



# STATE OF WEST VIRGINIA

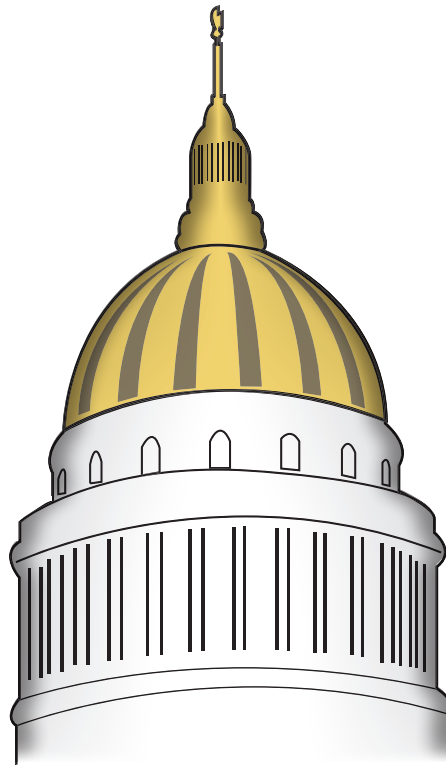
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## EXECUTIVE BUDGET BRIEF FISCAL YEAR 2018

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EARL RAY TOMBLIN  
GOVERNOR





## STATE OF WEST VIRGINIA OFFICE OF THE GOVERNOR

1900 KANAWHA BOULEVARD, EAST  
CHARLESTON, WV 25305  
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EARL RAY TOMBLIN  
GOVERNOR

January 11, 2017

To the Members of the 83rd 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, 2018. 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 2018.

The budget presented is a balanced budget with a maximum spending level for the General Revenue Fund of \$4,379,150,000; for the Lottery Fund of \$130,917,133; for the State Excess Lottery Revenue Fund of \$292,187,415; for the State Road Fund of \$1,173,830,708; for Appropriated Special Revenue funds of \$1,437,728,524; for Appropriated Federal funds of \$4,884,255,726, for a total of \$12,298,069,506.

It has been an honor serving the people of West Virginia, and I offer my best wishes for the future.

Sincerely,

A handwritten signature in blue ink that reads "Earl Ray Tomblin".

Earl Ray Tomblin  
Governor



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**State of West Virginia**

**West Virginia**

For the Fiscal Year Beginning

**July 1, 2016**

A handwritten signature in black ink, reading "Jeffrey R. Egan", is positioned below the date.

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, 2016.

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.

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Department of Revenue

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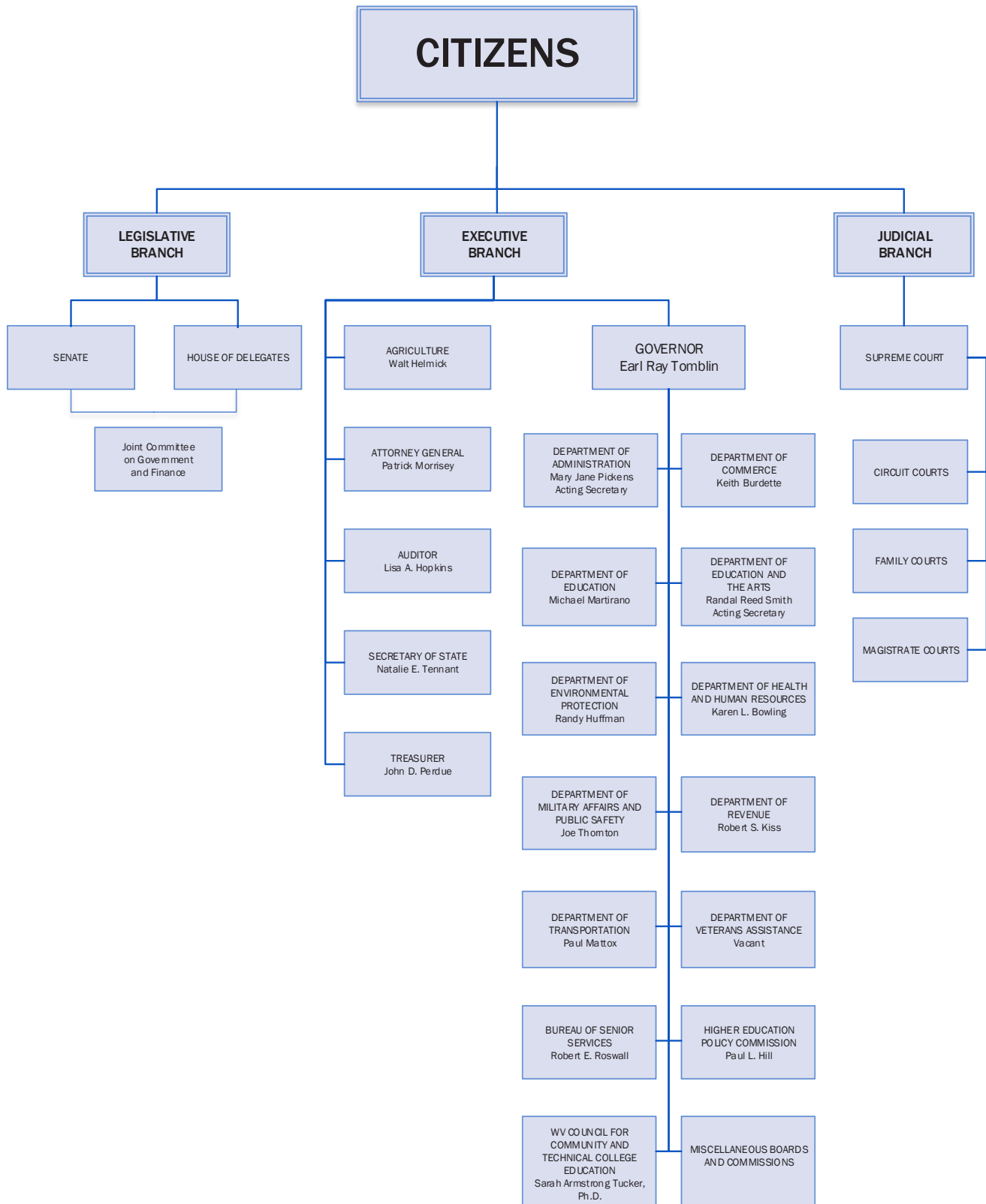
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# State of West Virginia Organizational Chart







# EXECUTIVE SUMMARY





# Governor's Executive Message



Governor Earl Ray Tomblin  
State of West Virginia

**M**r. Speaker, Mr. President, members of the Board of Public Works, justices of the Supreme Court of Appeals, members of the Legislature, distinguished guests, and my fellow West Virginians, I stand before you today, after six years in the Governor's office, and 42 years in this grand statehouse, with a deep sense of gratitude and reflection, and an equally profound hope for West Virginia's future.

Public service has anchored my life's work, from a young 22-year-old in this very House chamber, to a desk across the hall in the State Senate, the Senate President's podium for 17 years, and now as your 35th Governor. It has been the greatest honor, and the greatest reward, to serve the people of this state that we all love.

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and the greatest reward, to serve  
the people of this state that we  
all love.

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Together, we have put West Virginia first and moved our state forward, even in the midst of tough times, including far-reaching economic shifts, budgetary challenges, and historic natural disasters.

West Virginians are strongest in the toughest times. We come together. We lift each other up. And we don't just hope for a better future; we fight for it.

## **ECONOMIC DIVERSIFICATION & JOB CREATION**

Working hard is exactly what we've done over the past six years to create new economic opportunities for the Mountain State. We have all seen the dramatic impact of the coal industry's decline in our state. We've seen thousands of jobs lost. Families and communities struggling. People beginning to lose hope.

But I believe in, and have fought to reach, the light around the corner.

Shortly after becoming Governor, I pledged to go anywhere and meet with anyone to grow our state's economy.

Across West Virginia, the country, and the globe, **we have succeeded.**

## Governor's Executive Message

Last year, global giant Procter & Gamble announced it would build its first U.S. manufacturing facility since the 1970s right here in West Virginia in the Eastern Panhandle.

This will ultimately be a half-billion dollar investment in the Mountain State and result in hundreds of new jobs.

P&G chose our state after an exhaustive search of many others. And as numerous companies have discovered, I know they will find it to be the best decision they've ever made.

Toyota Motor Manufacturing West Virginia, which recently celebrated its 20th anniversary, has expanded continuously, nine times, in fact. Today, Toyota employs more than 1,600 people, and the company has invested \$1.4 billion since 1996.

Manufacturing jobs, like those at P&G in Martinsburg and Toyota in Buffalo, will be among the most critical to our state's economic future.

In my time as your Governor, I have fought for jobs like these and many more.

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Companies are finding that when they invest in West Virginia, it pays off.

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From Amazon in Huntington and Macy's in Berkeley County, to Bombardier Aerospace manufacturing in Harrison County, which just in November announced an expansion of 150 jobs, companies are finding that when they invest in West Virginia, it pays off.

In fact, since 2011, West Virginia has seen more than \$15 billion in new investments, spanning 275 projects. We have welcomed more than 60 new companies and secured 215 competitive expansion projects.

Over the past six years, investment projects have reached 22 industries and provided West Virginians with more than 12,000 good-paying jobs.

Right here in the Kanawha Valley, we have one of the best examples of that remarkable progress.

Gestamp has grown beyond the bounds of any of our expectations. Since opening in 2013, Gestamp has tripled production and more than doubled its workforce, now employing nearly 900 West Virginians.

I know that one of the fundamental reasons behind their growth has been our ability to transform workforce training in West Virginia for the better.

## STRENGTHENING WORKFORCE TRAINING & EDUCATION

For example, the Learn and Earn program, which we launched in 2012, gives our community and technical college students classroom instruction and hands-on work experience simultaneously. These students earn a competitive salary while giving employers a cost-effective way to recruit and train new employees.

Through forward-thinking programs like this, we can make a real, lasting difference for West Virginians.

That's why I personally convened the West Virginia Workforce Planning Council, which has helped us break down bureaucratic silos and better align classroom learning with the workforce needs of our businesses and industries.

We've even started that process in high schools through the Simulated Workplace program. Today, our career technical education classrooms have been transformed into businesses. Medical classes are now clinics. Hospitality programs are now catering businesses and restaurants.

## *Governor's Executive Message*

And instead of just going to a welding or carpentry class, our students are now part of a construction company, complete with job foremen and safety inspectors.

Just last month, we celebrated a heartwarming moment as a result of the hard work of more than 2,000 of these students from 12 high schools across the state.

Together with the Department of Education's Career Technical Education division, the West Virginia National Guard, and our voluntary organizations active in disaster, we presented keys to tiny homes that were designed and built by these students for survivors of the historic floods that hit our state last June.

### **REBUILDING FROM NATURAL DISASTERS**

Time and again, in the aftermath of this tragic flooding, we have seen the selflessness of West Virginians make a difference for one another. The "Big Hearts Give Tiny Homes" project was a shining example of that West Virginia spirit, one that made an overwhelming difference for 15 families impacted by the flooding.

Working hand-in-hand with the federal government and local officials, our immediate response to the flooding was quick and effective. We were able to expedite federal assistance to our communities and families in need. And, over the past seven months, we have been able to shift our focus to long-term recovery.

Through a public-private approach, we launched the RISE West Virginia program, which in total has provided nearly \$2 million to 230 small businesses in the flood-impacted counties, funding that is helping them reopen or continue operations and keep fueling our local economies.

I would like to thank, once again, West Virginia native and champion Brad Smith, the CEO of Intuit, one of the world's leading financial software companies, and his wife Alys, for their family donation of \$500,000 which gave the RISE program its first, needed boost.

West Virginia has experienced more than its share of disasters during my time as your Governor; this historic flooding, the Derecho, Hurricane Sandy, Winter Storms Thor and Jonas, and the water crisis.

Through it all we have grown stronger. We have improved our emergency response capabilities and we have strengthened public safety.

Adversity demands resilience. That's what we have shown in these challenges and many more, including one of the most trying epidemics I believe the Mountain State has ever faced, with the sharp rise in substance abuse and addiction.

### **FIGHTING SUBSTANCE ABUSE**

That's why, in 2011, I issued an Executive Order to create the Governor's Advisory Council on Substance Abuse, made up of representatives of substance abuse prevention, behavioral medicine, law enforcement, child and adolescent psychology, the legal system, residential treatment facilities, the public school system, the faith community and health care.

My vision for this Council was a community-driven, ground-up approach to tackling this epidemic. Through community-based task forces in six regions across the state, we have made significant progress and enacted life-saving reforms.

We now look at substance abuse as an illness, not a crime.

We have decreased the number of meth labs across the state as the result of making it more difficult to obtain pseudoephedrine. We have expanded access to the life-saving drug Narcan to first responders and family members of those struggling with addiction.

## *Governor's Executive Message*

Last year alone, hundreds of lives were saved as a result.

We have substance abuse prevention services in all 55 counties. We have expanded and improved community-based treatment options and recovery services. Across the state we have 188 crisis detox beds in residential treatment facilities, with more sites under development.

We have 118 beds designated for youth and postpartum treatment, as well as short-term and long-term residential treatment.

And we have more than 1,000 beds for those seeking help and support through peer and provider recovery homes and facilities.

We are working closely with our prisons and correctional facilities to ensure all West Virginians are provided access to substance abuse rehabilitation.

In fact, the Division of Corrections operates nine residential substance abuse treatment units in correctional centers across the state and we have expanded this model to our regional jail facilities as well.

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We have to seize every opportunity before us to become stronger as individuals and as a state.

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And, through Justice Reinvestment, we have successfully worked to address substance abuse, which is the root cause of many crimes.

And because of that work, we have expanded drug courts, substance abuse counseling, and greater supervision after release.

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And, ultimately, we have better controlled incarceration rates, which prevented our state from having to build a new \$200 million prison that was projected to be needed because of our previous rising prison population.

I am also deeply proud of the work we have done in creating the state's first 24-hour substance abuse call line, 844-HELP-4-WV, which has received nearly 8,500 calls since it launched in September 2015.

The help line provides referral support for those seeking help and recovery services. It's an opportunity for people who are struggling to talk with someone who cares, get connected to treatment options, and begin the road to recovery.

No caller is ever placed on hold and they are immediately connected with treatment staff representing the best and most appropriate treatment options for them.

Administered by First Choice Health Systems of West Virginia, the help line is staffed by certified professionals, many who have overcome addiction themselves and want to help others turn their lives around as well.

When I hear stories of the successes, I am incredibly optimistic for West Virginia's future. With economic changes, job losses, and families struggling, we have to seize every opportunity before us to become stronger as individuals and as a state.

One such opportunity lies in Boone and Lincoln Counties, where I believe we have the chance to revitalize Southern West Virginia and make the Mountain State stronger.

## **EMBRACING THE FUTURE**

It was one year ago during my State of the State Address, where I announced plans for the largest development project in West Virginia's history at the former Hobet surface mine site.

Since last year at this time, we have worked every day, and we have made tremendous progress on this project, which is now known as Rock Creek Development Park.

## Governor's Executive Message

We have worked with local landowners, who are generously donating land that will result in more than 12,000 developable acres for Rock Creek, which is the size of the city of Huntington.

The West Virginia National Guard, Rock Creek's first tenant, is on the ground with newly-expanded operations for maintenance work and training.

And we have a long-term strategic plan now in place, which looks at demographics and market trends to help us identify the best investment opportunities for Rock Creek.

For generations, our coal miners, workers, and their families have kept West Virginia strong. Now, it's our turn to help them.

By realizing the full potential of Rock Creek Development Park, for job creation and economic diversification, we can build up a region of our state hard hit by the downturn in the coal industry.

My vision for Rock Creek started many years ago, as I rode my four-wheeler around the hills of Southern West Virginia, and saw the possibilities that such an enormous site, with such a great amount of flat land, could have.

Embracing opportunities like this takes careful thought and planning, and this public-private project will require some investment by the state.

But I believe wholeheartedly that the returns will vastly exceed our investment. **That isn't something I say lightly.**

Throughout my 42 years in public service, fiscal responsibility has been at the heart of every project I've undertaken, every policy I've fought for, and every decision I've made.

### GOVERNING RESPONSIBLY

As a result of much hard work, over the years, we have decreased taxes, embraced responsible spending, made great progress toward paying off the state's unfunded liabilities, and controlled growth of the state's budget.

We have realized milestone tax reforms, including progressive elimination of the food tax, saving West Virginians \$162 million each year.

We have gradually eliminated the state's business franchise tax and decreased the corporate net income tax, changes that make West Virginia more attractive for business investments.

As a result of responsible reforms, last year, the National Council on Compensation Insurance filed the 12th reduction in workers' compensation premiums in 12 years. And West Virginia employers have seen a savings of more than \$352 million since we privatized the program in 2006.

We addressed our Other Post Employment Benefits by dedicating \$30 million annually to pay off the \$5 billion unfunded liability, which was caused by previous promises that became too expensive to maintain.

As I did last year, I present to you today a budget that is balanced, but a budget that requires difficult decisions and thinking about the next generation, rather than the next election.

I continue to be proud of the fiscal responsibility we have shown not just for the past six years, but over the last generation. Our commitment to paying down our long-term liabilities has not wavered, and we have responsibly reduced taxes on both our employers and our employees.

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I present to you today a budget that is balanced, but a budget that requires difficult decisions and thinking about the next generation, rather than the next election.

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## *Governor's Executive Message*

Because of our improved fiscal policies, we have been able to refinance bonds that pay for schools, water and sewer lines, college campus improvements, and roads to save more than \$100 million in the past six years.

So, when people ask me why I'm so concerned with maintaining our Rainy Day Fund and our bond rating, that's why. It means more schools, more roads, and more homes with clean water.

As part of tough decisions during tough economic times, we have cut more than \$600 million from our budgets over the past five years. While we all continue to hope that the coal industry will rebound, that hasn't happened quickly, and it likely won't ever return to the levels that we once saw.

We continue to work to diversify our economy, and I know the improvements we've made will pay long-term dividends in job growth and investment.

But we're not there yet, and part of being fiscally responsible means making sure that we can pay our bills, without taking the Rainy Day Fund to dangerously low levels or cutting services to the point where we cannot care for our people or educate our students.

Therefore, the budget I present to you today includes a 1 percent increase in the consumer sales tax to raise \$200 million, and elimination of the current sales tax exemption on telecommunications services; a move that would make our system the same as 80 percent of the country.

I understand these taxes will not be easy, but asking people to pay a few dollars more now is a far better choice than seeing PEIA cards not accepted by medical providers, or going back to the days when we couldn't finance school and road improvements, or even pay the gas bill at the Governor's Mansion.

I urge you to consider these responsible actions to balance the budget until the brighter economic picture that we all expect comes into focus.

## **CLOSING**

I believe the thing that compelled each of us to public service is our love for West Virginia. And that is the very thing that should compel us to work together.

When I became your Governor, I said that we must put West Virginia first.

That's what we have done, and I encourage you to continue working together, out of that deep devotion to our beloved state, in the coming year and beyond.

I am proud of the work that we have accomplished. I look forward to the leadership of Governor-elect Jim Justice and I thank all of you who have worked with me over the years.

I thank my cabinet members and agency directors. And I thank my dedicated staff members who have worked every day, not for me, but for the people of West Virginia.

It has been the honor of my life to be your Governor, to be West Virginia's Governor. Joanne and I thank the people of West Virginia for your abiding trust, counsel, and support.

And we look forward, with the greatest hope and optimism, to an even stronger West Virginia.

Thank you. God bless you, and God bless the great state of West Virginia.



# Six Year Financial Plan

Over the past two decades, significant improvements continue to be made in the underfunded pension, workers' compensation, and other postemployment benefits (OPEB) liabilities of the state. Budgets have been timely. West Virginia fully intends to continue the fiscally responsible process of disciplined financial management as evidenced in this year's Six Year Financial Plan.

The General Revenue Fund has maintained a strong cash flow over the past few years and we continue our ongoing trend of fiscal conservatism and well-managed financial operations. 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.

While our current FY 2017 General Revenue collections are projected to be substantially short of estimate by approximately \$192 million (-4.6%), we are closely monitoring and making the necessary adjustments to finish the fiscal year with positive balances. This current revenue shortfall has necessitated a midyear budget adjustment to help keep expenditures in line with anticipated revenues. Additional budget remedies, such as continuing the state's hiring freeze, expiring rainy day cash to the General Fund, additional expenditure reductions from the General Fund (which will be made whole from other available funds), and revenue reallocations and enhancements recommended by the Governor are expected to alleviate the anticipated FY 2017 budget gap. The Lottery Funds' revenue collections for FY 2017 are again on pace to exceed their revenue estimates.

Our state's economy is undergoing a transition period due to changes in the global energy sector, but West Virginia remains in a strong position to address the anticipated budget challenges that lie ahead—major challenges that include continued increases to state appropriations for the Medicaid Program and the state's Public Employees' Retirement Programs. 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 2018 budget recommendations continues to address the largest budget drivers on the expenditure side of the ledger—Medicaid and Public Employees' Retirement contributions. Despite the current economic weakness, we still maintain our solid trend of sound financial results.

The state's relatively strong financial position that is in place to deal with these challenges has not occurred by accident. Many tough fiscal decisions have been made over the last two decades, including maintaining a strong level of budgetary reserves, limiting the growth rate of the major retirement systems, and a commitment to addressing long-term liabilities. The use of long-term budget planning, through the state's Six Year Financial Plan, highlights the need for continued conservative budget planning. Our budgets generally have used onetime surpluses to fund onetime needs and to assist in short-term revenue shortfalls. The Governor's FY 2018 budget recommendations continues this fiscally responsible budgeting practice.

A decade 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 be balanced. This year's "Six Year Financial Plan" includes information on anticipated revenues and expenditures through FY 2022. 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 2018 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 definitely impact total state revenue and spending. This plan is developed with extensive review of the major financial implications of Special and Federal cash flows. Using this plan, it is easy to see where the projected expenditures outpace projected revenues (beginning in FY 2019), 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, as in recent fiscal years, be cautiously used mostly for onetime needs or held for use to assist in offsetting possible future shortfalls.

## **Revenue**

As shown in the "General Revenue Fund—Statement of Revenues by Source" (see the "Financial Statements" chapter), revenue collections are projected to rise in the short term by an annual average of 3.3% between FY 2016 and FY 2018. Longer term revenue growth is projected to average nearly 2.6% per year between FY 2016 and FY 2022. Absent the projected adoption of more than \$323.9 million in revenue enhancements, the projected revenue growth rate between FY 2016 and FY 2018 would be -0.6% as opposed to 3.3%. The anticipated decline in revenue stems from the combination of a slow growing economy and the inclusion of

*Executive Summary*  
*Six Year Financial Plan*

nearly \$170 million in onetime temporary revenues in the base year of FY 2016. The revenue enhancement proposals include (1) increase in the general consumer sales and use tax rate from 6.0% to 7.0%, (2) broadening of the consumer sales and use tax base to include telecommunications services, (3) broadening of the consumer sales and use tax base to include certain digital goods, (4) diversion of 75% of the funds dedicated to the Old Workers' Compensation Debt Fund to the General Revenue Fund in FY 2018 and (5) onetime elimination of the scheduled General Revenue Fund transfer to State Road Fund in FY 2018.

With the exception of a brief one year rebound of 8.1% in FY 2011, overall revenue growth has been very sluggish since the onset of the recent Great Recession. The average annual revenue growth rate between FY 2008 and FY 2016 was -0.2%. In addition, actual

**Six-Year Financial Plan  
Through 2022  
General and Lottery Revenues  
(in thousands)**

	Actual FY 2016	Budgeted FY 2017	Recommended FY 2018	Projected FY 2019	Projected FY 2020	Projected FY 2021	Projected FY 2022
<b>Estimated Revenue</b>							
General Revenue	\$4,305,776	\$4,187,419	<b>\$4,055,200</b>	\$4,161,800	\$4,323,200	\$4,469,500	\$4,596,400
General Revenue - shortfall (prior to remedies)	(426,129)	(192,269)					
General Revenue - reallocations and enhancements	106,860	75,600	<b>323,950</b>	280,700	287,100	298,100	307,800
General Revenue - (available from expirations)	119,321	44,000					
General Revenue - (Surplus used / from expirations)	11,318	104,903					
Lottery	158,137	135,561	<b>130,917</b>	130,917	130,917	130,917	130,917
Lottery - (Surplus used / available from previous FYs)	(1,890)	8,000	<b>6,000</b>				
Excess Lottery	254,441	219,459	<b>227,188</b>	227,188	227,188	227,188	227,188
Excess Lottery - (Surplus used / available from previous FYs)	(9,210)	30,000	<b>16,900</b>				
<b>Total Available</b>	<b>\$4,518,624</b>	<b>\$4,612,673</b>	<b>\$4,760,155</b>	<b>\$4,800,605</b>	<b>\$4,968,405</b>	<b>\$5,125,705</b>	<b>\$5,262,305</b>
<b>Estimated Expenditures</b>							
Previous Year's Base Budget			<b>\$4,707,626</b>	\$4,764,160	\$5,013,954	\$5,210,326	\$5,414,389
<b>(Base Budget FY16) and (Base Budget Growth for out-years): *</b>							
Legislature		23,452	<b>0</b>	600	900	800	700
Supreme Court		141,759	<b>0</b>	3,600	5,200	4,700	4,000
Public Defender		31,622	<b>0</b>	18,300	0	0	0
PERS Employer Contribution		53,684	<b>1,821</b>	1,043	0	0	0
PEIA Premiums		360,917	<b>(3,839)</b>	25,350	31,525	36,075	39,000
Teachers' Retirement Savings Realized		37,656	<b>(2,456)</b>	2,000	0	0	0
Teachers' Retirement System		388,098	<b>66,798</b>	19,425	0	0	0
State Aid to Schools (PEIA and Retirement included above)		1,136,822	<b>(11,411)</b>	14,000	14,000	(9,000)	(10,000)
Public Education - All Other		185,215	<b>(442)</b>	1,500	1,505	1,510	1,500
DHHR- Medicaid		719,063	<b>10,401</b>	76,655	64,618	113,128	114,538
DHHR- All Other		586,100	<b>2,432</b>	12,000	12,000	14,000	14,000
Correctional Facilities		227,734	<b>0</b>	2,000	2,000	2,000	2,000
State Police		75,846	<b>0</b>	750	750	750	750
Public Safety Retirement Plan A / State Police Plan B		20,910	<b>5,373</b>	2,571	0	0	0
Higher Education		458,399	<b>0</b>	0	0	0	0
All Other Items (net)		260,349	<b>(12,143)</b>	12,000	5,874	(17,900)	2,000
Salary Enhancements **			<b>0</b>	53,000	53,000	53,000	53,000
Unanticipated Expenditures			<b>0</b>	5,000	5,000	5,000	5,000
<b>Total Ongoing Base Budget</b>	<b>\$4,721,307</b>	<b>\$4,707,626</b>	<b>\$4,764,160</b>	<b>\$5,013,954</b>	<b>\$5,210,326</b>	<b>\$5,414,389</b>	<b>\$5,640,877</b>
Onetime Expenditures	20,642	123,807	<b>23,150</b>	34,571	5,000	5,000	5,000
Surplus Supplementals	26,909	10,000					
Onetime Reductions	(89,365)	(160,539)	<b>(27,155)</b>				
Expirations	(27,751)	(25)					
Surplus Transferred to Rainy Day Fund	6,417	14,403					
Mid-year cut	(140,024)	(82,666)					
<b>Estimated Balance (Gaps)</b>	<b>\$489</b>	<b>\$67</b>	<b>\$0</b>	<b>(\$247,920)</b>	<b>(\$246,921)</b>	<b>(\$293,684)</b>	<b>(\$383,572)</b>

**Note: This six-year financial plan is a tool for analyzing future budgets. Any out-year gaps must be balanced.**

\* FY 2018-FY 2022 Expenditure Growth is the additional amount required annually to fund existing programs.

\*\* Includes base building pay raises of 2% for School Aid Formula professional educators and school service personnel, and state employees in FY 2019 - FY 2022.

## *Executive Summary*

### *Six Year Financial Plan*

year-to-date FY 2017 General Revenue Fund collections through December 31, 2016, were just 0.4% higher than collections for the same period in the prior year despite the inclusion of nearly \$16 million in onetime budget gap filling revenues. Absent various FY 2016 revenue enhancements, revenues trended lower by roughly 4.5% during the first half of the fiscal year. Revenues from the Corporation Net Income Tax fell by nearly 36% and revenues from both the broad-based Personal Income Tax and broad-based Consumer Sales Tax declined by smaller margins. The decrease in revenue was also partially attributable to a 13% decrease in Severance Tax collections due mainly to lower energy prices for natural gas and some additional declines in coal sales. West Virginia natural gas prices trended lower during the summer and early fall months of CY 2016 partially due to natural gas transportation infrastructure limitations within the state. According to information published by Natural Gas Intelligence, the Dominion South price fell to a low of just 66 cent per million BTUs by the end of September, a level that was less than 23% of the Henry Hub price for natural gas. Dominion South price subsequently rebounded strongly to \$3.21 per million BTUs by the end of December, a level that was 87% of the Henry Hub price for natural gas. Preliminary data from the U.S. Energy Information Administration indicated a 14% decline in West Virginia coal sales in CY 2016 to roughly 82 million tons following a 15% decline in the previous year. The continuing headwinds in the energy sector also resulted in lower royalty income, lower profits from energy producers, stagnant personal income growth, and a decline in employment for the state.

West Virginia's annualized wage growth averaged less than 0.1% between the second quarter of CY 2012 and the second quarter of CY 2016. The wage growth rate declined by 1.0% in the third quarter and is anticipated to remain relatively flat through at least the first quarter of CY 2017. Wage income growth should resume in CY 2017 under the assumption of higher employment, higher energy prices, some rebound in construction activity, and continued growth in health care services.

Payroll employment fell by roughly 0.3% in CY 2016, the fourth consecutive year of decrease. The cumulative level of employment decline over the past four years was nearly 1.5% or close to 11,000 payroll jobs. During the past four years, employment losses were especially steep in the mining and construction sectors with losses averaging close to 24%. IHS Economics projects payroll employment growth to slowly resume in CY 2017 to levels that might accelerate from less than 0.2% in the short-term to 0.4% by the end of CY 2017. Higher employment would translate to improved growth in both personal income tax collections and sales tax collections in FY 2018 in comparison with the current year. Through the first six months of FY 2017, personal income withholding tax revenues were 0.5% below prior year collections. Revenues actually declined by 1.0% during the first quarter and by 0.1% during second quarter of this fiscal year. Year-to-date sales and use tax receipts fell by 1.5% from the prior year. Some improvement is anticipated during the second half of this year due to anticipated gains in both employment and income for the balance of this fiscal year.

The coal industry contracted significantly over the past four years due to a trend of decline in demand for domestic steam coal and sluggish foreign demand for metallurgical coal. Meanwhile, the natural gas industry boom subsided due to collapsing prices. The decrease in natural gas prices destabilized demand for domestic steam coal as utilities switched to gas use in a competitive pricing environment. Due to falling natural gas prices, U.S. electric power generation from natural gas has exceeded the level of electric power generation from coal in every month except one since July 2015. During the twelve month period ending October 2016, the share of electric power from natural gas rose to 34.5% of the total and the share of electric power production from coal shrank to just 29.8%. The share of electric power generation from coal decreased from nearly 50% in 2005 to 45% in 2010, to 33% in 2015 and to 30% in 2016. By contrast, the share of electric power generation from natural gas increased from less than 19% in 2005 to 24% in 2010 and to more than 34% in 2016.

In the first few years following the end of the Great Recession, West Virginia experienced a mini-energy boom associated with increased foreign demand for metallurgical coal. Non-manufacturing exports of coal and other commodities increased in value from less than \$2.2 billion in CY 2009 to a peak of nearly \$7.5 billion in CY 2012. However, foreign markets are also more volatile than domestic markets. Since peaking in CY 2012, non-manufacturing goods exports plummeted by roughly 85% to less than \$1.2 billion as of the 12-month period ending November 2016. Manufacturing goods exports also experienced significant growth between 2009 and early 2015 with the value of West Virginia exports rising from less than \$2.5 billion in CY 2009 to an annualized rate of more than \$4.1 billion by February 2015. However, a slowdown in global economic growth and rising value of the dollar relative to other currencies combined to hinder manufacturing export activity in recent months. The 12-month trailing trends for manufacturing goods exports fell by nearly 17% between the months of February 2015 and November 2016. Despite continuing headwinds from foreign trade, both the West Virginia manufacturing and mining sectors should experience some stability in the coming year due to an expanding domestic economy with some uptick in inflation.

