virginia Community And Technical College	171.00	178.00	178.00
West Virginia Northern Community And Technical College	145.55	155.11	155.11
West Virginia University At Parkersburg	210.65	201.00	201.00
TOTAL - COUNCIL FOR C&T COLLEGE EDUCATION	1,335.61	1,341.42	1,341.42

FTE Schedule of All Funds (Continued)

DEPARTMENT/Agency	FY 2022 11-30-2021	FY 2023 11-30-2022	FY 2024 Recommended
DEPARTMENT OF ADMINISTRATION			
Aviation Division	9.00	9.00	9.00
Board Of Risk And Insurance Management	28.00	28.00	28.00
Consolidated Public Retirement Board	100.00	100.00	100.00
Division Of Personnel	65.50	57.50	57.50
Ethics Commission	7.00	7.00	7.00
Finance Division	37.00	37.00	37.00
Fleet Management Division	9.00	9.00	9.00
General Services Division	116.00	116.00	116.00
Information Services And Communications	267.50	267.50	267.50
Office Of Technology	4.00	4.00	4.00
Prosecuting Attorneys Institute	5.00	5.00	5.00
Public Defender Services	32.00	33.00	33.00
Public Employees Grievance Board	12.00	12.00	12.00
Public Employees Insurance Agency	55.70	54.70	54.70
Purchasing Division	40.00	40.00	40.00
Real Estate Division	19.00	19.00	19.00
Retiree Health Benefit Trust Fund	3.00	3.00	3.00
Secretary Of Administration	7.50	5.50	5.50
Surplus Property	14.00	14.00	14.00
TOTAL - DEPARTMENT OF ADMINISTRATION	831.20	821.20	821.20

DEPARTMENT OF TRANSPORTATION

Aeronautics Commission**	3.00	-	-
Division Of Highways	5,401.00	5,386.00	5,386.00
Division Of Motor Vehicles	661.00	663.00	693.00
Division Of Public Transit**	11.00	-	-
State Rail Authority**	17.00	-	-
Wv Division Of Multimodal Transportation Facilities	-	31.00	31.00
TOTAL - DEPARTMENT OF TRANSPORTATION	6,093.00	6,080.00	6,110.00

DEPARTMENT OF HEALTH & HUMAN RESOURCES

Division Of Health	2,680.76	2,691.32	2,691.32
Division Of Human Services	3,766.48	3,732.83	3,732.83
Health Care Authority	8.00	8.00	8.00
Human Rights	27.00	27.00	27.00
Secretary Of Health And Human Resources	5.00	4.60	4.60
TOTAL - DEPARTMENT OF HEALTH & HUMAN RESOURCES	6,487.24	6,463.75	6,463.75

FTE Schedule of All Funds (Continued)

DEPARTMENT/Agency	FY 2022 11-30-2021	FY 2023 11-30-2022	FY 2024 Recommended
MISCELLANEOUS BOARDS & COMMISSIONS			
Adjutant General	649.50	636.20	636.20
Board Of Barbers And Cosmetologists	8.00	7.00	7.00
Board Of Licensed Practical Nurses	5.00	5.00	5.00
Board Of Medicine	16.00	17.00	17.00
Board Of Registered Nurses	17.00	17.00	17.00
Board Of Respiratory Care	1.00	1.00	1.00
Board Of Speech Language Pathology And Audiology	2.00	1.00	1.00
Economic Development Authority	13.00	19.00	19.00
Enterprise Resource Planning Board	38.00	38.00	38.00
Hospital Finance Authority	1.00	1.00	1.00
Massage Therapy Licensure Board	1.00	1.00	1.00
Municipal Pension Oversight Board	3.00	3.00	3.00
National Coal Heritage Area Authority*	5.00	-	-
Other Boards	50.95	52.25	52.25
Public Service Commission	273.00	274.00	274.00
Real Estate Commission	7.00	6.00	6.00
Water Development Authority	17.00	18.00	18.00
West Virginia Contractor Licensing Board	-	2.00	2.00
TOTAL - MISCELLANEOUS BOARDS & COMMISSIONS	1,107.45	1,098.45	1,098.45
DEPARTMENT OF ENVIRONMENTAL PROTECTION			
Department Of Environmental Protection	874.65	873.65	873.65
Environmental Quality Board	2.00	2.00	2.00
Oil And Gas Conservation Commission	1.00	1.00	1.00
Solid Waste Management Board	10.00	10.00	10.00
TOTAL - DEPARTMENT OF ENVIRONMENTAL PROTECTION	887.65	886.65	886.65
DEPARTMENT OF REVENUE			
Alcohol Beverage Control Administration	82.00	82.00	82.00
Divison Of Financial Institutions	30.00	30.00	30.00
Insurance Commissioner	249.00	241.00	241.00
Lottery Commission	194.00	196.00	196.00
Municipal Bond Commission	4.00	4.00	4.00
Office Of Tax Appeals	6.00	6.00	6.00
Racing Commission	34.00	34.00	34.00
Secretary Of Revenue	8.00	8.00	8.00
State Budget Office	11.00	11.00	11.00
Tax Division	427.00	427.00	427.00
TOTAL - DEPARTMENT OF REVENUE	1,045.00	1,039.00	1,039.00
DEPARTMENT OF VETERANS' ASSISTANCE			
Veterans Affairs	208.09	208.20	209.20
Veterans Home	49.00	49.00	49.00
TOTAL - DEPARTMENT OF VETERAN'S ASSISTANCE	257.09	257.20	258.20

FTE Schedule of All Funds (Continued)

DEPARTMENT/Agency	FY 2022 11-30-2021	FY 2023 11-30-2022	FY 2024 Recommended
DEPARTMENT OF COMMERCE			
Board Of Coal Mine Health And Safety	2.00	2.00	2.00
Division Of Forestry	93.75	92.75	92.75
Division Of Labor	89.00	89.00	89.00
Division Of Miners Health, Safety And Training	135.00	135.00	135.00
Division Of Natural Resources	806.00	808.00	817.00
Division Of Rehabilitation Services	550.50	549.00	549.00
Geological And Economic Survey	34.00	34.00	34.00
Secretary Of Commerce	33.00	44.00	44.00
Workforce West Virginia	500.20	486.60	486.60
TOTAL - DEPARTMENT OF COMMERCE	2,243.45	2,240.35	2,249.35

* Library Commission and National Coal Heritage Area Authority were reorganized under Division of Culture and History for FY 2023 onward.

Schedule of Budgeted Full-Time Equivalents By Source of Funds

Permanent Positions FY 2022 through FY 2024

Department/Fund Source	FY 2022 11-30-2021	FY 2023 11-30-2022	FY 2024 Recommended
ALL DEPARTMENTS/AGENCIES			
General	16,882.56	17,023.79	17,033.79
Federal	4,675.02	4,538.82	4,538.82
Lottery	149.53	150.52	150.52
Special	2,283.59	2,286.51	2,286.51
State Road Fund	5,992	5,979	6,009
Nonappropriated Special	11,065.09	11,244.18	11,244.18
TOTAL	41,047.78	41,222.82	41,262.82
LEGISLATURE			
General Revenue	304.15	305.15	305.15
Special Revenue Appropriated	5.00	5.00	5.00
TOTAL	309.15	310.15	310.15
JUDICIAL			
General Revenue	1,541.00	1,589.50	1,589.50
TOTAL	1,541.00	1,589.50	1,589.50
ELECTED OFFICIALS			
Federal Revenue Appropriated	63.89	48.82	48.82
General Revenue	475.75	474.45	474.45
Special Revenue	184.53	181.53	181.53
Special Revenue Appropriated	252.22	259.84	259.84
TOTAL	976.40	964.65	964.65
DEPARTMENT OF TOURISM			
Lottery Funds	46.00	47.00	47.00
TOTAL	46.00	47.00	47.00
DEPARTMENT OF ECONOMIC DEVELOPMENT			
Federal Revenue Appropriated	51.40	57.20	57.20
Federal Revenue Block Grant	1.70	-	-
General Revenue	62.40	47.30	47.30
Special Revenue	8.50	2.50	2.50
Special Revenue Appropriated	1.00	9.00	9.00
TOTAL	125.00	116.00	116.00

FTE Schedule by Source of Funds (Continued)

Department/Fund Source	FY 2022 11-30-2021	FY 2023 11-30-2022	FY 2024 Recommended
DEPARTMENT OF ARTS, CULTURE, AND HISTORY			
Federal Revenue Appropriated	25.45	26.90	26.90
General Revenue	135.22	128.22	128.22
Lottery Funds	5.50	4.55	4.55
Special Revenue	36.25	40.75	40.75
Special Revenue Appropriated	4.08	4.08	4.08
TOTAL	206.50	204.50	204.50
DEPARTMENT OF HOMELAND SECURITY			
Federal Revenue Appropriated	45.84	43.33	43.33
General Revenue	4,010.05	4,007.86	4,007.86
Special Revenue	1,154.78	1,160.23	1,160.23
Special Revenue Appropriated	135.33	134.58	134.58
TOTAL	5,346.00	5,346.00	5,346.00
BUREAU OF SENIOR SERVICES			
Federal Revenue Appropriated	10.57	10.49	10.49
Lottery Funds	3.36	3.34	3.34
Special Revenue	17.80	17.90	17.90
Special Revenue Appropriated	2.27	2.27	2.27
TOTAL	34.00	34.00	34.00
HIGHER EDUCATION POLICY COMMISSION			
Federal Revenue	83.04	151.93	151.93
General Revenue	3,232.89	3,312.92	3,312.92
Lottery Funds	29.67	30.43	30.43
Special Revenue	7,934.43	7,992.87	7,992.87
Special Revenue Appropriated	124.14	153.41	153.41
TOTAL	11,404.17	11,641.57	11,641.57
COUNCIL FOR C&T COLLEGE EDUCATION			
Federal Revenue	19.67	18.30	18.30
General Revenue	919.45	907.74	907.74
Special Revenue	396.49	415.38	415.38
TOTAL	1,335.61	1,341.42	1,341.42
DEPARTMENT OF ADMINISTRATION			
General Revenue	150.25	147.55	147.55
Special Revenue	302.72	302.42	302.42
Special Revenue Appropriated	378.24	371.24	371.24
TOTAL	831.20	821.20	821.20

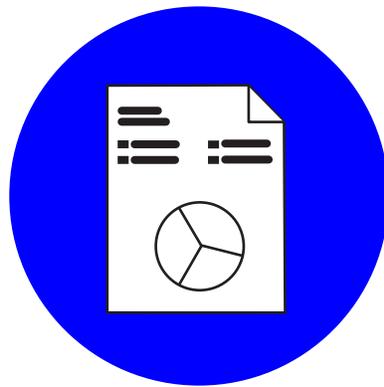
FTE Schedule by Source of Funds (Continued)

Department/Fund Source	FY 2022 11-30-2021	FY 2023 11-30-2022	FY 2024 Recommended
DEPARTMENT OF TRANSPORTATION			
Federal Revenue Appropriated	11.00	11.00	11.00
General Revenue	7.00	5.00	5.00
Special Revenue	17.00	19.00	19.00
Special Revenue Appropriated	66.00	66.00	66.00
State Road Fund	5,992.00	5,979.00	6,009.00
TOTAL	6,093.00	6,080.00	6,110.00
DEPARTMENT OF HEALTH & HUMAN RESOURCES			
Federal Revenue Appropriated	1,837.16	1,655.97	1,655.97
Federal Revenue Block Grant	525.93	535.22	535.22
General Revenue	3,837.24	3,984.48	3,984.48
Special Revenue	202.99	202.52	202.52
Special Revenue Appropriated	83.92	85.57	85.57
TOTAL	6,487.24	6,463.75	6,463.75
MISCELLANEOUS BOARDS & COMMISSIONS			
Federal Revenue	3.00	3.00	3.00
Federal Revenue Appropriated	516.09	508.28	508.28
General Revenue	121.29	120.13	120.13
Special Revenue	127.72	128.19	128.19
Special Revenue Appropriated	339.35	338.85	338.85
TOTAL	1,107.45	1,098.45	1,098.45
DEPARTMENT OF ENVIRONMENTAL PROTECTION			
Federal Revenue Appropriated	330.26	331.61	331.61
General Revenue	76.53	73.13	73.13
Special Revenue	244.33	248.30	248.30
Special Revenue Appropriated	236.53	233.61	233.61
TOTAL	887.65	886.65	886.65
DEPARTMENT OF REVENUE			
General Revenue	375.10	317.50	317.50
Special Revenue	250.05	333.50	333.50
Special Revenue Appropriated	419.85	388.00	388.00
TOTAL	1,045.00	1,039.00	1,039.00
DEPARTMENT OF VETERAN'S ASSISTANCE			
Federal Revenue Appropriated	71.58	71.58	71.58
General Revenue	185.51	185.62	186.62
TOTAL	257.09	257.20	258.20

FTE Schedule by Source of Funds (Continued)

Department/Fund Source	FY 2022 11-30-2021	FY 2023 11-30-2022	FY 2024 Recommended
DEPARTMENT OF COMMERCE			
Federal Revenue	471.60	460.60	460.60
Federal Revenue Appropriated	480.69	477.04	477.04
Federal Revenue Block Grant	28.60	26.00	26.00
General Revenue	815.70	820.70	829.70
Lottery Funds	59.00	59.00	59.00
Special Revenue	165.20	174.94	174.94
Special Revenue Appropriated	222.66	222.07	222.07
TOTAL	2,243.45	2,240.35	2,249.35
EDUCATION			
Federal Revenue Appropriated	97.55	101.55	101.55
General Revenue	633.03	596.53	596.53
Lottery Funds	6.00	6.20	6.20
Special Revenue	22.29	24.15	24.15
Special Revenue Appropriated	13.00	13.00	13.00
TOTAL	771.87	741.43	741.43

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 the Budget Act.

