

**JOINT COMMITTEE ON  
GOVERNMENT AND FINANCE**

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Interim Committee Attendance - Results

Monday, September 14, 2015 - 02:00 PM

Joint Committee on Government and Finance

**Attended:**

- Delegate Shott
- Delegate Nelson, E.
- Delegate Miller, C.
- Delegate Miley
- Delegate Cowles
- Speaker Armstead
- Senator Prezioso
- Senator Plymale
- Senator M. Hall
- Senator Kessler
- Senator Carmichael
- President Cole

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(President Cole presides)

**AGENDA**  
**JOINT COMMITTEE ON GOVERNMENT AND FINANCE**  
**September 14, 2015**

**2:00 - 3:00pm**

**Senate Finance Room**

- 1. Approval of June 8, 2015 minutes**
- 2. Committee Reports/Requests:**
- 3. Monthly/Quarterly Reports Received:**

Status Report on Unemployment Compensation

Workforce WV Unemployment Compensation Trust Fund Distribution  
*(Beth Carenbauer, Director)*

Monthly/Quarterly Reports from PEIA, BRIM, CHIP, Real Estate Report  
*(Jason Pizatella, Secretary, Department of Administration)*

Department of Health & Human Resources, Medicaid Report & Medicaid Waiver  
*(Cindy Beane, Acting Commissioner, WV Bureau for Medical Service)*

Investment Management Board Distribution  
*(Craig Slaughter, Executive Director)*

Workers' Compensation  
*(Mike Riley, Commissioner)*

Board of Treasury Report Distribution

- 4. Update on Prevailing Wage:**
- 5. Other Business**
- 6. Adjournment**

## JOINT COMMITTEE ON GOVERNMENT AND FINANCE

June 8, 2015

2:00 pm – 3:00 pm

Senate	House
Cole, Chair	Armstead, Chair
Carmichael	Cowles
M. Hall, Absent	Miller, C., Absent
Trump	Nelson, E.
Kessler	Shott
Plymale, Absent	Boggs
Prezioso, Absent	Miley

### Speaker Armstead presides:

**Speaker Armstead:** “First thing on the Agenda is the approval of the April 13<sup>th</sup> minutes. Chair recognizes President Cole.”

**President Cole:** “I move the minutes of the April 13<sup>th</sup> meeting of the Joint Committee on Government and Finance as contained in the members packets be approved.”

**Speaker Armstead:** “Is there discussion? If not, question on President Cole’s motion that the minutes be approved. All in favor say aye, those opposed no. The ayes appear to have it, the ayes do have it, I declare the minutes approved. Next on the Agenda is the presentation regarding the methodology for determination of the prevailing hourly rate of wages pursuant to Senate Bill 361? First person is Jeff Green, Director of Research, Information and Analysis of Workforce WV.”

**Mr. Green:** “Good afternoon Mr. Speaker, Mr. President and members of the Committee. As you mentioned by name is Jeff Green, I am the Director of Research of Workforce WV and I am here to present the methodology that we will be using to calculate the prevailing wage for WV and the regions of the State.

Soon after the bill, Senate Bill No. 361, was signed into law, we were tasked with meeting with WVU and Marshall, which we did soon after. During that meeting we started to put together our plan for researching and finding what methods would be the best to approach this topic. We left that meeting with some ideals and we distributed out some work load amongst us. Each of us taking a different task or subject of what we are working on.

As pursuant to the legislation, the first task we looked at was assigning the regions of the state. Senate Bill No. 361 asked us as part of our determination for the methodology to come up with areas of the state that we felt would be most appropriate for setting prevailing wage rates. We decided to go with what has been used for many years now called the Workforce Investment Areas. There are seven of those across the state. They are used in all of our economy data for over a decade now. I believe the Act was first



enacted federally or nationally in 1998 and went into effect in 2000. We also decided then to look at as the legislation indicates, to take a look at the BLS data.

The legislation asked us to look at all appropriate economy data including, but not limited to, there were two items that were given at the minimum to consider. The first was the BLS average wages which we did and also the actual wages paid to the workers and laborers in the regions of the state. We began by looking at the BLS-OES data, not to throw acronyms around when we say BLS we are talking about the Bureau of Labor Statistics, US Bureau of Labor Statistics. OES is a specific program under the Bureau of Labor Statistics known as the Occupational Employment Statistics Program. This program has been in place for many years. I began work at what was then Bureau of Employment Programs in 1996, this was the first year that was what I was hired to do. The first year that the OES Program started collecting wages by occupation, prior to that it only collected employment by occupation. OES has been collecting wages for occupation since '96 almost twenty years.

We began by looking at the data for BLS. We ran some estimates. We discussed this during our first meeting with WVU and Marshall. What we found, we ran these for the sub state areas, the Workforce Investment areas, we found it less than half of these numbers were publishable by BLS standards. Which is a criteria we are required to adhere to when we are using BLS data.

In order to fill out the remainder of any missing data in these instances, we would have to substitute a state level or a national level proxy which drew into question for us, are we really with the BLS data in this instance. Are we really putting together something that is represented of the region, if less than half of the wages are actually publishable at the regional level?

There was a second consideration with the BLS data and this has to do with work site. Now OES is sampled or is based on what we call an establishment base that means basically we are asking employers two weeks out of each year, we are asking them to reference periods, the week of May 12<sup>th</sup> and the week of November 12<sup>th</sup> each year. We ask them to define for us the employees that you have, list them by your occupation and the wages that you pay them. Now for most of the economy this is entirely appropriate because this is taking place at the business location. Construction work which is what we are talking about here with prevailing wage presents us with a little bit of a unique challenge. That challenge is most of the work for contractors take place at various places across the state. They have to be mobile and so we get into the problem with OES data, are we really collecting data that reflects what is going on? Where the work is actually being performed, the job site itself? With OES data we found that we are not. It is not a consideration that BLS has for the data, it's not what the data is designed to do for them. After looking at that we decided that the BLS though useable is some capacity could not be the sole or even primary source for which we would publish prevailing wages. So we had to look at alternatives. My colleagues at WVU and Marshall began looking at what other states. We surveyed, contacted, talked with other people and all the states where

they calculated a prevailing wage at a state level. We're looking for basically what is that you do, what works for you?

That is how we came to adopt sort of a frame work that the State of Oregon uses. We picked Oregon because they had a similar situation back in '96. Prior to '96 what was Oregon Division of Labor, I think they called it the Bureau of Labor and Industry in Oregon was responsible for collecting and publishing prevailing wages. In '96 the Legislature in Oregon turned that over to, basically what would be our sister agency here at Workforce, the labor market or employment security agency there. They had been doing this process for about twenty years now and we looked at them because of the number of years of experience they had. Because they also looked at how they could the BLS data and so forth. We thought they would be a good model, plus their years of experience with assistance in doing that. We come up with a frame work for a questionnaire to send out to contractors in the construction trades here in WV that will ask them to make up for the specific limitations that we saw in the OES data. That is to ask them about what they are paying workers based on the job site where they are actually working. Instead of two reference periods a year, we are asking four so that we are getting all the quarters throughout the year. We get everything that we can and we are also looking at the method itself since it is slightly different. Prior to this change here in WV, the wages were calculated based on what is called the 50% rule and this 50% rule in our statistic world we call it modify mode or a mode with a threshold. That is basically you take the wage with the most observations and in this case what they mean by 50% that means at least 50% of those wages have to be at a certain wage and that becomes your prevailing wage.

The method that we are proposing is much different than that. We are using averages in the same way that BLS uses with OES data and we are using this, we are going to employ a trimming method. Now what this trimming does is very important, it takes off the top and the bottom 5%. It's basically a 10% trimming. It removes the outliers or the extremes in the data that could skew it either too high or too low which has been a problem that we have observed being an issue of concern. This provides a very robust method for calculating a wage and forces the data to aggregate around where the majority of workers are paid.

If you look, I believe you should have a handout. Looking through that, you have basically what I've discussed here in the text and the narrative and as an addendum to the back of this is a sample of our survey form that was compiled and put together for going forward with this. Of course, obvious with proposing to do this, this is something where we would need to have an extension obviously we can't within a month's time collect sufficient amount of data to publish any information that would be worthwhile.

I will take questions."

**Speaker Armstead:** "I think we may, if we could, go ahead and hear from the other two individuals, Dr. Shand from Marshall and Dr. Deskins, then we could take questions from each of you."

**Dr. Shand:** “Mr. Speaker, Mr. President. Good afternoon. Again I am happy to answer questions. Mr. Green has thoroughly summarized our process and our findings and I’m not entirely sure what I can add but I am more than happy to if you have pointed questions for me with regards to either what our role was at Marshall University or the process in general but Mr. Green has said we assessed BLS data. We assessed the previous process in WV as well to understand how that data was being collected and perhaps what some of the weaknesses were in trying to calculate a wage and also how we move forward to provide the best information possible in compliance with calculating a prevailing wage for these occupations in WV.”

**Speaker Armstead:** “Thank you. Dr. Deskins. Do you have anything that you want to add before we take questions?”

**Dr. Deskins:** “Good afternoon everyone. Thank you for having me to hear my comments. I did not know if you were just going to open the floor up to me or if you wanted to ask questions but I would happy to give you a couple of comments.

For starters, first and foremost I think what Workforce has ultimately decided on is good within the context of a survey. I think the survey instrument is sound and I think without a doubt, the survey will be better than the previous survey for at least three reasons. Because it does move from 55 regions to 7 as Jeff described. It moves to a much more streamline list of occupations and also because they are moving away from a mobile-based calculation over to a mean-based calculation. So this is definitely better than what we did before. But I think the success of this new system largely depends on the response rate that we get to the new survey. Under the Department of Labor’s approach, the survey’s response rate was extremely low, it was in single digits and I’m not sure because I haven’t studied the results from the previous survey but I think there is reason to suspect that the numbers were biased specifically given a single digit response rate. So what we have here is a better survey and if this survey comes back with a response rate of very high and people answer the survey honestly, then we are going to have certainly an improved situation but if it comes back with a low response rate then probably better than what we had before, we may still have bias numbers with a low response rate.

As far as the BLS-OES data go, I completely agree with Jeff that there are problems with those data. I honestly think there’s problem with either approach that we take. I certainly think there is problems with the BLS data but I personally think there are ways that we can overcome those problems, not perfect but I think there are ways that we can overcome those problems. There are, I don’t know how much detail you gentlemen want me to go into. Would you like me to go through the four problems?

**Speaker Armstead:** “We will go into questions afterwards.”

**Dr. Deskins:** “I’m sorry for my ignorance here. But the first problem there as Jeff mentioned is that BLS data is an establishment base. So it is very hard for us to use the

BLS data in a direct sense to get a sense of how the wages vary across the, however many regions of the state. For one thing it is not a given that we have to have regional numbers in this process. Matter of fact I think that is a decision you should make not us. If I am being completely frank here but it's not a given. Four states among the 32 or so states that use prevailing wage, 4 actually do just the state-wide number for at least part of their overall program. So it's not an absolute that we have to have regional numbers in the first place. If we want to use BLS data, we could just use the state-wide average and we could just use the state-wide average for one. If we want regional variances we could take a state-wide average and we could use other data. For example, there are BEAT data that is available. There is various sources where we could get a sense of how overall wages varies across the regions of the state. So we could use BLS data to get the state-wide average and use other data to say well this region tends to be 10% higher than the state-wide average. This region tends to 7% lower. Does that make sense? There is a way that we can overcome that first problem.

The second problem with the BLS data is that apprentices are lumped in with everybody else in the BLS data. There is no differential among apprentices or anybody else. If you go into the raw BLS data, which is possible, and if you trim the high end of the distribution and the low end of the distribution you can take off the top and the bottom 10%, the top and bottom 5% whatever number it is, you can trim that distribution and that would almost certainly alleviate your apprentice problems because those apprentices are at the bottom end of the distribution.

The third problem is the BLS data don't distinguish between whether the data are from residential construction versus other sectors of heavy and civil engineering, commercial construction. It's not a given whether that differential should be there. Some people think it is, some people think that is not a concern. It is not an absolute that the residential should be excluded. Furthermore, if you look at national, we don't have state level data for this, if you look at national data for the top nine occupations in WV for which this relevant, residential is about 15% lower than those other two categories, commercial and heavy and civil engineering. About a 15% differential so that gives you a sense of how much the numbers are skewed because residential employees are lumped in with those other categories. Some times when you read the literature it seems to exaggerate the degree to which the residential issue is skewing the overall numbers. So that is three problems.

The fourth problem is the BLS data does not include information on fringe benefits. There is no way of overcoming that. Fringe benefits are not in the BLS data, however, same thing there. It is not a given that fringe has to be included. The statute as far as I recall does not mention fringe so it is not a given that those have to be part of the prevailing wage. Alternatively you could use national data or other data sources to get a sense of how typically fringe benefits compare to the base line prevailing wage. Our fringe is typically 25% of the base line wage so you could use a multiplier of 1.25. Does that make sense? There are ways to work around the problems with BLS data. That is my conclusion.

My personal opinion is there are some value judgments involved in this. If you see fit for Workforce to make those judgments, that's fine. If you want to make those judgments, to me it's completely up to you as to who should be making those value judgments but there are potential problems with either approach and there are potential work arounds. It is not a clear issue. Ready for questions?"

**Speaker Armstead:** "I would ask if members have questions if they could identify which of the three guests they would like to ask or if you want to decide who you want to answer, that's fine but if you have a particular question for one of the presenters please identify who you would like the question to go to. Senator Carmichael."

**Senator Carmichael:** "Thank you Mr. Chairman. I think my first question will be for Dr. Deskins and it may filter on from there. At the outset I thought this would be a simple process when we started this. We have BLS data is what is the response data?"

**Dr. Deskins:** "Jeff would know exactly but the response rate is very high, it's in the 70% to 80% range. It's extremely high so there is no worry about single digit response right there."

**Senator Carmichael:** "Ok. I am just thinking back to the genesis of this legislation. There was a concept throughout and I think it was widely accepted that you know that there was a distortion in the current prevailing wage calculation. You elaborated on it briefly because of the low response rates and the wage rates we see and so forth. Ok, we take a process and the BLS data and it was my expectation that we would apply, multiply to it for the fringe benefits. So the legislation itself charters Workforce WV in collaboration with yourself and Marshall to develop a methodology. What was your input? It sounds to me from your comments, that you have a divergence with what's being presented to us today."

**Dr. Deskins:** "In my office we do not make policy recommendations. I am happy to investigate the issue, I am happy to say these are the pros and cons with either approach that we have here but my policy as an analyst to make, to provide you with those positives and negatives not to make final recommendations. I can tell you that I was also under the impression that we were going to use BLS data to begin with. Matter of fact I stated verbatim to some of you gentlemen, that this will be a fairly straight forward process to use BLS data. But that said, we didn't understand fully those four problems. I mean that is the honest truth, we did not understand fully those four problems. But that said I think there are potential ways that we can work around BLS data. That is what I offer as a consultant."

**Senator Carmichael:** "It was mentioned that some of the BLS data was not publishable because you did not have a response rate that was .."

**Dr. Deskins:** “That is when you get down to the regional level. At the statewide level, unless I am wrong you will have to correct me, but at the statewide level, if we are going to go that route to use a statewide average and then either go with the statewide average or to reply regional variances, there are no missing observations at the statewide level. So you have to start with the statewide average and it’s in that circumstances that you don’t have the missing observations but if you try to use the BLS data to begin with from the county level or from the more broadly defined regional level, you can get the whole but not with statewide.”

**Senator Carmichael:** “Ok. Sounds like you are taking an approach that you want to advise the Committee on a methodology but we are really anxious for you to advise Workforce WV in conjunction with Marshall and the development of this methodology. So I am asking you very point blank, I mean what was your degree of influence?”

**Dr. Deskins:** “We had a lot of discussions. I mean I was in on the discussions. We had numerous phone calls. We had in person meetings but there is some grey area and I think Workforce, obviously, they decided to go with the survey based approach. I mean it is not a given that they have to follow my advice but you know I do believe and I did argue that the BLS data are not perfect but workable.”

**Senator Carmichael:** “Certainly no data that we are going to use, whatever data we are going to use is not perfect but we got data and maybe this is a comment and I am anxious to hear your thoughts about it, is 70% or 80% response rate before you can even publish it. So we’ve got 80% response rate here why was the BLS data not utilized for and then and multiply or applied to it, was that given consideration?”

**Dr. Deskins:** “It was given consideration to answer your question, it was. I mean I’m sure Jeff can speak why he ultimately decided to go the other direction but it was definitely given consideration. I think that, again to repeat I think it is workable but that was not what was ultimately decided upon.”

**Senator Carmichael:** “I’m going to ask some other questions later Mr. Chairman but you do not support this particular methodology?”

**Dr. Deskins:** “I think there is some grey area, in my personal opinion, I wish this Committee could make those final value judgments rather than an executive agency. That is just my two cents.”

**Senator Carmichael:** “We don’t have the authority here to approve, we are going to review the methodology but we have the ultimate authority to eventually make changes to it. I am relying on you, this Committee is relying on you and others that we tasked in the statute to tell us whether or not you support this particular methodology as the best method to calculate the prevailing wage and it sounds to me like you do not.”

**Dr. Deskins:** “Well, I’m trying to dodge your question.”

**Senator Carmichael:** “I know.”

**Dr. Deskins:** “If the response rate comes back 70%, this is golden, and the response rate comes back at 6% it’s not good. I personally think it is a risky approach, the BLS approach is again imperfect but I think it is much less risky approach.”

**Senator Carmichael:** “Well I’m going to be a bulldog on this because I am not going to let you dodge this question and so we all have had conversations about this, how there are HR, private company HR’s all the time develop what is the multiplier for fringe benefits?”

**Dr. Deskins:** “Well the fringe benefit part of it, we can get a multiplier without any trouble. I could give you the methodology to take the BLS data and apply to prevailing wage without any trouble. I can do that if that is what I was tasked with solely.”

**Senator Carmichael:** “Yes, I believe that was what you were tasked with, is to use the BLS data within the context of the statute and use available economic data, not create new economic data through a survey.”

**Dr. Deskins:** “That was my understanding.”

**Senator Carmichael:** “Again, you do not support the process, the methodology that was put here by Workforce WV.”

**Dr. Deskins:** “I think this methodology is potentially good, but I think it is risky. It’s probably not what I would have provided today if I had been given sole responsibility for doing this, if I was given something more than a consultant role.”

**Senator Carmichael:** “Final question Mr. Chairman. If a survey is utilized, it necessarily reflects what we consider to be inflated prevailing wage rates anyhow, right? I mean if you are out surveying, what did you make and what did you pay prevailing wage or what was your benefit packages and all this kind of stuff and if the genesis of this legislation was the fact that we felt, that taxpayers were maybe paying too much for those things, because there are artificially inflated prevailing wage, that is going to be reflected in that survey right?”

**Dr. Deskins:** “Well, I said I think this approach is risky. I agree. Those are certainly reasons to believe that they could provide biased numbers intentionally. I mean it could be biased if the survey if the response rate is low or people could intentionally provide biased numbers. That is a possibility. People could actually lie on BLS survey as well, that potential is actually still there in both cases.”

**Senator Carmichael:** “You realize the BLS data, for instance a painter, the BLS data would be \$19 an hour. The WV published prevailing wage rate is \$44.50.”

**Dr. Deskins:** “That is what you get when you have a single digit response rate.”

**Senator Carmichael:** “Ok. There is not many companies that would pay like 300% fringe benefits of the wage rates. I hear your concern about the methodology and it’s noted.”

**Dr. Deskins:** “Ok. I hope that I didn’t dodge too much.”

**Senator Carmichael:** “I think we hear you and I may have some questions later for some other people. Thank you Mr. Chairman.”

**Speaker Armstead:** “Senator Kessler”

**Senator Kessler:** “Thank you Mr. Speaker. I think it is for Jeff at this point. I am just trying to think through the genesis of all this. Obviously there was some concern that on public projects particularly the prevailing wage was artificially inflated based upon what I am hearing a low participation rate or low information rate, is that correct?”

**Mr. Green:** “Yes.”

**Senator Kessler:** “I also understand from listening to Dr. Deskins that perhaps if the information on the BLS isn’t perfect either if I understand correctly because it is only good as the information gathered. I guess it goes back to the old garbage in garbage out approach. You have recommended as I understand it that a survey be done of actual wages paid in the State of West Virginia, is that correct?”

**Mr. Green:** “Yes.”

**Senator Kessler:** “What I am also hearing from you is that the drawback to that is if you get a low participation rate and only get 5% or 10% of the people paying it then the information is not going to be as good?”

**Mr. Green:** “Correct.”

**Senator Kessler:** “Are there any type of efforts that you anticipate in terms of increasing the participation rate by reaching out to contractors or otherwise so that we can get a good pool of accurate data what contractors are paying employees on public projects?”

**Mr. Green:** “Sure. I mean that is going to be one of the pieces of it is to get in touch with contractor associations and things like that. I think you need to realize too, just like the BLS data, we are not just asking for data from people who are doing public works contracts or works that would fall under prevailing wage, we are asking for all private, it doesn’t matter whether it’s public or private, it’s all construction projects. We are looking also at what is coming on the private contract that has nothing to do with prevailing wage.”



**Senator Kessler:** “Why is that? It seems to me that this was driven in some respects by the fact that we had concerns over waste of taxpayers’ dollars on public projects. I just don’t know of many governmental entities that are paying to build private homes for anybody for instance so the painting wages for Senator Carmichael to pay someone to paint his living room might be different than for someone to come in and paint this conference room.”

**Mr. Green:** “Correct. No, we are asking them for all non-residential construction.”

**Senator Kessler:** “Non-residential. But the BLS does include residential, is that correct?”

**Mr. Green:** “Yes, it does.”

**Senator Kessler:** “Is that one of the reasons you believe it is not as accurate because you are comparing apples and oranges rather than apples and apples?”

**Mr. Green:** “Well you could take out the residential piece. We have software. I chaired a word group for five years, a national word group that developed this software that allowed states to customize estimates using the BLS data. You could. You could theoretically and we did. We took it out to take a look at it, it was part of the analysis of the BLS data. We took that data out and we looked at the construction data minus the residential, the response, the publishable data was even less, it was less than 30%.”

**Senator Kessler:** “So, in your methodology, I know the bill that we passed only applies for prevailing wage for contracts, public contracts over one-half million dollars, you would only be analyzing construction projects over half million dollars or will this be first dollar construction projects?”

**Mr. Green:** “We are not asking for how much there, what their project costs.”

**Senator Kessler:** “So there will be no delineation between whether it is a \$50,000 project or half million dollar project even though it only applies to the half million?”

**Mr. Green:** “Correct. What we are attempting to capture with this is the fair market rate. That is very important. In the end I think that in all the discussion that is what everyone pretty much has wanted. When we talk about a prevailing wage rate, what we want is fair market rate for trade workers.”

**Senator Kessler:** “I think I even heard Dr. Deskins agree that assuming you get a high participation rate and it’s accurate data from a large pool of people telling you what are the actual wages being paid in WV, that will be the true prevailing wage?”

**Mr. Green:** “Yes.”

**Senator Kessler:** “And that is the goal for survey? Other than taking a BLS standard or something else that is being..?”

**Mr. Green:** “Yes, exactly. Well there is a little bit of difference here between the two methods. You know BLS is a sample base survey. We are talking about literally each year we get back 200-300 units in responses, 200-300 employers, for any given set of estimates. This is done over a three year process for BLS. So, for any given set of estimates you are talking about anywhere from 800-900 employers that have reported their data. What we are proposing here with this is, we call it a survey because you send out something and get information back. Technically what we are doing is a census. We are not just taking a sample that is a representative of a small portion of the construction industry, we are asking everybody. We are sending it to everybody who is doing construction work.”

**Senator Kessler:** “What type of follow-up will you have in order to try and ensure that your survey rates are up?”

**Mr. Green:** “We are going to do follow-up mailings. We have staff now are assigned to this task full time of calling and following up with employers and walking them through the process. We are also planning to do seminars at our local offices across the state to have contractors come in and we will work them through the process with our staff.”

**Senator Kessler:** “I think we are just about one more, was there any discussion about having a separate rate for highway construction as opposed to..”

**Mr. Green:** “No.”

**Senator Kessler:** “Residential or other public building construction?”

**Mr. Green:** “No.”

**Senator Kessler:** “Is there any reason why not? Are they similar?”

**Mr. Green:** “Similar. I think this is the first year of this. You know you are going to find all the kinks in it the first year. It doesn’t matter what tool you use, you are going to find kinks in it. Then comes the next year when you look at your process, you look at the data you got back and you refine it to improve it.”

**Senator Kessler:** “I think it may be even for counsel, but I think if I’m not mistaken the methodology was required to be presented to this Committee by June, which is why you are here today I take?”

**Mr. Green:** “Yes.”

**Senator Kessler:** “Until it is supposed to be implemented then by July 1<sup>st</sup>?”

**Mr. Green:** “Yes, by July 1<sup>st</sup>.”

**Senator Kessler:** “But I believe under the statute we are permitted by the Committee to give you an extension until some later date?”

**Mr. Green:** “Until September 30<sup>th</sup> I believe.”

**Senator Kessler:** “September 30<sup>th</sup>. Based upon the methodology presented, is it your belief that you have the time frame available to complete the analysis to give to the Legislature on or before July 1<sup>st</sup>?”

**Mr. Green:** “No, on or before July 1<sup>st</sup> no.”

**Senator Kessler:** “September 30<sup>th</sup>?”

**Mr. Green:** “September 30<sup>th</sup> yes.”

**Senator Kessler:** “Is that realistic?”

**Mr. Green:** “Yes.”

**Senator Kessler:** “Assuming all goes according to Hoyle and you get this survey out and the participation rate is up, you feel that will present a true and accurate prevailing wage for the Legislature and for the people of this state?”

**Mr. Green:** “I do.”

**Senator Kessler:** “So are you asking, I assume, for an extension?”

**Mr. Green:** “Yes, Workforce would like to ask for the extension.”

**Senator Kessler:** “At the appropriate time Mr. Chairman I would probably move that we consider the extension so that we have the ability to have the accurate data presented before our Committee.”

**Speaker Armstead:** “If the gentleman wouldn’t mind, let’s go ahead and finish the questioning of our guests and then any motions would be in order at that point.”

**Senator Kessler:** “Thank you sir.”

**Speaker Armstead:** “Delegate Nelson.”

**Delegate Nelson:** “Thank you Mr. Speaker. Who authored the report that was presented to us?”

**Mr. Green:** “All three, plus staff. We all had staff as well assisting us.”

**Delegate Nelson:** “Outside of the group of three entities, anyone else that you sought input from on the methodology?”

**Mr. Green:** “There were meetings that were set up at the beginning right after the bill was passed or after the bill was signed into law actually. From a variety of entities, commerce, consumer commerce and ACT and basically all of the interested parties, there meetings that we were brought into discuss, not so much for us to discuss but to listen to everybody’s concerns and so forth.”

**Delegate Nelson:** “Were your results, your initial results of the methodology proposed, shared with any of those other groups before it came to this group?”

**Mr. Green:** “Nope. We realized, that was kept in confidence among ourselves. We very intentionally isolated ourselves because we felt that it would be very imprudent for us to be unduly influenced and we didn’t want that. I mean our reputations as researches, you know professional representations are on the line here with this. So you know we are not going to be interested, it’s too risky.”

**Delegate Nelson:** “Last question. We’ve heard it a number of times about the low response rate and this may be a question for all three of you. What is the statistically correct rate that we ought to shoot for? Obviously the low single digits is not one. Where should that be?”

**Mr. Green:** “Oh goodness.”

**Delegate Nelson:** “50%, 60%, 70%, 100%?”

**Dr. Shand:** “There is no standard.”

**Mr. Green:** “There is no magic number. I think what you do is run tests, run statistical tests on the data you get and you find out how much variance, what we call statistical noise, is in it and then decide from there. There are for example any given base line estimate is 15 observations for any given estimate and that is absolutely the bare minimum. Beyond that we have to run tests against the data to make sure what, sometimes you can even have situations where you have a large response and you’ve got a lot of noise in the data that it’s not publishable. That happens with BLS data.”

**Delegate Nelson:** “Thank you. Thank you Mr. Speaker.”

**Speaker Armstead:** “Delegate Shott.”

**Delegate Shott:** “Thank you Mr. Speaker. These questions are initially for Mr. Green. Mr. Green, we have basically a 4½ page report that is described as a summary. My impression was that we were going to get the full methodology. Is there some other document that actually goes into more details?”

**Mr. Green:** “Yes. There is very lengthy document that goes into a great deal of detail.”

**Delegate Shott:** “Who is the custodian of that document?”

**Mr. Green:** “I believe we all have copies of it but I would, Workforce, would be happy to provide it to everyone. That was our working document.”

**Delegate Shott:** “Let me ask you some specific questions that cause me a little concern. On page four of your report when you’re discussing the survey, the end of the second paragraph you say ‘where data are available and appropriate the questionnaire will be merged with applicable BLS-OES survey data’. Whenever you use the word appropriate the first question that comes to mind is who decides what is appropriate? And, what are the standards that you apply to decide, so that you get some continuity in similar situations?”

**Mr. Green:** “That comes out, when we were referring to early in the larger document that we had discussed.”

**Delegate Shott:** “I only have the 4 ½ page document.”

**Mr. Green:** “Yes, I realize that. That has to do with the one to one cross walk, basically the one to one on a job classification. Some of the job classifications either with our system or you want the old DOL system, did not match one to one with the OES occupational structure. Sometimes you had two or three to one and so forth. Some of them were split out. So we say appropriate where its appropriate its where we have, say for example on this survey, we have data that is missing for carpenters, that’s a one to one so we can pull data from the statewide BLS and plug that in because it is a one to one match. But if you have anything that is beyond the one to one match, you can’t really do that with the data.”

**Delegate Shott:** “So my question is though, are there standards that are applied to insure consistency in similar situations? In other words when you use the word appropriate, I’m wondering what is the reference that you use to decide whether something is appropriate or not, in order merge these BLS survey data into the survey data?”

**Mr. Green:** “We’re looking at the classification that we came up as a group, the classification structure that we came up for this independent survey and we are looking to see the match between that and the BLS data and where that is appropriate and where we have a valid match and there’s data then we will do that.”

**Delegate Shott:** “Is that set out in this more comprehensive document as to how that’s to be done and who is to do it?”

**Mr. Green:** “Yes.”

**Delegate Shott:** “Ok. So there will be, you are convinced, that there will be consistency and how that BLS data is applied and merged into the survey data?”

**Mr. Green:** “Yes.”

**Delegate Shott:** “Similarly at the end of the next paragraph it says ‘where responses to the occupational wage questionnaire are insufficient to generate a valid estimate, statewide BLS-OES estimates will be substituted as appropriate.’ Once again, my question is. First of all what is the standard to determine whether the responses are insufficient? And secondly, who decides whether BLS data will be substituted if it’s appropriate?”

**Mr. Green:** “That is something that we can do as a group. Where it is appropriate, this is speaking to really the same question. Obviously insufficient data response is something as we talked about just a few moments ago, when we run our tests on it, if it’s not an estimate, an estimate that has too much statistical noise too much error term in it, then that would have to be suppressed and we would have to find an alternative.”

**Delegate Shott:** “So you are saying that’s not a subjective decision on a case by case basis, is that it? There is an objective standard in this?”

**Mr. Green:** “Yes because we have to, the only way we can do that to suppress the numbers is that we would have to run a statistical test on it to make sure that the data are that there are not too much variance as we call it in statistics.”

**Delegate Shott:** “Let me ask another question because it appears that the process has become a little more complicated than I think anybody thought to begin with. Wouldn’t it be easier to take the BLS data now so that we can meet the July 1<sup>st</sup> deadline and then come back when you make your second run at this? In other words we are trying to establish the prevailing wage rate for the rest of this year. We wait until September 30<sup>th</sup> we will only have 3 months left of this year but if we take a July 1<sup>st</sup> deadline and use BLS which I understand Dr. Deskins says can be used, its available, it can adjusted. We can use that now. Then because of these concerns that have developed over the use of BLS data long term, you could gain some more legislative guidance in the interim before you all take your next run at the 2016 data. Wouldn’t that be more appropriate way?”

**Mr. Green:** “It’s certainly a possibility.”

**Delegate Shott:** “Alright, thank you. That is all the questions I have.”

**Speaker Armstead:** “Are there further questions for the presenters? Senator Trump.”

**Senator Trump:** “Thank you Mr. Speaker. Mr. Green I want you to help me if you will with a couple of aspects of this. I’m just a simple country lawyer from Morgan County but there are a few things I can’t get my mind around. The BLS data survey responses, right that comes from surveys?”

**Mr. Green:** “Yes.”

**Senator Trump:** “And you were tasked in this statute that we passed that was a painstakingly negotiated and delicate compromise of divergent positions, coming up with a methodology for calculating the prevailing wage that required you to use the US Bureau of Labor Statistics data. Is that right?”

**Mr. Green:** “Yes, that was one of the criteria.”

**Senator Trump:** “But as I understand what you are saying, the decision, the methodology that you have come up with is to essentially scrape that in favor of a different survey.”

**Mr. Green:** “No. As we talked about just a moment ago we are going to use that data where appropriate. The concern becomes where it’s the primary source of data for the issues we talked about earlier.”

**Senator Trump:** “It was the only specifically named data set in that legislation. Do you agree with that?”

**Mr. Green:** “It is the only specific named data set but there was also another criteria listed in there and that is the actual rate of wages as well. As you read further down into the legislation, ‘including but not limited to the average rate of wages published by the US Bureau of Labor Statistics and the actual rate of wages paid in the regions of this state to the workers’, so forth and so on.”

**Senator Trump:** “Well my concern is that the only set of data that the Legislature specifically included in this law and it is law now, it was passed by both houses as I said after delicate and difficult negotiations signed by the Governor, the US Bureau of Labor Statistics data and the report that you all submitted it says that it is not useful, it’s solitary and I’m quoting ‘or even primary source of data’. Let me ask you this question. Do you find in this statute that we passed, the Legislature passed anywhere authority to disregard as you clearly seem to have and the methodology that you propose, the Bureau of Labor Statistics data?”

**Mr. Green:** “Well, two things. We haven’t disregarded, it’s our position Workforce’s position, that we have not disregarded, that the data will be used as we mentioned earlier where it’s appropriate and also where we said earlier the actual rate of wages as it states

in the statute, its Workforce's position that contemplates this very survey that we are proposing."

**Senator Trump:** "Do you find in the statute that we passed anywhere authority for carving out residential contracts, residential construction work?"

**Mr. Green:** "I don't see any distinction at all."

**Senator Trump:** "But as if I understand your methodology, you intend to do that."

**Mr. Green:** "Yes, that is based on best practices that we found in other states."

**Senator Trump:** "The statute that we passed includes a definition of wages. It's in section one, subsection eight, 'hourly rate paid for work performed by an employee for an employer'. It appears to me that you all have made the decision to go beyond that in what you are going to ascertain and calculate."

**Mr. Green:** "Are you referring to the fringe benefits?"

**Senator Trump:** "I am."

**Mr. Green:** "Yes, that is correct. That was our definition of wages. Well as in practice as it has been the standard for years now. It was also contemplated in the discussion."

**Senator Trump:** "Oh, you see that contemplated in section one, subsection eight?"

**Mr. Green:** "No sir, I do not."

**Senator Trump:** "Thank you Mr. Green."

**Speaker Armstead:** "Further questions of our presenters? I just have one, if I could to Dr. Deskins. Dr. Deskins you have mentioned that you saw some pitfalls in the process that we are looking at now. The BLS data is it readily available now? I mean is it something that you have looked at?"

**Dr. Deskins:** "We couldn't use the BLS data as it appears on the website. We would have to use the Workforce to go into the more raw form of the BLS data and then we could make some adjustments like I said for example, we could trim off the top 10% or top 5% whatever it is, we could trim off the top and bottom of the distribution to account for apprentices. We could apply those regional variances but it's pretty doable and it's pretty easy to go into the more raw form of the BLS data, make a few adjustments and apply them for this purpose. But you can't just pull them off the website."



**Speaker Armstead:** “Do you feel like, based on your expertise, that you could pull BLS data currently, make those adjustments and have an accurate reflection that you would be comfortable with?”

**Dr. Deskins:** “I think so. It wouldn’t be perfect but no data is perfect and I think it would be reasonably accurate and I think it would be significantly less risky than a survey based approach where we would run a risk of a very low response rate.”

**Speaker Armstead:** “Thank you Dr. Deskins. Any other questions? Delegate Shott.”

**Delegate Shott:** “Dr. Deskins, could that be done by July 1<sup>st</sup> or close to that time?”

**Dr. Deskins:** “It could be done by sometime in July.”

**Delegate Shott:** “Thank you.”

**Speaker Armstead:** “Senator Carmichael.”

**Senator Carmichael:** “I have a question for counsel.”

**Speaker Armstead:** “Ok, are there any further questions for any of the presenters?”

**Senator Kessler:** “One for Dr. Deskins. I hear you talk about using the BLS and then trimming off things and regional variances but that would just be using best practices based upon your training and expertise, is that correct?”

**Dr. Deskins:** “Well best practices is a vague term. I think that’s a definite reasonable way to use these data for this purpose.”

**Senator Kessler:** “What I am getting at in following Senator Trump’s line of questioning nothing specifically in the statute that said you are to use trimming off or authorizing the trimming off of any type of low or high ball..”

**Dr. Deskins:** “Well, we have to do that to get the apprentices out of it. I mean my understanding originally back in February was that we would just adjust the BLS data, the raw BLS data for this purpose as appropriate. Was that your question? I’m sorry.”

**Senator Kessler:** “I guess what I am asking is that there is nothing specifically statutorily that specifies how high or low or apprenticeship are even to be dealt with in the statute.”

**Dr. Deskins:** “No, absolutely not. My understanding was that the statute would leave it to us to come up with these several few, several three or four ways of adjusting the BLS data but there is no absolutes. No absolutes in this process and thus some of the questions.”

**Senator Kessler:** “Assuming we get a high survey result, 30%, 40% or 50% whatever that magic number may be.”

**Dr. Deskins:** “If it could hit the 70% range then I would be much more confident but I am worried though. The old survey yielded single digits. It is very uncertain at this point.”

**Senator Kessler:** “It is. Assuming we got a high survey result would you agree that that would be the best data to set a true market rate for prevailing wage in WV?”

**Dr. Deskins:** “If we get a high survey and if we do not believe the people are intentionally writing down higher or lower numbers then what is realistic then I think that would be best. I honestly think it would be if we get a high survey response and if we get honest answers. Because this is designed specifically for that purpose. I mean we are not having to make any adjustments but the if is where I am more nervous.”

**Senator Kessler:** “I got you.”

**Speaker Armstead:** “Senator Carmichael.”

**Senator Carmichael:** “Dr. Deskins. I am sorry I am going back and forth here. I am troubled by this aspect of statutorily we chartered Workforce WV in conjunction with you and Marshall to jointly agree on a methodology. That means compromise within your own groups and so forth. This does not appear to be that compromise.”

**Dr. Deskins:** “It’s hard to be compromise, you have to make a fundamental decision. Are you going to go with BLS data or you going to go with survey?”

**Senator Carmichael:** “Which is what the statute says. Along the same lines from a survey perspective, you are surveying these employers or contractors or whatever, they are filling out BLS survey. Now they are filling out a Department of Labor survey, now they are going to fill out this survey, survey survey.”

**Dr. Deskins:** “That is one reason why get a lower response rate because people are tired of these surveys and they throw them in the trash. Again that is the concern.”

**Senator Carmichael:** “This whole process, this is a government taking a simple task and turning it into a mess. I have got a question for counsel.”

**Speaker Armstead:** “Delegate Cowles.”

**Delegate Cowles:** “For you Dr. Deskins. The thing about the overall the law that we passed, the bill that we passed, we set a deadline for the methodology on June 1<sup>st</sup> and the completion of the calculation for July 1<sup>st</sup> only a month later. Which the whole concept of a survey to me was not included as evidence by obviously the deadline. Is that a reasonable assumption to think that a survey of that scope and that kind of response

could not reasonably have been considered to come in that month's time and wasn't it then contemplated or .."

**Dr. Deskins:** "Well it would be very hard to get a real survey done in such a short period of time. I mean my understanding is that the month difference came under the assumption that we are using BLS data, which certainly could have been done within a month and there was also an issue of when the BLS data would be released for the current year, which also corresponded with that time frame. But with the survey based approach a month would be very very tight especially when we are trying to do everything we can to ensure a high response rate with follow up calls and so on."

**Delegate Cowles:** "Right, which suggested to me was indeed the contemplation of myself and colleagues that it was available economic data in BLS."

**Dr. Deskins:** "Well that's a grey area apparently that was my understanding but maybe this will be one of Senator Carmichael's questions to the counsel but that was my understanding. I can speak individually."

**Delegate Cowles:** "Mr. Green referenced early fair market value was the overall goal of the prevailing wage law or effort that we are undertaking. Isn't a fair market wage normally determined by competitive bid process or opposed to some sort of calculation as we are putting together here. If that is the intention to find a fair market rate, isn't that the purpose of a competitive bid process?"

**Dr. Deskins:** "I mean, you mean just in the abstract sense?"

**Delegate Cowles:** "Yes."

**Dr. Deskins:** "I would think so. I mean if I go to apply for ten different jobs, whatever offer I get dictates probably is what my wage should be. In the abstract sense but I don't know. That is a tough question and I haven't thought about that in a broad.."

**Delegate Cowles:** "The value judgment you spoke of earlier that caused you concern or struggles on how best to move forward the value judgments, the statute also defines wages. Is it common for the term wages and the term wages and benefits to be used interchangeably or wages mean exactly as they were defined in the code as the wages paid?"

**Dr. Deskins:** "You know I don't know which one is the most common. I mean agree with Jeff that it is possible that people could say wages loosely and also mean that benefits should follow but as far as in the world of economic, I'm not for sure what is most common. One thing to say is either direction you go in you can or cannot consider fringe. Fringe is not inherent to the survey based approach of the BLS approach. You can come up with a way to add on fringe. But no, you're right before fringe is not specifically mentioned

since it is not an absolute, you see what I am saying. It can be or cannot be, it is not an absolute.”

**Delegate Cowles:** “Right, it seems to be that value judgment was taken whenever the definition of wages are wages and not wages and benefits.”

**Dr. Deskins:** “Well, that is one of the value judgments. I think personally one of the biggest value judgment is decided on the risk associated with the survey. But there are several ways in which decisions have to be made that aren’t crystal clear, that are grey.”

**Delegate Cowles:** “Ok, thank you. Thank you Mr. Chairman.”

**Speaker Armstead:** “Are there further questions to our presenters? Senator Kessler.”

**Senator Kessler:** “Dr. Shand has been relatively quiet so I am going to bring her on up. I don’t want her to feel neglected. Obviously you signed off on this recommendation as well, is that correct?”

**Dr. Shand:** “I believe that the approach set forth was done in good faith to fulfill the statute as it was written to produce a methodology that would allow for calculating the prevailing wage. We also have within the statute, however, this opportunity for methodology review so this is by no means the end, only the beginning.”

**Senator Kessler:** “Would it be your recommendation or your belief that a true market rate would be if the survey were conducted as being proposed the methodology and there is a significant response rate to that that would be more ideal method for setting the true market rate in WV?”

**Dr. Shand:** “It will be data that is most appropriate to the task at hand which is what Mr. Green and Dr. Deskins have both said. The BLS data aren’t constructed for this purpose so it would be the best outcome to be able collect these data in an accurate fashion.”

**Senator Kessler:** “Now while the BLS may be able to be worked and workable the most ideal and accurate prevailing wage true market prevailing wage will be based upon an accurate survey with the significant return level?”

