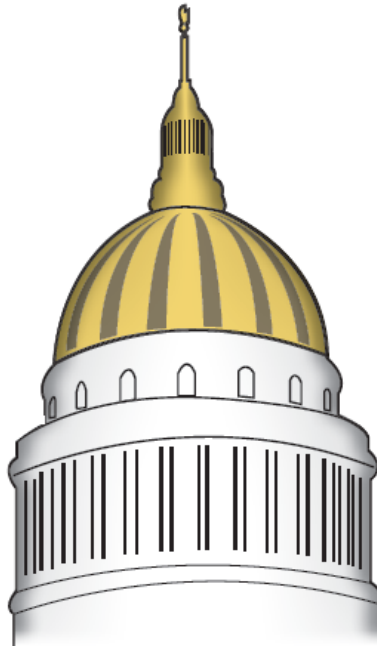




STATE OF **WEST VIRGINIA**

EXECUTIVE BUDGET: BUDGET REPORT
FISCAL YEAR 2026



Patrick Morrisey
GOVERNOR



Patrick Morrisey
Governor of West Virginia

February 12, 2025

To the Members of the 87th 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, 2026. 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 2026.

Sincerely,

A handwritten signature in blue ink, appearing to read "Patrick Morrisey".

Patrick Morrisey
Governor

FY 2026 Executive Budget Report

Table of Contents

Table of Contents	ii
State Budget Office Staff	iv
Reader’s Guide to the Executive Budget	v
State of West Virginia Organizational Chart	vi
SIX-YEAR FINANCIAL PLAN	2
SUMMARY FINANCIAL STATEMENTS	4
<i>Financial Statements</i>	5
Where the State Dollar Comes From and Where the State Dollar Goes	6
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances for All Funds	7
General Revenue Fund	13
Revenues, Expenditures, and Changes in Cash Balance	13
General Revenue Fund	15
Statement of Revenues by Source	15
General Revenue Fund: Overview by Functional Category	16
Lottery Fund	22
Revenues, Expenditures, and Changes in Cash Balance	22
Lottery Fund: Overview by Functional Category	23
Excess Lottery Fund	24
Revenues, Expenditures, and Changes in Cash Balance	24
Excess Lottery Fund: Overview by Functional Category	25
State Road Fund	26
Revenues, Expenditures, and Changes in Cash Balance	26
State Road Fund Statement of Revenues by Source	27
Major Reserve/Stabilization Accounts	25
BUDGET PLANNING	27
Long-Range Issues	28
Budget Overview	45
Human Resources	55
REVENUE SOURCES	66
Revenue Sources	67
General Revenue Fund	74
State Road Fund	82
Motor Fuel Taxes	84
West Virginia Lottery	87
Federal Funds	90
Special Revenue Funds	91
DEBT SUMMARY	93
Debt Summary	94
ECONOMIC FORECAST	104
2025 West Virginia Economic Forecast	106
APPENDICES	108



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

State of West Virginia

For the Fiscal Year Beginning

July 01, 2024

Christopher P. Morill

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, 2024.

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

Eric Nelson

Cabinet Secretary
Department of Revenue

Mark Muchow

Deputy Cabinet Secretary
Department of Revenue

Mike McKown

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

Joey Belcher

Human Resources Generalist

Lisa Vaughan

Human Resources Generalist

Bradley Crum

Human Resources Generalist

State Budget Office
State of West Virginia
Building One, Room W-310
1900 Kanawha Boulevard, East
Charleston, WV 25305-0171
304-558-0040 phone / 304-558-1588 fax
<https://budget.wv.gov/> state.budget.office@wv.gov

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 ([Watch the Governor's State of the State Address here.](#)) 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:

"Six Year Financial Plan"

"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.

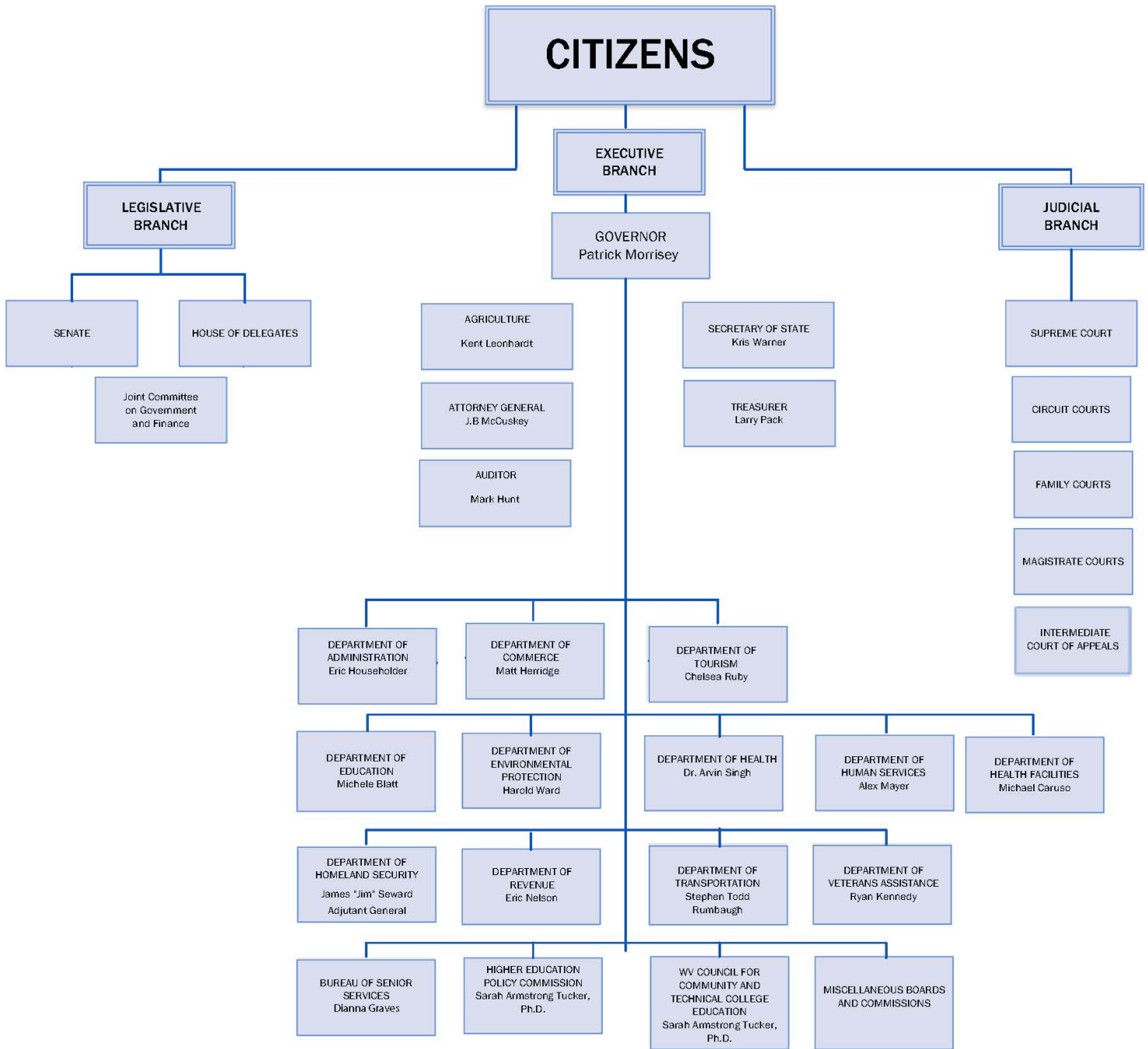
Volume II Operating Detail also contains:

"Capital Projects"—projects currently budgeted in FY 2025, recommended for FY 2026, and projected for FY 2027 through FY 2030.

"Appendices"—a glossary of commonly used budgetary terms; a glossary of acronyms.

Account Detail provides the detailed budgetary information for FY 2024 Actual expenditures, FY 2025 Budgeted expenditures, FY 2026 Current-Level Request, and the Governor's FY 2026 Recommendation for all funds.

State of West Virginia Organizational Chart



SIX-YEAR FINANCIAL PLAN



Six Year Financial Plan

Two decades ago, West Virginia initiated this comprehensive, easy-to-follow, “Six Year Financial Plan”. It is used as a planning tool for analyzing future budgets and any future budget gaps shown must (and will) be balanced. This year’s “Six Year Financial Plan” includes information on anticipated revenues and expenditures through FY 2030. As part of the plan, the basic revenue assumptions and the major expenditure drivers and planning processes are included, along with other smaller, yet consistent items that continue to drive up expenditures over time. The goal of the “Six Year Financial Plan” is to provide the West Virginia Legislature and citizens a clear understanding of not only the FY 2026 budget, but also the larger, long-term implications of the decisions made today on the future fiscal outlook.

The “Six Year Financial Plan” does not reflect Special or Federal funds, although the funding and planning processes of these types of funds impact total state revenue and spending. This plan is developed with extensive review of the major financial implications of Special and Federal cash flows. Using this plan, it is easy to see where the projected expenditures outpace projected revenues (beginning in FY 2027), and it becomes obvious that any surplus revenues from upcoming fiscal years should not be expended for items that would add new obligations to the “base budget,” but rather should be cautiously used for one-time needs or held for use to assist in offsetting future shortfalls.

This year we have included two Six Year Financial Plans. The first plan shows the position of the General and Lottery Funds as of January 13, 2025, the first day of Governor Morrisey’s term. The FY 2026 budget gap shown is -\$397 million. This was considered the amount of adjustments needed to balance the FY 2026 budget.

The second plan shows the position of the General and Lottery Funds as of February 12, 2025, the first day of the 2025 Regular Session of the West Virginia Legislature. The gap for FY 2026 has been closed and the out-year gaps have been reduced by a combined total of over \$900 million.

Over the past two decades, significant improvements continue to be made in the underfunded pension liabilities of the State. Budgets have been timely. West Virginia fully intends to be fiscally responsible in the process of disciplined financial management as evidenced in this year’s Six Year Financial Plan.

The General Revenue Fund has maintained a strong cash flow over the past few years, and we continue our goal of fiscal conservatism. West Virginia’s rainy day funds provide a solid financial cushion and are among the best in the country. We again funded 100% of our required retirement contributions. West Virginia continues to stay on track with the funding of its financial obligations. In fact, for the first time as of June 30, 2024, the West Virginia Public Employees Retirement System is fully funded at 101.9%. The Teachers Retirement System is also funded at its highest level ever at 83.4%.

Our current FY 2025 General Revenue collections are projected to be slightly above the official estimate. The Lottery Funds’ revenue collections for FY 2025 are again on pace to exceed their official revenue estimates.

Our State’s economy is undergoing a transition period due to changes in the global energy sector, but West Virginia remains in a strong position to address the anticipated budget challenges that lie ahead—major challenges that include continued increases to funding for the State’s Public Employees’ Insurance Program. The expanding federal deficits will also continue to stress the State’s budget. Keeping an eye toward out-year budgets, which are affected by budget decisions made today, the Governor’s FY 2026 budget recommendation fully funds the largest budget drivers on the expenditure side of the ledger.

Many tough fiscal decisions have already been made by the Governor in preparing his FY 2026 budget, as will be the case over the next few years, to right-size our ongoing base expenditures in General Revenue and Lottery funds. This includes maintaining a strong level of budgetary reserves, limiting the growth rate of the base, and a commitment to addressing long-term liabilities.

The use of long-term budget planning, through the State’s Six Year Financial Plan, highlights the need for continued conservative budget planning. The Governor’s FY 2026 budget uses one-time surpluses to fund one-time needs and to assist in pre-funding the Hope Scholarship and Medicaid programs.

Six-Year Financial Plan through FY 2030
General and Lottery Revenues
(in thousands)
on January 13, 2025

	Actual FY 2023	Actual FY 2024	Budgeted FY 2025	Recommended FY 2026	Projected 2027	Projected 2028	Projected 2029	Projected FY 2030
ESTIMATED REVENUES								
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.

Six-Year Financial Plan through FY 2030
General and Lottery Revenues
(in thousands)
as of February 12, 2025

	Actual FY 2023	Actual FY 2024	Budgeted FY 2025	Recommended FY 2026	Projected 2027	Projected 2028	Projected 2029	Projected FY 2030
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)

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

SUMMARY FINANCIAL STATEMENTS



Financial Statements

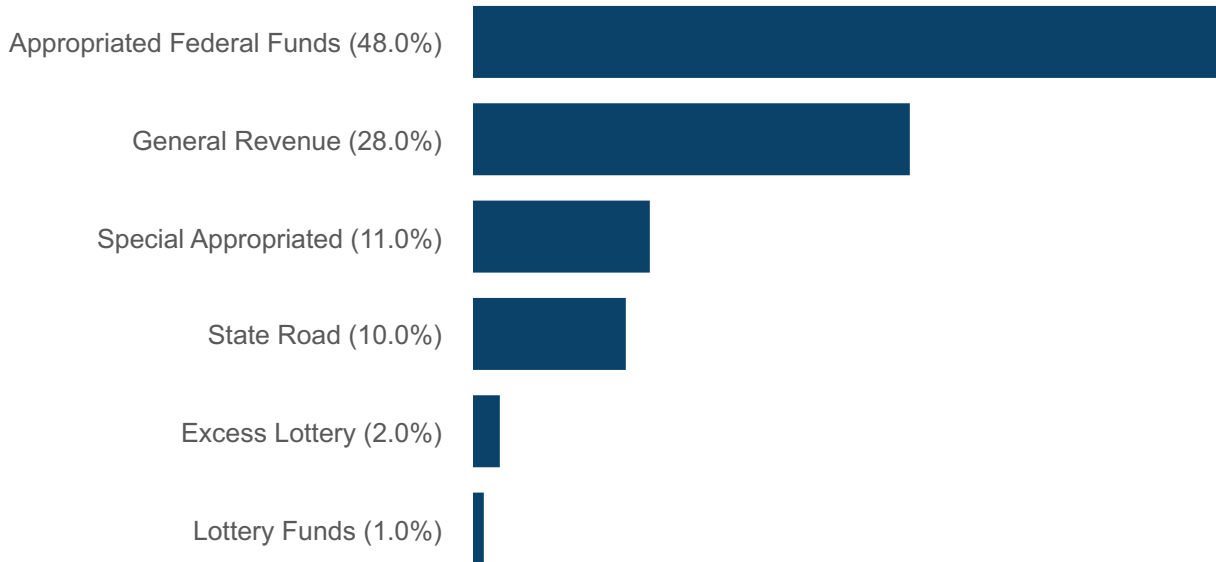
The following pages contain financial information and statements related to all funds of the State. Included are:

- Graphics of the Total FY 2026 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 2022 through FY 2030
- General Revenue Fund — Statement of Revenues, Expenditures, and Changes in Cash Balance
- General Revenue Fund — Overview by Functional Category FY 2024 through FY 2026
- Lottery Fund — Statement of Revenues, Expenditures, and Changes in Cash Balance
- Lottery Fund — Overview by Functional Category FY 2024 through FY 2026
- Excess Lottery Fund — Statement of Revenues, Expenditures, and Changes in Cash Balance
- Excess Lottery Fund — Overview by Functional Category FY 2024 through FY 2026
- State Road Fund — Statement of Revenues by Source FY 2022 through FY 2030
- State Road Fund — Statement of Revenues, Expenditures, and Changes in Cash Balance
- Cash and Investment Balances of All Funds Fiscal Year Ending June 30, 2024
- Detailed Investments Special Revenue Funds for Fiscal Year Ending June 30, 2024
- Summary of Primary Government Long Term Debt Outstanding as of June 30, 2024
- Major Reserve/Stabilization Accounts

Where the State Dollar Comes From

FY 2026 Estimate

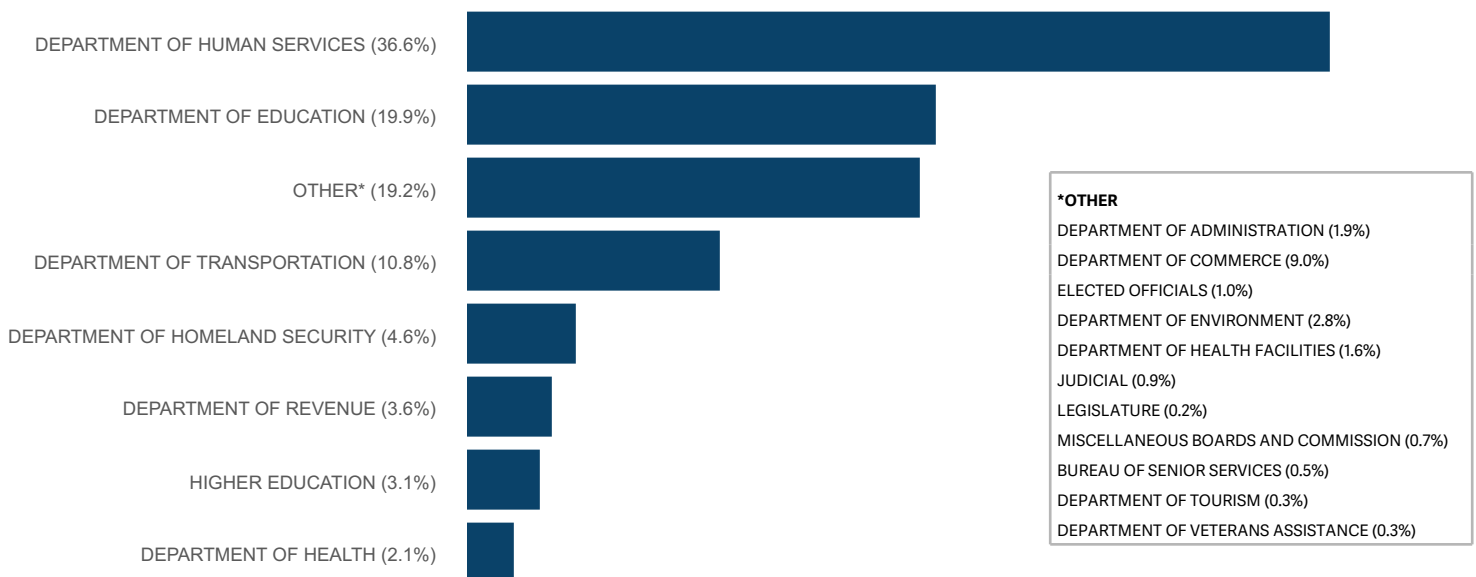
Total Revenue
\$19.02 Billion
(Appropriated Funding Sources)



Where the State Dollar Goes

Governor's Recommended FY 2026 Budget

Total Expenditures
\$19.1 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 2024, FY 2025, and FY 2026, 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 funds. The Beginning Balance for the Lottery and Excess Lottery funds do not include the balances available in the 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 2024 Actuals are the total actual revenues and expenditures for all funds including expenditures from regular, supplemental, surplus appropriations, and reappropriated amounts.

The FY 2025 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.

FY 2025 Budgeted expenditures reflect the amounts budgeted for FY 2025 prior to the beginning of the 2025 Legislative Session and includes a separate line for reappropriations available for expenditure from previous fiscal years.

FY 2026 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 2024 amounts include reappropriated expenditures along with current year appropriations spent during the fiscal year, the Recommended FY 2026 expenditures do not reflect any anticipated reappropriations being available during FY 2026. Although the FY 2025 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.

Details about the reappropriated 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 2025 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)

	Appropriated General Fund			State Road Fund			Appropriated Special Revenue Funds			Appropriated Lottery Fund			Appropriated Excess Lottery Fund		
	Actuals FY 2024	Budgeted FY 2025	Recommended FY 2026	Actuals FY 2024	Budgeted FY 2025	Recommended FY 2026	Actuals FY 2024	Budgeted FY 2025	Recommended FY 2026	Actuals FY 2024	Budgeted FY 2025	Recommended FY 2026	Actuals FY 2024	Budgeted FY 2025	Recommended FY 2026
Beginning Fund Balance	2,884,813	\$ 2,215,185	—	170,469	382,364	143,134	2,870,435	3,350,042	2,835,277	109,068	50,555	10	143,281	62,823	1,368
Net 13th month activity	(55,321)	(31,676)	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfer to Rainy Day Fund	(231,585)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfer from Rainy Day Fund	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfer from Special Revenue/Lottery	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Prior Year Refunds/Redeposits	1,136	528	—	—	—	—	—	—	—	—	—	—	—	—	—
Cash Flow/Contingencies	—	—	—	—	—	—	—	—	—	(40,000)	—	—	(36,600)	—	—
Expirations to General Revenue	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Expirations to General Revenue Surplus	189,215	43,564	—	—	—	—	—	—	—	—	—	—	—	—	—
Revenues															
Revenue Collections/Estimate	5,710,575	5,264,536	5,323,157	2,116,280	1,915,875	1,876,875	—	—	—	189,857	149,504	157,792	379,562	337,436	338,554
Legislature	—	—	—	—	—	—	1,357	1,100	1,340	—	—	—	—	—	—
Judicial	—	—	—	—	—	—	1,306	2,100	1,950	—	—	—	—	—	—
Executive	—	—	—	—	—	—	44,188	58,954	68,701	—	—	—	—	—	—
Administration	—	—	—	—	—	—	156,562	235,843	235,841	—	—	—	—	—	—
Commerce***	—	—	—	—	—	—	48,291	300,461	310,583	—	—	—	—	—	—
Tourism****	—	—	—	—	—	—	675	1,744	1,744	—	—	—	—	—	—
Education	—	—	—	—	—	—	273,164	65,368	27,685	—	—	—	—	—	—
Environment	—	—	—	—	—	—	41,546	84,125	81,747	—	—	—	—	—	—
Health	—	—	—	—	—	—	53,342	56,471	57,062	—	—	—	—	—	—
Human Services	—	—	—	—	—	—	446,915	449,684	474,878	—	—	—	—	—	—
Health Facilities	—	—	—	—	—	—	83,092	84,934	85,567	—	—	—	—	—	—
Department of Homeland Security*****	—	—	—	—	—	—	28,825	43,726	33,474	—	—	—	—	—	—
Revenue	—	—	—	—	—	—	629,847	319,343	648,156	—	—	—	—	—	—
Transportation	—	—	—	—	—	—	5,165	10,740	14,740	—	—	—	—	—	—
Veterans Assistance	—	—	—	—	—	—	8,014	3,150	4,101	—	—	—	—	—	—
Senior Services	—	—	—	—	—	—	10,761	10,869	10,869	—	—	—	—	—	—
Higher Education	—	—	—	—	—	—	51,988	55,497	55,497	—	—	—	—	—	—
Misc. Boards & Commissions	—	—	—	—	—	—	47,196	72,036	45,038	—	—	—	—	—	—
Total Revenues	5,710,575	5,264,536	5,323,157	2,116,280	1,915,875	1,876,875	1,932,235	1,856,147	2,158,972	189,857	149,504	157,792	379,562	337,436	338,554

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

	Appropriated General Fund			State Road Fund			Appropriated Special Revenue Funds			Appropriated Lottery Fund			Appropriated Excess Lottery Fund		
	Actuals FY 2024	Budgeted FY 2025	Recommended FY 2026	Actuals FY 2024	Budgeted FY 2025	Recommended FY 2026	Actuals FY 2024	Budgeted FY 2025	Recommended FY 2026	Actuals FY 2024	Budgeted FY 2025	Recommended FY 2026	Actuals FY 2024	Budgeted FY 2025	Recommended FY 2026
Expenditures															
Legislature	35,689	31,025	30,478	—	—	—	940	2,637	2,637	0	0	0	0	0	0
Judicial	156,261	166,317	173,115	0	0	0	1,286	2,100	1,950	0	0	0	0	0	0
Executive	147,182	222,152	53,272	0	0	0	38,193	69,622	68,212	0	0	0	0	0	0
Administration	135,188	191,281	121,041	—	—	—	157,204	231,124	232,033	9,996	10,000	10,000	—	—	—
Commerce***	226,589	271,675	87,484	—	—	—	40,074	291,504	291,504	3,285	3,903	3,943	63	1,505	1,505
Tourism****	33,671	41,756	24,775	0	0	0	506	1,247	1,247	22,544	22,895	21,853	—	0	0
Education	2,421,200	2,298,439	2,283,165	0	0	0	122,752	162,979	157,479	26,241	32,754	41,999	30,963	19,000	19,000
Environment	7,549	10,630	7,918	0	0	0	44,407	125,571	63,221	0	0	0	0	0	0
Health	186,062	106,045	103,618	0	0	0	54,162	60,062	69,084	0	0	0	0	0	0
Human Services	856,824	1,028,156	1,076,791	0	0	0	481,137	504,740	604,740	0	0	0	60,717	63,233	84,350
Health Facilities	201,514	218,344	219,137	0	0	0	80,577	86,996	86,996	0	0	0	0	0	0
Department of Homeland Security*****	536,987	579,066	600,288	0	0	0	20,009	66,309	55,082	0	0	0	0	0	0
Revenue	430,298	34,603	34,887	0	0	0	288,473	596,263	515,625	0	0	0	138,022	138,272	137,272
Transportation	318,248	6,941	6,859	1,902,208	2,151,605	2,003,893	6,949	14,216	14,216	0	0	0	0	0	0
Veterans Assistance	19,789	18,626	17,657	0	0	0	3,958	4,063	2,095	0	0	0	0	0	0
Senior Services	10,840	6,580	6,580	0	0	0	14,282	14,590	10,794	62,439	67,021	67,026	0	0	0
Higher Education	557,257	520,073	476,093	0	0	0	50,771	59,964	59,964	10,628	12,532	12,571	44,000	44,000	44,000
Misc. Boards & Commissions	—	—	—	0	0	0	47,231	76,926	77,478	0	0	0	71,412	71,427	52,427
Total Expenditures	6,281,146	5,751,708	5,323,157	1,902,208	2,151,605	2,003,893	1,452,911	2,370,912	2,314,356	132,255	149,104	157,392	345,177	337,436	338,554
Reappropriations Available	—	1,562,571	—	—	—	—	—	—	—	—	—	—	—	—	—
Recommended Supplemental	—	80,143	—	—	3,500	—	—	—	—	—	—	—	—	—	—
Recommended Surplus Supplemental	—	97,136	—	—	—	—	—	—	—	51,750	50,555	—	88,800	62,823	—
Mid-Year Budget Adjustments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Adjustments*	2,503	578	—	2,178	—	3,000	283	—	—	24,365	390	400	(10,556)	(1,368)	—
Ending Fund Balance	2,215,185	—	—	382,364	143,134	13,116	3,350,042	2,835,277	2,679,894	50,555	10	10	62,823	1,368	1,368

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

** Some revenue and expenditures are double counted.

*** The Department of Economic Development was reorganized under the Department of Commerce in the Governor's Recommended FY 2026 Budget.

**** The Department of Arts, Culture, and History was reorganized under the Department of Tourism in the Governor's Recommended FY 2026 Budget.

***** The Adjutant General was reorganized under the Department of Homeland Security in the Governor's Recommended FY 2026 Budget.

*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 2024	Budgeted FY 2025	Recommended FY 2026	Actuals FY 2024	Budgeted FY 2025	Recommended FY 2026	Actuals FY 2024	Budgeted FY 2025	Recommended FY 2026	Actuals FY 2024	Budgeted FY 2025	Recommended FY 2026	Actuals FY 2024	Budgeted FY 2025	Recommended FY 2026
Beginning Fund Balance	110,902	126,111	360,498	6,288,970	6,187,079	3,340,287	128,871	131,808	199,637	39,947,958	41,019,115	41,376,099	46,365,798	47,338,003	44,916,023
Net 13th month activity	—	—	—	(55,321)	(31,676)	—	—	—	—	—	—	—	(55,321)	(31,676)	—
Transfer to Rainy Day Fund	—	—	—	(231,585)	—	—	—	—	—	—	—	—	(231,585)	—	—
Transfer from Rainy Day Fund	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfer from Special Revenue/Lottery	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Prior Year Refunds/Redeposits	—	—	—	1,136	528	—	—	—	—	—	—	—	1,136	528	—
Cash Flow/Contingencies	—	—	—	(76,600)	—	—	—	—	—	—	—	—	(76,600)	—	—
Expirations to General Revenue	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Expirations to General Revenue Surplus	—	—	—	189,215	43,564	—	—	—	—	—	—	—	189,215	43,564	—
Revenues															
Revenue Collections/Estimate				8,396,274	7,667,351	7,696,378	—	—	—	—	—	—	8,396,274	7,667,351	7,696,378
Legislature	316	442	313	1,673	1,542	1,653	—	—	—	3	20	10	1,676	1,562	1,663
Judicial	2,736	4,000	4,000	4,042	6,100	5,950	—	—	—	1,189	2,650	3,900	5,231	8,750	9,850
Executive	23,905	61,558	36,173	68,093	120,513	104,873	5,042	5,000	—	1,851,508	719,293	1,141,934	1,924,643	844,806	1,246,808
Administration	—	—	—	156,562	235,843	235,841	—	—	—	5,436,306	7,204,830	10,004,673	5,592,869	7,440,674	10,240,514
Commerce***	177,895	1,355,913	1,367,719	226,186	1,656,374	1,678,301	25,321	43,856	43,856	109,613	374,220	415,724	361,119	2,074,449	2,137,881
Tourism****	(8,553)	19,271	21,784	9,228	21,015	23,528	—	—	—	13,578	24,137	27,909	5,700	45,152	51,437
Education	863,311	1,897,678	1,297,678	1,136,475	1,963,046	1,325,364	—	—	—	82,092	368,909	345,793	1,218,567	2,331,955	1,671,157
Environment	139,220	519,310	587,283	180,766	603,435	669,030	13,814	63,750	24,500	188,163	254,067	278,238	382,743	921,251	971,768
Health	224,266	219,893	218,882	277,608	276,365	275,944	—	—	—	18,766	44,080	24,578	296,374	320,444	300,522
Human Services	4,735,328	5,314,039	5,322,848	5,182,243	5,763,723	5,797,726	—	—	—	6,154,784	6,549,046	6,539,015	11,337,027	12,312,768	12,336,742
Health Facilities	—	—	—	83,092	84,934	85,567	—	—	—	—	6	5	83,092	84,941	85,572
Department of Homeland Security*****	90,401	224,620	219,326	119,227	268,347	252,800	92,193	263,094	220,594	198,843	387,132	362,382	410,263	918,573	835,776
Revenue	17	3,000	3,000	629,864	322,343	651,156	—	—	—	1,095,683	1,158,873	881,141	1,725,547	1,481,216	1,532,297
Transportation	22,131	34,506	34,839	27,296	45,246	49,579	—	—	—	84,201	25,984	1,306,922	111,497	71,230	1,356,500
Veterans Assistance	7,461	32,719	33,756	15,475	35,869	37,856	—	—	—	1,373	1,707	1,763	16,848	37,576	39,619
Senior Services	12,420	14,669	14,669	23,181	25,539	25,539	—	—	—	2,234	2,395	2,395	25,415	27,934	27,934
Higher Education	—	—	—	51,988	55,497	55,497	44,892	84,819	61,305	1,657,689	2,372,928	2,388,354	1,754,569	2,513,245	2,505,155
Misc. Boards & Commissions	3,395	8,275	9,130	50,590	80,311	54,168	3,095	10,340	10,340	393,086	538,423	759,811	446,771	629,074	824,319
Total Revenues	6,294,247	9,709,895	9,171,400	16,639,862	19,233,393	19,026,750	184,357	470,859	360,594	17,289,111	20,028,700	24,484,548	25,699,950	32,065,601	36,175,514

*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 2024	Budgeted FY 2025	Recommended FY 2026	Actuals FY 2024	Budgeted FY 2025	Recommended FY 2026	Actuals FY 2024	Budgeted FY 2025	Recommended FY 2026	Actuals FY 2024	Budgeted FY 2025	Recommended FY 2026	Actuals FY 2024	Budgeted FY 2025	Recommended FY 2026
Expenditures															
Legislature	316	442	650	36,944	34,104	33,764	—	—	—	6	35	33	36,950	34,139	33,797
Judicial	2,736	4,000	4,000	160,282	172,417	179,065	—	—	—	1,122	2,650	3,900	161,404	175,067	182,965
Executive	19,133	65,200	64,510	204,508	356,974	185,995	9,104	5,000	—	1,297,877	736,976	734,540	1,511,489	1,098,950	920,535
Administration	—	—	—	302,387	432,405	363,074	—	—	—	3,243,860	4,477,407	4,582,128	3,546,247	4,909,812	4,945,202
Commerce***	176,292	1,335,650	1,334,711	446,304	1,904,236	1,719,147	25,192	35,602	35,602	103,624	410,297	403,697	575,119	2,350,135	2,158,446
Tourism****	9,988	19,366	18,600	66,709	85,263	66,474	—	—	—	9,926	28,428	26,437	76,635	113,690	92,911
Education	866,209	1,897,678	1,298,953	3,467,365	4,410,850	3,800,596	—	—	—	57,900	367,836	367,806	3,525,264	4,778,687	4,168,402
Environment	116,437	471,982	471,982	168,393	608,183	543,121	5,165	6,703	6,703	113,394	325,806	325,706	286,952	940,692	875,530
Health	224,617	218,045	219,025	464,842	384,153	391,727	—	—	—	19,530	40,603	24,852	484,372	424,755	416,579
Human Services	4,735,328	5,136,917	5,218,584	6,151,006	6,750,045	6,984,466	—	—	—	6,303,664	6,391,449	6,372,149	12,437,670	13,124,495	13,356,615
Health Facilities	—	—	—	282,091	305,340	306,133	—	—	—	—	—	—	282,091	305,340	306,133
Department of Homeland Security*****	95,230	227,793	228,286	652,226	873,167	883,656	92,517	263,000	220,400	195,980	395,951	362,556	940,724	1,532,119	1,466,612
Revenue	17	3,000	3,000	859,119	774,937	692,783	—	—	—	1,488,551	1,379,405	1,164,914	2,345,361	2,151,542	1,855,697
Transportation	22,748	34,906	34,706	2,250,153	2,207,668	2,059,673	—	—	—	309,422	1,127,162	1,127,162	2,559,575	3,334,829	3,186,835
Veterans Assistance	10,675	35,399	35,580	34,422	58,088	55,332	—	—	—	1,360	1,667	1,667	35,782	59,756	56,999
Senior Services	11,882	17,169	14,686	116,193	122,110	99,085	—	—	—	2,785	2,395	2,395	102,228	107,756	101,480
Higher Education	—	—	—	662,656	636,569	592,628	48,780	82,385	60,382	1,553,261	2,388,280	2,343,108	2,264,697	3,107,234	2,996,118
Misc. Boards & Commissions	2,478	7,962	7,867	121,121	156,314	137,771	700	10,340	10,340	433,720	1,595,369	1,117,479	555,540	1,762,023	1,265,590
Total Expenditures	6,294,086	9,475,508	8,955,139	16,446,720	20,272,824	19,094,491	181,458	403,030	333,427	15,135,982	19,671,716	18,960,529	31,725,222	40,311,020	38,386,446
Reappropriations Available	—	—	—	—	1,562,571	—	—	—	—	—	—	—	—	1,562,571	—
Recommended Supplemental	—	—	—	—	83,643	—	—	—	—	—	—	—	—	83,643	—
Recommended Surplus Supplemental	—	—	—	140,550	210,513	—	—	—	—	—	—	—	140,550	210,513	—
Mid-Year Budget Adjustments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Adjustments*	15,049	—	—	18,773	(400)	3,400	38	—	—	(1,081,972)	—	—	(1,048,112)	(400)	3,400
Ending Fund Balance	126,111	360,498	576,758	6,468,280	7,016,394	3,275,946	131,808	199,637	226,804	41,019,115	41,376,099	46,900,118	39,432,963	40,948,912	42,708,491

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

** Some revenue and expenditures are double counted

*** The Department of Economic Development was reorganized under the Department of Commerce in the Governor's Recommended FY 2026 Budget.

