

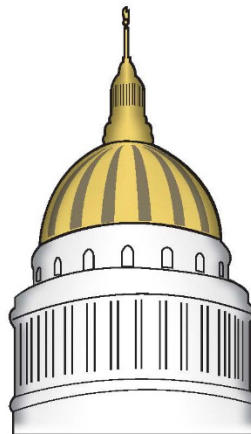


STATE OF WEST VIRGINIA

EXECUTIVE BUDGET GENERAL AND LOTTERY FUNDS

WWW.BUDGET.WV.GOV

Patrick Morrisey
GOVERNOR

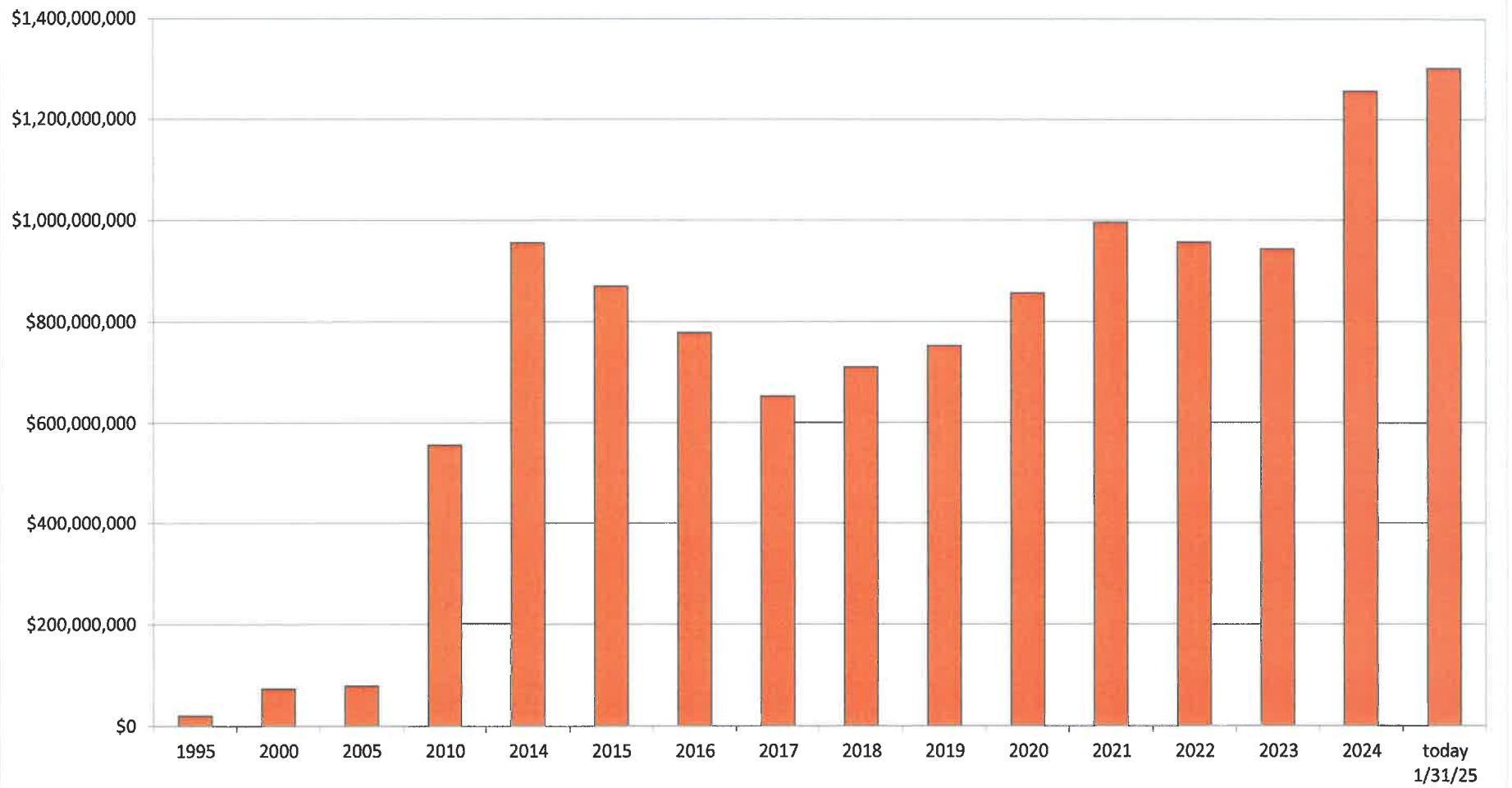


FISCAL YEAR
2026

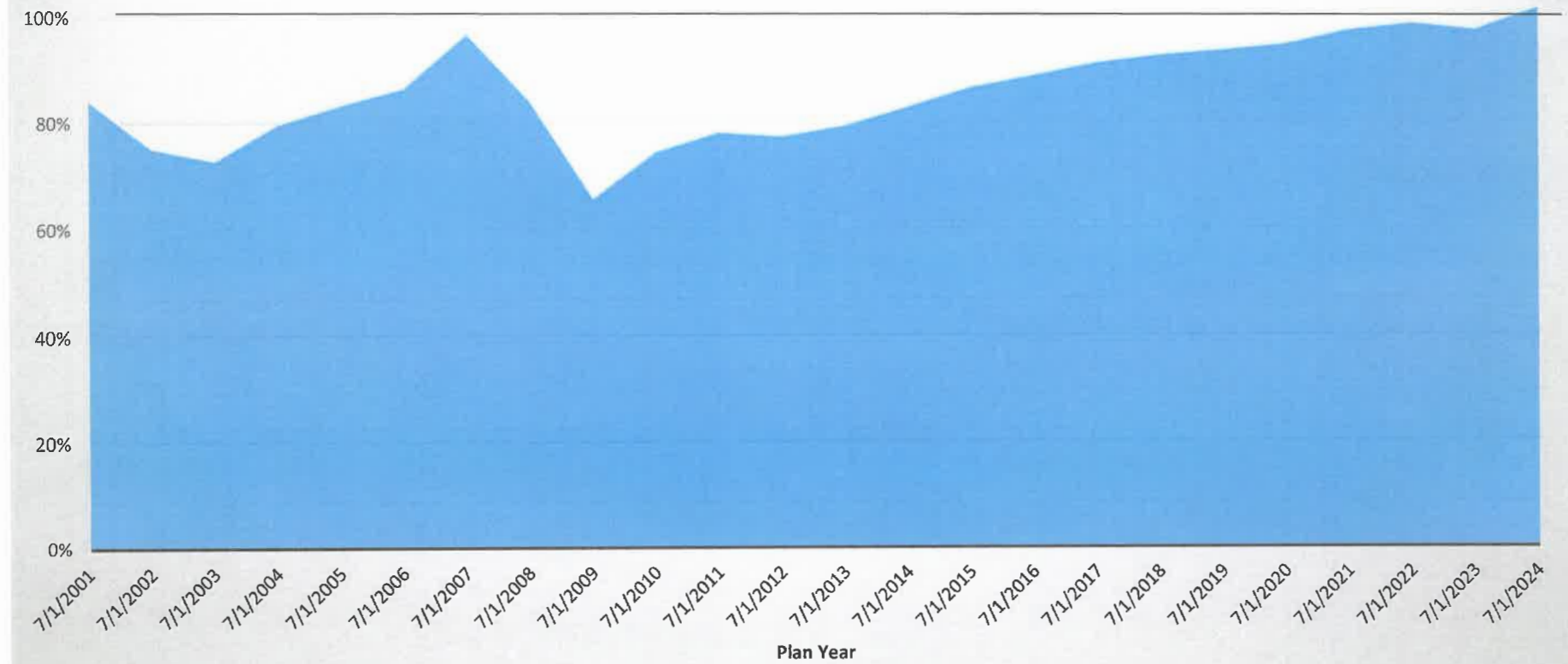
State of West Virginia - Executive Budget

