



STATE OF WEST VIRGINIA
EXECUTIVE BUDGET

BUDGET REPORT

FISCAL YEAR 2027
PATRICK MORRISEY, Governor



Patrick Morrissey
Office of the Governor

January 14, 2026

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, 2027. 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 2027.

Sincerely,

A handwritten signature in blue ink that reads "Patrick Morrissey". The signature is stylized, with the first letters of the first and last names being capitalized and prominent.

Patrick Morrissey
Governor

FY 2027 Executive Budget Report

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GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

State of West Virginia

For the Fiscal Year Beginning

July 01, 2025

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, 2025.

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

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Human Resources Generalist

This project is dedicated to the memory of our late colleague, Tammy Scruggs. We remember her dedication and significant contributions to the State Budget Office for more than 27 years. She will be missed.

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Reader's Guide to the Executive Budget

The Executive Budget

The Governor is mandated by the West Virginia Constitution to submit the upcoming fiscal year's budget to the Legislature and the citizens of the State ([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.

"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.

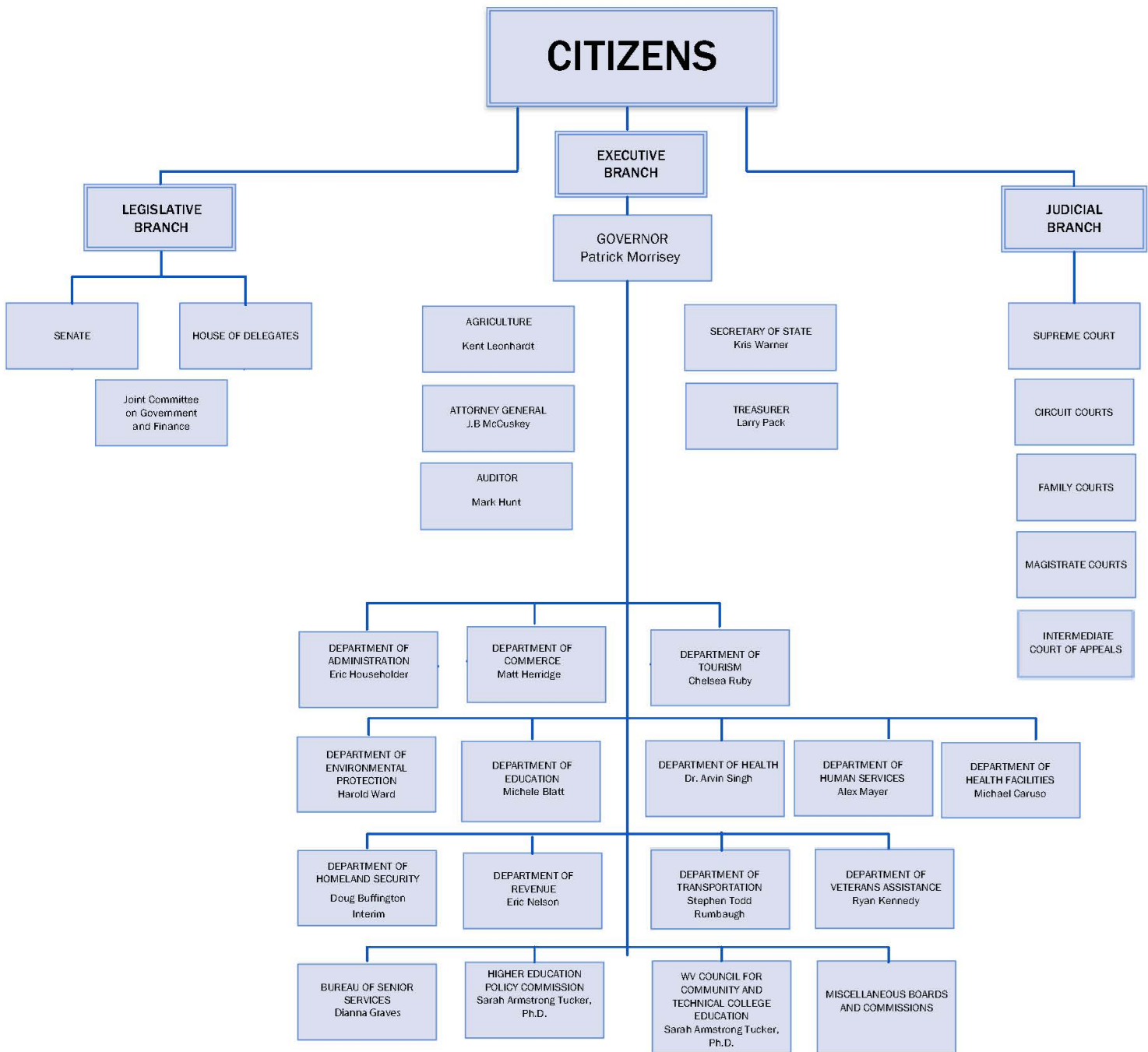
Operating Detail also contains:

"Capital Projects"—projects currently budgeted in FY 2026, recommended for FY 2027, and projected for FY 2028 through FY 2031.

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

Account Detail provides the detailed budgetary information for FY 2025 Actual expenditures, FY 2026 Budgeted expenditures, FY 2027 Current-Level Request, and the Governor's FY 2027 Recommendation for all funds.

State of West Virginia Organizational Chart



SIX-YEAR FINANCIAL PLAN



Six Year Financial Plan

More than 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 2031. 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 2027 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 2028), 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.

The “Six Year Financial Plan” shows the position of the General and Lottery Funds as of January 14, 2026, the first day of the 2026 Regular Session of the West Virginia Legislature. The budget for FY 2027 has been balanced and each of the out-year gaps are much lower than at this time last year.

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, 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 2026 General Revenue collections are projected to be above the official estimate. The Lottery Funds’ revenue collections for FY 2026 are again on pace to exceed their official revenue estimates.

West Virginia remains in a strong position to address the anticipated budget challenges that lie ahead — challenges that include continued estimated increases to base funding requirements 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 2027 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 2027 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 continued 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.

Six-Year Financial Plan through FY 2031

General and Lottery Revenues

(in thousands)

	Actual FY 2024	Budgeted FY 2025	Appropriated FY 2026	Recommended FY 2027	Projected FY 2028	Projected FY 2029	Projected FY 2030	Projected FY 2031
ESTIMATED REVENUES								
General Revenue - (FY24 & FY25 actual, out-years official estimate)	\$ 5,710,575	\$ 5,519,363	\$ 5,323,157	\$ 5,493,367	\$ 5,646,805	\$ 5,788,485	\$ 5,933,825	\$ 6,076,375
Gen Rev - Surplus Appropriations (includes transfers to Rainy Day)	2,220,715	622,290	382,178	270,000	—	—	—	—
Gen Rev - Net Surplus transferred to fund future FY Surplus Appropriations	(619,329)	(324,071)	—	—	—	—	—	—
Lottery	189,305	194,822	157,392	166,006	166,006	166,006	166,006	166,006
Lottery - Surplus Appropriations	16,750	50,555	33,728	31,777	—	—	—	—
Lottery - Net Surplus transferred to fund future FY Surplus Appropriations	(45,236)	(28,750)	(16,978)	—	—	—	—	—
Excess Lottery	314,562	303,146	270,009	269,612	269,612	269,612	269,612	269,612
Exc Lottery - Surplus Appropriations	17,800	17,800	34,010	21,345	—	—	—	—
Exc Lottery - Net Surplus transferred to fund future FY Surplus Appropriations	(44,942)	23,677	(12,665)	—	—	—	—	—
Total Available Revenue	\$ 7,760,200	\$ 6,378,832	\$ 6,170,831	\$ 6,252,107	\$ 6,082,423	\$ 6,224,103	\$ 6,369,443	\$ 6,511,993
ESTIMATED EXPENDITURES								
Previous Years' Base Budget			\$ 5,913,154	\$ 6,007,953	\$ 6,260,042	\$ 6,358,136	\$ 6,540,494	\$ 6,663,907
(Base Budget FY25) plus (Base Budget Growth for out-years):								
Legislature	26,806	31,025	1,452	(777)	—	—	—	—
Supreme Court	154,434	166,316	1,910	6,303	—	—	—	—
Public Defender	38,103	61,846	1,163	613	—	—	—	—
PERS Employer Contribution	31,068	31,068	—	(4,305)	—	—	—	—
PEIA Expenses - Employer Share	378,832	405,359	46,687	35,056	33,943	42,195	52,086	27,304
Teachers' Retirement Savings Realized	37,543	38,166	1,665	697	1,000	1,000	1,000	1,000
Teachers' Retirement System	356,519	355,454	(43,538)	(4,050)	—	—	—	—
State Aid to Schools (excludes PEIA & TRS in above line)	1,314,610	1,391,804	17,629	3,227	—	—	—	—
Hope Scholarship	23,971	45,544	60,324	124,276	—	—	—	—
Public Education - All Other	236,749	267,046	3,933	(10,977)	2,500	2,500	2,500	2,500
Medicaid	685,556	685,556	11,589	9,000	—	—	11,225	49,516
Health Facilities	164,940	218,286	849	19,470	12,184	12,794	13,433	14,105
DHHR- All Other	604,321	749,709	38,925	32,385	7,831	3,000	2,488	3,000
Correctional Facilities	361,424	416,436	5,920	22,924	2,642	2,662	2,681	2,000
State Police	101,032	103,948	(1,938)	(98)	—	—	—	—
Public Safety Retirement Plan A / State Police Plan B	25,503	22,952	(8,633)	(999)	—	—	—	—
Higher Education	514,585	547,262	(10,721)	11,813	12,994	11,707	13,000	14,000
All Other Items (net)	390,961	375,377	(32,417)	7,531	20,000	20,000	20,000	20,000
Salary Enhancements					—	81,500	—	84,000
Unanticipated Expenditures					5,000	5,000	5,000	5,000
Total Ongoing Base Budget	\$ 5,446,957	\$ 5,913,154	\$ 6,007,953	\$ 6,260,042	\$ 6,358,136	\$ 6,540,494	\$ 6,663,907	\$ 6,886,332
Onetime Expenditures	2,259,683	734,752	140,838	111,500	19,175	29,148	5,650	37,387
Recommended - One time Supplementals (regular & surplus) - Pending			296,035					
Use of Other funding sources to cover Current Year Appropriations	(148,722)	(232,995)	(273,995)	(119,435)	(90,716)	(44,672)	(16,010)	—
Expirations	(29,303)	(36,079)						
Surplus Transferred to Rainy Day Fund	231,585	—	—	—	—	—	—	—
Estimated Balance (Gaps)	\$ —	\$ —	\$ —	\$ —	\$ (204,172)	\$ (300,867)	\$ (284,104)	\$ (411,726)

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

Other potential issues that could affect out-years include stock market effect on the state's investments, PEIA expenses, federal changes, pay raise amounts, road funding, etc.

SUMMARY FINANCIAL STATEMENTS



Financial Statements

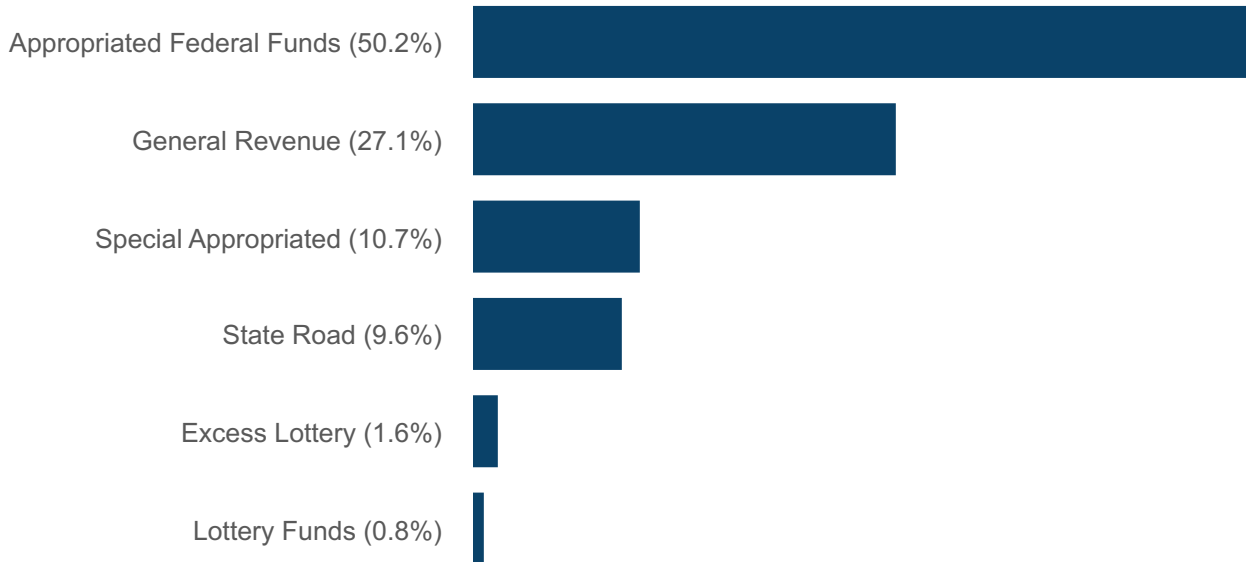
The following pages contain financial information and statements related to all funds of the State. Included are:

- Graphics of the Total FY 2027 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 2023 through FY 2031
- General Revenue Fund — Statement of Revenues, Expenditures, and Changes in Cash Balance
- General Revenue Fund — Overview by Functional Category FY 2025 through FY 2027
- Lottery Fund — Statement of Revenues, Expenditures, and Changes in Cash Balance
- Lottery Fund — Overview by Functional Category FY 2025 through FY 2027
- Excess Lottery Fund — Statement of Revenues, Expenditures, and Changes in Cash Balance
- Excess Lottery Fund — Overview by Functional Category FY 2025 through FY 2027
- State Road Fund — Statement of Revenues by Source FY 2023 through FY 2031
- State Road Fund — Statement of Revenues, Expenditures, and Changes in Cash Balance
- Cash and Investment Balances of All Funds Fiscal Year Ending June 30, 2025
- Detailed Investments Special Revenue Funds for Fiscal Year Ending June 30, 2025
- Summary of Primary Government Long Term Debt Outstanding as of June 30, 2025
- Major Reserve/Stabilization Accounts

Where the State Dollar Comes From

FY 2027 Estimate

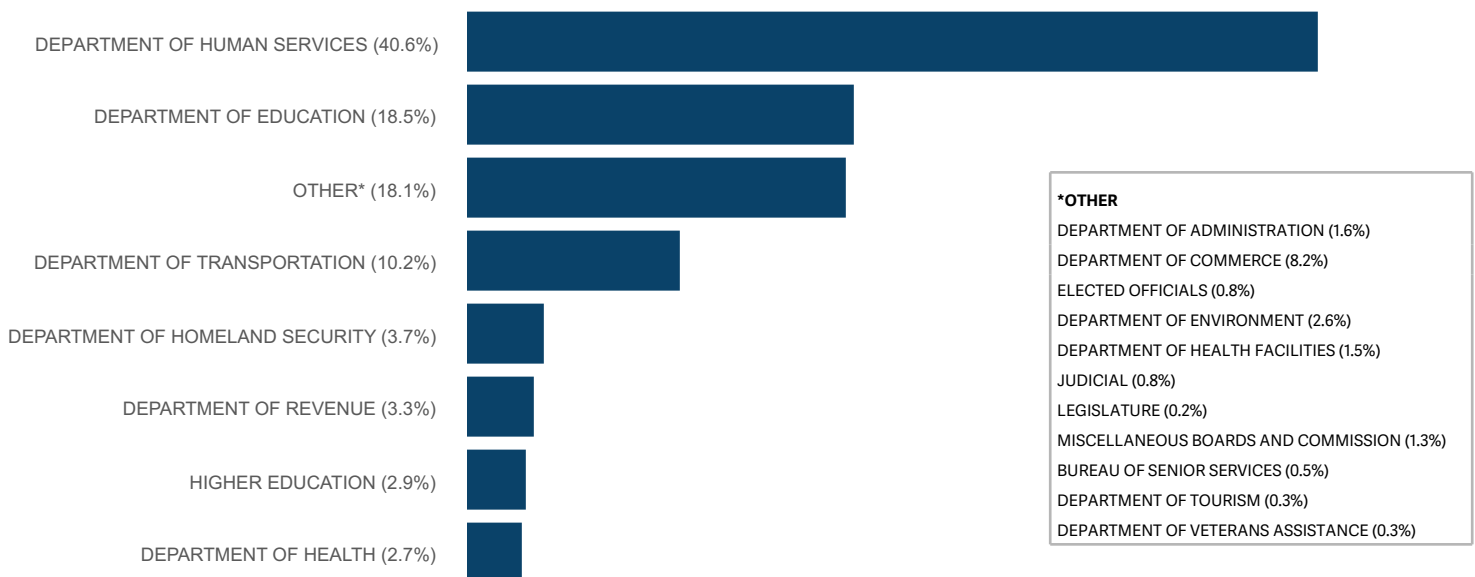
Total Revenue
\$20.3 Billion
(Appropriated Funding Sources)



Where the State Dollar Goes

Governor's Recommended FY 2027 Budget

Total Expenditures
\$21.2 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 2025, FY 2026, and FY 2027, 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 2025 Actuals are the total actual revenues and expenditures for all funds including expenditures from regular, supplemental, surplus appropriations, and reappropriated amounts.

The FY 2026 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 2026 Budgeted expenditures reflect the amounts budgeted for FY 2026 prior to the beginning of the 2026 Legislative Session and includes a separate line for reappropriations available for expenditure from previous fiscal years.

FY 2027 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 2025 amounts include reappropriated expenditures along with current year appropriations spent during the fiscal year, the Recommended FY 2027 expenditures do not reflect any anticipated reappropriations being available during FY 2027. Although the FY 2026 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 2026 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 2025	Budgeted FY 2026	Recommended FY 2027	Actuals FY 2025	Budgeted FY 2026	Recommended FY 2027	Actuals FY 2025	Budgeted FY 2026	Recommended FY 2027	Actuals FY 2025	Budgeted FY 2026	Recommended FY 2027	Actuals FY 2025	Budgeted FY 2026	Recommended FY 2027
Beginning Fund Balance	2,215,185	1,806,358	—	382,364	187,725	127,367	3,347,074	3,177,640	2,937,578	90,555	33,728	—	99,423	34,010	—
Net 13th month activity	(31,676)	(29,972)	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfer to Rainy Day Fund	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfer from Rainy Day Fund	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfer from Special Revenue/ Lottery	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Prior Year Refunds/Redeposits	621	-457	—	—	—	—	—	—	—	—	—	—	—	—	—
Cash Flow/Contingencies	—	—	—	—	—	—	—	—	—	(40,000)	—	—	(34,700)	—	—
Expirations to General Revenue	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Expirations to General Revenue Surplus	43,693	15,000	—	—	—	—	—	—	—	—	—	—	—	—	—
Revenues															
Revenue Collections/Estimate	5,519,363	5,323,157	5,493,367	1,731,076	1,976,875	1,956,875	—	—	—	195,338	157,792	166,406	368,146	335,009	334,612
Legislature	—	—	—	—	—	—	1,485	1,340	1,465	—	—	—	—	—	—
Judicial	—	—	—	—	—	—	1,286	1,950	1,950	—	—	—	—	—	—
Executive	—	—	—	—	—	—	47,329	69,922	66,782	—	—	—	—	—	—
Administration	—	—	—	—	—	—	187,095	231,806	233,007	—	—	—	—	—	—
Commerce***	—	—	—	—	—	—	40,312	304,262	310,640	—	—	—	—	—	—
Tourism****	—	—	—	—	—	—	635	1,744	1,744	—	—	—	—	—	—
Education	—	—	—	—	—	—	68,372	53,485	67,837	—	—	—	—	—	—
Environment	—	—	—	—	—	—	44,102	88,265	52,484	—	—	—	—	—	—
Health	—	—	—	—	—	—	46,702	64,886	56,065	—	—	—	—	—	—
Human Services	—	—	—	—	—	—	503,160	608,577	614,302	—	—	—	—	—	—
Health Facilities	—	—	—	—	—	—	84,068	137,358	87,628	—	—	—	—	—	—
Department of Homeland Security	—	—	—	—	—	—	26,104	41,627	48,461	—	—	—	—	—	—
Revenue	—	—	—	—	—	—	389,398	671,000	484,577	—	—	—	—	—	—
Transportation	—	—	—	—	—	—	8,418	10,740	9,414	—	—	—	—	—	—
Veterans Assistance	—	—	—	—	—	—	3,677	4,031	3,566	—	—	—	—	—	—
Senior Services	—	—	—	—	—	—	10,658	10,794	10,500	—	—	—	—	—	—
Higher Education	—	—	—	—	—	—	51,883	54,832	54,832	—	—	—	—	—	—
Misc. Boards & Commissions	—	—	—	—	—	—	88,703	78,274	68,518	—	—	—	—	—	—
Total Revenues	5,519,363	5,323,157	5,493,367	1,731,076	1,976,875	1,956,875	1,603,384	2,434,894	2,173,773	195,338	157,792	166,406	368,146	335,009	334,612

**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 2025	Budgeted FY 2026	Recommended FY 2027	Actuals FY 2025	Budgeted FY 2026	Recommended FY 2027	Actuals FY 2025	Budgeted FY 2026	Recommended FY 2027	Actuals FY 2025	Budgeted FY 2026	Recommended FY 2027	Actuals FY 2025	Budgeted FY 2026	Recommended FY 2027
Expenditures															
Legislature	32,284	32,478	31,700	—	—	—	1,066	2,637	2,637	0	0	0	0	0	0
Judicial	163,657	168,226	174,529	0	0	0	1,418	1,950	1,950	0	0	0	0	0	0
Executive	294,110	58,387	58,538	0	0	0	47,004	71,131	74,310	0	0	0	0	0	0
Administration	231,607	102,657	104,144	—	—	—	179,202	232,033	233,251	9,994	10,000	10,000	—	—	—
Commerce***	295,457	83,674	91,028	—	—	—	45,028	294,504	298,388	3,435	3,943	4,018	55	1,505	1,505
Tourism****	33,458	35,716	31,480	0	0	0	570	1,247	1,253	18,866	21,853	22,343	—	0	0
Education	2,304,379	2,272,695	2,435,399	0	0	0	105,176	157,479	157,525	56,714	41,999	50,390	17,644	19,000	19,000
Environment	9,881	7,915	8,021	0	0	0	35,911	94,521	63,637	0	0	0	0	0	0
Health	105,975	107,920	110,513	0	0	0	46,662	69,084	60,076	0	0	0	0	0	0
Human Services	1,086,431	1,046,232	1,016,917	0	0	0	778,840	840,740	953,809	0	0	0	72,739	80,805	80,408
Health Facilities	219,221	219,135	238,402	0	0	0	83,793	86,996	86,996	0	0	0	0	0	0
Department of Homeland Security	570,137	575,588	610,780	0	0	0	27,715	55,035	51,223	0	0	0	0	0	0
Revenue	31,787	68,574	35,308	0	0	0	277,909	594,986	517,069	0	0	0	138,239	137,272	137,272
Transportation	7,451	108,609	7,839	1,931,431	2,107,083	2,115,943	7,897	14,216	14,319	0	0	0	0	0	0
Veterans Assistance	19,097	17,656	17,915	0	0	0	3,093	2,095	3,897	0	0	0	0	0	0
Senior Services	6,580	6,580	6,998	0	0	0	12,170	10,794	11,798	66,292	67,026	66,611	0	0	0
Higher Education	504,222	479,969	492,723	0	0	0	51,386	59,964	60,269	10,499	12,571	12,644	44,000	44,000	44,000
Misc. Boards & Commissions	22,064	17,289	21,131	0	0	0	79,033	85,545	82,104	0	0	0	61,912	52,427	52,427
Total Expenditures	5,937,797	5,409,300	5,493,367	1,931,431	2,107,083	2,115,943	1,783,871	2,674,956	2,674,510	162,922	157,392	166,006	334,589	335,009	334,612
Reappropriations Available	—	1,438,392	—	—	—	—	—	—	—	—	—	—	—	—	—
Recommended Supplemental	—	13,857	—	—	(100)	—	—	—	—	—	—	—	—	—	—
Recommended Surplus Supplemental	—	252,536	—	—	—	—	—	—	—	16,750	33,728	—	62,823	34,010	—
Mid-Year Budget Adjustments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Adjustments*	3,031	—	—	(5,716)	(69,750)	(67,997)	11,053	—	—	32,493	400	400	1,447	—	—
Ending Fund Balance	1,806,358	—	—	187,725	127,367	36,296	3,177,640	2,937,578	2,436,840	33,728	—	—	34,010	—	—

* 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.