**** The Department of Arts, Culture, and History was reorganized under the Department of Tourism in the Governor's Recommended FY 2026 Budget.

***** The Adjutant General was reorganized under the Department of Homeland Security in the Governor's Recommended FY 2026 Budget.

General Revenue Fund

Revenues, Expenditures, and Changes in Cash Balance

(Nearest Dollar)

Actual Beginning Cash Balance July 1, 2024	\$	2,215,184,534	
Less: 31 Day Disbursements (July 1, 2024 - July 31, 2024)		(31,676,068)	
Plus: Prior Year Reimbursements (July 1, 2024 - July 31, 2024)		240,397	
Less: Prior Year Appropriations Forwarded		(1,562,857,742)	
Less: Cash Balance - Adjustments and Accruals		(578,023)	
Plus: Adjustment to Previous Years' Reappropriations		286,289	
Accumulated Surplus from FY 2024 @ August 31, 2024	\$	620,599,386	
Less: Transfer to Revenue Shortfall Reserve Fund (Statutory)		0	
Less: FY 2025 Surplus Appropriations (FY 2024 Surplus) (Senate Bill 200) 2024 Regular Session (<i>as amended</i>)		(69,000,000)	
Plus: Prior Year Reimbursements (August 1, 2024 - January 31, 2025)		288,073	
Plus: Expiration from Unclaimed Property Fund to Unappropriated Surplus Balance (SB 2038 - 2024 2EX)		15,000,000	
Less: FY 2025 Surplus Supplemental Appropriations (2024 2EX)		(498,315,838)	
Plus: Recommended Expiration (Bond Redemption Cash) to Unappropriated Surplus Balance (2025 Regular Session)		28,564,089	
Less: Recommended FY2025 Surplus Supplemental Appropriations (2025 Regular Session)		(97,135,710)	
Estimated Unappropriated Surplus Balance @ June 30, 2025		\$ 0	
Plus: FY 2025 Revenue Estimate	\$	5,264,536,000	
Less: FY 2025 Appropriations (FY 2025 Budget Bill) (SB 200) (2024 Regular Session)		(4,996,222,036)	
Plus: FY 2025 Supplemental Appropriations (2024 1EX)		(188,170,596)	
Less: Recommended FY 2025 Supplemental Appropriations (2025 Regular Session)		(80,143,368)	
Estimated Unappropriated Balance from FY 2025 Activity @ June 30, 2025		\$ 0	
Plus: FY 2026 Revenue Estimate	\$	5,323,157,000	
Less: Recommended FY2026 Appropriations (FY 2026 Budget Bill) (2025 Regular Session)		(5,323,157,000)	
Total Estimated Unappropriated Balance @ June 30, 2026		\$ 0	

General Revenue Fund

Recommended Surplus Supplemental Appropriations

FY 2025

(Nearest Dollar)

Recommended FY 2025 Surplus Supplemental Appropriation (2025 Regular Session) (Expiration of Funds)	(28,564,089)	One-time
Recommended FY 2025 Surplus Supplemental Appropriation (2025 Regular Session) (General Services)(Diamond Building and Parking Garage)	15,000,000	One-time
Recommended FY 2025 Surplus Supplemental Appropriation (2025 Regular Session) (Education)(School Safety)	1,250,000	One-time
Recommended FY 2025 Surplus Supplemental Appropriation (2025 Regular Session) (Education)(Increased Enrollment)	596,981	One-time
Recommended FY 2025 Surplus Supplemental Appropriation (2025 Regular Session) (Culture & History)(Outdoor Exhibit)	500,000	One-time
Recommended FY 2025 Surplus Supplemental Appropriation (2025 Regular Session) (Economic Development)(Site Ready Properties, Superintelligence, Energy, Education & Data Center, and Vo-Tech & Workforce Investments)	40,411,892	One-time
Recommended FY 2025 Surplus Supplemental Appropriation (2025 Regular Session) (Human Services)(Medicaid)	39,376,837	Base
	\$ 68,571,621	

General Revenue Fund

Recommended Supplemental Appropriations

FY 2025

(Nearest Dollar)

Recommended FY 2025 Supplemental Appropriation (2025 Regular Session) (Administration)(Debt Service)	581,900	Base
Recommended FY 2025 Supplemental Appropriation (2025 Regular Session) (Commerce)(iHub)	1,000,000	Base
Recommended FY 2025 Supplemental Appropriation (2025 Regular Session) (Health)(Birth to Three)	6,589,343	Base
Recommended FY 2025 Supplemental Appropriation (2025 Regular Session) (Human Services)(Pay Realignment)	3,833,000	Base
Recommended FY 2025 Supplemental Appropriation (2025 Regular Session) (Health)(OIG - Funds for FTE)	58,632	Base
Recommended FY 2025 Supplemental Appropriation (2025 Regular Session) (Health Facilities)(Funds for FTE)	(58,632)	Base
Recommended FY 2025 Supplemental Appropriation (2025 Regular Session) (Corrections)(Correctional Facilities Shortfall)	7,148,314	Base
Recommended FY 2025 Supplemental Appropriation (2025 Regular Session) (Corrections)(Juvenile Centers Shortfall)	2,319,890	Base
Recommended FY 2025 Supplemental Appropriation (2025 Regular Session) (Corrections)(Regional Jails Shortfall)	7,670,255	Base
Recommended FY 2025 Supplemental Appropriation (2025 Regular Session) (Administration)(Public Defender)	22,600,000	Base
Recommended FY 2025 Supplemental Appropriation (2025 Regular Session) (Education)(Hope Scholarship)	28,400,666	Base
	\$ 80,143,368	

General Revenue Fund

Statement of Revenues by Source

FY 2022 Through FY 2030

(Expressed in Thousands)

Sources of Revenue	FY 2022 Actual Collections	FY 2023 Actual Collections	FY 2024 Actual Collections	FY 2025 Estimate	FY 2026 Estimate	FY 2027 Estimate	FY 2028 Estimate	FY 2029 Estimate	FY 2030 Estimate
Business and Occupation Tax	110,502	116,747	126,751	115,000	118,000	118,500	118,500	118,500	119,000
Consumers Sales and Use Tax	1,655,483	1,750,454	1,816,544	1,841,000	1,910,700	1,976,100	2,036,270	2,099,500	2,162,600
Personal Income Tax	2,502,828	2,663,568	2,239,859	2,023,300	2,019,556	2,093,304	2,167,838	2,241,255	2,318,998
Liquor Profit Transfers	29,474	32,313	29,497	30,500	32,000	32,000	32,000	32,000	32,000
Beer Tax and Licenses	7,571	7,262	7,219	7,000	7,100	7,050	7,050	7,020	7,000
Tobacco Products Tax (Cigarette & Other)	165,066	155,459	153,220	147,600	138,500	135,000	131,700	128,700	126,800
Business Franchise Fees	1,076	1,011	1,072	1,000	700	700	700	700	700
Charter Tax	2	4	9	—	—	—	—	—	—
Property Transfer Tax	17,856	12,706	12,288	6,000	—	—	—	—	—
Property Tax	7,908	7,702	9,350	9,400	9,500	9,800	10,100	10,400	10,700
Insurance Tax	135,847	112,168	120,736	120,000	138,000	142,200	145,500	148,900	152,300
Departmental Collections	26,344	26,888	26,038	28,200	25,000	25,200	25,200	25,300	25,400
Corporation Net Income Tax	366,316	419,965	465,463	318,000	313,500	297,800	282,000	268,000	280,000
Miscellaneous Transfers	16,740	5,329	3,420	2,000	2,000	2,000	2,000	2,000	2,000
Interest Income	(1,706)	132,456	226,562	125,000	103,000	90,000	75,000	75,000	75,000
Severance Tax	768,794	946,486	368,874	406,300	398,000	444,000	487,000	499,500	509,800
Miscellaneous Receipts	2,467	2,462	14,090	8,000	12,500	12,500	12,500	12,500	12,500
HB102 - Lottery Transfers	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
Video Lottery Transfers	554	634	—	—	—	—	—	—	—
Liquor License Renewal	766	933	736	736	101	—	—	—	—
Senior Citizen Tax Credit Reimbursement	9,009	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Soft Drink Excise Tax	—	13,766	13,848	500	—	—	—	—	—
Special Revenue Transfer	—	—	—	—	20,000	20,000	—	—	—
Total	\$ 5,887,899	\$ 6,483,311	\$ 5,710,575	\$ 5,264,536	\$ 5,323,157	\$ 5,481,154	\$ 5,608,358	\$ 5,744,275	\$ 5,909,798

General Revenue Fund: Overview by Functional Category

FY 2024 through FY 2026

(Nearest Dollar)

DEPARTMENT/Agency	Fund #	Actual Expenditures FY 2024	Total Appropriations FY 2025	Plus: Reappropriated FY 2025	Total Available FY 2025	Total Request FY 2026**	Governor's Recommendation FY 2026	Percentage of Total
LEGISLATURE								
Senate	0165	5,937,593	6,152,206	9,871,814	16,024,020	6,152,206	6,152,206	0.12 %
House of Delegates	0170	9,925,074	11,985,000	15,679,131	27,664,131	11,985,000	11,985,000	0.23 %
Joint Expenses/Claims Against State	0175	11,573,423	12,888,105	5,035,334	17,923,439	12,888,105	12,340,457	0.23 %
Subtotal		27,436,090	31,025,311	30,586,279	61,611,590	31,025,311	30,477,663	0.57 %
JUDICIAL								
Supreme Court	0180	140,206,130	166,316,509	30,757,132	197,073,641	173,114,659	173,114,659	3.25 %
Subtotal		140,206,130	166,316,509	30,757,132	197,073,641	173,114,659	173,114,659	3.25 %
EXECUTIVE								
Office of the Governor	0101	15,011,193	6,626,040	14,146,390	20,772,430	6,626,040	6,320,488	0.12 %
Custodial Fund	0102	394,898	615,427	568,298	1,183,725	615,427	619,913	0.01 %
Civil Contingent Fund	0105	59,247,180	163,500,000	620,455,844	783,955,844	8,500,000	5,000,000	0.09 %
State Auditor's Office	0116	2,386,653	2,724,523	36,754	2,761,277	2,724,523	2,784,484	0.05 %
State Treasurer's Office	0126	3,299,750	3,718,259	183,457	3,901,716	3,718,259	3,764,435	0.07 %
Department of Agriculture	0131	12,366,189	23,962,323	1,033,125	24,995,448	13,962,323	14,179,426	0.27 %
WV Conservation Agency	0132	7,945,129	12,786,697	28,854,181	41,640,878	11,636,697	12,294,361	0.23 %
Meat Inspection	0135	1,121,987	1,169,540	—	1,169,540	1,169,540	1,187,422	0.02 %
Agricultural Awards	0136	49,237	54,250	—	54,250	54,250	—	— %
Attorney General's Office	0150	3,329,769	5,894,240	3,645,817	9,540,057	5,894,240	5,986,622	0.11 %
Secretary of State	0155	870,343	983,138	145,742	1,128,880	983,138	1,017,140	0.02 %
State Elections Commission	0160	178	7,508	—	7,508	7,508	7,508	— %
WV Agriculture Land Protection Authority	0607	105,626	109,693	—	109,693	109,693	110,465	— %
Subtotal		106,128,132	222,151,638	669,069,607	891,221,245	56,001,638	53,272,264	1.00 %
TOURISM								
Department of Tourism	0246	11,110,557	30,000,000	18,621,593	48,621,593	14,000,000	14,000,000	0.26 %
Culture and History***	0293	7,362,640	5,788,181	4,744,710	10,532,891	5,788,181	5,438,033	0.10 %
Library Commission***	0296	1,053,769	1,644,157	—	1,644,157	1,644,157	1,463,079	0.03 %
Educational Broadcasting Authority***	0300	3,660,913	4,323,875	41,278	4,365,153	4,323,875	3,873,549	0.07 %
Subtotal		23,187,879	41,756,213	23,407,580	65,163,793	25,756,213	24,774,661	0.47 %
VETERAN'S ASSISTANCE								
Veterans' Affairs	0456	15,960,826	15,640,193	23,620,600	39,260,793	15,640,193	15,742,743	0.30 %
Veteran's Home	0460	1,665,383	2,985,768	17,664	3,003,432	1,785,768	1,914,239	0.04 %
Subtotal		17,626,209	18,625,961	23,638,264	42,264,225	17,425,961	17,656,982	0.33 %

General Revenue Fund: Overview by Functional Category (Continued)

DEPARTMENT/Agency	Fund #	Actual Expenditures FY 2024	Total Appropriations FY 2025	Plus: Reappropriated FY 2025	Total Available FY 2025	Total Request FY 2026**	Governor's Recommendation FY 2026	Percentage of Total
ENVIRONMENTAL PROTECTION								
Environmental Quality Board	0270	124,257	131,874	—	131,874	131,874	132,912	— %
Environmental Protection	0273	7,349,356	10,422,445	—	10,422,445	7,622,445	7,708,594	0.14 %
Air Quality Board	0550	75,146	76,053	—	76,053	76,053	76,897	— %
Subtotal		7,548,759	10,630,372	—	10,630,372	7,830,372	7,918,403	0.15 %
DEPARTMENT OF HOMELAND SECURITY								
Office of the Secretary - Homeland Security	0430	2,993,960	4,293,160	5,422,497	9,715,657	4,293,160	4,334,503	0.08 %
Adjutant General - State Militia***	0433	18,355,081	31,196,916	10,751,874	41,948,790	18,646,916	17,061,390	0.32 %
Fire Commission	0436	59,465	63,061	—	63,061	63,061	63,061	— %
Parole Board	0440	1,165,495	1,454,002	—	1,454,002	1,454,002	1,362,351	0.03 %
Emergency Management	0443	17,654,296	6,691,854	2,202,126	8,893,980	6,691,854	9,071,698	0.17 %
Corrections Central Office	0446	768,196	385,147	—	385,147	385,147	388,014	0.01 %
Correctional Units	0450	277,777,292	330,591,798	81,987,408	412,579,206	317,211,561	358,830,361	6.74 %
WV State Police	0453	106,975,635	127,450,784	8,875,894	136,326,678	126,900,784	116,332,408	2.19 %
Justice and Community Services	0546	9,429,059	10,656,295	14,526,734	25,183,029	10,656,295	23,718,376	0.45 %
Juvenile Services	0570	48,633,225	55,820,984	5,072,178	60,893,162	51,207,884	58,937,962	1.11 %
Protective Services Division	0585	3,211,067	4,072,010	2,249,784	6,321,794	4,023,574	4,017,021	0.08 %
Adjutant General - Military Fund***	0605	51,288	157,775	—	157,775	157,775	157,775	— %
Administrative Services	0619	5,121,261	6,231,787	—	6,231,787	6,280,223	6,013,574	0.11 %
Subtotal		492,195,320	579,065,573	131,088,495	710,154,068	547,972,236	600,288,494	11.28 %
BUREAU OF SENIOR SERVICES								
Bureau of Senior Services	0420	10,839,825	6,580,366	—	6,580,366	6,580,366	6,580,366	0.12 %
Subtotal		10,839,825	6,580,366	—	6,580,366	6,580,366	6,580,366	0.12 %
REVENUE								
Office of the Secretary - Revenue	0465	400,578,803	648,506	186,435	834,941	648,506	656,766	0.01 %
Tax Division	0470	27,758,868	31,518,796	15,232,560	46,751,356	31,518,796	31,813,430	0.60 %
Athletic Commission	0523	36,057	36,811	—	36,811	36,811	36,811	— %
Office of Tax Appeals	0593	691,768	1,214,578	308,003	1,522,581	1,214,578	1,236,442	0.02 %
State Budget Office	0595	630,679	1,183,885	1,106,185	2,290,070	1,183,885	1,143,279	0.02 %
Subtotal		429,696,174	34,602,576	16,833,184	51,435,760	34,602,576	34,886,728	0.66 %

General Revenue Fund: Overview by Functional Category (Continued)

DEPARTMENT/Agency	Fund #	Actual Expenditures FY 2024	Total Appropriations FY 2025	Plus: Reappropriated FY 2025	Total Available FY 2025	Total Request FY 2026**	Governor's Recommendation FY 2026	Percentage of Total
HIGHER EDUCATION								
WV School of Osteopathic Medicine	0336	6,005,955	19,932,105	29,129,983	49,062,088	6,332,105	6,446,874	0.12 %
WVU - School of Medicine	0343	21,968,651	22,433,558	—	22,433,558	22,433,558	22,646,527	0.43 %
West Virginia University	0344	116,631,820	126,654,316	49,757,703	176,412,019	119,506,390	120,798,241	2.27 %
Marshall University - School of Medicine	0347	7,517,609	9,787,407	1,246,755	11,034,162	9,787,407	9,738,197	0.18 %
Marshall University	0348	52,553,850	59,111,998	46,419,858	105,531,856	56,725,780	56,649,585	1.06 %
Bluefield State University	0354	6,855,771	7,081,263	—	7,081,263	7,081,263	7,183,177	0.13 %
Concord University	0357	11,170,362	11,946,787	—	11,946,787	11,491,763	11,653,071	0.22 %
Fairmont State University	0360	20,361,302	20,671,494	—	20,671,494	20,671,494	20,872,653	0.39 %
Glenville State University	0363	7,071,784	7,420,879	—	7,420,879	7,420,879	7,520,361	0.14 %
Shepherd University	0366	13,374,828	14,139,125	—	14,139,125	13,734,975	13,876,024	0.26 %
West Liberty University	0370	9,964,386	10,380,743	—	10,380,743	10,380,743	10,545,943	0.20 %
West Virginia State University	0373	16,100,759	17,769,170	930,143	18,699,313	17,769,170	17,939,165	0.34 %
WVNET	0551	1,873,368	1,946,515	—	1,946,515	1,946,515	1,977,941	0.04 %
HEPC - Administration	0589	180,584,711	103,059,149	4,721,568	107,780,717	81,059,149	80,865,149	1.52 %
Subtotal		472,035,156	432,334,509	132,206,009	564,540,518	386,341,191	388,712,908	7.30 %
C&T COLLEGES								
WVU at Parkersburg	0351	11,193,778	11,561,838	—	11,561,838	11,561,838	11,721,531	0.22 %
Southern WV C&T College	0380	8,849,656	9,217,907	—	9,217,907	9,217,907	9,344,423	0.18 %
WV Northern C&T College	0383	7,818,075	8,252,020	—	8,252,020	8,252,020	8,377,604	0.16 %
Eastern WV C&T College	0587	2,349,856	2,412,016	—	2,412,016	2,412,016	2,444,701	0.05 %
Council for C&T College Education	0596	12,612,126	15,839,076	10,725,169	26,564,245	15,839,076	14,846,467	0.28 %
Pierpont C&T College	0597	8,370,981	8,613,156	—	8,613,156	8,613,156	8,683,685	0.16 %
Mountwest C&T College	0599	6,903,570	7,062,120	—	7,062,120	7,062,120	7,158,525	0.13 %
New River C&T College	0600	6,302,132	6,919,535	—	6,919,535	6,569,820	6,713,490	0.13 %
Blue Ridge C&T College	0601	8,416,425	8,972,984	—	8,972,984	8,972,984	9,092,404	0.17 %
BridgeValley C&T College	0618	8,629,476	8,888,187	—	8,888,187	8,888,187	8,996,967	0.17 %
Subtotal		81,446,075	87,738,839	10,725,169	98,464,008	87,389,124	87,379,797	1.64 %
COMMERCE								
Forestry	0250	7,453,724	6,105,480	4,047,798	10,153,278	6,105,480	6,134,738	0.12 %
Geological & Economic Survey	0253	2,352,937	3,328,376	1,812,913	5,141,289	3,328,376	3,349,116	0.06 %
Division of Economic Development ***	0256	125,987,727	197,917,867	3,162,852	201,080,719	12,917,867	12,938,325	0.24 %
Division of Labor	0260	1,737,749	2,017,411	—	2,017,411	2,017,411	1,735,294	0.03 %
Division of Natural Resources	0265	43,415,728	31,316,979	66,063,986	97,380,965	31,316,979	31,248,667	0.59 %
Miners' Health, Safety, & Training	0277	9,608,785	11,725,060	—	11,725,060	12,342,060	12,236,996	0.23 %
Boards of Coal Mine Health & Safety	0280	254,334	370,549	—	370,549	370,549	356,795	0.01 %
Division of Rehabilitation Services	0310	15,566,526	16,222,463	—	16,222,463	16,222,463	16,397,112	0.31 %
WorkForce West Virginia	0572	58,473	75,700	—	75,700	75,700	75,700	— %
Office of the Secretary	0606	2,483,965	2,594,755	—	2,594,755	1,977,755	3,010,767	0.06 %
Subtotal		208,919,949	271,674,640	75,087,548	346,762,188	86,674,640	87,483,510	1.64 %

General Revenue Fund: Overview by Functional Category (Continued)

DEPARTMENT/Agency	Fund #	Actual Expenditures FY 2024	Total Appropriations FY 2025	Plus: Reappropriated FY 2025	Total Available FY 2025	Total Request FY 2026**	Governor's Recommendation FY 2026	Percentage of Total
HEALTH FACILITIES								
Health Facilities - Central Office	0401	3,350,325	3,234,675	—	3,234,675	3,234,675	3,245,067	0.06 %
Capital Projects Fund	0402	—	390,000	—	390,000	550,000	550,000	0.01 %
Hopemont Hospital	0408	10,665,161	12,827,637	478,007	13,305,644	12,691,627	12,771,108	0.24 %
Lakin Hospital	0409	12,089,770	14,555,447	436,958	14,992,405	14,472,884	14,553,801	0.27 %
John Manchin Senior Healthcare Center	0410	6,443,445	8,750,802	215,608	8,966,410	8,711,922	8,719,666	0.16 %
Jackie Withrow Hospital	0411	10,346,032	12,454,239	812,078	13,266,317	12,218,022	12,274,374	0.23 %
Welch Community Hospital	0412	27,019,651	31,086,339	1,843,744	32,930,083	29,174,381	29,270,706	0.55 %
William R. Sharpe Jr. Hospital	0413	80,384,220	79,462,704	4,352,281	83,814,985	81,128,884	81,350,260	1.53 %
Mildred Mitchell-Bateman Hospital	0414	49,609,538	53,734,513	4,253,226	57,987,739	54,313,961	54,537,994	1.02 %
William Sharpe - Transit Living Facility	0415	1,606,275	1,847,929	156,179	2,004,108	1,847,929	1,863,931	0.04 %
Subtotal		201,514,416	218,344,285	12,548,082	230,892,367	218,344,285	219,136,907	4.12 %
ADMINISTRATION								
Office of the Secretary - Administration	0186	16,037,792	15,631,631	31,725	15,663,356	15,631,631	16,218,471	0.30 %
Public Employees Insurance Agency	0200	—	87,000,000	—	87,000,000	—	—	— %
Division Of Finance	0203	687,813	810,767	119,855	930,622	810,767	815,592	0.02 %
WV Office of Technology	0204	2,000,000	14,300,000	—	14,300,000	—	9,300,000	0.17 %
Division Of Personnel	0206	—	1,800,000	—	1,800,000	1,800,000	900,000	0.02 %
Purchasing Division	0210	793,763	1,146,662	—	1,146,662	1,146,662	1,006,206	0.02 %
Commission On Uniform State Laws	0214	52,431	45,550	—	45,550	45,550	45,550	— %
Public Employees Grievance Board	0220	1,009,070	1,213,226	—	1,213,226	1,213,226	1,096,233	0.02 %
Ethics Commission	0223	697,362	773,228	—	773,228	773,228	676,268	0.01 %
Public Defender Services	0226	52,334,243	39,245,744	7,539,721	46,785,465	38,195,744	61,810,312	1.16 %
General Services Division	0230	20,121,474	26,394,135	278,494,887	304,889,022	26,394,135	26,369,693	0.50 %
Comm Purchase for Handicapped	0233	—	4,055	—	4,055	4,055	4,055	— %
WV Prosecuting Attorneys Institute	0557	430,593	688,044	250,575	938,619	688,044	690,480	0.01 %
Real Estate Division	0610	765,949	902,771	—	902,771	902,771	874,591	0.02 %
Travel Management	0615	1,146,546	1,325,210	—	1,325,210	1,325,210	1,233,337	0.02 %
Subtotal		96,077,036	191,281,023	286,436,762	477,717,785	88,931,023	121,040,788	2.27 %
EDUCATION								
School Lunch Program	0303	2,171,102	2,497,519	—	2,497,519	2,497,519	2,502,069	0.05 %
State Department of Education	0313	141,377,471	139,627,282	25,979,713	165,606,995	215,207,213	135,381,925	2.54 %
Aid for Exceptional Children	0314	31,086,191	35,492,684	2,089,450	37,582,134	35,113,216	35,942,710	0.68 %
State Aid to Schools	0317	1,945,104,275	2,039,301,145	—	2,039,301,145	2,063,795,512	2,031,129,512	38.16 %
School Building Authority - 0318	0318	231,000,000	24,000,000	—	24,000,000	24,000,000	24,000,000	0.45 %
WV Schools for the Deaf & Blind	0320	11,510,055	15,730,195	8,941,014	24,671,209	15,730,195	14,528,499	0.27 %
State Board of Education - Vocational Division	0390	34,086,953	41,790,026	8,547,639	50,337,665	41,790,026	39,680,341	0.75 %
Subtotal		2,396,336,048	2,298,438,851	45,557,817	2,343,996,668	2,398,133,681	2,283,165,056	42.89 %

General Revenue Fund: Overview by Functional Category (Continued)

DEPARTMENT/Agency	Fund #	Actual Expenditures FY 2024	Total Appropriations FY 2025	Plus: Reappropriated FY 2025	Total Available FY 2025	Total Request FY 2026**	Governor's Recommendation FY 2026	Percentage of Total
TRANSPORTATION								
Multimodal - State Rail Authority	0506	780,662	2,145,040	1,846,621	3,991,661	2,145,040	2,150,057	0.04 %
Multimodal - Public Transit	0510	143,798	2,292,989	4,813,491	7,106,480	2,292,989	2,292,989	0.04 %
Division of Multimodal Transportation Facilities	0580	1,158,158	1,471,263	739,531	2,210,794	1,471,263	1,381,063	0.03 %
Multimodal - Public Port Authority	0581	—	—	—	—	—	—	— %
Multimodal - Aeronautics Commission	0582	1,211,522	1,031,626	965,381	1,997,007	1,031,626	1,034,486	0.02 %
Division of Highways	0620	310,000,000	—	—	—	—	—	— %
Subtotal		313,294,140	6,940,918	8,365,024	15,305,942	6,940,918	6,858,595	0.13 %
HUMAN SERVICES								
Human Services	0403	856,654,909	353,195,951	46,152,170	399,348,121	186,541,284	187,163,966	3.52 %
Division of Health-Central Office	0407	—	—	—	—	—	—	— %
Department of Human Services - Office of the Shared Administration	0481	—	23,810,680	—	23,810,680	25,695,860	25,930,599	0.49 %
Bureau for Medical Services - Office of the Commissioner	0482	—	810,140	—	810,140	898,531	898,802	0.02 %
Bureau for Medical Services - Medical Services Administration	0483	—	42,418,213	—	42,418,213	47,078,482	47,126,983	0.89 %
Bureau for Medical Services - Policy and Programming	0484	—	227,432,902	—	227,432,902	327,495,491	268,650,203	5.05 %
Bureau for Medical Services - Home and Community Based Waiver Programs	0485	—	112,843,333	—	112,843,333	158,587,882	158,587,882	2.98 %
Bureau for Social Services - Office of the Commissioner	0486	—	26,654,840	—	26,654,840	28,271,644	29,233,302	0.55 %
Bureau for Social Services - Children's Services	0487	—	37,883,039	—	37,883,039	43,092,266	43,092,266	0.81 %
Bureau for Social Services - Adoption	0488	—	39,855,069	—	39,855,069	44,283,410	74,283,410	1.40 %
Bureau for Social Services - Foster Care	0489	—	110,230,811	—	110,230,811	110,230,811	181,991,329	3.42 %
Bureau for Social Services - Adult Services	0492	—	5,450,513	—	5,450,513	6,056,125	6,056,125	0.11 %
Bureau for Social Services - Child Protective Services Case Workers	0493	—	27,506,430	—	27,506,430	27,975,586	30,121,784	0.57 %
Bureau for Social Services - Social Services Case Workers	0494	—	10,872,168	—	10,872,168	11,800,460	12,674,794	0.24 %
Bureau for Social Services - Adult Protective Services Case Workers	0495	—	4,260,160	—	4,260,160	4,702,938	5,133,918	0.10 %
Bureau for Social Services - Youth Services Case Workers	0496	—	4,931,606	—	4,931,606	5,445,085	5,845,579	0.11 %
Consolidated Medical Services Fund	0525	—	—	—	—	—	—	— %
Subtotal		856,654,909	1,028,155,855	46,152,170	1,074,308,025	1,028,155,855	1,076,790,942	20.23 %

General Revenue Fund: Overview by Functional Category (Continued)

DEPARTMENT/Agency	Fund #	Actual Expenditures FY 2024	Total Appropriations FY 2025	Plus: Reappropriated FY 2025	Total Available FY 2025	Total Request FY 2026**	Governor's Recommendation FY 2026	Percentage of Total
HEALTH								
Office of the Secretary - DHHR	0400	377,157	—	—	—	—	—	— %
Human Services	0403	—	—	—	—	—	—	— %
Department of Health - Office of the Shared Administration	0404	—	5,480,306	—	5,480,306	6,085,204	6,115,277	0.11 %
BPH- Office of the Commissioner	0405	—	4,037,779	5,207,929	9,245,708	4,376,767	4,388,725	0.08 %
BPH - Health Statistics Center	0406	—	564,210	—	564,210	623,759	624,033	0.01 %
Division of Health-Central Office	0407	84,145,012	10,250,007	1,010,319	11,260,326	1,269,728	1,273,614	0.02 %
Human Rights Commission	0416	1,370,431	1,568,052	—	1,568,052	1,568,052	1,580,391	0.03 %
BPH - Office of Environmental Health Services	0417	—	2,865,198	2,874,565	5,739,763	3,173,146	3,200,227	0.06 %
BPH - Office of Epidemiology and Prevention Services	0418	—	2,939,202	771,231	3,710,433	3,157,866	3,179,574	0.06 %
BPH - Office of Laboratory Services	0419	—	3,374,609	—	3,374,609	3,738,594	3,775,633	0.07 %
BPH - Maternal Child and Family Health - Children's Specialty Care	0421	—	1,500,830	—	1,500,830	1,667,589	1,667,975	0.03 %
BPH - Maternal Child and Family Health - Infant, Child, Adolescent and Young Adult Health	0422	—	2,027,036	—	2,027,036	2,030,040	2,030,040	0.04 %
BPH - Maternal Child and Family Health - Maternal, Child, and Family Health Epidemiology	0423	—	422,058	—	422,058	462,066	464,714	0.01 %
BPH - Office of Maternal and Child Health - Community Health	0424	—	384,709	—	384,709	427,263	429,832	0.01 %
BPH - Office of Maternal and Child Health - Women's and Family Health	0425	—	2,300,505	—	2,300,505	2,556,117	2,556,146	0.05 %
BPH - Office of Maternal and Child Health - West Virginia Birth to Three	0426	—	9,291,855	—	9,291,855	9,291,855	17,156,198	0.32 %
BPH - Office of Medical Cannabis	0427	—	1,020,075	1,815,106	2,835,181	1,133,417	1,137,238	0.02 %
BPH - Office of Nutrition Services	0428	—	38,621	—	38,621	38,621	38,621	— %
Deaf and Hard of Hearing	0429	—	238,259	—	238,259	238,259	241,270	— %
Center for Local Health	0431	—	15,571,992	—	15,571,992	19,036,401	19,038,864	0.36 %
Office of Chief Medical Examiner	0432	—	14,048,392	3,003,798	17,052,190	14,048,392	14,071,667	0.26 %
Office of Emergency Medical Services	0434	—	10,358,283	3,705,132	14,063,415	5,358,283	5,369,509	0.10 %
Office of Threat Preparedness	0435	—	5,036	—	5,036	5,595	5,595	— %
Office of the Inspector General	0437	—	10,299,967	—	10,299,967	7,649,967	7,802,841	0.15 %
Office of Community Health and Health Promotion	0438	—	7,458,050	—	7,458,050	7,458,050	7,470,293	0.14 %
Consolidated Medical Services Fund	0525	60,518,526	—	1,724,250	1,724,250	—	—	— %
WV Drinking Water Treatment	0561	—	—	—	—	—	—	— %
Subtotal		146,411,126	106,045,031	20,112,330	126,157,361	95,395,031	103,618,277	1.95 %
TOTAL GENERAL REVENUE		6,027,553,373	5,751,708,470	1,562,571,453	7,314,279,923	5,296,615,080	5,323,157,000	100 %

* Total Appropriations FY 2025 include surplus and supplemental appropriations from 2024 2EX Special Sessions in the amount of \$567,315,838

** Total Request FY 2026 is Current-Level Request plus General Revenue Improvement Requests.

***Fund was part of a reorganization in FY 2026.

Lottery Fund

Revenues, Expenditures, and Changes in Cash Balance

(Nearest Dollar)

Balance @ July 1, 2023	\$	109,068,467
Less: Reserve for Cash Flow / Contingencies		(40,000,000)
Plus: FY 2024 Actual Revenue		189,856,840
Less: Veterans Fund - Actual Transfers		(551,395)
Less: FY 2024 Appropriations (FY 2024 Budget Bill) (HB 2024)		(144,077,498)
Less: FY 2024 Surplus Appropriation (FY 2024 Budget Bill) (HB 2024)		(16,750,000)
Less: Expiration to General Revenue Surplus (2024 Regular Session) (SB 661)		(35,000,000)
Less: Surplus Transfer to Fire Protection Funds		(12,000,000)
Plus: Cash not needed for FY 2024 Appropriations (Debt Service)		8,350
Unappropriated Balance @ June 30, 2024	\$	50,554,764
Plus: FY 2025 Revenue Estimate	\$	149,504,142
Less: Veterans' Fund		(400,000)
Available for FY 2025 Appropriations	\$	199,658,906
Less: FY 2025 Appropriations (FY 2025 Budget Bill) (SB 200)	\$	(149,104,142)
Less: FY 2025 Surplus Appropriation (FY 2025 Budget Bill) (SB 200)		(16,750,000)
Plus: Cash not needed for FY 2025 Appropriations (Debt Service Actual)		10,100
Less: Recommended FY 2025 Supplemental Surplus Appropriation (2025 Regular Session)		(33,804,764)
Estimated Unappropriated Balance @ June 30, 2025	\$	10,100
Plus: FY 2026 Revenue Estimate	\$	157,792,000
Less: Veterans Fund		(400,000)
Revenue Available for FY 2026 Appropriations	\$	157,402,100
Less: Recommended FY 2026 Appropriations (FY 2026 Budget Bill) (2025 Regular Session)		(157,392,000)
Estimated Unappropriated Balance @ June 30, 2026	\$	10,100

*The Governor recommends \$16,750,000 of surplus appropriations from any Lottery Fund surplus that may remain at the end of FY 2025.