- Ended FY 2024 with General Revenue surplus of \$621 million, of which all but \$67 million has already been appropriated.
- Lottery Funds finished the year with \$113 million in surpluses, with \$79 million currently unappropriated.
- FY 2025 revenues are \$28 million above estimate at the end of January 2025. We anticipate FY 2025 year-end revenue collections to be on target. Lottery revenues are running ahead of estimates.
- FY 2025 General Revenue cash flow is strong – we continue to pay our bills on time.
- The governor recommends a balanced FY 2026 budget. During formulation of the recommended budget, closed an estimated \$397 million FY 2026 budget gap.
- 100% of Required Retirement Contributions are funded in the FY 2026 budget.
- Fully funds all of Public Education School Aid Formula, Medicaid, Social Services, and Corrections.
- **No** Rainy Day funds are used to balance FY 2026.
- Rainy Day funds continue to be among the best in the country – over \$1.3 billion balance today (22.62% of General Revenue).
- The Public Employees' Retirement System is fully funded for the first time in history.
- Teachers' Retirement System – the funding ratio has climbed from 19% in FY 2003 to a projected funded ratio of 83.4% at the end of FY 2024.
- The final 6-year plan, compared to the plan dated 1/13/2025, shows budget gap improvements of over \$900 million for FY26-FY30.