*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 2025	Budgeted FY 2026	Recommended FY 2027	Actuals FY 2025	Budgeted FY 2026	Recommended FY 2027	Actuals FY 2025	Budgeted FY 2026	Recommended FY 2027	Actuals FY 2025	Budgeted FY 2026	Recommended FY 2027	Actuals FY 2025	Budgeted FY 2026	Recommended FY 2027
Beginning Fund Balance	126,111	125,036	1,508,572	6,260,712	5,364,496	4,573,517	131,808	183,255	252,184	41,333,074	41,729,568	43,682,556	47,725,594	47,277,319	48,508,256
Net 13th month activity	—	—	—	(31,676)	(29,972)	—	—	—	—	—	—	—	(31,676)	(29,972)	—
Transfer to Rainy Day Fund	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfer from Rainy Day Fund	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfer from Special Revenue/Lottery	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Prior Year Refunds/ Redeposits	—	—	—	621	(457)	—	—	—	—	—	—	—	621	(457)	—
Cash Flow/Contingencies	—	—	—	(74,700)	—	—	—	—	—	—	—	—	(74,700)	—	—
Expirations to General Revenue	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Expirations to General Revenue Surplus	—	—	—	43,693	15,000	—	—	—	—	—	—	—	43,693	15,000	—
Revenues															
Revenue Collections/ Estimate				7,813,923	7,792,833	7,951,260	—	—	—	—	—	—	7,813,923	7,792,833	7,951,260
Legislature	436	650	750	1,921	1,990	2,215	—	—	—	—	10	10	1,921	2,000	2,225
Judicial	3,686	4,000	4,000	4,972	5,950	5,950	—	—	—	3,999	3,900	3,900	8,971	9,850	9,850
Executive	21,525	34,682	32,726	68,854	104,605	99,508	—	—	—	1,499,217	790,846	803,100	1,568,071	895,450	902,608
Administration	—	—	—	187,095	231,806	233,007	—	—	—	4,789,085	7,339,239	7,365,834	4,976,180	7,571,045	7,598,841
Commerce***	193,199	1,346,972	1,370,177	233,511	1,651,234	1,680,818	24,470	43,856	43,856	102,649	398,525	242,344	360,630	2,093,615	1,967,017
Tourism****	11,985	21,784	19,019	12,619	23,528	20,763	—	—	—	13,614	27,909	27,909	26,233	51,437	48,672
Education	645,171	1,298,953	1,298,953	713,542	1,352,439	1,366,791	—	—	—	71,103	333,383	363,157	784,646	1,685,822	1,729,947
Environment	234,199	646,368	292,778	278,301	734,633	345,262	54,362	68,000	19,940	189,206	265,750	288,903	521,869	1,068,383	654,106
Health	139,700	233,912	393,530	186,402	298,797	449,596	—	—	—	23,196	26,419	34,155	209,598	325,216	483,751
Human Services	4,710,562	6,436,160	6,445,552	5,213,722	7,044,737	7,059,854	—	—	—	6,577,455	7,134,625	7,191,839	11,791,176	14,179,361	14,251,693
Health Facilities	—	—	—	84,068	137,358	87,628	—	—	—	56	6	6	84,124	137,364	87,634
Department of Homeland Security	30,225	116,069	119,314	56,329	157,696	167,775	83,726	220,594	165,000	175,531	346,552	351,110	315,585	724,842	683,885
Revenue	—	3,000	3,000	389,398	674,000	487,577	—	—	—	1,093,373	1,232,886	1,080,158	1,482,771	1,906,886	1,567,735
Transportation	22,127	34,706	34,506	30,544	45,446	43,920	—	—	—	61,477	1,306,922	66,077	92,021	1,352,367	109,997
Veterans Assistance	8,554	31,680	33,717	12,231	35,711	37,283	—	—	—	1,470	1,778	1,723	13,701	37,489	39,006
Senior Services	15,414	14,686	14,686	26,072	25,479	25,186	—	—	—	2,221	2,395	2,395	28,293	27,874	27,581
Higher Education	—	—	—	51,883	54,832	54,832	59,245	71,765	56,118	1,658,487	2,472,816	2,427,765	1,769,614	2,599,413	2,538,715
Misc. Boards & Commissions	69,520	116,207	116,377	158,223	194,482	184,895	615	10,640	10,340	522,110	528,315	936,177	680,948	733,437	1,131,412
Total Revenues	6,106,303	10,339,829	10,179,086	15,523,609	20,567,556	20,304,119	222,418	414,855	295,254	16,784,249	22,212,276	21,186,562	24,716,353	35,401,853	33,834,675

*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 2025	Budgeted FY 2026	Recommended FY 2027	Actuals FY 2025	Budgeted FY 2026	Recommended FY 2027	Actuals FY 2025	Budgeted FY 2026	Recommended FY 2027	Actuals FY 2025	Budgeted FY 2026	Recommended FY 2027	Actuals FY 2025	Budgeted FY 2026	Recommended FY 2027
Expenditures															
Legislature	436	650	750	33,786	35,764	35,087	—	—	—	—	33	32	33,786	35,797	35,119
Judicial	3,686	4,000	4,000	168,760	174,176	180,479	—	—	—	3,636	3,900	3,900	172,397	178,076	184,379
Executive	47,289	64,510	38,623	388,402	194,029	171,471	(1,657)	—	—	1,343,607	763,839	908,522	1,730,352	957,868	1,079,993
Administration	—	—	—	420,803	344,691	347,395	—	—	—	3,353,305	4,668,834	4,625,421	3,774,108	5,013,525	4,972,816
Commerce***	198,331	1,335,365	1,336,757	542,307	1,718,991	1,731,696	24,689	35,602	35,602	106,282	415,830	237,199	673,278	2,170,423	2,004,497
Tourism****	10,478	19,100	15,874	63,372	77,915	70,950	—	—	—	15,361	25,707	24,752	78,733	103,623	95,702
Education	641,053	1,298,953	1,276,058	3,124,965	3,790,126	3,938,372	—	—	—	66,890	367,806	367,806	3,191,855	4,157,932	4,306,178
Environment	210,768	471,982	472,594	256,560	574,418	544,252	5,564	6,703	6,703	129,311	442,021	325,726	391,435	1,023,142	876,681
Health	139,722	219,025	399,616	292,359	396,029	570,206	—	—	—	24,286	24,999	24,917	316,645	421,029	595,123
Human Services	4,711,005	5,218,584	6,582,881	6,711,037	7,206,907	8,634,015	—	—	—	6,524,680	7,107,661	7,249,738	13,173,694	14,294,023	15,883,753
Health Facilities	—	—	—	303,014	306,131	325,398	—	—	—	—	—	—	303,014	306,131	325,398
Department of Homeland Security	34,406	121,208	121,279	632,258	751,832	783,282	83,700	220,400	165,000	184,213	345,192	339,521	900,172	1,317,424	1,287,803
Revenue	—	3,000	3,000	450,130	806,631	694,649	—	—	—	1,201,225	1,377,909	1,165,697	1,649,160	2,181,741	1,858,346
Transportation	21,025	34,706	35,018	1,967,804	2,264,613	2,173,119	—	—	—	293,683	806,012	806,012	2,261,487	3,070,625	2,979,131
Veterans Assistance	8,727	35,580	34,042	30,917	55,331	55,854	—	—	—	1,469	1,667	1,682	32,386	56,998	57,536
Senior Services	15,367	14,686	14,705	117,158	115,835	100,111	—	—	—	2,090	2,395	2,395	102,498	101,480	102,507
Higher Education	—	—	—	610,106	596,504	609,636	58,451	72,880	56,475	1,690,363	2,518,261	2,459,099	2,358,920	3,187,645	3,125,211
Misc. Boards & Commissions	68,743	114,944	115,918	231,752	270,205	271,581	197	10,340	10,340	618,048	1,387,221	1,303,529	849,998	1,667,766	1,585,449
Total Expenditures	6,111,036	8,956,293	10,451,115	16,345,491	19,680,128	21,237,553	170,944	345,925	274,120	15,558,448	20,259,288	19,845,948	31,991,038	40,245,246	41,355,622
Reappropriations Available	—	—	—	—	1,438,392	—	—	—	—	—	—	—	—	1,438,392	—
Recommended Supplemental	—	—	—	—	13,757	—	—	—	—	—	—	—	—	13,757	—
Recommended Surplus Supplemental	—	—	—	79,573	320,274	—	—	—	—	—	—	—	79,573	320,274	—
Mid-Year Budget Adjustments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Adjustments*	3,658	—	—	42,308	(69,350)	(67,597)	(27)	—	—	(829,306)	—	—	(783,368)	(69,350)	(67,597)
Ending Fund Balance	125,036	1,508,572	1,236,542	5,498,648	7,939,568	3,572,485	183,255	252,184	273,317	41,729,568	43,682,556	45,023,170	39,747,114	44,136,999	40,919,712

* 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.

General Revenue Fund

Revenues, Expenditures, and Changes in Cash Balance

(Nearest Dollar)

Actual Beginning Cash Balance July 1, 2025	\$	1,806,357,559	
Less: 31 Day Disbursements (July 1, 2025 - July 31, 2025)		(29,972,031)	
Plus: Prior Year Reimbursements (July 1, 2025 - July 31, 2025)		15	
Less: Prior Year Appropriations Forwarded		(1,438,392,070)	
Less: Cash Balance - Adjustments and Accruals		(907,167)	
Accumulated Surplus from FY 2025 @ August 31, 2025	\$	337,086,306	
Less: Transfer to Revenue Shortfall Reserve Fund (Statutory)		0	
FY 2026 Surplus Appropriations (FY 2025 Surplus) (House Bill 2026) 2025 Regular Session			
Less: (as amended)		(100,000,000)	
Plus: Prior Year Reimbursements (August 1, 2025 - December 31, 2025)		449,913	
Recommended Expiration of a FY 2023 Reappropriation to Unappropriated Surplus			
Plus: Balance (2026 Regular Session)		15,000,000	
Less: Recommended FY 2026 Surplus Supplemental Appropriations (2026 Regular Session)		(252,536,219)	
Estimated Unappropriated Surplus Balance @ June 30, 2026	\$		0
Plus: FY 2026 Revenue Estimate	\$	5,323,157,000	
Less: FY 2026 Appropriations (FY 2026 Budget Bill) (HB 2026) (2025 Regular Session)		(5,317,557,000)	
Plus: FY 2026 Appropriations - Governor Vetoes		8,256,822	
Less: Recommended FY 2026 Supplemental Appropriations (2026 Regular Session)		(13,856,822)	
Estimated Unappropriated Balance from FY 2026 Activity @ June 30, 2026	\$		0
Plus: FY 2027 Revenue Estimate	\$	5,493,367,000	
Less: Recommended FY 2027 Appropriations (FY 2027 Budget Bill) (2026 Regular Session)		(5,493,367,000)	
Total Estimated Unappropriated Balance @ June 30, 2027	\$		0

Note: The Governor recommends up to \$270,000,000 of surplus appropriations during FY 2027 from any remaining surplus balance @ 6/30/2026.

General Revenue Fund

Recommended Surplus Supplemental Appropriations

FY 2026

(Nearest Dollar)

Recommended FY 2026 Surplus Supplemental Appropriation (2026 Regular Session) (Administration) (One Stop Licensing Shop)	\$	5,000,000	One-time
Recommended FY 2026 Surplus Supplemental Appropriation (2026 Regular Session) (Admin)(Public Defender Services)		17,600,000	Base
Recommended FY 2026 Surplus Supplemental Appropriation (2026 Regular Session) (Corrections)(Mullholland Contract)		1,000,000	Base
Recommended FY 2026 Surplus Supplemental Appropriation (2026 Regular Session) (Corrections)(Medical Contract increase)		2,754,676	Base
Recommended FY 2026 Surplus Supplemental Appropriation (2026 Regular Session) (Corrections)(LIAM Legal Mail)		1,000,000	One-time
Recommended FY 2026 Surplus Supplemental Appropriation (2026 Regular Session) (Corrections)(Body cameras)		500,000	One-time
Recommended FY 2026 Surplus Supplemental Appropriation (2026 Regular Session) (Human Services)(Foster Care)		28,456,910	Base
Recommended FY 2026 Surplus Supplemental Appropriation (2026 Regular Session) (Human Services)(Capital Outlay - return out-of-state placements)		6,000,000	One-time
Recommended FY 2026 Surplus Supplemental Appropriation (2026 Regular Session) (Commerce)(Workforce WV)		2,000,000	Base
Recommended FY 2026 Surplus Supplemental Appropriation (2026 Regular Session) (Commerce)(Promotion and Closing)		40,000,000	One-time
Recommended FY 2026 Surplus Supplemental Appropriation (2026 Regular Session) (Commerce)(State Parks immediate needs projects)		20,000,000	One-time
Recommended FY 2026 Surplus Supplemental Appropriation (2026 Regular Session) (Agriculture)(Moorefield deferred maintenance)		1,000,000	One-time
Recommended FY 2026 Surplus Supplemental Appropriation (2026 Regular Session) (Governor)(Transfer to Flood Resiliency Trust Fund)		10,000,000	One-time
Recommended FY 2026 Surplus Supplemental Appropriation (2026 Regular Session) (Health Facilities - Sharpe)(Contract Nursing & Diversions)		4,906,630	Base
Recommended FY 2026 Surplus Supplemental Appropriation (2026 Regular Session) (Health Facilities - Sharpe)(Deferred maintenance)		3,400,000	One-time
Recommended FY 2026 Surplus Supplemental Appropriation (2026 Regular Session) (Health Facilities - Bateman)(Deferred maintenance)		4,304,000	One-time
Recommended FY 2026 Surplus Supplemental Appropriation (2026 Regular Session) (Health Facilities - Welch)(Deferred maintenance)		1,000,000	One-time
Recommended FY 2026 Surplus Supplemental Appropriation (2026 Regular Session) (Homeland Security)(Fusion Center moving expenses)		132,000	One-time
Recommended FY 2026 Surplus Supplemental Appropriation (2026 Regular Session) (Tourism)(Culture Center renovations)		10,000,000	One-time
Recommended FY 2026 Surplus Supplemental Appropriation (2026 Regular Session) (Education)(Prefund Hope Scholarship)		78,482,003	Base
Recommended FY 2026 Surplus Supplemental Appropriation (2026 Regular Session) (Governor)(Civil Contingent Fund)		15,000,000	One-time
	<u>\$</u>	<u>252,536,219</u>	

General Revenue Fund

Recommended Supplemental Appropriations

FY 2026

(Nearest Dollar)

Recommended FY 2026 Supplemental Appropriation (2026 Regular Session) (Aviation safety equipment)	\$	167,400	One-time
Recommended FY 2026 Supplemental Appropriation (2026 Regular Session) (Commerce)(Forestry current expenses)		600,000	Base
Recommended FY 2026 Supplemental Appropriation (2026 Regular Session) (Commerce)(Economic Development positions)		388,463	Base
Recommended FY 2026 Supplemental Appropriation (2026 Regular Session) (Human Services)(Social Services)		5,855,516	Base
Recommended FY 2026 Supplemental Appropriation (2026 Regular Session) (Human Services)(BFA Admin)		5,476,573	Base
Recommended FY 2026 Supplemental Appropriation (2026 Regular Session) (Human Services)(CHIP/CHIP Admin)		871,991	Base
Recommended FY 2026 Supplemental Appropriation (2026 Regular Session) (Homeland Security)(Moving expenses)		230,000	One-time
Recommended FY 2026 Supplemental Appropriation (2026 Regular Session) (Senior Services)(Moving expenses)		266,879	One-time
	<u>\$</u>	<u>13,856,822</u>	

General Revenue Fund

Statement of Revenues by Source

FY 2023 Through FY 2031

(Expressed in Thousands)

Sources of Revenue	FY 2023 Actual Collections	FY 2024 Actual Collections	FY 2025 Actual Collections	FY 2026 Estimate	FY 2027 Estimate	FY 2028 Estimate	FY 2029 Estimate	FY 2030 Estimate	FY 2031 Estimate
Business and Occupation Tax	116,747	126,751	103,890	118,000	117,000	117,000	117,000	117,000	117,000
Consumers Sales and Use Tax	1,750,454	1,816,544	1,821,247	1,910,700	1,991,250	2,038,250	2,092,000	2,151,250	2,209,100
Personal Income Tax	2,663,568	2,239,859	2,126,396	2,019,556	2,172,267	2,262,805	2,338,235	2,414,425	2,492,800
Liquor Profit Transfers	32,313	29,497	32,617	32,000	32,000	32,000	32,000	32,000	32,000
Beer Tax and Licenses	7,262	7,219	6,860	7,100	6,800	6,800	6,750	6,750	6,725
Tobacco Products Tax (Cigarette & Other)	155,459	153,220	137,883	138,500	129,000	124,300	119,900	115,500	111,300
Business Franchise Fees	1,011	1,072	666	700	700	700	700	700	700
Charter Tax	4	9	4	—	—	—	—	—	—
Property Transfer Tax	12,706	12,288	6,570	—	—	—	—	—	—
Property Tax	7,702	9,350	10,307	9,500	9,800	10,100	10,400	10,700	11,000
Insurance Tax	112,168	120,736	133,005	138,000	140,750	143,500	146,500	149,250	152,250
Departmental Collections	26,888	26,038	27,143	25,000	25,000	25,000	25,000	25,000	25,000
Corporation Net Income Tax	419,965	465,463	376,219	313,500	274,300	274,600	278,000	278,750	275,500
Miscellaneous Transfers	5,329	3,420	25,638	2,000	2,000	2,000	2,000	2,000	2,000
Interest Income	132,456	226,562	186,815	103,000	90,000	75,000	75,000	75,000	75,000
Severance Tax	946,486	368,874	439,022	398,000	425,000	457,250	467,500	478,000	488,500
Miscellaneous Receipts	2,462	14,090	7,455	12,500	2,500	2,500	2,500	2,500	2,500
HB102 - Lottery Transfers	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
Video Lottery Transfers	634	—	519	—	—	—	—	—	—
Liquor License Renewal	933	736	736	101	—	—	—	—	—
Senior Citizen Tax Credit Reimbursement	10,000	10,000	9,967	10,000	10,000	10,000	10,000	10,000	10,000
Soft Drink Excise Tax	13,766	13,848	1,403	—	—	—	—	—	—
Special Revenue Transfer	—	—	—	20,000	—	—	—	—	—
Total	\$ 6,483,313	\$ 5,710,575	\$ 5,519,363	\$ 5,323,157	\$ 5,493,367	\$ 5,646,805	\$ 5,788,485	\$ 5,933,825	\$ 6,076,375

General Revenue Fund: Overview by Functional Category

FY 2025 through FY 2027

(Nearest Dollar)

DEPARTMENT/Agency	Fund #	Actual Expenditures FY 2025	*Total Appropriations FY 2026	Plus: Reappropriated FY 2026	Total Available FY 2026	Total Request FY 2027**	Governor's Recommended FY 2027	Percentage of Total
LEGISLATURE								
Senate	0165	5,660,450	6,652,206	7,260,236	13,912,442	6,652,206	6,652,206	0.12 %
House of Delegates	0170	10,011,587	12,485,000	16,488,420	28,973,420	12,485,000	12,485,000	0.23 %
Joint Expenses/Claims Against State	0175	11,767,450	13,340,457	5,579,115	18,919,572	12,563,207	12,563,207	0.23 %
Subtotal		27,439,486	32,477,663	29,327,771	61,805,434	31,700,413	31,700,413	0.58 %
JUDICIAL								
Supreme Court	0180	156,264,500	168,226,450	32,789,124	201,015,574	174,529,140	174,529,140	3.18 %
Subtotal		156,264,500	168,226,450	32,789,124	201,015,574	174,529,140	174,529,140	3.18 %
EXECUTIVE								
Office of the Governor	0101	5,257,765	6,320,488	5,716,354	12,036,842	6,110,488	6,250,122	0.11 %
Custodial Fund	0102	374,524	619,913	763,785	1,383,698	590,699	622,377	0.01 %
Civil Contingent Fund	0105	55,599,625	9,900,000	552,141,256	562,041,256	9,900,000	9,900,000	0.18 %
State Auditor's Office	0116	2,463,379	2,784,484	253,107	3,037,591	2,728,794	2,779,793	0.05 %
State Treasurer's Office	0126	3,503,868	3,764,435	177,216	3,941,651	3,764,435	3,730,187	0.07 %
Department of Agriculture	0131	22,949,919	14,379,426	1,007,559	15,386,985	14,067,789	14,469,072	0.26 %
WV Conservation Agency	0132	6,988,304	12,294,361	32,936,754	45,231,115	12,048,474	12,417,443	0.23 %
Meat Inspection	0135	1,158,504	1,187,422	—	1,187,422	1,187,422	1,214,444	0.02 %
Agricultural Awards	0136	54,250	15,000	—	15,000	15,000	15,000	— %
Attorney General's Office	0150	4,756,083	5,986,622	3,363,573	9,350,195	5,866,890	6,023,360	0.11 %
Secretary of State	0155	897,082	1,017,140	71,683	1,088,823	996,797	996,797	0.02 %
State Elections Commission	0160	—	7,508	—	7,508	7,508	7,508	— %
WV Agriculture Land Protection Authority	0607	109,001	110,465	—	110,465	108,255	111,862	— %
Subtotal		104,112,304	58,387,264	596,431,287	654,818,551	57,392,551	58,537,965	1.07 %
TOURISM								
Department of Tourism	0246	5,727,457	21,250,000	31,495,280	52,745,280	20,550,127	20,550,127	0.37 %
Culture and History***	0293	7,630,942	8,132,165	1,148,056	9,280,221	5,632,165	5,689,995	0.10 %
Library Commission***	0296	1,261,647	2,461,448	—	2,461,448	1,349,448	1,380,493	0.03 %
Educational Broadcasting Authority***	0300	3,826,659	3,872,092	353,833	4,225,925	3,794,649	3,859,496	0.07 %
Subtotal		18,446,704	35,715,705	32,997,169	68,712,874	31,326,389	31,480,111	0.57 %
VETERAN'S ASSISTANCE								
Veterans' Affairs	0456	14,448,057	15,741,865	21,958,816	37,700,681	15,388,743	15,946,337	0.29 %
Veteran's Home	0460	1,945,761	1,914,239	1,174,633	3,088,872	1,914,239	1,968,297	0.04 %
Subtotal		16,393,818	17,656,104	23,133,449	40,789,553	17,302,982	17,914,634	0.33 %

General Revenue Fund: Overview by Functional Category (Continued)

DEPARTMENT/Agency	Fund #	Actual Expenditures FY 2025	*Total Appropriations FY 2026	Plus: Reappropriated FY 2026	Total Available FY 2026	Total Request FY 2027**	Governor's Recommended FY 2027	Percentage of Total
ENVIRONMENTAL PROTECTION								
Environmental Quality Board	0270	130,011	132,912	—	132,912	130,253	136,671	— %
Environmental Protection	0273	9,676,066	7,705,500	369,470	8,074,970	7,320,225	7,807,802	0.14 %
Air Quality Board	0550	75,128	76,897	—	76,897	75,359	76,645	— %
Subtotal		9,881,206	7,915,309	369,470	8,284,779	7,525,837	8,021,118	0.15 %
DEPARTMENT OF HOMELAND SECURITY								
Office of the Secretary - Homeland Security	0430	3,182,174	4,331,689	4,730,234	9,061,923	4,135,129	4,296,125	0.08 %
Fire Commission	0436	59,142	63,061	—	63,061	—	—	— %
Parole Board	0440	1,147,901	1,362,351	—	1,362,351	1,272,351	1,288,692	0.02 %
Emergency Management	0443	5,626,252	7,070,617	1,661,321	8,731,938	6,884,352	9,145,657	0.17 %
Corrections Central Office	0446	168,872	388,014	—	388,014	360,774	360,425	0.01 %
Correctional Units	0450	309,332,994	354,622,611	59,223,004	413,845,615	351,897,178	383,324,894	6.98 %
WV State Police	0453	111,353,986	116,329,629	7,472,694	123,802,323	114,279,564	116,510,428	2.12 %
Justice and Community Services	0546	9,298,531	23,918,376	4,551,959	28,470,335	22,125,338	23,940,215	0.44 %
Juvenile Services	0570	55,880,946	57,471,207	2,767,076	60,238,283	57,471,207	61,885,429	1.13 %
Protective Services Division	0585	3,427,928	4,017,021	2,203,682	6,220,703	3,909,820	3,990,124	0.07 %
Administrative Services	0619	5,017,924	6,013,574	—	6,013,574	5,898,574	6,038,001	0.11 %
Subtotal		504,496,649	575,588,150	82,609,970	658,198,120	568,234,287	610,779,990	11.12 %
BUREAU OF SENIOR SERVICES								
Bureau of Senior Services	0420	6,580,366	6,580,366	—	6,580,366	6,448,759	6,998,299	0.13 %
Subtotal		6,580,366	6,580,366	—	6,580,366	6,448,759	6,998,299	0.13 %
REVENUE								
Office of the Secretary - Revenue	0465	561,404	34,345,056	186,435	34,531,491	643,631	648,849	0.01 %
Tax Division	0470	28,878,290	31,812,660	16,492,559	48,305,219	31,176,407	32,263,563	0.59 %
Athletic Commission	0523	27,406	36,811	—	36,811	36,075	36,075	— %
Office of Tax Appeals	0593	716,551	1,236,442	263,802	1,500,244	1,211,713	1,223,334	0.02 %
State Budget Office	0595	856,050	1,143,279	1,247,364	2,390,643	1,120,413	1,136,629	0.02 %
Subtotal		31,039,700	68,574,248	18,190,160	86,764,408	34,188,239	35,308,450	0.64 %
MISCELLANEOUS								
Adjutant General - State Militia***	0433	18,486,744	17,131,284	19,821,019	36,952,303	16,864,391	21,052,459	0.38 %
Adjutant General - Military Fund***	0605	51,147	157,775	—	157,775	78,887	78,887	— %
Subtotal		18,537,891	17,289,059	19,821,019	37,110,078	16,943,278	21,131,346	0.38 %

General Revenue Fund: Overview by Functional Category (Continued)

DEPARTMENT/Agency	Fund #	Actual Expenditures FY 2025	*Total Appropriations FY 2026	Plus: Reappropriated FY 2026	Total Available FY 2026	Total Request FY 2027**	Governor's Recommended FY 2027	Percentage of Total
HIGHER EDUCATION								
WV School of Osteopathic Medicine	0336	6,619,695	6,446,874	41,329,736	47,776,610	6,317,934	6,518,509	0.12 %
WVU - School of Medicine	0343	22,413,144	22,646,527	839	22,647,366	22,178,423	22,519,813	0.41 %
West Virginia University	0344	124,606,616	122,571,710	49,814,706	172,386,416	120,135,449	127,500,259	2.32 %
Marshall University - School of Medicine	0347	9,546,871	9,899,373	1,367,392	11,266,765	9,701,137	10,121,941	0.18 %
Marshall University	0348	58,746,275	58,299,092	38,428,931	96,728,023	57,133,109	61,005,364	1.11 %
Bluefield State University	0354	7,081,263	7,094,661	—	7,094,661	6,952,768	7,231,123	0.13 %
Concord University	0357	11,946,787	11,494,967	—	11,494,967	11,265,067	11,814,554	0.22 %
Fairmont State University	0360	20,671,494	20,634,815	—	20,634,815	20,222,119	21,016,270	0.38 %
Glenville State University	0363	7,420,879	7,591,844	—	7,591,844	7,440,007	8,077,041	0.15 %
Shepherd University	0366	14,139,125	13,704,338	—	13,704,338	13,430,251	13,852,710	0.25 %
West Liberty University	0370	10,380,743	10,416,184	—	10,416,184	10,207,860	10,671,383	0.19 %
West Virginia State University	0373	17,104,233	17,789,550	1,468,924	19,258,474	17,433,771	17,839,909	0.32 %
WVNET	0551	1,823,081	1,977,941	—	1,977,941	1,956,742	2,007,707	0.04 %
HEPC - Administration	0589	96,289,456	81,258,649	8,305,914	89,564,563	81,082,609	81,147,263	1.48 %
Subtotal		408,789,662	391,826,525	140,716,443	532,542,968	385,457,246	401,323,846	7.31 %
C&T COLLEGES								
WVU at Parkersburg	0351	11,561,838	11,816,395	—	11,816,395	11,580,067	12,573,988	0.23 %
Southern WV C&T College	0380	9,217,907	9,459,029	—	9,459,029	9,269,076	9,919,342	0.18 %
WV Northern C&T College	0383	8,252,020	8,672,018	—	8,672,018	8,498,578	9,314,652	0.17 %
Eastern WV C&T College	0587	2,412,016	2,439,405	—	2,439,405	2,390,617	2,455,641	0.04 %
Council for C&T College Education	0596	8,356,904	14,846,467	16,852,096	31,698,563	14,825,574	14,842,092	0.27 %
Pierpont C&T College	0597	8,613,156	8,461,049	—	8,461,049	8,291,828	8,501,609	0.15 %
Mountwest C&T College	0599	7,062,120	7,070,248	—	7,070,248	6,928,843	7,125,135	0.13 %
New River C&T College	0600	6,919,535	6,900,124	—	6,900,124	6,762,122	7,289,478	0.13 %
Blue Ridge C&T College	0601	8,972,984	9,545,266	—	9,545,266	9,354,362	10,103,007	0.18 %
BridgeValley C&T College	0618	8,888,187	8,931,983	—	8,931,983	8,753,343	9,274,040	0.17 %
Subtotal		80,256,667	88,141,984	16,852,096	104,994,080	86,654,410	91,398,984	1.66 %
COMMERCE								
Forestry	0250	5,800,935	5,994,044	977,348	6,971,392	6,133,391	7,312,143	0.13 %
Geological & Economic Survey	0253	2,509,771	3,248,289	1,962,602	5,210,891	3,281,323	3,334,758	0.06 %
Division of Economic Development ***	0256	196,545,861	11,361,152	2,457,929	13,819,081	11,157,217	12,117,562	0.22 %
Division of Labor	0260	1,819,373	1,735,294	—	1,735,294	1,700,588	1,743,200	0.03 %
Division of Natural Resources	0265	27,988,748	28,483,555	42,708,835	71,192,390	28,019,877	31,658,977	0.58 %
Miners' Health, Safety, & Training	0277	10,512,043	12,236,996	—	12,236,996	11,956,947	12,402,386	0.23 %
Boards of Coal Mine Health & Safety	0280	233,089	356,795	—	356,795	349,659	360,281	0.01 %
Division of Rehabilitation Services	0310	16,129,848	16,397,112	—	16,397,112	15,970,131	16,227,477	0.30 %
WorkForce West Virginia	0572	75,700	575,700	—	575,700	75,700	2,075,340	0.04 %
Office of the Secretary	0606	2,232,091	2,049,326	—	2,049,326	1,969,779	2,759,244	0.05 %
Office of Energy	0612	—	1,235,603	—	1,235,603	1,285,603	1,036,585	0.02 %
Subtotal		263,847,460	83,673,866	48,106,713	131,780,579	81,900,215	91,027,953	1.66 %

General Revenue Fund: Overview by Functional Category (Continued)