Lottery Fund: Overview by Functional Category

FY 2024 through FY 2026

(Nearest Dollar)

DEPARTMENT/Agency	Fund #	Actual Expenditures FY 2024	Total Appropriations FY 2025	Plus: Reappropriated FY 2025	Total Available FY 2025	Total Request FY 2026**	Governor's Recommendation FY 2026	Percentage of Total
TOURISM								
Department of Tourism	3067	4,591,318	7,087,010	6,637,459	13,724,469	7,087,010	7,117,019	4.52 %
Culture and History***	3534	6,556,226	4,293,824	2,201,888	6,495,712	4,293,824	3,220,947	2.05 %
Library Commission***	3559	10,546,799	11,513,700	—	11,513,700	11,513,700	11,515,062	7.32 %
Educational Broadcasting Authority***	3587	—	—	3,175,492	3,175,492	—	—	— %
Subtotal		21,694,342	22,894,534	12,014,838	34,909,372	22,894,534	21,853,028	13.88 %
BUREAU OF SENIOR SERVICES								
Bureau of Senior Services	5405	78,692,649	83,770,621	234,975	84,005,596	67,020,621	67,025,525	42.59 %
Subtotal		78,692,649	83,770,621	234,975	84,005,596	67,020,621	67,025,525	42.59 %
HIGHER EDUCATION								
West Virginia University	4185	2,533,694	3,867,430	1,835,128	5,702,558	3,867,430	3,900,351	2.48 %
Marshall - School of Medicine	4896	414,235	633,298	613,073	1,246,371	633,298	638,703	0.41 %
CTC - Capital Improvement Fund	4908	4,997,000	5,000,000	2,471,858	7,471,858	5,000,000	5,000,000	3.18 %
Higher Education Policy Commission	4925	2,683,530	3,030,966	946,074	3,977,040	3,030,966	3,032,380	1.93 %
Subtotal		10,628,459	12,531,694	5,866,134	18,397,828	12,531,694	12,571,434	7.99 %
ADMINISTRATION								
Education, Arts, Sciences, & Tourism Debt Service Fund	2252	9,995,589	10,000,000	—	10,000,000	10,000,000	10,000,000	6.35 %
Subtotal		9,995,589	10,000,000	—	10,000,000	10,000,000	10,000,000	6.35 %
COMMERCE								
Division of Natural Resources	3267	3,274,591	3,902,830	2,773,377	6,676,207	3,902,830	3,943,047	2.51 %
Subtotal		3,274,591	3,902,830	2,773,377	6,676,207	3,902,830	3,943,047	2.51 %
EDUCATION								
State Department of Education	3951	7,890,718	14,754,463	14,972,908	29,727,371	14,754,463	23,998,966	15.25 %
School Building Authority	3963	18,000,000	18,000,000	—	18,000,000	18,000,000	18,000,000	11.44 %
Subtotal		25,890,717	32,754,463	14,972,908	47,727,371	32,754,463	41,998,966	26.68 %
TOTAL LOTTERY REVENUE		150,176,348	165,854,142	35,862,233	201,716,375	149,104,142	157,392,000	100.00 %

* Total Appropriations FY 2025 include surplus appropriations of \$16,750,000.

** Total Request FY 2026 is Current-Level Request plus Improvement Requests.

***Funds part of a reorganization in FY 2026.

Excess Lottery Fund

Revenues, Expenditures, and Changes in Cash Balance

(Nearest Dollar)

Balance @ July 1, 2023	\$	143,281,442
Less: Reserve for Cash Flow / Contingencies		(6,600,000)
Less: Catastrophic Event Contingency		(30,000,000)
Plus: FY 2024 Actual Revenue		379,561,864
Less: FY 2024 Appropriations (FY 2024 Budget Bill) (HB 2024)		(334,670,790)
Less: FY 2024 Surplus Appropriation (FY 2024 Budget Bill) (HB 2024)		(17,800,000)
Less: Expiration to General Revenue Surplus (2024 Regular Session) (SB 657)		(71,000,000)
Plus: Cash not needed for FY 2024 Appropriations (Debt Service)		50,390
Unappropriated Balance @ June 30, 2024	\$	62,822,906
Plus: FY 2025 Revenue Estimate	\$	337,436,083
Available for FY 2025 Appropriations		400,258,989
Less: FY 2025 Appropriations (FY 2025 Budget Bill) (SB 200)	\$	(337,436,083)
Less: FY 2025 Surplus Appropriation (FY 2025 Budget Bill) (SB 200)		(17,800,000)
Less: Recommended FY 2025 Supplemental Surplus Appropriation (2025 Regular Session)		(45,022,906)
Plus: Cash not needed for FY 2025 Appropriations (EDA Bond Redemption) (Recommended Supplemental)		9,506,440
Less: Department of Human Services (Medicaid) (Recommended Supplemental)		(9,506,440)
Plus: Cash not needed for FY 2025 Appropriations (Debt Service)		1,367,524
Estimated Unappropriated Balance @ June 30, 2025	\$	1,367,524
Plus: FY 2026 Revenue Estimate	\$	338,554,000
Revenue Available for FY 2026 Appropriations		339,921,524
Less: Recommended FY 2026 Appropriations (FY 2026 Budget Bill) (2025 Regular Session)		(338,554,000)
Estimated Unappropriated Balance @ June 30, 2026	\$	1,367,524

* The Governor recommends \$17,800,000 of surplus appropriations from any Lottery Fund surplus that may remain at the end of FY 2025.

Excess Lottery Fund: Overview by Functional Category

FY 2024 through FY 2026

(Nearest Dollar)

DEPARTMENT/Agency	Fund #	Actual Expenditures FY 2024	Total Appropriations FY 2025	Plus: Reappropriated FY 2025	Total Available FY 2025	Total Request FY 2026**	Governor's Recommendation FY 2026	Percentage of Total
APPROPRIATIONS ABOVE EXCESS LOTTERY STATUTORY REQUIREMENTS								
Office of the Governor	1046	—	—	65,575	65,575	—	—	— %
Office of Technology	2532	—	—	2,894,383	2,894,383	—	—	— %
Division of Economic Development	3170	—	—	887,548	887,548	—	—	— %
Higher Education - Advanced Technology Centers	4932	—	—	111,323	111,323	—	—	— %
Human Services - Medical Services	5365	77,716,750	80,232,578	—	80,232,578	63,232,578	84,350,495	24.91 %
Division of Corrections - Capital	6283	—	—	210,968	210,968	—	—	— %
Distributions to Statutory Funds and Purposes	7213	61,022,040	61,271,505	—	61,271,505	61,271,505	60,271,505	17.80 %
Subtotal		138,738,790	141,504,083	4,169,797	145,673,880	124,504,083	144,622,000	42.72 %
Department Of Education Excess Lottery Fund								
Department of Education Excess Lottery Fund	3517	12,000,000	—	—	—	—	—	— %
Subtotal		12,000,000	—	—	—	—	—	— %
STATUTORY APPROPRIATIONS								
Division of Natural Resources	3277	63,499	1,505,000	3,909,169	5,414,169	1,505,000	1,505,000	0.44 %
Infrastructure Council	3390	46,000,000	46,000,000	—	46,000,000	46,000,000	46,000,000	13.59 %
School Building Authority	3514	18,962,693	19,000,000	—	19,000,000	19,000,000	19,000,000	5.61 %
Higher Education Improvement Fund	4297	15,000,000	15,000,000	—	15,000,000	15,000,000	15,000,000	4.43 %
Economic Development Authority	9065	18,989,883	19,000,000	—	19,000,000	7,053,655	—	— %
Cacapon & Beech Fork Debt Service Fund	9067	2,029,250	2,032,000	—	2,032,000	2,032,000	2,032,000	0.60 %
State Parks Debt Service Fund	9068	4,392,500	4,395,000	—	4,395,000	4,395,000	4,395,000	1.30 %
Subtotal		105,437,825	106,932,000	3,909,169	110,841,169	94,985,655	87,932,000	25.97 %
TRANSFERS								
PROMISE Scholarship	4295	29,000,000	29,000,000	—	29,000,000	29,000,000	29,000,000	8.57 %
General Revenue	7206	65,000,000	65,000,000	—	65,000,000	65,000,000	65,000,000	19.20 %
Refundable Credit	7207	10,000,000	10,000,000	—	10,000,000	10,000,000	10,000,000	2.95 %
Racing Commission - Special Breeders Compensation	7308	1,820,000	2,800,000	—	2,800,000	2,000,000	2,000,000	0.59 %
Subtotal		105,820,000	106,800,000	—	106,800,000	106,000,000	106,000,000	31.31 %
TOTAL EXCESS LOTTERY		361,996,615	355,236,083	8,078,966	363,315,049	325,489,738	338,554,000	100.00 %

* Total Appropriations FY 2025 include surplus appropriations of \$17,800,000.

** Total Request FY 2026 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, 2024	\$382,363,870
Plus:	FY 2025 Estimated Collections	1,915,875,000
	Total Estimated Receipts and Balance:	\$2,298,238,870
Less:	FY 2025 Estimated Expenditures:	
	Division of Highways (FY 2025 - Enrolled Budget Bill)	\$(1,928,202,161)
	Division of Highways (2024 2nd Extraordinary Session - House Bill 202)	(150,000,000)
	Division of Motor Vehicles (FY 2025 - Enrolled Budget Bill)	(70,015,747)
	Division of Motor Vehicles (Recommended Supplemental Appropriations - 2025 Regular Session)	(3,500,000)
	Industrial Access Road Contribution	(3,000,000)
	Claims Against the State Road Fund (FY 2025 - Enrolled Budget Bill)	(386,856)
	Cash Balance - July 1, 2025	\$143,134,106
Plus:	Revenue Estimate - FY 2026	\$1,876,875,000
Less:	Recommended FY 2026 Appropriations (FY 2026 - Budget Bill) - Highways	(1,928,202,161)
Less:	Recommended FY 2026 Appropriations (FY 2026 - Budget Bill) - Motor Vehicles	(75,015,747)
Less:	Industrial Access Road Contribution - FY 2026	(3,000,000)
Less:	Claims Against the State Road Fund (FY 2026 - Budget Bill)	(675,000)
	Estimated Unappropriated Balance @ June 30, 2026	\$13,116,198

State Road Fund Statement of Revenues by Source

FY 2022 Through FY 2030

(Expressed in Thousands)

Sources of Revenue	FY 2022 Actual Collections	FY 2023 Actual Collections	FY 2024 Actual Collections	FY 2025 Estimate	FY 2026 Estimate	FY 2027 Estimate	FY 2028 Estimate	FY 2029 Estimate	FY 2030 Estimate
Motor Carrier Fuel Tax	419,593	432,442	445,055	435,000	426,000	425,000	424,000	419,000	428,000
Registration Fees	136,234	142,498	129,179	155,000	150,000	150,000	152,500	152,500	155,000
Registration Fee: Highway Litter Control	1,593	1,878	1,605	1,700	1,700	1,700	1,700	1,700	1,700
Sales Tax	300,583	317,936	317,180	305,000	310,000	312,500	315,000	315,000	317,500
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	15,731	172,679	400,355	90,000	60,000	45,000	45,000	45,000	45,000
Federal Reimbursement	474,424	639,231	822,906	929,175	929,175	800,000	800,000	800,000	800,000
Total	1,345,158	1,703,664	2,113,280	1,912,875	1,873,875	1,731,200	1,735,200	1,730,200	1,744,200

Cash and Investment Balances of All Funds

Fiscal Year Ending June 30, 2024

(Nearest Dollar)

	Fund No.	Cash Balance	Investments	Total Balance
General Revenue	01	\$ 2,578,438,413	\$ 799,366	\$ 2,579,237,779
State Road Fund	02	25,938,350	363,760,422	389,698,772
Natural Resources Fund	03	4,380,564	146,525,757	150,906,322
Consolidated Investment Pool	09	(4,621,968,063)	5,643,894,855	1,021,926,792
Consolidated Federal Funds (Special Revenue)	12	112,595,267	29,214,259	141,809,526
Special Revenue Departments	13	1,916,449,142	11,108,008,086	13,024,457,227
Special Revenue Higher Education	14	132,778,346	406,859,724	539,638,070
Health and Human Resources	16	356,991,229	12,921,168	369,912,397
Public Employees' Retirement	17	1,804,416	8,974,617,339	8,976,421,755
Teachers' Retirement Fund	18	6,827,173	9,948,996,026	9,955,823,199
WVU Medical School	20	499,806	119,336	619,142
Total		\$ 514,734,643	\$ 36,635,716,338	\$ 37,150,450,981

Detailed Investments - Special Revenue

Fiscal Year Ending June 30, 2024

(Nearest Dollar)

Attorney General	\$	833,232.00
Auditor's Office	\$	9,879,813.79
Board of Risk and Insurance Management	\$	121,929,553.89
Budget Office	\$	14,924,717.79
Court of Claims	\$	6,789,632.99
CPRB	\$	2,046,425,998.08
Culture and History	\$	812,613.29
Department of Administration	\$	1,943,328,548.40
Department of Education	\$	252,217,603.24
Department of Environmental Protection	\$	706,985,558.93
Department of Transportation	\$	1,081,619,696.40
Division of Emergency Management	\$	91,541.69
Division of Financial Institutions	\$	127,362.49
Division of Forestry	\$	845,664.90
Division of Health	\$	1,324,358.68
Division of Human Services	\$	9,804,824.34
Division of Labor	\$	1,877,050.11
Division of Motor Vehicles	\$	1,704,018.44
Division of Natural Resources	\$	75,347,601.16
Insurance Commissioner	\$	1,144,821,245.32
Lottery Commission	\$	222,093,744.94
Municipal Bond Commission	\$	208,495,853.30
Municipal Pension Oversight Board	\$	41,335,553.61
Public Employees Insurance Agency	\$	154,262,146.15
Regional Jail Authority	\$	27,079,192.63
Secretary of Revenue	\$	1,177,664,593.95
Secretary of State	\$	42,888.24
State Police	\$	696,792.71
Treasurer's Office	\$	227,696,446.61
Water Development Authority	\$	521,442,797.86
WV Economic Development Authority	\$	1,105,372,967.56
Total Detail Special Revenue	\$	<u>11,107,873,613.49</u>

Summary of Primary Government Long-Term Debt

Outstanding as of June 30, 2024

(Expressed in Thousands)

	Actual 6/30/22*	Actual 6/30/23*	Actual 6/30/24*	Estimated 6/30/25*	Estimated 6/30/26*
General Obligation Debt					
Safe Road Bonds	\$55,650	\$43,130	\$22,090	\$0	\$0
Roads to Prosperity	1,533,690	1,490,735	1,450,755	1,406,250	1,359,480
Infrastructure Bonds	98,887	81,185	42,812	22,026	1,307
SUBTOTAL	1,688,227	1,615,050	1,515,657	1,428,276	1,360,787
Revenue Bonds					
School Building Authority (Lottery)	100,335	91,911	77,791	66,191	54,051
School Building Authority (Excess Lottery)	59,005	63,451	57,282	49,437	41,202
School Building Authority, QSCBs (Excess	150,480	150,480	150,480	150,480	150,480
Tobacco Settlement Finance Authority	752,669	727,383	707,764	707,764	707,764
Highways, Commissioner of	226,815	205,895	183,930	160,860	136,640
2010 EAST Fund (Lottery)	125,200	120,585	115,740	110,650	105,310
Economic Development Authority (Excess	144,670	127,200	108,705	89,210	68,565
WV Infrastructure and Jobs Development Council	131,012	132,740	125,890	118,730	111,420
SUBTOTAL	1,690,186	1,619,645	1,527,582	1,453,322	1,375,432
Other Financing Obligations & Notes Payable					
Governmental Funds	131,870	112,092	97,146	97,146	97,146
Internal Service**	47,650	45,650	43,575	43,575	43,575
Notes Payable**	21,244	10,777	5,407	5,407	5,407
SUBTOTAL	200,764	168,519	146,128	146,128	146,128
TOTAL	\$3,579,177	\$3,403,214	\$3,189,367	\$3,027,726	\$2,882,347

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

**FY 2024 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 are 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 was amended and now 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, \$1.2 billion 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 2025 budgets used no Rainy Day funding. The Governor recommends no transfer in his FY 2026 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, 2024, the balance in the Rainy Day Fund - Part A was \$735.3 million, 12.8% of FY 2025 appropriations to date.

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.

Major Reserve/Stabilization Accounts

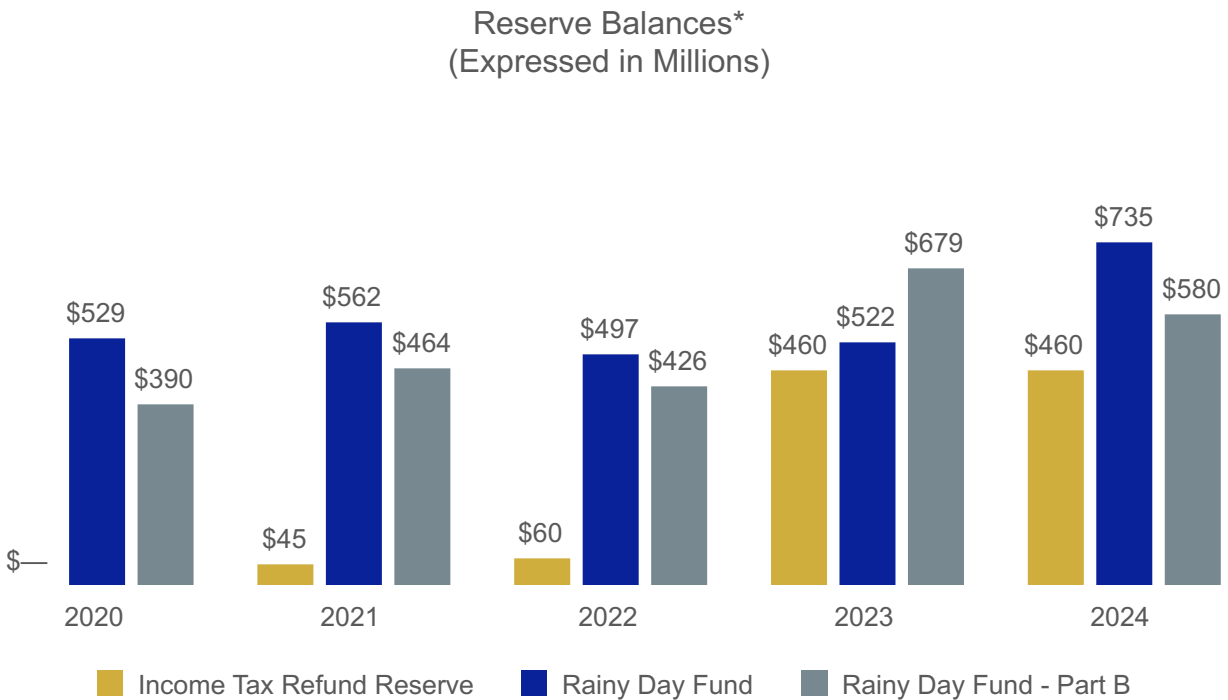
Expenditures may not be made from the Rainy Day Fund—Part B unless all money in the Rainy Day Fund have been first expended. After June 30, 2025, interest and other returns earned on money in the Rainy Day Fund—Part B may be appropriated by the Legislature for continued support of the programs offered by the Public Employees Insurance 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, 2024, the balance in the Rainy Day Fund—Part B was \$579.8 million, 10.1% of FY 2025 appropriations to date.

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 2024 was \$460 million. As of December 31, 2024, the balance of the Income Tax Refund Reserve Fund is \$460 million.



* Balances as of December 31 of each year.

** December 31, 2023 balance includes surplus section appropriation for \$400 million in the FY 2024 Budget Bill.

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 decreased during FY 2024 by \$1.73 million (0.19%). Motor Fuel Excise Tax collections increased by \$12.6 million (0.97%). Registration Fee collections decreased by \$13.32 million (9.35%). Privilege Tax collections decreased by \$756 thousand (0.24%) and Highway Litter Fee collections decreased by \$272 thousand (14.48%).

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 \$822.9 million in FHWA reimbursements for FY 2024. Federal funding is expected to remain at this higher level under the IJJA (Infrastructure Investment and Jobs Act), but it is unclear what the long-term federal funding picture will look like.

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. Most of the projects financed from the proceeds have been completed, with some larger projects still in progress. The bond funds are finite and are intended to be completely spent down.

The DOH has been tasked with special initiatives over the last several years including secondary road paving programs funded by General Revenue Surplus dollars while also carrying out normal core maintenance operations, right of way acquisitions, engineering, planning, and construction activities. The cost of these activities continues to increase due to inflation. The higher price of items like fuel and construction materials affect the DOH directly and indirectly through the rising rates of consultants and contractors. These special initiatives have largely been funded by the routine General Revenue transfers to the State Road Fund. Without continued general revenue funding, the type and amount of work performed by DOH would have to return to levels that are sustainable by state road funding only.

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 four years because supply chain issues have continued to push the delivery dates back for vehicles and heavy equipment currently under contract. This issue is starting to ease, but it is still 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. The additional constraints of the state road fund, specifically the inability to move spending authority between line items, causes uncertainty and creates a risk of not being able to make payments to vendors when equipment is received solely due to a government fund structure.

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 Rail section properties have expanded by an additional 29 miles of track and 11 bridges with the addition of Cass in 2015 and Buffalo Creek and Gauley Railroad (BCGR) in 2020. The assets increased further in 2023 with the Greenbrier Express, which is from Durbin to Cass and includes an additional 9.5 miles of track and four bridges.

Long-Range Issues

The IJA 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 in the past and will continue to carry out its mission with minimal 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 major improvement 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 benefited greatly by having more funding available for improvements; however, there is a tremendous funding gap.

In FY 2024, in response to inflationary concerns that had prompted the SBA to issue temporary administrative guidelines, and postpone the FY 2023 Needs Grant award cycle, the Authority approved an increase of approximately 46% to the SBA Square Footage cost allowance formula. This increase went into effect for the December 2023 (FY 2024) Needs Grant award cycle resulting in total requests for SBA funding to be more than \$229 million.

The Governor and the State Legislature provided an FY 2023 Supplemental appropriation of \$25 million, an FY 2024 increase of \$12 million to its normal General Revenue appropriation, and a \$40 million FY 2024 Surplus General Revenue appropriation (total of \$77 million). Coupled with the normal \$51 million for funding, this increase resulted in the ability to fund approximately \$111 million in projects for the FY 2024 Needs cycle. In addition, during the 2024 Legislative session, the Governor (along with the Legislature) approved a \$150 million supplemental appropriation. This supplemental allowed the SBA to fund the remaining FY 2024 Needs grant projects (approximately \$118 million), the entire amount (roughly \$16 million) in FY 2024 in Major Improvement Projects (MIP), approximately \$5 million in FY 2023 MIP projects that weren't previously funded, and \$3.5 million in funding to supplement additional Architectural and Engineering costs associated with the Glade Creek project in Nicholas County.

While the SBA was able to fund all county requests that were presented in FY 2024, the current inflationary market leaves a great deal of work to do. The number (and costs) of project requests are anticipated to increase in the future. This increase will need to be covered by using normally appropriated amounts, which will result in deficits going forward. This may cause SBA to continue to fall behind in efforts to assist in funding the Comprehensive Educational Facilities Planning (CEFP) project requests for the current 10-year cycle.

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 West Virginia Department of Education and local Boards of Education on funding sustainability and funded depreciation. While the one-time increase in appropriations did a great deal to help, 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

West Virginia has long struggled with poor health outcomes. Health outcomes and poverty are directly linked, and, with the decline of our traditional industries, West Virginia saw a subsequent and predictable decline in health indicators. This occurs for multiple reasons, including lack of opportunity for young healthy workers and lack of ability to maintain infrastructure for adequate environmental health. Most importantly, employment provides a sense of identity and belonging that gives an individual hope for advancement and the ability to provide for their family. In 2023, West Virginia had the sixth highest poverty rate in the nation at 16.7%, which was a decrease from 17.9% in 2022. The State also saw an improvement in overall health rankings, rising to 45th in 2023 from 47th in 2022 according to the United Health Foundation, America's Health Rankings. The report noted low prevalence of excessive drinking, high-risk HIV behaviors, and high per capita funding of public health as the State's greatest strengths related to overall health; while high prevalence of multiple chronic conditions, cigarette smoking, and economic hardship continue to cause West Virginia to be ranked low compared to all states.

Fortunately, the State has recently seen an increase in economic development and if that continues, a subsequent improvement in health outcomes in the coming decades can be anticipated. However, opportunities exist to make greater impacts on the health of West Virginians through strategic investment, which in turn will also lead to economic improvements. Healthy workers are more productive, have greater geographic mobility, are more innovative, and attract outside investment. Because our health outcomes have been poor, much of our health care and public health spending has gone toward the treatment of disease once it has started. According to the Kaiser Family Foundation, in 2020 West Virginia spent more than \$12,000 per capita on healthcare, while only \$63 per capita on public health prevention. According to the Trust for America's Health, every dollar spent on proven community-based programs to increase physical activity, improve nutrition, and prevent smoking and other tobacco use leads to a savings of \$5.60 on healthcare costs. Until we fully invest in results-driven prevention and public health, we will continue to see health care expenditures increase to unsustainable levels.

Chronic Disease

An aging population with chronic healthcare needs in a state with high poverty and poor health outcomes creates a perfect storm for West Virginia. According to the most recent report of resident deaths from the Centers for Disease Control and Prevention (CDC), National Center for Health Statistics and the West Virginia Health Statistics Center, in 2022 West Virginia had the highest overall age-adjusted mortality rate 1,115.6 per 100,000 people. West Virginia also has the highest age-adjusted mortality rates for all accidental deaths, influenza/pneumonia, diabetes, and kidney disease, the second highest age-adjusted mortality rate for chronic lower respiratory disease, and the third highest age-adjusted mortality rates for cancer and COVID-19. According to the 2023 Behavioral Risk Factor Surveillance System, West Virginia had the highest prevalence of fair/poor health (26.5%), poor physical health (18.4%), poor mental health (22.0%), high cholesterol (45.0%), cardiovascular disease (14.2%), chronic asthma (13.9%), chronic obstructive pulmonary disease (12.6%), arthritis (39.7%), depression (31.1%), diabetes (18.2%), obesity (41.2%), chronic smoking (20.4%), and smokeless tobacco use (7.6%) among adults. West Virginia also fared poorly, ranking the second highest in the nation, for prevalence of hypertension (45.1%), disability (39.8%), and kidney disease (5.2%), and the third highest in cancer (14.9%) and no physical activity (32.0%) among adults.

Aging, rural population

Along with known poor health outcomes, there are disparities impacting West Virginians, including age and rural status, that are added challenges. West Virginia's population has the third largest percentage of residents who are 65 years and older (20.9%). As people get older, they are more likely to experience health problems and chronic conditions that can negatively impact their quality of life. 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. It is estimated that more than 60% of the State's total population lives in a rural area. Individuals living in rural areas are more likely to die prematurely from leading causes of death including heart disease, cancer, lung disease, and stroke. The State's rural population is one of the causes of the State ranking second in the nation for years of potential life lost before age 75. Individuals in rural areas have higher rates of obesity and diabetes and are also at greater risk for fatal car crashes, suicide, and drug overdoses. West Virginians who live in rural areas often have limited access to healthy foods and fewer opportunities to be physically active compared to their urban counterparts. They also have less access to health care, with fewer health care specialists, critical care units, emergency departments, and transportation options.

Substance Use Disorder and Mental Health

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 HIV. In 2021, West Virginia had the highest rate of hepatitis B and third highest rate of hepatitis C, both of which can lead to severe liver disease. Risk factors for hepatitis also increase the risk for infection with HIV. The CDC has identified 220 counties in the United States 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 in several of these vulnerable counties. If undiagnosed or untreated, HIV can lead to a range of infections and other costly health complications. West Virginia has an ongoing problem with drug overdose deaths as well and, in 2022, West Virginia had the highest drug overdose mortality rate in the US, with 84 deaths per 100,000 people.

To face these challenges and improve health outcomes, West Virginia efforts should prioritize public health prevention. Throughout the country, innovative states seeing a return on investment have dedicated resources to primary, secondary, or tertiary prevention to bolster the health return on investment in their communities. 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 (WVDH), through the leadership of the Bureau for Public Health (BPH) in collaboration with a broad array of partners, is currently setting goals through the State Health Assessment and State Health Improvement Plan to mitigate these problems. If successful, West Virginians could save millions of dollars annually. Public health prevention is a long-term investment with full realization of the benefits occurring over multiple years, heightening the importance of making early investments. Diagnosis and treatment are critical aspects of health care; however, they are only addressing the problem once it has progressed to a costly phase. Public health prevention will expand service offerings to protect and improve the health of West Virginians before the onset of diseases or other negative health conditions. Shifting priorities and resources to fund evidence-based health prevention and promotion programs instead of treating disease after it starts will advance a shared vision of improved health return on investment, where outcomes are better and costs are managed.

Social determinants of health, including access to food, transportation, health care and other social services, will impact health outcomes for West Virginians in the future. Continued investment in programs such as Supplemental Nutrition Assistance Program (SNAP), WV Works, Women, Infants and Children (WIC); Temporary Assistance for Needy Families (TANF), abuse prevention, childcare, and others can impact those outcomes positively.

West Virginia Medicaid

The State Fiscal Year (SFY) 2026 long-range budget report presents the following key long-range issues affecting West Virginia Medicaid and the West Virginia Children’s Health Insurance Program (WVCHIP). The West Virginia Bureau for Medical Services (BMS) is the single state agency responsible for administering the Medicaid and WVCHIP programs. The purpose of this report is to outline how BMS is addressing these long-range issues through SFY 2026 and beyond.