## *Executive Summary*

### *Six Year Financial Plan*

Following a multi-year period of little or no increase, General Revenue Fund growth for the FY 2018 to FY 2022 period is forecast to average close to 2.9% in comparison with the long-term average General Fund growth rate of nearly 4.0%.

#### **Expenditures**

The FY 2018 budget development is the fourth budget that has been submitted using the state's new accounting system wvOASIS. This new system is web-based and paperless. The implementation of this system has required many training hours for agency employees, and again this year all agencies successfully submitted their budgets in a timely manner. Budgets generally require information that is preloaded to be revised, which is much more efficient than the procedure used in the past, and requires much less data entry.

In preparing the Governor's FY 2018 budget during the last few months, the state faced an estimated budget gap of \$497 million for upcoming FY 2018. After consecutive years of state agencies submitting their budget requests at reduced levels, they were asked to submit their FY 2018 General Revenue appropriation requests at 100% of the FY 2017 current base funding level. To help close the anticipated FY 2018 budget gap, and to help in structurally balancing ongoing base budget expenditures in the out-years, the Governor has chosen to carry-over many of the budget reductions made in the FY 2017 midyear budget reduction. He also has made various targeted base budget reductions to selected areas of the budget. In addition, the Governor recommends substantial increases in appropriations for the Public Employees' Retirement Systems' employers' match and for the Medicaid Program's State Share.

The FY 2018 General and Lottery revenue base budget of \$4.764 billion as recommended by the Governor is only \$56.534 million higher than the FY 2017 base budget funding level of \$4.708 billion (even though retirement contributions increased by \$73.992 million). Since FY 2015, the state will have reduced its expenditure base budget funding levels, as proposed by the Governor, by \$44.275 million. The biggest base funding increases are for the retirement systems and the Medicaid program. The retirement contributions from the General and Lottery Funds increases the base by \$73.992 million. Medicaid's General and Lottery Revenue base funding increases by \$10.401 million. All other base funding items in the FY 2018 budget decrease by a net \$17.458 million. Various onetime appropriations and adjustments are also being recommended by the Governor, mostly funded using previous years' cash surpluses and available excess cash in various Special Revenue accounts.

FY 2019 through FY 2022 project future budget gaps in the Six Year Financial Plan. The key to structurally balancing our out-years' budgets lies in total base budget expenditure reductions or increases in ongoing revenues. These reductions, and/or revenues, play a crucial role in aligning our base expenditures with base revenues in the upcoming out-years budgets.

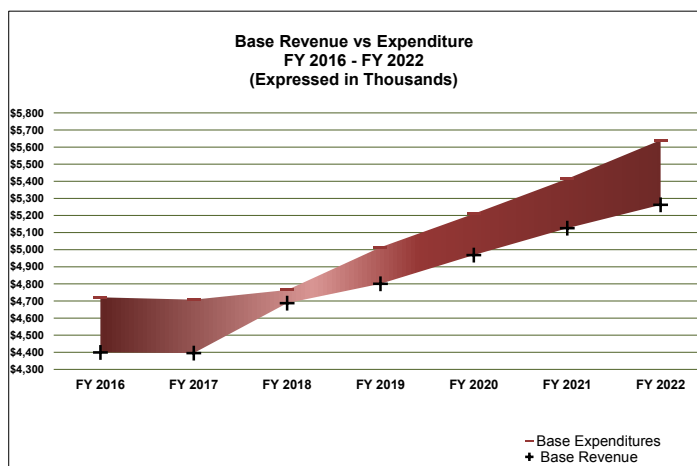
West Virginia is one of a handful of states that did not make reductions to FY 2008 or FY 2009 budgets. However, a midyear budget reduction was implemented in FY 2010 due to the slowing of revenue collections. FY 2011 finished with a healthy General Revenue surplus of more than \$338 million, and West Virginia ended FY 2012 with a \$102 million General Revenue surplus, of which \$28 million was transferred to the Rainy Day Fund and \$65 million appropriated for Medicaid. The FY 2013 budget year required midyear adjustments to General Revenue of \$45 million, but finished the year with more than \$11 million in surplus, of which \$5.8 million was transferred to the Rainy Day Fund. Lottery funds ended FY 2013 with cash balances totaling \$160 million, of which \$123 million was used to help balance FY 2014 budgets. The FY 2014 budget year also required midyear adjustments to General Revenue of \$33 million, but finished the year with a General Revenue Fund surplus of \$18.3 million. Lottery funds ended FY 2014 with cash balances totaling \$36.5 million which was used to fund FY 2015. FY 2015 also required a midyear adjustment to General Revenue of \$38.9 million, but ended the year with a surplus of \$12.8 million, \$6.4 million of which was transferred to the Rainy Day fund. Lottery funds ended FY 2015 with cash balances totaling \$47.9 million which will be used to help fill in the anticipated FY 2016 shortfalls. FY 2016 again required midyear adjustments of \$140 million, but ended the year with a surplus of \$28.8 million, \$14.4 million of which was transferred to the Rainy Day fund. Lottery funds ended FY 2016 with cash balances totaling \$59.3 million which is being used to help fill in the anticipated FY 2017 shortfalls.

Our current FY 2017 General Revenue collections are expected to be about \$192.3 million short of estimates by year end, and additional needs totaling \$21.4 million cause the anticipated FY 2017 budget gap to be \$213.7 million. The Governor recommends closing this budget gap with remedies that include continuing the state's hiring freeze, implementing midyear budget reductions, expiring rainy day cash to the General Fund, using Lottery surplus funds, and revenue reallocations and enhancements.

## Executive Summary Six Year Financial Plan

Lottery Revenue collections for FY 2017 are on pace to exceed their revenue estimates. The Governor recommends that up to \$22.9 million of any surpluses from the Lottery Funds at the end of FY 2017 be appropriated to help fund the state's portion of base Medicaid costs.

While continuing to use our conservative budgeting approach of reducing overall base budget expenditures, the budget for FY 2018 does include increases for the state's share of Medicaid funding, 100% of the required contributions to Retirement Systems, and smaller increases to various social programs. Although there are challenges in closing FY 2018's budget gap, the out-years beyond FY 2018 show continued budget gaps that will require additional structural adjustments. Careful budgetary planning and responsible government initiatives will continue to serve West Virginia well in achieving balanced budgets.



### Six Year Plan Summary

The "Six Year Financial Plan" includes the best estimate of revenues and expenditures based on currently known facts and are the best assumptions we can make on a future basis. The further into the future we project revenues and expenditures, the greater the chance of deviation from the projections. For example, the end of the next budget year, FY 2018, is 18 months away from the date the projections were completed. The General Revenue Fund estimate is almost \$4.4 billion for FY 2018. Just a 1% deviation from the estimate will result in a \$44 million difference in revenues. Depending on this deviation being either higher or lower, the range of actual difference in revenue could exceed \$88 million (\$44 million under estimate to \$44 million over estimate).

The same may be said regarding expenditures. Although we have included all known expenditures with the best projections available for future increases, many unknowns obviously exist. What will happen with the national economy? Will the stock market continue its current pace? A large portion of the budget is expended for health care—both Medicaid and public employees' health insurance expenditures. Small fluctuations in the projected cost of health care can result in large dollar differences in the required expenditures for these services. For example, in our Medicaid Program, just a 1% change in the federal match rate can result in a difference in required state funding of approximately \$32 million.

Not included in the projected expenditures is any additional funding for inflationary expenses to cover any rising cost of energy consumption for state-owned buildings and vehicles or funding for any major new program.

### Estimated Balance (Gaps)

The "Estimated Balance (Gaps)" is strictly the excess or deficit (gap) of revenues versus expenditures on an annual basis. The balance is not carried forward to the following fiscal year, but may be used to soften any future budget gaps. As is clearly seen in the "Six Year Financial Plan," even with the structural adjustments to FY 2018's budget, FY 2019 through FY 2022 still reflect significant budget gaps that must be, and will be, addressed and balanced.

### Budget Summary

#### FY 2016

West Virginia's General Revenue Fund's actual revenue collections totaled \$4.106 billion and, after midyear budget cuts totaling \$140 million, again ended the fiscal year with surpluses of \$28.8 million. Lottery Funds ended the year with unappropriated balances of \$59.3 million.

## *Executive Summary*

### *Six Year Financial Plan*

The General Revenue Fund maintained a strong cash flow throughout the year, and we paid our bills on time. We retained \$5 million in our Personal Income Tax Refund Reserve Fund and made 100% of our required retirement contributions in FY 2016. West Virginia's rainy day funds totaled \$778 million at the end of FY 2016 and were still among the best funded in the country (more than 18% of General Revenue). The Workers' Compensation unfunded liability continues to be reduced and our OPEB Trust Fund balance has grown.

#### **FY 2017**

FY 2017's General Revenue collections are officially estimated to be \$4.187 billion or 2.0% more than the FY 2016 actual revenue collections. Through the first six months of FY 2017, collections were \$98.2 million below official estimate (-5.0%). Year-end collections in General Revenue are estimated to be about \$192 million short of estimates. To rectify this shortfall, the Governor has implemented a midyear budget reduction and recommends during the 2017 Regular Legislative Session that \$34 million from the Rainy Day Fund be expired to the General Revenue Fund's balance, along with other revenue reallocations and enhancements, and additional year-end expenditure reductions.

Regular Lottery and Excess Lottery revenues estimates available for appropriation in FY 2017 decreased from FY 2016 actual collections by almost 14% due to anticipated competition from other states and the conservative nature of West Virginia's budgeting for the Lottery Funds. Lottery collections through the first six months of FY 2017 are running 5.8% above estimate.

On the expenditure side, FY 2017's major budget expenditure driver continues to be Medicaid and other health care related costs. Additional major funding increases are also in place for funding 100% of the retirement systems' required contributions. Targeted base budget cuts for many agencies were made to help in balancing FY 2017 and for the second year in a row, the total ongoing base expenditure budget was less than the previous year's.

FY 2017 expenditures from General and Lottery Funds, after all pending adjustments, are expected to total \$4.613 billion.

#### **FY 2018**

Balancing the FY 2018 Budget is again a challenge that requires fiscal discipline. Projections during the budgeting process showed a significant funding gap of about \$497 million for FY 2018 that needed to be closed. Due to the recent slowdown in the mining of coal and low energy prices, anticipated revenues are not expected to keep pace with costs for current programs. Moreover, as we have long expected, competition by bordering states continues to soften Lottery revenues. In the face of these revenue challenges, appropriations for expenditures at current program base levels for FY 2018 must be adjusted.

The FY 2018 General Revenue official estimate of \$4.379 billion, which includes \$324 million of new enhancements, is \$192 million above the FY 2017 official General Revenue estimate of \$4.187 billion. Lottery and Excess Lottery revenues available for appropriations are expected to decrease slightly in FY 2018 by \$3 million below the FY 2017 actual collections.

Consistent with our commitment to provide a balanced budget and long-term fiscal stability, we as a state must take measures to reduce the overall FY 2018 anticipated expenditure growth and position the state to balance budgets in the years that follow. Therefore, targeted budget reductions for FY 2018 are required to align our base expenditures with our projected ongoing revenues.

Major budget expenditures changes recommended for FY 2018 include an additional \$10.401 million in state Medicaid funding. Various targeted base funding reductions are required to help to structurally bring our budget back into balance.

Due to decreased investment value of 0.1% (actuarial target is 7.5%) during FY 2016 and an "experience study," the Teachers' Retirement System will require funding of \$66.798 million and the State Police Retirement Plans call for \$5.373 million more. FY 2018 total expenditures from General and Lottery Funds, after all pending adjustments, are expected to total \$4.760 billion.

Budget reductions are never easy, nor are tax increases. But as good financial planners, we must continue to be good stewards of taxpayer dollars. While many programs were exempted from budget reductions, we have made substantial budget reductions to many agencies. We must be committed to fiscal discipline over the long term. Therefore, agencies must be diligent in controlling spending and maintaining programs that are sustainable and do not rely on increased state funding in the near future.

# SUMMARY FINANCIAL STATEMENTS







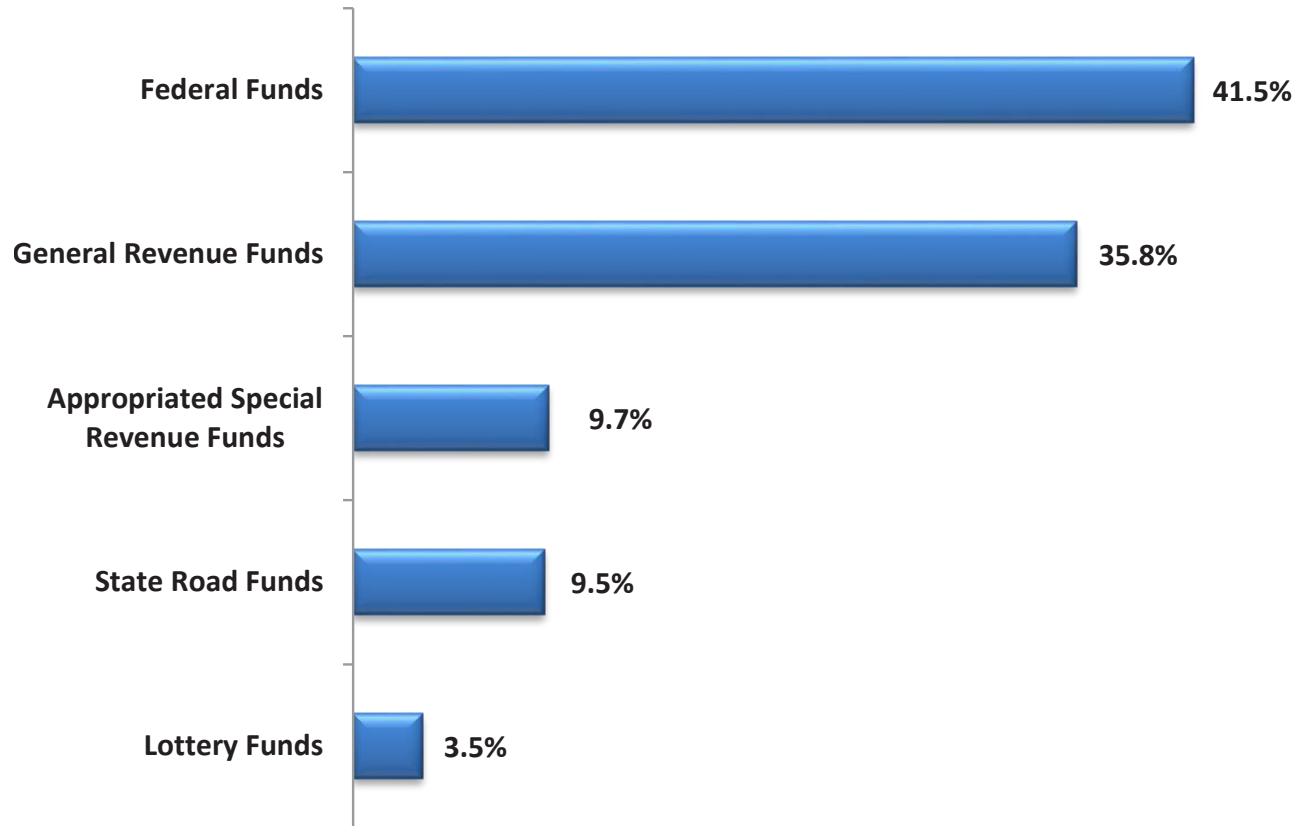
# Financial Statements

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

- Graphics of the Total FY 2018 Budget — (Where the State Dollar Comes From and Where the State Dollar Goes)
- Combined Statement of Revenues, Expenditures, and Changes in Fund Balances for All Funds (narrative and statement)
- Cash and Investment Balances of All Funds Fiscal Year Ending June 30, 2016
- Detailed Investments Fund 13 Fiscal Year Ending June 30, 2016
- General Revenue Fund — Statement of Revenues by Source FY 2014 through FY 2022
- General Revenue Fund — Statement of Revenues, Expenditures, and Changes in Cash Balance
- General Revenue Fund — Overview by Functional Category FY 2016 through FY 2018
- General Revenue Fund — Recommended Supplemental Appropriations FY 2017
- General Revenue Fund — Recommended Surplus Supplemental Appropriations FY 2017
- General Revenue Fund — General Revenue Major Statutory and Nondiscretionary Requirements FY 2018
- Lottery Fund — Overview by Functional Category FY 2016 through FY 2018
- Lottery Fund — Statement of Revenues, Expenditures, and Changes in Cash Balance
- Excess Lottery Fund — Statement of Revenues, Expenditures, and Changes in Cash Balance
- Excess Lottery Fund — Overview by Functional Category FY 2016 through FY 2018
- State Road Fund — Statement of Revenues by Source FY 2014 through FY 2020
- State Road Fund — Statement of Revenues, Expenditures, and Changes in Cash Balance
- Summary of Primary Government Long Term Debt Outstanding as of June 30, 2016
- Major Reserve/Stabilization Accounts
- Schedule of Budgeted Full-Time Equivalents

# Where The State Dollar Comes From

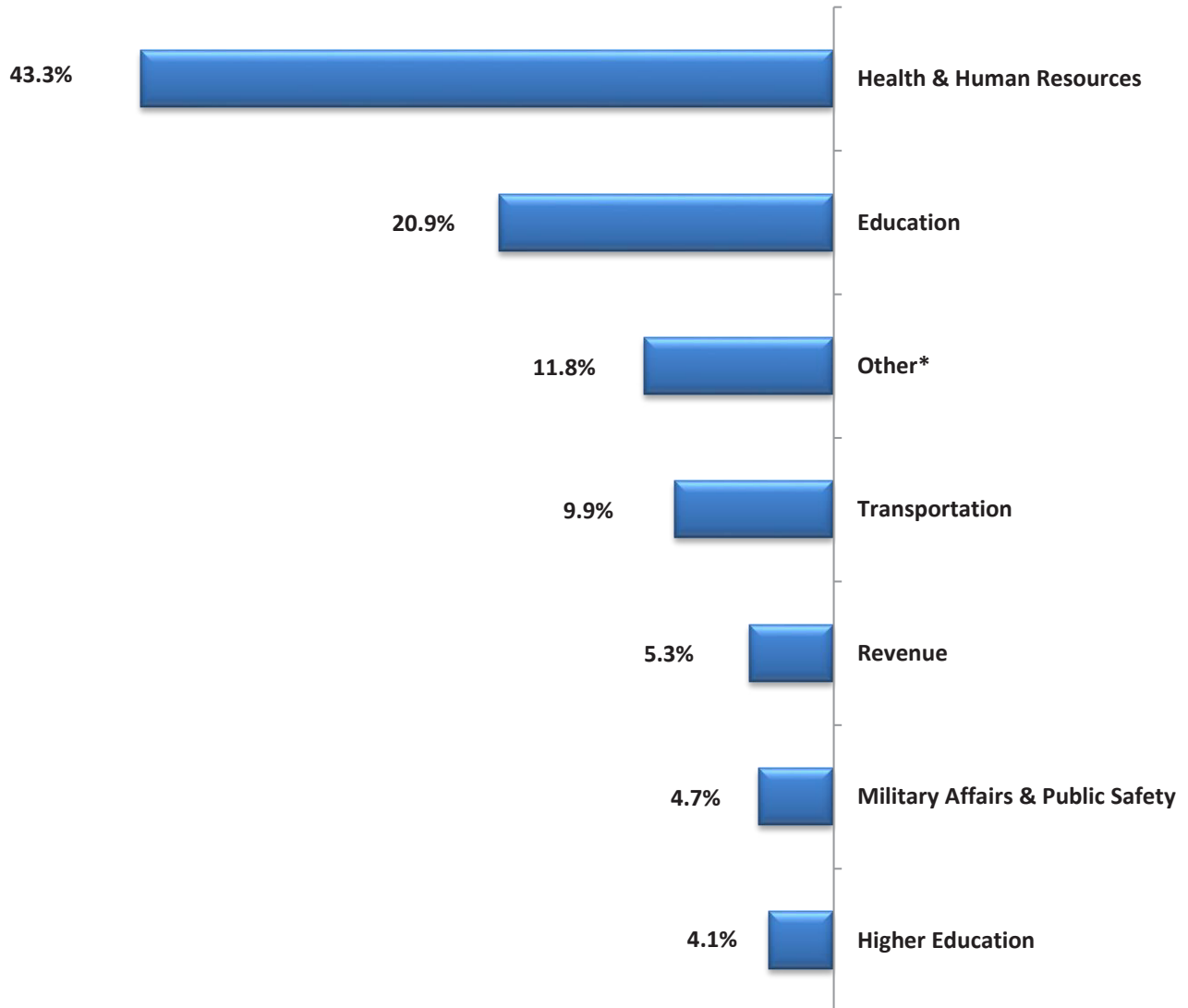
(FY 2018 Estimate)



**TOTAL REVENUE**  
**\$12.2 Billion**  
(Appropriated Funding Sources)

# Where The State Dollar Goes

(Governor's Recommended FY 2018 Budget)



<b>*Other</b>	<b>11.8%</b>	
Legislature	0.2%	
Judicial	1.2%	
Executive	0.9%	
Administration	2.0%	
Commerce	2.0%	
Education & the Arts	1.3%	
Environment	2.4%	
Senior Services	0.7%	
Veterans Assistance	0.2%	
Misc. Boards & Commissions	0.9%	

**TOTAL EXPENDITURES**  
**\$12.3 Billion**  
**(Appropriated Funding Sources)**

## Combined Statement of Revenues, Expenditures, and Changes in Fund Balances for General, State Road, and Lottery Funds

The following Combined Statement of Revenues, Expenditures, and Changes in Fund Balances for General, State Road, and Lottery Funds reflects actual, budgeted, and recommended revenues and expenditures for FY 2016, FY 2017, and FY 2018, respectively, for all funds. The revenues and the disbursements are listed at the department/bureau level. See the “Revenue Sources” chapter for a more detailed explanation of each source of funds.

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

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

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

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

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

**FY 2016 Actuals** are the total actual revenues and expenditures for all funds including expenditures from regular, supplemental, surplus appropriations, and reappropriated amounts.

**The FY 2017 Budgeted revenue estimate** for the General Revenue Fund reflects the Governor’s revised official revenue estimate dated June 30, 2016 and the State Road Fund reflects the Governor’s revised official revenue estimate as submitted to the Legislature on January 11, 2017. The Governor provides the official revenue estimates for the budget, and those estimates do not require legislative approval.

**FY 2017 Budgeted expenditures** reflect the amounts budgeted for FY 2017 prior to the beginning of the 2017 Legislative session and includes a separate line for reappropriations available for expenditure from previous fiscal years.

**FY 2018 Recommendations** are the amounts that the Governor is proposing on January 11, 2017 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 2016 amounts include reappropriated expenditures along with current year appropriations spent during the fiscal year, the Recommended FY 2018 expenditures do not reflect any anticipated reappropriations being available during FY 2018.

*Combined Statement of Revenues, Expenditures, and  
Changes in Fund Balances for General, State Road, and Lottery Funds*

Although the FY 2017 Budgeted amounts are available to spend during the fiscal year, the likelihood of expending the entire amount is extremely remote. Generally, a significant amount of the authorized expenditures remains unspent at the end of each fiscal year and is reappropriated to the next ensuing fiscal year. The available reappropriated balance is included as a separate line.

For General Revenue funds, the prior year reappropriated amounts are significant. The General Revenue Fund budgeted FY 2017 expenditures include \$283.015 million, Lottery Fund includes \$32.411 million, and the Excess Lottery Fund includes \$18.219 million in reappropriated amounts. Details about the amounts available to each agency can be found in the “Overview by Functional Category” spreadsheets. Although the unexpended/reappropriated amounts cannot be determined in advance of the close of the fiscal year, the actual expenditures for FY 2017 will be less than the total authorized budgeted amounts.

# Combined Statement of Revenues, Expenditures, and Changes in Fund Balances for General, State Road, and Lottery Funds (Expressed in Thousands)

	General Fund			State Road Fund		
	Actuals FY 2016*	Budgeted FY 2017	Recommended FY 2018	Actuals FY 2016	Budgeted FY 2017	Recommended FY 2018
Beginning Fund Balance	\$381,159	\$312,477	\$241	\$145,378	\$73,301	\$12,891
Transfer to Rainy Day Fund	(6,417)	(14,403)	-	-	-	-
Transfer from Rainy Day Fund	-	-	-	-	-	-
Transfer from Special Revenue	26,660	76,000	-	-	-	-
Prior Year Refunds/Redeposits	348	381	-	-	-	-
Cash Flow/Contingencies	-	-	-	-	-	-
Recom. Expirations to General Revenue	-	34,000	-	-	-	-
Recom. Expirations to General Revenue Surplus	-	10,000	-	-	-	-
<b>Revenues</b>						
Revenue Collections/Estimate	4,102,679	4,187,419	4,379,150	1,111,018	1,214,480	1,160,994
Estimated Shortfall	-	(192,269)	-	-	-	-
Recom. Revenue Reallocations/Enhancements	-	75,600	-	-	-	-
Legislature	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Executive	-	-	-	-	-	-
Administration	-	-	-	-	-	-
Commerce	-	-	-	-	-	-
Education	-	-	-	-	-	-
Education and the Arts	-	-	-	-	-	-
Environment	-	-	-	-	-	-
Health and Human Resources	-	-	-	-	-	-
Military Affairs & Public Safety	-	-	-	-	-	-
Revenue	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Veterans Assistance	-	-	-	-	-	-
Senior Services	-	-	-	-	-	-
Higher Education	-	-	-	-	-	-
Misc. Boards & Commissions	-	-	-	-	-	-
<b>Total Revenues</b>	<b>4,102,679</b>	<b>4,070,750</b>	<b>4,379,150</b>	<b>1,111,018</b>	<b>1,214,480</b>	<b>1,160,994</b>
<b>Expenditures</b>						
Legislature	24,740	15,727	23,997	-	-	-
Judicial	138,661	141,760	141,760	-	-	-
Executive	38,963	121,348	34,687	-	-	-
Administration	81,305	61,027	60,763	-	-	-
Commerce	57,477	52,362	50,104	-	-	-
Education	1,908,178	1,934,214	1,983,021	-	-	-
Education and the Arts	32,301	30,607	29,792	-	-	-
Environment	6,221	6,518	6,411	-	-	-
Health and Human Resources	1,096,565	1,100,797	1,237,080	-	-	-
Military Affairs & Public Safety	362,288	358,837	359,533	-	-	-
Revenue	24,495	26,524	26,564	-	-	-
Transportation	8,023	5,498	5,405	1,183,100	1,255,390	1,173,831
Veterans Assistance	10,821	10,304	10,144	-	-	-
Senior Services	5,906	12,142	16,234	-	-	-
Higher Education	396,619	400,208	393,655	-	-	-
Misc. Boards & Commissions	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>4,192,563</b>	<b>4,277,873</b>	<b>4,379,150</b>	<b>1,183,100</b>	<b>1,255,390</b>	<b>1,173,831</b>
Reappropriations Available	-	283,015	-	-	-	-
Recommended Supplemental	-	-	-	-	19,500	-
Recommended Surplus Supplemental	-	10,000	-	-	-	-
Mid-Year Budget Adjustments	-	(82,666)	-	-	-	-
Adjustments**	(611)	742	-	(5)	-	-
<b>Ending Fund Balance</b>	<b>\$312,477</b>	<b>\$241</b>	<b>\$241</b>	<b>\$73,301</b>	<b>\$12,891</b>	<b>\$54</b>

\* Revenue Collections do not include \$3.15m transferred from reappropriated accounts to FY 2016 balance.

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

\*\*\* Some revenue and expenditures are double counted.