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 in this section, 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 2023, these taxes comprise approximately 93.5% of the General Revenue Fund. The remaining 6.5% 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, with a few exceptions. Obligations may be paid through July 31 for goods and services that were incurred on or before June 30 of the expiring fiscal year. 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 fiscal year. For capital outlay appropriations, W.V. 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 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.

Federal funds must be included in the State Budget and appropriated by the Legislature (as required by W.V. Code §4-11-6), with the following exceptions:

- Federal funds received by state institutions of higher education, by students, or by faculty members of such institutions for instructional or research purposes as well as 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; and
- 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.

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 S&P Global, 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.

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 Sources

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, and FY 2013 through FY 2017. Based on results over the past two decades, the probability of a revenue shortfall issue in any given year is less than 25%.

Economic Development Tax Expenditure Budget - FY 2024

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 2024.

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 can 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 similar, 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 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 the 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 that runs from July 1st to June 30th.

Finally, the filing of tax returns documenting the actual use of tax expenditures generally occurs long after the expiration of both the fiscal year 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.

Revenue Sources

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 purposes of the FY 2024 budget, economic development tax expenditure programs were grouped in the following three 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)

There is no bright-line separation of business economic development programs from other programs with similar characteristics. Therefore, other similar tax expenditures are listed on the following pages to give some perspective of the relative size of various individual tax preferences in relationship to 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 30 active tax credit programs listed in the state tax code with a total FY 2024 value of \$94.1 million. Programs classified as economic development-related account for \$52.2 million in value, an amount equal to roughly 55% 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 \$35.0 million.

The largest single tax credit in terms of cost (22% 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. 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.

Revenue Sources

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.

Article	Tax Credit	Description	FY 2024 Estimate (in millions)
5B-2E	Tourism Development	25% of approved costs over 10 years	\$3.0
11-13D	Industrial Expansion/Revitalization	10% Investment Credit - electric power producers	\$21.0
11-13E	Coal-Loading Facilities	10% Investment Credit - coal loading facilities	\$0.9
11-13F	Low-Income Electric, Gas, and Water	Reimburses Utility for Low-Income Resident Discount	\$8.0
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	Natural Gas Jobs Retention	\$1,000/Job - Natural Gas Storage Tax	\$0.0
11-13Q	Economic Opportunity	Investment Credit - New Jobs and Select Industries	\$4.0
11-13S	Manufacturing Investment	5% Investment Credit - Manufacturing	\$2.0
11-13W	Apprenticeship Training	\$2/hour or \$2,000/year - Training Tax Credit	\$0.3
11-13Y	Manufacturing Property Adjustment	Manufacturing Inventory Tax Credit	\$2.0
11-13X	West Virginia Film	27% to 31% of Costs for Making a film in the State	\$3.0
11-13BB	Mine Safety Technology	50% Investment Credit - Mine Safety Equipment	\$0.0
11-13DD	Farm to Food Bank Tax Credit	10% value of donated, edible agriculture products up to \$2,500 per year	Minimal
11-13EE	Coal Severance Tax Rebate	35% of Qualified Investment - 80% of Additional Tax	\$3.0
11-13FF	Car Donation Tax Credit	Lesser of 50% of value or \$2,000	\$0.3
11-13GG	Downstream Gas Manufacturing Credit	Investment Credit - New Jobs and Select Industries	\$0.0
11-13HH	Natural Gas Liquids Property Tax Credit	Tangible Personal Property Tax Credit	\$0.5
11-13II	High-Wage Growth Business Tax Credit	Up to 10% of salary paid	\$0.5
11-13KK	Small-Arms Manufacturing	Credit for Federal Excise Tax Paid	Minimal
11-21-8a	Rehabilitated Buildings	25% of qualified costs	\$12.0
11-21-8g	Residential Rehabilitated Buildings	5% of qualified costs	\$0.4
11-21-10a	Nonfamily Adoption	\$2,000 per qualified adoption	\$3.2
11-21-21	Senior Citizen Homestead Credit	Local Tax paid on First \$20,000 of Taxable Valuation	\$11.0
11-21-22	Low-Income Family Tax Credit	Up to 100% of Pre-Credit Income Tax	\$13.5
11-21-23	Excess Property Tax Credit	Excess more than 4% of Gross Income up to \$1,000	\$2.5
11-21-42 & 11-24-12	Military Incentive	30% of first \$5,000 of Wages Paid	\$0.0
11-28	Post-Coal Mine Site Credit	50% Investment Credit	\$0.0
61-7-4(r)	Gun Safety Training Credit	One-time credit of up to \$50	Minimal
Subtotal:			\$94.1

Revenue Sources

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 \$25.0 million in FY 2024 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 \$27.0 million of State sales tax from the State General Revenue Fund to local retail development projects.

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

Article	Tax Increment Diversion Programs	Description	FY 2024 Estimate (in millions)
7-11B	Property Tax Increment Financing Economic Development District	Property Increment -State portion of \$25M total	\$11.3
7-22	Sales Tax Increment Financing	6% State sales tax re-designated as local tax	\$27.0
Subtotal:			\$38.3

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 64% 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 \$622 million and the State share of this combined value, mainly reflected in the State School Aid Formula, is \$169.0 million.

Several other types of mostly tangible personal property qualify for reduced “salvage” valuation at a combined value of \$126.3 million in property tax reductions with \$35.1 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 \$65 million tax preference is largely tied to metallurgical coal production in southern West Virginia. Thin-seam coal 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 in bold 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:

Revenue Sources

Article	Tax Preference	Description	FY 2024 Estimate (in millions)
11-3-9	PILOT-County	Payment in Lieu of Tax - New Facilities	Unknown
11-1C	Managed Timberland	Constitutional Preference - State portion of \$12M	\$3.3
11-6A	Pollution Control Salvage Value	State portion of \$72M	\$19.9
11-6B	Homestead Exemption and Tax Rate	Over 65/Disabled - State Portion of \$102M	\$27.7
11-6E	Manufacturing Production Property	Salvage Value - State Portion of \$2M	\$0.6
11-6F	Certified Capital Additions	Salvage Value-Existing Mfg. - State Portion of \$50M	\$14.0
11-6H	Special Aircraft Property	Salvage Value - State Portion of \$1.7M	\$0.5
11-6J	High-Technology Business Property	Salvage Value - State Portion of minimal \$0.1M	\$0.0
11-6L	Wireless Technology	Salvage value - State Portion of \$0.5M	\$0.1
11-8-6b	Residential/Farm Preference	50% Tax Rate Preference - State Portion of \$520M	\$141.3
11-13A-3(f)	Thin-Seam Coal Rates	Reduced Tax Rates on Thin-Seam Coal [60%-80%]	\$65.0
11-13A-3a(a)	Natural Gas/Oil Exclusions	Low-volume/shut-in well gross receipt exclusions	\$2.5
11-13A-3a(b)(2)	Low Volume Natural Gas/Oil	Reduced tax rates on lower volume wells [50%]	\$4.0
11-13A-3(b)	Steam Coal Rates	Reduced tax rates on steam coal [40%]	\$44.0
11-15-9s	Sales Tax Holiday	Back to school sales tax holiday	\$2.6
Subtotal:			\$325.5

The total sum value of all tax expenditures listed in the previous charts is \$459.9 million, including \$224.5 million in bolded economic development tax expenditures and \$235.4 million in various other tax expenditures.

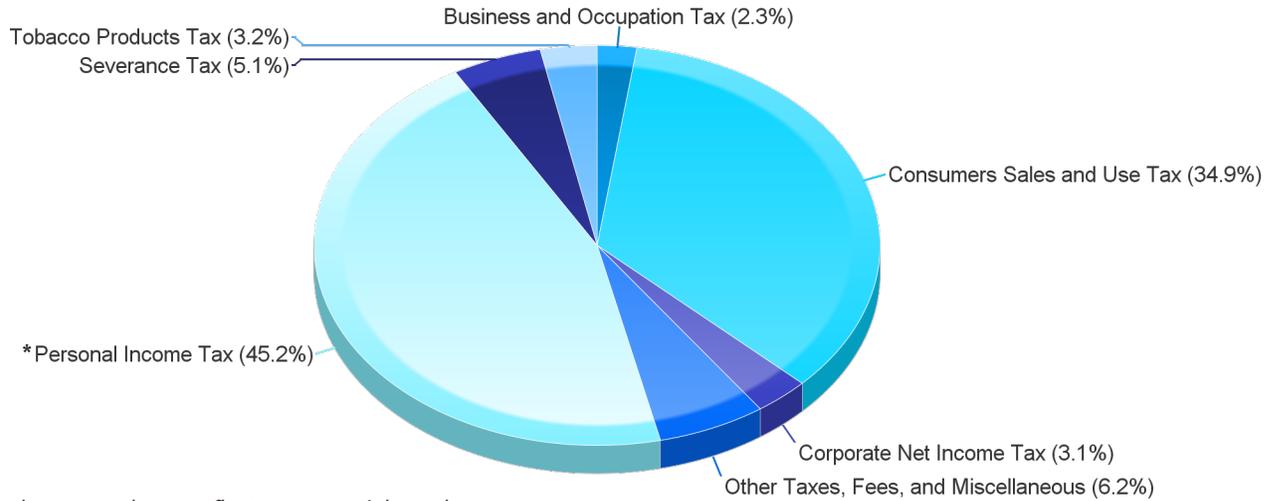
Additional Revenue Information

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.

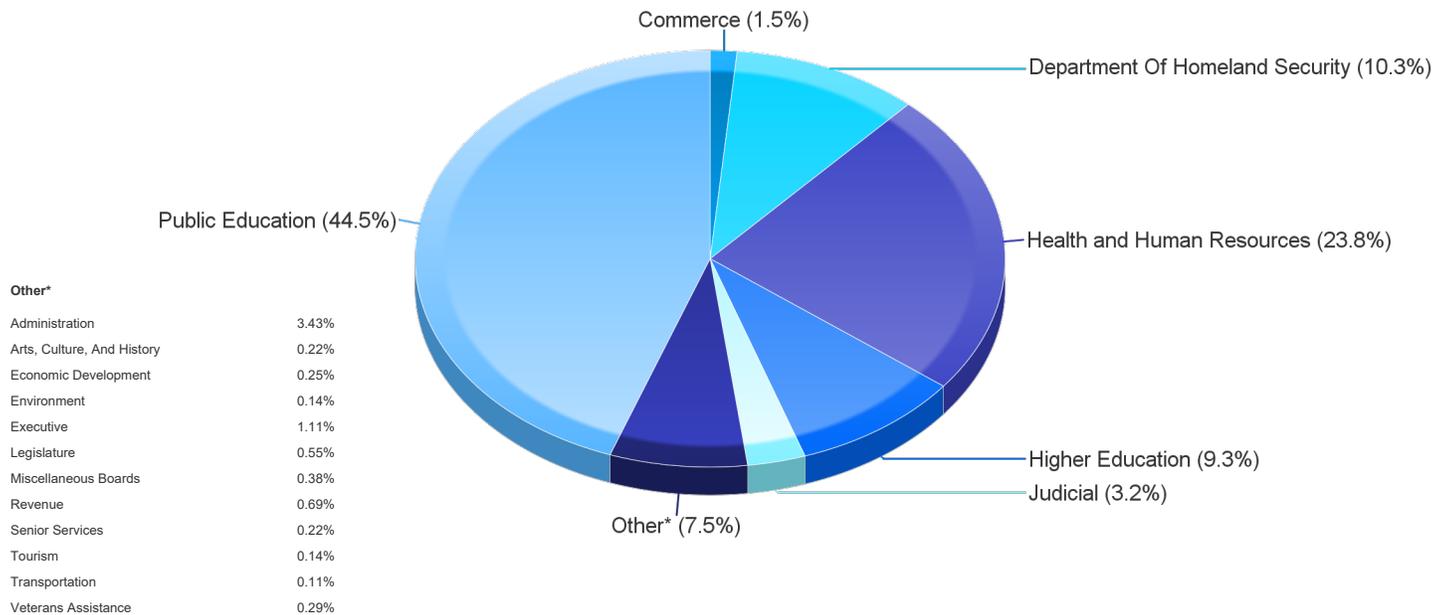
General Revenue Fund

**Sources of Revenue
Fiscal Year 2024
\$4.88 Billion
(Estimated)**



* Projected revenues do not reflect any potential tax changes.