**Dr. Shand:** “That is the best case scenario, yes.”

**Speaker Armstead:** “Delegate Shott.”

**Delegate Shott:** “Following up on a question I asked early. We have several deadlines set out in this statute. June 1 deadline was for the methodology. July 1 was for the prevailing wage rates to be set for the remainder of just 2015 and assuming that was done with some thought that the better building months would be from July 1 through perhaps October and if it is true then we could come up with BLS derived prevailing wage

rate much quicker than we can by the survey method, wouldn't it make sense to go ahead and do that in order to take advantage of those building months. I understand that there are a number of public organizations that are waiting to see what we do in order before they put contracts out to bid if we extend this to September 30 then by the time the information gets out, we pretty much missed the rest of the building season for 2015. Wouldn't it make more sense to go ahead and provide the wage rates based on the BLS data with adjustments that Dr. Deskins has said and then obtain some more guidance from the Legislature before we set the next series of rates and it may be the survey would be incorporated for periods after 2015, wouldn't that make more sense?"

**Dr. Shand:** "You can certainly determine some kind of prevailing wage by July 1. What you would determine using the BLS data, using the method recommended by Dr. Deskins or a method in that fashion is going to be different than what we do in the survey method. And so either you have no information, you have some information that you are going to change later but regardless you are going to be changing something later. So however you would wish to set it at July 1<sup>st</sup> whether its saying whatever it used to be or whether its saying one state number whether it's using this other methodology but then if you are thinking going back and changing it again then you are changing it again. So is it preferable to do it? I don't have the answer to that. Is it an option to do it, absolutely."

**Delegate Shott:** "In the interest of the legislators is to try and maximize the ability of local organizations to build their project with some predictability then the sooner the better, wouldn't you agree with that?"

**Dr. Shand:** "Certainty is better than uncertainty I would say that for sure. If we are talking about setting something in July and changing it in September, I don't know if you can say that produces greater certainty, depends on how long you are going to honor what you set in July versus what you set in December."

**Delegate Shott:** "One option would be just to keep what you have done in July as the standard if that is the will of the Legislature?"

**Dr. Shand:** "Absolutely, you have that option available."

**Delegate Shott:** "Thank you Dr. Shand."

**Senator Kessler:** "I would have a question for counsel."

**Speaker Armstead:** "If we could hold off on counsel, I think there are other questions for counsel. Any other questions?"

**Senator Kessler:** "Delegate Shott's question, former Senator Shott's question about under the purchasing and procurement requirements for the state for public projects, is there not some type of publication requirement, do you have to put these out to bid for a period of time. Is it 30 days, 15 days when you are doing a million dollar project that you

have to put out a bid specification, some public advance notice so contractors can bid on the job?”

**Dr. Shand:** “I’m sure there is a process in place. Yes.”

**Senator Kessler:** “I guess that is my question and trying to be sensitive to the construction season. I am not so sure that we are now at June 20<sup>th</sup> and if there is a 30 day publication period for any type of projects going out to bid that if in fact it may be July or August in any event before no matter what we would decide would be able to be implemented because nothing at this point you don’t have a BLS standard in place or even a methodology in place to say these are the rates on July 1, correct?”

**Dr. Shand:** “Correct.”

**Senator Kessler:** “So anything that puts out the bid between now and until you get a methodology established and the data collected and finalized and the wage set is going to be based upon a bunch of moving variables.”

**Dr. Shand:** “There is a space between now and July 1 if that is your question. July 1 was the initial deadline and certainly an estimate can be constructed for July 1 but there is nothing between now and then.”

**Senator Kessler:** “So anything that would be put out to bid between now and July 1 would have to assume the existing prevailing wages?”

**Dr. Shand:** “Whatever the current statute or law is now that applies to prevailing wages, which was not clear from the amendment.”

**Senator Kessler:** “After July 1 will be based upon rates that are not yet calculated?”

**Dr. Shand:** “At this stage, yes.”

**Senator Kessler:** “And if I recall correctly, we don’t meet again until September, is that the next interim meeting so there would not be an opportunity for us as a Legislature as an interim this Committee at least to review modify, accept or change any methodologies between now and September, so I am afraid we may be in a position gentlemen where if we do anything we may be hurting a sense of predictability in the industry for anything to be put out to bid.”

**Speaker Armstead:** “I don’t know if you are asking. It is my understanding this Committee can call itself in under the statute if we needed to do so. There is not another scheduled meeting but one could be scheduled if necessary from my understanding. President Cole.”

**President Cole:** “Thank you Mr. Speaker. Just circling back to something that Senator Kessler had asked and this is for Dr. Shand and Dr. Deskins both. Did you sign off on this Executive Summary before it was released? I mean did you see it, agree that this is what I want to get behind and sign off on it before it was released?”

**Dr. Shand:** “The Executive Summary is an accurate reflection of the report that we all coauthored I would say.”

**President Cole:** “So is that a yes?”

**Dr. Shand:** “Sure, yeah.”

**President Cole:** “Dr. Deskins?”

**Dr. Deskins:** “I mean I worked, I think that the survey instrument that is included in the report is sound within the context of a survey but I did not ultimately come to an agreement that a survey based approach is sound. I think the ultimate decision fell on Workforce and I provided my input, my questions and set on different approach, as far as the survey instrument goes, as far as the job classifications go, as far as the regions go, I’m comfortable with all that and the mean based approach as well.”

**President Cole:** “Good, thank you.”

**Speaker Armstead:** “Thank you to our guests. I believe there are questions now, Senator Carmichael had questions for counsel. Senator Carmichael.”

**Senator Carmichael:** “A lot of discussion here. I think Senator Trump pointed out well about well is this methodology in your legal opinion compliant with the statute and I would like you to expound on that.”

**Mr. Bailey:** “Yes, Senator Carmichael, James Bailey, the Counsel for the Senate Committee on Government Organization and Tracy Webb, Counsel to the House Committee on Government Organization. We’ve worked on this during the session. So when this methodology came out we both immediately dove into it and started looking at it and we have come to an agreement between the two of us in our legal opinion that it does not meet the mandates of Senate Bill 361. For several reasons, primarily for two reasons. One being the inclusion of the fringe benefits and also how it incorporates the BLS statistics into it. For those two primary reason and we would speak to them separately. Tracy will speak on behalf of the fringe benefits and I will speak to the BLS.”

**Ms. Webb:** “Yeah, I don’t believe this report complies with Senate Bill 361. It incorporates fringe benefits in the, as a separate data set in the survey. When the bill came over from the Senate in our Committee of Government Organization, the word compensation was in the statute in place of wage and the version that came out of our Committee we had defined the word wage to include the hourly rate and removed the

word compensation from the statute entirely. In our Committee there was specific questions about whether or not fringe benefits were included and the answer was no. Also, the Division of Labor Rules define prevailing wage 42CSR 7.2.14 and they define prevailing wage in the old Division of Labor Regulations as including fringe benefits and this statute. Repealed all the Division of Labor Regulations, in that regard the old definition of prevailing wage is repealed. With respect to just compliance with the statute and the data that is being collected and calculating the prevailing wage, in my opinion, does not comply. Also I think just for the standpoint of reviewing the report itself, it is vague and unspecific and doesn't I think meet the minimum amount of specificity that was contemplated under the statute."

**Mr. Bailey:** "To expound briefly on what Tracy was just talking about. You all have the summary in front of you, on the second page, third paragraph it states that 'Although Senate Bill 361 does not define the term 'prevailing rate of wages' that term or phrase has carried a standard meaning in West Virginia for many years.' The summary states that it is abundantly clear that Senate Bill 361 in the definition section of the bill which is now codified does define wages. It defines wages clearly as 'The term 'wages' means the hourly rate paid for work performed by an employee for an employer.' The hourly rate, and it is our opinion that there is no way from that code the term that it could include fringe benefits."

**Ms. Webb:** "On the BLS issue, statutorily and under the rules of statutory construction, I don't believe there is any way you can avoid the interpretation that BLS data shall be included. To the extent the report does not specifically state how BLS data will be used but only in vague terms as appropriate is I think in violation of the statute and that to the extent other data could be used to calculate the actual wage, doesn't therefore necessarily mean that its by survey but one thing is entirely clear, which is BLS data was contemplated to be used in the statute and specifically stated that it shall be used and I don't believe the report sufficiently complies with that statutory mandate."

**Mr. Bailey:** "Yes, it is a little bit more gray in my opinion than the fringe benefit issue, however, if you look at the summary it states page three: 'The starting point for the methodology considers relevant BLS-OES survey data.' Then it continues down the bottom of that paragraph 'Thus, it provides an appropriate baseline for determining and calculating the prevailing hourly wage rate(s).' However, further on into the summary it contradicts how BLS will use, stating that where responses to the occupational wage questionnaire and I'm sorry I don't want to direct your attention because in both of our opinions there was in the summary really only one paragraph that specifically spoke to statistically and scientifically how these wage rates would be developed and that was on page 4, the second paragraph from the bottom and it states 'Where responses (it is the only mentioning how BLS would be used in the final calculation) where responses to the occupational wage questionnaire are insufficient to generate a valid estimate, statewide BLS-OES estimates will be substituted as appropriate.' Our concerns were, they are



legitimate concerns over whether or not that would be sound and what exactly do including those BLS-OES estimates mean and whether or not that would actually satisfy the code, which clearly outline those statistics, the BLS statistics be used in the calculations of these wages.”

**Senator Carmichael:** “Finally, maybe just a rhetorical question, it’s your opinion, both of your legal opinions that have reviewed this, say this report is not in compliance with the statute? For you or Mr. Speaker and Mr. President, what are our options here? I want to be able to discuss that and I’ll yield. I’ll have that as a thought process. I want to know what our options are.”

**Speaker Armstead:** “Counsel has thoughts from a standpoint, what legally would we be permitted to do if we believe that.”

**Ms. Webb:** “Well to the extent that the methodology is not compliant with the statute, I think the statute doesn’t lend itself necessarily an extension on the methodology. The statute sets out a mechanism for, that actually hasn’t been filed yet, that requires Workforce to develop a process for filing written objections to the methodology, the Committee itself I think would necessarily need to ask by letter or by filing a written objection or some equitable relief in court requiring the Workforce to comply with the statute. Of course, there are always those options of making a recommendation to the full Legislature for modification or repeal but I don’t believe that methodology in violation of the statute is going to permit the Committee to go forward for implementing a prevailing wage rate that is in violation of the law.”

**Speaker Armstead:** “Thank you.”

**Senator Trump:** “Thank you Mr. Speaker, I just have a follow up question for counsel and its sort of a follow up on a question asked by Chairman Shott. I have a document that is titled “Summary of Methodology to Calculate the Prevailing Hourly Rate of Wages in West Virginia”. It looks like it is 14 pages total but the text is really just 5 pages and the rest of it appears to be an appendix, survey forms that sort of thing. Do you have anything other than that? Do you have a more detailed document that describes or outlines the methodology?”

**Mr. Bailey:** “No, we have not received any of that Senator. When I first started speaking, there are numerous reasons that this may not comply this process may not comply with the statute and that is one of the smaller but I think relatively important acknowledged reason is that on June 1<sup>st</sup> we receive this what is entitled as a summary of the methodology which is really in almost no detail explains to the Committee what the methodology actually will be. Senate Bill 361 clearly stated on or before July 1, 2015, the methodology is to be established and it is to be presented to the Joint Committee on

Government and Finance which shall review the methodology being used to determine the annual prevailing rate of wages. I believe it was asked at one point in time to one of the presenters if there was anything more and it was answered yes there actually is a more broad and detailed report and that is something we have not heard of or seen and would expect that report is under the statute is what should have been presented to this Committee.”

**Senator Trump:** “Thank you.”

**Speaker Armstead:** “Senator Kessler”

**Senator Kessler:** “Thank you Mr. Speaker. This is for counsel. I had asked earlier about the timing of bids. Is there not when you put these bids out for public projects there is some time requirement for putting them out for publication or to some mechanism for reaching out to contractors? Either putting out these bids in contractor journals or magazines or newspapers or something so that you can reach out to the contractors to get a fair number of bids to hopefully get a better price?”

**Ms. Webb:** “Yes, there is a number of different processes for putting put bids but there is no minimum date, I think that is determined by the bid specs themselves and the urgency of the project. There are mechanisms for doing sole source, there are mechanisms for doing emergency procurement of construction so the bids specs and the needs of the agency and the purchasing division all come up with the timing of how much notice there will be for bid responses. Sometimes it just depends on how complicated the bid may be.”

**Senator Kessler:** “In lack of an emergency what is the standard industry practice, 30 days or so in advance? Is there anybody in the audience that deals with this regularly?”

**Ms. Webb:** “Well I have worked in procurement with the Procurement Officers in the Department of Administration when I worked at the Attorney General’s Office and I don’t think there is any standard. It really depends on what the complexity of the project. The purchasing director may be able to speak to that more specifically but I’m not aware of a normal standard. There’s certainly not a statutory requirement.”

**Senator Kessler:** “And while I understand your explanation as the statute and while you believe that it only includes wages and doesn’t include fringe benefits, I can tell you this when you talk about the intent of the Legislature, I know that when the bill came before the Senate and out on the Senate floor for a vote, immediately prior to the vote I made that inquiry I believe specifically to the Majority Leader and I asked him on the floor if in fact was it his understanding that the wages would include fringe benefits and I recall the answer to be yes. Whether that is true or accurate or not as to his response to that I can

tell that in my view, as the folks were getting ready to press green or red that day, I think our impression at least within the Senate if they were listening to that line of questioning was in fact we thought it would be incorporated. Because I do recall it being changed from wages to compensation over in the House so that was an inquiry I made. Just make that a point of reference and not...”

**Ms. Webb:** “Well that’s your call. I’m not a legislator I just know what the definition by its claim meaning means from a point of statutory construction from a legal interpretation.”

**Senator Kessler:** “I understand from what I am hearing out of you, that you think we ought to just follow the BLS that you think the statute requires and just basically follow the BLS. Is that right?”

**Ms. Webb:** “Yes.”

**Senator Kessler:** “Then why in the language quoted by Senator Trump when he was reading the statute to one of the other presenters that it said to use the BLS where available or where appropriate and/or other such surveys. I don’t have the exact language.”

**Ms. Webb:** “That isn’t what the statute says. The statute says to use the Bureau of Labor Statistics including the Bureau of Labor Statistics data but not limited to that. So it has to be, as I read the plain language of the statute, the Bureau of Labor Statistics data has to be used.”

**Senator Kessler:** “Do you have that language handy? (Handed it to him) Subsection 2 ‘shall determine the methodology for annually calculating the prevailing hourly rate of wages as evidenced by all appropriate economic data, including, but not limited to, the average rate of wages published by the U.S. Bureau of Labor Statistics.’ I go back to including but not limited to. Obviously if it were only to be BLS we just say to use the BLS period and not or and the actual rate of wages paid in regions of the state to workers, laborers or mechanics in the same trade in the construction industry. I don’t read this to say we have to use the BLS because if it were to say we were only to use the BLS that’s how the statute would read. I would beg to differ that is not how it reads.”

**Ms. Webb:** “The BLS data is listed as an item of data that it should be included and as folks have testified that it was everyone’s understanding that the BLS.”

**Senator Kessler:** “Whose understanding? Who’s everyone understanding?”

**Ms. Webb:** “I apologize, those who have spoken here. Dr. Deskins.”

**Senator Kessler:** “Well I can tell you that 34 senators had different understanding that day.”

**Ms. Webb:** “Dr. Deskins said in his conversations about in preparing the bill that the BLS data was the data that was mentioned and is why it ended up in the final version of the bill.”

**Senator Kessler:** “May have been mentioned but it is not exclusively and it is given no greater preference. Would you point to me in the statute where that language is given the Bureau of Labor Statistics is given any type of preferential weight in the scheme of things in determining the methodology?”

**Ms. Webb:** “Senator I said in response to the question that should the Bureau of Labor Statistics be used and I said yes by the plain meaning of the statute the BLS data should have been included and it was not as we have reviewed and this is my review of the report and my understanding and my interpretation of the report that the BLS”

**Senator Kessler:** “Report or Summary?”

**Ms. Webb:** “Summary, I’m sorry. It’s not a report it’s a summary.”

**Senator Kessler:** “So you haven’t seen the whole report?”

**Ms. Webb:** “No it wasn’t provided to us.’

**Senator Kessler:** “In fact it were given great consideration but discounted because not accurate. That may or may not be, your comments may or may not be accurate.”

**Ms. Webb:** “Correct. The only thing that we had to review in reaching our legal determination was the summary. So all I can speak to is how the preparers addressed how the BLS data would be used. The only information we had was what was in the summary.”

**Senator Kessler:** “So I guess that takes us where we are at today. I would hope that the members of this Committee would hope that we would have predictability in our public contract biddings over the next few months. Right now I don’t feel real comfortable of where we are today since we got a report today that was due on the 1<sup>st</sup> setting out a methodology that apparently is in a great deal of uncertainty about and certainly doesn’t appear to be universal support for. A twenty day window to get something done that we’re not sure is agreeable. Assuming we reject this methodology today, where are we in terms of prevailing wage? Does it go away on July 1<sup>st</sup>?”

**Mr. Bailey:** “Very quickly Senator, I think it is important to go back to what you are speaking to Ms. Webb about on whether that mandates it or we can go on. It’s clear that it mandates that the BLS be used but not limited to. Your interpretation of that I would completely agree with. However, our opinion that the portion is not met by the summary that has been provided is because there is in the summary and no way is it guaranteed that BLS would ever be used. In fact, it says that it will only be used where responses to the occupational wage question is insufficient to generate a valid estimate. So if we go with what you said what’s assumed that there is a high return rate on all the questionnaires. You know if by some chance they are able to meet the 70% to 80% that the BLS meets, then the BLS statistics would never come into play according to the summary that has been provided.”

**Senator Kessler:** “Again that is the summary not the report that you and co-counsel have not had a chance to fully digest let only report back to this Committee that I’m assuming most of us have not seen let alone read or digested it and we are being asked perhaps to make a decision based upon information not only we haven’t seen but neither have you?”

**Mr. Bailey:** “Correct. We have been operating under the assumption that the summary is an accurate depiction of whatever the full report is. Just hopefully a full report would have more information.”

**Senator Kessler:** “Which gets me back to where are we in the State of West Virginia when it comes to building things starting July 1 in this state on any public contract? What is the prevailing wage? Does the existing prevailing wage go away on July 1?”

**Ms. Webb:** “Yes, I believe it does.”

**Senator Kessler:** “So we will have no prevailing wage on July 1?”

**Ms. Webb:** “If the methodology is not developed and the calculation is not consistent with the law, I don’t believe that there is a prevailing wage?”

**Senator Kessler:** “But if we in fact would extend it until September 30<sup>th</sup> until the next month we actually meet as interim committee and tell them to go forward with the methodology, what would stay in place between July 1<sup>st</sup> and September 30<sup>th</sup> anything?”

**Mr. Bailey:** “The current wages as published by Department of Labor.”

**Senator Kessler:** “So the prevailing wage on the books now would just stay in place with ongoing predictability so the contractors can be bid today, tomorrow and July 1<sup>st</sup>, 2<sup>nd</sup> all the way through September 30<sup>th</sup> and know what the rules are? Is that correct?”

**Ms. Webb:** “They would know that the prevailing wage from the previous year would be still in effect if the Committee voted to extend it, the statute does allow the Committee to extend the deadline.”

**Senator Kessler:** “But if we don’t extend it, there is no prevailing wage and there is no ideal out there by contractors in terms of predictability of what are the wages to be paid on these projects.”

**Ms. Webb:** “I can’t speak to what is predictable or what’s not. I suppose they would just bid on what they thing would be a good competitive bid for the project.”

**Senator Kessler:** “I think that is all I have.”

**Speaker Armstead:** “Further questions for counsel? Senator Carmichael.”

**Senator Carmichael:** “I’m not sure it’s for counsel but I think it is imperative that the Committee receive the full report, not just a summary of it. I want to know why and who can answer that, maybe its Jeff Green or whatever. Why is the Committee not in possession of the full report?”

**Speaker Armstead:** “Mr. Green would you be able to answer that question?”

**Mr. Green:** “The document is available or we can make it available. We kind of looked at it as working documents and then we would provide the executive summary. At least that was our understanding. The executive summary I feel does reflect what’s in the report and the specifics of the report. We are happy to provide it.”

**Senator Carmichael:** “I guess after the fact it’s nice to get it but its imperative because there is a lot of material behind this summary that has been brought into question. Again, I guess I am expressing some degree of frustration with this process.”

**Mr. Green:** “I understand.”

**Senator Carmichael:** “Thank you.”

**Speaker Armstead:** “Mr. Green is there a, what you would consider a final report at this point?”

**Mr. Green:** “I think there was a little work that needed to be done on the executive summary piece of it. There are little edits but it is finished for the most part, yes.”

**Speaker Armstead:** “Thank you. Further question of counsel? No further question of counsel then we will entertain a motion. Senator Kessler.”

**Senator Kessler:** “Gentlemen, it is clear you know, I’m not sure that any of us have our full arms around everything that is going to happen here. We do know what the existing prevailing wage is, there is obvious some dispute as to the methodology as to what it says, to what it doesn’t say and what it may mean in terms of establishing a prevailing wage. I think for the sake of predictability for the businesses in our state and those public projects that hope to go forward, we at least keep the status quo in place through September while we have an opportunity to refine this and get it done in some fashion that is clearly not only understandable by us but to the general public and those contractors. This Committee itself doesn’t know what we are voting on and what the wages are going to be. How on earth would anybody that is going to have to submit a bid on July 1<sup>st</sup> or July 15<sup>th</sup>, so I would move that we just go ahead and move to continue the current prevailing wage in place until the September 30<sup>th</sup> statutorily authorized extension on this or we are going to lead to a great deal of uncertainty and unpredictability in this state which I think will do a real disservice to our businesses and our citizens.”

**Speaker Armstead:** “Discussion on the motion? Senator Trump.”

**Senator Trump:** “Thank you Mr. Speaker. I speak in opposition to the gentleman’s motion. The statutory mandate was clear in this bill and this was, I remembered during the session, it was represented to us that a final methodology could be determined by June 1st. Now I think as we sit here today, I think we have come to a conclusion during the course of this meeting, that we don’t even have that. We have a summary but as I understand it, it is still a work in progress. So it is unfortunate as it is, Workforce has not done, not produced what it said it could produce and what the statute obliged it and mandated it to produce by June 1<sup>st</sup>. I’ll go farther and say that what has been produced, in my opinion, is not consistent with the statutory mandate. I think and I don’t know where it goes from here, but I don’t think we are going to do any service to the citizens of West Virginia if we protract or extend this flawed process. I urge rejection of the extension.”

**Speaker Armstead:** “Further discussion? Further member desiring to speak before I recognize Senator Kessler to close? Senator Kessler.”

**Senator Kessler:** “While I may agree with my esteem colleague Senator Trump about the process being very uncertain, I am more concerned about the predictability of the men and women who are working out in the workforce as well as those businesses that depend on these contracts for their livelihood as well. I think we are eliminating all predictability if we don’t extend this at least through the 30<sup>th</sup> so that we can reach a firm resolution of the methodology and also so we will know what the wages are going to be. Because we can’t even determine what methodology we are using let alone what the wages are going to be

that the folks are going to have to pay on projects that they bid on between now and September 30<sup>th</sup>. I think for that reason extension of the current prevailing wage until then is the only way to go to lend certainty to the process. Again, I would urge the adoption of the motion and would ask and demand a roll call.”

**Speaker Armstead:** “Roll call has been demanded. Is the demand sustained? The demand is sustained. Ask the Clerk to please call the roll. Question before the Committee is the adoption of the motion.”

**Clerk:** “Carmichael – No; Boggs – Yes; Kessler – Yes; Cowles – No; Miley – Yes; Nelson – No; Trump – No; Shott – No; Cole – No; Speaker – No. 7 No’s 3 Yeas.”

**Speaker Armstead:** “7 voting in the negative, 3 in the affirmative, I declare the motion rejected. Are there further motions? Delegate Shott.”

**Delegate Shott:** “Thank you Mr. Speaker. I move that the Joint Committee authorize the President and the Speaker to jointly schedule another meeting of this Committee as necessary following the July 1, 2015 statutory deadline contained in Senate Bill No.361 and prior to the next regularly scheduled interim committee meetings.”

**Speaker Armstead:** “Is there discussion on the motion? Senator Kessler.”

**Senator Kessler:** “.....the mic was not on and could not hear.”

**Speaker Armstead:** “We believe that there may be authority to call a meeting of the Committee but because of the statute that talks about the extension, I believe it’s, I won’t speak for the sponsor, and I assume that it was for the purpose of insuring that it complies with what the statute says. I think there may be that ability to call a meeting of this Committee at any time but whether that meeting would be for the purpose of being able to address the extension, I think we might need a motion to do that. Further discussion of the motion? If not, the request before the Committee is the adoption of the motion, all of those in favor say aye, those oppose no. The ayes appear to have it, the ayes do have it, I declare the motion adopted. Are there further motions? Senator Carmichael.”

**Senator Carmichael:** “Thank you Mr. Chairman. Pursuant to WV Code §4-3-4, which sets forth the Joint Committee’s authority to access records of the state agencies for purposes of obtaining information in conjunction with the revision of existing laws. I move that the Joint Committee designate Tracy Webb and James Bailey as its duly authorized representatives to have access to any and all documents or communications of every agency or department of the state involved in the investigation and preparation of the methodology presented today by Workforce WV for determination of the prevailing hourly rate of wages. And to the extent that any agency refuses to comply with such request, I



move that the committee authorize staff to prepare a subpoena for the signature of either or both of the co-chairs pursuant to the statute.”

**Speaker Armstead:** “You heard the gentleman’s motion, is there discussion? If not, the request before the Committee is the adoption of the motion. Those in favor will say aye, those oppose no. The ayes appear to have it, the ayes do have it, I declare the motion adopted. Are there further motions? Delegate Cowles.”

**Delegate Cowles:** “Thank you Mr. Speaker. I move that the Joint Committee authorize the Speaker and the President to jointly author a letter to Workforce WV advising the view of this Committee that the methodology presented today does not comply with the statutory mandate of Senate Bill 361 as enacted and requesting that the methodology consistent with that mandate be adopted and the prevailing wage rates be calculated as soon as possible, as soon as we can see them.”

**Speaker Armstead:** “You heard the gentleman’s motion, is there discussion? If not, the request before the Committee is the adoption of the motion. Those in favor will say aye, those oppose no. The ayes appear to have it, the ayes do have it, I declare the motion adopted. Are there further motions? President Cole.”

**President Cole:** “Mr. Chairman I move that counsel, James Bailey and Tracy Webb, be requested by the President and Speaker, respectively, to prepare on behalf of the Joint Committee, options that the Joint Committee and the Legislature as a whole can consider if Workforce WV refuses to adopt a methodology for calculating a prevailing wage in a manner consistent with Senate Bill 361, including, but not limited to interim bills that may repeal or further amend the prevailing wage statute, and any other options including legal remedies that the Legislature may have for failure to follow the statute.”

**Speaker Armstead:** “You heard the gentleman’s motion, is there discussion? If not, the request before the Committee is the adoption of the motion. Those in favor will say aye, those oppose no. The ayes appear to have it, the ayes do have it, I declare the motion adopted. Are there further motions?”

If not, to the members of the Committee, we have a number of the monthly and quarterly reports, it would be my suggestion that we simply go through these and if anyone has, because of the lateness of the hour, if anyone has a question of any of the representatives of the agencies, if you would indicate that, then we could ask them to come forward, otherwise we will just accept their reports. Is there objection to proceeding in such manner? If not, the first report is Workforce WV Unemployment Compensation Trust Fund Distribution, any questions on that?

The monthly/quarterly report from PEIA, BRIM, CHIP and Real Estate Report. Do members have questions regarding that report?

Next is the Department of Health and Human Resources Medicaid Report and Medicaid Waiver. Do members have questions regarding that report?

Next is Investment Management Board Distribution. Do members have questions regarding that report?

Next is Workers' Compensation. Do members have questions regarding that report?

Finally, the Board of Treasury Report Distribution. Do members have questions regarding that report?

If not, are there any further business to come before the Committee. Chair recognizes President Cole."

**President Cole:** "Mr. Speaker, I move that Parks, Recreation and Natural Resources be authorized to conduct site visitations to North Bend State Park Rail Trail, Stonewall Jackson State Park, Holly River State Park and the French Creek Wildlife Center on September 27, 28 and 29, 2015 for the members and staff to be reimbursed for their expenses."

**Speaker Armstead:** "You heard the motion by President Cole, is there discussion? If not, the question before the Committee is the adoption of the motion. Those in favor will say aye, oppose say no. The ayes appear to have it, the ayes do have it, I declare the motion adopted. Is there further business to come before the Committee? If not, the Chair recognizes President Cole."

**President Cole:** "Mr. Speaker I move that we adjourn."

**Speaker Armstead:** "President Cole moves we adjourn. All those in favor will say aye, oppose no. The ayes appear to have it, the ayes do have it, and I declare the meeting adjourned."

# WEST VIRGINIA LEGISLATURE

*Office of the Legislative Auditor*



*Budget Division  
Building 1, Room 314-West Wing  
1900 Kanawha Blvd. East  
Charleston, WV 25305-0590*

*304-347-4870*

September 1, 2015

## Executive Summary WV Lottery, Unemployment Trust, General Revenue and State Road Fund

- West Virginia Lottery as of July 31, 2015:  
Gross profit for July 2015 was \$44 million.
- West Virginia Unemployment Compensation Fund as of July 31, 2015:  
Total disbursements were \$ 4.8 million higher than last fiscal year. Overall ending trust fund balance was \$ 606 thousand lower on July 31, 2015, than on July 31, 2014.
- General Revenue Fund as of August 31, 2015:  
The general revenue collections ended the second month of fiscal year 2015-2016 at 97.82% of the estimate for the year.
- State Road Fund as of August 31, 2015:  
The state road fund collections ended the second month of fiscal year 2015-2016 at 114.09% of the estimate for the year.

WEST VIRGINIA LEGISLATURE  
*Office of the Legislative Auditor*



*Budget Division  
Building 1, Room 314-West Wing  
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Charleston, WV 25305-0590*

MEMORANDUM

To: Honorable Chairmen and Members of the Joint Committee on  
Government and Finance

From: William Spencer, CPA  
Director Budget Division  
Legislative Auditor's Office

Date: August 20, 2015

Re: Review of West Virginia Lottery Financial Information  
As of July 31, 2015

We performed an analysis of the Statement of Revenues, Expenses and Changes in Fund Net Position for July 31, 2015, from monthly unaudited financial reports furnished to our office by the West Virginia Lottery Commission. The results are as follows:

**Lottery Revenues:**

Gross lottery revenues are receipts from on-line games, instant games, table games and video lottery. These gross receipts totaled \$97.8 million for July 2015. Table games accounted for \$4 million of this total. Historic Resort Hotel video lottery and table games accounted for \$500 thousand of total gross receipts. Gross lottery revenue has decreased by 3.3% when compared with July of fiscal year 2014-2015. This number does not include commission and prize deductions. Gross profit (gross revenues minus commissions and prize costs) for July 2015 was \$44 million; for July of last fiscal year it was \$45.6 million. Expressed as a percentage, gross profit is 3% lower for fiscal year 2016 than for fiscal year 2015.

**Operating Transfers to the State of West Virginia:**

A total of \$41,991,000.00 has been accrued to the state of West Virginia for fiscal year 2015-2016. This is on an accrual basis and may not correspond to the actual cash transfers made during the same time period. Amount owed to the different accounts according to the Lottery Act are calculated monthly and accrued to the state; actual cash transfers are often made based upon actual cash flow needs of the day-to-day operation of the lottery.)

A schedule of cash transfers follows:

Bureau of Senior Services	\$17,482,000.00
Community and Technical College	\$500,000.00
Department of Education	\$6,376,000.00
Library Commission	\$4,057,000.00
Higher Education-Central Office	\$2,563,000.00
Tourism	\$2,842,000.00
Department of Natural Resources	\$1,133,000.00
Division of Culture and History	\$1,685,000.00
Economic Development Authority	\$999,000.00
Department of Education and Arts	\$563,000.00
School Building Authority	\$1,800,000.00
<b><u>SUBTOTAL BUDGETARY TRANSFERS</u></b>	<b>\$40,000,000.00</b>

Lottery continued

**Excess Lottery Fund**

Economic Development Fund	\$1,899,000.00
Higher Education Improvement Fund	\$1,500,000.00
WV Infrastructure Council Fund	\$600,000.00
Higher Education Improvement Fund	\$0.00
Refundable Credit	\$0.00
General Purpose Fund	\$0.00
DHHR	\$0.00
State Park Improvement Fund	\$0.00
School Building Authority	\$1,899,000.00
Excess Lottery Surplus	\$0.00
WV Lottery Statutory Transfers	\$0.00
WV Racing Commission	\$0.00
<b>Total State Excess Lottery Revenue Fund</b>	<b>\$5,898,000.00</b>

Total Budgetary Distributions: \$45,898,000.00

Veterans Instant Ticket Fund \$81,000.00

<b>RACETRACK VIDEO LOTTERY TRANSFERS:</b>	
Tourism Promotion Fund 1.375%	\$0.00
Development Office Promo Fund .375%	\$0.00
Research Challenge Fund .5%	\$0.00
Capitol Renovation and Improvement Fund .6875%	\$0.00
Parking Garage Fund .0625%	\$0.00

Lottery continued

Parking Garage Fund 1%	\$0.00
Cultural Facilities and Cap. Resources Fund .5%	\$0.00
Capitol Dome & Cap. Improvements Fund .5%	\$0.00
Workers Compensation Debt Reduction Fund 7%	\$0.00
<b>SUBTOTAL VIDEO LOTTERY TRANSFERS:</b>	<b>\$0.00</b>
<b>TOTAL TRANSFERS</b>	<b>*\$45,979,000.00</b>

\* CASH BASIS

Total Accrued last FY 2015:	\$123,920,000.00
Total Cash Distributions FY 2016:	\$45,979,000.00
Applied to FY 2015	\$45,979,000.00
Applied to FY 2016:	\$0.00
Accrued for FY 2015 as of July 31:	\$77,941,000.00
Accrued for FY 2016 as of July 31:	\$41,991,000.00



P.O. BOX 2067  
CHARLESTON, WV 25327

PHONE: 304-558-0500  
1-800-WVA-CASH

Earl Ray Tomblin  
Governor

John C. Musgrave  
Director

**MEMORANDUM**

TO: Joint Committee on Government and Finance  
FROM: John C. Musgrave, Director  
RE: Monthly Report on Lottery Operations  
Month Ending July 31, 2015

A handwritten signature in blue ink, appearing to read "John C. Musgrave", written over a large, light blue oval scribble.

DATE: August 17, 2015

This report of the Lottery operations is provided pursuant to the State Lottery Act.

Financial statements of the Lottery for the month ending July 31, 2015 are attached. Lottery revenue, which includes on-line, instant, video lottery sales, table games, and historic resort, was \$97,795,624 for the month of July.

Transfers of lottery revenue totaling \$45,978,476 made for the month of July to the designated state agencies per Senate Bill 160, Veterans Instant Ticket Fund, Racetrack Video Lottery Act (§29-22A-10), and the Racetrack Table Games Act (§29-22C-27). The amount transferred to each agency is shown in Note 10 on pages 19 and 20 of the attached financial statements.

The number of traditional and limited retailers active as of July 31, 2015 was 1,520 and 1,371 respectively.

A listing of the names and amounts of prize winners has been provided to the Clerk of the Senate, the Clerk of the House and Legislative Services.

If any member of the Committee has questions concerning the Lottery, please call me. Also if any members of the Legislature wish to visit the Lottery offices, I would be pleased to show them our facilities and discuss the Lottery with them.

JCM  
Attachment

pc: Honorable Earl Ray Tomblin, Governor  
Robert S. Kiss, Cabinet Secretary – Dept. of Revenue  
John Perdue, Treasurer  
Glen B. Gainer III, Auditor  
Members of the West Virginia Lottery Commission



## MEMORANDUM

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FROM: John C. Musgrave, Director

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Month Ending July 31, 2015

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Members of the West Virginia Lottery Commission



**WEST VIRGINIA LOTTERY**

**STATE OF WEST VIRGINIA**

**FINANCIAL STATEMENTS  
-UNAUDITED-**

**July 31, 2015**

**WEST VIRGINIA LOTTERY**

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**WEST VIRGINIA LOTTERY**  
**STATEMENT OF NET POSITION**  
(In Thousands)  
-Unaudited-

ASSETS	July 31, 2015	June 30, 2015
Current assets:		
Cash and cash equivalents	\$ 160,720	\$ 163,592
Accounts receivable	28,761	33,929
Inventory	481	457
Other assets	1,892	1,894
Total current assets	<u>191,854</u>	<u>199,872</u>
Noncurrent assets:		
Restricted cash and cash equivalents	1,130	1,130
Capital assets	47,918	47,763
Less accumulated depreciation and amortization	<u>(10,089)</u>	<u>(10,000)</u>
Net capital assets	<u>37,829</u>	<u>37,763</u>
Total noncurrent assets	<u>38,959</u>	<u>38,893</u>
Total assets	<u>\$ 230,813</u>	<u>\$ 238,765</u>
Deferred outflows of resources:		
Pension contributions	<u>\$ 1,039</u>	<u>\$ 1,039</u>
Total assets and deferred outflows	<u>\$ 231,852</u>	<u>\$ 239,804</u>
Current liabilities:		
Accrued nonoperating distributions to the State of West Virginia	\$ 119,932	\$ 123,920
Estimated prize claims	15,656	15,911
Accounts payable	1,746	2,158
Other accrued liabilities	<u>38,269</u>	<u>41,566</u>
Total current liabilities	<u>175,603</u>	<u>183,555</u>
Deferred inflows	<u>\$ 2,153</u>	<u>2,153</u>
Net position:		
Restricted by enabling legislation	\$ 975	1,130
Net investment in capital assets	37,829	37,763
Unrestricted	<u>15,292</u>	<u>15,203</u>
Total net position	<u>54,096</u>	<u>54,096</u>
Total net position, liabilities, and deferred inflows	<u>\$ 231,852</u>	<u>\$ 239,804</u>

The accompanying notes are an integral part of these financial statements.

**WEST VIRGINIA LOTTERY**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**FOR THE ONE MONTH PERIOD ENDED JULY 31, 2015**

(In Thousands)

-Unaudited-

	CURRENT MONTH		YEAR TO DATE	
	2016	2015	2016	2015
Lottery revenues				
On-line games	\$ 5,494	\$ 5,794	\$ 5,494	\$ 5,794
Instant games	7,978	9,092	7,978	9,092
Racetrack video lottery	48,996	51,112	48,996	51,112
Limited video lottery	30,862	30,121	30,862	30,121
Table games	3,964	4,087	3,964	4,087
Historic resort	502	887	502	887
	<u>97,796</u>	<u>101,093</u>	<u>97,796</u>	<u>101,093</u>
Less commissions				
On-line games	384	404	384	404
Instant games	558	636	558	636
Racetrack video lottery	26,881	28,042	26,881	28,042
Limited video lottery	15,122	14,759	15,122	14,759
Table games	1,680	1,732	1,680	1,732
Historic resort	283	385	283	385
	<u>44,908</u>	<u>45,958</u>	<u>44,908</u>	<u>45,958</u>
Less on-line prizes	2,743	2,710	2,743	2,710
Less instant prizes	5,270	5,987	5,270	5,987
Less ticket costs	125	152	125	152
Less vendor fees and costs	607	694	607	694
	<u>8,745</u>	<u>9,543</u>	<u>8,745</u>	<u>9,543</u>
Gross profit	<u>44,143</u>	<u>45,592</u>	<u>44,143</u>	<u>45,592</u>
Administrative expenses				
Advertising and promotions	584	690	584	690
Wages and related benefits	582	674	582	674
Telecommunications	108	69	108	69
Contractual and professional	296	221	296	221
Rental	40	28	40	28
Depreciation and amortization	89	171	89	171
Other administrative expenses	110	91	110	91
	<u>1,809</u>	<u>1,944</u>	<u>1,809</u>	<u>1,944</u>
Other Operating Income	<u>224</u>	<u>294</u>	<u>224</u>	<u>294</u>
Operating Income	<u>42,558</u>	<u>43,942</u>	<u>42,558</u>	<u>43,942</u>
Nonoperating income (expense)				
Investment income	57	12	57	12
Distributions to municipalities and counties	(605)	(590)	(605)	(590)
Distributions -capital reinvestment	(19)	(20)	(19)	(20)
Distributions to the State of West Virginia	(41,991)	(43,344)	(41,991)	(43,344)
	<u>(42,558)</u>	<u>(43,942)</u>	<u>(42,558)</u>	<u>(43,942)</u>
Net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position, beginning of period	<u>54,096</u>	<u>55,020</u>	<u>54,096</u>	<u>55,020</u>
Net position, end of period	<u>\$ 54,096</u>	<u>\$ 55,020</u>	<u>\$ 54,096</u>	<u>\$ 55,020</u>

The accompanying notes are an integral part of these financial statements.

**WEST VIRGINIA LOTTERY**

**STATEMENTS OF CASH FLOWS  
FOR THE ONE MONTH PERIOD ENDED JULY 31, 2015**

(In Thousands)  
-Unaudited-

	2016	2015
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 103,188	\$ 107,761
Cash payments for:		
Personnel costs	(552)	(675)
Suppliers	(1,546)	(1,041)
Other operating costs	(56,566)	(52,985)
Cash provided by operating activities	<u>44,524</u>	<u>53,060</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(45,979)	(47,839)
Distributions to municipalities and counties	(588)	(573)
Distributions to racetrack from racetrack cap. reinv. fund	(723)	(229)
Cash used in noncapital financing activities	<u>(47,290)</u>	<u>(48,641)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	<u>(155)</u>	<u>(55)</u>
Cash flows from investing activities:		
Investment earnings received	<u>49</u>	<u>42</u>
Cash provided by investing activities	<u>49</u>	<u>42</u>
Increase (decrease) in cash and cash equivalents	(2,872)	4,406
Cash and cash equivalents - beginning of period	<u>164,722</u>	<u>151,109</u>
Cash and cash equivalents - end of period	<u>\$ 161,850</u>	<u>\$ 155,515</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 42,558	\$ 43,942
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	89	171
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	5,168	6,374
(Increase) decrease in inventory	(24)	(79)
(Increase) decrease in other assets	10	11
Increase (decrease) in deferred outflows	-	-
Increase (decrease) in estimated prize claims	(255)	495
Increase (decrease) in accounts payable	(412)	85
Increase (decrease) in other accrued liabilities	(2,610)	2,061
Cash provided by operating activities	<u>\$ 44,524</u>	<u>\$ 53,060</u>

The accompanying notes are an integral part of these financial statements.

**WEST VIRGINIA LOTTERY**  
**NOTES TO FINANCIAL STATEMENTS**  
**-Unaudited-**

**NOTE 1 - LEGISLATIVE ENACTMENT**

The West Virginia Lottery (Lottery) was established by the State Lottery Act (Act) passed April 13, 1985, which created a special fund in the State Treasury designated as the “State Lottery Fund.” The purpose of the Act was to establish and implement a state-operated lottery under the supervision of a state lottery commission (Commission) and a director. The Commission, consisting of seven members and the Director are appointed by the Governor. Under the Act, the Commission has certain powers and the duty to establish rules for conducting games, to select the type and number of gaming systems or games and to enter into contracts and agreements, and to do all acts necessary or incidental to the performance of its duties and exercise of its power and duty to operate the Lottery in a highly efficient manner. The Act provides that a minimum annual average of 45% of the gross amount received from each lottery shall be allocated for prizes and also provides for certain limitations on expenses necessary for operation and administration of the Lottery. To the extent available, remaining net profits are to be distributed to the State of West Virginia. As the State is able to impose its will over the Lottery, the Lottery is considered a component unit of the State and its financial statements are presented in the comprehensive annual financial report of the State as a blended proprietary fund component unit.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies of the Lottery is presented below.