Appropriated Lottery Fund			Appropriated Excess Lottery Fund			Total General, Road, and Lottery Funds		
Actuals FY 2016	Budgeted FY 2017	Recommended FY 2018	Actuals FY 2016	Budgeted FY 2017	Recommended FY 2018	Actuals FY 2016	Budgeted FY 2017	Recommended FY 2018
\$59,824	\$21,832	\$135	\$64,015	\$37,460	\$182	\$650,376	\$445,070	\$13,449
-	-	-	-	-	-	(6,417)	(14,403)	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	26,660	76,000	-
-	-	-	-	-	-	348	381	-
(40,000)	-	-	(35,900)	-	-	(75,900)	-	-
-	-	-	-	-	-	-	34,000	-
-	-	-	-	-	-	-	10,000	-
158,137	135,561	130,917	337,796	284,459	292,188	5,709,630	5,821,919	5,963,249
-	-	-	-	-	-	-	(192,269)	-
-	-	-	-	-	-	-	75,600	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
158,137	135,561	130,917	337,796	284,459	292,188	5,709,630	5,705,250	5,963,249
-	-	-	-	-	-	24,740	15,727	23,997
-	-	-	-	-	-	138,661	141,760	141,760
-	-	-	30	-	-	38,993	121,348	34,687
9,994	10,000	10,000	-	-	-	91,299	71,027	70,763
11,155	9,312	8,990	6,518	5,000	5,000	75,150	66,674	64,094
33,630	36,006	36,006	18,990	19,000	19,000	1,960,798	1,989,220	2,038,027
18,412	16,947	16,715	-	-	-	50,713	47,554	46,507
-	-	-	-	-	-	6,221	6,518	6,411
-	-	-	44,512	61,378	44,106	1,141,077	1,162,175	1,281,186
-	-	-	312	-	-	362,600	358,837	359,533
-	13,700	-	156,694	147,381	140,082	181,189	187,605	166,646
-	-	-	-	-	-	1,191,123	1,260,888	1,179,236
-	-	-	-	-	-	10,821	10,304	10,144
69,555	59,139	47,049	-	-	-	75,461	71,281	63,283
13,605	12,157	12,157	47,279	44,000	44,000	457,503	456,365	449,812
-	-	-	54,988	45,000	40,000	54,988	45,000	40,000
156,351	157,261	130,917	329,323	321,759	292,188	5,861,337	6,012,283	5,976,086
-	32,411	-	-	18,219	-	-	333,645	-
-	-	-	-	-	-	-	19,500	-
-	-	-	-	-	-	-	10,000	-
-	-	-	-	-	-	-	(82,666)	-
(222)	(32,414)	-	(872)	(18,241)	-	(1,710)	(49,913)	-
\$21,832	\$135	\$135	\$37,460	\$182	\$182	\$445,070	\$13,449	\$612

**Cash and Investment Balances of All Funds**  
**Fiscal Year Ending June 30, 2016**  
(Nearest Dollar)

	<b>Fund No.</b>	<b>Cash Balance</b>	<b>Investments</b>	<b>Total Balance</b>
General Revenue Fund	01	\$371,422,528	\$0	\$371,422,528
State Road Fund	02	24,829,691	48,471,350	73,301,041
Natural Resources Fund	03	3,016,043	108,313,201	111,329,244
Consolidated Pool and Investments	09	(1,289,093,336)	1,417,071,342	127,978,006
Quasi Government	10	6,282,651	0	6,282,651
Consolidated Federal Funds (Special Revenue)	12	64,127,139	1,342,262	65,469,401
Special Revenue Funds (Departments and Institutions)	13	1,310,781,777	5,587,062,713	6,897,844,490
Special Revenue Funds (Higher Education)	14	30,048,828	271,073,447	301,122,275
Department of Welfare	16	41,872,878	1,259,403	43,132,281
Public Employees' Retirement System	17	2,645,690	5,575,277,761	5,577,923,451
Teachers' Retirement System	18	5,581,523	6,487,929,308	6,493,510,831
West Virginia University - Medical School Fund	20	513,354	218,116	731,470
<b>Total</b>		<b>\$572,028,766</b>	<b>\$19,498,018,903</b>	<b>\$20,070,047,669</b>



# Detailed Investments Fund 13

## Fiscal Year Ending June 30, 2016

(Nearest Dollar)

Attorney General	\$709,680
Auditor's Office	4,113,491
Board of Risk and Insurance Management	157,757,086
Building Commission	858,634
Court of Claims	1,524,735
Consolidated Public Retirement Board	1,054,952,105
Division of Justice and Community Services	85,095
Culture & History	1,244,224
Secretary of State	3,351,707
Department of Administration	750,619,360
Department of Education	5,283,516
Division of Financial Institutions	108,616
Council for C&T College Education	0
Department of Education and the Arts	5,805,693
Secretary of Revenue	718,703,044
Department of Transportation	1,222,505
WV Economic Development Authority	73,306,198
Division of Health & Human Services	12,505,542
Division of Labor	4,092,812
Division of Natural Resources	10,757,568
Department of Environmental Protection	415,223,802
Division of Forestry	3,080,318
Insurance Commission	1,621,420,488
Lottery Commission	153,081,580
Municipal Bond Commission	181,920,777
Municipal Pension Oversight Board	28,563,484
Public Employees Insurance Agency	183,879,598
Regional Jail Authority	32,361,522
State Police	1,267,900
State Rail Authority	6,375,540
Treasurer's Office	130,032,252
Water Development Authority	22,853,841
<b>Total Detail Fund 13</b>	<b><u>\$5,587,062,713</u></b>

# General Revenue Fund

## Statement of Revenues by Source

### FY 2014 Through FY 2022

(Expressed in Thousands)

Source of Revenue	FY 2014 Actual Collections	FY 2015 Actual Collections	FY 2016 Actual Collections	FY 2017 Estimate	FY 2018 Estimate	FY 2019 Estimate	FY 2020 Estimate	FY 2021 Estimate	FY 2022 Estimate
Business and Occupation Tax	\$120,143	\$120,522	\$119,174	\$115,500	\$114,500	\$118,000	\$124,000	\$126,000	\$126,000
Consumers Sales and Use Tax	1,173,097	1,228,221	1,231,044	1,285,000	1,259,000	1,290,000	1,320,000	1,370,000	1,415,000
Personal Income Tax	1,664,066	1,840,056	1,803,311	1,914,225	1,834,000	1,864,000	1,930,000	2,020,000	2,118,500
Liquor Profit Transfers	15,155	18,361	18,313	18,000	18,000	17,500	17,500	17,500	17,500
Beer Tax and Licenses	8,302	7,773	7,996	8,300	8,000	7,900	7,900	7,900	7,900
Tobacco Products Tax (Cigarette & Other)	101,780	102,163	100,274	196,300	194,000	190,000	186,400	182,600	179,000
Estate Tax	0	7	0	0	0	0	0	0	0
Business Franchise Fees	698	747	676	650	600	600	600	600	600
Charter Tax	228	43	3	0	0	0	0	0	0
Property Transfer Tax	10,392	11,042	10,618	10,500	10,200	10,500	10,800	11,100	11,400
Property Tax	6,652	6,679	6,957	7,200	7,000	6,900	6,900	7,100	7,300
Insurance Tax	115,763	116,163	117,359	119,000	121,100	123,500	122,300	127,100	125,900
Departmental Collections	17,511	18,223	19,029	19,100	18,600	18,800	18,900	19,100	19,300
Corporate Income/Business Franchise Tax	203,508	186,101	143,605	137,400	109,000	127,600	140,800	138,900	139,000
Miscellaneous Transfers	767	11,056	1,246	1,000	500	500	500	500	500
Interest Income	1,219	2,343	2,509	8,000	16,000	22,000	30,000	30,000	30,000
Severance Tax	488,686	414,172	276,441	262,544	257,000	278,300	296,900	309,400	312,800
Telecommunication Tax	(261)	0	0	0	0	0	0	0	0
Miscellaneous Receipts <sup>1</sup>	30,013	16,458	20,976	9,700	12,700	10,700	10,700	10,700	10,700
HB102 - Lottery Transfers	92,600	92,600	83,355	65,000	65,000	65,000	65,000	65,000	65,000
Video Lottery Transfers	629	628	809	0	0	0	0	0	0
Liquor License Renewal <sup>2</sup>	451	451	71	0	0	0	24,000	16,000	0
Senior Citizen Tax Credit Reimbursement	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Special Revenue Transfer	44,707	0	128,914	0	0	0	0	0	0
<b>Total</b>	<b>\$4,106,106</b>	<b>\$4,203,810</b>	<b>\$4,102,679</b>	<b>\$4,187,419</b>	<b>\$4,055,200</b>	<b>\$4,161,800</b>	<b>\$4,323,200</b>	<b>\$4,469,500</b>	<b>\$4,596,400</b>

1. Includes \$15 million in transfers from the Abandoned and Unclaimed Property Fund in FY 2016, \$7 million in FY2017 and \$10 million in FY2018..

2. Retail liquor license renewal estimates for FY 2020 and FY 2021 are based on historical policy and may not necessarily reflect changes to policy related to retail license rebidding to be determined prior to rebidding.

<b>Proposed Revenue Enhancements</b>	Effective Date	Tax Rate	FY 2017 Estimates	FY 2018 Estimate	FY 2019 Estimate	FY 2020 Estimate	FY 2021 Estimate	FY 2022 Estimate
Sales & Use tax to 7%	4/1/2017	7.0%	\$33,000	\$200,000	\$204,900	\$209,600	\$217,600	\$224,700
Sales Tax Base-Telecommunications	4/1/2017	7.0%	11,500	70,000	71,700	73,300	76,100	78,600
Sales Tax Base- Digital Goods	4/1/2017	7.0%	600	4,000	4,100	4,200	4,400	4,500
WC Debt Fund Revenue Re-Direct	FY 2018	One-Time	25,500	38,250	0	0	0	0
No General Revenue Transfer to Highways	FY 2018	One-Time	0	11,700	0	0	0	0
<b>Total Adjustments</b>			<b>\$70,600</b>	<b>\$323,950</b>	<b>\$280,700</b>	<b>\$287,100</b>	<b>\$298,100</b>	<b>\$307,800</b>
<b>Total General Revenue with Adjustments</b>			<b>N/C</b>	<b>\$4,379,150</b>	<b>\$4,442,500</b>	<b>\$4,610,300</b>	<b>\$4,767,600</b>	<b>\$4,904,200</b>

# General Revenue Fund

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

(Nearest Dollar)

Actual Beginning Cash Balance July 1, 2016	\$371,422,528	
Less: 31 Day Disbursements (July 1, 2016 - July 31, 2016)	(58,945,556)	
Plus: Prior Year Reimbursements (July 1, 2016 - July 31, 2016)	87,523	
Less: Prior Year Appropriations Forwarded	(283,014,937)	
Less: Cash Balance - Adjustments and Accruals	<u>(742,662)</u>	
Accumulated Surplus from FY 2016 @ July 31, 2016	\$28,806,896	
Less: Transfer to Revenue Shortfall Reserve Fund (Statutory)	(14,403,448)	
Less: FY 2017 Surplus Appropriation (FY 2017 Budget Bill)	(5,500,000)	
Plus: Cash Expirations to General Revenue Surplus (2016 2nd Special Session)	76,000,000	
Less: FY 2017 Surplus Supplemental Appropriation (2016 2nd Special Session)	(85,000,000)	
Plus: Prior Year Reimbursements and Adjustments (August 1, 2016 - December 31, 2016)	293,658	
Plus: <b>Recommended</b> Cash Expiration to General Revenue Surplus (2017 Regular Session)	10,000,000	
Less: <b>Recommended</b> FY 2017 Surplus Supplemental Appropriation (2017 Regular Session)	<u>(10,000,000)</u>	
Estimated Unappropriated Surplus Balance @ June 30, 2017		<b>\$197,106</b>
Plus: FY 2017 Revenue Estimate	\$4,187,419,000	
Less: FY 2017 Appropriations (FY 2017 Budget Bill) (2016 1st Special Session)	(4,187,373,287)	
Plus: FY 2017 Appropriations (FY 2017 Budget Bill) veto	0	
Less: FY 2017 <b>Anticipated</b> Revenue Shortfall (Estimated)	(192,269,000)	
Plus: FY 2017 <b>Recommended</b> Revenue Reallocations and Enhancements (2017 Regular Session)	75,600,000	
Plus: FY 2017 <b>Recommended</b> Cash Expiration to General Revenue (2017 Regular Session)	34,000,000	
Plus: FY 2017 <b>Recommended</b> Supplemental Appropriation (2017 Regular Session)	0	
Plus: FY 2017 Mid-Year Expenditure Reduction - Governor's Executive Order 9-16	59,766,296	
Plus: FY 2017 End-of-Year Expenditure Reduction ( <b>if needed</b> )	<u>22,900,000</u>	
Estimated Unappropriated Balance from FY 2017 Activity @ June 30, 2017		<b>\$43,009</b>
Plus: FY 2018 Revenue Estimate	\$4,379,150,000	
Less: <b>Recommended</b> FY 2018 Appropriations (FY 2018 Budget Bill) (2017 Regular Session)	<u>(4,379,150,000)</u>	
Estimated Unappropriated Balance from FY 2018 Activity @ June 30, 2018		<u><b>\$0</b></u>
Total Estimated Unappropriated Balance @ June 30, 2018		<u><b>\$240,115</b></u>

**General Revenue Fund**  
**Overview by Functional Category**  
**FY 2016 through FY 2018**  
(Nearest Dollar)

<b>DEPARTMENT/Agency</b>	<b>Fund #</b>	<b>Actual Expenditures FY 2016</b>	<b>Total Appropriations FY 2017*</b>
<b>LEGISLATURE</b>			
Senate	0165	\$6,882,380	\$780,818
House of Delegates	0170	8,543,493	6,904,031
Joint Expenses/Claims against State	0175	9,314,279	8,042,523
<b>Subtotal</b>		<b>24,740,152</b>	<b>15,727,372</b>
<b>JUDICIAL</b>			
Supreme Court	0180	<b>138,661,012</b>	<b>141,759,670</b>
<b>EXECUTIVE</b>			
Office of the Governor	0101	3,844,422	4,126,895
Custodial Fund	0102	489,410	561,422
Civil Contingent Fund	0105	2,610,716	85,000,000
State Auditor's Office	0116	3,029,067	4,759,892
State Treasurer's Office	0126	3,410,892	3,110,346
Department of Agriculture	0131	11,235,464	9,591,213
WV Conservation Agency	0132	8,901,969	7,874,721
Meat Inspection	0135	722,188	713,238
Agricultural Awards	0136	54,250	54,250
WV Agricultural Land Protection Auth	0607	96,579	96,532
Attorney General's Office	0150	3,973,875	4,478,728
Secretary of State	0155	588,012	973,189
State Election Commission	0160	6,276	7,508
<b>Subtotal</b>		<b>38,963,120</b>	<b>121,347,934</b>
<b>ADMINISTRATION</b>			
Office of the Secretary	0186	15,548,205	15,789,674
Division of Finance	0203	642,325	764,923
General Services Division	0230	13,819,298	7,636,200
Purchasing Division	0210	964,491	1,020,159
Travel Management	0615	1,217,978	1,315,146
Comm on Uniform State Laws	0214	39,801	45,550
Public Employees Grievance Board	0220	1,195,225	1,071,641
Ethics Commission	0223	684,608	691,813
Public Defender Services	0226	46,106,890	31,621,552
Comm Purchase for Handicapped	0233	900	4,055
WV Prosecuting Attorneys Institute	0557	298,717	237,288
Real Estate Division	0610	786,220	829,094
<b>Subtotal</b>		<b>81,304,658</b>	<b>61,027,095</b>

Plus: Reappropriated FY 2017	Less: Mid-year Reduction FY 2017	Total Available FY 2016	Total Request FY 2018 **	Governor's Recommendations FY 2018	Percentage of Total
\$26,129,885	\$0	\$26,910,703	\$5,952,206	\$5,952,206	0.14%
8,703,112	0	15,607,143	8,904,031	8,904,031	0.20%
4,251,198	0	12,293,721	8,587,523	9,140,457	0.21%
<b>39,084,195</b>	<b>0</b>	<b>54,811,567</b>	<b>23,443,760</b>	<b>23,996,694</b>	<b>0.55%</b>
<b>1,244,997</b>	<b>0</b>	<b>143,004,667</b>	<b>141,759,670</b>	<b>141,759,670</b>	<b>3.24%</b>
2,561,437	73,767	6,762,099	4,126,895	4,154,773	0.09%
112,671	20,000	694,093	561,422	562,734	0.01%
19,902,343	0	104,902,343	0	0	0.00%
78,462	95,198	4,933,552	4,759,892	2,772,395	0.06%
68,854	62,206	3,241,406	3,610,346	3,373,819	0.08%
942,574	209,105	10,742,892	10,591,213	9,569,582	0.22%
3,020,137	157,495	11,052,353	7,874,721	7,896,208	0.18%
0	0	713,238	713,238	715,308	0.02%
0	0	54,250	54,250	54,250	0.00%
0	0	96,532	96,532	96,911	0.00%
4,361,298	89,575	8,929,601	4,820,091	4,508,316	0.10%
2,663,862	19,613	3,656,664	973,189	975,352	0.02%
0	0	7,508	7,508	7,508	0.00%
<b>33,711,638</b>	<b>726,959</b>	<b>155,786,531</b>	<b>38,189,297</b>	<b>34,687,156</b>	<b>0.79%</b>
236,103	73,000	16,098,777	15,789,674	15,718,965	0.36%
282,263	30,500	1,077,686	764,923	736,253	0.02%
121,485	43,000	7,800,685	22,436,200	7,611,976	0.17%
0	6,800	1,026,959	1,020,159	1,018,007	0.02%
300	106,500	1,421,946	1,315,146	1,221,439	0.03%
0	0	45,550	45,550	45,550	0.00%
0	0	1,071,641	1,071,641	1,076,233	0.02%
0	0	691,813	691,813	694,263	0.02%
553,873	30,000	32,205,425	49,921,552	31,598,619	0.72%
0	0	4,055	4,055	4,055	0.00%
36,807	0	274,095	237,288	237,853	0.01%
0	32,500	861,594	829,094	799,664	0.02%
<b>1,230,831</b>	<b>322,300</b>	<b>62,580,226</b>	<b>94,127,095</b>	<b>60,762,877</b>	<b>1.39%</b>

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

<b>DEPARTMENT/Agency</b>	<b>Fund #</b>	<b>Actual Expenditures FY 2016</b>	<b>Total Appropriations FY 2017*</b>
<b>COMMERCE</b>			
Office of the Secretary	0606	364,503	372,402
Forestry	0250	5,577,012	2,507,738
Geological & Economic Survey	0253	2,973,595	2,833,849
Development Office	0256	13,958,231	10,868,751
Division of Labor	0260	2,462,934	2,555,271
Division of Natural Resources	0265	19,467,176	18,855,743
Miners' Health, Safety & Training	0277	10,863,468	12,179,084
Board of Coal Mine Health & Safety	0280	333,091	356,248
WorkForce West Virginia	0572	26,962	61,133
Division of Energy	0612	1,298,344	1,521,940
Occupational Safety and Health	0616	53,154	153,694
Office of Economic Opportunity	0617	98,320	96,354
<b>Subtotal</b>		<b>57,476,790</b>	<b>52,362,207</b>
<b>EDUCATION</b>			
School Lunch Program	0303	2,435,155	2,440,421
FFA-FHA Camp & Conference Center	0306	627,061	0
State Department of Education	0313	89,142,209	89,940,717
Aid for Exceptional Children	0314	29,337,106	29,186,432
State Aid to Schools	0317	1,740,381,181	1,766,348,724
State Board of Ed-Vocational Division	0390	31,578,179	31,304,174
Education Performance Audits	0573	1,506,566	1,152,898
WV Schools for the Deaf & the Blind	0320	13,170,800	13,840,434
<b>Subtotal</b>		<b>1,908,178,257</b>	<b>1,934,213,800</b>
<b>EDUCATION AND THE ARTS</b>			
Office of the Secretary	0294	6,571,955	5,257,921
Culture and History	0293	5,079,393	4,814,704
Library Commission	0296	1,614,069	1,639,828
Educational Broadcasting Authority	0300	4,703,330	4,647,677
Division of Rehabilitation Services	0310	14,332,475	14,246,711
<b>Subtotal</b>		<b>32,301,222</b>	<b>30,606,841</b>
<b>ENVIRONMENTAL PROTECTION</b>			
Environmental Quality Board	0270	104,780	103,182
Environmental Protection	0273	6,038,137	6,338,131
Air Quality Board	0550	77,394	76,611
<b>Subtotal</b>		<b>6,220,311</b>	<b>6,517,924</b>

Plus: Reappropriated FY 2017	Less: Mid-year Reduction FY 2017	Total Available FY 2016	Total Request FY 2018 **	Governor's Recommendations FY 2018	Percentage of Total
0	7,448	379,850	372,402	366,762	0.01%
6,785	0	2,514,523	2,507,738	2,521,194	0.06%
246,836	57,599	3,138,284	2,833,849	2,787,229	0.06%
19,796,396	217,375	30,882,522	11,823,105	11,598,556	0.26%
0	57,731	2,613,002	2,555,271	0	0.00%
318,327	0	19,174,070	20,928,960	18,943,218	0.43%
0	243,582	12,422,666	12,179,084	11,984,582	0.27%
0	7,125	363,373	356,248	349,676	0.01%
0	1,222	62,355	61,133	60,063	0.00%
0	30,439	1,552,379	1,521,940	1,492,720	0.03%
0	0	153,694	153,694	0	0.00%
0	1,927	98,281	0	0	0.00%
<b>20,368,344</b>	<b>624,448</b>	<b>73,354,999</b>	<b>55,293,424</b>	<b>50,104,000</b>	<b>1.14%</b>
0	0	2,440,421	2,440,421	2,440,421	0.06%
0	0	0	0	0	0.00%
8,617,787	1,677,748	100,236,252	92,759,583	86,591,001	1.98%
1,549,732	0	30,736,164	29,349,154	29,349,154	0.67%
0	11,134,002	1,777,482,726	1,799,758,284	1,823,018,825	41.63%
567,668	0	31,871,842	31,599,764	31,599,764	0.72%
0	0	1,152,898	1,421,798	1,171,798	0.03%
425,840	0	14,266,274	13,840,434	13,850,324	0.32%
<b>11,161,027</b>	<b>12,811,750</b>	<b>1,958,186,577</b>	<b>1,971,169,438</b>	<b>1,988,021,287</b>	<b>45.40%</b>
918,548	66,416	6,242,885	6,383,782	4,678,251	0.11%
1,095,644	60,816	5,971,164	4,814,704	4,770,853	0.11%
0	20,713	1,660,541	1,639,828	1,626,212	0.04%
0	58,706	4,706,383	4,647,677	4,607,555	0.11%
0	179,955	14,426,666	14,246,711	14,108,999	0.32%
<b>2,014,192</b>	<b>386,606</b>	<b>33,007,639</b>	<b>31,732,702</b>	<b>29,791,870</b>	<b>0.68%</b>
0	0	103,182	103,182	103,451	0.00%
0	130,358	6,468,489	6,338,131	6,230,293	0.14%
0	0	76,611	76,611	76,990	0.00%
<b>0</b>	<b>130,358</b>	<b>6,648,282</b>	<b>6,517,924</b>	<b>6,410,734</b>	<b>0.15%</b>

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

<b>DEPARTMENT/Agency</b>	<b>Fund #</b>	<b>Actual Expenditures FY 2016</b>	<b>Total Appropriations FY 2017*</b>
<b>HEALTH AND HUMAN RESOURCES</b>			
Office of the Secretary	0400	703,465	806,330
Division of Health-Central Office	0407	75,196,979	69,266,997
Consolidated Medical Service Fund	0525	195,212,990	179,469,994
WV Drinking Water Treatment	0561	647,500	647,500
Human Rights Commission	0416	1,115,322	1,119,276
Human Services	0403	823,688,723	849,486,760
<b>Subtotal</b>		<b>1,096,564,979</b>	<b>1,100,796,857</b>
<b>MILITARY AFFAIRS &amp; PUBLIC SAFETY</b>			
Office of the Secretary	0430	3,269,803	2,184,191
Adjutant General - State Militia	0433	19,076,786	14,122,225
Adjutant General - Military Fund	0605	51,288	160,995
Parole Board	0440	1,122,780	1,182,595
Homeland Security Emergency Mgmt	0443	3,626,770	3,013,203
Corrections Central Office	0446	611,990	600,455
Correctional Units	0450	194,228,549	189,146,624
WV State Police	0453	92,412,965	96,755,993
Fire Commission	0436	68,539	65,328
Justice and Community Services	0546	7,571,776	10,093,862
Juvenile Services	0570	37,423,022	38,588,231
Protective Services Division	0585	2,823,230	2,922,838
<b>Subtotal</b>		<b>362,287,498</b>	<b>358,836,540</b>
<b>REVENUE</b>			
Office of the Secretary	0465	518,629	599,127
Tax Division	0470	22,739,556	24,711,139
State Budget Office	0595	708,231	648,519
Athletic Commission	0523	37,542	36,811
Office of Tax Appeals	0593	490,802	528,522
<b>Subtotal</b>		<b>24,494,760</b>	<b>26,524,118</b>
<b>TRANSPORTATION</b>			
State Rail Authority	0506	2,557,663	2,113,694
Public Transit	0510	2,803,084	2,300,618
Public Port Authority	0581	1,453,026	0
Aeronautics Commission	0582	1,208,629	1,084,022
<b>Subtotal</b>		<b>8,022,402</b>	<b>5,498,334</b>
<b>VETERANS ASSISTANCE</b>			
Veterans Affairs	0456	9,733,156	9,157,331
Veterans Home	0460	1,085,878	1,146,799
<b>Subtotal</b>		<b>10,819,034</b>	<b>10,304,130</b>
<b>SENIOR SERVICES</b>			
Bureau of Senior Services	0420	5,906,641	12,142,184



Plus: Reappropriated FY 2017	Less: Mid-year Reduction FY 2017	Total Available FY 2016	Total Request FY 2018 **	Governor's Recommendations FY 2018	Percentage of Total
162,918	0	969,248	806,330	808,786	0.02%
16,678,684	0	85,945,681	71,855,218	71,963,305	1.64%
63,702,140	0	243,172,134	186,945,613	179,637,402	4.10%
0	0	647,500	647,500	647,500	0.01%
0	0	1,119,276	1,352,190	1,123,100	0.03%
73,968	31,711,979	881,272,707	1,015,066,239	977,899,945	22.33%
<b>80,617,710</b>	<b>31,711,979</b>	<b>1,213,126,546</b>	<b>1,276,673,090</b>	<b>1,232,080,038</b>	<b>28.14%</b>
2,975,861	50,000	5,210,052	2,184,191	2,141,742	0.05%
8,395,195	282,445	22,799,865	14,122,225	13,878,996	0.32%
0	3,220	164,215	160,995	157,775	0.00%
0	0	1,182,595	1,666,825	1,287,302	0.03%
253,730	60,265	3,327,198	3,013,203	2,962,225	0.07%
0	0	600,455	600,455	603,067	0.01%
37,790,895	3,794,938	230,732,457	227,817,746	185,863,911	4.24%
3,280,961	1,516,916	101,553,870	109,590,982	101,099,978	2.31%
0	1,307	66,635	65,328	64,021	0.00%
6,431,835	201,878	16,727,575	10,093,862	9,897,066	0.23%
2,480,702	0	41,068,933	43,233,515	38,694,774	0.88%
2,471,404	52,141	5,446,383	3,204,838	2,882,112	0.07%
<b>64,080,583</b>	<b>5,963,110</b>	<b>428,880,233</b>	<b>415,754,165</b>	<b>359,532,969</b>	<b>8.21%</b>
257,150	12,845	869,122	599,127	588,267	0.01%
11,141,581		35,852,720	24,711,139	24,769,991	0.57%
1,053,923	12,844	1,715,286	648,519	638,417	0.01%
0	0	36,811	64,811	36,811	0.00%
985		529,507	528,522	530,368	0.01%
<b>12,453,639</b>	<b>25,689</b>	<b>39,003,446</b>	<b>26,552,118</b>	<b>26,563,854</b>	<b>0.61%</b>
1,069,216	32,483	3,215,393	2,113,694	2,096,863	0.05%
3,000,678	32,484	5,333,780	2,300,618	2,268,134	0.05%
0	0	0	3,600,000	0	0.00%
2,367,861	45,000	3,496,883	1,084,022	1,040,150	0.02%
<b>6,437,755</b>	<b>109,967</b>	<b>12,046,056</b>	<b>9,098,334</b>	<b>5,405,147</b>	<b>0.12%</b>
2,246,158	206,083	11,609,572	9,760,256	8,993,479	0.21%
0	0	1,146,799	1,146,799	1,151,165	0.03%
<b>2,246,158</b>	<b>206,083</b>	<b>12,756,371</b>	<b>10,907,055</b>	<b>10,144,644</b>	<b>0.23%</b>
<b>0</b>	<b>0</b>	<b>12,142,184</b>	<b>12,142,184</b>	<b>16,233,701</b>	<b>0.37%</b>

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

<b>DEPARTMENT/Agency</b>	<b>Fund #</b>	<b>Actual Expenditures FY 2016</b>	<b>Total Appropriations FY 2017*</b>
<b>HIGHER EDUCATION</b>			
HEPC-Administration	0589	68,615,649	68,547,253
WVNET	0551	1,628,695	1,654,572
WVU-School of Medicine	0343	21,682,222	21,408,237
West Virginia University	0344	108,909,874	110,305,960
Marshall University-School of Medicine	0347	13,303,711	13,590,766
Marshall University	0348	48,435,711	48,427,644
WV School of Osteopathic Medicine	0336	7,697,592	7,516,282
Bluefield State College	0354	5,582,514	5,636,862
Concord University	0357	8,576,394	8,674,596
Fairmont State University	0360	15,041,474	15,277,769
Glenville State College	0363	5,792,740	5,891,397
Shepherd University	0366	9,438,077	9,551,994
West Liberty University	0370	7,868,870	7,956,371
West Virginia State University	0373	11,478,576	11,588,018
Council for C&T College Education	0596	6,778,828	7,060,393
Mountwest C&T College	0599	5,459,985	5,569,533
New River C&T College	0600	5,416,035	5,499,133
Pierpont C&T College	0597	7,229,531	7,323,810
Blue Ridge C&T College	0601	4,423,242	4,980,111
WVU at Parkersburg	0351	9,397,434	9,521,771
Southern WV C&T College	0380	7,875,767	7,991,778
WV Northern C&T College	0383	6,769,069	6,898,459
Eastern WV C&T College	0587	1,806,561	1,834,647
BridgeValley C&T College	0618	7,411,115	7,500,925
<b>Subtotal</b>		<b>396,619,666</b>	<b>400,208,281</b>
<b>TOTAL GENERAL REVENUE</b>		<b>\$4,192,560,502</b>	<b>\$4,277,873,287</b>

\* Total Appropriations FY 2017 include surplus appropriations of \$90,500,000.

\*\* Total Request FY 2018 is Current-Level Request plus General Revenue Improvement Requests.

<b>Plus: Reappropriated FY 2017</b>	<b>Less: Mid-year Reduction FY 2017</b>	<b>Total Available FY 2016</b>	<b>Total Request FY 2018 **</b>	<b>Governor's Recommendations FY 2018</b>	<b>Percentage of Total</b>
5,893,788	113,827	74,554,868	73,409,699	68,446,411	1.56%
0	33,091	1,687,663	1,654,572	1,621,481	0.04%
0	428,165	21,836,402	21,408,237	21,072,974	0.48%
0	2,206,119	112,512,079	110,305,960	108,107,797	2.47%
198,709	271,815	14,061,290	13,590,766	13,386,334	0.31%
619,217	968,554	50,015,415	48,427,644	47,459,090	1.08%
16,922	150,325	7,683,529	7,516,282	7,377,535	0.17%
0	112,737	5,749,599	5,636,862	5,524,125	0.13%
0	173,492	8,848,088	8,674,596	8,501,104	0.19%
0	305,555	15,583,324	15,277,769	14,972,214	0.34%
0	117,828	6,009,225	5,891,397	5,773,569	0.13%
0	191,040	9,743,034	9,551,994	9,360,954	0.21%
0	159,127	8,115,498	7,956,371	7,797,244	0.18%
0	231,760	11,819,778	11,588,018	11,356,258	0.26%
1,635,232	141,208	8,836,833	19,060,393	6,919,853	0.16%
0	111,391	5,680,924	5,569,533	5,458,142	0.12%
0	109,983	5,609,116	5,499,133	5,389,150	0.12%
0	146,476	7,470,286	7,323,810	7,177,334	0.16%
0	99,602	5,079,713	4,980,111	4,880,509	0.11%
0	190,435	9,712,206	9,521,771	9,331,336	0.21%
0	159,836	8,151,614	7,991,778	7,831,942	0.18%
0	137,969	7,036,428	6,898,459	6,760,490	0.15%
0	36,693	1,871,340	1,834,647	1,798,607	0.04%
0	150,019	7,650,944	7,500,925	7,350,906	0.17%
<b>8,363,868</b>	<b>6,747,047</b>	<b>415,319,196</b>	<b>417,070,727</b>	<b>393,655,359</b>	<b>8.99%</b>
<b>\$283,014,937</b>	<b>\$59,766,296</b>	<b>\$4,620,654,520</b>	<b>\$4,530,430,983</b>	<b>\$4,379,150,000</b>	<b>100.00%</b>

**General Revenue Fund**  
**Recommended Surplus Supplemental Appropriations**  
**FY 2017**  
(Nearest Dollar)

Public Defender - Appointed Counsel billings are exceeding FY 2017 appropriations	<u>\$10,000,000</u>
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<b>Recommended General Revenue Surplus Supplementals - FY 2017</b>	<b><u>\$10,000,000</u></b>
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Note: Governor Tomblin recommends expiring Rainy Day funds of \$10,000,000 to the FY 2017 unappropriated surplus balance to fund the above surplus supplemental.

**General Revenue Fund**  
**Recommended Supplemental Appropriations**  
**FY 2017**  
(Nearest Dollar)

<b>Recommended General Revenue Supplementals - FY 2017</b>	<b><u>\$0</u></b>
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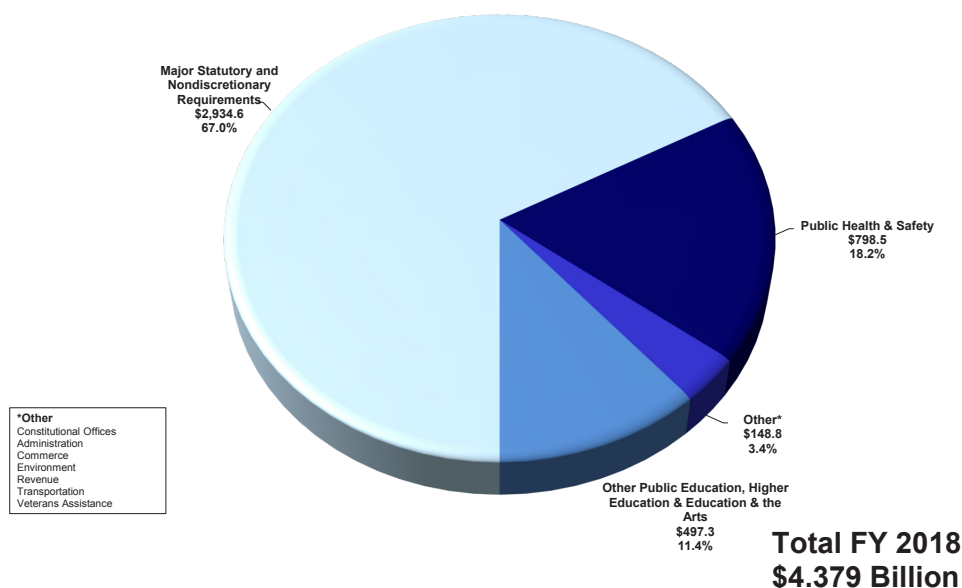
Note: Governor Tomblin recommends expiring Rainy Day funds of \$34,000,000 to the FY 2017 unappropriated balance to help close the FY 2017 budget gap.

# General Revenue Major Statutory and Nondiscretionary Requirements Fiscal Year 2018

Each year there are several major statutory and nondiscretionary requirements that limit the flexibility of any discretionary recommendations by the Governor. The FY 2018 Executive Budget recommendations include expenditures of \$2.9 billion of these major requirements and make up 67% of the total General Revenue funds available.