**Recommended Expenditures
Fiscal Year 2024
\$4.88 Billion**



General Revenue Fund

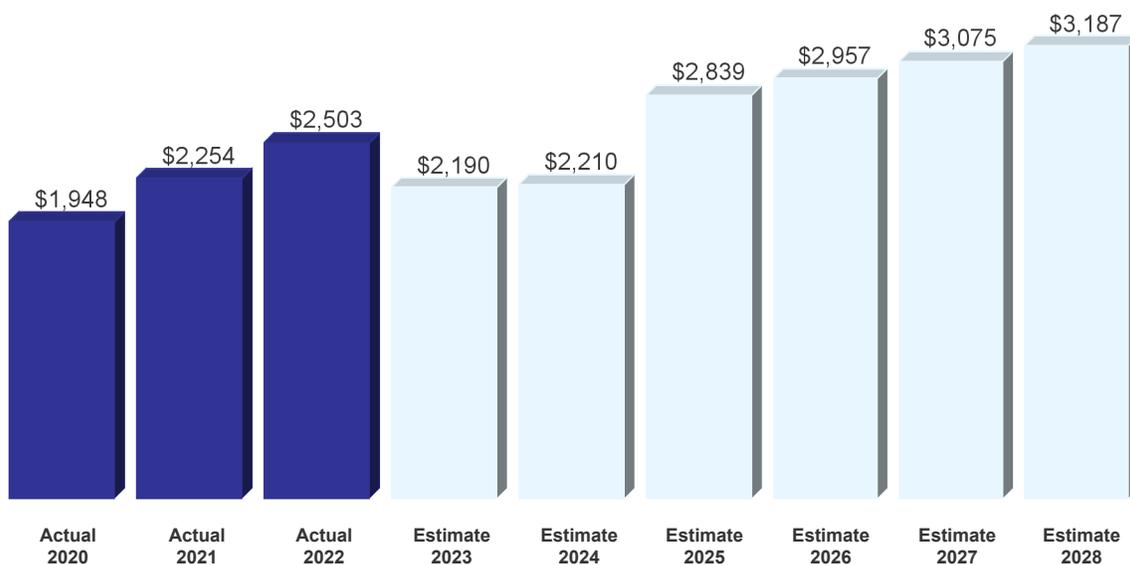
Personal Income Tax

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. After falling by 8.6% in FY 2020 due to a short-term recession associated with efforts to combat the COVID-19 Pandemic, collections rebounded by 15.7% in FY 2021 and by another 11.0% in FY 2022. Average annual revenue growth between the pre-pandemic FY 2019 and FY 2022 was slightly more than 6.0%. Following a brief recession during the fourth quarter of FY 2020, the State’s economy rebounded with significant gains in employment and wages. Employment rebounded from a recession low of 645,700 in April 2020 to a seasonally adjusted high of 768,400 as of June 2022. Income withholding tax collections rose by 9.8% in FY 2022 and by 10.4% year-to-date in FY 2023. Other sources of personal income also grew strongly over the past two years, including business profits, capital gains, and natural resource royalties. As a result, estimated income tax payments rose by 37% during the fourth quarter of FY 2022 and by 34.5% for the year-to-date as of November of this fiscal year. Overall personal income tax collections were 14.9% higher than prior year receipts through November.

According to the most recent forecasts from S&P Global, payroll employment is expected to grow by roughly 2.9% in 2022, and then generally level off between 2023 and 2028 due to the likelihood of a mild national recession in 2023 and to demographic limitations thereafter. West Virginia personal income less transfer payments rose by 3.7% in CY 2021 and by an estimated 4.9% in CY 2022. S&P Global projects West Virginia personal income less transfer payments to increase by 5.4% in 2023, 3.6% in 2024, and by an annual average of 3.0% between 2024 and 2028. Absent any tax changes, income tax collections are projected to rise by an average annual rate of nearly 4.0% during the FY 2022 to FY 2028 forecast period.

- 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 45% of total General Revenue Fund.

(Expressed in Millions)*



* Projected revenues do not reflect any potential tax changes.

General Revenue Fund

Consumer Sales Tax and Use Tax

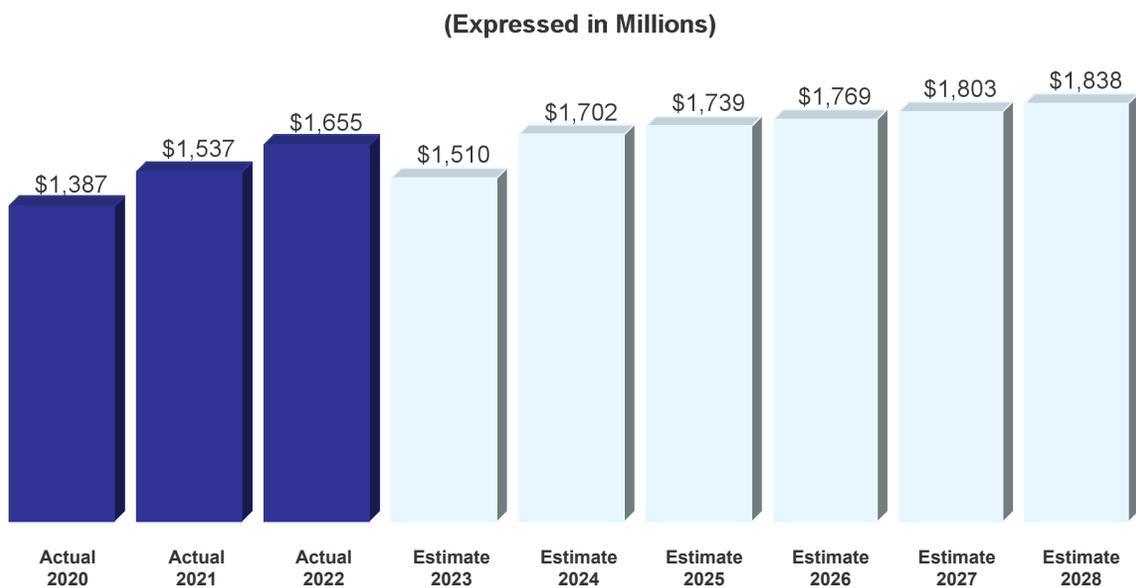
Consumer Sales and Use Tax collections depend heavily upon retail sales and taxable services activities. The tax base includes most retail sales, but some exclusions include sales of automobiles (taxed under alternative 6% Vehicle Sales Tax), gasoline (taxed under alternative 5% Wholesale Sales Tax), 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 4.0% between 2012 and 2021. West Virginia disposable personal income grew by an average annual rate of nearly 4.3% between 2016 and 2019. Due in large part to significant federal fiscal stimulus payments in response to the COVID-19 Pandemic, disposable personal income grew by 5.1% in CY 2020 and by 6.1% in CY 2021. Disposable personal income is estimated to decrease slightly in 2022. The jump in disposable personal income was a significant factor in the above average 10.8% growth rate in General Revenue Fund Sales Tax collections in FY 2021 and 7.7% in FY 2022. Higher consumer inflation was a bigger contributing factor to the 6.0% growth rate through the first five months of FY 2023. S&P Global forecasts West Virginia disposable personal income will rise by a more modest 2.7% in FY 2023 before growing by nearly 4.5% per year on average from 2022 through 2028.

Sales tax collection growth was just 1.2% in FY 2020 in response to the impact of an energy sector slowdown, the loss of employment in pipeline construction, and the onset of a sharp recession associated with the COVID-19 Pandemic. In FY 2021, sales tax collections experienced growth of 10.8% over FY 2020. Strong annual employment growth of roughly 3.0%, strong wage growth, and healthy consumer confidence contributed to a 7.7% rise in sales tax collections in FY 2022. Collection growth was also buoyed by rising inflation that peaked over 9% as of June 2022 before slowing down toward 6% as of November 2022. Cumulative collections for the first five months of FY 2023 were up roughly 6.0% over the same period in FY 2022. Over the long-run, annual collections are expected to rise by an annual average of closer to 2.0% between FY 2022 and FY 2028. Higher interest rates and a possible recession in the short term contributes to lower revenue growth expectations over the next two years.

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 roughly 35% 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 2022, regular severance tax receipts were deposited in the State General Revenue Fund (91.5%), the State Infrastructure Fund (2.6%), local government funds (5.7%), and Department of Environmental Protection (0.2%). 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. In addition, 90% of the reduced tax on lower volume vertical oil and gas wells is dedicated to a well plugging fund under control of the Department of Environmental Protection.

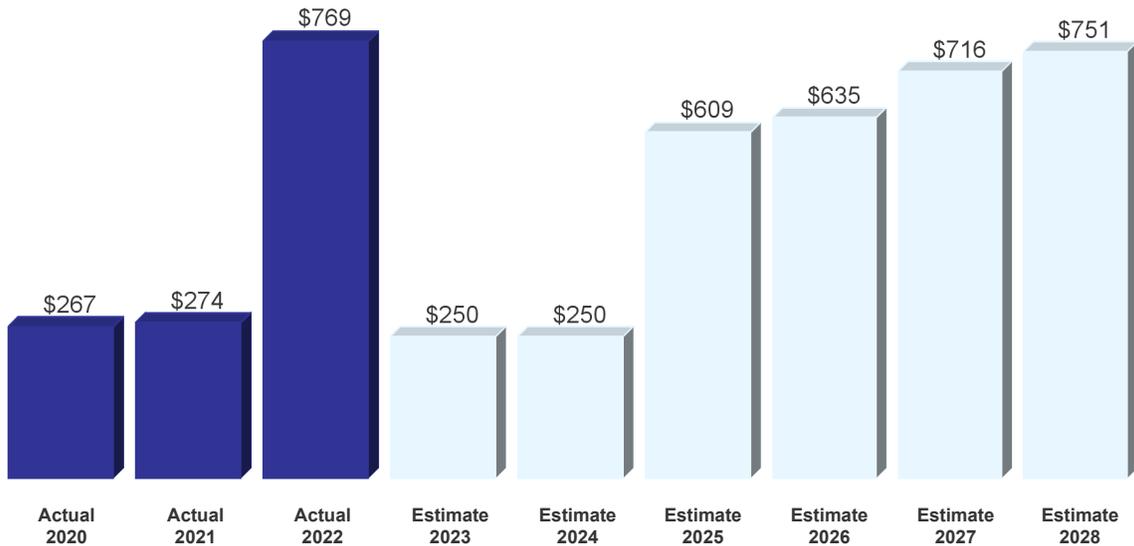
Severance Tax collection growth depends upon changes in coal and natural gas production and their respective prices. Recent technological advancements led to more than a tenfold increase in natural gas production in West Virginia since 2010. Natural gas has become very competitive with coal as a fuel source in the generation of electric power. Coal production fell by nearly 42% between 2010 and 2021. Production rose by nearly 7% in 2022 partially due to a global energy supply shortfall. The energy sector benefited significantly from an emerging global energy supply shortfall with higher prices associated with such shortfall. Average natural gas hub prices rose from a low of roughly \$1.40 per million British thermal units in CY 2020 to more than \$3.00 in CY 2021 and to an estimated \$5.40 in CY 2022. Average coal prices rose from a low of just \$59 per ton in CY 2020 to \$73 in CY 2021 and to an estimated \$125 in CY 2022.

After rising by more than 20% per year in both 2019 and 2020, natural gas production rose at a slower pace of 6.5% in 2021 and an estimated 5.4% in 2022. Annual production growth is forecast to slow toward an average of 5% per year over the forecast period partially due to the need for more pipeline infrastructure to transport product. Average West Virginia natural gas prices rose by nearly 400% from 2020 to the present. The average price in November 2022 of \$4.07 per million BTU was four times higher than the average price in November 2020, but 9.6% lower than the average price in November of last year. The U.S. Energy Department of Energy currently forecasts average annual natural gas prices to decrease by more than 16% in 2023 from peak levels in 2022. The U.S. Department of Energy currently forecasts a decrease in Appalachian coal production of more than 10% in 2023 with declines in domestic steam coal demand and metallurgical exports partially offset by higher steam coal exports. After rising by 154% in FY 2022 and by an additional 127% year-to-date in FY 2023, Severance Tax collections are anticipated to gradually stabilize with average annual collections for the FY 2023 through FY 2028 period slightly below actual collections for FY 2022. Collection patterns will continue to be highly volatile in future years beyond 2023 with significant downside risk to the steam coal market offset by some potential gains in metallurgical coal, natural gas, and natural gas liquid markets. Energy sector fortunes will continue to depend heavily on global economic conditions. The coal industry is becoming more dependent on foreign markets over time and the natural gas liquid export market is also growing at a rapid pace.

General Revenue Fund Severance Tax

- Privilege Tax on gross receipts with a base rate of 5.0%. (Reduced rates for certain types of coal and waste coal).
- Applies to natural resources (coal, gas, oil, and/or other) production.
- The Severance Tax on steam coal is 3.0%.
- The Severance Tax on underground mines with seam thickness between 37” and 45” is 2.0%.
- The Severance Tax on underground mines with seam thickness below 37” is 1.0%.
- The Severance Tax on lower volume vertical oil and gas wells is 2.5%.
- Currently accounts for between 5% and 15% of total General Revenue Fund.

(Expressed in Millions)



General Revenue Fund

Corporation Net Income Tax

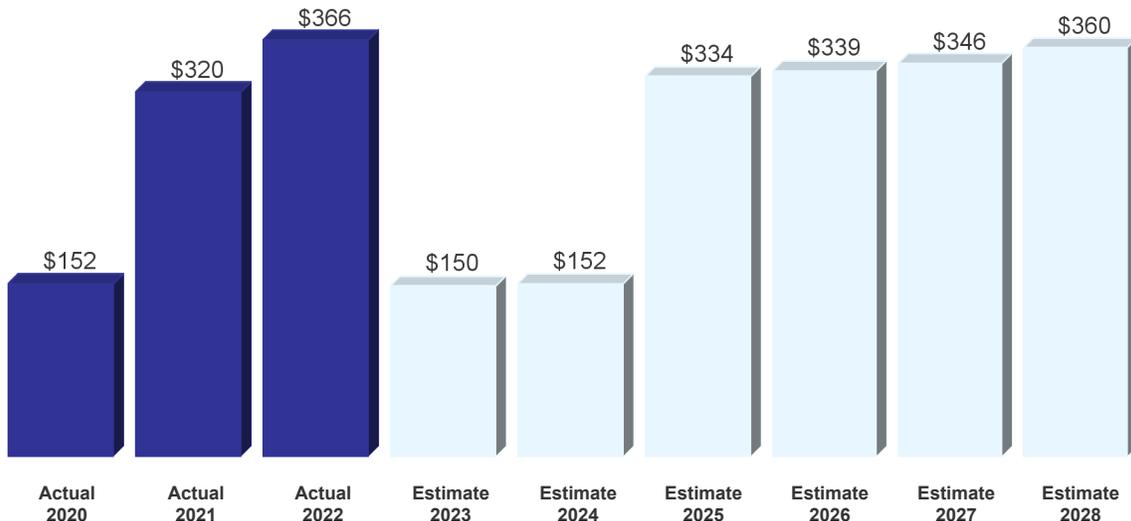
The Corporation Net Income Tax is a tax on net profits of incorporated entities doing business in West Virginia.