DEPARTMENT/Agency	Fund #	Actual Expenditures FY 2025	*Total Appropriations FY 2026	Plus: Reappropriated FY 2026	Total Available FY 2026	Total Request FY 2027**	Governor's Recommended FY 2027	Percentage of Total
HEALTH FACILITIES								
Health Facilities - Central Office	0401	2,965,955	3,459,259	—	3,459,259	7,719,744	7,743,609	0.14 %
Capital Projects Fund	0402	—	415,000	—	415,000	550,000	550,000	0.01 %
Hopemont Hospital	0408	9,223,508	12,816,474	1,288,311	14,104,785	—	—	— %
Lakin Hospital	0409	11,932,465	14,553,801	950,426	15,504,227	—	—	— %
John Manchin Senior Healthcare Center	0410	6,187,124	8,637,056	678,640	9,315,696	—	—	— %
Jackie Withrow Hospital	0411	11,052,421	11,274,374	768,046	12,042,420	—	—	— %
Welch Community Hospital	0412	30,241,600	29,261,650	1,275,335	30,536,985	23,978,148	24,216,810	0.44 %
William R. Sharpe Jr. Hospital	0413	85,045,404	82,326,074	1,064,450	83,390,524	117,383,380	140,131,859	2.55 %
Mildred Mitchell-Bateman Hospital	0414	49,342,345	54,527,396	4,680,219	59,207,615	62,798,760	63,393,315	1.15 %
William Sharpe - Transit Living Facility	0415	1,720,817	1,863,931	335,728	2,199,659	2,323,799	2,366,766	0.04 %
Subtotal		207,711,640	219,135,015	11,041,155	230,176,170	214,753,831	238,402,359	4.34 %
ADMINISTRATION								
Office of the Secretary - Administration	0186	16,072,661	16,217,155	6,651	16,223,806	16,217,155	17,220,604	0.31 %
Public Employees Insurance Agency	0200	87,000,000	—	—	—	—	—	— %
Division Of Finance	0203	681,638	815,592	80,945	896,537	815,592	825,887	0.02 %
WV Office of Technology	0204	14,300,000	7,200,000	—	7,200,000	7,000,000	7,000,000	0.13 %
Division Of Personnel	0206	1,800,000	900,000	—	900,000	900,000	900,000	0.02 %
Purchasing Division	0210	893,248	1,006,206	—	1,006,206	1,006,206	1,024,457	0.02 %
Commission On Uniform State Laws	0214	45,550	65,550	—	65,550	65,550	65,550	— %
Public Employees Grievance Board	0220	1,107,381	1,195,326	—	1,195,326	1,165,326	1,178,156	0.02 %
Ethics Commission	0223	642,923	676,268	—	676,268	666,268	673,154	0.01 %
Public Defender Services	0226	52,721,655	45,408,869	8,017,787	53,426,656	45,058,869	46,010,978	0.84 %
General Services Division	0230	18,090,398	26,369,693	273,650,000	300,019,693	25,262,693	26,463,626	0.48 %
Comm Purchase for Handicapped	0233	70	4,055	—	4,055	4,055	4,055	— %
WV Prosecuting Attorneys Institute	0557	482,694	690,480	408,206	1,098,686	690,480	693,693	0.01 %
Real Estate Division	0610	795,713	874,591	—	874,591	874,591	888,578	0.02 %
Travel Management	0615	1,238,882	1,233,337	100	1,233,437	1,185,337	1,195,454	0.02 %
Subtotal		195,872,813	102,657,122	282,163,690	384,820,812	100,912,122	104,144,192	1.90 %
EDUCATION								
School Lunch Program	0303	2,170,420	2,502,069	—	2,502,069	2,502,069	2,511,490	0.05 %
State Department of Education	0313	143,379,052	138,237,440	29,553,414	167,790,854	323,549,607	303,335,004	5.52 %
Aid for Exceptional Children	0314	32,543,831	35,942,710	1,816,054	37,758,764	35,942,710	36,913,699	0.67 %
State Aid to Schools	0317	2,024,409,809	2,018,915,542	—	2,018,915,542	1,988,920,610	2,016,742,841	36.71 %
School Building Authority	0318	24,000,000	24,000,000	—	24,000,000	24,000,000	24,000,000	0.44 %
WV Schools for the Deaf & Blind	0320	12,123,938	14,528,499	9,057,260	23,585,759	14,237,929	14,511,425	0.26 %
State Board of Education - Vocational Division	0390	37,404,152	38,568,594	5,642,755	44,211,349	37,087,499	37,384,954	0.68 %
Subtotal		2,276,031,201	2,272,694,854	46,069,484	2,318,764,338	2,426,240,424	2,435,399,413	44.33 %

General Revenue Fund: Overview by Functional Category (Continued)

DEPARTMENT/Agency	Fund #	Actual Expenditures FY 2025	*Total Appropriations FY 2026	Plus: Reappropriated FY 2026	Total Available FY 2026	Total Request FY 2027**	Governor's Recommended FY 2027	Percentage of Total
TRANSPORTATION								
Multimodal - State Rail Authority	0506	786,208	2,150,057	1,956,398	4,106,455	2,107,056	2,509,484	0.05 %
Multimodal - Public Transit	0510	130,000	3,042,989	4,070,623	7,113,612	2,982,129	2,982,129	0.05 %
Division of Multimodal Transportation Facilities	0580	625,070	1,381,063	906,162	2,287,225	1,353,442	1,353,865	0.02 %
Multimodal - Public Port Authority	0581	—	—	—	—	—	—	— %
Multimodal - Aeronautics Commission	0582	133,014	2,034,486	898,612	2,933,098	1,993,797	993,394	0.02 %
Division of Highways	0620	—	100,000,000	—	100,000,000	—	—	— %
Subtotal		1,674,292	108,608,595	7,831,796	116,440,391	8,436,424	7,838,872	0.14 %
HUMAN SERVICES								
Human Services	0403	165,277,163	176,993,557	26,880,717	203,874,274	173,817,135	202,097,379	3.68 %
Division of Health-Central Office	0407	—	—	—	—	—	—	— %
Department of Human Services - Office of the Shared Administration	0481	26,766,522	25,830,599	—	25,830,599	25,830,599	31,153,847	0.57 %
Bureau for Medical Services - Office of the Commissioner	0482	2,898,531	894,295	—	894,295	894,295	901,324	0.02 %
Bureau for Medical Services - Medical Services Administration	0483	45,118,188	47,126,983	—	47,126,983	47,126,983	47,175,306	0.86 %
Bureau for Medical Services - Policy and Programming	0484	302,572,185	256,650,203	—	256,650,203	246,526,141	139,264,349	2.54 %
Bureau for Medical Services - Home and Community Based Waiver Programs	0485	123,777,507	157,528,384	—	157,528,384	157,528,384	167,587,882	3.05 %
Bureau for Social Services - Office of the Commissioner	0486	28,398,408	29,033,302	—	29,033,302	29,033,302	31,064,017	0.57 %
Bureau for Social Services - Children's Services	0487	37,883,039	43,092,266	—	43,092,266	43,092,266	43,092,266	0.78 %
Bureau for Social Services - Adoption	0488	79,957,707	74,283,410	—	74,283,410	74,283,410	85,350,822	1.55 %
Bureau for Social Services - Foster Care	0489	165,499,995	174,966,649	—	174,966,649	167,342,492	202,733,826	3.69 %
Bureau for Social Services - Adult Services	0492	15,450,513	6,056,125	—	6,056,125	6,056,125	6,350,984	0.12 %
Bureau for Social Services - Child Protective Services Case Workers	0493	33,479,510	30,121,784	—	30,121,784	30,121,784	33,679,906	0.61 %
Bureau for Social Services - Social Services Case Workers	0494	13,467,912	12,674,794	—	12,674,794	12,674,794	13,916,220	0.25 %
Bureau for Social Services - Adult Protective Services Case Workers	0495	6,302,271	5,133,918	—	5,133,918	5,133,918	5,984,002	0.11 %
Bureau for Social Services - Youth Services Case Workers	0496	6,489,974	5,845,579	—	5,845,579	5,845,579	6,564,776	0.12 %
Subtotal		1,053,339,426	1,046,231,848	26,880,717	1,073,112,565	1,025,307,207	1,016,916,906	18.51 %

General Revenue Fund: Overview by Functional Category (Continued)

DEPARTMENT/Agency	Fund #	Actual Expenditures FY 2025	*Total Appropriations FY 2026	Plus: Reappropriated FY 2026	Total Available FY 2026	Total Request FY 2027**	Governor's Recommended FY 2027	Percentage of Total
HEALTH								
Department of Health - Office of the Shared Administration	0404	5,999,157	5,572,101	—	5,572,101	5,993,920	6,096,658	0.11 %
BPH- Office of the Commissioner	0405	4,548,899	3,853,918	2,629,225	6,483,143	4,413,444	4,492,893	0.08 %
BPH - Health Statistics Center	0406	696,563	615,586	—	615,586	615,586	638,606	0.01 %
Division of Health-Central Office	0407	2,994,943	6,316,790	1,182,386	7,499,176	2,302,911	4,404,261	0.08 %
Human Rights Commission	0416	1,291,115	1,578,779	267,901	1,846,680	1,547,203	1,563,667	0.03 %
BPH - Office of Environmental Health Services	0417	3,081,990	3,171,119	1,611,646	4,782,765	3,097,098	3,652,860	0.07 %
BPH - Office of Epidemiology and Prevention Services	0418	2,532,887	2,862,551	680,531	3,543,082	2,961,175	2,997,605	0.05 %
BPH - Office of Laboratory Services	0419	3,500,600	3,775,633	—	3,775,633	3,915,878	4,172,175	0.08 %
BPH - Maternal Child and Family Health - Children's Specialty Care	0421	564,978	1,667,975	935,852	2,603,827	1,661,059	1,685,672	0.03 %
BPH - Maternal Child and Family Health - Infant, Child, Adolescent and Young Adult Health	0422	1,519,013	2,030,040	—	2,030,040	2,030,040	2,030,040	0.04 %
BPH - Maternal Child and Family Health - Maternal, Child, and Family Health Epidemiology	0423	258,361	464,714	113,493	578,207	468,076	469,195	0.01 %
BPH - Office of Maternal and Child Health - Community Health	0424	415,831	429,832	68,352	498,184	433,140	435,508	0.01 %
BPH - Office of Maternal and Child Health - Women's and Family Health	0425	1,735,219	2,556,146	565,286	3,121,432	2,547,901	2,557,262	0.05 %
BPH - Office of Maternal and Child Health - West Virginia Birth to Three	0426	16,881,198	17,156,198	—	17,156,198	17,156,198	17,156,198	0.31 %
BPH - Office of Medical Cannabis	0427	973,239	1,137,238	749,743	1,886,981	1,194,398	1,218,359	0.02 %
BPH - Office of Nutrition Services	0428	38,033	38,621	—	38,621	38,621	38,540	— %
Deaf and Hard of Hearing	0429	237,156	241,270	—	241,270	241,270	242,921	— %
Center for Local Health	0431	16,657,398	19,038,864	—	19,038,864	19,053,912	20,305,818	0.37 %
Office of Chief Medical Examiner	0432	11,884,561	14,071,667	3,805,643	17,877,310	14,047,804	14,138,525	0.26 %
Office of Emergency Medical Services	0434	4,576,557	5,369,509	8,135,411	13,504,920	5,284,541	5,297,052	0.10 %
Office of Threat Preparedness	0435	3,875	5,595	—	5,595	5,595	5,595	— %
Office of the Inspector General	0437	8,043,512	7,802,841	2,315,087	10,117,928	7,646,784	8,752,760	0.16 %
Office of Community Health and Health Promotion	0438	6,311,404	8,163,064	—	8,163,064	7,145,096	8,160,839	0.15 %
Consolidated Medical Services Fund	0525	—	—	—	—	—	—	— %
WV Drinking Water Treatment	0561	—	—	—	—	—	—	— %
Subtotal		94,746,488	107,920,051	23,060,556	130,980,607	103,801,650	110,513,009	2.01 %
TOTAL GENERAL REVENUE		5,475,462,273	5,409,300,178	1,438,392,070	6,847,692,248	5,379,055,404	5,493,367,000	100 %

* Total Appropriations FY 2026 include surplus appropriations in the amount of \$100,000,000

** Total Request FY 2027 is the agency request based on guidelines established for the Appropriation Requests.

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

Lottery Fund

Revenues, Expenditures, and Changes in Cash Balance

(Nearest Dollar)

Balance @ July 1, 2024	\$	90,554,765
Less: Reserve for Cash Flow / Contingencies		(40,000,000)
Plus: FY 2025 Actual Revenue		195,337,533
Less: Veterans Fund - Actual Transfers		(515,740)
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)
Less: FY 2025 Surplus Appropriation (FY 2025 Legislative Session) (HB 3357)		(33,804,764)
Less: Surplus Transfer to Fire Protection Funds		(12,000,000)
Plus: Cash not needed for FY 2025 Appropriations (Debt Service)		10,100
Unappropriated Balance @ June 30, 2025		33,727,752
Plus: FY 2026 Revenue Estimate	\$	157,792,000
Less: Veterans' Fund		(400,000)
Available for FY 2026 Appropriations	\$	191,119,752
Less: FY 2026 Appropriations (FY 2026 Budget Bill) (HB 206)		(157,392,000)
Less: FY 2026 Surplus Appropriation (FY 2026 Budget Bill) (HB 206)		(16,750,000)
Less: Recommended FY 2026 Supplemental Surplus Appropriation (2026 Regular Session)		(16,977,752)
Estimated Unappropriated Balance @ June 30, 2026	\$	0
Plus: FY 2027 Revenue Estimate	\$	166,406,000
Less: Veterans Fund		(400,000)
Revenue Available for FY 2027 Appropriations		166,006,000
Less: Recommended FY 2027 Appropriations (FY 2027 Budget Bill) (2026 Regular Session)		(166,006,000)
Estimated Unappropriated Balance @ June 30, 2027	\$	0

Note: The Governor recommends up to \$31,777,000 of surplus appropriations during FY 2027 from any remaining balance @ 6/30/2026.

Lottery Fund: Overview by Functional Category

FY 2025 through FY 2027

(Nearest Dollar)

DEPARTMENT/Agency	Fund #	Actual Expenditures FY 2025	Total Appropriations FY 2026	Plus: Reappropriated FY 2026	Total Available FY 2026	Total Request FY 2027**	Governor's Recommended FY 2027	Percentage of Total
TOURISM								
Department of Tourism	3067	3,915,476	7,117,019	6,204,244	13,321,263	7,117,019	7,187,532	4.33 %
Culture and History***	3534	3,698,200	3,220,947	2,454,678	5,675,625	3,220,947	3,640,202	2.19 %
Library Commission***	3559	11,242,012	11,515,062	457,498	11,972,560	11,515,062	11,515,062	6.94 %
Educational Broadcasting Authority***	3587	—	—	2,994,028	2,994,028	—	—	— %
Subtotal		18,855,688	21,853,028	12,110,448	33,963,476	21,853,028	22,342,796	13.46 %
BUREAU OF SENIOR SERVICES								
Bureau of Senior Services	5405	82,244,077	83,775,525	673,102	84,448,627	67,025,525	66,610,866	40.13 %
Subtotal		82,244,077	83,775,525	673,102	84,448,627	67,025,525	66,610,866	40.13 %
HIGHER EDUCATION								
West Virginia University	4185	2,468,452	3,900,351	2,007,548	5,907,899	3,900,351	3,964,750	2.39 %
Marshall - School of Medicine	4896	337,565	638,703	888,530	1,527,233	638,703	644,734	0.39 %
CTC - Capital Improvement Fund	4908	4,992,500	5,000,000	2,315,462	7,315,462	5,000,000	5,000,000	3.01 %
Higher Education Policy Commission	4925	2,700,418	3,032,380	1,014,077	4,046,457	3,032,380	3,034,815	1.83 %
Subtotal		10,498,935	12,571,434	6,225,617	18,797,051	12,571,434	12,644,299	7.62 %
ADMINISTRATION								
Education, Arts, Sciences, & Tourism Debt Service Fund	2252	9,994,360	10,000,000	—	10,000,000	10,000,000	10,000,000	6.02 %
Subtotal		9,994,360	10,000,000	—	10,000,000	10,000,000	10,000,000	6.02 %
COMMERCE								
Division of Natural Resources	3267	3,435,193	3,943,047	2,697,922	6,640,969	3,943,047	4,018,129	2.42 %
Subtotal		3,435,193	3,943,047	2,697,922	6,640,969	3,943,047	4,018,129	2.42 %
EDUCATION								
State Department of Education	3951	38,713,944	23,998,966	11,512,843	35,511,809	14,801,535	32,389,910	19.51 %
School Building Authority	3963	18,000,000	18,000,000	—	18,000,000	18,000,000	18,000,000	10.84 %
Subtotal		56,713,944	41,998,966	11,512,843	53,511,809	32,801,535	50,389,910	30.35 %
TOTAL LOTTERY REVENUE								
		181,742,197	174,142,000	33,219,932	207,361,932	148,194,569	166,006,000	100.00 %

* Total Appropriations FY 2026 include surplus appropriations of \$16,750,000.

** Total Request FY 2027 is the agency request based on guidelines established for the Appropriation Requests.

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

Excess Lottery Fund

Revenues, Expenditures, and Changes in Cash Balance

(Nearest Dollar)

Balance @ July 1, 2024	\$ 99,422,906
Less: Reserve for Cash Flow / Contingencies	(4,700,000)
Less: Catastrophic Event Contingency	(30,000,000)
Plus: FY 2025 Actual Revenue	368,146,062
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: FY 2025 Surplus Appropriation (FY 2025 Legislative Session) (HB 3349)	(45,022,906)
Plus: Cash not needed for FY 2025 Appropriations (Debt Service Actual)	1,367,525
Plus: Cash not needed for FY 2025 Appropriations (Refundable Credit)	32,694
Unappropriated Balance @ June 30, 2025	\$ 34,010,198
Plus: FY 2026 Revenue Estimate (Revised)	\$ 335,008,512
Available for FY 2026 Appropriations	\$ 369,018,710
Less: FY 2026 Appropriations (FY 2026 Budget Bill) (HB 2026)	(335,008,512)
Less: FY 2026 Surplus Appropriation (FY 2026 Budget Bill) (HB 2026)	(21,345,488)
Less: Recommended FY 2026 Supplemental Surplus Appropriation (2026 Regular Session)	(12,664,710)
Estimated Unappropriated Balance @ June 30, 2026	\$ 0
Plus: FY 2027 Revenue Estimate	334,612,000
Less: Recommended FY 2027 Appropriations (FY 2027 Budget Bill) (2026 Regular Session)	(334,612,000)
Estimated Unappropriated Balance @ June 30, 2027	<u><u>\$ 0</u></u>

Note: The Governor recommends up to \$21,345,488 of surplus appropriations during FY 2027 from any remaining balance @ 6/30/2026.

Excess Lottery Fund: Overview by Functional Category

FY 2025 through FY 2027

(Nearest Dollar)

DEPARTMENT/Agency	Fund #	Actual Expenditures FY 2025	Total Appropriations FY 2026	Plus: Reappropriated FY 2026	Total Available FY 2026	Total Request FY 2027**	Governor's Recommended FY 2027	Percentage of Total
APPROPRIATIONS ABOVE EXCESS LOTTERY STATUTORY REQUIREMENTS								
Office of the Governor	1046	—	—	65,575	65,575	—	—	— %
Office of Technology	2532	—	—	1,907,149	1,907,149	—	—	— %
Division of Economic Development	3170	—	—	887,548	887,548	—	—	— %
Higher Education - Advanced Technology Centers	4932	—	—	111,323	111,323	—	—	— %
Human Services - Medical Services	5365	134,761,924	101,350,495	—	101,350,495	80,805,007	80,408,495	24.03 %
Division of Corrections - Capital	6283	—	—	210,968	210,968	—	—	— %
Distributions to Statutory Funds and Purposes	7213	61,271,505	60,271,505	—	60,271,505	60,271,505	60,271,505	18.01 %
Subtotal		196,033,429	161,622,000	3,182,563	164,804,563	141,076,512	140,680,000	42.04 %
STATUTORY APPROPRIATIONS								
Division of Natural Resources	3277	55,482	1,505,000	4,674,970	6,179,970	1,505,000	1,505,000	0.45 %
Infrastructure Council	3390	46,000,000	46,000,000	—	46,000,000	46,000,000	46,000,000	13.75 %
School Building Authority	3514	17,643,759	19,000,000	—	19,000,000	19,000,000	19,000,000	5.68 %
Higher Education Improvement Fund	4297	15,000,000	15,000,000	—	15,000,000	15,000,000	15,000,000	4.48 %
Economic Development Authority	9065	9,493,560	—	—	—	—	—	— %
Cacapon & Beech Fork Debt Service Fund	9067	2,028,000	2,032,000	—	2,032,000	2,032,000	2,032,000	0.61 %
State Parks Debt Service Fund	9068	4,390,000	4,395,000	—	4,395,000	4,395,000	4,395,000	1.31 %
Subtotal		94,610,801	87,932,000	4,674,970	92,606,970	87,932,000	87,932,000	26.28 %
TRANSFERS								
PROMISE Scholarship	4295	29,000,000	29,000,000	—	29,000,000	29,000,000	29,000,000	8.67 %
General Revenue	7206	65,000,000	65,000,000	—	65,000,000	65,000,000	65,000,000	19.43 %
Refundable Credit	7207	9,967,306	10,000,000	—	10,000,000	10,000,000	10,000,000	2.99 %
Racing Commission - Special Breeders Compensation	7308	1,820,000	2,800,000	—	2,800,000	2,000,000	2,000,000	0.60 %
Subtotal		105,787,306	106,800,000	—	106,800,000	106,000,000	106,000,000	31.68 %
TOTAL EXCESS LOTTERY		396,431,536	356,354,000	7,857,533	364,211,533	335,008,512	334,612,000	100.00 %

* Total Appropriations FY 2026 include surplus appropriations of \$21,345,488.

** Total Request FY 2027 is the agency request based on guidelines established for the Appropriation Requests.

State Road Fund

Revenues, Expenditures, and Changes in Cash Balance

(Nearest Dollar)

Cash and Investment Balance - July 1, 2025	\$ 187,724,875
Plus: FY 2026 Revised Revenue Estimate	<u>1,976,875,000</u>
Total Estimated Receipts and Balance:	\$ 2,164,599,875
FY 2026 Estimated Expenditures:	
Less: Division of Highways (FY 2026 - Enrolled Budget Bill)	\$ (2,053,202,161)
Less: Governor Veto	25,000,000
Plus: Revolving Accounts (27500 and 27600)	69,950,166
Less: Division of Motor Vehicles (FY 2026 - Enrolled Budget Bill)	(75,015,747)
Less: Industrial Access Road Contribution*	(3,000,000)
Less: Claims Against the State Road Fund (FY 2025 - Enrolled Budget Bill)	(864,750)
FY 2026 - Governor's Recommended Supplemental Appropriation for Claims Against the State Road Fund	<u>(100,000)</u>
Cash Balance - July 1, 2026	\$ 127,367,383
Plus: Revenue Estimate - FY 2027**	1,956,875,000
Less: Recommended FY 2027 Appropriations (FY 2027 - Budget Bill) - Highways	(2,039,010,962)
Plus: Revolving Accounts (Appropriations 27500 and 27600)	70,996,517
Less: Recommended FY 2027 Appropriations (FY 2027 - Budget Bill) - Motor Vehicles	(76,231,606)
Less: Industrial Access Road Contribution - FY 2027*	(3,000,000)
Less: Claims Against the State Road Fund (FY 2027 - Budget Bill)	<u>(700,000)</u>
Estimated Unappropriated Balance @ June 30, 2027	<u><u>\$ 36,296,332</u></u>

* Industrial Access Road (17-3A-1) 3/4th of one percent of all state tax collections which are otherwise specifically dedicated by the provision of this code to the State Road Fund or the percentage of those tax collections that will produce \$3 million for each fiscal year.

** Includes \$100 million transfer from General Revenue Surplus.

State Road Fund Statement of Revenues by Source

FY 2023 Through FY 2031

(Expressed in Thousands)

Sources of Revenue	FY 2023 Actual Collections	FY 2024 Actual Collections	FY 2025 Actual Collections	FY 2026 Estimate	FY 2027 Estimate	FY 2028 Estimate	FY 2029 Estimate	FY 2030 Estimate	FY 2031 Estimate
Motor Carrier Fuel Tax	432,442	445,055	431,015	426,000	425,000	425,000	419,000	424,000	428,000
Registration Fees	142,498	129,179	137,381	150,000	137,000	137,000	137,000	137,000	137,000
Registration Fee: Highway Litter Control	1,878	1,605	1,711	1,700	1,700	1,700	1,700	1,700	1,700
Sales Tax	317,936	317,180	334,106	310,000	324,000	315,000	315,000	315,000	315,000
Less Transfer to Industrial Access Road Fund	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)
Miscellaneous Income	172,679	400,355	62,758	160,000	140,000	40,000	40,000	40,000	40,000
Federal Reimbursement	639,231	822,906	764,105	929,175	929,175	800,000	800,000	800,000	800,000
Total	\$ 1,703,664	\$ 2,113,280	\$ 1,728,076	\$ 1,973,875	\$ 1,953,875	\$ 1,715,700	\$ 1,709,700	\$ 1,714,700	\$ 1,718,700

Cash and Investment Balances of All Funds

Fiscal Year Ending June 30, 2025

(Nearest Dollar)

	Fund No.	Cash Balance	Investments	Total Balance
General Revenue	01	\$ 2,169,946,198	\$ —	\$ 2,169,946,198
State Road Fund	02	20,777,638	175,984,417	196,762,054
Natural Resources Fund	03	3,657,519	145,878,159	149,535,678
Consolidated Investment Pool	09	-4,120,953,334	5,248,358,429	1,127,405,095
Consolidated Federal Funds (Special Revenue)	12	143,202,222	421,669	143,623,891
Special Revenue Departments	13	2,020,668,863	11,380,447,041	13,401,115,903
Special Revenue Higher Education	14	130,257,606	407,567,858	537,825,464
Health and Human Resources	16	148,119,561	90,827	148,210,388
Public Employees' Retirement	17	1,325,956	9,419,215,604	9,420,541,561
Teachers' Retirement Fund	18	4,671,438	10,416,678,839	10,421,350,277
WVU Medical School	20	500,332	212,757	713,090
Total		<u>\$ 522,173,999</u>	<u>\$ 37,194,855,600</u>	<u>\$ 37,717,029,599</u>

Detailed Investments - Special Revenue

Fiscal Year Ending June 30, 2025

(Nearest Dollar)

Attorney General	\$	885,118.97
Auditor's Office	\$	7,320,978.32
Board of Risk and Insurance Management	\$	109,323,938.95
Budget Office	\$	20,126,253.35
Court of Claims	\$	7,137,205.50
CPRB	\$	2,254,736,560.72
Culture and History	\$	862,852.18
Department of Administration	\$	2,089,174,722.44
Department of Education	\$	223,295,871.47
Department of Environmental Protection	\$	774,238,228.76
Department of Transportation	\$	848,396,655.66
Division of Emergency Management	\$	141,571.43
Division of Financial Institutions	\$	133,761.68
Division of Forestry	\$	888,154.34
Division of Health	\$	89,039.78
Division of Human Services	\$	5,680,390.37
Division of Labor	\$	1,946,214.92
Division of Motor Vehicles	\$	1,789,634.91
Division of Natural Resources	\$	84,136,985.03
Insurance Commissioner	\$	1,138,023,664.46
Lottery Commission	\$	172,464,554.74
Municipal Bond Commission	\$	231,412,682.84
Municipal Pension Oversight Board	\$	44,646,724.82
Office of the Inspector General	\$	47,906.53
Public Employees Insurance Agency	\$	236,196,283.28
Regional Jail Authority	\$	25,741,317.35
Secretary of Revenue	\$	1,268,437,135.91
Secretary of State	\$	45,043.11
State Police	\$	731,802.19
Treasurer's Office	\$	322,192,625.07
Water Development Authority	\$	523,992,980.98
WV Economic Development Authority	\$	986,075,708.42
Total Detail Special Revenue	\$	<u>11,380,312,568.48</u>

Summary of Primary Government Long-Term Debt

Outstanding as of June 30, 2025

(Expressed in Thousands)

	Actual 6/30/23*	Actual 6/30/24*	Actual 6/30/25*	Estimated 6/30/26*	Estimated 6/30/27*
General Obligation Debt					
Safe Road Bonds	\$43,130	\$22,090	\$0	\$0	\$0
Roads to Prosperity	1,490,735	1,450,755	1,406,250	1,359,480	1,310,360
Infrastructure Bonds	81,185	42,812	28,892	14,573	—
SUBTOTAL	1,615,050	1,515,657	1,435,142	1,374,053	1,310,360
Revenue Bonds					
School Building Authority (Lottery)	91,911	77,791	66,349	54,209	41,576
School Building Authority (Excess Lottery)	63,451	57,282	66,964	58,729	47,674
School Building Authority, QSCBs (Excess Lottery)	150,480	150,480	146,422	132,778	118,626
Tobacco Settlement Finance Authority	727,383	707,764	686,469	686,469	686,469
Highways, Commissioner of	205,895	183,930	160,860	136,640	111,205
2010 EAST Fund (Lottery)	120,585	115,740	110,650	105,310	99,700
Economic Development Authority (Excess Lottery)	127,200	108,705	64,940	61,605	58,105
WV Infrastructure and Jobs Development Council	132,740	125,890	160,040	152,885	145,400
SUBTOTAL	1,619,645	1,527,582	1,462,694	1,388,625	1,308,755
Other Financing Obligations & Notes Payable					
Governmental Funds	112,092	97,146	77,649	77,649	77,649
Internal Service**	45,650	43,575	43,575	43,575	43,575
Notes Payable**	10,777	5,407	2,937	2,937	2,937
SUBTOTAL	168,519	146,128	124,161	124,161	124,161
TOTAL	\$3,403,214	\$3,189,367	\$3,021,997	\$2,886,839	\$2,743,276

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

**FY 2025 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, \$1.3 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 2026 budgets used no Rainy Day funding. The Governor recommends no transfer in his FY 2027 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, 2025, the balance in the Rainy Day Fund - Part A was \$788.7 million, 14.6% of FY 2026 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

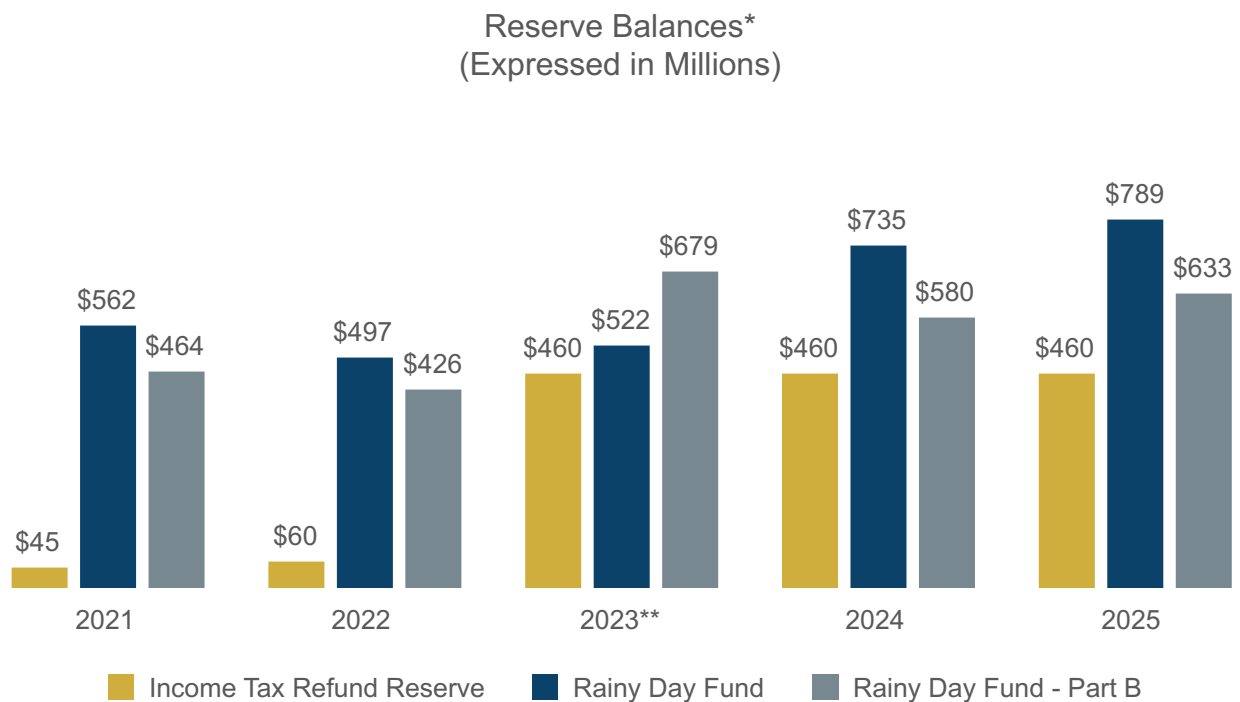
Expenditures may not be made from the Rainy Day Fund—Part B unless all money in the Rainy Day Fund have been first expended. After June 30, 2025, interest and other returns earned on money in the Rainy Day Fund—Part B may be appropriated by the Legislature for continued support of the programs offered 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, 2025, the balance in the Rainy Day Fund—Part B was \$633.0 million, 11.7% of FY 2026 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 2025 was \$460 million. As of December 31, 2025, 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, healthcare 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. The State Road Fund receives its revenue from dedicated tax sources. Overall, tax revenues increased during FY 2025 by \$11.2 million (1.25%). Motor Fuel Excise Tax collections decreased by \$14.0 million (-3.15%). Registration Fee collections increased by \$8.2 million (6.35%). Privilege Tax collections increased by \$16.9 million (5.34%) and Highway Litter Fee collections increased by \$150,642 (6.58%).