**BASIS OF PRESENTATION** – The West Virginia Lottery is a component unit of the State of West Virginia, and is accounted for as a proprietary fund special purpose government engaged in business type activities. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, “Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments,” and with accounting principles generally accepted in the United States of America, the financial statements are prepared on the accrual basis of accounting which requires recognition of revenue when earned and expenses when incurred. As permitted by Governmental Accounting Standards Board (GASB) Statement No. 20, “*Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*,” the Lottery has elected not to adopt Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989 unless the GASB specifically adopts such FASB statements or interpretations.

The Lottery is included in the State’s basic financial statements as a proprietary fund and business type activity using the accrual basis of accounting. Because of the Lottery’s presentation in these financial statements as a special purpose government engaged in business type activities, there may be differences in presentation of amounts reported in these financial statements and the basic financial statements of the State as a result of major fund determination.

**USE OF ESTIMATES** – The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and develop assumptions that affect the amounts reported in the financial statements and related notes to financial statements. Actual results could differ from management’s estimates.

**WEST VIRGINIA LOTTERY**  
**NOTES TO FINANCIAL STATEMENTS**  
**-Unaudited-**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**LOTTERY GAME OPERATIONS** – The West Virginia Lottery derives its revenues from four basic types of lottery games: instant, on-line, video type games, and table games. The Lottery develops multiple game themes and prize structures to comply with its enabling legislation, including aggregate annual minimum prize provisions. All bonded retailers and agents comprised principally of grocery and convenience stores serve as the primary distribution channel for instant and on-line lottery sales to the general public.

The Lottery has contracted with a private vendor to manufacture, distribute, and provide data processing support for instant and on-line games. Under the terms of the agreements, the Lottery pays a percentage of gross revenues or gross profits for the processing and manufacture of the games.

Revenue from instant games is recognized when game tickets are sold to the retailers, and the related prize expense is recorded based on the specific game prize structure. Instant ticket sales and related prizes do not include the value of free plays issued for the purpose of increasing the odds of winning a prize.

Sales of on-line lottery tickets are made by licensed agents to the public with the use of computerized terminals. On-line games include POWERBALL®, a multi-state “jackpot” game; HOT LOTTO®, a multi-state “lotto” game; Mega Millions®, a multi-state “jackpot” game; Cash25 “lotto” game; Daily 3 and 4 “numbers” games; and Travel, a daily “keno” game. Revenue is recognized when the agent sells the tickets to the public. Prize expense is recognized on the basis of actual drawing results.

Commissions are paid to instant game retailers and on-line agents at the rate of seven percent of gross sales. A portion of the commission not to exceed one and one quarter percent of gross sales may be paid from unclaimed prize moneys. The amount paid from unclaimed prize moneys is credited against prize costs. In addition, retailers and agents are paid limited bonus incentives that include prize shares on winning tickets they sold and a ticket cashing bonus on winning tickets they cash. On a weekly basis, retailers and agents must remit amounts due to the Lottery. Retailers may not be able to order additional instant tickets if payment has not been made for the previous billing period, while an agent’s on-line terminal may be rendered inactive if payment is not received each week. No one retailer or agent accounts for a significant amount of the Lottery’s sales or accounts receivable. Historically credit losses have been nominal and no allowance for doubtful accounts receivable is considered necessary.

Video lottery is a self-activated video version of lottery games which is operated by an authorized licensee. The board-operated games allow a player to place bets for the chance to be awarded credits which can either be redeemed for cash or be replayed as additional bets. The coin operated games allow a player to use coins, currency, or tokens to place bets for the chance to receive coin or token awards which may be redeemed for cash or used for replay in the coin operated games. The video lottery games’ prize structures are designed to award prizes, or credits, at a stipulated rate of total bets played, and prize expense is netted against total video credits played. The Lottery recognizes as video lottery revenue “gross terminal income” equivalent to all wagers, net of related prizes. Amounts required by statute to be paid to the private and local government entities are reported as commissions. WV Lottery statutes have established specific requirements for video lottery and imposed certain restrictions limiting the licensing for operation of video lottery games to horse and dog racetracks in West Virginia (subject to local county elections permitting the same), limited licensed retailer areas restricted for adult amusement, and licensed historic resort hotels as defined by WV Code.



**WEST VIRGINIA LOTTERY**  
**NOTES TO FINANCIAL STATEMENTS**  
**-Unaudited-**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The legislation further stipulates the distribution of revenues from video lottery games, and requires any video lottery licensee to be responsible for acquiring the necessary equipment and bearing the risk associated with the costs of operating and marketing the games.

Table games are lotteries as each game involves consideration, the possibility of a prize, and their outcome is determined predominantly by chance, which the common law of West Virginia has long held are the three essential elements of a lottery. Table games are the exclusive intangible intellectual property of the state of West Virginia. Table games legislation has established specific requirements for table games and imposed certain restrictions limiting the licensing for operation of table games to horse and dog racetracks in West Virginia (subject to local county elections permitting the same), and licensed historic resort hotels as defined by WV Code. Each licensee as an agent of the Lottery Commission to operate West Virginia table games shall have written rules of play for each table game it operates which must be approved by the Commission. All wagers and pay-offs of winning wagers shall be made according to those rules of play. For the privilege of holding a table games license, there is levied a privilege tax of thirty-five percent of each licensee's adjusted gross receipts for the operation of West Virginia Lottery table games. Amounts required by statute to be paid to private and local government entities are reported as commissions. The legislation further stipulates the distribution of revenues from West Virginia table games, and requires any licensee to be responsible for acquiring the necessary equipment and bearing the risk associated with the costs of operating and marketing the games.

**CASH AND CASH EQUIVALENTS** – Cash and cash equivalents primarily consist of interest-earning deposits in an external investment pool maintained by the West Virginia Board of Treasury Investments (BTI). The BTI pool is a 2a-7 like pool carried at amortized cost which approximates fair value of the underlying securities.

**INVENTORY** – Inventory consists of instant game tickets available for sale to approved Lottery retailers and is carried at cost as determined by the specific identification method.

**OTHER ASSETS** – Other assets consist of deposits restricted for payment of certain Multi-State Lottery Association activities and prepaid expenses.

**CAPITAL ASSETS** – The Lottery has adopted a policy of capitalizing assets with individual amounts exceeding \$25,000. These assets include leasehold improvements and purchased equipment, comprised principally of technology property, office furnishings and equipment necessary to administer lottery games, are carried at cost. Depreciation is computed by the straight-line method using three to ten year lives.

**ADVERTISING AND PROMOTIONS** – The Lottery expenses the costs of advertising and promotions as they are incurred.

**COMPENSATED ABSENCES** – The Lottery has accrued \$563,913 and \$573,313 of at June 30, 2015 and 2014, respectively, for estimated obligations that may arise in connection with compensated absences for vacation at the current rate of employee pay. Employees fully vest in all earned but unused vacation. To the extent that accumulated sick leave is expected to be converted to benefits on termination or retirement, the Lottery participates in another postemployment benefits plan (see Note 16).

**WEST VIRGINIA LOTTERY  
NOTES TO FINANCIAL STATEMENTS  
-Unaudited-**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**NET POSITION** – Net position is presented as restricted, unrestricted and net investment in capital assets which represent the net book value of all property and equipment of the Lottery. When an expense is incurred for purposes for which both restricted and unrestricted net position are available, restricted resources are applied first.

**OPERATING REVENUES AND EXPENSES** – Operating revenues and expenses for proprietary funds such as the Lottery are revenues and expenses that result from providing services and producing and delivering goods and/or services. Operating revenues for the Lottery are derived from providing various types of lottery games. Operating expenses include commissions, prize costs, other direct costs of providing lottery games, and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**NOTE 3 - CASH AND CASH EQUIVALENTS**

At July 31, 2015 the carrying amounts of deposits (overdraft) with financial institutions were \$476 thousand with a bank balance (overdraft) of \$535 thousand. Of this balance \$250 thousand was covered by federal depository insurance with the remaining balance collateralized with securities held by the State of West Virginia’s agent in the State’s name.

A summary of the amount on deposit with the West Virginia Board of Treasury Investments (BTI) is as follows (in thousands):

	July 31, 2015	June 30, 2015
Deposits with financial institutions	\$ 476	\$ 477
Cash on hand at the Treasurer's Office	17,865	21,525
Investments with BTI reported as cash equivalents	143,509	142,720
	\$ 161,850	\$ 164,722

The deposits with the BTI are part of the State of West Virginia’s consolidated investment cash liquidity pool. Investment income is pro-rated to the Lottery at rates specified by the BTI based on the balance of the deposits maintained in relation to the total deposits of all state agencies participating in the pool. Such funds are available to the Lottery with overnight notice.

**WEST VIRGINIA LOTTERY**  
**NOTES TO FINANCIAL STATEMENTS**  
**-Unaudited-**

**NOTE 4 – CAPITAL ASSETS**

A summary of capital asset activity for the month ended July 31, 2015 is as follows (in thousands):

Capital Assets:

	Historical Cost At June 30, 2015	Additions	Deletions	Historical Cost At July 31, 2015
Construction in Progress	\$ 1,090	\$ 155	\$ -	\$ 1,245
Buildings	38,084	-	-	38,084
Land	1,434	-	-	1,434
Improvements	260	-	-	260
Equipment	6,895	-	-	6,895
	<u>\$ 47,763</u>	<u>\$ 155</u>	<u>\$ -</u>	<u>\$ 47,918</u>

Accumulated Depreciation:

	Historical Cost At June 30, 2015	Additions	Deletions	Historical Cost At July 31, 2015
Buildings	\$ 3,093	\$ 79	\$ -	\$ 3,172
Improvements	260	-	-	260
Equipment	6,647	10	-	6,657
	<u>\$ 10,000</u>	<u>\$ 89</u>	<u>\$ -</u>	<u>\$ 10,089</u>

**NOTE 5 - PARTICIPATION IN THE MULTI-STATE LOTTERY**

The Lottery is a member of the Multi-State Lottery (MUSL), which operates the semi-weekly POWERBALL® jackpot lotto game, the HOT LOTTO® game, and the MEGA MILLIONS® jackpot game on behalf of participating state lotteries. MUSL is currently comprised of 33 member state lotteries, including the District of Columbia and the United States Virgin Islands. MUSL is managed by a Board of Directors, which is comprised of the lottery directors or their designee from each of the party states. The Board of Directors' responsibilities to administer the Multi-State Lottery Powerball, Hot Lotto, and Mega Millions games are performed by advisory committees or panels staffed by officers and independent contractors appointed by the board. These officers and consultants serve at the pleasure of the board and the board prescribes their powers, duties and qualifications. The Executive Committee carries out the budgeting and financing of MUSL, while the board contracts the annual independent audit. A copy of the audit may be obtained by writing to the Multi-State Lottery Association, 1701-48th Street, Suite 210, West Des Moines, Iowa 50266-6723.

Each MUSL member sells game tickets through its agents and makes weekly wire transfers to the MUSL in an amount equivalent to the total prize pool less the amount of prizes won in each state. Lesser prizes are paid directly to the winners by each member lottery. The prize pool for POWERBALL®, HOT LOTTO® and MEGA MILLIONS® is 50% of each drawing period's sales, with minimum jackpot levels. The Lottery's revenues and expenses from MUSL games participation for the month ended July 31, 2015 and fiscal year-to-date is as follows:

**WEST VIRGINIA LOTTERY  
NOTES TO FINANCIAL STATEMENTS  
-Unaudited-**

**NOTE 5 - PARTICIPATION IN THE MULTI-STATE LOTTERY (continued)**

<u>Revenues</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 2,088,845	\$ 2,088,845
Hot Lotto	422,998	422,998
Mega Millions	1,064,289	1,064,289
Total	\$ 3,576,132	\$ 3,576,132

<u>Expenses (Prizes)</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 1,046,079	\$ 1,046,079
Hot Lotto	211,587	211,587
Mega Millions	532,262	532,262
Total	\$ 1,789,928	\$ 1,789,928

MUSL places a percentage of game sales from each game in separate prize reserve funds that serve as a contingency reserve to protect the respective MUSL Product Groups from unforeseen prize liabilities. These funds can only be used at the discretion of the respective MUSL Product Group. Once the prize reserve funds exceed the designated limit, the excess becomes part of that particular prize pool. Prize reserve fund monies are refundable to MUSL Product Group members if the MUSL disbands or, after one year, if a member leaves the MUSL. The applicable sales percentage contribution as well as the reserve fund limit for the MUSL games is as follows:

	<u>PowerBall</u>	<u>Hot Lotto</u>	<u>Mega Millions</u>
Required Contribution (% of sales)	2%	3%	1%
Reserve Fund Cap	\$125,000,000	\$9,000,000	\$45,000,000

At July 31, 2015, the Lotteries share of the prize reserve fund balances were as follows:

Game	<u>Total Prize Reserve</u>	<u>Lottery Share</u>
Powerball	\$ 109,939,920	\$ 1,887,126
Hot Lotto	8,030,977	547,805
Mega Millions	37,555,501	561,458
Total	<u>\$ 155,526,398</u>	<u>\$ 2,996,389</u>

Lottery prize reserves held by the MUSL are invested according to a Trust agreement the Lottery has with MUSL outlining investment policies. The policies restrict investments to direct obligations of the United States Government, perfected repurchase agreements, and obligations issued or guaranteed as to payment of principal and interest by agencies or instrumentalities of the United States Government, and mutual funds of approved investments. The average portfolio maturity is never more than one year, except that up to one third

**WEST VIRGINIA LOTTERY  
NOTES TO FINANCIAL STATEMENTS  
-Unaudited-**

**NOTE 5 - PARTICIPATION IN THE MULTI-STATE LOTTERY (continued)**

of the portfolio may have an average maturity of up to two years. The maximum maturity for any one security does not exceed five years.

The interest earned on prize reserve fund monies is used to pay MUSL operating expenses and any amounts over and above that are credited to an unreserved fund. The Lottery records this as interest when earned. This fund had a balance of \$15,446,835 at July 31, 2015, of which the Lottery's share was \$1,589,433.

**NOTE 6 - RACETRACK VIDEO LOTTERY**

The Racetrack Video Lottery legislation stipulates the distribution of racetrack video lottery revenues. This legislation has been amended since inception to restate revenue distribution based on revenue benchmarks and has been amended again by HB 101 as passed during the first extraordinary session of 2014. For a complete summary of the impacts of HB 101, see Note 11 titled "Summary Impact of Recent Legislation." Initially, four percent (4%) of gross terminal revenue is allocated for lottery administrative costs. For fiscal year 2016, fifty-seven percent (57%) of net terminal revenue (gross less 4%) is allocated in lieu of commissions as follows:

	<b>FY 2016</b>
Racetracks	46.5%
Other private entities associated with the racing industry	8.7%
Local county and municipal governments	2%

The remaining revenues (42.8% for fiscal year 2016) of net terminal revenue is allocated for distribution to State as specified in the Racetrack Video Lottery Act or subsequent State budget, as described in the Note 10 titled "Nonoperating Distributions to the State of West Virginia."

The first benchmark occurs when the current year net terminal revenue meets the fiscal year 1999 net terminal revenue. The counties and incorporated municipalities split 50/50 the two percent (2%) net terminal revenue.

The second benchmark occurs when the current year gross terminal revenue meets the fiscal year 2001 gross terminal revenue. The four percent (4%) is no longer allocated for lottery administrative costs; instead the State receives this for distribution as specified by legislation or the State budget.

The final benchmark occurs when the current year net terminal revenue meets the fiscal year 2001 net terminal revenue. At this point a 10% surcharge is applied to net terminal revenue, with 58% of the surcharge allocated for distribution to the State as specified by legislation or the State budget, and 42% of the surcharge allocated to separate capital reinvestment funds for each licensed racetrack.

After deduction of the surcharge, for fiscal year 2016, 49% of net terminal revenue is allocated in lieu of commissions as follows:

	<b>FY 2016</b>
Racetracks	42%
Other private entities associated with the racing industry	5%
Local county and municipal governments	2%

**WEST VIRGINIA LOTTERY**  
**NOTES TO FINANCIAL STATEMENTS**  
**-Unaudited-**

**NOTE 6 - RACETRACK VIDEO LOTTERY (continued)**

The remaining net terminal revenue (51% for fiscal year 2016) is allocated for distribution to the State as specified in the Racetrack Video Lottery Act or subsequent State budget, as described in Note 10.

Amounts from the capital reinvestment fund may be distributed to each racetrack if qualifying expenditures are made within the statutory timeframe; otherwise amounts accumulated in the fund revert to the state excess lottery revenue fund.

The WV Lottery, along with the Ohio, Rhode Island, Maryland, and Delaware lotteries, participate in Multi-Jurisdictional Wide Area Progressive (MWAP) video games. This allows each of the lotteries to offer a higher progressive jackpot than they could generate alone. MUSL manages the progressive games and charges each participant a MWAP contribution fee of .74% of the amount wagered. A summary of racetrack video lottery revenues for the month ended July 31, 2015 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2016	2015	2016	2015
Total credits played	\$ 539,492	\$ 575,324	\$ 539,492	\$ 575,324
Credits (prizes) won	(483,786)	(516,151)	(483,786)	(516,151)
Promotional credits played	(6,685)	(8,028)	(6,685)	(8,028)
MWAP Contributions	(25)	(33)	(25)	(33)
Gross terminal income	48,996	51,112	48,996	51,112
Administrative costs	(1,960)	(2,045)	(1,960)	(2,045)
Net Terminal Income	47,036	49,067	47,036	49,067
Less distribution to agents	(26,881)	(28,042)	(26,881)	(28,042)
Racetrack video lottery revenues	<u>\$ 20,155</u>	<u>\$ 21,025</u>	<u>\$ 20,155</u>	<u>\$ 21,025</u>

A summary of video lottery revenues paid or accrued for certain state funds to conform with the legislation follows (in thousands):

	July 31, 2015	Year-to-Date
State Lottery Fund	\$ 14,111	\$ 14,111
State Excess Lottery Revenue Fund	6,044	6,044
Capital Reinvestment Fund	-	-
Total nonoperating distributions	<u>\$ 20,155</u>	<u>\$ 20,155</u>

**NOTE 7 - LIMITED VIDEO LOTTERY**

Limited video lottery legislation passed in 2001 has established specific requirements imposing certain restrictions limiting the licensing for the operation of limited video lottery games to 9,000 terminals placed in licensed retailers. These licensed retailers must hold a qualifying permit for the sale and consumption on premises of alcohol or non-intoxicating beer. The Lottery has been charged with the administration, monitoring and regulation of these machines. The legislation further stipulates the distribution of revenues from the limited video lottery games, and requires any licensees to comply with all related rules and regulations of the Lottery in order to continue its retailer status. The Limited Video Lottery legislation

**WEST VIRGINIA LOTTERY**  
**NOTES TO FINANCIAL STATEMENTS**  
**-Unaudited-**

**NOTE 7 - LIMITED VIDEO LOTTERY (continued)**

stipulates that 2% of gross terminal income be deposited into the state lottery fund for administrative costs. Then, the state share percentage of gross profit is to be transferred to the State Excess Lottery Revenue Fund. Such percentage is between 30 and 50 percent and is subject to change on a quarterly basis. Two percent is distributed to counties and incorporated municipalities in the manner prescribed by the statute. The remaining amount of gross profit is paid to retailers and/or operators as prescribed in the Act, and is recorded as limited video lottery commissions in the financial statements. Municipal and county distributions are accounted for as nonoperating expenses.

A summary of limited video lottery revenues for the month ended July 31, 2015 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2016	2015	2016	2015
Total credits played	\$ 365,177	\$ 358,550	\$ 365,177	\$ 358,550
Credits (prizes) won	(334,315)	(328,429)	(334,315)	(328,429)
Gross terminal income	\$ 30,862	\$ 30,121	\$ 30,862	\$ 30,121
Administrative costs	(617)	(603)	(617)	(603)
Gross Profit	30,245	29,518	30,245	29,518
Commissions	(15,122)	(14,759)	(15,122)	(14,759)
Municipalities and Counties	(605)	(590)	(605)	(590)
Limited video lottery revenues	<u>\$ 14,518</u>	<u>\$ 14,169</u>	<u>\$ 14,518</u>	<u>\$ 14,169</u>

**NOTE 8 – TABLE GAMES**

Table Games legislation passed in 2007 per House Bill 2718. Table games include blackjack, roulette, craps, and various types of poker. Each racetrack licensee is subject to a privilege tax of thirty five percent (35%) of adjusted gross receipts which will be deposited weekly into the Racetrack Table Games Fund.

From the gross amounts deposited into the Racetrack Table Games Fund, the Commission, on a monthly basis shall:

Retain 3% of the adjusted gross receipts for administrative expenses of which at least \$100,000 and not more than \$500,000 annually will be transferred to the Compulsive Gambling Treatment Fund. Transfer two percent of the adjusted gross receipts from each licensed racetrack to the county commissions of the counties where racetracks with West Virginia Lottery table games are located. Transfer three percent of the adjusted gross receipts from each licensed racetrack to the governing bodies of municipalities within counties where racetracks with West Virginia Lottery table games are located as prescribed by statute. And transfer one-half of one percent of the adjusted gross receipts to the governing bodies of municipalities in which a racetrack table games licensee is located to be divided equally among the municipalities. For fiscal year 2016 make transfers as follows:

**WEST VIRGINIA LOTTERY  
NOTES TO FINANCIAL STATEMENTS  
-Unaudited-**

**NOTE 8 – TABLE GAMES (continued)**

Fiscal Year 2016	
2.25% of adjusted gross receipts	from all thoroughbred racetracks with West Virginia Lottery table games to the special funds established by each thoroughbred racetrack table games licensee for the payment of regular racetrack purses to be divided equally among each licensee
2.25% of adjusted gross receipts	from all greyhound racetracks with West Virginia Lottery table games to the special funds established by each greyhound racetrack table games licensee for the payment of regular racetrack purses to be divided equally among each licensee
1.8% of adjusted gross receipts	from all licensed racetracks to the Thoroughbred Development Fund and the Greyhound Breeding Development Fund to be divided pro rata among the development funds

The Commission will distribute the remaining amounts, hereinafter referred to as the net amounts in the Racetrack Table Games Funds as follows:

- 1) Transfer four percent into a special fund to be established by the Racing Commission to be used for payment into the pension plan for all employees of each licensed racing association;
- 2) Transfer ten percent, to be divided and paid in equal shares, to each county commission in the state where table games are not located;
- 3) Transfer ten percent, to be divided and paid in equal shares, to the governing bodies of each municipality in the state where table games are not located; and
- 4) Transfer seventy-six percent to the State Excess Lottery Revenue Fund.

The cash transferred to the State Excess Lottery Revenue Fund in the current month is included in Note 10-Nonoperating Distributions to the State of West Virginia. The table games adjusted gross receipts for the month and year ended July 31, 2015 were \$11,324,960. The following table shows the month and year totals of the privilege tax and the accrued distributions (in thousands) to be transferred in the subsequent month:

	Current Month		Year-to-Date	
	2016	2015	2016	2015
Table Games Privilege Tax	\$ 3,964	\$ 4,087	\$ 3,964	\$ 4,087
Interest on Table Games Fund	-	-	-	-
Administrative costs	(340)	(350)	(340)	(350)
Total Available for Distribution	<u>3,624</u>	<u>3,737</u>	<u>3,624</u>	<u>3,737</u>
<u>Less Distributions:</u>				
Racetrack Purse Funds	255	263	255	263
Thoroughbred & Greyhound Development Funds	204	210	204	210
Racing Association Pension Plan	100	103	100	103
Municipalities/ Counties	1,121	1,156	1,121	1,156
Total Distributions	<u>1,680</u>	<u>1,732</u>	<u>1,680</u>	<u>1,732</u>
Excess Lottery Fund	<u>\$ 1,944</u>	<u>\$ 2,005</u>	<u>\$ 1,944</u>	<u>\$ 2,005</u>



**WEST VIRGINIA LOTTERY**  
**NOTES TO FINANCIAL STATEMENTS**  
**-Unaudited-**

**NOTE 9 – HISTORIC RESORT HOTEL**

In 2009, the Legislature passed Senate Bill 575 which permits video lottery and table games at a licensed historic resort hotel which is defined as “a resort hotel registered with the United States Department of the Interior as a national historic landmark in its National Registry of Historic Places having not fewer than five hundred guest rooms under common ownership and having substantial recreational guest amenities in addition to the gaming facility.”

Historic Resort Video Lottery

According to Senate Bill 575, thirty six percent (36%) of gross terminal income is allocated to Historic Resort Hotel Fund and seventeen percent (17%) of gross terminal income is allocated to the Human Resource Benefit Fund. The remaining forty-seven percent (47%) of gross terminal income is then subject to a ten percent (10%) surcharge which is allocated to separate capital reinvestment funds for each licensed historic resort hotel. The remaining forty-two and three-tenths percent (42.3%) of gross terminal income is retained by the historic resort hotel.

A summary of historic resort hotel video lottery revenues for the month ended July 31, 2015 and fiscal year-to-date follows (in thousands):

	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Total credits played	\$ 5,481	\$ 5,347	\$ 5,481	\$ 5,347
Credits (prizes) won	(5,013)	(4,873)	(5,013)	(4,873)
Promotional credits played	(61)	(45)	(61)	(45)
MWAP Contributions	-	-	-	-
Gross terminal income	<u>407</u>	<u>429</u>	<u>407</u>	<u>429</u>
Capital reinvestment	(19)	(20)	(19)	(20)
Excess Lottery Fund	(4)	(3)	(4)	(3)
Administrative costs	(22)	(23)	(22)	(23)
Hotel commissions	<u>(173)</u>	<u>(182)</u>	<u>(172)</u>	<u>(182)</u>
Net terminal income	<b>189</b>	201	<b>190</b>	201
Historic Resort Hotel Fund	<b>120</b>	128	<b>121</b>	128
Human Resource Benefit Fund	<b>69</b>	73	<b>69</b>	73

**WEST VIRGINIA LOTTERY**  
**NOTES TO FINANCIAL STATEMENTS**  
**-Unaudited-**

**NOTE 9 – HISTORIC RESORT HOTEL (continued)**

Historic Resort Table Games

Each historic resort hotel licensee is subject to a privilege tax of thirty five percent (35%) of adjusted gross receipts, of which thirty percent (30%) is deposited directly into the Historic Resort Hotel Fund and five percent (5%) is deposited directly into the Human Resource Benefit Fund. The historic resort hotel table games adjusted gross receipts for the month and year ended July 31, 2015 were \$271,749.

The following table shows the month and fiscal year -to- date totals of the privilege tax and the accrued distributions (in thousands) to be transferred in the subsequent month:

	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Table games privilege tax	\$ 95	\$ 458	\$ 95	\$ 458
Administrative Costs	<u>(12)</u>	<u>(59)</u>	<u>(12)</u>	<u>(59)</u>
Total Available for Distribution	<b>83</b>	399	<b>83</b>	399
Historic Resort Hotel Fund	<b>68</b>	334	<b>69</b>	334
Human Resource Benefit Fund	<b>15</b>	65	<b>14</b>	65

Historic Resort Hotel Fund

Of the monies deposited into the Historic Resort Hotel Fund, fifteen percent (15%) is allocated for lottery administrative costs. The remaining Historic Resort Hotel Fund net income (gross deposits less 15%) is distributed as follows:

- 1) Eighty-six percent (86%) is paid to the State Excess Lottery Revenue Fund;
- 2) Four percent (4%) is paid to the county where the gaming facility is located;
- 3) Two and one-half percent (2.5%) is paid to the municipality where the gaming facility is located as prescribed by statute;
- 4) Two and one-half percent (2.5%) is divided and paid in equal shares to the remaining municipalities in the county where the gaming facility is located;
- 5) Two and one-half percent (2.5%) is divided and paid in equal shares, to each county commission in the state where the gaming facility is not located;
- 6) Two and one-half percent (2.5%) is divided and paid in equal shares, to each municipality in the state not already receiving a distribution as described in item five (5) or item six (6) above.

A summary of Historic Resort Hotel Fund revenues and related distributions is as follows (in thousands):

	<u>Current Month</u>	<u>Year-to-Date</u>
Historic Resort Hotel Video Lottery	\$ 121	\$ 121
Historic Resort Table Games	68	69
Interest on Historic Resort Hotel Fund	-	-
Historic Resort Hotel Fund Net Income	<u>189</u>	<u>190</u>
Municipalities/ Counties	26	26
Excess Lottery Fund	163	164
Total Distributions	<u>\$ 189</u>	<u>\$ 190</u>

**WEST VIRGINIA LOTTERY**  
**NOTES TO FINANCIAL STATEMENTS**  
**-Unaudited-**

**NOTE 10- NONOPERATING DISTRIBUTIONS TO THE STATE OF WEST VIRGINIA**

The Lottery periodically distributes surplus funds, exclusive of amounts incurred and derived from limited video lottery and a portion of racetrack video lottery funds, to the State of West Virginia in accordance with the legislation. For the year ending June 30, 2015 the State Legislature budgeted \$136,411,350 of estimated profits of the Lottery for distributions to designated special revenue accounts of the State of West Virginia. With regard to the State Lottery Fund, legislation stipulates that debt service payments be given a priority over all other transfers in instances where estimated profits are not sufficient to provide for payment of all appropriated distributions. Debt service payments of \$1,800,000, \$1,000,000, and \$500,000 per month for the first ten months of each fiscal year currently have such priority. Transfers made pursuant to the State Excess Lottery Revenue Fund have similar requirements; currently payments are \$5,300,000 per month for the first ten months of each fiscal year. In addition, Legislation provides that, if in any month, there is a shortage of funds in the State Excess Lottery Revenue Fund to make debt service payments, the necessary amount shall be transferred from the State Lottery Fund to cover such shortfall, after the State Lottery Fund debt service payments have been made. Repayments to the State Lottery Fund are required to be made in subsequent months as funds become available. For the month ended July 31, 2015 the Lottery has accrued additional distributions of \$119,932,506. The Lottery is a non-appropriated state agency and therefore does not have a budget adopted by the Legislature.

A summary of the cash distributions made to certain state agencies to conform to the legislation follows (in thousands):

<u>BUDGETARY DISTRIBUTIONS</u>	<u>July 31, 2015</u>	<u>Year-to-Date</u>
<u>State Lottery Fund:</u>		
Community and Technical College	\$ 500	\$ 500
Bureau of Senior Services	17,482	17,482
Department of Education	6,376	6,376
Library Commission	4,057	4,057
Higher Education-Policy Commission	2,563	2,563
Tourism	2,842	2,842
Natural Resources	1,133	1,133
Division of Culture & History	1,685	1,685
Department of Education & Arts	563	563
Economic Development Authority	999	999
School Building Authority	1,800	1,800
Total State Lottery Fund	<u>\$ 40,000</u>	<u>\$ 40,000</u>

**WEST VIRGINIA LOTTERY**  
**NOTES TO FINANCIAL STATEMENTS**  
**-Unaudited-**

State Excess Lottery Revenue Fund:

Economic Development Fund	\$ 1,899	\$ 1,899
Higher Education Improvement Fund	1,500	1,500
General Purpose Account	-	-
Higher Education Improvement Fund	-	-
State Park Improvement Fund	-	-
School Building Authority	1,899	1,899
Refundable Credit	-	-
WV Racing Commission	-	-
WV Department of Health and Human Resources	-	-
Teacher's Retirement Savings	-	-
Division of Justice and Community Services	-	-
WV Lottery Statutory Transfers	-	-
Excess Lottery Surplus	-	-
West Va. Infrastructure Council	600	600
Total State Excess Lottery Revenue Fund	<u>\$ 5,898</u>	<u>\$ 5,898</u>
Total Budgetary distributions:	<u>\$ 45,898</u>	<u>\$ 45,898</u>
Veterans Instant Ticket Fund	\$ 81	\$ 81
Total nonoperating distributions to the State of West Virginia (cash basis)	\$ 45,979	\$ 45,979
Accrued nonoperating distributions, beginning	(123,920)	(123,920)
Accrued nonoperating distributions, end	<u>119,932</u>	<u>119,932</u>
	<u>\$ 41,991</u>	<u>\$ 41,991</u>

**NOTE 11 – LEASES**

The Lottery leases, under a cancelable operating lease, its office and warehouse facilities. The Lottery also leases various office equipment under agreements considered to be cancelable operating leases. Rental expense for the fiscal year-to-date ended July 31, 2015 and July 31, 2014 approximated \$40,344 and \$28,349 respectively.

The Lottery leases office space under the terms of a non-cancellable operating lease to various tenants. Rental revenues for the fiscal year-to-date ended July 31, 2015 and July 31, 2014 approximated \$20,365 and \$107,947 respectively.

**WEST VIRGINIA LOTTERY**  
**NOTES TO FINANCIAL STATEMENTS**  
**-Unaudited-**

**NOTE 12 – RESTRICTED NET POSITION**

On June 14, 2006, House Bill 106 was enacted by the West Virginia State Legislature to set aside unexpended administrative expenses of the Lottery up to the limits for such expenses established by the enabling legislation of traditional, racetrack video lottery, and limited video lottery games in an amount not to exceed \$20,000,000 beginning in fiscal year 2006 and each year through fiscal year 2012. These assets are to be set aside for the design and construction of a building for the use of the Lottery and certain other State of West Virginia governmental entities. Contributions to the fund for fiscal years ending June 30, 2015 and June 30, 2014 were as follows:

	June 30, 2015	June 30, 2014
Beginning balance	\$ 1,397	\$ 1,640
Additions		
Legislative Appropriations		
Deductions		
Asset acquisition	(267)	(243)
Surplus of excess funds		
Ending balance	\$ 1,130	\$ 1,397

**NOTE 13 – COMMITMENTS**

For the years ended June 30, 2014 and 2013 the Lottery Commission has not designated any unexpended administrative funds for the acquisition of capital assets. As of June 30, 2014 and 2013, \$7,653,177 and \$2,003,028, respectively, are included in unrestricted net position and net investment in capital assets for this purpose.

**NOTE 14 - RETIREMENT BENEFITS**

All full-time Lottery employees are eligible to participate in the State of West Virginia Public Employees' Retirement System (PERS), a cost-sharing multiple-employer defined benefit public employee retirement system. The PERS is one of several plans administered by the West Virginia Consolidated Public Retirement (CPRB) under the direction of its Board of Trustees, which consists of the Governor, State Auditor, State Treasurer, Secretary of the Department of Administration, and nine members appointed by the Governor. CPRB prepares separately issued financial statements covering all retirement systems it administers, which can be obtained from Consolidated Public Retirement Board, 4101 MacCorkle Ave. S.E., Charleston, West Virginia 25304-1636.

Employees who retire at or after age sixty with five or more years of contributory service or who retire at or after age fifty-five and have completed twenty-five years of credited service with age and credited service equal to eighty or greater are eligible for retirement benefits as established by State statute. Retirement benefits are payable monthly for life, in the form of a straight-line annuity equal to two percent of the employee's average annual salary from the highest 36 consecutive months within the last 10 years of employment, multiplied by the number of years of the employee's credited service at the time of retirement.

**WEST VIRGINIA LOTTERY  
NOTES TO FINANCIAL STATEMENTS  
-Unaudited-**

**NOTE 14 - RETIREMENT BENEFITS (continued)**

Covered employees hired prior to July 1, 2015 are required to contribute 4.5% of their salary to the PERS. Covered employees hired on or after July 1, 2015 will contribute 6.0% of their salary to the PERS Tier II. The Lottery is required to contribute 13.5% of covered employees' salaries to the PERS. The required employee and employer contribution percentages have been established and changed from time to time by action of the State Legislature. The required contributions are not actuarially determined; however, actuarial valuations are performed to assist the Legislature in determining appropriate contributions. The Lottery and employee contributions, for the month ending July 31, 2015 and fiscal year-to-date are as follows (in thousands):

	July 31, 2015	Year-to-Date
Lottery contributions	\$ 27	\$ 27
Employee contributions	98	98
Total contributions	\$ 125	\$ 125

**NOTE 15 - RISK MANAGEMENT**

The Lottery is exposed to various risks of loss related to torts; theft of, or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Lottery participates in several risk management programs administered by the State of West Virginia. Each of these risk pools has issued separate audited financial reports on their operations. Those reports include the required supplementary information concerning the reconciliation of claims liabilities by type of contract and ten-year claim development information. Complete financial statements of the individual insurance enterprise funds can be obtained directly from their respective administrative offices.

**WORKERS' COMPENSATION INSURANCE**

The Lottery carries workers compensation insurance coverage through a commercial insurance carrier. The commercial insurance carrier is paid a monthly rated premium to provide compensation for injuries sustained in the course of employment.

**PUBLIC EMPLOYEES' INSURANCE AGENCY (PEIA)**

The Lottery participates in the Public Employees' Insurance Agency which provides an employee benefit insurance program to employees. PEIA was established by the State of West Virginia for State agencies, institutions of higher education, Boards of Education and component units of the State. In addition, local governmental entities and certain charitable and public service organizations may request to be covered by PEIA. PEIA provides a base employee benefit insurance program which includes hospital, surgical, major medical, prescription drug and basic life and accidental death. Underwriting and rate setting policies are established by PEIA. The cost of all coverage as determined by PEIA shall be paid by the participants. Premiums are established by PEIA and are paid monthly, and are dependent upon, among other things, coverage required, number of dependents, state vs. non state employees and active employees vs. retired employees and level of compensation. Coverage under these programs is limited to \$1 million lifetime for health and \$10,000 of life insurance coverage.

**WEST VIRGINIA LOTTERY**  
**NOTES TO FINANCIAL STATEMENTS**  
**-Unaudited-**

**NOTE 15 - RISK MANAGEMENT (continued)**

The PEIA risk pool retains all risks for the health and prescription features of its indemnity plan. PEIA has fully transferred the risks of coverage to the Managed Care Organization (MCO) Plan to the plan provider, and has transferred the risks of the life insurance coverage to a third party insurer. PEIA presently charges equivalent premiums for participants in either the indemnity plan or the MCO Plan. Altogether, PEIA insures approximately 205,000 individuals, including participants and dependents.

**BOARD OF RISK AND INSURANCE MANAGEMENT (BRIM)**

The Lottery participates in the West Virginia Board of Risk and Insurance Management (BRIM), a common risk pool currently operating as a common risk management and insurance program for all State agencies, component units, and other local governmental agencies who wish to participate. The Lottery pays an annual premium to BRIM for its general insurance coverage. Fund underwriting and rate setting policies are established by BRIM. The cost of all coverage as determined by BRIM shall be paid by the participants. The BRIM risk pool retains the risk of the first \$1 million per property event and purchases excess insurance on losses above that level. Excess coverage, through an outside insurer under this program is limited to \$200 million per event, subject to limits on certain property. BRIM has \$1 million per occurrence coverage maximum on all third-party liability claims.

**NOTE 16- OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

The Lottery participates in the West Virginia Other Postemployment Benefits Plan (OPEB Plan) of the West Virginia Retiree Health Benefit Trust Fund (Trust), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the West Virginia Public Employee Insurance Agency (WVPEIA). The OPEB Plan provides retiree post-employment health care benefits for participating state and local government employers. The provisions of the Code of West Virginia, 1931, as amended (the Code), assigns the authority to establish and amend benefit provisions to the WVPEIA board of trustees. The WVPEIA issues a publicly available financial report that includes financial statements and required supplementary information for the OPEB Plan. That report may be obtained by writing to Public Employees Insurance Agency, 601 57<sup>th</sup> Street, South East, Suite 2, Charleston, West Virginia, or by calling 1-888-680-7342.

Funding Policy

The Code requires the OPEB Plan bill the participating employers 100% of the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. State of West Virginia plan employers are billed per active health policy per month.

The ARC rate is \$389 and \$270 per employee per month for the years ending June 30, 2015 and 2014 respectively. Through June 30, 2015 and 2014, the Lottery has paid premiums of \$287,861 and \$291,750. As of June 30, 2015 and 2014, the Lottery has recorded a liability of \$4,631,089 and \$4,318,481 on its balance sheet for OPEB.

**SCHEDULE OF REVENUES AND NET REVENUES OF THE  
 LOTTERY FUND AND EXCESS LOTTERY FUND  
 FOR THE ONE MONTH PERIOD ENDED JULY 31, 2015  
 (In Thousands)**

	Current Month		FISCAL YEAR	
	<u>Actual</u>	<u>Projected</u>	<u>Actual</u>	<u>Projected</u>
Gross Revenues				
Instant games	7,978	7,917	7,978	7,917
On-line games	5,494	5,792	5,494	5,792
Racetrack video lottery	48,996	41,976	48,996	41,976
Limited video lottery	30,862	30,137	30,862	30,137
Racetrack table games	3,965	3,406	3,965	3,406
Historic resort	502	661	502	661
Total gross revenues	<u>97,797</u>	<u>89,889</u>	<u>97,797</u>	<u>89,889</u>
Net Revenues - Lottery Fund and Excess Lottery Fund				
Lottery Fund				
Instant games	994	1,035	994	1,035
On-line games	1,601	1,692	1,601	1,692
Racetrack Video Lottery	14,114	12,089	14,114	12,089
Total Lottery Fund net revenues	<u>16,709</u>	<u>14,816</u>	<u>16,709</u>	<u>14,816</u>
Excess Lottery Fund				
Racetrack Video Lottery	6,045	5,178	6,045	5,178
Limited Video Lottery	14,569	14,176	14,569	14,176
Limited Video Lottery Fees	160	-	160	0
Racetrack table games	1,945	1,671	1,945	1,671
Historic resort	167	267	167	267
Total Excess Lottery Fund Net Revenues	<u>22,886</u>	<u>21,292</u>	<u>22,886</u>	<u>21,292</u>
Total Net Revenues	<u>39,595</u>	<u>36,108</u>	<u>39,595</u>	<u>36,108</u>



WEST VIRGINIA LEGISLATURE  
*Office of the Legislative Auditor*



*Budget Division  
Building 1, Room 314-West Wing  
1900 Kanawha Blvd. East  
Charleston, WV 25305-0590*

304-347-4870

Memorandum

To: Honorable Chairmen and Members of the Joint Committee on  
Government and Finance

From: William Spencer, C.P.A.  
Director, Budget Division  
Legislative Auditor's Office

Date: September 1, 2015

Re: Status of General Revenue Fund and State Road Fund as of  
August 31, 2015 (FY 16)

We have reviewed the cash flow of the West Virginia general revenue fund as of August 31, 2015 which is the end of the second month of the fiscal year. The status of the fund collections for the month is as follows:

The net collections were 98% of the estimate for the fiscal year. Total collections were \$12.3 million below the estimate for the fiscal year.

Personal Income Tax collections were \$9.2 million above the estimate for the fiscal year.

Consumer sales and use tax collections were \$600 thousand above the estimate for the year.

Severance Tax was \$20 million below the estimate for the fiscal year.

Corporate Income and Business Franchise Tax collections were \$1.2 million above the estimate for the fiscal year.

**State Road Fund**

The state road fund collections were 114% of the estimate for the fiscal year. Total collections were \$18.6 million above the estimate for the fiscal year.

**Rainy Day and Personal Income Tax Reserve**

Revenue Shortfall Reserve Fund A (Rainy Day Fund) had a cash balance of \$420,308,335.01 as of August 31, 2015.

Balance July 1, 2015	480,055,439.54
Earnings	-59,747,104.53
Balance August 31, 2015	420,308,335.01

Revenue Shortfall Reserve Fund B (Tobacco Settlement Monies) had a cash balance of \$385,147,777.88 as of August 31, 2015.

Balance July 1, 2015	389,044,490.55
Earnings	-3,896,712.69
Balance August 31, 2015	385,147,777.88

The Personal Income Tax Reserve Fund had an \$8 million cash balance as of August 31, 2015.