U.S. domestic corporate profits grew by 11.1% in 2018 and 5.0% in 2019 before declining by 3.8% in 2020. Aided by a strong recovery from the COVID-19 Pandemic Recession, corporate profits grew by 29.0% in 2021 and by an estimated 9.0% in 2022. According to S&P Global, domestic corporate profits are likely to fall slightly between 2022 and 2025 partially due to the impact of economic slowdown associated with higher interest rates and higher than comfortable inflation. 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 from a low of \$110.1 million in FY 2018 to nearly \$366.3 million in FY 2022 for an average annual increase of more than 35%. Collections continued rising at a healthy pace in the first half of FY 2023 with year-to-date receipts up nearly 43% from the prior year through November. After peaking in FY 2023, collections are anticipated to decline in FY 2024 before rebounding beginning in FY 2025. The anticipated decline in collections over the next year relates to an expected leveling of corporate profits and recent policy changes to multistate corporate apportionment rules. The move to single-factor apportionment will result in increases in tax liability for those companies with large sales factors relative to payroll and property and decreases in tax liability for those with large property and payroll factors relative to sales. Any significant claims for tax refunds associated with the apportionment change should occur with annual return filings received during the first half of FY 2024. Over the long-term from FY 2022 to FY 2028, Corporation Net Income Tax collections are forecast to remain stable relative to the collections received in FY 2022.

- 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 roughly 3% to 5% of total General Revenue Fund.

(Expressed in Millions)



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.

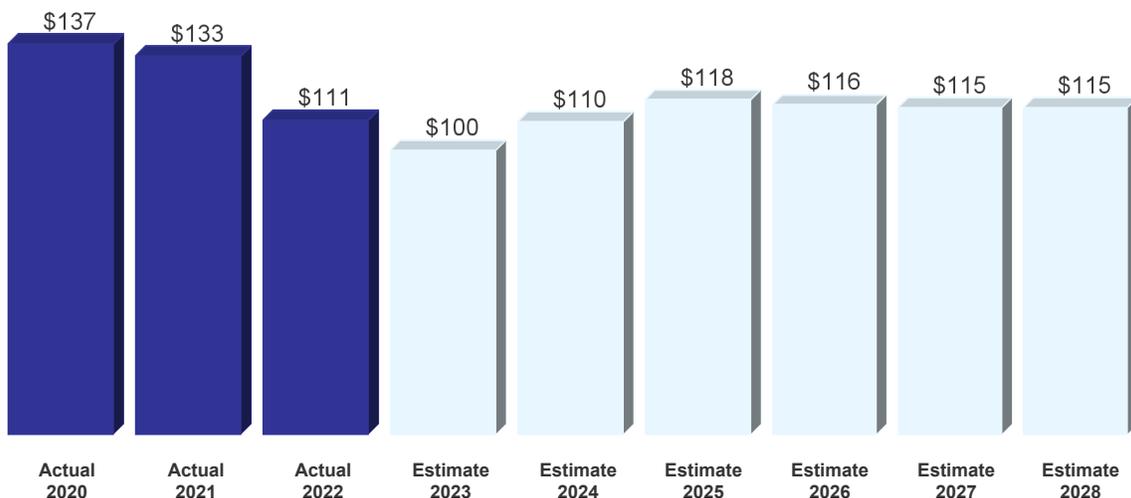
For electric power producers, the general tax rate is \$22.78 per kilowatt of taxable capacity. Plants with flue gas desulfurization systems are subject to a lower tax rate of \$20.70 per kilowatt. An increase in investment tax credits due to capital investments for the installation of flue gas desulfurization 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. New capital investments in coal-fired power plants should result in some increase in investment tax credits in the near term.

The tax on natural gas receipts applies only to public utility sales. Higher natural gas costs should result in a significant increase in revenue from this source over the next two years. West Virginia imposes a tax on natural gas storage activities. Revenue from this source should remain stable during the forecast period.

After rising by 10.3% in FY 2020, collections fell by 3.1% in FY 2021 and by 17.0% in FY 2022. The decrease in tax collections was attributable to a change in law exempting a merchant coal-fired power plant with costs not subject to recovery through rate regulation from tax effective January 1, 2020, and a subsequent law lowering the taxable capacity of certain coal-fired power plants effective July 1, 2021. Revenues are forecast to be relatively stable between FY 2022 and FY 2028. Higher revenues from natural gas utilities are likely to be partially offset with lower tax revenues from electric power plants.

- 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 around 6% of total General Revenue Fund.

(Expressed in Millions)



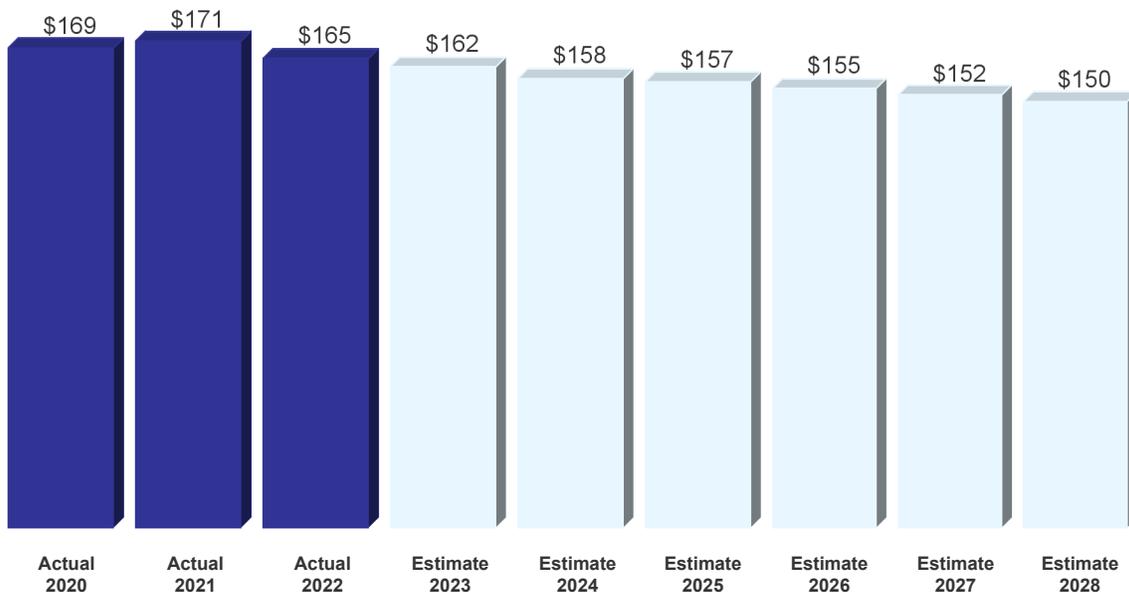
General Revenue Fund

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 further declines of 3.7% in FY 2019 and 1.5% in FY 2020. Changes in consumer behavior associated with the COVID-19 Pandemic significantly affected Tobacco Products Tax collections in FY 2021. The 1.4% increase in collections in FY 2021 was likely due in part to individuals experiencing increased stress and additional time away from their traditional work environments. FY 2022 collections declined by 3.9% as more people returned to work and the Pandemic eased. Through the first five months of FY 2022, cumulative collections fell roughly 2.0% from the prior year. Collections are forecast to decrease by an average annual rate of approximately 1.6% between FY 2022 and FY 2028.

- 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 less than 3% of total General Revenue Fund.

(Expressed in Millions)



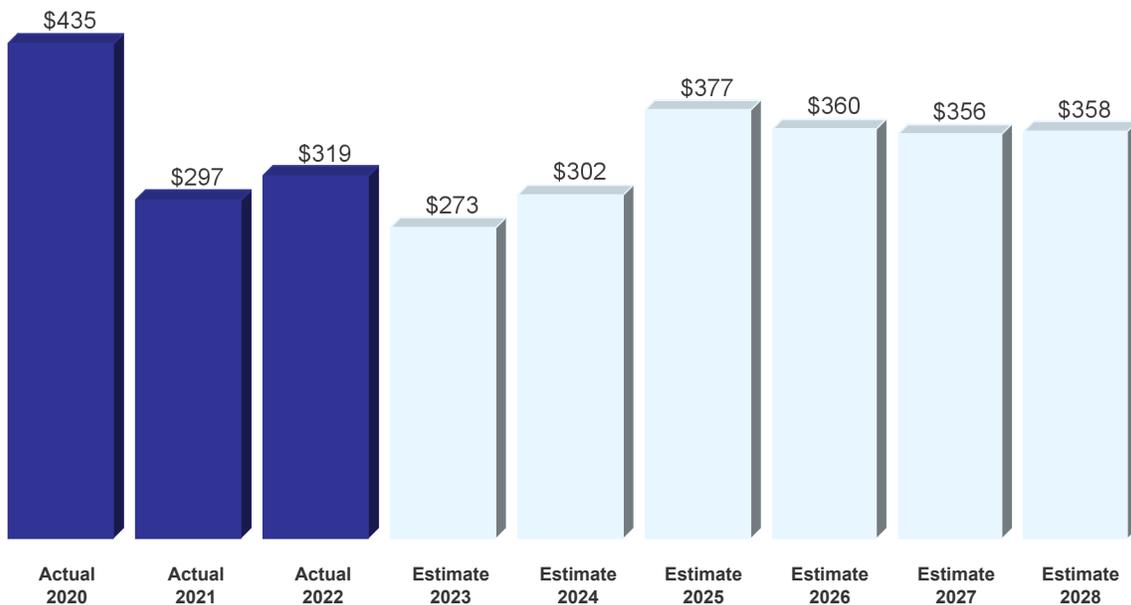
General Revenue Fund

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, Soft Drink Excise 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. Recently enacted legislation phases-out the State Property Transfer Tax over a period of 10 years beginning in FY 2022 with tax proceeds gradually transferred to county governments. In addition, the Soft Drink Excise Tax is set for repeal as of July 1, 2024.

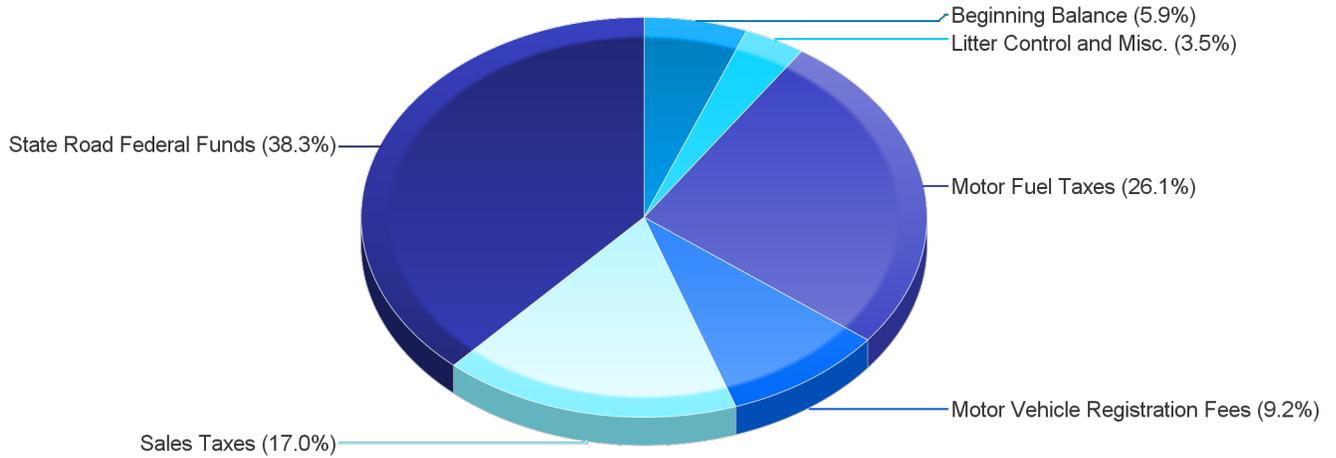
- Accounts for less than 5% of total General Revenue Fund.