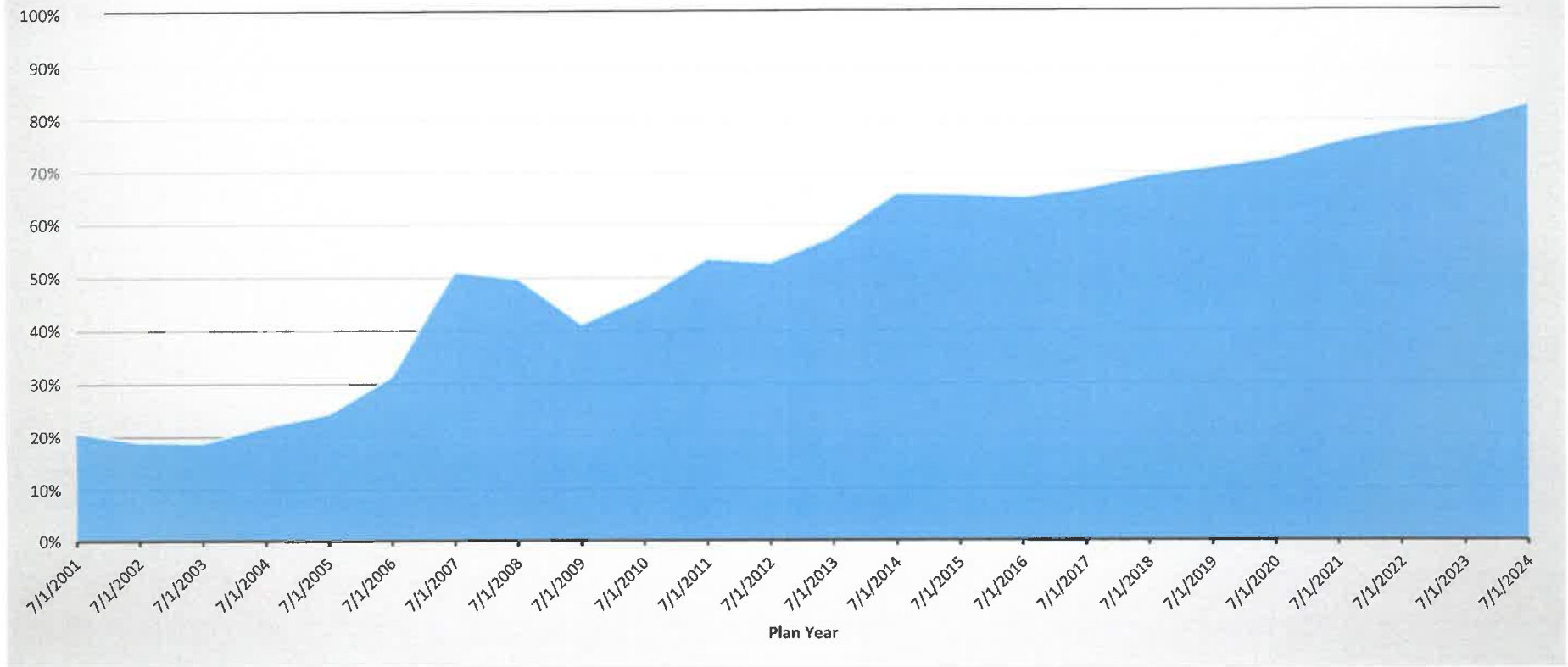
Rainy Day Balance at End of Fiscal Year



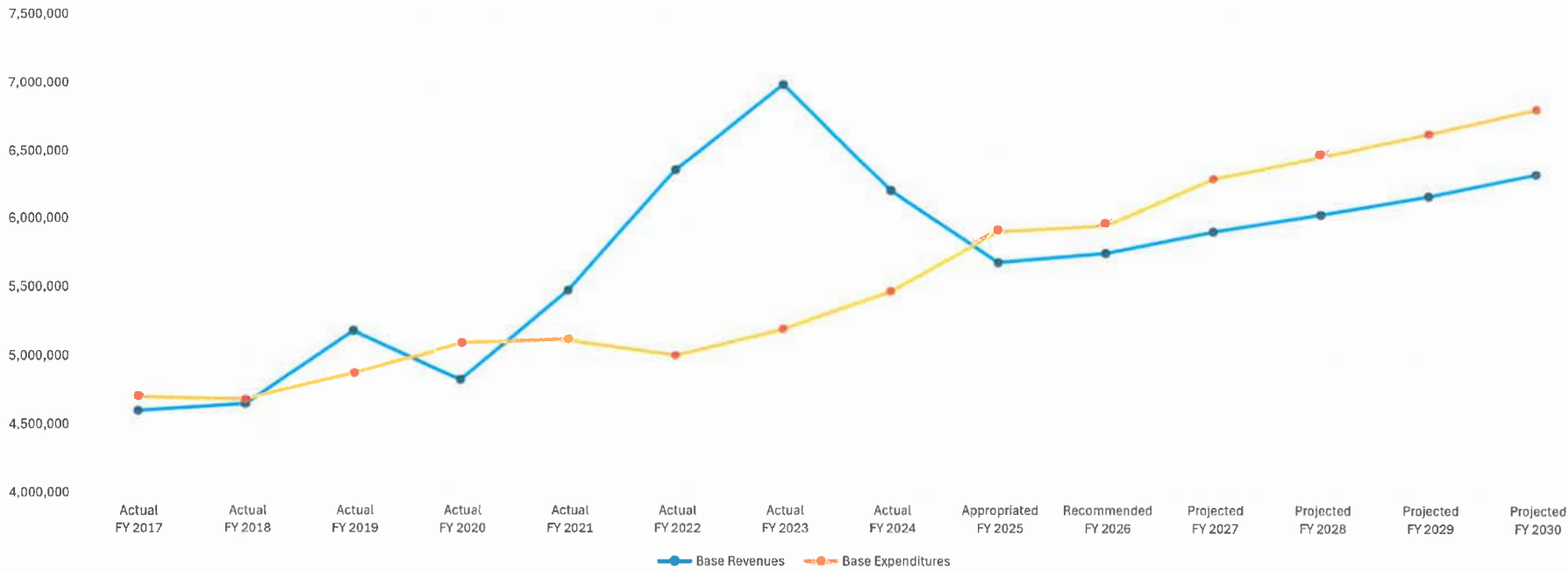
WV Public Employees' Retirement System % Funded



WV Teachers' Defined Benefit Retirement System % Funded



Base Revenues Compared to Base Expenditures



General Revenue, Lottery & Excess Lottery
How the FY2026 Budget Gap @ 1/13/2025 was Calculated