Items that fall in the discretionary spending category, which make up 33% of the total General Revenue funds available, are considered necessary for the public health, safety, and education of West Virginia citizens and may include but are not limited to: Division of Corrections, West Virginia State Police, Behavioral Health, Rehabilitation Services, Children's Health Insurance Program, Schools for the Deaf and the Blind, and Higher Education that supports public universities and colleges and provides student financial aid.

		<b>Appropriations</b> (in millions)
<b>LEGISLATIVE BRANCH</b>		\$24.0
<b>JUDICIAL BRANCH</b>		116.7
<b>DEPARTMENT OF EDUCATION</b>		
State Aid to Schools	1,102.0	
Public Employees Insurance Agency (School Aid Formula)	<u>242.7</u>	1,344.7
<b>DEBT SERVICE</b>		
School Building Authority	23.4	
Lease Rental Payments for debt service on correctional facilities	<u>15.0</u>	38.4
<b>SOCIAL SECURITY MATCHING</b>		51.1
<b>PUBLIC EMPLOYEES INSURANCE AGENCY</b>		110.7
<b>RETIREMENT</b>		
Judges' Retirement	0.9	
Public Employees Retirement	56.2	
Teachers' Retirement	454.9	
Trooper Retirement	26.2	
Higher Education Retirement	<u>15.2</u>	553.4
<b>PUBLIC DEFENDER SERVICES</b>		31.6
<b>MEDICAID</b>		664.0
(Expressed in Millions)		
<b>Total</b>		<u><u><b>\$2,934.6</b></u></u>



# Lottery Fund Overview by Functional Category FY 2016 through FY 2018 (Nearest Dollar)

DEPARTMENT/Agency Description	Fund #	Actual Expenditures FY 2016	Total Appropriations FY 2017
<b>ADMINISTRATION</b>			
Education, Arts, Sciences, & Tourism Debt Service Fund	2252	\$9,994,196	\$10,000,000
<b>COMMERCE</b>			
Division of Tourism	3067	7,397,498	6,216,150
Division of Natural Resources	3267	3,757,027	3,095,713
<b>Subtotal</b>		<b>11,154,525</b>	<b>9,311,863</b>
<b>EDUCATION</b>			
State Department of Education	3951	15,629,895	18,006,206
School Building Authority	3963	18,000,000	18,000,000
<b>Subtotal</b>		<b>33,629,895</b>	<b>36,006,206</b>
<b>EDUCATION AND THE ARTS</b>			
Office of the Secretary	3508	2,047,514	1,186,644
Culture and History	3534	4,943,599	4,331,944
Library Commission	3559	11,420,993	11,428,662
<b>Subtotal</b>		<b>18,412,106</b>	<b>16,947,250</b>
<b>SENIOR SERVICES</b>			
Bureau of Senior Services	5405	69,555,443	59,139,062
<b>HIGHER EDUCATION</b>			
CTC - Capital Improvement Fund	4908	5,019,790	5,000,000
Higher Education Policy Commission	4925	3,120,148	3,012,104
West Virginia University	4185	4,804,125	3,558,748
Marshall-School of Medicine	4896	661,153	585,886
<b>Subtotal</b>		<b>13,605,216</b>	<b>12,156,738</b>
<b>TOTAL LOTTERY</b>		<b>\$156,351,381</b>	<b>\$143,561,119</b>

\*Total Request FY 2018 is Current-Level Request plus Improvement Requests.

Plus: Reappropriated FY 2017	Total Available FY 2017	Total Request FY 2018 *	Governor's Recommendation FY 2018	Percentage of Total
\$0	\$10,000,000	\$10,000,000	\$10,000,000	7.64%
3,518,382	9,734,532	6,216,150	5,886,360	4.50%
1,788,078	4,883,791	3,095,713	3,103,260	2.37%
<b>5,306,460</b>	<b>14,618,323</b>	<b>9,311,863</b>	<b>8,989,620</b>	<b>6.87%</b>
19,084,961	37,091,167	18,006,206	18,006,206	13.75%
	18,000,000	18,000,000	18,000,000	13.75%
<b>19,084,961</b>	<b>55,091,167</b>	<b>36,006,206</b>	<b>36,006,206</b>	<b>27.50%</b>
164,313	1,350,957	950,228	951,654	0.73%
1,279,277	5,611,221	4,331,944	4,332,298	3.31%
774,233	12,202,895	11,428,662	11,431,455	8.73%
<b>2,217,823</b>	<b>19,165,073</b>	<b>16,710,834</b>	<b>16,715,407</b>	<b>12.77%</b>
<b>1,963,108</b>	<b>61,102,170</b>	<b>51,139,062</b>	<b>47,049,162</b>	<b>35.94%</b>
1,453,820	6,453,820	5,000,000	5,000,000	3.82%
1,546,407	4,558,511	3,012,104	3,012,104	2.30%
783,622	4,342,370	3,558,748	3,558,748	2.72%
54,398	640,284	585,886	585,886	0.45%
<b>3,838,247</b>	<b>15,994,985</b>	<b>12,156,738</b>	<b>12,156,738</b>	<b>9.29%</b>
<b>\$32,410,599</b>	<b>\$175,971,718</b>	<b>\$135,324,703</b>	<b>\$130,917,133</b>	<b>100.00%</b>

# Lottery Fund Statement of Revenues, Expenditures, and Changes in Cash Balance (Nearest Dollar)

	Balance @ July 1, 2015	\$59,823,801
Less:	Reserve for Cash Flow / Contingencies	(40,000,000)
Plus:	FY 2016 Actual Revenue	158,881,859
Less:	Veterans Fund - Actual Transfers	(744,513)
Less:	FY 2016 Appropriations (FY 2016 Budget Bill)	(136,326,000)
Plus:	FY 2016 Appropriations (FY 2016 Budget Bill) vetoes	0
Less:	FY 2016 Surplus Supplemental Appropriation (FY 2016 Budget Bill)	(10,000,000)
Less:	FY 2016 Supplemental Appropriation (2016 Regular Session - SB357)	(9,810,000)
Plus:	Cash not needed for FY 2016 Appropriations	<u>6,425</u>
	Unappropriated Balance @ June 30, 2016	21,831,572
Plus:	FY 2017 Revenue Estimate	\$135,961,119
Less:	Veterans Fund	<u>(400,000)</u>
	Revenue Available for FY 2017 Appropriations	157,392,691
Less:	FY 2017 Appropriations (FY 2017 Budget Bill) (2016 1st Special Session)	(135,561,119)
Plus:	FY 2017 Appropriations (FY 2017 Budget Bill) vetoes	0
Less:	FY 2017 Surplus Appropriation (FY 2017 Budget Bill) (2016 1st Special Session)	(8,000,000)
Less:	FY 2017 Cash Expiration (2016 Flood) (2016 2nd Special Session)	(13,700,000)
Plus:	Cash not needed for FY 2017 Appropriations	<u>3,675</u>
	Estimated Unappropriated Balance @ June 30, 2017	\$135,247
Plus:	FY 2018 Revenue Estimate	\$131,317,133
Less:	Veterans Fund	<u>(400,000)</u>
	Revenue Available for FY 2018 Appropriations	\$131,052,380
Less:	<b>Recommended</b> FY 2018 Appropriations (FY 2018 Budget Bill) (2017 Regular Session)	<u>(130,917,133)</u>
	Estimated Unappropriated Balance @ June 30, 2018	<u><b>\$135,247</b></u>

Note: The Governor also recommends Lottery FY 2018 Surplus Appropriations of up to \$6,000,000 for Medicaid from any unappropriated balance remaining at the end of FY 2017.



# Excess Lottery Fund

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

(Nearest Dollar)

	Balance @ July 1, 2015	\$64,015,332
Less:	Reserve for Cash Flow / Contingencies	(5,900,000)
Less:	Catastrophic Event Contingency	(30,000,000)
Plus:	FY 2016 Actual Revenue	337,796,159
Less:	FY 2016 Appropriations (FY 2016 Budget Bill)	(300,381,000)
Plus:	FY 2016 Appropriations (FY 2016 Budget Bill) vetoes	2,000,000
Less:	FY 2016 Surplus Supplemental Appropriation (FY 2016 Budget Bill)	(20,000,000)
Less:	FY 2016 Supplemental Appropriation (2016 Regular Session - SB360)	(10,090,000)
Plus:	Cash not needed for FY 2016 Appropriations	<u>19,897</u>
	Unappropriated Balance @ June 30, 2016	\$37,460,388
Plus:	FY 2017 Revenue Estimate	<u>284,459,230</u>
	Available for FY 2017 Appropriations	321,919,618
Less:	FY 2017 Appropriations (FY 2017 Budget Bill) (2016 1st Special Session)	(284,459,230)
Plus:	FY 2017 Appropriations (FY 2017 Budget Bill) vetoes	0
Less:	FY 2017 Surplus Appropriation (FY 2017 Budget Bill) (2016 1st Special Session)	(30,000,000)
Less:	FY 2017 Cash Expiration (2016 Flood) (2016 2nd Special Session)	(7,300,000)
Plus:	Cash not needed for FY 2017 Appropriations	<u>21,121</u>
	Estimated Unappropriated Balance @ June 30, 2017	\$181,509
Plus:	FY 2018 Revenue Estimate	292,187,415
Less:	<b>Recommended</b> FY 2018 Appropriations (2018 Budget Bill) (2017 Regular Session)	<u>(292,187,415)</u>
	Estimated Unappropriated Balance @ June 30, 2018	<u><u><b>\$181,509</b></u></u>

Note: The Governor also recommends Excess Lottery FY 2018 Surplus Appropriations of up to \$16,900,000 for Medicaid from any unappropriated balance remaining at the end of FY 2017.

**Excess Lottery Fund**  
**Overview by Functional Category**  
**FY 2016 through FY 2018**  
(Nearest Dollar)

<b>DEPARTMENT/Agency Description</b>	<b>Fund #</b>	<b>Actual Expenditures FY 2016</b>	<b>Total Appropriations FY 2017</b>
<b>STATUTORY APPROPRIATIONS:</b>			
<b>DEBT SERVICE AND CAPITAL PROJECTS (State Parks Improvements, Public Education Facilities, and Infrastructure Projects)</b>			
Economic Development Authority	9065	\$18,988,326	\$19,000,000
Higher Education Improvement Fund	4297	15,000,000	15,000,000
School Building Authority	3514	18,990,374	19,000,000
Division of Natural Resources	3277	6,487,969	5,000,000
Infrastructure Council	3390	36,000,000	26,000,000
<b>Subtotal</b>		<b>95,466,669</b>	<b>84,000,000</b>
<b>TRANSFERS</b>			
Refundable Credit	7207	10,000,000	10,000,000
General Revenue	7206	65,000,000	65,000,000
PROMISE Scholarship	4295	29,000,000	29,000,000
Racing Commission-Special Breeders Compensation	7308	2,000,000	2,000,000
<b>Subtotal</b>		<b>106,000,000</b>	<b>106,000,000</b>
<b>TOTAL STATUTORY APPROPRIATIONS:</b>		<b>201,466,669</b>	<b>190,000,000</b>
<b>APPROPRIATIONS ABOVE EXCESS LOTTERY STATUTORY REQUIREMENTS:</b>			
Office of the Governor	1046	30,058	0
Transfer to General Revenue	7208	18,355,000	0
Distributions to Statutory Funds and Purposes	7213	61,338,794	63,081,245
Teachers' Retirement Fund-Unfunded Liability	3517	0	0
WV Development Office	3170	30,000	0
Division of Health	5219	0	450,000
Division of Corrections-Capital	6283	311,720	0
Human Services-Medical Services	5365	44,512,140	61,377,985
Higher Education-Advanced Technology Centers	4932	3,279,005	0
<b>TOTAL APPROPRIATIONS ABOVE STATUTORY REQUIREMENTS:</b>		<b>127,856,717</b>	<b>124,909,230</b>
<b>TOTAL EXCESS LOTTERY</b>		<b>\$329,323,386</b>	<b>\$314,909,230</b>

\*Total Request FY 2018 is Current-Level Request plus Improvement Requests.

Plus: Reappropriated FY 2017	Total Available FY 2017	Total Request FY 2018*	Governor's Recommendation FY 2018	Percentage of Total
\$0	\$19,000,000	\$19,000,000	\$19,000,000	6.50%
0	15,000,000	15,000,000	15,000,000	5.13%
0	19,000,000	19,000,000	19,000,000	6.50%
9,879,077	14,879,077	5,000,000	5,000,000	1.71%
0	26,000,000	46,000,000	21,000,000	7.19%
<b>9,879,077</b>	<b>93,879,077</b>	<b>104,000,000</b>	<b>79,000,000</b>	<b>27.04%</b>
0	10,000,000	10,000,000	10,000,000	3.42%
0	65,000,000	65,000,000	65,000,000	22.25%
0	29,000,000	29,000,000	29,000,000	9.93%
0	2,000,000	2,000,000	2,000,000	0.68%
<b>0</b>	<b>106,000,000</b>	<b>106,000,000</b>	<b>106,000,000</b>	<b>36.28%</b>
<b>9,879,077</b>	<b>199,879,077</b>	<b>210,000,000</b>	<b>185,000,000</b>	<b>63.32%</b>
80,626	80,626	0	0	0.00%
0	0	27,600,000	0	0.00%
0	63,081,245	63,081,245	63,081,245	21.59%
0	0	0	0	0.00%
3,837,548	3,837,548	0	0	0.00%
464,665	914,665	0	0	0.00%
1,233,689	1,233,689	0	0	0.00%
0	61,377,985	0	44,106,170	15.10%
2,723,852	2,723,852	0	0	0.00%
<b>8,340,380</b>	<b>133,249,610</b>	<b>90,681,245</b>	<b>107,187,415</b>	<b>36.68%</b>
<b>\$18,219,457</b>	<b>\$333,128,687</b>	<b>\$300,681,245</b>	<b>\$292,187,415</b>	<b>100.00%</b>

**State Road Fund**  
**Statement of Revenues by Source**  
**FY 2014 Through FY 2020**  
(Expressed in Thousands)

Source of Revenue	FY 2014 Actual Collections	FY 2015 Actual Collections	FY 2016 Actual Collections	Revised FY 2017 Estimate	FY 2018 Estimate	FY 2019 Estimate	FY 2020 Estimate
Gasoline and Motor Carrier Road Tax	\$441,096	\$434,854	\$396,397	\$388,200	\$365,700	\$380,700	\$396,600
Registration Fees	97,329	100,600	86,983	92,068	90,852	90,852	90,852
Registration Fee: Highway Litter Control	1,830	1,518	1,853	1,727	1,719	1,719	1,719
Sales (Privilege) Tax	194,463	206,027	206,247	189,575	190,288	190,288	190,288
Less Transfer to Industrial Access Road Fund	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)
Miscellaneous Income	17,515	21,391	23,111	36,310	38,195	38,195	38,195
Federal Reimbursement:							
Interstate Construction	97,877	58,865	93,728	109,900	82,000	77,900	82,000
Other Federal Aid Programs	248,307	243,540	267,363	337,400	296,840	276,443	293,612
Appalachian Program	57,571	47,256	35,335	62,300	98,400	90,200	90,200
Federal Economic Stimulus	1,207	0	0	0	0	0	
Total	<u>\$1,154,195</u>	<u>\$1,111,051</u>	<u>\$1,108,017</u>	<u>\$1,214,480</u>	<u>\$1,160,994</u>	<u>\$1,143,297</u>	<u>\$1,180,466</u>

# State Road Fund

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

(Nearest Dollar)

	Cash and Investment Balance - July 1, 2016	\$73,301,041
Plus:	Revenue Estimate - FY 2017 (revised January 11, 2017)	<u>1,214,480,000</u>
	Total Estimated Receipts and Balance	\$1,287,781,041
Less:	FY 2017 Appropriations (FY 2017 Budget Bill) - Division of Highways	(\$1,209,076,000)
	FY 2017 Appropriations (FY 2017 Budget Bill) - Division of Motor Vehicles	(43,378,729)
	FY 2017 Appropriations (FY 2017 Budget Bill) - Office of Administrative Hearings	(1,951,979)
	Claims Against the State Road Fund (FY 2017 Budget Bill)	(983,485)
	<b>Recommended</b> FY 2017 Supplemental Appropriation (2017 Regular Session)	<u>(19,500,000)</u>
	Estimated Balance - June 30, 2017	\$12,890,848
Plus:	Revenue Estimate - FY 2018	\$1,160,993,964
Less:	<b>Recommended</b> FY 2018 Appropriations (FY 2018 Budget Bill) - Division of Highways	(\$1,127,000,000)
	<b>Recommended</b> FY 2018 Appropriations (FY 2018 Budget Bill) - Division of Motor Vehicles	(43,378,729)
	<b>Recommended</b> FY 2018 Appropriations (FY 2018 Budget Bill) - Office of Administrative Hearings	(1,951,979)
	Claims Against the State Road Fund (FY 2018 Budget Bill)	<u>(1,500,000)</u>
	Estimated Unappropriated Balance @ June 30, 2018	<u><u><b>\$54,104</b></u></u>

# Summary of Primary Government Long-Term Debt

## Outstanding as of June 30, 2016

(Expressed in Thousands)

	Actual 6/30/14*	Actual 6/30/15*	Actual 6/30/16*	Estimated 6/30/17*	Estimated 6/30/18*
<b>General Obligation Debt</b>					
Road Bonds	\$220,525	\$168,845	\$166,385	\$151,160	\$135,170
Infrastructure Bonds	217,044	200,961	188,347	175,130	161,505
SUBTOTAL	437,569	369,806	354,732	326,290	296,675
<b>Revenue Bonds</b>					
School Building Authority	142,535	126,190	109,075	91,040	72,105
School Building Authority (Lottery)	84,725	74,840	92,025	87,735	82,270
School Building Authority (Excess Lottery)	108,060	103,520	162,420	157,470	152,210
School Building Authority, QSCBs (Excess Lottery)	150,480	150,480	150,480	150,480	150,480
Tobacco Settlement Finance Authority**	857,125	855,075	N/A	N/A	N/A
Highways, Commissioner of	52,525	26,875	0	0	0
2010 EAST Fund (Lottery)	145,370	142,360	139,230	135,940	132,555
Economic Development Authority (Excess Lottery)	163,830	154,170	144,065	133,415	122,195
WV Infrastructure and Jobs Development Council**	111,205	184,375	N/A	N/A	N/A
SUBTOTAL	1,815,855	1,817,885	797,295	756,080	711,815
<b>Capital Leases &amp; Notes Payable</b>					
Governmental Funds**	252,031	238,073	N/A	N/A	N/A
Internal Service**	3,078	33,815	N/A	N/A	N/A
Notes Payable**	16,086	8,313	N/A	N/A	N/A
SUBTOTAL	271,195	280,201	0	0	0
<b>TOTAL</b>	<b>\$2,524,619</b>	<b>\$2,467,892</b>	<b>\$1,152,027</b>	<b>\$1,082,370</b>	<b>\$1,008,490</b>

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

\*\*Items not available pending audited financial statements.

# Major Reserve/Stabilization Accounts

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

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

Current West Virginia Code requires the first 50% of all surplus General Revenue funds accrued during the fiscal year just ended be deposited into the fund until the aggregate amount of the fund is equal to 13% of the total appropriations from the General Revenue Fund for the fiscal year just ended. The first \$100 million in the fund is invested by the West Virginia Board of Treasury Investments and any amounts over \$100 million are invested by the West Virginia Investment Management Board. As of December 31, 2016, the fund contained \$285 million, 6.7% of FY 2017 appropriations. This amount includes \$50 million currently on loan, for cash flow purposes, to the Unemployment Fund and is to be repaid before June 2017.

Since the fund was created in 1994, \$778 million has been deposited into the fund, which includes transfers in and interest; \$225 million has been used for flood (including \$55 million appropriated during the 2016 2nd Legislative Special Session for costs related to the June 2016 flood) and drought victim assistance, infrastructure, snow removal, and other projects. For the first time, in FY 2015, the fund was accessed to help balance the budget, transferring \$100 million to the Medical Services Trust Fund to be used as state matching funds for West Virginia's Medicaid Program. In the FY 2016 Budget Bill, \$14.8 million was appropriated for transfer to the Medical Services Trust Fund. To help close the FY 2016 general revenue shortfall, an additional \$83.8 million was transferred to the General Fund. In the FY 2017 Budget Bill, \$70 million was appropriated for transfer to the Medical Services Trust Fund. The Governor recommends no transfer in his FY 2018 Budget from the Rainy Day Fund.

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

Because of an expected cash flow shortfall experienced each year in the first quarter of the fiscal year, the Governor has borrowed from the fund at the beginning of each fiscal year since August 1996 in order to pay obligations in a timely manner. The loans were repaid before September 30 of each year; all within the 90-day limit allowed by law. During FY 2017, \$60 million was borrowed, for cash flow purposes, and transferred to the General Revenue Fund and was repaid in September 2016.

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

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

Expenditures may not be made from the Rainy Day Fund—Part B unless all money in the Rainy Day Fund have been first expended. After June 30, 2025, interest and other return earned on money in the Rainy Day Fund—Part B may be appropriated by the Legislature for continued support of the programs offered by the Public Employees Insurance Agency; funding for expansion of the federal-state Medicaid program; funding for public health program services and agencies; funding for any state-owned or operated health facilities; or in instances of revenue shortfalls or fiscal emergencies of an extraordinary nature. On December 31, 2016, the balance in the Rainy Day Fund—Part B was \$397 million.

## ***Income Tax Refund Reserve Fund***

An Income Tax Refund Reserve Fund was established during FY 1990 (W.Va. Code §11-21-93) to pay personal income tax refunds, interest, and penalties to taxpayers in a timely manner. It may also be used by the Legislature to make appropriations from the fund

## Major Reserve/Stabilization Accounts

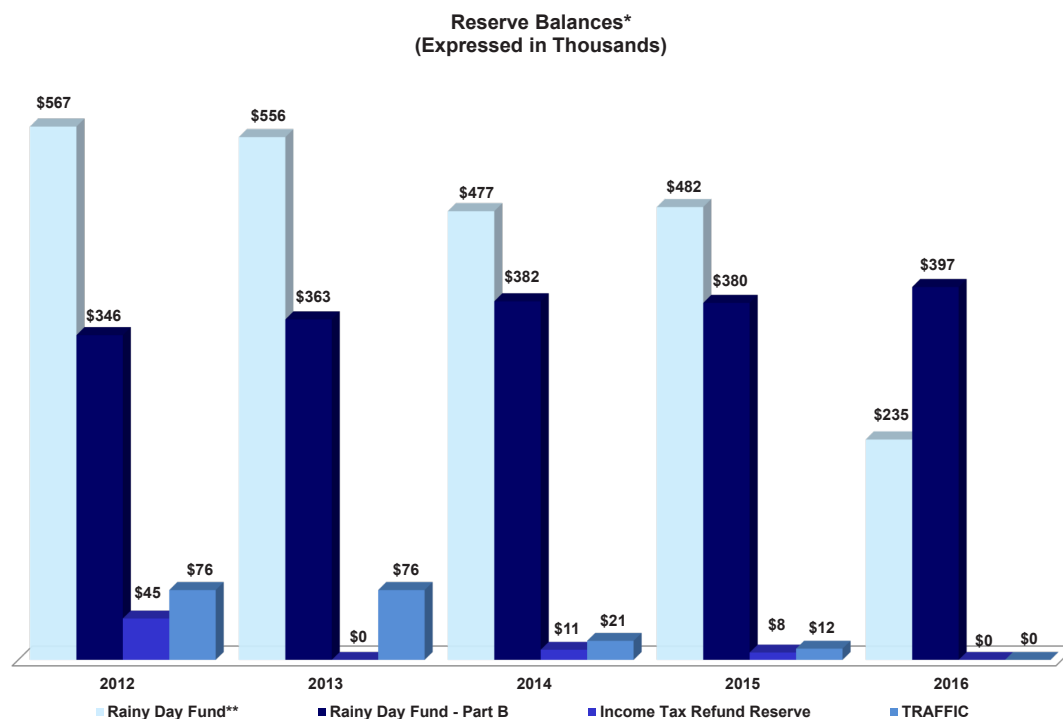
to address other items as the Legislature so desires. The state tax commissioner is responsible for determining the balance needed in the fund to ensure timely income tax refunds.

The balance in the Income Tax Refund Reserve Fund at the beginning of FY 2017 was \$5 million. However, this \$5 million was used in December 2016 to help in closing the anticipated revenue shortfall for FY 2017. As of December 31, 2016, \$0 remains in the Income Tax Refund Reserve Fund.

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

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

Since the inception of the TRAFFIC account, \$156.707 million has been deposited into the account and \$81.0 million has been appropriated from the account (mostly for meeting shortfalls in Medicaid match funds, for flood victim assistance, or additional payments to unfunded liabilities in the state retirement systems). In FY 2014, an additional \$55.057 million was expired to the General Revenue Unappropriated and Surplus balances to help fund supplemental appropriations. In FY 2015, \$7.5 million was expired to the General Revenue Unappropriated balance to help in balancing FY 2015's budget. In FY 2016, an additional \$12.15 million was expired to the General Revenue Unappropriated and Surplus balances to help fund supplemental appropriations and in balancing FY 2016's budget. As of December 31, 2016, \$0 remains.



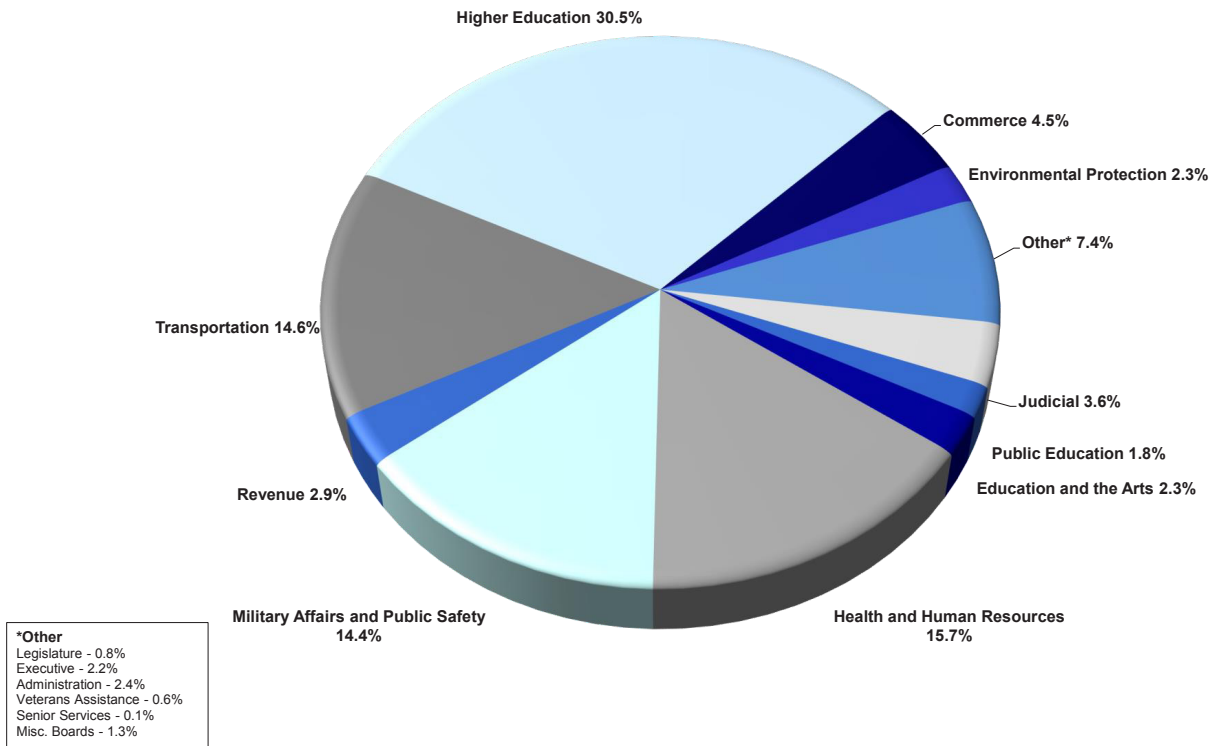
\*Balances of December 31 each year

\*\*2015 balance includes \$60 million on loan to General Revenue fund for cash flow purposes that was repaid in January 2016.  
2016 balance includes \$50 million on loan to the Unemployment Compensation Trust Fund to be repaid by May 2017.

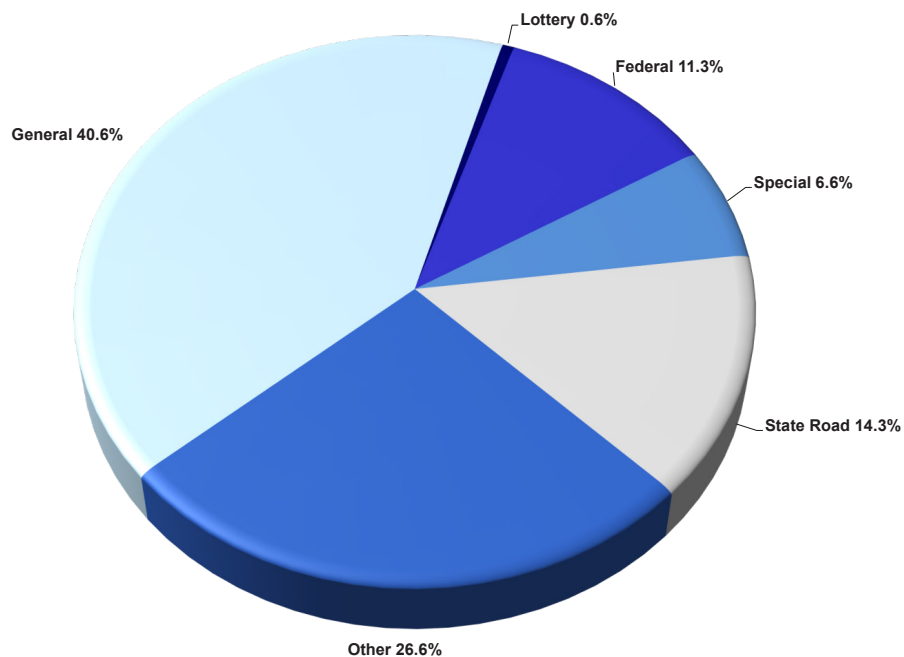


# Schedule of Recommended Budgeted Full-Time Equivalents (FTE) Permanent Positions FY 2018

## By Department



## By Fund



# Schedule of Budgeted Full-Time Equivalents

## All Funds

### Permanent Positions

#### FY 2016 through FY 2018

Department/Agency	FY 2016 11-30-2015	FY 2017 11-30-2016	FY 2018 Recommended
<b>TOTAL BUDGETED FTE PERMANENT POSITIONS</b>	<b>41,883.86</b>	<b>42,144.42</b>	<b>41,758.61</b>
<b>LEGISLATURE</b>			
Senate <sup>1</sup>	45.00	92.00	92.00
House of Delegates <sup>1</sup>	50.00	107.00	107.00
Joint Expenses	133.49	139.54	133.50
<b>TOTAL - LEGISLATURE</b>	<b>228.49</b>	<b>338.54</b>	<b>332.50</b>
<sup>1</sup> FY 2017 the transition to the wvOASIS HRM system added members as permanent positions.			
<b>TOTAL - JUDICIAL</b>	<b>1,451.00</b>	<b>1,471.00</b>	<b>1,489.00</b>
<b>EXECUTIVE</b>			
Governor's Office	56.50	56.50	56.50
State Auditor's Office	194.75	191.00	193.10
Treasurer's Office	131.40	133.80	129.90
Agriculture, Department of <sup>1</sup>	338.00	356.50	357.00
Attorney General's Office	197.22	195.53	196.50
Secretary of State	61.50	60.50	61.50
<b>TOTAL - EXECUTIVE</b>	<b>979.37</b>	<b>993.83</b>	<b>994.50</b>
<sup>1</sup> FY 2017 moved 21.00 FTEs from Department of Education for Cedar Lakes Camp and Conference Center.			
<b>DEPARTMENT OF ADMINISTRATION</b>			
Office of the Secretary	7.50	7.50	8.50
Consolidated Public Retirement Board	86.00	89.00	89.00
Finance, Division of	13.00	14.00	13.25
Information Services & Communications, Division of	392.50	394.50	389.80
General Services, Division of <sup>1</sup>	126.00	115.00	121.00
Purchasing, Division of	44.00	44.00	44.00
Surplus Property	15.00	15.00	15.00
Travel Management	17.00	17.00	19.50
Board of Risk and Insurance Management	26.00	26.00	25.60
Education & State Employees' Grievance Board	12.00	12.00	12.00
Ethics Commission	7.35	8.00	7.35
Public Defender Services	22.00	23.00	23.00
Personnel, Division of	67.00	71.00	67.00
Public Employees Insurance Agency	58.00	58.00	57.00
Prosecuting Attorneys Institute	6.00	6.00	5.00
Office of Technology	4.00	4.00	4.00
Retiree Health Benefits Trust Fund	3.00	3.00	4.00
Real Estate Division <sup>1</sup>	10.00	21.00	20.00
<b>TOTAL - ADMINISTRATION</b>	<b>916.35</b>	<b>928.00</b>	<b>925.00</b>
<sup>1</sup> FY 2017 moved 11.00 FTEs from General Services Division to Real Estate Division for parking enforcement.			