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 \$764 million in FHWA reimbursements for FY 2025. Federal funding is expected to remain at this higher level under the IIJA (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 the State Road Fund 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.

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.

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

DOT 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 \$2.6 billion due to the continued rise in construction costs and the deterioration of buildings. The SBA's goal is to provide grants each year for projects which, along with local school district funding, will average approximately a \$100 million investment in the State annually. West Virginia schools have benefitted greatly by having more funding available for improvements; however, there is a tremendous funding gap.

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 SBA approved an increase of approximately 46% to the SBA square footage cost allowance formula. This increase was still in effect for the December 2024 (FY 2025) Needs Grant award cycle resulting in total requests for SBA funding to be more than \$207 million.

While the SBA benefited from excess funding during FY 2023 and FY 2024, it has since returned to its original funding levels of \$51 million (General and Tax Revenue). The December 2024 (FY 2025) Needs Grant cycle required SBA to tap into future funding cycles by setting up three projects as multi-year awards. This resulted in less funds available in the next grant cycle to pay for the future years of these projects.

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 funding Comprehensive Educational Facilities Planning (CEFP) project requests for the current 10-year cycle.

The SBA has 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. 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.

Healthcare 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. According to the United Health Foundation 2024 Annual Report, West Virginia is 46th in overall health ranking.

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 healthcare and public health spending has gone toward the treatment of disease once it has started. 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 healthcare expenditures increase to unsustainable levels.

Chronic Disease

An aging population with chronic healthcare needs in a state of high poverty and poor health outcomes creates a perfect storm for West Virginia. 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 healthcare, with fewer healthcare 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. 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.

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, through the leadership of the Bureau for Public Health (BPH) in collaboration with an 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 healthcare; however, they are only addressing the problem once it has progressed to a costly phase. Public health prevention will expand our 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 (SDoH), including access to food, transportation, healthcare 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) 2027 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 2027 and beyond.

Chronic Disease

- According to the Centers for Disease Control and Prevention, 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 36.2 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

Substance Use Disorder (SUD) and Behavioral Health

- West Virginia's overdose mortality significantly exceeds the US average. In calendar year (CY) 2023, drug overdose deaths in West Virginia were 82 per 100,000 compared to 31.3 deaths per 100,000 at the national level.⁷
- 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.⁸

Maternal and Child Health

- The preterm birth rate in West Virginia was 13.1% in 2023, an increase from previous years.⁹
- West Virginia's maternal mortality rate was 23.9 deaths per 100,000 births, slightly higher than the national rate of 23.2.¹⁰
- West Virginia has implemented some policies to support maternal and child health, including extending Medicaid coverage to 12 months postpartum, but does not require reimbursement for postpartum mental health screenings or doula care.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 2023, 16.7% of West Virginia residents had incomes below the Federal Poverty Level (FPL), exceeding the US share of 12.5%.¹³ The State's 2014 decision to expand Medicaid under the Affordable Care Act extends Medicaid coverage to West Virginians aged 19 to 64 earning under 138% of the FPL.

¹ West Virginia. <https://www.cdc.gov/nchs/state-stats/states/wv.html>

² Diabetes Mortality by State. https://www.cdc.gov/nchs/state-stats/deaths/diabetes.html?CDC_AAref_Val=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/wvdt/cessation/pages/default.aspx#:~:text=West%20Virginia%20continues%20to%20have,every%20day%20or%20some%20days.>

⁷ Drug Overdose Mortality. CDC. https://www.cdc.gov/nchs/state-stats/deaths/drug-overdose.html?CDC_AAref_Val=https://www.cdc.gov/nchs/pressroom/sosmap/drug_poisoning_mortality/drug_poisoning.htm

⁸ Mental Health in West Virginia. Kaiser Family Foundation. <https://www.kff.org/statedata/mental-health-and-substance-use-state-fact-sheets/west-virginia/>

⁹ 2024 March of Dimes Report Card for West Virginia. <https://www.marchofdimes.org/peristats/reports/west-virginia/report-card>

¹⁰ Ibid.

¹¹ Ibid.

¹² BMS SFY 2025 Data.

¹³ United States Census Bureau, 2023. https://data.census.gov/profile/West_Virginia?g=040XX00US54

Long-Range Issues

Approximately 55.2% of West Virginia's total population lives in a rural area.¹⁴ Many rural populations also have less access to healthcare, with fewer healthcare 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.¹⁵ In West Virginia, managed care organizations (MCOs) must establish and maintain provider networks in geographically accessible locations for the populations to be served. West Virginia faces additional unique obstacles, including significant professional workforce shortages^{16, 17} and geographic disparities in access to care where the rural nature of the State makes it difficult to maintain medical facilities accessible to much of the population.¹⁸

Medicaid Benefits

West Virginia Medicaid offers a benefit package that includes access to prescription drug coverage and 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 and Medicaid managed care.

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 2025, Medicaid members in the MHT program can enroll with one of the State's four 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 children and youth in foster care, kinship care, or the adoption assistance program across the State.¹⁹ In SFY 2024, the Centers for Medicare and 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. ABHWV is the sole provider of MHP services.

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. More than 25,600 children under the age of 19 and pregnant women are enrolled in WVCHIP.²⁰

West Virginia Medicaid and WVCHIP Demographics

As of June 2025, total Medicaid and WVCHIP enrollment in West Virginia was 492,725.²¹ Figure 1 and Figure 2 represent the Medicaid managed care population demographics of each program by eligibility category, age, race, and gender (as of June 2025).^{22,23}

¹⁴ America's Health Rankings. Rural Population in West Virginia, 2023. https://www.americashealthrankings.org/explore/measures/pct_rural_b/WV

¹⁵ Rural Health Information Hub. Rural Health Disparities. <https://www.ruralhealthinfo.org/topics/rural-health-disparities>

¹⁶ West Virginia University. Medical Personnel Shortage in West Virginia. Jordan Dennison. October 31, 2024.

¹⁷ Kaiser Family Foundation (KFF). Primary Care Health Professional Shortage Areas (HPSAs). December 31, 2024.

¹⁸ National Library of Medicine. Challenging terrains: socio-spatial analysis of Primary Healthcare Access Disparities in West Virginia. Insu Hong, Bradley Wilson, Thomson Gross, Jamison Conley, Theodore Powers. August 10, 2022.

¹⁹ 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>

²⁰ BMS SFY 2025 Data.

²¹ Ibid.

²² Eligibility groups include temporary assistance for needy families (TANF), Medicaid expansion, supplemental security income (SSI), CHIP, pregnant women, and Children with Special Healthcare Needs (CSHCN).

²³ BMS data through June 2025.

Figure 1: MHT Enrollment Breakdown

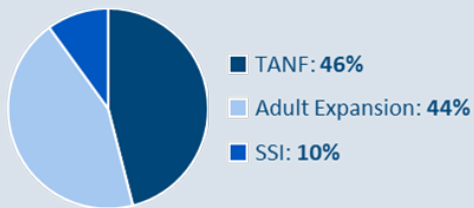
WV Population | 1.79 Million

MHT Enrollment | 370,581



1 in 4 West Virginians are assisted by Medicaid through the MHT program.

MHT ENROLLMENT BY ELIGIBILITY CATEGORY



MHT ENROLLMENT BY AGE, RACE, AND GENDER

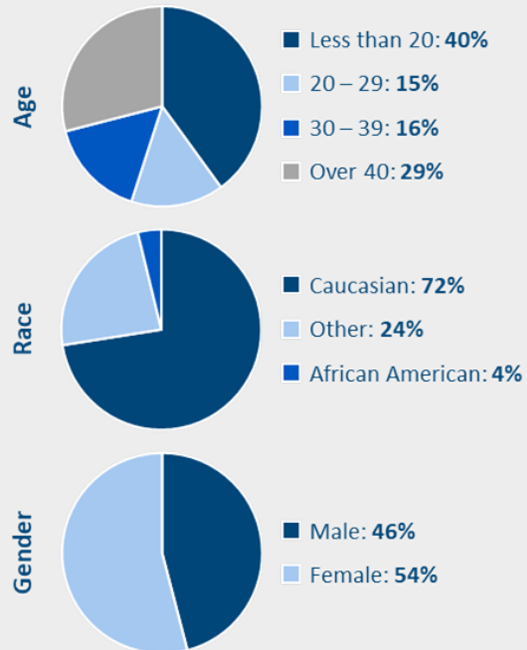


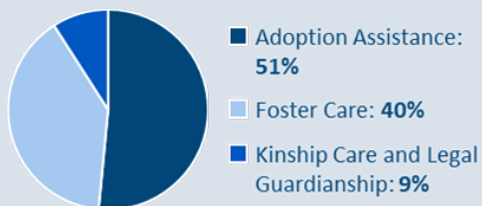
Figure 2: MHP Enrollment Breakdown



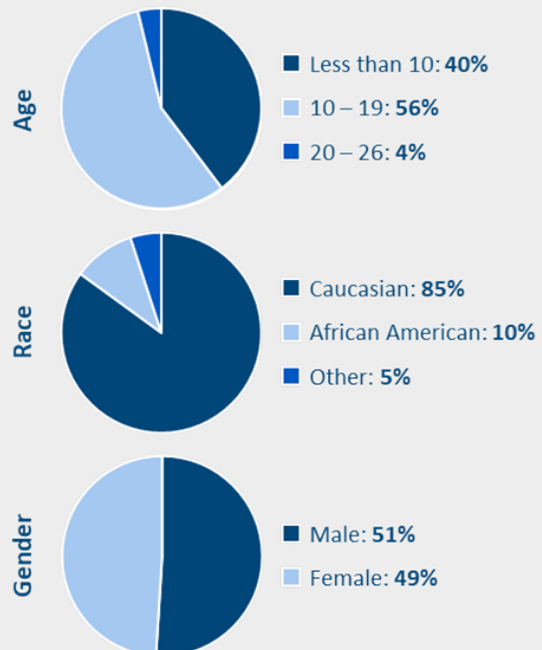
WV Population | 1.79 Million

MHP Enrollment | 27,643

MHP ENROLLMENT BY ELIGIBILITY CATEGORY



MHP ENROLLMENT BY AGE, RACE, AND GENDER



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) 2026, West Virginia's starting non-expansion FMAP rate is 74.22%. 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 2026, the Medicaid Expansion FMAP was 90.0% and the WVCHIP FMAP was 81.95%.²⁴

Medicaid Spending

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

Funding sources for Medicaid include the provider tax, Medical Services Trust Fund, lottery sources, and General Revenue fund. The 2025 House of Representatives budget reconciliation bill H.R. 1 "An Act to provide for reconciliation pursuant to title II of H. Con. Res. 14" includes implications for the provider tax source of funding. Section 71115 of H.R. 1 modifies the threshold for the hold harmless provision of healthcare-related (provider) taxes, which is currently established at 6% of net patient revenue. The changes to this threshold are effective beginning on or after October 1, 2026. At this time, there will be a gradual decrease in the hold harmless threshold, as follows:

- FFY2027: 6.0%
- FFY2028: 5.5%
- FFY2029: 5.0%
- FFY2030: 4.5%
- FFY2031: 4.0%
- FFY2032 and after: 3.5%

Currently, provider taxes fund a portion of Medicaid expenditures in West Virginia. The effect of this change will be a decrease in State Medicaid funds from this source, as well as a decrease in the corresponding matching federal funds. Table 1 illustrates the effect of these provider tax reductions on a year-by-year basis for each provider tax operated in West Virginia.

²⁴ CFR 89 FR 94743

Long-Range Issues

Table 1: Provider Tax Reduction Impact²⁵

	Total Tax Revenue	Total Tax Rate	Tax Collection Reductions if Limited to 5.5% in 2027	Tax Collection Reductions if Limited to 5.0% in 2028	Tax Collection Reductions if Limited to 4.5% in 2029	Tax Collection Reductions if Limited to 4.0% in 2030	Tax Collection Reductions if Limited to 3.5% in 2031
Hospitals under SFY 2024 DPP Program	\$210,329,406	3.49%	n/a	n/a	n/a	n/a	n/a
Hospitals under SFY 2025 ACR Program	\$427,522,446	6.00%	\$35,626,870	\$71,253,741	\$106,880,611	\$142,507,482	\$178,134,352
Ambulatory surgical centers 11-27-4	\$1,027,665	1.75%	n/a	n/a	n/a	n/a	n/a
Laboratory or X-ray services 11-27-8	\$1,317,763	5.00%	n/a	n/a	\$131,776	\$263,553	\$395,329

In order to account for this decrease or to maintain the same level of federal funding, 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.

Other aspects of H.R. 1 are likely to have implications for the West Virginia Medicaid budget. In addition to the provider tax restrictions, H.R. 1 also:

- Includes provisions for mandatory six-month redetermination and community engagement for select populations, which are projected to cause disenrollment of nearly 54,000 Medicaid enrollees in the State.²⁶
- Mandates stricter rules on state-directed payment policies, limiting payments to 100% of the published Medicare payment rate.
- Provides states with the opportunity to receive funding through the Rural Health Transformation Program. West Virginia must apply for this grant by December 31, 2025, in order to be eligible for this funding. \$10 billion will be distributed annually to eligible states by CMS for five years.

Another consideration at the federal level is the ongoing implementation of the CMS Final Rule, released in May of 2024. The purpose of the final rule is to advance CMS's efforts to improve access to care, improve quality and health outcomes, and better address health equity issues for Medicaid and CHIP managed care enrollees. The final rule included regulatory updates aimed at improvements to the Medicaid and CHIP programs, affecting network adequacy, state-directed payments, medical loss ratio, and quality rating for managed care plans. Implementation of the final rule will incur administrative costs through 2029, when the last provisions of the rule are effective.

Medicaid Expenditures

In SFY 2025 Q1-Q3, Medicaid expenditures in West Virginia totaled \$4.04 billion.²⁷ Seventy-four percent of this was federal share, while the State share was 26%.

²⁵ BMS SFY 2025 Data.

²⁶ How Will the 2025 Reconciliation Law Affect the Uninsured Rate in Each State? KFF. <https://www.kff.org/uninsured/how-will-the-2025-reconciliation-law-affect-the-uninsured-rate-in-each-state/>

²⁷ SFY 2025 CMS-64 Reporting. At the time of this report's publication, CMS-64 reporting is not available for Q4

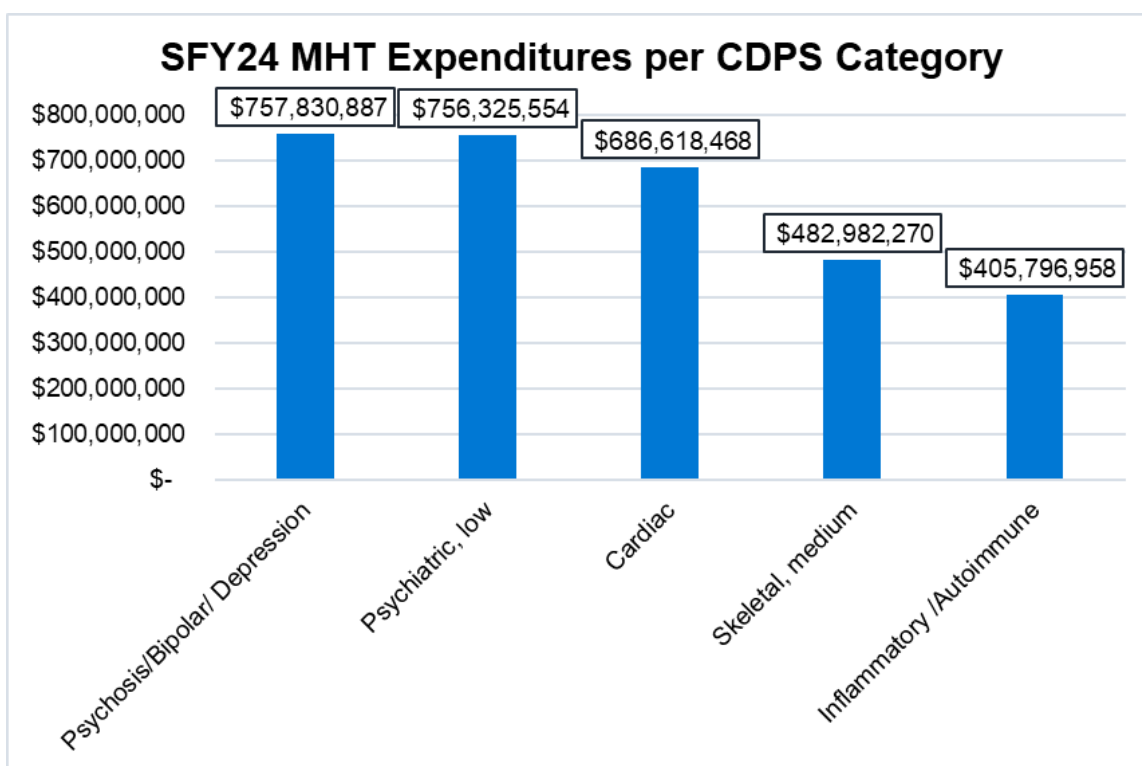
Long-Range Issues

In SFY 2024, approximately 20% of members accounted for roughly 80% of the expenditures, while the top 1% of members made up about 24% of expenditures in MHT. Eighty percent of MHT members had annual costs of \$3,055 or less, contributing to 19.6% of total MHT expenditures.²⁸ 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.

Figures 4-6 below represent the top five SFY 2024 MHT, MHP, and CHIP expenditures per conditions present on claims as categorized by Chronic Illness and Disability Payment System (CDPS) categories.²⁹ CDPS is a diagnostic-based risk adjustment model that is widely used to adjust capitated payments for health plans that enroll Medicaid beneficiaries.³⁰ 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 MHP and CHIP, 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). “Psychiatric, Low” was also the second highest expenditure for MHT, behind “Psychosis/Bipolar/Depression.” Because expenditures are categorized by condition code and not specific services, these expenditures are not solely treatment for the psychiatric condition.

Figure 4: SFY 2024 Top 5 MHT Expenditures per CDPS Category



²⁸ SFY 2024 data from the SFY 2026 MHT Rate

²⁹ Ibid.

³⁰ Chronic Illness and Disability Payment System (CDPS). <https://hwsph.ucsd.edu/research/programs-groups/cdps.html#Relevant-Papers-and-Additional->

Figure 5: SFY 2024 Top 5 MHP Expenditures per CDPS Category

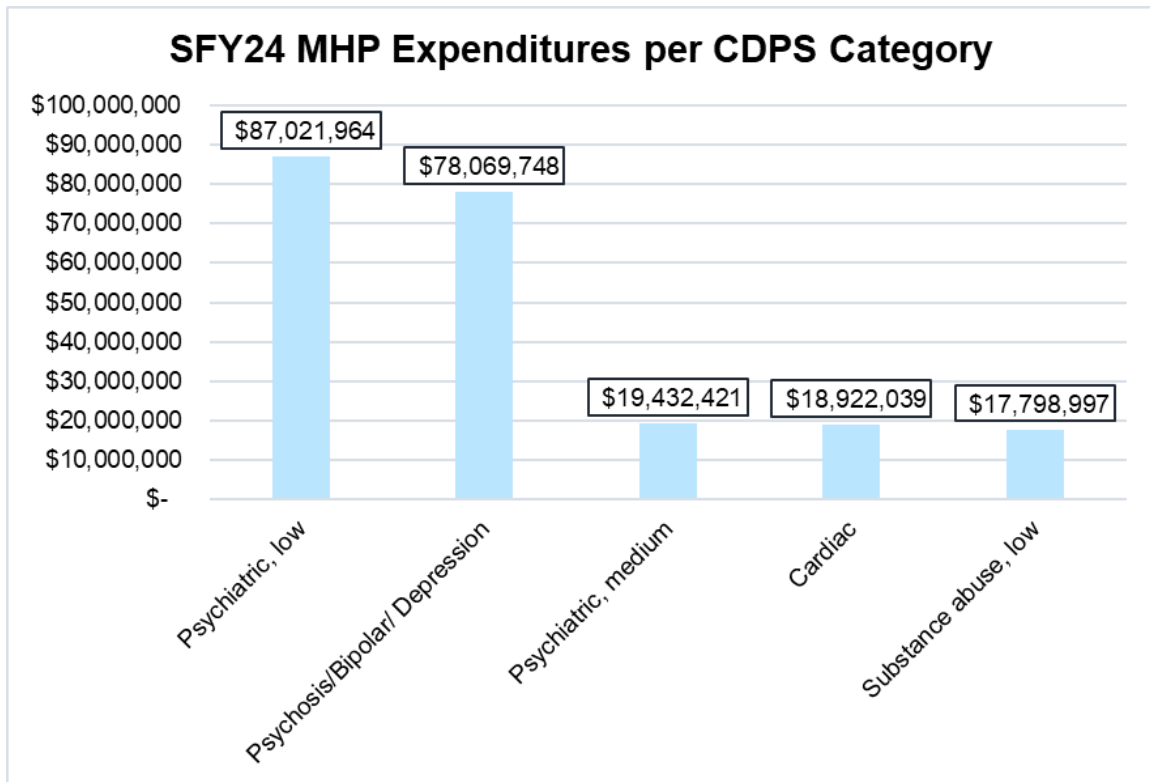
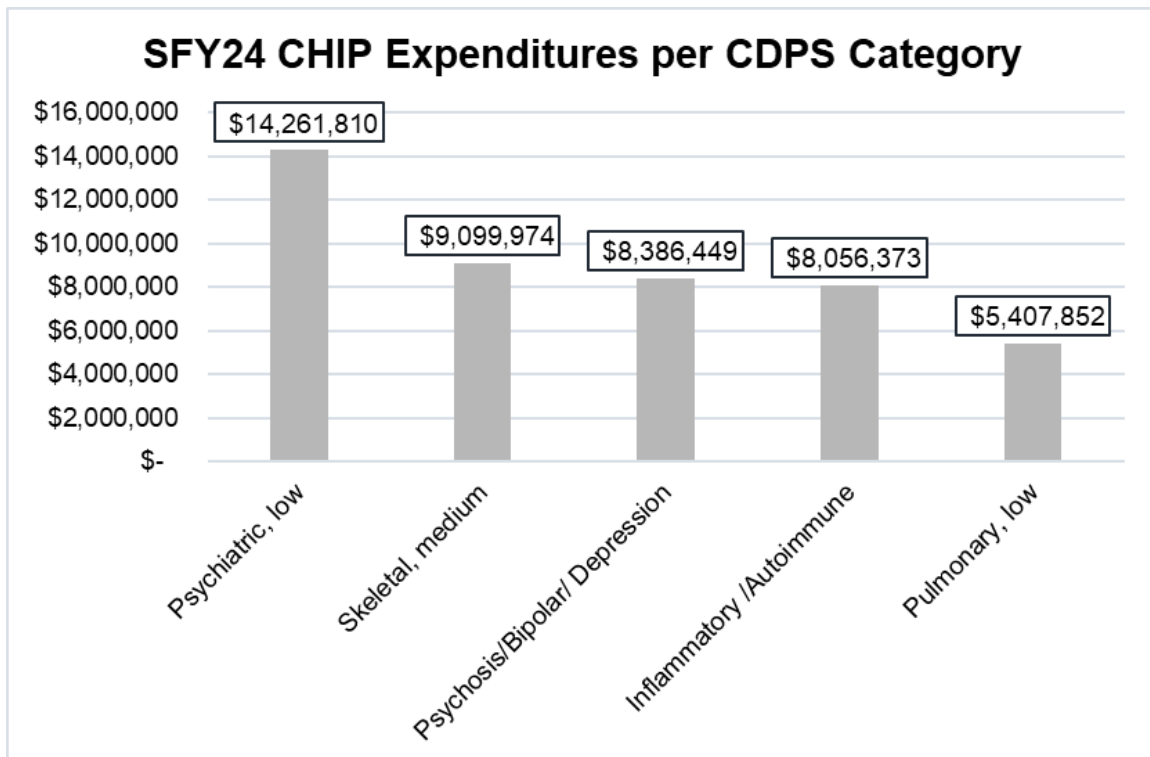


Figure 6: SFY 2024 Top 5 MHP Expenditures per CDPS Category



Long-Range Issues

Table 2 represents the West Virginia Medicaid per member cost compared to the national average, as well as the year-over-year growth rates for each.

Table 2: WV Medicaid Per Member Spend SFY 2020-2025³¹

SFY	WV Per-Member Cost	WV Growth Rate	National Average Per-Member Cost	National Growth Rate
2020	\$8,252.21	4.2%	\$12,629.00	10.3%
2021	\$8,145.67	(1.3)%	\$13,012.00	3.0%
2022	\$8,566.67	5.2%	\$13,493.00	3.7%
2023	\$8,508.54	(0.7)%	\$13,875.00	2.8%
2024	\$9,513.01	11.8%	\$14,570.00	5.0%
2025	\$10,357.62	8.9%	\$15,610.00	7.1%

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 healthcare provided by the State's MCOs.³² The Managed Care Quality Strategy focuses on the following:

- Ensuring alignment of Managed Care Quality Strategy goals and measures with BMS initiatives driving healthcare 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 7) to address the healthcare needs of the Medicaid and WVCHIP populations.

Figure 7: Medicaid (MHT and MHP) Managed Care Quality Strategy Goals



³¹ LOCHHRA June Reports FY 2020-2025.

³² 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

The Managed Care Quality Strategy goals align with the long-range issues presented in this report.³³

- 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 63% of HEDIS® measures.³⁴ BMS is committed to improving the outcome of the MCO's performance measures to ensure the quality, timeliness, and accessibility of healthcare 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.

Waivers

The CSEDW is a Medicaid Home and Community-Based Services (HCBS) waiver program authorized under 1915(c). Section 1915(c) of the Social Security Act (SSA) allows states to furnish an array of HCBS programs that assist Medicaid 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 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 to 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 waiver provides 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. In January 2025, BMS received approval to extend additional services through this waiver, providing expanded recovery and support services for members with SUD needs. The waiver additionally includes expanded peer recovery support specialty services.

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 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, benefiting 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.