Chronic Disease

- According to the CDC, the leading causes of death in West Virginia are heart disease and cancer.¹
- West Virginia has the highest rate of diabetes mortality in the country at 41.1 deaths per 100,000 population.²
- Risk factors for chronic disease include physical inactivity and obesity. In 2023, the percentage of obese adults in West Virginia was 41%.³
- West Virginia’s rate of new lung cancer cases (76.1 per 100,000) is significantly higher than the national rate of 54.6.⁴ The State also ranks the highest in the country for chronic obstructive pulmonary disease (COPD) at 14% of the adult population. These chronic respiratory issues may be attributed to the State’s history of coal mining as well as the prevalence of smoking.⁵
- West Virginia has the highest reported adult smoking rate in the nation at 20.4%.⁶

¹ West Virginia. <https://www.cdc.gov/nchs/pressroom/states/westvirginia/wv.htm>

² Diabetes Mortality by State. https://www.cdc.gov/nchs/pressroom/sosmap/diabetes_mortality/diabetes.htm

³ Obesity in West Virginia. UnitedHealth Foundation. <https://www.americashealthrankings.org/explore/measures/Obesity/WV>

⁴ Chronic Obstructive Pulmonary Disease in West Virginia. UnitedHealth Foundation. <https://www.americashealthrankings.org/explore/measures/COPD/WV>

⁵ Mountain State Spotlight. <https://mountainstatespotlight.org/2023/09/05/black-lung-silica-dust-explained/>

⁶ West Virginia DHHR Division of Tobacco Prevention. <https://dhhr.wv.gov/wvntp/cessation/pages/default.aspx#:~:text=West%20Virginia%20continues%20to%20have,every%20day%20or%20some%20days.>

Social Determinants of Health (SDoH)

- The median household income in West Virginia is 35% less than the national median and the household poverty rate is 16.7% while the national rate is 15.6%.⁷
- 64% of West Virginia's total population lives in rural areas.⁸ Many rural populations also have less access to health care, with fewer health care specialists, critical care units, emergency departments, pharmacies, and transportation options. Due to these factors, individuals living in rural areas are more likely to die prematurely from the leading causes of death including heart disease, cancer, lung disease, and stroke.⁹

Substance Use Disorder (SUD) and Behavioral Health

- West Virginia's overdose mortality significantly exceeds the U.S. average. In calendar year (CY) 2022, drug overdose deaths in West Virginia were 84 per 100,000 compared to 32.4 deaths per 100,000 at the national level, and 83% of these were classified as opioid overdose deaths.¹⁰
- In CY 2023, 38.0% of adults in West Virginia reported symptoms of anxiety and/or depressive disorder compared to 32.3% of adults in the US.¹¹

West Virginia Background

The State of West Virginia has a population of 1.7 million, of whom 28.5% are insured under Medicaid.¹² In CY 2022, 36.9% of West Virginia residents had incomes below 200% of the Federal Poverty Level (FPL), exceeding the U.S. share of 28.3%.¹³ The State's 2014 decision to expand Medicaid under the Affordable Care Act extends this coverage to West Virginians aged 19-64 earning under 138% of the FPL.

Medicaid Managed Care

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. West Virginia Medicaid provides services for populations enrolled in fee-for-service (FFS) and Medicaid managed care. Approximately 81% of the Medicaid population is enrolled in the Medicaid managed care programs. BMS currently oversees the Mountain Health Trust (MHT) and Mountain Health Promise (MHP) programs.

As of August 2024, Medicaid members can enroll with one of the State's four Managed Care Organizations (MCOs): Aetna Better Health of West Virginia (ABHWV), The Health Plan of West Virginia (THP), Highmark Health Options West Virginia (HHOWV), and Wellpoint Health Plan of West Virginia (Wellpoint), formerly known as UniCare Health Plan of West Virginia.

MHP is a full risk managed care program that serves approximately 27,000 children and youth in foster care, kinship care, or the adoption assistance program across the State.¹⁴ In SFY 2024, the Centers for Medicare & Medicaid Services (CMS) approved enrollment of former foster care youth up to age 26 in the MHP program, increasing enrollment by approximately 100 members. Members eligible for the Children with Serious Emotional Disorder Waiver (CSEDW) are automatically enrolled in MHP.

⁷ Key Findings: West Virginia <https://www.arc.gov/wp-content/uploads/2020/07/WVHealthDisparitiesKeyFindings8-17.pdf>

⁸ West Virginia State Health Plan Rural Health.

<https://hca.wv.gov/policyandplanning/Documents/Background%20Material/shpRurPiper.pdf>

⁹ Leading Causes of Death in Rural America Partner Toolkit. Centers for Disease Control and Prevention.

<https://www.cdc.gov/rural-health/php/about/leading-causes-of-death-toolkit.html#:~:text=CDC%20data%20show%20that%20people,of%20these%20deaths%20are%20preventable>

¹⁰ Ibid.

¹¹ Mental Health in West Virginia. Kaiser Family Foundation.

<https://www.kff.org/statedata/mental-health-and-substance-use-state-fact-sheets/west-virginia/>

¹² BMS SFY25 Data.

¹³ Ibid.

¹⁴ West Virginia Medicaid Managed Care and Fee for Service Monthly Report 2024.

<https://dhhr.wv.gov/bms/Members/Managed%20Care/MCOreports/Documents/Managed%20Care%20Monthly%20Enrollment%20Report%20October%202024.pdf>

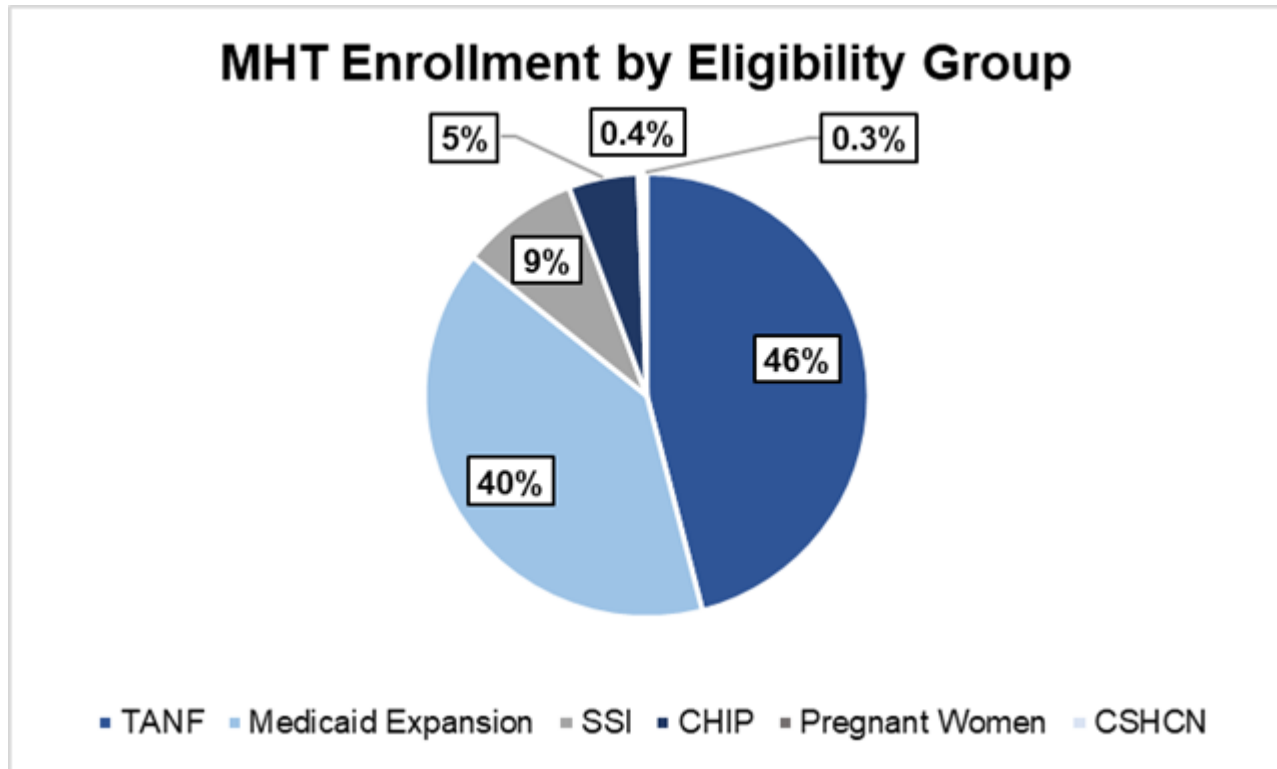
WVCHIP

WVCHIP provides full-range health insurance coverage to children of working families and pregnant women over the age of 19 with incomes up to 300% of the FPL. WVCHIP transitioned to managed care on January 1, 2021. Effective July 1, 2023, WVCHIP adopted the Medicaid benefits package for medical, dental, and behavioral health services. WVCHIP adopted Medicaid’s pharmacy benefit on July 1, 2024. Over 25,600 children under the age of 19 and pregnant women are enrolled in WVCHIP.¹⁵

West Virginia Medicaid and WVCHIP Demographics

As of October 2024, total Medicaid and WVCHIP enrollment in West Virginia was 509,747.¹⁶ Figure 1 and Figure 2 represent the Medicaid managed care population demographics by eligibility group and managed care program, MHT and MHP as of June 2024.^{17,18}

Figure 1: MHT Enrollment by Eligibility Group



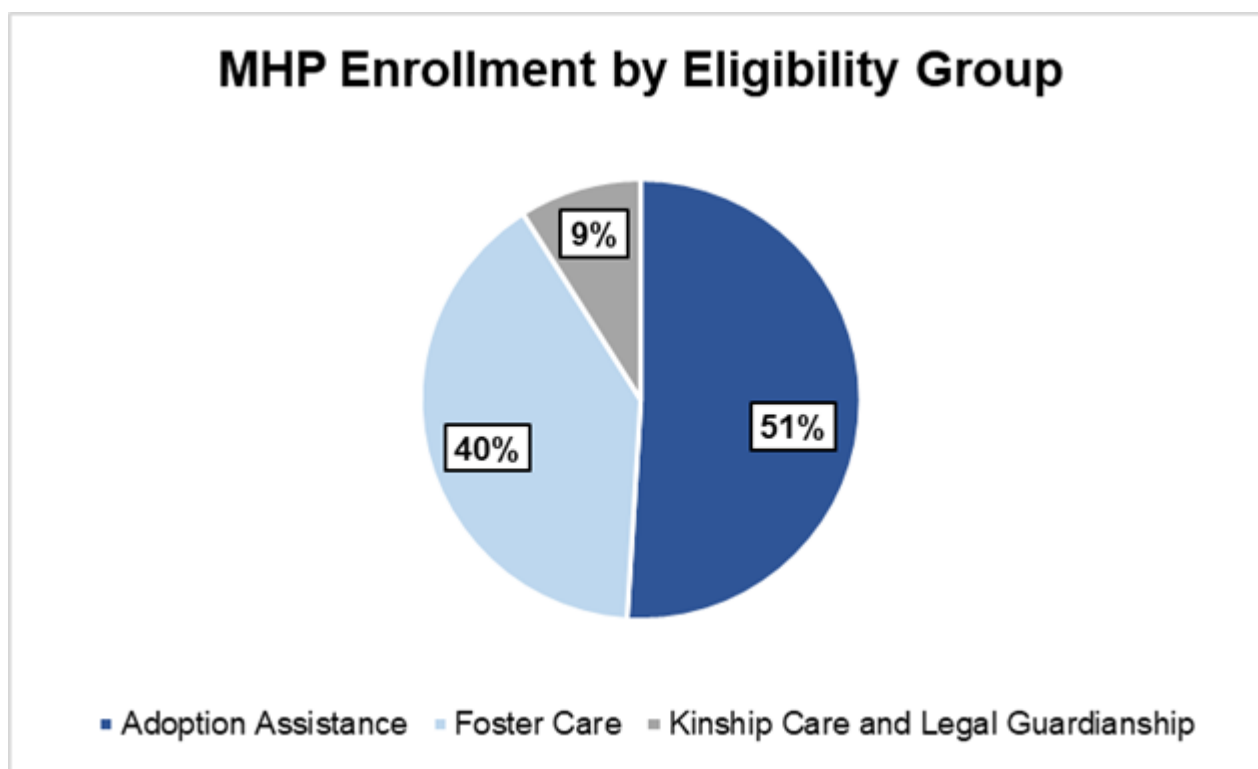
¹⁵ BMS SFY25 Data

¹⁶ Ibid.

¹⁷ Eligibility groups include temporary assistance for needy families (TANF), Medicaid expansion, supplemental security income (SSI), CHIP, pregnant women, and Children with Special Health Care Needs (CSHCN).

¹⁸ BMS data through June 2024.

Figure 2: MHP Enrollment by Eligibility Group



Medicaid and WVCHIP Funding

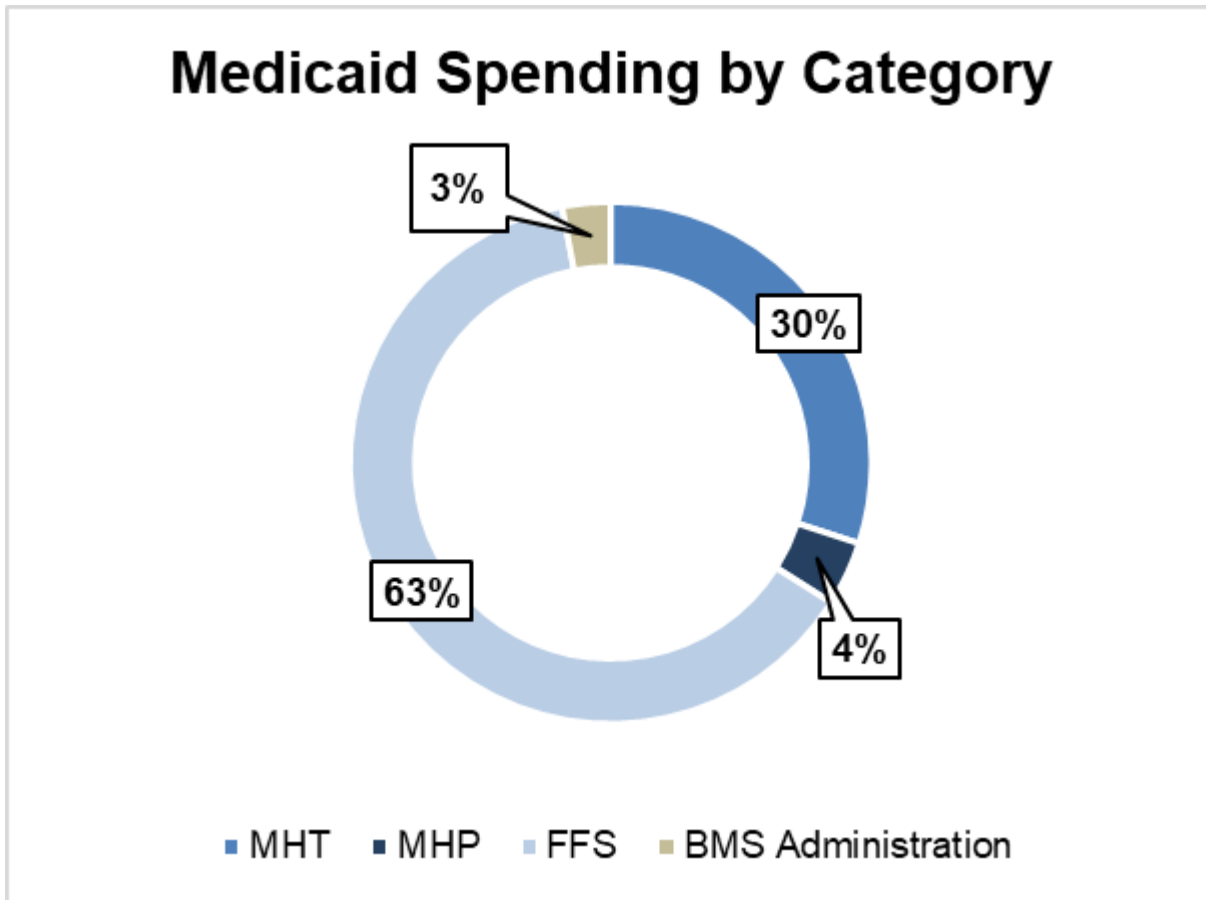
Medicaid is a federal and state government partnership that shares the cost of covering eligible individuals. The CMS establishes a Federal Medical Assistance Percentage (FMAP) rate each year for every state. This FMAP rate is based on a formula which considers the average per capita income for each 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) 2025, West Virginia's starting non-expansion FMAP rate was 73.84%. This means that the federal government reimbursed West Virginia approximately \$0.74 of every eligible dollar spent on Medicaid. The non-expansion FMAP readjusts annually based on economic indicators in West Virginia relative to other states. States receive an enhanced FMAP for Medicaid Expansion and CHIP programs. For FFY 2025, the Medicaid Expansion FMAP is 90.0% and the WVCHIP FMAP is 81.69%.

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 members. 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, potential impacts of recession resulting in more impoverished West Virginians, additional unfunded mandates by the judicial system, and changes in federal regulations that become unfunded mandates. Assuming the Provider Tax, Medical Services Trust Fund, and lottery sources for state match remain relatively constant, the General Revenue Fund will have to provide 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. In SFY 2024, Medicaid expenditures in West Virginia totaled \$5.24 billion. Eighty-five percent of this was federal share, while the state share was 15%. Figure 3 represents the breakdown of these expenditures by program.¹⁹

¹⁹ 2024 MHT ANNUAL REPORT. <https://dhhr.wv.gov/bms/Members/Managed%20Care/MCOreports/Documents/WV%20MHT%20SFY24%20Annual%20Report%2009.26.2024.pdf>

Figure 3: Medicaid Spending by Category



In SFY 2023, approximately 20% of members accounted for roughly 78% of the expenditures, while the top 1% of members make up about 23% of expenditures in MHT. Eighty percent of MHT members had annual costs of \$3,300 or less, contributing to 22% of total MHT expenditures.²⁰ This data demonstrates that the majority of MHT members benefit from the program at a sustainable cost level, allowing resources to be concentrated on those who may require more intensive services. Because expenditures are categorized by condition code and not specific services, these expenditures are not solely treatment for the psychiatric condition.

Table 1-3 below represent the top five SFY 2023 MHT, MHP, and CHIP expenditures per conditions present on claims as categorized by Chronic Illness and Disability Payment System (CDPS) categories.²¹ CDPS is a diagnostic-based risk adjustment model that is widely used to adjust capitated payments for health plans that enroll Medicaid beneficiaries²². CDPS categories indicate illness burden related to major body systems (e.g. cardiovascular) or types of chronic disease (e.g. diabetes). The CDPS also categorizes severity, using “Extra Low,” “Low,” “Medium,” “High,” and “Very High” qualifiers.

Across all three programs, the CDPS category with the highest expenditures was “Psychiatric, Low.” This category encapsulates the expenditures associated with conditions such as major depressive disorder, post-traumatic stress disorder (PTSD), and attention-deficit hyperactivity disorder (ADHD). Because expenditures are categorized by condition code and not specific services, these expenditures are not solely treatment for the psychiatric condition.

²⁰ SFY 2023 data from the SFY 2025 MHT Rate

²¹ Ibid.

²² Chronic Illness and Disability Payment System (CDPS).

<https://hwsph.ucsd.edu/research/programs-groups/cdps.html#Relevant-Papers-and-Additional->

Table 1: SFY23 Top 5 MHT Expenditures per CDPS Category

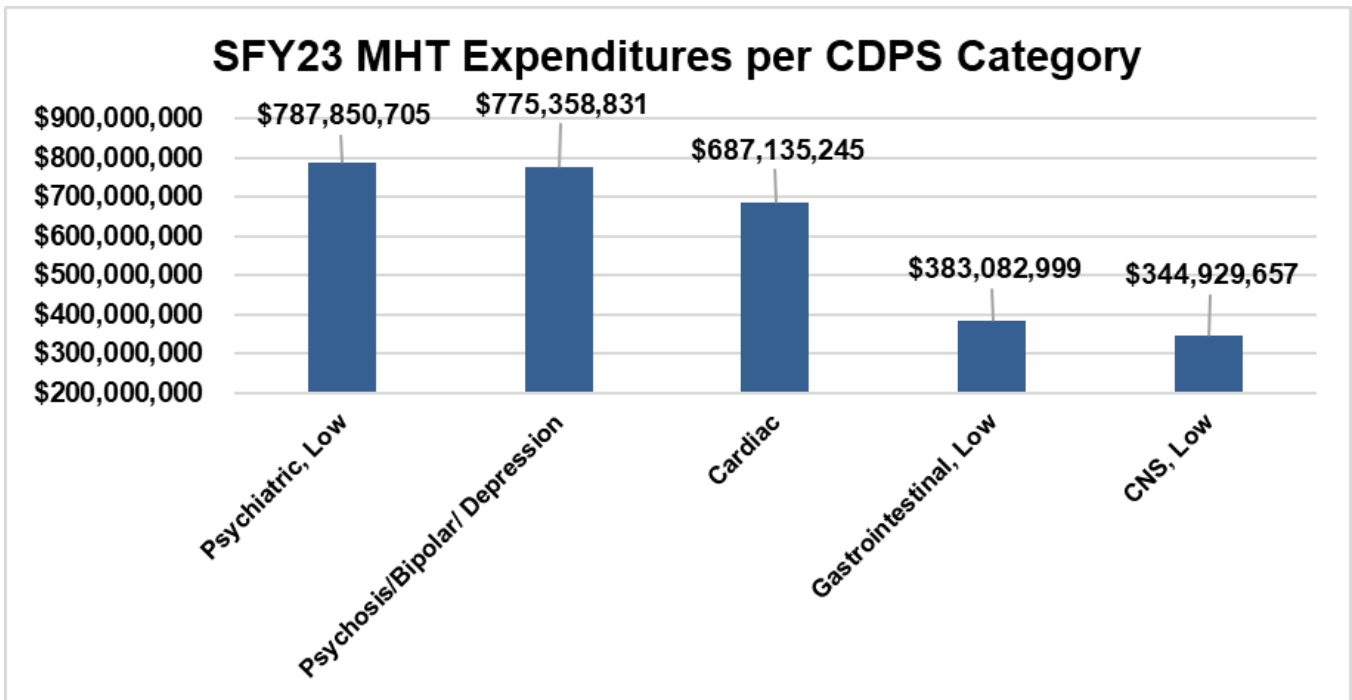


Table 2: SFY23 Top 5 MHP Expenditures per CDPS Category

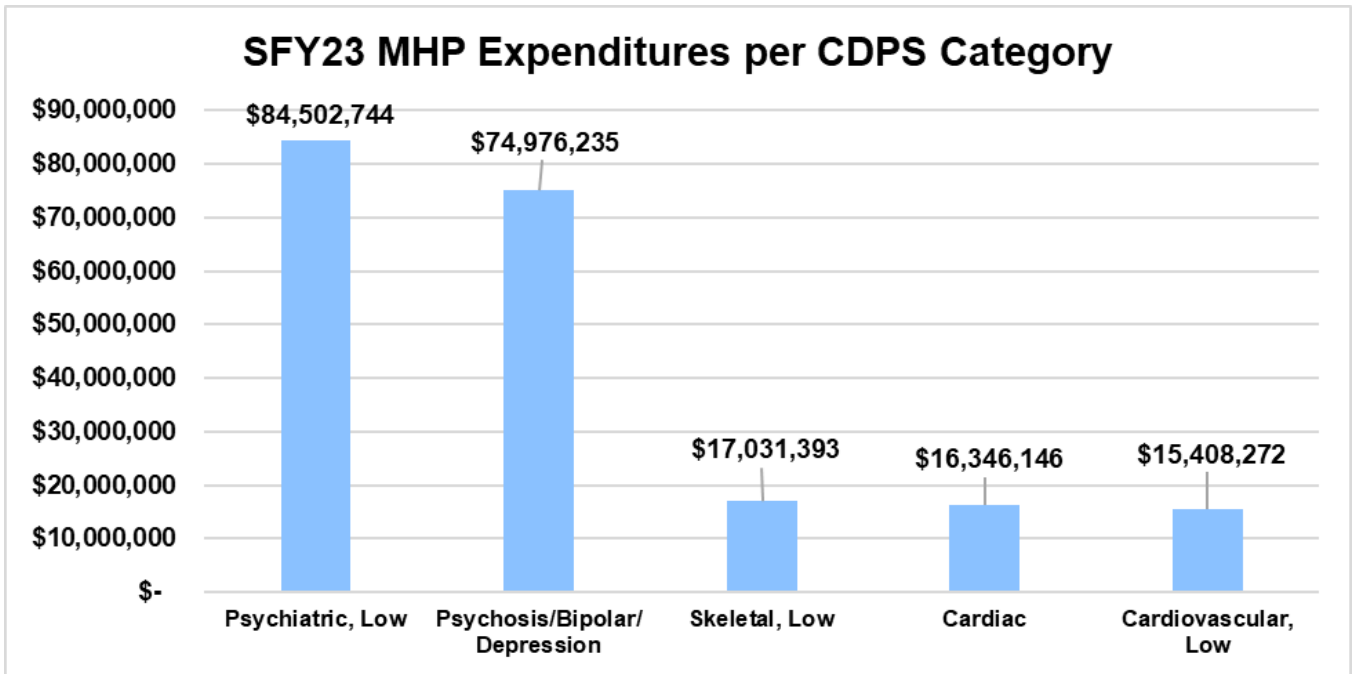


Table 3: SFY 2023 Top 5 MHP Expenditures per CDPS Category

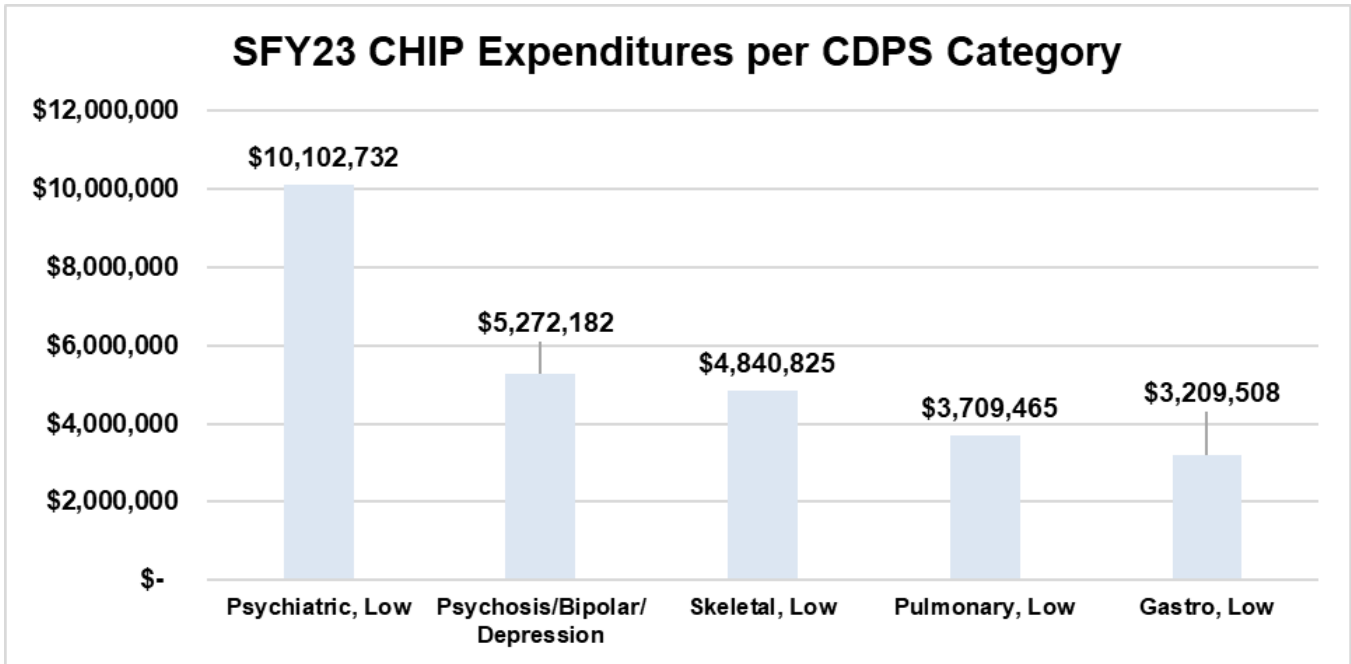


Table 4 represents the West Virginia Medicaid per member cost compared to the national average, as well as the percent difference.

Table 4: WV Medicaid Per Member Spend SFY 2020-2024²³

SFY	WV Per Member Cost	National Average Per Member Cost	Percent Difference
2020	\$8,240	\$12,269	-34.8%
2021	\$8,153	\$13,012	-37.5%
2022	\$8,559	\$13,493	-36.6%
2023	\$8,509	\$13,875	-38.7%
2024	\$9,513	\$13,847	-31.3%

West Virginia Managed Care Quality Strategy

BMS is committed to addressing the State’s long-range health issues by ensuring quality health care services for West Virginia Medicaid and WVCHIP members. The 2024-2027 West Virginia Managed Care Quality Strategy was developed to guide BMS in monitoring and improving the quality of health care provided by the State’s MCOs.²⁴ The Managed Care Quality Strategy focuses on the following:

- Ensuring alignment of Managed Care Quality Strategy goals and measures with BMS initiatives driving health care quality, including the quality withhold program for MHT, the directed payment program (DPP), and value-based payment initiatives.
 - Establishing a foundation to continually address health disparities and equity initiatives in future iterations.
- BMS developed five goals (Figure 4) to address the healthcare needs of the Medicaid and WVCHIP populations.

²³ LOCHHRA June Reports FY 2020-2024.

²⁴ West Virginia 2024 – 2027 Quality Strategy. https://dhhr.wv.gov/bms/Members/Managed%20Care/MCOreports/Documents/WV%20DoHS%20BMS%20Managed%20Care%20Quality%20Strategy%202024-2027_FINAL_v2%20%281%29.pdf

Figure 4 : Medicaid (MHT and MHP) Managed Care Quality Strategy Goals



The Managed Care Quality Strategy goals align with the long-range issues presented in this report.²⁵

- Goal 2: Reduce Burden of Chronic Disease addresses chronic conditions through targeted quality measures focused on treatment of respiratory conditions, diabetes, and cardiovascular conditions.
- Goal 3: Improve Behavioral Health Outcomes includes objectives to increase number of enrollees receiving behavioral health care, as well as necessary follow-up care.
- Goal 4: Reduce Burden of SUD aims to increase the number of enrollees receiving care as well as improving coordination of care.

Quality Measures

The BMS MCOs are evaluated annually based on the Healthcare Effectiveness Data and Information Set (HEDIS[®]) standardized quality performance measures. The MCOs, based on weighted averages, performed better than the national average benchmark for 72% of HEDIS[®] measures.²⁶ BMS is committed to improving the outcome of the MCO's performance measures to ensure the quality, timeliness, and accessibility of health care services for West Virginia's managed care members.

Key Programs Targeting Long-Range Issues

BMS manages a variety of programs that target long-range issues of chronic disease, SDoH, SUD, and behavioral health conditions. These programs serve as key investments into the health of the Medicaid population with the goal of improving outcomes and reducing downstream costs.

²⁵ Ibid.

²⁶ West Virginia Department of Health and Human Resources Bureau for Medical Services 2023 External Quality Review Annual Technical Report published April 2024 https://dhhr.wv.gov/bms/Members/Managed%20Care/MCOreports/Documents/WV%202023%20ATR_FINAL%20508.pdf

Certified Community Behavioral Health Clinics (CCBHCs)

During the 2022 West Virginia Legislative Session, Senate Bill (SB) 247 legislated that BMS would develop, seek approval of, and implement a Medicaid state plan amendment (SPA) to create a system of Certified Community Behavioral Health Clinics (CCBHCs). CCBHCs are clinics with special designations created to provide a comprehensive range of mental health and substance use services to anyone who requests care, regardless of their ability to pay, benefitting all West Virginians. The CCBHCs ensure 24/7 access to crisis response and medication-assisted treatment, among other services. The CCBHC program went live on October 1, 2024, with six contracted providers. Because expenditures are categorized by condition code and not specific services, these expenditures are not solely treatment for the psychiatric condition.

Table 1-3 in this report demonstrate the significant burden of behavioral health conditions in the West Virginia Medicaid program. For MHT, MHP, and CHIP, the top two expenditure categories are Low Severity Psychiatric and Psychosis/Bipolar/Depression. The demonstration is intended to increase access to services and make it easier for individuals to receive comprehensive, evidence-based behavioral health treatment in one place. The CCBHCs are located in rural and underserved areas of the State and are designed to reach members who have historically been underserved in an effort to address SDoH. The State partners with CCBHCs to promote evidence-based practices, workforce development, and recovery-based and trauma-informed models of care.

Mobile Crisis Intervention Services

In 2024, the State implemented mobile crisis intervention services, providing members experiencing a suspected mental health and/or SUD-related crisis intensive support, stabilization of the crisis event, and time-limited rehabilitation intervention services intended to achieve crisis symptom reduction. These services address behavioral health crises, especially in rural or underserved areas.

Directed Payment Programs (DPPs)

Directed payment programs (DPPs) allow the State to require MCOs to pay providers according to certain rates or methods established or “directed” by the State. Under the program, providers can earn enhanced directed payments based on their performance on measured outcomes including flu vaccinations, care transitions, breast cancer screenings, providing discharge information, and physician communication.

BMS currently operates two DPPs — one aimed at hospitals and academic physicians and another aimed at non-academic physicians working for hospitals. The DPPs provide qualifying hospitals with additional dollars for services including inpatient admissions, outpatient claims, and physician visits. Payments are based on Medicaid managed care utilization of services at each hospital. These DPPs incentivize providers to improve quality of care for MHT enrollees.

West Virginia Senate Bill 820 (2024)

The West Virginia Legislature passed SB 820 in March 2024.²⁷ This bill requires DoHS to improve quality of care rendered to MHT enrollees with SUDs through a comprehensive, three-pronged approach:

- Inpatient SUD provider care with targeted performance measures that will tie a financial incentive directly to quality improvement for inpatient providers.
- MCO quality withhold program with performance requirements/benchmarks, including SUD measures, incentivizing MCOs to improve quality of care.
- Automatic day one enrollment into MHT managed care to promote timely access to coordinated care and resources for members, especially those with SUDs.

Early and Periodic Screening, Diagnostic, and Treatment Benefit (EPSDT)

BMS MCOs are required to administer all early and periodic screening, diagnostic, and treatment (EPSDT) services specified in Section 1905(a) that are suitable and medically required to address and improve health conditions. MCOs must complete regular reporting to BMS on service utilization and the percentage of children receiving recommended and required screenings. The MHT and MHP programs continue to develop targeted strategies, outreach initiatives, and community partnerships to increase EPSDT screening and participation rates.