*FTE Schedule of All Funds (Continued)*

<b>Department/Agency</b>	<b>FY 2016 11-30-2015</b>	<b>FY 2017 11-30-2016</b>	<b>FY 2018 Recommended</b>
<b>DEPARTMENT OF COMMERCE</b>			
Office of the Secretary <sup>1</sup>	25.00	25.00	3.00
Tourism, Division of	66.00	64.80	65.00
Forestry, Division of <sup>2</sup>	119.50	77.75	77.75
Geological and Economic Survey	46.60	43.60	43.60
Development Office <sup>3</sup>	99.00	106.00	129.50
Labor, Division of	108.00	101.00	101.00
Natural Resources, Division of	814.95	811.00	813.00
Miners' Health, Safety and Training, Division of <sup>4</sup>	160.00	157.00	157.00
Board of Coal Mine Health and Safety <sup>5</sup>	3.00	2.00	2.00
WorkForce West Virginia	462.23	460.60	462.95
Energy, Division of <sup>6</sup>	8.00	8.00	5.00
<b>TOTAL - COMMERCE</b>	<b>1,912.28</b>	<b>1,856.75</b>	<b>1,859.80</b>
<sup>1</sup> FY 2018 22.00 FTEs transferred from Secretary's Office to Development Office for the Office of Economic Opportunity			
<sup>2</sup> FY 2017 3.00 FTEs transferred from Forestry to Development Office for central administrative office, deleted 38.00 FTEs due to budget reduction.			
<sup>3</sup> FY 2017 transferred 7.00 FTEs from other agencies for central administrative office. FY 2018 transferred 22.00 FTEs from Secretary's Office for the Office of Economic Opportunity and 2.00 FTEs from the Division of Energy for the Office of Coalfield Community Development.			
<sup>4</sup> FY 2017 3.00 FTEs transferred from Miners' Health, Safety and Training to Development Office for central administrative office.			
<sup>5</sup> FY 2017 1.00 FTE transferred from Board of Coal Mine Health and Safety to Development Office for central administrative office.			
<sup>6</sup> FY 2018 transferred 2.00 FTEs to the Development Office for the Office of Coalfield Community Development.			
<b>DEPARTMENT OF EDUCATION</b>			
Education, State Department of <sup>1</sup>	566.20	577.60	564.40
WV Schools for the Deaf & the Blind	190.90	190.00	192.00
State FFA-FHA Camp & Conference Center <sup>2</sup>	25.20	0.00	0.00
School Building Authority	11.00	11.00	11.00
<b>TOTAL - EDUCATION</b>	<b>793.30</b>	<b>778.60</b>	<b>767.40</b>
<sup>1</sup> FY 2017 added 1.00 FTE for the IT Academy; added 1.00 FTE for the Early Literacy Program; added 9.00 FTEs for Truancy Diversion Program.			
<sup>2</sup> FY 2017 moved to Department of Agriculture.			

*FTE Schedule of All Funds (Continued)*

<b>Department/Agency</b>	<b>FY 2016 11-30-2015</b>	<b>FY 2017 11-30-2016</b>	<b>FY 2018 Recommended</b>
<b>DEPARTMENT OF EDUCATION AND THE ARTS</b>			
Office of the Secretary	39.75	39.00	37.75
Culture and History, Division of	121.00	130.50	123.50
Library Commission	49.00	48.00	48.00
Educational Broadcasting Authority	90.50	86.50	86.50
Rehabilitation Services, Division of	655.50	659.50	655.50
<b>TOTAL - EDUCATION AND THE ARTS</b>	<b>955.75</b>	<b>963.50</b>	<b>951.25</b>
<b>DEPARTMENT OF ENVIRONMENTAL PROTECTION</b>			
Air Quality Board <sup>1</sup>	1.10	0.00	0.00
Environmental Protection, Division of	933.08	934.70	933.70
Environmental Quality Board <sup>1</sup>	1.90	2.20	3.00
Solid Waste Management Board	13.00	13.00	13.00
Oil and Gas Conservation Commission	1.50	2.00	2.00
<b>TOTAL - ENVIRONMENTAL PROTECTION</b>	<b>950.58</b>	<b>951.90</b>	<b>951.70</b>
<sup>1</sup> FY 2017 transferred 1.10 FTEs from Air Quality Board to Environmental Quality Board.			
<b>DEPARTMENT OF HEALTH AND HUMAN RESOURCES</b>			
Office of the Secretary	9.00	9.00	9.00
Health, Division of	2,738.39	2,745.72	2,741.57
Health Care Authority	54.00	54.00	54.00
Human Rights Commission	31.00	31.00	31.00
Human Services, Division of <sup>1</sup>	3,574.78	3,707.10	3,695.92
<b>TOTAL - HEALTH AND HUMAN RESOURCES</b>	<b>6,407.17</b>	<b>6,546.82</b>	<b>6,531.49</b>
<sup>1</sup> FY 2017 added 29.00 FTEs for Youth Service Workers, 25.20 FTEs for the Bureau for Children and Families Centralized Intake, and 42.00 FTEs for Economic Service Workers; FY 2018 added 4.00 FTEs for the Home Finders Program			
<b>DEPARTMENT OF MILITARY AFFAIRS AND PUBLIC SAFETY</b>			
Office of the Secretary	27.00	27.00	27.00
Adjutant General	444.50	499.00	479.50
WV Board of Parole	18.00	21.00	18.00
Homeland Security and Emergency Management	53.00	58.00	58.00
Corrections, Division of	2,387.75	2,390.00	2,387.75
WV State Police	1,106.50	1,068.50	1,070.50
Regional Jail and Correctional Facility Authority	1,148.50	1,171.50	1,138.50
Fire Commission <sup>1</sup>	55.00	56.00	58.00
Justice and Community Services, Division of <sup>2</sup>	38.50	43.75	43.51
Juvenile Services, Division of <sup>3</sup>	674.00	683.60	691.00
Division of Protective Services	40.00	50.00	50.00
<b>TOTAL - MILITARY AFFAIRS AND PUBLIC SAFETY</b>	<b>5,992.75</b>	<b>6,068.35</b>	<b>6,021.76</b>
<sup>1</sup> FY 2018 added 3.00 FTEs to administer the expanded Fireworks program.			
<sup>2</sup> FY 2017 added 4.39 FTEs for the Victims of Crime grant, 2.00 FTEs for the Sexual Assault Kit grant, and 0.10 FTE for the Rural Violence Against Women grant.			
<sup>3</sup> FY 2017 added 18.00 FTEs for Youth Reporting Centers.			

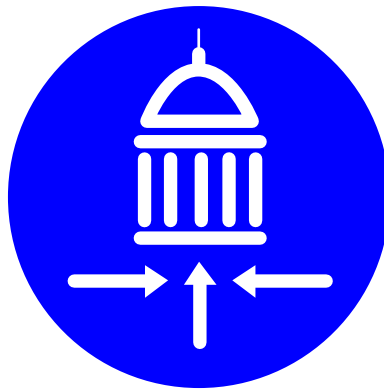
FTE Schedule of All Funds (Continued)

Department/Agency	FY 2016 11-30-2015	FY 2017 11-30-2016	FY 2018 Recommended
<b>DEPARTMENT OF REVENUE</b>			
Office of the Secretary	9.00	8.00	8.00
Tax Division <sup>1</sup>	470.50	434.00	433.00
State Budget Office	11.00	10.00	10.00
Insurance Commissioner <sup>2</sup>	383.10	343.00	343.00
Lottery Commission <sup>3</sup>	231.00	212.00	212.00
Racing Commission	46.90	47.41	46.90
Alcohol Beverage Control Administration	109.12	109.20	109.20
Office of Tax Appeals	6.00	6.00	6.00
Municipal Bond Commission	4.00	4.00	4.00
Financial Institutions, Division of	32.00	35.00	32.00
<b>TOTAL - REVENUE</b>	<b>1,302.62</b>	<b>1,208.61</b>	<b>1,204.10</b>
<sup>1</sup> FY 2017 deleted 36.00 FTEs in an effort to reduce vacant positions.			
<sup>2</sup> FY 2017 deleted 40.00 FTEs in an effort to reduce vacant positions.			
<sup>3</sup> FY 2017 deleted 19.00 FTEs in an effort to reduce vacant positions.			
<b>DEPARTMENT OF TRANSPORTATION</b>			
Motor Vehicles, Division of	635.00	644.00	634.00
Highways, Division of	5,434.25	5,411.00	5,387.00
State Rail Authority	23.00	23.00	23.00
Public Transit, Division of	10.00	10.00	10.00
Public Port Authority <sup>1</sup>	3.00	0.00	0.00
Aeronautics Commission	3.00	3.00	3.00
Office of Administrative Hearings	30.00	30.00	30.00
<b>TOTAL - TRANSPORTATION</b>	<b>6,138.25</b>	<b>6,121.00</b>	<b>6,087.00</b>
<sup>1</sup> FY 2016 deleted 0.80 FTE in an effort to reduce vacant positions.			
<b>DEPARTMENT OF VETERANS ASSISTANCE</b>			
Veterans Affairs	244.74	215.38	215.38
Veterans Home	47.29	50.00	47.29
<b>TOTAL - VETERANS ASSISTANCE</b>	<b>292.03</b>	<b>265.38</b>	<b>262.67</b>
<b>TOTAL - BUREAU OF SENIOR SERVICES</b>	<b>36.80</b>	<b>37.00</b>	<b>36.60</b>

*FTE Schedule of All Funds (Continued)*

<b>Department/Agency</b>	<b>FY 2016 11-30-2015</b>	<b>FY 2017 11-30-2016</b>	<b>FY 2018 Recommended</b>
<b>HIGHER EDUCATION POLICY COMMISSION</b>			
HEPC - Administration	78.85	80.85	77.65
West Virginia University	6,889.30	6,940.00	6,809.00
Marshall University	1,953.94	1,999.78	1,966.98
Osteopathic School of Medicine	292.99	300.56	294.59
Bluefield State College	212.52	198.66	187.66
Concord University	293.16	303.68	296.04
Fairmont State University	473.19	515.60	503.00
Glenville State College	211.94	224.93	212.02
Shepherd University	492.61	497.90	487.58
West Liberty University	297.90	305.96	300.96
West Virginia State University	326.71	319.56	316.35
WVNET	60.00	57.20	57.20
<b>TOTAL - HIGHER EDUCATION POLICY COMMISSION <sup>1</sup></b>	<b>11,583.11</b>	<b>11,744.68</b>	<b>11,509.03</b>
<sup>1</sup> Changes in FTEs for institutions related to faculty and staffing levels due to changes in enrollment.			
<b>COUNCIL FOR COMMUNITY AND TECHNICAL COLLEGE EDUCATION</b>			
Council - Administration	16.00	18.00	18.00
Mountwest Community and Technical College	138.00	132.00	131.00
New River Community and Technical College	179.78	131.00	133.00
Pierpont Community and Technical College	126.90	130.00	128.00
Blue Ridge Community and Technical College	165.75	163.45	142.06
West Virginia University at Parkersburg	213.30	204.63	198.63
Southern West Virginia Community and Technical College	195.27	175.00	174.00
West Virginia Northern Community and Technical College	148.08	159.50	147.70
West Virginia Eastern Community and Technical College	44.41	43.50	38.60
BridgeValley Community and Technical College	196.39	190.45	196.39
<b>TOTAL - COUNCIL FOR C&amp;T COLLEGE EDUCATION <sup>1</sup></b>	<b>1,423.88</b>	<b>1,347.53</b>	<b>1,307.38</b>
<sup>1</sup> Changes in FTEs for institutions related to faculty and staffing levels due to enrollment changes.			
<b>MISCELLANEOUS BOARDS AND COMMISSIONS</b>			
Barbers and Cosmetologists, Board of	8.00	8.00	10.00
Board of Medicine	14.00	15.00	15.00
Courthouse Facilities Improvement Authority	1.60	1.60	1.60
Hospital Finance Authority	1.00	1.00	1.00
Licensed Practical Nurses	4.00	4.00	4.00
Public Service Commission	335.22	337.47	338.47
Real Estate Commission	12.00	7.00	13.00
Registered Nurses	13.50	14.00	14.00
Water Development Authority	20.53	20.60	20.06
West Virginia Economic Development Authority	9.88	11.00	10.00
Enterprise Resource Planning Board	41.00	42.00	41.00
Other Boards	59.40	61.26	59.30
<b>TOTAL - MISC. BOARDS AND COMMISSIONS</b>	<b>520.13</b>	<b>522.93</b>	<b>527.43</b>

# REVENUE SOURCES







# Revenue Sources

The revenues necessary to finance state government are collected from a variety of sources. All sources are dedicated to a specific fund or account and may only be appropriated or used in the manner 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 appropriations (budget) bill submitted by the Governor to the Legislature for their consideration and final passage of a budget.

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

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

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

The General Revenue Fund (or General Fund) consists primarily of the major tax revenue of the state such as Consumer Sales Tax and Use Tax, Personal Income Tax, Business and Occupation Tax, Corporate Net Income Tax/Business Franchise Tax, Tobacco Products Tax, and Severance Tax. For FY 2018, these taxes comprise approximately 92.3% of the General Revenue Fund. The remaining 7.7% 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 as the Legislature so desires. The appropriations from the General Revenue Fund expire at the end of the state's fiscal year on June 30, except as otherwise provided. Bills may be paid through July 31 for obligations 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.Va. Code §12-3-12 states that "appropriations for buildings and land or capital outlay shall remain in effect, and shall not be deemed to have expired until the end of three years . . ."

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

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

**Lottery Funds** revenue is 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, allowing 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 and parks.

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

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

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

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

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

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

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

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

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

### Revenue Estimates

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

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 monitors actual revenue collections on a daily and monthly basis. If the revenue estimates ever appear to be too optimistic given tax collection trends and economic conditions, such determinations are immediately forwarded to policymakers. Projected revenue shortfalls do

result in midyear budget reductions, as was the case for FY 2010, FY 2013, FY 2014, FY 2015, FY 2016, and FY 2017. Based upon results over the past two decades, the probability of a revenue shortfall issue in any given year is less than 40%.

### ***Economic Development Tax Expenditure Budget - FY 2018***

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 2018.

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

Tax expenditures are similar to 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. By definition, tax expenditures also represent deviations from a normal, non-preferential tax structure.

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

With the exception of tax credit programs, all consumer sales tax and personal income tax expenditures are excluded from the economic development tax expenditure budget section because such expenditures may be better classified as individual tax preferences.

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

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

Some tax expenditures offer carryover provisions in the event that a taxpayer is not able to fully receive the benefit within a single year. A couple of tax expenditures include a policy of “transferable tax credits,” where a taxpayer can “sell” excess tax credit for some discounted amount, e.g., 90 cents on the dollar. The taxpayer receives a benefit of 90 cents, but the state incurs a tax expenditure of one full dollar when the credit is ultimately taken by the credit purchaser. The timing lag for transferable programs is even longer than the normal lag associated with many tax expenditures.

Tax expenditure timing is also affected by differences in tax year versus budget year. In most cases, a taxpayer’s tax year corresponds with a calendar year as opposed to the state’s fiscal year running from July 1st to June 30th.

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 example, legislation terminated the Strategic Research and Development Tax Credit Program at the end of 2014. However, due to credit carryover provisions, the FY 2018 budget still contains an allowance for this program more than three years after its expiration.

## Revenue Sources

For purposes of the FY 2018 budget, economic development tax expenditure programs were grouped in the following four categories:

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

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

### **Tax Credits**

For purposes of the tax expenditure budget, there are 24 active tax credit programs in the State Tax Code with a total FY 2018 value of \$115.2 million. Programs classified as economic development related account for \$67.9 million in value, an amount equal to roughly 59% 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 \$42.7 million.

The largest single tax credit in terms of cost (39% of the total) is the Industrial Expansion and Revitalization Tax Credit for electric power producers. This tax credit is largely tied to pollution abatement investment at coal-fired generating plants in the state. More than 80% of the investment associated with this tax credit occurred prior to CY 2012. Tax credit benefits for each year of investment are prorated for use over a 10-year period beginning with the year of investment. West Virginia uniquely taxes electric power generation rather than final sales to consumers. Public utilities pass on their costs to final consumers in a rate-regulated environment. Therefore, final consumers are the principal beneficiaries of the Industrial Expansion and Revitalization Tax Credit.

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

## Revenue Sources

Article	Tax Credit	Description	FY 2018 Estimate (in millions)
5B-2E	<b>Tourism Development</b>	25% of Approved Costs Over 10 Years	<b>\$3.0</b>
11-6D	<b>Alternative-Fuel Motor Vehicles</b>	35% Vehicles & 20% to 62.5% Infrastructure	<b>\$0.5</b>
11-13D	<b>Industrial Expansion/Revitalization</b>	10% Investment Credit – Electric Power Producers	<b>\$45.0</b>
11-13E	<b>Coal-Loading Facilities</b>	10% Investment Credit – Coal Loading Facilities	<b>\$1.5</b>
11-13F	Low-Income Electric, Gas & Water	Reimburses Utility for Low-Income Resident Discount	\$7.8
11-13G	Low-Income Telephone	Reimburses Utility for Low-Income Resident Discount	\$0.0
11-13J	Neighborhood Investment Program	50% Credit for Charitable Contributions	\$3.0
11-13K	Agricultural Equipment	25% up to \$2,500 – Environmental Equipment	Minimal
11-13L	<b>Natural Gas Jobs Retention</b>	\$1,000/Job – Natural Gas Storage Tax	<b>\$1.4</b>
11-13Q	<b>Economic Opportunity</b>	Investment Credit-New Jobs & Select Industries	<b>\$5.0</b>
11-13S	<b>Manufacturing Investment</b>	5% Investment Credit – Manufacturing	<b>\$3.0</b>
11-13W	<b>Apprenticeship Training</b>	\$2/hour or \$2,000/year – Training Tax Credit	<b>\$0.5</b>
11-13X	<b>West Virginia Film</b>	27% to 31% of Costs for making WV Film	<b>\$3.0</b>
11-13Y	<b>Manufacturing Property Adjustment</b>	Manufacturing Inventory Tax Credit	<b>\$4.0</b>
11-13BB	Mine Safety Technology	50% Investment Credit – Mine Safety Equipment	Minimal
11-13CC	<b>Energy Intensive Industrial Consumer</b>	Up to \$20 million – Coal Severance Tax	<b>\$0.0</b>
11-21-8a	<b>Rehabilitated Buildings</b>	10% of Qualified Costs	<b>\$1.0</b>
11-21-8g	Residential Rehabilitated Buildings	5% of Qualified Costs	\$0.2
11-21-10a	Nonfamily Adoption	\$2,000 per Qualified Adoption	\$1.4
11-21-21	Senior Citizen Homestead Credit	Local Tax paid on First \$20,000 of Taxable Valuation	\$12.5
11-21-22	Low-Income Family Tax Credit	Up to 100% of Pre-Credit Income Tax	\$20.0
11-21-23	Excess Property Tax Credit	Excess Over 4% of Gross Income Up to \$1,000	\$2.4
11-21-42 & 11-24-12	<b>Military Incentive</b>	30% of first \$5,000 of Wages Paid	<b>Minimal</b>
<i>Subtotal:</i>			<b>\$115.2</b>

### Tax Increment Financing

There are two active tax increment financing programs in West Virginia. They are 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 \$18 million in FY 2018 with more than half of the cost absorbed by local governments and nearly 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 school excess levies from the calculated TIF under state law.

The STIF Program is similar in cost to the TIP Program with a shift of an estimated \$16.0 million of state sales tax from the state General Revenue Fund to local retail development projects.

## Revenue Sources

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

Chapter	Tax Credit	Description	FY 2018 Estimate (in millions)
7-11B	<b>Property Tax Increment Financing Economic Development District</b>	Property Increment-State portion of \$18.0 mil total	<b>\$8.0</b>
7-22	<b>STIF</b>	6% state sales tax re-designated as local tax	<b>\$16.0</b>
<i>Subtotal:</i>			<b>\$24.0</b>

### **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 nearly 88% 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 \$525 million, and the state share of this combined value, mainly reflected in the state School Aid Formula, is \$157.5 million.

Several other types of mostly tangible personal property qualify for reduced “salvage” valuation at a combined value of \$104.9 million in property tax reductions with \$36.0 million of that value allocated to the state budget.

No accurate estimate is available for county imposed payment in lieu of tax (PILOT) arrangements. However, based on available PILOT payment data, the net PILOT tax expenditure is likely similar in magnitude to the value associated with certified capital additions.

The largest non-property tax rate preference program offered in West Virginia is the Thin-Seam Coal Rates Program. Lower regular severance tax rates apply to most underground coal mines with average seam thickness of no more than 45 inches. This \$24.2 million tax preference is largely tied to metallurgical coal production in southern West Virginia. Thin-seam mines tend to employ more workers per unit of output than other mining operations.

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

Article	Tax Credit	Description	FY 2018 Estimated (in millions)
3-9	<b>PILOT-County</b>	Payment in Lieu of Tax – New Facilities	<b>Unknown</b>
6A	Pollution Control Salvage Value	State portion of \$73 million	\$19.2
6B	Homestead Exemption & Tax Rate	Over 65/Disabled – State Portion of \$105 million	\$31.5
6E	<b>Manufacturing Production Property</b>	Salvage Value – State Portion of \$1.3 million	<b>\$0.4</b>
6F	<b>Certified Capital Additions</b>	Salvage Value-Existing Mfg. – State Portion of \$32.8 million	<b>\$16.0</b>
6H	<b>Special Aircraft Property</b>	Salvage Value – State Portion of \$1.4 million	<b>\$0.4</b>
6J	<b>High-Technology Business Property</b>	Salvage Value – State Portion of minimal \$0.3	<b>\$0.0</b>
8-6b	Residential/Farm Preference	50% Tax Rate Preference – State Portion of \$420 million	\$126.0
13A-3(f)	<b>Thin-Seam Coal Rates</b>	Reduced Tax Rates on Thin-Seam Coal [60%-80%]	<b>\$24.2</b>
13A-3a(a)	<b>Natural Gas/Oil Exclusions</b>	Low-Volume/Shut-In Well Gross Receipt Exclusions	<b>\$2.5</b>
<i>Subtotal:</i>			<b>\$220.2</b>

**Previously Terminated Programs with Carryover Costs**

Expired tax expenditure provisions with at least some cost in FY 2018 include costs associated with the Commercial Patents Credits and with the Strategic Research and Development Tax Credit. Even though it is not listed among the expired tax expenditure provisions, a large portion of the Alternative Fuel Motor Vehicles Tax Credit expenditure for FY 2018 is also attributable to various provisions that were either repealed as of April 14, 2013, or as of January 1, 2014.

The following is a list of inactive tax credits in either Chapter 11 of the West Virginia Code that were generally repealed, are now inactive, or are set to sunset prior to the beginning of FY 2018 with grandfathering provisions for credit claims attributable to periods prior to termination.

Article	Tax Credit	Description	FY 2018 Estimate (in millions)
11-13AA	<b>Commercial Patents</b>	20%-30% of Royalties & 20%-30% of Net Profit	<b>Minimal</b>
11-13R	<b>Strategic Research and Development</b>	3% or 10% of Excess R & D Credit	<b>\$0.5</b>
Subtotal:			\$0.5

The sum total value of all tax expenditures listed above is \$359.9 million, including \$135.9 million in bolded Economic Development Tax Expenditures and \$224.0 million in various other tax expenditures.

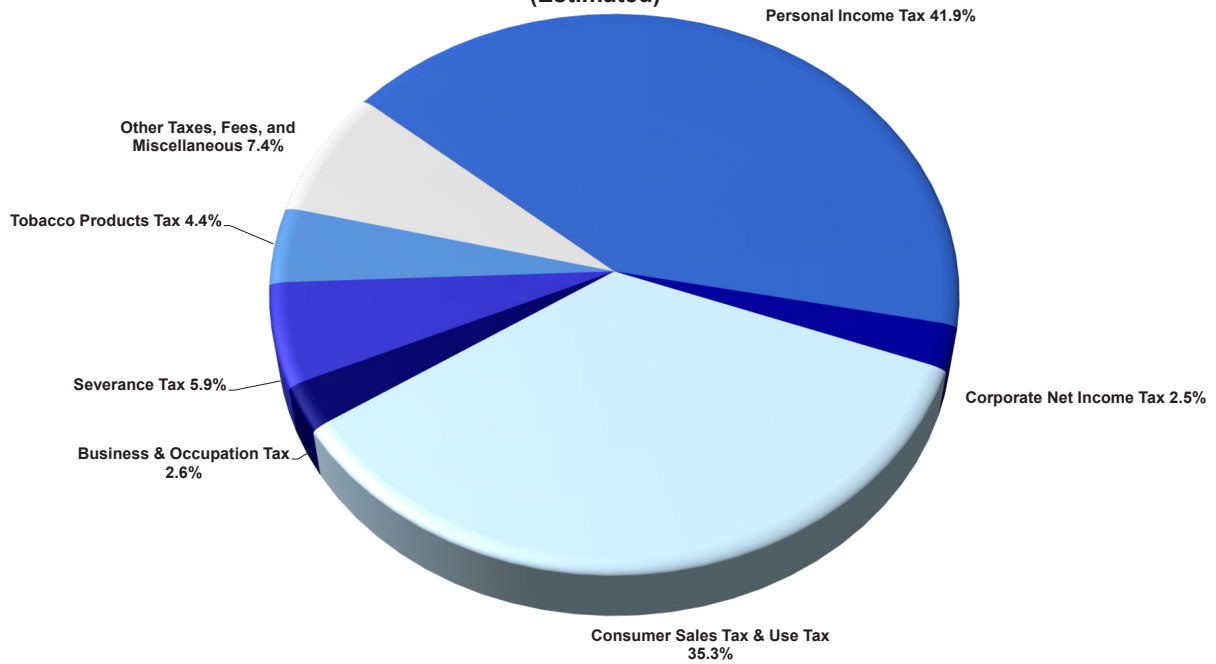
**Additional Revenue Information**

The following pages contain graphs and explanations of the sources of estimated revenues and areas of expenditure for General, State Road, Lottery, and Federal Funds. Due to the multitudinal 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 but since it is a substantial revenue source, a separate page providing actual/estimated revenues is included.

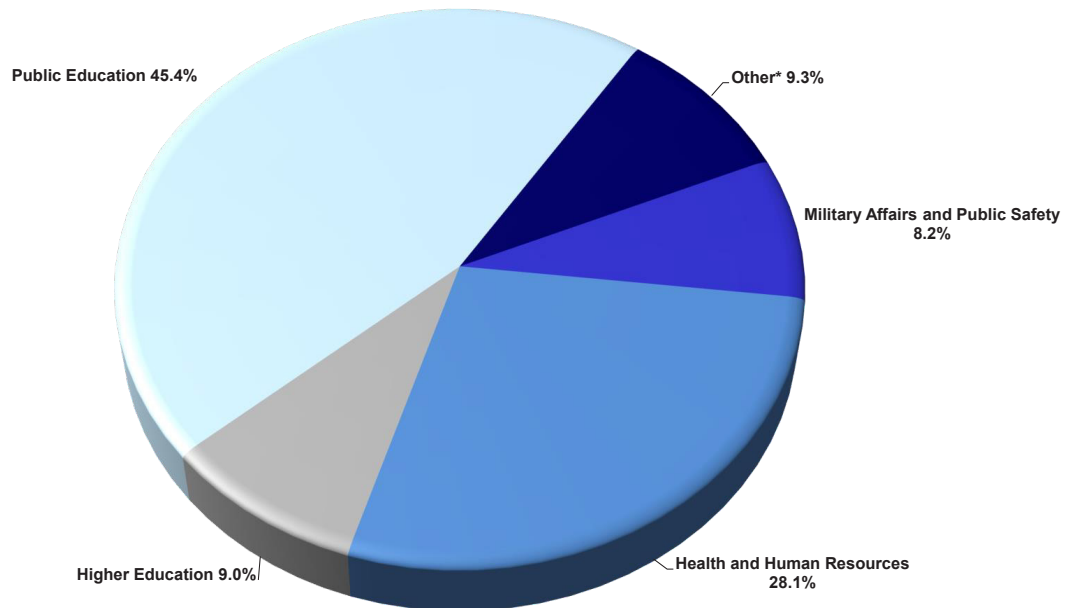
For a graphic presentation of the total state revenue by source and the expenditures by function, refer to “Where the State Dollar Comes From” and “Where the State Dollar Goes” in the “Summary Financial Statements” chapter.

# General Revenue Fund

**Sources of Revenue**  
Fiscal Year 2018  
\$4.379 Billion  
(Estimated)



**Recommended Expenditures**  
Fiscal Year 2018  
\$4.379 Billion



**\*Other**  
 Legislature - 0.6%  
 Judicial - 3.2%  
 Executive - 0.8%  
 Administration - 1.4%  
 Commerce - 1.1%  
 Education & the Arts - 0.7%  
 Environment - 0.2%  
 Revenue - 0.6%  
 Veterans Assistance - 0.2%  
 Transportation - 0.1%  
 Senior Services - 0.4%



## General Revenue Fund

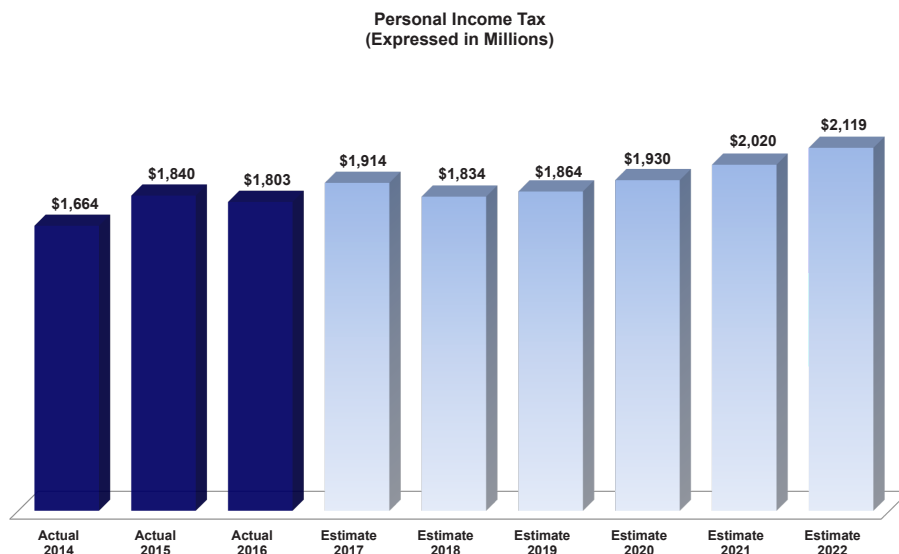
# Personal Income Tax

Personal Income Tax collection trends depend upon changes in population, employment, personal income, inflation rates, interest rates, and federal tax law. Employee withholding taxes account for roughly 70% of all Personal Income Tax receipts. After increasing at an average annual rate of nearly 1.0% between 2003 and 2008, the West Virginia economy shed payroll employment jobs at a rate of 2.2% during the Great Recession in 2009. Payroll employment then rebounded with an average annual growth rate of 0.9% between 2009 and 2012. Led by an average annual rate of decrease of nearly 6.6% in the construction, natural resources, and mining sectors, payroll employment has since decreased by an average annual rate of 0.4% between 2012 and 2016. The construction, natural resources, and mining sectors accounted for nearly all of the total employment decrease of roughly 11,400 between 2012 and 2016. According to the most recent forecasts from IHS Economics, payroll employment is expected to edge up by a meager 0.2% in 2017 and then continue rising by an average annual rate of 0.6% per year between 2017 and 2022. IHS Economics projects West Virginia personal income to increase by just 1.3% in 2016 and by 3.5% in 2017 and then to rise by slightly more than 4.1% annually between 2017 and 2022. Income from transfer payments such as social security is likely to grow faster than other income sources. Income from wages and salaries has been relatively flat since 2012. IHS Economics projects wage and salary income to grow by just 0.1% in 2016 following growth of just 0.5% in 2015. In addition to weak wage and salary growth, personal income associated with income from royalties and business profits decreased over the past two years largely due to the impact of lower coal demand and a significant drop in energy prices.