Balance July 1, 2015	8,000,000.00
Revenues	0.00
Balance August 31, 2015	8,000,000.00

**GENERAL REVENUE FUND FY 2014-2015**

**By Source and by Month**

**Monthly Revenue Estimates  
as of August 31, 2015 OASIS**

	MONTH ESTIMATES	NET MONTH COLLECTIONS	<b>FINAL</b> MONTHLY COLLECTIONS OVER ESTIMATES	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY COLLECTIONS OVER ESTIMATES
Personal Income Tax	123,700,000	137,938,230	14,238,230	246,700,000	255,865,189	9,165,189
Consumer Sales Tax & Use Tax	107,500,000	103,956,450	-3,543,550	187,400,000	187,977,394	577,394
Severance Tax	40,200,000	24,032,403	-16,167,597	34,700,000	14,720,849	-19,979,151
Corp Income /Business Franchise	2,500,000	2,965,938	465,938	10,000,000	11,161,981	1,161,981
Insurance Tax	1,500,000	804,961	-695,039	27,500,000	27,512,583	12,583
Tobacco Products Tax	9,400,000	9,000,549	-399,451	19,200,000	19,149,608	-50,392
Business and Occupation	8,300,000	9,777,431	1,477,431	18,200,000	19,746,937	1,546,937
Liquor Profit Transfers	1,300,000	1,509,750	209,750	2,330,000	2,798,817	468,817
Departmental Collections	1,090,000	1,137,222	47,222	2,112,000	2,249,191	137,191
Property Transfer Tax	1,329,000	1,110,170	-218,830	2,289,000	2,233,472	-55,528
Property Tax	398,000	352,549	-45,451	476,000	470,202	-5,799
Beer Tax and Licenses	575,000	659,903	84,903	1,376,000	1,437,569	61,569
Miscellaneous Transfers	1,014,000	62,575	-951,425	1,014,000	62,575	-951,425
Interest Income	1,250,000	34,202	-1,215,798	2,500,000	-803,286	-3,303,286
Senior Tax Credit Reimbur Lot	845,000	169,841	-675,159	845,000	169,841	-675,159
HB 102 - Lottery Transfers	4,807,000	5,337,424	530,424	4,807,000	5,337,424	530,424
Miscellaneous Receipts	733,000	306,002	-426,998	1,426,000	436,476	-989,524
Business Fran Registration Fees	69,000	-156,278	-225,278	130,000	158,874	28,874
Liquor License Renewal	0	0	0	71,000	70,724	-276
Special Revenue Transfer	0	0	0	0	0	0
Charter Tax	0	-17,705	-17,705	0	-16,700	-16,700
Telecommunications Tax	0	0	0	0	0	0
Video Lottery Transfers	0	16,342	16,342	0	38,138	38,138
Racing Fees	0	0	0	0	0	0
Estate and Inheritance Tax	0	0	0	0	0	0
July-Dec Retro Rev Adj	0	0	0	0	0	0
Cash Flow Transfer	0	0	0	0	64,000,000	64,000,000
<b>SUBTOTALS</b>	<b>306,510,000</b>	<b>298,997,959</b>	<b>-7,512,041</b>	<b>563,076,000</b>	<b>614,777,856</b>	<b>51,701,856</b>
Less: Cash Flow Transfer		0			(64,000,000)	
<b>TOTALS</b>	<b>306,510,000</b>	<b>298,997,959</b>	<b>-7,512,041</b>	<b>563,076,000</b>	<b>550,777,856</b>	<b>-12,298,144</b>

Percent of Estimates

97.55%

97.82%

Collections this day

19,665,730

**GENERAL REVENUE FUND FY 2014-2015**

**By Source and by Month**

**Monthly Revenue Estimates**

**as of August 31, 2015 OASIS**

	MONTH ESTIMATES	NET MONTH COLLECTIONS	<b>FINAL</b> MONTHLY COLLECTIONS OVER ESTIMATES	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY COLLECTIONS OVER ESTIMATES
<b>Personal Income Tax</b>	123,700,000	137,938,230	14,238,230	246,700,000	255,865,189	9,165,189
<b>Consumer Sales Tax &amp; Use Tax</b>	107,500,000	103,956,450	-3,543,550	187,400,000	187,977,394	577,394
<b>Severance Tax</b>	40,200,000	24,032,403	-16,167,597	34,700,000	14,720,849	-19,979,151
<b>Corp Income /Business Franchise</b>	2,500,000	2,965,938	465,938	10,000,000	11,161,981	1,161,981
<b>Insurance Tax</b>	1,500,000	804,961	-695,039	27,500,000	27,512,583	12,583

STATE ROAD FUND FY 2014-2015  
 By Source and by Month  
 Monthly Revenue Estimates  
 as of August 31, 2015 OASIS

	MONTH ESTIMATES	NET MONTH COLLECTIONS	<b>FINAL</b> MONTHLY COLLECTIONS OVER ESTIMATES	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY COLLECTIONS OVER ESTIMATES
Gasoline & Motor Carrier Rd Tax	39,600,000	35,882,867	-3,717,133	78,000,000	71,324,213	-6,675,787
Privilege Tax	18,539,000	18,566,796	27,796	36,001,000	39,080,361	3,079,361
Licenses & Registration	7,659,000	6,196,848	-1,462,152	17,487,000	12,834,899	-4,652,101
Miscellaneous	0	13,948,020	13,948,020	0	26,699,854	26,699,854
Highway Litter Control	145,000	240,658	95,658	331,000	453,265	122,265
<b>TOTALS</b>	<b>65,943,000</b>	<b>74,835,189</b>	<b>8,892,189</b>	<b>131,819,000</b>	<b>150,392,591</b>	<b>18,573,591</b>

Percent of Estimates

113.48%

114.09%

Collections this day

20,395,015

REVENUE SHORTFALL RESERVE FUND 7005, Part A as of July 31, 2015 : \$412,811,288.92

REVENUE SHORTFALL RESERVE FUND 7006, Part B as of July 31, 2015: \$384,146,270.58

PERSONAL INCOME TAX REFUND RESERVE FUND as of July 31, 2015: \$8,000,000.00

Prepared by Legislative Auditor's Office, Budget Division

WEST VIRGINIA LEGISLATURE  
Office of the Legislative Auditor



Budget Division  
Building 1, Room 314-West Wing  
1900 Kanawha Blvd. East  
Charleston, WV 25305-0590  
304-347-4870

To: Honorable Chairmen and Members of the Joint Committee on  
Government and Finance

From: William Spencer, C.P.A.  
Director Budget Division  
Legislative Auditor's Office

Date: August 20, 2015

Re: West Virginia Unemployment Compensation Trust Fund

We have reviewed the July 31, 2015 monthly report of the Unemployment Compensation Trust Fund we received from WorkForce West Virginia.

As of July 31, 2015 of fiscal year 2015-2016, the trust fund cash flow was as follows:

Trust Fund Beginning Cash Balance 7-1-2015	\$ 115,210,747.46
Receipts July 1, 2015 thru July 31, 2015	\$ 24,289,008.34
Disbursements July 1, 2015 thru July 31, 2015	\$ 21,963,081.62
Balance July 31, 2015	\$ 117,536,674.18

ITEMS OF NOTE:

Regular benefits paid for July 2015 were \$ 3.8 million more than July 2014.

Federal emergency benefits totaled \$ -12 thousand in July 2015. For July 2014, federal emergency benefits totaled \$ -34 thousand.

Total disbursements were \$ 4.8 million more in July 2015 than the preceding July 2014.

Receipts as of July 2015 were \$ 792 thousand more than in July 2014. Overall ending trust fund balance was \$ 606 thousand less on July 31, 2015 than on July 31, 2014.

Seasonally adjusted unemployment rates for July 2015 were 7.5 percent for West Virginia and 5.3 percent nationally.

Since July 2014, employment has decreased by 19,100. Employment gains included 1,600 in educational and health services, 1,000 in manufacturing, 700 in trade, transportation, and utilities, and 700 in professional and business services. Employment declines included 10,600 in government, 5,400 in construction, 3,000 in mining and logging, 2,500 in leisure and hospitality, 1,100 in financial activities, 400 in other services, and 100 in information.

August 11, 2015

William Spencer  
Budget Division  
Office of the Legislative Auditor  
Building 1, Room 332-West Wing  
1900 Kanawha Boulevard East  
Charleston, WV 25305-0590

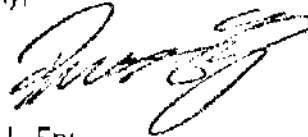
RE: Monthly Status Report

Dear Mr. Spencer:

Please find attached, the Monthly Status Report for the Joint Committee on Government and Finance, Unemployment Compensation Trust Fund for the month of July 2015.

If you have any questions or need any additional information, please feel free to contact Brock Jarrett at 304-558-2631 or [Brock.A.Jarrett@wv.gov](mailto:Brock.A.Jarrett@wv.gov).

Sincerely,



Russell L. Fry  
Acting Executive Director

RLF/gew

Enclosure

pc: Earl Ray Tomblin

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112 California Avenue  
Charleston, WV 25305

An agency of the Department of Commerce  
*An equal opportunity employer/program and auxiliary aids are available upon request to individuals with disabilities.*

**[www.workforcewv.org](http://www.workforcewv.org)**

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**MONTHLY STATUS REPORT FOR THE JOINT COMMITTEE ON GOVERNMENT AND FINANCE  
FOR THREE MONTHS STARTING MAY 2014 AND MAY 2015**

	MAY 2014	JUNE 2014	JULY 2014	MAY 2015	JUNE 2015	JULY 2015	THREE MONTH TOTAL VARIANCE *
<b>Balance Forward</b>	<u>\$68,590,798.96</u>	<u>\$129,789,545.81</u>	<u>\$111,805,447.81</u>	<u>\$75,875,737.93</u>	<u>\$133,605,137.80</u>	<u>\$115,210,747.48</u>	<u>\$14,505,830.61</u>
Add Receipts:							
1. Bond Assessment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2. Regular Contributions:	\$75,821,665.47	\$2,299,241.93	\$23,213,783.25	\$76,657,427.92	\$1,554,468.12	\$24,038,360.29	\$915,565.68
3. Federal Emergency Benefits (EUCOB)	\$2,792.98	(\$554,373.00)	\$370.96	(\$499,982.01)	\$178.00	\$196.99	\$51,622.04
4. Federal Share Extended Benefits (EB)	\$0.00	\$0.00	\$21.00	(\$18,000.00)	\$0.00	\$0.00	(\$18,021.00)
5. Temp Federal Additional Comp (FAC)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
6. UCFE (Federal Agencies)	\$76,525.11	\$106,601.45	\$130,842.15	\$114,055.84	\$158,972.41	\$127,406.22	\$86,465.76
7. Special Administrative Transfer	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
8. Reed Act Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
9. UC Modernization Incentive	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
10. Treasury Interest Credits	\$0.00	\$595,487.41	\$0.00	\$0.00	\$609,481.28	\$0.00	\$13,993.87
11. UCX (Military Agencies)	\$177,212.94	\$148,503.24	\$152,450.22	\$120,007.82	\$145,330.35	\$123,044.84	(\$89,783.39)
12. WV Insurance Committee-Senate Bill 246	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
13. CMA Receipts	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Total Monthly Receipts</b>	<u>\$76,078,196.50</u>	<u>\$2,595,461.03</u>	<u>\$23,497,467.58</u>	<u>\$76,373,529.57</u>	<u>\$2,468,430.16</u>	<u>\$24,289,008.34</u>	<u>\$959,842.96</u>
Less Disbursements:							
Debt Bond Repayment	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)
Regular Benefits:	\$14,612,813.00	\$19,372,249.37	\$16,926,438.69	\$18,421,859.30	\$20,629,796.23	\$20,725,904.07	\$8,866,058.54
Federal Emergency Benefits (EUCOB)	(\$83,183.77)	(\$35,910.18)	(\$33,825.91)	(\$42,294.28)	(\$37,784.88)	(\$12,175.52)	\$60,665.18
Federal Share Extended Benefits (EB)	(\$3,016.00)	(\$4,486.00)	(\$989.00)	(\$155.00)	(\$773.00)	(\$50.00)	\$7,513.00
Emergency Benefits (TEUC)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Temp Federal Additional Comp (FAC)	\$27.99	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$27.99)
UCFE (Federal Workers) Benefits	\$85,444.56	\$117,131.56	\$121,160.18	\$130,794.47	\$139,634.19	\$127,543.86	\$74,238.22
UCX (Military Workers) Benefits	\$167,363.87	\$152,125.52	\$147,930.68	\$133,925.21	\$131,947.96	\$121,859.21	(\$79,687.69)
Reed Act Funds	\$100,000.00	\$978,448.76	\$0.00	\$0.00	\$0.00	\$1,000,000.00	(\$78,448.76)
Special Administrative Transfer**	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Total Monthly Disbursements</b>	<u>\$14,879,449.65</u>	<u>\$20,579,559.03</u>	<u>\$17,160,714.64</u>	<u>\$18,644,129.70</u>	<u>\$20,862,820.50</u>	<u>\$21,963,081.62</u>	<u>\$8,850,308.50</u>
<b>Trust Fund Balance</b>	<u>\$129,789,545.81</u>	<u>\$111,805,447.81</u>	<u>\$118,142,200.75</u>	<u>\$133,605,137.80</u>	<u>\$115,210,747.46</u>	<u>\$117,536,674.18</u>	<u>\$6,615,065.07</u>

\* Three month total variance column is the difference between the sum of the previous year's three months data for each category and the current year's three months data. The purpose of the report is to show significant changes in receipts, disbursements, or balances.

**UC TRUST FUND PROJECTIONS FOR 2015**

September 8, 2015

Month	Revenues	Benefits	Trust Fund Balance
<b>2014</b>			
Balance - 1/1/2014			\$ 102,165,000
January	\$ 11,870,000	\$ 25,508,000	\$ 88,527,000
February	\$ 13,435,000	\$ 23,548,000	\$ 78,414,000
March	\$ 1,966,000	\$ 24,909,000	\$ 55,471,000
April	\$ 32,023,000	\$ 18,904,000	\$ 68,590,000
May	\$ 75,811,000	\$ 14,612,000	\$ 129,789,000
June	\$ 2,894,000	\$ 20,878,000	\$ 111,805,000
July	\$ 23,213,000	\$ 16,876,000	\$ 118,142,000
August	\$ 27,921,000	\$ 15,139,000	\$ 130,924,000
September	\$ 2,175,000	\$ 14,304,000	\$ 118,795,000
October	\$ 15,170,000	\$ 13,016,000	\$ 120,949,000
November	\$ 16,985,000	\$ 14,598,000	\$ 123,336,000
December	\$ 2,113,000	\$ 19,449,000	\$ 106,000,000
<b>Totals - 2014</b>	<b>\$ 225,576,000</b>	<b>\$ 221,741,000</b>	<b>\$ 106,000,000</b>
<b>2015</b>			
January	\$ 8,600,000	\$ 21,093,000	\$ 93,507,000
February	\$ 16,594,000	\$ 22,290,000	\$ 87,811,000
March	\$ 1,767,000	\$ 24,343,000	\$ 65,235,000
April	\$ 30,308,000	\$ 19,668,000	\$ 75,875,000
May	\$ 76,149,000	\$ 18,419,000	\$ 133,605,000
June	\$ 2,234,000	\$ 20,629,000	\$ 115,210,000
July	\$ 23,051,000	\$ 20,725,000	\$ 117,536,000
August	\$ 27,557,000	\$ 21,106,000	\$ 123,987,000
September	\$ 1,752,000	\$ 17,756,000	\$ 107,983,000
October	\$ 11,955,000	\$ 16,502,000	\$ 103,436,000
November	\$ 13,396,000	\$ 18,508,000	\$ 98,324,000
December	\$ 1,620,000	\$ 25,353,000	\$ 74,591,000
<b>Totals - 2015</b>	<b>\$ 214,983,000</b>	<b>\$ 246,392,000</b>	<b>\$ 74,591,000</b>

The average unemployment rate in West Virginia for CY 2014 was 6.5%.

The average projected unemployment rate for West Virginia for CY 2015 is 7.4%



# **Financial Statements**

## **May 2015**

*West Virginia Legislative Interims*  
*September 2015*

**Statement of Changes in Plan Net Assets**

**For the Eleven Months Ending Sunday, May 31, 2015**

(Dollars in Thousands)

(Unaudited-For Internal Use Only)

( \$ 0 0 0 's )				BUDGET VARIANCE		PRIOR YR VARIANCE	
ACTUAL	BUDGET	PRIOR YR		\$	%	\$	%
			<b>PREMIUM REVENUE</b>				
\$430,638	\$434,128	\$436,173	Health Insurance - State Gov. - Employers	(\$3,490)	(1%)	(\$5,535)	(1%)
110,435	110,728	116,047	Health Insurance - State Gov. - Employees	(293)	(0%)	(5,612)	(5%)
104,687	100,203	101,989	Health Insurance - Local Gov. - All	4,484	4%	2,698	3%
1,950	2,039	1,953	Life Insurance	(89)	(4%)	(3)	(0%)
		4,000	Direct Transfer		0%	(4,000)	(100%)
7,048	7,627	18,325	Interest and Investment Income	(579)	(8%)	(11,277)	(62%)
777			Litigation Settlement	777	0%	777	0%
2,143	2,076	1,733	Other Premium Revenue	67	3%	410	24%
4,489	4,249	4,458	Administrative Fees, Net of Refunds	240	6%	31	1%
<b>662,167</b>	<b>661,050</b>	<b>684,678</b>	<b>TOTAL REVENUE</b>	<b>1,117</b>	<b>0%</b>	<b>(22,511)</b>	<b>(3%)</b>
			<b>OPERATING EXPENSES</b>				
379,803	368,354	352,070	Claims Expense - Medical	(11,449)	(3%)	(27,733)	(8%)
124,204	113,719	114,518	Claims Expense - Drugs	(10,485)	(9%)	(9,686)	(8%)
35,933	37,289	34,956	Payments to Managed Care Org.	1,356	4%	(977)	(3%)
12,548	12,249	12,237	Administrative Service Fees	(299)	(2%)	(311)	(3%)
1,957	2,039	1,955	Life Insurance Expense	82	4%	(2)	(0%)
1,657	2,365	1,713	Wellness and Disease Management	708	30%	56	3%
316	316	314	ACA Comparative Effectiveness Fee		0%	(2)	(1%)
7,792	7,792	4,492	ACA Reinsurance Contribution		0%	(3,300)	(73%)
4,205	4,582	4,342	Other Operating Expenses	377	8%	137	3%
138,014	137,500	148,222	WV RHBT Pay Go Premiums	(514)	(0%)	10,208	7%
<b>706,429</b>	<b>686,205</b>	<b>674,819</b>	<b>TOTAL EXPENSES</b>	<b>(20,224)</b>	<b>(3%)</b>	<b>(31,610)</b>	<b>(5%)</b>
<b>(44,262)</b>	<b>(25,155)</b>	<b>9,859</b>	<b>YTD SURPLUS (DEFICIT)</b>	<b>(19,107)</b>	<b>(76%)</b>	<b>(54,121)</b>	<b>(549%)</b>
181,388	181,388	198,348	Total Net Assets, Beginning of Period			(16,960)	(9%)
<b>\$137,126</b>	<b>\$156,233</b>	<b>\$208,207</b>	<b>TOTAL NET ASSETS, END OF PERIOD</b>	<b>(\$19,107)</b>	<b>(12%)</b>	<b>(\$71,081)</b>	<b>(34%)</b>

**West Virginia Retiree Health Benefit Trust Fund**  
**STATEMENT OF CHANGES IN PLAN NET POSITION**  
For the Eleven Months Ending Sunday, May 31, 2015  
(In Thousands)

ACTUAL	BUDGET	PRIOR YR		BUDGET VARIANCE		PRIOR YR VARIANCE	
				\$	%	\$	%
<b>ADDITIONS</b>							
<b>Employer Premiums:</b>							
\$2,942	\$2,976	\$2,988	Health premiums	(\$34)	(1%)	(\$46)	(2%)
114,969	114,675	123,290	Pay Go Premiums	294	0%	(8,321)	(7%)
103	0	971	Annual required contributions	103	0%	(868)	(89%)
<b>118,014</b>	<b>117,651</b>	<b>127,249</b>	<b>Total Employer Premiums</b>	<b>363</b>	<b>0%</b>	<b>(9,235)</b>	<b>(7%)</b>
<b>Member Premiums:</b>							
71,264	73,175	70,814	Health premiums	(1,911)	(3%)	450	1%
23,014	22,825	24,887	Pay Go Premiums	189	1%	(1,873)	(8%)
21,102	20,182	20,504	Life Insurance Premiums	920	5%	598	3%
<b>115,380</b>	<b>116,182</b>	<b>116,205</b>	<b>Total Member Premiums</b>	<b>(802)</b>	<b>(1%)</b>	<b>(825)</b>	<b>(1%)</b>
<b>233,394</b>	<b>233,833</b>	<b>243,454</b>	<b>Total Premium Additions</b>	<b>(439)</b>	<b>(0%)</b>	<b>(10,060)</b>	<b>(4%)</b>
<b>Other Additions:</b>							
733	733	880	Retiree Drug Subsidy	0	0%	(147)	(17%)
28,283	38,887	78,883	Investment Income	(10,604)	(27%)	(50,600)	(64%)
<b>262,410</b>	<b>273,453</b>	<b>323,217</b>	<b>TOTAL ADDITIONS</b>	<b>(11,043)</b>	<b>(4%)</b>	<b>(60,807)</b>	<b>(19%)</b>
<b>DEDUCTIONS</b>							
126,101	127,324	122,709	Payments to Managed Care Org.	1,223	1%	(3,392)	(3%)
20,873	20,182	20,256	Life Insurance Expense	(691)	(3%)	(617)	(3%)
62,650	63,739	62,730	Medical Claims Expense	1,089	2%	80	0%
28,015	26,276	24,998	Pharmacy Claims Expense	(1,739)	(7%)	(3,017)	(12%)
31	34	33	Comparative Effectiveness Research Fee	3	8%	1	5%
779	733	462	ACA Reinsurance Contribution	(46)	(6%)	(317)	(68%)
1,777	1,627	1,598	Administrative Service Fees (External)	(149)	(9%)	(179)	(11%)
2,419	2,560	2,475	Other Operating Expenses	141	6%	55	2%
<b>242,645</b>	<b>242,475</b>	<b>235,261</b>	<b>TOTAL DEDUCTIONS</b>	<b>(170)</b>	<b>(0%)</b>	<b>(7,386)</b>	<b>(3%)</b>
<b>19,765</b>	<b>30,978</b>	<b>87,956</b>	<b>NET POSITION INCREASE</b>	<b>(11,213)</b>	<b>(36%)</b>	<b>(68,193)</b>	<b>(78%)</b>
<b>Net Position Restricted for Post Employment Benefits</b>							
691,558	691,558	590,230	Beginning of period	0	0%	101,328	17%
<b>\$711,323</b>	<b>\$722,536</b>	<b>\$678,186</b>	<b>End of period</b>	<b>(\$11,213)</b>	<b>(2%)</b>	<b>\$33,137</b>	<b>5%</b>

Accrual Basis / Unaudited / Internal Use Only  
6/24/2015 10:26 AM



**West Virginia Board of Risk and Insurance Management  
UNAUDITED BALANCE SHEET**



**June 30**

	2015	2014
(in thousands)		
<b>ASSETS</b>		
Short Term Assets		
Cash and Equivalents	\$ 19,504	\$ 13,365
Advance Deposit with Carrier/Trustee	204,219	206,774
Receivables - Net	2,679	3,747
Prepaid Insurance	-	-
Total Short Term Assets	226,402	223,886
Long Term Assets		
Investments	137,824	147,378
Total Long Term Assets	137,824	147,378
<b>TOTAL ASSETS</b>	364,226	371,264
<b>LIABILITIES</b>		
Short Term Liabilities		
Accounts payable	895	229
Claims Payable	-	-
OPEB Liability	388	388
Agents Commissions Payable	870	939
Unearned Revenue	7,659	7,518
Current Estimated Claim Reserve	47,890	53,448
Total Short Term Liabilities	57,702	62,522
Long Term Liabilities		
Compensated Absences	76	76
Estimated Noncurrent Claim Reserve	113,070	99,756
Total Long Term Liabilities	113,146	99,832
<b>TOTAL LIABILITIES</b>	170,848	162,354
Prior Year Net Assets	208,910	213,366
Current Year Earnings	(15,532)	(4,456)
<b>TOTAL NET ASSETS</b>	193,378	208,910
<b>TOTAL LIABILITIES AND RETAINED EARNINGS</b>	\$ 364,226	\$ 371,264

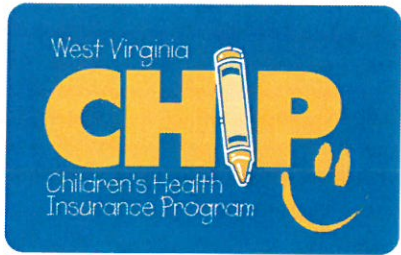
DRAFT - Unaudited - Management Purposes Only

**West Virginia Board of Risk and Insurance Management**  
**UNAUDITED INCOME STATEMENT**  
**For the ten months ending**



	<b>June 30</b>	
	<b>2015</b>	<b>2014</b>
	<b>(in thousands)</b>	
Operating Revenues		
Premium Revenues	\$ 58,204	\$ 52,128
Less - Excess Insurance	(6,197)	(6,102)
Total Operating Revenues	52,007	46,026
Operating Expenses		
Claims Expense	64,470	57,007
Property & MS Claims Expense	4,425	4,620
Personal Services	1,366	1,419
General & Administrative Expense	2,111	2,479
Total Operating Expenses	72,372	65,525
Operating Income (Loss)	(20,365)	(19,499)
Nonoperating Revenues		
Investment Income	4,833	17,043
Appropriation Trf HB 4261	-	(2,000)
Total Nonoperating Revenues	4,833	15,043
Net Income (Loss)	\$ (15,532)	\$ (4,456)

DRAFT - Unaudited - Management Purposes Only



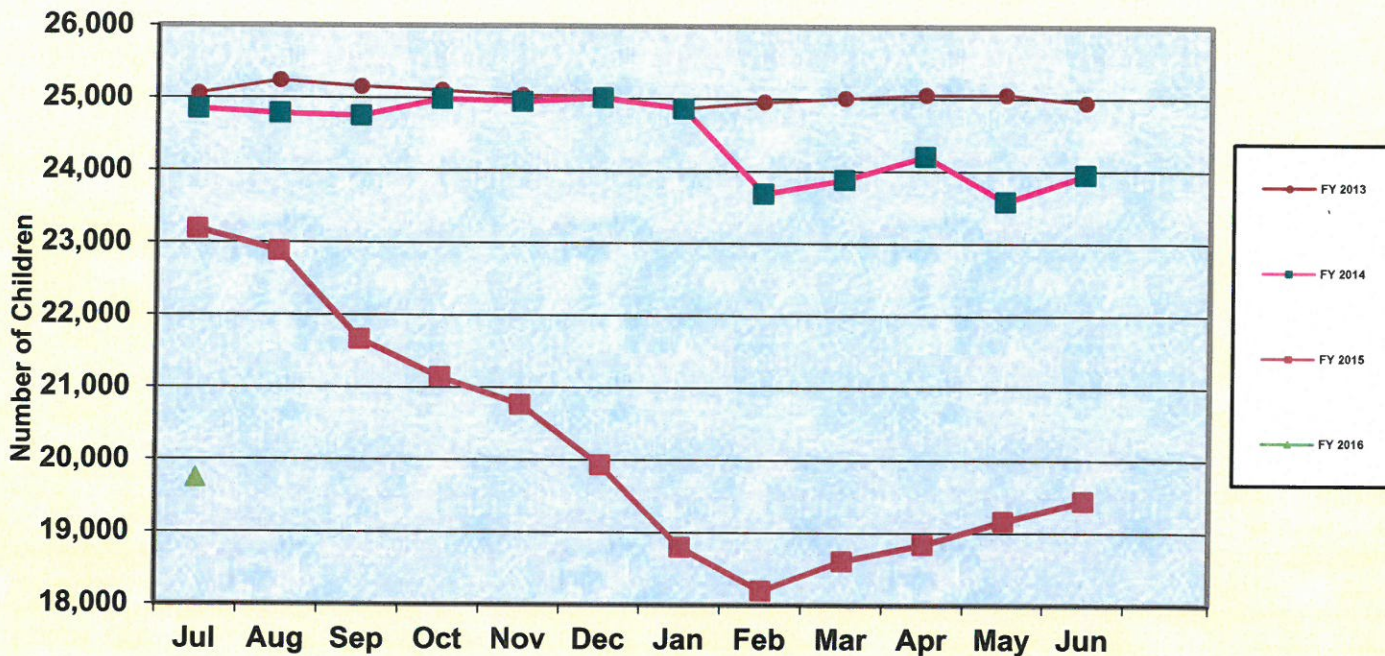
West Virginia Children's Health Insurance Program  
2 Hale Street  
Suite 101  
Charleston, WV 25301  
304-558-2732 voice / 304-558-2741 fax  
Helpline 877-982-2447  
[www.chip.wv.gov](http://www.chip.wv.gov)

## **Joint Committee on Government and Finance Report**

**September 2015**

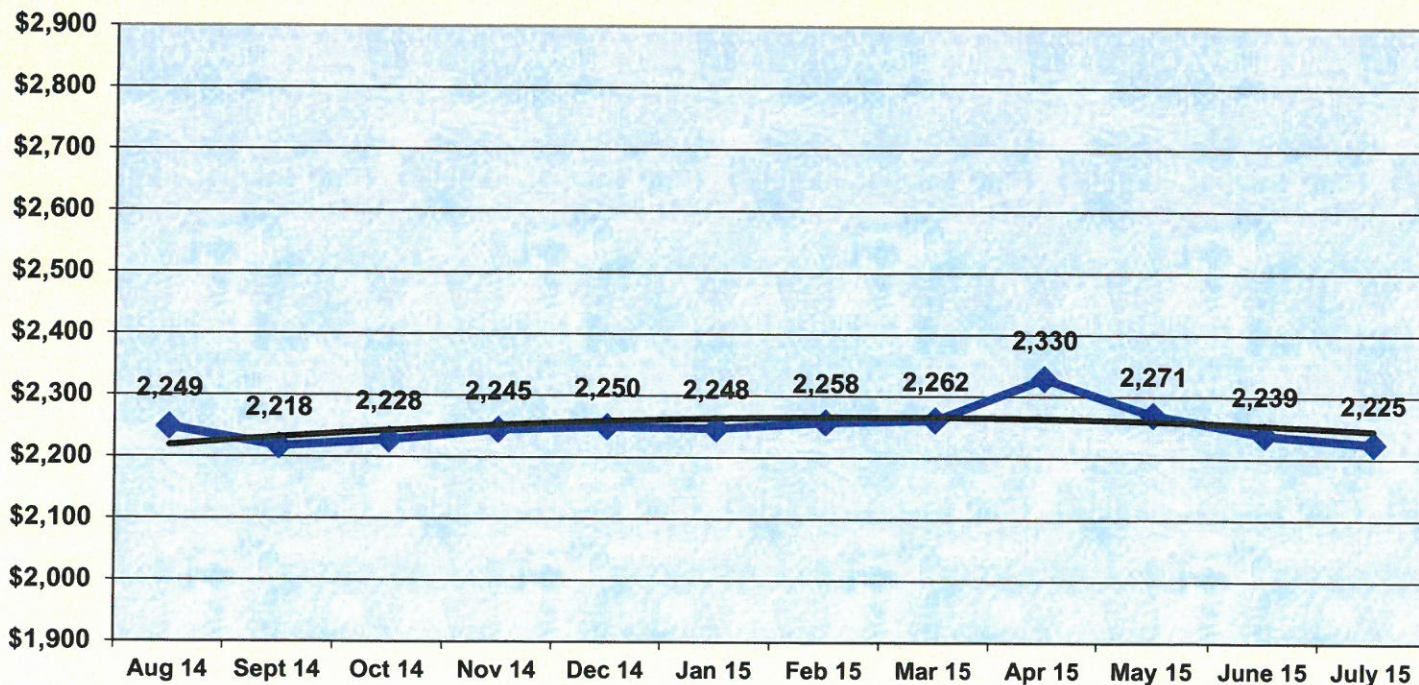


## WV CHIP Enrollment



July 31st Enrollment 19,747

## Annualized Health Care Expenditures (Cost per Child)



**West Virginia Children's Health Insurance Program  
Comparative Balance Sheet  
July 2015 and 2014  
(Accrual Basis)**

	July 31, 2015	July 31, 2014	Variance	
<b>Assets:</b>				
Cash & Cash Equivalents	\$9,371,203	\$13,691,093	(\$4,319,890)	-32%
Due From Federal Government	\$2,891,977	\$4,857,839	(\$1,965,862)	-40%
Due From Other Funds	\$725,255	\$990,938	(\$265,683)	-27%
Accrued Interest Receivable	\$5,269	\$7,892	(\$2,623)	-33%
Fixed Assets, at Historical Cost	<u>\$82,046</u>	<u>\$93,386</u>	<u>(\$11,341)</u>	<u>-12%</u>
<b>Total Assets</b>	<b><u>\$13,075,749</u></b>	<b><u>\$19,641,148</u></b>	<b><u>(\$6,565,399)</u></b>	<b><u>-33%</u></b>
<b>Liabilities:</b>				
Accounts Payable	\$377,232	\$185,937	\$191,295	103%
Deferred Revenue	(\$597,332)	\$1,430,853	(\$2,028,184)	-142%
Unpaid Insurance Claims Liability	<u>\$3,240,000</u>	<u>\$4,710,000</u>	<u>(\$1,470,000)</u>	<u>-31%</u>
<b>Total Liabilities</b>	<b><u>\$3,019,900</u></b>	<b><u>\$6,326,790</u></b>	<b><u>(\$3,306,890)</u></b>	<b><u>-52%</u></b>
<b>Fund Equity</b>	<b><u>\$10,055,849</u></b>	<b><u>\$13,314,358</u></b>	<b><u>(\$3,258,509)</u></b>	<b><u>-24%</u></b>
<b>Total Liabilities and Fund Equity</b>	<b><u>\$13,075,749</u></b>	<b><u>\$19,641,148</u></b>	<b><u>(\$6,565,399)</u></b>	<b><u>-33%</u></b>

## PRELIMINARY FINANCIAL STATEMENTS

Unaudited - For Management Purposes Only - Unaudited



**West Virginia Children's Health Insurance Program**  
**Comparative Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the One Month Ending July 31, 2015 and July 31, 2014**  
**(Modified Accrual Basis)**

	July 31, 2015	July 31, 2014	Variance	
<b>Revenues</b>				
Federal Grants	3,029,487	3,359,123	(329,636)	-10%
State Appropriations	0	1,997,852	(1,997,852)	-100%
Premium Revenues	118,384	84,798	33,586	40%
Investment Income:				
Investment Earnings	<u>5,269</u>	<u>7,892</u>	<u>(2,623)</u>	<u>-33%</u>
<b>Total Revenues</b>	<b><u>3,153,140</u></b>	<b><u>5,449,664</u></b>	<b><u>(2,296,525)</u></b>	<b><u>-42%</u></b>
<b>Expenditures:</b>				
Claims:				
Outpatient Services	960,558	904,293	56,265	6%
Prescribed Drugs	819,025	835,695	(16,670)	-2%
Inpatient Hospital Services	507,158	449,603	57,555	13%
Physicians & Surgical	479,234	1,175,468	(696,234)	-59%
Dental	444,203	604,740	(160,537)	-27%
Therapy	84,580	60,829	23,751	39%
Outpatient Mental Health	77,248	94,249	(17,001)	-18%
Inpatient Mental Health	70,305	(69,844)	140,149	-201%
Durable & Disposable Med. Equip.	36,188	135,011	(98,823)	-73%
Vision	35,722	71,734	(36,012)	-50%
Medical Transportation	4,991	45,084	(40,093)	-89%
Other Services	3,366	7,647	(4,281)	-56%
Less: Collections**	<u>0</u>	<u>(11,652)</u>	<u>11,652</u>	<u>-100%</u>
Total Claims	<u>3,522,578</u>	<u>4,302,857</u>	<u>(780,279)</u>	<u>-18%</u>
General and Admin Expenses:				
Salaries and Benefits	58,887	64,281	(5,394)	-8%
Program Administration	190,797	147,344	43,453	29%
Eligibility	0	0	0	0%
Outreach & Health Promotion	508	5,582	(5,074)	-91%
Current	<u>16,458</u>	<u>8,090</u>	<u>8,368</u>	<u>103%</u>
Total Administrative	<u>266,650</u>	<u>225,297</u>	<u>41,353</u>	<u>18%</u>
<b>Total Expenditures</b>	<b><u>3,789,228</u></b>	<b><u>4,528,154</u></b>	<b><u>(738,926)</u></b>	<b><u>-16%</u></b>
<b>Excess of Revenues</b>				
<b>Over (Under) Expenditures</b>	<b>(636,088)</b>	<b>921,510</b>	<b>(1,557,598)</b>	<b>-169%</b>
Unrealized Gain(loss) On Investments*	1,120	(6,670)	7,790	-117%
<b>Fund Equity, Beginning</b>	<b><u>10,690,817</u></b>	<b><u>12,866,112</u></b>	<b><u>(2,175,295)</u></b>	<b><u>-17%</u></b>
<b>Fund Equity, Ending</b>	<b><u>10,055,849</u></b>	<b><u>13,780,952</u></b>	<b><u>(3,725,103)</u></b>	<b><u>-27%</u></b>

\* Short Term Bond Fund Investment began in November 2009

\*\* Collections are primarily drug rebates and subrogation

## PRELIMINARY FINANCIAL STATEMENTS

Unaudited - For Management Purposes Only - Unaudited

West Virginia Children's Health Insurance Program  
 Budget to Actual Statement  
 State Fiscal Year 2016  
 For the One Month Ended July 31, 2015

	Budgeted for	Year to Date		Year to Date	Year to Date	Monthly	Actual Amt			
	Year	Budgeted Amt	Actual Amt	Variance*	Budgeted Amt		Jul-15	Jun-15	May-15	
Projected Cost	\$46,514,413	\$3,876,201	\$3,815,388	\$60,813	2%	\$3,876,201	\$3,815,388	\$3,683,171	\$3,468,188	
Premiums	1,854,664	154,555	\$118,384	(\$36,171)	-23%	154,555	\$118,384	167,879	103,291	
Subrogation & Rebates	<u>1,015,410</u>	<u>84,618</u>	<u>\$0</u>	<u>(84,618)</u>	<u>-100%</u>	<u>84,618</u>	<u>0</u>	<u>186,316</u>	<u>132,424</u>	
Net Benefit Cost	\$43,644,339	3,714,594	\$3,697,004	\$17,590	0%	3,714,594	\$3,697,004	3,328,976	3,232,473	
Salaries & Benefits	\$646,556	\$53,880	\$58,887	(\$5,007)	-9%	\$53,880	\$58,887	\$46,366	\$46,867	
Program Administration	3,500,000	291,667	\$38,986	252,681	87%	291,667	38,986	505,475	276,855	
Eligibility	250,000	20,833	\$0	20,833	100%	20,833	0	765	18,441	
Outreach & Health Prom.	300,000	25,000	\$8,206	16,794	67%	25,000	8,206	14,361	50,187	
Current Expense	<u>250,000</u>	<u>20,833</u>	<u>\$10,940</u>	<u>9,893</u>	<u>47%</u>	<u>20,833</u>	<u>10,940</u>	<u>13,406</u>	<u>26,856</u>	
Total Admin Cost	\$4,946,556	\$412,213	\$117,019	\$295,194	72%	\$412,213	\$117,019	\$580,373	\$419,206	
Total Program Cost	<u>\$48,590,895</u>	<u>\$4,126,807</u>	<u>\$3,814,023</u>	<u>\$312,784</u>	<u>8%</u>	<u>\$4,126,807</u>	<u>\$3,814,023</u>	<u>\$3,909,349</u>	<u>\$3,651,679</u>	
Federal Share 79.95%	38,848,421	3,335,698	\$3,049,311	286,387	9%	3,291,541	3,049,311	3,125,525	2,919,518	
State Share 20.05%	<u>9,742,474</u>	<u>791,109</u>	<u>\$764,712</u>	<u>26,397</u>	<u>3%</u>	<u>835,266</u>	<u>764,712</u>	<u>783,824</u>	<u>732,161</u>	
Total Program Cost	** <u>\$48,590,895</u>	<u>\$4,126,807</u>	<u>\$3,814,023</u>	<u>\$312,784</u>	<u>8%</u>	<u>\$4,126,807</u>	<u>\$3,814,023</u>	<u>\$3,909,349</u>	<u>\$3,651,679</u>	

\* Positive percentages indicate favorable variances  
 \*\* Budgeted Year Based on CCRC Actuary 6/30/2015 Report.

Unaudited - Cash Basis For Management Purposes Only - Unaudited

Memo for Calculations Above:

Notes:

- Total budgeted for Year Program costs are CCRC Actuary's Base Line Scenerio dated 6/30/15 Final worksheet Net Paid Program Costs.
- Federal Share for FFY 2016 is 100.00%. Federal Share for FFY 2015 (10/1/14 - 9/30/15) is set at 79.95%.