Figures 4 through 6 in this report demonstrate the significant burden of behavioral health conditions in the West Virginia Medicaid program. For MHT, MHP, and CHIP, Low Severity Psychiatric and Psychosis/Bipolar/Depression are in the top three conditions. 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.

³³ Ibid.

³⁴ 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

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)

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 2024.³⁵ 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.

As of July 1, 2025, eligible applicants are automatically enrolled into MHT after successful implementation of day one enrollment. The MCO quality withhold program and inpatient SUD provider care measures are both in the implementation stage.

Transforming Maternal Health Grant (TMaH)

On January 6, 2025, CMS announced that West Virginia was one of 15 states selected to participate in the Transforming Maternal Health Model (TMaH). West Virginia was granted a federal award of \$1,000,000, to be used over a performance period of 10 years.

TMaH is a CMS model designed to focus on improving maternal healthcare for people enrolled in Medicaid and CHIP while also reducing overall program expenditures. The model will support participating state Medicaid agencies in the development of a whole-person approach to pregnancy, childbirth, and postpartum care that addresses the physical, mental health, and social needs experienced during pregnancy. In West Virginia, focus areas of the grant include access to care, infrastructure, and workforce capacity, quality improvement and safety, and whole-person care delivery.

BMS has already implemented several required model elements and other initiatives that will contribute to the success of TMaH. The State extended Medicaid coverage from 60 days to 12 months for postpartum members, facilitated birthing-friendly hospital designations for 17 hospitals or health systems within the State, and provides comprehensive support for members with SUD, including pregnant women.

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.

³⁵ 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 healthcare, 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.

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 SDoH. During SFY 2025, MCOs implemented various strategies to address SDoH including but not limited to the following:

- ABHWV collaborated with community health worker programs to address the needs of members with chronic conditions and address social determinants of health including food assistance, transportation access, financial assistance, and other non-clinical barriers to wellness.
- HHOWV invested in community health through the launch of a farmers market pilot program aimed at improving food security and healthier communities in the Charleston area.
- THP implemented a food as medicine project that provides fruits and vegetables to members for regularly engaging with their primary care physician to monitor health metrics.
- Wellpoint established “food as medicine,” initiatives that provide members the opportunity to purchase fruits and vegetables through pop-up “FARMacies”, regularly engage their primary care provider to monitor health metrics, and engage schools to implement health and wellness programs.

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 increase access and availability of services through strategies and investments in key program areas including but not limited to CCBHCs, Mobile Crisis Intervention services, CSEDW, SUD services, 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 healthcare services for all members.

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, the 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 healthcare 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 healthcare. Increasing healthcare costs continue in all aspects of healthcare, most significantly in the specialty drug classification. The current financial plan assumes healthcare costs to increase annually by the following rates:

Long-Range Issues

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Medical	8.5%	9.0%	9.5%	10.0%	10.5%
Drug	15.5%	16.0%	16.5%	17.0%	17.5%

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

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Medical	\$1.7 million	\$69 million	\$83 million	\$99 million	\$114 million
Drug	\$35 million	\$61 million	\$74 million	\$90 million	\$104 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 2026	FY 2027	FY 2028	FY 2029	FY 2030
Reserve	\$332 million	\$366 million	\$347 million	\$285 million	\$182 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 healthcare cost trends persist, PEIA will be vigilant in maintaining affordable, quality healthcare 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 healthcare costs, state budget constraints, plan funding, and the OPEB liability reporting requirement are all issues the PEIA Finance Board must consider in preparing the agency's five-year financial plan.

The retiree plan must be subsidized by the active policy premiums. The rate of subsidization estimated for FY 2027 is approximately 66%. 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 2030. The Trust completed FY 2025 with total net assets of \$2.1 billion, total claims expense of \$124 million, and capitations of \$65 million. Current claim expense trend assumptions for FY 2026 through FY 2030 go from 8.5% for medical and 15.5% for drugs to 10.5% for medical and 17.5% for drugs. These trend assumptions result in increases of \$160 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 \$2.4 billion by fiscal year end 2030. This represents a 107% funded status of the OPEB Accrued Actuarial Liability.

Insurance Reform

Workers' Compensation

From 1913 until January 1, 2006, West Virginia operated 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, 2025, the fund balance in the Old Fund was estimated to be a net asset balance of \$77.1 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:

- **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. The CPRB Board amortization policy for PERS is to amortize the unfunded actuarial liability, as of July 1, 2025, on a level-dollar basis over 10 years, which is consistent with the 30-year unfunded liability payment plan through June 30, 2035. 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 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.

Long-Range Issues

- **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 expired 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.

- **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 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 initially set the contribution rate as a percentage of covered payroll, with 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, 2024, Actuarial Valuation Unfunded Actuarial Liability		July 1, 2025, Actuarial Valuation Unfunded Actuarial Liability (Estimated)	
PERS	\$(171,582,000)	(101.9% funded) ¹	\$(166,241,000)	(101.8% funded)
TRS	\$2,003,915,000	(83.4% funded) ¹	\$1,830,077,000	(84.9% funded)
JRS	\$(181,077,000)	(244.5% funded) ¹	\$(201,642,000)	(251.7% funded)
Public Safety—Plan A	\$(3,120,000)	(100.4% funded) ¹	\$(38,288,000)	(104.7% funded)
State Police—Plan B	\$40,182,000	(90.1% funded) ¹	\$23,482,000	(94.6% funded)
NRPORS	\$8,917,000	(78.3% funded) ¹	\$9,388,000	(79.0% 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 2027 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 2026) less any one-time appropriations. For the FY 2027 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 2027 expenditure growth and position the State to structurally balance budgets in the years that follow. For the FY 2027 budget, the Governor has recommended most agencies be funded at 98% of the FY 2026 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 2026 "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 2027, agencies were asked that any requests for improvements or requests for FY 2026 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 2027 budget.

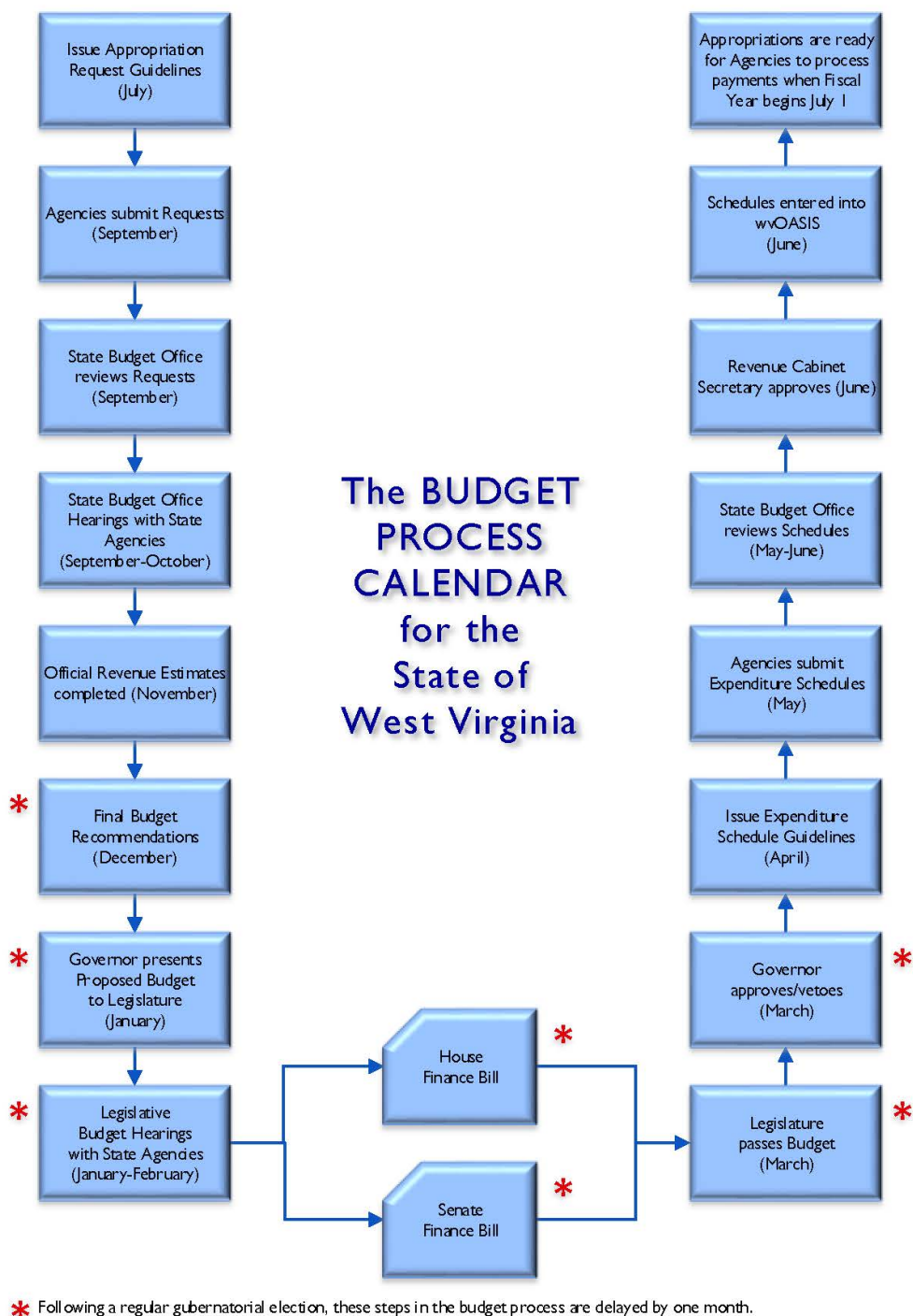
Appropriation requests are reviewed by the Secretary of Revenue, the State Budget Office, and the Governor's Office. Budget meetings are generally held with the departments/bureaus/commissions/divisions to discuss their requests. During these budget meetings, the departments/bureaus/commissions/divisions 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 2027 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.



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 2025 Actual Expenditures, FY 2026 Budgeted Expenditures, FY 2027 Current-Level Request, and the Governor's FY 2027 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

As of February 2025, the House repealed public hearings. The Chair of a committee may invite public officials, public employees, and private individuals to appear before the committee for the purpose of submitting information.

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.

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," "Other Assets," and "Contract Nursing"
- During FY 2026, 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, 2026, as provided by W.V. Code §6-7-2a.
- The Budget Act also requires the payment for the Board of Risk and Insurance Management (BRIM) premiums and payments for employee benefits to be paid or transferred from various sources should the appropriations be insufficient.

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

The Commissioner of the Division of Corrections and Rehabilitation has specific authority to transfer funds between the individual correctional facilities and from the correctional units to make payments to federal, county, and/or regional jails or for inmate medical expenses. The Commissioner also has specific authority to transfer funds between individual juvenile centers and from the individual juvenile centers to make payments for resident medical expenses.

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

The Cabinet Secretaries of the Department of Health Facilities and the Department of Human Services may also transfer between items of appropriation, provided, however, that funding for "Personal Services and Employee Benefits" 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.

Budget Overview

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

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

Federal Revenue

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

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

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

Financial Related Policies

Accounting and Auditing Procedures

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

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

West Virginia Code requires an annual audit by independent certified public accountants. In addition to meeting the requirements set forth in West Virginia Code, the audit is also designed to meet the requirements of the Federal Single 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.

Banking Services 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.

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

The West Virginia Board of Treasury Investments (BTI) is responsible for investing the operating funds (short-term funds) of the State referred to as the Consolidated Fund. The State Treasurer is chairperson of the five-member board. The BTI maintains 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 Standard and Poor's. The West Virginia Short-Term Bond Pool is a bond mutual fund used for investments that have a perceived longer investment horizon.

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

Evaluation and Monitoring Procedures

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

Budget Overview

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 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.

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 2027 performance measures is to show the agency's performance for the most recent fiscal year (FY 2025) and the performance-level objectives the program is trying to achieve in FY 2026 and FY 2027 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 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 shall 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.

Budget Overview

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.V. 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 or has been taken. Depending on the findings of a review, the Joint Committee on Government Organization may request a compliance review be conducted.

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. Below are agency and regulatory reviews that have been completed and released through calendar year 2025.

Agency Reviews

- 2025: The Division of Aviation, The Office of Equal Opportunity, The Finance Division, The Ethics Commission, and The Office of Environmental Remediation,

Regulatory Board Reviews

- 2025: The Division of Aviation, The Office of Equal Opportunity, The Finance Division, The Ethics Commission, and The Office of Environmental Remediation,

Human Resources

As of November 30, 2025, the State had approximately 41,439 filled, permanent, full-time equivalent employees, including approximately 11,482 employed by the Higher Education Policy Commission and approximately 1,319 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 2025 to FY 2026

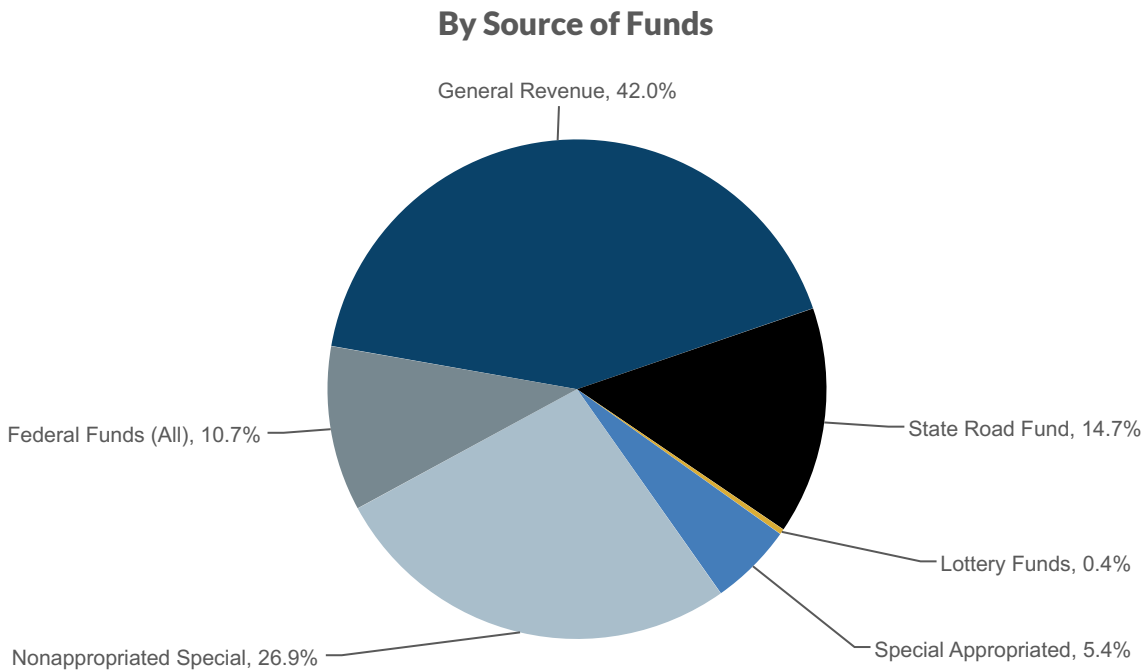
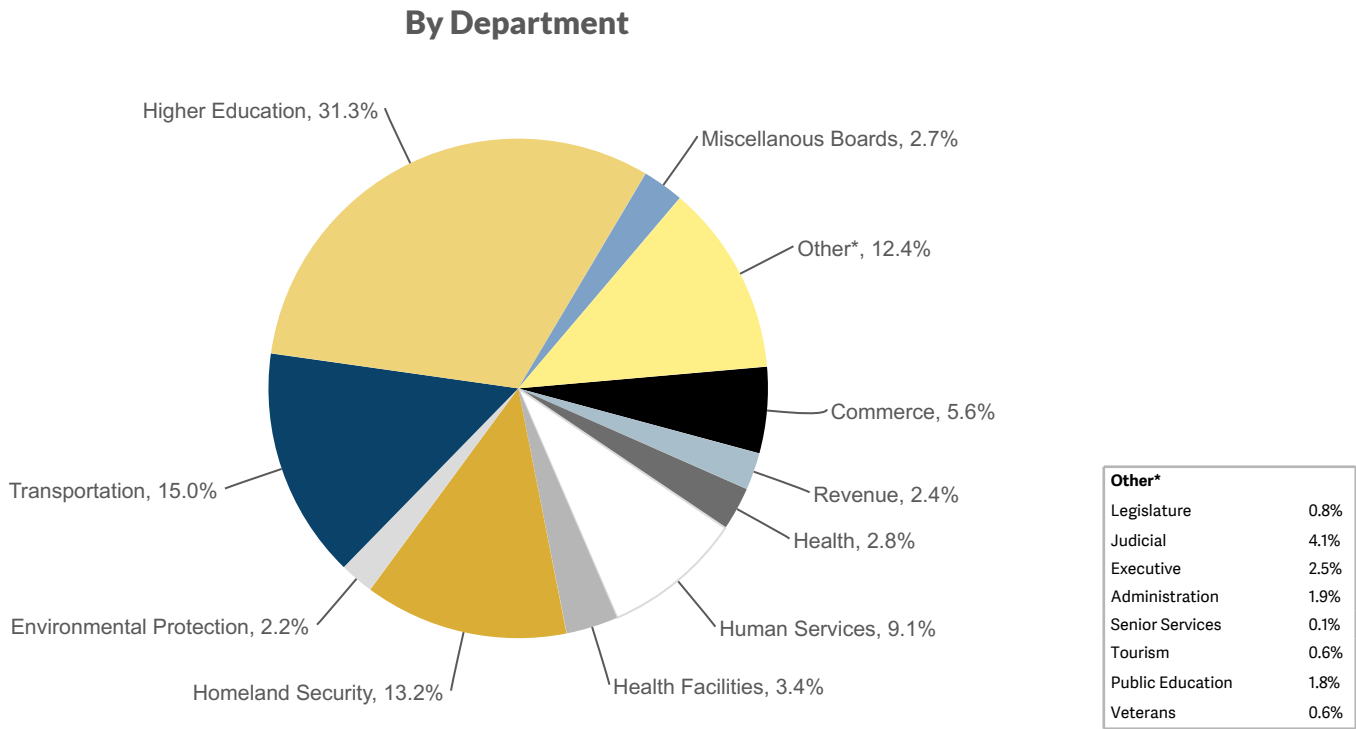
- 1 FTE transfer from Division of Corrections and Rehabilitation to Division of Administrative Services (Dept. of Homeland Security).
- 1 FTE transfer from the Department of Health Facilities to Office of the Inspector General.
- Department of Economic Development was renamed the Division of Economic Development and was reorganized under Department of Commerce.
- Division of Culture and History was merged into the Department of Tourism.
- Educational Broadcast Commission was reorganized under the Department of Tourism.
- Division of Corrections and Rehabilitation: Added new positions per HB 3456 which brought Stevens Correctional Center under the State.
- Workforce West Virginia: inactivation of 96 positions due to changes in available funding.

Recommended position changes for FY 2027

- 5 FTEs - Division of Economic Development - Data Economy Office includes Director and two Program Managers; one for the Film Office; one Deputy Director.
- 1 FTE Agriculture - Apiary Inspector
- 6 FTEs Department of Health to administer Radiological Health Program via state mandate to be an agreement state. Three field staff, one supervisor chief, one environmental program manager, one ASA 2.
- 2 FTEs - transfer accounting positions from Forestry to Commerce Secretary.
- 18 FTEs - Department of Health - to implement the Rural Health Transformation Program.

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

FY 2027



Schedule of Budgeted Full-Time Equivalents All Funds

Permanent Positions
FY 2025 through FY 2027

DEPARTMENT/Agency	FY 2025 11-30-2024	FY 2026 11-30-2025	FY 2027 Recommended
LEGISLATURE			
Senate	56.26	56.26	56.26
House of Delegates	108.47	107.00	107.00
Joint Expenses	146.49	145.49	145.49
TOTAL - LEGISLATURE	311.22	308.75	308.75
JUDICIAL			
Supreme Court	1,693.50	1,681.50	1,684.50
TOTAL - JUDICIAL	1,693.50	1,681.50	1,684.50
ELECTED OFFICIALS			
Governor's Office and Division of Financial Institutions	76.25	72.60	74.60
Auditor's Office	183.00	183.00	183.00
Treasurer's Office	149.80	147.80	154.80
Agriculture	373.00	377.00	380.01
Attorney General	191.60	190.60	190.60
Secretary of State	52.00	52.00	52.00
TOTAL - ELECTED OFFICIALS	1,025.65	1,023.00	1,035.01
DEPARTMENT OF ADMINISTRATION			
Secretary of Administration	5.80	5.00	5.00
Consolidated Public Retirement Board	103.00	101.00	101.00
Finance Division	37.00	36.80	36.80
General Services	120.00	120.00	120.00
Purchasing Division	40.00	37.00	37.00
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	6.00	6.00
Public Defender Services	32.00	32.00	32.00
Division of Personnel	48.00	46.00	46.00
Public Employees Insurance Agency	54.70	54.70	54.70
Prosecuting Attorneys Institute	5.00	5.00	5.00
Office of Technology	271.50	252.00	252.00
Retiree Health Benefit Trust Fund	3.00	3.00	3.00
Real Estate Division	19.00	18.00	18.00
TOTAL - DEPARTMENT OF ADMINISTRATION	817.00	787.50	787.50

FTE Schedule of All Funds (Continued)

DEPARTMENT/Agency	FY 2025 11-30-2024	FY 2026 11-30-2025	FY 2027 Recommended
DEPARTMENT OF COMMERCE			
Division of Forestry	93.00	90.00	91.00
Geological and Economic Survey	34.00	34.00	33.00
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	485.60	389.60	389.60
Secretary of Commerce	44.00	46.00	46.00
Division of Economic Development	131.00	141.00	136.00
Rehabilitation Services	555.00	548.00	548.00
TOTAL - DEPARTMENT OF COMMERCE	2,386.60	2,292.60	2,287.60
DEPARTMENT OF TOURISM			
Department of Tourism	48.00	172.00	171.01
Division of Culture and History	144.50	—	—
Educational Broadcasting Authority	60.00	60.00	60.00
TOTAL - DEPARTMENT OF TOURISM	252.50	232.00	231.01
DEPARTMENT OF EDUCATION			
Department of Education	577.00	573.00	574.00
West Virginia Schools For The Deaf and the Blind	147.00	145.00	147.00
School Building Authority	13.00	13.00	13.00
West Virginia Professional Charter School Board	2.00	2.00	2.00
TOTAL - DEPARTMENT OF EDUCATION	739.00	733.00	736.00
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			
Division Of Health	901.99	886.99	902.99
Health Care Authority	7.00	8.00	7.00
Human Rights	27.00	27.00	27.00
Office of the Inspector General	217.00	218.00	219.00
TOTAL - DEPARTMENT OF HEALTH	1,152.99	1,139.99	1,155.99
DEPARTMENT OF HUMAN SERVICES			
Division of Human Services	3,731.68	3,726.08	3,727.06
TOTAL - DEPARTMENT OF HUMAN SERVICES	3,731.68	3,726.08	3,727.06

FTE Schedule of All Funds (Continued)

DEPARTMENT/Agency	FY 2025 11-30-2024	FY 2026 11-30-2025	FY 2027 Recommended
DEPARTMENT OF HEALTH FACILITIES			
Health Facilities	1,546.80	1,546.20	1,380.30
TOTAL - DEPARTMENT OF HEALTH FACILITIES	1,546.80	1,546.20	1,380.30

DEPARTMENT OF HOMELAND SECURITY

Secretary of Department of Homeland Security	35.00	35.00	33.00
Division of Emergency Management	100.50	100.50	100.50
Division of Corrections And Rehabilitation	3,830.00	3,968.00	3,961.00
West Virginia State Police	1,100.50	1,101.50	1,078.50
Fire Commission	60.00	60.00	60.00
Division of Protective Services	64.00	64.00	62.00
Division of Administrative Services	115.00	114.00	112.00
TOTAL - DEPARTMENT OF HOMELAND SECURITY	5,305.00	5,443.00	5,407.00

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	12.00	12.00
Insurance Commission	206.00	206.00	206.00
Lottery	201.00	201.00	201.00
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
TOTAL - DEPARTMENT OF REVENUE	983.00	982.00	982.00

DEPARTMENT OF TRANSPORTATION

Division of Motor Vehicles	678.00	678.00	678.00
Division of Highways	5,398.00	5,392.00	5,413.00
WV Division of Multimodal Transportation Facilities	31.00	29.00	31.00
TOTAL - DEPARTMENT OF TRANSPORTATION	6,107.00	6,099.00	6,122.00

DEPARTMENT OF VETERAN'S ASSISTANCE

Veterans' Affairs	208.20	209.60	211.20
Veterans' Home	47.00	47.00	47.00
TOTAL - DEPARTMENT OF VETERAN'S ASSISTANCE	255.20	256.60	258.20

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 2025 11-30-2024	FY 2026 11-30-2025	FY 2027 Recommended
COUNCIL FOR C&T COLLEGE EDUCATION			
Council for Community and Technical College Education	13.00	14.00	12.00
Mountwest Community and Technical College	112.00	119.00	118.00
New River Community and Technical College	145.00	139.00	135.00
Pierpont Community and Technical College	120.80	124.00	124.00
Blue Ridge Community and Technical College	202.59	198.59	197.59
West Virginia University at Parkersburg	202.00	209.53	197.00
Southern West Virginia Community and Technical College	178.00	147.00	165.00
West Virginia Northern Community and Technical College	160.56	155.04	160.56
Eastern West Virginia Community and Technical College	40.26	41.26	39.27
BridgeValley Community and Technical College	167.11	170.19	170.19
TOTAL - COUNCIL FOR C&T COLLEGE EDUCATION	1,341.32	1,317.61	1,318.61
HIGHER EDUCATION POLICY COMMISSION			
Higher Education Policy Commission - Administration	76.31	75.31	75.31
Higher Education Policy Commission - System	5.00	3.00	3.00
West Virginia University	6,707.07	7,200.87	6,933.17
Marshall University	1,908.86	1,958.11	1,914.43
West Virginia School of Osteopathic Medicine	332.00	333.00	332.12
Bluefield State University	209.41	205.75	206.41
Concord University	291.30	306.77	297.19
Fairmont State University	468.56	483.97	479.37
Glenville State University	235.00	243.00	241.00
Shepherd University	353.80	365.39	353.96
West Liberty University	330.75	336.72	333.75
West Virginia State University	262.52	261.75	260.75
West Virginia Network for Educational Telecomputing	49.00	49.00	49.00
TOTAL - HIGHER EDUCATION POLICY COMMISSION	11,229.58	11,822.64	11,479.46

FTE Schedule of All Funds (Continued)

DEPARTMENT/Agency	FY 2025 11-30-2024	FY 2026 11-30-2025	FY 2027 Recommended
MISCELLANEOUS			
Adjutant General	636.10	632.10	627.11
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	18.00	18.00	18.00
Public Service Commission	280.00	281.00	281.00
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	4.00	4.00
Enterprise Resource Planning Board	38.00	38.00	38.00
West Virginia Contractor Licensing Board	7.00	7.00	7.00
Other Boards	58.65	58.65	54.65
TOTAL - MISCELLANEOUS	1,115.75	1,113.75	1,104.76

Schedule of Budgeted Full-Time Equivalents By Source of Funds

Permanent Positions

FY 2025 through FY 2027

Department/Fund Source	FY 2025 11-30-2024	FY 2026 11-30-2025	FY 2027 Recommended
ALL DEPARTMENTS/AGENCIES			
General	17,094.94	17,552.79	17,185.55
State Road Fund	6,021.00	6,015.00	6,036.00
Special Revenue Appropriated	2,212.16	2,200.83	2,199.82
Lottery	144.07	145.72	146.65
Federal Appropriated	3,337.30	3,390.20	3,385.28
Federal Block Grants	470.51	485.85	487.58
Federal Revenue	615.16	533.49	498.55
Nonappropriated Special Revenue	11,030.55	11,115.23	11,002.22
TOTAL	40,925.69	41,439.12	40,941.65
LEGISLATURE			
General Revenue	306.22	303.75	303.75
Special Revenue Appropriated	5.00	5.00	5.00
TOTAL	311.22	308.75	308.75
JUDICIAL			
General Revenue	1,693.50	1,681.50	1,684.50
TOTAL	1,693.50	1,681.50	1,684.50
ELECTED OFFICIALS			
Federal Revenue Appropriated	53.32	60.72	58.57
General Revenue	471.26	467.02	472.90
Special Revenue	196.72	190.48	197.26
Special Revenue Appropriated	304.35	304.78	306.28
TOTAL	1,025.65	1,023.00	1,035.01
DEPARTMENT OF ADMINISTRATION			
General Revenue	143.85	137.75	137.95
Special Revenue	305.38	302.98	302.78
Special Revenue Appropriated	367.77	346.77	346.77
TOTAL	817.00	787.50	787.50

FTE Schedule by Source of Funds (Continued)

Department/Fund Source	FY 2025 11-30-2024	FY 2026 11-30-2025	FY 2027 Recommended
DEPARTMENT OF TOURISM			
General Revenue	141.02	128.40	129.27
Lottery Funds	52.03	51.04	49.78
Special Revenue	27.75	26.00	26.00
Special Revenue Appropriated	4.08	3.08	3.08
Federal Revenue Appropriated	27.63	23.48	22.88
TOTAL	252.50	232.00	231.01