	Total
The FY26 base was calculated as follows:	
FY25 Budget Bill Regular Appropriations*	5,417,762,261
FY25 Budget Bill Surplus Appropriations (including veto)	Back of FY25 budget bill 148,871,613
FY25 Regular Supplemental Appropriations (DHHR reserve funding less small SAF adjust)	2024 1st special session 188,170,596
FY25 Surplus Supplemental Appropriations (amended surplus in back of FY25 budget bill)	2024 1st special session (45,321,613)
FY25 Surplus Supplemental Appropriations (many items)	2024 2nd special session 498,315,838
FY25 All Supplemental Appropriations (base builders) (Pending Consideration by Governor prior to 2/12/25)	52,339,683
FY25 Total Appropriations	\$ 6,260,138,378
Less FY25 One-time Appropriations:	
Debt Service Reserve Transfer - Teachers' Retirement	2024 regular session (20,000,000)
One Time Appropriations (back of FY25 budget bill surplus)	2024 regular session (69,000,000)
FY25 Surplus Supplemental Appropriations (that are considered one-time)	2024 2nd special session (449,443,033)
FY25 All Supplemental Appropriations (that are one-time) (Pending Consideration by Governor prior to 2/12/25)	(23,196,981)
Total FY25 One-time Appropriations:	\$ (561,640,014)
Plus FY25 One-time reductions to base appropriations:	
Corrections - use of one time funding (Pending)	12,500,000
Public Defender - FY25 General Revenue Base funding short	22,600,000
Public Ed - HOPE - FY25 General Revenue Base funding partially pre-funded by FY24 supplemental	2024 2nd special session 27,321,613
Medicaid - FY25 General Revenue base funding replaced by one-time Cash Balances	2024 regular session 153,233,791
FY25 One-time reductions to appropriations:	\$ 215,655,404
<u>FY25 General Revenue & Lottery Funds' Ending Base Budget (FY26 Beginning Base Budget)</u>	\$ 5,914,153,768
Plus FY26 Base builders (funded at current programmatic levels) (Pending Consideration by Governor prior to 2/12/25):	
PEIA - FY26 Anticipated Base increase	62,050,289
Hope Scholarship (to bring the base to \$110m)	64,669,084
All Other - FY26 Estimated Base increases	28,887,825
<u>FY26 General Revenue & Lottery Funds' Ongoing Base Budget</u>	\$ 6,069,760,966
FY26 Estimated One-time items (Pending Consideration by Governor prior to 2/12/25)	50,976,460
FY26 Estimated One-time reductions (Co Bds of Ed cash balance, Hope beginning cash balance)	(15,154,664)
FY26 estimated Appropriations	\$ 6,105,582,762
FY26 General revenue & Lottery revenue estimates	\$ 5,708,741,704
FY26 budget gap at 1/13/2025	\$ (396,841,058)

* Does not include the \$65m transfer from Excess Lottery to General Revenue (otherwise it would be double-counted)