# WVCHIP Enrollment Report

ATTACHMENT 1

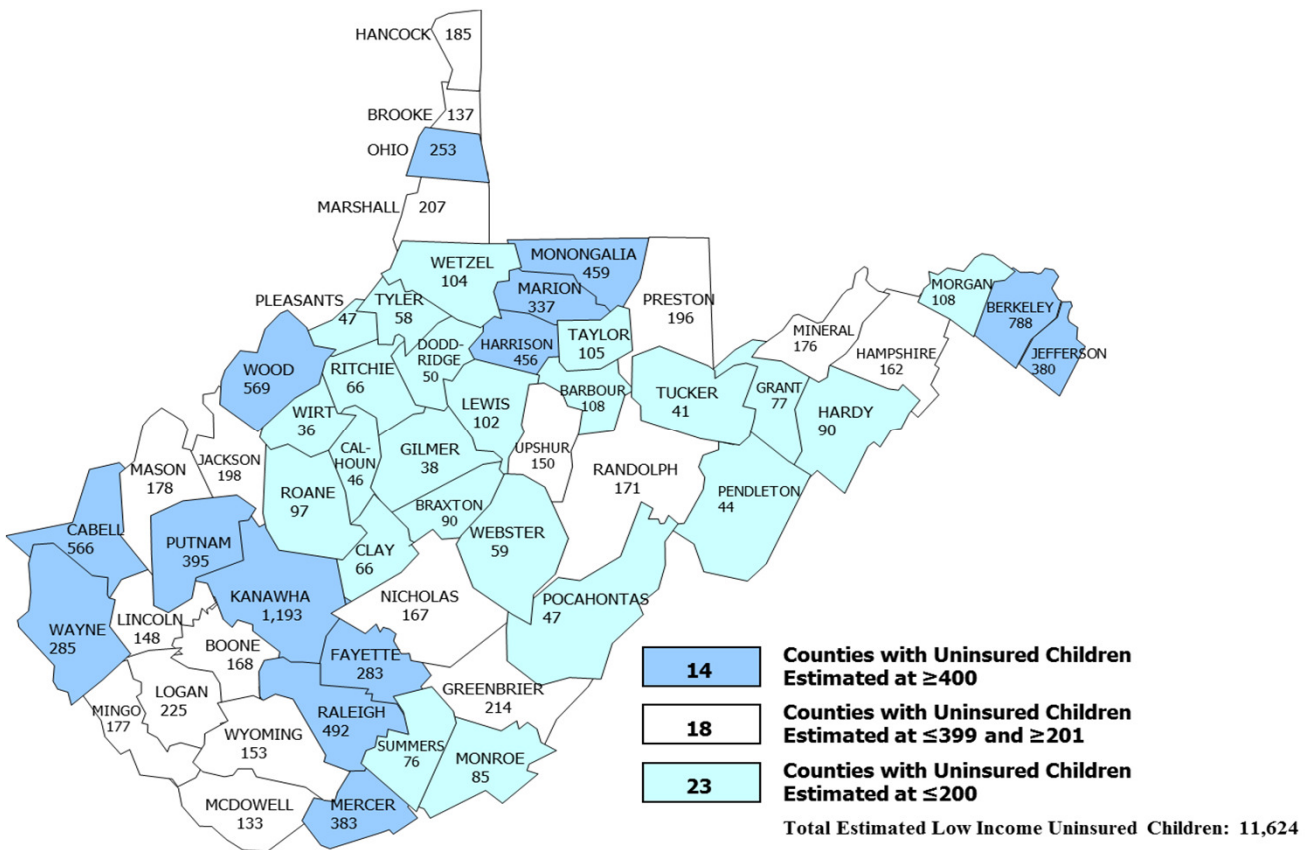
August 2015

County	County Pop.	Total CHIP	Total Medicaid	Total	CHIP/Medicaid	2010	2010
	2010 Est. (0-18 Yrs)	Enrollment Aug-15	Enrollment Aug-15	CHIP/Medicaid Enrollment	Enrollment % of Population	Est. Uninsured 3%	# Children Uninsured Ranking*
Barbour	3,600	220	1,811	2,031	56.4%	108	33
Berkeley	26,251	1,320	11,333	12,653	48.2%	788	2
Boone	5,615	217	3,240	3,457	61.6%	168	25
Braxton	3,006	177	1,635	1,812	60.3%	90	40
Brooke	4,573	189	1,718	1,907	41.7%	137	31
Cabell	18,879	900	9,785	10,685	56.6%	566	4
Calhoun	1,518	109	874	983	64.8%	46	51
Clay	2,215	133	1,473	1,606	72.5%	66	44
Doddridge	1,673	79	741	820	49.0%	50	48
Fayette	9,438	692	5,537	6,229	66.0%	283	13
Gilmer	1,260	68	579	647	51.3%	38	54
Grant	2,555	112	1,085	1,197	46.9%	77	42
Greenbrier	7,131	509	3,717	4,226	59.3%	214	16
Hampshire	5,392	208	2,486	2,694	50.0%	162	27
Hancock	6,166	311	2,761	3,072	49.8%	185	20
Hardy	3,015	141	1,661	1,802	59.8%	90	39
Harrison	15,202	828	6,484	7,312	48.1%	456	7
Jackson	6,602	306	3,217	3,523	53.4%	198	18
Jefferson	12,679	503	4,048	4,551	35.9%	380	10
Kanawha	39,771	1,813	19,923	21,736	54.7%	1,193	1
Lewis	3,389	189	1,917	2,106	62.1%	102	37
Lincoln	4,930	284	3,209	3,493	70.8%	148	30
Logan	7,496	366	4,678	5,044	67.3%	225	15
Marion	11,227	503	5,236	5,739	51.1%	337	11
Marshall	6,886	270	3,021	3,291	47.8%	207	17
Mason	5,929	233	2,890	3,123	52.7%	178	21
McDowell	4,423	171	3,380	3,551	80.3%	133	32
Mercer	12,764	799	8,112	8,911	69.8%	383	9
Mineral	5,868	214	2,418	2,632	44.9%	176	23
Mingo	5,905	230	4,013	4,243	71.9%	177	22
Monongalia	15,294	733	5,327	6,060	39.6%	459	6
Monroe	2,835	206	1,251	1,457	51.4%	85	41
Morgan	3,596	200	1,639	1,839	51.1%	108	34
Nicholas	5,561	325	3,018	3,343	60.1%	167	26
Ohio	8,444	394	3,530	3,924	46.5%	253	14
Pendleton	1,462	92	619	711	48.6%	44	52
Pleasants	1,551	101	639	740	47.7%	47	50
Pocahontas	1,561	127	833	960	61.5%	47	49
Preston	6,536	372	3,062	3,434	52.5%	196	19
Putnam	13,150	541	4,463	5,004	38.1%	395	8
Raleigh	16,403	1,052	9,289	10,341	63.0%	492	5
Randolph	5,705	418	2,987	3,405	59.7%	171	24
Ritchie	2,205	119	1,034	1,153	52.3%	66	45
Roane	3,239	277	1,822	2,099	64.8%	97	38
Summers	2,521	145	1,397	1,542	61.2%	76	43
Taylor	3,514	202	1,527	1,729	49.2%	105	35
Tucker	1,371	88	585	673	49.1%	41	53
Tyler	1,924	111	790	901	46.8%	58	47

# WVCHIP Enrollment Report

August 2015

County	County Pop. 2010 Est. (0-18 Yrs)	Total CHIP Enrollment Aug-15	Total Medicaid Enrollment Aug-15	Total CHIP/Medicaid Enrollment	CHIP/Medicaid % of Population	2010 Est. Uninsured 3%	2010 # Children Uninsured Ranking*
Upshur	4,996	311	2,807	3,118	62.4%	150	29
Wayne	9,516	366	4,973	5,339	56.1%	285	12
Webster	1,977	133	1,279	1,412	71.4%	59	46
Wetzel	3,466	167	1,821	1,988	57.4%	104	36
Wirt	1,201	70	735	805	67.1%	36	55
Wood	18,956	864	9,551	10,415	54.9%	569	3
Wyoming	5,116	351	2,960	3,311	64.7%	153	28
<b>Totals</b>	<b>387,459</b>	<b>19,859</b>	<b>190,920</b>	<b>210,779</b>	<b>54.4%</b>	<b>11,624</b>	



**Note 1:** The most recent estimate for all uninsured children statewide from the US Census Current Population Survey is 3%. It should be noted that even this three percent extrapolation to the county level could vary significantly from county to county depending on the availability of employee sponsored insurance. However, it remains our best gross estimate of the remaining uninsured children.

**Note 2:** It has been estimated that 7 of 10 uninsured children qualify or may have qualified for CHIP or Medicaid in the past, WVCHIP uses the 3% uninsured estimate as a target number for outreach.

**Department of Administration Real Estate Division Leasing Report**  
For the period of August 1, 2015 through August 31, 2015

**STRAIGHT RENEWAL**

**DEPARTMENT OF ENVIRONMENTAL PROTECTION**

**DEP-161** Renewal for 3 years consisting of air monitoring space at the current annual per square foot rate of \$1.00 annually, 4720 Brenda Lane, in the City of Guthrie, Kanawha County, West Virginia.

**DEP-076** Renewal for 1 year consisting of 26,989 square feet of office space at the current annual per square foot rate of \$7.39, \$199,448.71 annually, full service, Lochgelly Road, in the City of Oakhill, Fayette County, West Virginia.

**DEPARTMENT OF HEALTH AND HUMAN RESOURCES**

**HHR-137** Renewal for 3 years consisting of 6,917 square feet of office space at the current annual per square foot rate of \$1.39, annual cost \$9,600.00, snow/ice removal included, 145 McDowell Street, in the City of Welch, McDowell County, West Virginia.

**HHR-210** Renewal for 3 years consisting of 48 square feet of office space at the current monthly rate of \$100.00, annual cost \$1,200.00, full service, 670 Lower Washington Street, in the City of Elizabeth, Wirt County, West Virginia.

**STRAIGHT RENEWAL – DOA OWNED**

**DIVISION OF REHABILITATION SERVICES**

**DRS-054** Renewal for 3 years consisting of 5,482 square feet of office space at the current annual per square foot rate of \$13.15, annual cost \$72,088.30, full service, Building #25 5<sup>th</sup> and Avery Streets, in the City of Parkersburg, Wood County, West Virginia.

**INSURANCE COMMISSION**

**INS-019** Renewal for 3 years consisting of 973 square feet of office space at the current annual per square foot rate of \$13.15, annual cost \$12,794.95, full service, Building #25 5<sup>th</sup> and Avery Streets, in the City of Parkersburg, Wood County, West Virginia.

**OFFICE OF TECHNOLOGY**

**F&A-034** Renewal for 3 years consisting of 26,965 square feet of office space at the current annual per square foot rate of \$10.93, annual cost \$294,727.45, full service, Building #5 1900 Kanawha Blvd. East, in the City of Charleston, Kanawha County, West Virginia.

**F&A-029** Renewal for 3 years consisting of 3,842 square feet of office space at the current annual per square foot rate of \$9.73, annual cost \$37,382.66, full service, Building #7 1900 Kanawha Blvd. East, in the City of Charleston, Kanawha County, West Virginia.

**F&A-026** Renewal for 3 years consisting of 3,043 square feet of office space at the current annual per square foot rate of \$11.00, annual cost \$33,473.00, full service, Building #33 1900 Kanawha Blvd. East, in the City of Charleston, Kanawha County, West Virginia.



## **STRAIGHT RENEWAL – DOA OWNED - CONTINUED**

### **DEPARTMENT OF REVENUE**

**REV-030** Renewal for 3 years consisting of 4,722 square feet of office space at the current annual per square foot rate of \$10.72, annual cost \$50,619.84, full service, Building #1 1900 Kanawha Blvd. East, in the City of Charleston, Kanawha County, West Virginia.

**REV-001** Renewal for 3 years consisting of 3,391 square feet of office space at the current annual per square foot rate of \$10.72, annual cost \$36,351.52, full service, Building #1 1900 Kanawha Blvd. East, in the City of Charleston, Kanawha County, West Virginia.

### **WEST VIRGINIA DEVELOPMENT OFFICE**

**CID-002** Renewal for 3 years consisting of 35,093 square feet of office space at the current annual per square foot rate of \$11.00, annual cost \$386,023.00, full service, Building #6 1900 Kanawha Blvd. East, in the City of Charleston, Kanawha County, West Virginia.

### **DEPARTMENT OF ADMINISTRATION – FINANCE DIVISION**

**F&A-027** Renewal for 3 years consisting of 9,207 square feet of office space at the current annual per square foot rate of \$11.50, annual cost \$105,880.50, full service, Building #17 2101 Washington Street, East, in the City of Charleston, Kanawha County, West Virginia.

### **WEST VIRGINIA DIVISION OF LABOR**

**LAB-001** Renewal for 3 years consisting of 15,334 square feet of office space at the current annual per square foot rate of \$11.00, annual cost \$168,674.00, full service, Building #6 1900 Kanawha Blvd. East, in the City of Charleston, Kanawha County, West Virginia.

## **RENEWAL WITH INCREASE IN RENT**

### **DEPARTMENT OF HEALTH AND HUMAN RESOURCES**

**HHR-164** Renewal for 2 years consisting of 216 square feet of office space with an increase in the monthly rate from \$200.00 to \$210.00, annual cost \$2,530.00, full service, 521 Market Street, in the City of Parkersburg, Wood County, West Virginia.

### **DIVISION OF REHABILITATION SERVICES**

**DRS-068** Renewal for 2 years consisting of 1,422 square feet of office space with an increase in the annual per square foot rate from \$7.75 to \$8.00, annual cost \$11,376.00, 207 5<sup>th</sup> Street, in the City of Pt. Pleasants, Mason County, West Virginia.



Real Estate Division  
 Monthly Summary of Lease Activity  
 August 1-31, 2015

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent	Term in years	Total Aggregate
1	Department of Environmental Protection	DEP-161	Kanawha	0	0.00	1	3	3
2	Department of Environmental Protection	DEP-076	Fayette	26,989	7.39	199,449	1	199,449
3	Department of Health and Human Resources	HHR-137	McDowell	6,917	1.39	9,615	3	28,844
4	Department of Health and Human Resources	HHR-210	Wirt	48	0.00	1,200	3	3,600
5	Division of Rehabilitation Services	DRS-054	Wood	5,482	13.15	72,088	3	216,265
6	Insurance Commission	INS-019	Wood	973	13.15	12,795	3	38,385
7	Office of Technology	F&A-034	Kanawha	26,965	10.93	294,727	3	884,182
8	Office of Technology	F&A-029	Kanawha	3,842	9.73	37,383	3	112,148
9	Office of Technology	F&A-026	Kanawha	3,043	11.00	33,473	3	100,419
10	Department of Revenue	REV-030	Kanawha	4,722	10.72	50,620	3	151,860
11	Department of Revenue	REV-001	Kanawha	3,391	10.72	36,352	3	109,055
12	West Virginia Development Office	CID-002	Kanawha	35,093	11.00	386,023	3	1,158,069 *
13	Department of Administration - Finance Division	F&A-027	Kanawha	9,207	11.50	105,881	3	317,642
14	West Virginia Division of Labor	LAB-001	Kanawha	15,334	11.00	168,674	3	506,022
15	Department of Health and Human Resources	HHR-164	Wood	216	0.00	2,530	2	5,060
16	Division of Rehabilitation Services	DRS-068	Mason	1,422	8.00	11,376	2	22,752

129.68

Total Rentable Square Feet 143,644

Average Annual Rental Rate 9.98

Total Annual Rent 1,422,186

\* Indicates that rent will exceed \$1,000,000.00 within the lease term. DOA Owned.

## **Department of Administration Real Estate Division Leasing Report**

For the period of July 1-31, 2015

### **STRAIGHT RENEWAL**

#### **DEPARTMENT OF ENVIRONMENTAL PROTECTION**

**DEP-179** Renewal for 1 year consisting of tower/monitoring site at the current annual rate of \$ 240.00, Boaz Water Treatment Facility, in the City of Parkersburg, Wood County, West Virginia.

#### **BOARD OF CHIROPRACTIC EXAMINERS**

**BCE-004** Renewal for 2 years consisting of 373 square feet of office space at the current monthly rate of \$300.00, annual cost \$3,600, full service, 415 ½ D street, South Charleston, Kanawha County, West Virginia.

#### **SMALL BUSINESS DEVELOPMENT CENTER**

**SBD-004-SUB** Renewal for 1 year consisting of 120 square feet of office space at the current monthly rate of \$160.00, annual cost \$1,920.00, full service, 151 Robert C. Byrd Industrial Park, in the City of Moorefield, Hardy County, West Virginia.

### **RENEWAL WITH INCREASE IN RENT – DOA OWNED**

#### **DIVISION OF HIGHWAYS**

**HWY-001** Renewal for 3 years consisting of 187,823 square feet of office space at the current annual per square foot rate of \$10.93, annual cost \$ 2,052,905.39, full service, Building #5 1900 Kanawha Boulevard East, in the City of Charleston, Kanawha County, West Virginia.

#### **PUBLIC PORT AUTHORITY**

**PPA-001** Renewal for 3 years consisting of 704 square feet of office space at the current annual per square foot rate of \$10.93, annual cost \$7,694.72, full service, Building #5s 1900 Kanawha Boulevard East, in the City of Charleston, Kanawha County, West Virginia.

#### **DEPARTMENT OF TRANSPORTATION**

**DOT-001** Renewal for 3 years consisting of 22,247 square feet of office space at the current annual per square foot rate of \$10.93, annual cost \$243,159.71, full service, Building #5 1900 Kanawha Boulevard East, in the City of Charleston, Kanawha County, West Virginia.

#### **STATE FIRE MARSHAL**

**SFM-003** Renewal for 3 years consisting of 4,000 square feet of warehouse space with an increase in the annual per square foot rate from \$6.50 to \$6.95, annual cost \$27,800.0, 4998 – H South Elk River Road, in the City of Elkview, Kanawha County, West Virginia.

#### **DIVISION OF REHABILITATION SERVICES**

**DRS-068** Renewal for 2 years consisting of 1,422 square feet of office space with an increase in the annual per square foot rate from \$7.75 to \$8.00, annual cost \$11,376, 207 5<sup>th</sup> Street, in the City of Pt. Pleasants, Mason County, West Virginia.

## **CANCELLATION**

### **DEPARTMENT OF ENVIRONMENTAL PROTECTION**

**DEP-167** Lease cancellation consisting of 100 square feet of storage space, at the monthly rate of \$40, annual cost \$480.00, 24 Sandstone Hill, in the City of Morgantown, Monongalia County, West Virginia.

Real Estate Division  
 Monthly Summary of Lease Activity  
 July 1 -31, 2015

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent	Term in years	Total Aggregate
1	Department of Environmental Protection	DEP-179	Wood	1	0.00	240	1	240
2	Board of Chiropractic Examiners	BCE-004	Kanawha	373	0.00	3,600	2	7,200
3	Small Business Development Center	SBD-004	Hardy	120	0.00	1,920	1	1,920
4	Division of Highways	HWY-001	Kanawha	187,823	10.93	2,052,905	3	6,158,716 *
5	Public Port Authority	PPA-001	Kanawha	704	10.93	7,695	3	23,084
6	Department of Transportation	DOT-001	Kanawha	22,247	10.93	243,160	3	729,479
7	State Fire Marshal	SFM-003	Kanawha	4,000	6.95	27,800	3	83,400
8	Division of Rehabilitation Services	DRS-068	Mason	1,422	8.00	11,376	2	22,752

Total Rentable Square Feet	<u>216,690</u>	47.74
Average Annual Rental Rate		9.55
Total Annual Rent		<u>2,348,696</u>

\* Indicates that rent will exceed \$1,000,000.00 within the lease term. DOA Owned.

**CANCELLATIONS**

# of	Agency	Lease #	County	Square	Rental	Annual
1	Department of Environmental Protection	DEP-167	Monongalia	100	0.00	480

Total Rentable Square Feet	<u>100</u>
Total Annual Rent	<u>480</u>



**Department of Administration Real Estate Division Leasing Report**  
For the period of June 1, 2015 through June 30, 2015

**NEW CONTRACT OF LEASE**

**STATE FIRE MARSHAL**

**SFM-002** New Contract of Lease for 5 years consisting of 12,386 square feet of office space at the annual per square foot rate of \$10.95, annual cost \$135,626.70, full service, 1207 Quarrier Street, in the City of Charleston, Kanawha County, West Virginia.

**DEPARMTENT OF ENVIRONMENTAL PROTECTION**

**DEP-189** New Contract of Lease for 1 year consisting of 2,000 square feet of storage space, at the annual per square foot rate of \$6.00, annual cost of \$12,000, South Elk River Road, in the City of Elkview, Kanawha County.

**NEW CONTRACT OF LEASE – DOA OWNED**

**DIVISION OF REHABILITATION SERVICES**

**DRS-125-SUB** New Contract of Sub-Lease for 3 years consisting of 4,303 square feet of office space, at the annual per square foot rate of \$19.00, annual cost of \$81,757.00, full service, 416 Adams Street, in the City of Fairmont, Marion County.

**OFFICES OF THE INSURANCE COMMISSIONER**

**INS-033-SUB** New Contract of Sub-Lease for 3 years consisting of 3,893 square feet of office space, at the annual per square foot rate of \$19.00, annual cost of \$73,967.00, full service, 416 Adams Street, in the City of Fairmont, Marion County.

**WORKFORCE WEST VIRGINIA**

**WWV-036-SUB** New Contract of Sub-Lease for 3 years consisting of 6,255 square feet of office space, at the annual per square foot rate of \$19.00, annual cost of \$118,845.00, full service, 416 Adams Street, in the City of Fairmont, Marion County.

**DEPARTMENT OF HEALTH AND HUMAN RESOURCES**

**HHR-238-SUB** New Contract of Sub-Lease for 3 years consisting of 46,981 square feet of office space, at the annual per square foot rate of \$19.00, annual cost of \$892,639.00, full service, 416 Adams Street, in the City of Fairmont, Marion County.

**SECRETARY OF STATE**

**SOS-001-SUB** New Contract of Sub-Lease consisting of 1,323 square feet of office space, at the annual per square foot rate of \$19.00, annual cost of \$25,137.00, full service, 416 Adams Street, in the City of Fairmont, Marion County.

## **STRAIGHT RENEWAL**

### **DEPARTMENT OF ENVIRONMENTAL PROTECTION**

**DEP-087** Renewal for 1 year consisting of 4,000 square feet of office space at the current annual per square foot rate of \$8.67, annual cost \$34,680, full service, 331 Court Street, in the City of Welch, McDowell County, West Virginia.

### **DIVISION OF JUVENILE SERVICES**

**DJS-017** Renewal for 5 years consisting of 4,691 square feet of office space at the current annual per square foot rate of \$10.50, annual cost \$49,255.56, full service, 515 Central Avenue, in the City of Charleston, Kanawha County, West Virginia.

### **ATTORNEY GENERAL'S OFFICE**

**AGO-016** Renewal on a month-to-month consisting of 4,821 square feet of office space at the current annual per square foot rate of \$15.75, annual cost \$75,930.75, full service, 812 Quarrier Street, in the City of Charleston, Kanawha County, West Virginia.

## **STRAIGHT RENEWAL – DOA OWNED**

### **STATE TAX DEPARTMENT**

**TAX-025** Renewal for 3 years consisting of 2,271 square feet of office space at the current annual per square foot rate of \$13.15, annual cost \$29,863.68, full service, 5<sup>th</sup> and Avery Street (Building #25), in the City of Parkersburg, Wood County, West Virginia.

**TAX-007** Renewal for 3 years consisting of 63,682 square feet of office space at the current annual per square foot rate of \$8.64, annual cost \$550,212.48, full service, 1001 Lee Street (Building #22), in the City of Charleston, Kanawha County, West Virginia.

**TAX-056** Renewal for 3 years consisting of 4,146 square feet of office space at the current annual per square foot rate of \$10.72 annual cost \$44,445.12, full service, 1900 Kanawha Boulevard, East (Building #1), in the City of Charleston, Kanawha County, West Virginia.

**TAX-010** Renewal for 3 years consisting of 4,562 square feet of office space at the current annual per square foot rate of \$12.94, annual cost \$59,032.32, full service, 407 Neville Street (Building #23), in the City of Beckley, Raleigh County, West Virginia.

## **RENEWAL WITH INCREASE IN RENT**

### **DIVISION OF HOMELAND SECURITY AND EMERGENCY MANAGEMENT**

**OES-015** Renewal for 3 years consisting of 4,000 square feet of storage space with an increase in the annual per square foot rate from \$5.50 to \$6.00, annual cost \$24,000.00, 4510 Pennsylvania Avenue, in the City of Big Chimney, Kanawha County, West Virginia.

**OES-017** Renewal for 3 years consisting of 8,000 square feet of office and storage space with an increase in the annual per square foot rate from \$5.50 to \$6.00, annual cost \$48,000.00, 4510 Pennsylvania Avenue, in the City of Big Chimney, Kanawha County, West Virginia.

## **RENEWAL WITH INCREASE IN RENT – DOA OWNED**

### **WORKFORCE WEST VIRGINIA**

**WWV-004** Renewal for 3 years consisting of 13,058 square feet of office space, at the current the annual per square foot rate of \$13.00 for the 1<sup>st</sup> year, annual cost \$169,754, and then the annual per square foot rate of \$17.00 for the 2<sup>nd</sup> and 3<sup>rd</sup> year, annual cost \$221,986.00 full service, 2699 Park Avenue, in the City of Huntington, Cabell County.

### **STATE TAX DEPARTMENT**

**TAX-054** Renewal for 3 years consisting of 18,610 square feet of office space, at the current the annual per square foot rate of \$14.50 for the 1<sup>st</sup> year, annual cost \$269,845.00 and then the annual per square foot rate of \$17.00 for the 2<sup>nd</sup> and 3<sup>rd</sup> year, annual cost \$316,370.00, full service, 2699 Park Avenue, in the City of Charleston, Kanawha County.

### **OFFICES OF THE INSURANCE COMMISSIONER**

**INS-021** Renewal for 2 years consisting of 821 square feet of office space, with an increase in the annual per square foot rate from \$13.00 to \$17.00, annual cost \$13,957.00, full service, 2699 Park Avenue, in the City of Huntington, Cabell County.

## **CANCELLATION**

### **OFFICES OF THE INSURANCE COMMISSIONER**

**INS-027** Lease cancellation consisting of 3,265 square feet of office, per square foot rate of \$16.00, annual cost \$52,240, full service, 321 Adams Street (Veterans Square), in the City of Fairmont, Harrison County, West Virginia.

### **DEPARTMENT OF HEALTH AND HUMAN RESOURCES**

**HHR-129** Lease non-renewal consisting of tower space, annual cost \$1,500.00, electric, in the City of Elkins, Randolph County, West Virginia.



Real Estate Division  
 Monthly Summary of Lease Activity  
 June 1 - 30, 2015

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent	Term in years	Total Aggregate
1	State Fire Marshal	SFM-002	Kanawha	12,386	10.95	135,627	5	678,134
2	Department of Environmental Protection	DEP-189	Kanawha	2,000	6.00	12,000	1	12,000
3	Division of Rehabilitation Services	DRS-125	Marion	4,303	19.00	81,757	3	245,271
4	Offices of the Insurance Commissioner	INS-033	Marion	3,893	19.00	73,967	3	221,901
5	Workforce West Virginia	WWV-036	Marion	6,255	19.00	118,845	3	356,535
6	Department of Health and Human Resources	HHR-238	Marion	46,981	19.00	892,639	3	2,677,917 *
7	Secretary of State	SOS-001	Marion	1,323	19.00	25,137	3	75,411
8	Department of Environmental Protection	DEP-087	McDowell	4,000	8.67	34,680	1	34,680
9	Division of Juvenile Services	DJS-017	Kanawha	4,691	10.50	49,256	5	246,278
4	Attorney General's Office	AGO-016	Kanawha	4,821	15.75	75,931	1	75,931
5	State Tax Department	TAX-025	Wood	2,271	13.15	29,864	3	89,591
6	State Tax Department	TAX-007	Kanawha	63,682	8.64	550,212	3	1,650,637 *
7	State Tax Department	TAX-056	Kanawha	4,146	10.72	44,445	3	133,335
8	State Tax Department	TAX-010	Raleigh	4,562	12.94	59,032	3	177,097
9	Div of Homeland Security & Emergency Management	OES-015	Kanawha	4,000	6.00	24,000	3	72,000
10	Div of Homeland Security & Emergency Management	OES-017	Kanawha	8,000	6.00	48,000	3	144,000
11	Workforce West Virginia	WWV-004	Cabell	13,058	17.00	221,986	3	665,958
12	State Tax Department	TAX-054	Cabell	18,610	17.00	316,370	3	949,110
13	Offices of the Insurance Commissioner	INS-021	Cabell	821	17.00	13,957	3	41,871

Total Rentable Square Feet	<u>209,803</u>	255.32
Average Annual Rental Rate		25.53
Total Annual Rent		<u>2,807,704</u>

\* Indicates that rent will exceed \$1,000,000.00 within the lease term. DOA Owned.

**CANCELLATIONS**

# of	Agency	Lease #	County	Square	Rental	Annual
1	Offices of the Insurance Commissioner	INS-027	Harrison	3,265	16.00	52,240
2	Department of Health and Human Resources	HHR-129	Randolph	0	0.00	1,500

Total Rentable Square Feet	<u>3,265</u>
Total Annual Rent	<u>53,740</u>



**Joint Committee on Government and Finance**

**September 2015**

**Department of Health and Human Resources**

**MEDICAID REPORT  
July 2015 Data**

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES  
 BUREAU FOR MEDICAL SERVICES  
 EXPENDITURES BY PROVIDER TYPE  
 SFY2016

	MONTH OF JULY 2015		ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2015	SFY2016	Current Month Ended 7/31/15	SFY2016	Current Month Ended 7/31/15	Current Month Ended 7/31/15	Year To-Date Thru 7/31/15	8/1/15 Thru 6/30/16
<b>EXPENDITURES:</b>								
Inpatient Hospital - Reg. Payments	259,534,546	192,501,502	16,151,666	192,501,502	16,151,666	14,471,337	16,151,666	176,349,836
Inpatient Hospital - DSH	54,744,826	56,379,600	-	56,379,600	-	-	-	56,379,600
Inpatient Hospital - Supplemental Payments	84,334,445	94,593,746	5,301,925	94,593,746	5,301,925	5,301,925	5,301,925	89,291,821
Inpatient Hospital - GME Payments	6,212,903	6,325,883	-	6,325,883	-	-	-	6,325,883
Mental Health Facilities	92,645,721	107,767,853	7,677,673	107,767,853	7,677,673	5,788,588	7,677,673	100,090,180
Mental Health Facilities - DSH Adjustment Payments	18,878,790	18,886,800	-	18,886,800	-	-	-	18,886,800
Nursing Facility Services - Regular Payments <sup>(2)</sup>	595,055,199	597,169,653	50,674,234	597,169,653	50,674,234	49,880,577	50,674,234	546,495,419
Nursing Facility Services - Supplemental Payments	-	-	-	-	-	-	-	-
Intermediate Care Facilities - Public Providers	-	-	-	-	-	-	-	-
Intermediate Care Facilities - Private Providers	66,746,902	70,498,800	6,537,767	70,498,800	6,537,767	5,874,900	6,537,767	63,961,033
Intermediate Care Facilities - Supplemental Payments	-	-	-	-	-	-	-	-
Physicians Services - Regular Payments	203,212,970	105,826,502	11,601,294	105,826,502	11,601,294	8,147,328	11,601,294	94,225,208
Physicians Services - Supplemental Payments	32,315,705	29,033,600	3,921,383	29,033,600	3,921,383	7,216,125	3,921,383	25,112,217
Physician and Surgical Services - Evaluation and Management	10,747,712	-	18,832	-	18,832	-	18,832	(18,832)
Physician and Surgical Services - Vaccine Codes	39,310	-	22	-	22	-	22	(22)
Outpatient Hospital Services - Regular Payments	183,696,235	108,150,368	12,426,454	108,150,368	12,426,454	8,285,358	12,426,454	95,723,914
Outpatient Hospital Services - Supplemental Payments	74,671,549	188,691,259	1,040,762	188,691,259	1,040,762	1,040,762	1,040,762	187,650,497
Prescribed Drugs	446,971,859	308,412,374	31,055,657	308,412,374	31,055,657	23,529,349	31,055,657	277,356,717
Drug Rebate Offset - National Agreement	(225,015,927)	(168,559,200)	(54,724,911)	(168,559,200)	(54,724,911)	(31,149,740)	(54,724,911)	(113,834,289)
Drug Rebate Offset - State Sidebar Agreement	(15,905,952)	(9,007,200)	(1,481,547)	(9,007,200)	(1,481,547)	(1,664,531)	(1,481,547)	(7,525,653)
Drug Rebate Offset - MCO National	(45,732,577)	(36,008,400)	(8,753,139)	(36,008,400)	(8,753,139)	(6,654,352)	(8,753,139)	(27,255,261)
Drug Rebate Offset - MCO State Sidebar Agreement	(4,151,916)	(3,098,400)	(282,651)	(3,098,400)	(282,651)	(572,584)	(282,651)	(2,815,749)
Dental Services	31,430,204	20,361,430	1,734,537	20,361,430	1,734,537	1,560,145	1,734,537	18,626,893
Other Practitioners Services - Regular Payments	20,379,468	12,984,934	1,110,615	12,984,934	1,110,615	1,007,934	1,110,615	11,874,319
Other Practitioners Services - Supplemental Payments	-	75,536	-	75,536	-	5,810	-	75,536
Clinic Services	7,081,157	5,832,562	526,501	5,832,562	526,501	397,062	526,501	5,306,061
Lab & Radiological Services	46,852,349	25,678,438	3,019,741	25,678,438	3,019,741	1,972,504	3,019,741	22,658,697
Home Health Services	55,466,443	48,869,575	3,074,719	48,869,575	3,074,719	3,783,953	3,074,719	45,794,856
Hysterectomies/Sterilizations	406,748	173,529	27,905	173,529	27,905	13,287	27,905	145,624
Pregnancy Terminations	-	246,000	-	246,000	-	-	-	246,000
EPSDT Services	1,226,053	836,130	111,153	836,130	111,153	63,967	111,153	724,977
Rural Health Clinic Services	17,179,959	10,556,545	1,552,204	10,556,545	1,552,204	793,355	1,552,204	9,004,341
Medicare Health Insurance Payments - Part A Premiums	16,692,882	16,664,400	1,513,131	16,664,400	1,513,131	1,388,700	1,513,131	15,151,269
Medicare Health Insurance Payments - Part B Premiums	90,742,492	99,588,000	7,394,705	99,588,000	7,394,705	8,299,000	7,394,705	92,193,295
120% - 134% Of Poverty	7,003,332	7,789,300	553,872	7,789,300	553,872	595,685	553,872	7,235,428
135% - 175% Of Poverty	-	-	-	-	-	-	-	-
Coinsurance And Deductibles	10,430,719	9,640,800	673,489	9,640,800	673,489	737,277	673,489	8,967,311

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES  
 BUREAU FOR MEDICAL SERVICES  
 EXPENDITURES BY PROVIDER TYPE  
 SFY2016

	MONTH OF JULY 2015		ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2015	SFY2016	Current Month Ended 7/31/15	SFY2016	Current Month Ended 7/31/15	Current Month Ended 7/31/15	Year To-Date Thru 7/31/15	8/1/15 Thru 6/30/16
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	604,638,556	1,191,411,185	50,530,942		97,606,479	50,530,942	1,140,880,243	
Medicaid MCO - Evaluation and Management	10,183,868	-	-		-	-	-	
Medicaid MCO - Vaccine Codes	517,315	-	-		-	-	-	
Medicaid Health Insurance Payments: Prepaid Ambulatory Health Plan	-	-	-		-	-	-	
Medicaid Health Insurance Payments: Prepaid Inpatient Health Plan	-	-	-		-	-	-	
Medicaid Health Insurance Payments: Group Health Plan Payments	560,514	548,800	46,380		41,969	46,380	502,420	
Medicaid Health Insurance Payments: Coinsurance	-	-	-		-	-	-	
Medicaid Health Insurance Payments: Other	-	-	-		-	-	-	
Home & Community-Based Services (MR/DD)	363,978,617	375,103,800	27,537,197		28,686,054	27,537,197	347,566,603	
Home & Community-Based Services (Aged/Disabled)	102,849,082	117,097,831	7,809,794		9,020,911	7,809,794	109,288,037	
Home & Community-Based Services (Traumatic Brain Injury)	876,006	2,253,300	89,653		173,331	89,653	2,163,647	
Home & Community-Based Services (State Plan 1915(i) Only)	-	-	-		-	-	-	
Home & Community-Based Services (State Plan 1915(j) Only)	-	-	-		-	-	-	
Community Supported Living Services	-	-	-		-	-	-	
Programs Of All-Inclusive Care Elderly	-	-	-		-	-	-	
Personal Care Services - Regular Payments	75,577,907	73,617,354	6,229,665		5,630,126	6,229,665	67,387,689	
Personal Care Services - SDS 1915(j)	-	-	-		-	-	-	
Targeted Case Management Services - Com. Case Management	-	-	-		-	-	-	
Targeted Case Management Services - State Wide	3,085,702	2,867,669	195,986		219,773	195,986	2,671,683	
Primary Care Case Management Services	103,803	122,413	8,136		9,363	8,136	114,277	
Hospice Benefits <sup>(3)</sup>	26,445,147	26,313,918	2,321,713		2,012,440	2,321,713	23,992,205	
Emergency Services Undocumented Aliens	72,090	139,700	5,084		10,685	5,084	134,616	
Federally Qualified Health Center	61,804,749	43,953,670	3,077,306		3,360,341	3,077,306	40,876,364	
Non-Emergency Medical Transportation	34,823,256	33,703,796	2,852,778		2,592,664	2,852,778	30,851,018	
Physical Therapy	5,722,233	2,936,965	389,691		224,855	389,691	2,547,274	
Occupational Therapy	624,577	574,815	56,308		43,963	56,308	518,507	
Services for Speech, Hearing & Language	633,232	536,529	32,147		41,033	32,147	504,382	
Prosthetic Devices, Dentures, Eyeglasses	2,305,840	1,886,791	159,468		144,419	159,468	1,727,323	
Diagnostic Screening & Preventive Services	1,704,754	757,500	113,546		58,005	113,546	643,954	
Nurse Mid-Wife	503,608	635,487	31,145		48,614	31,145	604,342	
Emergency Hospital Services (448)	-	-	-		-	-	-	
Critical Access Hospitals	71,608,002	47,924,409	5,414,778		3,610,549	5,414,778	42,509,631	
Nurse Practitioner Services	5,052,021	3,702,293	421,510		283,468	421,510	3,280,783	
School Based Services	36,294,586	56,575,009	2,581,218		4,333,446	2,581,218	53,993,791	
Rehabilitative Services (Non-School Based)	94,547,692	84,537,087	5,906,124		5,516,749	5,906,124	78,630,963	
Private Duty Nursing	7,642,494	7,570,500	483,620		578,954	483,620	7,086,880	
Health Home for Enrollees w Chronic Conditions	238,519	600,000	49,823		46,154	49,823	550,177	
Other Care Services	31,453,484	23,625,311	2,287,172		1,817,745	2,287,172	21,338,139	
Less: Recoupments	-	-	(41,371)		-	(41,371)	41,371	
<b>NET MEDICAID EXPENDITURES:</b>	<b>3,687,741,311</b>	<b>4,025,858,052</b>	<b>221,047,806</b>		<b>276,225,811</b>	<b>221,047,806</b>	<b>3,804,810,246</b>	

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES  
 BUREAU FOR MEDICAL SERVICES  
 EXPENDITURES BY PROVIDER TYPE  
 SFY2016

MONTH OF JULY 2015

	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2015	SFY2016	Current Month Ended 7/31/15	Current Month Ended 7/31/15	Year To-Date Thru 7/31/15	8/1/15 Thru 6/30/16
Collections: Third Party Liability (line 9A on CMS-64)	(9,862,202)	-	-	-	-	-
Collections: Probate (line 9B on CMS-64)	(919,956)	-	-	-	-	-
Collections: Identified through Fraud & Abuse Effort (line 9C on CMS-64)	-	-	-	-	-	-
Collections: Other (line 9D on CMS-64)	(13,822,233)	-	-	-	-	-
<b>NET EXPENDITURES and CMS-64 ADJUSTMENTS:</b>	<b>3,663,136,919</b>	<b>4,025,858,052</b>	<b>221,047,806</b>	<b>276,225,811</b>	<b>221,047,806</b>	<b>3,804,810,246</b>
Plus: Medicaid Part D Expenditures	36,926,444	39,285,595	3,088,424	3,273,800	3,088,424	36,197,171
Plus: State Only Medicaid Expenditures	981,794	1,017,615	37,155	78,669	37,155	980,459
Plus: Money Follow the Person Expenditures	1,298,632	5,140,141	122,118	395,395	122,118	5,018,023
<b>TOTAL MEDICAID EXPENDITURES</b>	<b>\$ 3,702,343,790</b>	<b>\$ 4,071,301,403</b>	<b>\$ 224,295,503</b>	<b>\$ 279,973,675</b>	<b>\$ 224,295,503</b>	<b>\$ 3,847,005,900</b>
Plus: Reimbursables <sup>(1)</sup>	5,039,370	5,615,668	250,636	428,368	250,636	5,365,032
Plus: NATCEP/PASARR/Eligibility Exams	267,913	332,214	50,856	25,555	50,856	281,358
Plus: HIT Incentive Payments	12,584,631	45,905,723	17,000	3,531,209	17,000	45,888,723
<b>TOTAL EXPENDITURES</b>	<b>\$ 3,720,235,704</b>	<b>\$ 4,123,155,008</b>	<b>\$ 224,613,995</b>	<b>\$ 283,958,807</b>	<b>\$ 224,613,995</b>	<b>\$ 3,898,541,013</b>

(1) This amount will revert to State Only if not reimbursed.

(2) Of the amount in the "Nursing Facility Services-Regular Payments" line, \$1,721,950 is the amount paid to State Facilities year to date.

(3) Of the amount in the "Hospice Benefits" line, \$2,073,920 is the amount paid to Nursing Facilities for Hospice Benefits year to date.

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES  
 BUREAU FOR MEDICAL SERVICES  
 MEDICAID CASH REPORT  
 SFY2016

MONTH OF JULY 2015	ACTUALS	ACTUALS	ACTUALS	PROJECTED	TOTAL
	SFY2015	Current Month Ended 7/31/15	Year-To-Date Thru 7/31/15	08/01/15 Thru 6/30/16	SFY2016
<b>REVENUE SOURCES</b>					
Beg. Bal. 7/01/14 (5084/1020 prior mth)	\$ 32,021,465	\$ 19,797,518	\$ 19,797,518	\$ -	\$ 19,797,518
<b>MATCHING FUNDS</b>					
General Revenue (0403/189)	304,124,566	31,076,689	31,076,689	435,073,642	466,150,331
MRDD Waiver (0403/466)	87,841,010	5,916,899	5,916,899	82,836,584	88,753,483
Rural Hospitals Under 150 Beds (0403/940)	2,596,000	216,333	216,333	2,379,667	2,596,000
Tertiary Funding (0403/547)	6,356,000	529,667	529,667	5,826,333	6,356,000
Traumatic Brain Injury (0403/835)	800,000	53,334	53,334	746,666	800,000
Title XIX Waiver for Seniors (0403-533)	13,593,620	906,241	906,241	12,687,379	13,593,620
Medical Services Surplus (0403/633)	41,238,413	-	-	-	-
Waiver for Senior Citizens Surplus (0403/526)	-	-	-	-	-
Lottery Waiver (Less 550,000) (5405/539)	17,008,768	-	-	19,903,026	19,903,026
Lottery Waiver (0420/539)	15,957,690	-	-	14,063,432	14,063,432
Lottery Transfer (5405/871)	40,025,462	-	-	8,670,000	8,670,000
Excess Lottery (5365/189)	35,901,082	-	-	14,422,140	14,422,140
Lottery Surplus (5365/681)	-	-	-	10,000,000	10,000,000
Lottery Surplus (5365/68100)	-	-	-	20,000,000	20,000,000
Trust Fund Appropriation (5185/189)	112,246,112	-	-	59,223,557	59,223,557
Provider Tax (5090/189)	199,790,969	20,599,353	20,599,353	186,855,340	207,454,693
NSGO UPL (5084/6717)	861,352	298,177	298,177	943,226	1,241,403
Certified Match	19,862,122	1,430,957	1,430,957	23,832,717	25,263,674
Reimbursables - Amount Reimbursed	14,043,214	122,663	122,663	5,493,005	5,615,668
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015	888,274	49,324	49,324	850,676	900,000
CHIP State Share	14,794,668	-	-	1,056,491	1,056,491
CMS - 64 Adjustments	1,050,260	-	-	-	-
<b>TOTAL MATCHING FUNDS</b>	<b>\$ 961,001,047</b>	<b>\$ 80,997,155</b>	<b>\$ 80,997,155</b>	<b>\$ 904,863,882</b>	<b>\$ 985,861,037</b>
<b>FEDERAL FUNDS</b>	<b>\$ 2,809,228,738</b>	<b>\$ 177,155,442</b>	<b>\$ 177,155,442</b>	<b>\$ 2,985,762,442</b>	<b>\$ 3,162,917,884</b>
<b>TOTAL REVENUE SOURCES</b>	<b>\$ 3,770,229,785</b>	<b>\$ 258,152,597</b>	<b>\$ 258,152,597</b>	<b>\$ 3,890,626,324</b>	<b>\$ 4,148,778,920</b>
<b>TOTAL EXPENDITURES:</b>					
Provider Payments	\$ 3,720,235,704	\$ 224,613,995	\$ 224,613,995	\$ 3,898,541,013	\$ 4,123,155,008
<b>TOTAL</b>	<b>\$ 49,994,081</b>	<b>\$ 33,538,602</b>	<b>\$ 33,538,602</b>		<b>\$ 25,623,912</b>

Note: FMAP (71.35% applicable Jul. - Sep. 2015) (71.42% applicable Oct. 2015 - Jun. 2016)

**Joint Committee on Government and Finance**

**September 2015**

**Department of Health and Human Resources**

**MEDICAID WAIVER REPORT  
July 2015 Data**

**WV Department of Health and Human Resources  
Bureau for Medical Services AD Waiver Program Report**

<b>Aged &amp; Disabled Waiver Reported July 31, 2015</b>		<b>FY 2015 YTD</b>	<b>Jul-15</b>	<b>Aug-15</b>	<b>Sep-15</b>	<b>Oct-15</b>	<b>Nov-15</b>	<b>Dec-15</b>	<b>Jan-16</b>	<b>Feb-16</b>	<b>Mar-16</b>	<b>Apr-16</b>	<b>May-16</b>	<b>Jun-16</b>	<b>YTD 2016</b>
Slots Approved By CMS (1)		6,464	6,385	6,385	6,385	6,385	6,385	6,385	6,385	6,385	6,385	6,385	6,385	6,385	6,385
Total number of members served YTD (unduplicated slots used) (2) YTD Column reflects most recent month's count		6,450	5,936												5,936
Applicants determined eligible this month and added to MEL (3)		2,596	217												217
Applicants determined ineligible		249	42												42
<b>ACTIVE MEMBERS</b>															
Active members at the end of the month (unduplicated slots active) YTD Column reflects most recent month's count		5,791	5,892												5,892
Active members enrolled during the calendar month		1,380	173												173
Members discharged during the calendar month		900	72												72
ADW Members whose case was closed by reason	Member is deceased	432	42												42
	Other (4)	468	30												30
<b>MANAGED ENROLLMENT LIST (MEL)</b>															
# Eligible applicants closed during the calendar month (removed from MEL)		4,435	92												92
ADW Applicants removed from the MEL	Applicant offered a slot	2,958	10												10
	Applicant became deceased	258	21												21
	Other (5)	1,217	61												61
Applicants on the MEL who are in a nursing facility YTD Column reflects average # members in setting		58	0												0
Applicants on the MEL receiving Personal Care YTD Column reflects average # members in setting		111	0												0
Applicants on the MEL at the end of the month		280	405												N/A
Days -Longest time spent on the MEL to date (6) YTD Column reflects average # of days		136	114												114

(1) Of the 6,199 slots approved by CMS, 70 are reserved for the Money Follows the Person and Rebalancing Demonstration Grant. This includes slots created by legislative appropriations but not yet submitted to CMS for approval due to the State-wide transition plan requirement.