DEPARTMENT OF COMMERCE

Federal Revenue	459.60	365.60	365.60
Federal Revenue Appropriated	555.89	553.39	548.89
Federal Revenue Block Grant	26.00	24.00	24.00
General Revenue	877.50	879.00	878.50
Lottery Funds	53.00	53.00	53.00
Special Revenue	185.00	185.00	185.00
Special Revenue Appropriated	229.61	232.61	232.61
TOTAL	2,386.60	2,292.60	2,287.60

DEPARTMENT OF EDUCATION

Federal Revenue Appropriated	110.05	109.30	108.70
General Revenue	584.60	573.50	577.10
Lottery Funds	6.20	6.70	6.70
Special Revenue	25.15	30.50	30.50
Special Revenue Appropriated	13.00	13.00	13.00
TOTAL	739.00	733.00	736.00

ENVIRONMENT

Federal Revenue Appropriated	319.65	331.80	326.00
General Revenue	74.63	74.63	74.63
Special Revenue	271.18	268.08	267.98
Special Revenue Appropriated	232.44	223.39	229.29
TOTAL	897.90	897.90	897.90

DEPARTMENT OF HEALTH

Federal Revenue Appropriated	320.30	307.85	324.75
Federal Revenue Block Grant	38.20	37.10	37.20
General Revenue	466.31	470.86	466.86
Special Revenue	263.63	258.63	262.63
Special Revenue Appropriated	64.55	65.55	64.55
TOTAL	1,152.99	1,139.99	1,155.99

FTE Schedule by Source of Funds (Continued)

Department/Fund Source	FY 2025 11-30-2024	FY 2026 11-30-2025	FY 2027 Recommended
DEPARTMENT OF HUMAN SERVICES			
Federal Revenue Appropriated	1,303.47	1,346.37	1,345.56
Federal Revenue Block Grant	406.31	424.75	426.38
General Revenue	2,007.02	1,933.73	1,934.04
Special Revenue	4.22	4.14	4.14
Special Revenue Appropriated	10.66	17.09	16.94
TOTAL	3,731.68	3,726.08	3,727.06

DEPARTMENT OF HEALTH FACILITIES

General Revenue	1,546.80	1,546.20	1,380.30
TOTAL	1,546.80	1,546.20	1,380.30

DEPARTMENT OF HOMELAND SECURITY

Federal Revenue Appropriated	47.32	48.57	48.57
General Revenue	3,952.47	4,089.22	4,053.22
Special Revenue	1,196.40	1,196.40	1,196.40
Special Revenue Appropriated	108.81	108.81	108.81
TOTAL	5,305.00	5,443.00	5,407.00

DEPARTMENT OF REVENUE

General Revenue	321.50	320.50	320.50
Special Revenue	338.50	338.50	338.50
Special Revenue Appropriated	323.00	323.00	323.00
TOTAL	983.00	982.00	982.00

DEPARTMENT OF TRANSPORTATION

Federal Revenue Appropriated	10.00	10.00	10.00
General Revenue	6.00	6.00	6.00
Special Revenue	19.00	17.00	19.00
Special Revenue Appropriated	51.00	51.00	51.00
State Road Fund	6,021.00	6,015.00	6,036.00
TOTAL	6,107.00	6,099.00	6,122.00

DEPARTMENT OF VETERANS' ASSISTANCE

Federal Revenue Appropriated	67.58	67.50	67.77
Special Revenue Appropriated	1.00	1.00	1.00
General Revenue	186.62	188.10	189.43
TOTAL	255.20	256.60	258.20

BUREAU OF SENIOR SERVICES

Federal Revenue Appropriated	10.55	11.06	11.06
Lottery Funds	3.43	3.90	3.90
Special Revenue	17.80	16.80	16.80
Special Revenue Appropriated	2.22	2.24	2.24
TOTAL	34.00	34.00	34.00

FTE Schedule by Source of Funds (Continued)

Department/Fund Source	FY 2025 11-30-2024	FY 2026 11-30-2025	FY 2027 Recommended
COUNCIL FOR C&T COLLEGE EDUCATION			
Federal Revenue	24.91	29.17	24.53
General Revenue	936.48	929.45	934.47
Special Revenue	379.94	359.00	359.61
TOTAL	1,341.32	1,317.61	1,318.61
HIGHER EDUCATION POLICY COMMISSION			
Federal Revenue	143.07	148.71	140.65
General Revenue	3,263.19	3,714.04	3,529.48
Lottery Funds	29.41	31.08	33.27
Special Revenue	7,665.26	7,792.09	7,671.64
Special Revenue Appropriated	128.65	136.72	104.42
TOTAL	11,229.58	11,822.64	11,479.46
MISCELLANEOUS			
Federal Revenue	2.00	2.00	2.00
Federal Revenue Appropriated	511.55	519.17	512.53
General Revenue	115.97	109.15	112.65
Special Revenue	134.63	129.64	123.98
Special Revenue Appropriated	351.60	354.80	353.60
TOTAL	1,115.75	1,114.75	1,104.76

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 2027, these taxes comprise approximately 93.0% of the General Revenue Fund. The remaining 7.0% 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.

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 Secretaries 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 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 2027

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 2027.

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 unable 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 2027 budget, economic development tax expenditure programs were grouped in the following three categories:

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

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

Tax Credits

For purposes of the tax expenditure budget, there are 37 active tax credit programs listed in the state tax code with a total FY 2027 value of \$310.1 million. Programs classified as economic development-related account for \$85.8 million in value, an amount equal to roughly 28% 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 \$50.6 million.

The largest single tax credit in terms of cost (52% 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.

On the following page 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	\$25.0
11-13E	Coal-Loading Facilities	10% Investment Credit – coal loading facilities	\$0.4
11-13F	Low-Income Electric, Gas and Water	Reimburses Utility for Low-Income Resident Discount	\$19.6
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	\$3.0
11-13S	Manufacturing Investment	5% Investment Credit - Manufacturing	\$1.4
11-13W	Apprenticeship Training	\$2/hour or \$2,000/year - Training Tax Credit	\$0.3
11-13Y	Manufacturing Property	Manufacturing Inventory Tax Credit	\$2.6
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
11-13HH	Natural Gas Liquids Property Tax	Tangible Personal Property Tax Credit	\$1.0
11-13JJ	Volunteer Firefighter	\$1,000 per qualified volunteer	\$1.4
11-13LL	Industrial Advancement Act	100% Tax Offset Investment-Heavy Industry	TBD
11-13MM	Property Tax Adjustment	Refundable income credit for local tax paid	\$160.0
11-21-8a	Rehabilitated Buildings	25% of qualified costs	\$25.0
11-21-8g	Residential Rehabilitated Buildings	20% of qualified costs	\$0.2
11-21-10a	Nonfamily Adoption	\$5,000 per qualified adoption	\$3.5
11-21-21	Senior Citizen Homestead Credit	Local Tax paid on First \$20,000 of Taxable Valuation	\$10.0
11-21-22	Low-Income Family Tax Credit	Up to 100% of Pre-Credit Income Tax	\$18.0
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	\$5.0
11-21-42	Military Incentive	30% of first \$5,000 of wages paid	Minimal
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
61-7-4(r)	Gun Safety Training Credit	One-time credit of up to \$50	Minimal
		Subtotal:	\$310.1

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 \$35 million in FY 2027 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.

Revenue Sources

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 2027 Estimate (in millions)
7-11B	Property Tax Increment Financing Economic Development District	Property Increment-State portion of \$32.5M total	\$16.1
7-22	Sales Tax Increment Financing	6% State sales tax re-designated as local tax	\$40.0
		Subtotal:	\$56.1

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 \$710 million and the state share of this combined value, mainly reflected in the State School Aid Formula, is \$186.4 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 2027 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	\$158.0
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%)	\$8.5
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:	\$342.5

The total sum value of all tax expenditures listed above is \$708.7 million, including \$445.2 million in bolded economic development tax expenditures and \$263.5 million in various other tax expenditures.

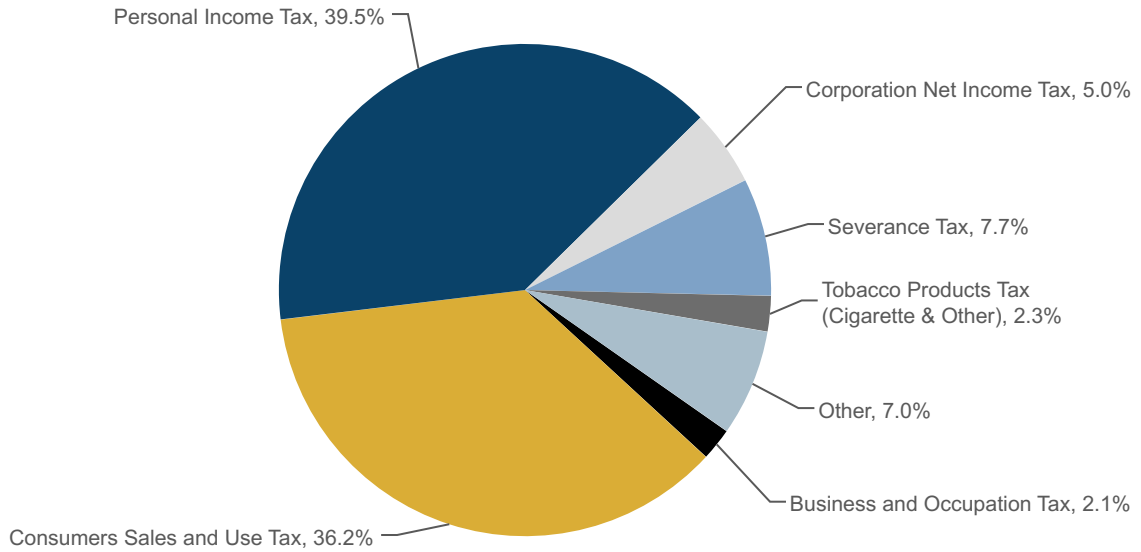
Additional Revenue Information

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.

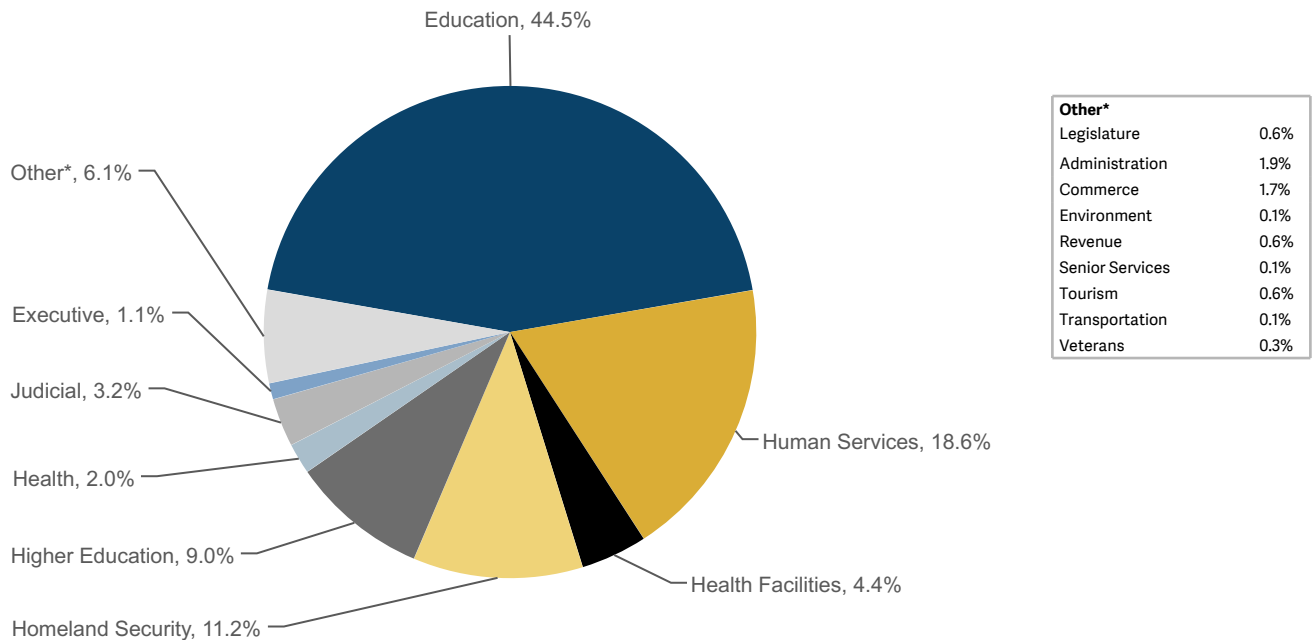
For a graphic presentation of total state revenues by source and expenditures by function, refer to “Where the State Dollar Comes From” and “Where the State Dollar Goes” in the “Summary Financial Statements” chapter.

General Revenue Fund

Sources of Revenue
Fiscal Year 2027
\$5.49 Billion
(Estimated)



Recommended Expenditures
Fiscal Year 2027
\$5.47 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 more than 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 were 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% from the Tax Year 2022 rates. In addition, social security income taxation was phased out over a three-year period, with a decreasing modification equal to 100% of social security income effective for Tax Year 2026.

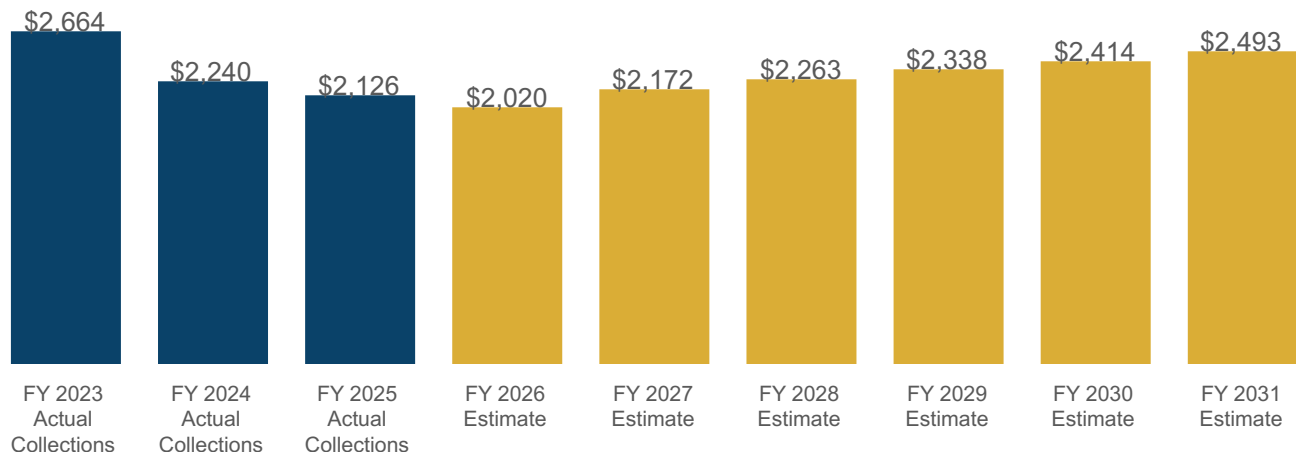
Personal income tax collections increased by 6.4% in FY 2023 and declined by 15.9% in FY 2024 and by 5.0% in FY 2025. Average annual revenue growth for the recent five-year period between FY 2020 and FY 2025 was 2.0%. Growth in wage income is estimated at 4.0% from CY 2024 to CY 2025. In addition, non-farm employment growth over the same period is estimated to be 0.2%. Income withholding tax collections declined by 10.5% in FY 2024 and rose by 0.5% in FY 2025. Year-to-date withholding tax collections in FY 2026 are up slightly from the prior year. Overall personal income tax collections are 2.8% higher than prior year receipts through November.

According to the most recent forecasts from S&P Global, payroll employment is expected to remain flat between 2026 and 2031. West Virginia personal income (less transfer payments) rose by 5.1% in CY 2024 and by an estimated 3.9% in CY 2025. S&P Global projects West Virginia personal income (less transfer payments) to increase by 5.2% in 2026, 4.8% in 2027, and by an annual average of 3.6% between 2027 and 2031. Income tax estimates assume a 5% net overall tax reduction beginning in CY 2026. Given these assumptions, income tax collections are projected to rise by an average annual rate of nearly 3.4% during the FY 2027 to FY 2031 forecast period.

Tax on West Virginia taxable income (Tax Year 2026):

- 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 40% of the total General Revenue Fund.

Personal Income Tax (Expressed in Millions)



Consumer Sales Tax and Use Tax

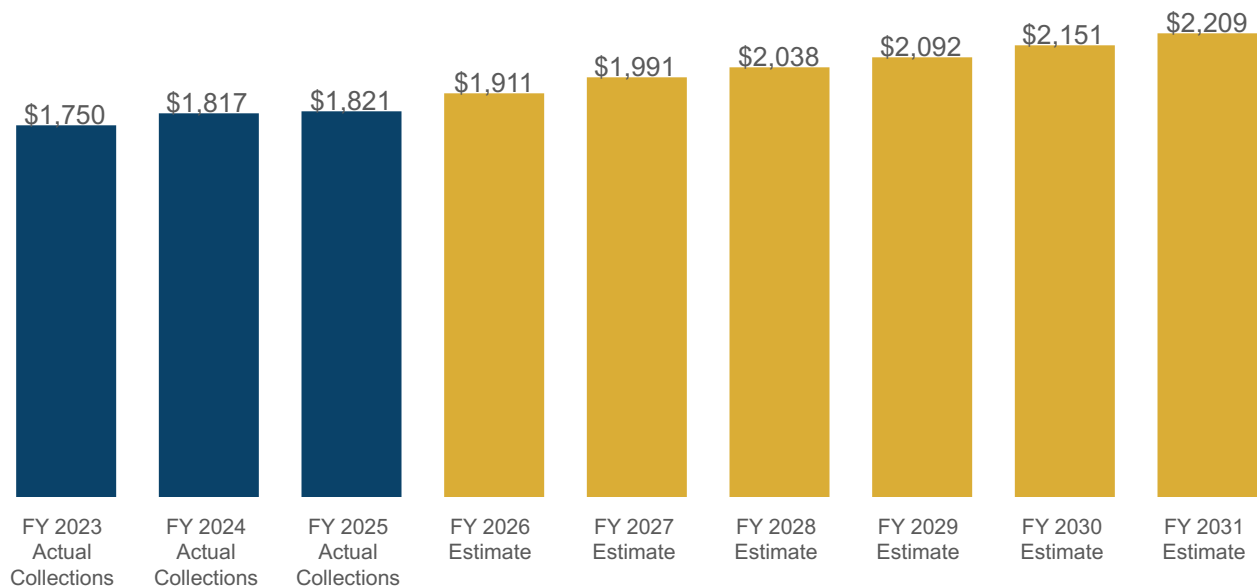
Consumer Sales and Use Tax collections depend heavily upon retail sales and taxable services activities. The tax base includes most retail sales, but some exclusions include sales of automobiles (taxed under the alternative 6% Vehicle Sales Tax), gasoline (taxed under the alternative 5% Wholesale Sales 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 2024. West Virginia disposable personal income grew at a compound annual growth rate of roughly 4.7% between 2018 and 2024. Due to continued strong income growth and stable employment levels, disposable personal income was estimated to rise by roughly 4.2% in CY 2025. The increase in disposable personal income was a significant factor in the 3.8% growth rate in General Revenue Fund Sales Tax collections in FY 2024. More moderate growth in disposable personal income, a slowing of inflation, and a one-time shift of approximately \$39 million from FY 2025 to FY 2026 led to lower growth of 0.3% in FY 2025. Cumulative collections for the first five months of FY 2026 were up roughly 11.6% over the same period in FY 2025, or 6.2% excluding the one-time shift of funds from FY 2025 to FY 2026. S&P Global forecasts West Virginia disposable personal income will rise by 5.4% in 2026 and then by roughly 4.0% per year on average from 2027 through 2031. Over the long term, annual collections are expected to rise between 2.4 and 2.8% per year from FY 2025 to FY 2031.

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

- 6% Sales and Use Tax on most goods and services.
- Accounts for roughly 35% of the total General Revenue Fund.

Consumer Sales Tax and Use Tax
(Expressed in Millions)

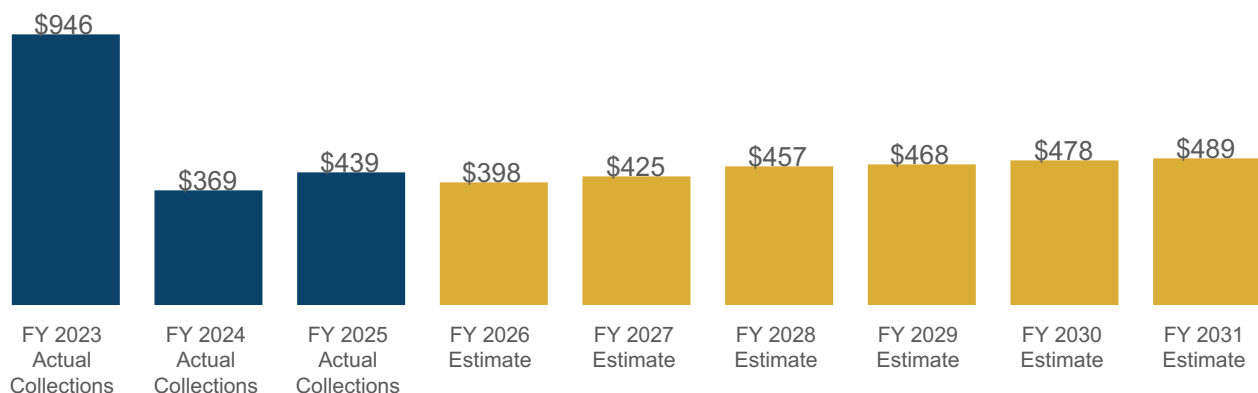


Severance Tax

Severance Tax collections are attributable to the production of coal, natural gas, and 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 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; the final anticipated payment is scheduled for July 2026. In addition, 90% of the reduced tax on lower volume vertical oil and gas wells is dedicated to a well plugging fund under control of the Department of Environmental Protection. Severance Tax collection growth depends upon changes in coal and natural gas production and their respective prices. Recent technological advancements led to a nearly thirteenfold 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 said 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 (BTU) 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% per year over the forecast period partially in response to the need for improved 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 BTU in 2022 to closer to \$1.50 per million BTU in 2024 and above \$2.50 per million BTU in YTD 2025. The DOE currently forecasts an increase in Appalachian coal production of 4.6% in 2025 followed by a decline of 1.8% in 2026, with a decline in domestic steam coal demand from 2025 to 2026 and relatively stable coal exports. From their peak in FY 2023, Severance Tax collections fell by 61% in FY 2024, but rebounded in FY 2025, increasing by 19.0%. Year-to-date FY 2026 collections are more than 46% above actual collections received through the same period in FY 2025 largely due to rising natural gas prices. Collection patterns will continue to be highly volatile in future years beyond 2026 with significant downside risk to the steam coal market, which will be offset by some potential gains in the 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

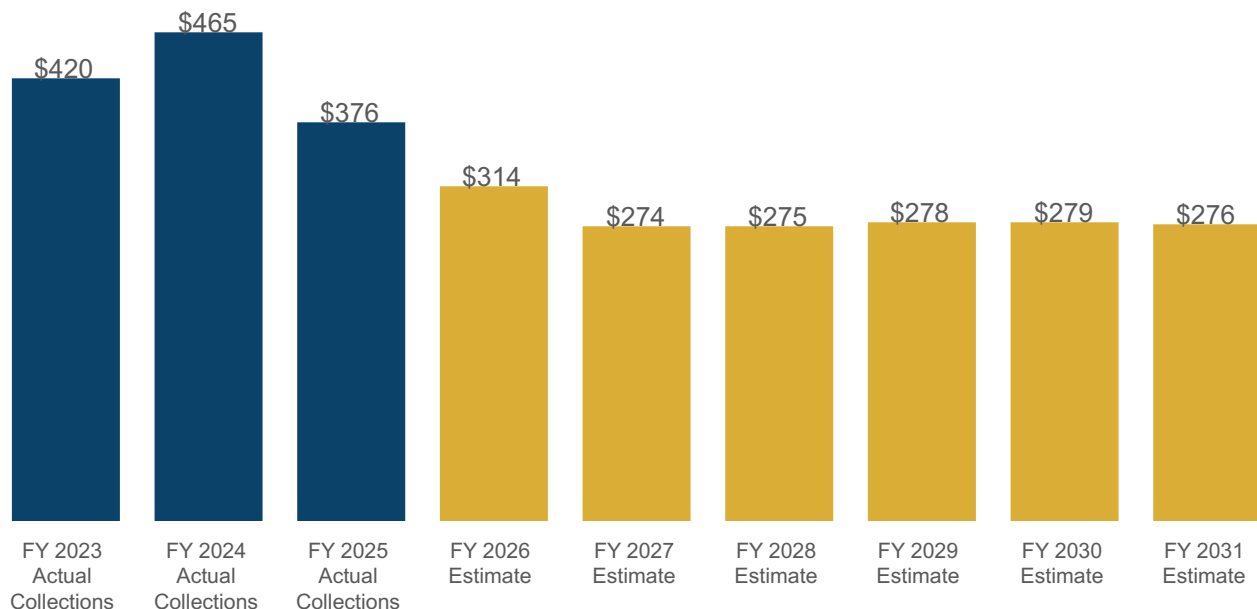
The Corporation Net Income Tax is a tax on net profits of incorporated entities doing business in West Virginia.

Fueled by a strong recovery from the COVID-19 Pandemic Recession and higher inflation, U.S. Domestic Corporate profits grew by more than 37.0% in 2021, 10.2% in 2022, and 14.2% in 2023, with continued growth of 5.0% into 2024. U.S. Domestic Corporate profits were estimated to increase by 3.8% in 2025 before starting a steady decline through 2028 partially due to the impacts of the One Big Beautiful Bill Act passed in 2025. According to S&P Global, Domestic Corporate profits are likely to recover and start improving between 2029 and 2031. Remittances of the Corporation Net Income Tax may lag the associated period of economic activity up to 18 months.

A large percentage of West Virginia Corporation Net Income Tax collections is received from relatively few businesses. Since this tax is imposed on net income, collections of the Corporation Net Income Tax can vary significantly from one year to the next based upon the economic status of a few companies. Corporation Net Income Tax collections rose from \$320.0 million in FY 2021 to nearly \$465.5 million in FY 2024 for an average annual increase of more than 13%. Collection trends changed directions in FY 2025 with revenues down 19% from FY 2024. Collections are anticipated to decline by nearly 17% in FY 2026 and 12% in FY 2027. 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 policy changes to the definition of federal taxable income. Over the longer term from FY 2028 to FY 2031, the annual change in Corporation Net Income Tax collections is forecast to moderate and become somewhat flat.

- 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.

Corporate Net Income Tax
(Expressed in Millions)



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.

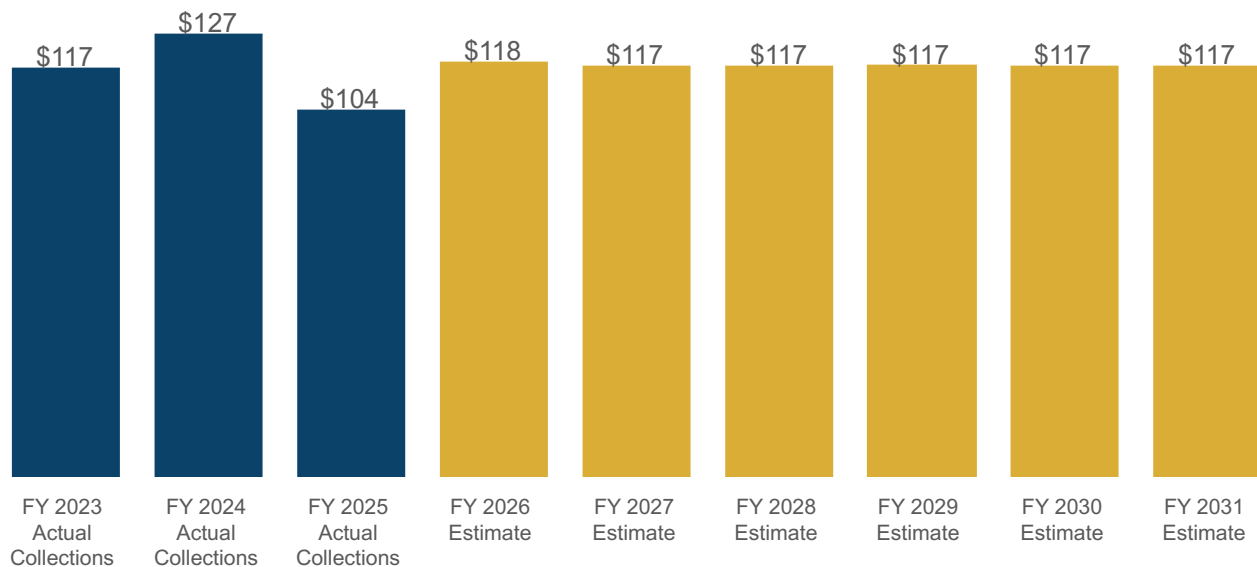
For electric power producers, the general tax rate is \$22.78 per kilowatt of taxable capacity. Plants with flue gas desulfurization systems are subject to a lower tax rate of \$20.70 per kilowatt.