(Expressed in Millions)

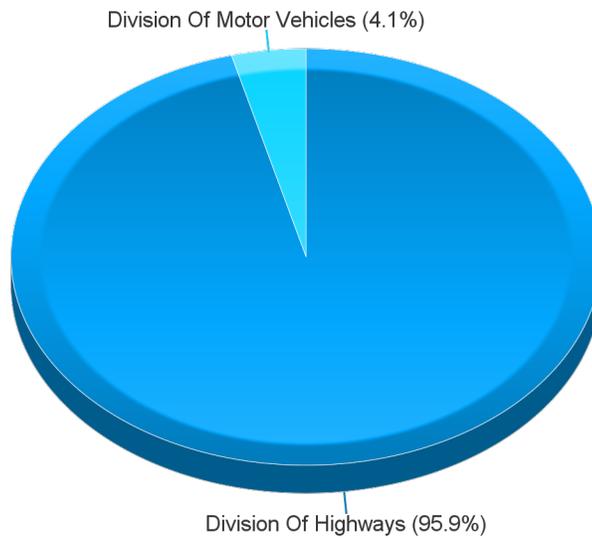


State Road Fund

Sources of Revenue
Fiscal Year 2024
\$1.68 Billion
(Estimated)



Recommended Expenditures
Fiscal Year 2024
\$1.68 Billion

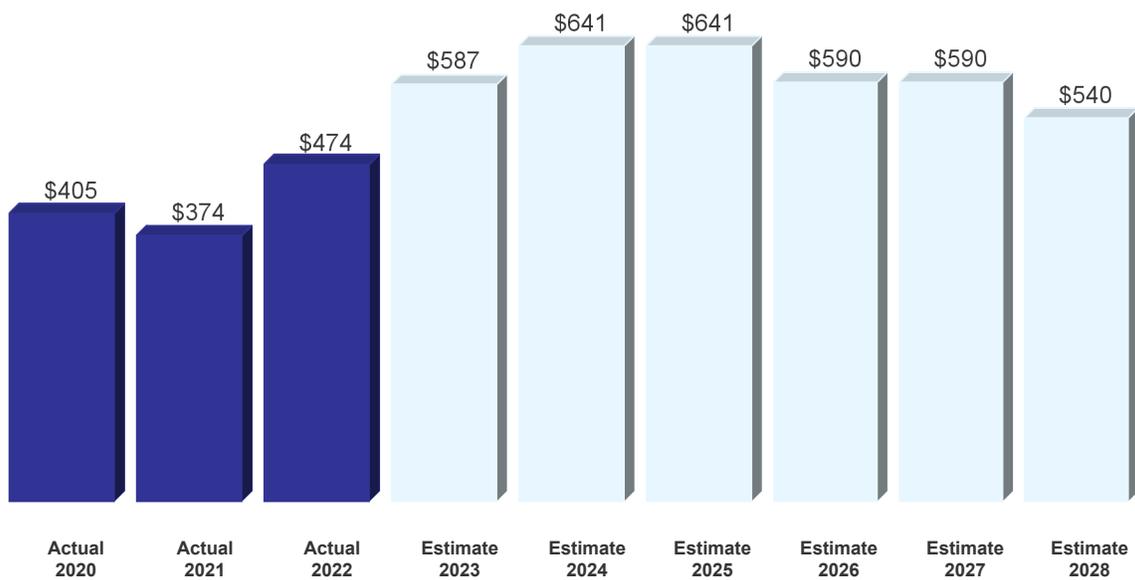


State Road Fund

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 and are included in the budgeted amounts.
- Accounts for 38.3% of the total State Road Fund.

(Expressed in Millions)



State Road Fund

Motor Fuel Taxes

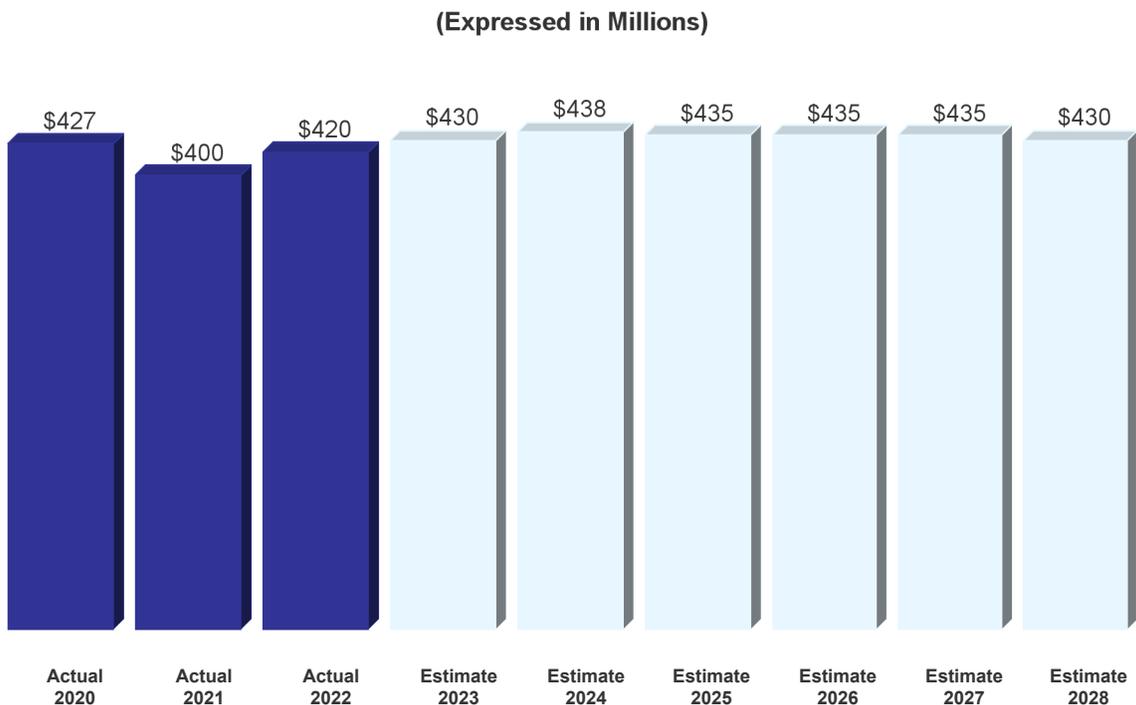
Motor Fuel Excise Tax

- 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 variable 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.

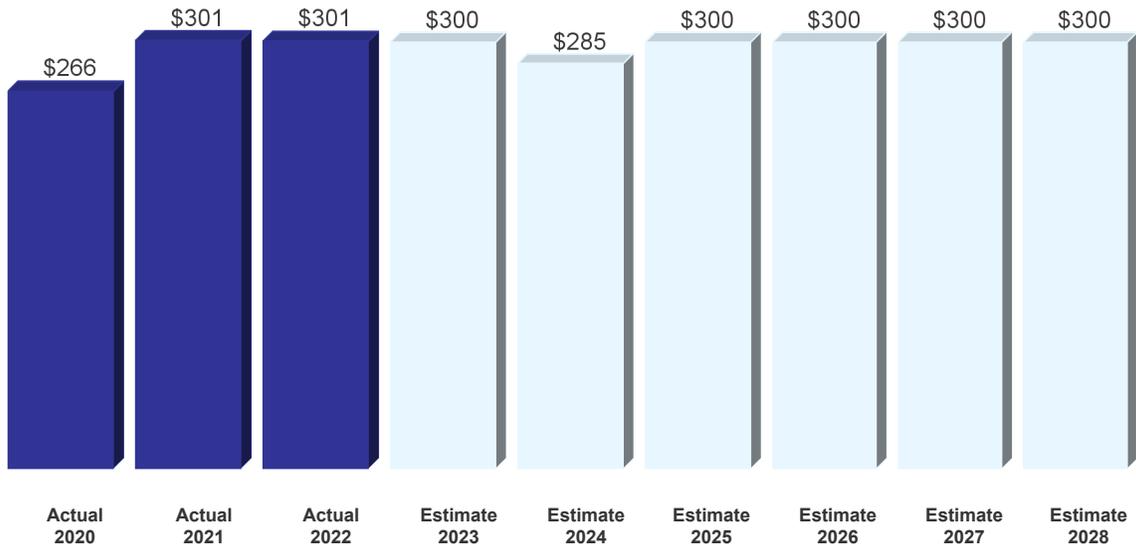
• Accounts for 26.1% of the total State Road Fund.



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 17.0% of the total State Road Fund.

(Expressed in Millions)

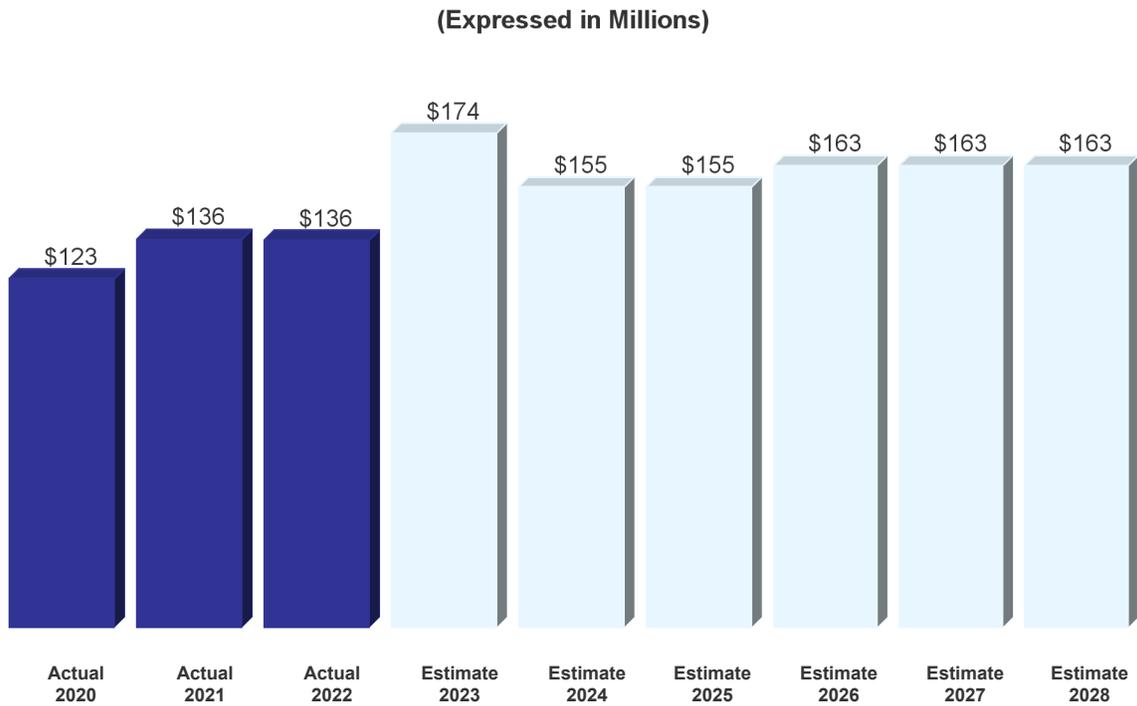


State Road Fund

Motor Vehicle Registration Fees

The Division of Motor Vehicles collects 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 9.2% of the total State Road Fund.



West Virginia Lottery

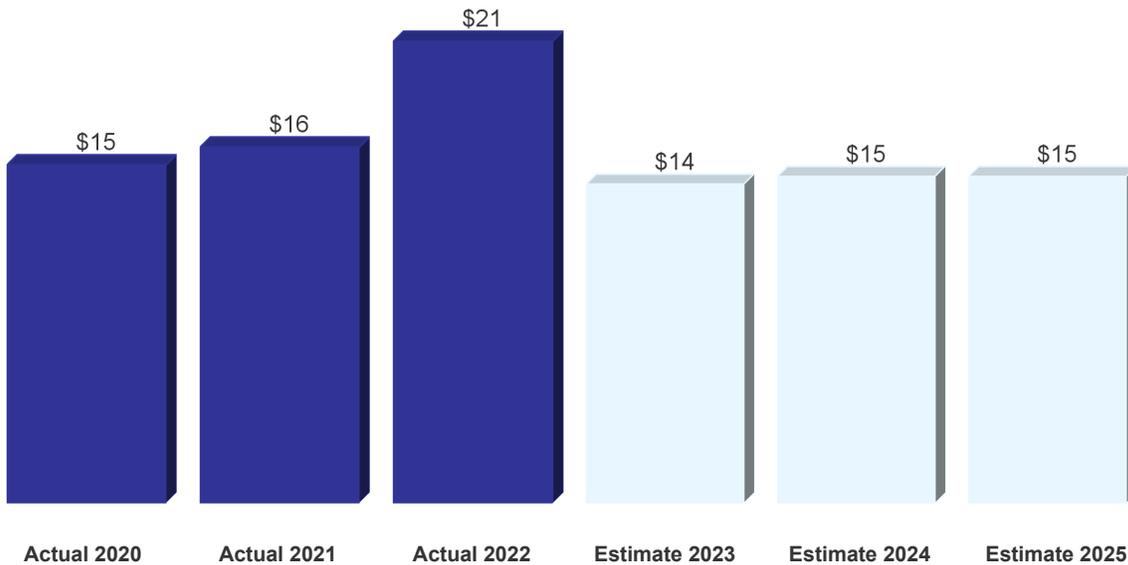
West Virginia Lottery gross revenue increased by 23.3% in FY 2021 and 7.9% in FY 2022. West Virginia Lottery revenues continue to show strong performance as the State and the surrounding areas continue to recover from the impacts of the COVID-19 pandemic. Gross revenues include ticket sales of online and instant games, Racetrack Video Lottery, Limited Video Lottery revenue, Table Games, Historic Resort Hotel revenues, Sports Wagering revenue, and Interactive Gaming revenues. Net revenues to the State increased by 39.0% in FY 2021 and decreased by 2.4% in FY 2022. Racetrack Video Lottery increased for FY 2021 by 5% and increased by 17.5% during FY 2022. Limited Video Lottery increased by 2.2% in FY 2022 and increased by 45.7% in FY 2021.

For FY 2023, the official estimate reflects a decrease in gross revenue of 18.1% from FY 2022. Racetrack Video Lottery is projected to decrease 6.5%. Limited Video Lottery is projected to decrease by 23.6%. Table games revenue is projected to increase 30.9%. Historic Resort Hotel revenue is projected to decrease 27.8%. Sports Wagering is projected to decrease by 44.3%. Interactive Gaming is projected to decrease by 72.9%. These decreases are consistent with the Lottery’s practice of conservative forecasting. Online sales are projected to decrease 5.4% and instant ticket sales are projected to decrease 31.9%.

In FY 2024, the gross revenue estimate is expected to increase by 10.8%. Racetrack Video Lottery is projected to remain level. Limited Video Lottery is projected to increase by 18.7%. Table games revenue is projected to remain level. Historic Resort Hotel revenue is projected to increase 14.8%. Sports Wagering is projected to increase by 42.9%. Interactive Gaming is projected to increase by 127.1%. Online sales are projected to remain level and instant ticket sales are projected to increase 26.1%.