²⁷ Senate Bill 820. West Virginia Legislature. https://www.wvlegislature.gov/Bill_Status/bills_history.cfm?year=2024&sessiontype=RS&input=820

Value-Added Services and In Lieu of Services and Settings

Each MCO offers an array of value-added services (VAS) in addition to Medicaid covered benefits and services. 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, the West Virginia Tobacco QuitLine, mammograms, and certain age-specific vaccines. The MCOs have targeted many of the VAS on the long-range issues identified in this report.

In Lieu of Services and Settings (ILOSs) was formally established by 42 CFR § 438.3(e)(2) and 438.16 in 2016, which allows Medicaid managed care plans to pay for alternative services, instead of the typical Medicaid benefits, without the need for a waiver approval.²⁸ These services must be medically appropriate and a cost-effective substitute to services covered under Medicaid. States have been able to use ILOSs to also address health disparities caused by SDoH and cover a wide range of services. Currently, West Virginia offers one ILOS for Institution for Mental Diseases (IMD) services for adults over the age of 21. Under the 2024 CMS Medicaid and CHIP Managed Care Access, Finance and Quality Final Rule, states will have greater flexibility with ILOS. West Virginia will be exploring future opportunities for ILOSs.

Other Programs

The CSEDW is a Medicaid Home and Community-Based Services (HCBS) waiver program authorized under Section 1915(c) of the Social Security Act (SSA), which allows states to furnish an array of HCBS programs that assist Medicaid members 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. The CSEDW permits the State to provide HCBS that allows children from ages 3-21 to remain in their homes and communities.

The State’s Section 1115 SUD waiver is designed to provide a continuum of care designed to treat members with substance use issues. The 1115 SUD waivers provide the opportunity to demonstrate how to implement best practices for improving SUD treatment in ways that consider the challenges raised by the opioid epidemic in West Virginia such as workforce shortages and limited treatment facilities. A waiver renewal has been submitted to CMS for approval requesting additional SUD services.

MCO Community Investments

Beyond traditional disease and care management services developed to help members with complicated and chronic diseases, MCOs have implemented various strategies to address unmet member needs related to social determinants of health. During SFY 2024, MCOs implemented various strategies to address SDoH including but not limited to the following:

- ABHWV provided financial support to re-open a homeless/warming shelter for the 2023-2024 winter months in Morgantown, West Virginia.
- Wellpoint invested in organizations promoting food security and targeted education and employment opportunities focused on high-risk youth.
- THP established a Food for Health program with local food pantries and three community partners. The partnership allows for 150 THP members with chronic conditions to receive a monthly food box to assist with addressing their health care and SDoH needs.

Conclusion

BMS will continue to monitor programs for cost-containment strategies. Program benefits, provider reimbursement and utilization parameters continue to be judiciously managed for cost savings. The State is well-positioned to control cost-trends through strategies and investments in key program areas including but not limited to CCBHCs, Mobile Crisis Intervention services, ILOSs, CSEDW and ongoing investments in primary and preventive care. Many of these programs directly address the most pressing health-related issues facing West Virginians, with the potential for downstream savings due to improvements in population health. BMS administers the Medicaid program with focused oversight to ensure accountability for the utilization of resources. Through continued innovation, BMS promotes access to appropriate, medically necessary and quality health care services for all members.

²⁸ Code of Federal Regulations. <https://www.ecfr.gov/current/title-42/chapter-IV/subchapter-C/part-438/subpart-A/section-438.3>

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 2025	FY 2026	FY 2027	FY 2028	FY 2029
Medical	8.0%	8.5%	9.0%	9.5%	10.0%
Drug	15.0%	15.5%	16.0%	16.5%	17.0%

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

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Medical	\$48 million	\$14 million	\$62 million	\$71 million	\$82 million
Drug	\$49 million	\$27 million	\$65 million	\$79 million	\$96 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 2025	FY 2026	FY 2027	FY 2028	FY 2029
Reserve	\$89 million	\$145 million	\$178 million	\$183 million	\$199 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.

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.

Long-Range Issues

The retiree plan must be subsidized by the active policy premiums. The rate of subsidization estimated for FY 2026 is approximately 55%. Continuing the current solution to the West Virginia OPEB Plan's unfunded liability is of utmost importance. The PEIA Finance Board took steps in December 2011 to control the State's share contributed to retiree 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.

The current financial plan projects net asset growth through FY 2029. The Trust completed FY 2024 with total net assets of \$1.9 billion, total claims expense of \$95 million, and capitations of \$50 million. Current claim expense trend assumptions for FY 2025 through FY 2029 go from 8.0% for medical and 15.0% for drugs to 10.0% for medical and 17.0% for drugs. These trend assumptions result in increases of \$116 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 \$2.2 billion by fiscal year end 2029. This represents a 111% 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, 2024, the fund balance in the Old Fund was estimated to be a net asset balance of \$33.6 million with liabilities discounted at 3%. 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 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) 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:

Long-Range Issues

- 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. For funding valuation purposes, assets are determined using a four-year asset smoothing method, beginning with the July 1, 2009 funding valuation for PERS.
- 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 six years. Those restrictions expire on July 1, 2034. For funding valuation purposes, assets are determined using a four-year asset smoothing method, beginning with the July 1, 2016 funding valuation for TRS.
- 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 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 six years. Those restrictions expired on July 1, 2019. For funding valuation purposes, assets are equal to market value.
- Public Safety Retirement System (Plan A)—Instituted a 30-year payment plan to be completed by June 30, 2025. The 30-year payment plan was completed July 1, 2021, four years ahead of schedule. The plan again developed an unfunded actuarial liability as of July 1, 2022, to be amortized over a period of five years. Legislation passed in 2005 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 six years. Those restrictions will expire on July 1, 2025. The CPRB Board amortization policy for Plan A is to amortize the unfunded actuarial liability, as of July 1, 2022, 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 10 years. For funding valuation purposes, assets are equal to market value.
- 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 was fully funded, but the plan again developed an unfunded actuarial liability as of July 1, 2022, to be amortized over a period of 10 years. 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 amortization policy for Plan B is to amortize the unfunded actuarial liability, as of July 1, 2022, on a level-dollar basis over 10 years and gains or losses and assumption changes going forward are amortized separately on a level-dollar basis over 15 years. For funding valuation purposes, assets are equal to market value.

Long-Range Issues

- 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. During the 2024 West Virginia Regular Legislative Session, SB 606 became law and removed the employer contribution rate cap of 12% of payroll and replaced it with an employer contribution reviewed annually and actuarially set by the CPRB Board. Effective July 1, 2021, the unfunded actuarial liability will be amortized over a 30-year payment period on a level-dollar basis. For funding valuation purposes, assets are determined using a four-year asset smoothing method, beginning with the July 1, 2022 funding valuation for NRPORS.

The unfunded actuarial liability for each plan is as follows:

	July 1, 2023, Actuarial Valuation Unfunded Actuarial Liability		July 1, 2024, Actuarial Valuation Unfunded Actuarial Liability (Estimated)	
PERS	\$207,693,000	(97.6% funded) ¹	\$25,069,000	(99.7% funded)
TRS	\$2,380,478,000	(79.9% funded) ¹	\$2,085,053,000	(82.9% funded)
JRS	\$(156,777,000)	(228.8% funded) ¹	\$(176,641,000)	(236.4% funded)
Public Safety—Plan A	\$32,982,000	(95.9% funded) ¹	\$(5,670,000)	(100.7% funded)
State Police—Plan B	\$57,391,000	(84.8% funded) ¹	\$52,567,000	(87.4% funded)
NRPORS	\$6,594,000	(81.6% funded) ¹	\$9,106,000	(77.9% 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, TRS, and NRPORS. 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 and NRPORS adopted the same asset smoothing method 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 2026 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 2025) less any one-time appropriations. For the FY 2026 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 2026 expenditure growth and position the State to structurally balance budgets in the years that follow. For the FY 2026 budget, the Governor has recommended most agencies be funded at the FY 2025 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 2025 "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 2026, agencies were asked that any requests for improvements or requests for FY 2025 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 2026 budget.

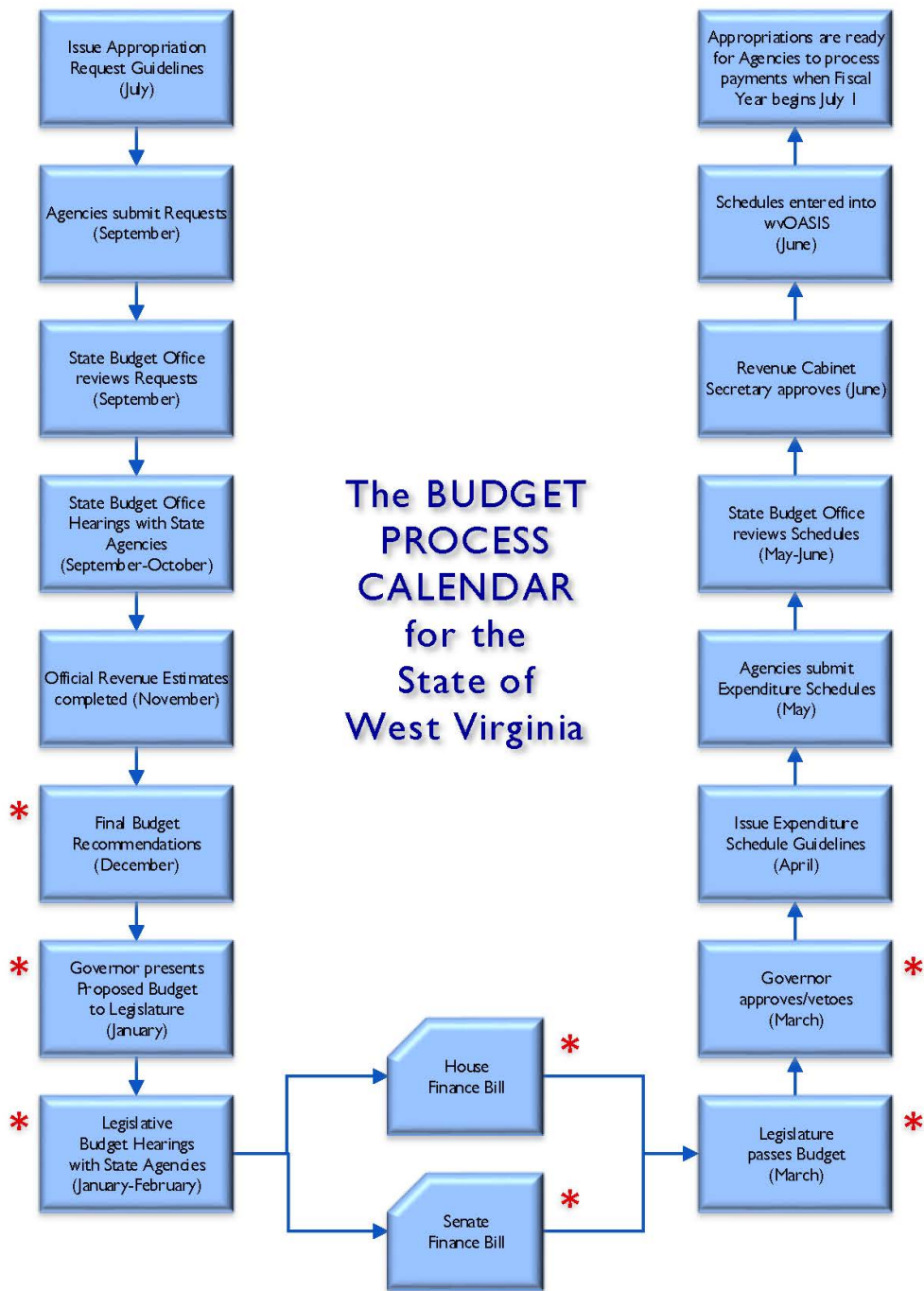
Appropriation requests are reviewed by the Secretary of Revenue, the State Budget Office, and the Governor's Office. Budget meetings are generally held with the departments/bureaus/commissions/divisions to discuss their requests. During these budget meetings, the departments/bureaus/commissions/divisions 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 2026 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.

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

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 the organizational chart; descriptive narrative information for every department/bureau/commission/division, and programs; 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 2024 Actual Expenditures, FY 2025 Budgeted Expenditures, FY 2026 Current-Level Request, and the Governor's FY 2026 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.

Public Engagement in the Budget Process

Hearings

Proposed legislation pending before legislative committees constitutes the vehicles for establishing statewide policy. For this reason, the public, particularly the persons directly affected by the proposed legislation, have the right to be heard. It is essential that the opportunity for public hearings and adequate facilities for such hearings be provided. The rules of the House and Senate provide for such hearings. Adequate advance notice of such hearings should be given by public announcement.

Committees of the House and Senate may hold joint hearings on important and far-reaching bills. Joint hearings avoid duplication and afford the opportunity for both houses to hear the same testimony, eliminate the necessity for witnesses to attend dual hearings and conserve available research and clerical assistance.

Budget Overview

A public hearing is intended to give the public the opportunity to express its views regarding a measure. Members of the committee may ask questions of persons appearing before the committee, but it is not advisable to engage the persons so appearing in debate. The committee chair should not make his/her own position on a measure obvious during a hearing to avoid the appearance of being prejudiced.

No final action is taken upon any measure at a public hearing.

Citizen members

Legislators are not the only citizens to serve on interim committees. State agency officials and private citizens with specific knowledge and experience in areas of concern often are appointed to serve on committees relevant to their field of expertise. These citizen members are appointed to serve either the Governor, the President of the Senate, or the Speaker of the House.

Public Access

Other than executive sessions (designated closed meetings), all committee meetings and hearings are open to the public. In addition, citizens may request to speak at scheduled public hearings as well as request that public hearings be held on particular issues and bills.

Budget Amendment Policy

Supplemental Appropriation Bills

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

A supplementary appropriation bill 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 2025, and upon approval from the State Budget Office, agencies with the appropriation "Salary and Benefits of Cabinet Secretary and Agency Heads" and "Salary and Benefits of Elected Officials" 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, 2025, 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.

Budget Overview

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

The Cabinet Secretaries of the Department of Health and the Department of Human Services may also transfer up to 25% of funds between items of appropriation, 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 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.

Budget Overview

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 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 ACFR 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 positive pay system is used to manage the State's disbursement account and to assist in the establishment of daily liquidity.

Budget Overview

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).

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 three investment pools and three participant directed investment accounts. The three investment 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 S&P Global Ratings. 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 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.

Budget Overview

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 2026 performance measures is to show the agency's performance for the most recent fiscal year (FY 2024) and the performance-level objectives the program is trying to achieve in FY 2025 and FY 2026 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 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 West Virginia Code §4-2-1, et seq, which gives the Legislative Auditor discretionary authority, as directed by the President of the Senate or the Speaker of the House of Delegates, to examine the performance of spending units of the State and report any misapplication of state funds or erroneous, extravagant, or unlawful expenditures. PERD also conducts performance reviews under the authority of the West Virginia Performance Review Act, West Virginia Code §4-10-1, et seq, and other code citations amended into law during legislative sessions. 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 Organization and other legislative committees at their request or required by law.

Due to passage of Senate Bill 687 during the 2024 Legislative Session, West Virginia Code §4-10-7 was amended to require an agency review be conducted on one or more state agencies each year and an agency review must be conducted on each state agency at least once every 15 years. An agency may be reviewed more frequently than once in 15 years, and an agency may be reviewed at the discretion and the direction of the President of the Senate, the Speaker of the House of Delegates, or by recommendation of the Joint Standing Committee of Government Organization.

In addition, all regulatory boards of occupations and professions are to be reviewed and each regulatory board must be reviewed at least once every 12 years. A regulatory board review may be conducted more frequently than once in 12 years and a review may be conducted at the discretion and the direction of the President of the Senate or the Speaker of the House of Delegates.

Agency Reviews are conducted on the agencies or divisions within specific state departments. The areas within an agency that may be examined will vary. However, W. Va. Code §4-10-7 provides some guidance on what to consider in a review such as:

- Does the agency effectively and efficiently carry out its statutory duties?
- Do 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?

These are to name a few considerations.

Regulatory Board Reviews are conducted on regulatory boards established under Chapter 30 of the West Virginia Code. Under the Performance Review Act, W.Va. Code §4-10-9(a), PERD must determine if there is a need for the continuation, consolidation, or termination of the regulatory board. For the most part, a Regulatory Board Review is a compliance audit to determine a board's compliance with the general provisions for all regulatory boards cited in W. Va. Code §30-1-1 et seq. PERD also examines a board's compliance with other laws such as purchasing requirements, travel regulations, the Open Governmental Proceedings Act, and the board's enabling statute. Other review considerations that PERD may consider are listed in W.Va. Code §4-10-9, such as:

- Is the board financially self-sufficient?
- Does the board have proper disciplinary procedures that observe due process rights and protects the public interest?
- Does the board have a timely complaint resolution process?
- Does the board encourage public participation in its decisions rather than participation only by the industry and individuals it regulates?

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

Budget Overview

Senate Bill 687 eliminated statutory schedules for agency reviews and regulatory board reviews. These reviews will be conducted at the direction of the Joint Committee on Government Organization or the President of the Senate or the Speaker of the House of Delegates. Nevertheless, reviews must comply with the statutory requirements that each agency is to be reviewed at least once every 15 years and each regulatory board is to be reviewed at least once every 12 years. The following is a tentative schedule for agency reviews and regulatory boards for the next two years:

Agency Reviews

- 2025: Office of Environmental Remediation, Water and Waste Programs, Division of Protective Services (Capitol Police), State Fire Marshal, Homeland Security Administration Office, Justice and Community Services Section, and Parkways Authority.
- 2026: Office of Energy, Community Advancement & Development, Office of Broad, Broadband Enhancement Council, Business and Industrial Development, Division of Air Quality, and Office of Abandoned Mine Lands (including Office of Special Reclamation).

Regulatory Board Reviews

- 2025: Board of Surveyors, Board of Professional Engineers, and Board of Massage Therapy.
- 2026: Board of Examiners for Speech-Language Pathology and Audiology, Board of Licensed Practical Nurses, and Board of Registered Professional Nurses.

Human Resources

As of November 30, 2024, the State had approximately 40,927 filled, permanent, full-time equivalent employees, including approximately 11,310 employed by the Higher Education Policy Commission and approximately 1,352 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.

Notable position changes from FY 2024 to FY 2025

- Office of the Inspector General established as its own organization.
- IS&C absorbed into Office of Technology.
- West Virginia University reduced positions due to budget constraints.
- Department of Health added 2 Medical Examiners.
- State Budget Office added 1 - HR Assistant to assist with workload.

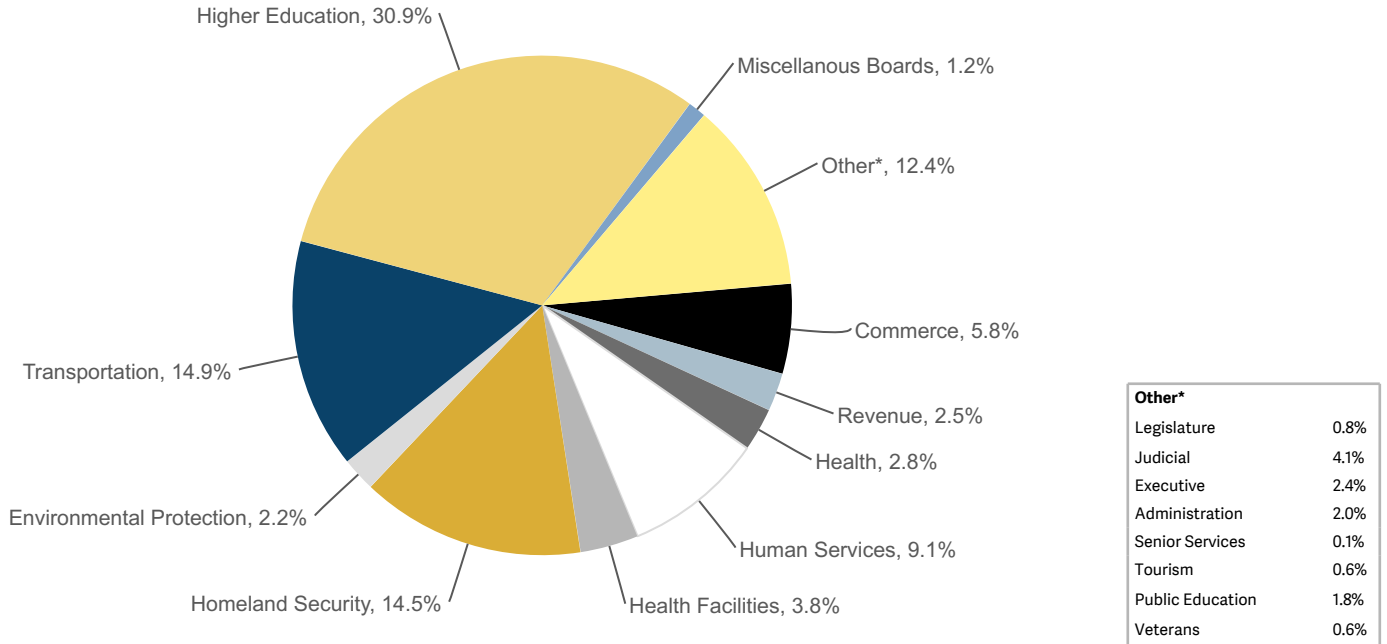
Recommended position changes for FY 2026

- Council for Community and Technical College Education added 1 FTE for Skilled Trade Apprenticeship Nontraditional Degree program.
- 1 FTE transfer from Division of Corrections and Rehabilitation to Division of Administrative Services (Dept. of Homeland Security).
- 1 FTE transfer from the Department of Health Facilities to Office of the Inspector General.
- Department of Economic Development is renamed the Division of Economic Development and is reorganized under Department of Commerce.
- Division of Culture and History and Educational Broadcast Commission are reorganized under the Department of Tourism.
- Adjutant General moving from Miscellaneous Boards and Commissions to the Department of Homeland Security.

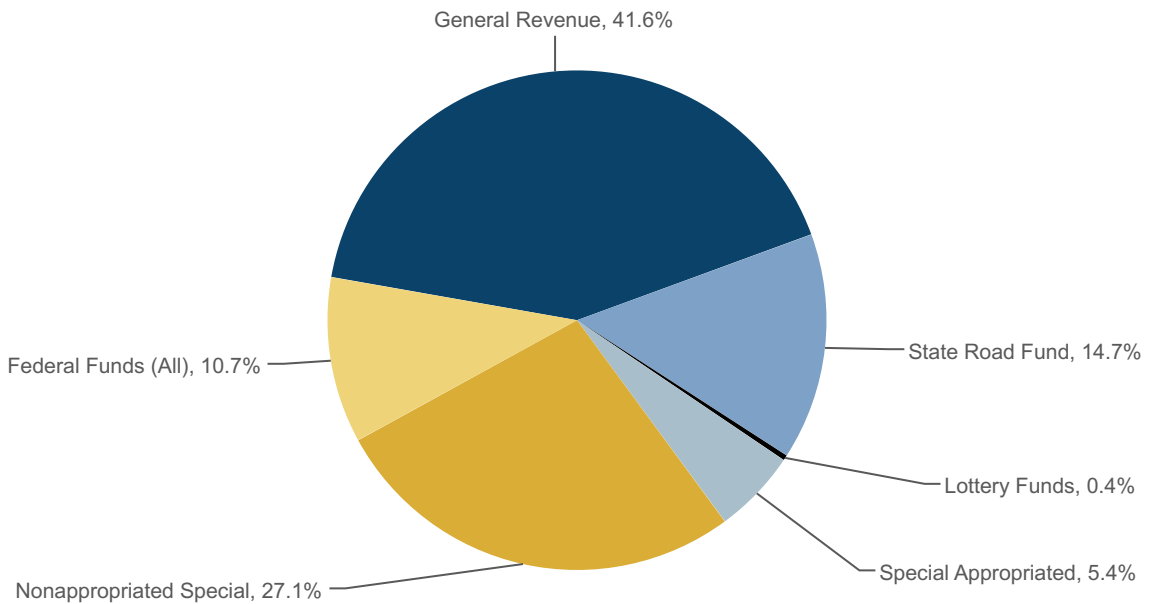
Schedule of Recommended Budgeted Full-Time Equivalents (FTE) Permanent Positions

FY 2026

By Department



By Source of Funds



Schedule of Budgeted Full-Time Equivalents All Funds

Permanent Positions
FY 2024 through FY 2026

DEPARTMENT/Agency	FY 2024 11-30-2023	FY 2025 11-30-2024	FY 2026 Recommended
LEGISLATURE			
Senate	56.66	56.26	56.66
House of Delegates	107.00	108.47	107.00
Joint Expenses	145.49	146.49	145.49
TOTAL - LEGISLATURE	309.15	311.22	309.15

JUDICIAL			
Supreme Court	1,637.50	1,693.50	1,678.50
TOTAL - JUDICIAL	1,637.50	1,693.50	1,678.50

ELECTED OFFICIALS			
Governor's Office	45.25	45.25	45.25
Auditor's Office	180.00	183.00	180.00
Treasurer's Office	146.80	149.80	146.80
Agriculture	371.01	373.00	370.15
Attorney General	191.60	191.60	191.60
Secretary of State	52.00	52.00	52.00
TOTAL - ELECTED OFFICIALS	986.66	994.65	985.80

DEPARTMENT OF ADMINISTRATION			
Secretary of Administration	5.50	5.80	5.50
Consolidated Public Retirement Board	100.00	103.00	100.00
Finance Division	36.00	37.00	36.00
Information Services and Communications	—	—	—
General Services	120.00	120.00	120.00
Purchasing Division	40.00	40.00	40.00
Surplus Property	14.00	14.00	14.00
Aviation Division	9.00	9.00	9.00
Fleet Management Division	9.00	9.00	9.00
Board of Risk and Insurance Management	28.00	28.00	28.00
Public Employees Grievance Board	11.00	11.00	11.00
Ethics Commission	7.00	7.00	7.00
Public Defender Services	32.00	32.00	32.00
Division of Personnel	51.00	48.00	51.00
Public Employees Insurance Agency	54.70	54.70	54.70
Prosecuting Attorneys Institute	5.00	5.00	5.00
Office of Technology	271.50	271.50	271.50
Retiree Health Benefit Trust Fund	3.00	3.00	3.00
Real Estate Division	19.00	19.00	19.00
TOTAL - DEPARTMENT OF ADMINISTRATION	815.70	817.00	815.70

FTE Schedule of All Funds (Continued)

DEPARTMENT/Agency	FY 2024 11-30-2023	FY 2025 11-30-2024	FY 2026 Recommended
DEPARTMENT OF COMMERCE			
Division of Forestry	93.00	93.00	93.00
Geological and Economic Survey	34.00	34.00	34.00
Division of Labor	89.00	89.00	89.00
Division of Natural Resources	818.00	818.00	818.00
Miners' Health, Safety, and Training	135.00	135.00	135.00
Coal Mine Health and Safety	2.00	2.00	2.00
Workforce West Virginia	487.60	485.60	487.60
Secretary of Commerce	44.00	44.00	44.00
Division of Economic Development	129.00	131.00	129.00
Rehabilitation Services	551.00	555.00	551.00
TOTAL - DEPARTMENT OF COMMERCE	2,382.60	2,386.60	2,382.60
DEPARTMENT OF TOURISM			
Department of Tourism	48.00	48.00	48.00
Division of Culture and History	144.51	144.50	144.51
Educational Broadcasting Authority	60.00	60.00	60.00
TOTAL - DEPARTMENT OF TOURISM	252.51	252.50	252.51
DEPARTMENT OF EDUCATION			
Department of Education	580.00	577.00	580.00
West Virginia Schools For The Deaf and the Blind	148.00	147.00	148.00
School Building Authority	13.00	13.00	13.00
West Virginia Professional Charter School Board	1.75	2.00	1.75
TOTAL - DEPARTMENT OF EDUCATION	742.75	739.00	742.75
ENVIRONMENT			
Environmental Quality Board	2.00	2.00	2.00
Solid Waste Management Board	10.00	10.00	10.00
Department of Environmental Protection	884.90	884.90	884.90
Oil and Gas Conservation Commission	1.00	1.00	1.00
TOTAL - ENVIRONMENT	897.90	897.90	897.90
DEPARTMENT OF HEALTH			
Secretary Of Health And Human Resources	—	—	—
Division Of Health	906.42	901.99	900.42
Health Care Authority	7.00	7.00	7.00
Human Rights	27.00	27.00	27.00
Office of the Inspector General	—	217.00	213.00
TOTAL - DEPARTMENT OF HEALTH	940.42	1,152.99	1,147.42
DEPARTMENT OF HUMAN SERVICES			
Division of Human Services	3,733.23	3,731.68	3,724.12
TOTAL - DEPARTMENT OF HUMAN SERVICES	3,733.23	3,731.68	3,724.12

FTE Schedule of All Funds (Continued)

DEPARTMENT/Agency	FY 2024 11-30-2023	FY 2025 11-30-2024	FY 2026 Recommended
DEPARTMENT OF HEALTH FACILITIES			
Health Facilities	1,547.10	1,546.80	1,547.10
TOTAL - DEPARTMENT OF HEALTH FACILITIES	1,547.10	1,546.80	1,547.10

DEPARTMENT OF HOMELAND SECURITY			
Secretary of Department of Homeland Security	35.00	35.00	35.00
Division of Emergency Management	100.50	100.50	100.50
Division of Corrections And Rehabilitation	3,832.00	3,830.00	3,832.00
West Virginia State Police	1,093.50	1,100.50	1,100.50
Fire Commission	60.00	60.00	60.00
Division of Protective Services	63.00	64.00	63.00
Division of Administrative Services	120.00	115.00	120.00
Adjutant General	637.10	636.10	637.10
TOTAL - DEPARTMENT OF HOMELAND SECURITY	5,941.10	5,941.10	5,948.10

DEPARTMENT OF REVENUE			
Secretary of Revenue	6.00	6.00	6.00
Tax Division	427.00	427.00	427.00
State Budget Office	13.00	13.00	13.00
Insurance Commission	206.00	206.00	206.00
Lottery	198.00	201.00	198.00
Municipal Bond Commission	4.00	4.00	4.00
Racing Commission	34.00	34.00	34.00
Alcohol Beverage Control Administration	82.00	82.00	82.00
Office of Tax Appeals	10.00	10.00	10.00
Division of Financial Institutions	31.00	31.00	31.00
TOTAL - DEPARTMENT OF REVENUE	1,011.00	1,014.00	1,011.00

DEPARTMENT OF TRANSPORTATION			
Division of Motor Vehicles	678.00	678.00	678.00
Division of Highways	5,395.00	5,398.00	5,395.00
WV Division of Multimodal Transportation Facilities	31.00	31.00	31.00
TOTAL - DEPARTMENT OF TRANSPORTATION	6,104.00	6,107.00	6,104.00

DEPARTMENT OF VETERAN'S ASSISTANCE			
Veterans' Affairs	208.20	208.20	208.20
Veterans' Home	47.00	47.00	47.00
TOTAL - DEPARTMENT OF VETERAN'S ASSISTANCE	255.20	255.20	255.20

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

FTE Schedule of All Funds (Continued)

DEPARTMENT/Agency	FY 2024 11-30-2023	FY 2025 11-30-2024	FY 2026 Recommended
COUNCIL FOR C&T COLLEGE EDUCATION			
Council for Community and Technical College Education	13.00	13.00	14.00
Mountwest Community and Technical College	112.00	112.00	112.00
New River Community and Technical College	137.01	145.00	137.01
Pierpont Community and Technical College	116.80	120.80	116.80
Blue Ridge Community and Technical College	207.59	202.59	207.59
West Virginia University at Parkersburg	195.00	202.00	223.33
Southern West Virginia Community and Technical College	181.01	178.00	171.01
West Virginia Northern Community and Technical College	156.62	160.56	156.62
Eastern West Virginia Community and Technical College	42.26	40.26	42.26
BridgeValley Community and Technical College	171.44	167.11	171.44
TOTAL - COUNCIL FOR C&T COLLEGE EDUCATION	1,332.73	1,341.32	1,352.06
HIGHER EDUCATION POLICY COMMISSION			
Higher Education Policy Commission - Administration	77.31	76.31	77.31
Higher Education Policy Commission - System	5.00	5.00	5.00
West Virginia University	6,803.46	6,707.07	6,803.48
Marshall University	1,902.57	1,908.86	1,902.57
West Virginia School of Osteopathic Medicine	330.00	332.00	330.00
Bluefield State University	210.41	209.41	210.41
Concord University	293.11	291.30	293.11
Fairmont State University	459.64	468.56	459.64
Glenville State University	228.00	235.00	228.00
Shepherd University	361.00	353.80	361.00
West Liberty University	329.75	330.75	329.75
West Virginia State University	260.52	262.52	260.52
West Virginia Network for Educational Telecomputing	49.00	49.00	49.00
TOTAL - HIGHER EDUCATION POLICY COMMISSION	11,309.77	11,229.58	11,309.79

FTE Schedule of All Funds (Continued)

DEPARTMENT/Agency	FY 2024 11-30-2023	FY 2025 11-30-2024	FY 2026 Recommended
MISCELLANEOUS			
Water Development Authority	17.00	17.00	17.00
Board of Barbers and Cosmetologists	6.00	6.00	6.00
Hospital Finance Authority	1.00	1.00	1.00
Board of Medical Imaging and Radiation Therapy Technology	1.00	1.00	1.00
Board of Licensed Practical Nurses	5.00	5.00	5.00
Board of Registered Nurses	17.00	18.00	17.50
Public Service Commission	282.00	281.00	282.00
Real Estate Commission	6.00	6.00	6.00
Board of Speech Language Pathology and Audiology	1.00	1.00	1.00
Board of Respiratory Care	1.00	1.00	1.00
Massage Therapy Licensure Board	1.00	1.00	1.00
Economic Development Authority	19.00	19.00	19.00
Board of Medicine	17.00	17.00	17.00
Municipal Pension Oversight Board	3.00	3.00	3.00
Enterprise Resource Planning Board	38.00	38.00	38.00
West Virginia Contractor Licensing Board	7.00	7.00	7.00
Other Boards	54.65	58.65	54.65
TOTAL - MISCELLANEOUS	476.65	480.65	477.15