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 before declining 18.0% in FY 2025. 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 2027 and FY 2031 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.

Business and Occupation Tax (Expressed in Millions)

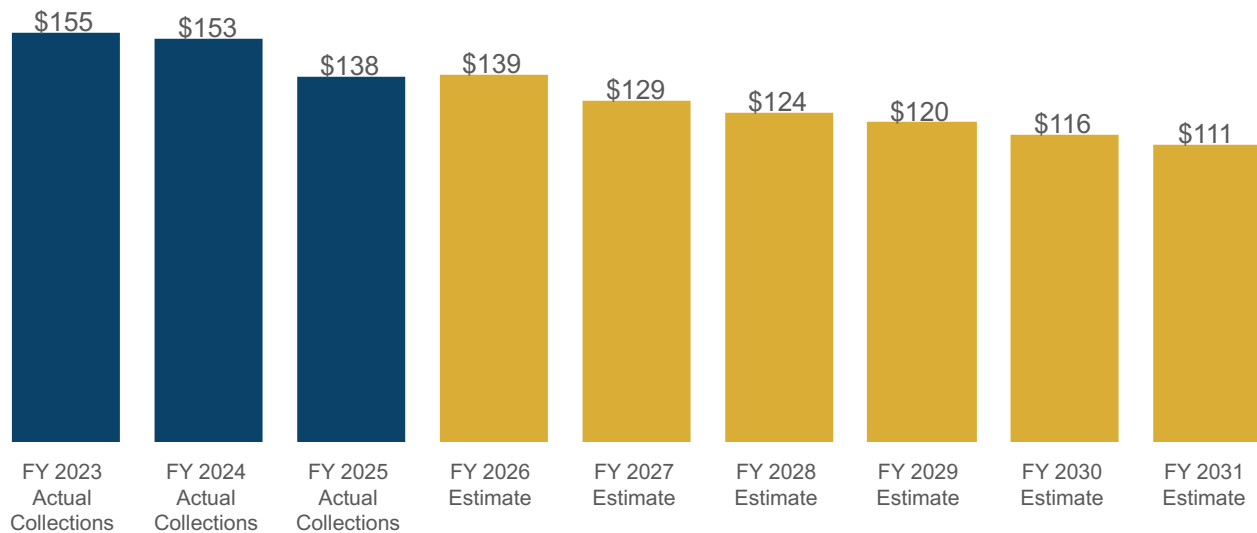


Tobacco Products Tax

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%, but FY 2025 saw another significant decline of 10.0%. Through the first five months of FY 2026, collections are down an additional 6.3%. Collections are forecast to decrease by an average annual rate of approximately 3.5% between FY 2027 and FY 2031.

- 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.

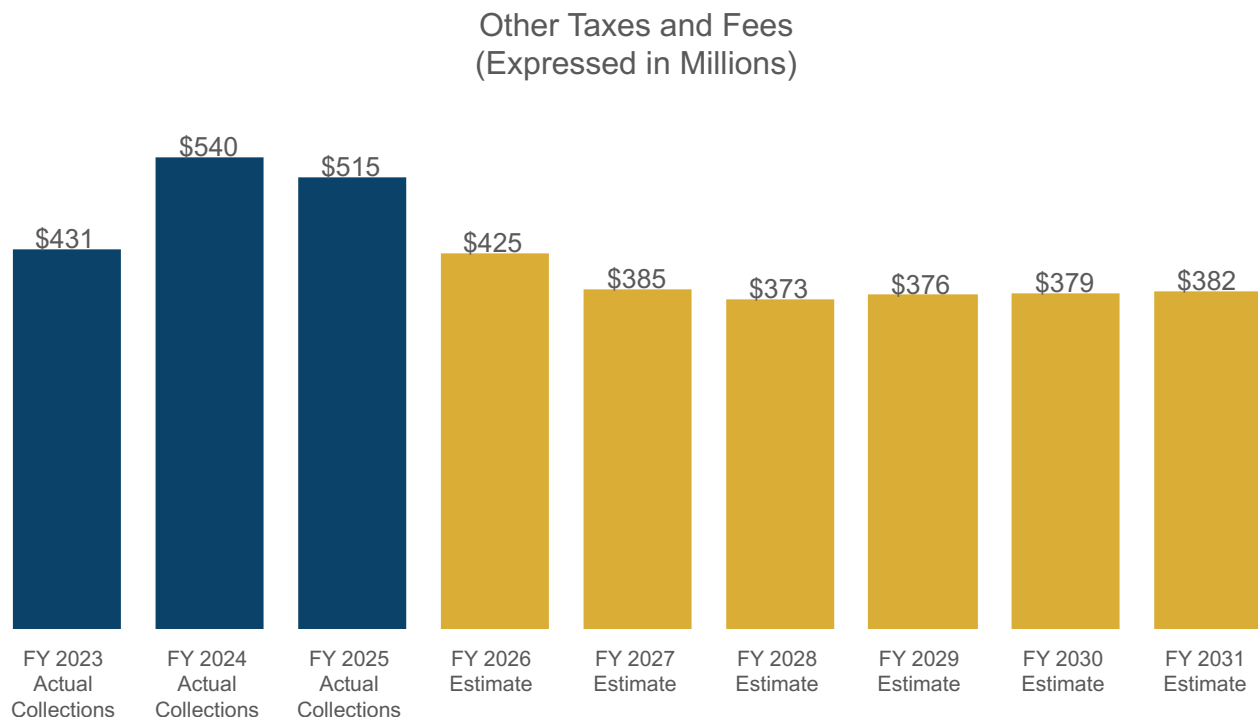
Tobacco Products Tax
(Expressed in Millions)



Other Taxes and Fees

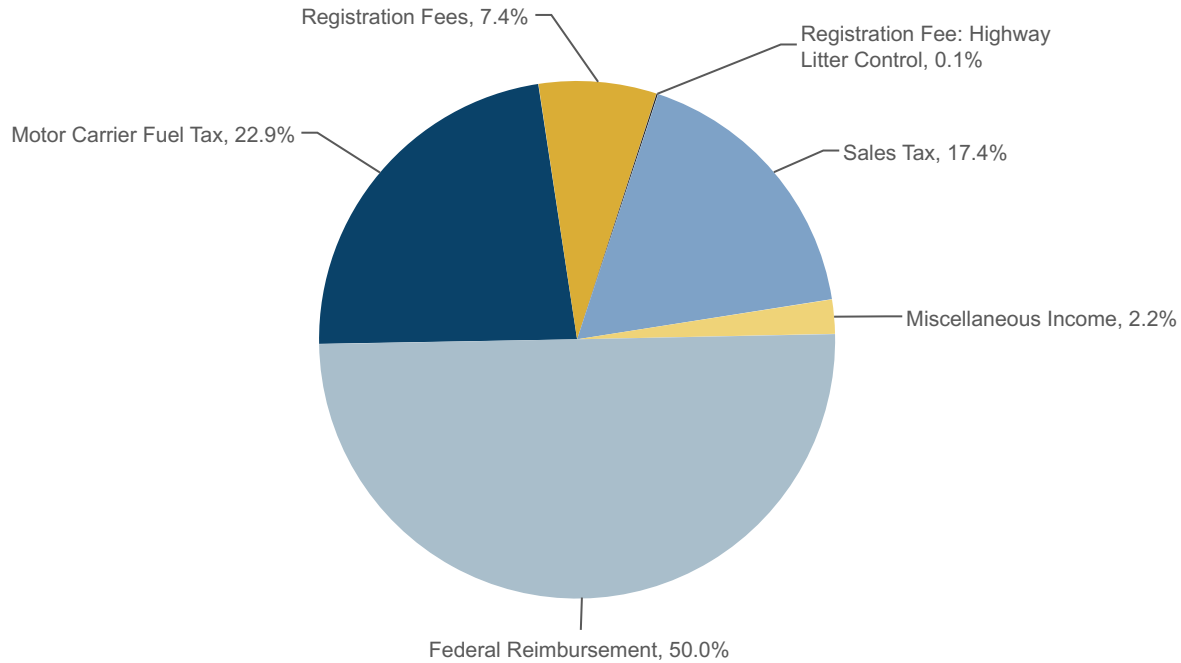
These other taxes, licenses, fees, and receipts consist of Insurance Premium Tax, Liquor Profit Transfers, Beer Tax and Licenses, Business Franchise Registration Fees, Property Tax, Property Transfer Tax, Departmental Collections, Interest Income, Miscellaneous Receipts, Miscellaneous Transfers, Liquor 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 phased 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 2027 and FY 2031, largely due to an interest rate reduction of 100 basis points during the second half of 2024 and additional rate cuts of 75 basis points during the second half of 2025, bringing the current federal funds rate to 3.50% to 3.75%. Future interest rate cuts are anticipated, bringing down future revenue forecasts. Insurance Premium Tax revenues are expected to increase approximately 2.0% annually between FY 2027 and FY 2031 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 2027 or beyond.

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

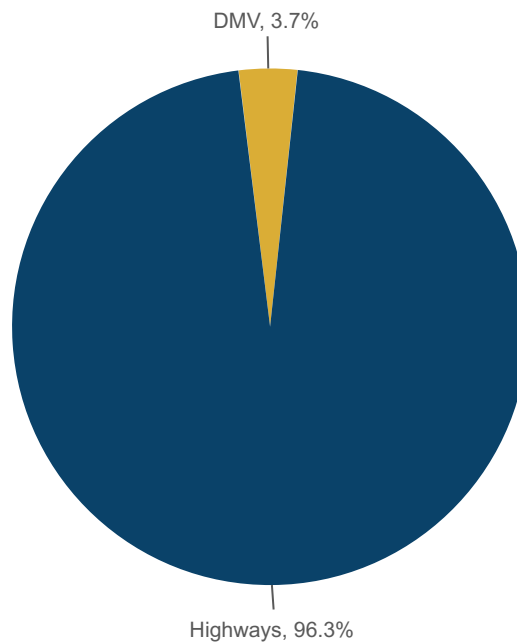


State Road Fund

Sources of Revenue
Fiscal Year 2027
\$1.96 Billion
(Estimate)



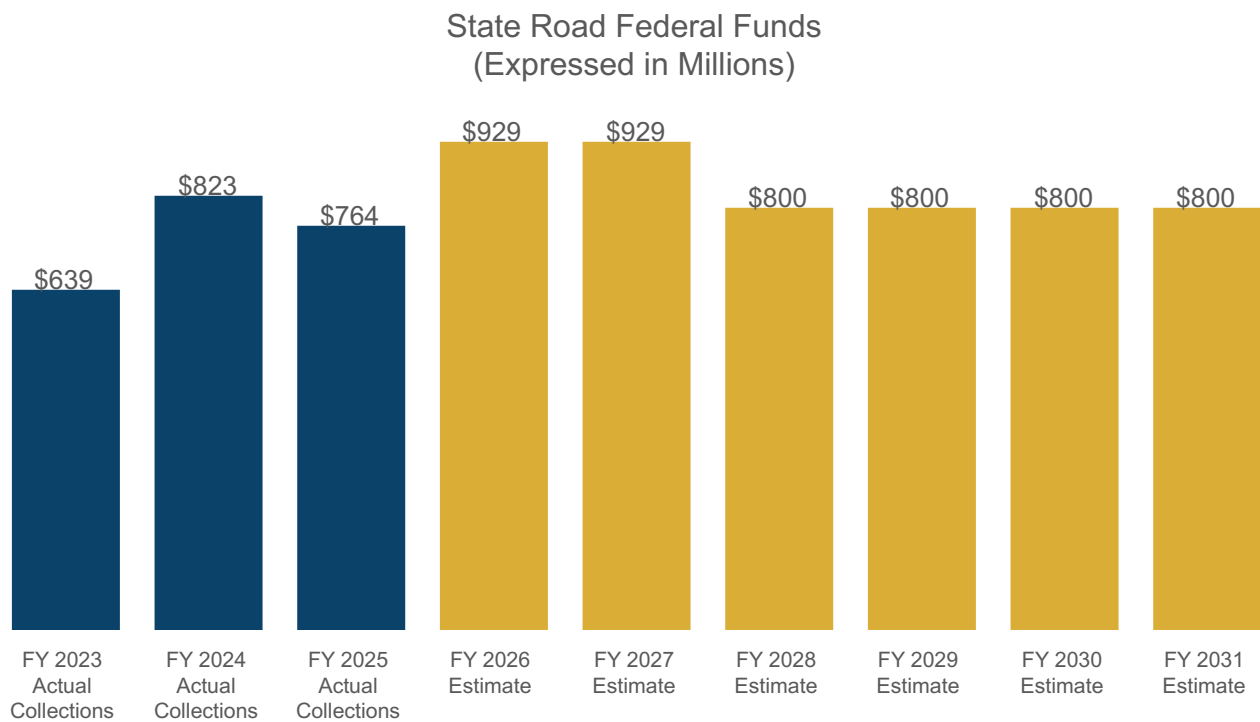
Recommended Expenditures
Fiscal Year 2027
\$2.12 Billion



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 48% of the total State Road Fund.



Motor Fuel Taxes

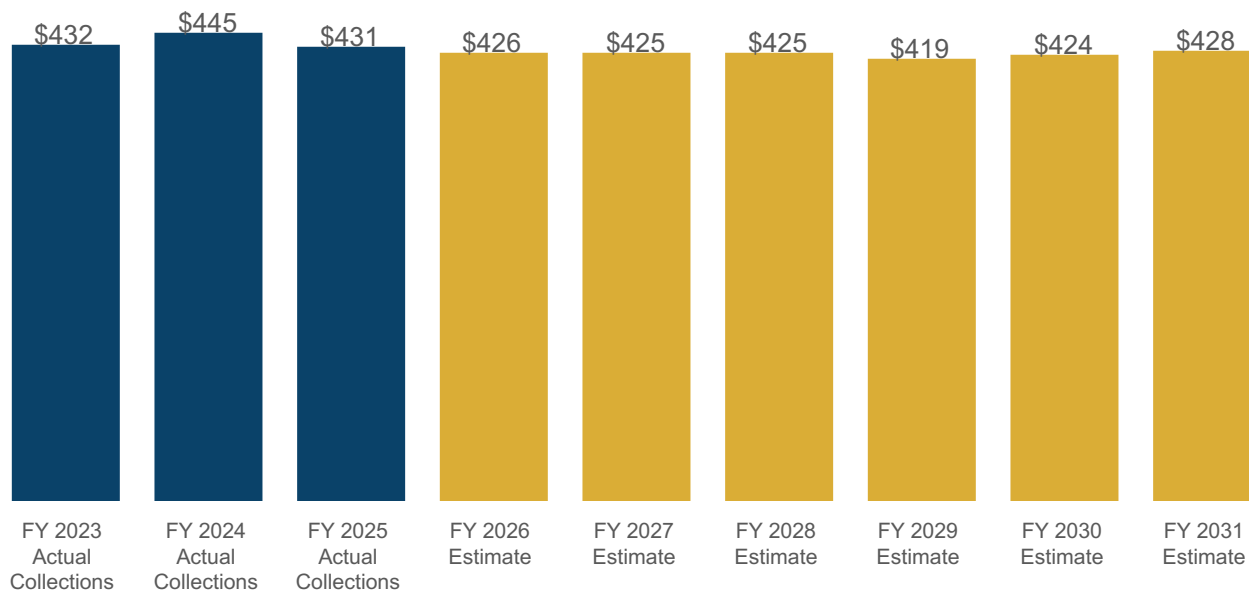
Motor Fuel Excise Tax

- 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 the State, removal from a terminal within the 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 22% of the total State Road Fund.

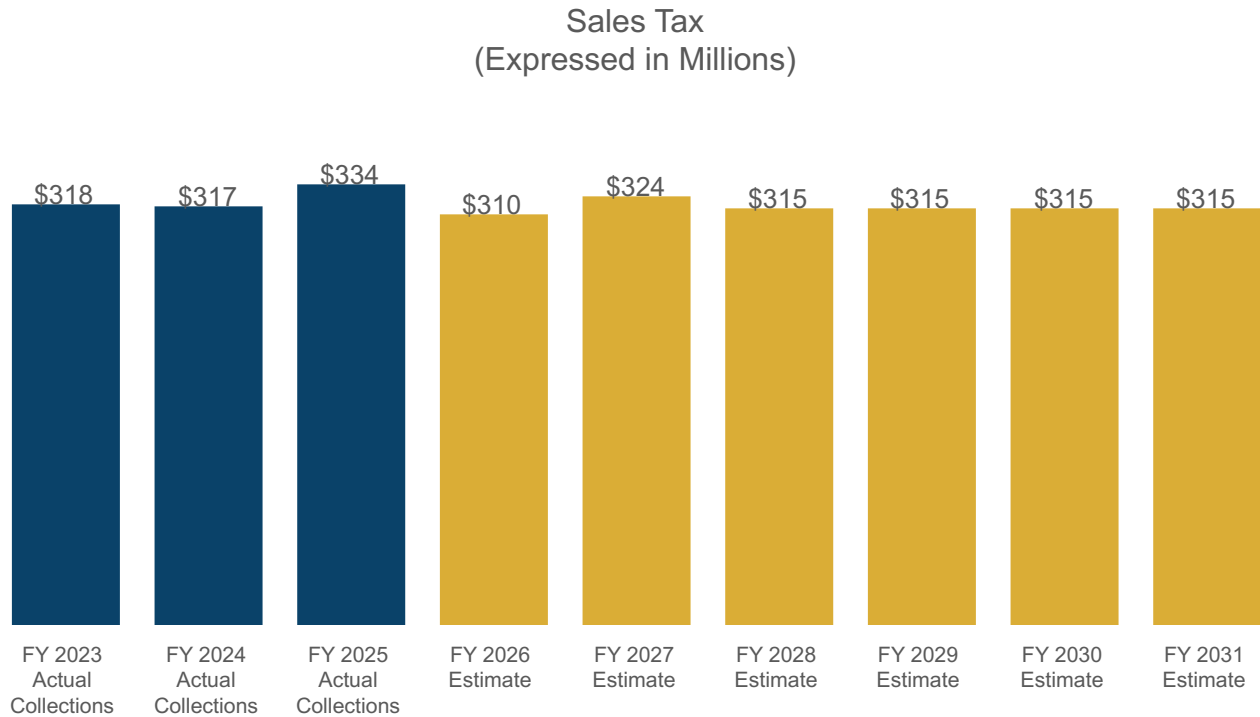
Motor Fuel Taxes
(Expressed in Millions)



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.



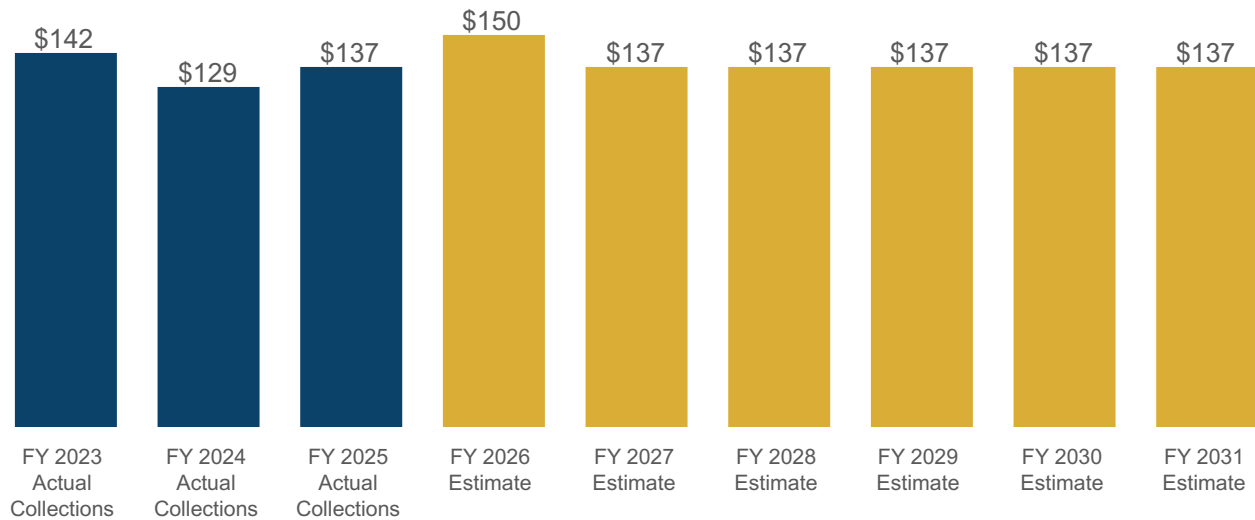
Motor Vehicle Registration Fees

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 7% of the total State Road Fund.

Motor Vehicle Registration Fees
(Expressed in Millions)



West Virginia Lottery

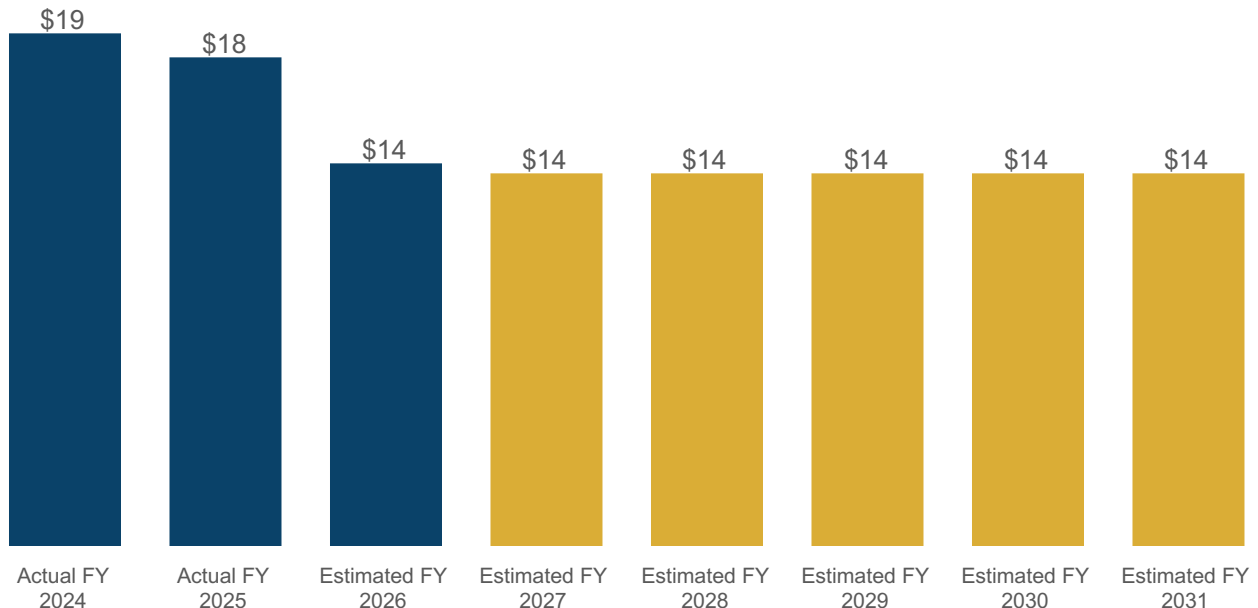
West Virginia Lottery gross revenue decreased by 2.2% in FY 2024 and decreased by 1.6% in FY 2025. West Virginia Lottery revenues continue to show strong performance as the State, and the surrounding areas are experiencing some of the highest inflation rates in history. Gross revenues include ticket sales of draw based games, scratch-off games, E-instant games, Racetrack Video Lottery, Limited Video Lottery, Table Games, Historic Resort Hotel revenues, Sports Wagering revenue, and Interactive Gaming revenues. Net revenues to the State decreased by 1.2% in FY 2024 and decreased by 1.0% in FY 2025. Racetrack Video Lottery decreased for FY 2024 by 4.3% and decreased by 0.3% during FY 2025. Limited Video Lottery decreased by 3.0% in FY 2025 and decreased by 1.1% in FY 2024.

For FY 2026, the official estimate reflects a decrease in gross revenue of 6.0% from FY 2025. Racetrack Video Lottery is projected to decrease 7.6%. Limited Video Lottery is projected to decrease by 1.9%. Table games revenue is projected to decrease 29.4%. Historic Resort Hotel revenue is projected to increase 18.3%. Sports Wagering is projected to decrease by 58.9%. Interactive Gaming is projected to decrease by 86.9%. These decreases are consistent with the Lottery's practice of conservative forecasting. Draw game sales are projected to decrease 12.2% and scratch-off ticket sales are projected to remain level.

In FY 2027, the gross revenue estimate is expected to increase by 0.6%. Racetrack Video Lottery and Limited Video Lottery are projected to remain level. Table games revenue is projected to remain level. Historic Resort Hotel revenue is projected to decrease by 29%. Sports Wagering is projected to increase by 7.5%. Interactive Gaming is projected to increase by 54.9%. Draw game sales are projected to decrease by 10.3% and scratch-off ticket sales are projected to decrease by 6.5%.

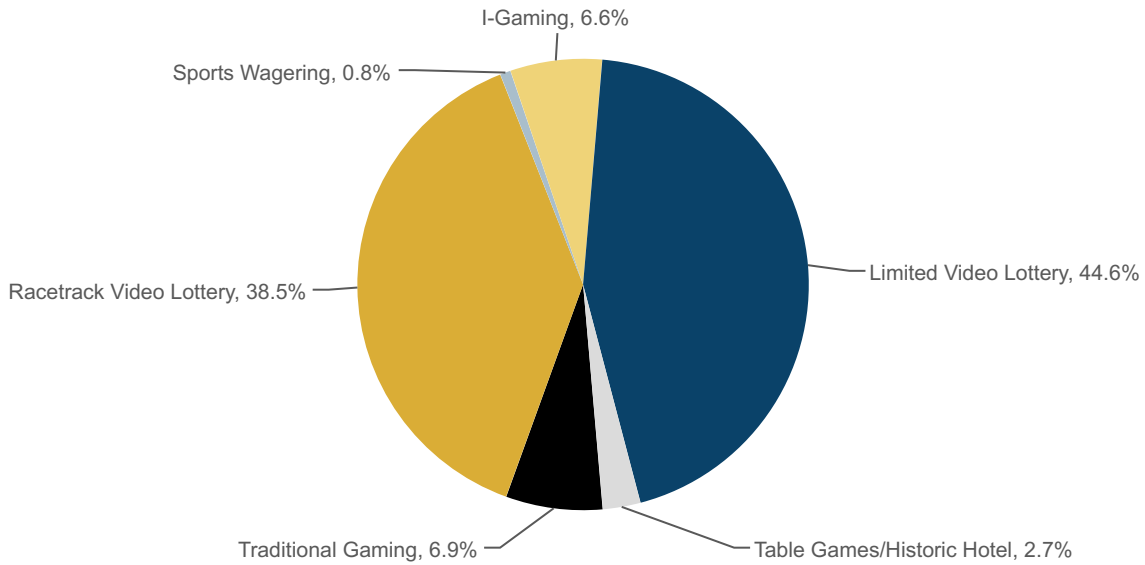
Net revenue, as indicated on the following pages, does not include the portion of lottery profits earmarked by statute for other purposes and not available for appropriation.