After decreasing by 4.5% in FY 2016, income tax collections are projected to rise by an average annual rate of just 0.5% between FY 2016 and FY 2018, and increase at an average annual rate of more than 4.6% during the FY 2018–FY 2022 forecast period. Tax collection growth is anticipated to gradually resume at a healthier pace due to improved wage and salary growth, higher energy prices, and employment increase. However, projected average annual growth is forecast to be less than the average 5.1% average growth rate experience in the prior decade between FY 2005 and FY 2015.

### Tax on West Virginia taxable income:

- 3.0% on the first \$10,000 of taxable income.
- 4.0% on taxable income between \$10,000 and \$25,000.
- 4.5% on taxable income between \$25,000 and \$40,000.
- 6.0% on taxable income between \$40,000 and \$60,000.
- 6.5% on taxable income in excess of \$60,000.
- Accounts for roughly 45% of total General Revenue Fund.



# Consumer Sales Tax and Use Tax

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

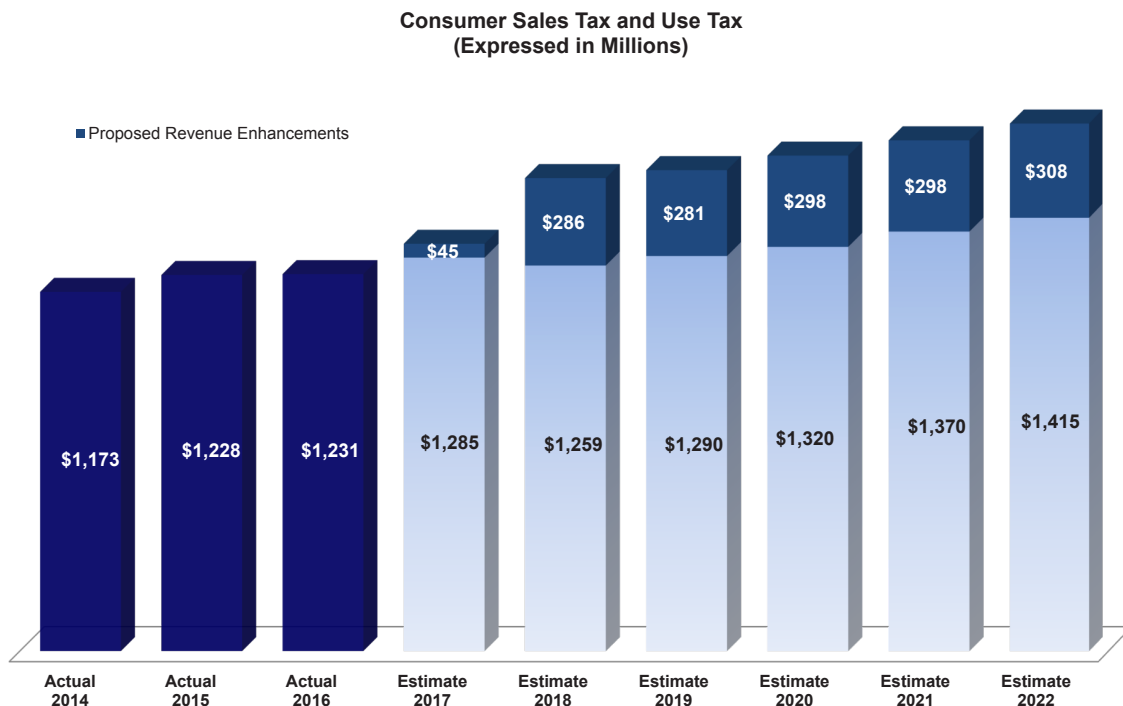
Fluctuations in retail sales are affected by several factors, including changes to population, consumer confidence and debt, inflation and interest rates, and disposable personal income. The West Virginia population has been in decline since 2012, falling more than 0.6% from 2012 to 2015. Disposable personal income growth fell 0.6 percentage points from 2014 to 2015 and lagged national growth by 1.7 percentage points in 2015 alone. IHS Economics forecasts West Virginia disposable personal income will grow by 4.7% per year on average from 2017 through 2023, an overall growth of more than 28% during this period. Continued economic uncertainty and sluggish consumer confidence could suppress some of this growth.

Consumer Sales Tax and Use Tax collections increased 4.7% in FY 2015 after a 1.7% decrease in FY 2014. Growth slowed in FY 2016 when collections increased a modest 0.2% over prior year. As of November 2016, revised FY 2017 collections are nearly 3.6% below original estimate for the year. The current forecast is largely based on uncertain economic conditions in the short term, with some recovery in consumer spending expected beginning in FY 2019. Absent any tax base broadening measures, collections are expected to grow at an average annual rate of 2.3% from FY 2017 through FY 2023.

Proposed revenue enhancements related to Consumer Sales Tax and Use Tax collections include increasing the state tax rate to 7%, imposing sales taxes on telecommunications and digital goods, and omitting the General Revenue Fund transfer to the Division of Highways for one year. Such enhancements, if initiated, are expected to increase Consumer Sales Tax and Use Tax collections by \$45.1 million in FY 2017, \$285.7 million in FY 2018, and an average of nearly \$300.0 million per year from FY 2019 through FY 2023.

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

- **6% Sales and Use Tax on most goods and services.**
- **Total Sales and use Tax currently accounts for nearly 30% of total General Revenue Fund and roughly 35% with base broadening proposals.**



## General Revenue Fund Severance Tax

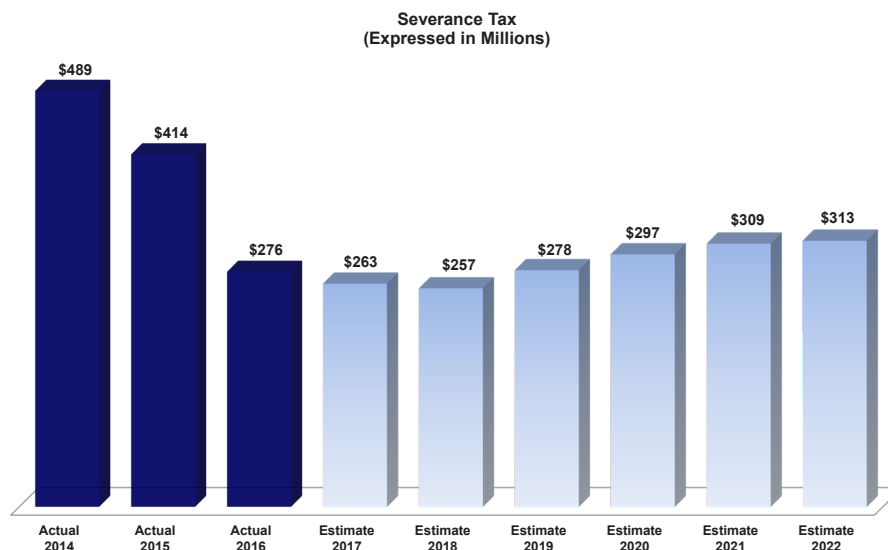
Severance Tax collections are attributable to coal production, natural gas production, and the production of various other natural resource products (5%). Other natural resources products include timber, oil, coal-bed methane, natural gas liquids, limestone, sandstone, gravel, sand, and gob (coal refuse). During FY 2016, Severance Tax receipts were deposited in the State General Revenue Fund (80.4%), the State Infrastructure Fund (6.5%), and local government funds (13.1%). Under current law, the annual amount of debt service required up to a maximum of \$22.5 million is dedicated to the Infrastructure Fund.

Severance Tax collection growth depends upon changes in coal and natural gas production and their respective prices. Coal prices rose dramatically in the last decade due primarily to growing global demand and supply limitations in the world market. The average price per ton of West Virginia coal rose from slightly less than \$30 per ton in 2003 to roughly \$85 per ton in 2012. Severance Tax receipts grew by more than 250% between FY 2004 and FY 2012 in response to these higher prices. However, both a decline in coal sales and a decline in coal prices since the second half of 2012 contributed to a 52.5% reduction in coal severance tax receipts between FY 2012 and FY 2016. A weak global economy, the closure of a number of regional coal-fired power plants, and increased competition from natural gas will lead to an expected 10% to 12% additional decrease in coal production over the next five years. After rising by roughly 360% between 2010 and 2015, natural gas production is forecast to generally level out over the forecast period with average growth of just 2.1% per year between 2016 and 2022. Natural gas prices plunged from nearly \$4.00 per thousand cubic feet in mid CY 2014 to less than \$1.00 by the first half of 2016. As a result, natural gas severance tax collections fell by 61.1% between FY 2014 and FY 2016 and by more than 24% during the first five months of FY 2017. Overall severance tax collections were down by 7.7% through the first five months of FY 2017 in comparison with the prior year. Higher severance tax collections from oil and gas liquids helped offset the steep decline in natural gas severance tax receipts. In addition, the decline in coal severance tax receipts slowed to slightly more than 10% from the prior year with some production stabilization at period end.

Energy prices are anticipated to slowly rebound and energy markets will stabilize between FY 2017 and FY 2021. However, revenue growth will generally average less than 5% per year. Significant headwinds for the coal industry will continue throughout the forecast period with both a difficult export environment partially attributable to a strong U.S. currency value and competition from natural gas in domestic markets.

Uncertain long-run energy prices and the potential impact of environmental regulations on coal production and electric power generation are risks to the forecast. Higher energy prices would lead to better collection results. Further federal restrictions upon carbon and nitrogen-oxide emissions would reduce demand for West Virginia coal in future years.

- **Privilege tax on gross receipts with a base rate of 5.0%. (Reduced rates for underground thin seam coal, waste coal, and timber.)**
- **Applies to natural resources (coal, gas, oil, other) production.**
- **Accounts for roughly 6% of total General Revenue Fund in FY 2017.**



# Corporation Net Income Tax

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

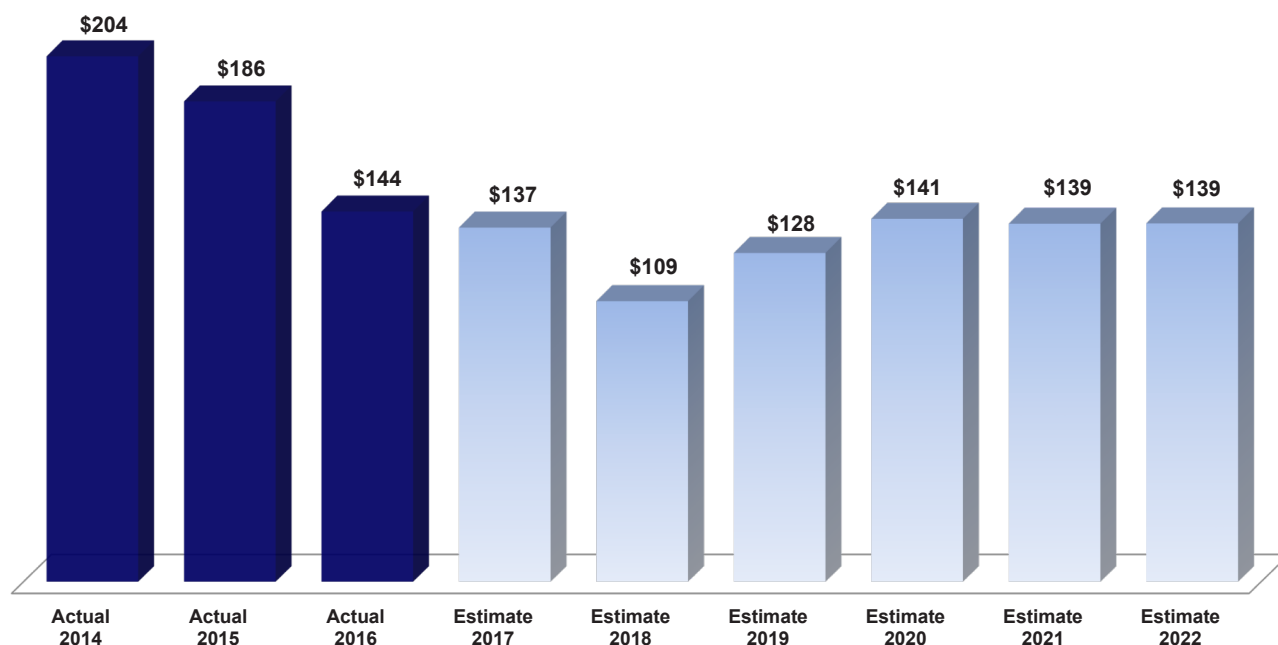
Domestic corporate profits fell 2.6% in 2015. Quarterly domestic corporate profits then fell at annualized rates of 6.6% and 6.2% during the first quarter of 2016 and second quarter of 2016, respectively. Third quarter 2016 domestic corporate profits rebounded slightly with an annualized growth rate of 0.9%. Allocated West Virginia corporate profits fell more significantly over the past couple of years due to a sharp downturn in both energy prices and goods exports. During the remainder of the forecast period, corporate profits are expected to increase at an average annual rate of slightly more than 2.0%. Remittances of the Corporation Net Income Tax may lag the associated economic period by up to 18 months.

Tax collections are expected to decrease by more than 25% between FY 2016 and FY 2018 primarily due to the impact of lower energy prices on corporate profits of both the mining sector and other sectors of the state's economy partially dependent on the mining sector. Collections are expected to rebound by an average annual rate of more than 6% during the final four years of the forecast in response to a gradual rebound in energy prices.

Collection patterns tend to be very volatile because the majority of Corporation Net Income Tax receipts are attributable to a small number of taxpayers. A change in the financial status of just a few taxpayers can have a dramatic impact upon tax collection trends. Most large taxpayers have multistate operations. The impact of potential future federal corporate tax reform policy is not incorporated in the current forecast.

- **Corporation Net Income Tax applies to C corporations. The tax base is the modified federal taxable income apportioned to West Virginia with a tax rate of 6.5%.**
- **Accounts for roughly 3% of total General Revenue Fund.**

**Corporation Net Income Tax and Business Franchise 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.

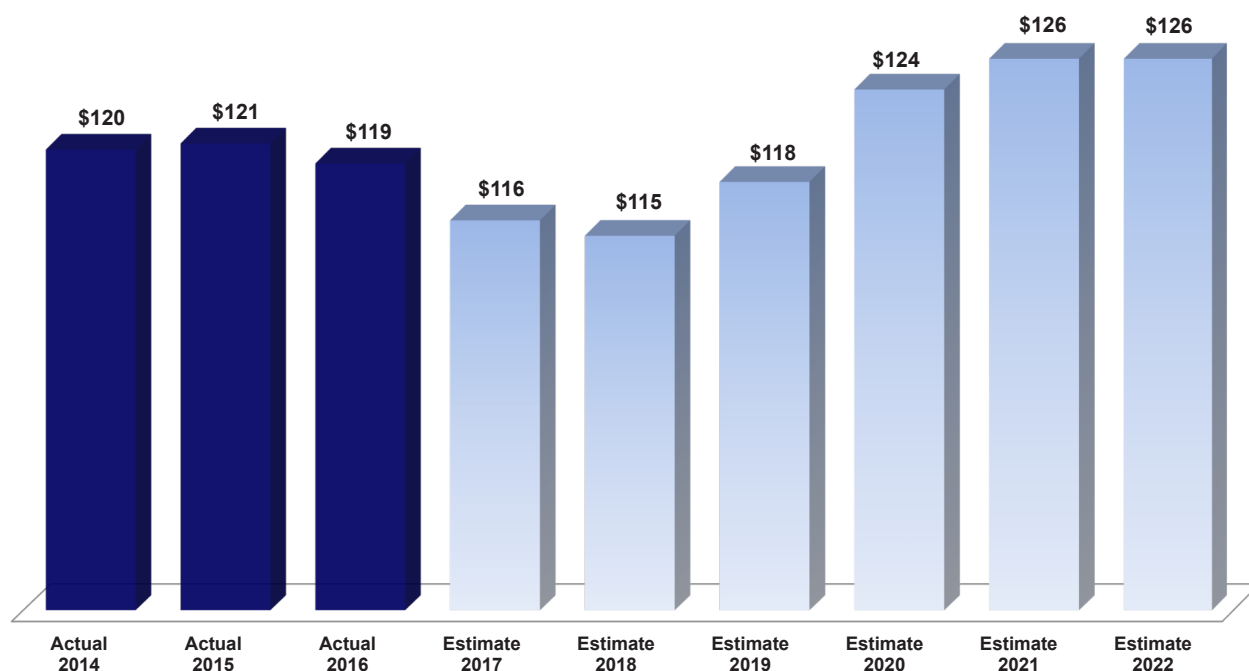
For electric power producers, the general tax rate is \$22.78 per kilowatt of taxable capacity. Plants with flue gas desulfurization systems are subject to a lower tax rate of \$20.70 per kilowatt. The installation of flue gas desulfurization systems at existing power plants that were generally completed by the end of 2010 resulted in a shift of a large portion of the tax base to the lower tax rate. The shift to the lower tax rate along with an increase in investment tax credits due to capital investments for the installation of flue gas desulfurization systems reduced total Business and Occupation Tax collections by roughly one-third from FY 2006 to FY 2012. In response to a series of proposed U. S. Environmental Protection Agency regulations that would impact coal-fired electric generating plants, some West Virginia plants recently closed with the net reduction of roughly 15% in coal-fired generation capacity. Through the first five months of FY 2017, B&O Tax receipts were roughly 7% below prior year receipts with most of the decline associated with the removal of recently closed generation facilities from the tax base. The tax base is anticipated to grow slightly over the forecast period due to the gradual expiration of some pollution control related investment tax credits.

The tax on natural gas receipts applies only to public utility sales. Exempt non-utility sales represent more than 40% of all natural gas sales in West Virginia. In addition to the tax on public utilities, West Virginia imposes a tax on natural gas storage activities. Revenue from this source should remain fairly stable during the forecast period.

During the forecast period from FY 2016 to FY 2022, net B&O Tax collections are forecast to increase by an average annual rate of more than 0.9%.

- **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 nearly 3% of total General Revenue Fund.**

**Business and Occupation Tax  
(Expressed in Millions)**

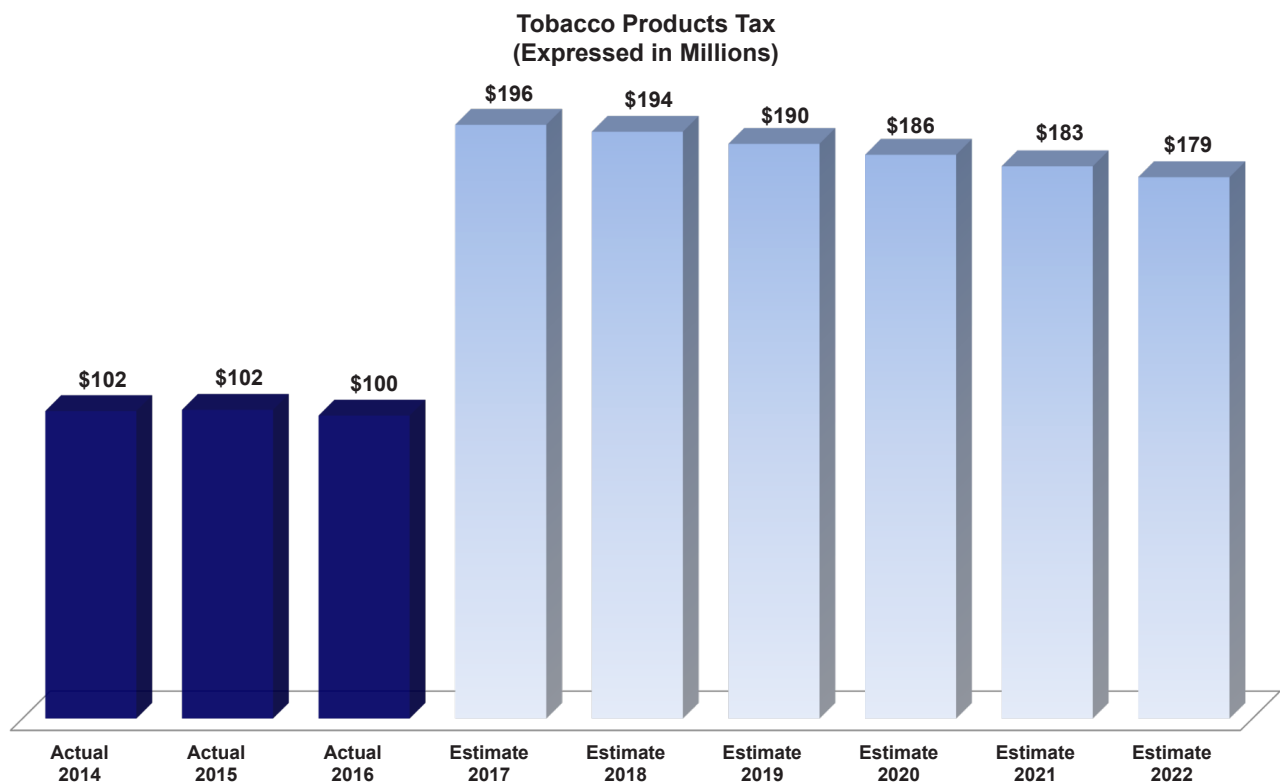


General Revenue Fund

# Tobacco Products Tax

The Tobacco Products Tax consists of a unit excise tax per pack on cigarettes, a percentage tax on the wholesale price of other tobacco products, and a unit excise tax on e-cigarette liquid. An aging population and continuing efforts to discourage tobacco products consumption tend to create negative revenue growth for this tax over time. However, an increase in the cigarette and other tobacco products taxes and the creation of the tax on e-cigarette liquids during the 2016 Special Legislative Session have provided a temporary surge in Tobacco Product Tax collections beginning in FY 2017. FY 2016 collections decreased 1.8% over prior year after increasing a modest 0.4% in FY 2015. Estimated FY 2017 collections nearly doubled FY 2016 receipts. The collections forecast from FY 2017 through FY 2023 is expected to decrease at an average annual rate of nearly 1.8% to account for reduced consumption and shifts in consumer purchases.

- 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 more than 4.5% of total General Revenue Fund.

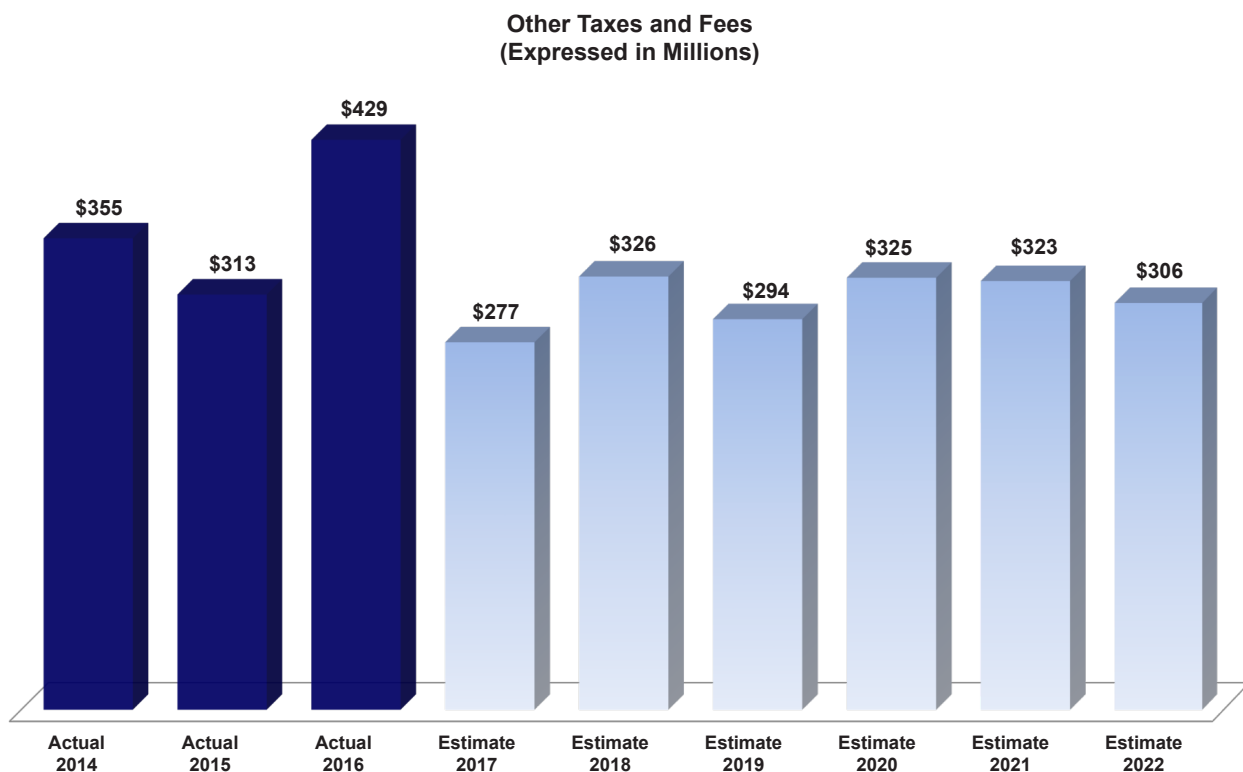


## General Revenue Fund

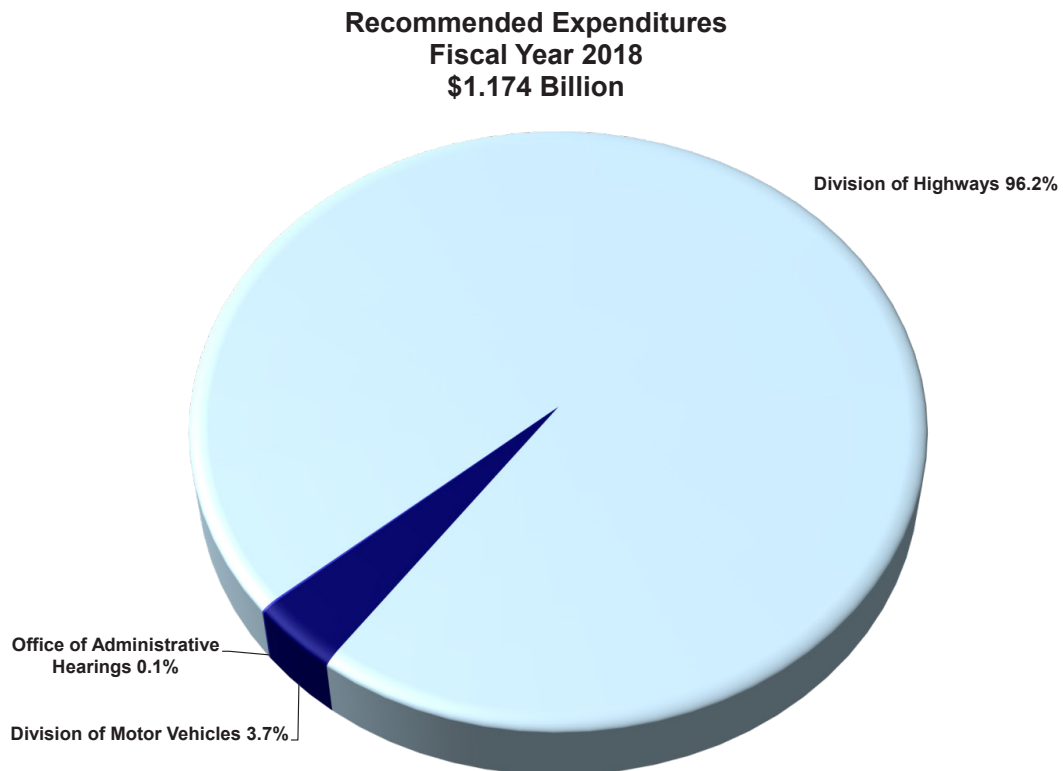
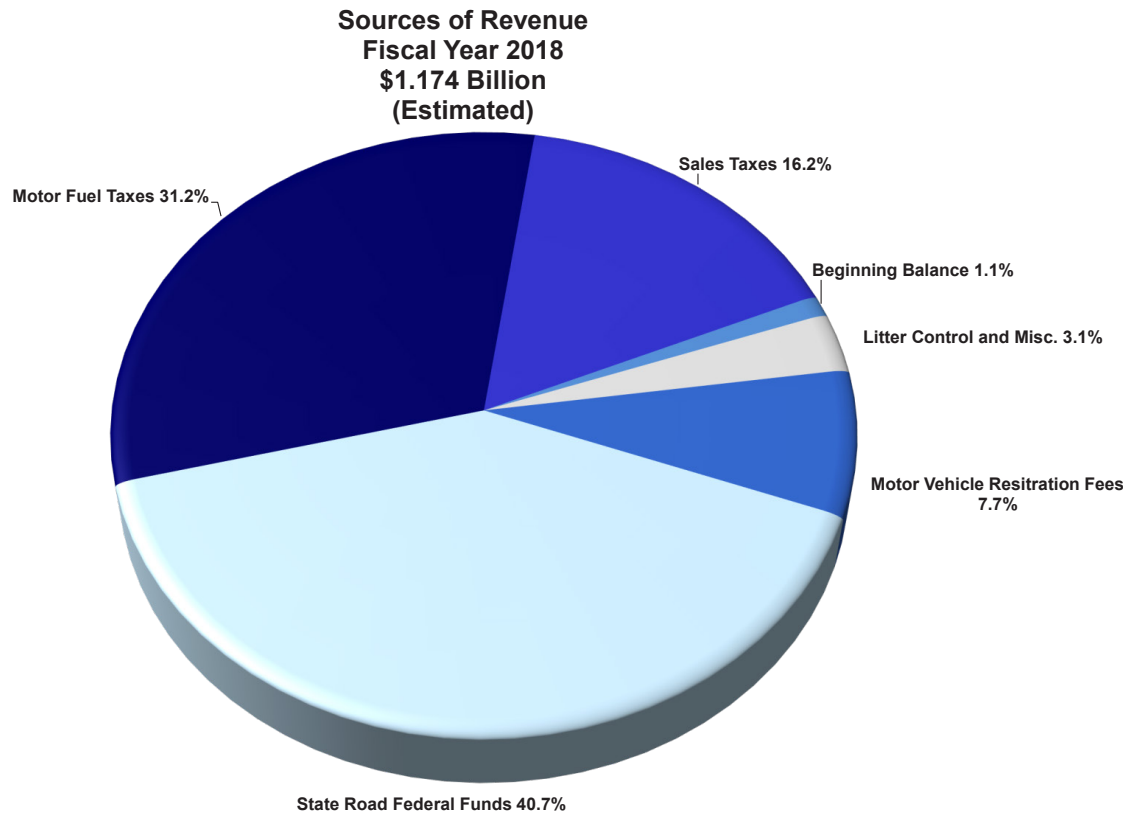
# Other Taxes and Fees

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

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



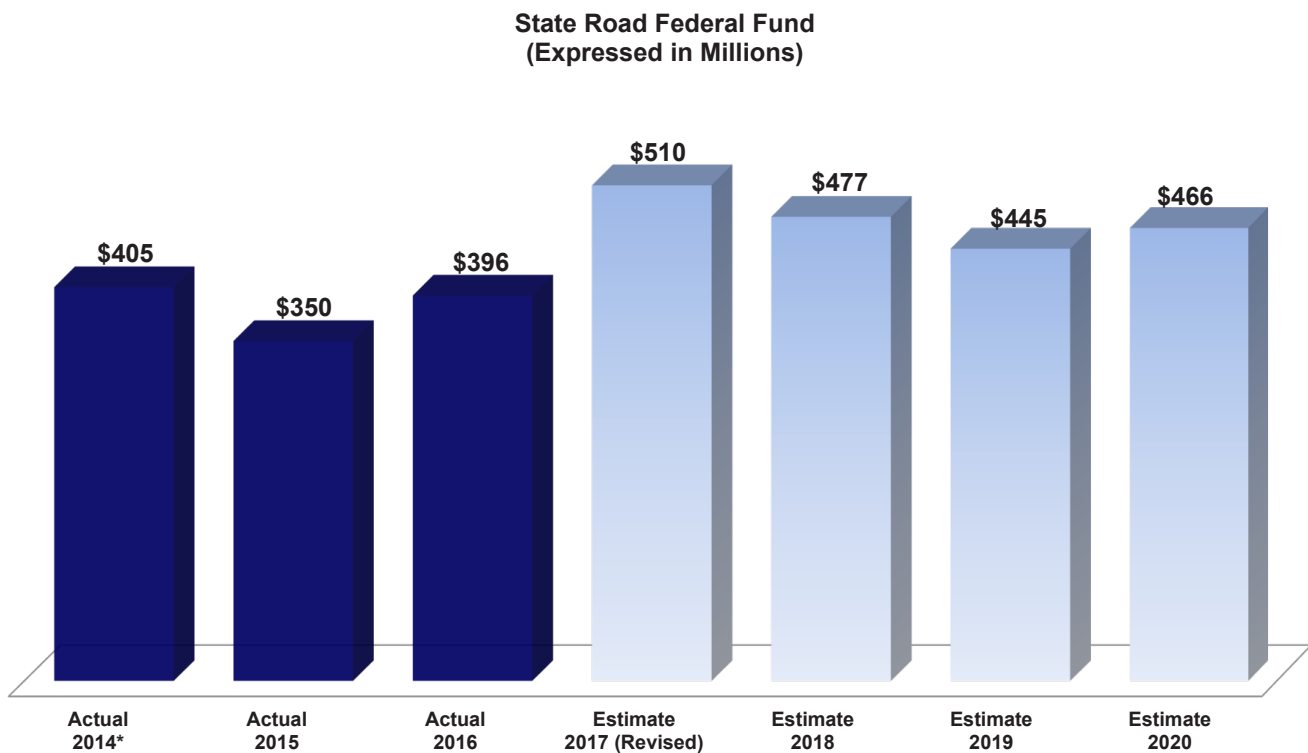
# State Road Fund





# State Road Federal Funds

- Federal Funds are received by the Division of Highways for Interstate Construction, Appalachian Programs, Other Federal Aid programs, and Federal Economic Stimulus.
- These funds become part of the State Road Fund or Coal Resource Transportation Road Fund and are included in the amounts budgeted for each fund.
- Accounts for 41.0% of the total State Road Fund.