Schedule of Budgeted Full-Time Equivalents By Source of Funds

Permanent Positions

FY 2024 through FY 2026

Department/Fund Source	FY 2024 11-30-2023	FY 2025 11-30-2024	FY 2026 Recommended
ALL DEPARTMENTS/AGENCIES			
General	16,925.68	17,094.94	17,064.12
State Road Fund	6,020.00	6,021.00	6,020.00
Special Revenue Appropriated	2,229.30	2,213.16	2,228.91
Lottery	146.05	144.07	146.05
Federal Appropriated	3,288.36	3,337.30	3,322.63
Federal Block Grants	473.21	470.51	469.30
Federal Revenue	601.79	615.16	608.79
Nonappropriated Special Revenue	11,025.58	11,030.55	11,115.05
TOTAL	40,709.97	40,926.69	40,974.85
LEGISLATURE			
General Revenue	304.15	306.22	304.15
Special Revenue Appropriated	5.00	5.00	5.00
TOTAL	309.15	311.22	309.15
JUDICIAL			
General Revenue	1,637.50	1,693.50	1,678.50
TOTAL	1,637.50	1,693.50	1,678.50
ELECTED OFFICIALS			
Federal Revenue Appropriated	53.32	53.32	53.32
General Revenue	471.14	471.26	470.28
Special Revenue	190.90	196.72	190.90
Special Revenue Appropriated	271.30	273.35	271.30
TOTAL	986.66	994.65	985.80
DEPARTMENT OF ADMINISTRATION			
General Revenue	143.80	143.85	143.80
Special Revenue	301.38	305.38	301.38
Special Revenue Appropriated	370.52	367.77	370.52
TOTAL	815.70	817.00	815.70

FTE Schedule by Source of Funds (Continued)

Department/Fund Source	FY 2024 11-30-2023	FY 2025 11-30-2024	FY 2026 Recommended
DEPARTMENT OF TOURISM			
General Revenue	128.22	141.02	128.22
Lottery Funds	52.03	52.03	52.03
Special Revenue	40.25	27.75	40.25
Special Revenue Appropriated	4.08	4.08	4.08
Federal Revenue Appropriated	27.93	27.63	27.93
TOTAL	252.51	252.50	252.51

DEPARTMENT OF COMMERCE			
Federal Revenue	462.60	459.60	462.60
Federal Revenue Appropriated	549.39	555.89	549.39
Federal Revenue Block Grant	25.00	26.00	25.00
General Revenue	878.00	877.50	878.00
Lottery Funds	53.00	53.00	53.00
Special Revenue	185.00	185.00	185.00
Special Revenue Appropriated	229.61	229.61	229.61
TOTAL	2,382.60	2,386.60	2,382.60

DEPARTMENT OF EDUCATION			
Federal Revenue Appropriated	104.30	110.05	104.30
General Revenue	595.10	584.60	595.10
Lottery Funds	6.20	6.20	6.20
Special Revenue	24.15	25.15	24.15
Special Revenue Appropriated	13.00	13.00	13.00
TOTAL	742.75	739.00	742.75

ENVIRONMENT			
Federal Revenue Appropriated	325.21	319.65	325.21
General Revenue	74.83	74.63	74.83
Special Revenue	258.80	271.18	258.80
Special Revenue Appropriated	239.06	232.44	239.06
TOTAL	897.90	897.90	897.90

DEPARTMENT OF HEALTH			
Federal Revenue Appropriated	295.30	320.30	322.30
Federal Revenue Block Grant	36.95	38.20	36.20
General Revenue	372.07	466.31	463.69
Special Revenue	181.55	263.63	260.68
Special Revenue Appropriated	54.55	64.55	64.55
TOTAL	940.42	1,152.99	1,147.42

FTE Schedule by Source of Funds (Continued)

Department/Fund Source	FY 2024 11-30-2023	FY 2025 11-30-2024	FY 2026 Recommended
DEPARTMENT OF HUMAN SERVICES			
Federal Revenue Appropriated	1,293.11	1,303.47	1,293.88
Federal Revenue Block Grant	411.26	406.31	408.10
General Revenue	1,995.00	2,007.02	2,001.17
Special Revenue	7.22	4.22	5.22
Special Revenue Appropriated	26.64	10.66	15.75
TOTAL	3,733.23	3,731.68	3,724.12

DEPARTMENT OF HEALTH FACILITIES			
General Revenue	1,547.10	1,546.80	1,547.10
TOTAL	1,547.10	1,546.80	1,547.10

DEPARTMENT OF HOMELAND SECURITY			
Federal Revenue Appropriated	523.72	531.17	530.72
General Revenue	4,076.04	4,068.44	4,076.04
Special Revenue	1,231.03	1,231.18	1,232.03
Special Revenue Appropriated	110.31	110.31	109.31
TOTAL	5,941.10	5,941.10	5,948.10

DEPARTMENT OF REVENUE			
General Revenue	321.50	321.50	321.50
Special Revenue	335.50	338.50	335.50
Special Revenue Appropriated	354.00	354.00	354.00
TOTAL	1,011.00	1,014.00	1,011.00

DEPARTMENT OF TRANSPORTATION			
Federal Revenue Appropriated	10.00	10.00	10.00
General Revenue	6.00	6.00	6.00
Special Revenue	19.00	19.00	19.00
Special Revenue Appropriated	49.00	51.00	49.00
State Road Fund	6,020.00	6,021.00	6,020.00
TOTAL	6,104.00	6,107.00	6,104.00

DEPARTMENT OF VETERANS' ASSISTANCE			
Federal Revenue Appropriated	68.08	67.58	67.58
Special Revenue Appropriated	—	1.00	1.00
General Revenue	187.12	186.62	186.62
TOTAL	255.20	255.20	255.20

BUREAU OF SENIOR SERVICES			
Federal Revenue Appropriated	10.55	10.55	10.55
Lottery Funds	3.43	3.43	3.43
Special Revenue	17.80	17.80	17.80
Special Revenue Appropriated	2.22	2.22	2.22
TOTAL	34.00	34.00	34.00

FTE Schedule by Source of Funds (Continued)

Department/Fund Source	FY 2024 11-30-2023	FY 2025 11-30-2024	FY 2026 Recommended
COUNCIL FOR C&T COLLEGE EDUCATION			
Federal Revenue	22.14	24.91	29.14
General Revenue	907.35	936.48	908.35
Special Revenue	403.24	379.94	414.57
TOTAL	1,332.73	1,341.32	1,352.06
HIGHER EDUCATION POLICY COMMISSION			
Federal Revenue	148.66	143.07	148.66
General Revenue	3,280.76	3,263.19	3,280.77
Lottery Funds	31.39	29.41	31.39
Special Revenue	7,733.91	7,665.26	7,733.92
Special Revenue Appropriated	115.05	128.65	115.05
TOTAL	11,309.77	11,229.58	11,309.79
MISCELLANEOUS			
Federal Revenue	2.00	2.00	2.00
Federal Revenue Appropriated	27.45	27.70	27.45
General Revenue	—	—	—
Special Revenue	95.85	99.85	95.85
Special Revenue Appropriated	351.35	351.10	351.85
TOTAL	476.65	480.65	477.15

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 2026, these taxes comprise approximately 92.0% of the General Revenue Fund. The remaining 8.0% 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 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 20%.

Economic Development Tax Expenditure Budget - FY 2026

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 2026.

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.

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 2026 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)

Revenue Sources

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 37 active tax credit programs listed in the state tax code with a total FY 2026 value of \$327.7 million. Programs classified as economic development-related account for \$79.1 million in value, an amount equal to roughly 24% 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 \$39.6 million.

The largest single tax credit in terms of cost (60% of the total) is the newly created Property Tax Adjustment Credit which reimburses taxpayers for local property taxes paid on qualified motor vehicles, qualified small business tangible personal property, and homestead taxes paid by qualified disabled veterans. This tax credit largely benefits individual taxpayers, with the State effectively paying the local property tax on behalf of the taxpayer. The largest business tax credit is the Commercial Rehabilitated Buildings Tax Credit at an estimated cost of \$25 million. Most of the Commercial Rehabilitated Buildings Tax Credits would be claimed by corporations purchasing transferable credits tied to the restoration of historic commercial buildings.

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

Revenue Sources

Article	Tax Credit	Description	FY 2026 Estimate (in millions)
5B-2E	Tourism Development	25% of approved costs over 10 years	\$4.0
5B-2L-10	WV Build Tax Credit	10-Year Income Tax Credit for Property Tax	\$0.1
11-13D	Industrial Expansion/Revitalize	10% Investment Credit – electric power producers	\$19.0
11-13E	Coal-Loading Facilities	10% Investment Credit – coal loading facilities	\$0.5
11-13F	Low-Income Electric, Gas and Water	Reimburses Utility for Low-Income Resident Discount	\$9.0
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	Minimal
11-13Q	Economic Opportunity	Investment Credit - New Jobs and Select Industries	\$3.5
11-13S	Manufacturing Investment	5% Investment Credit - Manufacturing	\$1.5
11-13W	Apprenticeship Training	\$2/hour or \$2,000/year - Training Tax Credit	\$0.3
11-13Y	Manufacturing Property	Manufacturing Inventory Tax Credit	\$2.0
11-13X	West Virginia Film	27% to 31% of Costs for Making Film in West Virginia	\$3.0
11-13BB	Mine Safety Technology	50% Investment Credit - Mine Safety Equipment	Minimal
11-13DD	Farm to Food Bank Tax Credit	30% value of donated food products up to \$5,000	Minimal
11-13EE	Coal Severance Tax Rebate	35% of Qualified Investment - 80% of Additional Tax	\$20.0
11-13FF	Car Donation Tax Credit	Lesser of 50% of value or \$2,000	\$0.1
11-13GG	Downstream Gas Manufacturing	Investment Credit - New Jobs and Select Industries	\$0.0
11-13HH	Natural Gas Liquids Property Tax	Tangible Personal Property Tax Credit	\$0.2
11-13II	High-Wage Growth Business Tax	Up to 10% of salary paid	\$0.0
11-13JJ	Volunteer Firefighter	\$1,000 per qualified volunteer	\$1.4
11-13KK	Small-Arms Manufacturing	Credit for Federal Excise Tax Paid	Minimal
11-13LL	Industrial Advancement Act	100% Tax Offset Investment-Heavy Industry	TBD
11-13MM	Property Tax Adjustment	Refundable income credit for local tax paid	\$195.0
11-21-8a	Rehabilitated Buildings	25% of qualified costs	\$25.0
11-21-8g	Residential Rehabilitated Buildings	20% of qualified costs	\$0.4
11-21-10a	Nonfamily Adoption	\$5,000 per qualified adoption	\$4.0
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	\$17.0
11-21-23	Excess Property Tax Credit	Excess more than 4% of Gross Income up to \$1,000	\$2.5
11-21-26	Child Dependent Care Credit	50% of federal credit	\$4.2
11-21-42	Military Incentive	30% of first \$5,000 of wages paid	\$0.0
11-21-25	Jump Start	Up to \$5,000 employer match credit	Minimal
11-21-97	Child-Care Credits	50% of net operating costs and 50% investment	\$1.0
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:	\$327.7

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 \$32.5 million in FY 2026 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 \$33.0 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 2026 Estimate (in millions)
7-11B	Property Tax Increment Financing Economic Development District	Property Increment-State portion of \$32.5M total	\$15.0
7-22	Sales Tax Increment Financing	6% State sales tax re-designated as local tax	\$33.0
		Subtotal:	\$48.0

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 62% 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 \$692 million and the state share of this combined value, mainly reflected in the State School Aid Formula, is \$181.7 million.

Several other types of mostly tangible personal property qualify for reduced “salvage” valuation at a combined value of \$87.1 million in property tax reductions with \$24.3 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 an average seam thickness of no more than 45 inches. This \$70 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 2026 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 \$6.0 million	\$1.5
11-6A	Pollution Control Salvage Value	State portion of \$36.0 million	\$10.0
11-6B	Homestead Exemption and Tax Rate	Over 65/Disabled – State Portion of \$102 million	\$27.7
11-6E	Manufacturing Production Property	Salvage Value – State Portion of \$2.8 million	\$0.8
11-6F	Certified Capital Additions	Salvage Value-Existing Mfg. – State Portion of \$46 million	\$12.9
11-6H	Special Aircraft Property	Salvage Value – State Portion of \$1.7 million	\$0.5
11-6J	High-Technology Business Property	Salvage Value – State Portion of minimal \$0.1 million	\$0.0
11-6L	Wireless Technology	Salvage value – State Portion of \$0.5 million	\$0.1
11-8-6b	Residential/Farm Preference	50% Tax Rate Preference – State Portion of \$590 million	\$154.0
11-13A-3(f)	Thin-Seam Coal Rates	Reduced tax rates on thin-seam coal (60%-80%)	\$70.0
11-13A-3a(a)	Natural Gas/Oil Exclusions	Low volume/shut-in well gross receipt exclusions	\$1.0
11-13A-3a(b)(2)	Low Volume Natural Gas/Oil	Reduced tax rates on lower volume wells (100%)	\$6.0
11-13A-3(b)	Steam Coal Rates	Reduced tax rates on steam coal [40%]	\$48.0
11-15-9s	Sales Tax Holiday	Back to school sales tax holiday	\$2.7
		Subtotal:	\$335.2

The total sum value of all tax expenditures listed above is \$710.9 million, including \$267.9 million in bolded economic development tax expenditures and \$443.0 million in various other tax expenditures.

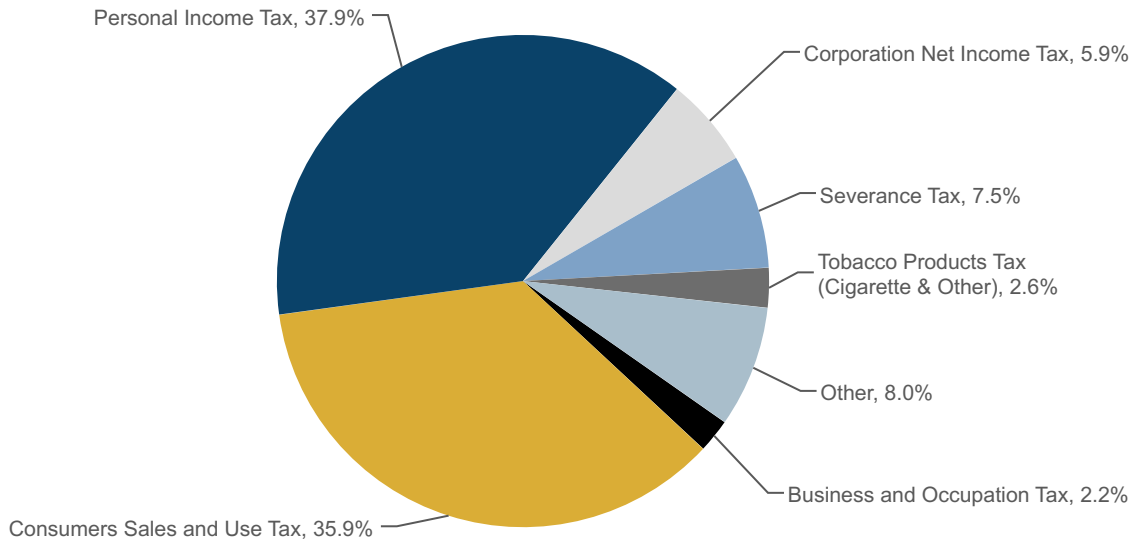
Additional Revenue Information

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.

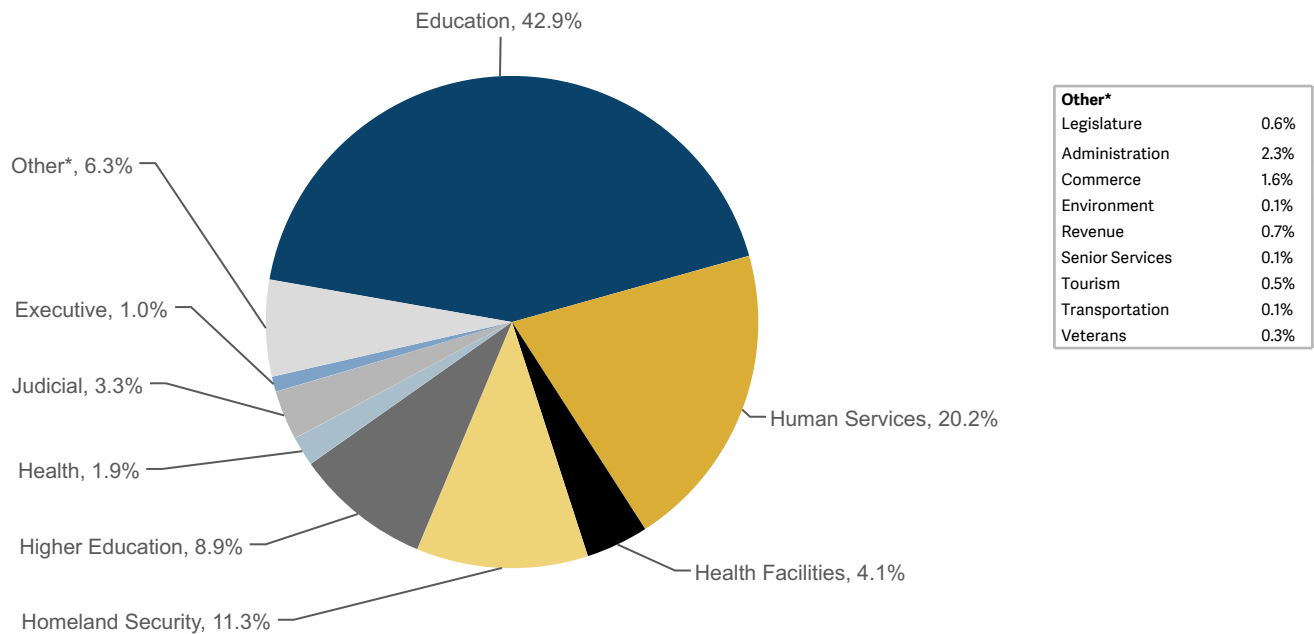
For a graphic presentation of total state revenues by source and expenditures by function, refer to “Where the State Dollar Comes From” and “Where the State Dollar Goes” in the “Summary Financial Statements” chapter.

General Revenue Fund

Sources of Revenue
Fiscal Year 2026
\$5.32 Billion
(Estimated)



Recommended Expenditures
Fiscal Year 2026
\$5.32 Billion



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 two-thirds of gross personal income tax receipts.

Effective for tax years beginning on or after January 1, 2023, all personal income tax rates were reduced by 21.25%. Effective for tax years beginning on or after January 1, 2024, new refundable personal income tax credits were created equal to the amount of local property taxes paid on qualified motor vehicles, 50% of the amount of qualified tangible personal property taxes paid by qualified small businesses and the amount of qualified homestead property taxes paid by fully disabled veterans. Effective for tax years beginning on or after January 1, 2025, all personal income tax rates will be reduced by 4% due to the automatic trigger provisions of House Bill 2526 and an additional 2% from Senate Bill 2033 passed in the 2024 2nd Special Session for a total reduction of almost 26%.

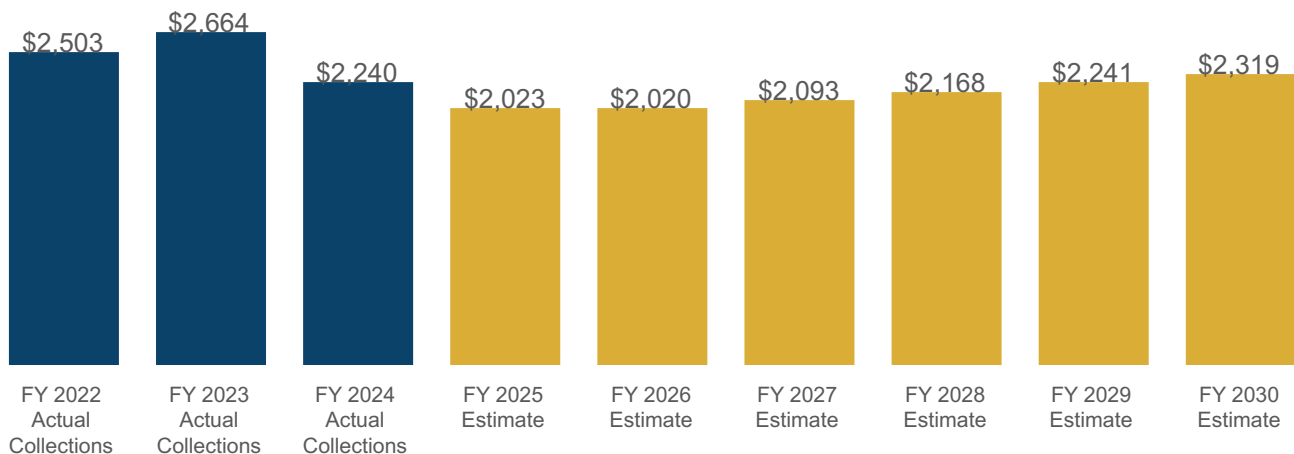
Personal income tax collections increased by 6.4% in FY 2023 and declined by 15.9% in FY 2024. Average annual revenue growth for the recent five-year period between FY 2019 and FY 2024 was 1.4%. Growth in wage income is estimated at 7.2% from CY 2023 to CY 2024. In addition, employment growth over the same period is estimated to be 1.2%. Income withholding tax collections rose by 7.1% in FY 2023 and declined by 10.5% in FY 2024. Year-to-date withholding tax collections in FY 2025 are up 2.3% from the prior year. Overall personal income tax collections are 9.0% lower than prior year receipts through November.

According to the most recent forecasts from S&P Global, payroll employment is expected to grow by roughly 1.2% in 2024 and then level off between 2025 and 2030. West Virginia personal income less transfer payments rose by 6.8% in CY 2023 and by an estimated 6.1% in CY 2024. S&P Global projects West Virginia personal income less transfer payments to increase by 4.2% in 2025, 4.3% in 2026, and by an annual average of 3.1% between 2026 and 2030. Absent any further tax changes, income tax collections are projected to rise by an average annual rate of nearly 3.7% during the FY 2026 to FY 2030 forecast period.

Tax on West Virginia taxable income (Tax Year 2025):

- 2.22% on the first \$10,000 of taxable income.
- 2.96% on taxable income between \$10,000 and \$25,000.
- 3.33% on taxable income between \$25,000 and \$40,000.
- 4.44% on taxable income between \$40,000 and \$60,000.
- 4.82% on taxable income more than \$60,000.
- Accounts for roughly 38% of the total General Revenue Fund.

Personal Income Tax (Expressed in Millions)



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.

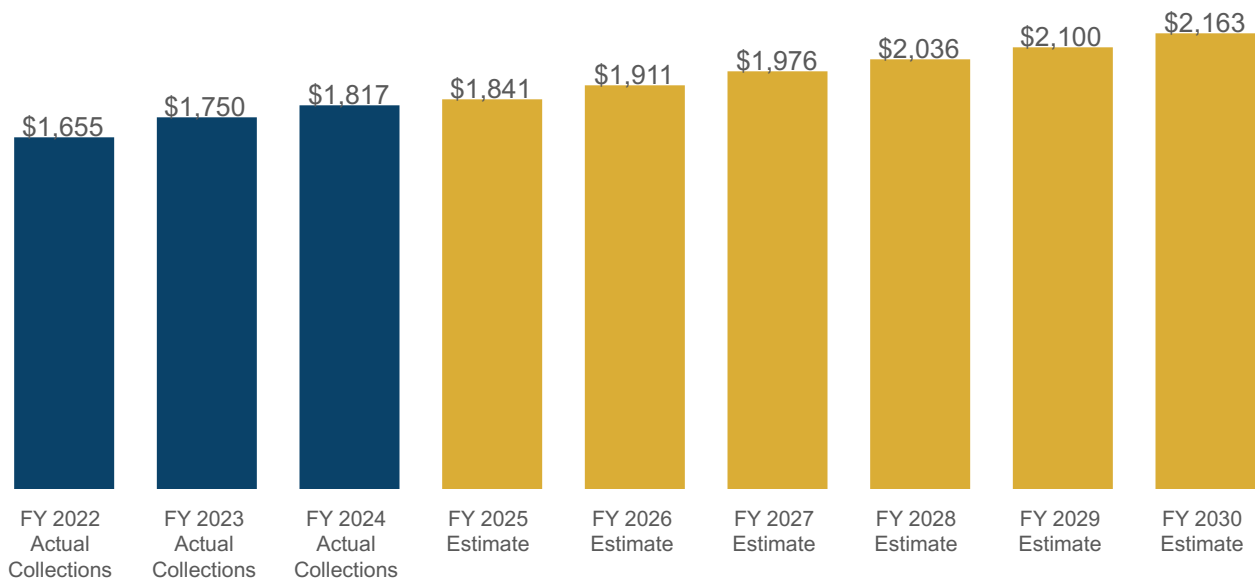
Fluctuations in retail sales are affected by several factors, including changes in population, consumer confidence and debt, inflation and interest rates, and disposable personal income. West Virginia’s population has been in decline since 2012, falling an estimated 4.7% between 2012 and 2023. West Virginia disposable personal income grew by an average annual rate of roughly 4.8% between 2017 and 2023. Due to continued strong income growth and stable employment levels, disposable personal income is estimated to rise by roughly 5.2% in 2024. The increase in disposable personal income was a significant factor in the 5.7% growth rate in General Revenue Fund Sales Tax collections in FY 2023. More moderate growth in disposable personal income and a slowing of inflation led to lower growth of 3.8% in FY 2024. S&P Global forecasts West Virginia disposable personal income will rise by 4.2% in FY 2025 and then by roughly 4.0% per year on average from 2025 through 2030.

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 wage growth and healthy consumer confidence contributed to a 7.7% rise in Sales Tax collections in FY 2022 and a 5.7% gain in FY 2023. Collection growth was also buoyed by rising inflation that peaked at over 9.0% as of June 2022 before slowing down toward 3.0% as of November 2023. Collections grew by a more moderate 3.8% in FY 2024 due to a slowdown in inflation and some contraction in consumer confidence. Cumulative collections for the first five months of FY 2025 were up roughly 2.6% over the same period in FY 2024. Over the long-run, annual collections are expected to rise by an annual average of closer to 3.0% between FY 2025 and FY 2030.

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 36% of the total General Revenue Fund.

Consumer Sales Tax and Use Tax
(Expressed in Millions)

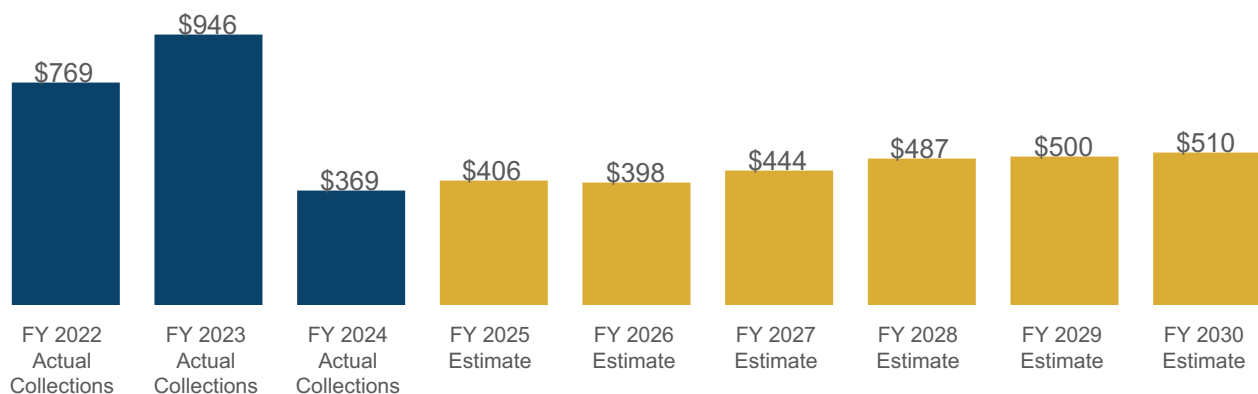


Severance Tax

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 2024, regular Severance Tax receipts were deposited in the State General Revenue Fund (71.4%), the State Infrastructure Fund (4.3%), local government funds (23.0%), and the Department of Environmental Protection (1.3%). 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, 90.0% 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 a more than twelvefold 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 2024. Production declined by nearly 7% in 2024 partially due to a slower export market and some buildup of domestic inventories. In 2021 and 2022, the energy sector benefited significantly from a global energy supply shortfall with higher prices associated with such shortfall. However, inventories were largely replenished by the end of 2022 with energy prices retreating toward their long-term averages. Average Henry Hub natural gas hub prices fell from a high of roughly \$6.45 per million British thermal units in CY 2022 to an estimated \$2.20 in CY 2024. Average West Virginia coal prices fell from a high of roughly \$125 per ton in CY 2022 to an estimated \$92 in CY 2024. Natural gas production rose by 9.2% in 2022, by 10.9% in 2023 and by an estimated 6.0% in 2024. Annual production growth is forecast to slow toward an average of 3.0% per year over the forecast period partially in response to lower prices and the need for improvement in demand. The recent completion of the Mountain Valley Pipeline Project adds additional transport capacity with the benefit of greater price stability associated with the ability to move greater volumes of natural gas to markets of demand. Average West Virginia natural gas prices fell from a high of roughly \$5.50 per million British thermal units in 2022 to closer to \$1.50 per million BTU in 2024. The U.S. Department of Energy (DOE) currently forecasts average annual natural gas prices to increase by roughly 36% in 2025. The DOE currently forecasts a decrease in Appalachian coal production of 5.5% in 2024 and more than 11% in 2025 with declines in domestic steam coal demand and relatively stable coal exports. After rising by 154.0% in FY 2022 and by an additional 27.0% in FY 2023, Severance Tax collections fell by nearly 52% in FY 2024 and by an additional 18.0% during the first five months of this fiscal year. FY 2026 collections are forecast to rise nearly 8% above actual collections received in FY 2024 largely due to an anticipated rise in natural gas prices. Collection patterns will continue to be highly volatile in future years beyond 2025 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 in importance.

- 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, other) production with a general rate of 5.0%.
- 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 falls from 2.5% to 0% as of January 2025.
- Currently accounts for 7.5% of the total General Revenue Fund.

Severance Tax
(Expressed in Millions)



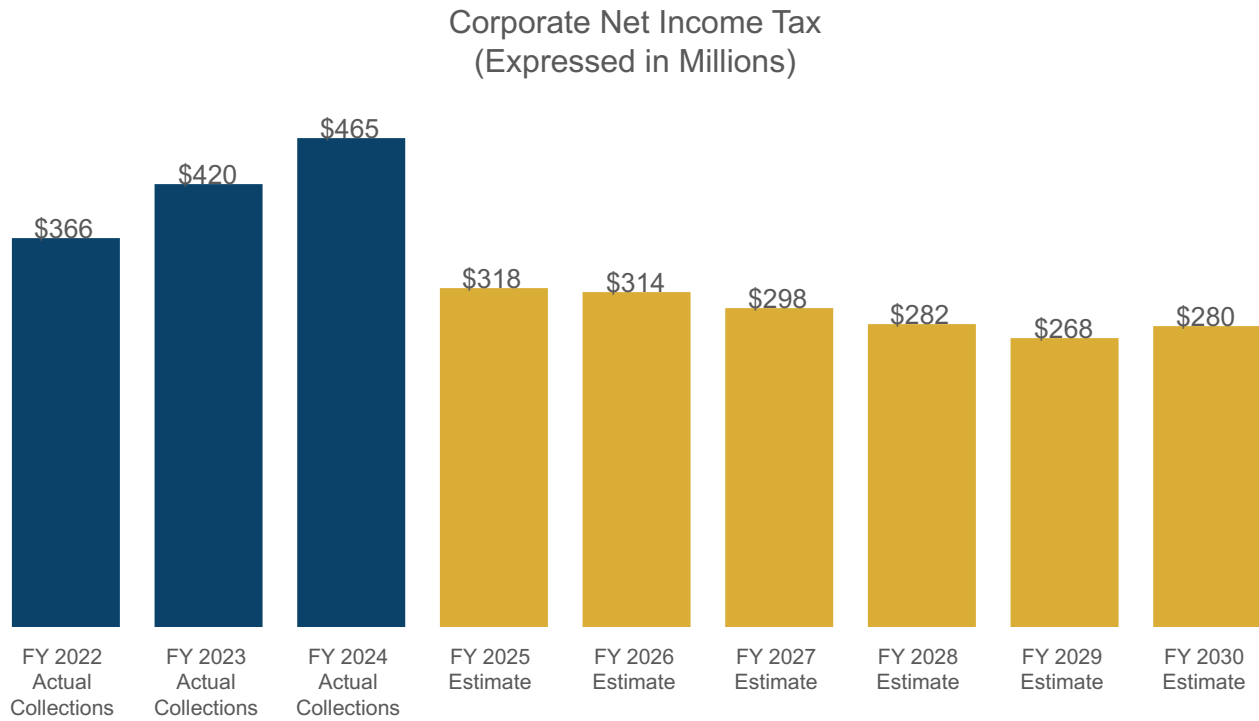
Corporation Net Income Tax

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 5.6% in 2019 and 11.7% in 2020. Aided by a strong recovery from the COVID-19 pandemic recession and higher inflation, corporate profits grew by 30.6% in 2021, by 9.5% in 2022 and by 9.8% in 2023. Corporate profits were estimated to increase by at least 7% in 2024. According to S&P Global, domestic corporate profits are likely to change little between 2024 and 2027 partially due to the impact of economic slowdown associated with higher borrowing costs. Remittances of the Corporation Net Income Tax may lag the associated period of economic activity up to 18 months.