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



West Virginia Lottery

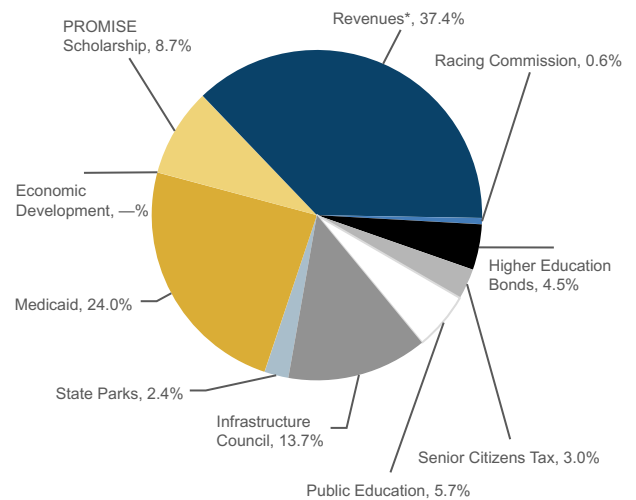
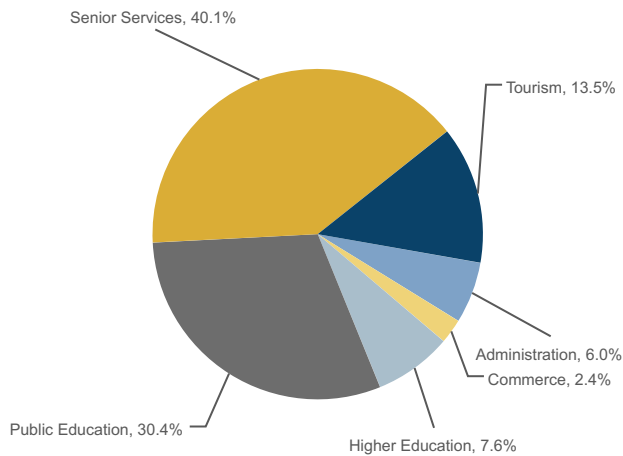
Sources of Revenue
Fiscal Year 2027
\$501.0 Million
(Estimate)



Recommended Expenditures
Fiscal Year 2027
\$500.6 Millions

Lottery Fund
\$166.0 Millions

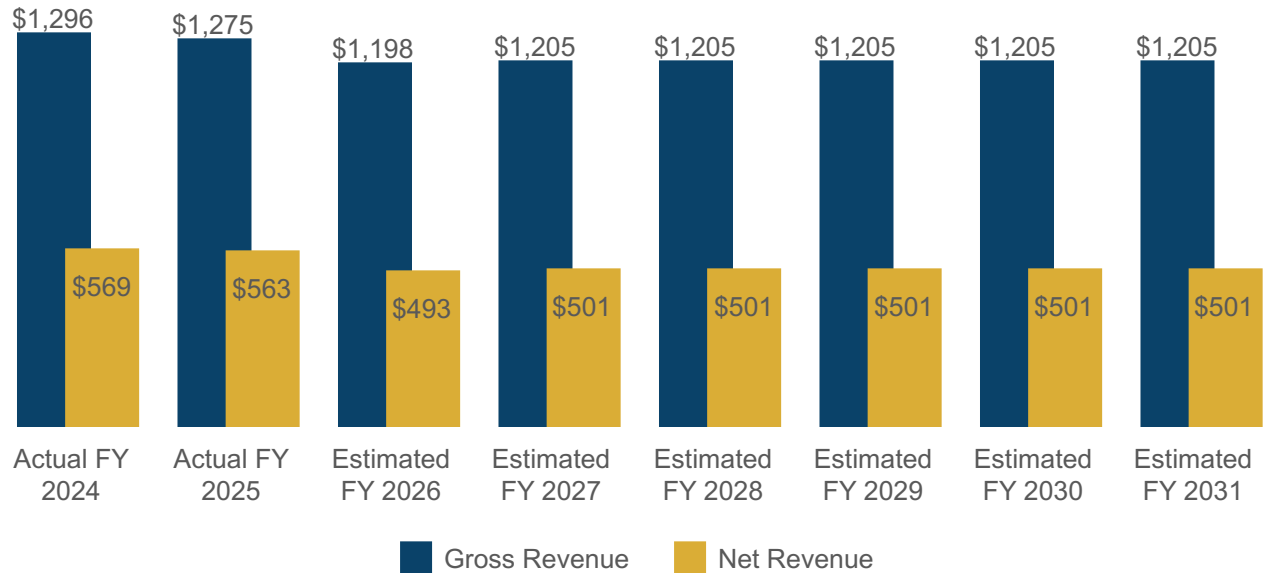
Excess Lottery Fund
\$334.6 Millions



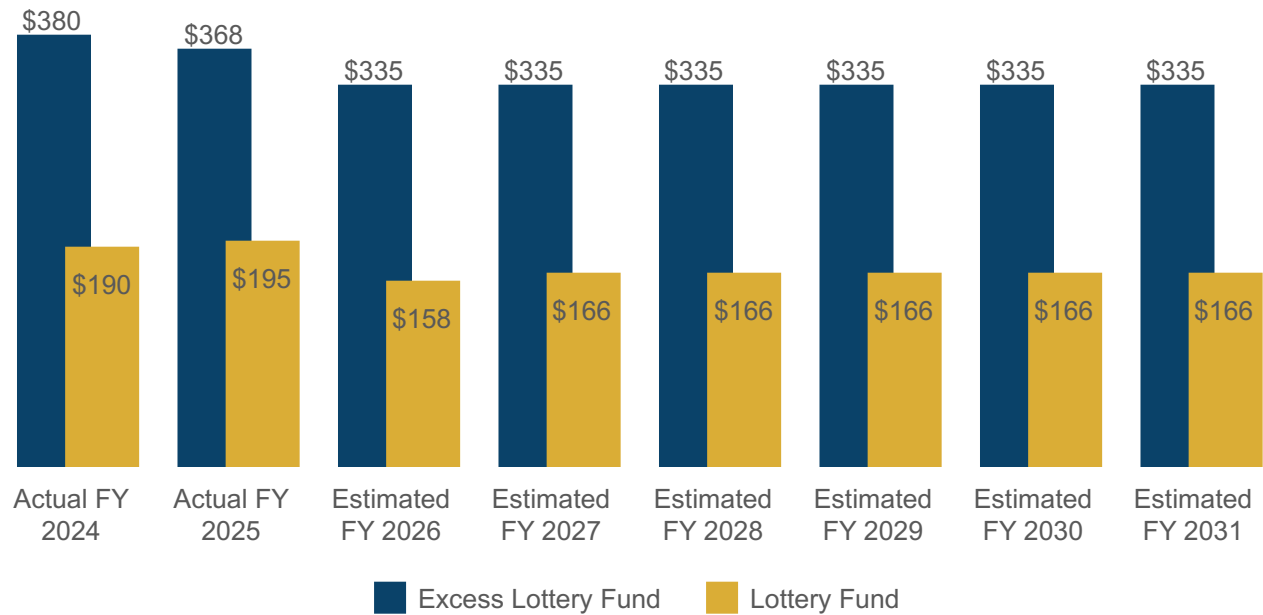
**Includes \$65,000,000 transfer to the General Revenue Fund*

West Virginia Lottery

Gross and Net Revenue
(Expressed in Millions)

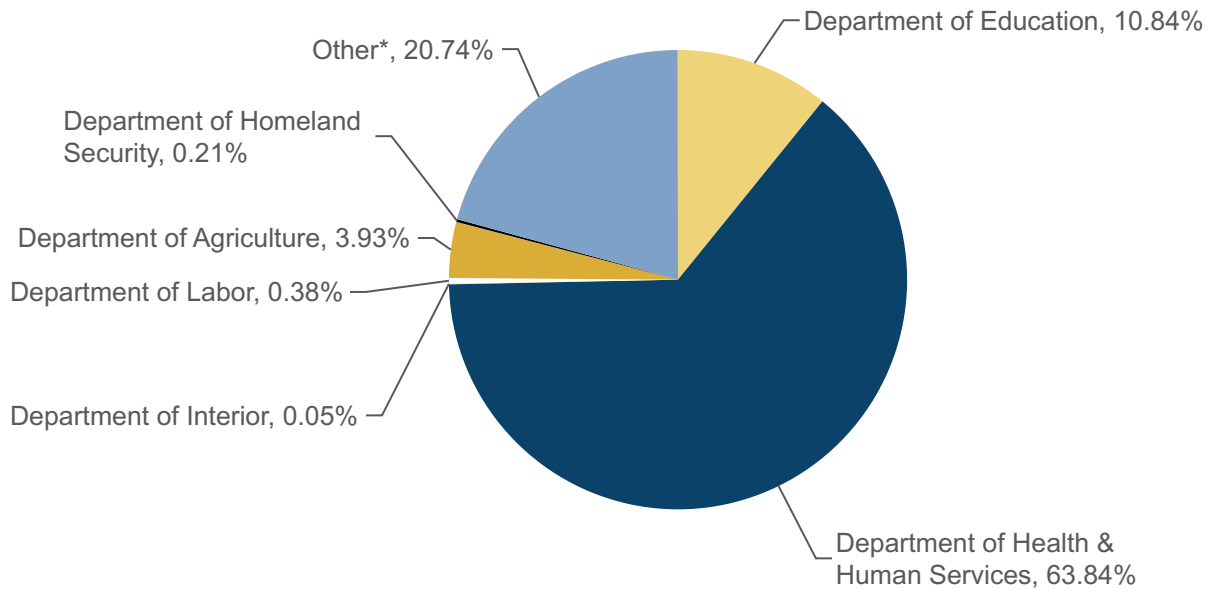


Net Revenue Distribution
(Expressed in Millions)

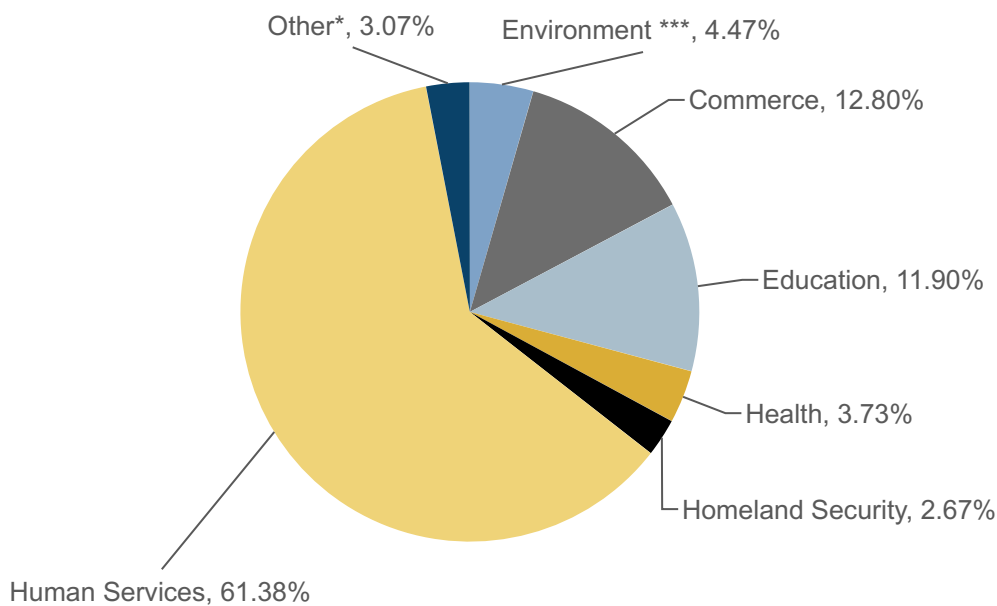


Federal Funds

Sources of Revenue
Fiscal Year 2027
*\$10.43 Billions**
(Estimate)



*Recommended Expenditures***
Fiscal Year 2027
\$10.73 Billions
(Estimate)



Other*	
Transportation	0.33%
Veterans' Assistance	0.32%
Elected Officials	0.36%
Higher Education	0.53%
Judicial	0.04%
Misc. Boards	1.18%
Revenue	0.03%
Senior Services	0.14%
Tourism	0.15%
Legislature	0.01%

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

** Expenditures include FY 2027 estimated revenues (above) and beginning balances.

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

Special Revenue Funds

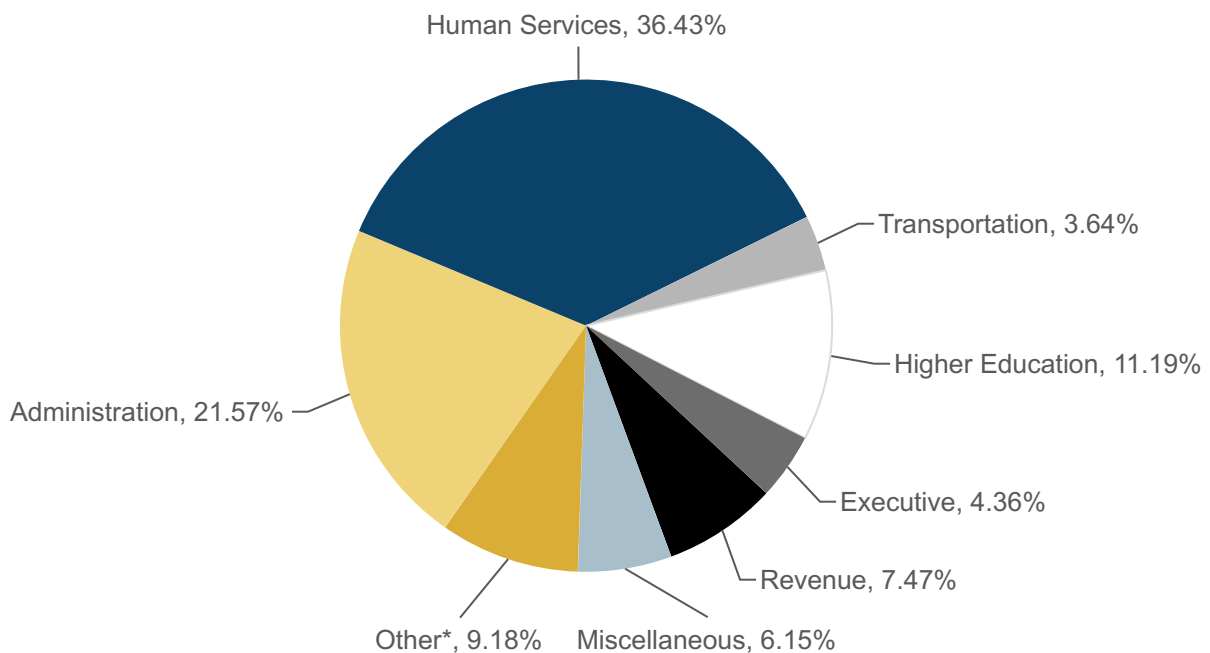
Includes:

- 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 2027 \$22.52 Billions



Other*	
Commerce	2.38%
Health	0.38%
Tourism	0.12%
Veterans	0.02%
Environment	1.73%
Health Facilities	0.39%
Homeland Security	1.74%
Judicial	0.03%
Legislature	0.01%
Senior Services	0.06%
Education	2.33%

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

Medicaid State Share Fund

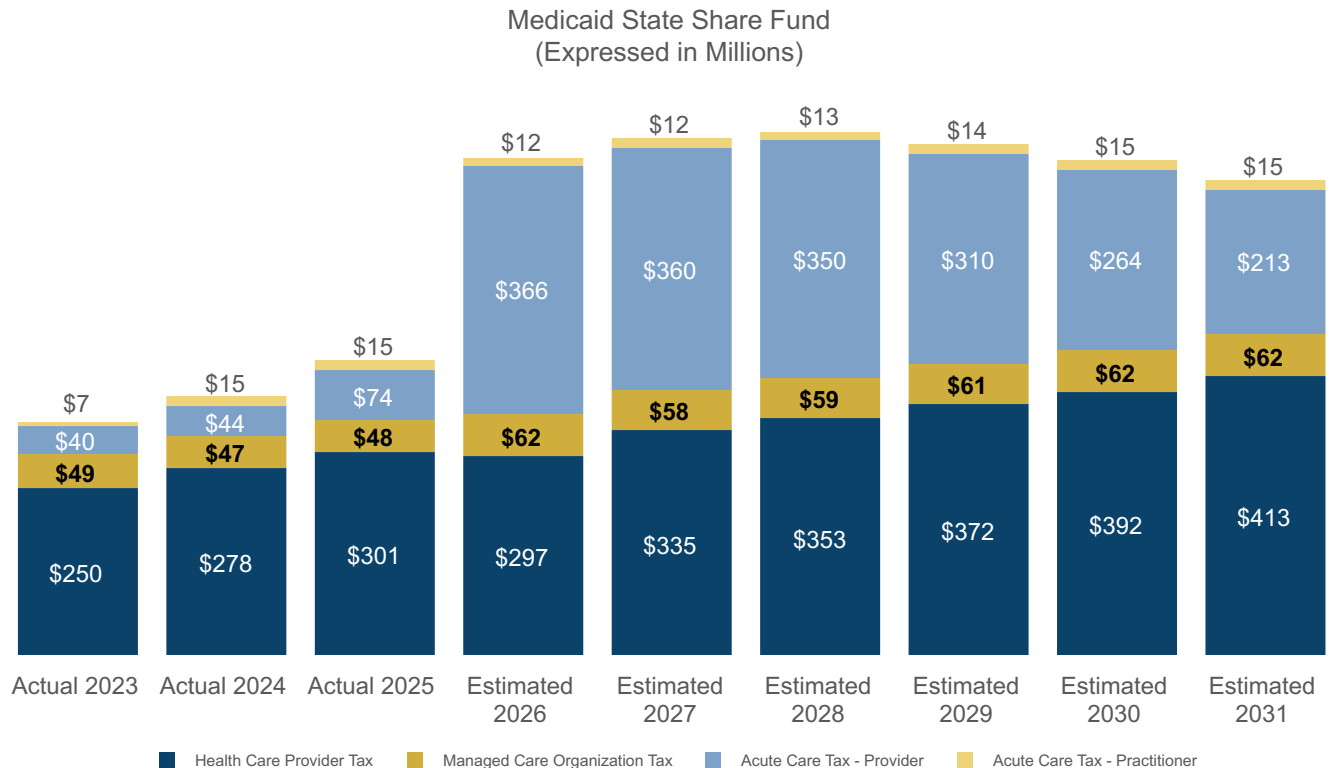
The Medicaid State Share Fund consists of provider taxes, paid by the various healthcare providers, to be utilized as matching funds for the Federal-State Medicaid Program. The provider taxes were initially enacted in 1993 as a funding mechanism to help supplement the State General Revenue Fund appropriation 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 2027 through FY 2031 include the impact of federal regulatory changes due to the health provisions in the One Big Beautiful Bill Act. These provisions limit the combined tax rate states can assess on certain healthcare providers, including providers of inpatient and outpatient hospital services. The maximum allowable rate on these healthcare providers is set to decline from 6% in Federal FY (FFY) 2027 to 3.5% in FFY 2032 and subsequent years. From FY 2027 through FY 2031, Health Care Provider Tax collections are expected to decline substantially due to these provisions in the One Big Beautiful Bill Act, particularly the collections attributable to gross receipts of eligible acute care hospitals.

The Federal Medical Assistance Percentage (FMAP) of 73.84% in FFY 2025 increased to 74.22% in FFY 2026 and is scheduled to increase to 74.25% in FFY 2027. 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 2025, Health Care Broad Base Provider Taxes generated \$300.8 million, or roughly 20.7% of the state matching funds for the Medicaid program. As of November 2025, year-to-date collections were 9.8% above last year.

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

- 1.75% to 5.50% tax on gross receipts from various medical service providers in West Virginia.
- 0.13% tax on gross receipts of eligible acute care hospitals (effective 1/1/2025) (W. Va. Code §11-27-39(a)).
- 3.37% tax on gross receipts of eligible acute care hospitals (effective 10/1/2025) (W. Va. Code §11-27-39(b)).
- In total, the regular Health Care Provider taxes and Acute Care taxes accounted for 26.8% of the State match for Medicaid Program in FY 2023.



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, 2025, the State of West Virginia's general obligation bond rating is Aa2/AA-/AA by Moody's Investors Service, Standard & Poor's (S&P), and Fitch Ratings, respectively.

On September 19, 2025 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 \(wvsto.com\)](https://www.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	1.8%	Kansas	\$1,252
Pennsylvania	2.1%	Kentucky	\$1,357
Kentucky	2.4%	New Mexico	\$1,444
Alaska	2.5%	Pennsylvania	\$1,515
New Mexico	2.5%	Alaska	\$1,884
California	3.0%	Mississippi	\$1,904
Louisiana	3.2%	Louisiana	\$1,934
Mississippi	3.7%	West Virginia	\$2,374
Rhode Island	4.2%	California	\$2,563
West Virginia	4.3%	Rhode Island	\$2,953
Connecticut	8.2%	Hawaii	\$6,730
Hawaii	9.7%	Connecticut	\$7,636

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"

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
Division of Multimodal Transportation	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, 2025, \$1,435,142,329 (net of advance refunded bonds) is outstanding in general obligation bonds.

General Obligation Bonds Outstanding June 30, 2025 (in thousands)

Amendment	Principal Outstanding	Payable From
Infrastructure Improvement Amendment of 1994	(net) \$28,892	Severance Tax
Roads to Prosperity Amendment of 2017	(net) \$1,406,250	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, 2025, for the Infrastructure Improvement Amendment bonds is \$28,892,329. 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. All outstanding bonds have been retired.

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, 2025, \$1,406,250,000 is outstanding. The final maturity is in 2046.

Authorized But Unissued General Obligation Bonds

1973 Vietnam Veterans Bonus Amendment

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

1992 Veterans Bonus Amendment

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

2004 Veterans Bonus Amendment

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

General Obligation Debt Outstanding at June 30, 2025

(Expressed in Thousands)

	Final Maturity Date	Interest Rate(s)%	06/30/2025 Balance*
Road Bonds			
(Payable from State Road Fund)			
Issued under:			
1996 Amendment	2025	4.00 - 5.00	—
2017 Amendment	2046	2.00 - 5.00	1,406,250
Infrastructure Bonds			
(Payable from dedicated Severance Tax revenues)			
Issued Under:			
1994 Amendment (net)	2027	1.77 - 5.29	28,892
TOTAL			\$1,435,142

Summary of Debt Service Requirements

Future amounts required to pay principal and interest on general obligation debt at June 30, 2025, were as follows (expressed in thousands):

Year Ending June 30	Principal	Interest	Amount to be accrued	Total
2026	61,089	69,673	660	131,422
2027	63,693	66,796	—	130,489
2028	51,605	63,999	—	115,604
2029	54,225	61,386	—	115,611
2030	56,965	58,641	—	115,606
2031-2035	330,865	247,150	—	578,015
2036-2040	423,420	154,590	—	578,010
2041-2045	378,915	42,979	—	421,894
2046	14,365	539	—	14,904
TOTAL	\$1,435,142	\$765,753	\$660	\$2,201,555

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 \$1.3 billion in revenue bonds are outstanding at June 30, 2025. The information provided below is a brief review of each issuer.

Tobacco Settlement Finance Authority

The Tobacco Settlement Finance Authority ("Authority") was created to issue special revenue obligation bonds payable from, and secured by, the State of West Virginia's right, title, and interest to tobacco settlement revenue. This revenue is received under the terms of the master settlement agreement between participating tobacco product manufacturers, 46 states, and six other U.S. jurisdictions. In June 2007, the Authority issued \$1.1 billion (accrued value) in two different series of bonds anticipated to mature in 2047. The proceeds of the first two series of bonds were directed to the West Virginia Teachers' Retirement System. Those bonds were refunded in October 2020 with series A and B bonds with a maturity of June 2049. At June 30, 2025, the principal outstanding on the bonds totaled approximately \$686 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, 2025, the principal outstanding on the notes totaled approximately \$161 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. At June 30, 2025, the Council's outstanding bonds totaled approximately \$114 million (net of reserve).

Economic Development Grant Committee/ Economic Development Authority

The West Virginia Economic Development Grant Committee's ("Committee") purpose is to issue economic development grants throughout the State of West Virginia. During FY 2004, the Economic Development Authority issued bonds totaling more than \$249.8 million to fund the grants of the Committee. The bonds are secured by an annual pledge of \$21 million from the Excess Lottery Fund. At June 30, 2025, \$65 million in bond obligations are outstanding.

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

- Renovations and repairs at various colleges and universities;
- Building renovation of the West Virginia Education, Research, and Technology Park for the Higher Education Policy
- Commission;

Debt Summary

- Various renovations at the Capitol Complex; and
- Various renovations at state parks throughout West Virginia.

As of June 30, 2025, approximately \$110.7 million in bond obligations Education, Arts, Sciences, and Tourism Fund (Lottery) are 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 \$66 million at June 30, 2025.

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 \$50 million as of June 30, 2025 (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 \$28 million as of June 30, 2025 (net of debt service sinking funds).

Revenue Bonds Outstanding at June 30, 2025

(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	66,349
School Building Authority (Excess Lottery)	2010, 2015 & 2022	2042	2.48 - 5.00	66,964
School Building Authority QSCBs (Excess Lottery)	2009 & 2010	2027	0	146,422
Tobacco Settlement Finance Authority*	2020	2049	3.94	686,469
Highways, Commissioner of	2017 & 2018	2033	2.15 - 3.03	160,860
WV Infrastructure and Jobs Development Council	2012, 2014, 2016 & 2024	2045	2.00 - 5.00	160,040
Education, Arts, Sciences, and Tourism Fund (Lottery)	2017	2040	3.70	246,590
Economic Development Authority (Excess Lottery)	2017 & 2018	2039	3.23 - 5.63	64,940
Subtotal				1,598,634
Less: School Building Authority Debt Service Sinking Fund - QSCBs (Excess Lottery)				(118,626)
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: WV Infrastructure and Jobs Development Council Debt Service Reserve Fund				(46,305)
Less: Economic Development Authority Debt Service Reserve Fund (Excess Lottery)				—
Net revenue bonds outstanding				<u>\$ 1,280,413</u>

Summary of Debt Service Requirements

Future amounts required to pay principal and interest on revenue bonds at June 30, 2025, were as follows (expressed in thousands):

Year Ending June 30	Principal	Interest	Amount to be accreted	Total
2026	91,884	44,795	15,836	152,515
2027	98,031	41,492	17,202	156,725
2028	86,739	37,872	18,704	143,315
2029	77,777	34,117	20,321	132,215
2030	77,719	30,698	22,085	130,502
2031-2035	236,878	119,307	142,736	498,921
2036-2040	190,160	77,329	216,426	483,915
2041-2045	98,655	44,783	328,151	471,589
2046-2050	323,069	21,150	174,600	518,819
2051-2055	—	—	—	—
2056-2060	—	—	—	—
	<u>\$1,280,912</u>	<u>\$451,543</u>	<u>\$956,061</u>	<u>\$2,688,516</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 \$124 million in lease obligations and notes payable are outstanding as of June 30, 2025.

APPENDICES



Glossary

A

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

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 2027, the “current level” is defined as 100% of the FY 2026 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 West Virginia College and Jumpstart Savings Program Administration.

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

IBID - “In the same place.” Used in citations to quickly cite a source that was already cited in a previous footnote.

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, Enterprise Readiness Planning Board, 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 Act/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 (OPEB) - 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 Act/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

ABHVV Aetna Better Health of West Virginia
ACFR Annual Comprehensive Financial Report

B

B&O Business and Occupation
BMS Bureau for Medical Services
BPH Bureau for Public Health
BRIM Board of Risk and Insurance Management
BTI West Virginia Board of Treasury Investments
BTU British Thermal Units

C

CCBHCs Certified Community Behavioral Health Clinics
CDC Centers for Disease Control and Prevention
CDPS Chronic Illness and Disability Payment System
CHIP Children's Health Insurance Program (federal)
CMS Centers for Medicare and Medicaid Services
CPRB Consolidated Public Retirement Board
CSEDW Children with Serious Emotional Disorder Waiver
CY Calendar Year / Current Year

D

DOE U.S. Department of Energy
DOH Division of Highways
DOT Department of Transportation
DPP Directed Payment Programs

E

EAST Education, Arts, Science, and Tourism
EPSDT Early and Periodic Screening, Diagnostic, and Treatment Benefit

F

FFY Federal Fiscal Year
FHWA Federal Highway Administration
FMAP Federal Medical Assistance Percentage
FPL Federal Poverty Level
FTE Full-Time Equivalent

G

GAAP Generally Accepted Accounting Principles
GARVEEs Grant Anticipation Revenue Vehicles
GASB Governmental Accounting Standards Board
GO General Obligation
GFOA Government Finance Officers Association of the United States and Canada

H

HB House Bill
HCBS Home and Community-Based Services
HEDIS Healthcare Effectiveness Data and Information Set
HHOWV Highmark Health Options West Virginia
HIV Human Immunodeficiency Virus

I

IIJA Infrastructure Investment and Jobs Act

J

JRS Judges' Retirement System

K

K-12 Kindergarten through 12th grade

M

MCO Managed Care Organization
MHP Mountain Health Promise
MHT Mountain Health Trust

N

NRPORS Natural Resources Police Officers Retirement System

O

OPEB Other Postemployment Benefits

P

PCPI	Per Capita Personal Income
PEIA	Public Employees Insurance Agency
PERD	Performance Evaluation and Research Division
PERS	Public Employees Retirement System
PILOT	Payment In Lieu of Tax
PPB	Preferred Provider Benefit Trust
PROMISE	Providing Real Opportunities for Maximizing In-State Student Excellence

Q

Q	Quarter
QSCBs	Qualified School Construction Bonds

S

SB	Senate Bill
SBA	School Building Authority / Small Business Administration
SDoH	Social Determinants of Health
SFY	State Fiscal Year
SNAP	Supplemental Nutrition Assistance Program
S&P	Standard & Poor's
STIF	Sales Tax Increment Financing
SUD	Substance Use Disorder

T

TANF	Temporary Assistance for Needy Families
THP	The Health Plan of West Virginia
TIF	Property Tax Increment Financing
TRS	Teachers' Retirement System

U

U.S.	United States
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V

VAS	Value-Added Services
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W

WIC	Women, Infants, and Children
WV	West Virginia
WVCHIP	West Virginia Children's Health Insurance Program
WVNET	West Virginia Network for Educational Telecomputing
wwOASIS	West Virginia—Our Advanced Solution with Integrated Systems