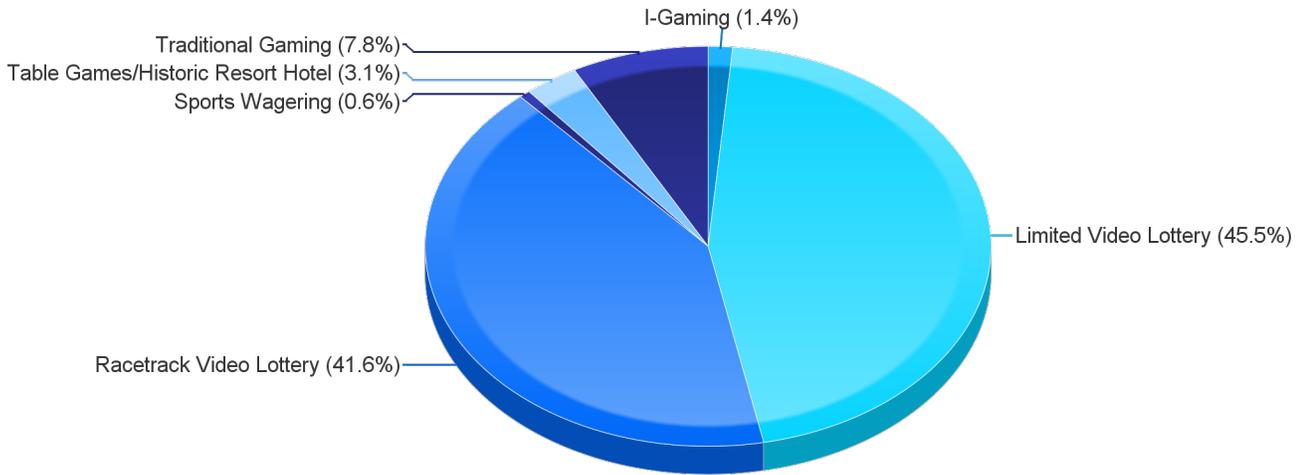
Net revenue, as indicated on the following pages, does not include the portion of lottery profits earmarked by statute for other purposes and not available for appropriation.

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



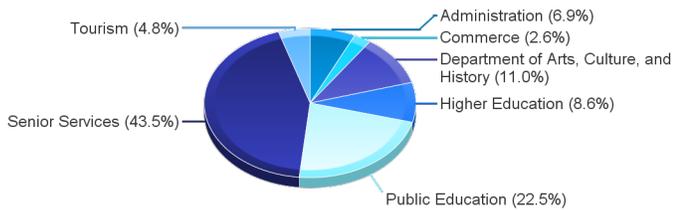
West Virginia Lottery

**Sources of Revenue
Fiscal Year 2024
\$479 Million*
(Estimated)**

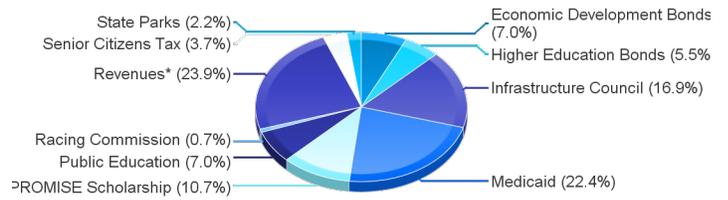


**Recommended Expenditures
Fiscal Year 2024
\$478.82 Million**

**Lottery Fund
\$144.1 Million**



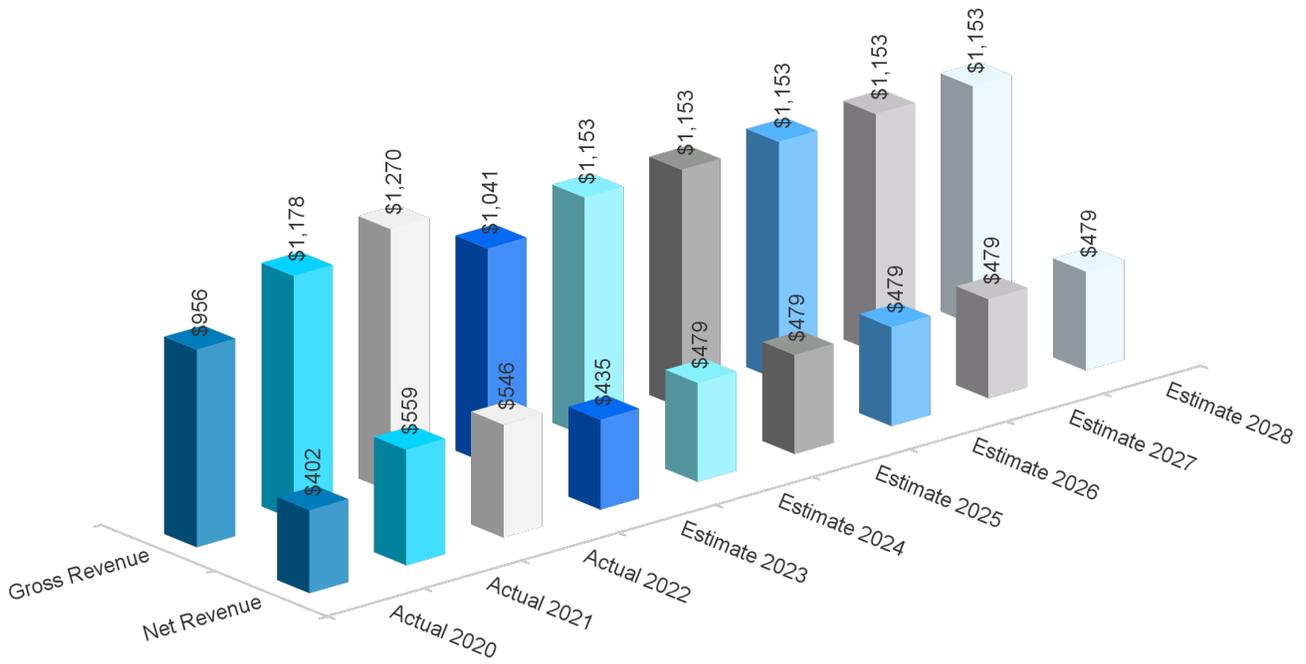
**Excess Lottery Fund
\$271.6 Million**



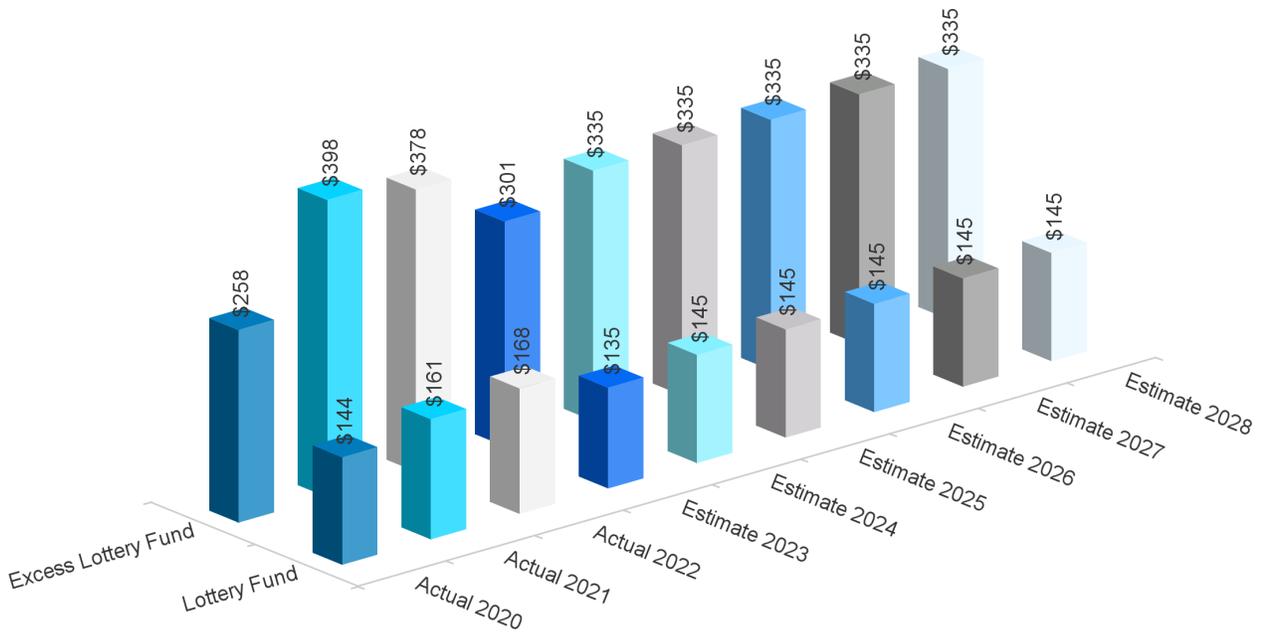
* Includes \$65,000,000 transfer to the General Revenue Fund

West Virginia Lottery

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

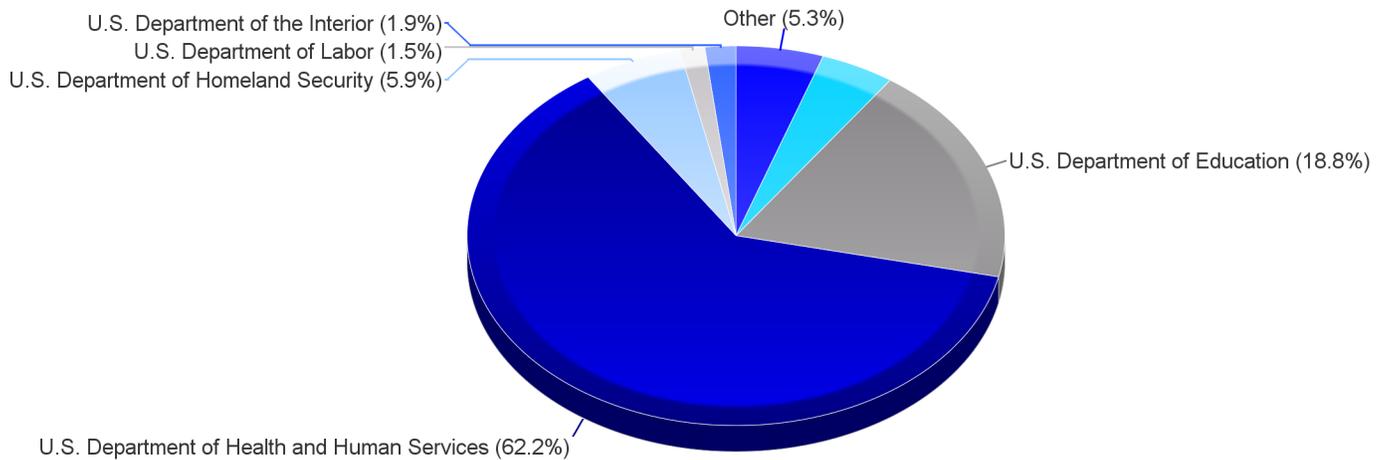


**West Virginia Lottery
Net Revenue Distribution
(Expressed in Millions)**

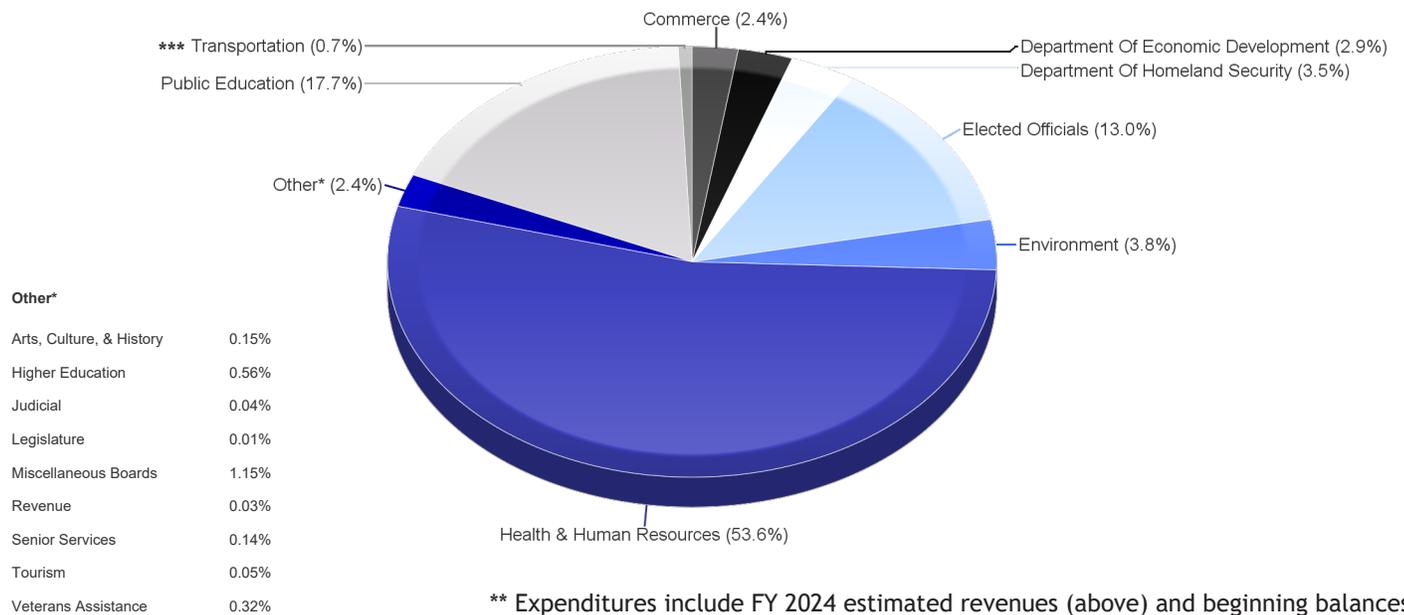


Federal Funds

Sources of Revenue Fiscal Year 2024 \$9.05 Billion (Estimated)