**6-Year Plan
Through FY 2030
General and Lottery Revenues
(\$ In Thousands)**

as of 1/13/2025	Actual FY 2023	Actual FY 2024	Appropriated FY 2025	Recommended FY 2026	Projected FY 2027	Projected FY 2028	Projected FY 2029	Projected FY 2030
Estimated Revenue								
General Revenue	\$6,483,291	\$5,710,575	\$5,264,536	\$5,293,157	\$5,451,154	\$5,598,358	\$5,734,275	\$5,899,798
Usage of PIT Reserve Fund			0					
Gen Rev - (Net Surplus used / available from previous FYs)	(635,461)	1,669,957	567,316	0	0	0	0	0
Lottery	187,017	189,305	149,104	153,046	153,046	153,046	153,046	153,046
Lottery - (Net Surplus used / available from previous FYs)	(33,021)	5,319	16,750	0	0	0	0	0
Excess Lottery	324,444	314,562	272,436	262,538	262,538	262,538	262,538	262,538
Excess Lottery - (Net Surplus used / available from previous FYs)	(31,792)	17,881	17,800	0	0	0	0	0
Total Available	\$6,294,478	\$7,907,599	\$6,287,942	\$5,708,741	\$5,866,738	\$6,013,942	\$6,149,859	\$6,315,382
Estimated Expenditures								
Previous Years' Base Budget			\$5,477,957	\$5,914,153	\$6,069,761	\$6,414,021	\$6,575,463	\$6,745,510
(Base Budget FY24) plus (Base Budget Growth for out-years):								
Legislature	26,115	26,806	4,219	(547)	0	0	0	0
Supreme Court	149,928	154,434	11,882	6,798	0	0	0	0
Public Defender	37,181	38,103	23,743	0	0	0	0	0
PERS Employer Contribution	35,851	31,068	0	0	0	0	0	0
PEIA Premiums	344,974	381,064	24,295	62,050	49,000	56,000	63,000	70,000
Teachers' Retirement Savings Realized	40,523	37,543	623	1,665	2,000	2,000	2,000	2,000
Teachers' Retirement System	365,244	356,519	(1,065)	(30,872)	0	0	0	0
State Aid to Schools (excludes PEIA & TRS in above line)	1,203,284	1,314,610	77,193	29,844	(14,000)	(15,000)	(15,000)	(15,000)
Hope Scholarship	23,351	23,971	21,573	64,669	189,787	0	0	0
Public Education - All Other	230,989	236,749	6,755	3,194	1,500	1,500	1,500	1,500
DHHR- Medicaid	685,556	685,556	0	2,056	(4,027)	(6,058)	(6,453)	(6,525)
DHHR- All Other	744,082	769,908	187,664	0	5,000	5,000	5,000	5,000
Correctional Facilities	334,684	361,424	25,374	0	2,000	2,000	2,000	2,000
State Police	98,622	100,932	2,916	0	0	0	0	0
Public Safety Retirement Plan A / State Police Plan B	13,360	25,503	(2,551)	(4,605)	0	0	0	0
Higher Education	498,189	514,585	32,677	11,513	10,000	10,000	10,000	10,000
All Other Items (net)	371,954	419,182	(20,745)	(19,000)	20,000	20,000	20,000	20,000
Salary Enhancements (+3% in FY27-FY30)					78,000	81,000	83,000	86,000
Unanticipated Expenditures			41,643	28,843	5,000	5,000	5,000	5,000
Total Ongoing Base Budget	\$5,203,887	\$5,477,957	\$5,914,153	\$6,069,761	\$6,414,021	\$6,575,463	\$6,745,510	\$6,925,485
Onetime Expenditures	1,292,589	2,259,683	538,443	50,976	5,000	5,000	5,000	13,471
One time Supplementals needed before end of FY25 - Pending			23,197					
Onetime Reductions to base Appropriations (using funding from other sources)	(175,252)	(179,722)	(215,655)	(15,155)				
Mid-Year Budget Cuts	0	0						
Expirations	(26,746)	(29,303)						
Surplus Transferred to Rainy Day Fund	0	231,585	0					
Estimated Balance (Gaps)	\$0	\$147,399	\$27,804	(\$396,841)	(\$552,283)	(\$566,521)	(\$600,651)	(\$623,574)

Note: This seven-year financial outlook is a tool for analyzing future budgets.

General Revenue, Lottery & Excess Lottery
How the FY2026 Budget Gap @ 1/13/2025 was Balanced

FY26 budget gap at 1/13/2025		\$ (396,841,058)
<u>Revenue Adjustments:</u>		
Insurance Transfer Adjustment		20,000,000
Other Transfer Adjustments		10,000,000
Regular Lottery Revenue Adjustment		4,346,012
Excess Lottery Revenue Adjustment		11,015,284
Regular Lottery Revenue Surplus (one time)		16,750,000
Excess Lottery Revenue Surplus (one time)	\$ 79,911,296	17,800,000
<u>Base Expenditure Adjustments:</u>		
Base Budget Cuts (from estimated base on 1/13/2025)	\$ 109,841,688	109,841,688
<u>One Time Expenditure Adjustments:</u>		
One Time Cuts (from estimated one time items on 1/13/2025)		34,226,460
One Time Item Added (Economic Development) *		(40,411,892)
One Time Items moved from FY26 GR funding to FY25 GR Surplus (to help balance FY26) *	\$ 50,976,460	57,161,892
<u>One Time Reductions from FY26 General Revenue base funding to FY25 Surplus & Unappropriated Balances (to help balance FY26):</u>		
Hope - moved base funding from FY26 GR to GR FY25 Surplus (to pre-fund & to balance) *		28,400,666
Hope - moved base funding from FY26 GR to FY25 Reg Lottery Surplus (to pre-fund & to balance) *		33,804,764
Medicaid - moved base funding from FY26 GR to GR FY25 Surplus (to balance) *		39,376,838
Medicaid - moved base funding from FY26 GR to FY25 Excess Lottery (to balance) *		9,506,440
Medicaid - moved base funding from FY26 GR to FY25 Excess Lottery Surplus (to balance) *	\$ 156,111,614	45,022,906
FY26 budget gap at 2/12/2025		\$ 0

* Governor's recommended supplementals **Pending**.