(2) Unduplicated slots used refers to the total number of members who accessed services during the fiscal year.

(3) Monthly number added to MEL is being reported in the month an applicant is determined medically eligible; however, the individual's placement date on the managed enrollment list will be based on their initial application date.

(4) Other reason for closing a case may include, but is not limited to: No services for 180 days, unsafe environment, member non-compliance with program, member no longer desires services, member no longer a WV resident, member no longer medically or financially eligible.

(5) "Other" includes those who are no longer a WV resident, voluntarily decline the program, etc.

(6) Was previously reported in month/year. Now reported in actual days on the MEL

All data reported by Utilization Management Contractor is effective as of transpire date in web-based system. Data is point-in-time.

NOTE: Longest time spent on the MEL. If applicant became ineligible for waiver services (voluntarily declined services or no longer waiver eligible due to income/assets) but then regained eligibility, the number of days is counted beginning with newest instance of applicant-eligible status. This accounts for those who were not responsive to financial eligibility requirements, but then finally complied after the deadline and/or those who declined services and then shortly thereafter changed their mind. Previous months' data was revised to reflect this new methodology.

**WV Department of Health and Human Resources  
Bureau for Medical Services I/DD Waiver Program Report**

Intellectual/Developmental Disabilities Waiver Reported July 31, 2015	FY 2015	July-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	YTD 2016
Slots approved by CMS	4,634	4,634												4,634
Total number of members served YTD (unduplicated slots used) (1)	4,634	4,634												4,634
Applicants determined eligible (2)	376	42												42
Applicants determined ineligible (3)	362	43												43
<b>ACTIVE MEMBERS</b>														
# of active members at the end of the month (unduplicated slots active) (1)	4,511	4,607												4,607
Discharged members at the end of the calendar month	126	2												2
Discharged members who were discharged by reason	Deceased	58	1											1
	Left program to enter a facility	16	1											1
	Other (6)	52	0											0
<b>MANAGED ENROLLMENT LIST (MEL)</b>														
Total number of applicants on the MEL at the end of the month	1,116	1,057												1,057
Number of applicants added to the MEL (4)	376	42												42
Applicants enrolled (moved from the MEL)	209	98												98
Applicants removed from the MEL due to Death (5)	10	1												1
Applicants on the MEL who are in a Nursing Facility	3	3												3
Applicants on the MEL who are in an ICF/IID Group Home	73	70												70
Applicants on the MEL receiving Personal Care Services each month	71	70												70
Longest on the MEL to date (7)	985 Days	1,016 Days												1,016 Days

(1) Unduplicated slots used refers to the total number of members who accessed services during the fiscal year.

(2 and 3) Numbers determined medically eligible and ineligible reflect the activity for the month reported. Financial eligibility is not determined until after slot release.

(4) Monthly managed enrollment is being reported in the month an applicant is determined medically eligible; however, the individual's placement date on the managed enrollment list will be based on the date the Medical Eligibility Contract Agent (MECA) determines medical eligibility.

(5) Currently there is no way to track other reasons why someone may leave the MEL for reasons such as moved out of state, decided not to participate in program, etc.

(6) Other reason for program discharge may include, but is not limited to, member is no longer financial or medically eligible, moved out of state, no longer wants the service, etc.

(7) Longest number of days an applicant has been on the MEL.



**WV Department of Health and Human Resources  
Bureau for Medical Services TBI Waiver Program Report**

Traumatic Brain Injury Waiver Reported July 31, 2015		FY 2015	July-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	YTD 2016
Slots Approved By CMS		125	74	74	74	74	74	74	74	74	74	74	74	74	74
Total number of members served YTD (unduplicated slots used) (1)		68	57												57
Applicants determined eligible and became active this month (2)		31	2												2
Applicants determined ineligible (3)		5	4												4
<b>ACTIVE MEMBERS</b>															
Active members at the end of the month (unduplicated slots active)		56	57												57
Closed member at the end of the calendar month		11	1												1
TBI Members whose case was closed by reason	Deceased	2	0												0
	Left program to enter a faculty	0	0												0
	Other (4)	9	1												1
<b>MANAGED ENROLLMENT LIST (MEL) *</b>															
Total number of applicants on the MEL at the end of the month		N/A	NA												NA
Number of applicants added to the MEL		N/A	NA												NA
Applicants enrolled (moved from the MEL due to slot releases)		N/A	NA												NA
Applicants removed from the MEL due to death		N/A	NA												NA
New Applicants on the MEL who are in a nursing facility		N/A	NA												NA
New Applicants on the MEL receiving Personal Care each month		N/A	NA												NA
Longest on the MEL to date		N/A	NA												NA

(1) Unduplicated slots used refers to the total number of members who accessed services during the fiscal year.

(2 and 3) Numbers determined eligible and ineligible reflect the activity for the month reported. Eligibility refers to medical eligibility only. Financial eligibility is determined at a later date.

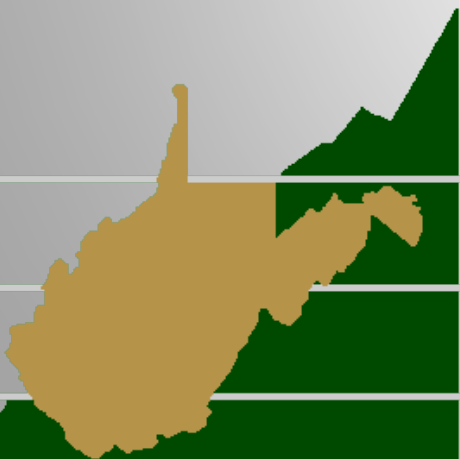
(4) Currently there is no way to track other reasons why someone may leave the MEL for reasons such as moved out of state, decided not to participate in program, etc.

\* There is currently no Managed Enrollment List for the TBI Waiver Program.

# WEST VIRGINIA INVESTMENT MANAGEMENT BOARD

Participant Plan Performance Report

July 31, 2015



**West Virginia Investment Management Board**

Participant Plans Allocation & Performance Net of Fees - Preliminary

As of July 31, 2015

	6/30/2015		7/31/2015		Performance %						
	Asset (\$000)	%	Asset (\$000)	%	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year
<b>WVIMB Fund Assets</b>	<b>17,134,407</b>	<b>100.0</b>	<b>17,143,151</b>	<b>100.0</b>							
<b>Pension Assets</b>	<b>13,591,437</b>	<b>79.3</b>	<b>13,604,583</b>	<b>79.4</b>							
Public Employees' Retirement System	5,723,663	33.4	5,727,279	33.4	0.3	(0.5)	0.3	4.9	11.1	10.2	6.9
Teachers' Retirement System	6,731,426	39.3	6,740,519	39.3	0.3	(0.5)	0.3	4.9	11.0	10.1	6.6
EMS Retirement System	56,354	0.3	56,587	0.3	0.3	(0.5)	0.3	4.9	11.0	10.1	
Public Safety Retirement System	605,374	3.5	603,995	3.6	0.3	(0.5)	0.3	4.9	11.1	10.2	6.9
Judges' Retirement System	170,152	1.0	170,378	1.0	0.4	(0.5)	0.4	5.0	11.1	10.1	6.9
State Police Retirement System	131,515	0.8	132,166	0.8	0.3	(0.5)	0.3	4.9	11.0	10.1	6.9
Deputy Sheriffs' Retirement System	169,611	1.0	170,242	1.0	0.3	(0.5)	0.3	4.9	11.1	10.1	6.9
Municipal Police & Firefighter Retirement System	1,937	0.0	2,013	0.0	0.3	(0.5)	0.3	4.9	10.5	7.1	
Municipal Model A	1,405	0.0	1,404	0.0	0.3	(0.5)	0.3	4.9			
<b>Insurance Assets</b>	<b>2,548,736</b>	<b>14.9</b>	<b>2,542,437</b>	<b>14.8</b>							
Workers' Compensation Old Fund	1,290,486	7.5	1,286,683	7.5	0.3	(1.0)	0.3	1.6	4.6	5.2	
Workers' Comp. Self-Insured Guaranty Risk Pool	15,756	0.1	15,800	0.1	0.3	(0.8)	0.3	2.6	5.7	5.5	
Workers' Comp. Self-Insured Security Risk Pool	9,046	0.1	9,004	0.0	0.2	(0.9)	0.2	2.4			
Workers' Comp. Uninsured Employers' Fund	10,889	0.1	10,918	0.1	0.3	(0.8)	0.3	2.5	5.6	5.1	
Pneumoconiosis	261,369	1.5	260,921	1.5	0.3	(0.8)	0.3	2.6	5.8	6.1	5.1
Board of Risk & Insurance Management	137,824	0.8	133,161	0.8	0.2	(0.9)	0.2	2.6	5.8	6.1	5.6
Public Employees' Insurance Agency	218,202	1.3	218,843	1.3	0.3	(0.8)	0.3	2.7	5.6	6.0	5.3
WV Retiree Health Benefit Trust Fund	605,164	3.5	607,107	3.5	0.3	(0.5)	0.3	4.9	10.6	8.9	
<b>Endowment Assets</b>	<b>994,234</b>	<b>5.8</b>	<b>996,131</b>	<b>5.8</b>							
Wildlife Fund	54,466	0.3	54,689	0.3	0.3	(0.5)	0.3	4.9	11.0	10.1	6.8
Prepaid Tuition Trust	66,440	0.4	64,379	0.4	0.7	(0.5)	0.7	4.6	8.4	8.6	6.5
Revenue Shortfall Reserve Fund	376,714	2.2	377,790	2.2	0.3	(1.0)	0.3	0.0	0.7	3.4	
Revenue Shortfall Reserve Fund - Part B	384,146	2.2	385,148	2.3	0.3	(1.1)	0.3	1.5	4.5	5.8	
WV DEP Trust	8,254	0.1	8,277	0.0	0.3	(1.2)	0.3	4.4	10.8		
WV DEP Agency	104,214	0.6	105,848	0.6	0.2	(1.0)	0.2	3.1			

## West Virginia Investment Management Board

Composite Asset Allocation & Performance Net of Fees - Preliminary

As of July 31, 2015

	Asset (\$000)	%	Performance %							
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	
Investment Pools Composite	17,154,878	100.00								
Total Equity Composite	8,491,917	49.50	0.34	(1.82)	0.34	3.51	14.91	12.40	7.26	
+/- Total Equity Policy Index (b)			(0.26)	(0.32)	(0.26)	0.02	1.21	1.06	1.15	
US Equity Composite	4,320,590	25.18	2.00	1.58	2.00	12.33	18.63	16.99	8.10	
+/- Russell 3000 Index			0.33	0.23	0.33	1.05	0.63	0.64	0.20	
Large Cap Composite	3,508,931	20.45	2.49	1.80	2.49	12.81	18.04	16.77	7.89	
+/- S&P 500 Index			0.39	0.39	0.39	1.60	0.46	0.53	0.17	
Non-Large Cap Composite	811,659	4.73	(0.04)	0.67	(0.04)	10.31	20.03	17.78	8.96	
+/- Russell 2500 Index			0.15	(0.58)	0.15	(0.88)	1.17	1.56	0.51	
International Equity Composite	4,171,327	24.32	(1.32)	(5.06)	(1.32)	(5.11)	11.05	7.76	7.06	
+/- MSCI AC World ex US IMI Index (c)			(0.85)	(0.76)	(0.85)	(1.13)	1.66	1.39	1.43	
Fixed Income Composite	3,472,574	20.24	0.38	(0.36)	0.38	1.67	2.86	4.18	4.79	
+/- Barclays Capital Universal (d)			(0.20)	0.35	(0.20)	(0.86)	0.84	0.52	(0.05)	
Core Fixed Income	1,070,482	6.24	0.62	(0.14)	0.62	3.54	2.36	4.09		
+/- Barclays Capital Aggregate			(0.08)	0.50	(0.08)	0.72	0.76	0.82		
Total Return Fixed Income	2,402,092	14.00	0.28	(0.46)	0.28	0.83	3.15	4.23	5.14	
+/- Barclays Capital Universal			(0.30)	0.25	(0.30)	(1.70)	1.13	0.57	0.32	
TIPS Composite	434,535	2.53	0.24	(1.55)	0.24	(1.52)	(1.32)	3.26		
+/- Barclays Capital U.S. TIPS			0.03	0.04	0.03	0.04	0.00	(0.04)		
Cash Composite	209,151	1.22	0.00	0.02	0.00	0.10	0.13	0.12	1.52	
+/- Citigroup 90 Day T-Bill (e)			0.00	0.02	0.00	0.09	0.02	(0.05)	0.01	
Private Equity Composite	1,376,987	8.03	(0.03)	2.15	(0.03)	11.54	12.55	13.73		
+/- Russell 3000 + 3% (f, g)								(6.71)		
Real Estate Composite	1,518,342	8.85	0.90	3.13	0.90	10.89	10.52	10.69		
+/- NCREIF + 1% (f)								(3.05)		
Hedge Fund Composite	1,651,372	9.63	0.21	0.21	0.21	6.14	8.08	6.41		
+/- HFRI FOF + 1% (h)			0.01	(0.09)	0.01	0.72	3.49	1.91		

**West Virginia Investment Management Board**  
 Participant Plans Allocation vs. Strategy - Preliminary  
 As of July 31, 2015

	Domestic Equity		Int'l Equity		Fixed Income		Private Equity		Real Estate		Hedge Funds		Cash	
	Actual %	Strategy %	Actual %	Strategy %	Actual %	Strategy %	Actual %	Strategy %	Actual %	Strategy %	Actual %	Strategy %	Actual %	Strategy %

**Pension Assets**

Public Employees' Retirement System	27.7	27.5	27.0	27.5	14.1	15.0	9.7	10.0	10.8	10.0	10.6	10.0	0.1	0.0
Teachers' Retirement System	27.3	27.5	26.4	27.5	14.2	15.0	9.5	10.0	10.5	10.0	10.5	10.0	1.6	0.0
EMS Retirement System	27.6	27.5	26.9	27.5	14.5	15.0	10.2	10.0	10.6	10.0	10.0	10.0	0.2	0.0
Public Safety Retirement System	26.7	27.5	25.8	27.5	13.8	15.0	9.7	10.0	10.4	10.0	10.1	10.0	3.5	0.0
Judges' Retirement System	27.7	27.5	26.2	27.5	14.8	15.0	10.1	10.0	10.7	10.0	10.3	10.0	0.2	0.0
State Police Retirement System	27.4	27.5	26.6	27.5	14.9	15.0	10.0	10.0	10.5	10.0	10.1	10.0	0.5	0.0
Deputy Sheriffs' Retirement System	27.6	27.5	26.5	27.5	14.8	15.0	10.0	10.0	10.6	10.0	10.3	10.0	0.2	0.0
Municipal Police & Firefighter Retirement System	26.1	27.5	25.1	27.5	14.2	15.0	9.6	10.0	9.5	10.0	9.5	10.0	6.0	0.0
Municipal Police A	27.7	27.5	26.9	27.5	14.1	15.0	10.2	10.0	10.4	10.0	10.0	10.0	0.7	0.0

**Insurance Assets**

Workers' Compensation Old Fund	15.2	15.0	14.3	15.0	67.2	70.0	0.0	0.0	0.0	0.0	0.0	0.0	3.3	0.0
Workers' Comp. Self-Insured Guaranty Risk Pool	15.1	15.0	14.6	15.0	45.0	45.0	0.0	0.0	0.0	0.0	20.2	20.0	5.1	5.0
Workers' Comp. Self-Insured Security Risk Pool	15.3	15.0	14.4	15.0	45.9	45.0	0.0	0.0	0.0	0.0	20.3	20.0	4.1	5.0
Workers' Comp. Uninsured Employers Fund	15.1	15.0	14.5	15.0	40.2	40.0	0.0	0.0	0.0	0.0	20.2	20.0	10.0	10.0
Pneumoconiosis	15.3	15.0	14.4	15.0	45.4	45.0	0.0	0.0	0.0	0.0	20.3	20.0	4.6	5.0
Board of Risk & Insurance Mgmt.	15.7	15.0	14.7	15.0	47.1	45.0	0.0	0.0	0.0	0.0	20.9	20.0	1.6	5.0
Public Employees' Insurance Agency	15.1	15.0	14.5	15.0	50.2	50.0	0.0	0.0	0.0	0.0	20.2	20.0	0.0	0.0
WV Retiree Health Benefit Trust Fund	27.7	27.5	26.3	27.5	14.9	15.0	10.2	10.0	10.8	10.0	10.1	10.0	0.0	0.0

**Endowment Assets**

Wildlife Fund	27.6	27.5	26.4	27.5	14.9	15.0	10.2	10.0	10.7	10.0	10.0	10.0	0.2	0.0
Prepaid Tuition Trust	30.6	27.5	15.4	22.5	52.4	50.0	0.0	0.0	0.0	0.0	0.0	0.0	1.6	0.0
Revenue Shortfall Reserve Fund	0.0	0.0	0.0	0.0	96.1	100.0	0.0	0.0	0.0	0.0	0.0	0.0	3.9	0.0
Revenue Shortfall Reserve Fund - Part B	15.2	15.0	14.5	15.0	70.3	70.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WV DEP Trust	33.4	32.5	30.8	32.5	15.5	15.0	0.0	0.0	0.0	0.0	20.2	20.0	0.1	0.0
WV DEP Agency	19.8	20.0	19.2	20.0	39.7	40.0	0.0	0.0	0.0	0.0	19.8	20.0	1.5	0.0

## West Virginia Investment Management Board

### Footnotes

As of July 31, 2015

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- (a) As of January 2014, the PERS Policy is 30% Russell 3000, 30% MSCI ACW ex USA (IMI), and 40% Barclays Capital Universal. From April 2008 to December 2013, the PERS Policy was 30% Russell 3000, 30% MSCI ACW ex USA (Standard), and 40% Barclays Capital Universal. Prior periods were 42% Russell 3000, 18% MSCI ACW ex USA, and 40% Barclays Capital Aggregate.
- (b) As of January 2014, the Total Equity Policy Index is 50% Russell 3000 and 50% MSCI ACW ex USA (IMI). From April 2008 to December 2013, the Total Equity Policy Index was 50% Russell 3000 and 50% MSCI ACW ex USA (Standard). Prior periods were 40% S&P 500, 30% Russell 2500, and 30% MSCI ACW ex USA.
- (c) Prior to January 2014, the index was the MSCI ACW ex USA (Standard).
- (d) Prior to April 2008, the index was Barclays Capital Aggregate.
- (e) Prior to January 2014, the index was Citigroup 90 Day T-Bill plus 15 basis points.
- (f) The Private Equity Composite and Real Estate Composite are long-term programs whose benchmarks are only reported for 5 years and beyond.
- (g) Prior to January 2014, the index was S&P 500 plus 500 basis points.
- (h) Prior to January 2014, the index was Libor plus 400 basis points.
- (i) Franklin Benchmark is 50% JPM EMBI Global Diversified and 50% JPM GBI EM Diversified.
- (j) Prior to April 2008, the index was a custom index.
- (k) Security Capital Benchmark is 40% Wilshire US REIT Index, 30% Wells Fargo Hybrid & Preferred Securities REIT Index, and 30% BC REIT Bond Index.

Note: Participant returns are net of fees. Portfolio returns are net of management fees. Returns shorter than one year are unannualized.



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**Status Report:**  
**Workers' Compensation**

Joint Committee on Government & Finance

September 2015

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*Provided by the West Virginia Offices of the Insurance Commissioner*



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## **Introduction**

With the passage of S.B. 1004 in January 2005, significant changes were made to workers' compensation insurance in West Virginia. The State administered monopolistic fund effectively ended when a new domestic mutual insurance company, "BrickStreet", was formed to issue workers' compensation insurance on a going forward basis. BrickStreet began writing new workers' compensation insurance liabilities effective January 2006. (They also retained the workers' compensation insurance premium and incurred liability starting in July 2005.) The West Virginia workers' compensation insurance market was later opened to competition beginning in July 2008.

At the time when the domestic mutual insurance company was formed in order to begin to privatize the workers' compensation insurance market in West Virginia, a large legacy liability existed stemming from the historical operation of the State administered monopolistic fund. Subsequent to privatization, this legacy liability was retained by the State of West Virginia in what is now known as the "Old Fund." The Old Fund consists of all historical claims with dates of injuries or last exposure through June 30, 2005. Apart from those sections which specifically reference other "funds," the "private market," or the "self-insured" community (which began in July 2004), this report concerns the workers' compensation legacy liability of the State of West Virginia, i.e. the Old Fund.

At January 2008, there were 47,961 active Old Fund workers' compensation insurance claims. The first Workers' Compensation Status Report to the Joint Committee on Government and Finance was issued in June 2008. The following pages update the status of the various workers' compensation funds and the activities associated with the administration of the workers' compensation responsibilities transitioned to the Offices of the Insurance Commissioner.

## Definitions:

**Appeal (BOR):** A formal procedure conducted by the Board of Review at which a decision of an administrative law judge (OOJ) having presided over a matter of workers' compensation (Old Fund or Privately Insured) is to be afforded additional consideration. An appeal may be filed by any aggrieved party, such as a claimant, employer, dependent of a claimant, private insurance carrier, etc.

**Board of Review:** (BOR) A three judge panel that serves as an intermediate appellate tribunal in workers' compensation litigation. Specifically, the Board of Review reviews all appeals taken from any final decision of the Office of Judges. The BOR may reverse, vacate, modify or remand a decision of the Office of Judges. Any appeal taken from a Board of Review final order must be filed with the West Virginia Supreme Court of Appeals.

**Claim Reserve:** individual claim level cost estimate that is projected on the ultimate probable exposure; must be the best projection based on the facts and findings of the claim. This function is to capture the key components that impact the range of any impending cost in workers' compensation claims. No discounting is applied. The Indemnity Reserve is adjusted to cover the cost of loss or exposure both on a temporary and permanent basis. The reserve should also be adjusted to include the projected cost of any death and/or dependent benefits when appropriate. The Medical Reserve covers medical cost, hospital stays, specialized treatment, rehabilitation, durable medical equipment, and medications, etc. The Expense Reserve is placed for the cost of legal defense and investigations, etc. The reserves may be reduced based on the findings of early mortality factors.

**Coal Workers' Pneumoconiosis Fund (CWP):** State managed fund into which FBL premiums previously received are held, and out of which FBL benefits are paid. This fund was closed to future liabilities as of 12/31/2005. Because of the latency period between the date of last exposure and the onset of disease, new FBL claims will occur.

**Fatal:** claim under which the worker died as a result of injury or illness.

**FBL:** claim for Occupational Pneumoconiosis (Black Lung) benefits under Title IV of the federal Coal Mine Health and Safety Act of 1969, i.e. Federal Black lung, or FBL.

**FBL Awarded Claim:** an FBL claim that has been awarded but has not yet been accepted by the responsible operator/insurer

**FBL Claim Notice:** an FBL claim for which not initial decision has yet been made, but evidence in the claims indicates the potential for an award

**FBL Non-active Claim:** an FBL claim for which an award had been sought, but was not afforded. Federal statutes permit an appeal process which lasts for 1 year, so the claim would be reopened for consideration upon appeal. Denied FBL claims are closed administratively after 6 months, as the TPA's bill for claims management services monthly on an open claims basis.

**FBL Paying Claim:** an FBL claim for which an award has been made and the responsible operator/insurer has accepted liability. Payments are being made to the claimant or dependents.

**Indemnity:** statutory wage replacement benefits awarded as a result of a worker's occupational illness or injury.

**Med Only:** claim under which only the payment of medical benefits were sought or awarded, i.e. no payment of wage replacement benefits (indemnity) is being made.

**Office of Judges:** (OOJ) An office comprised of administrative law judges who are charged with resolving protests or appeals to workers' compensation claims management decisions. The Office of Judges conducts hearings, receives and weighs evidence and arguments, and issues written decisions on protests or appeals from initial claim management decisions. Any final decision of the Office of Judges may be appealed to the workers' compensation Board of Review. The OOJ hears protests involving Old Fund claims as well as those arising from the private market (private carrier or privately insured.)

**Old Fund:** The residual assets and liabilities of the former Worker's Compensation Fund are now reported in a fund known as the Workers' Compensation Old Fund. Disbursements from the Old Fund are related to the liabilities and appropriate administrative expenses necessary for the administration of all claims, actual and incurred but not reported, for any claims with a date of injury on or before June 30, 2005.

**OP/OD:** claim of Occupational Pneumoconiosis or Occupational Disease. An OP claim could be considered the State level equivalent of an FBL claim; however, State OP claims provide for varying percentages of impairment where the FBL applicant must prove total impairment to be eligible. (State OP claims are awarded more frequently than FBL, but afford lesser benefits.) An example of an OD claim would be occupational hearing loss.

**Protest (OOJ):** An objection to a ruling of a workers' compensation claim administrator (Old Fund or Private Market) which prompts the initiation of the adjudication process at the Office of Judges.

**PPD:** (Permanent Partial Disability) paid to compensate an injured worker for permanent impairment that results from an occupational injury or disease. The American Medical Association defines permanent impairment as impairment that has become static or well stabilized with or without medical treatment and is not likely to remit despite medical treatment. It should be noted, some injuries that are total loss by severance have statutory impairment ratings that are defined per WV Code §23-4-6(f). Payment for PPD is based upon 4 weeks of compensation for each one percent of disability.

**PTD:** (Permanent Total Disability) A disability which renders a claimant unable to engage in gainful employment requiring skills or abilities which can be acquired or which are comparable to those of any gainful employment in which the claimant previously engaged with some regularity. While the comparison of pre-injury income and post-disability income is not a factor to be considered in determining whether or not a claimant is permanently and totally disabled, the geographic availability of gainful employment should be considered. Specifically, the geographic availability of gainful employment within a 75 mile driving distance of the claimant's

home, or within the distance from the claimant's home to his or her pre-injury employment, whichever is greater, is a factor to be considered in determining whether or not a claimant is PTD.

**Self-Insured:** an employer who has met certain specific guidelines, and who is then permitted to guarantee their own payment and handling of workers' compensation claims to their employees in accordance with WV statutes.

**Self-Insured Guaranty Fund:** State managed fund consisting of those funds transferred to it from the guaranty pool created pursuant to 85 CSR §19 (2004) and any future funds collected through continued administration of that exempt legislative rule as administered by the WVOIC and out of which workers' compensation benefits may be paid. Covers claims liabilities of bankrupt or defaulted self-insured employers with dates of injury or last exposure after 07/01/2004.

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**Self-Insured Security Fund:** State managed fund consisting of those funds paid into it thru the WVOIC's administration of 85 CSR §19 (2004), and out of which workers' compensation benefits may be paid. Covers claims liabilities of bankrupt or defaulted self-insured employers with dates of injury or last exposure before 07/01/2004. This fund is limited to claimants of those self-insured employers who have defaulted on their claims obligations after 12/31/2005.

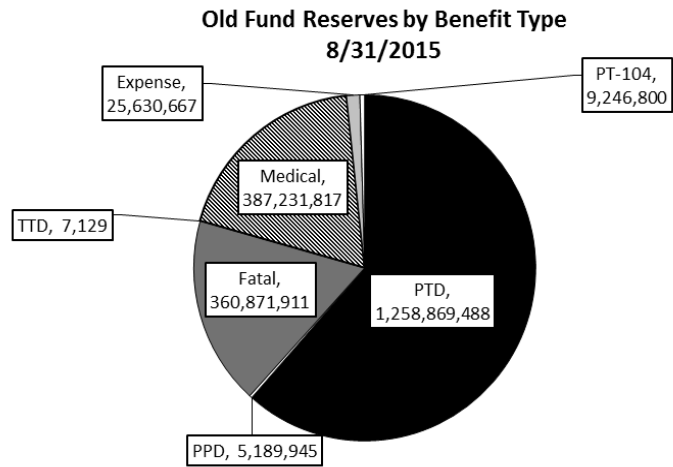
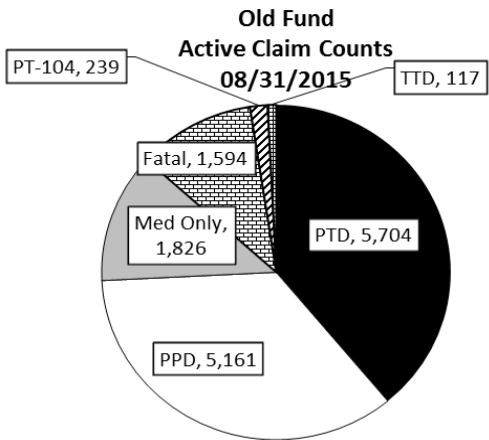
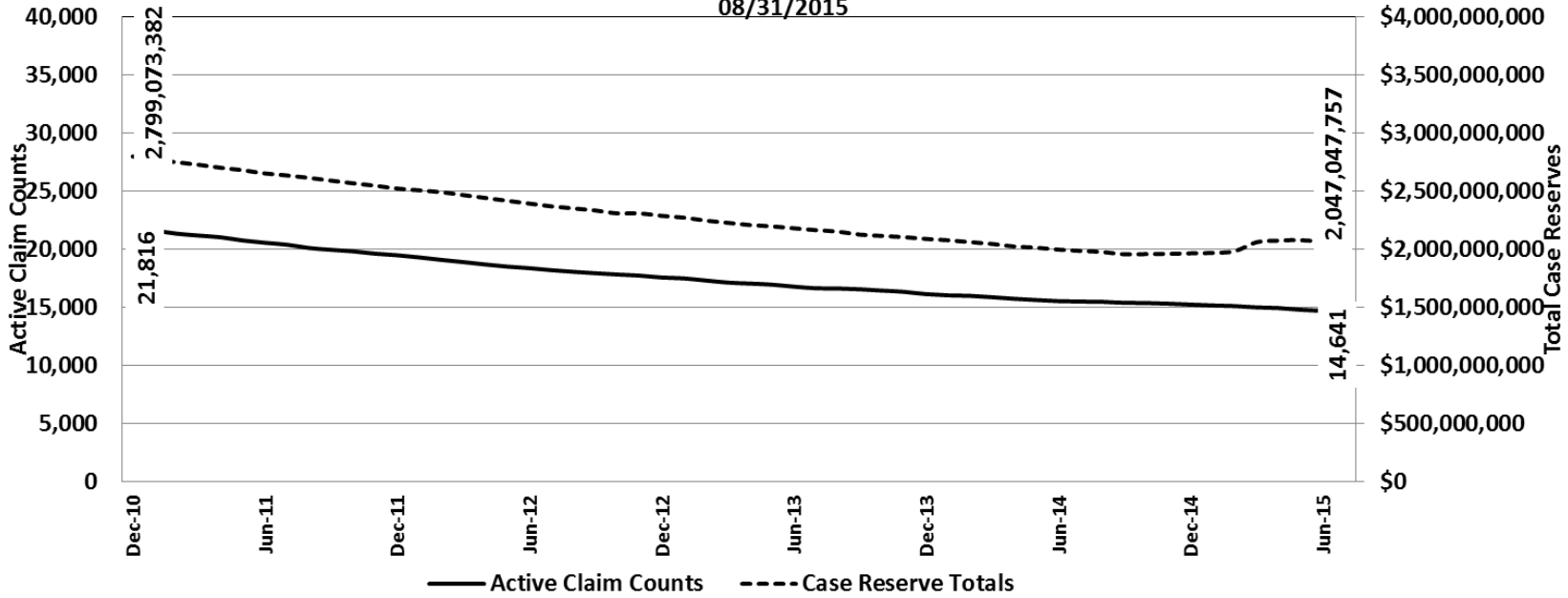
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**TPD:** (Temporary Partial Disability) also referred to as TPR, is paid when an injured worker is released to return to work with restrictions or modifications that restrict he/she from obtaining their pre-injury wages. The TPD benefit is paid at seventy percent of the difference between the average weekly wage earnings earned at the time of injury and the average weekly wage earnings earned at the new employment.

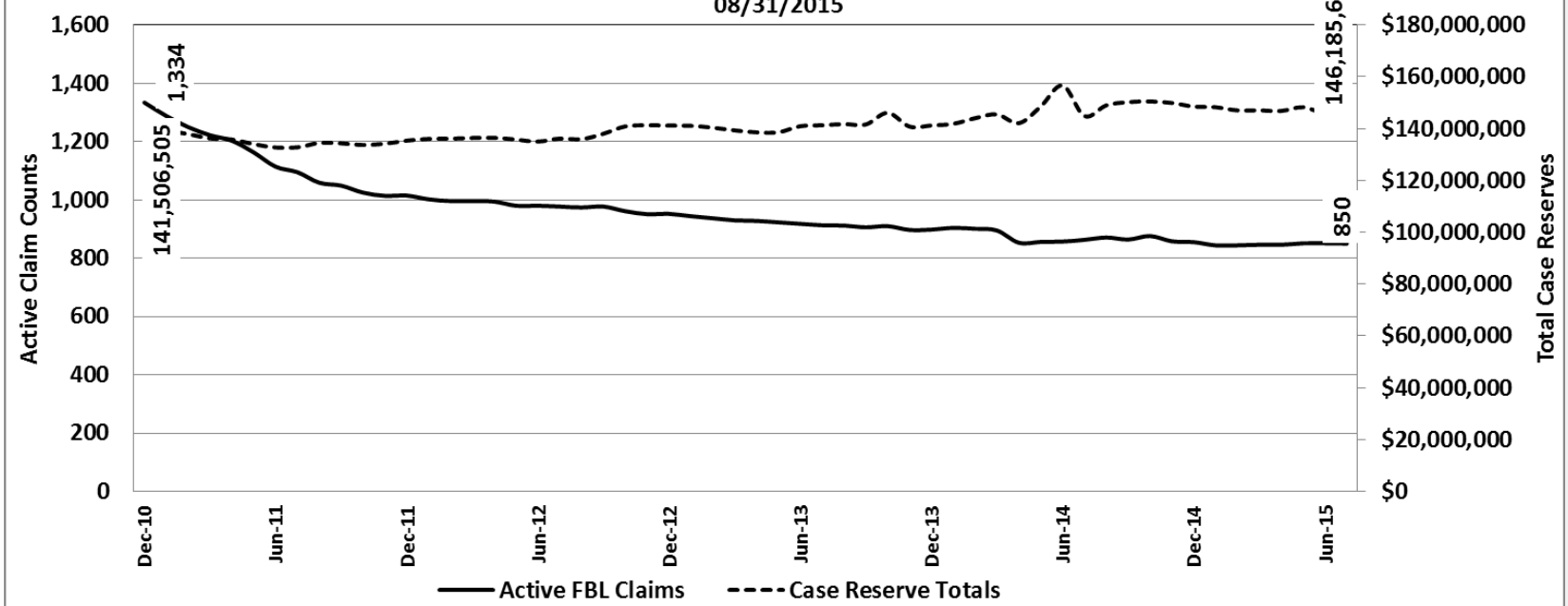
**TTD:** (Temporary Total Disability) an inability to return to substantial gainful employment requiring skills or activities comparable to those of one's previous gainful employment during the healing or recovery period after the injury. In order to receive TTD benefits, the injured worker must be certified disabled due to the compensable injury by his/her treating physician.

**Uninsured Fund:** State managed fund into which assessments to carriers or employers received are held, and out of which workers' compensation benefits may be paid to claimant employees of employers who were uninsured if the date of injury or date of last exposure is January 1, 2006 or later.