Recommended Expenditures** Fiscal Year 2024 \$10.69 Billion



** Expenditures include FY 2024 estimated revenues (above) and beginning balances.

*** Includes Federal funds that are appropriated as part of the State Road Fund.

Special Revenue Funds

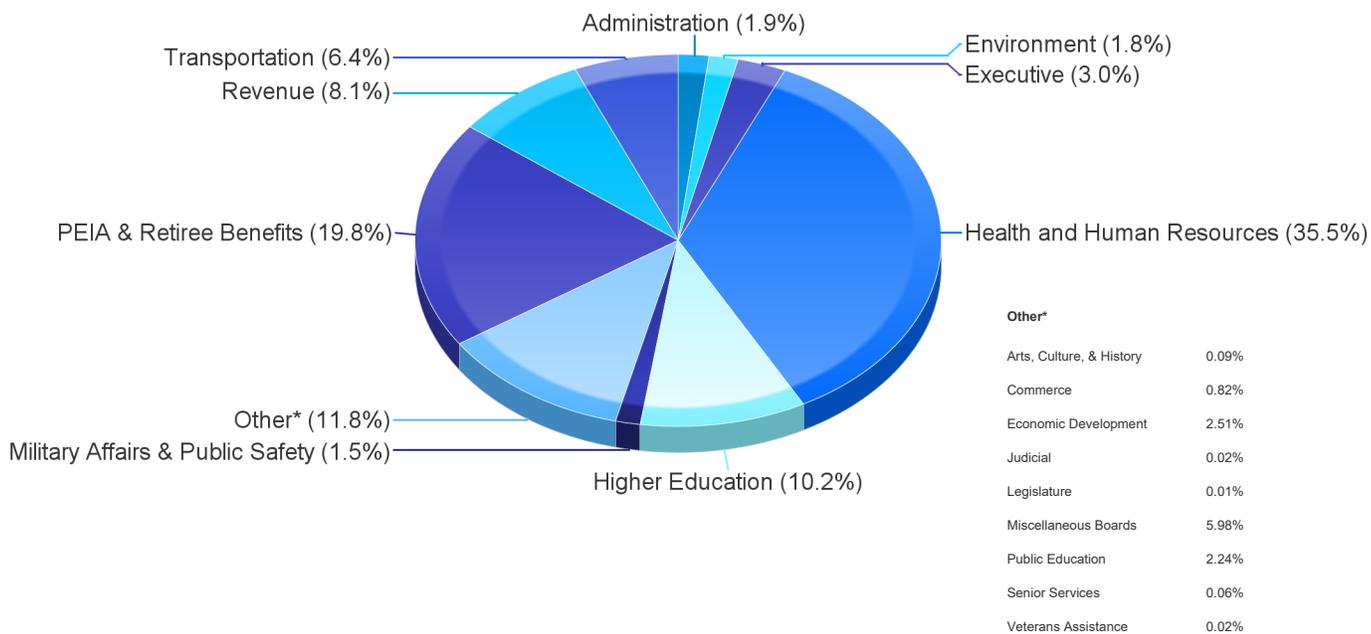
Includes:

- 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.

**Recommended Expenditures
Fiscal Year 2024
\$20.2 Billion**



**Health and Human Resources includes Medicaid State Share fund (Health Care Provider Tax).

Special Revenue Funds

Medicaid State Share Fund

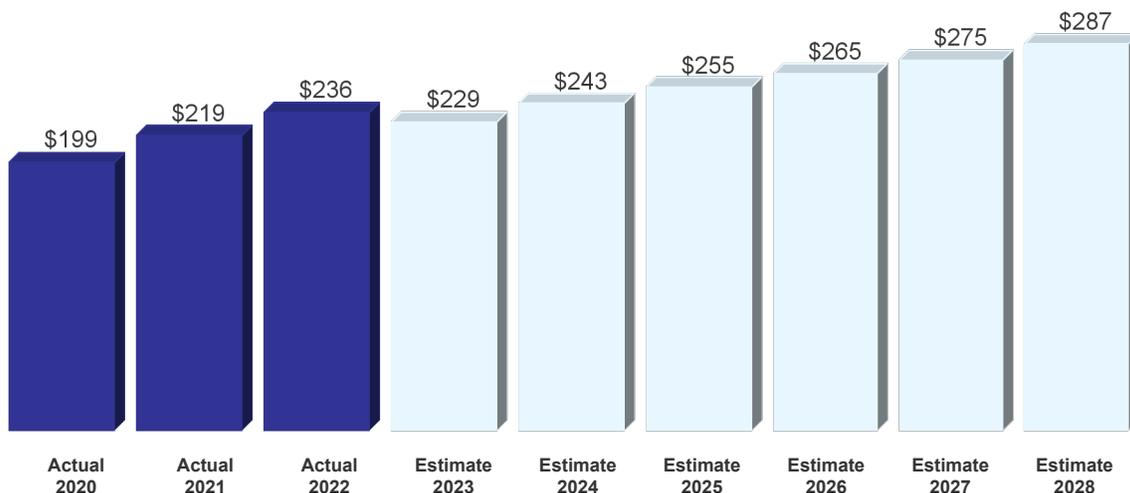
The Medicaid State Share Fund consists of provider taxes, paid by the various health care providers, to be utilized as matching funds for the Federal-State Medicaid Program. The provider taxes were initially enacted in 1993 as a funding mechanism to help supplement the State General Revenue Fund appropriation 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. In addition, the State imposes a separate insurance tax on managed care organizations with proceeds dedicated to the State Medicaid match.

The estimates for FY 2023 through FY 2028 assume that current federal regulations will remain largely unchanged for the forecast period. The Federal Medical Assistance Percentage (FMAP) of 74.68% in Federal FY (FFY) 2022 decreased to 74.02% in FFY 2023 and is scheduled to be 74.10% in FFY 2024. The Families First Coronavirus Response Act signed into law on March 18, 2020, provided states and territories with a temporary 6.2% increase in their regular FMAP. The temporary increase will expire after the declared COVID-19 Public Health Emergency ends. Recent feedback from various sources suggests that the COVID-19 Public Health Emergency will end during FY 2023. In FY 2022, Health Care Provider Taxes generated \$235.5 million, or roughly 18.3% of the state matching funds for the Medicaid Program. As of November 2022, year-to-date collections were 1.4% above last year. From FY 2023 through FY 2027, Health Care Provider Taxes are expected to increase by an average annual rate of 3.7%.

The State imposes an additional 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. Since 2019, a separate contingent rate increase imposed on certain eligible acute care hospitals with the proceeds dedicated to the enhancement of acute care hospital practitioner payment fee schedules has been in place. In addition, the Managed Care Organization Tax imposes a tiered tax on Health Maintenance Organizations based on the number of Medicaid and Non-Medicaid member months of coverage provided.

- 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.
- 0.13% tax on gross receipts of acute care hospitals.
- In total, these taxes accounted for 21.7% of the state match for Medicaid Program in FY 2022.

(Expressed in Millions)



DEBT SUMMARY



Debt Summary

More than 20 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.V. Code §12-6-1, 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.¹

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. Citizens of the State of West Virginia and beyond also have access to this report and that data presented therein as this report is posted on the State Treasurer's Office public webpage. 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.V. 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 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, 2022, the State of West Virginia's general obligation bond rating is Aa2/AA-/AA by Moody's Investors Service, Standard & Poor's (S&P), and Fitch Ratings, respectively.

On September 7, 2022, Moody's Investors Service released its "Debt, Pension and OPEB Liabilities all up in Fiscal 2021" 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.

¹ 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)²

% of Personal Income		Per Capita	
Oklahoma	0.7%	Oklahoma	\$394
Maine	1.9%	Maine	\$1,091
Kansas	2.4%	New Mexico	\$1,285
New Mexico	2.6%	Kansas	\$1,413
California	3.2%	Louisiana	\$1,735
Louisiana	3.2%	Mississippi	\$1,976
Mississippi	4.3%	California	\$2,458
Rhode Island	5.0%	West Virginia	\$2,708
West Virginia	5.7%	Rhode Island	\$3,106
Hawaii	11.4%	Hawaii	\$6,890

Debt Limits

Short-Term Debt

The West Virginia 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, of 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.

² Source: Moody's Investors Service report, “Debt, pension and OPEB liabilities all up in fiscal 2021”

Debt Summary

State of West Virginia Bond Issuing Authorities

Issuing Authority	Debt Limit (Cap)
Governor	Per constitutional amendment
Armory Board	Per available revenues
Community Infrastructure Authority	Per available revenues
Division of Natural Resources	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
Parkways Authority	Per available revenues
Public Energy Authority	N/A
Multimodal Transportation, Division of	Per available revenues
Division of Corrections and Rehabilitation	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, 2022, \$1,688,227,000 (net of advance refunded bonds) is outstanding in general obligation bonds.

General Obligation Bonds Outstanding June 30, 2022 (in thousands)

Amendment	Principal Outstanding	Payable From
Infrastructure Improvement Amendment of 1994	(net) \$98,887	Severance Tax
Safe Roads Amendment of 1996	(net) \$55,650	Road Fund
Roads to Prosperity Amendment of 2017	(net) \$1,533,690	Road Fund

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 sold May 22, 1996, and the second issue of \$57 million was sold December 10, 1996. An issuance of approximately \$92

Debt Summary

General Obligation Bonds

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. The principal outstanding at June 30, 2022 for the Infrastructure Improvement Amendment bonds is \$98,887,000. The final maturity is in 2027.

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 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. Further, the State issued more than \$133 million of refunding bonds in April 2015. Finally, the State issued more than \$14 million of refunding bonds in June 2021 considering favorable interest rates at the time. At June 30, 2022, \$55,650,000 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. On December 17, 2019, an additional \$600 million was issued. On June 3, 2021, the final authorized amount of \$200 million was issued. As of June 30, 2022, \$1,533,690,000 is outstanding. The final maturity is in 2046.

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, 2022
(Expressed in Thousands)

	Final Maturity Date	Interest Rate(s)%	06/30/22 Balance*
Road Bonds			
(Payable from State Road Fund)			
Issued Under:			
1996 Amendment	2025	4.00 - 5.00	55,650
2017 Amendment	2046	2.00 - 5.00	1,533,690
Infrastructure Bonds			
(Payable from dedicated Severance Tax revenues)			
Issued Under:			
1994 Amendment (net)	2027	2.00 - 7.625	98,887
TOTAL			\$1,688,227

Summary of Debt Service Requirements

Future amounts required to pay principal and interest on general obligation debt at June 30, 2022, were as follows (expressed in thousands):

Year Ending June 30	Principal	Interest	Amount to be accreted	Total
2023	74,973	80,298	157	155,428
2024	80,828	77,065	657	158,550
2025	86,432	73,449	1,118	160,999
2026	66,604	69,673	1,531	137,808
2027	69,030	66,797	1,980	137,807
2028-2032	285,445	292,583	-	578,028
2033-2037	365,175	212,839	-	578,014
2038-2042	467,330	110,681	-	578,011
2043-2046	192,410	13,180	-	205,590
TOTAL	\$1,688,227	\$996,565	\$5,443	\$2,690,235

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

Debt Summary

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 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 \$1.56 billion in revenue bonds are outstanding at June 30, 2022. The information provided below is a brief review of each issuer.

Tobacco Settlement Finance Authority

The Tobacco Settlement Finance Authority (“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 2047. The proceeds of the first two series of bonds were directed to the West Virginia Teachers’ Retirement System. Those bonds were refunded in October 2020 with series A and B bonds with a maturity of June 2049. At June 30, 2022, the principal outstanding on the bonds totaled approximately \$753 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 2018 and 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. As of June 30, 2022, the principal outstanding on the notes totaled approximately \$227 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 (“Council”) reviews preliminary applications for wastewater facilities, water facilities, a combination of projects of wastewater/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, and source of funding which the project sponsor should pursue, as well as 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 cannot 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, 2022, the Council’s outstanding bonds totaled more than \$131 million.

Economic Development Grant Committee/ Economic Development Authority

The West Virginia Economic Development Grant Committee’s (“Committee”) 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 from the Excess Lottery Fund. At June 30, 2022, \$144.7 million in bond obligations are outstanding.

Debt Summary

Revenue Bonds

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, 2022, approximately \$125.2 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, 2022. No new money bonds may be issued utilizing General Revenue appropriations for repayment.

Lottery and Excess Lottery Revenue Bonds

The West Virginia School Building Authority (SBA) 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 SBA 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 \$100 million at June 30, 2022.

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 \$59 million (net) as of June 30, 2022.

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 \$50 million as of June 30, 2022 (net of debt service sinking funds).

Debt Summary
Revenue Bonds
Outstanding at June 30, 2022
(Expressed in Thousands)

	Issue Date	Final Maturity Date	Interest Rate(s)%	Balance
School Building Authority	2007	2022	4.05	61,921
School Building Authority (Lottery)	2012, 2013, 2014, 2016 & 2018	2033	2.58 - 2.85	100,335
School Building Authority (Excess Lottery)	2010 & 2015	2030	2.48 - 4.39	59,005
School Building Authority QSCBs (Excess Lottery)	2009 & 2010	2027	-	150,480
Tobacco Settlement Finance Authority*	2020	2049	3.94	752,669
Highways, Commissioner of	2017 & 2018	2033	2.15 - 3.03	226,815
WV Infrastructure and Jobs Development Council	2012, 2014 & 2016	2045	2.00 - 5.00	131,012
Education, Arts, Sciences, and Tourism Fund (Lottery)	2017	2040	3.45	125,200
Economic Development Authority (Excess Lottery)	2004, 2017 & 2018	2040	2.03 - 5.63	<u>144,670</u>
Subtotal				1,752,107
Less: School Building Authority Debt Service Reserve Fund				(61,921)
Debt Service Sinking Fund - QSCBs (Excess Lottery)				(100,170)
Economic Development Authority Debt Service Reserve Fund (Excess Lottery)				<u>(26,378)</u>
Net revenue bonds outstanding				<u><u>\$1,563,638</u></u>

Summary of Debt Service Requirements

Future amounts required to pay principal and interest on revenue bonds at June 30, 2022, were as follows (expressed in thousands):

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Amount to be accreted</u>	<u>Total</u>
2023	94,480	59,647	12,329	166,456
2024	100,931	55,876	13,411	170,218
2025	98,940	51,896	14,560	165,396
2026	106,817	47,755	15,836	170,408
2027	100,102	43,721	15,836	159,659
2028-2032	339,840	166,578	102,310	608,728
2033-2037	219,742	110,396	155,133	485,271
2038-2042	154,465	70,038	235,210	459,713
2043-2047	235,909	44,677	356,635	637,221
2048-2052	138,790	12,370	90,937	242,097
2053-2057	-	-	-	-
	<u>\$1,590,016</u>	<u>\$662,954</u>	<u>\$1,012,197</u>	<u>\$3,265,167</u>

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

Debt Summary

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 \$200 million in lease obligations and notes payable are outstanding as of June 30, 2022.