Corporation Net Income Tax collections rose from a low of \$110.1 million in FY 2018 to nearly \$465.5 million in FY 2024 for an average annual increase of more than 27%. Collection trends changed directions in the first half of FY 2024 with year-to-date revenues down nearly 24% from the prior year through November. After peaking in FY 2024, collections are anticipated to decline between FY 2024 and FY 2029 before rebounding beginning in FY 2030. The anticipated decline in collections over the next couple of years relates to an expected leveling of corporate profits, a decline in energy industry profits associated with lower energy prices and anticipated policy changes to the definition of federal taxable income. From FY 2024 to FY 2030, Corporation Net Income Tax collections are forecast to decrease by an annual average of roughly 8.1%. Collections from this source tend to be highly volatile from one year to the next with typical variations, well more than 10% per year.

- 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 nearly 6% of the total General Revenue Fund.



Business and Occupation Tax

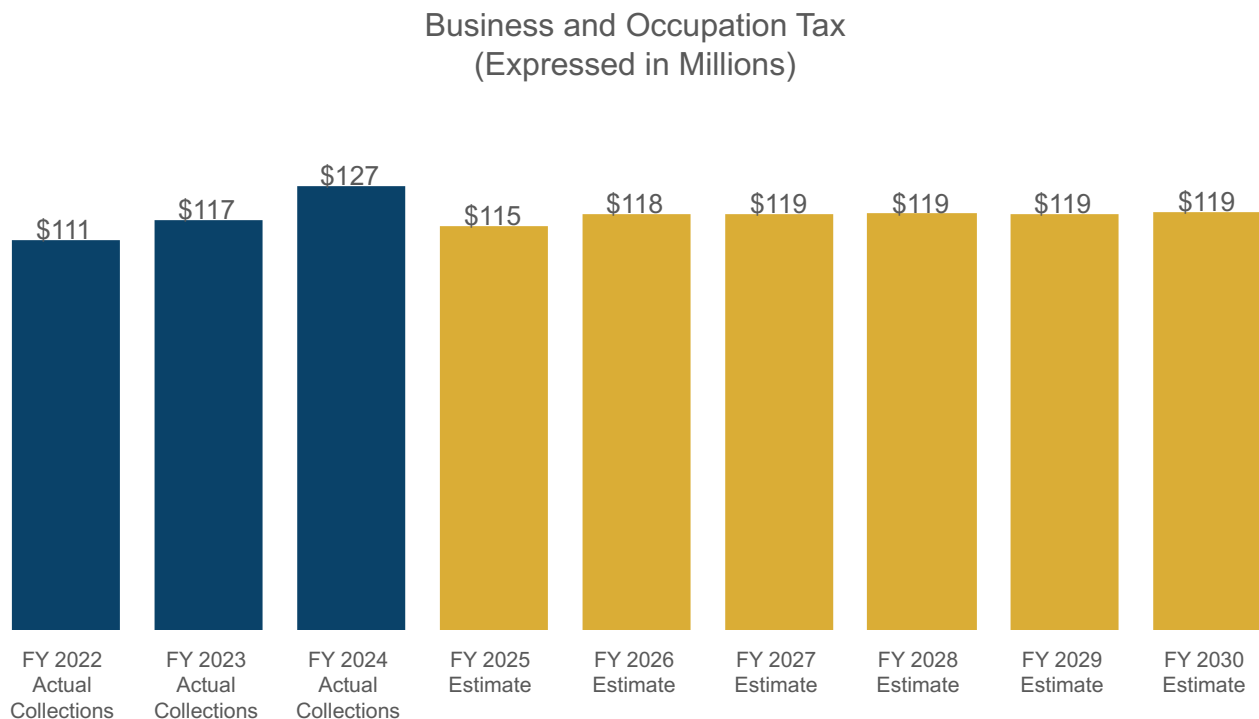
The Business and Occupation Tax (B&O Tax) consists of three distinct components: a capacity or unit-based tax on electric power generation and distribution, a gross receipts tax on nonelectric public utilities, and a per unit tax on gas storage operators.

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.

The tax on natural gas receipts applies only to public utility sales. Lower natural gas costs should result in a small decrease in revenue from this source over the next two years. Revenue from water utilities should rise gradually over time due to increases in service costs. West Virginia also imposes a tax on natural gas storage activities. Revenue from this source should remain stable during the forecast period.

After falling by 17.0% in FY 2022, collections rebounded by 5.7% in FY 2023 and by another 8.6% in FY 2024. Tax collections fell in FY 2022 due to a law change lowering the tax on certain coal-fired generation facilities effective July 1, 2021. Overall revenues are forecast to be relatively stable between FY 2024 and FY 2030 at levels slightly above actual collections received in FY 2023.

- 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 2% of the total General Revenue Fund.

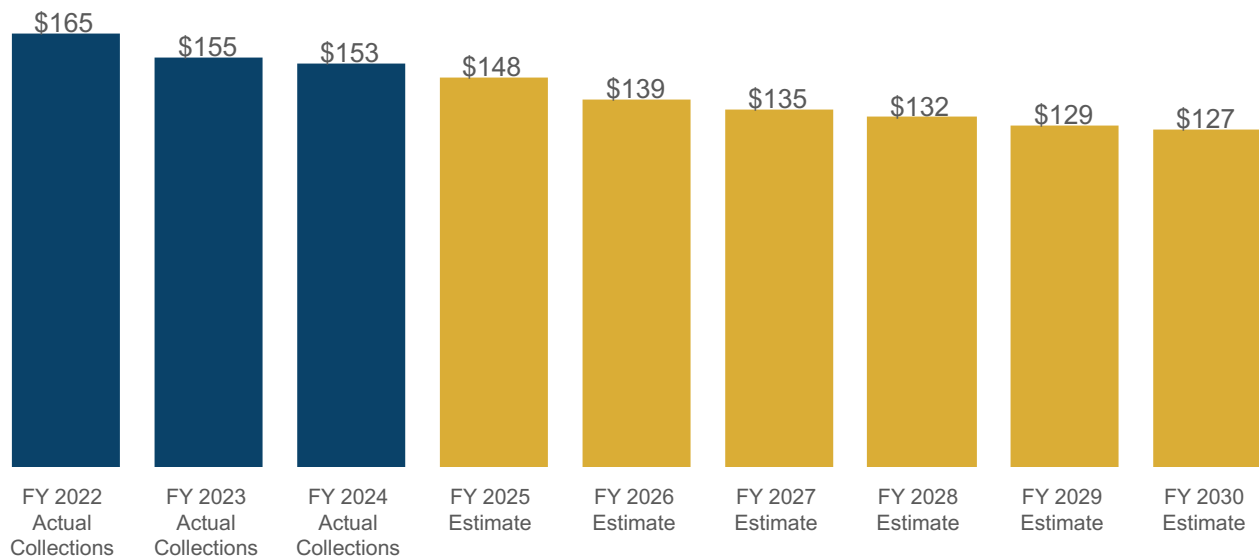


Tobacco Products Tax

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. Collections subsequently declined by a sharp 8.6% in FY 2018 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 3.6% and FY 2023 collections declined by an additional 5.8% as more people returned to work and the pandemic eased. FY 2024 collections declined by a more moderate 1.4%. However, through the first five months of FY 2025, cumulative collections fell nearly 8.5% from the prior year. Collections are forecast to decrease by an average annual rate of approximately 2.2% between FY 2025 and FY 2030.

- 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 the total General Revenue Fund.

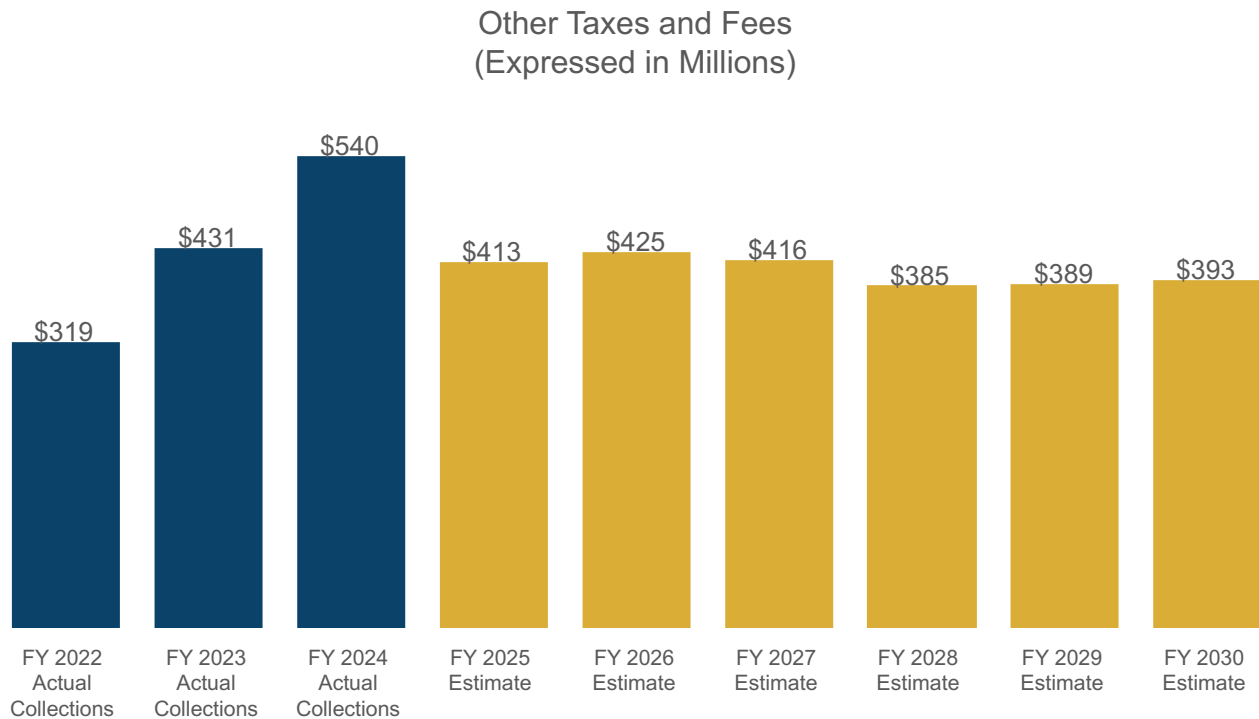
Tobacco Products Tax
(Expressed in Millions)



Other Taxes and Fees

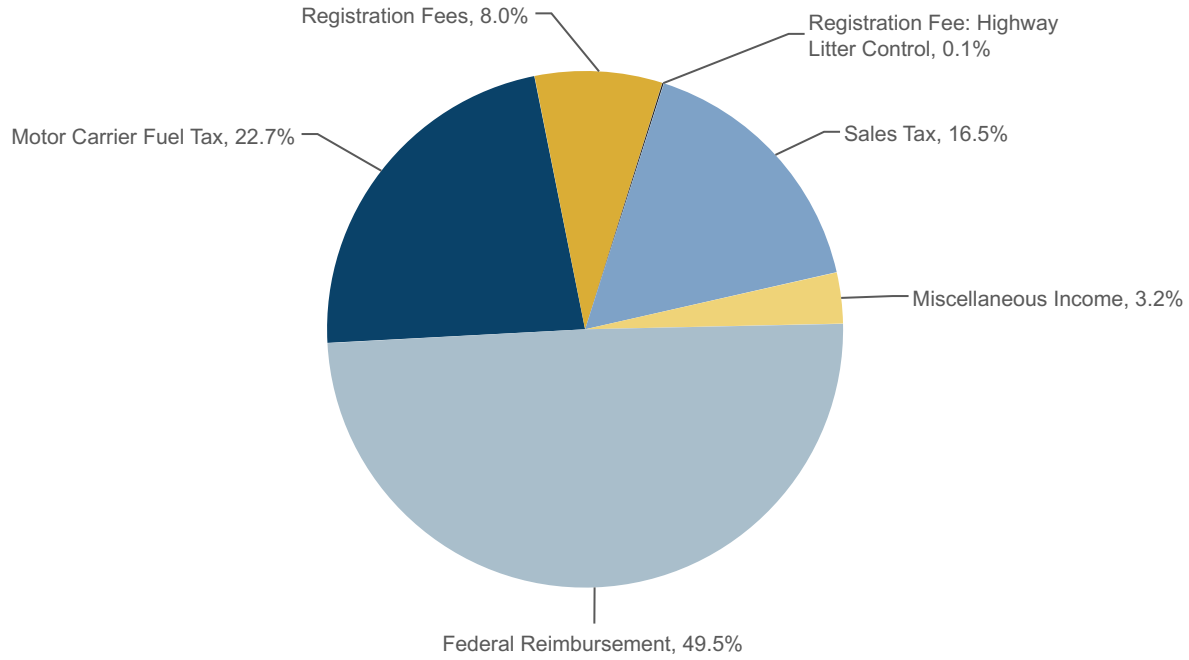
These other taxes, licenses, fees, and receipts consist of Insurance Premium Tax, Liquor Profit Transfers, Beer Tax and Licenses, Business Franchise Registration Fees, Property Tax, Property Transfer Tax, Departmental Collections, Interest Income, Miscellaneous Receipts, Miscellaneous Transfers, Liquor License Renewal Fees, Soft Drink Excise Tax, 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 in favor of higher county tax rates over a period beginning in FY 2022 and fully ending as of FY 2026. No additional revenue from Liquor License Renewal Fees is expected after FY 2026. Interest Income is expected to decline significantly between FY 2026 and FY 2030, largely due to an interest rate reduction of 75 basis points during the fall of 2024. An additional interest rate cut of 25 basis points is expected in December 2024. Insurance Premium Tax revenues are expected to increase nearly 2.5% annually between FY 2026 and FY 2030 largely due to inflationary increases in premiums derived from homeowners' insurance and automobile insurance. The Soft Drink Excise Tax terminated on July 1, 2024, and no significant revenue from this revenue source is expected in FY 2026.

- Generally, it accounts for 8.0% of the total General Revenue Fund.

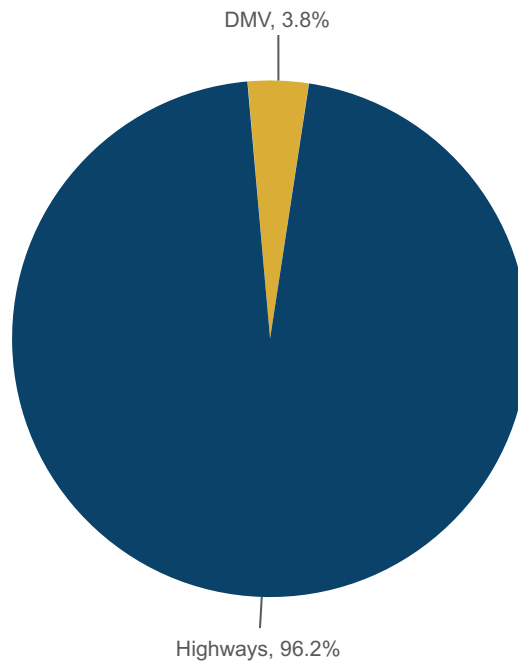


State Road Fund

Sources of Revenue
Fiscal Year 2026
\$1.88 Billion
(Estimate)



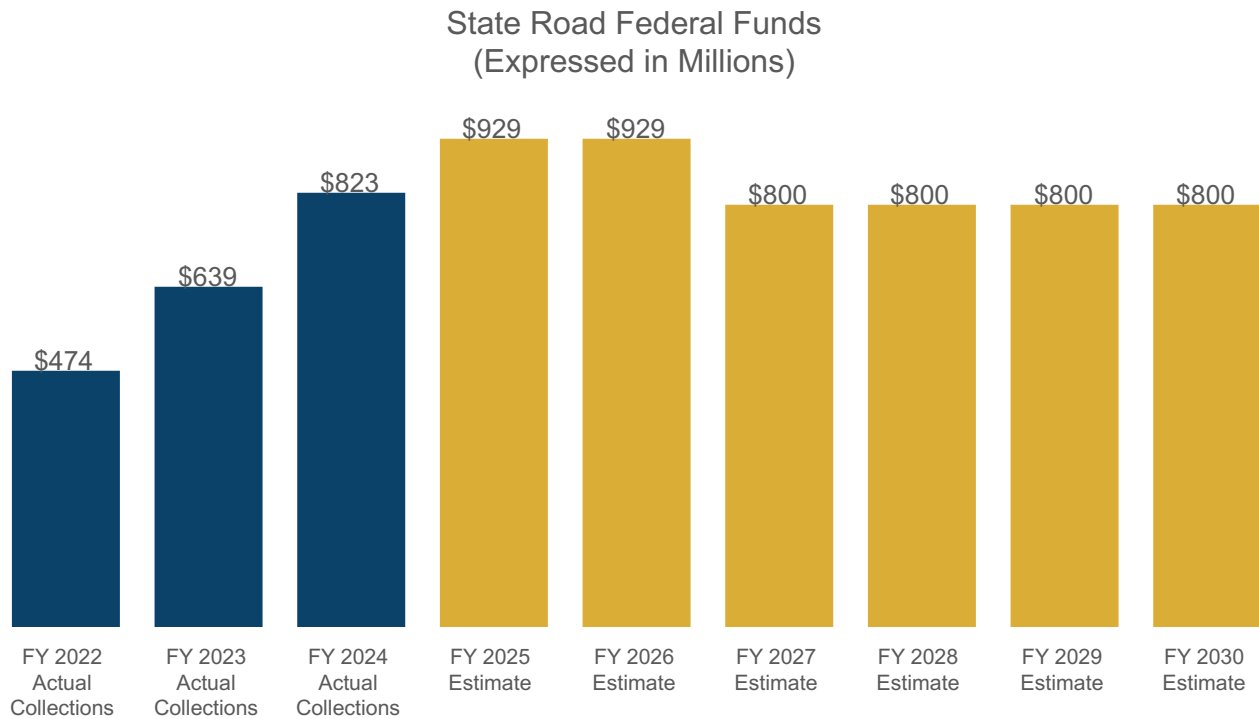
Recommended Expenditures
Fiscal Year 2026
\$2.01 Billion



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 50% of the total State Road Fund.



Motor Fuel Taxes

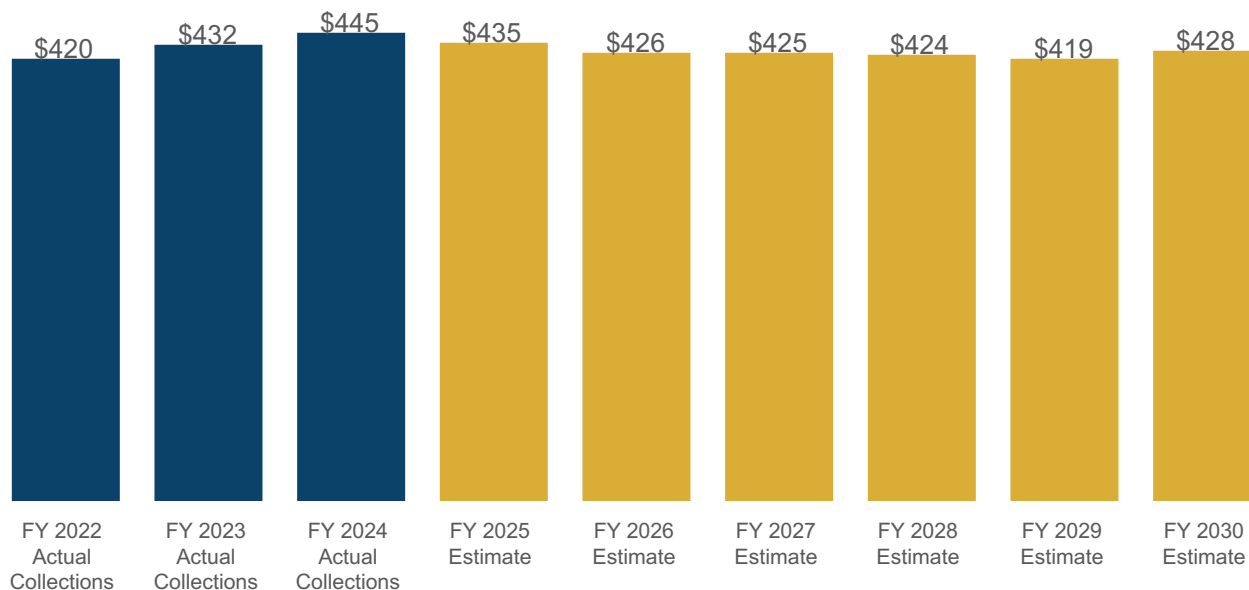
Motor Fuel Excise Tax

- 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 23% of the total State Road Fund.

Motor Fuel Taxes
(Expressed in Millions)

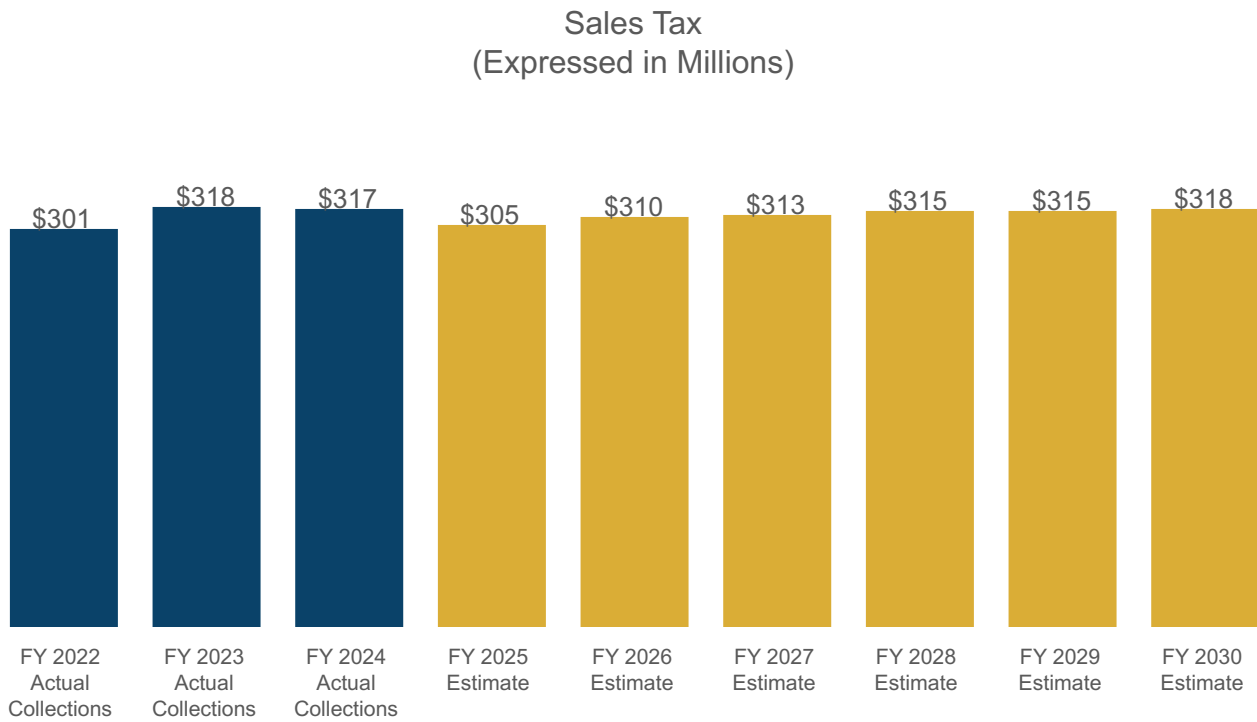


Sales Tax

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 roughly 17% of the total State Road Fund.



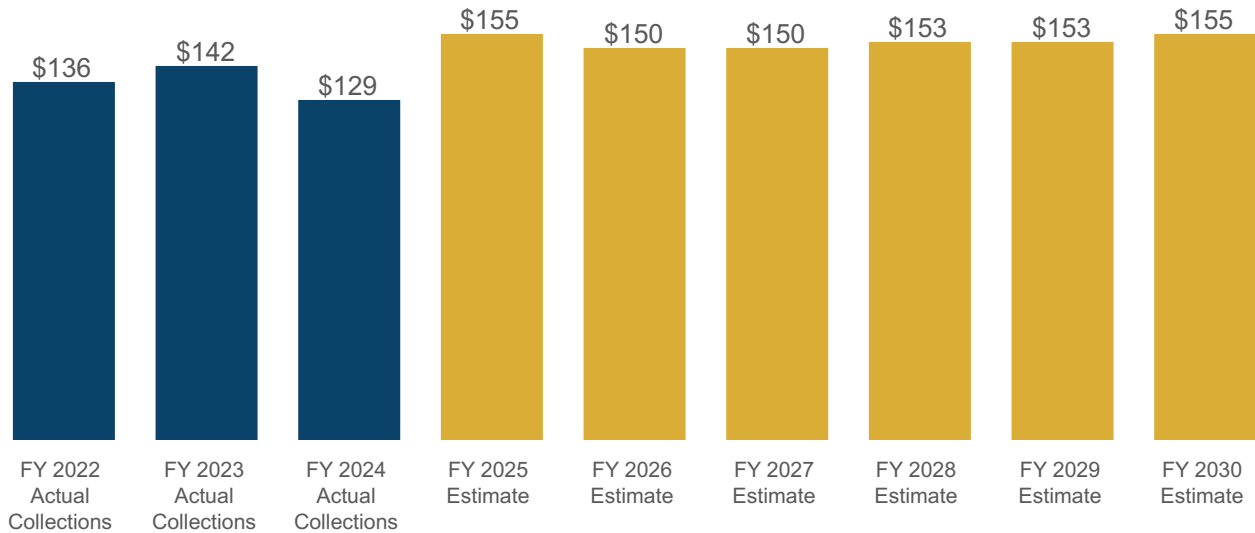
Motor Vehicle Registration Fees

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 roughly 8% of the total State Road Fund.

Motor Vehicle Registration Fees
(Expressed in Millions)



West Virginia Lottery

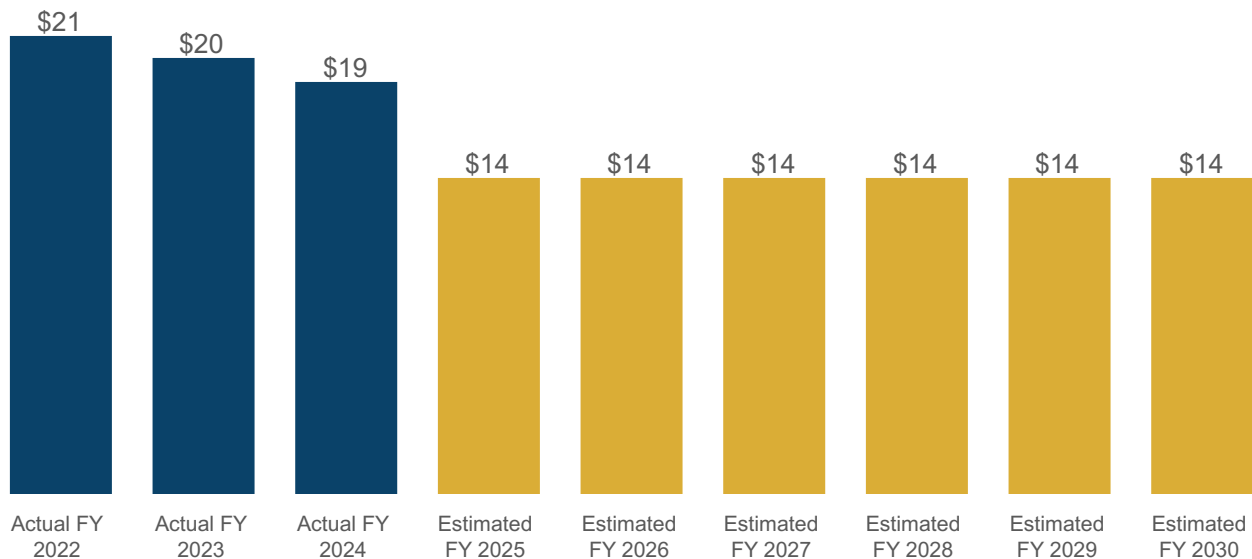
West Virginia Lottery gross revenue increased by 4.3% in FY 2023 and decreased by 2.2% in FY 2024. West Virginia Lottery revenues continue to show strong performance as the State and the surrounding areas are experiencing some of the highest inflation rates in history. Gross revenues include ticket sales 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 5.6% in FY 2023 and decreased by 1.2% in FY 2024. Racetrack Video Lottery increased for FY 2023 by 5.0% and decreased by 4.3% during FY 2024. Limited Video Lottery decreased by 1.1% in FY 2024 and increased by 1.0% in FY 2023.

For FY 2025, the official estimate reflects a decrease in gross revenue of 8.8% from FY 2024. Racetrack Video Lottery is projected to decrease 5.2%. Limited Video Lottery is projected to decrease by 5.8%. Table Games revenue is projected to decrease 23.7%. Historic Resort Hotel revenue is projected to decrease 15.9%. Sports Wagering is projected to decrease by 32.1%. Interactive Gaming is projected to decrease by 44.1%. These decreases are consistent with the Lottery's practice of conservative forecasting. Online sales are projected to decrease 25% and instant ticket sales are projected to decrease 8.9%.

In FY 2026, the gross revenue estimate is expected to increase by 1.4%. Racetrack Video Lottery is projected to decrease by 2.2%. Limited Video Lottery is projected to increase by 1.1%. Table games revenue is projected to remain level. Historic Resort Hotel revenue is projected to remain level. Sports Wagering is projected to remain level. Interactive Gaming is projected to increase by 54.3%. Online sales are projected to increase by 11.4% and instant ticket sales are projected to increase by 3.3%.

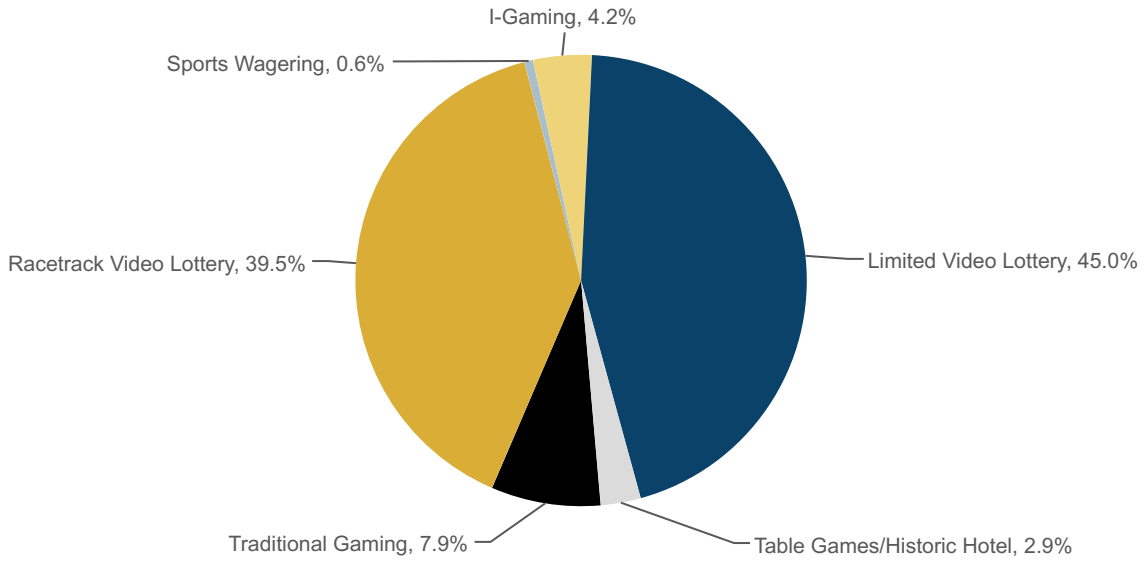
Net revenue, as indicated on the following pages, does not include the portion of lottery profits earmarked by statute for other purposes and not available for appropriation.