\*Includes Federal Economic Stimulus of \$1.2 million in FY 2014.

State Road Fund

# Motor Fuel Taxes

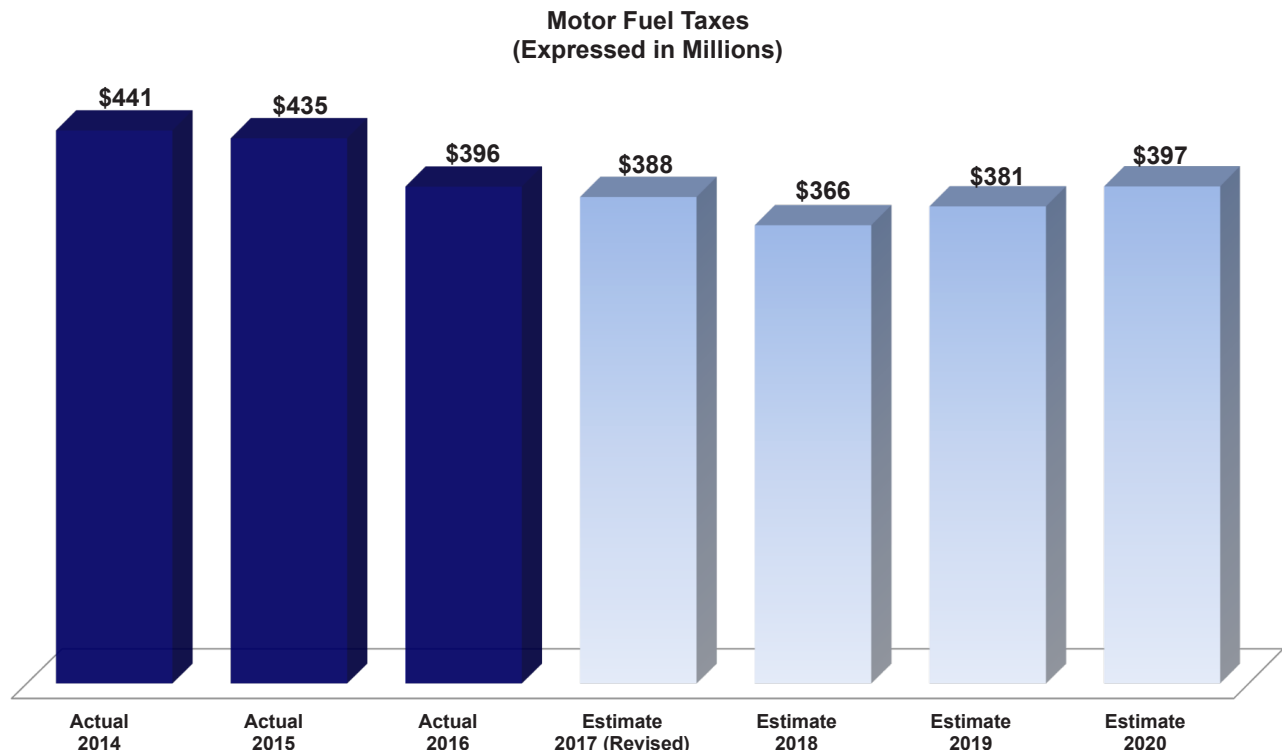
## Motor Fuel Excise Tax

- Contains a flat rate and a variable rate.
- Current flat rate is \$.205 per gallon.
- Variable rate is equal to 5% of the average wholesale price of motor fuel.
- Imposed and payable on all motor fuel upon import into this state, removal from a terminal within this state, or removal from a terminal in another state for delivery in this state.
- The average wholesale price shall not be less than \$2.34 per gallon, which generates a minimum tax rate of \$0.142 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.

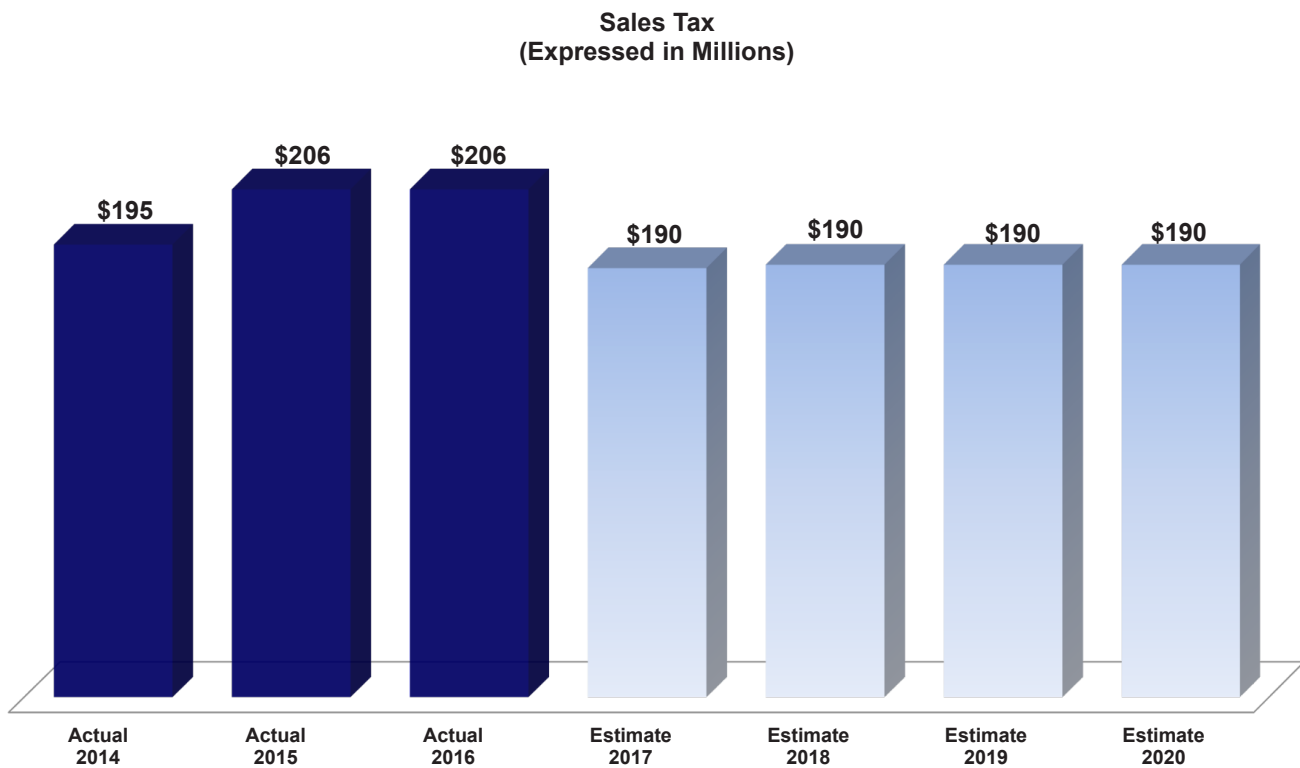
- **Accounts for 31.4% of the total State Road Fund.**



State Road Fund

# Sales Tax

- The Sales Tax is imposed upon obtaining the Certificate of Title on a vehicle at the time of purchase or lease.
- Tax amounts to 5% of the value of the vehicle at the time of such certification.
- Accounts for 16.3% of the total State Road Fund.

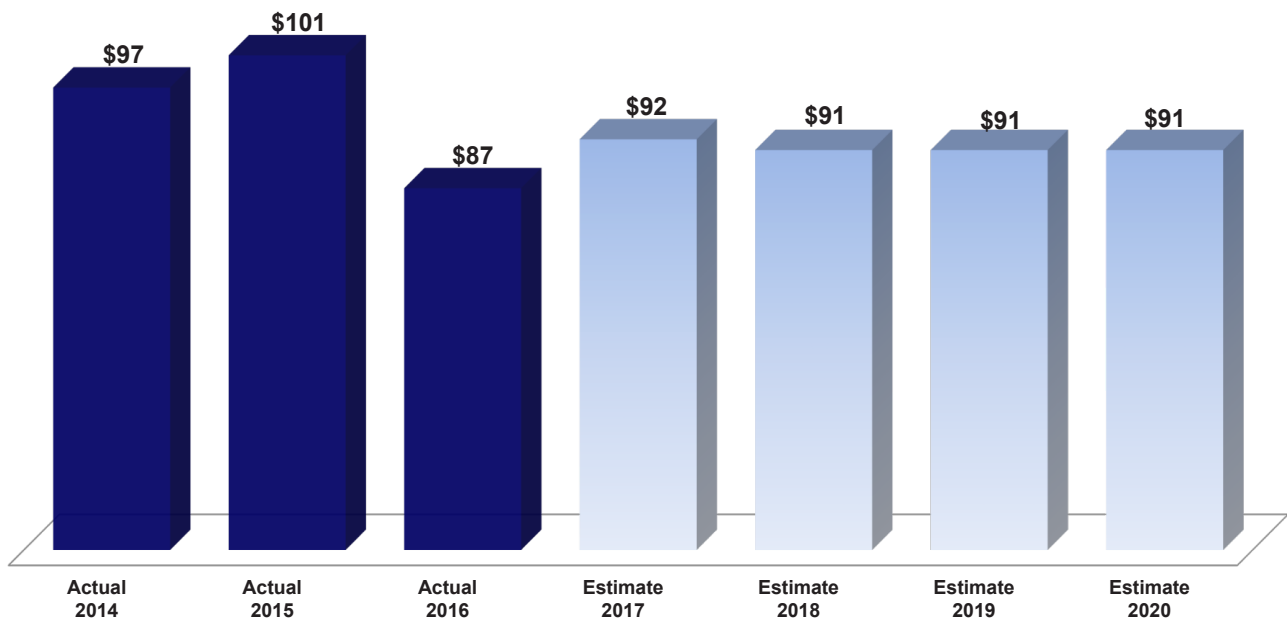


# Motor Vehicle Registration Fees

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

- **Accounts for 7.8% of the total State Road Fund.**

**Motor Vehicle Registration Fees  
(Expressed in Millions)**



# West Virginia Lottery

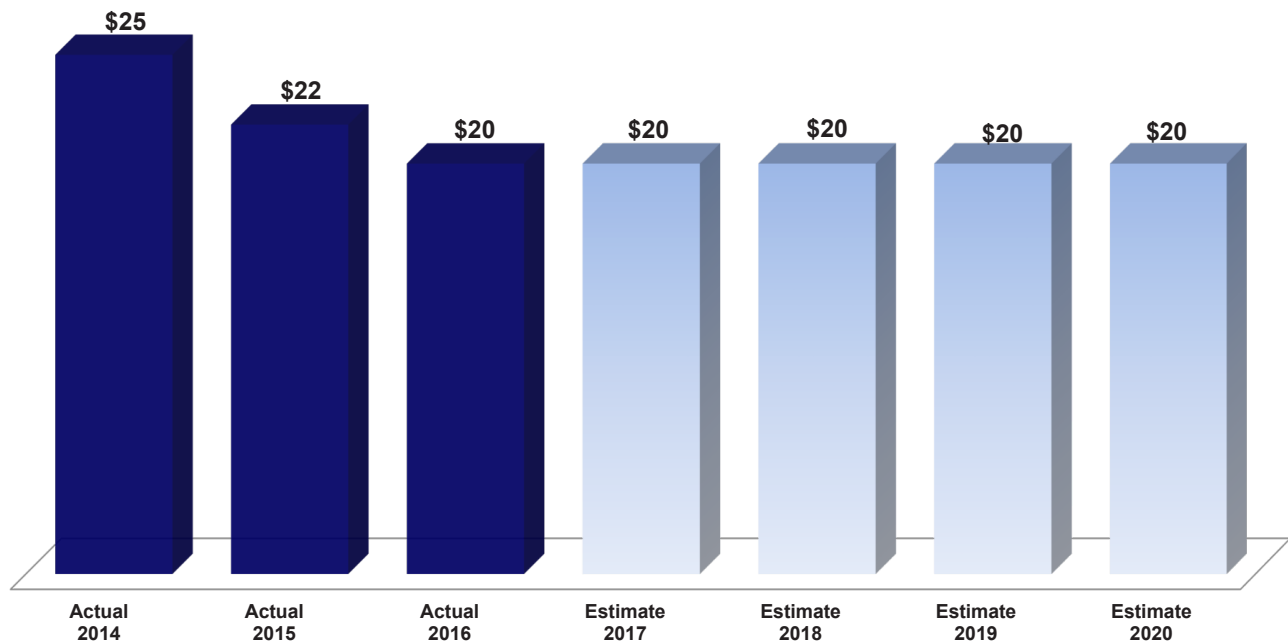
West Virginia Lottery gross revenue decreased 2.4% in FY 2016 and 4.1% in FY 2015. The decrease is primarily the result of increasing competition from casinos in surrounding states. Gross revenues include ticket sales of online and instant games, Racetrack Video Lottery, Limited Video Lottery revenue, table games, and Historic Resort Hotel revenues. Net revenues to the state decreased by 1.4% in response to declining gross revenues, however, due to the impact of House Bill 101 which was enacted in the first special session of 2014 and implemented in FY 2015, net revenues to the state increased by 2.0% in FY 2015 despite declines in gross revenue. Racetrack Video Lottery decreased by 5.6% during FY 2015 and by 3.6% during FY 2016. Limited Video Lottery decreased by 1.1% in FY 2015 and by 3.3% in FY 2016.

For FY 2017, the official estimate reflects a decrease in gross revenue of 11.7% from FY 2016. Racetrack Video Lottery is projected to decrease 15.9% due to increased competition in bordering states. Limited Video Lottery is projected to decrease 3.1%. Online sales are projected to decrease by 24.1%, and instant ticket sales are projected to decrease by 7.4%. Table games revenue is projected to decrease by 15.0% again due to competition in bordering states. Historic Resort Hotel revenue is projected to decrease by 13.3%.

In FY 2018, the gross revenue estimate is expected to remain relatively level. Online game sales are projected to remain level and instant game sales are projected to decrease by 3.2%. Racetrack Video Lottery revenue is projected to increase 1.8%. Limited Video Lottery revenue is expected to remain level, table games revenue is expected to decrease by 6.8%, and Historic Resort Hotel revenue is expected to remain level.

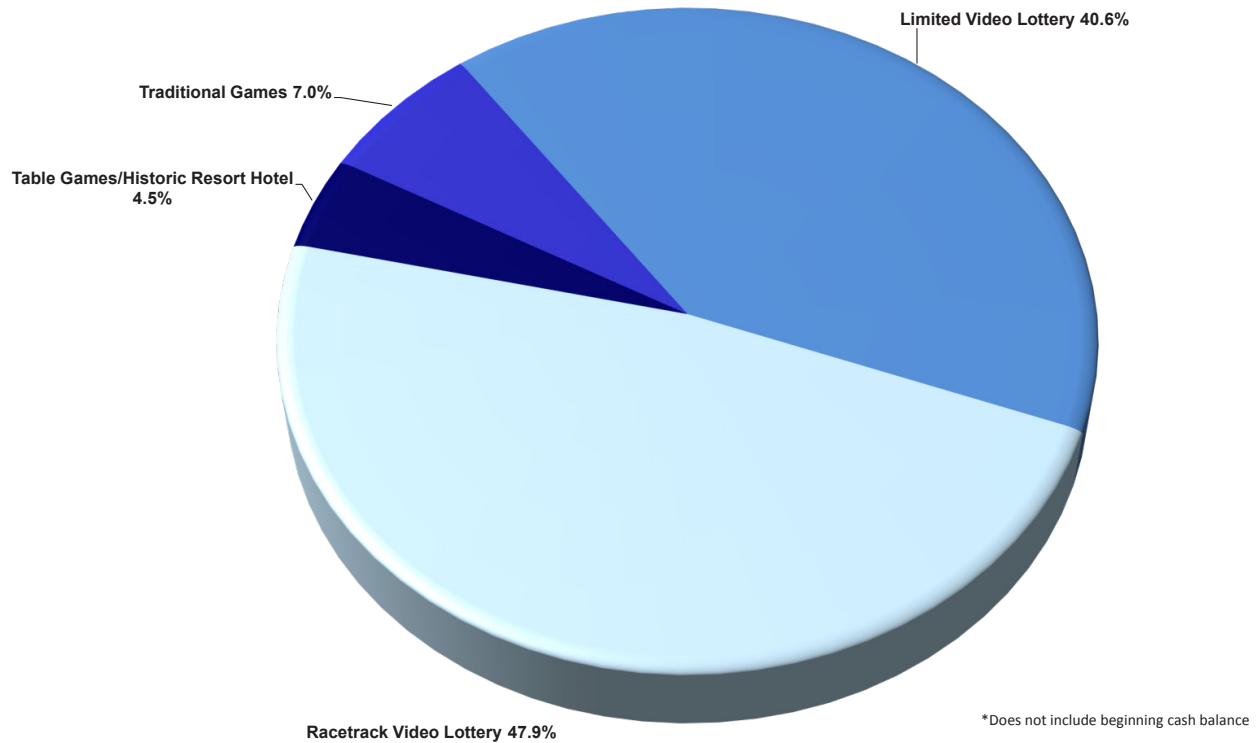
Net revenue, as indicated on the following pages, does not include the portion of lottery profits earmarked by statute for other purposes and not available for appropriation.

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



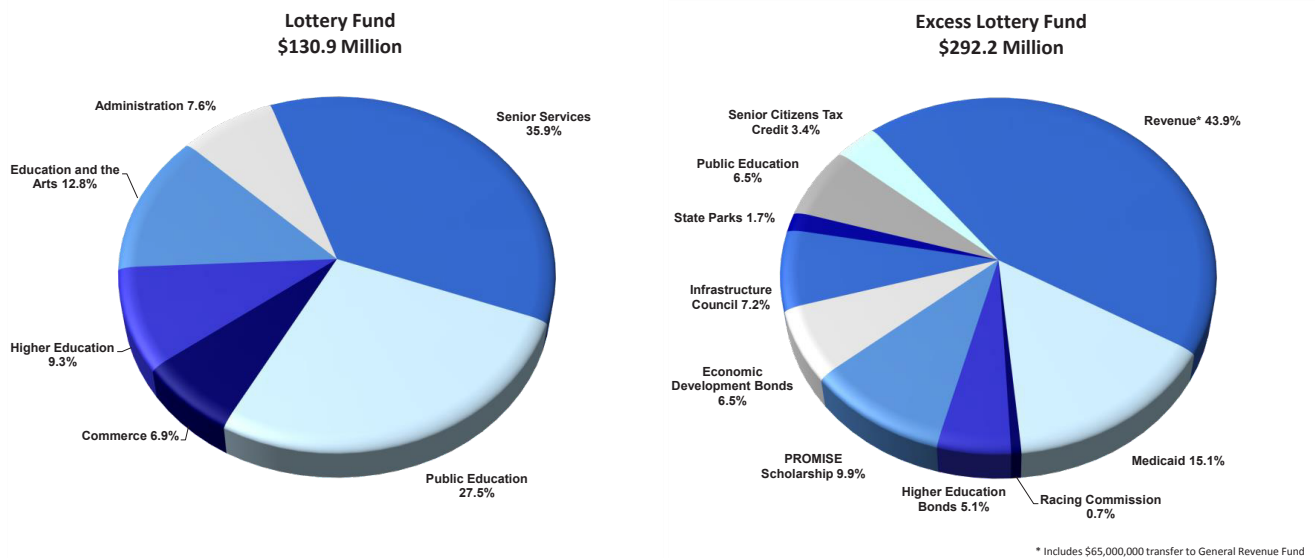
# West Virginia Lottery

**Sources of Revenue**  
**Fiscal Year 2018**  
**\$423.5 Million\***  
**(Estimated)**



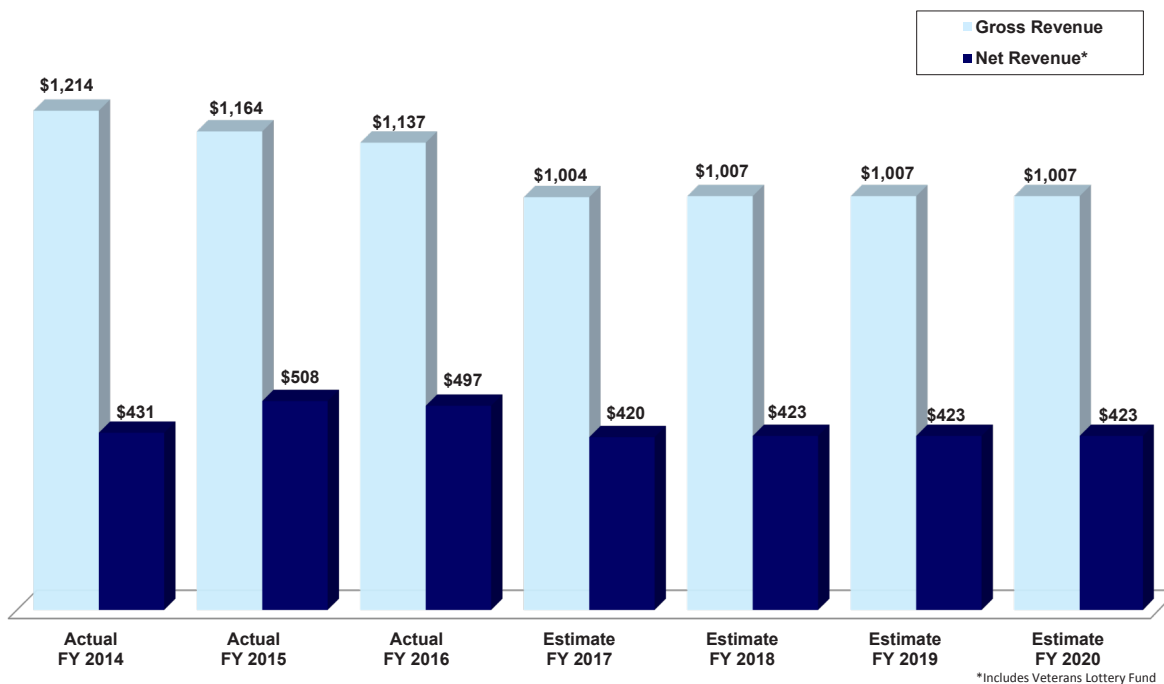
## Recommended Expenditures

**Fiscal Year 2017**  
**\$423.1 Million**

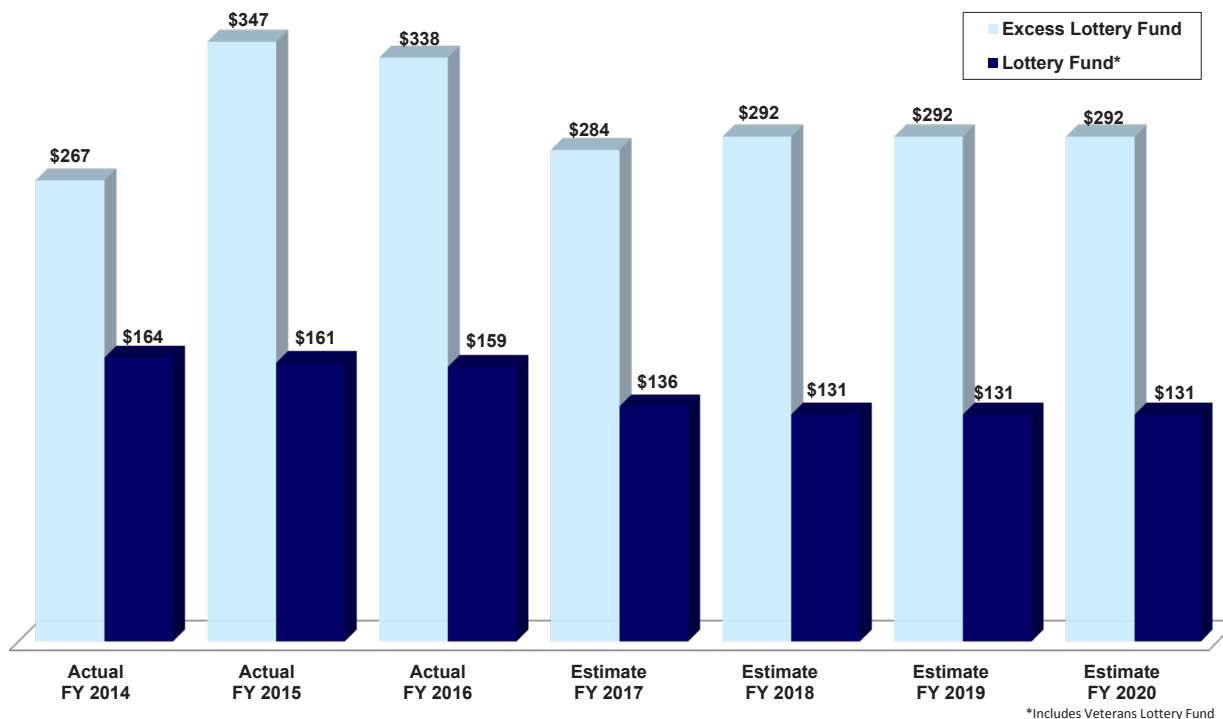


# West Virginia Lottery

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

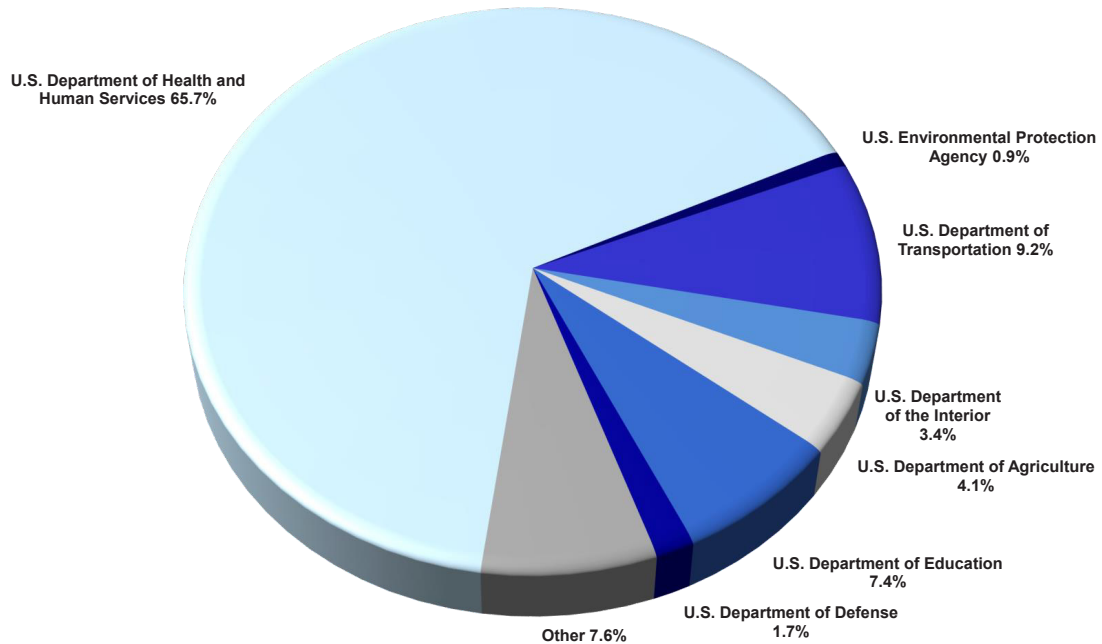


## West Virginia Lottery Net Revenue Distribution (Expressed in Millions)

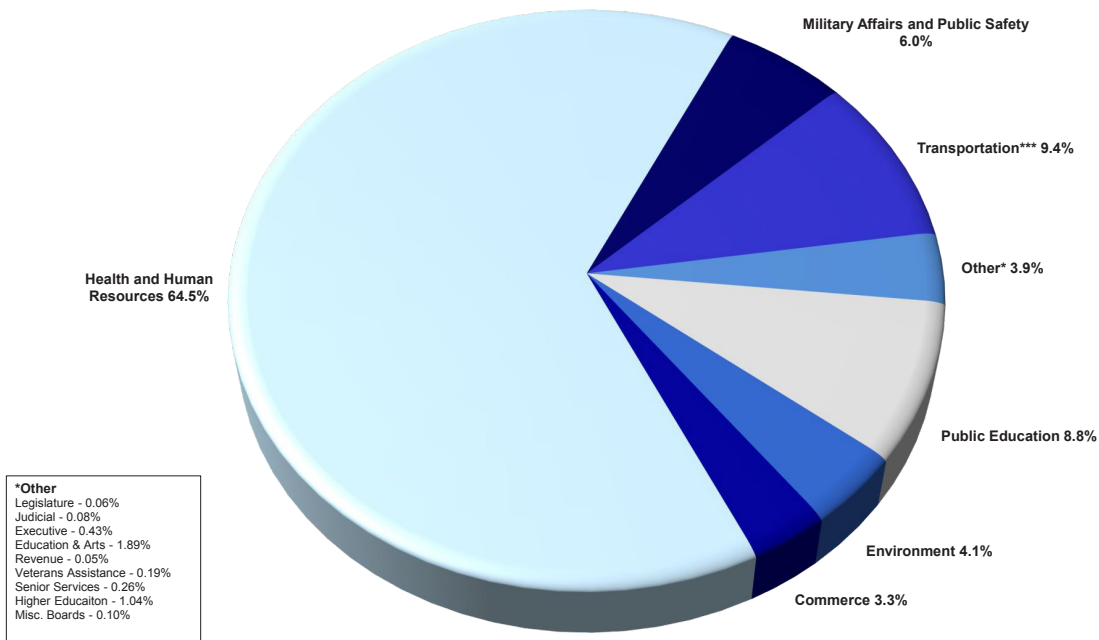


# Federal Funds

**Sources of Revenue**  
Fiscal Year 2018  
\$5.862 Billion  
(Estimated)



**Recommended Expenditures\*\***  
Fiscal Year 2018  
\$5.640 Billion



\*\*Expenditures include FY 2017 revenue and beginning balances.  
 \*\*\*Includes Federal Funds that are appropriated as part of the State Road Fund.