ECONOMIC FORECAST



WEST VIRGINIA ECONOMIC FORECAST

The Economic Forecast is excerpted from the
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<http://www.be.wvu.edu/bber/index.htm>

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2023 West Virginia Economic Forecast

EXECUTIVE SUMMARY

West Virginia’s economy has nearly fully recovered from the COVID-19 recession. While the pandemic does continue to have lingering impacts on aspects of the economy, e.g., the labor force and persistent bottlenecks in supply chains for some products, most of the State’s big picture economic indicators now surpass pre-pandemic levels and several have even managed to reach new highs (or lows). West Virginia’s economic growth prospects for the next five years are moderately positive overall thanks to further waning of the pandemic and some major economic development announcements and initiatives; however, the State’s economy does face heightened downside risks to its performance over the next year or so because of national concerns over the impacts of high inflation and rising interest rates. Also, geopolitical issues continue to cast a shadow of uncertainty. Overall, this report provides a foundation to understand West Virginia’s long-run economic challenges and opportunities.

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

- Despite being the shortest official recession on record, employment fell by roughly 95,000 in March and April 2020. As of late-summer 2022, preliminary data shows nearly 93,000 jobs have been regained—leaving the State nearly on par with its pre-pandemic level.
- Several sectors have seen activity return to or surpass what was considered typical before the pandemic, led by construction and business services. Nonetheless, many sectors continue to deal with severe supply chain problems and others are facing record-high rates of unfilled job openings.
- The State’s unemployment rate surged to nearly 16% in April 2020 but has declined significantly since then. The jobless rate reached an all-time low of roughly 3.5% during the second quarter of 2022.
- Only 55% of West Virginia’s adult population is either working or looking for work. Though an improvement from recent years, this remains the lowest rate of labor force participation among all 50 states and represents a key hurdle to economic growth.
- Per capita personal income in West Virginia increased by more than 7% in 2021, fueled in large part by federal government pandemic relief and surging wage growth. Per

FIGURE ES.1: West Virginia and US Forecast Summary

	West Virginia		United States	
	2011-2021	2022-2027	2011-2021	2022-2027
Population (average annual growth, %)	-0.4	-0.2	0.6	0.5
Employment (average annual growth, %)	-0.6	0.3	1.0	0.4
Real GDP (average annual growth, %)	0.3	1.6	2.0	1.8
Unemployment Rate (annual average at end of time period, %)	5.1	5.2	5.4	4.5
Real Per Capita Personal Income (average annual growth, %)*	1.7	1.6	2.4	1.8

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

capita personal income in West Virginia stands at 76% or so of the national average.

- West Virginia’s real GDP increased 4% in 2021, helping to offset the drop in economic output observed during 2020. The State’s topline measure of real economic output remains volatile, largely because of the energy sector, and that volatility continues into 2022.
- Export shipments from West Virginia have also been quite volatile in recent years, due in large part to swings in energy demand, persistent problems with shortages of key manufacturing equipment, and congestion at seaports. Expanding and diversifying the State’s export portfolio is of vital importance to economic development in West Virginia over the long run.

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

- Coal output plunged to its lowest levels in decades during 2020, falling to roughly 60 million short tons. Production has rebounded over the past two years, however, and should average in the low-80-million-ton range during the medium term, in part due to global export demand.
- As domestic demand for coal continues to retreat over the long term, increased reliance on the global coal trade will create more year-to-year volatility for West Virginia’s coal industry.

2023 West Virginia Economic Forecast Executive Summary

- Natural gas production increased 6% in 2021, following two consecutive years of more than 20% growth in output. Production growth has moderated further during the first half of 2022 but drilling activity has increased amid high market prices and rising global demand, which should boost output going forward.
- West Virginia's natural gas industry has experienced significant output growth since 2016, becoming the nation's fifth-leading producer of gas and third-highest producer of natural gas liquids. However, downstream manufacturing activity in the Appalachian Basin will be essential to supporting growth and broadening prosperity in West Virginia's natural gas industry over the long term.

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

- West Virginia will reach pre-pandemic levels at some point during the fourth quarter of 2022, but ultimately employment growth is expected to slow in the coming quarters as higher interest rates and other factors weigh on broader U.S. economic growth. Overall, payrolls in West Virginia are expected to increase 0.3% annually, compared to 0.4% for the nation.
- We anticipate the State's energy sector will rebound over the forecast horizon, but longer-term prospects are better for natural gas. Coal will see some benefit from global demand growth, particularly the developing world, but domestic use will shrink as more coal-fired generating capacity is retired.
- The construction sector's near-term performance will be hurt by the national housing market slowdown, but the overall outlook has improved thanks to a mix of public infrastructure investment and major economic development projects. The \$2.7 billion investment by Nucor will be one of the single-largest developments in State history.
- Manufacturing will also add jobs at an above-average pace during the five-year forecast horizon and is also expected to enjoy some diversification into new industries, such as clean-tech manufacturing.
- West Virginia's healthcare sector will grow at a slower rate compared to the last decade or so, but the State's underlying demographics should support service demand and recent strategic developments and additions by several health system networks provide upside potential.
- The State's unemployment rate is expected to increase over the next year or so, reaching 5% or so by late-2023/

early-2024. This increase will largely be driven by entry into the labor force.

- Real per capita personal income is expected to grow 1.6% annually through 2027. Investment income and transfer payments are expected to register the fastest growth over the next five years, while wages and salaries will increase at just over 1% annually.

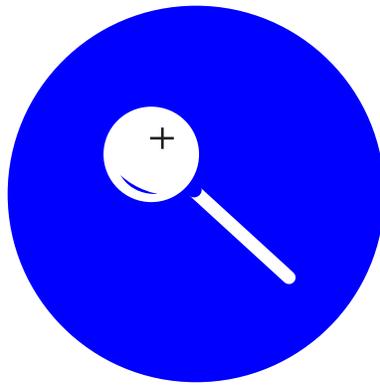
The Mountain State's underlying demographics remain a major limiting factor to growth moving forward. Consider the following:

- West Virginia's population has declined by approximately 76,000 residents since 2012. Population losses are expected to be smaller in magnitude going forward.
- West Virginia's age distribution ensures natural declines in the population will continue and likely grow larger in the coming years. Positive shocks to the economy are essential to encourage in-migration and reduce the severity of natural population decline.
- Economic development strategies should focus on ways to improve health outcomes, lower drug abuse, and advance educational and vocational training opportunities 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:

- Nearly half of the State's counties are expected to lose jobs or record minimal job over the next five years. The highest rates of job growth tend to be in the northern counties.
- While the State overall is expected to lose population in coming years, a handful of counties are expected to add residents are expected to add residents during the outlook period. Population gains will occur 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.

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 one-time 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

Appendix A/Glossary

when executing a law for which there is no specific 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 one-time appropriations) in the current fiscal year which are available for the next fiscal year. For FY 2023, the “current level” is defined as 100% of the FY 2022 base budget for all 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. May also 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, 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.

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

Appendix A/Glossary

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 employee 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 74 - The Government Accounting Standards Board statement 74 (June 2015) titled "Financial Reporting for Postemployment Benefit Plans Other than Pension Plans."

GASB 75 - The Government Accounting Standards Board statement 75 (June 2015) titled "Accounting and Financial Reporting 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 and also authorized with language in Section 12 of the Budget Bill.

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.

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 - Funds 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 that finance government operations.

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—Part A - (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 Summary 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 monies in the fund may be expended for any purpose unless all monies in the Revenue Shortfall Reserve Fund have first been expended. Additional details are located in the Summary Financial Statements chapter in *Volume I Budget Report*.

Appendix A/Glossary

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 and the Division of Motor Vehicles.

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 within the scope of a fiscal year.

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
ABLE	Achieving a Better Life Experience
ACA	Affordable Care Act
	American Correctional Association
ACCT	Association for Challenge Course Technology
ACE	Advanced Career Education
AE	Adult Education
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
AQB	Air Quality Board
AQI	Air Quality Index
ARC	Appalachian Regional Commission
ARRA	American Recovery and Reinvestment Act
AST	Above-ground Storage Tank
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
CCP	Comprehensive Care Program
CCR	Coordinated Community Response
CCTCE	Council for Community and Technical College Education
CDL	Commercial Driver's License
CEFP	County Educational Facility Plans
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
COA	Certificates of Authorization
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

Appendix B/Glossary of Acronyms

Network
 CWA..... Clean Water Act
 CWSRF..... Clean Water State Revolving Fund
 CY Calendar Year
 Current Year

D

DASIS..... Drug and Alcohol Services Information System
 DCKMSVC Donel C. Kinnard Memorial State Veterans Cemetery
 DCR..... Division of Corrections and Rehabilitation
 DEP..... Department/Division of Environmental Protection
 DFIRMS Digital Flood Insurance Rate Maps
 DHHR..... Department of Health and Human Resources
 DHS..... Department of Homeland Security
 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
 DOP Division of Personnel
 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

EAST Education, Arts, Science, and Tourism
 EBA..... Educational Broadcasting Authority
 EBT Electronic Benefits Transfer
 eCDL e-Commercial Driver's License
 EDGE..... Earn A Degree-Graduate Early
 EEOC..... U.S. Equal Employment Opportunity Commission
 EFT Electronic Fund Transfers
 E & G..... Education and General
 EHR Electronic Health Record
 EI Engineer Interns
 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
 E-Rate Schools and Libraries Universal Service Program (electronic rate)
 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
 FE Fundamentals of Engineering Exam
 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
 FWHA Federal Highway Administration
 FY Fiscal Year

G

GAAP..... Generally Accepted Accounting Principles
 GAAS..... Generally Accepted Auditing Standards

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

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

ICILS..... International Computer and Information
 Literacy Study
 ID Identification
 IDEA..... Individuals with Disabilities Education Act
 IELS..... International Early Learning Study
 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
 JRI Justice Reinvestment Initiative
 JRS Judges' Retirement System

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

Appendix B/Glossary of Acronyms

MOE..... Maintenance Of Effort
 MOU..... Memorandum of Understanding
 MPFRS..... Municipal Police Officers and Firefighters
 Retirement System

OSHA Occupational Safety and Health
 Administration
 OT Office of Technology

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
 NCEES..... National Council of Examiners for
 Engineering and Surveying
 NCHA National Coal Heritage Authority
 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
 ODMIS..... Office of Data Management and Information
 Systems
 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
 OOGC Office of Oil and Gas Commission
 OPEB..... Other Postemployment Benefits
 ORSP..... Office of Research and Strategic Planning

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
 PE Principles and Practice Exam
 Professional Engineers
 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

Appendix B/Glossary of Acronyms

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
RFQ	Request for Quotation
RJA	Regional Jail Authority
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
SBO	State Budget Office
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
SFSP	Summer Food Service Program
SHIP	State Health Insurance Assistance Program
SHPO	State Historic Preservation Office
SIRN	Statewide Interoperable Network
SLIGP	State and Local Implementation Grant Program
SMCRA	Surface Mining Control and Reclamation Act
SME	Society of Manufacturing Engineers
SMI	Serious Mental Illness
SNAP	Supplemental Nutrition Assistance Program
SPOKES	Strategic Planning in Occupational Knowledge for Employment and Success
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
TASC	Test Assessing Secondary Completion
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
THC	Tetrahydrocannabinol
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

Appendix B/Glossary of Acronyms

VoIP Voice over Internet Protocol
 VSO Veterans Service Officers

W

WAN Wide Area Network
 WDA Water Development Authority
 WEAPON West Virginia Automated Police Network
 WIA Workforce Investment Act
 WIOA Workforce Innovation and Opportunity Act
 WIC Women, Infants, and Children
 WIP Watershed Implementation Plan
 W.Va. West Virginia
 WV West Virginia
 WVABCA West Virginia Alcohol Beverage
 Control Administration
 WVAWC West Virginia American Water Company
 WVBE West Virginia Board of Education
 WVBTI West Virginia Board of Treasury Investments
 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
 WVDOCR West Virginia Division of Corrections and
 Rehabilitation
 WVDVA West Virginia Department of Veterans
 Assistance
 WVEBA West Virginia Educational Broadcasting
 Authority
 WVEDA WV Economic Development Authority
 WVEIS West Virginia Education Information System
 WVFIMS West Virginia Financial Information
 Management System
 WVIMB West Virginia Investment Management Board
 WVGSA West Virginia General Summative Assessment
 WVHIN West Virginia Health Information Network
 WVICU West Virginia Independent Colleges and
 Universities
 WVJDC 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
 WWSAO West Virginia State Auditor’s Office
 WVSDT WV Schools of Diversion and Transition
 WVSIS 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