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



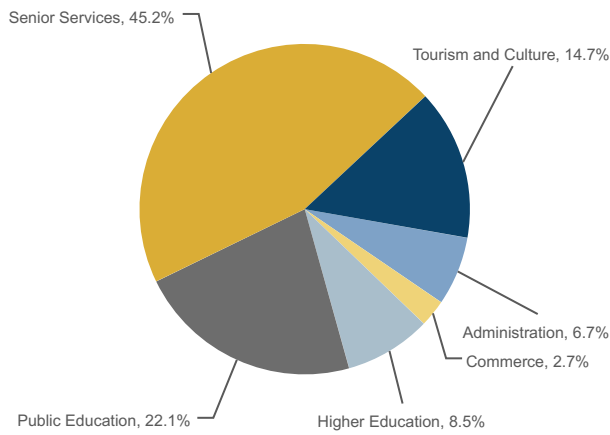
West Virginia Lottery

Sources of Revenue
Fiscal Year 2026
\$496 Million
(Estimate)

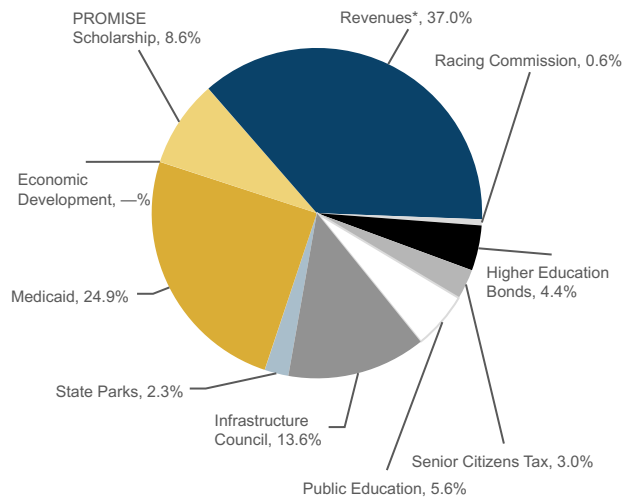


Recommended Expenditures
Fiscal Year 2026
\$495.9 Millions

Lottery Fund
\$157.4 Millions



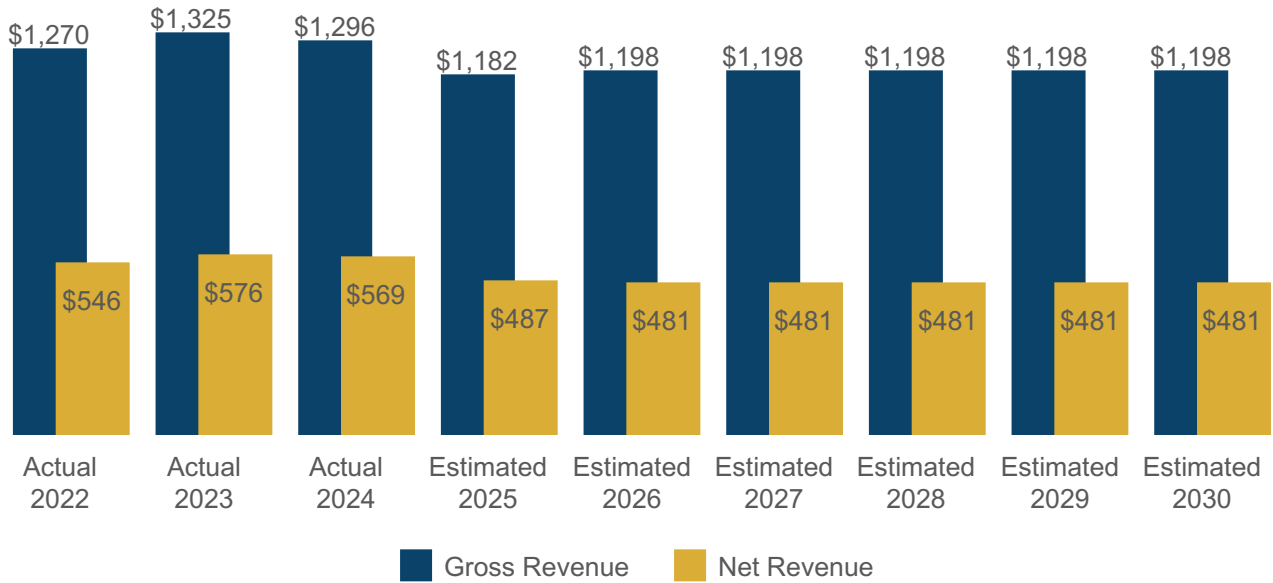
Excess Lottery Fund
\$338.6 Millions



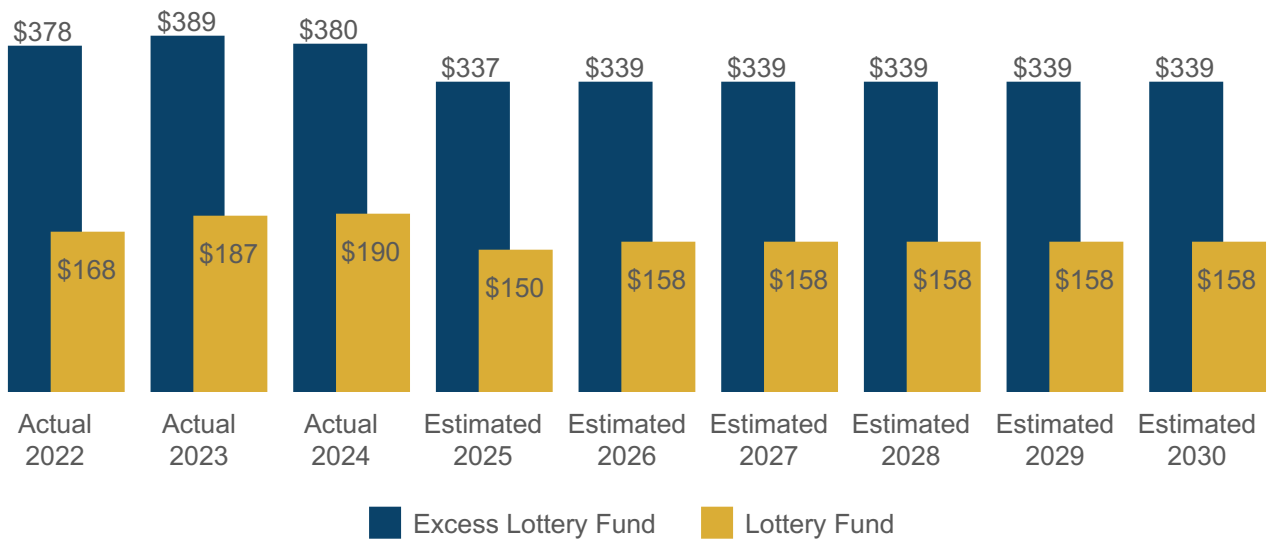
*Includes \$65,000,000 transfer to the General Revenue Fund

West Virginia Lottery

Gross and Net Revenue
(Expressed in Millions)

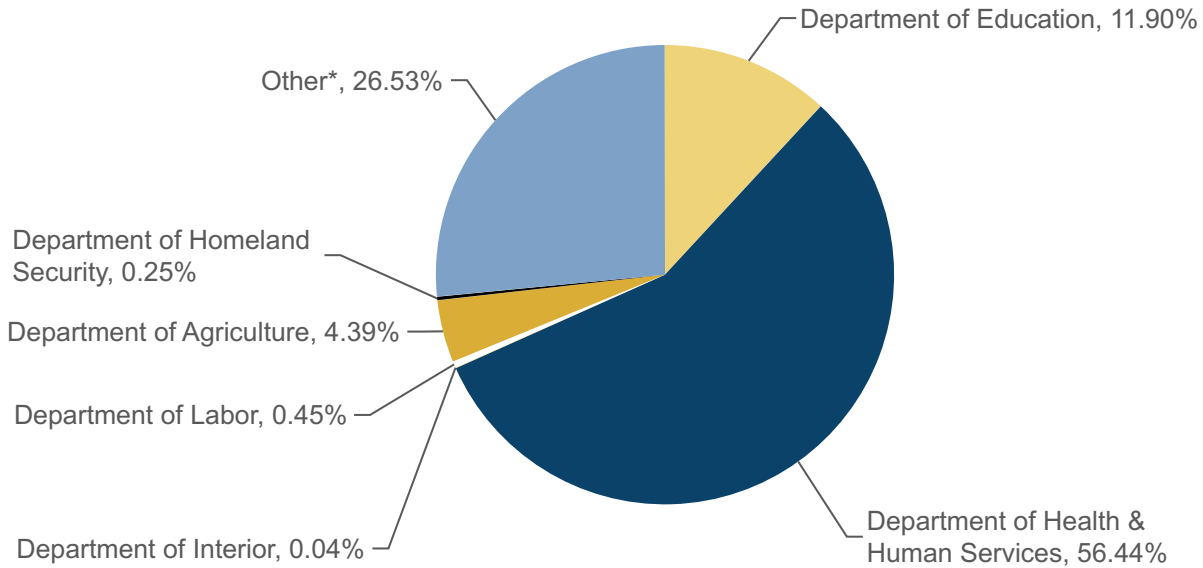


Net Revenue Distribution
(Expressed in Millions)

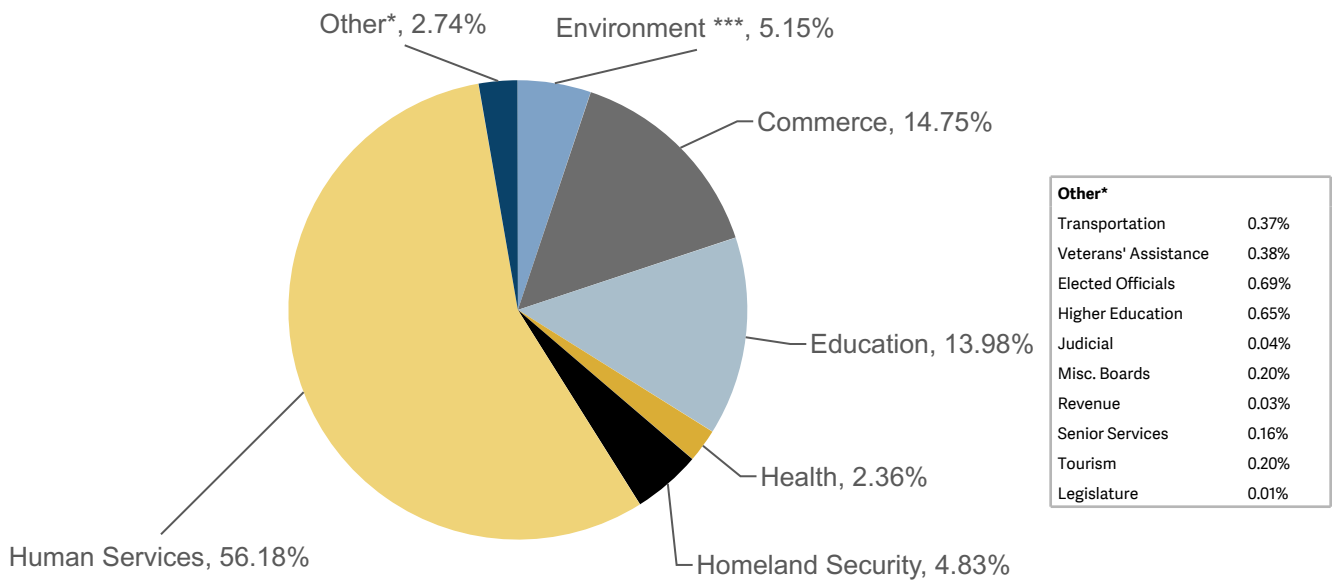


Federal Funds

Sources of Revenue
Fiscal Year 2026
\$9.48 Billions*
(Estimate)



Recommended Expenditures**
Fiscal Year 2026
\$9.29 Billions
(Estimate)



* Sources of Revenue does not include investment earnings, transfers, and other income or payments reported as part of federal funds.

** Expenditures include FY 2026 estimated revenues (above) and beginning balances.

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

Special Revenue Funds

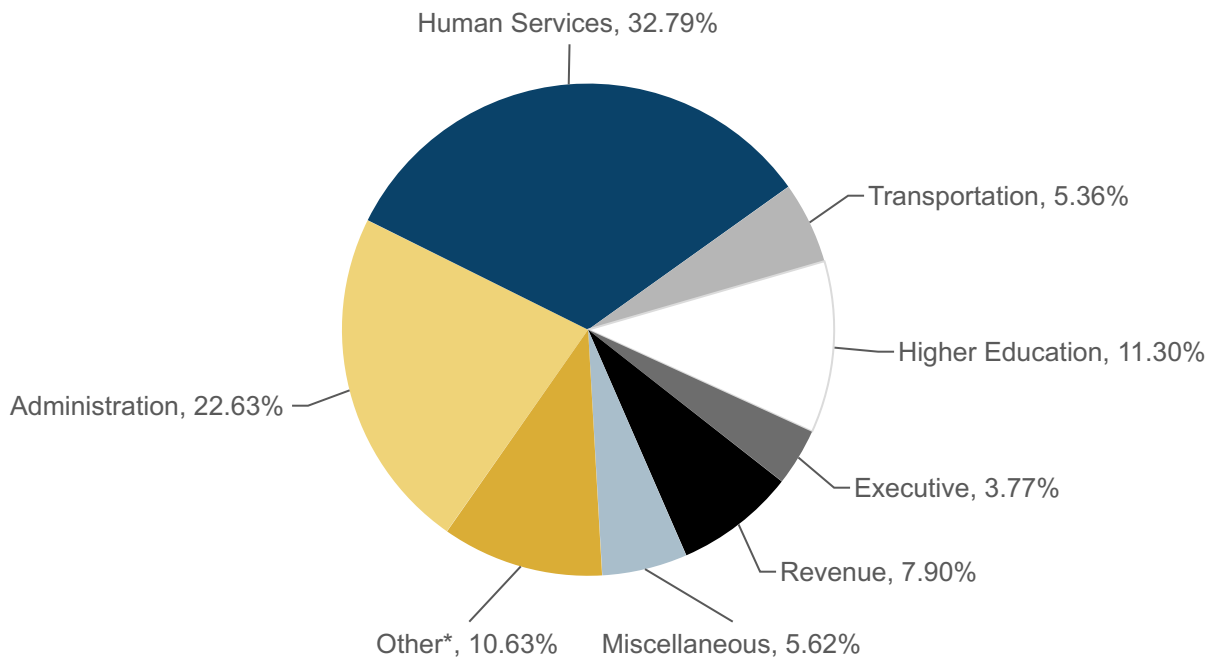
Includes:

- 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 2026
\$21.27 Billions



Other*	
Commerce	3.27%
Health	0.44%
Tourism	0.13%
Veterans	0.02%
Environment	1.83%
Health Facilities	0.41%
Homeland Security	1.96%
Judicial	0.03%
Legislature	0.01%
Senior Services	0.06%
Education	2.47%

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

Medicaid State Share Fund

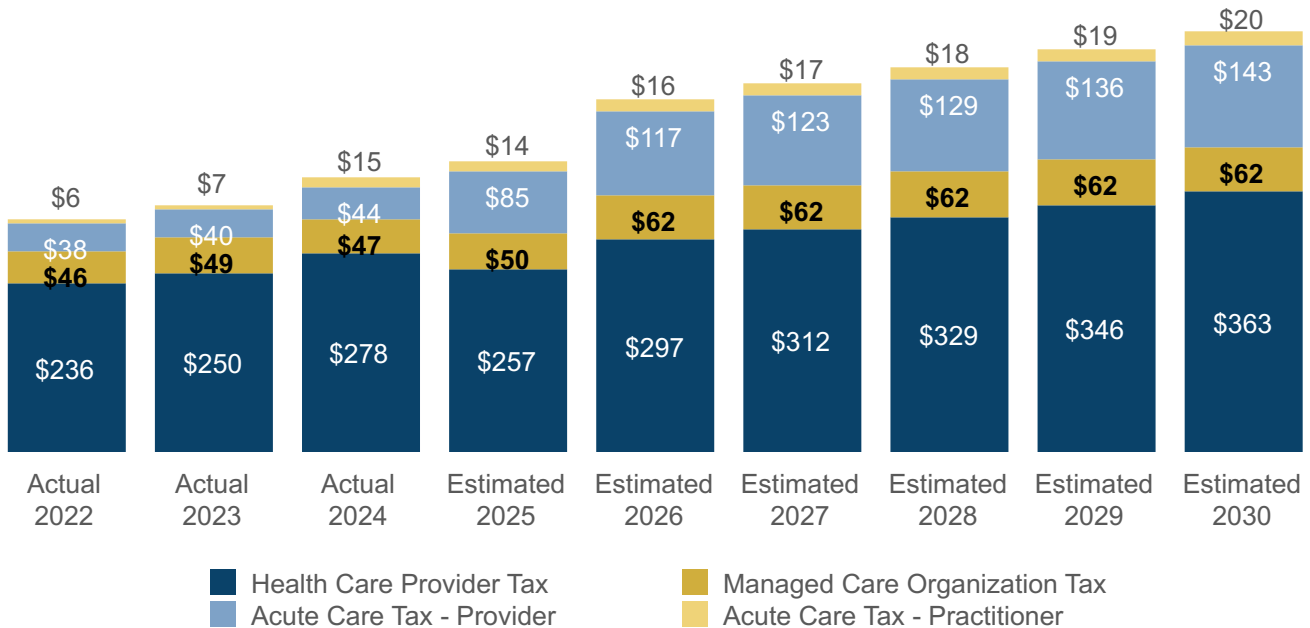
The Medicaid State Share Fund consists of provider taxes, paid by the various health care providers, to be utilized as matching funds for the Federal-State Medicaid Program. The provider taxes were initially enacted in 1993 as a funding mechanism to help supplement the State General Revenue Fund appropriation 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 2025 through FY 2030 assume that current federal regulations will remain largely unchanged for the forecast period. The Federal Medical Assistance Percentage (FMAP) of 74.10% in Federal FY (FFY) 2024 decreased to 73.84% in FFY 2025 and is scheduled to increase to 74.22% in FFY 2026. 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 expired after the declared COVID-19 Public Health Emergency ended. In FY 2024, Health Care Provider Taxes generated \$276.8 million, or roughly 25.0% of the state matching funds for the Medicaid Program. As of November 2024, year-to-date collections were 13.6% above last year. From FY 2025 through FY 2030, Health Care Provider Taxes are expected to increase by an average annual rate of 5.4%.

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.
- 3.86% tax on gross receipts of eligible acute care hospitals (effective 1/1/2025).
- 0.13% tax on gross receipts of eligible acute care hospitals (effective 1/1/2025).

Medicaid State Share Fund
(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 and Securities 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 and Securities 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, 2024, 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 October 7, 2024, Moody’s Investors Service released its “States – US” 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 State Treasurer’s Office at [Debt Management \(wvsto.com\)](http://wvsto.com).

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	
Kansas	2.0%	Kansas	\$1,354
Pennsylvania	2.2%	Kentucky	\$1,442
Kentucky	2.6%	Pennsylvania	\$1,523
New Mexico	3.1%	New Mexico	\$1,690
California	3.1%	Mississippi	\$1,896
Louisiana	3.3%	Louisiana	\$1,937
Mississippi	3.8%	California	\$2,515
Rhode Island	4.6%	West Virginia	\$2,543
West Virginia	4.8%	Rhode Island	\$3,093
Hawaii	10.4%	Hawaii	\$6,869

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, "States - US"

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

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, 2024, \$1,515,657,000 (net of advance refunded bonds) is outstanding in general obligation bonds.

General Obligation Bonds Outstanding June 30, 2024 (in thousands)

Amendment	Principal Outstanding	Payable From
Infrastructure Improvement Amendment of 1994	(net) \$42,812	Severance Tax
Safe Roads Amendment of 1996	(net) \$22,090	Road Fund
Roads to Prosperity Amendment of 2017	(net) \$1,450,755	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 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, 2024 for the Infrastructure Improvement Amendment bonds is \$42,812,275. The final maturity is in fiscal year 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. As of June 30, 2024, \$22,090,000 was 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, 2024, \$1,450,755,000 was 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.

General Obligation Debt Outstanding at June 30, 2024 (Expressed in Thousands)

	Final Maturity Date	Interest Rate(s)%	06/30/24 Balance*
Road Bonds (Payable from State Road Fund)			
Issued under:			
1996 Amendment	2025	4.00 - 5.00	22,090
2017 Amendment	2046	2.00 - 5.00	1,450,755
Infrastructure Bonds (Payable from dedicated Severance Tax revenues)			
Issued Under:			
1994 Amendment (net)	2027	2.00 - 7.625	42,812
TOTAL			\$1,515,657

Summary of Debt Service Requirements

Future amounts required to pay principal and interest on general obligation debt at June 30, 2024, were as follows (expressed in thousands):

Year Ending June 30	Principal	Interest	Amount to be accrued	Total
2025	87,381	73,449	169	160,999
2026	67,489	69,672	646	137,807
2027	69,885	66,796	—	136,681
2028	51,605	63,999	—	115,604
2029	54,225	61,386	—	115,611
2030-2034	314,980	263,042	—	578,022
2035-2039	403,040	174,972	—	578,012
2040-2044	458,470	64,116	—	522,586
2045-2046	28,040	1,770	—	29,810
TOTAL	\$1,535,115	\$839,202	\$815	\$2,375,132

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 \$1.4 billion in revenue bonds were outstanding on June 30, 2024. 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 (accreted 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. As of June 30, 2024, the principal outstanding on the bonds totaled approximately \$708 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, 2024, the principal outstanding on the notes totaled approximately \$184 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 regarding the following: 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. As of June 30, 2024, the Council’s outstanding bonds totaled approximately \$126 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. As of June 30, 2024, \$108.7 million in bond obligations were outstanding.

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

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

Debt Summary

As of June 30, 2024, approximately \$115.7 million in bond obligations were outstanding (net of debt service sinking funds). The bonds have a level debt service of approximately \$9.9 million until maturity on June 15, 2040.

School Building Authority

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 the SBA is approximately \$78 million at June 30, 2024.

The SBA 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 \$57 million as of June 30, 2024 (net of debt service sinking fund).

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 SBA 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 \$37 million as of June 30, 2024 (net of debt service sinking funds).

Revenue Bonds Outstanding at June 30, 2024 (Expressed in Thousands)

	Issue Date	Final Maturity Date	Interest Rate(s)%	Balance
School Building Authority (Lottery)	2012, 2013, 2014, 2016 & 2018	2033	2.58 - 2.85	77,791
School Building Authority (Excess Lottery)	2010 & 2015	2030	2.48 - 4.39	74,632
School Building Authority QSCBs (Excess Lottery)	2009 & 2010	2027	0	150,480
Tobacco Settlement Finance Authority*	2020	2049	3.94	707,764
Highways, Commissioner of	2017 & 2018	2033	2.15 - 3.03	183,930
WV Infrastructure and Jobs Development Council	2012, 2014 & 2016	2045	2.00 - 5.00	125,890
Education, Arts, Sciences, and Tourism Fund (Lottery)	2017	2040	3.45	251,680
Economic Development Authority (Excess Lottery)	2004, 2017 & 2018	2040	2.03 - 5.63	108,705
Subtotal				<u>1,680,872</u>
Less: School Building Authority				(113,012)
Less: School Building Authority Debt Service Sinking Fund - (Excess Lottery)				(17,350)
Less: Education, Arts, Sciences, and Tourism Fund Debt Service Reserve Fund (Lottery)				(135,940)
Less: Economic Development Authority Debt Service Reserve Fund (Excess Lottery)				(28,623)
Net revenue bonds outstanding				<u><u>\$ 1,385,947</u></u>

Summary of Debt Service Requirements

Future amounts required to pay principal and interest on revenue bonds at June 30, 2024, were as follows (expressed in thousands):

Year Ending June 30	Principal	Interest	Amount to be accreted	Total
2025	103,542	51,051	14,560	169,153
2026	108,638	46,887	15,836	171,361
2027	103,974	42,839	17,202	164,015
2028	87,083	39,005	18,704	144,792
2029	77,720	35,235	20,321	133,276
2030-2034	277,577	135,346	131,339	544,262
2035-2039	193,665	89,572	199,133	482,370
2040-2044	123,840	54,364	301,944	480,148
2045-2049	345,494	32,801	251,582	629,877
2050-2054	—	—	—	—
2055-2059	—	—	—	—
	<u>\$1,421,533</u>	<u>\$527,100</u>	<u>\$970,621</u>	<u>\$2,919,254</u>

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

Leases and Notes Payable

The State of West Virginia depends on lease and notes payable obligations to finance projects such as capital improvements, large purchases of computer equipment, and vehicles. Approximately \$146 million in lease obligations and notes payable are outstanding as of June 30, 2024.

ECONOMIC FORECAST



WEST VIRGINIA ECONOMIC FORECAST

The Economic Forecast is excerpted from the
West Virginia Economic Outlook 2025 published by:

Bureau of Business & Economic Research
John Chambers College of Business and Economics
West Virginia University
P.O. Box 6527, Morgantown, WV 26506-6527
(304) 293-7831 | bebureau@mail.wvu.edu

The full document is available online
<http://www.be.wvu.edu/bber/index.htm>

The State Budget Office expresses a special appreciation to the
West Virginia University College of Business and Economics for their
generous assistance and permission in using the following material.

Copyright © 2024 by WVU Research Corporation

2025 West Virginia Economic Forecast

EXECUTIVE SUMMARY

The West Virginia economy is currently growing and the probability of a national or state recession is low. However, our West Virginia forecast calls for weak employment growth over the coming five years. While the State has enjoyed some important economic development announcements and initiatives in recent years and has strong potential in some areas, the State faces major demographic challenges, and many counties or regions of the State continue to struggle to create positive momentum. 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:

- By the end of the third quarter of 2023, the State completed its employment recovery after losing over 80,000 jobs in early 2020. The State has continued to add jobs, and now has about 7,000, or 0.9%, more jobs than its January 2020 level.
- The State's unemployment rate surged to nearly 16% in the Spring of 2020 but has declined significantly since then. The jobless rate reached an all-time low of roughly 3.5% during 2022 and has remained very low. Currently the unemployment rate is in the low 4% range.
- Only 55% of West Virginia's adult population is either working or looking for work. Though an improvement from recent years, this is the second lowest rate of labor force participation among all 50 states and represents a key hurdle to economic prosperity.
- Per capita personal income (PCPI) in West Virginia ranks 49th highest among the 50 states, surpassing only Mississippi. PCPI in West Virginia stands at 77% of the national average. Movement in PCPI has largely been on par with the nation since around 2016, implying that the State has neither gained nor lost ground compared to the nation.
- West Virginia's real GDP growth lagged the nation every year from 2012 through 2022. However, GDP growth in the State nearly doubled growth at the national level in 2023, and the forecast calls for growth for 2024 to be roughly on par with the nation.
- The energy sector remains an important driver of economic growth in the Mountain State. The value of output in the State's energy sector has grown by a cumulative 43% since 2017, far surpassing growth in all other parts of the State's economy.
- Output growth in four of the healthiest sectors in West Virginia – energy, healthcare, information, and professional services – comes in at a cumulative 24% since 2017. Conversely, growth in the rest of West Virginia's economy is (1%) since 2017. Overall, this implies that West Virginia desperately needs a healthier level of industrial diversification, or health in a wider swath of industrial sectors.

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

- Employment in West Virginia is expected to remain essentially flat through 2029. This lags the nation, which is expected to add jobs at an average annual rate of 0.5% over the forecast period. Major drivers of this slow growth are the lingering effects of high interest rates, fundamental demographic challenges, and severe weakness in many of the State's counties.
- Several recent economic development announcements that are not incorporated into this forecast do offer hope for added strength in a few regions of the State. Strongest examples of recent positive developments are the addition of an estimated 800 jobs associated with Nucor in Mason County, and the addition of 750 jobs associated with FORM Energy in the State's Northern Panhandle.
- The State's unemployment rate is expected to increase slightly over the next couple of years, reaching 5% or so by 2026 or 2027. This increase will largely be driven by entry into the labor force.
- Real per capita personal income is expected to grow 2% annually through 2029. Transfer payments are expected to register faster growth over the next five years, compared to wage and salary income. However, the degree to which the State is increasing its reliance on transfer payments is slowing significantly compared to recent years.

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 80,000 residents – or nearly 5% – since 2012. Population losses are expected to be smaller in magnitude going forward.
- West Virginia’s age distribution ensures that the natural population decline will continue 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 outcomes in the State to make West Virginia’s workforce more attractive to potential businesses.

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

- The State’s top 15 employment growth counties added 18,841 jobs between mid-2014 and mid-2024, while the remaining 40 counties lost 26,380 jobs collectively. Important successes in certain areas of the State are often obscured in aggregate data by losses or stagnation across a large swath of the State.
- Twenty-five counties are expected to add jobs in the coming five years, which represents a noticeable improvement in terms of the number of growth counties. Expectations for the other counties range from stagnation to significant employment losses. 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 during the outlook period. Population gains will occur in North-Central West Virginia, the Potomac Highlands, and the Eastern Panhandle.
- Policymakers should be keenly aware of significant economic differences across West Virginia counties 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.

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

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

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

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

C

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

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

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

Civil Contingent Fund - The Civil Contingent Fund is appropriated by the Legislature to the Governor to be available for payment of expenses incurred when executing a law for which there is no specific 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 2026, the “current level” is defined as 100% of the FY 2025 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.

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.

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.

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
ACCESS	Advancing Chronic Care, Extenders, and Social Services
ACCT	Association for Challenge Course Technology
ACE	Advanced Career Education
AE	Adult Education
ACEP	Agricultural Conservation Easement Program
ACFR	Annual Comprehensive Financial Report
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	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
CAHPS	Consumer Assessment of Healthcare Providers and Systems
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
CDC	Centers for Disease Control and Prevention
CDL	Commercial Driver's License
CEFP	County Educational Facility Plans
CFWW	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
CR	Continuing Resolution
CRTS	Coal Resource Transportation System
CSBG	Community Services Block Grant
CSEDW	Children with Serious Emotional Disorder Waiver
CSFP	Commodity Supplemental Food Program
CSTIMS	Commercial Skills Test Information Management System
CCTCE	Council for Community and Technical College Education
CTPs	Cooperating Technical Partners
CVISN	Commercial Vehicle Information System 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

Appendix B/Glossary of Acronyms

DJS	Division of Juvenile Services	FMAP	Federal Medical Assistance Percentage
DMV	Division of Motor Vehicles	FMCSAP	Federal Motor Carrier Safety Administration Program
DNA	Deoxyribonucleic Acid		
DNR	Division of Natural Resources	FMLA	Family Medical Leave Act
DOH	Division of Highways	FNS	Food Nutrition Service
DOP	Division of Personnel	FOIA	Freedom of Information Act
DOR	Department of Revenue	FPL	Federal Poverty Level
DOT	Department of Transportation	FPY	Federal program year
DSRS	Deputy Sheriff's Retirement System	FRIS	Foundation for Rape Information and Services
DUI	Driving Under The Influence	FRPP	Federal Farm and Ranchland Protection Program
DWLR	Drinking Water Lab Reporting System	FTE	Full-Time Equivalent
DWTRF	Drinking Water Treatment Revolving Fund	FTP	File Transfer Protocol
		FTZ	Foreign Trade Zone
		FVHA	Federal Highway Administration

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
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
FFCRA	Families First Coronavirus Response Act
FFP	Federal Financial Participation
FFY	Federal Fiscal Year
FFS	Fee For Services

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

G

H

HAVA	Help America Vote Act
HB	House Bill
HBCU	Historically Black Colleges and Universities
HEALTHY KIDS	Helping Ensure Access for Little Ones, Toddlers, and Hopeful Youth by Keeping Insurance Delivery Stable
HEAPS	Higher Education Adult Part-time Student
HEDIS	Healthcare Effectiveness Data and Information Set
HEPC	Higher Education Policy Commission
HHOMA	Herbert Henderson Office of Minority Affairs
HIPAA	Health Insurance Portability and Accountability Act
HIT	Health Information Technology
HIV	Human Immunodeficiency Virus
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
IJA	Infrastructure Investment and Jobs Act
IMB	Investment Management Board
IMD	Institution for Mental Disease
IFLOWS	Integrated Flood Observing and Warning System

Appendix B/Glossary of Acronyms

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
 MHP Mountain Health Promise
 MHT Mountain Health Trust
 MIARRS Mine and Industrial Accident Rapid Response System
 MIP Major Improvements Program
 MITA Medicaid Information Technology Architecture
 MMI Medicaid Management Information system
 MOE Maintenance of Effort
 MOU Memorandum of Understanding
 MPFRS Municipal Police Officers and Firefighters Retirement System

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
 NCQA National Committee for Quality Assurance
 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
 NRPORS Natural Resources Police Officers Retirement System
 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
 OGC Office of Oil and Gas Commission
 OPEB Other Postemployment Benefits
 ORSP Office of Research and Strategic Planning
 OSHA Occupational Safety and Health Administration
 OT Office of Technology

P

PAAS Physician Assured Access System
 PASS Partnerships to Assure Student Success
 PBS Public Broadcasting Service
 P-Card State Purchasing Card
 PCIDSS Payment Card Industry Data Security Standards
 PDC Public Defender Corporations
 PDS West Virginia Public Defender Services
 PE Principles and Practice Exam / Professional Engineers
 PEIA Public Employees Insurance Agency
 PERD Performance Evaluation and Research Division
 PERS Public Employees Retirement System
 PHE Public Health Emergency
 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

Appendix B/Glossary of Acronyms

PIRLS	Progress in International Reading Literary Study	SIRN	Statewide Interoperable Network
PISA	Programme for International Student Assessment	SLIGP	State and Local Implementation Grant Program
PLC	Professional Learning Communities	SMCRA	Surface Mining Control and Reclamation Act
PM2.5	Particulate Matter Less Than 2.5 Microns In Diameter	SME	Society of Manufacturing Engineers
PPB	Preferred Provider Benefit Trust	SMI	Serious Mental Illness
PPS	Prospective Payment System	SNAP	Supplemental Nutrition Assistance Program
PRAMS	Pregnancy Risk Assessment Monitoring System	SPOKES	Strategic Planning in Occupational Knowledge for Employment and Success
PREA	Prison Rape Elimination Act	SREB	Southern Regional Education Board
PREP	Personal Responsibility Education Program	SRIC	Snow Removal and Ice Control
PROMISE	Providing Real Opportunities for Maximizing In-State Student Excellence	S-STEM	Scholarships in STEM
PSC	Public Service Commission / Potomac State College	STAG	State and Tribal Assistance Grant
		STARBASE	Science and Technology Academics Reinforcing Basic Aviation and Space Exploration

Q

QAT	Quality Assurance Team
Q	Quarter
QSCBs	Qualified School Construction Bonds

R

RBAs	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
SFY	State Fiscal Year
SHIP	State Health Insurance Assistance Program
SHPO	State Historic Preservation Office

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
TAACCT	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
VoIP	Voice over Internet Protocol

Appendix B/Glossary of Acronyms

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
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
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
WVIJDC	West Virginia Infrastructure and Jobs Development Council
WVINBRE	West Virginia Idea Network of Biomedical Research Excellence
WV-MAP	West Virginia's Measure of Academic Progress
WVNET	West Virginia Network for Educational Telecomputing
wvOASIS	West Virginia—Our Advanced Solution with Integrated Systems
WVOE	West Virginia Office of Energy
WVPPA	West Virginia Public Port Authority
WVROCKS	West Virginia's Remote Online Collaborative Knowledge System
WVSAO	West Virginia State Auditor's Office
WVSDT	WV Schools of Diversion and Transition
WVSIIS	West Virginia Statewide Immunization Information System
WVSP	West Virginia State Police
WVSU	West Virginia State University
WVTTI	West Virginia Technology Transformation Initiative
WVU	West Virginia University
WVUIT	West Virginia University Institute of Technology