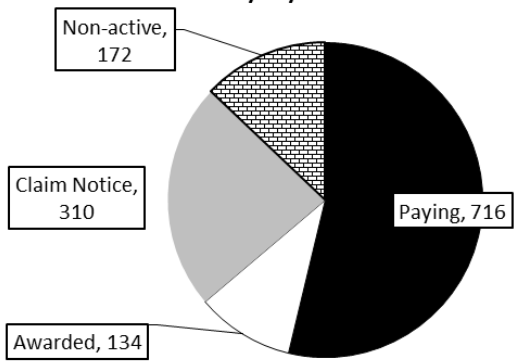
**Old Fund  
Active Claim Counts and Case Reserves  
08/31/2015**



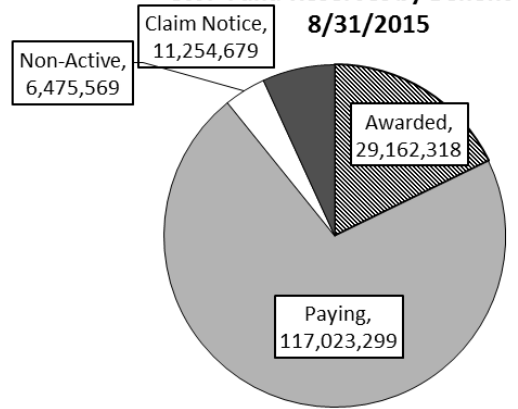
**CWP Fund (FBL)**  
**Active Claim Counts and Case Reserves**  
**08/31/2015**



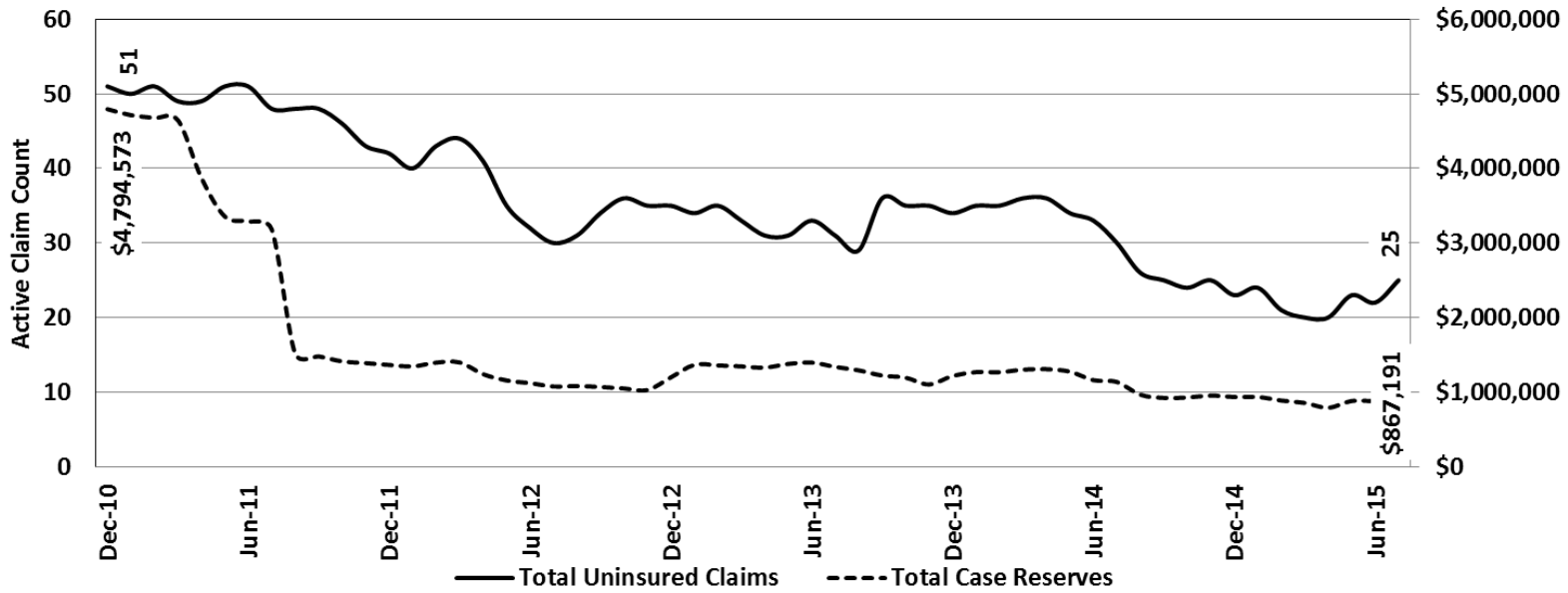
**CWP Fund (FBL)**  
**Active and Inactive Claims**  
**08/31/2015**



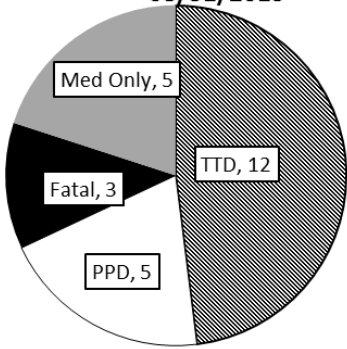
**CWP Fund Reserves by Benefit Type**  
**8/31/2015**



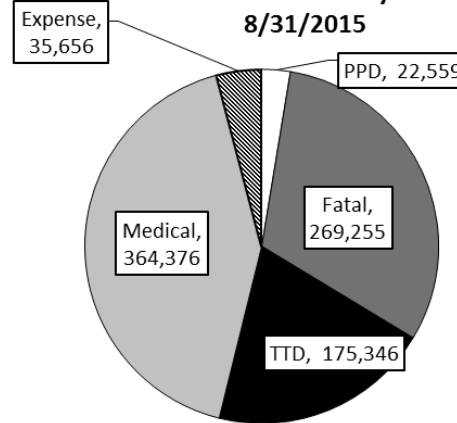
**Uninsured Fund  
Active Claim Counts and Case Reserves  
08/31/2015**



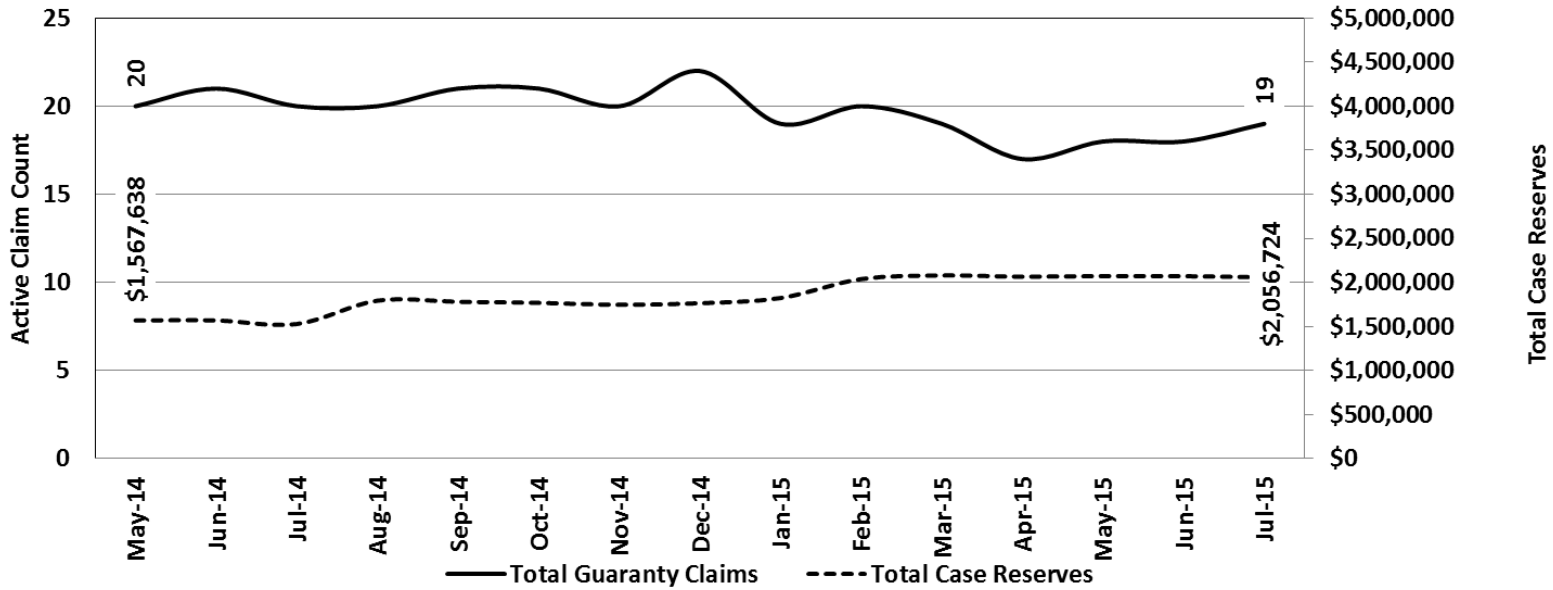
**Uninsured Fund  
Active Claim Counts  
08/31/2015**



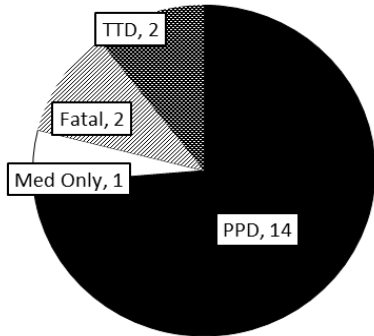
**Uninsured Fund Reserves by Benefit Type  
8/31/2015**



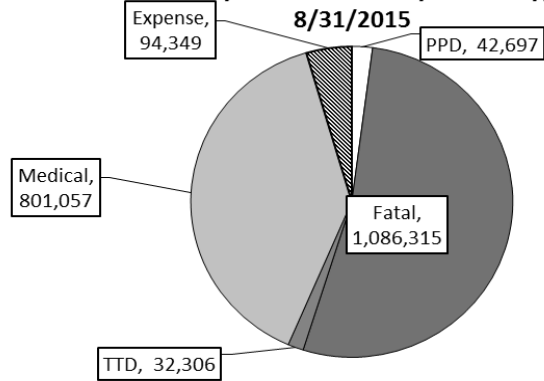
**Guaranty Fund  
Active Claim Counts and Case Reserves  
08/31/2015**



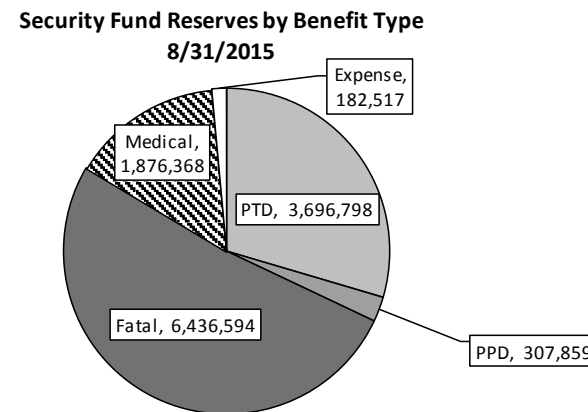
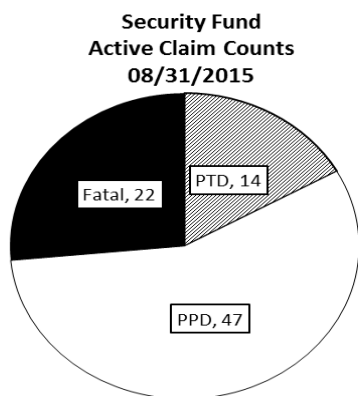
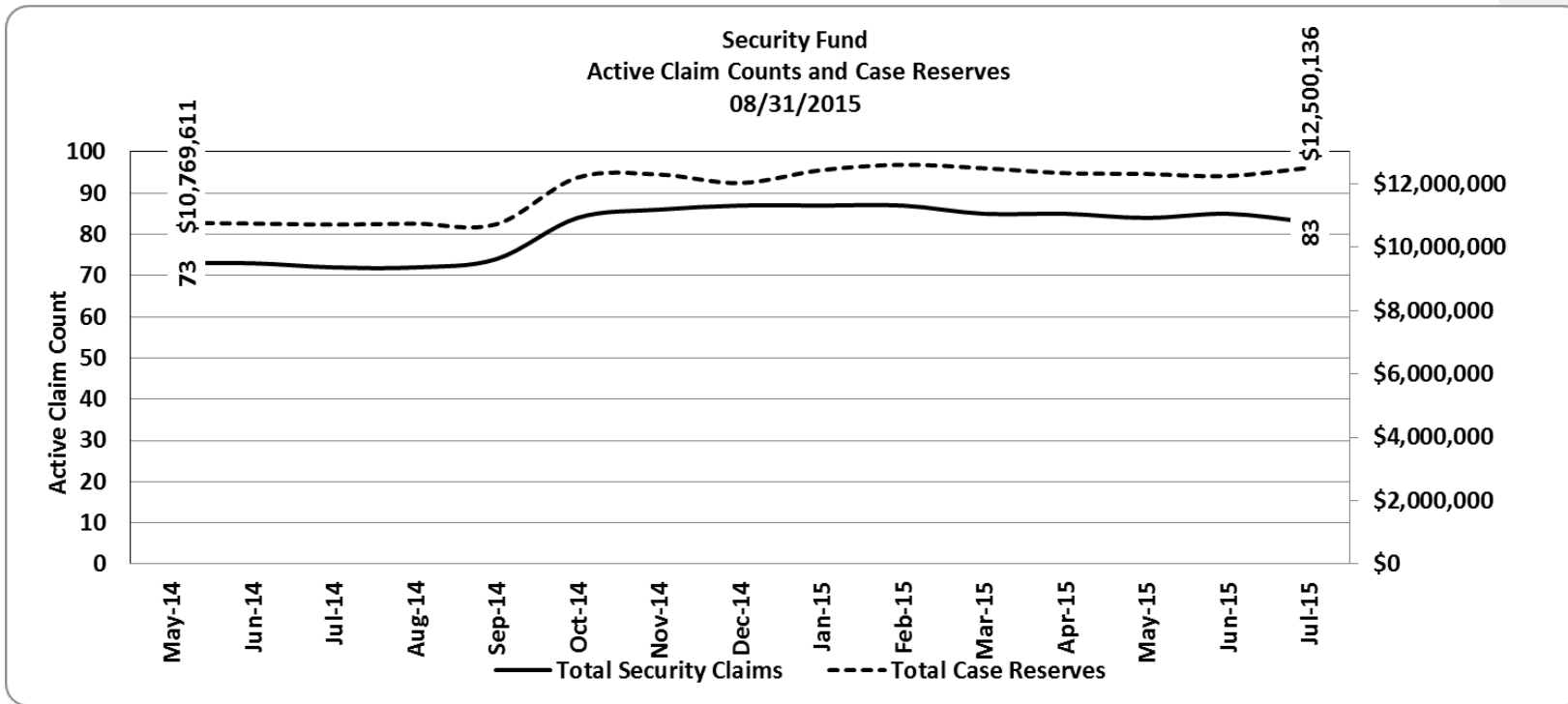
**Guaranty Fund  
Active Claim Counts  
08/31/2015**



**Guaranty Fund Reserves by Benefit Type  
8/31/2015**







OLD FUND CASH STATEMENT  
August 31, 2015

	Three Year History for years ended:					
	YTD FY2016	YTD FY2015	Change	FY2015	FY2014	FY2013
<b>Cash Beginning Balances</b>	1,311,665,427	1,190,142,811	121,522,616	1,190,142,811	1,061,595,681	942,505,408
<b>Revenues</b>						
Personal Income Tax	-	-	-	95,400,000	95,400,000	95,400,000
Severance Tax	16,462,402	15,586,322	876,080	125,703,925	109,467,900	94,562,969
Debt Reduction Surcharge	7,553,847	7,487,280	66,567	34,106,221	34,138,820	36,853,941
Self-Insured Debt Reduction Surcharge	1,991,311	2,224,719	(233,408)	8,859,759	8,493,207	8,733,494
Video Lottery	903,256	939,774	(36,517)	11,000,000	11,000,000	11,000,000
Employer Premium	27,166	22,919	4,247	202,532	284,075	335,102
Other Income - Return of Unclaimed Property	8,672	-	8,672	153,763	92,953	48,332
<b>Operating Revenues</b>	<b>26,946,654</b>	<b>26,261,015</b>	<b>685,640</b>	<b>275,426,199</b>	<b>258,876,955</b>	<b>246,933,837</b>
Investment / Interest Earnings (Losses)	(12,346,135)	3,132,110	(15,478,245)	34,715,474	67,734,120	77,380,803
<b>Total Revenues</b>	<b>14,600,519</b>	<b>29,393,124</b>	<b>(14,792,605)</b>	<b>310,141,673</b>	<b>326,611,075</b>	<b>324,314,640</b>
<b>Expenditures</b>						
Claims Benefits Paid:						
Medical	3,978,660	5,063,099	(1,084,439)	29,881,043	31,791,671	33,512,816
Permanent Total Disability	16,778,062	17,809,613	(1,031,551)	104,948,107	111,490,282	118,396,619
Permanent Partial Disability	32,151	65,307	(33,155)	353,749	720,723	1,137,910
Temporary Disability	-	-	-	-	7,741	59,227
Fatalis	4,104,785	4,249,658	(144,873)	25,497,598	26,407,057	26,966,847
104 weeks death benefit	1,102,603	896,304	206,299	5,883,387	6,200,020	6,670,578
Settlements	1,219,626	1,640,156	(420,530)	12,206,388	9,136,495	9,011,730
Loss Adjustment Expenses	378,055	350,793	27,262	2,029,136	1,467,221	998,774
Total	27,593,943	30,074,930	(2,480,988)	180,799,408	187,221,209	196,754,501
Less: Claims credits and overpayments	395,105	220,372	174,733	2,240,415	3,265,629	4,617,178
Total Benefits Paid	27,198,838	29,854,559	(2,655,721)	178,558,993	183,955,580	192,137,323
Administrative Expenses	1,065,537	1,023,380	42,157	10,060,064	14,108,365	13,087,043
<b>Total Expenditures</b>	<b>28,264,375</b>	<b>30,877,939</b>	<b>(2,613,564)</b>	<b>188,619,057</b>	<b>198,063,945</b>	<b>205,224,366</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(13,663,856)</b>	<b>(1,484,815)</b>	<b>(12,179,041)</b>	<b>121,522,616</b>	<b>128,547,130</b>	<b>119,090,274</b>
<b>Cash Ending Balances</b>	<b>1,298,001,571</b>	<b>1,188,657,996</b>	<b>109,343,575</b>	<b>1,311,665,427</b>	<b>1,190,142,811</b>	<b>1,061,595,681</b>

Note: The purpose of the report is to enhance the user's ability to monitor the cash activities of the Old Fund. The Old Fund assets consist of the Old Fund cash, IMB and BTI Investment accounts and any deposits in transit from the Debt Reduction Fund. The liabilities of the Old Fund consist of the worker's compensation claims and related expenses for all claims, actual and incurred but not reported for claims with dates of injury on or before June 30, 2005. This report is intended to provide a summary of the cash based transactions related to the Fund's assets and liabilities and is not an accrual based presentation. The Old Fund Cash Statement is unaudited information.

COAL WORKERS PNEUMOCONIOSIS FUND  
August 31, 2015

	YTD FY2016	YTD FY2015	Change	Three Year History for years ended:		
				FY2015	FY2014	FY2013
<b>Cash Beginning Balances</b>	<b>264,657,327</b>	<b>267,173,190</b>	<b>(2,515,863)</b>	<b>267,173,190</b>	<b>266,720,430</b>	<b>254,523,752</b>
<b>Revenues</b>						
Other Income - Return of Unclaimed Property	-	-	-	876	-	-
Investment Earnings (Losses)	(2,566,981)	1,107,494	(3,674,475)	10,347,881	17,915,475	24,801,113
<b>Total Revenues</b>	<b>(2,566,981)</b>	<b>1,107,494</b>	<b>(3,674,475)</b>	<b>10,348,758</b>	<b>17,915,475</b>	<b>24,801,113</b>
<b>Expenditures</b>						
Payment of Claims	1,953,043	2,579,472	(626,429)	11,990,810	17,376,923	12,550,216
Contractual / Professional	140,483	157,356	(16,873)	873,390	85,747	53,287
Legal	-	-	-	-	-	932
General and Administrative	105	30	75	420	45	-
<b>Total Expenditures</b>	<b>2,093,631</b>	<b>2,736,858</b>	<b>(643,227)</b>	<b>12,864,620</b>	<b>17,462,715</b>	<b>12,604,435</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(4,660,612)</b>	<b>(1,629,364)</b>	<b>(3,031,248)</b>	<b>(2,515,863)</b>	<b>452,760</b>	<b>12,196,678</b>
<b>Cash Ending Balances</b>	<b>259,996,716</b>	<b>265,543,826</b>	<b>(5,547,110)</b>	<b>264,657,327</b>	<b>267,173,190</b>	<b>266,720,430</b>

Note: The Coal Worker's Pneumoconiosis Fund (CWP Fund) ceased operations December 31, 2005 and is in run-off status under the administrative oversight of the Insurance Commissioner. Established in 1973, the CWP Fund existed to provide insurance coverage to companies for liabilities incurred as a result of the Federal Coal Mine Health and Safety Act of 1969. Participation in the CWP Fund was voluntary for employers. The current revenues of the CWP Fund are limited to the earnings from invested assets. The liabilities of the CWP Fund consist of the claims for coal miners who are totally disabled or beneficiaries of coal miners who have died as a result of coal worker's pneumoconiosis. To be eligible for benefits from the CWP Fund, the date of last exposure of the coal miner must be on or before December 31, 2005. The Coal Workers Cash Statement is unaudited information.

SELF-INSURED GUARANTY RISK POOL

August 31, 2015

	YTD FY2016	YTD FY2015	Change	Three Year History for years ended:		
				FY2015	FY2014	FY2013
<b>Cash Beginning Balances</b>	<b>16,014,340</b>	<b>15,603,319</b>	<b>411,021</b>	<b>15,603,319</b>	<b>14,815,337</b>	<b>10,829,975</b>
<b>Revenues</b>						
Guaranty Risk Pool Assessments	-	15,914	(15,914)	89,571	124,520	851,410
Collateral Proceeds	-	-	-	-	-	2,399,380
Investment Earnings (Losses)	(150,619)	61,248	(211,867)	612,972	1,027,230	1,186,338
<b>Total Revenues</b>	<b>(150,619)</b>	<b>77,162</b>	<b>(227,781)</b>	<b>702,542</b>	<b>1,151,751</b>	<b>4,437,128</b>
<b>Expenditures</b>						
Payment of Claims	37,362	33,054	4,308	263,947	255,607	332,894
Contractual / Professional	1,653	2,963	(1,310)	27,575	107,348	92,122
Legal	-	-	-	-	815	26,750
<b>Total Expenditures</b>	<b>39,015</b>	<b>36,017</b>	<b>2,998</b>	<b>291,522</b>	<b>363,769</b>	<b>451,765</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(189,633)</b>	<b>41,146</b>	<b>(230,779)</b>	<b>411,021</b>	<b>787,981</b>	<b>3,985,363</b>
<b>Cash Ending Balances</b>	<b>15,824,706</b>	<b>15,644,465</b>	<b>180,242</b>	<b>16,014,340</b>	<b>15,603,319</b>	<b>14,815,337</b>

The Self-Insured Guaranty Risk Pool covers the claims liabilities of bankrupt or defaulted self-insured employers with dates of injury subsequent to July 1, 2004. The revenues of the Self-Insured Guaranty Fund are comprised of the guaranty risk pool assessments levied on all self-insured employers and the earnings on invested assets. The Self Insured Guaranty Cash Statement is unaudited information.

SELF-INSURED SECURITY RISK POOL  
August 31, 2015

	YTD FY2016	YTD FY2015	Change	Three Year History for years ended:		
				FY2015	FY2014	FY2013
<b>Cash Beginning Balances</b>	<b>9,208,803</b>	<b>7,137,316</b>	<b>2,071,487</b>	<b>7,137,316</b>	<b>6,754,601</b>	<b>203,518</b>
<b>Revenues</b>						
Security Risk Pool Assessments	-	-	-	2,539,242	1,072,311	2,575,705
Collateral Proceeds	-	-	-	-	-	4,657,620
Investment Earnings (Losses)	(89,284)	27,788	(117,072)	310,550	151,334	-
<b>Total Revenues</b>	<b>(89,284)</b>	<b>27,788</b>	<b>(117,072)</b>	<b>2,849,791</b>	<b>1,223,645</b>	<b>7,233,325</b>
<b>Expenditures</b>						
Payment of Claims	115,725	114,271	1,453	736,434	789,254	530,804
Contractual / Professional	9,441	6,155	3,286	41,774	48,446	60,413
Legal	-	96	(96)	96	3,230	91,025
<b>Total Expenditures</b>	<b>125,166</b>	<b>120,522</b>	<b>4,643</b>	<b>778,304</b>	<b>840,930</b>	<b>682,242</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(214,449)</b>	<b>(92,734)</b>	<b>(121,716)</b>	<b>2,071,487</b>	<b>382,715</b>	<b>6,551,083</b>
<b>Cash Ending Balances</b>	<b>8,994,354</b>	<b>7,044,582</b>	<b>1,949,771</b>	<b>9,208,803</b>	<b>7,137,316</b>	<b>6,754,601</b>

The Self-Insured Security Risk Pool is liable for the worker's compensation claims of bankrupt or defaulted self-insured employers with dates of injury prior to July 1, 2004. However, the obligations of this Fund are limited to the exposures of self-insured employers who default subsequent to December 31, 2005. The Self Insured Security Cash Statement is unaudited information.

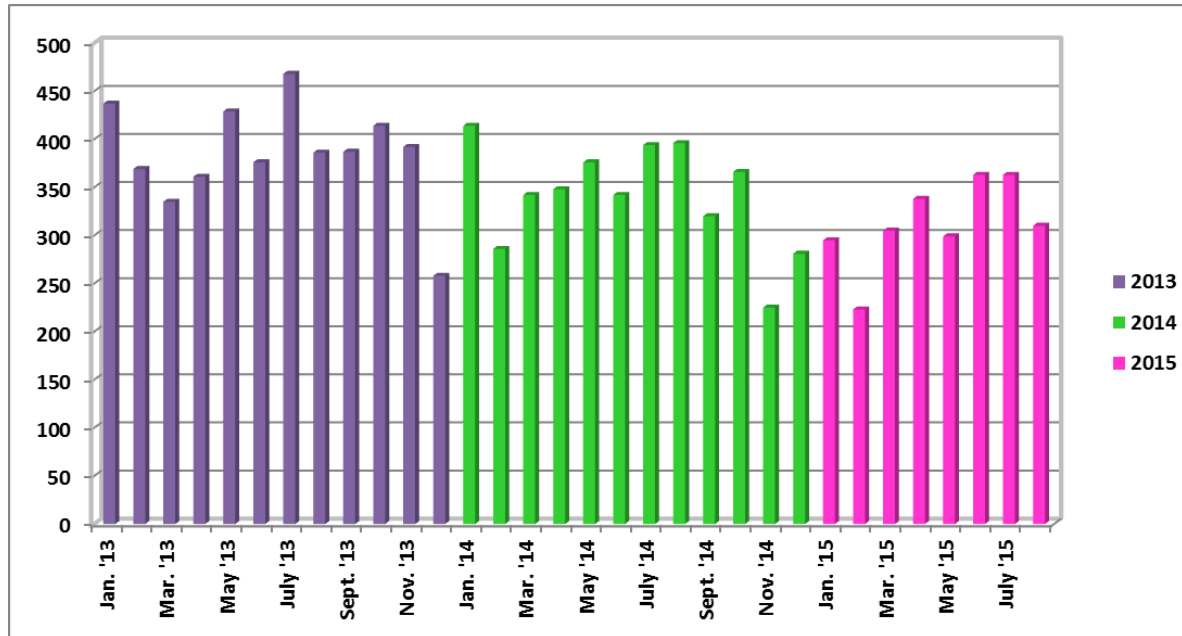
UNINSURED EMPLOYERS FUND  
August 31, 2015

	YTD FY2016	YTD FY2015	Change	Three Year History for years ended:		
				FY2015	FY2014	FY2013
<b>Cash Beginning Balances</b>	<b>12,125,188</b>	<b>11,714,178</b>	<b>411,010</b>	<b>11,714,178</b>	<b>10,801,353</b>	<b>9,574,065</b>
<b>Revenues</b>						
Fines and Penalties	85,252	151,738	(66,485)	765,082	768,532	747,771
Investment Earnings (Losses)	(101,241)	40,110	(141,350)	408,442	682,644	871,603
<b>Total Revenues</b>	<b>(15,988)</b>	<b>191,847</b>	<b>(207,835)</b>	<b>1,173,523</b>	<b>1,451,176</b>	<b>1,619,374</b>
<b>Expenditures</b>						
Payment of Claims	21,875	359,763	(337,887)	589,781	286,421	262,002
Contractual/Professional	201	3,153	(2,952)	8,922	26,825	15,024
General and Administrative	30	-	30	60	105	60
Insurance	53,750	-	53,750	163,750	225,000	115,000
<b>Total Expenditures</b>	<b>75,856</b>	<b>362,916</b>	<b>(287,059)</b>	<b>762,513</b>	<b>538,351</b>	<b>392,086</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(91,845)</b>	<b>(171,069)</b>	<b>79,224</b>	<b>411,010</b>	<b>912,825</b>	<b>1,227,288</b>
<b>Cash Ending Balances</b>	<b>12,033,344</b>	<b>11,543,110</b>	<b>490,234</b>	<b>12,125,188</b>	<b>11,714,178</b>	<b>10,801,353</b>

The Uninsured Employer's Fund (UEF) was established January 1, 2006 to provide worker's compensation benefits to injured workers of uninsured WV employers. The revenues of the UEF consist of fines levied on uninsured employers and the earnings on invested assets. The Insurance Commissioner has the right to levy assessments on employers in order to maintain the solvency of the Fund. The Commissioner may recover all payments made from this fund, including interest, from an uninsured employer who is found liable for benefits paid from the UEF. The Uninsured Cash Statement is unaudited information.



## PROTEST COMPARISON BY MONTH/YEAR





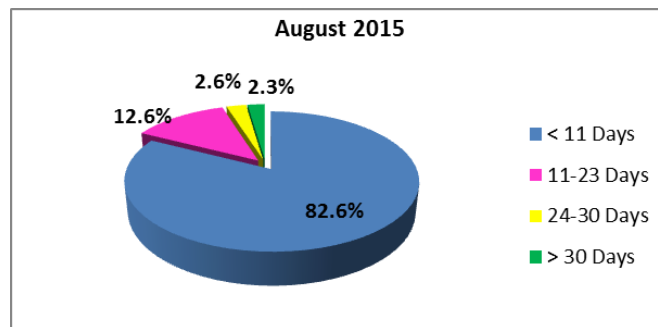
**PROTEST ACKNOWLEDGMENTS – AUGUST, 2015**

Protest Acknowledgements 8/1/2015 thru 8/31/2015									
Description	Acknowledged	Days to Acknowledgement							
		> 30 Days		30 - 24		23 - 11		<11	
		Count	%	Count	%	Count	%	Count	%
BENEFIT OVERPAYMENT	Total: 3	0	0	1	33	0	0	2	66
CBO-CL BEN. OVERPAYMENT	3	0	0	1	33	0	0	2	66
BENEFIT RATE	Total: 2	1	50	0	0	0	0	1	50
CBR-CL PRSTS BEN RATE	2	1	50	0	0	0	0	1	50
COMPENSABILITY	Total: 68	1	1	2	2	11	16	54	79
CCS-CL SEC.CONDITION	19	0	0	0	0	0	0	19	100
CIS-CL SI SEC.CONDITION	10	0	0	0	0	4	40	6	60
CLB-CL COMP ON LIMITED BASIS	2	0	0	0	0	0	0	2	100
CPI-CL SI REJECT CLAIM	4	0	0	0	0	1	25	3	75
CPJ-CL REJECT CLAIM	22	1	4	2	9	3	13	16	72
CQR-CL SI REJ OCCDISEASE	3	0	0	0	0	0	0	3	100
CRZ-CL REJ OCC DISEASE	8	0	0	0	0	3	37	5	62
DEP BEN FATAL	Total: 3	0	0	0	0	2	66	1	33
CDF-CL DENY/GRNT DTH BEN	3	0	0	0	0	2	66	1	33
FAILURE TO ACT 15 DAY	Total: 1	0	0	0	0	0	0	1	100
FTA Multiple Issues-FTA MULTIPLE ISSUES	1	0	0	0	0	0	0	1	100
FAILURE TO ACT 30 DAY	Total: 4	0	0	0	0	0	0	4	100
C7D-CL FTA REF FOR EXAM	3	0	0	0	0	0	0	3	100
C7E-CL FTA CPLY OJ/BR/SC	1	0	0	0	0	0	0	1	100
OP NON-MED	Total: 6	0	0	0	0	2	33	4	66
CIR-CL SI NON-MED ORDER	2	0	0	0	0	0	0	2	100
CNR-CL NON-MED ORDER	4	0	0	0	0	2	50	2	50
OPBD	Total: 31	1	3	0	0	4	12	26	83
CAO-CL ADD BOARD FINDING	4	0	0	0	0	0	0	4	100
CBF-CL % BOARD FINDING	14	1	7	0	0	2	14	11	78
CSF-CL% SI BOARD FINDING	8	0	0	0	0	1	12	7	87
CSO-CL SI AD.BRD FINDING	2	0	0	0	0	1	50	1	50
EBF-EM % BOARD FINDING	2	0	0	0	0	0	0	2	100
ESF-EM% SI BOARD FINDING	1	0	0	0	0	0	0	1	100
PPD	Total: 79	0	0	1	1	10	12	68	86

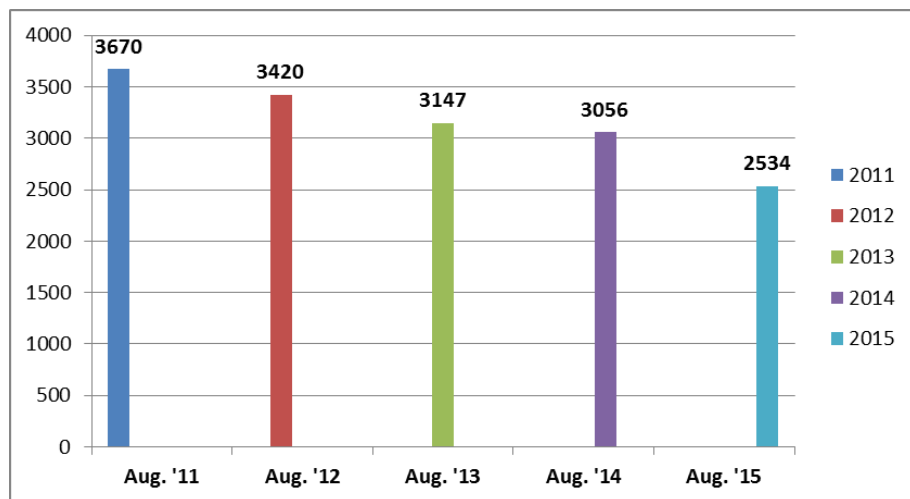
CAA-CL ADDL % AWARD D/G	6	0	0	0	0	0	0	6	100
CAD-CL % AWARD DENY/GRNT	58	0	0	1	1	9	15	48	82
CIE-CL SI ADD% AWARD D/G	4	0	0	0	0	1	25	3	75
CIG-CL SI %AWARD DNY/GNT	11	0	0	0	0	0	0	11	100
REOPENING	Total: 7	0	0	0	0	0	0	7	100
CJV-CL DNY/GRNT R/O PPD	2	0	0	0	0	0	0	2	100
CRD-CL DENY/GRNT R/O TTD	5	0	0	0	0	0	0	5	100
SPECIAL CATEGORY	Total: 6	0	0	0	0	2	33	4	66
CNW-CL SPL CATEGORY	6	0	0	0	0	2	33	4	66
TRMT/EQUIP CL	Total: 72	3	4	2	2	6	8	61	84
CBX-CL TRMT DENY	58	3	5	2	3	5	8	48	82
CED-CL EQUIP DENY/GRANT	1	0	0	0	0	0	0	1	100
CID-CL SI EQUIP DNY/GRNT	1	0	0	0	0	0	0	1	100
CKN-CL D/G PROV CHNG	2	0	0	0	0	0	0	2	100
CSX-CL SI TRMT DENY	10	0	0	0	0	1	10	9	90
TTD	Total: 28	1	3	2	7	2	7	23	82
CCC-CL CLOSING THE CLAIM	18	0	0	0	0	1	5	17	94
CIC-CL SI CLSING THE CLM	3	0	0	1	33	0	0	2	66
CIJ-CL SI TTD	1	1	100	0	0	0	0	0	0
CJS-CL TTD	4	0	0	1	25	0	0	3	75
CPX-CL INITIAL TTD	2	0	0	0	0	1	50	1	50
<b>TOTALS:</b>	<b>310</b>	<b>7</b>	<b>2.3</b>	<b>8</b>	<b>2.6</b>	<b>39</b>	<b>12.6</b>	<b>256</b>	<b>82.6</b>

### PROTEST ACKNOWLEDGMENT TIMELINESS

Acknowledgment Timeliness	2014	Aug. '15	2015
Protest Ack. < 11 Days	81.7%	82.6%	80.7%
Protest Ack. 11 – 23 Days	12.1%	12.6%	14.0%
Protest Ack. 24 – 30 Days	1.9%	2.6%	2.5%
Protest Ack. > 30 Days	4.3%	2.3%	2.8%



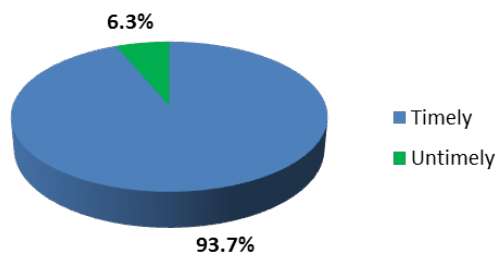
## PENDING CASELOAD COMPARISON BY MONTH/YEAR



Pending as of Sept. 1, 2015	2534
Pending 1 Month Before	2540
Pending 2 Months Before	2535
Pending 3 Months Before	2506
Pending 6 Months Before	2634
Pending 12 Months Before	3056

## TIME STANDARD COMPLIANCE

Time Standard Compliance  
August 2015



2014	August	2015
94.1%	93.7%	95.3%

### Time Standard Compliance – August 2015

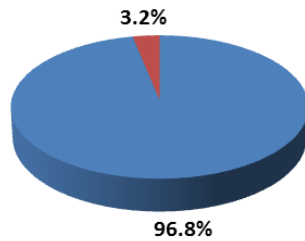
Time Standard Compliance  
8/1/2015 thru 8/31/2015

Time Standard	Issues		Timely		Late	
	Resolved	Count	%	Count	%	
COMPENSABILITY	8	8	100	0	100	
DEP BEN FATAL	1	1	100	0	100	
OPBD	14	12	85.7	2	85.7	
PPD	26	26	100	0	100	
TRMT/EQUIP CL	25	23	92	2	92	
TTD	5	4	80	1	80	
<b>TOTALS:</b>	<b>79</b>	<b>74</b>	<b>93.7</b>	<b>5</b>	<b>6.3</b>	

## MOTION RESOLUTION COMPLIANCE

2014	August	2015
98.5%	96.8%	98.2%

Motion Compliance  
August 2015



■ Timely  
■ Untimely

### Motion Resolution Compliance – August 2015

Motion Resolution Compliance  
8/1/2015 thru 8/31/2015

Motion Resolution Compliance	Total	TIMELY		UNTIMELY	
	Motions	Count	%	Count	%
BENEFIT OVERPAYMENT	2	2	100	0	0
COMPENSABILITY	126	119	94.4	7	5.6
DEP BEN FATAL	11	11	100	0	0
FAILURE TO ACT 15 DAY	12	11	91.7	1	8.3
FAILURE TO ACT 30 DAY	1	1	100	0	0
OP NON-MED	2	2	100	0	0
OPBD	41	41	100	0	0
PPD	127	126	99.2	1	0.8
REHABILITATION	1	1	100	0	0
REOPENING	18	17	94.4	1	5.6
SPECIAL CATEGORY	5	5	100	0	0
TRMT/EQUIP CL	154	148	96.1	6	3.9
TTD	65	63	96.9	2	3.1
<b>TOTALS:</b>	<b>565</b>	<b>547</b>	<b>96.8</b>	<b>18</b>	<b>3.2</b>

## PROTEST RESOLUTIONS

Protests Resolved:	August 2015	2015
<b>Protests Decided</b>	<b>177</b>	<b>1661</b>
<b>Protest Withdrawals</b>	<b>74</b>	<b>502</b>
<b>"No Evidence" Dismissals</b>	<b>28</b>	<b>310</b>

### Resolution of Issues – August 1, 2015 through August 31, 2015

Time Standard	Decisions		REVERSED		AFFIRMED		AFFIRMED by RULE		DISMISSED		MODIFIED		MOOT		OTHER		REMANDED	
	Issued	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	
BENEFIT OVERPAYMENT	1	0	0	0	0	0	0	0	1	100	0	0	0	0	0	0	0	0
COMPENSABILITY	55	18	32.7	18	32.7	0	0	17	30.9	1	1.8	1	1.8	0	0	0	0	
DEP BEN FATAL	5	1	20	3	60	0	0	1	20	0	0	0	0	0	0	0	0	
FAILURE TO ACT 15 DAY	6	0	0	0	0	0	0	6	100	0	0	0	0	0	0	0	0	
FAILURE TO ACT 30 DAY	1	0	0	0	0	0	0	1	100	0	0	0	0	0	0	0	0	
OPBD	22	3	13.6	8	36.4	2	9.1	8	36.4	1	4.5	0	0	0	0	0	0	
PPD	91	15	16.5	19	20.9	15	16.5	40	44	0	0	2	2.2	0	0	0	0	
REHABILITATION	1	0	0	0	0	0	0	1	100	0	0	0	0	0	0	0	0	
REOPENING	14	1	7.1	6	42.9	3	21.4	4	28.6	0	0	0	0	0	0	0	0	
SPECIAL CATEGORY	1	0	0	0	0	0	0	1	100	0	0	0	0	0	0	0	0	
TRMT/EQUIP CL	91	20	22	35	38.5	7	7.7	24	26.4	4	4.4	1	1.1	0	0	0	0	
TTD	26	6	23.1	7	26.9	1	3.8	11	42.3	1	3.8	0	0	0	0	0	0	
<b>TOTALS:</b>	<b>314</b>	<b>64</b>	<b>20.4</b>	<b>96</b>	<b>30.6</b>	<b>28</b>	<b>8.9</b>	<b>115</b>	<b>36.6</b>	<b>7</b>	<b>2.2</b>	<b>4</b>	<b>1.3</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	

## FINAL DECISION TIMELINESS

Final Decision Timeliness:	2014	August 2015	2015
< 30 Days	25.4%	50.8%	35.4%
30 – 60 Days	62.7%	40.3%	55.4%
60 – 90 Days	9.8%	8.3%	8.5%
>90 Days	2.1%	0.6%	0.8%

### Final Decision Compliance – August 1, 2015 through August 31, 2015

#### Final Decision Compliance 8/1/2015 through 8/31/2015

Final Decision Compliance	Days to Decision								
	Issues	< 30 Days		30 - 60		61 - 90		Over 90	
	Resolved	Count	%	Count	%	Count	%	Count	%
COMPENSABILITY	39	21	0	16	0	2	0	0	0
DEP BEN FATAL	4	1	0	1	0	2	0	0	0
FAILURE TO ACT 15 DAY	3	0	0	1	0	2	0	0	0
FAILURE TO ACT 30 DAY	1	0	0	1	100	0	0	0	0
OPBD	12	6	0	6	0	0	0	0	0
PPD	40	16	0	21	0	3	0	0	0
REOPENING	8	6	0	2	0	0	0	0	0
TRMT/EQUIP CL	60	36	0	20	0	4	0	0	0
TTD	14	6	0	5	0	2	0	1	0
<b>TOTALS:</b>	<b>181</b>	<b>92</b>	<b>50.8</b>	<b>73</b>	<b>40.3</b>	<b>15</b>	<b>8.3</b>	<b>1</b>	<b>0.6</b>

## FAILURE TO TIMELY ACT PROCESS

Failure to Timely Act Process	
Petitions Filed 1/1/15 through 8/31/2015	
Filed:	90
Denied/Dismissed:	50
Reports to OIC:	32
Pending:	32
<i>(Resolutions/Pending include petitions filed from previous year)</i>	

## EXPEDITED HEARING PROCESS

YEAR	MONTHLY TOTAL FOR AUGUST	YEARLY TOTAL
2012	3	113
2013	15	173
2014	11	161
2015	8	105



## PETITIONS FOR ATTORNEY FEES

### Petitions for Attorney Fees & Costs WV Code §23-5-16(c)

Petitions Received 1/1/2015 through 8/31/2015	<b>44</b>
Granted	31
Denied	11
Pending	5
Other ( <i>Forwarded to BOR</i> )	1
<i>(Grants include petitions filed prior to 1/1/15)</i>	

### Petitions for Attorney Fees for Unreasonable Denial WV Code §23-2C-21(c)

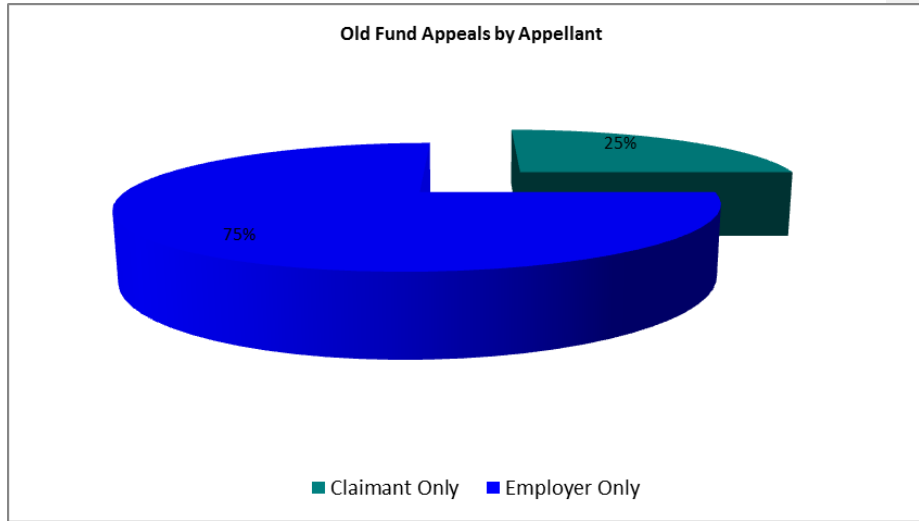
Petitions Received 1/1/2015 through 8/31/2015	<b>9</b>
Granted	2
Denied on face	1
Denied by ALJ decision	1
Withdrawn (including settlements)	1
Pending	4

# BOARD OF REVIEW

Appeals Received  
From August 1, 2015 thru August 31, 2015

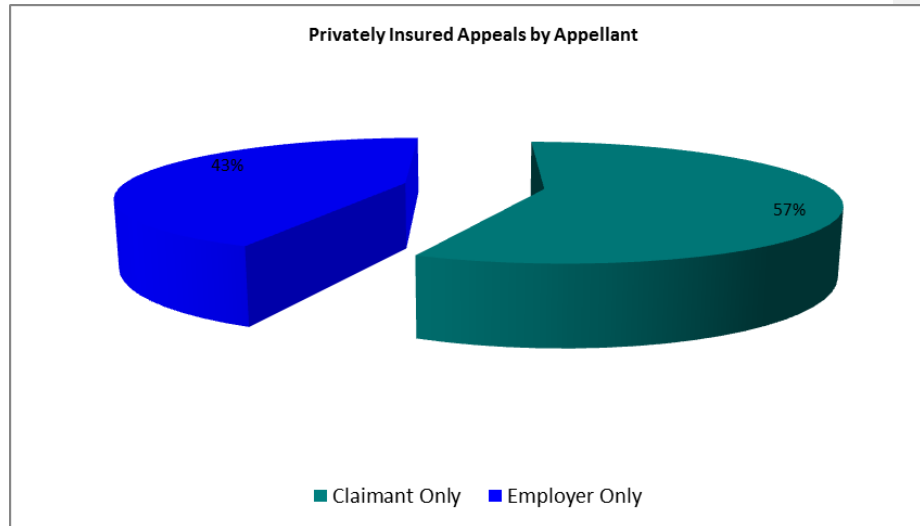
## Old Fund Appeals (DOI < Jul-1-2005)

Appellant	Count
Claimant Only	1
Employer Only	3
Old Fund Total	4



## Privately Insured Appeals (DOI > Jun-30-2005)

Appellant	Count
Claimant Only	34
Employer Only	26
Privately Insured Total	60
Total Appeals	64

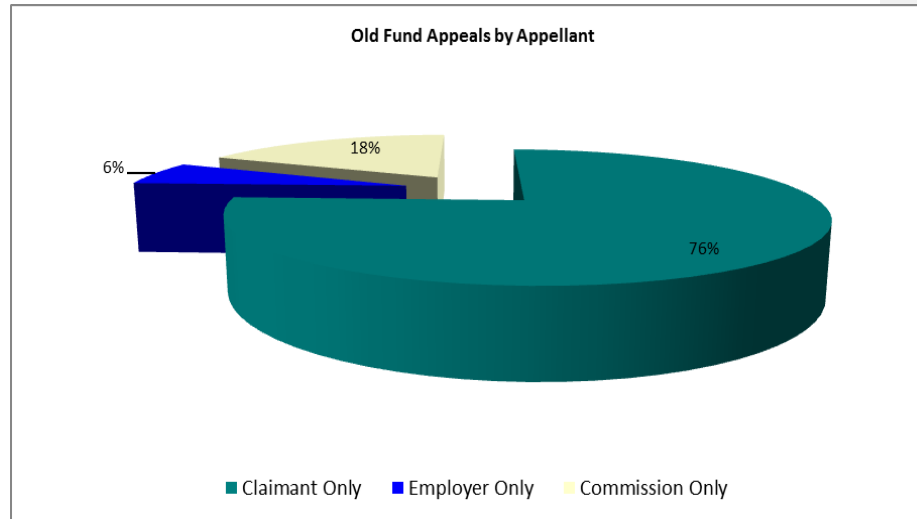


Appeals counted more than once:

Yearly Appeals Received  
From January 1, 2015 thru August 31, 2015

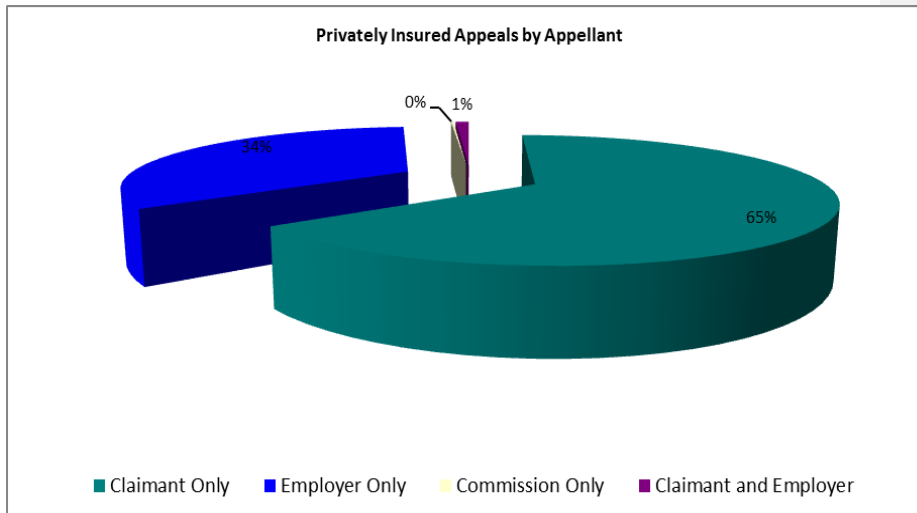
**Old Fund Appeals (DOI < Jul-1-2005)**

Appellant	Count
Claimant Only	50
Employer Only	4
Commission Only	12
Old Fund Total	66



**Privately Insured Appeals (DOI > Jun-30-2005)**

Appellant	Count
Claimant Only	335
Employer Only	174
Commission Only	1
Claimant and Employer	5
Privately Insured Total	515
Total Appeals	581



Appeals counted more than once:

Appeals Received By Issue  
 Old Fund Appeals (DOI < Jul-1-2005) vs Privately Insured Appeals (DOI > Jun-30-2005)  
 From August 1, 2015 thru August 31, 2015

Type of Issue	Total Issues	Old Fund		Privately Insured	
		#	%	#	%
CL % AWARD DENY/GRNT	10	0	0.0	10	100.0
CL ADDL % AWARD D/G	1	0	0.0	1	100.0
CL CLOSING THE CLAIM	3	0	0.0	3	100.0
CL COMP ON LIMITED BASIS	1	0	0.0	1	100.0
CL DENY/GRNT R/O TTD	4	0	0.0	4	100.0
CL DNY/GRNT R/O PPD	1	0	0.0	1	100.0
CL GRNT/DNY VOC REHA	2	0	0.0	2	100.0
CL PRSTS BEN RATE	1	0	0.0	1	100.0
CL REJ OCC DISEASE	1	0	0.0	1	100.0
CL REJECT CLAIM	12	0	0.0	12	100.0
CL SEC.CONDITION	2	0	0.0	2	100.0
CL SI %AWARD DNY/GNT	4	0	0.0	4	100.0
CL SI ADD% AWARD D/G	1	0	0.0	1	100.0
CL SI CLSING THE CLM	1	0	0.0	1	100.0
CL SI COMP ON LIMITED BASIS	1	0	0.0	1	100.0
CL SI DY/GNT R/O PPD	1	1	100.0	0	0.0
CL SI DY/GNT R/O TTD	1	0	0.0	1	100.0
CL SI REJECT CLAIM	3	0	0.0	3	100.0
CL SI TRMT DENY	7	3	42.9	4	57.1
CL SI TTD	2	0	0.0	2	100.0
CL TRMT DENY	10	0	0.0	10	100.0
CL TTD	1	0	0.0	1	100.0
CL% SI BOARD FINDING	1	0	0.0	1	100.0
<b>Totals</b>	<b>71</b>	<b>4</b>	<b>5.6</b>	<b>67</b>	<b>94.4</b>

Yearly Appeals Received By Issue  
 Old Fund Appeals (DOI < Jul-1-2005) vs Privately Insured Appeals (DOI > Jun-30-2005)  
 From January 1, 2015 thru August 31, 2015

Type of Issue	Total Issues	Old Fund		Privately Insured	
		#	%	#	%
CL % AWARD DENY/GRNT	80	1	1.3	79	98.8
CL % BOARD FINDING	5	2	40.0	3	60.0
CL ADD BOARD FINDING	2	0	0.0	2	100.0
CL ADDL % AWARD D/G	5	0	0.0	5	100.0
CL APP. THRESHOLD	1	0	0.0	1	100.0
CL BEN. OVERPAYMENT	4	0	0.0	4	100.0
CL CLOSING THE CLAIM	39	0	0.0	39	100.0
CL COMP ON LIMITED BASIS	9	1	11.1	8	88.9
CL COMPENSABILITY	3	0	0.0	3	100.0
CL DENY/GRANT PTD	1	1	100.0	0	0.0
CL DENY/GRNT DTH BEN	5	4	80.0	1	20.0
CL DENY/GRNT R/O TTD	23	1	4.3	22	95.7
CL DNY/GRNT R/O PPD	6	1	16.7	5	83.3
CL DNY/GRNT R/O PTD	1	1	100.0	0	0.0
CL EQUIP DENY/GRANT	1	1	100.0	0	0.0
CL GRNT/DNY VOC REHA	6	0	0.0	6	100.0
CL INITIAL TTD	2	0	0.0	2	100.0
CL NON-MED ORDER	5	3	60.0	2	40.0
CL OIC D/G DTH BEN	1	0	0.0	1	100.0
CL OIC REJECT CLAIM	2	0	0.0	2	100.0
CL PRSTS BEN RATE	1	0	0.0	1	100.0
CL PTD REV. BODY DETERMINATION	2	1	50.0	1	50.0
CL REJ OCC DISEASE	14	0	0.0	14	100.0
CL REJECT CLAIM	86	0	0.0	86	100.0
CL SEC. CONDITION	61	4	6.6	57	93.4
CL SI %AWARD DNY/GNT	19	1	5.3	18	94.7
CL SI ADD% AWARD D/G	6	0	0.0	6	100.0
CL SI AUT/RPR HA D/G	1	1	100.0	0	0.0
CL SI BEN. OVR PAYMT	1	0	0.0	1	100.0
CL SI CLSING THE CLM	11	0	0.0	11	100.0
CL SI COMP ON LIMITED BASIS	4	0	0.0	4	100.0
CL SI D/G 104 WKS	1	1	100.0	0	0.0
CL SI D/G PROV CHNG	1	0	0.0	1	100.0
CL SI DENY/GRANT PTD	2	1	50.0	1	50.0

CL SI DY/GNT DTH BEN	1	1	100.0	0	0.0
CL SI DY/GNT R/O PPD	3	2	66.7	1	33.3
CL SI DY/GNT R/O TTD	4	0	0.0	4	100.0
CL SI INITIAL TTD	1	0	0.0	1	100.0
CL SI NON-MED ORDER	1	0	0.0	1	100.0
CL SI PTDRB IMPAIRMENT	2	1	50.0	1	50.0
CL SI REJ OCCDISEASE	2	0	0.0	2	100.0
CL SI REJECT CLAIM	14	0	0.0	14	100.0
CL SI SEC.CONDITION	14	0	0.0	14	100.0
CL SI SL CATEGORY	1	0	0.0	1	100.0
CL SI TRMT DENY	37	8	21.6	29	78.4
CL SI TRMT GRANT	1	0	0.0	1	100.0
CL SI TTD	4	0	0.0	4	100.0
CL SPL CATEGORY	13	2	15.4	11	84.6
CL TRMT DENY	148	25	16.9	123	83.1
CL TRMT GRANT	2	2	100.0	0	0.0
CL TTD	13	0	0.0	13	100.0
CL% SI BOARD FINDING	3	0	0.0	3	100.0
EM OIC SPL CATEGORY	1	0	0.0	1	100.0
EM SI AD.BRD FINDING	1	0	0.0	1	100.0
EM SI DY/GNT DTH BEN	1	1	100.0	0	0.0
Not All Parties cc'd	3	0	0.0	3	100.0
PRT NOT CC-NoEMP ORD	1	0	0.0	1	100.0
<b>Totals</b>	<b>682</b>	<b>67</b>	<b>9.8</b>	<b>615</b>	<b>90.2</b>

Appeals Received By Issue  
From August 1, 2015 thru August 31, 2015

Type of Issue	Total Issues	Claimant		Employer		OIC		Emp and OIC	
		#	%	#	%	#	%	#	%
CL % AWARD DENY/GRNT	10	6	60.0	4	40.0	0	0.0	0	0.0
CL ADDL % AWARD D/G	1	0	0.0	1	100.0	0	0.0	0	0.0
CL CLOSING THE CLAIM	3	2	66.7	1	33.3	0	0.0	0	0.0
CL COMP ON LIMITED BASIS	1	1	100.0	0	0.0	0	0.0	0	0.0
CL DENY/GRNT R/O TTD	4	2	50.0	2	50.0	0	0.0	0	0.0
CL DNY/GRNT R/O PPD	1	1	100.0	0	0.0	0	0.0	0	0.0
CL GRNT/DNY VOC REHA	2	2	100.0	0	0.0	0	0.0	0	0.0
CL PRSTS BEN RATE	1	0	0.0	1	100.0	0	0.0	0	0.0
CL REJ OCC DISEASE	1	0	0.0	1	100.0	0	0.0	0	0.0
CL REJECT CLAIM	12	4	33.3	8	66.7	0	0.0	0	0.0
CL SEC.CONDITION	2	2	100.0	0	0.0	0	0.0	0	0.0
CL SI %AWARD DNY/GNT	4	4	100.0	0	0.0	0	0.0	0	0.0
CL SI ADD% AWARD D/G	1	1	100.0	0	0.0	0	0.0	0	0.0
CL SI CLSING THE CLM	1	1	100.0	0	0.0	0	0.0	0	0.0
CL SI COMP ON LIMITED BASIS	1	0	0.0	1	100.0	0	0.0	0	0.0
CL SI DY/GNT R/O PPD	1	1	100.0	0	0.0	0	0.0	0	0.0
CL SI DY/GNT R/O TTD	1	0	0.0	1	100.0	0	0.0	0	0.0
CL SI REJECT CLAIM	3	1	33.3	2	66.7	0	0.0	0	0.0
CL SI TRMT DENY	7	1	14.3	6	85.7	0	0.0	0	0.0
CL SI TTD	2	1	50.0	1	50.0	0	0.0	0	0.0
CL TRMT DENY	10	6	60.0	4	40.0	0	0.0	0	0.0
CL TTD	1	1	100.0	0	0.0	0	0.0	0	0.0
CL% SI BOARD FINDING	1	1	100.0	0	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>71</b>	<b>38</b>	<b>53.5</b>	<b>33</b>	<b>46.5</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>

**WORKER COMPENSATION BOARD OF REVIEW  
FOR AUGUST 2015**

Appealed By	BOR Disposition	Disposition		Year to Date	Year to Date	
		Count	Disp %		Disp %	Total %
<b>CLAIMANT</b>	AFFIRMED	8	53.3%	270	80.6%	52.2%
	DISMISSED	3	20.0%	28	8.4%	5.4%
	MODIFY			3	0.9%	0.6%
	REMAND	1	6.7%	12	3.6%	2.3%
	REVERSE	3	20.0%	22	6.6%	4.3%
	Total Dispositions	15		335		
<b>CLAIMANT/EMPLOYER</b>	AFFIRMED			5	62.5%	1.0%
	DISMISSED			1	12.5%	0.2%
	REMAND			1	12.5%	0.2%
	REVERSE			1	12.5%	0.2%
	Total Dispositions			8		
<b>EMPLOYER</b>	AFFIRMED	7	63.6%	104	65.4%	20.1%
	DISMISSED	1	9.1%	13	8.2%	2.5%
	MODIFY			6	3.8%	1.2%
	MODIFY AND REMAND			2	1.3%	0.4%
	REMAND			6	3.8%	1.2%
	REVERSE	3	27.3%	28	17.6%	5.4%
	Total Dispositions	11		159		
<b>DIVISION/OIC</b>	AFFIRMED			9	60.0%	1.7%
	REVERSE			6	40.0%	1.2%
	Total Dispositions			15		
	Grand Totals	26		517		



Dispositions by Issues  
BOR Orders Mailed From August 1, 2015 thru August 31, 2015

Type of Issue	Issues	Affirmed		Reversed		Dismissed		Modified		Remanded		Vacated		Other	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%
CL % AWARD DENY/GRNT	2	1	50.0	1	50.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL CLOSING THE CLAIM	3	1	33.3	1	33.3	1	33.3	0	0.0	0	0.0	0	0.0	0	0.0
CL COMPENSABILITY	1	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL GRNT/DNY VOC REHA	1	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0
CL INITIAL TTD	1	0	0.0	0	0.0	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0
CL REJECT CLAIM	6	2	33.3	2	33.3	2	33.3	0	0.0	0	0.0	0	0.0	0	0.0
CL SI %AWARD DNY/GNT	2	1	50.0	1	50.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI CLSING THE CLM	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI DENY/GRANT PTD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI NON-MED ORDER	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI SEC.CONDITION	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI SL CATEGORY	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI TRMT DENY	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI TRMT GRANT	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL TRMT DENY	5	3	60.0	1	20.0	1	20.0	0	0.0	0	0.0	0	0.0	0	0.0
CL TTD	1	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>30</b>	<b>16</b>	<b>53.3</b>	<b>7</b>	<b>23.3</b>	<b>6</b>	<b>20.0</b>	<b>0</b>	<b>0.0</b>	<b>1</b>	<b>3.3</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>

Yearly Dispositions by Issues  
BOR Orders Mailed From January 1, 2015 thru August 30, 2015

Type of Issue	Issues	Affirmed		Reversed		Dismissed		Modified		Remanded		Vacated		Other	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%
CL % AWARD DENY/GRNT	71	49	69.0	7	9.9	8	11.3	0	0.0	5	7.0	0	0.0	2	2.8
CL % BOARD FINDING	4	2	50.0	0	0.0	1	25.0	0	0.0	1	25.0	0	0.0	0	0.0
CL ADD BOARD FINDING	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL ADDL % AWARD D/G	8	7	87.5	1	12.5	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL APP.THRESHOLD	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL BEN. OVERPAYMENT	4	1	25.0	0	0.0	3	75.0	0	0.0	0	0.0	0	0.0	0	0.0
CL CLOSING THE CLAIM	34	27	79.4	4	11.8	2	5.9	0	0.0	1	2.9	0	0.0	0	0.0
CL COMP ON LIMITED BASIS	5	5	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL COMPENSABILITY	5	3	60.0	2	40.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL D/G PROV CHNG	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DENY/GRANT PTD	2	1	50.0	1	50.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DENY/GRNT 104 WKS	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DENY/GRNT DTH BEN	9	8	88.9	1	11.1	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DENY/GRNT R/O TTD	14	12	85.7	1	7.1	0	0.0	0	0.0	1	7.1	0	0.0	0	0.0
CL DNY/GRNT R/O PPD	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DNY/GRNT R/O PTD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL EQUIP DENY/GRANT	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL GRNT/DNY TP REHAB	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL GRNT/DNY VOC REHA	3	2	66.7	0	0.0	1	33.3	0	0.0	0	0.0	0	0.0	0	0.0
CL INITIAL TTD	3	2	66.7	0	0.0	0	0.0	0	0.0	1	33.3	0	0.0	0	0.0
CL NON-MED ORDER	7	3	42.9	0	0.0	2	28.6	2	28.6	0	0.0	0	0.0	0	0.0
CL PTD REV. BODY DETERMINATION	3	3	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL REJ OCC DISEASE	9	8	88.9	1	11.1	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL REJECT CLAIM	96	65	67.7	17	17.7	9	9.4	4	4.2	1	1.0	0	0.0	0	0.0
CL SEC.CONDITION	50	41	82.0	2	4.0	5	10.0	0	0.0	1	2.0	0	0.0	1	2.0
CL SI %AWARD DNY/GNT	15	10	66.7	4	26.7	1	6.7	0	0.0	0	0.0	0	0.0	0	0.0
CL SI AD.BRD FINDING	1	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI ADD% AWARD D/G	6	5	83.3	1	16.7	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI AUT/RPR HA D/G	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI BEN. OVR PAYMT	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI CLSING THE CLM	7	7	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI COMP ON LIMITED BASIS	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI DENY/GRANT PTD	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI DY/GNT DTH BEN	5	4	80.0	0	0.0	0	0.0	0	0.0	1	20.0	0	0.0	0	0.0
CL SI DY/GNT R/O PPD	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0

CL SI DY/GNT R/O TTD	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI INITIAL TTD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI NON-MED ORDER	2	1	50.0	1	50.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI REJECT CLAIM	15	12	80.0	0	0.0	0	0.0	2	13.3	1	6.7	0	0.0	0	0.0
CL SI SEC.CONDITION	13	12	92.3	1	7.7	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI SL CATEGORY	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI TRMT DENY	26	21	80.8	3	11.5	1	3.8	0	0.0	1	3.8	0	0.0	0	0.0
CL SI TRMT GRANT	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SPL CATEGORY	10	7	70.0	0	0.0	1	10.0	0	0.0	2	20.0	0	0.0	0	0.0
CL TRMT DENY	115	89	77.391	13	11.304	11	9.5652	0	0	1	0.8696	0	0	1	0.8696
CL TRMT GRANT	2	0	0	1	50	0	0	1	50	0	0	0	0	0	0
CL TTD	6	5	83.333	1	16.667	0	0	0	0	0	0	0	0	0	0
CL% SI BOARD FINDING	1	1	100	0	0	0	0	0	0	0	0	0	0	0	0
EM % BOARD FINDING	1	1	100	0	0	0	0	0	0	0	0	0	0	0	0
EM NON-MED ORDER	1	0	0	0	0	0	0	1	100	0	0	0	0	0	0
EM SI AD.BRD FINDING	1	1	100	0	0	0	0	0	0	0	0	0	0	0	0
Not All Parties cc'd	3	1	33.333	0	0	1	33.333	0	0	1	33.333	0	0	0	0
PRT NOT CC-NoEMP ORD	1	1	100	0	0	0	0	0	0	0	0	0	0	0	0
<b>Totals</b>	<b>580</b>	<b>439</b>	<b>75.69</b>	<b>63</b>	<b>10.862</b>	<b>46</b>	<b>7.931</b>	<b>10</b>	<b>1.7241</b>	<b>18</b>	<b>3.1034</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>0.6897</b>

## REVENUE RECOVERY

### Workers' Compensation – August 2015

COLLECTION ACTIVITY	Current Month	Fiscal Year 2016		INJUNCTIONS	Current Month	Fiscal Year 2016
<b>Receipts - Old Fund</b> (Employer out of business)	\$ 6,617.29	\$ 7,841.39		Affidavits for injunction submitted to legal	5	5
<b>Receipts - PC &amp; NU</b> (Private Carrier Cancellation & Rogue Employers)	\$ 47,526.81	\$ 72,736.57		Hearings attended	0	0
<b>Receipts - Payment Agreements</b> (Old Fund and UEF Combined)	\$ 8,460.86	\$ 21,116.91		# of injunction complaints accepted by court	0	2
				# of injunctions granted	1	1
# of active accounts uninsured (cumulative) / (average)	300	301		# of agreed orders entered	0	0
\$ of active accounts uninsured (cumulative) / (average)	\$ 1,325,641.00	1,302,141.80				
				<b>PAYMENT AGREEMENTS</b>	Current Month	Fiscal Year 2016
Telephone contacts	1,280	2,556		# of repayment agreements applications	8	14
Walk-ins	7	10		Agreements set up	8	13
				Total # of agreements on system (cumulative) / (average)	60	57
<b>LIENS</b>	Current Month	Fiscal Year 2016		Intent to void letters mailed	3	9
Liens sent to county clerks for recordation	81	182		Agreements voided	0	2
Liens sent to county clerks for release	32	66				
Intent to lien letters sent to employer/owner/officer/member	56	123				
				<b>MISCELLANEOUS</b>	Current Month	Fiscal Year 2016
				Terminations Processed	40	93
<b>Uninsured Accounts Resolved</b>	156	307		Rule 11 Letters Mailed	191	351
<b>All Cash Receipts from WC accounts</b>	\$ 62,604.96	\$ 101,694.87		Rule 11 hearings	1	1

# BOARD OF TREASURY INVESTMENTS

## CALENDAR NOTE

Board Meeting  
October 28, 2015

## OPERATING REPORT

### JULY 2015

#### Board of Treasury Investments

1900 Kanawha  
Boulevard East  
Suite E-122  
Charleston WV  
25305

(304) 340-1564

www.wvbt.com

#### Board of Directors

John D. Perdue,  
State Treasurer,  
Chairman

Earl Ray Tomblin,  
Governor

Glen B. Gainer III,  
State Auditor

Martin Glasser, Esq.  
Attorney  
Appointed by the  
Governor

Richard "Chap"  
Donovan, CPA  
Appointed by the  
Governor

#### Executive Staff

Executive  
Director

Kara K. Hughes,  
CPA, MBA, CFE

Chief Financial  
Officer

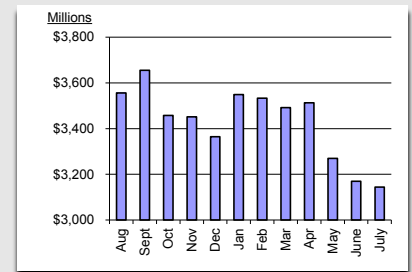
Karl Shanholtzer,  
CFA, CPA, CIA

### Total Net Assets Under Management

**\$3,143,773,000**

Last Month  
**\$3,169,521,000**

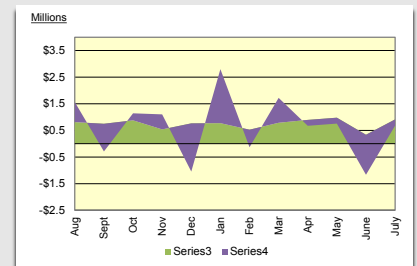
Beginning of Fiscal Year  
**\$3,143,773,000**



Net Assets for the Past 12 Months

### Total Net Income & Changes in Fair Value

Fiscal Year  
**\$679,000**



Monthly Net Income & Changes in Fair Value for the Past 12 Months

### Money Market Pools

As of July 31, 2015

<u>Pool</u>	<u>30-Day Avg. Yield *</u>	<u>W.A.M. **</u>	<u>Net Assets</u>
WV Money Market	0.1345%	46 Days	\$1.8 Billion
WV Gov't Money Market	0.0602%	51 Days	\$236.0 Million

\* Yields represent the simple money market yield net of fees.

\*\* W.A.M. is the weighted average maturity.

# WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

## THE ECONOMIC STATE

### JULY 2015

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#### China Dominates Headlines

##### Market Environment

The Greek debt crisis and a steep sell-off of overheated local equities in China dominated headlines in July. However, it was slowing growth out of China—the world's second largest economy—that seemed to have the most pervasive impact on markets. Commodity prices experienced a double-dip in July after recovering off first quarter lows with the Bloomberg Commodity Index declining 10.6% on the back of lackluster growth in Chinese imports. This decline filtered through to emerging market equities, spurring losses, especially among major exporters such as Brazil and South Korea. These losses were compounded by weakening emerging market currencies amid a continuing strengthening of the US dollar. Declining currencies have accounted for most of the underperformance in emerging markets so far this year, with the MSCI EM Local Index returning 1.0% and the MSCI EM Index down 4.2% on the year in US dollar terms. Emerging market fixed-income indexes appeared somewhat insulated but were still hurt by currency weakness as the local currency JPM GBI-EM Global Diversified Index fell 2.6%; dollar-denominated issues were slightly positive.

##### Equity Market Results

US equity markets were mixed during the month. Large and Mid-cap stocks posted positive results, while their smaller counterparts did not. Large cap stocks, as measured by the Russell 1000 Index, rose 2.10%, while the Russell 2000 Index, a widely used small cap benchmark, declined 1.16%. Year-to-date, returns from the broad US equity market continue to be positive as the Russell 3000 Index is up 3.65%.

International equity markets also posted mixed results during July. Developed international markets, represented by the MSCI EAFE Index, rose 2.08%, while their less established counterparts, represented by the MSCI Emerging Markets Index, fell 6.93%. Year-to-date, developed market stocks continue to generate positive returns, up 7.72%, while emerging markets stocks moved into negative territory, falling 4.19%.

##### Bond Market Results

Bonds posted primarily positive results during the month, with only a few exceptions in the riskier segments such as emerging market debt and high yield bonds. The US bond market, represented by the Barclays Capital Aggregate Index, rose 0.70% during the month. International bonds, as represented by the Citigroup World Government Bond Index (WGBI) hedged, rose even further, posting a 1.28% return. Cash-like instruments continued to post small returns, with the BofA ML 3-month T-bill and LIBOR returning 0.00% and 0.02%, respectively. The most recent month has pushed the year-to-date returns back into positive territory, with the Barclays Capital Aggregate Index increasing 0.59%.

##### Market Outlook

In general, we believe ongoing negotiations around Greek debt should have little long-term impact on most globally diversified portfolios, but could spike volatility in the near term. We continue to recommend an overweight position in non-US developed market equities as central banks in Europe and Japan provide a backdrop conducive to earnings improvements. As we look beyond the short-term pain of China's stock bubble bursting, there is some cause for concern, particularly around the global implications of slowing growth in China, especially if its pace cannot be managed through government controls. While we still believe emerging market equities represent an attractive long-term opportunity, we also recognize the potential for elevated interim volatility as many export-reliant economies readjust to changes in China. To this end, we suggest investors employ a market weight allocation to emerging market equities and allow multi-asset mandates to allocate tactically to the space. In fixed income, we generally believe duration exposure in benchmark-like global mandates is not well compensated as yields have been suppressed by ongoing central bank action. We recommend investors with such exposures seek better value in US duration assets. Lastly, we maintain our conviction in multi-asset risk parity and global asset allocation strategies as an important portfolio construction tool.

# West Virginia Board of Treasury Investments

## Financial Highlights as of July 31, 2015

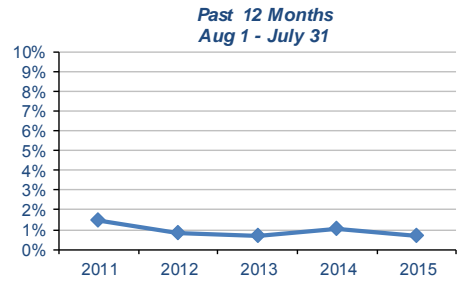
### WV Short Term Bond Pool

#### Rates of Return for the Past 12 Months Net of All Fees

<u>Aug 1 - July 31</u>	<u>Return</u>	<u>Net Assets At July 31 (In Millions)</u>
2015	0.7%	\$ 803.3
2014	1.1%	\$ 775.7
2013	0.7%	\$ 716.1
2012	0.8%	\$ 499.3
2011	1.5%	\$ 477.9

*Prior to July 2007, the WV Short Term Bond Pool was known as the Enhanced Yield Pool*

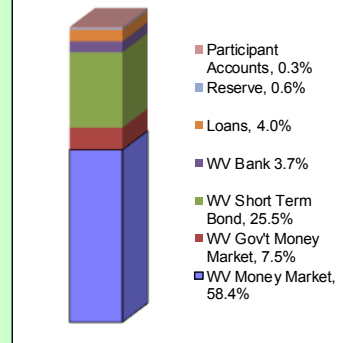
#### WV Short Term Bond Pool Rates of Return



### Summary of Value and Earnings (In Thousands)

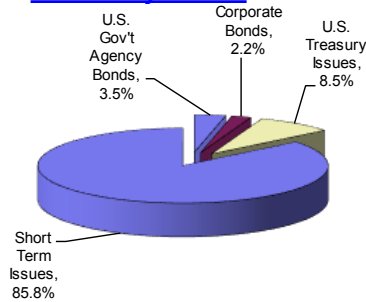
<u>Pool</u>	<u>Net Asset Value</u>	<u>July Net Income (Loss)</u>	<u>Fiscal YTD Net Income(Loss)</u>
WV Money Market	\$ 1,836,177	\$ 212	\$ 212
WV Gov't Money Market	235,953	12	12
WV Short Term Bond	803,283	402	402
WV Bank	116,123	13	13
Loans	124,812	17	17
Reserve	18,719	4	4
Participant Accounts	8,706	19	19
	<u>\$3,143,773</u>	<u>\$ 679</u>	<u>\$ 679</u>

#### Percent of Total Net Asset Value

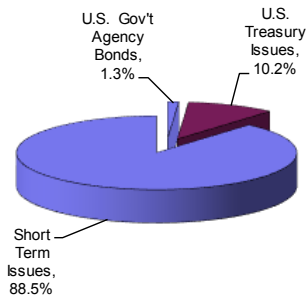


### Securities by Type for Operating Pools (Percentage of Asset Value)

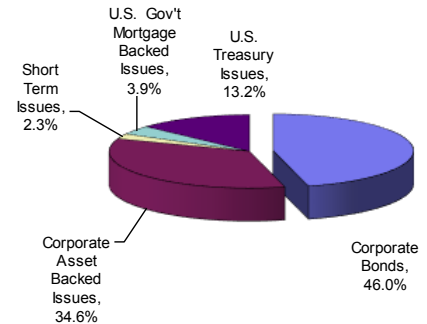
#### WV Money Market



#### WV Gov't Money Market



#### WV Short Term Bond



**WEST VIRGINIA BOARD OF TREASURY INVESTMENTS**  
**SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – UNAUDITED**

**JULY 31, 2015**

(IN THOUSANDS)

	<u>WV Money Market Pool</u>	<u>WV Government Money Market Pool</u>	<u>WV Short Term Bond Pool</u>	<u>WV Bank Pool</u>	<u>Other Pools</u>	<u>Participant Directed Accounts</u>	<u>Total</u>
<b>Assets</b>							
Investments:							
At amortized cost	\$ 1,836,144	\$ 235,984	\$ -	\$ 116,078	\$ 143,510	\$ 4,508	\$ 2,336,224
At fair value	-	-	802,593	-	-	4,100	806,693
Other assets	343	10	1,647	49	25	99	2,173
Total assets	<u>1,836,487</u>	<u>235,994</u>	<u>804,240</u>	<u>116,127</u>	<u>143,535</u>	<u>8,707</u>	<u>3,145,090</u>
<b>Liabilities</b>							
Accrued expenses, dividends payable & payables for investments purchased	310	41	957	4	4	1	1,317
Total liabilities	<u>310</u>	<u>41</u>	<u>957</u>	<u>4</u>	<u>4</u>	<u>1</u>	<u>1,317</u>
<b>Net Position</b>							
Held in trust for investment pool participants	1,836,177	235,953	803,283	116,123	143,531	-	3,135,067
Held in trust for individual investment account holders	-	-	-	-	-	8,706	8,706
Total net position	<u>\$ 1,836,177</u>	<u>\$ 235,953</u>	<u>\$ 803,283</u>	<u>\$ 116,123</u>	<u>\$ 143,531</u>	<u>\$ 8,706</u>	<u>\$ 3,143,773</u>
<b>Additions</b>							
Investment income:							
Interest and dividends	\$ 296	\$ 26	\$ 867	\$ 16	\$ 25	\$ 31	\$ 1,261
Net (amortization) accretion	39	3	(125)	-	-	(24)	(107)
Provision for uncollectible loans	-	-	-	-	-	-	-
Total investment income	<u>335</u>	<u>29</u>	<u>742</u>	<u>16</u>	<u>25</u>	<u>7</u>	<u>1,154</u>
Investment expenses:							
Investment advisor, custodian bank & administrative fees	127	17	89	4	4	-	241
Total investment expenses	<u>127</u>	<u>17</u>	<u>89</u>	<u>4</u>	<u>4</u>	<u>-</u>	<u>241</u>
Net investment income	208	12	653	12	21	7	913
Net realized gain (loss) from investments	4	-	45	-	-	-	49
Net increase (decrease) in fair value of investments	-	-	(295)	-	-	12	(283)
Net increase (decrease) in net position from operations	212	12	403	12	21	19	679
Participant transaction additions:							
Purchase of pool units by participants	719,901	11,079	41,472	12	589	-	773,053
Reinvestment of pool distributions	212	12	656	12	20	-	912
Contributions to individual investment accounts	-	-	-	-	-	28	28
Total participant transaction additions	<u>720,113</u>	<u>11,091</u>	<u>42,128</u>	<u>24</u>	<u>609</u>	<u>28</u>	<u>773,993</u>
Total additions	720,325	11,103	42,531	36	630	47	774,672
<b>Deductions</b>							
Distributions to pool participants:							
Net investment income	208	12	653	12	21	-	906
Net realized gain (loss) from investments	4	-	45	-	-	-	49
Total distributions to pool participants	<u>212</u>	<u>12</u>	<u>698</u>	<u>12</u>	<u>21</u>	<u>-</u>	<u>955</u>
Participant transaction deductions:							
Redemption of pool units by participants	774,808	23,641	-	12	1,004	-	799,465
Withdrawals from individual investment accounts	-	-	-	-	-	-	-
Total participant transaction deductions	<u>774,808</u>	<u>23,641</u>	<u>-</u>	<u>12</u>	<u>1,004</u>	<u>-</u>	<u>799,465</u>
Total deductions	<u>775,020</u>	<u>23,653</u>	<u>698</u>	<u>24</u>	<u>1,025</u>	<u>-</u>	<u>800,420</u>
Net increase (decrease) in net position from operations	(54,695)	(12,550)	41,833	12	(395)	47	(25,748)
Inter-pool transfers in	-	-	-	-	-	-	-
Inter-pool transfers out	-	-	-	-	-	-	-
Net inter-pool transfers in (out)	-	-	-	-	-	-	-
Change in net position	(54,695)	(12,550)	41,833	12	(395)	47	(25,748)
Net position at beginning of period	1,890,872	248,503	761,450	116,111	143,926	8,659	3,169,521
Net position at end of period	<u>\$ 1,836,177</u>	<u>\$ 235,953</u>	<u>\$ 803,283</u>	<u>\$ 116,123</u>	<u>\$ 143,531</u>	<u>\$ 8,706</u>	<u>\$ 3,143,773</u>





WEST VIRGINIA LEGISLATURE  
STATE CAPITOL  
CHARLESTON, WEST VIRGINIA 25305

## Joint Select Committee on Tax Reform

Senator Mike Hall, Co-Chair

Delegate Eric Nelson, Jr., Co-Chair

Aaron Allred, Legislative Manager  
1900 Kanawha Blvd. E.  
Room E-132, Building 1  
State Capitol Complex  
Charleston, WV 25305

Dear Aaron:

Pursuant to motion adopted August 31, 2015, by the Joint Select Committee on Tax Reform, will you please include on the September 14, 2015, agenda of the meeting of the Joint Committee on Government & Finance the following item:

The Joint Select Committee on Tax Reform respectfully requests that this Committee approve and authorize the expenses of certain consultation services to be provided to the Select Committee by the West Virginia University Bureau of Business and Economic Research in connection with the Select Committee's study of the West Virginia tax system pursuant to Senate Concurrent Resolution 31.

Please call me with any questions.

Respectfully yours,

A handwritten signature in black ink, appearing to read "Jeff Billings", with a long horizontal flourish extending to the right.

Jeff Billings  
Clerk, Joint Select Committee on Tax Reform

Cc: Marlene Elliot



## HOUSE OF DELEGATES WEST VIRGINIA LEGISLATURE

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1900 KANAWHA BLVD., EAST  
CHARLESTON, WV 25305-0470  
PHONE (304) 340-3192  
EMAIL: GARY.HOWELL@WVHOUSE.GOV

GARY G. HOWELL  
P.O. BOX 39  
KEYSER, WV 26726-0039  
(304) 788-6554 (H)  
(304) 790-9022 (B)

### INTEROFFICE MEMORANUM

Committees:  
Government Organization, Chair  
Roads and Transportation  
Veteran's Affairs and  
Homeland Security  
Rules

**DATE:** August 27, 2015

**TO:** Members of the Joint Committee on Government and Finance

**FROM:** Gary G. Howell, Co-Chairman  
Joint Committee on Government Organization

**RE:** Request for payment of expenses of Byron Schlomach to speak at  
October Interim Meeting of Committee on Government Organization

The Joint Committee on Government Organization has been gathering information regarding the impact of the North Carolina Board of Dental Examiners v. FTC case issued by the U.S. Supreme Court earlier this year on West Virginia regulatory boards, as well as general reforms that would improve efficiency, lower costs, and remove unnecessary barriers to entry into these professions while maintaining the necessary level of protection for the public. Byron Schlomach is an expert in the area of regulatory boards and has written on this subject. While at the Goldwater Institute, Dr. Schlomach authored the policy paper "Six Reforms to Occupational Licensing Laws to Increase Jobs and Lower Costs". He is now at the 1889 Institute, a newer policy think tank, and would be willing to speak to the Committee, but has asked if his expenses could be covered. I estimate that this would include airfare, hotel for one or two nights depending on the available air travel from Oklahoma, where he is now located, and meals.

I respectfully request approval for Dr. Schlomach's expenses so that the Committee may obtain information from and question this knowledgeable expert. His CV is attached for your information.

Enclosure

cc: Senator Craig Blair

## Summary

Doctor of Philosophy in Economics

20 years of state-level experience: worked as legislative aide/chief of staff for Texas legislator and research policy analyst for Comptroller; eleven years of experience in the think tank policy world

Thorough understanding and experience in public education, transportation, government budgeting and economic development policy areas

Knowledge of issues in health policy

Proven ability to work with others

Extensive public speaking and media experience

## Experience

State Policy Director, 1889 Institute, Oklahoma City, OK, April 2015 – Present

- Research and write papers on various aspects of education, health care, welfare, economic development and state fiscal issues
- Testify before the legislature when called upon
- Make presentations/speeches as called upon in various venues large and small
- Write opeds and appear on local media

Director, Center for Economic Prosperity, Goldwater Institute, Phoenix, AZ, September 2007 – March 2015

- Research and write papers on various aspects of state taxes, transportation, health care, state budgeting, regulation, corporate welfare, and electric deregulation  
*Publications available at [www.goldwaterinstitute.org](http://www.goldwaterinstitute.org)*
- Testify as necessary on transportation, health policy, tax policy, and state spending
- Assist legislative offices as requested, conducting research and suggesting policy for legislative purposes
- Assist coworkers, including attorneys, in research and policy development
- Make presentations/speeches as called upon in various venues large and small
- Write opeds and appear on local media (TV and radio)

Chief Economist, Texas Public Policy Foundation, Austin, TX, 2003 - August 2007

- Researched and wrote papers on various aspects of public education, state taxes, transportation, and state budgeting, shaping policymakers' views  
*Publications available at [www.texaspolicy.com](http://www.texaspolicy.com)*
- Testified as necessary on school finance, tax policy, and state spending
- Assisted co-workers in research strategies
- Author of numerous newspaper commentaries on public education and tax policy
- Assisted legislative offices as requested, conducting research and suggesting policy for legislative purposes
- Made presentations/speeches as called upon

Manager, Texas Education Agency, Charter Schools Division, Austin, TX, Fall 2003

- Performed special projects under direction of the acting Commissioner of Education
- Recommended changes to Commissioner rules governing charter schools

Chief of Staff, State Representative Kent Grusendorf (Chair, House Public Education Committee), Austin, TX, 2002 - 2003

- Assisted the representative in hiring staff for the office and for the committee
- Provided advice on policy and legislative strategy
- Prepared, monitored and guided legislation through the legislative process
- Wrote constituent correspondence and prepared speeches

Program Specialist IV, Texas Comptroller, Strategic Research, Austin, TX, 1999 - 2002

- Conducted research in public education, transportation, state spending, and areas when requested
- Became well versed in education funding issues as a result of training, researching and monitoring issues
- Played a significant role in the preparation of a performance review of the Texas Department of Transportation, including assisting in writing and editing the final report
- Authored issue papers containing recommendations that were part of the 2000 and 2002 *e-Texas* performance review publications concerning charter schools and public school administrative costs

Legislative Aide, State Representative Kent Grusendorf, Austin, TX, 1994 - 1999

- Supervised 1 to 2 employees during legislative sessions
- Prepared legislation and floor amendments
- Prepared, monitored and guided legislation through the legislative process
- Wrote constituent correspondence, speeches, editorials, newsletters

Economics Instructor & Graduate Student, College Station, TX, 1985 - 1994

- Entered graduate school on a Bradley scholarship in Fall, 1985
- Began teaching micro and macro principles of economics in 1987
- Taught at Texas A&M, Blinn College (Brenham, TX), Sam Houston State (Huntsville, TX), and in Huntsville prisons for Lee College (Baytown, TX) at various times
- Served as Instructor and Undergraduate Advisor at Texas A&M 1992-1994, teaching principles, and upper division courses in Law & Economics, Labor economics, and Industrial Organization

### **Education/Professional Association**

Bachelor of Science (Economics), Magna cum laude, 1984, Texas A&M University, College Station, TX  
 Doctor of Philosophy (Economics), Public Choice emphasis, 1996, Texas A&M University, College Station, TX  
 American Legislative Exchange Council, member of the Tax and Fiscal Policy, Health Care, and Commerce task forces at various times

### **Activities/Interests**

Church activities: Southern Baptist  
 Gideons  
 Concerned Taxpayers of Hays County (TX): President, 2000



Hobbies: reading, maintaining my antique motorhome, traveling and cabinetmaking

## References

Nick Dranias (Compact for America)

Starlee Coleman (Goldwater Institute)

Kent Grusendorf (former Texas legislator, Texas Public Policy Foundation)

Bill Peacock (Texas Public Policy Foundation)

## Select Publications

With Richard Vedder, *The Business Activity Tax: Is The BAT A Homerun Or A Strike-Out?* (Texas Public Policy Foundation) March 2004

With Wendell Cox, *Building for the Future: A Look at School Facilities Funding in Texas* (Texas Public Policy Foundation) April 2004

*Tax And Expenditure Limitation Reform: Is It Needed In Texas?* (Texas Public Policy Foundation) August 2004

*Texas Road Policy: Keeping Up With Demand* (Texas Public Policy Foundation) February 2005

*All Taxes Are Not Created Equal: Advantages of Consumption Tax Versus Business Tax* (Texas Public Policy Foundation) February 2006

*Principles for Determining Budget Priorities* (Texas Public Policy Foundation) Jul 11th 2006

*Demanding Performance I: State and Agency Missions* (Texas Public Policy Foundation) Sep 6th 2006

*Demanding Performance II: Outcome and Efficiency Measures* (Texas Public Policy Foundation) Sep 20th 2006

*More Roads to Travel: A Path to Transportation Solutions in Arizona* (Goldwater Institute) April 2008

*Piercing the Fog: A Call for Greater Transparency in State and Local Government* (Goldwater Institute) July 2008

*Removing the Middleman: What States Can Do to Make Health Care More Responsive to Patients* (Goldwater Institute) January 2009

*Put Arizona on a Real Budget: New Spending Limit Can Restore State's Fiscal Health* (Goldwater Institute) April 2010

*Lessons from Texas on Building an Economically Healthier Arizona* (Goldwater Institute) October 2012

*A Time for Choosing: Why Choice and Competition in Electricity are Right for Arizona* (Goldwater Institute) January 2013