# Special Revenue Funds

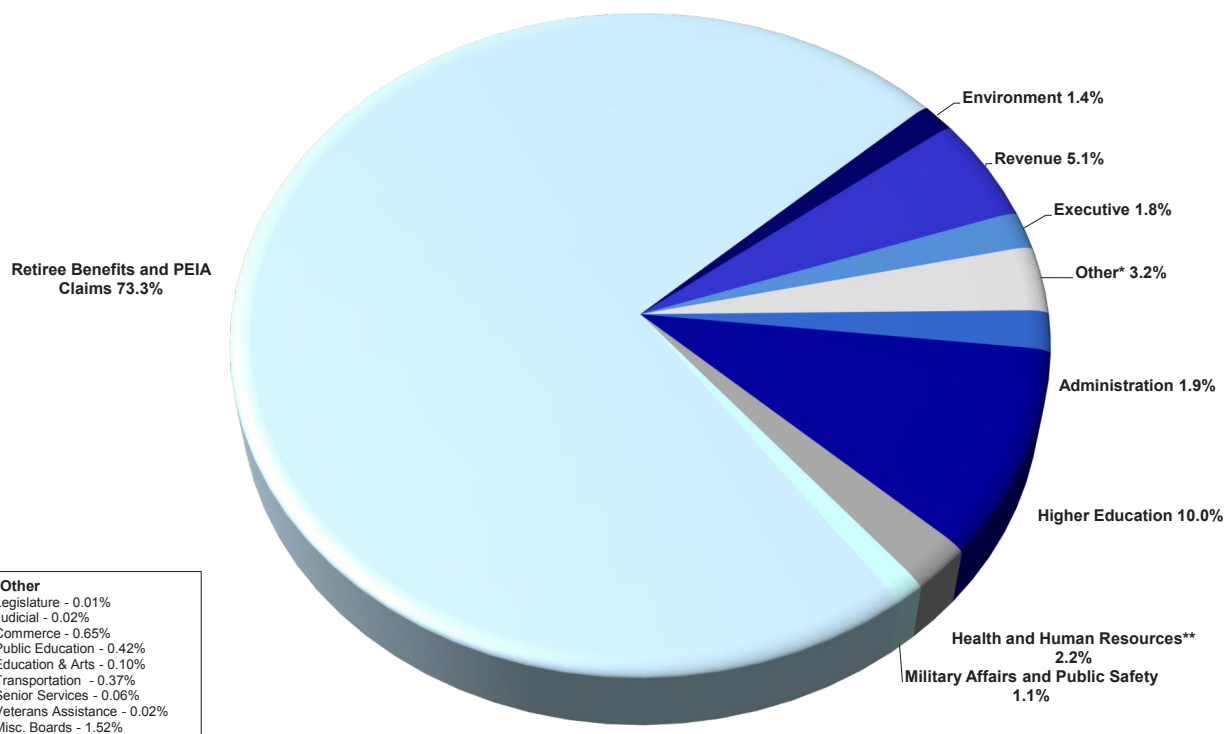
## Includes:

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

## Does not include:

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

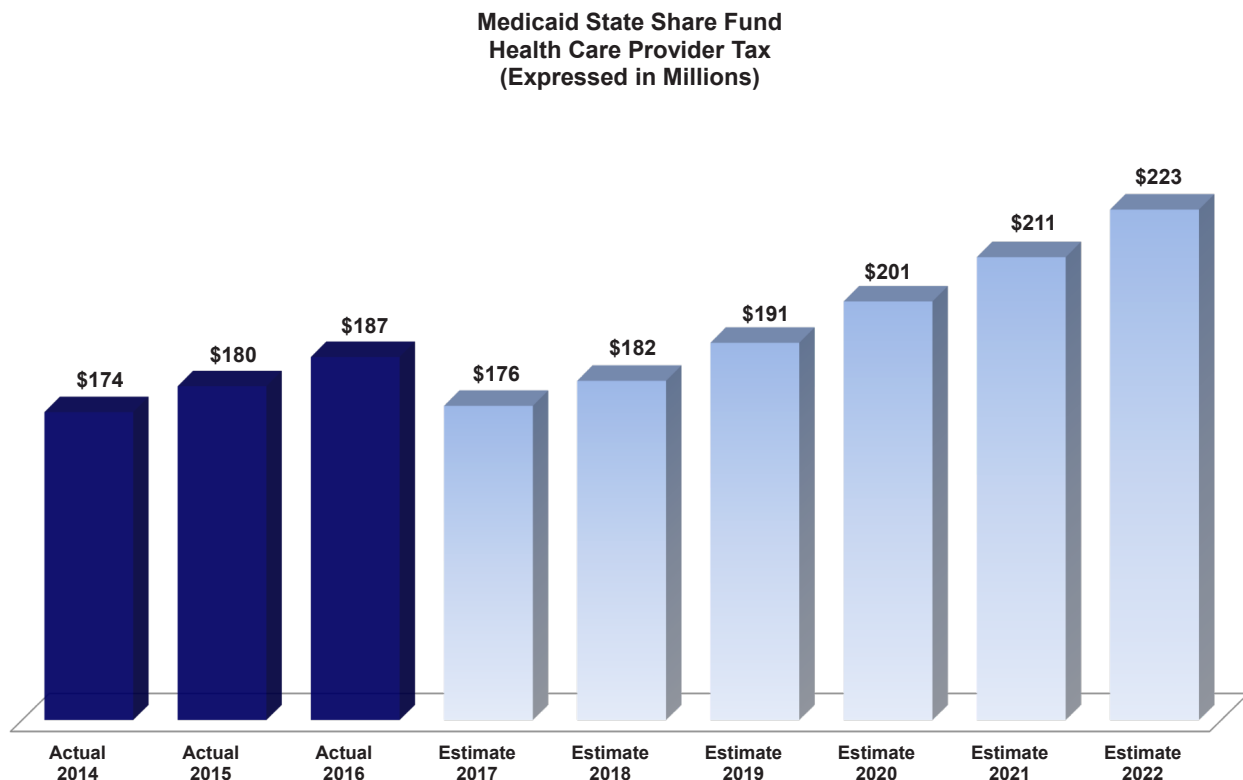
## Recommended Expenditures Fiscal Year 2018 \$21.786 Billion



# Medicaid State Share Fund

The Medicaid State Share Fund consists of provider taxes, paid by the various health care providers, to be utilized as matching funds for the Federal-State Medicaid Program. The provider taxes were initially enacted in 1993 as a funding mechanism to help supplement the State General Revenue Fund appropriation for the Medicaid Program. Current provider taxes apply to services of ambulatory surgical centers, independent laboratory and x-ray facilities, inpatient and outpatient hospitals, intermediate care facilities for mentally handicapped, and nursing homes. The estimates for FY 2017 through FY 2023 assume that current federal regulations will remain unchanged for the forecast period. It is anticipated that the federal government will maintain a funding level approximately equal to the FY 2015 federal share level of 76.8% of the base Medicaid Program in West Virginia. In addition, the estimates take into account that federal Affordable Care Act's expanded Medicaid Program, which the federal government fully funded from 2014 to 2016, will gradually phasedown federal share of support to 90% by 2020. In FY 2016, the Medicaid State Share Fund generated \$187.3 million, approximately 22% of the state matching funds for the Medicaid Program. FY 2017 estimates are anticipated to be approximately 6.2% less, accounting for the termination of the Behavioral Health Severance Tax on June 30, 2016 and the reduction of the tax on nursing homes to 5.5%. The state also imposes an additional temporary tax on acute care hospitals that provide inpatient or outpatient services with proceeds dedicated to the implementation of a hospital Medicaid upper payment limit program (this additional tax is scheduled to expire June 30, 2017). From FY 2018 through FY 2023, the Medicaid State Share Fund is expected to increase by an average annual rate of nearly 4.9%.

- **1.75% to 5.50% tax on gross receipts from various medical service providers in West Virginia.**
- **0.74% tax on gross receipts of acute care hospitals (expires June 30, 2017).**
- **Accounts for 20% of State match for Medicaid Program.**



# DEBT SUMMARY





# Debt Summary

More than 20 independent agencies, authorities, boards, and departments have the power to issue debt. Recognizing the need to manage debt, the Debt Management Act created the Division of Debt Management in 1991 within the State Treasurer's Office. The division acts as the central repository of information on debt issued by the state and its spending units. Among its duties, the division is authorized to evaluate debt service requirements and cash flow projections for existing debt and proposed issues, act as a liaison with the Legislature, assist in the issuance of debt, monitor continuing disclosure requirements and post-issuance compliance, and issue debt position and capacity reports.<sup>1</sup>

## State Indebtedness

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

## Approval of State Bond Issues

Senate Bill 1002, enacted in January 2005, 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.

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

## Ratings and Ratios

As of June 30, 2016, West Virginia's general obligation bond rating was Aa1/AA-/AA by Moody's Investors Service, Standard & Poor's, and Fitch Ratings, respectively.

On May 6, 2016, Moody's released its "2016 State Debt Medians Report" that compares states on various debt ratios. At the time of this report, West Virginia was rated Aa1; therefore, the following tables compare West Virginia with other states of that 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 within a moderate range of these key indicators.

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

## Debt Summary

### Net Tax Supported Debt as a Percentage of Personal Income and Per Capita of Similarly Rated States (Rated Aa1 by Moody's Investors Service) (taken from Moody's Investors Service, 2016 State Debt Medians, May 2016)

% of Personal Income		Per Capita	
North Dakota	0.3%	North Dakota	\$166
Montana	0.6%	Montana	\$247
Colorado	0.9%	Colorado	\$424
Idaho	1.2%	Idaho	\$455
New Hampshire	1.5%	Arkansas	\$628
Arkansas	1.7%	Michigan	\$719
Michigan	1.8%	New Hampshire	\$808
Alabama	2.3%	Alabama	\$849
Florida	2.5%	West Virginia	\$1,020
Ohio	2.6%	Florida	\$1,038
Alaska	2.7%	Ohio	\$1,091
West Virginia	2.8%	Alaska	\$1,422
Minnesota	3.2%	Minnesota	\$1,527
Oregon	4.6%	Oregon	\$1,907
New York	5.4%	Washington	\$2,791
Washington	5.7%	New York	\$3,021
Massachusetts	9.5%	Massachusetts	\$5,592

## Debt Limits

### Short-Term Debt

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

### Long-Term Debt

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

West Virginia has various debt policies that are set forth in the West Virginia Code. However, there is currently no centralized debt management policy for all state entities; instead, each bonding authority has its own policy.

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

## Debt Summary

The existing and any proposed debt is well within acceptable limits, and our debt levels are considered moderate. At the present time, the current and planned future bonded debt does not have any adverse impact on the general operating budget of the state.

### 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, Director	Per available revenues
Economic Development Authority	N/A
Economic Development Authority Grant Committee	Per authorized projects
Education, Board of	Per available revenues
Governing Board of Higher Education	Per available revenues
Hatfield-McCoy Regional Recreation Authority	Per available revenues
Higher Education Policy Commission	Various—Per available revenues
Highway Commissioner	Per available revenues
Hospital Finance Authority	N/A
Housing Development Fund	N/A
Independent Higher Education Loan Bond Program	\$30 million
Infrastructure and Jobs Development Council	Per available revenues
Outdoor Heritage Conservation Board	Per available revenues
Parkway Authority	\$200 million
Public Energy Authority	N/A
Public Port Authority	Per available revenues
Rail Authority	Per available revenues
Regional Jail and Correctional Facilities Authority	Various—per project and available revenues
Solid Waste Management Board	\$100 million
School Building Authority	Per appropriation and available revenues
Tobacco Settlement Finance Authority	Per available revenues
Water Development Authority	Per available revenues

# 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. Enabling legislation is then required for amendments receiving voter approval. As of June 30, 2016, \$354,732,000 (net of advance refunded bonds) was outstanding in general obligation bonds.

## General Obligation Bonds Outstanding June 30, 2016

Amendment	Principal Outstanding June 30, 2016 (in thousands)	Payable From
Infrastructure Improvement Amendment of 1994	(net) \$188,347	First \$22.5 million of Severance Tax
Safe Roads Amendment of 1996	(net) \$166,385	Road Fund

## Issued General Obligation Bonds

### 1950 Veterans Bonus Amendment

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

### 1956 Korean Veterans Bonus Amendment

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

### 1972 Better School Building Amendment

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

### 1973 Better Highways Amendment

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

### 1994 Infrastructure Improvement Amendment

The 1994 amendment authorized \$300 million in general obligation bonds for construction, repair, and improvement of water supply and sewage treatment systems and for the acquisition, preparation, construction, and improvement of economic development sites. Severance taxes have been dedicated to fund repayment of the bonds. Enabling legislation was enacted in 1995. Litigation challenging the passage of the amendment was decided on December 14, 1995, by 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 issued 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 seven years, an additional \$50 million was available for projects.



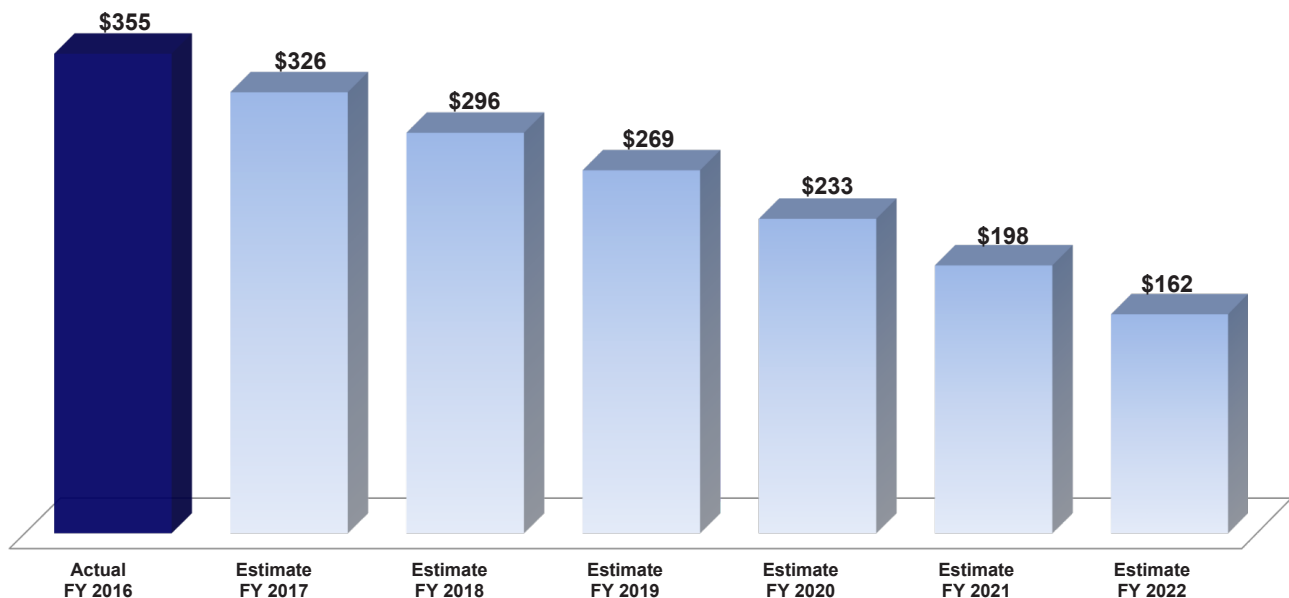
*Debt Summary*  
*General Obligation Bonds*

The West Virginia Infrastructure and Jobs Development Council has taken advantage of favorable interest rates over the past decade and refunded many of the originally issued bonds. For example, in FY 2007 and 2012 (combined) the Council refunded more than \$114 million of outstanding bonds. Most recently, in January 2015, the Council issued more than \$71.7 million of refunding bonds that refunded more than \$81.7 million. This most recent refunding generated a net present value savings (of the refunded bonds) of approximately 12.6%. The principal outstanding at June 30, 2016, was \$188,385,000 (net of advance refunded bonds). All of the bonds will be fully retired in FY 2027.

**1996 Safe Roads Amendment**

The 1996 amendment authorized \$550 million in general obligation bonds to match available federal funds for highway construction and general highway construction or for improvements in each of the 55 counties. The legislation authorizing the amendment specified the bonds be sold over a five-year period in increments of \$110 million each. The bonds are payable from the State Road Fund. Enabling legislation was passed during the 1997 legislative session. Two hundred and twenty million dollars in Road Bonds were issued in July 1998, and another \$110 million were issued in July 1999, July 2000, and July 2001, respectively. In May 2005, the state issued \$321.4 million of refunding bonds that refunded approximately \$320 million of the previously issued bonds. In July 2010, the state refunded another \$37 million of Safe Road bonds that provided the state with a net present value savings of more than \$4 million. The state once again took advantage of favorable interest rates and issued more than \$133 million of refunding bonds in April 2015. The most recent refunding provided the state with a net present value savings of more than 13.9% of the refunded bonds. At June 30, 2016, \$166,385,000 was outstanding. The bonds will be fully retired by 2025.

**General Obligation Debt Outstanding**  
**Fiscal Year 2016-2022**  
**(Expressed in Millions)**



*Debt Summary*  
*General Obligation Bonds*

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

**1973 Vietnam Veterans Bonus Amendment**

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

**1992 Veterans Bonus Amendment**

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

**2004 Veterans Bonus Amendment**

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

Debt Summary

**General Obligation Debt**  
**Outstanding at June 30, 2015**  
 (Expressed in Thousands)

	<b>Final Maturity Date</b>	<b>Interest Rate(s) %</b>	<b>06/30/16 Balance*</b>
<b>Road Bonds</b>			
(Payable from State Road Fund)			
Issued Under:			
1996 Amendment	2025	4.00 - 5.00	166,385
<b>Infrastructure Bonds</b>			
(Payable from dedicated Severance Tax revenues)			
Issued Under:			
1994 Amendment (net)	2027	2.00 - 7.625	<u>188,347</u>
<b>TOTAL</b>			<u><u>\$354,732</u></u>

**Summary of Debt Service Requirements**

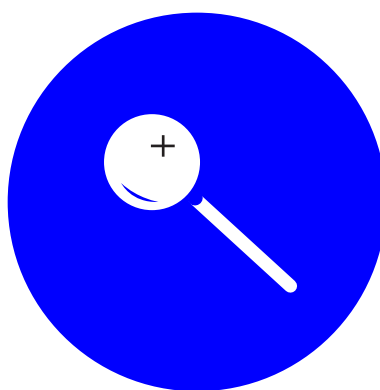
Future amounts required to pay principal and interest on general obligation debt at June 30, 2016, were as follows (expressed in thousands):

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Amount to be accrued</b>	<b>Total</b>
2017	31,935	13,188	125	45,248
2018	32,550	11,960	490	45,000
2019	33,504	10,656	836	44,996
2020	34,351	9,373	1,419	45,143
2021	35,248	8,077	1,807	45,132
2022-2026	169,305	19,090	14,905	203,300
2027-2031	17,839	307	4,056	22,202
<b>TOTAL</b>	<u><u>\$354,732</u></u>	<u><u>\$72,651</u></u>	<u><u>\$23,638</u></u>	<u><u>\$451,021</u></u>

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



# APPENDICES





# Glossary

## A

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

**Activity** - (See “Appropriation.”)

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

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

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

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

## B

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

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

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

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

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

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

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

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

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

## C

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

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

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

**Civil Contingent Fund** - The civil contingent fund is appropriated by the Legislature to the Governor to be available for payment of expenses incurred when executing a law for which there is no specific appropriation or any other expenses for which the Governor deems necessary or proper, such as unanticipated emergencies.

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

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

**Current Level** - Normally refers to the total dollars (less onetime appropriations) in the current fiscal year which are available for the next fiscal year. For FY 2017, the “current level” is defined as 100% of the FY 2016 base budget for the General Revenue Fund and Regular Lottery fund appropriations.

## D

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

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

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

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

## E

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

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

**Enterprise Funds** - These funds are used to account for operations of those state agencies providing goods or services to the general public on a user-charge basis, or where the State has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Examples include the West Virginia Lottery, Board of Risk and Insurance Management, Public Employees’ Insurance Agency, and the West Virginia Prepaid College Plan.

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

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

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

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

## F

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

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

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

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

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



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

## G

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

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

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

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

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

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

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

## I

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

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

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

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

## L

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

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

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

## M

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

## N

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

## O

**Object of Expenditure** - An expenditure classification, referring to the lowest and most detailed level of classification, such as vehicle rental, association dues, and office equipment.

**Objectives** - Detailed, quantifiable, time-specific statements of activities that are related to achieving the goals. They are targets for specific agency or program actions.

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

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

## P

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

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

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

**Proprietary Funds** - These funds account for the operations of state agencies that provide goods and/or services to the general public or state agencies and governmental units. (See “Enterprise Funds” and “Internal Service Funds.”)

## R

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

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

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

**Repairs and Alterations** - Expenditures for routine maintenance and repairs to structures and minor

improvements to property which do not increase the capital assets.

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

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

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

**Revenue Shortfall Reserve Fund—Part B** - A fund to be used by the Legislature to offset a shortfall in revenues or fiscal emergencies of an extraordinary nature. No moneys in the fund may be expended for any purpose unless all moneys in the Revenue Shortfall Reserve Fund have first been expended. Additional details are located in the Financial Statements chapter in *Volume I Budget Report*.

## S

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

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

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

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

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

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

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

## T

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

## U

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

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

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

# Glossary of Acronyms

## A

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

## B

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

## C

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

## D

DASIS.....	Drug and Alcohol Services Information System
DCKMSVC .....	Donel C. Kinnard Memorial State Veterans Cemetery

DEP.....	Department/Division of Environmental Protection
DFIRMS .....	Digital Flood Insurance Rate Maps
DHHR.....	Department of Health and Human Resources
DJCS.....	Division of Justice and Community Services
DJS .....	Division of Juvenile Services
DMV .....	Division of Motor Vehicles
DNA.....	Deoxyribonucleic Acid
DNR.....	Division of Natural Resources
DOH.....	Division of Highways
DOR.....	Department of Revenue
DOT .....	Department of Transportation
DSRS .....	Deputy Sheriff's Retirement System
DUI.....	Driving under the influence
DWLRS.....	Drinking Water Lab Reporting System
DWTRF .....	Drinking Water Treatment Revolving Fund

## E

EBT .....	Electronic Benefits Transfer
eCDL .....	e-Commercial Driver's License
E & G.....	Education and General
E-Rate .....	Schools and Libraries Universal Service Program (electronic rate)
EAST .....	Education, Arts, Science, and Tourism
EBA.....	Educational Broadcasting Authority
EDGE.....	Earn A Degree-Graduate Early
EEOC.....	U.S. Equal Employment Opportunity Commission
EFT .....	Electronic fund transfers
EHR.....	Electronic health record
ELA .....	English Language Arts
EMS.....	Emergency medical services systems
EMSRS.....	Emergency Medical Services Retirement System
ENODS .....	Electronic notice of deposits
EOC .....	Educational Opportunity Center
EOL .....	End of life
EPA .....	U.S. Environmental Protection Agency
EPICS .....	Employees Payroll Information Control System
EPSCoR .....	Experimental Program to Stimulate Competitive Research
EPSDT.....	Early and Periodic Screening, Diagnosis, and Treatment
ERC .....	Educator Resource Center
ERP .....	Enterprise Resource Planning
ESEA.....	Elementary and Secondary Education Act
ESG.....	Emergency shelter grants
.....	Emergency Solutions Grant

## F

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

## G

GAAP.....	Generally accepted accounting principles
GAGAS.....	Generally accepted government auditing standards
GARVEE .....	Grant Anticipation Revenue Vehicle
GASB .....	Governmental Accounting Standards Board
GDP .....	Gross domestic product
GEAR UP .....	Gaining Early Awareness and Readiness for Undergraduate Programs
GFOA .....	Government Finance Officers Association of the United States and Canada
GIS .....	Geographic Information Systems
GLOBE .....	Global Learning and Observation to Benefit the Environment
GO .....	General obligation
GRC .....	Governance, Risk & Compliance
GRF .....	General Revenue Fund
GSD.....	General Services Division

## H

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

## I

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

## J

JCEBP.....	Justice Center of Evidence-Based Practice
JRS .....	Judges' Retirement System

## K

K-12.....	Kindergarten through 12th grade
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## L

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

## M

MAP-21.....	Moving Ahead for Progress in the 21st Century
MAPP.....	Matching Advertising Partnership Program
MCH.....	Maternal and child health
MCI.....	Methamphetamine Collaboration Initiative
MCO.....	Managed care organization
MFA .....	Multi-factor Authentication
MHT .....	Mountain Health Trust
MIARRS .....	Mine and Industrial Accident Rapid Response System
MIP .....	Major improvements program
MITA.....	Medicaid Information Technology Architecture
MMIS.....	Medicaid Management Information system
MOE.....	Maintenance of effort
MOU.....	Memorandum of Understanding
MPFRS.....	Municipal Police Officers and Firefighters Retirement System

## N

N/A.....	Not available
.....	Not applicable
NAEP .....	National Assessment of Educational Progress
NAHLN.....	National Animal Health Laboratory Network
NAIC.....	National Association of Insurance Commissioners
NARIP.....	National Act Record Improvement Program
NASA.....	National Aeronautics and Space Administration
NBCT .....	National Board Certified Teachers
NCA.....	National Cemetery Association
NCRDS .....	National Coal Resources Data System
NEO .....	New Employee Orientation
NFIP .....	National Flood Insurance Program
NHS.....	National Highway System

## Appendix B/Glossary of Acronyms

NIAID ..... National Institute of Allergy and Infectious Diseases  
 NICS..... National Instant Criminal Background Check System  
 NPDES..... National Pollutant Discharge Elimination System  
 NRAO..... National Radio Astronomy Observatory  
 NSF..... National Science Foundation

PRAMS..... Pregnancy Risk Assessment Monitoring System  
 PREA..... Prison Rape Elimination Act  
 PREP..... Personal Responsibility Education Program  
 PROMISE..... Providing Real Opportunities for Maximizing In-State Student Excellence  
 PSC..... Public Service Commission  
               ..... Potomac State College

## O

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

## P

PAAS ..... Physician Assured Access System  
 PASS ..... Partnerships to Assure Student Success  
 PBS ..... Public Broadcasting Service  
 P-Card..... State purchasing card  
 PDC..... Public defender corporations  
 PDS..... West Virginia Public Defender Services  
 PEIA..... Public Employees Insurance Agency  
 PERD..... Performance Evaluation and Research Division  
 PERS ..... Public Employees Retirement System  
 PHMSA ..... Pipeline and Hazardous Material Safety Administration  
 PI ..... Personal income  
 PIECES ..... Partners in Implementing an Early Care and Education System  
 PILOT..... Payment in lieu of tax  
 PIMS ..... Position Information Management System  
 PIRLS ..... Progress in International Reading Literary Study  
 PISA..... Programme for International Student Assessment  
 PLC ..... Professional Learning Communities  
 PM2.5..... Particulate matter less than 2.5 microns in diameter  
 PPB ..... Preferred Provider Benefit Trust  
 PPS ..... Prospective Payment System

## Q

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

## R

RBA ..... Regents Bachelor of Arts  
 RCRA..... Resource Conservation Recovery Act  
 REAP ..... Rehabilitation Environmental Action Plan  
 REIS ..... Regional Economic Information System  
 RESAs..... Regional educational service agencies  
 RFA..... Resource Family Approval Program  
 RFP ..... Request for proposals  
 ROMA..... Results-oriented management and accountability  
 RPCPOs/IOs ..... Regional public comprehensive planning organizations and interstate organizations

## S

SACWIS ..... Statewide Automated Child Welfare Information System  
 SAFETEA-LU ..... Safe, Accountable, Flexible, Efficient Transportation Equity Act - a Legacy for Users  
 SAFRA ..... Student Aid and Fiscal Responsibility Act  
 SAMHSA ..... Substance Abuse and Mental Health Services Administration  
 SB ..... Senate Bill  
 SBA..... School Building Authority  
               ..... Small Business Administration  
 SBVR ..... South Branch Valley Railroad  
 SCALES ..... Sportfish Consumption Advisory Limit System  
 SCC ..... State Conservation Committee  
 SED..... Serious emotional disturbance  
 SEOG ..... Supplemental Education Opportunity Grant



## Appendix B/Glossary of Acronyms

SEOW .....	State Epidemiological Outcome Workgroups
SHIP .....	State Health Insurance Assistance Program
SHPO .....	State Historic Preservation Office
SLIGP .....	State and Local Implementation Grant Program
SME .....	Society of Manufacturing Engineers
SMI .....	Serious mental illness
SNAP .....	Supplemental Nutrition Assistance Program
SREB .....	Southern Regional Education Board
SRIC .....	Snow removal and ice control
S-STEM .....	Scholarships in STEM
STAG .....	State and Tribal Assistance Grant
STARBASE .....	Science and Technology Academics Reinforcing Basic Aviation and Space Exploration
STD .....	Sexually transmitted disease
STEAM .....	Science, technology, engineering, art and math
STEM .....	Science, technology, engineering and math
STIF .....	Sales tax increment financing
SUD .....	Substance Use Disorder
SVA .....	Student Veterans of America
SWA .....	Solid waste authority
SWCAP .....	Statewide Cost Allocation Plan
SWMB .....	Solid Waste Management Board
SY .....	School year

## T

TAA .....	Trade Adjustment Assistance
TAACCCT .....	Trade Adjustment Assistance community College and Career Training
TANF .....	Temporary Assistance for Needy Families
TBD .....	To be determined
TDC .....	Teachers' Defined Contribution Retirement System
TEA-21 .....	Transportation Equity Act for the 21st Century
TEFAP .....	The Emergency Food Assistance Program
TIF .....	Property tax increment financing
TIMSS .....	Trends in International Mathematics and Science Students
TMDL .....	Total maximum daily load
TOC .....	Total operating costs
TRAFFIC .....	Tax Reduction and Federal Funding Increased Compliance
TRS .....	Teachers' Retirement System

## U

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

USDOT .....	U.S. Department of Transportation
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## V

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

## W

WDA .....	Water Development Authority
WEAPON .....	West Virginia Automated Police Network
WIC .....	Women, Infants, and Children
WIP .....	Watershed Implementation Plan
W.Va. ....	West Virginia
WV .....	West Virginia
WVABCA .....	West Virginia Alcohol Beverage Control Administration
WVAWC .....	West Virginia American Water Company
WVBE .....	West Virginia Board of Education
WVCA .....	West Virginia Conservation Agency
WVCCTCE .....	West Virginia Community and Technical College System
WVCHIP .....	Children's Health Insurance Program
WVCR .....	West Virginia Central Railroad
WVDA .....	West Virginia Department of Agriculture
WVDE .....	West Virginia Department of Education
WVDO .....	West Virginia Development Office
WVDOC .....	West Virginia Division of Corrections
WVDVA .....	West Virginia Department of Veterans Assistance
WVEBA .....	West Virginia Educational Broadcasting Authority
WVEIS .....	West Virginia Education Information System
WVFIMS .....	West Virginia Financial Information Management System
WVGSA .....	West Virginia General Summative Assessment
WVHIN .....	West Virginia Health Information Network
WVICU .....	West Virginia Independent Colleges and Universities
WVIJDC .....	West Virginia Infrastructure and Jobs Development Council
WVINBRE .....	West Virginia Idea Network of Biomedical Research Excellence
WV-MAP .....	West Virginia's Measure of Academic Progress
WVNET .....	West Virginia Network for Educational Telecomputing
wwOASIS .....	West Virginia—Our Advanced Solution with



## *Appendix B/Glossary of Acronyms*

	Integrated Systems
WVPPA.....	West Virginia Public Port Authority
WVROCKS .....	West Virginia's Remote Online Collaborative Knowledge System
WVSAO .....	West Virginia State Auditor's Office
WVSIIS.....	West Virginia Statewide Immunization Information System
WVSP.....	West Virginia State Police
WVSU.....	West Virginia State University
WVTTI .....	West Virginia Technology Transformation Initiative
WVU.....	West Virginia University
WVUIT .....	West Virginia University Institute of Technology