**6-Year Plan
Through FY 2030
General and Lottery Revenues
(\$ In Thousands)**

	Actual FY 2023	Actual FY 2024	Appropriated FY 2025	Recommended FY 2026	Projected FY 2027	Projected FY 2028	Projected FY 2029	Projected FY 2030
as of 2/12/2025								
Estimated Revenue								
General Revenue	\$6,483,291	\$5,710,575	\$5,264,536	\$5,323,157	\$5,481,154	\$5,608,358	\$5,744,275	\$5,909,798
Usage of PIT Reserve Fund			0					
Gen Rev - (Net Surplus used / available from previous FYs)	(635,461)	1,601,386	664,451		0	0	0	0
Lottery	187,017	189,305	149,104	157,392	157,392	157,392	157,392	157,392
Lottery - (Net Surplus used / available) from previous FYs)	(33,021)	(28,486)	50,555	16,750	0	0	0	0
Excess Lottery	324,444	314,562	272,436	273,554	273,554	273,554	273,554	273,554
Excess Lottery - (Net Surplus used / available from previous FYs)	(31,792)	(27,142)	62,823	17,800	0	0	0	0
Total Available	\$6,294,478	\$7,760,200	\$6,463,905	\$5,788,653	\$5,912,100	\$6,039,304	\$6,175,221	\$6,340,744
Estimated Expenditures								
Previous Years' Base Budget			\$5,477,957	\$5,914,153	\$5,959,920	\$6,304,179	\$6,470,621	\$6,640,668
(Base Budget FY24) plus (Base Budget Growth for out-years):								
Legislature	26,115	26,806	4,219	(547)	0	0	0	0
Supreme Court	149,928	154,434	11,882	6,798	0	0	0	0
Public Defender	37,181	38,103	23,743	(70)	0	0	0	0
PERS Employer Contribution	35,851	31,068	0	0	0	0	0	0
PEIA Premiums	344,974	381,064	24,295	46,686	49,000	56,000	63,000	70,000
Teachers' Retirement Savings Realized	40,523	37,543	623	1,665	2,000	2,000	2,000	2,000
Teachers' Retirement System	365,244	356,519	(1,065)	(43,538)	0	0	0	0
State Aid to Schools (excludes PEIA & TRS in above line)	1,203,284	1,314,610	77,193	29,844	(14,000)	(15,000)	(15,000)	(15,000)
Hope Scholarship	23,351	23,971	21,573	64,669	189,787	0	0	0
Public Education - All Other	230,989	236,749	6,755	(9,135)	1,500	1,500	1,500	1,500
DHHR- Medicaid	685,556	685,556	0	2,056	(4,028)	(6,058)	(6,453)	(6,525)
DHHR- All Other	743,434	769,261	198,087	1,275	5,000	5,000	5,000	5,000
Correctional Facilities	334,684	361,424	55,012	0	2,000	2,000	2,000	2,000
State Police	98,622	100,932	2,916	(3,161)	0	0	0	0
Public Safety Retirement Plan A / State Police Plan B	13,360	25,503	(2,551)	(8,633)	0	0	0	0
Higher Education	498,189	514,585	32,677	(19,070)	10,000	15,000	10,000	10,000
All Other Items (net)	372,602	419,829	(19,163)	(23,072)	20,000	20,000	20,000	20,000
Salary Enhancements					78,000	81,000	83,000	86,000
Unanticipated Expenditures					5,000	5,000	5,000	5,000
Total Ongoing Base Budget	\$5,203,887	\$5,477,957	\$5,914,153	\$5,959,920	\$6,304,179	\$6,470,621	\$6,640,668	\$6,820,643
Onetime Expenditures	1,292,589	2,259,683	538,443	0	5,000	5,000	5,000	13,471
One time Supplementals needed before end of FY25 - (Pending)			236,470					
Onetime Reductions to Appropriations (using funding from other sources)	(175,252)	(179,722)	(225,161)	(171,267)				
Mid-Year Budget Cuts	0	0						
Expirations	(26,746)	(29,303)						
Surplus Transferred to Rainy Day Fund	0	231,585	0					
Estimated Balance (Gaps)	\$0	\$0	\$0	\$0	(\$397,079)	(\$436,317)	(\$470,447)	(\$493,370)